



SABB  ساب

Saudi British Bank

3Q21 Results presentation

Presentation to investors and analysts

Contents

1. Key messages and profile

2. 3Q21 SABB performance

Key messages

1

We are in the first year of our 5-year strategic plan – a pivotal year which lays the foundation for our growth-oriented long-term aims; our businesses continue to show traction with a fourth consecutive quarter of lending growth

2

9M21 Net income before Zakat and income tax of SAR3.3 billion; underlying net income increased 25% mainly from lower ECL partly offset by lower revenue; revenue was impacted by increased competition; costs remain under control; annualised RoTE of 9.0% YTD

3

ESG remains front and centre of our plans; the first Saudi institution to make a green deposit, established an ESG-compliant fund through HSBC Saudi Arabia, and were awarded 'The Leading Bank in Financing Sustainable Projects in the Middle East' from Global Finance Magazine

4

SABB closed the reporting period with robust levels of capital, liquidity and a strong funding base. CET1 ratio of 19.3%, a loan to deposit ratio of 91%¹, over SAR70 billion of high quality liquid assets and a strong demand deposit ratio of 77%

SABB's strengths

Diversified businesses

Retail Banking and Wealth Management

Retail Banking and Wealth Management provides services and products to personal and private customers, through a range of market leading digital channels and a traditional branch network.

Corporate and Institutional Banking

As one of the largest commercial banks in the Kingdom, we support a variety of clients from micro enterprises focused on the domestic market to large internationally focused enterprises.

Treasury

We provide corporate, institutional, retail and private banking customers with access to capital markets, foreign currency and rates management solutions. In addition, we manage the liquidity and market risk of the bank, including the deployment of the bank's commercial surplus through its investment portfolio.

SABB credentials¹

We are the leading international bank in the Kingdom through a deep understanding of the needs of our customers, and a bespoke product suite that brings intrinsic value to our customers. Our unique partnership with HSBC Group enables us to bring international connectivity to our customer base.

c. 20%

Trade market share

1.7m

Retail customers

13%

Corporate lending market share

Top 3

Corporate bank by loans

c. 27k

Corporate and Institutional customers

19.3%

CET 1 ratio

189%

Liquidity coverage ratio

6%

PoS market share

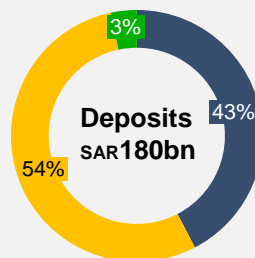
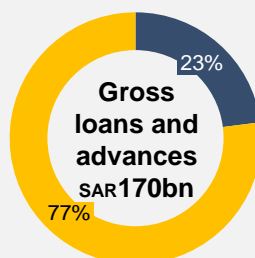
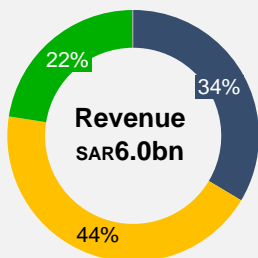
12%

FX market share

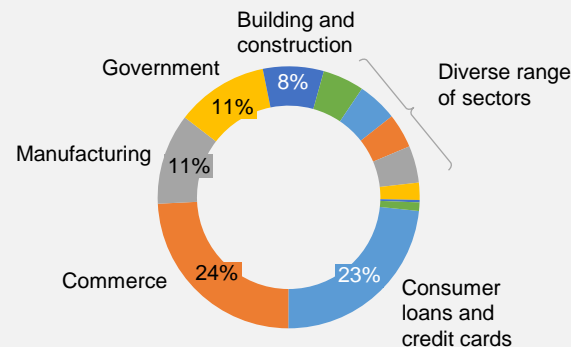


9M21 key financials by business

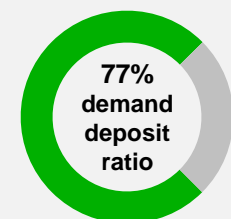
■ Retail ■ Corporate and Institutional Banking ■ Treasury



Diverse lending portfolio



Solid deposit base



Strategy 2025 objectives

VISION We bring a world of financial opportunity to an ambitious Kingdom



Best in class universal banking serving all customer groups in the Kingdom



Be the leading international bank in the Kingdom, accessing an unrivalled global network through HSBC



Offer a leading online and mobile digital banking experience



The best place to work

OUR ACTIONS TO OUTGROW THE MARKET



Build on our core strengths

1. Bank of choice for Large Corporates
2. Reinforce leadership in Trade and Payments
3. Maintain leadership in Wealth
4. Reinforce our position in Cards



Maximise our participation in key growth areas

1. Fast growing Mid-Corporate business
2. Digital SME focus
3. Mortgage expansion



Transform the organisation

1. Lead in digital innovation and evolve the IT architecture
2. Transforming HR and developing the right talent
3. Revamp operating model through improved data management, automation and digitisation

2025 TARGETS

1 Top 3 bank for Loans

Current expectation: Mid-single digit loan growth per year

2 Top 3 bank for Revenue

Current expectation: Mid to high single digit revenue growth per year

3 Top 3 bank for cost efficiency

Current expectation: <32% CER

4 Top 3 bank for capital

Current expectation: 18 to 19% CET1 ratio

5 Top 3 bank for RoTE

Current expectation: >13% RoTE

Contents

1. Key messages and profile

2. 3Q21 SABB performance

Financial Summary

9M21 underlying net income before Zakat and income tax of SAR3.3bn up SAR0.7bn or 25%

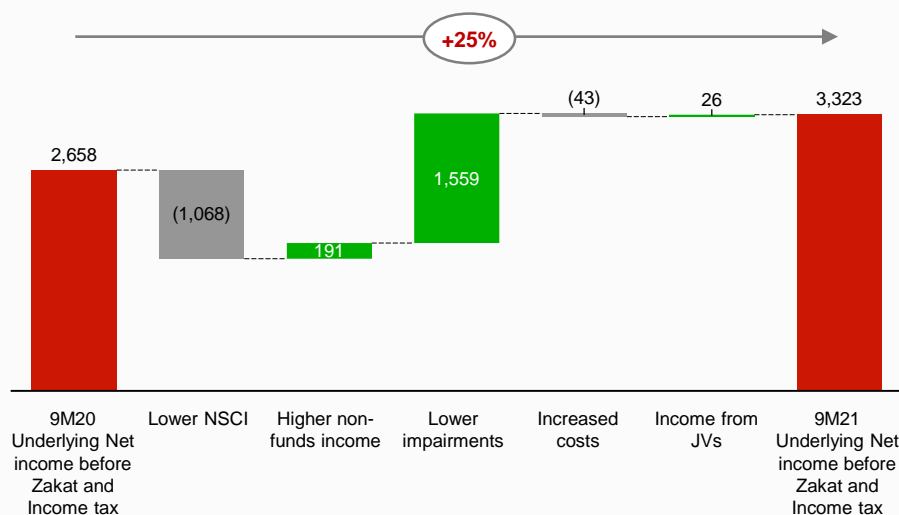
Highlights

- 9M21 reported net income before Zakat and income tax of SAR3.3bn
- Underlying net income of SAR3.3bn up 25% driven by lower impairment charges partly offset by lower revenue
- Continued minimal cost of risk - 3bps for 9M21
- 3Q21 NIM continues to stabilize at 2.0%
- Underlying RoTE of 9.0%
- Robust capital position, with CET1 of 19.26%

Key ratios and Income statement

% or bps	9M21	Δ 9M20	3Q21	Δ 3Q20
Net special commission margin ('NIM')	2.0	(0.6)ppt	2.0	(0.4)ppt
Underlying ¹ Return on Tangible Equity	9.0	0.3ppt	8.4	(4.1)ppt
Underlying ¹ Cost Efficiency Ratio ('CER')	44.9	(6.4)ppt	47.6	(7.5)ppt
Cost of risk ('CoR')	3bps	130bps	3bps	10bps
Common Equity Tier 1 ratio ('CET 1')	19.26	0.67ppt	19.26	0.67ppt

Underlying net income walk, 9M21 vs. 9M20



SAR million

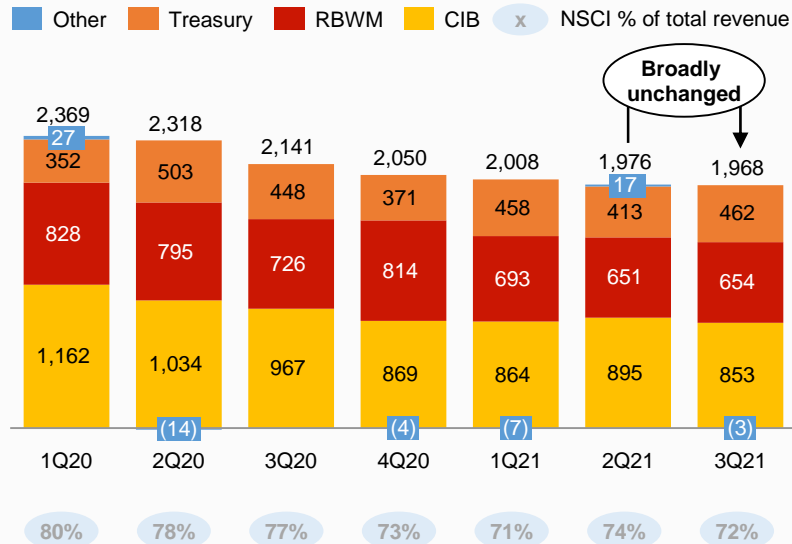
Total operating income ('Revenue')	5,951	(13)%	1,968	(8)%
Operating expenses	(2,687)	(10)%	(937)	(6)%
Provision for expected credit losses, net	(40)	(97)%	(13)	(75)%
Goodwill impairment	-	(100)%	-	(100)%
Share in earnings of associates	84	45%	20	(14)%
Net income before Zakat and income tax	3,308	>100%	1,038	(7)%
Zakat and income tax	(533)	>(100)%	(152)	>100%
Net income after Zakat and income tax	2,775	>100%	886	(16)%
Underlying net income before Zakat and income tax	3,323	25%	1,038	(17)%

1. Underlying measure excludes i) merger-related expenses and ii) non-recurring expenses

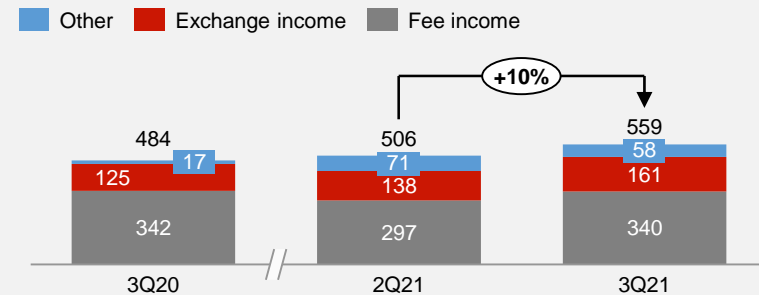
Revenue analysis

NIM continues to stabilize; non-funds income grew 10% compared with 2Q21

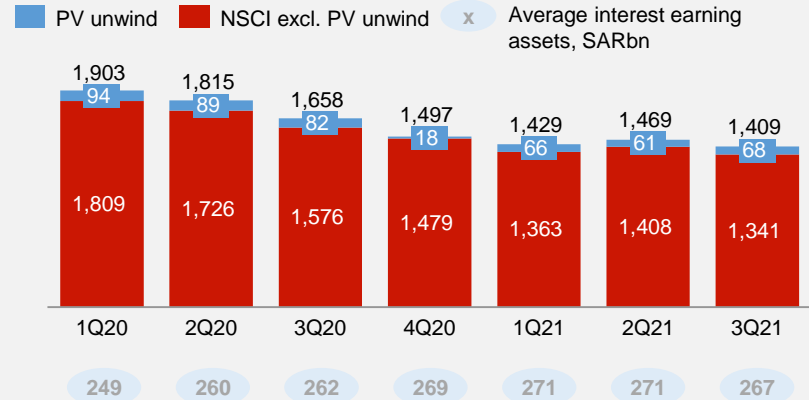
Revenue by business, SARm



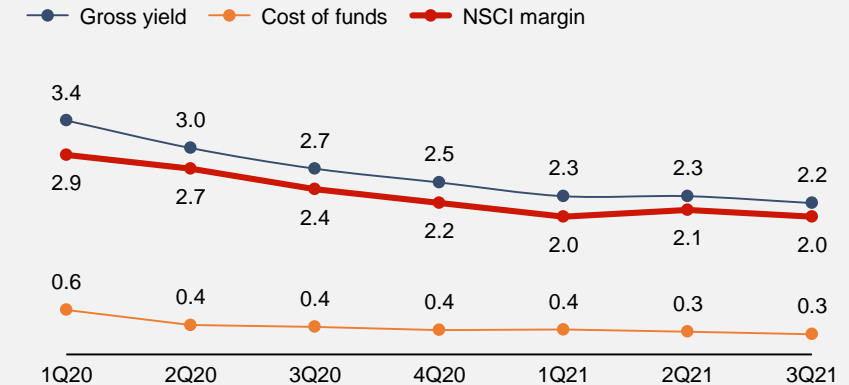
Non-funds income analysis, %



NSCI, SARm and Average interest earning assets, SARbn



Yield, costs of funds and margin (excl. PV unwind), %



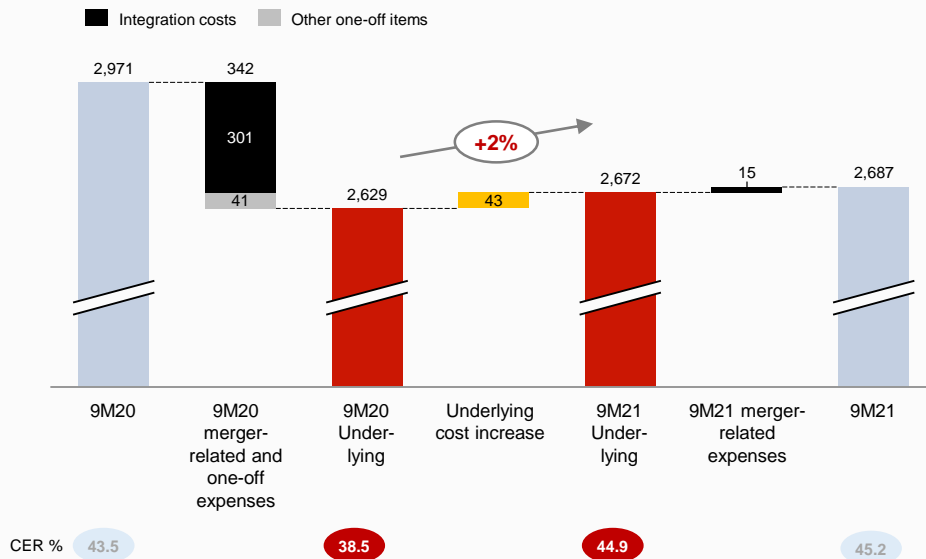
Operating expenses

Year to date costs lower by 10%; underlying costs increased in 3Q21 reflecting investments in infrastructure

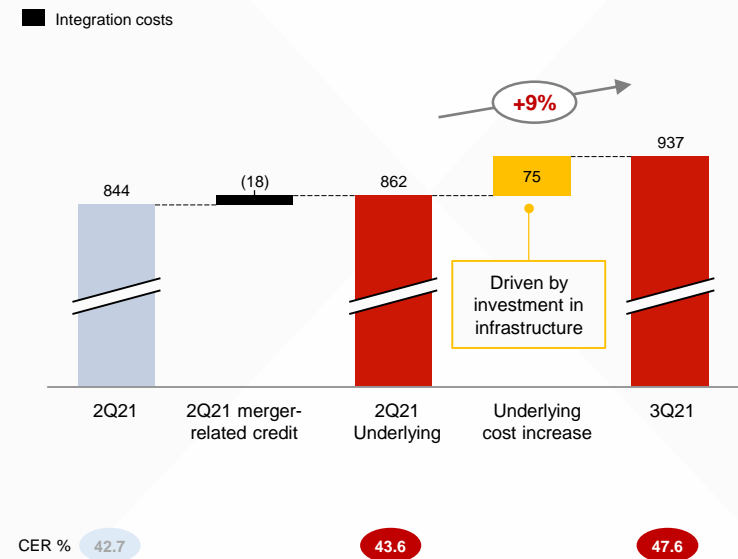
Highlights

- Total 9M21 costs fell 10%
- Underlying costs for the 9M21, which remove merger-related (SAR15m) and other one-offs increased 2%
- Underlying 9M21 cost efficiency ratio of 44.9% is reflective of the challenging revenue environment
- 3Q21 underlying costs increased 9% reflecting early investments in the infrastructure of the organisation

9M21 vs. 9M20 operating expenses movement



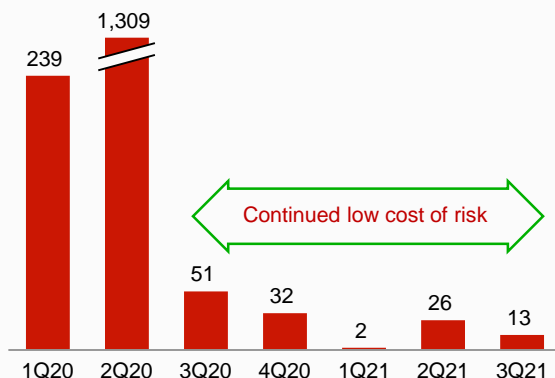
3Q21 vs. 2Q21 operating expenses movement



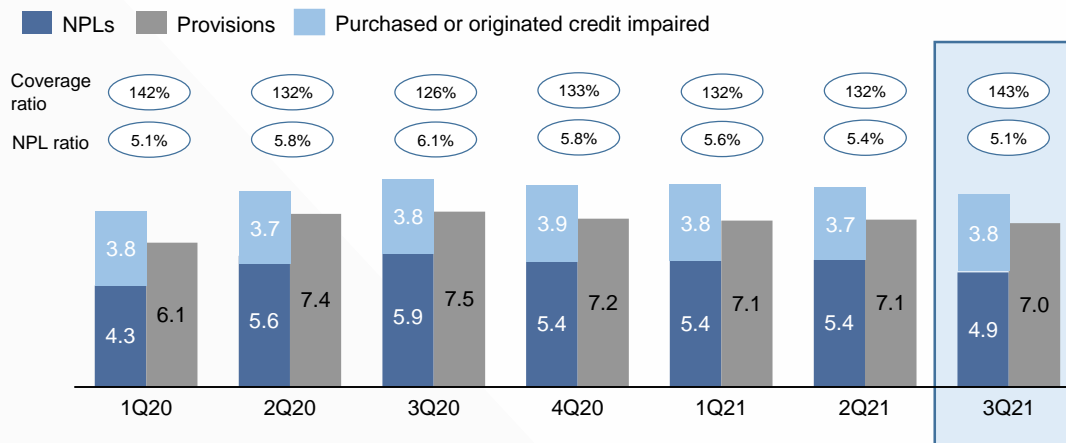
Impairment analysis and credit quality

Expected credit losses remain low and the NPL ratio continues its steady improvement

Quarterly ECL charge, SARm

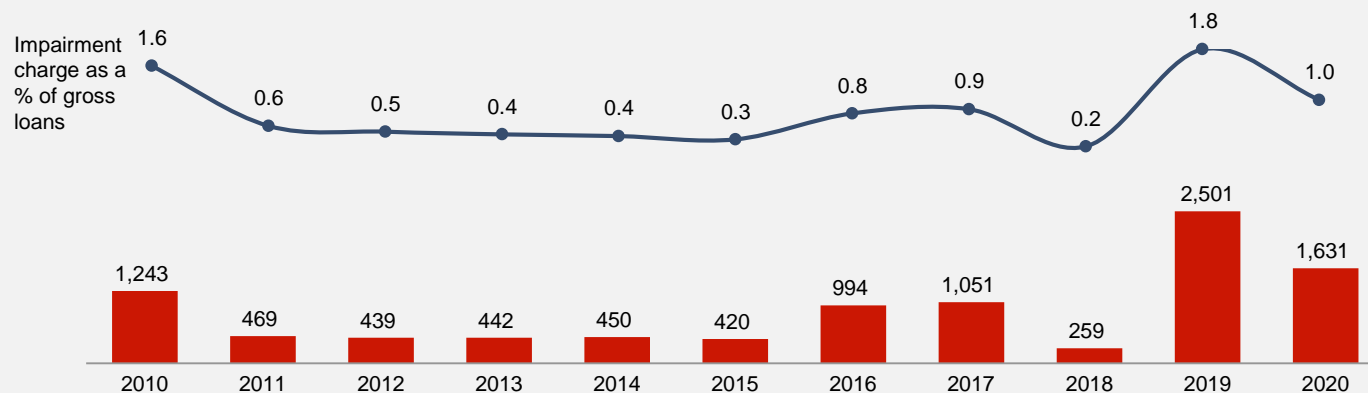


NPLs / Provisions, SARbn



*At 3Q21, gross customer advances included SAR5.5bn of *Lifetime ECL credit impaired* of which SAR4.9bn is non-performing. It also includes exposures that are performing but have yet to complete a period of 12 months of performance to be eligible to be upgraded to a not-impaired category.

Reported SABB impairment charge trend (SAR million) and cost of risk trend, %



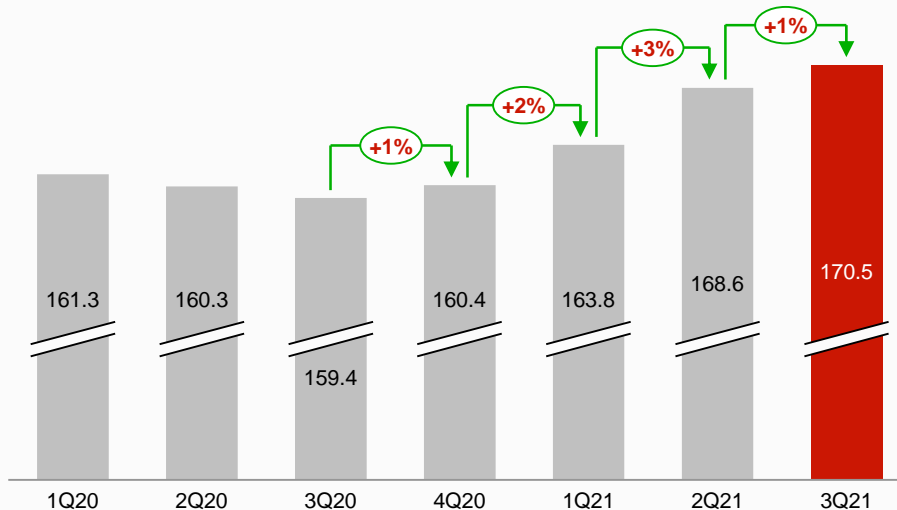
Gross customer advances

4th consecutive quarter of lending growth with year-on-year growth of 7%

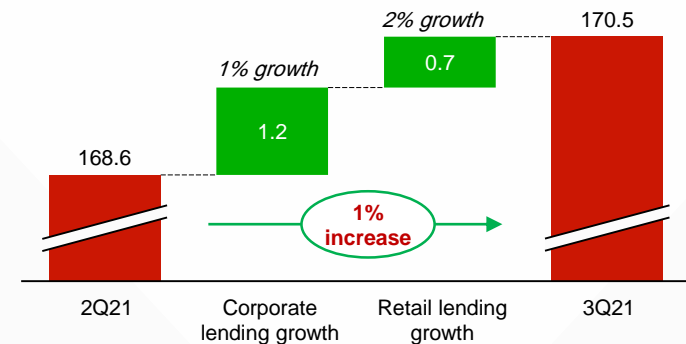
Highlights

- Gross customer advances increased by 1% in the quarter and 7% year-on-year
- Net growth in 3Q21 was across both our businesses with 1% growth in corporate and 2% growth in retail
- Continued strong mortgage originations although partly offset by repayments

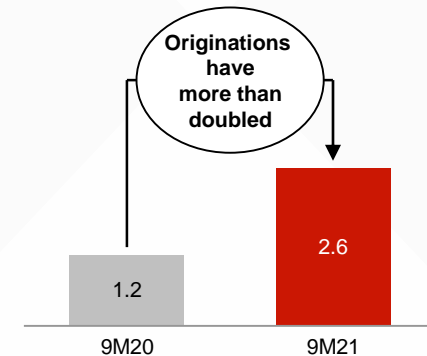
Gross customer advances trend, SARbn



Gross customer advances, 3Q21 vs. 2Q21



Mortgage originations, SARbn



Customer deposits, liquidity and funding

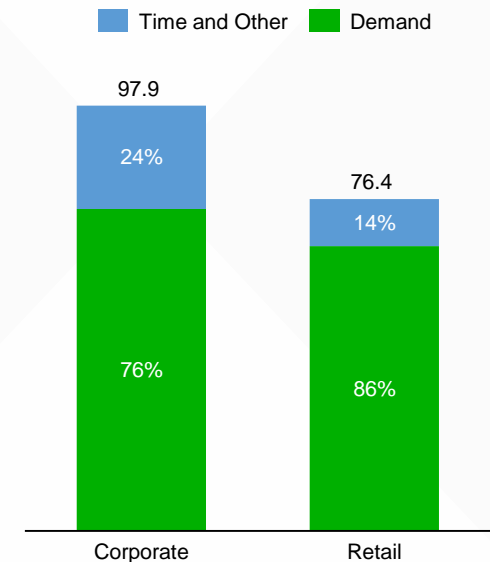
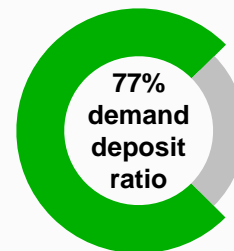
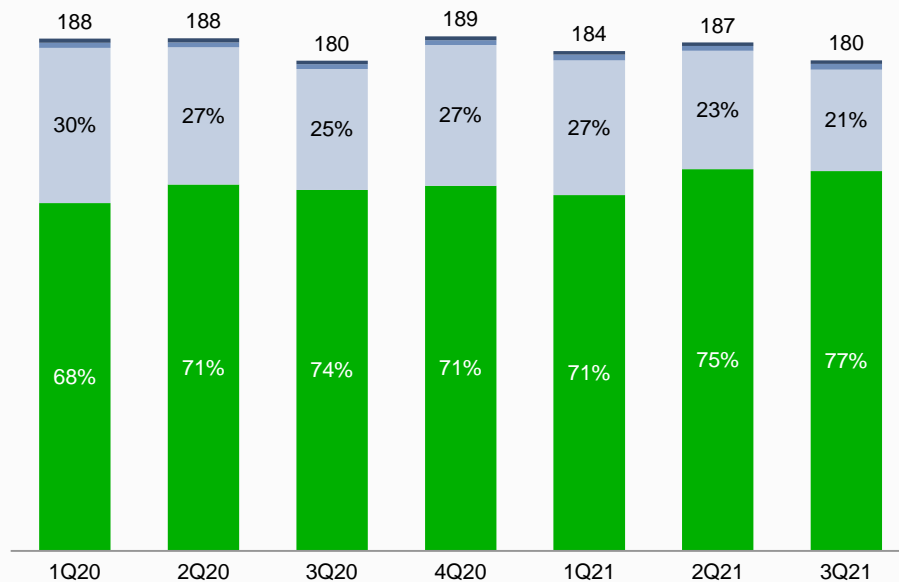
Liquidity and funding remain strong

Highlights

- Customer deposit base remains strong; SAR7bn fall in the quarter from a reduction in time deposits
- SAR180bn of customer deposits with 77% demand deposit, with both CIB and Retail businesses contributing to this strong position
- Robust levels of liquidity and a strong funding base

Customer deposits trend, SARbn

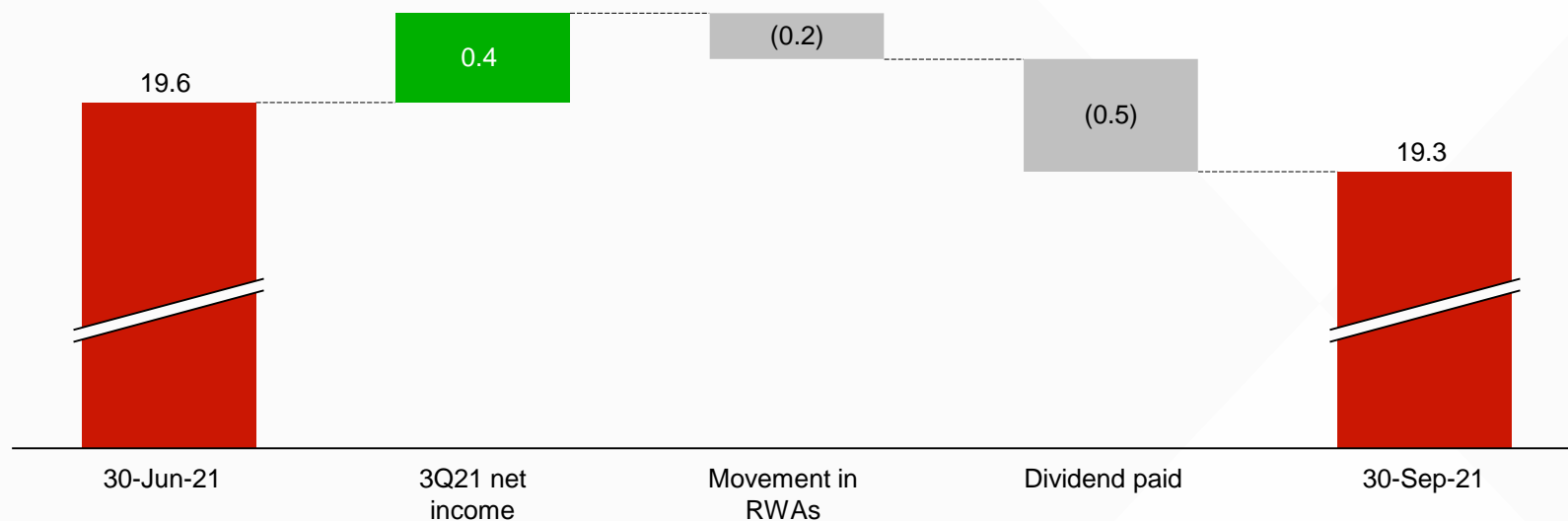
Other Savings Time Demand



Capital adequacy

Robust levels of capital with CET1 ratio of 19.3%

Core Tier 1 ratio: 30 Sep 2021 vs. 30 Jun 2021, %



Closing remarks

- 1 Resilient financial performance with continued lending growth, a continued fall in non-performing loans, and net income generation.
- 2 Our five-year strategy is underway with both corporate and retail businesses gaining traction.
- 3 We possess robust levels of capital, liquidity and funding and the scale to support the national growth agenda.

Important notice

The information, statements and opinions set out in this presentation are for informational and reference purposes only and do not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any advice or recommendation in respect of such securities or other financial instruments. This presentation, which does not purport to be comprehensive nor render any form of legal, tax, investment, accounting, financial or other advice, has been provided by SABB and has not been independently verified by any person. You should consult your own advisers as to legal, tax investment, accounting, financial or other related matters concerning any investment in any securities. No responsibility, liability or obligation (whether in tort, contract or otherwise) is accepted by SABB or their affiliates or any of its or their officers, employees, agents or advisers (each an "Identified Person") as to or in relation to this presentation (including the accuracy, completeness or sufficiency thereof) or any other written or oral information made available or any errors contained therein or omissions therefrom, and any such liability is expressly disclaimed. No representations or warranties, express or implied, are given by any Identified Person as to, and no reliance should be placed on, the accuracy or completeness of any information contained in this presentation, any other written or oral information provided in connection therewith or any data which such information generates. No Identified Person undertakes, or is under any obligation, to provide the recipient with access to any additional information, to update, revise or supplement this presentation or any additional information or to remedy any inaccuracies in or omissions from this presentation. Past performance is not necessarily indicative of future results. Differences between past performance and actual results may be material and adverse.

Forward-looking statements

This presentation may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position, strategy and business of SABB which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "seek", "intend", "target" or "believe" or the negatives thereof or other variations thereon or comparable terminology (together, "forward-looking statements"), including the strategic priorities and any financial, investment and capital targets described herein. Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct. There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. Certain of the assumptions and judgements may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of SABB. Actual achievements, results, performance or other future events or conditions may differ materially from those stated, implied and/or reflected in any forward-looking statements due to a variety of risks, uncertainties and other factors (including without limitation those which are referable to general market conditions or regulatory changes). Any such forward-looking statements are based on the beliefs, expectations and opinions of SABB at the date the statements are made, and SABB does not assume, and hereby disclaims, any obligation or duty to update, revise or supplement them if circumstances or management's beliefs, expectations or opinions should change. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. No representations or warranties, expressed or implied, are given by or on behalf of SABB as to the achievement or reasonableness of any projections, estimates, forecasts, targets, prospects or returns contained herein.