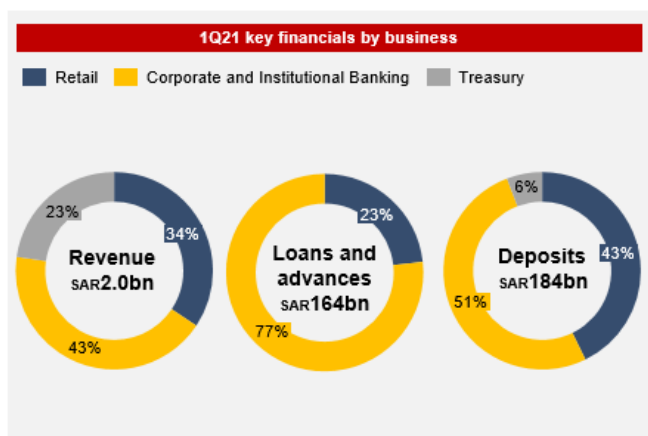


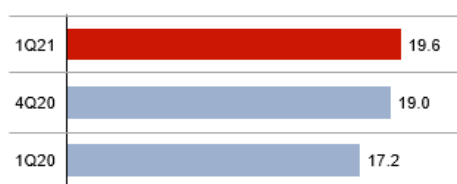
SAUDI BRITISH BANK
1Q21 Earnings Release

Key messages

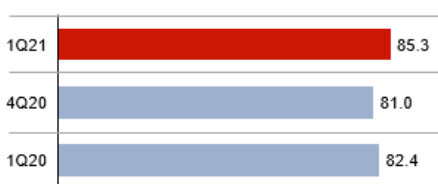
- **The integration of the merged bank was completed on schedule with the realisation of synergies on track.**
 - **We completed the last major milestone of integrating SABB and Alawwal Bank – Customer Day 1 (‘CD1’) –** the migration of our retail customers previously served through the Alawwal bank channels onto SABB’s infrastructure. All of our customers – retail, corporate and institutional – now enjoy the same single, seamless quality experience, underpinned by SABB’s systems and infrastructure.
 - **We have achieved SAR0.8 billion of annualised synergies up to the end of March 2021** - the optimisation of the Bank’s operating structure continues to gain traction as evident by the trajectory of underlying costs.
- **The challenges and uncertainty of COVID-19 continue to persist** but we have countered the impacts **with a focus on ensuring the right customer outcomes.**
- **Following the Board approval of our Strategy 2025 at the end of 2020**, our roadmap towards growth and improved returns commenced with the signing of key mandates in the Corporate business and an increase in mortgage originations in the quarter, supporting a second quarter of consecutive growth in corporate customer lending and growth in our retail portfolio.
- **Net income before Zakat and income tax for the three months ended 31 March 2021 of SAR1,138 million was SAR14 million or 1% lower** than the three months ended 31 March 2020, mainly from lower revenue partly offset by lower expected credit losses and a fall in operating expenses.
- **Compared with the three months ended 31 December 2020, net income before Zakat and income tax increased SAR338 million or 42%** mainly from lower costs from the ramp down in our integration spend that has now come to an end following CD1 completion. Expected credit losses also fell. These factors were partly offset by a fall in net special commission income.
- **SABB closed the reporting period with robust levels of capital, liquidity and a strong funding base.** CET1 ratio of 19.59%, a loan to deposit ratio of 85%¹, over SAR84 billion of high quality liquid assets and a strong demand deposit ratio of 71%. The funding base is diversified and surplus liquidity is ample to support lending growth.



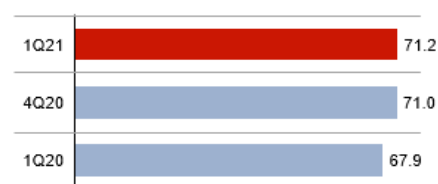
CET 1 ratio, %



Loan to deposit ratio¹, %



Demand deposit ratio, %



1. Loan to deposit ratio is calculated as 'Loans and advances, net' divided by 'Customers' deposits'
2. Customer numbers, Corporate revenue ranking and market shares are as at 31 December 2020

Board Chair's statement

As the first quarter of 2021 drew to a close, we completed the last major milestone of the process of integrating SABB and Alawwal Bank – 'Customer Day 1' – the migration of our retail customers previously served through the Alawwal bank channels onto SABB's infrastructure. From March 14th onwards, all of our customers – retail, corporate and institutional – are enjoying the same single, seamless quality experience, underpinned by SABB's systems and infrastructure.

SABB's financial performance remained resilient during a period of continued economic challenges posed by the persistence of the global pandemic and heightened competition domestically. Despite these challenges, our lending to customers grew, our funding, liquidity and capital levels remained strong, our costs stayed well controlled, and our cost of credit risk remained low. Having delivered a positive return for shareholders in the first quarter, we shall continue to build and remain fully focused on executing our strategic plan and supporting the national economic transformation goals of Vision 2030.

The board remains excited about the strategic plan and its ambitious outcomes for our customers, shareholders, staff, and community. As he nears his retirement in the second quarter of 2021, we are especially grateful to David Dew for his leadership of SABB over these many years, well positioning the bank to achieve those ambitious outcomes under the leadership of our new CEO, Tony Cripps. I have no doubt that under Tony's leadership, combined with the support of our management team and board, SABB will deliver those outcomes.

As we begin this second quarter, we remain grateful to our customers, management team, staff and shareholders for their continued support and commitment, and to our regulators and government ministries for their continued guidance and vision.

Lubna Suliman Olayan

Results for the three months ended 31 March 2021 (Not subject to audit review)

Income statement for three months ended 31 March

	Three months ended 31 March		
	2021 SAR million	2020 SAR million	Change %
		<i>Restated</i>	
Total operating income ('Revenue')	2,008	2,369	(15)
Operating expenses	(907)	(1,001)	9
Provision for expected credit losses, net	(2)	(239)	99
Share in earnings of associates	39	23	67
Net income before Zakat and tax	1,138	1,152	(1)
Notable items:			
<i>Merger-related expenses</i>	(33)	(95)	65
Underlying income statement excluding notable items above:			
Total operating income ('Revenue')	2,008	2,369	(15)
Operating expenses	(874)	(906)	4
Provision for expected credit losses, net	(2)	(239)	99
Share in earnings of associates	39	23	67
Net income before Zakat and tax	1,172	1,249	(6)
Key ratios:	%	%	ppt.
Underlying Return on tangible equity ('ROTE')	9.9	11.4	(1.5)
Underlying Cost efficiency ratio ('CER')	43.5	38.2	(5.3)
Cost of Risk ('CoR')	0.00	0.60	0.60
Core Tier 1 ratio ('CET1')	19.59	17.20	2.39

The following commentary compares the performance for the three months ending 31 March 2021 to the three months ended 31 March 2020, unless otherwise stated.

- **SABB recorded a net income before Zakat and income tax of SAR1,138 million which was 1% lower than the same period from the prior year.** On an underlying basis, which excludes merger-related costs (1Q21: SAR33 million, 1Q20: SAR95 million), net income was SAR77 million or 6% lower than the prior year.
- **Revenue of SAR2,008 million was SAR361 million or 15% lower** largely from reduced Net special commission income reflecting lower average lending balances and repricing as a result of the cuts in benchmark interest rates at the end of the first quarter of 2020. Net fee income fell from a reduction in trade fees together with lower loan origination fees and lower net fees from credit cards and merchant acquiring, as a result of increased competition and the challenging economic activity. Exchange income fell 11% from reduced customer flows. Other operating income grew from increased PV unwind from the early settlement of loans and due to the SAR76 million modification loss in 1Q20, relating to the deferral programmes for healthcare workers.
- **NIM of 2.0% was 0.2ppt lower than the fourth quarter of 2020** due to lower yielding corporate loans and personal loans in retail due to competitive pricing pressures, a fall in the yield on investments together with the one-off effect of a reversal in NSCI relating to the suspension of interest for non-performing home loans from the acquired Alawwal portfolio, whereby the policy for suspended interest was aligned on completion of CD1.
- **Operating expenses of SAR907 million were SAR94 million or 9% lower** and included SAR33 million of merger-related expenses (1Q20: SAR95 million). Excluding this, underlying costs fell SAR32 million or 4% reflecting both the realisation of synergies and the ongoing robust management of the underlying cost base which continue to more than offset inflationary pressures.
- **Underlying cost efficiency ratio of 43.5% was 5.3ppts higher** despite robust cost management, and was more reflective of the challenging revenue environment.
- **Charges for provisions for expected credit losses of SAR2 million were minimal** (1Q20: SAR239 million) mainly from a net release in RBWM mainly from model updates, partly offset by an increase in charges in CIB. During the quarter, the periodic re-evaluation of key assumption inputs underpinning the Corporate unfunded exposure models was completed, resulting in an increased charge of SAR180 million based on updated historic information that better reflects the risk in the portfolio.
- **Gross customer advances of SAR163.8 billion increased SAR2.5bn or 2% compared with 1Q20 and SAR3.4bn compared with 4Q20.** Growth in the quarter was mainly from a SAR3.1 billion increase in our corporate portfolio together with SAR0.3bn in our retail portfolio, the latter which was driven by mortgage growth.
- **Customer deposits of SAR183.7 billion fell SAR4.6 billion or 2% compared with 1Q20 and SAR5.4 billion or 2% compared with 4Q20.** Balances were higher at the end of 2020 and were reflective of heightened market liquidity from the deployment of government deposits, temporarily increasing the level of deposits in the market. During the first quarter, market liquidity has normalised. The proportion of demand deposits to overall deposits remains at a healthy 71% and reflects the stability of our core funding deposit portfolio.
- **CET1 capital ratio remains strong and grew to 19.59%** increasing 0.6ppts compared with 31 December 2020. **Total capital ratio increased to 22.35%.**

Net special commission income margin (Not subject to audit review)

Net special commission income by quarter excluding the unwind of the fair value adjustment

	Quarter ended		
	31 March 2021 SAR million	31 December 2020 SAR million	31 March 2020 SAR million
		<i>Restated</i>	<i>Restated</i>
Special commission income	1,554	1,667	2,146
Special commission expense	(191)	(188)	(338)
Net special commission income	1,363	1,479	1,808
Average special commission income earning assets ¹	271,064	268,949	249,269
	%	%	%
Gross Yield	2.3	2.5	3.4
Cost of funding ²	(0.4)	(0.4)	(0.6)
Net special commission income spread	1.9	2.1	2.8
Net special commission income margin	2.0	2.2	2.9

- Notes
1. Average special commission income earning assets is calculated using daily average balances of Cash & balances with SAMA, Due from banks and other financial institutions, Loans and advances to customers (gross) and Investments excluding equity investments.
 2. Cost of Funding is calculated using daily average balances of Due to banks and other financial institutions, Customer deposits, Debt securities in issue and borrowings.

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This Earnings release 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.