Strategy 2025

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In May, the Bank announced its longer-term strategy and the steps that will be taken in order for SABB to regain some of the key business and financial positions that it enjoyed prior to the merger. The first step of this was to conclude the integration which was successfully completed during March as we passed our 'Customer Day 1'.

The strategy looks to build further on our traditional focuses and areas of strength, but also looks to expand in those target areas which complement the Vision 2030 plan.

VISION

We bring a world of financial opportunities 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

THE STEPS WE WILL TAKE

Build on our core strengths

- Bank of choice for Large Corporates
- Reinforce leadership in Trade and Payments
- Maintain leadership in Wealth
- Reinforce our position in Cards

Maximise our participation in key growth areas

- Fastest growing Mid-Corporate business
- Digital SME focus
- Mortgage expansion through REDF

Transform the organisation

- Lead in digital innovation and evolve the IT architecture
- Transforming HR and developing the right talent
- Revamp operating model through automation and digitisation

Our people

Digital excellence

Leverage our HSBC partnership

Be where the growth is

RETURNS

- Increase Return on Tangible Equity (RoTE) and Earnings per Share (EPS)
- Improve Cost to Income ratio (CER)
- Maintain strong Capital and Liquidity
- Maintain Dividend payout

2021 is the first year of an ambitious five-year plan that will see SABB regain some of the key financial and business positions it enjoyed prior to its merger with Alawwal Bank. It is the year where we laid the foundations for future success and kicked off an investment programme that starts the journey of fully digitising the Bank.

Customer Day 1

Following the integration of the corporate business in late 2020, the Bank completed its customer integration of the retail business in March which was referred to as 'Customer Day 1'. Following this, SABB is a single bank, with one branch network, one IT system, one website and one shared culture.

SAR 0.7 bln of annualised cost synergies

SAR 0.2 bln of revenue synergies

Investment

The investment phase kicked off in earnest at the middle of the year, creating an inhouse Digital Office and we made tangible progress in digitizing key customer journeys and developing critical retail products.

SAR 1.5 bln of committed investment for the next five years

Loan growth

Growth in customer loans continued throughout 2021 and we ended the year with a fifth consecutive quarter of growth. Corporate loans grew 9% despite repayments being a general sectoral theme and retail loans grew 7% supported by strong mortgage originations. The start of 2022 will also see the fruits of the investments made in a variety of digital retail products, and we expect our retail growth to accelerate further, helping the Bank in achieving its 2025 aim of having a 70:30 corporate to retail split in its loan book.

9% YoY growth in customer loans

Cost management and efficiency

Robust cost management has been a core discipline at SABB, and throughout the integration, the cumulative costs associated with joining the banks together have been at the lower end of the guidance range. Underlying expenses fell 3% in 2021 despite a ramp up towards the end of the year, as we commenced the investment stage of our strategy. The impact of annualised synergies has generally offset increased expenditure and inflationary pressures. Despite our strong record on cost management, underlying CER ratio increased to 45% and this was more reflective of the challenging revenue environment.

Underlying costs fell 3%

Returns

2021 saw a return to profit following the impairment of goodwill in 2020; underlying 2021 net income were up 11%. Revenue fell 11% in 2021 mainly because of lower net special commission income following the reductions in benchmark rates in 2020 and the ever-present competition, but it was positive to see a stabilisation in margins in the second half of the year and we look more optimistically to 2022 with the prospect of increasing rates.

Underlying profits up 11% YoY

Capital and liquidity

Our 2021 capital, liquidity and funding positions have remained strong.

CET 1 of 19.29%