

Saudi Awwal Bank

2Q25 Earnings call presentation

Presentation to investors and
analysts



CEO's key 2025 messages



1H25 Key messages

Performance against strategic objectives continues and despite cost-of-funding pressures, we've flexed our businesses to ensure revenue growth continues



Strategy on track

- ◆ A key player in the Vision 2030 mega-programmes
- ◆ 9% YTD loan growth in line with guidance; 17% YoY growth with a CIB portfolio of SAR217bn and WPB portfolio of SAR71bn
- ◆ 22% growth in our mortgage portfolio YoY; remain #3 in REDF origination
- ◆ Leading market position in off-balance sheet trade assets with 24% market share¹

17%

YoY Gross loan growth

24%

Trade market share¹



Continued sequential revenue growth

- ◆ 3% QoQ sequential revenue growth; with asset growth and non-funds income more than compensating for cost-of-fund pressures
- ◆ Both QTD revenue and NSCI continue to be records reflecting the success of our strategy
- ◆ ₪ 1.7bn non-funds income YTD
- ◆ ₪ 0.8bn fee income YTD from trade, capital markets and faster-than-market loan origination up 17% YoY

₪ 2.8_{bn}

2025 QTD NSCI

₪ 1.7_{bn}

1H25 YTD non-funds income



Underlying asset quality remains strong

- ◆ YTD cost-of-risk remains low at 26bps
- ◆ 2nd quarter cost-of-risk of 30bps reflects specific charges on a small number of corporate clients but remains in line with expectations
- ◆ Underlying portfolio quality remains robust

1.4%

NPL ratio (excl. POCl)

26bps

Cost-of-risk YTD



Improving returns

- ◆ 1H25 RoTE of 15.6% remains in line with our MTO target
- ◆ Drivers of returns:
 - ◆ Sequential loan growth
 - ◆ Sequential revenue growth
 - ◆ Controlled costs
 - ◆ Low cost-of-risk

15.6%

RoTE (after AT1 coupon payment)

5%

YoY Net income growth



Healthy capital, liquidity and funding + Future proofed balance sheet

- ◆ Strong capital, liquidity and funding metrics
- ◆ Reduced tactical sensitivity to rates as we approach the cutting part of the cycle

47%

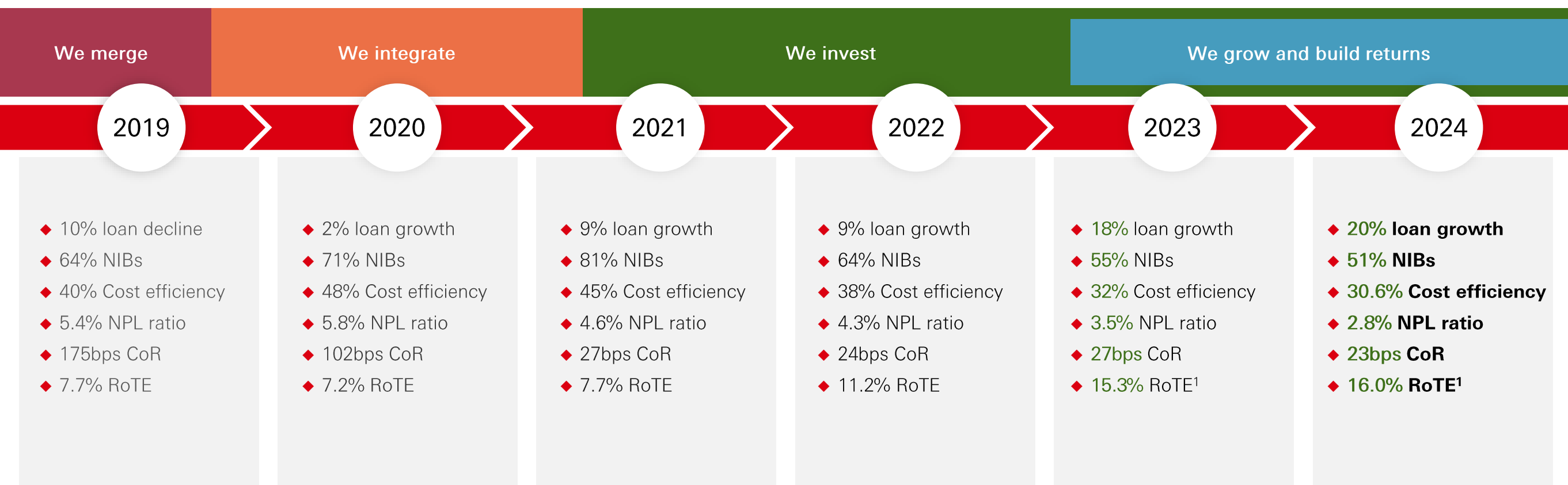
NIBs ratio

1-3bps

NIM sensitivity for every 25bps shift in policy rates

Recap on our delivery of the strategic aims we set out in 2021

The first phase of the strategy has been successfully delivered with a transformation of the bank back to growth and backed by strong financial results



2025 financials



Financial summary

SAR4.3bn of net income generated in 1H25 up 5% YoY, sequential quarterly revenue continues to build with SAR3.7bn up 3% QoQ, with pre-provision profits up 4%; 9% YTD growth in gross loans.

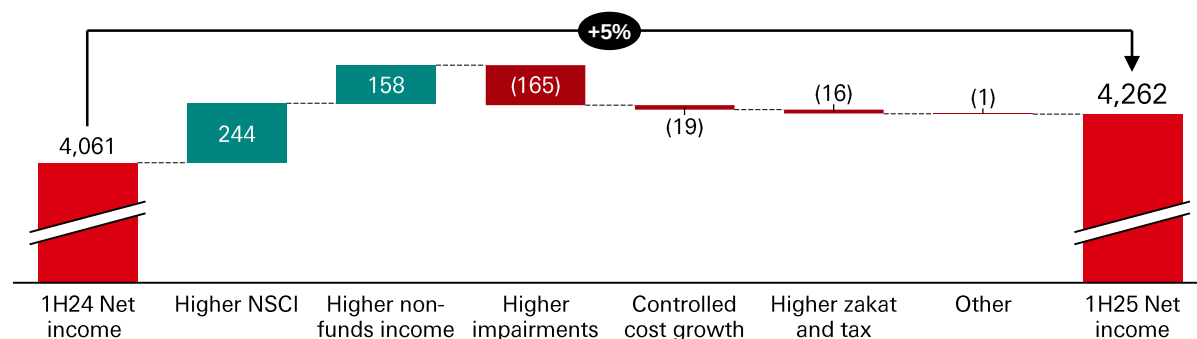
Income statement and Balance Sheet

SAR million	YTD			Quarterly		
	1H25	Δ 1H24		2025	Δ 2Q24	Δ 1Q25
Total operating income ('Revenue')	7,341	6% ▲		3,721	7% ▲	3% ▲
Operating expenses	(2,145)	1% ▲		(1,074)	0% ▼	0% ▲
- Memo: Pre-provision profits	5,196	8% ▲		2,647	10% ▲	4% ▲
Provision for expected credit losses, net	(358)	86% ▲		(216)	93% ▲	53% ▲
Share in earnings of associates	89	2% ▼		48	14% ▼	16% ▲
Net income before Zakat and income tax	4,928	5% ▲		2,479	5% ▲	1% ▲
Zakat and income tax	(666)	3% ▲		(353)	3% ▲	13% ▲
Net income after Zakat and income tax	4,262	5% ▲		2,127	5% ▲	0% ▼

Key ratios, Income statement and Balance Sheet

% unless otherwise stated	YTD			Quarterly		
	1H25	Δ 1H24		2025	Δ 2Q24	Δ 1Q25
Net special commission margin ('NIM')	2.70	0.2ppt ▼		2.65	0.2ppt ▼	0.1ppt ▼
Return on Tangible Equity	16.6	0.6ppt ▼		16.1	0.8ppt ▼	0.8ppt ▼
Return on Tangible Equity (after AT1 coupon)	15.6	0.9ppt ▼		15.1	1.1ppt ▼	0.7ppt ▼
Cost Efficiency Ratio ('CER')	29.2	1.4ppt ▼		28.9	1.9ppt ▼	0.7ppt ▼
Cost of risk ('CoR')	26bps	9bps ▲		30bps	12bps ▲	10bps ▲
Common Equity Tier 1 ratio ('CET 1')	14.8	1.5ppt ▼		14.8	1.5ppt ▼	0.8ppt ▼

1H25 Net income after Zakat and income tax walk



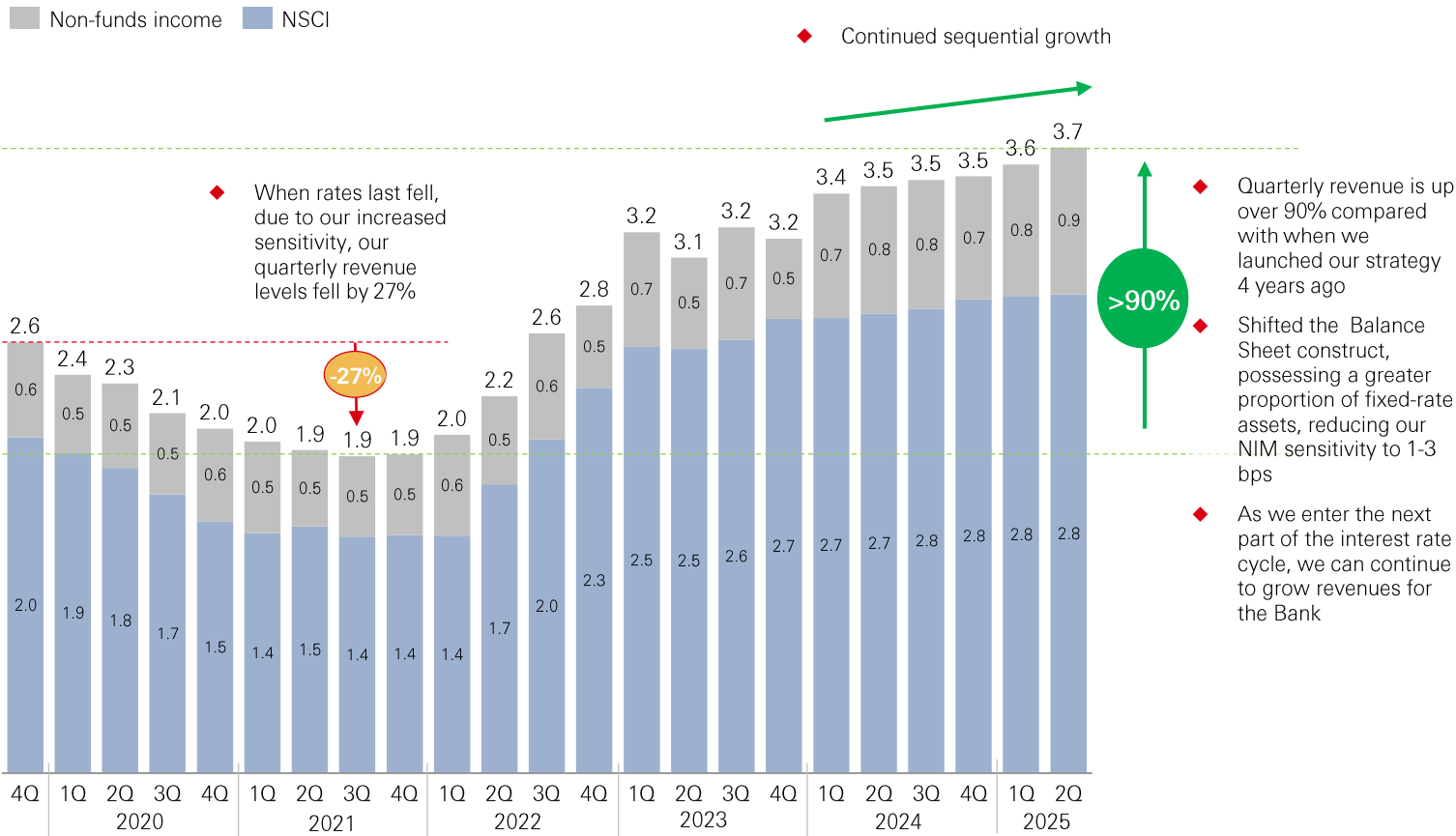
Balance Sheet

SAR billion	YTD			Quarterly		
	1H25	Δ 4Q24		2025	Δ 2Q24	Δ 1Q25
Gross loans	289.3	9% ▲		289.3	17% ▲	1% ▲
Net loans	282.6	9% ▲		282.6	17% ▲	1% ▲
Investments	107.8	10% ▲		107.8	17% ▲	4% ▲
Customer deposits	297.0	11% ▲		297.0	6% ▲	2% ▲
Demand deposits	139.4	2% ▲		139.4	1% ▼	4% ▲
Tangible Equity	52.9	7% ▲		52.9	10% ▲	0% ▼

Revenue

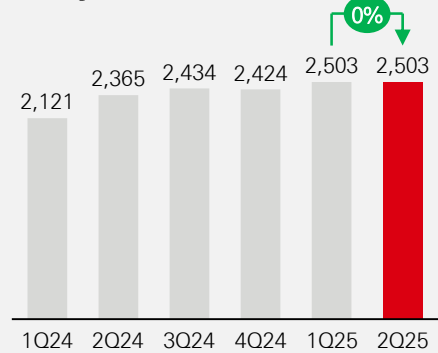
Revenue grew by 3% QoQ, supported primarily by higher exchange income. NSCI remained broadly in line with 1Q, reflecting stable core banking performance.

Quarterly revenue trend from 2019, \$ bn

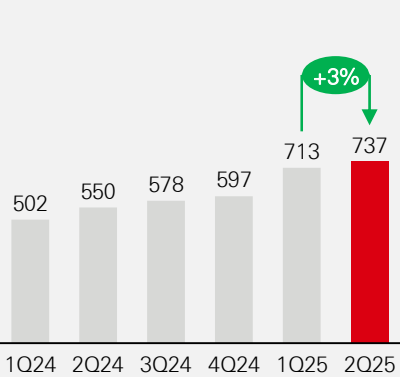


External revenue by business: Recent quarterly trend \$ m

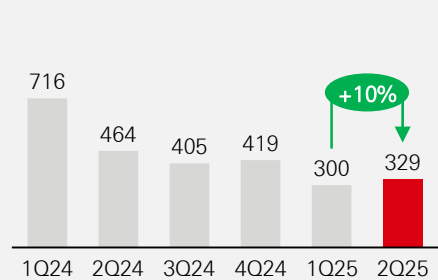
Corporate and Institutional Banking



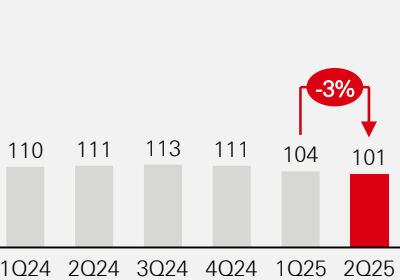
Wealth and Personal Banking



Treasury



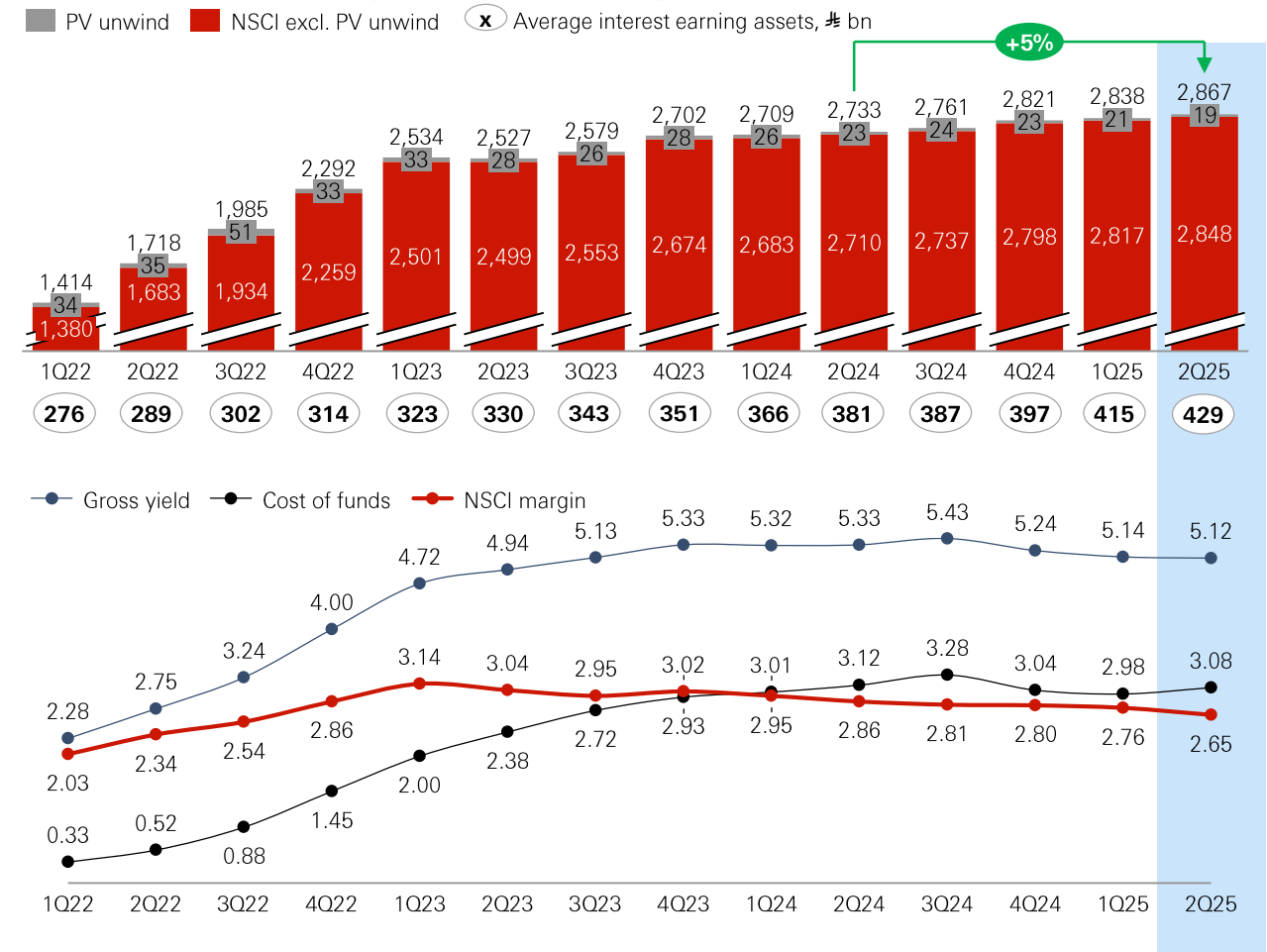
Capital markets



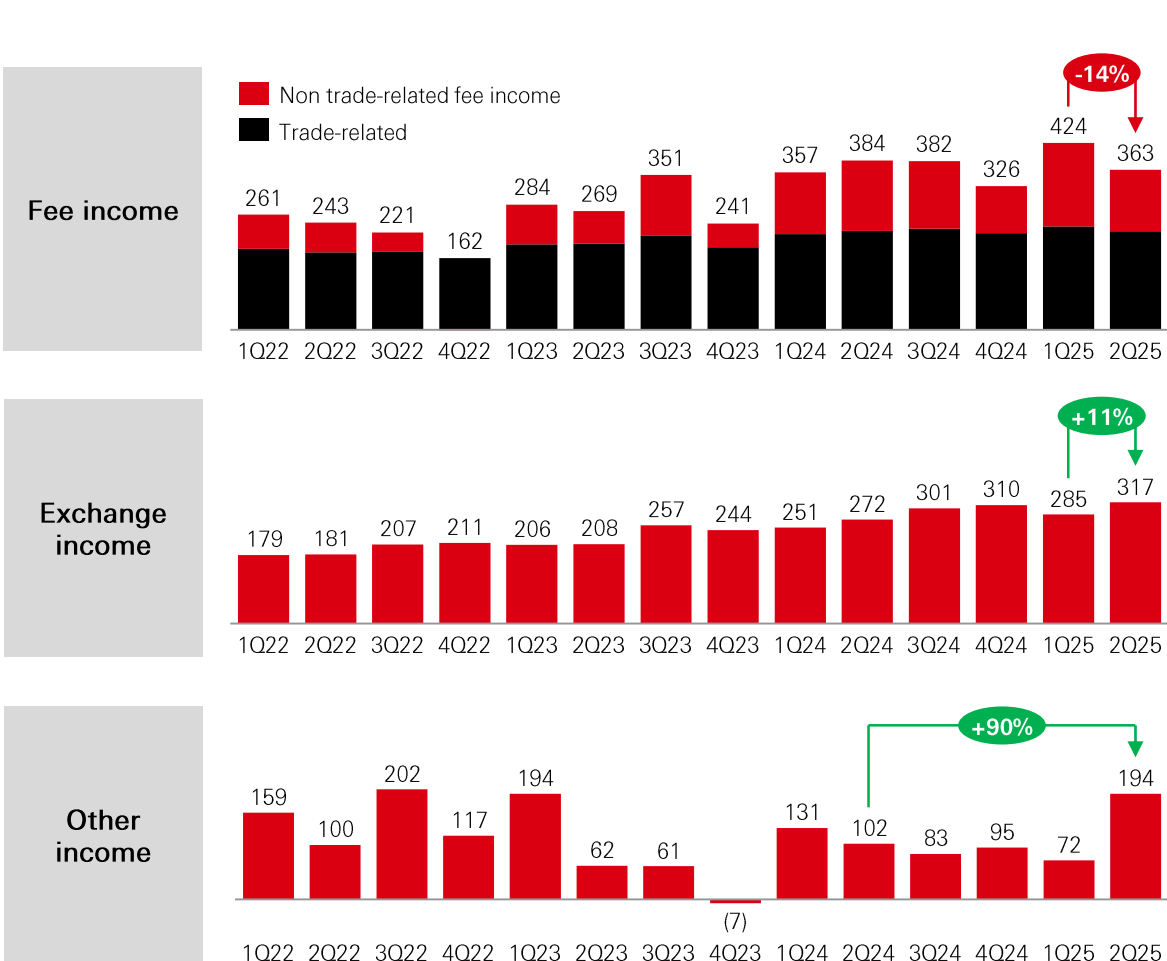
NSCI and non-funds revenue

NSCI continues to strengthen, supported by asset growth that offsets NIM compression; non-funds income benefitted from an increase in FX income together with trading gains and a MTM gain on an equity portfolio.

NSCI, ₪ m and Average interest earning assets, ₪ bn



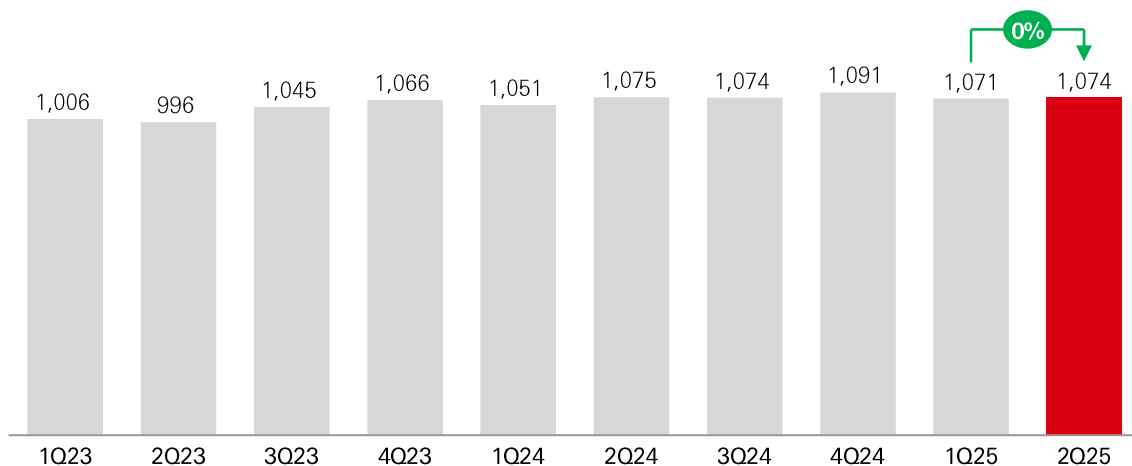
Non-funds income, ₪ m



Costs

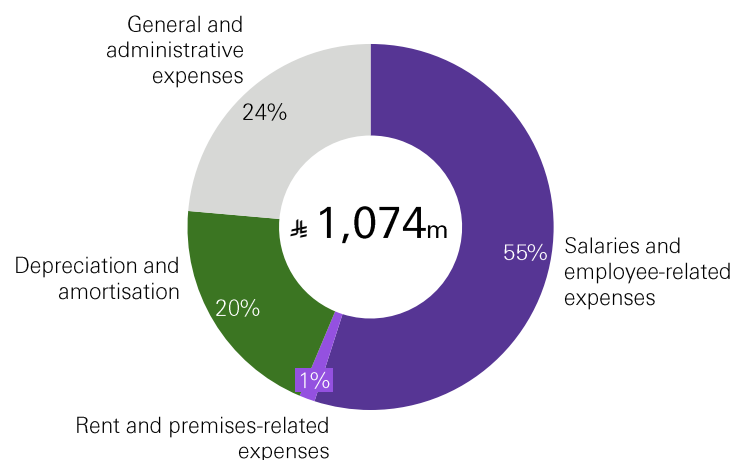
Cost performance was broadly stable versus 1Q25 and 2Q24, reflecting strong cost control.

Recent cost trend, ₪ m

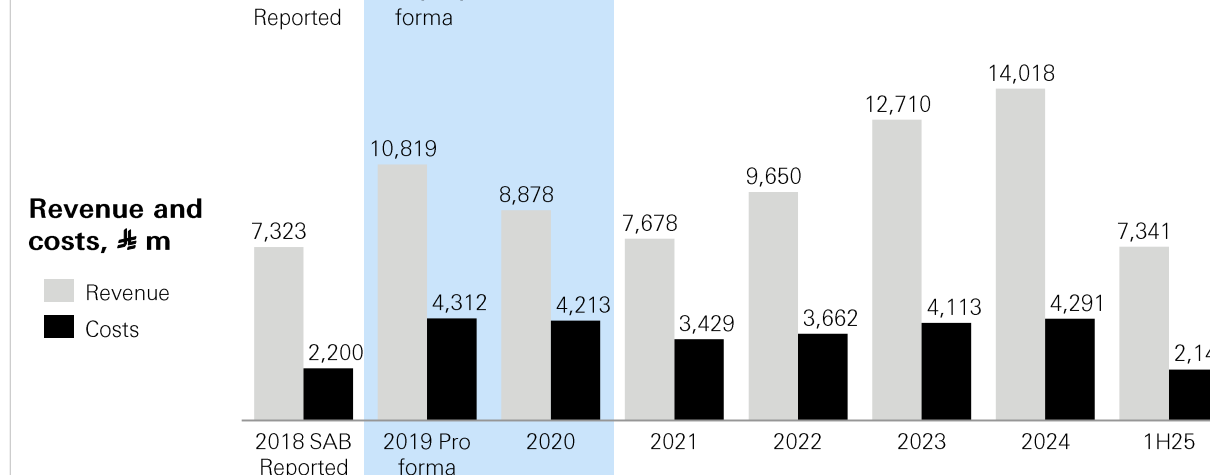
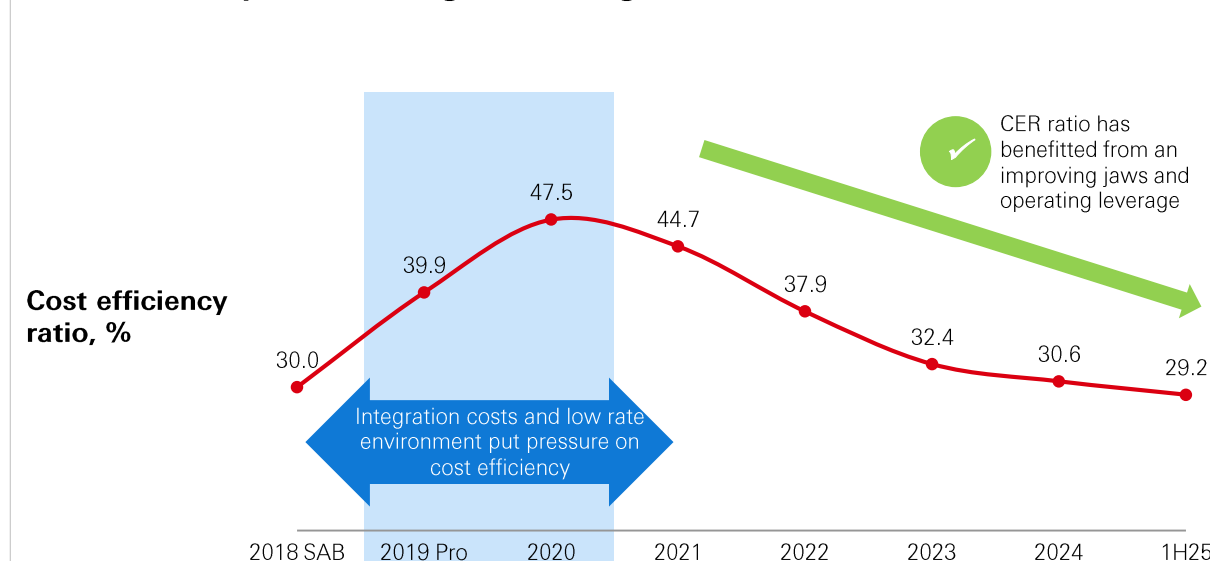


2Q25 costs by type, ₪ m

- Higher staff cost by 2% compared to 1Q25
- Lower cost on rent and premises by 14% compared to 2Q25 due to higher utilities charges
- Higher cost on depreciation and amortization by 48% compared to 1Q25 due to higher capitalization of projects with higher asset values



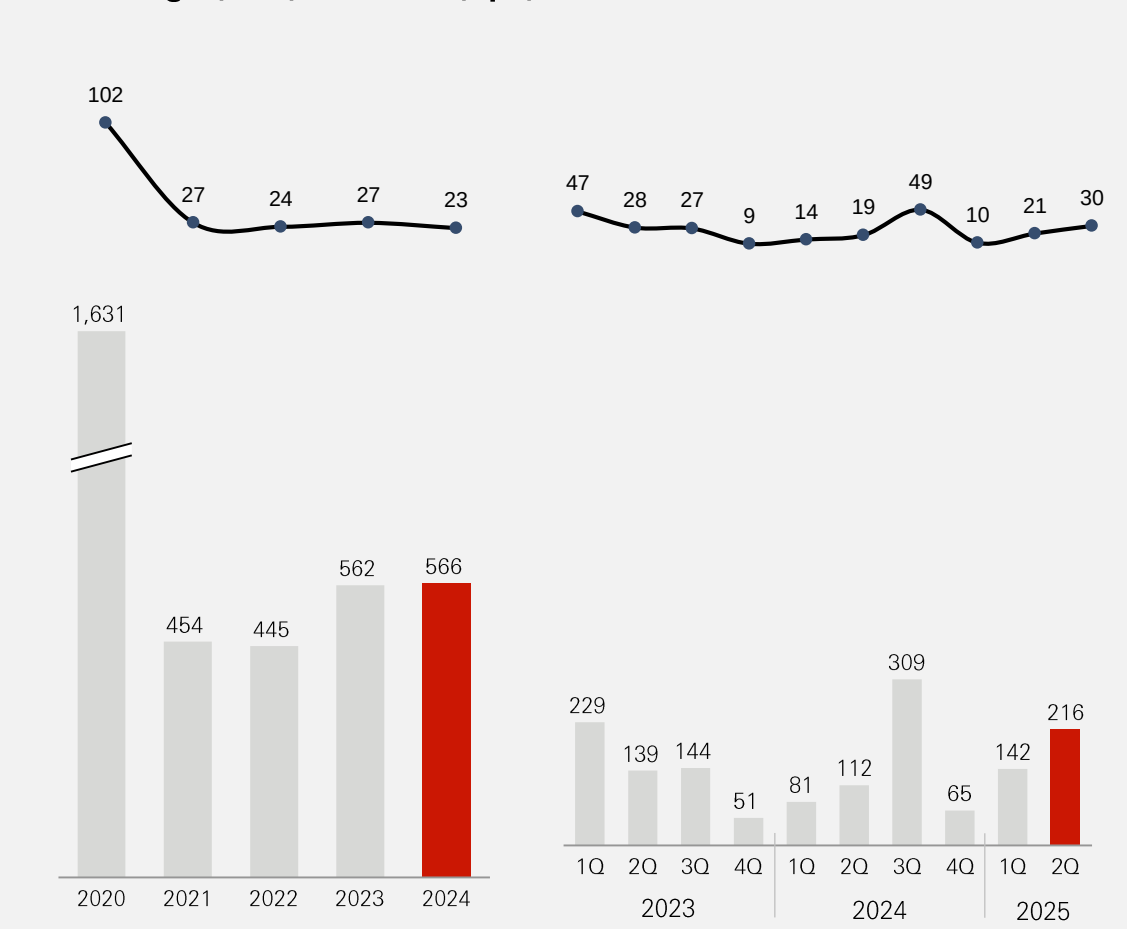
Cost efficiency ratio through the merger, %



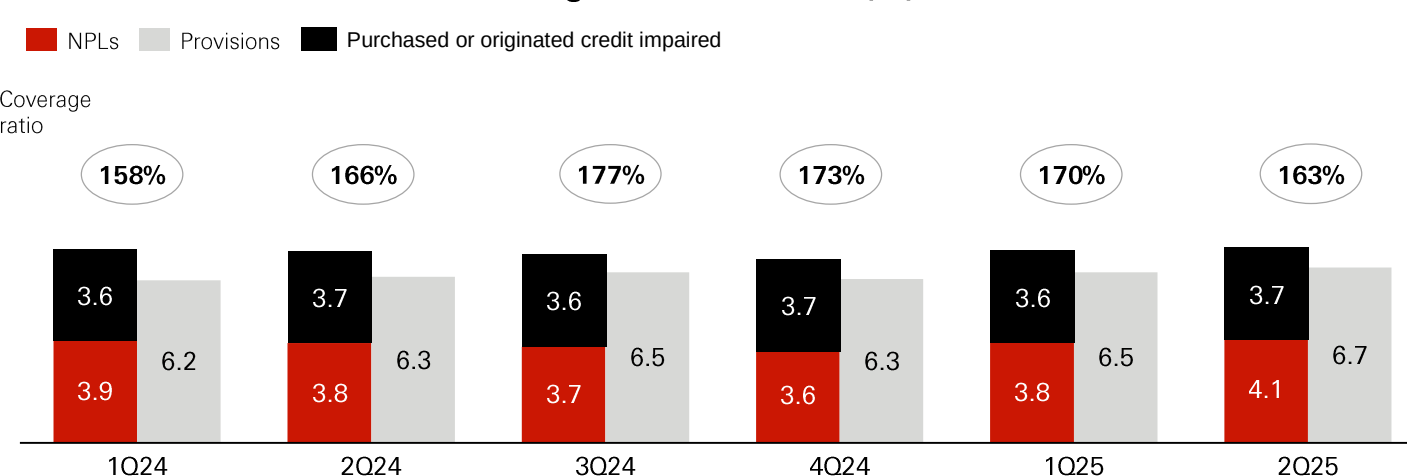
Impairment analysis and credit quality

Underlying portfolio quality remains strong with NPL ratio of 1.4%; 2Q25 cost-of-risk of 30bps remains low.

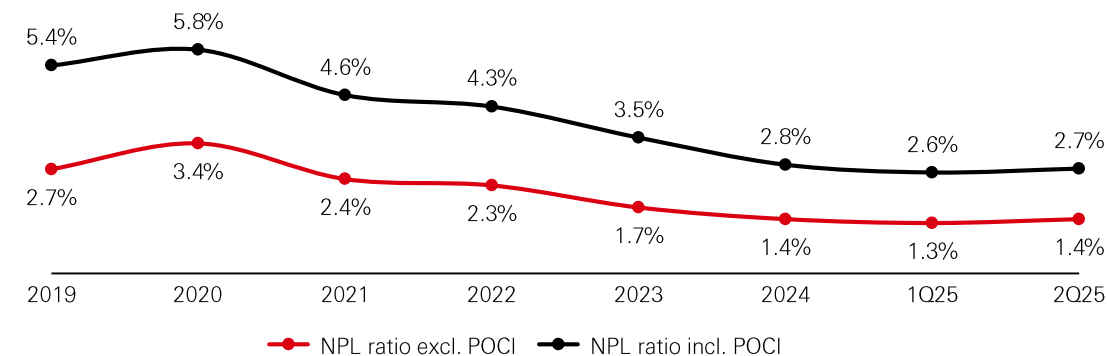
ECL charge (£ m) and CoR (bps)



NPLs, Provisions £ bn and coverage and NPL ratios (%)



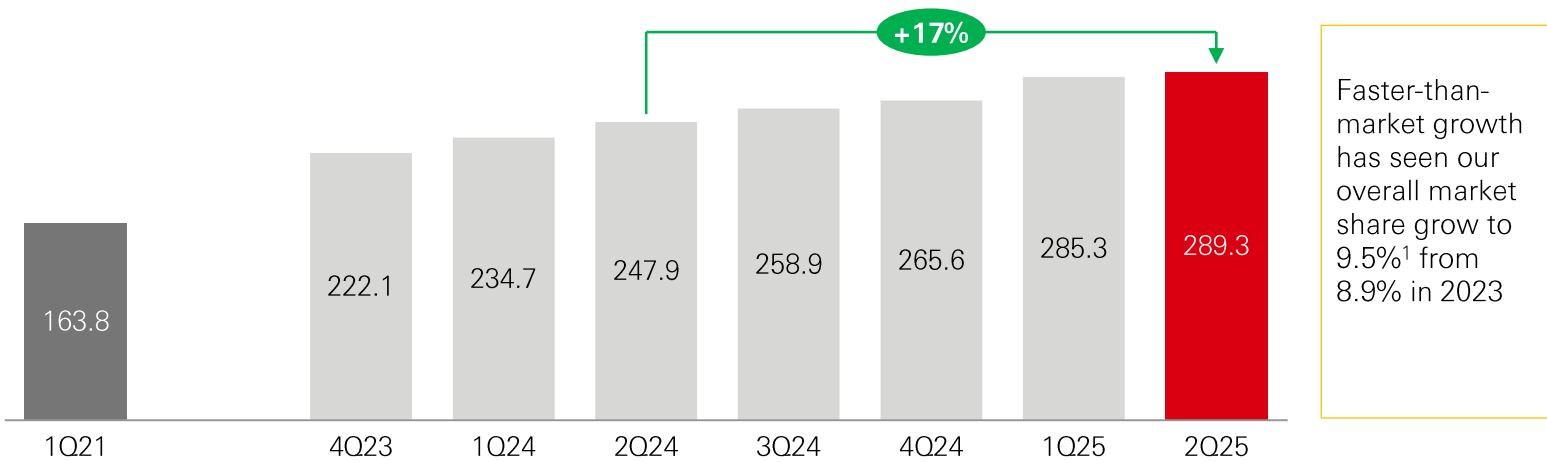
NPL ratio:
Sustained
improvement
in asset quality
post-merger



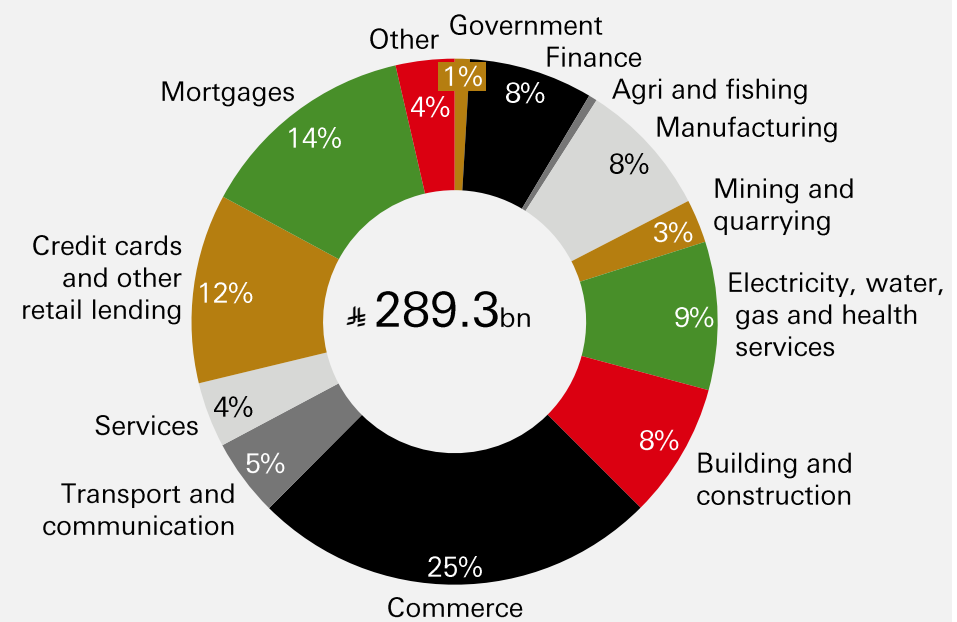
Customer lending

Strong lending growth of 17% YoY and 9% YTD which remains marginally ahead of the sector; we possess a diversified lending portfolio.

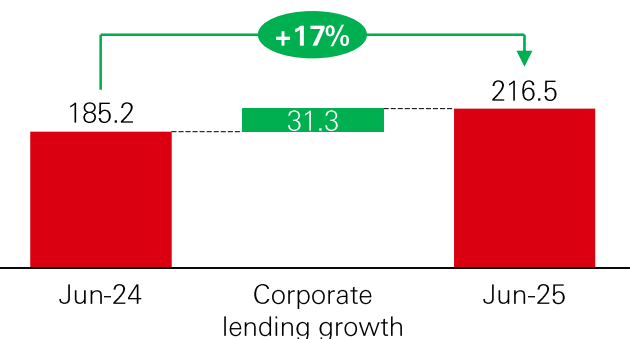
Gross customer lending, ₪ bn



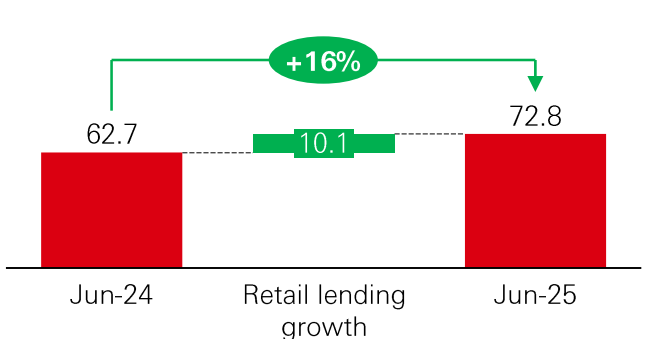
Gross customer lending, by sector



CIB lending growth Jun-25 vs Jun-24



WPB lending growth Jun-25 vs Jun-24

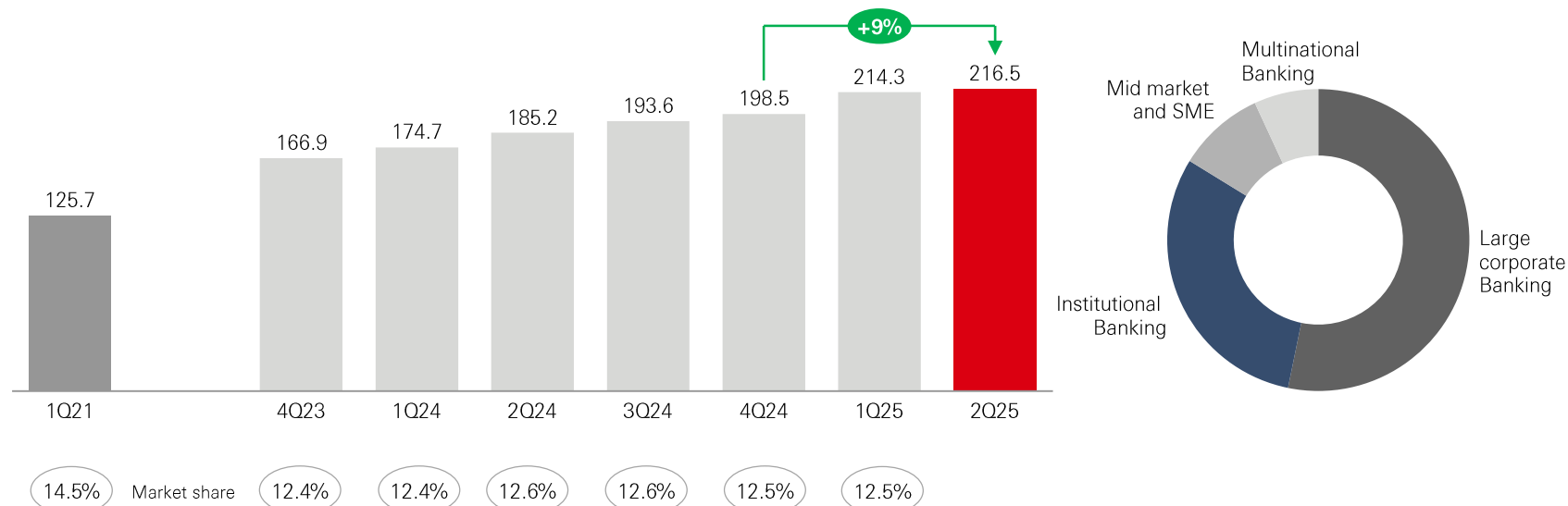


1. As at 31 March 2025

Corporate and institutional business

We grew CIB by 9% year-to-date; the second quarter was affected by expected seasonality.

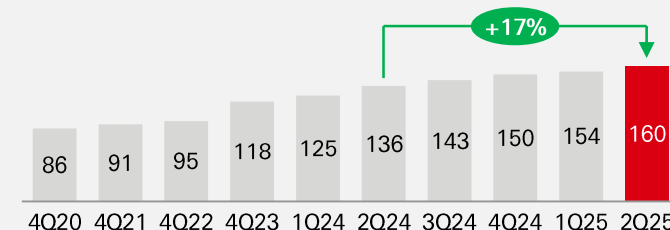
Gross customer lending, £ bn



Our trade and off-balance sheet business is the number 1 in the Kingdom with 24%¹ market share, generating c. 10% of the Bank's revenue and over half of the Bank's fee income

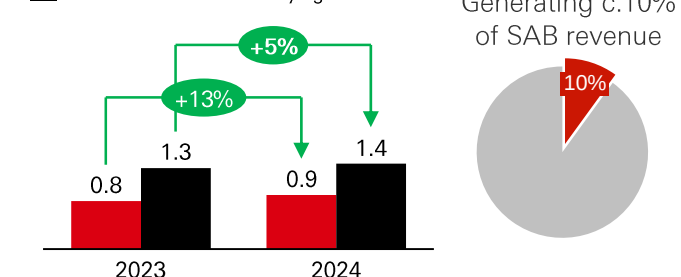
Trade balances, £ bn

Letters of credit, guarantees and acceptances



Total Trade-related 2024 Revenue, £ bn

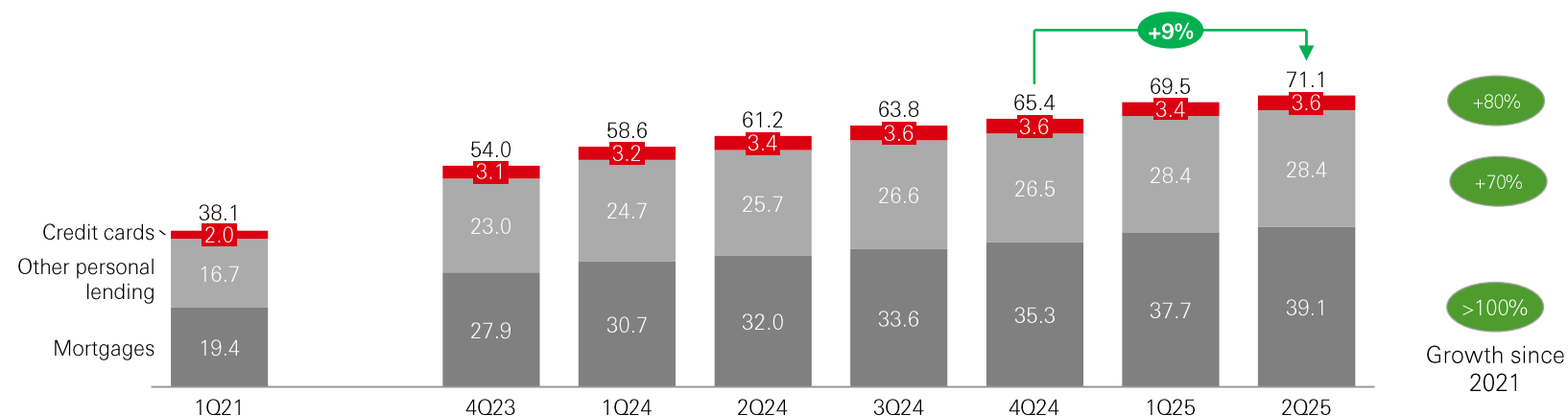
Trade-related fee income
Total trade-related underlying revenue



Wealth and personal lending business

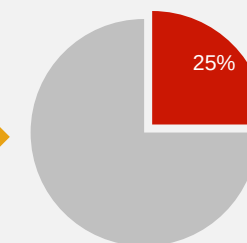
Strong mortgage origination market share; despite Q2 seasonality, year-to-date growth of 9%.

Gross customer lending, ₪ bn

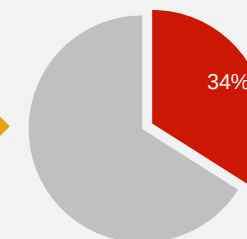


A core contribution to the Bank's financial performance

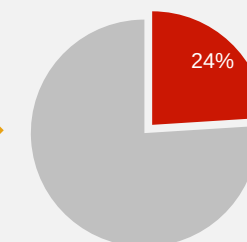
25% of the Bank's loan portfolio



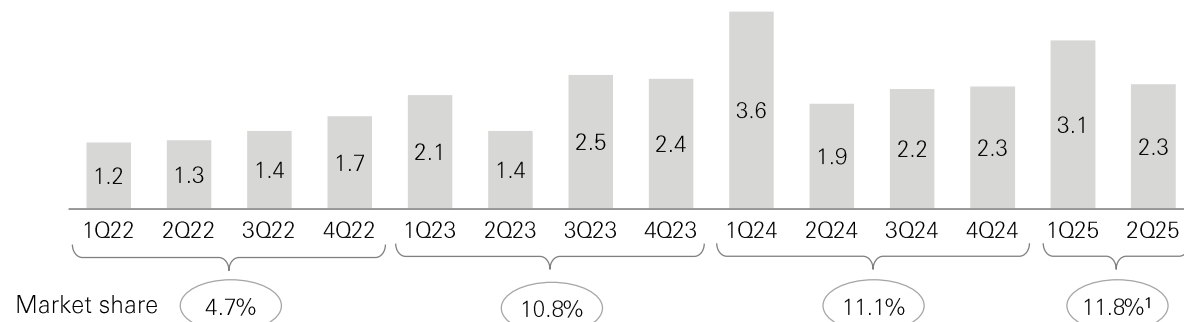
34% of the Bank's revenue



24% of the Bank's net income



Mortgage quarterly originations trend, ₪ bn



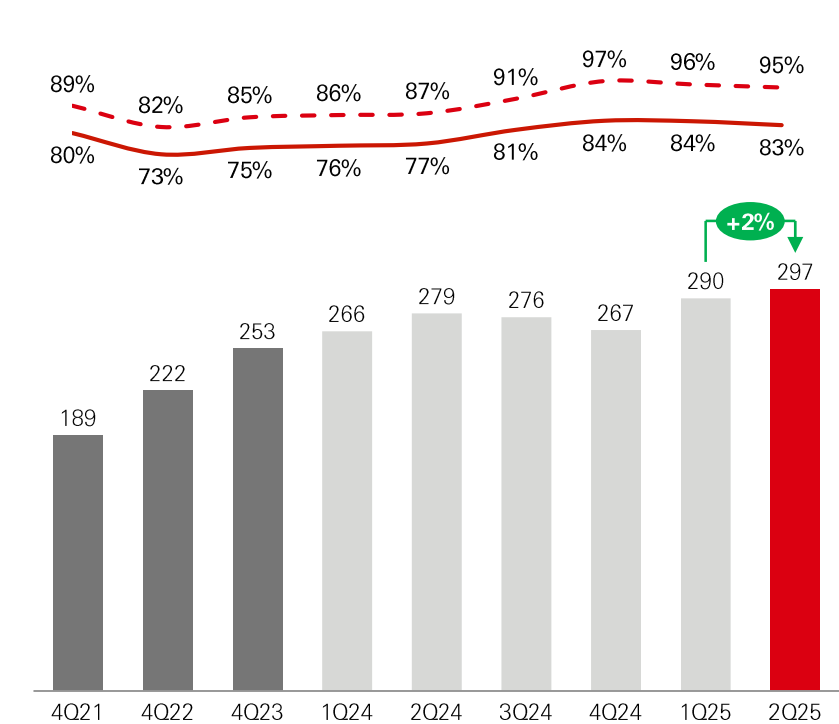
Customer deposits and liquidity

Funding and liquidity remain robust as we continue to capture deposits; NIBs ratio shows signs of stabilization.

Customer deposits, \$ bn

Strong funding base

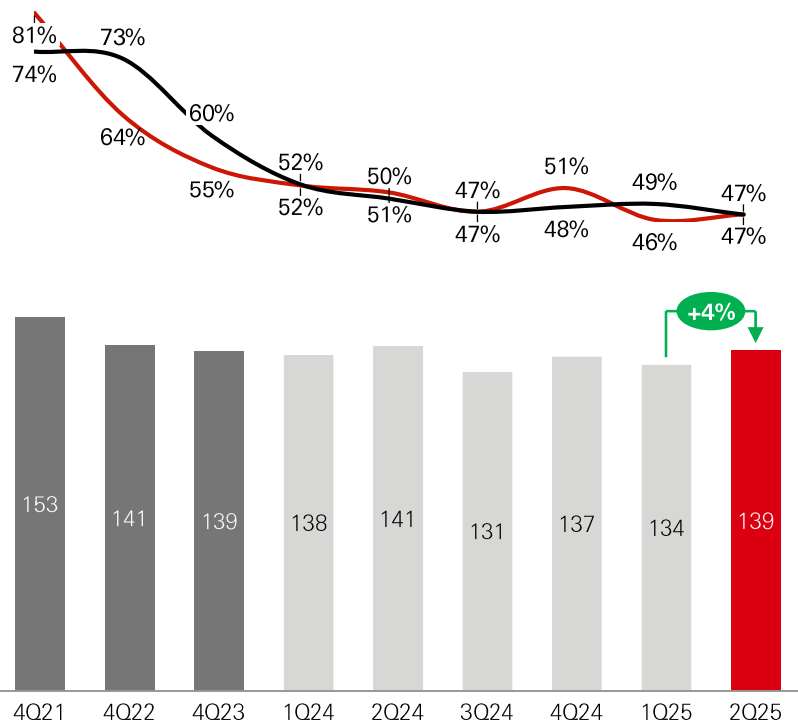
Deposits Reg LDR Simple LDR



Demand deposit balances and ratio

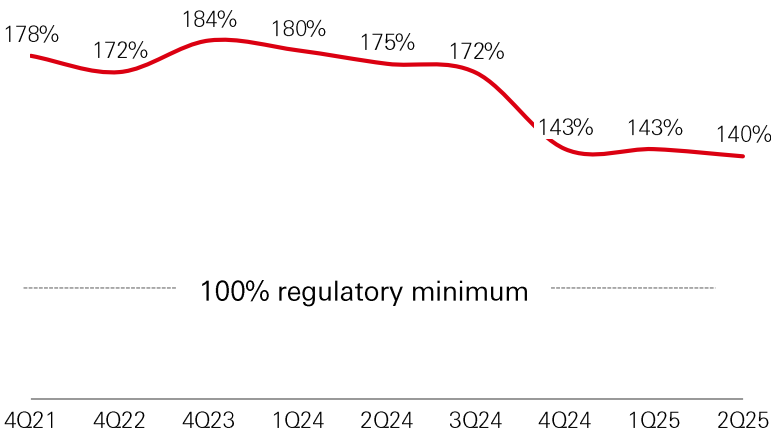
Stabilising NIBs ratio

Demand deposit ratio - spot basis
Demand deposit ratio - average basis¹



Liquidity coverage ratio, %

Highly liquid and well above regulatory requirements

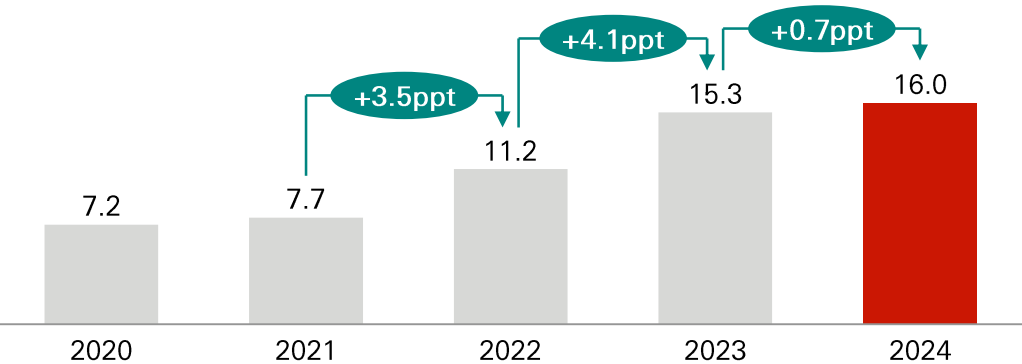


1. 2021, 2022 & 2023 represent full year average

Capital and returns

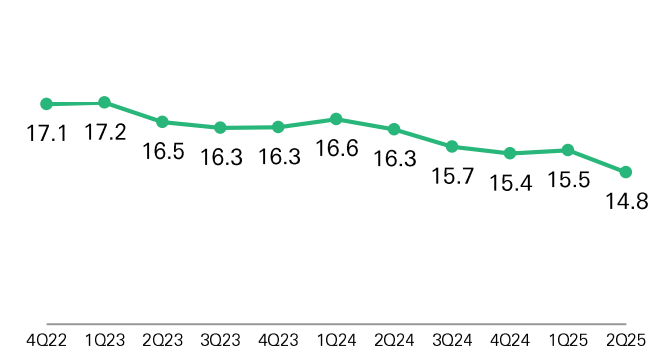
SAB now delivering sustainable levels of returns from revenue, low cost-of-risk and strong cost control.

Return on tangible equity, %



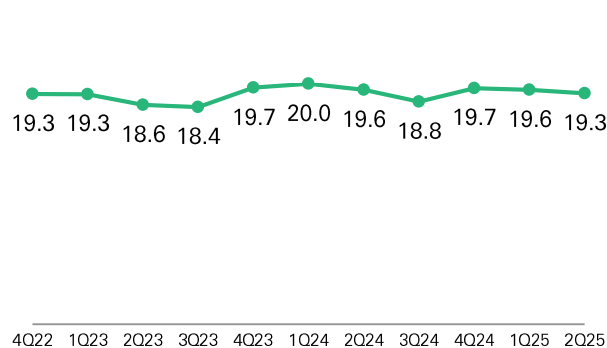
CET1 capital ratio, %

Basel 3 reforms basis

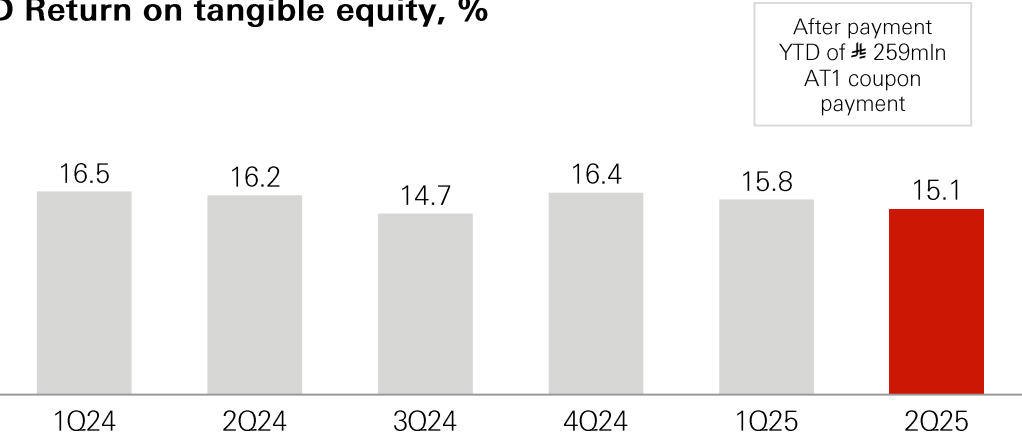


Total capital ratio, %

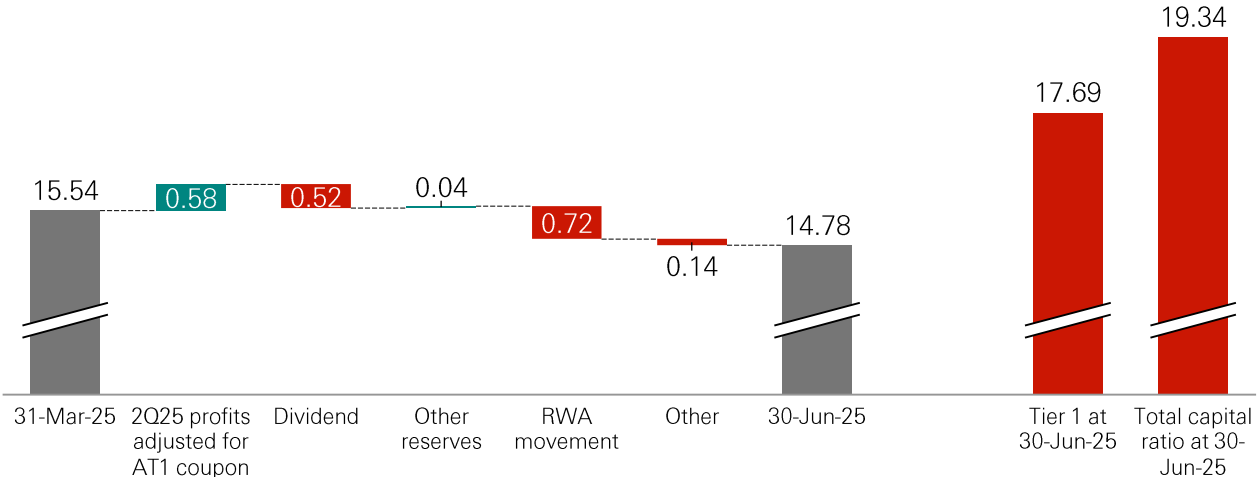
Basel 3 reforms basis



QTD Return on tangible equity, %



CET1 ratio movement 31 Mar 2025 vs. 31 Dec 2024, %



2025 performance vs. guidance

Our growth strategy has enabled SAB to deliver a sustained level of return; we remain firmly on track for delivery of our medium-term targets despite persistent cost-of-fund pressures.

		2021	2022	2023	2024	2025 guidance	1H25 Actual	
Balance Sheet	Loan YoY growth	+9%	+9%	+18%	+20%	Mid-teens % growth	9% YTD growth	◆ Continue to capture market share in our areas of strength
Profitability	Annual net interest margin	2.03%	2.46%	3.04%	2.85%	2.65-2.75% From 2.70-2.80%	2.70%	◆ Continue to model 2 rate cuts, with NIMs expected to stabilise from funding optimisation in 2H25
	Cost efficiency ratio	44.7%	37.9%	32.4%	30.6%	< 30.5%	29.2%	◆ Continued positive jaws and cost optimisation
	RoTE ¹	7.7%	11.2%	15.3%	16.0%	15-16%	15.6%	◆ Sustain current levels of RoTE despite a changeable environment
Asset Quality	Cost of risk	27bps	24bps	27bps	23bps	25-35bps	26bps	◆ Continued low cost-of-risk

Appendix



History and background

- 1926

Netherlands Trading Society opens its office in Jeddah and becomes the first bank to operate in KSA
- 1978

Saudi British Bank (SABB) was incorporated as joint stock company
- 2021

SABB merges with Bank Alawwal to create SAB and become one of the largest commercial banks in KSA



SAB الأول and its subsidiaries and associated companies provide comprehensive banking services



Offers both Islamic and conventional solutions

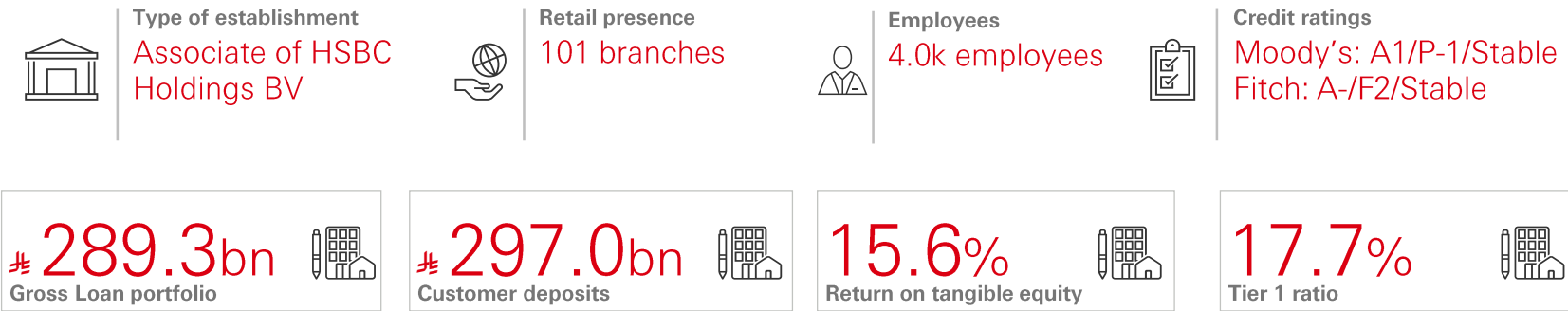


SAB الأول holds 49% of HSBC Saudi Arabia, the investment banking arm of HSBC in Saudi Arabia, where HSBC maintains majority stake of 51%

A diversified international banking offering locked into a global banking network through HSBC



Key facts and figures¹



1. As at 30 June 2025

Investment case

Five reasons to invest in SAB

1. Leading international bank in the Kingdom

Our institution has developed into the leading international bank in the Kingdom through a deep understanding of the needs of our customers and a bespoke product suite that delivers intrinsic value. Our unique partnership with HSBC Group enables us to bring international connectivity to our customer base and aligns our approach with global best practice. We are the 'go-to' Bank for inbound and outbound multinational corporates and institutions operating into or from Saudi Arabia, and the number one bank in the Kingdom for trade.

2. Increased scale to support Vision 2030 growth aspirations

The Kingdom is navigating its path through undoubtedly its biggest economic transformation programme, bringing a wealth of opportunity to every family and enterprise domestically, but also playing to international opportunities. Through our robust balance sheet and market-leading suite of products, we possess the scale and capability to support such an ambitious programme.

3. Financial strength

Historically, we have delivered top tier financial performance from a strong balance sheet, robust funding and liquidity dynamics, and a solid capital position. Following the merger with Alawwal Bank, we have taken the necessary steps to protect our balance sheet and conservatively manage the provisioning of our portfolio. We are still in a position of strength to meet the demands of our customers.

4. Positioned for growth

We have successfully completed the integration of our two banks, following the merger of SABB with Alawwal Bank, and we have moved swiftly into investment and growth mode. Our Strategy 2025 is growth focused and supported by a drive to digitise the banking platform and customer experience. Our growth agenda aims to build on our strengths in our corporate franchise and provide a more enhanced retail provision to support the growing needs of our retail customers. Our long-term strategy coupled with a core set of finance fundamentals and a robust economy positions us well for growth.

5. We are safe, sustainable and dependable

A robust approach to corporate governance is a key strength for any organisation and we ensure we adopt best practices in this field to create value for all of our Stakeholders. The Board sets the Bank's strategy and risk appetite with the aim of achieving sustainable value and promoting a culture of openness and debate. Our Board brings a successful balance of international banking best practices, together with local, commercial and institutional insight and experience.

We conduct our business using a responsible and sustainable approach in line with our values, and our business decisions are made in the interests of all concerned Stakeholders, including our customers, employees, Shareholders and our wider community.



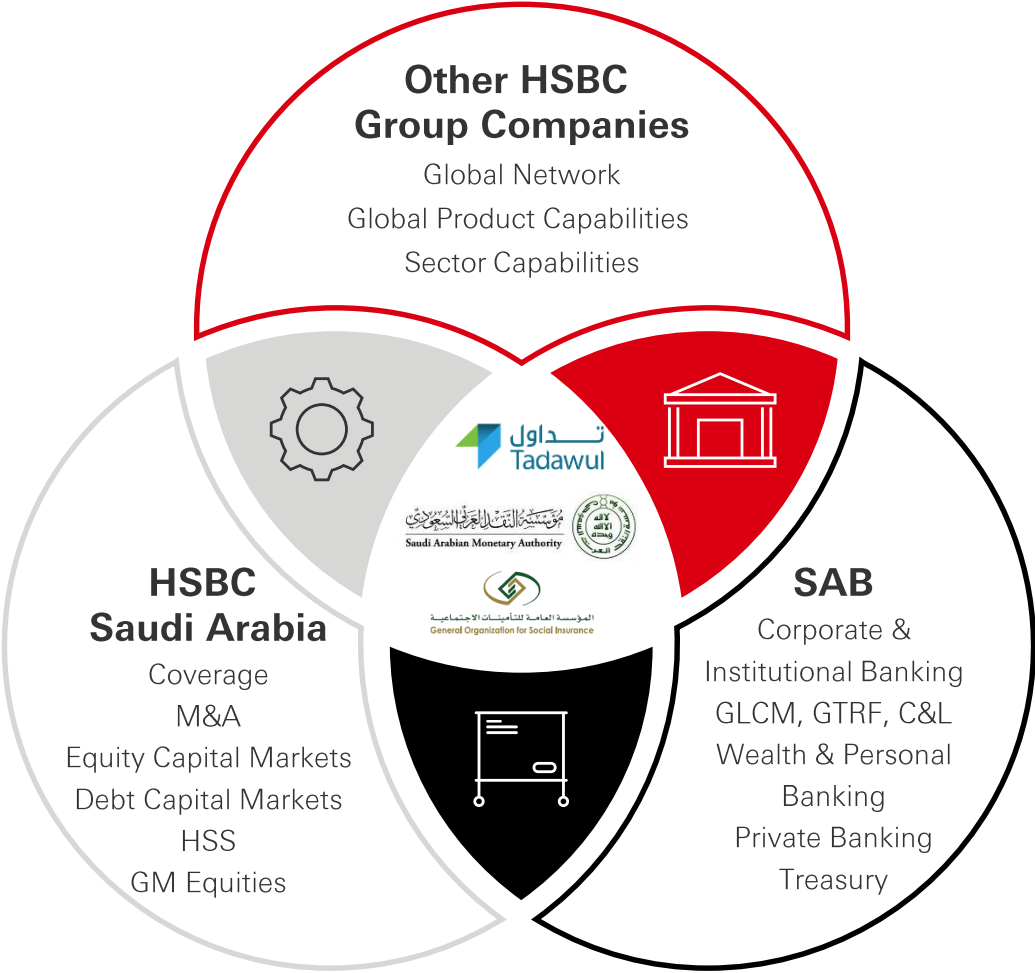


SAB's differentiation - connectivity with HSBC

Our contribution to bringing the world to Saudi, and Saudi to the world

Engagement model enablers

- ◆ **SAB** is the first bank in KSA with dedicated desks for all key business corridors
- ◆ SAB maintains **full operational connectivity with HSBC** providing full product and services slate, with the same 'look and feel' as in any other country where the group has presence
- ◆ Product alignment: sharing of info/ content/leveraging of best practices on both corporate through SAB and investment banking through HSBC Saudi Arabia, which is majority owned by HSBC



Product Capabilities

- ◆ Saudi extension to Global Network
- ◆ Only international bank of scale in KSA
- ◆ Unrivalled integrated product offering

Shared Technologies and Processing

- ◆ Business models and product offering reinforced via Technical Service Agreement between the parties
- ◆ Leverage Group Systems, including hsbnet
- ◆ SAB is the first international bank to provide free instantaneous international transfers using HSBC's Global View Global Transfer functionality

People Capabilities

- ◆ HSBC Resources in Saudi entities
- ◆ 3 Dedicated Asia Desks in KSA, operating through Wholesale concept

Medium term outlook: 2024 to 2026

1



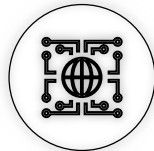
Grow sustainable returns in a changing environment

2



Sustainably gain market share in lending over the next 3 years

3



Be future-ready by leading in digital and ESG



The **leading international bank** in the Kingdom

A **Scale player** in Corporate Banking and Treasury

Focus : Core/Giga projects, trade, cash management and SME

The **Bank of Choice**, for Wealth and Internationally-Minded Customers

Focus: Wealth, mortgage, cards and payments

Alawwal (the best) in customer experience

Alawwal (the best) in Employee experience

Alawwal (the best) in Organizational Efficiency

Primary strategic targets by 2026

ROTE

15.0% to 16.0%

on a post AT1 coupon basis

Other key financial metrics

Loans growth CAGR

Low double-digit to low-teens

Annual OPI growth

6-10%

Cost-Income Ratio

30-32%

