



# 1Q 2023 Earnings Presentation

Saudi National Bank

Riyadh | 16 May 2023

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# Robust net income growth from solid financing growth, margin expansion, improved efficiency and healthy credit quality, while maintaining strong funding

## Robust financing growth

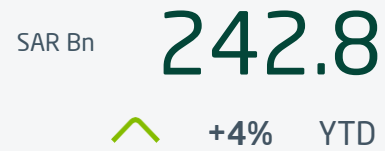
## from Wholesale financing

## and Retail financing,

## including Mortgage financing



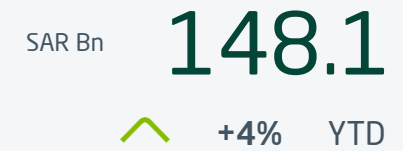
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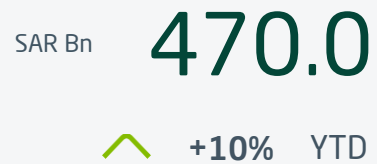


## Solid CASA growth

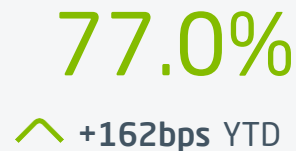
## leading to healthy CASA ratio,

## comfortable SAMA LTD ratio

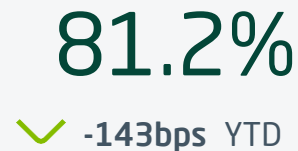
## and strong and stable liquidity.



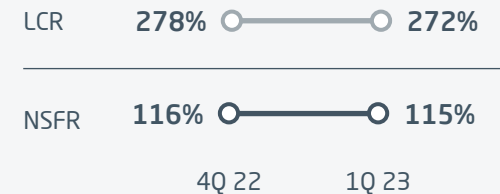
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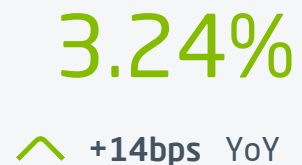


## Improvement in NSCI margin

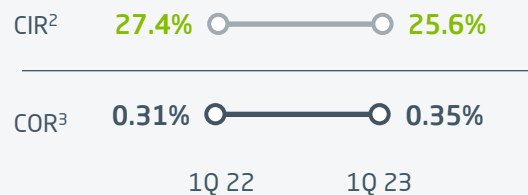
## improved efficiency & healthy credit

## leading to robust net income<sup>1</sup> growth

## and healthy returns.



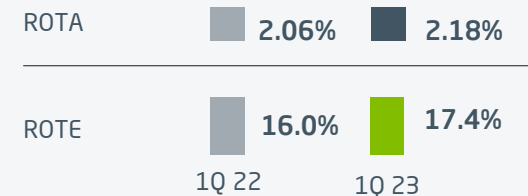
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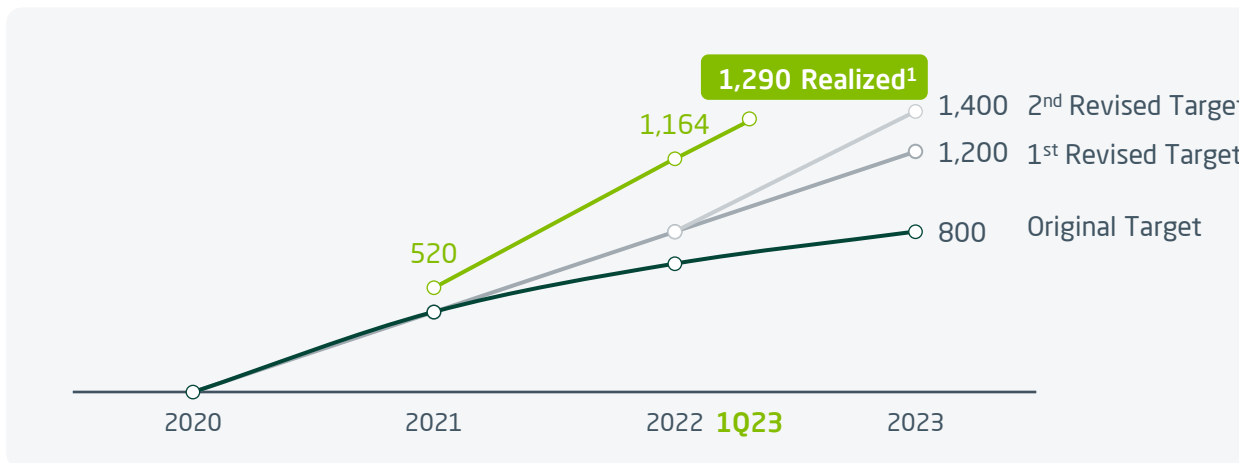
# Synergy realization is ahead of target and SNB continues to make progress on delivering merger benefits

## Unlocking merger benefits...

SAR Bn **1,290**  
of total revised targeted cost synergies

SAR Bn **1,400**

## with targeted cost synergies revised up for the second time to SAR 1.4Bn



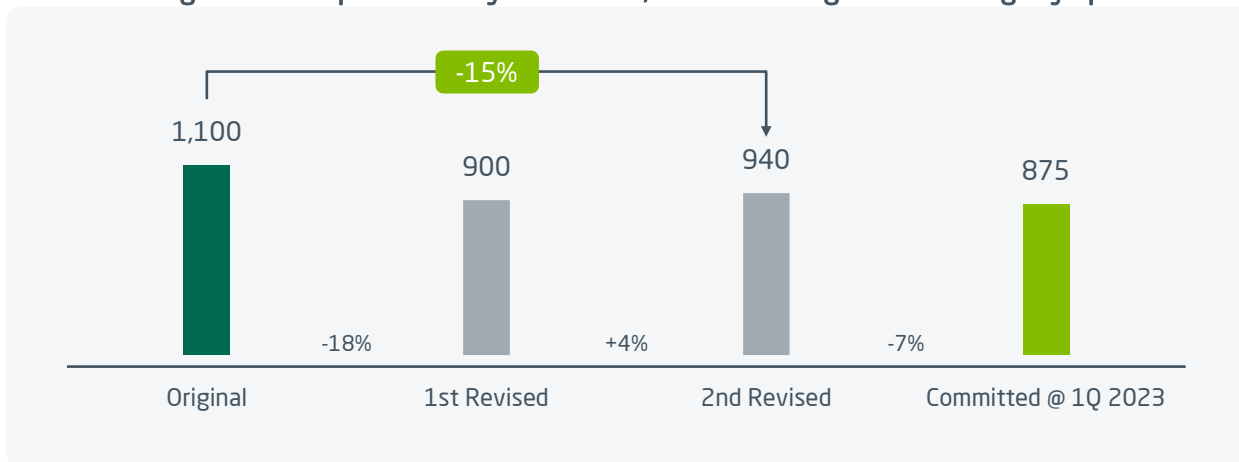
Cost Synergies Realized **92%**  
of revised targeted cost synergies realized

Sources of Cost Synergies  
Operational efficiencies  
Optimization of technology stack  
Natural FTE attrition

## Integration costs on track...

SAR Mn **875**  
is committed

## as 93% of targeted cash spend already committed, with total target revised slightly upward to SAR 940Mn



Integration Cost Categories  
Capex: IT stack optimization spend, data migration & rebranding  
Opex: Advisory, marketing & relocation

Integration Cost Composition **63%**  
of the total integration cost is CAPEX

# Fostering digital leadership through customer adoption, growing digital sales and scaling up innovation



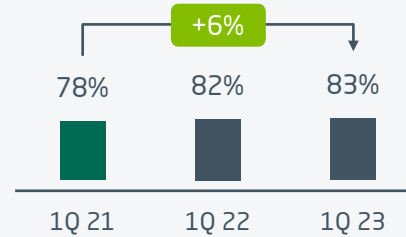
## Digitize the Bank



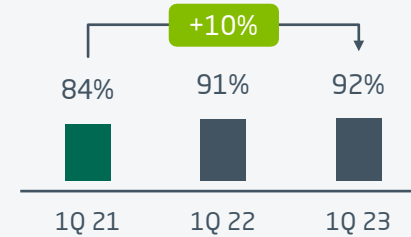
### Retail Digital Banking

- Fortify digital leadership
- Deploy leading digital proposition
- Deliver distinctive customer journeys

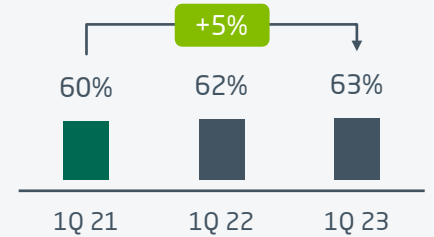
#### Digital Penetration, % Clients



#### Digital Account Opening, % accounts



#### Digital Sales, % Units



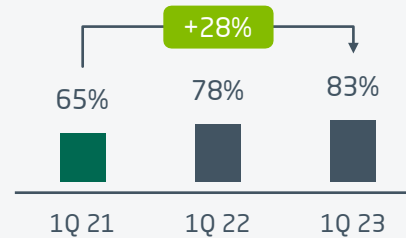
## Digital Penetration



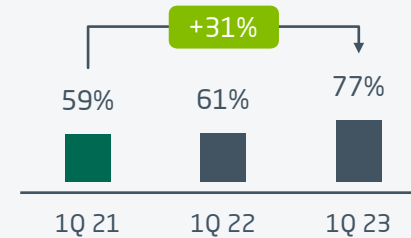
### Corporate Digital banking

- Solidify corporate relationships
- Facilitate digital platforms with leading functionalities and trade capabilities
- Accelerate digital sales

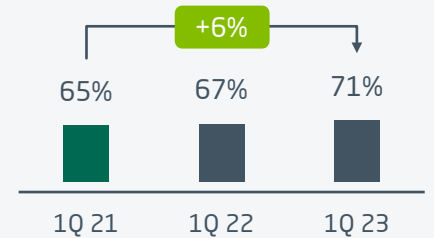
#### Digital Penetration, % Clients



#### Digital Account Opening, % accounts



#### Digital PoS, % Sales



## Digital Innovation



### Digital Ventures

- A lifestyle digital banking proposition enabling a financial ecosystem for FinTech partnerships towards strengthening SNB's presence in the Kingdom's Fintech space
- Broad digital product suite tailored to niche segments
- Incubate innovative product concepts and solutions



# Economic outlook remains positive and FY 2023 financing guidance revised upwards



## Macro-Economic Outlook<sup>1</sup>

Real GDP Growth +3.1%

Fiscal Balance -1.1%

US FFR 5.0 to 5.25%

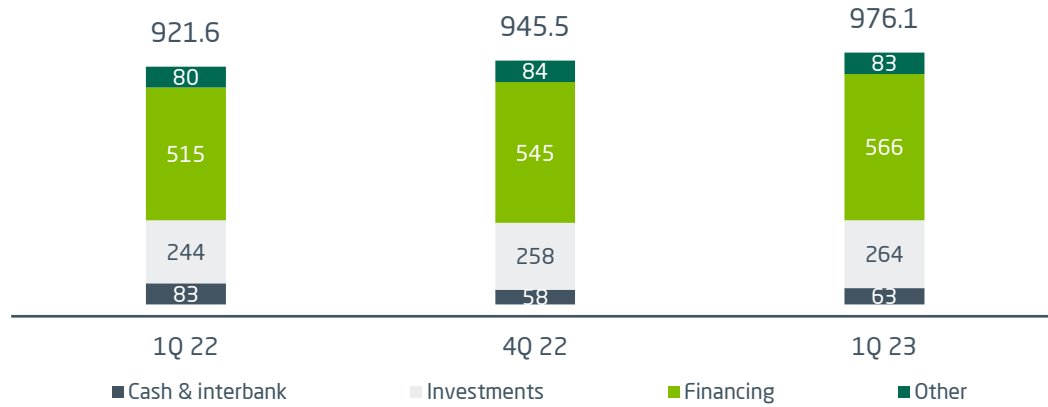
Inflation 2.8%

Avg Brent Oil Price USD 90 / bbl

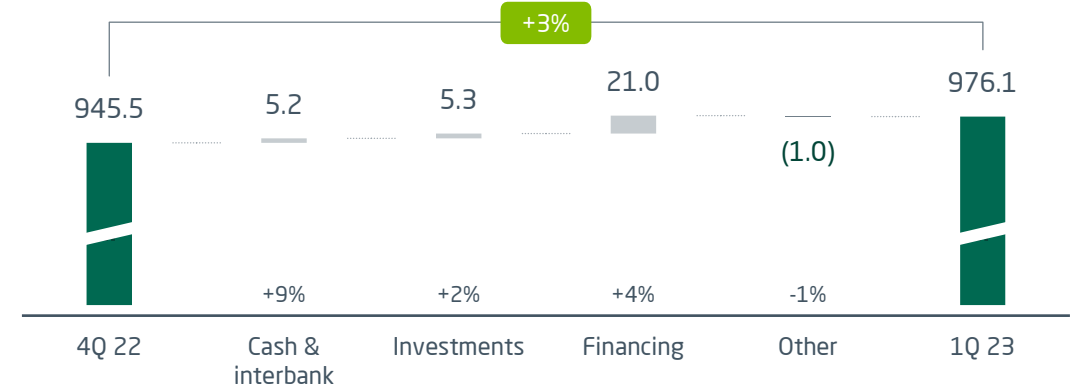
SNB Financial Guidance	FY 2022 Baseline	1Q 2023 Actual	FY 2023 Guidance	Status
Financing Growth	SAR 545Bn	+4%	Low double-digit	Revised Up
NSCI Margin	3.15%	3.24%	3.2% to 3.3%	Unchanged
Cost to Income Ratio	27.1%	25.6%	Below 27%	Unchanged
Cost of Risk	0.33%	0.35%	0.3% to 0.5%	Unchanged
Tier 1 CAR	18.3%	18.6%	18% to 19%	Unchanged
ROTE	16.6%	17.4%	16.5% to 17.5%	Unchanged

# Balance sheet expansion of 3% YTD mainly from financing growth, funded by deposits

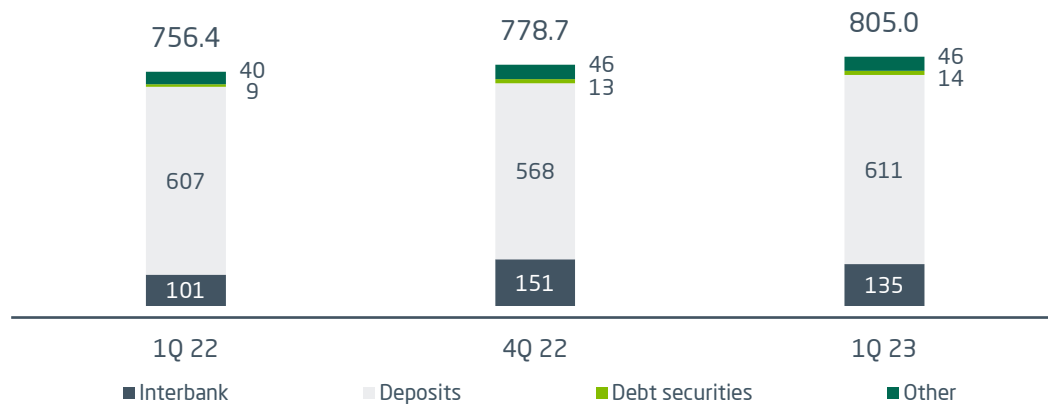
Total Assets (SARbn)



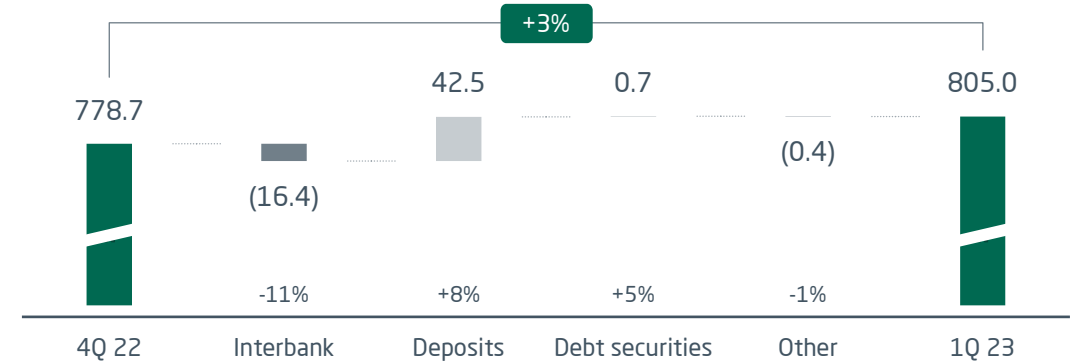
Total Assets Movement YTD (SARbn)



Total Liabilities (SARbn)



Total Liabilities Movement YTD (SARbn)

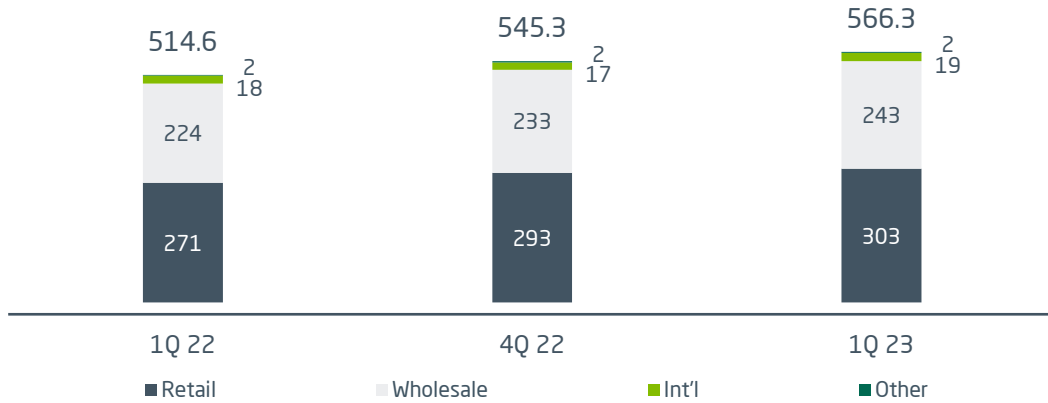




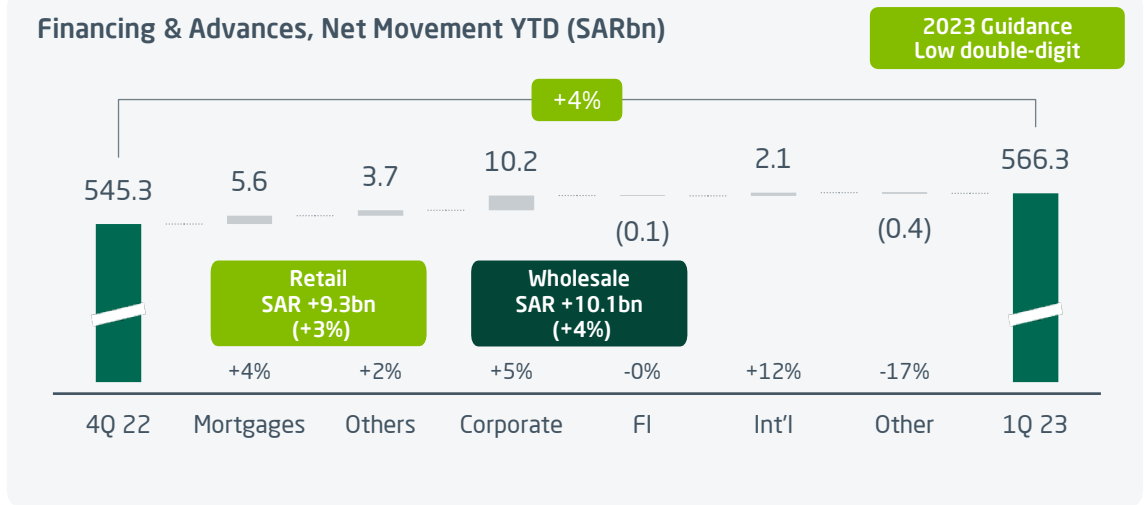
# Solid financing growth in Retail and Wholesale



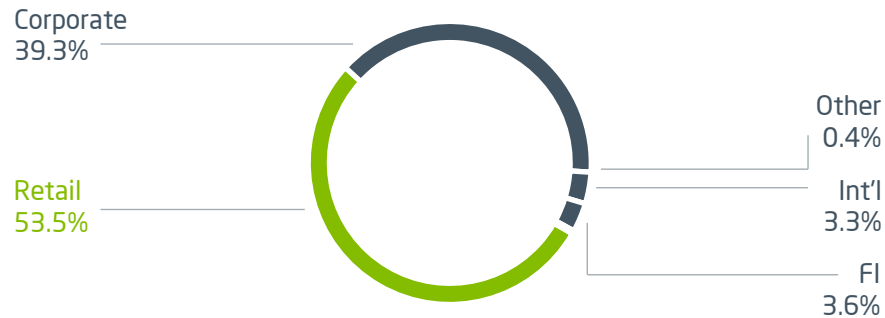
Financing & Advances, Net (SARbn)



Financing & Advances, Net Movement YTD (SARbn)



Financing & Advances, Net Composition (%)



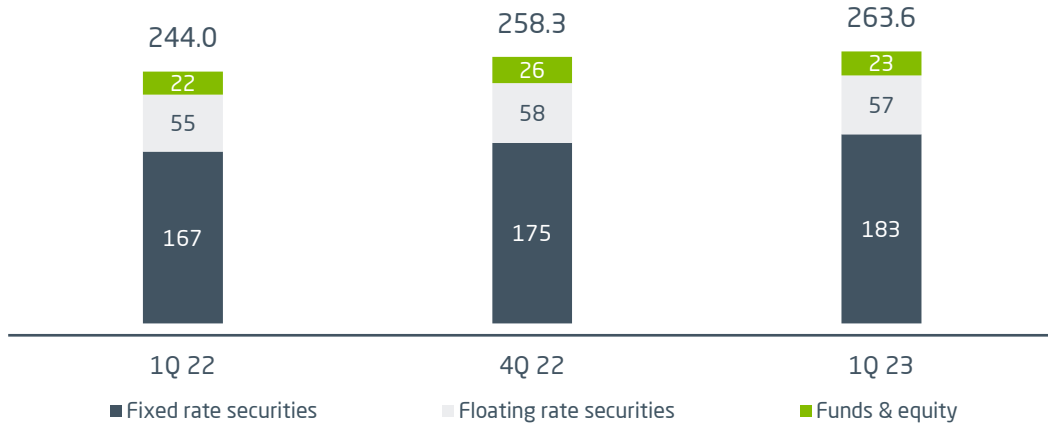
Financing & Advances, Net by Sector (%)



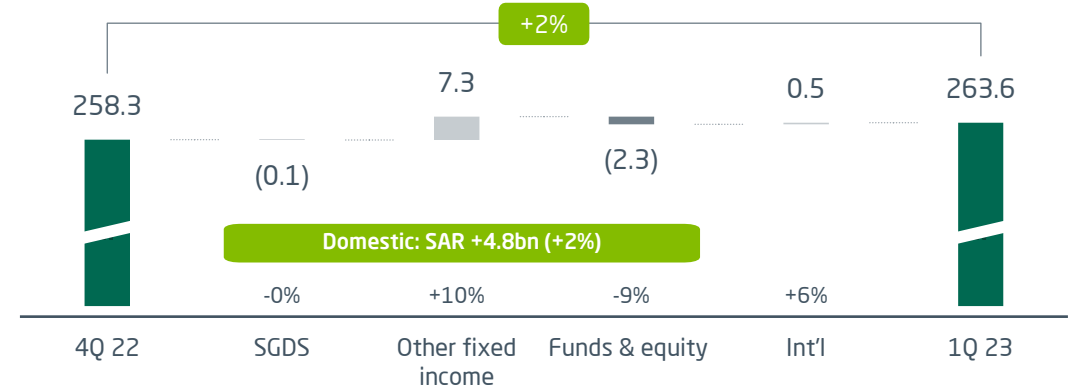


# Investments up 2% as growth in other fixed income securities partly offset by MTM on Credit Suisse investment

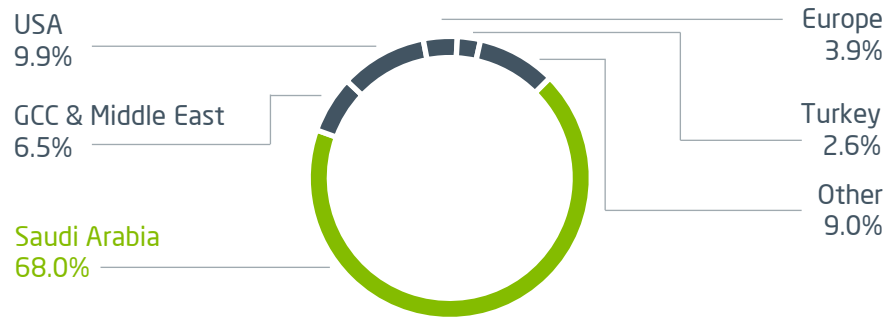
Investments, Net (SARbn)



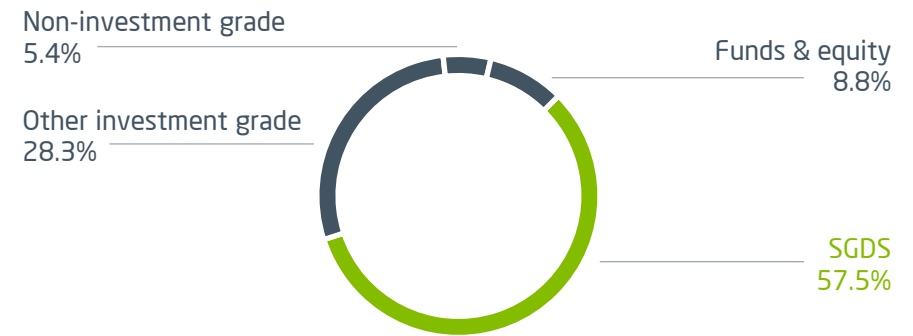
Investments, Net Movement YTD (SARbn)



Investments, Net by Geography (%)



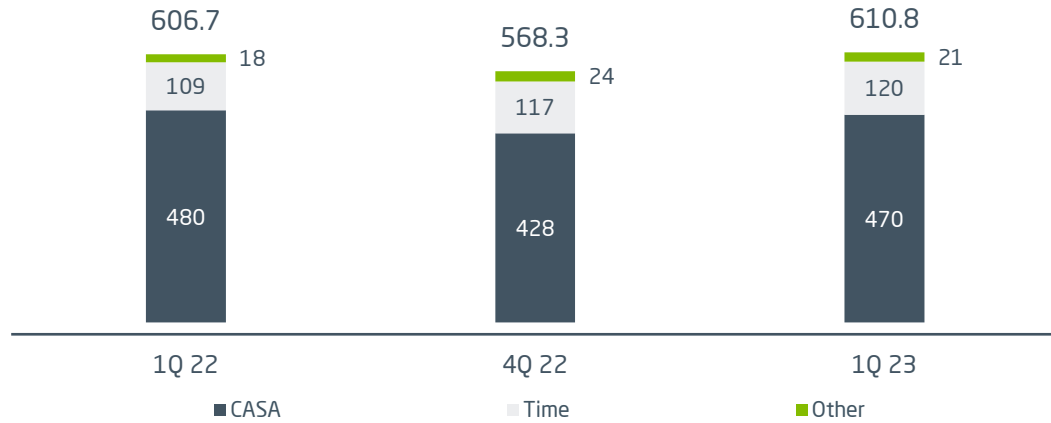
Investments, Net by Grade (%)



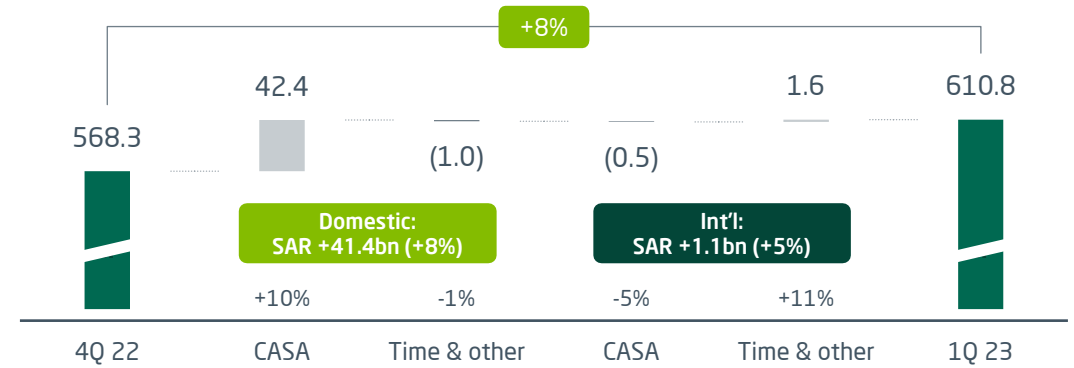
# Solid CASA growth, partly transitory in nature, maintaining healthy CASA ratio



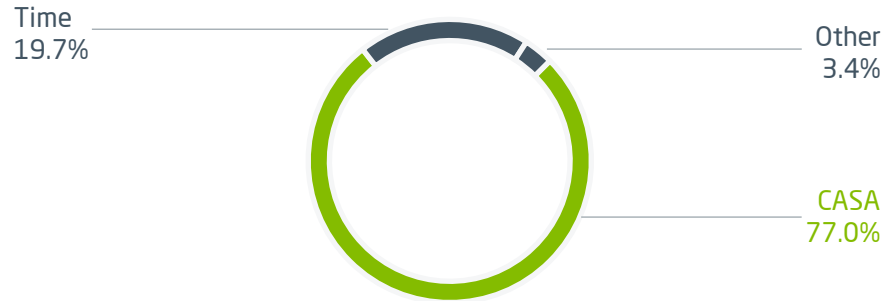
Customers' Deposits (SARbn)



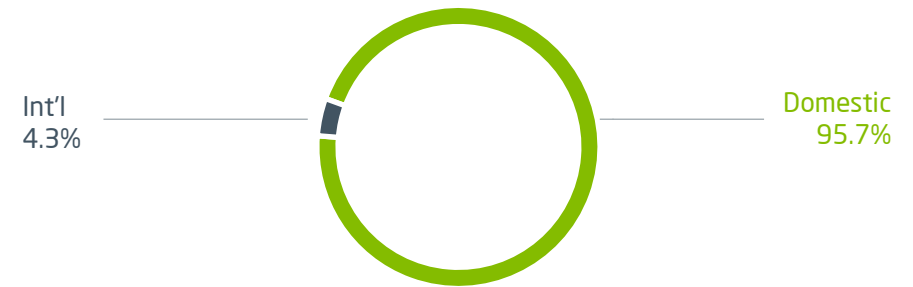
Customers' Deposits Movement YTD (SARbn)



Customers' Deposits by Type (%)

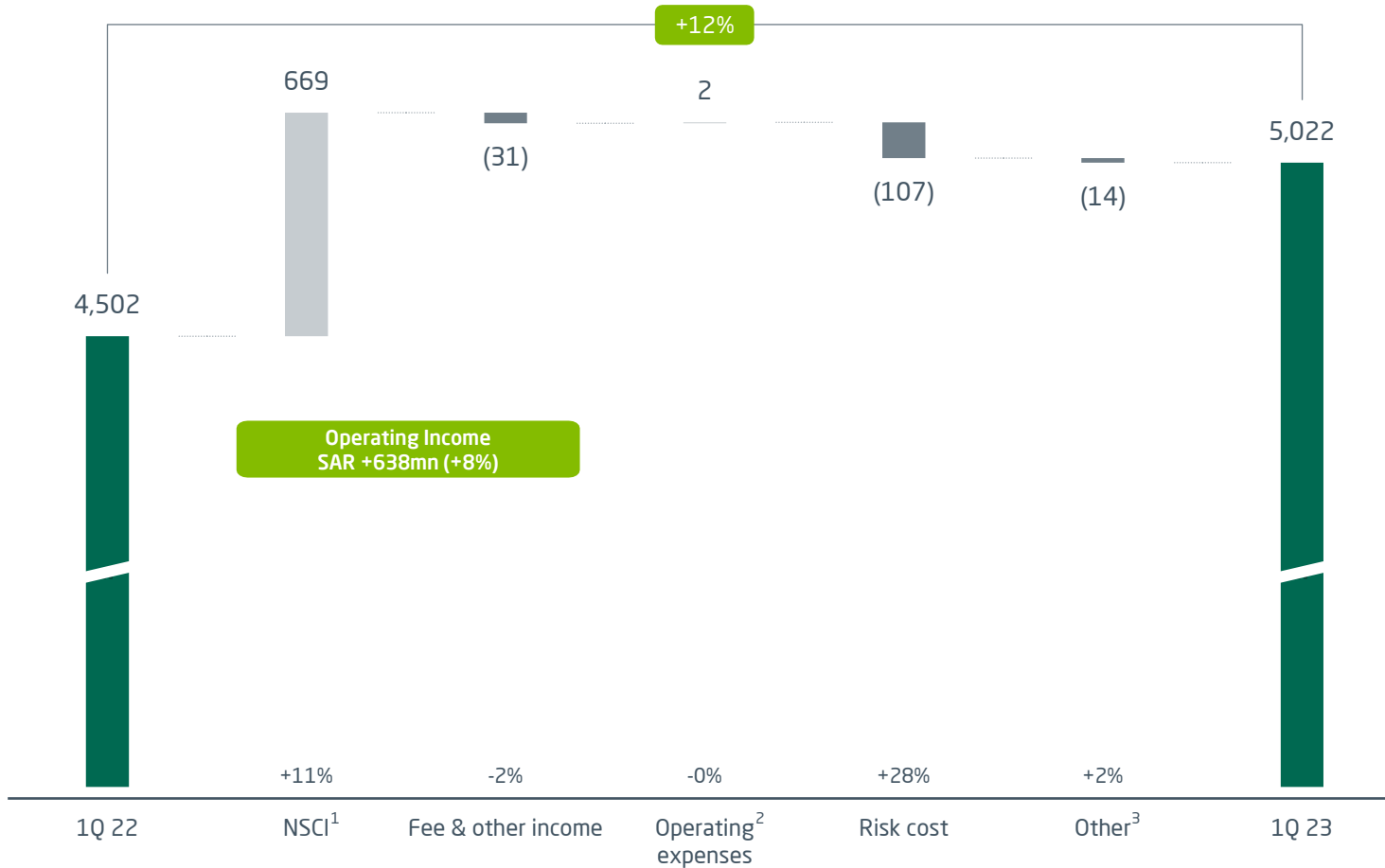


Customers' Deposits by Geography (%)

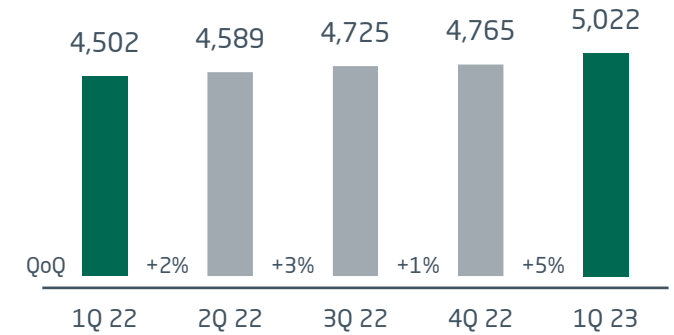


# Net income rose 12% YoY mainly from higher NSCI

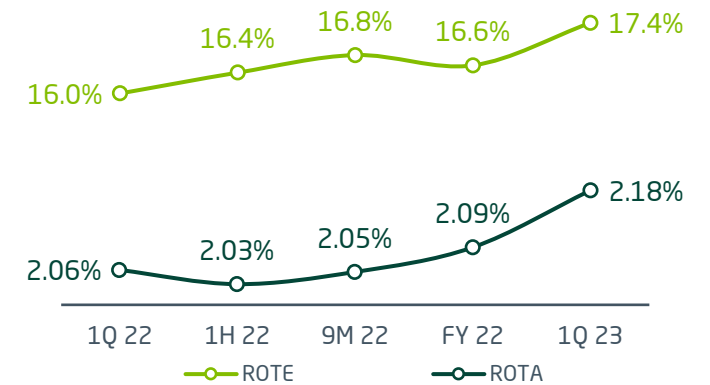
Net Income Attributed To Equity Holders Movement YoY (SARmn)



Net Income (SARmn)



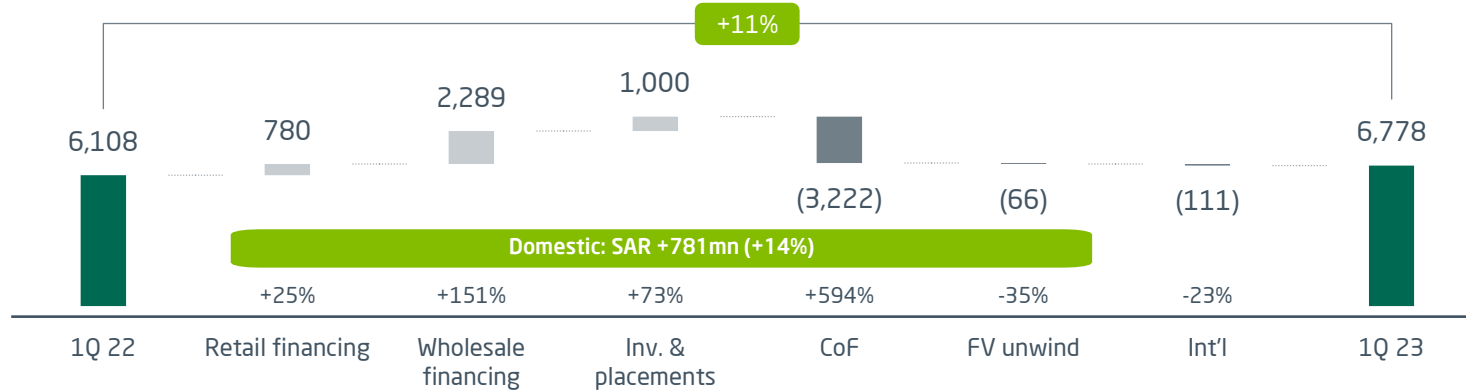
Returns YTD (%)



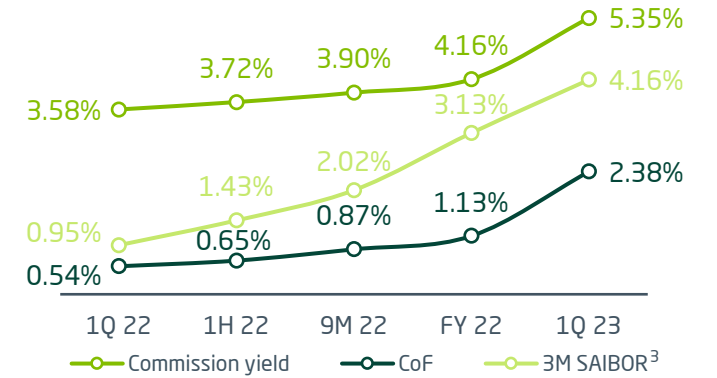
# NSCI growth of 11% from margin and balance sheet expansion



Net Special Commission Income Movement YoY (SARmn)<sup>1</sup>

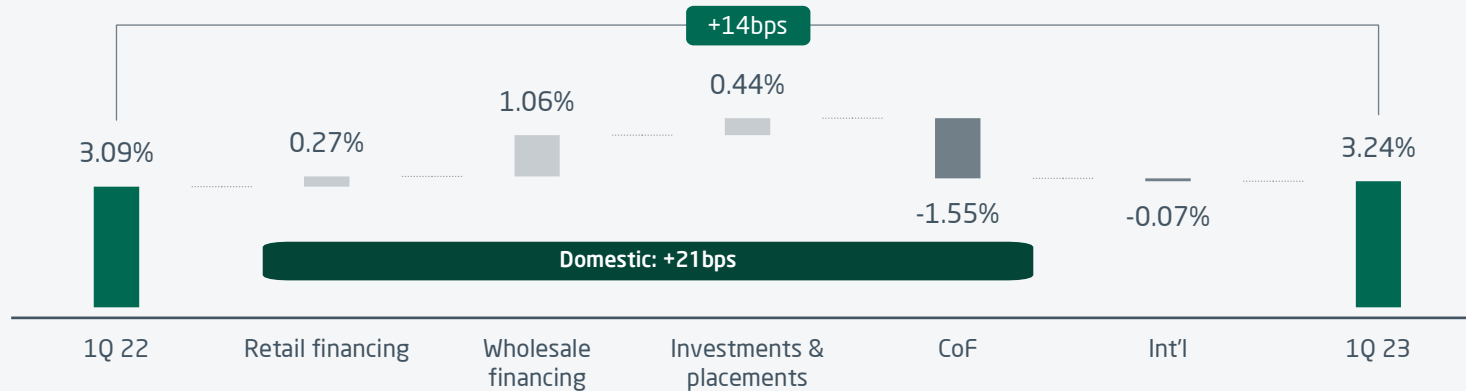


Commission Yield & Funding Cost YTD (%)

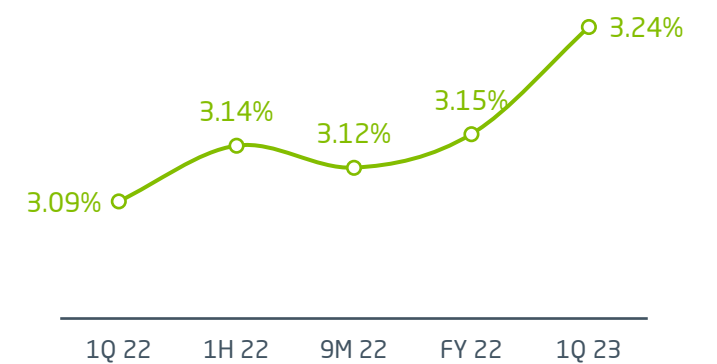


Net Special Commission Margin Movement YoY (%)<sup>2</sup>

**2023 Guidance  
3.15%-3.30%**

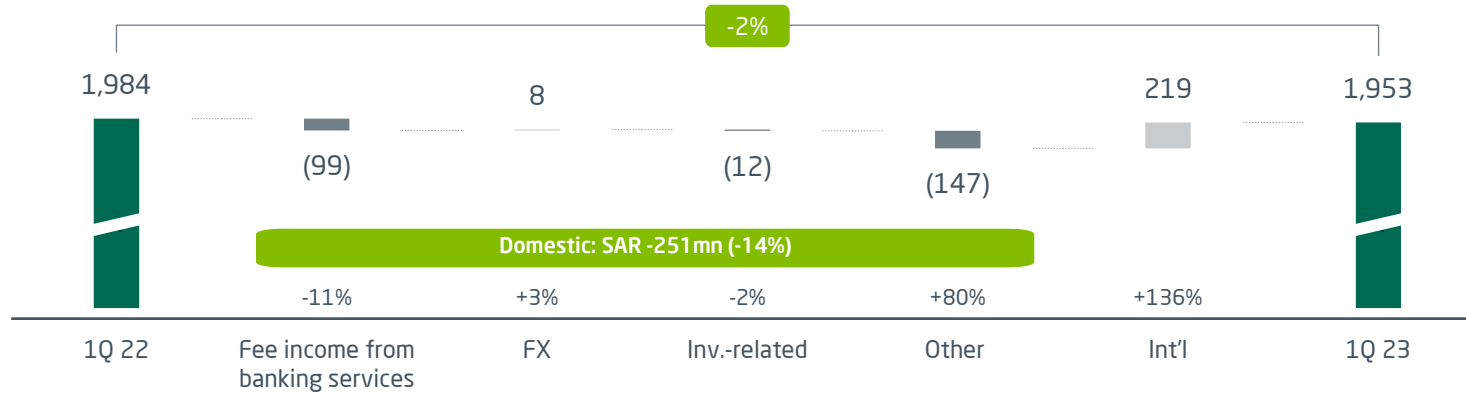


NSCI Margin YTD (%)<sup>2</sup>

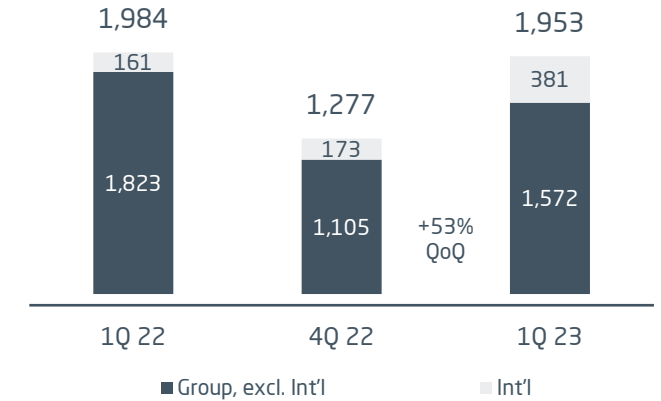


# Fee and other income decreased 2% YoY from lower other operating income and capital markets fees

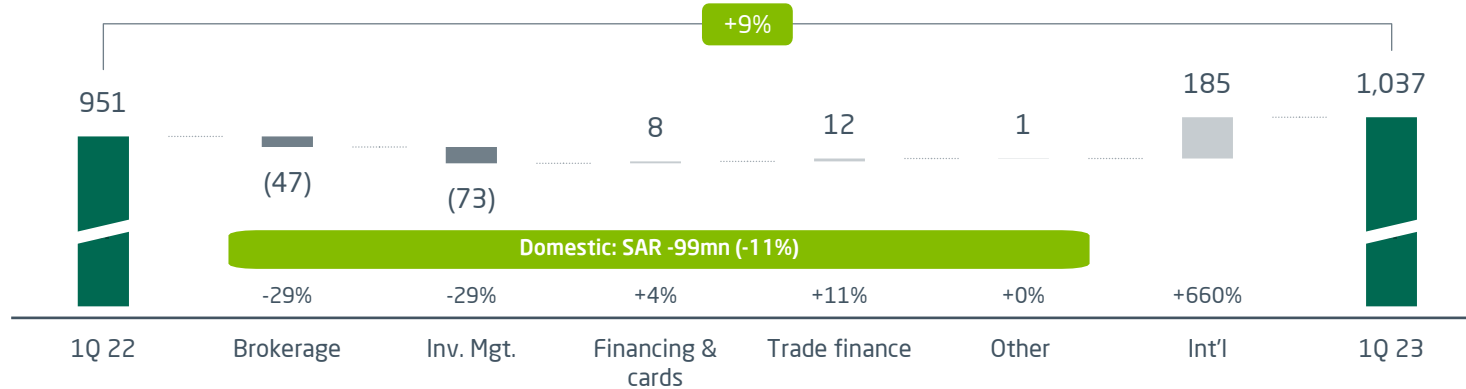
Fee & Other Income Movement YoY (SARmn)



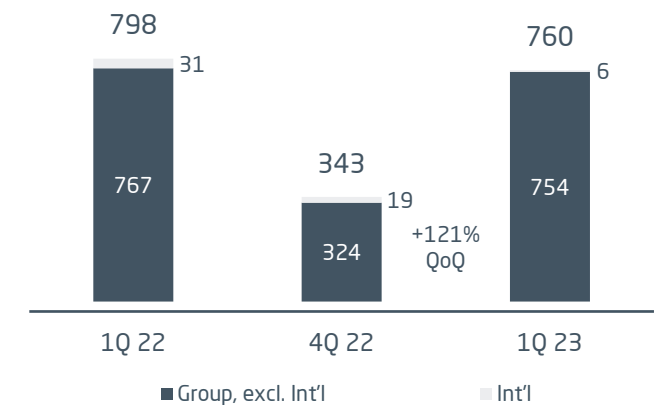
Fee & Other Income (SARmn)



Fee Income From Banking Services, Net Movement YoY (SARmn)

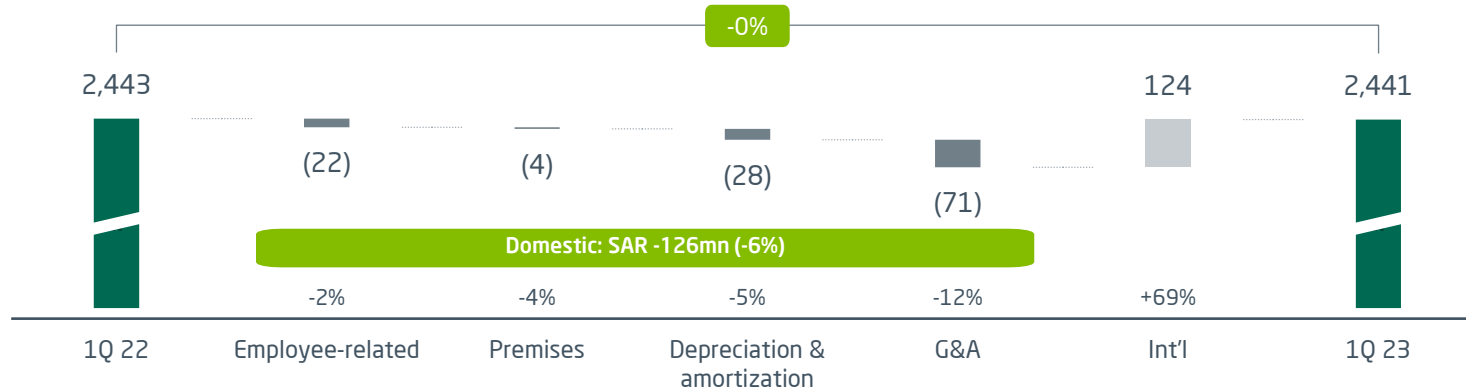


Investment-Related Income (SARmn)

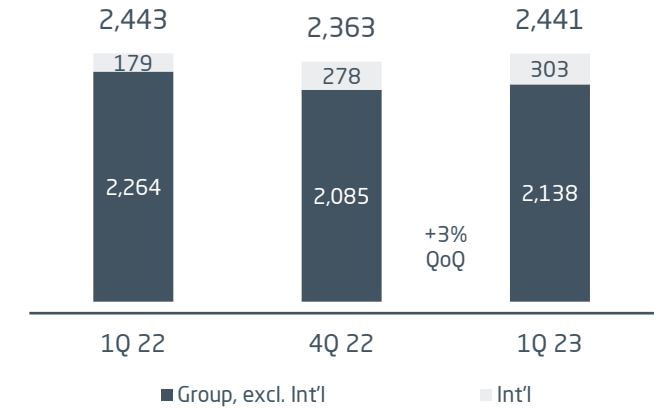


# Stable operating expenses as synergies and improved efficiency domestically offset increased International costs

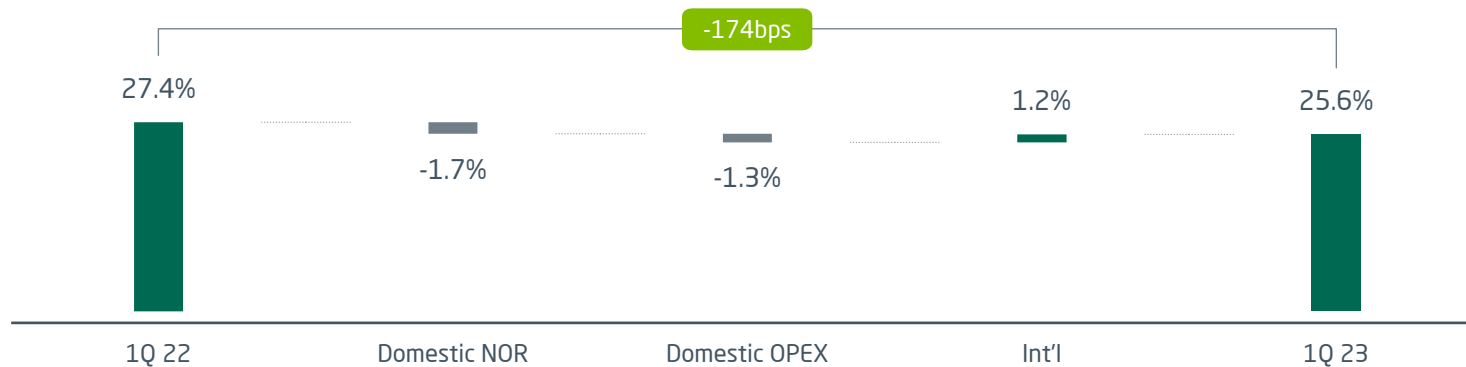
Operating Expenses Movement YoY (SARmn)



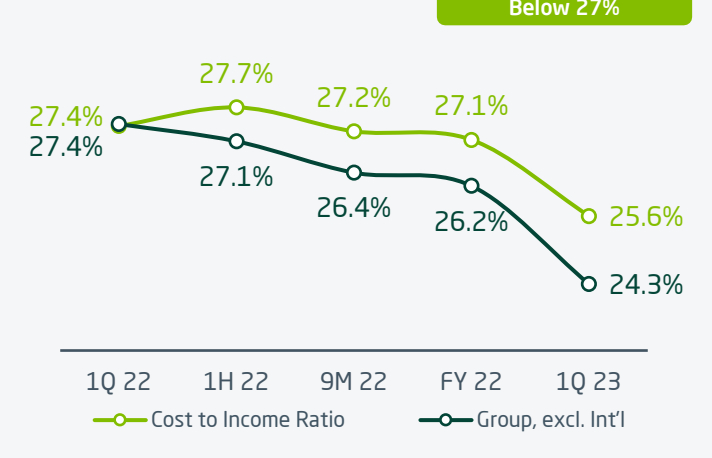
Operating Expenses (SARmn)



Cost to Income Ratio Movement YoY (%)<sup>1</sup>

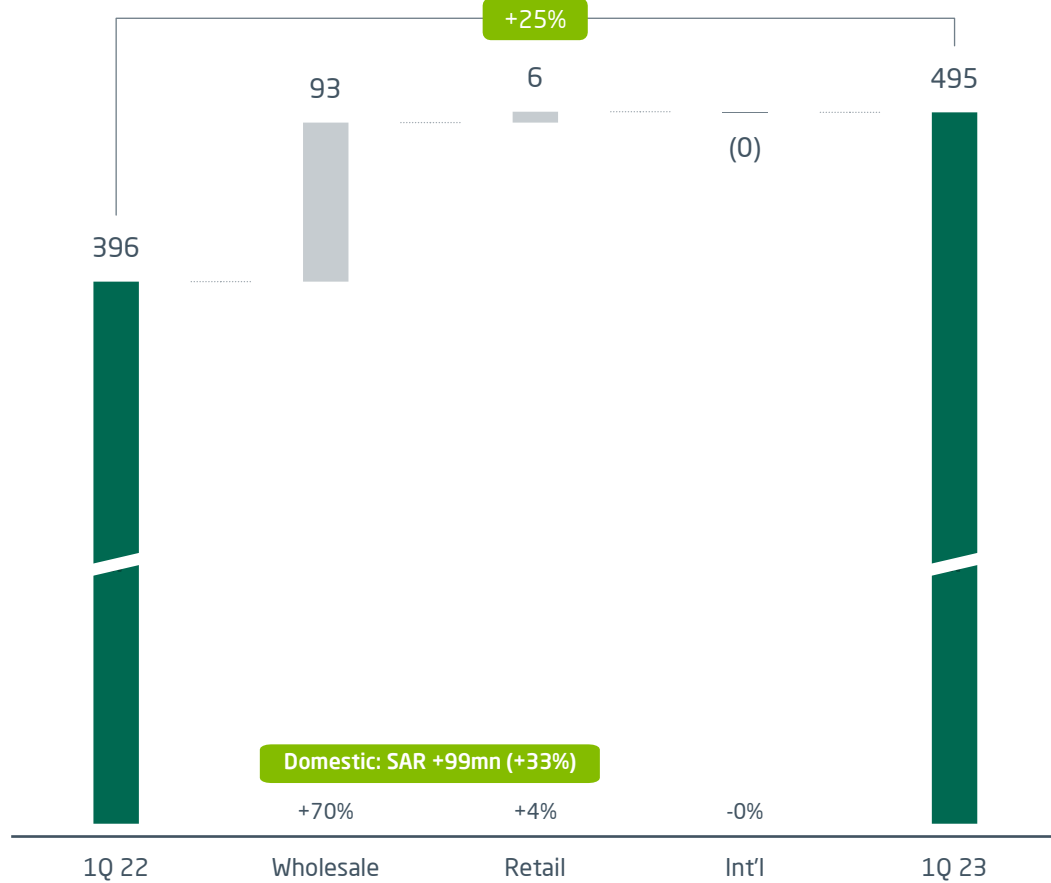


Cost to Income Ratio YTD (%)<sup>1</sup>

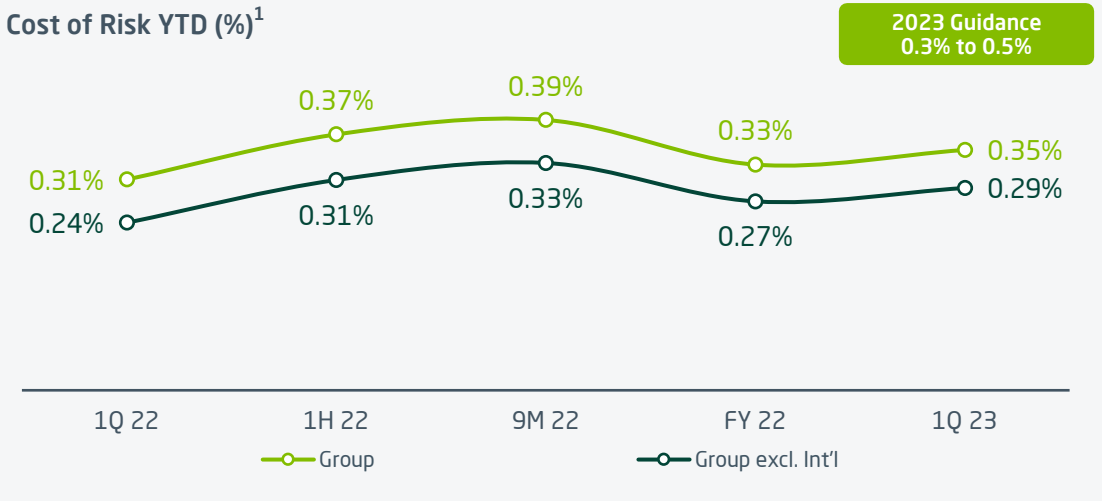


# Moderate 4bps increase in COR from increase in Wholesale impairments

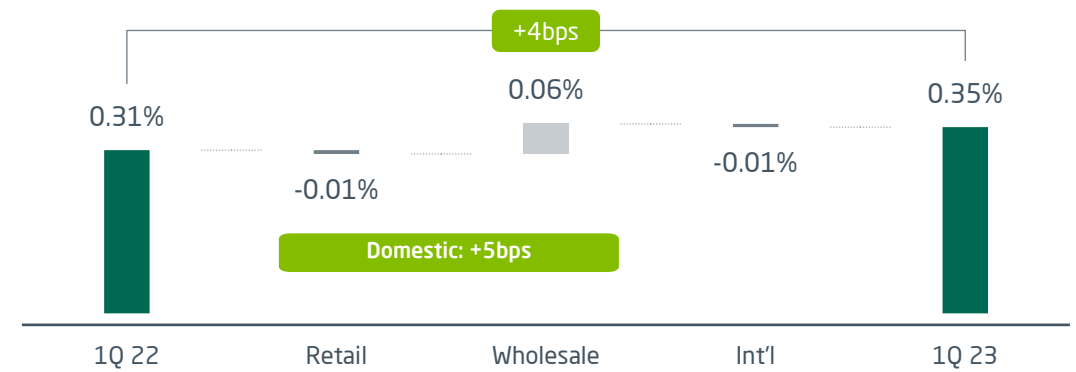
Impairment Charge For Financing & Advances Movement YoY (SARmn)



Cost of Risk YTD (%)<sup>1</sup>



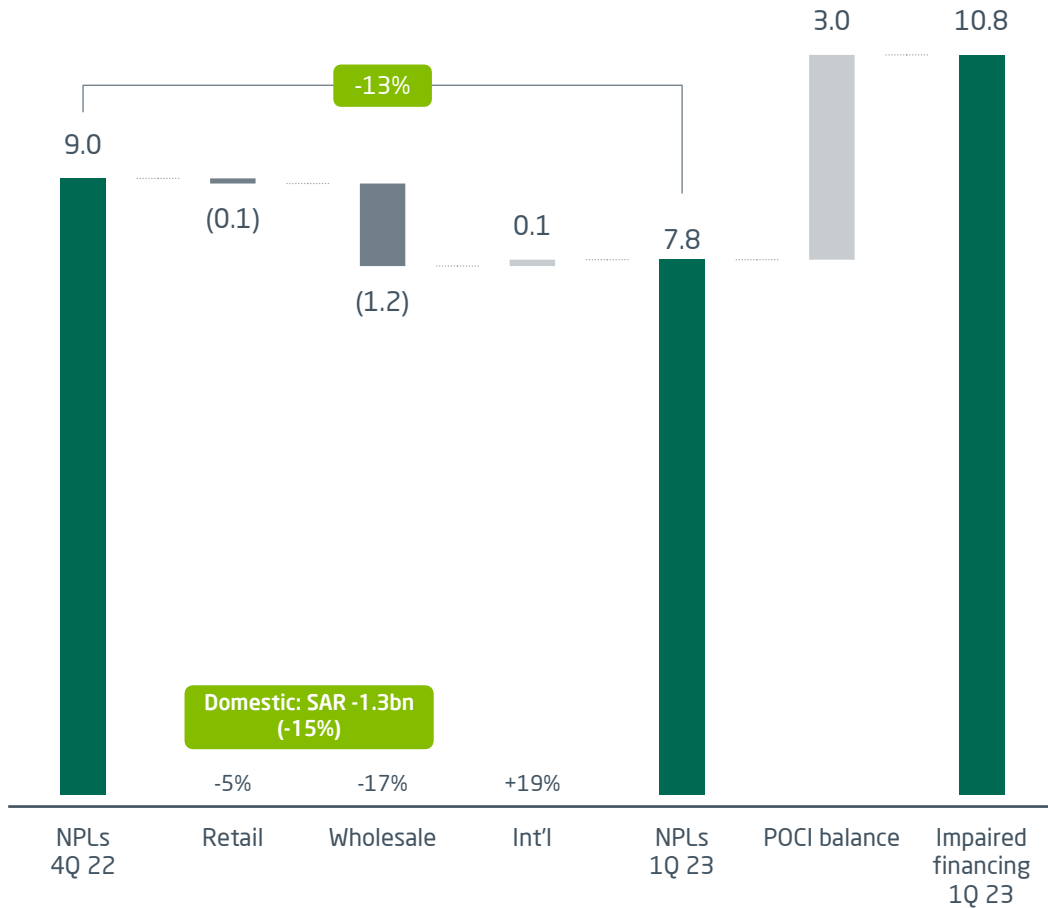
Cost of Risk Movement YoY (%)<sup>1</sup>



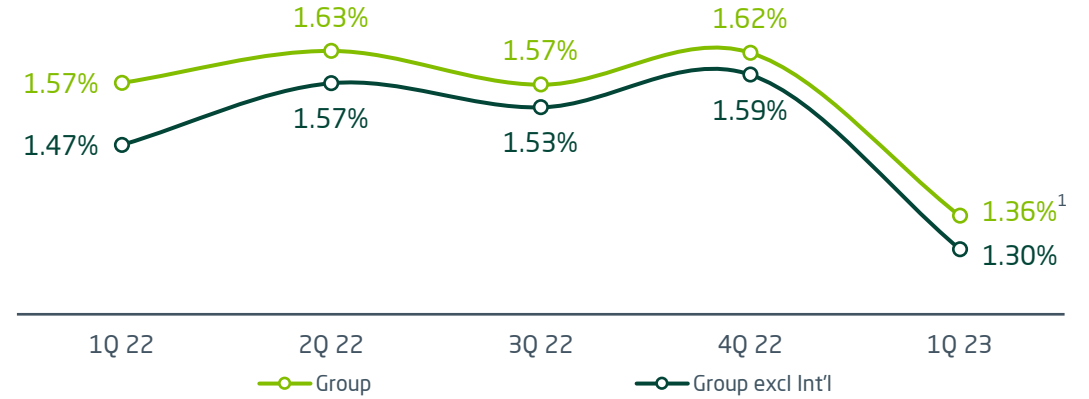


# Improving NPL ratio YTD from write-offs in Wholesale, while ECL coverage remained healthy

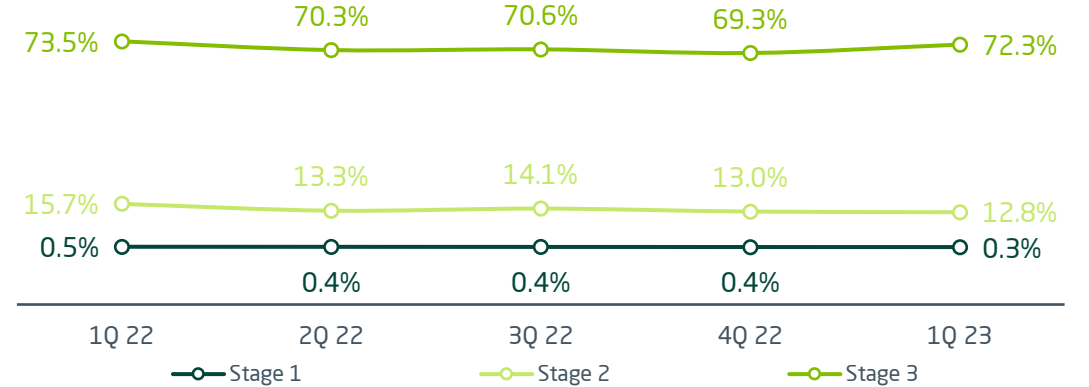
Credit Impaired Financing Movement QTR (SARbn)



NPL Ratio (%)



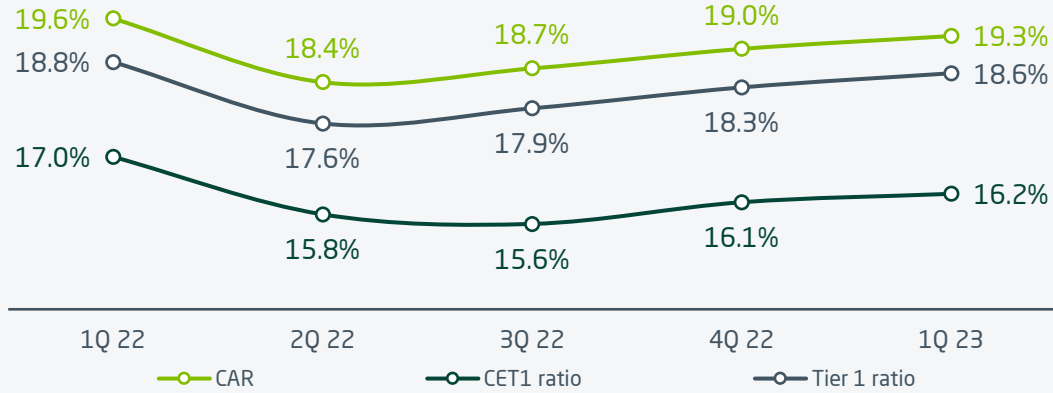
ECL Coverage by Stage (%)



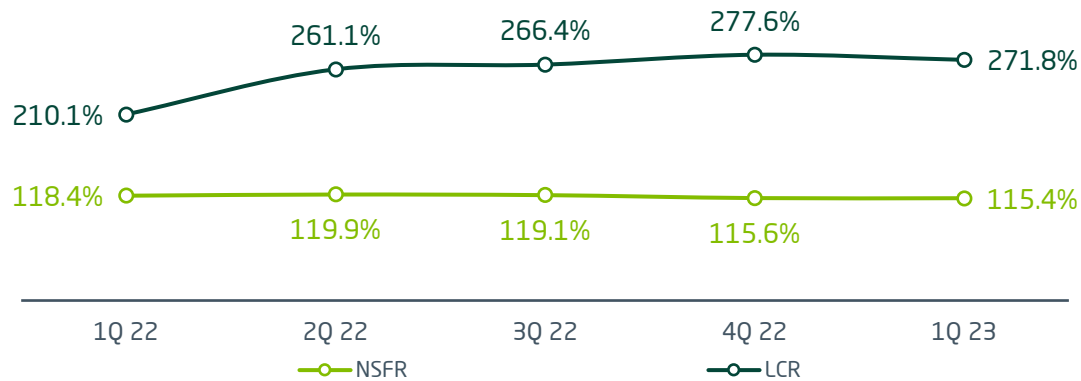
# Capitalization impacted by MTM on investments but remains healthy, and liquidity is strong and stable

Capitalization Ratios (%)

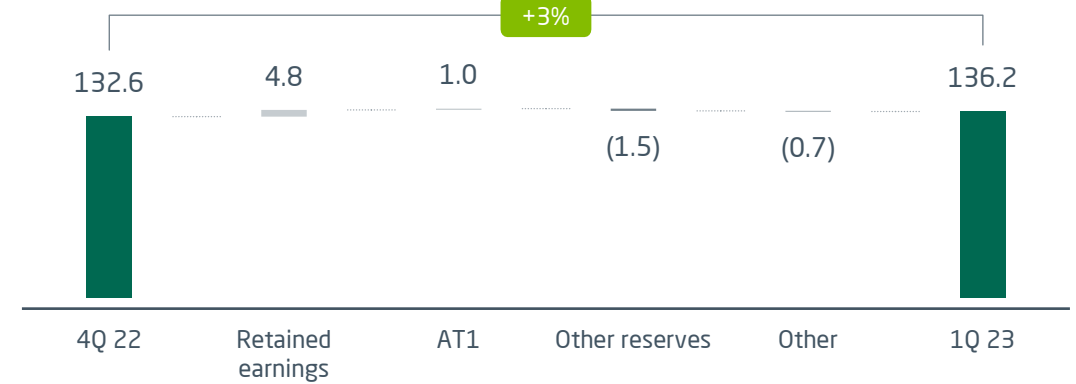
2023 Guidance  
T1 CAR: 18-19%



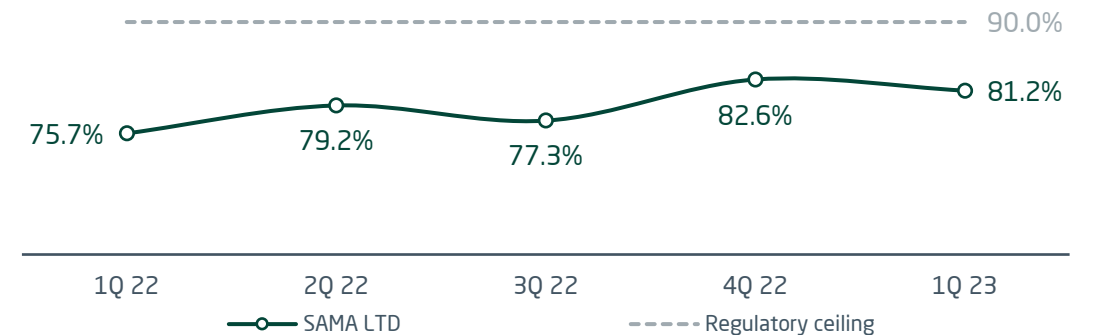
Liquidity Ratios (%)



Total Eligible Capital Movement YTD (SARbn)



Loan-to-Deposit Ratio (%)





Q&A

1Q 2023



# Additional Information



## Write to Us

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