



# 4Q 2023 Earnings Presentation

Saudi National Bank

Riyadh | 14 February 2024

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# 2023 was a record year

## From successful execution, hitting new milestones

NOR **35bn**

Net Income **20bn**

Total Assets **1tr+**



## To delivering on strategic priorities

### Growing market share<sup>1</sup>



Retail lending, %

**+90bps**

CASA, %

**+150bps**

### Optimization



Domestic CIR<sup>2</sup>

**25.6%** (-50bps)

Cost synergies

**SAR 1.55bn** (110% of target)

Integration costs

**SAR 0.9bn** (94% of target)

### Digital leadership



Digital User Penetration  
(Wholesale / Retail)

**77% / 85%**

App Ratings (Apple / Google)

**4.7 / 4.8**

Digital Ventures

**Pilot launch**



## While meeting or exceeding financial guidance

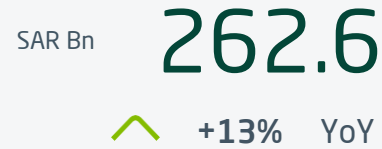
Metric	FY 2023 Actual	FY 2023 Guidance	Status
Financing Growth	+10%	Low double-digit	✓
NSCI Margin	3.06%	3.0% to 3.2%	✓
Cost to Income Ratio <sup>2</sup>	27.6%	Below 28.5%	✓
Cost of Risk	0.16%	0.1% to 0.3%	✓
Tier 1 CAR	19.4%	18% to 19%	✓
ROTE	16.8%	16.5% to 17.5%	✓

# Robust net income from increased solid financing growth and healthy credit quality

## Solid financing growth



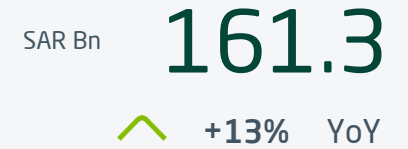
## from Wholesale financing



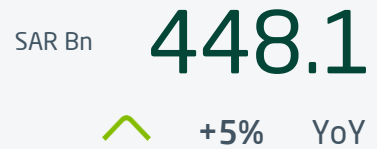
## and Retail financing,



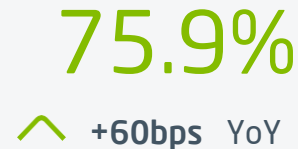
## including Mortgage financing



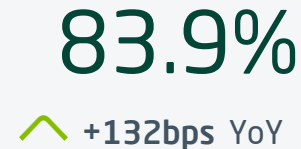
## Robust CASA growth



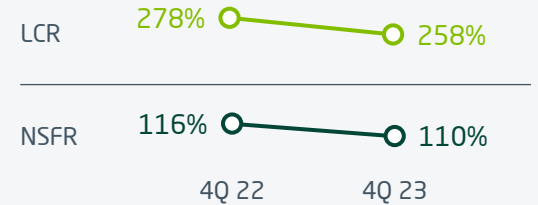
## and improving CASA ratio



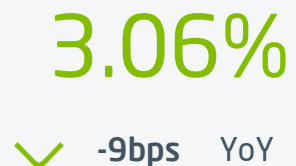
## with ample SAMA LDR headroom



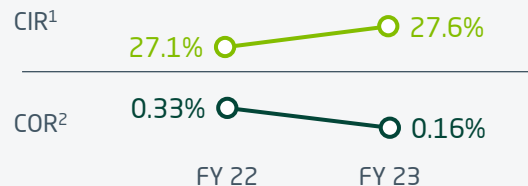
## and strong liquidity.



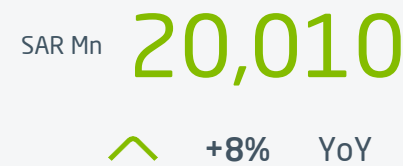
## Despite moderating NSCI margin



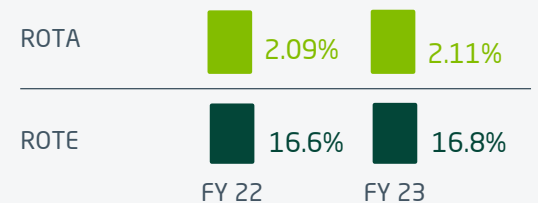
## healthy credit & top-quartile efficiency



## leading to robust net income<sup>3</sup> growth

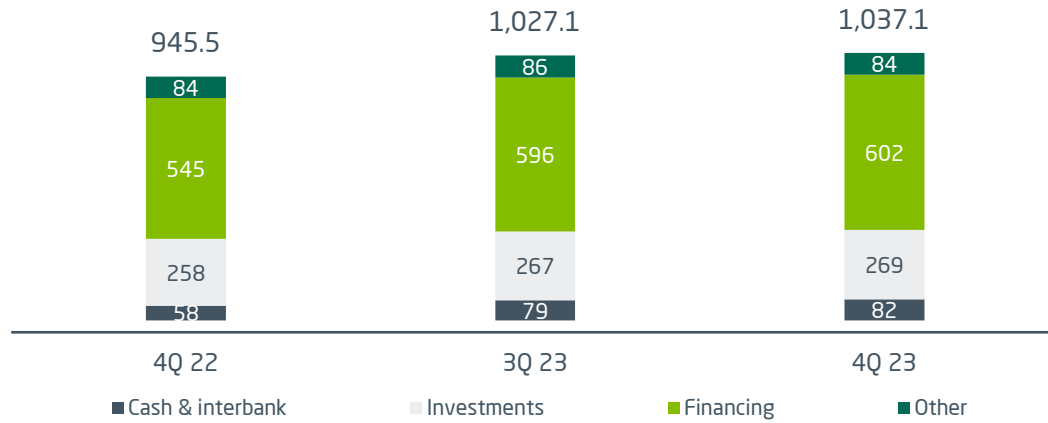


## and superior returns.

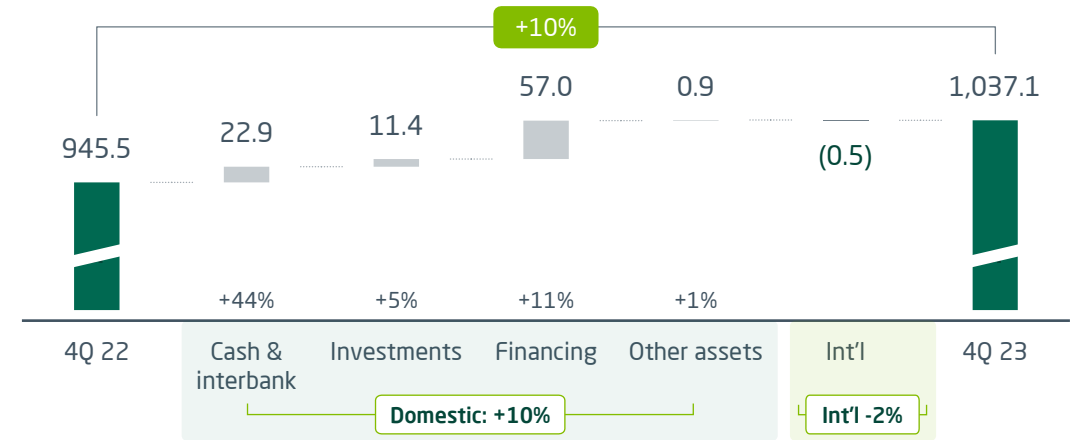


# Balance sheet expansion of 10% mainly from financing, cash & interbank and investments, funded by interbank and deposits

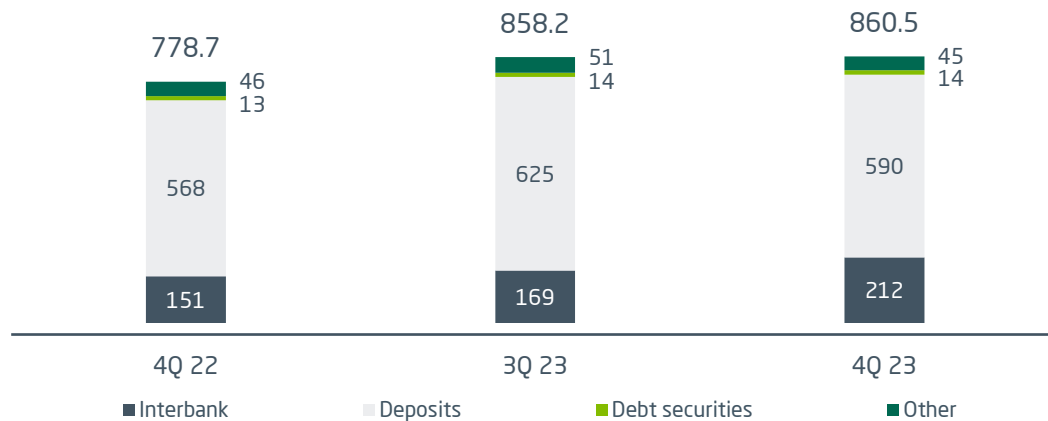
Total Assets (SARbn)



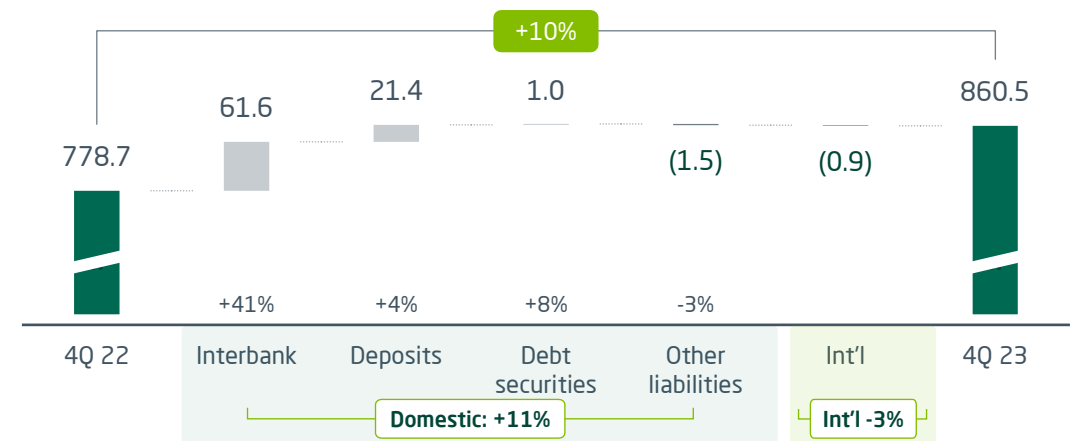
Total Assets Movement YoY (SARbn)



Total Liabilities (SARbn)

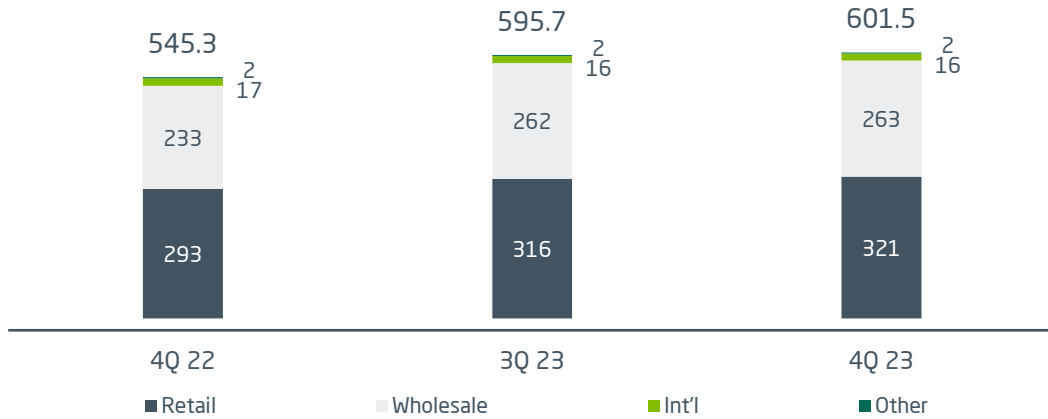


Total Liabilities Movement YoY (SARbn)

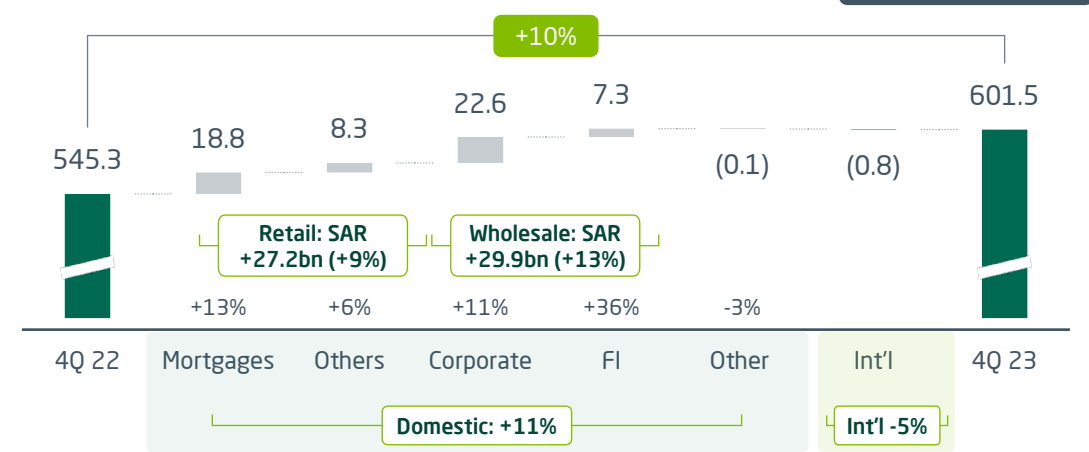


# Solid, broad-based financing expansion

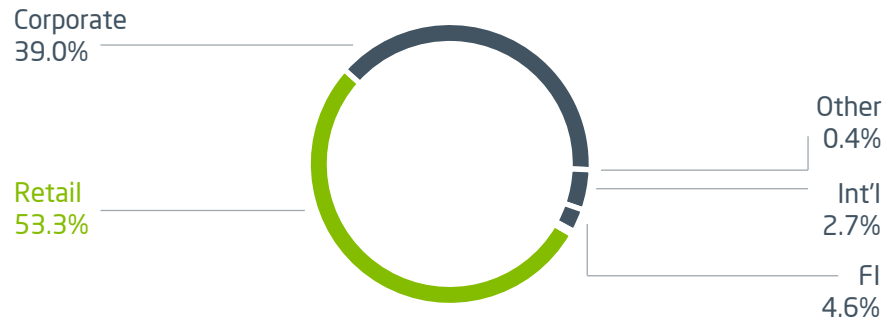
Financing & Advances, Net (SARbn)



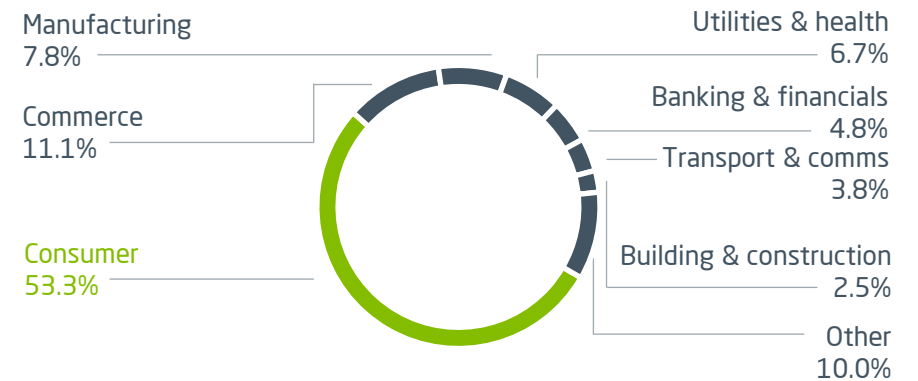
Financing & Advances, Net Movement YoY (SARbn)



Financing & Advances, Net Composition (%)

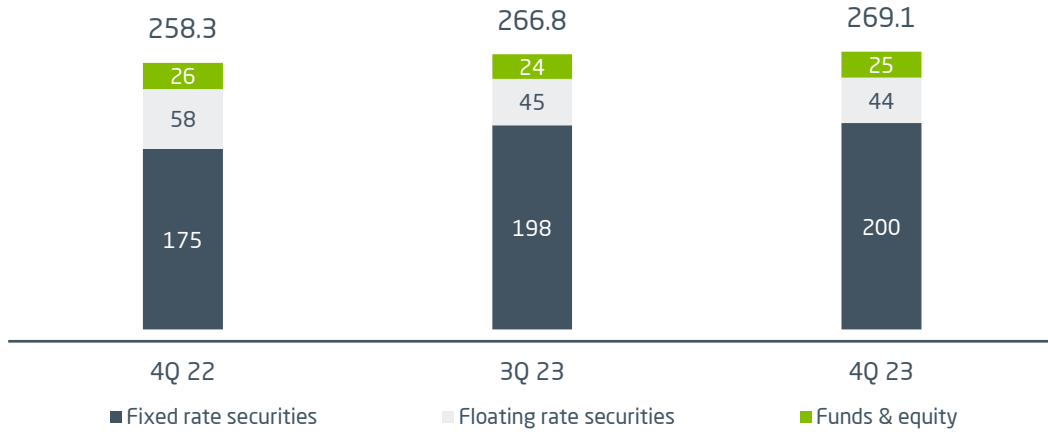


Financing & Advances, Net by Sector (%)

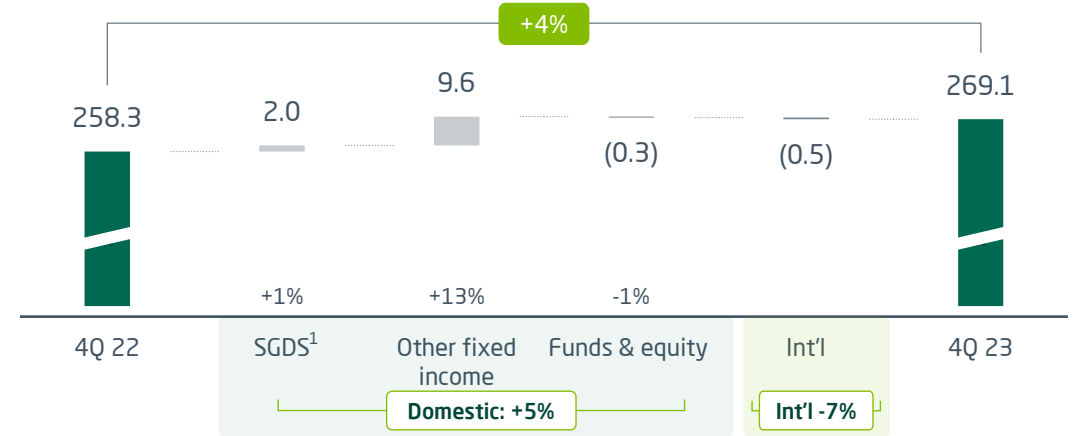


# Investments up 4% primarily in other fixed income

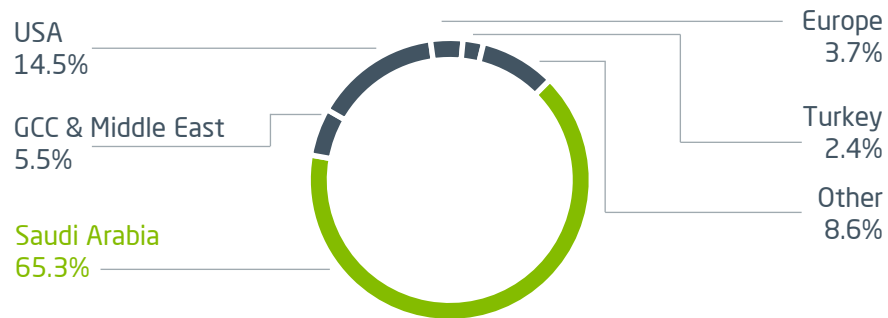
Investments, Net (SARbn)



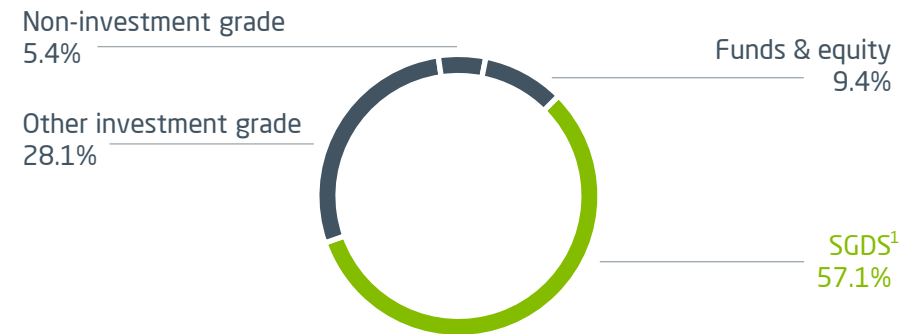
Investments, Net Movement YoY (SARbn)



Investments, Net by Geography (%)

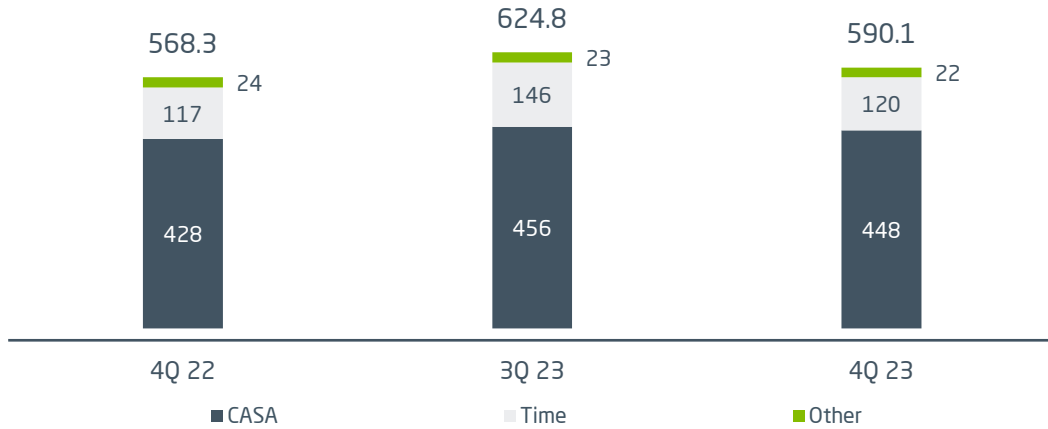


Investments, Net by Grade (%)

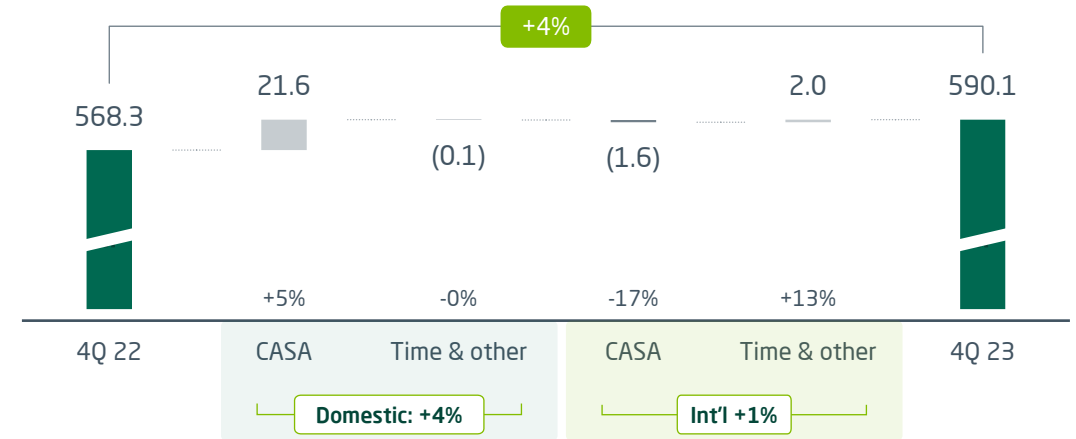


# CASA growth of 5%, with CASA ratio improving QoQ on lower domestic time deposits in 4Q 2023

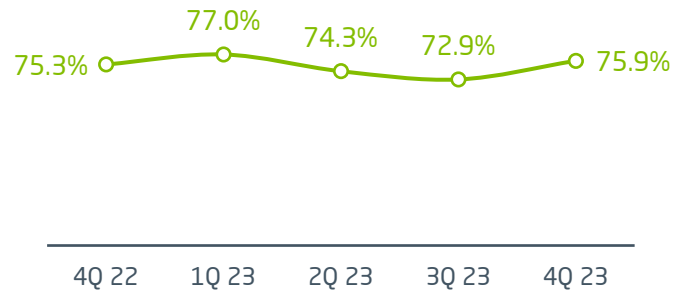
Customers' Deposits (SARbn)



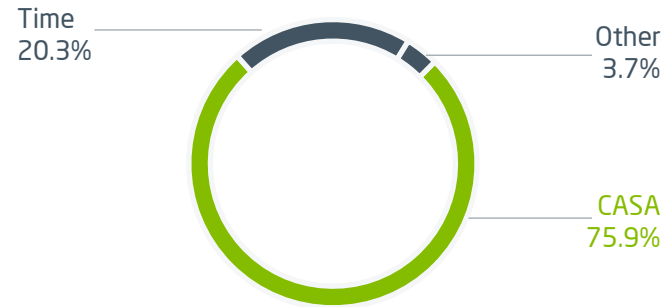
Customers' Deposits Movement YoY (SARbn)



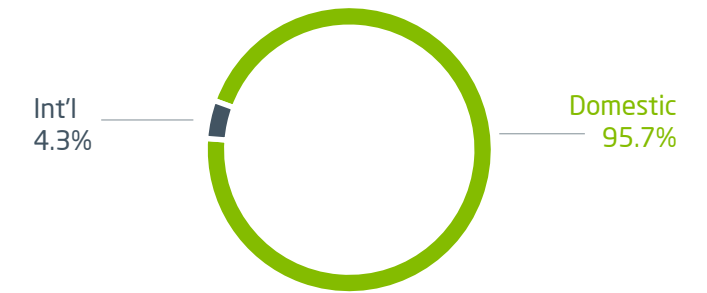
CASA Ratio (%)



Customers' Deposits by Type (%)



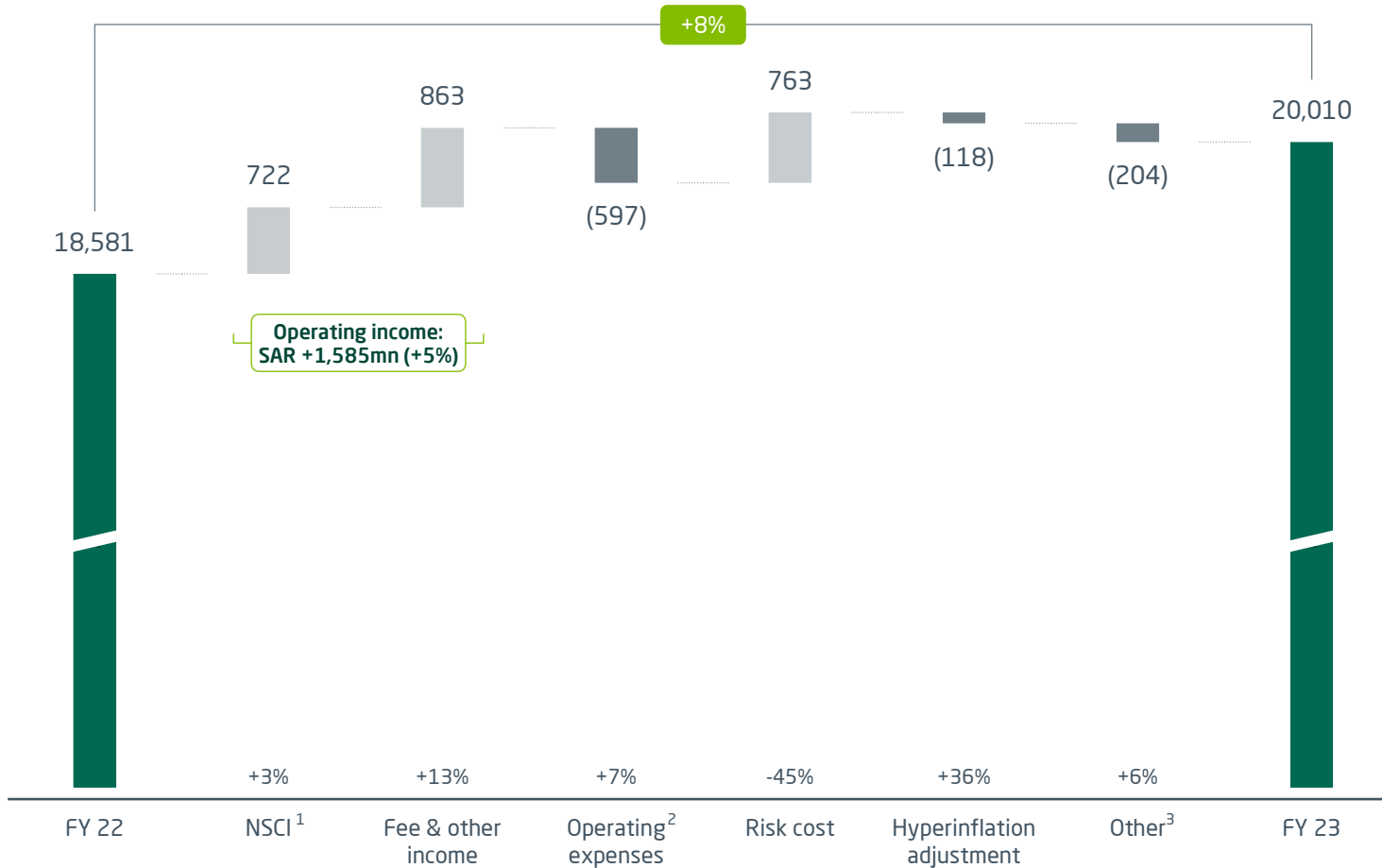
Customers' Deposits by Geography (%)



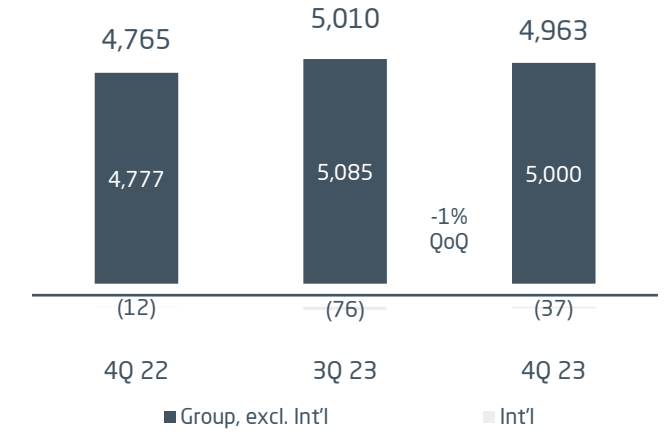


# Net income rose 8% YoY from higher operating income and lower risk cost

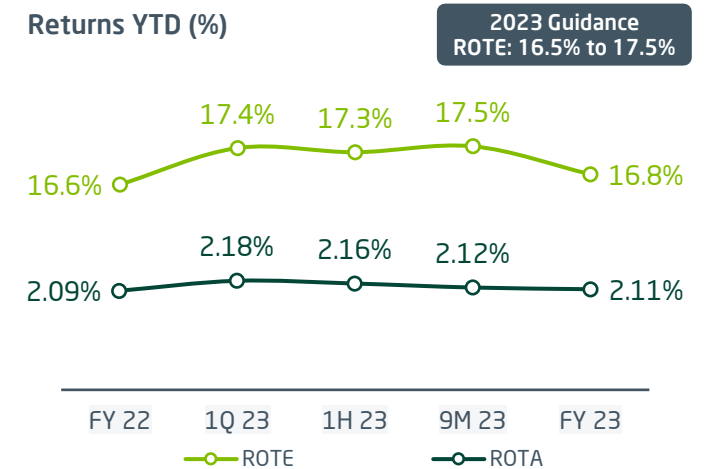
Net Income Attributed To Equity Holders Movement YoY (SARmn)



Net Income (SARmn)



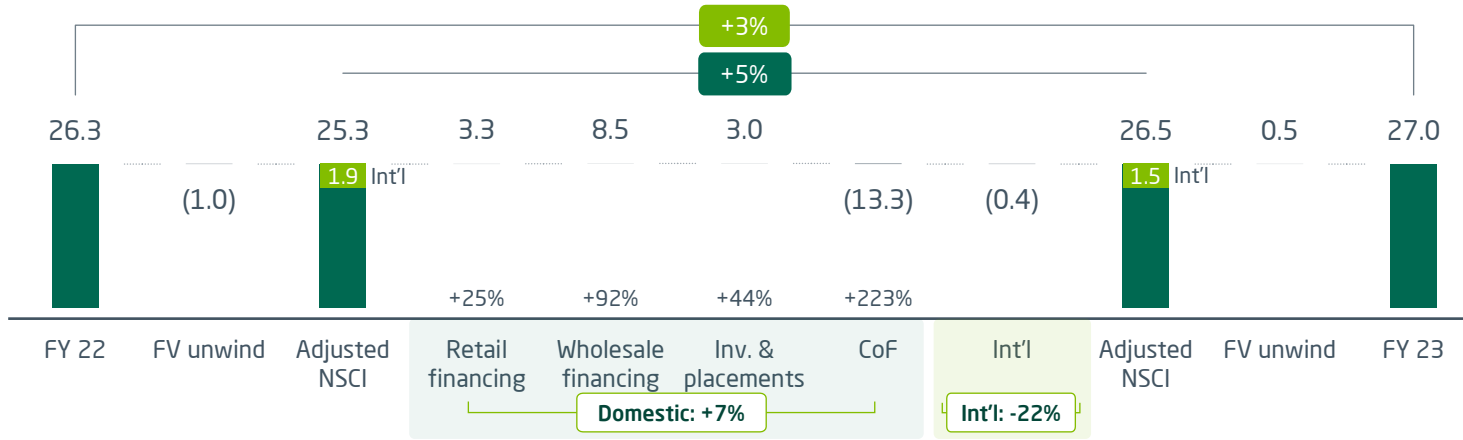
Returns YTD (%)



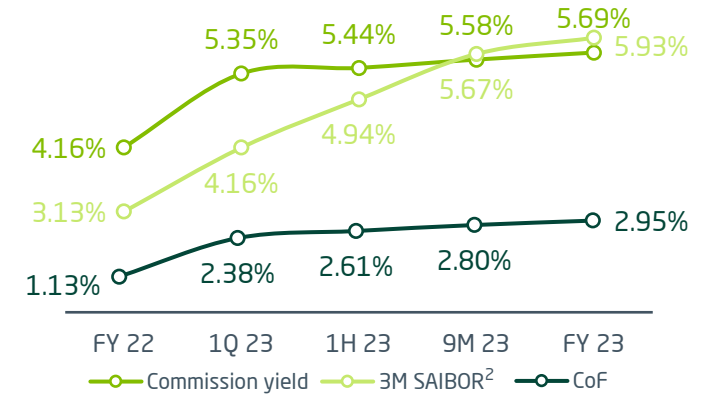
<sup>1</sup> NSCI includes FV unwind of SAR 462mn (FY 22: SAR 969mn) | <sup>2</sup> Operating expenses exclude amortization of intangibles of SAR 820mn (FY 22: SAR 845mn) | <sup>3</sup> Other includes amortization of intangibles, other non-operating expenses (excl. hyperinflationary adjustment), zakat, and non-controlling interest

# NSCI growth of 3% from earning assets expansion partly offset by margin moderation from shift in funding mix

Net Special Commission Income Movement YoY (SARbn)

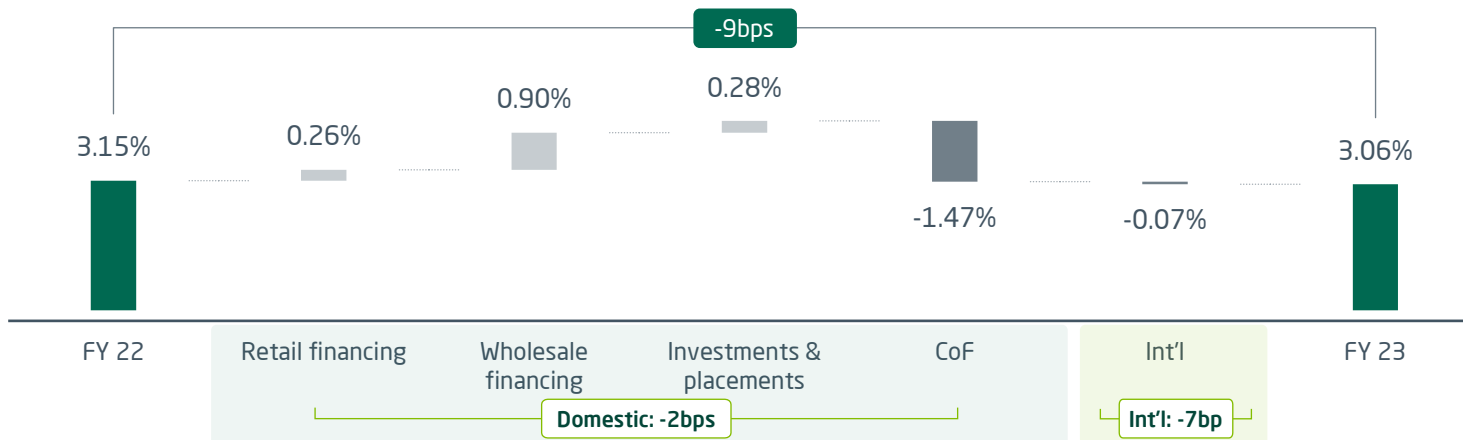


Commission Yield & Funding Cost YTD (%)

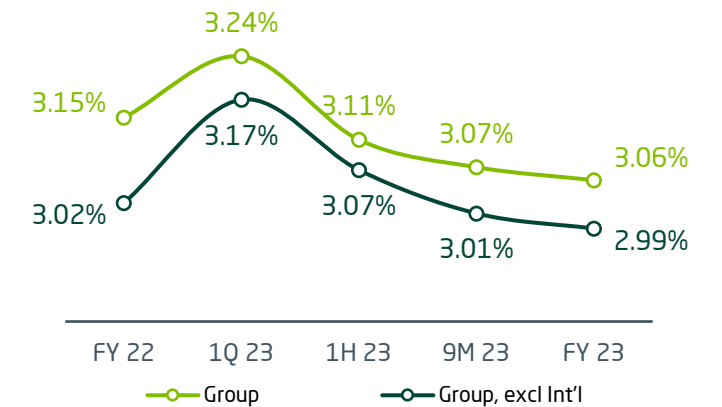


Net Special Commission Margin Movement YoY (%)<sup>1</sup>

2023 Guidance  
3.0%-3.2%

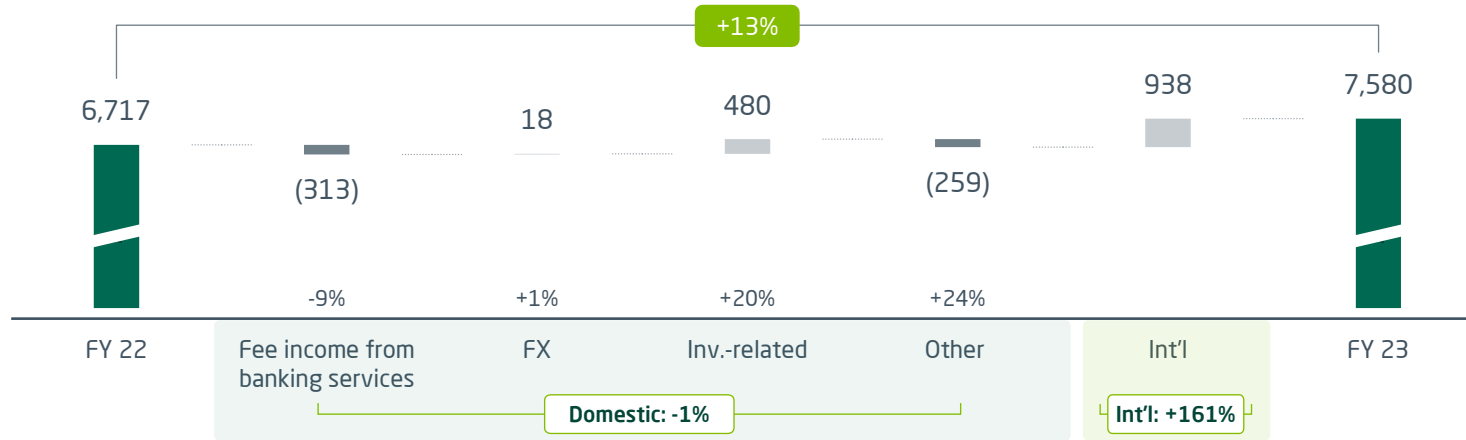


NSCI Margin YTD (%)<sup>1</sup>

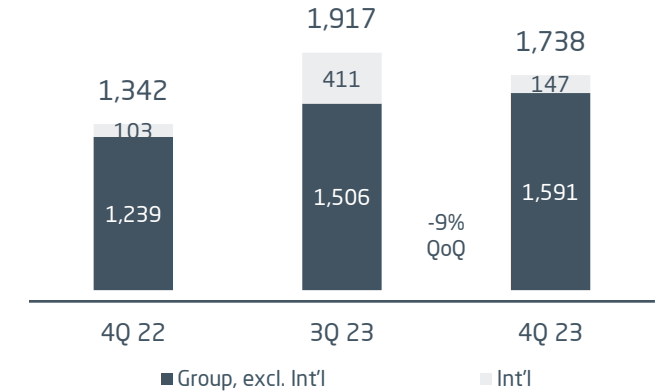


# Fee and other income increased 13% YoY from higher international income, partially offset by lower fees from banking services generated domestically

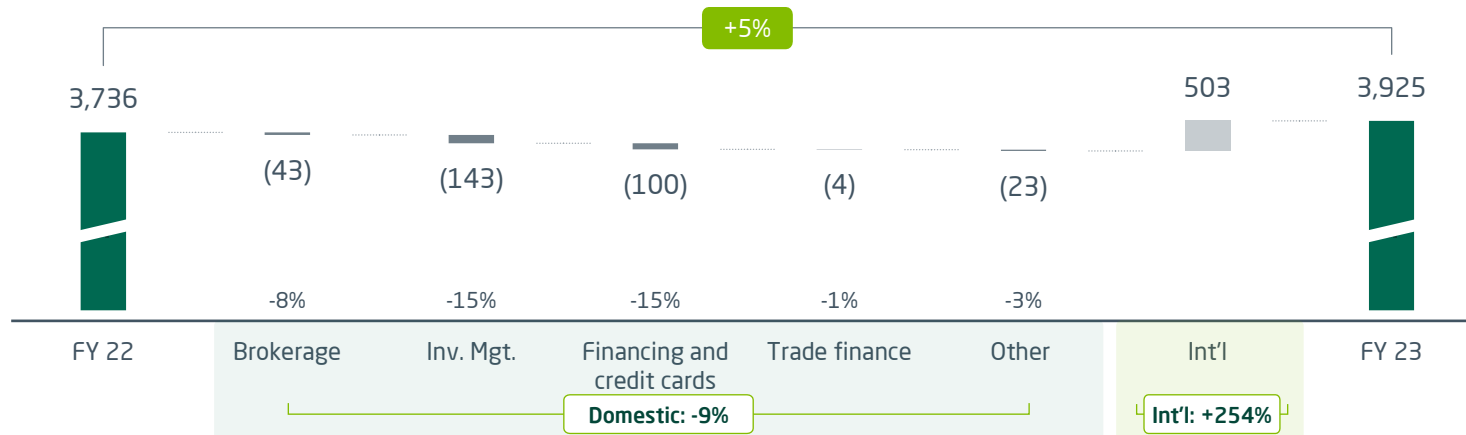
Fee & Other Income Movement YoY (SARmn)



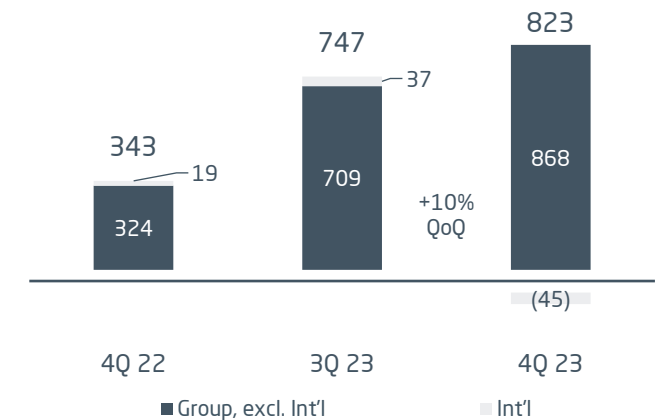
Fee & Other Income (SARmn)



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

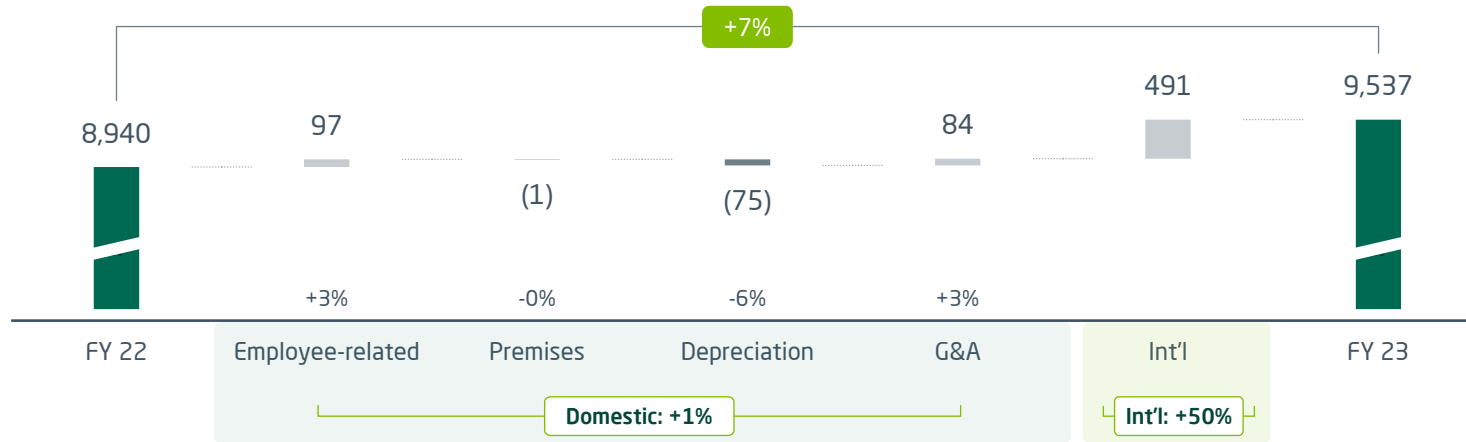


Investment-Related Income (SARmn)

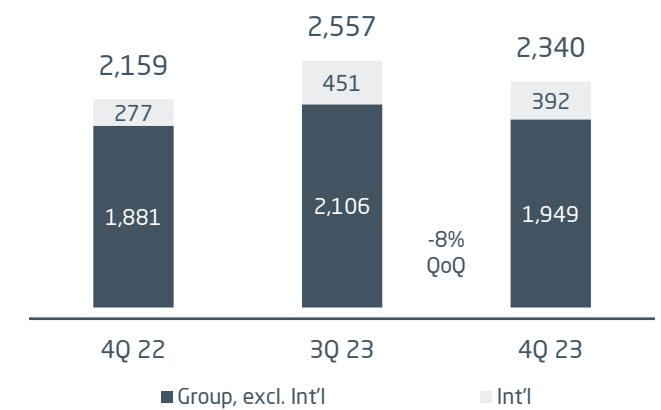


# Operating expenses up 7% YoY from increased International costs impacted by hyperinflation while domestic costs rose 1%

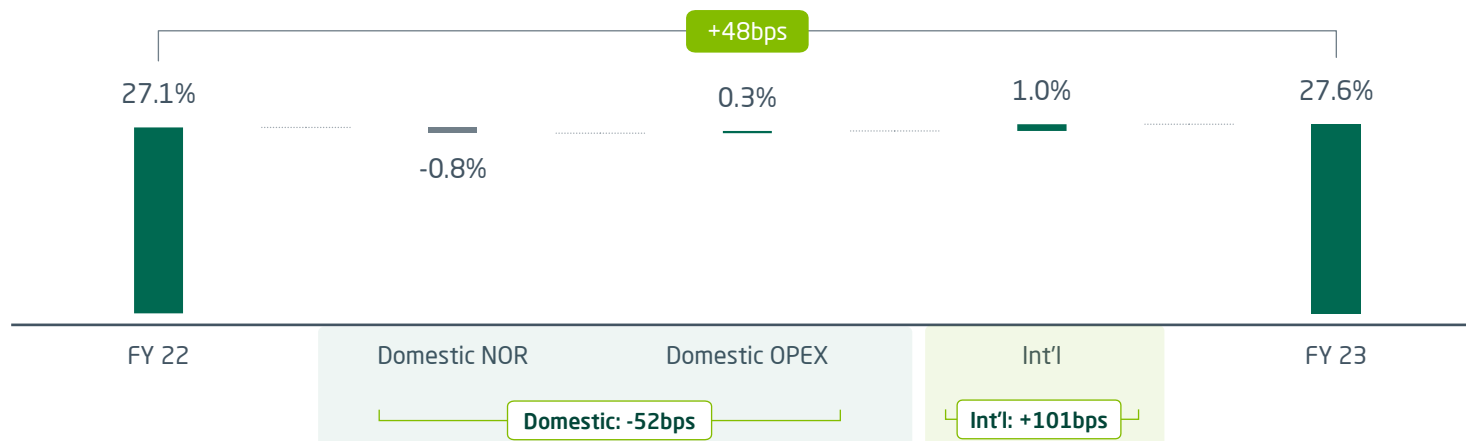
Operating Expenses Movement YoY (SARmn)<sup>1</sup>



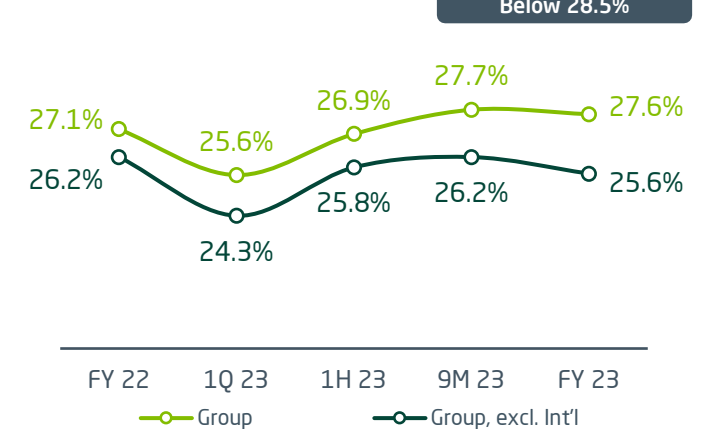
Operating Expenses (SARmn)<sup>1</sup>



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



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

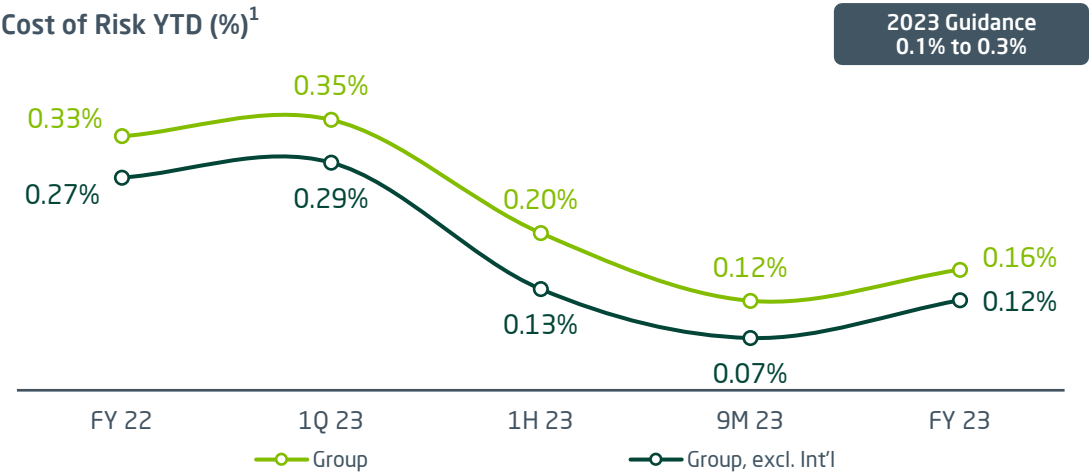


# 17bps reduction in COR from Wholesale recoveries

Impairment Charge For Financing & Advances Movement YoY (SARmn)

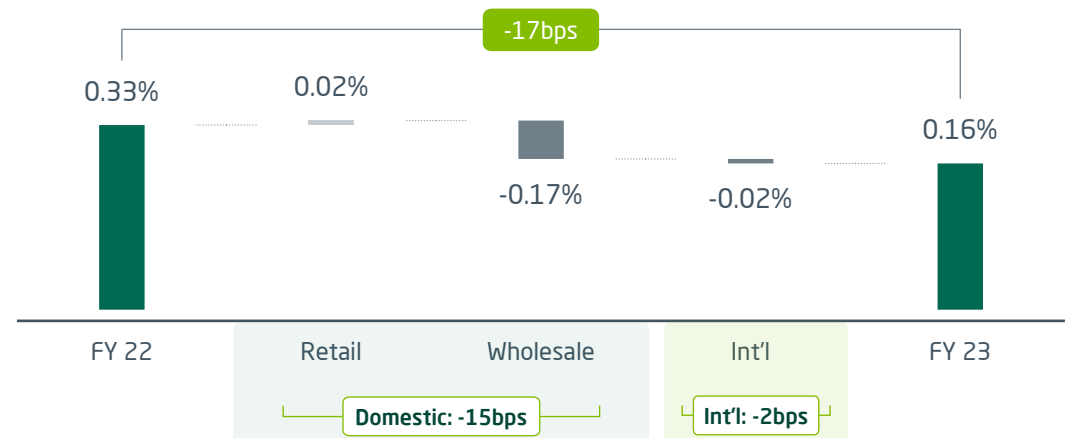


Cost of Risk YTD (%)<sup>1</sup>



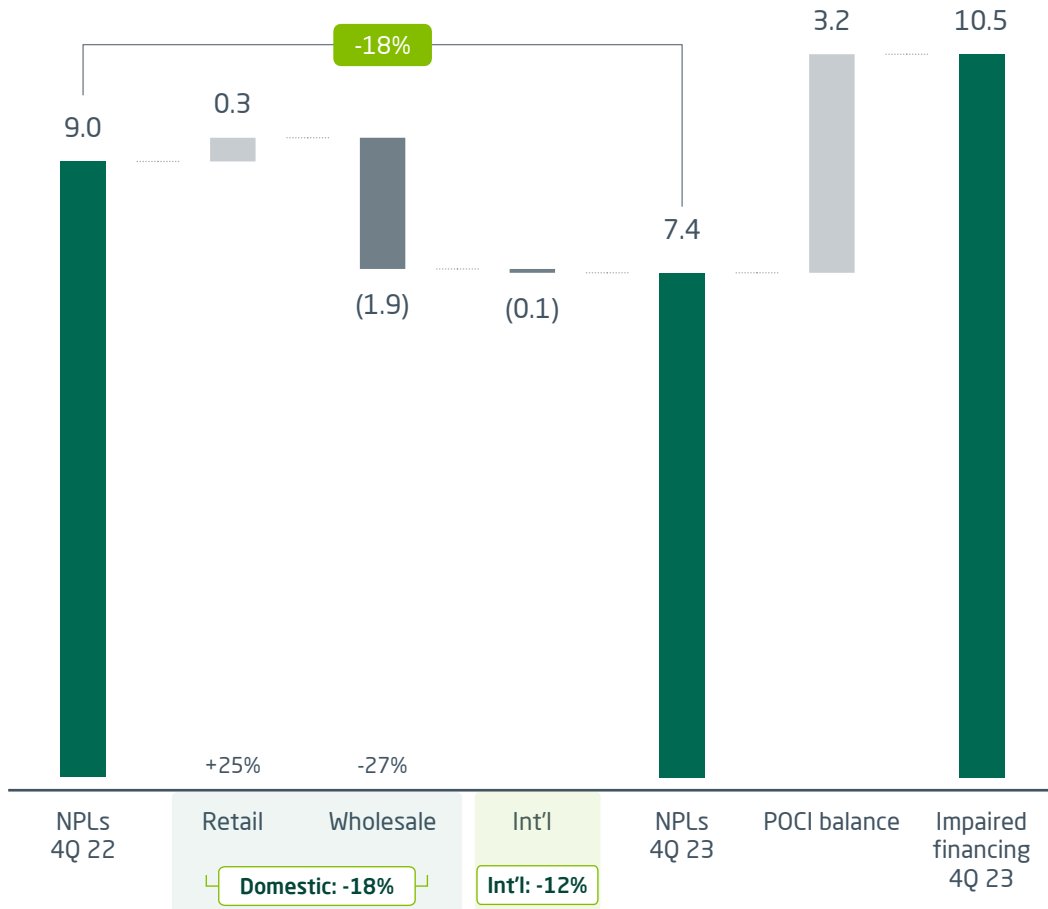
2023 Guidance  
0.1% to 0.3%

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

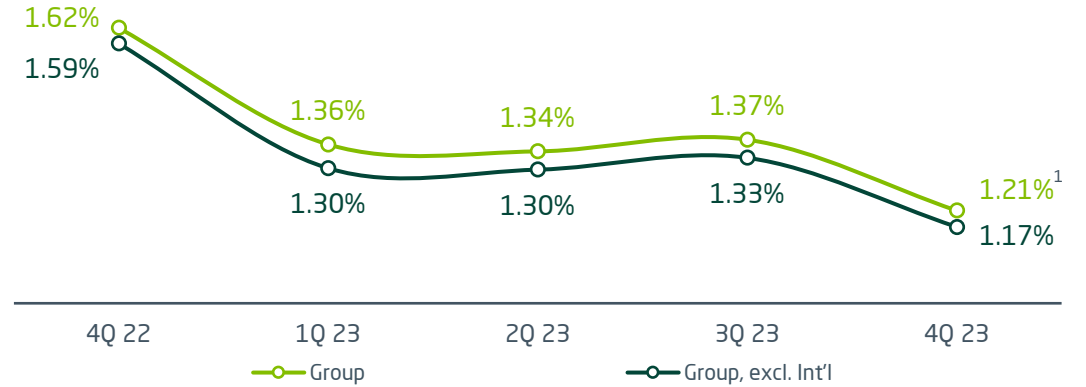


# Improving NPL ratio YoY from write-offs in Wholesale, while NPL coverage remained healthy

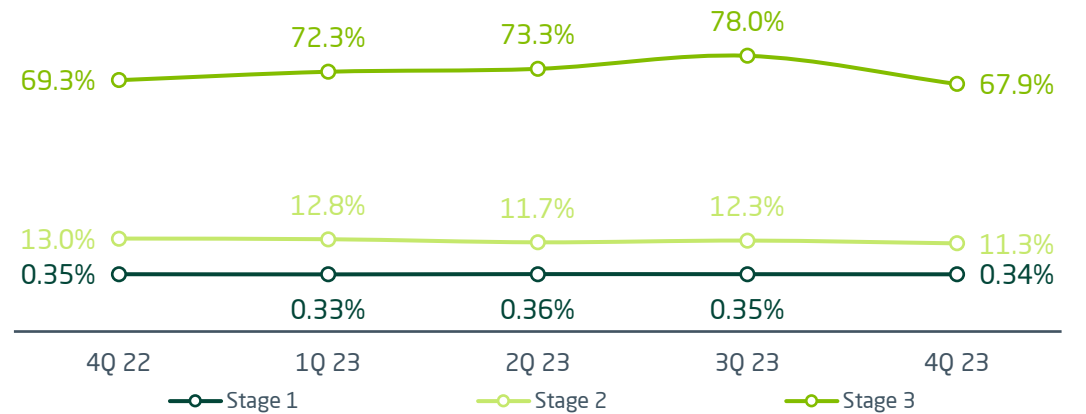
Credit Impaired Financing Movement YoY (SARbn)



NPL Ratio (%)



Coverage by Stage (%)

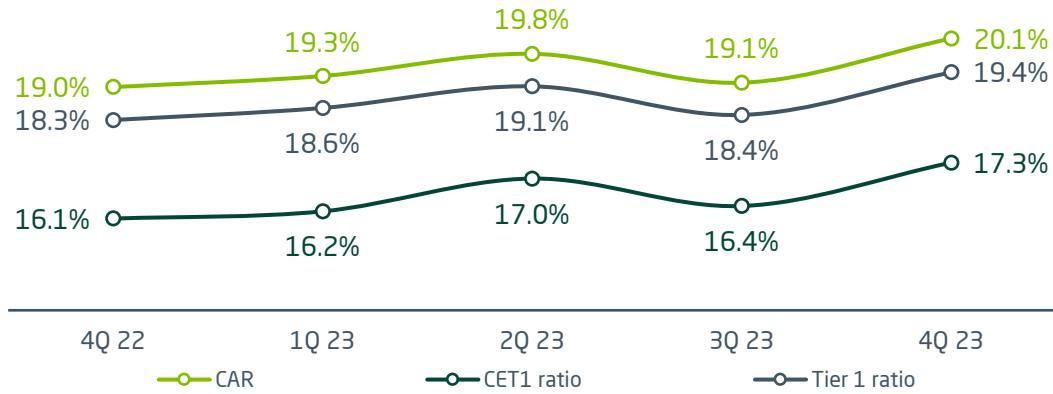


# Capitalization remains healthy, and liquidity is strong and stable

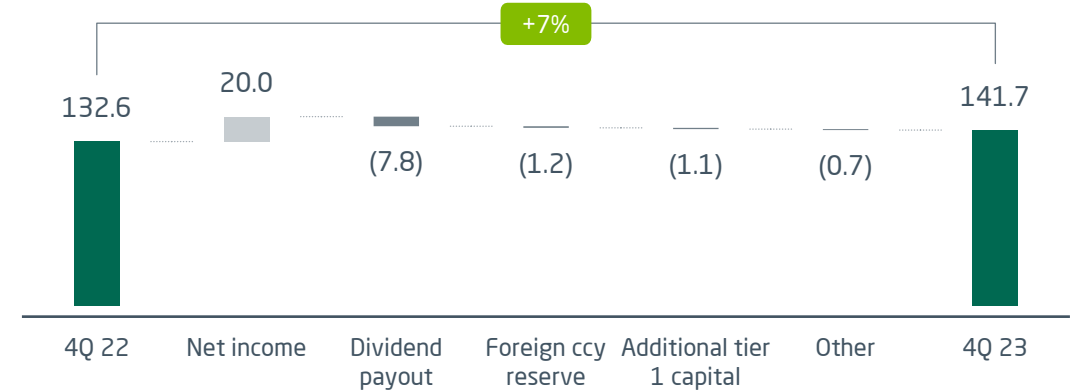


Capitalization Ratios (%)

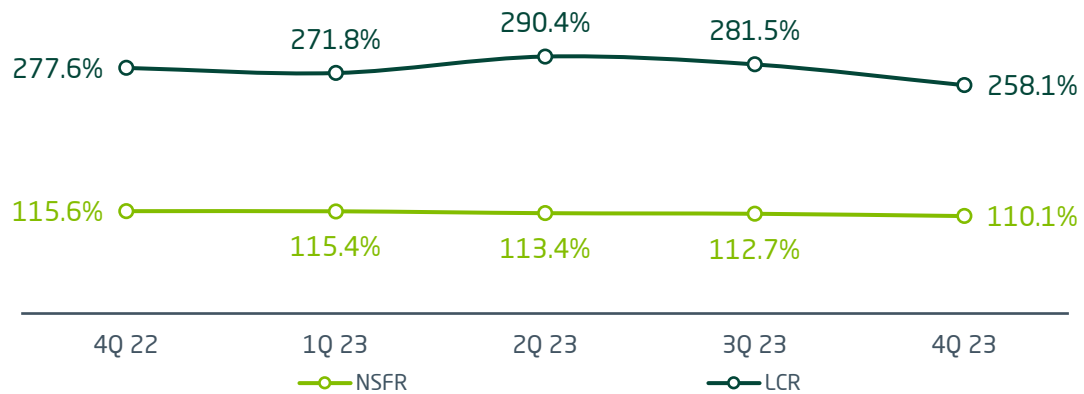
2023 Guidance  
T1 CAR: 18-19%



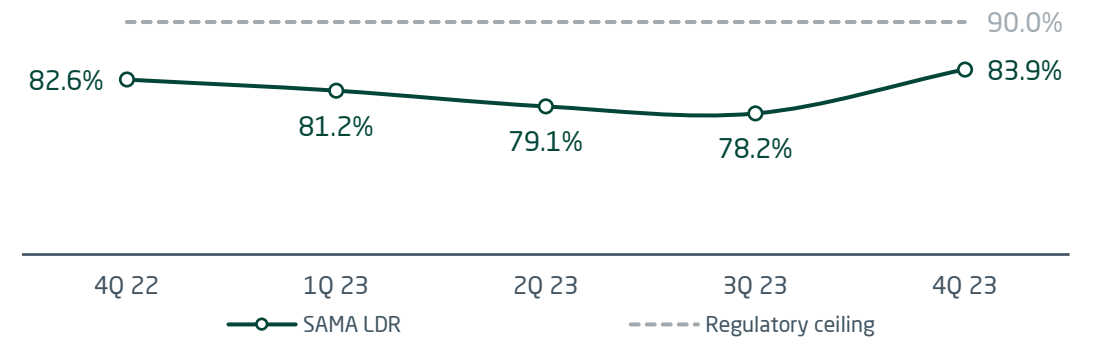
Total Eligible Capital Movement YoY (SARbn)



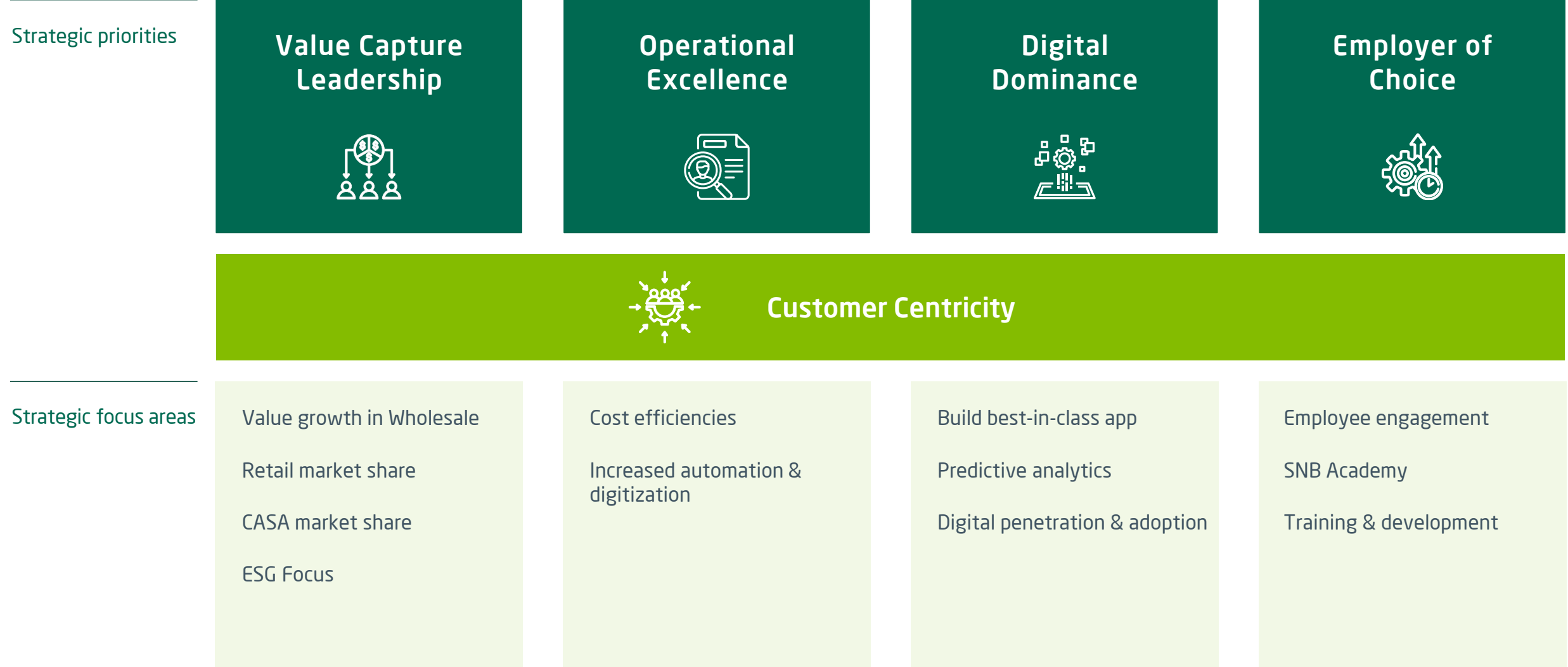
Liquidity Ratios (%)



SAMA Loan-to-Deposit Ratio (%)



# Our 2024 strategic priorities are focused on sustainable value creation





# Execution focused strategy and positive economic outlook supportive of solid growth and superior returns for 2024

Macro-Economic Outlook <sup>1</sup>	FY 2023 Actual	FY 2024 Forecast <sup>2</sup>
Real GDP Growth	+0.03% o/w non-oil GDP +5.9%	+4.4%
Fiscal Balance	-2.0%	-1.9%
US FFR	5.25 to 5.5%	4.5 to 4.75%
Inflation	2.3%	2.2%
Avg Brent Oil Price	USD 84 / bbl	USD 82 / bbl

SNB Financial Guidance	FY 2023 Actual	FY 2024 Guidance
Financing Growth	SAR 602bn +10%	High single-digit
NSCI Margin	3.06%	3.0% to 3.2%
Cost to Income Ratio <sup>3</sup>	27.6%	Below 27%
Cost of Risk	0.16%	0.3% to 0.5%
Tier 1 CAR	19.4%	18% to 19%
ROTE	16.8%	16% to 17%



Q&A

4Q 2023



# Additional Information



## Write to Us

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