



# 1Q 2023 Earnings Presentation

Saudi National Bank

Riyadh | 15 May 2023

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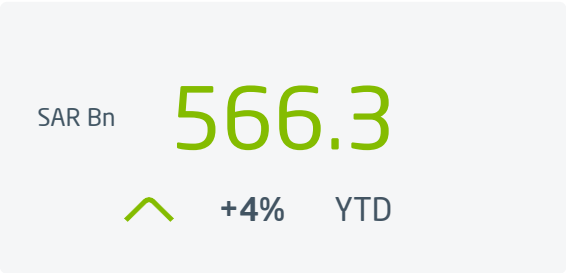
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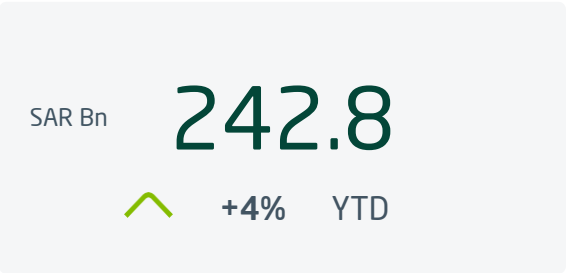


Robust net income growth from solid financing growth, margin expansion, improved efficiency and healthy credit quality, while maintaining strong funding

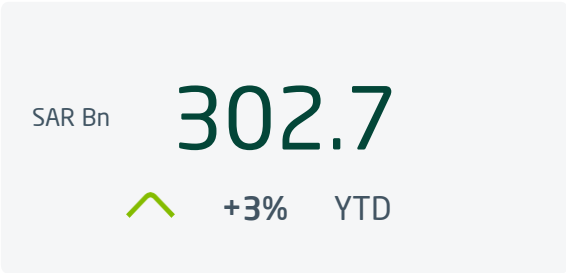
Robust financing growth



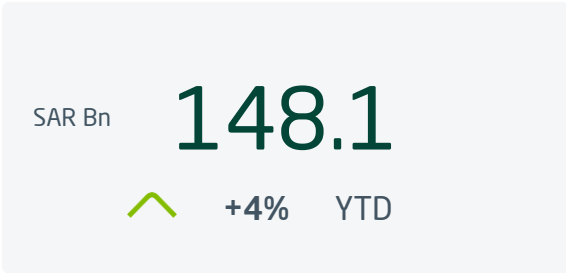
from Wholesale financing



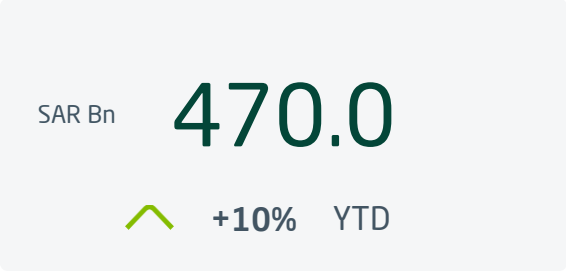
and Retail financing,



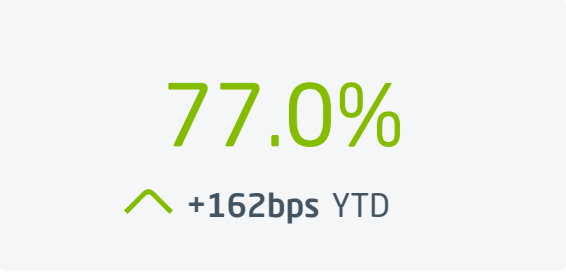
including Mortgage financing



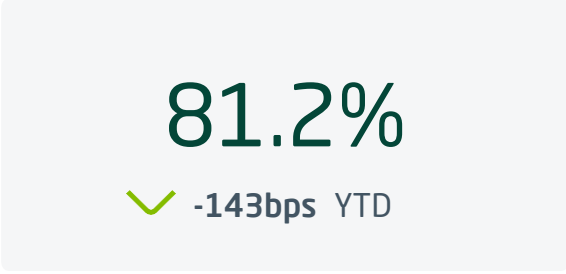
Solid CASA growth



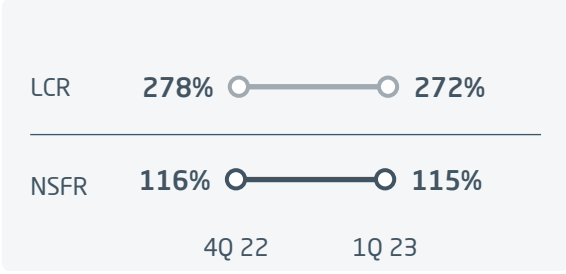
leading to healthy CASA ratio,



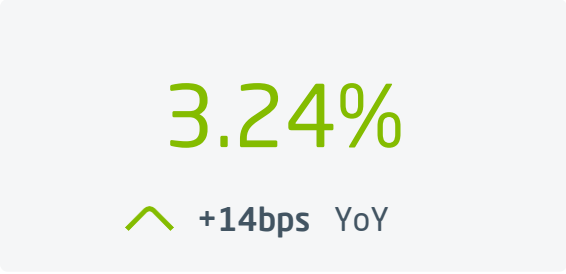
comfortable SAMA LTD ratio



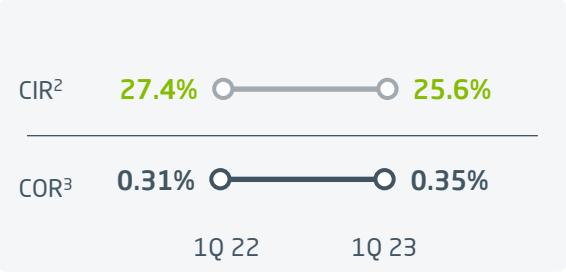
and strong and stable liquidity.



Improvement in NSCI margin



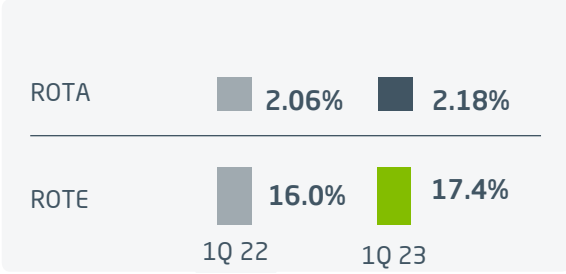
improved efficiency & healthy credit



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



and healthy returns.



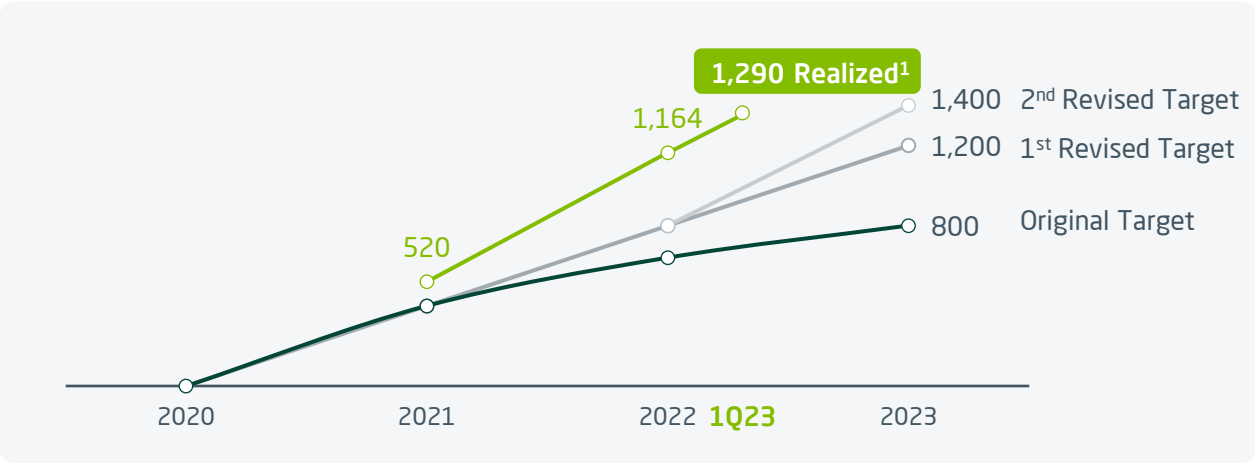


# Synergy realization is ahead of target and SNB continues to make progress on delivering merger benefits

## Unlocking merger benefits...



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



Cost Synergies Realized

92%

of revised targeted cost synergies realized

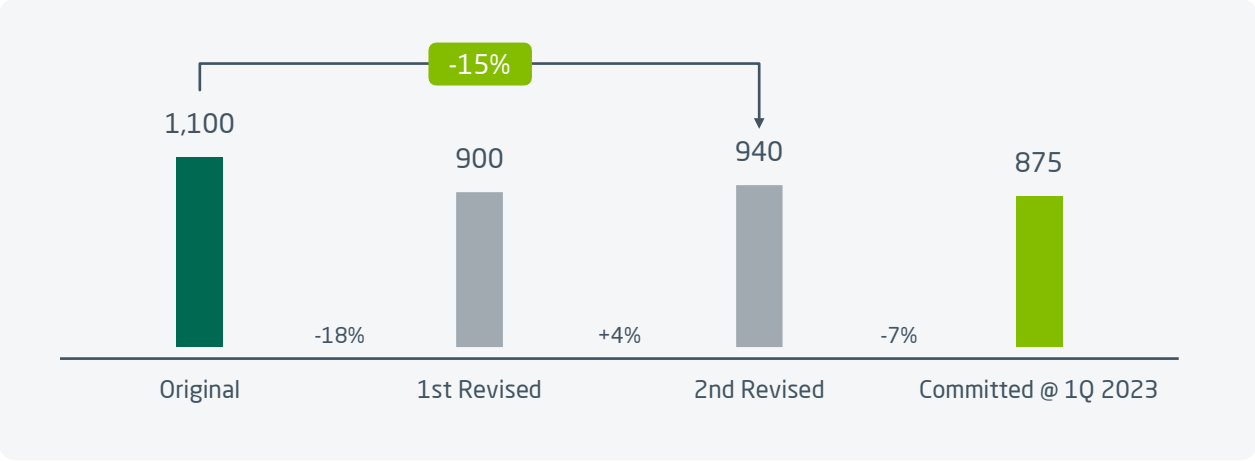
Sources of Cost Synergies

- Operational efficiencies
- Optimization of technology stack
- Natural FTE attrition

## Integration costs on track...



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



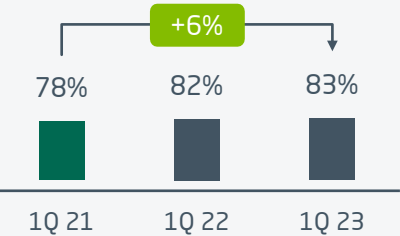
Digitize the Bank



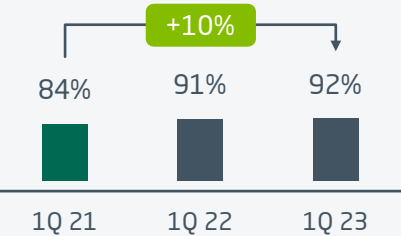
Retail Digital Banking

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

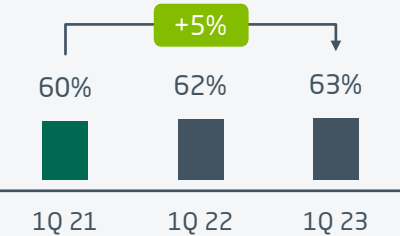
Digital Penetration, % Clients



Digital Account Opening, % accounts



Digital Sales, % Units



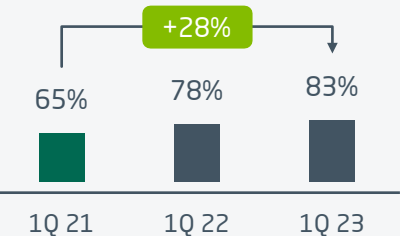
Digital Penetration



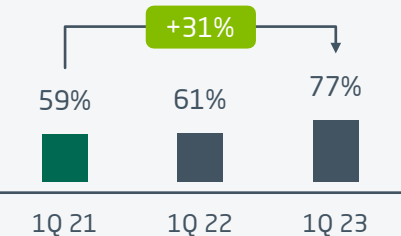
Corporate Digital banking

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

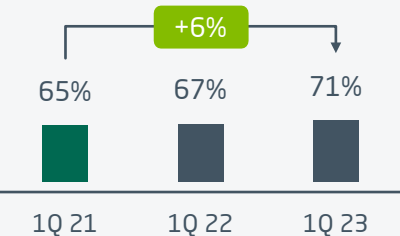
Digital Penetration, % Clients



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

Pilot launch

Commercial launch<sup>1</sup>

1H 23

2H 23

# 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%

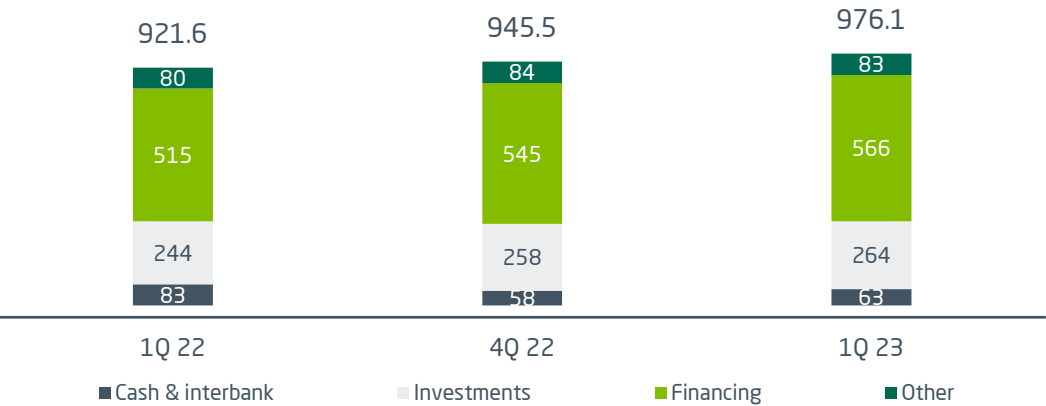
16.5% to 17.5%

Unchanged

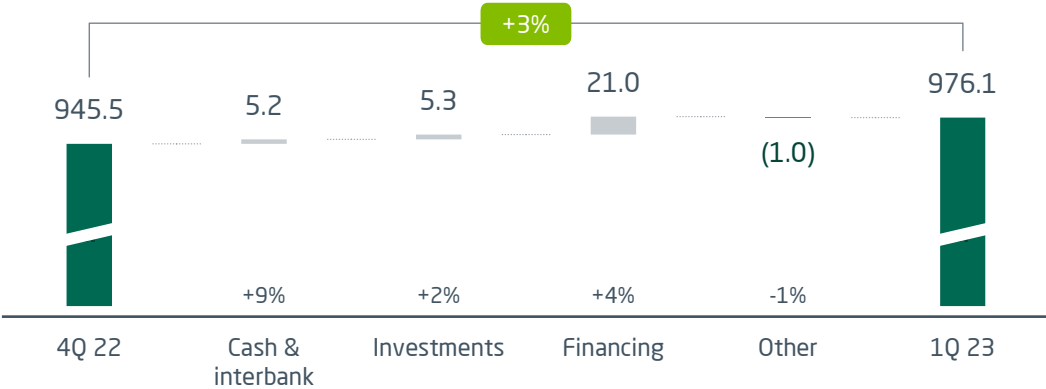
# Balance sheet expansion of 3% YTD mainly from financing growth, funded by deposits



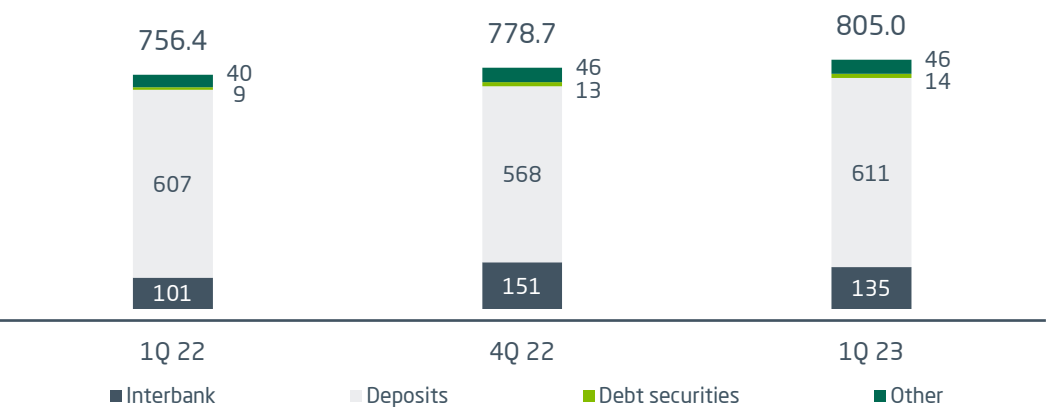
Total Assets (SARbn)



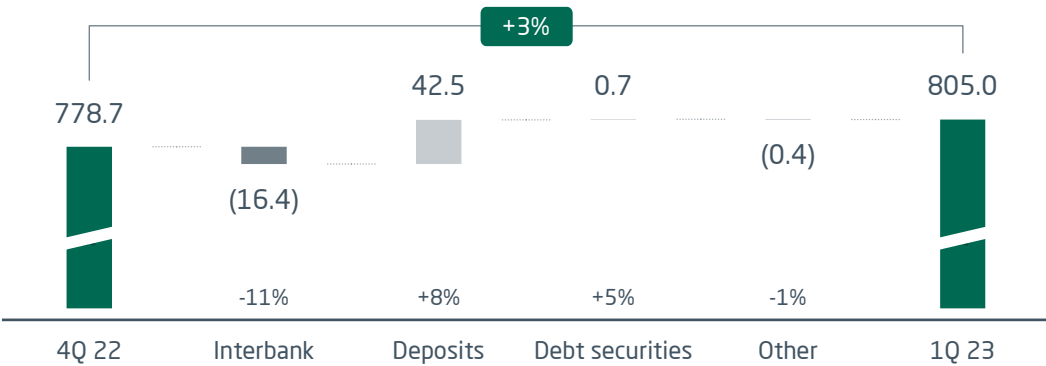
Total Assets Movement YTD (SARbn)



Total Liabilities (SARbn)



Total Liabilities Movement YTD (SARbn)

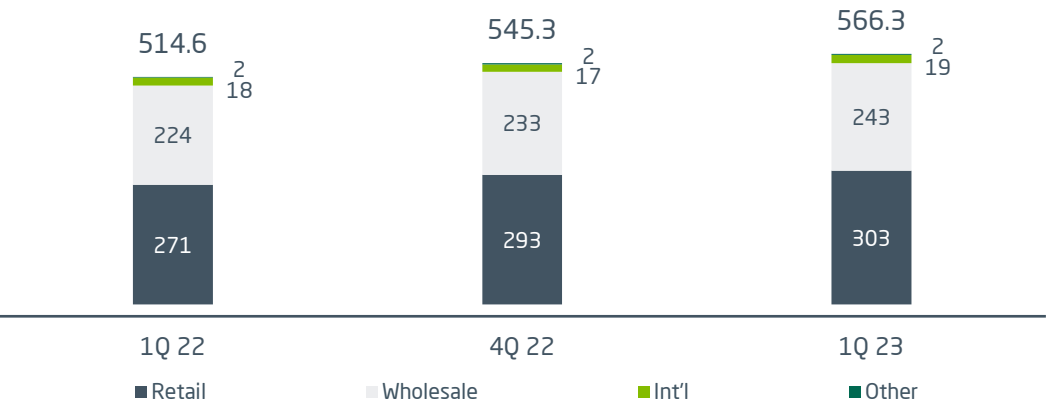




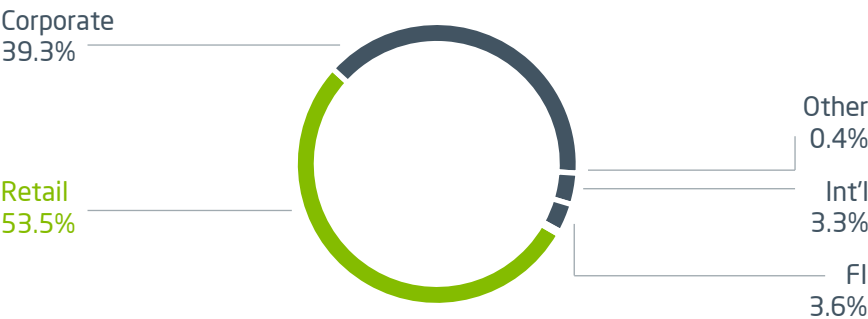
# Solid financing growth in Retail and Wholesale



Financing & Advances, Net (SARbn)

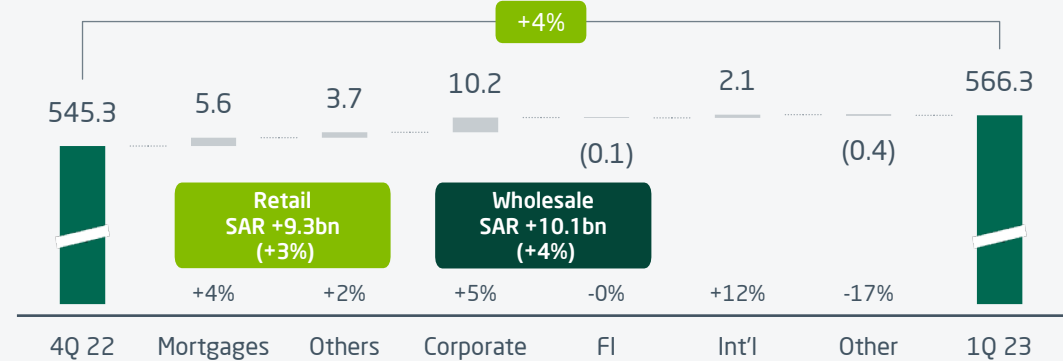


Financing & Advances, Net Composition (%)



Financing & Advances, Net Movement YTD (SARbn)

2023 Guidance  
Low double-digit



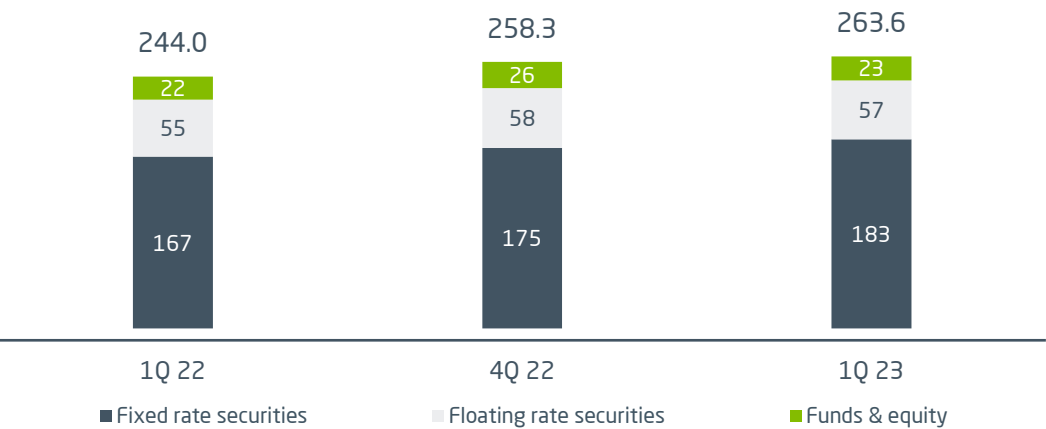
Financing & Advances, Net by Sector (%)



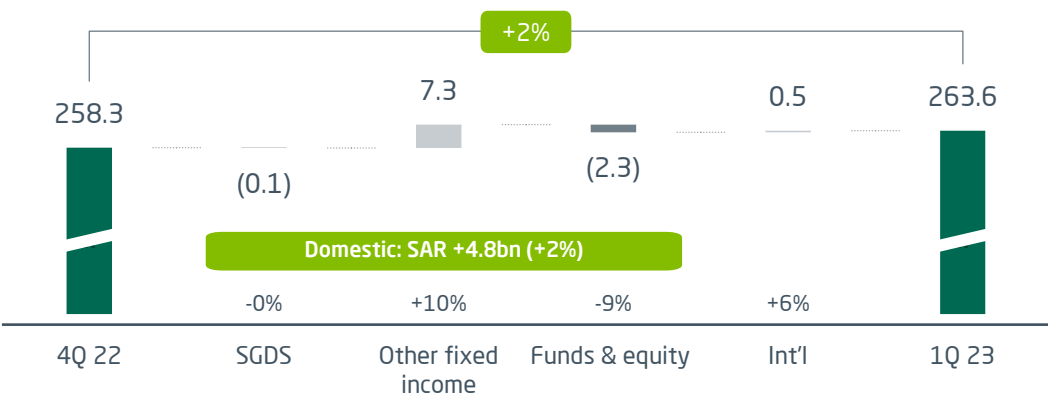


# Investments up 2% as growth in other fixed income securities partly offset by MTM on Credit Suisse investment

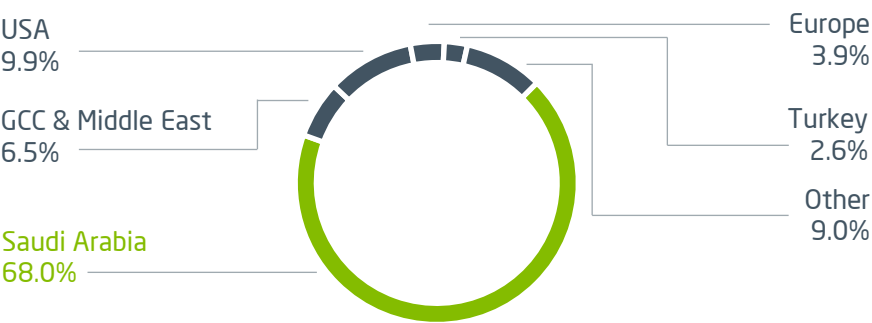
Investments, Net (SARbn)



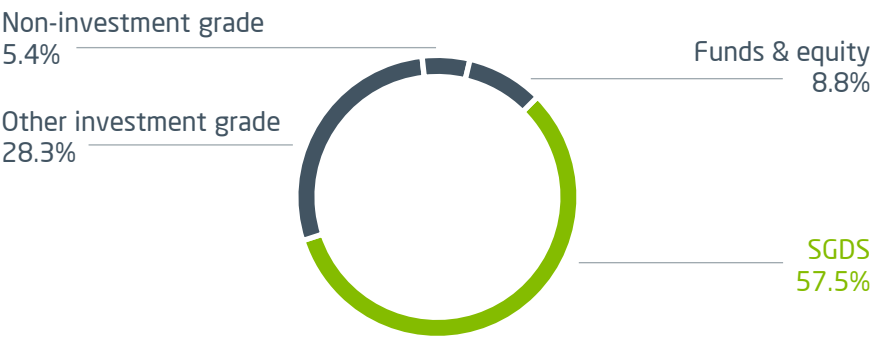
Investments, Net Movement YTD (SARbn)



Investments, Net by Geography (%)



Investments, Net by Grade (%)

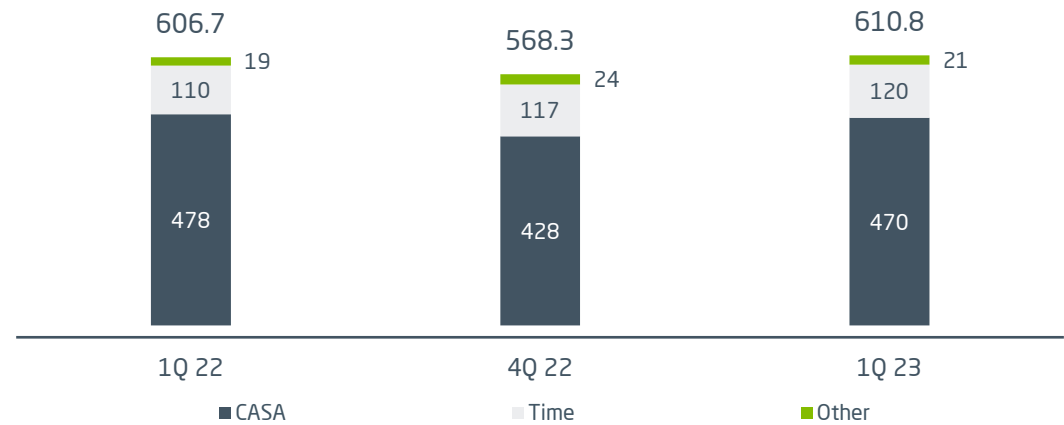


<sup>1</sup> Saudi Government Debt Securities including SAMA bills (investment grade)

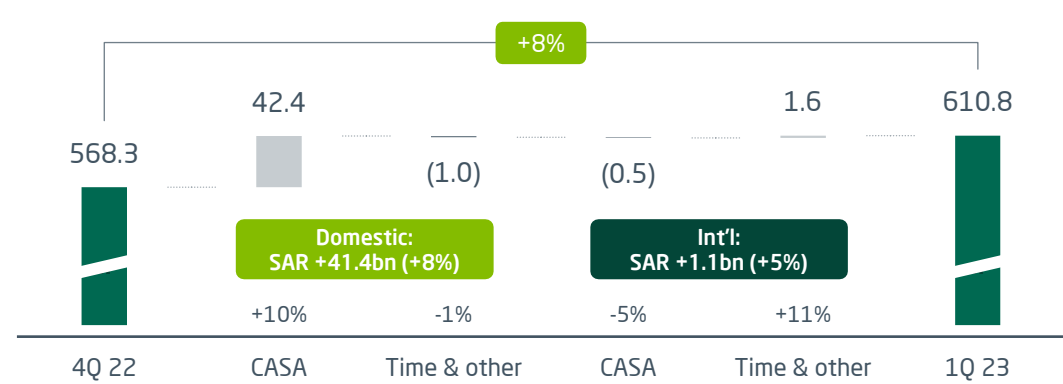
# Solid CASA growth, partly transitory in nature, maintaining healthy CASA ratio



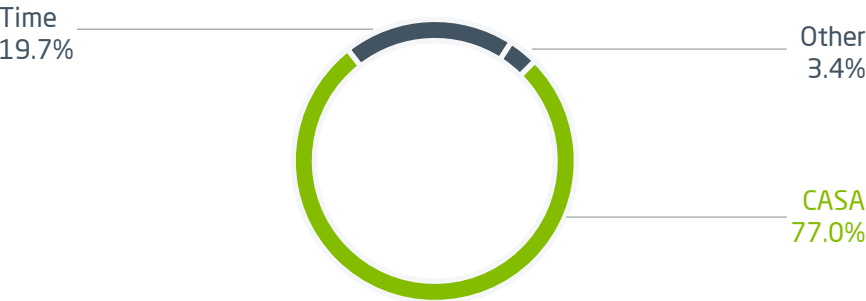
Customers' Deposits (SARbn)



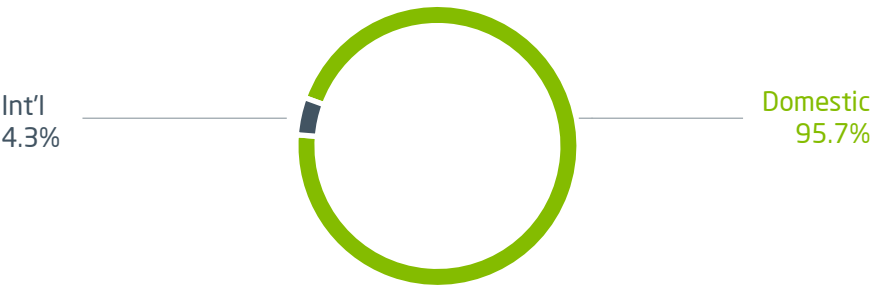
Customers' Deposits Movement YTD (SARbn)



Customers' Deposits by Type (%)

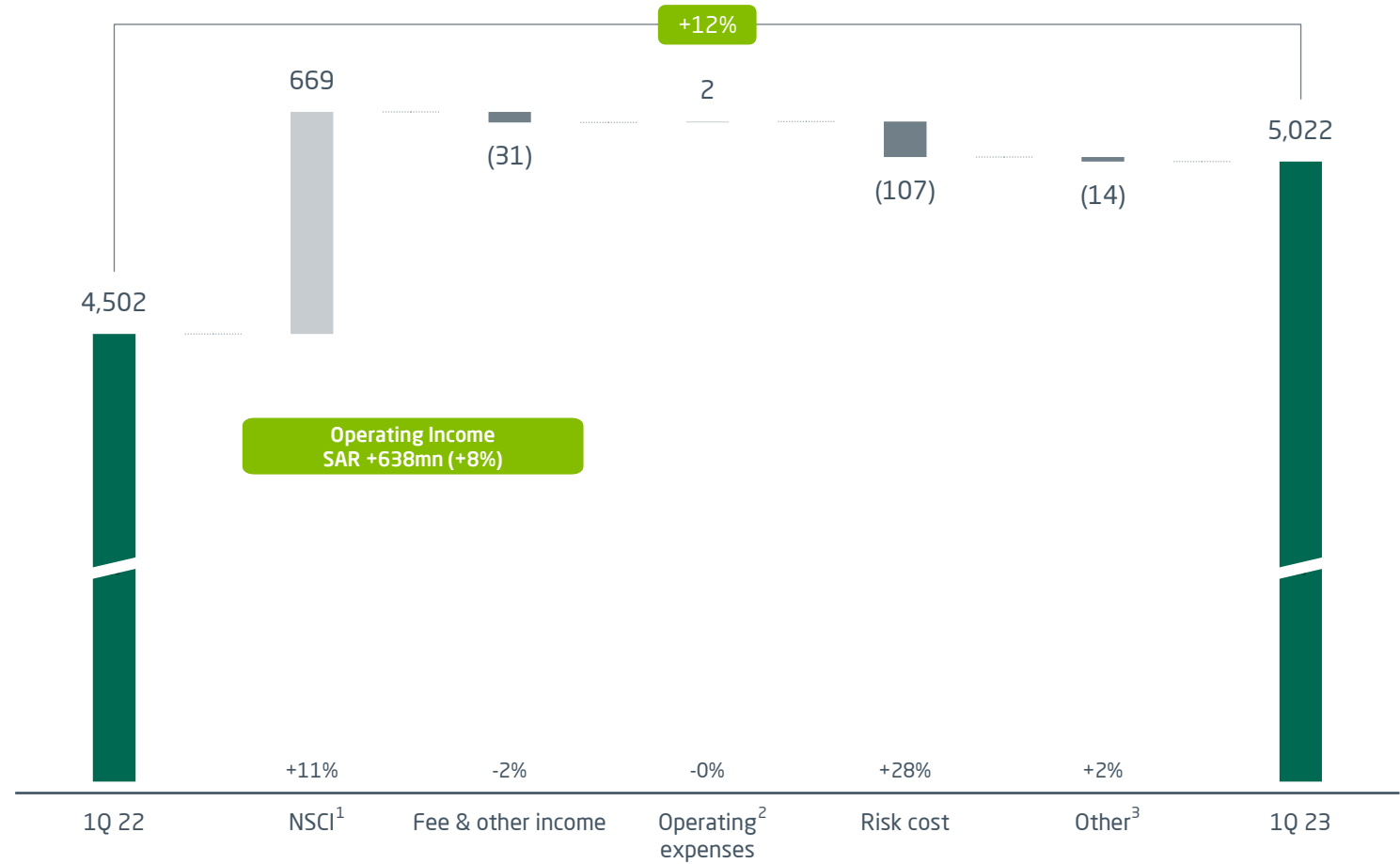


Customers' Deposits by Geography (%)

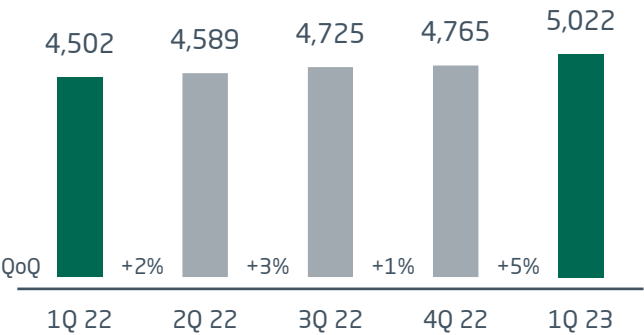


# Net income rose 12% YoY mainly from higher NSCI

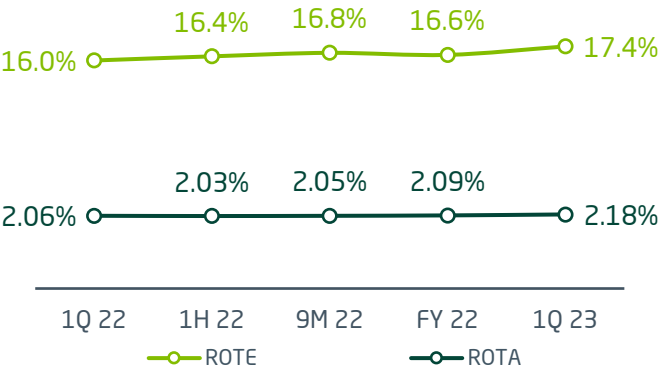
Net Income Attributed To Equity Holders Movement YoY (SARmn)



Net Income (SARmn)



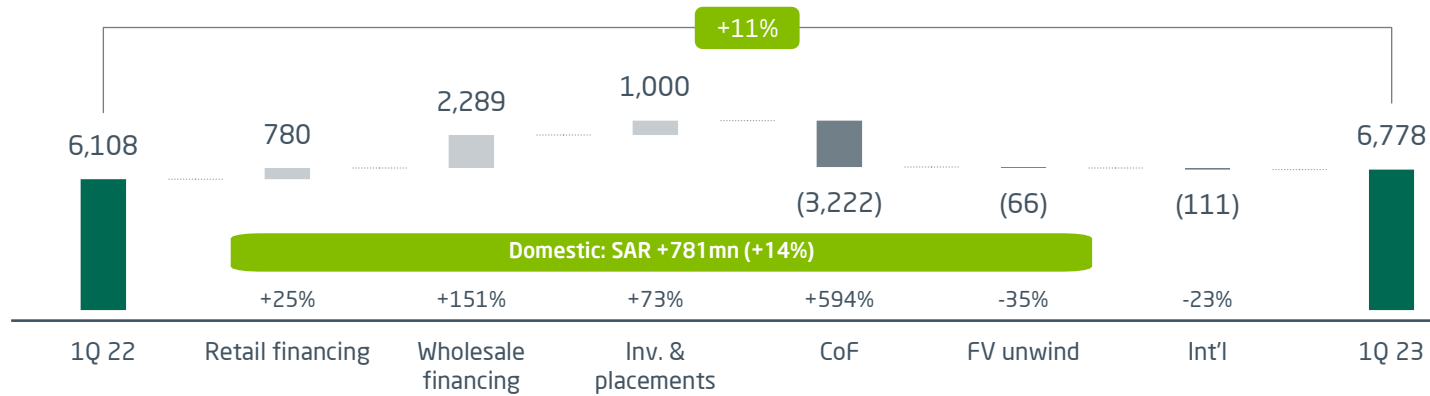
Returns YTD (%)



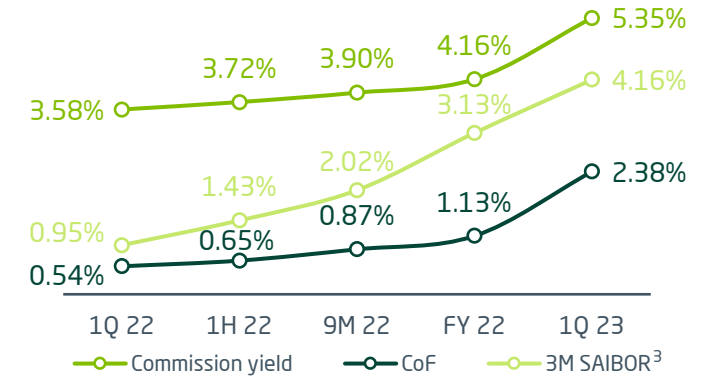
<sup>1</sup> NSCI includes FV unwind of SAR 122mn (1Q 22: SAR 188mn) | <sup>2</sup> Operating expenses include amortization of intangibles of SAR 205mn (1Q 22: SAR 230mn) | <sup>3</sup> Other include other non-operating expenses, zakat, and non-controlling interest

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

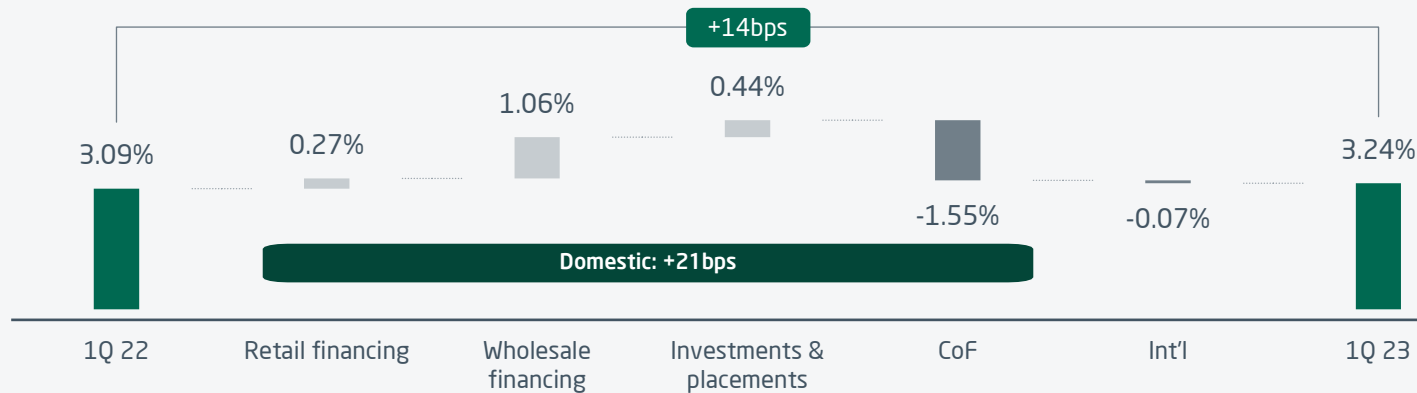
Net Special Commission Income Movement YoY (SARmn)<sup>1</sup>



Commission Yield & Funding Cost YTD (%)

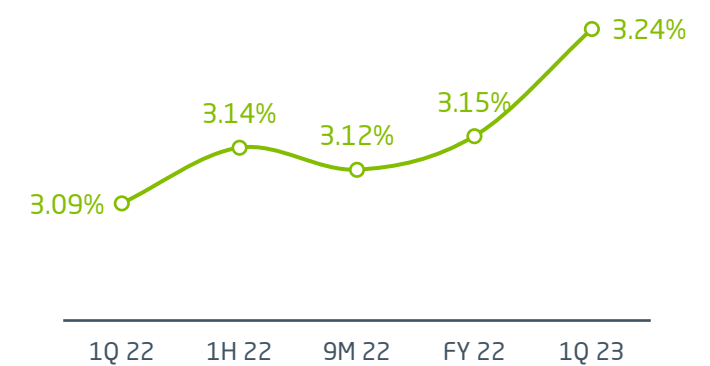


Net Special Commission Margin Movement YoY (%)<sup>2</sup>



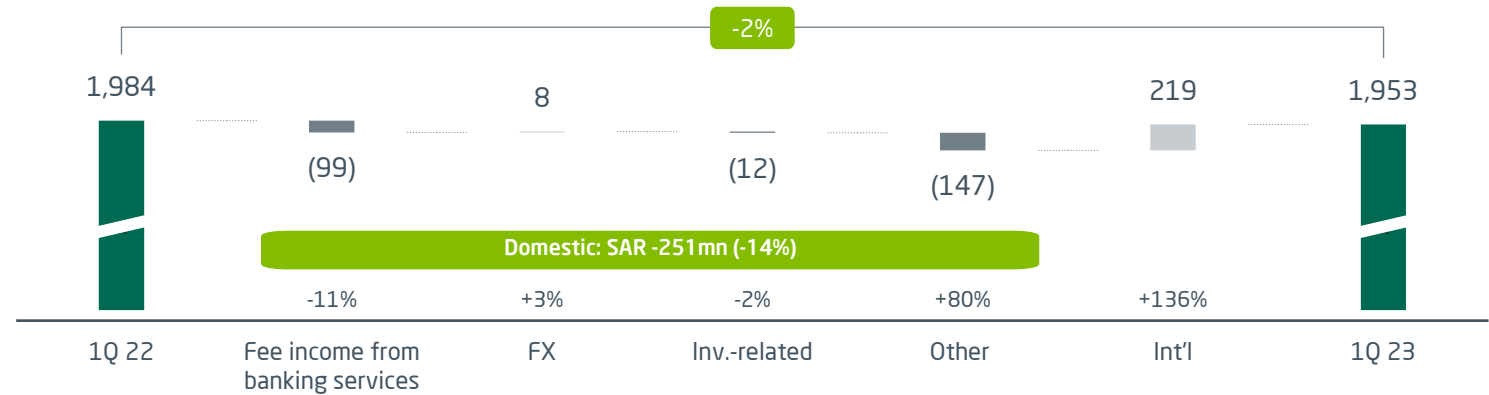
2023 Guidance  
3.15%-3.30%

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

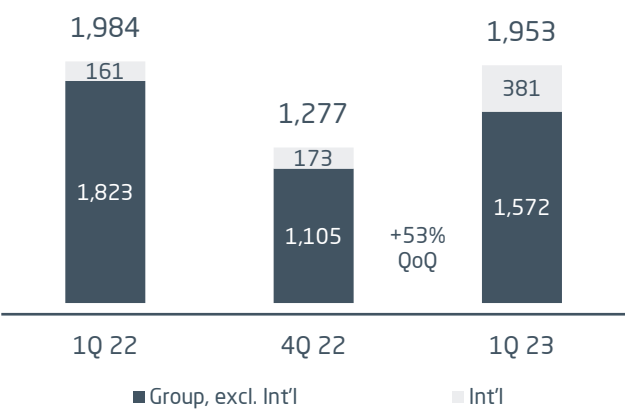


# Fee and other income decreased 2% YoY from lower other operating income and capital markets fees

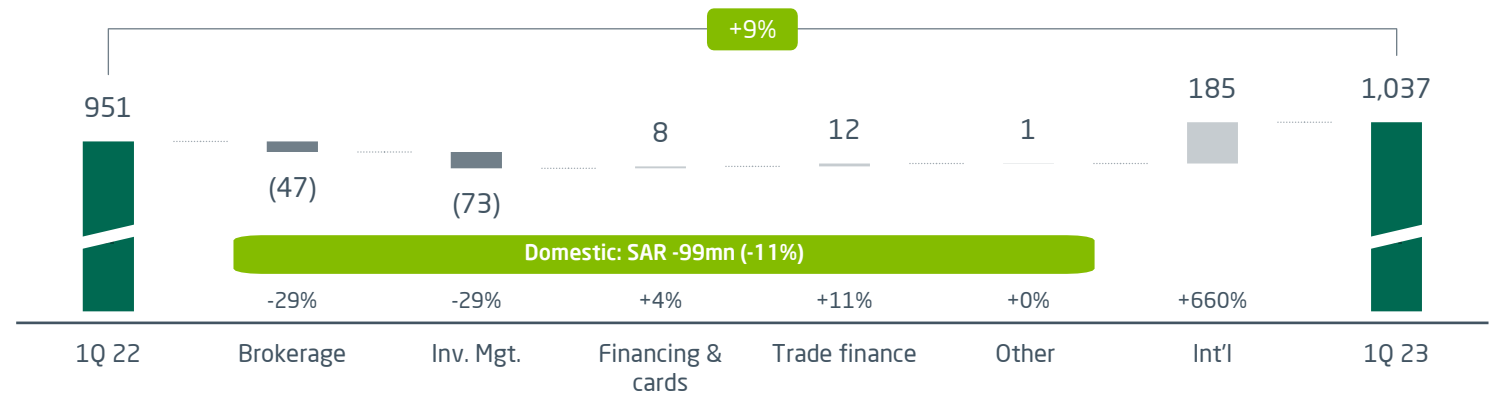
Fee & Other Income Movement YoY (SARmn)



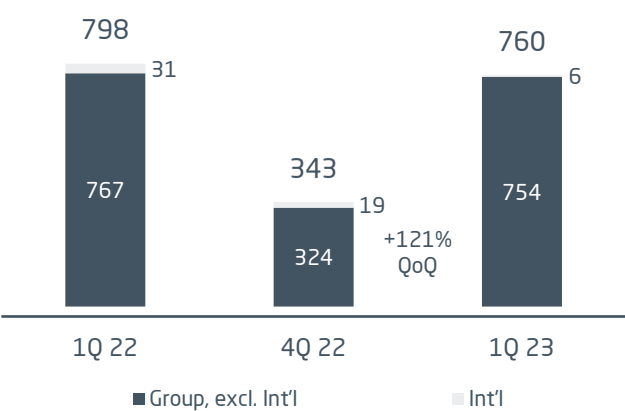
Fee & Other Income (SARmn)



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

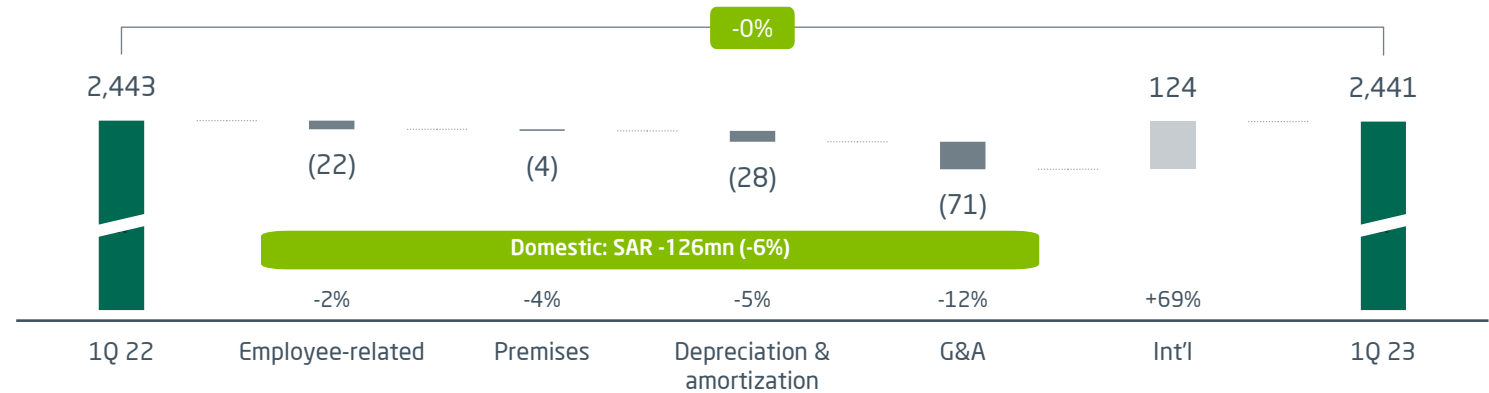


Investment-Related Income (SARmn)

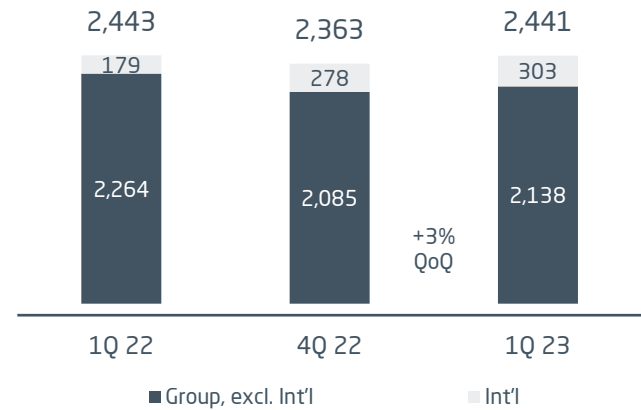


# Stable operating expenses as synergies and improved efficiency domestically offset increased International costs

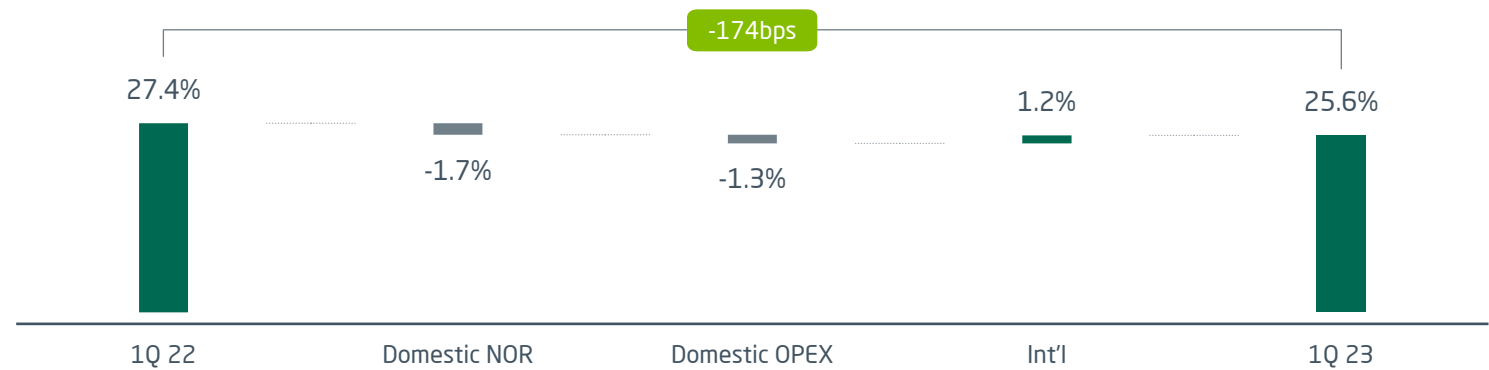
Operating Expenses Movement YoY (SARmn)



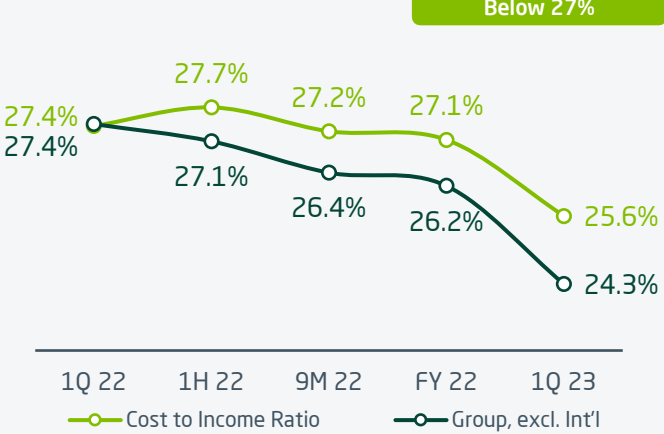
Operating Expenses (SARmn)



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

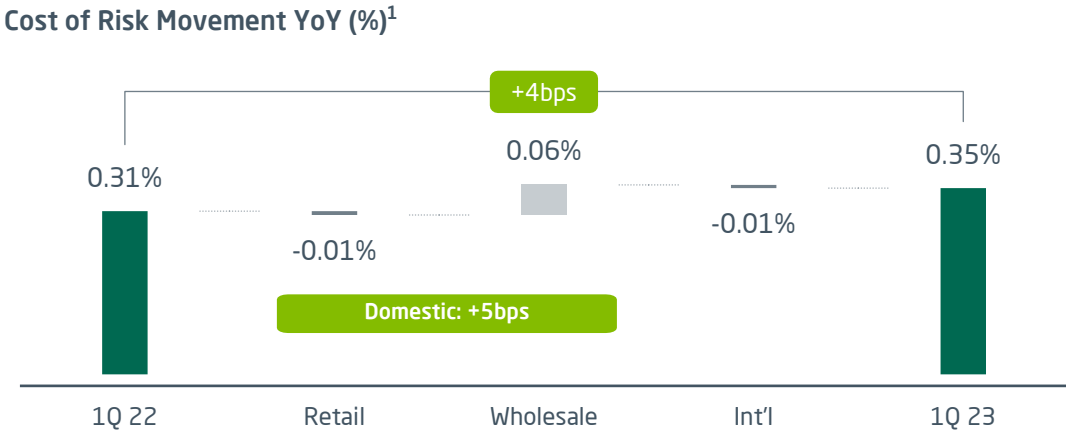
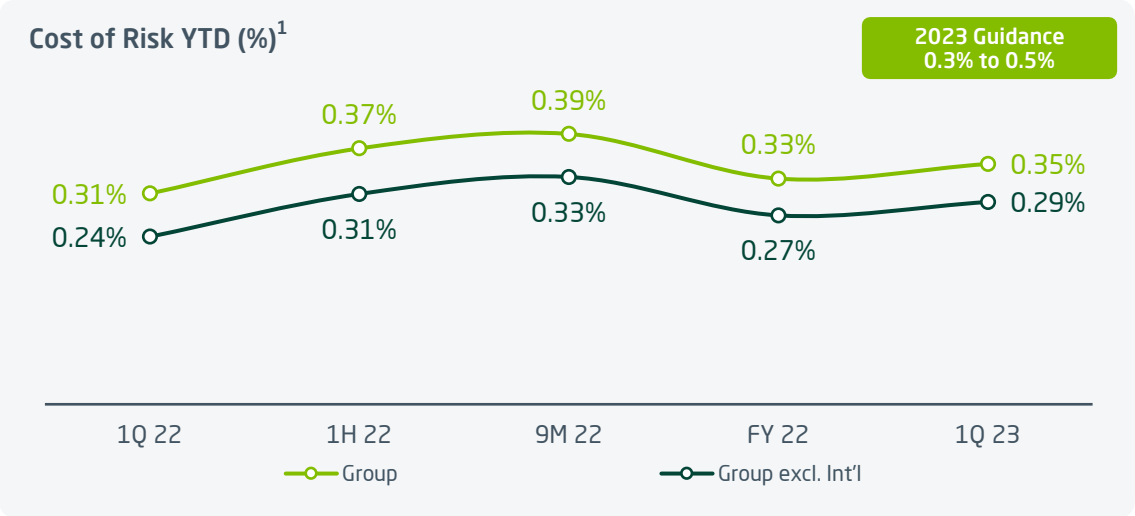
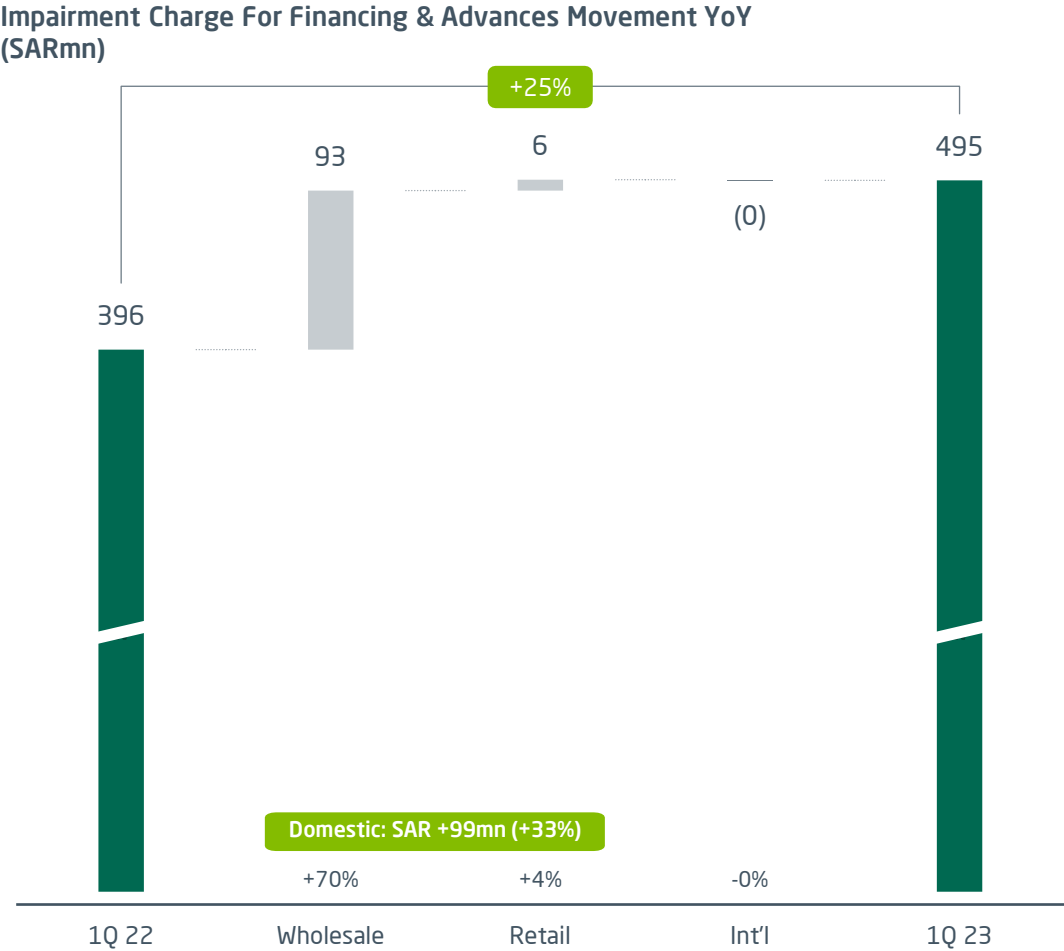


Cost to Income Ratio YTD (%)<sup>1</sup>



<sup>1</sup> Cost to income ratio excludes amortization of intangibles of SAR 205mn (1Q 22: SAR 230mn)

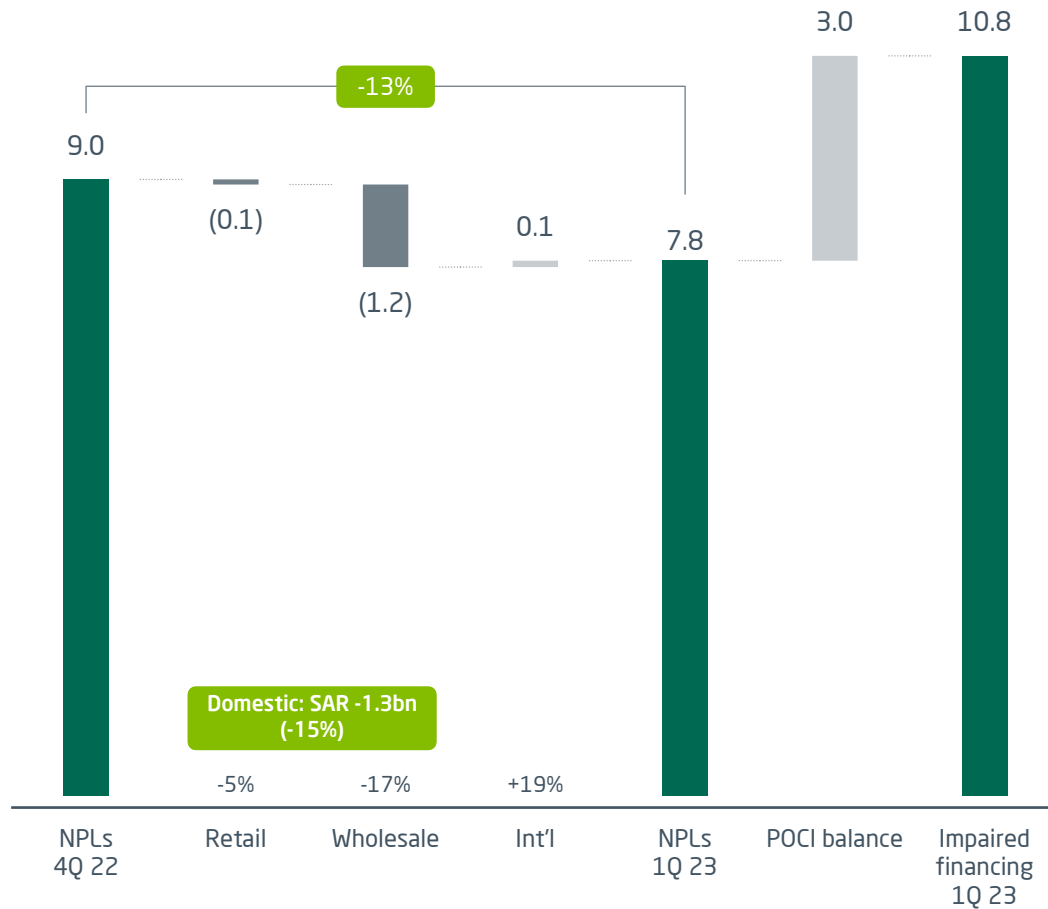
# Moderate 4bps increase in COR from increase in Wholesale impairments



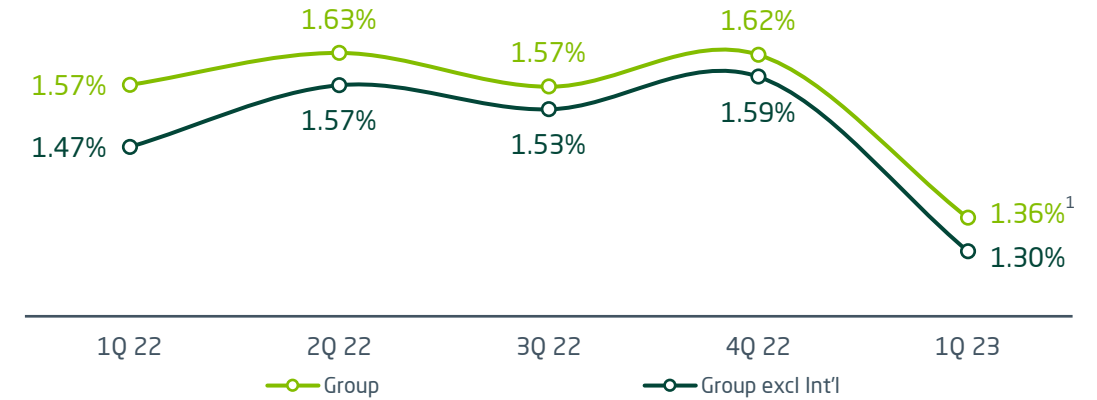


# Improving NPL ratio YTD from write-offs in Wholesale, while ECL coverage remained healthy

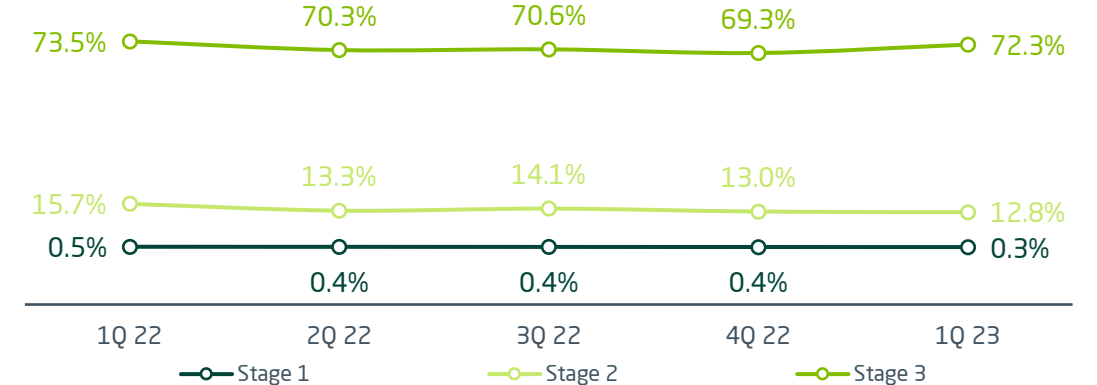
Credit Impaired Financing Movement QTR (SARbn)



NPL Ratio (%)



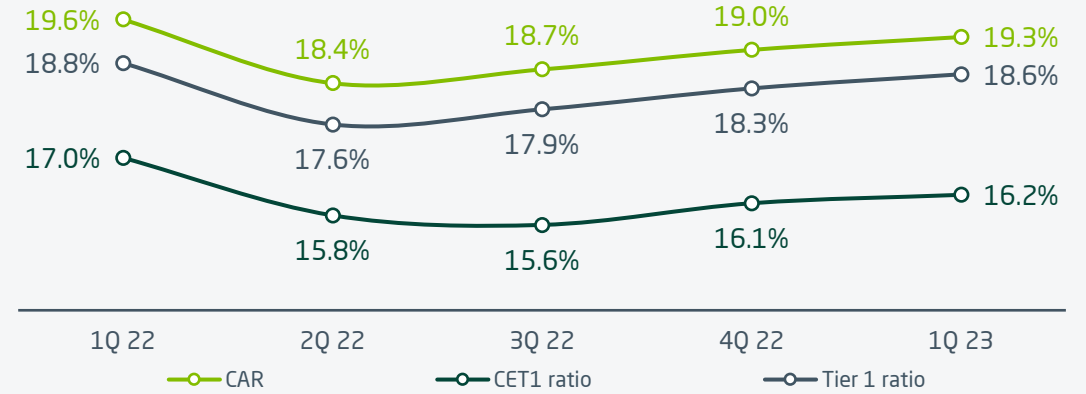
ECL Coverage by Stage (%)



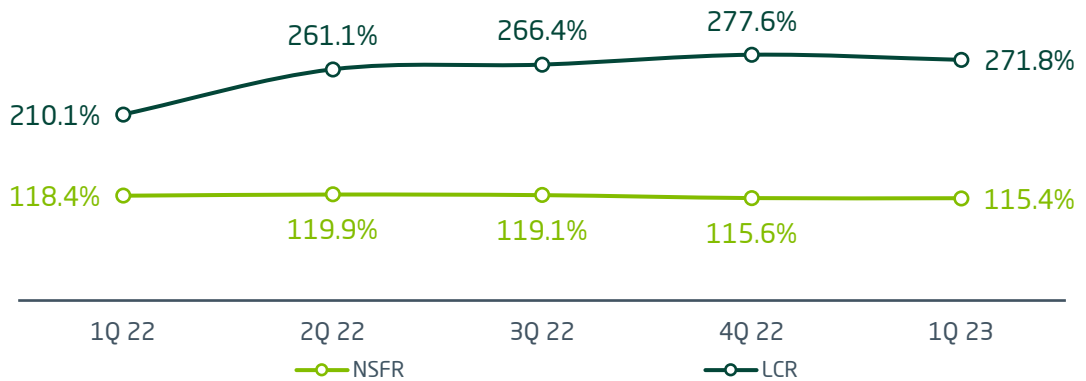
# Capitalization impacted by MTM on investments but remains healthy, and liquidity is strong and stable

Capitalization Ratios (%)

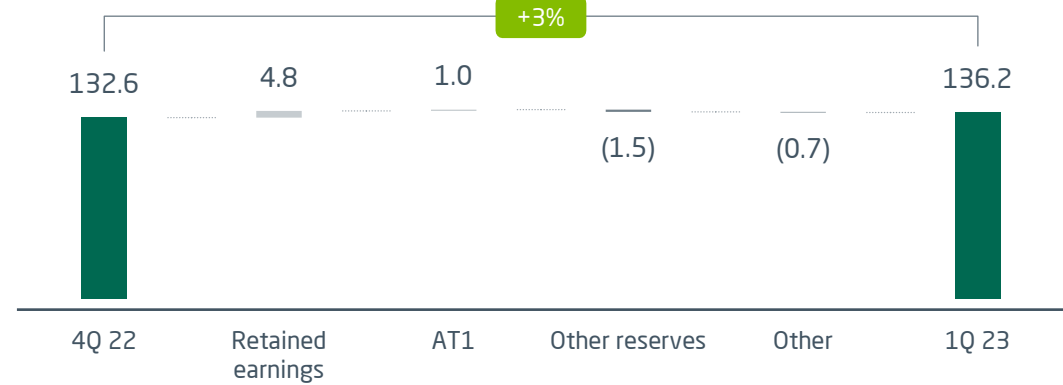
2023 Guidance  
T1 CAR: 18-19%



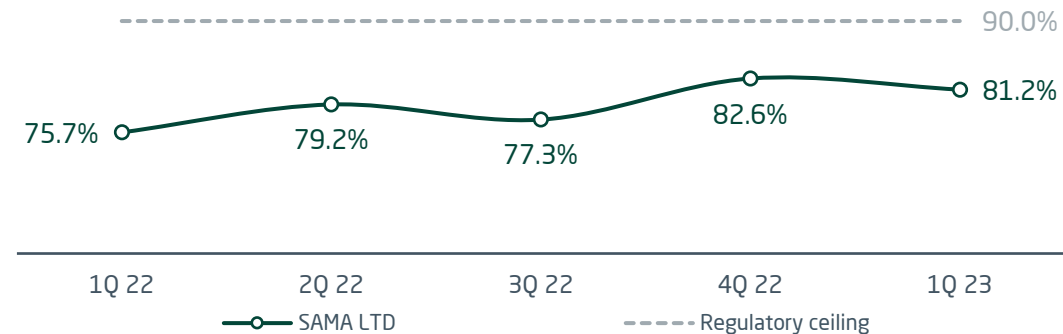
Liquidity Ratios (%)



Total Eligible Capital Movement YTD (SARbn)



Loan-to-Deposit Ratio (%)





Q&A

1Q 2023



# Additional Information



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