

Preliminary Earnings Release

SNB reports 12% year-on-year net income growth to SAR 5.0 billion in 1Q 2023

1Q 2023 Financial Results Highlights:

- 12% net income growth to SAR 5.0 billion in 1Q 2023 on higher operating income
- Total operating income improved by 8% to SAR 8.7 billion, driven by an increase in net special commission income from margin and balance sheet expansion; Net Special Commission Income Margin for the quarter was 3.24%
- Operating expenses, including net impairment charge for expected credit losses for 1Q 2023 increased by 4% to SAR 2.9 billion from an increase in credit impairments, while operating expenses were stable; the cost-to-income ratio improved year-on-year
- Total assets were SAR 976 billion, 3% higher year to date primarily on growth of financing
- Net financing and advances up SAR 21 billion to reach SAR 566 billion, posting a 4% increase since 31 December 2022
- Customers' deposits grew 8% to SAR 611 billion year to date, leading to an improved CASA ratio
- The Bank maintained a healthy capitalization level and strong and stable liquidity position

Riyadh, 1 May 2023. SNB generated 12% year-on-year net income growth in 1Q 2023. This growth was primarily the result of an 8% improvement in operating income, which was boosted by higher net special commission income from margin expansion and earning assets growth. The overall balance sheet expanded by 3% during the first quarter. The main driver was 4% growth in financing, principally from 3% growth in Retail financing principally from 4% mortgage growth, as well as 4% Wholesale financing growth. Customers' deposits rose 8% in the first quarter, driven by strong domestic CASA growth. SNB has also maintained healthy capitalization levels and a strong liquidity position.

SNB Credit Suisse Investment:

SNB's investment in Credit Suisse was SAR 5.5 billion (through a share placement on 24 November 2022 and a rights issue on 8 December 2022).

At 31 December 2022, SNB's investment in Credit Suisse had declined by approximately 20%. During the three months period ending 31 March 2023, SNB's investment in Credit Suisse had further declined by approximately 70%.

The financial impact on SNB's balance sheet was a decline in the Credit Suisse investment carrying value by approximately 70% during the first quarter of 2023 (the carrying value of the Credit Suisse investment as at 31 March 2023 was SAR 1.3 billion).

The financial impact on SNB's equity was a decline in equity by SAR 3.1 billion during the first quarter of 2023. There was no income statement impact as SNB had made an irrevocable election, as permitted by the accounting standards, to present subsequent changes in the fair value of the Credit Suisse investment through other comprehensive income.

SNB's shareholding in Credit Suisse of 9.88% will convert into a shareholding in UBS of approximately 0.5% upon completion of the merger.

From now until the completion of the merger, we do not expect to see a material difference between the valuation of our investment in Credit Suisse and theoretical valuation of our investment in UBS as the terms of the merger have been publicly announced.

Income Statement Summary

For the quarter ending 31 March 2023

<i>SAR (mn)</i>	1Q 2023	4Q 2022	Δ	1Q 2022	Δ
Special commission income	11,117	10,315	+8%	7,012	+59%
Net special commission income	6,778	6,840	-1%	6,108	+11%
Total operating income	8,731	8,118	+8%	8,093	+8%
Total operating expenses before expected credit losses	(2,441)	(2,363)	+3%	(2,443)	-0%
Net impairment charge for expected credit losses	(493)	(166)	+197%	(386)	+28%
Net income for the period before Zakat and income tax	5,794	5,405	+7%	5,161	+12%
Net income attributed to equity holders	5,022	4,765	+5%	4,502	+12%
Total Comprehensive Income	2,994	3,569	-16%	2,518	+19%
Earnings per share	1.08	1.04		0.98	

Balance Sheet Summary

For the quarter as of 31 March 2023

<i>SAR (mn)</i>	1Q 2023	4Q 2022	Δ	1Q 2022	Δ
Investments, net	263,636	258,292	+2%	243,981	+8%
Financing and advances, net	566,337	545,311	+4%	514,635	+10%
Total assets	976,053	945,496	+3%	921,565	+6%
Customers' deposits	610,791	568,283	+8%	606,723	+1%
Equity attributable to equity holders of the bank	170,151	165,973	+3%	164,573	+3%

Additional Information

SNB's 1Q 2023 financial statements, and earnings presentation will be available on the SNB IR website in advance of the 1Q 2023 Earnings Call at:

[SNB Corporate Reports](#)

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