

## Saudi National Bank (SNB)

Strong operating income and stringent cost controls supported the bottom-line

**Current Price**  
SAR 45.00

**Target Price**  
SAR 50.00

**Upside/Downside (%)**  
+11.1%

**Rating**  
**ACCUMULATE**

- Net advances grew 11.5% YOY and 0.6% QOQ to SAR 729.3 Bn in 4Q25, due to the growth in wholesale financing and mortgages.
- Customer deposits grew 9.7% YOY and declined marginally 0.5% QOQ to SAR 636.1 Bn in 4Q25.
- Cost to income ratio improved from 28.2% in 4Q24 to 17.0% in 4Q25, indicating enhanced operational efficiency.
- Asset quality remained strong as reported NPLs declined 48 bps YOY and 12 bps QOQ to 0.7% in 4Q25.
- Improved capital and liquidity positions, with a capital adequacy ratio of 21.2%, liquidity coverage ratio of 285.1%.



### 4Q25 Net Profit in line with our estimate

Saudi National Bank ("SNB"/ "The Bank") posted net profit growth of 14.9% YOY to SAR 6,385 Mn in 4Q25, in line with our estimate of SAR 6,199 Mn. The rise in net profit is primarily due to the growth in net funded and non-funded income coupled with decline in operating expenses, and zakat charges, partially offset by higher other non-operating expenses, impairment charges and profit share to NCI holders.

### P&L Highlights

SNB's funded income rose 5.3% YOY to SAR 15,662 Mn in 4Q25, driven by a rise in net advances and investment portfolio. Funded expenses grew 2.4% YOY to SAR 8,156 Mn in 4Q25. Thus, net funded income increased 8.5% YOY to SAR 7,506 Mn in 4Q25. The Bank's non-funded income grew 17.1% YOY to SAR 2,421 Mn in 4Q25, primarily due to an increase in fees from banking services and higher gains on investments. Thus, total operating income rose 10.5% YOY to SAR 9,927 Mn in 4Q25. Total operating expenses decreased 31.1% YOY to SAR 1,889 Mn in 4Q25. Thus, the Bank's cost-to-income declined 1,120 bps YOY and 554 bps QOQ to 17.0% in 4Q25. Furthermore, SNB's recorded other non-operating expenses of SAR 61 Mn in 4Q25, compared to SAR 46 Mn in 4Q24. The Bank's impairment expense grew significantly from SAR 20 Mn in 4Q24 to SAR 942 Mn in 4Q25. The Bank recognized highest net impairment charges in 4Q25 as provisioning levels normalized following a period of strong recoveries, particularly from fully provisioned and legacy exposures across both Retail and Wholesale portfolios. Zakat charges decreased 4.5% YOY to SAR 628 Mn in 4Q25. In addition, the share of profit attributable to non-controlling interest holders stood at SAR 22 Mn in 4Q25, compared to a loss of SAR 37 Mn in 4Q24.

### Stock Information

Market Cap (SAR, mn)	270,000.00
Paid Up Capital (mn)	60,000.00
52 Week High	45.00
52 Week Low	31.55
3M Avg. daily value (SAR)	173,100,000

### 4Q25 Result Review (SAR, Mn)

Total Assets	1,210,032
Total Liabilities	1,006,204
Total Equity	203,827
Total Deposits	636,094
Net Profit	6,385

### Financial Ratios

Dividend Yield (12m)	4.44
Dividend Pay-out (%)	55.80
Price-Earnings Ratio(x)	11.12
Price-to-Book Ratio (x)	1.49
Book Value (SAR)	30.29
Return-on Equity (%)	13.33

### Stock Performance

5 Days	7.14%
1 Months	17.74%
3 Months	10.08%
6 Months	23.63%
1 Year	32.16%
Month to Date (MTD%)	18.80%
Quarter to Date (QTD%)	18.80%
Year to Date (YTD%)	18.80%

## Balance Sheet Highlights

SNB's total assets grew 9.6% YOY and marginally 0.3% QOQ to SAR 1,210.0 Bn in 4Q25, driven by a healthy growth in financing and Investment portfolio. Net advances grew 11.5% YOY and 0.6% QOQ to SAR 729.3 Bn in 4Q25, mainly due to growth in wholesale financing and mortgages. Customer deposits grew 9.7% YOY and declined marginally 0.5% QOQ to SAR 636.1 Bn in 4Q25. Additionally, total equity grew 5.5% YOY and 3.4% QOQ to SAR 203.8 Bn in 4Q25.

## Target Price and Rating

We revised our rating from BUY to ACCUMULATE on SNB with a revised target price of SAR 50.00. SNB's share price grew 15.8% since our last rating (December 2025). SNB delivered a solid 4Q25 performance supported by robust growth in funded and non-funded income and a reduction in operating expenses and zakat charges. The Bank's net advances grew 11.5% YOY and 0.6% QOQ to SAR 729.3 Bn in 4Q25, primarily due to the growth in wholesale financing and mortgages. SNB's wholesale financing grew 21% YOY and retail financing grew 8% YOY in 4Q25. Meanwhile, customer deposits increased 9.7% YOY but declined marginally 0.5% QOQ to SAR 636.1 Bn in 4Q25 with a CASA ratio of 73.0%. Consequently, the headline loan-to-deposit ratio increased from 113.4% in 3Q25 to 114.7% in 4Q25. Amid declining interest rates, the Bank continued to diversify its income streams, driving a 17.1% YOY increase in non-funded income to SAR 2.4 Bn in 4Q25. SNB's cost to income ratio declined from 28.2% in 4Q24 to 17.0% in 4Q25, indicating enhanced operational efficiency. However, SNB's cost of risk increased 50 bps YOY in 4Q25. SNB's maintained its asset quality with NPLs declining 48 bps YOY and 12 bps QOQ to 0.7% in 4Q25. The Bank also maintains a healthy capital ratio, with total CAR at 21.2% and total liquidity coverage ratio of 285.1% in 4Q25. SNB also targets a dividend payout ratio of 50–60% going forward. Thus, based on the above analysis, we revise our rating to ACCUMULATE on the stock.

### SNB Bank - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	19.83	14.60	13.74	13.06	11.55	10.61
PB	1.69	1.61	1.52	1.39	1.33	1.26
BVPS	26.361	27.662	29.317	32.094	33.425	35.373
EPS	2.243	3.045	3.236	3.405	3.849	4.189
DPS	1.157	1.269	1.750	1.900	2.15	2.25
Dividend Yield	2.6%	2.8%	3.9%	4.2%	4.8%	5.0%

FABS Estimates & Co Data

### SNB Bank – P&L

SAR Mn	4Q24	3Q25	4Q25	4Q25F	VAR	YOY Ch	QOQ Ch	2024	2025	Change
Funded income	14,880	15,815	15,662	15,579	0.5%	5.3%	-1.0%	57,835	60,962	5.4%
Funded expense	7,962	8,508	8,156	8,073	1.0%	2.4%	-4.1%	30,112	31,807	5.6%
<b>Net funded income</b>	<b>6,918</b>	<b>7,308</b>	<b>7,506</b>	<b>7,506</b>	<b>0.0%</b>	<b>8.5%</b>	<b>2.7%</b>	<b>27,723</b>	<b>29,155</b>	<b>5.2%</b>
<b>Non-funded income</b>	<b>2,068</b>	<b>2,838</b>	<b>2,421</b>	<b>2,834</b>	<b>-14.6%</b>	<b>17.1%</b>	<b>-14.7%</b>	<b>8,310</b>	<b>10,040</b>	<b>20.8%</b>
<b>Operating income</b>	<b>8,986</b>	<b>10,145</b>	<b>9,927</b>	<b>10,341</b>	<b>-4.0%</b>	<b>10.5%</b>	<b>-2.1%</b>	<b>36,033</b>	<b>39,195</b>	<b>8.8%</b>
<b>Total operating exp.</b>	<b>2,743</b>	<b>2,492</b>	<b>1,889</b>	<b>2,898</b>	<b>-34.8%</b>	<b>-31.1%</b>	<b>-24.2%</b>	<b>11,022</b>	<b>9,872</b>	<b>-10.4%</b>
Other non-opr inc./(exp.)	-46	-145	-61	-39	54.7%	33.1%	-58.0%	-378	-391	3.4%
<b>Pre-provision profit</b>	<b>6,197</b>	<b>7,508</b>	<b>7,977</b>	<b>7,403</b>	<b>7.8%</b>	<b>28.7%</b>	<b>6.2%</b>	<b>24,633</b>	<b>28,932</b>	<b>17.5%</b>
Impairments	20	231	942	676	39.3%	NM	NM	1,019	1,034	1.5%
<b>PBT</b>	<b>6,178</b>	<b>7,277</b>	<b>7,036</b>	<b>6,727</b>	<b>4.6%</b>	<b>13.9%</b>	<b>-3.3%</b>	<b>23,615</b>	<b>27,897</b>	<b>18.1%</b>
Zakat	658	804	628	557	12.8%	-4.5%	-21.9%	2,521	2,905	15.2%
<b>Profit after tax</b>	<b>5,520</b>	<b>6,473</b>	<b>6,407</b>	<b>6,170</b>	<b>3.8%</b>	<b>16.1%</b>	<b>-1.0%</b>	<b>21,094</b>	<b>24,992</b>	<b>18.5%</b>
Non-controlling interest	-37	4	22	-29	NM	NM	NM	-99	-22	-77.9%
<b>Net profit attributable</b>	<b>5,557</b>	<b>6,469</b>	<b>6,385</b>	<b>6,199</b>	<b>3.0%</b>	<b>14.9%</b>	<b>-1.3%</b>	<b>21,193</b>	<b>25,013</b>	<b>18.0%</b>

FABS estimate & Co Data

**SNB Bank - KPI**

	<b>4Q24</b>	<b>3Q25</b>	<b>4Q25</b>	<b>YOY Ch</b>	<b>QOQ Ch</b>	<b>2024</b>	<b>2025</b>	<b>Change</b>
Net FI/OI	77.0%	72.0%	75.6%	-138	358	76.9%	74.4%	-255
Cost-to-income	28.2%	22.5%	17.0%	-1,120	-554	28.3%	23.1%	-520
Impairment/PPP	0.3%	3.1%	11.8%	1,149	873	4.1%	3.6%	-56
NP/OI	61.8%	63.8%	64.3%	249	56	58.8%	63.8%	500
Cost of risk (reported)	0.0%	0.13%	0.52%	50	39	0.2%	0.2%	-1
Loan-to-deposit - Headline	112.8%	113.4%	114.7%	181	127	112.8%	114.7%	181
NPL - reported	1.2%	0.8%	0.7%	-48	-12	1.2%	0.7%	-48
CAR	20.8%	20.8%	21.2%	37	43	20.8%	21.2%	37
ROAE - calculated	11.3%	12.7%	12.6%	129	-10	11.3%	12.6%	129
ROAA - calculated	2.0%	2.1%	2.2%	21	9	2.0%	2.2%	21

FABS estimate & Co Data

**SNB Bank - Key B/S items**

<b>SAR Mn</b>	<b>4Q24</b>	<b>1Q25</b>	<b>2Q25</b>	<b>3Q25</b>	<b>4Q25</b>	<b>YOY Ch</b>
Net advances	654,252	706,430	714,839	725,090	729,311	11.5%
<i>QOQ change</i>	-0.2%	8.0%	1.2%	1.4%	0.6%	
Total assets	1,104,155	1,171,079	1,200,998	1,206,607	1,210,032	9.6%
<i>QOQ change</i>	-1.8%	6.1%	2.6%	0.5%	0.3%	
Customer deposits	579,762	626,394	658,675	639,488	636,094	9.7%
<i>QOQ change</i>	-8.6%	8.0%	5.2%	-2.9%	-0.5%	
Total equity	193,275	194,119	197,887	197,041	203,827	5.5%
<i>QOQ change</i>	5.1%	0.4%	1.9%	-0.4%	3.4%	

FABS estimate & Co Data

## Valuation:

We use Residual Income and Relative Valuation (RV) method to value SNB. We have assigned 70% weight to Residual Income, and 30% to RV method.

Valuation Method	Target	Weight	Weighted Value
Residual Income Method	55.02	70%	38.51
Relative Valuation (RV)	38.28	30%	11.48
<b>Weighted Average Valuation (SAR)</b>			<b>50.00</b>
Current market price (SAR)	45.00		
Upside/Downside (%)	+11.1%		

### 1) Residual Income Method:

We have discounted the economic profit/excess equity using the cost of equity of 8.8%. Cost of equity is calculated by using 10-year government bond yield of 4.9%, beta of 0.90 and equity risk premium of 4.4%. Government bond yield is calculated after adding KSA 10-year CDS spread over 10-year US risk free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (SAR, Mn)	39,393
Terminal value (SAR, Mn)	105,097
Book value of Equity (as of Dec 2025)	185,626
<b>FV to Common shareholders (SAR, Mn)</b>	<b>330,116</b>
No. of share (Mn)	6,000
Current Market Price (SAR)	45.00
<b>Fair Value per share (SAR)</b>	<b>55.02</b>

### DCF Method

(All Figures in SAR Mn)	2026F	2027F	2028F	2029F	2030F
Net Profit	25,133	26,886	28,825	30,412	31,506
(-) Equity Charge	-16,233	-17,265	-18,366	-19,549	-20,827
<b>Excess Equity</b>	<b>8,900</b>	<b>9,621</b>	<b>10,459</b>	<b>10,863</b>	<b>10,679</b>
Discounting Factor	0.92	0.85	0.78	0.72	0.66
<b>Present Value of Excess Equity</b>	<b>8,228</b>	<b>8,173</b>	<b>8,164</b>	<b>7,791</b>	<b>7,038</b>

Source: FAB Securities

## 2) Relative Valuation:

We have used local peers to value SNB, and it is valued using the PB multiple. It is valued at a 2026 PB multiple of 1.2x in line with its peers.

Company	Market (USD Mn)	P/B (x)		P/E (x)		Dividend Yield (%)	
		2026F	2027F	2026F	2027F	2026F	2027F
Alinma Bank	17,800	1.7	1.5	10.7	9.9	4.3%	4.9%
Al Rajhi Bank	109,547	3.5	3.1	16.7	14.9	3.5%	3.9%
Arab National Bank	11,504	1.1	1.0	9.1	8.7	6.4%	6.6%
Banque Saudi Fransi	11,648	1.0	1.0	9.1	8.7	6.3%	6.5%
Riyad Bank	21,574	1.2	1.1	8.2	7.7	6.3%	6.7%
<b>Average</b>		<b>1.7x</b>	<b>1.5x</b>	<b>10.7x</b>	<b>10.0x</b>	<b>5.4%</b>	<b>5.7%</b>
<b>Median</b>		<b>1.2x</b>	<b>1.1x</b>	<b>9.1x</b>	<b>8.7x</b>	<b>6.3%</b>	<b>6.5%</b>
<b>Max</b>		<b>1.7x</b>	<b>1.5x</b>	<b>10.7x</b>	<b>9.9x</b>	<b>6.3%</b>	<b>6.6%</b>
<b>Min</b>		<b>1.1x</b>	<b>1.0x</b>	<b>9.1x</b>	<b>8.7x</b>	<b>4.3%</b>	<b>4.9%</b>

Source: FAB Securities

## Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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