

Saudi National Bank (SNB)

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

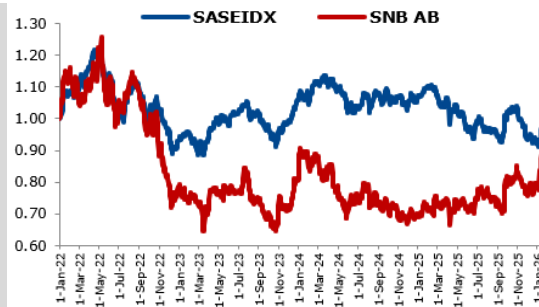
Current Price
SAR 45.00

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%.



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%

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.

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%
Net funded income	6,918	7,308	7,506	7,506	0.0%	8.5%	2.7%	27,723	29,155	5.2%
Non-funded income	2,068	2,838	2,421	2,834	-14.6%	17.1%	-14.7%	8,310	10,040	20.8%
Operating income	8,986	10,145	9,927	10,341	-4.0%	10.5%	-2.1%	36,033	39,195	8.8%
Total operating exp.	2,743	2,492	1,889	2,898	-34.8%	-31.1%	-24.2%	11,022	9,872	-10.4%
Other non-opr inc./(exp.)	-46	-145	-61	-39	54.7%	33.1%	-58.0%	-378	-391	3.4%
Pre-provision profit	6,197	7,508	7,977	7,403	7.8%	28.7%	6.2%	24,633	28,932	17.5%
Impairments	20	231	942	676	39.3%	NM	NM	1,019	1,034	1.5%
PBT	6,178	7,277	7,036	6,727	4.6%	13.9%	-3.3%	23,615	27,897	18.1%
Zakat	658	804	628	557	12.8%	-4.5%	-21.9%	2,521	2,905	15.2%
Profit after tax	5,520	6,473	6,407	6,170	3.8%	16.1%	-1.0%	21,094	24,992	18.5%
Non-controlling interest	-37	4	22	-29	NM	NM	NM	-99	-22	-77.9%
Net profit attributable	5,557	6,469	6,385	6,199	3.0%	14.9%	-1.3%	21,193	25,013	18.0%

FABS estimate & Co Data

SNB Bank - KPI

	4Q24	3Q25	4Q25	YOY Ch	QOQ Ch	2024	2025	Change
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

SAR Mn	4Q24	1Q25	2Q25	3Q25	4Q25	YOY Ch
Net advances	654,252	706,430	714,839	725,090	729,311	11.5%
QOQ change	-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%
QOQ change	-1.8%	6.1%	2.6%	0.5%	0.3%	
Customer deposits	579,762	626,394	658,675	639,488	636,094	9.7%
QOQ change	-8.6%	8.0%	5.2%	-2.9%	-0.5%	
Total equity	193,275	194,119	197,887	197,041	203,827	5.5%
QOQ change	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
Weighted Average Valuation (SAR)			50.00
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
FV to Common shareholders (SAR, Mn)	330,116
No. of share (Mn)	6,000
Current Market Price (SAR)	45.00
Fair Value per share (SAR)	55.02

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
Excess Equity	8,900	9,621	10,459	10,863	10,679
Discounting Factor	0.92	0.85	0.78	0.72	0.66
Present Value of Excess Equity	8,228	8,173	8,164	7,791	7,038

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%
Average		1.7x	1.5x	10.7x	10.0x	5.4%	5.7%
Median		1.2x	1.1x	9.1x	8.7x	6.3%	6.5%
Max		1.7x	1.5x	10.7x	9.9x	6.3%	6.6%
Min		1.1x	1.0x	9.1x	8.7x	4.3%	4.9%

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%

FAB Securities Contacts:

Research Analyst

Ahmad Banihani +971-2-6161629 ahmad.banihani@Bankfab.com

Sales & Execution

Abu Dhabi Head Office

Trading Desk +971-2-6161700/1 Online Trading Link

+971-2-6161777

Institutional Desk +971-4-4245765

DISCLAIMER

This report has been prepared by FAB Securities (FABS), which is authorised by the UAE Securities and Commodities Authority, licensing registration number 604002, and is a member of the Abu Dhabi Securities Exchange and Dubai Financial Market. The information, opinions and materials contained in this report are provided for information purposes only and are not to be used, construed, or considered as an offer or the solicitation of an offer or recommendation to sell or to buy or to subscribe for any investment security or other financial instrument. The information, opinions and material in this report have been obtained and derived from publicly available information and other sources considered reliable without being independently verified for their accuracy or completeness. FABS gives no representation or warranty, express or implied, as to the accuracy and completeness of information and opinions expressed in this report. Opinions expressed are current as of the original publication date appearing on the report only and the information, including the opinions contained herein, are subject to change without notice. FABS is under no obligation to update this report. The investments referred to in this report might not be suitable for all recipients. Recipients should not base their investment decisions on this report and should make their own investigations, and obtain independent advice, as appropriate. Any loss or other consequences arising from the uses of material contained in this report shall be the sole and exclusive responsibility of the recipient and FABS accepts no liability for any such loss or consequence. The value of any investment could fall as well as rise and the investor may receive less than the original amount invested. Some investments mentioned in this report might not be liquid investments, which could be difficult to realise in cash. Some investments discussed in this report could be characterised by high level of volatility, which might result in loss. FABS owns the intellectual property rights and any other material contained in this report. No part of this report may be reproduced, utilised or modified in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or stored in any retrieval system without the prior consent of FABS in writing. While utmost care has been taken to ensure that the information provided is accurate and correct, neither FABS, nor its employees shall, in any way, be responsible for the contents. By accepting this document, the recipient agrees he/she has read the above disclaimer and to be bound by the foregoing limitations/restrictions.