

Result update

Saudi National Bank

Sector : Banking

- Operating income rose 10.4% YoY, beating our estimates by 4.4%. This strong performance was supported by a 7% YoY increase in NII and a 21% YoY rise in non-interest income.
- PAT grew 21% YoY, exceeding our forecast by 18%, as higher operating profit translated directly into bottom-line growth.
- Loans expanded 10.6% YoY, supported by both wholesale lending and retail mortgages. Deposits were broadly flat at 0.8% YoY, while CASA improved to 76.2%.
- We revise our target price to SAR 46/share and maintain our BUY rating, reflecting the bank's stronger-than-expected performance and constructive outlook.

Saudi National Bank delivered double-digit operating income growth, driven by higher NII and stronger-than-anticipated non-interest income. Despite a 9 bps YoY compression in NIMs to 2.80%, NII increased as average interest-earning assets grew 10% YoY. For 9M25, NII rose 4% YoY, and management continues to guide for low- to mid-single-digit NII growth in 2025e. Non-interest income increased 21% YoY, supported by 8% YoY growth in core fee income, driven by deeper customer penetration, increased cross-border transactions, 26% YoY growth in FX income, and 138% YoY growth in investment income. The fee income in 9M25 covered 95.4% of operating expenses. Non-interest income now represents 28% of total income, up 240 bps YoY. Operating expenses declined 13.2% YoY and 9.9% QoQ, reflecting ongoing automation, digitization, and broader cost-optimization initiatives. The cost-to-income ratio improved to 24.6% in 3Q25, a 660 bps YoY improvement. Sustaining this trend will be a key monitorable going forward.

The widening gap between operating income and operating expenses led to a 21% YoY increase in operating profit, which flowed through to the bottom line. Provision expenses rose moderately by 3.3% YoY, though 9M25 provisions fell 91% YoY, largely due to strong recoveries—especially from fully provisioned legacy exposures. Cost of risk stood at 0.13% in 3Q25 and 0.02% for 9M25. Management guides for 5–15 bps in 2025, implying higher provisions in 4Q25. Reported profit reached SAR 6.5bn, exceeding our estimates on account of stronger operating profitability.

YTD net loan growth rose 11%, driven primarily by a 19% increase in the corporate loan book, while the retail segment grew 6%, led by mortgages. The retail portfolio continues to represent 48.7% of total loans. NPLs improved by 47 bps YoY, reaching 1.10% in 3Q25. Deposits increased 10% YTD, supported by a 16% rise in CASA, while time deposits declined 5%. CASA reached 76.2%, marking a 54-bps improvement over 3Q24.

Valuation: Saudi National Bank delivered exceptional results, with both operating income and PAT surpassing our estimates. Management reiterated its 2025 guidance and maintained a constructive outlook. We raise our target price to SAR 46/share and reaffirm our BUY rating. The stock is trading at a 2026e P/E of 9.3x, P/B of 1.2x, and offers an appealing 5.8% dividend yield.

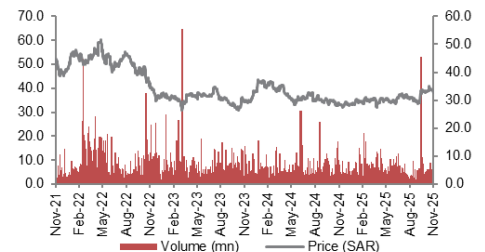
BUY

16 November 2025

Target price (SAR) 46.00

Current price (SAR) 38.30

Return 20.0%



Exchange Saudi Arabia
Index weight (%) 6%

(mn)	SAR	USD
Market Cap	229,800	61,278
Total Assets	1,206,607	321,753

Major shareholders

Public Investment Fund	37.2%
Vanguard Group Inc	2.1%
Blackrock Inc	1.3%
Others	59.3%

Valuation Summary

PER TTM (x)	9.8
P/Book (x)	1.3
Dividend Yield (%)	5.2
Free Float (%)	59%
Shares O/S (mn)	6,000
YTD Return (%)	15%
Beta	1.3

Key ratios	2022	2023	2024
EPS (SAR)	3.03	3.23	3.44
BVPS (SAR)	25.38	27.05	28.83
DPS (SAR)	0.45	0.85	1.90
Payout ratio (%)	0.15	0.26	0.55

Price performance (%)	1M	3M	12M
Saudi National Bank	0%	6%	16%
Tadawul All Share Index	-4%	3%	-5%

52 week	High	Low	CTL*
Price (SAR)	41.00	31.55	21.4

* CTL is % change in CMP to 52wk low

in SAR mn	3Q25	2Q25	QoQ (%)	3Q24	YoY (%)	9M25	9M24	YoY (%)	2025e	2024
Operating Income	10,145	9,507	6.7%	9,191	10.4%	29,267	27,047	8.2%	39,071	36,038
Operating Expenses	-2,492	-2,765	-9.9%	-2,869	-13.2%	-7,983	-8,279	-3.6%	-10,919	-11,037
Operating Profit	7,654	6,742	13.5%	6,322	21.1%	21,284	18,768	13.4%	28,152	25,001
Provision Expenses - Loan	-231	173	<i>nm</i>	-224	3.3%	-93	-999	-90.7%	-642	-1,024
Other non operating expenses	-145	-51	<i>nm</i>	-87	67.8%	-330	-332	-0.5%	-453	-363
Profit before tax	7,277	6,865	6.0%	6,011	21.1%	20,861	17,437	19.6%	27,057	23,615
Zakat & Tax	-804	-738	9.0%	-661	21.6%	-2,277	-1,863	22.2%	-3,112	-2,521
Profit after tax	6,473	6,127	5.6%	5,350	21.0%	18,584	15,574	19.3%	23,945	21,094
Profit attributable to Shareholders	6,469	6,137	5.4%	5,366	20.5%	18,628	15,636	19.1%	23,933	21,193
Loan Book	725,090	714,839	1.4%	655,308	10.6%	725,090	655,308	10.6%	728,552	654,252
Deposits	639,488	658,675	-2.9%	634,195	0.8%	639,488	634,195	0.8%	647,294	579,762
Total Equity (Excl tier 1 bond)	180,323	179,169	0.6%	168,652	6.9%	180,323	168,652	6.9%	183,159	172,088
Cost to Income ratio	24.6%	29.1%		31.2%		27.3%	30.6%		27.9%	30.6%
NPL Ratio	1.10%	1.12%		1.57%		1.10%	1.57%		1.50%	1.53%
Net Loan to deposits	113.4%	108.5%		103.3%		113.4%	103.3%		112.6%	112.8%

Income Statement (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Net commission income	22,208	26,287	27,009	27,730	28,952	30,874	33,295	36,456
Net fee income	3,059	3,736	3,925	4,600	5,069	5,509	6,431	6,872
Other income	2,970	2,981	3,655	3,709	5,050	5,524	5,981	6,404
Total income	28,236	33,005	34,589	36,038	39,071	41,907	45,708	49,732
Operating expenses	(9,562)	(9,785)	(10,357)	(11,037)	(10,919)	(11,725)	(12,532)	(13,657)
Profit before impairments	18,674	23,220	24,232	25,001	28,152	30,182	33,176	36,075
Impairments	(3,961)	(1,685)	(923)	(1,024)	(642)	(1,348)	(1,475)	(1,988)
Other non-operating expenses	(259)	(258)	(537)	(363)	(453)	(462)	(472)	(481)
Profit before tax	14,454	21,277	22,773	23,615	27,057	28,372	31,230	33,606
Zakat	(1,670)	(2,548)	(2,664)	(2,521)	(3,112)	(3,547)	(3,904)	(4,705)
Profit before minority interest	12,784	18,729	20,109	21,094	23,945	24,826	27,326	28,901
Minority interest	(116)	(148)	(99)	99	(12)	(12)	(14)	(14)
Profit after tax	12,668	18,581	20,010	21,193	23,933	24,813	27,312	28,887
Balance Sheet (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash and statutory deposits	52,197	41,611	47,499	42,120	42,861	45,428	49,384	55,555
Due to financial institutions	40,446	16,497	34,563	21,088	23,466	25,699	27,917	29,933
Investments - Net	242,561	258,292	269,129	292,487	325,464	356,438	387,199	415,155
Financing - Net	497,568	545,311	601,527	654,252	728,552	797,592	866,023	927,565
PP&E and right to use assets	10,677	11,527	12,039	12,893	13,597	14,260	14,889	15,489
Goodwill and other intangibles	42,234	41,389	40,569	39,749	38,928	38,108	37,288	36,468
Other assets	28,464	30,869	31,754	41,565	44,652	47,551	50,430	53,046
Total Assets	914,147	945,496	1,037,081	1,104,155	1,217,520	1,325,076	1,433,131	1,533,211
Liabilities and Equity								
Liabilities								
Due to banks and other FI	117,565	150,995	181,142	185,120	206,216	184,894	202,679	218,843
Customer deposits	588,574	568,283	590,051	579,762	647,294	751,858	816,746	875,715
Debt issued	6,112	12,987	44,412	95,305	106,051	116,143	126,167	135,276
Other liabilities	39,126	46,453	44,847	50,692	53,613	56,356	59,080	61,556
Total liabilities	751,378	778,719	860,452	910,879	1,013,174	1,109,251	1,204,672	1,291,389
Equity								
Share capital	44,780	44,780	60,000	60,000	60,000	60,000	60,000	60,000
Reserves	105,230	105,706	100,717	111,378	122,437	133,903	146,524	159,872
Total shareholders' equity of the bank	150,010	150,486	160,717	171,378	182,437	193,903	206,524	219,872
Tier 1 Sukuk	12,188	15,488	15,188	21,188	21,188	21,188	21,188	21,188
Equity attributable to equity holders	162,198	165,973	175,905	192,565	203,625	215,091	227,711	241,059
Minority interest	572	804	724	710	722	734	748	762
Total Equity	162,770	166,778	176,629	193,275	204,347	215,825	228,459	241,822
Total liabilities and equity	914,147	945,496	1,037,081	1,104,155	1,217,520	1,325,076	1,433,131	1,533,211
Cash Flows (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	18,070	(4,239)	29,197	(42,129)	1,556	4,798	7,678	12,040
Cash from investments	(503)	(28,550)	(9,376)	(23,586)	(2,589)	(2,641)	(2,693)	(2,747)
Cash from financing	(5,698)	727	1,141	46,779	(2,129)	(3,255)	(4,668)	(6,429)
Forex	(888)	(652)	(640)	(542)	-	-	-	-
Net changes in cash	10,981	(32,715)	20,322	(19,479)	(3,161)	(1,097)	317	2,863
Cash balance	52,873	20,158	40,480	21,002	17,841	16,744	17,060	19,923

Ratios	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Operating performance								
NCM	2.9%	3.2%	3.0%	2.9%	2.7%	2.7%	2.6%	2.7%
NCI to total income	78.7%	79.6%	78.1%	76.9%	74.1%	73.7%	72.8%	73.3%
Fee income to total income	10.8%	11.3%	11.3%	12.8%	13.0%	13.1%	14.1%	13.8%
Other income to total income	10.5%	9.0%	10.6%	10.3%	12.9%	13.2%	13.1%	12.9%
Cost to income ratio	33.9%	29.6%	29.9%	30.6%	27.9%	28.0%	27.4%	27.5%
Liquidity								
Deposits to total funding	67.3%	63.2%	59.5%	55.0%	55.6%	59.3%	59.4%	59.5%
Market funds to total funding	14.1%	18.2%	22.7%	26.6%	26.8%	23.7%	23.9%	24.1%
Loans to deposits	84.5%	96.0%	101.9%	112.8%	112.6%	106.1%	106.0%	105.9%
Investments and cash to total assets	32.2%	31.7%	30.5%	30.3%	30.3%	30.3%	30.5%	30.7%
Asset quality								
Cost of risk	0.5%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
NPL	2.1%	2.1%	1.7%	1.5%	1.5%	1.5%	1.6%	1.5%
NPL coverage	135.3%	127.0%	139.6%	135.3%	128.0%	125.2%	123.6%	132.1%
Stage 1 ratio	94.7%	93.8%	94.1%	96.1%	96.0%	96.0%	95.9%	95.9%
Stage 2 ratio	3.6%	4.5%	4.6%	2.7%	2.7%	2.7%	2.7%	2.7%
Stage 3 ratio	1.7%	1.6%	1.2%	1.2%	1.2%	1.3%	1.3%	1.3%
Stage 1 coverage	0.5%	0.4%	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%
Stage 2 coverage	15.3%	13.0%	11.3%	8.0%	6.5%	6.5%	6.5%	6.5%
Stage 3 coverage	69.1%	69.3%	67.9%	84.1%	84.0%	83.0%	83.0%	91.0%
Impairment coverage	4.7	13.8	26.3	24.4	43.8	22.4	22.5	18.1
Provisions to gross loans	2.2%	2.0%	1.7%	1.6%	1.5%	1.5%	1.6%	1.7%
Capital adequacy								
Equity to total assets	16.5%	16.0%	15.6%	15.6%	15.0%	14.7%	14.5%	14.4%
Tier 1	18.4%	18.3%	19.4%	20.3%	19.0%	18.7%	18.6%	18.7%
Core Tier 1	16.6%	16.1%	17.3%	17.6%	17.3%	17.1%	17.1%	17.3%
Total capital	19.2%	19.0%	20.1%	20.8%	19.5%	19.2%	19.0%	19.1%
Return ratios								
ROA	1.4%	2.0%	1.9%	1.9%	2.0%	1.9%	1.9%	1.9%
ROE	8.4%	12.3%	12.5%	12.4%	13.1%	12.8%	13.2%	13.1%
Return on RWA	1.9%	2.7%	2.8%	2.8%	2.9%	2.7%	2.8%	2.8%
Per share ratios								
EPS	2.1	3.1	3.3	3.5	4.0	4.1	4.6	4.8
BVPS	25.0	25.1	26.8	28.6	30.4	32.3	34.4	36.6
DPS	1.2	1.3	1.8	1.9	2.1	2.2	2.4	2.6
Valuation								
M.Cap (SAR mn)	251,159	296,917	215,008	200,400	229,800	229,800	229,800	229,800
P/E	19.8	16.0	10.7	9.5	9.6	9.3	8.4	8.0
P/BV	1.7	2.0	1.3	1.2	1.3	1.2	1.1	1.0
Div. yield	2.8%	2.6%	4.9%	5.7%	5.6%	5.8%	6.4%	6.8%

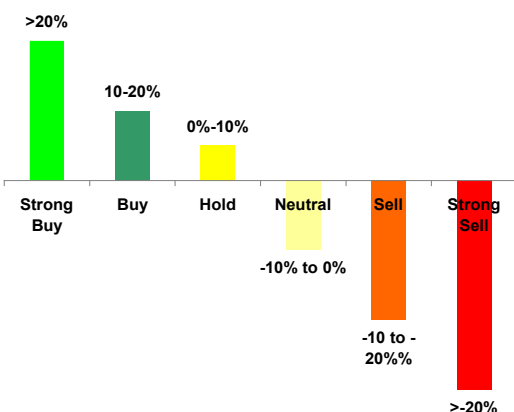
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Rating Criteria and Definitions

Rating



Rating Definitions

Strong Buy	This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
Buy	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
Hold	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
Neutral	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
Sell	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
Strong Sell	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
Not rated	This recommendation used for stocks which does not form part of Coverage Universe

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