

# The Saudi National Bank

Rating: Neutral | Target Price: SAR 46

January 29, 2026

4Q25 profitability underpinned by higher operating income and lower expenses

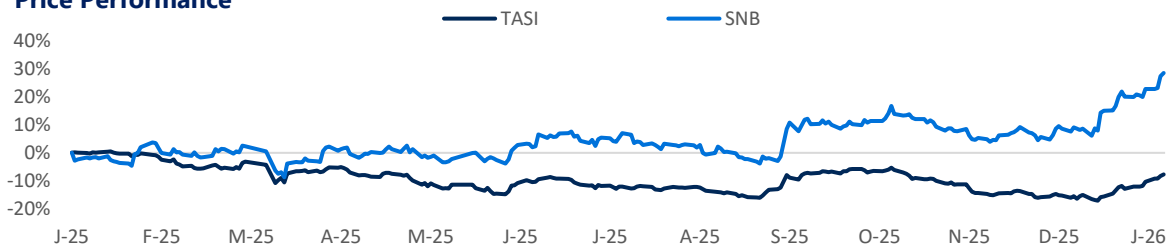
Market Data		Valuations				
		2025A	2026F	2027F	2028F	
Last Price (SAR)*	45.0	Net Income (SAR bn)	25.0	25.8	28.2	30.8
Target Price (SAR)	46.1	Adj. EPS (SAR)	4.0	4.1	4.5	5.0
Upside / Downside (%)	2.5	PER (x)	11.1	10.9	9.9	9.1
Market Cap (bn) (SAR/USD)	270.0/72.0	P/BV (x)	1.5	1.3	1.1	1.0
52 week High / Low (SAR)	45.2/31.6	DPS (SAR)	2.2	2.1	2.3	2.5
12-month ADTV (mn) (SAR/USD)	178.7/47.7	Div. Yield (%)	4.8	4.7	5.2	5.6
YTD Return (%)	18.8	RoAE (%)	12.6	11.2	10.9	10.7
Bloomberg Code	SNB AB	RoAA (%)	2.2	1.9	1.9	1.8

\*Close of 28 Jan. 26

Financials (SAR mn)	4Q25A	4Q25E*	Var (%)	4Q24A	YoY (%)	3Q25A	QoQ (%)
Net Interest Income	7,506	7,515	-0.1	6,918	8.5	7,308	2.7
Non-Interest Income	2,421	2,688	-9.9	2,068	17.1	2,838	-14.7
Total Income	9,927	10,203	-2.7	8,986	10.5	10,145	-2.2
Operating expenses	(1,889)	(2,659)	-29.0	(2,743)	-31.1	(2,492)	-24.2
Impairment provisions	(942)	(514)	83.3	(20)	4610.0	(231)	307.5
Net Income	6,385	6,218	2.7	5,557	14.9	6,469	-1.3
<b>Adj. EPS</b>	<b>1.05</b>	<b>1.00</b>		<b>0.91</b>		<b>1.04</b>	
Assets	1,210,032	1,229,345	-1.6	1,104,155	9.6	1,206,607	0.3
Investments	320,004	327,637	-2.3	292,487	9.4	318,201	0.6
Loans & Advances	729,311	741,255	-1.6	654,252	11.5	725,090	0.6
Deposits	636,094	652,599	-2.5	579,762	9.7	639,488	-0.5
Total Equity	203,827	204,030	-0.1	193,275	5.5	197,041	3.4
NIM (%) - annualized	2.8	2.8	2 bps	2.9	-6 bps	2.7	4 bps
Operating cost to income (%)	19.0	26.1	-703 bps	30.5	-1,150 bps	24.6	-553 bps
Provision/Loans (bps)	51.8	28.0	24 bps	1.2	51 bps	12.8	39 bps
Simple LDR (%)	114.7	113.6	107 bps	112.8	181 bps	113.4	127 bps
Assets to Equity (x)	5.9	6.0	-1.5	5.7	3.9	6.1	-3.1

\*anbc estimates

## Price Performance



Source: Tadawul, Bloomberg and anbc research

**The Saudi National Bank (SNB AB) reported net profit of SAR 6.4 bn (Adj. EPS: SAR 1.05) in 4Q25, up 15% YoY (down 1% QoQ). The increase in profitability during the quarter was largely driven by a 31% YoY decline in operating expenses and a 10% YoY growth in operating income. SNB also announced a dividend of SAR 1.15/share for 2H25, taking the 2025 DPS to SAR 2.15. As stock price has increased ~17% since our last update, we have revised our stance to Neutral on the stock.**

- Net interest income during 4Q25 arrived at SAR 7.5 bn, up 8.5% YoY, bringing the total net interest income for 2025 to SAR 29.2 bn, up 5.2% YoY. Net interest income growth came in line with the bank's 2025 guidance of low-to-mid single digit growth. The annual increase was driven by a 3.6% YoY growth in financing portfolio and an 11.7% YoY growth in investment portfolio. NIM for 4Q25 arrived at 2.8%, down 6 bps YoY, reflecting the impact of lower interest rates. However, on a sequential basis, NIM improved by 4 bps from 2.7% in 3Q25. For 2025, NIM was recorded at 2.8%.
- Non-interest income for 4Q25 arrived at SAR 2.4 bn, up 17.2% YoY, (down 14.7% QoQ). For 2025, non-interest income recorded a 20.8% YoY growth to SAR 10.0 bn, reflecting strong growth across investment-related income, foreign exchange income, and fee income from banking services.
- During 4Q25, operating expenses recorded a material decline of 31.1% YoY and 24.2% QoQ to SAR 1.9 bn. The decrease was due to a provision that is no longer required as per accounting standards, which led to a reduction in depreciation, rent, and general & admin expenses. Cost-to-income ratio (CIR) was recorded at 19.0% for 4Q25, bringing the 2025 CIR to 25.2%, in line with the guidance of CIR below 26%.
- SNB booked impairment provisions of SAR 942 mn during 4Q25, reflecting a substantial increase from SAR 20 mn in 4Q24. The increase was driven by a normalization of provisioning levels after strong recoveries seen in previous periods. Cost of risk for 4Q25 arrived at 52 bps, while the ratio for the full year arrived at 15 bps, in line with the guidance of 5-15 bps.
- Total assets for 2025 were recorded at SAR 1.2 tn, up 9.6% YoY, with investments arriving at SAR 320.0 bn (+9.4% YoY). Loans and advances increased 11.5% YoY to SAR 729.3 bn, while deposits grew at a slower pace of 9.7% YoY to SAR 636.1 bn. Resultantly, the bank's headline LDR rose to 114.7% up by 181 bps YoY (+127 bps QoQ). The bank's CASA ratio improved to 73.0% during 2025, up 74 bps YoY.
- With continuous cost optimization efforts and focus on asset quality, we believe the bank is well-equipped to capitalize on growth opportunities supported by its strong positioning across key sectors. The bank's loan portfolio, balanced between retail and corporate exposures, positions it well to stave off pressure on NIM as the full cycle of interest rate cuts unfolds. At a 2026e P/E of 10.9x and P/BV of 1.3x, we have revised our stance to Neutral on the stock.

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