Saudi National Bank

Sector : Banking

BUY

18 February 2026

Target price (SAR)	**49.00**
Current price (SAR)	**42.10**
Return	**16.4%**

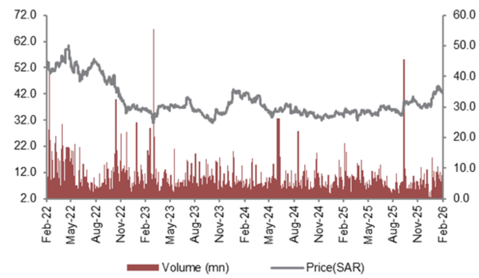
- **4Q25 operating income rose 10% YoY, slightly exceeding our estimate by 1.3%. Growth was driven by increase in NII (+8%) and a rise in non-interest income (+17%). For 2025, operating income increased 9% YoY.**
- **Net income grew 16% YoY, surpassing our forecast by 14%, as strong operating profit offset higher provisioning expenses. For 2025, net income rose 19% YoY.**
- **Loans and deposits expanded 12% YoY and 10% YoY, respectively. Management has guided for high single-digit loan growth in 2026.**
- **We revise our target price to SAR 49 per share and maintain our BUY rating, reflecting stronger-than-expected performance and positive 2026 guidance.**

Saudi National Bank delivered another quarter of double-digit operating income growth, up 10% YoY, supported by an 8% YoY increase in NII and stronger-than-expected non-interest income. NII growth was driven by 11% YoY loan expansion, despite a marginal 8bps YoY compression in NIM to 2.85%. Non-interest income growth was fuelled by a 13% YoY rise in core net fee and commission income, alongside a 30% YoY increase in other income, supported by higher FX and investment income. Operating expenses declined sharply by 31% YoY due to lower other expenses, resulting in a significant improvement in the cost-to-income ratio to 19% in 4Q25, compared to 30.5% in 4Q24. For 2025, operating income increased 9% YoY, with the CI ratio improving by 540bps YoY to 25%. Management has guided for mid-single-digit NII growth in 2026 (similar to the 5% YoY growth in 2025) and a CI ratio below 25%.

Operating profit surged 29% YoY in 4Q25 but was partially offset by higher impairment charges. Impairments rose to SAR 942mn in 4Q25, compared to SAR 20mn in 4Q24 and SAR 231mn in 3Q25. The increase was expected, given that impairment charges totalled only SAR 93mn during the first nine months of the year. Impairments have remained volatile over the past eight quarters, with 4Q24 marking an unusually low base. For 2025, impairment charges increased modestly by 1.5% YoY, with the cost of risk at 15bps, a 1bp improvement from the prior year. Management has guided for a cost of risk of 15-20bps in 2026. Despite higher provisioning, 4Q25 net income rose 16% YoY, beating our estimate by 14%, primarily due to strong operating performance. For 2025, net income increased 19% YoY.

Net loans and deposits grew 12% YoY and 10% YoY, respectively. Loan growth was driven by an 11% YoY expansion in the domestic portfolio and a 17% YoY increase in the international portfolio (off a smaller base). Domestic growth was primarily led by corporate and MSME segments. Deposit growth was evenly split between domestic (10% YoY) and international (9% YoY) segments. CASA declined to 73% in 4Q25 from 76% in 3Q25. Meanwhile, asset quality improved meaningfully, with the NPL ratio declining to 0.91% from 1.53% a year ago. Higher write offs during the year, led to fall in NPLs

Valuation: Saudi National Bank continues to demonstrate solid earnings momentum, delivering a modest beat at the operating level and a significant beat at the net income level. Management's 2026 guidance suggests sustained growth momentum. We raise our target price to SAR 49 per share and reaffirm our BUY rating. The stock trades at 10x 2026e P/E and 1.3x P/B, offering an attractive dividend yield of 5.4%.



Exchange	Saudi Arabia
Index weight (%)	6.7%

(mn)	SAR	USD
Market Cap	252,600	67,355
Total Assets	1,210,032	322,649

Major shareholders	
Public Investment Fund	37.24%
Vanguard Group Inc/T	2.26%
Blackrock Inc	1.42%
Others	59.08%

Valuation Summary (TTM)	
Price (SAR)	42.10
PER TTM (x)	10.5
P/Book (x)	1.3
Dividend Yield (%)	5.1
Free Float (%)	59%
Shares O/S (mn)	6,000
YTD Return (%)	11%
Beta	1.2

Key ratios	2023	2024	2025
EPS (SAR)	3.23	3.44	4.04
BVPS (SAR)	27.05	28.83	31.30
DPS (SAR)	0.85	1.90	2.15
Payout ratio (%)	26%	55%	53%

Price performance (%)	1M	3M	12M
Saudi National Bank	0%	11%	26%
Tadawul All Share Index	3%	0%	-10%

52 week	High	Low	CTL*
Price (SAR)	45.24	31.55	33.4

* CTL is % change in CMP to 52wk low

in SAR mn	4Q25	3Q25	QoQ (%)	4Q24	YoY (%)	2025	2024	YoY (%)
Operating Income	9,927	10,145	-2.2%	8,986	10.5%	39,195	36,033	8.8%
Operating Expenses	-1,889	-2,492	-24.2%	-2,743	-31.1%	-9,872	-11,022	-10.4%
Operating Profit	8,038	7,654	5.0%	6,244	28.7%	29,322	25,011	17.2%
Provision Expenses - Loan	-942	-231	307.4%	-20	*nm*	-1,034	-1,019	1.5%
Other non operating expenses	-61	-145	*nm*	-46	33.8%	-391	-378	3.6%
Profit before tax	7,036	7,277	-3.3%	6,178	13.9%	27,897	23,615	18.1%
Zakat & Tax	-628	-804	-21.9%	-658	-4.5%	-2,905	-2,521	15.2%
Profit after tax	6,407	6,473	-1.0%	5,520	16.1%	24,992	21,094	18.5%
Profit attributable to Shareholders	6,385	6,469	-1.3%	5,557	14.9%	25,013	21,193	18.0%
Loan Book	729,311	725,090	0.6%	654,252	11.5%	729,311	654,252	11.5%
Deposits	636,094	639,488	-0.5%	579,762	9.7%	636,094	579,762	9.7%
Total Equity (Excl tier 1 bond)	186,175	180,323	3.2%	172,088	8.2%	186,175	172,088	8.2%
Cost to Income ratio	19.0%	24.6%		30.5%		25.2%	30.6%	
NPL Ratio	0.91%	1.1%		1.5%		0.91%	1.53%	
Net Loan to deposits	114.7%	113.4%		112.8%		114.7%	112.8%	

Income Statement (SAR mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Net commission income	26,287	27,009	27,723	29,155	30,851	33,831	35,699	37,301
Net fee income	3,736	3,925	4,377	4,931	5,319	6,231	6,531	6,789
Other income	2,981	3,655	3,933	5,108	5,519	5,832	6,106	6,349
Total income	**33,005**	**34,589**	**36,033**	**39,195**	**41,689**	**45,895**	**48,335**	**50,438**
Operating expenses	-9,785	-10,357	-11,022	-9,872	-9,924	-10,766	-11,628	-12,082
Profit before impairments	**23,220**	**24,232**	**25,011**	**29,322**	**31,766**	**35,129**	**36,708**	**38,356**
Impairments	-1,685	-923	-1,019	-1,034	-2,927	-2,541	-2,007	-1,848
Other non-operating expenses	-258	-537	-378	-391	-399	-407	-415	-424
Profit before tax	**21,277**	**22,773**	**23,615**	**27,897**	**28,440**	**32,181**	**34,285**	**36,085**
Zakat	-2,548	-2,664	-2,521	-2,905	-3,271	-3,701	-3,943	-4,150
Profit before minority interest	**18,729**	**20,109**	**21,094**	**24,992**	**25,169**	**28,480**	**30,342**	**31,935**
Minority interest	-148	-99	99	22	-13	-14	-15	-16
Profit after tax	**18,581**	**20,010**	**21,193**	**25,013**	**25,157**	**28,466**	**30,327**	**31,919**

Balance Sheet (SAR mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Cash and statutory deposits	41,611	47,499	42,120	44,923	53,015	61,738	72,129	84,156
Due to financial institutions	16,497	34,563	21,088	22,971	25,073	26,608	27,850	28,862
Investments - Net	258,292	269,129	292,487	320,004	345,932	367,107	384,245	398,214
Financing - Net	545,311	601,527	654,252	729,311	793,803	840,482	878,313	908,935
PP&E and right to use assets	11,527	12,039	12,893	14,033	15,112	16,136	17,111	18,043
Goodwill and other intangibles	41,389	40,569	39,749	38,928	38,108	37,288	36,468	35,647
Other assets	30,869	31,754	41,565	39,860	42,321	44,118	45,572	46,758
Total Assets	**945,496**	**1,037,081**	**1,104,155**	**1,210,032**	**1,313,365**	**1,393,476**	**1,461,688**	**1,520,615**
Liabilities and Equity								
Liabilities								
Due to banks and other FI	150,995	181,142	185,120	190,189	210,649	202,000	212,254	220,613
Customer deposits	568,283	590,051	579,762	636,094	692,869	757,904	793,288	822,127
Debt issued	12,987	44,412	95,305	132,642	144,781	153,644	160,817	166,663
Other liabilities	46,453	44,847	50,692	47,279	49,601	51,296	52,668	53,786
Total liabilities	**778,719**	**860,452**	**910,879**	**1,006,204**	**1,097,901**	**1,164,844**	**1,219,027**	**1,263,189**
Equity								
Share capital	44,780	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Reserves	105,706	100,717	111,378	125,626	137,250	150,404	164,418	179,167
Total shareholders' equity of the bank	**150,486**	**160,717**	**171,378**	**185,626**	**197,250**	**210,404**	**224,418**	**239,167**
Tier 1 Sukuk	15,488	15,188	21,188	17,653	17,653	17,653	17,653	17,653
Equity attributable to equity holders	**165,973**	**175,905**	**192,565**	**203,279**	**214,903**	**228,057**	**242,070**	**256,820**
Minority interest	804	724	710	549	561	576	591	607
Total Equity	**166,778**	**176,629**	**193,275**	**203,827**	**215,464**	**228,632**	**242,661**	**257,426**
Total liabilities and equity	**945,496**	**1,037,081**	**1,104,155**	**1,210,032**	**1,313,365**	**1,393,476**	**1,461,688**	**1,520,615**

Cash Flows (SAR mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Cash from operations	(4,239)	29,197	(42,129)	7,882	8,823	15,466	20,344	24,583
Cash from investments	(28,550)	(9,376)	(23,586)	(21,594)	(2,677)	(2,730)	(2,785)	(2,841)
Cash from financing	727	1,141	46,779	19,225	(1,393)	(6,450)	(9,140)	(11,323)
Forex	(652)	(640)	(542)	(434)	-	-	-	-
Net changes in cash	(32,715)	20,322	(19,479)	5,080	4,754	6,286	8,419	10,419
Cash balance	**20,158**	**40,480**	**21,002**	**26,082**	**30,836**	**37,122**	**45,540**	**55,959**

Ratios	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Operating performance								
NCM	3.2%	3.0%	2.9%	2.8%	2.7%	2.8%	2.8%	2.8%
NCI to total income	79.6%	78.1%	76.9%	74.4%	74.0%	73.7%	73.9%	74.0%
Fee income to total income	11.3%	11.3%	12.1%	12.6%	12.8%	13.6%	13.5%	13.5%
Other income to total income	9.0%	10.6%	10.9%	13.0%	13.2%	12.7%	12.6%	12.6%
Cost to income ratio	29.6%	29.9%	30.6%	25.2%	23.8%	23.5%	24.1%	24.0%
Liquidity								
Deposits to total funding	63.2%	59.5%	55.0%	54.7%	54.8%	56.5%	56.3%	56.0%
Market funds to total funding	18.2%	22.7%	26.6%	27.8%	28.1%	26.5%	26.5%	26.4%
Loans to deposits	96.0%	101.9%	112.8%	114.7%	114.6%	110.9%	110.7%	110.6%
Investments and cash to total assets	31.7%	30.5%	30.3%	30.2%	30.4%	30.8%	31.2%	31.7%
Asset quality								
Cost of risk	0.21%	0.10%	0.11%	0.10%	0.25%	0.21%	0.16%	0.14%
NPL	2.14%	1.72%	1.53%	0.91%	1.35%	1.42%	1.43%	1.43%
NPL coverage	127.0%	139.6%	135.3%	147.1%	112.6%	123.7%	134.7%	144.9%
Stage 1 ratio	93.8%	94.1%	96.1%	96.6%	96.1%	96.0%	96.0%	96.0%
Stage 2 ratio	4.5%	4.6%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Stage 3 ratio	1.6%	1.2%	1.2%	0.7%	1.2%	1.3%	1.3%	1.2%
Stage 1 coverage	0.4%	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%
Stage 2 coverage	13.0%	11.3%	8.0%	5.1%	5.1%	5.1%	5.1%	7.0%
Stage 3 coverage	69.3%	67.9%	84.1%	76.2%	70.0%	83.0%	94.0%	105.0%
Impairment coverage	13.8	26.3	24.5	28.4	10.9	13.8	18.3	20.8
Provisions to gross loans	2.0%	1.7%	1.6%	1.0%	1.3%	1.5%	1.7%	1.8%
Capital adequacy								
Equity to total assets	16.0%	15.6%	15.6%	15.4%	15.1%	15.1%	15.4%	15.8%
Tier 1	18.3%	19.4%	20.3%	19.8%	19.9%	20.1%	20.6%	21.2%
Core Tier 1	16.1%	17.3%	17.6%	17.7%	17.6%	18.0%	18.6%	19.2%
Total capital	19.0%	20.1%	20.8%	21.2%	21.2%	21.3%	21.7%	22.3%
Return ratios								
ROA	2.0%	1.9%	1.9%	2.1%	1.9%	2.0%	2.1%	2.1%
ROE	12.3%	12.5%	12.4%	13.5%	12.8%	13.5%	13.5%	13.3%
Return on RWA	2.7%	2.8%	2.8%	3.0%	2.8%	3.0%	3.0%	3.1%
Per share ratios								
EPS	3.1	3.3	3.5	4.2	4.2	4.7	5.1	5.3
BVPS	25.1	26.8	28.6	30.9	32.9	35.1	37.4	39.9
DPS	1.3	1.8	1.9	2.2	2.3	2.6	2.7	2.9
Valuation								
M.Cap (SAR mn)	296,917	215,008	200,400	227,280	252,600	252,600	252,600	252,600
P/E	16.0	10.7	9.5	9.1	10.0	8.9	8.3	7.9
P/BV	2.0	1.3	1.2	1.2	1.3	1.2	1.1	1.1
Div. yield	2.6%	4.9%	5.7%	5.7%	5.4%	6.1%	6.5%	6.8%

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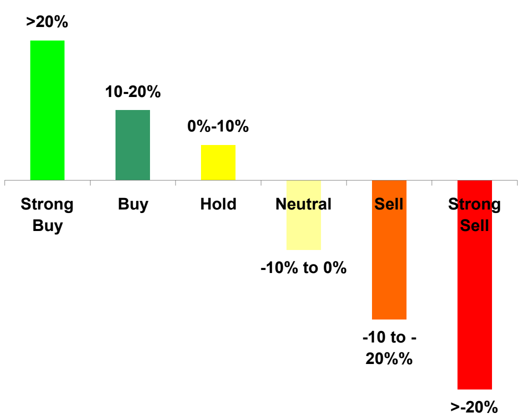
Rating Criteria and Definitions

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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