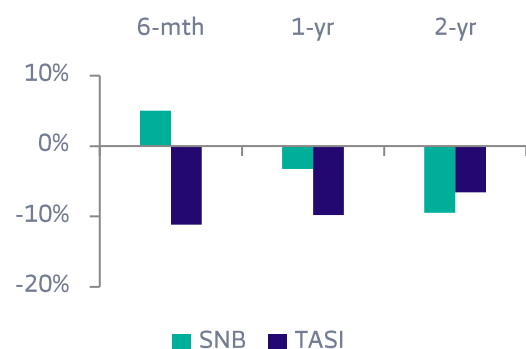


Market Data	
52-week high/low	SAR 38.45/31.55
Market Cap	SAR 219,960 mln
Shares Outstanding	6,000 mln
Free-float	62.69%
12-month ADTV	5,222,693
Bloomberg Code	SNB AB



Higher Provision Recoveries Boost Net Income Q/Q

July 22, 2025

Upside to Target Price 20.0%
 Expected Dividend Yield 5.7%
 Expected Total Return 25.8%

Rating Buy
 Last Price SAR 36.66
 12-mth target SAR 44.00

SNB	2Q2025	2Q2024	Y/Y	1Q2025	Q/Q	RC Estimate
Net Commission Income	7,087	7,052	0%	7,254	(2%)	7,347
Total Operating Income	9,507	8,916	7%	9,615	(1%)	9,852
Net Income	6,137	5,231	17%	6,022	2%	6,224
Net Financing	714,839	637,235	12%	706,430	1%	735,089
Deposits	658,675	632,693	4%	626,394	5%	651,450

(All figures are in SAR mln)

- Deposits grew by +5% Q/Q, adding SAR 32 bln this quarter to reach SAR 659 bln, primarily driven by an increase in CASA balance. Net financing expanded by +1% Q/Q (+12% Y/Y) to SAR 715. Growth was broad-based across wholesale financing and Retail mortgages. Simple LDR declined to 109% in 2Q2025. NSCI decreased by -2% Q/Q and remained stable Y/Y. NIMs for the quarter stood at 2.79%, down -26 bps Q/Q. Management attributed this decline to strategic decisions aimed at supporting long-term growth positioning. They also highlighted a strong focus on proactively expanding both sides of the balance sheet to drive sustainable growth.
- Operating expenses increased +1% Q/Q, mainly due to higher domestic staffing cost and elevated G&A expenses. Consequently, group Cost-to-income ratio increased to 26.9% from 26.2% in 1Q2025. Net impairment charge for expected credit losses for the quarter dropped significantly by 609% Q/Q, primarily driven by higher recoveries, following a recent change in the bank's write-off policy. NPLs improved to 0.81% down from 0.91% in the previous quarter, underscoring enhanced credit quality and effective risk management.
- SNB reported a 2Q bottom-line of SAR 6.1 bln (+2% Q/Q and +17% Y/Y), in-line with our estimate of SAR 6.2 bln. The growth was mainly driven by lower impairment charges and modest contributions from fee and other income.
- Despite these strong fundamentals, stock performance has been lackluster, reflecting cautious market sentiment. Nevertheless, SNB's robust balance sheet and sustainable growth outlook reinforce our confidence in its long-term prospects. We maintain our Buy rating with a target price of SAR 44.00. The bank remains well-positioned to leverage anticipated interest rate cuts, which should ease funding costs, support loan growth, and sustain margin stability.

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■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact research@riyadcapital.com

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