

■ Stock Outperforms Sector and Index

January 29, 2026

Upside to Target Price **13.3%**
 Expected Dividend Yield **5.2%**
 Expected Total Return **18.6%**

Rating **Buy**
 Last Price **SAR 45.00**
 12-mth target **SAR 51.00**

Market Data	
52-week high/low	SAR 45.00/31.55
Market Cap	SAR 270,000 mln
Shares Outstanding	6,000 mln
Free-float	62.69%
12-month ADTV	4,865,191
Bloomberg Code	SNB AB

SNB	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Net Commission Income	7,506	6,918	8%	7,307	3%	7,531
Total Operating Income	9,927	8,986	10%	10,145	(2%)	9,957
Net Income	6,385	5,557	15%	6,469	(1%)	6,255
Net Financing	729,311	654,252	11%	725,090	1%	734,488
Deposits	636,094	579,762	10%	639,488	(1%)	645,883

(All figures are in SAR mln)

6-mth 1-yr 2-yr



■ SNB ■ TASI

- Customers' deposits rose 10% Y/Y, but contracted by -1% Q/Q to reach SAR 636 bln with the CASA ratio remaining high at 73%. Net financing expanded by +1% Q/Q (+11% Y/Y) to SAR 729 in line with our estimate. Growth was broad-based across Wholesale financing and Retail mortgages. Consequently, the simple LDR rose to 115% in 4Q2025, compared to 113% in 3Q2025. NSCI increased by +3% Q/Q and +8% Y/Y, matching our estimates. NIMs for the quarter stood at 2.85%, down -7 bps Y/Y, but higher by +5bps Q/Q. Management attributed the decline to lower benchmark rates on asset yields, which more than offset a partial reduction in funding costs.
- Operating expenses declined sharply by -24% Q/Q and -31% Y/Y, reflecting the successful execution of ongoing cost-optimization initiatives. This resulted in a broad-based reduction across depreciation, rental, and G&A expenses. Operating income increased by +10% Y/Y to SAR 9.9 bln, supported by a +17% Y/Y rise in fee and other income and a +8% Y/Y increase in NSCI. Consequently, both group and domestic cost-to-income ratios improved materially to 17% and 13.5%, respectively, from 22.5% and 20.5% in 3Q25.
- Net impairment charges in 4Q totaled SAR 942 mln, largely reflecting the normalization of provisioning levels following a period of strong recoveries. Notably, the cost of risk remained contained at 15 bps for FY2025 (significantly below local and regional peers).
- SNB reported a 4Q net income of SAR 6.4 bln, up +15% Y/Y and in line with our estimate of SAR 6.3 bln; however, earnings declined on a sequential basis, as higher provisioning charges largely offset the improvement in NSCI.
- SNB's asset quality remained robust which reflects the Bank's proactive NPL management strategy, which included accelerated write-offs and enhanced collateral realization. Notably, SNB's cost of risk remained among the lowest in the sector, standing at 15 bps in FY2025, well below the sector range of 20-40 bps, underscoring the resilience of the loan book and prudent risk management. While intensifying price competition across both deposits and financing may pose near-term challenges, SNB is expected to continue delivering sound financial performance, supported by its strong market position and dominance in deposits. The Bank's capitalization remains a key strength, with CET1 and total capital ratios comfortably above regulatory requirements, even after factoring in the countercyclical capital buffer (CCyB). This capital headroom provides sufficient capacity to support balance sheet growth and absorb risk-weighted asset expansion. The stock has outperformed the index, in line with our expectations. We upgrade our target price to SAR 51.00 and maintain our Buy rating.

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Disclaimer

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

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