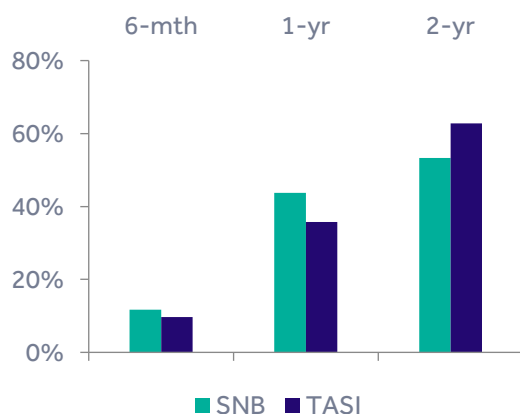


| Market Data | |
|--------------------|-----------------|
| 52-week high/low | SAR 75.30/47.25 |
| Market Cap | SAR 305,400 mln |
| Shares Outstanding | 4,478 mln |
| Free-float | 62.76% |
| 12-month ADTV | 3,142,706 |
| Bloomberg Code | SNB AB |



Merger Completed in Record Time

March 01, 2022

| | | | |
|-------------------------|--------|---------------|-----------|
| Upside to Target Price | (6.2%) | Rating | Neutral |
| Expected Dividend Yield | 2.9% | Last Price | SAR 68.20 |
| Expected Total Return | (3.3%) | 12-mth target | SAR 64.00 |

| SNB | 4Q2021* | 4Q2020* | Y/Y | 3Q2021 | Q/Q | RC Estimate |
|------------------------|---------|---------|-------|---------|-------|-------------|
| Net Commission Income | 5,596 | 5,631 | (1%) | 6,082 | (8%) | 6,313 |
| Total Operating Income | 6,900 | 7,812 | (12%) | 7,800 | (12%) | 7,955 |
| Net Income | 3,162 | 4,115 | (23%) | 3,823 | (17%) | 3,620 |
| Loans & Advances | 501,621 | 501,171 | 0% | 503,696 | (0%) | 508,733 |
| Deposits | 586,934 | 622,225 | (6%) | 589,190 | (0%) | 592,136 |

(All figures are in SAR mln)

* Pro-forma results

- As illustrated in the table above, the 4Q2020 and 4Q2021 data are pro forma results, as we believe it is more suitable for comparison. At the end of 2021, SNB completed 100% of the merger process of five main areas: Retail Banking, Corporate Banking, Treasury, Samba Capital, and Administrative Sectors & Branches.
- SNB over the year has executed its strategy of maximizing growth in retail and optimizing wholesale portfolio, which resulted in SAR 451 mln Y/Y addition to loans, to end the year at SAR 502 bln. Deposits declined by SAR 35 bln Y/Y to reach SAR 587 bln in 2021. Thus, LDR rose from 80% in 2020 to 85% in 2021.
- During 2021, SNB witnessed growth in retail financing along with lower cost of funds, though they were partially offset by lower wholesale financing portfolio and income on investments, which resulted in an increase by +1% Y/Y in NSCI to reach SAR 22.5 bln (on pro-forma basis). Yet for 4Q, NSCI decreased by -1% Y/Y and -8% Q/Q to reach SAR 5.6 bln.
- Net income of SAR 14.8 bln for 2021 came in lower by -6% Y/Y, mainly attributable to lower trading income and higher operating expenses (due to an increase in VAT rate). Hence, net income of SAR 3.2 bln for 4Q2021 was lower by -23% Y/Y and -17% Q/Q. The above financial results are on a pro-forma basis.
- We increase our target price to SAR 64.00 but maintain Neutral.

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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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