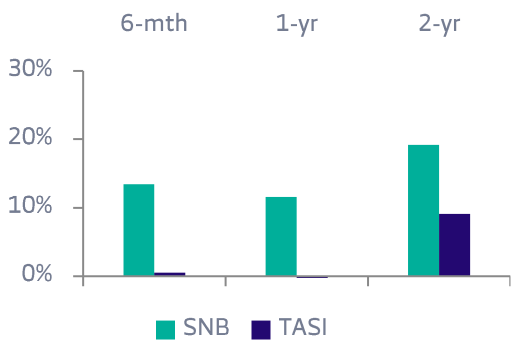
The Saudi National Bank (SNB) — 3Q2025 First Look

Robust Performance Backed by Cost Efficiency

October 20, 2025

Upside to Target Price	14.3%	Rating	Buy
Expected Dividend Yield	5.5%	Last Price	SAR 38.50
Expected Total Return	19.7%	12-mth target	SAR 44.00

Market Data	
52-week high/low	SAR 40.40/31.55
Market Cap	SAR 231,000 mln
Shares Outstanding	6,000 mln
Free-float	62.69%
12-month ADTV	4,986,415
Bloomberg Code	SNB AB



SNB	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Net Commission Income	7,307	6,841	7%	7,087	3%	7,283
Total Operating Income	10,145	9,191	10%	9,507	7%	9,739
Net Income	6,469	5,366	21%	6,137	5%	6,082
Net Financing	725,090	655,308	11%	714,839	1%	725,527
Deposits	639,488	634,195	1%	658,675	(3%)	678,436

(All figures are in SAR mln)

- Customers' deposits rose 10% YTD, with the CASA ratio improving to 76.2%. However, deposits contracted by -3% Q/Q to reach SAR 639 bln. Net financing expanded by +1% Q/Q (+11% Y/Y) to SAR 725 in line with our estimate. Growth was broad-based across wholesale financing and Retail mortgages. Consequently, the simple LDR rose to 113% in 3Q2025, compared to 109% in 2Q2025.
- NSCI increased by +3% Q/Q and +7% Y/Y, matching our estimates. NIMs for the quarter stood at 2.80%, down -9 bps Y/Y, but improved slightly by +1bps 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 by -10% Q/Q, mainly due to lower depreciation expenses, rent expenses, and G&A expenses. Operating income improved by +7% Q/Q to SAR 10.1 bln, supported by +17% Q/Q rise in fee and other income and +3% Q/Q growth in NSCI. Consequently, group and domestic Cost-to-income ratio improved significantly to 22.5% and 20.5%, respectively, versus 26.9% and 23.9% in 2Q2025, underscoring the success of ongoing cost optimization initiatives. Net impairment charge for 9M2025 totaled SAR 93 mln, down -91% Y/Y, reflecting robust recovery efforts after a recent change in the bank's write-off policy.
- SNB reported a 3Q bottom-line of SAR 6.5 bln (+5% Q/Q and +21% Y/Y), in-line with our estimate of SAR 6.1 bln. The growth was mainly driven by strong contributions from fee and other income and solid NSCI, coupled with lower OPEX. Despite earlier muted performance, the stock has started to recover, reflecting improving investor sentiment and stronger recognition of SNB's solid fundamentals. We maintain our target price and rating, as the bank remains well-positioned to benefit from anticipated rate cuts, ease funding costs, support loan growth, and sustain margin stability.

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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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