

# The Saudi National Bank

Rating: Overweight | 12M Target Price: SR 46

July 23, 2025

2Q25 profitability driven by higher non-interest income and impairment reversal – Maintain Overweight

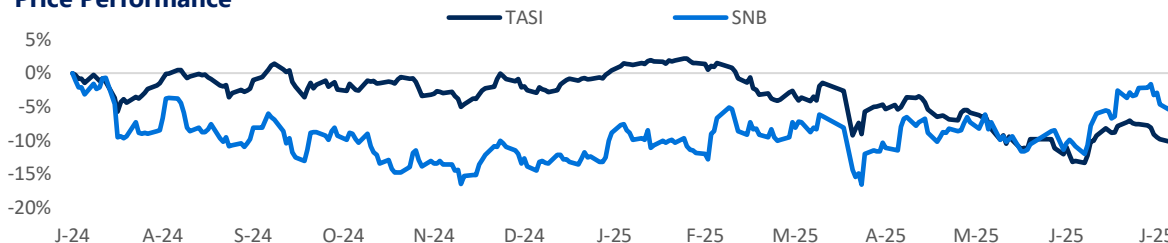
Market Data		Valuations	2024	2025E	2026E	2027E
Last Price (SAR)*	35.9	Net Income (SAR bn)	20.4	23.4	24.1	26.4
Target Price (SAR)	46	Adj. EPS (SAR)	3.4	3.8	4.0	4.4
Upside / Downside (%)	27%	PER (x)	10.5	9.3	8.9	8.2
Market Cap (bn) (SAR/USD)	215/57	P/BV (x)	1.3	1.1	1.0	0.9
52 week High / Low (SAR)	38/32	DPS (SR)	1.8	2.1	2.2	2.4
12-month ADTV (mn) (SAR/USD)	181/48	Div. Yield (%)	5.0	5.7	6.1	6.7
YTD Return (%)	10	RoAE (%)	12.3	12.9	11.7	11.4
Bloomberg Code	SNB AB	RoAA (%)	1.9	2.0	1.8	1.8

\*last price as of 22 July 2025

Financials (SAR mn)	2Q25A	2Q25E*	Var (%)	2Q24A	YoY (%)	1Q25A	QoQ (%)
Net Interest Income	7,087	7,703	-8	7,052	0	7,254	-2
Non-Interest Income	2,420	1,961	23	1,864	30	2,361	3
Total Income	9,507	9,664	-2	8,916	7	9,615	-1
Operating expenses	(2,765)	(2,615)	6	(2,748)	1	(2,727)	1
Impairment provisions	173	(233)	-	(120)	-	(34)	-
Net Income	5,940	5,762	3	5,036	18	5,699	4
<b>Adj. EPS</b>	<b>0.99</b>	<b>0.96</b>	<b>3</b>	<b>0.84</b>	<b>18</b>	<b>0.95</b>	<b>4</b>
Assets	1,200,998	1,223,621	-2	1,088,112	10	1,171,079	3
Investments	315,460	320,467	-2	286,735	10	310,274	2
Loans & Advances	714,839	722,327	-1	637,235	12	706,430	1
Deposits	658,675	713,271	-8	632,693	4	626,394	5
Total Equity	197,887	199,953	-1	179,991	10	194,119	2
NIM (%) - annualized	2.7%	2.9%	-21 bps	3.0%	-29 bps	2.9%	-18 bps
Operating cost to income (%)	29%	27%	202 bps	31%	-174 bps	28%	72 bps
Provision/Loans (bps)	(9.7)	13.0	-	7.6	-	2.0	-
Simple LDR (%)	109%	101%	726 bps	101%	781 bps	113%	-425 bps
Assets to Equity (x)	6.7	6.9	-2	6.6	1	6.8	-1

\*anbc estimates

## Price Performance



Source: Tadawul, Bloomberg and anbc research

**The Saudi National Bank (SNB AB) reported highest quarterly net profit of SAR 5.9bn (Adj. EPS: SR 0.99) in 2Q25, up 18% YoY and 4% QoQ. The growth in profitability had been driven by reversal in impairment charges and a healthy growth in non-interest income. The adjusted EPS was 3% above our estimates due to higher-than-expected non-interest income and impairment charges reversal. The BoD recommended a dividend payout of SAR1.0/share for 1H25. We reaffirm our Overweight rating on the stock.**

- Net interest income during 2Q25 remained largely flat, posting a modest 0.5% YoY increase while declining 2.3% QoQ. For 1H25, net interest income increased by 2.7% YoY. Loans and advances increased by 12.2% YoY to SAR 715 bn, while investments rose by 10% YoY to close the quarter at SAR 315 bn.
- Non-interest income increased 29.8% YoY in 2Q25, and 22.8% YoY in 1H25. On sequential basis non-interest income rose by 2.5% in 2Q25.
- Operating expenses for 2Q25 totaled SAR 2.8 bn, compared to SAR 2.7 bn in the corresponding period last year. For 1H25 operating expenses rose by 1.5% reportedly due to higher general administrative expenses and employee costs. The operating cost to income declined by 174 bps to 29.1% in 2Q25 compared to the same period last year.
- During 2Q25, the bank has recorded an impairment reversal of SAR 173 mn compared to the provision of SAR 120 mn during similar period last year. For 1H25, the bank has experienced reversal of SAR 139 mn which management attributed to strong credit quality and successful recovery efforts.
- At end of 1H25, total assets of the bank increased by 10.4% YoY to SAR 1.2 tn, primarily due to upward momentum in wholesale financing, which increased by 20% in 1H25, and 4% growth in mortgages portfolio. Deposits grew by 4% YoY to SAR 659 bn with simple LDR standing at 109% at end 1H25.
- SNB has maintained its position as the largest bank in terms of assets size. However, its growth in loans and advances has been relatively subdued when compared to other major industry peers. With continuous cost optimization efforts and focus on asset quality, we believe the bank is well-equipped to capitalize on growth opportunities supported by its strong positioning across key sectors, and valuable brand recognition. At a 2025e P/E of 9.3x and P/BV of 1.1x, we reiterate our Overweight rating.

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OVERWEIGHT	NEUTRAL	UNDERWEIGHT
Expected return is more than +15%	Expected return is between +15% & -10%	Expected return is lower than -10%

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