

# The Saudi National Bank

4Q24 Profitability growth driven by lower impairment and non-interest income – Maintain Overweight

Rating: Overweight | 12M Target Price: SR 46

February 5, 2025

Market Data		Valuations		2024A	2025F	2026F	2027F
Last Price (SR)*	34.45	Net Income (SRbn)		21.2	23.5	25.9	28.2
Target Price (SR)	46	Adj. EPS (SR)		3.4	3.8	4.2	4.6
Upside / Downside (%)	34%	PER (x)		10.0	9.1	8.2	7.5
Market Cap (bn) (SR/USD)	207/55	P/BV (x)		1.2	1.1	1.1	1.0
52 week High / Low (SR)	43.7/32.0	DPS (SR)		1.9	1.9	2.3	2.5
12-month ADTV (mn) (SR/USD)	163/43	Div. Yield (%)		5.5	5.5	6.7	7.3
YTD Return (%)	3%	RoAE (%)		12.8	13.3	13.7	14.1
Bloomberg Code	SNB:AB	RoAA (%)		2.0	2.0	2.1	2.1

\*last price as of 4 February 2025

Financials (SR mn)	4Q24A	4Q24E*	Var (%)	4Q23A	YoY (%)	3Q24A	QoQ (%)
Net Interest Income	6,904	8,274	-17	6,873	0	6,864	1
Non-Interest Income	2,084	2,083	0	1,752	19	2,330	-11
Total Income	8,988	10,357	-13	8,625	4	9,194	-2
Operating expenses	(2,788)	(2,751)	1	(2,682)	4	(2,869)	-3
Impairment provisions	(22)	(383)	-94	(431)	-95	(227)	-90
Net Income	5,557	6,043	-8	4,963	12	5,350	4
Adj. EPS	0.92	0.98	-6	0.81	14	0.86	7
Assets	1,104,155	1,125,201	-2	1,037,081	6	1,124,608	-2
Investments	292,487	299,006	-2	269,129	9	290,462	1
Loans & Advances	654,252	665,256	-2	601,527	9	655,308	0
Deposits	579,762	648,286	-11	590,051	-2	634,195	-9
Shareholders Equity	192,565	188,141	2	175,905	9	183,080	5
NIM (%) - annualized	2.9	3.4	-52 bps	3.2	-24 bps	2.9	1 bps
Provisions/Loans (bps)	0	6	-05 bps	7	-07 bps	3	-03 bps
Simple LDR (%)	113	103	1,023 bps	102	1,090 bps	103	952 bps
Assets to Equity (x)	5.7	6.0	-4	5.9	-3	6.1	-6

\*anbc estimates

## Price Performance



Source: Tadawul, Bloomberg and anbc research

**The Saudi National Bank (SNB AB) reported a net profit of SR5.6bn in 4Q24, up 12% YoY and 4% QoQ. Profitability growth had been driven by lower impairment charges and a strong pickup in non-interest income amidst relatively flat net interest income. 4Q24 net profit was 8% below our estimates due to lower-than-expected net interest income. The BoD recommended a dividend payout of SR 1.0/share for 2H24.**

- Net interest income was flat YoY, though it increased by only 1% QoQ in 4Q24. While interest earnings assets grew 9% YoY (0% QoQ), interest income had been weighed by lower margins. We estimate annualized NIM contracted by 24bps YoY. For 2024, net interest income was up only 3% YoY
- Non-interest income surprisingly jumped 19% YoY, though sequentially, it declined by 11% QoQ in 4Q24. Resultantly, total operating income growth stood at 4% YoY. For 2024, total operating income was up 4% YoY, while non-interest income grew by 10% YoY thanks to growth in fee income from banking services.
- Group cost-to-income ratio stood at 28.3%, while domestic cost-to-income ratio stood at 24.7% in 4Q24.
- Credit impairment provisioning sharply declined 95% YoY/90% QoQ to only SR22mn booked in 4Q24. However, for 2024, impairment charges were still 11% higher, with a slight increase in provisioning to loans to 16bps from 15bps in 2023. Despite this, net income still grew by 6% YoY (EPS up 7% YoY) in 2024.
- Total assets increased by 6% YoY (-2% QoQ), driven by a 9% YoY increase in the investment portfolio and a 9% YoY growth in the lending portfolio. However, deposits declined by 2% YoY (-9% QoQ), increasing non-regulatory LDR to 113% in 4Q24. Meanwhile, asset-to-equity declined by 3% to 5.7x.
- Lending growth has slightly lagged behind some of the other peer banks, and pressures on the margins have continued in 4Q24. However, we still see the bank positively geared for lower rates, albeit with limited sensitivity, while longer-than-expected elevated interest rates would allow for more repricing of its legacy portfolio. While pressures from international business should gradually subside, liquidity remains a slight challenge. We think the bank has all the right levers, including its vast scale (SNB is still the largest bank in terms of overall assets), positioning in key sectors, and brand value to grow strongly amidst a favorable backdrop. At 2025e PER of 9.1x and PBV of 1.1x valuations are at discount for the bank of its scale; we maintain our overweight stance.

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