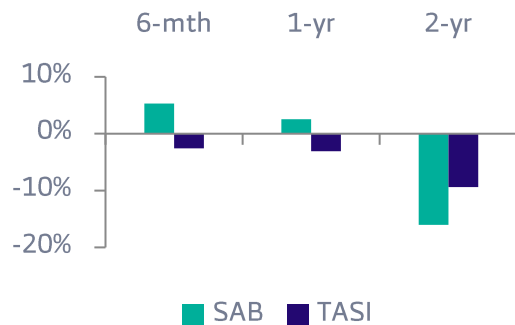


Market Data	
52-week high/low	SAR 37.92/29.90
Market Cap	SAR 69,94 mln
Shares Outstanding	2,055 mln
Free-float	48.38%
12-month ADTV	1,799,562
Bloomberg Code	SABB AB



## Margin Pressure, Resilient Earnings

May 03, 2026

Upside to Target Price 29.3%  
 Expected Dividend Yield 6.0%  
 Expected Total Return 35.3%

Rating Buy  
 Last Price SAR 34.04  
 12-mth target SAR 44.00

SAB	1Q2026	1Q2025	Y/Y	4Q2025	Q/Q	RC Estimate
Net Commission Income	2,870	2,900	(1%)	2,976	(4%)	3,017
Total Operating Income	3,612	3,620	(0%)	3,734	(3%)	3,658
Net Income	2,086	2,135	(2%)	2,047	2%	1,973
Net Financing	306,906	278,836	10%	298,627	3%	315,320
Deposits	331,411	290,440	14%	323,274	3%	327,797

(All figures are in SAR mln)

- Net financing expanded by +10% Y/Y and +3% Q/Q to reach SAR 307 bln, slightly below our estimate of SAR 315 bln, supported by continued growth across both corporate and retail segments (+3% and +2% Q/Q, respectively). Deposits showed solid momentum, rising +14% Y/Y and +3% Q/Q to SAR 331 bln, broadly in line with our estimate of SAR 328 bln. Consequently, the loan-to-deposit ratio (LDR) increased to 93% from 92% in 4Q25. NSCI declined -1% Y/Y and -4% Q/Q to SAR 2.9 bln, primarily reflecting the impact of a lower interest rate environment on the floating loan book. This was partially offset by volume growth and a reduction in funding costs. However, margin pressure persisted, with NIMs compressing to 2.53% in 1Q26, down 30 bps Y/Y and 6 bps Q/Q.
- Total operating income remained broadly stable Y/Y but declined -3% Q/Q, mainly due to weaker NSCI and non-funded income following regulatory changes on consumer fees. Operating expenses increased +3% Y/Y but declined -8% Q/Q, largely driven by lower salary-related and G&A expenses, noting that the previous quarter included a one-off end of service charge. As a result, the cost-to-income ratio improved to 30.5%, compared to 31.9% in 4Q25. Provisions for expected credit losses declined sharply to SAR 166mn (-37% Q/Q), coming in below our estimate of SAR 259 mln, leading to an improvement in cost of risk to 21 bps (vs. 35 bps in 4Q25). This was mainly driven by stronger recoveries, partially offset by higher charges on both on- and off-balance sheet exposures.
- Net income reached SAR 2.1 bln, declining -2% Y/Y but increasing +2% Q/Q, as lower impairment charges and operating expenses, alongside higher contribution from associates, more than offset the pressure from weaker operating income and higher zakat and tax expenses, came in marginally above our estimate of SAR 2.0 bln
- We maintain our Buy rating with a target price of SAR 44.0, despite a softer top-line performance this quarter. The pressure on operating income—driven by weaker NSCI and moderation in non-funded income following recent regulatory changes—suggests a more subdued revenue trajectory in the near term. Looking ahead, we expect revenue growth to remain modest, as margin pressure persists under the current rate environment and repricing cycle, while fee income is likely to stabilize at a lower run-rate post-regulation. However, the impact on earnings is expected to be partially cushioned by improving funding conditions, supported by healthy deposit inflows, alongside continued cost discipline and lower credit costs. Overall, while top-line momentum may remain under pressure in the near term, the bank's strong balance sheet, solid liquidity profile, and exposure to large-scale national projects continue to support its medium-term growth outlook.

**Reem Alkhulayfi**  
 reem.alkhulayfi@riyadcapital.com  
 +966-11-486-5680

## ■ 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](mailto:research@riyadcapital.com)

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