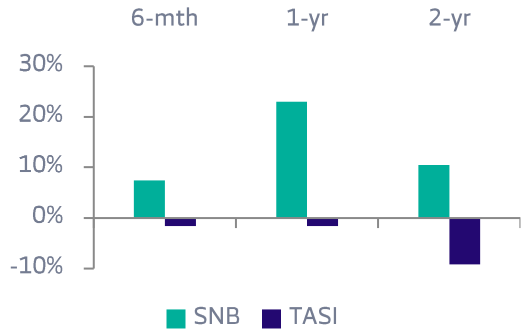
The Saudi National Bank (SNB) | 1Q2026 First Look

Earnings Beat on Reversal Support

April 21, 2026

Upside to Target Price	22.3%	Rating	Buy
Expected Dividend Yield	5.5%	Last Price	SAR 41.70
Expected Total Return	27.8%	12-mth target	SAR 51.00

Market Data	
52-week high/low	SAR 45.24/33.30
Market Cap	SAR 250,200 mln
Shares Outstanding	6,000 mln
Free-float	62.68%
12-month ADTV	4,686,164
Bloomberg Code	SNB AB



SNB	1Q2026	1Q2025	Y/Y	4Q2025	Q/Q	RC Estimate
Net Commission Income	7,496	7,251	3%	7,506	(0%)	7,577
Total Operating Income	9,650	9,612	0%	9,927	(3%)	9,962
Net Income	6,423	6,022	7%	6,385	1%	6,088
Net Financing	732,658	706,430	4%	729,311	0%	751,298
Deposits	665,462	626,394	6%	636,094	5%	648,816

(All figures are in SAR mln)

- Customers' deposits increased +6% Y/Y and +5% Q/Q to SAR 665 bln, with the CASA ratio remaining strong at 71.5%. Net financing grew +4% Y/Y (+0.5% Q/Q) to SAR 733 bln, slightly below our estimate. Management highlighted that sequential growth was primarily driven by a +1.6% increase in Retail financing, partly offset by a -0.6% decline in Wholesale financing due to reduction in financial institutions (excluding the impact of the FI reduction, 1Q 2026 Wholesale financing would have grown +1.7% in 1Q26). Consequently, the LDR declined to 110% in 1Q26, compared to 115% in 4Q25.
- NSCI grew +3% Y/Y but was marginally down -0.1% Q/Q, broadly in line with our estimate. NIMs stood at 2.85% (-20bps Y/Y), as the impact of lower benchmark rates on asset yields more than offset the benefit from lower funding costs, while remaining broadly stable on a quarterly basis.
- Operating income declined -3% Q/Q to SAR 9.7 bln, mainly driven by weaker NSCI and lower non-funded income, particularly from investment-related activities (most likely due to the market volatility). This was partially offset by growth in fee income from banking services and FX. Operating expenses increased +3% Y/Y (+48% Q/Q), reflecting higher employee-related and G&A expenses. As a result, the group and domestic cost-to-income ratio rose to 26.9% and 24.4% in 1Q26, versus 26.2% and 23.3% in 1Q25, respectively (versus our estimate of group CI of 26.6%). The bank recorded positive ECL charge of SAR 578 mln, versus our SAR (407) mln estimate (CoR -0.32% versus our 0.22% estimate) due to reversals of previously written off loans, reflecting strong recoveries, supported by high credit quality.
- SNB reported net income of SAR 6.4 bln, up +7% Y/Y and +1% Q/Q, slightly ahead of our estimates and consensus of SAR 6.1 bln and 6.2 bln respectively. The positive deviation was largely driven by net impairment reversal during the quarter, which provided a one-off boost to earning.
- SNB's asset quality remained robust (NPL ratio excluding POCI stood at 0.67%), reflecting the Bank's proactive NPL management strategy and enhanced collateral recoveries. While Underlying revenues came under pressure during the quarter, mainly driven by the repricing of floating-rate loans following lower benchmark rates, which weighed on asset yields. We view this pressure as cyclical and part of an ongoing repricing phase rather than a structural concern. Against this backdrop, SNB remains well-positioned to navigate the current repricing phase, supported by its strong market position and deposit franchise. Capitalization continues to be a key strength, with CET1 and total capital ratios comfortably above regulatory requirements. This capital headroom provides sufficient capacity to support balance sheet growth and absorb risk-weighted asset expansion. We maintain our target price and rating.

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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

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