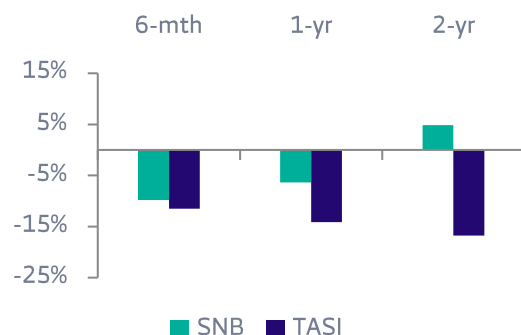


| Market Data        |                 |
|--------------------|-----------------|
| 52-week high/low   | SAR 45.24/36.00 |
| Market Cap         | SAR 219,240 mln |
| Shares Outstanding | 6,000 mln       |
| Free-float         | 62.73%          |
| 12-month ADTV      | 4,626,292       |
| Bloomberg Code     | SNB AB          |



## Mixed Results Amid Rising Funding Costs

October 22, 2026

Upside to Target Price 25.9%  
 Expected Dividend Yield 6.3 %  
 Expected Total Return 32.2%

Rating Buy  
 Last Price SAR 36.54  
 12-mth target SAR 46.00

| SNB                    | 3Q2026  | 3Q2025  | Y/Y  | 2Q2026  | Q/Q  | RC Estimate |
|------------------------|---------|---------|------|---------|------|-------------|
| Net Commission Income  | 8,048   | 7,304   | 10%  | 7,878   | 2%   | 8,133       |
| Total Operating Income | 10,366  | 10,145  | 2%   | 10,583  | (2%) | 10,638      |
| Net Income             | 6,450   | 6,469   | (0%) | 6,606   | (2%) | 6,437       |
| Net Financing          | 758,099 | 725,090 | 5%   | 739,563 | 3%   | 756,426     |
| Deposits               | 669,863 | 639,488 | 5%   | 698,170 | (4%) | 705,152     |

(All figures are in SAR mln)

- Customers' deposits declined to SAR 670 bln (+5% Y/Y, -4% Q/Q), below our estimate of SAR 705 bln, returning broadly to 1Q26 levels and suggesting that part of the strong deposit inflows recorded in 2Q26 was temporary. The CASA ratio declined further to 66.2% from 68.0% in 2Q26. Net financing increased to SAR 758 bln (+5% Y/Y, +3% Q/Q), broadly in line with our estimate of SAR 756 bln. Consequently, the LDR increased to 113% from 106% in 2Q26. NSCI increased to a record SAR 8.05 bln (+10% Y/Y, +2% Q/Q), broadly in line with our estimate of SAR 8.13 bln. However, NIM declined to 2.93% (+13bps Y/Y, -9bps Q/Q), compared to our estimate of 2.98%, reflecting pressure from higher benchmark rates.
- Total operating income decreased to SAR 10.37 bln (+2% Y/Y, -2% Q/Q), broadly in line with our estimate of SAR 10.64 bln. The sequential decline was driven by lower fee and other income (-18% Y/Y, -14% Q/Q), which came in below our estimate, primarily reflecting weaker investment-related income and exchange income, partly offset by stronger banking-services fees. Operating expenses (excluding provisions) decreased to SAR 2.72 bln (+9% Y/Y, -3% Q/Q), below our estimate of SAR 2.80 bln, reflecting ongoing cost-optimization initiatives. Accordingly, the Group cost-to-income ratio improved to 24.2% (+170bps Y/Y, -270bps Q/Q), slightly better than our estimate of 24.4%. In contrast, net impairment charges increased to SAR 323 mln (+40% Y/Y, +25% Q/Q), although remaining below our SAR 381 mln estimate. Cost of risk stood at 0.17%, compared to our estimate of 0.20%.
- Net income decreased to SAR 6.45 bln (flat Y/Y, -2% Q/Q), in line with our estimate of SAR 6.44 bln. The sequential decline was mainly driven by softer non-funded income and higher impairment charges, partially offset by record NSCI and lower operating expenses.
- We revisited our assumptions to reflect a higher-for-longer rate environment, as persistent inflation continues to shift the expected rate path upward. Against this backdrop, SNB's sizeable fixed-rate asset base limits asset-yield repricing, while its lower CASA mix keeps funding costs elevated, resulting in a more subdued NIM trajectory. Higher long-term yields also increase OCI and EVE sensitivity, slowing book-value growth and reducing capital flexibility. Accordingly, we lowered our earnings and BVPS estimates and reduced our target price from SAR 51.00 to SAR 46.00, while maintaining our Buy recommendation.

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## ■ Stock Rating

| Buy                                        | Neutral                                        | Sell                                 | Not Rated                |
|--------------------------------------------|------------------------------------------------|--------------------------------------|--------------------------|
| Expected Total Return<br>Greater than +15% | Expected Total Return<br>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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