

## Saudi National Bank

Sector : Banking

- SNB reported flat operating income of SAR 9.7bn in 1Q26, below our estimate of SAR 10.1bn, as a 9% YoY decline in non-interest income offset a moderate 3% YoY increase in net interest income (NII).
- Net income increased by 7% YoY, exceeding our forecast by 5%, primarily driven by a provision write-back in 1Q26, despite operating profit declining marginally by 0.5% YoY.
- Loans grew by a moderate 4% YoY, while deposits increased by 6% YoY. Management reiterated its guidance for high single-digit loan growth in 2026.
- We maintain our BUY rating with a target price of SAR 47/share, supported by the net income beat and reaffirmed 2026 guidance.

Saudi National Bank's operating income remained broadly flat, rising only 0.4% YoY and missing our estimates due to weaker non-interest income. NII increased by 3% YoY, while non-interest income declined by 9% YoY. NIM compression of 20bps YoY to 2.85% limited NII growth, although NIMs remained stable on a QoQ basis. Management reiterated its guidance for mid-single-digit NII growth in 2026. The decline in non-interest income was primarily driven by a 31% YoY decrease in investment income amid volatile and unfavourable market conditions. However, core net fee and commission income rose by 6% YoY, supported by higher loan-related fees, card fees, cash management income, and remittance income. Operating expenses increased by 2.7% YoY, leading to a marginal 0.5% YoY decline in operating profit. Consequently, the cost-to-income ratio increased by 66bps YoY to 29.0%. Management continues to guide for a CI ratio below 25%, excluding amortization expenses.

Despite the slight decline in operating profit, net income increased by 7% YoY due to a significant provision write-back during 1Q26 of SAR 578mn compared to SAR 31mn in the prior-year period. The reversals were mainly related to indirect facilities, including bank guarantees previously written off and subsequent recoveries. A substantial portion of the provision write-back originated from the wholesale banking segment, amounting to SAR 1.0bn. The cost of risk stood at -0.32% in 1Q26. However, management guided for a full-year cost of risk between 0.15% and 0.20%, implying higher provisioning levels over the remainder of the year. Overall, the earnings beat was primarily driven by provision reversals offsetting softer operating income growth.

Net loans and deposits increased by 4% YoY and 6% YoY, respectively. On a YTD basis, loan growth stood at 0.5%, while deposits grew by 4.6%. Wholesale banking loans declined by 0.6% YTD, whereas retail loans increased by 2% YTD. The retail segment continued to dominate the loan portfolio, accounting for 48.7% of total loans, up 0.5% YTD. Deposit growth during the year was mainly driven by a 3% increase in CASA deposits and a 15% rise in time and other deposits. CASA deposits represented 71.5% of total deposits compared to 74.5% a year earlier. Asset quality improved, with the NPL ratio declining by 35bps YoY to 0.90%, while Stage 3 coverage stood at 78.6%.

**Valuation:** SNB delivered mixed 1Q26 results, with weaker operating income offset by stronger-than-expected net income driven by provision write-backs. Net income growth came despite an 88bps increase in the effective tax rate to 11.8%. Management reaffirmed guidance across key operating metrics, indicating stable growth prospects for 2026. We maintain our BUY rating and target price of SAR 47/share. The stock currently trades at 9.2x 2026E P/E and 1.2x P/B, while offering an attractive dividend yield of 6%.

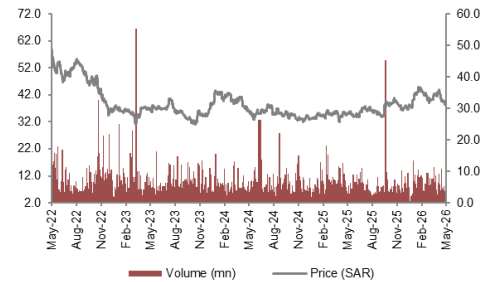
# BUY

18 May 2026

Target price (SAR) **47.00**

Current price (SAR) **38.5**

Return **22.1%**



Exchange Saudi Arabia  
Index weight (%) 6.4%

(mn)	SAR	USD
Market Cap	236,400	63,008
Total Assets	1,210,032	322,512

### Major shareholders

Public Investment Fund	37.24%
Vanguard Group Inc/T	2.30%
Blackrock Inc	1.52%
Others	58.94%

### Valuation Summary (TTM)

Price (SAR)	39.40
PER TTM (x)	9.6
P/Book (x)	1.2
Dividend Yield (%)	5.5
Free Float (%)	59%
Shares O/S (mn)	6,000
YTD Return (%)	4%
Beta	1.2

Key ratios	2023	2024	2025
EPS (SAR)	3.23	3.44	4.04
BVPS (SAR)	27.05	28.83	31.30
DPS (SAR)	0.85	1.90	2.15
Payout ratio (%)	26%	55%	53%

Price performance (%)	1M	3M	12M
Saudi National Bank/The	-8%	-8%	13%
Tadawul All Share Index	-2%	0%	-2%

52 week	High	Low	CTL*
Price (SAR)	45.24	33.30	18.3

\* CTL is % change in CMP to 52wk low



in SAR mn	1Q26	4Q25	QoQ (%)	1Q25	YoY (%)	2025	2024	YoY (%)
Operating Income	9,650	9,930	-2.8%	9,612	0.4%	39,195	36,033	8.8%
Operating Expenses	-2,801	-1,889	48.3%	-2,727	2.7%	-9,872	-11,022	-10.4%
Operating Profit	6,849	8,041	-14.8%	6,885	-0.5%	29,322	25,011	17.2%
Provision Expenses - Loan	578	-945	-161.2%	-31	<i>nm</i>	-1,034	-1,019	1.5%
Other non operating expenses	-138	-61	127.2%	-134	2.9%	-391	-378	3.6%
Profit before tax	7,289	7,036	3.6%	6,719	8.5%	27,897	23,615	18.1%
Zakat & Tax	-861	-628	37.1%	-735	17.2%	-2,905	-2,521	15.2%
Profit after tax	6,427	6,407	0.3%	5,984	7.4%	24,992	21,094	18.5%
Profit attributable to Shareholders	6,423	6,385	0.6%	6,022	6.7%	25,013	21,193	18.0%
Loan Book	732,658	729,311	0.5%	706,430	3.7%	729,311	654,252	11.5%
Deposits	665,462	636,094	4.6%	626,394	6.2%	636,094	579,762	9.7%
Total Equity (Excl tier 1 bond)	191,505	186,175	2.9%	172,932	10.7%	186,175	172,088	8.2%
Cost to Income ratio	29.0%	19.0%		28.4%		25.2%	30.6%	
NPL Ratio	0.9%	0.9%		1.2%		0.91%	1.53%	
Net Loan to deposits	110.1%	114.7%		112.8%		114.7%	112.8%	

Income Statement (SAR mn)	2023	2024	2025	2026e	2027e	2028e	2029e
Net commission income	27,009	27,723	29,155	30,851	33,831	35,886	37,715
Net fee income	3,925	4,377	4,931	5,319	6,231	6,531	6,750
Other income	3,655	3,933	5,108	5,519	5,832	6,106	6,349
<b>Total income</b>	<b>34,589</b>	<b>36,033</b>	<b>39,195</b>	<b>41,689</b>	<b>45,895</b>	<b>48,523</b>	<b>50,814</b>
Operating expenses	-10,357	-11,022	-9,872	-9,924	-10,766	-11,628	-12,028
<b>Profit before impairments</b>	<b>24,232</b>	<b>25,011</b>	<b>29,322</b>	<b>31,766</b>	<b>35,129</b>	<b>36,895</b>	<b>38,785</b>
Impairments	-923	-1,019	-1,034	-2,927	-2,541	-2,007	-1,848
Other non-operating expenses	-537	-378	-391	-399	-407	-415	-424
<b>Profit before tax</b>	<b>22,773</b>	<b>23,615</b>	<b>27,897</b>	<b>28,440</b>	<b>32,181</b>	<b>34,473</b>	<b>36,514</b>
Zakat	-2,664	-2,521	-2,905	-3,271	-3,701	-3,964	-4,199
<b>Profit before minority interest</b>	<b>20,109</b>	<b>21,094</b>	<b>24,992</b>	<b>25,169</b>	<b>28,480</b>	<b>30,508</b>	<b>32,314</b>
Minority interest	-99	99	22	-13	-14	-15	-16
<b>Profit after tax</b>	<b>20,010</b>	<b>21,193</b>	<b>25,013</b>	<b>25,157</b>	<b>28,466</b>	<b>30,493</b>	<b>32,298</b>

Balance Sheet (SAR mn)	2023	2024	2025	2026e	2027e	2028e	2029e
Cash and statutory deposits	47,499	42,120	44,923	53,015	61,738	63,548	64,362
Due to financial institutions	34,563	21,088	22,971	25,073	26,608	27,850	28,862
Investments - Net	269,129	292,487	320,004	345,932	367,107	384,245	398,214
Financing - Net	601,527	654,252	729,311	793,803	840,482	878,313	908,935
PP&E and right to use assets	12,039	12,893	14,033	15,112	16,136	17,111	18,043
Goodwill and other intangibles	40,569	39,749	38,928	38,108	37,288	36,468	35,647
Other assets	31,754	41,565	39,860	42,321	44,118	45,572	46,758
<b>Total Assets</b>	<b>1,037,081</b>	<b>1,104,155</b>	<b>1,210,032</b>	<b>1,313,365</b>	<b>1,393,476</b>	<b>1,453,107</b>	<b>1,500,822</b>
<b>Liabilities and Equity</b>							
<b>Liabilities</b>							
Due to banks and other FI	181,142	185,120	190,189	210,649	202,000	210,573	216,720
Customer deposits	590,051	579,762	636,094	692,869	757,904	787,487	808,697
Debt issued	44,412	95,305	132,642	144,781	153,644	159,641	163,940
Other liabilities	44,847	50,692	47,279	49,601	51,296	52,668	53,786
<b>Total liabilities</b>	<b>860,452</b>	<b>910,879</b>	<b>1,006,204</b>	<b>1,097,901</b>	<b>1,164,844</b>	<b>1,210,369</b>	<b>1,243,143</b>
<b>Equity</b>							
Share capital	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Reserves	100,717	111,378	125,626	137,250	150,404	164,494	179,419
<b>Total shareholders' equity of the bank</b>	<b>160,717</b>	<b>171,378</b>	<b>185,626</b>	<b>197,250</b>	<b>210,404</b>	<b>224,494</b>	<b>239,419</b>
Tier 1 Sukuk	15,188	21,188	17,653	17,653	17,653	17,653	17,653
<b>Equity attributable to equity holders</b>	<b>175,905</b>	<b>192,565</b>	<b>203,279</b>	<b>214,903</b>	<b>228,057</b>	<b>242,147</b>	<b>257,072</b>
Minority interest	724	710	549	561	576	591	607
<b>Total Equity</b>	<b>176,629</b>	<b>193,275</b>	<b>203,827</b>	<b>215,464</b>	<b>228,632</b>	<b>242,738</b>	<b>257,679</b>
<b>Total liabilities and equity</b>	<b>1,037,081</b>	<b>1,104,155</b>	<b>1,210,032</b>	<b>1,313,365</b>	<b>1,393,476</b>	<b>1,453,107</b>	<b>1,500,822</b>

Cash Flows (SAR mn)	2023	2024	2025	2026e	2027e	2028e	2029e
Cash from operations	29,197	(42,129)	7,882	8,823	15,466	13,029	15,121
Cash from investments	(9,376)	(23,586)	(21,594)	(2,677)	(2,730)	(2,785)	(2,841)
Cash from financing	1,141	46,779	19,225	(1,393)	(6,450)	(10,406)	(13,074)
Forex	(640)	(542)	(434)	-	-	-	-
Net changes in cash	20,322	(19,479)	5,080	4,754	6,286	(162)	(794)
<b>Cash balance</b>	<b>40,480</b>	<b>21,002</b>	<b>26,082</b>	<b>30,836</b>	<b>37,122</b>	<b>36,960</b>	<b>36,166</b>

Ratios	2023	2024	2025	2026e	2027e	2028e	2029e
<b>Operating performance</b>							
NCM	3.0%	2.9%	2.8%	2.7%	2.8%	2.8%	2.9%
NCI to total income	78.1%	76.9%	74.4%	74.0%	73.7%	74.0%	74.2%
Fee income to total income	11.3%	12.1%	12.6%	12.8%	13.6%	13.5%	13.3%
Other income to total income	10.6%	10.9%	13.0%	13.2%	12.7%	12.6%	12.5%
Cost to income ratio	29.9%	30.6%	25.2%	23.8%	23.5%	24.0%	23.7%
<b>Liquidity</b>							
Deposits to total funding	59.5%	55.0%	54.7%	54.8%	56.5%	56.2%	55.9%
Market funds to total funding	22.7%	26.6%	27.8%	28.1%	26.5%	26.4%	26.3%
Loans to deposits	101.9%	112.8%	114.7%	114.6%	110.9%	111.5%	112.4%
Investments and cash to total assets	30.5%	30.3%	30.2%	30.4%	30.8%	30.8%	30.8%
<b>Asset quality</b>							
Cost of risk	0.10%	0.11%	0.10%	0.25%	0.21%	0.16%	0.14%
NPL	1.72%	1.53%	0.91%	1.35%	1.42%	1.43%	1.43%
NPL coverage	139.6%	135.3%	147.1%	112.6%	123.7%	134.7%	144.9%
Stage 1 ratio	94.1%	96.1%	96.6%	96.1%	96.0%	96.0%	96.0%
Stage 2 ratio	4.6%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Stage 3 ratio	1.2%	1.2%	0.7%	1.2%	1.3%	1.3%	1.2%
Stage 1 coverage	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%
Stage 2 coverage	11.3%	8.0%	5.1%	5.1%	5.1%	5.1%	7.0%
Stage 3 coverage	67.9%	84.1%	76.2%	70.0%	83.0%	94.0%	105.0%
Impairment coverage	26.3	24.5	28.4	10.9	13.8	18.4	21.0
Provisions to gross loans	1.7%	1.6%	1.0%	1.3%	1.5%	1.7%	1.8%
<b>Capital adequacy</b>							
Equity to total assets	15.6%	15.6%	15.4%	15.1%	15.1%	15.5%	16.0%
Tier 1	19.4%	20.3%	19.8%	19.9%	20.1%	20.7%	21.5%
Core Tier 1	17.3%	17.6%	17.7%	17.6%	18.0%	18.7%	19.5%
Total capital	20.1%	20.8%	21.2%	21.2%	21.3%	21.9%	22.6%
<b>Return ratios</b>							
ROA	1.9%	1.9%	2.1%	1.9%	2.0%	2.1%	2.2%
ROE	12.5%	12.4%	13.5%	12.8%	13.5%	13.6%	13.5%
Return on RWA	2.8%	2.8%	3.0%	2.8%	3.0%	3.1%	3.1%
<b>Per share ratios</b>							
EPS	3.3	3.5	4.2	4.2	4.7	5.1	5.4
BVPS	26.8	28.6	30.9	32.9	35.1	37.4	39.9
DPS	1.8	1.9	2.2	2.3	2.6	2.7	2.9
<b>Valuation</b>							
M.Cap (SAR mn)	215,008	200,400	227,280	236,400	236,400	236,400	236,400
P/E	10.7	9.5	9.1	9.4	8.3	7.8	7.3
P/BV	1.3	1.2	1.2	1.2	1.1	1.1	1.0
Div. yield	4.9%	5.7%	5.7%	5.7%	6.5%	6.9%	7.3%

## Key contacts

### Research Team

Joice Mathew Sr. Manager - Research E-Mail: joice@usoman.com Tel: +968 2476 3311	Manna Thomas ACCA Research Associate Email: manna.t@usoman.com Tel: +968 2476 3347	Contact Address P. O Box: 2566; P C 112 Sultanate of Oman Tel: +968 2476 3300
---	---	--

### Rating Criteria and Definitions

Rating	Rating Definitions
	<b>Strong Buy</b> This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
	<b>Buy</b> This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
	<b>Hold</b> This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
	<b>Neutral</b> This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
	<b>Sell</b> This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
	<b>Strong Sell</b> This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
	<b>Not rated</b> This recommendation used for stocks which does not form part of Coverage Universe

### Disclaimer

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions. Opinion expressed is our current opinion as of the date appearing on this material only. We do not undertake to advise you as to any change of our views expressed in this document. While we endeavor to update on a reasonable basis the information discussed in this material, United Securities, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and are for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action.

Recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. United Securities LLC, and affiliates, including the analyst who has issued this report, may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the companies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to company/ies mentioned herein or inconsistent with any recommendation and related information and opinions. United Securities LLC and affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.