

## Saudi National Bank 1Q26 Earnings Summary

*SNB delivered a very similar 1Q26 to RJHI in terms of key trends that were noticeable. Starting with loan growth, just like RJHI, Y/Y growth was in line with what the management had guided for FY26, however, YTD growth was flat. NII too saw degrowth and the impact of the new regulations and higher yields is a lot more prominent in SNB's numbers.*

*The 45% jump in sequential opex was led by a one-off benefit seen in 4Q25, which was explained by the bank in the call. Y/Y low single digit growth is very encouraging, highlighting the continued impact from cost optimization. The push on the bottom line came from a net reversal amount in provisions of SAR 578mn. It is worth remembering that in FY24 end, the bank had not reversed provisions upon a large recovery and had instead booked provisions in advance, leading to a very low CoR number in FY25 (15bps). The impact of new regulations on the NII will be crucial for not just SNB but all banks, especially when the sector is looking to mitigate the impact of liquidity premium through healthy non-yield income growth.*

### Rating and Target Price:

We are Hold rated on SNB with a target price of SAR 50.

### Results vs. Consensus:

- Total income came in line with estimates.
- Net income came in line with estimates.

### Key highlights

- NSCI was up 3% Y/Y at SAR 7.5bn in 1Q26, driven by a 8% Y/Y increase in income from financing, which offset the 45% Y/Y decline in income from investments. Sequentially, NSCI was flat as income from financing was slightly down, while income from investments advanced 4%.
- Reported NIM fell 20bps Y/Y but was flat Q/Q at 2.85% in 1Q26.
- NII declined 9% Y/Y and 11% Q/Q to SAR 2.2bn in 1Q26.
- However, despite a 9% Y/Y decline in NII, total operating income was flat Y/Y, on a Q/Q basis, total income recorded a decline of 3%
- Total expenses, including provisions, declined 18% Y/Y and Q/Q to SAR 2.4bn in 1Q26. This was driven by lower rent and premises-related expenses by 11.0% Y/Y, and depreciation/amortisation of property, equipment, software, and right-of-use assets by 10.4% Y/Y, accompanied by a decrease of SAR 609mn in the net impairment charge for expected credit losses. Excluding the debt provision reversal, operating expenses jumped 2.7% Y/Y and 48.3% Q/Q.
- On provisions, the bank booked a reversal of SAR 578mn in 1Q26 compared to a charge of SAR 31mn in 1Q26 and SAR 942mn in 4Q25.
- Consequently, the cost-to-income ratio (CIR), including provisions, eased 563bps Y/Y and 466bps Q/Q to 24.5% in the quarter
- Net income was up 7% Y/Y and 1% Q/Q at SAR 6.4bn in 1Q26.
- Lending assets increased 4% Y/Y (flat Q/Q) to SAR 732.6bn, while customer deposits rose 6% Y/Y and 5% Q/Q to SAR 665.4bn. Headline LDR eased 268bps Y/Y and 456bps Q/Q to 110.1%.
- Total assets were up 5% Y/Y (+2% Q/Q) to SAR 1.22tn, mainly attributed to the growth in financing and investment (+4% Y/Y, +4% Q/Q) assets.
- Core interest-earning assets accounted for 85.9% of total assets in 1Q26, down 87bps Y/Y and 77bps Q/Q.
- Annualized simple RoE stood at 12.0% in 1Q26 (-45bps Y/Y and -56bps Q/Q), while the annualized RoA stood at 2.1%, up 3bps Y/Y but down 2bps Q/Q in the quarter.
- Balance sheet leveraging stood at 5.7x in 1Q26 vs. 6.1x in 1Q25 and 6.0x in 4Q25.

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- Reported RoTE fell 80bps Y/Y (-40bps Q/Q) to 16.7%, while reported RoTA stood at 2.3%, flat Y/Y and Q/Q in the quarter.
- Balance sheet leveraging stood at 5.7x in 1Q26 vs. 6.0x in 4Q25 and 6.1x in 1Q25.

### 1Q26 Snapshot:

| <i>SAR mln</i>                                   | 1Q26         | 4Q25         | 1Q25         | Q/Q %        | Y/Y %        |
|--|--------------|--------------|--------------|--------------|--------------|
| Net income from Financing                        | 7,138        | 7,162        | 6,599        | 0%           | 8%           |
| Net income from Investments                      | 358          | 344          | 652          | 4%           | -45%         |
| <b>Net Interest Income</b>                       | <b>7,496</b> | <b>7,506</b> | <b>7,251</b> | <b>0%</b>    | <b>3%</b>    |
| Non-Interest Income                              | 2,154        | 2,421        | 2,361        | -11%         | -9%          |
| <b>Total Income</b>                              | <b>9,650</b> | <b>9,927</b> | <b>9,612</b> | <b>-3%</b>   | <b>0%</b>    |
| Operating Expenses                               | 2,801        | 1,889        | 2,727        | 48%          | 3%           |
| <i>Total provisions</i>                          | -578         | 942          | 31           | NM           | NM           |
| Income before Zakat                              | 7,289        | 7,036        | 6,719        | 4%           | 8%           |
| <b>Net Income</b>                                | <b>6,423</b> | <b>6,385</b> | <b>6,022</b> | <b>1%</b>    | <b>7%</b>    |
| <i>EPS</i>                                       | 1.07         | 1.06         | 1.00         | 1%           | 7%           |
| Assets   | 1,228,496    | 1,210,032    | 1,171,079    | 2%           | 5%           |
| Investments                                      | 323,201      | 320,004      | 310,274      | 1%           | 4%           |
| Loans & Advances                                 | 732,658      | 729,311      | 706,430      | 0%           | 4%           |
| Deposits   | 665,462      | 636,094      | 626,394      | 5%           | 6%           |
| Shareholders' Equity                             | 214,117      | 203,279      | 193,479      | 5%           | 11%          |
| Reported RoE (%)                                 | 22.92        | 22.84        | 23.10        | 08 bps       | -18 bps      |
| Reported RoA (%)                                 | 2.58         | 2.43         | 2.36         | 15 bps       | 22 bps       |
| Simple LDR (%)                                   | 110.1        | 114.7        | 112.8        | -456 bps     | -268 bps     |
| Assets to Equity (x)                             | 5.7          | 6.0          | 6.1          | -4%          | -5%          |
| Cost of Risk (%)                                 | (0.32)       | 0.52         | 0.02         | -84 bps      | -34 bps      |
| <b><i>SAR mln unless otherwise specified</i></b> | <b>1Q26</b>  | <b>4Q25</b>  | <b>1Q25</b>  | <b>Q/Q %</b> | <b>Y/Y %</b> |
| Core Interest Earning Assets (CIEA)              | 1,055,859    | 1,049,315    | 1,016,704    | 1%           | 4%           |
| Reported NIM (%)                                 | 2.85         | 2.85         | 3.05         | 00 bps       | -20 bps      |
| Cost/Income (%)                                  | 29.0         | 19.0         | 28.4         | 1,000 bps    | 66 bps       |
| CIEA to total Assets (%)                         | 85.9         | 86.7         | 86.8         | -77 bps      | -87 bps      |

Source: Company Announcement

## Rating Framework

### Buy

Shares of the companies under coverage in this report are expected to outperform relative to the sector or the broader market.

### Hold

Shares of the companies under coverage in this report are expected to perform in line with the sector or the broader market.

### Sell

Shares of the companies under coverage in this report are expected to underperform relative to the sector or the broader market.

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#### (Closed Joint Stock Company Owned by Banque Saudi Fransi)

Authorized and regulated under Capital Market Authority license 11153-37. The company is operating under commercial registration 1010231217 with a paid-up capital of SAR 500,000,000.

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