Saudi Banking Sector

Non-oil growth supports credit expansion amid funding pressures

Sector Weighting: **MARKET WEIGHT**

Top Picks and Rating Changes

The KSA banking sector delivered solid profitability growth in 3Q25, driven by strong loan expansion and rising non-funded income, supported by resilient domestic economic activity and sustained investment momentum. Credit growth remained robust across both private and public sectors during 3Q25. However, deposit growth moderated, leading to a widening gap between advances and deposits. This imbalance prompted banks to increasingly tap debt issuance and alternative funding sources, resulting in manageable but rising funding and liquidity pressures across the system. The global macro backdrop remains broadly supportive. According to the IMF's October 2025 World Economic Outlook, global growth for 2025 was revised upward to 3.2%, reflecting resilient demand and a smaller-than-expected drag from trade tensions, with no material escalation in retaliatory measures. The growth is further projected at 3.1% in 2026, while advanced economies are expected to slow to 1.6%, weighed down by policy uncertainty and softer demand. Emerging and developing economies are projected to grow 4.2% in 2025 and 4.0% in 2026, with global inflation easing gradually, creating a supportive environment for credit demand and financial activity. Domestically, Saudi Arabia's macro fundamentals continue to underpin banking sector performance. The IMF maintains its Saudi Arabia's 2025 GDP growth forecast at 3.6%, driven primarily by non-oil sector strength, supported by Vision 2030-related investments, robust domestic demand, and expansion across tourism, construction, and services. The GDP growth is further projected to accelerate to 3.9% in 2026, alongside contained inflation and improving labour-market conditions. Against this backdrop, the KSA banking sector continues to benefit from healthy economic activity, supporting steady balance sheet expansion. Total banking assets rose 13.2% YOY to SAR 4.9 Tn in October 2025, while system-wide advances increased 13.6% YOY to SAR 3.3 Tn in October 2025, driven by sustained lending momentum across both private sector and government-related entities. Deposit growth, however, remained comparatively slower on a MOM basis. The Banking system deposits increased 7.0% YOY, but declined 1.3% MOM to SAR 2.9 Tn in October 2025. This resulted in the loan-to-deposit ratio (ADR) rising by 658 bps YOY and 187 bps MOM to 113.0% in October 2025, reflecting a tighter funding environment at the system level. Asset quality across the Banking system remains stable during 3Q25. The system-wide NPL ratio improved from 1.1% in 2Q25 to 1.0% in 3Q25, supported by stable credit conditions and continued recoveries. Capital buffers remain strong, providing a solid cushion against potential macro and credit risks. The system-wide Tier 1 capital ratio increased from 18.3% in 2Q25 to 18.5% in 3Q25, supported by retained earnings and disciplined risk-weighted asset growth. Similarly, the capital adequacy ratio (CAR) improved from 19.5% in 2Q25 to 20.0% in 3Q25, mainly driven by higher total capital across banks, reinforcing the sector's capacity to absorb stress while sustaining balance sheet growth and dividend payouts.

The KSA banking system outlook remains favourable, supported by a resilient macroeconomic backdrop, ongoing structural reforms, and sustained credit demand. Recent amendments to the White Land Tax are expected to encourage increased real estate development and housing supply, which should gradually translate into higher mortgage and construction-related lending while also improving collateral quality over the medium term. Looking ahead, SAMA's planned introduction of a 1% countercyclical capital buffer, effective May 2026, is likely to promote more conservative capital management in the near term, including higher earnings retention, which may moderate dividend payouts. However, stronger capital buffers should enhance balance sheet resilience, reduce earnings volatility, and support more sustainable dividend distributions over the medium term. In parallel, the expected policy rate cuts by the Fed and SAMA are expected to support credit demand, although margin pressure is likely to persist in 4Q25 amid repricing lags and elevated funding costs, necessitating banks to focus on repricing, funding efficiency, and income diversification.

Among the Saudi banks in our coverage, our preferred stocks are -

1) Al Rajhi: Net advances grew 16.5% YOY and 1.9% QOQ to SAR 756.0 Bn in 3Q25, driven by strong expansion across the corporate and retail financing portfolios. The Bank continues to benefit from solid momentum in non-retail financing, particularly corporate and SME lending, while retail growth is expected to be supported by mortgages. ALRAJHI maintained a strong CASA ratio of 65.6% in 3Q25, underpinning a stable and low-cost funding base. Asset quality remained robust, with a stable NPL ratio of 0.76% and a healthy provision coverage ratio of 151.2% in 3Q25, providing adequate buffers against potential credit losses. Capitalisation remained strong, with Tier 1 and total CAR ratios of 19.7% and 21.1%, respectively, in 3Q25, well above regulatory requirements.

2) SNB: SNB's net advances grew 10.6% YOY and 1.4% QOQ to SAR 725.1 Bn in 3Q25, driven by strong momentum across wholesale, MSME, and mortgage financing. The Bank expects loan growth to track toward the upper end of the 2025 guidance range. Despite a moderating interest-rate environment, SNB successfully protected margins through proactive repricing across retail and wholesale portfolios, disciplined asset mix management, and funding-cost optimisation, while maintaining a high CASA ratio of 76.2% in 3Q25, which underpins a stable, low-cost funding base. Asset quality remains healthy, with NPLs stable at 0.8% and a healthy coverage ratio of 139.8% during 3Q25, providing adequate buffers against potential credit risks. Capitalisation remains robust, with Tier 1 and total CAR ratios of 19.5% and 20.8%, respectively, during 3Q25.

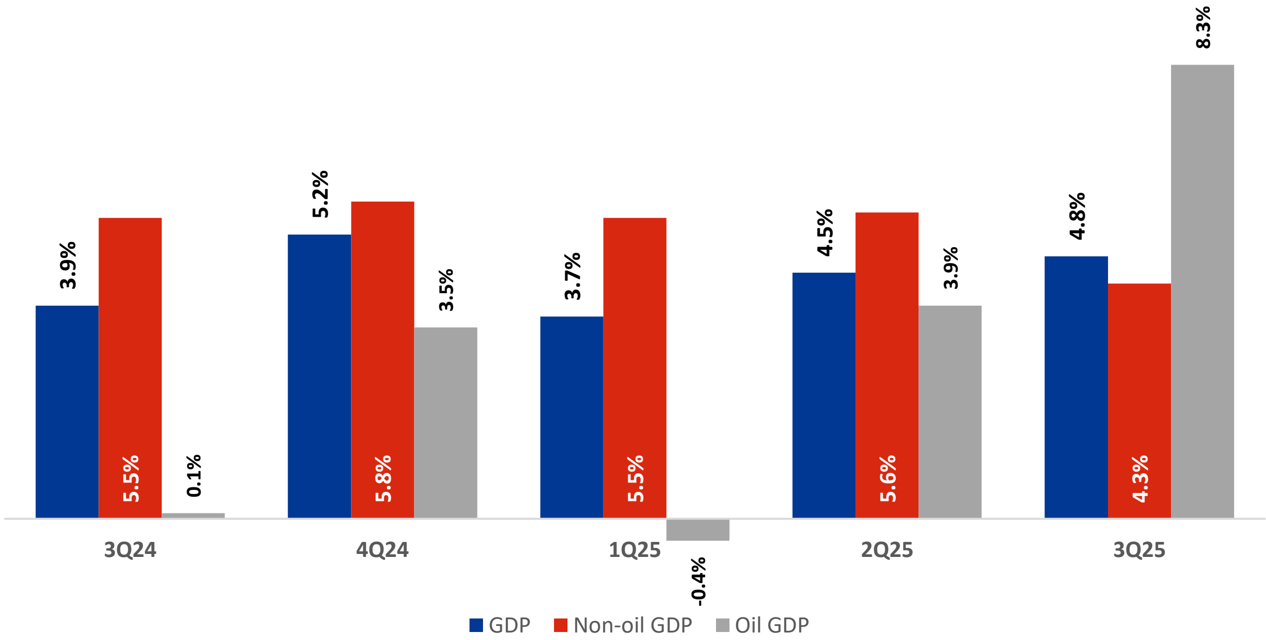
3) SAIB: SAIB delivered solid balance-sheet growth in 3Q25, with net advances rising 16.5% YOY and 2.0% QOQ to SAR 110.6 Bn, driven by strong corporate lending and continued momentum in private banking. Asset quality improved further, with NPLs declining to 0.94% in 3Q25 from 1.41% in 3Q24, while provision coverage strengthened to 168.9% in 3Q25, reflecting prudent risk management. Despite margin pressure, profitability remained resilient, supported by volume-led growth, disciplined cost control, and higher investment income. Looking ahead, SAIB's 2027 strategy and fintech initiatives via Alistithmar Capital are expected to support earnings diversification and enhance ROE over the medium term.

Key Industry Themes

KSA banking sector reported solid profitability growth in 3Q25, driven by strong expansion in loans and advances despite funding pressures stemming from a moderation in deposit growth. The resulting widening gap between credit growth and deposits prompted banks to increasingly rely on debt issuance to meet incremental funding requirements. As per the IMF's October 2025 WEO report, the global economy is expected to grow 3.2% in 2025, 0.2% higher than the July 2025 WEO report. This upgrade is primarily driven by resilient demand and a smaller-than-expected drag from trade tensions, with no significant escalation in retaliatory trade actions. Similarly, the IMF projects global growth of 3.1% in 2026, unchanged from its July 2025 forecast. Advanced economies are projected to slow down, with growth easing from 1.8% in 2024 to just 1.6% in 2025 (down 0.2 points) and 1.6% in 2026, driven by moderating demand and elevated policy and trade uncertainty, with the US facing additional headwinds from higher trade barriers and weaker labour market momentum. Growth in emerging and developing economies is projected to moderate from 4.3% in 2024 to 4.2% in 2025 and 4.0% in 2026. Global headline inflation is projected to ease to 4.2% in 2025 and 3.7% in 2026, broadly unchanged from earlier forecasts, though underlying trends vary across regions. In advanced economies, inflation is expected at 2.5% in 2025, while in emerging markets it is expected at 5.3%

According to the IMF's October 2025 World Economic Outlook, Saudi Arabia's 2025 real GDP growth forecast remained unchanged at 3.6%, compared to the July 2025 report. Growth is expected to be driven primarily by continued strength in the non-oil sector, supported by robust domestic demand, sustained investment linked to Vision 2030 initiatives, and ongoing expansion in tourism, construction, and related activities, alongside a gradual improvement in oil sector dynamics. The IMF further projects Saudi Arabia's growth to accelerate to 3.9% in 2026, also unchanged from the July forecast. Inflation is expected to remain contained, while labour market conditions continue to improve.

KSA GDP



Source: GASTAT

According to the General Authority for Statistics (GASTAT), Saudi Arabia witnessed a 4.8% YOY growth in real GDP during 3Q25. This growth reflects a resilient oil sector, which expanded 8.3% YOY, along with solid 4.3% YOY growth in non-oil activities. On a QOQ basis, seasonally adjusted real GDP rose 1.4% in 3Q25, compared to 1.9% in 2Q25, indicating continued economic stability, though with a more moderate pace of expansion. Notably, the growth is GDP driven by a healthy contribution from petroleum refining, crude petroleum & natural gas, electricity, gas & water, wholesale & retail trade, restaurants & hotel activities, and community, social & personal services. The Riyad Bank's Saudi Arabia non-oil PMI for November 2025 showed continued strength in the non-oil private sector, though it eased to 58.5 in November 2025 from 60.2 in October 2025. This robust level was supported by sustained business activity, steady growth in new orders, and resilient though slightly moderated employment gains. Firms expanded capacity to handle higher workloads, while purchasing activity remained positive, and inventory growth was more controlled to optimize stock usage. Input cost inflation softened as purchase price increases slowed, reflecting improved workflow management. Moreover, business confidence remains strong, driven by expectations of rising demand, active project pipelines, and ongoing investment. Despite a slight slowdown from October's peak, November's data indicates stable growth underpinned by solid demand and progress on key projects.

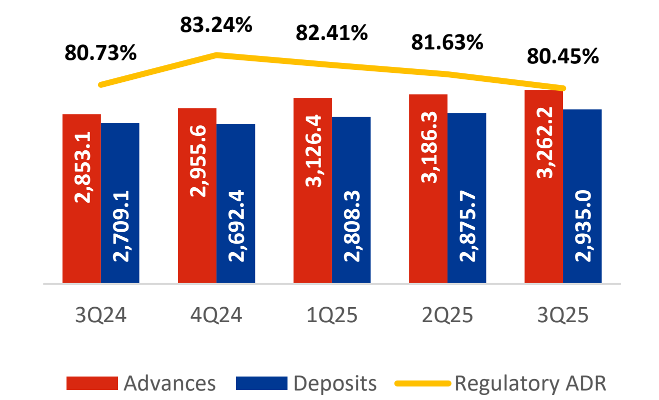
Furthermore, Saudi Arabia's banking sector is expected to benefit from strong growth in the non-oil sector. KSA's banking total assets rose 13.2% YOY to SAR 4.9 Tn in October 2025. Growth in banking-sector assets was driven by a strong increase in bank reserves and foreign assets, alongside higher lending to the private sector and to government and quasi-government entities. Additionally, the increase was driven by growth in non-monetary financial institution assets, fixed assets, and increased advances to other banks. Fixed assets rose 10.6% YOY to SAR 54.7 Bn in October 2025, while advances on private sector assets increased 12.0% YOY to SAR 3.1 Tn during the same period. Government advances rose 17.8% YOY to SAR 895.3 Bn, while advances to banks grew 20.1% YOY to SAR 49.6 Bn in October 2025.

Strong government and private-sector investments in the region contributed positively to credit growth in 3Q25. Advances in the KSA banking system grew 13.6% YOY to SAR 3.3 Tn in 3Q25. The strong growth in advances was driven by increased lending across the private and public sectors. The banking system's advances to the private sector rose 12.0% YOY to SAR 3.0 Tn during October 2025. Similarly, advances to the public sector grew 17.8% YOY to SAR 878 Bn during the same period. All banks under our coverage recorded solid growth in advances in 3Q25, with Riyad Bank, Al Rajhi Bank, and Saudi Investment Bank recording the highest growth. The recent amendments to the White Land Tax are further expected to stimulate demand for real estate development and housing projects, thereby expanding lending opportunities and fee-based income for banks. In addition, the increased conversion of idle land into productive, income-generating assets is likely to enhance the quality of collateral over the long term.

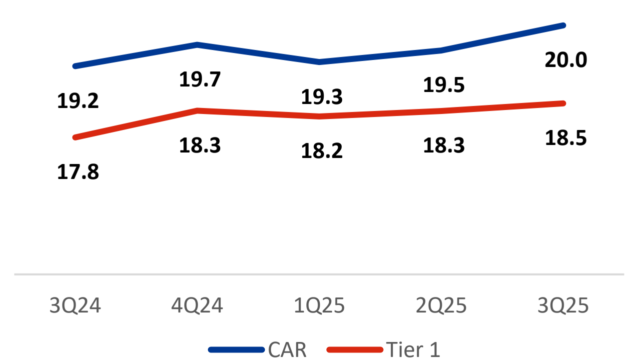
KSA's banking system-wide NPL ratio improved from 1.1% in 2Q25 to 1.0% in 3Q25, supported by stable credit conditions and continued recoveries. Additionally, the system-wide Tier 1 capital ratio increased from 18.3% in 2Q25 to 18.5% in 3Q25, supported by retained earnings and disciplined risk-weighted asset growth. Similarly, the capital adequacy ratio (CAR) increased from 19.5% in 2Q25 to 20.0% in 3Q25, supported by stronger total capital levels across banks, enhancing the sector's ability to absorb potential stress while supporting balance sheet expansion and dividends. Additionally, SAMA's decision to introduce a 1% countercyclical capital buffer, effective from May 2026, is expected to increase banks' CET1 capital requirements and is intended to strengthen the banking system's resilience during periods of strong credit growth. In the near term, we expect banks to adopt a more conservative capital approach, including higher earnings retention or selective capital measures, which could temporarily limit dividend payouts. However, over the medium to long term, the stronger capital base is expected to reduce balance sheet risk, stabilise earnings, and support more sustainable and predictable dividend distributions.

The Federal Reserve continued its policy easing in December 2025 with a 25-bps cut, bringing the federal funds rate down to 3.50%-3.75%, its third consecutive reduction of the year, amid moderating global growth, easing inflationary pressures, and signs of labour-market softening. Looking ahead, markets anticipate roughly one additional rate cut in 2026, though the extent of further easing remains closely tied to upcoming economic data. Given the Saudi riyal's peg to the US dollar, the Saudi Central Bank (SAMA) closely aligns its monetary policy with the Fed and accordingly reduced its policy rates to 4.25% following the Fed's move.

KSA Banks Deposits & Advances



KSA Banks Capitalization[1]



Source: SAMA, Bloomberg [1]Calculated based on 10 listed KSA Banks

Saudi PIF taps the Euro Market with EUR 1.65 Bn dual green bonds
Saudi Arabia's Public Investment Fund (PIF) completed its first euro-denominated green bond issuance, raising a total of EUR 1.65 Bn through a green dual-tranche structure. The three-year senior unsecured Reg S note brought in EUR 800 Mn, priced at +58 bps above mid-swaps, with a coupon of 2.75% and a yield of 2.807%. The seven-year tranche raised EUR 850 Mn, priced at a spread of 90 bps over mid-swaps, offering a 3.375% coupon and a yield of 3.422%. The final order book for the three-year bond reached EUR 3.1 Bn, excluding JLM interest, while the seven-year tranche garnered EUR 3.8 Bn in orders, also excluding JLM interest.

Saudi Investment Bank increases Asian loan size to USD 750 Mn
Saudi Investment Bank increased its debut Asian syndicated dual tranche loan to USD 750 Mn after attracting strong demand, with the deal oversubscribed 2.2x and receiving over USD 1 Bn in commitments. The facility size was initially increased from USD 500 Mn to USD 750 Mn. MUFG acted as the sole lead manager and bookrunner on the transaction. The loan was issued in three and five-year tranches.

GIB KSA priced its inaugural USD 500 Mn AT1 Bond at 6.625%
Saudi Arabia's PIF backed GIB KSA, rated A- (stable) by Fitch and A2 (stable) by Moody's, priced its inaugural USD 500 Mn Reg S only perpetual non-call 5.5-year AT1 bond at par with a 6.625% coupon. The reset margin was fixed at 282.5 basis points, with a yield of 6.625%, compared to initial guidance of around 6.875%. Order books exceeded USD 1.1 Bn. This marks the first benchmark fixed-rate resettable AT1 issuance under GIB KSA's USD 1.5 Bn Additional Tier 1 Capital Note Programme.

Cenomi centres issued mandate for SAR 4.5 Bn Sukuk under issuance programme
Arabian Centres Company (Cenomi Centres), based in KSA, issued a mandate for a senior unsecured Reg S six-year sukuk, denominated in the local currency. The Tadawul-listed firm, which develops and operates modern lifestyle centres in Saudi Arabia, announced the sukuk mandate with an annual coupon rate of 8.5%, payable quarterly. The issuance falls under Cenomi's SAR 4.5 Bn (USD 1.15 Bn) Sukuk Programme. Al Rajhi Capital will function as financial advisor, dealer, and lead manager.

Alinma Bank priced USD 500 Mn Tier 2 Sukuk at 5.792% after strong demand
Alinma Bank, rated A2 (Moody's) and A– (S&P, Fitch), appointed Alinma Capital, Citi, ASB Capital, DBS, Goldman Sachs, JP Morgan, and Standard Chartered as joint leads for a planned USD Tier 2 sukuk. The 10-year notes are callable after five years. Alinma priced USD 500 Mn Tier 2 sukuk at 5.792%, tightening 30 bps from initial guidance to 210 bps over US treasuries. The transaction saw strong demand, with order books peaking at USD 1.5 Bn before settling at USD 1.2 Bn excluding JLM interest. The sukuk will distribute profits on a semi-annual basis, with the first payment scheduled for 10 May 2026.

BSF raised SAR 2.5 Bn through AT1 sukuk offering an annual return of 6.4%
Banque Saudi Fransi (BSF) raised SAR 2.5 Bn (USD 666.6 Mn) through its latest sukuk issuance. The riyal-denominated AT1 sukuk offered a 6.4% annual return and included 2,500 certificates at SAR 1 Mn each. Issued through private placement under BSF's SAR 8 Bn AT1 Capital Sukuk Programme, these Sharia-compliant perpetual instruments have no maturity and allow early redemption per terms. Saudi Fransi Capital acted as a sole bookrunner, lead arranger and lead manager for the placement offer.

Saudi's Cenomi centers mandated banks for USD benchmark 5NC2 Sukuk

Arabian Centres Company (Cenomi Centers), a Saudi based mall developer and operator mandated banks for its second sukuk issuance during November 2025, a USD-denominated benchmark transaction structured as a five-year sukuk with a two-year non-call period, following its earlier SAR 2.05 Bn (USD 547 Mn) issuance. Furthermore, the proceeds from both the SAR-denominated and USD-denominated sukuk will be used to refinance the Company's existing USD sukuk maturing in October 2026 and repay bank debt. The wakala–murabaha structure will be issued under Cenomi Centers' USD 1 Bn trust certificate programme, with Arabian Centres Sukuk IV Limited acting as trustee. The certificates will be listed on The International Stock Exchange (TISE). Emirates NBD Capital serves as the lone Islamic structuring bank, and FCA/ICMA stabilisation rules will apply.

SNB priced SGD 425 Mn Tier 2 bond at 3.40%

Saudi National Bank (SNB), through its subsidiary SNB Funding Limited, had priced SGD 425 Mn Tier 2 benchmark bond under its EMTN program. The issuance, structured as a 10-year non-call five Reg S bond, carries a coupon of 3.40% tightened from initial guidance of around 3.70%, with a spread of Singapore Overnight Rate Average (SORA) plus 172 bps. Investor demand was strong, with books exceeding SGD 1 Bn.

SAIB secured USD 213 Mn from major land divestment

The Saudi Investment Bank (SAIB) generated more than SAR 801 Mn (USD 213 Mn) from the sale of a land asset in Saudi Arabia. The bank divested its 44.4% ownership in a 2.71 Mn-square-metre property located on Khurais Road in Riyadh through a public auction. SAIB received the full proceeds on 24 November 2025, and the transaction is expected to positively influence its financial performance in the 4Q25.

Target price and rating

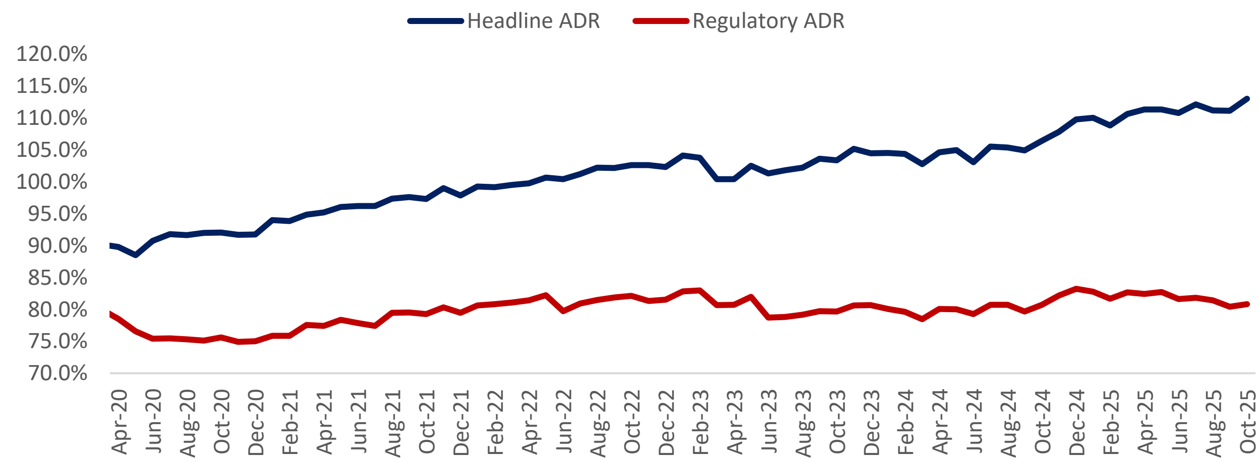
(SAR)	Target Price	Current Market Price	Gain/(-loss)	Rating
RJHI	**110.00**	97.10	+13.3%	**ACCUMULATE**
ALBI	**31.70**	25.24	+25.6%	**BUY**
RIBL	**36.00**	26.60	+35.3%	**BUY**
ALINMA	**33.00**	24.50	+34.7%	**BUY**
SNB	**47.00**	38.38	+22.5%	**BUY**
ARNB	**25.00**	21.50	+16.3%	**BUY**
BSF	**21.70**	16.96	+27.9%	**BUY**
SAIB	**17.80**	13.01	+36.8%	**BUY**

FABS Estimate

KSA Banking Liquidity

Credit growth in the KSA banking system rose 13.6% YOY and 0.4% MOM to SAR 3.3 Tn in October 2025, while deposit growth remained comparatively slower on a YOY basis. KSA banking system deposits rose 7.0% YOY but declined 1.3% MOM to SAR 2.9 Tn in October 2025. As a result, the headline loan-to-deposit ratio (ADR) grew 658 bps YOY and 187 bps MOM to 113.0% in October 2025. All the banks under our coverage witnessed healthy growth in advances during 3Q25 on a YOY basis, of which Riyad Bank recorded the highest credit growth of 20.7% YOY and 3.9% QOQ to SAR 368.6 Bn in 3Q25, followed by Al Rajhi with advances growth of 16.5% YOY and 1.9% QOQ to SAR 756.0 Bn during the same period. In terms of deposits, Arab National Bank recorded the highest deposit growth of 16.5% YOY and 4.4% QOQ to SAR 210.7 Bn, followed by Alinma Bank with an increase of 12.2% YOY and 2.0% QOQ to SAR 234.6 Bn in 3Q25. The broader (M3) money supply rose 6.9% YOY but declined 1.1% MOM to SAR 3.1 Tn in October 2025, mainly due to the contraction of demand deposits in the Saudi banking system. Real Estate Loans in the KSA banking sector grew 10.8% YOY to SAR 938 Bn in 3Q25. According to the 2024 KSA census, the overall home ownership rate among the local Saudi population stood at 65.4%. Faster growth in advances relative to deposits on a YOY basis led to an expansion in the regulated loan-to-deposit ratio (LDR), which increased by 658 bps YOY and 187 bps QOQ to 80.8% in October 2025. In response, Saudi banks have increasingly relied on alternative funding sources, including sukuk and bond issuances, to support rising credit demand while remaining compliant with SAMA regulations and Basel III requirements, thereby easing pressure on system liquidity. Looking ahead, we expect corporate credit growth to remain robust, underpinned by strong momentum in the non-oil sector, driven by government initiatives to diversify the economy, and recent amendments to the White Land Tax, which are likely to stimulate real estate development and related financing activity.

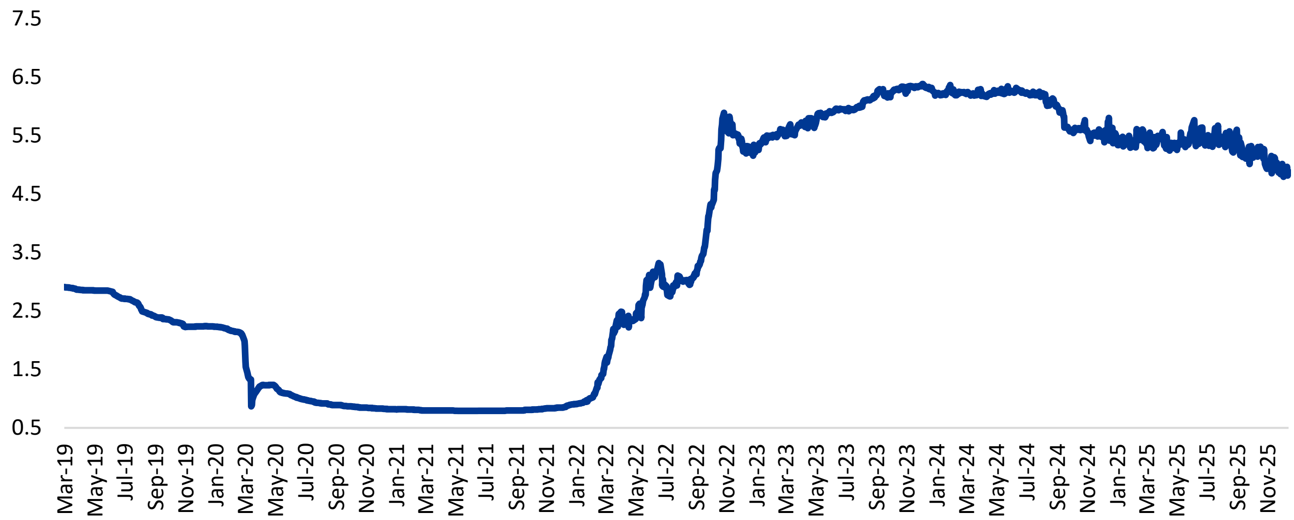
KSA banking system Headline and Regulatory Loan to Deposit Ratio



Source: FABS from SAMA data

The 3-Month SAIBOR rate declined 23 bps to 4.88% on 17 December 2025 from 5.12% on 30 September 2025. The rate averaged 4.89% in December 2025, compared to 4.99% in November 2025. SAMA lowered its repo rate and reverse repo rate to 4.25% and 3.75%, respectively, in December 2025. The spread between SAIBOR and the repo rate widened from 44 bps in November 2025 to 63 bps as of 17 December 2025, indicating tighter liquidity conditions across the overall banking system. KSA Banking system-regulated LDR declined from 83.24% in December 2024 to 80.81% in October 2025, suggesting relatively improved balance-sheet liquidity. Despite the wider spread, the decline in SAIBOR has lowered funding costs, making financing less expensive for both borrowers and banks.

3-Month SAIBOR (%) March 2019 – December 2025



Source: Bloomberg

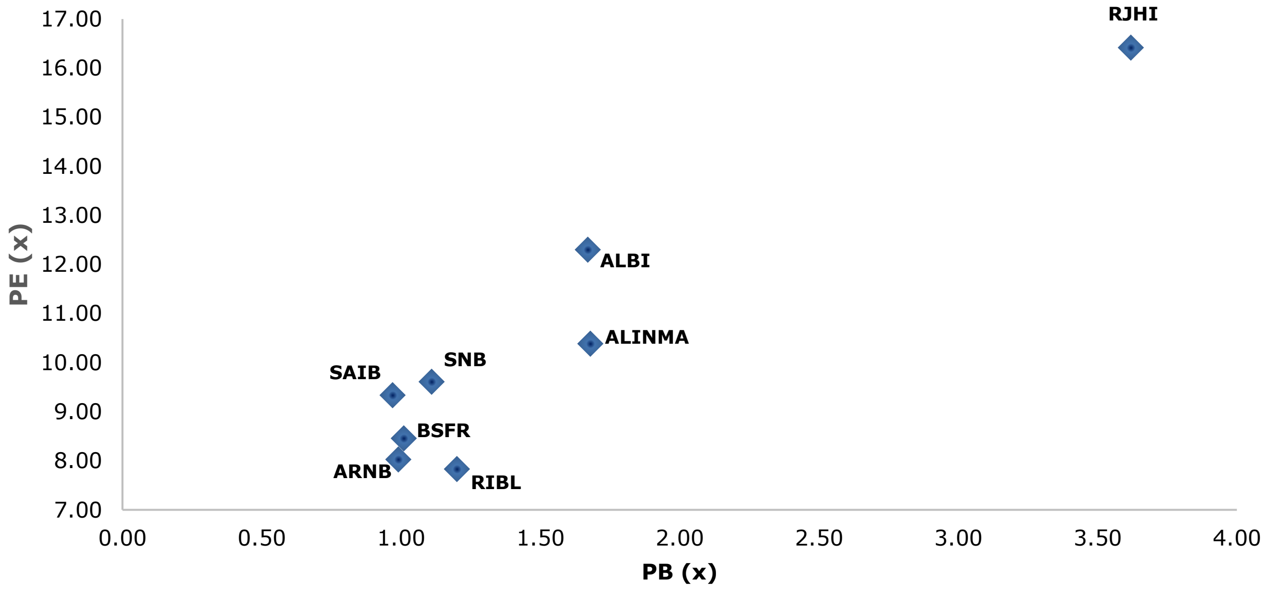
Contents:

Relative valuation and rating

RIBL and SAIB's valuation is most attractive based on PE and PB basis respectively

All KSA banks under coverage are trading at an average book value of 1.53x. Among them, RJHI and ALBI are the most expensive trading at PB ratio of 3.62x and 1.67x, respectively based on 2025 estimated financials. RJHI and ALBI are the most expensive based on PE multiples trading at 16.42x and 12.30x, respectively based on FY2025 financials.

FY25 - P/E (x) vs. FY25 - P/B (x)



Source: FABS estimate

Market Weight

Based on 7x BUYs and 1x ACCUMULATE on the KSA banks under our coverage, we maintain our MARKET WEIGHT RATING. Yet, on a comparative basis, we remain inclined towards SNB, RJHI and SAIB.

Target price and rating

(SAR)	Target Price	Current Market Price	Gain/(-loss)	Rating
RJHI	**110.00**	97.10	+13.3%	**ACCUMULATE**
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ARNB	**25.00**	21.50	+16.3%	**BUY**
BSF	**21.70**	16.96	+27.9%	**BUY**
SAIB	**17.80**	13.01	+36.8%	**BUY**

FABS Estimate

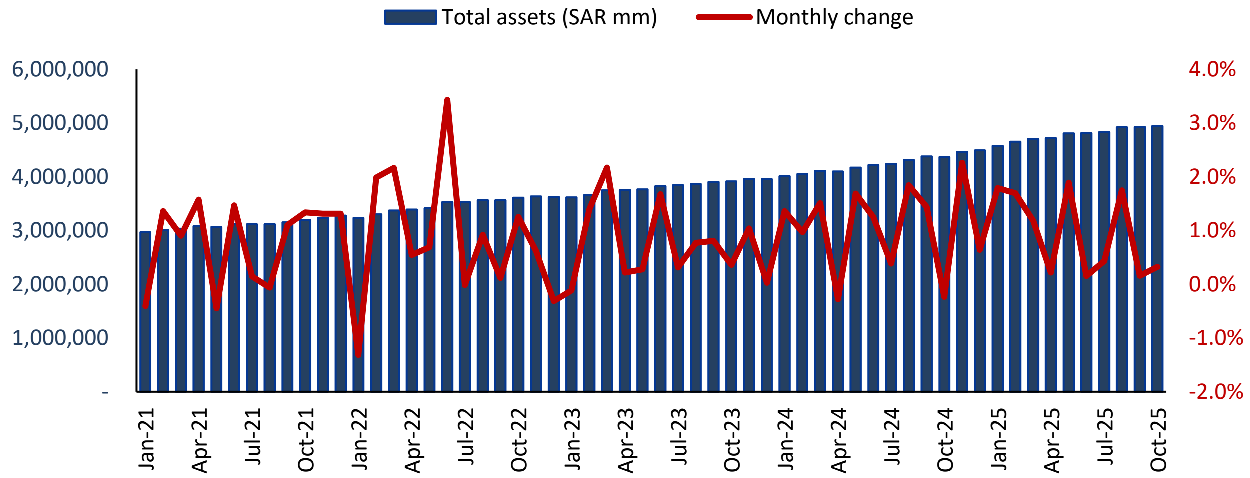
Banking indicators

1. Assets

Total banking assets rose 13.2% YOY in October 2025

KSA's total banking assets increased 13.2% YOY and 0.3% MOM to SAR 4,943.4 Bn in October 2025.

KSA banking system assets (SAR Mn) and Monthly change, Jan 2021 – Oct 2025



Source: FABS from SAMA data

Total assets across Saudi banks rose in 3Q25, showing broad-based growth

All banks under our coverage witnessed solid total-asset expansion on a YOY basis in 3Q25. Al Rajhi delivered the strongest increase at 17.4% YOY to SAR 1,059.2 Bn, followed closely by Riyad Bank with 17.0% YOY, and Arab National Bank with 15.8% YOY in 3Q25. Saudi National Bank registered the weakest annual rise of 7.3% YOY to SAR 1,206.6 Bn in 3Q25. On a QOQ basis, Saudi Investment Bank recorded the highest growth at 4.6% QOQ, followed by Banque Saudi Fransi at 4.5% QOQ, while Saudi National Bank posted the lowest quarterly increase of 0.5% QOQ in 3Q25. Moreover, the overall KSA banking system expanded 12.6% YOY and 2.4% QOQ to SAR 4,927.3 Bn in 3Q25, with every bank under our coverage achieving positive annual and quarterly growth in total assets.

Total assets (SAR Mn)	3Q24	4Q24	1Q25	2Q25	3Q25	YOY%	QOQ%
Al Rajhi	902,571	974,387	1,023,080	1,038,988	1,059,240	17.4%	1.9%
Bank Al Bilad	153,722	154,965	159,103	161,902	167,929	9.2%	3.7%
Riyad Bank	433,817	450,830	465,345	490,816	507,566	17.0%	3.4%
Alinma Bank	266,983	276,827	287,222	297,216	307,214	15.1%	3.4%
Saudi National Bank	1,124,608	1,104,155	1,171,079	1,200,998	1,206,607	7.3%	0.5%
Arab National Bank	242,290	248,912	264,651	268,983	280,486	15.8%	4.3%
Banque Saudi Fransi	288,484	293,307	302,988	301,490	314,946	9.2%	4.5%
Saudi Investment Bank	151,653	157,069	163,799	167,292	174,912	15.3%	4.6%
KSA banking system	4,377,284	4,494,151	4,707,258	4,814,086	4,927,309	12.6%	2.4%

FABS from co data and SAMA

Al Rajhi recorded the highest YOY growth in assets market share in 3Q25

Al Rajhi Bank recorded a strong performance in asset market share, rising 88 bps YOY to 21.5% in 3Q25, followed by Riyad Bank with a 39 bps YOY increase and Arab National Bank with a 16 bps YOY gain. Alinma Bank also reported a modest growth, with a market share of 6.2% in 3Q25, while Saudi Investment Bank recorded a 9 bps YOY rise to 3.5% over the same period. The remaining banks under our coverage saw declines in market share. Saudi National Bank registered the largest drop of 120 bps YOY to 24.5% in 3Q25, whereas Banque Saudi Fransi and Bank Al Bilad recorded decreases of 20 bps YOY and 10 bps YOY, respectively. Despite the decline, Saudi National Bank continues to hold the highest asset market share at 24.5%, followed by Al Rajhi and Riyad Bank in 3Q25.

Asset market share

	3Q24	4Q24	1Q25	2Q25	3Q25	YOY (bps)	QOQ (bps)
Al Rajhi	20.6%	21.7%	21.7%	21.6%	21.5%	88	-8
Bank Al Bilad	3.5%	3.4%	3.4%	3.4%	3.4%	-10	5
Riyad Bank	9.9%	10.0%	9.9%	10.2%	10.3%	39	11
Alinma Bank	6.1%	6.2%	6.1%	6.2%	6.2%	14	6
Saudi National Bank	25.7%	24.6%	24.9%	24.9%	24.5%	-120	-46
Arab National Bank	5.5%	5.5%	5.6%	5.6%	5.7%	16	11
Banque Saudi Fransi	6.6%	6.5%	6.4%	6.3%	6.4%	-20	13
Saudi Investment Bank	3.5%	3.5%	3.5%	3.5%	3.5%	9	7

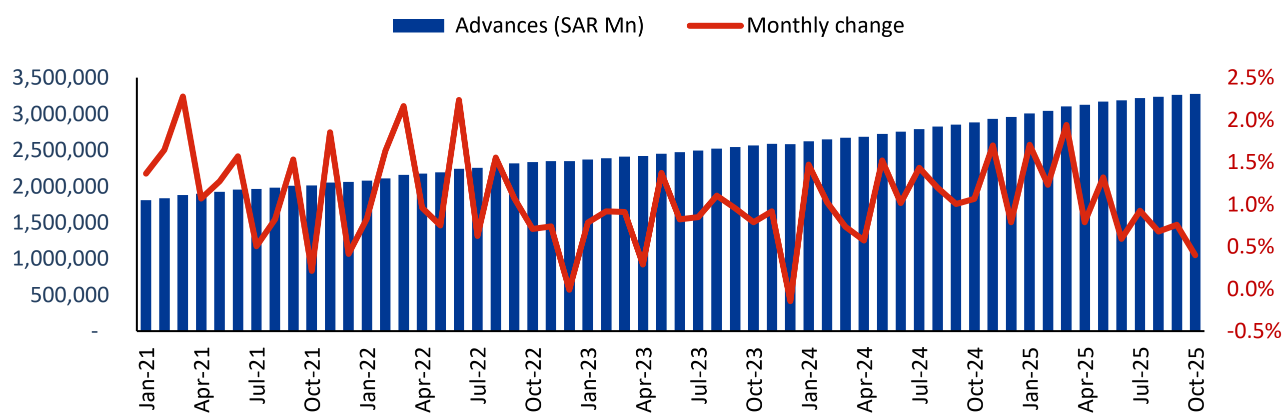
FABS from co-data

2. Advances

KSA banking system Advances grew 13.6% YOY in September 2025

KSA banking system net Advances increased 13.6% YOY and 0.4% MOM to SAR 3,275.1 Bn in October 2025.

KSA banking system net advances (SAR Mn) and Monthly change, Jan 2021 – Oct 2025



Source: FABS from SAMA data

All Banks under our coverage recorded a solid growth in advances during 3Q25

All the banks under our coverage reported a growth in net advances on both a YOY and QOQ basis in 3Q25. Riyad Bank recorded the highest growth of 20.7% YOY to SAR 368.6 Bn in 3Q25, followed by Al Rajhi with 16.5% YOY growth to SAR 756.0 Bn. Saudi Investment Bank also reported 16.5% YOY increase in advances to SAR 110.6 Bn in 3Q25. Moreover, Banque Saudi Fransi recorded the lowest advances growth of 7.3% YOY to SAR 215.6 Bn in 3Q25.

Net advances

(SAR Mn)	3Q24	4Q24	1Q25	2Q25	3Q25	YOY%	QOQ%
Al Rajhi	649,024	693,410	722,785	741,715	755,985	16.5%	1.9%
Bank Al Bilad	106,695	109,304	112,427	115,689	119,135	11.7%	3.0%
Riyad Bank	305,408	320,089	338,991	354,550	368,554	20.7%	3.9%
Alinma Bank	195,895	202,308	209,435	218,596	225,684	15.2%	3.2%
Saudi National Bank	655,308	654,252	706,430	714,839	725,090	10.6%	1.4%
Arab National Bank	166,330	169,495	179,057	186,476	191,356	15.0%	2.6%
Banque Saudi Fransi	201,008	204,168	208,978	209,881	215,592	7.3%	2.7%
Saudi Investment Bank	94,936	99,466	104,135	108,423	110,581	16.5%	2.0%
KSA banking system	2,853,139	2,955,550	3,101,961	3,186,271	3,262,152	14.3%	2.4%

FABS from co-data

Al Rajhi recorded the highest advances in market share in 3Q25

Al Rajhi maintained the largest advances market share at 23.2% in 3Q25, followed by Saudi National Bank at 22.2%, and Riyad Bank at 11.3%. Among all banks under our coverage, only five banks recorded positive growth in advances market share on a YOY basis in 3Q25. Riyad Bank reported the strongest improvement with a rise of 59 bps on a YOY basis, followed by Al Rajhi with 43 bps YOY growth and Saudi Investment Bank with a 6 bps YOY rise. Alinma Bank also saw a modest 5 bps YOY growth in 3Q25, while Arab National Bank witnessed a 4 bps YOY increase. However, Saudi National Bank witnessed the largest decline in advances market share of 74 bps YOY and 21 bps QOQ during 3Q25, followed by Banque Saudi Fransi with a fall of 44 bps YOY.

Advances market share

	3Q24	4Q24	1Q25	2Q25	3Q25	YOY (bps)	QOQ (bps)
Al Rajhi	22.7%	23.5%	23.3%	23.3%	23.2%	43	-10
Bank Al Bilad	3.7%	3.7%	3.6%	3.6%	3.7%	-9	2
Riyad Bank	10.7%	10.8%	10.9%	11.1%	11.3%	59	17
Alinma Bank	6.9%	6.8%	6.8%	6.9%	6.9%	5	6
Saudi National Bank	23.0%	22.1%	22.8%	22.4%	22.2%	-74	-21
Arab National Bank	5.8%	5.7%	5.8%	5.9%	5.9%	4	1
Banque Saudi Fransi	7.0%	6.9%	6.7%	6.6%	6.6%	-44	2
Saudi Investment Bank	3.3%	3.4%	3.4%	3.4%	3.4%	6	-1

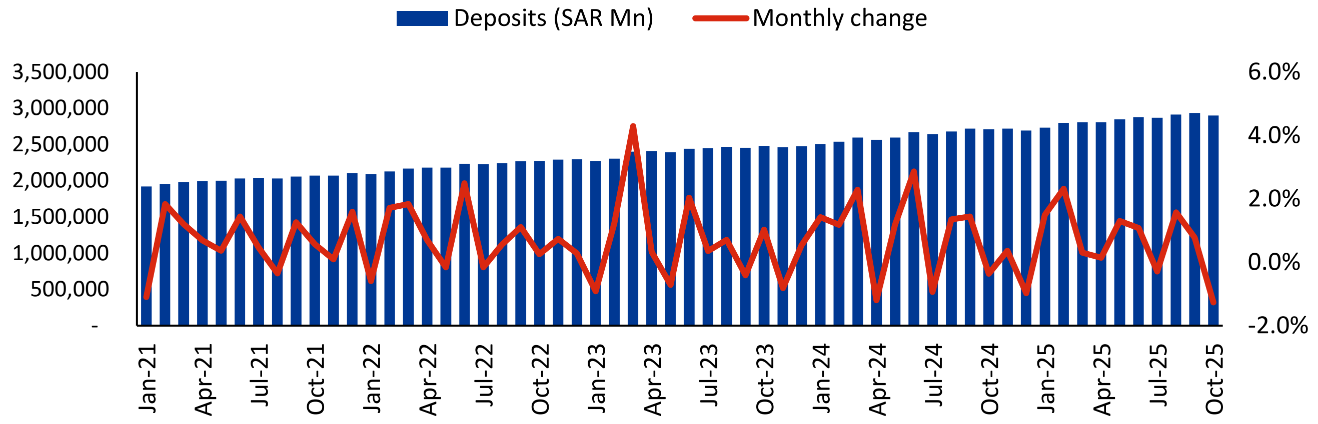
FABS from co-data

3. Customer Deposits

KSA banking system customer deposits grew 7.0% YOY in October 2025

KSA banking system deposits reported a growth of 7.0% YOY, however recorded a decline of 1.3% MOM to SAR 2,897.8 Bn in October 2025.

KSA banking system customer deposits (SAR Mn) and Monthly change, 2019 – Oct 2025



Source: FABS from SAMA data

Except BSF, all Banks recorded growth in deposits on YOY basis in 3Q25

Except Banque Saudi Fransi, all the banks under our coverage experienced growth in deposits on a YOY basis in 3Q25. Arab National Bank recorded the highest increase of 16.5% YOY to SAR 210.7 Bn in 3Q25, followed by Alinma Bank with a 12.2% YOY rise to SAR 234.6 Bn, and Riyad Bank with 10.8% YOY growth to SAR 325.4 Bn. Conversely, Banque Saudi Fransi reported a 3.9% YOY decline in deposits to SAR 185.9 Bn during 3Q25. On a quarterly basis, Saudi National Bank posted the drop of 2.9% QOQ in 3Q25, while Banque Saudi Fransi and Alinma Bank saw modest increases of 1.7% and 2.0% QOQ, respectively. Meanwhile, Saudi Investment Bank recorded the strongest QOQ growth of 4.9% in deposits during 3Q25.

Deposits (SAR Mn)	3Q24	4Q24	1Q25	2Q25	3Q25	YOY%	QOQ%
Al Rajhi	622,572	628,239	629,229	641,987	670,180	7.6%	4.4%
Bank Al Bilad	122,342	121,776	124,018	123,929	129,023	5.5%	4.1%
Riyad Bank	293,575	306,423	304,092	316,811	325,413	10.8%	2.7%
Alinma Bank	209,140	210,545	218,839	229,944	234,623	12.2%	2.0%
Saudi National Bank	634,195	579,762	626,394	658,675	639,488	0.8%	-2.9%
Arab National Bank	180,852	182,224	195,619	201,739	210,697	16.5%	4.4%
Banque Saudi Fransi	193,342	185,118	190,728	182,690	185,868	-3.9%	1.7%
Saudi Investment Bank	98,094	94,013	101,666	100,236	105,152	7.2%	4.9%
KSA banking system	2,718,880	2,692,384	2,804,337	2,875,706	2,935,011	7.9%	2.1%

FABS from co-data and SAMA

Al Rajhi regained the highest deposit market share in 3Q25

Al Rajhi holds the largest deposit market share at 22.8% in 3Q25, followed by Saudi National Bank at 21.8%, and Riyad Bank at 11.1%. Bank Al Bilad, Banque Saudi Fransi, Saudi National Bank, and Al Rajhi all recorded declines in deposit market share on a YOY basis in 3Q25. Saudi National Bank reported the largest drop of 154 bps YOY, followed by Banque Saudi Fransi with a 78 bps YOY fall and Bank Al Bilad with a 10 bps YOY contraction. Meanwhile, Arab National Bank delivered the strongest improvement, rising 53 bps YOY to 7.2%, followed by Alinma Bank with a 30 bps YOY increase and Riyad Bank with a 29 bps YOY rise in 3Q25.

Deposits market share

	3Q24	4Q24	1Q25	2Q25	3Q25	YOY (bps)	QOQ (bps)
Al Rajhi	22.9%	23.3%	22.4%	22.3%	22.8%	-6	51
Bank Al Bilad	4.5%	4.5%	4.4%	4.3%	4.4%	-10	9
Riyad Bank	10.8%	11.4%	10.8%	11.0%	11.1%	29	7
Alinma Bank	7.7%	7.8%	7.8%	8.0%	8.0%	30	0
Saudi National Bank	23.3%	21.5%	22.3%	22.9%	21.8%	-154	-112
Arab National Bank	6.7%	6.8%	7.0%	7.0%	7.2%	53	16
Banque Saudi Fransi	7.1%	6.9%	6.8%	6.4%	6.3%	-78	-2
Saudi Investment Bank	3.6%	3.5%	3.6%	3.5%	3.6%	-3	10

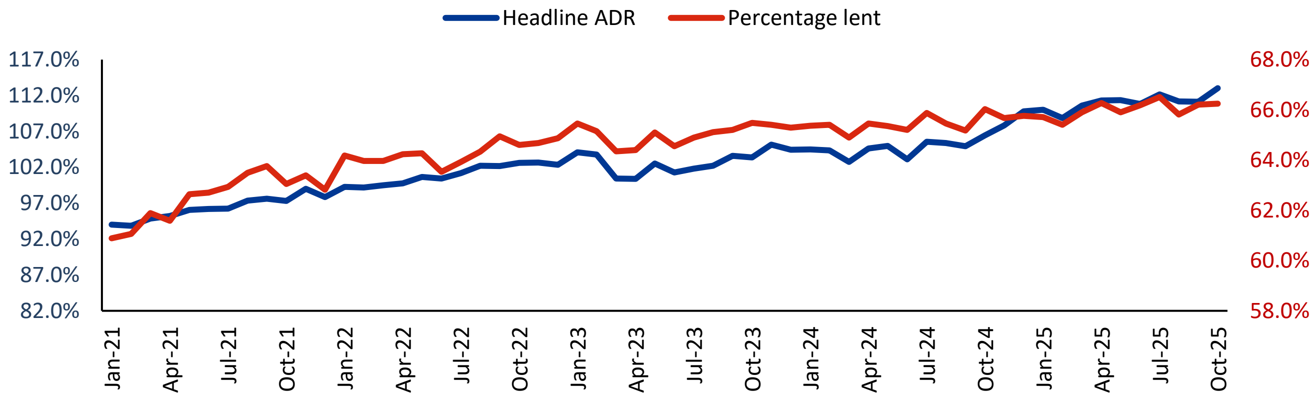
FABS from co-data

4. Liquidity

KSA banking system's liquidity contracted in October 2025

KSA's banking system's headline ADR ratio increased from 111.1% in September 2025 to 113.0% in October 2025. The lending percentage to total assets increased 22 bps MOM to 66.3% in October 2025.

KSA banking system ADR and % lent, Jan 2021 – October 2025



Source: FABS from SAMA data

Banque Saudi Fransi recorded the highest ADR growth on a YOY basis in 3Q25

In 3Q25, all listed banks posted ADR levels above 90%. Banque Saudi Fransi reported the highest ADR at 116.0% in 3Q25, followed by Saudi National Bank at 113.4% and Riyad Bank at 113.3%. Arab National Bank recorded the lowest ADR at 90.8% in 3Q25. On a YOY basis, every bank under coverage saw an improvement in ADR except Arab National Bank. Furthermore, Banque Saudi Fransi experienced the growth of 1,203 bps YOY, whereas Arab National Bank reported a decline of 115 bps YOY.

ADR

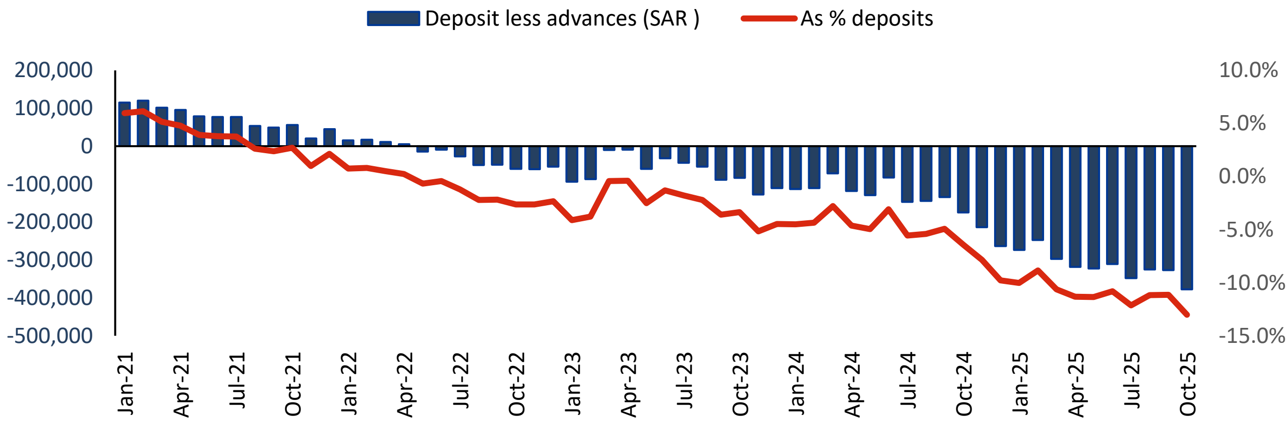
	3Q24	4Q24	1Q25	2Q25	3Q25	YOY (bps)	QOQ (bps)
Al Rajhi	104.2%	110.4%	114.9%	115.5%	112.8%	855	-273
Bank Al Bilad	87.2%	89.8%	90.7%	93.4%	92.3%	513	-102
Riyad Bank	104.0%	104.5%	111.5%	111.9%	113.3%	923	135
Alinma Bank	93.7%	96.1%	95.7%	95.1%	96.2%	252	113
Saudi National Bank	103.3%	112.8%	112.8%	108.5%	113.4%	1,006	486
Arab National Bank	92.0%	93.0%	91.5%	92.4%	90.8%	-115	-161
Banque Saudi Fransi	104.0%	110.3%	109.6%	114.9%	116.0%	1,203	111
Saudi Investment Bank	96.8%	105.8%	102.4%	108.2%	105.2%	838	-300

FABS from co-data

KSA banking system deposits less advances increased in October 2025

KSA banking deposits less advances increased from negative SAR 327.1 Bn in September 2025 to negative SAR 377.3 Bn in October 2025.

KSA banking system deposits less advances and as % of deposits, Jan 2021 – Oct 2025



Source: FABS from SAMA data

Arab National Bank recorded the highest deposit surplus in 3Q25

Three out of eight banks under our coverage recorded a deposit surplus in 3Q25. Arab National Bank reported the highest deposit surplus of SAR 19.3 Bn in 3Q25, followed by Bank Al Bilad with a deposit surplus of SAR 9.9 Bn. Al Rajhi recorded the largest deposit deficit of SAR 85.6 Bn during 3Q25. Five out of the eight banks recorded a deficit in deposits during 3Q25. Arab National Bank was the only bank under our coverage to witness an increase in deposit surplus, recording a 33.2% YOY rise in 3Q25.

Deposit surplus/-deficit

SAR Mn	3Q24	4Q24	1Q25	2Q25	3Q25	YOY%	QOQ%
Al Rajhi	-26,452	-65,171	-93,556	-99,728	-85,805	224.4%	-14.0%
Bank Al Bilad	15,647	12,472	11,591	8,240	9,888	-36.8%	20.0%
Riyad Bank	-11,833	-13,666	-34,899	-37,739	-43,141	264.6%	14.3%
Alinma Bank	13,245	8,237	9,404	11,348	8,939	-32.5%	-21.2%
Saudi National Bank	-21,113	-74,490	-80,036	-56,163	-85,602	305.4%	52.4%
Arab National Bank	14,522	12,729	16,562	15,263	19,341	33.2%	26.7%
Banque Saudi Fransi	-7,666	-19,050	-18,251	-27,191	-29,724	287.7%	9.3%
Saudi Investment Bank	3,158	-5,453	-2,469	-8,186	-5,429	-271.9%	-33.7%

FABS from co-data

Banking Stock performance

Four out of eight KSA banks generated positive YTD returns in December 2025

The average return generated by the KSA Banking Sector stood lower than market headline indices such as DSM, Abu Dhabi, Dubai, EGC30. EGX recorded the highest growth rate among the below-listed indices. Four out of eight KSA banks under our coverage registered a YTD increase as on 23 December 2025. Saudi National Bank (NCB) recorded highest gains of 11.4% YTD among KSA banks followed by, BSFR (+7.1%), RJHI (+2.9%) and ARNB (+2.1%), whereas ALBI (-22.2%), ALINMA (-15.6%), SAIB (-10.6%) and RIBL (-7.1%) witnessed a decline during the period.

27 MENA bank stocks: YE24 to 23rd of December 2025, Ranked

		UAE	KSA	Qatar	Egypt	Ranking
QIBK	12.4%			12.4%		15
MARK	-10.9%			-10.9%		28
CBD	29.1%	29.1%				9
MASQ	18.3%	18.3%				14
QNBK	8.1%			8.1%		18
UAB	5.5%	5.5%				21
SIB	26.1%	26.1%				12
CBQK	-2.8%			-2.8%		25
DSM	2.0%					24
RJHI	2.9%		2.9%			22
TASI	-12.4%					29
ADI	6.5%					20
ALINMA	-15.6%		-15.6%			30
ALBI	-22.2%		-22.2%			32
BSFR	7.1%		7.1%			19
RAKBANK	28.9%	28.9%				10
DHBK	42.5%			42.5%		5
COMI	42.6%				42.6%	4
FAB	27.8%	27.8%				11
EGX30	38.2%					6
BOS	43.8%	43.8%				3
NCB	11.4%		11.4%			16
DFM	19.2%					13
ARNB	2.1%		2.1%			23
RIBL	-7.1%		-7.1%			26
CBI	10.7%	10.7%				17
ENBD	34.3%	34.3%				7
ADIB	51.5%	51.5%				1
DIB	33.6%	33.6%				8
AJMANBANK	-21.1%	-21.1%				31
ADCB	45.6%	45.6%				2
SAIB	-10.6%		-10.6%			27
AVERAGE		**25.7%**	**-6.2%**	**9.9%**	**42.6%**	

4Q25 preview: Saudi National Bank

Loan book repricing and funding optimisation to cushion earnings pressure

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 38.38	SAR 47.00	+22.5%	BUY

4Q25 Forecast

Saudi National Bank's (SNB/the Bank) net profit is projected to decline 2.6% YOY to SAR 6.2 Bn in 4Q25, mainly driven by an anticipated decline in non-funded income, along with an expected rise in total operating expenses and impairment charges, partially offset by a projected rise in net funded income, and an anticipated decline in zakat charges. The Bank's funded income is projected to rise marginally 4.6% YOY to SAR 15.6 Bn in 4Q25, driven by anticipated growth in net loans and advances and investments, partially offset by an anticipated decline in yield on assets. SNB's funded expense is expected to grow 1.4% YOY to SAR 8.1 Bn in 4Q25. Thus, net funded income is likely to grow 8.4% YOY to SAR 7.5 Bn in 4Q25. SNB's non-funded income is projected to decline 1.4% YOY to SAR 2.8 Bn in 4Q25, due to a forecasted decline in income from FVIS investments, partially offset by an anticipated growth in fees & commissions income, exchange income, and a decline in other operating expenses. As a result, operating income is anticipated to rise 5.5% YOY to SAR 10.3 Bn in 4Q25. The Bank's total operating expenses are expected to grow 5.1% YOY to SAR 2.9 Bn in 4Q25, due to an expected rise in salaries & employee-related expenses and rent & premises-related expenses, partially offset by an anticipated decline in depreciation of property & equipment, and other general & administrative expenses. SNB's other non-operating expenses is predicted to increase from SAR 30 Mn in 4Q24 to SAR 39 Mn in 4Q25. Furthermore, the Bank is expected to record a significant increase in impairment charge from SAR 25 Mn in 4Q24 to SAR 676 Mn in 4Q25. Additionally, zakat expenses are anticipated to decline 15.3% YOY to SAR 557 Mn in 4Q25. The share of loss to non-controlling interest holders is expected to decline 20.7% YOY to SAR 29 Mn in 4Q25.

2025 forecast

SNB's net profit is expected to grow 14.3% YOY to 24.2 Bn in 2025, attributed to the anticipated increase in net funded and non-funded income, along with an anticipated decrease in operating expenses and impairment charges, partially offset by an expected rise in other non-operating expenses and zakat charges. The Bank's funded income is expected to increase 5.2% YOY to SAR 60.9 Bn in 2025, driven by anticipated growth in average interest-earning assets, partially offset by a forecasted decline in asset yield. SNB's funded expense is expected to grow 5.4% YOY to SAR 31.7 Bn in 2025. Thus, net funded income is likely to expand 5.1% YOY to SAR 29.2 Bn in 2025. We expect the NIMs to decline 10 bps YOY to 2.8% during 2025. SNB's non-funded income is expected to rise 18.6% YOY to SAR 9.9 Bn in 2025, due to an anticipated increase in fees and commissions income, exchange income, gains on non-trading investments, and a decrease in other operating expenses, partially offset by a projected decline in income from FVIS investments. As a result, operating income is expected to grow 8.2% YOY to SAR 39.0 Bn in 2025. The Bank's total operating expenses are expected to decline 1.4% YOY to SAR 10.9 Bn in 2025, due to an expected rise in salaries & employee-related expenses, partially offset by an anticipated decline in other G&A expenses, rent & premises-related expenses, and depreciation of property & equipment. Other non-operating expense is anticipated to rise 2.0% YOY to SAR 370 Mn in 2025. Additionally, impairment charges are expected to fall from SAR 1,024 Mn in 2024 to SAR 768 Mn in 2025. Furthermore, zakat charges are expected to rise 12.4% YOY to SAR 2.8 Bn in 2025. The share of loss attributable to non-controlling interests is expected to decline by 27.1% YOY to SAR 72 Mn in 2025.

3Q25 Outturn

SNB's funded income rose 5.3% YOY to SAR 15,815 Mn in 3Q25, driven by a rise in net advances and investment, partially offset by a decline in asset yield. Funded expenses grew 4.0% YOY to SAR 8,508 Mn in 3Q25, due to a rise in average interest-bearing liabilities, partially offset by a decline in cost of funds. Thus, net funded income increased 6.8% YOY to SAR 7,308 Mn in 3Q25. While SNB's reported NIMs decreased 10 bps YOY to 2.6% in 3Q25. The Bank's non-funded income grew 20.8% YOY to SAR 2,838 Mn in 3Q25, due to an increase in fees & commissions income, exchange income, income from FVIS investments, net, gain on non-trading investments, net, and dividend income, partially offset by growth in other operating expenses and fall in trading income. Fees & commissions income increased 8.2% YOY to SAR 1,260 Mn in 3Q25, driven by a rise in banking transactions. Exchange income rose 26.4% YOY to SAR 593 Mn in 3Q25. Income from FVIS investments grew substantially from SAR 23 Mn in 3Q24 to SAR 171 Mn in 3Q25. Gain on non-trading investments increased from SAR 509 Mn in 3Q24 to SAR 1,095 Mn in 3Q25. Other operating expenses increased 59.8% YOY to SAR 547 Mn in 3Q25. Trading income declined 69.8% YOY to SAR 122 Mn in 3Q25. Dividend income rose 16.8% YOY to SAR 144 Mn in 3Q25. Thus, total operating income rose 10.4% YOY to SAR 10,145 Mn in 3Q25. Salaries & employee-related expenses declined marginally 0.6% YOY to SAR 1,213 Mn in 3Q25. Rent & premises-related expenses fell 8.8% YOY to SAR 125 Mn in 3Q25. Depreciation expenses decreased 29.7% YOY to SAR 314 Mn in 3Q25. Amortization expenses remained stable at SAR 205 Mn in 3Q25, compared to 3Q24. Other G&A expenses declined 26.2% YOY to SAR 634 Mn in 3Q25. Thus, total operating expenses decreased 13.2% YOY to SAR 2,492 Mn in 3Q25. The Bank's calculated cost-to-income declined 649 bps YOY to 22.5% in 3Q25, indicating improved operating efficiency. Furthermore, SNB's recorded other non-operating expenses of SAR 145 Mn in 3Q25, compared to SAR 87 Mn in 3Q24. The Bank's impairment expense grew 3.3% YOY to SAR 231 Mn in 3Q25. Zakat charges increased 21.6% YOY to SAR 804 Mn in 3Q25. In addition, the share of profit attributable to non-controlling interests amounted to SAR 4 Mn in 3Q25, compared to a loss of SAR 16 Mn attributable to non-controlling interests in 3Q24.

Target price and recommendation

We maintain our BUY rating on SNB with a target price of SAR 47.00. SNB reported healthy growth in net income in 3Q25, supported by strong revenue expansion, effective cost discipline, and sustained balance sheet growth. A sharp rise in non-funded income, coupled with improved cost efficiency through automation and technology, also underpinned SNB's solid performance in 3Q25. The Bank's net advances grew 10.6% YOY and 1.4% QOQ to SAR 725.1 Bn in 3Q25, primarily driven by strong momentum in wholesale financing and mortgages. SNB expects robust growth in its wholesale and MSME pipeline, which is expected to underpin financing growth toward the upper end of the 2025 guidance range and support continued momentum into 2026. Amid declining interest rates, the Bank is also diversifying income streams, resulting in a 20.8% YOY to SAR 2.8 Bn in non-funded income during 3Q25. The Bank's customer deposits grew 0.8% YOY and declined 2.9% QOQ to SAR 639.5 Bn in 3Q25. However, the Bank's CASA improved to 76.2% during 3Q25. The Bank also strategically substituted higher-cost time deposits with wholesale funding to optimize overall funding costs. SNB's reported NIMs remained sequentially stable, as SNB effectively protected margins amid a moderating rate environment through proactive repricing across retail and wholesale portfolios, disciplined asset mix management, and ongoing funding cost optimisation. SNB's net investment rose 9.5% YOY and 0.9% QOQ to SAR 318.2 Bn in 3Q25, attributed to growth in SGDS, other fixed income and funds & equity. The Bank is also expected to benefit from a moderating interest-rate environment, as a larger portion of its investments is in fixed-rate securities, which is expected to provide a cushion to its NIMs. SNB's cost efficiency also improved as its cost-to-income ratio improved 645 bps YOY to 22.5% during 3Q25. The Bank further expects the ratio to be below 26.0% driven by automation, digitisation, procurement savings, and operational simplification. SNB's asset quality also remained healthy with stable reported NPLs at 0.8% and healthy calculated coverage of 139.8% during 3Q25. The Bank also maintains a healthy capital ratio, with total CAR and Tier 1 at 20.8% and 19.5%, respectively, in 3Q25. SNB also targets a dividend payout ratio of 50–60% going forward. Thus, based on the above analysis, we maintain our BUY rating on the stock.

SNB - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	13.44	16.50	12.15	11.43	10.87	9.61
PB	3.21	1.40	1.34	1.26	1.15	1.11
BVPS (SAR)	11.535	26.361	27.662	29.317	32.094	33.425
EPS (SAR)	2.753	2.243	3.045	3.236	3.405	3.849
DPS	0.597	1.157	1.269	1.750	1.900	1.963
Dividend yield %	1.6%	3.0%	3.3%	4.6%	5.0%	5.1%

FABS Estimates & Co Data

SNB - P&L

SAR Mn	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Commission income	14,888	15,815	15,579	4.6%	-1.5%	57,842	60,879	5.2%
Commission expense	7,962	8,508	8,073	1.4%	-5.1%	30,112	31,723	5.4%
Net funded income	**6,925**	**7,308**	**7,506**	**8.4%**	**2.7%**	**27,730**	**29,155**	**5.1%**
Fees and commissions	1,244	1,260	1,361	9.4%	8.1%	4,600	5,101	10.9%
Exchange income, net	522	593	657	25.7%	10.8%	1,923	2,375	23.5%
Income from FVIS investment	1,798	171	1,206	-32.9%	NM	2,875	2,588	-10.0%
Gains/Loss on non-trading invst	-128	1,095	-133	NM	NM	493	1,281	NM
Other Operating Income / Exp	-563	-547	-256	-54.5%	-53.2%	-1,583	-1,491	-5.8%
Non-funded income	**2,874**	**2,838**	**2,834**	**-1.4%**	**-0.1%**	**8,308**	**9,854**	**18.6%**
Operating income	**9,800**	**10,145**	**10,341**	**5.5%**	**1.9%**	**36,038**	**39,009**	**8.2%**
Salaries and emp-related exps	1,048	1,213	1,295	23.5%	6.7%	4,703	4,985	6.0%
Rent and premises-related exps	119	125	120	0.7%	-4.0%	508	488	-3.9%
Dep of property and equipment	494	314	456	-7.7%	45.2%	1,788	1,530	-14.4%
Amort of intangible assets	205	205	206	0.4%	0.4%	820	821	0.1%
Other G&A expenses	892	634	821	-7.9%	29.5%	3,218	3,057	-5.0%
Total operating Expenses	**2,758**	**2,492**	**2,898**	**5.1%**	**16.3%**	**11,037**	**10,881**	**-1.4%**
Other non-operating inc (exp), net	-30	-145	-39	29.5%	-72.9%	-363	-370	2.0%
Pre-provision profit	**7,012**	**7,508**	**7,403**	**5.6%**	**-1.4%**	**24,639**	**27,758**	**12.7%**
Impairment	25	231	676	NM	192.4%	1,024	768	-25.0%
PBT	**6,986**	**7,277**	**6,727**	**-3.7%**	**-7.6%**	**23,615**	**26,990**	**14.3%**
Zakat	658	804	557	-15.3%	-30.7%	2,521	2,834	12.4%
Profit after tax	**6,328**	**6,473**	**6,170**	**-2.5%**	**-4.7%**	**21,094**	**24,156**	**14.5%**
Non-controlling interest	-37	4	-29	-20.7%	NM	-99	-72	-27.1%
Net Profit attri. to equity	**6,365**	**6,469**	**6,199**	**-2.6%**	**-4.2%**	**21,193**	**24,228**	**14.3%**

FABS estimate & Co Data

SNB - P&L KPI

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	70.7%	72.0%	72.6%	192	56	76.9%	74.7%	-221
NIMs – Trailing 12M	2.9%	2.8%	2.8%	-10	6	2.9%	2.8%	-10
NIMs - Annualized	2.9%	2.8%	2.9%	-2	8	2.9%	2.8%	-10
NIS	2.5%	2.4%	2.4%	-4	5	2.3%	2.4%	9
Fees & comns/OI	12.7%	12.4%	13.2%	46	75	12.8%	13.1%	31
Trading/OI	5.3%	5.8%	6.3%	102	51	5.3%	6.1%	75
Cost to income	26.0%	22.5%	26.0%	-1	350	28.3%	25.8%	-256
Impairment/PPP	0.4%	3.1%	9.1%	877	605	4.2%	2.8%	-139
NP/OI	65.0%	63.8%	59.9%	-500	-381	58.8%	62.1%	330
Cost of risk - Calculated	0.02%	0.1%	0.4%	35	24	0.16%	0.11%	-5
Loan-to-deposit (Headline)	112.8%	113.4%	107.5%	-534	-588	112.8%	107.5%	-534
NPL	1.21%	0.8%	0.8%	-37	-1	1.2%	1.7%	49
NPL Coverage - Calculated	130.3%	139.8%	130.3%	0	-945	130.3%	130.3%	0
Tier 1	20.3%	19.5%	19.1%	-122	-48	20.3%	18.6%	-172
Capital adequacy	20.8%	20.8%	20.3%	-57	-51	20.8%	19.1%	-176
ROAE	11.7%	13.1%	25.7%	1,395	1,257	12.3%	13.0%	70
ROAA	2.0%	2.1%	4.5%	247	235	2.0%	2.1%	12

FABS estimate & Co Data

SNB- Key BS Items

SAR Mn	**4Q24**	**1Q25**	**2Q25**	**3Q25**	**4Q25F**	**YOY Ch**
Net advances	654,252	706,430	714,839	725,090	727,002	11.1%
QOQ Change	-0.2%	8.0%	1.2%	1.4%	0.3%	
Total assets	1,104,155	1,171,079	1,200,998	1,206,607	1,209,017	9.5%
QOQ Change	-1.8%	6.1%	2.6%	0.5%	0.2%	
Customer deposits	579,762	626,394	658,675	639,488	676,218	16.6%
QOQ Change	-8.6%	8.0%	5.2%	-2.9%	5.7%	
Total equity	193,275	194,119	197,887	197,041	201,093	4.0%
QOQ Change	5.1%	0.4%	1.9%	-0.4%	2.1%	

FABS estimate & Co Data

4Q25 preview: Banque Saudi Fransi

Neutral rate position and lower credit costs to support profit

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 16.96	SAR 21.70	+27.9%	BUY

4Q25 estimate

Banque Saudi Fransi (BSF/ the Bank) is expected to report a 14.9% YOY growth in net profit to SAR 1,283 Mn in 4Q25, owing to an anticipated rise in net funded income, moderation in operating expenses and a lower impairment charge, partially offset by an estimated decline in non-funded income. BSF's funded income is expected to grow 9.4% YOY to SAR 4,549 Mn in 4Q25, primarily driven by an improvement in asset yield owing to the repricing of the loan book. Additionally, funded expense is estimated to grow 9.7% YOY to SAR 2,327 Mn in 4Q25 due to an increase in cost of funds due to heated competition among banks. Thus, the Bank's net funded income is projected to grow 9.0% YOY to SAR 2,222 Mn in 4Q25. BSF's non-funded income is expected to fall 11.0% YOY to SAR 474 Mn in 4Q25, attributed to an increase in fees & commission and other operating income, partially offset by a decrease in exchange income and trading income. As a result, operating income is estimated to grow 4.8% YOY to SAR 2,697 Mn in 4Q25. Salaries and employee-related expenses are anticipated to fall 4.0% YOY to SAR 457 Mn in 4Q25. Meanwhile, rent and premises-related expenses are estimated to decrease 22.8% YOY to SAR 20 Mn in 4Q25. Furthermore, D&A expenses are estimated to fall 4.0% YOY to SAR 85 Mn in 4Q25. Other G&A expenses are projected to grow 6.5% YOY to SAR 404 Mn in 4Q25. Moreover, impairments are estimated to fall 15.7% YOY to SAR 299 Mn in 4Q25, while zakat expense is expected to increase 14.0% YOY to SAR 148 Mn in line with growth in profit before tax.

2025 forecast

BSF's net profit is projected to grow 18.3% YOY to SAR 5,377 Mn in 2025, primarily due to projected growth in net-funded & non-funded income and decline in impairment charges, partially offset by an estimated rise in operating expenses. The Bank's funded income is anticipated to grow 7.4% YOY to SAR 17,587 Mn in 2025, due to an expected increase in net advances. Meanwhile, funded expense is estimated to increase 4.7% YOY to SAR 8,888 Mn in 2025. Thus, net funded income is likely to increase 10.3% YOY to SAR 8,699 Mn in 2025. Total non-funded income is expected to grow 7.9% YOY to SAR 1,914 Mn in 2025, supported by an anticipated rise in fee and commission, exchange income, dividend income, gains on trading investments and other operating income, partially offset by a decline in trading income. As a result, total operating income is estimated to grow 9.9% YOY to SAR 10,612 Mn in 2025. Operating expenses are anticipated to rise 4.4% YOY to SAR 3,560 Mn in 2025, mainly driven by an expected growth in salaries & employee-related expenses, D&A, and other G&A expenses. Moreover, impairments are expected to decline 10.9% YOY to SAR 1,052 Mn in 2025, while zakat charges are estimated to increase 18.8% YOY to SAR 624 Mn in 2025 in line with growth in profit before tax.

3Q25 outturn

BSF's funded income grew 7.0% YOY to SAR 4,517 Mn in 3Q25, driven by an increase in loans & advances and investment portfolio. Moreover, funded expenses increased 5.4% YOY to SAR 2,355 Mn in 3Q25 due to increase in cost of funds. Thus, net funded income expanded 8.9% YOY to SAR 2,162 Mn in 3Q25. The Bank's fees & commissions income declined 4.9% YOY to SAR 212 Mn in 3Q25. Additionally, exchange income decreased 12.0% YOY to SAR 121 Mn in 3Q25. However, the Bank's trading income also declined 10.2% YOY to SAR 47 Mn in 3Q25. Dividend income stood at SAR 4 Mn in 3Q25. The Bank reported other operating income of SAR 2 Mn in 3Q25. Gain on non-trading investments increased from SAR 8 Mn in 3Q24 to SAR 50 Mn in 3Q25. Thus, BSF's non-funded income increased 2.5% YOY to SAR 437 Mn in 3Q25. Thus, BSF's operating income increased 7.8% YOY to SAR 2,599 Mn in 3Q25. Salaries and employee-related expenses decreased 3.8% YOY to SAR

461 Mn in 3Q25. Rent and premises-related expenses increased 12.2% YOY to SAR 21 Mn in 3Q25. D&A expenses grew 10.2% YOY to SAR 84 Mn in 3Q25. Other G&A expenses rose 1.9% YOY to SAR 288 Mn in 3Q25. Thus, the cost-to-income ratio improved 267 bps YOY to 32.9% in 3Q25, driven by revenue growth outpacing cost inflation. The Bank's impairment charges declined 13.8% YOY to SAR 237 Mn in 3Q25. BSF's zakat expenses grew 17.4% YOY to SAR 156 Mn in 3Q25.

Target price and recommendation

We maintain our BUY rating on BSF with a target price of SAR 21.70. The Bank delivered strong net profit growth in 3Q25, supported by robust momentum across both its funded and non-funded businesses. This solid performance was accompanied by a notable improvement in operating efficiency, with an optimization of the cost-to-income ratio from 35.5% in 3Q24 to 32.9% in 3Q25, reflecting the benefits of disciplined cost management. On the balance sheet side, BSF's net advances rose by 7.3% YOY and 2.7% QOQ to SAR 215.6 Bn, reflecting sustained credit demand. Growth was supported in part by an uptick in retail lending, driven by the Bank's technology investments that have enhanced origination and processing capabilities. However, deposits declined 3.9% YOY, while the same rose modestly by 1.7% QOQ to SAR 185.7 Bn. This gap between loan and deposit growth pushed the loan-to-deposit ratio to 116.0% in 3Q25, from 114.9% in the previous quarter, signaling tighter liquidity conditions. Despite this, the Bank continued to enhance the quality of its funding profile, maintaining a CASA ratio within the 45%–50% range. The share of non-interest-bearing deposits (NIBDs) improved 75 bps QOQ to 47.8% in 3Q25, helping to ease funding costs and support overall profitability. Looking ahead, the Bank expects its CASA ratio to remain healthy, within the 45%–50% range through 2025. To further reinforce its capital position and create additional balance-sheet flexibility aligned with long-term strategic priorities, the Bank issued a USD 1 Bn Tier 2 bond under its medium-term note program. The profitability in 3Q25 was temporarily weighed down by a one-off staff expense of c. SAR 20 Mn, which is expected to normalize in 4Q25. Moreover, operating expenses are projected to grow in mid-single digits in line with revenue growth during forecasted period. Fee and commission income is also expected to improve in 4Q25, as the campaign that inflated costs during 3Q25 will not recur, providing further uplift to profitability. The Bank has revised its 2025 outlook, with an expectation of mid-single-digit growth in loans and advances. Management revised NIMs guidance downward by 10 bps for the period of 2025, though the impact will be partly offset by the Bank's planned loan repricing initiatives in the coming quarters. To further support margin stability, the Bank is also shifting its portfolio mix toward mid-market corporate lending to enhance yields, improve diversification, and strengthen overall margin capture. Additionally, interest rate sensitivity remains largely neutral (c. 4 bps impact for a 100-bps rate shock), supported by natural balance sheet hedges arising from the expanding retail, personal finance, and mortgage portfolios, an active cash flow hedging program, and a longer investment book duration of slightly above four years. Additionally, the cost of risk guidance has been revised downward to 45–50 bps, reflecting confidence in the stability of the credit portfolio. Thus, based on the above-mentioned factors, we maintain our BUY rating on the stock.

BSF – Relative valuation

(at CMP)	**2020**	**2021**	**2022**	**2023**	**2024**	**2025F**
PE	28.26	12.98	12.55	10.49	9.79	8.46
PB	1.25	1.25	1.29	1.19	1.13	1.01
BVPS	15.454	15.874	15.534	16.612	16.888	20.373
EPS	0.595	1.296	1.340	1.604	1.718	1.989
DPS	0.192	0.719	0.792	0.935	1.013	1.091
Dividend Yield	1.1%	4.2%	4.7%	5.5%	6.0%	6.4%

FABS Estimates & Co Data

BSF – P&L

SAR Mn	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Special commission income	4,160	4,517	4,549	9.4%	0.7%	16,372	17,587	7.4%
Special commission expense	2,120	2,355	2,327	9.7%	-1.2%	8,489	8,888	4.7%
Net Special Commission Inc	**2,039**	**2,162**	**2,222**	**9.0%**	**2.8%**	**7,883**	**8,699**	**10.3%**
Fee and commission income	238	212	266	11.9%	25.4%	972	1,021	5.0%
Exchange income, net	151	121	136	-10.2%	11.8%	482	506	5.0%
Trading income, net	135	47	39	-71.3%	-18.2%	276	179	-35.0%
Dividend Income	4	4	4	NM	NM	16	23	41.4%
Gains on non-trading investments	4	50	23	NM	NM	27	141	NM
Other operating income	0	2	7	NM	NM	1	43	NM
Non-funded income	**533**	**437**	**474**	**-11.0%**	**8.5%**	**1,774**	**1,914**	**7.9%**
Operating income	**2,572**	**2,599**	**2,697**	**4.8%**	**3.7%**	**9,658**	**10,612**	**9.9%**
Salaries & employee-related exp.	476	461	457	-4.0%	-1.0%	1,883	1,864	-1.0%
Rent & premises related exp.	26	21	20	-22.8%	-4.8%	75	77	3.0%
Depreciation and amortization	89	84	85	-4.0%	0.9%	299	329	9.9%
Other G&A expenses	380	288	404	6.5%	40.5%	1,151	1,290	12.0%
Total operating Expenses	**970**	**854**	**966**	**-0.4%**	**13.1%**	**3,409**	**3,560**	**4.4%**
Pre-provision profit	**1,602**	**1,745**	**1,731**	**8.0%**	**-0.8%**	**6,249**	**7,052**	**12.9%**
Impairment	355	237	299	-15.7%	26.6%	1,180	1,052	-10.9%
PBT	**1,247**	**1,508**	**1,431**	**14.8%**	**-5.1%**	**5,069**	**6,001**	**18.4%**
Zakat	130	156	148	14.0%	-4.6%	525	624	18.8%
Net profit attributable	**1,117**	**1,353**	**1,283**	**14.9%**	**-5.2%**	**4,544**	**5,377**	**18.3%**

FABS Estimates & Co Data

BSF - P&L KPI

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	79.3%	83.2%	82.4%	312	-77	81.6%	82.0%	34
NIMs – Trailing 12M	3.1%	3.0%	3.1%	2	9	3.10%	3.12%	2
NIMs - Annualized	3.2%	3.1%	3.2%	-2	11	3.10%	3.12%	2
NIS	2.0%	1.5%	1.5%	-49	6	2.1%	1.8%	-25
Fees & comms/OI	9.2%	8.2%	9.9%	63	170	10.1%	9.6%	-45
Trading/OI	5.2%	1.8%	1.4%	-381	-39	2.9%	1.7%	-117
Cost to income	37.7%	32.9%	35.8%	-188	296	35.3%	33.5%	-175
Impairment/PPP	22.2%	13.6%	17.3%	-488	374	18.9%	14.9%	-397
NP/OI	43.4%	52.1%	47.6%	415	-448	47.1%	50.7%	361
Cost of risk	0.7%	0.4%	0.5%	-15	11	0.61%	0.47%	-14
Loan-to-deposit	110.3%	116.0%	121.6%	NM	562	110.3%	121.6%	NM
NPL calculated	0.9%	1.0%	1.1%	17	11	0.9%	1.1%	17
Coverage excluding collateral	181.7%	174.5%	175.0%	-669	49	181.7%	175.0%	-669
Tier 1	18.9%	19.6%	19.8%	90	22	18.8%	19.8%	101
Capital Adequacy	19.8%	21.9%	20.7%	87	-120	19.7%	20.7%	98
ROAE	11.7%	11.9%	12.5%	87	60	11.7%	12.5%	87
ROAA	1.7%	1.7%	1.8%	14	8	1.7%	1.8%	14

FABS estimate & Co Data

BSF- Key BS Items

SAR Mn	4Q24	1Q25	2Q25	3Q25	4Q25F	YOY Ch
Net advances	204,168	208,978	209,881	215,592	215,906	5.7%
QOQ Change	1.6%	2.4%	0.4%	2.7%	0.1%	
Total assets	293,307	302,988	301,490	314,946	303,282	3.4%
QOQ Change	1.7%	3.3%	-0.5%	4.5%	-3.7%	
Customer deposits	185,118	190,728	182,690	185,868	177,536	-4.1%
QOQ Change	-4.3%	3.0%	-4.2%	1.7%	-4.5%	
Total equity	47,138	48,430	51,314	52,075	50,781	7.7%
QOQ Change	0.4%	2.7%	6.0%	1.5%	-2.5%	

FABS estimate & Co Data

4Q25 preview: Riyad Bank

Strong growth in non-yield income and decline in impairments to grow profit

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 26.60	SAR 36.00	+35.3%	BUY

4Q25 estimate

Riyad Bank (RIBL/ the Bank) is projected to report 17.1% YOY growth in net profit to SAR 2,644 Mn in 4Q25. The increase in net profit will be primarily driven by an expected rise in non-funded income, supported by decline in operating expenses and impairment charges, partially offset by an estimated decrease in net funded income, and rise in tax charges. Special commission income is expected to grow 11.2% YOY to SAR 7,235 Mn in 4Q25, attributable to a forecasted increase in net investment and loan & advances, partially offset by anticipated fall in asset yield. Special commission expense is predicted to increase 28.1% YOY to SAR 3,941 Mn in 4Q25, primarily due to an anticipated expansion in total funding and cost of funds. Thus, net special commission income is likely to fall 4.0% YOY to SAR 3,294 Mn in 4Q25. The Bank's net fee and commission income is predicted to increase 9.2% YOY to SAR 901 Mn in 4Q25. Additionally, trading income is predicted to grow strongly from SAR 124 Mn in 4Q24 to SAR 227 Mn in 4Q25. Furthermore, other operating income is forecasted to increase 5.1% YOY to SAR 287 Mn in 4Q25. As a result, RIBL total other operating income is estimated to rise 15.7% YOY to SAR 1,415 Mn in 4Q25. Thus, the Banks operating income is projected to marginally increase 1.2% YOY to SAR 4,709 Mn in 4Q25. On the other hand, operating expenses is expected to decline marginally 0.5% YOY to SAR 1,400 Mn in 4Q25. Impairment charges are anticipated to decline from SAR 735 Mn in 4Q24 to SAR 370 Mn in 4Q25. Share in earnings of associates, is expected to remain flat at SAR 8 Mn in 4Q25. In addition, tax expenses are projected to increase 15.1% YOY to SAR 303 Mn in 4Q25.

2025 forecast

We forecast Riyad Bank's net profit to grow 11.7% YOY to SAR 10,414 Mn in 2025, primarily due to an estimated increase in net funded and non-funded income, coupled with lower impairment charges, partially offset by an estimated rise in operating expenses and tax charges. Special commission income is expected to grow 12.5% YOY to SAR 27,197 Mn in 2025, due to forecasted growth in investments and net advances, partially offset by anticipated fall in asset yield. Special commission expense is likely to rise 25.9% YOY to SAR 14,236 Mn in 2025, due to an anticipated rise in average interest-bearing liabilities and cost of funds. As a result, net special commission income is likely to rise marginally 0.7% YOY to SAR 12,961 Mn in 2025. The Bank's net fee and commission income is predicted to grow 19.6% YOY to SAR 3,577 Mn in 2025. Additionally, trading income is forecasted to increase substantially from SAR 529 Mn in 2024 to SAR 929 Mn in 2025. Furthermore, other operating income is estimated to increase 7.6% YOY to SAR 959 Mn in 2025. As a result, total other operating income is likely to grow 23.9% YOY to SAR 5,465 Mn in 2025. Hence, the Banks total operating income is expected to increase 6.6% YOY to SAR 18,426 Mn in 2025. Furthermore, operating expenses are estimated to rise 3.5% YOY to SAR 5,473 Mn in 2025. Impairment charges are anticipated to fall 15.6% YOY to SAR 1,377 Mn in 2025. The Bank's share in earnings of associates, is forecasted to grow 11.5% YOY to SAR 34 Mn in 2025. Tax expense is expected to increase 11.2% YOY to SAR 1,196 Mn in 2025.

3Q25 outturn

Riyad Bank's special commission income rose 13.6% YOY to SAR 7,043 Mn in 3Q25 owing to a substantial growth in the loans & advances and investments, and due from banks, partially offset by decline in asset yield. The Bank's special commission expense rose 32.8% YOY to SAR 3,859 Mn in 3Q25, driven by an increase in deposits and rise in cost of funds. Thus, the net special commission income fell 3.3% YOY to SAR 3,184 Mn in 3Q25. The Bank's non-funded income expanded 20.6% YOY to SAR 1,509 Mn in 3Q25 due to a rise in fee and commission income, gains on disposal of non-trading investments and trading income, partially offset by a decline in dividend income, exchange income and other operating income. Fee and commission income, net increased 37.3% YOY to SAR 1,009 Mn in 3Q25. While trading income grew 6.6% YOY to SAR 255 Mn in 3Q25. Additionally, other operating income declined 11.8% YOY to SAR 244 Mn in 3Q25. As a result, Riyad Bank's total operating income increased 3.3% YOY to SAR 4,693 Mn in 3Q25. The Bank's operating expenses rose 4.6% YOY to SAR 1,367 Mn in 3Q25 owing to a growth in G&A expenses, salaries and employee-related expenses, D&A expenses and other operating expenses, partially offset by a decline in rent & premises-related expenses. Cost-to-income ratio inched up 37 bps YOY to 29.1% in 3Q25 mainly due to lower growth in operating income compared to operating expenses. Impairment charges surged 17.5% YOY to SAR 336 Mn in 3Q25, impacted by rise in impairment charge of credit losses, provision charge for investments, partially offset by a decrease in charge in other financial assets. Share in earnings of associates declined 18.3% YOY to SAR 6 Mn in 3Q25. Further, Zakat expense grew 1.2% YOY to SAR 309 Mn in 3Q25 in line with the growth in net profit. As a result, net profit increased 1.3% YOY SAR 2,687 Mn in 4Q25.

Target price and recommendation

We maintain our BUY rating on Riyad Bank with a target price of SAR 36.00 per share. The Bank profitability grew marginally 1.3% YOY in 3Q25 primarily due to strong growth recorded in non-funded income partially mitigated by margin pressure from funding costs. The non-funded income is expected to remain strong driven by cross-selling initiatives further supported by the leadership in trade finance. The net advances rose substantially to 20.7% YOY and 3.9% QOQ to SAR 368.6 Bn in 3Q25. Additionally, commercial loan accounted 72% of the total loan portfolio, supported by strong momentum across key sectors. Thus, indicating sustained credit demand and continued strength in the Bank's core lending franchise. The Bank's cost of credit risk remained stable at 0.36% in 3Q25, compared to 2Q25. Similarly, deposit increased 10.8% YOY and 2.7% QOQ to SAR 325.4 Bn in 3Q25, indicating a strong and diversified funding base supported by both customer deposits and wholesale funding. Furthermore, The Bank plans to mitigate the funding cost pressure through managing cost and duration coupled with borrowing through certificates of deposit (CDs), syndicated loans, and Tier 2 issuances. The Bank's cost-to-income ratio declined for the past two quarters, indicating effective cost management and maintaining an optimal cost mix. Additionally, RIBL remains focused on enhancing operational efficiency through disciplined cost optimization and continuous productivity improvements. However, asset quality remains healthy with an NPL ratio which stood at 0.87% in 3Q25, compared to 1.13% in 2Q25. Furthermore, with a coverage ratio which reached to 141.7% in 3Q25, reflecting strong asset quality. To achieve sustainable growth, Riyad Bank seeks to expand its asset base and strengthen cross-selling capabilities across business segments. To improve retail performance, the Bank emphasized on profitability and sustainable growth rather than aggressive market share expansion. Additionally, RIBL remained focused on maintaining healthy product margins while enhancing its value proposition and product suite over competing on price. Furthermore, management anticipates a recovery in retail demand as interest rates decline in the coming year. The Bank established a dedicated Special Assets Unit, with highly skilled professionals to accelerate recoveries and strengthen asset quality, ensuring a focused and systematic approach. This initiative positions the Bank, as a leading corporate and wholesale lender, to achieve faster and more efficient recoveries. Thus, based on the points mentioned above, we maintain our BUY rating on the stock.

RIBL - Relative valuation

(At CMP)	**2020**	**2021**	**2022**	**2023**	**2024**	**2025F**
P/E (x)	16.36	12.81	11.09	9.96	8.56	7.83
P/B (x)	1.74	1.69	1.95	1.44	1.31	1.20
BVPS	14.785	15.227	15.884	17.899	19.669	21.394
EPS	1.572	2.008	2.318	2.581	3.006	3.285
DPS	0.500	1.040	1.150	1.398	1.700	1.800
Dividend Yield	1.9%	3.9%	4.3%	5.3%	6.4%	6.8%

FABS Estimates & Co Data

RIBL - P&L

SAR Mn	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Special commission income	6,508	7,043	7,235	11.2%	2.7%	24,182	27,197	12.5%
Special commission expense	-3,075	-3,859	-3,941	28.1%	2.1%	-11,309	-14,236	25.9%
Net special commission income	**3,432**	**3,184**	**3,294**	**-4.0%**	**3.4%**	**12,873**	**12,961**	**0.7%**
Fees and commissions	825	1,009	901	9.2%	-10.7%	2,991	3,577	19.6%
Trading income, net	124	255	227	82.8%	-11.3%	529	929	75.5%
Other Operating Income	273	244	287	5.1%	17.3%	891	959	7.6%
Total other operating income	**1,222**	**1,509**	**1,415**	**15.7%**	**-6.3%**	**4,411**	**5,465**	**23.9%**
Operating income	**4,655**	**4,693**	**4,709**	**1.2%**	**0.3%**	**17,285**	**18,426**	**6.6%**
Operating expenses	-1,408	-1,367	-1,400	-0.5%	2.4%	-5,286	-5,473	3.5%
Pre-provision profit	**3,247**	**3,326**	**3,308**	**1.9%**	**-0.5%**	**11,999**	**12,953**	**8.0%**
Impairment	-735	-336	-370	-49.7%	10.0%	-1,632	-1,377	-15.6%
Share in earnings of associates, net	8	6	8	-0.4%	33.8%	30	34	11.5%
Profit Before Tax	**2,520**	**2,996**	**2,947**	**16.9%**	**-1.6%**	**10,397**	**11,610**	**11.7%**
Zakat	-263	-309	-303	15.1%	-2.0%	-1,075	-1,196	11.2%
Net profit attributable	**2,257**	**2,687**	**2,644**	**17.1%**	**-1.6%**	**9,322**	**10,414**	**11.7%**

FABS estimate & Co Data

RIBL - KPI

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	73.7%	67.9%	70.0%	-379	211	74.5%	70.3%	-414
NIMs – Trailing 12M	3.4%	3.0%	2.9%	-49	-12	3.4%	2.9%	-49
NIMs - Annualized	3.6%	2.9%	2.9%	-67	1	3.4%	2.9%	-49
NIS	2.7%	2.1%	2.1%	-55	5	2.6%	2.2%	-38
Fees & comms/OI	17.7%	21.5%	19.1%	140	-236	17.3%	19.4%	211
Trading/OI	2.7%	5.4%	4.8%	215	-63	3.1%	5.0%	198
Cost to income	30.2%	29.1%	29.7%	-50	61	30.6%	29.7%	-88
Impairment/PPP	22.6%	10.1%	11.2%	-1,147	107	13.6%	10.6%	-297
NP/OI	48.5%	57.3%	56.2%	766	-110	53.9%	56.5%	259
Cost of risk	0.9%	0.4%	0.4%	-52	3	0.5%	0.4%	-11
Loan-to-deposit	104.5%	113.3%	111.5%	704	-176	104.5%	111.5%	704
NPL (calculated)	0.98%	0.87%	1.3%	-26	43	0.98%	1.3%	32
NPL Coverage	167.1%	141.7%	170.0%	627	2,829	167.1%	170.0%	294
Tier 1	16.4%	15.8%	15.9%	-8	16	16.4%	15.9%	-47
Capital Adequacy	18.9%	17.8%	17.9%	93	10	18.9%	17.9%	-103
ROAE	16.0%	16.1%	16.0%	-25	-17	16.0%	16.0%	-1
ROAA	2.2%	2.1%	2.1%	-10	1	2.2%	2.1%	-8

FABS estimate & Co Data

RIBL - Key B/S items

SAR Mn	4Q24	1Q25	2Q25	3Q25	4Q25F	YOY Ch
Net advances	320,089	338,991	354,550	368,554	374,883	17.1%
QOQ change	4.8%	5.9%	4.6%	3.9%	1.7%	
Total assets	450,830	465,345	490,816	507,566	521,724	15.7%
QOQ change	3.9%	3.2%	5.5%	3.4%	2.8%	
Customer deposits	306,423	304,092	316,811	325,413	336,218	9.7%
QOQ change	4.4%	-0.8%	4.2%	2.7%	3.3%	
Total equity	59,007	61,140	60,963	61,570	64,182	8.8%
QOQ change	3.5%	3.6%	-0.3%	1.0%	4.2%	

FABS estimate & Co Data

4Q25 preview: Arab National Bank

Improving operating efficiency along with sustained earnings to maintain bottom line

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 21.50	SAR 25.00	+16.3%	BUY

4Q25 Forecast

Arab National Bank's (ARNB/ the Bank) net profit is estimated to marginally rise 0.8% YOY to SAR 1,266 Mn in 4Q25. The growth in net profit will mainly be driven by an expected increase in net funded and non-funded income, coupled with forecasted decline in operating expenses, partially offset by higher impairments, tax charges, and NCI along with expected decline in share of profit from associates. Funded income is anticipated to increase 13.9% YOY to SAR 4,144 Mn in 4Q25, due to an expected rise in Loans & advances, and other interest-earning assets, partially offset by anticipated contraction in asset yield. Similarly, funded expense is forecasted to boost 24.2% YOY to SAR 2,000 Mn in 4Q25, due to forecasted higher cost of funds and customer deposits. As a result, net funded income is likely to grow 5.7% YOY to SAR 2,144 Mn in 4Q25. Non-funded income is estimated to rise 2.5% YOY to SAR 429 Mn in 4Q25. The growth will be mainly driven by an expected rise in fees & commissions along with dividend and trading income, partially offset by anticipated decline in exchange and other operating income, coupled with lower other non-funded income. Hence, the Bank’s operating income is projected to rise 5.2% YOY to SAR 2,573 Mn in 4Q25. Operating expenses are expected to decline 4.0% YOY to SAR 838 Mn in 4Q25. We expect the cost-to-income ratio to decline from 35.7% in 4Q24 to 32.6% in 4Q25. Impairment charges are anticipated to increase 5.5% YOY to SAR 286 Mn in 4Q25. The Bank’s income from associates is expected to fall substantially from SAR 132 Mn in 4Q24 to SAR 16 Mn in 4Q25. Tax expense is estimated to grow 11.0% YOY to SAR 197 Mn in 4Q25.

2025 Forecast

ARNB’s net profit is anticipated to grow 5.4% YOY to SAR 5,236 Mn in 2025, mainly due to an increase in net funded and non-funded income, coupled with lower impairment provisions partially offset by an anticipated rise in operating expenses, and tax expenses. Funded income is estimated to rise 7.4% YOY to SAR 15,520 Mn in 2025, supported by anticipated rise net advances and investment, partially offset by forecasted decline in asset yield. Funded expense is projected to increase 11.5% YOY to SAR 7,226 Mn in 2025, driven by expected increase in average interest-bearing liabilities, partially offset by decline in cost of funds. Resultantly, net funded income is expected to grow 4.0% YOY to SAR 8,294 Mn in 2025. Total non-funded income is anticipated to increase 17.5% YOY to SAR 1,795 Mn in 2025, primarily due to an anticipated increase in fees & commission income, exchange income, trading income, and dividend income, partially offset by expected decline in unrealised gain on FVIS investments, other operating income, and other non-funded income. Thus, operating income is likely to rise 6.2% YOY to SAR 10,090 Mn in 2025. Operating expenses are projected to grow 5.3% YOY to SAR 3,294 Mn in 2025. As a result, cost-to-income ratio to decline 27 bps YOY to 32.7% in 2025, primarily due to higher operating income. Impairment charges are estimated to decline 4.8% YOY to SAR 727 Mn in 2025. Share of results of associates is expected to decline from SAR 145 Mn in 2024 to SAR 37 Mn in 2025. Tax expense is anticipated to grow 10.3% YOY to SAR 866 Mn in 2025. The Bank’s share of non-controlling interest is projected to increase from SAR 1 Mn in 2024 to SAR 3 Mn in 2025.

3Q25 Outturn

ARNB’s funded income rose 3.5% YOY to SAR 3,905 Mn in 3Q25, owing to strong growth in net advances and investment portfolio, partially offset by decline in asset yield. However, the Bank’s funded expenses grew 11.8% YOY to SAR 1,897 Mn in 3Q25, primarily due to a rise in customer deposits, partially offset by fall in cost of funds. Thus, the net funded income declined 3.2% YOY to SAR 2,008 Mn in 3Q25. ARNB’s non-funded income expanded 14.7% YOY to SAR 384 Mn in 3Q25, primarily driven by an increase in net fee and commission income, net gains on sale of non-trading instruments, and net exchange income, partially offset by decline in net trading income, dividend income, net gains on FVSI financial instruments, and net other operating income. As a result, operating income decreased marginally 0.7% YOY to SAR 2,392 Mn in 3Q25. Furthermore, operating expenses rose 4.6% YOY to SAR 825 Mn in 3Q25, owing to an increase in salaries and employee-related expenses and D&A expenses, partially offset by a decline in other general and administrative expenses and premises related expenses. Thus, cost-to-income ratio increased from 32.8% in 3Q24 to 34.5% in 3Q25. Impairment charges declined substantially from SAR 165 Mn in 3Q24 to SAR 19 Mn in 3Q25, driven by lower impairment on other real estate owned, improvement in credit quality, and favourable macroeconomic developments. This indicates the continued effectiveness of the Bank's risk management practices. Share of results of associates remained stable at SAR 7 Mn in 3Q25 compared to 3Q24. Zakat & tax expenses increased 2.8% YOY to SAR 225 Mn in 3Q25. As a result, net profit rose 6.9% YOY to SAR 1,329 Mn in 3Q25.

Target Price and Recommendation

We revised our rating from HOLD to BUY on Arab National Bank, with an unchanged target price of SAR 25.00. The stock price decreased 9.3% since our last rating. Arab National Bank witnessed healthy growth in profitability backed by strong growth in non-funded income and significant decline in impairments. The Bank's net advances increased 15.0% YOY and 2.6% QOQ to SAR 191.4 Bn in 3Q25. Additionally, the corporate lending accounted 74% of total loan book in 3Q25, with well-diversified exposure across key sectors. Thus, indicating Bank's continued efforts on capturing growth opportunities across all business segments. Based on this strong lending momentum, the Bank guided to maintain mid-teens loan growth in 2025. ARNB's total net investment boosted 13.4% YOY and 6.6% QOQ to SAR 57.9 Bn in 3Q25, indicating robust performance. Similarly, deposit grew 16.5% YOY and 4.4% QOQ to SAR 210.7 Bn in 3Q25, with CASA constituted 51% of the total deposit, reflecting the Bank's ability to capture lower cost funding. The headline loan-to-deposit ratio declined from 92.4% in 2Q25 to 90.8% in 3Q25, easing liquidity. Furthermore, the Bank's guided NIMs to remain between 3.4 - 3.5% in 2025. ARNB's asset quality improved with stage 3 loan of total loan portfolio declined from 1.3% in 3Q24 to 0.9% in 3Q25. Consequently, the reported coverage ratio increased from 144.5% in 3Q24 to 163.9% in 3Q25, providing a substantial buffer. The Bank's capitalization stood strong with a CAR of 20.6% and a Tier 1 ratio of 18.9% in 3Q25. ARNB's LCR and NSDR stood at 137.05% and 119.96% in 3Q25 respectively, above the regulatory minimum requirement. The Bank's ability to boost non-core income amid declining interest rates helped to maintain its profitability. Consequently, the Bank further aims to increase its product offering by diversifying its income sources. ARNB also redesigned its Mobile Banking app and Retail Internet Banking Platform to improve its user interface and increase cross-selling opportunities. Thus, based on our analysis, we assigned BUY rating on the stock.

ARNB - Relative valuation

(at CMP)	**2020**	**2021**	**2022**	**2023**	**2024**	**2025F**
P/E (x)	20.44	19.46	13.80	10.41	8.53	8.05
P/B (x)	1.42	1.39	1.34	1.18	1.09	0.87
BVPS	15.226	15.754	17.889	19.362	20.968	22.261
EPS	1.036	1.088	1.535	2.035	2.483	2.628
DPS	0.400	1.150	1.100	1.350	1.300	1.300
Dividend yield	1.9%	5.3%	5.1%	6.3%	6.0%	6.0%

FABS Estimates & Co Data

ARNB- P&L

SAR Mn	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Funded income	3,639	3,905	4,144	13.9%	6.1%	14,454	15,520	7.4%
Funded expense	-1,610	-1,897	-2,000	24.2%	5.4%	-6,482	-7,226	11.5%
Net funded income	**2,028**	**2,008**	**2,144**	**5.7%**	**6.8%**	**7,972**	**8,294**	**4.0%**
Fees and commissions	105	225	244	NM	8.7%	709	999	41.0%
Exchange income, net	104	89	93	-10.5%	5.4%	326	361	10.9%
Unrealised gain on FVIS invt, net	157	-1	0	NM	NM	174	118	-32.1%
Trading Income	-3	4	31	NM	NM	59	80	NM
Dividend income	31	42	46	48.9%	7.9%	158	224	42.0%
Other operating income	23	17	15	NM	NM	96	60	-37.0%
Gain on sale of non-trading invts.	2	8	0	NM	NM	6	-48	NM
Other non-funded income	314	159	185	-41.1%	16.3%	819	796	-2.8%
Non-funded income	**418**	**384**	**429**	**2.5%**	**11.8%**	**1,528**	**1,795**	**17.5%**
Operating income	**2,446**	**2,392**	**2,573**	**5.2%**	**7.6%**	**9,500**	**10,090**	**6.2%**
Operating expenses	-872	-825	-838	-4.0%	1.5%	-3,128	-3,294	5.3%
Pre-provision profit	**1,574**	**1,567**	**1,736**	**10.3%**	**10.8%**	**6,372**	**6,795**	**6.6%**
Impairment	-271	-19	-286	5.5%	NM	-764	-727	-4.8%
Share of results of associates	132	7	16	-87.6%	NM	145	37	-74.4%
PBT	**1,435**	**1,554**	**1,466**	**2.2%**	**-5.7%**	**5,753**	**6,105**	**6.1%**
Tax	-178	-225	-197	11.0%	-12.3%	-786	-866	10.3%
Profit after tax	**1,257**	**1,329**	**1,268**	**0.9%**	**-4.6%**	**4,967**	**5,239**	**5.5%**
Non-controlling int.	-1	0	-2	NM	NM	-1	-3	NM
Net profit attributable	**1,256**	**1,329**	**1,266**	**0.8%**	**-4.8%**	**4,966**	**5,236**	**5.4%**

FABS estimate & Co Data

ARNB - KPI

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	82.9%	84.0%	83.3%	43	-63	83.9%	82.2%	-171
NIMs – Trailing 12M	3.75%	3.47%	3.44%	-30	-3	3.75%	3.44%	-30
NIMs - Annualized	3.79%	3.40%	3.54%	-25	14	3.75%	3.44%	-30
NIS	3.2%	2.7%	2.8%	-39	9	3.2%	2.9%	-30
Fees & comms/OI	4.3%	9.4%	9.5%	522	10	7.5%	9.9%	244
Impairment/PPP	17.2%	1.2%	16.5%	-74	NM	12.0%	10.7%	-129
Cost to income	35.7%	34.5%	32.6%	-311	-194	32.9%	32.7%	-27
NP/OI	51.4%	55.6%	49.2%	-216	-639	52.3%	51.9%	-38
Cost of risk – calculated	0.4%	0.2%	0.6%	17	33	0.4%	0.41%	0
Loan-to-deposit calculated	93.0%	90.8%	91.5%	-152	68	93.0%	91.5%	-152
NPL calculated	1.2%	0.9%	1.1%	-8	19	1.2%	1.1%	-8
NPL coverage calculated	148.5%	163.9%	146.0%	-248	NM	148.5%	146.0%	-248
Tier 1	17.3%	18.9%	16.4%	-92	-246	17.3%	16.4%	-92
Capital adequacy	19.1%	20.6%	18.1%	-101	-249	19.1%	18.1%	-101
ROAE	13.3%	13.4%	13.0%	-32	-34	13.3%	13.0%	-32
ROAA	2.1%	2.0%	2.0%	-15	-4	2.1%	2.0%	-15

FABS estimate & Co data

ARNB - Key B/S items

SAR Mn	4Q24	1Q25	2Q25	3Q25	4Q25F	YOY Ch
Net advances	169,495	179,057	186,476	191,356	198,453	17.1%
QOQ change	1.9%	5.6%	4.1%	2.6%	3.7%	
Total assets	248,912	264,651	268,983	280,486	285,384	14.7%
QOQ change	2.7%	6.3%	1.6%	4.3%	1.7%	
Customer deposits	182,224	195,619	201,739	210,697	216,898	19.0%
QOQ change	0.8%	7.4%	3.1%	4.4%	2.9%	
Total equity	38,724	41,830	43,028	47,152	48,288	24.7%
QOQ change	2.8%	8.0%	2.9%	9.6%	2.4%	

FABS estimate & Co data

4Q25 preview: Alinma Bank

Expansion in lending and moderation in funded expenses to support profit

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 24.50	SAR 33.00	+34.7%	BUY

4Q25 estimate

Alinma Bank (Alinma/the Bank) is expected to report a 7.9% YOY rise in net profit to SAR 1,650 Mn in 4Q25. The growth in net profit will mainly be driven by a continued expansion in financing growth, leading to higher funded income, coupled with a growth in non-funded income, partially offset by a higher opex and impairment charges. Funded income is predicted to expand 10.7% YOY to SAR 4,658 Mn in 4Q25 as the Bank is projected to witness an increase in average interest-earning assets, partially offset by a decline in asset yield owing to a decline in interest rates. On the other hand, the funded expense is expected to increase 13.8% YOY to SAR 2,209 Mn in 4Q25 due to an anticipated rise in average interest-bearing liabilities and a marginal increase in cost of funds. Thus, net funded income is likely to grow 8.1% YOY to SAR 2,449 Mn in 4Q25. Fee and commission income is anticipated to fall marginally by 1.3% YOY to SAR 403 Mn in 4Q25. Exchange income is forecasted to fall from SAR 107 Mn in 4Q24 to SAR 97 Mn in 4Q25. However, other non-funded income is projected to rise substantially from SAR 33 Mn in 4Q24 to SAR 70 Mn in 4Q25. Thus, total non-funded income is expected to increase 3.8% YOY to SAR 570 Mn in 4Q25. Operating income is likely to grow 7.3% YOY to SAR 3,019 Mn in 4Q25. Meanwhile, operating expenses are anticipated to rise 4.1% YOY to SAR 899 Mn in 4Q25. Moreover, we expect the cost-to-income ratio to fall 91 bps YOY to 29.8% in 4Q25. Impairment charges are anticipated to grow 8.8% YOY to SAR 274 Mn in 4Q25. Zakat expense is forecasted to increase 11.2% YOY to SAR 195 Mn in 4Q25.

2025 forecast

We forecast Alinma's net profit to rise 8.4% YOY to SAR 6,324 Mn in 2025. The growth in net profit is mainly driven by an expected growth in net funded and non-funded income, partially offset by an estimated increase in operating expenses. Funded income is anticipated to increase 8.5% YOY to SAR 17,529 Mn in 2025 due to growth in average interest-earning assets, partially offset by a decline in yield on assets. On the other hand, the funded expense is expected to grow 8.7% YOY to SAR 8,160 Mn in 2025, attributed to a rise in average interest-bearing liabilities, partially offset by a decrease in cost of funds owing to a decline in benchmark rates. Thus, net funded income is expected to grow 8.3% YOY to SAR 9,368 Mn in 2025. Fees and commission income are forecasted to rise 3.0% YOY to SAR 1,657 Mn in 2025. Net exchange income is projected to moderate 1.0% YOY to SAR 376 Mn in 2025, while the other non-funded income is estimated to increase 13.0% YOY to SAR 343 Mn in 2025. Thus, non-funded income is anticipated to grow 3.7% YOY to SAR 2,375 Mn in 2025. As a result, total operating income will likely increase 7.3% YOY to SAR 11,744 Mn in 2025. Operating expenses are anticipated to increase 8.0% YOY to SAR 3,653 Mn in 2025. Moreover, we expect the cost-to-income ratio to increase 18 bps YOY to 31.1% in 2025. Impairment charge is anticipated to decline 2.7% YOY to SAR 1,021 Mn in 2025. Zakat expense is expected to grow 8.3% YOY to SAR 719 Mn in 2025 in line with growth in profit before tax.

3Q25 outturn

ALINMA's funded income grew 7.4% YOY to SAR 4,498 Mn in 3Q25, driven by an increase in financing and investment portfolio. Similarly, the funded expenses also rose 8.5% YOY to SAR 2,134 Mn in 3Q25, due to growth in time deposits. The funded expenses grew at a faster rate compared to the funded income. Thus, the net funded income increased 6.5% YOY to SAR 2,365 Mn in 3Q25. The Bank's non-funded income grew marginally 0.8% YOY to SAR 600 Mn in 3Q25, due to a rise in fee income and other operating income, partially offset by a decline in exchange income, FVIS income and dividend income. As a result, the operating income increased 5.3% YOY to SAR 2,965 Mn in 3Q25. ALINMA's operating expenses grew 9.4% YOY to SAR 932 Mn in 3Q25, due to which the calculated cost-to-income ratio rose 117 bps YOY to 31.4% in 3Q25. Furthermore, impairment charges grew 16.7% YOY to SAR 247 Mn in 3Q25, while recording an impairment reversal on other financial assets of SAR 9 Mn in 3Q25, compared to an impairment loss of SAR 3 Mn. Share of loss from associates was at SAR 1 Mn in 3Q25. The Bank's Zakat expenses increased marginally 1.3% YOY to SAR 183 Mn in 3Q25.

Target price and recommendation

We maintain our BUY rating on Alinma Bank with a target price of SAR 33.00. The Bank witnessed healthy growth of 15.2% YOY and 3.2% QOQ in net advances, while the deposits increased 12.2% YOY and 2.0% QOQ during 3Q25. Alinma recorded steady loan growth of c. SAR 7 Bn per quarter in the first three quarters of 2025. It expects repayment in 4Q25, but these are offset by an already-built pipeline, leading it to maintain mid-teen loan growth guidance for 2025. The Bank also expects land reforms and white land tax changes to be structurally positive for mortgage demand. In addition, it also expects project finance to pick up growth towards year-end. In 3Q25, the Bank witnessed improvement in asset yield attributed to the pass-through of higher funding costs, less aggressive asset pricing observed across the market in 3Q25, benefit from cash flow hedge and improved investment yields. Alinma anticipates an improvement in NIMs during 4Q25 owing to lower funding costs supported by rate cuts, smaller support from improvement in asset yield and moderate competition. The volatility in investment valuation will impact the growth of non-funded income in 2025. Alinma continues to optimize the risk-weighted assets in 3Q25 due to lower risk density achieved via recognition of eligible equity collateral and growth diversification towards mortgages & SMEs, which carry a lower risk weight compared to mortgages. This leads the bank to maintain a CET1 ratio of 13% in 3Q25 compared to 2024. Tier 1 capital ratio improved from 17.3% in 2Q25 to 18.3% in 3Q25. Moreover, the asset quality remains largely stable, with stage 3 loan balances remaining stable, while stage 3 coverage fell from 70.4% in 2Q25 to 66.4% in 3Q25. The Bank plans to maintain a 150% coverage ratio, driven by high provisioning measures for Stage 2 and Stage 3 loans. Alinma raised USD 2 Bn from multiple sukuk programs in 2025. The sukuks provide a fixed rate and long-term source of funding. The cost of funding is lower than the marginal cost of SAR term and salary deposits. It also mitigates the risk of short-term deposit rollovers. Additionally, the Bank distributed a dividend of SAR 0.30 per share for 3Q25, totalling SAR 746 Mn. Thus, based on the factors mentioned above, we maintain a BUY rating on the stock.

Alinma - Relative valuation

(at CMP)	**2020**	**2021**	**2022**	**2023**	**2024**	**2025F**
P/E (x)	30.77	22.33	16.81	12.50	10.92	10.39
P/B (x)	2.48	2.43	2.34	2.06	1.85	1.68
BVPS	9.772	9.966	10.352	11.733	13.077	14.375
EPS	0.786	1.084	1.440	1.936	2.217	2.330
DPS	0.239	0.597	0.756	0.677	1.100	1.150
Dividend Yield	1.0%	2.4%	3.1%	2.8%	4.5%	4.7%

FABS Estimates & Co Data

Alinma Bank- P&L

SAR Mn	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Funded income	4,207	4,498	4,631	10.1%	2.9%	16,155	17,501	8.3%
Funded expense	-1,941	-2,134	-2,209	13.8%	3.5%	-7,506	-8,160	8.7%
Net funded income	**2,266**	**2,365**	**2,422**	**6.9%**	**2.4%**	**8,649**	**9,341**	**8.0%**
Fees and commissions	408	408	403	-1.3%	-1.2%	1,608	1,657	3.0%
Exchange income	107	89	97	-9.1%	9.6%	380	376	-1.0%
Other non-funded income	33	103	70	108.3%	-32.6%	304	343	13.0%
Non-funded income	**549**	**600**	**570**	**3.8%**	**-5.0%**	**2,291**	**2,375**	**3.7%**
Operating income	**2,815**	**2,965**	**2,992**	**6.3%**	**0.9%**	**10,940**	**11,716**	**7.1%**
Operating expenses	-864	-932	-899	4.1%	-3.6%	-3,384	-3,653	8.0%
Pre-provision profit	**1,951**	**2,032**	**2,093**	**7.3%**	**3.0%**	**7,556**	**8,063**	**6.7%**
Impairment	-252	-247	-274	8.8%	11.1%	-1,050	-1,021	-2.7%
Impair on other financial assets	-3	9	0	NA	NA	-1	17	NM
Share of profit of associates	3	-1	0	NA	NA	-5	-3	NM
Net profit before zakat	**1,705**	**1,775**	**1,818**	**6.7%**	**2.4%**	**6,502**	**7,022**	**8.0%**
Zakat	-176	-183	-193	9.6%	5.3%	-670	-723	7.9%
Net profit attributable	**1,529**	**1,592**	**1,626**	**6.3%**	**2.1%**	**5,832**	**6,299**	**8.0%**

FABS estimate & Co Data

Alinma Bank - KPI

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	80.5%	79.8%	80.9%	45	119	79.1%	79.7%	67
NIMs – Trailing 12M	3.6%	3.4%	3.4%	-22	-6	3.6%	3.4%	-22
NIMs - Annualized	3.8%	3.5%	3.5%	-27	-4	3.6%	3.4%	-22
NIS	3.1%	2.9%	2.9%	-20	-1	3.1%	2.9%	-22
Fees & comms/OI	14.5%	13.8%	13.5%	-104	-29	14.7%	14.1%	-56
Exchange Inc/OI	3.8%	3.0%	3.3%	-55	26	3.5%	3.2%	-26
Cost to income	30.7%	31.4%	30.0%	-64	-141	30.9%	31.2%	25
Impairment/PPP	12.9%	12.1%	13.1%	18	96	13.9%	12.7%	-123
NP/OI	54.3%	53.7%	54.3%	2	64	53.3%	53.8%	46
Cost of risk (calculated)	0.5%	0.4%	0.5%	-3	3	0.5%	0.5%	-9
Loan-to-deposit	96.1%	96.2%	97.9%	178	167	97.9%	100.0%	213
NPL (calculated)	1.1%	1.2%	1.2%	14	0	1.1%	1.2%	14
NPL Coverage (calculated)	172.3%	158.2%	178.0%	574	NM	172.3%	178.0%	574
Tier 1	16.7%	18.3%	18.2%	151	-5	16.7%	18.2%	151
Capital adequacy	17.7%	19.2%	19.2%	143	-7	17.7%	19.2%	143
ROAE	17.8%	17.1%	16.9%	-88	-21	17.8%	16.9%	-88
ROAA	2.3%	2.2%	2.1%	-15	-4	2.3%	2.1%	-15

FABS estimate & Co Data

Alinma Bank - Key B/S items

SAR Mn	4Q24	1Q25	2Q25	3Q25	4Q25F	YOY Ch
Net advances	202,308	209,435	218,596	225,684	232,924	15.1%
QOQ change	3.3%	3.5%	4.4%	3.2%	3.2%	
Total assets	276,827	287,222	297,216	307,214	317,409	14.7%
QOQ change	3.7%	3.8%	3.5%	3.4%	3.3%	
Customer deposits	210,545	218,839	229,944	234,623	238,008	13.0%
QOQ change	0.7%	3.9%	5.1%	2.0%	1.4%	
Total equity	41,442	42,952	44,775	47,468	48,441	16.9%
QOQ change	0.7%	3.6%	4.2%	6.0%	2.0%	

FABS estimate & Co Data

4Q25 preview: Al Bilad Bank

Improving Asset Quality and Loan Book Expansion to Support Profit Growth

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 25.24	SAR 31.70	+25.6%	BUY

4Q25 Estimate

Bank Albilad's (ALBI/ the Bank) net profit is expected to decline marginally 0.2% YOY to SAR 789 Mn in 4Q25, mainly driven by an anticipated decline in non-funded income coupled with expected rise in impairment charges, partially offset by an expected increase in net funded income, lower G&A expenses. We expect funded income to rise 8.8% YOY to SAR 2,383 Mn in 4Q25, driven by expected growth in net advances and other interest-earning assets. Funded expenses is expected to rise 1.9% YOY to SAR 1,065 Mn in 4Q25, due to a projected increase in average interest-bearing liabilities, partially offset by an anticipated decrease in cost of funds. Thus, net funded income is likely to grow 15.2% YOY to SAR 1,318 Mn in 4Q25. The Bank's fees and commission income is projected to fall 9.5% YOY to SAR 187 Mn, and exchange income is forecasted to decrease 18.7% YOY to SAR 85 Mn in 4Q25. However, we anticipate other non-funded income to increase from SAR 21 Mn in 4Q24 to SAR 54 Mn in 4Q25. However, total non-funded income is expected to decline 1.9% YOY to SAR 326 Mn in 4Q25. As a result, ALBI's total operating income is expected to increase 11.3% YOY to SAR 1,644 Mn in 4Q25. G&A expenses are expected to marginally decline by 0.5% YOY to SAR 650 Mn in 4Q25. However, we expect the cost-to-income ratio to improve by 470 bps YOY to 39.6% in 4Q25, driven by growth in total operating income. ALBI's is expected to record an impairment charge of SAR 114 Mn in 4Q25, compared to impairment reversals of SAR 58 Mn in 4Q24. The Bank's zakat expenses are expected to marginally decline 0.2% YOY to SAR 91 Mn in 4Q25.

2025 Forecast

ALBI's net profit is estimated to increase 7.6% YOY to SAR 3,021 Mn in 2025, driven by a healthy growth expected in net funded and non-funded income, partially offset by a rise in G&A expenses and impairment charges. Funded income is anticipated to grow 6.8% YOY to SAR 9,145 Mn, while funded expenses is expected to grow 4.1% YOY to SAR 4,294 Mn in 2025. Thus, net funded income is likely to expand 9.4% YOY to SAR 4,852 Mn in 2025. We expect NIMs to remain stable at 3.2% in 2025, as contracting asset yields are likely to be partly offset by lower funding costs. The Bank's fees and commission income and exchange income are projected to grow 7.0% YOY and 3.0% YOY to SAR 750 Mn and SAR 326 Mn, respectively, in 2025. Additionally, other non-funded income is expected to increase 15.8% YOY to SAR 256 Mn in 2025. Thus, the total non-funded income is likely to grow 7.6% YOY to SAR 1,332 Mn in 2025. As a result, total operating income is expected to increase 9.0% YOY to SAR 6,183 Mn in 2025. G&A expenses are expected to rise 6.3% YOY to SAR 2,566 Mn, with a decline in the cost-to-income ratio of 105 bps YOY to 41.5% in 2025. Furthermore, impairment charges are anticipated to grow significantly from SAR 130 Mn in 2024 to SAR 249 Mn in 2025. The Bank's zakat expense is projected to increase 7.6% YOY to SAR 347 Mn in 2025.

3Q25 Outturn

ALBI's funded income grew 5.3% YOY to SAR 2,321 Mn in 3Q25, driven by growth in net advances. On the other hand, funded expenses grew 7.8% YOY to SAR 1,126 Mn in 3Q25. Thus, net funded income grew 3.0% YOY to SAR 1,195 Mn in 3Q25. The Bank's non-funded income increased 18.7% YOY to SAR 340 Mn in 3Q25, attributed to a rise in fees and commission income, dividend income, and other operating income, coupled with a gain on non-trading investment, partially offset by lower exchange income. The Bank's fees and commission income grew 10.2% YOY to SAR 200 Mn in 3Q25. Exchange income declined 18.7% YOY to SAR 73 Mn in 3Q25. Other non-funded income grew significantly from SAR 20 Mn in 3Q24 to SAR 67 Mn in 3Q25. Thus, the Bank's total operating income rose 6.1% YOY to SAR 1,535 Mn in 3Q25. Furthermore, the Bank's operating expenses increased 6.3% YOY to SAR 647 Mn in 3Q25, mainly due to an increase in salaries and employee-related expenses, G&A expenses, and D&A. However, the Bank's cost-to-income ratio remained stable at 42.2% in 3Q25, compared to 3Q24. Impairment charges declined from SAR 54 Mn in 3Q24 to SAR 33 Mn in 3Q25, driven by an improvement in asset quality. The Bank's zakat expenses increased 9.1% YOY to SAR 88 Mn in 3Q25.

Target price and recommendation

We revise our rating on ALBI from HOLD to BUY with an unchanged target price of SAR 31.70. The Bank's stock price declined 14.6% since our last rating (October 2025). ALBI's profitability grew 9.1% YOY in 3Q25, driven by a strong growth in non-funded income, indicating effective diversification of revenue streams. The Bank's loan portfolio grew 11.7% and 3.0% QOQ to SAR 119.1 Bn in 3Q25, reflecting strong growth across the commercial and retail portfolio. ALBI's investment portfolio rose 32.4% YOY and 6.3% QOQ to SAR 30.4 Bn in 3Q25, underscoring continued growth in earning assets. Customer deposits rose 5.5% YOY and 4.1% QOQ to SAR 129.0 Bn, with CASA deposits accounting for a strong 66.0% of total deposits in 3Q25, supporting a low-cost funding base. While NIMs moderated by 24 bps YOY and 13 bps QOQ to 3.1% in 3Q25, funding quality is expected to provide downside protection. Liquidity improved, with the loan-to-deposit ratio declining to 92.3% in 3Q25 from 93.4% in 2Q25. Operational efficiency remained solid, with the cost-to-income ratio declining 208 bps QOQ to 42.2% in 3Q25. We expect further improvement, with the ratio forecast to decline to 41.5% in 2025. Asset quality strengthened, with the NPL ratio improving to 1.0% and the coverage ratio rising to 204.7% in 3Q25, providing a comfortable buffer against potential credit stress. Capital and liquidity positions remain robust, with CET1 and total CAR at 14.8% and 20.3%, respectively, during 3Q25. Liquidity metrics also remained well above regulatory requirements, with LCR at 120.3% and NSFR at 109.2% in 3Q25. Thus, based on our analysis, we assign a BUY rating on the stock.

Bank Al Bilad - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	27.55	22.03	17.85	15.68	13.24	12.30
PB	3.46	3.10	2.88	2.44	2.23	1.67
BVPS	7.161	7.987	8.599	10.172	11.129	14.868
EPS	0.899	1.124	1.388	1.579	1.871	2.014
DPS	NA	NA	0.333	0.333	0.750	0.900
Dividend Yield	NA	NA	1.3%	1.3%	3.0%	3.6%

FABS Estimates & Co Data

Bank Al Bilad - P&L

SAR Mn	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Income from invest & fin.	2,190	2,321	2,383	8.8%	2.7%	8,559	9,145	6.8%
Return on deposits & fin. liab.	-1,045	-1,126	-1,065	1.9%	-5.4%	-4,126	-4,294	4.1%
Net funded income	**1,144**	**1,195**	**1,318**	**15.2%**	**10.3%**	**4,434**	**4,852**	**9.4%**
Fees and commissions	206	200	187	-9.5%	-6.8%	701	750	7.0%
Exchange income	105	73	85	-18.7%	16.7%	316	326	3.0%
Other non-funded income	21	67	54	NM	-19.4%	221	256	15.8%
Total non-funded income	**332**	**340**	**326**	**-1.9%**	**-4.2%**	**1,238**	**1,332**	**7.6%**
Total operating income	**1,477**	**1,535**	**1,644**	**11.3%**	**7.1%**	**5,672**	**6,183**	**9.0%**
General & admin. Expenses	-654	-647	-650	-0.5%	0.5%	-2,413	-2,566	6.3%
Pre provision profit	**823**	**887**	**994**	**20.7%**	**11.9%**	**3,258**	**3,617**	**11.0%**
Impairment	58	-33	-114	NM	NM	-130	-249	92.1%
Profit before zakat	**881**	**855**	**879**	**-0.2%**	**2.9%**	**3,129**	**3,368**	**7.6%**
Zakat expenses	-91	-88	-91	-0.2%	2.9%	-322	-347	7.6%
Net profit attributable	**790**	**766**	**789**	**-0.2%**	**2.9%**	**2,807**	**3,021**	**7.6%**

FABS Estimates & Co Data

Bank Al Bilad - P&L KPI

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	77.5%	77.8%	80.2%	267	234	78.2%	78.5%	29
NIMs – Trailing 12M	3.2%	3.1%	3.2%	1	7	3.2%	3.2%	1
NIMs - Annualized	3.3%	3.2%	3.5%	18	28	3.2%	3.2%	1
NIS	3.0%	2.8%	3.0%	5	19	2.9%	2.9%	4
Fees & comms/OI	14.0%	13.1%	11.4%	-262	-169	12.4%	12.1%	-23
Other Operating Inc/OI	8.5%	9.1%	8.5%	-6	-64	9.5%	9.4%	-6
Cost to income	44.3%	42.2%	39.6%	-470	-261	42.6%	41.5%	-105
Impairment/PPP	-7.0%	3.7%	11.5%	NM	780	4.0%	6.9%	291
NP/OI	53.5%	49.9%	48.0%	-554	-197	49.5%	48.9%	-62
Cost of risk	-0.2%	0.1%	0.4%	59	27	0.1%	0.2%	9
Loan-to-deposit (headline)	89.8%	92.3%	95.0%	524	267	89.8%	95.0%	524
NPL (calculated)	1.2%	1.0%	1.0%	-19	5	1.2%	1.0%	-20
Coverage excluding collateral	198.4%	204.7%	206.0%	761	134	198.4%	206.0%	761
CET1	14.6%	14.8%	15.6%	105	81	14.6%	15.6%	105
Capital Adequacy	18.3%	20.3%	19.0%	69	-131	18.3%	20.9%	261
ROAE	17.6%	16.3%	15.5%	-207	-82	17.6%	15.5%	-207
ROAA	1.9%	1.9%	1.9%	-3	-3	1.9%	1.9%	-3

FABS estimate & Co Data

Bank Al Bilad-Key BS Items

SAR Mn	4Q24	1Q25	2Q25	3Q25	4Q25F	Change
Net advances	109,304	112,427	115,689	119,135	123,539	13.0%
QOQ Change	2.4%	2.9%	2.9%	3.0%	3.7%	
Total assets	154,965	159,103	161,902	167,929	171,070	10.4%
QOQ Change	0.8%	2.7%	1.8%	3.7%	1.9%	
Customer deposits	121,776	124,018	123,929	129,023	130,039	6.8%
QOQ Change	-0.5%	1.8%	-0.1%	4.1%	0.8%	
Total equity	16,693	17,592	20,756	20,910	22,302	33.6%
QOQ Change	3.5%	5.4%	18.0%	0.7%	6.7%	

FABS estimate & Co Data

4Q25 preview: Al Rajhi Bank

Higher non-yield income and cost discipline to support net profit growth

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 97.10	SAR 110.00	+13.3%	ACCUMULATE

4Q25 estimate

Al Rajhi Bank (Al Rajhi/the Bank) net profit is expected to grow 13.0% YOY to SAR 6,231 Mn in 4Q25. The increase is attributed to the anticipated rise in net-funded & non-funded income and decrease in impairment charges, partially offset by an expected increase in operating expenses and zakat charges. Net funded income is anticipated to grow 5.4% YOY to SAR 7,316 Mn in 4Q25, primarily due to an increase in funded income partially offset by an increase in funded expenses. Funded income is projected to grow 10.5% YOY to SAR 14,178 Mn in 4Q25, driven by an expected growth in net advances and investment portfolio. On the other hand, financing and investment expenses are projected to grow 16.6% YOY to SAR 6,862 Mn in 4Q25. Net fees from banking services are expected to grow 27.7% YOY to SAR 1,645 Mn, and net exchange income is anticipated to grow 25.6% YOY to SAR 423 Mn in 4Q25. Furthermore, other operating income is expected to increase from SAR 183 Mn in 4Q24 to SAR 379 Mn in 4Q25. As a result, total non-funded income is expected to rise 35.3% YOY to SAR 2,447 Mn in 4Q25. Thus, Al Rajhi's total operating income is likely to rise 11.6% YOY to SAR 9,763 Mn in 4Q25. Salaries and employee-related expenses are projected to rise 9.5% YOY to SAR 1,036 Mn in 4Q25. Other G&A expenses are expected to increase 15.7% YOY to SAR 629 Mn in 4Q25. Depreciation and amortization charges are anticipated to increase 10.6% YOY to SAR 621 Mn in 4Q25. Thus, total operating expenses are expected to increase 11.5% YOY to SAR 2,285 Mn in 4Q25. However, we expect the cost-to-income ratio to remain stable at 23.4% in 4Q25, compared to 4Q24. Impairment charges are expected to decline 6.9% YOY to SAR 514 Mn in 4Q25. Additionally, the zakat expense is expected to grow 16.2% YOY to SAR 728 Mn in 4Q25. The profit share to the NCI holders is expected to fall 15.8% YOY to SAR 5 Mn in 4Q25.

2025 forecast

Al Rajhi Bank is expected to report a 25.0% YOY increase in net profit to SAR 24,648 Mn in 2025, primarily due to anticipated growth in net funded and non-funded income, partially offset by higher operating expenses, impairment charges, and Zakat expenses. Funded income is expected to increase 17.6% YOY to SAR 55,276 Mn in 2025. Funded expenses are anticipated to rise 18.4% YOY to SAR 26,264 Mn in 2025. Resultantly, net funded income is likely to grow 16.8% YOY to SAR 29,012 Mn in 2025. Total non-funded income is expected to increase 30.8% YOY to SAR 9,436 Mn in 2025, due to an anticipated increase in fees from banking services, exchange income, and other operating income. Net fees from banking services are anticipated to grow 27.0% YOY to SAR 5,960 Mn in 2025, while net exchange income is estimated to increase 18.0% YOY to SAR 1,526 Mn in 2025. Other operating income is also expected to rise significantly 59.0% YOY to SAR 1,950 Mn in 2025. Thus, total operating income is projected to increase 19.9% YOY to SAR 38,448 Mn in 2025. The Bank's salaries and employee-related benefits are projected to grow 7.4% YOY to SAR 3,999 Mn in 2025. Similarly, we anticipate other G&A expenses to rise 6.1% YOY to SAR 2,403 Mn in 2025. Additionally, D&A charges are forecasted to increase 17.6% YOY to SAR 2,330 Mn in 2025. Hence, total operating expenses are anticipated to increase 9.6% YOY to SAR 8,732 Mn in 2025. However, we expect the cost-to-income ratio to decline 215 bps YOY to 22.7% in 2025. Impairment charges are expected to rise 4.4% YOY to SAR 2,209 Mn in 2025. Zakat expense is anticipated to increase 26.7% YOY to SAR 2,833 Mn in 2025. Al Rajhi's non-controlling interest is anticipated to rise from SAR 9 Mn in 2024 to SAR 25 Mn in 2025.

3Q25 outturn

ALRAJHI's funded income rose 17.5% YOY to SAR 14,280 Mn in 3Q25, fueled by a growth in gross financing and investment portfolio. On the other hand, funded expenses surged 21.5% YOY to SAR

6,987 Mn in 3Q25. Thus, ALRAJHI's net funded income grew 14.0% YOY to SAR 7,294 Mn in 3Q25. The Bank's fees from banking services grew 24.5% YOY to SAR 1,547 Mn in 3Q25. Exchange income rose 25.4% YOY to SAR 429 Mn, and other operating income grew 33.9% YOY to SAR 612 Mn in 3Q25. Thus, the Bank's total non-funded income grew 26.7% YOY to SAR 2,588 Mn in 3Q25. As a result, ALRAJHI's total operating income expanded 17.1% YOY to SAR 9,882 Mn in 3Q25. The Bank's total operating expenses increased 7.1% YOY to SAR 2,216 Mn in 3Q25, supported by a rise in depreciation expense of 21.9% YOY to SAR 606 Mn, coupled with growth in salaries and employee-related benefits of 3.5% YOY to SAR 995 Mn during 3Q25. General & administrative expenses grew marginally 0.6% YOY to SAR 615 Mn in 3Q25. However, the Bank's cost-to-income ratio declined from 24.5% in 3Q24 to 22.4% in 3Q25. Additionally, impairment charges decreased 17.2% YOY to SAR 570 Mn in 3Q25, driven primarily by improved recovery performance, which reduced net provisions for expected credit losses. Zakat charges grew 27.1% YOY to SAR 729 Mn in 3Q25. The profit share to NCI was reported at SAR 6 Mn in 3Q25, compared to 4 Mn in 3Q24.

Target price and recommendation

We revise our rating from HOLD to ACCUMULATE on ALRAJHI with an unchanged target price of SAR 110.00. The Bank's stock price declined 9.5% since our last recommendation (October 2025). ALRAJHI's strategy of "Harmonize the Group" positively supported its operations during 3Q25 by enhancing efficiency, driving growth in fee and non-funded income, and streamlining processes across business units to strengthen overall profitability. Additionally, ALRAJHI's net advances grew 16.5% YOY and 1.9% QOQ to SAR 756.0 Bn in 3Q25, owing to an increase in the corporate and retail financing portfolio. The Bank's Retail financing portfolio grew 7.9% YOY, driven by strong growth of 10.8% YOY across the mortgage portfolio during 3Q25. Additionally, the Bank's Non-Retail financing portfolio grew strongly by 36.2% YOY during 3Q25, reflecting continued momentum in corporate and SME lending. Customer deposits grew 7.6% YOY and 4.4% QOQ to SAR 670.2 Bn, with CASA deposits accounting for 65.6% of total deposits in 3Q25, reflecting a strong and stable low-cost funding base. The Bank revised its NIM outlook at -5 bps to +5 bps, driven by ongoing pressure from elevated funding costs, despite expectations of policy rate cuts over the medium term. However, we believe ALRAJHI's continued diversification toward fee-based and non-funded income, supported by cross-selling and investment banking activities, should help partially offset margin pressures. The Bank expects the non-funded income to grow faster than the financing over the medium term. ALRAJHI's cost-to-income ratio improved 211 bps YOY to 22.4% in 3Q25. The Bank expects to maintain this ratio below 23.0% in 2025, despite ongoing investments in technology and digital capabilities. ALRAJHI's asset quality remained robust, with a stable NPL ratio of 0.76% and a strong provision coverage ratio of 151.2% in 3Q25, providing a solid buffer against potential credit losses. Moreover, the Bank's liquidity coverage ratio improved from 152.9% in 2Q25 to 154.4% in 3Q25, indicating a strengthened liquidity position. ALRAJHI's capitalization remained healthy with a TIER 1 capital of 19.7% and a total CAR of 21.1%, during 3Q25. The Bank also recorded strong shareholders return with a calculated ROAA and ROAE of 2.4% and 22.1%, respectively, during 3Q25. Additionally, ALRAJHI has currently reduced its dividend payout as a prudent, temporary step to strengthen capital buffers amid tighter regulatory requirements. However, the Bank has reaffirmed its intention to revert to historical payout levels over the medium term. Thus, based on our analysis, we revise our rating to ACCUMULATE on the stock.

Al Rajhi Bank - Relative valuation

(At CMP)	2020	2021	2022	2023	2024	2025F
P/E (x)	36.19	26.00	22.61	24.27	20.52	16.42
P/B (x)	6.60	5.70	4.87	4.25	4.08	3.62
BVPS	14.530	16.820	19.681	22.565	23.469	26.484
EPS	2.649	3.687	4.240	3.950	4.672	5.837
DPS	0.625	0.875	1.250	2.300	2.710	2.568
Dividend yield	0.6%	0.9%	1.3%	2.4%	2.8%	2.6%

FABS Estimates & Co Data

Al Rajhi Bank - P&L

SAR Mn	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Funded income	12,828	14,280	14,178	10.5%	-0.7%	47,018	55,276	17.6%
Funded expense	-5,886	-6,987	-6,862	16.6%	-1.8%	-22,175	-26,264	18.4%
Net Funded Income	**6,941**	**7,294**	**7,316**	**5.4%**	**0.3%**	**24,843**	**29,012**	**16.8%**
Fees from banking services	1,288	1,547	1,645	27.7%	6.3%	4,693	5,960	27.0%
Exchange income, net	337	429	423	25.6%	-1.3%	1,293	1,526	18.0%
Other operating income	183	612	379	106.7%	-38.2%	1,227	1,950	59.0%
Total non-funded Income	**1,809**	**2,588**	**2,447**	**35.3%**	**-5.4%**	**7,212**	**9,436**	**30.8%**
Total Operating Income	**8,750**	**9,882**	**9,763**	**11.6%**	**-1.2%**	**32,055**	**38,448**	**19.9%**
Salaries & employee benefits	-946	-995	-1,036	9.5%	4.1%	-3,724	-3,999	7.4%
Other G&A expenses	-544	-615	-629	15.7%	2.2%	-2,265	-2,403	6.1%
Depreciation and amortization	-561	-606	-621	10.6%	2.4%	-1,982	-2,330	17.6%
Total operating Expenses	**-2,050**	**-2,216**	**-2,285**	**11.5%**	**3.1%**	**-7,971**	**-8,732**	**9.6%**
Profit before provisions	**6,700**	**7,665**	**7,478**	**11.6%**	**-2.4%**	**24,085**	**29,715**	**23.4%**
Impairment charge	-553	-570	-514	-6.9%	-9.8%	-2,117	-2,209	4.4%
Total Operating Expenses	**-2,603**	**-2,786**	**-2,799**	**7.6%**	**0.5%**	**-10,087**	**-10,941**	**8.5%**
Net income before zakat	**6,147**	**7,096**	**6,964**	**13.3%**	**-1.9%**	**21,968**	**27,506**	**25.2%**
Zakat	-626	-729	-728	16.2%	-0.2%	-2,237	-2,833	26.7%
Non-controlling interest	-5	-6	-5	-15.8%	-24.8%	-9	-25	NM
Net profit for the year	**5,516**	**6,360**	**6,231**	**13.0%**	**-2.0%**	**19,722**	**24,648**	**25.0%**

FABS estimate & Co Data

Al Rajhi Bank - P&L KPI

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	79.3%	73.8%	74.9%	-439	113	77.5%	75.5%	-204
NIMs – Trailing 12M	3.0%	3.2%	3.1%	5	-9	3.0%	3.1%	5
NIMs - Annualized	3.4%	3.2%	3.1%	-28	-13	3.0%	3.1%	5
NIS	2.9%	2.6%	2.6%	-26	0	2.7%	2.7%	4
Fees & comms/OI	14.7%	15.7%	16.8%	213	120	14.6%	15.5%	86
Exchange Income/OI	3.9%	4.3%	4.3%	48	0	4.0%	4.0%	-7
Cost to income (calculated)	23.4%	22.4%	23.4%	-2	98	24.9%	22.7%	-215
Impairment/PPP	-8.2%	-7.4%	-6.9%	137	56	-8.8%	-7.4%	136
NP/OI	63.0%	64.4%	63.8%	79	-54	61.5%	64.1%	258
Cost of risk	0.3%	0.3%	0.3%	-6	-3	0.3%	0.3%	-2
Loan-to-deposit (headline)	110.4%	112.8%	112.0%	163	-80	110.4%	112.0%	163
NPL (Reported)	0.8%	0.8%	0.7%	-3	-3	0.8%	0.7%	-3
Coverage excl. collateral (Cal.)	159.44%	151.2%	154.0%	-544	280	159.4%	154.0%	-544
Tier 1	19.3%	19.7%	21.8%	252	211	19.3%	21.8%	252
Capital Adequacy	20.2%	21.1%	23.4%	316	227	20.2%	23.4%	316
ROAA	2.2%	2.4%	2.5%	26	3	2.2%	2.5%	26
ROAE	19.7%	22.1%	22.7%	305	62	19.7%	22.7%	306

FABS estimate & Co Data

Al Rajhi Bank - Key B/S Items

SAR Mn	4Q24	1Q25	2Q25	3Q25	4Q25F	YOY Ch
Net advances	693,410	722,785	741,715	755,985	762,038	9.9%
QOQ change	6.8%	4.2%	2.6%	1.9%	0.8%	
Total assets	974,387	1,023,080	1,038,988	1,059,240	1,017,767	4.5%
QOQ change	8.0%	5.0%	1.6%	1.9%	-3.9%	
Customer deposits	628,239	629,229	641,987	670,180	680,391	8.3%
QOQ change	0.9%	0.2%	2.0%	4.4%	1.5%	
Total Equity	123,139	134,084	134,049	137,515	134,881	9.5%
QOQ change	4.5%	8.9%	0.0%	2.6%	-1.9%	

FABS estimate & Co Data

4Q25 preview: Saudi Investment Bank

High impairment provisions expected to exert pressure on the bottom line

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 13.01	SAR 17.80	+36.8%	BUY

4Q25 estimate

The Saudi Investment Bank (SAIB/the Bank) is expected to report a marginal decline of 0.2% YOY in net profit to SAR 509 Mn in 4Q25, owing to an anticipated decline in non-funded income and rise in financial impairments, partially offset by forecasted growth in net funded income, share in earnings of associates and decline in operating and zakat expenses. Funded income is expected to grow 11.5% YOY to SAR 2,586 Mn in 4Q25, supported by projected increase in loan & advances, partially offset by forecasted decline in asset yield. Similarly funded expenses are forecasted to expand 16.1% YOY to SAR 1,651 Mn in 4Q25, driven by predicted rise in average interest-bearing liabilities, and cost of funds. Thus, net funded income is likely to surge 4.3% YOY to SAR 935 Mn in 4Q25. The Bank's fees & commissions income is predicted to decline 2.6% YOY to SAR 94 Mn in 4Q25, expected to impacted by lower transaction fees, while the exchange income is predicted to grow 12.6% YOY to SAR 62 Mn in 4Q25. As a result, non-funded income is expected to fall 10.6% YOY to SAR 167 Mn in 4Q25 due to projected decline in other non-funded income. Thus, SAIB's operating income is anticipated to rise marginally 1.8% YOY to SAR 1,102 Mn in 4Q25. The Bank's operating expenses is projected to decline 3.1% YOY to SAR 424 Mn in 4Q25. Financing impairment is forecasted to increase substantially from SAR 80 Mn in 4Q24 to SAR 120 Mn in 4Q25. Share in earnings of associates is projected to expand 4.7% YOY to SAR 34 Mn in 4Q25. The Bank's zakat expenses are likely to fall 5.2% YOY to SAR 83 Mn in 4Q25.

2025 forecast

SAIB's net profit is projected to report growth of 4.4% YOY to SAR 2,043 Mn in 2025, primarily due to expected growth in net-funded and non-funded income along with share in earnings of associate, partially offset by anticipated rise in financing impairments and zakat expenses. Funded income is predicted to grow 10.5% YOY to SAR 9,791 Mn in 2025, supported by an increase in average interest earning assets, partially offset by a forecasted decline in asset yield. Similarly, funded expenses are forecasted to expand 16.4% YOY to SAR 6,203 Mn in 2025, driven by predicted rise average interest-bearing liabilities, partially offset by an anticipated decline in cost of funds. Thus, net funded income is likely to grow 1.5% YOY to SAR 3,588 Mn in 2025. Furthermore, the Bank's fees & commissions income is predicted to grow 7.0% YOY to SAR 367 Mn in 2025, due to higher transaction fees, while the exchange income is predicted to grow 20.0% YOY to SAR 249 Mn in 2025. However, other non-funded income is projected to decline substantially from SAR 91 Mn in 2024 to SAR 63 Mn in 2025. As a result, total non-funded income, is expected to grow 5.9% YOY to SAR 679 Mn in 2025. Thus, SAIB's operating income is anticipated to rise 2.1% YOY to SAR 4,268 Mn in 2025. The Bank's other operating expenses is projected to decline 1.2% YOY to SAR 1,714 Mn in 2025. Financing impairment is forecasted to increase 5.5% YOY to SAR 306 Mn in 2025. Share in earnings of associates is projected to grew 10.5% YOY to SAR 128 Mn in 2025. The Bank's zakat expenses are predicted to grow 6.2% YOY to SAR 333 Mn in 2025.

3Q25 outturn

SAIB's funded income rose 8.9% YOY to SAR 2,529 Mn in 3Q25, driven by a rise in net advances and investments, partially offset by decline in asset yield. Funded expenses grew 18.5% YOY to SAR 1,672 Mn in 3Q25 owing to an increase in customer deposit funds, and cost of funds. Thus, net funded income decreased 5.9% YOY to SAR 857 Mn in 3Q25. The Bank's non-funded income grew 13.4% YOY to SAR 189 Mn in 3Q25, primarily driven by an increase in exchange income and fee income from banking services, partially offset by a decline in fair value through statement of income. Fees and commissions rose 10.5% YOY to SAR 94 Mn in 3Q25, due to rise in banking services and management fees. Exchange income, net increased 30.7% YOY to SAR 66 Mn in 3Q25, supported by increased customer activity across FX-related transactions. Other non-funded income declined from SAR 31 Mn in 3Q24 to SAR 29 Mn in 3Q25. Thus, total operating income fell 3.0% YOY to SAR 1,046 Mn in 3Q25. Total operating expenses decreased 5.8% YOY to SAR 421 Mn in 3Q25, primarily due to a decrease in general and administrative expenses and rent and premises-related expenses, which was partially offset by an increase in salaries and employee-related expenses, and depreciation and amortization expense. However, the Bank's cost-to-income ratio declined from 41.5% in 3Q24 to 40.3% in 3Q25. Moreover, financing impairment charge improved 7.9% YOY to SAR 60 Mn in 3Q25 mainly due to the improvement in the credit quality of the loans and advances portfolio. In addition, the share in earnings of associates increased 15.3% YOY to SAR 38 Mn in 3Q25. While the Zakat charges increased 4.4% YOY to SAR 84 Mn in 3Q25. As a result, net profit of SAIB remained flat at SAR 518 Mn in 3Q25.

Target price and recommendation

We maintain our BUY rating on SAIB with a target price of SAR 17.80. The Bank reported stable net income of SAR 518 in 3Q25 compared to 3Q24, supported by strong growth in non-funded income, along with decline in operating expenses and impairments, partially offset by lower net funded income. The Banks NIM declined from 2.7% in 3Q24 to 2.3% in 3Q25, driven by reduction in non-interest-bearing deposits and fall in asset yield. However, the Bank offset NIM pressure through volume growth, better investment income, and strict cost control, which protected profitability. The Bank's net advances also increased 16.5% YOY and 2.0% QOQ to SAR 110.6 Bn in 3Q25, primarily driven by growth in corporate lending across sectors coupled with rise in private banking lending, thus reflecting broad-based loan growth. Active participation in the syndicated loan market for infrastructure projects, further supported by demand from other key sectors such as utilities, services, building & construction, commerce, manufacturing, etc. Furthermore, the Bank maintained its guidance for loans and advances, targeting growth of above 15% in 2025. Similarly, customer deposit expanded 15.3% YOY and 4.9% QOQ in 3Q25, due to rise in interest bearing deposit from corporate, retail and treasury. As a result, net advances to deposits ratio stood at 105.2% in 3Q25. The Bank is undertaking multiple initiatives to strengthen its operations, with the 2027 strategy centred on 40+ programs across nine business lines and functions, focusing on digital transformation, cross-sell, advanced analytics, and the reinforcement of corporate, public, and consumer banking segments. Additionally, to strengthen its operations, the Bank's subsidiary, Alistithmar Capital, launched a USD 100 Mn fund, S60 Ventures Fund, dedicated to supporting promising fintech startups. Furthermore, the Bank aims to strengthen its ROE by expanding market share, boosting fee income, and improving operational efficiency. Credit quality remained robust, with NPLs continuing to improve to 0.94% in 3Q25 compared to 1.41% in 3Q24, while coverage increasing to 168.9% in 3Q25, against 154.7% in 3Q24, underscoring strong risk management. Furthermore, cost of risk fell from 0.31% in 9M24 to 0.23% in 9M25. Capitalization remained strong during 3Q25, with Tier 1 and CAR at 17.5% and 18.1%, respectively. Liquidity ratios remained healthy, with LCR at 209.4% and NSFR at 111.9% in 3Q25. SAIB distributed an interim dividend of SAR 0.40 per share (equivalent to SAR 499 Mn) for the period of 1H25. Thus, based on the above analysis, we maintain our BUY rating on the stock.

SAIB - Relative valuation

(At CMP)	2020	2021	2022	2023	2024	2025F
P/E (x)	10.22	16.83	11.72	10.04	8.93	9.34
P/B (x)	0.66	1.08	1.18	1.10	1.01	0.97
BVPS	19.362	11.841	10.860	11.616	12.684	13.254
EPS	1.252	0.761	1.092	1.275	1.433	1.371
DPS	0.000	0.420	0.600	0.680	0.761	0.801
Dividend yield	0.0%	3.2%	4.6%	5.2%	5.8%	6.2%

FABS Estimates & Co Data

SAIB - P&L

SAR Mn	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Special commission income	2,318	2,529	2,586	11.5%	2.2%	8,864	9,791	10.5%
Special commission expense	-1,422	-1,672	-1,651	16.1%	-1.3%	-5,327	-6,203	16.4%
Net Special Commission Inc	**896**	**857**	**935**	**4.3%**	**9.0%**	**3,537**	**3,588**	**1.5%**
Fee and commission income	97	94	94	-2.6%	0.6%	343	367	7.0%
Exchange income, net	55	66	62	12.6%	-6.7%	208	249	20.0%
Other non-operating income	35	29	11	-69.0%	-62.4%	91	63	-30.2%
Non-funded income	**187**	**189**	**167**	**-10.6%**	**-11.6%**	**641**	**679**	**5.9%**
Operating income	**1,083**	**1,046**	**1,102**	**1.8%**	**5.3%**	**4,178**	**4,268**	**2.1%**
Operating expenses	-438	-421	-424	-3.1%	0.7%	-1,735	-1,714	-1.2%
Pre-provision profit	**645**	**625**	**678**	**5.0%**	**8.4%**	**2,444**	**2,553**	**4.5%**
Financing Impairment	-80	-60	-120	49.2%	97.8%	-290	-306	5.5%
Net operating income	**565**	**564**	**558**	**-1.2%**	**-1.2%**	**2,154**	**2,248**	**4.4%**
Share in earnings of associates	33	38	34	4.7%	-10.8%	116	128	10.5%
Income before Zakat	**597**	**603**	**592**	**-0.9%**	**-1.8%**	**2,270**	**2,376**	**4.7%**
Zakat	-87	-84	-83	-5.2%	-1.8%	-313	-333	6.2%
Net profit	**510**	**518**	**509**	**-0.2%**	**-1.8%**	**1,957**	**2,043**	**4.4%**

FABS estimate & Co Data

SAIB - KPI

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	82.8%	82.0%	84.9%	210	290	84.6%	84.1%	-57
NIMs – Trailing 12M	2.7%	2.3%	2.3%	-38	-6	2.7%	2.3%	-38
NIMs - Annualized	2.7%	2.3%	2.4%	-32	11	2.7%	2.3%	-38
NIS	2.2%	1.8%	1.9%	-28	13	2.3%	1.9%	-34
Fees & commissions/OI	8.9%	8.9%	8.5%	-38	-40	8.2%	8.6%	39
Exchange income/OI	5.1%	6.3%	5.6%	54	-73	5.0%	5.8%	87
Cost to income (calculated)	40.4%	40.3%	38.5%	-193	-176	41.5%	40.2%	-134
Impairment/PPP	12.4%	9.7%	17.7%	523	798	11.9%	12.0%	11
NP/OI	47.1%	49.6%	46.2%	-88	-333	46.8%	47.9%	105
Cost of risk - calculated	0.32%	0.22%	0.42%	9	20	0.32%	0.28%	-4
Loan-to-deposit	105.8%	105.2%	103.0%	-280	-216	105.8%	103.0%	-280
NPL	1.0%	0.9%	1.0%	-3	7	1.0%	1.0%	-3
Provision coverage	156.7%	168.9%	155.9%	-74	NM	156.7%	155.9%	-74
CET1	14.5%	13.2%	13.7%	-76	52	14.6%	13.7%	-84
Capital adequacy	20.0%	18.1%	18.8%	-120	70	19.7%	18.8%	-95
ROAE	11.7%	11.3%	10.7%	-104	-60	11.8%	10.6%	-121
ROAA	1.3%	1.2%	1.1%	-12	-5	1.4%	1.2%	-16

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SAIB - BS Key items

SAR Mn	4Q24	1Q25	2Q25	3Q25	4Q25F	YOY Ch
Net advances	99,466	104,135	108,423	110,581	115,445	16.1%
QOQ Change	4.8%	4.7%	4.1%	2.0%	4.4%	
Total Assets	157,069	163,799	167,292	174,912	181,819	15.8%
QOQ Change	3.6%	4.3%	2.1%	4.6%	3.9%	
Customer deposits	94,013	101,666	100,236	105,152	112,083	19.2%
QOQ Change	-4.2%	8.1%	-1.4%	4.9%	6.6%	
Total Equity	15,819	15,530	15,933	16,432	16,531	4.5%
QOQ Change	0.5%	-1.8%	2.6%	3.1%	0.6%	

FABS estimate & Co Data

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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