

## Saudi Banking Sector

*Sustained growth faces liquidity strain and margin compression*

Sector Weighting:  
**MARKET WEIGHT**

### Top Picks and Rating Changes

The KSA banking sector continues to deliver stable profitability and balance sheet growth, driven by sustained credit expansion, although operating conditions are gradually tightening due to liquidity constraints and rising funding costs. Moreover, Sector-wide loan growth remained strong, with advances expanded c. 11.5% YOY to c. SAR 3.3 Tn in 4Q25, driven by robust lending across both private and public sectors, backed by solid non-oil growth and continued Vision 2030 investments. However, deposit growth remained relatively moderate, resulting in a widening funding gap and increasing reliance on wholesale funding sources, thereby placing upward pressure on funding costs. In the near term, Debt market funding is expected to slow alongside balance sheet growth and may decline further due to geopolitical risks and higher funding costs, with a gradual shift toward domestic liquidity. However, the macroeconomic backdrop remains supportive, with the IMF projecting global growth of 3.3% in 2026 and 3.2% in 2027, broadly stable compared to 3.3% in 2025, driven by resilient private-sector activity, easing monetary conditions, and sustained investment in high-technology sectors. In Saudi Arabia, economic growth is expected to remain robust, with GDP projected at 4.5% in 2026, driven by strong non-oil sector expansion, supported by government-led investments, rising domestic demand, and continued progress across key sectors such as tourism, construction, and services. This favourable macro backdrop continues to underpin banking sector growth and credit demand. However, system liquidity remains constrained, reflecting a sustained mismatch between loan growth and deposit inflows since 2022. This pressure has been further intensified by a shift in deposit composition, with the sector's CASA ratio declining materially through 2025, driven by faster growth in time deposits and other interest-bearing liabilities. Consequently, despite the decline in SAIBOR during 4Q25, funding costs moderated at a slower pace, reflecting limited transmission and continued pressure on margins. Additionally, lower benchmark rates have compressed yields on floating-rate corporate loans, further impacting profitability. In response, banks are actively repricing loan portfolios, optimizing funding mix, and increasing exposure to fixed-rate retail and investment assets to mitigate margin compression. At the same time, regulatory changes, including retail fee caps introduced by SAMA, have constrained non-interest income, prompting banks to diversify into more stable fee-generating segments such as trade finance, wealth management, and FX services. Furthermore, recent policy measures, including idle land taxes and rental regulations, have temporarily softened mortgage demand, although these effects are expected to normalize gradually through 2026. Additionally, from an asset quality perspective, conditions remain stable, with the system-wide NPL ratio improving to c. 0.9% in 4Q25, supported by strong recoveries and prudent underwriting standards. Furthermore, capital buffers also remain robust, with Tier 1 ratio improving to c. 18.8% and CAR to c. 20.5% in 4Q25, providing sufficient capacity to absorb risks and sustain growth. However, provisioning trends indicate a gradual normalization, with the cost of risk expected to rise moderately in 2026 from the relatively low levels recorded in 2025, reflecting a more cautious outlook amid geopolitical uncertainties. Concurrently, Capital management is becoming more demanding, with higher rate shocks driving additional AT1 issuance to strengthen buffers, although overall requirements remain manageable due to strong capital positions. Despite near-term pressures from funding costs, margin compression, and regulatory adjustments, the sector's medium-term outlook remains constructive. Strong structural drivers, including government-backed deposits, improving liquidity conditions supported by higher oil prices, and sustained investment momentum, continue to support sector stability. Looking ahead, a robust multi-year pipeline of projects under Vision 2030, spanning renewables, tourism, mining, defense, and manufacturing, is expected to drive sustained credit demand and support continued balance sheet

expansion across the banking sector. However, recent geopolitical developments introduce incremental downside risks to funding costs, credit growth and provisioning trends, with a prolonged regional conflict potentially weighing on sector loan growth while banks with lower Stage 1 coverage buffers may face elevated cost of risk volatility as provisioning normalizes.

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

**1) Al Rajhi:** Al Rajhi expects meaningful NIM expansion in 2026, driven by improving funding costs, strong asset mix, and disciplined high-yield lending, with improvement expected to materialize progressively through the year. Furthermore, the bank has prioritized value over volume, focusing on expanding high-yielding assets to support margins, supported by strong SME financing growth of c.50% in 2025 and selective expansion in higher-yielding retail segments, with SME lending expected to remain the key growth driver in 2026 driven by sustained demand. Unlike peers facing pressure from declining CASA ratios and increasing dependence on higher-cost funding sources such as corporate issuances, Tier 1 sukuk, certificates of deposit, and international borrowings, Al Rajhi maintains a relatively strong CASA ratio of c. 65% with limited expected deterioration, underpinning funding stability. Furthermore, Al Rajhi remains best positioned to withstand earnings pressure under a prolonged regional conflict scenario, as its retail-heavy loan book (64% in 2025) supports lower provisioning requirements and reduces cost of risk volatility, thereby limiting exposure to corporate-driven provisioning volatility.

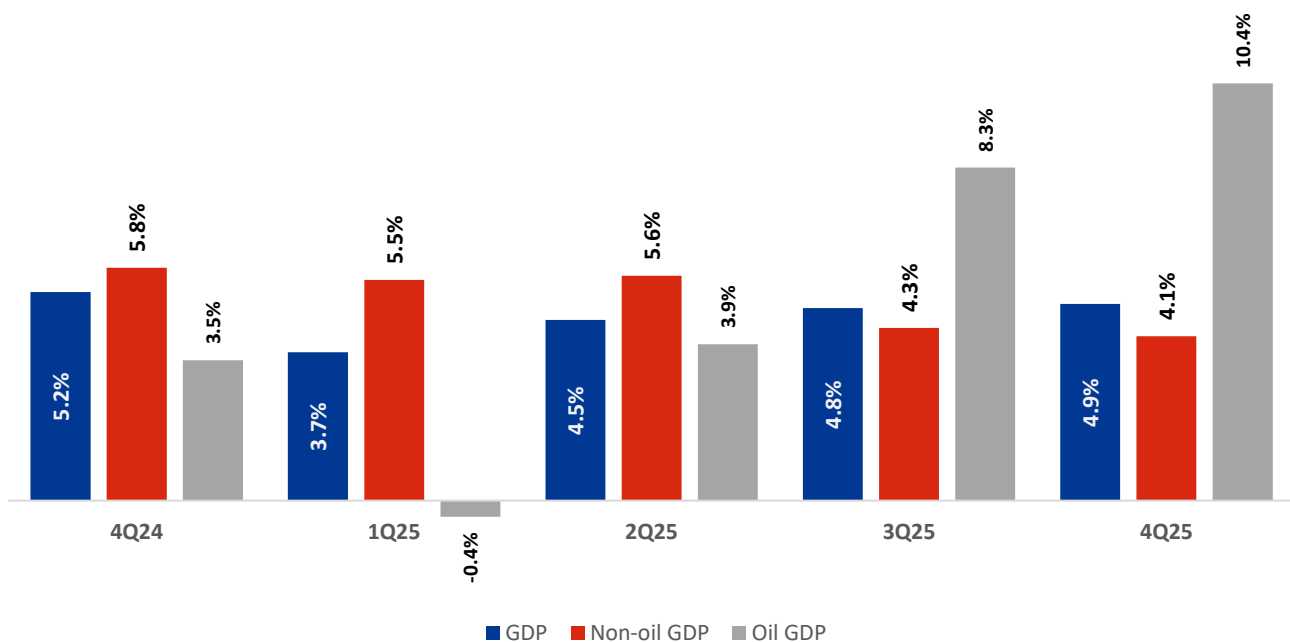
**2) SNB:** Saudi National Bank is well positioned to navigate funding cost pressures, supported by a sector leading CASA ratio of 73%, the highest in the Kingdom, alongside a market share expansion of 324 bps to 30.4% in 2025, providing a structural funding cost advantage amid a declining sector CASA ratio. On the asset side, the bank's strategic shift toward higher-yielding MSME segments, with financing growing 48% YOY in 2025, is expected to support asset yield. SNB appears among the best positioned to withstand earnings pressure in a prolonged regional conflict, supported by its meaningful exposure to retail lending (48.1% in 2025), which helps limit provisioning requirements and moderate cost of risk volatility under stress. Furthermore, the Bank has increasingly accessed corporate and international markets, which is expected to provide liquidity diversification. Looking ahead, two expected rate cuts in 2026 are likely to moderately ease the Bank's funding costs, while asset quality remains strong and the capital position is further reinforced, with a CET1 ratio of 17.7% in 2025, placing the bank among the highest in the region.

## Key Industry Themes

KSA banking sector reported solid profitability growth in 2025, supported by balance sheet expansion and continued loan growth, despite funding pressures stemming from a moderation in deposit growth. The resulting gap between credit growth and deposits prompted banks to increasingly rely on debt issuance to meet incremental funding requirements. According to the IMF's January 2026 World Economic Outlook Update, global economic growth is projected at 3.3% in 2026 and 3.2% in 2027, broadly similar with the estimated 3.3% growth for 2025. The outlook reflects the balance of opposing forces, where trade policy headwinds are offset by strong technology investment, supportive fiscal and monetary policies, accommodative financial conditions, and the resilience of the private sector. Although momentum in high-technology sectors is expected to moderate, it is likely to continue supporting overall economic activity and partly offset weakness in other sectors. Meanwhile, the negative impact of tariffs and policy uncertainty is expected to persist but gradually diminish through 2026 and 2027. Furthermore, the 2026 growth forecast has been revised upward by 0.2 percentage points compared with the October 2025 WEO, while the projection for 2027 remains unchanged. Furthermore, growth in advanced economies is projected at 1.8% in 2026 and 1.7% in 2027. In the US, economic activity is expected to expand by 2.4% in 2026, underpinned by supportive fiscal policy and easing monetary conditions, while the impact of higher trade barriers is expected to gradually wane. Furthermore, the 2026 growth forecast has been revised upward by 0.3 percentage points,

compared with the October 2025 WEO, reflecting stronger-than-expected GDP performance in 3Q25 and a rebound in activity in early 2026 following the end of the federal government shutdown, along with related carryover effects. Moreover, US economic growth is projected to remain solid at 2.0% in 2027, supported by near-term fiscal stimulus from corporate investment tax incentives under the One Big Beautiful Bill Act of 2025. Furthermore, growth in emerging market and developing economies is expected to remain slightly above 4% in both 2026 and 2027. Global headline inflation is projected to decline from 4.1% in 2025 to 3.8% in 2026 and 3.4% in 2027, reflecting softer demand and lower energy prices, with projections broadly unchanged from the October 2025 WEO. According to the IMF’s January 2026 World Economic Outlook Update, Saudi Arabia’s real GDP growth is estimated at 4.3% in 2025, compared with 2.6% in 2024. Growth is further projected to increase 4.5% in 2026 before moderating to 3.6% in 2027.

**KSA GDP**

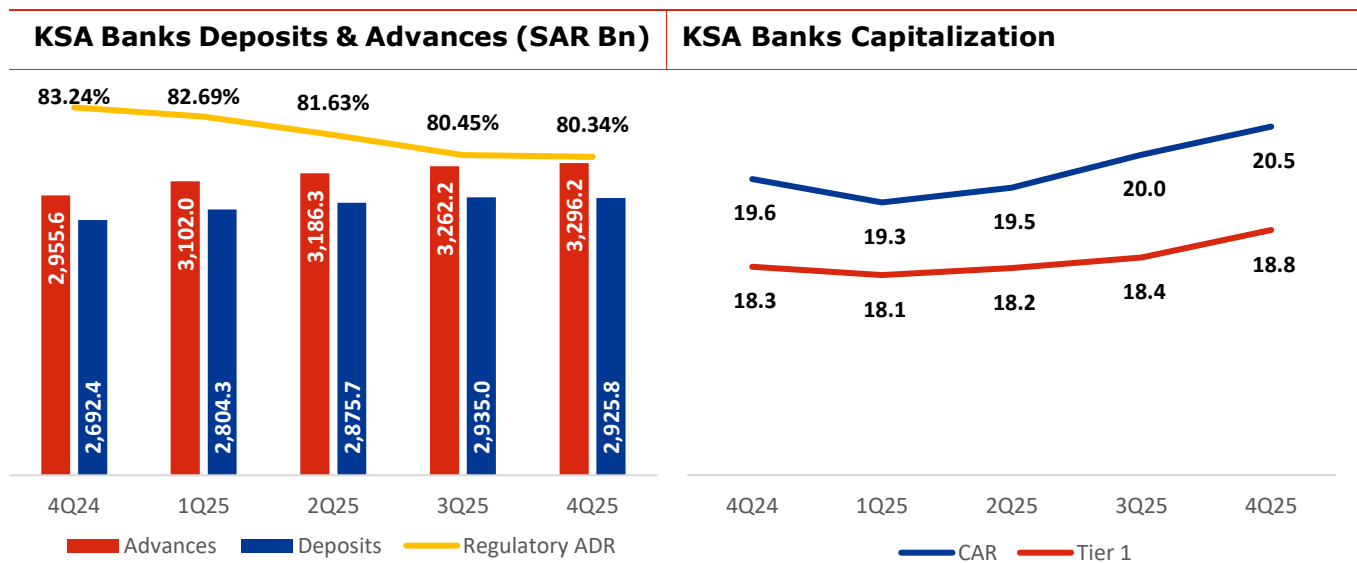


Source: GASTAT

According to the General Authority for Statistics (GASTAT), Saudi Arabia recorded a 4.9% YOY increase in real GDP in 4Q25. This growth was driven by strong expansion in the oil sector, which grew 10.4% YOY, alongside solid 4.1% YOY growth in non-oil activities. On a QOQ basis, seasonally adjusted real GDP increased 1.1% in 4Q25 compared with 3Q25, supported by growth in both oil and non-oil activities, while government activities recorded a slight decline. The marginal decline reflected a softer improvement in overall business conditions; however, higher output levels, rising new order volumes, stronger customer demand, and the approval of new projects collectively sustained a favourable operating environment for the non-oil private sector. The firm also reported an expansion in order books and an increase in hiring activity, although competitive pressures across markets partially weighed on overall growth. Furthermore, Saudi Arabia’s banking sector is also expected to benefit from strong growth in the non-oil sector. KSA’s banking total assets rose 9.8% YOY to SAR 5.0 Tn in January 2026. The expansion in banking-sector assets was primarily driven by a strong rise in bank reserves and foreign assets, along with increased lending to private sector and to government & quasi-government. Additionally, the increase was also driven by growth in advances to other banks. Fixed assets rose 9.3% YOY to SAR 56.6 Bn in January 2026, while advances to private sector increased 9.6% YOY to SAR 3.2 Tn during the same period. Government advances

rose 11.6% YOY to SAR 907.3 Bn, while advances to banks grew 11.5% YOY to SAR 45.2 Bn in January 2026. Strong government and private-sector investments in the region contributed positively to credit growth in 4Q25. Advances in the KSA banking system grew 11.5% YOY to SAR 3.3 Tn in 4Q25. 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 10.2% YOY to SAR 3.1 Tn during 4Q25. Similarly, advances to the public sector grew 14.4% YOY to SAR 909.9 Bn during the same period. All banks under our coverage recorded solid growth in advances in 4Q25 on YOY basis, with Riyadh Bank, Arab National Bank, Alinma Bank and Saudi Investment Bank recording the highest growth. KSA's banking system-wide NPL ratio improved from 1.0% in 3Q25 to 0.9% in 4Q25, supported by stable credit conditions and continued recoveries. Additionally, the system-wide Tier 1 capital ratio increased from 18.4% in 3Q25 to 18.8% in 4Q25, supported by retained earnings and disciplined risk-weighted asset growth. Similarly, the capital adequacy ratio (CAR) increased from 20.0% in 3Q25 to 20.5% in 4Q25, supported by stronger total capital levels across banks, enhancing the sector's ability to absorb potential stress while supporting balance sheet expansion and dividends. Saudi banks are operating within a structurally tighter liquidity environment, reflecting a persistent gap between loan growth and domestic deposit inflows since 2022. The funding imbalance has been accompanied by a structural shift in deposit composition toward higher-cost interest-bearing deposits, leading to a material decline in the sector's CASA ratio over 2025. This trend is reflected in Alinma's modest CASA growth of 1% relative to 18% growth in time deposits, alongside BSF's CASA ratio declining to 42.5% in 2025, indicating a broader migration of depositors toward higher-yielding instruments. To bridge this funding gap, banks have increasingly relied on wholesale funding sources, with instruments such as certificates of deposit and other short-term borrowings being used to support lending, particularly toward Vision 2030-related projects. In the near term, Funding through debt markets is expected to moderate in line with slower balance sheet growth and could decline further amid persistent geopolitical tensions and widening funding spreads, with certificates of deposit, which constitute a meaningful share of wholesale funding, emerging as a relatively vulnerable component of the funding mix, potentially accelerating the shift toward domestic liquidity sources. At the bank level, Alinma raised SAR 7.8 Bn through unsecured debt and certificates of deposit, BSF raised SAR 23.4 Bn including a USD 750 Mn term loan, and SNB accessed international markets through multiple bond issuances during 2025. The shift toward higher-cost deposits, combined with the relatively higher cost of wholesale funding, has increased funding costs across the sector. Despite the decline in SAIBOR during 4Q25, banks funding costs declined by a significantly smaller magnitude, reflecting the impact of a lower CASA base. In addition, falling benchmark rates have reduced earnings on floating-rate corporate loans, further contributing to margin pressure. In response, banks are actively repricing corporate loans and adjusting asset mix, with BSF having initiated repricing c. 1.5 years prior to the February 2026 call and SNB describing it as an ongoing quarterly process with clients. Banks are also increasing exposure to fixed-rate retail assets and investment portfolios as a natural hedge against rate movements, with BSF's hedging program offsetting 13 basis points of net interest margin decline in 2025. Beyond funding dynamics, regulatory developments have introduced additional pressures. SAMA's implementation of retail fee caps has compressed non-interest income, prompting banks to focus on more durable fee streams such as trade finance, cash management, wealth management and foreign exchange products. In parallel, new government measures including idle land taxes and rental regulations have temporarily disrupted mortgage demand, as customers adopt a wait-and-see approach. Both headwinds are expected to ease through 2026. Beyond these pressures, capital management dynamics are becoming more demanding, with higher interest rate shocks necessitating additional AT1 issuance to reinforce capital buffers against increased rate sensitivity, although the overall issuance requirement is expected to remain manageable, supported by strong capital buffers. From a risk perspective, provisioning buffers remain modest with Stage-2 coverage declining through 2025, while the cost of risk is expected to normalize gradually higher in 2026. In addition, a prolonged regional conflict could weigh on sector loan growth, while banks with lower Stage 1 coverage buffers may face increased volatility in the cost of risk as provisioning trends normalize. Despite these pressures, the sector continues to benefit from structural strengths, including a stable deposit base supported by government and government-

related entity deposits, strong regulatory liquidity, and improved liquidity conditions supported by higher oil prices, which have boosted deposit inflows. Looking ahead, a robust multi-year pipeline of projects under Vision 2030, spanning renewables, tourism, mining, defense and manufacturing, is expected to drive sustained credit demand and support continued balance sheet expansion across the banking sector. However, while the project pipeline remains substantial, banks are expected to finance a smaller share of overall construction spending than in prior years, reflecting tighter capital and liquidity conditions. Nonetheless, recent geopolitical developments introduce incremental downside risks to funding costs, credit growth and provisioning trends, particularly under a prolonged stress scenario. Despite these risks, large Saudi banks are expected to remain resilient from an earnings perspective even under a mild stress scenario, supported by strong capital buffers and a diversified revenue base.



Source: SAMA, Bloomberg <sup>1</sup>Calculated based on 10 listed KSA Banks

**Bank AlJazira is set to issue SAR-denominated AT1 capital sukuk under SAR 5 Bn programme**

Bank AlJazira plans to issue SAR-denominated Additional Tier 1 capital sukuk under its SAR 5 Bn AT1 Capital Sukuk Programme through a private placement. The perpetual sukuk will be offered to select institutional investors in Saudi Arabia. Moreover, the final size and terms will be determined based on market conditions. Additionally, the bank appointed AlJazira Capital and Al Rajhi Capital as joint lead managers and bookrunners for the issuance.

**Saudi Arabia secured a USD 13 Bn syndicated loan to fund utilities**

Saudi Arabia’s National Debt Management Center announced that it has finalized a USD 13 Bn, seven-year syndicated loan to support the financing of power, water, and public utilities projects. Furthermore, the transaction forms part of the kingdom’s medium-term debt strategy, which focuses on diversifying funding sources and meeting financing requirements over the medium to long term. The deal leverages favorable market conditions to support alternative sovereign financing channels.

**Saudi National Bank mandated perpetual AT1 Bond**

Saudi National Bank has appointed banks to arrange a US-dollar Additional Tier 1 issuance structured as a perpetual instrument with a first call after 5.5 years, to be issued under its USD 5 Bn AT1 Capital Note Programme. The transaction is intended to bolster Tier 1 capital metrics, with proceeds allocated toward general corporate purposes and strategic objectives. Investor calls and a global roadshow are expected to commence shortly, supported by a broad international syndicate.

**Riyad Bank prices USD 1 Bn Tier 2 sustainable bond**

Riyad Bank issued USD 1 Bn 10-year non-callable 5-year Tier 2 sustainable notes under its existing USD 5 Bn medium-term note programme. The US dollar-denominated benchmark notes carry a fixed resettable coupon of 5.805% and were priced at a spread of 210 bps over US Treasuries, with a re-offer price at par. The offering received strong response with the final orderbook exceeded USD 2.6 Bn, excluding joint lead managers' interest. The issuance is expected to receive a rating of BBB- by S&P and BBB by Fitch, while Riyad Bank is rated A1 by Moody's, A by S&P, and A- by Fitch, with stable outlook. Moreover, the notes will be listed on the London Stock Exchange's International Securities Market.

**Al Rajhi Bank raises USD 1 Bn AT1 capital from social sukuk**

Al Rajhi Bank raised USD 1 Bn through a benchmark Additional Tier 1 (AT1) capital social sukuk following the earlier mandate of banks and investor marketing. The RegS perpetual sukuk, callable after six years, was issued at par and priced at a yield of 6.15%, tightened from the initial price guidance of 6.625%, and will reset to a new rate after the call date, with orders reaching USD 3.3 Bn before closing at USD 2.9 Bn, excluding bank interest. The sukuk was issued under the bank's USD 5 Bn AT1 programme. The sukuk is rated Baa3 by Moody's, A by S&P, and A by Fitch. Proceeds are to be used to finance eligible projects under the bank's Sustainable Finance Framework. The certificates will be listed on the London Stock Exchange.

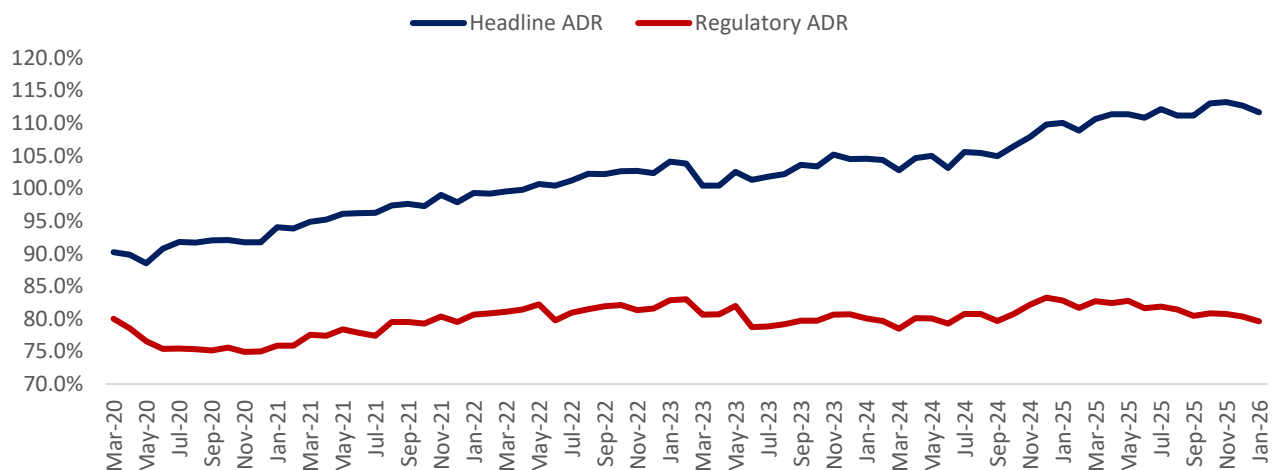
**Bank Albilad mandated USD AT1 sukuk to strengthen the capital base**

Bank Albilad mandated banks to issue a USD denominated Additional Tier 1 (AT1) sukuk to strengthen the capital position and support long term growth plans. The sukuk will be raised through a private placement under the bank's USD 2 Bn Islamic bonds programme and will be offered to investors in Saudi Arabia and international markets. The final size and pricing of the issuance will be decided later, depending on market demand.

## KSA Banking Liquidity

Credit growth in the KSA banking system rose 10.4% YOY and 0.7% MOM to SAR 3.3 Tn in January 2026, while deposit growth remained comparatively slower on a YOY basis. KSA banking system deposits rose 8.8% YOY and 1.6% MOM to SAR 3.0 Tn in January 2026. As a result, the headline loan-to-deposit ratio (ADR) grew 164 bps YOY but declined 101 bps MOM to 111.7% in January 2026. All the banks under our coverage witnessed healthy growth in advances during 4Q25 on a YOY basis, of which Riyadh Bank recorded the highest annual credit growth of 16.6% YOY and 1.3% QOQ to SAR 373.3 Bn in 4Q25, followed by Arab National Bank with advances growth of 15.2% YOY and 2.1% QOQ to SAR 195.3 Bn during the same period of 4Q25. In terms of deposits, Saudi Investment Bank recorded the highest deposit growth of 16.6% YOY and 4.2% QOQ to SAR 109.6 Bn, followed by Arab National Bank with an increase of 14.9% YOY but declined marginally 0.7% QOQ to SAR 209.3 Bn in 4Q25. The broader (M3) money supply rose 8.5% YOY and 1.6% MOM to SAR 3.2 Tn in January 2026, mainly due to the expansion of time and savings deposits in the Saudi banking system. Real Estate Loans in the KSA banking sector grew 7.7% YOY to SAR 951 Bn in 4Q25. According to the 2024 KSA census, the home ownership rate among Saudi nationals reached 65.4%, exceeding the 2025 target of 65%. Furthermore, real estate loans extended to individuals increased by 10.5% YOY in 3Q25, surpassing SAR 726.2 Bn and accounting for 22.3% of total bank credit. Faster growth in advances relative to deposits on a YOY basis led to an expansion in the regulated loan-to-deposit ratio (LDR), which decreased 316 bps YOY and 72 bps QOQ to 79.6% in January 2026. In response, Saudi banks have turned to diversified funding sources to sustain growing credit demand while adhering to SAMA regulations and Basel III standards, helping to alleviate pressure on system liquidity. Looking ahead, we expect Saudi banks to continue relying on wholesale and capital market funding (sukuk and bonds) to support strong credit growth. Furthermore, liquidity conditions are likely to gradually improve with higher oil-driven deposits, helping stabilize funding costs and margins. Overall, Vision 2030-led lending demand and active repricing strategies should sustain credit growth despite near-term pressures.

### KSA banking system Headline and Regulatory Loan to Deposit Ratio

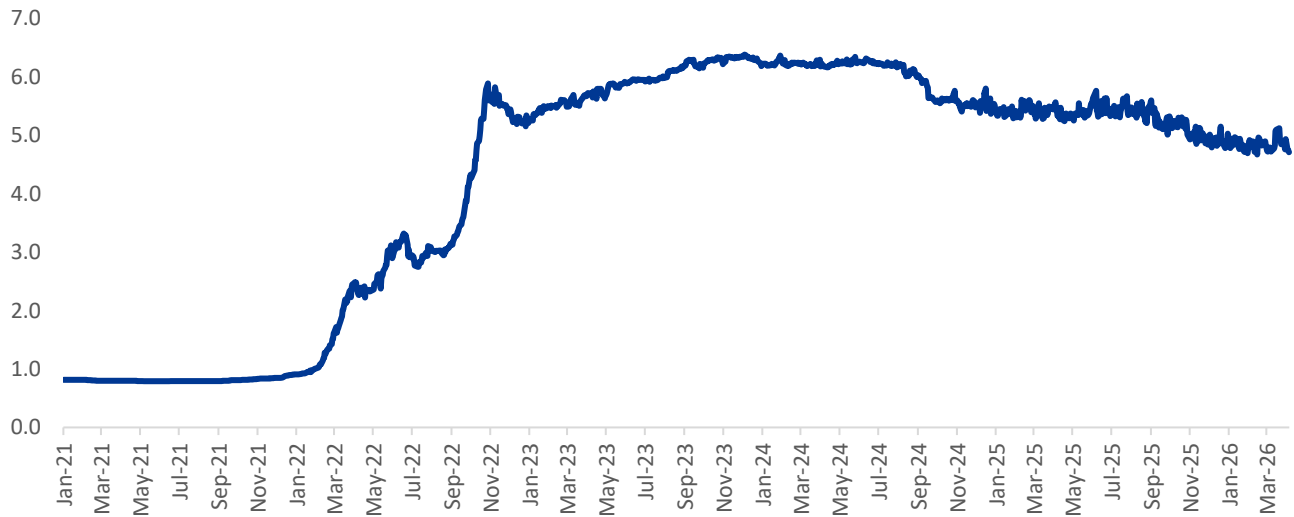


Source: FABS from SAMA data

The 3-Month SAIBOR rate declined 2.6 bps to 4.83% on 31 March 2026 from 4.86% on 31 December 2025. The rate averaged 4.85% in March 2026, compared to 4.84% in February 2026. SAMA maintain its repo rate and reverse repo rate unchanged to 4.25% and 3.75%, respectively, in March 2026. The spread between SAIBOR and the repo rate narrowed from 61 bps in December 2025 to 58 bps

in March 2026, indicating a modest easing in liquidity conditions across the banking system. KSA Banking system-regulated LDR declined from 80.34% in December 2025 to 79.23% in February 2026, suggesting relatively improved balance-sheet liquidity. While SAIBOR declined marginally and the SAIBOR-repo spread narrowed, the impact on funding costs remained limited, with borrowing conditions largely unchanged.

**3-Month SAIBOR (%) January 2021 – March 2026**



Source: Bloomberg

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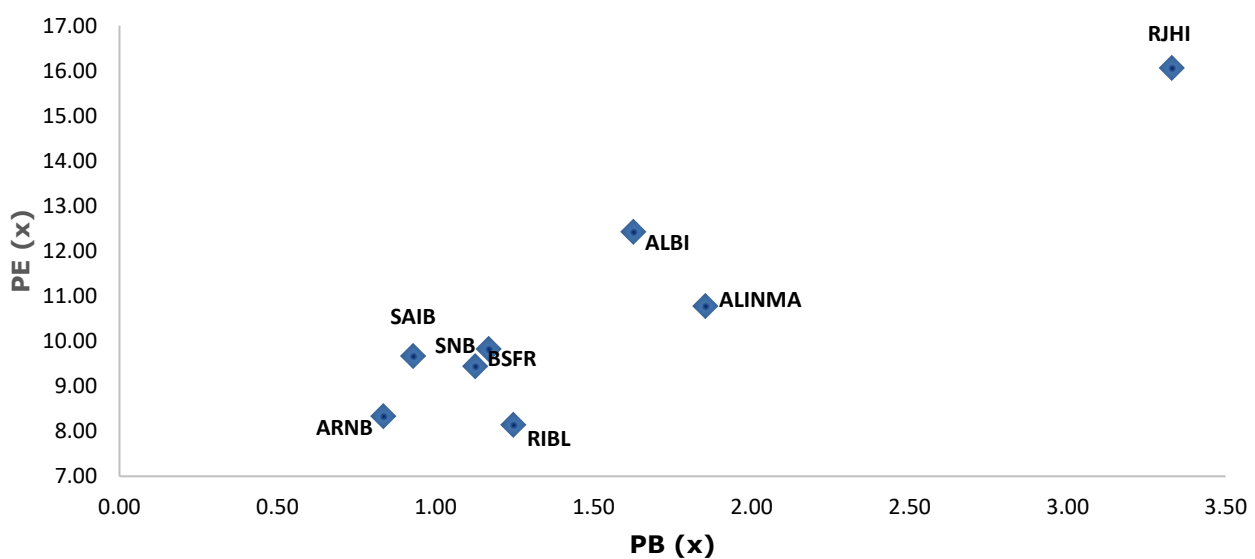
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## Relative valuation and rating

### SAIB and ARNB's offer the most attractive valuations among KSA banks under coverage

The sector is currently trading at an average P/B of 1.52x and P/E of 10.66x based on 2026 estimated financials. Arab National Bank is the cheapest on a P/B basis at 0.83x, followed by Saudi Investment Bank at 0.93x. On a P/E basis, Arab National Bank remains the most attractive at 8.34x, while Saudi Investment Bank also trades at a relatively low multiple of 9.67x. Al Rajhi Bank trades at the expensive valuation, with a P/B of 3.33x and P/E of 16.06x.

#### FY26 - P/E (x) vs. P/B (x)



Source: FABS estimate

### Market Weight

We maintain a Market Weight rating on KSA banks under our coverage, supported by Six BUY ratings, and two HOLD ratings. On a relative basis, we remain inclined towards Saudi National Bank and Al Rajhi Bank, given their ability to better withstand earnings pressure under a prolonged regional conflict scenario, supported by robust balance sheets and adequate capital buffers.

### Target price and rating

(SAR)	Target Price	Current Market Price	Gain/(-loss)	Rating
RJHI	110.00	107.8	+2%	HOLD
ALBI	31.70	26.72	+19%	BUY
RIBL	27.00	21.59	+25%	BUY
ALINMA	35.00	29.34	+19%	BUY
SNB	50.00	42.72	+17%	BUY
ARNB	25.00	21.9	+15%	BUY
BSF	21.70	19.89	+9%	HOLD

<b>SAIB</b>	<b>17.80</b>	13.4	<b>+33%</b>	<b>BUY</b>
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FABS Estimate

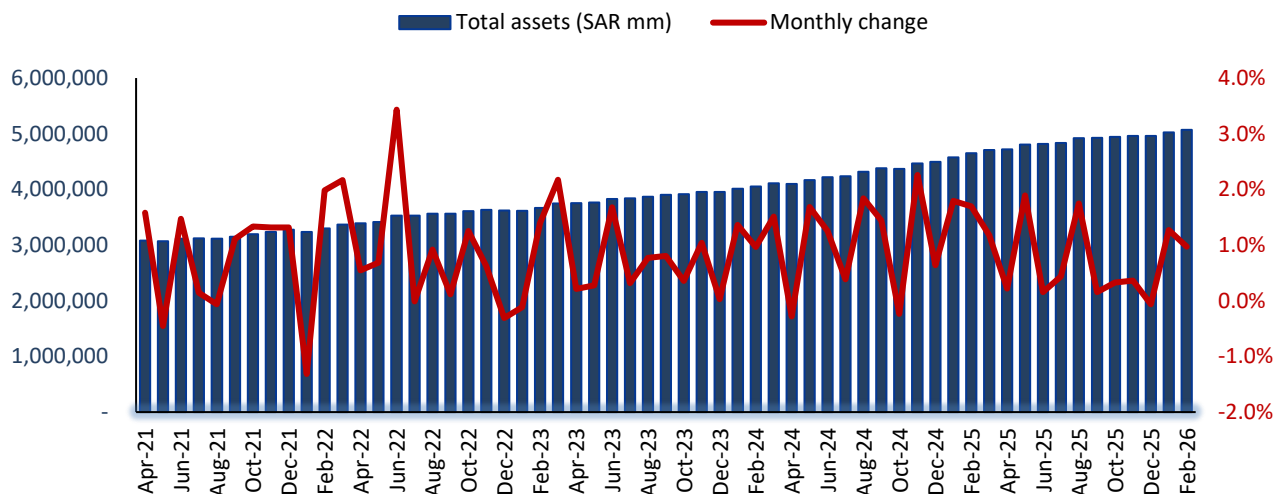
## Banking indicators

### 1. Assets

#### Total banking assets rose 9.0% YOY in February 2026

KSA's total banking assets increased 9.0% YOY and 1.0% MOM to SAR 5,069.9 Bn in February 2026.

#### KSA banking system assets (SAR Mn) and Monthly change, Apr 2021 – Feb 2026



Source: FABS from SAMA data

#### Total assets across Saudi banks increased on a YOY basis in 4Q25, reflecting broad-based balance sheet expansion

All banks under our coverage witnessed total-asset expansion on a YOY basis in 4Q25. Riyadh Bank delivered the strongest increase at 15.1% YOY to SAR 519.5 Bn, followed by Arab National Bank with 13.1% YOY, and Alinma Bank with 12.4% YOY in 4Q25. Banque Saudi Fransi recorded the lowest annual increase at 5.4% YOY to SAR 309.0 Bn. On a QOQ basis, Bank Al Bilad recorded the highest growth at 3.0%, followed by Riyadh Bank at 2.3% QOQ and Alinma Bank at 1.3% QOQ, while Banque Saudi Fransi posted the weakest sequential performance with a 1.9% QOQ decline. Moreover, the overall KSA banking system expanded 10.3% YOY and 0.6% QOQ to SAR 4,958.1 Bn in 4Q25, with all of the banks under our coverage reporting positive annual growth, although quarterly performance remained mixed.

Total assets (SAR Mn)	4Q24	1Q25	2Q25	3Q25	4Q25	YOY%	QOQ%
Al Rajhi	972,444	1,023,080	1,038,988	1,059,240	1,043,268	7.3%	-1.5%
Bank Al Bilad	154,965	159,103	161,902	167,929	172,972	11.6%	3.0%
Riyadh Bank	451,403	465,345	490,816	507,566	519,481	15.1%	2.3%
Alinma Bank	276,827	287,222	297,216	307,214	311,067	12.4%	1.3%
Saudi National Bank	1,104,155	1,171,079	1,200,998	1,206,607	1,210,032	9.6%	0.3%
Arab National Bank	248,840	264,651	268,983	280,486	281,383	13.1%	0.3%
Banque Saudi Fransi	293,307	302,988	301,490	314,946	309,006	5.4%	-1.9%
Saudi Investment Bank	157,069	163,799	167,292	174,912	172,720	10.0%	-1.3%

KSA banking system	4,494,151	4,707,258	4,814,086	4,927,309	4,958,105	10.3%	0.6%
<i>FABS from co data and SAMA</i>							

**Riyad Bank recorded the highest YOY growth in assets market share in 4Q25**

Riyad Bank recorded the strongest performance in asset market share, rising 43 bps YOY to 10.5% in 4Q25, followed by Arab National Bank with a 14 bps YOY increase to 5.7% and Alinma Bank with a 11 bps YOY gain to 6.3% in 4Q25. Bank Al Bilad also reported an improvement, with market share reaching 3.5% in 4Q25, with a 4 bps YOY rise. In contrast, the remaining banks under our coverage saw declines in market share on a YOY basis. Al Rajhi Bank registered the largest drop of 60 bps YOY to 21.0% in 4Q25, whereas Banque Saudi Fransi and Saudi National Bank recorded decreases of 29 bps YOY and 16 bps YOY to 6.2% and 24.4%, respectively, in 4Q25. Saudi Investment Bank also posted a marginal 1 bps YOY decline to 3.5% over the same period. Despite the decline, Saudi National Bank continues to hold the highest asset market share at 24.4%, followed by Al Rajhi Bank and Riyad Bank in 4Q25.

**Asset market share**

	4Q24	1Q25	2Q25	3Q25	4Q25	YOY (bps)	QOQ (bps)
Al Rajhi	21.6%	21.7%	21.6%	21.5%	21.0%	-60	-46
Bank Al Bilad	3.4%	3.4%	3.4%	3.4%	3.5%	4	8
Riyad Bank	10.0%	9.9%	10.2%	10.3%	10.5%	43	18
Alinma Bank	6.2%	6.1%	6.2%	6.2%	6.3%	11	4
Saudi National Bank	24.6%	24.9%	24.9%	24.5%	24.4%	-16	-8
Arab National Bank	5.5%	5.6%	5.6%	5.7%	5.7%	14	-2
Banque Saudi Fransi	6.5%	6.4%	6.3%	6.4%	6.2%	-29	-16
Saudi Investment Bank	3.5%	3.5%	3.5%	3.5%	3.5%	-1	-7

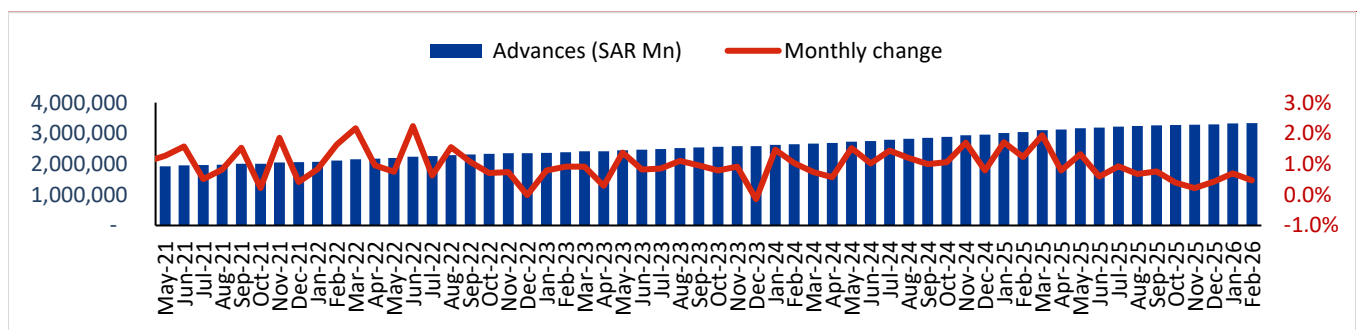
*FABS from co-data*

**2. Advances**

**KSA banking system Advances grew 9.6% YOY in February 2026**

KSA banking system net Advances increased 9.6% YOY and 0.5% MOM to SAR 3,334.9 Bn in February 2026.

**KSA banking system net advances (SAR Mn) and Monthly change, May 2021 – Feb 2026**



Source: FABS from SAMA data

**All Banks under our coverage recorded a solid growth in advances on a YOY basis in 4Q25**

All the banks under our coverage reported growth in net advances on a YOY basis in 4Q25, while QOQ performance remained mixed. Riyad Bank recorded the highest growth of 16.6% YOY to SAR 373.3 Bn in 4Q25, followed by Arab National Bank with 15.2% YOY growth to SAR 195.3 Bn. Alinma Bank also reported a 13.6% YOY increase in advances to SAR 229.7 Bn in 4Q25. However, Banque Saudi Fransi recorded the lowest advances growth of 5.3% YOY to SAR 214.9 Bn in 4Q25.

**Net advances**

(SAR Mn)	4Q24	1Q25	2Q25	3Q25	4Q25	YOY%	QOQ%
Al Rajhi	693,410	722,785	741,715	755,985	752,760	8.6%	-0.4%
Bank Al Bilad	109,304	112,427	115,689	119,135	122,188	11.8%	2.6%
Riyad Bank	320,089	338,991	354,550	368,554	373,305	16.6%	1.3%
Alinma Bank	202,308	209,435	218,596	225,684	229,747	13.6%	1.8%
Saudi National Bank	654,252	706,430	714,839	725,090	729,311	11.5%	0.6%
Arab National Bank	169,495	179,057	186,476	191,356	195,299	15.2%	2.1%
Banque Saudi Fransi	204,168	208,978	209,881	215,592	214,891	5.3%	-0.3%
Saudi Investment Bank	99,466	104,135	108,423	110,581	112,070	12.7%	1.3%
KSA banking system	2,955,550	3,101,961	3,186,271	3,262,152	3,296,176	11.5%	1.0%

FABS from co-data

**Al Rajhi recorded the largest expansion in market share in 4Q25**

Al Rajhi maintained the largest advances market share at 22.8% in 4Q25, followed by Saudi National Bank at 22.1%, and Riyad Bank at 11.3%. Among all banks under our coverage, five banks recorded positive growth in advances market share on a YOY basis in 4Q25. Riyad Bank reported the strongest improvement with a rise of 50 bps on a YOY basis in 4Q25, followed by Arab National Bank with a 19 bps YOY increase and Alinma Bank with a 13 bps YOY rise. Saudi Investment Bank and Bank Al Bilad also saw marginal increases of 3 bps YOY and 1 bps YOY, respectively, in 4Q25. However, Al Rajhi witnessed the largest decline in advances market share of 62 bps YOY and 34 bps QOQ to 22.8% during 4Q25, followed by Banque Saudi Fransi with a fall of 39 bps YOY, while Saudi National Bank recorded a marginal decline of 1 bps YOY and 10 bps QOQ to 22.1% in 4Q25.

**Advances market share**

	4Q24	1Q25	2Q25	3Q25	4Q25	YOY (bps)	QOQ (bps)
Al Rajhi	23.5%	23.3%	23.3%	23.2%	22.8%	-62	-34
Bank Al Bilad	3.7%	3.6%	3.6%	3.7%	3.7%	1	5
Riyad Bank	10.8%	10.9%	11.1%	11.3%	11.3%	50	3
Alinma Bank	6.8%	6.8%	6.9%	6.9%	7.0%	13	5
Saudi National Bank	22.1%	22.8%	22.4%	22.2%	22.1%	-1	-10
Arab National Bank	5.7%	5.8%	5.9%	5.9%	5.9%	19	6
Banque Saudi Fransi	6.9%	6.7%	6.6%	6.6%	6.5%	-39	-9
Saudi Investment Bank	3.4%	3.4%	3.4%	3.4%	3.4%	3	1

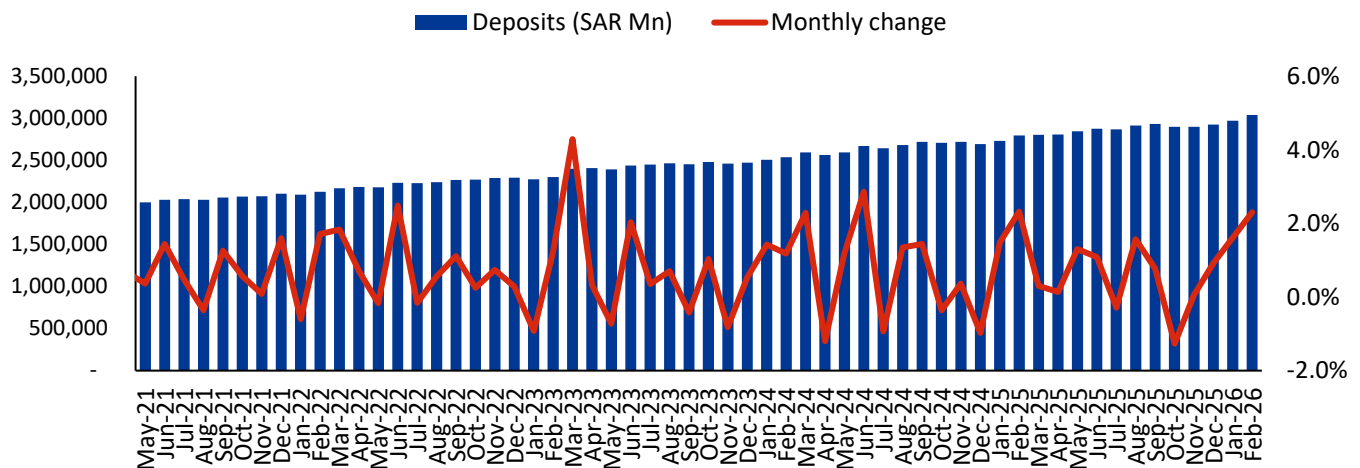
FABS from co-data

### 3. Customer Deposits

#### KSA banking system customer deposits grew 8.8% YOY in February 2026

KSA banking system deposits reported a growth of 8.8% YOY and 2.3% MOM to SAR 3,041.3 Bn in February 2026.

#### KSA banking system customer deposits (SAR Mn) and Monthly change, Apr 2021 – Feb 2026



Source: FABS from SAMA data

#### All Banks under our coverage recorded growth in deposits on a YOY basis in 4Q25

All the banks under our coverage experienced growth in deposits on a YOY basis in 4Q25. Saudi Investment Bank recorded the highest increase of 16.6% YOY to SAR 109.6 Bn in 4Q25, followed by Arab National Bank with a 14.9% YOY rise to SAR 209.3 Bn, and Saudi National Bank with 9.7% YOY growth to SAR 636.1 Bn. Al Rajhi recorded the lowest deposits growth of 1.9% YOY to SAR 667.3 Bn in 4Q25. On a quarterly basis, Banque Saudi Fransi recorded the strongest QOQ growth of 5.0% in deposits during 4Q25, followed by Saudi Investment Bank with 4.2% QOQ increase and Bank Al Bilad with 3.0% QOQ growth. Meanwhile, Alinma Bank posted the largest decline of 3.1% QOQ in deposits during 4Q25.

Deposits (SAR Mn)	4Q24	1Q25	2Q25	3Q25	4Q25	YOY%	QOQ%
Al Rajhi	654,989	629,229	641,987	670,180	667,288	1.9%	-0.4%
Bank Al Bilad	121,776	124,018	123,929	129,023	132,879	9.1%	3.0%
Riyad Bank	306,423	304,092	316,811	325,413	331,721	8.3%	1.9%
Alinma Bank	210,545	218,839	229,944	234,623	227,374	8.0%	-3.1%
Saudi National Bank	579,762	626,394	658,675	639,488	636,094	9.7%	-0.5%
Arab National Bank	182,224	195,619	201,739	210,697	209,287	14.9%	-0.7%
Banque Saudi Fransi	185,118	190,728	182,690	185,868	195,219	5.5%	5.0%
Saudi Investment Bank	94,013	101,666	100,236	105,152	109,619	16.6%	4.2%
KSA banking system	2,692,384	2,804,337	2,875,706	2,935,011	2,925,812	8.7%	-0.3%

FABS from co-data and SAMA

### Al Rajhi maintained the largest deposit market share in 4Q25

Al Rajhi holds the largest deposit market share at 22.8% in 4Q25, followed by Saudi National Bank at 21.7%, and Riyad Bank at 11.3%. Al Rajhi, Banque Saudi Fransi, Riyad Bank, and Alinma Bank all recorded declines in deposit market share on a YOY basis in 4Q25. Al Rajhi reported the largest drop of 152 bps YOY, followed by Banque Saudi Fransi with a 20 bps YOY fall and Alinma Bank with a 5 bps YOY contraction. Meanwhile, Arab National Bank delivered the strongest improvement, rising 38 bps YOY to 7.2%, followed by Saudi Investment Bank with a 25 bps YOY increase and Saudi National Bank with a 21 bps YOY rise in 4Q25.

#### Deposits market share

	4Q24	1Q25	2Q25	3Q25	4Q25	YOY (bps)	QOQ (bps)
Al Rajhi	24.3%	22.4%	22.3%	22.8%	22.8%	-152	-3
Bank Al Bilad	4.5%	4.4%	4.3%	4.4%	4.5%	2	15
Riyad Bank	11.4%	10.8%	11.0%	11.1%	11.3%	-4	25
Alinma Bank	7.8%	7.8%	8.0%	8.0%	7.8%	-5	-22
Saudi National Bank	21.5%	22.3%	22.9%	21.8%	21.7%	21	-5
Arab National Bank	6.8%	7.0%	7.0%	7.2%	7.2%	38	-3
Banque Saudi Fransi	6.9%	6.8%	6.4%	6.3%	6.7%	-20	34
Saudi Investment Bank	3.5%	3.6%	3.5%	3.6%	3.7%	25	16

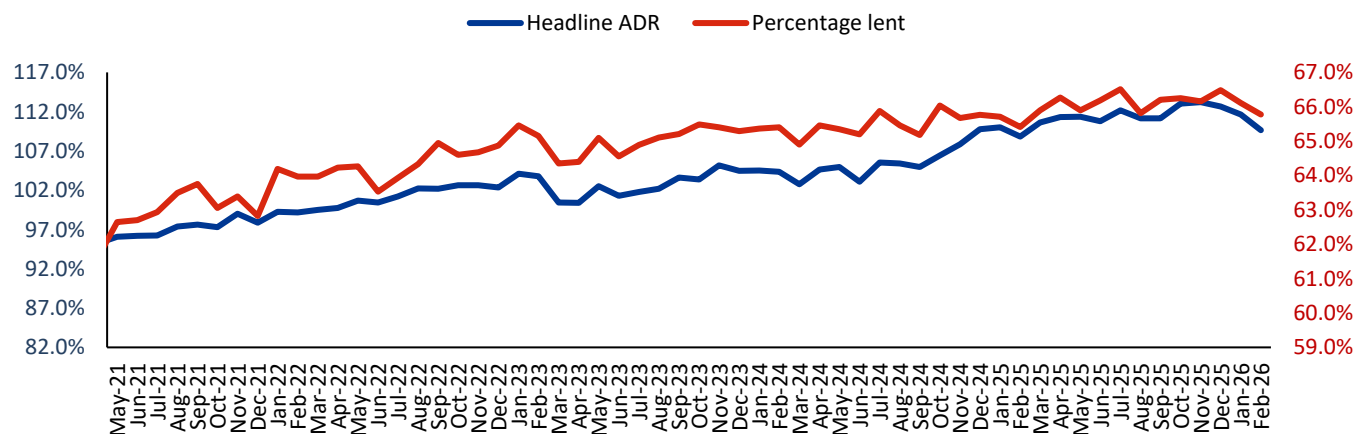
FABS from co-data

## 4. Liquidity

### KSA banking system's liquidity improved in February 2026

KSA's banking system's headline ADR ratio decreased from 111.7% in January 2026 to 109.7% in February 2026. The lending percentage to total assets decreased 33 bps MOM to 65.8% in February 2026.

#### KSA banking system ADR and % lent, Apr 2021 – Feb 2026



Source: FABS from SAMA data

**Riyad Bank recorded the highest ADR growth on a YOY basis in 4Q25**

In 4Q25, all listed banks posted ADR levels above 90%. Riyadh Bank recorded highest YOY growth of 808 bps in 4Q25. Moreover, Saudi National Bank reported the highest ADR at 114.7% in 4Q25, followed by Al Rajhi at 112.8% and Riyadh Bank at 112.5%. Bank Al Bilad recorded the lowest ADR at 92.0% in 4Q25. On a YOY basis, most banks under our coverage saw an improvement in ADR except Banque Saudi Fransi and Saudi Investment Bank. Saudi Investment Bank reported the largest decline of 356 bps YOY in 4Q25.

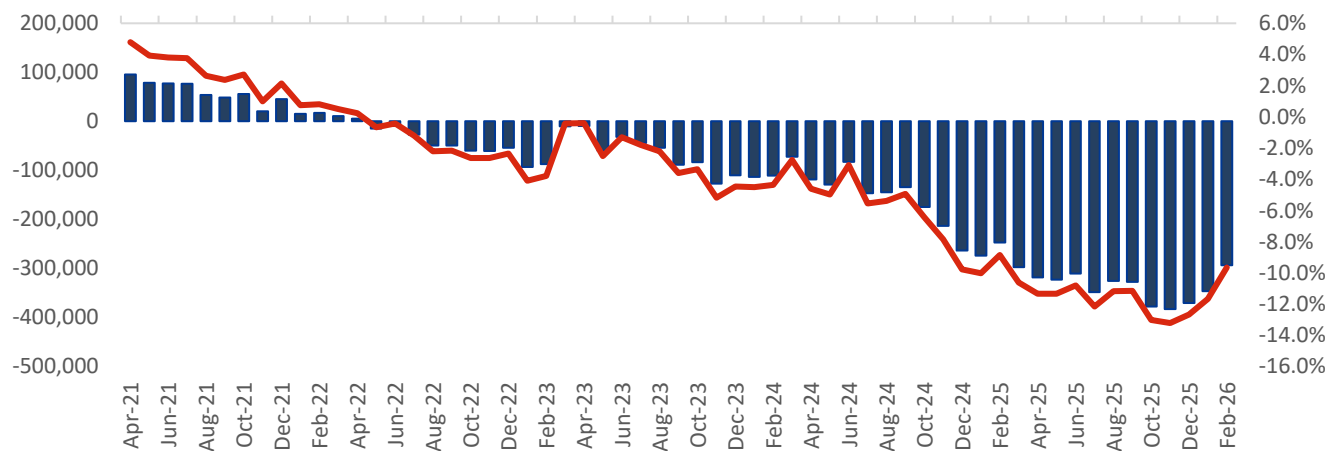
ADR	4Q24	1Q25	2Q25	3Q25	4Q25	YOY (bps)	QOQ (bps)
Al Rajhi	105.9%	114.9%	115.5%	112.8%	112.8%	694	1
Bank Al Bilad	89.8%	90.7%	93.4%	92.3%	92.0%	220	-38
Riyad Bank	104.5%	111.5%	111.9%	113.3%	112.5%	808	-72
Alinma Bank	96.1%	95.7%	95.1%	96.2%	101.0%	496	485
Saudi National Bank	112.8%	112.8%	108.5%	113.4%	114.7%	181	127
Arab National Bank	93.0%	91.5%	92.4%	90.8%	93.3%	30	250
Banque Saudi Fransi	110.3%	109.6%	114.9%	116.0%	110.1%	-21	-591
Saudi Investment Bank	105.8%	102.4%	108.2%	105.2%	102.2%	-356	-293

FABS from co-data

**KSA banking system deposits less advances gap narrows in February 2026**

KSA banking deposits less advances decreased from negative SAR 346.4 Bn in January 2026 to negative SAR 293.6 Bn in February 2026.

**KSA banking system deposits less advances and as % of deposits, Apr 2021 – Feb 2026**



Source: FABS from SAMA data

### Arab National Bank recorded the highest deposit surplus in 4Q25

Two out of eight banks under our coverage recorded a deposit surplus in 4Q25. Arab National Bank reported the highest deposit surplus of SAR 14.0 Bn in 4Q25, followed by Bank Al Bilad with a deposit surplus of SAR 10.7 Bn. Saudi National Bank recorded the largest deposit deficit of SAR 93.2 Bn during 4Q25. Arab National Bank was the only surplus bank to report YOY growth, with its surplus increasing by 9.9%.

<b>Deposit surplus/-deficit</b>							
<b>SAR Mn</b>	<b>4Q24</b>	<b>1Q25</b>	<b>2Q25</b>	<b>3Q25</b>	<b>4Q25</b>	<b>YOY%</b>	<b>QOQ%</b>
Al Rajhi	-38,421	-93,556	-99,728	-85,805	-85,472	122.5%	-0.4%
Bank Al Bilad	12,472	11,591	8,240	9,888	10,691	-14.3%	8.1%
Riyad Bank	-13,666	-34,899	-37,739	-43,141	-41,584	204.3%	-3.6%
Alinma Bank	8,237	9,404	11,348	8,939	-2,373	-128.8%	-126.5%
Saudi National Bank	-74,490	-80,036	-56,163	-85,602	-93,217	25.1%	8.9%
Arab National Bank	12,729	16,562	15,263	19,341	13,987	9.9%	-27.7%
Banque Saudi Fransi	-19,050	-18,251	-27,191	-29,724	-19,672	3.3%	-33.8%
Saudi Investment Bank	-5,453	-2,469	-8,186	-5,429	-2,451	-55.1%	-54.9%

*FABS from co-data*

## Banking sector Stock performance:

### All KSA banks generated positive YTD returns in 2026

The average return generated by the KSA Banking Sector stood well ahead of market headline indices such as DSM, Abu Dhabi, and Dubai, except EGX30. EGX recorded the highest growth rate among the below-listed indices. All eight KSA banks under our coverage registered a YTD increase as on 8 April 2026. ALINMA recorded highest gains of 20.7% YTD among KSA banks followed by, BSFR (+18.5%), Saudi National Bank (NCB) (+13.2%), RJHI (+10.1%), ALBI (+6.8%), RIBL (+6.0%), SAIB (+2.0%) and ARNB (+0.6%).

#### 27 MENA bank stocks: YE25 to 8th of April 2026, Ranked

		UAE	KSA	Qatar	Egypt	Ranking
QIBK	-2.7%			-2.7%		26
MARK	1.4%			1.4%		19
CBD	-1.3%	-1.3%				24
MASQ	-16.1%	-16.1%				32
QNBK	-4.3%			-4.3%		27
UAB	3.8%	3.8%				15
SIB	9.3%	9.3%				7
CBQK	6.4%			6.4%		12
<b>DSM</b>	-0.9%					22
RJHI	10.1%		+10.1%			6
<b>TASI</b>	7.8%					10
<b>ADI</b>	-1.2%					23
ALINMA	20.7%		+20.7%			2
ALBI	6.8%		+6.8%			11
BSFR	18.5%		+18.5%			3
RAKBANK	0.7%	0.7%				20
DHBK	-1.7%			-1.7%		25
COMI	23.3%				23.3%	1
FAB	5.4%	5.4%				14
<b>EGX30</b>	15.2%					4
BOS	-7.5%	-7.5%				29
NCB	13.2%		+13.2%			5
<b>DFM</b>	-5.3%					28
ARNB	0.6%		+0.6%			21
RIBL	6.0%		+6.0%			13
CBI	1.9%	1.9%				18
ENBD	7.9%	7.9%				9
ADIB	8.5%	8.5%				8
DIB	-15.0%	-15.0%				31
AJMANBANK	2.3%	2.3%				16
ADCB	-8.1%	-8.1%				30
SAIB	2.0%		+2.0%			17
<b>AVERAGE</b>		<b>-0.6%</b>	<b>+9.7%</b>	<b>-0.2%</b>	<b>23.3%</b>	

## 1Q26 preview: Saudi National Bank

Strong income to boost bottom line despite higher impairments

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 42.72	SAR 50.00	+17%	BUY

### 1Q26 Forecast

Saudi National Bank's (SNB/ the Bank) net profit attributable to equity shareholders is projected to increase 5.6% YOY to SAR 6,358 Mn in 1Q26, mainly driven by an anticipated rise in net funded income and non-funded income, along with an expected decline in total operating expenses, other non-operating expenses and partially offset by projected higher impairment charges, and zakat expenses. The Bank's funded income is expected to rise 10.0% YOY to SAR 15,751 Mn in 1Q26, driven by anticipated growth in net loans and advances and investments and rise in yield on assets. SNB's funded expense is expected to grow 14.8% YOY to SAR 8,116 Mn in 1Q26, supported by forecasted increase in cost of funds and average interest-bearing liabilities. Thus, net funded income is likely to grow 5.3% YOY to SAR 7,635 Mn in 1Q26. SNB's non-funded income is expected to increase 3.0% YOY to SAR 2,431 Mn in 1Q26, due to a forecasted increase in fees & commissions income, exchange income, gains on non-FVIS financial instruments, trading income and dividend income, partially offset by an anticipated decline in income from FVIS investments, along with expected higher other operating expenses. As a result, operating income is anticipated to increase 4.7% YOY to SAR 10,067 Mn in 1Q26. The Bank's total operating expenses are projected to decline 7.1% YOY to SAR 2,533 Mn in 1Q26, due to an expected decline in salaries & employee-related expenses, rent & premises-related expenses, amortisation of intangible assets, and other general & administrative expenses, partially offset by an anticipated increase in depreciation of property & equipment. SNB's other non-operating expenses are expected to decline from SAR 134 Mn in 1Q25 to SAR 79 Mn in 1Q26. However, impairment charges are projected to increase significantly from SAR 34 Mn in 1Q25 to SAR 371 Mn in 1Q26. Additionally, zakat expenses are expected to rise 1.2% YOY to SAR 744 Mn in 1Q26. The share of loss attributable to non-controlling interest holders is expected to decline from SAR 38 Mn in 1Q25 to SAR 19 Mn in 1Q26.

### 2026 forecast

SNB's net profit attributable to equity shareholders is expected to grow 5.0% YOY to SAR 26,262 Mn in 2026, attributed to the anticipated increase in net funded and non-funded income, partially offset by an expected increase in operating expenses, other non-operating expenses, impairment charges and zakat expenses. The Bank's funded income is expected to increase 4.3% YOY to SAR 63,601 Mn in 2026, driven by anticipated growth in average interest-earning assets, partially offset by a forecasted decline in asset yield. SNB's funded expense is projected to grow 3.0% YOY to SAR 32,770 Mn in 2026, attributed by forecasted rise in average interest-bearing liabilities, partially offset by anticipated decline in cost of funds. Thus, net funded income is likely to increase 5.7% YOY to SAR 30,831 Mn in 2026. NIMs are expected to decline by 11 bps YOY to 2.7% in 2026. SNB's non-funded income is expected to rise 6.3% YOY to SAR 10,670 Mn in 2026, mainly due to expected increase in fees and commissions income, exchange income, income from FVIS investments, gains on non-FVIS financial instruments, trading income and dividend income, partially offset by increase in other operating expenses. As a result, operating income is expected to grow 5.9% YOY to SAR 41,501 Mn in 2026. The Bank's total operating expenses are expected to increase 4.4% YOY to SAR 10,310 Mn in 2026, due to an expected rise in salaries & employee-related expenses, rent & premises-related expenses, depreciation of property & equipment, and other G&A expenses, partially offset by an anticipated decline in amortisation of intangible assets. Other non-operating expenses are expected to rise 2.0% YOY to SAR 399 Mn in 2026. Additionally, impairment charges are projected to increase from SAR 1,034 Mn in 2025 to SAR 1,536 Mn in 2026. Meanwhile, zakat expenses are expected to rise 5.7% YOY to SAR 3,072 Mn in 2026. The share of loss attributable to non-controlling interests is expected to widen from SAR 22 Mn in 2025 to SAR 79 Mn in 2026.

#### 4Q25 Outturn

SNB's funded income rose 5.3% YOY to SAR 15,662 Mn in 4Q25, driven by balance sheet expansion and repricing initiatives, partially offset by decline in asset yield. Funded expenses grew 2.4% YOY to SAR 8,156 Mn in 4Q25, supported by increase in average interest-bearing liabilities, partially offset by decline in cost of funds. Thus, net funded income increased 8.5% YOY to SAR 7,506 Mn in 4Q25. The Bank's Fees and commissions increased 16.6% YOY to SAR 1,191 Mn in 4Q25. Exchange income expanded 11.8% YOY to SAR 584 Mn. Income from FVIS investments, net decreased 16.7% YOY to SAR 577 Mn in 4Q25. Gains on non-FVIS financial instruments, net rose substantially from SAR 14 Mn in 4Q24 to SAR 131 Mn in 4Q25. Other operating expenses increased 18.7% YOY to SAR 414 Mn in 4Q25. Trading income increased substantially from SAR 110 Mn in 4Q24 to SAR 252 Mn in 4Q25. Dividend income rose 77.1% YOY to SAR 99 Mn in 4Q25. As a result, total non-funded income grew 17.1% YOY to SAR 2,421 Mn in 4Q25. Thus, total operating income rose 10.5% YOY to SAR 9,927 Mn in 4Q25. Salaries and employee-related expenses expanded 16.5% YOY to SAR 1,221 Mn in 4Q25. Rent and premises-related expenses fell marginally 0.7% YOY to SAR 118 Mn in 4Q25. Depreciation of property and equipment expenses decreased 17.0% YOY to SAR 410 Mn in 4Q25. Amortisation of intangible assets remained stable at SAR 205 Mn in 4Q25 compared to 4Q24. Thus, total operating expenses decreased 31.1% YOY to SAR 1,889 Mn in 4Q25, driven by ongoing cost optimization initiatives, alongside the reversal of provisions no longer required under accounting standards. Thus, the Bank's cost-to-income declined from 28.2% in 4Q24 to 17.0% in 4Q25. Furthermore, SNB's recorded other non-operating expenses of SAR 61 Mn in 4Q25, compared to SAR 46 Mn in 4Q24. The Bank's impairment expense grew significantly from SAR 20 Mn in 4Q24 to SAR 942 Mn in 4Q25. The Bank recognized highest net impairment charges in 4Q25 as provisioning levels normalized following a period of strong recoveries, particularly from fully provisioned and legacy exposures across both Retail and Wholesale portfolios. Zakat charges decreased 4.5% YOY to SAR 628 Mn in 4Q25. In addition, the share of profit attributable to non-controlling interest holders stood at SAR 22 Mn in 4Q25, compared to a loss of SAR 37 Mn in 4Q24.

#### Target price and recommendation

We revised our rating from ACCUMULATE to BUY on SNB with an unchanged target price of SAR 50.00. The company's 2025 performance exceeded guidance, driven by higher core revenue (NSCI growth), strong fee and other income, leaner operating costs, a robust deposit franchise, solid credit expansion led by MSME growth (+68%), and strong capitalization and asset quality. SNB delivered a solid 4Q25 performance driven by healthy revenue growth across core segments, sustained cost discipline, and resilient asset quality. The Company's net funded income increased 8.5% YOY to SAR 7,506 Mn in 4Q25, with NSCI growth further expected to be driven by ongoing repricing initiatives, a strategic focus on higher-yielding segments, and continued portfolio expansion, alongside efforts to optimize funding costs and diversify funding sources. The company is exploring partnerships to introduce new products and unlock additional fee income streams to support overall profitability. The Bank's net advances grew 11.5% YOY and 0.6% QOQ to SAR 729.3 Bn in 4Q25, primarily due to the growth in wholesale financing and mortgages. SNB's wholesale financing grew 21% YOY and retail financing grew 8% YOY in 4Q25. The company is prioritizing appropriate loan pricing to preserve margins amid elevated funding costs, resulting in a strategic shift toward higher-yield segments such as MSMEs and mid-sized corporates over pure volume growth. Meanwhile, customer deposits increased 9.7% YOY but declined marginally 0.5% QOQ to SAR 636.1 Bn in 4Q25 with a CASA ratio of 73.0%. Furthermore, heightened competition for deposits has driven a shift toward higher cost-bearing funding, resulting in increased funding costs, while the bank continues to mitigate this through diversification into international and wholesale funding channels. Consequently, the headline loan-to-deposit ratio increased from 113.4% in 3Q25 to 114.7% in 4Q25. Amid declining interest rates, the Bank continued to diversify its income streams, driving a 17.1% YOY increase in non-funded income to SAR 2.4 Bn in 4Q25. SNB's cost to income ratio declined from 28.2% in 4Q24 to 17.0% in 4Q25, indicating enhanced operational efficiency. However, SNB's cost of risk increased 50 bps YOY in 4Q25. SNB's maintained its asset quality with NPLs declining 48 bps YOY and 12 bps QOQ to 0.7% in 4Q25. The Bank also maintains a healthy capital ratio, with total CAR at 21.2% and total

liquidity coverage ratio of 285.1% in 4Q25. Furthermore, the Net Stable Funding Ratio remained comfortably above regulatory requirements at 114.2%, while the SAMA LDR stood well below the regulatory threshold at 82.5% in 4Q25. SNB also targets a dividend payout ratio of 50–60% going forward. Thus, based on the above analysis, we assign a BUY rating on the stock.

**SNB - Relative valuation**

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	18.67	13.75	12.94	12.29	10.37	9.80
PB	1.59	1.51	1.43	1.30	1.22	1.16
BVPS (SAR)	26.361	27.662	29.317	32.094	34.273	36.239
EPS (SAR)	2.243	3.045	3.236	3.405	4.035	4.270
DPS	1.157	1.269	1.750	1.900	2.150	2.284
Dividend yield %	2.8%	3.0%	4.2%	4.6%	5.2%	5.5%

*FABS Estimates & Co Data*
**SNB - P&L**

SAR Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Commission income	14,323	15,662	15,751	10.0%	0.6%	60,962	63,601	4.3%
Commission expense	7,069	8,156	8,116	14.8%	-0.5%	31,806	32,770	3.0%
<b>Net funded income</b>	<b>7,254</b>	<b>7,506</b>	<b>7,635</b>	<b>5.3%</b>	<b>1.7%</b>	<b>29,155</b>	<b>30,831</b>	<b>5.7%</b>
Fees and commissions	1,237	1,191	1,251	1.1%	5.0%	4,931	5,326	8.0%
Exchange income, net	534	584	578	8.3%	-1.0%	2,302	2,348	2.0%
Income from FVIS investment	693	577	647	-6.7%	12.0%	2,820	2,961	5.0%
Gains/Loss on non-trading invst	84	131	138	63.3%	5.0%	559	587	5.0%
Other Operating Income / Exp	-315	-414	-412	30.7%	-0.5%	-1,649	-1,682	2.0%
Trading income, net	63	252	126	99.5%	-50.0%	614	645	5.0%
Dividend income	64	99	104	62.8%	5.0%	463	486	5.0%
<b>Non-funded income</b>	<b>2,361</b>	<b>2,421</b>	<b>2,431</b>	<b>3.0%</b>	<b>0.4%</b>	<b>10,039</b>	<b>10,670</b>	<b>6.3%</b>
<b>Operating income</b>	<b>9,615</b>	<b>9,927</b>	<b>10,067</b>	<b>4.7%</b>	<b>1.4%</b>	<b>39,195</b>	<b>41,501</b>	<b>5.9%</b>
Salaries and emp-related exps	1,255	1,221	1,245	-0.8%	2.0%	4,911	5,083	3.5%
Rent and premises-related exps	123	118	120	-2.9%	1.5%	486	495	1.8%
Dep of property and equipment	349	410	415	19.1%	1.3%	1,484	1,687	13.7%
Amort of intangible assets	205	205	197	-4.0%	-4.0%	820	787	-4.0%
Other G&A expenses	794	-65	556	-30.0%	-957.8%	2,171	2,258	4.0%
<b>Total operating Expenses</b>	<b>2,727</b>	<b>1,889</b>	<b>2,533</b>	<b>-7.1%</b>	<b>34.1%</b>	<b>9,872</b>	<b>10,310</b>	<b>4.4%</b>
Other non-operating inc (exp), net	-134	-61	-79	-41.1%	30.0%	-391	-399	2.0%
<b>Pre-provision profit</b>	<b>6,754</b>	<b>7,977</b>	<b>7,454</b>	<b>10.4%</b>	<b>-6.6%</b>	<b>28,931</b>	<b>30,791</b>	<b>6.4%</b>
Impairment	34	942	371	NM	-60.6%	1,034	1,536	48.5%
<b>PBT</b>	<b>6,719</b>	<b>7,036</b>	<b>7,083</b>	<b>5.4%</b>	<b>0.7%</b>	<b>27,897</b>	<b>29,255</b>	<b>4.9%</b>
Zakat	735	628	744	1.2%	18.4%	2,905	3,072	5.7%
<b>Profit after tax</b>	<b>5,984</b>	<b>6,407</b>	<b>6,339</b>	<b>5.9%</b>	<b>-1.1%</b>	<b>24,992</b>	<b>26,184</b>	<b>4.8%</b>
Non-controlling interest	-38	22	-19	NM	-187.7%	-22	-79	NM
<b>Net Profit attri. to equity</b>	<b>6,022</b>	<b>6,385</b>	<b>6,358</b>	<b>5.6%</b>	<b>-0.4%</b>	<b>25,013</b>	<b>26,262</b>	<b>5.0%</b>

*FABS estimate & Co Data*
**SNB - P&L KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	75.4%	75.6%	75.8%	40	23	74.4%	74.3%	-10
NIMs - Trailing 12M	2.8%	2.8%	2.8%	-8	-9	2.8%	2.7%	-11
NIMs - Annualized	2.9%	2.9%	2.8%	-9	-8	2.8%	2.7%	-11
NIS	2.5%	2.4%	2.4%	-6	2	2.4%	2.3%	-9
Fees & comns/OI	12.9%	12.0%	12.4%	-44	43	12.6%	12.8%	25
Trading/OI	5.6%	5.9%	5.7%	19	-14	5.9%	5.7%	-22
Cost to income	26.2%	17.0%	23.2%	-302	625	23.1%	22.9%	-15
Impairment/PPP	0.5%	11.8%	5.0%	447	-682	3.6%	5.0%	141
NP/OI	62.6%	64.3%	63.2%	53	-116	63.8%	63.3%	-54
Cost of risk - Calculated	NA	0.52%	0.2%	18	-31	0.15%	0.20%	5
Loan-to-deposit (Headline)	112.8%	114.7%	109.8%	NM	-488	114.7%	109.8%	-488
NPL - Calculated	1.0%	0.7%	0.7%	-24	1	0.7%	0.8%	2
NPL Coverage - Calculated	135.5%	137.5%	137.5%	204	0	137.5%	137.5%	0
Tier 1	18.8%	19.8%	20.6%	178	80	19.8%	19.8%	-2
Capital adequacy	19.3%	21.2%	22.0%	264	79	21.2%	21.1%	-10
ROAE	11.8%	12.6%	12.5%	70	-6	12.6%	27.1%	1446
ROAA	2.0%	2.2%	2.1%	13	-6	2.2%	4.5%	232

*FABS estimate & Co Data*

**SNB- Key BS Items**

SAR Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch
Net advances	706,430	714,839	725,090	729,311	742,015	5.0%
<i>QOQ Change</i>	8.0%	1.2%	1.4%	0.6%	1.7%	
Total assets	1,171,079	1,200,998	1,206,607	1,210,032	1,240,208	5.9%
<i>QOQ Change</i>	6.1%	2.6%	0.5%	0.3%	2.5%	
Customer deposits	626,394	658,675	639,488	636,094	675,963	7.9%
<i>QOQ Change</i>	8.0%	5.2%	-2.9%	-0.5%	6.3%	
Total equity	194,119	197,887	197,041	203,827	210,186	8.3%
<i>QOQ Change</i>	0.4%	1.9%	-0.4%	3.4%	3.1%	

*FABS estimate & Co Data*

## 1Q26 preview: Banque Saudi Fransi

Strong loan growth momentum and higher asset yields to support bottom-line expansion

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 19.89	SAR 21.70	+9%	HOLD

### 1Q26 forecast

Banque Saudi Fransi (BSF/ the Bank) is expected to report a 2.2% YOY growth in net profit to SAR 1,367 Mn in 1Q26, owing to an anticipated rise in net funded income, and decline in impairment, partially offset by expected decline in non-funded income, rise in operating expenses, and zakat expenses. BSF's funded income is expected to grow 8.6% YOY to SAR 4,557 Mn in 1Q26, primarily driven by forecasted rise in asset yield coupled with anticipated growth in loan & advances and net investment. Additionally, funded expense is expected to grow 10.8% YOY to SAR 2,302 Mn in 1Q26 supported by projected rise in cost of funds, and customer deposits. Thus, the Bank's net funded income is likely to grow 6.5% YOY to SAR 2,255 Mn in 1Q26. BSF's non-funded income is expected to fall 15.6% YOY to SAR 439 Mn in 1Q26, attributed to a decrease in fees & commission, and exchange income, partially offset by an anticipated rise in trading income. Fees & commission is expected to decline 8.0% YOY to SAR 241 Mn in 1Q26. While, exchange income is forecasted to decline 8.8% YOY to SAR 110 Mn in 1Q26. Whereas, trading income is projected to grow 24.8% YOY to SAR 87 Mn in 1Q26. As a result, operating income is expected to grow 2.1% YOY to SAR 2,694 Mn in 1Q26. Salaries and employee-related expenses are expected to grow marginally 0.8% YOY to SAR 475 Mn in 1Q26. Meanwhile, rent and premises-related expenses are expected to decrease 26.5% YOY to SAR 15 Mn in 1Q26. Furthermore, D&A expenses are expected to grow 22.5% YOY to SAR 83 Mn in 1Q26. Other G&A expenses are projected to expand 3.8% YOY to SAR 319 Mn in 1Q26. Moreover, impairments are expected to fall 1.3% YOY to SAR 276 Mn in 1Q26, while zakat expense is expected to increase 3.2% YOY to SAR 159 Mn.

### 2026 forecast

BSF's net profit is projected to grow 6.7% YOY to SAR 5,710 Mn in 2026, primarily due to projected growth in net-funded and non-funded income, partially offset by an expected rise in operating expenses, impairment charges and zakat expenses. The Bank's funded income is anticipated to grow 7.1% YOY to SAR 18,808 Mn in 2026, due to an expected increase in loan & advances and investments, partially offset by forecasted decline in asset yield. Meanwhile, funded expense is expected to increase 7.6% YOY to SAR 9,536 Mn in 2026, driven by projected increase in customer deposit and cost of funds. Thus, net funded income is likely to increase 6.7% YOY to SAR 9,272 Mn in 2026. Total non-funded income is expected to grow 1.8% YOY to SAR 1,879 Mn in 2026, supported by an anticipated rise in fee and commission, exchange income, trading income, dividend income, and other operating income, partially offset by decline in gains on non-trading investments, net. Fee and commission are projected to rise 3.0% YOY to SAR 985 Mn in 2026. Exchange income is anticipated to grow 1.0% YOY to SAR 490 Mn in 2026. Whereas, trading income and dividend are expected to grow 2.0% YOY each to SAR 230 Mn and 24 Mn, respectively in 2026. Gains on non-trading investments is forecasted to decline 10.0% YOY to SAR 106 Mn in 2026. Other operating income is anticipated to increase 20.0% YOY to SAR 44 Mn in 2026. As a result, the Banks operating income expanded 5.8% YOY to SAR 11,151 Mn in 2026. Operating expenses are anticipated to rise 2.2% YOY to SAR 3,638 Mn in 2026, mainly driven by an expected growth in salaries & employee-related expenses, rent & premises related expenses, and other general and administrative expenses, partially offset by decline in depreciation and amortization expenses. Salaries and employee-related expenses are anticipated to grow 3.0% YOY to SAR 1,932 Mn in 2026. Meanwhile, rent and premises-related expenses are expected to expand 3.0% YOY to SAR 73 Mn in 2026. Furthermore, D&A expenses are projected to decline 1.6% YOY to SAR 327 Mn in 2026. Other G&A expenses are projected to expand 2.0% YOY to SAR 1,306 Mn in 2026. Moreover, impairments are expected to

increase 15.3% YOY to SAR 1,140 Mn in 2026, while zakat charges are expected to increase 4.3% YOY to SAR 663 Mn in 2026.

#### 4Q25 outturn

BSF's funded income grew 8.7% YOY to SAR 4,521 Mn in 4Q25, driven by an increase in investment activities along with a healthy growth in net advances coupled with rise in asset yields. Moreover, funded expenses rose 8.7% YOY to SAR 2,305 Mn in 4Q25, driven by an increase in cost of funds. Thus, net funded income expanded 8.6% YOY to SAR 2,216 Mn in 4Q25. The Bank's fees and commission income decreased 15.4% YOY to SAR 201 Mn, and net exchange income declined 23.9% YOY to SAR 115 Mn in 4Q25. Similarly, net trading income decreased 36.8% YOY to SAR 85 Mn in 4Q25. Dividend income remained stable at SAR 4.0 Mn in 4Q25 compared to 4Q24. Other operating income decreased marginally from SAR 0.3 Mn in 4Q24 to SAR 0.2 Mn in 4Q25. Thus, the Bank's non-funded income declined 23.9% YOY to SAR 406 Mn in 4Q25. As a result, operating income rose 1.9% YOY to SAR 2,621 Mn in 4Q25. Furthermore, salaries and employee related expenses decreased 1.6% YOY to SAR 468 Mn and rent related expenses declined from SAR 26 Mn in 4Q24 to SAR 14 Mn in 4Q25. D&A expenses recorded marginal fall of 0.2% YOY to SAR 88 Mn in 4Q25. Whereas, other G&A expenses increased 3.9% YOY to SAR 394 Mn in 4Q25. Thus, operating expenses fell marginally 0.5% YOY to SAR 965 Mn in 4Q25. Consequently, cost-to-income ratio improved 88 bps YOY to 36.8% in 4Q25. BSF's pre-provision profit increased 3.3% YOY to SAR 1,656 Mn in 4Q25. The Bank's impairment charges declined 33.4% YOY to SAR 237 Mn in 4Q25, supported by lower impairment charge on loans and advances. The Bank's cost of risk improved 26 bps YOY and 1 bps QOQ to 0.4% in 4Q25. BSF's zakat expenses grew 22.9% YOY to SAR 160 Mn in 4Q25.

#### Target price and recommendation

We revised our rating from BUY to HOLD on BSF with an unchanged target price of SAR 21.70. The Bank recorded strong growth in net profit in 4Q25, driven by healthy growth across core business supported by growth in loans and investment portfolio. The Bank's loan book grew 5.3% YOY to SAR 214.9 Bn in 4Q25, driven by increase in consumer and commercial lending. The consumer loan portfolio expanded robustly by 18.0% YOY, driven by a 24% increase in mortgages and a 12% rise in personal loans. Consumer loan growth was primarily driven by the strong contribution from the JB finance arm, which accounted for nearly half of personal finance growth and fully supported the expansion in auto loans. In contrast, commercial loan growth remained modest at 2% YOY, with balance growth in services, utilities, and government sectors partly offset by declines in commerce and contracting. Customer deposits grew 5.5% YOY and 5.0% QOQ to SAR 195.2 Bn in 4Q25, supported by inflows from both retail and corporate clients, primarily driven by interest-bearing deposits. The Bank reported NIMs were stable with 3.04% in 2025, due to lower asset yields, offset by reduced funding costs and gains from cash-flow hedging strategies. The Bank's investment portfolio grew 12.9% YOY and 4.3% QOQ to SAR 68.7 Bn in 4Q25. The Bank's investment book is dominated by fixed-rate government securities which is anticipated to support margins during the declining interest rates. Furthermore, reported cost of risk decreased 14 bps YOY to 0.5% in 2025, supported by lower commercial losses, recoveries, and portfolio growth. Additionally, BSF asset quality remained stable, with the reported NPL ratio at 0.97% in 4Q25, and a strong reported NPL coverage ratio of 178.4% in 4Q25, driven by efficient underwriting and conservative provisioning policies. Furthermore, BSF's capital position strengthened, with a capital adequacy ratio of 21.4% in 4Q25 and Tier1 ratio at 19.2% in 4Q25, supported by retained earnings and capital issuances. The Bank's reported ROAE (shareholder's equity) increased 64 bps YOY to 11.9% in 2025. The company has successfully completed its 2021–2025 strategy cycle and is set to unveil a new strategic roadmap outlining its vision and priorities through 2030. The Company announced the total dividend of SAR 1294.70 Mn equivalent to SAR 0.52 per share for 2H25. Thus, based on the above-mentioned factors, we assign a HOLD rating on the stock.

**BSF – Relative valuation**

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	15.32	14.82	12.38	11.56	10.06	9.52
PB	1.47	1.52	1.41	1.34	1.20	1.13
BVPS	15.874	15.534	16.612	16.888	20.325	21.318
EPS	1.296	1.340	1.604	1.718	1.974	2.086
DPS	0.719	0.792	0.935	1.013	1.068	1.155
Dividend Yield	3.6%	4.0%	4.7%	5.1%	5.4%	5.9%

FABS Estimates & Co Data

**BSF – P&L**

SAR Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Special commission income	4,196	4,521	4,557	8.6%	0.8%	17,559	18,808	7.1%
Special commission expense	2,078	2,305	2,302	10.8%	-0.1%	8,867	9,536	7.6%
<b>Net Special Commission Inc</b>	<b>2,118</b>	<b>2,216</b>	<b>2,255</b>	<b>6.5%</b>	<b>1.8%</b>	<b>8,692</b>	<b>9,272</b>	<b>6.7%</b>
Fee and commission income	262	201	241	-8.0%	20.0%	956	985	3.0%
Exchange income, net	121	115	110	-8.8%	-4.0%	486	490	1.0%
Trading income, net	70	85	87	24.8%	2.0%	226	230	2.0%
Dividend Income	9	4	0	-100.0%	-100.0%	23	24	2.0%
Gains on non-trading investments	53	0	0	-100.0%	-100.0%	118	106	-10.0%
Other operating income	5	0	0	-94.7%	25.0%	36	44	20.0%
<b>Non-funded income</b>	<b>520</b>	<b>406</b>	<b>439</b>	<b>-15.6%</b>	<b>8.2%</b>	<b>1,845</b>	<b>1,879</b>	<b>1.8%</b>
<b>Operating income</b>	<b>2,638</b>	<b>2,621</b>	<b>2,694</b>	<b>2.1%</b>	<b>2.8%</b>	<b>10,537</b>	<b>11,151</b>	<b>5.8%</b>
Salaries & employee-related exp.	471	468	475	0.8%	1.5%	1,876	1,932	3.0%
Rent & premises related exp.	20	14	15	-26.5%	4.0%	71	73	3.0%
Depreciation and amortization	68	88	83	22.5%	-5.9%	332	327	-1.6%
Other G&A expenses	308	394	319	3.8%	-19.1%	1,280	1,306	2.0%
<b>Total operating Expenses</b>	<b>867</b>	<b>965</b>	<b>892</b>	<b>2.9%</b>	<b>-7.6%</b>	<b>3,559</b>	<b>3,638</b>	<b>2.2%</b>
<b>Pre-provision profit</b>	<b>1,772</b>	<b>1,656</b>	<b>1,802</b>	<b>1.7%</b>	<b>8.8%</b>	<b>6,978</b>	<b>7,513</b>	<b>7.7%</b>
Impairment	280	237	276	-1.3%	16.7%	989	1,140	15.3%
<b>PBT</b>	<b>1,492</b>	<b>1,419</b>	<b>1,526</b>	<b>2.3%</b>	<b>7.5%</b>	<b>5,989</b>	<b>6,373</b>	<b>6.4%</b>
Zakat	154	160	159	3.2%	-0.8%	636	663	4.3%
<b>Net profit attributable</b>	<b>1,338</b>	<b>1,260</b>	<b>1,367</b>	<b>2.2%</b>	<b>8.5%</b>	<b>5,353</b>	<b>5,710</b>	<b>6.7%</b>

FABS Estimates & Co Data

**BSF - P&L KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026	Change
Net FI/OI	80.3%	84.5%	83.7%	342	-81	82.5%	83.2%	66
NIMs – Trailing 12M	3.1%	3.1%	3.1%	-1	-2	3.08%	3.04%	-4
NIMs - Annualized	3.2%	3.1%	3.1%	-9	-2	3.08%	3.04%	-4
NIS	2.0%	1.6%	1.7%	-30	15	1.9%	1.7%	-13
Fees & comms/OI	9.9%	7.7%	9.0%	-98	129	9.1%	8.8%	-24
Trading/OI	2.6%	3.3%	3.2%	59	-2	2.1%	2.1%	-8
Cost to income	32.8%	36.8%	33.1%	27	-370	33.8%	32.6%	-115
Impairment/PPP	15.8%	14.3%	15.3%	-47	104	14.2%	15.2%	100
NP/OI	50.7%	48.1%	50.7%	3	269	50.8%	51.2%	40
Cost of risk	0.5%	0.4%	0.5%	-3	7	0.46%	0.50%	4
Loan-to-deposit	109.6%	110.1%	94.0%	-1,556	-1,607	110.1%	106.1%	-402
NPL calculated	0.8%	1.0%	1.0%	16	3	1.0%	1.0%	3
Coverage excluding collateral	198.5%	178.4%	159.0%	-3,950	-1,941	178.4%	180.0%	159
Tier 1	19.2%	19.2%	18.9%	-30	-27	19.2%	18.4%	-81
Capital Adequacy	20.1%	21.4%	21.0%	87	-37	21.4%	20.4%	-101
ROAE	11.7%	12.3%	11.9%	22	-38	12.3%	12.2%	-8
ROAA	1.7%	1.8%	3.6%	190	178	1.8%	1.8%	-1

FABS estimate & Co Data

**BSF- Key BS Items**

<b>SAR Mn</b>	<b>1Q25</b>	<b>2Q25</b>	<b>3Q25</b>	<b>4Q25</b>	<b>1Q26F</b>	<b>YOY Ch</b>
Net advances	2,08,978	2,09,881	2,15,592	2,14,891	2,19,499	5.0%
<i>QOQ Change</i>	2.4%	0.4%	2.7%	-0.3%	2.1%	
Total assets	3,02,988	3,01,490	3,14,946	3,09,006	3,15,962	4.3%
<i>QOQ Change</i>	3.3%	-0.5%	4.5%	-1.9%	2.3%	
Customer deposits	1,90,728	1,82,690	1,85,868	1,95,219	2,00,942	5.4%
<i>QOQ Change</i>	3.0%	-4.2%	1.7%	5.0%	2.9%	
Total equity	48,430	51,314	52,075	50,659	50,732	4.8%
<i>QOQ Change</i>	2.7%	6.0%	1.5%	-2.7%	0.1%	

*FABS estimate & Co Data*

## 1Q26 preview: **Riyad Bank**

Operating efficiency improvements to support profit growth

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 21.59	SAR 27.00	+25%	BUY

### 1Q26 forecast

Riyad Bank (RIBL/ the Bank) is projected to report 7.6% YOY growth in net profit to SAR 2,674 Mn in 1Q26. The increase in net profit is primarily driven by a projected rise in net funded and non-funded income and a decline in impairment charges, partially offset by an anticipated increase in operating expenses, and tax charges. Special commission income is expected to grow 13.7% YOY to SAR 7,220 Mn in 1Q26, attributable to a forecasted increase in net investment and loan & advances, partially offset by anticipated decline in asset yield. Special commission expense is projected to increase 23.4% YOY to SAR 3,786 Mn in 1Q26, primarily due to an anticipated expansion in total funding and cost of funds. Thus, net special commission income is likely to rise 4.6% YOY to SAR 3,434 Mn in 1Q26. The Bank's net fee and commission income is anticipated to increase 2.9% YOY to SAR 835 Mn in 1Q26. Additionally, trading income is forecasted to grow from SAR 216 Mn in 1Q25 to SAR 263 Mn in 1Q26. Furthermore, other operating income is forecasted to increase 5.1% YOY to SAR 204 Mn in 1Q26. As a result, RIBL's total other operating income is estimated to rise 6.6% YOY to SAR 1,301 Mn in 1Q26. Thus, the Bank's operating income is likely to increase 5.1% YOY to SAR 4,735 Mn in 1Q26. On the other hand, operating expenses are expected to rise 2.0% YOY to SAR 1,406 Mn in 1Q26. Impairment charges are anticipated to decline from SAR 362 Mn in 1Q25 to SAR 353 Mn in 1Q26. Share in earnings of associates is expected to decline to SAR 5 Mn in 1Q26 from SAR 9 Mn in 1Q25. In addition, tax expenses are projected to increase 7.5% YOY to SAR 307 Mn in 1Q26.

### 2026 forecast

We forecast Riyad Bank's net profit to grow 7.8% YOY to SAR 11,227 Mn in 2026, primarily driven by an anticipated increase in net funded and non-funded income, and share in earnings of associates, partially offset by an estimated increase in operating expenses, impairment charges, and tax charges. Special commission income is expected to grow 9.2% YOY to SAR 29,580 Mn in 2026, supported by forecasted growth in net advances and investments, partially offset by an anticipated decline in asset yields. Meanwhile, special commission expense is projected to increase 9.6% YOY to SAR 15,350 Mn in 2026, mainly due to an expected rise in average interest-bearing liabilities, partially offset by anticipated decline in cost of funds. As a result, net special commission income is likely to increase 8.9% YOY to SAR 14,230 Mn in 2026. The Bank's net fee and commission income is expected to grow 3.0% YOY to SAR 3,583 Mn in 2026. Additionally, trading income is forecast to rise 3.8% YOY to SAR 1,011 Mn in 2026. Furthermore, other operating income is estimated to increase 5.3% YOY to SAR 903 Mn in 2026. As a result, total other operating income is likely to grow 3.5% YOY to SAR 5,496 Mn in 2026. Hence, the Bank's total operating income is expected to increase 7.3% YOY to SAR 19,726 Mn in 2026. Furthermore, operating expenses are estimated to rise 5.9% YOY to SAR 5,754 Mn in 2026. Impairment charges are anticipated to increase 9.1% YOY to SAR 1,500 Mn in 2026. The Bank's share in earnings of associates is forecast to grow 30.0% YOY to SAR 44 Mn in 2026. Tax expense is expected to increase 7.7% YOY to SAR 1,289 Mn in 2026.

### 4Q25 outturn

Riyad Bank's funded income rose 9.4% YOY to SAR 7,121 Mn in 4Q25, primarily due to substantial growth in the loans & advances, and investments, partially offset by a decline in asset yield. The Bank's special commission expense rose significantly 20.8% YOY to SAR 3,716 Mn in 4Q25, driven by an increase in deposits, and a substantial rise in debt securities in issue, along with a rise in cost of funds. Thus, the net special commission income fell marginally 0.8% YOY to SAR 3,405 Mn in 4Q25. The growth in funded expenses surpassed the rise in funded income. The Bank's fees &

commission income declined 2.8% YOY to SAR 802 Mn in 4Q25. Whereas trading income expanded substantially from SAR 124 Mn in 4Q24 to SAR 271 Mn in 4Q25. Other operating income declined 32.0% YOY to SAR 186 Mn in 4Q25. Thus, non-funded income grew 3.0% YOY to SAR 1,259 Mn in 4Q25. As a result, Riyadh Bank's total operating income increased marginally 0.2% YOY to SAR 4,664 Mn in 4Q25. The Bank's operating expenses declined 3.3% YOY to SAR 1,361 Mn in 4Q25 owing to a decline in other general & administrative expenses, and other operating expenses, partially offset by a rise in salaries and employee-related expenses, and depreciation of property and equipment. Cost-to-income ratio declined 107 bps YOY to 29.2% in 4Q25 mainly due to a decline in operating expenses. Impairment charges fell 50.0% YOY to SAR 367 Mn in 4Q25, supported by a decline in impairment charge for credit losses net, partially offset by an increase in impairment charge for investments, net. Share in earnings of associates remained constant at SAR 8 Mn in 4Q25, compared to 4Q24. Further, Zakat expense grew 15.5% YOY to SAR 304 Mn in 4Q25.

### **Target price and recommendation**

We maintain our BUY rating on Riyadh Bank with a revised target price of SAR 27.00 per share. The Bank's profitability grew substantially 17.0% YOY in 4Q25 primarily due to growth in non-funded income and a decline in impairment charges. It reported a decline in net funded income by 0.8% YOY in 4Q25, as funding costs increased industry-wide. The net advances rose substantially 16.6% YOY and 1.3% QOQ to SAR 373.3 Bn in 4Q25, driven primarily by robust growth in the corporate and commercial segments, underpinned by Saudi Arabia's economic growth and Vision 2030 initiatives, thereby indicating sustained momentum in credit demand and business activity. Furthermore, Kafalah exposure stands at c. SAR 11 Bn in 2025, representing c. 12% of the total MSME portfolio, and continues to perform well. Additionally, the bank's MSME focus remains concentrated in the middle and upper segments, with gradual expansion into the micro segment through digital platforms. This reinforces prudent risk management, as exposure under the Kafalah Program provides credit protection while supporting sustainable MSME growth. Moreover, the Bank's stage 3 loan declined from SAR 3,258 Mn in 3Q25 to SAR 2,967 Mn in 4Q25, demonstrating improvement in asset quality and lower incremental slippages. The Bank's customer deposits rose 8.3% YOY and 1.9% QOQ to SAR 331.7 Bn in 4Q25, indicating a strong funding base and supporting liquidity stability. Furthermore, the company expects a gradual rise in wholesale funding due to the widening loan-deposit gap, while maintaining a largely deposit funded structure within prudent risk limits. The Bank's cost-to-income ratio declined from 30.2% in 4Q24 to 29.2% in 4Q25, indicating effective cost management and maintaining an optimal cost mix. Asset quality remains healthy with a NPL ratio declining from 0.87% in 3Q25 and 0.79% in 4Q25. However, the coverage ratio stood at 150.1% in 4Q25, compared to 141.7% in 3Q25, reflecting a strong buffer against loan losses. The Bank's Tier 1 and capital adequacy ratio stood at 16.0% and 18.4% in 4Q25, indicating a strong capital position with adequate buffers above regulatory requirements. Riyadh Bank introduced a transformation plan under Strategy 2030 to scale digital retail, strengthen wholesale banking, and expand fee income, while embedding AI and upgrading to a cloud-native platform to enhance efficiency and support sustainable long-term growth. While emphasizing a shift from volume-driven expansion toward value-accretive growth and optimized asset allocation to enhance returns. The Bank announced the full redemption of its SAR 3.0 Bn Tier 2 Sukuk due on 2031 at face value (100% of issue price) on 9 February 2026, representing 100% of the outstanding issuance. Riyadh Bank announced the distribution of a cash dividend of SAR 1,643.1 Mn (SAR 0.55 per share) for 2H25. Furthermore, the Bank's recommended increasing capital by 33.33% to SAR 40.0 Bn (from SAR 30.0 Bn) through the issuance of one bonus share for every three shares, through capitalization of statutory reserve and retained earnings. Management guided high single-digit loan growth going forward, with a shift in focus from volume-driven expansion to value-accretive assets and optimized allocation for higher returns. Thus, based on the points mentioned above, we maintain our BUY rating on the stock.

**RIBL - Relative valuation**

(At CMP)	2021	2022	2023	2024	2025	2026F
P/E (x)	14.30	12.39	11.13	9.56	8.73	7.93
P/B (x)	1.89	1.95	1.20	1.09	1.00	0.91
BVPS	11.420	11.913	17.928	19.702	21.458	23.681
EPS	1.51	1.739	1.935	2.254	2.467	2.716
DPS (Post Bonus shares)	0.780	0.863	1.049	1.274	1.049	1.300
DPS (Pre Bonus shares)	1.040	1.150	1.398	1.700	1.400	1.733
Dividend Yield (Post Bonus shares)	3.7%	4.1%	4.9%	6.0%	4.9%	6.1%

*FABS Estimates & Co Data*
**RIBL - P&L**

SAR Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Special commission income	6,351	7,121	7,220	13.7%	1.4%	27,083	29,580	9.2%
Special commission expense	-3,068	-3,716	-3,786	23.4%	1.9%	-14,011	-15,350	9.6%
<b>Net special commission income</b>	<b>3,282</b>	<b>3,405</b>	<b>3,434</b>	<b>4.6%</b>	<b>0.8%</b>	<b>13,072</b>	<b>14,230</b>	<b>8.9%</b>
Fees and commissions	811	802	835	2.9%	4.0%	3,479	3,583	3.0%
Trading income, net	216	271	263	21.7%	-3.0%	974	1,011	3.8%
Other Operating Income	194	186	204	5.1%	9.9%	858	903	5.3%
<b>Total other operating income</b>	<b>1,221</b>	<b>1,259</b>	<b>1,301</b>	<b>6.6%</b>	<b>3.4%</b>	<b>5,310</b>	<b>5,496</b>	<b>3.5%</b>
<b>Operating income</b>	<b>4,504</b>	<b>4,664</b>	<b>4,735</b>	<b>5.1%</b>	<b>1.5%</b>	<b>18,381</b>	<b>19,726</b>	<b>7.3%</b>
Operating expenses	-1,379	-1,361	-1,406	2.0%	3.3%	-5,433	-5,754	5.9%
<b>Pre-provision profit</b>	<b>3,125</b>	<b>3,303</b>	<b>3,329</b>	<b>6.5%</b>	<b>0.8%</b>	<b>12,948</b>	<b>13,972</b>	<b>7.9%</b>
Impairment	-362	-367	-353	-2.4%	-3.9%	-1,374	-1,500	9.1%
Share in earnings of associates, net	9	8	5	-37.4%	-35.0%	34	44	30.0%
<b>Profit Before Tax</b>	<b>2,772</b>	<b>2,945</b>	<b>2,982</b>	<b>7.6%</b>	<b>1.3%</b>	<b>11,608</b>	<b>12,516</b>	<b>7.8%</b>
Zakat	-286	-304	-307	7.5%	1.1%	-1,197	-1,289	7.7%
<b>Net profit attributable</b>	<b>2,486</b>	<b>2,641</b>	<b>2,674</b>	<b>7.6%</b>	<b>1.3%</b>	<b>10,411</b>	<b>11,227</b>	<b>7.8%</b>

*FABS estimate & Co Data*
**RIBL - KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	72.9%	73.0%	72.5%	-37	-49	71.1%	72.1%	102
NIMs - Trailing 12M	3.3%	3.0%	2.9%	-47	-9	3.0%	2.9%	-8
NIMs - Annualized	3.3%	3.1%	0.0%	-335	-308	3.0%	0.0%	-296
NIS	2.8%	2.5%	2.5%	-30	-3	2.5%	2.5%	-7
Fees & comms/OI	18.0%	17.2%	17.6%	-39	42	18.9%	18.2%	-76
Trading/OI	4.8%	5.8%	5.6%	76	-26	5.3%	5.1%	-17
Cost to income	30.6%	29.2%	29.7%	-92	52	29.6%	29.2%	-39
Impairment/PPP	11.6%	11.1%	10.6%	-97	-51	10.6%	10.7%	12
NP/OI	55.2%	56.6%	56.5%	128	-14	56.6%	56.9%	27
Cost of risk	0.42%	0.39%	0.37%	-5	-2	0.36%	0.38%	2
Loan-to-deposit	111.5%	112.5%	112.0%	52	-54	112.5%	111.5%	-104
NPL (calculated)	1.14%	0.79%	0.79%	-35	0	0.79%	0.80%	1
NPL Coverage	133.0%	150.1%	170.5%	3,749	2,043	150.1%	160.0%	993
Tier 1	16.4%	16.0%	16.9%	42	90	16.0%	17.4%	142
Capital Adequacy	17.5%	18.4%	19.2%	172	86	18.4%	19.8%	142
ROAE	16.8%	16.0%	15.6%	-119	-36	16.0%	16.1%	7
ROAA	2.2%	2.1%	2.1%	-11	-1	2.1%	2.1%	-7

*FABS estimate & Co Data*
**RIBL - Key B/S items**

SAR Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch
Net advances	338,991	354,550	368,554	373,305	380,771	12.3%
QOQ change	5.9%	4.6%	3.9%	1.3%	2.0%	
Total assets	465,345	490,816	507,566	519,481	529,953	13.9%
QOQ change	3.1%	5.5%	3.4%	2.3%	2.0%	
Customer deposits	304,092	316,811	325,413	331,721	339,974	11.8%
QOQ change	-0.8%	4.2%	2.7%	1.9%	2.5%	
Total equity	61,140	60,963	61,570	64,105	69,834	14.2%
QOQ change	3.6%	-0.3%	1.0%	4.1%	8.9%	

*FABS estimate & Co Data*

## 1Q26 preview: Arab National Bank

Decline in NIM and rise in operating expenses to affect earnings

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 21.80	SAR 25.00	+15%	BUY

### 1Q26 Forecast

Arab National Bank's (ARNB/ the Bank) net profit is expected to decline 4.6% YOY to SAR 1,244 Mn in 1Q26, mainly driven by an expected decrease in non-funded income, coupled with forecasted higher operating expenses and impairment charges, partially offset by a projected increase in net-funded income, and lower zakat & tax charges. Funded income is anticipated to increase 10.6% YOY to SAR 3,946 Mn in 1Q26, driven by an expected rise in average interest-earning assets, partially offset by an anticipated decline in yield on assets. Similarly, funded expenses are forecasted to increase 18.1% YOY to SAR 1,891 Mn in 1Q26, due to an expected increase in the cost of funds and average interest-bearing liabilities. As a result, net funded income is likely to grow 4.4% YOY to SAR 2,055 Mn in 1Q26. Non-funded income is expected to decline 13.5% YOY to SAR 487 Mn in 1Q26. The decline is mainly driven by the anticipated absence of contribution from unrealised gains on FVIS investments and expected drop in other non-funded income, exchange income, and other operating income, partially offset by an anticipated increase in fees & commissions, along with dividend and trading income. Hence, the Bank's operating income is projected to rise marginally 0.4% YOY to SAR 2,542 Mn in 1Q26. Operating expenses are expected to increase 9.0% YOY to SAR 873 Mn in 1Q26. The cost-to-income ratio is expected to increase 269 bps, from 31.7% in 1Q25 to 34.3% in 1Q26. Impairment charges are anticipated to increase 10.9% YOY to SAR 228 Mn in 1Q26. The Bank's income from associates is expected to increase from SAR 6 Mn in 1Q25 to SAR 7 Mn in 1Q26. Tax expense is projected to decline 10.6% YOY to SAR 202 Mn in 1Q26. The Bank's share of non-controlling interest is expected to increase from SAR 1 Mn in 1Q25 to SAR 2 Mn in 1Q26.

### 2026 Forecast

ARNB's net profit is anticipated to grow marginally 0.9% YOY to SAR 5,162 Mn in 2026, mainly due to an increase in net funded income, partially offset by a forecasted decline in non-funded income, coupled with projected higher impairment charges, operating expenses, and tax expenses. Funded income is expected to rise 9.4% YOY to SAR 16,634 Mn in 2026, supported by an anticipated increase in average interest-earning assets, partially offset by a forecasted decline in asset yields. Funded expenses are projected to increase 8.7% YOY to SAR 7,727 Mn in 2026, driven by an expected increase in average interest-bearing liabilities, partially offset by a decline in the cost of funds. Resultantly, net funded income is expected to grow 10.0% YOY to SAR 8,907 Mn in 2026. Total non-funded income is anticipated to decline 4.8% YOY to SAR 1,701 Mn in 2026, primarily due to anticipated no contribution from unrealised gains on FVIS investments and lower other non-funded income, coupled with expected decline in trading income, partially offset by an expected increase in fees & commission income, exchange income, and dividend income. Thus, operating income is likely to rise 7.3% YOY to SAR 10,608 Mn in 2026. Operating expenses are projected to grow 8.8% YOY to SAR 3,630 Mn in 2026. As a result, the cost-to-income ratio is expected to increase by 45 bps YOY to 34.2% in 2026, primarily due to higher operating expenses. Impairment charges are projected to increase from SAR 593 in 2025 to SAR 952 Mn in 2026. The share of results of associates is expected to remain stable at SAR 27 Mn in 2026, compared to 2025. Tax expense is anticipated to grow 1.6% YOY to SAR 884 Mn in 2026. The Bank's share of non-controlling interest is projected to increase significantly from SAR 1 Mn in 2025 to SAR 8 Mn in 2026.

### 4Q25 Outturn

ARNB's funded income rose 6.7% YOY to SAR 3,830 Mn in 4Q25, owing to strong growth in net advances and investment portfolio, partially offset by decline in asset yield. However, the Bank's funded expenses grew 17.0% YOY to SAR 1,883 Mn in 4Q25, primarily due to a rise in customer deposits, and cost of funds. Thus, the net funded income declined 1.8% YOY to SAR 1,947 Mn in

4Q25. Fees and commissions income increased 17.8% YOY to SAR 123 Mn in 4Q25. Exchange income, net declined 20.6% YOY to SAR 83 Mn in 4Q25. Unrealised gain on FVIS investments, net declined 28.4% YOY to SAR 112 Mn in 4Q25. The Bank recorded the trading income of SAR 32 Mn in 4Q25 compared to loss of SAR 3 Mn in 4Q24. Dividend income rose 16.8% YOY to SAR 92 Mn in 4Q25. Other operating expenses declined 4.5% YOY to SAR 52 Mn in 4Q25. Gain on sale of non-trading investments increased significantly from SAR 2 Mn in 4Q24 to SAR 29 Mn in 4Q25. Other non-funded income grew 4.2% YOY to SAR 296 Mn in 4Q25. Thus, non-funded income increased 7.9% YOY to SAR 420 Mn in 4Q25. As a result, operating income decreased marginally 0.2% YOY to SAR 2,367 Mn in 4Q25. Furthermore, operating expenses rose 8.5% YOY to SAR 880 Mn in 4Q25, owing to an increase in salaries and employee-related expenses and D&A expenses, partially offset by lower other general and administrative expenses. Thus, calculated cost-to-income ratio increased from 34.2% in 4Q24 to 37.2% in 4Q25. Impairment charges declined substantially from SAR 271 Mn in 4Q24 to SAR 152 Mn in 4Q25, mainly driven by the lower impairment charge on other real estate, while ECL charges remained broadly stable. Share of results of associates declined significantly from SAR 132 Mn in 4Q24 to SAR 7 Mn in 4Q25. Hence, profit before tax declined 5.6% YOY to SAR 1,341 Mn in 4Q25. ARNB recorded a tax expense of SAR 201 Mn in 4Q25 compared to SAR 174 Mn in 4Q24.

### Target Price and Recommendation

We maintain our BUY rating on Arab National Bank, with a target price of SAR 25.00. Arab National Bank reported profitability in 2025 supported by strong growth in non-funded income, while asset quality metrics improved with lower impairment charges. The Bank demonstrated its ability to grow non-interest income despite margin pressure from declining asset yields. Consequently, the Bank continues to focus on expanding its product offering by diversifying its products and services. ARNB also launched a new best-in-class mobile banking app and expanded the range of savings and investment products offered through its digital channels to enhance customer engagement. The Bank's calculated cost-to-income ratio rose to 37.2% in 4Q25 compared to 34.2% in 4Q24. ARNB's net advances rose 15.2% YOY to SAR 195.3 Bn in 4Q25, driving a healthy growth in investment income; however, solid growth in the deposit base and rate cuts pressured margins. Low-cost CASA deposits stood at SAR 103.0 Bn (49% of total deposits) during 4Q25. Thus, the loan-to-deposit ratio increased from 90.8% in 3Q25 to 93.3% in 4Q25. ARNB's asset quality also improved through 2025, with reported NPLs declining from 1.20% in 4Q24 to 0.94% in 4Q25. Consequently, the coverage ratio increased from 148.5% in 4Q24 to 168.7% in 4Q25, providing a substantial buffer. The Bank's capitalization remained strong with a CAR of 20.0% and a CET1 ratio of 16.4% as of 4Q25. Moreover, ARNB issued an Additional Tier 1 sustainable Sukuk. As of 31 December 2025, the outstanding value of issued Sukuk stood at USD 750 Mn (SAR 2.81 Bn equivalent), classified as equity and forming part of the Bank's capital base. The Bank further strengthened its risk management framework through enhanced credit portfolio monitoring and early risk detection systems, supporting long-term asset quality sustainability. Total assets expanded to SAR 281.4 Bn in 4Q25 compared to SAR 248.8 Bn in 4Q24, reflecting continued balance sheet scale expansion and market positioning. The board distributed dividend of SAR 1.3 Bn for 2H25 (SAR 0.65 per share), taking total dividend to SAR 2.6 Bn (SAR 1.30 per share) for the period of 2025. Thus, based on our analysis, we maintain our BUY rating on the stock.

<b>ARNB - Relative valuation</b>						
(at CMP)	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026F</b>
P/E (x)	19.85	14.07	10.61	8.70	8.41	8.34
P/B (x)	1.42	1.37	1.21	1.12	0.87	0.83
BVPS	15.226	15.754	17.889	19.334	20.962	23.083
EPS	1.088	1.535	2.035	2.483	2.490	2.347
DPS	1.150	1.100	1.350	1.300	1.300	1.300
Dividend yield	5.3%	5.1%	6.3%	6.0%	6.0%	6.0%

FABS Estimates & Co Data

**ARNB- P&L**

SAR Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	3,569	3,830	3,946	10.6%	3.0%	15,205	16,634	9.4%
Funded expense	-1,601	-1,883	-1,891	18.1%	0.4%	-7,108	-7,727	8.7%
<b>Net funded income</b>	<b>1,968</b>	<b>1,947</b>	<b>2,055</b>	<b>4.4%</b>	<b>5.5%</b>	<b>8,097</b>	<b>8,907</b>	<b>10.0%</b>
Fees and commissions	281	123	296	5.5%	140.0%	878	966	10.0%
Exchange income, net	92	83	89	-4.2%	6.9%	351	379	7.9%
Unrealised gain on FVIS invt, net	113	112	0	NM	NM	231	0	NM
Trading Income	19	32	24	28.4%	-25.0%	81	80	-2.0%
Dividend income	35	92	60	69.1%	-35.0%	270	283	5.0%
Other operating income	22	-52	18	-16.4%	NM	-6	-7	5.0%
Gain on sale of non-trading invts.	0	29	0	NM	NM	-19	0	NM
Other non-funded income	281	296	190	-32.4%	-35.7%	908	735	-19.0%
<b>Non-funded income</b>	<b>562</b>	<b>420</b>	<b>487</b>	<b>-13.5%</b>	<b>16.0%</b>	<b>1,786</b>	<b>1,701</b>	<b>-4.8%</b>
<b>Operating income</b>	<b>2,531</b>	<b>2,367</b>	<b>2,542</b>	<b>0.4%</b>	<b>7.4%</b>	<b>9,883</b>	<b>10,608</b>	<b>7.3%</b>
Operating expenses	-801	-880	-873	9.0%	-0.9%	-3,337	-3,630	8.8%
<b>Pre-provision profit</b>	<b>1,730</b>	<b>1,486</b>	<b>1,669</b>	<b>-3.5%</b>	<b>12.3%</b>	<b>6,546</b>	<b>6,978</b>	<b>6.6%</b>
Impairment	-205	-152	-228	10.9%	50.0%	-593	-952	60.6%
Share of results of associates	6	7	7	13.1%	2.2%	27	27	0.0%
<b>PBT</b>	<b>1,530</b>	<b>1,341</b>	<b>1,448</b>	<b>-5.4%</b>	<b>8.0%</b>	<b>5,981</b>	<b>6,054</b>	<b>1.2%</b>
Tax	-226	-201	-202	-10.6%	0.7%	-870	-884	1.6%
<b>Profit after tax</b>	<b>1,304</b>	<b>1,147</b>	<b>1,246</b>	<b>-4.5%</b>	<b>8.7%</b>	<b>5,117</b>	<b>5,170</b>	<b>1.0%</b>
Non-controlling int.	-1	0	-2	NM	NM	-1	-8	NM
<b>Net profit attributable</b>	<b>1,304</b>	<b>1,147</b>	<b>1,244</b>	<b>-4.6%</b>	<b>8.5%</b>	<b>5,116</b>	<b>5,162</b>	<b>0.9%</b>

FABS estimate & Co Data

**ARNB - KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	77.8%	82.3%	80.9%	308	-169	81.9%	84.0%	204
NIMs – Trailing 12M	3.59%	3.41%	3.28%	-31	-6	3.41%	3.37%	-4
NIMs - Annualized	3.52%	3.33%	3.27%	-25	-7	3.41%	3.37%	-4
NIS	2.9%	2.5%	2.5%	-41	-20	2.8%	2.8%	-4
Fees & comms/OI	11.1%	5.2%	11.7%	56	-418	8.9%	9.1%	22
Impairment/PPP	11.9%	10.2%	13.6%	177	898	9.1%	13.6%	458
Cost to income	31.7%	37.2%	34.3%	269	270	33.8%	34.2%	45
NP/OI	51.5%	48.4%	48.9%	-258	-714	51.8%	48.7%	-311
Cost of risk – calculated	0.5%	0.3%	0.5%	-1	5	0.37%	0.44%	7
Loan-to-deposit calculated	91.5%	93.3%	100.1%	NM	250	93.3%	91.5%	-180
NPL calculated	1.3%	0.9%	0.9%	-40	1	0.9%	1.0%	1
NPL coverage calculated	131.7%	168.7%	168.5%	NM	479	168.7%	170.0%	133
Tier 1	18.1%	19.5%	20.0%	194	64	19.5%	19.2%	-29
Capital adequacy	19.8%	20.0%	20.5%	75	-53	20.0%	19.7%	-33
ROAE	13.5%	12.7%	12.4%	-112	-62	12.7%	12.1%	-66
ROAA	2.0%	1.9%	1.8%	-19	-7	1.9%	1.8%	-17

FABS estimate & Co data

**ARNB - Key B/S items**

SAR Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch
Net advances	179,057	186,476	191,356	195,299	199,220	11.3%
QOQ change	5.6%	4.1%	2.6%	2.1%	2.0%	
Total assets	264,651	268,983	280,486	281,383	286,546	8.3%
QOQ change	6.4%	1.6%	4.3%	0.3%	1.8%	
Customer deposits	195,619	201,739	210,697	209,287	217,630	11.3%
QOQ change	7.4%	3.1%	4.4%	-0.7%	4.0%	
Total equity	41,830	43,028	47,152	49,483	50,727	21.3%
QOQ change	8.2%	2.9%	9.6%	4.9%	2.5%	

FABS estimate & Co data

## 1Q26 preview: Alinma Bank

Strong lending momentum and improvement in cost-to-income ratio to rise profit

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 29.34	SAR 35.00	+19%	BUY

### 1Q26 forecast

Alinma Bank (Alinma/the Bank) is expected to report a 10.8% YOY rise in net profit to SAR 1,670 Mn in 1Q26. The growth in net profit will primarily be due to anticipated growth in net funded and non-funded income, partially offset by forecasted higher operating expenses, impairment charges, and tax expenses. Funded income is expected to expand 9.6% YOY to SAR 4,514 Mn in 1Q26, driven by projected increase in average interest-earning assets, partially offset by an expected decline in asset yield. On the other hand, funded expenses are expected to increase 13.8% YOY to SAR 2,087 Mn in 1Q26, due to an anticipated rise in average interest-bearing liabilities and an expected increase in the cost of funds. Thus, net funded income is likely to grow 6.3% YOY to SAR 2,427 Mn in 1Q26. Fees and commission income is anticipated to rise 19.8% YOY to SAR 455 Mn in 1Q26. Exchange income is forecasted to decline 2.1% YOY to SAR 90 Mn in 1Q26. However, other non-funded income is projected to rise from SAR 59 Mn in 1Q25 to SAR 109 Mn in 1Q26. Thus, total non-funded income is likely to increase 23.2% YOY to SAR 654 Mn in 1Q26. Operating income is expected to grow 9.5% YOY to SAR 3,081 Mn in 1Q26. Meanwhile, operating expenses are anticipated to rise 5.2% YOY to SAR 952 Mn in 1Q26. Moreover, the cost-to-income ratio is expected to decline by 125 bps YOY to 30.9% in 1Q26. Impairment charges are anticipated to grow 17.7% YOY to SAR 266 Mn in 1Q26. Zakat expense is forecasted to increase 10.6% YOY to SAR 192 Mn in 1Q26.

### 2026 forecast

Alinma's net profit is forecasted to rise 6.8% YOY to SAR 6,834 Mn in 2026. The growth in net profit is mainly driven by expected growth in net funded and non-funded income, partially offset by a forecasted increase in operating expenses, impairment expenses and tax expenses. Funded income is anticipated to increase 6.5% YOY to SAR 18,496 Mn in 2026, driven by growth in average interest-earning assets, partially offset by a decline in yield on assets. On the other hand, funded expenses are anticipated to grow 6.7% YOY to SAR 8,530 Mn in 2026, attributed to a rise in average interest-bearing liabilities, partially offset by a decrease in the cost of funds. Thus, net funded income is expected to grow 6.3% YOY to SAR 9,966 Mn in 2026. Fees and commission income is forecast to rise 9.0% YOY to SAR 1,888 Mn in 2026. Net exchange income is projected to decline 1.5% YOY to SAR 360 Mn in 2026, while other non-funded income is anticipated to increase 2.7% YOY to SAR 443 Mn in 2026. Thus, non-funded income is expected to grow 6.4% YOY to SAR 2,691 Mn in 2026. As a result, total operating income is likely to increase 6.3% YOY to SAR 12,657 Mn in 2026. Operating expenses are anticipated to increase 4.4% YOY to SAR 3,877 Mn in 2026. Moreover, the cost-to-income ratio is expected to decrease 57 bps YOY to 30.6% in 2026. The impairment charge is anticipated to increase 12.6% YOY to SAR 1,161 Mn in 2026. Zakat expense is expected to grow 7.7% YOY to SAR 785 Mn in 2026.

### 4Q25 outturn

ALINMA's funded income increased 7.0% YOY to SAR 4,500 Mn in 4Q25, driven by growth in investment and financing income. Meanwhile, funded expenses rose 5.2% YOY to SAR 2,042 Mn in 4Q25. Consequently, net funded income grew 8.5% YOY to SAR 2,457 Mn in 4Q25. Fees and commission income increased 17.3% YOY to SAR 479 Mn in 4Q25. Exchange income declined 19.0% YOY to SAR 87 Mn in 4Q25. However, other non-funded income increased significantly from SAR 33 Mn in 4Q24 to SAR 157 Mn in 4Q25. Thus, the Bank's non-funded income recorded a strong increase of 31.7% YOY to SAR 723 Mn in 4Q25. As a result, operating income rose 13.0% YOY to SAR 3,180 Mn in 4Q25. ALINMA's operating expenses increased 11.2% YOY to SAR 960 Mn in 4Q25, mainly due to an increase in Salaries and employee related expenses, D&A expenses and other G&A expenses.

However, the calculated cost-to-income ratio improved 49 bps YOY and 126 bps QOQ to 30.2% in 4Q25. Moreover, net impairment charges rose 12.3% YOY to SAR 283 Mn in 4Q25. The Bank's zakat expenses increased 12.8% YoY to SAR 198 Mn in 4Q25, in line with growth in profit before tax.

### Target price and recommendation

We maintain our BUY rating on Alinma Bank with a revised target price of SAR 35.00. Alinma Bank delivered a solid FY2025 performance, supported by double-digit growth in financing, stable asset quality, and improved profitability, closing the year as the fifth-largest bank in Saudi Arabia by assets. The Bank recorded healthy growth in gross financing of 13.1% YOY to SAR 233.0 Bn in 4Q25, comprising 75% corporate and 25% retail. Retail financing grew by 17.2% YOY to SAR 59.2 Bn in 4Q25, driven by growth in auto and home financing, whereas corporate financing increased by 11.6% YOY to SAR 173.7 Bn in 4Q25, due to solid growth in mid corporate and SME financing. ALINMA's asset quality remained strong, with reported NPL decreasing to 0.92% in 4Q25 from 1.2% in 3Q25, supported by write-offs and improving underlying asset quality. NPL coverage ratios declined to 150.3% in 4Q25 from 172.3% in 4Q24, while the cost of risk improved by 8 bps YOY to 0.47% in 2025. Furthermore, the Company expects decline in cost of risk during 2026 (in the range of 35-45 bps), driven by stable credit quality, NPL coverage and strong credit collections. The Bank's net advances are expected to remain low-teens in 2026, driven by healthy mid-corporate, SME, and retail expansion supported by strategic initiatives and continued momentum in corporate financing. Deposits increased 8.0% YOY but declined 3.1% QOQ to SAR 227.4 Bn in 4Q25. CASA growth was muted at 1.0% YOY to SAR 109.8 Bn in 4Q25, leading to a decline in CASA ratio to 48.3%, while time deposits rose sharply by 15.5% YOY to SAR 117.6 Bn in 4Q25. However, the Bank's loan growth outpaced deposit growth, resulting in a 496 bps YOY increase in the loan-to-deposit ratio to 101.0% in 4Q25. The Bank's capitalization and liquidity positions remained healthy and well within regulatory limits. The capital adequacy ratio (CAR) increased to 19.9% in 2025, compared to 17.8% in the previous year. Further, the Bank expects CAR of around 19% in 2026 and above 18% by 2030, supported by top-line growth and improved equity management efficiency. During 4Q25, Alinma Bank successfully completed the issuance of USD 500 Mn Tier 2 Certificates under its Trust Certificate Issuance Programme. The 10-year certificates, callable after five years, carry a coupon of 5.792% per annum and were offered to eligible investors locally and internationally. The issuance strengthens the Bank's Tier 2 capital position and supports its funding strategy. The Board proposed a buyback of up to 5.0 Mn shares to be held as treasury shares for the Bank's employee incentive plan, funded from internal resources. In addition, the Board recommended a capital increase through the issuance of bonus shares on a one-for-five basis, raising capital from SAR 25.0 Bn to SAR 30.0 Bn through the capitalization of statutory reserves and retained earnings, subject to regulatory and Extraordinary General Assembly approvals. In terms of profitability, ALINMA reported an ROAE of 18.7% in 4Q25 and has guided for ROAE above 19% in 2026, with further improvement to above 22% by 2030, driven by revenue growth and operating efficiency gains. The Bank also guided to maintain its cost-to-income ratio below 30.5% in 2026 and below 28.6% through 2030, supported by income growth, AI and digital investments, and ongoing process optimization. Thus, based on the above-mentioned factors, we assign a BUY rating on the stock.

Alinma - Relative valuation						
(at CMP)	2021	2022	2023	2024	2025	2026F
P/E (x)	26.76	20.14	14.98	13.08	11.27	11.39
P/B (x)	2.91	2.80	2.47	2.22	1.50	1.86
BVPS	9.966	10.352	11.733	13.077	19.296	15.572
EPS	1.084	1.440	1.936	2.217	2.572	2.545
DPS	0.597	0.756	0.677	1.100	0.900 <sup>1</sup>	1.256 <sup>2</sup>
Dividend Yield	2.1%	2.6%	2.3%	3.8%	3.1%	4.4%

FABS Estimates & Co Data, <sup>1</sup>Dividend for FY2025 considering 9M 2025 of SAR 0.900, and 20% Bonus share for 2025.

<sup>2</sup>Excluding the Bonus share adjustments.

**Alinma Bank- P&L**

SAR Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	4,118	4,500	4,514	9.6%	0.3%	17,370	18,496	6.5%
Funded expense	-1,835	-2,042	-2,087	13.8%	2.2%	-7,993	-8,530	6.7%
<b>Net funded income</b>	<b>2,283</b>	<b>2,457</b>	<b>2,427</b>	<b>6.3%</b>	<b>-1.2%</b>	<b>9,377</b>	<b>9,966</b>	<b>6.3%</b>
Fees and commissions	380	479	455	19.8%	-5.0%	1,732	1,888	9.0%
Exchange income	92	87	90	-2.1%	3.5%	365	360	-1.5%
Other non-funded income	59	157	109	NM	-30.8%	431	443	2.7%
<b>Non-funded income</b>	<b>531</b>	<b>723</b>	<b>654</b>	<b>23.2%</b>	<b>-9.6%</b>	<b>2,529</b>	<b>2,691</b>	<b>6.4%</b>
<b>Operating income</b>	<b>2,814</b>	<b>3,180</b>	<b>3,081</b>	<b>9.5%</b>	<b>-3.1%</b>	<b>11,905</b>	<b>12,657</b>	<b>6.3%</b>
Operating expenses	-905	-960	-952	5.2%	-0.8%	-3,715	-3,877	4.4%
<b>Pre-provision profit</b>	<b>1,909</b>	<b>2,220</b>	<b>2,128</b>	<b>11.5%</b>	<b>-4.1%</b>	<b>8,191</b>	<b>8,780</b>	<b>7.2%</b>
Impairment	-226	-283	-266	17.7%	-6.1%	1,030	1,161	12.6%
Impair on other financial assets	0	13	0	NM	NM	30	0	NM
Share of profit of associates	-1	-2	0	NM	NM	-5	0	NM
<b>Net profit before zakat</b>	<b>1,681</b>	<b>1,922</b>	<b>1,862</b>	<b>10.8%</b>	<b>-3.1%</b>	<b>7,126</b>	<b>7,619</b>	<b>6.9%</b>
Zakat	-173	-198	-192	10.6%	-3.2%	-729	-785	7.7%
<b>Net profit attributable</b>	<b>1,508</b>	<b>1,724</b>	<b>1,670</b>	<b>10.8%</b>	<b>-3.1%</b>	<b>6,397</b>	<b>6,834</b>	<b>6.8%</b>

FABS estimate & Co Data

**Alinma Bank - KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	81.1%	77.3%	78.8%	-235	152	78.8%	78.7%	-2
NIMs - Trailing 12M	3.6%	3.4%	3.4%	-20	-2	3.4%	3.2%	-17
NIMs - Annualized	3.7%	3.6%	3.5%	-22	-12	3.4%	3.2%	-17
NIS	3.0%	3.0%	2.9%	-17	-11	2.9%	2.8%	-16
Fees & comms/OI	13.5%	15.1%	14.8%	127	-29	14.6%	14.9%	37
Exchange Inc/OI	3.3%	2.7%	2.9%	-34	19	3.1%	2.8%	-23
Cost to income	32.2%	30.2%	30.9%	-125	73	31.2%	30.6%	-57
Impairment/PPP	11.8%	12.8%	12.5%	66	-26	-12.6%	-13.2%	-64
NP/OI	53.6%	54.2%	54.2%	63	2	53.7%	54.0%	26
Cost of risk (calculated)	0.4%	0.5%	0.5%	2	-4	0.5%	0.5%	0
Loan-to-deposit	95.7%	101.0%	100.6%	489	-45	102.5%	102.0%	-45
NPL (calculated)	1.3%	0.9%	0.9%	-36	0	0.9%	1.0%	8
NPL Coverage (calculated)	156.4%	150.3%	150.5%	-588	20	150.3%	152.0%	NM
Tier 1	17.2%	18.3%	18.4%	118	12	18.3%	17.6%	-70
Capital adequacy	18.3%	19.9%	20.0%	164	8	19.9%	19.0%	-85
ROAE	17.4%	17.2%	17.4%	-5	16	17.2%	17.0%	-27
ROAA	2.3%	2.2%	2.2%	-10	-1	2.2%	2.1%	-9

FABS estimate & Co Data

**Alinma Bank - Key B/S items**

SAR Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch
Net advances	209,435	218,596	225,684	229,747	236,635	13.0%
QOQ change	3.5%	4.4%	3.2%	1.8%	3.0%	
Total assets	287,222	297,216	307,214	311,067	319,151	11.1%
QOQ change	3.8%	3.5%	3.4%	1.3%	2.6%	
Customer deposits	218,839	229,944	234,623	227,374	235,239	7.5%
QOQ change	3.9%	5.1%	2.0%	-3.1%	3.5%	
Total equity	42,952	44,775	47,468	48,241	49,837	16.0%
QOQ change	3.6%	4.2%	6.0%	1.6%	3.3%	

FABS estimate & Co Data

## 1Q26 preview: Al Bilad Bank

Improvement in cost-to-income ratio to drove net income

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 26.72	SAR 31.70	+19%	BUY

### 1Q26 forecast

Bank Albilad's (ALBI/ the Bank) net profit is expected to increase 11.4% YOY to SAR 780 Mn in 1Q26, mainly driven by an anticipated increase in both net funded income and non-funded income, partially offset by higher G&A expenses, increased impairment charges, and higher zakat expenses. Funded income is expected to increase 9.2% YOY to SAR 2,393 Mn in 1Q26, driven by expected growth in net advances and investment, partially offset by an expected decrease in yield on assets. Funded expenses are expected to rise 12.2% YOY to SAR 1,156 Mn in 1Q26, due to a projected increase in average interest-bearing liabilities and an anticipated increase in the cost of funds. Thus, net funded income is likely to grow 6.5% YOY to SAR 1,237 Mn in 1Q26. The Bank's fees and commission income are projected to rise 3.0% YOY to SAR 177 Mn, while exchange income is forecasted to decline 27.9% YOY to SAR 61 Mn in 1Q26. However, other non-funded income is anticipated to increase significantly from SAR 45 Mn in 1Q25 to SAR 136 Mn in 1Q26. As a result, total non-funded income is expected to grow 24.0% YOY to SAR 374 Mn in 1Q26. Consequently, ALBI's total operating income is expected to increase 10.1% YOY to SAR 1,611 Mn in 1Q26. G&A expenses are expected to rise 8.6% YOY to SAR 685 Mn in 1Q26. However, the cost-to-income ratio is expected to improve by 56 bps YOY to 42.5% in 1Q26, driven by growth in total operating income. The impairment charge is expected to rise by 7.3% YOY to SAR 57 Mn in 1Q26. The Bank's zakat expenses are expected to grow 11.4% YOY to SAR 90 Mn in 1Q26.

### 2026 forecast

ALBI's net profit is estimated to increase by 5.6% YOY to SAR 3,219 Mn in 2026, driven by expected growth in net funded and non-funded income, partially offset by a rise in G&A expenses, impairment charges, and higher zakat expenses. Funded income is anticipated to grow 8.4% YOY to SAR 9,910 Mn, driven by an expected increase in average interest earnings assets, partially offset by an expected decline in yield on assets. Funded expenses are expected to increase 8.0% YOY to SAR 4,742 Mn in 2026, driven by an expected increase in average interest-bearing liabilities, partially offset by an expected decline in the cost of funds. Thus, net funded income is likely to expand 8.8% YOY to SAR 5,168 Mn in 2026. NIMs is expected to decline 9 bps YOY to 3.0% in 2026. The Bank's fees and commission income and exchange income are projected to grow by 14.0% YOY and 10.0% YOY to SAR 824 Mn and SAR 326 Mn, respectively, in 2026. However, other non-funded income is expected to decline 7.2% YOY to SAR 391 Mn in 2026. Thus, total non-funded income is likely to grow 7.0% YOY to SAR 1,541 Mn in 2026. As a result, total operating income is expected to increase 8.3% YOY to SAR 6,709 Mn in 2026. G&A expenses are expected to rise 10.0% YOY to SAR 2,872 Mn, with the cost-to-income ratio increasing 64 bps YOY to 42.8% in 2026. Furthermore, impairment charges are anticipated to increase significantly from SAR 181 Mn in 2025 to SAR 248 Mn in 2026. The Bank's zakat expense is projected to increase 5.6% YOY to SAR 370 Mn in 2026.

### 4Q25 Outturn

ALBI's funded income grew 8.7% YOY to SAR 2,381 Mn in 4Q25, driven by growth in net advances and investments, partially offset by decline in asset yields. On the other hand, funded expenses increased 11.3% YOY to SAR 1,163 Mn in 4Q25, due to a rise in customer deposits and cost of funds. Thus, net funded income expanded 6.4% YOY to SAR 1,218 Mn in 4Q25. The Bank's non-funded income increased 30.8% YOY to SAR 434 Mn in 4Q25, attributed to a substantial rise in other non-funded income, partially offset by decline in fees and commissions, and exchange income. Fees and commissions fell 22.4% YOY to SAR 160 Mn in 4Q25. Similarly, exchange income declined 47.1% YOY to SAR 56 Mn in 4Q25. However, other non-funded income surged from SAR 21 Mn in 4Q24 to

SAR 219 Mn in 4Q25. Thus, the Bank's total operating income rose 11.9% YOY to SAR 1,652 Mn in 4Q25. Furthermore, the Bank's G&A expenses increased 6.4% YOY to SAR 695 Mn in 4Q25 mainly due to an increase in salaries & employee-related benefits, D&A expenses, and other G&A expenses. As a result, the Bank's cost-to-income ratio declined from 44.3% in 4Q24 to 42.1% in 4Q25. The Bank recorded an impairment charged of SAR 47 Mn in 4Q25, compared to reversal of SAR 58 Mn in 4Q24. Bank's zakat expenses increased 3.4% YOY to SAR 94 Mn in 4Q25, in line with the growth of net profit.

### Target price and recommendation

We maintain our BUY rating on Bank Albilad with a target price of SAR 31.70. ALBI's recorded net profit growth of 3.4% YOY in 4Q25, driven by a strong growth in funded income and non-funded income, indicating resilient core operating performance and revenue diversification. The Bank's investment portfolio rose 24.3% YOY and 2.2% QOQ to SAR 31.1 Bn in 4Q25, demonstrating active portfolio build-up and higher deployment into income generating securities. Out of which, 88% of the investment is deployed in the fixed rate instruments, which will benefit the profitability in a declining interest rate scenario. Further, net advances increased 11.8% YOY and 2.6% QOQ to SAR 122.2 Bn in 4Q25, due to growth across retail and commercial lending, reflecting sustained credit demand. Albilad 47.5% exposure to the retail segment of gross financing portfolio in 4Q25 positions the bank favorably in a declining interest rate environment. Asset quality remained largely flat with a NPL ratio of 1.0% in 4Q25 compared to 3Q25. Furthermore, the Bank's stage 2 gross financing declined from SAR 8.6 Bn in 4Q24 to SAR 7.4 Bn in 4Q25, demonstrating improved asset quality and a reduced migration of exposures into higher-risk categories. Similarly, customer deposits rose 9.1% YOY and 3.0% QOQ to SAR 132.9 Bn in 4Q25, primarily due to a rise in direct investment. The headline loan-to-deposit ratio declined from 92.3% in 3Q25 to 92.0% in 4Q25, indicating higher credit deployment and tighter liquidity buffers. CASA deposits accounted for 59.8% of total deposits in 4Q25, compared to 66.5% in 3Q25, which may impact the NIMs negatively owing to higher funding costs. However, overall deposit growth remains supportive, particularly amid tight liquidity conditions in the KSA banking sector. The coverage ratio declined from 204.7% in 3Q25 to 197.9% in 4Q25, reflecting a marginal normalization of provisioning buffers amid steady asset performance. The Bank's CAR stood strong at 20.2% in 4Q25, indicating a strong capital position that enhances the Bank's capacity to support future growth and absorb potential risks. The Bank maintained LCR and NSFR at 133.6% and 108.0%, respectively, in 4Q25, well above the regulatory requirement. Bank Albilad's board recommended distributing SAR 825 Mn in cash dividends equivalent to SAR 0.55 per share (5.5% of par value) for 2H25. Thus, based on our analysis, we assign a BUY rating on the stock.

#### Bank Al Bilad - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	23.85	19.33	16.88	14.25	13.49	12.42
PB	3.36	3.12	2.62	2.40	1.87	1.63
BVPS	7.987	8.599	10.233	11.196	14.323	16.493
EPS	1.124	1.388	1.589	1.882	1.988	2.159
DPS	NA	0.333	0.333	0.417	1.000	1.100
Dividend Yield	NA	1.3%	1.3%	1.6%	3.8%	4.2%

FABS Estimates & Co Data

**Bank Al Bilad - P&L**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	YOY Ch
<b>SAR Mn</b>								
Income from invest & fin.	2,192	2,381	2,393	9.2%	0.5%	9,143	9,910	8.4%
Return on deposits & fin. liab.	-1,030	-1,163	-1,156	12.2%	-0.6%	-4,392	-4,742	8.0%
<b>Net funded income</b>	<b>1,162</b>	<b>1,218</b>	<b>1,237</b>	<b>6.5%</b>	<b>1.6%</b>	<b>4,752</b>	<b>5,168</b>	<b>8.8%</b>
Fees and commissions	172	160	177	3.0%	10.4%	723	824	14.0%
Exchange income	85	56	61	-27.9%	10.0%	296	326	10.0%
Other non-funded income	45	219	136	200.3%	-37.7%	421	391	-7.2%
<b>Total non-funded income</b>	<b>302</b>	<b>434</b>	<b>374</b>	<b>24.0%</b>	<b>-13.9%</b>	<b>1,440</b>	<b>1,541</b>	<b>7.0%</b>
<b>Total operating income</b>	<b>1,464</b>	<b>1,652</b>	<b>1,611</b>	<b>10.1%</b>	<b>-2.5%</b>	<b>6,192</b>	<b>6,709</b>	<b>8.3%</b>
General & admin. Expenses	-630	-695	-685	8.6%	-1.5%	-2,611	-2,872	10.0%
<b>Pre provision profit</b>	<b>834</b>	<b>957</b>	<b>927</b>	<b>11.2%</b>	<b>-3.2%</b>	<b>3,581</b>	<b>3,837</b>	<b>7.1%</b>
Impairment	-53	-47	-57	7.3%	21.7%	-181	-248	36.9%
<b>Profit before zakat</b>	<b>781</b>	<b>910</b>	<b>870</b>	<b>11.4%</b>	<b>-4.4%</b>	<b>3,400</b>	<b>3,589</b>	<b>5.6%</b>
Zakat expenses	-80	-94	-90	11.4%	-4.4%	-350	-370	5.6%
<b>Net profit attributable</b>	<b>700</b>	<b>817</b>	<b>780</b>	<b>11.4%</b>	<b>-4.4%</b>	<b>3,049</b>	<b>3,219</b>	<b>5.6%</b>

FABS Estimates & Co Data

**Bank Al Bilad - P&L KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	79.4%	73.7%	76.8%	-260	307	76.7%	77.0%	30
NIMs - Trailing 12M	3.2%	3.1%	3.1%	-12	-3	3.1%	3.0%	-9
NIMs - Annualized	3.3%	3.2%	3.2%	-11	-3	3.1%	3.0%	-9
NIS	2.9%	2.7%	2.7%	-19	-2	2.8%	2.6%	-18
Fees & comms/OI	11.7%	9.7%	11.0%	-75	128	11.7%	12.3%	61
Other Operating Inc/OI	8.9%	16.6%	12.2%	336	-435	11.6%	10.7%	-91
Cost to income	43.0%	42.1%	42.5%	-56	41	42.2%	42.8%	64
Impairment/PPP	6.3%	4.9%	6.1%	-22	125	5.1%	6.5%	141
NP/OI	47.8%	49.4%	48.4%	58	-99	49.2%	48.0%	-127
Cost of risk	0.2%	0.2%	0.2%	-1	3	0.2%	0.2%	3
Loan-to-deposit (headline)	90.7%	92.0%	115.3%	2460	2330	92.0%	92.6%	67
NPL (calculated)	1.2%	1.0%	1.1%	-8	12	1.0%	1.2%	22
Coverage excluding collateral	193.2%	197.9%	207.0%	1380	912	197.9%	208.0%	1,012
CET1	14.9%	14.8%	15.1%	21	24	14.8%	14.5%	-31
Capital Adequacy	18.6%	20.2%	18.5%	-12	-174	20.2%	18.5%	-173
ROAE	20.6%	16.0%	16.0%	-458	0	16.0%	14.0%	-202
ROAA	1.9%	1.9%	3.9%	204	207	1.9%	1.8%	-8

FABS estimate & Co Data

**Bank Al Bilad-Key BS Items**

	1Q25	2Q25	3Q25	4Q25	1Q26F	Change
SAR Mn						
Net advances	112,427	115,689	119,135	122,188	124,800	11.0%
QOQ Change	2.9%	2.9%	3.0%	2.6%	2.1%	
Total assets	159,103	161,902	167,929	172,972	176,684	11.1%
QOQ Change	2.7%	1.8%	3.7%	3.0%	2.1%	
Customer deposits	124,018	123,929	129,023	132,879	135,860	9.5%
QOQ Change	1.8%	-0.1%	4.1%	3.0%	2.2%	
Total equity	17,592	20,756	20,910	21,356	23,957	36.2%
QOQ Change	5.4%	18.0%	0.7%	2.1%	12.2%	

FABS estimate & Co Data

## 1Q26 preview: Al Rajhi Bank

Growth in NIM and non-yield income to boost profit

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 107.80	SAR 110.00	+2%	HOLD

### 1Q26 forecast

Al Rajhi Bank (Al Rajhi / the Bank) net profit attributable to equity shareholders is expected to grow 15.7% YOY to SAR 6,834 Mn in 1Q26. This increase is attributed to an anticipated rise in net-funded and non-funded income, partially offset by a forecasted increase in operating expenses, impairment charges, and zakat charges. The Bank's funded income is projected to grow 14.4% YOY to SAR 15,062 Mn in 1Q26, driven by an expected growth in average interest earning asset and rise in asset yield. On the other hand, funded expenses are expected to increase 10.3% YOY to SAR 6,698 Mn in 1Q26, due to projected growth in average interest-bearing liabilities and cost of funds. Thus, Net funded income is expected to grow 17.9% YOY to SAR 8,364 Mn in 1Q26. Net fees from banking services are anticipated to grow 10.3% YOY to SAR 1,513 Mn, while net exchange income is forecasted to increase 15.0% YOY to SAR 378 Mn in 1Q26. However, other operating income is projected to expand 6.0% YOY to SAR 425 Mn in 1Q26. As a result, total non-funded income is expected to rise 10.2% YOY to SAR 2,317 Mn in 1Q26. Thus, Al Rajhi's total operating income is likely to increase 16.1% YOY to SAR 10,681 Mn in 1Q26. Salaries and employee-related expenses are projected to increase 11.0% YOY to SAR 1,092 Mn in 1Q26, while other general and administrative expenses are expected to rise 22.0% YOY to SAR 692 Mn. Meanwhile, depreciation and amortization charges are anticipated to rise 19.4% YOY to SAR 642 Mn in 1Q26. Impairment charges are expected to increase 20.3% YOY to SAR 631 Mn in 1Q26. Consequently, total operating expenses are expected to increase 17.0% YOY to SAR 3,057 Mn in 1Q26. However, cost to income ratio is expected to remain flat at 22.7% in 1Q26 and 1Q25. Additionally, zakat expense is projected to grow 15.9% YOY to SAR 785 Mn, while the profit share attributable to NCI holders is expected to increase 48.6% YOY to SAR 5 Mn in 1Q26.

### 2026 forecast

Al Rajhi is expected to report a 13.5% YOY increase in net profit to SAR 28,134 Mn in 2026, 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 9.3% YOY to SAR 61,052 Mn in 2026, supported by forecasted increase in average interest earning asset and rise in asset yield. while funded expenses are anticipated to grow 3.1% YOY to SAR 26,816 Mn in 2026, due to forecasted growth in average interest-bearing liabilities, partially offset by projected decline in cost of funds. Consequently, net funding income is likely to expand 14.7% YOY to SAR 34,237 Mn in 2026. Net fees from banking services are anticipated to grow 8.0% YOY to SAR 6,339 Mn, while net exchange income is estimated to increase 5.0% YOY to SAR 1,637 Mn in 2026. Other operating income is also expected to increase 3.0% YOY to SAR 1,875 Mn in 2026. As a result, total non-funded income is likely to grow 6.5% YOY to SAR 9,850 in 2026. Thus, total operating income is projected to increase 12.8% YOY to SAR 44,087 Mn in 2026. The Bank's salaries and employee-related benefits are projected to grow 12.0% YOY to SAR 4,509 Mn. Similarly, other G&A expenses are expected to rise 5.0% YOY to SAR 2,869 Mn, while depreciation and amortization charges are forecast to increase 8.4% YOY to SAR 2,569 Mn in 2026. Hence, total operating expenses are likely to increase 9.0% YOY to SAR 9,947 Mn in 2026. However, we expect the cost-to-income ratio to decline 78 bps YOY to 22.6% in 2026. Impairment charges are expected to rise 18.3% YOY to SAR 2,745 Mn in 2026. Zakat expense is anticipated to increase 14.6% YOY to SAR 3,234 Mn in 2026. Al Rajhi's non-controlling interest is expected to decline 14.0% YOY to SAR 28 Mn in 2026.

#### 4Q25 outturn

ALRAJHI's funded income grew 15.0% YOY to SAR 14,752 Mn in 4Q25, driven by an increase in loan book and rise in asset yield. On the other hand, funded expenses increased 12.2% YOY to SAR 6,602 Mn in 4Q25, supported by rise in average interest-bearing liabilities and cost of funds. Thus, ALRAJHI's net funded income grew 17.4% YOY to SAR 8,150 Mn in 4Q25. Fees from banking services, net expanded 20.7% YOY to SAR 1,554 Mn in 4Q25. Whereas exchange income rose 35.4% YOY to SAR 457 Mn in 4Q25. Similarly, other operating income increased 35.6% YOY to SAR 248 Mn in 4Q25. The Bank's total non-funded income grew 24.9% YOY to SAR 2,260 Mn in 4Q25. As a result, ALRAJHI's total operating income expanded 19.0% YOY to SAR 10,409 Mn in 4Q25. Salaries and employee related benefits increased 12.3% YOY to SAR 1,062 Mn in 4Q25. Other general and administrative expenses grew substantially from SAR 544 Mn in 4Q24 to SAR 984 Mn in 4Q25. Depreciation and amortization expenses increased 12.9% YOY to SAR 633 Mn in 4Q25. The Bank's total operating expenses before credit impairment charges increased 30.7% YOY to SAR 2,680 Mn in 4Q25. Thus, the Bank's calculated cost-to-income ratio grew 231 bps YOY and 331 bps QOQ to 25.7% in 4Q25. Additionally, impairment charges increased 13.3% YOY to SAR 626 Mn in 4Q25. Zakat charges increased 14.5% YOY to SAR 717 Mn in 4Q25. The share of profit to NCI holders also increased from SAR 5 Mn in 4Q24 to SAR 13 Mn in 4Q25.

#### Target price and recommendation

We maintain our HOLD rating on ALRAJHI with an unchanged target price of SAR 110.00. ALRAJHI delivered a strong earnings performance in 4Q25, supported by robust growth in both funded and non-funded income. The Bank's "Harmonize the Group" strategy continued to positively support operations, reflected in a double-digit increase in non-funded income during 4Q25. Additionally, ALRAJHI's net advances grew 8.6% YOY to SAR 752.8 Bn in 4Q25, driven by balanced expansion across retail and non-retail segments. Non-retail lending growth was led by strong momentum in large corporate and SME portfolios which grew 18.6% YOY and 51.0% YOY, respectively, while retail growth of 1.4% YOY was primarily underpinned by a 3.2% YOY increase in the mortgage book during 4Q25. The Bank's customer deposit grew 1.9% YOY and declined 3.8% QOQ to SAR 667.3 Bn in 4Q25. However, the Bank's CASA decline from 63.3% in 3Q25 to 64.8% in 4Q25, mainly due to shift to time deposits. ALRAJHI's asset quality remained robust, with a stable NPL ratio of 0.75% and a strong provision coverage ratio of 152.5% in 4Q25, providing a solid buffer against potential credit losses. Moreover, the Bank's liquidity coverage ratio improved from 154.4% in 3Q25 to 168.7% in 4Q25, indicating a strengthened liquidity position. ALRAJHI's capitalization remained healthy with a TIER 1 capital of 20.5% and a total CAR of 21.9%, during 4Q25. On costs, management indicated that several IT infrastructure upgrade projects have been capitalized, aimed at improving execution speed, enhancing the customer journey, digitizing transactions, and strengthening integration across the bank and its subsidiaries. The Bank also recorded strong shareholders return with a reported ROA and ROE of 2.4% and 23.4%, respectively, during 4Q25. The Bank's Board recommended a cash dividend of SAR 7.0 Bn for 2H25, translating into a dividend of SAR 1.75 per share. The bank announced a bonus share issuance by capitalizing SAR 20 Bn from retained earnings, implying 1 share for every 2 held, increasing capital from SAR 40 Bn to SAR 60 Bn to strengthen its core capital base and support long-term strategic growth. Thus, based on our analysis, we assign HOLD rating on the stock.

#### Al Rajhi Bank - Relative valuation

(At CMP)	2021	2022	2023	2024	2025	2026F
P/E (x)	28.89	25.12	26.96	22.80	18.19	16.1
P/B (x)	6.33	5.41	4.72	4.54	4.48	3.3
BVPS	16.820	19.681	22.565	23.469	23.758	31.990
EPS	3.687	4.240	3.950	4.672	5.854	6.630
DPS	0.875	1.250	2.300	2.710	2.500	3.500
Dividend yield	0.8%	1.2%	2.2%	2.6%	2.4%	3.3%

FABS Estimates & Co Data

**Al Rajhi Bank - P&L**

SAR Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Funded income	13,171	14,752	15,062	14.4%	2.1%	55,850	61,052	9.3%
Funded expense	-6,074	-6,602	-6,698	10.3%	1.5%	-26,004	-26,816	3.1%
<b>Net Funded Income</b>	<b>7,097</b>	<b>8,150</b>	<b>8,364</b>	<b>17.9%</b>	<b>2.6%</b>	<b>29,846</b>	<b>34,237</b>	<b>14.7%</b>
Fees from banking services	1,373	1,554	1,513	10.3%	-2.6%	5,869	6,339	8.0%
Exchange income, net	329	457	378	15.0%	-17.2%	1,559	1,637	5.0%
Other operating income	401	248	425	6.0%	71.3%	1,820	1,875	3.0%
<b>Total non-funded Income</b>	<b>2,103</b>	<b>2,260</b>	<b>2,317</b>	<b>10.2%</b>	<b>2.6%</b>	<b>9,248</b>	<b>9,850</b>	<b>6.5%</b>
<b>Total Operating Income</b>	<b>9,200</b>	<b>10,409</b>	<b>10,681</b>	<b>16.1%</b>	<b>2.6%</b>	<b>39,094</b>	<b>44,087</b>	<b>12.8%</b>
Salaries & employee benefits	-983	-1,062	-1,092	11.0%	2.8%	-4,026	-4,509	12.0%
Other G&A expenses	-567	-984	-692	22.0%	-29.7%	-2,732	-2,869	5.0%
Depreciation and amortization	-538	-633	-642	19.4%	1.4%	-2,369	-2,569	8.4%
<b>Total operating Expenses</b>	<b>-2,088</b>	<b>-2,680</b>	<b>-2,426</b>	<b>16.2%</b>	<b>-9.5%</b>	<b>-9,127</b>	<b>-9,947</b>	<b>9.0%</b>
<b>Profit before provisions</b>	<b>7,112</b>	<b>7,730</b>	<b>8,256</b>	<b>16.1%</b>	<b>6.8%</b>	<b>29,967</b>	<b>34,140</b>	<b>13.9%</b>
Impairment charge	-525	-626	-631	20.3%	0.9%	-2,320	-2,745	18.3%
<b>Total Operating Expenses</b>	<b>-2,613</b>	<b>-3,306</b>	<b>-3,057</b>	<b>17.0%</b>	<b>-7.5%</b>	<b>-11,447</b>	<b>-12,692</b>	<b>10.9%</b>
<b>Net income before zakat</b>	<b>6,587</b>	<b>7,104</b>	<b>7,624</b>	<b>15.7%</b>	<b>7.3%</b>	<b>27,646</b>	<b>31,395</b>	<b>13.6%</b>
Zakat	-677	-717	-785	15.9%	9.6%	-2,822	-3,234	14.6%
Non-controlling interest	-4	-13	-5	48.6%	-56.7%	-33	-28	-14.0%
<b>Net profit for the year</b>	<b>5,906</b>	<b>6,375</b>	<b>6,834</b>	<b>15.7%</b>	<b>7.2%</b>	<b>24,792</b>	<b>28,134</b>	<b>13.5%</b>

FABS estimate & Co Data

**Al Rajhi Bank - P&L KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	77.1%	78.3%	78.3%	117	1	76.3%	77.7%	131
NIMs - Trailing 12M	3.1%	3.2%	3.3%	19	7	3.2%	3.4%	27
NIMs - Annualized	3.3%	3.5%	3.5%	13	-4	3.2%	3.4%	27
NIS	2.8%	3.1%	3.2%	32	9	2.8%	3.1%	24
Fees & comms/OI	14.9%	14.9%	14.2%	-75	-76	15.0%	14.4%	-64
Exchange Income/OI	3.6%	4.4%	3.5%	-3	-85	4.0%	3.7%	-27
Cost to income (calculated)	22.7%	25.7%	22.7%	1	-303	23.3%	22.6%	-78
Impairment/PPP	-7.4%	-8.1%	-7.6%	-27	45	-7.7%	-8.0%	-30
NP/OI	64.2%	61.2%	64.0%	-22	274	63.4%	63.8%	40
Cost of risk	0.29%	0.33%	0.33%	4	0	0.31%	0.35%	4
Loan-to-deposit (headline)	114.9%	112.8%	113.0%	-187	19	112.8%	114.0%	119
NPL (Calculated)	0.7%	0.7%	0.8%	1	0	0.75%	0.80%	5
Coverage excl. collateral (Cal.)	152.69%	152.5%	152.0%	-69	-49	152.5%	150.0%	-249
Tier 1	19.8%	20.5%	21.8%	199	129	20.5%	21.6%	111
Capital Adequacy	20.6%	21.9%	23.1%	255	125	21.9%	22.9%	103
ROAA	2.3%	2.5%	2.5%	17	0	2.5%	2.6%	16
ROAE	20.7%	21.8%	21.4%	65	-50	21.8%	21.9%	2

FABS estimate & Co Data

**Al Rajhi Bank - Key B/S Items**

SAR Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	Change
Net advances	722,785	741,715	755,985	752,760	760,290	5.2%
QOQ change	4.2%	2.6%	1.9%	-0.4%	1.0%	
Total assets	1,023,080	1,038,988	1,059,240	1,043,268	1,054,529	3.1%
QOQ change	5.2%	1.6%	1.9%	-1.5%	1.1%	
Customer deposits	629,229	641,987	693,905	667,288	672,823	6.9%
QOQ change	-3.9%	2.0%	8.1%	-3.8%	0.8%	
Total Equity	134,084	134,049	137,515	142,912	153,496	14.5%
QOQ change	9.0%	0.0%	2.6%	3.9%	7.4%	

FABS estimate & Co Data

## 1Q26 preview: The Saudi Investment Bank

Stronger fee-based activity expected to support earnings despite cost press

Current Price	12-m Target Price	Upside/Downside (%)	Rating
SAR 13.40	SAR 17.80	+33%	BUY

### 1Q26 forecast

The Saudi Investment Bank (SAIB/the Bank) is expected to report a 2.3% YOY increase in net profit to SAR 515 Mn in 1Q26, mainly driven by an anticipated increase in non-funded income and net funded income, partially offset by higher operating expenses, financial impairments, and zakat expenses. Funded income is forecasted to grow 10.8% YOY to SAR 2,529 Mn in 1Q26, supported by a projected increase in loans & advances, coupled with a forecasted rise in asset yield. Similarly, funded expenses are expected to increase 16.2% YOY to SAR 1,616 Mn in 1Q26, driven by an anticipated rise in average interest-bearing liabilities and cost of funds. As a result, net funded income is likely to increase 2.5% YOY to SAR 913 Mn in 1Q26. The Bank's fees & commissions income is expected to grow 8.2% YOY to SAR 91 Mn in 1Q26, supported by higher fee-based activities, while exchange income is projected to rise 27.7% YOY to SAR 82 Mn in 1Q26. Other non-funded income is expected to decline significantly from SAR 12 Mn in 1Q25 to SAR 4 Mn in 1Q26. Consequently, non-funded income is expected to increase 10.4% YOY to SAR 176 Mn in 1Q26, primarily driven by a projected rise in fees and commissions and exchange income, partially offset by a decline in other non-funded income. Overall, SAIB's operating income is anticipated to rise 3.7% YOY to SAR 1,089 Mn in 1Q26. The Bank's operating expenses are projected to increase marginally by 0.7% YOY to SAR 435 Mn in 1Q26. Financing impairment is expected to rise 36.2% YOY to SAR 84 Mn in 1Q26. Share in earnings of associates is projected to increase slightly by 0.9% YOY to SAR 29 Mn in 1Q26. Meanwhile, the Bank's zakat expenses are expected to rise 2.3% YOY to SAR 84 Mn in 1Q26.

### 2026 forecast

SAIB's net profit is projected to decline 12.9% YOY to SAR 2,117 Mn in 2026, primarily due to an expected decline in non-funded income, coupled with higher operating expenses, and financing impairments, partially offset by anticipated growth in net-funded income and share in earnings of associate, along with a forecasted decline in zakat expense. Funded income is expected to grow 6.6% YOY to SAR 10,328 Mn in 2026, supported by an increase in average interest-earning assets, partially offset by a forecasted decline in asset yield. Similarly, funded expenses are projected to increase 7.0% YOY to SAR 6,593 Mn in 2026, driven by an anticipated rise in average interest-bearing liabilities, partially offset by a forecasted decline in the cost of funds. As a result, net funded income is likely to grow 5.9% YOY to SAR 3,735 Mn in 2026. Furthermore, the Bank's fees & commissions income is expected to grow 2.1% YOY to SAR 382 Mn in 2026, supported by higher transaction-related fees, while exchange income is projected to increase 34.0% YOY to SAR 345 Mn in 2026. However, other non-funded income is expected to decline sharply from SAR 635 Mn in 2025 to SAR 15 Mn in 2026. Consequently, total non-funded income is projected to decline 41.4% YOY to SAR 742 Mn in 2026. Thus, SAIB's operating income is anticipated to decline 6.6% YOY to SAR 4,476 Mn in 2026, mainly impacted by the sharp decline in other non-funded income. The Bank's operating expenses are projected to increase 3.6% YOY to SAR 1,786 Mn in 2026. Financing impairment is expected to rise marginally by 0.8% YOY to SAR 358 Mn in 2026. Share in earnings of associates is projected to grow 3.2% YOY to SAR 129 Mn in 2026. Meanwhile, the Bank's zakat expenses are expected to decline 15.8% YOY to SAR 345 Mn in 2026.

### 4Q25 outturn

SAIB's funded income rose 7.3% YOY to SAR 2,487 Mn in 4Q25, driven by an increase in net advances, and investment and stable asset yield. Funded expenses grew 13.4% YOY to SAR 1,613 Mn in 4Q25 due to higher customer deposit funds and cost of funds. As a result, net funded income declined 2.4% YOY to SAR 874 Mn in 4Q25. The Bank's non-funded income expanded from SAR 187

Mn 4Q24 to SAR 754 Mn in 4Q25, due to rise in fees & commissions, exchange income, and other non-funded income. Fees & other income grew 5.0% YOY to SAR 101 Mn in 4Q25. While exchange income expanded 27.8% YOY to SAR 70 Mn in 4Q25. Other non-funded income increased substantially from SAR 35 Mn in 4Q24 to SAR 582 Mn in 4Q25, driven by gain from the sale of land, as sale proceeds were significantly higher than the carrying value. Other non-funded income was also supported by higher unrealized gain on FVTPL in 4Q25. Thus, the Bank's operating income rose from SAR 1,083 Mn in 4Q24 to SAR 1,628 Mn in 4Q25. Total operating expenses declined marginally 1.0% YOY to SAR 433 Mn in 4Q25, due to decline in salaries and employee related expenses and rent and premises related expenses. Thus, the Bank's cost-to-income improved from 40.4% in 4Q24 to 26.6% in 4Q25. Moreover, financing impairment charge increased from SAR 80 Mn in 4Q24 to SAR 169 Mn in 4Q25, mainly due to higher net charges for loans and advances. In addition, the share of earnings from associates declined 6.9% YOY to SAR 30 Mn in 4Q25, while zakat charges increased from SAR 87 Mn in 4Q24 to SAR 159 Mn in 4Q25.

### Target price and recommendation

We maintain our BUY rating on SAIB with a target price of SAR 17.80. The Bank reported substantially growth in net income of 75.9% YOY to SAR 897 Mn in 4Q25, supported by a sharp rise in non-funded income, primarily driven by a significant gain from the land sale. SAIB completed the sale of a land parcel via public auction during 4Q25. The land asset was located on Khurais Road in Riyadh with a total area of 2.7 Mn SQM, in which the Bank owned a 44.4% stake. The Bank's share of net proceeds, after deducting auction-related costs and expenses, amounted to SAR 801.1 Mn. The transaction is expected to support liquidity, strengthen the balance sheet, and provide additional financial flexibility going forward. Additionally, fees & commission income and exchange income also recorded healthy growth in 4Q25. Thus, resulting in an improvement in the cost-to-income ratio from 40.4% in 4Q24 to 26.6% in 4Q25. Similarly, SAIB net advances increased 12.7% YOY and 1.3% QOQ to SAR 112.1 Bn, supported by higher lending across key sectors, reflecting sustained credit demand and continued balance sheet expansion. However, stage 3 loan increased from SAR 1,165 Mn in 3Q25 to SAR 1,201 Mn in 4Q25, indicating close monitoring. NPLs stood at 0.9% during 4Q25. Additionally, the Bank continues to maintain adequate provisioning buffers, as provision coverage ratio grew from 168.9% in 3Q25 to 184.1% in 4Q25, reflecting proactive credit risk management practices. Investments increased 15.6% YOY and 1.8% QOQ to SAR 47.2 Bn in 4Q25. Similarly, customer deposits increased 16.6% YOY and 4.2% QOQ to SAR 109.6 Bn in 4Q25 driven by rise in interest bearing time deposit, indicating customers preference for higher-yielding instruments amid a competitive interest rate environment. As a result, the Bank's loan to deposit ratio declined from 105.8% in 4Q24 to 102.2% in 4Q25. The Bank's ROAE increased 127 bps YOY and 172 bps QOQ to 13.0% in 4Q25, while ROAA expanded 13 bps YOY and 20 bps QOQ to 1.4% in 4Q25, reflecting improved profitability, stronger earnings momentum, and more efficient deployment of both equity and assets. The Bank distributed an interim cash dividend of SAR 498.9 Mn (SAR 0.40 per share) for 1H25. Furthermore, capitalization also remained robust during 4Q25, with CET 1 and CAR ratios at 14.3% and 19.3%, respectively. Thus, based on the above analysis, we maintain our BUY rating on the stock.

#### SAIB - Relative valuation

(At CMP)	2021	2022	2023	2024	2025	2026F
P/E (x)	17.26	12.02	10.30	9.18	6.74	9.19
P/B (x)	1.11	1.21	1.13	1.04	0.96	0.92
BVPS	11.841	10.860	11.616	12.665	13.726	14.346
EPS	0.761	1.092	1.275	1.431	1.681	1.429
DPS	0.420	0.600	0.680	0.760	0.800	0.800
Dividend yield	3.2%	4.6%	5.2%	5.8%	6.1%	6.1%

FABS Estimates & Co Data

**SAIB - P&L**

SAR Mn	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Special commission income	2,282	2,487	2,529	10.8%	1.7%	9,692	10,328	6.6%
Special commission expense	-1,391	-1,613	-1,616	16.2%	0.2%	-6,164	-6,593	7.0%
<b>Net Special Commission Inc</b>	<b>891</b>	<b>874</b>	<b>913</b>	<b>2.5%</b>	<b>4.4%</b>	<b>3,528</b>	<b>3,735</b>	<b>5.9%</b>
Fee and commission income	84	101	91	8.2%	-10.7%	374	382	2.1%
Exchange income, net	64	70	82	27.7%	17.0%	257	345	34.0%
Other non-operating income	12	582	4	-68.8%	-99.4%	635	15	-97.7%
<b>Non-funded income</b>	<b>160</b>	<b>754</b>	<b>176</b>	<b>10.4%</b>	<b>-76.6%</b>	<b>1,266</b>	<b>742</b>	<b>-41.4%</b>
<b>Operating income</b>	<b>1,050</b>	<b>1,628</b>	<b>1,089</b>	<b>3.7%</b>	<b>-33.1%</b>	<b>4,794</b>	<b>4,476</b>	<b>-6.6%</b>
Operating expenses	-432	-433	-435	0.7%	0.5%	-1,723	-1,786	3.6%
<b>Pre-provision profit</b>	<b>618</b>	<b>1,195</b>	<b>654</b>	<b>5.8%</b>	<b>-45.3%</b>	<b>3,071</b>	<b>2,690</b>	<b>-12.4%</b>
Financing Impairment	-61	-169	-84	36.2%	-50.4%	-355	-358	0.8%
<b>Net operating income</b>	<b>556</b>	<b>1,026</b>	<b>570</b>	<b>2.4%</b>	<b>-44.5%</b>	<b>2,716</b>	<b>2,333</b>	<b>-14.1%</b>
Share in earnings of associates	29	30	29	0.9%	-4.2%	125	129	3.2%
<b>Income before Zakat</b>	<b>585</b>	<b>1,057</b>	<b>599</b>	<b>2.3%</b>	<b>-43.3%</b>	<b>2,841</b>	<b>2,461</b>	<b>-13.4%</b>
Zakat	-82	-159	-84	2.3%	-47.4%	-409	-345	-15.8%
<b>Net profit</b>	<b>503</b>	<b>897</b>	<b>515</b>	<b>2.3%</b>	<b>-42.6%</b>	<b>2,431</b>	<b>2,117</b>	<b>-12.9%</b>

FABS estimate & Co Data

**SAIB - KPI**

	1Q25	4Q25	1Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Net FI/OI	84.8%	53.7%	83.8%	-99	3,011	73.6%	83.4%	985
NIM	2.4%	2.4%	2.5%	6	10	2.3%	2.22%	-8
NIMs - Trailing 12M	2.6%	2.3%	2.2%	-33	-6	2.3%	2.22%	-8
NIMs - Annualized	2.6%	2.3%	2.3%	-25	2	2.3%	2.2%	-8
NIS	2.1%	2.1%	1.8%	-27	-29	1.9%	1.8%	-13
Fees & commissions/OI	8.0%	6.2%	8.3%	35	209	7.8%	8.5%	73
Exchange income/OI	6.1%	4.3%	7.5%	142	323	5.4%	7.7%	234
Cost to income (calculated)	41.2%	26.6%	40.0%	-119	1,338	35.9%	39.9%	395
Impairment/PPP	9.9%	14.1%	12.8%	286	-131	11.6%	13.3%	174
NP/OI	47.9%	55.1%	47.3%	-62	-782	50.7%	47.3%	-343
Cost of risk - calculated	0.24%	0.60%	0.29%	5	-31	0.33%	0.30%	-3
Loan-to-deposit	102.4%	102.2%	102.0%	-43	-24	102.2%	101.7%	-50
NPL	1.0%	0.9%	1.0%	1	5	0.9%	0.9%	-1
Provision coverage	161.9%	184.1%	157.0%	-485	-2,711	184.1%	175.0%	-911
CET1	13.7%	14.3%	0.0%	-1,374	-1,433	14.3%	14.1%	-26
Capital adequacy	19.0%	19.3%	0.0%	-1,903	-1,932	19.3%	18.8%	-55
ROAE	12.1%	13.0%	12.8%	74	-17	12.7%	10.2%	-255
ROAA	1.3%	1.4%	1.4%	14	0	1.5%	1.2%	-29

FABS estimate & Co Data

**SAIB - BS Key items**

SAR Mn	1Q25	2Q25	3Q25	4Q25	1Q26F	YOY Ch
Net advances	104,135	108,423	110,581	112,070	1,15,079	10.5%
QOQ Change	4.7%	4.1%	2.0%	1.3%	2.7%	
Total Assets	163,799	167,292	174,912	172,720	1,76,790	7.9%
QOQ Change	4.3%	2.1%	4.6%	-1.3%	2.4%	
Customer deposits	101,666	100,236	105,152	109,619	1,12,823	11.0%
QOQ Change	8.1%	-1.4%	4.9%	4.2%	2.9%	
Total Equity	15,530	15,933	16,432	17,121	17,369	11.8%
QOQ Change	-1.8%	2.6%	3.1%	4.2%	1.4%	

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