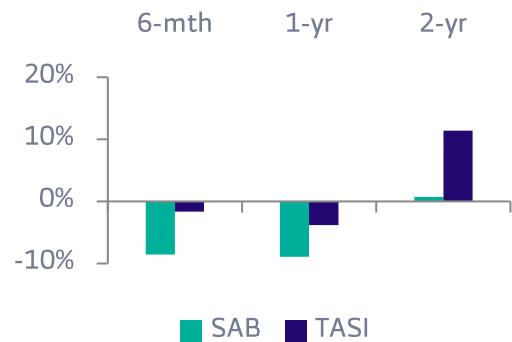


Market Data	
52-week high/low	SAR 38.00/29.90
Market Cap	SAR 66,247 mln
Shares Outstanding	2,055 mln
Free-float	48.45%
12-month ADTV	1,874,884
Bloomberg Code	SABB AB



■ Healthy Loan Growth Amid Margin Pressure

October 28, 2025

Upside to Target Price 36.5%
Expected Dividend Yield 6.8%
Expected Total Return 43.3%

Rating Buy
Last Price SAR 32.24
12-mth target SAR 44.00

SAB	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Net Commission Income	2,857	2,761	3%	2,848	0%	2,893
Total Operating Income	3,649	3,528	3%	3,721	(2%)	3,803
Net Income	2,144	1,883	14%	2,127	1%	2,109
Net Financing	292,914	252,399	16%	282,604	4%	291,082
Deposits	315,068	276,406	14%	297,003	6%	311,853

(All figures are in SAR mln)

- Net financing grew a strongly by +16% Y/Y and +4% Q/Q, reaching SAR 293 bln, broadly in line with our estimate of SAR 291 bln. Growth was supported by continued expansion across both corporate and retail portfolio, which rose +3% and +5% Q/Q respectively. Deposits remarkably grew by +14% Y/Y and +6% Q/Q, to SAR 315 bln. Consequently, the SAR 10 bln increase in net financing was outpaced by the SAR 18 bln increase in deposits Q/Q, driving a lower loan-to-deposit ratio (LDR) at 93%; from 95% in 2Q2025. Net Special Commission Income increased by +3% Y/Y and remained sequentially stable at SAR 2.85 bln, broadly in-line with our estimate of SAR 2.89 bln. The muted quarterly trend reflects increases in funding costs due to higher proportion of time deposits in the bank’s deposit base. Accordingly, NIM contracted to 2.54% in 3Q25, down by -27 bps Y/Y and -11 bps Q/Q.
- Total Operating Income rose +3% Y/Y, but declined by -2% Q/Q. The sequential decline was mainly driven by decrease in exchange income which was impacted by a one-off charge of SAR120 mn relating to previous periods’ VAT on the bank’s cards’ business, while NSCI remained broadly stable. Operating expenses increased by +5% both Q/Q and Y/Y, leading to higher cost-efficiency ratio of 30.9% in 3Q25, compared to 28.9% in the previous quarter. Provision for expected credit losses declined substantially by -62% Q/Q to SAR 82 mln, mainly due to lower impairment charges on loans, advances and off-balance sheet exposures. As a result, Cost-of-Risk improved to 0.11 bps for 3Q25, down from 30 bps in 2Q25.
- Net income for the period stood at SAR 2.1 bln, up +14% Y/Y and slight increase by +1% Q/Q. The stable sequential performance was primarily supported lower provision for expected credit losses partially offset by a decrease in total operating income, an increase in total operating expenses and a decrease in share in earnings of associate.
- We maintain a Buy rating on the stock with a target price of SAR 44.00, as the Bank continues to deliver solid operating momentum despite ongoing margin pressure. Loan growth remained robust, supported by both retail and corporate segments, while deposit inflows helped ease funding constraints and stabilize liquidity. Looking ahead, we expect growth to remain healthy, underpinned by strong balance sheet fundamentals, and continued participation in large-scale national projects, which should offset near-term margin headwinds.

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■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact research@riyadcapital.com

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