

February 10, 2026

Resilient Core Performance Despite Cost Pressures

| | | | |
|-------------------------|-------|---------------|-----------|
| Upside to Target Price | 25.8% | Rating | Buy |
| Expected Dividend Yield | 6.2% | Last Price | SAR 34.98 |
| Expected Total Return | 32.0% | 12-mth target | SAR 44.00 |

| Market Data | |
|--------------------|-----------------|
| 52-week high/low | SAR 38.00/29.90 |
| Market Cap | SAR 71,877 mln |
| Shares Outstanding | 2,055 mln |
| Free-float | 48.45% |
| 12-month ADTV | 1,779,880 |
| Bloomberg Code | SABB AB |

| SAB | 4Q2025 | 4Q2024 | Y/Y | 3Q2025 | Q/Q | RC Estimate |
|------------------------|---------|---------|------|---------|------|-------------|
| Net Commission Income | 3,085 | 2,928 | 5% | 2,857 | 8% | 2,942 |
| Total Operating Income | 3,734 | 3,551 | 5% | 3,769 | (1%) | 3,714 |
| Net Income | 2,047 | 2,126 | (4%) | 2,144 | (5%) | 2,114 |
| Net Financing | 298,627 | 259,346 | 15% | 292,914 | 2% | 300,420 |
| Deposits | 323,274 | 267,011 | 21% | 315,068 | 3% | 321,369 |



(All figures are in SAR mln)

- Net financing grew a strongly by +15% Y/Y and +2% Q/Q, reaching SAR 299 bln, in line with our estimate of SAR 300 bln. Growth was supported by continued expansion across both corporate and retail portfolio. Deposits also recorded a robust growth of +21% Y/Y and +3% Q/Q, to SAR 323 bln, in line with our estimate of SAR 321 bln. Consequently, the SAR 6.0 bln increase in net financing was outpaced by the SAR 8.0 bln increase in deposits Q/Q, driving a lower loan-to-deposit ratio (LDR) at 92%; from 93% in 3Q2025.
- Net Special Commission Income increased by +5% Y/Y and +8% Q/Q reaching SAR 3.1 bln, reflecting easing funding costs, which supported a sequential improvement in NIM to 2.59% in 4Q25, up by +2 bps Q/Q, although still down -23 bps Y/Y.
- Total Operating Income rose +5% Y/Y, however, it fell by -1% Q/Q, as the sequential improvement in NSCI was fully offset by a decline in non-funded income. Operating expenses increased by +9% Y/Y and +6% Q/Q, driven mainly by higher investment in systems and software, resulting in a higher cost-efficiency ratio of 31.9% in 4Q25, compared to 30.9% in the previous quarter. Provision for expected credit losses increased sharply to SAR 263 mln, above our estimate of SAR 227 mln, pushing the Cost-of-Risk to 35 bps in 4Q25 from 11 bps in 3Q25.
- Net income stood at SAR 2.0 bln in 4Q, declining by -4% Y/Y and -5% Q/Q, as higher impairment chargers and operating expenses more than offset the improvement at the operating income level.
- 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. While loan growth is expected to moderate following a period of outperformance versus the sector in 2025, we believe the Bank will continue to deliver healthy and sustainable growth, supported by strong balance sheet fundamentals, resilient deposit inflows that ease funding constraints, and continued participation in large-scale national projects, which should help offset near-term margin headwinds.

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| 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 |

■ Stock Rating

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

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