

## ■ Resilient Core Performance Despite Cost Pressures

February 10, 2026

Upside to Target Price  
Expected Dividend Yield  
Expected Total Return

25.8%  
6.2%  
32.0%

Rating  
Last Price  
12-mth target

Buy  
SAR 34.98  
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 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 charges 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.

Reem M. Alkhulayfi  
reem.alkhulayfi@riyadcapital.com  
+966-11-486-5680

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

For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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