JUNE 2026

ANB

Strong foundations, measured upside

We initiate coverage on Arab National Bank (ANB) with a Neutral rating and a PT of SAR24.4. ANB is a leading mid-tier bank, representing a market share of c6-8% of the Saudi banking assets and deposits, with a strong corporate tilt (2025: 74%). Structured financial expertise along with active engagement in Vision 2030 aligned projects and government sponsored SME lending programs are the bank's key value proposition. However, its structurally high C/I ratio and relatively lower contribution of Fee and other income vs peers create a drag on the return profile. We expect the bank to record a 2025-2030f earnings CAGR of 5.3% (adjusted for Tier 1 sukuk), implying an average ROE of 12.0%. The stock is trading at a 2026f P/B of 1.0x against the peer group average of 1.4x and conventional banks average of 1.1x.

- **A diversified universal bank with a strong corporate franchise**
  ANB is a leading mid-sized bank, with a market share of 6-8% of the total Saudi banking assets & deposits. It has a predominate corporate tilt with the segment accounting for c74% of the total loan book (2025 market share of c8%) and anchored by project finance and lending to mid-corporate and SMEs. The retail segment is relatively smaller and represents c26% of the loan book, focused mainly on affluent and middle-income segment. As of 2025, ANB operates a network of 121 branches, alongside 54 remittance centres (under the TeleMoney brand), 3 corporate service centres, 14 SME centres and one branch in London.
- **Renewed focus on MSMEs as the primary loan book driver**
  ANB's loan portfolio remains anchored by corporate but is increasingly driven by rapid SME expansion, with the MSME book growing 23% yoy to SAR32.3bn in 2025 (c16% of the total loan book) along with mega-project related financing. Going forward, we expect loan growth to be driven largely by the corporate book, benefiting from Vision 2030's focus on increasing lending to MSMEs, while selective mega-project participation remains part of the strategy. Overall, we forecast a loan book CAGR of c6.9% between 2025-2030f from SAR195bn in 2025 to SAR273bn in 2030f.
- **Funding room provides capacity**
  In 2025, total deposits increased by 14.9% to SAR209bn; of which 89% of the growth came from term deposits. However, in broader context, this is still better than the industry peers as term deposits accounted for c51% of the total deposit mix (45% in 2024) vs the sector average (ex-Rajhi and SNB) of 58.1% (45.1% in 2024). This organic funding advantage is not only allowing it to gradually reducing its cost of funds but also provides the bank with a strategic flexibility to capture high yield lending opportunities as it arises without compromising its margin profile. Accordingly, ANB's NIMS remain robust both in absolute terms and relative to peers, supported by a focus towards MSME and better deposit mix. We expect NIMs to compress from 3.4% in 2025 to 3.3% in 2026f (impact of the prior year rate cuts come through) and thereafter marginally easing to 3.1% by 2030f.
- **C/I ratio above sector average but on a structural improvement path**
  Improving efficiency is one the core areas which could unlock returns by delivering meaningful C/I improvement through operating leverage. Amongst similar sized peers, ANB is broadly similar to BSF but trails Alinma (31.2%) as of 2025. In absolute terms, ANB wage bill is higher as compared to its two main peers, despite a lower average monthly cost per employee. Going forward, we expect the C/I ratio to rationalize, declining to c33.0% in 2026f and reaching c31.5% in 2030f, as we believe ANB can streamline its cost base while it continues to invest in human capital and digital transformation.
- **Initiate coverage on ANB with a Neutral rating and PT of SAR24.4**
  We initiate coverage on ANB with a Neutral rating and a PT of SAR24.4. We believe the focus on MSME's would continue to be the main growth driver while higher C/I ratio is the main risk. The stock is trading at a 2026f P/B of 1.0x vs sector average of 1.4x and the conventional banks average of 1.1x.

Summary Financials

SAR mn	2025	2026f	2027f	2028f	2029f	2030f
Banking income	9,883	10,671	11,370	11,730	12,332	12,977
Net Income	**7,927**	**8,097**	**8,817**	**9,368**	**9,597**	**10,107**
NIMS (%)	3.4	3.3	3.2	3.1	3.1	3.1
C-I Ratio (%)	33.8	33.0	32.9	32.9	32.1	31.5
COR (%)	0.4	0.4	0.4	0.4	0.4	0.4
Loans & advances (bn)	*195*	210	228	242	257	273
Deposits (bn)	209	230	246	260	273	287
EPS (SAR) – Post Tier 1	2.5	2.5	2.7	2.8	3.0	3.2

Source: The company, SNB Capital Research estimates

NEUTRAL

Price target (SAR)	24.4
Current price (SAR)	21.7
Upside/Downside (%)	12.8%

VALUATION MULTIPLES

	25	26f	27f
P/E (x)	8.7	8.6	8.0
P/B (x)	1.1	1.0	0.9
Div Yield (%)	5.7	5.4	5.8

Source: SNB Capital Research estimates

MAJOR SHAREHOLDERS

Investor	% Ownership
Arab Bank PLC	40.0%
Foreign Investors	12.3%

Source: Saudi Exchange, SNB Capital Research. As of 18 Jun 2026

STOCK DETAILS

M52-week range H/L (SAR)	26.0/20.0
Market cap (USD mn)	11,552
Shares outstanding (mn)	2,000
Listed on exchanges	Tadawul

Price perform (%)	1M	3M	12M
Absolute	3.8	2.3	5.4
Rel. to market	2.2	(4.2)	0.3

Avg daily turnover (mn)	SAR	US$
3m	34.6	9.2
12m	37.6	10.0

Reuters code	1080.SE
Bloomberg code	ARNB AB
	www.anb.com.sa

Nauman Khan, CFA +966 11 874 9774
n.khan@alahlicapital.com

SNB Capital Investment Ratings

OVERWEIGHT: Target price represents an increase in the share price in excess of 15% in the next 12 months

NEUTRAL: Target price represents a change in the share price between -10% and +15% in the next 12 months

UNDERWEIGHT: Target price represents a fall in share price exceeding 10% in the next 12 months

PRICE TARGET: Analysts set share price targets for individual companies based on a 12 month horizon. These share price targets are subject to a range of company specific and market risks. Target prices are based on a methodology chosen by the analyst as the best predictor of the share price over the 12 month horizon

Other Definitions

NR: Not Rated. The investment rating has been suspended temporarily. Such suspension is in compliance with applicable regulations and/or in circumstances when SNB Capital is acting in an advisory capacity in a merger or strategic transaction involving the company and in certain other situations

CS: Coverage Suspended. SNB Capital has suspended coverage of this company

NC: Not covered. SNB Capital does not cover this company

Important information

This research report has been prepared by the Research Department of SNB Capital and reflects the independent views and opinions of the analysts ("authors") responsible for its preparation. The authors of this report hereby certify that the views expressed in this document accurately reflect their personal views regarding the securities and companies that are the subject of this document. The views expressed herein do not necessarily represent the views of SNB Capital as a whole, or of its other business units, including but not limited to its Asset Management, Investment Banking, or Principal Investment divisions. Funds managed by SNB Capital and its subsidiaries for third parties may from time to time have long or short positions in or may trade in, the securities that are the subject of this document. SNB Capital, its affiliates, directors, officers, employees, or clients may from time to time have long or short positions in, may trade in, or may act as market maker, advisor, or underwriter in the securities or related instruments of the issuers discussed in this report. Such activities may be inconsistent with the views expressed in this report. The investment banking division of SNB Capital may be in the process of soliciting or executing fee earning mandates for companies that are either the subject of this document or are mentioned in this document.

This document is issued to the person to whom SNB Capital has issued it. This document is intended for general information purposes only, and may not be reproduced or redistributed to any other person. This document is not intended as an offer or solicitation with respect to the purchase or sale of any security. This document is not intended to take into account any investment suitability needs of the recipient. In particular, this document is not customized to the specific investment objectives, financial situation, risk appetite or other needs of any person who may receive this document. SNB Capital strongly advises every potential investor to seek professional legal, accounting, tax and financial guidance when determining whether an investment in a security is appropriate to his or her needs. Any investment recommendations contained in this document take into account both risk and expected return. Information and opinions contained in this document have been compiled or arrived at by the author are from sources believed to be reliable, but SNB Capital has not independently verified the contents of this document and such information may be condensed or incomplete. Accordingly, no representation or warranty, express or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this document. To the maximum extent permitted by applicable law and regulation, SNB Capital shall not be liable for any loss that may arise from the use of this document or its contents or otherwise arising in connection therewith. Any financial projections, fair value estimates and statements regarding future prospects contained in this document may not be realized. All opinions and estimates included in this document constitute the author's judgment as of the date of production of this document, and are subject to change without notice. Past performance of any investment is not indicative of future results. The value of securities, the income from them, the prices and currencies of securities, can go down as well as up. An investor may get back less than he or she originally invested. Additionally, fees may apply on investments in securities. Changes in currency rates may have an adverse effect on the value, price or income of a security. No part of this document may be reproduced without the written permission of SNB Capital. Neither this document nor any copy hereof may be distributed in any jurisdiction outside the Kingdom of Saudi Arabia where its distribution may be restricted by law. Persons who receive this document should make themselves aware, of and adhere to, any such restrictions. By accepting this document, the recipient agrees to be bound by the foregoing limitations.

SNB Capital is authorised by the Capital Market Authority of the Kingdom of Saudi Arabia to carry out dealing, as principal and agent, and underwriting, managing, arranging, advising and custody, with respect to securities under licence number 37-06046. The registered office of SNB Capital is at King Saud Road, SNB Regional Building P.O. Box 22216, 11495 Riyadh, Kingdom of Saudi Arabia.

SNB Capital Company, Saudi Joint Stock Company, Paid up capital SAR 1,500 million, authorized by the Capital Market Authority, CR 1010231474, P.O. Box 22216, Riyadh 11495, Kingdom of Saudi Arabia, T:+966 11874 7106, F:+966 11 406 0049, www.alahlicapital.com

Research Disclosures

Third Party Research

This research is prepared by SNB Capital, with headquarters in Riyadh, Saudi Arabia. SNB Capital is authorized to engage in securities activities according to its domestic legislation. This research is not a product of Tellimer Markets, Inc., a U.S. registered broker-dealer. SNB Capital has sole control over the contents of this research report. Tellimer Markets, Inc. does not exercise any control over the contents of, or the views expressed in, research reports prepared by SNB Capital.

SNB Capital is not registered as a broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" and other "U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act").

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Tellimer Markets, Inc., located at 27th Floor, 575 Fifth Avenue, New York, NY 10017. A representative of Tellimer Markets, Inc. is contactable on +1 (212) 551 3480. Tellimer Markets, Inc. accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person including major U.S. institutional investors.

None of the materials provided in this report may be used, reproduced, or transmitted, in any form or by any means, electronic or mechanical, including recording or the use of any information storage and retrieval system, without written permission from Tellimer and SNB Capital.

SNB Capital is the employer of the research analyst(s) responsible for the content of this report and research analysts preparing this report are resident outside the U.S. and are not associated persons of any U.S. regulated broker-dealer. The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of Tellimer Markets, Inc. and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Tellimer Markets, Inc. or its affiliates has not managed or co-managed a public offering of securities for the subject company in the past 12 months, has not received compensation for investment banking services from the subject company in the past 12 months, and does not expect to receive or intend to seek compensation for investment banking services from the subject company in the next three months. Tellimer Markets, Inc. has never owned any class of equity securities of the subject company. There are no other actual, or potential, material conflicts of interest of Tellimer Markets, Inc. at the time of the publication of this report. As of the publication of this report, Tellimer Markets, Inc. does not make a market in the subject securities.

About Tellimer

Tellimer is a registered trade mark of Exotix Partners LLP. Exotix Partners LLP and its subsidiaries ("Tellimer") provide specialist investment banking services to trading professionals in the wholesale markets. Tellimer draws together liquidity and matches buyers and sellers so that deals can be executed by its customers. Tellimer may at any time, hold a trading position in the securities and financial instruments discussed in this report. Tellimer has procedures in place to identify and manage any potential conflicts of interests that arise in connection with its research. A copy of Tellimer's conflict of interest policy is available at www.tellimer.com/regulatory-information .

Distribution

This report is not intended for distribution to the public and may not be reproduced, redistributed or published, in whole or in part, for any purpose without the written permission of Tellimer. Tellimer shall accept no liability whatsoever for the actions of third parties in this respect. This report is for distribution only under such circumstances as may be permitted by applicable law.

This report may not be used to create any financial instruments or products or any indices. Neither Tellimer and SNB Capital, nor its members, directors, representatives, or employees accept any liability for any direct or consequential loss or damage arising out of the use of all or any part of the information herein.

United Kingdom: Distributed by Exotix Partners LLP only to Eligible Counterparties or Professional Clients (as defined in the FCA Handbook). The information herein does not apply to, and should not be relied upon by, Retail Clients (as defined in the FCA Handbook); neither the FCA's protection rules nor compensation scheme may be applied.

UAE: Distributed in the Dubai International Financial Centre by Exotix Partners LLP (Dubai) which is regulated by the Dubai Financial Services Authority ("DFSA"). Material is intended only for persons who meet the criteria for Professional Clients under the Rules of the DFSA and no other person should act upon it.

Other distribution: The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restriction.

Disclaimers

Tellimer and/or its members, directors or employees may have interests, or long or short positions, and may at any time make purchases or sales as a principal or agent of the securities referred to herein. Tellimer may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups of Tellimer.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States. The value of any investment or income from any securities or related financial instruments discussed in this report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Frontier and Emerging Market laws and regulations governing investments in securities markets may not be sufficiently developed or may be subject to inconsistent or arbitrary interpretation or application. Frontier and Emerging Market securities are often not issued in physical form and registration of ownership may not be subject to a centralised system. Registration of ownership of certain types of securities may not be subject to standardised procedures and may even be effected on an ad hoc basis. The value of investments in Frontier and Emerging Market securities may also be affected by fluctuations in available currency rates and exchange control regulations. Not all of these or other risks associated with the relevant company, market or instrument which are the subject matter of the report are necessarily considered.