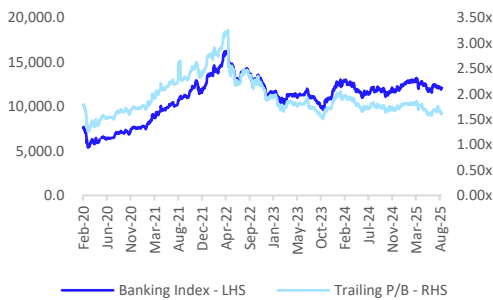
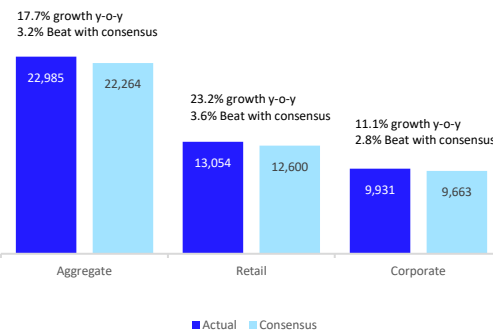


## Index vs Trailing P/B



Source: Bloomberg, Al Rajhi Capital.

## 2Q25 (SAR mn) Net Income vs Consensus



Source: Company Data, Argaam (Consensus considered from here), Al Rajhi Capital. Note: Retail Banks considered are Al Rajhi, SNB, and Albilad and rest are corporate

## NIM Sensitivity to 25bps rate cut

Banks	NIM Sensitivity (bps)
Al Rajhi	6 ↑
SNB	2 - 3 ↑
Riyad	0.13 ↓
Alinma	1.6 - 1.7 ↓
Aljazira	3.5 - 3.75 ↑
BSF	1.25 ↓
ANB	Neutral →
SABB	1 - 3 ↓

Source: Company Data, Al Rajhi Capital Note: NIM sensitivity is based on banks' Q2 2025 earnings calls

## Saudi Banks

## Q2 results encouraging, but 2025 guidance mixed

- **2Q25 sector net profit up 18% y-o-y, 3% above consensus, led by Al Rajhi, SNB, BJAZ, and BSF; retail-focused banks beat by 4%, corporate banks by 3%**
- **Loan growth +16% y-o-y pushed LDR to 106%. Non-funded income surged 26% y-o-y, offsetting NIM pressure**
- **Liquidity tightness was evident, slower deposit growth resulted in greater reliance on debt funding**
- **Most banks downgraded their 2025 NIM guidance, but maintained their loan growth expectations**

**Q2 2025 earnings:** In 2Q25, the banking sector's net profits grew by a solid 18% y-o-y and were 3% above consensus, led by strong performances from retail banks such as Al Rajhi and SNB. Retail banks (Al Rajhi, SNB, Albilad) posted a beat of 4% and corporate banks reported a beat of 3%. Loan growth was 16% y-o-y, outpacing deposits and pushing LDR to 106%, with Riyadh Bank, SAB, Alinma and Al Rajhi driving the loan growth. However, NIMs declined sequentially due to tighter liquidity conditions and competition in the corporate space. Despite low oil prices, asset quality remained intact, with retail banks especially SNB witnessing recoveries. Another positive was the strong surge in the non-interest income, that grew by 26% y-o-y, led by higher fees, commissions, trading and FX gains.

**2025 guidance:** 2025 guidance was mixed with most banks (6 out of 9 that conducted calls) downgraded their NIM guidance, citing tighter liquidity conditions, lesser rate cuts than anticipated and higher competition in the corporate lending space. On the positive side, despite the weaker oil prices, most of the banks reiterated their loan growth guidance (except BSF) and also maintained their cost of risk guidance. Most of the other targets were kept broadly unchanged.

## Key highlights from the earnings calls:

- **NIMs:**
  - Most banks highlighted tight liquidity conditions and migration of CASA towards time deposits.
  - Banks will continue to explore alternative sources of funding such as debt
  - Most of them expect 1-2 rate cuts at the end of the year.
- **Loan:**
  - Most of the banks expect solid demand, but cited high competition on pricing in the corporate space.
  - Strong demand from project finance, SMEs and mid-corporates, while recent slowdown in mortgage was attributed to the regulatory changes.
  - Most expect to be selective and prioritize profitability over loan growth.
  - Expect seasonal slowdown in Q3 and repayments (from corporates) in Q4 to weigh on loan growth in H2.
- **Asset quality:** Despite low oil prices, most of them saw NPAs under control and saw solid recoveries in 1H25.
- **Fee related:** Despite a change in regulations on credit card fees, most banks expects the impact to be immaterial as the anticipated reduction in fees is expected to be offset by an acceleration in volumes and transactions. Moreover, some banks amended their reward policies (points on spending) to offset the impact.
- **Capital ratio:** Most banks said they have ample headroom to absorb SAMA's 1% counter-cyclical capital buffer effective from 2026.

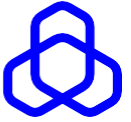
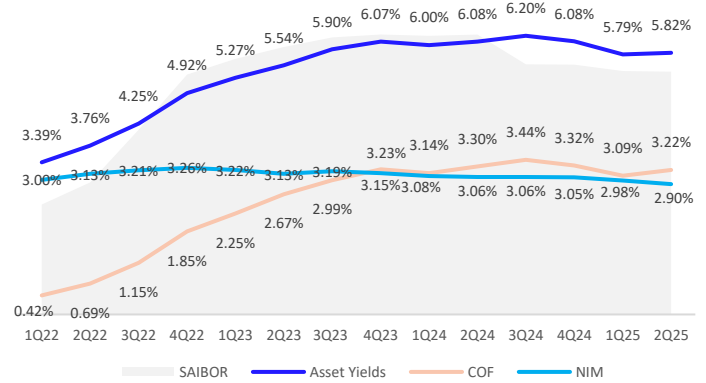


Figure 1 Saudi Banks key parameters growth in 2Q25

SAR (bn)	2Q25	Growth
<b>NIM/NSCI</b>	<b>30</b>	<b>9.4%</b>
Retail	16	11.2%
Corporate	14	7.4%
<b>Non-Interest Income</b>	<b>9</b>	<b>25.9%</b>
Retail	5	28.1%
Corporate	4	23.3%
<b>ECL Provisions</b>	<b>2</b>	<b>4.5%</b>
Retail	1	-17.9%
Corporate	1	18.6%
<b>Net Income</b>	<b>23</b>	<b>17.7%</b>
Retail	13	23.1%
Corporate	10	10.8%

Source: Company Data, Al Rajhi Capital. Retail Banks considered are Al Rajhi, SNB, and Albilad and rest are corporate.

Figure 2 NIM Trend



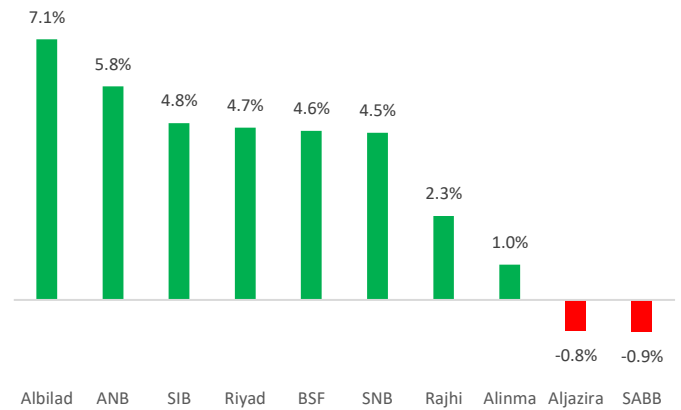
Source: Company Data, Al Rajhi Capital. Note: NIMs considered here are our calculation and might differ from company reported. NIM Calculation: NSCI/ Average IEA (Due from Banks + Net Loans + Investments)

Figure 3 Saudi Banks Loan and deposit growth for 2Q25

Banks	Loan Growth	Deposit Growth	LDR	SAMA LDR	COR (bps)*
Rajhi	19.3%	3.1%	115.5%	82.5%	31
SNB	12.2%	4.1%	108.5%	79.2%	(4)
Riyad	21.8%	14.8%	111.9%	85.3%	36
Alinma	15.1%	12.0%	95.1%	82.5%	47
Aljazira	18.9%	15.8%	90.8%	73.8%	38
Albilad	10.9%	8.2%	93.4%	82.8%**	18
BSF	6.5%	-6.9%	114.9%	82.2%	50
ANB	15.4%	14.9%	92.4%	82.0%	41
SIB	19.6%	5.1%	108.2%	86.6%	24
SABB	17.0%	12.3%	95.2%	83.0%	26
<b>Aggregate</b>	<b>15.8%</b>	<b>6.9%</b>	<b>105.9%</b>		<b>26</b>
Retail	15.3%	4.8%	110.4%		14
Corporate	16.3%	9.5%	101.5%		39

Source: Company Data, Al Rajhi Capital. Retail Banks considered are Al Rajhi, SNB, and Albilad and rest are corporate. Note\*: Cost of Risk (COR) for Retail and Corporate are ARC calculation, might differ from company numbers. Note\*\*: For Albilad the number is as of 1Q25.

Figure 4 Earnings beat/miss for 2Q25

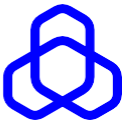


Source: Company Data, Al Rajhi Capital. Note: Beat/Miss is considered against Argam consensus

Figure 5 Updated 2025 guidance

	Rajhi	SNB*	Riyad*	Alinma	Aljazira	BSF	ANB	SAIB	SABB
<b>Loan</b>	High Single-digit	Low Double-digit	Mid-teens	Mid-teens	Low-teens	High Single-digit	Mid-teens	>15%	Mid-teens
<b>NIM/ NSCI</b>	+0bps to +10bps	Low to Mid Single-digit	Mid-Single Digit	-10bps to -20bps	+5bps to +10bps	Flat to +10bps	-19bps to -29bps	-28bps to -38bps	-10bps to -20bps
<b>Cost of Risk</b>	30 - 40	5 - 15	30 - 40	40 - 50	35 - 40	50 - 60	40 - 50	30 - 35	25 - 35
<b>Cost to Income</b>	<23.5%	<27%	<30.5%	<31%	<55%	<33%	<32%	<41.0%	<30.5%
<b>ROE/ ROTE</b>	>22.5%	16% - 17%	>17%	>18.5%	>8%	11% - 12%	>13%	>13.25%	15% - 16%
<b>Tier 1/ CAR</b>	>19.5%	19% - 20%	>15%	18% - 19%	>16%	>15%	>18%	>18.0%	

Source: Company Data, Al Rajhi Capital, Note: SNB and Riyad have guided NSCI growth. Red indicates downward revision, green indicates upward revision while rest indicates unchanged.



## Key Financials

Figure 6 **Al Rajhi**

SAR mn	2Q 2025	2Q 2024	1Q 2025	y-o-y	q-o-q
Net Interest Income	7,305	5,857	7,097	25%	3%
Operating Profit	9,603	7,637	9,200	26%	4%
Provisions	600	455	525	32%	14%
Profit Before Tax	6,860	5,226	6,587	31%	4%
Net Income	6,151	4,698	5,906	31%	4%
Net Loan	741,715	621,891	722,785	19%	3%
Investment*	181,449	153,026	177,909	19%	3%
Deposits	641,987	622,572	629,229	3%	2%
Assets	1,038,988	866,960	1,023,080	20%	2%
Equity**	133,930	116,396	105,033	15%	28%

FY25 Guidance:	FY25 Guidance	1H25 Actuals	Revision
Loan growth	High-single digit	+7.0% (YTD)	Unchanged
NIM	+5bps to +15bps	+1bps	Flat to +10bps
Cost to Income Ratio	<23.5%	22.5%	Unchanged
Cost of Risk (bps)	30 – 40	31	Unchanged
Tier 1 Capital Ratio	>19.5%	19.4%	Unchanged
Return on equity	>22.5%	23.5%	Unchanged

Source: Company Data, Al Rajhi Capital. \*Ex. Investment in associates. \*\*Ex. Non-controlling Interests

Figure 7 **SNB**

SAR mn	2Q 2025	2Q 2024	1Q 2025	y-o-y	q-o-q
Net Interest Income	7,087	7,052	7,254	0%	-2%
Operating Profit	9,507	8,916	9,615	7%	-1%
Provisions/(Reversals)	(173)	120	34	NM	NM
Profit Before Tax	6,865	5,729	6,719	20%	2%
Net Income	6,137	5,231	6,022	17%	2%
Net Loan	714,839	637,235	706,430	12%	1%
Investment	315,460	286,735	310,274	10%	2%
Deposits	658,675	632,693	626,394	4%	5%
Assets	1,200,998	1,088,112	1,171,079	10%	3%
Equity*	197,278	179,202	193,479	10%	2%

FY25 Guidance:	FY25 Guidance	1H25 Actuals	Revision
Loan growth	Low Double-digit	+9% (YTD)	Unchanged
NSCI growth	Mid-High Single digit	+3% y-o-y	Low-Mid-Single digit
Cost to Income Ratio	<28%	26.6%	<27%
Cost of Risk (bps)	10 to 20bps	-4	5 to 15bps
Tier 1 CAR	19% to 20%	19.5%	Unchanged
ROTE	16% to 16.5%	17.3%	16% to 17%

Source: Company Data, Al Rajhi Capital. \*Ex. Non-controlling Interests

Figure 8 **Riyad**

SAR mn	2Q 2025	2Q 2024	1Q 2025	y-o-y	q-o-q
Net Interest Income	3,200	3,097	3,282	3%	-3%
Operating Profit	4,520	3,997	4,504	13%	0%
Provisions	309	175	362	77%	-14%
Profit Before Tax	2,895	2,606	2,772	11%	4%
Net Income	2,597	2,338	2,486	11%	4%
Net Loan	354,550	291,051	338,991	22%	5%
Investment	72,658	61,073	69,271	19%	5%
Deposits	316,811	276,009	304,092	15%	4%
Assets	490,816	405,029	465,345	21%	5%
Equity*	60,963	55,783	61,140	9%	0%

FY25 Guidance:	FY25 Guidance	1H25 Actuals	Revision
Loan growth	Low-Double digit	+11% (YTD)	Mid-Teens
NSCI growth	Mid-Single Digit	5% y-o-y	Unchanged
Cost to Income Ratio	<30.5%	30.0%	Unchanged
Cost of Risk (bps)	30-40	36	Unchanged
Tier 1 Capital Ratio	>16%	15.9%	>15%
ROE	>17%	17%	Unchanged

Source: Company Data, Al Rajhi Capital. \*Ex. Non-controlling Interests

Figure 9 **Alinma**

SAR mn	2Q 2025	2Q 2024	1Q 2025	y-o-y	q-o-q
Net Interest Income	2,272	2,151	2,283	6%	0%
Operating Profit	2,947	2,746	2,814	7%	5%
Provisions	281	327	226	-14%	24%
Profit Before Tax	1,748	1,579	1,681	11%	4%
Net Income	1,573	1,417	1,508	11%	4%
Net Loan	218,596	189,912	209,435	15%	4%
Investment	51,640	46,631	49,457	11%	4%
Deposits	229,944	205,357	218,839	12%	5%
Assets	297,216	260,138	287,222	14%	3%
Equity*	44,775	40,037	42,952	12%	4%

FY25 Guidance:	FY25 Guidance	1H25 Actuals	Revision
Loan growth	Mid-Teens	+8% (YTD)	Unchanged
NIM	-10bps to 0bps	3.52% (-22bps y-o-y)	-10bps to -20bps
Cost to Income Ratio	<30.5%	31.6%	<31%
Cost of Risk (bps)	40-50	47	Unchanged
CAR Pillar 1	18%-19%	18.5%	Unchanged
ROE	>19%	18.4%	>18.5%

Source: Company Data, Al Rajhi Capital. \*Ex. Non-controlling Interests

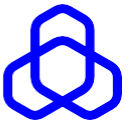


Figure 10 **BSF**

SAR mn	2Q 2025	2Q 2024	1Q 2025	y-o-y	q-o-q
Net Interest Income	2,196	1,940	2,118	13%	4%
Operating Profit	2,678	2,342	2,638	14%	2%
Provisions	236	274	280	-14%	-16%
Profit Before Tax	1,569	1,259	1,492	25%	5%
Net Income	1,403	1,129	1,338	24%	5%
Net Loan	209,881	197,160	208,978	6%	0%
Investment	62,792	55,789	61,322	13%	2%
Deposits	182,690	196,248	190,728	-7%	-4%
Assets	301,490	289,109	302,988	4%	0%
Equity*	51,314	42,092	48,430	22%	6%

FY25 Guidance:	FY25 Guidance	1H25 Actuals	Revision
Loan growth	Low teens	+2.8% (YTD)	High-single digit
NIM	3.05%-3.15%	3.11% (+3bps YOY)	Unchanged
Cost to Income Ratio	<33%	32.7%	Unchanged
Cost of Risk (bps)	50-60	50	Unchanged
CET-1 Ratio	>15%	16%	Unchanged
ROE	11%-12%	11.2%	Unchanged

Source: Company Data, Al Rajhi Capital. \*Ex. Non-controlling Interests

Figure 11 **SABB**

SAR mn	2Q 2025	2Q 2024	1Q 2025	y-o-y	q-o-q
Net Interest Income	2,848	2,733	2,838	4%	0%
Operating Profit	3,721	3,492	3,620	7%	3%
Provisions	216	112	142	92%	52%
Profit Before Tax	2,479	2,360	2,449	5%	1%
Net Income	2,127	2,018	2,135	5%	0%
Net Loan	282,604	241,552	278,836	17%	1%
Investment	107,816	91,834	103,543	17%	4%
Deposits	297,003	279,167	290,440	6%	2%
Assets	432,357	382,296	425,711	13%	2%
Equity*	74,500	62,744	71,749	19%	4%

FY25 Guidance:	FY25 Guidance	1H25 Actuals	Revision
Loan growth	Mid-teens	+9% YTD	Unchanged
NIM	2.70%-2.80%	2.70%	2.65%-2.75%
Cost to Income Ratio	<30.5%	29.2%	Unchanged
Cost of Risk (bps)	25-35	26	Unchanged
CET-1 Ratio	NA	NA	NA
ROTE	15%-16%	15.6%	Unchanged

Source: Company Data, Al Rajhi Capital. \*Ex. Non-controlling Interests

Figure 12 **Aljazira**

SAR mn	2Q 2025	2Q 2024	1Q 2025	y-o-y	q-o-q
Net Interest Income	762	629	754	21%	1%
Operating Profit	1,102	903	1,079	22%	2%
Provisions	97	40	103	141%	-6%
Profit Before Tax	436	358	412	22%	6%
Net Income	382	318	361	20%	6%
Net Loan	103,702	87,208	100,571	19%	3%
Investment	37,381	34,619	36,711	8%	2%
Deposits	114,155	98,553	109,644	16%	4%
Assets	157,573	138,001	153,156	14%	3%
Equity*	19,091	16,674	18,868	14%	1%

FY25 Guidance:	FY25 Guidance	1H25 Actuals	Revision
Loan growth	Low-teens	+7% YTD	Unchanged
NIM	+5 to +10 bps	2.17% (1.99%: FY24)	Unchanged
Cost to Income Ratio	<55%	52.3%	Unchanged
Cost of Risk (bps)	35-40	38	Unchanged
Tier-1 Ratio	16%+	15.7%	Unchanged
ROE	>8%	8.19%	Unchanged

Source: Company Data, Al Rajhi Capital. \*Ex. Non-controlling Interests

Figure 13 **ANB**

SAR mn	2Q 2025	2Q 2024	1Q 2025	y-o-y	q-o-q
Net Interest Income	2,173	1,942	1,968	12%	10%
Operating Profit	2,594	2,335	2,531	11%	3%
Provisions	216	167	205	30%	5%
Profit Before Tax	1,555	1,439	1,530	8%	2%
Net Income	1,336	1,231	1,304	9%	2%
Net Loan	186,476	161,612	179,057	15%	4%
Investment	54,313	48,867	52,311	11%	4%
Deposits	201,739	175,594	195,619	15%	3%
Assets	268,983	235,491	264,651	14%	2%
Equity*	43,059	36,910	41,861	17%	3%

FY25 Guidance:	FY25 Guidance	2Q25 Actuals	Revision
Loan growth	Mid-Teens	10% YTD	Unchanged
NIM	-5bps to 5bps	3.67% (-11bps y-o-y)	-29bps to -19bps
Cost to Income Ratio	<32.0%	31.8%	Unchanged
Cost of Risk (bps)	40-50	42	Unchanged
Total CAR	>18%	19.6%	Unchanged
ROE	>13%	12.9%	Unchanged

Source: Company Data, Al Rajhi Capital. \*Ex. Non-controlling Interests

Figure 14 SAIB

SAR mn	2Q 2025	2Q 2024	1Q 2025	y-o-y	q-o-q
Net Interest Income	905	879	891	3%	2%
Operating Profit	1,070	1,023	1,050	5%	2%
Provisions	64	62	61	3%	4%
Profit Before Tax	596	562	585	6%	2%
Net Income	512	486	503	5%	2%
Net Loan	108,423	90,644	104,135	20%	4%
Investment	43,055	34,783	40,398	24%	7%
Deposits	100,236	95,363	101,666	5%	-1%
Assets	167,292	143,358	163,799	17%	2%
Equity*	21,246	17,501	20,843	21%	2%

FY25 Guidance:	FY25 Guidance	1H25 Actuals	Revision
Loan growth	>15%	+9% (YTD)	Unchanged
NIM	2.45% - 2.55%	2.40% (-39bps y-o-y)	2.30% - 2.40%
Cost to Income Ratio	<41.5%	41.0%	<41.0%
Cost of Risk (bps)	30-35	24	Unchanged
Tier-1 Ratio	>18.75%	18.5%	>18.0%
ROE	>13.25%	13.1%	Unchanged

Source: Company Data, Al Rajhi Capital. \*Ex. Non-controlling Interests

Figure 15 Albilad

SAR mn	2Q 2025	2Q 2024	1Q 2025	y-o-y	q-o-q
Net Interest Income	1,177	1,085	1,162	8%	1%
Operating Profit	1,541	1,408	1,464	9%	5%
Provisions	49	82	53	-41%	-8%
Profit Before Tax	854	748	781	14%	9%
Net Income	766	671	700	14%	9%
Net Loan	115,689	104,310	112,427	11%	3%
Investment	28,637	22,891	26,389	25%	9%
Deposits	123,929	114,530	124,018	8%	0%
Assets	161,902	145,291	159,103	11%	2%
Equity*	20,756	15,806	17,592	31%	18%

Source: Company Data, Al Rajhi Capital. \*Ex. Non-controlling Interests

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