Saudi Banks Earnings Review

Saudi Arabia

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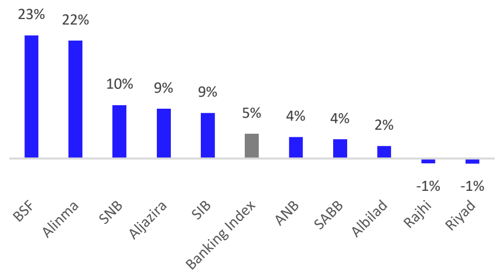
Better pricing partly offset slowdown in credit growth

- **2Q26 net profit up 8% y-o-y (4% beat), led by net funded income (+9% y-o-y)**
- **Non-funded income growth lags y-o-y, but recovers q-o-q**
- **Net income growth curtailed by spike in provisions**
- **Deposits (+9% y-o-y) outpace loan +7% y-o-y for the 2nd consecutive quarter**
- **Largest 3 banks slightly lowered their FY26 loan growth guidance**

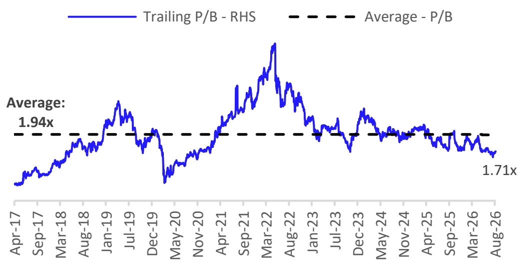
2Q26 earnings: In 2Q26, the sector's net profits grew by 8% y-o-y and 4% q-o-q, 4% above consensus (both corporate and retail: 4% beat), with 9 of the 10 banks growing sequentially (only one bank declined). Loan growth was relatively modest at 7% y-o-y, but better pricing (NIMs improved 5bps y-o-y) and slightly improved liquidity conditions resulted in an impressive 9% growth in net funded income. Although, y-o-y growth was driven by net-funded income, the q-o-q growth was led by non-funded income (+17% q-o-q, +6% y-o-y), which has been under pressure in the recent quarters due to regulatory changes related to fees & payment. Banks kept a tight lid on costs (opex flat q-o-q, cost-to-income ratio down 143bps to 28.7%), but sharp spike in provisions, +38% y-o-y, curtailed the benefits at net income level. Overall, the banking sector reported a mixed set of results, with pricing being the key positive, while spike in provisions countering the benefits.

YTD (2026) performance of listed Banks



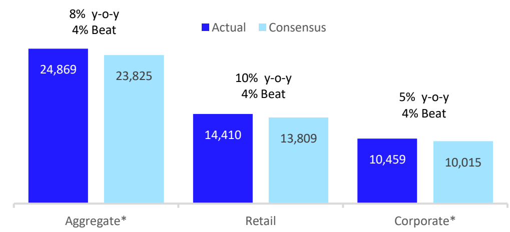
Source: Tadawul, Al Rajhi Capital. Data is as of 18th August 2026

Trailing P/B



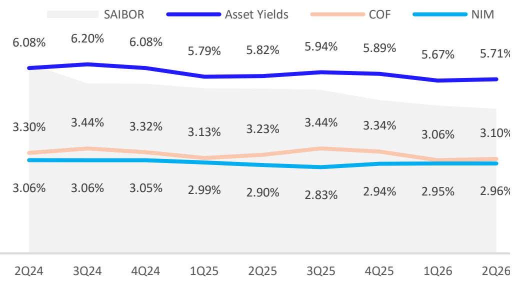
Source: Bloomberg, Al Rajhi Capital. Data is as of 18th August 2026.

Earnings beat/miss for 2Q26



Source: Company Data, Argaam consensus, Al Rajhi Capital. Note: Retail banks: Al Rajhi, SNB and Albilad, rest are corporate.

NIM Trend



Source: Company Data, Al Rajhi Capital 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)

Key highlights from the earnings calls:

NIMs/Liquidity:

- Sector NIM trends were broadly resilient with noticeable improvement for top retail focused banks, while corporate banks saw mixed trends, suggesting the multi-year trend of squeeze is stabilizing rather than reversing sharply.
- Improvement was driven by asset/loan repricing, CASA mix optimization, and easing deposit competition due to better liquidity and lower SAIBOR.

Loan: Top 3 banks revised the guidance downwards as focus shifts to value over volume, with Al Rajhi Bank now expecting low-single digit growth and SNB mid-single digit. Bank Aljazira was an outlier, that upgraded its loan growth outlook.

Deposit: CASA ratios were mixed across the sector, some banks saw CASA balances soften as customers rotated into higher-yielding time deposits amid still-elevated rates, while others saw CASA hold up or improve on stronger retail inflows and government deposit support (also visible in SAMA system-wide data).

Asset quality: Sector-wide asset quality remains intact, though a leading corporate bank saw some pressure due to a large project cancellation. Overall, 3 banks downgraded the COR FY 2026 guidance, among which Alinma saw a notable revision. However, most of the banks attributed it to prudence and changes to macroeconomic assumptions, rather than any material deterioration in underlying asset quality.

Fee related: Sequential growth was led by cross-selling, cards, and treasury income, offset by regulatory fee pressure and softer brokerage activity. Banks anticipate momentum to continue into 2H26 led by recovery in trade finance (recovered in May/June to pre-conflict levels as per one of the banks) and cross-selling initiatives.

Capital: Remain healthy across most of the banks, with CET1 and Tier 1 ratios above regulatory requirements and most banks retaining flexibility for continued balance sheet growth and dividend distributions.

Key headwinds: Uncertainty over rate cuts and geopolitical risks.

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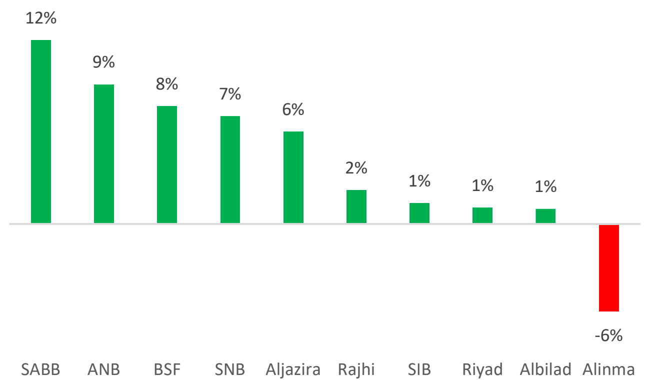
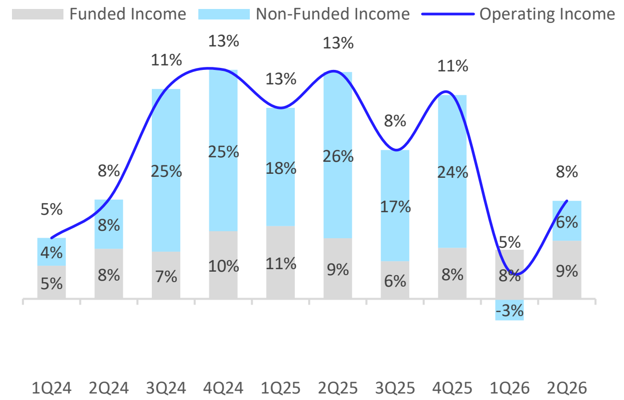
Figure 1 **Earnings beat/miss for 2Q26**



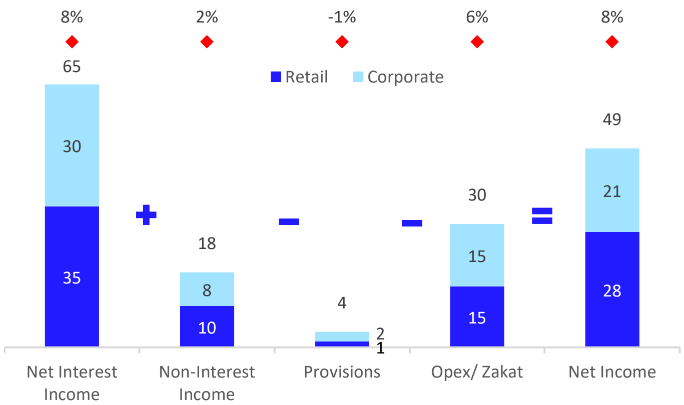
Source: Company Data, Al Rajhi Capital. Note: Beat/Miss is against Argaam consensus. SABB beat mainly led by lower provisions (negligible due to releases) and tax rebate

Figure 2 **Operating Income growth breakdown by funded/non funded income (y-o-y)**



Source: Company Data, Al Rajhi Capital. Note: Funded Income also known as Net Interest Income. Non-Funded Income also known as Fee & other Income/ Non-interest income

Figure 3 **Saudi Banks Income statement (1H26)**



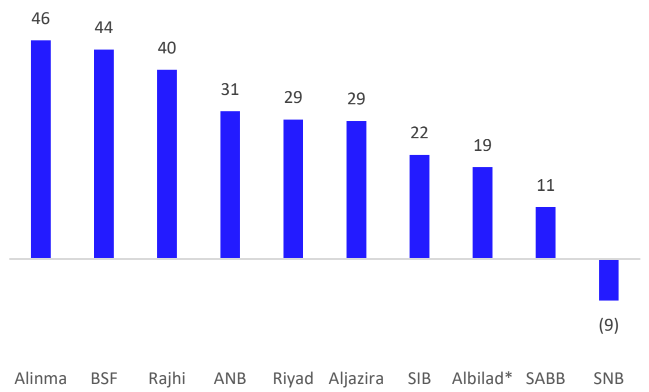
Source: Company Data, Al Rajhi Capital. Retail Banks considered are Al Rajhi, SNB, and Albilad and rest are corporate.

Figure 4 **Saudi Banks Loan and deposit growth for 2Q26 (y-o-y)**

Banks	Loan Growth	Deposit Growth	LDR	SAMA LDR
Rajhi	3%	4%	111%	83%
SNB	3%	6%	106%	78%
Riyad	7%	10%	108%	81%
Alinma	12%	7%	99%	80%
Aljazira	17%	16%	91%	76%
Albilad	15%	19%	91%	81%
BSF	7%	12%	110%	78%
ANB	10%	8%	95%	82%
SIB	8%	21%	97%	77%
SABB	13%	15%	94%	80%
Aggregate	**7%**	**9%**	**103%**	
Retail	4%	7%	98%	
Corporate	10%	11%	109%	

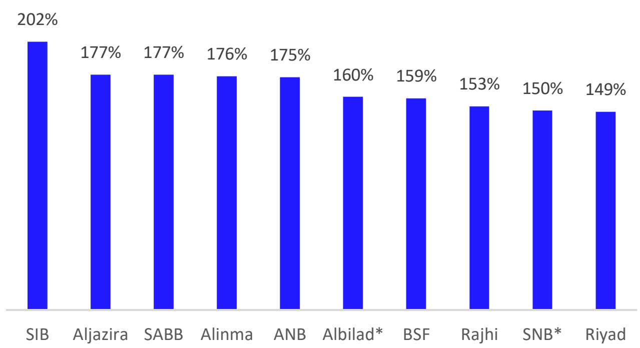
Source: Company Data, Al Rajhi Capital. Retail Banks considered are Al Rajhi, SNB, and Albilad and rest are corporate.

Figure 5 **Saudi Banks' Cost of Risk (1H26)**



Source: Company Data, Al Rajhi Capital. Note: COR is our calculation, this might differ from company data

Figure 6 **Saudi Banks' NPL Coverage ratio (1H26)**



Source: Company Data, Al Rajhi Capital. Note: SNB & Albilad numbers are as per our calculation owing to absence of data in presentation or ER, this may differ from company data

Figure 7 **Saudi banks - Aggregate financial performance**

SAR mn	2Q 2026	y-o-y	q-o-q	1H26	y-o-y
Net funded Income	32,599	9%	2%	64,543	8%
Non-funded Income	9,921	6%	17%	18,427	2%
Operating Profit	42,520	8%	5%	82,970	7%
Provisions	2,614	38%	112%	3,849	-1%
Profit Before Tax	27,682	7%	2%	54,707	8%
Net Income	24,869	8%	4%	48,822	8%
Net Loan	3,245,130	7%	2%	3,245,130	7%
Investment, net	1,005,445	5%	1%	1,005,445	5%
Deposits	3,146,035	9%	3%	3,146,035	9%
Assets	4,812,041	6%	1%	4,812,041	6%
Equity*	753,910	11%	4%	753,910	11%
NIMs	2.96%	5bps	1bps	2.93%	3bps
Cost of Risk	0.31%	6bps	16bps	0.23%	-3bps
Cost to Income ratio	28.7%	-63bps	-143bps	29.4%	-18bps

Source: Company Data, Al Rajhi Capital. *Ex. Non-controlling Interests. Note: NIMs, Cost of Risk, Cost to Income ratio considered here are our calculation and might differ from company reported.

Figure 8 **FY26 guidance**

	Loan	NIM/ NSCI	Cost of Risk	Cost to Income	ROE/ ROTE	Tier 1/ CAR
Rajhi	Low single digit (Low to mid-single digit)	+30bps to +40bps	35 – 45 (30 – 40)	<23.0%	>23.5%	>21%
SNB*	Mid-single digit (High single digit)	Mid-single digit	10 – 20 (15 – 25)	<25.0%	16% - 17%	19% - 20%
Riyad*	Mid to high single digit (High single-digit)	Mid to high single digit (High single-digit)	35 – 45 (30 – 40)	<30.0%	>15.75% (>16%)	>17.5% (>15%)
Alinma	Low teens	-5bps to -10bps	45 – 55 (35 – 45)	<30.5%	18% - 19% (>19%)	~19%
Aljazira	Low teens (High single-digit)	-1bps to +4bps	35 - 40	<52%	>7.75%	>17%
BSF	High single-digit	~3.0%	45 – 50 (45 – 55)	<33.0%	12% - 13%	>15%
ANB	Mid to high single-digit	>3.0%	40 - 50	<33.0%	>12%	>19%
SAIB	Mid to high single-digit	-1bps to -16bps	25 - 35	<40.5%	>12.75%	>18%
SABB	>10%	-6bps to -16bps	25 - 35	<29.5%	14% - 15%	>14%

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

Key Financials

Figure 9 **Al Rajhi**

SAR mn	2Q26	y-o-y	q-o-q	1H26	y-o-y
Net funded Income	8,307	14%	-1%	16,712	16%
Non-funded Income	2,578	12%	21%	4,701	7%
Operating Profit	10,884	13%	3%	21,413	14%
Provisions	881	47%	40%	1,512	34%
Profit Before Tax	7,609	11%	2%	15,049	12%
Net Income	7,012	14%	4%	13,764	14%
Net Loan	762,096	3%	1%	762,096	3%
Investment	176,269	-3%	1%	176,269	-3%
Deposits	688,359	4%	1%	688,359	4%
Assets	1,054,772	2%	0%	1,054,772	2%
Equity*	152,417	14%	11%	152,417	14%

Guidance:	FY26 Guidance	1H26 Actuals	Revision
Loan growth	Low to mid-single digit	+1.2% YTD	Low single digit
NIM	+30bps to +40bps	+34bps (3.54%)	Unchanged
Cost to Income Ratio	<23.0%	22.7%	Unchanged
Cost of Risk (bps)	30 – 40	39	35 – 45
Tier 1 Capital Ratio	>21.0%	21.7%	Unchanged
Return on equity	>23.5%	23.3%	Unchanged

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

Figure 10 **SNB**

SAR mn	2Q26	y-o-y	q-o-q	1H26	y-o-y
Net funded Income	7,894	11%	5%	15,390	7%
Non-funded Income	2,689	11%	25%	4,843	1%
Operating Profit	10,583	11%	10%	20,233	6%
Provisions	258	-252%	-145%	-320	131%
Profit Before Tax	7,424	8%	2%	14,713	8%
Net Income	6,606	8%	3%	13,029	7%
Net Loan	739,563	3%	1%	739,563	3%
Investment	322,219	2%	0%	322,219	2%
Deposits	698,170	6%	5%	698,170	6%
Assets	1,244,688	4%	1%	1,244,688	4%
Equity*	214,335	9%	0%	214,335	9%

Guidance:	FY26 Guidance	1H26 Actuals	Revision
Loan growth	High single digit	+1.4% YTD	Mid-single digit
NSCI growth	Mid-single digit	+7% y-o-y	Unchanged
Cost to Income Ratio	<25%	25.6%	Unchanged
Cost of Risk (bps)	15 – 25	-9	10 – 20
Tier 1 CAR	19% to 20%	20.6%	Unchanged
ROTE	16% to 17%	16.9%	Unchanged

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

Figure 11 **Riyad**

SAR mn	2Q26	y-o-y	q-o-q	1H26	y-o-y
Net funded Income	3,376	6%	0%	6,761	4%
Non-funded Income	1,360	3%	11%	2,589	2%
Operating Profit	4,736	5%	3%	9,350	4%
Provisions	400	29%	45%	675	1%
Profit Before Tax	2,983	3%	0%	5,960	5%
Net Income	2,649	2%	1%	5,263	4%
Net Loan	377,629	7%	0%	377,629	7%
Investment	92,473	26%	6%	92,473	26%
Deposits	348,271	10%	-1%	348,271	10%
Assets	533,637	9%	-1%	533,637	9%
Equity*	80,322	10%	1%	80,322	10%

Guidance:	FY26 Guidance	1H26 Actuals	Revision
Loan growth	High-single digit	+1.2% YTD	Mid to High-single digit
NSCI growth	High-single digit	+4.3% y-o-y	Mid to High-single digit
Cost to Income Ratio	<30.0%	29.2%	Unchanged
Cost of Risk (bps)	30 – 40	40	35 – 45
Tier 1 Capital Ratio	>15%	16.7%	>17.5%
ROE	>16%	16.0%	>15.75%

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

Figure 12 **Alinma**

SAR mn	2Q26	y-o-y	q-o-q	1H26	y-o-y
Net funded Income	2,550	12%	3%	5,025	10%
Non-funded Income	578	-14%	8%	1,113	-8%
Operating Profit	3,128	6%	4%	6,138	7%
Provisions	400	42%	157%	556	9%
Profit Before Tax	1,779	2%	-5%	3,650	6%
Net Income	1,595	1%	-5%	3,274	6%
Net Loan	243,911	12%	2%	243,911	12%
Investment	56,617	10%	-2%	56,617	10%
Deposits	245,254	7%	2%	245,254	7%
Assets	329,287	11%	2%	329,287	11%
Equity*	50,125	12%	1%	50,125	12%

Guidance:	FY26 Guidance	1H26 Actuals	Revision
Loan growth	Low teens	+6% YTD	Unchanged
NIM	-5bps to -10bps	3.46% (-6bps y-o-y)	Unchanged
Cost to Income Ratio	<30.5%	31.5%	Unchanged
Cost of Risk (bps)	35 – 45	45	45 – 55
CAR Pillar 1	~19%	19.9%	Unchanged
ROE	>19%	17.8%	18% – 19%

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

Figure 13 **BSF**

SAR mn	2Q26	y-o-y	q-o-q	1H26	y-o-y
Net funded Income	2,343	7%	6%	4,560	6%
Non-funded Income	506	5%	3%	997	0%
Operating Profit	2,849	6%	5%	5,557	5%
Provisions	267	13%	9%	513	0%
Profit Before Tax	1,656	6%	8%	3,196	4%
Net Income	1,487	6%	8%	2,868	5%
Net Loan	224,241	7%	1%	224,241	7%
Investment	74,208	17%	4%	74,208	17%
Deposits	204,588	12%	3%	204,588	12%
Assets	327,983	9%	1%	327,983	9%
Equity*	51,394	-1%	0%	51,394	-1%

Guidance:	FY26 Guidance	1H26 Actuals	Revision
Loan growth	High-single digit	+4.4% YTD	Unchanged
NIM	~3.0%	3.04% (-7bps y-o-y)	Unchanged
Cost to Income Ratio	<33%	33.2%	Unchanged
Cost of Risk (bps)	45 – 55	44	45 – 50
CET-1 Ratio	>15%	15.9%	Unchanged
ROE	12%-13%	12.1%	Unchanged

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

Figure 14 **SABB**

SAR mn	2Q26	y-o-y	q-o-q	1H26	y-o-y
Net funded Income	2,950	3%	3%	5,821	1%
Non-funded Income	713	-17%	-4%	1,454	-8%
Operating Profit	3,663	-2%	1%	7,275	-1%
Provisions	5	-98%	-97%	172	-52%
Profit Before Tax	2,550	3%	6%	4,961	1%
Net Income	2,331	10%	12%	4,417	4%
Net Loan	320,207	13%	4%	320,207	13%
Investment	99,822	-8%	0%	99,822	-8%
Deposits	342,157	15%	3%	342,157	15%
Assets	474,474	9%	3%	474,474	9%
Equity*	80,878	7%	2%	80,878	7%

Guidance:	FY26 Guidance	1Q26 Actuals	Revision
Loan growth	>10%	+7% YTD	Unchanged
NIM	2.5% - 2.6%	2.53%	Unchanged
Cost to Income Ratio	<29.5%	30.4%	Unchanged
Cost of Risk (bps)	25 – 35	11	Unchanged
CET-1 Ratio	>14%	14.2%	Unchanged
ROTE	14%-15%	14.3%	Unchanged

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

Figure 15 **Aljazira**

SAR mn	2Q26	y-o-y	q-o-q	1H26	y-o-y
Net funded Income	842	11%	3%	1,661	10%
Non-funded Income	374	10%	12%	707	6%
Operating Profit	1,216	10%	6%	2,368	9%
Provisions	97	0%	30%	171	-14%
Profit Before Tax	503	15%	7%	975	15%
Net Income	443	16%	9%	848	14%
Net Loan	120,962	17%	6%	120,962	17%
Investment	40,964	9%	2%	40,964	9%
Deposits	132,738	16%	7%	132,738	16%
Assets	181,184	15%	5%	181,184	15%
Equity*	23,400	21%	2%	23,400	21%

Guidance:	FY26 Guidance	1H26 Actuals	Revision
Loan growth	High single-digit	+9% YTD	Low-teens digit
NIM	2.05% - 2.10%	2.06% (-11bps y-o-y)	Unchanged
Cost to Income Ratio	<52%	51.8%	Unchanged
Cost of Risk (bps)	35 – 40	30	Unchanged
Tier-1 Ratio	>17%	17.2%	Unchanged
ROE	>7.75%	7.51%	Unchanged

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

Figure 16 **ANB**

SAR mn	2Q26	y-o-y	q-o-q	1H26	y-o-y
Net funded Income	2,165	0%	3%	4,278	4%
Non-funded Income	577	38%	21%	1,053	8%
Operating Profit	2,742	7%	6%	5,331	5%
Provisions	180	-17%	33%	315	-25%
Profit Before Tax	1,679	8%	5%	3,279	7%
Net Income	1,423	7%	5%	2,782	5%
Net Loan	205,782	10%	4%	205,782	10%
Investment	64,697	18%	5%	64,697	18%
Deposits	217,751	8%	5%	217,751	8%
Assets	295,516	10%	4%	295,516	10%
Equity*	52,436	20%	6%	52,436	20%

Guidance:	FY26 Guidance	1H26 Actuals	Revision
Loan growth	Mid-high single digit	+5% YTD	Unchanged
NIM	>3%	3.28% (-36bps y-o-y)	Unchanged
Cost to Income Ratio	<33%	32.9%	Unchanged
Cost of Risk (bps)	40 – 50	29	Unchanged
Total CAR	>19%	20.8%	Unchanged
ROAE	>12%	12.6%	Unchanged

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

Figure 17 **SAIB**

SAR mn	2Q26	y-o-y	q-o-q	1H26	y-o-y
Net funded Income	899	-1%	-1%	1,804	0%
Non-funded Income	207	26%	37%	359	11%
Operating Profit	1,106	3%	5%	2,163	2%
Provisions	70	10%	22%	128	2%
Profit Before Tax	618	4%	2%	1,222	3%
Net Income	531	4%	2%	1,051	3%
Net Loan	117,320	8%	1%	117,320	8%
Investment	47,333	9%	1%	47,333	9%
Deposits	121,559	21%	-1%	121,559	21%
Assets	184,021	10%	2%	184,021	10%
Equity*	24,834	15%	9%	24,834	15%

Guidance:	FY26 Guidance	1H26 Actuals	Revision
Loan growth	Mid-High Single digit	+5% YTD	Unchanged
NIM	2.10% - 2.25%	2.18% (-22bps y-o-y)	Unchanged
Cost to Income Ratio	<40.5%	39.5%	Unchanged
Cost of Risk (bps)	25 – 35	22	Unchanged
Tier-1 Ratio	>18.0%	19.7%	Unchanged
ROE	>12.75%	12.2%	Unchanged

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

Figure 18 **Albilad**

SAR mn	2Q26	y-o-y	q-o-q	1H26	y-o-y
Net funded Income	1,272	8%	1%	2,531	8%
Non-funded Income	341	-6%	26%	611	-8%
Operating Profit	1,613	5%	5%	3,142	5%
Provisions	56	14%	-22%	127	25%
Profit Before Tax	883	3%	8%	1,703	4%
Net Income	792	3%	8%	1,527	4%
Net Loan	133,419	15%	3%	133,419	15%
Investment	32,113	12%	2%	32,113	12%
Deposits	147,188	19%	5%	147,188	19%
Assets	186,478	15%	4%	186,478	15%
Equity*	23,770	15%	0%	23,770	15%

Source: Company Data, Al Rajhi Capital. *Ex. Non-controlling Interests. Albilad guidance not available alrajhi capital

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