

## Saudi Awwal Bank (SAB)

Recommendation	OUTPERFORM	Risk Rating	R-3
Share Price	SAR31.44	Target Price	SAR40.24
Implied Upside	28.0%		

### Corporate Focused Franchise, Leveraging Off HSBC

Saudi Awwal Bank has a 9%/10% market share in loans and deposits (4<sup>th</sup> largest among domestic banks). Moreover, SAB is the largest player in trade finance with 24% market share and commands the 4<sup>th</sup> largest market share in retail/corporate lending (8%/12%). Saudi British Bank (established in 1978 as a JV with HSBC) and Saudi Al Awwal Bank (previously Saudi Hollandi Bank) merged in 2019 (completed integration in 2021) and rebranded to Saudi Awwal Bank (SAB) in 2023. The name trades at a 19% discount to its 5-year Median P/B (1.2x) & 38% discount to the banking sector median of 2.0x, which is not justified given the bank's strong profitability profile and its brand value as it is leveraged to HSBC (31% ownership). Furthermore, the stock trades on a PEG of 0.8x, which is relatively cheap. **At current levels, we believe the stock is attractive and initiate coverage with a target price of SAR40.24.**

### Highlights

- We assume a bottom-line CAGR of 9.2% over 2024-2029e.** The growth in net income is expected to be driven by net interest income, healthy non-funded income (mainly fees and f/x income), costs containment and recoveries of debts written off. Net interest income is modeled to grow by a CAGR (2024-2029e) of 8.5% only as NIMs are expected to remain under some pressure due to unfavorable deposit mix (interest bearing deposits % of total deposits has increased from 17% in 2021 to 56% in 9M2025). Moreover, a large chunk of loans (~80%) will be repriced downward vs. ~50% of deposits within a year. Thus, we expect NIMs to contract by 30bps from 3.22% in 2024 to 2.90% in 2027.
- SAB boasts a strong RoTE on stable NIMs, cost containment and low CoR.** We pencil in a RoTE of 16.0% by 2030e.
- SAB is an established corporate banking franchise with a 12.3% market share in this segment (in the upper range among domestic peers) and the number one player in trade finance with a 24% market share; we estimate an overall loan book CAGR of 10.9% during 2024-29e.** SAB is a corporate tilted bank with an underpenetrated retail exposure. Its loan book is split between the corporate (75%) and retail (25%) segments over the past three years (2022-2024). SAB managed to increase its market share in mortgage loans from 2.3% in 2021 to 11.1% in 2024, which contributes 53% to its retail loans. Moreover, we are of the view that the bank's strategy in the long run is to steadily increase the retail portion of its loan portfolio to 30%, while also expanding its market share in the corporate segment.
- SAB is well-managed; costs-to-income ratio is at optimal levels with more room for improvement; the bank also generated positive JAWS pre-merger.** SAB's cost-to-income ratio spiked in 2019 (39.0%) and 2020 (47.0%) on the back of merger & integration costs and as such, the bank generated negative JAWS. Post-merger integration, SAB's efficiency ratio dropped to ~30% levels, in-line with pre-merger levels. This is further evidenced by the bank's opex, growing by a CAGR (2019-2024) of 3.3% vs. 8.8% in revenue, resulting in positive JAWS of 5.5%. This cost containment is also due to the bank's focus on corporate banking and treasury, which is less cost-intensive vs. retail banking. Going forward, we estimate the bank's cost-to-income ratio to further improve below 30% and continue on generating positive JAWS.
- SAB currently enjoys healthy asset quality and we do not see any deterioration in the near-to-medium term; majority of NPLs are legacy in nature as a result of the merger.** So far in 3Q2025, SAB has not experienced major stress in its asset quality; the NPL ratio (excluding POCI) remained flat at 1.35% vs. 1.36% in FY2024. Thus, we estimate the NPL ratio to hover around these levels in our forecast horizon with the coverage ratio greater than 150%. Including POCI, the NPL ratio improved from 5.4% in FY2019 to 2.6% in 3Q2025.
- CoR is not modeled to spike as SAB's asset quality significantly improved.** We estimate CoR to remain at ~30bps levels after 2026 as there are no signs of pressure on asset quality. CoR reached 157bps in 2019 during the merger and seems to have normalized at the low-to mid-30bps levels. As of 9M2025, CoR was 33bps. Also, on a positive note, recoveries of bad debts written off, have been aiding in keeping provisions and impairments down.

### Catalysts

- 1) Lifting FOL to 100% could attract \$15mn in MSCI inflows, 2) stabilization/recovery in oil prices & 3) progress in KSA's long-term growth objectives and diversification initiatives of the economy

### Recommendation, Valuation and Risks

- Recommendation and valuation: We assign a Price Target of SAR40.24 and an Outperform rating.** SAB is trading at a 2026e/27e P/TB and P/E of 1.0x/0.9x and 7.3x/6.7x.
- Risks:** 1) Depressed oil prices remain the biggest risk for SAB and the Saudi banking sector and 2) Greater-than-expected asset quality deterioration.

### Key Data

Current Market Price (SAR)	31.44
Dividend Yield (%)	6.4
Bloomberg Ticker	SABB AB
Reuters Ticker	1060.SE
ISIN	SA0007879089
Sector	Banks
52wk High/52wk Low (SAR)	38.00/29.90
3-m Average Volume ('mn)	1.85
Mkt. Cap. (\$ bn/SAR bn)	17.2/64.6
Shares Outstanding (mn)	2,054.795
FOL Limit* (%)	49.00
Current FO** (%)	14.67
1-Year Total Return (%)	+3.6
Fiscal Year End	December 31

Source: Bloomberg (as of December 09, 2025), \*Tadawul (as of December 09, 2025); Note: \* Foreign Ownership Limit; \*\*31% strategic shareholding by HSBC

### Key Financial Data and Estimates

(In SAR mn)	2024	2025e	2026e	2027e
EPS (SAR)	3.78	3.99	4.30	4.68
EPS Growth (%)	10.9	5.5	7.9	8.8
P/E (x)	8.3	7.9	7.3	6.7
T BVPS (SAR)	24.2	27.7	31.0	33.9
P/TB (x)	1.3	1.1	1.0	0.9
RoTE	16.4	16.5	15.5	15.1
DPS (SAR)	2.02	2.00	2.02	2.30
DY (%)	6.4	6.4	6.4	7.3

Source: Company data, QNBFS estimates; Note: All data based on current number of shares

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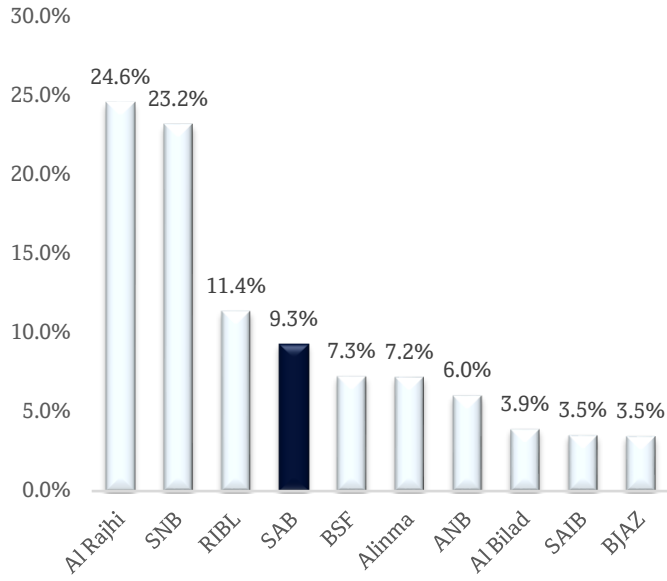
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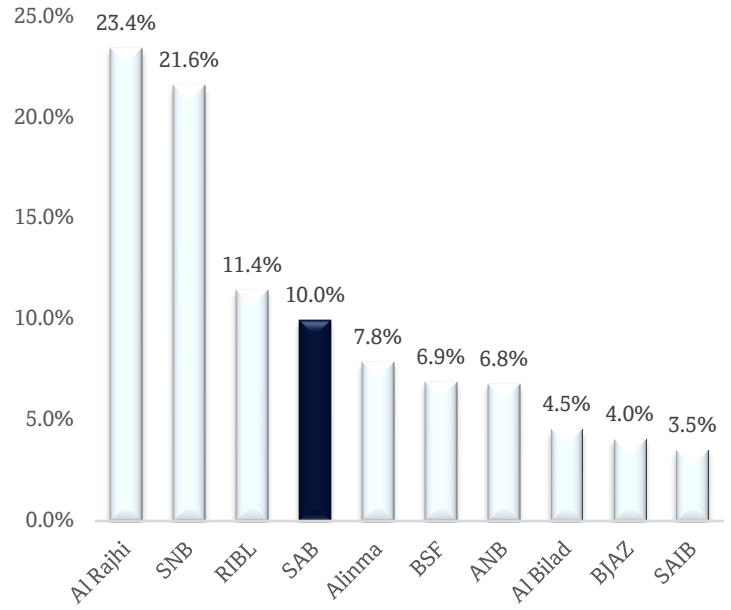
# KSA Banking Landscape

**2024 Loans Market Share: SAB has 4<sup>th</sup> largest Market Share**

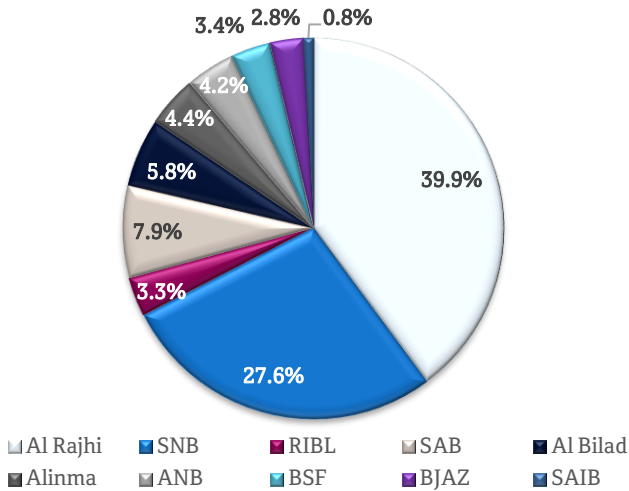


Source: Company financials

**2024 Deposits Market Share: 4<sup>th</sup> largest**

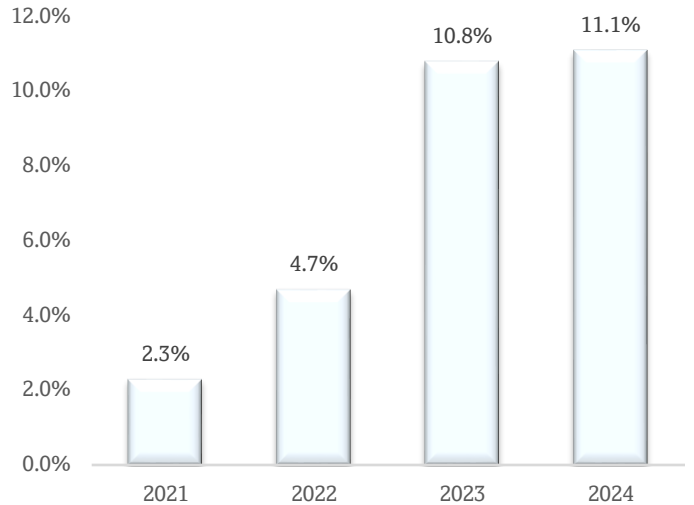


**9M2025 Retail Loans Share: SAB Is 4<sup>th</sup> Largest**

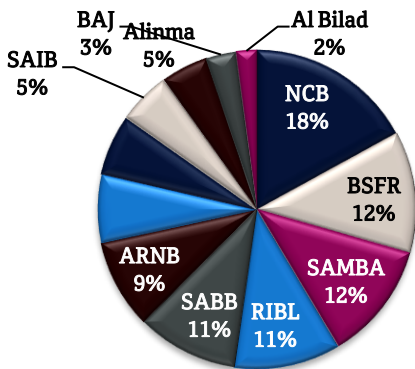


Source: Company financials

**Mortgage Loans: SAB's Market Share Materially Increased**

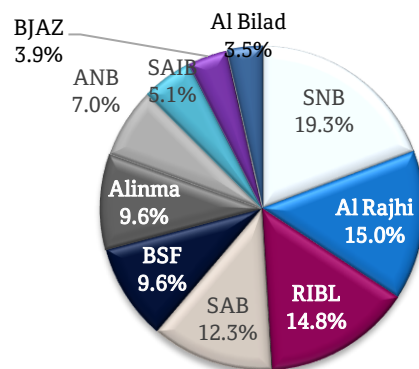


**Corporate Loans 2015: SAB's Market Share Went From 11%**



Source: Company financials

**... To 12% Making it the 4<sup>th</sup> Largest Lender in This Segment**



## Valuation

### We value SAB using the Residual Income Model (RI) based on a fundamental P/B:

We derive SAB's fair value by employing the RI valuation technique (*based on a fundamental P/B*), which is calculated based on the sum of its beginning book value, present value of interim residuals (net income minus equity charge) and the present value of the terminal value (we apply a fundamental P/B multiple based on the Gordon Growth Model to the ending book value at the end of our forecast horizon). We derive the P/B from the Gordon Growth Model:  $P/B = (RoE-g)/(Ke-g)$ . This model uses sustainable return on equity (RoE) based on the median over our forecast period, cost of equity (Ke) and expected long-term growth in earnings (g) to arrive at fundamental/justified P/B. **Based on this method, we arrive at a fundamental P/B of 1.4x.**

We add KSA's 10-year CDS rate of 0.996% to the 10-year US government bond yield (3.8%) to arrive at a risk-free rate of 4.8%. We factor in an adjusted beta of 1.18x. Finally, we add a local equity risk premium of 6.5% to arrive at a Ke of 12.5%.

#### Valuation Methodologies

Fundamental P/B		RI Based on Fundamental P/B	
Sustainable RoE (%)	15.5	Beginning TBVPS (2025) (SAR)	25.08
Cost of Equity (%)	12.5	Present Value of Interim Residuals (SAR)	7.63
Terminal Growth Rate (%)	5.0	Present Value of Terminal Value (SAR)	7.53
Fundamental P/B (x)	1.4		
		Current Market Price (SAR)	31.44
		12-Month Target Price (SAR)	40.24
		Upside/(Downside) Potential (%)	28.0

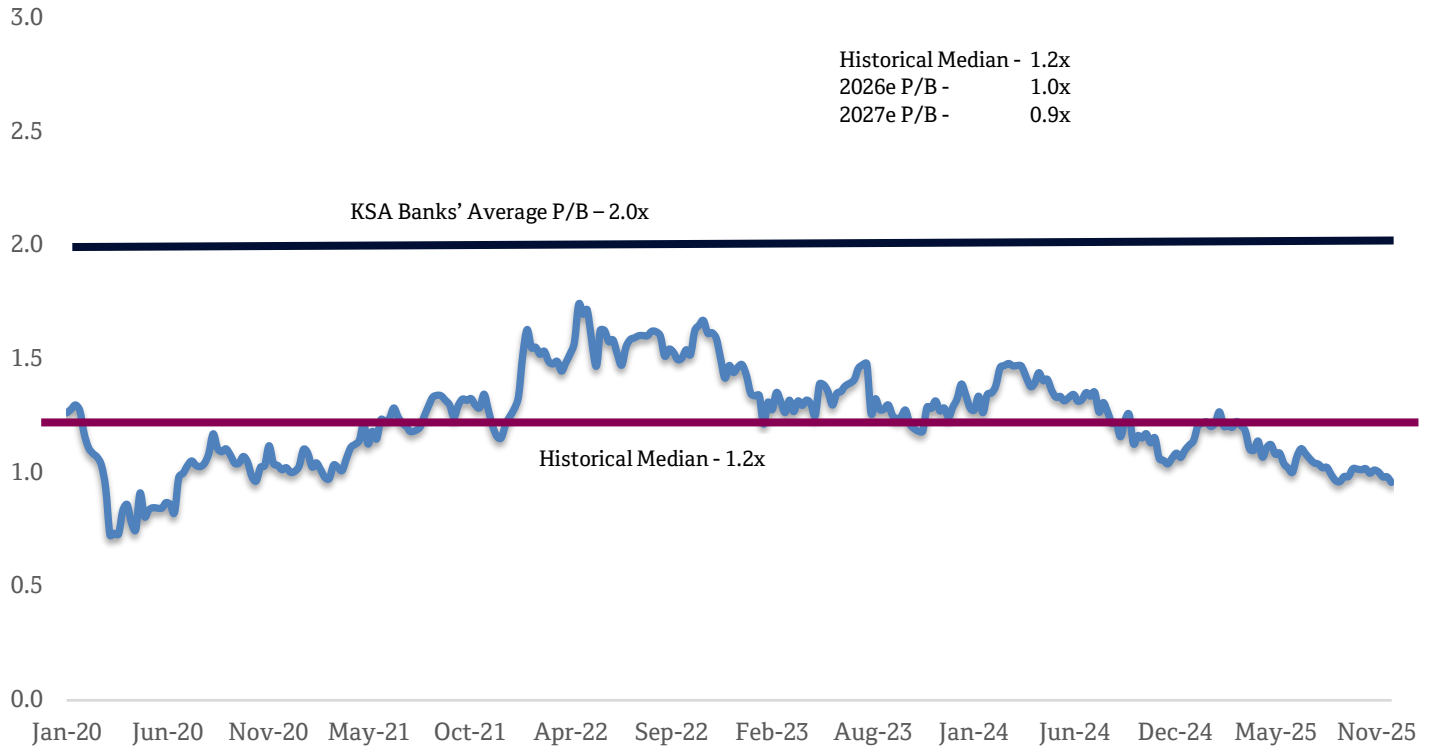
Source: QNB FS Research

#### Forecast

	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2032e	2033e	2034e
Beginning BVPS	25.1	28.1	30.4	32.8	35.6	38.9	42.5	46.0	49.6	53.0	56.7
EPS Forecast	4.0	4.3	4.7	5.3	5.9	6.3	6.5	7.1	7.7	8.2	8.8
DPS Forecast	1.0	2.0	2.3	2.5	2.6	2.7	2.9	3.5	4.2	4.5	4.8
Adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forecast BVPS	28.1	30.4	32.8	35.6	38.9	42.5	46.0	49.6	53.0	56.7	60.7
Equity Charge	3.1	3.5	3.8	4.1	4.4	4.8	5.3	5.7	6.2	6.6	7.1
<b>Residual Income</b>	<b>0.86</b>	<b>0.80</b>	<b>0.90</b>	<b>1.24</b>	<b>1.44</b>	<b>1.47</b>	<b>1.2</b>	<b>1.4</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>
Terminal Value											24.7
<b>Discounted Interim Residuals</b>	<b>0.85</b>	<b>0.70</b>	<b>0.70</b>	<b>0.86</b>	<b>0.89</b>	<b>0.80</b>	<b>0.60</b>	<b>0.59</b>	<b>0.57</b>	<b>0.55</b>	<b>0.52</b>
<b>Discounted Terminal Value</b>											<b>7.53</b>
<i>Growth(Net Income)</i>	<b>5.5%</b>	<b>7.9%</b>	<b>8.8%</b>	<b>13.8%</b>	<b>10.3%</b>	<b>7.4%</b>	<b>3.5%</b>	<b>8.7%</b>	<b>7.9%</b>	<b>7.2%</b>	<b>7.2%</b>
<i>RoE</i>	<b>16.5%</b>	<b>15.5%</b>	<b>15.1%</b>	<b>15.7%</b>	<b>15.7%</b>	<b>15.3%</b>	<b>15.4%</b>	<b>15.4%</b>	<b>15.4%</b>	<b>15.5%</b>	<b>15.5%</b>
<i>Implied P/B</i>	<b>1.4x</b>	<b>1.3x</b>	<b>1.2x</b>	<b>1.1x</b>	<b>1.0x</b>	<b>0.9x</b>	<b>0.9x</b>	<b>0.8x</b>	<b>0.8x</b>	<b>0.7x</b>	<b>0.7x</b>
Dividend Payout	25%	47%	49%	47%	44%	43%	45%	50%	55%	55%	55%

Source: QNB FS Research

**Trading At A 19% Discount To Its Median P/B & 38% Discount to The Banking Sector Median of 2.0x...**



Source: Bloomberg

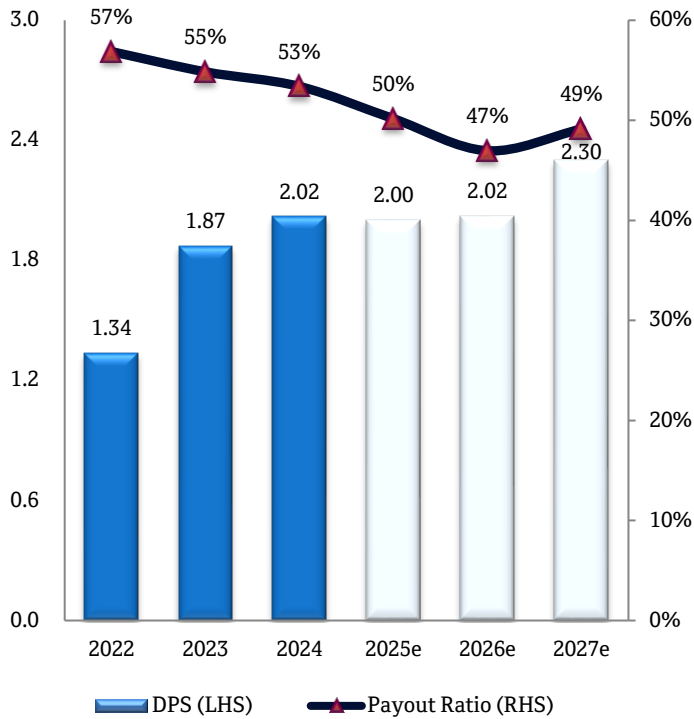
**SAB's valuation remains attractive.** The stock trades at a steep discount on its 5-year average P/B and P/E ratios and the banking sector. We are of the view that the current discount is not justified given the bank's strong profitability profile, capitalization and its brand value as it is leveraged to HSBC (31% ownership).

**...And a 44% Discount To Its Historical Median P/E & 12% Discount To The Banking Sector Median of 14.8x**

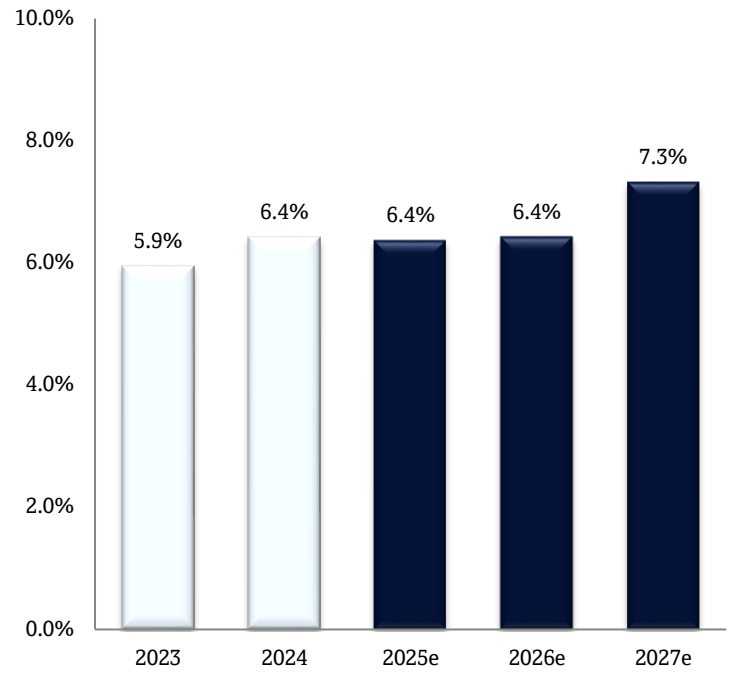


Source: Bloomberg

### Healthy/Generous Dividend Payout



### With An Attractive D/Y



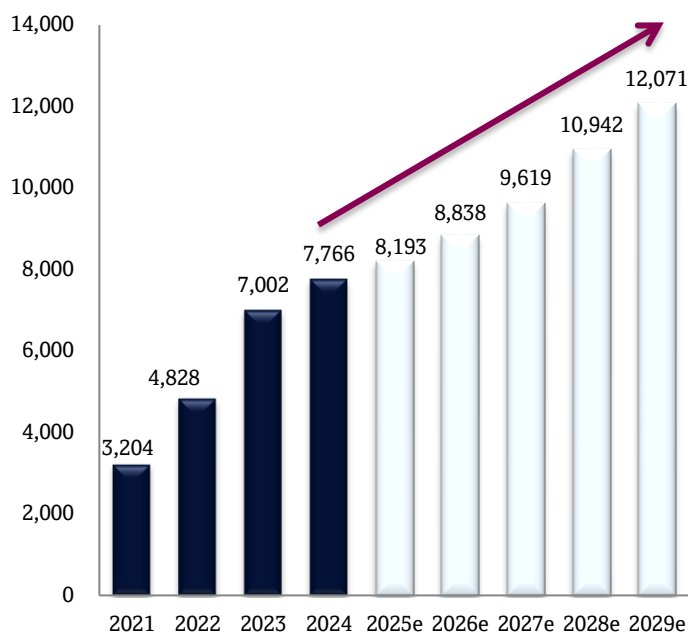
Source: Company data, QNB FS Research

## Key Forecasts

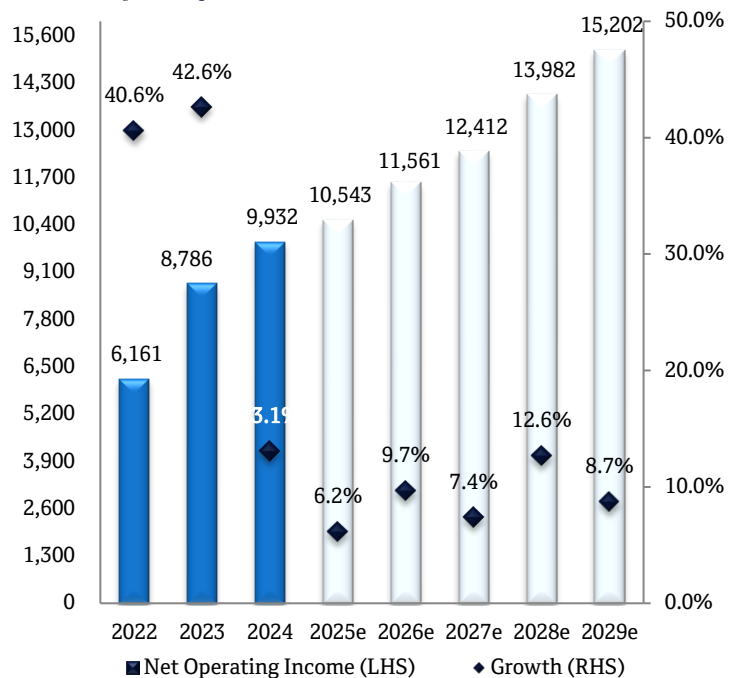
### Operating Performance

We assume a bottom-line CAGR of 9.2% over 2024-2029e. The growth in net income is expected to be driven by net interest income, healthy non-funded income (mainly fees and f/x income), costs containment and recoveries of debts written-off. Net interest income is modeled to grow by a CAGR (2024-2029e) of 8.5% only as NIMs are expected to remain under some pressure due to unfavorable deposit mix (interest bearing deposits % of total deposits has increased from 17% in 2021 to 56% in 9M2025). Moreover, a large chunk of loans (~80%) will be repriced downwards vs. ~50% deposits within a year. Thus, we expect NIMs to contract by 30bps from 3.22% in 2024 to 2.90% in 2027.

### Net Income (SAR mn) to Increase 9.2%

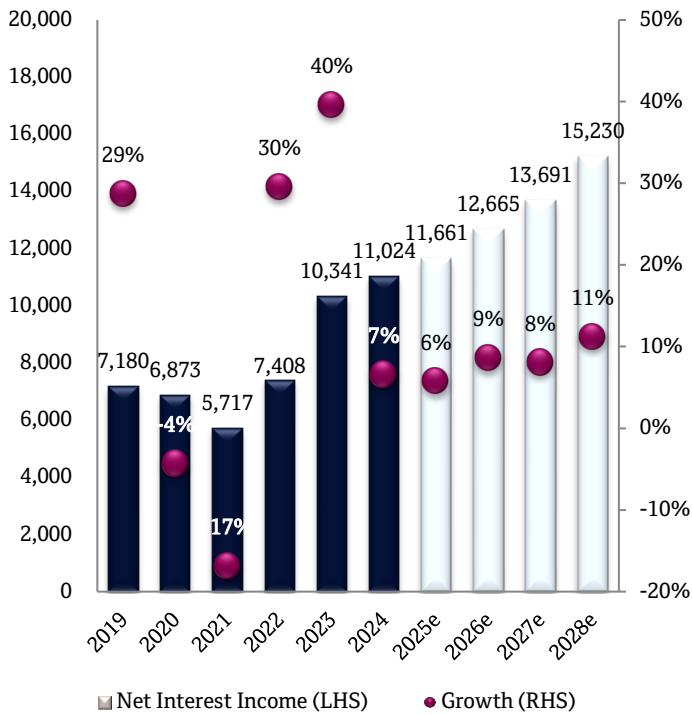


### Net Operating Income (SAR mn)

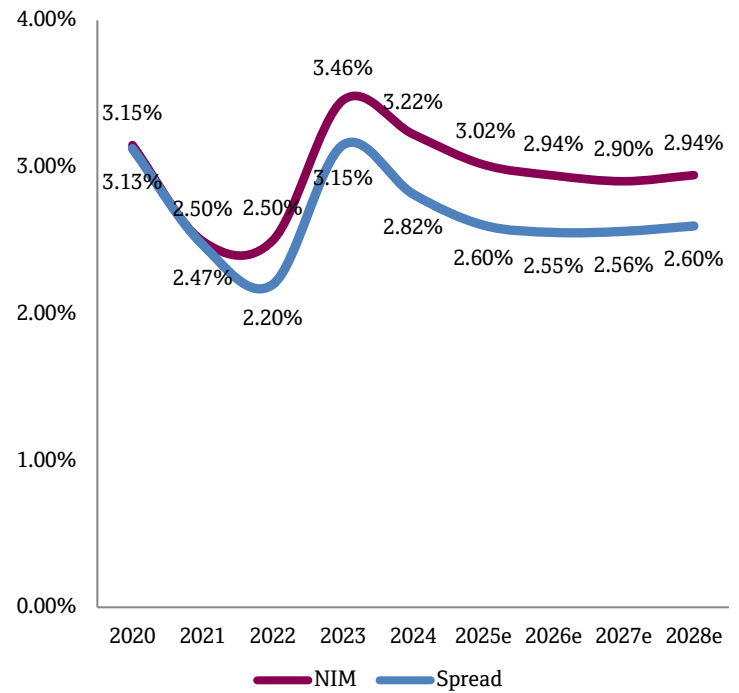


Source: Company data, QNB FS Research

**Net Interest Income (SAR mn) to gain 8.5%**

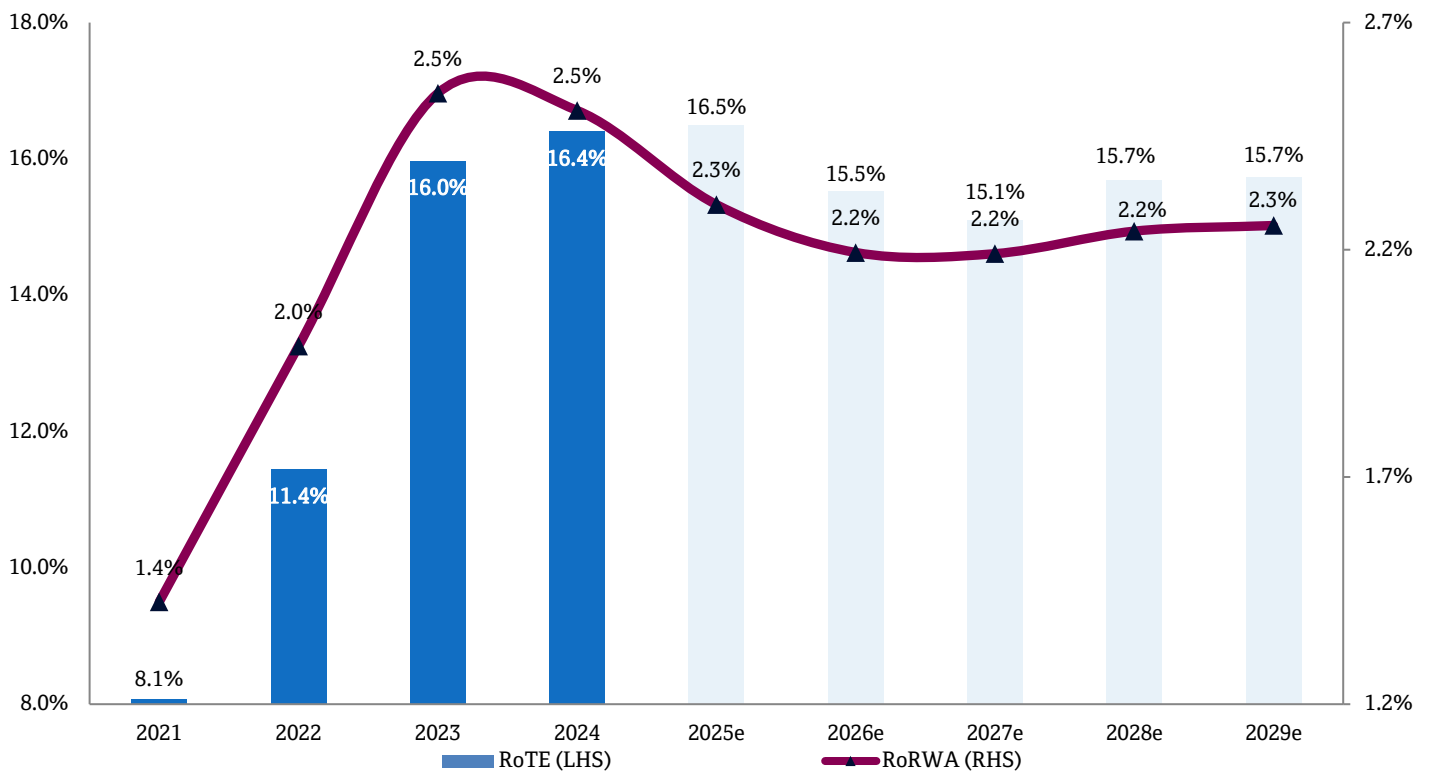


**NIMs To Remain Under Some Pressure On Higher Share Of IBs**



Source: Company data, QNB FS Research

**SAB boasts a strong RoTE on Stable NIMs, cost containment and low CoR. We pencil in a RoTE of 16.0% by 2030e.**

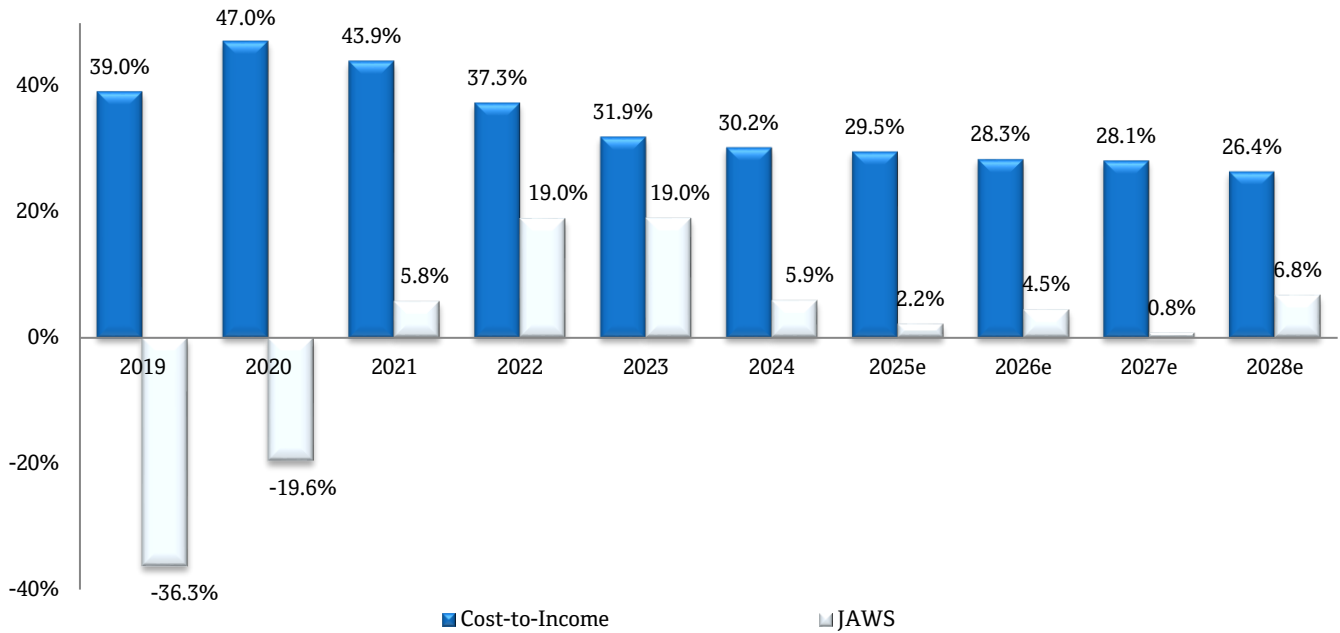


Source: Company data, QNB FS Research

## Efficiency

**SAB is a well-managed bank; cost-to-income ratio is at optimal levels with more room for improvement; the bank also generated positive JAWS pre-merger.** SAB's cost-to-income ratio spiked in 2019 (39.0%) and 2020 (47.0%) on the back of merger and integration cost and as such generated negative JAWS. Post-merger integration, SAB's efficiency ratio dropped to ~30% levels, in-line with pre-merger levels. This is further evidenced by the bank's opex, growing by a CAGR (2019-2024) of 3.3% vs. 8.8% in revenue, resulting in positive JAWS of 5.5%. This cost containment is also due to the bank's focus on corporate banking and treasury, which is less cost-intensive vs. retail banking. Going forward, we estimate the bank's cost-to-income ratio to further improve below 30% and continue on generating positive JAWS.

### Operating Efficiency to Remain Robust

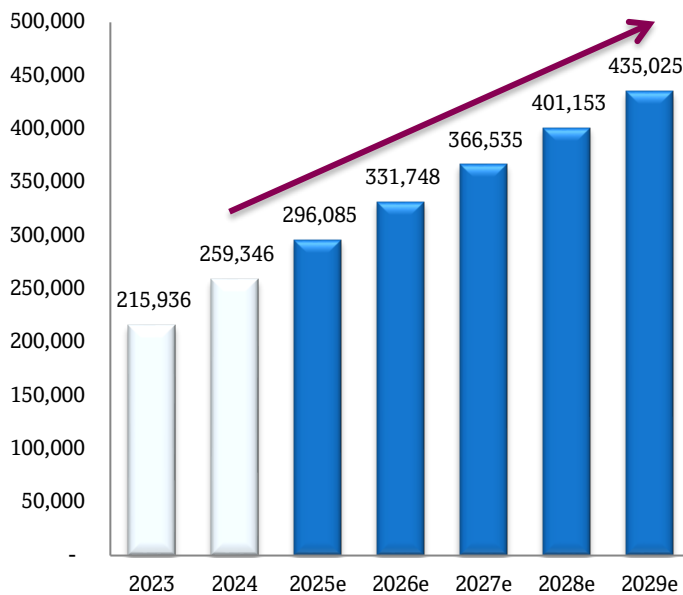


Source: Company data, QNB FS Research

## Loan Portfolio

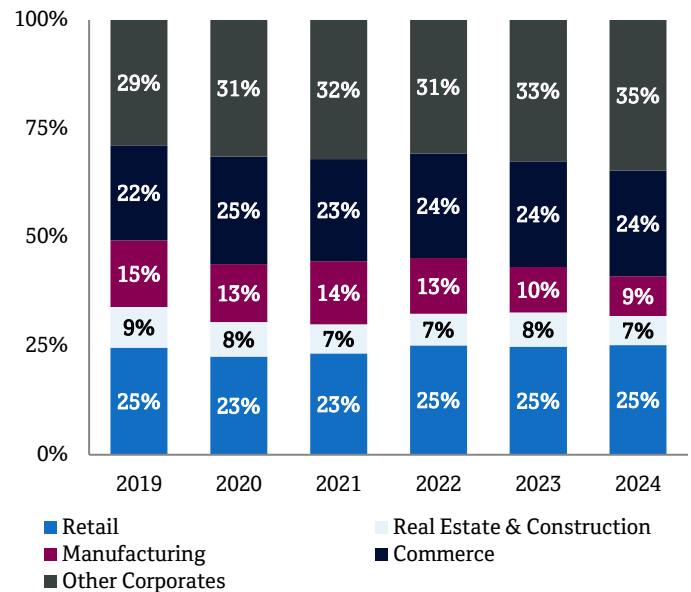
SAB is an established corporate banking franchise with a 12.3% market share in this segment (in the upper range among domestic peers) and the number one player in trade finance with a 24% market share; we estimate an overall loan book CAGR of 10.9% during 2024-29e. SAB is a corporate tilted bank with an underpenetrated retail exposure. Its loan book is split between the corporate (75%) and retail (25%) segments over the past three years (2022-2024). SAB managed to increase its market share in mortgage loans from 2.3% in 2021 to 11.1% in 2024 and contributes 53% to its retail loans. Moreover, we are of the view that the bank's strategy in the long run is to steadily increase the retail portion of the loan portfolio to 30%, while also expanding its market share in the corporate segment. Furthermore, the retail segment of the loan book grew by a CAGR (2019-24) of 11.5% vs. a CAGR of 10.8% for the corporates. So far on a YTD basis, net loans have grown by 12.9% vs. 10.4% for the sector. As such we expect net loans to gain 14.2% in 2025 followed by 12.0% in 2026 and 10.5% in 2027. Moreover, we grow the loan book by 9.4% and 8.4% in 2028 and 2029. Our growth estimates are based on KSA's long-term growth objectives and diversification initiatives of the economy. We expect the loan book to grow from SAR259.35bn in 2024 to SAR435.03bn in 2029.

### Loans to Exhibit 10.9% CAGR (SAR mn) vs. 11.3% (2024-19)

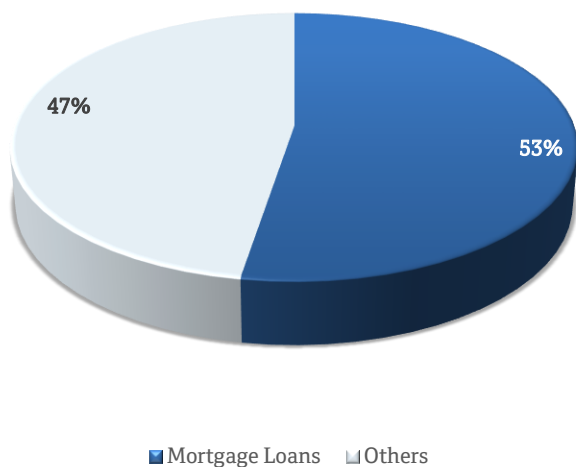


Source: Company data, QNB FS Research

### Loans Skewed Towards Corporates; Retail Underpenetrated

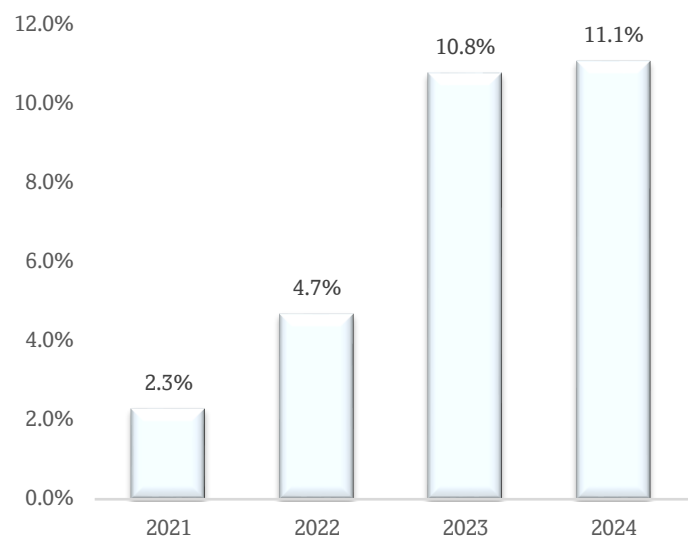


### 53% of Retail Book is Mortgage Loans, Which is Very Lucrative



Source: Company data, QNB FS Research

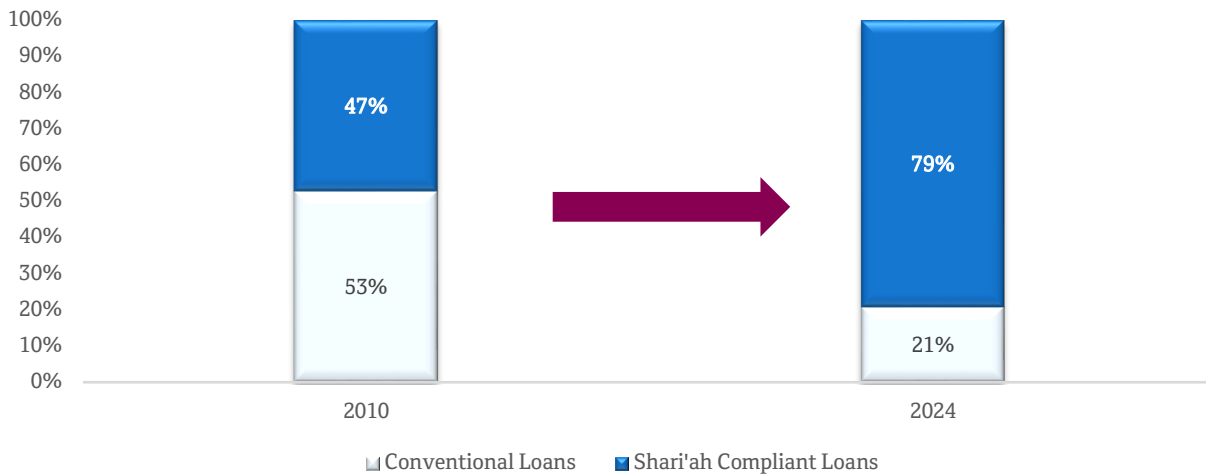
### Mortgage Loans: SAB's Market Share Materially Increased





**Shari'ah compliant financing to drive loan growth.** Given KSA's corporate and retail sectors' preference for Shari'ah compliant loans, the former has grown by a CAGR of 12.4% (2019-2024) vs. 7.4% that of conventional loans.

**Shari'ah Compliant Loan Growth Outpaced Conventional; Currently Shari'ah Compliant Loans Dominate SAB's Loan Book**

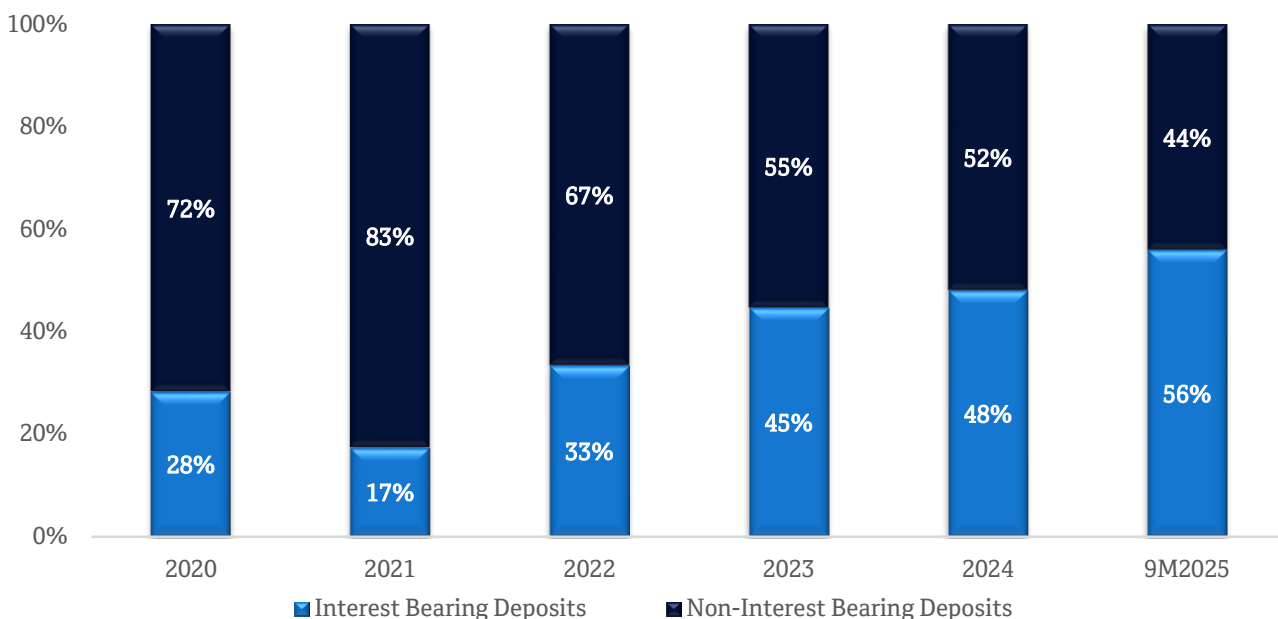


Source: Company data, QNB FS Research

**Deposit Book**

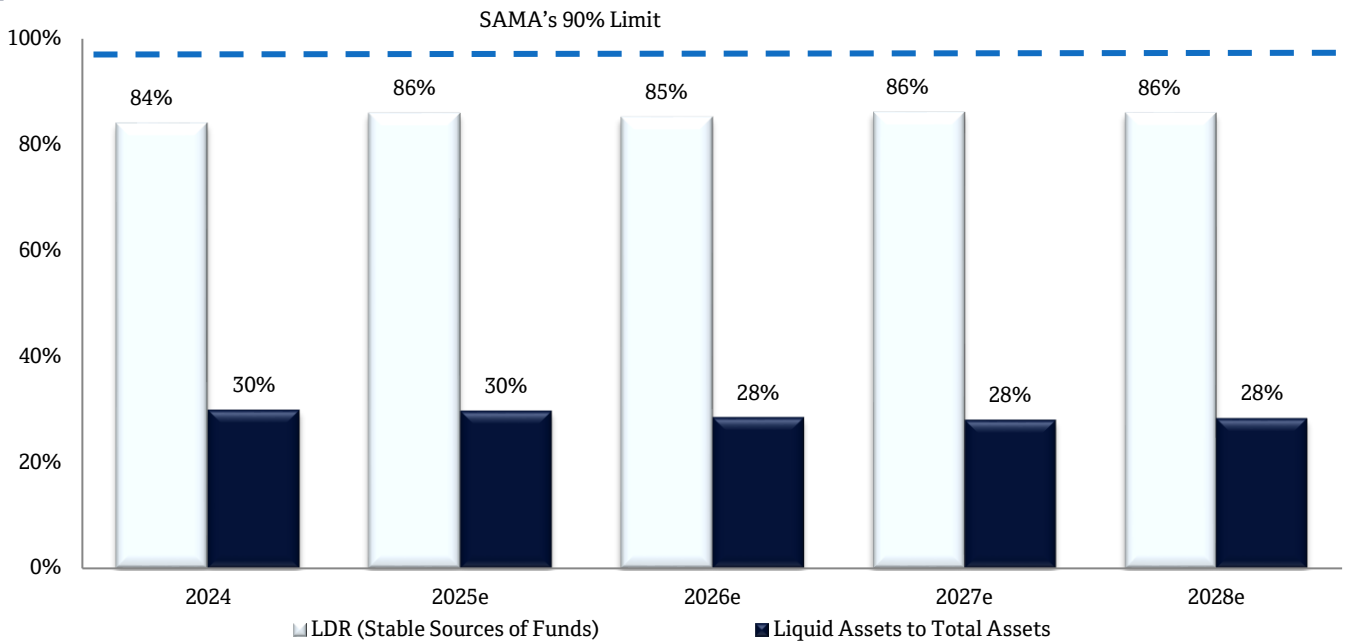
**SAB has a 10.0% market share in deposits, 4<sup>th</sup> among domestic banks; we estimate deposits to grow by a CAGR of 11.3% during 2024-29e.** The bank's non-interest-bearing deposits dropped to 44% of total deposits vs. 72%/83% in 2020/2021. This mix of deposits has put pressure on the bank's NIMs. Given SAMA's based LDR of 84% (2024), we believe SAB may continue to raise interest-bearing deposits as the regulatory LDR ceiling is 90%. Having said this, if SAB were to continue expanding its footprint, it could raise non-interest-bearing deposits in order to fuel lending and reach the 90% level. Thus, we estimate further decline in non-interest-bearing deposits. The bank's non-interest-bearing deposits were flat (2019-2024) vs. 19.1% CAGR in interest-bearing deposits. On the other hand, we forecast a balanced growth in interest-bearing and non-interest deposits by a CAGR (2015-20e) of 11.2%/11.3% so that SAB maintains stable NIMs.

**Non-Interest-Bearing Deposits have Sharply Dropped From 72% To 44%, Exerting Pressure On NIMs**



Source: Company data, QNB FS Research

**LDR (Loans to stable sources of funds) expected to remain below SAMA's 90% limit and maintain healthy liquidity positions.** Given SAB's conservative nature, we do not assume much expansion in the LDR. However, on a positive note, the bank has further headroom to expand its LDR.

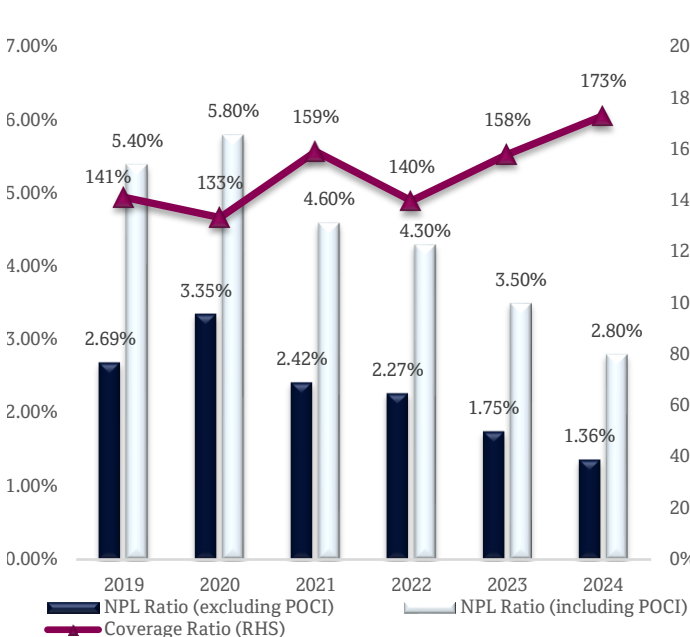


Source: Company data, QNB FS Research

## Asset Quality

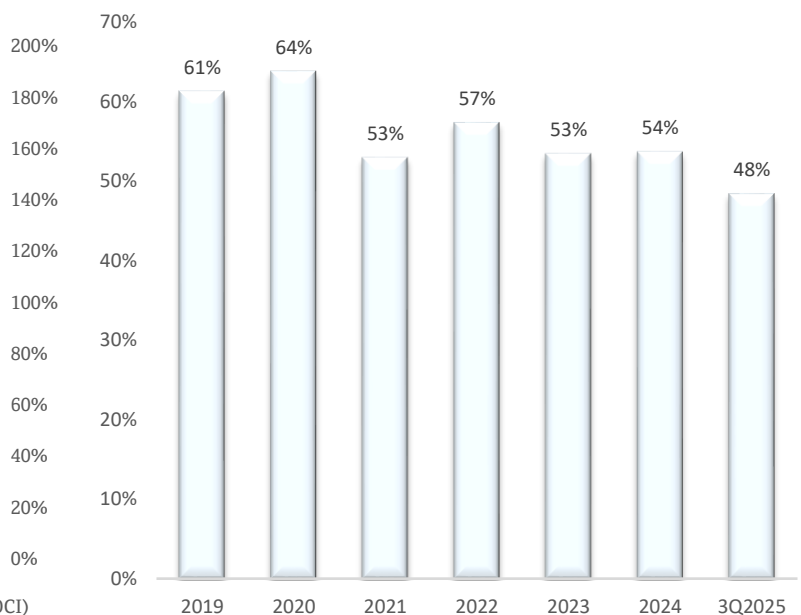
**SAB currently enjoys healthy asset quality and we do not see any deterioration in the near-to-medium term; majority of NPLs are legacy in nature as a result of the merger.** So far in 3Q2025, SAB has not experienced major stress in its asset quality; the NPL ratio (excluding POCI) remained flat at 1.35% vs. 1.36% in FY2024. Thus, we estimate the NPL ratio to hover around these levels in our forecast horizon with the coverage ratio greater than 150%. Including POCI, the NPL ratio improved from 5.4% in FY2019 to 2.6% in 3Q2025. It should be noted that the NPL ratio spiked during the merger from 2.69% in 2019 to 3.35% in 2020. However, at the end of 2021 the NPL ratio significantly improved to 2.42% (SAB wrote-off bad debts equivalent to 0.64% of total loans) and has continued on improving. Stage 2 Loans are 6% of total loans with a coverage of 13%, which is a positive. However, coverage of Stage 3 loans is a low ~50%, but in-line with the industry average.

### Asset Quality Continuously Improving



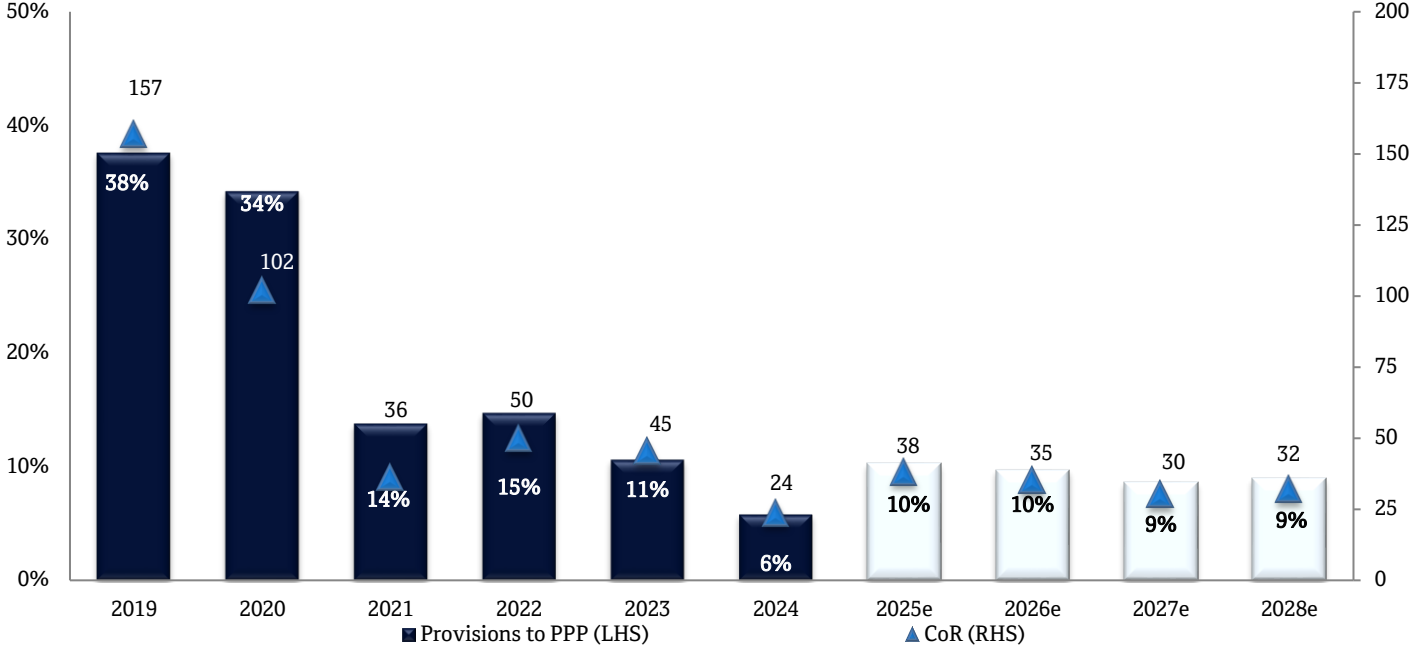
Source: Company data, QNB FS Research

### Coverage of Stage 3 Loans is Low But In-Line With Peers



**CoR is not modeled to spike as SAB's asset quality significantly improved.** We estimate CoR to remain at ~30bps levels after 2026 as there are no signs of pressure on asset quality. CoR reached 157bps in 2019 during merger and seems to have normalized at the low to mid-30bps levels. As of 9M2025, CoR was 33bps. Also, on a positive note, recoveries of bad debts written off have been aiding in keeping provisions and impairments down.

**Cost of Risk Improved From 157bps (2019) During The Merger and Fell To 24bps in 2024 and 33bps in 9M2025**

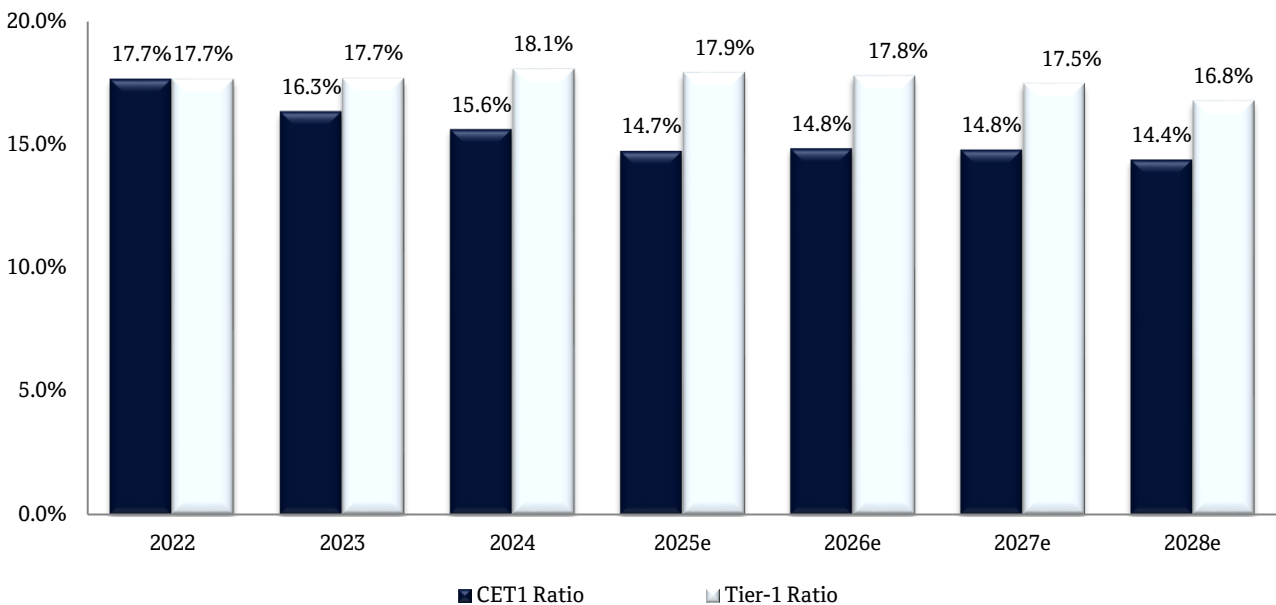


Source: Company data, QNB FS Research

### Capitalization

**Strong capitalization levels.** SAB has always maintained healthy capitalization levels through strong profitability and healthy dividend payout ratio. Hence, we do not expect this trend to reverse. SAB also generates RoEs/RoRWAs > 15%/2.0%.

#### Capitalization Levels Remain Robust



Source: Company data, QNB FS Research

## Company Description

Saudi Awwal Bank has a 9% market share in loans (4<sup>th</sup> largest among domestic banks) and 10% market share in deposits (4<sup>th</sup> largest among domestic banks). Moreover, SAB commands the 4<sup>th</sup> largest market share in retail/corporate lending (8%/12%). SAB is a universal bank offering conventional and Shari'ah compliant services to corporates and retail customers, investment banking, brokerage and asset management. The bank has a network of more than 100 branches and over 1,500 ATMs.

The bank's origins began in 1926 with the opening of its office in Jeddah under the name of the Netherlands Trading Society marking the establishment of the first commercial bank to operate in the Kingdom. As part of its expansion efforts, the Netherlands Trading Society merged with Twentsche Bank in 1964, becoming Algemene Bank Nederland (ABN). In 1977, a majority stake in ABN was transferred to the Saudi government, and the bank began operating under the name Saudi Hollandi Bank (SHB), later rebranded as Alawwal Bank. In 1978, the operations of the British Bank of the Middle East in the Kingdom were transferred to a Saudi joint stock company, with 40% ownership retained by the British Bank of the Middle East and 60% by Saudi shareholders. The bank continued to operate under the name Saudi British Bank, later rebranded as SABB. In 2019, the merger of SABB and Alawwal Bank began and was completed in 2021. As such, Alawwal Bank ceased to exist and all assets were transferred to Saudi British Bank.

**Solid shareholder base.** SAB enjoys a strong and stable shareholding structure.

### Major Shareholders

Shareholders	Investor Type	Share (%)
HSBC	Institutional	31.00
Al Olayan Saudi Investment Co.	Institutional	20.55
Vanguard Group	Institutional	2.12
Black Rock	Institutional	1.92
<b>Total</b>		<b>55.59</b>

Source: Bloomberg, Tadawul

Name of Subsidiary / Associate	Ownership %		Description
	2024	2023	
Arabian Real Estate Company Limited ('ARECO')	100%	100%	A limited liability company incorporated in the Kingdom of Saudi Arabia under commercial registration No. 1010188350 dated 12 Jumada I 1424H (12 July 2003). ARECO is engaged in real estate activities.
SAB Markets Limited	100%	100%	A limited liability company incorporated in the Cayman Islands under commercial registration No 323083 dated 21 Shaban 1438H (17 May 2017). SAB Markets is engaged in derivatives trading and repo activities.
Alawwal Invest Company ('SAB Invest')	100%	100%	A closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial registration No.1010242378 dated 30 Thul-Hijjah 1428H (9 January 2008). Alawwal Invest was formed and licensed as a capital market institution in accordance with the CMA's Resolution No. 1 39 2007. SAB Invest's principal activity is to engage in security activities regulated by the CMA related to dealing, managing, arranging, advising, and taking custody of securities.
Alawwal Real Estate Company ('AREC')	100%	100%	A limited liability company incorporated in the Kingdom of Saudi Arabia under commercial registration No. 1010250772 dated 21 Jumada I 1429H (26 May 2008). AREC is engaged in real estate activities.
X-Tech fund	100%	-	A private equity fund incorporated in the Kingdom of Saudi Arabia dated 12 Shawwal 1445H (21 April 2024) which is engaged in investing activities.
HSBC Saudi Arabia	49%	49%	A closed joint stock company incorporated in the Kingdom of Saudi Arabia under commercial registration No. 1010221555 dated 27 Jumada II 1427H (23 July 2006). HSBC Saudi Arabia is an associate of the Group, formed and licensed as a capital market institution in accordance with the Resolution No. 37-05008 of the CMA dated 05 Thul-Hijjah 1426H corresponding to 05 January 2006. HSBC Saudi Arabia's principal activity is to engage in securities activities regulated by the CMA related to dealing, managing, arranging, advising, and taking custody of securities.

Source: Company data

## Detailed Financial Statements

Income Statement (In SAR mn)	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
<b>Net Interest Income</b>	<b>7,408</b>	<b>10,341</b>	<b>11,024</b>	<b>11,661</b>	<b>12,665</b>	<b>13,691</b>	<b>15,230</b>	<b>16,607</b>
Fees & Commissions	886	1,145	1,450	1,539	1,570	1,696	1,832	1,960
FX Income	777	915	1,133	1,110	1,288	1,346	1,353	1,569
Investment Income	450	331	460	585	454	397	430	413
Share of Profit From Associates	172	188	205	125	194	183	200	176
Other Income/Expenses	129	(21)	(48)	(57)	(45)	(48)	(55)	(52)
<b>Non-Interest Income</b>	<b>2,414</b>	<b>2,557</b>	<b>3,200</b>	<b>3,302</b>	<b>3,461</b>	<b>3,574</b>	<b>3,759</b>	<b>4,066</b>
<b>Total Revenue</b>	<b>9,822</b>	<b>12,899</b>	<b>14,223</b>	<b>14,963</b>	<b>16,126</b>	<b>17,265</b>	<b>18,989</b>	<b>20,673</b>
Operating Expenses	(3,714)	(4,113)	(4,291)	(4,420)	(4,565)	(4,853)	(5,007)	(5,471)
<b>Net Operating Income</b>	<b>6,109</b>	<b>8,786</b>	<b>9,932</b>	<b>10,543</b>	<b>11,561</b>	<b>12,412</b>	<b>13,982</b>	<b>15,202</b>
Net Provisions & Impairments	(445)	(562)	(566)	(505)	(674)	(696)	(754)	(716)
<b>Net Profit Before Taxes</b>	<b>5,663</b>	<b>8,223</b>	<b>9,366</b>	<b>10,039</b>	<b>10,887</b>	<b>11,716</b>	<b>13,228</b>	<b>14,486</b>
Taxes/Zakat	(836)	(1,221)	(1,296)	(1,325)	(1,415)	(1,465)	(1,654)	(1,782)
<b>Net Profit (Headline)</b>	<b>4,828</b>	<b>7,002</b>	<b>8,070</b>	<b>8,713</b>	<b>9,471</b>	<b>10,252</b>	<b>11,575</b>	<b>12,704</b>
Interest Expense on AT1 Sukuk	0	0	(305)	(520)	(633)	(633)	(633)	(633)
<b>Net Profit (Attributable)</b>	<b>4,828</b>	<b>7,002</b>	<b>7,766</b>	<b>8,193</b>	<b>8,838</b>	<b>9,619</b>	<b>10,942</b>	<b>12,071</b>
EPS	2.35	3.41	3.78	3.99	4.30	4.68	5.32	5.87

Source: Company data, QNB FS Research

Balance Sheet (In SAR mn)	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Cash & Balances with Central Bank	19,259	16,741	17,363	20,530	22,646	25,064	27,152	29,596
Interbank Loans	5,872	7,407	3,430	3,997	4,810	3,849	4,613	5,133
Net Investments	86,363	96,567	98,412	109,084	112,611	121,499	134,348	136,562
Positive FV of Derivatives	2,538	2,368	2,631	2,421	2,687	2,547	2,881	2,650
Net Loans	183,132	215,936	259,346	296,085	331,748	366,535	401,153	435,025
Other Assets	2,828	3,221	3,513	3,996	4,255	4,527	4,820	5,134
Net PP&E	3,622	3,845	4,088	3,844	3,686	3,620	3,405	3,156
Goodwill & Intangibles	10,790	10,556	10,660	10,227	9,931	9,577	9,315	8,960
<b>Total Assets</b>	<b>314,404</b>	<b>356,642</b>	<b>399,443</b>	<b>450,185</b>	<b>492,374</b>	<b>537,216</b>	<b>587,688</b>	<b>626,217</b>
<b>Liabilities</b>								
Interbank Deposits	25,517	19,679	40,997	33,205	30,327	36,988	42,059	34,352
Negative FV of Derivatives	1,907	2,231	2,546	2,292	2,635	2,780	2,447	2,581
Customer Deposits	214,279	253,457	267,011	311,067	348,396	379,751	417,726	455,322
Term Loans	5,115	5,178	5,178	7,799	7,799	7,799	7,799	7,799
Other Liabilities	12,949	14,196	15,425	16,273	17,201	18,198	19,254	20,371
Tier-1 Sukuk	0	3,985	7,965	12,387	12,387	12,387	12,387	12,387
<b>Total Liabilities</b>	<b>259,767</b>	<b>298,727</b>	<b>339,122</b>	<b>383,023</b>	<b>418,744</b>	<b>457,902</b>	<b>501,671</b>	<b>532,811</b>
<b>Total Shareholders' Equity</b>	<b>54,637</b>	<b>57,915</b>	<b>60,321</b>	<b>67,162</b>	<b>73,629</b>	<b>79,314</b>	<b>86,017</b>	<b>93,406</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>314,404</b>	<b>356,642</b>	<b>399,443</b>	<b>450,185</b>	<b>492,374</b>	<b>537,216</b>	<b>587,688</b>	<b>626,217</b>
BVPS	26.59	28.19	29.36	32.69	35.83	38.60	41.86	45.46
TBVPS	21.34	23.05	24.17	27.71	31.00	33.94	37.33	41.10
RWAs	256,252	294,151	325,482	387,159	418,518	459,320	517,165	554,202
RWAs/Total Assets	82%	82%	81%	86%	85%	86%	88%	89%
Average IEAs	257,932	299,314	341,995	386,534	430,420	471,588	517,216	559,877
Average IEAs/Total Assets	82%	84%	86%	86%	87%	88%	88%	89%
Average IBLs	227,409	263,682	298,139	335,048	371,760	408,237	448,674	485,042
Average IBLs/Average Liabilities	88%	88%	88%	87%	89%	89%	89%	91%

Source: Company data, QNB FS Research

KPIs/Ratios	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
<b>Profitability (%)</b>								
RoTE	11.4	16.0	16.4	16.5	15.5	15.1	15.7	15.7
RoAA	1.6	2.1	2.1	1.9	1.9	1.9	1.9	2.0
RoRWAs	2.0	2.5	2.5	2.3	2.2	2.2	2.2	2.3
NIM (% of IEAs)	2.50	3.46	3.22	3.02	2.94	2.90	2.94	2.97
NIM (% of RWAs)	3.05	3.76	3.56	3.27	3.14	3.12	3.12	3.10
Spread	2.2	3.2	2.8	2.6	2.6	2.6	2.6	2.6
JAWS	18.97	19.00	5.94	2.20	4.48	0.77	6.80	-0.40
<b>Efficiency (%)</b>								
Cost-to-Income	37.3	31.9	30.2	29.5	28.3	28.1	26.4	26.5
<b>Liquidity (%)</b>								
LDR (Headline)	85.5	85.2	97.1	95.2	95.2	96.5	96.0	95.5
Loans/Assets	58.2	60.5	64.9	65.8	67.4	68.2	68.3	69.5
<b>Cash &amp; Interbank Loans-to-Total Assets</b>								
Assets	8.0	6.8	5.2	5.4	5.6	5.4	5.4	5.5
Deposits to Assets	68.2	71.1	66.8	69.1	70.8	70.7	71.1	72.7
Wholesale Funding to Loans	16.7	11.5	17.8	13.8	11.5	12.2	12.4	9.7
IEAs to IBLs	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.2
<b>Asset Quality (%)</b>								
NPL Ratio	2.27	1.75	1.36	1.38	1.35	1.37	1.40	1.42
NPL to Shareholders' Equity	7.9	6.7	6.0	6.2	6.2	6.5	6.7	6.8
NPL to Tier-1 Capital	9.5	8.1	7.1	7.3	7.4	7.6	7.7	7.7
Coverage Ratio	140	158	173	160	161	160	160	161
ALL/Average Loans	3.3	3.0	2.6	2.4	2.3	2.3	2.3	2.4
PLLs/RWAs	0.35	0.32	0.18	0.28	0.27	0.23	0.24	0.24
Cost of Risk (bps)	50	45	24	38	35	30	32	31
Net Write-Offs to Loans	0.33	0.40	0.18	0.22	0.14	0.07	0.07	0.07
<b>Capitalization (%)</b>								
CET1 Ratio	17.7	16.3	15.6	14.7	14.8	14.8	14.4	14.7
Tier 1 Ratio	17.7	17.7	18.1	17.9	17.8	17.5	16.8	17.0
CAR	19.9	19.7	19.8	19.4	19.2	18.7	17.9	18.0
Leverage (x)	5.8	6.2	6.6	6.7	6.7	6.8	6.8	6.7
<b>Growth (%)</b>								
Net Interest Income	29.6	39.6	6.6	5.8	8.6	8.1	11.2	9.0
Non-Funded income	15.4	5.9	25.1	3.2	4.8	3.3	5.2	8.2
Total Revenue	25.8	31.3	10.3	5.2	7.8	7.1	10.0	8.9
Opex	6.8	12.3	4.3	3.0	3.3	6.3	3.2	9.3
Net Operating Income	40.6	42.6	13.1	6.2	9.7	7.4	12.6	8.7
Net Provisions & Impairments	-1.9	26.3	0.6	-10.9	33.6	3.3	8.3	-5.0
Net Income (Headline)	50.7	45.0	15.3	8.0	8.7	8.2	12.9	9.8
Net Income (Attributable)	50.7	45.0	10.9	5.5	7.9	8.8	13.8	10.3
Loans	9.3	17.9	20.1	14.2	12.0	10.5	9.4	8.4
Deposits	14.7	18.3	5.3	16.5	12.0	9.0	10.0	9.0
Net Investments	33.1	11.8	1.9	10.8	3.2	7.9	10.6	1.6
Assets	15.4	13.4	12.0	12.7	9.4	9.1	9.4	6.6
RWAs	11.7	14.8	10.7	18.9	8.1	9.7	12.6	7.2

Source: Company data, QNB FS Research

Recommendations		Risk Ratings	
<i>Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price</i>		<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
<b>OUTPERFORM</b>	Greater than +20%	<b>R-1</b>	Significantly lower than average
<b>ACCUMULATE</b>	Between +10% to +20%	<b>R-2</b>	Lower than average
<b>MARKET PERFORM</b>	Between -10% to +10%	<b>R-3</b>	Medium / In-line with the average
<b>REDUCE</b>	Between -10% to -20%	<b>R-4</b>	Above average
<b>UNDERPERFORM</b>	Lower than -20%	<b>R-5</b>	Significantly above average

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