

## Daily Bulletin

August 20, 2025

- > Average solvency ratio of Saudi-listed banks climbs to 19.54% in 2Q25.
- > Tawuniya secures a contract to deliver health insurance services for NWC employees

### Average solvency ratio of Saudi-listed banks climbs to 19.54% in 2Q25.

Saudi-listed banks reported an average CAR of 19.5% in 2Q25, up 10 bps YoY. The average Tier 1 ratio rose to 18.3%, up from 18.0% in 2Q24. CAR remained well above Basel III and SAMA's minimum 8% requirement, reflecting conservative capital management.

Risk-weighted assets expanded 13.5% YoY to SAR 3.4 tn in 2Q25, outpaced by a 15.8% YoY increase in Tier 1 capital to SAR 622.2 bn, supporting the capital buffer expansion. Tier 2 capital, however, declined 6.0% YoY to SAR 41.7 bn.

In 2Q25 Banque Saudi Fransi posted the highest CAR of 20.9% (up 276 bps YoY), followed by Bank Albilad with a CAR of 20.7% (up 264 bps YoY). Riyadh Bank recorded the lowest CAR at 16.9% (-265 bps YoY), reflecting balance sheet expansion. Al Rajhi's CAR eased to 20.2% in 2Q25, after holding the highest ratio in the sector at 21.0% in 2Q24.

Saudi banks' capital adequacy ratios have trended steadily upward since the global financial crisis, supported by strong profitability, high earnings retention, and periodic capital issuance. This positions the sector with one of the most resilient capital buffers globally, offering a cushion against rising risk-weighted assets and cyclical regulatory buffers, including the recently introduced 1% countercyclical buffer by SAMA.

We reiterate our 'Overweight' rating on the Saudi banking sector, with SAB and ALINMA offering the highest upside within our coverage universe.

#### CAR (Tier 1 + 2) (%)

	2Q24	2Q25	YoY (bps)
ALRAJHI	21.0	20.2	-88
ALINMA	18.5	18.5	-8
ALBILAD	18.1	20.7	264
RIBL	19.5	16.9	-265
SAB	19.6	19.3	-25
SNB	19.3	20.6	129
ANB	19.2	19.6	40
BJAZ	18.2	17.9	-25
BSF	18.1	20.9	276
SAIB	18.8	19.1	28
<b>Average CAR</b>	<b>19.4</b>	<b>19.5</b>	<b>10</b>

Source: Company financials, anbc research

#### anbc banking sector coverage

	TP (SAR)	Price (SAR)*	Upside	2025 PER(x)	2025 PBV(x)
ALRAJHI	106	95	11%	16.6	2.6
ALINMA	33	26	29%	10.4	1.4
ALBILAD	32	26	21%	13.3	2.1
RIBL	31	27	16%	8.0	1.1
SAB	42	32	31%	8.4	0.9
SNB	46	36	28%	9.3	1.1

Source: Tadawul, anbc research

\*Closing price as of 19 August 2025

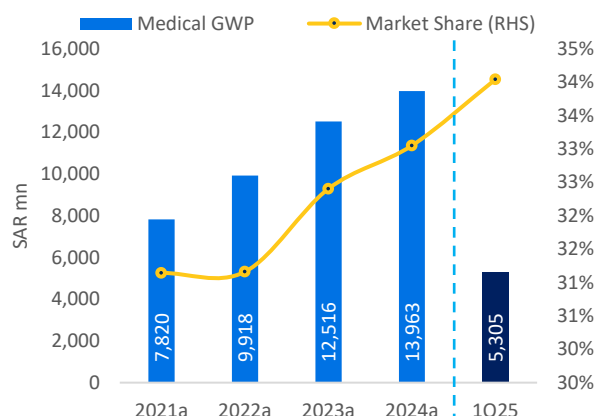
## Tawuniya secures a contract to deliver health insurance services for NWC employees

The Company for Cooperative Insurance (Tawuniya) has secured a three-year contract with the National Water Co. (NWC) to provide cooperative health insurance coverage for its employees, effective August 25, 2025. The contract's value exceeds 5% of Tawuniya's 2024 revenue of SAR 18,273 mn. The agreement is expected to positively contribute to the company's gross written premiums (GWP) over the 2025-2027 period.

In 2024, Tawuniya's medical GWP rose 11.6% YoY to SAR 13,963 mn, securing a 33% market share in the health insurance segment. Over the same period, the company improved its net medical insurance margin to 6%, compared to 4% a year earlier. However, margins softened in 1H25, declining to 8% from 9% in 1H24. Going forward, we expect Tawuniya to sustain its market share in the medical segment.

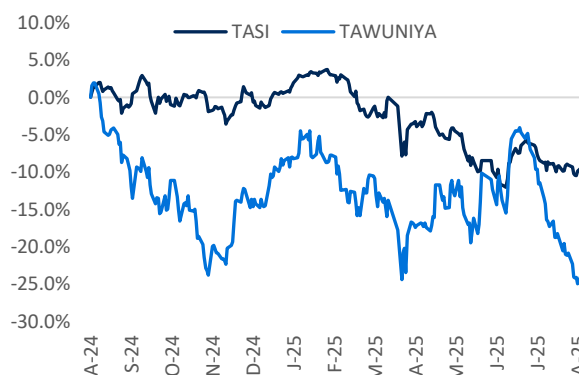
Tawuniya is currently trading at SAR 125/sh, down 24% YoY, underperforming TASI's 9% decline over the same period. We maintain an 'Overweight' rating on Tawuniya with a target price of SAR 180/sh, offering an upside of 44%. The stock trades at 2025e P/E of 16.1x.

### Medical market share reaches 34% in 1Q25



Source: Company financials, anbc research

### Relative price chart



Source: Bloomberg, anbc research

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