



Saudi Arabia Banking Pulse

Quarter 2, 2024

FOREWORD

Alvarez & Marsal Arabia Limited (A&M) is delighted to publish the Q2'24 edition of the Kingdom of Saudi Arabia (KSA) Banking Pulse (“The Pulse-KSA”). In this quarterly series, we share results from our research examining the top ten listed KSA banks by assets and highlight key performance indicators of the KSA banking industry. The Pulse-KSA aims to help banking executives and board members stay current on industry trends.

In Q2'24, L&A increased by 3.2% QoQ mainly driven by growth in corporate / wholesale banking (+7.2% QoQ). Deposits increased by 2.3% QoQ, slower than L&A, primarily driven by increase in time deposits (+4.1% QoQ). Operating income increased by 1.9% QoQ, largely due to growth in NII (+2.5% QoQ); however, non-interest income decreased by 0.1% QoQ, slowing down the growth in operating income. Moreover, reduction in impairment charges (-27.0% QoQ) gave an impetus to the growth in net income (+4.3% QoQ).

Banks reported a marginal improvement in cost efficiency as cost-to-income ratio decreased by 0.3% points QoQ to 31.3%; Stage 3 loans are well provided for with 45.9% coverage with stage 3 ECL allowance. Overall, RoE increased 0.7% points QoQ to 16.8% while ROA remained stable at 2.0% in Q2'24.

SAMA has maintained its interest rates in line with the US Fed; latest analysis indicates a rate cut in September. The operating environment for KSA banks is underpinned by high oil prices and continued government spending, supporting the country's mega projects and the Vision 2030 strategy. KSA economy may face possible (but not unduly worrisome at this point) headwinds with asset quality pressurized by oil price and production volumes variability, and interest rate cycle reversal, assuming region tensions do not escalate.

We hope that you will find our latest edition of the KSA Banking Pulse useful and informative.

Disclaimer:

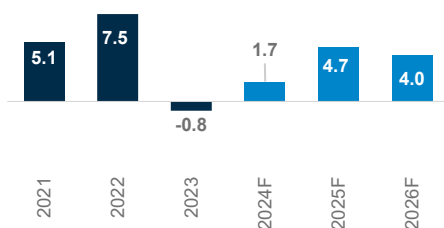
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KSA macro & sector overview

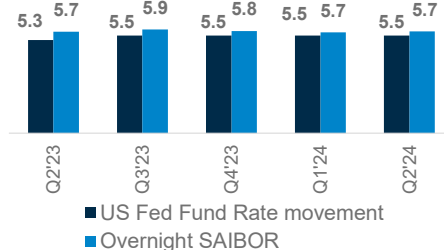
Macro overview

KSA GDP Growth Rate¹, %



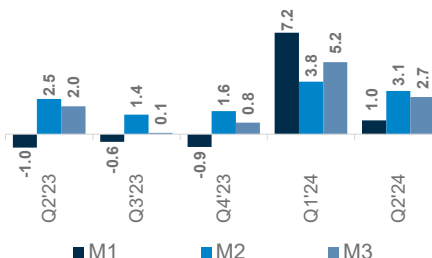
- KSA's FY'23 GDP declined by 0.8% YoY due to lower revenue from oil exports. In the latest IMF projections of July'24, KSA FY'24 GDP growth forecast was reduced to +1.7% (earlier estimate of +2.6%); and FY'25 projections lowered to +4.7% (earlier estimate of +6.0%)
- PMI for Q2'24 decreased to 56.1 (from 56.5 in Q1'24). This was due to a slowdown in input purchases as they look to temper recent stockpile surges. The quarter witnessed weaker upturn in new order volumes

US Fed Funds Rate², SAIBOR %



- The US fed rates remained unchanged at 5.50% in Q2'24. Latest analysis indicates the first rate cut is likely in September. CPI increased 3.0% in June'24, the smallest gain since Jun'23, still well above the Fed's 2.0% target rate
- SAMA repo (6.0%) and reverse repo (5.5%) rates were unchanged during the quarter; SAIBOR rose by 6bps QoQ to 5.7% in Q2'24

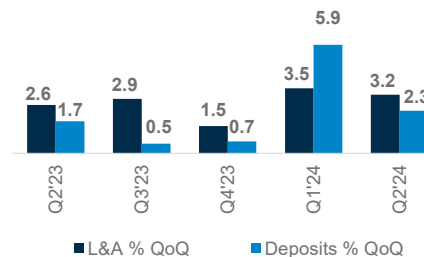
KSA Money Supply³, (% Quarterly)



- In Q2'24, M2 money supply increased by 3.1% QoQ to **SAR 2.6tn**. Time & Savings deposits surged by 7.2% QoQ to **SAR 0.9tn** owing to the high-interest rate environment
- M1 money supply increased by 1.0% QoQ to **SAR 1.7tn** as Demand deposits increased at the same pace to **SAR 1.4tn** in Q2'24
- M3 money supply increased by 2.7% QoQ to **SAR 2.9tn** in Q2'24

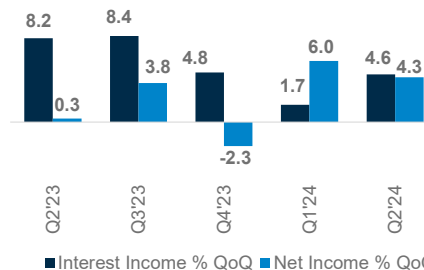
Banking overview Q2'24

KSA Banks L&A and Deposits⁴, %*



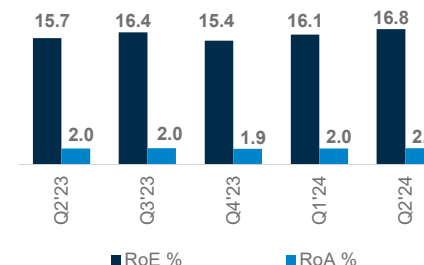
- In Q2'24, L&A growth (+3.2% QoQ) outpaced the growth in deposits (+2.3% QoQ)
- We expect the Corporate / Wholesale lending segment to pick up pace in the interest rate cycle reversal, as businesses requiring funding under Vision 2030 projects can be funded at a cheaper rate
- LDR increased by 0.8% points QoQ to 97.8% in Q2'24 on the back of higher loan book growth

KSA Banks' Profitability⁴, %*



- Aggregate total interest income grew by 4.6% QoQ in Q2'24, resulting in a 2.5% QoQ growth in NII
- Banks reported 1.9% QoQ growth in operating income; this slowdown was due to a marginal decline in non-operating income by 0.1% point QoQ
- Net income increased by 4.3% QoQ in Q2'24 as it was supported by lower impairment charges

KSA Banks' Profitability⁴, %*



- Aggregate RoE improved by 0.7% points QoQ to 16.8% in Q2'24
- RoA remained stable at 2.0% in Q2'24, with net income and average total assets growing by 4.3% and 2.8% QoQ, respectively

L&A growth and deposits mobilization moderated in Q2, yet profitability improved on back of lower impairments and improved cost efficiency

→ Improved ← Stable → Worsened

	Metric	Q1'24	Q2'24	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Key Trends of Q2'24
Size	L&A Growth (QoQ)	3.5%	3.2%						1 L&A increased by 3.2% QoQ and deposits grew by 2.3% QoQ in Q2'24
	Deposits Growth (QoQ)	5.9%	2.3%						
Liquidity	Loan-to-Deposit Ratio (LDR)	97.0%	97.8%						2 LDR increased by 0.8% points QoQ to 97.8% in Q2'24 as L&A growth outpaced deposit mobilization
Income & Operating Efficiency	Operating Income Growth (QoQ)	3.8%	1.9%						3 Operating income increased by 1.9% QoQ due to increase in NII (+2.5%QoQ)
	Operating Income / Assets	3.6%	3.6%						
	Non-Interest Income / Operating Income	21.8%	21.4%						4 NIM contracted by 2bps QoQ to 2.9%; YoC and CoF increased by 10bps each to 8.4% and 3.4%, respectively
	Yield on Credit (YoC)	8.3%	8.4%						
	Cost of Funds (CoF)	3.3%	3.4%						5 C/I ratio improved by 29bps QoQ as operating expenses (+1.0% QoQ) grew slower than operating income (+1.9% QoQ)
	Net Interest Margin (NIM)	3.0%	2.9%						
Risk	Cost-to-Income Ratio (C/I)	31.6%	31.3%						6 Coverage ratio increased by 0.9% points QoQ to 164.0% in Q2'24
	Coverage Ratio	163.0%	164.0%						
Profitability	Cost of Risk (CoR)	0.4%	0.3%						7 RoE increased by 0.7% points QoQ to 16.8% and ROA remained stable at 2.0%
	Return on Equity (RoE)	16.1%	16.8%						
	Return on Assets (RoA)	2.0%	2.0%						8 RoRWA remained stable at 2.6%, while capital adequacy ratio declined by 0.2% points QoQ to 19.4%
Capital	Return on Risk-Weighted Assets (RoRWA)	2.6%	2.6%						
	Capital Adequacy Ratio (CAR)	19.6%	19.4%						

Note 1: Growth in loans & advances and deposits were presented QoQ instead of YoY

Note 2: Quarterly income was used in the calculation of operating income growth

Source: Financial statements, Investor presentations, A&M analysis

KSA banking industry developments

Key Sector Developments



New Entrants

- SAMA granted regulatory sandbox approval to two new fintech start-ups viz. 'Sulfah for Finance' to launch a peer-to-peer (P2P) lending platform and 'Wadaie for Fintech' to launch a Time Deposits Aggregation platform
- SAMA has licensed Hala Financing, a fintech platform, to provide debt-based crowdfunding solutions. There are 11 SAMA authorized companies now, including Hala Financing, that offer debt based crowdfunding solutions in KSA
- SAMA launched 'NQD', government banking services platform, enabling government entities to access their accounts at SAMA and conduct digital transactions through a secure digital platform
- Cashee, a mobile banking app for kids and teens, backed by ANB, will launch in KSA offering a free mobile app and a prepaid Visa card to youth aged 6-18 years



New Business Trends

- KSA banks are expected to pursue alternative funding strategies (including external funding) to deal with the rapid expansion in mortgage lending and corporate lending (driven by Vision 2030). Government is expected to inject deposits into the banking system to support the credit growth
- ALINMA launched 'iz' (banking app for the youth), offering services like student credit cards, split-the-bill tools, bill payments and international transfers
- In Aug'24, Saudi EXIM Bank and InvestChile signed a MoU to promote non-oil Saudi exports and investments in the Chilean market and boost commercial ties



New Investments

- BlackRock will launch an investment platform in Riyadh called BlackRock Riyadh Investment Management with the help of a USD 5.0bn anchor investment from KSA's Public Investment Fund
- Kuwait Finance House (KFH), largest bank of Kuwait, is considering expansion into KSA by buying a stake in SAIB. No MoU has been signed yet. In Aug 2024, KFH had sold their entire 18.2% stake in UAE's SIB
- SNB and Saudi EXIM bank signed an agreement to promote the growth of non-oil Saudi exports by providing credit products, insurance and financial solutions

Key Sector Developments



New Emerging Technologies

- SNB and the Ministry of Hajj and Umrah launched the world's first international digital wallet for pilgrims and Umrah performers that facilitates the safe and easy management of funds without carrying any cash
- SAMA joins mBridge project as MVP platform participant. This platform is a Multi-CBDC (Wholesale CBDC) system that aims to facilitate cross-border payments between commercial banks in different jurisdictions
- In Jul'24, SAB and UnionPay partnered to enable digital acceptance of UPI payments across physical stores, ATMs, and e-commerce platforms



Expected Challenges

- In Jun'24, OPEC+ agreed to continue oil output cuts making the KSA economy more reliant on non-oil activities for economic growth
- Strong credit growth is expected to put pressure on the capital, funding and liquidity and banks are expected to continue diversifying their funding bases through wholesale funding, including sukuk issuance, which is becoming a bigger part of the funding mix

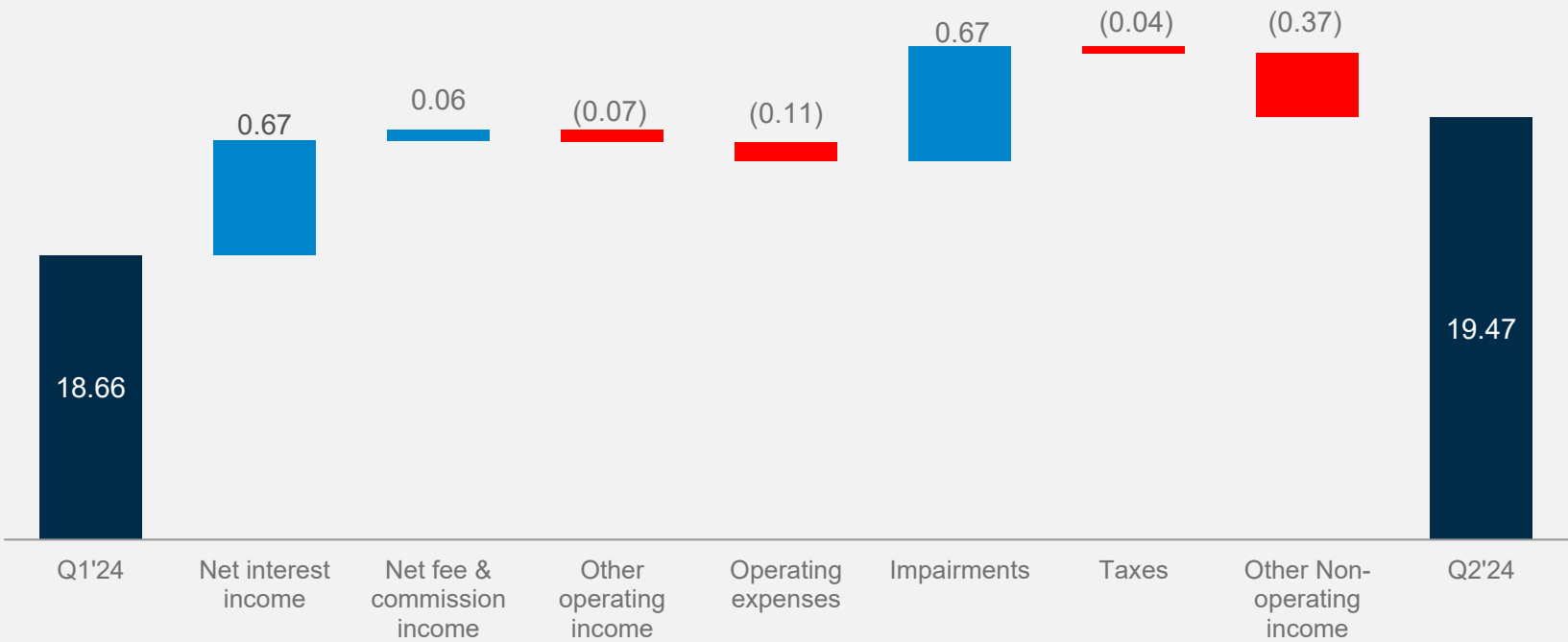


New Regulations

- SAMA clarified the amounts exempt from seizures and enforcement of bank accounts, in response to the discussions about the procedures taken by relevant authorities regarding the approval of seizures and enforcements on accounts

Net income grew primarily on the back of higher NII and lower impairment charges

Net income bridge – SAR Bn

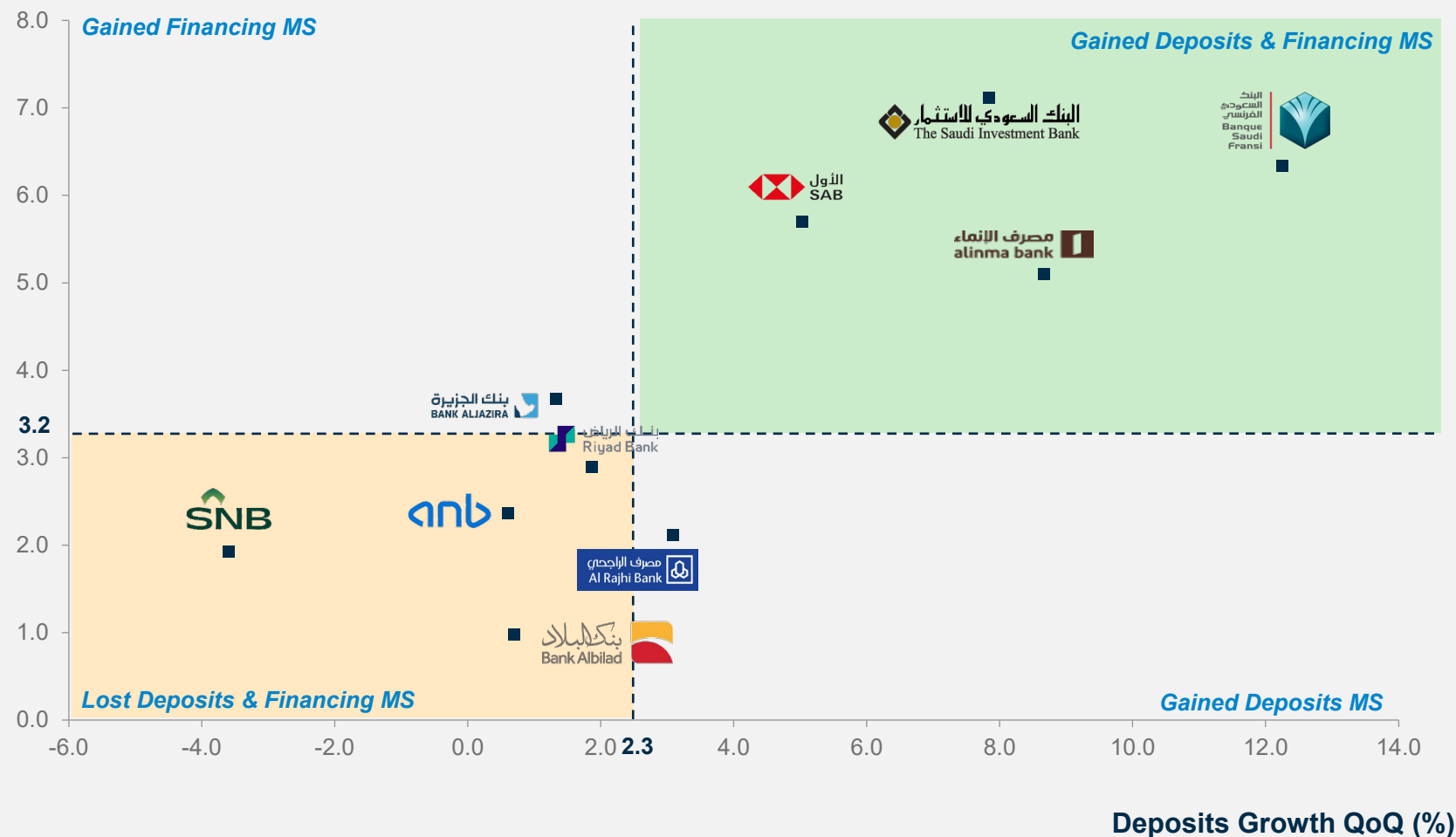


KEY TAKEAWAYS

- Aggregate net income increased by 4.3% QoQ to SAR 19.5bn
- Operating income increased by 1.9% QoQ; major contributor to this growth was NII (+2.5% QoQ) while net fees and commission income grew by 1.4% QoQ
 - Cost efficiency improved as operating expenses increased marginally by 1.0% QoQ, slower than the operating income
- Decline in aggregate impairment charges (-27.0%QoQ) further supported the growth in net income

5 Banks continued to expand credit outlay and deposit mobilization

L&A Growth QoQ (%)



KEY TAKEAWAYS

- Aggregate L&A of the top ten banks increased by 3.2% QoQ, slightly lower than the previous quarter (+3.5% QoQ)
 - Corporate / wholesale loans (+7.2% QoQ) drove the overall L&A growth in Q2'24
 - SAIB and BSF reported the highest increase in L&A growth by 7.1% and 6.3% QoQ respectively
- Aggregate deposits increased by 2.3% QoQ
 - Customers reacted to high interest rate environment and high cost deposits time deposits increased 4.1% QoQ
 - BSF's deposit base increased the most by 12.3% QoQ, mainly due to surge in term deposits (+22.7% QoQ)

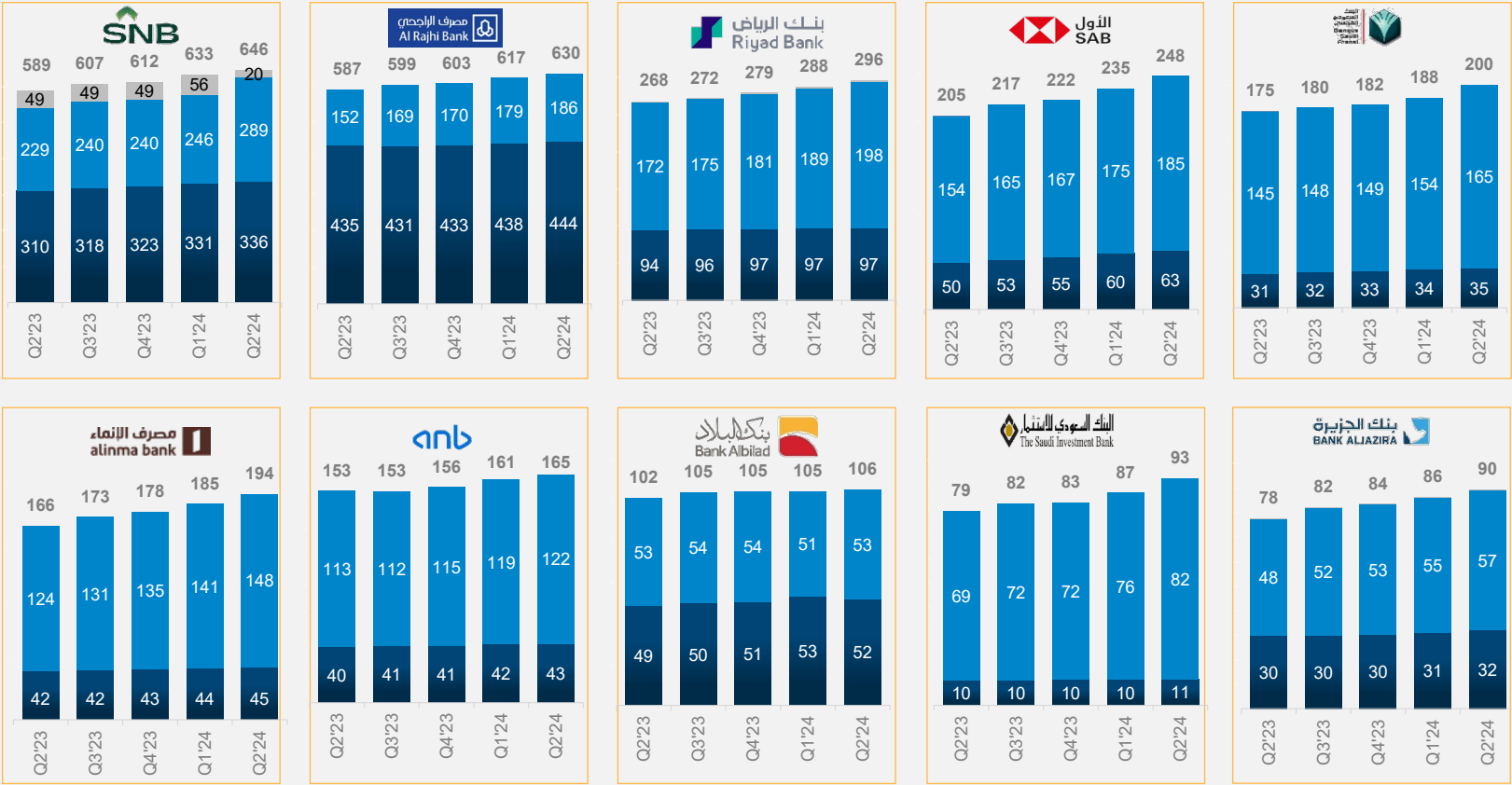
Note: MS stands for market share

Source: Financial statements, Investor presentations, A&M analysis

Corporate lending supported aggregate L&A growth while retail credit growth has moderated

■ Retail ■ Corporate / Wholesale ■ Others

Loans and advances (SAR bn)



KEY TAKEAWAYS

- Corporate / Wholesale lending drove the aggregate L&A with a growth of 7.2% QoQ (accounted for 55.7% of aggregate L&A); retail segment grew by 1.5% QoQ, contributing 43.4% to aggregate L&A
 - SNB's corporate / wholesale loan book grew by 17.3% QoQ in Q2'24 driving the aggregate growth

Aggregate L&A (SAR bn)

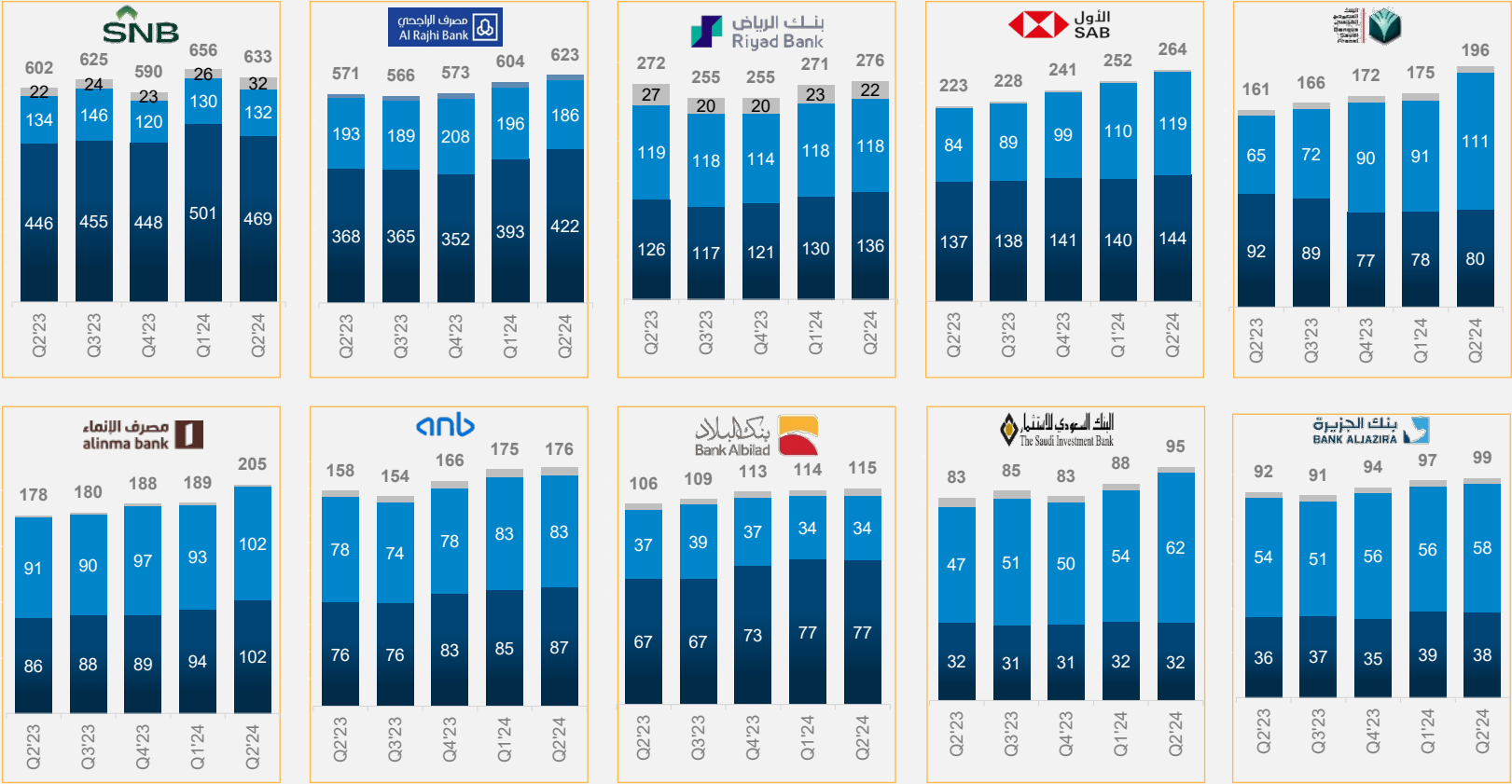


Note: Scaling and some numbers might not add up due to rounding
Note: KSA banks have no disclosure on Loans & Advances by Industry. The reporting only has details of corporate and retail loans
Source: Financial statements, investor presentations, A&M analysis

Customers continue to respond to higher interest rate environment as time deposits drove the aggregate deposits

■ CASA ■ Time deposits ■ Others

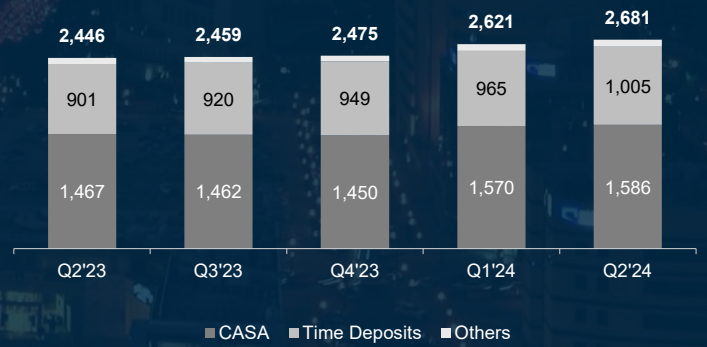
Deposits (SAR bn)



KEY TAKEAWAYS

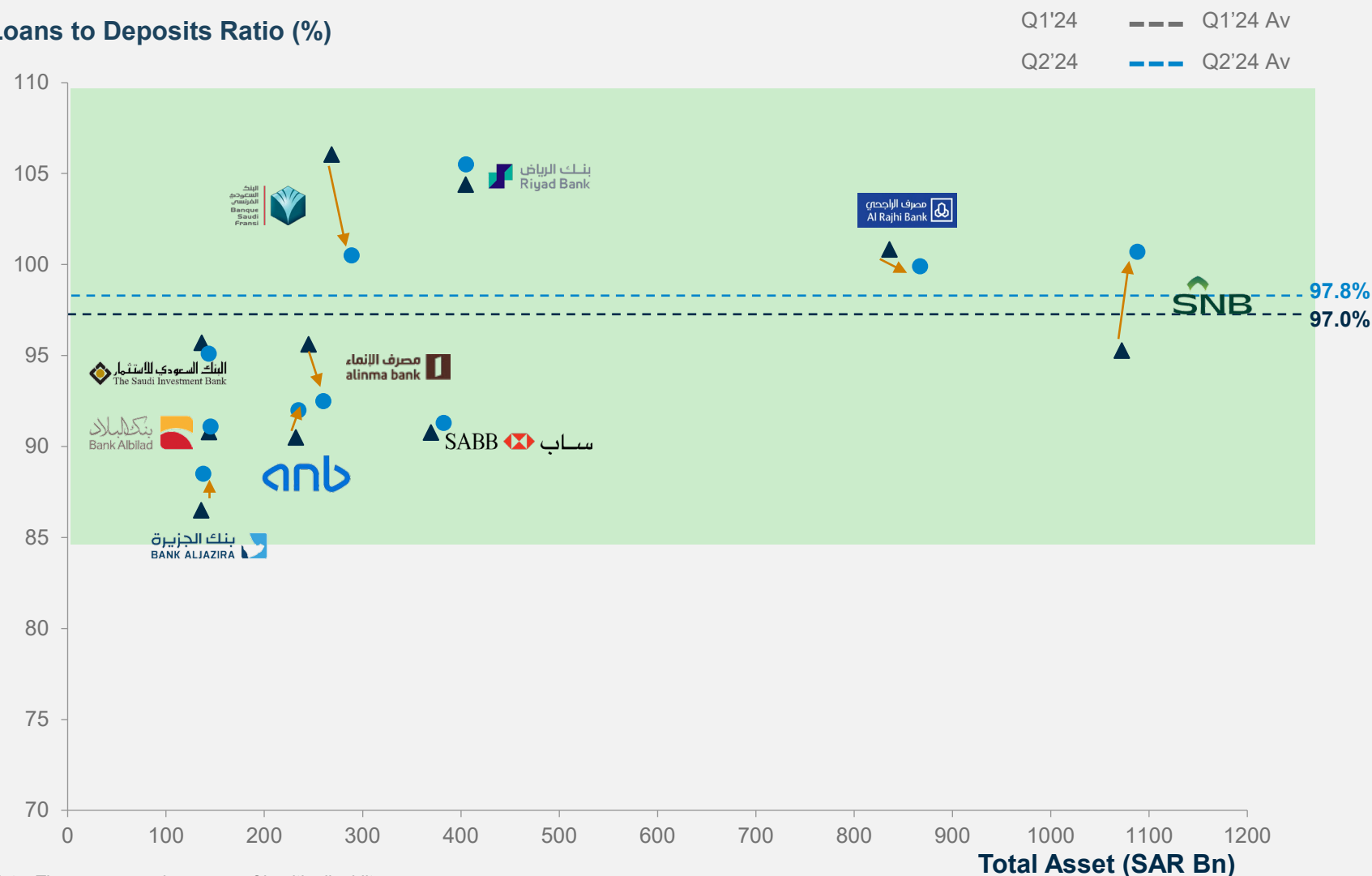
- CASA grew moderately by 1.1% QoQ, accounting for ~59.2% of the total deposits while time deposits increased by 4.1% QoQ (accounting for 37.5% of the total deposits), driving the aggregate
- Aggregate CASA was slowed down by SNB which witnessed a decline of 6.5% QoQ whereas aggregate time deposits increased most for BSF (+22.7% QoQ)

Aggregate Deposits (SAR bn)



Note: Scaling and some numbers might not add up due to rounding
Source: Financial statements, investor presentations, A&M analysis

Loans to Deposits Ratio (%)



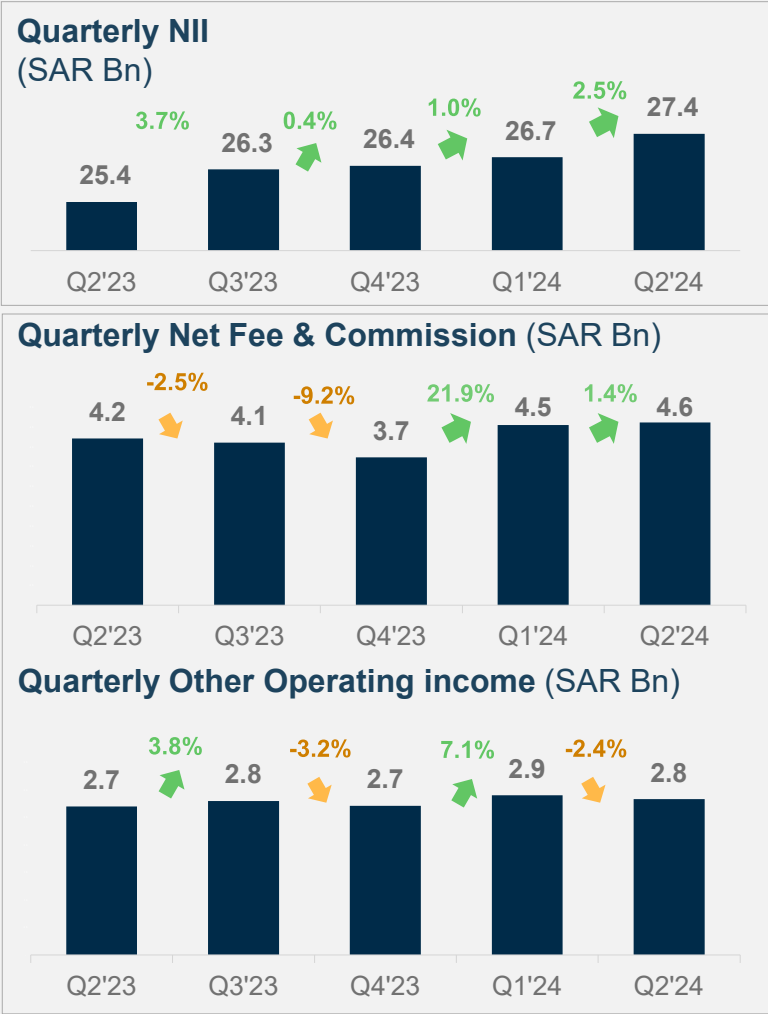
Note: The green zone is an area of healthy liquidity
Source: Financial statements, A&M analysis

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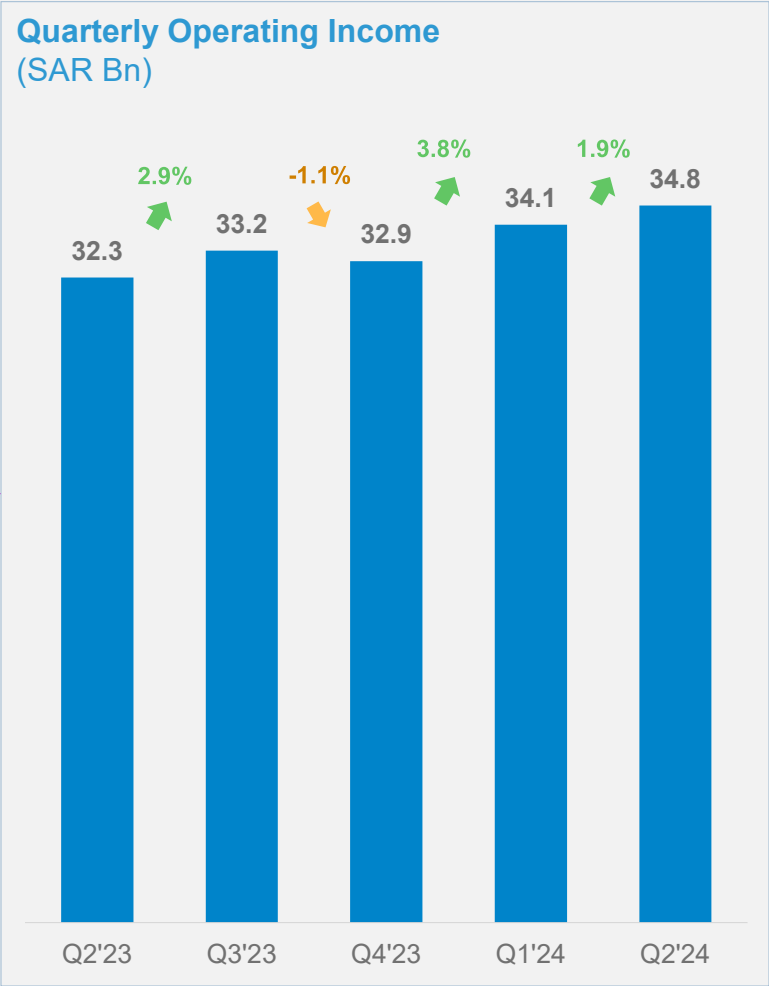
- Aggregate LDR increased by 0.8% points QoQ to 97.8% in Q'24
- SNB reported the highest increase in LDR (+5.5% points QoQ) to 100.7%
 - L&A increased marginally by 1.9% QoQ; however, deposits declined by 3.6% QoQ
- LDR for BSF declined the most (-5.6% QoQ); however, still above 100% level
 - Total deposits increased by 12.3% QoQ, with time deposits contributing the most (+22.7% QoQ)
 - Loan book grew by 6.3% QoQ driven by corporate loans (+7.2% QoQ)

Total operating income grew on back of higher NII while non-interest income declined marginally

➔ Improved
 ↔ Stable
 ➔ Worsened



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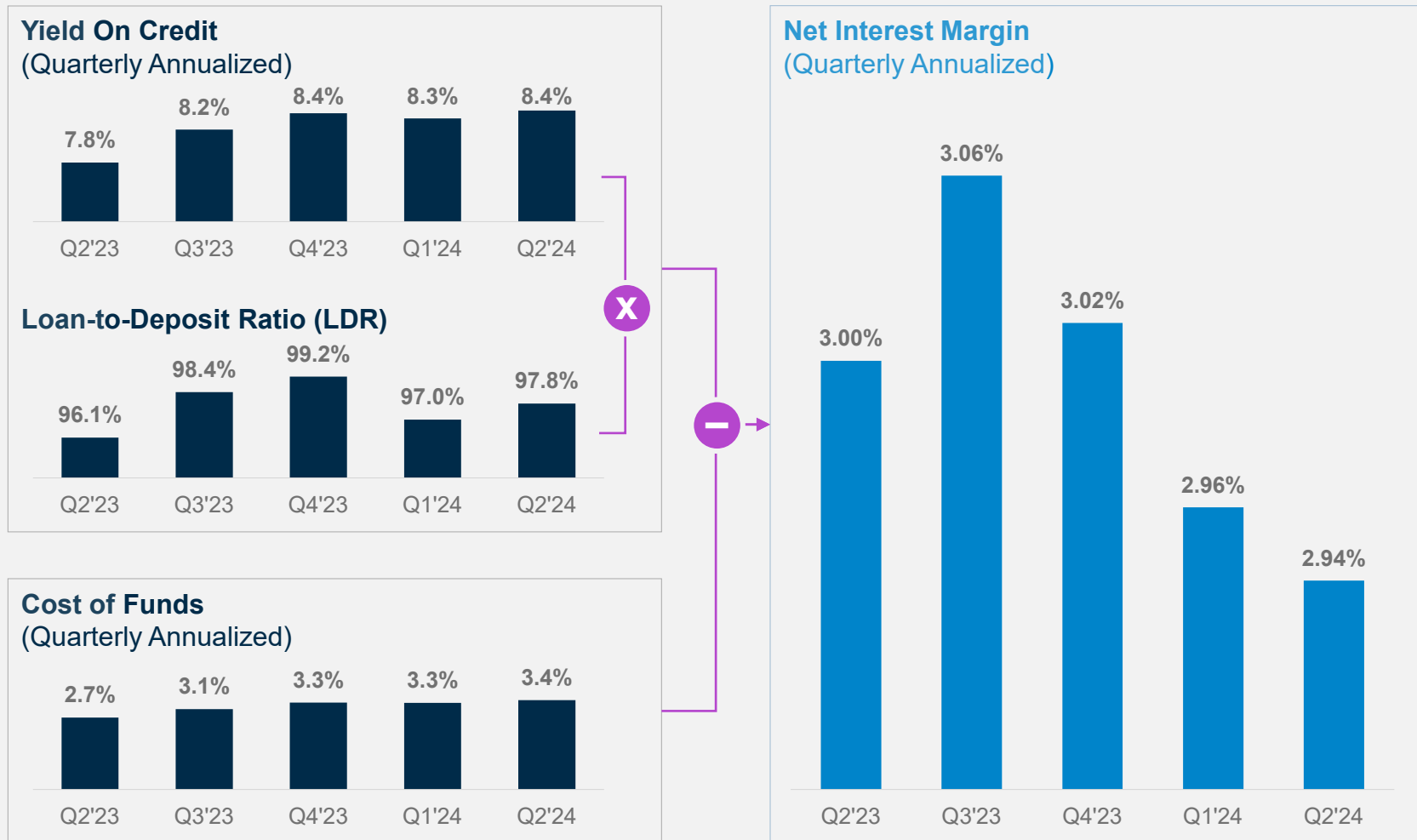


KEY TAKEAWAYS

- Total operating income increased by 1.9% QoQ
 - At the peak of the interest rate cycle, NII grew by 2.5% QoQ
 - Total non-interest income declined marginally by 0.1% QoQ; mainly due to a decline in other operating income (-2.4% QoQ)
- ALINMA reported the highest increase in total operating income (+7.1% QoQ) mainly on the back of high NII growth of 6.9% QoQ
- RIBL reported a decline of 2.2% QoQ in total operating income as the decline in non-interest income (-13.1% QoQ) undermined the marginal growth in NII (+1.5% QoQ)

Note: Some numbers might not add up due to rounding
 Source: Financial statements, investor presentations, A&M analysis

NIMs had a marginal contraction as funding costs edged up



Note: Relation between elements above represents a functionality and not necessarily an exact mathematical formula
Source: Financial statements, Investor presentations, A&M analysis

KEY TAKEAWAYS

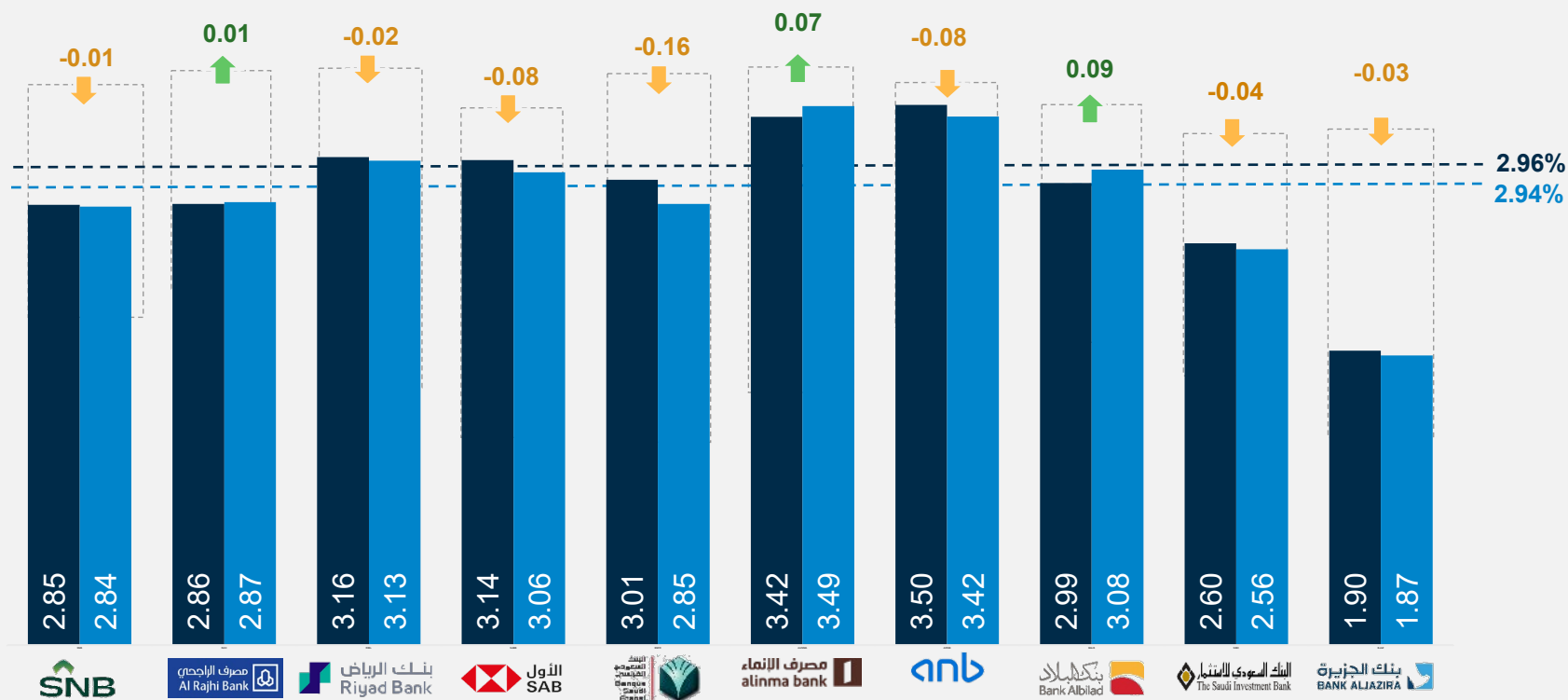
- NIM contracted marginally by 2bps QoQ to 2.94% in Q2'24
 - Spread between yield on credit and cost of funds remained unchanged at 5.0% as both increased by 1.0% point QoQ, simultaneously
 - Maintaining NIM would be challenging for banks in later quarters following the beginning of interest rate cycle reversal
 - With favorable asset repricing at the peak of the interest rate cycle, NIMs are expected to benefit in the coming quarters

Majority of the banks reported a contraction in NIM

→ Improved ↔ Stable → Worsened

Net interest margin (% Quarterly)

■ Q1'24 ■ Q2'24 --- Q1'24 Av --- Q2'24 Av

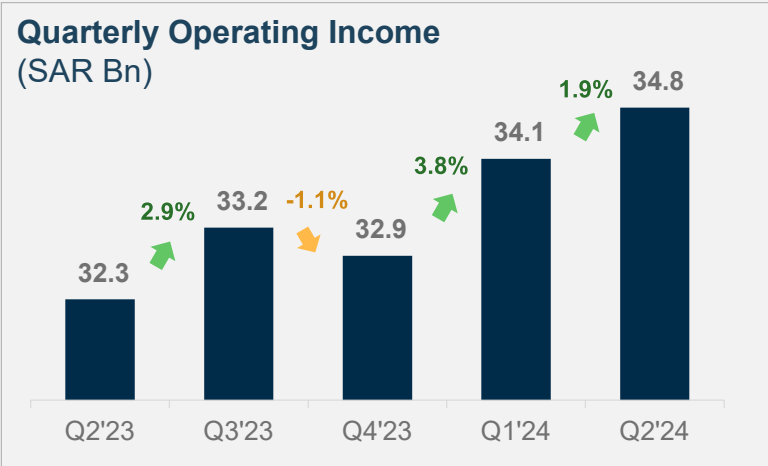
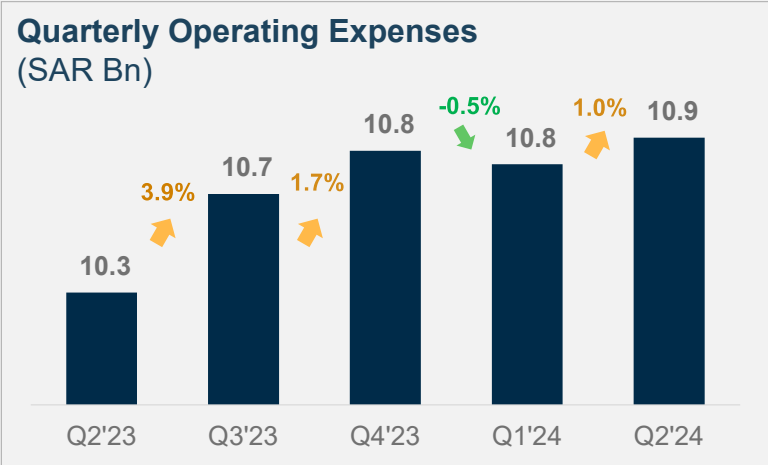


KEY TAKEAWAYS

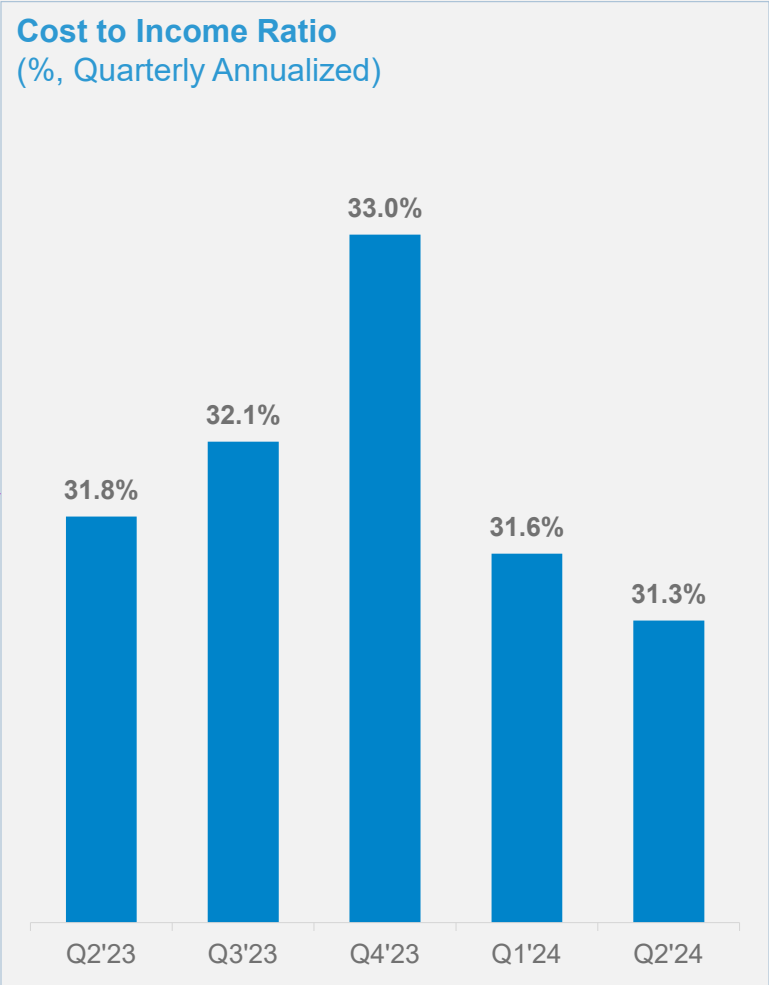
- Seven out of the top ten banks reported contraction in NIM, bringing the aggregate down by 2bps QoQ in Q2'24
- For BSF, NIM deteriorated the most (-16bps QoQ) despite a marginal growth in NII (+1.1% QoQ)
 - Primarily due to increase in cost of funds by 30bps QoQ, resulting from a change in deposit mix
- NIM for BALB expanded the most (+9bps QoQ) and this was followed by ALINMA with an expansion of 7bps QoQ in Q2'24

Banks continue to report improvement in cost efficiency

➔ Improved
 ↔ Stable
 ➔ Worsened



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KEY TAKEAWAYS

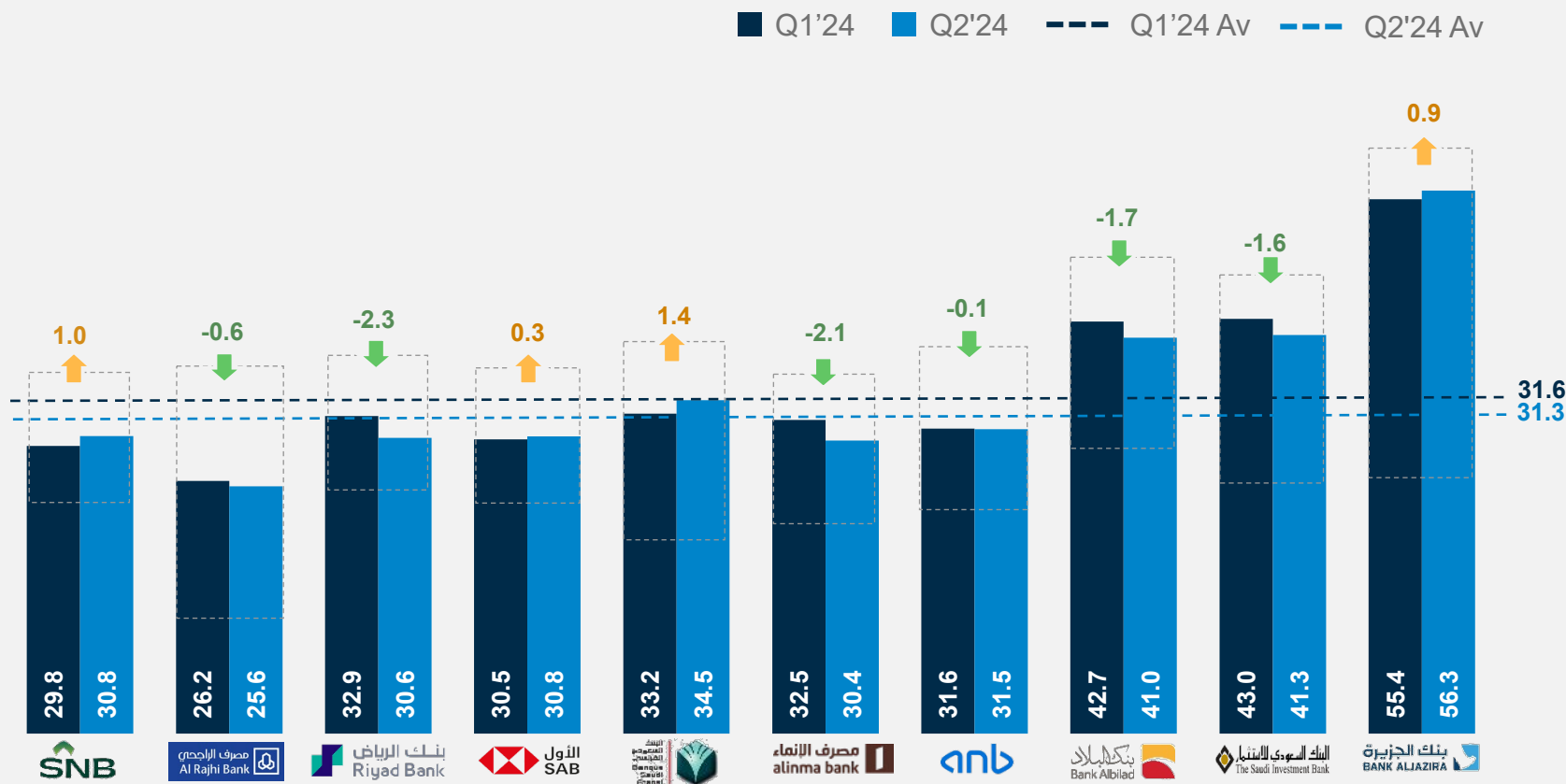
- C/I ratio improved marginally by 29bps to 31.3% in Q2'24
 - Total operating income grew more (+1.9% QoQ) than the total operating expense (+1.0% QoQ)
- RIBL had the highest improvement in C/I ratio with a 2.3% change to end at 30.6% for the quarter
- BSF's C/I ratio deteriorated 1.4% to 34.5% at quarter end.

Note: Some numbers might not add up due to rounding
 Source: Financial statements, investor presentations, A&M analysis

Six of 10 banks reported improvement in cost efficiency, with RIBL and ALINMA leading the group

➔ Improved ↔ Stable ➔ Worsened

Cost to Income Ratio (% Quarterly)



Note: Scaling and some numbers might not add up due to rounding
 Source: Financial statements, investor presentations, A&M analysis
 *Comparison on QoQ basis

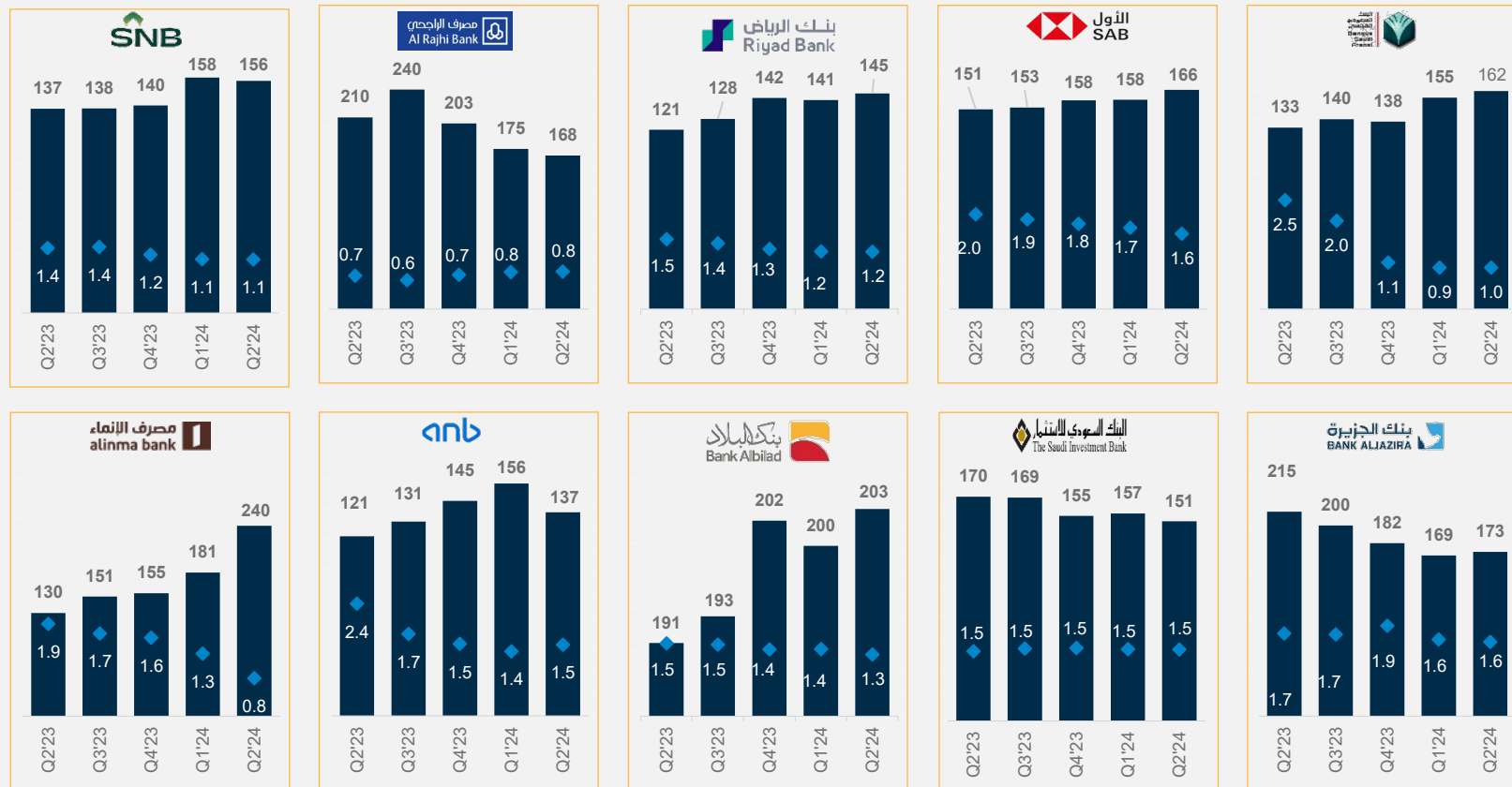
KEY TAKEAWAYS

- Majority of the KSA banks reported an improved cost efficiency in Q2'24
- RIBL and ALINMA reported significant improvement in C/I ratio by 228bps QoQ and 213bps QoQ, respectively
- BSF reported the highest deterioration of C/I ratio with an increase of 139bps QoQ
 - The bank reported ~19.4% surge in the general and administrative expenses for the quarter
- SNB's C/I ratio increased by 103bps QoQ

Overall asset quality improved with higher coverage ratio for six out of the ten banks, led by Alinma Bank

■ Coverage Ratio, % ◆ NPL / Net loans, %

Coverage Ratio¹ and NPL / Net Loans Ratio (% , Quarterly)



Note: Scaling and some numbers might not add up due to rounding

Source: Financial statements, investor presentations, A&M analysis, ¹ accumulated allowance for impairment / NPL

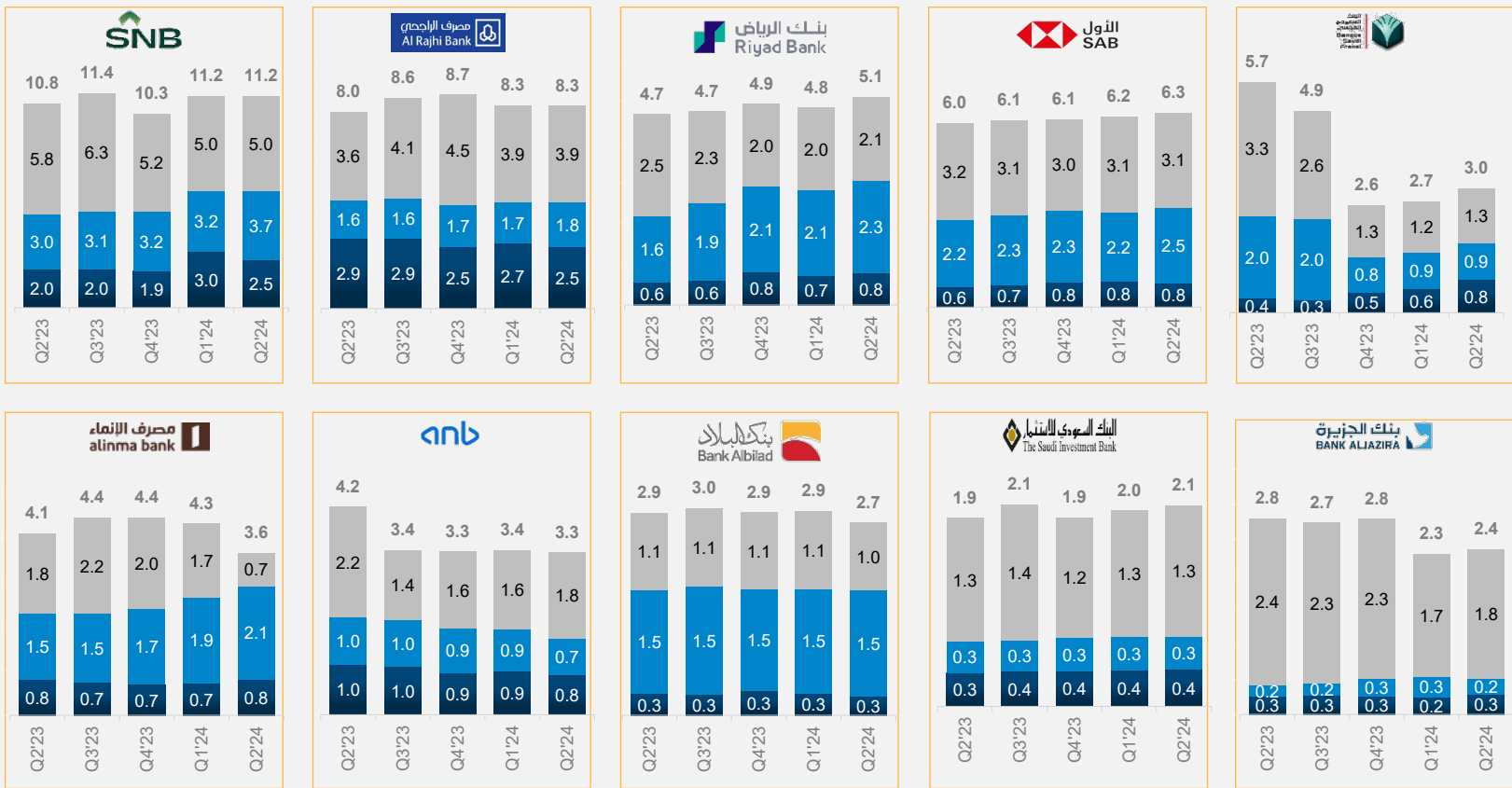
KEY TAKEAWAYS

- Asset quality improved by 4bps QoQ to 1.1% in Q2'24
 - Banks maintained a precautionary stance where the aggregate coverage ratio increased by 0.9% points QoQ
 - NPL decreased (-0.7% QoQ), and the contra account for L&A i.e., allowance for impairment also decreased by 0.1% QoQ
- Eight out of ten banks reported an improved NPL / Net loans ratio
 - ALINMA reported the highest improvement in NPL / Net Loans ratio with a decrease of 51bps QoQ

Stage 3 loans declined as asset quality improved across the board

■ Stage 1 ■ Stage 2 ■ Stage 3

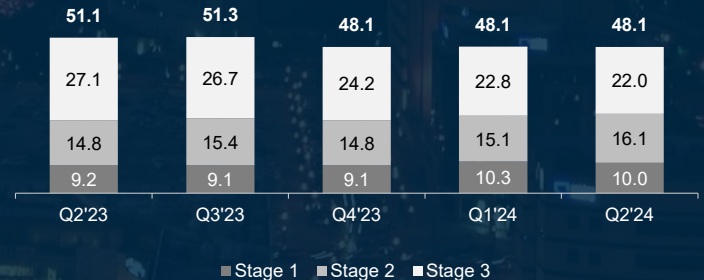
Stage wise ECL (SAR bn)



KEY TAKEAWAYS

- Stage 1 loans increased by 3.3% QoQ and accounted for ~93.5% of the total loans (~93.4% in Q1'24)
- Stage 3 loans are well provided for; 45.9% of the total coverage is through stage 3 ECL allowance in Q2'24
- Stage 3 ECL declined 3.2% QoQ indicating lesser provision for bad loans during the quarter. Banks may require to cover more for bad loans to avoid any stress in the balance sheet

Aggregate ECL (SAR bn)

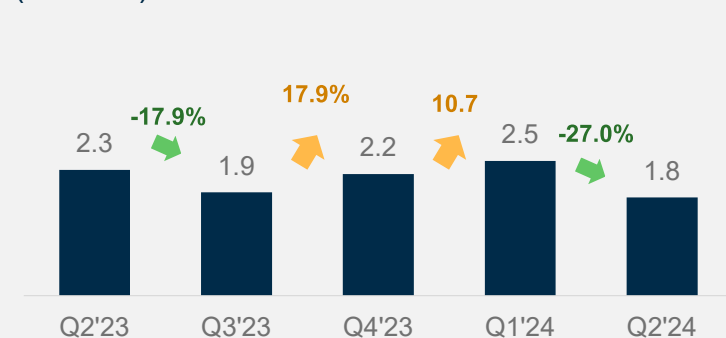


Note 1: Scaling and some numbers might not add up due to rounding
 Note 2: L&A mix by stage consists of 9 banks (ex-RIBL). We have used comparable ECL by stage (ex-RIBL) numbers for key takeaway comments
 Source: Financial statements, investor presentations, A&M analysis, ¹ accumulated allowance for impairment / NPL

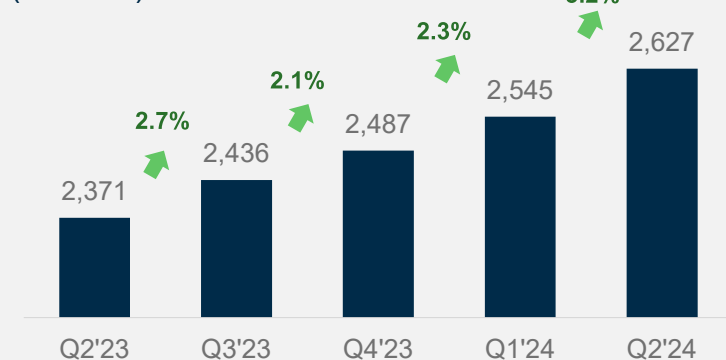
Cost of risk narrowed as banks reported lower impairment charges reaching a multi-year low

→ Improved ← Stable → Worsened

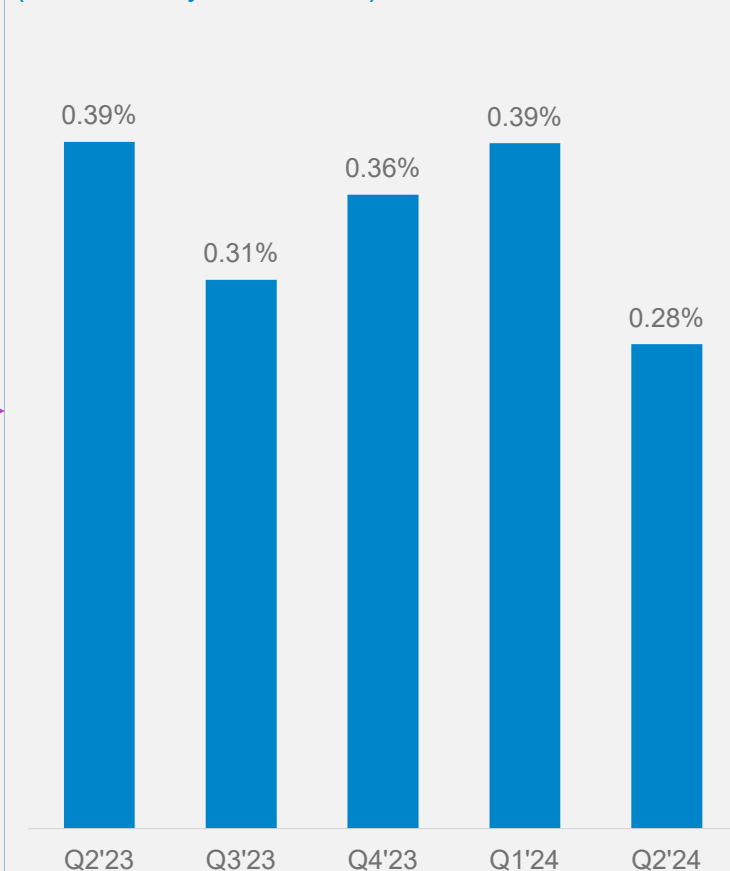
Quarterly Net Loan Loss Provisions
(SAR Bn)



Average Gross Loans
(SAR Bn)



Cost of Risk
(%, Quarterly Annualized)



KEY TAKEAWAYS

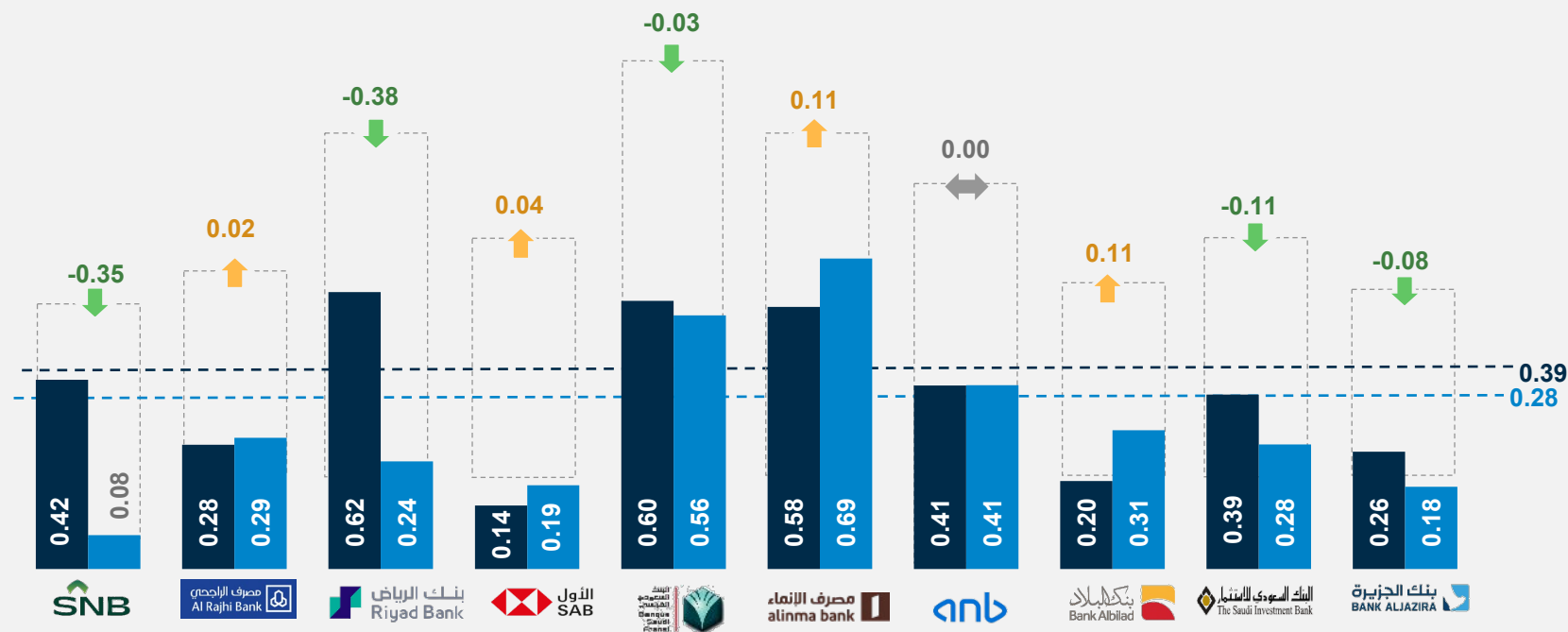
- Aggregate cost of risk improved by 11bps QoQ to 0.28% in Q2'24 from 0.39% in the previous quarter
 - This was due to the decline in aggregate impairment charges by 27.0% QoQ to SAR 1.8bn in Q2'24
- Half of the top ten banks reported an improvement in cost of risk, with RIBL reporting the highest improvement of 38bps QoQ to 0.2%

Half of the banks reported an improvement in the cost of risk

→ Improved ↔ Stable → Worsened

Cost of Risk (bps) – Net of Reversals

■ Q1'24 ■ Q2'24 --- Q1'24 Av --- Q2'24 Av



Note: Scaling and some numbers might not add up due to rounding
Source: Financial statements, investor presentations, A&M analysis

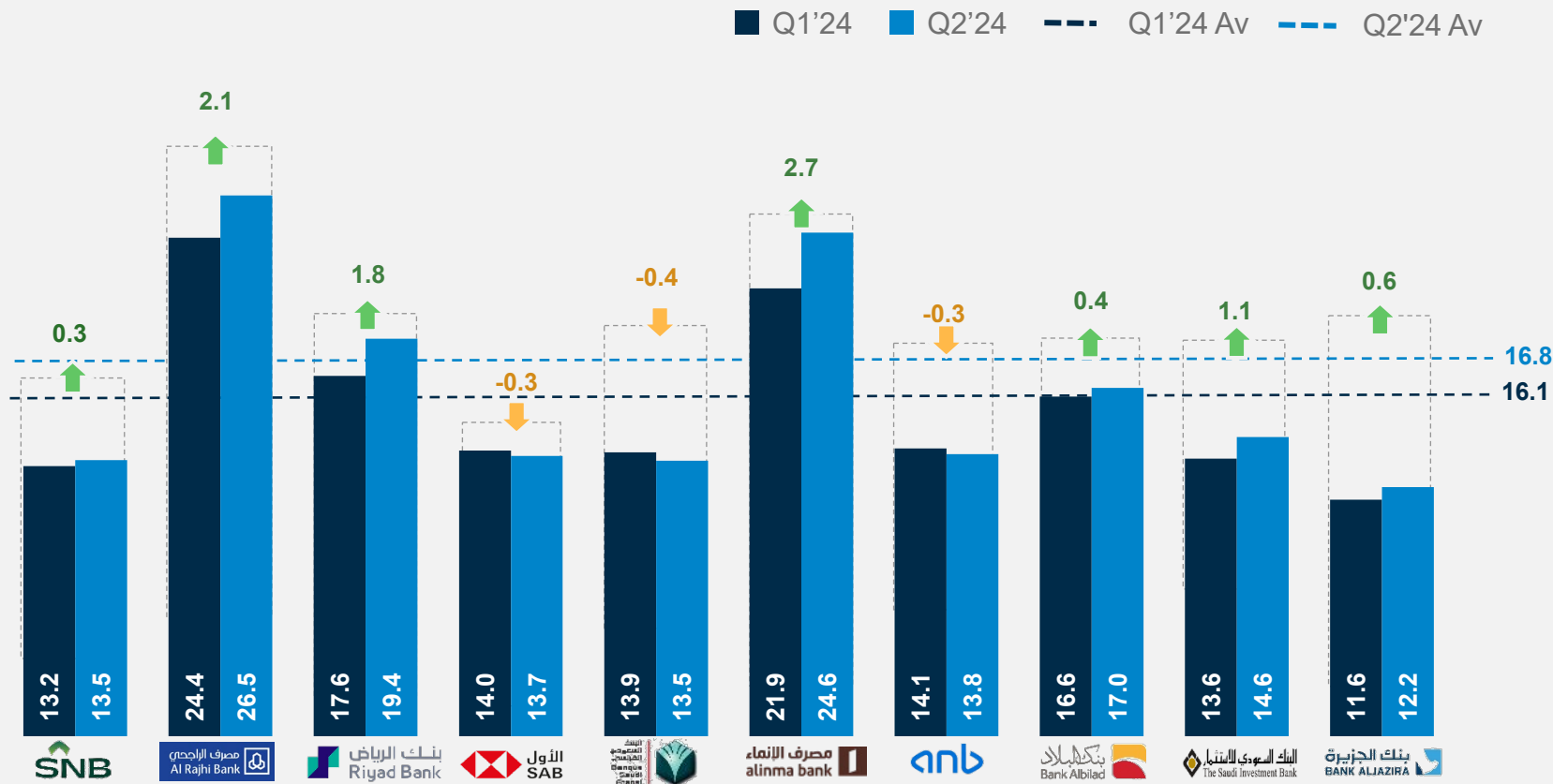
KEY TAKEAWAYS

- Half of the top ten banks reported an improvement in cost of risk
- RIBL drove the aggregate cost of risk with a decrease of 38bps QoQ
 - In RIBL, impairment allowance declined by 60% QoQ in Q2'24
 - This was followed by SNB (-35bps QoQ)
- ALINMA and BALB reported the highest deterioration in cost of risk by 11bps QoQ, respectively
- ANB's cost of risk remained steady at 0.4% in Q2'24

Bank profitability improved on back of improved cost efficiencies and lower impairment charges

➔ Improved
 ↔ Stable
 ➔ Worsened

Return of Equity (%)



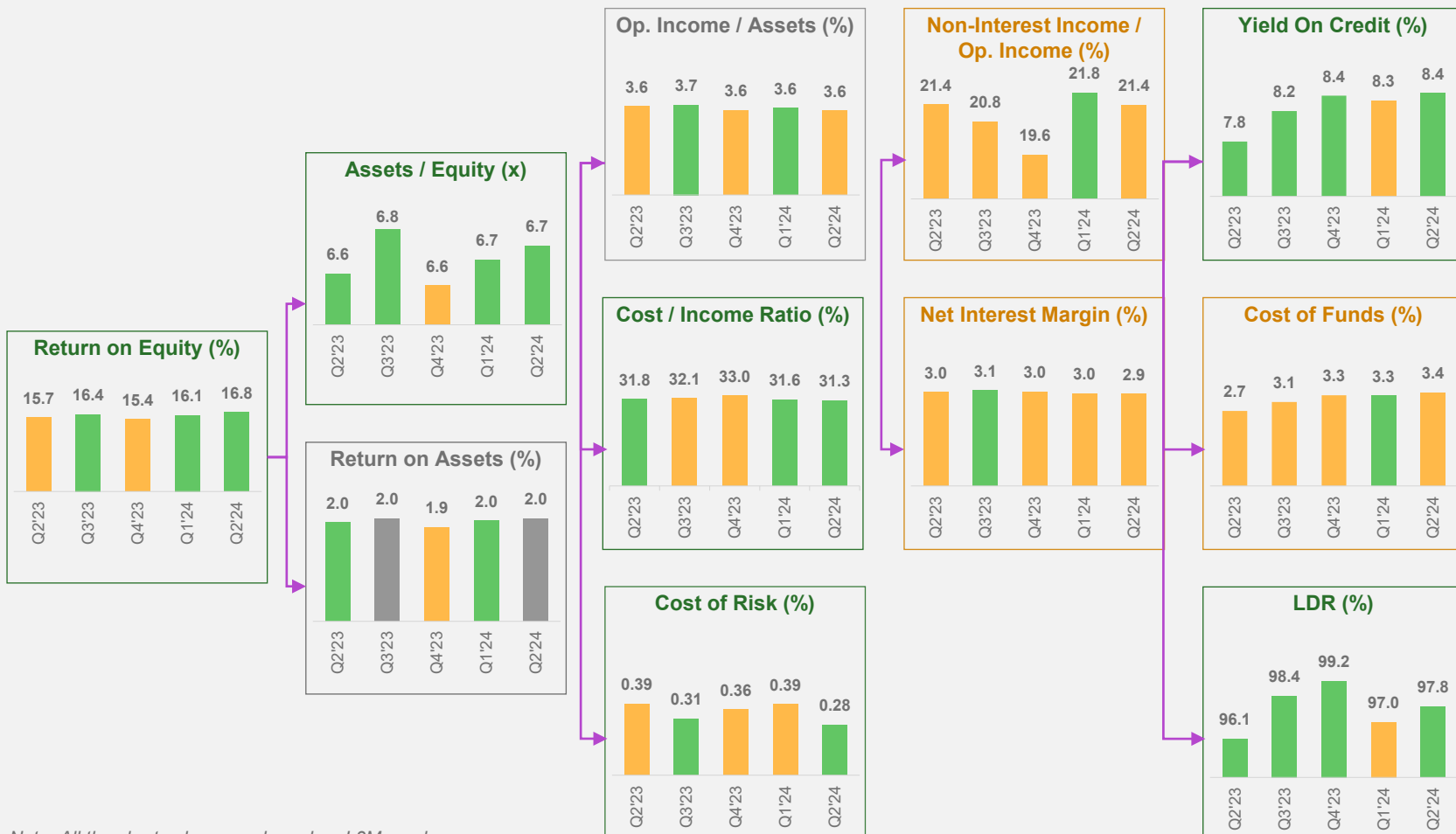
KEY TAKEAWAYS

- Aggregate RoE improved marginally by 0.7% points QoQ to 16.8% in Q2'24
 - This was due to increase in aggregate net income by 4.3% QoQ, whereas average equity base grew by 2.1% QoQ in Q2'24
- Seven out of the top ten banks witnessed improved profitability, with ALINMA reporting the highest improvement in RoE by 2.7% points QoQ, followed by RJHI (+2.1% points QoQ)
- BSF (-0.4% points), SAB (-0.3% points) and ANB (-0.3% points) reported a decline in RoE in Q2'24

Note: Scaling and some numbers might not add up due to rounding
 Source: Financial statements, investor presentations, A&M analysis

KSA banks well placed to navigate any economic headwinds and effects of a reversal in the interest rate cycle

■ Improved
 ■ Stable
 ■ Worsened



Note: All the charts above are based on L3M numbers
 Op Income stands for Operating Income
 Scaling and some numbers might not add up due to rounding
 Source: Financial statements, Investor presentations, A&M analysis

KEY TAKEAWAYS

- Profitability improved for KSA banks (ROE +0.7% points) as NII growth, cost efficiencies and lower impairments supported earnings growth
- According to GASTAT, KSA GDP contracted 0.4% YoY in Q2'24, majorly attributable to the fall in oil related revenues (down 8.5% YoY)
 - Growth momentum was seen in non-oil sector (+4.4% YoY) and government activities (+3.6% YoY)
 - Oil dependence remains a key factor for KSA, where the budget revenue is expected to comprise ~60% in FY'24-25
 - In June'24, OPEC decided to continue the oil output cuts well into 2025,
- While SAMA continues to follow the US Fed with respect to the benchmark interest rates, we now expect – based on recent Fed Chair statement - interest rate reversal to now begin in September, which will begin to change banks' margin profile and profitability

GCC Banking Consolidation

GCC list of M&A transactions in banking sector since April 2019

Announcement Date	Target Company	Target Country	Acquirer Company	% Sought	Consideration (SAR Mn)	Deal Status*
20-Aug-24	Sharjah Islamic Bank (SIB)	UAE	Endowment of Sheikh Sultan bin Mohammed bin Saqer Al Qasimi, the Sharjah Social Security Fund, and Sharjah Islamic Bank	18.2%	1,316	Completed
31-Jul-24	Gulf Bank KSCP	Kuwait	Boubyan Bank KSCP	100.0	NA	Proposed
26-Jun-24	United Gulf Bank BSC	Bahrain	Kuwait Finance House	100.0	2,728	Pending
12-Mar-24	Al Salam Bank Algeria	Algeria	Al Salam Bank BSC	13.6%	NA	Completed
27-Feb-24	United Bank Egypt	Egypt	Kuwait Finance House	100%	NA	Proposed
27-Feb-24	United Bank Egypt	Egypt	Qatar Islamic Bank SAQ	100%	NA	Proposed
27-Feb-23	Ahli United Bank	Kuwait	Kuwait Finance House	100%	6,040	Completed
21-Jun-23	Al Salam Bank Algeria	Algeria	Al Salam Bank BSC	15.7%	NA	Completed
05-Jan-23	Abu Dhabi Islamic Bank (Egypt)	Egypt	Abu Dhabi Islamic Bank	2.4%	NA	Completed
20-Aug-23	HSBC Bank Oman	Oman	Sohar International Bank	100%	NA	Completed
25-May-22	National Bank of Kuwait (Banking)	Jordan	Arab Jordan Investment Bank	100%	NA	Completed
20-Jan-21	Bank Audi SAE (Egypt)	Egypt	First Abu Dhabi Bank PJSC	100%	2,065	Completed
16-Sep-20	Ahli United Bank Egypt SAE	Egypt	Ahli United Bank BSC	14.35%	304	Pending
30-Jun-20	Al Khalij Commercial Bank PQSC	Qatar	Masraf Al Rayan QSC	100%	13,996	Completed
25-Jun-20	Samba Financial Group SJSC	Saudi Arabia	National Commercial Bank SJSC	100%	58,434	Completed
31-Dec-19	Alizz Islamic Bank SAOG	Oman	Oman Arab Bank SAOC	100%	NA	Completed
12-Sep-19	Ahli United Bank BSC	Bahrain	Kuwait Finance House KSCP	100%	21,776	Pending
15-Aug-19	Cqur Bank LLC	Qatar	VTB Bank PJSC	19%	NA	Completed
08-Aug-19	DenizBank AS	Turkey	Emirates NBD PJSC	0.15%	NA	Completed

Source: Bloomberg

*Proposed Status: Board suggests shareholders to consider the acquisition

*Pending Status: Acquisition has announced

*Completed Status: Acquisition has completed

*Notes: Proposed deal between Yapi ve Kredi Bankası and FAB was terminated in June 2024











GLOSSARY



Glossary

	Metric	Abbreviation	Definition
Size	Loans and Advances Growth		QoQ growth in EOP net loans and advances for the top 10
	Deposits Growth		QoQ growth in EOP customer deposits for the top 10
Liquidity	Loan-to-Deposit Ratio	LDR	(Net EOP loans and advances / EOP customer deposits) for the top 10
Income & Operating Efficiency	Operating Income Growth		QoQ growth in aggregate quarterly operating income generated by the top 10
	Operating Income / Assets		(Annualized quarterly operating income / quarterly average assets) for the top 10
	Non-Interest Income / Operating Income		(Quarterly non-interest income / quarterly operating income) for the top 10
	Net Interest Margin	NIM	(Aggregate annualized quarterly net interest income) / (quarterly average earning assets) for the top 10 Earnings assets are defined as total assets excluding goodwill, intangible assets, and property and equipment
	Yield on Credit	YoC	(Annualized quarterly gross interest income / quarterly average loans & advances) for the top 10
	Cost of Funds	CoF	(Annualized quarterly interest expense + annualized quarterly capital notes & tier I sukuk interest) / (quarterly average interest bearing liabilities + quarterly average capital notes & tier I sukuk interest) for the top 10
	Cost-to-Income Ratio	C/I	(Quarterly operating expenses / quarterly operating income) for the top 10
Risk	Coverage Ratio		(Loan loss reserves / non-performing loans) for the top 10
	Cost of Risk	CoR	(Annualized quarterly provision expenses net of recoveries / quarterly average gross loans) for the top 10
Profitability	Return on Equity	RoE	(Annualized quarterly net profit attributable to the equity holders of the banks – annualized quarterly capital notes & tier I sukuk interest) / (quarterly average equity excluding capital notes) for the top 10
	Return on Assets	RoA	(Annualized quarterly net profit / quarterly average assets) for the top 10
	Return on Risk-Weighted Assets	RoRWA	(Annualized quarterly net profit generated / quarterly average risk-weighted assets) for the top 10
Capital	Capital Adequacy Ratio	CAR	(EOP tier I capital + tier II capital) / (EOP risk-weighted assets) for the top 10

Glossary (cont'd.)

Bank	Assets (SAR Bn)*	Abbreviation	Logo
Saudi National Bank	1,088.1	SNB	
Al Rajhi Bank	867.0	ALRAJHI	
Riyad Bank	405.0	RIBL	
Saudi Awwal Bank	382.3	SAB	
Banque Saudi Fransi	288.8	BSF	
Alinma Bank	260.1	ALINMA	
Arab National Bank	234.8	ANB	
Bank Albilad	145.3	BALB	
Saudi Investment Bank	143.4	SAIB	
Bank Aljazira	138.0	BJAZ	

Note: Banks are sorted by assets size
* As on 30th June 2024

References / Sources

Section	Date	News	Links
New Entrants	25-March-24	Cashee, a mobile banking app for kids and teens, is gearing up for launch in KSA	Source
New Entrants	15-May-24	SAMA licenses HALA Financing to provide debt-based crowdfunding solutions	Source
New Entrants	24-June-24	SAMA permits two new fintech start-ups	Source
New Entrants	14-July-24	SAMA launches government banking services platform "NQD"	Source
New Business trends	12-May-24	Saudi banks to pursue alternative funding strategies	Source
New Business trends	26-May-24	Alinma Bank launches "iz", the first comprehensive Digital Banking experience for youth	Source
New Business trends	1-August-24	Saudi EXIM Bank, InvestChile sign deal to boost economic ties	Source
New Investments	1-May-24	BlackRock is opening a Saudi investment firm with initial \$5 billion from PIF	Source
New Investments	12-May-24	SNB and Saudi EXIM Bank sign two agreements to boost non-oil exports	Source
New Investments	24-Jun-24	Kuwait Finance House is considering expansion into KSA via stake sale in SAIB	Source , Source
New Emerging Technology	16-Jul-24	Strategic partnership between Saudi Awwal Bank and UnionPay International	Source
New Emerging Technology	4-June-24	SNB in collaboration with the Ministry of Hajj and Umrah, has launched the world's first international digital wallet	Source
New Emerging Technology	5-June-24	SAMA joins mbridge project	Source
Expected Challenges	3-June-24	OPEC+ agreed to extend most of its deep oil output cuts well into 2025	Source
Expected Challenges	26-June-24	Strong credit growth will put pressure on capital, funding and liquidity	Source
New Regulations	11-July-2024	Saudi Central Bank clarifies exempt amounts from bank account seizures	Source

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