

Saudi Arabia Banking Pulse

Q3 | 2024

Foreword

Alvarez & Marsal Arabia Limited (A&M) is delighted to publish the Q3'24 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.

Lending growth momentum continued in Q3'24 with L&A increasing by 3.7% QoQ mainly driven by corporate / wholesale banking (+4.4% QoQ). However, deposits mobilization moderated and increased by 1.4% QoQ, slower than L&A, although time deposits (+4.2% QoQ) continued to see an uptick on back of high interest rates. Operating income increased by 6.0% QoQ, as NII increased by 3.5% QoQ and non-interest income surged by 15.2% QoQ. Impairment charges increased moderately, and net income grew 5.3% QoQ.

Banks reported a marginal improvement in cost efficiency as cost-to-income ratio decreased by 31bps QoQ to 31.0%; Stage 3 loans are well provided for with 56.1% coverage with stage 3 ECL allowance. Overall, RoE increased 56bps QoQ to 17.4% while ROA remained stable at 2.0% in Q3'24.

SAMA cut the repo rate by 50bps during Q3'24, in line with the US Fed and is anticipated to continue to be expansionary in the coming quarters. Non-oil GDP growth in KSA is expected to be fueled by the Vision 2030 initiatives supporting consumer spending, tourism, and construction sectors. While KSA banks are successfully navigating the rate cycle through favorable asset repricing and improved cost efficiency, geopolitical / regional tensions and steeper rate cuts are expected to remain a feature of Board discussions.

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

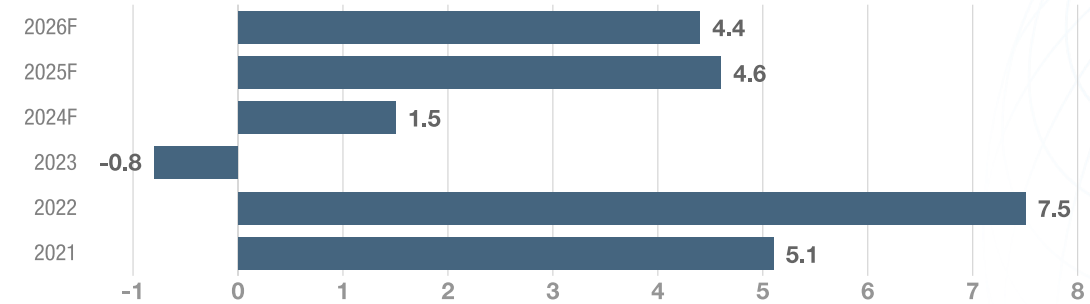
Macro overview

- In the latest IMF projections of Oct'24, KSA FY'24 GDP projection was reduced to 1.5% from an earlier estimate of 1.7% in July'24, mainly as a result of the extension of oil production cuts and ongoing regional conflict. FY'25 projection was also revised down by 0.1% point to 4.6%
- PMI for Q3'24 decreased to 55.2 (from 56.1 in Q2'24), however, at the tail end of the quarter, there was an expansion in output and new orders. Survey respondents cited higher demand and the approval of new projects.

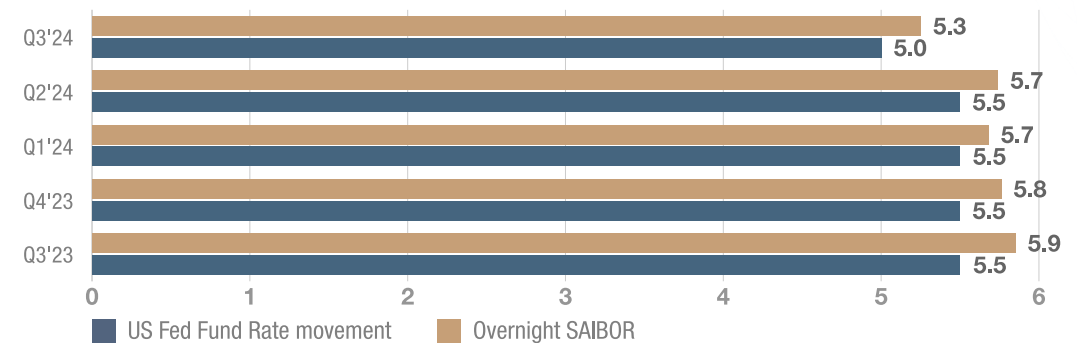
- The US fed rates were cut by 50bps QoQ to 4.75%-5.00% levels in Q3'24 and lowered further by 25bps to 4.50-4.75% in its November'24 meeting. A further 25bps cut is expected before year end
- SAMA, in line with the US Fed, reduced the repo rate and reverse repo rate by 50bps to 5.5% and 5.0%, respectively. Accordingly, the overnight SAIBOR rate fell by 49bps QoQ to 5.3% in Q3'24
- Lower borrowing costs will benefit KSA's non-oil sectors that are focused under Vision 2030 (construction, real estate, services) aiding diversification away from oil economy

- In Q3'24, M2 money supply increased by 2.4% QoQ to SAR 2.6tn. Time & Savings deposits surged by 4.8% 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 a higher pace (+1.5% QoQ) to SAR 1.4tn in Q3'24 to now account for 49.0% of all deposits
- M3 money supply increased by 1.6% QoQ to SAR 2.9tn in Q3'24

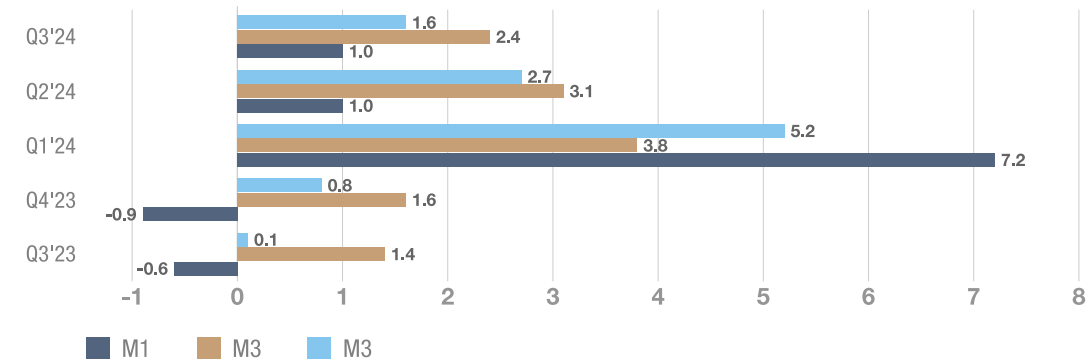
KSA GDP Growth Rate¹, %



US Fed Funds Rate², SAIBOR %



KSA Money Supply³, (% Quarterly)



KSA macro & sector overview

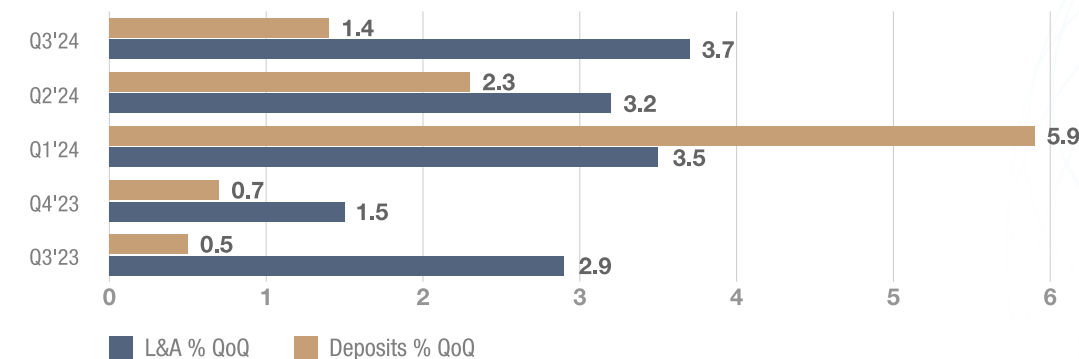
Banking overview Q3'24

- In Q3'24, aggregate loans & advances (L&A) of top ten KSA banks increased +3.7% QoQ faster than the previous quarter, outpacing deposits growth (+1.4% QoQ)
- Corporate / Wholesale segment continue to drive the aggregate with an increase of 4.4% QoQ; retail segment lending increased by 2.7% QoQ
- Deposits from government entities increased by 4.0% QoQ and accounted for ~31.3% of the total bank deposits in Q3'24; demand deposits surged +20.5% QoQ
- The LDR increased by 2.3% points QoQ to reach 100% in Q3'24 on the back of higher loan book growth

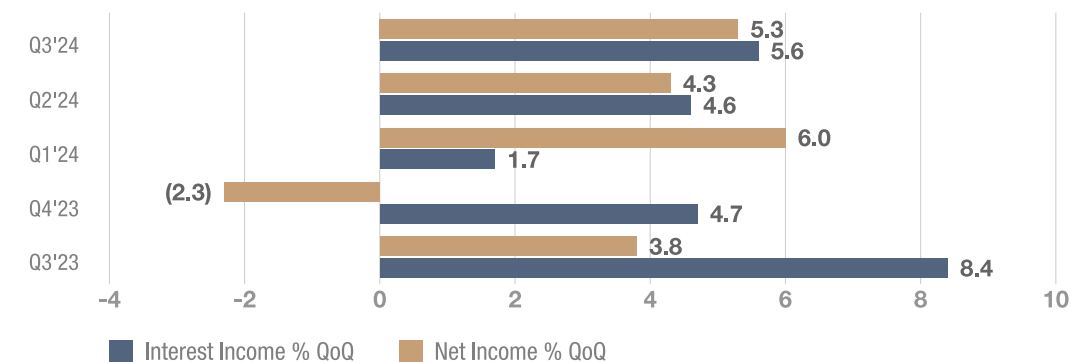
- Aggregate total interest income grew by 5.6% QoQ in Q3'24, highest attained in last four quarters, supporting a 3.5% QoQ NII growth
- Aggregate net profit increased by 5.3% QoQ in Q3'24 largely due to the growth in non-interest income (+15.2% QoQ)
- Operating expenses (+4.9% QoQ) and significant increase in impairment charges (+30.4% QoQ) weighed down on the profitability front

- Aggregate RoE improved by 56bps QoQ to 17.4% in Q3'24
- RoA remained stable at 2.0% in Q3'24, with net profit and average total assets growing by 5.3% QoQ and 3.3% QoQ, respectively

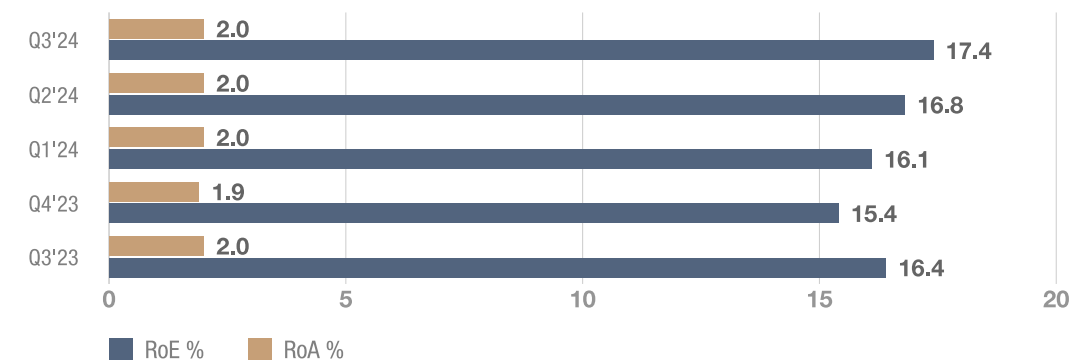
KSA Banks L&A and Deposits¹, %*



KSA Banks' Profitability¹, %*



KSA Banks' Profitability¹, %*



¹ Company Financials, * Data for top ten KSA banks by asset size as of September 30th 2024, QoQ stands for quarter over quarter

KSA banks continued lending momentum and saw improvement on the cost efficiency front

Key Trends of Q3'24

- 1

L&A increased by 3.7% QoQ while deposits grew at a slower pace at +1.4% QoQ in Q3'24
- 2

LDR increased by 2.3% points QoQ to 100.1% in Q3'24
- 3

Aggregate operating income increased by 6.0% QoQ supported by NII (+3.5% QoQ) and non-interest income (+15.2% QoQ)
- 4

NIM remained stable at 2.9%; YoC and CoF increased by 18bps and 14bps QoQ, respectively
- 5

C/I ratio improved by 31bps QoQ as aggregate operating expenses increased by 4.9% QoQ, slower than operating income growth of 6.0% QoQ
- 6

Coverage ratio increased by 3.2% points QoQ and cost of risk increased by 7bps QoQ
- 7

RoE increased by 56bps QoQ to 17.4%, whereas RoA increased by 4bps QoQ
- 8

RoRWA increased by 4bps QoQ while capital adequacy ratio deteriorated by 0.2% points to 19.2%

	Metric	Q2'24	Q3'24	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Size	L&A Growth (QoQ)	3.2%	↑ 3.7%					
	Deposits Growth (QoQ)	2.3%	↓ 1.4%					
Liquidity	Loan-to-Deposit Ratio (LDR)	97.8%	↑ 100.1%					
Income & Operating Efficiency	Operating Income Growth (QoQ)	1.9%	↑ 6.0%					
	Operating Income / Assets	3.6%	↑ 3.7%					
	Non-Interest Income / Operating Income	21.4%	↑ 23.2%					
	Yield on Credit (YoC)	8.4%	↑ 8.6%					
	Cost of Funds (CoF)	3.4%	↑ 3.5%					
	Net Interest Margin (NIM)	2.9%	↔ 2.9%					
	Cost-to-Income Ratio (C/I)	31.3%	↓ 31.0%					
Risk	Coverage Ratio	164.0%	↑ 167.2%					
	Cost of Risk (CoR)	0.3%	↑ 0.4%					
Profitability	Return on Equity (RoE)	16.8%	↑ 17.4%					
	Return on Assets (RoA)	2.0%	↔ 2.0%					
	Return on Risk-Weighted Assets (RoRWA)	2.6%	↑ 2.7%					
Capital	Capital Adequacy Ratio (CAR)	19.4%	↓ 19.2%					

↑ Improved
↔ Stable
↓ Worsened

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 licensed 'BOUABA TSHIL' company to provide consumer microfinance solutions taking the total number of consumer microfinance companies in KSA to six
- In Sept'24, SAMA signed an agreement with Samsung to enable the launch of Samsung Pay in Saudi Arabia during Q4'24
- FinTech player 'Barq', led by former STC Pay CEO, launched an app to transfer money to more than 200 countries and Visa cards

New Business Trends



- Emkan, FinTech subsidiary of ALRAJHI, secured license from SAMA to offer BNPL services by allowing customers to make purchases with easy, interest-free installments through a fully digital experience
- SNB announced the launch of "NEO" Digital Banking offering a variety of new products and services to enhance the KSA digital banking experience both locally and globally

New Investments



- BNPL FinTech, Tabby, buys KSA digital wallet start-up 'Tweeq' which will enable Tabby to expand its product suite with digital spending accounts, cards and money management tools in KSA
- ALRAJHI has acquired 65% of the "Darham", an application that provides open banking and FinTech services. The acquisition is the first of its kind in the region, with a KSA bank acquiring a majority stake in a FinTech startup

New Emerging Technologies



- SAB has partnered with Singapore's PayerMax for enhanced business payment solutions to facilitate global transactions for local merchants
- Vision Bank, the first Sharia-compliant digital bank in Saudi Arabia, has launched its mobile app after two years in development
- SAB has partnered with UnionPay, a China based payment network, which will enable digital acceptance of UPI payments across physical stores, ATMs, and online

Expected Challenges



- Prevailing geo-political conflicts in the Middle East can cause volatility in oil prices and macro economic instability
- NIM are likely to be under pressure following the start of interest rate cuts that began in Q3'24 with another ~50bps rate cut expected in Q4'24 (already 25bps cut in November'24)
- OPEC+ has agreed to delay a planned FY'24 year-end oil output increase due to weak demand and rising supply outside the group

New Regulations



- SAMA has issued updated rules for engaging in debt-based crowdfunding. Notable updates include:
 - Adding more disclosure requirements that include default rates through its platform
 - Companies can offer finance amounts above SAR 7.5mn to large commercial enterprises and licensed real estate firms ([Link](#))
- SAMA permitted three new FinTech startups - 'Xsquare' and 'NeotTek' (to launch an Open Banking platform) and 'MoneyMoon' (peer-to-peer lending platform) as a part of its regulatory sandbox

Despite rate cuts, higher NII and Fee / Other Income contributed to the earnings growth



Key takeaways

- Aggregate net income increased by 5.3% QoQ to SAR 20.5bn
- Operating income increased by 6.0% QoQ; NII increased by 3.5% QoQ while non-interest income increased substantially by 15.2% QoQ, driving the total operating income
- Operating expenses increased by 4.9%, however, the banks were still cost efficient as operating income grew at a faster pace
- Banks reported higher impairment charges with an increase of 30.4% QoQ in Q3'24

Net income bridge (SAR Bn)

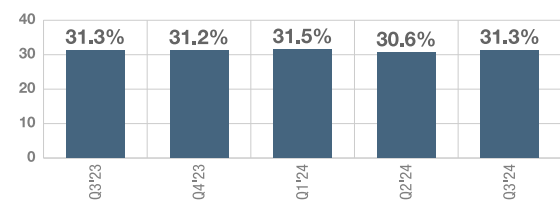


Banks continue to expand credit outlay which has outpaced deposit mobilization

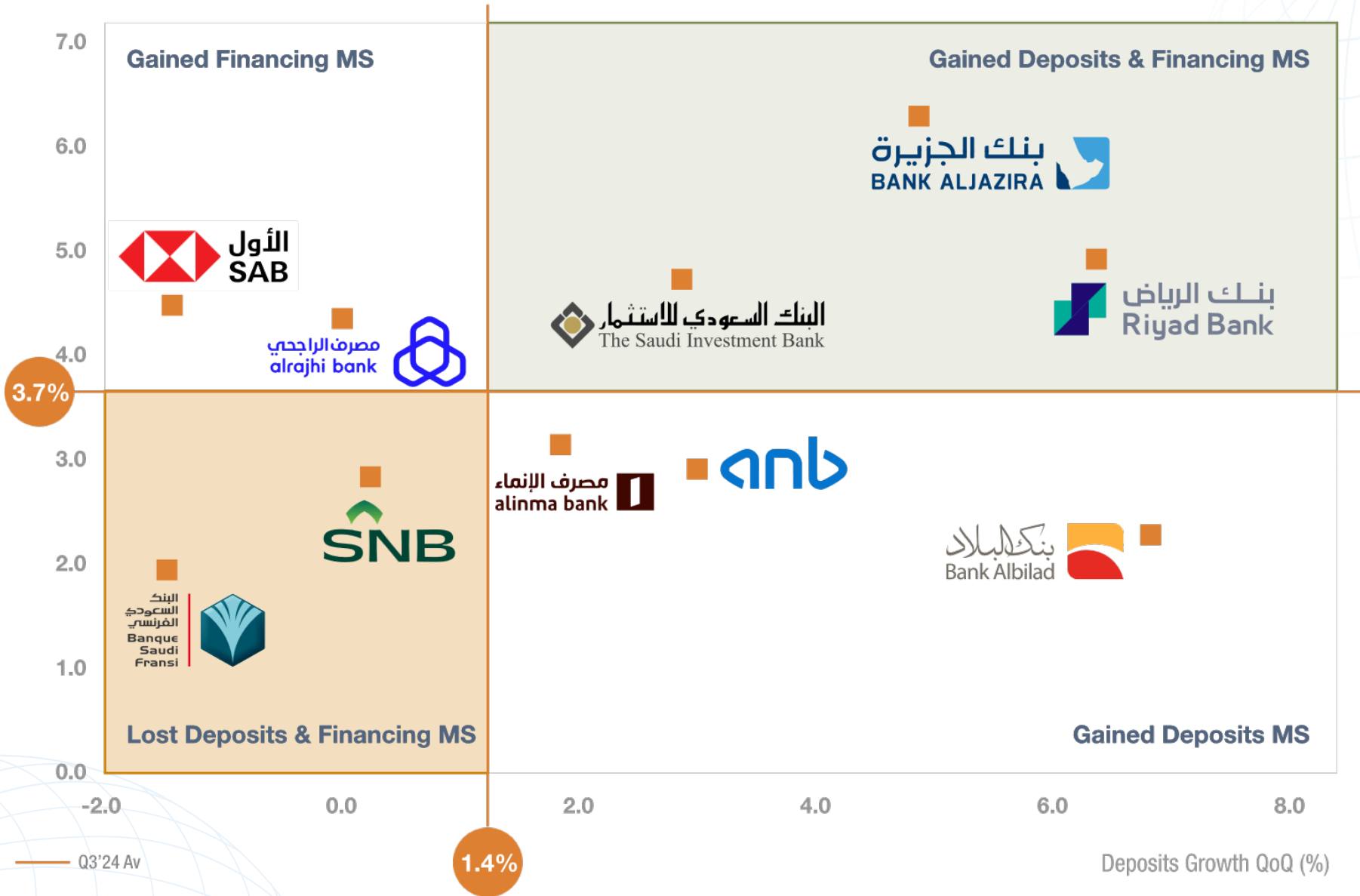
Key takeaways

- Aggregate L&A of the top ten banks increased by 3.7% QoQ, slightly higher than the previous quarter (+3.2% QoQ)
 - Corporate / wholesale loans (+4.4% QoQ) drove the overall L&A growth
 - BJAZ and RIBL reported the highest increase in L&A growth by 6.3% and 4.9% QoQ, respectively
- Aggregate bank deposits increased marginally by 1.4% QoQ
 - The rate cut cycle began at the fag end of Q3'24; customers responded well to the peak of the interest rates (Time deposits for KSA banks increased by 4.2% QoQ in Q3'24)
- Deposits from government entities increased by 4.0% QoQ and accounted for ~31.3% of the total bank deposits in Q3'24

Share of Government Deposits (%)



L&A Growth QoQ (%)



Note: MS stands for market share
Source: Financial statements, Investor presentations, A&M analysis

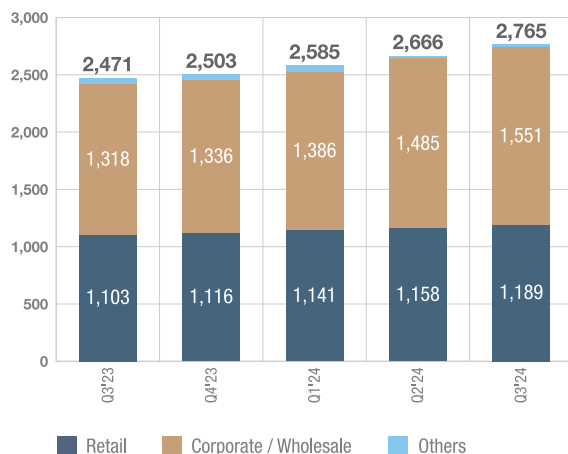
Corporate / wholesale segment remain the major focus for most of the KSA banks



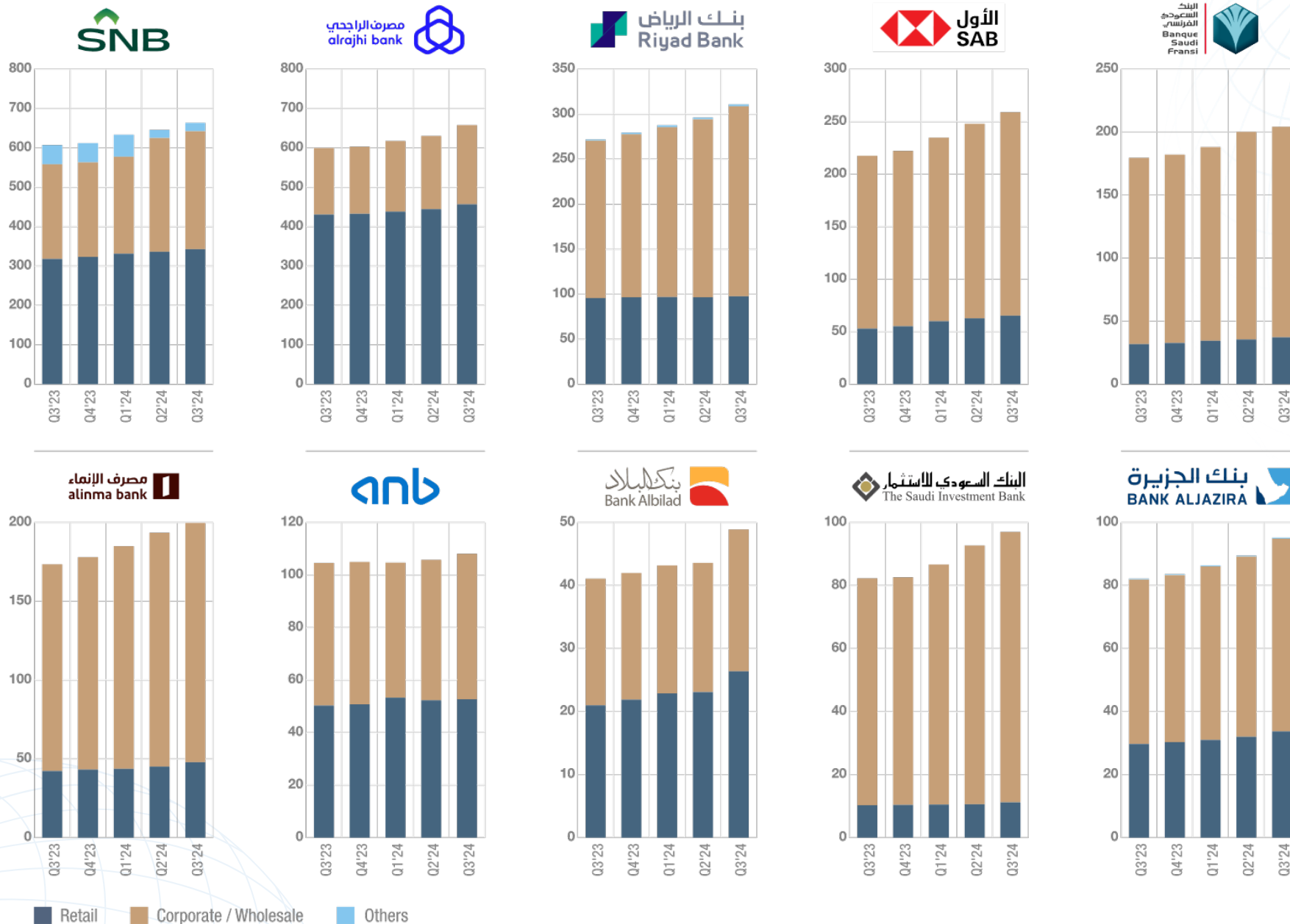
Key takeaways

- Corporate / Wholesale lending drove the aggregate L&A with a growth of 4.4% QoQ (accounted for 56.1% of aggregate L&A); retail segment grew by 2.7% QoQ, contributing 43.0% to aggregate L&A
 - ALRAJHI and RIBL reported a substantial increase in the corporate / wholesale lending segment with an increase of 8.1% and 6.8% QoQ, respectively

Aggregate L&A (SAR bn)



Loans and advances (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

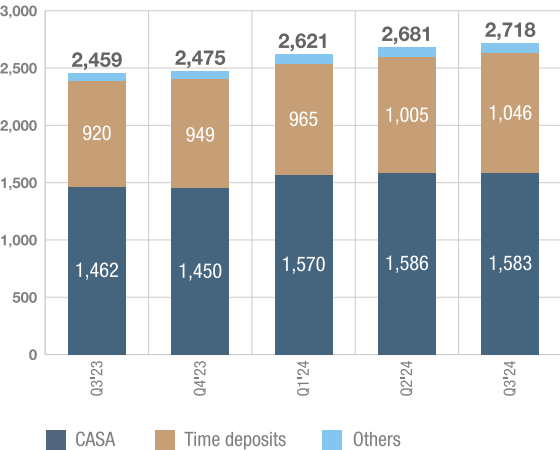
Aggregate deposits growth moderated during the quarter and was mainly driven by increase in time deposits



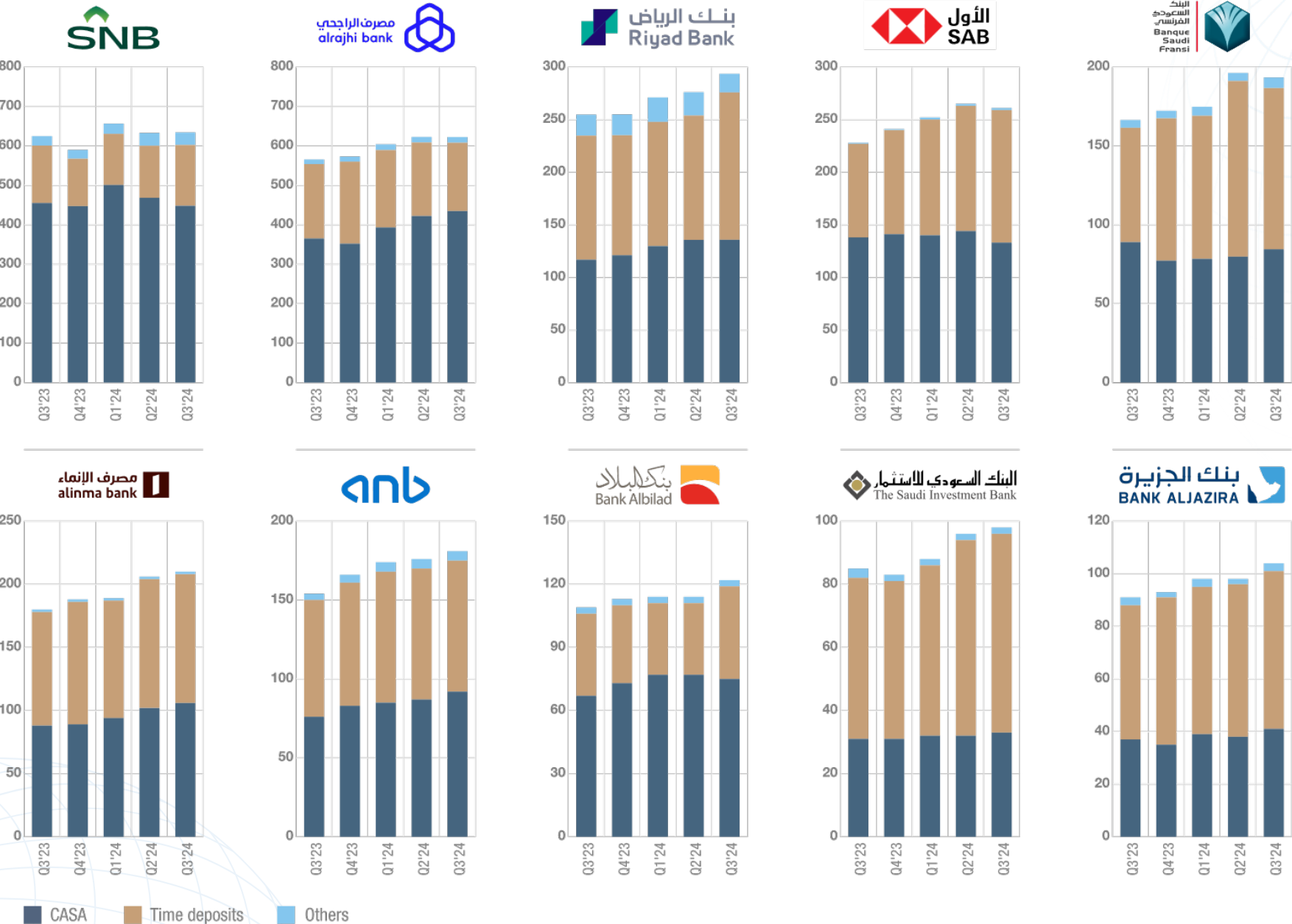
Key takeaways

- Banks reported healthy increase in time deposits (+4.2% QoQ); on the contrary, aggregate CASA deposits declined marginally by 0.2% QoQ, and accounted for 58.2% of the total deposits in Q3'24
- SNB put focus on time deposit with a substantial increase of 16.9% QoQ, however, ALRAJHI saw a decline of 7.0% QoQ in Q3'24
- Majority of the banks reported some increase in CASA. However, aggregate was pulled down by SNB (down 4.4% QoQ) and SAB (down 7.5% QoQ)

Aggregate Deposits (SRA bn)



Customer deposits (SRA bn)



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

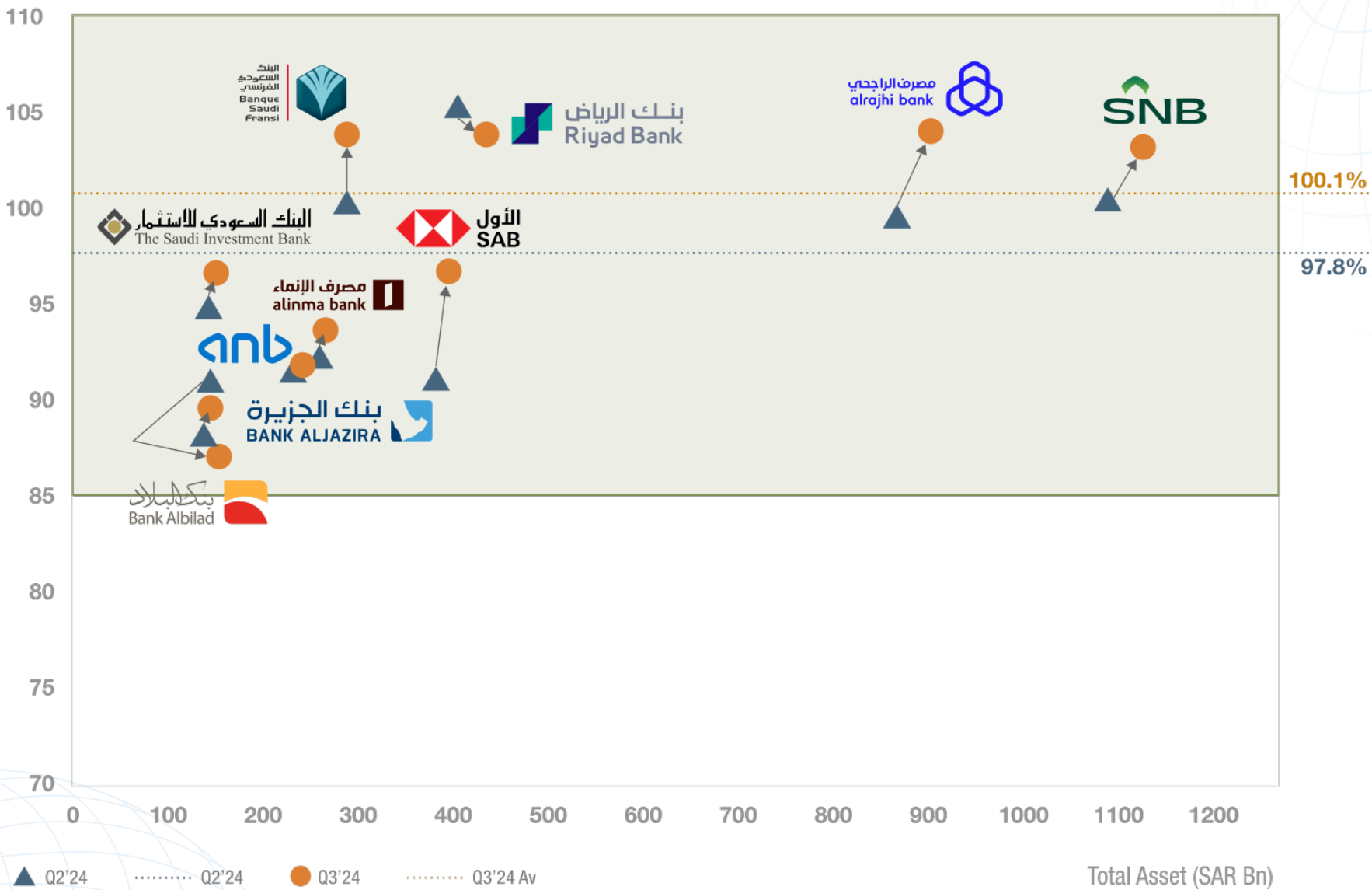
LDR crossed 100% for the first time in 2024 for the KSA banks



Key takeaways

- Aggregate LDR increased by 2.3% points QoQ to 100.1% in Q3'24 as seven out of the ten banks reported an increase in LDR
- SAB reported the highest increase in LDR (5.5% points QoQ) to 96.8% in Q3'24
 - L&A grew by 4.5% QoQ while deposits declined by 1.4% QoQ
- BALB witnessed the highest decline in LDR (down 3.9% QoQ) to 87.2%
 - Deposits grew by 6.8% QoQ driven by time deposits (+27.0% QoQ), outpacing the L&A growth of 2.3% QoQ

Loans to Deposits Ratio (%)



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

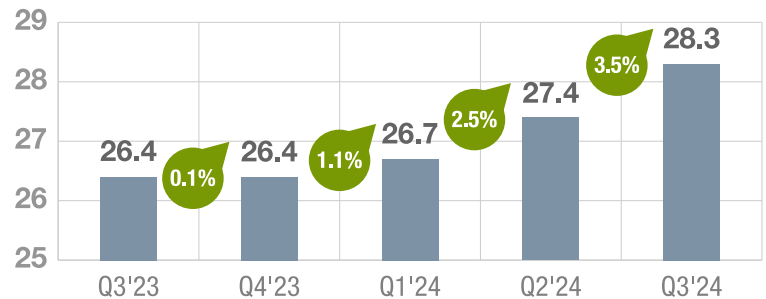
Higher non-interest income was a major contributor to total operating income uptick



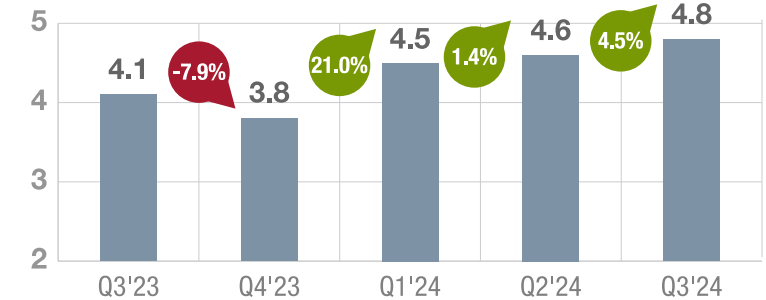
Key takeaways

- Total operating income increased by 6.0% QoQ
 - NII grew by 3.5% QoQ despite the rate cut during Q3'24 and non-interest income registered a growth of 15.2% QoQ
- ALRAJHI reported the highest increase in NII (+9.2% QoQ) and BALB reported the highest fees and commission income growth (+17.1% QoQ)
 - In ALRAJHI, NII grew as a result of asset yield expansion (+34bps QoQ) from the SME loan book and repricing in ex-mortgage retail lending segment
- RIBL led the aggregate other operating income as it grew by 198.0% QoQ
 - The bank earned a substantial one-time gain in the trading income (~34x)
 - Dividend income also grew by 132.7% QoQ to SAR 22mn

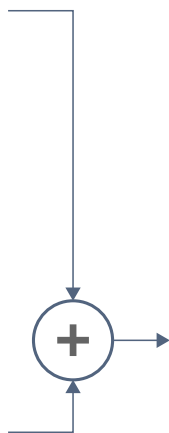
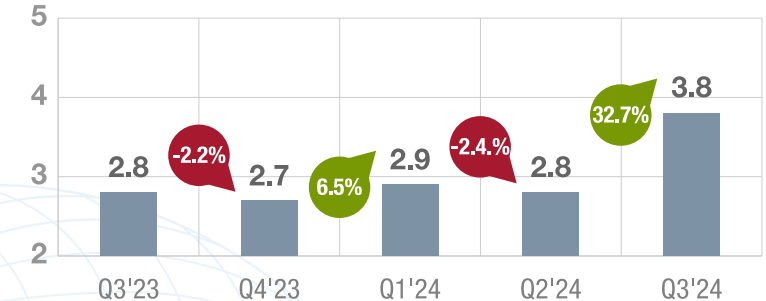
Quarterly NII
(SARbn)



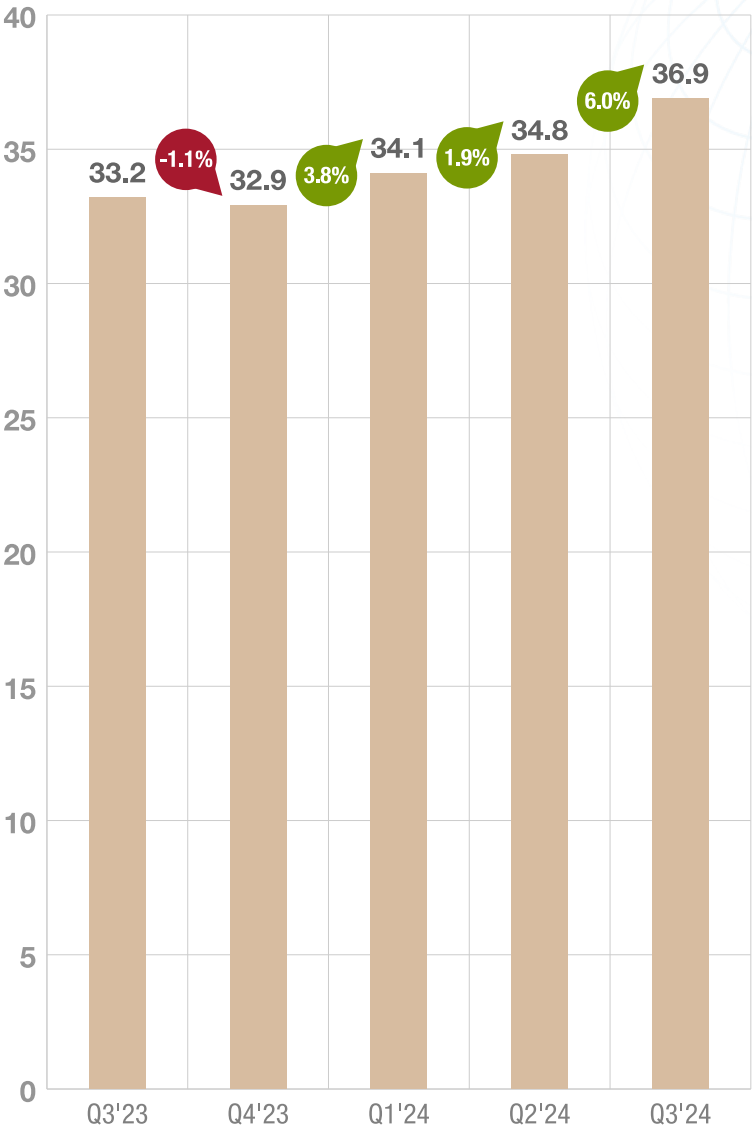
Quarterly Net Fee & Commission
(SARbn)



Quarterly Other Operating income
(SARbn)



Quarterly Operating Income
(SAR bn)



Improved Stable Worsened

NIM remained stable after three consecutive quarters of contraction

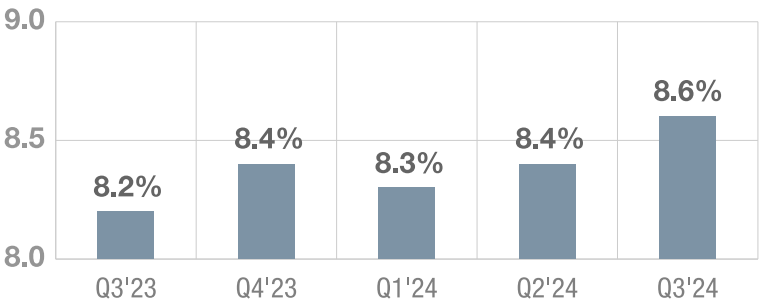


Key takeaways

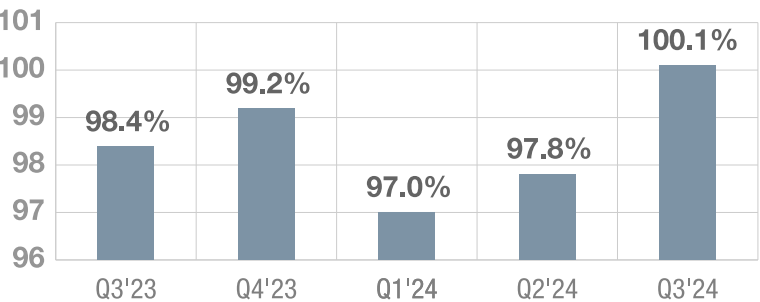
- NIM remained stable at 2.95% in Q3'24 despite the rate cut by SAMA
 - Spreads remained relatively flat during the quarter. Yield on credit increased by 18bps QoQ while cost of funds was higher by 14bps QoQ

Yield-on-Credit

(Quarterly Annualized)

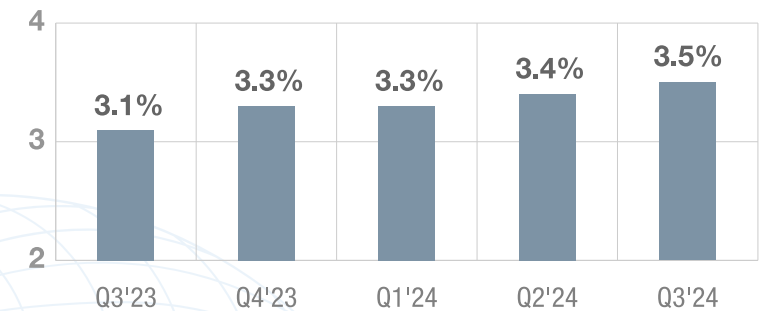


Loan-to-Deposit Ratio (LDR)



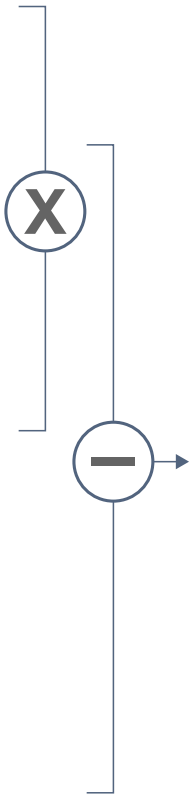
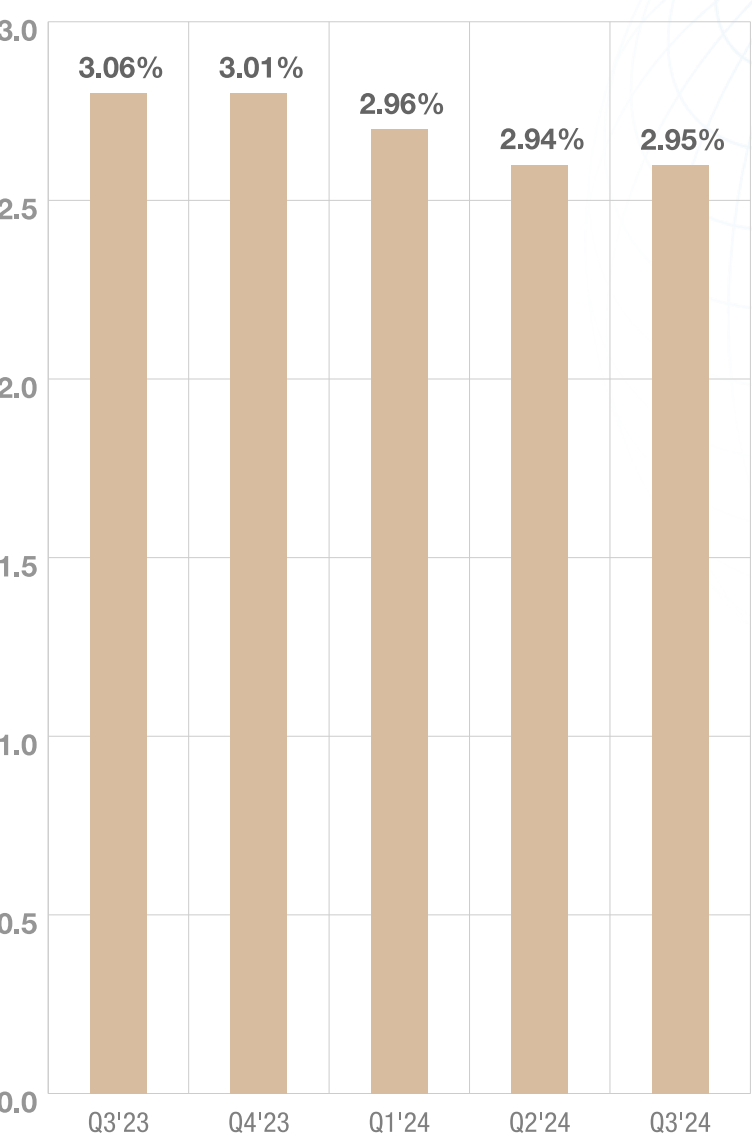
Cost of Funds

(Quarterly Annualized)



Net Interest Margin

(%, Quarterly Annualized)



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

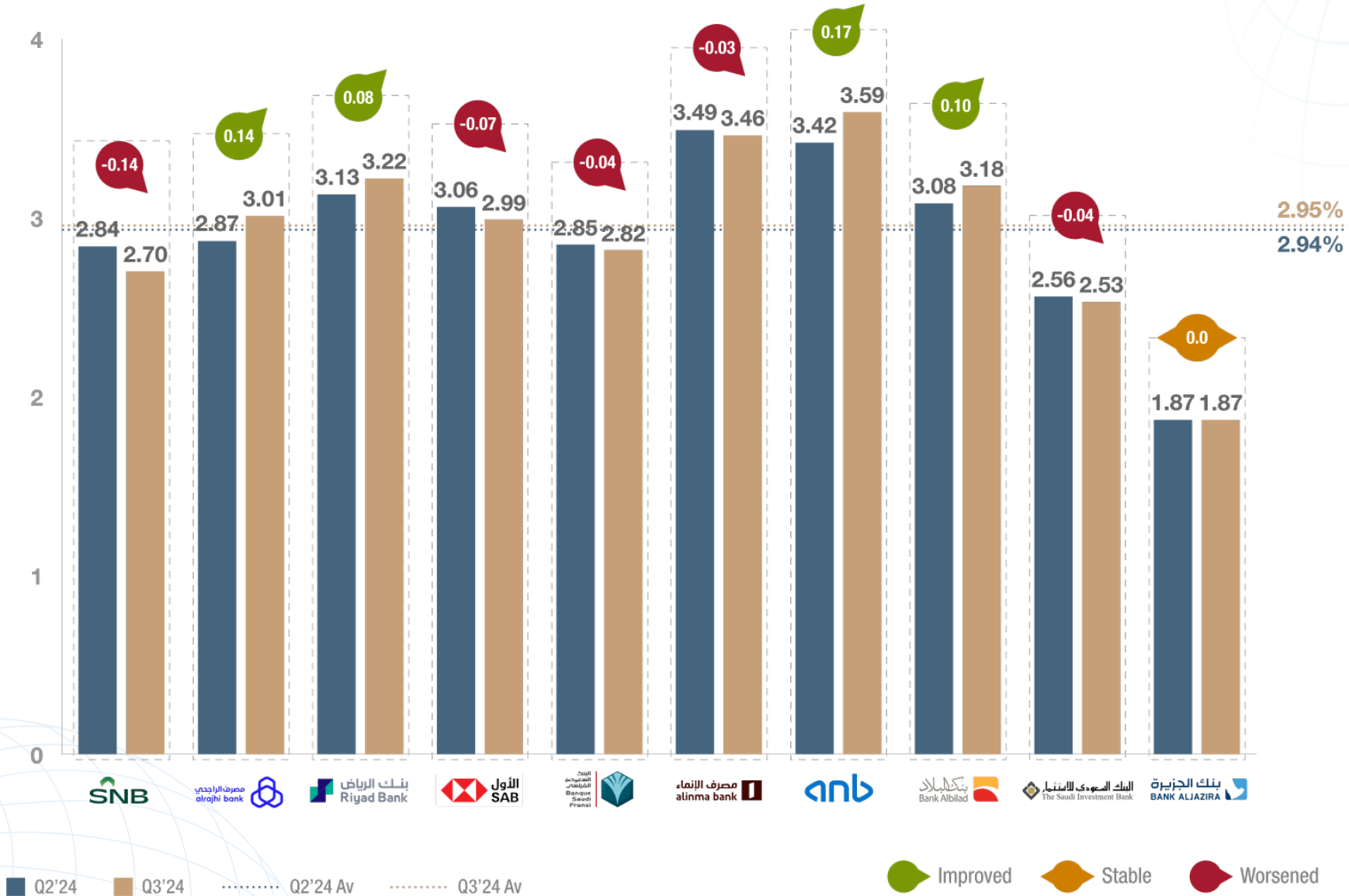
NIM performance was mixed across KSA banks largely due to their respective funding profile



Key takeaways

- Aggregate NIM remained stable at 2.9% in Q3'24
- NIM for ANB expanded the most (+17bps QoQ) as the NII grew by 6.8% QoQ
- NIM for SNB contracted the most (-14bps QoQ) as the NII decreased by 2.6% QoQ
 - With CASA declining in SNB by 4.4%, the financing cost for the bank substantially increased and total interest expense grew by 11.4% QoQ
- NIM for retail focused banks such as ALRAJHI (+14bps QoQ) and BALB (+10 bps) was better this quarter

Net Interest Margin (% , Quarterly)



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

Banks continued to focus on operational efficiency; aggregate C/I ratio inch closer to 30% level

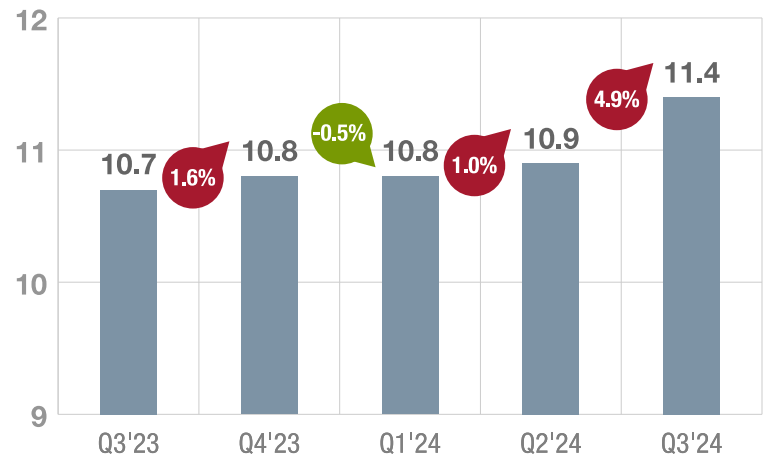


Key takeaways

- C/I ratio improved marginally by 31 bps to 31.0% in Q3'24
 - This was due to the higher growth in operating income (+6.0% QoQ) as compared to the operating expenses (+4.9%)
- RIBL reported the highest improvement in the C/I ratio (down 188bps QoQ)
 - This was on the back of gains on trading income that led to high operational income and thereby improved cost efficiency
- ALRAJHI is the bank with the lowest C/I ratio across the ten banks (24.5% in Q3'24) and continues to improve (-1.1% points QoQ)

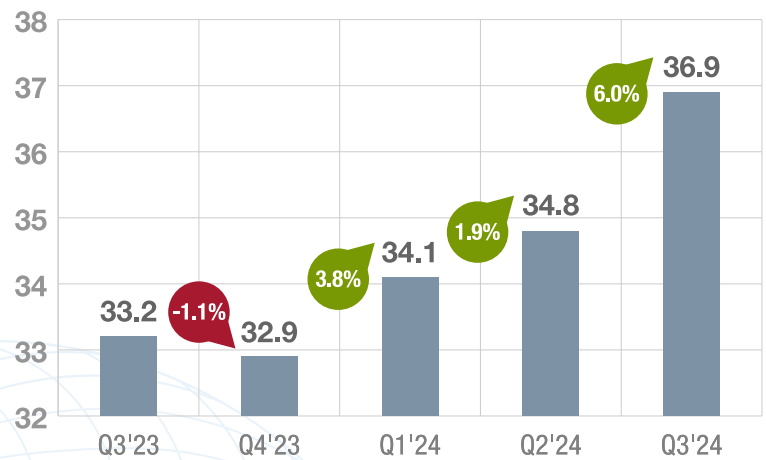
Quarterly Operating Expenses

(SRA bn)



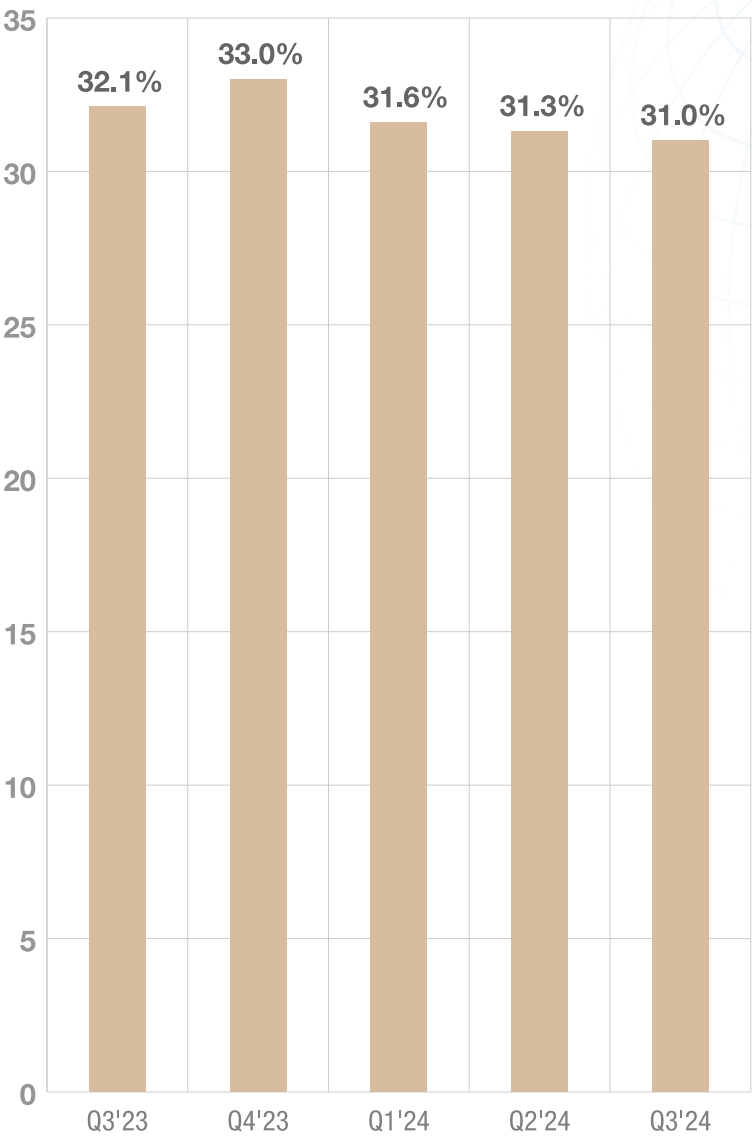
Quarterly Operating Income

(SRA bn)



Cost to Income Ratio

(%, Quarterly Annualized)



Improved Stable Worsened

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

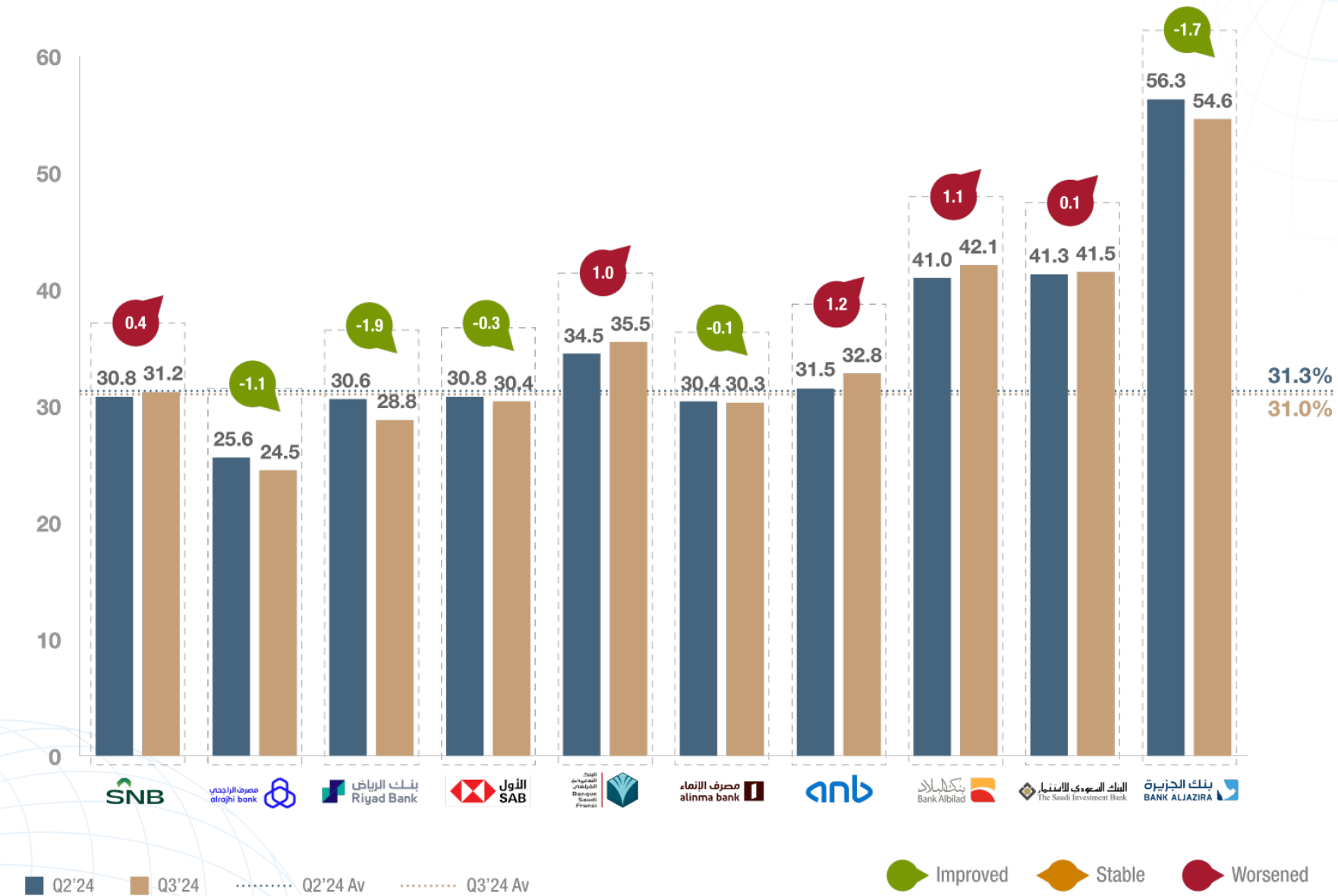
Half of the banks reported an improvement in cost efficiency



Key takeaways

- Half of the KSA banks reported an increased cost efficiency in Q3'24
- ANB and BALB reported the highest deterioration in the C/I ratio by 121bps QoQ and 109bps QoQ, respectively
 - Salaries and employee costs increased by 7.9% while rent and premises related expenses grew by 19.5% QoQ driving the total operating expenses higher
- SNB's C/I ratio deteriorated by 37bps QoQ as the bank started six new branches in Q3'24

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

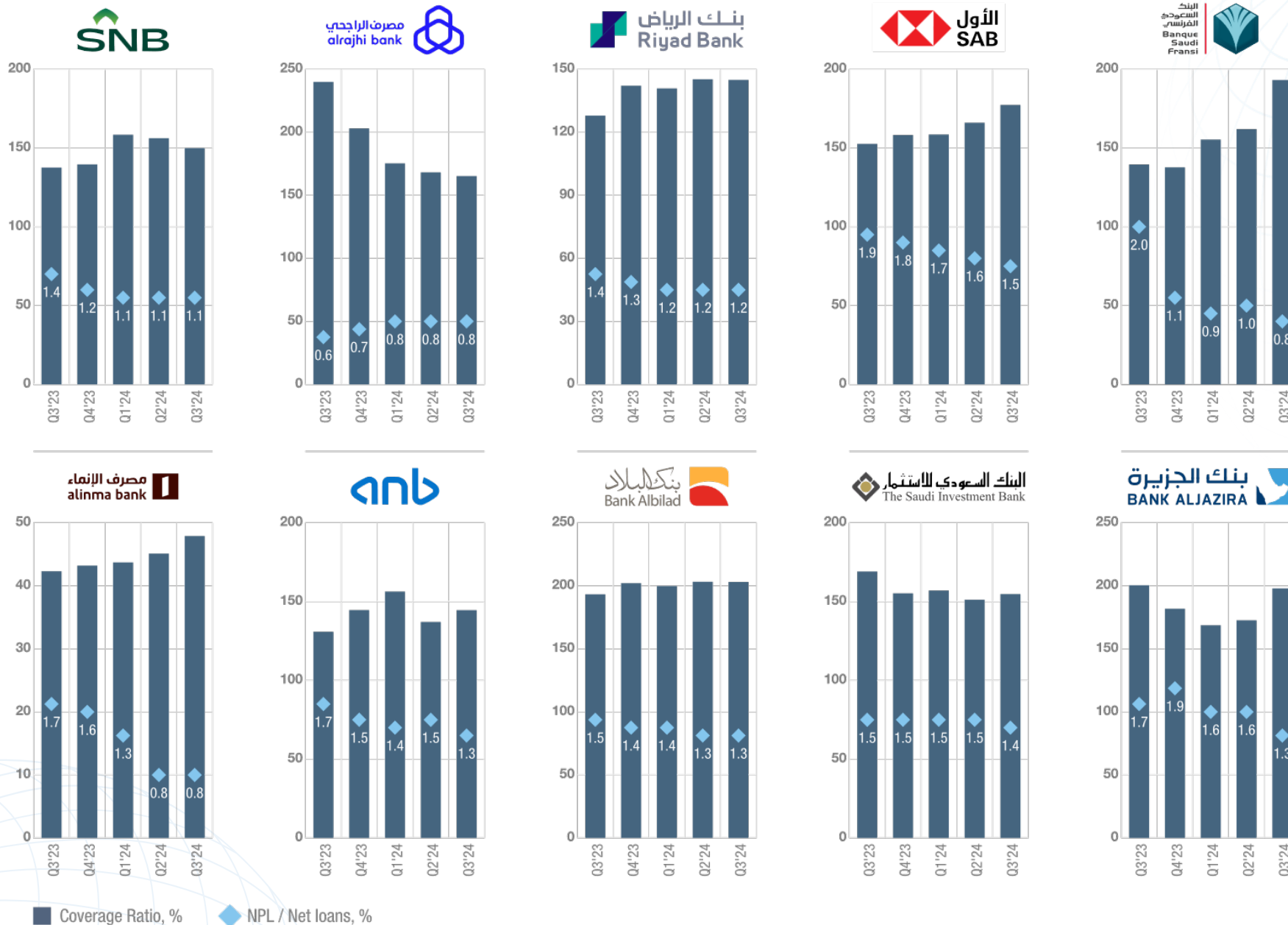
Asset quality and coverage ratio improved for most of the banks



Key takeaways

- Aggregate asset quality improved by 3bps QoQ to 1.1% in Q3'24
 - Aggregate NPL increased marginally by 0.6% QoQ, however the asset base increased substantially, leading to an improvement in NPL ratio
- Aggregate coverage ratio increased to 167.2% (+3.2% points QoQ)
 - BSF remained cautious and reported the largest decline in NPL (down 10.3% QoQ) mainly due to write-offs in commercial lending

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

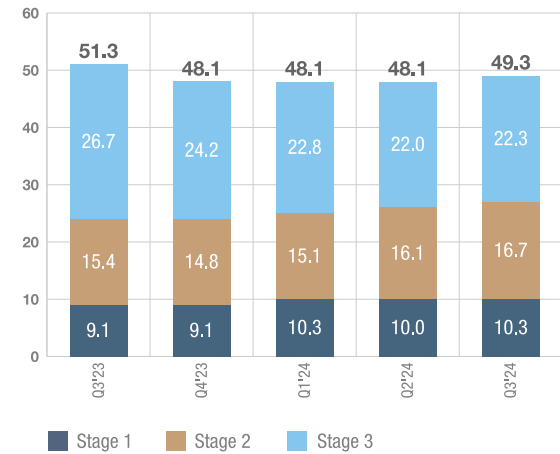
Stage 3 loans increased marginally while banks maintained adequate provisions



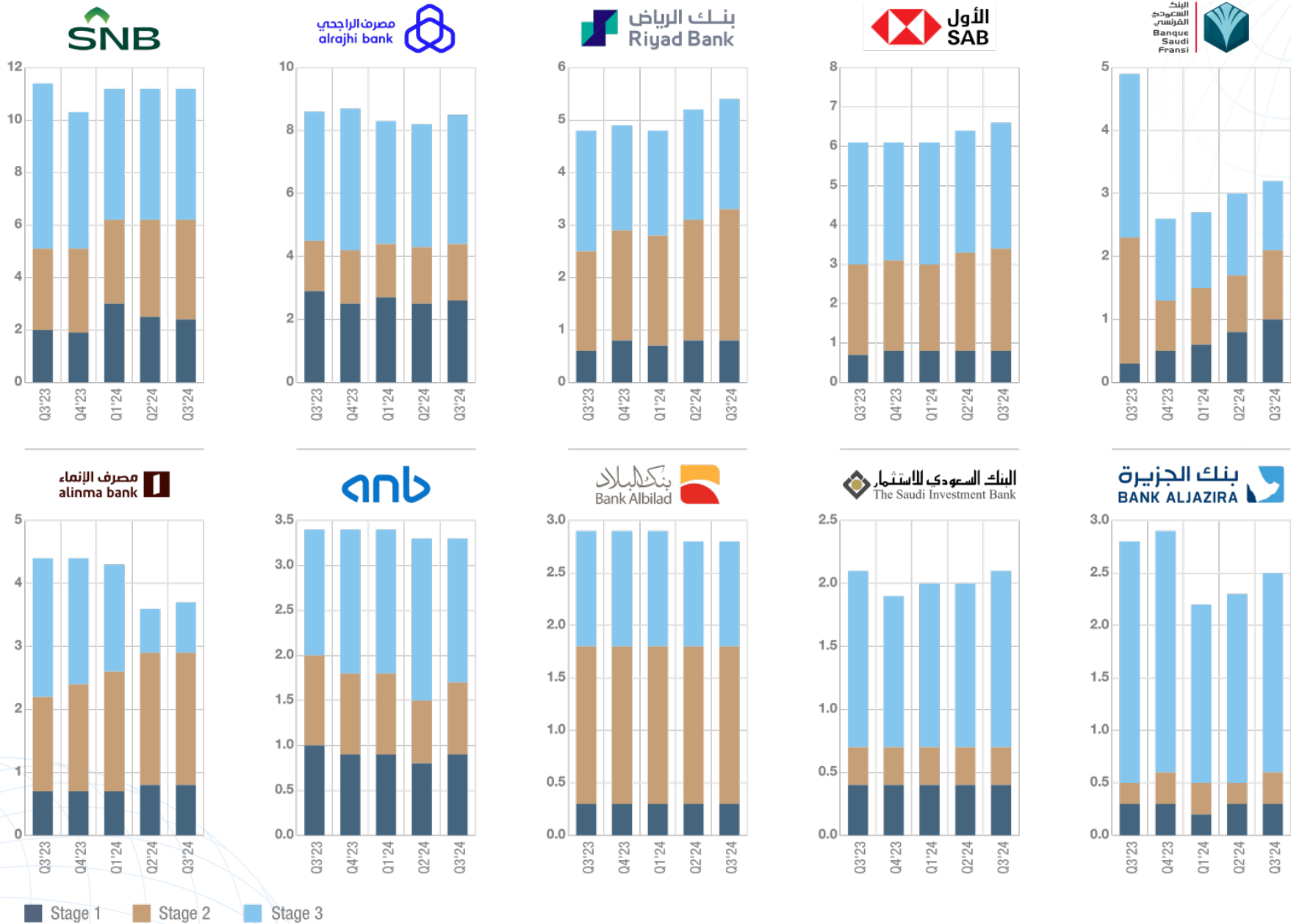
Key takeaways

- All the KSA banks reported an increase in Stage 1 loans resulting in a 3.7% QoQ increase in the aggregate, accounting for 93.7% of the total loans
- Stage 3 loans are well provided for with 56.1% coverage by stage 3 ECL allowance in Q3'24
- ALRAJHI contributed to the increase in Stage 3 loans with an increase of 6.1% QoQ

Aggregate ECL (SAR bn)



Stage wise ECL mix (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

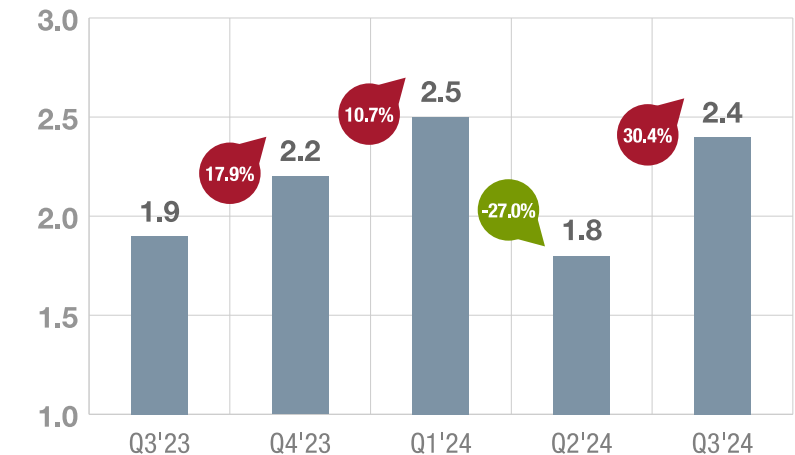
Cost of risk increased as banks recorded higher impairment charges



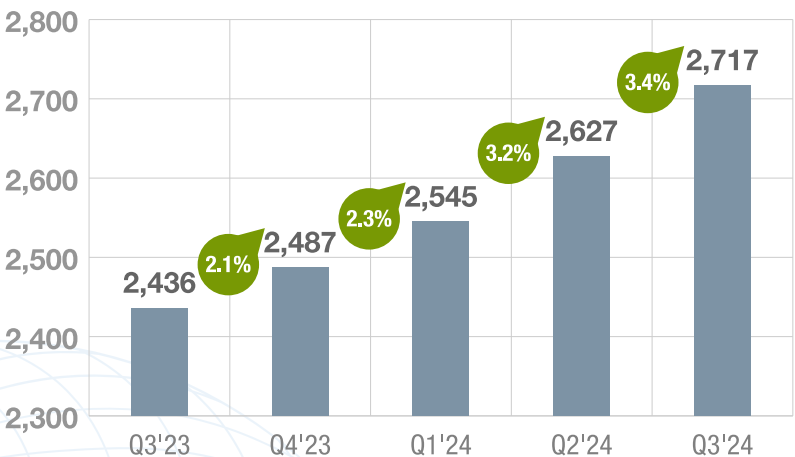
Key takeaways

- Aggregate cost of risk deteriorated by 7bps QoQ to 0.35% in Q3'24
 - This was attributable to a significant rise in the aggregate impairment charges (+30.4% QoQ) to SAR 2.4bn
 - The top three banks reported more than 80.0% QoQ increase in the impairment charges
- Six out of the top ten banks reported higher cost of risk, with SAB reporting the highest deterioration of 30bps QoQ to 0.49%

Quarterly Net Loan Loss Provisions
(SAR bn)



Average Gross Loans
(SAR bn)



Cost of Risk
(%, Quarterly Annualized)



Improved Stable Worsened

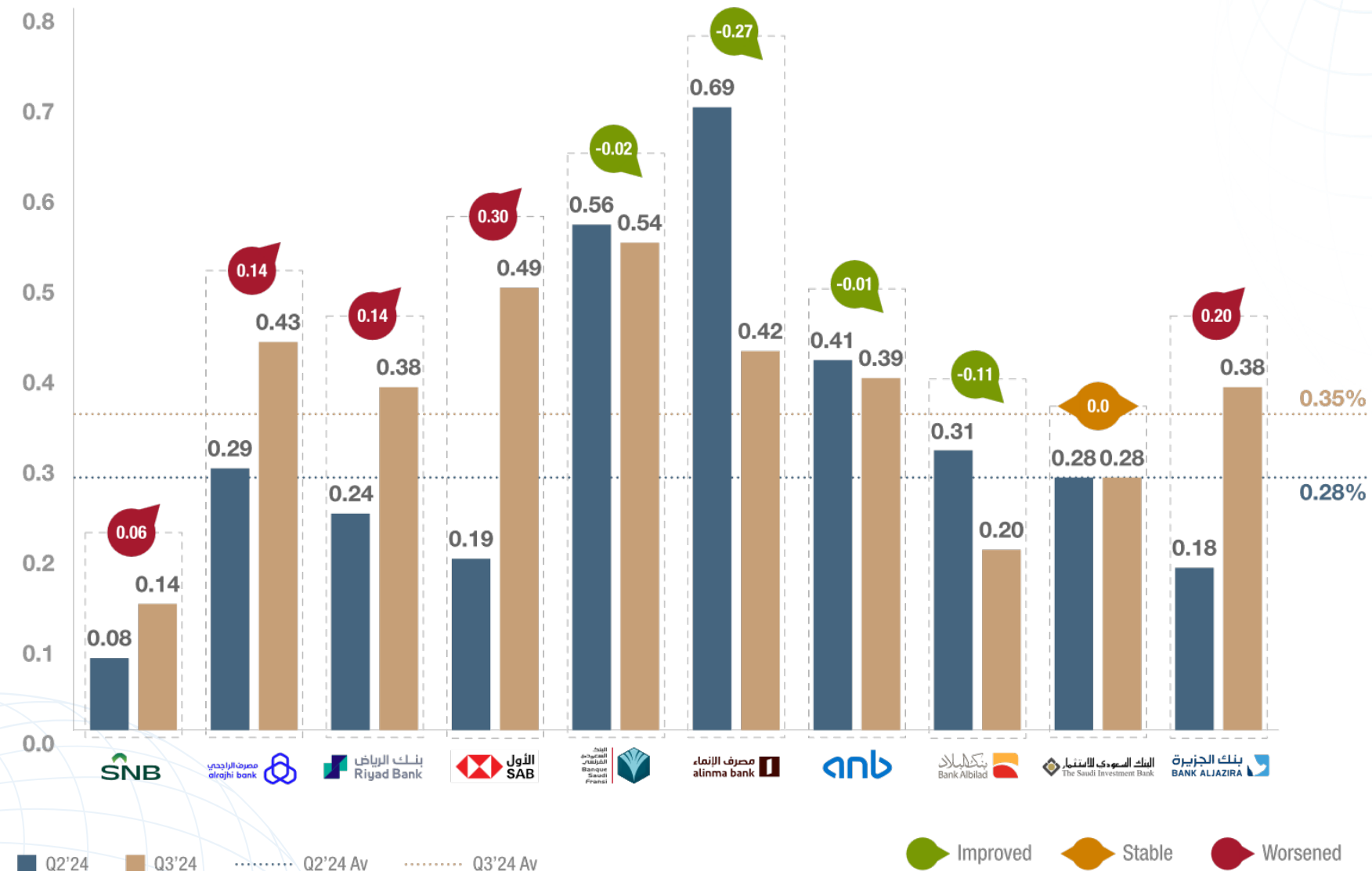
Note: Scaling and some numbers might not add up due to rounding
Source: Financial statements, investor presentations, A&M analysis

Top four banks largely drove the deterioration in aggregate cost of risk

Key takeaways

- Top four banks largely drove the cost of risk for the quarter
- For SAB, impairment allowance substantially increased by 175.3% reflecting the timing of the recoveries and specific charges
- ALINMA and BALB reported the highest improvement in cost of risk by 27bps QoQ and 11bps QoQ respectively
 - Both the banks reported a decline in impairment allowance by 36.1% QoQ and 34.7% QoQ, respectively as their NPL ratios decreased in Q3'24

Cost of Risk (%) – Net of Reversals



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

Higher operating income and improved cost efficiency resulted in increased ROE



Key takeaways

- Aggregate RoE improved (+0.56% point QoQ) to 17.4% in Q3'24
 - This was due to an increase in aggregate net income by 5.3% QoQ to SAR 20.5bn
- Seven out of the top ten banks witnessed improved profitability, with ALRAJHI and RIBL reporting the highest improvement in RoE by 201bps QoQ and 195bps QoQ, respectively
- SAB (-104bps QoQ) and ANB (-9bps QoQ) were the only two banks that reported a decline in RoE in Q3'24

Return on Equity (%)



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

KSA banks are successfully navigating the rate cycle through favorable asset repricing and improved cost efficiency



Key takeaways

- Profitability ratios improved as RoE increased by 56bps; however, RoA remained stable at 2.0% in Q3'24
- According to GASTAT, KSA GDP grew by 2.8% YoY in Q3'24; oil activities recorded a growth of 0.3% YoY
 - Growth momentum was seen in non-oil activities which grew by 4.2% YoY and government activities further grew by 3.1% YoY in Q3'24. This is expected to continue as the cost of financing reduces in the coming quarters
 - OPEC+ has delayed the planned output increase in December'24 by one month due to weaker demand and supply outside the group leading to downward pressure on supply
 - Regional instability risks pose macro economic challenges for KSA banks. However, KSA government continues to provide liquidity with injecting deposits into the system (+20.5% QoQ in demand deposits during Q3'24)
- SAMA is expected to continue anchoring its key rate along with US Fed (25bps cut in November'24) and KSA banks are well positioned to navigate through the cycle



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

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	United Gulf Bank	Bahrain	Burgan Bank	100.0	NA	Pending
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

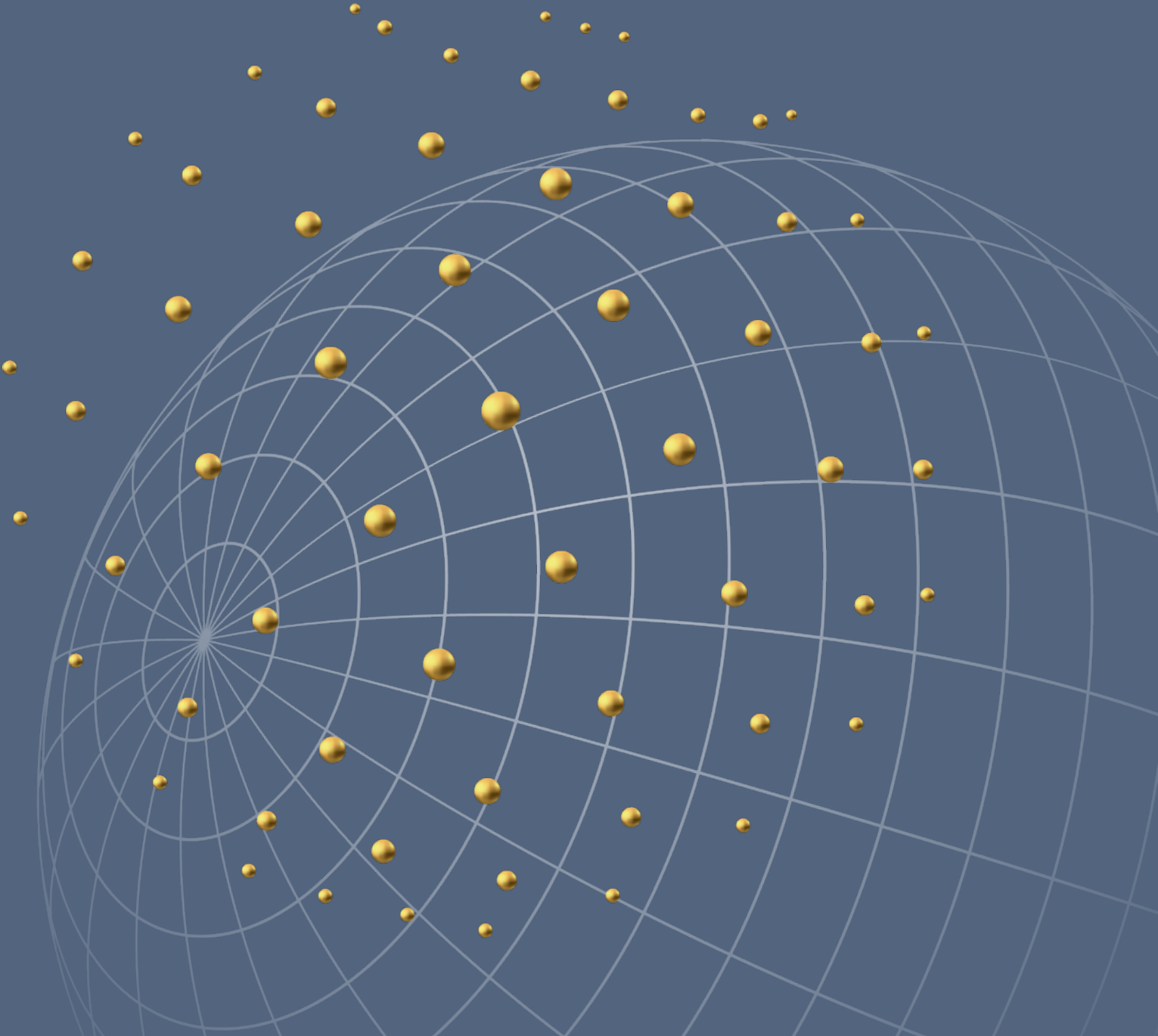
Source: Bloomberg

*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

Note: LTM and EOP stand for last twelve months and end of period respectively

Glossary
(continued)

<div>Bank</div> <div></div> <div>Assets (SAR Bn)*</div> <div>1,124.6</div> <div>Abbreviation</div> <div>SNB</div>	<div>Bank</div> <div></div> <div>Assets (SAR Bn)*</div> <div>902.6</div> <div>Abbreviation</div> <div>ALRAJHI</div>	<div>Bank</div> <div></div> <div>Assets (SAR Bn)*</div> <div>433.4</div> <div>Abbreviation</div> <div>RIBL</div>	<div>Bank</div> <div></div> <div>Assets (SAR Bn)*</div> <div>395.3</div> <div>Abbreviation</div> <div>SAB</div>	<div>Bank</div> <div></div> <div>Assets (SAR Bn)*</div> <div>287.7</div> <div>Abbreviation</div> <div>BSF</div>
<div>Bank</div> <div></div> <div>Assets (SAR Bn)*</div> <div>267.0</div> <div>Abbreviation</div> <div>ALINMA</div>	<div>Bank</div> <div></div> <div>Assets (SAR Bn)*</div> <div>241.0</div> <div>Abbreviation</div> <div>ANB</div>	<div>Bank</div> <div></div> <div>Assets (SAR Bn)*</div> <div>153.7</div> <div>Abbreviation</div> <div>BALB</div>	<div>Bank</div> <div></div> <div>Assets (SAR Bn)*</div> <div>151.2</div> <div>Abbreviation</div> <div>SAIB</div>	<div>Bank</div> <div></div> <div>Assets (SAR Bn)*</div> <div>145.2</div> <div>Abbreviation</div> <div>BJAZ</div>

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

Section **New Entrants**

<div>Date</div> <div>10-Oct-24</div> <div>News</div> <div>SAMA licensed 'BOUABA TSHIL' company to provide consumer microfinance solutions</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>3-Sept-24</div> <div>News</div> <div>SAMA announces the enablement of "Samsung Pay" Service in KSA during Q4, 2024</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>3-Sept-24</div> <div>News</div> <div>SNB announced the launch of "NEO" Digital Banking</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>27-Aug-24</div> <div>News</div> <div>New FinTech Barq led by former STC Pay CEO launches in Saudi Arabia</div> <div>Links</div> <div>Source</div>
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Section **New Business Trends**

<div>Date</div> <div>8-Sept-24</div> <div>News</div> <div>Emkan, FinTech subsidiary of ALRAJHI, secured license from SAMA to offer BNPL services</div> <div>Links</div> <div>Source</div>

Section **New Investments**

<div>Date</div> <div>3-Sept-24</div> <div>News</div> <div>BNPL FinTech Tabby buys KSA digital wallet start-up 'Tweeq'</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>3-Sept-24</div> <div>News</div> <div>ALRAJHI acquired a 65% stake in the "Drahim" application, a financial management and automated investment platform</div> <div>Links</div> <div>Source</div>
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Section **New Emerging Technology**

Date
2-Oct-24

News

SAB has partnered with Singapore's PayerMax for enhanced business payment solutions

Links

[Source](#)

Date
10-Sept-24

News

Vision Bank, the first Sharia-compliant digital bank in KSA, has launched its mobile app after two years in development

Links

[Source](#)

Date
18-Sept-24

News

Pluto, UAE's expense and account payables management platform, has partnered with neoleap by ALRAJHI

Links

[Source](#)

Date
16-Jul-24

News

SAB has partnered with UnionPay, a payment network, enabling digital acceptance of UPI payments across physical stores, ATMs, and online

Links

[Source](#)

Section **Expected Challenges**

Date
3-Nov-24

News

OPEC+ agrees to delay December output hike for one month

Links

[Source](#)

Section **New Regulations**

Date
17-Oct-24

News

SAMA issues the updated rules for engaging in debt-based crowdfunding

Links

[Source](#)

Date
2-Sept-24

News

SAMA permitted three new FinTech startups - 'Xsquare' and 'NeotTek' (to launch an Open Banking platform) and 'MoneyMoon' (peer-to-peer lending platform)

Links

[Source](#)

Our Middle East Financial Services Team



Hazim Almegren
Managing Director
ME Financial Services

halmegren@alvarezandmarsal.com
M: +966 50 2263977



Tariq Hameed
Managing Director
EMEA Financial Services

thameed@alvarezandmarsal.com
M: +971 55 842 6333
M: +44 776 960 520



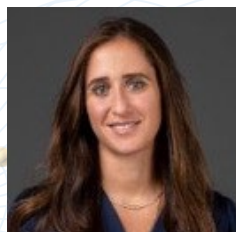
Tristan Brandt
Managing Director
ME Digital Financial Services

tristan.brandt@alvarezandmarsal.com
+971 56 688 3315



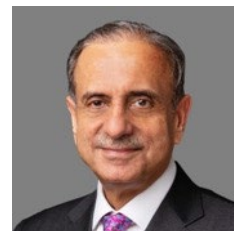
Ankit Uppal
Senior Director
ME Financial Services

auppal@alvarezandmarsal.com
M: +971 52 903 4576



Dana Abdalhadi
Senior Director
ME Financial Services

dabdalhadi@alvarezandmarsal.com
M: +971 56 546 1319



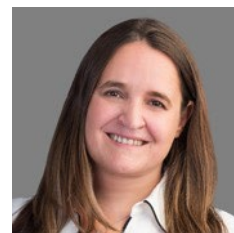
Asad Ahmed
Managing Director
ME Financial Services

aahmed@alvarezandmarsal.com
M: +971 50 181 0047



Sam Gidoomal
Managing Director
ME Financial Services

sgidoomal@alvarezandmarsal.com
M: +971 50 298 4917



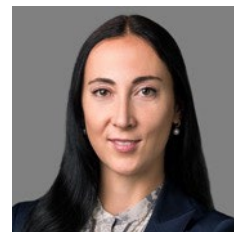
Sara Grinstead
Managing Director
ME Digital Financial Services

sgrinstead@alvarezandmarsal.com
+971 55 835 3377



Mohammed Jaffar
Senior Director
ME Financial Services

mjaffar@alvarezandmarsal.com
M: +971 54 307 3225



Aksinya Sorokina Kavanosyan
Director
ME Financial Services

akavanosyan@alvarezandmarsal.com
M: +971 54 586 6582



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