

A Message from Our Authors



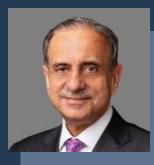
Sam Gidoomal
Managing Director
Head of ME
Financial Services

Welcome to A&M's latest edition of The KSA Banking Pulse ("The Pulse – KSA") covering Q1, 2025 – A&M's definitive guide to the KSA's top 10 largest listed banks*.

As the KSA financial markets evolve, The Pulse provides C-suite executives with sharp, actionable insights on current trends in the banking sector. In this edition, we have added to our M&A analysis with a focus on valuations and share price movements amongst the peer group.

I hope you enjoy the content, and I look forward to offering a range of new special features on the most salient trends in future editions.

Please do reach out to me and my team of subject matter experts should you wish to explore any of the issues raised in our report.



Asad Ahmed
Managing Director
ME Financial
Services

Lending momentum for the KSA banks continued growing at 5.4% QoQ in Q1'25 (+3.3% QoQ in Q4'24), driven by corporate loans (+7.5% QoQ vs +3.4% QoQ in Q4'24) and accounted for 57.4% of the total gross loans. Aggregate customer deposits grew 4.0% QoQ (-1.3% QoQ in Q4'24), driven by time deposits (+8.1% QoQ vs -3.8% QoQ in Q4'24), accounting for 39.0% of total deposits. Consequently, LDR of the banks increased to 106.1% (+145bps QoQ)

Profitability of the banks improved as operating income growth gained pace to 3.2% QoQ (+1.1% QoQ in Q4'24), driven by growth in non-interest income, which increased during the quarter by 9.6% QoQ (-5.6% QoQ in Q4'24). KSA banks kept costs under control with operating expenses declining (-1.7% QoQ vs +2.0% QoQ in Q4'24), whereas operating income witnessed a growth of 3.2% QoQ, which led to improvement in C/I ratio by 149bps to 29.8%. NIM fell by 7bps at 2.87%, in line with SAMA cutting the repo rate by 50bps during Q4'24. Asset quality improved for KSA banks as the NPL ratio continued to decline to 1.03% (vs. 1.05% in Q4'24), despite falling coverage ratios. RoE improved by 44bps QoQ to 15.3% while RoA improved marginally to 2.1%.

KSA's GDP is expected to grow by 3.6% YoY with 3.0% YoY growth expected from oil activities, despite the delay in oil output reaching its normal levels due to OPEC+ production cuts. GDP from non-oil activities to grow by 4.3% YoY. The Kingdom's ongoing pursuit of economic diversification will maintain ongoing execution of an extensive range of Vision 2030 projects that span all sectors of the Saudi economy. As such, non-oil activities GDP is set to contribute significantly to the resurgence in top-line economic growth in FY2025

The information and data contained in this document is of a general nature and has been obtained from publicly available information plus market insights. Methodologies used for calculations are outlined in the glossary, and metrics have been updated where necessary to ensure relevant comparisons. The information in this document is not intended to address the specific circumstances of an individual or institution, and there is no guarantee that it is accurate at the date received by the recipient or that it will be accurate in the future. All parties should seek appropriate professional advice to analyse their particular situation before acting on any of the information contained herein.

^{*} Top 10 by assets Disclaimer:

KSA macro & sector overview

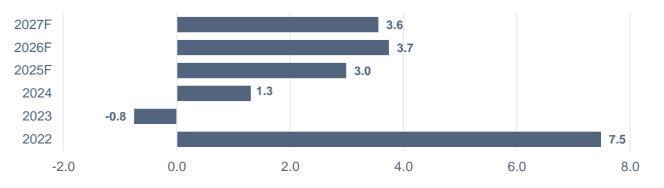
Macro overview



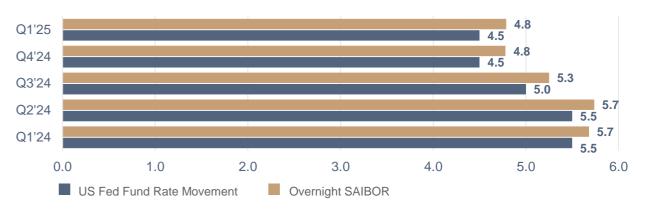
- IMF KSA GDP growth stood at 1.3% for FY'24 (vs. forecast of 1.4% in Oct'24). Consequently 2025 growth was revised downwards to 3.0% in the April update (from 3.3% in Jan'25) with projected growth in 2026 of 0.4 percentage points to 3.7%
- The primary cause of this downward revision was due to delays in oil production to normal levels due to OPEC+ cuts, persistent geopolitical conflicts and slower-than-expected progress on structural reforms
- Average PMI for KSA in Q1'25 improved, reaching 59.0 compared to 58.1 in Q4'24, which was mainly driven by a surge in new orders
- The US fed rates were cut by 50 bps to 4.25%-4.50% in Q4'24; US Fed has maintained their stance through Q1'25, with anticipation of two rate cuts in 2025
- SAMA kept the repo rate steady at 5.0% in Q1'25, while SIBOR remained at 4.79% during the same period

- Money supply rose 4.6% QoQ to SAR 3,055.9bn in Q1'25, driven by a 1.5% QoQ increase in demand deposits, accounting for 47.8% of the total, despite a 11.6% QoQ drop in quasi-monetary deposits
- M1 money supply increased by 2.6% QoQ to SAR 1,713.5bn, with a 1.5% QoQ rise in demand deposits and 9.8% QoQ rise in currency outside banks
- M2 money supply growth improved to 6.5% QoQ to SAR 2,789.0bn due to time & saving deposits (+13.2% QoQ) gaining pace

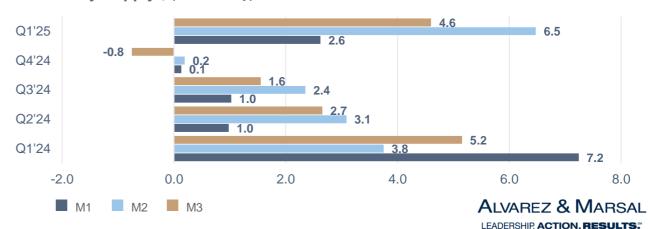
KSA GDP Growth Rate¹ (%)



US Fed Funds Rate², SAIBOR³ (%)



KSA Money Supply⁴, (% Quarterly)



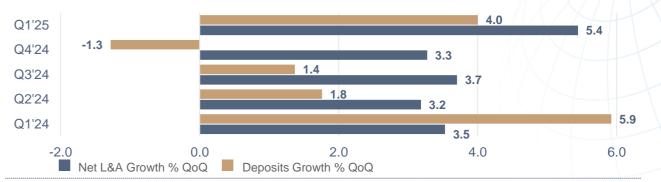
KSA banking overview

Banking overview Q1'25

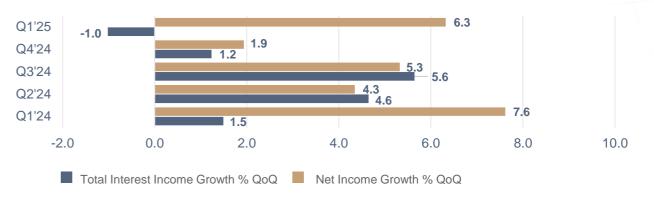


- Net loans and advances (L&A) picked up pace to +5.4% QoQ in Q1'25 from 3.3% in Q4'24
- Growth in L&A was driven by corporate lending which increased 7.5% QoQ (vs. 3.4% in Q4'24)
- Aggregate deposits of the banks rebounded to increase by 4.0% QoQ in Q1'25 (vs. -1.3% QoQ in Q4'24), led by an increase in term deposits (8.1% QoQ), while CASA deposits witnessed a moderate growth of 2.1% QoQ
- As a result, the aggregate loan to deposit ratio (LDR) across the banks increased by 145bps QoQ to 106.1%
- Aggregate total interest income decreased by 1.0% QoQ in Q1'25 (vs. +1.2% QoQ in Q4'24)
- Total interest expenses declined by 3.7% QoQ in Q1'25 compared to a 0.7% QoQ decline in Q4'24
- · During this quarter, banks witnessed growth in noninterest income by 9.6% QoQ (vs. 5.6% QoQ decline in Q4'24)
- Banks registered an improvement in profitability in Q1'25, primarily driven by an increase in non-interest income and a fall in impairment provisions
- Aggregate RoE of the KSA banks increased by 44bps QoQ in Q1'25 to reach 15.3%, with improvement in net income growth (+6.3% QoQ) across the banks
- RoA improved marginally to 2.1% in Q1'25 after remaining stable at 2.0% throughout FY'24

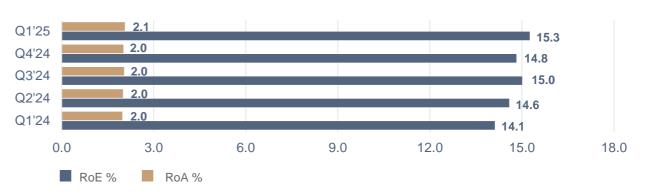
KSA Banks' Net L&A and Deposits¹, (%)*



KSA Banks' Profitability¹, (%)*



KSA Banks' Profitability¹, (%)*



Saudi banks have recently exhibited varied share price performances, influenced by strong financial results, fluctuating oil prices, and global economic factors

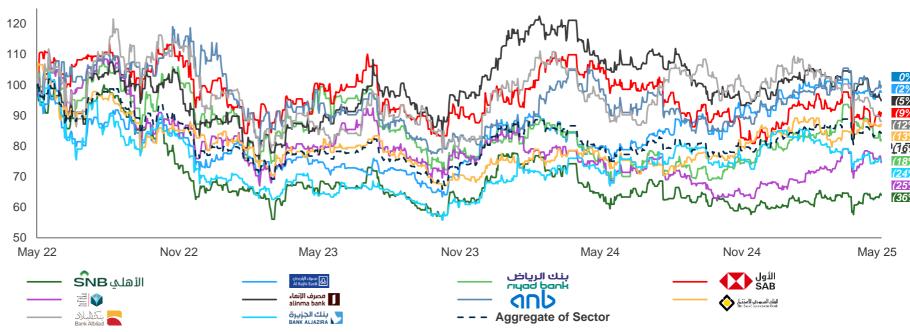


Key takeaways

- Saudi banks have experienced resilient share price performance over the past two years, stabilizing after the declines experienced 3 years ago. Recent improvement in share price is driven by robust earnings growth and increased investor confidence
- The sector's share price performance has also been bolstered by the fastest lending growth in over 3.5 years, with total credit reaching c. SAR 3 trillion (c. \$800 billion) in March 2025, marking a c. 16% year-on-year increase
- Despite recent fluctuations in the Tadawul All Share Index (TASI) and amid falling oil prices, global risk-off sentiment, geopolitical tensions, global trade uncertainties (e.g. U.S.-China tariffs, Red Sea disruptions) and softer earnings in select non-bank sectors, the Saudi banking sector remains resilient, supported by strong fundamentals and ongoing economic reforms

Share Price Evolution Across Saudi Banks

L3Y Share Price Evolution (Rebased to 100)



		L3M	Q1	L6M	L1Y	L2Y	L3Y
الأهلى SNB	Saudi National Bank	7%	5%	8%	1%	(0%)	(36%)
greedyl dysae Al Rajhi Bank 🐼	Al Rajhi Bank	7%	(2%)	8%	22%	31%	(2%)
بنك الرياض rıyad bank	Riyad Bank	16%	(2%)	10%	10%	(13%)	(18%)
الأول SAB	Saudi Awwal Bank	12%	(3%)	10%	(13%)	(8%)	(9%)
Dail PARAM Pressor Param	Banque Saudi Fransi	17%	4%	16%	(0%)	(3%)	(25%)
مصرف الإنماء alinma bank	Alinma Bank	4%	(10%)	2%	(11%)	12%	(5%)
anb	Arab National Bank	8%	2%	11%	2%	8%	(0%)
الناد المعودي لا منتيار The Sweit Investment Benk	Saudi Investment Bank	0%	(2%)	9%	15%	12%	(13%)
Bank Albilad	Bank Albilad	(6%)	(15%)	(11%)	(8%)	5%	(12%)
بنك الجزيرة BANK ALJAZIRA	Bank Aljazira	(7%)	(8%)	(0%)	4%	18%	(25%)
	audi Banking Sector Market Cap	7%	(1%)	7%	7%	10%	(16%)
Simple Avera	ge based on each bank evolution	6%	(3%)	(6%)	2%	6%	(15%)

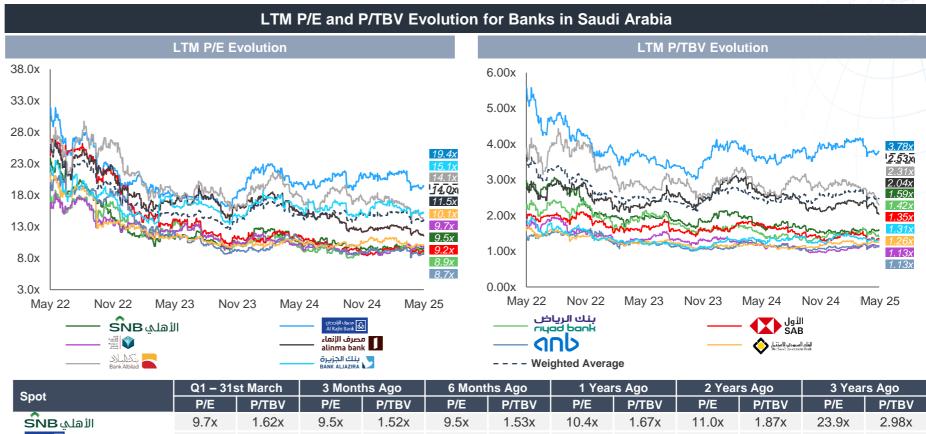
Saudi banks valuation multiples remain solid compared to regional and global peers, backed by strong earnings and capital strength



Key takeaways

- As of Q1 2025, on (simple) average, Saudi banks trade at a P/E of 12.4x and P/TBV of 1.88x, positioning them attractively versus regional and global peers
- This reflects strong profitability, solid asset quality, and sustained investor interest in the region's most systemically important institutions
- Higher multiples reflect investor pricing of earnings resilience, with sector RoE improving to c. 15% amid strong cost discipline and healthy margin spreads
- Excess capital at Saudi banks is forecasted to grow, presenting opportunities for organic expansion, higher dividend payouts, and increased M&A activity

Valuation Snapshot



Snot	Q1 – 31s	st March	3 Mont	hs Ago	6 Mont	hs Ago	1 Year	s Ago	2 Yea	rs Ago	3 Year	rs Ago
Spot	P/E	P/TBV	P/E	P/TBV	P/E	P/TBV	P/E	P/TBV	P/E	P/TBV	P/E	P/TBV
الأهلي SNB	9.7x	1.62x	9.5x	1.52x	9.5x	1.53x	10.4x	1.67x	11.0x	1.87x	23.9x	2.98x
(Peach) Usean Al Rajin Bank 🚯	20.3x	3.95x	21.3x	4.06x	20.6x	3.86x	20.0x	3.64x	17.9x	3.67x	31.9x	5.58x
بنك الرياض rıyad bank	10.1x	1.61x	9.5x	1.51x	8.7x	1.39x	9.7x	1.47x	13.2x	2.01x	17.0x	2.20x
الأول SAB	9.9x	1.45x	9.5x	1.48x	8.6x	1.32x	11.4x	1.74x	13.9x	1.68x	24.3x	1.84x
Sold Figure Acceptance	10.2x	1.19x	9.2x	1.08x	8.8x	0.99x	10.2x	1.19x	11.9x	1.29x	16.5x	1.70x
مصرف الإنماء alinma bank	12.7x	2.41x	13.2x	2.42x	12.2x	2.11x	15.1x	2.57x	16.6x	2.22x	25.2x	2.77x
anb	9.2x	1.20x	9.2x	1.12x	9.0x	1.08x	10.9x	1.22x	11.6x	1.24x	19.5x	1.37x
الثأد المعبودي المثلث المتعادل المتعاد	9.8x	1.23x	11.2x	1.29x	10.4x	1.16x	10.6x	1.16x	11.2x	1.22x	20.1x	1.57x
Sank Albilad	16.1x	2.76x	17.0x	2.88x	17.4x	2.84x	17.8x	2.79x	17.9x	2.74x	25.7x	3.73x
بنك الجزيرة BANK ALJAZIRA	16.0x	1.37x	16.4x	1.42x	15.1x	1.26x	16.0x	1.30x	16.0x	1.19x	22.6x	1.89x
Weighted Average	14.7x	2.61x	15.2x	2.66x	14.6x	2.51x	14.8x	2.45x	14.8x	2.48x	26.0x	3.63x
Simple Average	12.4x	1.88x	12.6x	1.88x	12.0x	1.75x	13.2x	1.87x	14.1x	1.91x	22.7x	2.56x

Deposit mobilization rebounded in Q1'25; higher fee income and cost efficiencies supported bank profitability

Key Trends of Q1'25

- Net L&A and Deposits both witnessed growth to 5.4% and 4.0% QoQ respectively in Q1'25
- LDR ratio increased by 145bps to 106.1% as loan growth outpaced deposit growth
- Operating income of the banks grew by 3.2% QoQ compared to 1.1% QoQ in Q4'24, primarily driven by growth in non-interest income (9.6% QoQ)
- NIM contracted by 7bps to 2.87%; YoC decreased by 43bps, while CoF declined by 22bps
- C/I ratio declined by 149bps QoQ, as operating expenses decreased by 1.7% QoQ and operating income rose by 3.2% QoQ
- NPLs increased by 3.1% QoQ, while banks reduced impairment allowances by 15.8%; Coverage ratio declined by 622bps QoQ to 154.8%
- RoE of the banks increased by 44bps QoQ to 15.3%, while RoA marginally improved by 5bps to reach 2.1%
- RoRWA remained stable at 2.7%, while capital adequacy declined marginally by 35bps QoQ to 19.3%

	Metric	Q4'24	Q1'25	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
0.	Net L&A Growth (QoQ)	3.3%	5.4%	•	•	+		4
Size	Deposits Growth (QoQ)	(1.3%)	4.0%	*		+	+	4
Liquidity	Loan-to-Deposit Ratio (LDR)	104.7% 👚	106.1%	+	•	—		*
	Operating Income Growth (QoQ)	1.1%	3.2%	—	-			-
	Operating Income / Assets	3.6%	3.6%	+	•	+	•	-
	Non-Interest Income / Operating Income	21.7%	23.0%	-	-		-	
Income & Operating	Yield on Credit (YoC)	8.4%	8.0%	+	•		-	
Efficiency	Cost of Funds (CoF)	3.5%	3.3%	*			-	—
	Net Interest Margin (NIM)	2.94%	2.87%	—	*	•	-	—
	Cost-to-Income Ratio (C/I)	31.3%	29.8%	*	+	+	*	—
Risk	Coverage Ratio	161.0%	154.8%	+	-	-	-	—
	Cost of Risk (CoR)	0.34%	0.27%		-		-	
Profitability	Return on Equity (RoE)	14.8% 👚	15.3%	+		+	+	
	Return on Assets (RoA)	2.0% 👚	2.1%	*	-	+	•	
	Return on Risk-Weighted Assets (RoRWA)	2.7%	2.7%	+	+	+	•	
Capital	Capital Adequacy Ratio (CAR)	19.7%	19.3%	—	—	—	-	

KSA banking industry developments Key Sector Developments Saudi Arabia Banking Pulse | Q/ 2025

New Entrants



- Chinese fintech giant, Ant International, has officially opened its first Middle East office in Riyadh following approval from SAMA
- Pemo, an all-in-one spend management platform, has been officially launched in KSA, offering cutting-edge financial solutions to businesses of all sizes across the Kingdom
- SAMA and Google have signed an agreement to introduce Google Pay in Saudi Arabia in 2025 through the national payment system, mada

New Business Trends



- KSA banks are considering the use of portfolio sales to reduce the NPLs on their books to free up capital for various purposes including recycling it into good book lending such as infrastructure investments and giga-projects.
- KSA banks could unlock additional funding and expand the nation's debt market by converting home loans into investment products
 - In March 2025, the Saudi Real Estate Refinance Company (SRC) signed an agreement to acquire a SAR 3.4bn mortgage portfolio from SNB

New Investments



- PLDT Global Corp has partnered with Saudi Arabia's STC Bank to expand digital payment solutions and enhance cybersecurity measures
- Telr, a Dubai-based start-up offering payment gateway, has partnered with Saudi Awwal Bank to enhance its payment services and merchant efficiency

New Emerging Technologies



 Vision Bank, a Sharia-compliant digital bank in Saudi Arabia, has launched its pilot phase using Finastra's Kondor treasury system and cloudbased services from DXC Technology

Expected Challenges



 IMF expects Saudi Arabia's debt burden to rise more quickly to 44% of GDP by 2029 due to falling oil prices, as compared to earlier projections of 35%

New Regulations



- KSA launched Close-out Netting and related Financial Collateral arrangements Regulation, with an aim of reducing capital requirements and boosting trading opportunities
- Saudi Arabia implemented new law of Commercial Register and Law of Trade Names, which obligates commercial establishments to open bank accounts linked to the establishment to enhance reliability
- SAMA has launched the trial phase of its eSAMA e-services portal, offering 23 services to streamline regulatory and financial processes

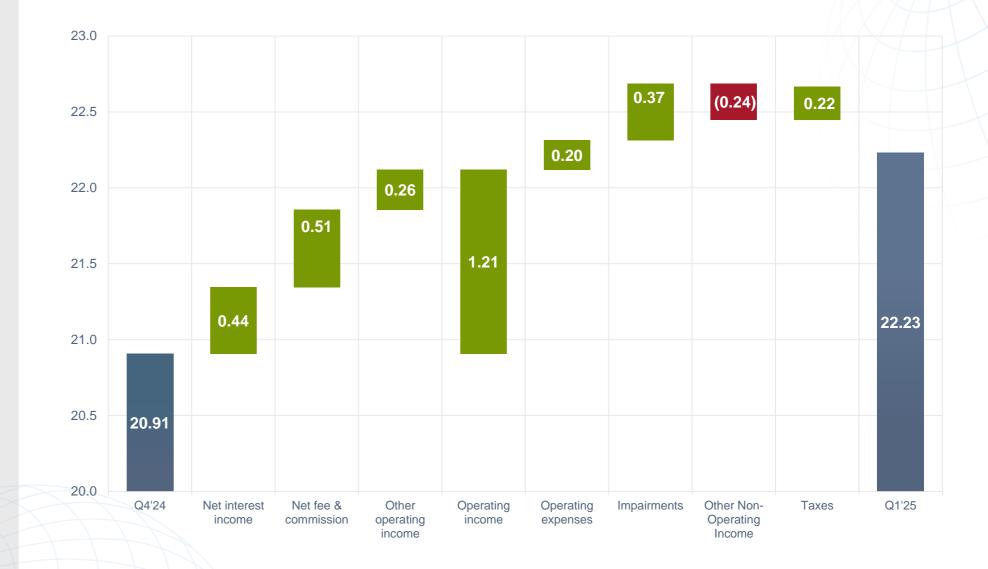
Higher fee income coupled with cost efficiencies and lower impairments supported bank profitability



Key takeaways

- Aggregate net income of the banks increased by 6.3% QoQ (vs. +1.9% QoQ in Q4'24) to SAR 22.2bn
- Net interest income increased by 1.5% QoQ in Q1'25 compared to a rise of 3.2% in Q4'24, driven primarily by the recent SAMA rate cuts
- Net fees and commission income increased by 10.9% QoQ in Q1'25 (vs. 2.2% fall in Q4'24), primarily driven by growth in trade finance, FX and investment income
- Operating expenses declined by 1.7% QoQ (+2.0% QoQ in Q4'24) in Q1'25, while impairment allowances declined by 15.8% QoQ compared to a marginal increase in Q4'24

Net Income Bridge (SAR bn)



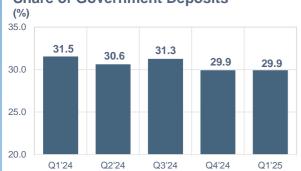
Corporate credit demand supported lending growth, while broad deposit inflows drove aggregate deposit mobilization



Key takeaways

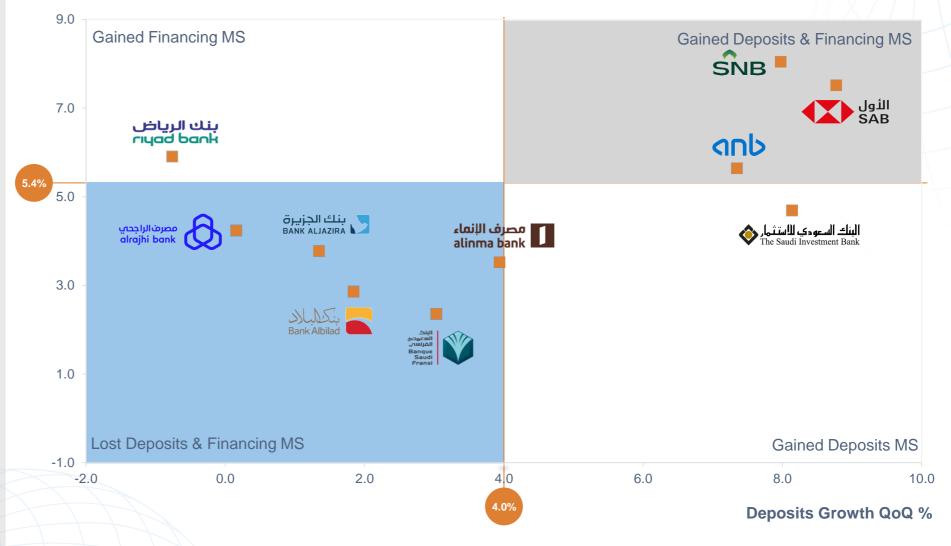
- Lending momentum amongst the KSA banks picked up as net L&A increased 5.4% QoQ (vs. +3.3% QoQ in Q4'24), while aggregate deposits grew by 4.0% QoQ (vs. -1.3% QoQ in Q4'24) in Q1'25
- SNB and SAB were the key contributors to the growth in aggregate lending and deposits momentum
- SNB and SAB witnessed lending growth of 8.0% and 7.5% QoQ in Q1'25, respectively
- SNB and SAB witnessed growth in deposits of 8.0% and 8.8% QoQ in Q1'25, respectively
- The contribution of government entity deposits to total bank deposits remained stable at 29.9% in Q1'25

Share of Government Deposits



Net L&A and Deposit Growth (%, Quarterly)

Net L&A Growth QoQ %



Q1'25 Av

Note: MS stands for market share

LDR increased as loan growth outpaced deposits

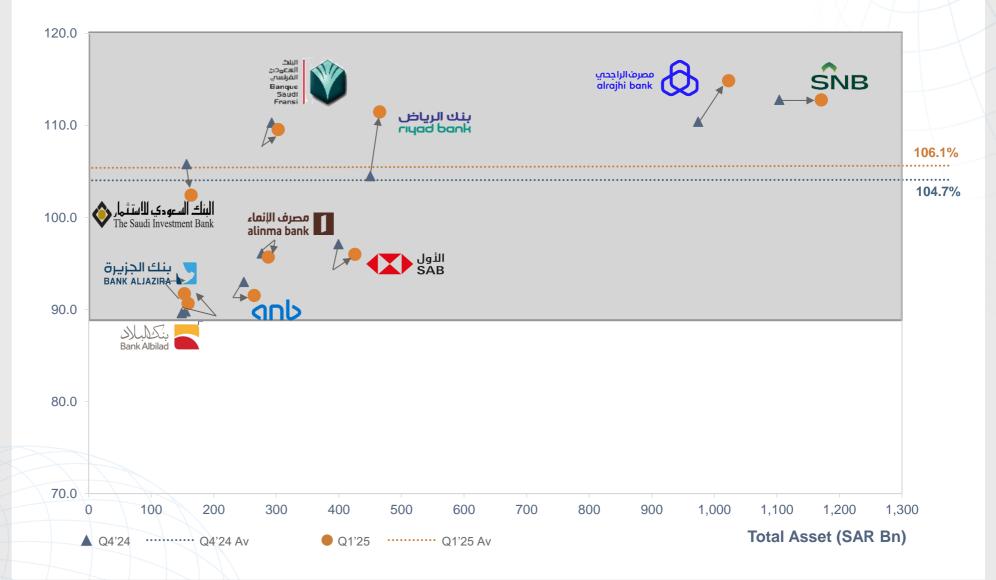


Key takeaways

- Aggregate LDR increased to 106.1% in Q1'25 from 104.7% in Q4'24 as the increase in loans outweighed the increase in deposits
- RIBL saw the largest increase in LDR (+702bps QoQ), followed by ALRAJHI (+449bps QoQ)
 - RIBL witnessed growth of 5.9% QoQ in its loan book, predominantly due to higher corporate loans, whereas deposits declined by 0.8% QoQ in Q1'25
 - ALRAJHI witnessed 4.2% QoQ growth due to corporate loans and mortgages, whereas deposits grew marginally by 0.2% QoQ in Q1'25
- Six out of the ten banks saw a decline in their LDR ratios, led by SAIB (-337bps), ANB (-148bps) and SAB (-112bps)

Loan to Deposits Ratio (%)

Loan-to-Deposit Ratio %



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

Lending momentum gained pace, primarily in the wholesale segment



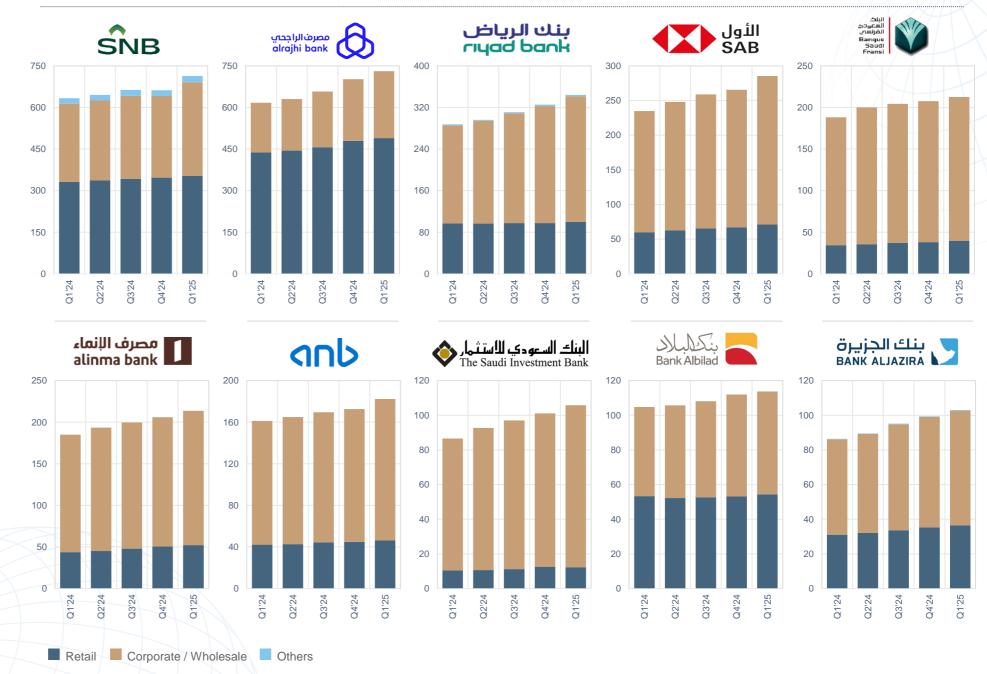
Key takeaways

- Aggregate gross L&A of the banks increased with a moderate pace of 5.3% QoQ (+3.2% QoQ in Q4'24) in Q1'25
- Corporate loans, which makes up ~57% of the loan book, increased by 7.5% QoQ (+3.4% QoQ in Q4'24) in Q1'25
 - The rise in corporate loans was primarily led by SNB, which saw corporate lending rebound by 14.5% QoQ in Q1'25, compared to a decline of 1.6% QoQ in Q4'24

Aggregate Gross L&A (SAR bn)



Gross 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 was broad based



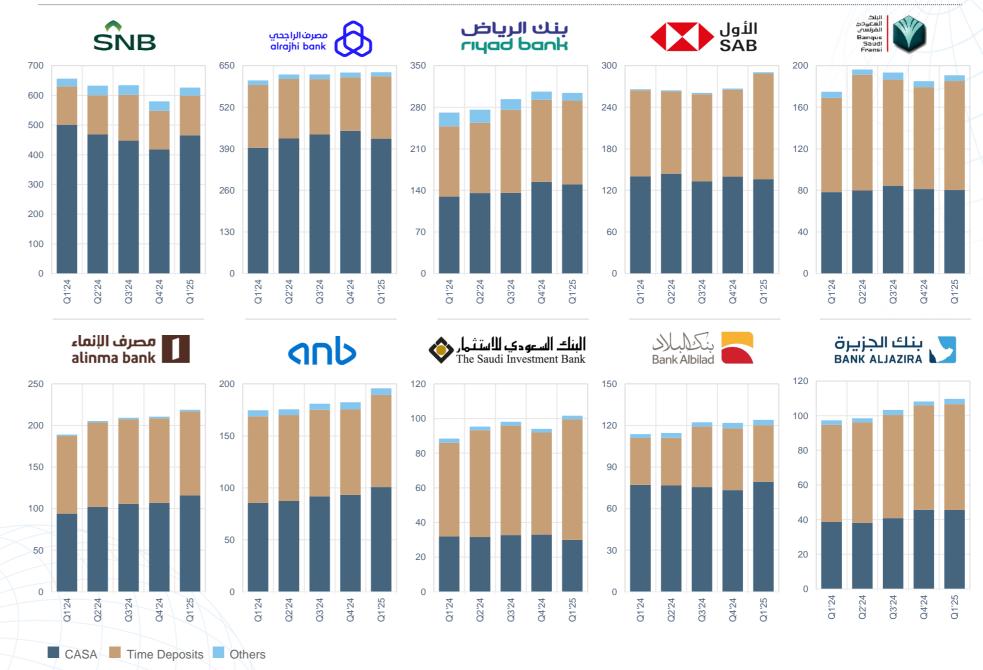
Key takeaways

- Aggregate customer deposits increased by 4.0% QoQ (-1.3% QoQ in Q4'24), primarily driven by a recovery in time deposits, which improved by 8.1% QoQ (-3.8% QoQ in Q4'24)
- Among the major banks, SAB and ALRAJHI reported the highest growth in time deposits of 21.6% and 16.8% QoQ in Q1'25, respectively

Aggregate Deposits (SAR bn)



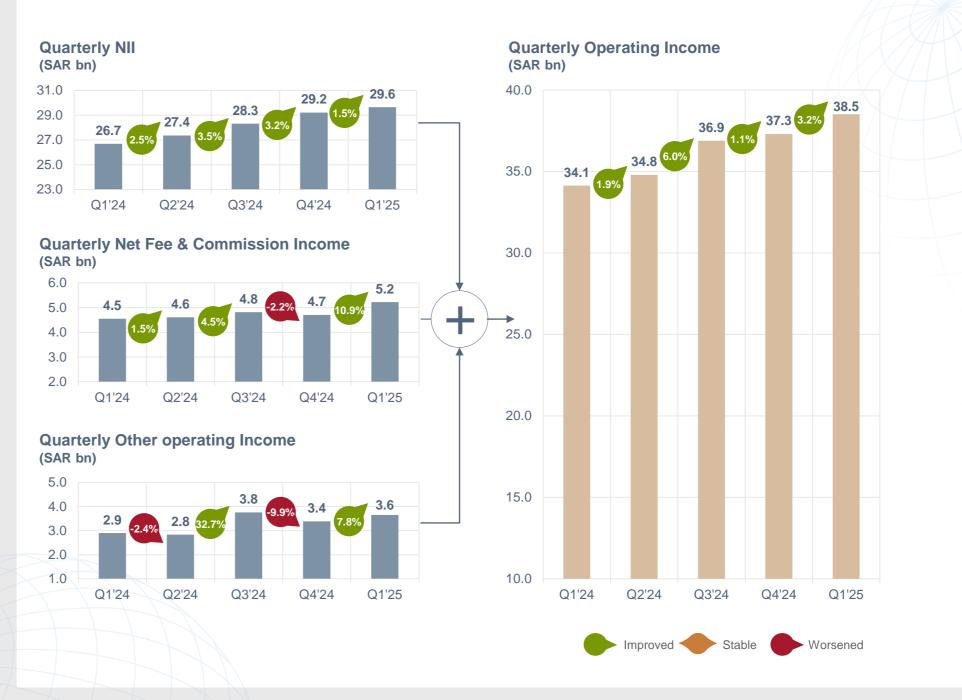
Customer Deposits (SAR bn)



Rise in trade finance, FX, investment income and fees from personal and wealth segment drove the operating income



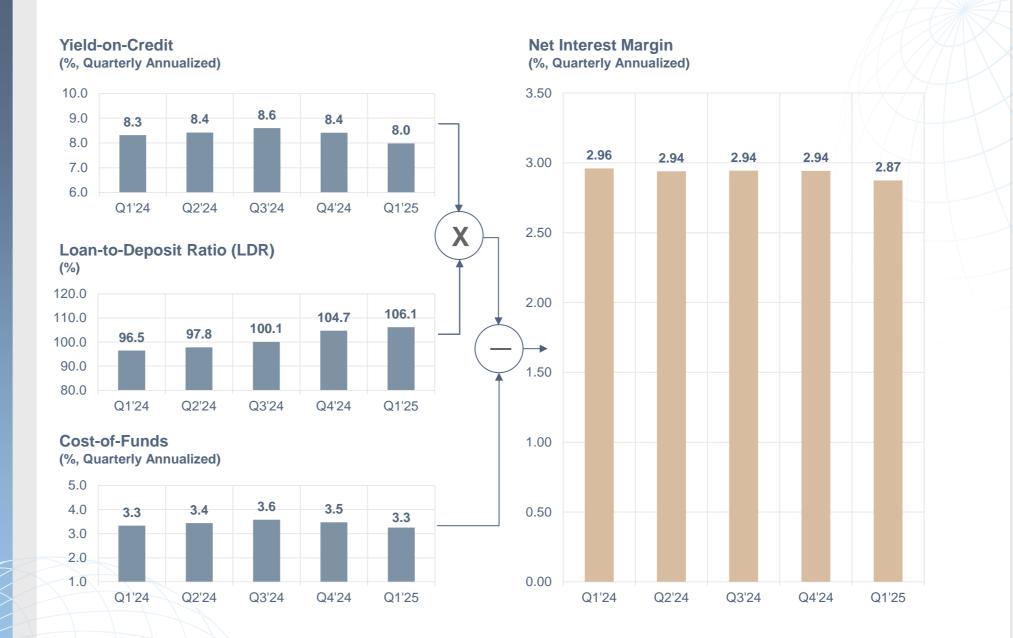
- Aggregate operating income of the banks grew 3.2% QoQ, compared to a moderate growth of 1.1% QoQ growth in Q4'24
- Net fees & commission income rebounded by 10.9% QoQ (-2.2% QoQ in Q4'24) in Q1'25
- Among the top banks, SNB and SAB led the growth in fee and commission income
 - SNB witnessed a rise of 14% QoQ (-10.8% QoQ in Q4'24) in Q1'25, driven by trade finance, FX, and investment income
 - SAB saw a rise of 30.2% QoQ (-14.8% QoQ in Q4'24) in Q1'25 due to an increase in the wealth and personal banking segment



NIM contracted due to the impact of interest rate cuts being higher than the decline in cost of funds



- Aggregate NIM contracted by 7bps to 2.87% during the quarter due to moderate growth in NII of 1.5% QoQ (vs. +3.2% in Q4'24)
 - NIM declined due to the impact of interest rate cuts and net earning assets increasing 5.2% QoQ in Q1'25
- Spreads declined during the quarter by 21bps in Q1'25 vs. 8bps in Q4'24
 - YoC deteriorated by 43bps, while CoF improved by 22bps in Q1'25

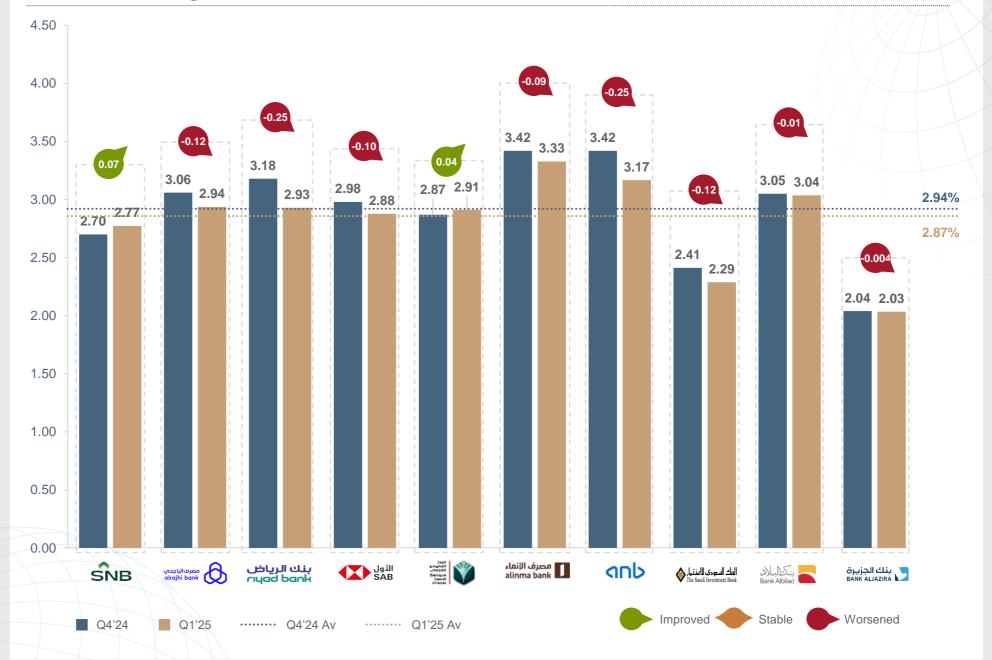


NIM declined for most of the KSA banks, led by RIBL and ANB



- Eight out of ten banks reported a decline in NIM, resulting in the deterioration of aggregate NIM for KSA banks
 - RIBL and ANB reported the highest decline in NIM of 25bps QoQ to 2.93% and 3.17%, respectively
 - On the other hand, SNB and BSF reported a marginal increase of 7bps and 4bps QoQ in NIM in Q1'25





Rising fee and commission income, along with cost control, led to improvement in cost efficiencies



- C/I ratio improved by 149bps to 29.8% in Q1'25
 - Operating income grew (+3.2% QoQ), while operating expenses decreased during the quarter (-1.7%)
 - Among the top banks, the increase in operating income was primarily attributed to SNB (+7.0% QoQ), driven by accelerated fee and other income
 - Decline in operating expenses was driven by BSF (-10.6% QoQ) and ANB (-8.2% QoQ) due to underlying cost efficiencies



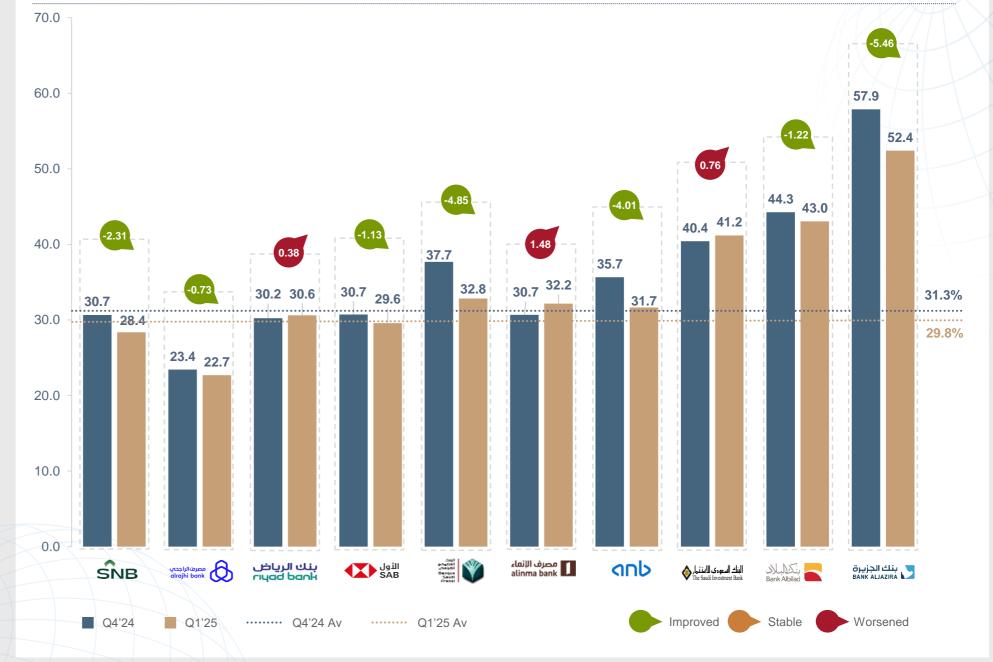
KSA banks witnessed improving cost efficiency, reflecting active cost management



Key takeaways

- Seven out of ten banks reported an improvement in C/I ratio, with BSF (-485bps QoQ) reporting the highest improvement in the top five banks
 - BSF witnessed an improvement in C/I ratio, reflecting active cost management with a focus on reducing staff-related expenses
- ALINMA witnessed the highest deterioration in C/I ratio (+148bps QoQ) due to an increase in personnel cost





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

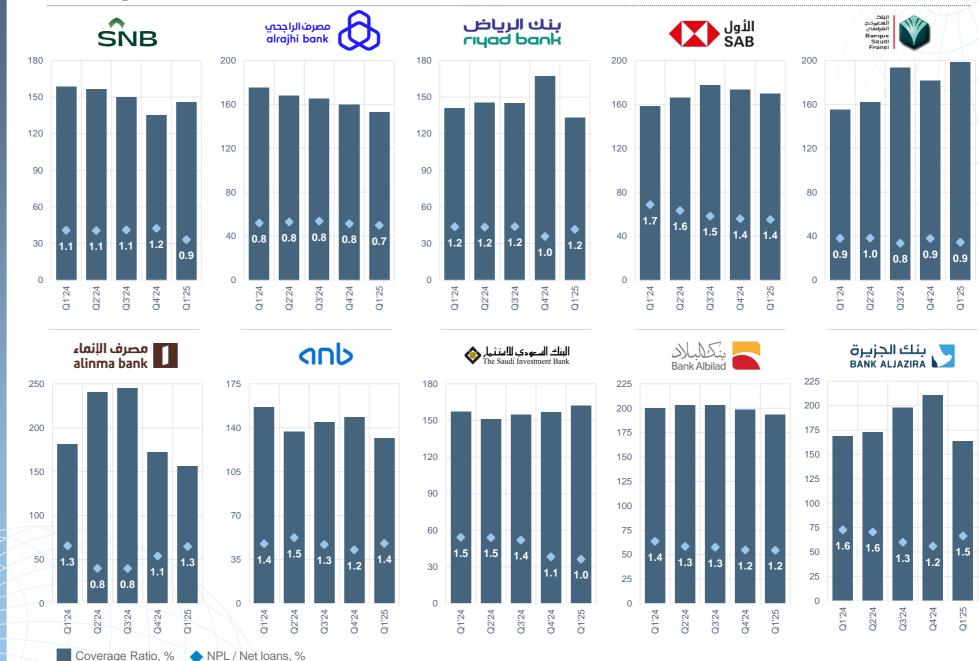
Aggregate asset quality improved marginally for KSA banks



Key takeaways

- The aggregate NPL/Net Loans ratio for KSA banks improved marginally by 2bps QoQ to 1.03%, while the coverage ratio declined by 622bps QoQ to 154.8%, driven by a notable 15.8% QoQ drop in impairment allowances
 - Seven out of ten banks saw a decline in coverage ratios, led by BJAZ (-4,678bps), RIBL (-3,404bps), ANB (1,680bps) and ALINMA (-1,584bps)
 - SNB witnessed the highest decline in NPL ratio (-26bps)

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

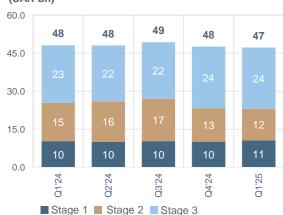
Aggregate ECL allowance declined due to fall in stage 3 loan allowance and improved coverage



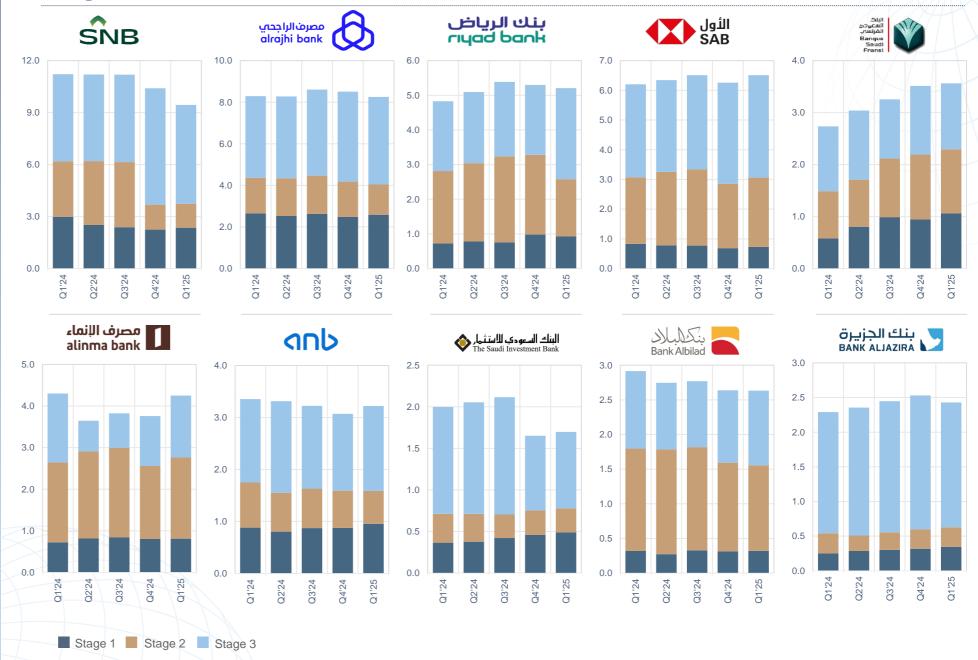
Key takeaways

- Aggregate ECL allowance declined by 0.9% QoQ in Q1'25, compared to a fall of 3.4% QoQ in Q4'24. This was primarily due to the 0.7% decline in Stage 3 ECL, which accounts for 51.2% of total ECL
- This was primarily because SNB registered a stage 3 ECL decline of 15.2% QoQ (vs. +33.1% QoQ in Q4'24) in Q1'25, demonstrating improved asset quality

Aggregate ECL (SAR bn)



Stage wise ECL mix (SAR bn)



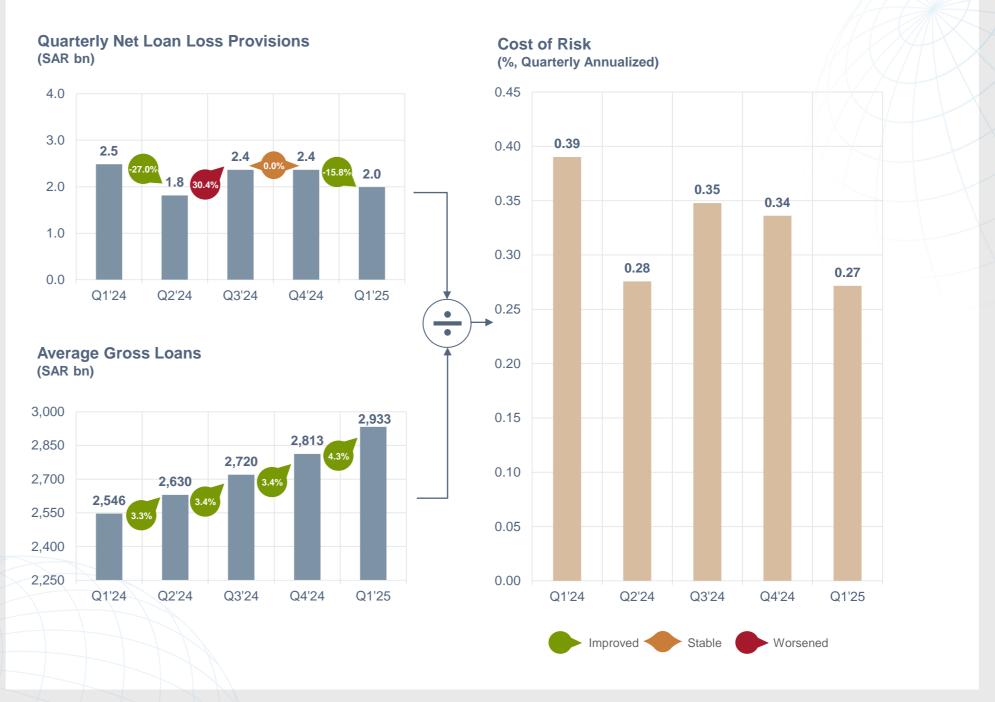
Note 1: Scaling and some numbers might not add up due to rounding

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Declining impairments resulted in an improvement in aggregate cost of risk



- The aggregate CoR for banks improved by 6bps QoQ to 0.27%, primarily due to the substantial decline in impairment charges
 - RIBL reported the highest decline in impairment charges (-50.8% QoQ) due to higher recoveries
 - Among the major banks, ANB (-24.3% QoQ) and BSF (-21.3% QoQ) also witnessed a decline in impairments
- Retail lending declined by 2.5% QoQ (vs. 3.0% in Q4'24), reflecting a gradual preference in the banking sector's focus from consumer lending to corporate/wholesale lending



Higher recoveries, prudent risk management and healthy asset quality resulted in an improvement in CoR



- Six out of ten banks reported an improvement in CoR, resulting in aggregate CoR improving by 6bps in Q1'25
- RIBL witnessed the highest improvement in CoR (-49bps), followed by ANB (-17bps) and BSF (-16bps)
 - Higher recoveries coupled with proactive risk management and healthy asset quality resulted in CoR improvement in RIBL
- BALB registered the highest deterioration in CoR (+39bps), followed by SAB (+11bps)





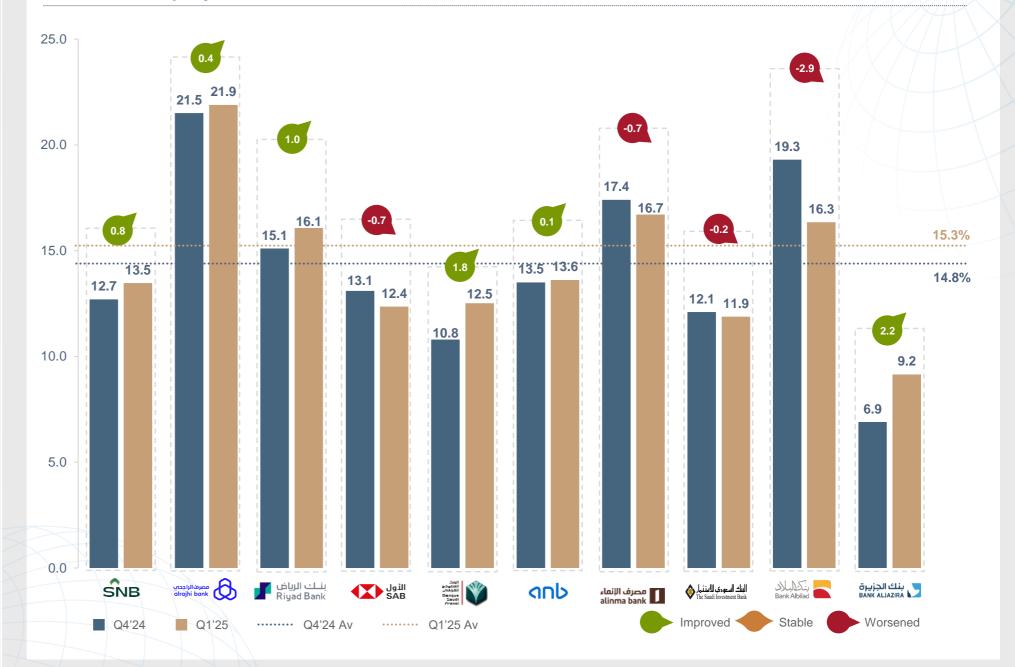
Six out of the ten banks reported an increase in ROE



Key takeaways

- Aggregate RoE improved by 44bps QoQ to 15.3% in Q1'25
- Six out of ten banks witnessed an increase in ROE, led by BJAZ (+224bps QoQ) and BSF (+176bps QoQ)
 - For BSF, RoE was supported by higher NIM, increased fee generation, and disciplined operating and risk cost containment
- BALB (-291bps QoQ) registered the highest deterioration in ROE

Return on Equity (%, Quarterly Annualized)



KSA banks reported higher profitability, benefiting from streamlined cost structures and lower impairment charges



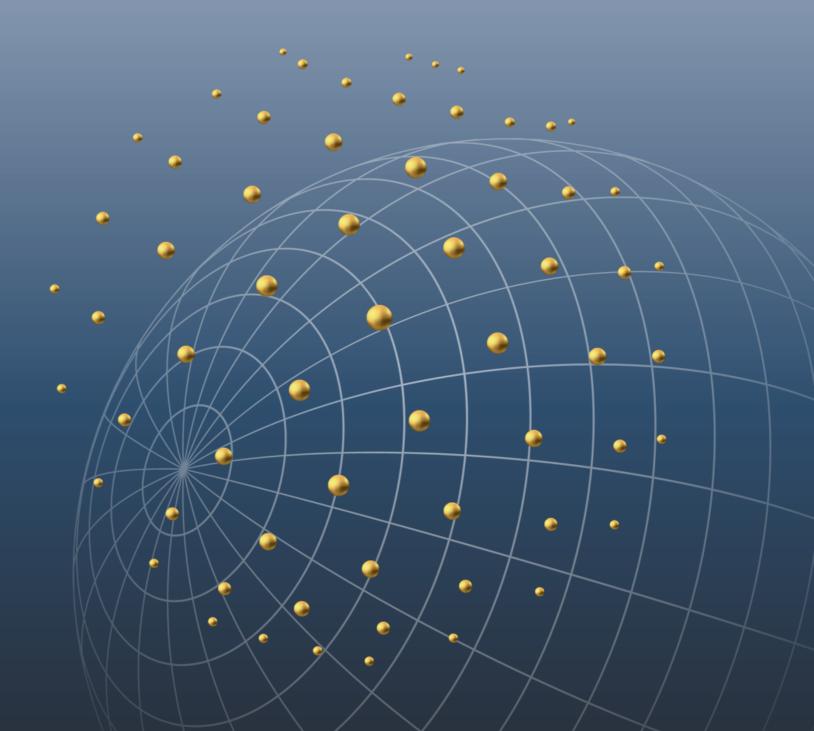
Key takeaways

- KSA banks reported improvement in profitability as RoE improved to 15.3% (+44bps QOQ), while RoA also improved marginally by 5bps to 2.1%
- According to GASTAT estimates, real GDP of Saudi Arabia increased by 3.4% YoY in Q1'25
 - This increase in GDP was due to a 4.9% increase in non-oil activities, in addition to the 3.2% growth of government activities
 - Conversely, oil activities recorded a decrease of 0.5%
- Looking ahead, the IMF revised Saudi Arabia's 2025 GDP growth forecast downward to 3.0%, from its earlier estimate of 3.3%, citing a slower-than-expected rebound in oil production and geopolitical challenges
 - The non-oil sector's resilience is expected to sustain economic momentum
 - Continued investments in infrastructure, tourism, and other non-oil industries are anticipated to bolster growth, offsetting some of the impacts from the volatility in oil sector revenues



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

Glossary



Glossary

	Metric	Abbreviation	Definition
Size	Loans and Advances Growth		QoQ growth in EOP net loans and advances for the top 10 banks
Size	Deposits Growth		QoQ growth in EOP customer deposits for the top 10 banks
Liquidity	Loan-to-Deposit Ratio	LDR	(Net EOP loans and advances / EOP customer deposits) for the top 10 banks
	Operating Income Growth		QoQ growth in aggregate quarterly operating income generated by the top 10 banks
	Operating Income / Assets		(Annualized quarterly operating income / quarterly average assets) for the top 10 banks
	Non-Interest Income / Operating Income		(Quarterly non-interest income / quarterly operating income) for the top 10 banks
Income & Operating Efficiency	Net Interest Margin	NIM	(Aggregate annualized quarterly net interest income) / (quarterly average earning assets) for the top 10 banks 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 banks
	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 banks
	Cost-to-Income Ratio	C/I	(Quarterly operating expenses / quarterly operating income) for the top 10 banks
	Coverage Ratio		(Loan loss reserves / non-performing loans) for the top 10 banks
Risk	Cost of Risk	CoR	(Annualized quarterly provision expenses net of recoveries / quarterly average gross loans) for the top 10 banks
	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 banks
Profitability	Return on Assets	RoA	(Annualized quarterly net profit / quarterly average assets) for the top 10 banks
	Return on Risk-Weighted Assets	RoRWA	(Annualized quarterly net profit generated / quarterly average risk-weighted assets) for the top 10 banks
Capital	Capital Adequacy Ratio	CAR	(EOP tier I capital + tier II capital) / (EOP risk-weighted assets) for the top 10 banks

Glossary (continued)

Bank

SNB

Assets (SAR Bn)*

1,171.1

Abbreviation

SNB

Bank

مصرفالراجدي alrajhi bank

Assets (SAR Bn)*

1,023.1

Abbreviation

ALRAJHI

Bank

بنك الرياض rıyad bank

Assets (SAR Bn)*

465.3

Abbreviation

RIBL

Bank



Assets (SAR Bn)*

425.7

Abbreviation

SAB

Bank البنک السعودد المرنسہ

Assets (SAR Bn)*

303.0

Abbreviation

BSF

Bank

مصرف الإنماء alinma bank

Assets (SAR Bn)*

287.2

Abbreviation

ALINMA

Bank



Assets (SAR Bn)*

264.7

Abbreviation

ANB

Bank



Assets (SAR Bn)*

163.8

Abbreviation

SAIB



Assets (SAR Bn)*

159.1

Abbreviation

BALB

Bank



Assets (SAR Bn)*

153.2

Abbreviation

BJAZ

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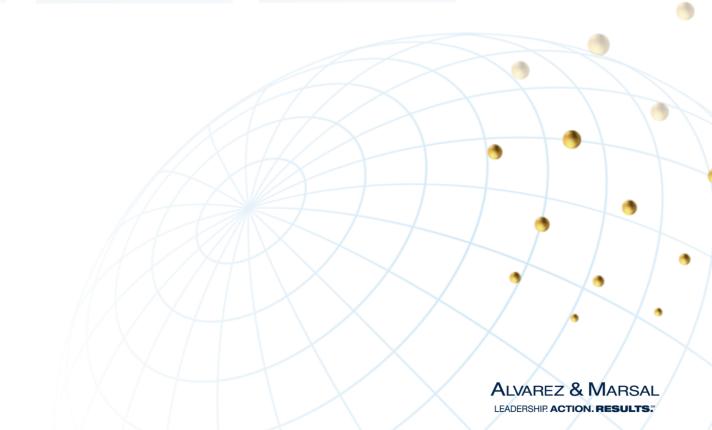
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Our Middle
East Financial
Services Team





Sam Gidoomal

Managing Director

Head of ME Financial Services

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



Tariq Hameed
Managing Director
ME Financial Services

thameed@alvarezandmarsal.com M: +971 55 842 6333



Sara Grinstead

Managing Director

Digital ME Financial Services

sgrinstead@alvarezandmarsal.com M: +971 55 835 3377



Ankit Uppal
Senior Director
ME Financial Services

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



Dana Abdalhadi Senior Director ME Financial Services

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



Asad Ahmed

Managing Director

ME Financial Services

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



Hazim Almegren
Managing Director
ME Financial Services

halmegren@alvarezandmarsal.com M: +966 50 2263977



Quentin Mulet-Marquis
Managing Director
M&A ME Financial Services

qmulet-marquis@alvarezandmarsal.com M: +971 56 235 3867



Jeremie Benhaim
Senior Director
M&A ME Financial Services

jbenhaim@alvarezandmarsal.com M: +971 56 526 7199



Mohammed Jaffar Senior Director ME Financial Services

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

