



KSA Banking Pulse

Q3 | 2025

ALVAREZ & MARSAL
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A Message From Our Authors

Alvarez & Marsal Arabia Limited (A&M) is pleased to present the Q3'25 edition of the KSA Banking Pulse (The Pulse – KSA).

This quarterly publication draws on our research of the Kingdom's ten largest listed banks by assets, providing a snapshot of sector performance and key indicators. The Pulse is designed to equip banking executives and board members with timely insights on industry trends.

Our latest KSA Banking Pulse provides an opportunity to reflect on Q3 2025 developments across the KSA banking sector - **a quarter that highlighted sustained business activity and improving macro fundamentals, supported by an upgraded GDP outlook, stable credit momentum, and modest profitability gains.**

Headline business activity strengthened with the aggregate PMI rising to 56.8 (up from 56.2 in Q2 2025) indicating a solid improvement in operating conditions across the non-oil private sector. The IMF has lifted its 2025 GDP growth forecast to 4.0% (from 3.6% in Jul 2025) driven by ongoing non-oil sector expansion and anticipated increases in oil production.

In the banking sector, credit growth remained stable at 2.5%, driven by corporate lending, while deposits growth moderated to 2.2% (from 2.7% in Q2 2025) impacted by a slight contraction in CASA deposits. RoE improved marginally by 6bps QoQ to 15.5%, as banks benefitted from higher non-interest income and enhanced operational efficiency.

As we broaden our coverage of key themes shaping the financial services space, I'm pleased to introduce my colleague, Zeeshan Mansoor, who heads up our risk and regulation practice and shares his thoughts on the changes in the regulatory landscape impacting the sector. Please contact Zeeshan if you have any specific queries regarding Governance, Risk and Compliance matters.



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Our latest KSA Banking Pulse shows the banks in the Kingdom are in a strong position despite the tighter liquidity backdrop as loans outpace deposits and funding shifts toward higher-cost term deposits.

Margins remain under pressure, even as non-interest income grows and cost discipline support profitability. With SAMA's countercyclical capital buffer rising to 1% effective May 2026, risk capacity becomes the differentiator.

Banks that translate the regulatory signals into disciplined capital planning, resilient funding strategies, robust credit governance, and proactive regulatory engagement will secure a clear competitive advantage as buffers rise and liquidity tightens.

Macro Overview

KSA economy shows resilience with upgraded 2025 growth forecasts, robust non-oil activity, and supportive monetary easing, though banks face gradual margin pressures

KSA GDP Growth Rate and PMI

- In Oct 2025, the IMF raised KSA's 2025 GDP growth forecast to 4.0% (from 3.6% in Jul'25) due to faster-than-expected unwinding of oil production cuts
- Average PMI for KSA in Q3'25 rose to 56.8 from 56.2 in Q2'25, signaling a robust improvement in operating conditions across the non-oil private sector, the strongest recorded since March

Policy Rates

- During Q3'25, the US Fed reduced policy rates by 25bps to 4.25%, followed by an additional 25bps cut in Oct 2025 to 3.75-4.00%, amid slower job creation and rising unemployment, and inflation returning to the long-term target of 2.0%
- SAMA followed by lowering its repo rate by 25bps to 4.75% in Q3'25, and further reducing it to 4.50% in Oct-2025. The easing is expected to support economic activity, but may also gradually compress KSA banks' NIMs compared with the previous high-rate environment
- SAIBOR fell by 17bps to 4.64% in Q3'25, and reduced down to 4.26% by the end of Oct 2025

Money Supply

- M1 money supply decreased by 1.4% to SAR 1,715.2bn QoQ from SAR 1,739.6bn in Q2'25, as demand deposits fell by 1.2% QoQ to SAR 1,477.8bn
- M2 money supply increased 1.0% from SAR 2,839.5bn in Q2'25 to SAR 2,867.9bn in Q3'25, with a strong increase of 4.8% QoQ in time and savings deposits from SAR 1,099.9bn in Q2'25 to SAR 1,152.8bn in Q3'25
- M3 money supply also increased by 1.7% QoQ to SAR 3,172.4bn (vs. 2.1% QoQ growth in Q2'25)

4.0%

Forecasted GDP growth in FY 2025

56.8

Q3'25 average PMI

4.50%

Oct'2025 SAMA repo rate

4.26%

Oct'2025 SAIBOR rate

(1.4%)

Decrease in M1 money supply driven by fall in demand deposits (M1 – SAR 1,715.2bn)

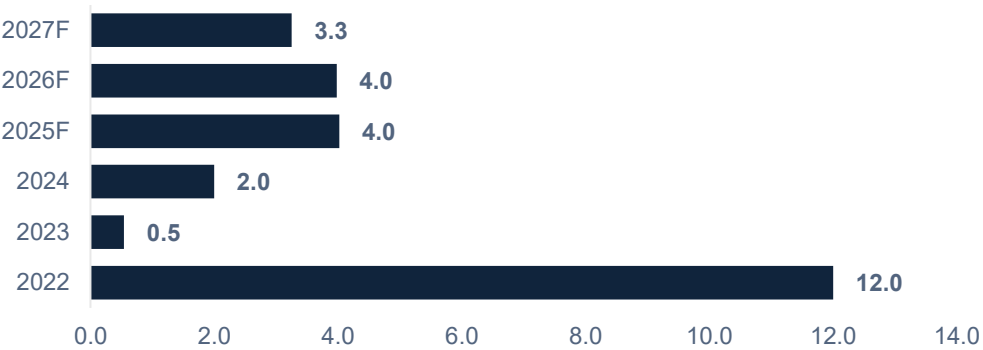
1.0%

Increase in M2 money supply, supported by decline in time & savings deposits (M2 – SAR 2,867.9bn)

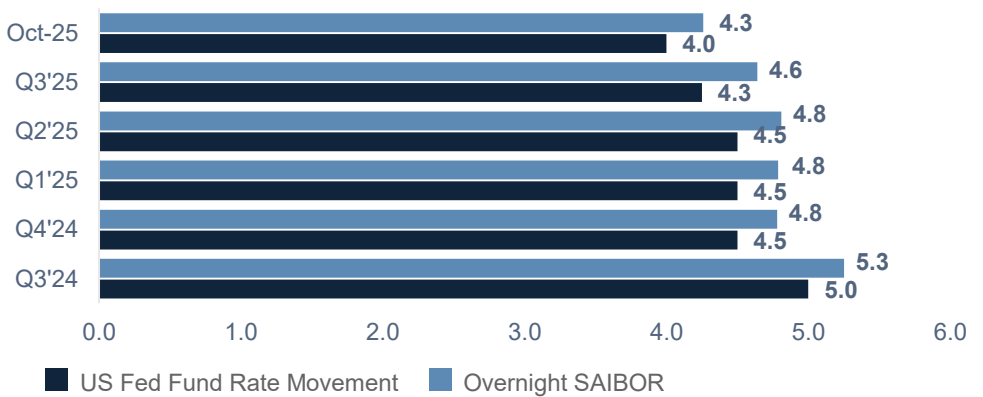
1.7%

Increase in M3 money supply (M3 – SAR 3,172.4bn)

KSA GDP Growth Rate¹ (%)



US Fed Fund Rate², SAIBOR (%)



KSA Money Supply³ (% Quarterly)



Banking Overview

Steady loan growth and resilient non-interest income supported KSA banks' profitability in Q3'25, with RoE improving despite softer deposit momentum

KSA Banks' Net L&A and Deposits

- Net loans and advances (L&A) growth remained steady at 2.5% QoQ in Q3'25. The expansion was primarily driven by retail lending which rose 1.7% QoQ (vs. 0.6% in Q2'25)
- Aggregate deposits growth moderated to 2.2% QoQ in Q3'25 (vs. 2.7% in Q2'25), due to a marginal decline of 0.1% QoQ in CASA deposits, which accounted for 56.6% of the total deposits
- Aggregate loan-to-deposit ratio (LDR) raised to 106.2%, increasing by 30bps QoQ

KSA Banks' Profitability

- Aggregate total interest income rose by 4.7% QoQ, while total expenses increased significantly by 9.3% QoQ, leading to only a marginal increase in NII by 0.1% QoQ to SAR 29.9bn
- Operating income of the banks increased by 1.8% QoQ, supported by non-interest income, which grew by 7.5% QoQ
- Net income grew moderately by 2.8% QoQ (vs. 3.4% QoQ in Q2'25)

KSA Banks' Profitability

- Aggregate RoE of banks rose by 6bps QoQ in Q3'25 to 15.5%, while RoA remained broadly stable at 2.1%

2.5%

Steady net L&A growth in Q3'25

2.2%

Aggregate deposit growth in Q3'25

106.2%

LDR in Q3'25

0.1%

NII growth remained flat in Q3'25

2.8%

Aggregate net income growth

(0.9%)

Marginal decline in impairment charges in Q3'25

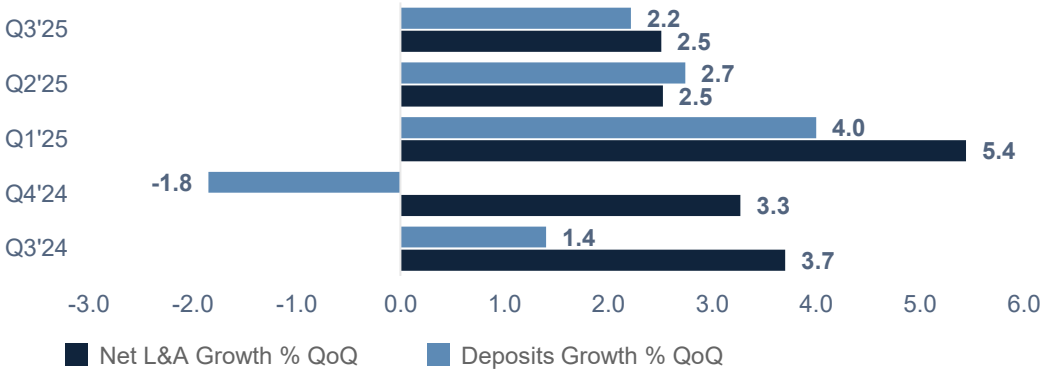
15.5%

RoE increased marginally by 6bps QoQ in Q3'25

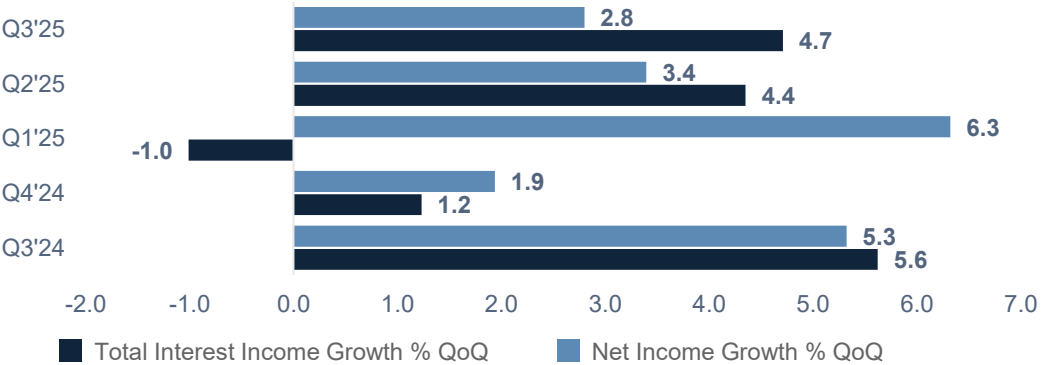
2.1%

RoA remained stable

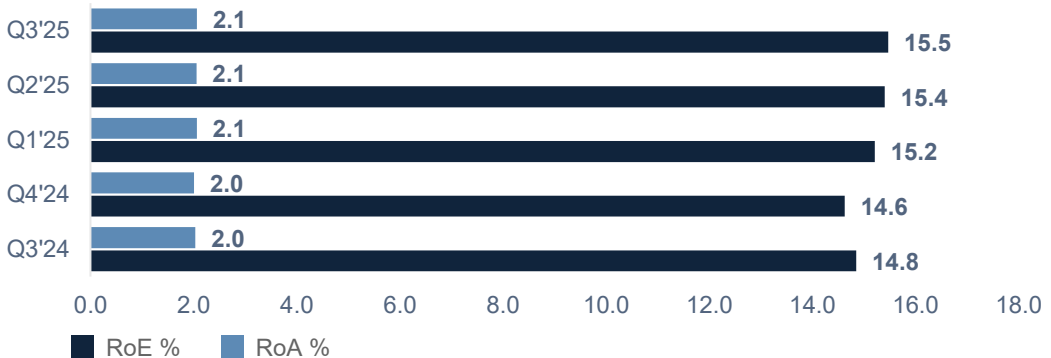
KSA Banks' Net L&A and Deposits¹ (%)



KSA Banks Profitability¹ (%)



KSA Banks Profitability¹ (%)



Key Trends Q3'25

Lending momentum remained steady, while deposit mobilization weakened in Q3'25; higher non-interest income supported profitability

↑ L&A growth remained stable at 2.5% QoQ, while deposits growth moderated to 2.2% QoQ in Q3'25

↑ LDR ratio increased by 30bps QoQ to 106.2%, as lending momentum outpaced deposit growth

↓ Operating income growth slowed down to 1.8% QoQ (vs. 2.0% QoQ in Q2'25), as net interest income grew marginally by 0.1% QoQ

↓ NIM contracted by 7bps QoQ to 2.73%, with CoF rising by 22bps QoQ to 3.6%, while YoC rose to 8.2% (up by 17bps QoQ)

↓ C/I ratio improved further by 80bps QoQ to 28.7%, reflecting better cost efficiencies

↓ CoR declined marginally by 1bp QoQ to 0.24%, while the coverage ratio improved by 2.2% QoQ to 158.1%, showing stronger provisioning buffers

↑ RoE improved marginally by 6bps QoQ to 15.5%, while ROA remained largely stable at 2.1%

↑ KSA banks remain adequately capitalised with CAR at 20.0%, an improvement of 51bps QoQ

	Metric	Q2'25	Q3'25	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25
Size	Net L&A Growth (QoQ)	2.5%	↔ 2.5%					
	Deposits Growth (QoQ)	2.7%	↓ 2.2%					
Liquidity	Loan-to-Deposit Ratio (LDR)	105.9%	↑ 106.2%					
Income and Operating Efficiency	Operating Income Growth (QoQ)	2.0%	↓ 1.8%					
	Operating Income/Assets	3.5%	↔ 3.5%					
	Non-Interest Income/Operating Income	23.8%	↑ 25.2%					
	Yield on Credit (YoC)	8.0%	↑ 8.2%					
	Cost of Funds (CoF)	3.4%	↑ 3.6%					
	Net Interest Margin (NIM)	2.80%	↓ 2.73%					
	Cost-to-Income Ratio (C/I)	29.5%	↓ 28.7%					
Risk	Coverage Ratio	155.9%	↑ 158.1%					
	Cost of Risk (CoR)	0.25%	↓ 0.24%					
	Non-Performing Loans (NPL) %	1.00%	↓ 0.94%					
Profitability	Return on Equity (RoE)	15.4%	↑ 15.5%					
	Return on Assets (RoA)	2.1%	↔ 2.1%					
	Return on Risk-Weighted Assets (RoRWA)	2.7%	↑ 2.8%					
Capital	Capital Adequacy Ratio (CAR)	19.5%	↑ 20.0%					

↑ 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

Key Sector Developments

KSA Banking Industry Development



New Entrants 01

- National Bank of Egypt launched its first branch in Saudi Arabia as part of its global expansion strategy, and will focus on corporate banking and trade finance services for companies operating in Saudi Arabia
- SAMA granted regulatory approval for EZ Bank to operate as a digital bank in the Kingdom. EZ Bank is a JV between QNB, Ajlan, and Bros Holding, a Saudi conglomerate
- SAMA launched Google Pay through the national payment system in KSA to enhance the digital payments ecosystem in the Kingdom



New Investments 02

- Geneva-based Union Bancaire Privée UBP SA opened an office in Saudi Arabia, joining other private banks in building a presence in wealth management
- Jeel, powered by RIBL, signed a MoU with Synpulse to co-develop a platform built on open APIs to integrate with local and international WealthTech ecosystems, including custody banks, digital asset providers, and private markets platforms
- Thunes, the Smart Superhighway to move money around the world, signed a MoU with BSF to enable BSF consumers to send fast, affordable, and secure international money transfers in real-time



New Business Trends 03

- ALINMA signed a strategic investment and entered into a partnership with Qashio, MENA region's leading spend management and corporate card platform, to deliver advanced digital financial solutions
- BALB partnered with global fintech company Intellect Design Arena to utilize Intellect's eMACH.ai platform, offering digital cash management services and mobile solutions to enhance digital banking



New Emerging Technologies 04

- Jeel, the innovation and technology subsidiary of RIBL, partnered with Mambu, the global cloud-native core banking platform, to launch the Jeel Sandbox, the FinTech sandbox accelerator developed in collaboration with FinTech Saudi
- Mozn, regional leader in enterprise AI technologies, partnered with STC Bank to deploy FOCAL, designed to empower FI with Financial Crime Intelligence (FCI), enabling them to detect and prevent financial crime and deliver risk insights
- SNB announced plans to launch a first-of-its-kind POS lending solution for SMEs. The solution is powered by Tarabut and delivered through Geidea, one of KSA's leading payment solutions providers



New Regulations 05

- Saudi Arabia is taking steps to strengthen its global position in investment and finance by integrating stable coins into its financial system, in partnership with the Capital Market Authority and SAMA
- SAMA announced a significant update to its banking regulations by permitting the use of the "Visitor ID" as a valid document for opening bank accounts within the Kingdom, with the aim to enhance visitor experience



Expected Challenges 06

- Voluntary oil production cuts and lower crude prices have led to a decrease in revenue and widening fiscal deficits, as well as a scaling back of some projects in KSA
- Fitch expects KSA's fiscal and external positions to weaken, with a 2.9% current account deficit in FY'25 and a budget deficit rising from 4% in 2025 to 4.2% in 2026 as oil prices fall to USD 65/bbl. Government debt is projected to increase to 29.7% of GDP in 2025 and 35.1% by 2027

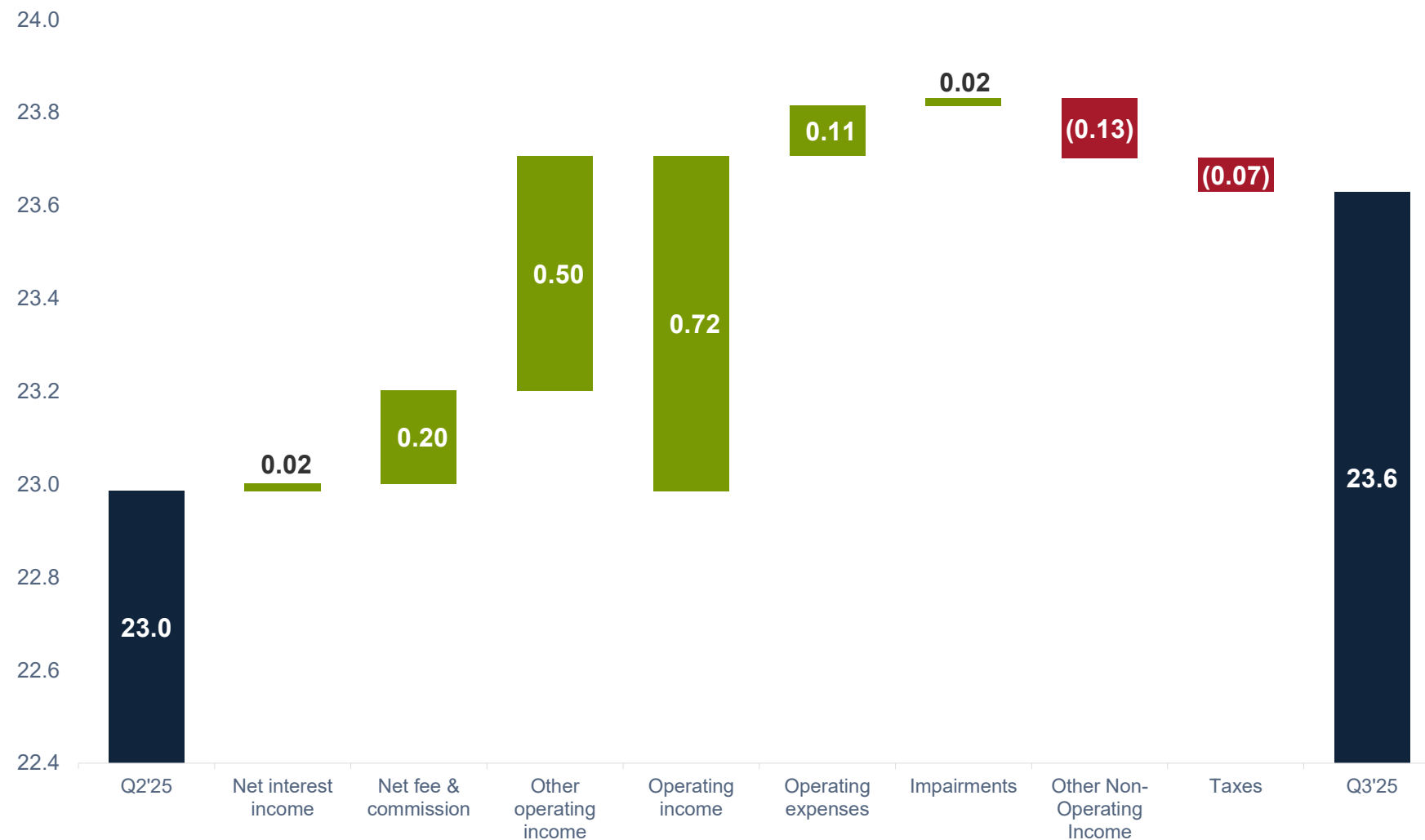
Banks reported moderate income growth mainly driven by other operating income



Key Takeaways

- Net income rose 2.8% QoQ in Q3'25, moderating from 3.4% QoQ growth in Q2'25, to reach SAR 23.6bn
- Total operating income increased by 1.8% QoQ, (vs. 2.0% QoQ growth recorded in previous quarter), supported by stronger growth in net fee and commission income, as well as other operating income:
 - NII inched up 0.1% QoQ, easing from 0.9% QoQ growth in Q2'25, while fees and commission income increased by 3.8% QoQ (vs. 2.4% QoQ in Q2'25)
 - Other operating income posted a solid 12.6% QoQ growth during the quarter (vs. 10.1% QoQ growth in Q2'25)
- Operating expenses and impairment charges both edged down marginally by 0.9% QoQ

Net Income Bridge (SAR bn)

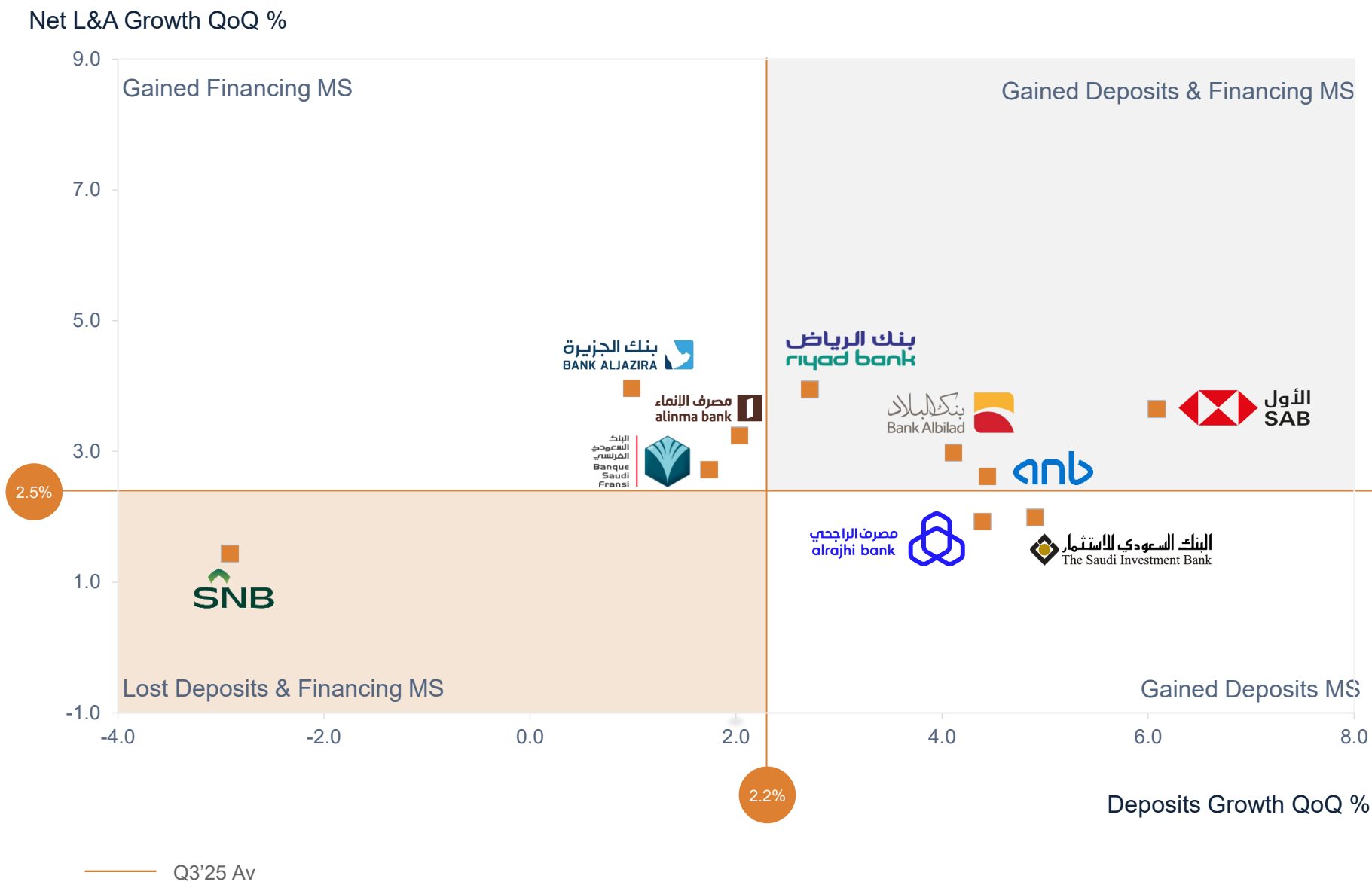


Lending growth held steady, while deposit mobilization slowed down

Key Takeaways

- Aggregate lending momentum remained steady at 2.5% QoQ, while deposit mobilization moderated to 2.2% QoQ, compared to 2.7% QoQ in Q2'25:
 - Half of the top ten banks reported a moderation in loan growth, indicating a broader cooling in lending activity across the sector
 - The deceleration in deposits was largely attributable to SNB, which recorded a 2.9% QoQ decline, driven by a sharp 7.9% QoQ contraction in time deposits and a 2.5% QoQ drop in CASA balances
- Additionally, government-related entity (GRE) liquidity eased, with government deposits declining marginally, reducing their share to 31.2% in Q3'25 from 31.9% in Q2'25

Net L&A and Deposit Growth (% Quarterly)



Note: MS refers to Market Share. A bank growing faster than the sector gains market share, while slower than sector growth indicates a loss of market share
Source: Financial statements, Investor presentations, A&M analysis

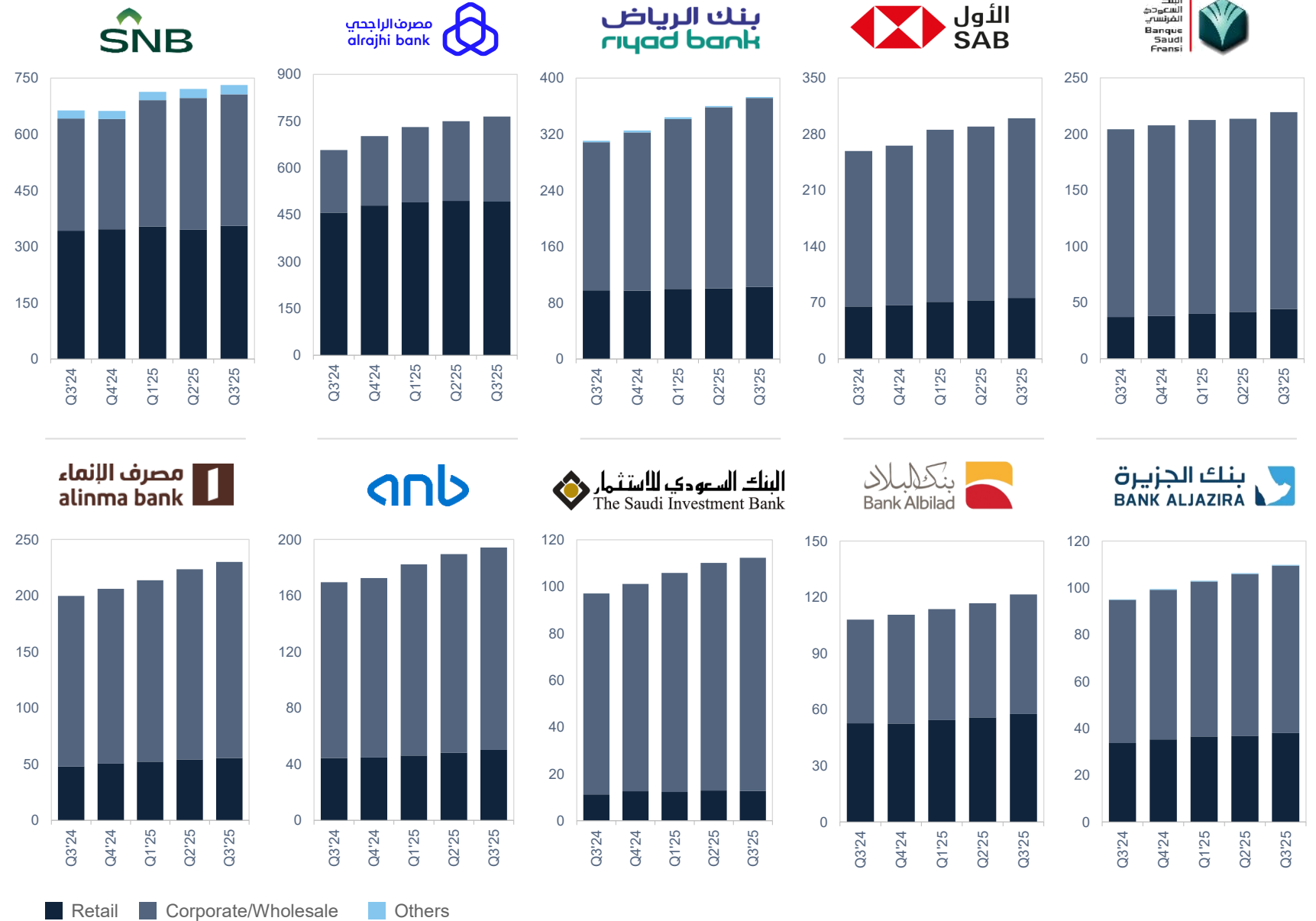
Lending momentum remained steady during the quarter, driven by corporate lending



Key Takeaways

- Aggregate gross loans and advances grew by 2.5% QoQ, the same as the number in Q2'25:
 - Retail lending grew 1.7% QoQ, accelerating from 0.6% QoQ in Q2'25, supported largely by strong momentum in credit card lending, which expanded 9.0% QoQ according to SAMA's Sep-2025 data
 - Corporate loan growth moderated to 3.0% QoQ from 3.9% QoQ in the previous quarter, due to slower activity in the real estate segment
 - SAMA data indicates that lending to real estate activities fell by 5.2% QoQ, reducing its share of corporate credit to 11.2% from 12.0% in Q2'25
- ALRAJHI was a major contributor to the total loan portfolio, accounting for 24.2% of the total loans of the top ten banks, followed by SNB (23.2%) and RIBL (11.8%)

Gross Loans and Advances (SAR bn)



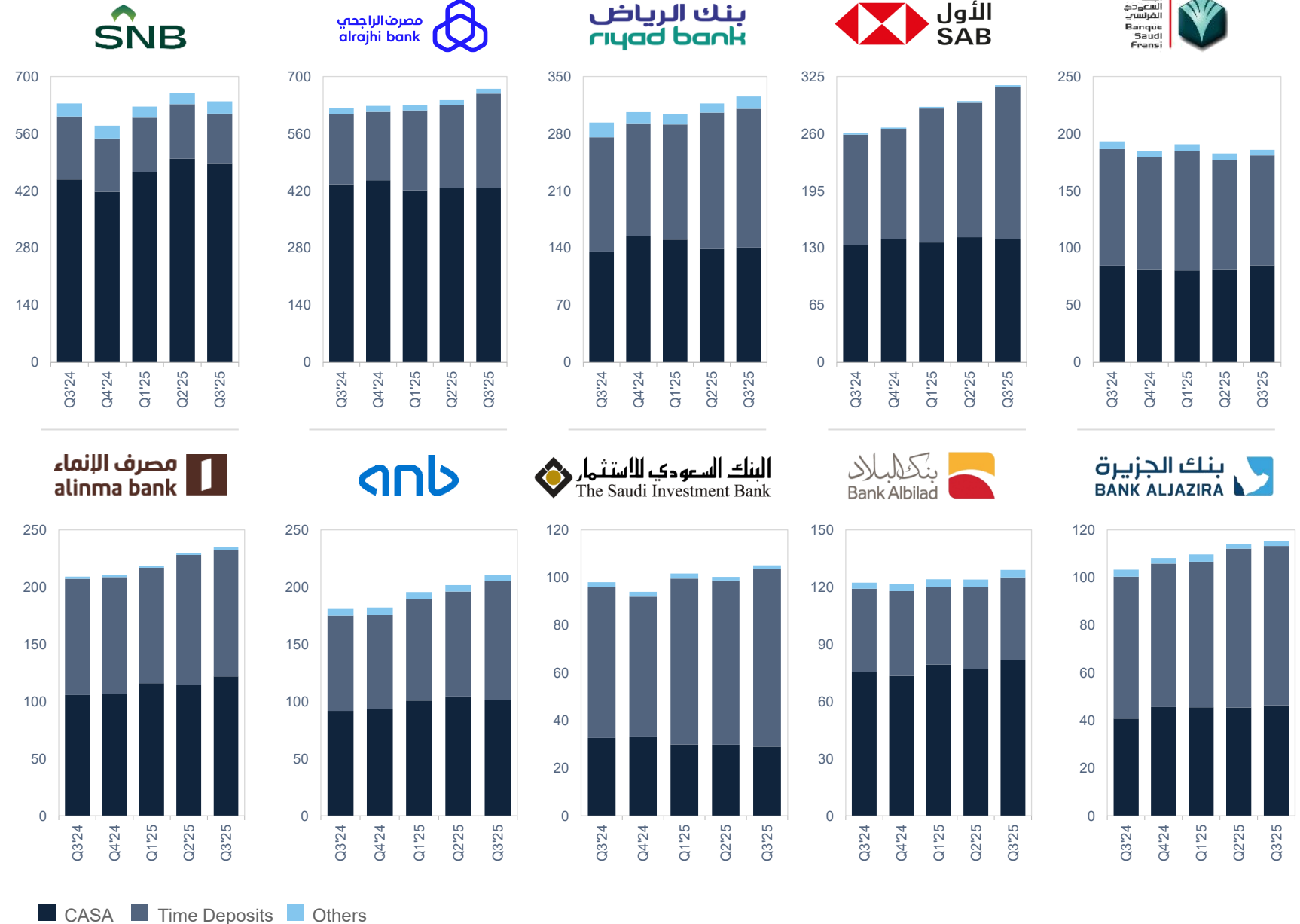
Note: Scaling and some numbers might not add up due to rounding
 Note: KSA banks have no disclosure on Loans & Advances by Industry. The reporting only has details of corporate and retail loans
 Source: Financial statements, investor presentations, A&M analysis, SAMA

Deposit growth moderated, mainly due to marginal contraction in CASA deposits

Key Takeaways

- Deposit mobilization moderated to 2.2% QoQ, easing from 2.7% QoQ in the previous quarter, primarily due to a decline in CASA deposits:
 - CASA deposits of the top ten banks, which accounted for 56.6% of total deposits, edged down by 0.1% QoQ
 - Similarly, SAMA data indicated a 1.2% QoQ decline in demand deposits across all banks, driven by a 4.5% QoQ contraction in the government segment
 - In contrast, time deposits remained robust, expanding by 5.1% QoQ, (+4.3% QoQ growth in Q2'25), as customers continued to shift towards higher-yielding products in a sustained elevated-rate environment
 - SAMA statistics similarly reported 4.8% QoQ growth in time and savings deposits, supported by increases from businesses and individuals (+7.0% QoQ) and government entities (+2.1% QoQ)
- ALRAJHI remained the largest contributor to aggregate deposits with a 22.9% share, followed by SNB (21.8%) and RIBL (11.1%)

Customer Deposits (SAR bn)



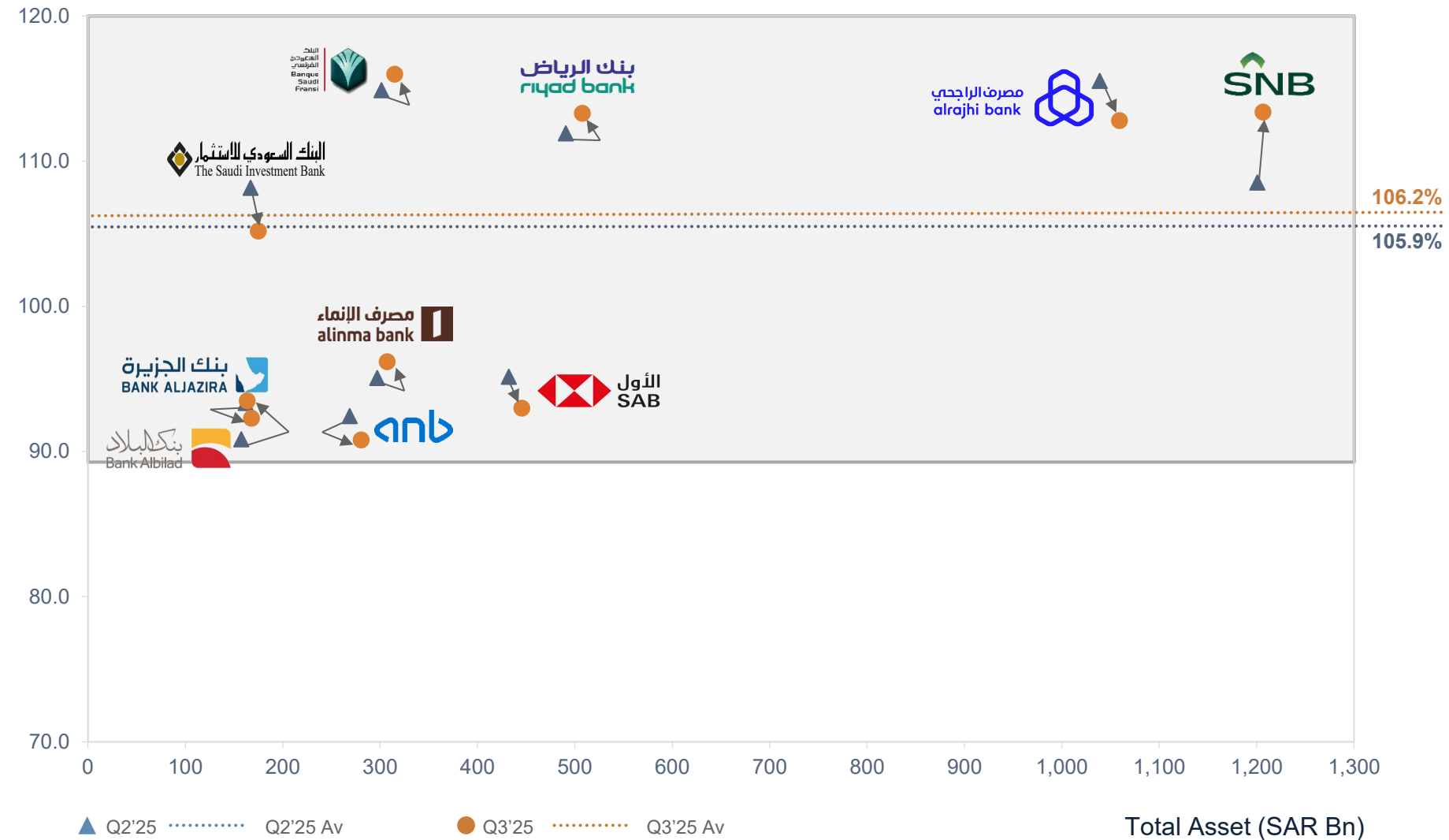
Note: Scaling and some numbers might not add up due to rounding
Source: Financial statements, investor presentations, A&M analysis, SAMA

Higher LDR indicates marginal tightening in system liquidity

Key Takeaways

- The sector's aggregate LDR edged up by 30bps to 106.2% in Q3'25 from 105.9% in Q2'25, reflecting a marginal tightening in system liquidity
- The increase was primarily driven by SNB and BJAZ
 - SNB recorded a 1.4% QoQ rise in loans alongside a 2.9% QoQ decline in deposits, pushing its LDR higher
 - BJAZ saw lending expand by 4.0% QoQ, outpacing its 1.0% QoQ deposit growth and contributing to the broader uptick in the ratio
- Despite these mixed movements, overall system liquidity indicates early signs of tightening as deposit mobilization slows down

Loan to Deposits Ratio (%)



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

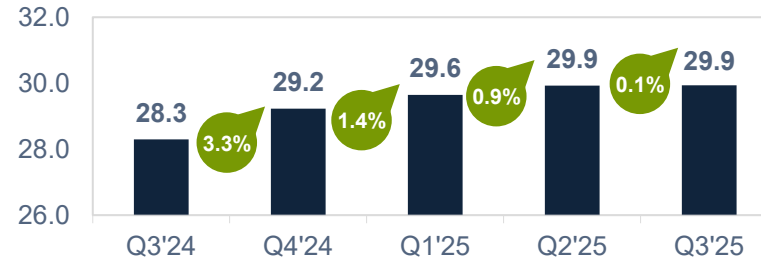
Income growth remained modest, with resilient fee and other operating income offsetting subdued NII growth

Key Takeaways

- Operating income increased 1.8% QoQ to SAR 40.0bn, extending its steady upward trajectory
- Net interest income remained broadly flat, inching up 0.1% QoQ to SAR 29.9bn, while net fee and commission income rose 3.8% QoQ to SAR 5.5bn, reflecting continued strength in core banking activity
- Other operating income delivered a strong 12.6% QoQ uplift to SAR 4.5bn, supported by higher foreign-exchange gains and improved investment-related income

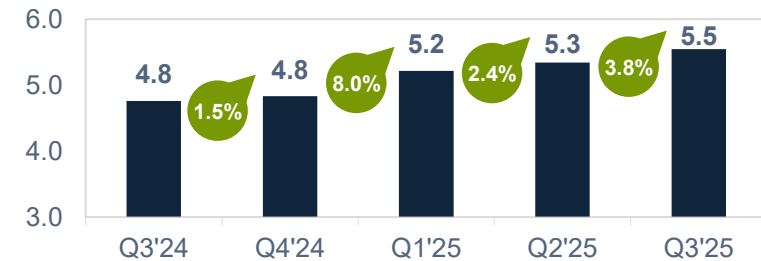
Quarterly NII

(SAR bn)



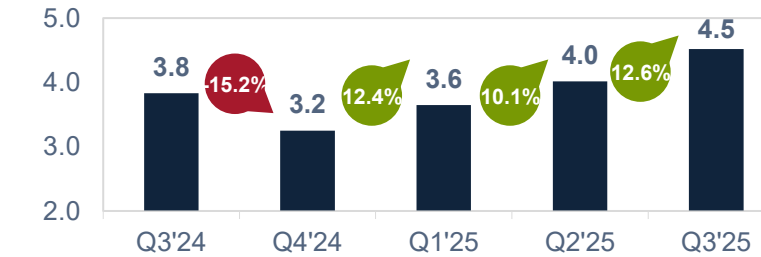
Quarterly Net Fee and Commission Income

(SAR bn)



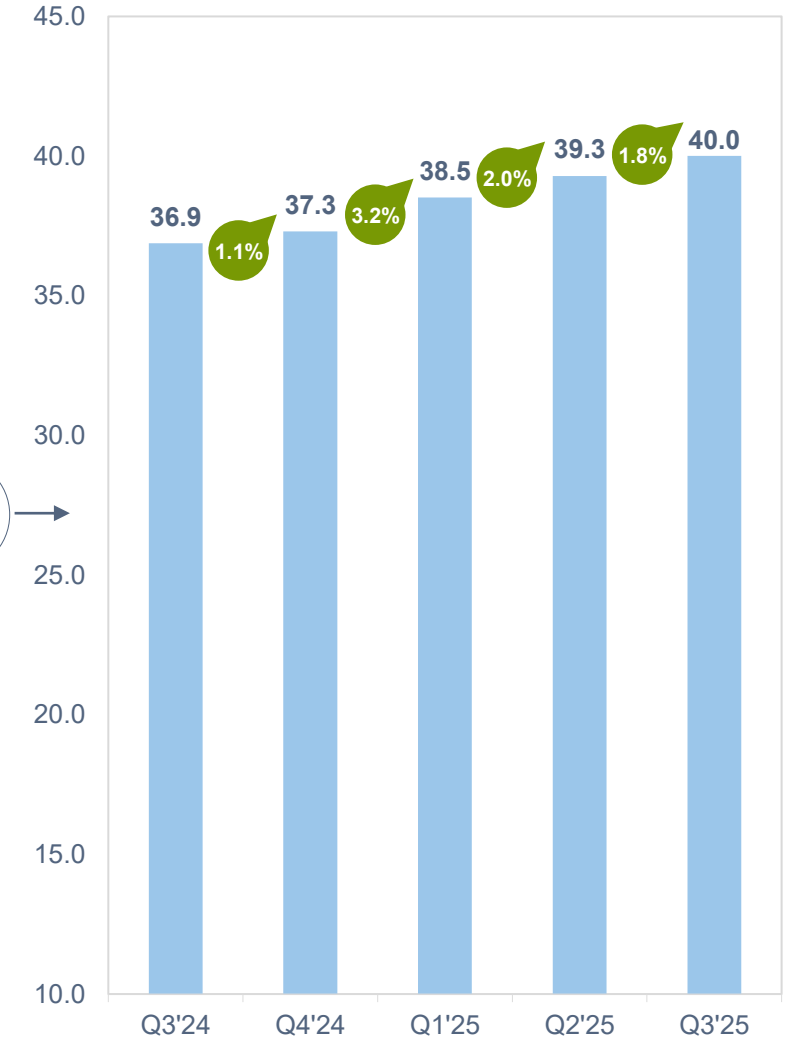
Quarterly Other operating Income

(SAR bn)



Quarterly Operating Income

(SAR bn)



 Improved  Worsened

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

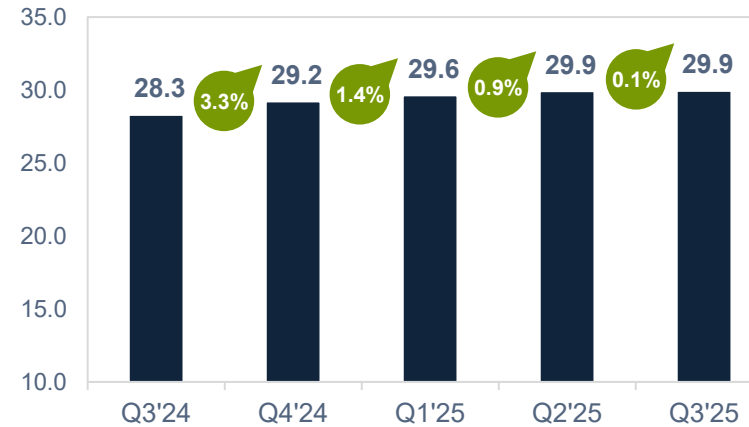
Pressure on NIM continued due to rising funding cost and tightening liquidity conditions



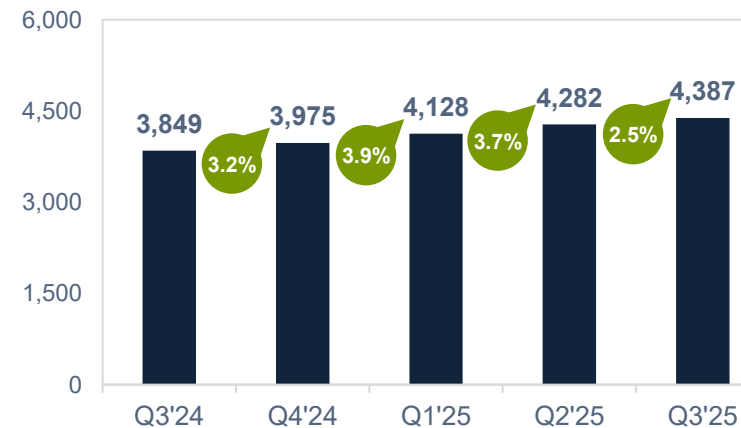
Key Takeaways

- Aggregate NIM continued to face pressure for the third consecutive quarter, declining marginally by 7bps QoQ to 2.73%, as rising funding costs — driven by a shift in deposit mix and tighter liquidity conditions — offset the improvement in asset yields:
 - The compression was primarily attributed to the ongoing migration from low-cost CASA deposits toward higher-yielding time deposits
 - Time deposits now represent 40.7% of total deposits, up from 39.6% in Q2'25
- Spreads contracted further by 5bps QoQ to 4.60%
 - An increase of 22bps QoQ in CoF to 3.6% offsets the 17bps QoQ improvement in YoC to 8.2%, leading to a narrowing of spreads

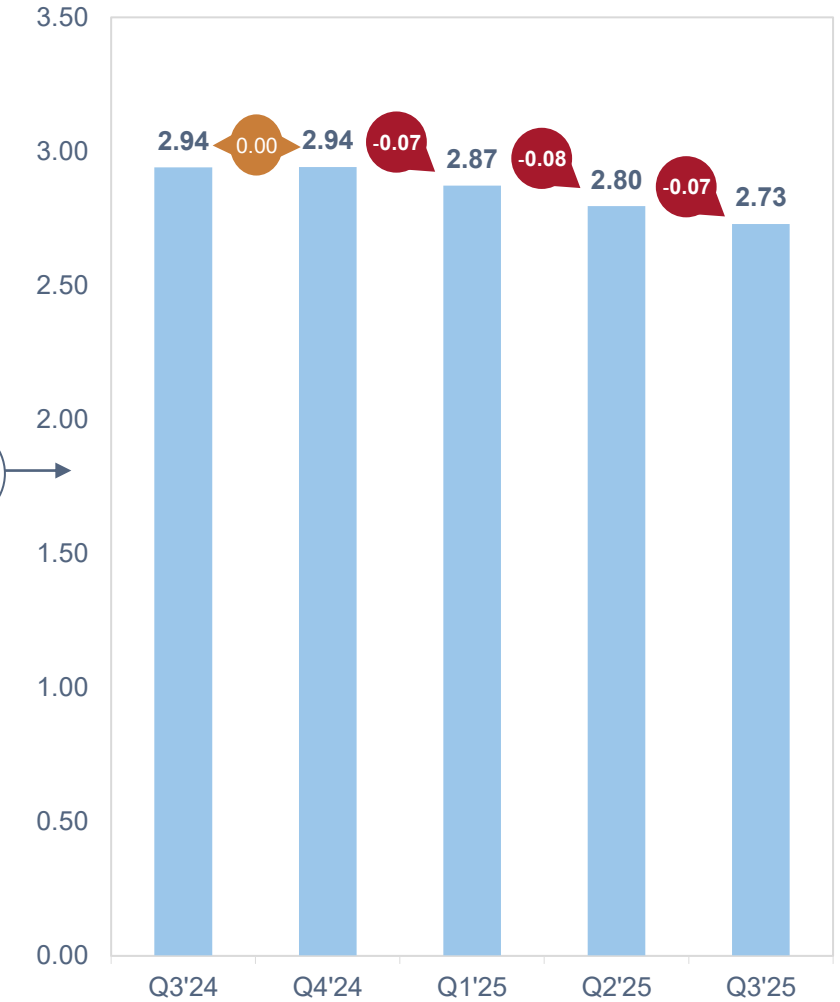
Net Interest Income (SAR bn)



Net Earning Assets** (SAR bn)



Net Interest Margin* (%)



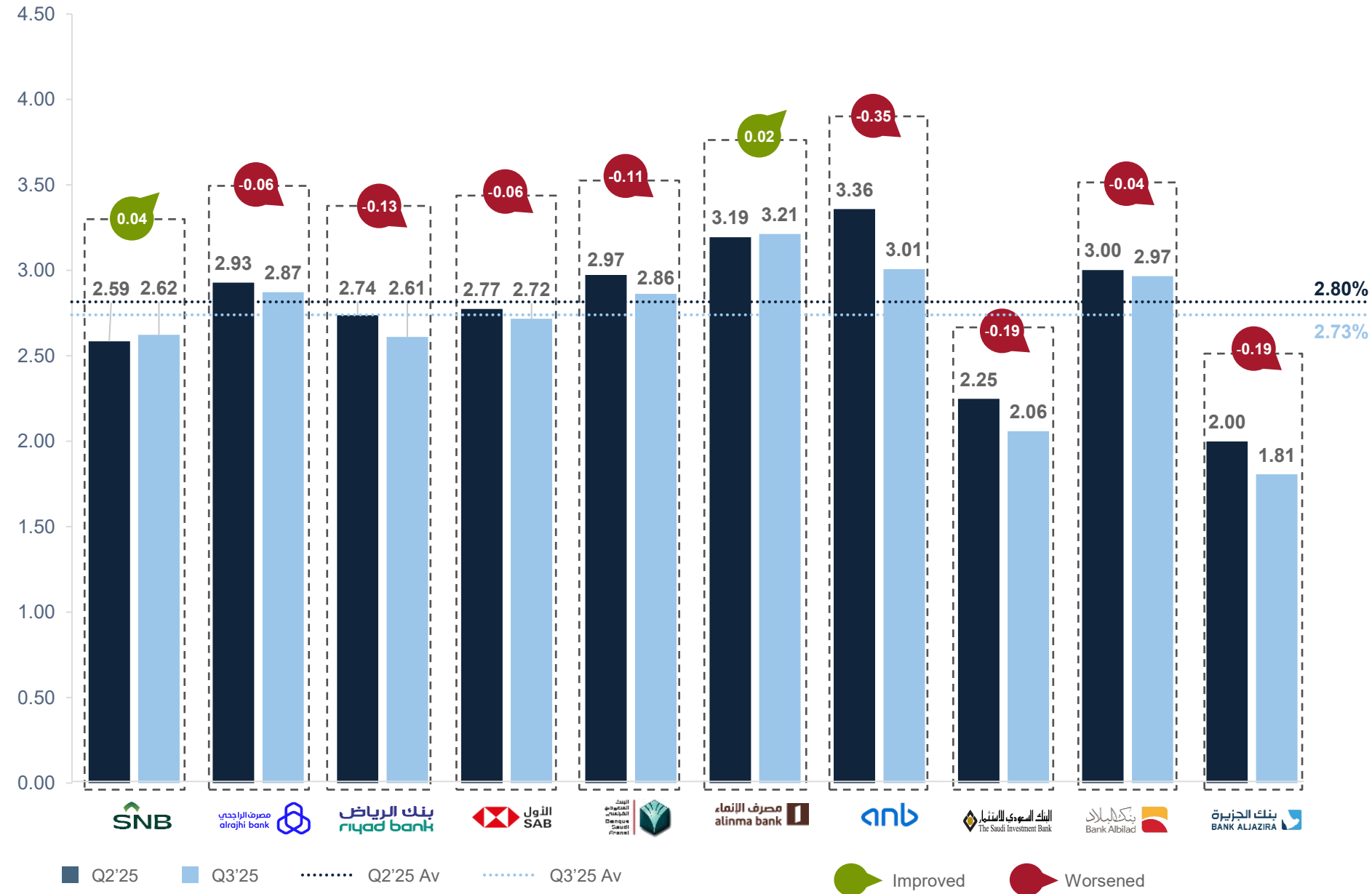
Improved Stable Worsened

Margin compression persisted with NIMs declining across the majority of banks

Key Takeaways

- Eight out of the ten banks reported a decline in NIM during this quarter:
 - ANB's NIM contracted by 35bps QoQ to 3.01%, driven by a 27bps QoQ decline in YoC, coupled with a 19bps QoQ rise in CoF, reflecting margin compression from both ends
 - BJAZ and SAIB's NIM reached 1.81% and 2.00%, respectively, down by 19bps QoQ each, as CoF for the banks rose sharply
- In contrast, SNB demonstrated resilience, reporting a marginal improvement in NIM by 4bps QoQ to 2.62%:
 - The improvement was supported by an increase in YoC by 25bps QoQ to 8.8%, outpacing the 11bps QoQ rise in CoF to 3.6%
 - SNB witnessed a 7.9% QoQ reduction in high-cost time deposits, which further supported CoF

Net Interest Margin (% Quarterly Annualised)

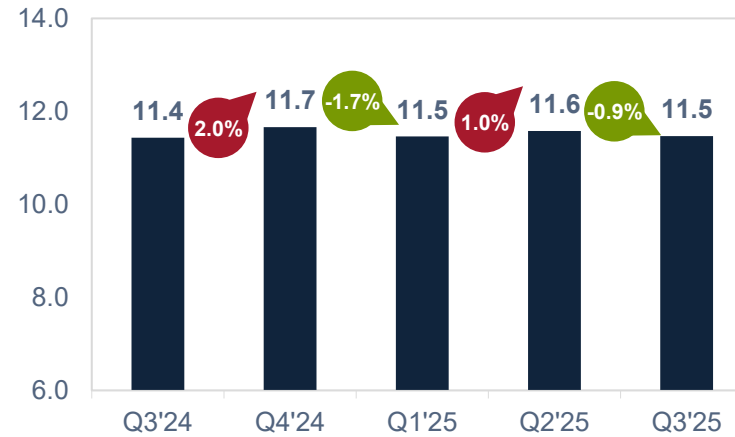


Operating efficiency of banks improved on the back of disciplined expense management

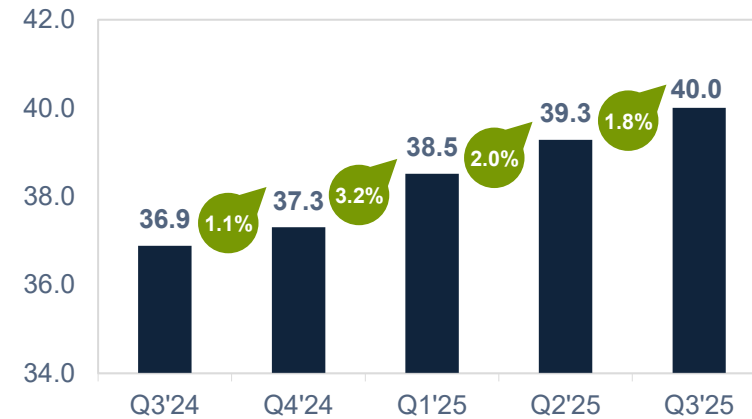
Key Takeaways

- During this quarter, the Aggregate C/I ratio improved sequentially by 80bps QoQ to 28.7%:
 - Operating income of banks rose by 1.8% QoQ, while operating expenses declined marginally by 0.9% QoQ, indicating enhanced operating efficiency
- This improvement was primarily driven by cost optimization measures and disciplined expense management implemented by major banks across the Kingdom

Quarterly Operating Expense (SAR bn)



Quarterly Operating Income (SAR bn)



Cost to Income Ratio (%, Quarterly Annualised)



 Improved  Worsened

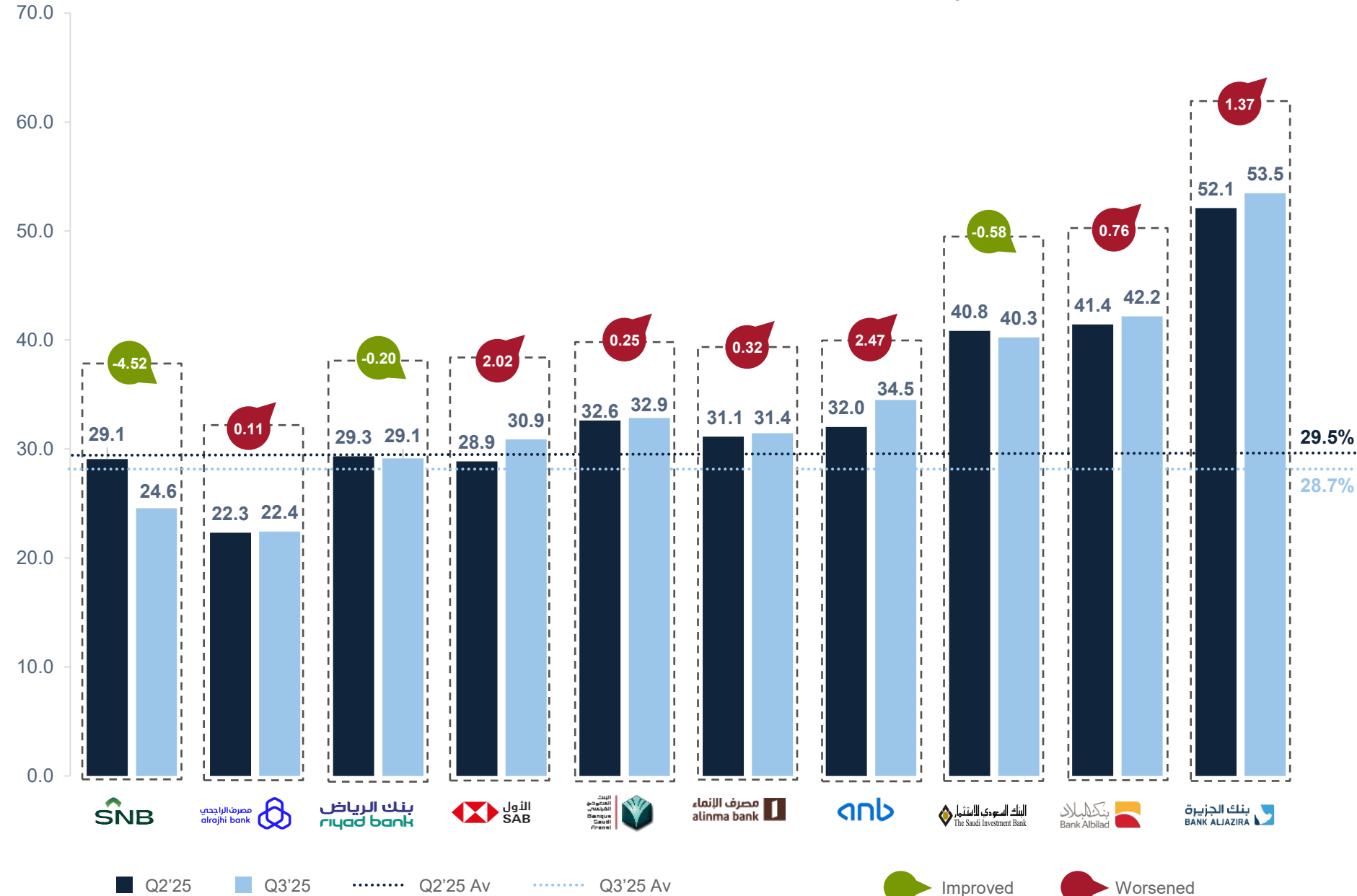
Note: Some numbers might not add up due to rounding off
Source: Financial statements, investor presentations, A&M analysis

Improvement in overall cost efficiency was underpinned by SNB and RIBL, offsetting the broader decline among peers

Key Takeaways

- Operating efficiency improved, reflected through lower C/I ratio, primarily driven by major banks such as SNB and RIBL
- SNB reported notable improvement of 4.5% QoQ in its C/I ratio to 24.6%, supported by significant decline in operating expenses by 9.9% QoQ:
 - The cost optimization of the bank was reflected through lower rent expenses, and general and administrative expenses
- RIBL posted 20bps QoQ improvement in its C/I ratio to 29.1%, as operating income grew by 3.8%, outpacing the 3.1% QoQ growth in operating expense
- In contrast, SAB witnessed a deterioration in its C/I ratio by 2.0% QoQ to 30.9%, attributed to a 4.9% QoQ rise in operating expenses, driven by higher digital service costs and increased customer volumes

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

Banks continued focus on improving asset quality, resulting in lower NPL ratio

Key Takeaways

- The aggregate coverage ratio improved further to 158.1%, up 2.2% QoQ, primarily supported by a 4.5% QoQ decline in aggregate NPL:
 - RIBL led the improvement, posting a significant drop in NPL by 20.2% QoQ, driven by robust recoveries and proactive risk management measures
 - ANB's NPL also declined notably by 19.2% QoQ, largely from its corporate portfolio (-19.5% QoQ), which constitutes 94.4% of its total NPLs
- Overall, the asset quality strengthened, as reflected in a lower aggregate NPL ratio of 0.94%, down by 6bps QoQ:
 - Among peers, SNB and ALRAJHI continued to demonstrate the strongest asset quality, with NPL ratios of 0.81% and 0.77%, respectively

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



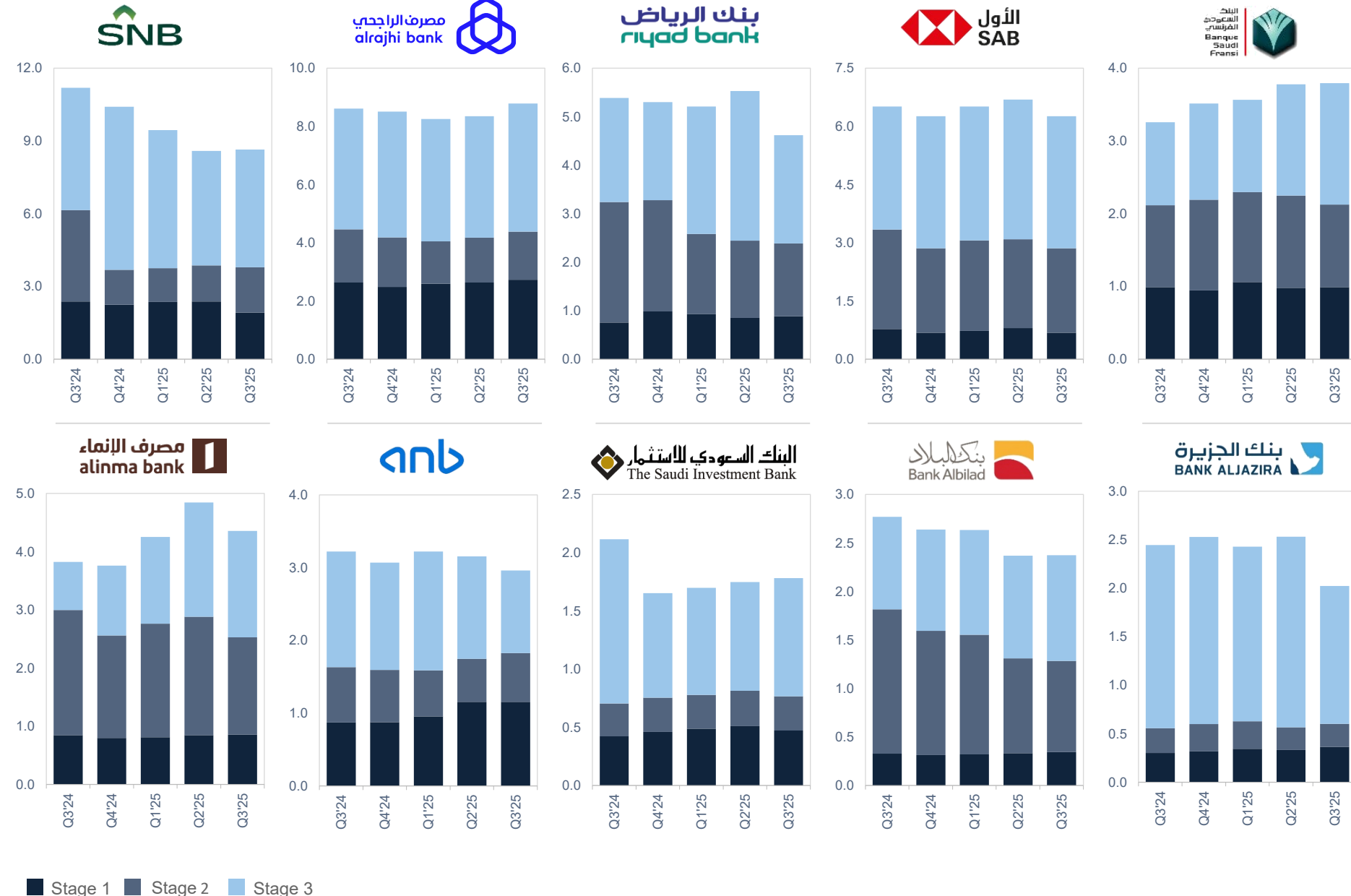
Note: Scaling and some numbers might not add up due to rounding
Source: Financial statements, investor presentations, A&M analysis, 1 accumulated allowance for impairment / NPL

Robust recoveries and tighter credit management drove meaningful ECL improvement this quarter

Key Takeaways

- Aggregate ECL decreased by 4.2% QoQ, driven primarily by a 5.7% QoQ reduction in Stage 3 ECL, which lowered its share to 50.5% from 51.3% in the previous quarter
- Stage 2 ECL declined by 1.4% QoQ and accounted for 26.6% of total ECL, where SAB contributed the largest share at 17.9% of total Stage 2 loans of top ten banks, followed by SNB at 15.4% and ALINMA at 13.8%:
 - The improvement was largely led by RIBL, which posted a sharp decline in both Stage 3 ECL (-27.7% QoQ) and Stage 2 ECL (-5.7% QoQ), supported by strong recoveries and proactive credit management
 - SAB also contributed, recording 5.5% QoQ and 5.1% QoQ reductions in Stage 3 and Stage 2 ECL, respectively
- For Stage 3 loans, SNB contributed the highest share at 21.0% of the total Stage 3 loans among the top ten banks, followed by ALRAJHI at 19.1%, and SAB at 14.8%.

Stage Wise ECL Mix (SAR bn)



Note 1: Scaling and some numbers might not add up due to rounding
Source: Financial statements, investor presentations, A&M analysis

A steady lending environment, shifting deposit mix, and lower ECL underscored improving credit conditions across the sector

Key Takeaways

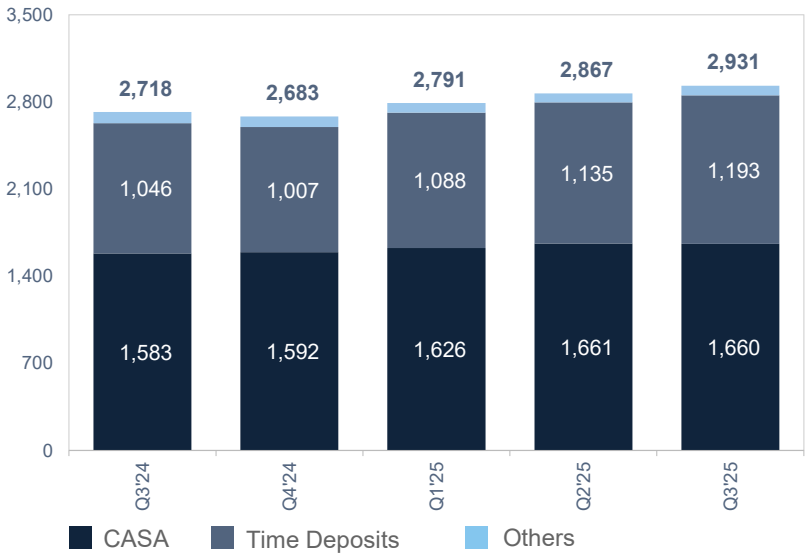
- Aggregate gross loans and advances grew 2.5% QoQ, maintaining a stable momentum:
 - Corporate lending, which represents 58.5% of the total loan book, expanded by 3.0% QoQ, while retail loans strengthened, rising by 1.7% QoQ (vs. 0.6% QoQ in Q2'25)
- Deposits increased by 2.2% QoQ, easing from 2.7% QoQ in Q2'25, weighed by a 0.1% QoQ decline in CASA balances, while time deposits remained robust, accelerating to 5.1% QoQ, as customers continued shifting toward higher-yielding products:
 - Government deposits also softened, with their share edging down to 31.2% (from 31.9% in Q2'25)
- Aggregate ECL declined by 4.2% QoQ, supported by strong recoveries and improving credit performance across key banks

Lending, Deposits, and Asset Quality Trends

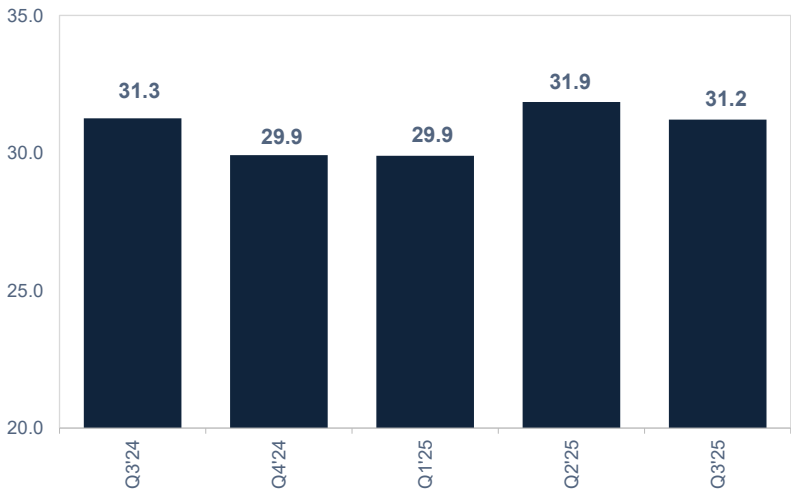
Aggregate Gross L&A (SAR bn)



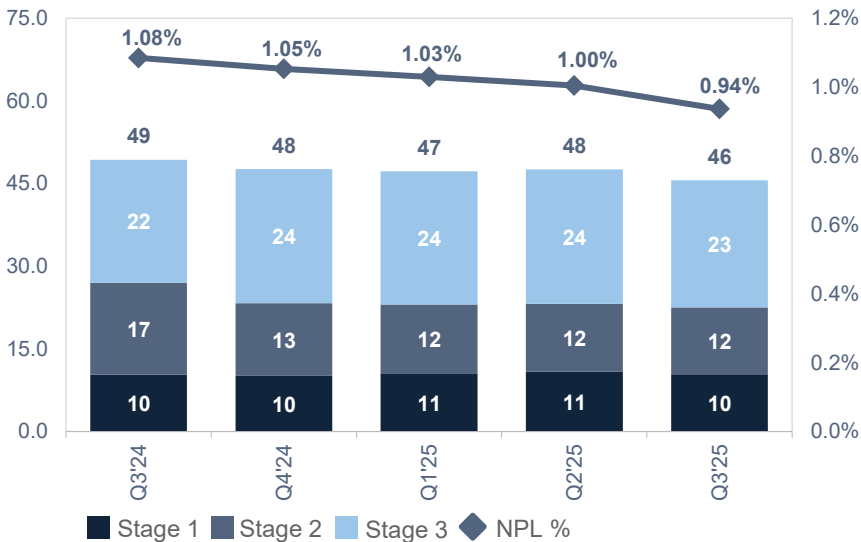
Aggregate Deposits (SAR bn)



Share of Government Deposits (%)



Aggregate ECL & NPL % (SAR bn, %)

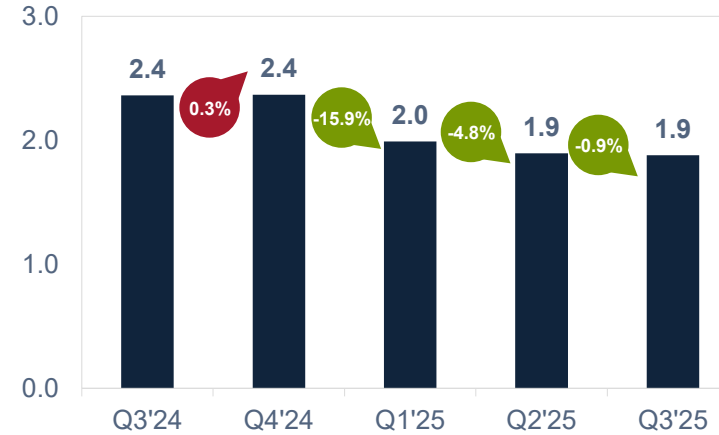


Lower provisioning requirements supported a marginal improvement in CoR amid steady credit expansion

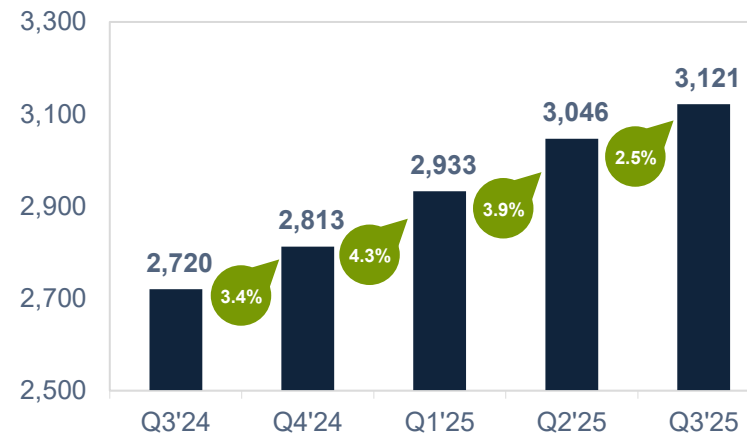
Key Takeaways

- The aggregate CoR improved marginally by 1bp QoQ to 0.24%, driven by declining net loan loss provision:
 - Net loan loss provisions decreased by 0.9% QoQ, reflecting continuous improvement in asset quality
 - While average gross loan growth moderated, it remained healthy at 2.5% QoQ, underscoring sustained credit demand across the sector

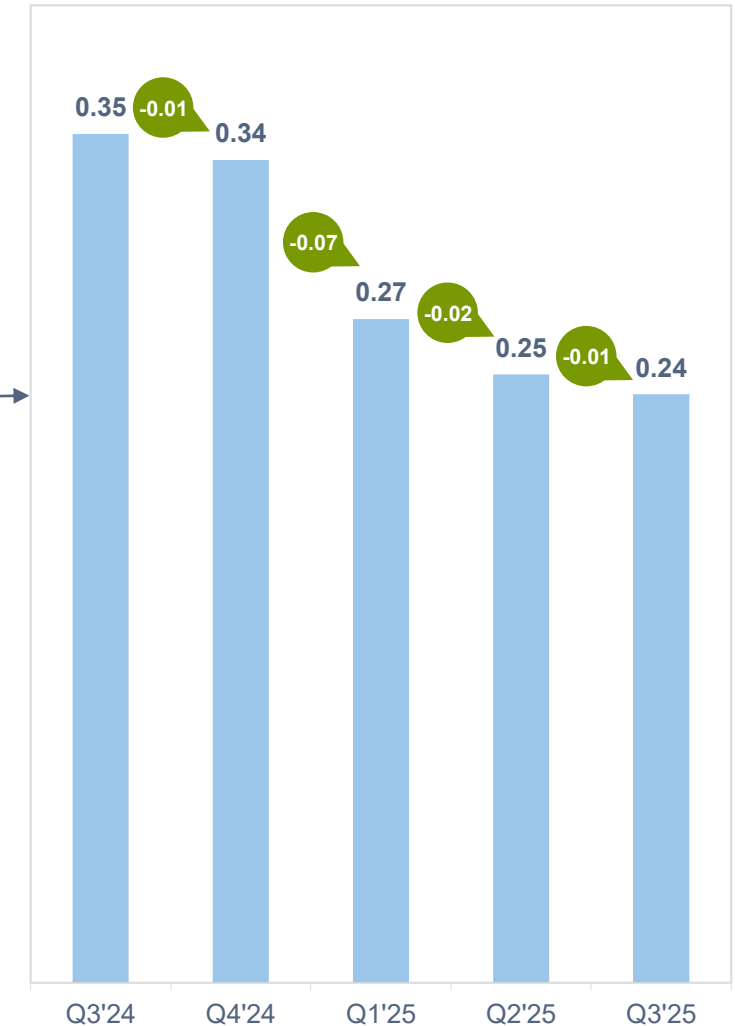
Quarterly Net Loan Loss Provisions (SAR bn)



Gross Loans** (SAR bn)



Cost of Risk* (%)



 Improved  Worsened

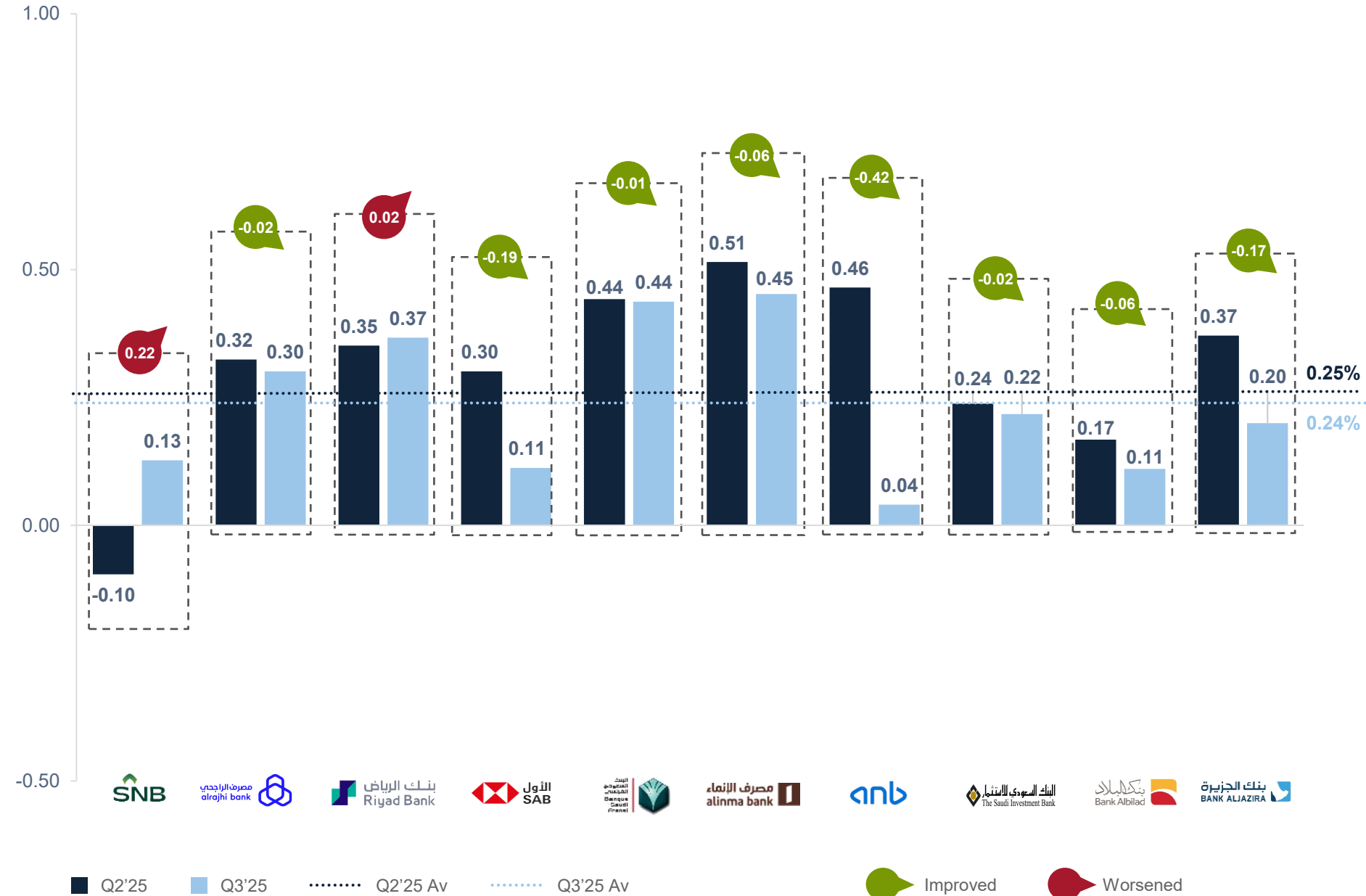
Note: Some numbers might not add up due to rounding.
 *CoR is calculated as annualized Quarterly Net Loan Loss Provisions divided by the Gross Loans, where gross loans are calculated as average of the current and previous period
 ** Gross loans are calculated as average of the current and previous period
 Source: Financial statements, investor presentations, A&M analysis

Sector CoR edged lower due to strong provisioning discipline at banks

Key Takeaways

- Eight of the top ten KSA banks reported QoQ improvements in CoR, bringing the sector aggregate slightly lower to 0.24%
- The most notable gains were delivered by ANB (-42bps QoQ) and SAB (-19bps QoQ), driven by steep decline in their impairment allowances
 - ANB recorded a 91.1% QoQ reduction in net loan loss provisions, while SAB posted a 61.8% QoQ decrease
- In contrast, SNB registered the largest deterioration, with CoR rising 22bps QoQ, unwinding the recovery-led improvement seen in the previous quarter

Cost of Risk - Net of Reversals (% Quarterly Annualised)

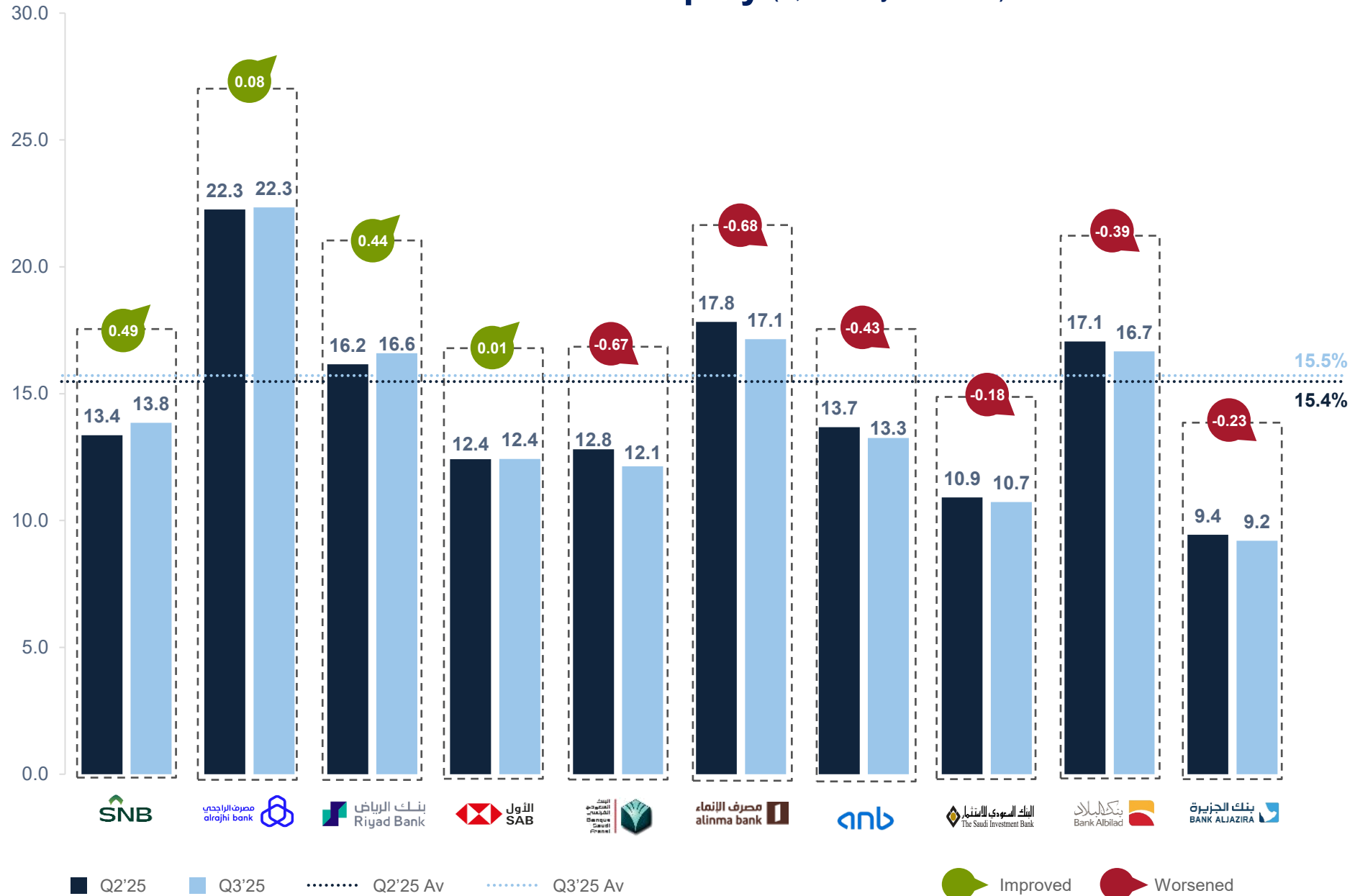


Earnings strength at major banks drove a slight uplift in sector RoE

Key Takeaways

- Aggregate RoE inched up by 6bps QoQ to 15.5%, supported by improvements at major banks such as SNB and RIBL:
 - SNB's RoE rose by 49bps QoQ to 13.8%, underpinned by a solid 5.6% QoQ increase in net income
 - RIBL also contributed to the uplift, with RoE reaching 16.6%, up 44bps QoQ, aided by net income growth of 3.5% QoQ
- Among peers, ALRAJHI continued to deliver the strongest profitability, posting the highest RoE at 22.3%, up 8bps QoQ, which was supported by its 3.3% QoQ net income growth

Return on Equity (% Quarterly Annualised)



KSA banking profitability stabilized, underscoring the sector's earnings resilience amid tightening margins and elevated funding costs

Key Takeaways

- KSA banks' profitability improved further in Q3'25, with RoE increasing to 15.5% (+6bps QoQ), while RoA held steady at 2.1%, supported by better cost efficiency and robust non-interest income growth
- The modest improvement in ROE was largely driven by higher other operating income, though this was partially offset by compressed net interest margins stemming from higher interest expenses
- According to GASTAT, real GDP of the Kingdom expanded by 5.0% YoY in Q3'25, driven by
 - 8.2% YoY growth in oil activities, 4.5% YoY growth in non-oil sectors, and 1.8% YoY growth in government activities
- As policy rates decline, banks are likely to experience gradual NIM compression, making cost discipline, fee-income diversification, and balance-sheet optimization increasingly important for sustaining profitability in the coming quarters



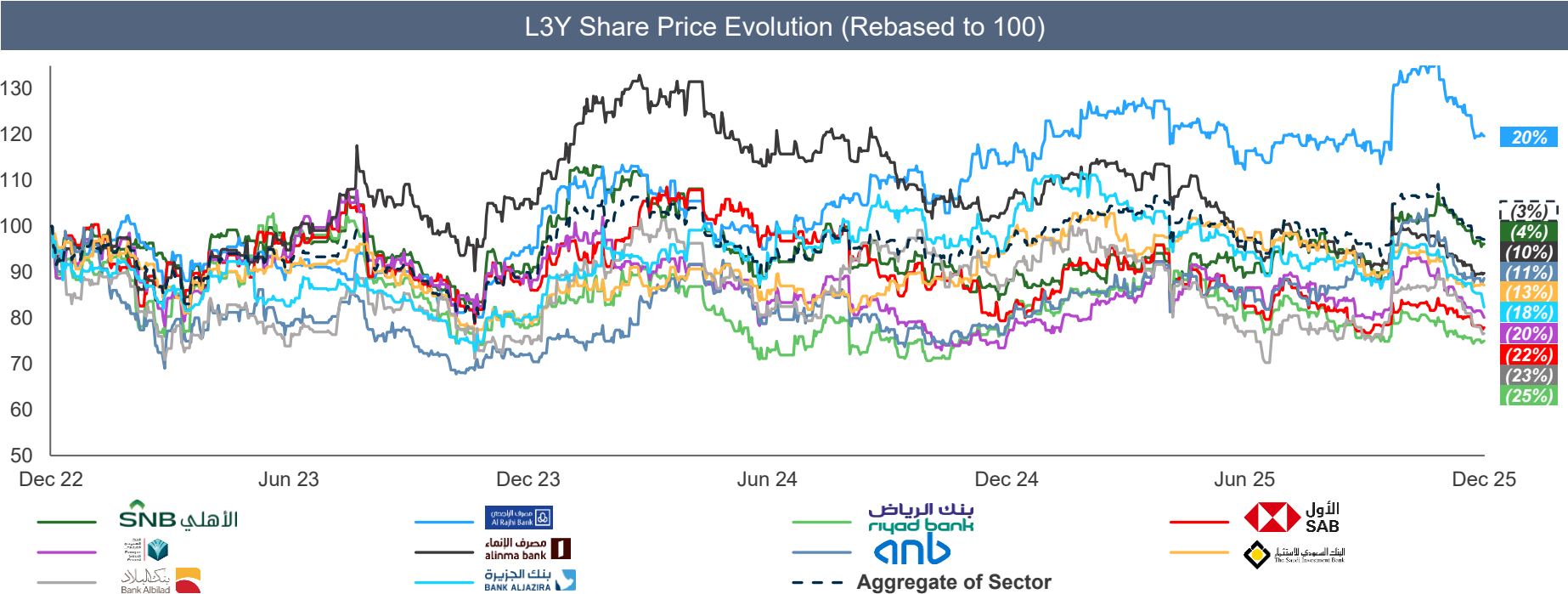
Note: All the charts above are based on L3M numbers
Op Income stands for Operating Income
Scaling and some numbers might not add up due to rounding
Source: Financial statements, Investor presentations, A&M analysis











Saudi banks posted steady yet differentiated Q3 share-price performance, shaped by macro shifts and resilient operating momentum

Key Takeaways

- Saudi banks’ share-price performance remained broadly steady throughout Q3, with loan growth and resilient revenue generation helping offset liquidity-driven margin pressures
- Performance varied across banks, with some benefiting from stronger income momentum and cost discipline, while others were more affected by tighter liquidity and softer margins
- Investor sentiment remained cautious amid evolving macro conditions, yet confidence in the sector’s medium-term outlook persisted, supported by strong credit quality, solid capital positions, and durable profitability

Share Price Evolution Across Saudi Banks



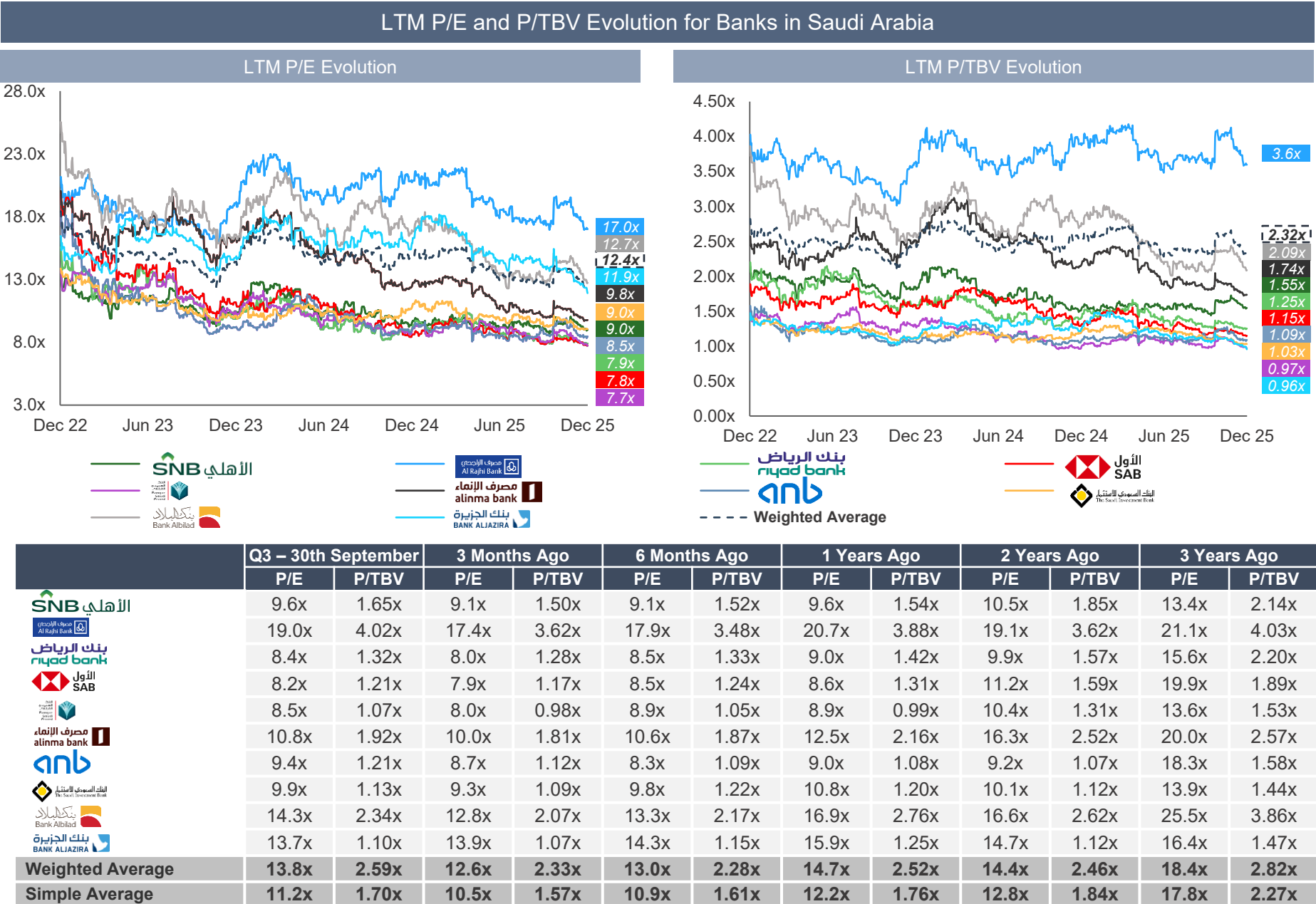
	L3M	Q3	L6M	L1Y	L2Y	L3Y
 Saudi National Bank	4%	10%	8%	11%	5%	(4%)
 Al Rajhi Bank	3%	13%	6%	6%	25%	20%
 Riyad Bank	(1%)	(4%)	(6%)	(4%)	(4%)	(25%)
 Saudi Awwal Bank	1%	(6%)	(5%)	(4%)	(12%)	(22%)
 Banque Saudi Fransi	0%	0%	(5%)	6%	(10%)	(20%)
 Alinma Bank	(2%)	1%	(5%)	(13%)	(15%)	(10%)
 Arab National Bank	(1%)	13%	6%	13%	23%	(11%)
 Saudi Investment Bank	(2%)	(1%)	(11%)	(9%)	8%	(13%)
 Bank Albilad	2%	12%	1%	(14%)	1%	(23%)
 Bank Aljazira	(7%)	2%	(11%)	(16%)	3%	(18%)
Aggregate Saudi Banking Sector Market Cap	2%	8%	3%	3%	8%	(3%)
Simple Average based on each bank evolution	(0%)	4%	(2%)	(2%)	2%	(13%)

Attractive valuation dynamics persist across the Saudi banking sector, underpinned by resilient earnings and strong capital buffers

Key Takeaways

- As of Q3'25, on (simple) average, Saudi banks trade at a P/E of 11.2x and P/TBV of 1.70x, holding in line with Q2'25 valuations and comparing favorably with regional and global peers
- Valuation levels continue to be supported by resilient earnings performance, attractive RoE, and stable asset quality, with strong core earnings and disciplined cost control helping anchor multiples
- Capital positions across the sector remain healthy, providing capacity for sustained balance-sheet growth and shareholder returns, though regulatory developments and liquidity dynamics are likely to influence future valuation movements

Valuation Snapshot



Glossary

Glossary

	Metric	Abbreviation	Definition
Size	Loans and Advances Growth		QoQ growth in EOP net loans and advances for the top 10 banks
	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
Income & Operating Efficiency	Operating Income Growth		QoQ growth in aggregate quarterly operating income generated by the top 10 banks
	Operating Income / Assets		(Annualised 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
	Net Interest Margin	NIM	(Aggregate annualised 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	(Annualised quarterly gross interest income / quarterly average loans & advances) for the top 10 banks
	Cost of Funds	CoF	(Annualised quarterly interest expense + annualised 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
Risk	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
	Cost of Risk	CoR	(Annualised quarterly provision expenses net of recoveries / quarterly average gross loans) for the top 10 banks
Profitability	Return on Equity	RoE	(Annualised quarterly net profit attributable to the equity holders of the banks – annualised quarterly capital notes & tier I sukuk interest) / (quarterly average equity excluding capital notes) for the top 10 banks
	Return on Assets	RoA	(Annualised quarterly net profit / quarterly average assets) for the top 10 banks
	Return on Risk-Weighted Assets	RoRWA	(Annualised 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)

<div>Bank</div> <div>  </div> <div>Assets (SAR Bn)*</div> <div>1,206.6</div> <div>Abbreviation</div> <div>SNB</div>	<div>Bank</div> <div>  </div> <div>Assets (SAR Bn)*</div> <div>1,059.2</div> <div>Abbreviation</div> <div>ALRAJHI</div>	<div>Bank</div> <div>  </div> <div>Assets (SAR Bn)*</div> <div>507.6</div> <div>Abbreviation</div> <div>RIBL</div>	<div>Bank</div> <div>  </div> <div>Assets (SAR Bn)*</div> <div>445.4</div> <div>Abbreviation</div> <div>SAB</div>	<div>Bank</div> <div>  </div> <div>Assets (SAR Bn)*</div> <div>314.9</div> <div>Abbreviation</div> <div>BSF</div>
<div>Bank</div> <div>  </div> <div>Assets (SAR Bn)*</div> <div>307.2</div> <div>Abbreviation</div> <div>ALINMA</div>	<div>Bank</div> <div>  </div> <div>Assets (SAR Bn)*</div> <div>280.5</div> <div>Abbreviation</div> <div>ANB</div>	<div>Bank</div> <div>  </div> <div>Assets (SAR Bn)*</div> <div>174.9</div> <div>Abbreviation</div> <div>SAIB</div>	<div>Bank</div> <div>  </div> <div>Assets (SAR Bn)*</div> <div>167.9</div> <div>Abbreviation</div> <div>BALB</div>	<div>Bank</div> <div>  </div> <div>Assets (SAR Bn)*</div> <div>163.4</div> <div>Abbreviation</div> <div>BJAZ</div>

Section New Entrants

<div>Date</div> <div>20-Oct-25</div> <div>News</div> <div>National Bank of Egypt launches first branch in Saudi Arabia</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>15-Oct-25</div> <div>News</div> <div>New digital bank EZ Bank secures SAMA licence</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>15-Sep-25</div> <div>News</div> <div>SAMA Announces the Launch of Google Pay Service in Saudi Arabia</div> <div>Links</div> <div>Source</div>
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Section New Investments

<div>Date</div> <div>04-Nov-25</div> <div>News</div> <div>Geneva-based Union Bancaire Privee UBP SA opened an office in Saudi Arabia</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>08-Oct-25</div> <div>News</div> <div>Jeel and Synpulse sign MOU to Transform Wealth Management in Saudi Arabia</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>01-Oct-25</div> <div>News</div> <div>Thunes and BSF Unite to Transform Cross-Border Remittances from Saudi Arabia</div> <div>Links</div> <div>Source</div>
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Section New Business Trends

<div>Date</div> <div>18-Sept-25</div> <div>News</div> <div>Alinma Bank invests in Qashio to advance Saudi fintech goals</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>07-Aug-25</div> <div>News</div> <div>Intellect Design partners with Saudi Arabia's Bank Albilad to enhance its cash management</div> <div>Links</div> <div>Source</div>
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Section New Emerging Technologies

<div>Date</div> <div>27-Oct-25</div> <div>News</div> <div>Jeel and Mambu join forces to power Saudi Arabia's fintech sandbox and pave the way for banking as a service</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>01-Oct-25</div> <div>News</div> <div>Mozn Partners with STC Bank to Deploy AI-Powered Financial Crime Platform FOCAL in Saudi Arabia</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>22-Sept-25</div> <div>News</div> <div>SNB Launches New SME Financing platform with Tarabut and Geidea</div> <div>Links</div> <div>Source</div>
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Section New Regulations

<div>Date</div> <div>27-Oct-25</div> <div>.....</div> <div>News</div> <div>Saudi Arabia Moves to Integrate Stablecoins, Expand Real Estate Funds</div> <div>.....</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>28-Sept-25</div> <div>.....</div> <div>News</div> <div>SAMA approves 'Visitor ID' for bank account opening</div> <div>.....</div> <div>Links</div> <div>Source</div>
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Section Expected Challenges

<div>Date</div> <div>14-Oct-25</div> <div>.....</div> <div>News</div> <div>Voluntary oil production cuts and lower oil prices have led to a decrease in revenue and widening fiscal deficits</div> <div>.....</div> <div>Links</div> <div>Source</div>	<div>Date</div> <div>29-Aug-25</div> <div>.....</div> <div>News</div> <div>Fitch Affirms Saudi Arabia's Credit Rating at 'A+' with 'Stable' Outlook</div> <div>.....</div> <div>Links</div> <div>Source</div>
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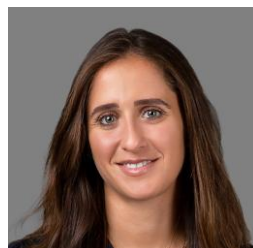
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