



KSA Banking Pulse

Q2 | 2026

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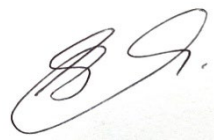
KSA Banking: performance amid emerging challenges

Alvarez & Marsal Arabia Limited (A&M) is pleased to present the Q2 2026 edition of the KSA Banking Pulse (The Pulse – KSA)

In this quarterly series, we share results from our research examining the top ten largest listed KSA banks by assets and highlight key performance indicators of the sector. The Pulse aims to help banking executives and board members stay current on industry trends



Sam Gidoomal
Managing Director
Head of Middle East Financial Services



Welcome to our Q2 2026 KSA Banking Pulse report.

The sector delivered a resilient quarter against a mixed backdrop: a stable rate environment, easing monetary conditions and ample liquidity continued to support activity, even as growth concerns and geopolitical uncertainty persisted. KSA banks combined accelerating balance-sheet growth, improving cost efficiency, stable margins and robust capital and liquidity buffers, but performance was multi-directional, with margins, returns and efficiency diverging between the scale players and the smaller peers.

Net income rose 3.8% QoQ, driven by other operating income and cost efficiency, while substantially higher provisions limited the earnings growth. Net financing grew 1.8% QoQ and deposits grew 2.7%, taking the loan-to-deposit ratio down to 103.1%, with the deposit mix shifting further toward time deposits. Asset quality metrics held up: NPLs were flat at 0.9%, and Stage 1 exposures remained dominant, while cost of risk rose to 0.32% on higher impairments and lower recoveries. The aggregate coverage ratio still slightly improved to 162.7%, as much of the quarter's higher charge related to the write-off of loans already fully provisioned in prior periods, reflecting a cleanup of legacy exposures rather than fresh deterioration.

Profitability edged up, with sector NIM broadly stable at 2.85% and RoE improving to 15.0%, aided by improved cost-to-income even as rate cuts and funding repricing weighed on spreads. The largest banks continued to convert scale into superior margin and efficiency economics, while the smaller peers lagged on margin, returns and cost. KSA banks remain above GCC averages on profitability and efficiency, and valuations stayed resilient despite softer share-price performance. Going forward, earnings momentum will depend on sustaining lending growth, holding cost discipline, deepening fee and non-interest income, and containing provisioning as credit conditions evolve.

Key areas to watch in Q3 2026 include:

- Margin trajectory: Sustainability and expansion of NIM, as benchmark rates decline and funding costs progressively reprice
- Lending growth: Resilience of corporate, SME, and Vision 2030-linked financing demand amid evolving macroeconomic conditions
- Asset quality metrics: Sustainability of current credit quality metrics and the extent of precautionary provisioning required amid ongoing geopolitical uncertainty

This report provides a concise, data-driven view of KSA banks' Q2 2026 performance and the key themes shaping the sector. We hope it serves as a useful reference for understanding the opportunities and challenges that may influence growth, profitability, and balance sheet performance in the quarters ahead.

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All the data used in this report has been obtained from publicly available sources and the methodology for the calculations is discussed in the glossary. The calculation of certain metrics has been updated, where required, to reflect appropriate comparative information. As a result, historical numbers may not match with those reported in previously published reports

Key Takeaways

KSA GDP Growth Rate and PMI

- The IMF revised down its FY2026 GDP growth forecast for Saudi Arabia from 4.5% in January 2026 to 3.1% in April and 1.7% in July, reflecting the escalating economic repercussions of the ongoing Middle East conflict.
- Following a 4.8% contraction in Q2 GDP, the IMF indicated in July 2026 that economic activity is expected to recover, subject to normalization of maritime traffic. The recovery outlook is underpinned by resilient domestic demand, political stability and government spending.
- The PMI recovered to 53.1 in July 2026 from 48.8 in March, signaling a return to expansionary territory and an improvement in business activity. However, the index remains below the 57.4 recorded in December 2025.

Policy Rates

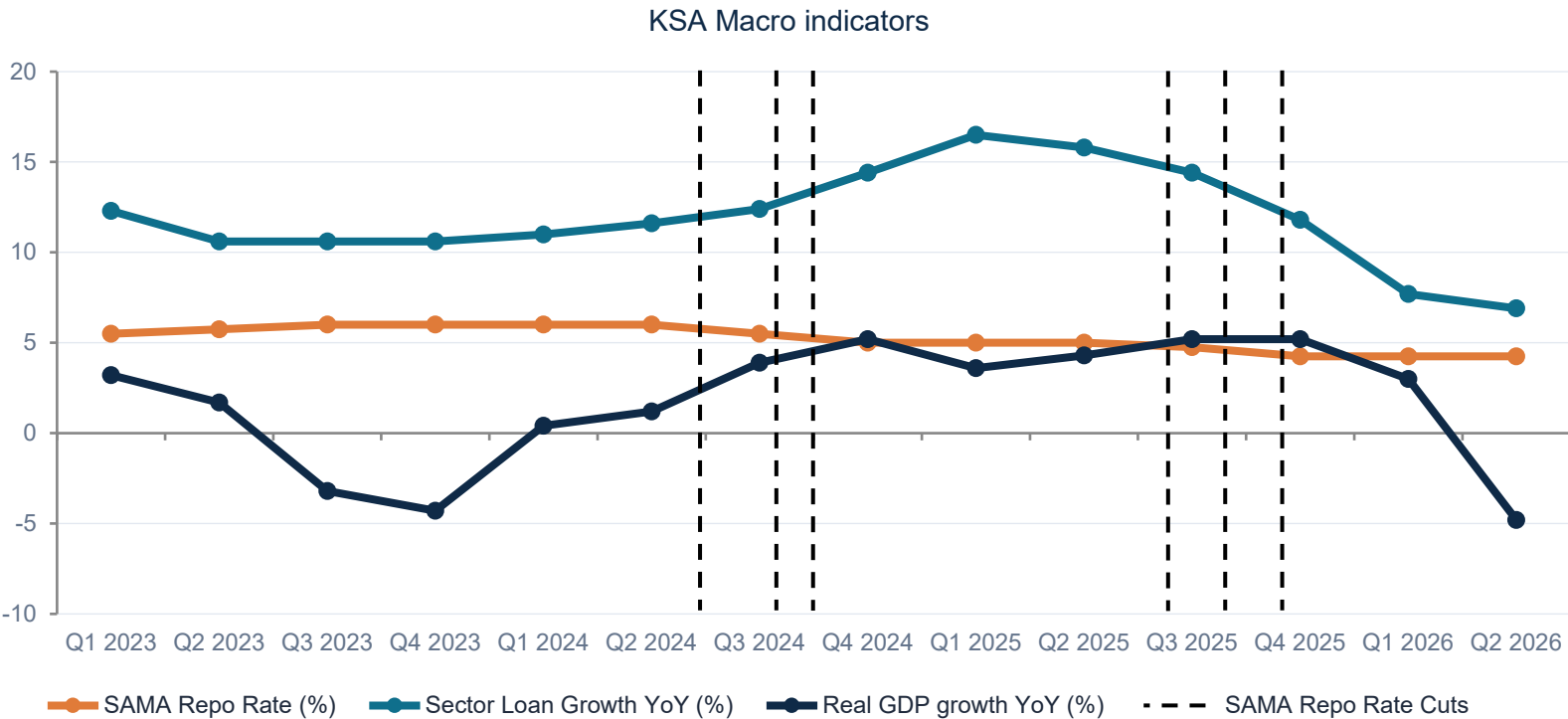
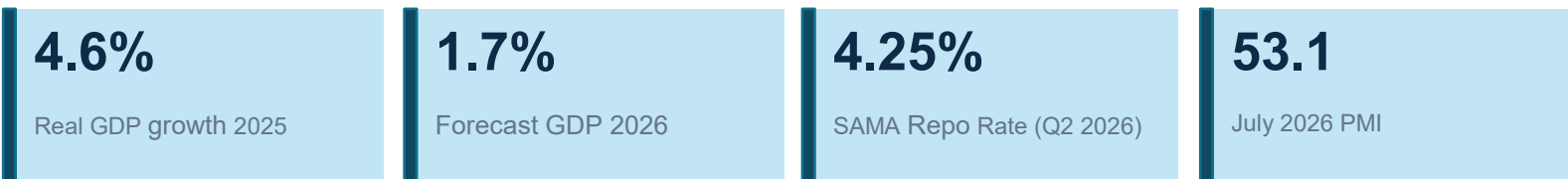
- The U.S. Federal Reserve maintained the policy rate at 3.75% at its July 2026 meeting, citing persistent inflationary pressures amid the ongoing crisis and elevated energy prices.
- The Saudi Central Bank (SAMA) has maintained its repo rate at 4.25% since December 2025, broadly tracking the U.S. monetary policy stance.
- Going forward, SAMA is expected to maintain a stable-to-lower policy rate trajectory broadly aligned with U.S. Federal Reserve policy, supporting the SAR–USD peg and mitigating potential capital outflows and currency-related risks.

Money Supply

- M1 declined 3.6% QoQ to SAR 1,697.8bn in Q2 2026, primarily reflecting a 3.8% QoQ contraction in demand deposits to SAR 1,447.3bn.
- M2 increased 2.3% QoQ to SAR 3,073.2bn, supported by a robust 10.6% QoQ expansion in time and savings deposits to SAR 1,375.4bn, indicating a continued shift toward interest-bearing deposits.
- M3 also grew 2.3% QoQ to SAR 3,382.4bn, underpinned by a 2.0% QoQ increase in other quasi-deposits to SAR 309.2bn, pointing to an overall improvement in liquidity conditions.

KSA Macro Overview

Stable rate environment, easing monetary conditions, and enhanced liquidity continue to support economic activity amid growth concerns and geopolitical uncertainty



Key Takeaways

Growth & Funding

1 Net loans and advances increased moderately by 1.8% QoQ in Q2 2026, primarily driven by demand for corporate and wholesale financing. While deposit growth moderated from the prior quarter, it remained adequate to fund continued balance sheet expansion, resulting in a decline in the sector LDR.

Income & Efficiency

2 Net income increased 3.8% QoQ, supported by broad-based growth across net interest and non-interest income, with a particularly strong contribution from other operating income. The C/I ratio improved to 28.6% as income growth outpaced expense growth, alongside ongoing cost optimization initiatives across the sector.

Returns

3 Both RoE and RoA improved marginally to 15.0% and 2.1%, respectively, reflecting sustained earnings growth, improved efficiency and resilient margin performance across the sector.

Risk

4 The NPL ratio remained stable at 0.9%, and the coverage ratio marginally improved to 162.7%, while loan staging remained broadly stable. CoR worsened QoQ with increased loan losses and reduced recoveries; however, excluding SNB, the increase was less pronounced at 0.37% in Q2 2026 from 0.29% in Q1 2026. This was primarily due to higher recoveries at SNB in Q1 2026.

Capital & liquidity

5 CAR remained stable at 20.9%, although LCR declined to 167.0%; liquidity levels remained comfortably above regulatory requirements.

Implications

The combination of sustained earnings growth, improving efficiency and modest balance sheet growth highlights the sector's resilience despite increased credit costs. However, the increased CoR during the period should be closely monitored in the near future. Robust balance sheet capitalization and comfortable liquidity levels provide strong buffers for navigating a potentially challenging macro environment in the coming quarters.

KSA Banking Sector overview

KSA banks maintained strong profitability, balance sheet momentum, cost discipline, and sufficient capital buffers

	Metric	Q1 2026	Q2 2026	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Growth and Funding	Net L&A Growth (QoQ)	1.6%	1.8%					
	Deposits Growth (QoQ)	3.9%	2.7%					
	Loan-to-Deposit Ratio (LDR)	104.1%	103.1%					
Income and Efficiency	Net Income Growth (QoQ)	1.2%	3.8%					
	Cost of Funds (CoF)	3.17%	3.20%					
	Net Interest Margin (NIM)	2.84%	2.85%					
	Cost-to-Income Ratio (C/I)	30.1%	28.6%					
Returns	Return on Equity (RoE)	14.7%	15.0%					
	Return on Assets (RoA)	2.0%	2.1%					
	Return on Risk-Weighted Assets (RoRWA)	2.7%	2.8%					
Risk	Non-Performing Loans (NPL) %	0.9%	0.9%					
	Cost of Risk (CoR)	0.15%	0.32%					
	Coverage Ratio	162.6%	162.7%					
Capital & Liquidity	Capital Adequacy Ratio (CAR)	20.9%	20.9%					
	Liquidity Coverage Ratio (LCR)	171.6%	167.0%					

Improved Worsened Constant

Key Sector Developments

KSA banking industry developments

Market Liquidity

- Deposit growth continued to underpin funding stability in Q2 2026, contributing to a moderation in the sector loan-to-deposit ratio.
- Sector liquidity remained robust, with all major banks maintaining LCR comfortably above regulatory minimums, despite a modest sequential decline from Q1 2026.
- Capitalization remained robust, with sector CAR stable at 20.9%, providing ample balance-sheet capacity to support prospective loan growth and strategic investment initiatives.

Costs

- Sector-wide cost efficiency improved during Q2 2026, supported by operating income growth outpacing broadly stable operating expenses.
- Efficiency gains were underpinned by targeted cost optimization initiatives implemented across several banks.
- Banks remain focused on technology modernization, infrastructure investment and productivity enhancement initiatives to drive sustainable, structural efficiency improvements over the longer term.

Asset Quality Metrics

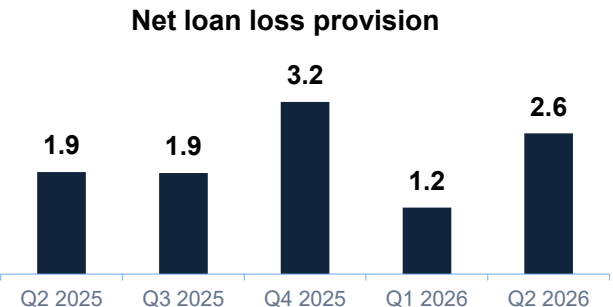
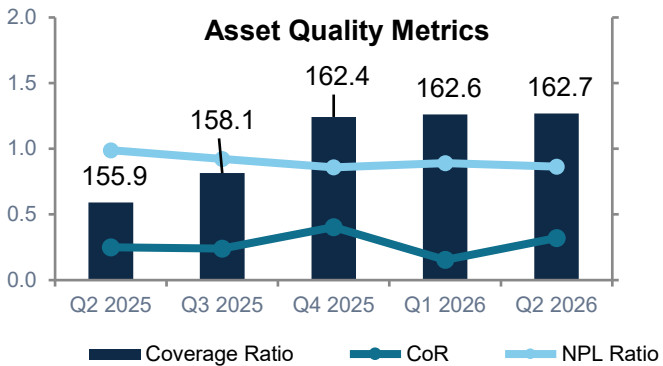
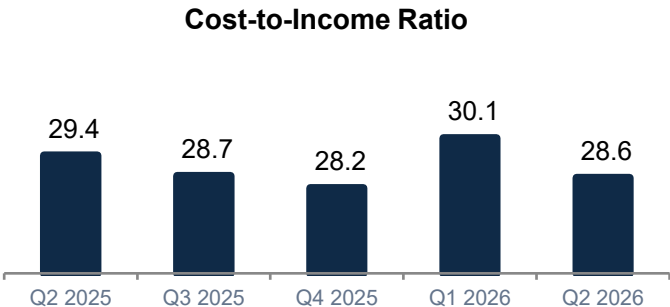
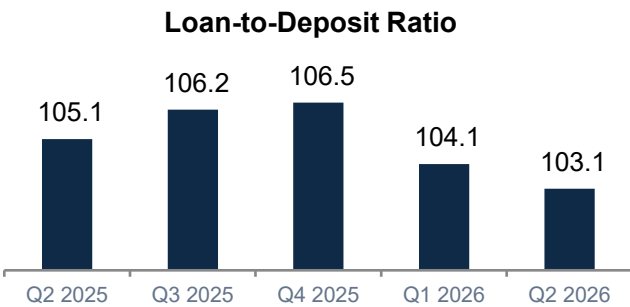
- The aggregate NPL ratio remained stable at 0.9%.
- Net loan loss provisions increased significantly to SAR 2.6bn in Q2 2026 (111.7% QoQ), reflecting increased caution for expected credit losses and an increased focus on risk management.
- The aggregate coverage ratio increased slightly to 162.7%, reflecting prudent provisioning practices and a strong balance-sheet buffer against potential credit deterioration.
- Stage-wise loan compositions remained broadly stable, indicating limited asset quality metrics migration and continued prudent underwriting standards across the sector.

New Technologies

- SAMA has authorized Daftar Technologies to offer buy-now, pay-later (BNPL) services, bringing the total number of licensed finance companies in Saudi Arabia to 76.
- Saudi Arabia-backed AI company Humain has appointed Goldman Sachs as financial adviser on a financing package of at least SAR 20 billion to support the development of data-center infrastructure in the Kingdom.
- Humain has partnered with McKinsey & Company to accelerate the adoption and implementation of AI solutions across enterprises in Saudi Arabia.

Expected Challenges

- KSA banks are facing increasing pressure on NIM and overall profitability amid the macroeconomic environment and heightened competition.
- Non-oil growth could face headwinds from disruptions to petrochemical exports, particularly if the Strait of Hormuz remains effectively constrained, given the region's reliance on the waterway for energy-related trade.
- As reported, there have been recent developments affecting some financial transfers between the KSA and UAE, raising concerns about potential implications for bilateral relations.



Peer Archetypes

Performance leaders

SNB, ALRAJHI

Both banks converted scale into leading efficiency and asset quality metrics, holding the peer group's lowest cost-to-income and non-performing loan ratios. ALRAJHI delivered the strongest returns and margin, while SNB paired top-quartile deposit growth with one of the lowest costs of risk. Lending growth reduced marginally, suggesting a focus on margin over asset growth.

Emerging high performers

ANB, BALB, ALINMA

All three delivered above-average returns on healthy balance-sheet momentum. ALINMA earned one of the widest margins, BALB the second-strongest return on equity on robust loan and deposit inflows, and ANB combined a resilient margin with fast lending growth. Cost efficiency is the watch item for BALB and ANB, alongside ALINMA's highest-in-group cost of risk.

Established banks with mixed results

RIBL, SAB, BSF

Each shows a clear strength offset by a distinct pressure point. RIBL sustained strong cost efficiency and solid returns but recorded the slowest lending growth and steepest deposit decline. SAB evidenced solid loan growth with a negligible cost of risk yet carries the group's highest proportion of non-performing loans. BSF held a healthy margin but delivered only moderate returns, with elevated provisioning weighing on profitability.

Banks under earnings pressure

SAIB, BJAZ

Both sit at the bottom of the group on margin, returns and cost efficiency. SAIB's thin margin and weak profitability were compounded by deposit contraction, while BJAZ ranks last on all three, with high funding and operating costs weighing on its fastest peer balance-sheet growth. Capital remains adequate, leaving margin recovery and cost control as the primary levers.

KSA Banks – Relative Performance Analysis

Sector performance was multi-directional this quarter. Loan growth, asset quality metrics, and capital coverage held up across all banks, while margins, profitability and cost efficiency diverged between the scale players and smaller peers.

Banks	Asset Size (SAR Bn)	Loan Growth QoQ %	Deposit Growth QoQ %	NIM %	RoE %	C/I %	NPL %	CoR %	CAR %
SNB	1,245	0.9%	4.9%	2.77%	13.3%	26.4%	0.7%	0.14%	22.0%
ALRAJHI	1,055	1.1%	1.4%	3.26%	22.0%	22.0%	0.7%	0.46%	23.5%
RIBL	534	0.2%	-1.2%	2.59%	14.9%	28.8%	0.9%	0.42%	19.4%
SAB	474	4.3%	3.2%	2.63%	12.5%	30.3%	1.3%	0.01%	18.7%
ALINMA	329	2.3%	2.4%	3.22%	15.2%	30.4%	1.0%	0.65%	19.9%
BSF	328	1.0%	2.5%	2.93%	12.5%	32.5%	1.0%	0.47%	20.8%
ANB	296	3.6%	4.7%	3.05%	13.4%	32.6%	0.9%	0.35%	20.8%
BALB	186	2.8%	4.9%	2.84%	15.5%	41.8%	1.1%	0.17%	17.9%
SAIB	184	1.5%	-1.1%	2.03%	10.1%	40.0%	0.9%	0.24%	20.2%
BJAZ	181	5.9%	7.1%	1.94%	9.2%	50.9%	0.9%	0.32%	19.2%

Top 30% Middle Bottom 30%

Voice of the CEO (1/2)



Margin & funding outlook

SNB reported marginal uplift in margin in Q2 2026, and management reaffirmed previous guidance with an expectation of mid-single-digit margin growth for FY 2026

BSF maintained FY 2026 NIM guidance of ~3.0%, supported by continued balance sheet growth and non-interest-bearing (NIBD) deposits with overall stable funding costs

ALRAJHI reaffirmed FY 2026 margin growth expansion between 30–40 bps



Loan growth ambition

SAB reported higher loan growth in H1 2026, maintained FY 2026 guidance of >10% loan growth

BSF management commented on comfortable loan growth trends and targets high-single-digit financing growth, supported by consumer and commercial lending

ANB reported H1 2026 loan growth within guided range and expects mid-to-high-single-digit loan growth, driven by expansion across wholesale, corporate and retail



Asset quality view

SNB upgraded CoR guidance to 0.10%–0.20% for FY 2026, an improvement of 5 bps at each end of the range, supported by prudent provisioning and strong coverage levels

ALRAJHI marginally downgraded CoR guidance to 0.35%–0.45% for FY 2026 after reporting slightly higher CoR in Q2 2026

SAB reported the lowest CoR in Q2 2026 among peers and management guided for CoR in a range of 0.25%–0.35% for FY 2026



Capital deployment

SNB maintained a disciplined capital allocation strategy with a Tier 1 CAR target of 19.0–20.0% for FY 2026

ALRAJHI strengthened its capital base through Tier 1 Sukuk issuances of USD 1.0bn in Q2 and confirmed guidance for a Tier 1 CAR 21.7% for FY 2026

ANB strengthened capital through a USD 750mn Sustainable Tier 1 Sukuk in FY 2025 and maintained CAR guidance targeting a CAR above 19.0%

SAIB expects its Tier 1 capital ratio for FY 2026 to remain above 18.0%, supported by strong internal capital generation

Voice of the CEO (2/2)



Digital & AI transformation

SNB implemented 21 AI use cases in H1 2026 and plans to implement 30+ in FY 2027. The bank also reported that the share of digital retail financing is exceeding its FY 2027 target trajectory

ALRAJHI is advancing its cloud-ready strategy, with automated processes crossing 66%, while leveraging AI-driven marketing and customer engagement capabilities

BSF is accelerating AI deployment and digital penetration across functions while expanding its digital banking ecosystem

ANB aims to drive strong digitalization footprint with new app launches, business portals and focus on developing fully digital enterprise solutions and personalization



ESG & sustainable finance

ALRAJHI continues to expand green financing activities, supported by strong ESG credentials and renewable energy financing

BSF is strengthening its ESG framework through the integration of sustainability across governance, risk management, and operations

ANB is executing its ESG roadmap through sustainable finance initiatives with USD 750mn sustainable Sukuk issuance



Geographic expansion

SNB continues to strengthen its Far East presence while maintaining a primary focus on domestic growth opportunities

ALRAJHI remains focused on deepening its position in KSA's corporate and SME banking sectors while leveraging its international footprint

ANB aims to expand its commercial banking footprint into emerging regional cities to support long-term growth



Regulatory & macro view

ALRAJHI expects stable rates and continued economic growth, supported by expansion in the non-oil economy

SAB continues to maintain elevated liquidity buffers and precautionary overlays amid regional uncertainty

BSF expects no change in interest rates in FY 2026 while positioning to benefit from Vision 2030-driven growth opportunities

SNB reports the possibility of a rate hike before the end of FY 2026, given recent inflation dynamics

Key Takeaways

- 1

Net income growth was driven by other operating income
Aggregate net income rose 3.8% QoQ to SAR 24.9 billion in Q2 2026, largely driven by a 38.5% jump in other operating income, which offset a 111.7% QoQ increase in provisions for impairments.
- 2

Revenue diversification supported profitability
Growth in other operating income accounted for a larger share of the sequential expansion in earnings than traditional fee-based income during the quarter, underscoring the contribution of diversified non-interest revenue streams to overall profitability.
- 3

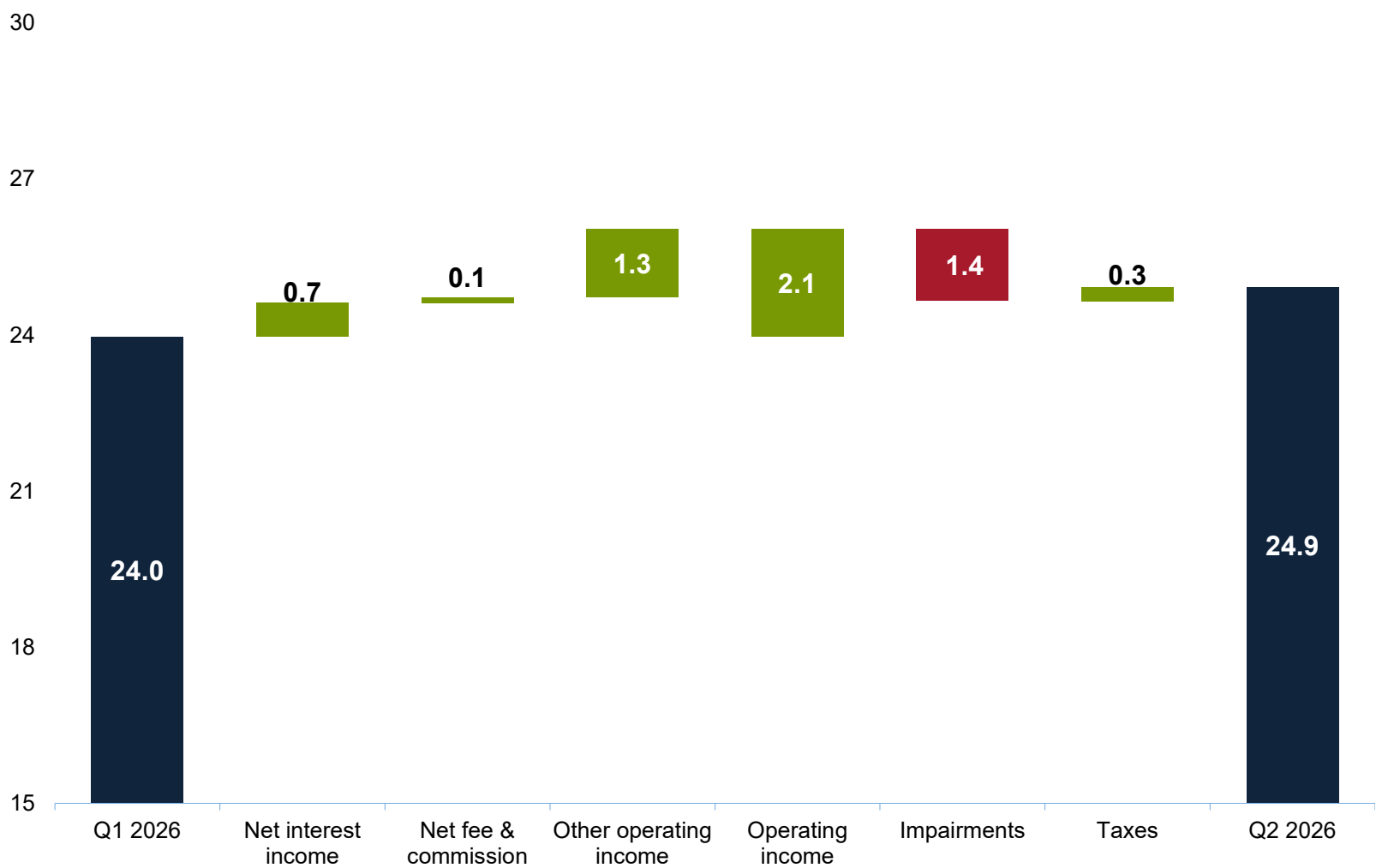
Higher impairment charges moderated earnings expansion
The positive contribution from higher revenues was partially offset by elevated impairment charges, constraining the full translation of improved operating performance into bottom-line growth.

Implications

The quarter underscored the banking sector's capacity to sustain earnings growth through diversified revenue streams extending beyond traditional net interest income. However, the rise in impairment charges highlights the continued importance of disciplined risk management in safeguarding profitability momentum over the coming quarters.

Income and Profitability (1/4)

Net Income Bridge (SAR bn)



Sources: Financial statements, Investor presentations, A&M analysis
Note: Changes in operating expense and other non-operating income/expense are not considered because of their negligible change compared with other metrics

Key Takeaways

- 1

NIM remained stable, but highly dependent on performance of select players

NIM remained broadly stable at 2.85% in Q2 2026, as the QoQ increase in yield on credit (YoC) more than offset the QoQ rise in cost of funds (CoF). The primary drivers were SNB and BSF, whose NIM expanded by 10 bps QoQ and 7 bps QoQ, respectively, which offset margin contraction at other banks. NIM of ALINMA and SAB expanded, but only marginally.
- 2

Revenue diversification through non-interest income

Diversification efforts resulted in an increased share of non-interest income QoQ from 21.0% to 23.3% and helped mitigate the moderation in interest income growth.
- 3

Resilient Performance

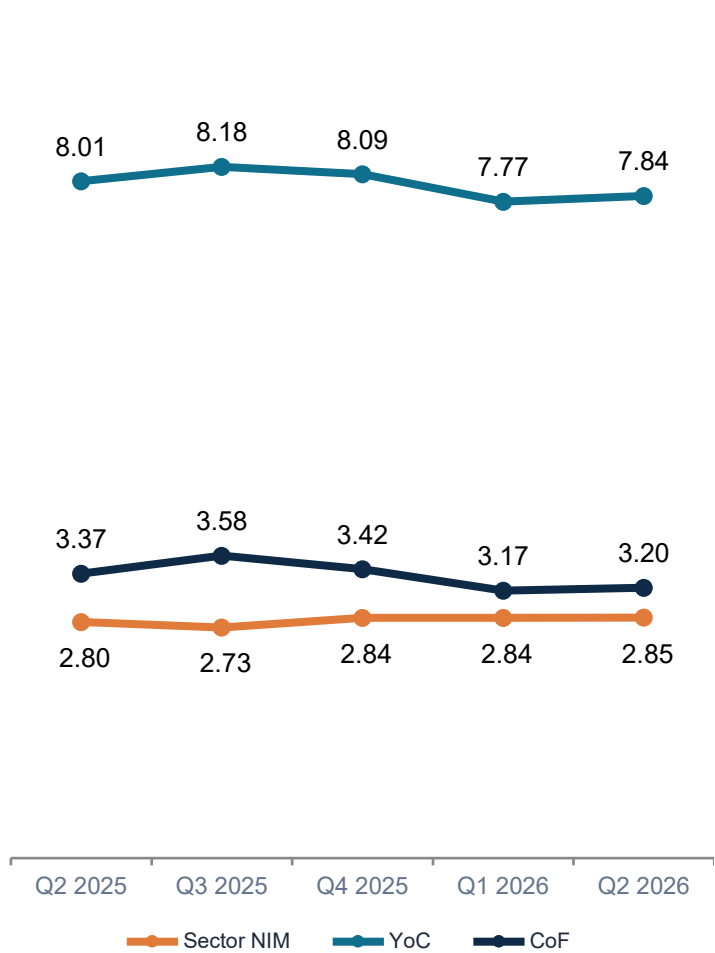
Earnings growth remained resilient despite stable NIM, underpinned by stronger contributions from non-interest income and continued diversification of revenue streams.

Implications

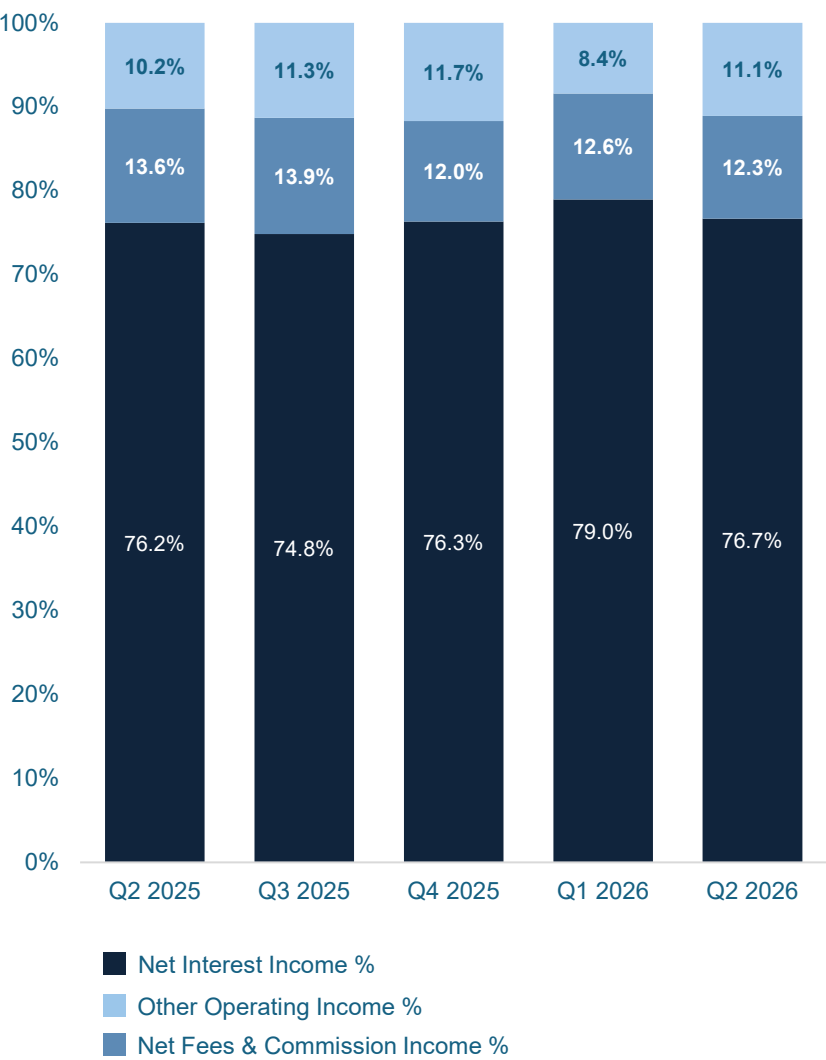
NIM trajectory should be closely monitored, as margin resilience in Q2 was largely driven by two banks rather than reflecting a broad-based sector trend. Continued diversification of revenue streams will be important to sustain revenue growth and profitability if macroeconomic conditions become more challenging.

Income and Profitability (2/4)

NIM Trajectory (%)



KSA Banks Operating Income Mix



Key Takeaways

- 1

Sector margin expansion remained under pressure
Six of the ten listed banks reported NIM contraction in Q2 2026, reflecting continued asset repricing effects despite ongoing efforts to optimize funding costs and balance sheet mix. However, this was offset by the NIM improvement at the other four banks, leading to the overall sector NIM holding steady.
- 2

SNB reported the strongest NIM expansion among peers
SNB reported the strongest increase in NIM among its peers. The expansion was driven by repricing benefits and effective funding cost management, helping offset the broader sector decline in margin during the quarter.
- 3

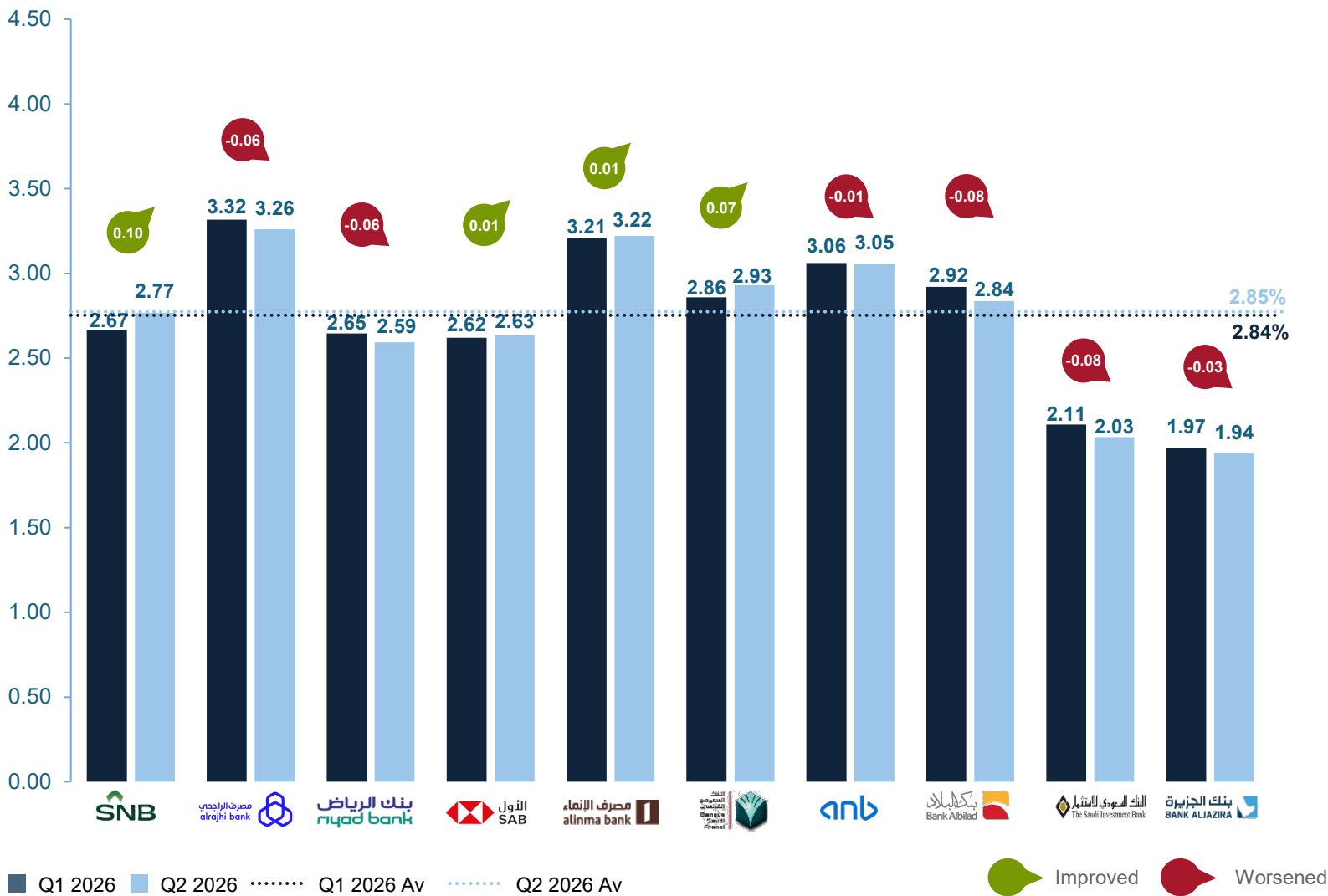
BALB and SAIB reported the sharpest margin contraction
BALB and SAIB each reported an 8 bps decline in margin, driven by higher funding costs and limited improvement in core interest income and asset yield.

Implications

The divergence in NIM trends highlights the growing importance of asset-liability management and funding optimization. Banks that can effectively reprice assets while maintaining funding discipline are likely to be better positioned to sustain margins as repricing benefits gradually moderate.

Income and Profitability (3/4)

Net Interest Margin (% Quarterly)



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

Key Takeaways

- 1

Operating income growth accelerated
Aggregate operating income increased 5.1% QoQ to SAR 42.5bn in Q2 2026, supported by significant growth in other operating income and continued growth in net interest income, demonstrating the sector's ability to sustain revenue growth despite a stable margin environment.
- 2

Income streams remained supportive
Net interest income increased 2.1% QoQ to SAR 32.6bn, while fee and commission income increased 2.1% QoQ to SAR 5.2bn, reflecting continued lending activity and resilient transaction-driven revenue generation across core banking operations.
- 3

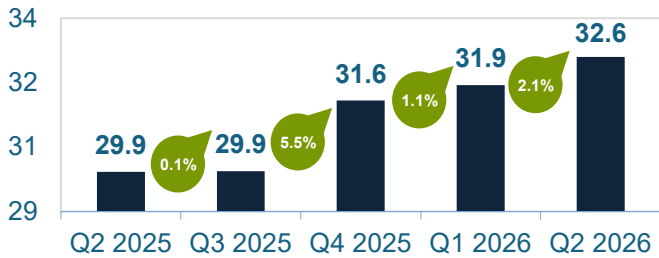
Revenue diversification strengthened
Other operating income increased 38.5% QoQ to SAR 4.7bn, contributing to stronger operating income growth during the quarter and highlighting the growing role of non-interest income streams in supporting sector revenues.

Implications

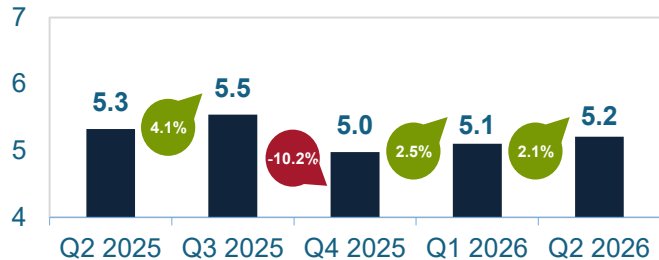
Continued growth in revenues and the recovery in non-interest income streams demonstrate the sector's ability to support revenue growth through diversified business activities. Maintaining this balance will be important as banks seek to sustain revenue momentum in a stable margin environment.

Income and Profitability (4/4)

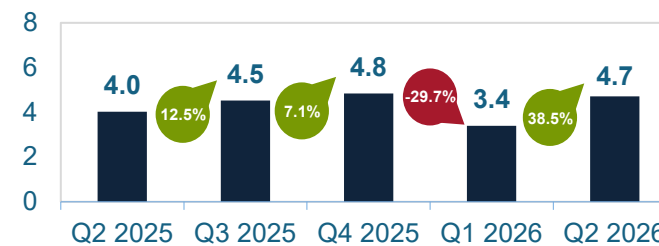
Net Interest Income (SAR bn)



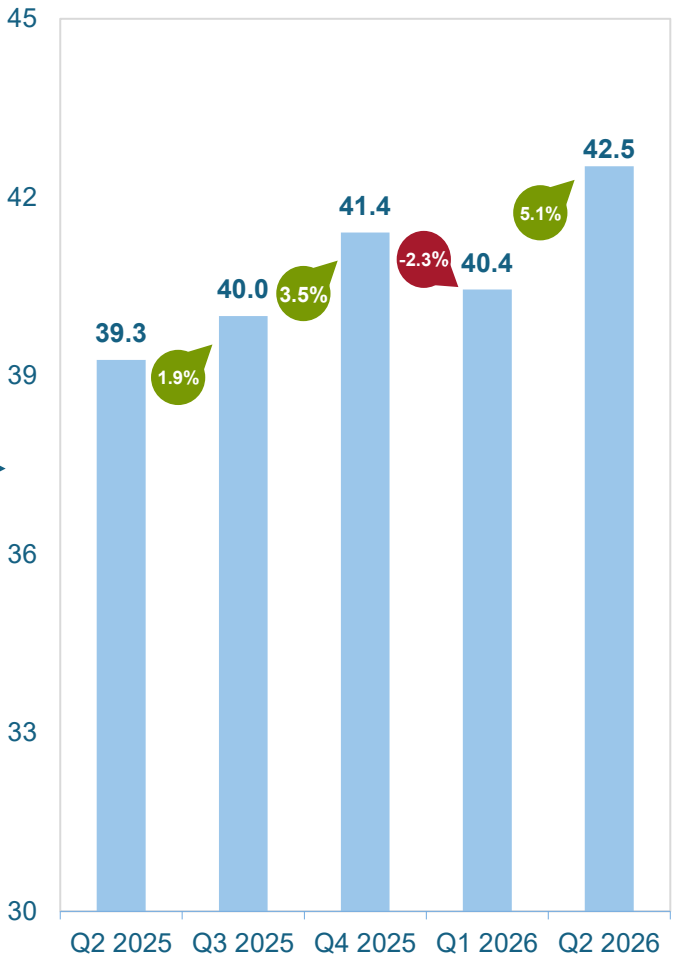
Fees & Commission Income (SAR bn)



Other Operating Income (SAR bn)



Operating Income (SAR bn)



Improved Worsened

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

Key Takeaways

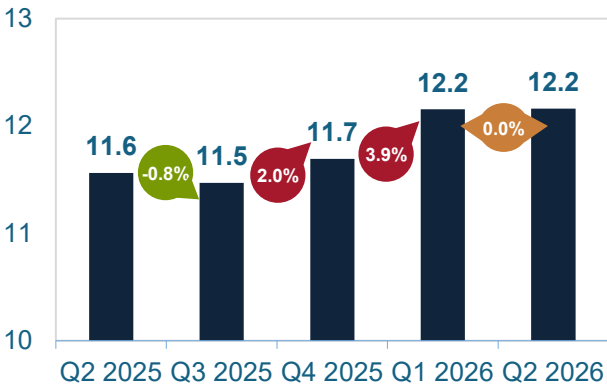
- Cost efficiency improved in Q2 2026**
Banks' cost-to-income ratio improved to 28.6% in Q2 2026 from 30.1% in Q1 2026, as operating income growth outpaced stable operating expenses during the quarter.
- Operating expenses remained stable**
Operating expenses remained broadly stable at SAR 12.2bn in Q2 2026, reflecting continued cost discipline despite ongoing investments in technology transformation and strategic growth initiatives.
- Strategic investments remained a key focus**
Banks continued to advance strategic priorities through investments in technology modernization and infrastructure, while maintaining disciplined cost management and robust operating efficiency during the quarter.

Implications

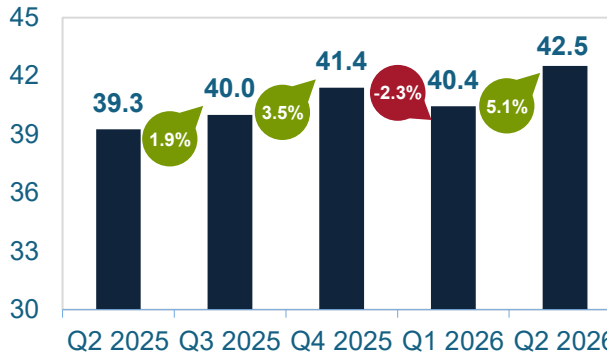
Strong operating income growth, alongside disciplined cost management, continues to support structural improvements in sector efficiency. Concurrent investments in technology modernization and strategic transformation are expected to drive further efficiency gains and scalability over the medium term.

Cost and Efficiency (1/2)

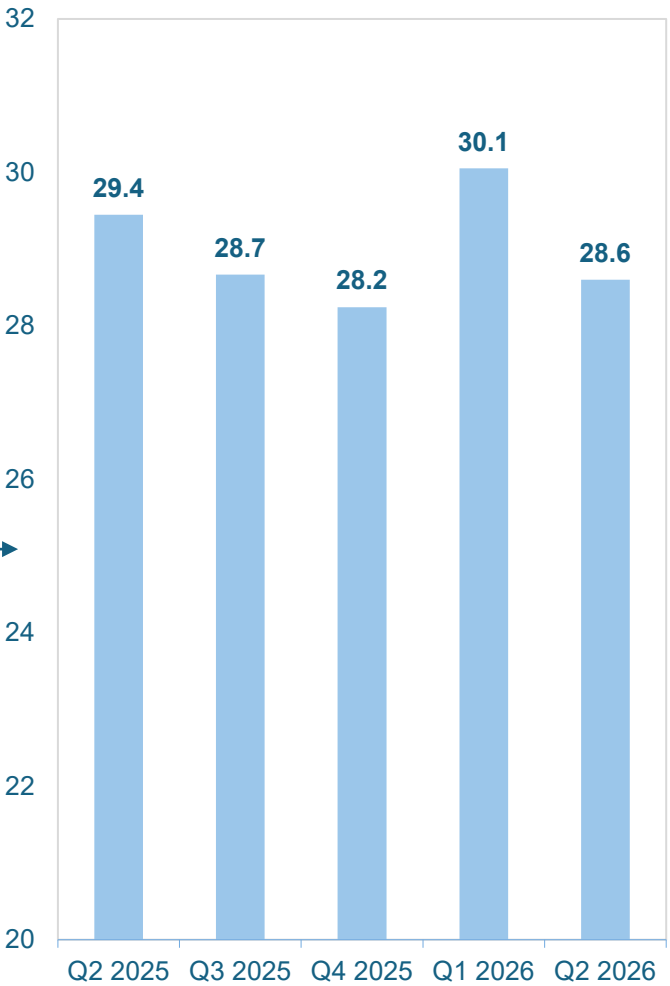
Operating Expenses (SAR bn)



Operating Income (SAR bn)



Cost to Income Ratio (% Quarterly)



Improved Worsened Constant

Key Takeaways

- 1

Sector-wide efficiency improved
Eight out of ten banks reported improved cost efficiency in Q2 2026, largely driven by positive operating leverage, productivity gains, and overall enhanced operational efficiency.
- 2

SNB delivered the strongest efficiency improvement
SNB recorded the largest improvement in cost efficiency among its peers during the quarter, supported by strong operating income growth, continued cost discipline, and ongoing productivity gains.
- 3

ALRAJHI maintained sector-leading efficiency
ALRAJHI continued to report the strongest efficiency metric in the sector supported by disciplined cost management, strong revenue generation, and continued operating leverage despite ongoing investments in strategic initiatives and technology transformation.
- 4

SAIB reported greater efficiency pressure
SAIB reported the largest increase in the cost-to-income ratio among the major banks during Q2 2026, indicating that operating income growth was insufficient to offset the impact of ongoing investments and operating costs during the quarter.
- 5

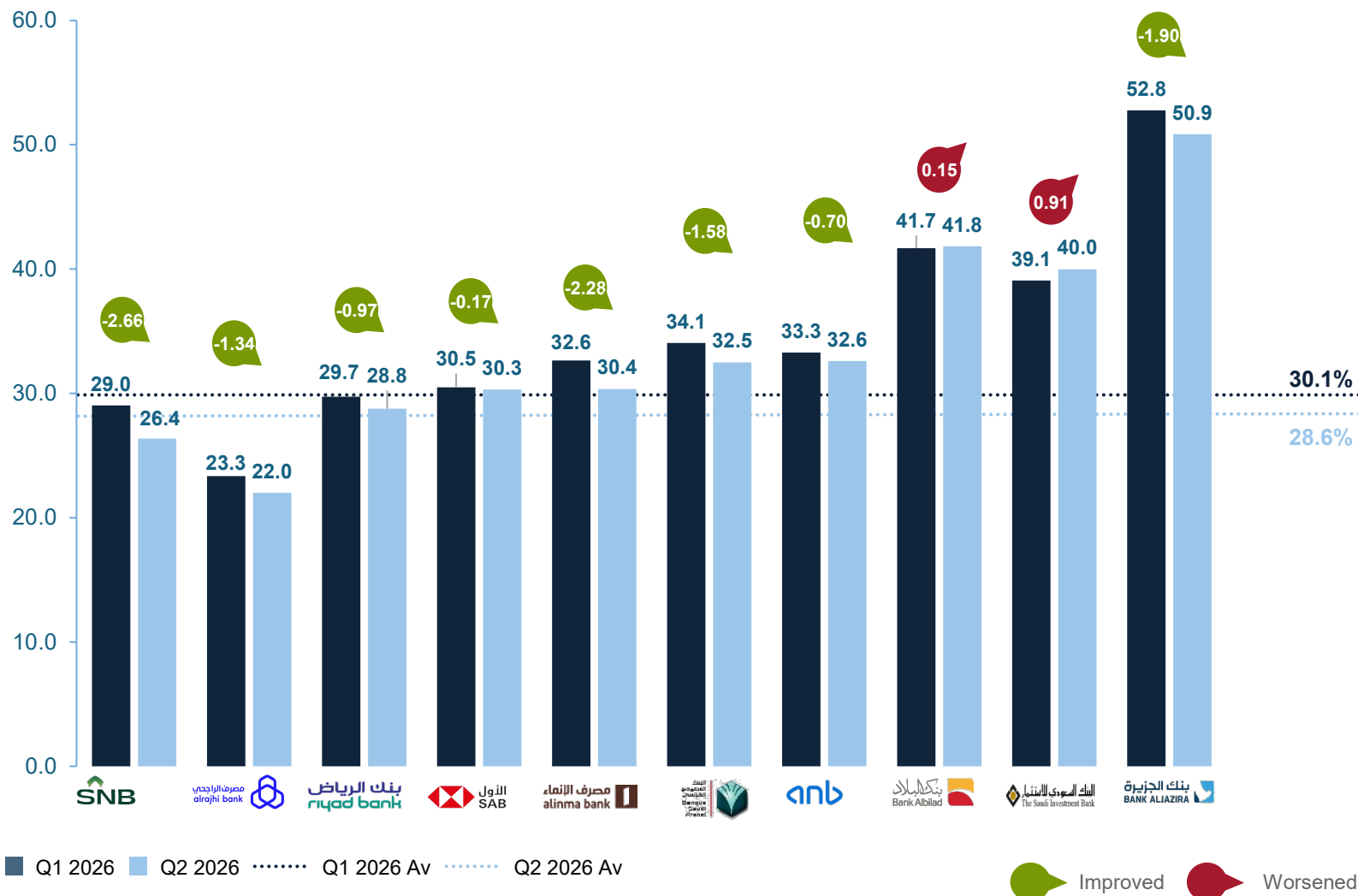
BJAZ remained the least efficient bank in KSA
BJAZ continued to report the highest cost-to-income ratio in the sector despite an improvement during the quarter, as ongoing business expansion and transformation initiatives continued to weigh on overall efficiency levels.

Implications

Cost discipline is driving structural improvements in sector-wide efficiency, supported by continued investments in transformation and technology initiatives. Banks with scalable operating platforms, disciplined expense management and demonstrable productivity gains are likely to remain better positioned to sustain relative efficiency advantages over the coming quarters.

Cost and Efficiency (2/2)

Cost-to-Income Ratio (% , Quarterly)



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

Key Takeaways

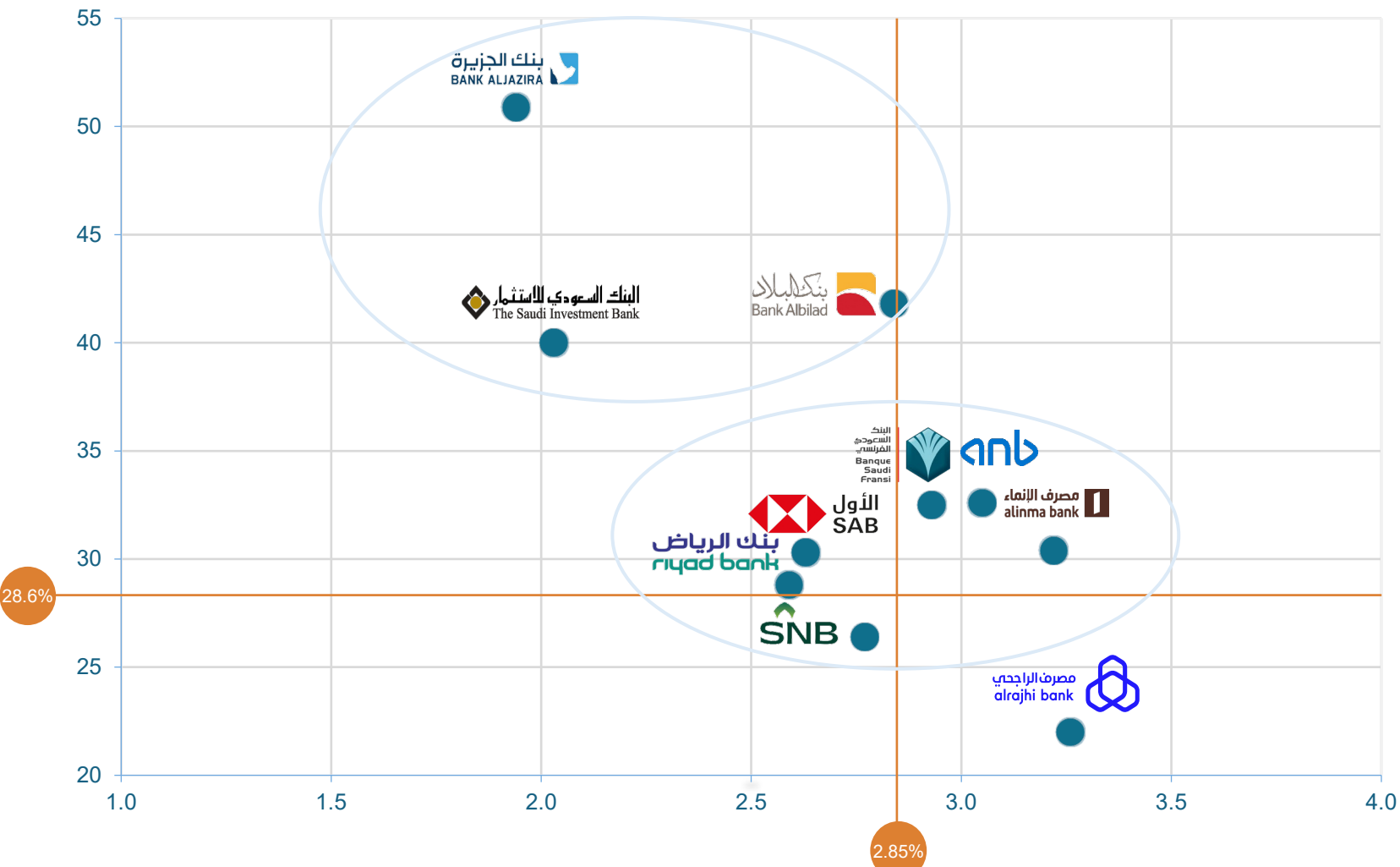
- ALRAJHI leverages benefits of scale economies**
ALRAJHI demonstrated the strongest combination of NIM and cost efficiency in the sector, supported by asset repricing initiatives, funding optimization efforts, and continued operational discipline.
- Operating efficiency remained broadly aligned across major banks**
RIBL, SNB, SAB, BSF, ANB and ALINMA reported mid-range cost-to-income ratios and margins, highlighting the uniform performance across the peer group.
- Smaller banks showed less efficiency**
BJAZ, BALB and SAIB reported below average NIM and above average cost-to-income ratio in Q2 2026, demonstrating that smaller banks do not have the benefit of economies of scale and have lower operational efficiency.

Implications

The sector's profitability profile remains increasingly influenced by banks' ability to balance margin management with operating efficiency. Banks that successfully combine funding optimization, disciplined cost management, and scalable operating models are likely to maintain a competitive advantage as margin performance gradually converges across the sector.

Margin Economics vs Operating Efficiency

C/I ratio %



NIM %

Key Takeaways

- 1

Sector lending growth continued
Net loans and advances across KSA banks increased by 1.8% QoQ in Q2 2026, compared with 1.6% QoQ in Q1 2026, reflecting credit demand and continued balance sheet expansion across the sector.
- 2

Corporate and wholesale lending remained the primary growth driver
Corporate and wholesale lending increased by 2.3% QoQ and contributed roughly two-thirds of the 1.8% QoQ growth in total net loans and advances. It remained the largest contributor to sector loan growth during Q2 2026, while retail lending growth moderated during the quarter.
- 3

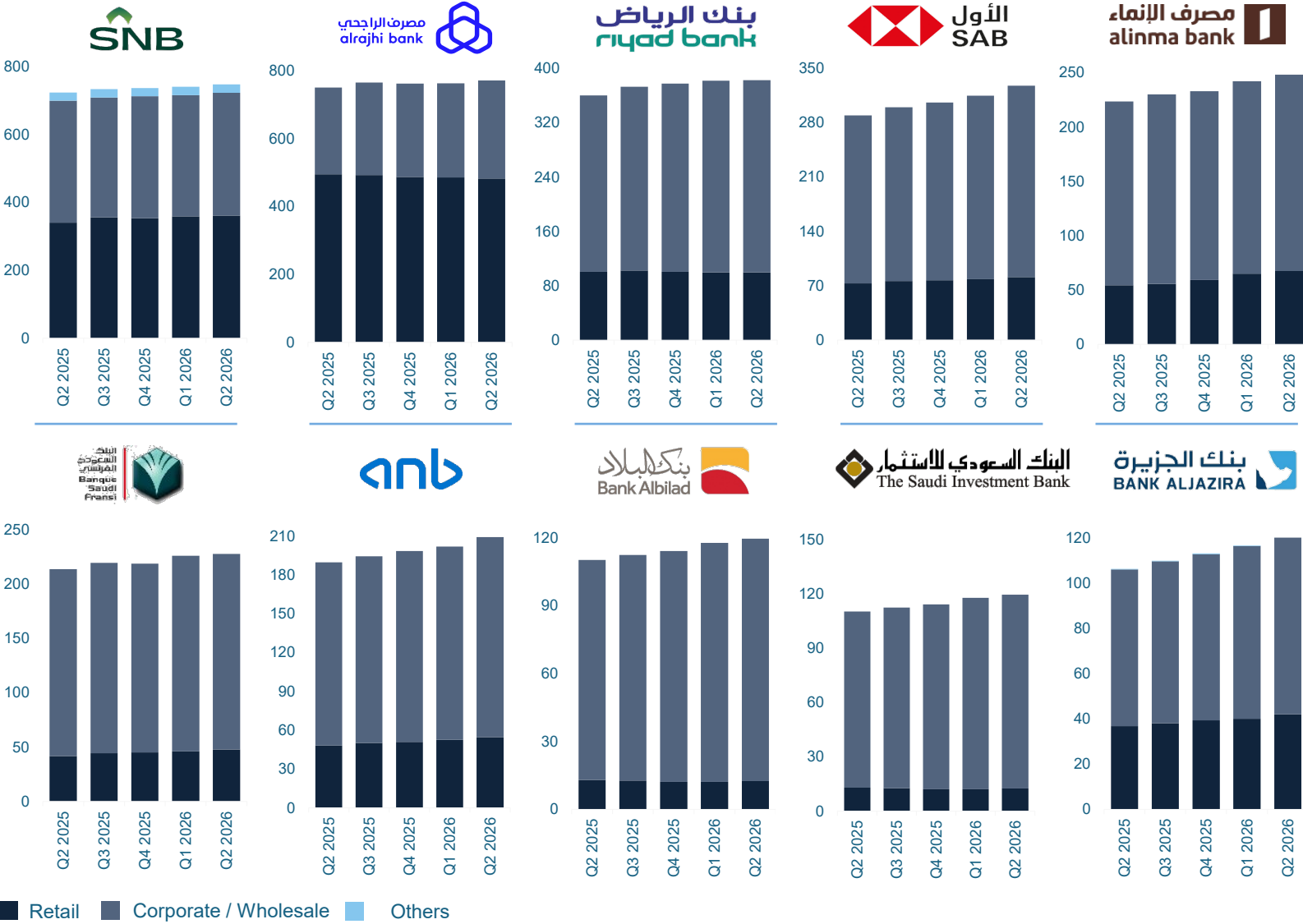
SNB and ALRAJHI maintained disciplined balance sheet growth
SNB and ALRAJHI continued to pursue measured loan growth during Q2 2026, supported by expansion in corporate and wholesale financing while maintaining sufficient liquidity and asset quality metrics profiles.
- 4

Lending mix continues to vary across banks
Lending portfolio composition remained differentiated across banks, with varying exposure to corporate, wholesale and retail lending reflecting individual business models.

Implications

Amid regional headwinds, KSA banks' credit growth momentum, underpinned by resilient demand across the corporate, wholesale, and retail segments, is emerging as an increasingly prominent contributor to sector-wide balance-sheet expansion. Banks maintaining a disciplined approach to loan growth and liquidity management, while preserving asset quality metrics and portfolio diversification, are likely to remain better positioned to sustain lending momentum and manage balance sheet risks over the coming quarters.

Gross Loans and Advances (SAR bn)



Note: Scaling and some numbers might not add up due to rounding
Note: KSA banks do not disclose Loans & Advances by industry.
Reporting is limited to corporate and retail loans
Source: Financial statements, investor presentations, A&M analysis, SAMA

Key Takeaways

- 1

Increase in time deposits

Aggregate deposits grew by 2.7% QoQ, as time deposits grew by 9.1% QoQ, while CASA deposits declined by 2.2%, reflecting a shift toward more expensive deposits, which could lead to higher interest expense and NIM pressure in the future.
- 2

CASA momentum shifts to smaller banks

Major banks saw CASA contraction, led by RIBL (-14.9% QoQ), while smaller banks continued to grow CASA, led by BJAZ (+15.6% QoQ) and SAIB (+7.8% QoQ). This suggests that smaller banks are gaining traction in low-cost deposit acquisition, albeit from a low base, leaving both more reliant on time deposits.
- 3

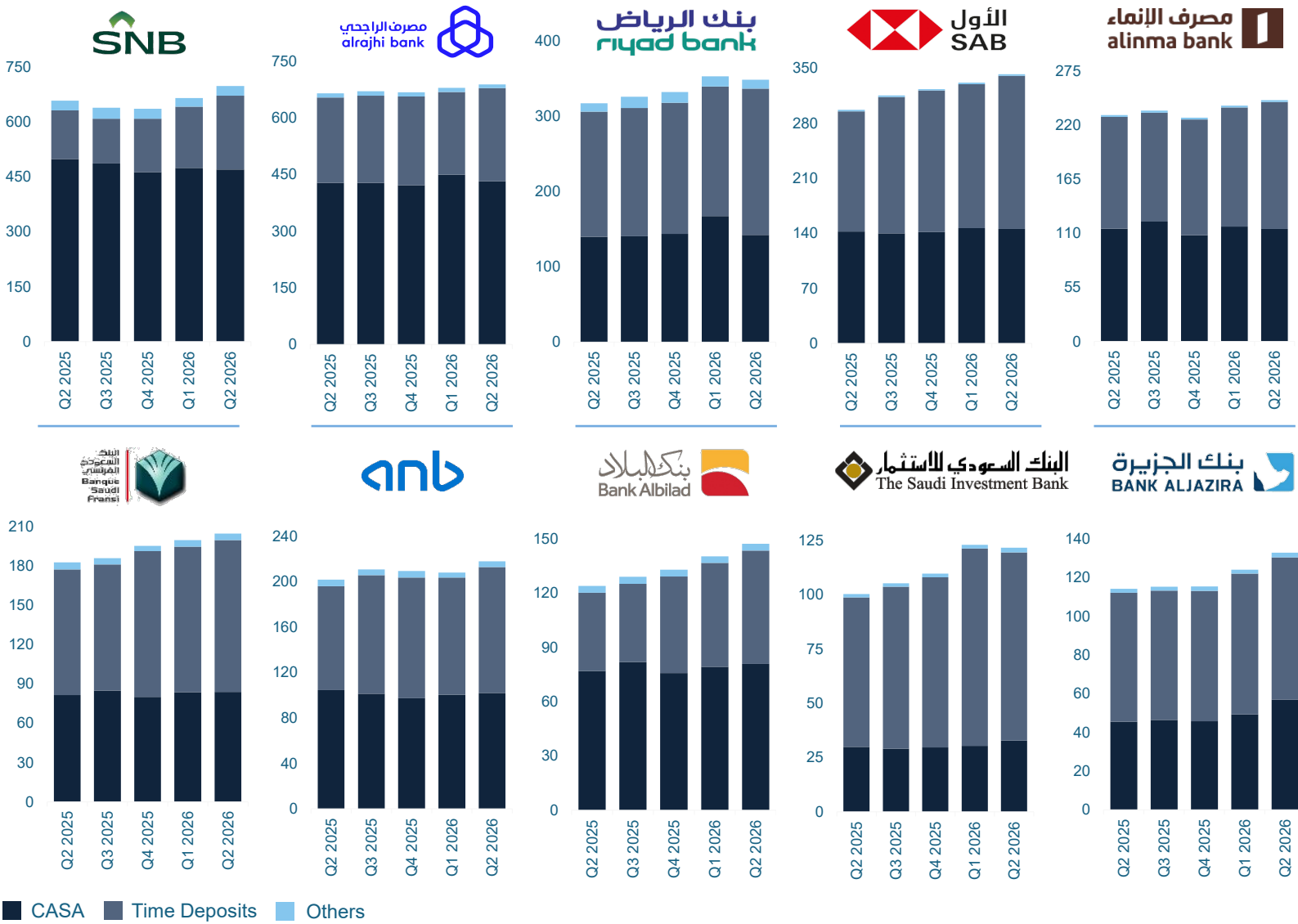
Shift toward time deposits

Time deposits gained momentum across most KSA banks, led by SNB (+20.3% QoQ) and ALRAJHI (+12.8% QoQ), indicating a continued shift toward higher-yielding deposits. The aggregate share of time deposits increased from 42.4% in Q1 2026 to 45.0% in Q2 2026 (2.6% increase).

Implications

The shift in deposit mix from CASA toward time deposits is expected to increase banks' funding costs. Cost of funds rose 3.5bps in Q2, while time deposits grew by 9.1% in Q2. There will be a repricing lag, which will affect/increase funding costs. Stronger CASA growth at smaller banks could provide a relative funding cost advantage. This dynamic could exert further pressure on NIMs, particularly where higher funding costs cannot be fully passed through to lending yields.

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

Key Takeaways

- 1

LDR moderated marginally
LDR remains above 100%, but moderated from 104.1% to 103.1%, as deposit growth outpaced loan growth; however, the shift toward time deposits may increase funding cost pressure and contribute to NIM compression going forward.
- 2

ALRAJHI favors loan quality
Management remains focused on value-led growth, with loan growth expected in the low-to-mid single digits. With NIM likely at or near cycle peak, proactive funding diversification and optimization of the asset–liability mix will be critical to mitigate prospective margin compression.
- 3

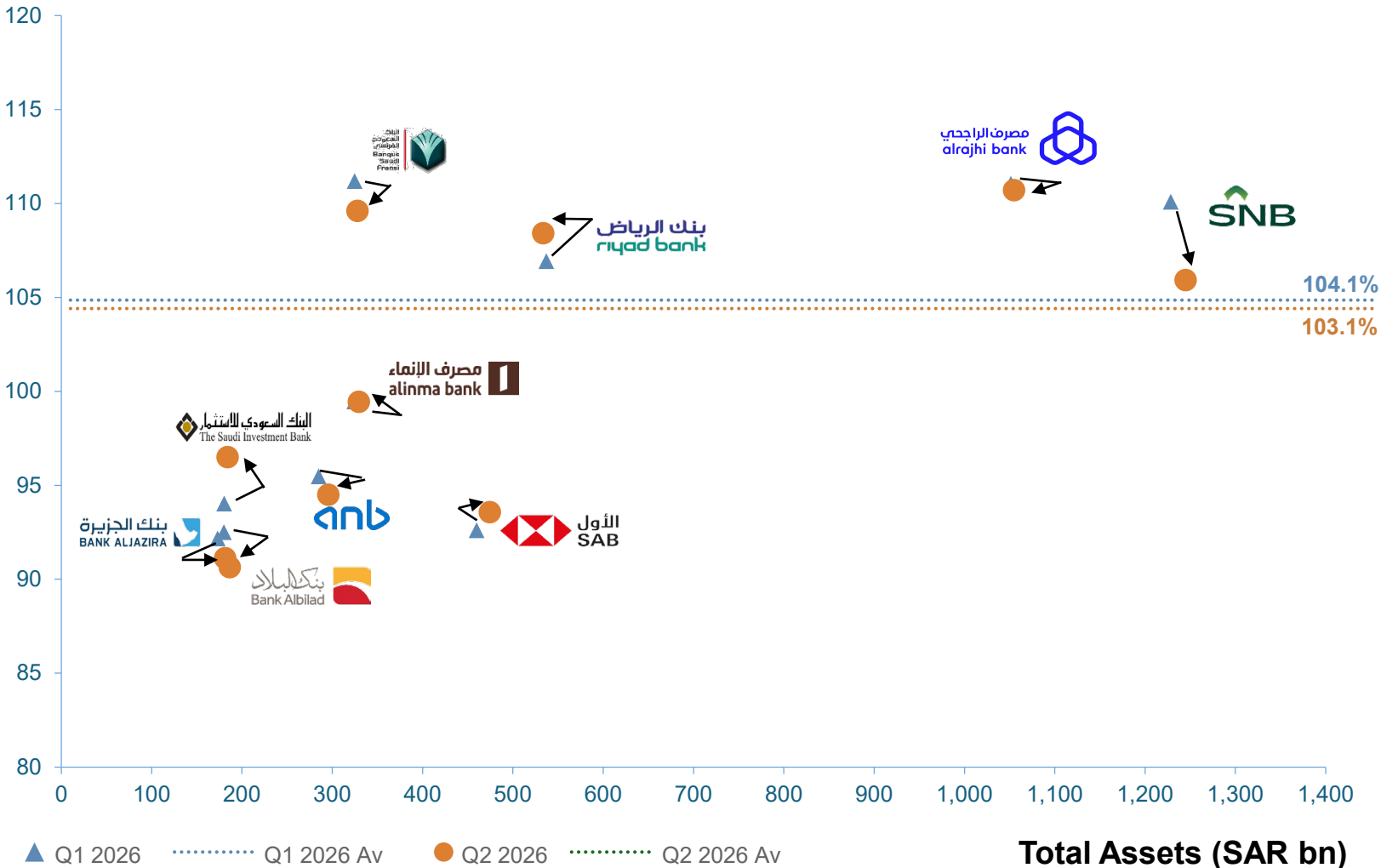
SAB and SNB see corporate-led loan growth
SAB and SNB see corporate-led loan growth, overtaking growth in retail loans.

Implications

The shift toward higher-cost time deposits may increase funding-cost pressure and weigh on NIMs. However, continued corporate and wholesale lending opportunities driven by Vision 2030-linked financing demand should support loan growth, with banks that effectively optimize their asset and liability mix better positioned to mitigate margin pressure.

Loan-to-Deposit Ratio (%)

Loan-to-Deposit Ratio %



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

Key Takeaways

- 1

Deposit growth outpaced loan growth across most banks
Most KSA banks reported deposit growth outpacing loan growth in Q2 2026, reflecting improved liquidity conditions and continued focus on active liability and funding management.
- 2

BJAZ leads balance-sheet growth
Management reported that deposit inflows increased by 7.1% QoQ, driven by greater brand recognition, market-share gains and strong customer acquisition, while financing growth of 5.9% QoQ was supported by continued expansion across both commercial and consumer segments.
- 3

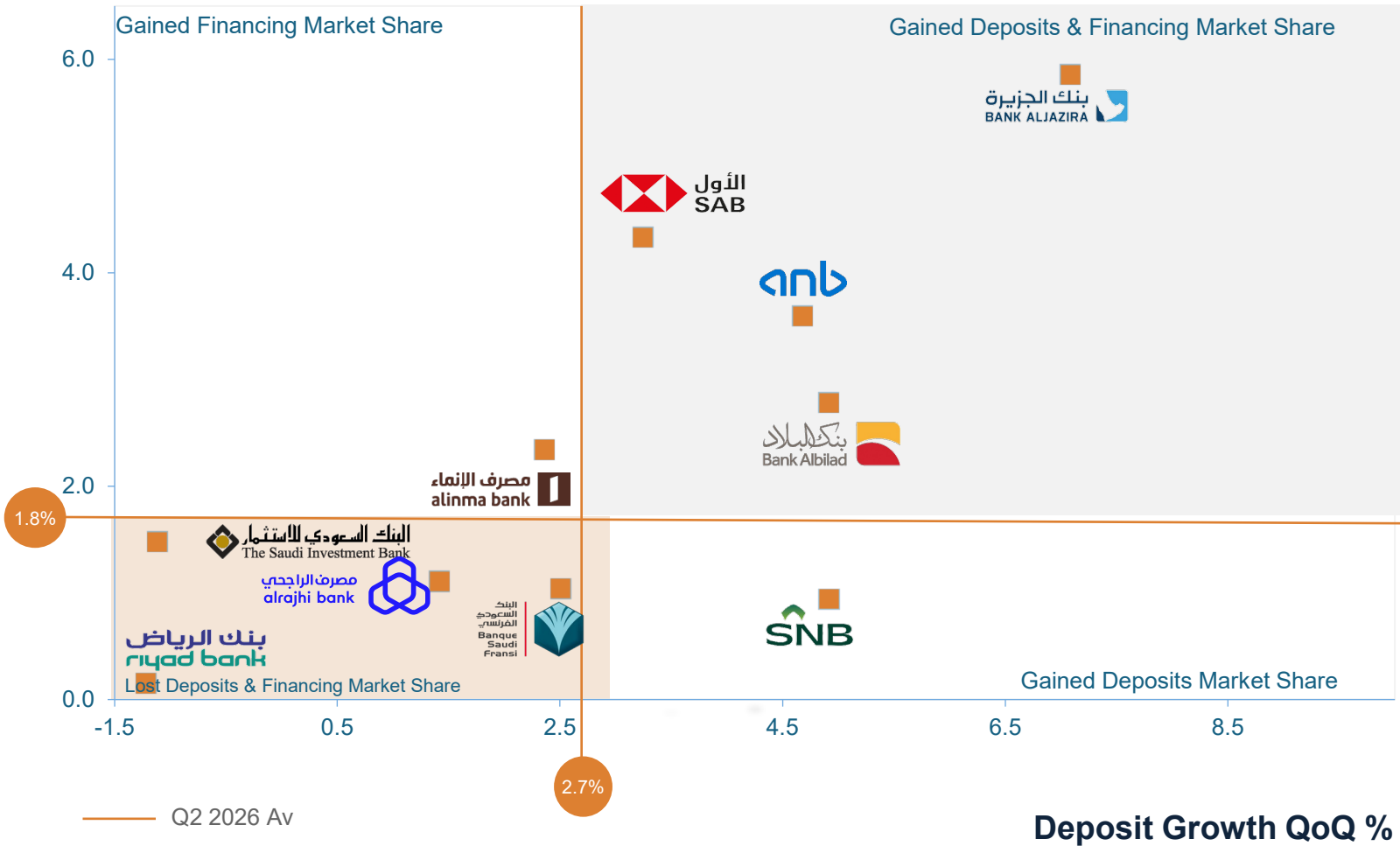
SNB sees strong time-deposit growth
Deposit growth outpaced loan growth, providing SNB with increased funding capacity; however, continued reliance on time deposits amid a competitive funding environment could increase funding-cost pressure and weigh on NIM.

Implications

Improving deposit momentum is creating incremental balance sheet capacity for loan growth, positioning banks to capture a greater share of credit expansion. However, a rising reliance on higher-cost time deposits could increase funding-cost pressure and constrain NIM resilience.

Net L&A and Deposit Growth (% Quarterly)

Net L&A Growth QoQ %



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

Key Takeaways

- 1

Strong asset quality metrics supports stable NPL

KSA banks reported aggregate NPL ratio remaining low at 0.9%, supported by stable corporate / wholesale credit performance and healthy retail assets across most banks. Stage 1 loans remained above 94% across the sector, reflecting the continued strength of asset quality metrics.
- 2

Prudent underwriting as lending growth slows

Banks’ underwriting standards are more cautious, while loan volume continued to expand in Q2 2026 amid persistent macroeconomic uncertainty.
- 3

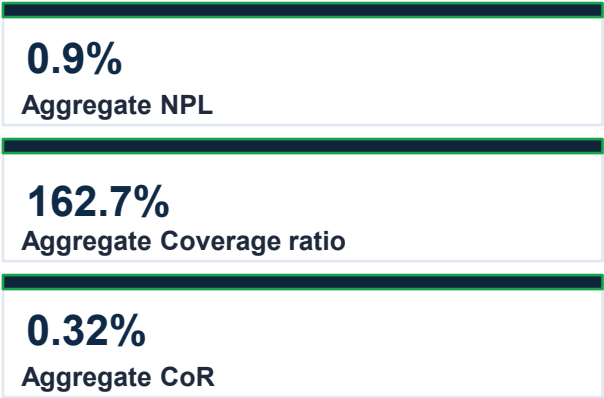
Aggregate coverage ratios remained robust

Coverage ratio remained strong at 162.7%, providing substantial provisioning buffers and supporting resilience. However, it increased slowly QoQ (10 bps) due to the tactical write-offs by some banks.

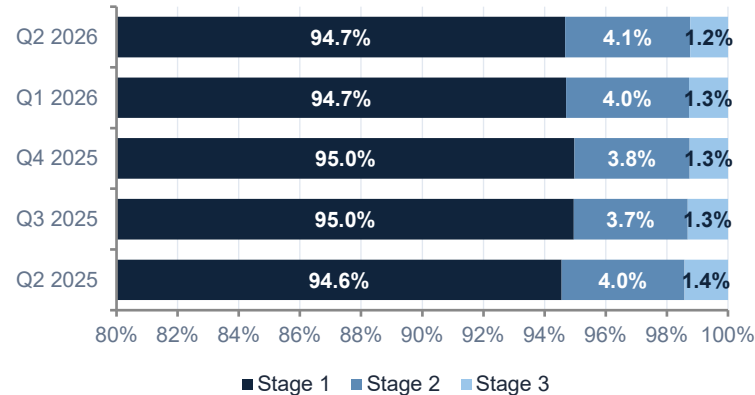
Implications

Strong coverage ratios and stable NPL ratio continue to underpin sector stability. While Stage 3 loans declined modestly during the quarter, banks are expected to maintain disciplined underwriting standards, proactive portfolio monitoring, and prudent provisioning, particularly against a backdrop of persistent geopolitical risks and macroeconomic uncertainty.

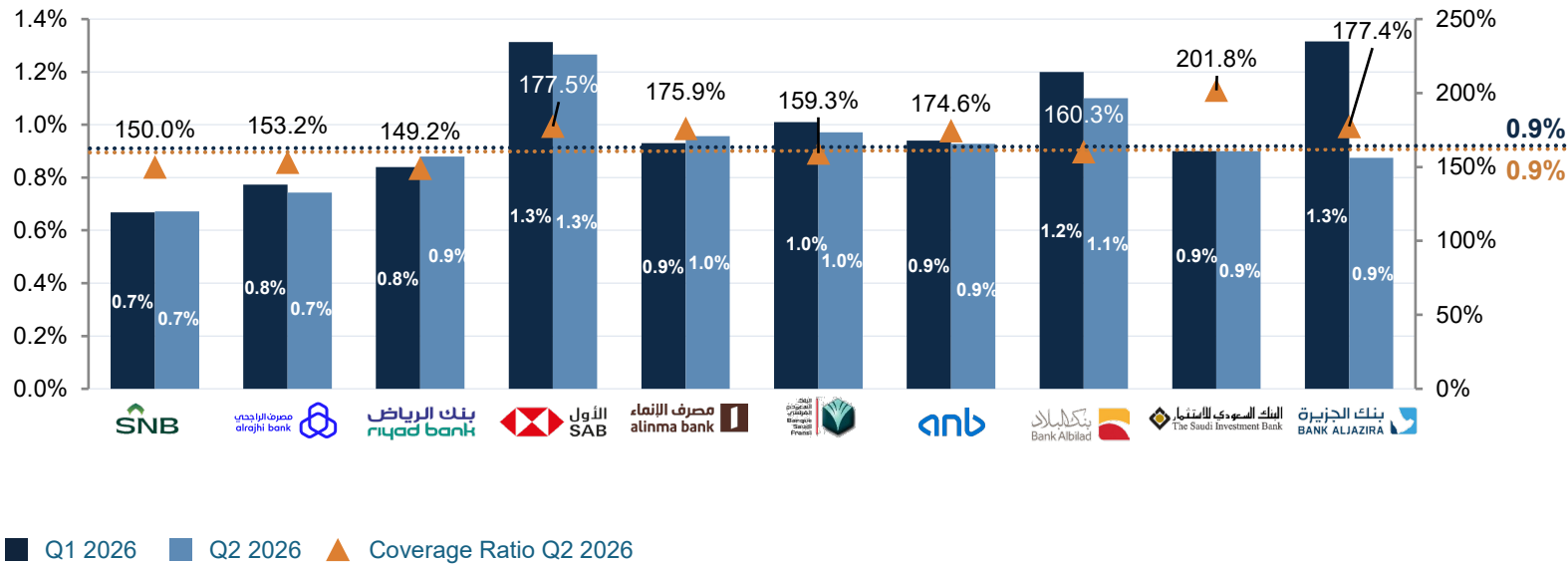
NPL and Coverage Ratio



Loan book IFRS 9 stage mix (% of gross loans)



NPL ratio by bank – Q1 2026 vs Q2 2026 (%)



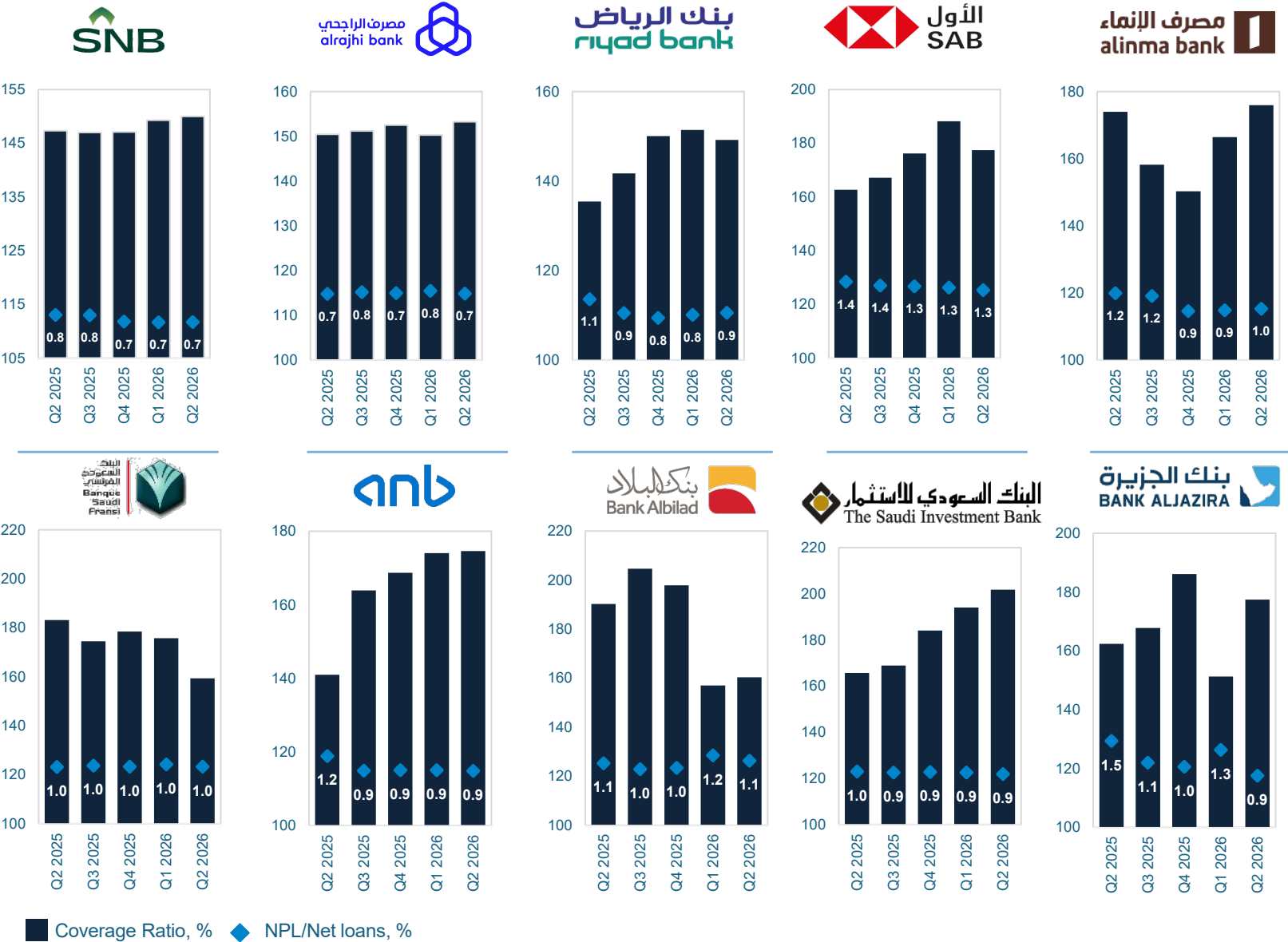
Key Takeaways

- Coverage ratios remained strong across the sector**
KSA banks maintained healthy provisioning coverage ratios at an aggregate of 162.7% in Q2 2026 (from 162.6% in Q1 2026), highlighting sustained provisioning discipline and an ongoing focus on reinforcing balance sheet resilience amid macroeconomic and geopolitical uncertainty.
- SNB and ALRAJHI reported the lowest NPL among peers**
Both banks delivered exceptional performance, with NPL ratios of 0.7%, the lowest among peers, reflecting sound underwriting standards and robust risk management practices.
- Write-offs drive BJAZ's NPL ratio lower**
BJAZ's NPL ratio declined by ~44 bps QoQ to 0.9%, driven by loan write-offs and the reclassification of a large syndicated exposure under the bank's remedial process.
- Coverage ratio affected by BSF's select write-offs**
BSF NPL coverage ratio declined to 159%, primarily since some corporate accounts written off were fully covered by provisions while the new classified, non-performing exposures had lower coverage levels.

Implications

Strong asset quality metrics and robust provisioning position KSA banks to navigate macroeconomic uncertainty. Continued loan growth will depend on evolving market conditions while maintaining disciplined underwriting standards.

Coverage Ratio¹ and NPL Ratio (% Quarterly)



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

Key Takeaways

- 1

Stage 1 assets remained the dominant component of loan books
Sector-wide loan portfolios continued to be heavily concentrated in Stage 1 assets during Q2 2026, reflecting resilient borrower performance and broadly stable underlying credit quality across financing segments.
- 2

Credit growth did not materially impact NPL
Despite continued loan growth across the sector during Q2 2026, Stage 2 and Stage 3 asset compositions remained broadly stable, highlighting prudent risk management and cautious underwriting practices.
- 3

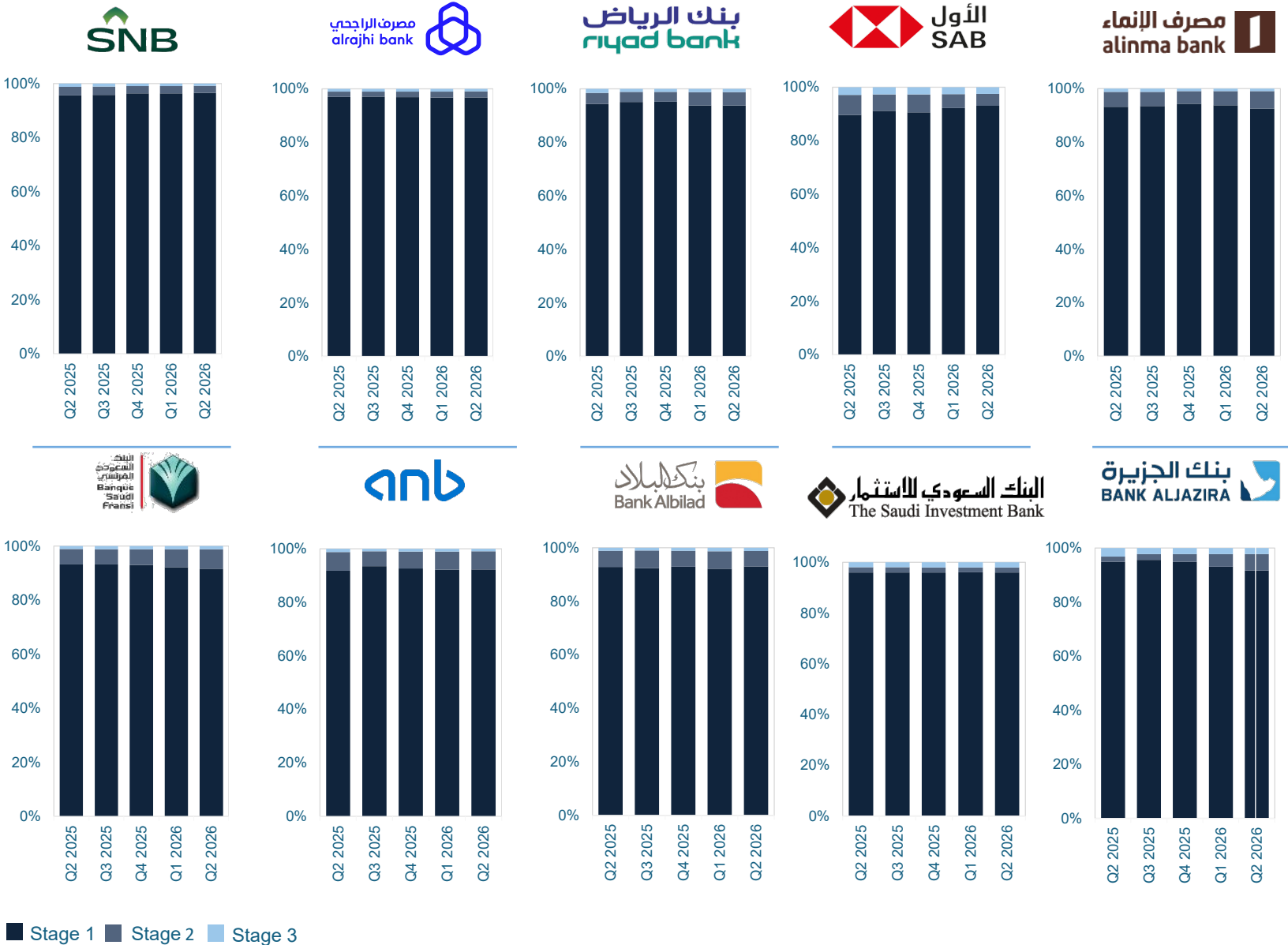
SNB and ALRAJHI continued to demonstrate strong asset quality metrics
SNB and ALRAJHI continued to report among the highest Stage 1 asset proportions and relatively low impaired financing exposure, reflecting strong asset quality metrics during Q2 2026.
- 4

SAB and BJAZ continued to report relatively higher non-performing exposure
SAB and BJAZ continued to report relatively higher bad loan exposure compared with peers, while Stage-wise loan composition remained largely unchanged, with only a marginal decline in BJAZ's Stage 1 loans during Q2 2026.

Implications

Favourable loan staging and mix continue to support sector fundamentals, with Stage 1 assets remaining dominant despite ongoing balance sheet expansion. The ability to maintain stable impaired financing levels alongside credit growth will be crucial to maintaining operating performance metrics.

Stage-wise Gross L&A mix (%)



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

Key Takeaways

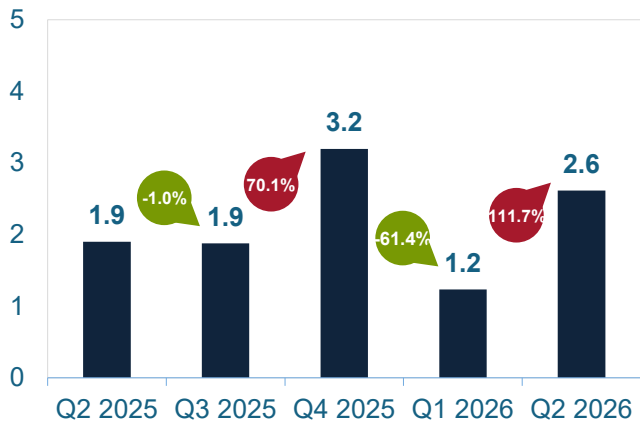
- Provisioning charges increased sequentially**
Net loan loss provisions increased significantly to SAR 2.6bn in Q2 2026 (111.7% QoQ), reflecting increased caution regarding expected credit losses and increased focus on risk management.
- Aggregate cost of risk worsened**
Aggregate cost of risk deteriorated to 0.32% in Q2 2026 from 0.15% in Q1 2026, indicating asset quality metrics concerns, higher impairment charges, and slower recoveries. However, excluding SNB, the aggregate sector cost of risk changed to 0.37% in Q2 2026 versus 0.29% in Q1 2026, significantly narrowing the QoQ deterioration.
- Higher risk costs and elevated provisions**
Most KSA banks reported elevated risk costs and higher provisions in Q2 2026, however SAB provided significant comfort with 96.7% QoQ decline in loan loss provisions and the lowest cost of risk in the group.

Implications

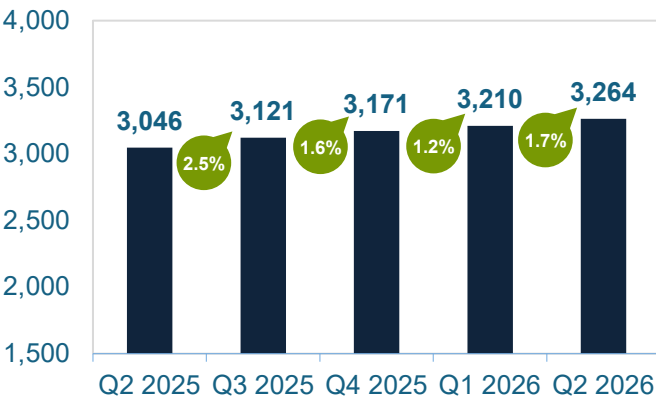
The sector was impacted by higher credit costs and QoQ deterioration was amplified by SNB; however, prudent provisioning and continued loan growth are the positive outcomes amid ongoing macro and geopolitical uncertainty.

Cost of Risk (1/2)

Net Loan Loss Provisions (SAR bn)



Gross Loans* (SAR bn)



Cost of Risk* (%)



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 quarter
Source: Financial statements, investor presentations, A&M analysis

Key Takeaways

- 1

Cost of risk increased across most leading KSA banks
Eight of the top ten KSA banks reported an increase in cost of risk, with aggregate cost of risk rising to 0.32% in Q2 2026 from 0.15% in Q1 2026, indicating higher credit provisioning pressures across the sector. Cost of risk ranged widely from 0.01% at SAB to 0.65% at ALINMA, highlighting significant differences across banks in managing impairments and provisioning.
- 2

SNB, BSF and ALINMA in focus
SNB reported the sharpest increase in cost of risk, as the large net recoveries booked in Q1 2026 did not recur. ALINMA reported the highest cost of risk among the top banks, BSF reported the 2nd highest cost of risk.
- 3

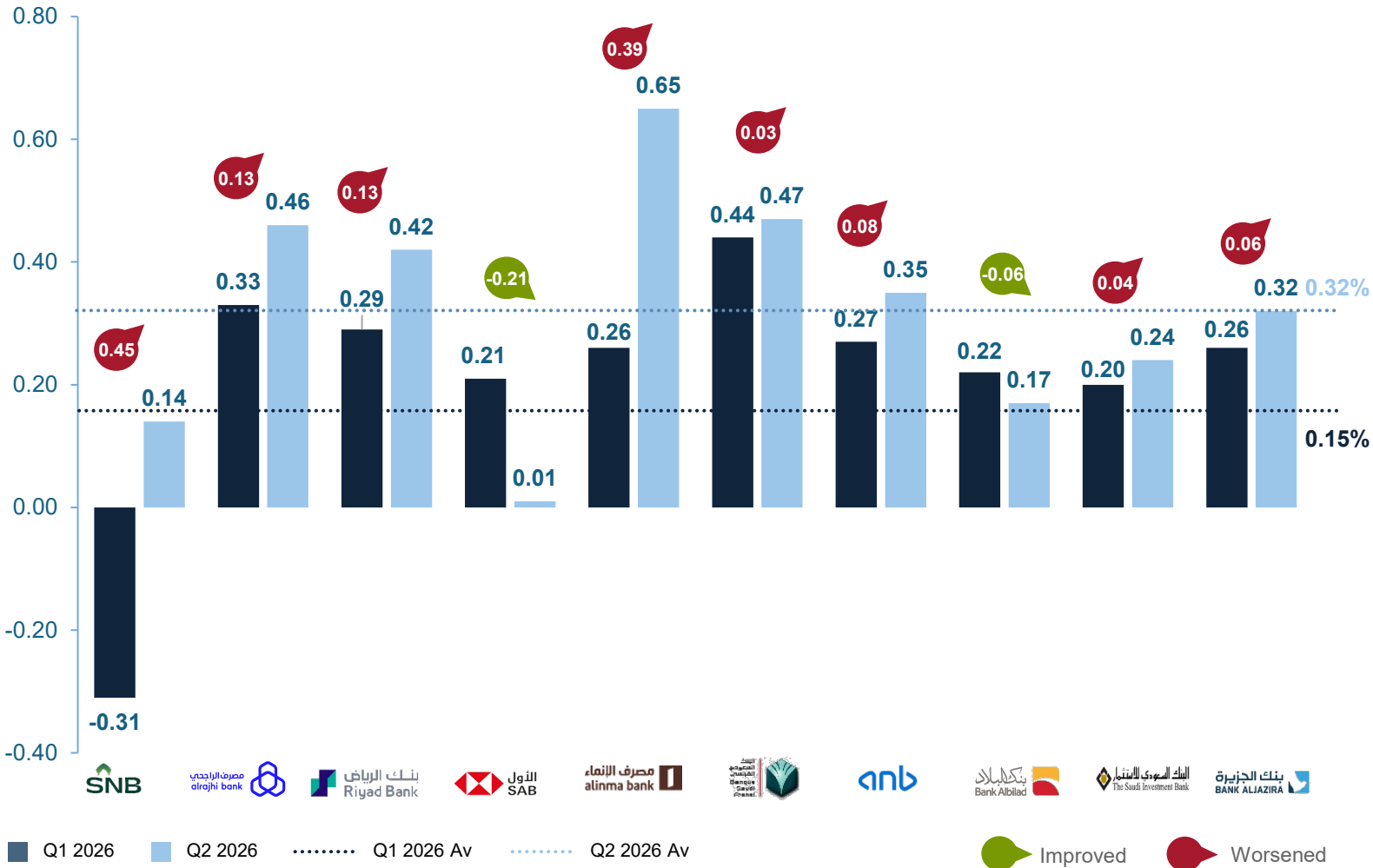
SAB reported the sharpest improvement
SAB reported the largest sequential improvement in cost of risk, well within FY 2026 guidance of 0.25%–0.35%. This was driven by lower impairments and material recoveries during the quarter. However, management noted the bank’s corporate portfolio can produce uneven results due to recoveries and provisions on a QoQ basis.

Implications

Higher impairment charges and lower recoveries impacted the cost of risk performance for KSA banks during Q2 2026, although the sustainability of incremental provisioning requirements will remain dependent on credit quality trends and corporate portfolio performance going forward.

Cost of Risk (2/2)

Cost of Risk (% , Quarterly)



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

Peer Archetypes

- 1

High growth and high return (top-right)

BALB and ALINMA reported a strong combination of profitability and balance sheet expansion, with RoE reaching 15.5% and 15.2% respectively, alongside asset growth of 15.2% and 10.8% YoY. RIBL fell just short of the 15.0% sector average RoE.
- 2

Low growth but high return (top-left)

ALRAJHI reported the highest RoE among the peers at 22.0%, while recording the lowest asset growth at 1.8% YoY in Q2 2026.
- 3

High growth but lower-return (bottom-right)

Several banks compete in this space as ANB, SAB, BSF, SAIB and BJAZ all reported relatively high asset growth, but failed to generate sufficient profitability in comparison to peers. RIBL performed well but remains in this group based on the framework.
- 4

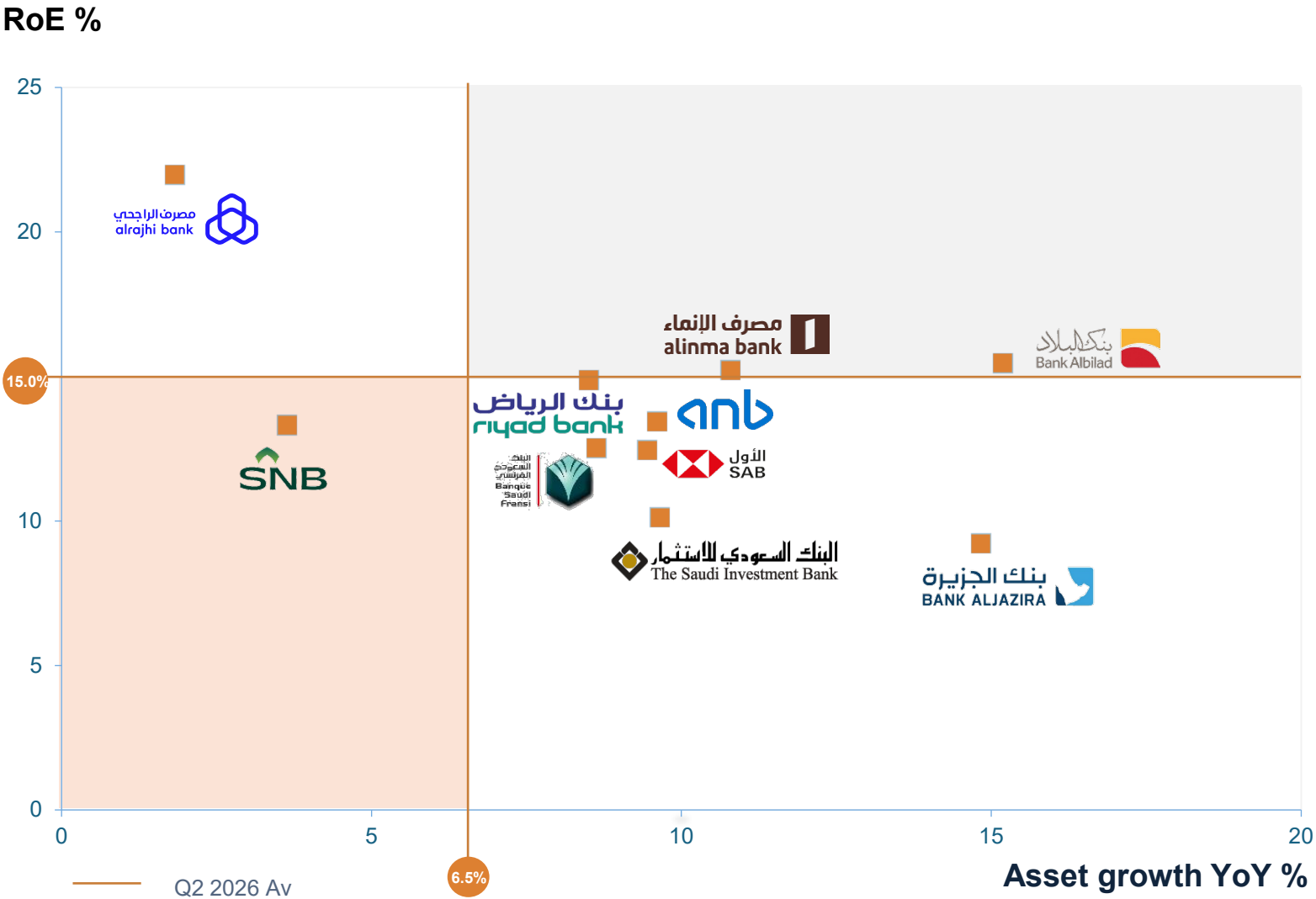
Low growth and low return (bottom-left)

SNB reported moderate profitability and asset growth compared to the peers. RoE was also limited by increased impairments and lower recoveries.

Implications

BALB and ALINMA, supported by above-sector profitability and healthy balance sheet expansion, appear relatively well positioned to sustain earnings momentum. In contrast, banks pursuing more aggressive growth strategies may need to demonstrate stronger returns on incremental capital and assets to translate balance sheet expansion into sustainable shareholder value creation.

Profitable Growth: RoE vs Asset Growth



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

Key Takeaways

- Marginal increase in RoE vs. Q1**
 Sector RoE increased marginally to 15.0% in Q2 2026, supported by improved cost efficiency and a growing contribution from non-interest income.
- Cost of risk increased sharply**
 Cost of risk increased, driven by higher impairments (0.32% in Q2 2026 versus 0.15% in Q1 2026). Excluding SNB, cost of risk was even higher, at 0.37%.
- Funding and lending economics remained stable**
 Banks maintained broadly stable funding and lending economics in Q2 2026, supporting earnings resilience and contributing to continued improvement in sector-wide RoE.

Implications

Sector profitability remains supported by resilient revenue generation, stable funding dynamics and continued efficiency improvements, and a higher contribution from non-interest income.

RoE Composition



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

Key Takeaways

- 1

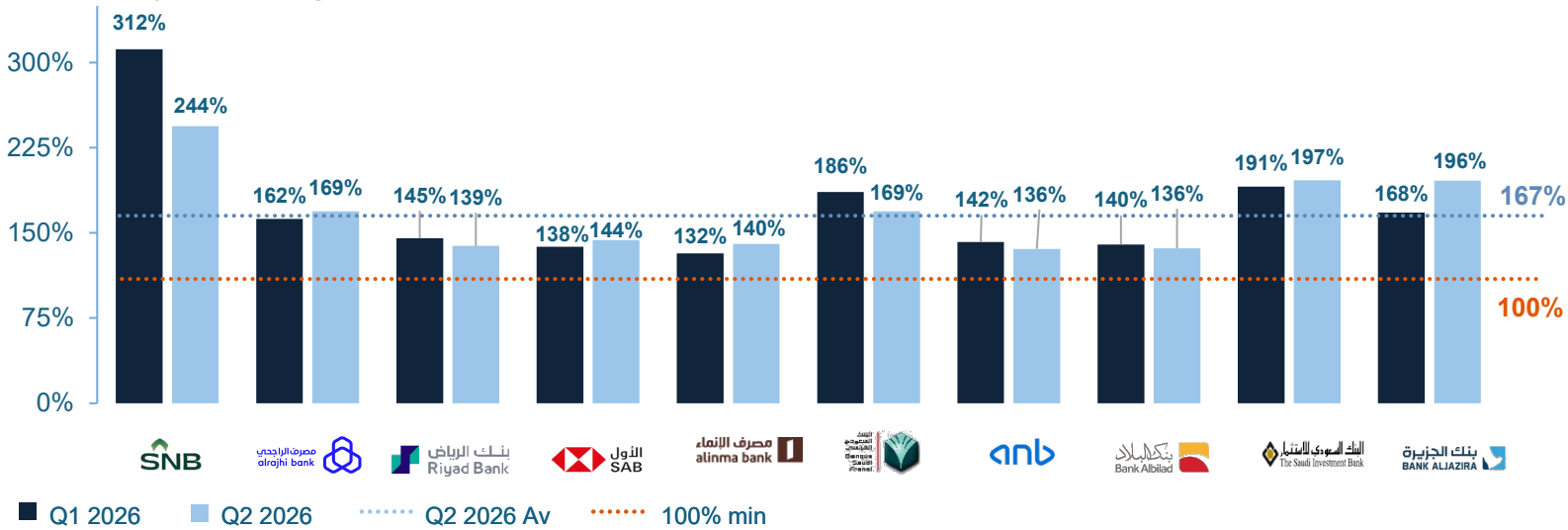
Sector liquidity buffers remain strong
Aggregate Sector LCR moderated to 167% in Q2 2026 from 172% in Q1 2026, with all ten banks remaining comfortably above SAMA's 100% minimum requirement, ranging from 136% to 244%.
- 2

Funding profiles vary across banks
BALB exhibits the highest deposit funding reliance while SNB and SAIB have the highest wholesale funding exposure (at 25% and 23%, respectively). CASA is strongest at BALB, ALRAJHI and SNB, representing 43%, 41% and 38% of total assets, respectively, whereas SAIB and BJAZ remain more reliant on higher-cost time deposits, at 48% and 42% of total assets, respectively.
- 3

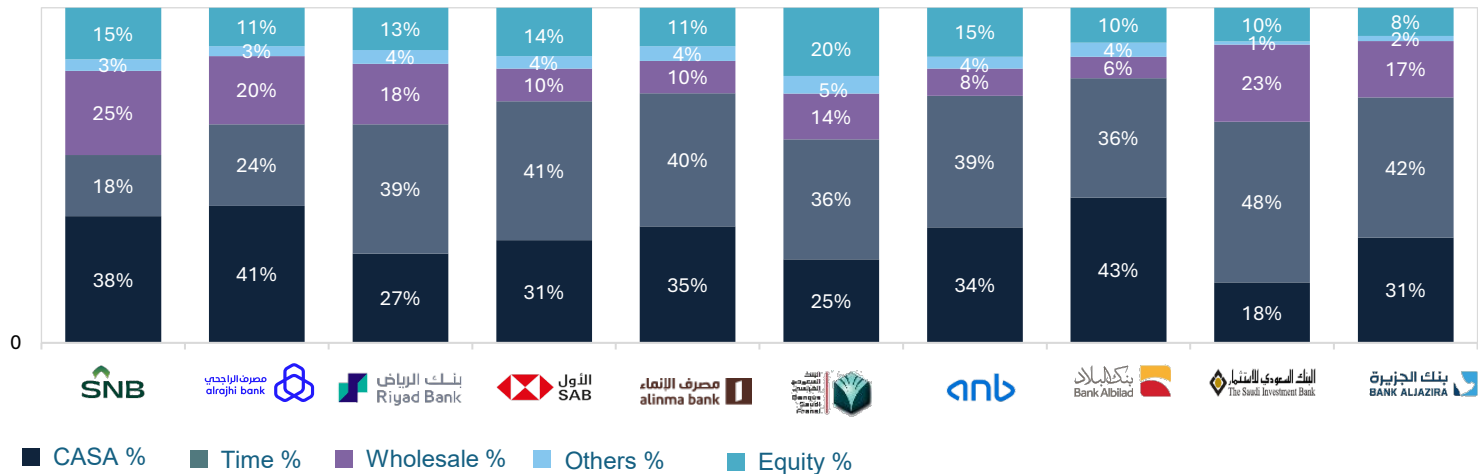
SNB's LCR moderated amid balance sheet optimization
SNB's LCR declined to 244% in Q2 2026 from 312% in Q1 2026, with management attributing the movement to balance-sheet and funding-mix optimization; stronger deposit growth of 4.9% QoQ supported a well-funded balance sheet.

Liquidity

Liquidity Coverage Ratio (LCR)



Funding Structure



Implications

Sector liquidity remains comfortable, with funding mix increasingly serving as a key differentiator in balance sheet economics. Banks with higher CASA penetration benefit from a structurally lower-cost and more stable funding base, while greater reliance on time deposits provides funding stability and tenor visibility, albeit at a higher marginal funding cost.

Key Takeaways

- 1

Robust capital base
Sector CAR remained broadly stable at 20.9%, despite a ~1 bps increase, supported by 3 bps improvement in the Tier 1 capital ratio, indicating continued strengthening in capital buffers, with all major banks remaining comfortably above the regulatory minimum.
- 2

CAR across the sector
Sector CAR was within a range of 17.9% (BALB) and 23.5% (ALRAJHI), with ALRAJHI and SNB maintaining comparatively stronger-than-average capital buffers. However, BALB saw a sharp decline in CAR QoQ, driven by a combination of rapid balance sheet growth and capital distributions.
- 3

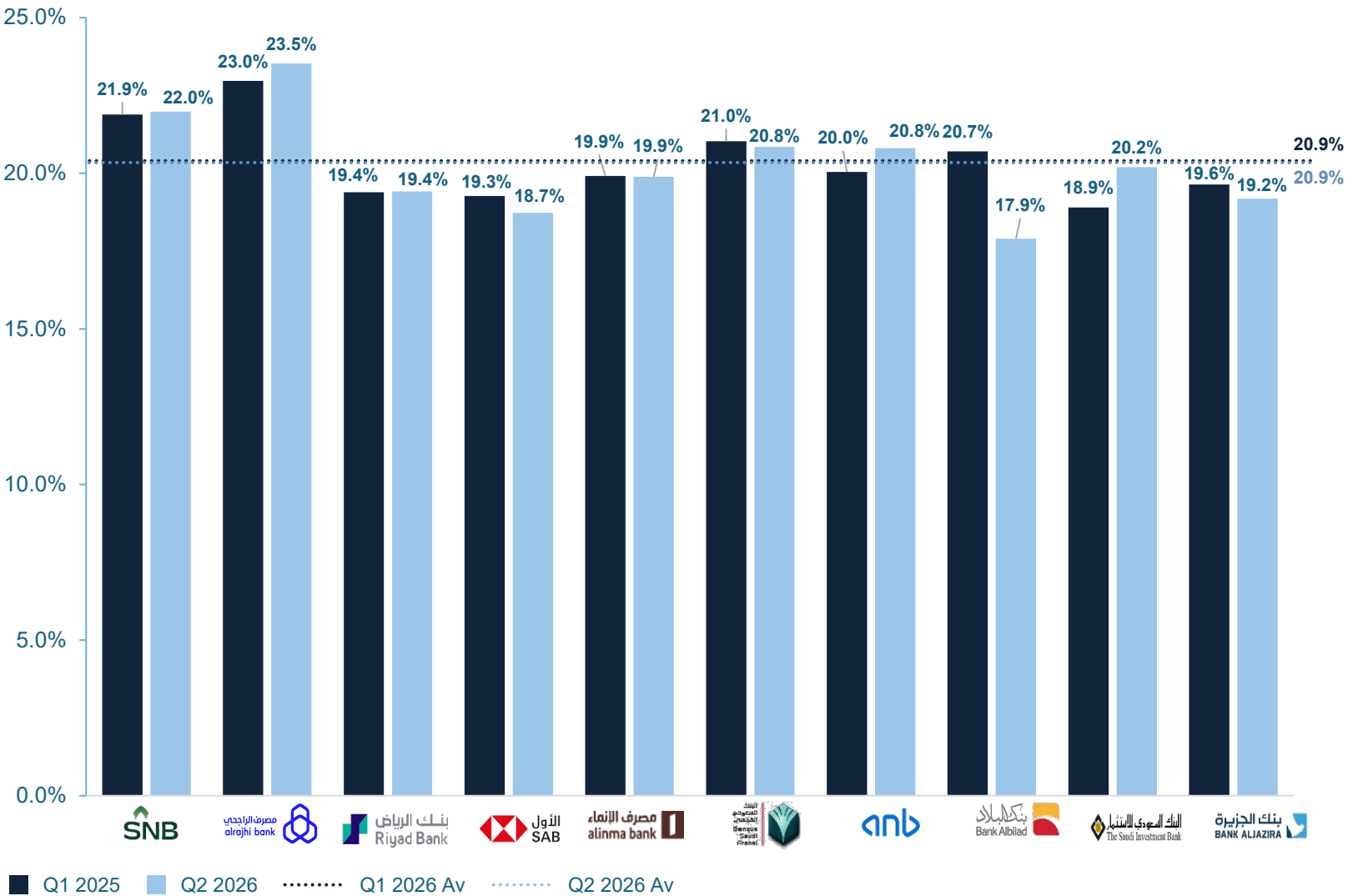
Capital position trends
ALRAJHI's CAR increased by 56 bps QoQ as capital accretion outpaced RWA growth, supported by Sukuk issuance and internal capital generation, while SNB's ratio also strengthened by 9 bps, driven by retained earnings and AT1 issuance.

Implications

Sector capitalization remains robust and broadly stable, with limited QoQ movement in CARs and all major banks maintaining healthy buffers above regulatory requirements. As a result, capital adequacy is unlikely to represent a material differentiator across the sector, with relative performance increasingly driven by profitability, asset quality metrics, and balance sheet efficiency.

Capital

Capital Adequacy Ratio (% Quarterly)



Key Takeaways

Q2 2026 saw improving operating performance across Saudi banks despite weaker share-price performance

- 1

Sector profitability improved in Q2 2026, supported by stronger loan growth, higher net income and better cost efficiency, while margins remained broadly stable.
- 2

Share prices declined across most Saudi banks during Q2, although more recent performance indicates a partial recovery, with returns remaining differentiated across banks based on funding, liquidity and earnings profiles.
- 3

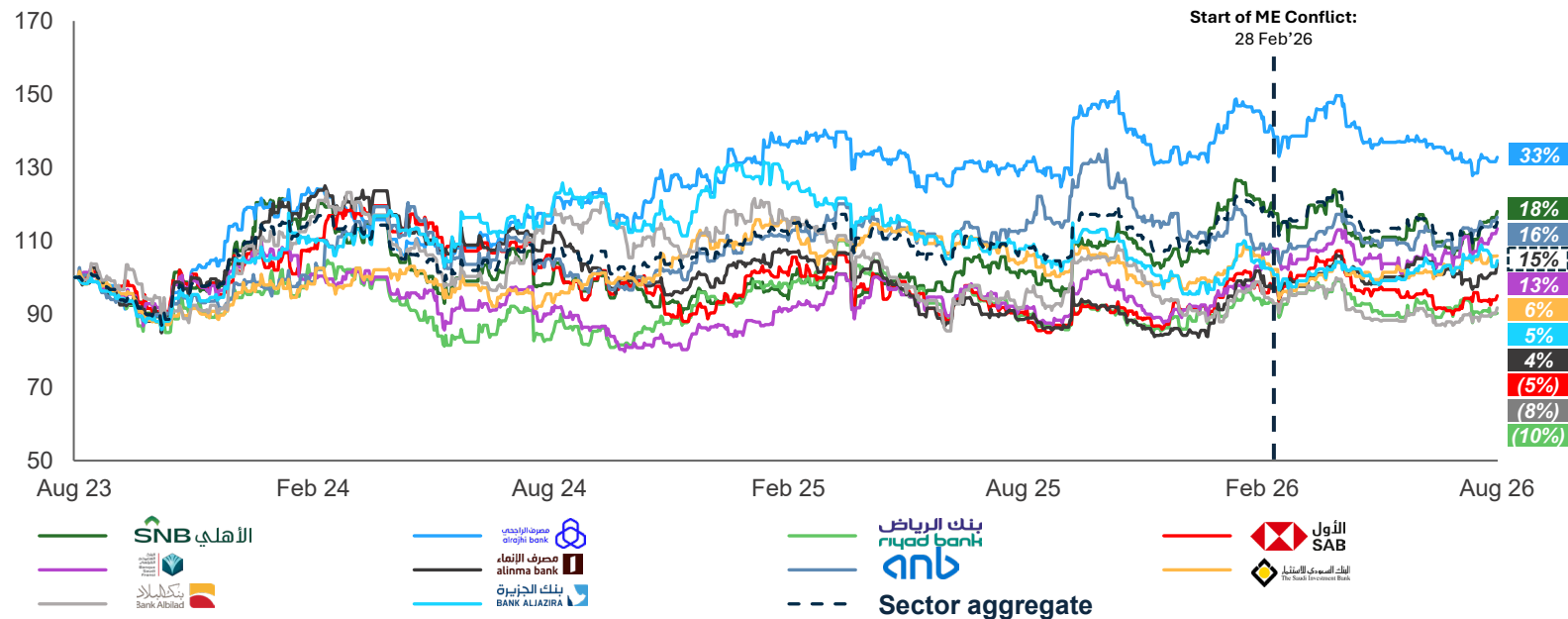
Strong capital and liquidity buffers supported banking-sector resilience amid regional uncertainty, complemented by SAMA's enhanced monitoring of liquidity, credit conditions, and asset quality metrics.

Implications

Stronger Q2 operating performance supports a constructive sector outlook, although share-price performance remains sensitive to funding conditions, margin trends, and geopolitical developments; banks with stronger funding franchises, profitability, and asset quality metrics are likely to remain better positioned.

Share Price Evolution Across Saudi Banks

L3Y Share Price Evolution (Rebased to 100)



	L3M	Q2	L6M	L1Y	L2Y	L3Y
 Saudi National Bank	8%	(9%)	(1%)	16%	20%	18%
 Al Rajhi Bank	(2%)	(7%)	(7%)	3%	16%	33%
 Riyad Bank	(1%)	(10%)	(2%)	1%	9%	(10%)
 Saudi Awwal Bank	(2%)	(13%)	(1%)	5%	(10%)	(5%)
 Banque Saudi Fransi	8%	(2%)	8%	24%	26%	13%
 Alinma Bank	6%	1%	5%	17%	(5%)	4%
 Arab National Bank	6%	(4%)	7%	3%	11%	16%
 Saudi Investment Bank	7%	1%	2%	2%	11%	6%
 Bank Albilad	4%	(9%)	(4%)	(0%)	(22%)	(8%)
 Bank Aljazira	6%	(1%)	2%	(3%)	(10%)	5%
Aggregate Sector Performance	2%	(7%)	(2%)	7%	10%	15%
Simple Average	4%	(5%)	1%	7%	4%	7%

Key Takeaways

Despite modest softening, Saudi banks' valuation metrics remain resilient, supported by strong earnings and capital buffers

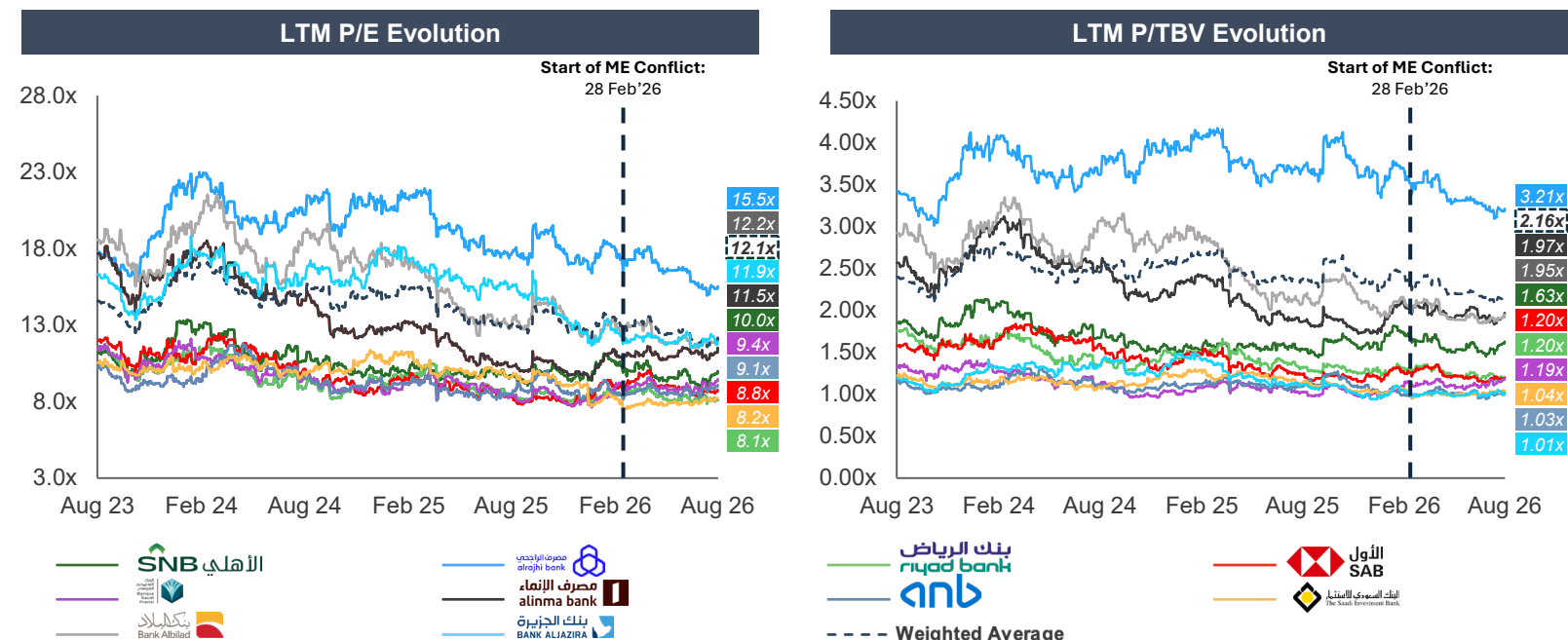
- 1 As of Q2 2026, Saudi banks trade at a simple average P/E of approximately 10.1x and P/TBV of approximately 1.5x, compared with ~10.8x and ~1.6x in Q1, reflecting a modest moderation in sector valuations despite resilient earnings and strong capital positions.
- 2 Saudi banks continue to trade across a wide range of multiples, consistent with differences in profitability, growth and return profiles, while robust capitalization remains a common strength across the sector.
- 3 Sector multiples remain below longer-term historical levels, leaving scope for re-rating if earnings momentum is sustained, returns remain resilient and easing funding and geopolitical pressures support improved investor sentiment.

Implications

Current valuation levels remain underpinned by resilient earnings and strong capitalization, with multiples still below longer-term averages; earnings momentum, easing funding pressures, and reduced geopolitical uncertainty could provide scope for selective re-rating.

Valuation Snapshot

LTM P/E and P/TBV Evolution for Banks in Saudi Arabia



	Q2 – June 30		3 Months Ago		6 Months Ago		1 Year Ago		2 Years Ago		3 Years Ago	
	P/E	P/TBV	P/E	P/TBV	P/E	P/TBV	P/E	P/TBV	P/E	P/TBV	P/E	P/TBV
 الاهلي بنك الأهلي Sahlgren Bank	9.2x	1.50x	9.4x	1.50x	10.4x	1.70x	9.7x	1.54x	10.6x	1.67x	11.2x	1.85x
 بنك الرياض Riyad Bank	15.8x	3.28x	16.5x	3.29x	17.9x	3.64x	17.6x	3.67x	20.2x	3.62x	17.8x	3.42x
 الأول SAB	8.0x	1.17x	8.2x	1.23x	8.4x	1.29x	8.4x	1.32x	8.9x	1.34x	11.4x	1.76x
 الأول SAB	8.5x	1.16x	9.0x	1.22x	8.9x	1.25x	8.3x	1.24x	10.1x	1.60x	12.0x	1.58x
 مصرف الإنماء alinma bank	8.8x	1.11x	8.9x	1.10x	8.9x	1.12x	8.4x	1.03x	9.5x	1.12x	11.4x	1.32x
 anb	11.3x	1.93x	10.8x	1.91x	11.1x	2.05x	10.3x	1.86x	14.6x	2.52x	17.7x	2.57x
 anb	8.4x	0.95x	8.6x	1.01x	8.6x	1.00x	8.5x	1.09x	9.7x	1.12x	10.2x	1.14x
 بنك الجزيرة BANK ALJAZIRA	7.9x	1.00x	7.8x	0.98x	8.2x	1.05x	9.6x	1.13x	9.9x	1.09x	10.5x	1.22x
 بنك الجزيرة BANK ALJAZIRA	11.7x	1.88x	11.9x	1.90x	13.0x	2.09x	12.8x	2.07x	19.0x	3.07x	18.6x	2.92x
 بنك الجزيرة BANK ALJAZIRA	11.5x	0.98x	11.8x	0.98x	12.5x	1.03x	15.5x	1.11x	16.0x	1.34x	16.3x	1.19x
Weighted Average	12.0x	2.17x	12.4x	2.18x	13.3x	2.41x	13.0x	2.36x	14.9x	2.46x	14.6x	2.40x
Simple Average	10.1x	1.50x	10.3x	1.51x	10.8x	1.62x	10.9x	1.61x	12.9x	1.85x	13.7x	1.90x

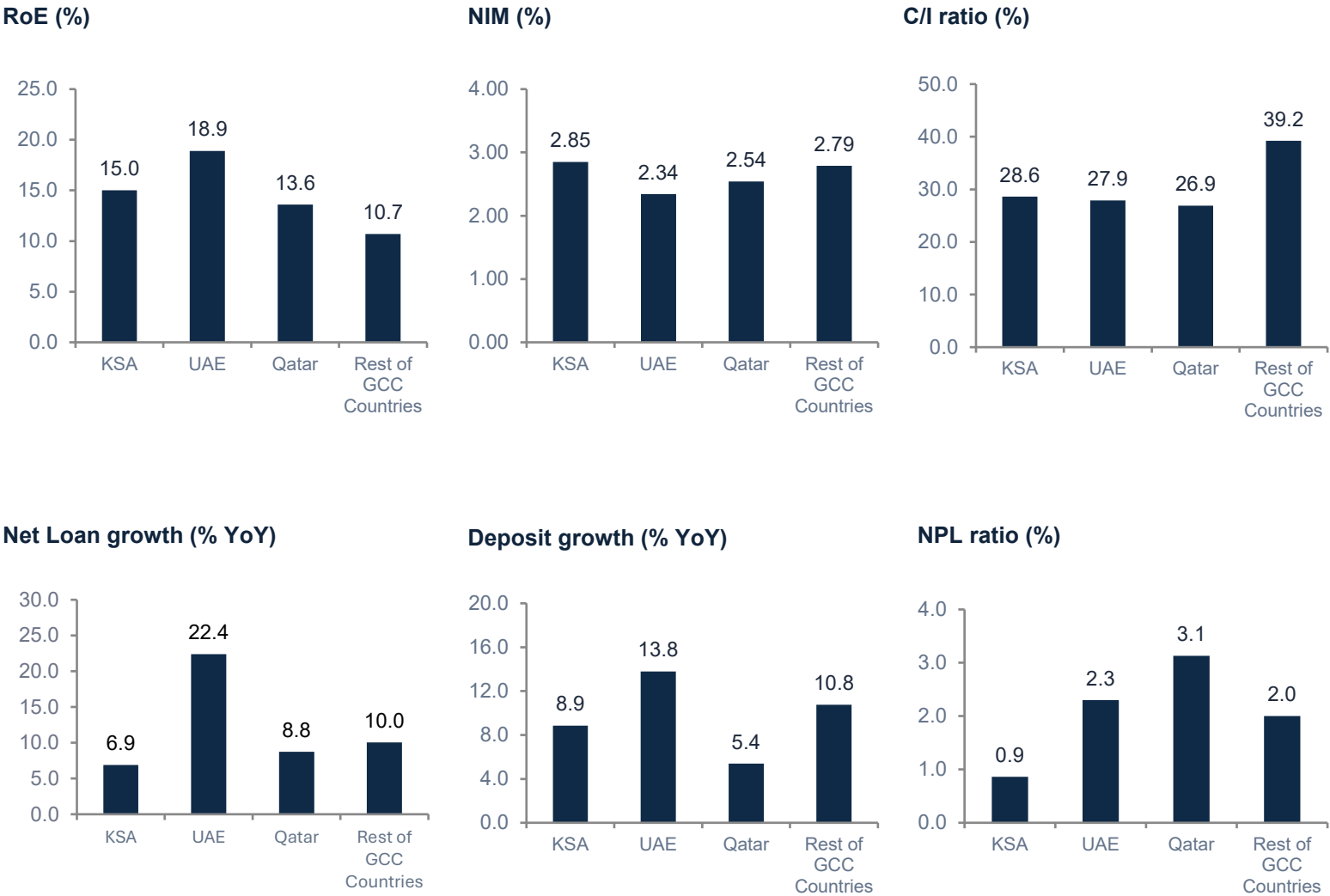
Key Takeaways

- Above-average profitability & operating efficiency**
 KSA banks reported a RoE of 15.0%, which is higher than that of banks in Qatar and the rest of the GCC (excluding UAE). On cost efficiency, KSA banks ranked ahead of banks in the rest of the GCC (excluding UAE and Qatar).
- Margin leadership remained with KSA banks**
 KSA banks led on margin, reported a NIM of 2.85%, which is higher than that of banks in UAE, Qatar, and the rest of the GCC.
- Balance sheet expansion primarily driven by organic growth**
 KSA banks reported balance-sheet growth with the loan book expanding by 6.9% YoY and deposit growth by 8.9% YoY. Balance sheet expansion in GCC banks was partially driven by inorganic growth.
- Asset quality metrics outperformance**
 Asset quality metrics remained superior at KSA banks, reporting a lower NPL ratio of 0.9%, compared with banks in UAE, Qatar, and the rest of the GCC.

Implications

KSA banks remain relatively stronger from a balance sheet quality and margin perspective, while UAE banks appear better positioned for growth acceleration and higher profitability.

GCC Peer Review



Note: The Rest of GCC Countries category comprises Oman, Bahrain, and Kuwait, with all metrics calculated as asset-weighted averages of the respective countries

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 notes interest) / (quarterly average interest-bearing liabilities + quarterly average tier 1 sukuk notes) for the top 10
Risk	Cost-to-Income Ratio	C/I	(Quarterly operating expenses / quarterly operating income) for the top 10
	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
	Non-Performing Loans	NPL	(Non-performing loans / total gross loans and advances) 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
	Liquidity Coverage Ratio	LCR	(High-quality liquid assets / total net cash outflows over the 30 calendar days)

Glossary (continued)

Bank  Assets (SAR Bn)* 1,244.7 Abbreviation SNB	Bank  Assets (SAR Bn)* 1,054.8 Abbreviation ALRAJHI	Bank  Assets (SAR Bn)* 533.6 Abbreviation RIBL	Bank  Assets (SAR Bn)* 474.5 Abbreviation SAB	Bank  Assets (SAR Bn)* 329.3 Abbreviation ALINMA
Bank  Assets (SAR Bn)* 328.0 Abbreviation BSF	Bank  Assets (SAR Bn)* 295.5 Abbreviation ANB	Bank  Assets (SAR Bn)* 186.5 Abbreviation BALB	Bank  Assets (SAR Bn)* 184.0 Abbreviation SAIB	Bank  Assets (SAR Bn)* 181.2 Abbreviation BJAZ

References / Sources

Reference	Data	Source
IMF	Gross Domestic Product (GDP) data - IMF	Source
TATTAT	Quarterly Real GDP Growth YoY Data - GATSTAT	Source
US Federal Reserve	US Fed Rate Data	Source
KSA Central Bank (SAMA)	SAMA Repo Rate	Source
	Money Supply	Source
Fitch Rating	Expected Challenges	Source
S&P	Expected Challenges	Source
Finastra - Financial Services State of the Nation Survey 2026	AI Adoption and Implementation Status across Institutions	Source
Other sources:	Financial Statements, Investor Presentations, Earnings Calls Transcripts, Management Discussion and Analysis (MD&A) Reports, Pillar III Disclosures, FactSet, Bloomberg, and A&M Analysis	

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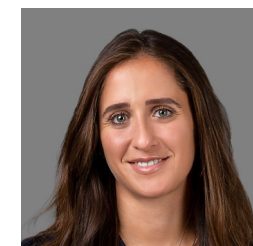
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