

Draft



# Banking and Financing Companies

## Overview of Non Performing Loans (NPLs)

May 2025





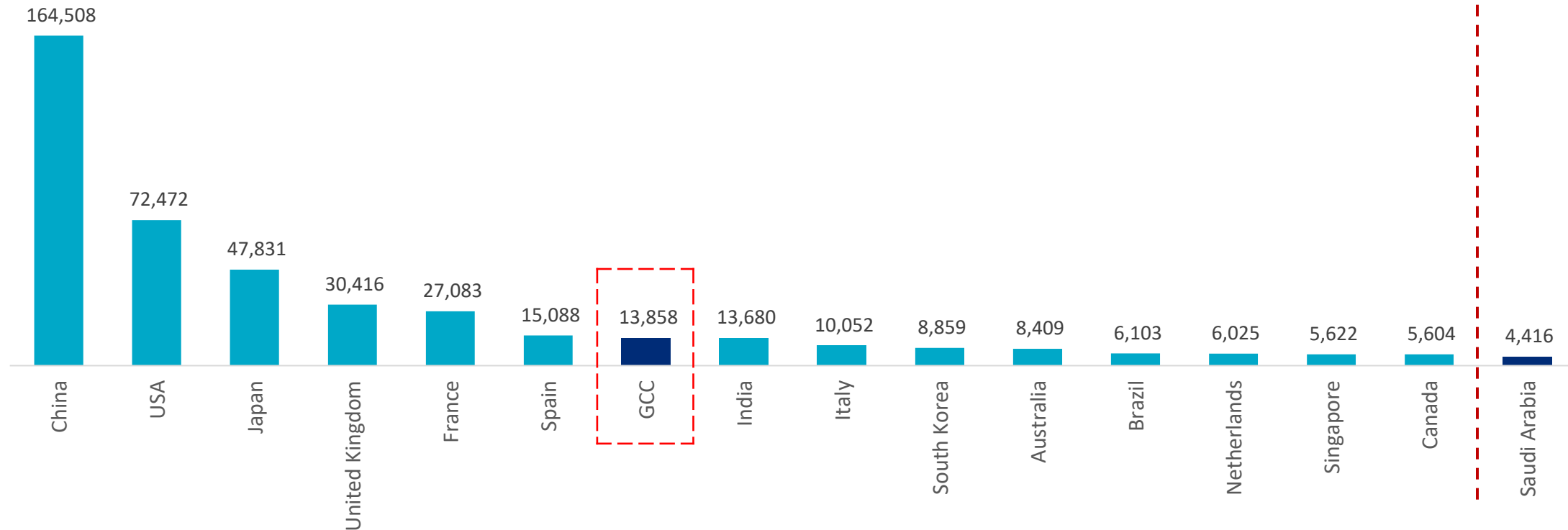
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## Global overview

## GCC is the 7th largest banking market by asset size with a cumulative banking assets of SAR 13.9 TN



Top 15 geographies in the world with the largest asset size – 03/25 LTM (SAR in BN)



- GCC banks' combined total assets rank 7th in the list with total assets of SAR 13,858 BN as of 03/25 LTM. This represents a share of 2.8% in the world.
- KSA banks' combined total assets stand at SAR 4,416 BN.

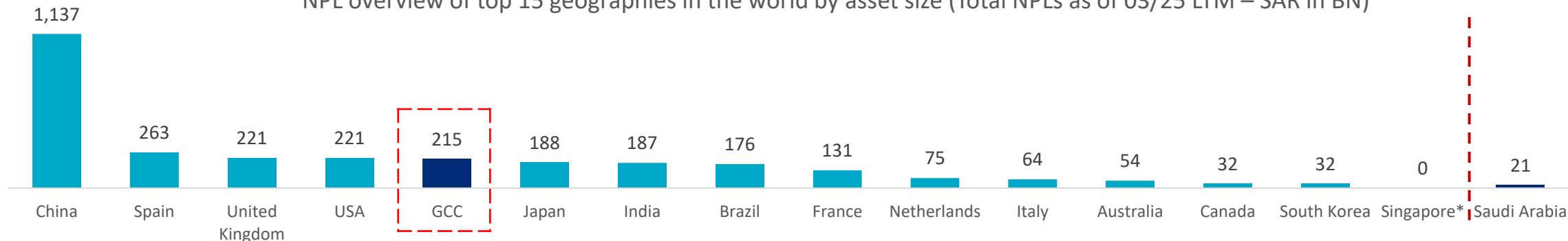
*Only publicly listed banks have been considered to collate data for respective countries*

Source: S&P Capital IQ

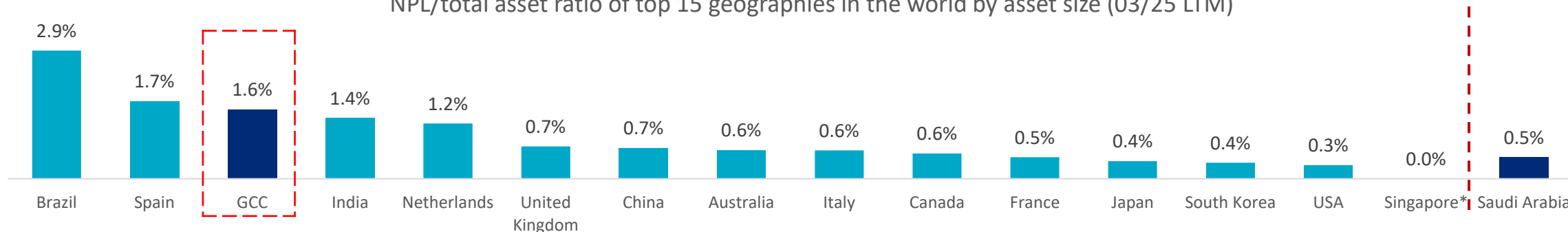
# GCC banks' combined total non-performing loans (NPLs) rank 5<sup>th</sup> in the world



NPL overview of top 15 geographies in the world by asset size (Total NPLs as of 03/25 LTM – SAR in BN)



NPL/total asset ratio of top 15 geographies in the world by asset size (03/25 LTM)



- GCC banks' combined total NPLs ranks 5<sup>th</sup> in the list with total non-performing loans of SAR 215 BN as of 03/25 LTM. This represents a share of 5.5% in the world.
- GCC banks' NPL/total assets ratio ranks 3<sup>rd</sup> in the list with a ratio of 1.6%.

*Only publicly listed banks have been considered to collate data for respective countries*

Source: S&P Capital IQ

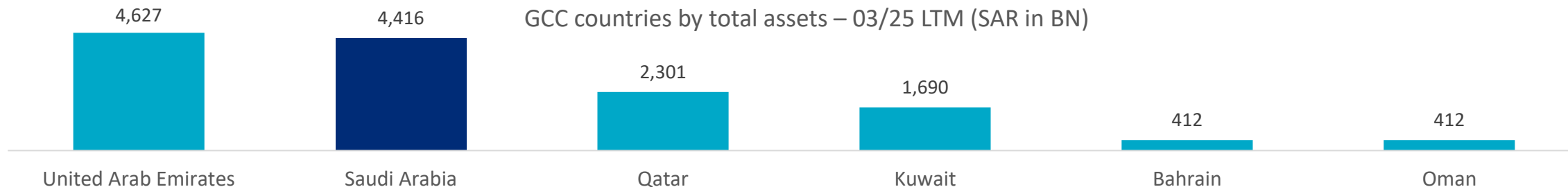
\*Singapore NPL data are not available

## GCC overview

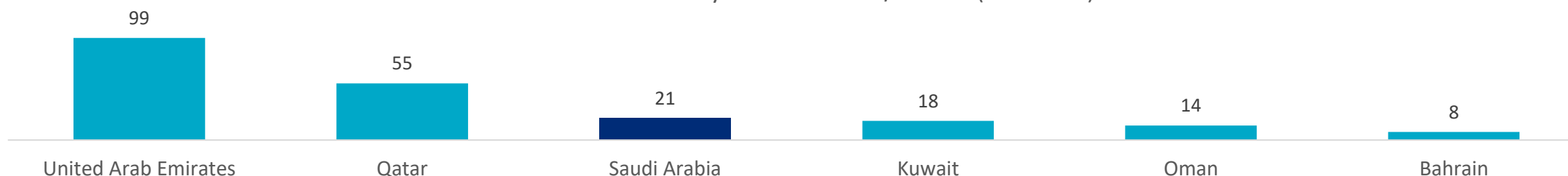
# KSA is the 2nd largest banking market in GCC by total asset base, and the lowest in terms of NPL/total asset ratio



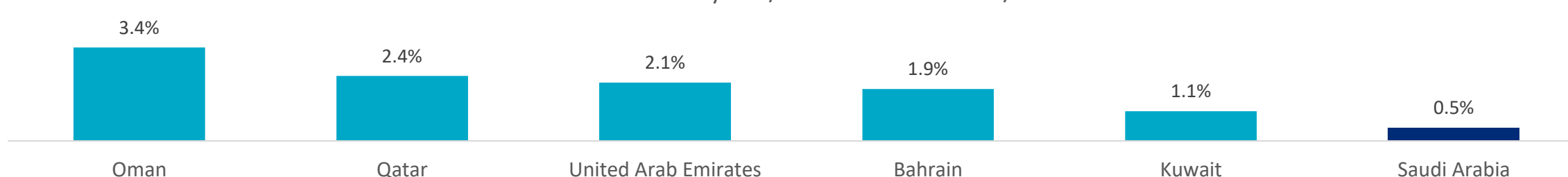
GCC countries by total assets – 03/25 LTM (SAR in BN)



GCC countries by total NPLs – 03/25 LTM (SAR in BN)



GCC countries by NPL/total assets ratio – 03/25 LTM



Only publicly listed banks have been considered to collate data for respective countries

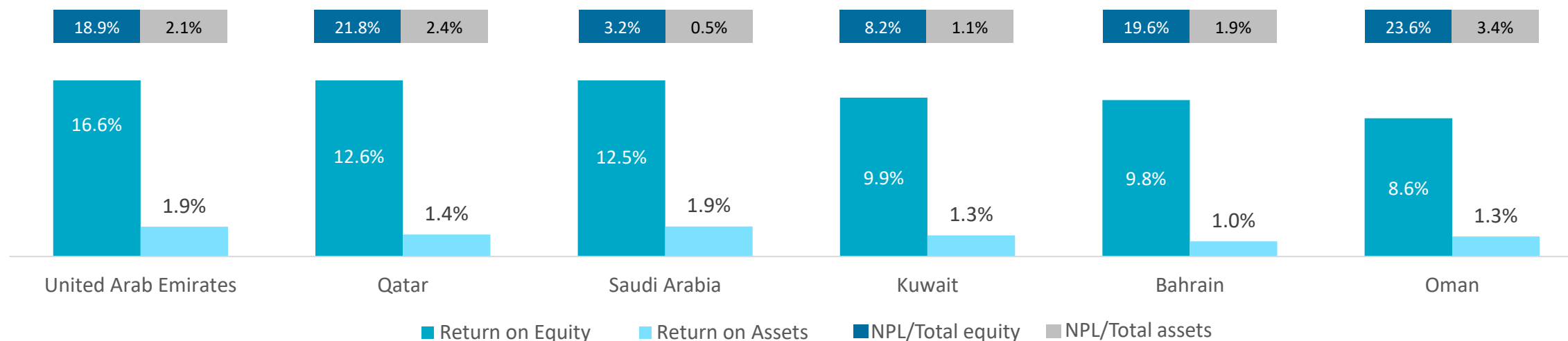
Source: S&P Capital IQ

# KSA banking market has the highest return on total assets and the lowest NPL/total equity ratio



Country	Total Assets (SAR BN)	Total Equity (SAR BN)	Net Income (SAR BN)	Non Performing Loans (SAR BN)	NPL/ Total Assets	NPL/ Total Equity
United Arab Emirates	4,627.0	521.5	86.5	98.7	2.1%	18.9%
Saudi Arabia	4,416.1	663.0	83.1	21.2	0.5%	3.2%
Qatar	2,301.0	251.7	31.6	54.8	2.4%	21.8%
Kuwait	1,690.3	224.4	22.3	18.4	1.1%	8.2%
Bahrain	412.3	40.1	3.9	7.9	1.9%	19.6%
Oman	411.7	59.7	5.2	14.1	3.4%	23.6%
Total / Median*	13,858.4	1,760.4	232.6	215.1	2.0%	19.3%

Profitability of GCC countries vs. NPL – 03/25 LTM



Note: Financials for publicly listed banks have been considered to collate data for the respective countries for 03/25 LTM

Source: S&P Capital IQ

Confidential



## GCC Country-wise overview

# Banks in Saudi Arabia – Profitability Overview



Company Name	Total Assets (SAR BN)	Net Income (SAR BN)	Return on Assets	Return on Equity
The Saudi National Bank	1,171.1	22.0	2.0%	11.8%
Al Rajhi Banking and Investment Corporation	1,023.1	21.2	2.3%	17.5%
Riyad Bank	465.3	9.7	2.2%	14.7%
Saudi Awwal Bank	425.7	8.2	2.1%	12.1%
Banque Saudi Fransi	303.0	4.7	1.7%	10.5%
Alinma Bank	287.2	6.0	2.3%	14.6%
Arab National Bank	264.7	5.0	2.0%	13.1%
The Saudi Investment Bank	163.8	2.0	1.3%	10.6%
Bank Albilad	159.1	2.9	1.9%	17.2%
Bank AlJazira	153.2	1.3	0.9%	7.3%
Median	295.1	5.5	2.0%	12.6%
Total	4,416.1	83.1	1.9%	12.5%

- The Saudi National Bank is the largest bank in KSA, with total assets of SAR 1,171 BN as of 03/25 LTM.
- Al Rajhi Bank is the best performing bank in KSA in terms of return on assets and return on equity.

## Banks in Saudi Arabia – NPL Summary



Company Name	NPL (SAR BN)	Accumulated provisions (SAR BN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR BN)	Impairments for the year/ Net Interest Income
The Saudi National Bank	6.5	9.4	145.6%	0.6%	3.3%	0.4	1.5%
Al Rajhi Banking and Investment Corporation	NA	8.3	NA	NA	NA	2.2	8.4%
Riyad Bank	NA	5.2	NA	NA	NA	1.5	11.4%
Saudi Awwal Bank	3.8	6.5	169.6%	0.9%	5.4%	0.6	5.7%
Banque Saudi Fransi	1.8	3.6	198.5%	0.6%	3.7%	1.2	14.3%
Alinma Bank	2.7	4.3	156.4%	0.9%	6.3%	1.0	11.3%
Arab National Bank	2.4	3.2	131.7%	0.9%	5.8%	0.7	8.4%
The Saudi Investment Bank	1.0	1.7	161.9%	0.6%	5.0%	0.3	7.4%
Bank Albilad	1.4	2.6	193.2%	0.9%	7.7%	0.1	2.9%
Bank AlJazira	1.5	2.4	163.6%	1.0%	7.9%	0.4	13.2%
Median	2.1	3.9	162.7%	0.9%	5.6%	0.7	8.4%
Total	21.2	47.2	222.9%	0.5%	3.2%	8.4	7.3%

- In terms of non-performing loans to total assets, The Saudi National Bank is the best performing bank in the region with the lowest ratio at 0.6% (median ratio at 0.9%).
- Median impairments made against bad loans are taking away 8.4% share from net interest income of banks, thus, denting bottom line.

**Note:**

1. Impairments in the above table mean provision for loan losses recorded in the income statement. Provision for loan losses include impairment charge for expected credit losses, recoveries of written-off loans and impairment charge on off balance sheet items

# Banks in United Arab Emirates – Profitability Overview



Company Name	Total Assets (SAR BN)	Net Income (SAR BN)	Return on Assets	Return on Equity
First Abu Dhabi Bank	1,333.3	18.5	1.4%	14.6%
Emirates NBD Bank	1,051.7	23.0	2.3%	19.1%
Abu Dhabi Commercial Bank	693.6	9.9	1.5%	13.6%
Dubai Islamic Bank	362.5	8.5	2.4%	17.6%
Mashreq Bank	278.3	9.0	3.4%	27.1%
Abu Dhabi Islamic Bank	248.5	6.5	2.9%	25.0%
Commercial Bank of Dubai	144.0	3.2	2.3%	19.8%
Emirates Islamic Bank	125.9	3.1	2.8%	21.8%
The National Bank of Ras Al-Khaimah	92.7	2.3	2.6%	20.2%
Sharjah Islamic Bank	84.5	NA	1.5%	13.7%
National Bank of Fujairah	65.8	0.9	1.5%	13.5%
Bank of Sharjah	45.7	0.4	1.0%	11.2%
Ajman Bank	25.0	0.4	1.8%	14.6%
United Arab Bank	23.9	0.3	1.6%	13.3%
Commercial Bank International	21.0	0.2	1.0%	6.9%
National Bank of Umm Al-Qaiwain	19.0	0.5	3.1%	9.0%
Invest Bank	11.6	-0.2	-2.3%	-16.1%
Median	92.7	2.7	1.8%	14.6%
Total	4,627.0	86.5	1.9%	16.6%

- First Abu Dhabi Bank is the largest bank in UAE with total assets of SAR 1,333 BN as of 03/25 LTM.
- Mashreq Bank is the best performing bank in UAE in terms of return on equity and return on assets.

## Banks in United Arab Emirates – NPL Summary



Company Name	NPL (SAR BN)	Accumulated provisions (SAR BN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR BN)	Impairments for the year/ Net Interest Income
First Abu Dhabi Bank	27.1	14.4	53.0%	2.0%	20.8%	3.7	18.5%
Emirates NBD Bank	17.2	27.2	158.2%	1.6%	13.3%	0.3	0.9%
Abu Dhabi Commercial Bank	9.2	10.5	113.5%	1.3%	12.2%	2.8	20.9%
Dubai Islamic Bank	8.3	6.9	83.5%	2.3%	16.7%	0.3	3.3%
Mashreq Bank	2.2	2.7	118.5%	0.8%	6.2%	-0.1	NM
Abu Dhabi Islamic Bank	5.9	4.5	76.0%	2.4%	21.4%	0.8	10.0%
Commercial Bank of Dubai	5.5	5.3	96.4%	3.8%	32.0%	0.5	13.9%
Emirates Islamic Bank	3.2	4.7	145.5%	2.6%	20.6%	0.5	10.8%
The National Bank of Ras Al-Khaimah	1.3	2.9	231.8%	1.3%	10.6%	0.7	20.5%
Sharjah Islamic Bank	1.9	1.7	88.5%	2.3%	23.4%	0.2	23.5%
National Bank of Fujairah	2.1	2.2	108.1%	3.1%	NA	NA	NA
Bank of Sharjah	2.1	1.8	86.0%	4.7%	52.9%	0.1	16.0%
Ajman Bank	1.7	0.8	48.6%	6.8%	53.9%	-0.1	NM
United Arab Bank	0.4	0.5	117.6%	1.9%	16.5%	-0.1	NM
Commercial Bank International	2.4	1.1	43.9%	11.5%	76.7%	0.2	49.3%
National Bank of Umm Al-Qaiwain	0.3	0.2	56.8%	1.7%	5.3%	0.0	NM
Invest Bank	7.8	5.4	69.7%	67.1%	511.9%	0.2	123.8%
Median	2.4	2.9	88.5%	2.3%	20.7%	0.2	17.3%
Total	98.7	92.8	94.0%	2.1%	18.9%	10.0	9.2%

- In terms of non-performing loans to total assets, Mashreq Bank is the best performing bank in UAE with the lowest ratio at 0.8% (median ratio at 2.3%).
- Median impairments made against bad loans are taking away 17.3% share from net interest income of banks, thus, denting bottom line.

### Note:

1. Impairments in the above table mean provision for loan losses recorded in the income statement. Provision for loan losses include impairment charge for expected credit losses, recoveries of written-off loans and impairment charge on off balance sheet items

# Banks in Qatar – Profitability Overview



Company Name	Total Assets (SAR BN)	Net Income (SAR BN)	Return on Assets	Return on Equity
Qatar National Bank	1,363.0	17.6	1.3%	15.6%
Qatar Islamic Bank	217.9	4.8	2.3%	15.2%
AlRayan Bank	174.3	1.6	0.9%	6.2%
The Commercial Bank	174.1	3.0	1.7%	11.3%
Dukhan Bank	121.2	1.4	1.2%	9.3%
Doha Bank	118.7	0.9	0.8%	6.0%
Ahli Bank	63.5	0.9	1.5%	11.4%
Qatar International Islamic Bank	61.1	1.3	2.1%	13.7%
Lesha Bank	7.2	0.1	1.2%	9.5%
Median	121.2	1.4	1.3%	11.3%
Total	2,301.0	31.6	1.4%	12.6%

- Qatar National Bank is the largest bank in Qatar with total assets of SAR 1,363 BN as of 03/25 LTM.
- Amongst Qatari banks having above SAR 100 BN total asset size, Qatar Islamic Bank is the best performing bank in terms of return on assets, and Qatar National Bank in terms of return on equity.

## Banks in Qatar – NPL Summary



Company Name	NPL (SAR BN)	Accumulated provisions (SAR BN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR BN)	Impairments for the year/ Net Interest Income
Qatar National Bank	28.0	30.2	107.6%	2.1%	23.9%	8.6	25.1%
Qatar Islamic Bank	2.5	8.2	322.8%	1.2%	7.8%	0.8	18.2%
AlRayan Bank	6.4	4.6	72.1%	3.7%	25.1%	0.9	120.0%
The Commercial Bank	6.0	4.3	70.5%	3.5%	22.8%	0.2	6.4%
Dukhan Bank	4.2	3.5	83.2%	3.5%	27.7%	0.5	37.9%
Doha Bank	5.1	4.6	89.5%	4.3%	34.1%	0.8	37.7%
Ahli Bank	1.1	2.6	226.5%	1.8%	13.7%	0.5	29.3%
Qatar International Islamic Bank	1.3	2.0	160.8%	2.1%	12.8%	0.4	45.6%
Lesha Bank	NA	0.4	NA	NA	NA	0.0	NM
Median	4.7	4.3	98.6%	2.8%	23.3%	0.5	33.5%
Total	54.8	60.3	110.1%	2.4%	21.8%	12.7	26.3%

- In terms of non-performing loans to total assets, Qatar Islamic Bank is the best performing bank in the region with the lowest ratio at 1.2% (median ratio at 2.8%).
- Median impairments made against bad loans are taking away 33.5% share from net interest income of banks, thus, denting bottom line.

### Note:

1. Impairments in the above table mean provision for loan losses recorded in the income statement. Provision for loan losses include impairment charge for expected credit losses, recoveries of written-off loans and impairment charge on off balance sheet items

## Banks in Oman – Profitability Overview



Company Name	Total Assets (SAR BN)	Net Income (SAR BN)	Return on Assets	Return on Equity
Bank Muscat	139.9	2.2	1.6%	9.8%
Sohar International Bank	71.3	0.9	1.2%	11.2%
Bank Dhofar	52.1	0.4	0.9%	6.2%
National Bank of Oman	51.4	0.6	1.2%	9.0%
Oman Arab Bank	42.6	0.3	0.7%	5.7%
Ahli Bank	35.8	0.4	1.2%	8.0%
Bank Nizwa	18.5	0.2	1.1%	2.0%
Median	51.4	0.4	1.2%	8.0%
Total	411.7	5.2	1.3%	8.6%

- Bank Muscat is the largest bank in Oman with total assets of SAR 140 BN as of 03/25 LTM.
- Bank Muscat is also the best performing bank in Oman in terms of return on assets and the second in terms of return on equity.



## Banks in Oman – NPL Summary



Company Name	NPL (SAR BN)	Accumulated provisions (SAR BN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR BN)	Impairments for the year/ Net Interest Income
Bank Muscat	4.1	6.6	160.4%	2.9%	17.8%	0.6	15.6%
Sohar International Bank	2.2	2.7	126.8%	3.0%	25.6%	0.4	22.5%
Bank Dhofar	2.0	1.5	76.5%	3.8%	28.3%	0.2	19.5%
National Bank of Oman	1.9	1.6	88.2%	3.6%	24.8%	0.1	12.7%
Oman Arab Bank	2.2	1.8	82.5%	5.1%	38.8%	0.2	18.4%
Ahli Bank	1.3	1.0	77.5%	3.8%	25.0%	0.1	19.6%
Bank Nizwa	0.4	0.5	113.6%	2.3%	16.6%	0.1	NA
Median	2.0	1.6	88.2%	3.6%	25.0%	0.2	19.0%
Total	14.1	15.8	112.5%	3.4%	23.6%	1.8	18.3%

- In terms of non-performing loans to total assets, Bank Nizwa is the best performing bank in the region with the lowest ratio at 2.3% (median ratio at 3.6%).
- Median impairments made against bad loans are taking away 19.0% share from net interest income of banks, thus, denting bottom line.

### Note:

1. Impairments in the above table mean provision for loan losses recorded in the income statement. Provision for loan losses include impairment charge for expected credit losses, recoveries of written-off loans and impairment charge on off balance sheet items

# Banks in Kuwait – Profitability Overview



Company Name	Total Assets (SAR BN)	Net Income (SAR BN)	Return on Assets	Return on Equity
National Bank of Kuwait	505.2	7.7	1.6%	12.7%
Kuwait Finance House	447.1	8.1	1.8%	10.6%
Kuwait Projects Company Holding	161.3	0.9	0.6%	4.3%
Boubyan Bank	117.9	1.2	1.1%	9.5%
Burgan Bank	104.6	0.6	0.6%	4.8%
Gulf Bank	91.3	0.7	0.8%	7.1%
Al Ahli Bank of Kuwait	89.3	0.7	0.8%	8.1%
Warba Bank	67.2	0.3	0.4%	5.7%
Commercial Bank of Kuwait	59.2	1.9	3.4%	21.5%
Kuwait International Bank	47.2	0.3	0.7%	5.6%
Median	98.0	0.8	0.8%	7.6%
Total	1,690.3	22.3	1.3%	9.9%

- National Bank of Kuwait is the largest bank in Kuwait with total assets of SAR 505 BN as of 03/25 LTM.
- Commercial Bank of Kuwait is the best performing bank in Kuwait in terms of return on equity and return on assets.

## Banks in Kuwait – NPL Summary



Company Name	NPL (SAR BN)	Accumulated provisions (SAR BN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR BN)	Impairments for the year/ Net Interest Income
National Bank of Kuwait	4.3	10.7	251.0%	0.8%	6.9%	1.1	8.8%
Kuwait Finance House	6.2	11.7	188.6%	1.4%	8.0%	1.0	6.9%
Kuwait Projects Company Holding	2.5	2.0	81.5%	1.5%	11.6%	0.5	24.9%
Boubyan Bank	0.9	2.8	304.5%	0.8%	7.2%	0.2	7.4%
Burgan Bank	1.1	NA	NA	1.1%	8.6%	0.1	5.7%
Gulf Bank	1.1	3.0	261.0%	1.3%	11.7%	0.5	27.1%
Al Ahli Bank of Kuwait	0.8	4.0	494.6%	0.9%	9.2%	0.5	28.1%
Warba Bank	0.7	1.1	165.6%	1.0%	13.6%	0.1	14.2%
Commercial Bank of Kuwait	0.1	2.6	2228.5%	0.2%	1.3%	0.2	10.6%
Kuwait International Bank	0.7	0.8	115.2%	1.5%	13.4%	0.2	19.4%
Median	1.0	2.8	251.0%	1.0%	8.9%	0.3	12.4%
Total	18.4	38.9	210.8%	1.1%	8.2%	4.3	10.8%

- In terms of non-performing loans to total assets, Commercial Bank of Kuwait is the best performing bank in the region with the lowest ratio at 0.2% (median ratio at 1.0%).
- Median impairments made against bad loans are taking away 12.4% share from net interest income of banks, thus, denting bottom line.

### Note:

1. Impairments in the above table mean provision for loan losses recorded in the income statement. Provision for loan losses include impairment charge for expected credit losses, recoveries of written-off loans and impairment charge on off balance sheet items

# Banks in Bahrain – Profitability Overview



Company Name	Total Assets (SAR BN)	Net Income (SAR BN)	Return on Assets	Return on Equity
Arab Banking Corporation	171.4	1.3	0.8%	7.4%
Al Salam Bank	73.4	0.7	1.2%	13.0%
National Bank of Bahrain	59.1	0.9	1.5%	15.2%
Bank of Bahrain and Kuwait	44.6	0.7	1.7%	12.2%
Ithmaar Holding	26.1	0.1	0.4%	14.4%
Bahrain Islamic Bank	16.0	0.1	0.9%	9.3%
Khaleeji Bank	14.4	0.1	0.7%	8.7%
United Gulf Holding Company	7.3	0.0	-0.7%	-5.5%
Median	35.4	0.4	0.9%	9.3%
Total	412.3	3.9	1.0%	9.8%

- Arab Banking Corporation is the largest bank in Bahrain with total assets of SAR 171 BN as of 03/25 LTM.
- Bank of Bahrain and Kuwait is the best performing bank in Bahrain in terms of return on assets, and the fourth in terms of return on equity.

## Banks in Bahrain – NPL Summary



Company Name	NPL (SAR BN)	Accumulated provisions (SAR BN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR BN)	Impairments for the year/ Net Interest Income
Arab Banking Corporation	2.5	2.4	97.0%	1.5%	14.1%	0.5	14.8%
Al Salam Bank	1.8	0.8	45.0%	2.5%	27.8%	0.3	17.3%
National Bank of Bahrain	1.2	1.1	91.3%	2.0%	20.8%	0.1	7.4%
Bank of Bahrain and Kuwait	0.8	0.8	96.5%	1.8%	13.7%	0.2	13.0%
Ithmaar Holding	NA	0.8	NA	NA	NA	0.1	5.6%
Bahrain Islamic Bank	0.9	0.5	54.4%	5.6%	57.1%	0.1	40.7%
Khaleeji Bank	0.7	0.2	29.5%	4.6%	52.8%	0.0	NM
United Gulf Holding Company	NA	NA	NA	NA	NA	0.0	NM
Median	1.0	0.8	72.9%	2.2%	24.3%	0.1	13.9%
Total	7.9	6.6	83.5%	1.9%	19.6%	1.2	13.3%

- In terms of non-performing loans to total assets, Arab Banking Corporation is the best performing bank in the region with the lowest ratio at 1.5% (median ratio at 2.2%).
- Median impairments made against bad loans are taking away 13.9% share from net interest income of banks, thus, denting bottom line.

### Note:

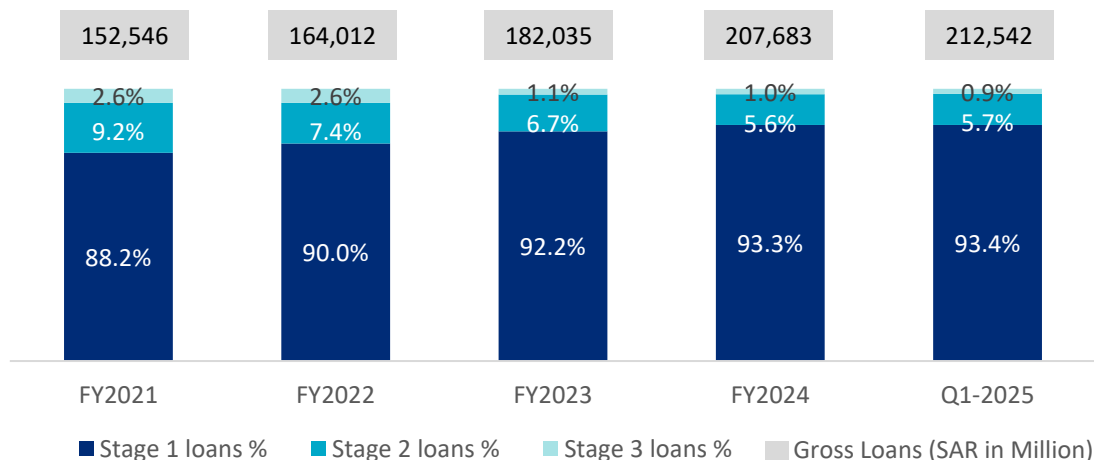
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Banque Saudi Fransi

# Asset quality analysis – Breakdown of gross loans into ECL stages and their provisions indicate similar composition of Stage 1,2,3 loans; while the gross loan book has increased by 39% since FY 2021



Breakdown of gross loans as per 3 stages of ECL



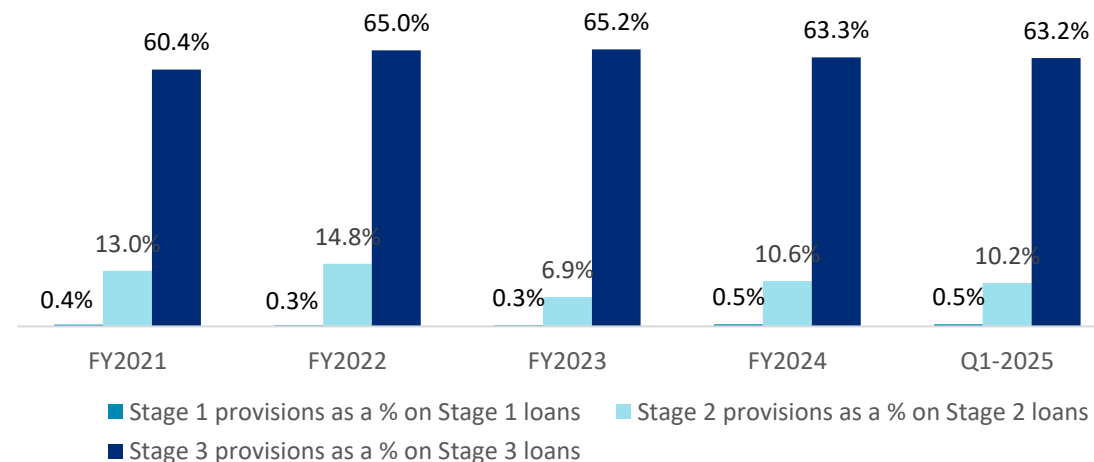
IFRS 9 details on the asset quality norms and how banks must classify their gross loan book into different stages

Gross loans are classified as 12 month ECL (Stage 1), Lifetime ECL not credit impaired (Stage 2) and Lifetime ECL credit impaired (Stage 3), where ECL stands for Expected Credit Loss (Please refer appendix for more information)

Essentially, stage 1 loans are performing loans with timely repayments, stage 2 loans are loans which are showing early signs of stress and may slip into stage 3 category, and stage 3 loans are predominantly NPLs, restructured loans

- While the gross loan book has increased by 39% over the last years, the composition of the three stages of gross loans has remained relatively stable with stage 3 loans, remaining below 3%

Stage-wise provision coverage ratio



As per IFRS 9, the bank is required to estimate provisioning requirement on these 3 stages of loans, which is a function of probability of default and loss-given default (please refer appendix for an illustration)

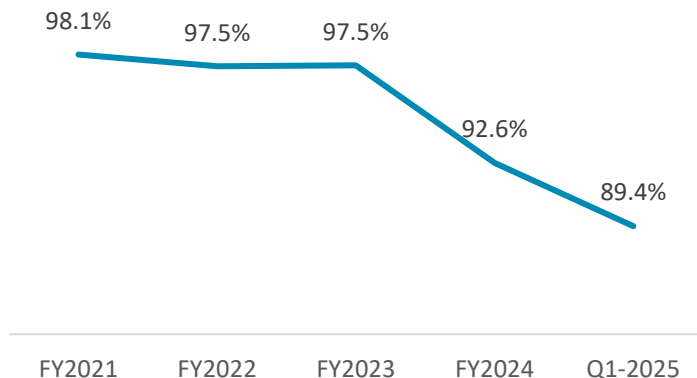
Stage-wise provision coverage rates depend on the ECL calculation undertaken by the bank for that period, which is dynamic as default probabilities change, Loss-given default change

- Provisions on stage 1 loans have remained stable during FY2021 – Q1-2025
- Provisions on stage 2 loans have been fluctuating during the same period
- Stage 3 loan provisions range from 60.4% to 65.2% during the period of FY2021 – Q1-2025

# Asset quality analysis – NPL coverage ratio has increased since FY 2021, and NPLs/ Equity has changed to 3.7% in Q1-2025, which indicate effective management



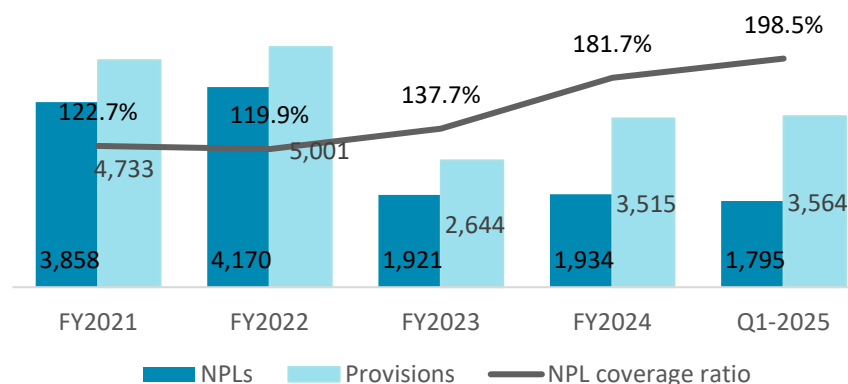
NPLs as % of stage 3 loans



Stage 3 loans include non-performing loans, impaired restructured loans and certain other risky exposures not included as NPLs

- There are no NPLs in stage 1 and stage 2 loans
- Non-performing loans are a major subset of stage 3 loans; evident from +90% share of stage 3 loans historically

NPL coverage ratio

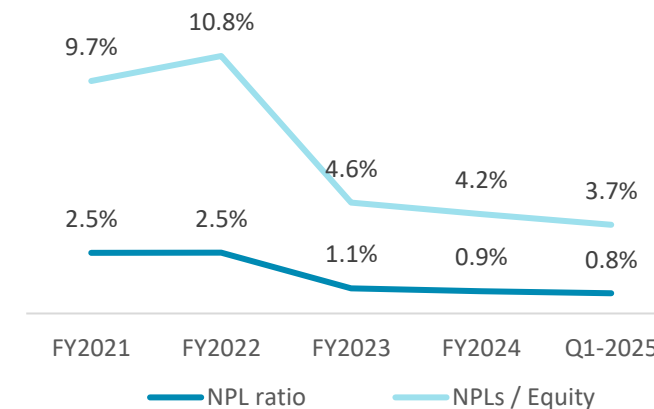


Provisions mean accumulated impairment allowance balance; i.e. accumulated provisions on balance sheet. This provision is a summation of stage 1 provisions, stage 2 provisions and stage 3 provisions

- Increasing NPL coverage ratio indicates improved coverage of NPLs through higher provisioning
- Detailed assessment of NPLs to be carried to distinguish the impact of increased stage 2 provisioning versus eventual requirement under stage 3 NPLs

(for more information on NPLs as per IFRS 9, please refer appendix)

Size of NPLs w.r.t. balance sheet

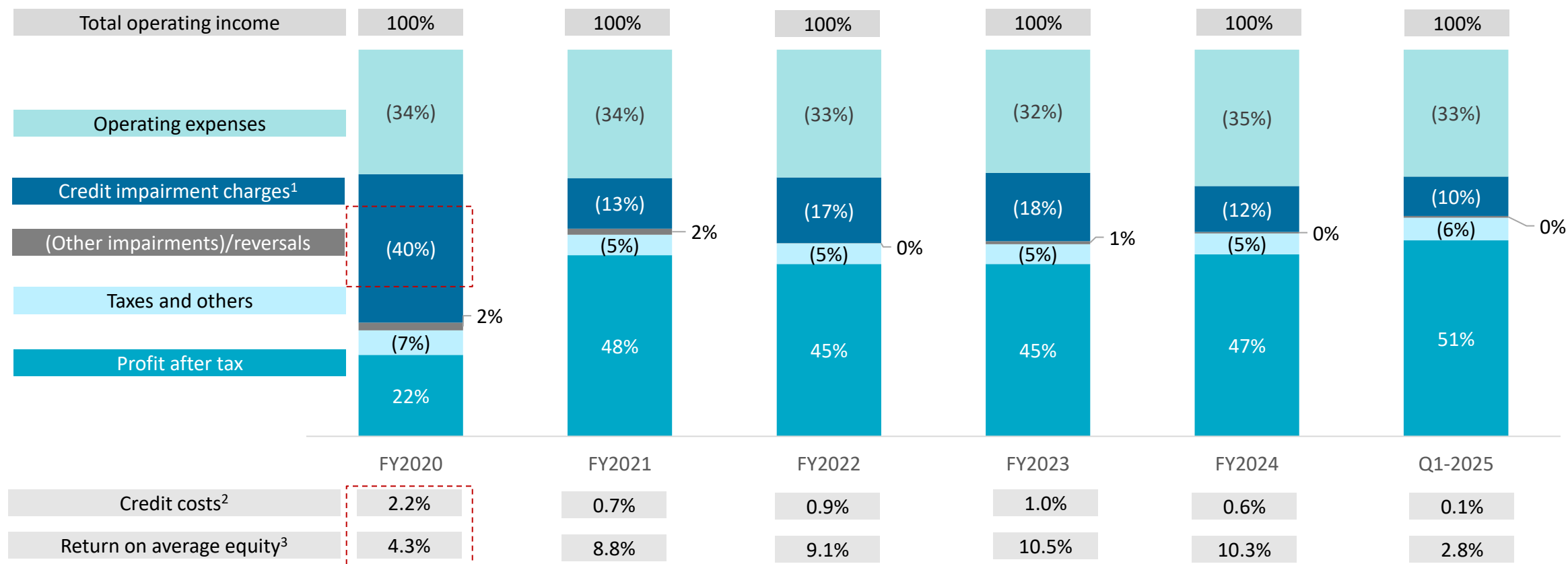


NPL ratio is calculated as NPLs / Gross Loans

- NPLs have been 6.6% on average of book value of equity during FY2021 – Q1-2025. However, its currently at 3.7% (Q1-2025), which indicate effective management



## Impairment charges have significant impact on profitability



- With the evolution of stringent asset quality norms, there has been significant impact of annual credit provisions on profitability and on the bottom-line
- High NPLs lead to high credit costs impacting shareholder return, as the banks are mandated to create adequate provisions on bad loans

Note: 1. Credit impairment charges mean impairment charges for expected credit losses recorded in income statement, in simple words, this is the provisions made during the year on expected credit losses;

2. Credit cost is calculated as credit impairment charges for the year / Average net loans; 3. Return on average equity is calculated as PAT / average equity (ROAE)

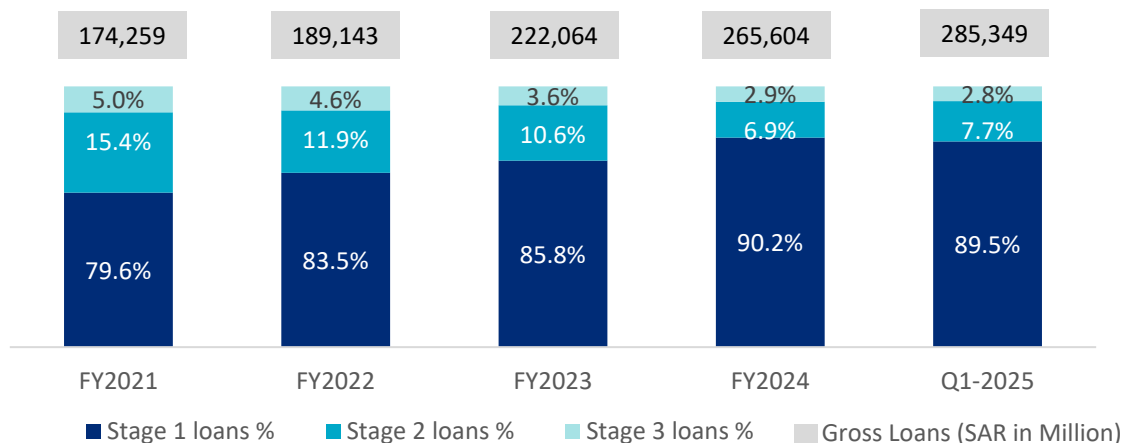
Source: Annual report

Saudi Awwal Bank

# Asset quality analysis – Breakdown of gross loans into ECL stages and their provisions indicate decline in share of stage 3 loans since FY 2021; while gross loan book has increased by 64%



Breakdown of gross loans as per 3 stages of ECL



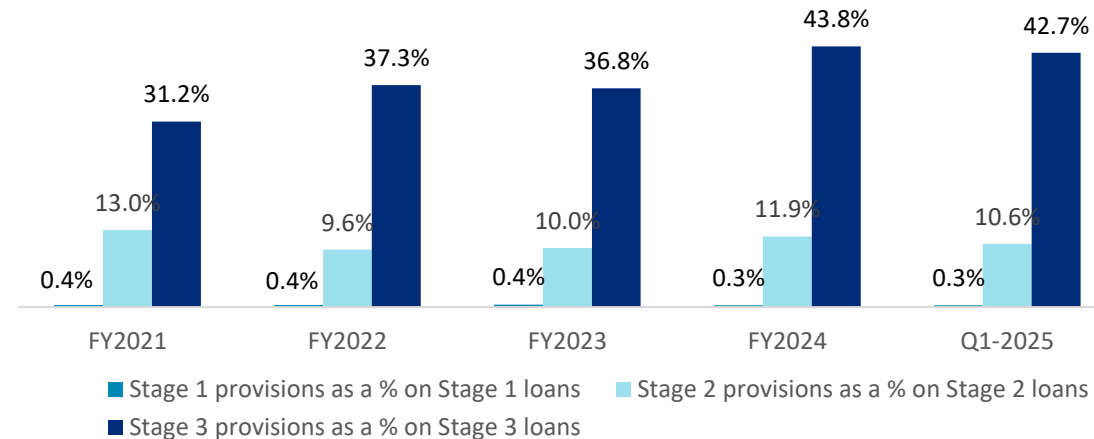
IFRS 9 details on the asset quality norms and how banks must classify their gross loan book into different stages

Gross loans are classified as 12 month ECL (Stage 1), Lifetime ECL not credit impaired (Stage 2) and Lifetime ECL credit impaired (Stage 3), where ECL stands for Expected Credit Loss (Please refer appendix for more information)

Essentially, stage 1 loans are performing loans with timely repayments, stage 2 loans are loans which are showing early signs of stress and may slip into stage 3 category, and stage 3 loans are predominantly NPLs, restructured loans

- The gross loan book has increased by 64% since FY2021
- There are some variations in Q1-2025 for all stages compared to the last four years

Stage-wise provision coverage ratio



As per IFRS 9, the bank is required to estimate provisioning requirement on these 3 stages of loans, which is a function of probability of default and loss-given default (please refer appendix for an illustration)

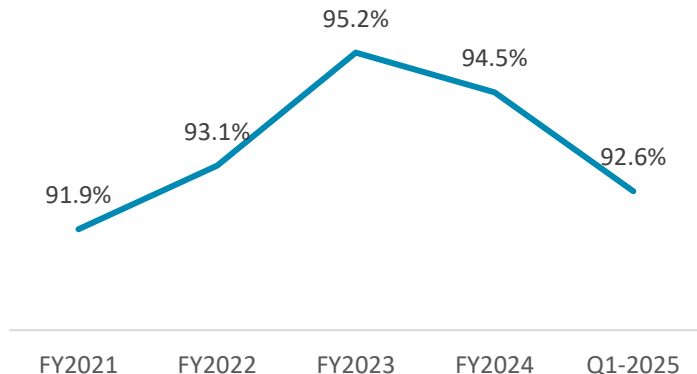
Stage-wise provision coverage rates depend on the ECL calculation undertaken by the bank for that period, which is dynamic as default probabilities change, Loss-given default change

- Provisions on stage 1 loans have remained stable during FY2021 – Q1-2025
- Provisions on stage 2 loans have been fluctuating during the same period
- Stage 3 loan provisions range from 31.2% to 43.8% during the period of FY2021 – Q1-2025

# Asset quality analysis – NPL coverage ratio is below 100% in recent years and NPLs account for ~13% of book equity; effective management can unlock shareholder value



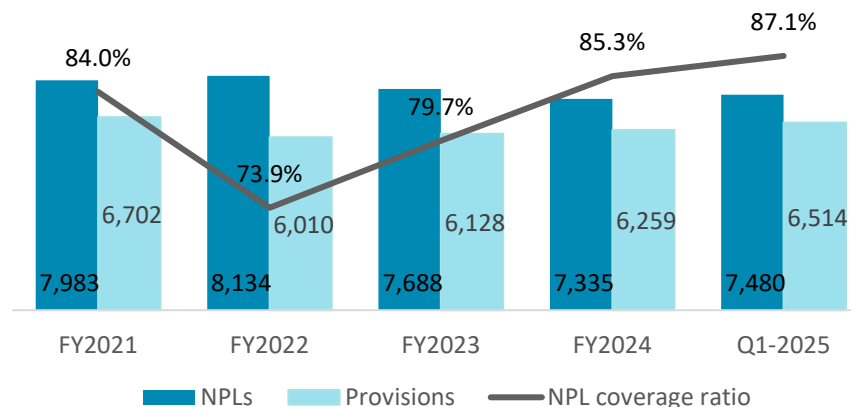
NPLs as % of stage 3 loans



Stage 3 loans include non-performing loans, impaired restructured loans and certain other risky exposures not included as NPLs

- Non-performing loans are a major subset of stage 3 loans; evident from ~93% share of Stage 3 loans historically

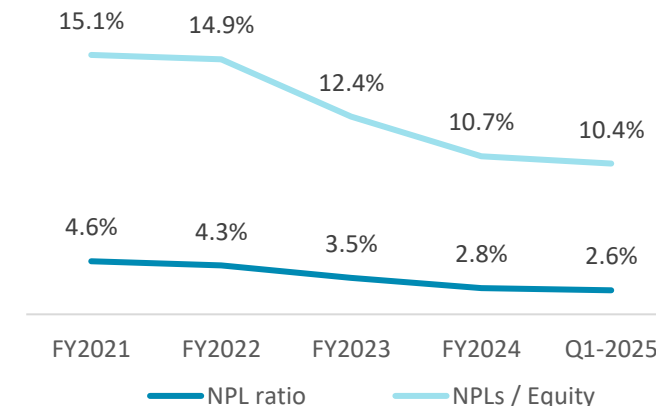
NPL coverage ratio



Provisions mean accumulated impairment allowance balance; i.e. accumulated provisions on balance sheet. This provision is a summation of stage 1 provisions, stage 2 provisions and stage 3 provisions

- Increasing NPL coverage ratio indicates improved coverage of NPLs through higher provisioning  
(for more information on NPLs as per IFRS 9, please refer appendix)

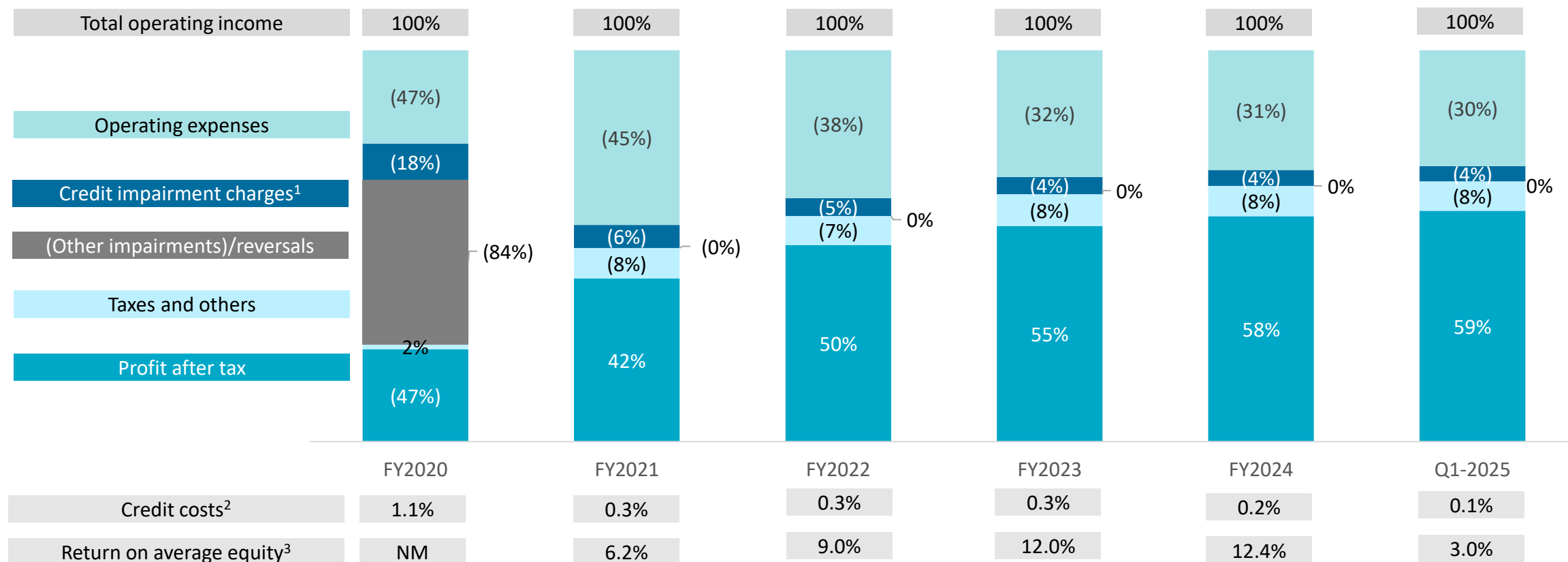
Size of NPLs w.r.t. balance sheet



NPL ratio is calculated as NPLs / Gross Loans

- NPLs have been 12.7% on average of book value of equity and can unlock potential shareholder value through effective management

## Impairment charges have significant impact on profitability



- With the evolution of stringent asset quality norms, there has been significant impact of annual credit provisions on profitability and on the bottom-line. However, the bank has not created adequate provisions on bad loans as is evident by the low coverage ratio (earlier slide)
- In FY2020, impairment loss of goodwill was SAR 7.4 BN (84% of total operating income)

Note: 1. Credit impairment charges mean impairment charges for expected credit losses recorded in income statement, in simple words, this is the provisions made during the year on expected credit losses;

2. Credit cost is calculated as credit impairment charges for the year / Average net loans; 3. Return on average equity is calculated as PAT / average equity (ROAE)

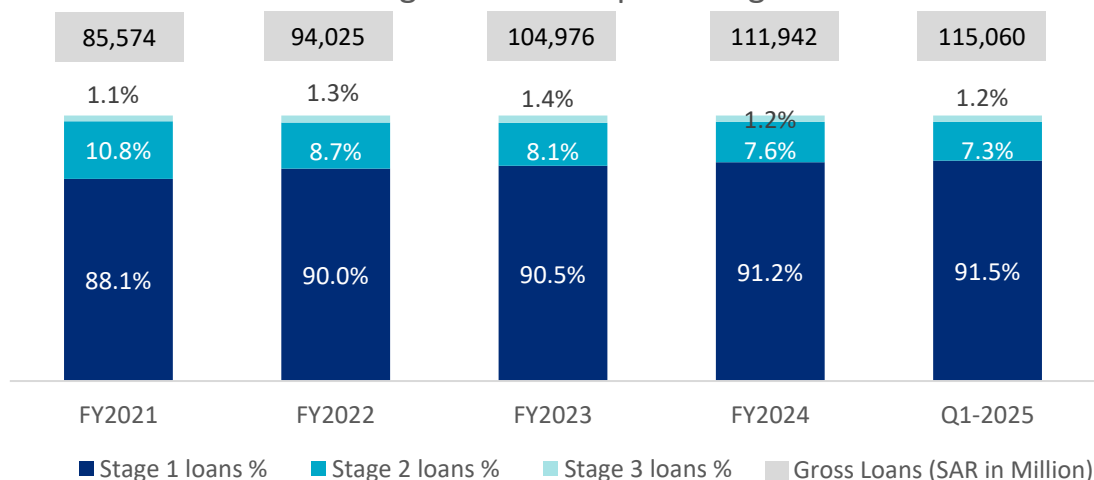
Source: Annual report

Bank Albilad

# Asset quality analysis – Breakdown of gross loans into ECL stages and their provisions indicate rise in share of stage 1 loans; while gross loan book has increased by 34% since FY 2021



Breakdown of gross loans as per 3 stages of ECL



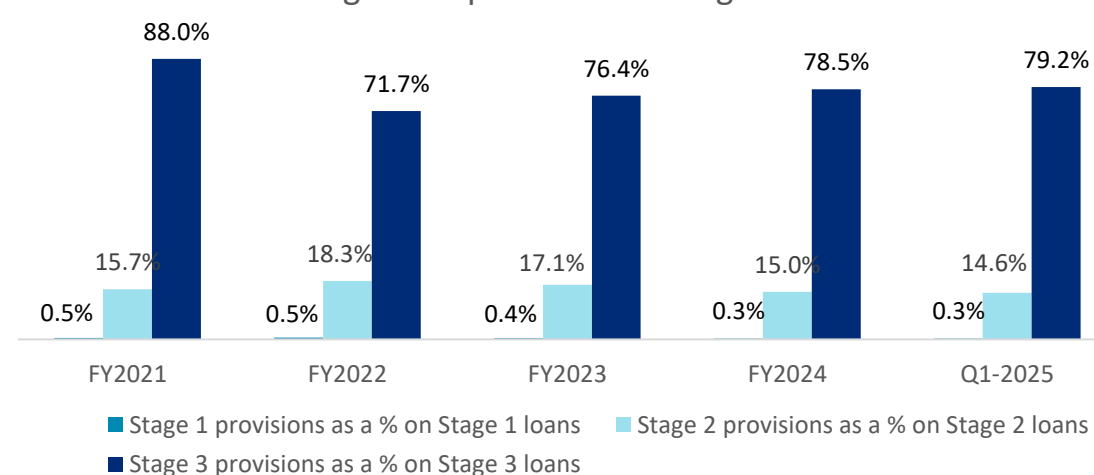
IFRS 9 details on the asset quality norms and how banks must classify their gross loan book into different stages

Gross loans are classified as 12 month ECL (Stage 1), Lifetime ECL not credit impaired (Stage 2) and Lifetime ECL credit impaired (Stage 3), where ECL stands for Expected Credit Loss (Please refer appendix for more information)

Essentially, stage 1 loans are performing loans with timely repayments, stage 2 loans are loans which are showing early signs of stress and may slip into stage 3 category, and stage 3 loans are predominantly NPLs, restructured loans

- The gross loan book has increased by 34% since FY2021
- Share of stage 1 loans has increased since FY2021, while share of stage 2 loans have declined in the total mix by Q1-2025

Stage-wise provision coverage ratio



As per IFRS 9, the bank is required to estimate provisioning requirement on these 3 stages of loans, which is a function of probability of default and loss-given default (please refer appendix for an illustration)

Stage-wise provision coverage rates depend on the ECL calculation undertaken by the bank for that period, which is dynamic as default probabilities change, Loss-given default change

- Provisions on stage 1 loans have been relatively stable during FY2021 – Q1-2025, and it is currently lower than its historical levels
- Provisions on stage 2 loans have been declining from 18.3% in FY2022 to 14.6% in Q1-2025, indicating lower expected credit losses
- Provisions on stage 3 loans have been increasing from 71.7% in FY2022 to 79.2% in Q1-2025 indicating higher expected credit losses

# Asset quality analysis – NPL coverage ratio has declined in Q1-2025, and NPLs account for ~ 8% of book equity during FY 2021 – Q1-2025, and effective management can unlock shareholder value



NPLs as % of stage 3 loans

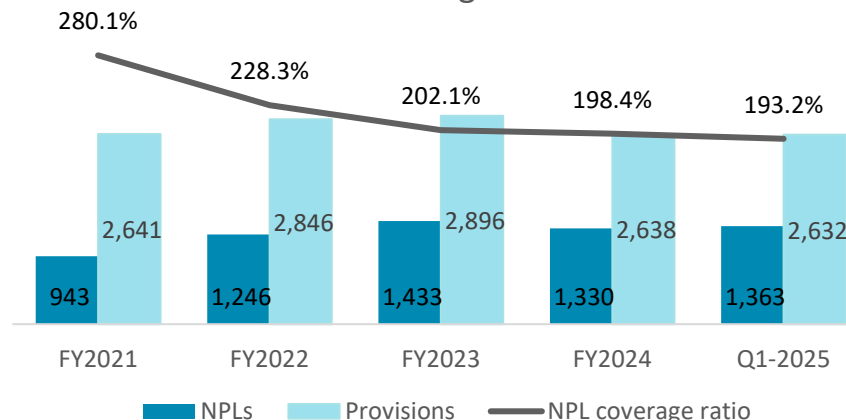
100.0% 100.0% 100.0% 100.0% 100.0%

FY2021 FY2022 FY2023 FY2024 Q1-2025

Stage 3 loans include non-performing loans, impaired restructured loans and certain other risky exposures not included as NPLs

- There are no NPLs in stage 1 and stage 2 loans
- Non-performing loans are a major subset of stage 3 loans; evident from 100% share of stage 3 loans historically

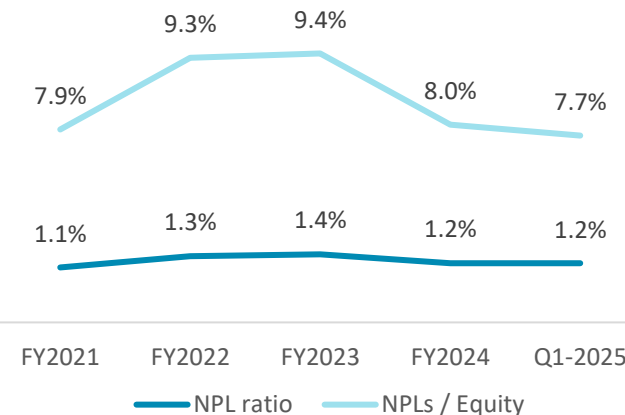
NPL coverage ratio



Provisions mean accumulated impairment allowance balance; i.e. accumulated provisions on balance sheet. This provision is a summation of stage 1 provisions, stage 2 provisions and stage 3 provisions

- Detailed assessment of NPLs to be carried to distinguish the impact of increased Stage 2 provisioning versus eventual requirement under Stage 3 NPLs
- (for more information on NPLs as per IFRS 9, please refer appendix)

Size of NPLs w.r.t. balance sheet

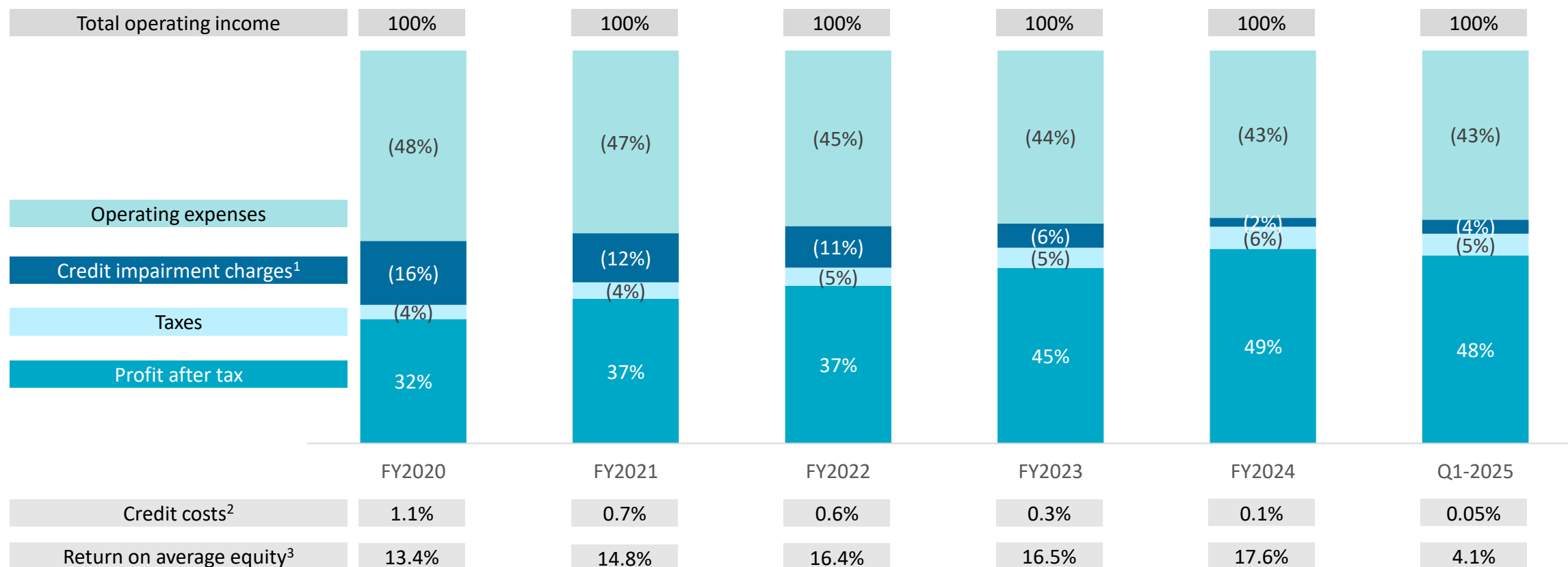


NPL ratio is calculated as NPLs / Gross Loans

- NPLs have been in the range of 7.7% - 9.4% of book value of equity and can unlock potential shareholder value through effective management



## Impairment charges have significant impact on profitability



- With the evolution of stringent asset quality norms, there has been significant impact of annual credit provisions on profitability and on the bottom-line
- High NPLs lead to high credit costs impacting shareholder return, as the banks are mandated to create adequate provisions on bad loans

Note: 1. Credit impairment charges mean impairment charges for expected credit losses recorded in income statement, in simple words, this is the provisions made during the year on expected credit losses;

2. Credit cost is calculated as credit impairment charges for the year / Average net loans; 3. Return on average equity is calculated as PAT / average equity (ROAE)

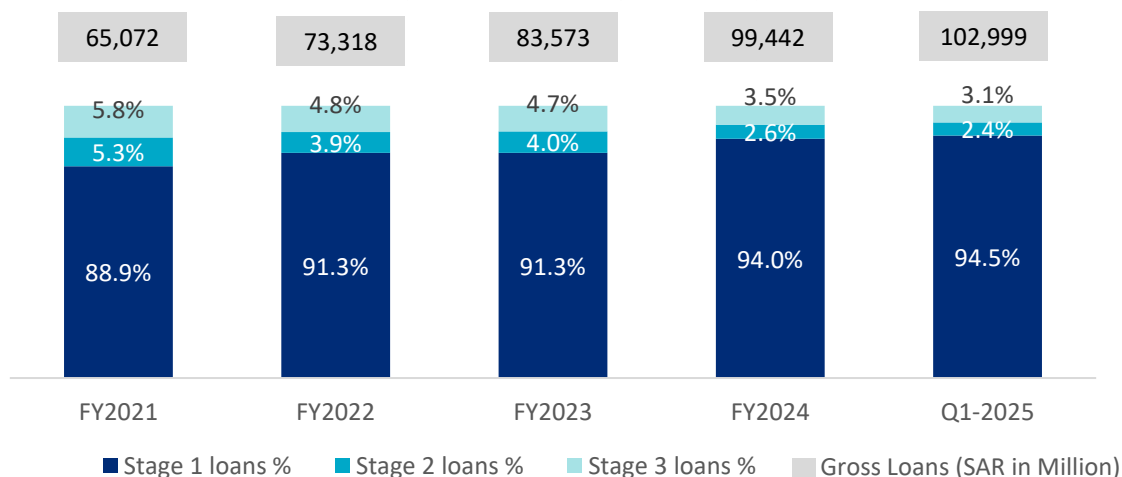
Source: Annual report

AlJazira Bank

# Asset quality analysis – Breakdown of gross loans into ECL stages and their provisions indicate rise in share of stage 1 loans; while gross loan book has increased by 58% since FY 2021



Breakdown of gross loans as per 3 stages of ECL



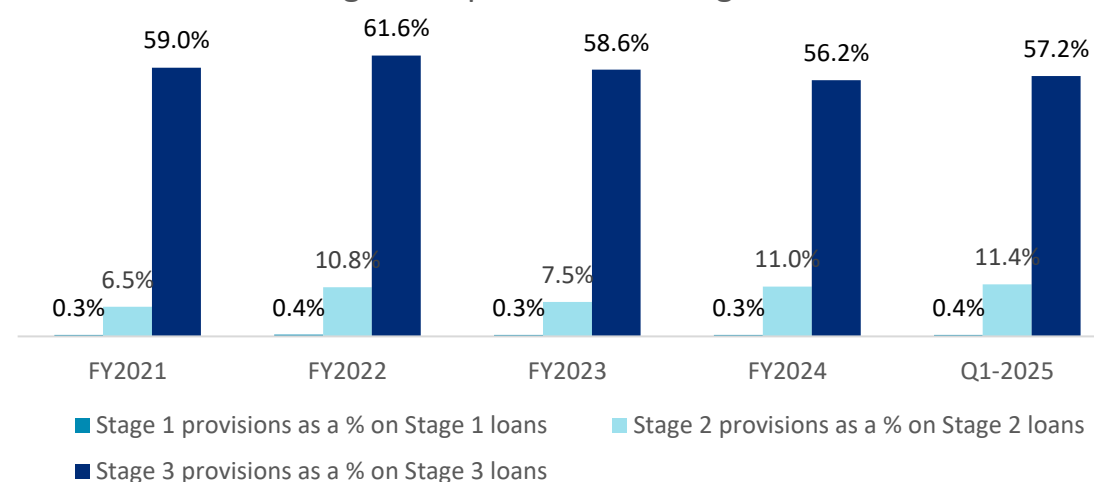
IFRS 9 details on the asset quality norms and how banks must classify their gross loan book into different stages

Gross loans are classified as 12 month ECL (Stage 1), Lifetime ECL not credit impaired (Stage 2) and Lifetime ECL credit impaired (Stage 3), where ECL stands for Expected Credit Loss (Please refer appendix for more information)

Essentially, stage 1 loans are performing loans with timely repayments, stage 2 loans are loans which are showing early signs of stress and may slip into stage 3 category, and stage 3 loans are predominantly NPLs, restructured loans

- The gross loan book has increased by 58% during FY2021 – Q1-2025
- Share of stage 1 loans have increased during FY2021 – Q1-2025, while the shares of stage 2 and 3 loans have declined compared to their historical levels

Stage-wise provision coverage ratio



As per IFRS 9, the bank is required to estimate provisioning requirement on these 3 stages of loans, which is a function of probability of default and loss-given default (please refer appendix for an illustration)

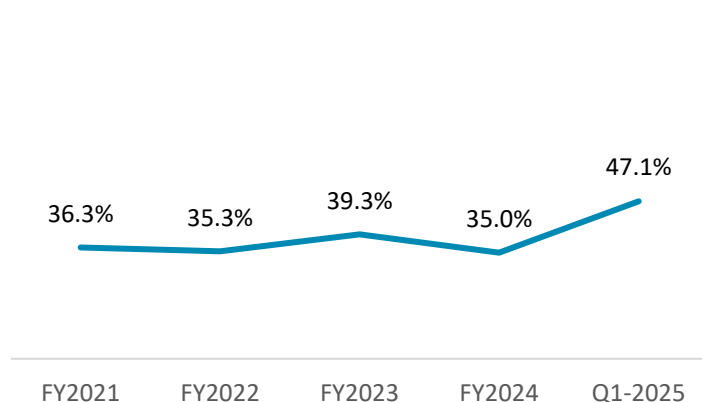
Stage-wise provision coverage rates depend on the ECL calculation undertaken by the bank for that period, which is dynamic as default probabilities change, Loss-given default change

- Stage 1 provisions have remained stable during FY2021 – Q1-2025
- Provisions on stage 2 loans have increased from 6.5% in FY2021 to 11.4% in Q1-2025 indicating higher expected credit losses
- Provisions on stage 3 loans have decreased from 59.0% in FY2021 to 57.2% in Q1-2025 indicating lower expected credit losses

# Asset quality analysis – NPL coverage ratio has decreased since FY 2021, and NPLs account for ~ 9% of book equity and effective management can unlock shareholder value



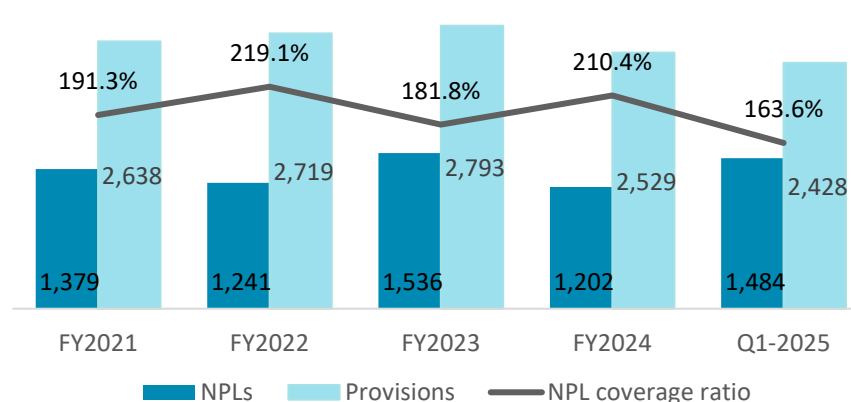
NPLs as % of stage 3 loans



Stage 3 loans include non-performing loans, impaired restructured loans and certain other risky exposures not included as NPLs

- There are no NPLs in stage 1 and stage 2 loans
- NPLs as a percentage of stage 3 loans range from 35% to 47% during the historical period

NPL coverage ratio

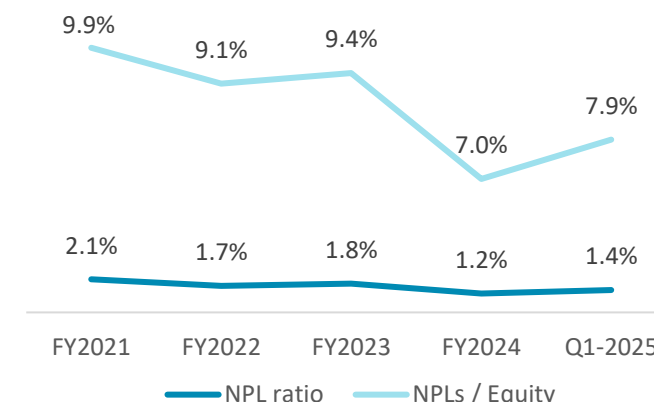


Provisions mean accumulated impairment allowance balance; i.e. accumulated provisions on balance sheet. This provision is a summation of stage 1 provisions, stage 2 provisions and stage 3 provisions

- Increasing NPL coverage ratio indicates improved coverage of NPLs through higher provisioning
- Detailed assessment of NPLs to be carried to distinguish the impact of increased Stage 2 provisioning versus eventual requirement under Stage 3 NPLs

(for more information on NPLs as per IFRS 9, please refer appendix)

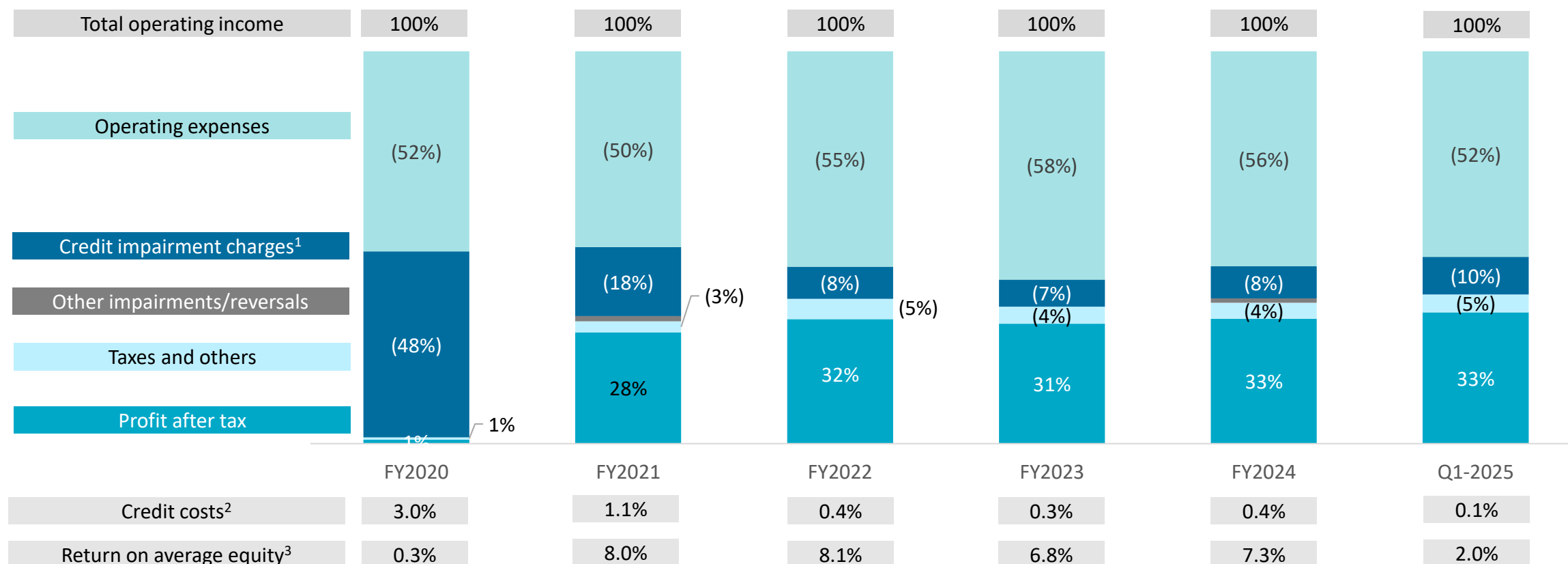
Size of NPLs w.r.t. balance sheet



NPL ratio is calculated as NPLs / Gross Loans

- NPLs have been 8.7% on average of book value of equity and can unlock potential shareholder value through effective management

# Impairment charges have significant impact on profitability, but impairment has improved over the last periods



- With the evolution of stringent asset quality norms, there has been significant impact of annual credit provisions on profitability and on the bottom-line
- High NPLs lead to high credit costs impacting shareholder return, as the banks are mandated to create adequate provisions on bad loans

Note: 1. Credit impairment charges mean impairment charges for expected credit losses recorded in income statement, in simple words, this is the provisions made during the year on expected credit losses;

2. Credit cost is calculated as credit impairment charges for the year / Average net loans; 3. Return on average equity is calculated as PAT / average equity (ROAE)

Source: Annual report

## GCC Financing Companies

# GCC Financing Companies – Profitability Overview



Company Name	Total Assets (SAR MN)	Net Income (SAR MN)	Return on Assets	Return on Equity
National Finance Company (Oman)	6,186.5	126.7	2.2%	10.6%
Amlak International Finance Company (KSA)	4,628.7	49.6	1.1%	4.1%
SHL Finance Company (KSA)	4,510.6	36.0	0.8%	2.1%
Arzan Financial Group (Kuwait)	3,449.4	195.8	6.5%	8.0%
Commercial Facilities Company (Kuwait)	3,434.3	144.1	4.2%	7.3%
Finance House (UAE)	3,398.7	15.4	0.5%	2.4%
A'ayan Leasing and Investment (Kuwait)	2,990.8	259.2	8.7%	13.3%
Taageer Finance Company (Oman)	2,939.4	57.5	2.2%	9.2%
United International Holding Company (KSA)	2,703.7	227.8	8.4%	22.1%
Amlak Finance (UAE)	2,466.0	54.3	1.9%	3.8%
Bahrain Commercial Facilities (Bahrain)	2,183.5	43.3	2.0%	4.2%
Nayifat Finance Company (KSA)	2,065.8	137.6	6.7%	9.6%
Al Omaniya Financial Services (Oman)	2,020.9	35.0	2.8%	5.6%
Morabaha Marina Financing Company (KSA)	1,439.6	22.7	1.6%	2.7%
United Finance Company (Oman)	1,106.8	21.0	2.0%	4.5%
Muscat Finance (Oman)	1,029.8	10.9	1.1%	2.9%
Quara Finance Company (KSA)	877.3	43.2	5.3%	10.2%
Al Manar Financing and Leasing (Kuwait)	695.7	16.2	2.4%	3.9%
KFIC Invest Company (Kuwait)	467.4	-11.2	-2.3%	-3.2%
Median	2,466.0	43.3	2.0%	4.3%
Total	48,594.8	1,485.3	3.1%	7.1%

- National Finance Company in Oman is the largest finance company in GCC with total assets of SAR 6.2 BN as of LTM.
- United International Holding Company in KSA is the best performing finance company in GCC in terms of return on equity, and second in terms of return on assets.

## GCC Financing Companies – NPL Summary



Company Name	NPL (SAR MN)	Accumulated provisions (SAR MN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR MN)	Impairments for the year/ Net Interest Income
National Finance Company (Oman)	842.5	NA	NA	13.6%	61.1%	54.9	18.3%
Amlak International Finance Company (KSA)	249.8	NA	NA	5.4%	20.3%	44.2	18.1%
SHL Finance Company (KSA)	113.2	NA	NA	2.5%	6.7%	-6.5	NM
Arzan Financial Group (Kuwait)	NA	NA	NA	NA	NA	16.9	6.8%
Commercial Facilities Company (Kuwait)	NA	378.5	NA	NA	NA	-6.0	NM
Finance House (UAE)	563.0	582.0	103.4%	16.6%	87.6%	48.1	33.3%
A'ayan Leasing and Investment (Kuwait)	NA	NA	NA	NA	NA	NA	NA
Taageer Finance Company (Oman)	554.0	NA	NA	18.8%	72.9%	68.3	51.0%
United International Holding Company (KSA)	288.3	NA	NA	10.7%	24.6%	107.7	23.0%
Amlak Finance (UAE)	141.8	NA	NA	5.8%	11.2%	62.7	69.6%
Bahrain Commercial Facilities (Bahrain)	593.4	366.6	61.8%	27.2%	57.5%	25.6	4.4%
Nayifat Finance Company (KSA)	401.5	137.8	34.3%	19.4%	27.3%	17.4	5.7%
Al Omaniya Financial Services (Oman)	NA	NA	NA	NA	NA	NA	NA
Morabaha Marina Financing Company (KSA)	128.5	39.5	30.7%	8.9%	15.2%	24.6	14.5%
United Finance Company (Oman)	176.2	NA	NA	15.9%	37.7%	9.5	16.1%
Muscat Finance (Oman)	420.8	NA	NA	40.9%	110.9%	20.2	48.0%
Quara Finance Company (KSA)	148.4	35.1	23.7%	16.9%	32.3%	28.3	17.4%
Al Manar Financing and Leasing (Kuwait)	43.4	NA	NA	6.2%	10.3%	-1.4	NM
KFIC Invest Company (Kuwait)	12.3	14.5	117.9%	2.6%	3.6%	29.0	70.0%
Median	249.8	137.8	48.1%	13.6%	27.3%	25.6	18.2%
Total	4,677.0	1,554.1	33.2%	9.6%	22.3%	543.5	13.6%

- In terms of non-performing loans to total assets, SHL Finance Company in KSA is the best performing in the region with the lowest ratio at 2.5% (median ratio at 13.6%).
- Median impairments made against bad loans are taking away 18.2% share from net interest income of the companies, thus, denting bottom line.



## Egyptian Market

# Banks in Egypt – Profitability Overview



Company Name	Total Assets (SAR BN)	Net Income (SAR BN)	Return on Assets	Return on Equity
Commercial International Bank	93.6	4.6	5.4%	46.3%
Qatar National Bank	63.7	2.0	3.3%	32.5%
Abu Dhabi Islamic Bank	21.0	0.8	3.6%	41.0%
Suez Canal Bank	15.0	0.5	3.8%	55.0%
Société Arabe Internationale de Banque	12.0	0.1	1.0%	7.9%
Egyptian Gulf Bank	11.3	0.2	2.0%	30.4%
AlBaraka Bank	10.0	0.3	2.8%	30.3%
Credit Agricole	9.4	0.6	6.4%	45.1%
The United Bank	6.6	0.2	3.2%	23.1%
Median	12.0	0.5	3.3%	31.4%
Total	242.7	9.2	3.8%	35.6%

- Commercial International Bank is the largest bank in Egypt with total assets of SAR 94 BN as of 03/25 LTM.
- Credit Agricole is the best performing bank in Egypt in terms of return on assets and third in terms of return on equity.

## Banks in Egypt – NPL Summary



Company Name	NPL (SAR BN)	Accumulated provisions (SAR BN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR BN)	Impairments for the year/ Net Interest Income
Commercial International Bank	1.0	3.3	329.0%	1.1%	8.5%	0.2	3.3%
Qatar National Bank	1.5	1.6	104.3%	2.4%	22.2%	0.3	9.2%
Abu Dhabi Islamic Bank	NA	NA	NA	NA	NA	0.2	13.7%
Suez Canal Bank	0.2	NA	NA	1.7%	NA	NA	NA
Société Arabe Internationale de Banque	NA	0.3	NA	NA	NA	0.1	17.7%
Egyptian Gulf Bank	0.1	NA	NA	1.0%	15.6%	0.0	8.5%
AlBaraka Bank	0.2	0.2	142.9%	1.7%	18.5%	0.1	13.9%
Credit Agricole	0.1	NA	NA	0.9%	6.4%	0.0	5.1%
The United Bank	NA	0.1	NA	NA	NA	0.0	1.6%
Median	0.2	0.3	142.9%	1.4%	15.6%	0.1	8.9%
Total	3.1	5.5	174.3%	1.3%	12.1%	1.0	6.4%

- In terms of non-performing loans to total assets, Credit Agricole is the best performing bank in the region with the lowest ratio at 0.9% (median ratio at 1.4%).
- Median impairments made against bad loans are taking away 8.9% share from net interest income of banks, thus, denting bottom line.

### Note:

1. Impairments in the above table mean provision for loan losses recorded in the income statement. Provision for loan losses include impairment charge for expected credit losses, recoveries of written-off loans and impairment charge on off balance sheet items

## Financing Companies in Egypt – Profitability Overview



Company Name	Total Assets (SAR MN)	Net Income (SAR MN)	Return on Assets	Return on Equity
African Export-Import Bank	138,597.8	3,790.3	2.9%	14.7%
Export Development Bank of Egypt	13,768.6	419.6	3.3%	30.8%
CI Capital Holding For Financial Investments	2,433.9	190.1	7.6%	34.3%
Contact Financial Holding	1,088.8	62.3	5.4%	20.8%
International Company for Leasing	692.3	15.5	2.6%	20.1%
Al Tawfeek Leasing Company	532.8	16.7	3.4%	29.9%
Median	1,761.4	126.2	3.4%	25.4%
Total	157,114.2	4,494.5	2.9%	14.8%

- African Export-Import Bank is the largest finance company in Egypt with total assets of SAR 139 BN as of LTM.
- CI Capital Holding is the best performing finance company in Egypt in terms of return on assets and return on equity.

## Financing Companies in Egypt – NPL Summary



Company Name	NPL (SAR MN)	Accumulated provisions (SAR MN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR MN)	Impairments for the year/ Net Interest Income
African Export-Import Bank	NA	NA	NA	NA	NA	2,437.9	35.5%
Export Development Bank of Egypt	135.8	NA	NA	1.0%	9.2%	44.6	6.4%
CI Capital Holding For Financial Investments	NA	NA	NA	NA	NA	30.0	9.5%
Contact Financial Holding	NA	NA	NA	NA	NA	9.7	2.8%
International Company for Leasing	NA	NA	NA	NA	NA	0.4	1.4%
Al Tawfeek Leasing Company	NA	NA	NA	NA	NA	0.3	0.2%
Median	135.8	NA	NA	1.0%	9.2%	19.8	4.6%
Total	135.8	0.0	0.0%	0.1%	0.4%	2,522.7	30.1%

- Median impairments made against bad loans are taking away 4.6% share from net interest income of the companies, thus, denting bottom line.

## Appendix

## Three-stage model for classifying gross advances in terms of asset quality



*Impairment of loans is recognized – on an individual or collective basis – in three stages under IFRS 9:*

### Stage 1

When a loan is originated or purchased, ECLs resulting from default events that are possible within the next 12 months are recognized (12-month ECL) and a loss allowance is established. On subsequent reporting dates, 12-month ECL also applies to existing loans with no significant increase in credit risk since their initial recognition

### Stage 2

If a loan's credit risk has increased significantly since initial recognition and is not considered low, lifetime ECLs are recognized

### Stage 3

If the loan's credit risk increases to the point where it is considered credit-impaired, lifetime ECLs are recognized, as in Stage 2. Difference between stage 2 and stage 3 is in recording of interest revenue, difference in probability of default rates assumed and other differences in calculation of ECL

## Expected credit losses (ECL) methodology



- IFRS 9 establishes a new model for recognition and measurement of impairments in loans—the so-called “expected credit losses” model
- Expected credit losses are calculated by:
  - (a) identifying scenarios in which a loan defaults;
  - (b) estimating the cash shortfall that would be incurred in each scenario if a default were to happen;
  - (c) multiplying that loss by the probability of the default happening; and
  - (d) summing the results of all such possible default events. Because every loan has at least some probability of defaulting in the future, every loan has an expected credit loss associated with it—from the moment of its origination or acquisition

### Expected Credit Losses – A simple illustration

Methodology	
(A) Loan amount*	1,000
(B) Estimated cash flows if default occurs	100
(C) Cash shortfall subsequent to default (A – B)	900
(D) Probability of default	1%
Expected Credit Loss (ECL) – (C X D)	9

\*Estimated future cash flows at initial recognition assuming borrower pays as anticipated, discounted at the loan’s effective interest rate

Source: PWC report



## Non-performing loans as per IFRS 9



- IFRS 9, which came into force on 1 January 2018, classifies credit exposures into Stage 1 (non-impaired, no significant increase in credit risk), Stage 2 (non-impaired, but with a significant increase in credit risk) and Stage 3 (impaired)
- Stage 3 loans include non-performing loans, impaired restructured loans and certain other risky exposures not included as NPLs
- ‘Lifetime expected credit losses’ are defined as: “the expected credit losses that result from all possible default events over the expected life of the financial instrument”
- IFRS 9 does not define the term ‘default’, but instead requires each entity to do so. The definition has to be consistent with that used for internal credit risk management purposes for the relevant financial instrument, and has to consider qualitative indicators – e.g. breaches of covenants – when appropriate
- The aim of IFRS was to craft a standard which is more forward-looking and its application will help in foreseeing bad loans
- However, the standard contains a rebuttable presumption of 90 days past due for default. The implied meaning of this presumption is that a default does not occur later than when a financial asset is 90 days past due. The definition of default should be applied consistently, unless information that becomes available indicates that another default definition is more appropriate for a particular financial instrument