SCIENTIFIC CULTURE
www.sci-cult.com

SCIENTIFIC CULTURE, Vol. 12, No. 4, (2026), pp. 10815-10828
Open Access. Online & Print

DOI: 10.5281/zenodo.124261039

FINANCIAL PERFORMANCE ANALYSIS OF SAUDI ALBILAD BANK (2020-2024)

Mutaz T. Mahmoud[1]*, Awadelkarim Alamin Altahir Ahmed[2], Tawfig Eltayeb Elbashir Abdelrahman[3]

[1]Department of Finance College of Business Imam Mohammad Ibn Saud Islamic University (IMSIU), Riyadh, Saudi Arabia.
[2]Department of Economics College of Business Imam Mohammad Ibn Saud Islamic University (IMSIU),Riyadh, Saudi Arabia.
[3]Department of Finance College of Business Imam Mohammad Ibn Saud Islamic University (IMSIU), Riyadh, Saudi Arabia.

Received: 18/10/2025
Accepted: 13/04/2026

Corresponding Author: Mutaz T. Mahmoud

ABSTRACT

This paper examines the financial performance of Saudi banks and the case study of Albilad Bank for the period from 2020 to 2024. It uses financial ratios to analyze liquidity ratios, solvency ratios, non-performing loans, profitability ratios, and utilization ratios. The paper aims to determine the stability of the bank's financial performance and provide recommendations for maintaining and improving the positives and addressing and mitigating the negatives. The study adopted an analytical approach to analyze financial data collected from the financial reports of Albilad Bank and the Saudi Central Bank for the period from 2020 to 2024. The aim is to assess the financial performance of Saudi banks and evaluate the performance of Albilad Bank. The results indicate that the liquidity ratio analysis showed that the bank may need to re-evaluate its liquidity management strategies to ensure that it can meet its obligations, especially sudden or large withdrawal requests. The bank's solvency ratio increased overall, peaking in 2020 (15%); starting in 2024 (13.7%), the bank is making efforts to improve its solvency and increase its capital. The paper noted that the non-performing loan ratio was low during the study period. The return on equity showed that the bank has significantly improved its ability to generate earnings from its equity. The return on assets analysis indicates that the bank has demonstrated excellent asset management efficiency. The bank's efficiency ratio declined, indicating that the bank was able to control its expenses relative to revenue growth. The utilization ratio analysis shows a shift toward increased lending after 2020; the bank should ensure that it maintains strong liquidity management and risk controls to protect against the risks associated with lending more than its. This paper contributes to the analysis and evaluation of the financial performance of Saudi banks, focusing on Albilad Bank, one of the largest leading banks listed on the Saudi Capital Market Authority. The aim is to maintain and develop positives and address deviations to mitigate financial, market, operational, and legal risks. It also provides administrative and operational insights into the bank's performance to enhance its reputation, market value, and competitive advantage. The results of the study are based on historical data and may not fully reflect the current or future performance of the bank. The results provide important administrative and operational insights for Albilad Bank to enhance its reputation, market value, and competitive advantage,

thereby fulfilling its mission to society. The study emphasizes the importance of analysing the financial performance of Saudi banks to preserve positives and mitigate negatives, which aids in financial decision-making and contributes to the stability and efficiency of the bank's finances.

KEYWORDS: Albilad Bank, Financial performance, Liquidity ratios, Non-performing loans, Solvency indictor, Profitability ratios, Utilization ratio.

1. INTRODUCTION

The financial performance of banks positively or negatively impacts the financial and economic stability of the banking sector both locally and internationally. This research paper focuses on analyzing the financial performance of Bank Albilad, a leading Islamic bank in the Kingdom of Saudi Arabia, established in 2004. Headquartered in Riyadh, it offers a wide range of Sharia-compliant financial services, including retail and corporate banking, SME banking, financing, investment products, and money transfer services. The bank has made significant strides in digital transformation, providing modern banking solutions and maintaining a strong reputation among both Saudi residents and expatriates. Its commitment to ethical banking practices and social responsibility reflects its dedication to serving the community and adhering to Islamic principles for 21 years. According to its 2024 financial report, total assets reached SAR 154,965 million. Shareholders contributed SAR 10 billion, with a share capital of SAR 12,500 million. Customer deposits amounted to SAR 121,776 million. This achievement was realized through 107 branches, over 900 ATMs, and point-of-sale terminals, solidifying its leadership in the Saudi banking and financial system (Albilad, 2025). This paper aims to analyze the bank's financial performance using liquidity ratios, solvency indicators, non-performing loan ratios, and profitability ratios, including return on equity (ROE), return on assets (ROA), and utilization ratio, for the period from 2020 to 2024, building upon previous research. The study seeks to answer the following questions:

Why analyze Bank Albilad's financial performance? Does Bank Albilad's financial performance align with local and international standards? By answering these questions, the paper identifies the strengths and weaknesses of the bank's financial performance and its compliance with the directives and circulars of the Saudi Central Bank and Basel III regulations and offers recommendations to enhance and maintain positive results while addressing and mitigating any deviations. The study structure deals with previous studies related to the financial performance of banks and the methodology of financial ratios used in the analysis, followed by the results and conclusions.

2. LITERATURE REVIEW

2.1 Financial Performance

Financial performance is one of the most important indicators reflecting a bank's ability to achieve its core objectives related to liquidity, profitability, and financial stability over a specific period (Tahiri, 2018). Assessing financial performance is a crucial step in making banks more competitive, as they work to improve their financial and non-financial systems to achieve the highest levels of operational efficiency (Harrison, 2015). The importance of financial performance is highlighted by its role in identifying the bank's strengths and weaknesses, thus assisting senior management in making informed strategic decisions. It also contributes to enhancing the effectiveness of internal control systems, which are used to evaluate processes, guide financial performance, and support sound decision-making. Strong financial performance also helps banks adapt to environmental changes and increasing competition and better capitalize on available investment opportunities (Tahir & Abu Bakar, 2007). The importance of financial performance is not limited to the bank itself; investors are among its primary beneficiaries, as it provides them with the ability to understand the bank's activities and monitor its financial and economic conditions. Analyzing financial indicators related to profitability, liquidity, and operational efficiency helps support investment decisions and build accurate forecasts about the bank's future (Mahmoud, 2010). Bank financial reports are a primary benchmark for measuring performance, reflecting the level of profits and financial results achieved during a specific period (Putra et al., 2021). According to Irham (2012) a bank's financial performance analysis is used to measure banks' compliance with regulations and instructions issued by regulatory bodies such as the central bank. According to Manawir (2010) a bank's financial performance is one of the foundations for assessing its financial position, which is conducted based on an analysis of the bank's financial ratios. Generally, financial performance can be viewed as the end result of the economic activity undertaken by the bank to achieve tangible and intangible returns efficiently and effectively (Njoki & Nyamute, 2023).

2.2 Performance of Banks in the Kingdom of Saudi Arabia

The policies of the Saudi Central Bank have contributed to the development of the banking services sector provided by banks through its supervisory role over the banking and financial sector and its efforts to enhance resilience and financial solvency, in line with the goals of Vision 2030. This improvement was evident in the good financial performance of commercial banks in 2022, as their activities and financial positions were

strengthened; total assets increased by 10.5% (SAR 343.1 billion) to approximately SAR 3,620.9 billion, compared to an increase of 10% (SAR 298.2 billion) in the previous year, while deposits grew by 9.1% (SAR 191 billion) to approximately SAR 2,295.4 billion, compared to an increase of 8.3% (SAR 161.5 billion) in the previous year. A review of bank deposit trends by type indicates that demand deposits decreased by 2.3% (SAR 31.9 billion) to approximately SAR 1,328.2 billion in 2022, in contrast to a 6% increase (SAR 77.5 billion) in the previous year. This resulted in a decrease in their share of total deposits to 57.9%, down from 64.6% at the end of the previous year. Their profits increased by 28.6% (SAR 69,272 billion) at the end of the previous year (Saudi Central Bank, 2023). Attention to the financial performance of banks has become increasingly important in recent years, particularly in Saudi Arabia, where the banking sector is a mix of conventional and Islamic banks. Islamic banking operates according to the principles of Sharia, which prohibit interest-based transactions and encourage profit-sharing models, thus differentiating its financial performance from that of conventional banks. Islamic banks in Saudi Arabia have played a significant role in the country's financial system. The Kingdom boasts a robust Islamic banking infrastructure, with banks such as Al Rajhi Bank, Bank Aljazira, Alinma Bank, and Bank Albilad offering a range of Sharia-compliant financial products under the supervision of the Saudi Central Bank (SAMA), ensuring their operations adhere to Sharia principles. A substantial body of literature examines the financial performance of Saudi Islamic banks in general, some of these including Hacini et al. (2021) which investigates the impact of liquidity risk management on the financial performance of selected conventional banks between 2002 and 2019. The research indicates that liquidity risk and the loan-to-deposit ratio have a detrimental effect on these banks' financial performance. This negative impact stems from the banks' reliance on external funding sources, such as borrowing from the money market or selling assets, to meet loan demands. These strategies lead to higher funding costs, which in turn reduces profitability. Furthermore, the study found that the cash-to-deposit ratio also negatively affects financial performance. Holding excess cash beyond a certain limit leads to idle funds, resulting in opportunity costs and accrued interest on deposits, which negatively impacts the bank's overall performance. A study by Harrison (2015) examined the performance of Islamic banks in Saudi Arabia from 2008 to 2016. The results showed that Al Rajhi Bank was the most efficient bank, followed by Bank Aljazira, while Alinma Bank and Bank Albilad ranked third and fourth, respectively. A study by Javaid & Alalawi (2018) examined all the internal and external determinants contributing to the profitability of nine Islamic banks, including Al Rajhi, in Saudi Arabia during the period from 2000 to 2013. The study found that the Saudi Arabian banking sector is highly competitive. It also emphasized the importance of optimal bank management policies, which help policymakers, bank managers, and executives improve overall efficiency and maintain healthy profitability in Saudi Arabian Islamic banks. Bank Albilad is one of the leading banks in providing Sharia-compliant banking products and services in the Kingdom of Saudi Arabia, offering a diverse range of Sharia-compliant products and services and capitalizing on the continued growth of the Saudi economy (Altoum Alotaibi, 2024). The study concluded that the National Commercial Bank, Alinma Bank, Saudi Investment Bank, and Bank Albilad achieved full marks in relative efficiency, while Al Rajhi Bank, Riyad Bank, and Bank Aljazira achieved technical efficiency.

2.3. Dimensions of Financial Performance

2.3.1 Liquidity ratio

Liquidity management is fundamental to banking stability, as it enables institutions to balance liquidity and profitability while navigating local and global financial challenges. Liquidity reflects a bank's capability to attract cash deposits and meet withdrawal demands efficiently (Elliott, 2014). Within the Arab banking system, liquidity management has emerged as one of the most critical challenges due to its inherent operational and financial risks. Modern financial intermediation theory positions bank as essential economic intermediaries that provide liquidity and transfer risk (Almazari, 2011). Effective liquidity management requires banks to meet all cash outflows, avoid costly emergency financing, prevent forced asset liquidation, and comply with regulatory liquidity and reserve requirements (Febrianto & Rahayu, 2015). Liquidity risk is often evaluated using ratios derived from financial statements, including the cash-to-total-assets ratio. While high liquidity ratios may indicate unused cash that reduces profitability, ratios below standard thresholds may expose banks to withdrawal pressures and liquidity shocks (Najla et al., 2020). Empirical findings on liquidity and performance vary across markets. Puspitasari & Muflih (2024) showed that Islamic banks in Indonesia and Saudi Arabia exhibit less

competitive profitability than conventional banks, although liquidity does not significantly influence their profitability. However, the findings of Mahmoud (2010) clearly show that Saudi banks have excess liquidity and an increased capital adequacy ratio that sometimes exceeds international standards (Basel III), which positively impacts fund investment and thus bank profitability. Similarly, Masruki, et al., (2011) analyzed and measured the performance of two Islamic banks in Malaysia (Bank Islam and Bank Muamalat). They then conducted a comparative analysis of these two banks with conventional banks. Comparing the liquidity of Islamic banks with that of conventional banks, the study found that Islamic banks have lower liquidity, while conventional banks face higher credit risk because their liquidity ratios are significantly higher than Islamic banks. A study by Yada, et al. (2024) used ratio analysis to determine ICICI Bank's operational efficiency, liquidity, solvency, and overall financial health over a specified period. Profitability ratios (return on assets, net profit margin), liquidity ratios (current ratio, quick ratio, cash ratio), efficiency ratios (asset turnover ratio, cost-to-income ratio), and solvency ratios (debt-to-equity ratio, debt ratio) were calculated and analyzed. The results showed a significant improvement in liquidity from 2019 to 2021 but a significant decline by 2023, underscoring the importance of liquidity and cash flow management to maintain the stability of banks' financial performance.

2.4 Bank Solvency Indicator

Solvency represents the ability of a bank to meet long-term and short-term obligations under normal operations or liquidation conditions (Munawir,2018). A solvent bank maintains asset values that exceed its liabilities; otherwise, it is considered insolvent (Febrianto and Rahayu,2015). Puspitasari and Muflih (2024) identified solvency and liquidity as significant determinants of profitability for Islamic banks in Indonesia and Saudi Arabia, highlighting their importance in supporting resilience against external shocks. Mahmoud (2010) found that SABB and Samba banks complied with Basel III solvency requirements after 2015, while Al Rajhi Bank and Riyad Bank displayed fluctuating solvency positions.

ad Bank demonstrated strong solvency in later years, whereas Al Rajhi Bank faced periods in which liabilities exceeded capital buffers. Furthermore, Yadav et al. (2024) documented fluctuations in the debt-to-equity ratio of ICICI Bank, with solvency weakening in 2019 but improving in 2020 as equity strengthened, stabilizing around 0.88.

2.5 Non-Performing Loans

Non-performing loans (NPLs) serve as a crucial indicator of bank asset quality and overall financial health. High NPL levels—representing loans that are in or near default—are often precursors to systemic banking crises (Ari et al., 2021). Elevated NPL ratios reduce profitability due to increased loan-loss provisioning and asset write-offs, which erode both net income and capital levels (Ombaba,2013). Jing (2020) found that persistent high NPL ratios impair economic performance, whereas their reduction yields positive macroeconomic outcomes. Islamic banks generally experience lower NPL incidence due to the asset-backed and risk-sharing nature of Islamic financing sch as murabaha (cost-plus financing) and musharakah (profit-sharing) where transactions must be tied to tangible assets that can be liquidated when necessary.

A study by Othman and Gabbori, (2024) examined the determinants of non-performing loans (NPLs) in Islamic banks by employing panel data analysis, utilizing secondary data for the period (2008–2022) from World Bankfor thirty countries. The results indicate that return on assets (ROA), liquidity ratio (LIQ), net interest margin (NIM), and net charge-off ratio (NCOFF) are significant bank-specific determinants of NPLs. Macroeconomic factors such as gross domestic product (GDP) growth and inflation significantly affect NPLs, with economic downturns and high inflation intensifying credit risk. Political stability mitigates risk, while credit concentration in sectors such as real estate increases NPLs. A study results by Silvia (2024) which examined the effect of non-performing loans and loan-to-deposit ratios (NPRs) as independent variables on profitability (DPRs) as dependent variables on banking companies listed on the Indonesia Stock Exchange during the period from 2018 to 2022, revealed that non-performing loans negatively impact profitability, while the loan-to-deposit ratio positively impacts profitability. Mahmoud and Neffati (2021) examined the relationship between efficiency, management risk, and profitability ratios in eight of the thirteen Saudi banks listed on the Saudi Capital Market Authority (CMA) over the period from 2005 to 2019.The study also found that non-performing loans (NPLs) had a significant negative impact on bank profitability. Research conducted by Ndoka and Islami (2016) and Munangi and Sibindi, (2020) shows that NPL has a negative and significant effect on ROA.

A study by Supriandi and Masela, (2016) which examine the effect of bank risk on financial performance showed that NPL has no effect on

Return on Assets (ROA) and Return on Equity (ROE) at PT Bank Negara Indonesia, Tbk for the 2018-2022 period. Meanwhile, research conducted by Hermina and Suprianto (2023) shows that NPL has an insignificant negative effect on ROE. A study by Alshebmi, et al. (2020) assessed the NPLs and their effects and causes to the profitability of commercial banks in the Kingdom of Saudi Arabia (KSA). The correlation result showed a negative insignificant weak relationship between nonperforming loans ratio (NPLs) and return on assets ratio (ROA), growth gross domestic product (GGDP), bank liquidity risk (BLQ), and credit risk.

2.6 Profitability Ratios

Profitability ratios assess a bank's ability to generate earnings relative to its assets, equity, or revenue. Profitability is critical because it provides the first defense against unexpected losses, strengthens capital buffers, and supports long-term sustainability (Adam, 2014; Zawadi, 2013). ROA and ROE are among the most widely used indicators for evaluating bank performance and forecasting industry trends, mergers, or potential failures (Gilbert & Wheelock, 2007). Gupta et al. (2024) found notable improvements in ROA and ROE for ICICI and HDFC Banks, with no significant difference between them in terms of ROA. Masruki et al. (2011) reported that Islamic banks in Malaysia are less profitable compared to conventional banks. Permana et al. (2025) identified a significant negative effect of profitability on credit risk among Indonesian banks, while operational efficiency increased credit risk.Sematupang et al. (2024) showed that net interest margins positively influence ROA and ROE in PT Bank Negara Indonesia. Siyari (2024) demonstrated that online banking significantly enhances profitability for Saudi banks, aligning with the objectives of Vision 2030. Alowaimer (2025) found that RJHI and SNB outperform other Saudi banks in profitability and asset management, while regression results indicated that total liabilities and ROA positively influence net income.Almumani (2014) observed that increases in operating expenses and cost-to-income ratios reduce profitability in Saudi banks, whereas higher operating income enhances it. Saudi joint-venture banks achieved higher ROE, while established Saudi banks demonstrated stronger ROA performance. Al-Jahdali et al. (2019) found that excessive liquidity negatively affects profitability, with ROA dropping to 1% and ROE to 4% during periods of excess liquidity.

Utilization Ratio

The utilization ratio measures the efficiency with which a bank employs its resources to generate output. High resource utilization indicates strong financial performance and effective use of assets (Badr Al-Zaman, 2020). It is also a key measure of solvency and facilitates performance comparison among banks (Islam et al., 2018). Jadam et al. (2009) argued that financial performance depends not merely on accumulating deposits but on the effective utilization of assets and operational efficiency. Islam et al. (2018) identified significant asset utilization challenges in Bangladeshi banks, particularly in state-owned institutions, where high NPL ratios contributed to declining ROA.Al-Mazra'i (2011) found a positive relationship between financial performance, asset size, asset utilization, and operational efficiency in Jordanian banks. Mahmoud and Nifati (2021) reported that utilization ratios significantly influence profitability in Saudi banks. Their analysis identified two phases: (1) high volatility in utilization (30%–130%) during 2005–2010, and (2) stability (65%–95%) during 2011–2019. This stability reflects compliance with central bank policies targeting an optimal utilization range of 85%–90%.

METHODOLOGY

Data and Methods

Data Source

Data for this study were collected from Albilad Bank's integrated annual financial reports from 2020 to 2024. The key financial ratios analyzed include liquidity ratios, bank solvency indicator, non-performing loans, profitability ratios, and utilization ratio.

Estimation Methods and Model

Evaluation ratios illustrate the financial indicators that measure a bank's financial performance and its stability. This evaluation is done by comparing targets with actual results to address any deviations to ensure the bank's operational stability (Abdul Halim, 2017). The following key ratios are used to evaluate the performance of Albilad Bank.

Liquidity Ratio

This evaluates the bank's ability to meet its obligations, particularly deposit requirements. Liquidity measures are indicators that assess the bank's ability to meet withdrawal and liquidity demands. Insufficient liquidity can prevent the bank from meeting its obligations, whereas excess liquidity above required levels can result in missed

opportunities to invest these balances in areas that generate a specific return (Abdelhalim, 2017). The following equation is used to indicate the liquidity ratio.

$$\text{Liquidity Ratio} = \frac{\text{Cash}}{\text{Deposits}} \times 100\% \quad (1)$$

Bank Solvency Indicator

This indicator reflects the bank's ability to cover its deposit liabilities with its own equity capital. This indicator assesses the bank's financial strength and its ability to absorb potential losses without jeopardizing depositors' funds (Abdelhalim, 2017).

$$\text{Bank Solvency Indicator} = \frac{\text{Equity}}{\text{Deposits}} \times 100\% \quad (2)$$

Non-Performing Loans Ratio

The non-performing loan ratio is expressed as a percentage of total credit extended by the entity. A high NPL ratio indicates that a financial institution is at a higher risk and may face financial difficulties. To compute the NPL ratio, divide the non-performing loan balance by the lender's total loan portfolio as follows (Singh et al., 2021).

$$\text{NPL} = \frac{\text{NPL}}{\text{Loans}} \times 100\% \quad (3)$$

Profitability Ratios

The ratios used here are return on equity, return on assets, and bank efficiency ratio. These ratios are used to assess a bank's profitability through optimal resource utilization and service delivery (Njoki et al., 2023). A bank's profitability is assessed through return on equity (ROE) and return on assets (ROA). A bank is considered high-performing if it consistently demonstrates indicators above the banking sector average. To achieve higher returns, a bank must take above-average risks while maintaining a competitive advantage in the banking products and services it offers (Irina and Constantina, 2021).

$$\text{Return on Equity (ROE)} = \frac{\text{Net Income}}{\text{Equity}} \times 100\% \quad (4)$$

$$\text{Return on Assets (ROA)} = \frac{\text{Net Income}}{\text{Assets}} \times 100\% \quad (5)$$

$$\text{Bank Efficiency Ratio} = \frac{\text{Expenses}}{\text{Revenues}} \times 100\% \quad (6)$$

A high first ratio reflects the bank's success in utilizing its own resources to generate profits, while a high second ratio reflects the bank's management's efficiency in operating its assets to generate profits. The bank's efficiency ratio measures a bank's profitability and is determined by dividing the bank's expenses by its revenues. This ratio is important because it indicates how efficiently a bank manages its cost base, as well as the percentage of operating expenses incurred per riyal of income generated. Banks strive to keep this metric as low as possible and often disclose a target ratio in their financial statements, which typically ranges between 50% and 60% (Deborah, 2021).

Utilization Ratio

This ratio measures the proportion of funds allocated for various purposes. This indicator assesses a bank's ability to utilize bank deposits. A high ratio indicates the bank's ability to efficiently utilize resources (Abdel Halim, 2017). The utilization rate is calculated using the following formula.

$$\text{Utilization Ratio} = \frac{\text{Loans}}{\text{Deposits}} \times 100\% \quad (7)$$

RESULTS AND DISCUSSION

Liquidity Ratio

The liquidity ratio shows a fluctuating trend over the analyzed period. The decline in the liquidity ratio from 8% in 2020, 7.5% in 2021, and 6.2% in 2023 may indicate potential liquidity risks. Although cash reserves have increased, they are not keeping pace with the massive increase in deposits. A lower liquidity ratio indicates a reduced ability to meet sudden or large withdrawal requests, which could increase the bank's exposure to liquidity shocks. In Figure 1, it is noted that the liquidity ratio declined sharply from 8% in 2020 to 7.5% in 2021 and 6.2% in 2023, indicating that cash reserves have grown more slowly than deposits in the recent period. This decline may be a cause for concern because it suggests the bank is relying more heavily on other sources of liquidity, such as credit lines or liquid assets other than cash. Also the increase in liquidity ratio from 7.5% in 2021 to 9.2% in 2022 and from 6.2% in 2023 to 9.2% in 2024. The bank's cash reserves have increased overall, and its deposits have grown at a much faster rate, resulting in a gradual and steady decline in its

liquidity ratio. The bank may need to re-evaluate its liquidity management strategies to ensure its ability to meet its obligations, especially if deposit growth continues at this rapid pace.

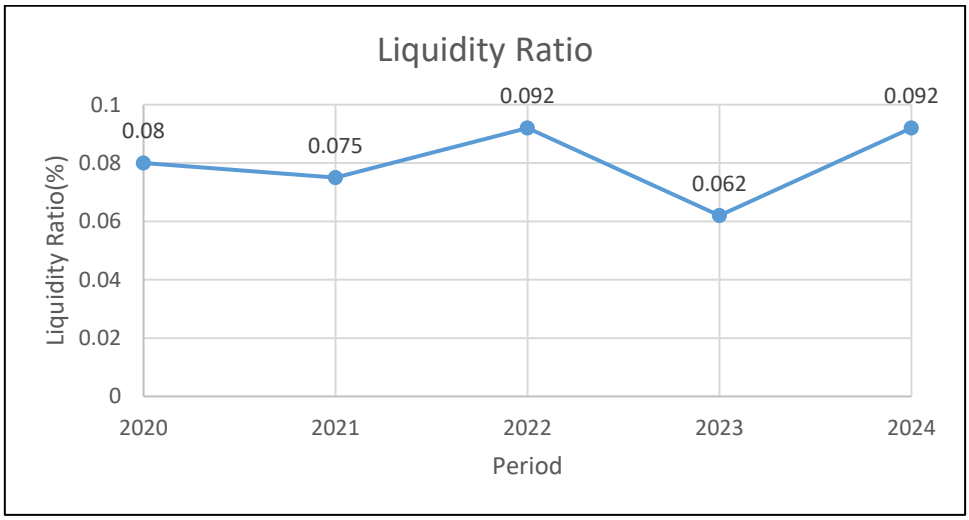

Figure 1. Liquidity Ratio in Albilad Bank from 2020 to 2024.

Bank Solvency Indicator

Figure 2 shows that the solvency ratio decreased from 15% in 2020 to 14.8% in 2021, 14.1% in 2022, and 13.5% in 2023, then the solvency ratio began to rise again, reaching 13.7% in 2024. This indicates that the bank is making efforts to improve its financial solvency, as capital has significantly increased from 2020 to 2024, enabling the bank to absorb risks, with deposits also rising significantly during this period. This significant increase in deposits is the main driver behind the decline in the solvency ratio. Banks usually maintain a higher solvency ratio to protect themselves from unexpected losses. It is also worth noting that in the majority of the analyzed years, the bank's solvency ratio exceeded the Basel III Committee's requirement of 10.5%, indicating the bank's ability to meet the needs of depositors and creditors.

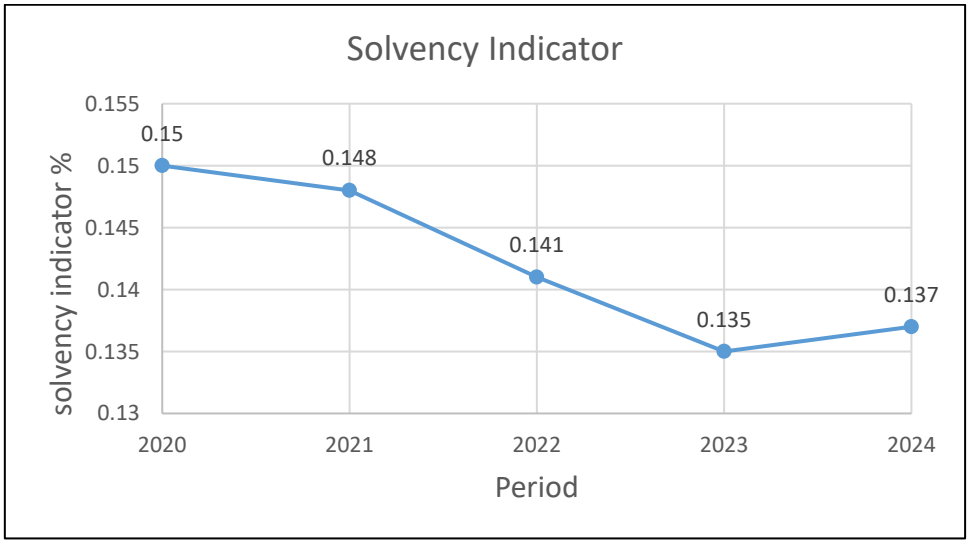

Figure 2. Bank Solvency Indicator in Albilad Bank from 2020 to 2024.

Non-Performing Loan Ratio

The initial non-performing loan ratios in 2020, 2021, and 2022 were generally high (more than 1%), indicating a relatively high level to the total amount of loans granted. The rate of non-performing loans dropped sharply, especially in 2023 (less than 1%), indicating a relatively low level compared to the total amount of loans granted. After 2023, the rate of non-performing loans began to increase again (more than 1%), indicating better management of non-performing loans, including recovery efforts or debt write-offs.

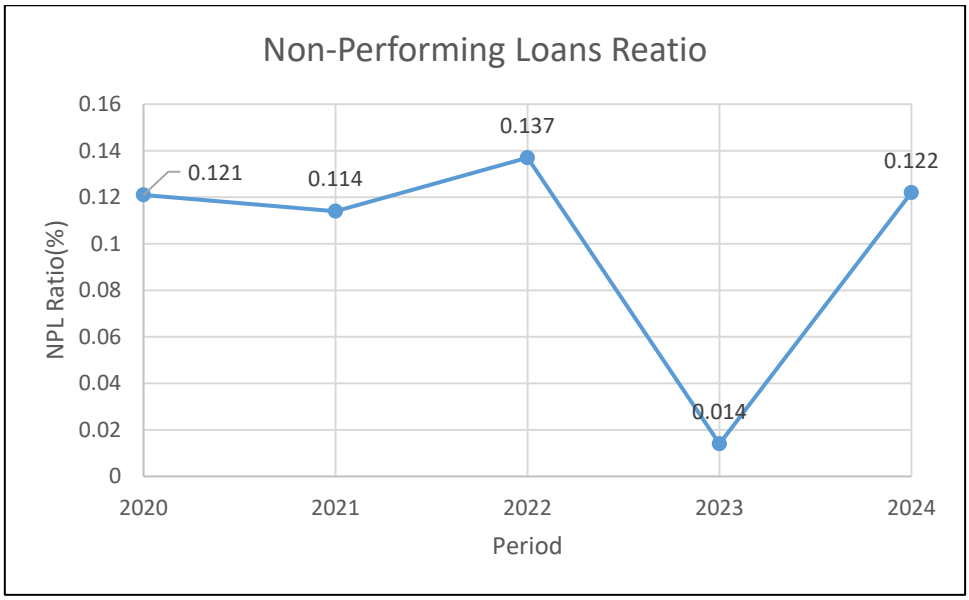

Figure 3. Non-Performing Ratio in Albilad Bank from 2020 to 2024.

Profitability Ratios

Return on Equity (ROE)

Figure 4 shows that the bank achieved a strong return on equity over the period 2020-2024, with values routinely exceeding 16.8% in 2024. The high return on equity over these years suggests that the bank may have been successfully leveraging equity to generate high profits. Starting in 2021, the return on equity increased rapidly, from 14.1% in 2021 to 16.8% in 2024. Although a recovery occurred in 2023 and 2024, performance was uneven, suggesting that the bank may still face ongoing challenges that prevent it from returning to sustainable high performance.

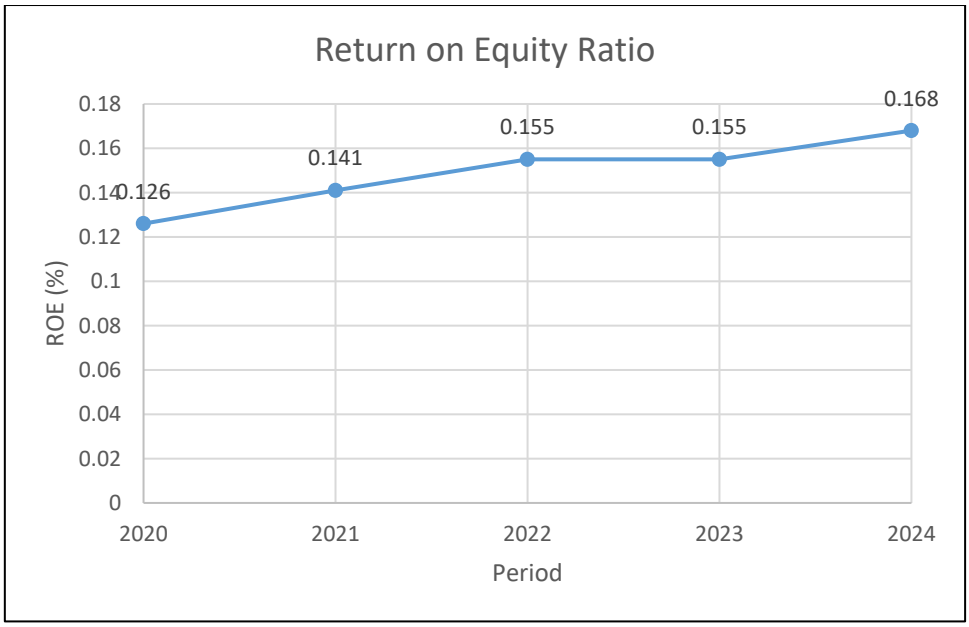

Figure 4. ROE in Albilad Bank from 2020 to 2024.

Return on Assets (ROA)

Return on Assets (ROA) analysis helps understand how efficiently a bank uses its assets to generate profits. Between 2020 and 2024, it is clear that there was fluctuation in ROA, decreasing in 2020 (0.01%), then rising in 2021 (1.5%), then decreasing in 2022 (0.01), then rising in 2023 (1.7), then decreasing again in 2024 (0.02). This indicates ineffective asset management and poor profitability. ROA shows a continuous fluctuation between 2020 and 2024. The overall trend indicates the bank's efforts to restore efficiency.

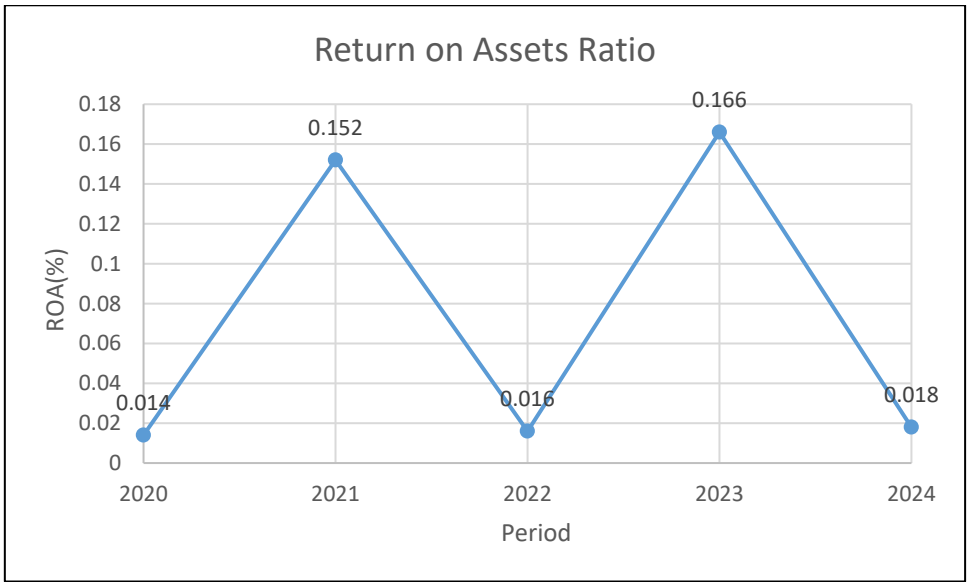

Figure 5. ROA in Albilad Bank from 2020 to 2024.

Bank Efficiency Ratio

Figure 6 shows a decline over time, indicating improved operational efficiency. The five years from 2020 to 2024 were characterized by declining efficiency (high BER). The BER steadily declined from 65% in 2020 to 45% in 2024. This shift indicates improved efficiency over these years, both in terms of cost control and improved income generation. This indicates that the bank is operating efficiently.

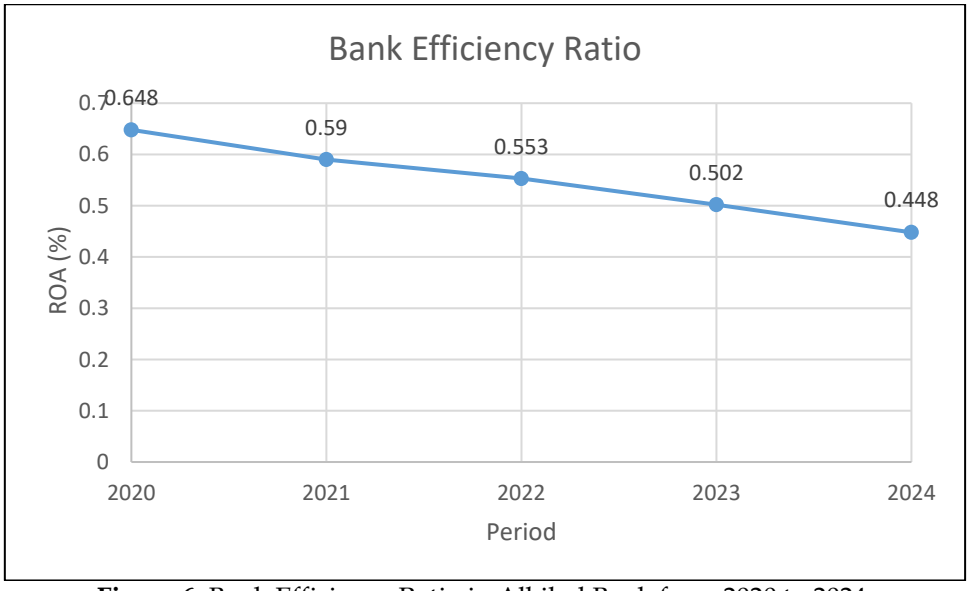

Figure 6. Bank Efficiency Ratio in Albilad Bank from 2020 to 2024.

Utilization Ratio

The utilization ratio, which indicates the efficiency of allocating loans to deposits, decreased from 98% in 2020 to 90% in 2024. This indicates a more efficient use of deposits for loans. A ratio greater than 100% indicates that the bank is lending more than it holds in deposits, which may indicate higher risk or aggressive lending strategies. A ratio below 100% indicates that the bank is lending less than the amount of deposits it holds, indicating a more conservative lending approach or excess liquidity. The utilization ratio shows a shift from conservative lending in 2020 (98%) toward higher lending in 2021 (102%) (with the ratio exceeding 100%), increasing the bank's exposure to potential risks. While this may reflect higher profitability opportunities, the bank must ensure that it maintains strong liquidity management and risk controls to protect against the risks associated with lending more than its deposits.

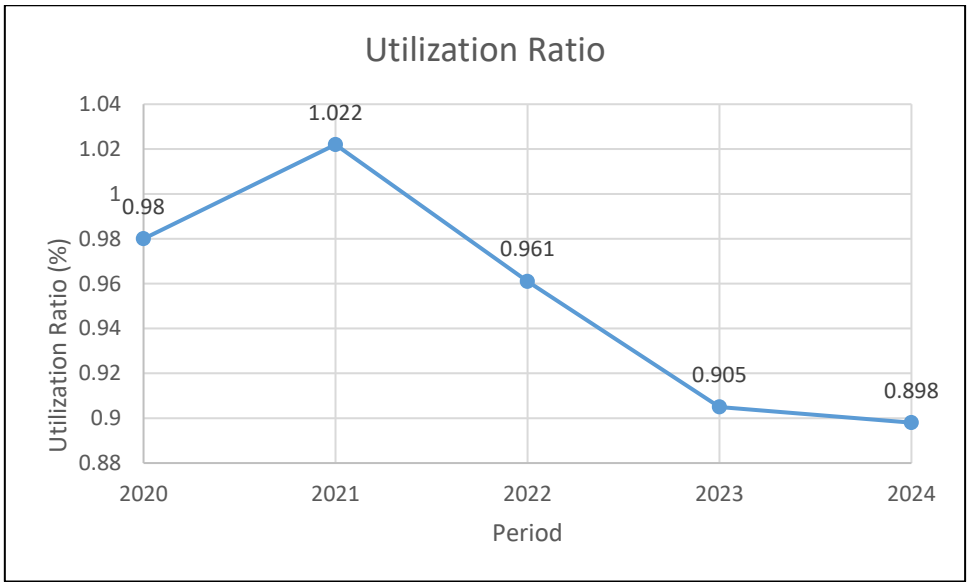

Figure 7. Utilization Ratio in Albilad Bank from 2020 to 2024.

CONCLUSION

According to this study, the liquidity ratio analysis indicates a decline. Therefore, the paper recommends exploring external funding sources, such as attracting savings and investment deposits, to improve the liquidity ratio and meet withdrawal demands. Also recommends increasing share capital from retained earnings to achieve a higher share capital base than currently exists. This is in line with the Kingdom's Vision 2030, which aims to improve the financial sector by encouraging people to save and offering a wider range of ways to get money. The Saudi Central Bank (SCB) recommends a maximum loan-to-deposit ratio of 90%, while the ratio for the banking sector increased to 80.5% in 2023 (SCB, 2024). The analysis reveals that Albilad Bank's ratio in 2024 reached 90%, not exceeding the SCB's recommended limit. This result indicates that the bank utilized retained earnings. This paper highlights the importance of reviewing capital investment policies, given that loans have exceeded deposits, particularly between 2021 and 2024. According to the Saudi Central Bank's financial report, the total non-performing loan ratio in the banking sector reached 5.4% in 2023, a lower percentage than before the COVID-19 pandemic (Saudi Central Bank, 2024). The study noted an increase in Albilad Bank's NPL ratio during the study period, which can be attributed to the bank's practice of directly debiting loan repayments from account balances on their due dates. The Central Bank permits the practice even if the balance becomes overdrawn, provided it is subsequently covered through salary debits or direct deposits, and no interest is charged on overdrawn accounts. This paper aims to contribute to further analysis of the Saudi banking and financial sector.

Funding Statement

This work was supported and funded by the deanship of Scientific Research at Imam Mohammed Ibn Saud University (IMSIU). (Grant number IMSIU-DDRSP2604).

REFERENCES

Abdel Halim Ammar Gharbi (2017), Principles of Banking-Saudi Banking Sector as Model, KIE Publications,1st edition, available online: https://kantakji.com/ .

Adam, M. (2014)., 'Evaluating the Financial Performance of Banks Using Financial Ratios- A Case Study of Erbil Bank for Investment and Finance', European Journal of Accounting Auditing and Finance Research, Vol. 2 No. 6, pp. 162−177.

Al-Jahdali, G. O., & Obaid, R. (2019), 'The influence of bank governance on improving the financial performance – An empirical study on the banks sector in the Kingdom of Saudi Arabia', Journal of Economic, Administrative and Legal Sciences, Vol. 3 No. 8, pp. 25−39.

Almazari, Ahmed Arif. (2011), 'Financial Performance Evaluation of Some Selected Jordanian Commercial Banks', International Research Journal of Finance and Economics, Vol. 68 No. 8, pp. 50−63.

Almumani, M. A. (2013) , ' The Relative Efficiency of Saudi Banks: Data Envelopment Analysis Models', International Journal of Academic Research in Accounting, Finance and Management Sciences, Vol. 3

No. 3, pp. 152-161.
Almumani, Mohammad Abdelkarim (2014) , 'A Comparison of Financial Performance of Saudi Banks (2007-2011)', Asian Journal of Research in Banking and Finance, Vol. 4, No. 2, pp. 200-213.
Albilad Bank, Annual Financial Reports (2020-2024), Available at: Annual-Report-EN-2024.pdf (accessed on 41Dec 2025).
Alsharif, M. (2021), 'The efficiency of banks and stock performance: Evidence from Saudi Arabia', Cogent Economics & Finance, Vol. 9, No. 1.
Alshebmi, A. S., Adam, M. H. M., Mustafa, A. M., & Abdelmaksoud, M. T. D. O. E. (2020) , 'Assessing the non-performing loans and their effect on banks profitability: Empirical evidence from the Saudi Arabia banking sector', International Journal of Innovation, Creativity and Change, Vol. 11, No. 8, pp. 69-93.
Alowaimer, O. (2025), 'Determinants of profitability and financial performance: a study of listed Saudi banks', Access Journal, 6(2), 287-302.
Altoum Alotaibi, D. A. (2024), 'Measuring the Efficiency of Banking Services for Saudi Arabia Kingdom Banks Using Data Envelopment Analysis (DEA) During the Period (2017-2022)', Pakistan Journal of Life & Social Sciences, 22(2).
Ari, A., Chen, S., & Ratnovski, L. (2021), 'The dynamics of non-performing loans during banking crises: A new database with post-COVID-19 implications', Journal of Banking & Finance, Vol. 133, pp. 106-140.
Azam, A. (2017), 'Measuring Liquidity Risk Management and Impact on Bank Performance in Iran', Journal of Money and Economy, Vol. 12, No. 3, pp. 295-315.
Badruzaman, J. (2020), 'Analisis efisiensi dan kinerja bank syariah di indonesia', Jurnal Akuntansi, Vol. 15, No. 1, pp. 20-27.
Deborah Taylor (2021), 'Efficiency Ratio', Available at: https://www.fe.training/free-resources/fig/efficiency-ratio (accessed 7 Jan 2025).
Elliott, D. J. (2014), 'Bank liquidity requirements: An introduction and overview', The Brookings Institution, available at: https://www.brookings.edu/wpcontent/uploads/2016/06/23_bank_liquidity_requirements_intro_overview_elliott.pdf (accessed 23 December 2024).
Farai, D. D. (2020), 'The impact of Liquidity Management on Bank Financial Performance in a subdued economic environment: A case of the Zimbabwean Banking Industry', PM World Journal, Vol. IX, No. I, pp. 01-20.
Febrianto, E. D. A., & Rahayu, Y. (2015), 'Pengaruh Rasio Likuiditas dan Solvabilitas Terhadap Profitabilitas Perusahaan Food and Beverage', Jurnal Ilmu Dan Riset Akuntansi (JIRA), Vol. 4, No.8.
Gaddam, L., Al Khathlan, K. & Malik, S.A. (2009), 'Commercial banks in Saudi Arabia- A study of financial performance', Journal of International Finance and Economics, Vol. 9, No. 1, pp. 15-24.
Gilbert, R. A., & Wheelock, D. C. (2007), 'Measuring commercial bank profitability: Proceed with caution', Networks Financial Institute Working Paper, (2007-WP), 22.
Gupta, D.O., & Dongre, N. (2024), 'Comparative Analysis of the Financial Performance of the Banks', International Journal of Research in Commerce and Management Studies, Vol.6, No. 2, pp. 58-72.
Hacini, I., Boulenfad, A. and Dahou, K., (2021)', The impact of liquidity risk management on the financial performance of Saudi Arabian banks', EMAJ: Emerging Markets Journal, Vol.11, No.1, pp 67-75.
Harrison, K. S. (2015), 'The effect of liquidity management on the financial performance of deposit taking Saccos in Nairobi County', Doctoral dissertation, University of Nairobi, Available at: https://erepository. uonbi.ac.ke/handle/11295/92992 (accessed 2 January 2025)
Hemina, R., & Suprianto, E. (2014), 'Analisis Pengaruh CAR, NPL, LDR dan BOPO Terhadap Profitabilitas (ROE) pada Bank Umum Syariah', Jurnal Akuntansi Indonesia, Vol. 3 No. 2, pp. 129 - 142.
Irena Munteanu & Constantina Alina Ilie. (2021), 'The Use of ROA and ROE in Study of a Bank's Profitability', Ovidius University Annals, Economic Sciences Series. Vol. XXI, No. 2, pp. 1078-1083.
Irham, F. (2012), 'Analisis Kinerja Keuangan', Bandung: Alfabeta.
Islam, M. Z., Aktar, S., Hossen, M. A., & Islam, M. S. (2018), 'Non-Performing Loan and Asset Utilization of Banks: Evidence from Bangladesh', Romanian Economic and Business Review, Vol. 13, No. 4, pp. 31-39.
Javaid, S., & Alalawi, S. (2018), 'Performance and profitability of Islamic banks in Saudi Arabia: An empirical analysis', Asian Economic and Financial Review, Vol.8, No. 1, pp. 38-51.
Jing, E. (2020), 'Impact of high non-performing loan ratios on bank lending trends and profitability',

International Journal of Financial Studies, Vol. 8, No.12.
Mahmoud, m. e. (2010)', Financial performance and its impact on the stock returns of joint stock companies', Al Jamid for publication and distribution house, first edition, Oman.
MAHMOUD, M.T. and NEFFATI, M.R., 2021, 'Relationship between efficiency, management risk, and profitability: an empirical study of listed banks in Saudi Arabia', The Journal of Asian Finance, Economics and Business, Vol.8, No.6, pp.133-144.
Masruki, R., Ibrahim, N., Osman, E., & Wahab, H. A. (2011), 'Financial performance of Malaysian Founder Islamic banks versus conventional banks', Journal of Business and Policy Research, Vol.6, No. 2, pp. 67-79.
Munangi, E., & Sibidi, A. B. (2020), 'An Empirical Analysis of the Impact of Credit Risk on the Financial Performance of South African Banks', Academy of Accounting and Financial Studies Journal, Vol. 24, No. 3, University of South Africa.
Munawir. (2010), 'Analisis Laporan Keuangan', Yogyakarta: UPP AMK YKPN.
Munawir. (2018), 'ANALISA LAPORAN KEUANGAN', (4th ed.). Liberty Yogyakarta.
Najla, I. A., & Tahani, E. A. (2020), 'The effect of liquidity on the profitability of commercial banks in the Kingdom of Saudi Arabia Period (2010-2019)', Journal of Economic, Administrative and Legal Sciences, Vol. 4, No. 12, pp. 109-132.
Ndoka, S., & Islami, M. (2016), 'The Impact of Credit Risk Management in the Profitability of Albanian Commercial Banks During the Period 2005-2015', European Journal of Sustainable Development, Vol. 5, No. 3, pp. 445-452.
Njoki, N. M., & Nyamute W. (2023), 'Factors Affecting Financial Performance of Commercial Banks in Kenya', Journal of Finance and Accounting, Vol. 7, No. 1, pp. 100 - 115.
Ombaba, M. K. (2013)', Assessing the Factors Contributing to Non–Performance Loans in Kenyan Banks', European Journal of Business and Management, Vol. 5, No. 32, pp.155-162.
Othman, J., & Gabbori, D. (2024), 'Navigating Credit Risk in Islamic banks: A Multidimensional Analysis of Non-Performing Loans', International Journal of Islamic Finance and Sustainable Development, Vol. 16, No. 4.
Permana, I.K.G. and Rahyuda, H., (2025), 'The Effect of Liquidity, Bank Capital, Profitability, and Operational Efficiency On Credit Risk (A Case Study On Banking Sub-Sector Companies Listed On the Indonesia Stock Exchange for The Period 2019-2023)', International Journal of Management Research and Economics, Vol. 3, No. (1), pp. 323-347.
Puspitasari, K. and Muflih, M., (2024), 'The Effect of Solvency and Liquidity on the Profitability of Indonesian and Saudi Arabian Islamic Commercial Banks: An Empirical Analysis Based on Stakeholder Theory', Ekspansi: Jurnal Ekonomi, Keuangan, Perbankan, dan Akuntansi, Vol. 16, No. 2.
Putra, M., Darwis, D., & Priandika, A. (2021), 'Pengukuran Kinerja Keuangan Menggunakan Analisis Rasio Keuangan Sebagai Dasar Penilaian Kinerja Keuangan', Jurnal Ilmiah Sistem Informasi Akuntansi, Vol. 1, No.1, pp. 48-59.
SAMA (2020), Saudi Arabian Monetary Authority Report: Banking Performance in Saudi Arabia, SAMA Annual Report, Kingdom of Saudi Arabia.
Saudi Central Bank Annual Report (59th, 2023). (accessed on 16 Oct 2025).
Saudi Central Bank (2024), Financial Stability Report, available at: Financial_Stability_Report_2024_AR.pdf (accessed on 16 Feb 2025).
Sayari, S., (2024), 'Driving Digital Transformation: Analyzing the Impact of Internet Banking on Profitability in the Saudi Arabian Banking Sector', Journal of Risk and Financial Management, Vol.17, No. 5, pp.174.
Silvia Handayani, Fahmi Natigor Nasution, Narumondang Bulan Siregar (2024), 'The Effect of Non-Performing Loans and Loan to Deposit Ratio on Profitability with Inflation as a Moderating Variable in Banking Companies Listed on Indonesia Stock Exchange Period 2018-2022', International Journal of Current Science Research and Review. Vol.7, No.5, pp. 2771-2780.
Simatupang, B. M. (2024), 'The Effect of Bank Risk On Financial Performance (Case Study PT Bank Negara Indonesia, TBK Period 2018-2022)', Jurnal of Accounting, Management, and Islamic Economics, Vol.1, No. 02, pp. 755-766.
Singh, S. K., BASUKI, B., & SETIAWAN, R. (2021), 'The Effect of Non-Performing Loan on Profitability: Empirical Evidence from Nepalese Commercial Banks', The Journal of Asian Finance, Economics and Business. Vol. 8, No. 4, pp. 709–716.

Syaferi Anwar & Batara Maju Simatupang, (2023), 'The Effect of Bank Risk On Financial Performance (Case Study PT Bank Negara Indonesia, TBK Period 2018-2022)', Journal of Accounting, Management, and Islamic Economics, Vol 01, No. 02, pp. 755-766.

Tahir, I. M., & Abu Bakar, N. M. (2007), 'Service quality gap and customers' satisfactions of commercial banks in Malaysia', International Review of Business Research Papers, Vol.3, No. 4, pp. 327-336.

Tahiri, N. R. (2018), 'Study on financial performance of the Afghanistan Bank 2015 and 2016', Kabul, Afghanistan: MPRA Paper No. 88477.

Yadav, L.S., Lakshmi, D.R., & Anjali, K. (2024),'Financial Performance Analysis of ICICI Bank Using Ratio Analysis', International Research Journal on Advanced Engineering and Management (IRJAEM). Vol. 2, No. 5, pp. 1691-1693.

Zawadi, A. (2013),'Comparative Analysis of Financial Performance of Commercial Banks in Tanzania', Research Journal of Finance and Accounting, Vol. 4, No. 19, pp. 133-143.

ABOUT THE AUTHOR

Mutaz Mahmoud, Ph.D, is an assistant professor at Imam Muhammad ibn Saud Islamic University, College of Business, Finance Department, Banking Track. He holds a PhD in banking from Omdurman Islamic University, Sudan, and a Master of Science in Economics, Banking from the same university. He was a former banker at the Animal Resources Bank, Bank of Khartoum, and participated in establishing Family Bank in Sudan. He worked as a banker at Alrajhi Banking and Investment Company in the Kingdom of Saudi Arabia (currently Alrajhi Bank). His current research interests include financial performance analysis in banking sector. He can be conducted at mtmahmoud.mm@gmail.com

ORCID ID:0009-0007-9852-0483

Web of Science Researcher ID: KAL-9219-2024.

Declaration of Competing Interest

Mutaz Mahmoud declare that he is the sole author of this paper. He also declares there is no competing financial interest or personal relationships that could have influenced the research work.

The author understands the Ethical Guidelines and have adhered to all the statements regarding ethics in publishing. He also confirms that this paper is original and has not been published in any other journal nor is under consideration by another publication.

During the preparation of this work the author declare that he used AI Technologies in order to improve the writing process, readability and language.

Data Availability

None.

Disclaimer

The views and opinions expressed in this article are those of the authors and do not necessarily reflect the official policy or position of any affiliated agency of the author.