SAUDI BANKING SECTOR

A Slow Recovery

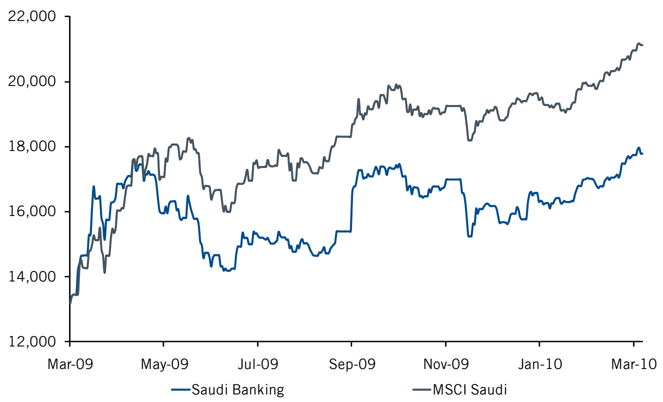
March 31, 2010

Valuation

	Price * (SAR)	Fair Value (SAR)	Upside / Downside	Recommendation	Market Cap. Million SAR
Samba	59.00	60.60	3%	Hold	53,100
Riyad	30.50	34.10	12%	Accumulate	45,750
SABB	48.70	51.10	5%	Hold	36,525
BSF	47.20	49.30	4%	Hold	34,136
ANB	46.40	51.20	10%	Accumulate	30,160

**As of March 30, 2010. Sources: Reuters, Tadawul, and NBK Capital*

Rebased Performance



Sources: Reuters and NBK Capital

Forecasts

	2010 F				
	P/E	P/B	Net Profit Growth	Operating Income Growth	RoAE
Samba	11.3	2.0	3.4%	1.2%	19.4%
Riyad	14.0	1.5	7.9%	5.3%	11.2%
SABB	14.4	2.3	25.1%	2.7%	17.8%
BSF	12.5	2.0	10.4%	2.5%	16.4%
ANB	12.9	1.9	-1.3%	1.9%	15.4%

Sources: Banks' financial statements, Reuters, and NBK Capital

Key Ratios

Dec-09	NPLs-to-Gross Loans	NPL Coverage	Prov. Chg.-to-Avg. Loans	LDR	CAR	Cost-to-Income
Samba	3.32%	116%	0.64%	57%	17.1%	27.4%
Riyad	1.16%	141%	0.60%	85%	18.3%	36.8%
SABB	4.51%	50%	1.88%	86%	12.8%	32.2%
BSF	1.27%	127%	0.71%	86%	13.7%	27.1%
ANB	2.81%	76%	0.62%	81%	16.3%	36.8%

Sources: Banks' financial statements and NBK Capital

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Highlights

- We maintain our favorable view of the Saudi banking sector and slightly increase our fair value estimates for all banks under coverage. Saudi banks proved to be resilient in 2009, as most of them managed to increase their operating income and ended the year with improved liquidity and capitalization. Loan re-pricing, normalization of investment earnings, and good cost control countered the muted lending growth, low interest rate environment, and increase in loan loss provisioning, to safeguard profitability. The significant amount of non-interest-bearing deposits will benefit the banks when interest rates start climbing from the current lows, resulting in improved margins.
- The past year was characterized by sluggish economic activity, lower demand for lending, weakening asset quality, and a significant reduction in risk appetite on the part of Saudi banks. The results were a flattish loan growth, sizable increase in non-performing loan (NPL) formation, spike in loan loss provisioning, and significant pressure on profitability. On the upside, deposits grew by 11%, resulting in a significantly better liquidity position. Furthermore, weak lending and balance sheet de-risking resulted in improved capitalization for all banks under coverage.
- We believe loan growth will improve in 2010 to stand at a moderate 6% on average, driven by better economic fundamentals, a higher price of oil, continued government spending, and less risk averseness on the part of banks. We expect deposit growth to continue to surpass loan growth in 2010. We see continued pressure on interest margins driven by the ongoing low interest rate environment, especially as the full benefit of loan re-pricing has already been reflected in 2009. We see an improvement in income from fees and commissions as growth normalizes following the significant pressure on fees in 2009. We think fear from further weakening in asset quality will remain a top concern for Saudi banks. We still expect NPL formation to be on the rise, although to a much lesser extent compared to the jumps seen in 2009. Hence, we forecast loan loss provisioning to remain high in 2010, especially as Saudi banks will want to improve their NPL coverage ratios which dropped in FY2009.
- We slightly increase our fair value estimates for all banks under coverage from a low of 2% for SABB and ANB to a high of 12% for Riyad. We assign a "Hold" recommendation on Samba, SABB, and BSF and an "Accumulate" recommendation on Riyad and ANB, which offer, we believe, an upside potential of 12%, and 10%, respectively. We forecast low single-digit growth rates in operating income for all banks in FY2010. Hence, similar to FY2009, we believe loan-loss provisioning will be the decisive factor in whether banks increase or decrease their bottom lines in FY2010.

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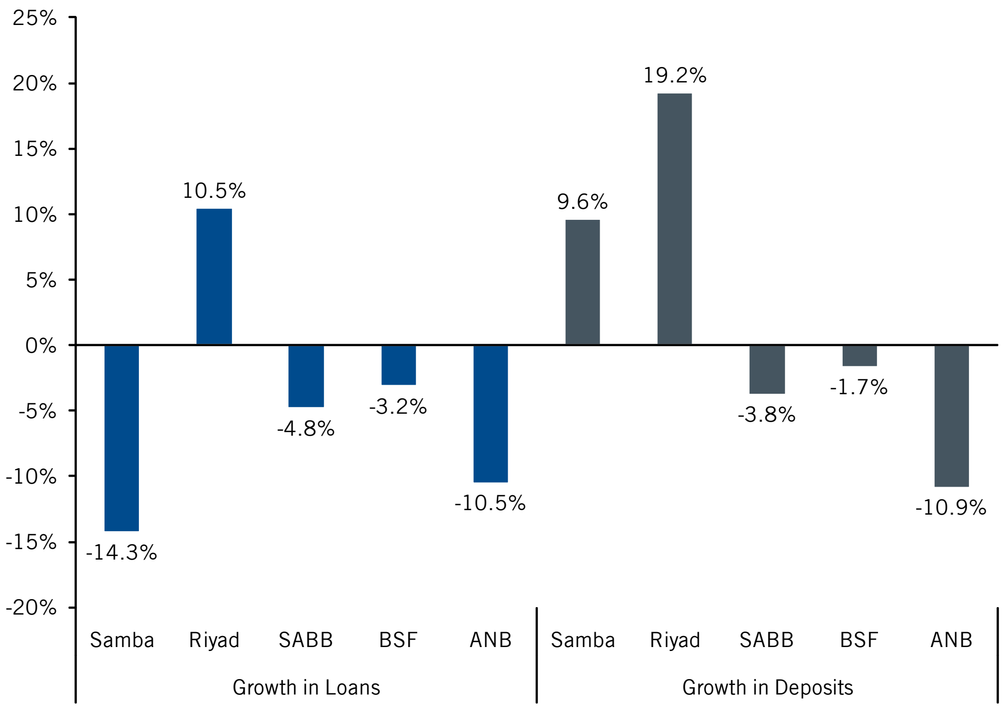
SECTOR HIGHLIGHTS

Lending and Deposit Growth

Lending in Saudi Arabia continued to be weak in 2009 after the slowdown started towards the end of 2008. In fact, total sector loans have been almost flat since September 2008. The lower economic growth and fears of asset quality deterioration are the two major reasons behind the weak lending, especially after two major Saudi conglomerates encountered financial trouble in the early part of 2009. In all cases, we believe weak lending is due to both supply-side and demand-side factors. Consequently, total sector loans dropped by a marginal 1% in 2009 after growth averaged around 25% in the previous five years. Of the five banks under coverage, only Riyad saw its loans increase, as they expanded by 10%, the highest growth in the Saudi banking sector (Figure 1). Samba, on the other hand, saw its loans drop the most (14%) in FY2009 and, together with SABB, BSF, and ANB, underperformed the sector in terms of loan growth.

Riyad significantly outperformed its Saudi peers in terms of loan and deposit growth in FY2009

Figure 1 Growth in Loans and Deposits in FY2009

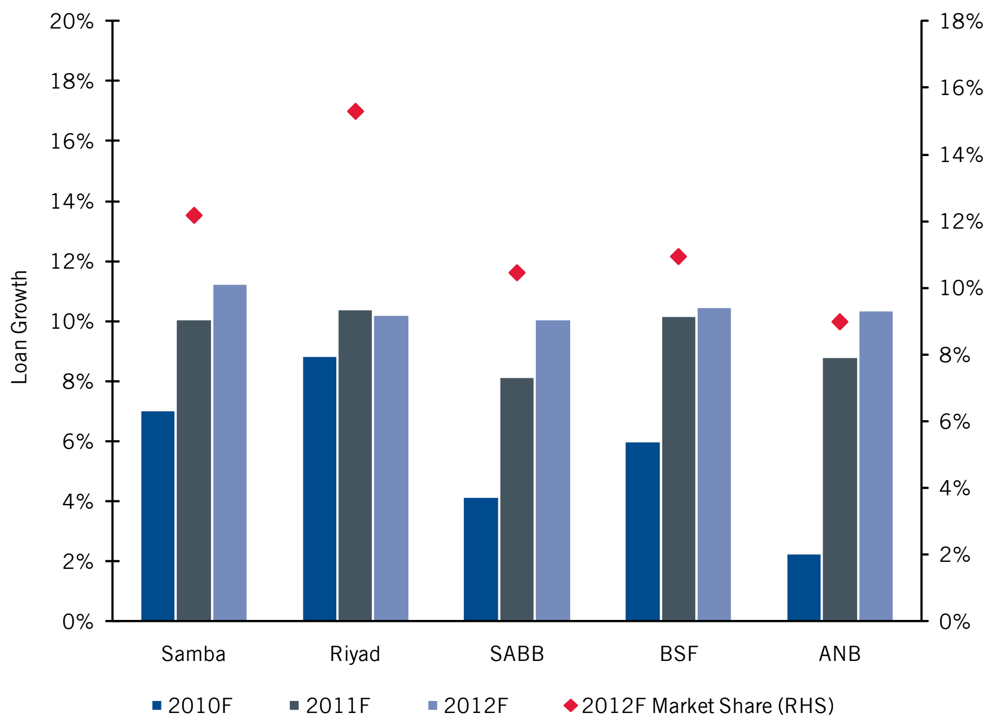


Sources: Banks' financial statements and NBK Capital

While lending was muted, total sector deposits grew by 11% in FY2009, despite the estimated 19% drop in nominal GDP in that year. Only Riyad and Samba grew their deposits (the former by 19%, the fastest growth in the Saudi banking sector) in FY2009, while ANB saw its deposits drop by 11% and, together with SABB and BSF, underperformed the sector in terms of deposit growth. Interestingly, when it came to deposit accumulation in 2009, growth was much faster in non-interest-bearing (NIB) deposits than in interest-bearing deposits. With limited, if any, loan growth and a very low interest rate environment (SAIBOR at 0.77% by the end of 2009), Saudi banks certainly found it relatively easy to increase the share of NIBs in the total deposit base by letting go of some expensive fixed deposits. We believe this will continue in 2010 as interest rates continue to be low and loan growth is forecasted to remain weak, though higher than in 2009. The quicker growth in NIBs helped Saudi banks defend interest margins and hence net interest income (NII), and we believe this will still be the case in 2010. We believe that banks still fear further weakening in asset quality, which is driving them to remain cautious in their lending practices. Nevertheless, we still expect sector loans to grow by around 6% in 2010 as economic activity picks up before growth accelerates to 9% and 10% in 2011 and 2012, respectively. We believe Riyad will continue to grow faster than its peers, registering loan growth of 9% in 2010.

We see sector loan growth of 6% in 2010, before picking up to 9% in 2011

Figure 2 Loan Growth and Market Share Forecasts



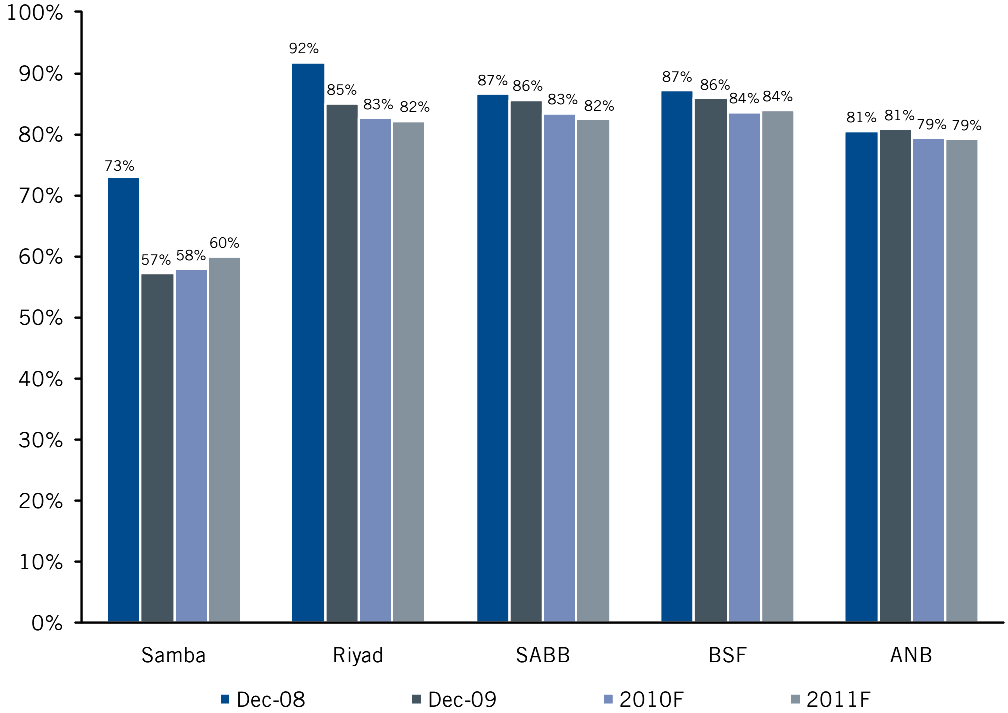
Sources: Banks' financial statements and NBK Capital

Liquidity

The upside of the slowdown in lending was improved liquidity. The sector's simple loans-to-deposits ratio (LDR) dropped from 88% in December 2008 to 78% in December 2009. All the covered banks, with the exception of ANB, saw a drop in their LDRs in 2009, as can be seen in Figure 3. At the end of 2009, Samba had one of the lowest LDRs in the Saudi banking sector at 57%. This bank can, if it wishes, have a significant increase in lending without needing to raise additional deposits. However, Samba has suffered in terms of declining interest margins.

Figure 3 Loans-to-Deposits Ratios

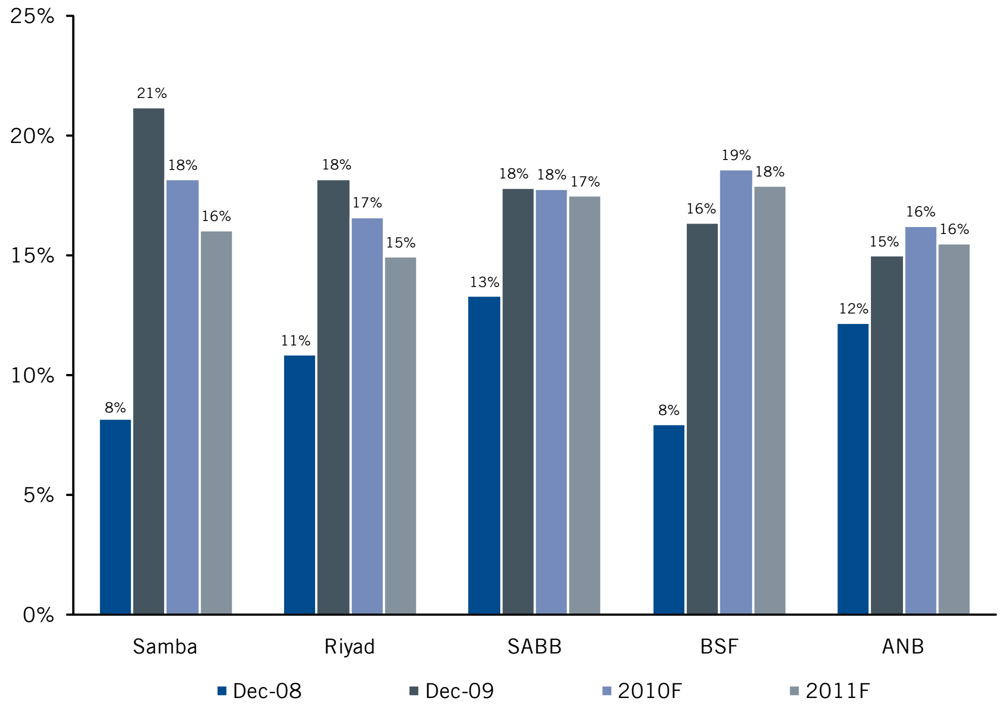
Most banks had decreasing LDRs in 2009



Sources: Banks' financial statements and NBK Capital

In 2010, we still see deposits growing faster than loans for the majority of the banks and hence dropping LDRs. Improved liquidity can also be seen in the increase in the ratio of liquid assets (defined here as cash and balances with SAMA plus interbank deposits) to total assets. All covered banks witnessed an increase (sometimes significant) in this ratio, with Samba's measure soaring from 8% in 2008 to 21% in 2009, while BSF's measure doubled in the same period. Data from SAMA shows that bank deposits with SAMA (other than statutory deposits) have surged from around SAR 42 billion in December 2008 to around SAR 99 billion in December 2009. It is obvious that banks have placed more funds with SAMA rather than increasing their loan books, despite a very low reverse repo rate, which currently stands at a mere 0.25%. The significantly better liquidity position than that which prevailed at the end of 2008 will facilitate lending growth when the operating environment improves and lending appetite returns. Going forward, we expect a general decline in this ratio as banks deploy the excess liquidity to grow their loan books.

Figure 4 Liquid Assets-to-Total Assets Ratios



Sources: Banks' financial statements and NBK Capital

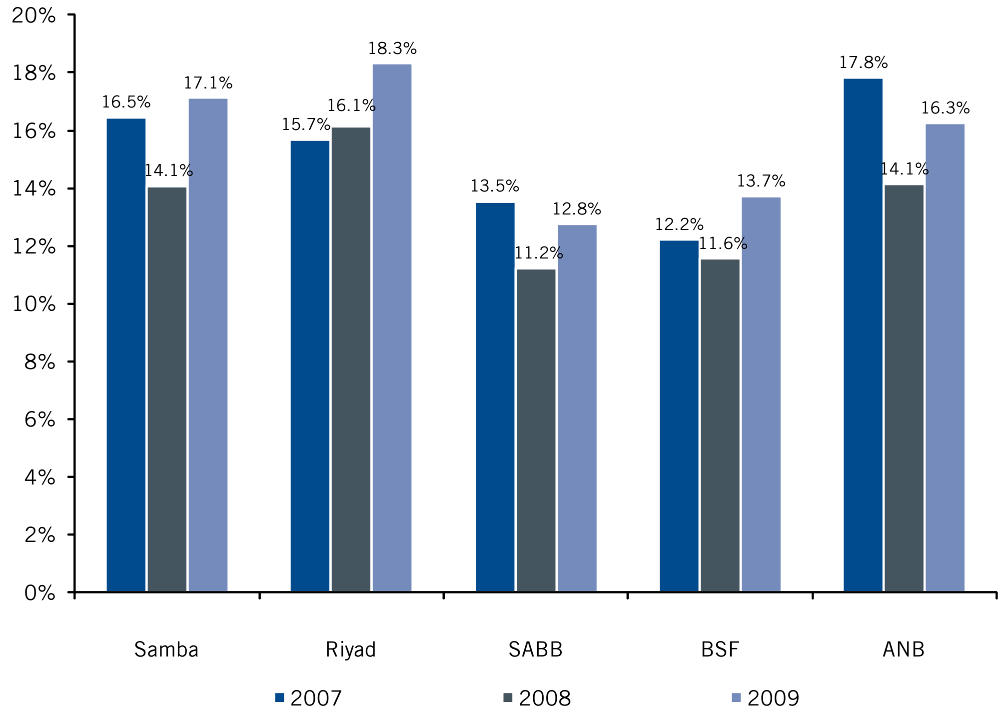
There was a significant increase in liquidity in 2009

Capitalization

Another upside of the slowdown in lending was improved capitalization in 2009, whereby the capital adequacy ratios (CARs) of all banks increased during the year, as can be seen in Figure 5. This followed a drop in capital adequacy in 2008 after the implementation of Basel II in January 2008 and the subsequent increase in risk-weighted assets.

Capital adequacy improved in 2009 following a drop in 2008

Figure 5 Capital Adequacy Ratios



Sources: Banks' financial statements and NBK Capital

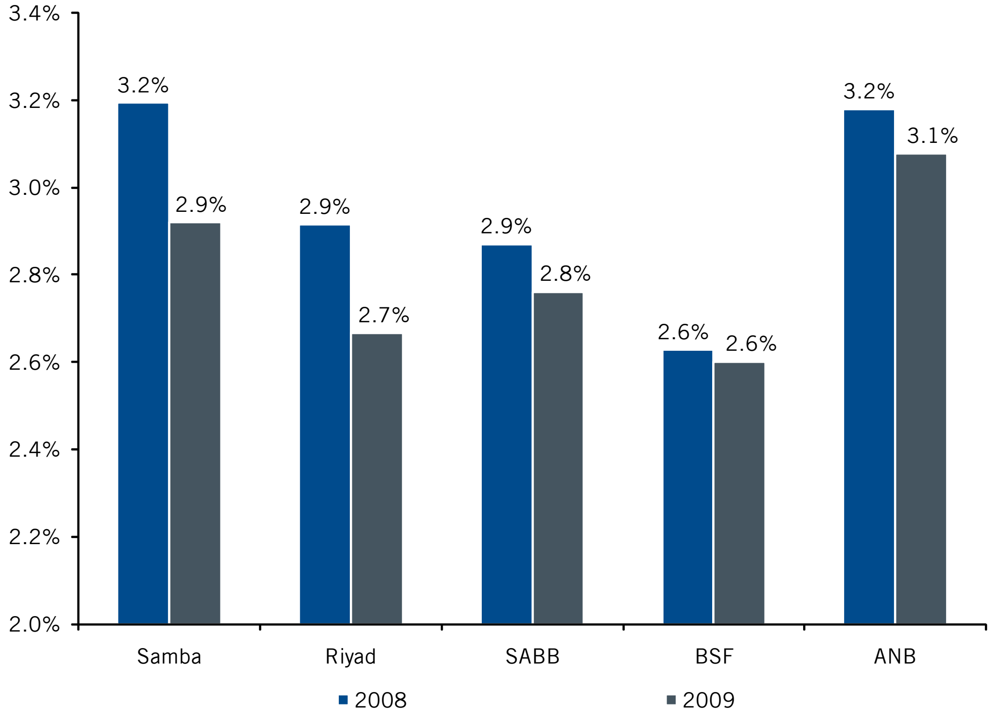
Although CARs in Saudi Arabia are much higher than the minimum requirement of 8%, it is believed that SAMA will not be comfortable with CARs below, say, the 11% or 12% level. Hence, we believe the increases in CARs witnessed in 2009 are especially important for some banks (such as SABB and BSF), as the declines seen in 2008 have brought the banks' CARs to levels with which SAMA might be unhappy. Riyad has enjoyed the highest CAR among its peers, standing at 16.1% and 18.3% in 2008 and 2009, respectively, on the back of the SAR 13.1 billion capital increase conducted in 2Q2008. In fact, this high CAR provided Riyad with an advantage over its peers in the sense that the bank has been more aggressive than other Saudi banks. Its significant outperformance in terms of lending growth is testimony to this.

Earnings

The combined operating income of our covered banks increased to SAR 26.9 billion in 2009, 5% above that in 2008. The growth in operating income was driven by moderate growth in NII and normalization of investment earnings in 2009. The banks were able to increase their NII in 2009 due to re-pricing of their loan books, which helped support margins to a certain extent. The banks also saw a surge in NIB deposits. However, loan re-pricing and letting go of the more expensive interest bearing deposits were not able to compensate for the decrease in margins arising from lower interest rates and weak lending growth. The declining interest rates also lowered the interest earned from the banks' fixed income investment portfolios, which matured or re-priced to lower yields. Due to the unavailability of high-yielding instruments, similar to the Saudi government bonds, the banks faced increased pressure on margins. These factors resulted in a decline in the net interest margins (NIMs) of all the covered banks in 2009 (Figure 6). Samba and Riyad witnessed the largest drops in margins, while BSF had the smallest drop in NIM during the year. Going forward, we expect margins to remain under pressure in 2010, especially if interest rates remain at their current level. In the long run, the direction of interest rates will be the key factor in determining NIMs.

Margins came under pressure in 2009 due to weak lending growth and declining interest rates

Figure 6 Net Interest Margin



Sources: Banks' financial statements and NBK Capital

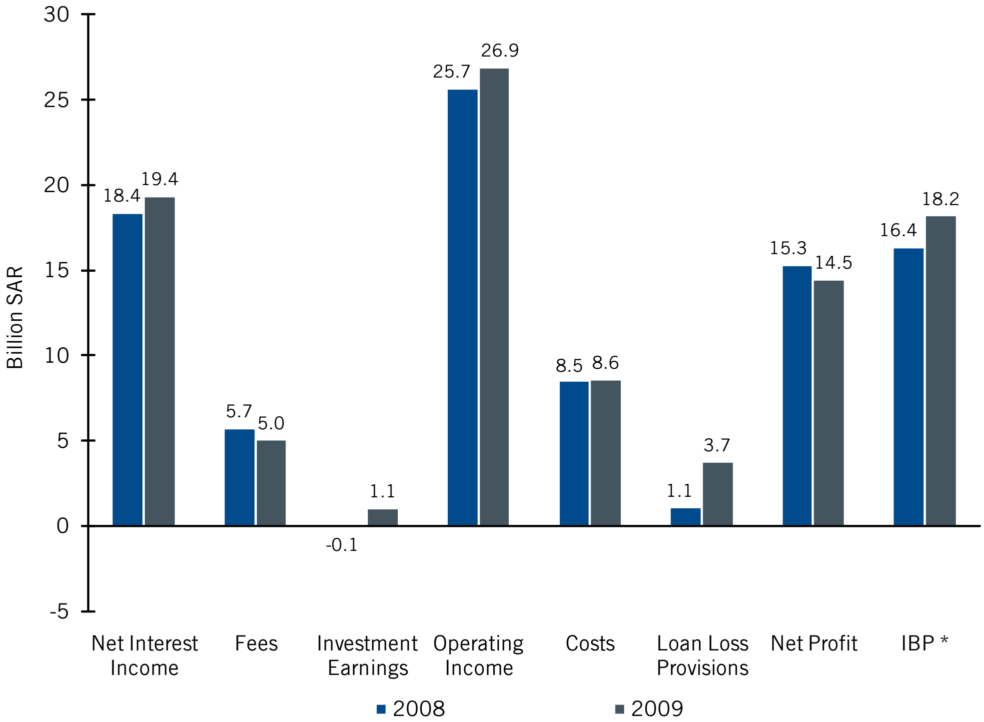
Income from fees and commissions was under pressure in 2009 due to weak lending growth, less trade-related business, and lower investment banking fees and brokerage commissions. Trading activity on the Saudi Stock Exchange (Tadawul) was weaker in 2009 than it was in 2008. The total traded value on the Tadawul declined by 36% during 2009, after having already dropped by 23% in 2008. Going forward, we expect a slight improvement in fee and commission income in 2010, driven primarily by a pickup in lending growth. Brokerage commissions, on the other hand, may still be under pressure if trading on the Tadawul remains as weak as it has been in the first three months of 2010.

Operating income was also supported by the normalization of total investment earnings in 2009. Three of the covered banks reported heavy investment losses in 2008, which lowered operating income in that year. In 2009, however, four of the banks recorded net investment gains, with the exception of Riyad, which reported a slight net investment loss. The combined investment earnings stood at SAR 1.06 billion in 2009, compared with net investment losses of SAR 68 million in 2008.

Expecting sluggish growth in lending and profits in 2009, the banks focused on limiting cost growth during the year. Consequently, the covered banks' combined costs grew by a mere 1% in 2009. The key factor that drove earnings down in 2009 was heavy loan loss provisioning. Combined net loan loss provision charges more than tripled from SAR 1.07 billion in 2008 to SAR 3.74 billion in 2009. SABB led the group in terms of increasing loan loss provisions, which grew from SAR 371 million in 2008 to SAR 1.5 billion in 2009, accounting for 42% of the increase in the loan loss provision charges of the covered banks. Hence, the banks' combined net profit fell by 6%, while the income before provisions (IBP) increased by 11% (Figure 7).

Expansion in net interest income and investment earnings supported operating income, but soaring provisions led to a decrease in the combined net profit in 2009

Figure 7 Income Statement Accounts: 2009 versus 2008

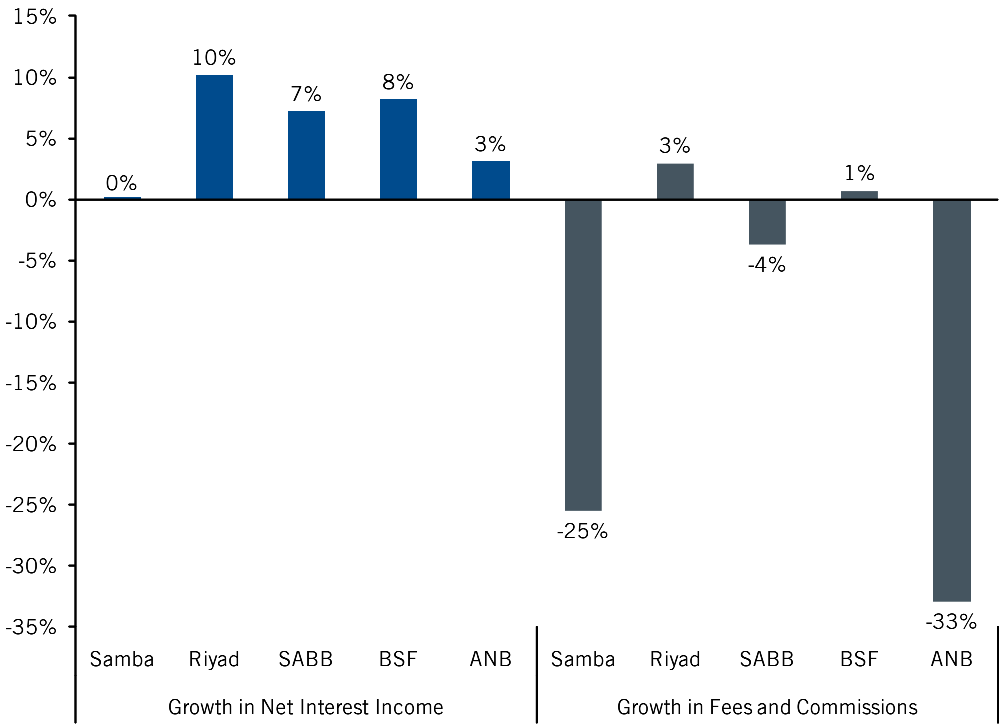


**Note: IBP = Income before loan loss provisions Sources: Banks' financial statements and NBK Capital*

As mentioned previously, the covered banks' operating income was supported by a moderate increase in NII in 2009, while fee and commission income was weak for most banks (Figure 8). Riyad was the outperformer, as the bank recorded the highest growth in NII (+10%) on the back of strong loan growth (+10%) during the year. The bank also recorded the highest, although marginal, growth in income from fees and commissions of 3% in 2009, driven by stronger trade finance and corporate advisory fees (+29%). Samba posted flat growth in NII, underpinned by a large drop in loans in 2009 (-14%). Samba also witnessed a decline in all fee income components, aside from trade finance fees (which remained flat in 2009), resulting in a large drop in the income from fees and commissions (-25%). ANB witnessed the largest drop (-33%) in income from fees and commissions in 2009. Even though margins are expected to remain under pressure, at least in 2010, we expect NII and fee income to remain the key drivers of earnings growth going forward, supported primarily by higher loan volumes.

Figure 8 Growth in Net Interest Income and Fees and Commissions in FY2009

Riyad outperformed its peers in terms of growth in net interest income and growth in income from fees and commissions in 2009



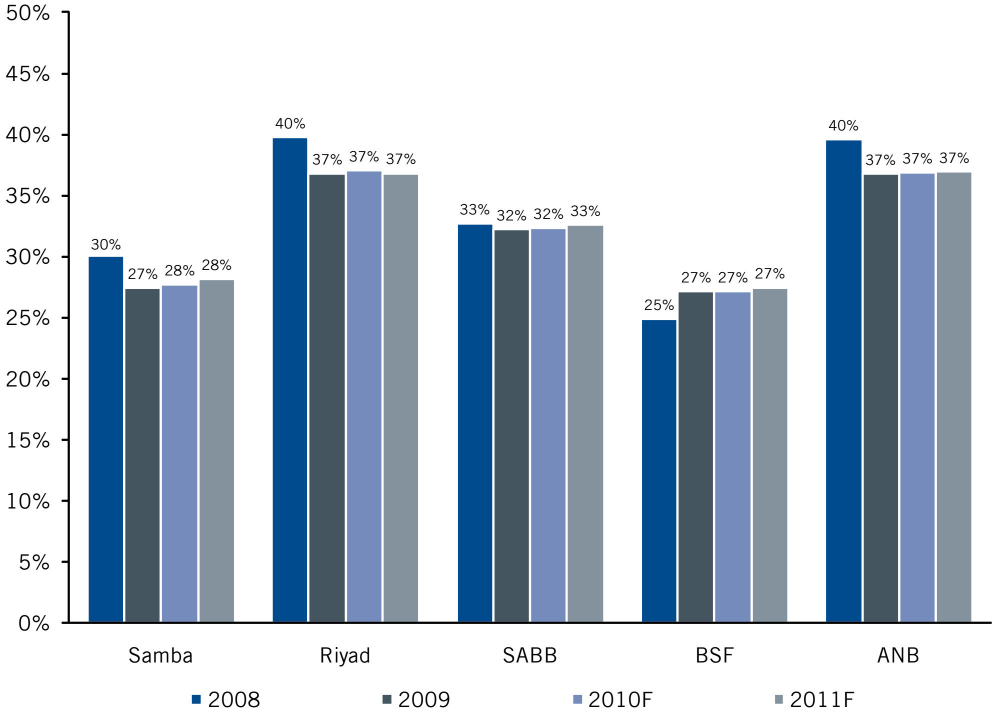
Sources: Banks' financial statement and NBK Capital

Cost Efficiency

As mentioned previously, the banks did a good job in controlling cost expansion in 2009, which led to a general decline in the banks' cost-to-income ratios (Figure 9). Samba, historically one of the most cost-efficient banks in Saudi Arabia, was the only bank that was able to lower costs (-8%) in 2009. Consequently, Samba maintained its advantage over its peers, lowering its cost-to-income ratio to 27% in 2009 from 30% in 2008. BSF, on the other hand, saw a slight increase in this ratio in 2009 due to moderate growth in costs (+6%) combined with a decline in operating income (-3%). Nevertheless, BSF remains one of the most cost-efficient banks among its peers. Riyad and ANB witnessed some improvement in cost efficiency, but continued to lag behind their peers in that respect. While we do not expect major changes in the banks' cost-to-income ratios going forward, we do believe there is room to boost cost efficiency at Riyad and ANB. At the same time, we expect Samba and BSF to continue to outperform their peers over the forecast horizon, maintaining the lowest cost-to-income ratios.

We expect Samba and BSF to continue to maintain the lowest cost-to-income ratios over the forecast horizon

Figure 9 Cost-to-Income Ratios



Sources: Banks' financial statements and NBK Capital

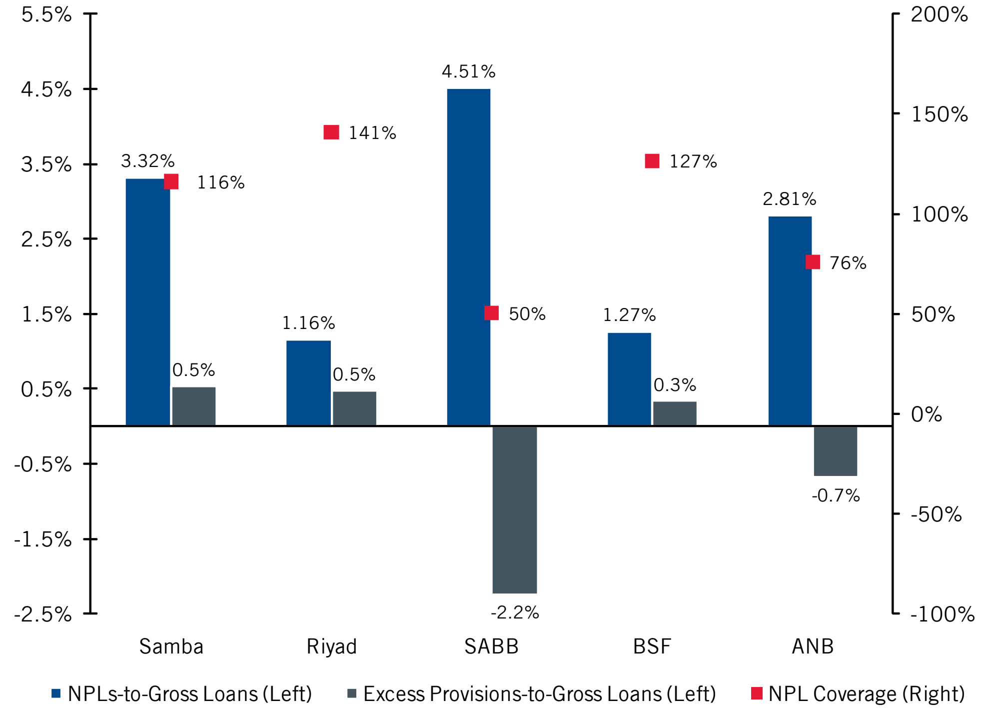
Asset Quality

We believe that the fear of asset quality weakening was the primary concern for Saudi banks in 2009, due to a weakening economy and financial trouble at the two major Saudi conglomerates, which added pressure on the banks' earnings in terms of increased loan loss provisioning charges. This, in addition to the Dubai World debacle in late 2009, further raised fears of significant weakening of asset quality.

The asset quality indicators of most covered banks weakened in 2009. Saudi banks have remained tight-lipped about their individual exposures to the two Saudi groups, making it difficult to ascertain the impact on asset quality arising from this particular issue. In September 2009, several Saudi banks retired a portion of their loans to one of the troubled groups in return for collateral. This served to lessen the increase in NPLs that was witnessed in 2009. However, we do believe that most of the weakening in the asset quality indicators in 2009 relates to the exposure to the two Saudi groups.

At the end of 2009, the combined NPLs of the covered banks stood at SAR 10.62 billion, up 143% from SAR 4.36 billion at the end of 2008. More than half of this jump resulted from the increase in NPLs at SABB, from SAR 194 million in 2008 to SAR 3.53 billion in 2009. The weighted average NPLs-to-gross loans ratio of the covered banks increased from 1% in 2008 to 2.52% in 2009, and the weighted average NPL coverage ratio dropped from 166% in 2008 to 91% in 2009. Riyad stood out with the lowest NPLs-to-gross loans ratio of 1.16% at the end of 2009 (Figure 10), a slight decline from 1.29% at the end of 2008. This was driven by an expanding loan book as well as a slight decline (-1%) in the absolute level of NPLs in 2009. Riyad also had the highest NPL coverage ratio at 141%, compared to 132% in 2008. SABB had the weakest indicators at the end of 2009, with the highest NPLs-to-gross loans ratio (4.5%) and the lowest NPL coverage ratio (50%). We expect a moderate increase in the NPLs-to-gross loans ratio for all banks in 2010. We also expect NPL coverage ratios to increase in 2010 and beyond, as banks would like to improve their coverage ratios, especially since, historically, NPL coverage ratios have been much higher.

Figure 10 Asset Quality Indicators: December 2009



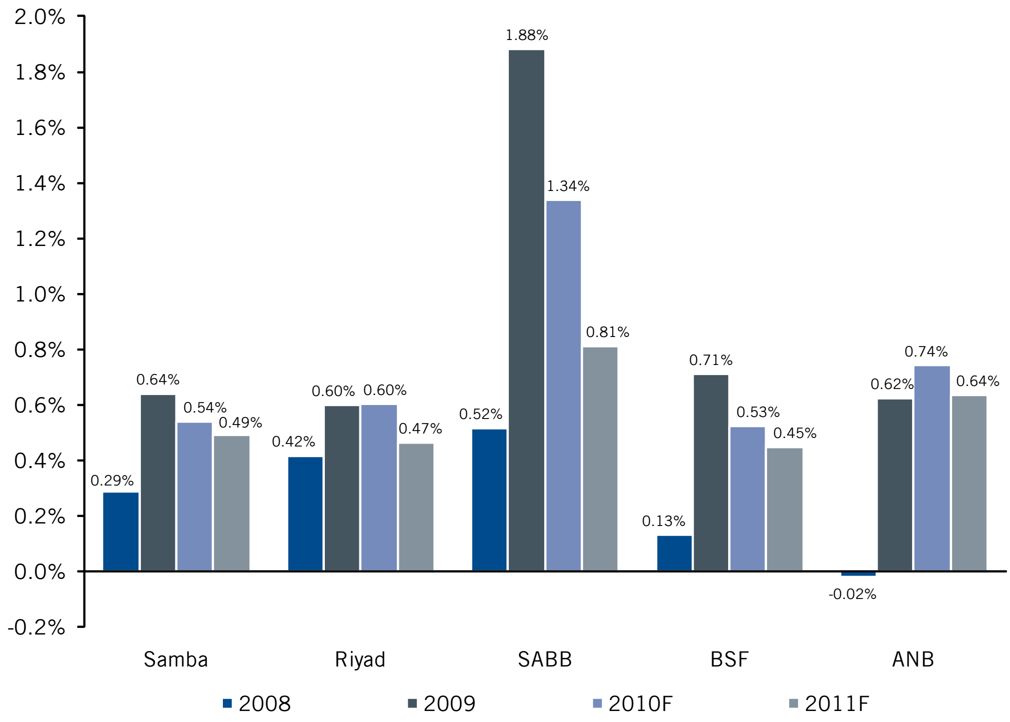
Sources: Banks' financial statements and NBK Capital

Riyad displayed the best asset quality indicators at the end of 2009, with the lowest NPLs-to-gross loans ratio and the highest NPL coverage ratio

Another important indicator to consider is the amount of excess provisions (meaning provisions in excess of NPLs) in relation to a bank's gross loans. This indicator shows the additional NPLs (as a share of loans) that a bank can take before total NPLs become less than 100% covered by provisions. Samba and Riyad outperform on this front, each with a "cushion" equal to 0.5% of the banks' gross loans (Figure 10), amounting to SAR 469 million and SAR 512 million, respectively, as of December 2009. BSF follows with a cushion of 0.3% of its gross loans (approximately SAR 268 million) as of December 2009. SABB and ANB, on the other hand, have NPLs that exceed total provisions. We believe provisioning will remain high in 2010 for all banks before returning to more normalized levels over the forecast horizon.

The net provisioning charges-to-average gross loans ratio increased for all banks in 2009. We expect provisioning to remain high in 2010 before dropping in 2011.

Figure 11 Provisioning Charges-to-Average Gross Loans Ratios

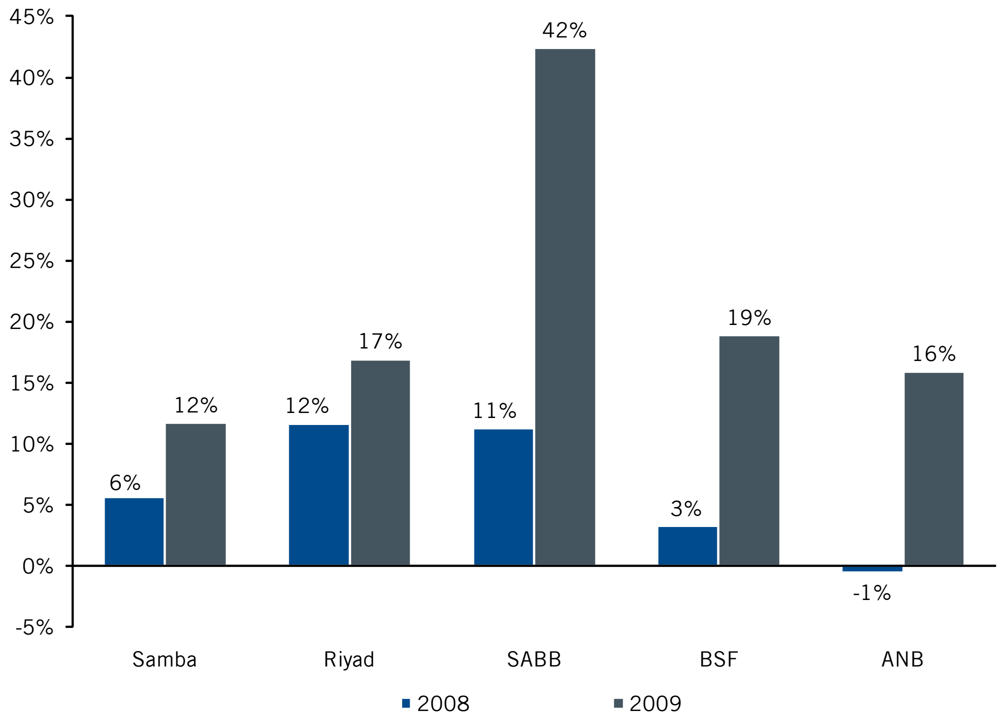


Sources: Banks' financial statements and NBK Capital

Looking at provisioning charges can also give an indication of the direction of loan quality. Saudi banks witnessed a significant increase in the ratio of net provisioning charges to average gross loans in 2009, compared with 2008. SABB had the highest ratio of 1.88% in 2009, increasing fourfold since 2008 when it also had the highest measure (Figure 11). ANB, which had the lowest measure in 2008, increased provisioning substantially in 2009 so that the ratio stood at 0.62%, a level much closer to its peers. For 2010, we see the risk cost ranging from 0.5% to 1.4% for the banks under coverage.

As mentioned previously, loan loss provision charges were the major damper on profitability in 2009. To examine the impact of provisioning on the bottom line, we plot the ratio of net provisioning charges to IBP. The measure increased for all banks in 2009, as seen in Figure 12. SABB's measure was the highest, as net loan loss provisions reached 42% of IBP in 2009, while Samba had the lowest measure. We expect this measure to remain high for all banks in 2010, ranging from 9% to 30%, and then to decline gradually over the forecast horizon.

Figure 12 Net Provisioning Charges-to-IBP*: 2009 versus 2008



Note: IBP = Income before loan loss provisions Sources: Banks' financial statements and NBK Capital

Overall, despite pressure on margins, we expect the covered banks to witness marginal growth in operating income in 2010, on the back of improved lending and a pickup in fee income. We expect controlled cost expansion in 2010. We also forecast most of the covered banks to end 2010 with an increase in net profit, as provisions generally drop but still remain high in the year. As such, more meaningful growth will only be seen in 2011.

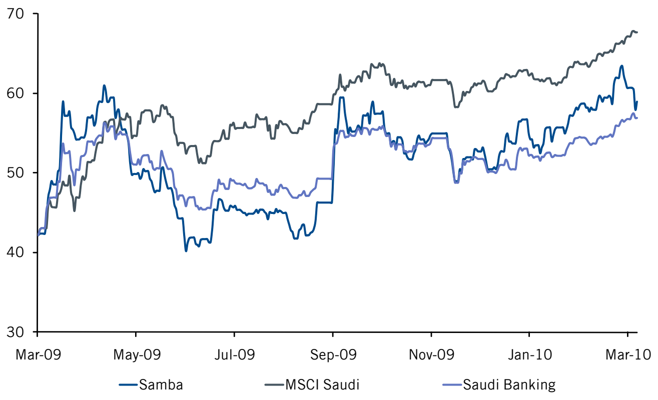
Samba Financial Group (Samba)

Valuation

Valuation Method	Value (SAR)	Weight (%)
Discounted Equity Cash Flow (DECF)	85.00	40%
Dividend Discount Model (DDM)	50.50	40%
Peer-Based Valuation	32.20	20%
Weighted Average Fair Value	**60.60**	**100%**

Source: NBK Capital

Rebased Performance



Sources: Reuters and NBK Capital

Historical Performance

Figures in '000 SAR	Sep-09	Q-o-Q Change %	Dec-09	Q-o-Q Change %	FY 2009 Change
Net Loans and Advances	85,680,843	-2.6%	84,146,523	-1.8%	-14.3%
Customer Deposits	141,705,941	2.6%	147,128,762	3.8%	9.6%
Shareholders' Equity	21,710,252	10.3%	22,310,078	2.8%	12.4%
Total Assets	184,079,116	4.0%	185,518,269	0.8%	3.7%
Figures in '000 SAR	**3Q2009 Y-o-Y Change %**	**4Q2009 Y-o-Y Change %**	**2008**	**2009**	**Change %**
Net Interest Income	2.6%	-9.9%	5,061,243	5,069,513	0.2%
Net Fees and Commissions	-35.2%	-1.4%	1,623,867	1,209,881	-25.5%
Net Invest. Gains/(Losses)	n/m	n/m	(118,138)	466,811	n/m
Total Operating Income	1.0%	-3.7%	7,011,901	7,109,640	1.4%
Total Costs	-6.1%	-25.4%	(2,111,040)	(1,951,474)	-7.6%
Prov. for Credit Losses, net	132.0%	63.2%	(267,082)	(604,822)	126.5%
Net Profit	**0.6%**	**1.1%**	**4,453,839**	**4,560,176**	**2.4%**

Sources: Bank's financial statements and NBK Capital

Forecasts

Figures in '000 SAR	2010 Forecasts			2010	5-year
	Old	New	Change %	Change %	CAGR *
Net Loans and Advances	94,931,153	90,069,394	-5.1%	7.0%	11.4%
Customer Deposits	144,668,739	155,498,079	7.5%	5.7%	8.0%
Net Interest Income	5,481,713	5,033,223	-8.2%	-0.7%	11.7%
Net Fees and Commissions	1,502,904	1,296,215	-13.8%	7.1%	10.8%
Total Operating Income	7,732,309	7,192,266	-7.0%	1.2%	10.9%
Total Costs	(2,257,698)	(1,993,566)	-11.7%	2.2%	12.5%
Prov. for Credit Losses, net	(540,325)	(491,324)	-9.1%	-18.8%	5.1%
Net Profit	**4,940,147**	**4,712,969**	**-4.6%**	**3.4%**	**10.7%**

4Q2009 IBP a	4Q2009 IBP f
SAR 1062 million	SAR 1146 million
1Q2010 IBP f	**2Q2010 IBP f**
SAR 1238 million	SAR 1263 million

**CAGR: 2010-2015. Sources: Bank's financial statements and NBK Capital*

12-Month Fair Value: SAR 60.60

Recommendation: Hold – Risk Level**: 2

- Our new estimate of Samba's fair value per share stands at SAR 60.60, which is 3% higher than the share's closing price on March 30, 2010. Hence, our recommendation on the stock is "Hold". This value is 10% higher than our previous fair value estimate of SAR 55.30 per share. The increase in fair value is driven by higher operating income and net profit at the end of our forecast horizon than previously forecasted.
- Samba achieved a net profit of SAR 4.56 billion in FY2009, 2% over FY2008. The slight increase in net profit was in spite of a flattish NII, a 25% drop in fees and commissions, and a more than doubling of loan loss provisioning charges. Investment earnings (versus net investment losses in FY2008) in addition to an 8% drop in costs led to this marginal increase in the bottom line. In terms of loan growth, Samba significantly underperformed its Saudi peers, with the bank's net loans dropping by 14% in FY2009. On the other hand, deposits expanded by 10%, bringing down the LDR to a significantly low 57% compared to 78% for the overall sector. Samba's liquidity position is extremely comfortable, with liquid assets representing around 21% of total assets at the end of 2009. Capitalization and cost efficiency also benefited from the no-growth environment prevailing in 2009, with the CAR increasing from 14.1% to 17.1% in 2009 and the cost-to-income ratio dropping from 30% to 27% in the same year.
- Samba tends to be more exposed to the performance of the markets than its Saudi peers, hence the large drop (25%) in the bank's fees and commissions in FY2009 on the back of a 23% decrease in share trading and fund management fees and a 75% fall in corporate finance and advisory fees. This high exposure means that Samba will tend to benefit more when the markets improve. Asset quality weakened in FY2009, with NPLs growing by 58% to represent 3.3% of gross loans at the end of 2009 compared with 1.8% one year earlier. NPL coverage, on the other hand, dropped from 167% to 116% in 2009.
- We expect Samba to see its loan book grow again in 2010, although by a marginal 7%. We see continuous pressure on interest margins driven by the low interest rate environment and the bank's ample liquidity position. We forecast nearly flat NII and operating income in 2010. We expect only a small drop in loan loss provisioning in 2010, which will lead to a marginal increase in the bottom line in 2010.

***Please refer to page 25 for recommendations and risk ratings.*

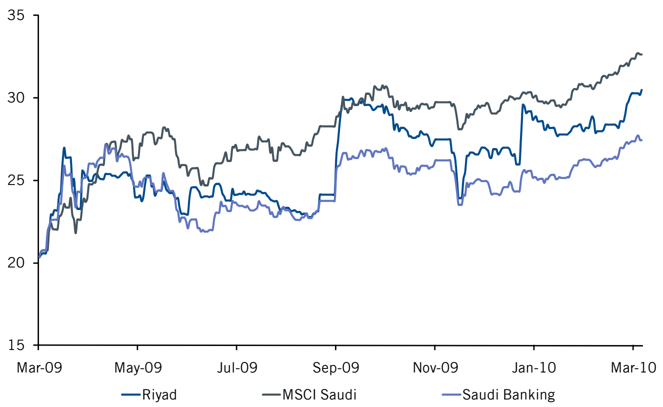
Riyad Bank (Riyad)

Valuation

Valuation Method	Value (SAR)	Weight (%)
Discounted Equity Cash Flow (DECF)	40.40	40%
Dividend Discount Model (DDM)	34.60	40%
Peer-Based Valuation	20.50	20%
Weighted Average Fair Value	**34.10**	**100%**

Source: NBK Capital

Rebased Performance



Sources: Reuters and NBK Capital

Historical Performance

Figures in '000 SAR	Sep-09	Q-o-Q Change %	Dec-09	Q-o-Q Change %	FY 2009 Change
Net Loans and Advances	106,061,902	1.4%	106,514,613	0.4%	10.5%
Customer Deposits	119,459,458	-2.1%	125,278,106	4.9%	19.2%
Shareholders' Equity	27,148,075	1.4%	28,235,444	4.0%	9.9%
Total Assets	175,681,394	1.7%	176,399,258	0.4%	10.5%
Figures in '000 SAR	**3Q2009 Y-o-Y Change %**	**4Q2009 Y-o-Y Change %**	**2008**	**2009**	**Change %**
Net Interest Income	1.4%	9.5%	3,946,814	4,347,186	10.1%
Net Fees and Commissions	-7.9%	14.6%	1,187,288	1,222,513	3.0%
Net Invest. Gains/(Losses)	-97.4%	-88.2%	(230,155)	(24,621)	-89.3%
Total Operating Income	32.4%	2.9%	5,248,362	5,960,109	13.6%
Total Costs	8.2%	-13.8%	(2,086,430)	(2,193,242)	5.1%
Prov. for Credit Losses, net	946.1%	-21.5%	(349,070)	(618,539)	77.2%
Prov. for Investments	n/m	n/m	(174,105)	(117,843)	-32.3%
Net Profit	**48.2%**	**72.4%**	**2,638,757**	**3,030,485**	**14.8%**

Sources: Bank's financial statements and NBK Capital

Forecasts

Figures in '000 SAR	2010 Forecasts			2010	5-year
	Old	New	Change %	Change %	CAGR *
Net Loans and Advances	123,351,814	115,933,299	-6.0%	8.8%	10.2%
Customer Deposits	144,065,471	140,370,359	-2.6%	12.0%	9.7%
Net Interest Income	5,029,555	4,615,044	-8.2%	6.2%	10.9%
Net Fees and Commissions	1,401,696	1,318,088	-6.0%	7.8%	11.4%
Total Operating Income	6,774,507	6,278,856	-7.3%	5.3%	11.0%
Total Costs	(2,570,691)	(2,326,581)	-9.5%	6.1%	10.6%
Prov. for Credit Losses, net	(816,278)	(683,703)	-16.2%	10.5%	-1.1%
Net Profit	**3,387,538**	**3,268,572**	**-3.5%**	**7.9%**	**13.2%**

4Q2009 IBP a	4Q2009 IBP f
SAR 1047 million	SAR 933 million
1Q2010 IBP f	**2Q2010 IBP f**
SAR 896 million	SAR 942 million

**CAGR: 2010-2015. Sources: Bank's financial statements and NBK Capital*

12-Month Fair Value: SAR 34.10

Recommendation: Accumulate – Risk Level**: 2

- Our new estimate of Riyad's fair value per share stands at SAR 34.10, which is 12% higher than the share's closing price on March 30, 2010. Hence, our recommendation on the stock is "Accumulate". This value is 12% higher than our previous fair value estimate of SAR 30.40 per share. The increase in fair value is driven by higher operating income and net profit at the end of our forecast horizon than previously forecasted.
- Riyad achieved a net profit of SAR 3 billion in FY2009, 15% over FY2008, making the bank the best performer among our covered Saudi banks. Riyad also outperformed other banks in terms of operating income, which expanded by 14% in FY2009, dwarfing the growth rates of its Saudi peers. A 10% growth in NII, lower investment losses than in FY2008, and a one-off gain of SAR 178 million were behind the growth in operating income. The expansion in NII was driven by loan re-pricing and 10% growth in loans in 2009, compared to a flattish growth in loans in the overall Saudi banking sector. Riyad also outperformed in terms of deposit accumulation, which stood at 19% in FY2009, compared to 11% growth in the overall sector.
- Not only did Riyad outperform in terms of growth, but the bank also managed to show, in FY2009, better liquidity and asset quality indicators, and higher capitalization and efficiency indicators than in FY2008. Riyad's LDR dropped from 92% in December 2008 to 85% at the end of 2009, while the bank's CAR increased from 16.1% to 18.3% in the same period. On the other hand, Riyad's cost-to-income ratio dropped from 40% in 2008 to 37% in 2009. Finally, the bank's asset quality indicators improved in 2009 with the NPLs-to-gross loans ratio standing at 1.2%, while the NPL coverage ratio reached 141% by the end of 2009, the best indicators among our covered Saudi banks.
- We expect Riyad to continue to outperform its Saudi peers in the short term, gaining market share in the process. We now forecast loans and deposits to grow by 9% and 12%, respectively, in FY2010. Riyad did not witness an increase in NPLs in 2009; however, examination of the aging of past due loans leads us to believe there was a general weakening in asset quality. Hence, we believe there will be an increase in the NPL ratio in FY2010, while provisioning continues to be high. All in all, we see operating income and net profit growing by 5% and 8%, respectively, in FY2010 and by a CAGR of 11% and 13%, respectively, in the following five years.

***Please refer to page 25 for recommendations and risk ratings.*

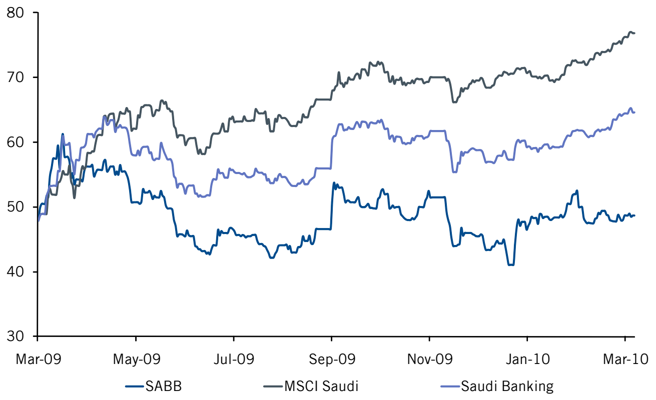
The Saudi British Bank (SABB)

Valuation

Valuation Method	Value (SAR)	Weight (%)
Discounted Equity Cash Flow (DECF)	66.90	40%
Dividend Discount Model (DDM)	39.10	40%
Peer-Based Valuation	43.70	20%
Weighted Average Fair Value	**51.10**	**100%**

Source: NBK Capital

Rebased Performance



Sources: Reuters and NBK Capital

Historical Performance

Figures in '000 SAR	Sep-09	Q-o-Q Change %	Dec-09	Q-o-Q Change %	FY 2009 Change
Net Loans and Advances	78,834,571	0.1%	76,381,599	-3.1%	-4.8%
Customer Deposits	89,246,180	-2.5%	89,186,861	-0.1%	-3.8%
Shareholders' Equity	13,118,136	0.1%	13,045,289	-0.6%	12.1%
Total Assets	123,905,933	1.6%	126,837,962	2.4%	-3.7%
Figures in '000 SAR	**3Q2009 Y-o-Y Change %**	**4Q2009 Y-o-Y Change %**	**2008**	**2009**	**Change %**
Net Interest Income	13.1%	3.7%	3,207,044	3,436,742	7.2%
Net Fees and Commissions	4.6%	-0.9%	1,257,222	1,210,734	-3.7%
Net Invest. Gains/(Losses)	12.9%	-48.5%	305,929	352,830	15.3%
Total Operating Income	10.3%	-2.3%	5,019,849	5,206,327	3.7%
Total Costs	1.2%	1.9%	(1,641,621)	(1,677,567)	2.2%
Prov. for Credit Losses, net	283.1%	656.3%	(371,280)	(1,496,483)	303.1%
Net Profit	**-19.8%**	**-96.1%**	**2,920,019**	**2,032,277**	**-30.4%**

Sources: Bank's financial statements and NBK Capital

Forecasts

Figures in '000 SAR	2010 Forecasts Old	2010 Forecasts New	2010 Forecasts Change %	2010 Change %	5-year CAGR *
Net Loans and Advances	86,309,205	79,550,699	-7.8%	4.1%	9.7%
Customer Deposits	104,307,035	95,318,809	-8.6%	6.9%	9.9%
Net Interest Income	3,763,464	3,510,182	-6.7%	2.1%	10.6%
Net Fees and Commissions	1,348,267	1,280,462	-5.0%	5.8%	11.7%
Total Operating Income	5,725,482	5,346,342	-6.6%	2.7%	10.7%
Total Costs	(1,841,138)	(1,729,987)	-6.0%	3.1%	11.3%
Prov. for Credit Losses, net	(857,758)	(1,074,051)	25.2%	-28.2%	-12.3%
Net Profit	**3,026,586**	**2,542,304**	**-16.0%**	**25.1%**	**16.1%**

4Q2009 IBP a	4Q2009 IBP f
SAR 740 million	SAR 860 million
1Q2010 IBP f	**2Q2010 IBP f**
SAR 859 million	SAR 887 million

**CAGR: 2010-2015. Sources: Bank's financial statements and NBK Capital*

12-Month Fair Value: SAR 51.10

Recommendation: Hold – Risk Level**: 2

- Our new estimate of SABB's fair value per share stands at SAR 51.10, which is 5% higher than the share's closing price on March 30, 2010. Hence, our recommendation on the stock is "Hold". This value is 2% higher than our previous fair value estimate of SAR 50 per share. With a P/B ratio of 2.8 versus 2.02 for our other covered Saudi banks, SABB looks expensive at first glance. However, this is partly due to the bank's lower equity-to-assets ratio, which stood at 10.3% as of December 2009 compared with 11.2% for its peers.
- SABB achieved a net profit of SAR 2.03 billion in FY2009, 30% below FY2008, on the back of quadrupling loan loss provision charges. However, at the operational level, SABB performed well with NII increasing by 7% in FY2009, despite a 5% drop in net loans. Fee and commission income and foreign exchange income both declined slightly in 2009, but there was a slight improvement in investment income. Overall, total operating income increased by 4%, almost entirely driven by growth in NII. Costs were well controlled during the year, and the cost-to-income ratio remained almost flat at around 32% in 2009. However, SABB had a massive jump in loan loss provision charges (the highest among the covered banks), from SAR 371 million in FY2008 to SAR 1.5 billion in FY2009, which led to the decline in the bottom line.
- Although provisioning was high, a larger increase in NPLs in the year (from SAR 194 million in December 2008 to SAR 3.53 billion in December 2009) led to a decline in the NPL coverage ratio from over 300% in 2008 to 50% in 2009. The NPLs-to-gross loans ratio surged to 4.5% in 2009, compared with 0.2% a year earlier. At the end of 2009, SABB had the weakest asset quality indicators among the covered banks in marked contrast to its strongest position a year earlier. We expect provisioning to remain high over the forecast horizon as the NPL coverage ratio increases once again. Although SABB's CAR improved from 11.2% in 2008 to 12.8% in 2009, the ratio was the lowest among the covered banks.
- We forecast loan growth to pick up slightly in 2010 (+4%) before recording a CAGR of 10% in the coming five years. Supported by moderate growth in NII (+2%), we expect operating income to increase by 3% in FY2010, reaching SAR 5.35 billion, and to grow by a CAGR of 11% in the coming five years. We expect net profit to rebound, growing by 25% in FY2010 to stand at SAR 2.54 billion as loan loss provisions start to decline, before net profit expands by a CAGR of 16% in the following five years.

**Please refer to page 25 for recommendations and risk ratings.

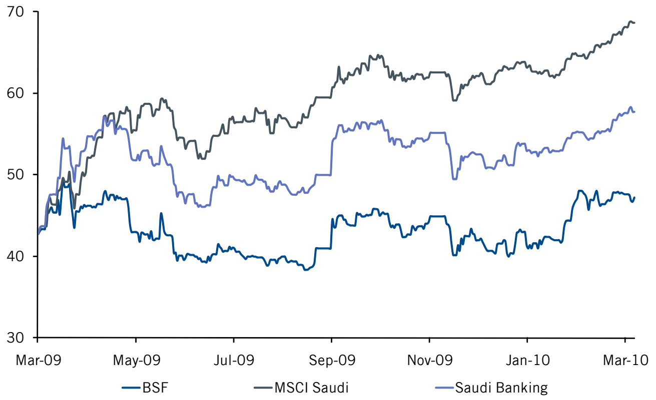
Banque Saudi Fransi (BSF)

Valuation

Valuation Method	Value (SAR)	Weight (%)
Discounted Equity Cash Flow (DECF)	64.70	40%
Dividend Discount Model (DDM)	42.90	40%
Peer-Based Valuation	31.10	20%
Weighted Average Fair Value	**49.30**	**100%**

Source: NBK Capital

Rebased Performance



Sources: Reuters and NBK Capital

Historical Performance

Figures in '000 SAR	Sep-09	Q-o-Q Change %	Dec-09	Q-o-Q Change %	FY 2009 Change
Net Loans and Advances	81,322,390	-0.1%	78,315,196	-3.7%	-3.2%
Customer Deposits	90,218,738	-0.1%	91,237,118	1.1%	-1.7%
Shareholders' Equity	15,702,083	5.9%	15,732,673	0.2%	12.0%
Total Assets	121,716,267	-0.9%	120,572,438	-0.9%	-4.2%
Figures in '000 SAR	**3Q2009 Y-o-Y Change %**	**4Q2009 Y-o-Y Change %**	**2008**	**2009**	**Change %**
Net Interest Income	10.7%	-6.1%	2,820,590	3,050,289	8.1%
Net Fees and Commissions	-2.8%	18.5%	834,480	840,254	0.7%
Net Invest. Gains/(Losses)	-66.6%	-49.4%	445,744	208,215	-53.3%
Total Operating Income	-7.5%	-9.8%	4,404,084	4,267,468	-3.1%
Total Costs	0.9%	0.0%	(1,095,883)	(1,158,042)	5.7%
Prov. for Credit Losses, net	n/m	345.3%	(94,265)	(574,621)	509.6%
Prov. for Investments	n/m	-67.9%	(410,000)	(67,000)	-83.7%
Net Profit	**-1.8%**	**-43.3%**	**2,805,659**	**2,470,615**	**-11.9%**

Sources: Bank's financial statements and NBK Capital

Forecasts

Figures in '000 SAR	2010 Forecasts			2010	5-year
	Old	New	Change %	Change %	CAGR *
Net Loans and Advances	89,164,278	83,003,591	-6.9%	6.0%	10.3%
Customer Deposits	102,883,115	99,302,925	-3.5%	8.8%	9.4%
Net Interest Income	3,223,609	3,035,733	-5.8%	-0.5%	11.0%
Net Fees and Commissions	955,666	901,043	-5.7%	7.2%	10.0%
Total Operating Income	4,673,749	4,376,215	-6.4%	2.5%	10.7%
Total Costs	(1,296,321)	(1,187,186)	-8.4%	2.5%	11.7%
Prov. for Credit Losses, net	(485,495)	(431,339)	-11.2%	-24.9%	1.2%
Net Profit	**2,892,303**	**2,727,269**	**-5.7%**	**10.4%**	**11.7%**

4Q2009 IBP a	4Q2009 IBP f
SAR 742 million	SAR 763 million
1Q2010 IBP f	**2Q2010 IBP f**
SAR 765 million	SAR 781 million

**CAGR: 2010-2015. Sources: Bank's financial statements and NBK Capital*

12-Month Fair Value: SAR 49.30

Recommendation: Hold – Risk Level**: 2

- Our new estimate of BSF's fair value per share stands at SAR 49.30, which is 4% higher than the share's closing price on March 30, 2010. Hence, our recommendation on the stock is "Hold". This value is 6% higher than our previous fair value estimate of SAR 46.50, driven by higher operating income and higher net profit at the end of our forecast horizon than previously forecasted.
- BSF achieved a net profit of SAR 2.47 billion in FY2009, 12% below 2008, due to lower investment income and a surge in loan loss provisioning in 4Q2009. NII grew by 8% over 2008, to SAR 3.05 billion, driven by an increase in spreads as both loans and assets dropped in 2009. All non-interest income components declined substantially in 2009, with the exception of income from fees and commissions. Net investment income more than halved to SAR 208 million in FY2009, led by a 59% plunge in derivatives income. BSF's total operating income reached SAR 4.27 billion in FY2009, 3% below FY2008. BSF remains one of the most cost-efficient banks in Saudi Arabia, with a cost-to-income ratio of 27% in 2009.
- BSF's asset quality weakened, but to a lesser extent than its peers, with the NPLs-to-gross loans ratio reaching 1.27% at the end of 2009 compared with 0.93% at the end of 2008. BSF's loan loss provision charges surged in FY2009 to SAR 575 million, compared with SAR 94 million in FY2008. This helped raise the NPL coverage ratio to 127% in 2009, compared with 111% in 2008. We expect loan loss provision charges to remain high in 2010 and see a slight weakening in asset quality going forward.
- We now forecast loans to grow by 6% in 2010, followed by a CAGR of 10% in the following five years. We expect operating income to post moderate growth of 3%, reaching SAR 4.38 billion in 2010, and to grow by a CAGR of 11% in the following five years. We expect net profit to grow by 10% in FY2010, to stand at SAR 2.7 billion as provision charges start to decline, before net profit expands by a CAGR of 12% in the following five years.
- BSF successfully expanded its retail business in 2009, as consumer loans grew from a low base of SAR 4.9 billion to SAR 6 billion, up 22% in 2009. Meanwhile, corporate loans declined by 5% in 2009. Thus, personal loans, as a share of total loans, grew from 6.1% in 2008 to 7.7% in 2009. A continued focus on this segment will help BSF defend margins, which we believe will continue to be under pressure in 2010.

***Please refer to page 25 for recommendations and risk ratings.*

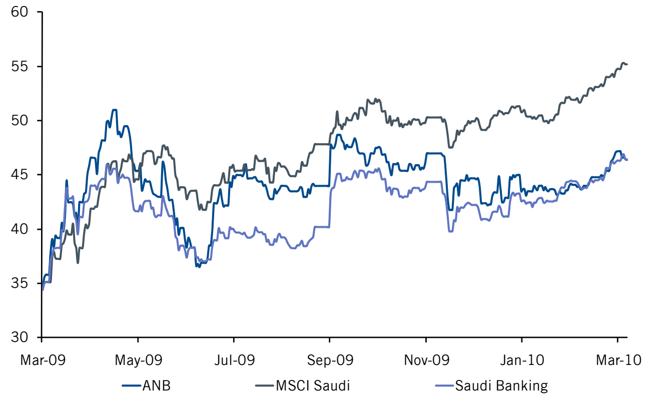
Arab National Bank (ANB)

Valuation

Valuation Method	Value (SAR)	Weight (%)
Discounted Equity Cash Flow (DECF)	76.30	40%
Dividend Discount Model (DDM)	35.40	40%
Peer-Based Valuation	32.60	20%
Weighted Average Fair Value	**51.20**	**100%**

Source: NBK Capital

Rebased Performance



Sources: Reuters and NBK Capital

Historical Performance

Figures in '000 SAR	Sep-09	Q-o-Q Change %	Dec-09	Q-o-Q Change %	FY 2009 Change
Net Loans and Advances	68,793,458	-3.3%	66,811,033	-2.9%	-10.5%
Customer Deposits	80,501,769	-5.5%	82,680,240	2.7%	-10.9%
Shareholders' Equity	13,946,834	5.6%	14,368,767	3.0%	13.4%
Total Assets	111,863,361	-2.8%	110,297,320	-1.4%	-9.1%
Figures in '000 SAR	**3Q2009 Y-o-Y Change %**	**4Q2009 Y-o-Y Change %**	**2008**	**2009**	**Change %**
Net Interest Income	1.6%	1.7%	3,353,532	3,456,283	3.1%
Net Fees and Commissions	-53.7%	-30.6%	839,018	563,002	-32.9%
Net Invest. Gains/(Losses)	n/m	n/m	(471,468)	55,554	n/m
Total Operating Income	2.4%	26.4%	3,996,163	4,356,039	9.0%
Total Costs	-5.6%	1.6%	(1,581,826)	(1,601,465)	1.2%
Prov. for Credit Losses, net	458.3%	n/m	13,561	(449,547)	n/m
Net Profit	**0.9%**	**-31.8%**	**2,486,124**	**2,370,012**	**-4.7%**

Sources: Bank's financial statements and NBK Capital

Forecasts

Figures in '000 SAR	2010 Forecasts			2010	5-year
	Old	New	Change %	Change %	CAGR *
Net Loans and Advances	78,857,485	68,334,907	-13.3%	2.3%	10.0%
Customer Deposits	96,984,885	86,161,256	-11.2%	4.2%	9.4%
Net Interest Income	3,786,269	3,442,872	-9.1%	-0.4%	10.4%
Net Fees and Commissions	731,796	611,871	-16.4%	8.7%	11.0%
Total Operating Income	4,872,245	4,440,767	-8.9%	1.9%	10.5%
Total Costs	(1,747,732)	(1,638,353)	-6.3%	2.3%	9.4%
Prov. for Credit Losses, net	(396,383)	(514,585)	29.8%	14.5%	-4.4%
Net Profit	**2,728,130**	**2,338,538**	**-14.3%**	**-1.3%**	**13.1%**

4Q2009 IBP a	4Q2009 IBP f
SAR 566 million	SAR 693 million
1Q2010 IBP f	**2Q2010 IBP f**
SAR 675 million	SAR 690 million

**CAGR: 2010-2015. Sources: Bank's financial statements and NBK Capital*

12-Month Fair Value: SAR 51.20

Recommendation: Accumulate – Risk Level**: 2

- Our new estimate of ANB's fair value per share stands at SAR 51.20, which is 10% higher than the share's closing price on March 30, 2010. Hence, our recommendation on the stock is "Accumulate". This value is 2% higher than our previous fair value estimate of SAR 50.
- ANB recorded a net profit of SAR 2.37 billion in FY2009, 5% below that of FY2008, due to lower income from fees and commissions and a surge in loan loss provisioning. NII grew by 3% in 2009, despite an 11% decline in loans and a 9% decline in assets during the year. ANB's fee and commission income declined by 33% in FY2009 due to the combination of weak lending growth with lower share trading and fund management fees. Investment income normalized in 2009, posting a net gain of SAR 55.6 million, compared with net losses of SAR 471 million in FY2008. This heavily supported the 9% growth in operating income in FY2009. Total costs were well controlled in 2009, growing by a mere 1% over FY2008. ANB remains one of the least cost-efficient banks among its Saudi peers, with a cost-to-income ratio of 37% in 2009.
- ANB's asset quality indicators deteriorated significantly in 2009, as NPLs grew for the first time in seven years, following the Saudi corporates debacle. The total NPLs increased from SAR 296 million at the end of 2008 to SAR 1.92 billion at the end of 2009. This pushed the NPLs-to-gross loans ratio up to 2.8% in 2009, compared with 0.39% in 2008. The NPL coverage ratio fell from 349% in 2008 to 76% in 2009 despite a surge in provisioning charges, which stood at SAR 450 million in 2009. We expect ANB to continue provisioning heavily in order to raise the bank's NPL coverage ratio over the forecast horizon.
- Although ANB, like its Saudi peers, faced pressure on margins in 2009, the bank has the advantage of holding a higher share of consumer loans in the loan book than the other covered banks. We expect lending growth to remain muted (2%) in 2010. We expect operating income growth to grow by 2% in 2010 and net profit to drop by 1% to SAR 2.3 billion as provisions continue to take their toll. ANB has yet to reap the benefits of the extensive branch overhaul, which will help increase revenues and improve cost efficiency. Furthermore, ANB's mortgage associate, Saudi Home Loans Company, can be another key driver of ANB's profitability. However, given its current low base, we may not see a material impact from this associate on ANB's financial statements for a few years.

***Please refer to page 25 for recommendations and risk ratings.*

FINANCIAL STATEMENTS

Samba Financial Group

Balance Sheet (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
ASSETS							
Cash and balances with central banks	13,799,946	35,847,246	31,285,173	26,446,406	24,591,593	23,112,809	21,094,346
Due from Banks	877,977	3,499,406	4,158,960	7,343,602	10,761,517	14,675,590	17,210,558
Net Investments	54,237,338	54,993,673	61,987,871	69,284,014	76,777,039	84,342,452	92,658,927
Net Loans and Advances	98,147,182	84,146,523	90,069,394	99,534,688	111,197,220	124,813,055	139,941,706
Net Fixed Assets	870,086	895,873	949,565	1,008,089	1,071,880	1,141,412	1,217,202
Other Assets	10,958,661	6,135,548	6,389,573	6,829,172	7,330,434	7,803,400	8,307,053
Total Assets	**178,891,190**	**185,518,269**	**194,840,535**	**210,445,971**	**231,729,683**	**255,888,718**	**280,429,792**
LIABILITIES & EQUITY							
Due to Banks	12,089,957	7,319,219	4,242,139	7,270,166	10,546,287	14,345,389	16,823,320
Customer Deposits	134,228,465	147,128,762	155,498,079	166,068,750	179,685,571	195,285,926	212,090,621
Other Purchased Funds	1,873,041	1,873,880	1,873,880	-	-	-	-
Other Liabilities	10,637,862	6,694,761	6,749,302	7,127,832	7,500,097	7,763,282	8,029,419
Total Liabilities	**158,829,325**	**163,016,622**	**168,363,401**	**180,466,748**	**197,731,955**	**217,394,597**	**236,943,360**
Minority Interest	**216,080**	**191,569**	**185,976**	**186,675**	**188,073**	**190,171**	**193,317**
Total Shareholders' Equity	**19,845,785**	**22,310,078**	**26,291,158**	**29,792,548**	**33,809,654**	**38,303,950**	**43,293,115**
TOTAL LIABILITIES & EQUITY	**178,891,190**	**185,518,269**	**194,840,535**	**210,445,971**	**231,729,683**	**255,888,718**	**280,429,792**

Income Statement (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
Net Special Commission Income *	5,061,243	5,069,513	5,033,223	5,460,387	6,339,877	7,076,458	7,904,057
Income from Fees and Commissions	1,623,867	1,209,881	1,296,215	1,438,779	1,605,175	1,787,830	1,983,894
Other Operating Income	326,791	830,246	862,828	908,416	966,407	1,028,320	1,093,771
Total Operating Income	**7,011,901**	**7,109,640**	**7,192,266**	**7,807,582**	**8,911,460**	**9,892,608**	**10,981,722**
Provisions for Credit Losses	(267,082)	(604,822)	(491,324)	(486,672)	(554,386)	(558,281)	(611,685)
Salaries and Employee Related Expenses	(1,366,115)	(1,265,913)	(1,286,955)	(1,422,796)	(1,652,414)	(1,867,393)	(2,110,329)
General and Administrative Expenses	(607,984)	(542,405)	(551,421)	(606,867)	(701,773)	(789,564)	(888,334)
Depreciation	(136,941)	(143,156)	(155,191)	(169,158)	(184,382)	(200,976)	(219,064)
Other Provisions	(190,908)	-	-	-	-	-	-
Total Operating Expenses	**(2,569,030)**	**(2,556,296)**	**(2,484,890)**	**(2,685,493)**	**(3,092,955)**	**(3,416,214)**	**(3,829,411)**
Net Operating Profit	**4,442,871**	**4,553,344**	**4,707,376**	**5,122,089**	**5,818,505**	**6,476,393**	**7,152,311**
Other Income / (Expenses)	-	-	-	-	-	-	-
Minority Interest	10,968	6,832	5,593	(699)	(1,398)	(2,097)	(3,146)
Net Profit	**4,453,839**	**4,560,176**	**4,712,969**	**5,121,390**	**5,817,107**	**6,474,296**	**7,149,165**
EPS (SAR)	**4.95**	**5.07**	**5.24**	**5.69**	**6.46**	**7.19**	**7.94**

Key Ratios	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
Growth in Loans	21.8%	-14.3%	7.0%	10.5%	11.7%	12.2%	12.1%
Growth in Deposits	15.9%	9.6%	5.7%	6.8%	8.2%	8.7%	8.6%
Growth in Net Profit	-7.8%	2.4%	3.4%	8.7%	13.6%	11.3%	10.4%
Growth in Operating Income	-2.6%	1.4%	1.2%	8.6%	14.1%	11.0%	11.0%
Loans-to-Assets	54.9%	45.4%	46.2%	47.3%	48.0%	48.8%	49.9%
Loans-to-Deposits	73.1%	57.2%	57.9%	59.9%	61.9%	63.9%	66.0%
NPLs-to-Gross Loans	1.8%	3.3%	3.6%	3.7%	3.7%	3.6%	3.5%
NPL Coverage	167.0%	116.1%	113.7%	114.8%	115.8%	118.2%	120.6%
Capital Adequacy	14.1%	17.1%	18.9%	19.2%	19.2%	19.0%	19.0%
Growth in Costs	7.4%	-7.6%	2.2%	10.3%	15.5%	12.6%	12.6%
Non-Interest Expense-to-Average Assets	1.5%	1.4%	1.3%	1.3%	1.4%	1.4%	1.4%
Cost-to-Income	30.1%	27.4%	27.7%	28.2%	28.5%	28.9%	29.3%
Non-Interest Income-to-Operating Income	27.8%	28.7%	30.0%	30.1%	28.9%	28.5%	28.0%
Dividend Payout	36.1%	35.2%	34.4%	35.1%	34.0%	33.4%	32.7%
Net Interest Margin	3.2%	2.9%	2.7%	2.8%	3.0%	3.0%	3.0%
RoAE	23.6%	21.6%	19.4%	18.3%	18.3%	18.0%	17.5%
RoAA	2.7%	2.5%	2.5%	2.5%	2.6%	2.7%	2.7%

**Equivalent to net interest income. Sources: Bank's financial statements and NBK Capital*

FINANCIAL STATEMENTS

Riyad Bank

Balance Sheet (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
ASSETS							
Cash and balances with SAMA	11,078,032	23,419,303	22,033,164	20,439,988	19,624,783	19,174,153	18,760,233
Due from Banks	6,257,050	8,704,462	9,466,413	10,242,955	10,976,346	11,820,496	12,741,252
Net Investments	40,842,628	32,715,209	36,592,178	40,538,649	44,551,801	48,966,268	53,822,181
Net Loans and Advances	96,429,846	106,514,613	115,933,299	127,988,196	141,062,038	156,171,455	172,759,663
Net Fixed Assets	1,630,306	1,830,157	1,877,429	1,965,303	2,062,844	2,171,114	2,291,294
Other Assets	3,414,663	3,215,514	3,581,804	3,918,697	4,277,812	4,562,626	4,869,209
Total Assets	**159,652,525**	**176,399,258**	**189,484,286**	**205,093,789**	**222,555,624**	**242,866,111**	**265,243,832**
LIABILITIES & EQUITY							
Due to Banks	21,213,194	16,163,012	11,833,016	11,779,399	12,073,980	12,766,136	13,633,140
Customer Deposits	105,055,546	125,278,106	140,370,359	155,739,760	170,229,974	186,917,639	205,117,881
Other Purchased Funds	1,873,932	1,873,403	1,873,403	-	-	-	-
Other Liabilities	5,819,402	4,849,293	5,038,493	5,412,767	5,779,973	6,079,408	6,396,579
Total Liabilities	**133,962,074**	**148,163,814**	**159,115,271**	**172,931,925**	**188,083,928**	**205,763,183**	**225,147,601**
Total Shareholders' Equity	**25,690,451**	**28,235,444**	**30,369,016**	**32,161,864**	**34,471,696**	**37,102,928**	**40,096,231**
TOTAL LIABILITIES & EQUITY	**159,652,525**	**176,399,258**	**189,484,286**	**205,093,789**	**222,555,624**	**242,866,111**	**265,243,832**

Income Statement (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
Net Special Commission Income *	3,946,814	4,347,186	4,615,044	5,179,572	5,923,507	6,493,031	7,119,031
Income from Fees and Commissions	1,187,288	1,222,513	1,318,088	1,503,589	1,688,620	1,882,119	2,088,190
Other Operating Income	114,260	390,410	345,724	399,353	438,865	478,057	521,662
Total Operating Income	**5,248,362**	**5,960,109**	**6,278,856**	**7,082,515**	**8,050,992**	**8,853,207**	**9,728,883**
Provisions for Credit Losses	(349,070)	(618,539)	(683,703)	(580,928)	(544,471)	(588,867)	(640,184)
Salaries and Employee Related Expenses	(1,052,708)	(1,118,172)	(1,175,736)	(1,321,520)	(1,496,942)	(1,640,112)	(1,795,776)
General and Administrative Expenses	(792,511)	(805,317)	(846,775)	(951,770)	(1,078,110)	(1,181,222)	(1,293,333)
Depreciation	(230,756)	(262,248)	(292,813)	(323,628)	(359,227)	(398,742)	(442,604)
Other Provisions & Operating Expenses	(184,560)	(125,348)	(11,258)	(11,820)	(12,411)	(13,032)	(13,684)
Total Operating Expenses	**(2,609,605)**	**(2,929,624)**	**(3,010,284)**	**(3,189,666)**	**(3,491,161)**	**(3,821,975)**	**(4,185,580)**
Net Operating Profit	**2,638,757**	**3,030,485**	**3,268,572**	**3,892,848**	**4,559,832**	**5,031,232**	**5,543,303**
Income Taxes	-	-	-	-	-	-	-
Net Profit	**2,638,757**	**3,030,485**	**3,268,572**	**3,892,848**	**4,559,832**	**5,031,232**	**5,543,303**
EPS (SAR)	**4.22**	**2.02**	**2.18**	**2.60**	**3.04**	**3.35**	**3.70**

Key Ratios	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
Growth in Loans	43.2%	10.5%	8.8%	10.4%	10.2%	10.7%	10.6%
Growth in Deposits	24.6%	19.2%	12.0%	10.9%	9.3%	9.8%	9.7%
Growth in Net Profit	-12.4%	14.8%	7.9%	19.1%	17.1%	10.3%	10.2%
Growth in Operating Income	1.3%	13.6%	5.3%	12.8%	13.7%	10.0%	9.9%
Loans-to-Assets	60.4%	60.4%	61.2%	62.4%	63.4%	64.3%	65.1%
Loans-to-Deposits	91.8%	85.0%	82.6%	82.2%	82.9%	83.6%	84.2%
NPLs-to-Gross Loans	1.3%	1.2%	1.7%	1.8%	1.8%	1.8%	1.8%
NPL Coverage	131.9%	140.9%	122.6%	131.6%	138.3%	142.9%	146.4%
Capital Adequacy	16.1%	18.3%	18.1%	17.6%	17.2%	16.8%	16.5%
Growth in Costs	14.4%	5.1%	6.1%	12.1%	13.0%	9.7%	9.7%
Non-Interest Expense-to-Average Assets	1.9%	1.7%	1.6%	1.6%	1.6%	1.6%	1.6%
Cost-to-Income	39.8%	36.8%	37.1%	36.8%	36.6%	36.5%	36.4%
Non-Interest Income-to-Operating Income	24.8%	27.1%	26.5%	26.9%	26.4%	26.7%	26.8%
Dividend Payout	82.7%	67.2%	64.2%	57.8%	52.6%	50.7%	48.7%
Net Interest Margin	2.9%	2.7%	2.6%	2.7%	2.8%	2.9%	2.9%
RoAE	13.6%	11.2%	11.2%	12.5%	13.7%	14.1%	14.4%
RoAA	1.9%	1.8%	1.8%	2.0%	2.1%	2.2%	2.2%

**Equivalent to net interest income. Sources: Bank's financial statements and NBK Capital*

FINANCIAL STATEMENTS

The Saudi British Bank

Balance Sheet (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
ASSETS							
Cash and balances with central banks	11,328,253	16,614,885	16,492,883	17,034,622	17,816,191	18,118,883	19,060,292
Due from Banks	6,200,466	6,004,593	6,672,349	7,639,305	8,732,100	9,987,219	11,360,525
Net Investments	29,756,979	24,002,285	23,259,815	25,760,494	29,004,993	32,618,674	36,090,761
Net Loans and Advances	80,236,757	76,381,599	79,550,699	86,025,958	94,677,793	104,809,444	115,990,487
Net Fixed Assets	561,460	594,042	619,873	648,029	678,720	691,713	705,746
Other Assets	3,576,778	3,240,558	3,574,405	3,893,072	4,264,231	4,613,746	4,993,355
Total Assets	**131,660,693**	**126,837,962**	**130,170,024**	**141,001,480**	**155,174,028**	**170,839,678**	**188,201,165**
LIABILITIES & EQUITY							
Due to Banks	16,069,492	13,605,744	10,342,141	11,076,992	11,788,335	13,782,362	14,200,656
Customer Deposits	92,677,537	89,186,861	95,318,809	104,415,473	114,741,885	126,661,460	139,731,326
Other Purchased Funds	5,844,300	5,896,987	3,664,120	1,909,500	1,909,500	187,500	187,500
Other Liabilities	5,435,533	5,103,081	5,257,362	5,610,244	5,967,455	6,273,641	6,595,436
Total Liabilities	**120,026,862**	**113,792,673**	**114,582,431**	**123,012,208**	**134,407,175**	**146,904,963**	**160,714,917**
Total Shareholders' Equity	**11,633,831**	**13,045,289**	**15,587,593**	**17,989,272**	**20,766,852**	**23,934,715**	**27,486,247**
TOTAL LIABILITIES & EQUITY	**131,660,693**	**126,837,962**	**130,170,024**	**141,001,480**	**155,174,028**	**170,839,678**	**188,201,165**

Income Statement (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
Net Special Commission Income *	3,207,044	3,436,742	3,510,182	3,750,114	4,248,836	4,734,494	5,277,353
Income from Fees and Commissions	1,257,222	1,210,734	1,280,462	1,477,176	1,656,700	1,846,405	2,048,443
Other Operating Income	555,583	558,851	555,697	595,484	651,359	711,099	775,966
Total Operating Income	**5,019,849**	**5,206,327**	**5,346,342**	**5,822,774**	**6,556,895**	**7,291,998**	**8,101,761**
Provisions for Credit Losses	(371,280)	(1,496,483)	(1,074,051)	(698,969)	(658,671)	(600,880)	(597,586)
Salaries and Employee Related Expenses	(898,078)	(919,395)	(944,120)	(1,035,808)	(1,174,686)	(1,315,779)	(1,472,420)
General and Administrative Expenses	(636,071)	(646,865)	(664,261)	(728,770)	(826,482)	(925,752)	(1,035,961)
Depreciation	(107,395)	(111,289)	(121,588)	(132,531)	(144,458)	(156,706)	(169,243)
Other Provisions and Operating Expenses	(87,006)	(18)	(18)	(18)	(18)	(18)	(18)
Total Operating Expenses	**(2,099,830)**	**(3,174,050)**	**(2,804,038)**	**(2,596,095)**	**(2,804,315)**	**(2,999,135)**	**(3,275,228)**
Net Operating Profit	**2,920,019**	**2,032,277**	**2,542,304**	**3,226,679**	**3,752,580**	**4,292,862**	**4,826,533**
Other Income / (Expenses)	-	-	-	-	-	-	-
Net Profit	**2,920,019**	**2,032,277**	**2,542,304**	**3,226,679**	**3,752,580**	**4,292,862**	**4,826,533**
EPS (SAR)	**6.23**	**2.71**	**3.39**	**4.30**	**5.00**	**5.72**	**6.44**

Key Ratios	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
Growth in Loans	29.4%	-4.8%	4.1%	8.1%	10.1%	10.7%	10.7%
Growth in Deposits	29.0%	-3.8%	6.9%	9.5%	9.9%	10.4%	10.3%
Growth in Net Profit	12.0%	-30.4%	25.1%	26.9%	16.3%	14.4%	12.4%
Growth in Operating Income	13.3%	3.7%	2.7%	8.9%	12.6%	11.2%	11.1%
Loans-to-Assets	60.9%	60.2%	61.1%	61.0%	61.0%	61.3%	61.6%
Loans-to-Deposits	86.6%	85.6%	83.5%	82.4%	82.5%	82.7%	83.0%
NPLs-to-Gross Loans	0.2%	4.5%	4.8%	4.9%	4.9%	4.7%	4.5%
NPL Coverage	325.0%	50.3%	71.9%	80.7%	86.6%	93.1%	98.7%
Capital Adequacy	11.2%	12.8%	14.6%	15.2%	15.6%	15.9%	16.2%
Growth in Costs	14.9%	2.2%	3.1%	9.7%	13.1%	11.8%	11.6%
Non Interest Expense-to-Average Assets	1.8%	2.5%	2.2%	1.9%	1.9%	1.8%	1.8%
Cost-to-Income	32.7%	32.2%	32.4%	32.6%	32.7%	32.9%	33.1%
Non-Interest Income-to-Operating Income	36.1%	34.0%	34.3%	35.6%	35.2%	35.1%	34.9%
Dividend Payout	22.6%	32.5%	32.5%	30.2%	30.0%	29.7%	31.1%
Net Interest Margin	2.9%	2.8%	2.9%	2.9%	3.0%	3.0%	3.0%
RoAE	26.5%	16.5%	17.8%	19.2%	19.4%	19.2%	18.8%
RoAA	2.5%	1.6%	2.0%	2.4%	2.5%	2.6%	2.7%

**Equivalent to net interest income. Sources: Bank's financial statements and NBK Capital*

FINANCIAL STATEMENTS

Banque Saudi Fransi

Balance Sheet (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
ASSETS							
Cash and balances with central banks	5,772,857	12,630,968	15,934,145	16,894,373	17,677,148	18,760,160	19,992,036
Due from Banks	4,246,065	7,110,607	8,338,772	8,648,299	8,972,657	9,344,155	9,748,464
Net Investments	27,891,682	17,630,370	17,680,620	19,634,048	21,812,191	24,178,450	26,805,258
Net Loans and Advances	80,866,475	78,315,196	83,003,591	91,447,410	101,021,280	111,885,439	123,796,942
Net Fixed Assets	590,645	606,185	634,012	659,838	688,762	721,157	757,439
Other Assets	6,497,037	4,279,112	4,890,528	5,236,996	5,601,985	5,960,749	6,342,778
Total Assets	**125,864,761**	**120,572,438**	**130,481,669**	**142,520,963**	**155,774,024**	**170,850,108**	**187,442,917**
LIABILITIES & EQUITY							
Due to Banks	8,402,002	4,831,799	4,836,488	4,756,564	5,204,141	5,699,934	6,336,502
Customer Deposits	92,791,281	91,237,118	99,302,925	108,980,196	119,119,844	130,797,176	143,532,948
Other Purchased Funds	4,927,200	4,946,231	4,946,231	4,946,231	4,946,231	4,946,231	4,946,231
Other Liabilities	5,675,142	3,805,510	3,906,555	4,264,985	4,622,162	4,955,183	5,304,440
Total Liabilities	**111,795,625**	**104,820,658**	**112,992,199**	**122,947,976**	**133,892,378**	**146,398,525**	**160,120,121**
Minority Interest	**21,917**	**19,107**	**19,529**	**19,992**	**20,502**	**21,063**	**21,680**
Total Shareholders' Equity	**14,047,219**	**15,732,673**	**17,469,942**	**19,552,995**	**21,861,144**	**24,430,520**	**27,301,116**
TOTAL LIABILITIES & EQUITY	**125,864,761**	**120,572,438**	**130,481,669**	**142,520,963**	**155,774,024**	**170,850,108**	**187,442,917**

Income Statement (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
Net Special Commission Income *	2,820,590	3,050,289	3,035,733	3,353,106	3,787,665	4,166,907	4,619,381
Income from Fees and Commissions	834,480	840,254	901,043	977,070	1,080,453	1,196,698	1,323,011
Other Operating Income	749,014	376,925	439,439	489,629	542,328	591,020	644,017
Total Operating Income	**4,404,084**	**4,267,468**	**4,376,215**	**4,819,805**	**5,410,446**	**5,954,625**	**6,586,410**
Provisions for Credit Losses	(94,265)	(574,621)	(431,339)	(399,981)	(339,539)	(365,856)	(413,099)
Salaries and Employee Related Expenses	(624,223)	(642,589)	(652,538)	(731,733)	(828,720)	(920,359)	(1,027,213)
General and Administrative Expenses	(378,271)	(391,434)	(397,495)	(445,736)	(504,816)	(560,638)	(625,728)
Depreciation	(87,324)	(113,981)	(126,112)	(134,745)	(150,915)	(169,024)	(189,307)
Other Provisions and Operating Expenses	(416,065)	(77,038)	(41,042)	(11,594)	(12,174)	(12,782)	(13,421)
Total Operating Expenses	**(1,600,148)**	**(1,799,663)**	**(1,648,525)**	**(1,723,788)**	**(1,836,163)**	**(2,028,660)**	**(2,268,769)**
Net Operating Profit	**2,803,936**	**2,467,805**	**2,727,691**	**3,096,017**	**3,574,284**	**3,925,965**	**4,317,641**
Other Income / (Expenses)	-	-	-	-	-	-	-
Income Taxes	-	-	-	-	-	-	-
Minority Interest	1,723	2,810	(422)	(464)	(510)	(561)	(617)
Net Profit	**2,805,659**	**2,470,615**	**2,727,269**	**3,095,553**	**3,573,774**	**3,925,404**	**4,317,024**
EPS (SAR)	**3.88**	**3.42**	**3.77**	**4.28**	**4.94**	**5.43**	**5.97**

Key Ratios	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
Growth in Loans	35.1%	-3.2%	6.0%	10.2%	10.5%	10.8%	10.6%
Growth in Deposits	25.4%	-1.7%	8.8%	9.7%	9.3%	9.8%	9.7%
Growth in Net Profit	3.5%	-11.9%	10.4%	13.5%	15.4%	9.8%	10.0%
Growth in Operating Income	19.0%	-3.1%	2.5%	10.1%	12.3%	10.1%	10.6%
Loans-to-Assets	64.2%	65.0%	63.6%	64.2%	64.9%	65.5%	66.0%
Loans-to-Deposits	87.1%	85.8%	83.6%	83.9%	84.8%	85.5%	86.2%
NPLs-to-Gross Loans	0.93%	1.27%	1.4%	1.5%	1.6%	1.7%	1.7%
NPL Coverage	111.0%	126.6%	142.3%	146.6%	146.3%	147.2%	147.9%
Capital Adequacy	11.6%	13.7%	14.1%	14.5%	14.7%	14.9%	15.1%
Growth in Costs	15.6%	5.3%	2.5%	11.6%	13.1%	11.2%	11.6%
Non Interest Expense-to-Average Assets	1.4%	1.5%	1.3%	1.3%	1.2%	1.2%	1.3%
Cost-to-Income	24.9%	27.1%	27.1%	27.5%	27.7%	27.9%	28.2%
Non Interest Income-to-Operating Income	36.0%	28.5%	30.6%	30.4%	30.0%	30.0%	29.9%
Dividend Payout	27.7%	40.1%	37.1%	40.9%	37.9%	36.8%	37.7%
Net Interest Margin	2.6%	2.6%	2.5%	2.6%	2.6%	2.6%	2.7%
RoAE	22.2%	16.6%	16.4%	16.7%	17.3%	17.0%	16.7%
RoAA	2.5%	2.0%	2.2%	2.3%	2.4%	2.4%	2.4%

**Equivalent to net interest income. Sources: Bank's financial statements and NBK Capital*

FINANCIAL STATEMENTS

Arab National Bank

Balance Sheet (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
ASSETS							
Cash and balances with SAMA	12,050,836	10,457,455	12,208,872	12,780,534	13,253,916	14,075,364	14,544,914
Due from Banks	2,747,396	6,082,423	6,462,696	6,573,645	6,700,128	6,842,350	6,991,947
Net Investments	28,524,284	23,676,548	24,299,232	27,351,072	30,521,404	33,442,653	36,677,329
Net Loans and Advances	74,661,610	66,811,033	68,334,907	74,353,520	82,060,698	91,208,567	100,940,988
Net Fixed Assets	934,851	1,239,681	1,319,277	1,257,627	1,191,662	1,121,078	1,045,554
Other Assets	2,388,165	2,030,180	2,234,073	2,433,194	2,625,104	2,799,731	2,990,484
Total Assets	**121,307,142**	**110,297,320**	**114,859,055**	**124,749,592**	**136,352,911**	**149,489,743**	**163,191,216**
LIABILITIES & EQUITY							
Due to Banks	10,509,073	8,714,228	7,949,115	7,954,111	7,973,153	7,800,279	7,341,545
Customer Deposits	92,743,453	82,680,240	86,161,256	93,878,299	102,979,732	113,477,696	124,527,063
Other Purchased Funds	1,875,000	1,687,500	1,675,000	1,675,000	1,675,000	1,675,000	1,675,000
Other Liabilities	3,508,318	2,737,085	2,907,256	3,179,165	3,456,374	3,690,195	3,949,430
Total Liabilities	**108,635,844**	**95,819,053**	**98,692,627**	**106,686,575**	**116,084,259**	**126,643,170**	**137,493,038**
Minority Interest	**-**	**109,500**	**109,123**	**111,762**	**125,089**	**144,680**	**171,631**
Total Shareholders' Equity	**12,671,298**	**14,368,767**	**16,057,305**	**17,951,255**	**20,143,563**	**22,701,894**	**25,526,547**
TOTAL LIABILITIES AND EQUITY	**121,307,142**	**110,297,320**	**114,859,055**	**124,749,592**	**136,352,911**	**149,489,743**	**163,191,216**

Income Statement (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
Net Special Commission Income *	3,353,532	3,456,283	3,442,872	3,680,642	4,092,360	4,582,462	5,109,541
Income from Fees and Commissions	839,018	563,002	611,871	656,628	751,647	859,651	948,237
Other Operating Income	(196,387)	336,754	386,024	413,816	458,677	513,259	583,146
Total Operating Income	**3,996,163**	**4,356,039**	**4,440,767**	**4,751,086**	**5,302,685**	**5,955,371**	**6,640,924**
Provisions for Credit Losses	13,561	(449,547)	(514,585)	(468,185)	(464,032)	(388,362)	(421,938)
Salaries and Employee Related Expenses	(908,227)	(934,053)	(952,221)	(1,009,240)	(1,116,319)	(1,242,560)	(1,373,171)
General and Administrative Expenses	(517,866)	(474,841)	(469,832)	(497,965)	(550,799)	(613,087)	(677,531)
Depreciation	(155,733)	(192,571)	(216,301)	(248,065)	(265,430)	(284,010)	(303,890)
Other Operating Expenses	-	-	-	-	-	-	-
Total Operating Expenses	**(1,568,265)**	**(2,051,012)**	**(2,152,938)**	**(2,223,455)**	**(2,396,581)**	**(2,528,018)**	**(2,776,531)**
Net Operating Profit	**2,427,898**	**2,305,027**	**2,287,829**	**2,527,632**	**2,906,104**	**3,427,353**	**3,864,393**
Other Income / (Expenses)	58,226	61,985	50,332	18,957	14,531	8,568	9,661
Income Taxes	-	-	-	-	-	-	-
Minority Interest	-	3,000	377	(2,639)	(13,327)	(19,591)	(26,951)
Net Profit	**2,486,124**	**2,370,012**	**2,338,538**	**2,543,950**	**2,907,308**	**3,416,331**	**3,847,103**
EPS (SAR)	**3.82**	**3.65**	**3.60**	**3.91**	**4.47**	**5.26**	**5.92**

Key Ratios	Historical		Forecast				
Fiscal Year Ends December	2008	2009	2010	2011	2012	2013	2014
Growth in Loans	22.2%	-10.5%	2.3%	8.8%	10.4%	11.1%	10.7%
Growth in Deposits	25.9%	-10.9%	4.2%	9.0%	9.7%	10.2%	9.7%
Growth in Net Profit	1.0%	-4.7%	-1.3%	8.8%	14.3%	17.5%	12.6%
Growth in Operating Income	1.8%	9.0%	1.9%	7.0%	11.6%	12.3%	11.5%
Loans-to-Assets	61.5%	60.6%	59.5%	59.6%	60.2%	61.0%	61.9%
Loans-to-Deposits	80.5%	80.8%	79.3%	79.2%	79.7%	80.4%	81.1%
NPLs-to-Gross Loans	0.4%	2.8%	3.1%	3.1%	3.0%	3.0%	2.9%
NPL Coverage	349.0%	75.9%	90.9%	103.0%	112.6%	116.7%	121.0%
Capital Adequacy	14.1%	16.3%	18.1%	18.3%	18.6%	18.9%	19.2%
Growth in Costs	10.8%	1.2%	2.3%	7.1%	10.1%	10.7%	10.0%
Non Interest Expense-to-Average Assets	1.5%	1.8%	1.9%	1.9%	1.8%	1.8%	1.8%
Cost-to-Income	39.6%	36.8%	36.9%	36.9%	36.4%	35.9%	35.5%
Non-Interest Income-to-Operating Income	16.1%	20.7%	22.5%	22.5%	22.8%	23.1%	23.1%
Dividend Payout	26.1%	27.4%	27.8%	28.1%	29.5%	29.9%	30.1%
Net Interest Margin	3.2%	3.1%	3.2%	3.2%	3.2%	3.3%	3.4%
RoAE	21.4%	17.5%	15.4%	15.0%	15.3%	15.9%	16.0%
RoAA	2.3%	2.0%	2.1%	2.1%	2.2%	2.4%	2.5%

**Equivalent to net interest income. Sources: Bank's financial statements and NBK Capital*

RISK AND RECOMMENDATION GUIDE

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