Saudi Banking Sector

Cautiously Optimistic

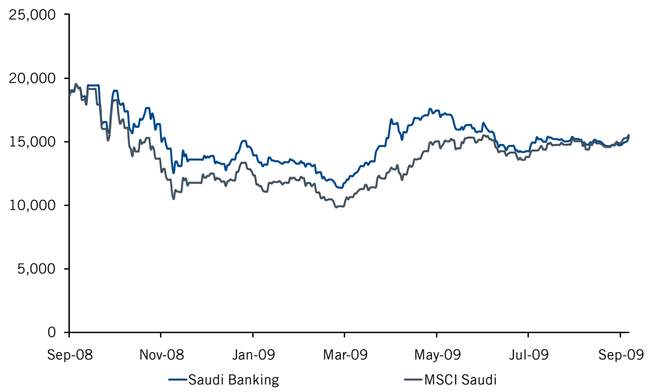
September 17, 2009

Valuation

	Price * (SAR)	Fair Value (SAR)	Upside / Downside	Recommendation	Market Cap. Million SAR
Samba	46.30	55.30	19%	Accumulate	41,670
Riyad	24.15	30.40	26%	Buy	36,225
BSF	41.00	46.50	13%	Accumulate	29,652
SABB	46.60	50.00	7%	Hold	34,950
ANB	44.00	50.00	14%	Accumulate	28,600

** As of September 16, 2009. Sources: Reuters, Tadawul, and NBK Capital*

Rebased Performance



Sources: Reuters and NBK Capital

Forecasts

	2009 F				
	P/E	P/B	Net Profit Growth	Operating Income Growth	RoAE
Samba	8.8	2.0	6.2%	6.3%	23.1%
Riyad	12.7	1.3	7.7%	15.7%	10.7%
BSF	10.8	1.8	-2.5%	-1.4%	18.1%
SABB	12.9	2.6	-7.6%	6.1%	21.3%
ANB	10.8	2.0	6.2%	16.0%	19.5%

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

Key Ratios

	NPLs-to-Gross Loans	LDR	CAR	Prov. Chg-to-Avg. Loans	Cost-to-Income
	Dec-08	Jun-09		1H2009	
Samba	1.82%	64%	15.2%	0.65%	26.2%
Riyad	1.29%	86%	17.4%	0.56%	37.3%
BSF	0.93%	90%	12.4%	0.41%	26.5%
SABB	0.24%	86%	12.6%	1.08%	30.4%
ANB	0.39%	84%	15.0%	0.35%	33.7%

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

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Highlights

- We maintain our favorable view of the Saudi banking sector, despite cutting our fair value estimates for all banks under coverage with the exception of Riyad Bank. The sector enjoys abundant liquidity and adequate and improving capitalization. The banks have so far been resilient to the unfavorable economic environment. Loan re-pricing and good cost control are countering the muted lending growth and increase in loan loss provisioning, to safeguard profitability. The banks will be the primary beneficiary of an improvement in economic conditions, when lending resumes its growth and asset quality becomes less of a worry than it is currently. Furthermore, the banks' significant amount of non-interest-bearing deposits will support interest margins and profitability, if interest rates start climbing from the current lows.

- The fear of asset quality weakening has emerged as the top concern for Saudi banks in the current period. The financial trouble of two major Saudi groups brought more attention to that issue and further increased fears regarding a significant deterioration in asset quality. For now, we believe the situation is still unclear regarding how this issue will unfold and to what extent Saudi banks will be affected. We think the biggest unknown in 2H2009 will be provisioning, which we are assuming will increase compared with 1H2009. We believe risk costs will peak in 2009-2010 and the non-performing loans (NPLs)-to-gross loans ratios will increase, especially in 2009 and 2010.

- We believe most of our covered banks will end 2009 managing to increase their operating income, and three will increase their net profit in FY2009, despite higher loan loss provisioning. We expect lending growth to remain weak during the remainder of 2009. We see pressure on net interest margins in FY2009 as loan re-pricing will not be able to counter the effect of the drop in interest rates, before an improvement in margins happens in FY2010 for most banks. For FY2010, we see loans growing by high single-digit rates, and expect positive growth in income from fees and commissions.

- Our top pick is Riyad Bank, which we believe offers a 26% upside potential. Riyad is trading at a forecasted 2009 P/B of 1.3, compared with 2.1 for its peers. The bank has the highest capital adequacy ratio among its peers, and one of the best liquidity positions. We believe the bank is still vulnerable to risks from its investment portfolio, although to a lower extent than before. The normalization of investment gains will contribute to a jump in Riyad's profitability, even taking into consideration an increase in loan loss provisions. Finally, we believe Riyad has room for improving cost efficiency, and, hence, profitability going forward.

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SECTOR HIGHLIGHTS

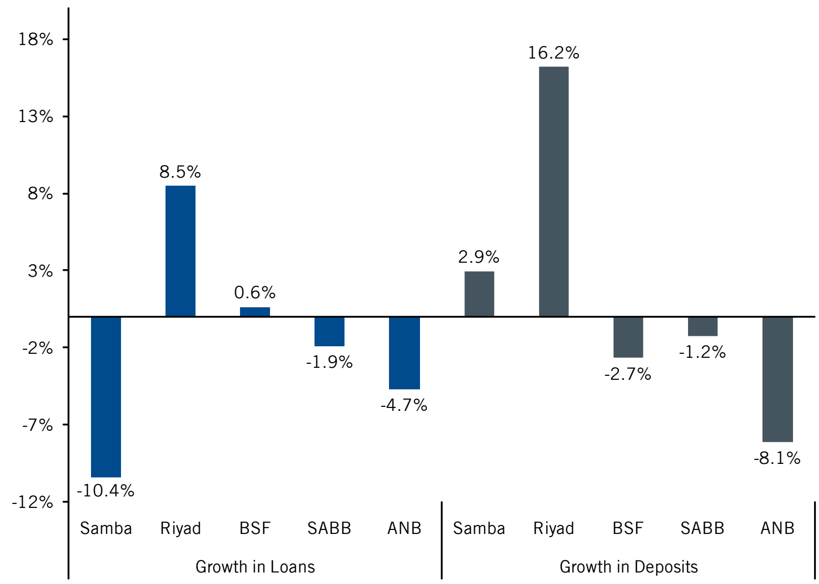
Lending and Deposit Growth

Lending in Saudi Arabia continues to be weak on the back of unfavorable economic conditions and fears of asset quality deterioration. In fact, total sector loans have been almost flat since September 2008. The dip in the price of oil, the outflow of foreign speculative money, and the lower economic growth played their part in slowing lending growth since the second half of 2008, especially since the last quarter of that year. Fears of asset quality deterioration made matters worse, in effect making banks very cautious in their lending practices. In all cases, we believe the slowdown in lending growth is due to supply-side and demand-side factors. Consequently, total sector loans declined by 0.4% between December 2008 and July 2009, after expanding by 20% in 2007 and 25% in 2008. Three of the five Saudi banks under our coverage saw their net loans shrink in 1H2009, while a fourth (BSF) witnessed very marginal growth (0.6%). In contrast, Riyad expanded its loan book by 8% in 1H2009, the highest growth in the Saudi banking sector, capitalizing on the massive SAR 13.1 billion capital increase undertaken in 2Q2008 and, hence, the spike in the bank's capital adequacy ratio (CAR).

While lending was muted, total sector deposits grew by 9.4% between December 2008 and July 2009, supported by liquidity pumped in by the Saudi Arabian Monetary Agency (SAMA). SAMA has done a lot to ensure that credit keeps on flowing in the Saudi banking sector. SAMA dropped the reserve requirement, slashed the reverse repo rate from 2% to 0.25% in a span of nine months, and pumped deposits into the banking sector. Of the five covered banks, Riyad also had the strongest growth in deposits in 1H2009 at 16%, followed by Samba at 2.9%, while the three other banks saw their deposits decrease during the same period. For the remainder of 2009, we expect deposit growth to continue to outstrip loan growth, which we believe will remain muted. We expect a pick-up in lending growth in 2010 driven by an improved economic backdrop, sustained government spending, and fewer fears of asset quality weakening. The price of oil is already 126% over the low the price reached in December 2008, and the government has budgeted a 16% increase in expenditures in 2009 compared with the budgeted expenditures for 2008. Between 2009 and 2014, we see sector loans growing at a CAGR of 11%.

Riyad significantly outperformed its peers in terms of lending and deposit growth in 1H2009

Figure 1 Lending and Deposit Growth: 1H2009



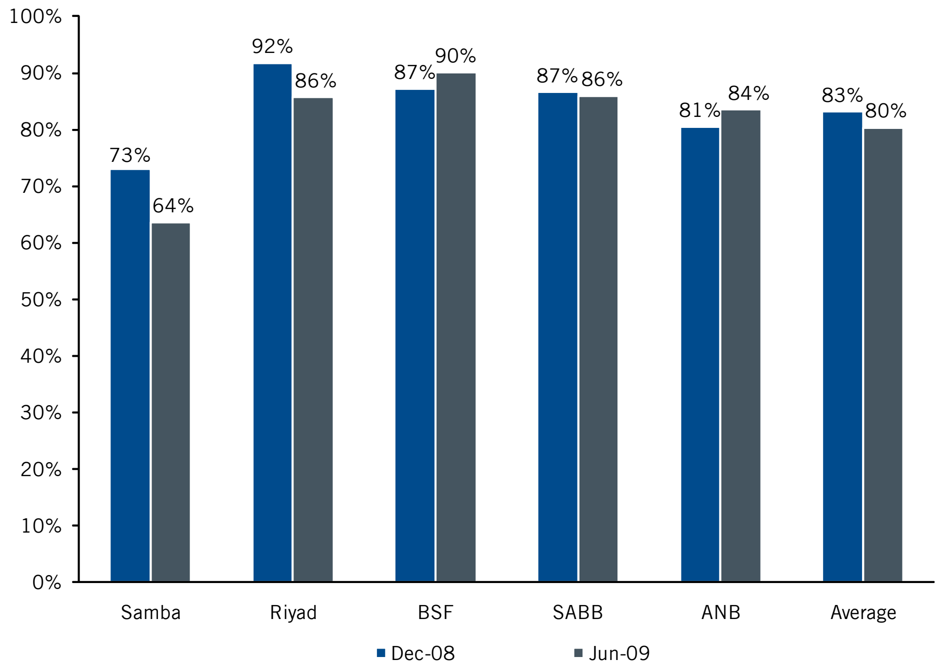
Sources: Banks' financial statements and NBK Capital

Liquidity

The upside of the slowdown in lending was improved liquidity. The sector's simple loans-to-deposits ratio (LDR) fell to 80% in July 2009, down from a peak of 92% in September 2008. Our sample's weighted average LDR dropped to 80% at the end of June 2009, down from 83% at the end of December 2008 (Figure 2). Samba had the lowest LDR in our sample, at 64% as of the end of June 2009, after having dropped for four quarters in a row. We believe this ratio is excessively low and will result in dropping margins for Samba if sustained at this low level. Nevertheless, this low LDR gives Samba an advantage over its peers when lending growth starts to pick up.

Figure 2 Loans-to-Deposits Ratios: June 2009 versus December 2008

Banks' LDRs tended to decrease in 1H2009



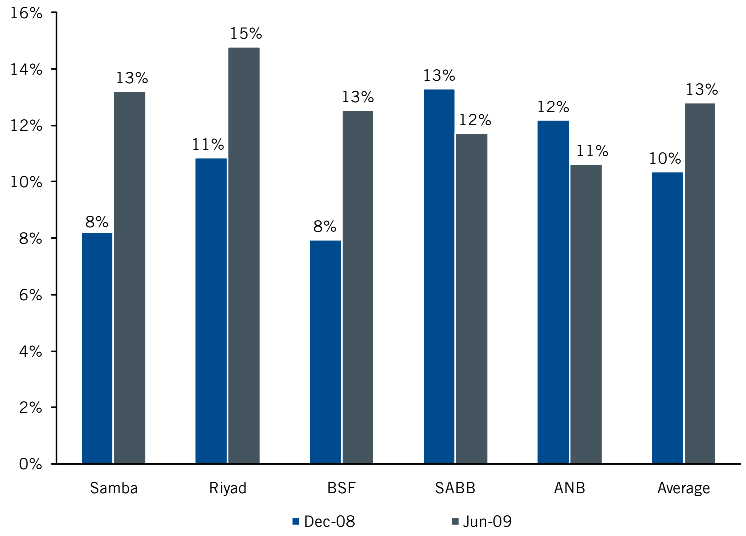
Sources: Banks' financial statements and NBK Capital

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. The average for our sample increased from 10% in December 2008 to 13% in June 2009 (Figure 3). Data from SAMA shows that bank deposits with SAMA (other than statutory deposits) have almost doubled so far this year, increasing from around SAR 42 billion in December 2008 to almost SAR 80 billion in July 2009. It is obvious that banks are placing more funds with SAMA instead of giving them out in loans. This has been the case despite a low and still decreasing reverse repo rate, which currently stands at a mere 0.25%.

This generally better liquidity situation than the one prevailing at the end of 2008 will facilitate lending growth when the operating environment improves and the lending appetite comes back to life.

Banks' liquid assets-to-total assets ratios generally increased in 1H2009

Figure 3 Liquid Assets-to-Total Assets: June 2009 versus December 2008



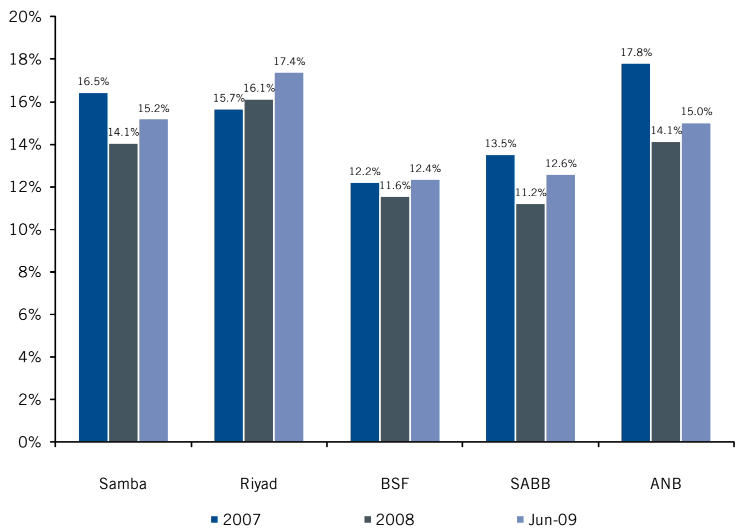
Sources: Banks' financial statements and NBK Capital

Capitalization

Another upside of the slowdown in lending was improved capitalization in 1H2009 whereby the CAR of all banks improved during this period, as can be seen in Figure 4. This follows a drop in capital adequacy in 2008 following the implementation of Basel II since January 2008 and the subsequent increase in risk-weighted assets. 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% levels. Hence, we believe the increases in the CARs witnessed in 1H2009 are especially important for some of the banks (such as SABB and BSF) as the prior drops seen in 2008 have brought the banks' CARs to levels that SAMA might be unhappy with.

Capital adequacy improved in 1H2009 following a drop in 2008

Figure 4 Capital Adequacy Ratios



Sources: Banks' financial statements and NBK Capital

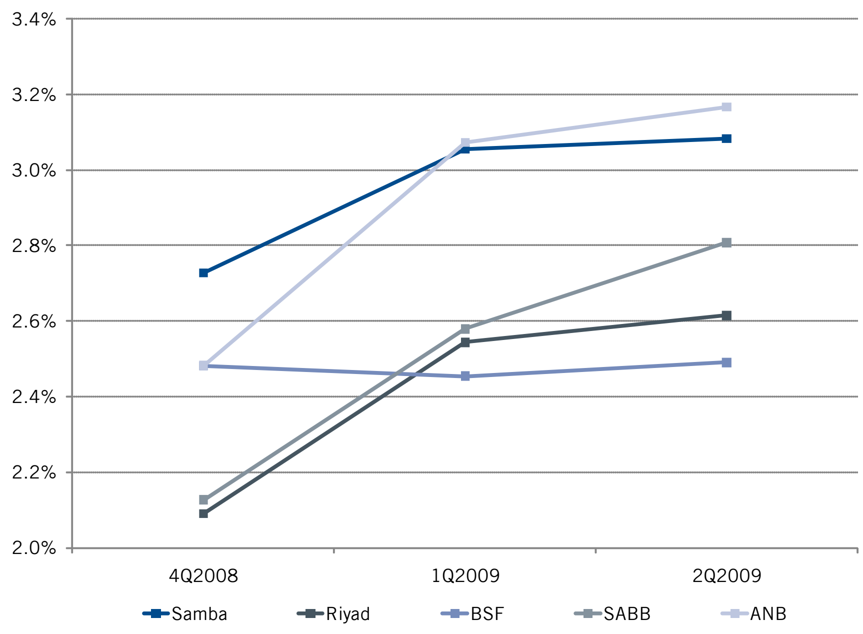
Riyad enjoys the highest CAR among its peers, standing at 17.4% as of June 2009 on the back of the SAR 13.1 billion capital increase that was conducted in 2Q2008. In fact, this high CAR provides Riyad with an advantage over its peers in the sense that the bank has been more aggressive than other Saudi banks, and the significant outperformance in terms of lending growth in 1H2009 is testimony to that. We expect further improvement in CARs in 2H2009 on the back of muted lending growth and capitalized earnings.

Earnings

The earnings of Saudi banks were not as bad as their lending growth in 1H2009. The combined operating income of our covered banks increased by 6% in 1H2009 compared with 1H2008. The main driver of that was net interest income (NII), which expanded by 8% in 1H2009 as all covered banks managed to increase their NII in that period. A very low cost of funds was one driver for the increase in NII with SAIBOR dropping from around 4.7% in mid-October 2008 to around 0.6% currently. Loan re-pricing was another major driver for the expansion in NII, despite the muted lending growth. With fears of asset quality weakening, unwillingness to significantly expand the balance sheet, and tighter liquidity in the second half of 2008, Saudi banks embarked on a loan re-pricing strategy to defend margins and safeguard profitability. This started paying off in 1Q2009 and 2Q2009 when interest spreads generally increased compared with 4Q2008, as can be seen in Figure 5.

Interest spreads improved in 1Q2009 and 2Q2009, driven by the low cost of funds and loan re-pricing

Figure 5 Interest Spreads



Sources: Banks' financial statements and NBK Capital

An important element to look at in the Saudi banking sector is the high share of NIB deposits, due to the large impact they have on net interest margins. This high share of NIB deposits makes Saudi banks structurally exposed to a low-interest-rate environment as those banks will earn a lower interest rate on a majority of their loans but will pay a lower interest rate on a smaller portion of the deposits in a decreasing or low-interest-rate environment. The opposite is true in an increasing or high-interest-rate environment when the banks are expected to witness increasing net interest margins, all else equal. Our covered banks had similar shares of NIB deposits in the total deposits, which we estimate ranged between 30% and 35% as of

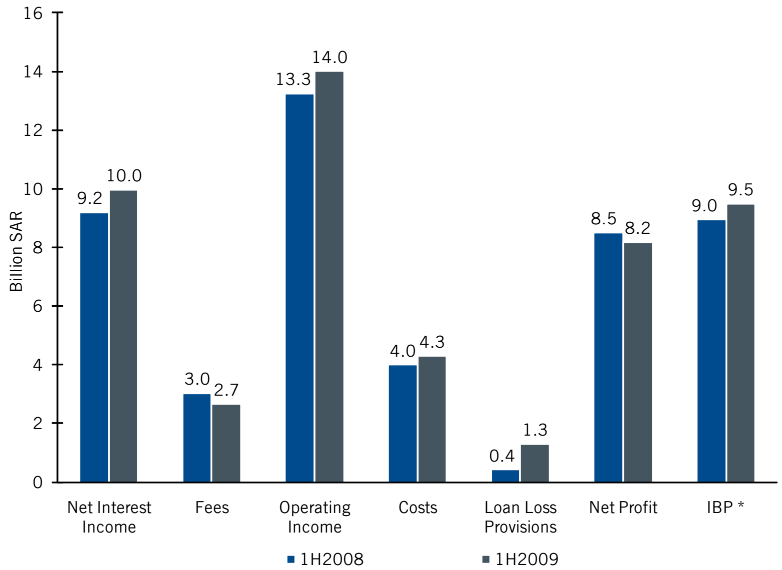
December 2008. The bank that is able to increase the share of its NIB deposits will benefit the most in terms of net interest margins, especially if interest rates start to increase again. We see decreasing net interest margins for FY2009 (compared with FY2008) such that loan re-pricing will not be able to compensate for all the decrease in net interest margin arising from decreasing interest rates and muted lending growth. Lower interest earned from the sizable fixed income investment portfolios that Saudi banks have will put pressure on net interest margins as these instruments mature or re-price to lower yields. Longer term, the direction of interest rates will be the primary factor in setting net interest margins. However, fiercer competition and a smaller share of NIB deposits as the Saudi banking sector matures are factors that will contribute to a permanent drop in net interest margins in the long term.

Income from fees and commissions was under pressure in 1H2009 (dropping by 12% to stand at SAR 2.7 billion) but far from collapsing with the weak lending growth and significant pressure on market-related fees, especially investment banking fees and brokerage commissions (with trading on Tadawul decreasing by 39% in 1H2009 versus 1H2008). In fact, lower brokerage commissions have dampened fee growth for the third year in a row as trading on Tadawul decreased by 51% in 2007 and 23% in 2008. The second quarter of 2009 was better than 1Q2009 in terms of fees and commissions partly due to higher brokerage commissions as trading on Tadawul in 2Q2009 was 56% higher than it was in 1Q2009. Asset management fees are expected to have supported fees in 1H2009 with increasing assets under management (AUM) and bullish stock market performance during that period with the Tadawul Index up 17% in 1H2009. However, the support from asset management fees is expected to have been only marginal as data from SAMA shows that all of the increase in AUM in 1H2009 was driven by domestic money market instruments that earn relatively low fees, and the asset management business, to start with, does not account for a big chunk of total fees. Going forward, we do not expect a rebound in fees before 2010. With weak lending and subdued economic growth in the remainder of 2009, core fees are expected to remain under pressure. Trading on Tadawul in July and August has been the weakest so far in 2009, indicating a dip in brokerage commissions in 3Q2009. As for investment banking fees, the covered banks believe there is a rich pipeline of mandates that is waiting for the appropriate timing to start coming to the market. For that, we believe Samba and SABB have an advantage over their peers through the market leaders Samba Capital and HSBC Saudi Arabia.

On a more positive note, Saudi banks did a good job of controlling costs in 1H2009 with combined costs increasing by a mere 8% compared with 1H2008. However, the key factor putting downward pressure on the banks' earnings was high loan provisioning. Combined net loan loss provisions nearly tripled, increasing from SAR 448 million in 1H2008 to SAR 1.3 billion in 1H2009. Hence, although the banks' combined income before provisions (IBP) increased by 6% in 1H2009, the combined net profit of those banks fell by 4%, from SAR 8.5 billion in 1H2008 to SAR 8.2 billion in 1H2009.

Figure 6 Income Statement Accounts: 1H2009 versus 1H2008

Expansion in net interest income boosted operating income, but soaring provisions led to a decrease in the combined net profit in 1H2009

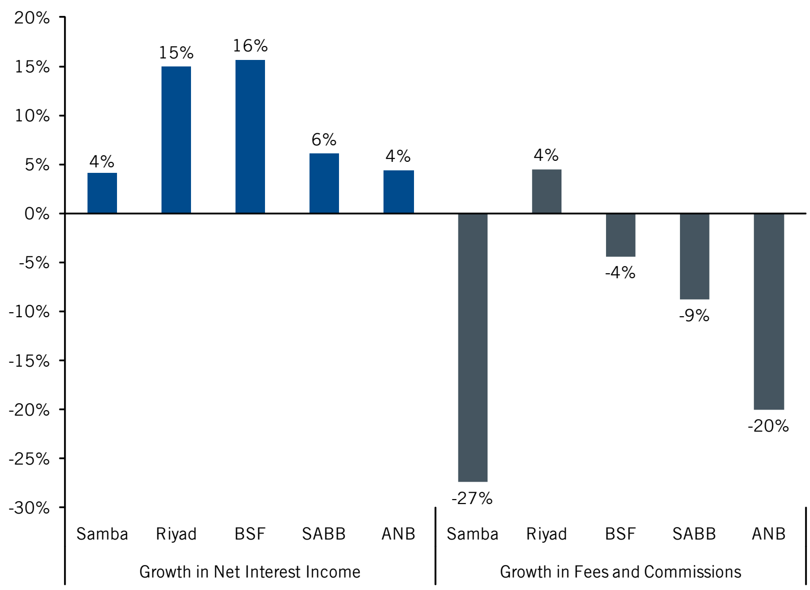


** Note: IBP = Income before Loan Loss Provisions. Sources: Banks' financial statements and NBK Capital*

As previously mentioned, the earnings of all covered banks were supported by an increase in NII in 1H2009 over 1H2008 as interest spreads improved, driven by loan re-pricing. BSF and Riyad stood out as they recorded the highest growth in NII at 16% and 15%, respectively (Figure 7). The other banks, however, posted only mid-single-digit growth figures. Most banks saw a decline in their income from fees and commissions in 1H2009 on the back of a slowdown in lending and pressure on market-related fees. Riyad was the exception, posting 4% growth in fees and commissions, underpinned by 8% growth in loans, while Samba witnessed the largest drop in fees (27%) on the back of a 10% drop in loans during the period.

Figure 7 Growth in Net Interest Income and in Fees and Commissions: 1H2009

Riyad and BSF outperformed their peers in terms of growth in net interest income and growth in income from fees and commissions in 1H2009



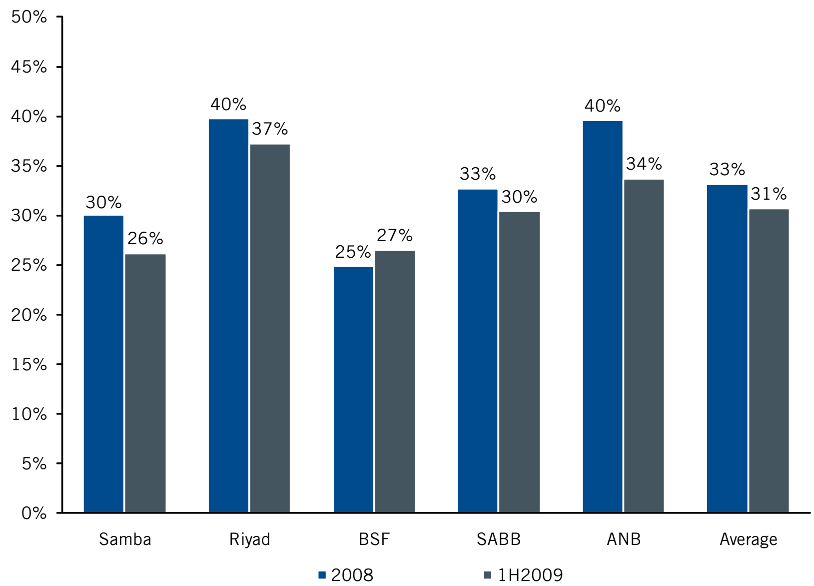
Sources: Banks' financial statements and NBK Capital

Cost Efficiency

As mentioned before, the covered banks did a good job of controlling costs in 1H2009, which led to a decrease in the banks' cost-to-income ratios, in general (Figure 8). Samba and BSF maintained their advantage over their peers, enjoying the lowest ratios, partly owing to the banks' small branch networks. Riyad (which historically lagged behind its Saudi peers in terms of cost efficiency) had the highest cost-to-income ratio, standing at 37% in 1H2009, as costs expanded by 16% in 1H2009. We do not see major changes in the banks' cost-to-income ratios going forward. However, we believe there is room to boost cost efficiency at Riyad and ANB.

The cost-to-income ratio tended to decrease in 1H2009 with Samba and BSF still outperforming their peers in terms of cost efficiency

Figure 8 Cost-to-Income Ratios: 1H2009 versus FY2008



Sources: Banks' financial statements and NBK Capital

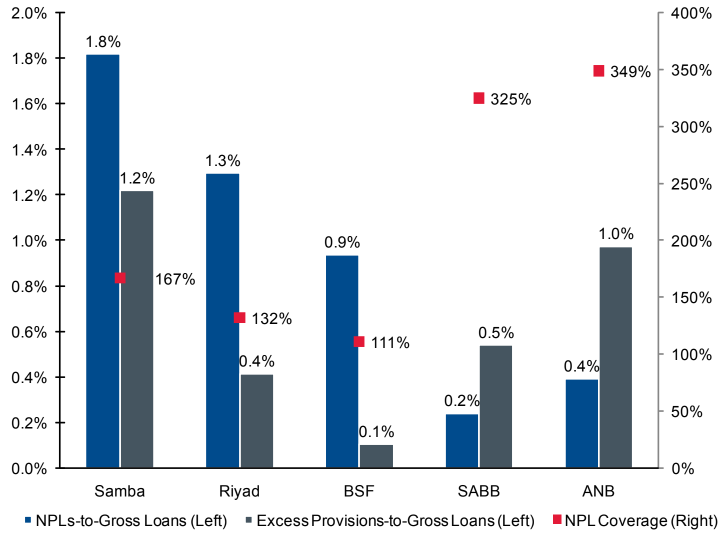
Asset Quality

The fear of asset quality weakening has emerged as the top concern for Saudi banks in the current period. The financial trouble of two major Saudi conglomerates, namely, the Saad Group and the Al Gosaibi Group, brought more attention to that issue and further increased fears about a significant deterioration in asset quality. Until now, there has been no confirmed amount for the two groups' total indebtedness to international and Gulf Cooperative Council (GCC) banks. Press and research reports estimating the debt of these two groups abound; some put the total exposure in the vicinity of USD 15 billion. For now, we believe the situation is still unclear and the picture opaque regarding how this issue will unfold and to what extent, for our purposes here, Saudi banks will be affected. In all cases, we believe most Saudi banks have exposure to these two groups. Very recently, SAMA officials announced that the debts of the two groups do not pose a major threat to Saudi banks and that the Saudi government has set up a committee to look into the issues of these two groups. While the government's involvement in that matter should be comforting for all parties exposed to these two groups, we look unfavorably on the ongoing lack of transparency regarding the total exposure of Saudi banks to these two groups.

It is important at this point to mention that, as of December 2008, the covered banks still showed strong asset quality indicators, with an average NPLs-to-gross loans ratio of 1% and an NPL coverage ratio of 166% (Figure 9). SABB and ANB stand out, with NPLs-to-gross loans ratios below 0.5% and NPL coverage ratios in excess of 300% as of December 2008.

All covered banks had good asset quality indicators as of December 2008, with ANB and SABB outperforming their peers

Figure 9 Asset Quality Indicators: December 2008



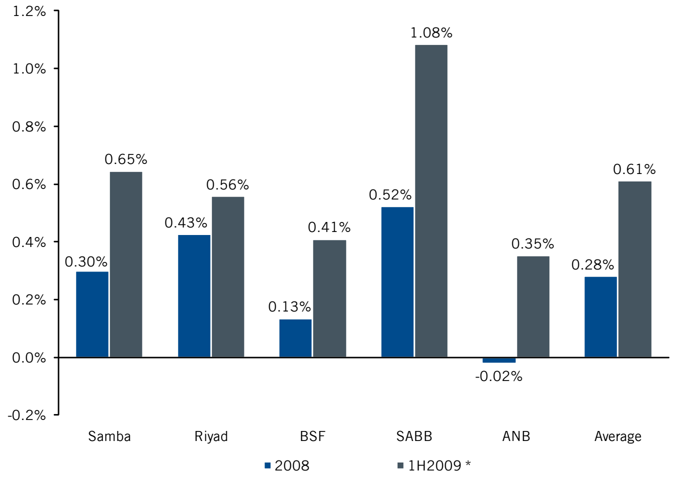
Sources: Banks' financial statements and NBK Capital

Another important indicator to look at is how much the banks have in excess provisions (meaning provisions in excess of NPLs) in relation to the banks' gross loans. This indicator shows the additional NPLs (as a share of loans) that a bank can take before that bank's total NPLs become less than 100% covered by provisions. Samba and ANB outperform, according to this criterion, with a "cushion" equal to 1.2% and 1%, respectively, of their gross loans as of December 2008 (Figure 9).

Unfortunately, disclosure of NPLs and accumulated provisions is not provided in quarterly financial statements. However, looking at provisioning charges can give us an indication of the direction the loan quality is taking. The increase in provisioning charges in 1H2009 supports the claim that asset quality is weakening, as can be seen in Figure 10, where all banks witnessed an increase in the ratio of net provisioning charges (annualized)-to-average loans in 1H2009, compared with FY2008. We believe that the new provisions taken were specific provisions, indicating an increase in NPLs, and general provisions, indicating that the overall quality of the loan books has generally weakened. Even if there is no material weakening in the quality of the loan books yet, the charge of new general provisions by itself indicates that banks are more concerned about a weakening of that quality going forward.

The ratio of net provisioning charges to average net loans increased in 1H2009 for all banks, driving us to expect that loan quality is weakening

Figure 10 Provisioning Charges-to-Average Loans: 1H2009 versus FY2008



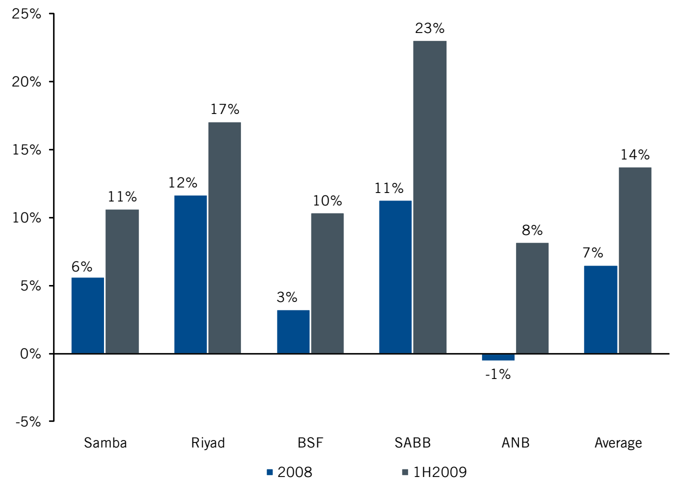
**Note: 1H2009 net provisioning charges annualized. Sources: Banks' financial statements and NBK Capital*

SABB had, by far, the highest measure at 1.08% in 1H2009, after also exhibiting the highest measure in FY2008 at 0.52%. On the other hand, ANB had the lowest measures in both 1H2009 and FY2008. We believe provisioning will still be on the rise in 2H2009 and that provisioning will be the biggest damper on profitability in 2009. For FY2009, we see risk costs ranging between 0.5% and 1.14% for our covered banks. We believe risk costs will peak in 2009-2010 before an improvement is felt in 2011 and beyond.

To look at the impact of provisioning on the bottom line, we plot the net provisioning charges-to-income before provisions where that measure has increased for all banks in 1H2009, as can be seen in Figure 11. Again, SABB's measure was the highest in 1H2009, when provision charges reached 23% of income before provisions, hence the 7% drop in the bank's net profit in 1H2009, while the bank's IBP expanded by 7% during the same time period. ANB, again, recorded the lowest measures in both FY2008 and 1H2009. We believe this measure will increase further in 2H2009 for our covered banks, and for FY2009, we see it ranging between 10% and 25% for these banks.

Net provisioning charges-to-IBP increased for all banks in 1H2009

Figure 11 Net Provisioning Charges-to-IBP*: 1H2009 versus FY2008



** Note: IBP = Income before Loan Loss Provisions. Sources: Banks' financial statements and NBK Capital*

We expect an increase in NPLs-to-gross loans ratios throughout our forecast horizon for all banks, but especially so in 2009 and 2010. As mentioned before, we see a general increase in provisioning for all banks, compared with the low levels witnessed in the past few years, which will keep NPL coverage ratios at satisfactory levels throughout our forecast horizon.

Finally, we believe most of our covered banks will end 2009 managing to increase their operating income. We think the biggest unknown in 2H2009 will be provisioning, which will be the decisive factor in whether banks will be able to increase their net profits in FY2009 or see them drop compared with FY2008. In all cases, we are assuming an increase in provisioning in 2H2009 compared with 1H2009 but not to the extent that will cause a significant dive in the banks' net profits for FY2009.

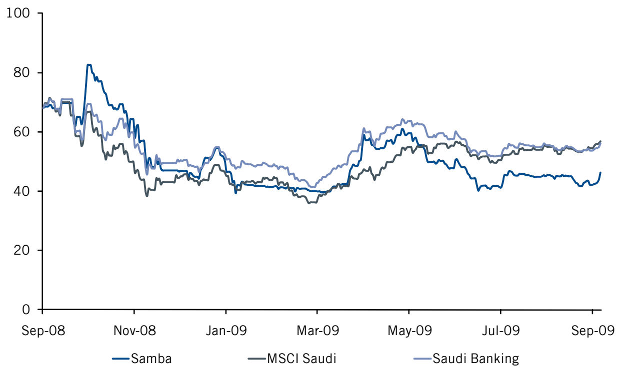
Samba Financial Group (Samba)

Valuation

Valuation Method	Value (SAR)	Weight (%)
Discounted Equity Cash Flow (DECF)	74.10	40%
Dividend Discount Model (DDM)	47.50	40%
Peer-Based Valuation	33.40	20%
Weighted Average Fair Value	**55.30**	**100%**

Source: NBK Capital

Rebased Performance



Sources: Reuters and NBK Capital

Historical Performance

Figures in '000 SAR	Mar-09	Q-o-Q Change %	Jun-09	Q-o-Q Change %	YTD Change %
Net Loans and Advances	90,106,265	-8.2%	87,948,981	-2.4%	-10.4%
Customer Deposits	124,221,794	-7.5%	138,172,818	11.2%	2.9%
Shareholders' Equity	19,302,430	-2.7%	19,687,783	2.0%	-0.8%
Total Assets	168,337,959	-5.9%	177,050,640	5.2%	-1.0%
Figures in '000 SAR	**1Q2009**	**Y-o-Y Change %**	**2Q2009**	**Y-o-Y Change %**	**1H2009 Change %**
Net Interest Income	1,309,166	-0.2%	1,304,214	8.8%	4.1%
Net Fees and Commissions	313,143	-31.8%	334,031	-22.7%	-27.4%
Net Invest. Gains/(Losses)	227,682	n/m	123,516	-5.5%	2189.4%
Total Operating Income	1,987,722	11.0%	1,819,693	-3.1%	3.8%
Total Costs	(514,578)	9.4%	(483,182)	-1.8%	3.6%
Prov. for Credit Losses, net	(202,972)	258.6%	(97,290)	157.1%	218.0%
Net Profit	**1,271,619**	**5.9%**	**1,243,165**	**1.6%**	**3.7%**

Sources: Bank's financial statements and NBK Capital

Forecasts

Figures in '000 SAR	2009 Forecasts			2009	5-year
	Old	New	Change %	Change %	CAGR *
Net Loans and Advances	106,242,801	89,006,045	-16.2%	-9.3%	11.6%
Customer Deposits	143,901,756	140,333,092	-2.5%	4.5%	8.2%
Net Interest Income	5,386,225	5,281,839	-1.9%	4.4%	8.0%
Net Fees and Commissions	1,385,656	1,290,673	-6.9%	-20.5%	12.4%
Total Operating Income	7,138,963	7,454,976	4.4%	6.3%	8.1%
Total Costs	(2,246,767)	(2,173,805)	-3.2%	3.0%	7.9%
Prov. for Credit Losses, net	(472,171)	(564,276)	19.5%	111.3%	4.3%
Net Profit	**4,431,972**	**4,728,619**	**6.7%**	**6.2%**	**8.6%**

2Q2009 IBP a	2Q2009 IBP f
SAR 1340 million	SAR 1226 million
3Q2009 IBP f	**4Q2009 IBP f**
SAR 1332 million	SAR 1146 million

** CAGR: 2009–2014. Sources: Bank's financial statements and NBK Capital*

Highlights

- Our new estimate of Samba's fair value per share stands at SAR 55.30, 19% above the share's closing price as of September 16, 2009, hence our "Accumulate" recommendation. This value is 5% below our prior fair value of SAR 58.10 per share. Samba started to limit lending growth earlier than its Saudi peers, which led to a continuous drop in the bank's simple LDR from 79% in June 2008 to 64% in June 2009, the lowest among our covered banks. The bank's abundant liquidity, with loans representing only 50% of assets and the investment portfolio a third of assets as of June 2009, will prove advantageous if lending picks up materially; however, if that level of liquidity is maintained, Samba will underperform in terms of net interest margins.

- Samba's operating income and net profit increased by 4% in 1H2009, higher than our other covered banks. A closer look shows that Samba underperformed in terms of growth in net interest income and income from fees and commissions. Investment earnings, specifically the surge in trading income and the much lower losses derived from the fair value through income statement (FVIS) portfolio compared with 1H2008, drove the increase in operating income. This resulted in growth in the bottom line as the spike in loan loss provisioning (SAR 300 million in 1H2009) balanced the investment provisions that were incurred in 1H2008.

- The 4% growth in net interest income was driven by an increase in interest spreads as loans dropped by 10% in 1H2009 and assets were nearly flat. Samba tends to be more exposed to the performance of the markets than its peers due to the high share of market-related fees in the bank's total earnings from fees and commissions. In FY2008, brokerage, fund management, and corporate finance and advisory fees accounted for 52% of the bank's total fee income. Samba's high exposure to the market was felt in 1H2009, when the bank's fees dropped by 27%. Nevertheless, we believe Samba is poised to benefit more than its peers, in terms of market-related earnings, due to the leading role played by Samba Capital when the sentiment in the market improves.

- Samba continued to outperform in terms of cost efficiency with a 26% cost-to-income ratio in 1H2009. We believe this will still be the case going forward on the back of a smaller branch network than most of the bank's peers and an extensive use of alternative delivery channels. We forecast Samba to end FY2009 with a 6% increase in operating income as well as in net profit.

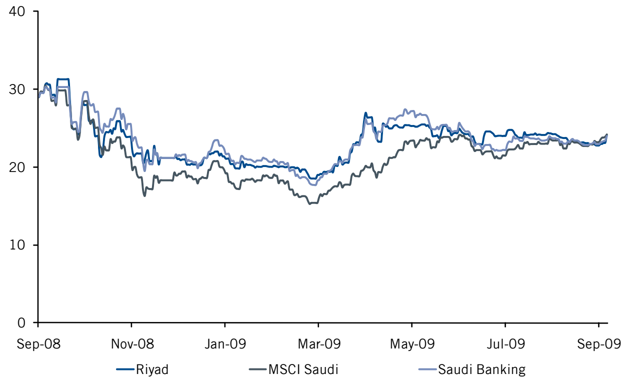
Riyad Bank (Riyad)

Valuation

Valuation Method	Value (SAR)	Weight (%)
Discounted Equity Cash Flow (DECF)	31.90	40%
Dividend Discount Model (DDM)	32.40	40%
Peer-Based Valuation	23.70	20%
Weighted Average Fair Value	**30.40**	**100%**

Source: NBK Capital

Rebased Performance



Sources: Reuters and NBK Capital

Historical Performance

Figures in '000 SAR	Mar-09	Q-o-Q Change %	Jun-09	Q-o-Q Change %	YTD Change %
Net Loans and Advances	100,172,030	3.9%	104,581,768	4.4%	8.5%
Customer Deposits	119,202,568	13.5%	122,070,426	2.4%	16.2%
Shareholders' Equity	25,347,341	-1.3%	26,771,392	5.6%	4.2%
Total Assets	167,217,340	4.7%	172,767,213	3.3%	8.2%
Figures in '000 SAR	**1Q2009**	**Y-o-Y Change %**	**2Q2009**	**Y-o-Y Change %**	**1H2009 Change %**
Net Interest Income	1,112,124	13.4%	1,147,724	16.5%	15.0%
Net Fees and Commissions	309,310	8.8%	331,122	0.7%	4.5%
Net Invest. Gains/(Losses)	(9,763)	-89.5%	(31,879)	n/m	-46.9%
Total Operating Income	1,459,360	20.4%	1,524,409	5.4%	12.2%
Total Costs	(550,621)	17.3%	(560,901)	13.9%	15.6%
Prov. for Credit Losses, net	(184,837)	254.4%	(95,509)	102.4%	182.2%
Prov. for Investments	(282,843)	n/m	50,000	n/m	n/m
Net Profit	**441,059**	**-36.1%**	**917,999**	**1.3%**	**-14.9%**

Sources: Bank's financial statements and NBK Capital

Forecasts

Figures in '000 SAR	2009 Forecasts			2009	5-year
	Old	New	Change %	Change %	CAGR *
Net Loans and Advances	104,237,110	110,507,578	6.0%	14.6%	11.0%
Customer Deposits	115,793,691	128,472,155	10.9%	22.3%	10.9%
Net Interest Income	4,192,945	4,575,277	9.1%	15.9%	9.8%
Net Fees and Commissions	1,092,624	1,272,886	16.5%	7.2%	10.8%
Total Operating Income	5,529,701	6,074,543	9.9%	15.7%	10.4%
Total Costs	(2,279,218)	(2,304,699)	1.1%	10.5%	10.5%
Prov. for Credit Losses, net	(522,679)	(694,595)	32.9%	99.0%	2.8%
Net Profit	**2,687,804**	**2,842,406**	**5.8%**	**7.7%**	**13.6%**

2Q2009 IBP a	2Q2009 IBP f
SAR 964 million	SAR 813 million
3Q2009 IBP f	**4Q2009 IBP f**
SAR 965 million	SAR 933 million

** CAGR: 2009–2014. Sources: Bank's financial statements and NBK Capital*

Highlights

- Our new estimate of Riyad's fair value per share stands at SAR 30.40, 26% over the share's closing price on September 16, 2009, hence, our "Buy" recommendation. This value is 16% over our prior fair value of SAR 26.20. The increase in fair value is primarily driven by higher operating income than previously forecasted, as Riyad continues to outperform its peers. We believe the higher operating income will filter down to the bottom line, despite higher provisioning charges than previously forecasted.

- Riyad achieved a net profit of SAR 1.36 billion in 1H2009, 15% below 1H2008, on significantly higher loan loss provisions and investment provisions. In fact, the hit in profitability occurred in 1Q2009 when net profit dipped by 36% as total provisions soared to SAR 468 million, to account for 51% of IBP. Net profit more than doubled in 2Q2009 (versus 1Q2009) on much lower provisioning and higher operating income. Riyad has outperformed its peers by a wide margin in terms of loan growth, deposit growth, and operating income growth in 1H2009. We believe the very comfortable CAR (17.4% as of June 2009) that Riyad has enables the bank to be more aggressive than its peers.

- We expect Riyad to continue to outperform its peers in the short term, gaining market share in the process. We now forecast loans to grow by 15% in FY2009 and deposits by an even higher 22%. Riyad's investment portfolio had a significant impact on the bank's bottom line in FY2008 and 1Q2009. Going forward, we see lower risk from the investment portfolio, although risks of further losses still exist. The fair value reserve has improved from negative SAR 940 million in December 2008 to negative SAR 87 million as of June 2009. The normalization of investment gains will, by itself, contribute to a jump in profitability in 2H2009 and 2010, even when taking into consideration an increase in loan loss provisions.

- The downside to the high capitalization (with the equity-to-assets ratio at 15.5% as of June 2009) is depressed RoAE, which we expect to drop to 11% in FY2009, before gradually increasing to 14% by the end of our forecast horizon. Riyad has generally had a much higher dividend payout ratio compared with its peers. Given the bank's high capitalization, we expect Riyad to continue to have a higher dividend payout. We believe the bank has ample room for improving cost efficiency and, hence, profitability going forward.

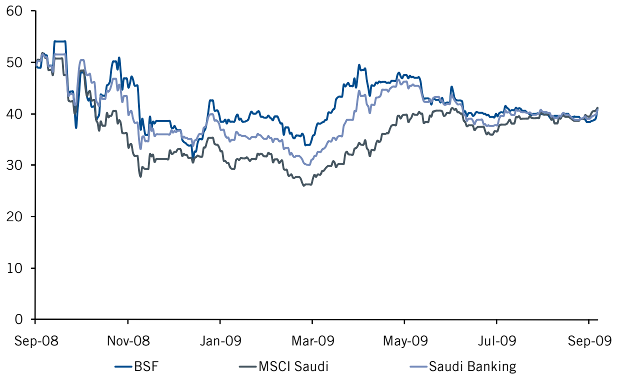
Banque Saudi Fransi (BSF)

Valuation

Valuation Method	Value (SAR)	Weight (%)
Discounted Equity Cash Flow (DECF)	57.30	40%
Dividend Discount Model (DDM)	43.00	40%
Peer-Based Valuation	31.90	20%
Weighted Average Fair Value	**46.50**	**100%**

Source: NBK Capital

Rebased Performance



Sources: Reuters and NBK Capital

Historical Performance

Figures in '000 SAR	Mar-09	Q-o-Q Change %	Jun-09	Q-o-Q Change %	YTD Change %
Net Loans and Advances	81,300,496	0.5%	81,379,199	0.1%	0.6%
Customer Deposits	91,623,530	-1.3%	90,314,953	-1.4%	-2.7%
Shareholders' Equity	14,955,926	6.5%	14,831,540	-0.8%	5.6%
Total Assets	123,868,786	-1.6%	122,821,611	-0.8%	-2.4%
Figures in '000 SAR	**1Q2009**	**Y-o-Y Change %**	**2Q2009**	**Y-o-Y Change %**	**1H2009 Change %**
Net Interest Income	767,485	9.2%	757,153	23.0%	15.6%
Net Fees and Commissions	205,714	-7.5%	241,028	-1.6%	-4.4%
Net Invest. Gains/(Losses)	53,989	215.6%	50,882	-68.4%	-41.2%
Total Operating Income	1,078,227	3.8%	1,094,425	2.1%	2.9%
Total Costs	(292,184)	18.1%	(284,477)	5.5%	11.5%
Prov. for Credit Losses, net	(46,126)	120.8%	(119,854)	1120.3%	440.5%
Net Profit	**740,753**	**1.1%**	**691,757**	**-10.6%**	**-4.9%**

Sources: Bank's financial statements and NBK Capital

Forecasts

Figures in '000 SAR	2009 Forecasts			2009	5-year
	Old	New	Change %	Change %	CAGR *
Net Loans and Advances	86,631,882	81,460,999	-6.0%	0.7%	10.8%
Customer Deposits	100,916,003	93,783,670	-7.1%	1.1%	10.4%
Net Interest Income	2,927,665	3,037,140	3.7%	7.7%	10.1%
Net Fees and Commissions	867,316	865,629	-0.2%	3.7%	10.7%
Total Operating Income	4,337,337	4,342,130	0.1%	-1.4%	10.2%
Total Costs	(1,187,596)	(1,203,237)	1.3%	9.8%	10.5%
Prov. for Credit Losses, net	(270,451)	(406,383)	50.3%	331.1%	4.7%
Net Profit	**2,879,290**	**2,736,208**	**-5.0%**	**-2.5%**	**10.7%**

2Q2009 IBP a	2Q2009 IBP f
SAR 812 million	SAR 764 million
3Q2009 IBP f	**4Q2009 IBP f**
SAR 781 million	SAR 763 million

** CAGR: 2009 – 2014. Sources: Bank's financial statements and NBK Capital*

Highlights

- Our new estimate of BSF's fair value per share stands at SAR 46.50, 13% over the share's closing price on September 16, 2009, hence, our "Accumulate" recommendation. This value is 11% below our prior fair value of SAR 52.10. A major reason for the drop in fair value is the use of a higher target capital adequacy ratio for BSF (13%) than previously (11%), to bring it in line with the other covered Saudi peers. This had a material impact on future free cash flows.

- BSF achieved a net profit of SAR 1.43 billion in 1H2009, 5% below 1H2008, on higher provisioning. After nearly flat net profit growth in 1Q2009, net profit dropped by 11% in 2Q2009 (y-on-y) as loan loss provisions jumped to SAR 120 million, increasing 12-fold y-on-y and 160% q-on-q, and representing 15% of income before provisions of 2Q2009. Net interest income expanded by 16% in 1H2009 (although decreased q-on-q in each of 1Q2009 and 2Q2009) and was the sole driver of the 3% increase in operating income in 1H2009. All components of non-interest income dropped in 1H2009 compared with 1H2008. The expansion in net interest income was on the back of an increase in spreads as loans were nearly flat in 1H2009 while assets witnessed a drop. The increase in spreads was driven by loan re-pricing and a sharp drop in the cost of funds.

- We now forecast nearly flat loans for 2009 before they grow by a CAGR of 11% in the coming five years. We expect operating income to be nearly flat in FY2009 at SAR 4.34 billion and to grow by a CAGR of 10% in the coming five years. We expect net profit to drop by 2% in FY2009 to stand at SAR 2.74 billion as loan loss provisions take their toll in 2H2009 before net profit expands by a CAGR of 11% in the coming five years.

- We expect BSF's RoAE to drop to around 18% in 2009 and to average around 17% over our forecast horizon. We believe BSF will continue to exhibit one of the best efficiency indicators in the Saudi banking sector with a lower cost-to-income ratio than the other covered banks. BSF has significant room to expand its retail business that constitutes a very small share of the total (especially on the assets side of the balance sheet) and a much smaller share than the one BSF represents in the Saudi banking sector. Expanding the retail business will have a favorable impact on interest margins, profitability, and hence, valuations.

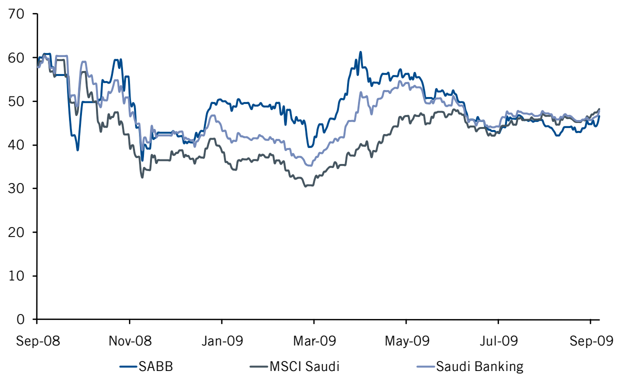
The Saudi British Bank (SABB)

Valuation

Valuation Method	Value (SAR)	Weight (%)
Discounted Equity Cash Flow (DECF)	60.60	40%
Dividend Discount Model (DDM)	42.90	40%
Peer-Based Valuation	43.10	20%
Weighted Average Fair Value	**50.00**	**100%**

Source: NBK Capital

Rebased Performance



Sources: Reuters and NBK Capital

Historical Performance

Figures in '000 SAR	Mar-09	Q-o-Q Change %	Jun-09	Q-o-Q Change %	YTD Change %
Net Loans and Advances	79,310,245	-1.2%	78,718,005	-0.7%	-1.9%
Customer Deposits	96,626,732	4.3%	91,536,307	-5.3%	-1.2%
Shareholders' Equity	12,482,280	7.3%	13,101,347	5.0%	12.6%
Total Assets	132,565,904	0.7%	121,957,250	-8.0%	-7.4%
Figures in '000 SAR	**1Q2009**	**Y-o-Y Change %**	**2Q2009**	**Y-o-Y Change %**	**1H2009 Change %**
Net Interest Income	880,925	3.1%	894,070	9.2%	6.1%
Net Fees and Commissions	276,725	-12.5%	327,311	-5.3%	-8.8%
Net Invest. Gains/(Losses)	93,803	n/m	111,031	-15.3%	77.4%
Total Operating Income	1,293,111	6.9%	1,389,509	0.5%	3.5%
Total Costs	(416,865)	15.6%	(399,149)	-7.9%	2.8%
Prov. for Credit Losses, net	(116,292)	54.6%	(314,372)	186.2%	132.7%
Net Profit	**759,954**	**0.4%**	**675,988**	**-15.0%**	**-7.5%**

Sources: Bank's financial statements and NBK Capital

Forecasts

Figures in '000 SAR	2009 Forecasts			2009	5-year
	Old	New	Change %	Change %	CAGR *
Net Loans and Advances	86,752,736	79,175,121	-8.7%	-1.3%	10.7%
Customer Deposits	101,238,155	95,081,652	-6.1%	2.6%	10.4%
Net Interest Income	3,567,756	3,570,808	0.1%	11.3%	8.8%
Net Fees and Commissions	1,176,177	1,190,163	1.2%	-5.3%	12.0%
Total Operating Income	5,357,481	5,324,385	-0.6%	6.1%	9.5%
Total Costs	(1,771,996)	(1,704,126)	-3.8%	3.8%	9.9%
Prov. for Credit Losses, net	(502,794)	(921,269)	83.2%	148.1%	-9.8%
Net Profit	**3,062,691**	**2,698,989**	**-11.9%**	**-7.6%**	**13.6%**

2Q2009 IBP a	2Q2009 IBP f
SAR 990 million	SAR 896 million
3Q2009 IBP f	**4Q2009 IBP f**
SAR 894 million	SAR 860 million

** CAGR: 2009 – 2014. Sources: Bank's financial statements and NBK Capital*

Highlights

- Our new estimate of SABB's fair value per share stands at SAR 50, 7% over the share's closing price on September 16, 2009, hence, our "Hold" recommendation. This value is 9% below our prior value of SAR 54.90 on the back of slightly lower operating income forecasts and higher provisioning forecasts than previously expected. With a P/B ratio of 2.8 versus an average of 1.9 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 stands at 10.7% as of June 2009 compared with 12.7% for the bank's peers.

- SABB achieved a net profit of SAR 1.44 billion in 1H2009, 7.5% below 1H2008, on higher provisioning. After flat net profit growth in 1Q2009, net profit dropped by 15% in 2Q2009 (y-on-y) as loan loss provisions jumped to SAR 314 million, increasing by 186% y-on-y and 170% q-on-q, and representing 32% of income before provisions of 2Q2009. Net interest income increased by 6% in 1H2009 after a record SAR 894 million was logged in 2Q2009.

- We now forecast a slight drop in net loans in 2009 before they grow by a CAGR of 11% in the coming five years. We expect operating income to increase by 6% in FY2009, reaching SAR 5.3 billion, and to grow by a CAGR of 9% in the coming five years. We expect net profit to drop by 8% in FY2009 to stand at SAR 2.7 billion as loan loss provisions take their toll in 2H2009, before net profit expands by a CAGR of 14% in the coming five years.

- We expect SABB to continue to exhibit superior return on equity and asset quality indicators, benefiting from its association with the HSBC Group. The bank has one of the highest RoAEs in the Saudi banking sectors, standing at 26.5% in FY2008. Going forward, we expect a drop in SABB's RoAE to an average of around 20% in our forecast horizon, but still outperforming the bank's peers.

- SABB has traditionally exhibited formidable asset quality indicators. In 1H2009, SABB provisioned the most of our covered banks, with loan loss provisions reaching 1.1% of average loans and 23% of IBP. We expect the heavy provisioning to maintain the NPL coverage comfortably over 100%, although much lower than the 325% prevailing at the end of 2008.

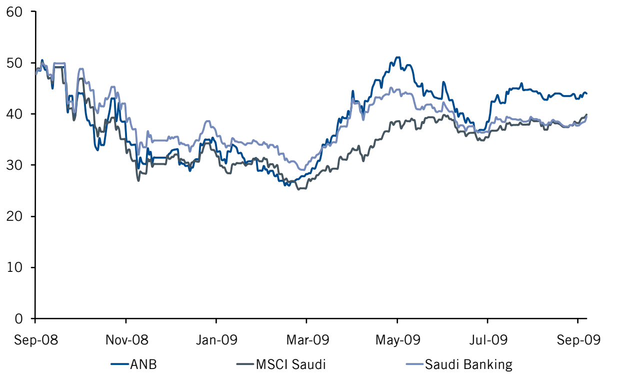
Arab National Bank (ANB)

Valuation

Valuation Method	Value (SAR)	Weight (%)
Discounted Equity Cash Flow (DECF)	69.30	40%
Dividend Discount Model (DDM)	40.90	40%
Peer-Based Valuation	29.50	20%
Weighted Average Fair Value	**50.00**	**100%**

Source: NBK Capital

Rebased Performance



Sources: Reuters and NBK Capital

Historical Performance

Figures in '000 SAR	Mar-09	Q-o-Q Change %	Jun-09	Q-o-Q Change %	YTD Change %
Net Loans and Advances	72,810,358	-2.5%	71,170,277	-2.3%	-4.7%
Customer Deposits	84,518,644	-8.9%	85,231,518	0.8%	-8.1%
Shareholders' Equity	12,508,850	-1.3%	13,203,798	5.6%	4.2%
Total Assets	112,406,820	-7.3%	115,082,664	2.4%	-5.1%
Figures in '000 SAR	**1Q2009**	**Y-o-Y Change %**	**2Q2009**	**Y-o-Y Change %**	**1H2009 Change %**
Net Interest Income	912,300	4.2%	893,888	4.5%	4.4%
Net Fees and Commissions	155,815	-23.6%	164,462	-16.3%	-20.0%
Net Invest. Gains/(Losses)	14,566	n/m	7,888	-82.1%	n/m
Total Operating Income	1,155,929	10.6%	1,211,602	2.8%	6.4%
Total Costs	(406,380)	13.4%	(391,833)	-3.0%	4.7%
Prov. for Credit Losses, net	(54,720)	264.9%	(73,897)	219.6%	237.4%
Net Profit	**694,829**	**3.4%**	**745,872**	**-0.8%**	**1.1%**

Sources: Bank's financial statements and NBK Capital

Forecasts

Figures in '000 SAR	2009 Forecasts			2009	5-year
	Old	New	Change %	Change %	CAGR *
Net Loans and Advances	87,439,934	71,989,312	-17.7%	-3.6%	10.8%
Customer Deposits	105,748,088	88,407,106	-16.4%	-4.7%	10.4%
Net Interest Income	3,938,380	3,610,776	-8.3%	7.7%	9.2%
Net Fees and Commissions	932,689	643,111	-31.0%	-23.3%	12.9%
Total Operating Income	5,117,496	4,635,769	-9.4%	16.0%	9.7%
Total Costs	(1,853,251)	(1,636,867)	-11.7%	3.5%	9.8%
Prov. for Credit Losses, net	(229,025)	(357,591)	56.1%	n/m	4.0%
Net Profit	**3,035,220**	**2,641,312**	**-13.0%**	**6.2%**	**10.4%**

2Q2009 IBP a	2Q2009 IBP f
SAR 820 million	SAR 816 million
3Q2009 IBP f	**4Q2009 IBP f**
SAR 736 million	SAR 693 million

** CAGR: 2009 – 2014. Sources: Bank's financial statements and NBK Capital*

Highlights

- Our new estimate of ANB's fair value per share stands at SAR 50, 14% above the share's closing price on September 16, 2009, hence our "Accumulate" recommendation. This value is 13% below our prior fair value of SAR 57.20 per share. The drop in fair value is primarily driven by weaker growth in lending, lower growth in operating income, and higher provisioning than previously forecasted.

- ANB posted a net profit of SAR 1.44 billion in 1H2009, 1% above 1H2008, despite a 20% drop in income from fees and commissions and more than a three-fold increase in provisioning. Net interest income expanded by 4% in 1H2009, after reaching a record SAR 912 million in 1Q2009 as interest spreads widened. The large drop in fees and commissions was rather disappointing, and somewhat surprising since ANB generally had a higher share of its fees and commissions derived from core-banking operations than is the case at other Saudi banks. In 2008, for example, brokerage and fund management fees accounted for 18% of total fee income for ANB, while that share was 31% for our other covered banks. Cost control was impressive, with total costs in fact decreasing in each of 1Q2009 and 2Q2009 (q-on-q), bringing down ANB's cost-to-income ratio to 34% in 1H2009 from 40% in FY2008.

- ANB enjoys one of the best asset quality indicators in the Saudi banking sector, with an NPLs-to-gross loans ratio lower than 1% in the past three years, an NPL coverage ratio in excess of 300% in the same period, and seven consecutive years of declining NPLs. We believe ANB will continue to outperform in terms of asset quality, despite the latter's weakening.

- The expected normalization of investment gains in FY2009 will result in jumps in the bottom line, especially in 2H2009, all else equal. We believe profitability drivers can lie in improved cost efficiency, enhanced cross-selling benefiting from the extensive branch network and its recent overhaul, and earnings from associates, especially the mortgage joint venture. Another positive indicator is the fact that the share of the high-margin consumer loans is still higher at ANB than at other covered banks, a prime reason why ANB generally enjoys higher margins. We expect operating income and net profit to rebound in 2H2009 (compared with the depressed levels seen in 2H2008), growing by 16% and 6%, respectively, in FY2009 to reach SAR 4.64 billion and SAR 2.64 billion.

FINANCIAL STATEMENTS

Samba Financial Group

Balance Sheet (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2007	2008	2009	2010	2011	2012	2013
ASSETS							
Cash and balances with central banks	11,097,630	13,799,946	22,601,553	17,473,430	13,922,037	15,417,834	15,941,134
Due from Banks	2,312,434	877,977	2,780,851	2,997,633	3,538,662	4,370,110	5,257,349
Net Investments	53,602,917	54,237,338	58,263,693	66,072,235	69,782,503	75,371,405	82,670,258
Net Loans and Advances	80,553,307	98,147,182	89,006,045	94,931,153	109,035,150	124,241,663	138,638,212
Net Fixed Assets	832,987	870,086	925,333	983,055	1,043,252	1,108,866	1,180,386
Other Assets	6,014,699	10,958,661	7,551,066	7,932,838	8,381,394	8,834,612	9,314,373
Total Assets	**154,413,974**	**178,891,190**	**181,128,542**	**190,390,344**	**205,702,997**	**229,344,490**	**253,001,712**
LIABILITIES & EQUITY							
Due to Banks	11,424,999	12,089,957	9,593,935	9,892,189	12,031,450	14,421,362	15,246,312
Customer Deposits	115,811,279	134,228,465	140,333,092	144,668,739	155,489,311	172,118,273	189,863,054
Other Purchased Funds	2,038,958	1,873,041	1,873,461	1,873,461	-	-	-
Other Liabilities	7,163,175	10,637,862	8,100,377	8,540,992	9,103,125	9,550,631	10,025,587
Total Liabilities	**136,438,411**	**158,829,325**	**159,900,865**	**164,975,381**	**176,623,886**	**196,090,266**	**215,134,953**
Minority Interest	**130,615**	**216,080**	**200,709**	**194,848**	**196,313**	**198,511**	**201,808**
Total Shareholders' Equity	**17,844,948**	**19,845,785**	**21,026,968**	**25,220,115**	**28,882,798**	**33,055,713**	**37,664,951**
TOTAL LIABILITIES & EQUITY	**154,413,974**	**178,891,190**	**181,128,542**	**190,390,344**	**205,702,997**	**229,344,490**	**253,001,712**

Income Statement (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2007	2008	2009	2010	2011	2012	2013
Net Special Commission Income *	4,944,392	5,061,243	5,281,839	5,481,713	5,816,326	6,474,612	7,186,074
Income from Fees and Commissions	1,618,145	1,623,867	1,290,673	1,502,904	1,721,718	1,902,335	2,091,958
Other Operating Income	633,501	326,791	882,464	747,692	780,992	827,418	880,376
Total Operating Income	**7,196,038**	**7,011,901**	**7,454,976**	**7,732,309**	**8,319,035**	**9,204,365**	**10,158,408**
Provisions for Credit Losses	(311,503)	(267,082)	(564,276)	(540,325)	(518,126)	(554,790)	(625,273)
Salaries and Employee Related Expenses	(1,288,619)	(1,366,115)	(1,393,437)	(1,438,307)	(1,540,254)	(1,696,470)	(1,863,829)
General and Administrative Expenses	(554,520)	(607,984)	(638,383)	(662,132)	(712,374)	(788,187)	(869,883)
Depreciation	(122,686)	(136,941)	(141,984)	(157,259)	(174,133)	(189,805)	(206,888)
Other Provisions	(111,078)	(190,908)	-	-	-	-	-
Total Operating Expenses	**(2,388,406)**	**(2,569,030)**	**(2,738,080)**	**(2,798,023)**	**(2,944,887)**	**(3,229,252)**	**(3,565,873)**
Net Operating Profit	**4,807,632**	**4,442,871**	**4,716,896**	**4,934,286**	**5,374,148**	**5,975,113**	**6,592,535**
Other Income / (Expenses)	-	-	-	-	-	-	-
Minority Interest	20,638	10,968	11,723	5,861	(1,465)	(2,198)	(3,297)
Net Profit	**4,828,270**	**4,453,839**	**4,728,619**	**4,940,147**	**5,372,682**	**5,972,915**	**6,589,238**
EPS (SAR)	**5.36**	**4.95**	**5.25**	**5.49**	**5.97**	**6.64**	**7.32**

Key Ratios	Historical		Forecast				
Fiscal Year Ends December	2007	2008	2009	2010	2011	2012	2013
Growth in Loans	20.2%	21.8%	-9.3%	6.7%	14.9%	13.9%	11.6%
Growth in Deposits	22.1%	15.9%	4.5%	3.1%	7.5%	10.7%	10.3%
Growth in Net Profit	-7.3%	-7.8%	6.2%	4.5%	8.8%	11.2%	10.3%
Growth in Operating Income	-1.1%	-2.6%	6.3%	3.7%	7.6%	10.6%	10.4%
Loans-to-Assets	52.2%	54.9%	49.1%	49.9%	53.0%	54.2%	54.8%
Loans-to-Deposits	69.6%	73.1%	63.4%	65.6%	70.1%	72.2%	73.0%
NPLs-to-Gross Loans	2.2%	1.8%	3.2%	3.7%	3.8%	3.9%	3.9%
NPL Coverage	159.6%	167.0%	118.4%	110.5%	105.0%	101.5%	101.4%
Capital Adequacy	16.5%	14.1%	15.3%	17.0%	17.6%	17.7%	18.0%
Growth in Costs	9.3%	7.4%	3.0%	3.9%	7.5%	10.2%	10.0%
Non-Interest Expense-to-Average Assets	1.7%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Cost-to-Income	27.3%	30.1%	29.2%	29.2%	29.2%	29.1%	28.9%
Non-Interest Income-to-Operating Income	31.3%	27.8%	29.2%	29.1%	30.1%	29.7%	29.3%
Dividend Payout	36.1%	36.1%	34.3%	34.6%	33.5%	33.1%	31.4%
Net Interest Margin	3.7%	3.2%	3.1%	3.1%	3.1%	3.1%	3.1%
RoAE	29.1%	23.6%	23.1%	21.4%	19.9%	19.3%	18.6%
RoAA	3.5%	2.7%	2.6%	2.7%	2.7%	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	2007	2008	2009	2010	2011	2012	2013
ASSETS							
Cash and balances with SAMA	16,579,009	11,078,032	13,750,676	15,085,275	16,105,288	16,140,239	16,777,202
Due from Banks	4,168,405	6,257,050	11,379,246	12,159,204	12,987,742	13,847,032	14,763,993
Net Investments	28,234,659	40,842,628	38,556,578	42,793,495	46,750,668	51,100,336	55,881,718
Net Loans and Advances	67,340,425	96,429,846	110,507,578	123,351,814	137,525,115	153,168,080	169,318,308
Net Fixed Assets	1,472,211	1,630,306	1,828,459	1,953,791	2,094,163	2,251,379	2,427,461
Other Assets	3,556,116	3,414,663	3,411,024	3,660,247	3,981,194	4,198,709	4,451,660
Total Assets	**121,350,825**	**159,652,525**	**179,433,560**	**199,003,826**	**219,444,170**	**240,705,776**	**263,620,341**
LIABILITIES & EQUITY							
Due to Banks	17,798,326	21,213,194	17,068,868	18,238,806	19,741,368	21,324,429	23,031,829
Customer Deposits	84,331,207	105,055,546	128,472,155	144,065,471	160,629,784	177,808,499	196,139,922
Other Purchased Funds	1,872,017	1,873,932	1,872,803	1,872,803	1,872,803	1,872,803	1,872,803
Other Liabilities	4,162,480	5,819,402	4,664,993	4,984,468	5,406,241	5,677,771	5,956,890
Total Liabilities	**108,164,030**	**133,962,074**	**152,078,819**	**169,161,548**	**187,650,197**	**206,683,502**	**227,001,444**
Total Shareholders' Equity	**13,186,795**	**25,690,451**	**27,354,740**	**29,842,278**	**31,793,973**	**34,022,274**	**36,618,897**
TOTAL LIABILITIES & EQUITY	**121,350,825**	**159,652,525**	**179,433,560**	**199,003,826**	**219,444,170**	**240,705,776**	**263,620,341**

Income Statement (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2007	2008	2009	2010	2011	2012	2013
Net Special Commission Income *	3,266,376	3,946,814	4,575,277	5,029,555	5,507,449	5,997,915	6,659,789
Income from Fees and Commissions	1,010,543	1,187,288	1,272,886	1,401,696	1,553,313	1,729,860	1,917,152
Other Operating Income	904,104	114,260	226,379	343,256	400,747	439,206	480,050
Total Operating Income	**5,181,023**	**5,248,362**	**6,074,543**	**6,774,507**	**7,461,510**	**8,166,981**	**9,056,991**
Provisions for Credit Losses	(345,530)	(349,070)	(694,595)	(816,278)	(726,562)	(732,940)	(766,533)
Salaries and Employee Related Expenses	(960,038)	(1,052,708)	(1,147,452)	(1,253,854)	(1,377,873)	(1,504,703)	(1,664,919)
General and Administrative Expenses	(656,056)	(792,511)	(879,687)	(1,003,045)	(1,104,764)	(1,209,217)	(1,340,993)
Depreciation	(195,013)	(230,756)	(266,268)	(301,936)	(338,168)	(378,748)	(424,198)
Other Provisions & Operating Expenses	(13,140)	(184,560)	(244,134)	(11,856)	(12,449)	(13,071)	(13,725)
Total Operating Expenses	**(2,169,777)**	**(2,609,605)**	**(3,232,136)**	**(3,386,969)**	**(3,559,815)**	**(3,838,680)**	**(4,210,368)**
Net Operating Profit	**3,011,246**	**2,638,757**	**2,842,406**	**3,387,538**	**3,901,695**	**4,328,301**	**4,846,623**
Income Taxes	-	-	-	-	-	-	-
Net Profit	**3,011,246**	**2,638,757**	**2,842,406**	**3,387,538**	**3,901,695**	**4,328,301**	**4,846,623**
EPS (SAR)	**3.85**	**2.24**	**1.89**	**2.26**	**2.60**	**2.89**	**3.23**

Key Ratios	Historical		Forecast				
Fiscal Year Ends December	2007	2008	2009	2010	2011	2012	2013
Growth in Loans	29.0%	43.2%	14.6%	11.6%	11.5%	11.4%	10.5%
Growth in Deposits	21.9%	24.6%	22.3%	12.1%	11.5%	10.7%	10.3%
Growth in Net Profit	3.5%	-12.4%	7.7%	19.2%	15.2%	10.9%	12.0%
Growth in Operating Income	6.0%	1.3%	15.7%	11.5%	10.1%	9.5%	10.9%
Loans-to-Assets	55.5%	60.4%	61.6%	62.0%	62.7%	63.6%	64.2%
Loans-to-Deposits	79.9%	91.8%	86.0%	85.6%	85.6%	86.1%	86.3%
NPLs-to-Gross Loans	1.6%	1.3%	2.1%	2.6%	2.8%	2.9%	3.0%
NPL Coverage	139.2%	131.9%	100.2%	97.1%	99.0%	100.0%	101.7%
Capital Adequacy	15.7%	16.1%	17.2%	16.9%	16.3%	15.8%	15.4%
Growth in Costs	13.7%	14.4%	10.5%	11.5%	10.2%	9.6%	10.9%
Non-Interest Expense-to-Average Assets	2.0%	1.9%	1.9%	1.8%	1.7%	1.7%	1.7%
Cost-to-Income	35.2%	39.8%	37.9%	37.9%	38.0%	38.0%	38.0%
Non-Interest Income-to-Operating Income	37.0%	24.8%	24.7%	25.8%	26.2%	26.6%	26.5%
Dividend Payout	68.9%	82.7%	63.3%	57.6%	53.8%	52.0%	49.5%
Net Interest Margin	3.1%	2.9%	2.8%	2.7%	2.7%	2.7%	2.7%
RoAE	23.9%	13.6%	10.7%	11.8%	12.7%	13.2%	13.7%
RoAA	2.8%	1.9%	1.7%	1.8%	1.9%	1.9%	1.9%

** 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	2007	2008	2009	2010	2011	2012	2013
ASSETS							
Cash and balances with central banks	10,152,190	5,772,857	9,278,927	10,770,471	11,373,526	12,067,830	13,162,722
Due from Banks	3,224,062	4,246,065	8,432,574	8,887,546	9,479,009	10,092,411	10,746,972
Net Investments	22,505,544	27,891,682	21,791,336	23,965,272	26,598,094	29,523,335	32,773,190
Net Loans and Advances	59,849,952	80,866,475	81,460,999	89,164,278	100,411,739	111,798,805	123,581,768
Net Fixed Assets	577,318	590,645	643,285	662,316	677,404	694,001	712,258
Other Assets	3,499,044	6,497,037	6,100,170	6,320,373	6,593,159	6,838,365	7,097,899
Total Assets	**99,808,110**	**125,864,761**	**127,707,292**	**139,770,256**	**155,132,932**	**171,014,746**	**188,074,810**
LIABILITIES & EQUITY							
Due to Banks	8,122,713	8,402,002	7,589,316	7,998,791	8,720,688	9,385,942	10,102,154
Customer Deposits	74,007,251	92,791,281	93,783,670	102,883,115	114,712,376	126,980,407	140,071,635
Other Purchased Funds	2,437,500	4,927,200	4,933,200	4,933,200	4,933,200	4,933,200	4,933,200
Other Liabilities	4,000,011	5,675,142	5,247,649	5,632,974	6,095,783	6,514,752	6,962,119
Total Liabilities	**88,567,475**	**111,795,625**	**111,553,835**	**121,448,080**	**134,462,048**	**147,814,300**	**162,069,107**
Minority Interest	**-**	**21,917**	**18,218**	**17,848**	**18,403**	**19,013**	**19,685**
Total Shareholders' Equity	**11,240,635**	**14,047,219**	**16,135,238**	**18,304,328**	**20,652,481**	**23,181,433**	**25,986,018**
TOTAL LIABILITIES & EQUITY	**99,808,110**	**125,864,761**	**127,707,292**	**139,770,256**	**155,132,932**	**171,014,746**	**188,074,810**

Income Statement (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2007	2008	2009	2010	2011	2012	2013
Net Special Commission Income *	2,289,398	2,820,590	3,037,140	3,223,609	3,558,450	3,959,476	4,432,056
Income from Fees and Commissions	897,234	834,480	865,629	955,666	1,077,266	1,183,488	1,301,719
Other Operating Income	514,524	749,014	439,362	494,474	543,818	595,791	651,218
Total Operating Income	**3,701,156**	**4,404,084**	**4,342,130**	**4,673,749**	**5,179,534**	**5,738,755**	**6,384,993**
Provisions for Credit Losses	(42,011)	(94,265)	(406,383)	(485,495)	(464,377)	(493,962)	(490,465)
Salaries and Employee Related Expenses	(543,322)	(624,223)	(677,282)	(730,362)	(814,513)	(908,156)	(1,016,780)
General and Administrative Expenses	(321,734)	(378,655)	(407,054)	(438,956)	(489,532)	(545,812)	(611,096)
Depreciation	(77,965)	(86,940)	(112,291)	(120,062)	(125,268)	(137,795)	(151,574)
Other Provisions and Operating Expenses	(5,014)	(416,065)	(6,611)	(6,941)	(7,288)	(7,653)	(8,036)
Total Operating Expenses	**(990,046)**	**(1,600,148)**	**(1,609,621)**	**(1,781,816)**	**(1,900,979)**	**(2,093,377)**	**(2,277,951)**
Net Operating Profit	**2,711,110**	**2,803,936**	**2,732,509**	**2,891,934**	**3,278,556**	**3,645,378**	**4,107,042**
Other Income / (Expenses)	-	-	-	-	-	-	-
Net Profit	**2,711,110**	**2,805,659**	**2,732,509**	**2,895,633**	**3,278,926**	**3,644,823**	**4,106,432**
EPS (SAR)	**3.75**	**3.88**	**3.78**	**4.00**	**4.53**	**5.04**	**5.68**

Key Ratios	Historical		Forecast				
Fiscal Year Ends December	2007	2008	2009	2010	2011	2012	2013
Growth in Loans	17.1%	35.1%	0.7%	9.5%	12.6%	11.3%	10.5%
Growth in Deposits	19.4%	25.4%	1.1%	9.7%	11.5%	10.7%	10.3%
Growth in Net Profit	-9.8%	3.5%	-2.5%	5.7%	13.3%	11.2%	12.7%
Growth in Operating Income	-6.0%	19.0%	-1.4%	7.6%	10.8%	10.8%	11.3%
Loans-to-Assets	60.0%	64.2%	63.8%	63.8%	64.7%	65.4%	65.7%
Loans-to-Deposits	80.9%	87.1%	86.9%	86.7%	87.5%	88.0%	88.2%
NPLs-to-Gross Loans	0.7%	0.9%	1.6%	2.1%	2.3%	2.5%	2.6%
NPL Coverage	189.6%	111.0%	92.7%	89.6%	92.0%	94.8%	97.3%
Capital Adequacy	12.2%	11.6%	13.0%	13.5%	13.8%	14.1%	14.3%
Growth in Costs	12.7%	15.6%	9.8%	7.8%	10.9%	11.4%	11.8%
Non Interest Expense-to-Average Assets	1.1%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%
Cost-to-Income	25.6%	24.9%	27.7%	27.7%	27.7%	27.9%	28.0%
Non Interest Income-to-Operating Income	38.1%	36.0%	30.1%	31.0%	31.3%	31.0%	30.6%
Dividend Payout	38.8%	27.7%	26.4%	32.1%	34.0%	35.7%	36.2%
Net Interest Margin	2.6%	2.6%	2.5%	2.5%	2.5%	2.6%	2.6%
RoAE	26.3%	22.2%	18.1%	16.8%	16.8%	16.6%	16.7%
RoAA	3.0%	2.5%	2.2%	2.2%	2.2%	2.2%	2.3%

** 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	2007	2008	2009	2010	2011	2012	2013
ASSETS							
Cash and balances with central banks	16,643,746	11,328,253	10,315,999	11,344,134	11,533,186	13,116,019	13,718,815
Due from Banks	1,723,576	6,200,466	6,511,634	6,997,404	7,622,289	8,270,174	8,960,568
Net Investments	14,982,123	29,756,979	26,230,187	28,676,150	31,546,568	34,707,527	37,846,458
Net Loans and Advances	62,000,858	80,236,757	79,175,121	86,309,205	97,004,855	107,961,679	119,350,174
Net Fixed Assets	551,840	561,460	561,940	574,093	587,279	601,586	617,109
Other Assets	2,310,767	3,576,778	3,644,045	3,896,432	4,236,828	4,549,254	4,892,213
Total Assets	**98,212,910**	**131,660,693**	**126,438,926**	**137,797,419**	**152,531,004**	**169,206,239**	**185,385,337**
LIABILITIES & EQUITY							
Due to Banks	8,045,047	16,069,492	6,576,750	7,557,196	8,918,079	9,841,507	10,842,287
Customer Deposits	71,847,852	92,677,537	95,081,652	104,307,035	116,300,016	128,737,838	142,010,251
Other Purchased Funds	4,225,867	5,844,300	5,861,300	3,612,166	1,909,500	1,909,500	187,500
Other Liabilities	3,669,211	5,435,533	5,214,829	5,590,040	6,070,345	6,486,588	6,950,357
Total Liabilities	**87,787,977**	**120,026,862**	**112,734,531**	**121,066,438**	**133,197,940**	**146,975,433**	**159,990,395**
Total Shareholders' Equity	**10,424,933**	**11,633,831**	**13,704,394**	**16,730,981**	**19,333,065**	**22,230,806**	**25,394,942**
TOTAL LIABILITIES & EQUITY	**98,212,910**	**131,660,693**	**126,438,926**	**137,797,419**	**152,531,004**	**169,206,239**	**185,385,337**

Income Statement (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2007	2008	2009	2010	2011	2012	2013
Net Special Commission Income *	3,058,697	3,207,044	3,570,808	3,763,464	4,119,172	4,544,555	4,984,212
Income from Fees and Commissions	861,924	1,257,222	1,190,163	1,348,267	1,578,744	1,737,229	1,908,418
Other Operating Income	511,278	555,583	563,414	613,751	665,146	718,990	775,883
Total Operating Income	**4,431,899**	**5,019,849**	**5,324,385**	**5,725,482**	**6,363,062**	**7,000,774**	**7,668,513**
Provisions for Credit Losses	(396,264)	(371,280)	(921,269)	(857,758)	(734,531)	(638,478)	(589,771)
Salaries and Employee Related Expenses	(760,029)	(898,078)	(952,561)	(1,029,082)	(1,148,825)	(1,269,705)	(1,397,159)
General and Administrative Expenses	(564,259)	(636,071)	(636,071)	(687,168)	(767,126)	(847,843)	(932,950)
Depreciation	(102,895)	(107,395)	(115,417)	(124,811)	(135,419)	(146,930)	(159,419)
Other Provisions and Operating Expenses	(1,513)	(87,006)	(77)	(77)	(77)	(77)	(77)
Total Operating Expenses	**(1,824,960)**	**(2,099,830)**	**(2,625,395)**	**(2,698,896)**	**(2,785,978)**	**(2,903,033)**	**(3,079,376)**
Net Operating Profit	**2,606,939**	**2,920,019**	**2,698,989**	**3,026,586**	**3,577,084**	**4,097,741**	**4,589,136**
Other Income / (Expenses)	-	-	-	-	-	-	-
Net Profit	**2,606,939**	**2,920,019**	**2,698,989**	**3,026,586**	**3,577,084**	**4,097,741**	**4,589,136**
EPS (SAR)	**3.48**	**3.89**	**3.60**	**4.04**	**4.77**	**5.46**	**6.12**

Key Ratios	Historical		Forecast				
Fiscal Year Ends December	2007	2008	2009	2010	2011	2012	2013
Growth in Loans	46.1%	29.4%	-1.3%	9.0%	12.4%	11.3%	10.5%
Growth in Deposits	21.2%	29.0%	2.6%	9.7%	11.5%	10.7%	10.3%
Growth in Net Profit	-14.3%	12.0%	-7.6%	12.1%	18.2%	14.6%	12.0%
Growth in Operating Income	-5.1%	13.3%	6.1%	7.5%	11.1%	10.0%	9.5%
Loans-to-Assets	63.1%	60.9%	62.6%	62.6%	63.6%	63.8%	64.4%
Loans-to-Deposits	86.3%	86.6%	83.3%	82.7%	83.4%	83.9%	84.0%
NPLs-to-Gross Loans	0.3%	0.2%	1.2%	1.7%	1.9%	2.1%	2.2%
NPL Coverage	289.7%	325.0%	155.0%	156.1%	161.8%	162.0%	161.4%
Capital Adequacy	13.5%	11.2%	13.4%	14.7%	15.1%	15.3%	15.5%
Growth in Costs	1.8%	14.9%	3.8%	8.0%	11.4%	10.4%	9.9%
Non Interest Expense-to-Average Assets	2.1%	1.8%	2.0%	2.0%	1.9%	1.8%	1.7%
Cost-to-Income	32.2%	32.7%	32.0%	32.2%	32.2%	32.3%	32.5%
Non-Interest Income-to-Operating Income	31.0%	36.1%	32.9%	34.3%	35.3%	35.1%	35.0%
Dividend Payout	57.5%	22.6%	24.5%	32.2%	33.5%	34.8%	34.3%
Net Interest Margin	3.6%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
RoAE	26.3%	26.5%	21.3%	19.9%	19.8%	19.7%	19.3%
RoAA	3.0%	2.5%	2.1%	2.3%	2.5%	2.5%	2.6%

** 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	2007	2008	2009	2010	2011	2012	2013
ASSETS							
Cash and balances with SAMA	8,228,376	12,050,836	9,393,364	9,617,375	9,991,942	10,640,400	11,578,267
Due from Banks	1,293,967	2,747,396	5,045,877	5,496,503	6,076,882	6,679,084	7,321,283
Net Investments	21,380,660	28,524,284	29,021,742	32,508,458	35,943,691	39,468,278	43,368,099
Net Loans and Advances	61,121,911	74,661,610	71,989,312	78,857,485	88,830,196	98,924,251	109,369,216
Net Fixed Assets	773,664	934,851	1,207,184	1,273,544	1,348,198	1,432,185	1,526,670
Other Assets	1,668,983	2,388,165	2,489,618	2,728,011	2,948,128	3,131,422	3,334,364
Total Assets	**94,467,561**	**121,307,142**	**119,147,096**	**130,481,376**	**145,139,038**	**160,275,618**	**176,497,899**
LIABILITIES & EQUITY							
Due to Banks	4,447,174	10,509,073	11,605,517	12,092,307	13,065,297	14,026,076	15,008,631
Customer Deposits	73,692,139	92,743,453	88,407,106	96,984,885	108,135,981	119,700,693	132,041,409
Other Purchased Funds	3,187,500	1,875,000	1,687,500	1,687,500	1,687,500	1,687,500	1,687,500
Other Liabilities	2,616,151	3,508,318	3,042,565	3,234,145	3,520,887	3,693,886	3,871,023
Total Liabilities	**83,942,964**	**108,635,844**	**104,742,688**	**113,998,837**	**126,409,666**	**139,108,155**	**152,608,562**
Total Shareholders' Equity	**10,524,597**	**12,671,298**	**14,404,409**	**16,482,539**	**18,729,372**	**21,167,463**	**23,889,336**
TOTAL LIABILITIES AND EQUITY	**94,467,561**	**121,307,142**	**119,147,096**	**130,481,376**	**145,139,038**	**160,275,618**	**176,497,899**

Income Statement (SAR Thousands)	Historical		Forecast				
Fiscal Year Ends December	2007	2008	2009	2010	2011	2012	2013
Net Special Commission Income *	2,903,919	3,353,532	3,610,776	3,786,269	4,116,327	4,552,545	5,088,755
Income from Fees and Commissions	776,361	839,018	643,111	731,796	859,107	947,748	1,049,452
Other Operating Income	245,498	(196,387)	381,882	354,180	397,480	449,955	514,336
Total Operating Income	**3,925,778**	**3,996,163**	**4,635,769**	**4,872,245**	**5,372,915**	**5,950,247**	**6,652,543**
Provisions for Credit Losses	(37,072)	13,561	(357,591)	(396,383)	(417,283)	(446,034)	(443,236)
Salaries and Employee Related Expenses	(843,076)	(908,227)	(953,638)	(1,007,053)	(1,100,466)	(1,207,710)	(1,338,176)
General and Administrative Expenses	(465,034)	(517,866)	(486,794)	(514,060)	(566,884)	(627,798)	(701,895)
Depreciation	(119,813)	(155,733)	(196,434)	(226,620)	(254,947)	(286,815)	(322,667)
Other Operating Expenses	-	-	-	-	-	-	-
Total Operating Expenses	**(1,464,995)**	**(1,568,265)**	**(1,994,457)**	**(2,144,115)**	**(2,339,581)**	**(2,568,356)**	**(2,805,974)**
Net Operating Profit	**2,460,783**	**2,427,898**	**2,641,312**	**2,728,130**	**3,033,333**	**3,381,891**	**3,846,569**
Other Income / (Expenses)	419	58,226	-	-	-	-	-
Income Taxes	-	-	-	-	-	-	-
Net Profit	**2,461,202**	**2,486,124**	**2,641,312**	**2,728,130**	**3,033,333**	**3,381,891**	**3,846,569**
EPS (SAR)	**3.79**	**3.82**	**4.06**	**4.20**	**4.67**	**5.20**	**5.92**

Key Ratios	Historical		Forecast				
Fiscal Year Ends December	2007	2008	2009	2010	2011	2012	2013
Growth in Loans	22.9%	22.2%	-3.6%	9.5%	12.6%	11.4%	10.6%
Growth in Deposits	19.3%	25.9%	-4.7%	9.7%	11.5%	10.7%	10.3%
Growth in Net Profit	-1.7%	1.0%	6.2%	3.3%	11.2%	11.5%	13.7%
Growth in Operating Income	3.3%	1.8%	16.0%	5.1%	10.3%	10.7%	11.8%
Loans-to-Assets	64.7%	61.5%	60.4%	60.4%	61.2%	61.7%	62.0%
Loans-to-Deposits	82.9%	80.5%	81.4%	81.3%	82.1%	82.6%	82.8%
NPLs-to-Gross Loans	0.5%	0.4%	1.1%	1.4%	1.6%	1.8%	1.9%
NPL Coverage	354.0%	349.0%	173.7%	153.8%	147.5%	145.7%	145.5%
Capital Adequacy	17.8%	14.1%	16.3%	16.5%	16.6%	16.8%	17.0%
Growth in Costs	12.6%	10.8%	3.5%	6.8%	10.0%	10.4%	11.3%
Non Interest Expense-to-Average Assets	1.7%	1.5%	1.7%	1.7%	1.7%	1.7%	1.7%
Cost-to-Income	36.4%	39.6%	35.3%	35.9%	35.8%	35.7%	35.5%
Non-Interest Income-to-Operating Income	26.0%	16.1%	22.1%	22.3%	23.4%	23.5%	23.5%
Dividend Payout	0.0%	26.1%	24.6%	28.8%	31.1%	33.3%	33.1%
Net Interest Margin	3.4%	3.2%	3.1%	3.1%	3.1%	3.1%	3.1%
RoAE	26.6%	21.4%	19.5%	17.7%	17.2%	17.0%	17.1%
RoAA	2.9%	2.3%	2.2%	2.2%	2.2%	2.2%	2.3%

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

RISK AND RECOMMENDATION GUIDE

Recommendation	Upside (Downside) Potential
Buy	more than 20%
Accumulate	between 10% and 20%
Hold	between -5% and 10%
Reduce	between -10% and -5%
Sell	less than -10%

RISK LEVEL				
Low Risk				High Risk
1	2	3	4	5

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