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# KSA Banking: Caught in the COVID-19 Grip

Falling NIMs to  
pressurize profits

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# Executive Summary

- **Economy:** Saudi Arabia's economy is expected to contract in 2020, affected by low oil demand and pandemic related lockdown measures. Sectors such as energy, logistics, transport, aviation, retail and manufacturing are likely to be among the worst affected.
- **COVID-19 impact:** Loss of government revenue due to low oil prices need to be compensated through drawdown of reserves and external borrowing. Need for stimulus package to revive economic activity would also lead to budgetary cuts and lesser capital expenditure on projects. Discretionary consumption is likely to reduce due to increase in VAT.
- **Credit growth:** Total bank credit witnessed an uptick at the end of 2019, increasing by XX% and trended upwards in the start of 2020 due to the pickup in real estate loans related to the government's housing program. Weak economic conditions are expected weigh on credit growth, which is likely to slow down to XX% at the end of 2020.
- **Deposit growth:** Overall deposit growth in 2019 was fueled by an XX% increase in public sector deposits, which were largely from the proceeds of Saudi Aramco's stake sale. Deposit growth is therefore likely to slow down but remain stable at the end of 2020.
- **Non-performing loans:** NPL ratio has historically stayed low, ending the year 2019 at XX% of total loans. Current NPL levels have been masked by deferment of loan repayments. Once their effect is removed, a spike in bad loans is expected, with the NPL to total loans ratio at XX% during the end of 2020.

# Executive Summary

- **Net Income:** Shrinking net interest margins, sluggish credit growth, increase in bad loans and higher provisioning are expected to affect profitability of banks. Aggregate net income of listed banks to slip by XX% in 2020 on a yearly basis.
- **Digital Push:** Further traction is expected in the move towards digital banking in the coming years as people start embracing the new normal. Banks are likely to spend on technology to gain a competitive edge.

To buy the full report, please [Click here](#)

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## January 2020 GCC Private Equity and Venture Capital Still at its infancy



**Research Highlights:**  
Examining and tracking the Private Equity and Venture Capital landscape by highlighting key industry themes, investment opportunities, their activity and profiling key players.

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## January 2020 GCC Market Outlook 2020

Rank	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	10Y Return (CAGR)
1	UAE	UAE	UAE	UAE	UAE	UAE	UAE	UAE	UAE	UAE	UAE	10.1%
2	QAT	QAT	QAT	QAT	QAT	QAT	QAT	QAT	QAT	QAT	QAT	9.5%
3	KSA	KSA	KSA	KSA	KSA	KSA	KSA	KSA	KSA	KSA	KSA	8.8%
4	BHR	BHR	BHR	BHR	BHR	BHR	BHR	BHR	BHR	BHR	BHR	8.2%
5	OMA	OMA	OMA	OMA	OMA	OMA	OMA	OMA	OMA	OMA	OMA	7.5%
6	KWT	KWT	KWT	KWT	KWT	KWT	KWT	KWT	KWT	KWT	KWT	6.8%
7	QAR	QAR	QAR	QAR	QAR	QAR	QAR	QAR	QAR	QAR	QAR	6.1%
8	YEM	YEM	YEM	YEM	YEM	YEM	YEM	YEM	YEM	YEM	YEM	5.4%
9	IRQ	IRQ	IRQ	IRQ	IRQ	IRQ	IRQ	IRQ	IRQ	IRQ	IRQ	4.7%
10	LIB	LIB	LIB	LIB	LIB	LIB	LIB	LIB	LIB	LIB	LIB	4.0%

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## January 2020 Kuwait Family Business



**Research Highlights:**  
What makes family business in Kuwait succeed? How do they stay in longevity of organization? In our report we explore factors that have been key to their success through various themes including governance structure, succession practices and business strategy.

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## November 2019 GCC Listed Companies with high cash holding – what can one learn?



**Research Highlights:**  
Investing in companies with high cash holdings and comparing them with their sector averages. Further examining key sources of cash flows and efficiency and assessing its relation between holding high cash and shareholder value.

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## November 2019 Saudi Aramco Valuation



**Research Highlights:**  
To assess the company's value, the cost of capital of its competitors, and its strong profitability ratios but partially offset by high liquidity and income taxes and sensitive location is a report with robust valuation.

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## April 2019 GCC Asset Management



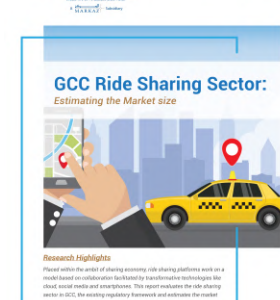
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## FINTECH FUTURE OF FINANCIAL SERVICES JUNE 2019



**Research Highlights:**  
Research is moving to stay relevant at a time when disruptive trends are reshaping and reshaping market requirements. This report examines the fintech tech scenario in the GCC region.

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**Research Highlights:**  
Presenting the state of sharing economy, ride sharing patterns and a model-based on collaborative technology transformation techniques. The study assesses media and smartphones. This report evaluates the ride sharing market in GCC, the existing regulatory framework and estimates the market size based on industry data.

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**Research Highlights:**  
The report analyzes the GCC Consulting market and challenges facing the consulting industry and also the opportunities for growth in the industry through this study examines recommendations have been provided for most successful players and consultants.

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