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Saudi Arabia 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 7.6% 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 5.7% at the end of 2020.

- **Deposit growth:** Overall deposit growth in 2019 was fueled by an 18.2% 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.

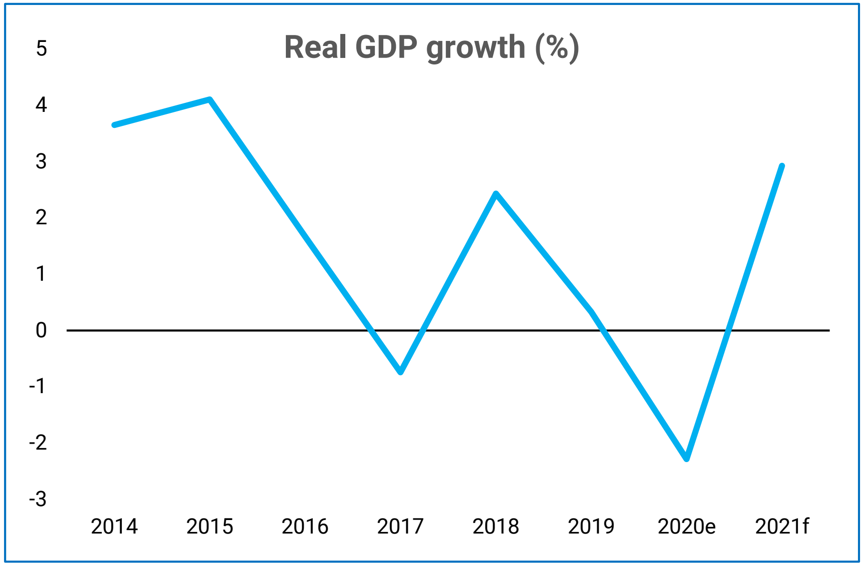
- **Non-performing loans:** NPL ratio has historically stayed low, ending the year 2019 at 1.9% of total loans. Current NPL levels have been masked by deferment of loan repayments. Once their effect is removed, a spike in bad loans is expected, with the NPL to total loans ratio at 16.1% during the end of 2020.

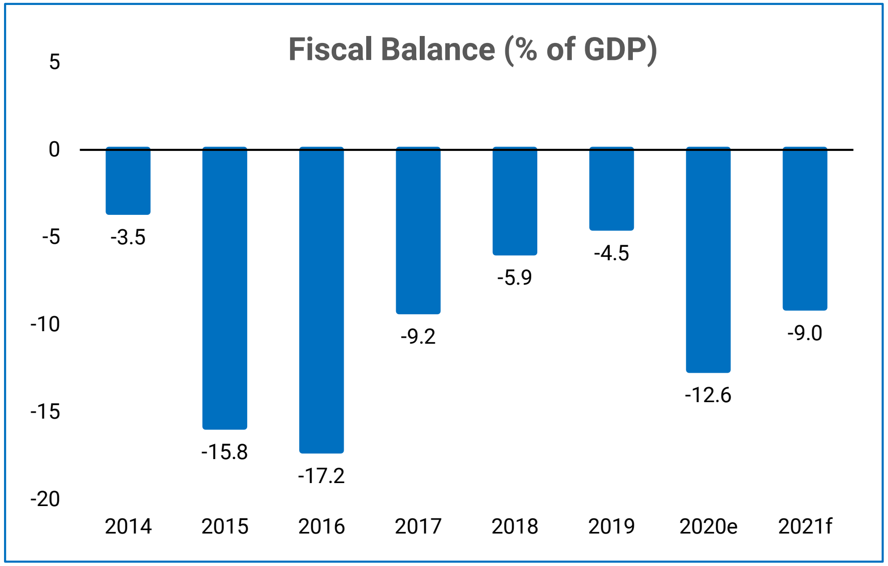
- **Net Income:** Shrinking net interest margins, sluggish credit growth, increase in bad loans and higher provisioning are expected to affect profitability of banks. Aggregate net income of listed banks to slip by 62% in 2020 on a yearly basis.

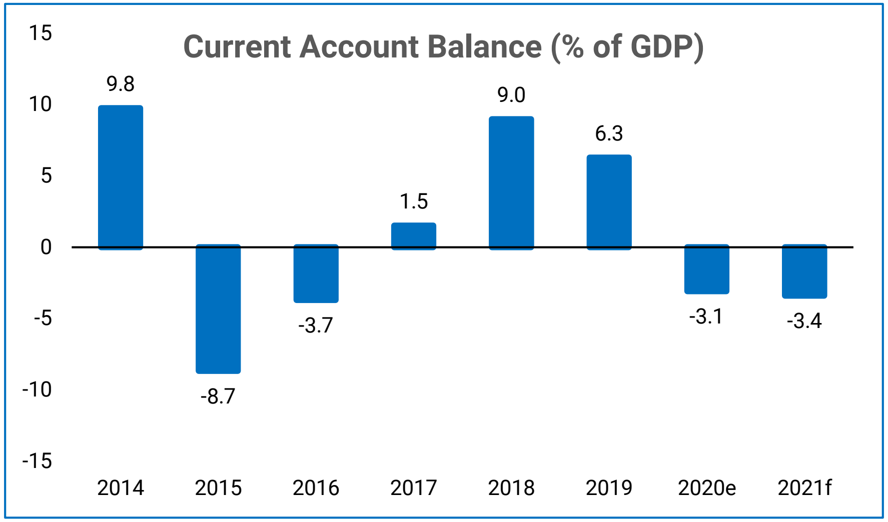
- **Digital Push:** Further traction is expected in the move towards digital banking in the coming years as people start embracing the new normal. Banks are likely to spend on technology to gain a competitive edge.

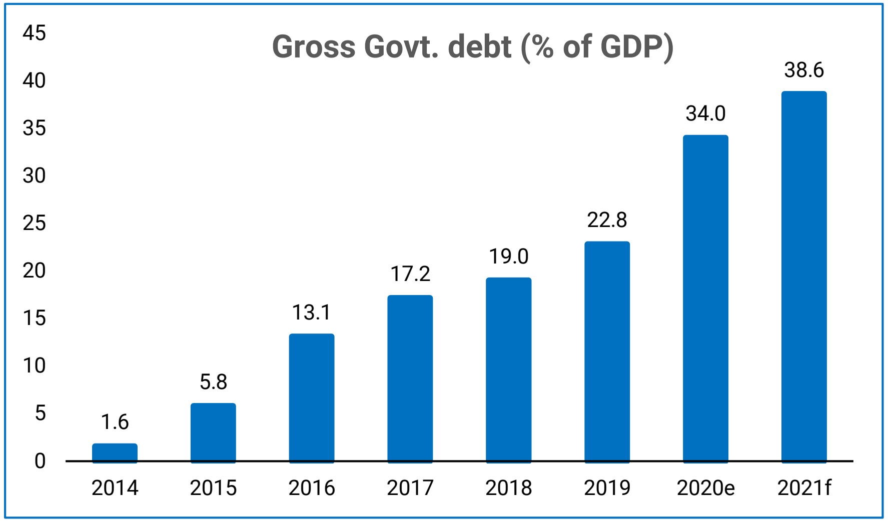
State of the economy amidst COVID-19

Economic growth slumps as oil demand take a hit



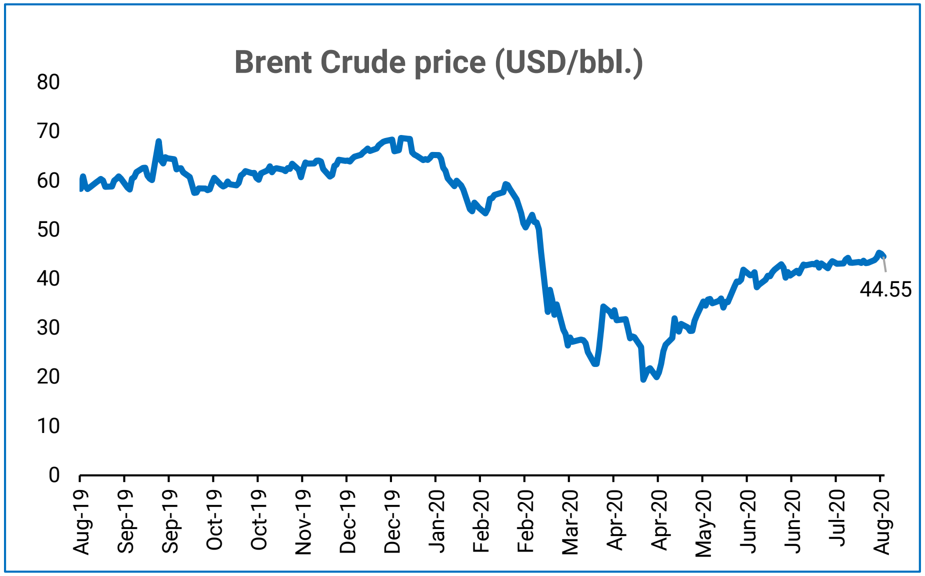


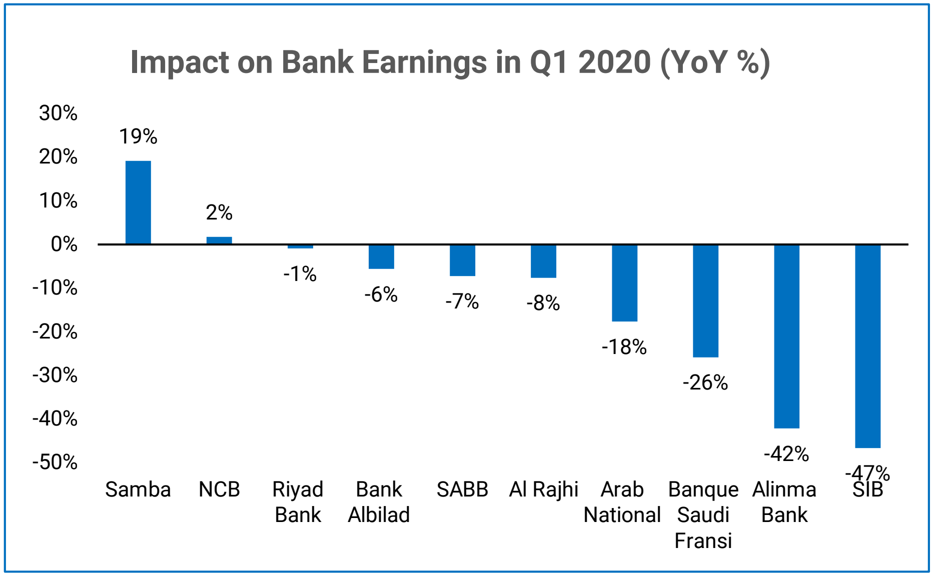




Source: IMF

COVID-19 impact expected to get worse before turning better





Sectors that are mainly affected

Tourism & Hospitality

Travel restrictions will have an impact on religious tourism. The leisure and entertainment sector that has been emerging in the past few years will face negative impact.

Transport & Logistics

Restrictions in international and inter-city travel will affect transport & logistics sector. Reduction in global air travel will result in lesser flights using the country as transit location.

Retail

Discretionary spending will face an impact, with demand for luxury goods expected to reduce considerably. Trade of essential goods to face lesser impact.

Energy

With demand for Oil expected to be sluggish in the next year, oil production will have to be scaled down to support oil prices, affecting the profitability of energy companies.

Source: Refinitiv

Government and SAMA try to mitigate economic impact

Measures taken by the Government

Interest Rates

A SAR 70 billion ($18.7 billion or 2.8 percent of GDP) private sector support package that includes the suspension of government tax payments, fees, and other dues to provide liquidity to the private sector and an increase in available financing through the National Development Fund.

Liquidity

Spending cuts in non-priority areas amounting to SAR 50 billion (2 percent of GDP) to accommodate some of these new initiatives within the budget envelope. Budgetary reallocations (SAR 47 billion) to increase the resources available to the Ministry of Health to fight the virus.

Wage Benefit

Government authorized the use of the unemployment insurance fund (SANED) to support wage for private sector companies who retain their Saudi staff (SAR 9 billion, 0.4 percent of GDP) and eased restrictions on expatriate labor mobility.

Fiscal

Additional cuts and delays in capital spending, removal of cost-of-living allowances for public sector workers and increasing the VAT from 5% to 15%. Saudi customs authority announced an increase of custom duties for an extensive range of imported goods.

Industrial measures

MoF launched a SAR 670 million program to help businesses defer loan payments due in 2020. Temporary electricity subsidies to commercial, industrial, and agricultural sectors (SAR 0.9 billion). The Saudi Industrial Development Fund (SIDF) announced initiatives worth SAR 3.7 billion for private sector industrial enterprises.

Regulatory Support provided by SAMA

Interest Rates

SAMA reduced its policy rates twice in March, lowering its reverse repo and repo rates by a combined 1.25 pp to 0.5 and 1 percent respectively.

Liquidity

SAMA announced the injection of SAR 50 billion into the banking sector through deposit placements to support banking liquidity and private sector credit. SAMA also announced it is ready to supply further liquidity if needed.

SME Funding

SAMA announced a SAR 50 billion ($13.3 billion, 2 percent of GDP) package to support the private sector, particularly SMEs, by providing funding to banks to allow them to defer payments on existing loans and increase lending to businesses.

Loan payment deferral

SAMA has also instructed banks to delay payments of loans extended to all Saudi employees by three months without extra fees, to provide financing needed by customers who lose their jobs and to exempt customers from various banking fees.

Digital Payments

SAMA will cover fees for private sector stores and entities for point-of-sale and e-commerce transactions for 3 months.

Source: IMF

Saudi Arabia Banking sector overview

Saudi Arabia holds 29% of GCC banking sector assets

	Rank 2019	Value (In USD Bn.)	Rank 2014	Value (In USD Bn.)
Assets				
National Commercial Bank	1	135.2	1	115.9
Al Rajhi Banking & Investment Corporation	2	102.4	2	82.0
Riyad Bank	3	70.9	4	57.2
Saudi British Bank	4	70.8	6	50.0
Samba Financial Group	5	68.1	3	57.9
Loans				
National Commercial Bank	1	115.9	1	75.2
Al Rajhi Banking & Investment Corporation	2	82.0	2	68.4
Riyad Bank	3	57.2	3	46.4
Saudi British Bank	4	50.0	6	41.2
Samba Financial Group	5	57.9	4	37.7
Deposits				
National Commercial Bank	1	100.9	1	98.2
Al Rajhi Banking & Investment Corporation	2	83.9	2	68.8
Riyad Bank	3	55.4	4	44.7
Samba Financial Group	4	52.2	3	46.2
Saudi British Bank	5	52.2	5	40.0
Net Income				
Al Rajhi Banking & Investment Corporation	1	4.4	2	2.6
National Commercial Bank	2	4.2	1	3.0
Riyad Bank	3	2.1	3	1.4
Saudi British Bank	4	2.0	5	1.1
Samba Financial Group	5	1.7	4	1.2

Source: Refinitiv

- Saudi Arabia has the second largest banking industry in the GCC region by total assets and accounts for roughly 29% of the GCC's total banking assets.
- Saudi Arabia's banking sector consists of 13 local banks licensed by SAMA and 12 banks listed in the domestic stock exchange.
- National Commercial Bank is both the largest and oldest bank in Saudi Arabia.
- Foreign bank were required to incorporate with Saudi partners to obtain a license until 2004. This led to several join ventures like SABB (40% owned by HSBC), Samba Financial Group (partly owned by Norges Bank, Ashmore Investment, JP Morgan and T Rowe Price) and Banque Saudi Fransi (partly owned by Crédit Agricole).
- After removal of the restrictions, players like JP Morgan Chase and BNP Paribas entered the market. Currently, 18 foreign banking entities operate in Saudi Arabia.
- Banking sector assets grew by 12% in 2019 compared to the previous year.

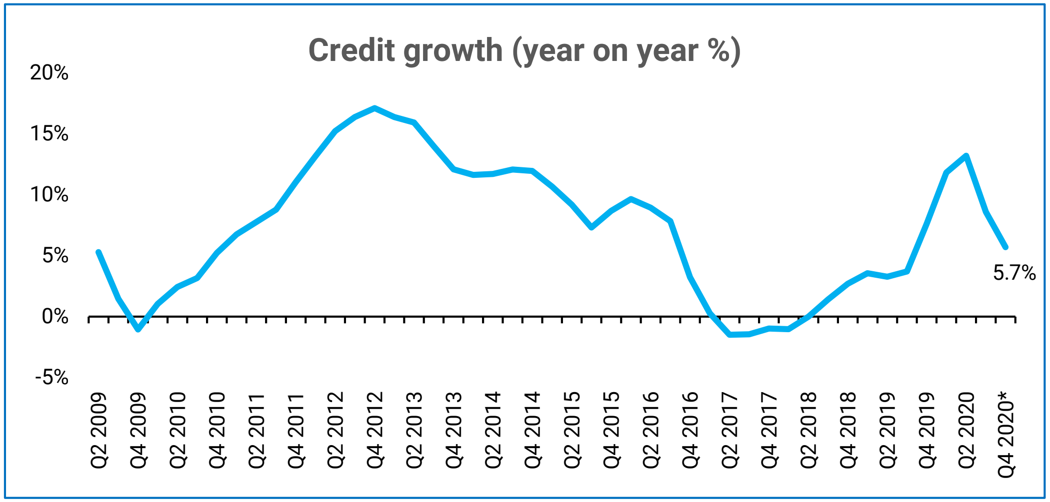
Saudi Arabia's banking sector compared to GCC peers

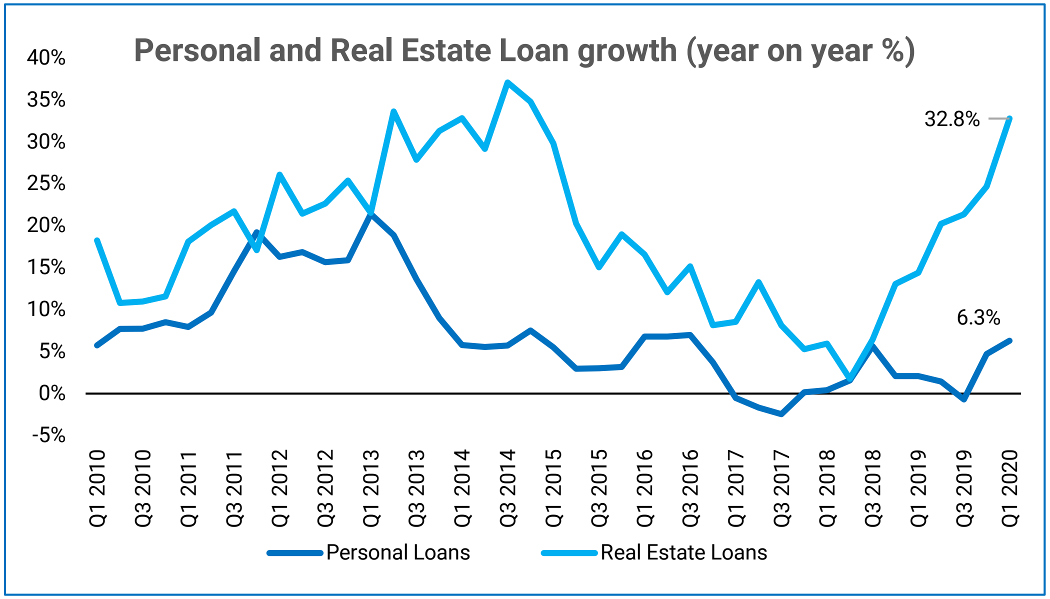
CAPITAL ADEQUACY - REGULATORY CAPITAL TO RISK WEIGHTED ASSETS, %	2016	2017	2018	2019
Saudi Arabia	**19.5**	**20.4**	**20.3**	**19.4**
Kuwait	18.6	18.4	18.3	17.6
UAE	18.9	18.1	17.5	-
Qatar	16.0	17.0	18.0	18.4
ASSET QUALITY - NON-PERFORMING LOANS TO GROSS LOANS, %	**2016**	**2017**	**2018**	**2019**
Saudi Arabia	**1.4**	**1.6**	**2.0**	**1.9**
Kuwait	2.2	1.9	1.6	1.8
UAE	5.1	5.3	5.6	-
Qatar	1.3	1.6	1.9	1.8
RETURN ON ASSETS, %	**2016**	**2017**	**2018**	**2019**
Saudi Arabia	**1.8**	**2.0**	**2.1**	**2.0**
Kuwait	1.1	1.2	1.3	1.3
UAE	1.5	1.5	1.6	-
Qatar	1.7	1.5	1.6	1.6
RETURN ON EQUITY, %	**2016**	**2017**	**2018**	**2019**
Saudi Arabia	**12.5**	**12.9**	**13.9**	**12.7**
Kuwait	8.5	9.5	10.7	10.5
UAE	15.6	10.8	11.0	-
Qatar	14.5	13.9	15.3	15.8
LIQUIDITY - LIQUID ASSETS TO TOTAL ASSETS, %	**2016**	**2017**	**2018**	**2019**
Saudi Arabia	**20.3**	**21.6**	**22.3**	**24.5**
Kuwait	24.1	23.7	23.6	21.7
UAE	14.6	15.2	14.7	-
Qatar	29.6	28.2	29.1	30.2

Source: IIF

Key Parameters

Credit growth fuelled by the government's housing program





*Source: SAMA, * - Marmore Estimates*

- Credit growth dipped into negative territory for the first time since the global financial crisis during 2017, when the oil prices were low and the economic activity was muted.
- Loan book of listed Saudi banks grew by 11.8% in 2019, which is in stark contrast with the growth in real GDP of Saudi Arabia that stood at 0.3%.
- Credit growth was largely driven the real estate loans, thanks largely to government initiatives to improve the home ownership of nationals.
- Credit to corporates grew by 1.1% in 2019, after two years of contraction. Corporate credit space predominantly consists of loans to larger players, with lending to SMEs accounting for 7.2% of total loans to private sector. Credit to SMEs grew by 8% in 2019.
- Retail lending, which contributes to 15% of the total lending portfolio, grew by 12.1% in 2019.
- Credit growth in 2020 and 2021 is expected to be weak due to sluggish economic activity caused by COVID-19.
- Credit growth is expected to slow down to 5.7% by the end of 2020 according to Marmore estimates.

Credit to Manufacturing and Commerce on the downtrend

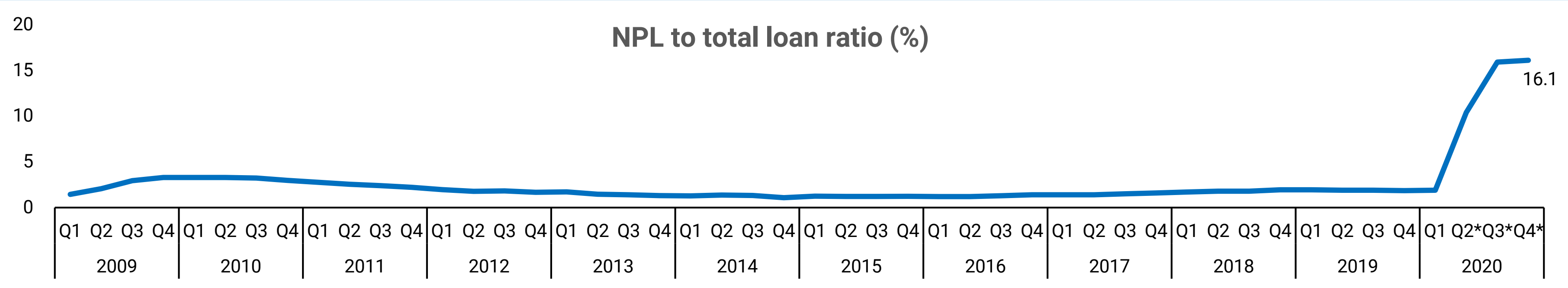
Share of total bank credit by sector

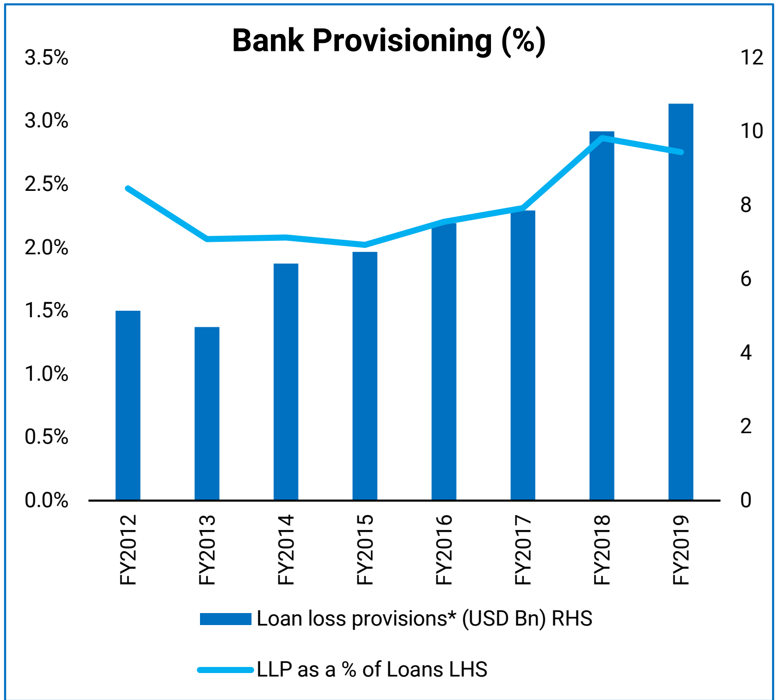
End of Period	Agriculture and Fishing	Manufacturing and Processing	Mining and Quarrying	Electricity, Water, Gas & Health Services	Building and Construction	Commerce	Transport and Communications	Finance	Services	Miscellaneous	Quasi Govt.
2008	1.47%	10.65%	0.57%	1.43%	7.30%	23.75%	5.08%	2.26%	4.34%	38.85%	4.31%
2009	1.18%	10.18%	0.72%	1.81%	6.07%	22.96%	5.21%	2.88%	6.26%	38.88%	3.82%
2010	1.32%	11.62%	0.75%	2.48%	7.18%	23.36%	5.54%	2.29%	4.60%	36.69%	4.16%
2011	1.03%	13.04%	0.90%	3.05%	8.13%	21.27%	4.57%	2.61%	4.51%	37.16%	3.71%
2012	0.92%	12.60%	1.21%	3.51%	7.54%	20.58%	3.85%	3.09%	5.75%	37.01%	3.94%
2013	1.06%	12.51%	1.45%	3.13%	6.84%	20.91%	3.40%	2.48%	5.80%	38.49%	3.93%
2014	0.92%	12.70%	1.60%	2.93%	6.62%	20.37%	3.55%	2.82%	4.88%	39.97%	3.64%
2015	0.81%	12.70%	1.54%	3.02%	7.77%	20.91%	3.15%	2.47%	5.43%	39.37%	2.84%
2016	0.90%	12.59%	1.37%	2.97%	7.41%	21.33%	2.88%	2.25%	5.04%	39.35%	3.90%
2017	0.87%	11.60%	1.06%	3.69%	6.38%	22.43%	3.44%	2.53%	5.18%	38.99%	3.83%
2018	1.02%	11.98%	1.34%	3.62%	6.75%	19.57%	3.00%	2.59%	5.47%	40.94%	3.73%
2019	0.94%	10.10%	1.27%	3.93%	5.98%	18.55%	3.30%	2.67%	5.23%	44.06%	3.97%
Q2 2020	1.04%	9.71%	1.42%	3.95%	5.96%	18.35%	2.95%	2.39%	5.52%	44.98%	3.73%

- Credit to manufacturing, commerce and construction sectors have been trending downwards despite contributing accounting for roughly 34% of the banking sector's total credit.
- Emerging sectors like the services sector are seeing an uptrend. Uptrend in real estate lending has contributed to the sharp increase in miscellaneous category.
- Total credit has grown at a healthy pace of 6.9% annually between 2008 and 2019.

Source: SAMA

Asset Quality expected to take a hit in coming quarters

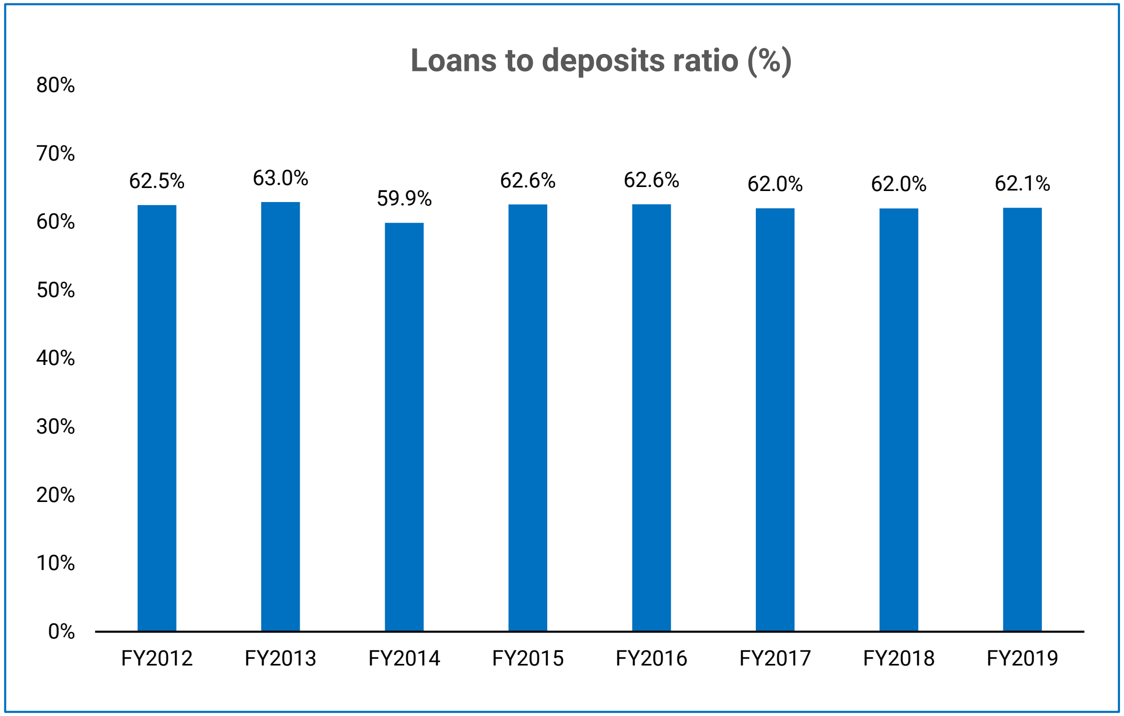




- Asset-quality remained under pressure in 2019, particularly in the contracting, retailers and retail/wholesale trade sectors.
- Despite the significant increase in retail lending portfolio, retail NPLs were lower than 2018 levels of 0.78%.
- Corporate NPLs rose to 1.88 percent in 2019 due to an uptick in construction sector defaults, reaching its highest levels in five years at 7.6%.
- NPL ratio does not show the full extent of asset-quality deterioration due to the high proportion of restructured loans (classified as Stage 2 loans).
- Loan-loss allowances fell to a still adequate 117% of impaired loans and remain low as a percentage of gross loans.
- Due to loan repayment deferrals, NPL ratio has stayed low. Once they are relaxed, NPLs are expected to spike. Marmore estimates the NPL ratio to reach 16.1% by the end of 2020.

*Source: SAMA, * - Marmore Estimates*

Liquidity remains intact with high local currency deposits

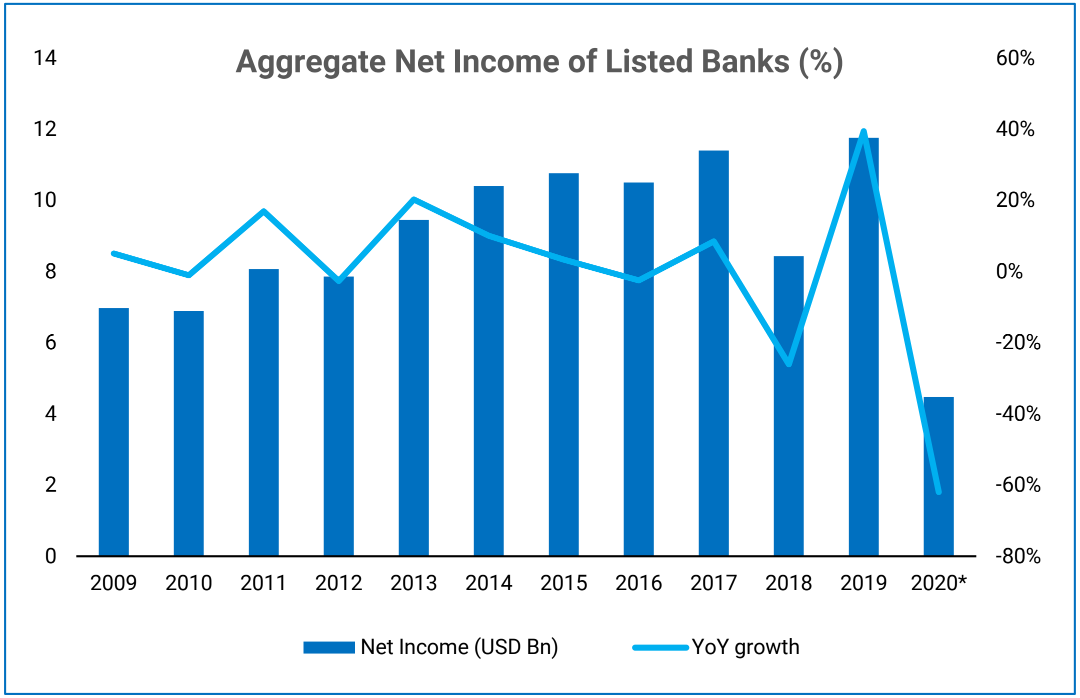


- The average gross loans-to-deposits ratio increased slightly in 2019 but liquidity remains sound.
- Deposits are mostly in local currency and make up more than 90 per cent of total funding, which is the highest in the GCC. Foreign funding is below 10 per cent of total funding.
- Retail deposits and non-interest-bearing CASA deposits form a much bigger proportion of funding than in other GCC countries.
- Deposits remained the primary source of funding whereas foreign liabilities and other liability-components witnessed a slight increase.

- Liquidity Coverage Ratio (LCR) declined slightly in 2019 with the banking sector's average at 198% by the year-end.
- Despite heightened recent credit levels, the banking system is able to support higher demand for credit.
- As per SAMA requirements, banks are required to hold a minimum of 100 percent of High-Quality Liquid Assets (HQLA) to expected 30-day net outflow. The slump in economic activity due to COVID-19 is expected to weigh-in on LCR especially if cash flows are impacted. However, going below SAMA's minimum requirement appears highly unlikely.

Source: Refinitiv

Profitability expected to suffer in 2020



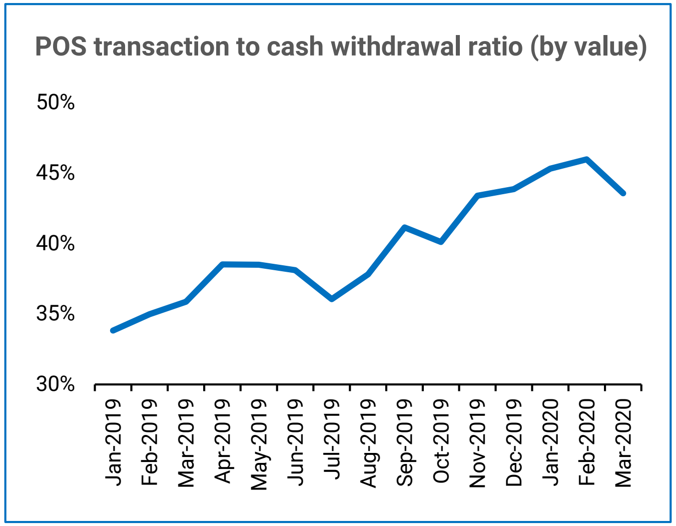
- Overall revenues grew by 6.5% in 2019 despite a decline in placement with banks by 1.9%.
- Private sector contribution and investments led revenue growth, increasing by 4.8% and 3.4% respectively.
- Interest rates cuts did not affect the interest income adversely during 2019. However, the pickup in interest income was undermined by reduction anchored in fee and trading income and other revenues.
- Cost to income ratio during 2019 declined by 40 basis points

- The average net interest margin remained strong and steady at 3.7 per cent, benefiting from high current and savings accounts deposits and higher rates in the first half of 2019.
- Operating profit/risk-weighted assets deteriorated in 2019 due to higher loan impairment charges, mostly against corporate exposures.
- COVID-19 is expected to affect profitability due to slippages and the necessity for higher provisioning considering the anticipated increase in bad loans. Marmore estimates a 62% fall in net income for the full year 2020.

*Source: Refinitiv, * - Marmore Estimates*

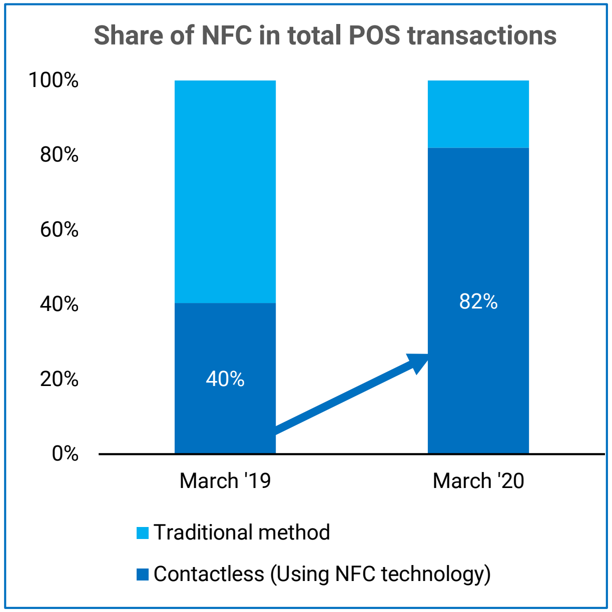
Emerging Trends in the Banking sector

Digitization set to accelerate as consumer behaviour changes



- Consumer behavior has undergone a transformation, with customers preferring to bank through digital channels. The trend is likely to extend beyond the pandemic.
- Saudi Arabia Monetary Authority (SAMA) and the government have been proving regulatory support to propel the digital payments market.
- After COVID-19 outbreak, SAMA raised monthly transfer limit for e-wallets from SAR 10,000 to SAR 20,000 to encourage its usage.
- Non-bank financial institution digital wallet licenses have been issued to STCPay, HalalaH and BayanPay during 2020, with the latter two wallets spending successful time in SAMA's sandbox.
- The ratio of POS transactions to ATM withdrawals has improved from 36% in March 2019 to 44% in March 2020. The trend is likely to go up in the coming years.

- Mobile wallets will grow in prominence and would be preferred to physical card-based payments.
- E-commerce space would witness a boom, which would presents an opportunity for banks to collaborate with e-commerce players to provide additional benefits to customers.
- Banks would have to shift to a consumer engagement model rather than a servicing model, as their digital interface (mobile app or web-app) would not only be used for transactions but also for selling and marketing products.
- Banks would have to form partnerships with lifestyle service providers to create an ecosystem to improve customer engagement.
- Banks have to adopt more agile and scalable digital technologies such as cloud platforms, Artificial intelligence, and machine learning, which reduces costs and decreases time to market.
- High costs involved in upgrading legacy systems would make banks engage in partnerships with smaller fintech firms to provide digital services to customers.



Source: SAMA

Mergers and Acquisitions likely in the near term

- M&A landscape in the GCC region witnessed a chance post the creation of the largest bank in the UAE with the merger of National Bank of Abu Dhabi and First Gulf Bank, paving way for further consolidation.
- GCC region is often considered overbanked with many banks serving lesser population. Many banking systems in the GCC are also dominated by a few large banks with many smaller banks competing for the rest of the market.
- Mergers will create more stable and competitive entities. Most GCC banking systems are heavily reliant on government deposits and competition is high, resulting in pressure on margins. Consolidation will result in the banks having greater pricing power.
- Low oil prices and sluggish economic activity due to COVID-19 has sparked a new wave of consolidation among banks in the MENA region, with about USD 440 billion worth of deals currently in progress.
- Recently, Saudi Arabia's largest lender by assets National Commercial Bank (NCB) announced plans to acquire rival Samba Financial Group for USD 15.6 billion in what could be the world's biggest banking takeover this year. The potential deal would create the region's third-largest lender. The announcement comes after NCB abandoned plans to merge with Riyad Bank.
- During the current prolonged phase of muted economic activity, mergers and acquisitions would help banks to create stronger entities that are able to withstand the anticipated deterioration in asset quality and low profitability.

Regulatory support for fintech continues

- Saudi Arabia's Capital Market Authority (CMA) launched the **FinTech Lab** initiative to support innovation in the financial market, as well as the development of new products in the FinTech sector. Participants can use the FinTech Lab to run a trial of their products and services in a regulatory environment which is supportive at fostering innovation.
- SAMA launched the **FinTech Saudi** initiative that aims to support the FinTech ecosystem by promoting Saudi Arabia as a FinTech hub embracing a thriving, responsible ecosystem of banks, investors, companies, colleges, and state institutions.
- SAMA and the UAE Central Bank jointly concluded the **Aber**, a prove of concept project that is an exploration of the Distributed Ledgers technologies (DLT) in cross-border payments.
- SAMA designed a **Regulatory Sandbox** to enhance innovation in financial and digital payments services. It will help financial institutions and FinTech companies to test their products with minimal controls and deploy them in Saudi markets.
- Saudi Payments, with the help of SAMA, has started the implementation of the **Instant Payment System** (IPS) that is expected to go pilot by end of 2020. The system will allow all types of customers to send and receive instant payments 24/7 during the full year. It increases efficiencies in the payments system, particularly where it displaces high-cost instruments such as cheques and Cash.
- Domestic Banks have partnered with fintech companies and started to invest heavily in technology. In October 2019, Riyad Bank announced the launch of its Digital Partnerships Programme and its association with a USD 26.7 million venture capital fund, making it the first bank in Saudi Arabia to establish such a fund to invest in fintech.

Outlook

Outlook - Banking recovery hinges on economic rebound

- Austerity measures, low oil price, budgetary cuts, stagnation of projects, lockdown-related restrictions and increase of VAT are expected to have a negative impact on the banking sector. Banking sector's return to profitability depends on the rebound in economic activity.

- Regulatory support provided by the government and SAMA will help banks to navigate the pandemic situation. The country has sizeable fiscal reserves and room for borrowing.

- Credit growth has been primarily driven by real estate loans. Demand for credit is expected to remain sluggish for the rest of the year. Manufacturing and Construction sector contribution to private sector credit continues to be on the downtrend.

- Shrinking net interest margins, slippages and higher provisioning are expected to erode profitability. Bad loans are expected to spike once loan payment deferment gets relaxed.

- Presence of high proportion of local currency deposits bodes well on the liquidity front.

- Consolidation in the form of Mergers and acquisitions in the financial services space could be expected to create large stable entities that are more resistant to shocks.

- Fintech is expected to play a key role moving forward. Digital initiatives by banks could see further acceleration in the coming years as people start embracing the new normal.

Bank Profiles

Al Rajhi Banking & Investment Corporation

Income Statement (SAR million)	2015	2016	2017	2018	2019	2020f	2021f
Net Interest Income	9,959	11,223	12,029	13,253	16,428	16,417	15,819
Loan Loss Provision	1,958	2,142	1,548	1,531	1,772	2,469	2,345
Non-Interest Income	4,888	5,247	5,211	4,910	3,930		
Pretax Income	7,130	8,126	9,121	10,297	11,326	10,009	9,870
Net Income	7,130	8,126	9,121	10,297	10,159	9,414	9,099
Common Shares (million)	2,500	2,500	2,500	2,500	2,500		
Balance Sheet (SAR million)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cash & Due from Banks	11,085	9,679	9,846	9,206	8,574		
Net Loans	210,218	224,994	233,536	231,758	249,683	268,511	275,367
Total Assets	315,620	339,712	343,117	364,031	384,087	406,926	413,786
Total Deposits	260,786	281,510	278,579	301,199	314,625	333,912	349,420
Total Liabilities	268,981	287,765	287,366	315,725	332,895	353,779	357,549
Total Shareholders Equity	46,639	51,947	55,751	48,306	51,192	53,148	56,237
Key Ratios	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cost-to-Income Ratio	38.8%	37.7%	38.1%	35.8%	35.7%	32.9%	33.2%
Fee Revenue	24.9%	25.2%	23.9%	15.4%	14.6%		
Tier I Capital Ratio	19.7%	20.9%	22.2%	19.0%	18.8%		
Loans/Deposits	80.6%	79.9%	83.8%	76.9%	79.4%		
Loan Loss Provision (% of avg loans)	0.9%	1.0%	0.7%	0.7%	0.7%		
Non-Performing Loans (% of total loans)	1.8%	2.9%	2.6%	na	0.9%		
Leverage (Assets/Equity)	6.8	6.5	6.2	7.5	7.5		
ROA	2.3%	2.5%	2.7%	2.9%	3.0%	2.5%	2.4%
ROE	16.1%	16.5%	16.9%	19.5%	22.8%	18.5%	17.5%
Number of Employees	12,374	13,684	13,077	13,532	13,439		
Revenue/Employee (SAR)	1,191,731	1,264,124	1,288,510	1,365,143	1,509,567		
Price-to-Book Value	1.9	2.1	2.0	2.7	3.3		
Market Capitalization (SAR million)	84,500	102,375	104,975	142,188	163,500		

Source: Refinitiv

National Commercial Bank

Income Statement (SAR million)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Net Interest Income	12,582	13,550	13,661	15,123	15,807	15,443	15,133
Loan Loss Provision	1,600	1,931	1,893	1,430	1,420	2,455	3,623
Non-Interest Income	5,600	6,021	5,767	4,845	5,769		
Pretax Income	9,148	9,416	9,965	10,830	12,919	10,909	10,705
Net Income	9,089	9,317	9,802	9,594	11,401	9,951	8,660
Common Shares (million)	2,992	2,995	2,992	2,989	2,991		
Balance Sheet (SAR million)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cash & Due from Banks	15,453	15,197	15,240	15,210	15,511		
Net Loans	252,940	253,592	249,234	265,055	282,285	305,737	324,370
Total Assets	448,642	442,657	444,792	452,177	507,264	527,818	585,016
Total Deposits	371,967	361,092	329,813	341,636	378,378	380,351	414,102
Total Liabilities	394,480	383,920	381,751	387,440	438,376	459,273	511,641
Total Shareholders Equity	54,162	58,738	63,041	64,737	68,888	68,546	73,375
Key Ratios	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cost-to-Income Ratio	40.9%	42.0%	39.0%	38.6%	33.5%	31.2%	32.3%
Fee Revenue	19.9%	19.4%	19.4%	15.8%	15.0%		
Tier I Capital Ratio	na	16.9%	17.7%	na	18.0%		
Loans/Deposits	68.0%	70.2%	75.6%	77.6%	74.6%		
Loan Loss Provision (% of avg loans)	0.7%	0.8%	0.8%	0.6%	0.5%		
Non-Performing Loans (% of total loans)	na	4.2%	4.2%	na	1.8%		
Leverage (Assets/Equity)	8.3	7.5	7.1	7.0	7.4		
ROA	2.1%	2.1%	2.2%	2.4%	2.7%	1.9%	1.6%
ROE	18.4%	16.7%	16.4%	17.0%	19.3%	15.0%	13.4%
Number of Employees	na	na	na	na	na		
Revenue/Employee (SAR)	na	na	na	na	na		
Price-to-Book Value	2.0	1.5	1.8	2.3	2.2		
Market Capitalization (SAR million)	102,000	85,200	110,200	143,550	147,750		

Source: Refinitiv

Banque Saudi Fransi SJSC

Income Statement (SAR million)	2015	2016	2017	2018	2019	2020f	2021f
Net Interest Income	4,055	4,256	4,700	5,017	5,206	5,068	5,083
Loan Loss Provision	98	676	568	844	947	1,494	1,471
Non-Interest Income	2,355	2,310	2,087	2,049	1,970		
Pretax Income	4,029	3,503	3,524	3,307	3,619	2,983	3,014
Net Income	4,036	3,510	3,532	1,403	3,115	2,566	2,621
Common Shares (million)	1,205	1,202	1,199	1,199	1,199		
Balance Sheet (SAR million)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cash & Due from Banks	9,764	9,477	9,611	9,152	8,842		
Net Loans	123,769	129,458	121,940	120,632	125,725	134,585	140,623
Total Assets	183,724	203,429	192,929	190,250	178,149	195,618	205,605
Total Deposits	143,409	162,747	153,917	150,513	135,210	147,938	153,756
Total Liabilities	156,240	173,730	161,268	159,388	145,202	162,052	171,613
Total Shareholders Equity	27,484	29,699	31,661	30,862	32,947	33,566	33,992
Key Ratios	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cost-to-Income Ratio	35.6%	36.4%	39.7%	41.2%	36.4%	32.8%	34.1%
Fee Revenue	23.9%	24.7%	21.0%	19.9%	21.0%		
Tier I Capital Ratio	15.0%	15.8%	17.5%	17.7%	18.3%		
Loans/Deposits	86.3%	79.5%	79.2%	80.1%	93.0%		
Loan Loss Provision (% of avg loans)	0.1%	0.5%	0.5%	0.7%	0.8%		
Non-Performing Loans (% of total loans)	0.6%	2.3%	4.1%	2.9%	2.7%		
Leverage (Assets/Equity)	6.7	6.8	6.1	6.2	5.4		
ROA	2.2%	1.8%	1.8%	1.7%	2.0%	1.5%	1.3%
ROE	14.9%	12.3%	11.5%	10.6%	11.3%	8.1%	7.5%
Number of Employees	3,207	3,233	3,072	3,027	2,998		
Revenue/Employee (SAR)	2,037,709	2,039,311	2,152,636	2,316,945	2,382,086		
Price-to-Book Value	1.2	1.1	1.1	1.2	1.4		
Market Capitalization (SAR million)	33,750	31,460	34,353	37,848	45,683		

Source: Refinitiv

Arab National Bank

Income Statement (SAR million)	2015	2016	2017	2018	2019	2020f	2021f
Net Interest Income	3,845	4,145	4,665	5,151	5,553	4,948	5,075
Loan Loss Provision	576	726	1,149	998	971	1,144	1,083
Non-Interest Income	2,636	2,495	2,469	2,081	1,836		
Pretax Income	2,956	2,862	3,034	3,312	3,551	2,701	2,836
Net Income	2,964	2,854	3,027	3,969	3,023	2,415	2,495
Common Shares (million)	1,500	1,500	1,500	1,500	1,500		
Balance Sheet (SAR million)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cash & Due from Banks	12,295	11,070	9,949	9,230	9,934		
Net Loans	115,656	115,512	114,543	121,038	118,837	121,775	128,538
Total Assets	170,421	170,009	171,702	178,355	183,442	185,648	195,640
Total Deposits	141,434	139,766	138,740	143,592	145,211	142,388	150,557
Total Liabilities	148,527	146,773	147,332	151,835	155,134	156,509	165,323
Total Shareholders Equity	21,894	23,235	24,370	26,520	28,308	29,139	30,317
Key Ratios	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cost-to-Income Ratio	45.5%	46.0%	41.4%	40.4%	38.8%	36.4%	37.2%
Fee Revenue	30.9%	28.1%	24.5%	20.6%	18.4%		
Tier I Capital Ratio	13.6%	14.6%	15.6%	16.5%	17.1%		
Loans/Deposits	81.8%	82.6%	82.6%	84.3%	81.8%		
Loan Loss Provision (% of avg loans)	0.5%	0.6%	1.0%	0.8%	0.8%		
Non-Performing Loans (% of total loans)	4.1%	5.4%	2.6%	1.3%	2.1%		
Leverage (Assets/Equity)	7.8	7.3	7.0	6.7	6.5		
ROA	1.8%	1.7%	1.8%	1.9%	2.0%	1.4%	1.3%
ROE	13.9%	12.7%	12.7%	13.0%	13.0%	8.9%	8.4%
Number of Employees	4,846	4,403	4,170	4,132	4,170		
Revenue/Employee (SAR)	1,378,903	1,435,836	1,664,213	1,742,444	1,780,155		
Price-to-Book Value	1.1	1.0	1.0	1.3	1.5		
Market Capitalization (SAR million)	23,650	22,150	24,760	31,900	41,100		

Source: Refinitiv

Riyad Bank SJSC

Income Statement (SAR million)	2015	2016	2017	2018	2019	2020f	2021f
Net Interest Income	5,180	5,301	5,935	6,628	7,837	7,519	7,751
Loan Loss Provision	1,031	1,286	1,227	928	1,012	1,567	2,017
Non-Interest Income	3,284	2,979	2,836	3,040	3,730		
Pretax Income	4,010	3,307	3,923	4,665	6,079	5,335	5,061
Net Income	4,049	3,342	3,946	3,092	5,602	4,757	4,483
Common Shares (million)	3,000	3,000	3,000	3,000	3,000		
Balance Sheet (SAR million)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cash & Due from Banks	16,788	14,316	11,660	9,718	20,522		
Net Loans	145,066	142,909	138,838	151,025	173,982	183,751	195,477
Total Assets	223,316	217,619	216,282	229,900	265,789	275,231	297,873
Total Deposits	172,352	165,520	161,422	178,403	207,642	197,437	210,215
Total Liabilities	186,771	180,646	177,659	193,125	225,217	233,619	254,086
Total Shareholders Equity	36,545	36,973	38,623	36,774	40,571	41,612	43,787
Key Ratios	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cost-to-Income Ratio	40.5%	44.5%	41.3%	42.1%	38.7%	33.4%	35.1%
Fee Revenue	27.0%	25.1%	24.6%	24.9%	24.9%		
Tier I Capital Ratio	16.2%	16.3%	17.3%	16.1%	16.3%		
Loans/Deposits	84.2%	86.3%	86.0%	84.7%	83.8%		
Loan Loss Provision (% of avg loans)	0.7%	0.9%	0.9%	0.6%	0.6%		
Non-Performing Loans (% of total loans)	2.8%	3.1%	5.6%	4.8%	1.4%		
Leverage (Assets/Equity)	6.1	5.9	5.6	6.3	6.6		
ROA	1.8%	1.5%	1.8%	2.1%	2.5%	1.8%	1.5%
ROE	11.1%	9.0%	10.4%	12.4%	15.7%	12.2%	10.4%
Number of Employees	6,167	6,337	6,332	5,973	5,955		
Revenue/Employee (SAR)	1,415,870	1,324,345	1,384,725	1,571,436	1,939,512		
Price-to-Book Value	1.0	0.9	1.0	1.6	1.8		
Market Capitalization (SAR million)	37,200	34,650	37,740	59,460	72,000		

Source: Refinitiv

Samba Financial Group SJSC

Income Statement (SAR million)	2015	2016	2017	2018	2019	2020f	2021f
Net Interest Income	4,663	5,382	5,732	6,152	6,377	6,048	6,374
Loan Loss Provision	142	200	287	156	1,103	1,185	1,383
Non-Interest Income	3,277	2,562	2,331	2,216	2,453		
Pretax Income	5,214	5,006	5,024	5,550	4,619	4,436	4,417
Net Income	5,212	5,003	5,021	3,051	3,984	3,932	4,059
Common Shares (million)	2,000	2,000	2,000	2,000	2,000		
Balance Sheet (SAR million)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cash & Due from Banks	29,716	15,509	13,687	13,401	13,075		
Net Loans	130,001	125,234	117,685	113,709	141,595	151,962	159,850
Total Assets	235,243	231,489	227,546	229,938	255,604	272,017	290,413
Total Deposits	191,002	182,993	174,495	178,049	195,939	186,427	198,669
Total Liabilities	194,992	189,045	182,963	187,725	210,245	226,876	244,637
Total Shareholders Equity	40,251	42,443	44,583	42,213	45,359	45,141	45,777
Key Ratios	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cost-to-Income Ratio	32.5%	34.5%	34.1%	31.8%	35.2%	34.5%	34.0%
Fee Revenue	23.5%	21.9%	19.8%	18.7%	16.7%		
Tier I Capital Ratio	19.5%	21.8%	20.6%	22.1%	20.5%		
Loans/Deposits	68.1%	68.4%	67.4%	63.9%	72.3%		
Loan Loss Provision (% of avg loans)	0.1%	0.2%	0.2%	0.1%	0.9%		
Non-Performing Loans (% of total loans)	1.6%	2.5%	2.9%	4.5%	2.3%		
Leverage (Assets/Equity)	5.8	5.5	5.1	5.4	5.6		
ROA	2.3%	2.1%	2.2%	2.4%	1.9%	1.5%	1.5%
ROE	13.2%	12.1%	11.5%	12.8%	10.6%	8.8%	8.4%
Number of Employees	3,917	3,755	3,530	3,497	3,991		
Revenue/Employee (SAR)	2,112,537	2,070,892	2,213,591	2,381,733	2,358,372		
Price-to-Book Value	1.2	1.2	1.1	1.5	1.5		
Market Capitalization (SAR million)	46,700	48,700	47,040	62,800	64,900		

Source: Refinitiv

Saudi British Bank SJSC

Income Statement (SAR million)	2015	2016	2017	2018	2019	2020f	2021f
Net Interest Income	4,254	4,757	5,098	5,577	7,364	7,670	7,515
Loan Loss Provision	430	945	1,002	259	2,609	1,577	1,628
Non-Interest Income	2,798	2,532	2,501	2,360	2,841		
Pretax Income	4,331	3,895	3,955	4,929	3,271	4,145	4,780
Net Income	4,331	3,895	3,955	2,715	2,830	3,742	4,345
Common Shares (million)	1,500	1,500	1,500	1,500	2,055		
Balance Sheet (SAR million)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cash & Due from Banks	22,395	32,340	33,683	20,998	25,741		
Net Loans	125,947	120,965	117,006	110,326	154,677	159,111	165,018
Total Assets	187,750	186,056	187,615	174,677	265,472	272,506	284,611
Total Deposits	150,722	144,059	143,930	131,520	195,819	193,209	203,060
Total Liabilities	159,576	154,777	154,271	142,223	209,403	216,255	226,517
Total Shareholders Equity	28,175	31,279	33,345	32,454	56,070	56,251	58,094
Key Ratios	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cost-to-Income Ratio	32.5%	33.6%	34.8%	34.6%	42.4%	41.4%	35.7%
Fee Revenue	26.1%	22.7%	21.8%	20.7%	19.4%		
Tier I Capital Ratio	15.4%	17.6%	18.7%	na	18.2%		
Loans/Deposits	83.6%	84.0%	81.3%	83.9%	79.0%		
Loan Loss Provision (% of avg loans)	0.4%	0.8%	0.8%	0.2%	2.0%		
Non-Performing Loans (% of total loans)	1.2%	3.6%	5.2%	na	3.2%		
Leverage (Assets/Equity)	6.7	5.9	5.6	5.4	4.7		
ROA	2.3%	2.1%	2.1%	2.7%	1.5%	1.4%	1.6%
ROE	16.0%	13.1%	12.2%	15.0%	7.4%	6.7%	7.2%
Number of Employees	3,451	3,586	3,263	3,171	4,537		
Revenue/Employee (SAR)	2,084,919	2,071,559	2,218,877	2,467,330	2,647,907		
Price-to-Book Value	1.4	1.2	1.2	1.5	0.9		
Market Capitalization (SAR million)	37,125	37,500	40,500	48,975	71,301		

Source: Refinitiv

Saudi Investment Bank SJSC

Income Statement (SAR million)	2015	2016	2017	2018	2019	2020f	2021f
Net Interest Income	1,731	1,672	2,174	2,288	2,278	2,340	na
Loan Loss Provision	118	246	213	247	1,343	1,470	1,043
Non-Interest Income	840	812	607	710	751		
Pretax Income	1,172	902	1,279	1,444	330	624	na
Net Income	1,329	1,053	1,411	576	239	-119	759
Common Shares (million)	750	750	750	694	675		
Balance Sheet (SAR million)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cash & Due from Banks	4,087	4,866	4,895	4,692	4,567		
Net Loans	60,269	60,249	59,588	59,413	57,113	57,962	67,661
Total Assets	93,578	93,047	93,796	96,070	100,815	95,748	108,197
Total Deposits	72,029	70,486	71,601	68,655	72,523	na	na
Total Liabilities	81,542	79,714	79,517	82,664	86,808	84,411	96,101
Total Shareholders Equity	12,036	13,334	14,279	13,406	14,007	11,337	12,096
Key Ratios	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cost-to-Income Ratio	49.8%	53.8%	46.4%	43.6%	44.8%	46.0%	41.5%
Fee Revenue	19.8%	19.9%	14.4%	15.0%	13.9%		
Tier I Capital Ratio	14.1%	15.9%	17.3%	16.3%	17.5%		
Loans/Deposits	83.7%	85.5%	83.2%	86.5%	78.8%		
Loan Loss Provision (% of avg loans)	0.2%	0.4%	0.4%	0.4%	2.3%		
Non-Performing Loans (% of total loans)	2.8%	2.9%	6.5%	4.4%	1.7%		
Leverage (Assets/Equity)	7.8	7.0	6.6	7.2	7.2		
ROA	1.3%	1.0%	1.4%	1.5%	0.3%		
ROE	9.8%	7.1%	9.3%	10.4%	2.4%	-1.3%	6.5%
Number of Employees	1,747	1,661	1,625	1,581	1,481		
Revenue/Employee (SAR)	1,553,848	1,457,955	1,693,066	1,870,144	1,978,059		
Price-to-Book Value	0.9	0.9	0.8	0.9	0.9		
Market Capitalization (SAR million)	11,213	10,675	11,265	12,840	13,530		

Source: Refinitiv

Bank Alibilad SJSC

Income Statement (SAR million)	2015	2016	2017	2018	2019	2020f	2021f
Net Interest Income	1,162	1,408	1,739	2,164	2,717	2,821	3,133
Loan Loss Provision	67	165	340	490	536	687	570
Non-Interest Income	1,253	1,325	1,374	1,553	1,581		
Pretax Income	788	809	936	1,111	1,387	1,101	na
Net Income	788	808	942	613	1,244	1,069	1,345
Common Shares (million)	750	750	750	750	750		
Balance Sheet (SAR million)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cash & Due from Banks	4,602	4,529	5,689	6,438	7,916		
Net Loans	34,255	36,178	43,447	50,588	59,291	67,150	na
Total Assets	51,220	53,749	63,208	73,636	86,003	90,485	98,539
Total Deposits	43,601	43,237	51,544	60,276	67,751	73,274	na
Total Liabilities	44,778	46,637	55,619	65,803	76,578	79,824	86,527
Total Shareholders Equity	6,442	7,112	7,589	7,833	9,426	10,661	12,012
Key Ratios	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cost-to-Income Ratio	64.6%	64.4%	59.0%	56.9%	55.3%	51.5%	na
Fee Revenue	38.3%	36.0%	33.0%	30.8%	26.9%		
Tier I Capital Ratio	14.8%	15.2%	13.7%	12.9%	na		
Loans/Deposits	78.6%	83.7%	84.3%	83.9%	87.5%		
Loan Loss Provision (% of avg loans)	0.2%	0.5%	0.9%	1.0%	1.0%		
Non-Performing Loans (% of total loans)	3.5%	na	na	1.4%	na		
Leverage (Assets/Equity)	8.0	7.6	8.3	9.4	9.1		
ROA	1.6%	1.5%	1.6%	1.6%	1.7%	1.2%	1.4%
ROE	12.8%	11.9%	12.7%	14.4%	16.1%	10.7%	12.4%
Number of Employees	3,884	3,815	3,850	4,232	4,380		
Revenue/Employee (SAR)	659,345	710,007	812,222	919,761	998,063		
Price-to-Book Value	2.0	1.8	1.6	2.1	2.2		
Market Capitalization (SAR million)	12,250	12,390	12,300	16,350	20,175		

Source: Refinitiv

Alinma Bank SJSC

Income Statement (SAR million)	2015	2016	2017	2018	2019	2020f	2021f
Net Interest Income	2,279	2,652	3,493	3,798	4,394	4,423	4,516
Loan Loss Provision	196	195	558	393	700	1,086	1,145
Non-Interest Income	802	677	875	1,303	1,522		
Pretax Income	1,470	1,502	2,011	2,517	2,816	1,923	2,256
Net Income	1,470	1,502	2,011	2,857	2,535	1,919	2,174
Common Shares (million)	1,980	2,000	2,000	2,000	2,000		
Balance Sheet (SAR million)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cash & Due from Banks	5,133	3,055	7,299	7,360	2,738		
Net Loans	57,006	87,581	79,063	83,889	96,688	103,025	106,823
Total Assets	88,725	104,730	114,752	121,538	131,839	139,528	147,883
Total Deposits	38,697	44,246	47,430	60,756	59,059	109,772	115,760
Total Liabilities	70,372	85,551	94,408	100,240	109,395	116,305	123,836
Total Shareholders Equity	18,352	19,178	20,344	21,298	22,445	23,223	24,047
Key Ratios	**2015**	**2016**	**2017**	**2018**	**2019**	**2020f**	**2021f**
Cost-to-Income Ratio	45.9%	49.0%	41.2%	42.9%	40.6%	37.3%	38.6%
Fee Revenue	20.1%	15.5%	15.5%	19.3%	19.1%		
Tier I Capital Ratio	22.0%	19.9%	20.0%	19.9%	19.0%		
Loans/Deposits	147.3%	197.9%	166.7%	138.1%	163.7%		
Loan Loss Provision (% of avg loans)	0.3%	0.3%	0.7%	0.5%	0.8%		
Non-Performing Loans (% of total loans)	1.2%	0.6%	1.0%	5.9%	1.1%		
Leverage (Assets/Equity)	4.8	5.5	5.6	5.7	5.9		
ROA	1.7%	1.6%	1.8%	2.1%	2.2%	0.8%	1.5%
ROE	8.1%	8.0%	10.2%	12.1%	12.9%	9.2%	10.3%
Number of Employees	1,950	2,156	2,258	2,417	2,518		
Revenue/Employee (SAR)	1,652,599	1,621,551	1,979,340	2,182,085	2,397,908		
Price-to-Book Value	1.2	1.2	1.4	1.7	1.7		
Market Capitalization (SAR million)	22,125	22,650	28,740	34,470	38,025		

Source: Refinitiv

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