

11 June 2014

Overview

Summary

The report reviews the performance of all Saudi banks in the first quarter of 2014 including non-listed NCB.

Source of data: Tadawul, Albilad Capital estimates, Saudi banks filings

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Corporate Banking Supports the Sector's Net Income Growth by 6% in the First Quarter 2014

In Q1 2014, Saudi banks showed growth in profitability and achieved improvements both in efficiency and asset quality. Gross loans advanced by 12% reaching SAR 1,170 billion while deposits increased by 13% to reach SAR 1,535 billion by the end of the quarter. The loan to deposit ratio declined by 120 basis points to reach 77.9% for the quarter. Further to this Saudi Investment Bank (Saib) and Bank Al Bilad (Al Bilad) showed 41% and 30% loan growth, respectively over the period. In particular, Saib recorded the highest deposit growth of 41% and Al Inma Bank's showed 31% growth of deposits. The three banks mentioned above showed impressive loan and deposit growth rates due to their small market share and strong ability to attract deposits. None of the Saudi banks realized Y-on-Y decline in loans or deposits. Al Inma Bank showed the sharpest drop in its loan to deposit ratio from 115.7% to 102.7% which was due to a low capitalization ratio. Although Samba showed an increase in its loan to deposit ratio from 70.9% to 74.7%, it remains the second lowest ranking in this ratio after NCB which stands at 60.7%.

The aggregate banking income statement showed weaker growth than the sector's balance sheet. Special commission income and net income increased by 7% and 6%, respectively, compared to the first quarter of 2013. Saudi Hollandi Bank (SHB) and Bank Al Jazira (BJAZ) recorded 27% and 21% increases in special commission income, respectively. Meanwhile, Al Inma Bank and Bank Saudi Fransi (BSF) showed impressive double digit growth in earnings of 32% and 25%, respectively. Al Rajhi Bank, on the other hand, recorded an earnings' slump of 17%, due to a 75% surge in loan loss provisions.

The aggregate banking income statement continued to show slower growth than the balance sheet due to lower banking spreads. The spread for the aggregate sector shed 18 basis points Y-on-Y to reach 3.13%. Saib and Bank Al Bilad recorded the strongest declines of 61 basis points and 47 basis points to reach 1.94% and 2.81%, respectively.

Return on equity (ROE) declined to 15.2%, compared to 14.3% in first quarter of last year. Bank Al Bilad and Al Rajhi Bank showed 6.1% and 4.9% declines in ROE, on the back of lower earnings, reaching 14.4% and 17.6%, respectively due to the decrease of the net interest margin for Albilad and the profit declining of Alrajhi .

The banks' credit quality improved as the ratio of non-performing loans (NPL) to total loans dropped sharply from 1.8% in Q1 2013 to 1.3% in Q1 2014. The banks' NPL coverage also increased Y-on-Y to 160% from 148%. Bank Al Bilad showed a decline in NPL to total loans from 4% to 1.7%. Bank Aljazira's NPL to total loans also dropped from 3.2% to 1.2% by the end of 2013. None of the banks showed a significant increase in NPL ratio except for Alinma, Al Rajhi and BSF where their NPL ratios increased by 11, 13 and 34 basis points respectively .

11 June 2014

Banking Sector Q3 2013

Net Income

Saudi banks aggregate net income reached SR 10.6 billion in Q1 2014 from SR 9.97 billion in the same period of last year making 6% y-o-y growth.

Alinma made the highest growth by 32% followed by BSF which made 25% growth y-o-y.

NCB made the highest contribution by 23.9% of the aggregate sector's net income and made a y-o-y growth by 9%

Al Rajhi made a negative growth rate by 17% reducing its contribution to 16% from 20.6% in the same period of last year.

Bank	Net Income Q1 (million SR)		Growth	% of Total	
	2013	2014		2013	2014
RIBL	951.0	1,079.5	14%	9.5%	10.2%
BJAZ	144.2	159.3	10%	1.4%	1.5%
Investment	314.3	337.3	7%	3.2%	3.2%
SHB	346.3	417.0	20%	3.5%	3.9%
BSF	683.9	855.8	25%	6.9%	8.1%
SABB	947.9	1,080.5	14%	9.5%	10.2%
ANB	678.7	712.9	5%	6.8%	6.7%
SAMBA	1,158.3	1,240.1	7%	11.6%	11.7%
Al Rajhi	2,051.7	1,705.8	(17%)	20.6%	16.1%
Al Bilad	142.5	173.7	22%	1.4%	1.6%
Alinma	221.4	292.8	32%	2.2%	2.8%
NCB	2,332.0	2,535.1	9%	23.4%	23.9%
Total	9,972.0	10,589.8	6%	100.0%	100.0%

Net Special Commission Income

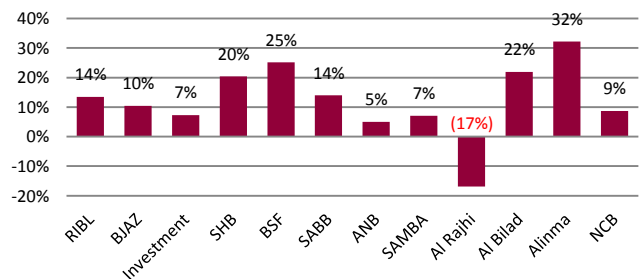
The aggregate net special commission income reached SR 11.97 billion in Q1 2014 from SR 11.15 billion in the same period of last year making 7% y-o-y growth rate.

SHB made the highest growth of 27% followed by BIAZ which made 21% growth.

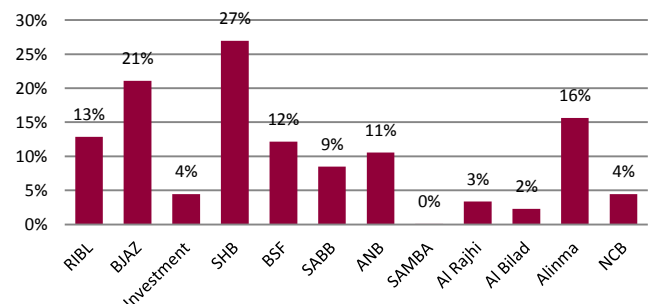
Net special commission made 63.5% of aggregate operating income. The net special commission of Alinma made 85% of its total operating income where for Albilad it makes only 49%.

Bank	Net Special Commission Q1 (million SR)		Growth	% of Total	
	2013	2014		2013	2014
RIBL	1,089.6	1,229.6	13%	63.6%	63.2%
BJAZ	265.7	321.7	21%	62.2%	60.0%
Investment	339.6	354.7	4%	46.8%	67.2%
SHB	351.9	446.8	27%	59.0%	60.3%
BSF	799.2	896.5	12%	64.0%	66.3%
SABB	885.2	960.6	9%	59.3%	61.6%
ANB	775.2	857.2	11%	65.5%	61.1%
SAMBA	1,082.0	1,083.1	0%	57.8%	57.0%
Al Rajhi	2,359.9	2,439.2	3%	69.5%	68.6%
Al Bilad	221.9	227.1	2%	47.6%	49.3%
Alinma	443.3	512.6	16%	85.5%	85.0%
NCB	2,533.0	2,645.9	4%	68.5%	62.3%
Total	11,146.6	11,974.8	7%	64.3%	63.5%

Net Income Growth



Net Special Commission Income Growth



11 June 2014

Operating Segments

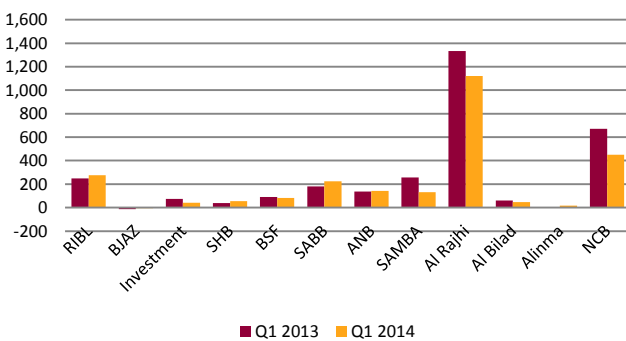
Retail Banking

In the first quarter, the sector's income from retail banking decreased by 16% to reach SAR 2.58 billion compared to the same period of 2013. Retail banking constituted 24% of the aggregate sector's net income for the quarter.

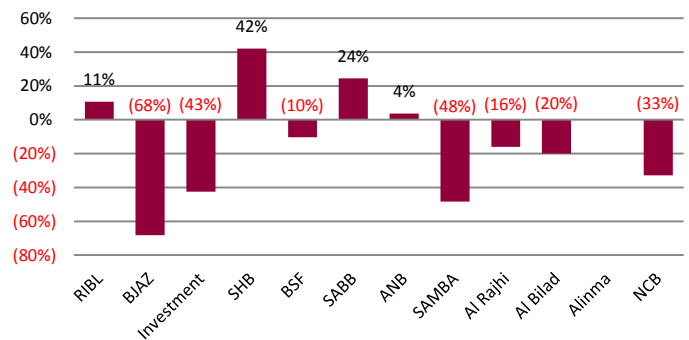
Income from retail banking represented 66% of Al Rajhi's net income and 28% of Al Bilad's bottom line. Both Al Inma and BIAZ recorded net losses from the same segment. SHB achieved the highest growth rate of 42%, followed by SABB with growth of 24% for the retail sector.

Retail Banking Q1					
Bank	Net Income (million SAR)		Growth	% of Total Net Income 2014	% of Total Sector 2014
	2013	2014			
RIBL	247.88	274.51	11%	25%	11%
BJAZ	(13.72)	(4.37)	-	-	-
Investment	72.74	41.79	(43%)	12%	2%
SHB	37.91	53.88	42%	13%	2%
BSF	91.11	81.78	(10%)	10%	3%
SABB	179.66	223.66	24%	21%	9%
ANB	136.96	142.00	4%	20%	6%
SAMBA	256.27	132.25	(48%)	11%	5%
Al Rajhi	1,334.40	1,120.78	(16%)	66%	43%
Al Bilad	59.95	47.99	(20%)	28%	2%
Alinma	(0.63)	16.17	-	6%	1%
NCB	670.52	449.94	(33%)	18%	17%
Total	3,073.03	2,580.37	(16%)	24%	100%

Retail Banking Net Income (Million SAR)



Retail Banking Net Income Growth

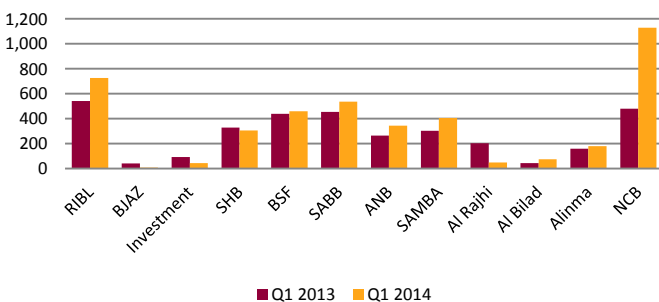


Corporate Banking

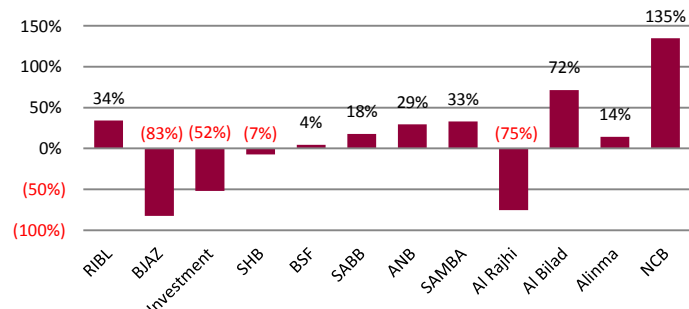
Income from corporate banking increased by 27%, Y-on-Y, to reach SAR 4.25 billion. Corporate banking contributed to 40% of the sector's bottom line. NCB and Riyad Bank showed the highest corporate banking market share of 26% and 17%, respectively. Income from corporate banking represented 73% of SHB's net income, 67% of Riyadh bank's net income, and only 3% of Al Rajhi's net income. NCB and Riyad bank realized 135% and 34% growth rate, respectively.

Corporate Banking Q1					
Bank	Net Income (million SAR)		Growth	% of Total Net Income 2014	% of Total Sector 2014
	2013	2014			
RIBL	541.31	726.56	34%	67%	17%
BJAZ	42.56	7.42	(83%)	5%	0%
Investment	92.77	44.62	(52%)	13%	1%
SHB	329.24	304.67	(7%)	73%	7%
BSF	439.46	458.60	4%	54%	11%
SABB	454.17	535.50	18%	50%	13%
ANB	265.44	343.70	29%	48%	8%
SAMBA	303.90	404.58	33%	33%	9%
Al Rajhi	203.00	50.02	(75%)	3%	1%
Al Bilad	43.37	74.39	72%	43%	2%
Alinma	158.60	180.86	14%	62%	4%
NCB	480.60	1,128.49	135%	45%	26%
Total	3,354.43	4,259.39	27%	40%	100%

Corporate Banking Net Income (Million SAR)



Corporate Banking Net Income Growth



11 June 2014

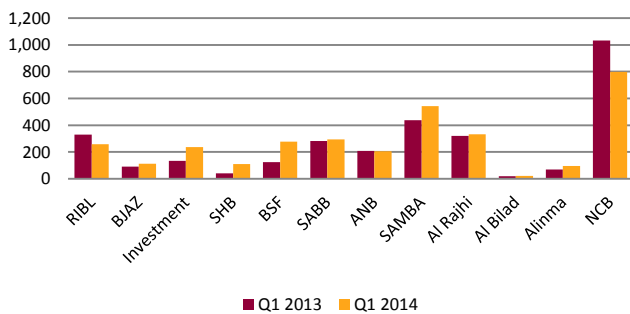
Operating Segments

Treasury

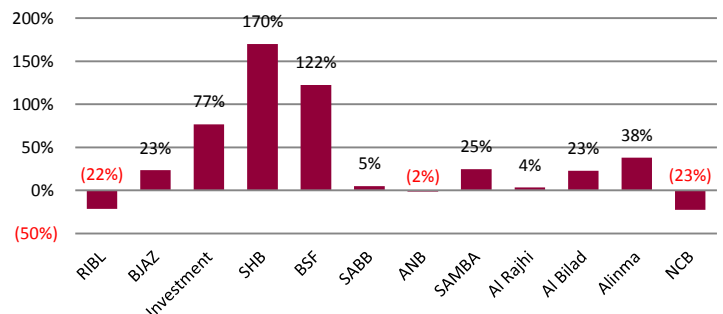
Income from treasury increased by 6%, Y-on-Y, to reach SAR 3.29 billion. Income from treasury contributed 31% to the sector's net income. It represented 71% of BIAZ's net income, 70% of Saib's net income, and 44% of Samba's net income. SHB realized the highest growth rate within the segment of 170% Y-on-Y, followed by BSF and Saib with 122% and 77%, respectively.

Treasury Q1					
Bank	Net Income (million SAR)			% of Total Net Income 2014	% of Total Sector 2014
	2013	2014	Growth		
RIBL	330.34	258.86	(22%)	24%	8%
BIAZ	91.57	112.95	23%	71%	3%
Investment	133.59	236.15	77%	70%	7%
SHB	40.84	110.27	170%	26%	3%
BSF	125.09	278.02	122%	32%	8%
SABB	281.65	295.09	5%	27%	9%
ANB	208.45	205.29	(2%)	29%	6%
SAMBA	436.44	543.62	25%	44%	17%
Al Rajhi	321.00	332.38	4%	19%	10%
Al Bilad	18.39	22.57	23%	13%	1%
Alinma	69.93	96.43	38%	33%	3%
NCB	1,033.64	798.69	(23%)	32%	24%
Total	3,090.92	3,290.31	6%	31%	100%

Treasury Net Income (Million SAR)



Treasury Net Income Growth

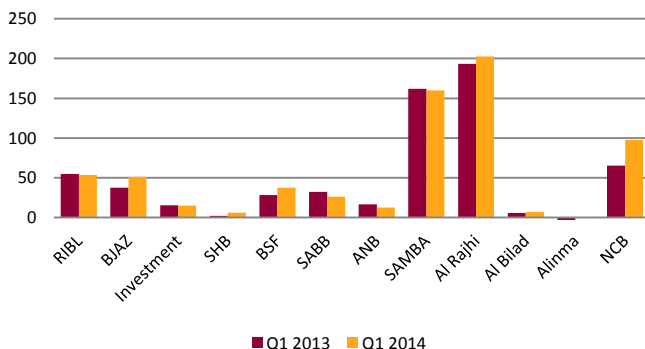


Brokerage & Investment Banking

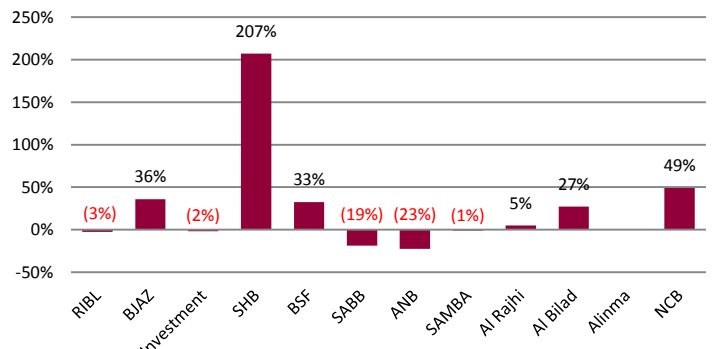
Income from the brokerage & investment banking segment increased by 10% to reach SAR 668 million in the first quarter of 2014. It contributed 6% to the total banking sector's net income and seven banks recorded positive growth in brokerage fees. The segment's net income represented 32% of BIAZ net income and 13% of Samba's net income. Al Rajhi accounted for 30% of aggregate banking income from brokerage and investment banking, followed by Samba with a 24% share.

Brokerage & Investment Services Q1					
Bank	Net Income (million SAR)			% of Total Net Income 2014	% of Total Sector 2014
	2013	2014	Growth		
RIBL	54.86	53.44	-3%	5%	8%
BIAZ	37.65	51.21	36%	32%	8%
Investment	15.18	14.91	-2%	4%	2%
SHB	1.99	6.11	207%	1%	1%
BSF	28.20	37.38	33%	4%	6%
SABB	32.39	26.28	-19%	2%	4%
ANB	16.44	12.72	-23%	2%	2%
SAMBA	161.88	160.07	-1%	13%	24%
Al Rajhi	193.29	202.62	5%	12%	30%
Al Bilad	5.54	7.04	27%	4%	1%
Alinma	(6.49)	(0.61)	-	-	-
NCB	65.45	97.56	49%	4%	15%
Total	606.38	668.73	10%	6%	100%

Investment Net Income (Million SAR)



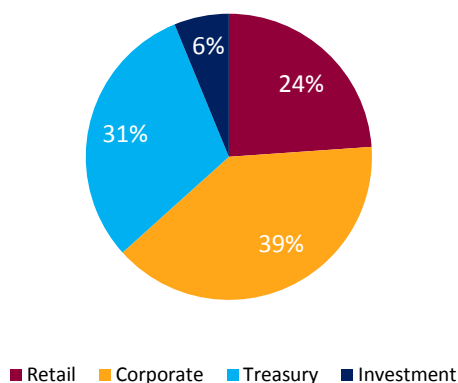
Investment Net Income Growth



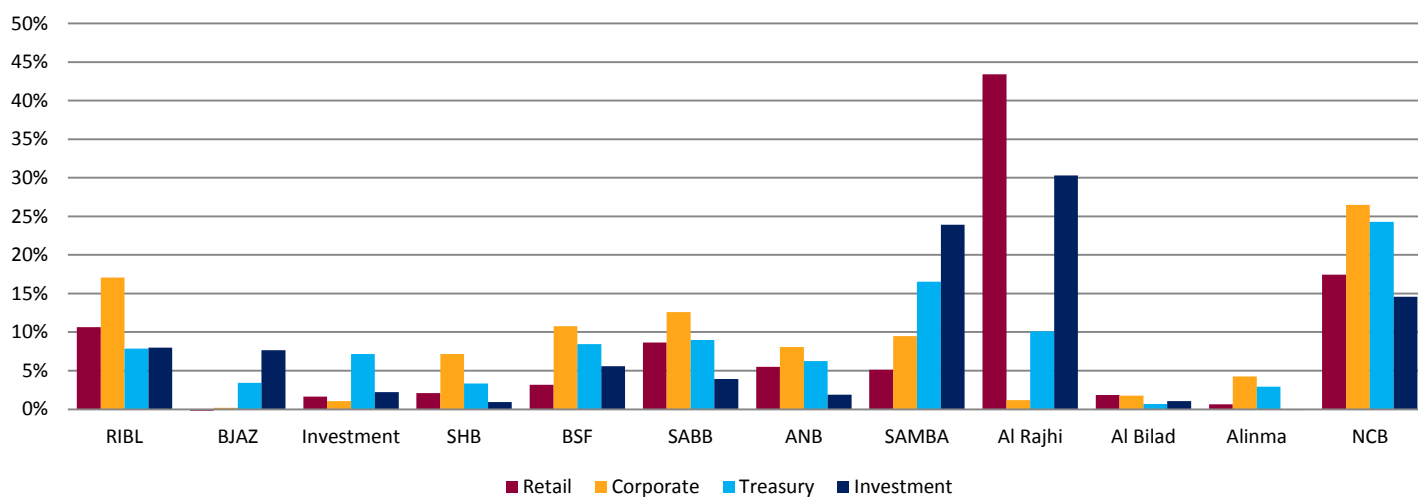
11 June 2014

Operating Segments

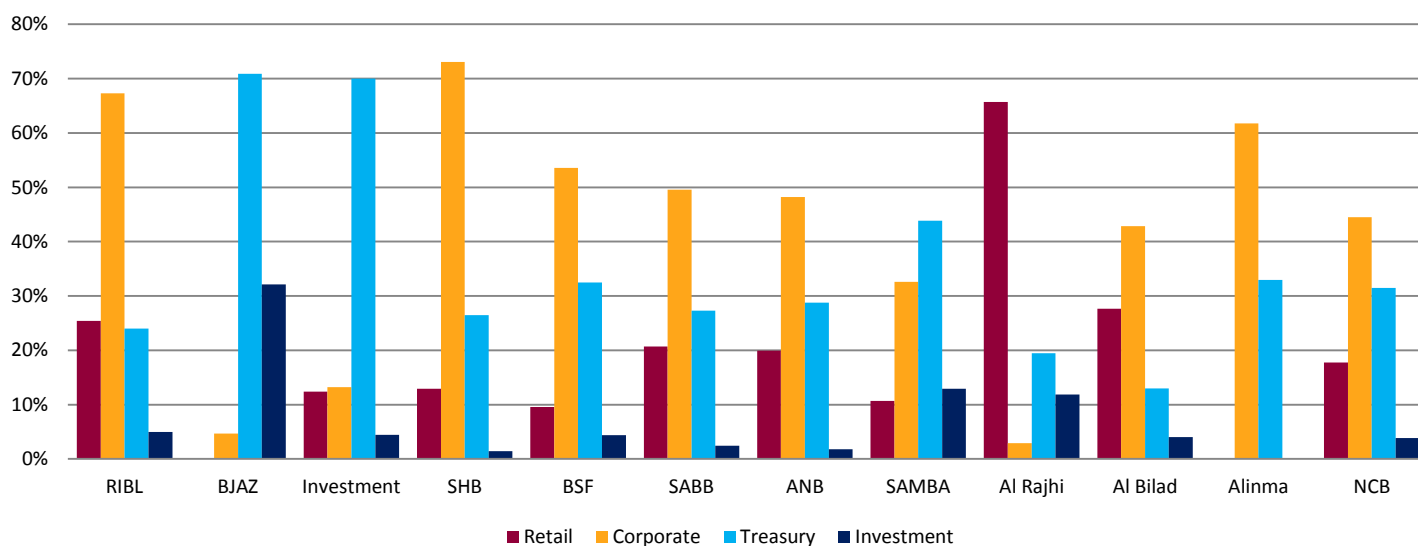
Segments Contribution to Total Aggregate Net Income - Q1 2014



Operating Segments Contribution to Total Net Income - Q1 2014



Operating Segments Contribution to Each Bank's Net Income - Q1 2014



11 June 2014

Revenues and Operating Expenses

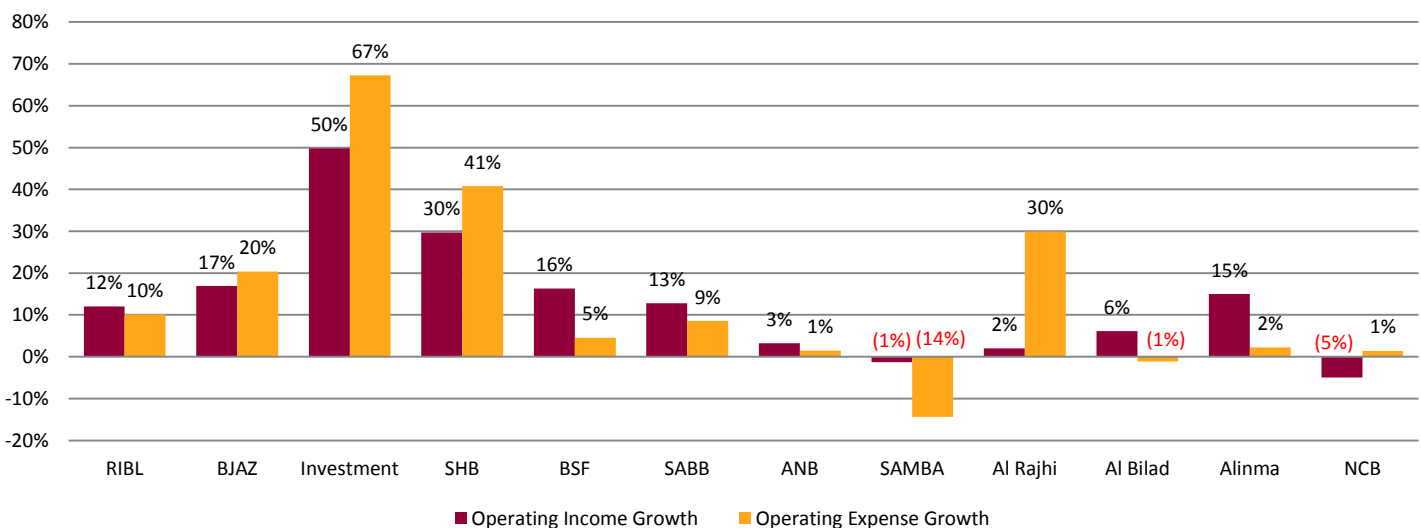
In Q1 2014, the banking sector's revenue grew to SAR 18.62 billion, recording a growth rate of 6% compared to the same period of 2013. NCB and Al Rajhi ended the period with market shares of 20.8% and 18.9%, respectively. Samba and Riyad accounted for 10.1% and 10.4% of the sector's revenues, respectively, while 36% of the segment's revenues were split among the remaining eight banks.

Saib and SHB realized strong growth rates in revenues of 50% and 30%, respectively, followed by BIAZ and BSF with 16% and 17%, respectively. NCB and Samba showed marginal declines in revenues of 5% and 1%, respectively.

Total operating expenses amounted to SAR 8.35 billion, in Q1 2014, increasing by 11% Y-on-Y. SAIB incurred the highest increase in operating expenses of 67%, followed by SHB with a 41% increase. On the other hand, Samba and Al Bilad showed operating expenses decreases of 14% and 1%, respectively.

Bank	Revenues & Operating Expense Q1									
	Revenues (million SR)			% of Total Sector		Operating Expense (million SR)			% of Total Sector	
	2013	2014	Growth	2013	2014	2013	2014	Growth	2013	2014
RIBL	1,724.6	1,932.1	12%	9.8%	10.4%	786.7	866.0	10%	10.4%	10.4%
BJAZ	442.6	517.4	17%	2.5%	2.8%	298.4	359.1	20%	3.9%	4.3%
Investment	505.4	757.1	50%	2.9%	4.1%	228.6	382.3	67%	3.0%	4.6%
SHB	583.9	757.2	30%	3.3%	4.1%	238.0	335.0	41%	3.2%	4.0%
BSF	1,205.0	1,401.2	16%	6.9%	7.5%	521.8	545.6	5%	6.9%	6.5%
SABB	1,437.6	1,620.9	13%	8.2%	8.7%	522.1	566.7	9%	6.9%	6.8%
ANB	1,268.3	1,308.8	3%	7.2%	7.0%	597.5	606.0	1%	7.9%	7.3%
SAMBA	1,897.0	1,873.1	(1%)	10.8%	10.1%	738.5	632.6	(14%)	9.8%	7.6%
Al Rajhi	3,441.3	3,510.7	2%	19.6%	18.9%	1,389.6	1,804.9	30%	18.4%	21.6%
Al Bilad	449.8	477.5	6%	2.6%	2.6%	307.3	303.8	(1%)	4.1%	3.6%
Alinma	521.7	599.8	15%	3.0%	3.2%	298.2	304.7	2%	3.9%	3.6%
NCB	4,065.8	3,864.3	(5%)	23.2%	20.8%	1,628.5	1,651.2	1%	21.6%	19.8%
Total	17,543.0	18,620.0	6%	100.0%	100.0%	7,555.1	8,357.9	11%	100.0%	100.0%

Operating Income and Expense Growth



11 June 2014

Total Assets & Net Investments

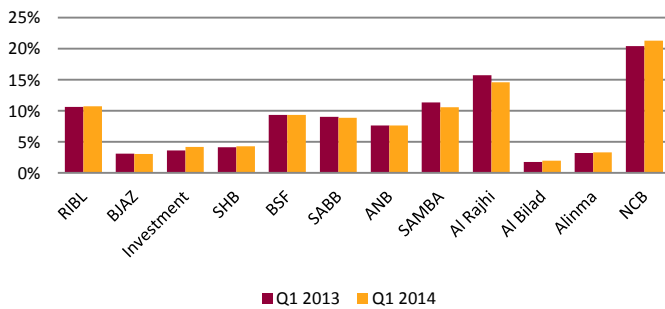
Total Assets

Total assets reached SAR 1,971 billion with an annual increase of 13%. NCB constituted 21.3% of the sector's total assets while Al Rajhi constituted 14.6%, followed by Riyad and Samba with 10.7% and 10.6%, respectively.

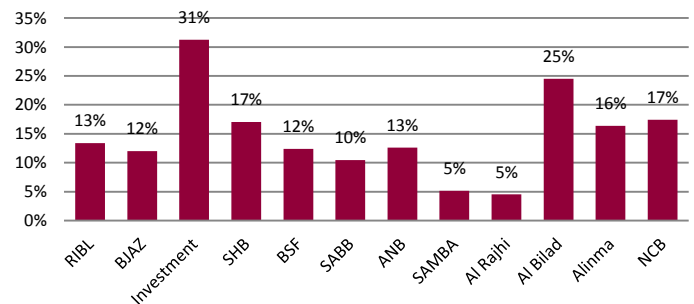
Saib booked the highest increase in total assets of 31%, followed by Bank Al Bilad with 25%. SHB and NCB showed growth of 17% each in total assets.

Bank	Total Assets Q1 (million SR)			% of Total Sector	
	2013	2014	Growth	2013	2014
RIBL	186,450	211,405	13%	10.6%	10.7%
BJAZ	54,136	60,641	12%	3.1%	3.1%
Investment	63,129	82,862	31%	3.6%	4.2%
SHB	72,653	85,023	17%	4.1%	4.3%
BSF	163,990	184,276	12%	9.4%	9.3%
SABB	158,789	175,416	10%	9.1%	8.9%
ANB	133,671	150,502	13%	7.6%	7.6%
SAMBA	198,543	208,766	5%	11.3%	10.6%
Al Rajhi	275,615	288,036	5%	15.7%	14.6%
Al Bilad	31,328	39,011	25%	1.8%	2.0%
Alinma	56,237	65,444	16%	3.2%	3.3%
NCB	358,020	420,347	17%	20.4%	21.3%
Total	1,752,561	1,971,729	13%	100.0%	100.0%

Total Assets Contribution



Total Assets Growth

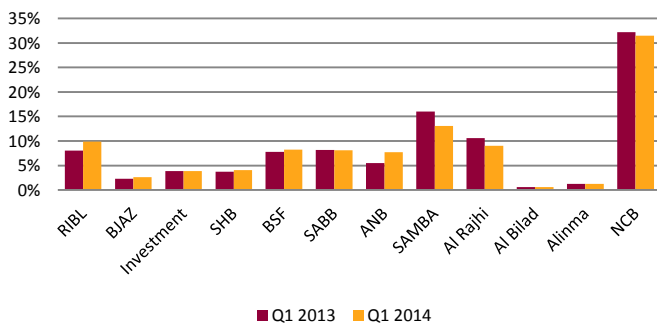


Net Investments

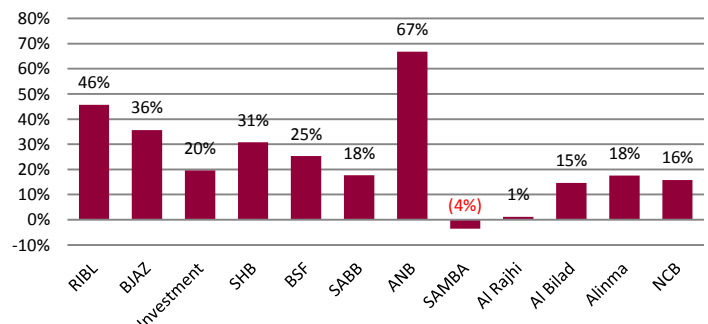
The net investments balance reached SAR 470 billion with an annual increase of 18%. NCB constituted 31.5% of the sector's investment portfolio followed by Samba with a 13.1% share. Arab National Bank (ANB) booked the highest increase in net investments at 67%, followed by Riyad with 46% growth. Samba was the only bank which experienced a decline in net investments, reporting a fall of 4%.

Bank	Net Investments Q1 (million SR)			% of Total Sector	
	2013	2014	Growth	2013	2014
RIBL	31,989	46,587	46%	8.0%	9.9%
BJAZ	9,165	12,431	36%	2.3%	2.6%
Investment	15,328	18,323	20%	3.9%	3.9%
SHB	14,723	19,249	31%	3.7%	4.1%
BSF	30,929	38,741	25%	7.8%	8.2%
SABB	32,422	38,137	18%	8.2%	8.1%
ANB	21,745	36,261	67%	5.5%	7.7%
SAMBA	63,749	61,473	(4%)	16.0%	13.1%
Al Rajhi	42,145	42,599	1%	10.6%	9.0%
Al Bilad	2,439	2,797	15%	0.6%	0.6%
Alinma	5,055	5,943	18%	1.3%	1.3%
NCB	128,025	148,253	16%	32.2%	31.5%
Total	397,715	470,793	18%	100.0%	100.0%

Net Investments Contribution



Net Investments Growth



11 June 2014

Loan Portfolio

Loan Portfolio

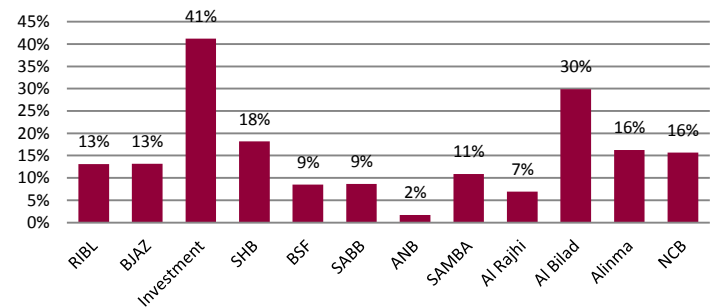
Net loans stood at SAR 1,170 billion for the quarter, reflecting an increase of 12% as of 31st March 2013. Saib recorded the highest increase in the loan balance with a 41% growth rate, followed by Al Bilad and SHB with 30% and 18% growth, respectively. NCB, Al Rajhi and Riyad constituted 16.9%, 16.5%, and 11.7% of the banking loan portfolio.

The personal loan portfolio grew by 7% Y-on-Y to reach SAR 370 billion. Saib showed the highest growth of 57% followed by 47% for SHB. Al Rajhi bank maintains the lion's share of the market of personal loans with 42% followed by NCB's share of 15%.

The corporate loan portfolio recorded 8% growth Y-on-Y to each SAR 765 billion. Saib also showed the highest growth in this area at 38% followed by Bank Al Bilad with 37%. NCB possesses 15% of the market, despite recording an 11% decline, followed by BSF, Riyad and Samba holding 13% each.

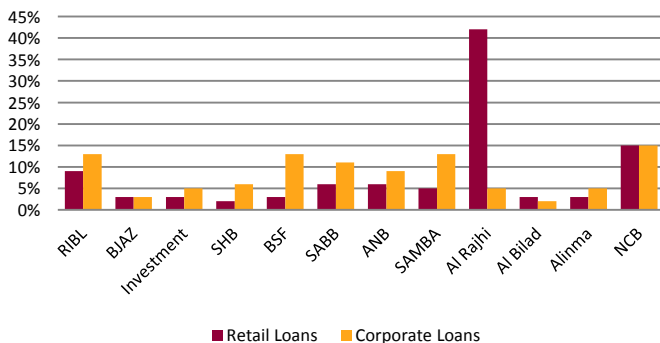
Bank	Net Loans Q1 (million SR)		Growth	% of Total Sector	
	2013	2014		2013	2014
RIBL	120,921.5	136,770.3	13%	11.6%	11.7%
BJAZ	32,408.4	36,683.3	13%	3.1%	3.1%
Investment	36,989.7	52,237.4	41%	3.5%	4.5%
SHB	48,241.0	57,008.5	18%	4.6%	4.9%
BSF	105,814.7	114,835.1	9%	10.1%	9.8%
SABB	101,182.9	109,902.2	9%	9.7%	9.4%
ANB	85,968.4	87,418.9	2%	8.2%	7.5%
SAMBA	104,298.9	115,614.7	11%	10.0%	9.9%
Al Rajhi	180,489.0	193,048.0	7%	17.3%	16.5%
Al Bilad	18,688.4	24,277.5	30%	1.8%	2.1%
Alinma	39,415.8	45,811.0	16%	3.8%	3.9%
NCB	170,634.0	197,391.4	16%	16.3%	16.9%
Total	1,045,052.8	1,170,998.4	12%	100.0%	100.0%

Net Loans Growth

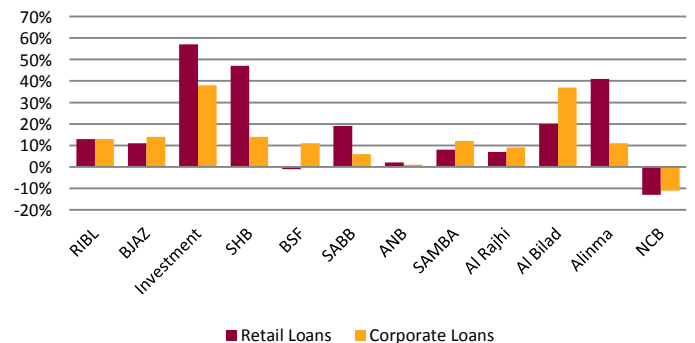


Net Loans per Segment (million SR) Q1											
Bank	Retail Banking			% of Total Sector		Corporate Banking			% of Total Sector		
	2013	2014	Growth	2013	2014	2013	2014	Growth	2013	2014	
RIBL	30,954.5	34,957.8	13%	9%	9%	89,799.4	101,613.1	13%	13%	13%	
BJAZ	11,418.7	12,634.3	11%	3%	3%	21,189.9	24,086.5	14%	3%	3%	
Investment	6,697.1	10,482.7	57%	2%	3%	30,609.4	42,092.1	38%	4%	5%	
SHB	5,937.5	8,724.2	47%	2%	2%	42,478.8	48,480.9	14%	6%	6%	
BSF	9,729.6	9,594.7	(1%)	3%	3%	88,309.5	97,846.5	11%	12%	13%	
SABB	19,223.9	22,826.6	19%	6%	6%	80,931.1	85,874.7	6%	11%	11%	
ANB	22,448.0	22,991.4	2%	6%	6%	64,521.0	65,168.2	1%	9%	9%	
SAMBA	16,559.1	17,849.9	8%	5%	5%	87,283.7	97,380.8	12%	12%	13%	
Al Rajhi	146,361.1	156,155.2	7%	42%	42%	35,039.8	38,061.8	9%	5%	5%	
Al Bilad	8,295.5	9,983.0	20%	2%	3%	10,744.4	14,740.9	37%	2%	2%	
Alinma	7,356.6	10,371.9	41%	2%	3%	32,254.4	35,661.1	11%	5%	5%	
NCB	62,802.5	54,349.9	(13%)	18%	15%	129,284.5	114,948.7	(11%)	18%	15%	
Total	347,784.1	370,921.5	7%	100%	100%	712,445.9	765,955.3	8%	100%	100%	

Loans Contribution per Segment



Loans Growth per Segment



11 June 2014

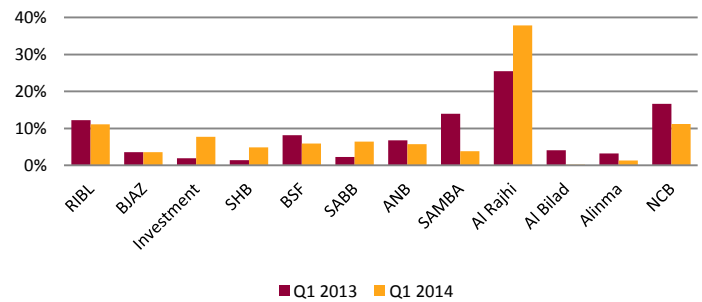
Impairments of Credit Losses

Impairments of Credit Losses

Credit loss provisions increased by 17.5% to reach SAR 1.83 billion, compared to the same period last year. Al Rajhi, NCB, and Samba constituted 38%, 11.2%, and 11.1% of the total provisions, respectively. Compared to ending balances on 31 March 2013, six banks recorded an increase in the credit loss provisions.

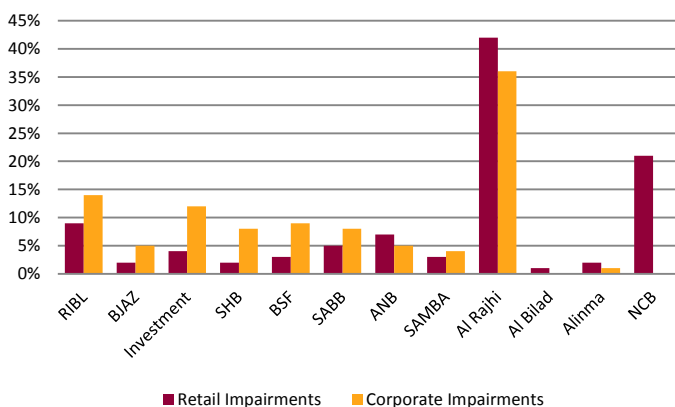
Bank	Impairments of Credit Losses Q1 (million SR)			% of Total Sector 9M	
	2013	2014	Growth	2013	2014
RIBL	191.13	203.77	7%	12.3%	11.1%
BJAZ	55.48	65.38	18%	3.6%	3.6%
Investment	30.00	141.00	370%	1.9%	7.7%
SHB	21.80	89.23	309%	1.4%	4.9%
BSF	127.84	108.57	(15%)	8.2%	5.9%
SABB	35.92	118.54	230%	2.3%	6.5%
ANB	106.27	106.05	(0%)	6.8%	5.8%
SAMBA	218.20	70.28	(68%)	14.0%	3.8%
Al Rajhi	396.86	693.89	75%	25.5%	37.9%
Al Bilad	64.65	4.65	(93%)	4.1%	0.3%
Alinma	51.03	24.98	(51%)	3.3%	1.4%
NCB	259.83	205.65	(21%)	16.7%	11.2%
Total	1,559.00	1,831.98	17.5%	100.0%	100.0%

Impairments of Credit Losses Contribution

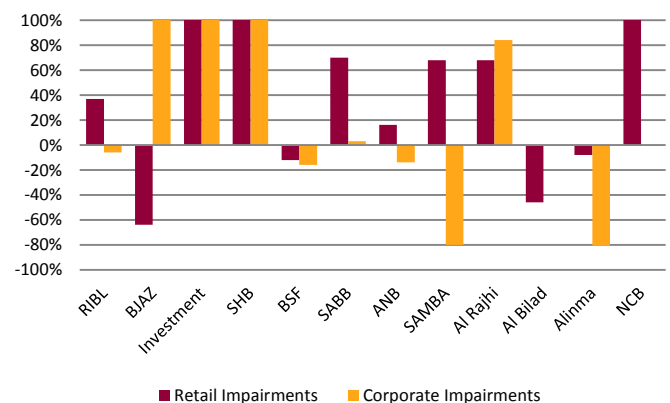


Impairments of Credit Losses Q1 (million SR)										
Bank	Retail Banking			% of Total Sector		Corporate Banking			% of Total Sector	
	2013	2014	Growth	2013	2014	2013	2014	Growth	2013	2014
RIBL	55.3	75.9	37%	9%	9%	135.8	127.9	(6%)	14%	14%
BJAZ	45.0	16.1	(64%)	8%	2%	10.4	49.3	372%	1%	5%
Investment	7.6	33.3	336%	1%	4%	22.4	107.7	382%	2%	12%
SHB	4.3	15.5	262%	1%	2%	17.5	73.7	321%	2%	8%
BSF	33.2	29.2	(12%)	6%	3%	94.7	79.3	(16%)	10%	9%
SABB	24.8	42.2	70%	4%	5%	74.2	76.3	3%	8%	8%
ANB	49.7	57.6	16%	9%	7%	56.6	48.5	(14%)	6%	5%
SAMBA	17.4	29.2	68%	3%	3%	200.8	41.1	(80%)	20%	4%
Al Rajhi	217.9	364.9	68%	37%	42%	179.0	329.0	84%	18%	36%
Al Bilad	18.5	10.0	(46%)	3%	1%	46.2	(5.4)	-	5%	(1%)
Alinma	20.8	19.3	(8%)	4%	2%	30.2	5.7	(81%)	3%	1%
NCB	88.4	182.6	106%	15%	21%	122.0	(18.4)	-	12%	(2%)
Total	582.9	875.8	50%	100%	100%	989.8	914.8	(8%)	100%	100%

Impairments of Credit Losses per Segment Contribution



Impairments of Credit Losses Growth per Segment



11 June 2014

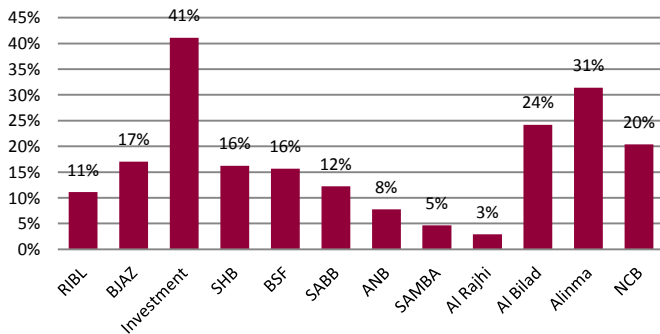
Customer Deposits

Customer Deposits

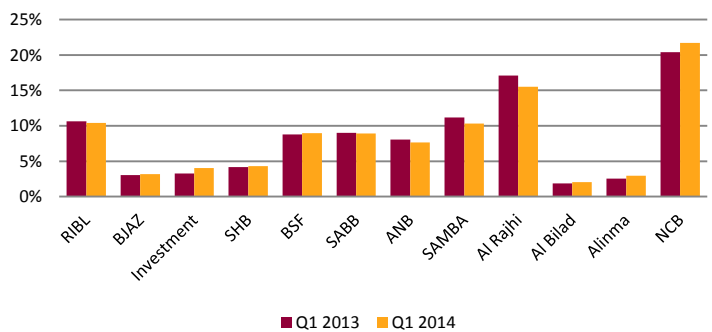
Customer deposits totaled SAR 1,535 billion in March 2014, with an annual increase of 13%. NCB represented 21.7% of the total deposits, followed by Al Rajhi with 15.5% and Samba with 10.3%. Saib showed the highest increase in the amount of customer deposits of 41%, followed by Al Inma with a 31% growth rate.

Bank	Customer Deposits Q1 (million SR)		Growth	% of Total Sector	
	2013	2014		2013	2014
RIBL	143,963.7	159,947.2	11%	10.6%	10.4%
BJAZ	41,421.6	48,468.3	17%	3.1%	3.2%
Investment	44,039.4	62,142.8	41%	3.2%	4.0%
SHB	56,604.2	65,799.3	16%	4.2%	4.3%
BSF	119,260.9	137,906.4	16%	8.8%	9.0%
SABB	122,074.4	136,979.7	12%	9.0%	8.9%
ANB	109,088.9	117,541.2	8%	8.0%	7.7%
SAMBA	151,686.3	158,772.2	5%	11.2%	10.3%
Al Rajhi	231,808.6	238,515.4	3%	17.1%	15.5%
Al Bilad	25,280.6	31,392.2	24%	1.9%	2.0%
Alinma	34,357.8	45,139.8	31%	2.5%	2.9%
NCB	276,683.6	333,070.6	20%	20.4%	21.7%
Total	1,356,270.1	1,535,675.2	13%	100.0%	100.0%

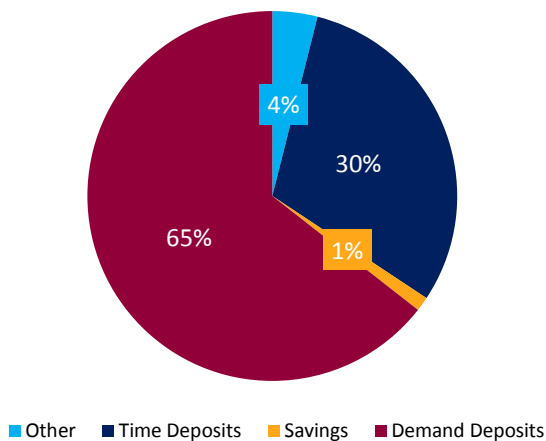
Customer Deposits Growth



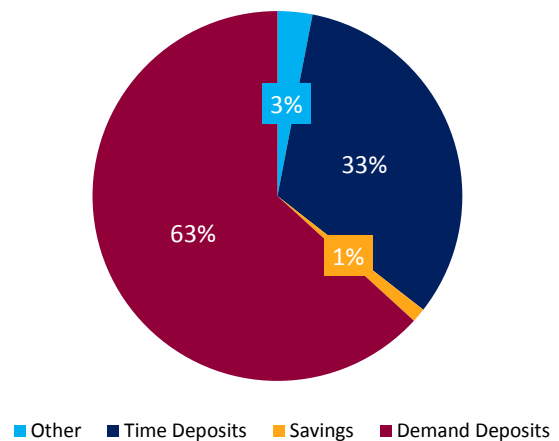
Customer Deposits Contribution



Customer Deposits Breakdown Q1 2014



Customer Deposits Breakdown Q1 2013



11 June 2014

Customer Deposits

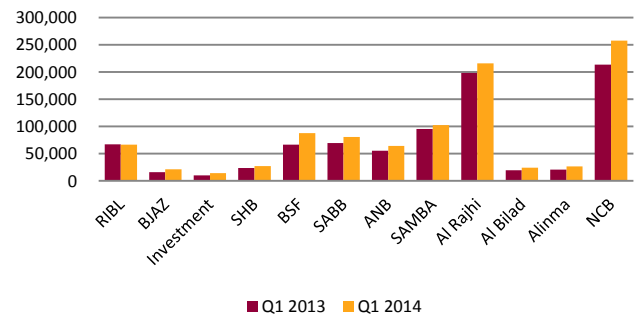
Bank	Demand Deposits Q1			Contribution 2014	Savings Q1			Contribution 2014	Time Deposits Q1			Contribution 2014
	2013	2014	Growth		2013	2014	Growth		2013	2014	Growth	
RIBL	66,953	66,556	(%1)	%7	306	282	(%8)	%1	70,060	82,754	%18	%18
BJAZ	16,167	21,317	%32	%2	-	-	-	-	24,025	26,175	%9	%6
Investment	10,447	14,297	%37	%1	584	1,828	%213	%10	32,450	45,076	%39	%10
SHB	23,994	27,372	%14	%3	412	461	%12	%2	31,498	36,988	%17	%8
BSF	66,865	87,590	%31	%9	448	443	(%1)	%2	48,653	46,533	(%4)	%10
SABB	69,640	80,860	%16	%8	6,462	6,994	%8	%36	43,738	46,799	%7	%10
ANB	55,188	64,191	%16	%6	112	99	(%12)	%1	50,625	49,794	(%2)	%11
SAMBA	95,351	102,608	%8	%10	5,075	5,990	%18	%31	45,245	43,443	(%4)	%9
Al Rajhi	198,264	215,858	%9	%22	-	-	-	-	28,943	18,656	(%36)	%4
Al Bilad	19,707	24,446	%24	%2	3,383	2,976	(%12)	%15	1,635	3,235	%98	%1
Alinma	21,069	26,802	%27	%3	-	-	-	-	12,466	17,448	%40	%4
NCB	213,706	257,700	%21	%26	146	152	%4	%1	51,334	49,471	(%4)	%11
Total	857,351	989,597	%15	%100	16,928	19,225	%14	%100	440,674	466,372	%6	%100

Deposits Breakdown

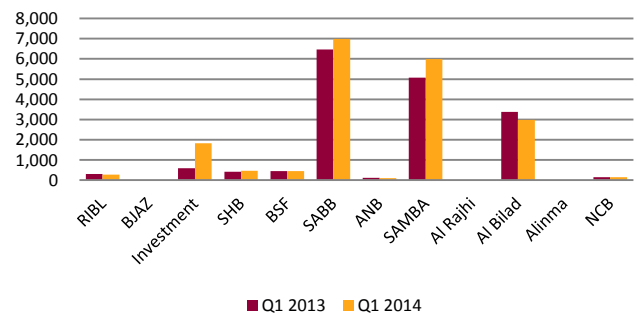
Demand deposits increased by 15% while time deposits showed growth of 6% only. Demand deposits continued to constitute the dominant share of aggregate deposits, reaching 64.4% compared to 63.2% in Q1 2013. All the banks showed an increase in demand deposits except Riyadh Bank which showed a marginal decrease of 1%. SAIB showed the highest growth of 37% followed by BIAZ and BSF which recorded growth rates of 32% and 31%, respectively. NCB and Al Rajhi continued to possess the highest market share in demand deposits of 26% and 22%, respectively.

The aggregate sector's saving accounts showed a growth rate of 14% Y-on-Y. Saib's saving accounts skyrocketed by 213%, while SABB and Samba continued to dominate the savings segment with market share of 36% and 31%, respectively. Time deposits increased by 6% with Bank Al Bilad and Al Inma showing 98% and 40% growth, respectively. The sector's time deposits segment is quite fragmented whereby Riyadh Bank represents 18% of the total market while six other banks hold market shares between 9% to 11% each.

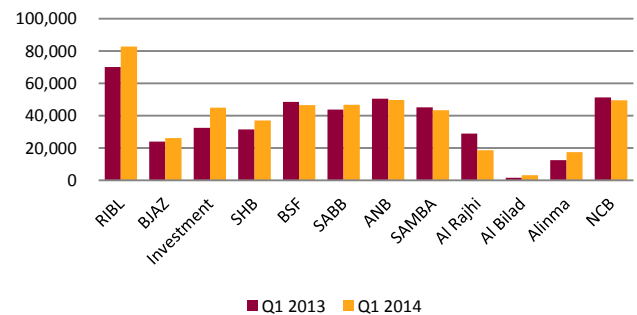
Demand Deposits (Million SAR)



Saving Accounts (Million SAR)



Time Deposits (Million SAR)



11 June 2014

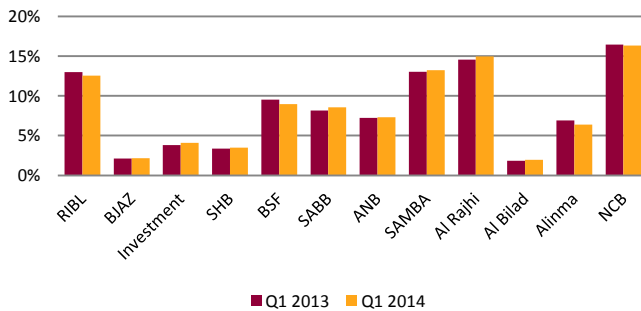
Shareholders' Equity

Shareholders' Equity

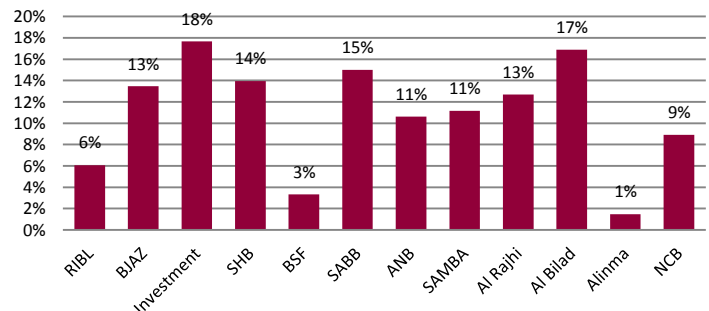
As of March 2014, the sector's shareholders equity totaled SAR 268.8 billion, with a growth rate of 10%. Saib achieved the highest increase in shareholders' equity at 18%, followed by Al Bilad and SABB with growth rates of 17% and 15%, respectively.

Bank	Shareholders' Equity Q1 (million SR)		Growth	% of Total Sector	
	2013	2014		2013	2014
RIBL	31,831	33,763	6%	13.0%	12.6%
BIAZ	5,163	5,857	13%	2.1%	2.2%
Investment	9,322	10,970	18%	3.8%	4.1%
SHB	8,210	9,354	14%	3.4%	3.5%
BSF	23,359	24,140	3%	9.5%	9.0%
SABB	20,023	23,023	15%	8.2%	8.6%
ANB	17,758	19,644	11%	7.2%	7.3%
SAMBA	31,963	35,532	11%	13.0%	13.2%
Al Rajhi	35,678	40,206	13%	14.6%	15.0%
Al Bilad	4,523	5,286	17%	1.8%	2.0%
Alinma	16,894	17,144	1%	6.9%	6.4%
NCB	40,313	43,909	9%	16.5%	16.3%
Total	245,037	268,829	10%	100.0%	100.0%

Shareholders' Equity Contribution



Shareholders' Equity Growth



11 June 2014

Financial Ratios

Net Interest Margin

The net interest Margin declined to 3.13% from 3.31%. Albilad made the highest decline by 0.47% while BSF, SHB and BIAZ made a growth by 0.10%, 0.05% and 0.04% respectively.

Provisions to loans ratio

The ratio of credit loss provision to net loans was 2.2% versus 2.7% on 31st March 2013. Bank Al Bilad showed the highest provisions to net loans ratio of 3.6% decreasing from 6.2% in Q1 2013. Samba also showed a decline from 3.2% to 2.6% recorded during the comparable period of last year.

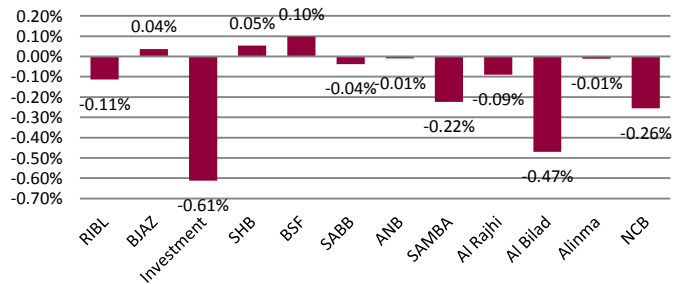
Coverage Ratio

Coverage ratio reached 1.61x in Q1 2014 from 1.48x in the same period of last year. Albilad made the highest ratio of 2.07x while Alrajhi made the lowest ratio by 1.45x.

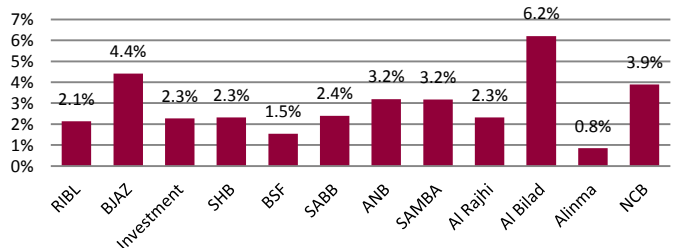
Loans to Deposits Ratio

The loan to deposit ratio reached 77.9% for the most recent quarter compared to 79.1% on 31st March 2013. Al Inma, SHB, and Riyadh recorded loan to deposit ratios above of 102.7%, 88.4%, and 86.8%, respectively. NCB's loan to deposit ratio stood at 60.7% as of March 2014.

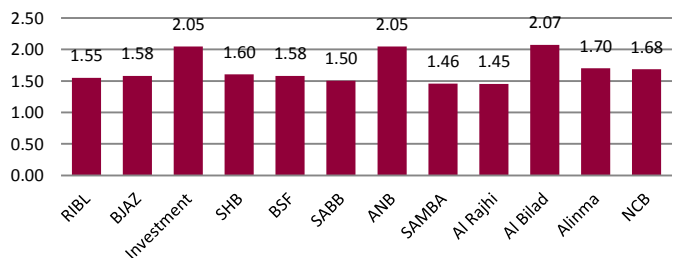
Net Interest Margin Change



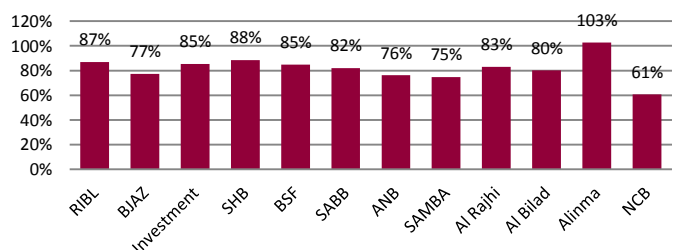
Provisions to Loans Ratio - Q1 2014



Coverage Ratio - Q1 2014



Loans to Deposits Ratio - Q1 2014



	Net Interest Margin			Loans to Deposits Ratio			Coverage Ratio			Provisions to Loans Ratio		
	Q1 2013	Q1 2014	Change	Q1 2013	Q1 2014	Change	Q1 2013	Q1 2014	Change	Q1 2013	Q1 2014	Change
RIBL	2.73%	2.62%	-0.11%	85.8%	86.8%	1.0%	1.30	1.55	0.25	2.1%	1.5%	-0.6%
BIAZ	2.48%	2.52%	0.04%	81.7%	77.2%	-4.5%	1.34	1.58	0.24	4.4%	2.0%	-2.4%
Investment	2.55%	1.94%	-0.61%	85.9%	85.4%	-0.5%	1.82	2.05	0.23	2.3%	1.6%	-0.7%
SHB	2.30%	2.35%	0.05%	87.2%	88.4%	1.2%	1.58	1.60	0.02	2.3%	2.1%	-0.2%
BSF	2.26%	2.35%	0.10%	90.1%	84.9%	-5.2%	1.36	1.58	0.22	1.5%	2.0%	0.4%
SABB	2.61%	2.57%	-0.04%	84.9%	81.9%	-3.0%	1.51	1.50	-0.01	2.4%	2.1%	-0.3%
ANB	2.81%	2.80%	-0.01%	81.3%	76.2%	-5.2%	2.00	2.05	0.05	3.2%	2.4%	-0.8%
SAMBA	2.60%	2.37%	-0.22%	70.9%	74.7%	3.7%	1.35	1.46	0.11	3.2%	2.6%	-0.6%
Al Rajhi	4.04%	3.95%	-0.09%	79.7%	83.0%	3.3%	1.47	1.45	-0.02	2.3%	2.5%	0.2%
Al Bilad	3.28%	2.81%	-0.47%	78.5%	80.1%	1.6%	1.47	2.07	0.60	6.2%	3.6%	-2.6%
Alinma	3.50%	3.49%	-0.01%	115.7%	102.7%	-13.0%	2.42	1.70	-0.72	0.8%	1.2%	0.3%
NCB	3.33%	3.08%	-0.26%	64.1%	60.7%	-3.4%	1.47	1.68	0.21	3.9%	2.4%	-1.5%
Total	3.31%	3.13%	-0.18%	79.1%	77.9%	-1.2%	1.48	1.61	0.12	2.7%	2.2%	-0.5%

11 June 2014

Financial Ratios

Bank	Closing Price ⁽¹⁾	Market Cap	Issued Shares	Floating Shares	EPS	PE ⁽¹⁾	BV	P/BV ⁽¹⁾	RoE	Liquidity Ratio	Capital Adequacy (Basel II)	
											Tier 1	Tier 1+2
RIBL	18.60	52,650	3,000	1,423	1.36	13.69	11.25	1.65	12.1%	8%	17.40%	16.60%
BJAZ	31.86	12,360	400	360	1.66	19.15	14.64	2.18	11.4%	10%	14.01%	14.68%
Investment	26.89	16,445	600	322	2.18	12.32	18.28	1.47	11.9%	8%	17.31%	15.63%
SHB	42.00	19,004	476	131	3.30	12.72	19.64	2.14	16.8%	7%	16.88%	18.02%
BSF	32.44	35,889	1,205	648	2.14	15.17	20.03	1.62	10.7%	12%	16.29%	15.57%
SABB	49.66	46,400	1,000	325	3.91	12.71	23.02	2.16	17.0%	11%	14.68%	16.65%
ANB	28.36	29,600	1,000	486	2.56	10.51	19.53	1.45	13.0%	14%	15.02%	16.31%
SAMBA	41.71	51,600	1,200	603	3.83	10.90	29.50	1.41	12.9%	9%	18.00%	19.20%
Al Rajhi	67.65	111,750	1,625	1,121	4.36	15.50	24.74	2.73	17.6%	10%	18.34%	19.59%
Al Bilad	46.65	17,280	400	281	1.90	24.54	13.22	3.53	14.4%	12%	19.18%	17.59%
Alinma	19.62	27,900	1,500	1,036	0.72	27.35	11.43	1.72	6.3%	6%	33.00%	28.00%
NCB ⁽²⁾	-	-	1,500	-	5.46	-	-	-	18.7%	11%	17.00%	18.20%
Total	-	420,878	12,407	6,738	2.76	14.17	18.11	1.91	14.3%	10%	-	-

(1) As of 10th of June 2014.

(2) Not Listed.

11 June 2014

Definitions

- **Net Interest Margin**
The net interest margin is used in tracking the profitability of a bank's investing and lending activities over a specific course of time. It measures the difference between the yield on earning assets and the cost of interest bearing liabilities.
- **Coverage Ratio**
A ratio measures a bank's ability to absorb potential losses from its non-performing loans. This ratio is calculated by dividing the credit loss provisions over total non-performing loans.
- **Capital Adequacy Ratio**
A measure of a bank's capital. It is expressed as a percentage of a bank's risk weighted credit exposures. Two types of capital are measured: tier one capital, which can absorb losses without a bank being required to cease trading, and tier two capital, which can absorb losses in the event of a winding-up and so provides a lesser degree of protection to depositors.
- **Earnings Per Share**
It is an indicator of the company's profit in Saudi Riyals per each outstanding share. It is calculated by dividing the company's net income of by the number of outstanding shares.
- **Price-to-earnings (P/E) Ratio**
It is the price paid by the company's shareholders for the earnings of one of its shares. It is used to compare company on relative basis. If the P/E is higher than the sector's average, it indicates either the share is overpriced or the market pays a premium for higher future earnings. It is calculated by dividing the price of a share by the share's earnings in Saudi Riyals.
- **Book value per share**
The company's book value represents total shareholders' equity value. Dividing the book value by the company's number of issued shares represents the book value per share.
- **Price-to-book (P/B) ratio**
It represents the market price per share vis-à-vis its book value. It is used to compare between companies within the same sector and comparing them to the sector's average. If the number is higher than the average, it means that the company's price is traded higher than its book value. This means that either the share is overpriced or that the company is in a growth state; and vice versa. The number is calculated by dividing the share's market price by its book value.
- **RoE (Return on Equity)**
A percentage representing how efficient is the company in making profit out of its shareholders investment. Calculated by dividing the net income over the outstanding shares. The higher the ratio, the more efficient the company is, and vice versa.

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