Global Investment House

Global Research – Saudi Arabia

**Result Update**

# Saudi Investment Bank – 1H/2009 Review

**Market Data**

| | |
|---|---|
| Bloomberg Code: | SIBC AB |
| Reuters: | 1030.SE |
| CMP (20 July 2009): | SR17.3 |
| O/S (mn): | 450.0 |
| Market Cap (SRmn): | 7,762.5 |
| Market Cap (US$mn): | 2,070.0 |
| Price/EPS 2009e (x): | 14.4 |
| Price/BVPS 2009e (x): | 1.1 |

| **Price Performance** | **1-Yr** |
|---|---|
| High (SR): | 33.0 |
| Low (SR): | 14.6 |
| Average Volume (000): | 327.0 |

**Share Price Performance**


*Source: Zawya & **Global** Research*

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- **Saudi Investment Bank (SAIB)** recording subdued quarterly performance showed net income decline of 32.9% (from SR280mn in 2Q08 to SR188mn in 2Q09), which led to semi-annual basis profitability drop of 20.4% (from SR538mn in 1H08 to SR428mn in 1H09). Overall, the bank experienced pressure in both core banking and non-interest income categories.

- As we await the detailed financial results for more elaborate analysis, we have not yet revised our current estimates and earlier expected the bank to post net income growth of 4.9% in FY09.

**Financial highlights**

| *(all fig. in SR mn, unless stated)* | 2Q08 | 2Q09 | *YoY* | 1H08 | 1H09 | *YoY* |
|---|---|---|---|---|---|---|
| Net special comm. income | 350.0 | 263.0 | *-24.9%* | 605.0 | 504.0 | *-16.7%* |
| Operating income | 613.0 | 361.0 | *-41.1%* | 1,096.0 | 679.0 | *-38.0%* |
| Net income | 280.0 | 188.0 | *-32.9%* | 538.0 | 428.0 | *-20.4%* |
| EPS (SR) | 0.62 | 0.42 | *-32.9%* | 1.20 | 0.95 | *-20.4%* |
| Assets (SR bn) | 51.9 | 50.7 | *-2.3%* | 51.9 | 50.7 | *-2.3%* |

*Source: Tadawul & Company reports*

- The bank's net special commission income posting quarterly drop of 24.9% (from SR350mn in 2Q08 to SR263mn in 2Q09) resulted in semi-annual decrease of 16.7%, recording net special commission income of SR504mn in 1H09.

- The bank's lower top-line performance was further aggravated by the non-interest income as the total operating income on quarterly basis showed a decrease of 41.1%, and semi-annual decline of 38.0% (from SR1,096mn in 1H08 to SR679mn in 1H09). SAIB's reduced operating income led to pressure on the bank's bottom line results.

**SAIB quarterly performance**

| *(SR mn)* | 1Q08 | 2Q08 | 3Q08 | 4Q08 | 1Q09 | 2Q09 |
|---|---|---|---|---|---|---|
| Net income | 258.1 | 279.9 | 65.7 | -91.0 | 240.6 | 188.0 |

*Source: Tadawul & Company reports*

- SAIB's customer deposit base (YoY) reduced by of 1.4% (from SR36.8bn in 1H08 to SR36.3bn in 1H09), while on YTD basis showed drop of 10.8%. The bank's investments posted (YoY) decrease of 27.8% (from SR14.4bn in 1H08 to SR10.4bn in 1H09) and YTD drop of 18.1%.

- Overall the bank's total assets posted declining trend in both quarterly and annual basis. The assets showed (YoY) decline of 2.3% (from SR51.9bn in 1H08 to SR50.7bn in 1H09) and YTD decrease of 5.4%.

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