Global
بيت الاستثمار العالمي
Global Investment House

Result Flash

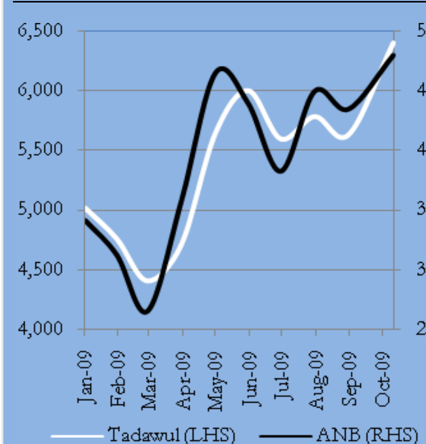
Arab National Bank– 9M/2009 Review

Market Data

Bloomberg Code:	ARNB AB
Reuters:	1080.SE
CMP (12 Oct 2009):	SR48.0
O/S (mn):	650.0
Market Cap (SRmn):	31,200.0
Market Cap (US$mn):	8,320.0
Price/EPS 2009e (x):	12.6
Price/BVPS 2009e (x):	2.2

Price Performance	1-Yr
High (SR):	51.0
Low (SR):	26.1
Average Volume:	218,694

Share Price Performance



Source: Zawya

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- **Arab National Bank (ANB)** recording an improved core banking performance showed the net special commission income annual increase of 3.5%. A higher top-line performance led to the bank's overall increased profitability, posting quarterly net income increase of 0.9% (from SR628mn in 3Q08 to SR633mn in 3Q09) and annual net income increase of 1.1% (from SR2,052mn in 9M08 to SR2,074mn in 9M09).

- As we await the detailed financial results for more elaborate analysis, we have not yet revised our current estimates and expect the bank to post marginal net income growth of 0.5% in FY09.

(all figs. in SR mn, unless stated)	3Q08	3Q09	*YoY*	9M08	9M09	*YoY*
Net special comm. income	825	838	*1.6%*	2,556	2,644	*3.5%*
Operating income	1,043	1,067	*2.3%*	3,268	3,436	*5.2%*
Net income	628	633	*0.9%*	2,052	2,074	*1.1%*
EPS (SR)	0.97	0.97	*0.9%*	3.16	3.19	*0.9%*
Loans (SR bn)	75	69	*-7.7%*	75	69	*-7.7%*
Deposits (SR bn)	89	81	*-9.1%*	89	81	*-9.1%*
Assets (SR bn)	116	112	*-3.3%*	116	112	*-3.3%*

Source: Tadawul & Company reports

- The bank's net special commission income posting an annual rise of 1.6% in its quarterly results (from SR825mn in 3Q08 to SR838mn in 3Q09), showed nine-monthly increase of 3.5% to SR2,644mn in 9M09.The improved performance was supported by higher non-interest income as the total operating income on quarterly basis showed rise of 2.3%, and an annual growth of 5.2% (from SR3,268mn in 9M08 to SR3,436mn in 9M09).

- ANB's improved operating income performance was not fully reflected in the bottom-line profitability, which could be due to increase in operating expenses (inclusive of provision of credit losses) and /or lower income from associate.

- The bank showed muted balance sheet growth. The customer deposit base showed (YoY) decline of 9.1% (from SR89bn in 9M08 to SR81bn in 9M09), while on YTD basis the a decrease of 12.7% (from SR93bn in FY08 to SR81bn in 9M09). The bank's loan portfolio also showed a (YoY) decline of 7.7% (from SR75bn in 9M08 to SR69bn in 9M09).

- Overall the bank's total assets recorded an annual decline of 3.3% (from SR116bn in 9M08 to SR112bn in 9M09), and witnessed YTD decline of 7.7%.

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