Result Flash

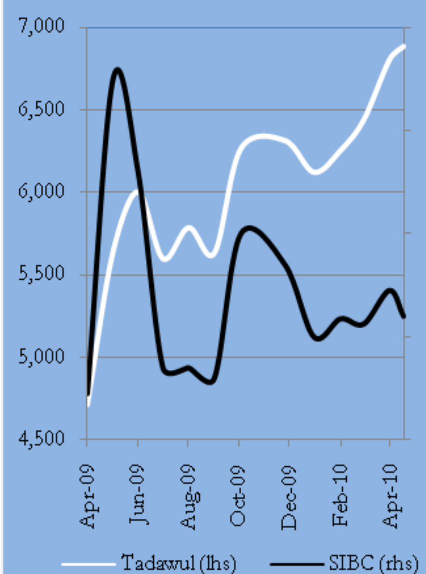
Saudi Investment Bank – 1Q2010 Review

Market Data

Bloomberg Code:	SIBC AB
Reuters:	1030.SE
CMP (17th April 2010):	SR18.4
O/S (mn):	450.0
Market Cap (SRmn):	8,280.0
Market Cap (US$mn):	2,208.0
Price/EPS 2010e (x):	13.4
Price/BVPS 2010e (x):	0.9

Price Performance	1-Yr
High (SR):	23.7
Low (SR):	16.7
Average Volume:	234,781

Share Price Performance



Source: Tadawul & Zawya

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- **Saudi Investment Bank** (SIBC) recorded subdued net income posting a decline of 91.3% (from SR241mn in 1Q09 to SR21mn in 1Q10). Although the bank's net special commission posted an increase of 29.5%, it were inflated operating expenses (with possibly higher impairment charges for credit losses & investment) that dampened the 1Q10 profitability results.

- As we await the detailed financial results for more elaborate analysis, we expect the bank to post net income growth of about 17.8% in FY10 (largely due to low base effect of FY09).

Financial highlights

(all figs. in SR mn, unless stated)	1Q09	1Q10	*YoY*	4Q09	1Q10	*QoQ*
Net special comm. income	241	312	*29.5%*	271	312	*15.1%*
Operating income	318	451	*42.0%*	468	451	*-3.6%*
Net income	**241**	**21**	***-91.3%***	**-109**	**21**	**-**
EPS (SR)	**0.53**	**0.05**	***-91.3%***	**-0.24**	**0.05**	**-**
Loans (SR bn)	30	31	*2.0%*	30	31	*2.7%*
Deposits (SR bn)	38	37	*-3.9%*	38	37	*-4.5%*
Assets (SR bn)	50	49	*-1.6%*	50	49	*-1.2%*

Source: Tadawul & Company reports

- The bank's core banking performance showing an annual increase of 29.5% (from SR241mn in 1Q09 to SR312mn in 1Q10) was well supported by increase in non-commission income as operating income recorded (YoY) rise of 42.0% (from SR318mn in 1Q09 to SR451mn in 1Q10). However, on quarterly basis the operating income posted a decline of 3.6% in comparison to 4Q09 results.

- SIBC's improved top-line performance was significantly dampened by the rise in operating expenses. Besides other factors, the possible increase in impairment charges for credit losses & investments could be one of the leading factors in lower 1Q10 profitability results.

- The loan book recorded (YoY) increase of 2.0% (from SR30bn in 1Q09 to SR31bn in 1Q10), and quarterly rise of 2.7% relative to 4Q09 results. The bank's customer deposits shrunk annually by 3.9% (from SR38bn in 1Q09 to SR37bn in 1Q10), and dropped by 4.5% on quarterly basis.

- Overall the bank's total assets recorded declining trend on both annual and quarterly basis. The assets on annual basis declined by 1.6% (from SR50bn in 1Q09 to SR49bn in 1Q10) and showed quarterly decrease of 1.2% as compared to 4Q09.

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