

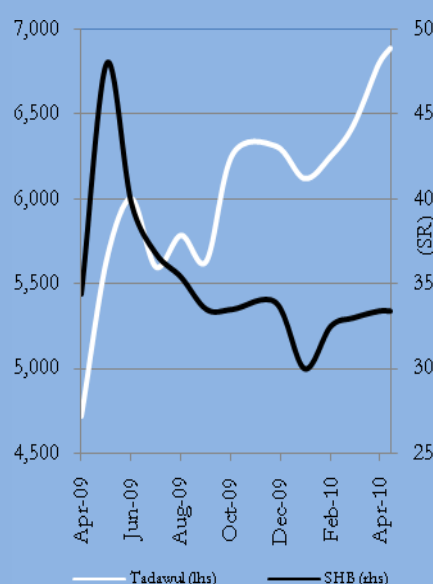
Market Data

Bloomberg Code:	AAAL.AB
Reuters:	1040.SE
CMP (14 th April 2010):	SR33.4
O/S (mn):	330.7
Market Cap (SRmn):	11,045.4
Market Cap (US\$mn):	2,945.4
Price/EPS 2010e (x):	18.3
Price/BVPS 2010e (x):	1.9

Price Performance 1-Yr

High (SR):	48.0
Low (SR):	30.0
Average Volume:	81,107

Share Price Performance



Source: Tadawul & Zanyia

Mohammad Ali Shah

Financial Analyst

mashah@globalinv.com.sa

Phone No: +966-1-2199966 ext. 951

Saudi Hollandi Bank– 1Q2010 Review

- Saudi Hollandi Bank (SHB)** recorded subdued results in 1Q10 posting annual net income decline of 19.1% (from SR284mn in 1Q09 to SR230mn in 1Q10), while on quarterly basis the bank showed positivity by successfully converting the net loss of SR439mn in 4Q09 to net profit in 1Q10. The sluggish core banking performance in 1Q10 indicated by the net special commission income decrease (YoY) of 26.7% was not significantly supported by non-interest income, thus leading to an overall drop in bottom-line results.
- As we await the detailed financial results for more elaborate analysis, we expect the bank could record significant net income increase of 6.3x in FY10 (largely due to low base effect of FY09).

Financial highlights

(all figs. in SR mn, unless stated)	1Q09	1Q10	YoY
Net special commission income	421	309	-26.7%
Operating income	562	467	-16.9%
Net income	284	230	-19.1%
EPS (SR)	0.86	0.70	-19.1%
Loans (SR bn)	39	36	-7.4%
Deposits (SR bn)	48	43	-11.5%
Assets (SR bn)	73	60	-17.7%

Source: Tadawul & Company reports

- The bank's core banking results recorded net special commission income (YoY) decline of 26.7% in 1Q10, whereas on quarterly basis (compared to 4Q09) the figure posted a decrease of 21.0%.
- The pressure from dampened core banking results continued down to operating income. The operating income that showed an annual decrease of 16.9% in 1Q10, on quarterly basis registered a drop of 9.0% as compared to 4Q09.
- The customer deposit base that recorded an annual decline of 11.5% (from SR48bn in 1Q09 to SR43bn in 1Q10), on quarterly basis dropped by 5.1% in comparison to 4Q09. The bank's loan book while contracted on annual basis by 7.4% (from SR39bn in 1Q09 to SR36bn in 1Q10), posted a marginal growth of 2.2% as compared to 4Q09.
- SHB's total assets posted (YoY) decline of 17.7% (from SR73bn in 1Q09 to SR60bn in 1Q10) while on quarterly basis (compared to 4Q09) recorded a marginal growth of 1.2%.

Brokerage

Yousef S. Fahed Alebrahim

(965) 2295-1702

yalebrahim@global.com.kw

Research

Faisal Hasan, CFA

(965) 2295-1270

fhasan@global.com.kw

Index

Rasha Al-Huneidi

(965) 2295-1285

huneidi@global.com.kw

Wealth Management -International

Fahad Al-Ibrahim

(965) 2295-1400

fahad@global.com.kw

Wealth Management - Kuwait

Rasha Al-Qenaci

(965) 2295-1380

alqenaci@global.com.kw

Global Kuwait

Tel: (965) 2 295 1000

Fax: (965) 2 295 1005

P.O.Box 28807 Safat, 13149 Kuwait

Global Abu Dhabi

Tel: (971) 2 6744446

Fax: (971) 2 6725263/4

P.O.Box 127373 Abu Dhabi, UAE

Global Egypt

Tel: 20 (2) 37609526

Fax: 20 (2) 37609506

P.O.Box 7 Abdel Hadi Saleh St., El-Nasr Tower, Giza

Global Bahrain

Tel: (973) 17 210011

Fax: (973) 17 210222

P.O.Box 855 Manama, Bahrain

Global Saudi Arabia

Tel: (966) 1 2199966

Fax: (966) 1 2178481

P.O. Box 66930 Riyadh 11586,
Kingdom of Saudi Arabia

Global Jordan

Tel: (962) 6 5005060

Fax: (962) 6 5005066

P.O.Box 3268 Amman 11180, Jordan

Global Dubai

Tel: (971) 4 257977

Fax: (971) 4 257960/1/2

P.O.Box 121227 Dubai, UAE

Global Qatar

Tel: (974) 4967305

Fax: (974) 4967307

P.O.Box 18126 Doha, Qatar

Disclaimer

This material was produced by Global Investment House - Saudia, a firm regulated by the Capital Market Authority of KSA. This document is not to be used or considered as an offer to sell or a solicitation of an offer to buy any securities. Information and opinions contained herein have been compiled or arrived by Global -Saudia from sources believed to be reliable, but Global- Saudia has not independently verified the contents of this document. Accordingly, no representation or warranty, express or implied, is made as to and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this document.

Global – Saudia accepts no liability for any loss arising from the use of this document or its contents or otherwise arising in connection therewith. Global shall have no responsibility or liability whatsoever in respect of any inaccuracy in or omission from this or any other document prepared by Global- Saudia for, or sent by Global- Saudia to any person and any such person shall be responsible for conducting his own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document. Global investment house- Saudia is authorized and regulated by the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia. License Number 07067-37.