Global

بيت الاستثمار العالمي

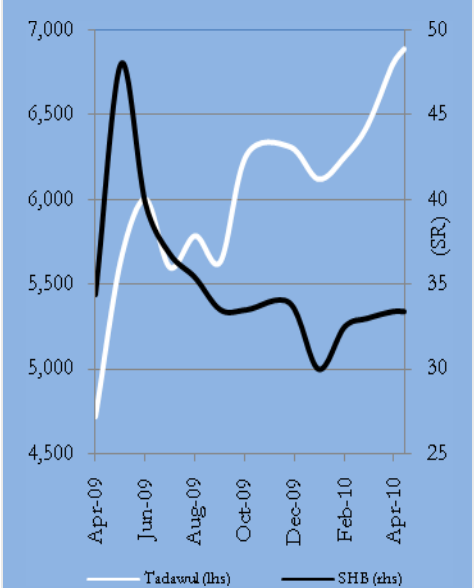
Global Investment House

Result Flash

Market Data	
Bloomberg Code:	AAAL AB
Reuters:	1040.SE
CMP (14th 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 & Zawya

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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%.

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