Global
بيت الاستثمار العالمي
Global Investment House

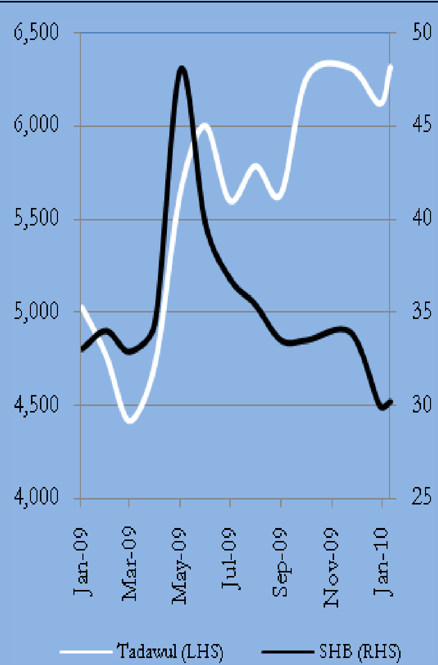
Global Research – Saudi Arabia

Result Flash

Market Data	
Bloomberg Code:	AAAL AB
Reuters:	1040.SE
CMP (13 Jan 2010):	SR30.4
O/S (mn):	330.7
Market Cap (SRmn):	10,053.3
Market Cap (US$mn):	2,680.9
Price/EPS 2010e (x):	19.0
Price/BVPS 2010e (x):	1.7

Price Performance	1-Yr
High (SR):	48.0
Low (SR):	30.0
Average Volume:	73,802

Share Price Performance



Source: Tadawul & Zawya

Faisal Hasan, CFA
Head of Research
fhasan@global.com.kw
Phone No: +965 2295 1270

Mohammad Ali Shah
Financial Analyst
mashah@globalinv.com.sa
Phone No: +966-1-2199966 ext. 951

Saudi Hollandi Bank – FY2009 Review

- **Saudi Hollandi Bank (SHB)** subdued quarterly performance recording a loss of SR439mn in 4Q09 as compared to the net profit in 4Q08, resulted in drag on annual net income that dropped by 93% in 2009 (from SR1,224mn in FY08 to SR86mn in FY09). The higher operating expenses that includes provisioning is believed to be amongst the main reasons for subdued profitability results.

- As we await the detailed financial results for more elaborate analysis, we expect the bank could record significant net income increase of around 498% in FY10 (largely due to low base effect of FY09).

(all figs. in SR mn, unless stated)	4Q08	4Q09	*YoY*	FY08	FY09	*YoY*
Net special comm. income	368	391	*6.3%*	1,445	1,570	*8.7%*
Operating income	518	516	*-0.4%*	2,111	2,146	*1.7%*
Net income	309	-439	*-242.2%*	1,224	86	*-93.0%*
EPS (SR)	0.9	-1.3	*-242.2%*	3.7	0.3	*-93.0%*
Loans (SR bn)	38	36	*-6.3%*	38	36	*-6.3%*
Deposits (SR bn)	43	45	*4.2%*	43	45	*4.2%*
Assets (SR bn)	61	59	*-3.3%*	61	59	*-3.3%*

Source: Tadawul & Company reports

- The bank's improved core banking results showed quarterly rise of 6.3% (from SR368mn in 4Q08 to SR391mn in 4Q09), which led to annual net special commission income increase of 8.7% (from SR1,445mn in FY08 to SR1,570mn in FY09). The top-line performance supported by the non-interest income on annual basis led to operating income increase of 1.7% (from SR2,111mn in FY08 to SR2,146mn in FY09).

- The performance till operating income was significantly subdued by higher operating expenses (includes provisioning), leading to quarterly net income loss and overall profitability decline.

- The customer deposit base that showed QoQ decline of 5.3% on annual basis recorded an increase of 4.2% (from SR43bn in FY08 to SR45bn in FY09). The bank's loan book contracted on both quarterly basis (by 8.6%) and annual basis by 6.3% (from SR38bn in FY08 to SR36bn in FY09).

- Overall the bank's total assets posted (YoY) decline of 3.3% (from SR61bn in FY08 to SR59bn in FY09) and more pronounced decrease of 6.6% on quarterly basis in 4Q09.

Global Investment House
Global Tower
Website: www.globalinv.net
Sharq, Al-Shuhada Str.
Tel. + (965) 2 295 1000
Fax. + (965) 2 295 1005
P.O. Box: 28807 Safat, 13149 Kuwait

Brokerage
Khaled Abd Elrahman Khaled
(965) 2295-1700
kkhalid@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 - Kuwait
Rasha Al-Qenaei
(965) 2295-1380
alqenaei@global.com.kw

Wealth Management –MENA & Far East
Fahad Al-Ibrahim
(965) 2295-1400
fahad@global.com.kw

Global Kuwait
Tel: (965) 2 295 1000
Fax: (965) 2 295 1005
P.O.Box 28807 Safat, 13149 Kuwait

Global Bahrain
Tel: (973) 17 210011
Fax: (973) 17 210222
P.O.Box 855 Manama, Bahrain

Global Dubai
Tel: (971) 4 257977
Fax: (971) 4 257960/1/2
P.O.Box 121227 Dubai, UAE

Global Abu Dhabi
Tel: (971) 2 6744446
Fax: (971) 2 6725263/4
P.O.Box 127373 Abu Dhabi, UAE

Global Saudi Arabia
Tel: (966) 1 2199966
Fax: (966) 1 2178481
P.O. Box 66930 Riyadh 11586, Kingdom of Saudi Arabia

Global Qatar
Tel: (974) 4967305
Fax: (974) 4967307
P.O.Box 18126 Doha, Qatar

Global Egypt
Tel: 20 (2) 37609526
Fax: 20 (2) 37609506
P.O.Box 7 Abdel Hadi Saleh St., El-Nasr Tower, Giza

Global Jordan
Tel: (962) 6 5005060
Fax: (962) 6 5005066
P.O.Box 3268 Amman 11180, Jordan

Global Wealth Manager
E-mail : contactus@global.com.kw
Tel. : +965 1 (804242)

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