

NBK Capital

Kuwait

Head Office

17th Floor, Dar Al-Awadi Building
Ahmed Al-Jaber Street, Sharq
P.O. Box 4950, Safat 13050,
Kuwait
Tel: +965 2224 6900
Fax: +965 2224 6904

International Network

United Arab Emirates

NBK Capital Limited

Precinct Building 3, Office 404
Dubai International Financial Center
P.O. Box 506506, Dubai
United Arab Emirates
Tel: +971 4 365 2800
Fax: +971 4 365 2805

Turkey

NBK Capital

Arastima ve Musavirlik AS
SUN Plaza, 30th Floor
Dereboyu Sk. No.24
Maslak 34398, Istanbul, Turkey
Tel: +90 212 276 5400
Fax: +90 212 276 5401

NBK Capital MENA Research

Tel: + 965 2224 6663

Fax: + 965 2224 6984

E-mail: menaresearch@nbkcapital.com

Disclaimer

This document and its contents are prepared for your personal information purposes only and do not constitute an offer, or the solicitation of an offer, to buy or sell a security or enter into any other agreement. Projections of potential risk or return are illustrative, and should not be taken as limitations of the maximum possible loss or gain. The information and any views expressed are given as of the date of writing and are subject to change. While the information has been obtained from sources believed to be reliable, we do not represent that it is accurate or complete and it should not be relied on as such. Watani Investment Company (NBK Capital), its affiliates and subsidiaries accept no liability for any direct, indirect or consequential loss arising from use of this document or its contents. At any time, the employees of NBK Capital and its affiliates and subsidiaries may, at their discretion, hold a position, subject to change, in any securities or instruments referred to, or provide services to the issuer of those securities or instruments.

Arab National Bank (ANB) (1080.SE)

April 14, 2009

- Arab National Bank (ANB) reported a net profit of SAR 695 million for 1Q2009, 3.4% over 1Q2008, 60% over 4Q2008, and 5% below our forecast.
- Operating income reached SAR 1.16 billion, 10.7% over 1Q2009 and 33% over 4Q2008. Net interest income stood at SAR 912 million, 4.2% over 1Q2008 and 14% over 4Q2008.
- Balance sheet accounts witnessed a drop in 1Q2009 with total assets falling by 7% during that quarter. Similarly, loans dropped by 2.5% compared with their December 2008 level, while deposits fell by 9%. Finally, the investment book also witnessed a 6.5% drop in 1Q2009.
- With the limited data available currently, we note that the increase in ANB's net profit (compared with 1Q2008) looks positive especially as ANB's results for 1H2008 were better than 2H2008. This will enable ANB to achieve a higher growth in net profit in full 2009 than the one achieved in 1Q2009 if the net profit level for 1Q2009 is maintained. Net interest income (SAR 912 million in 1Q2009) is a record level for ANB. The significant drop in SAIBOR and the fact that deposits re-price quicker than loans do is a major reason behind achieving this record level in net interest income. However, we do not look favorably on the contraction in loans and deposits in 1Q2009 especially the 9% drop in deposits.
- We will issue an update report on ANB after the release of full financial statements, which will enable us to make a better assessment of the 1Q2009 results.

Analyst:

Raja Ghoussoub, CFA

Direct: +971-4-3652857

raja.ghoussoub@nbkcapital.com

Related Research

- ANB Update - 20 Nov. 2008
- ANB Update - 02 Sept. 2008