

July 20, 2009

## ARAB NATIONAL BANK (1080.SE)

- Arab National Bank (ANB) reported a net profit of SAR 746 million in 2Q2009, 1% below 2Q2008, 7% over 1Q2009, and 2% below our forecast.
- Net interest income reached SAR 894 million in 2Q2009, 5% over 2Q2008, but 2% below 1Q2009. Operating income reached SAR 1.21 billion in 2Q2009, 3% over 2Q2008 and 5% over 1Q2009.
- Assets reached SAR 115.1 billion, 2% over their March 2009 level. Loans dropped for the second quarter in a row, decreasing by 2% to stand at SAR 71.2 billion. After decreasing by 9% in 1Q2009, deposits were up by a marginal 1% in 2Q2009, to stand at SAR 85.2 billion.
- While lending and deposit growths in 2Q2009 were muted like most Saudi peers, we believe ANB's earnings have been robust in 2Q2009. Net interest income grew by 5% y-on-y, although dropped by 2% q-on-q, but compared to a record level achieved in 1Q2009. Non-interest earnings rebounded in 2Q2009, growing by 30% q-on-q, and leading to a 5% growth (q-on-q) in operating income in 2Q2009. Finally, it does not look like net provisioning has witnessed any significant increase in 2Q2009, as compared with 1Q2009.
- We will issue an update report on ANB after the release of the financial statements.

**Raja Ghoussoub, CFA**

**T.** +971 4 365 2857

**E.** [raja.ghoussoub@nbkcapital.com](mailto:raja.ghoussoub@nbkcapital.com)

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- ANB Update - 02 Sept. 2008

**NBK CAPITAL****Kuwait****Head Office**

17th Floor, Dar Al-Awadi Building  
Ahmed Al-Jaber Street, Sharq  
P.O.Box 4950, Safat 13050  
Kuwait  
T. +965 2224 6900  
F. +965 2224 6905

**MENA Research**

19th Floor, Dar Al-Awadi Building  
Ahmed Al-Jaber Street, Sharq,  
P.O.Box 4950, Safat 13050, Kuwait  
T. +965 2224 6663  
F. +965 2224 6905  
E. menaresearch@nbkcapital.com.kw

**Brokerage**

8th Floor, Dar Al-Awadi Building  
Ahmed Al-Jaber Street, Sharq  
P.O.Box 4950, Safat 13050, Kuwait  
T. +965 2224 6964  
F. +965 2224 6978  
E. brokerage@nbkcapital.com

**United Arab Emirates****NBK Capital Limited**

Precinct Building 3, Office 404  
Dubai International Financial Center  
P.O.Box 506506, Dubai,  
UAE  
T. +971 4 365 2800  
F. +971 4 365 2805

**Turkey****NBK Capital**

Arastima ve Musavirlik AS,  
Sun Plaza, 30th Floor,  
Dereboyu Sk. No.24  
Maslak 34398, Istanbul, Turkey  
T. +90 212 276 5400  
F. +90 212 276 5401

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