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Riyad Bank (1010.SE)**July 08, 2009**

- Riyad Bank (Riyad) reported a net profit of SAR 906 million in 2Q2008, 6.9% over the same period last year, and in line with our SAR 940.2 million forecast.
- Assets reached SAR 143.7 billion at the end of June 2008, growing by 18% since December 2007, in line with our forecast.
- Loans reached SAR 82.3 billion at the end of June 2008, expanding by a robust 16% in 2Q2008, driven by the massive rights issue that was completed in May of this year.
- Deposits dropped by 8% in 2Q2008 to reach SAR 88.5 billion at the end of June 2008, but still 5% over their level at the end of 2007. The massive influx of liquidity arising from the rights issue is probably a reason for the drop in deposits during 2Q2008.
- Net special commission income grew by 23% in 1H2008 versus our 25% forecast.
- Income from fees and commissions grew by 21% in 1H2008 versus our 28% forecast.
- Riyad has announced dividends of SAR 0.7 per share for 1H2008, amounting to SAR 1.05 billion, in line with our SAR 1.5 dividend per share forecast for the whole year.
- We believe this is a solid performance and reiterate our favorable view on Riyad going forward. We maintain Riyad's long-term fair value per share at SAR 49.50. Riyad's closing price on 7 July 2008 stood at SAR 36.00. This represents a 37.5% upside potential, hence, we maintain our "Buy" recommendation.

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Related Research

- Riyad Bank Update - 20 Nov. 2008
- Riyad Bank Initiation of Coverage - 12 June 2008