

July 14, 2009

## SAMBA FINANCIAL GROUP (1090.SE)

- Samba Financial Group (Samba) announced a net profit of SAR 1.24 billion in 2Q2009, 1.6% over 2Q2008, but 2.2% below 1Q2009. We had forecasted income before provisions to reach SAR 1.23 billion in 2Q2009 and net profit growth to be zero in FY2009.
- Net interest income reached SAR 1.3 billion, 9% over 2Q2008 and nearly equal to the level achieved in 1Q2009. Operating income reached SAR 1.82 billion, 3% below 2Q2008, and 8% below 1Q2009.
- Assets reached SAR 177.1 billion, growing by 5% in 2Q2009 after dropping in 1Q2009, but still showing a slight 1% YTD decrease. Loans dropped for the second quarter in a row, reaching SAR 88 billion, having dropped by 2% in 2Q2009, which resulted in a 10% YTD decrease. After decreasing in 1Q2009, deposits expanded by 11% in 2Q2009 to reach SAR 138 billion, reflecting a YTD growth of 3%. The loans-to-deposits ratio (LDR) decreased for the fourth quarter in a row, reaching 64%, down from 73% in March 2009.
- With the limited data we have for now, we believe this is a rather weak set of results when it comes to operating income and lending. Both interest and non-interest income decreased in 2Q2009 (q-on-q) while loans continued to drop. The LDR is currently an excessively low 64%, much lower than SAMA's soft rule of 85%, and one of the lowest in the Saudi banking sector.
- We will issue an update report on Samba 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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- Samba Update - 20 Nov. 2008

**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 6905

**MENA Research**

19th Floor, Dar Al-Awadi Building  
Ahmed Al-Jaber Street, Sharq,  
P.O.Box 4950, Safat 13050, Kuwait  
Tel: +965 2224 6663  
Fax: +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  
Tel: +965 2224 6964  
Fax: +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  
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

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