

April 18, 2010

## SAMBA FINANCIAL GROUP (1090.SE)

**12-Month Fair Value: SAR 60.60**

**Last Close (17 April 2010): SAR 60.25**

**Recommendation: Hold - Risk Level: 2**

- Samba Financial Group (Samba) reported a net profit of SAR 1,211 million in 1Q2010, 5% below 1Q2009 but 45% above 4Q2009. The level of provisions taken in 1Q2010 was not disclosed. However, it looks like provisioning in 1Q2010 was fairly comparable to the average quarterly figure in FY2009 although this cannot be confirmed yet.
- Net interest income stood at SAR 1,172 million, 10% below 1Q2009 but 1% above 4Q2009. Non-interest income was strong reaching SAR 669 million, 1% below 1Q2009 but 74% above 4Q2009. Operating income stood at SAR 1,841 million, 7% below 1Q2009 but 19% above 4Q2009.
- Samba's total assets were nearly unchanged compared with December 2009 at around SAR 186 billion. Samba's net loans reached SAR 85 billion, growing by 1% in 1Q2010. Deposits, however, dropped by 7% in 1Q2010 to stand at SAR 137 billion.
- The slightly weak net interest income combined with the strong non-interest income resulted in a top-line that is slightly above our forecast for 1Q2010. Loan growth and the presumed level of provisioning were in-line with our view for Samba in FY2010. Our fair value for Samba (SAR 60.60) is 0.6% above the bank's latest closing price (SAR 60.25), hence, our recommendation on the stock is "Hold".

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## Related Research

- Samba Financial Group Update - 31 March 2010

## RISK AND RECOMMENDATION GUIDE

RECOMMENDATION		UPSIDE (DOWNSIDE) POTENTIAL		
BUY		MORE THAN 20%		
ACCUMULATE		BETWEEN 5% AND 20%		
HOLD		BETWEEN -10% AND 5%		
REDUCE		BETWEEN -25% AND -10%		
SELL		LESS THAN -25%		
RISK LEVEL				
LOW RISK		HIGH RISK		
1	2	3	4	5

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