

# SAUDI BRITISH BANK

Date: 27-Apr-22

Recommendation:

**Accumulate**

Target Price (TP), SAR:

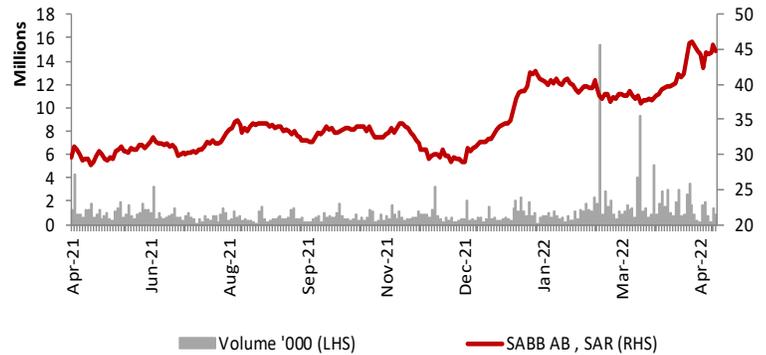
**32.4**

Dated:

16-Dec-21

Analyst: Ayisha Zia

|                            |                 |
|----------------------------|-----------------|
| Bloomberg Ticker           | SABB AB         |
| Last Price (SAR)           | 44.8            |
| 52wk High / Low (SAR)      | 46.1/28         |
| 12m Average Vol. (000)     | 1,019.6         |
| Mkt. Cap. (USD/SAR mn)     | 24,515 / 91,952 |
| Shares Outstanding (mn)    | 2,054.8         |
| Free Float (%)             | 40%             |
| 3m Avg Daily Turnover (mn) | 66.9            |
| 6m Avg Daily Turnover (mn) | 46.3            |
| P/E'22e (x)                | 16.8            |
| P/B'22e (x)                | 1.4             |
| Dividend Yield '22e (%)    | 3.8%            |
| Price Perf. (1m/3m) (%)    | 16.7 / 12       |



## SABB's 1Q22 Net Islamic finance and interest income in line with our estimate

SABB's 1Q22 Net Islamic finance and interest income is in line with our estimate. At SAR 1.43bn, it is flat on YoY and QoQ bases.

## Net profit misses our estimate by 7%

The bank has posted a SAR 0.44bn Zakat and Tax expense vs. our estimate of SAR 0.15bn. This led to the bank missing our net profit estimate, despite a 25% beat on profit before tax.

## Net loans & Islamic financing as well as customer deposits surprised positively

The bank's net loans and Islamic financing grew 12%YoY and 5%QoQ, about 6% above our estimate. Its customer deposits rose 6%YoY and 4%QoQ, about 7% ahead of our estimate. Loan-to-deposit ratio stood at 91% vs. 90% in the previous quarter and 85% a year ago.

| Income Statement                      |             |             |             |             |             |             |         |         |         |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|---------|---------|---------|
| (LCY bn)                              | 1Q21        | 2Q21        | 3Q21        | 4Q21        | 1Q22        | 1Q22e       | YoY (%) | QoQ (%) | Var (%) |
| Net interest & Islamic finance income | 1.43        | 1.48        | 1.41        | 1.42        | 1.41        | 1.43        | -1%     | 0%      | -1%     |
| <b>PBT</b>                            | <b>1.14</b> | <b>1.13</b> | <b>1.04</b> | <b>0.59</b> | <b>1.18</b> | <b>0.94</b> | 4%      | 98%     | 25%     |
| Tax                                   | -0.17       | -0.21       | -0.15       | -0.17       | -0.44       | -0.15       | 164%    | 165%    | 193%    |
| <b>Net profit</b>                     | <b>0.97</b> | <b>0.92</b> | <b>0.89</b> | <b>0.43</b> | <b>0.74</b> | <b>0.79</b> | -24%    | 72%     | -7%     |
| Balance Sheet                         |             |             |             |             |             |             |         |         |         |
| (LCY bn)                              | 1Q21        | 2Q21        | 3Q21        | 4Q21        | 1Q22        | 1Q22e       | YoY (%) | QoQ (%) | Var (%) |
| Assets                                | 272         | 273         | 270         | 272         | 283         | 273         | 4%      | 4%      | 4%      |
| Shareholders' Equity                  | 52          | 53          | 53          | 53          | 54          | 54          | 3%      | 1%      | 0%      |
| Net Loans & Islamic Financing         | 157         | 161         | 164         | 168         | 176         | 165         | 12%     | 5%      | 6%      |
| Customers' Deposits & Islamic Invest  | 184         | 187         | 180         | 187         | 194         | 181         | 6%      | 4%      | 7%      |
| Key Ratios                            |             |             |             |             |             |             |         |         |         |
|                                       | 1Q21        | 2Q21        | 3Q21        | 4Q21        | 1Q22        | 1Q22e       |         |         |         |
| Loans to Customer Deposits            | 85.3%       | 86.4%       | 90.7%       | 89.7%       | 90.8%       | 91.4%       |         |         |         |
| ROaE                                  | 7.6%        | 7.0%        | 6.7%        | 3.2%        | 2.2%        | 6.1%        |         |         |         |
| Annualized EPS (LCY)                  | 1.90        | 1.79        | 1.72        | 0.83        | 2.30        | 1.54        |         |         |         |
| BVPS (LCY)                            | 25.32       | 25.74       | 25.60       | 25.81       | 26.12       | 24.94       |         |         |         |
| TTM P/E (x)                           |             |             |             |             | 23          |             |         |         |         |
| P/BV (x)                              |             |             |             |             | 1.7         |             |         |         |         |

Source: Tadawul disclosure, Financial Statements, U Capital Research

For our earlier report on the bank, please [click here](#).

## Recommendation

|            |                       |
|------------|-----------------------|
| BUY        | Greater than 20%      |
| ACCUMULATE | Between +10% and +20% |
| HOLD       | Between +10% and -10% |
| REDUCE     | Between -10% and -20% |
| SELL       | Lower than -20%       |

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