

**Net Profit Jumps +58% Y/Y**

**October 23, 2022**

Upside to Target Price (10.2%)  
 Expected Dividend Yield 3.0%  
 Expected Total Return (7.2%)

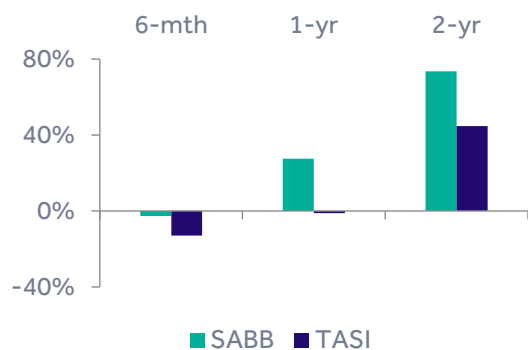
Rating Neutral  
 Last Price SAR 42.30  
 12-mth target SAR 38.00

| Market Data        |                 |
|--------------------|-----------------|
| 52-week high/low   | SAR 46.50/28.50 |
| Market Cap         | SAR 86,918 mln  |
| Shares Outstanding | 2,055 mln       |
| Free-float         | 48.70%          |
| 12-month ADTV      | 1,203,617       |
| Bloomberg Code     | SABB AB         |

| Saudi British Bank     | 3Q2022  | 3Q2021  | Y/Y | 2Q2022  | Q/Q  | RC Estimate |
|------------------------|---------|---------|-----|---------|------|-------------|
| Net Commission Income  | 1,985   | 1,407   | 41% | 1,718   | 16%  | 1,694       |
| Total Operating Income | 2,564   | 1,935   | 33% | 2,312   | 11%  | 2,342       |
| Net Income             | 1,398   | 886     | 58% | 1,082   | 29%  | 1,131       |
| Loans & Advances       | 183,160 | 163,500 | 12% | 176,214 | 4%   | 178,310     |
| Deposits               | 202,864 | 180,248 | 13% | 207,451 | (2%) | 200,075     |

(All figures are in SAR mln)

- SABB is continuously growing its net financing portfolio on a quarterly basis, adding SAR 6.9 bln in 3Q2022. Deposits declined after three quarters of improvement, by SAR 4.6 bln Q/Q. Hence, LDR increased from 83% last quarter to 88%.
- NSCI increased by +41% Y/Y and +16% Q/Q reaching SAR 2.0 bln, as a result of the growth in Special Commission Income on both Y/Y and Q/Q basis, although Special Commission Expense was up by +260% Y/Y and +82% Q/Q.
- Non-core income of SAR 597 mln witnessed a +10% Y/Y growth, driven by an increase in the following: income from FVSI financial instruments and exchange income, which was partially offset by a decline in both net fee, commission income and gains on FVOCI debt instruments and dividend income. Thus, total operating income was up by +33% Y/Y to reach SAR 2.6 bln.
- Total operating expenses increased by +4% Y/Y reaching SAR 929 mln, largely due to an increase in G&A, although depreciation and amortization expenses, salaries and rent were lower. Furthermore, Provisions jumped by +192% Y/Y to reach SAR 38 mln in 3Q2022 but lower than SAR 136 mln reported in 2Q2022.
- Net Income increased by +58% Y/Y and +29% Q/Q to SAR 1.4 bln, beating both our forecast of SAR 1.1 bln and market estimates of SAR 1.2 bln.



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## ■ Stock Rating

| Buy  | Neutral  | Sell                                 | Not Rated                |
|--|--|--------------------------------------|--------------------------|
| Expected Total Return<br>Greater than +15% | Expected Total Return<br>between -15% and +15% | Expected Total Return less than -15% | Under Review/ Restricted |

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors  
For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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