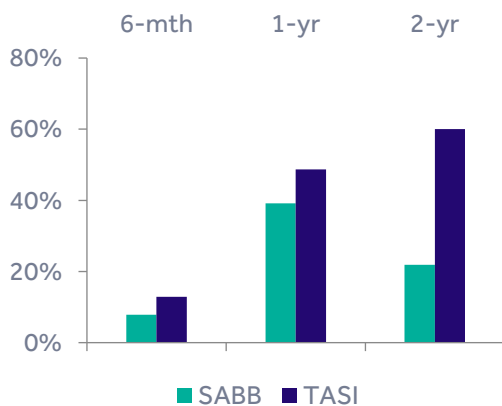


Market Data	
52-week high/low	SAR 42.10/24.04
Market Cap	SAR 79,315 mln
Shares Outstanding	2,055 mln
Free-float	61.91%
12-month ADTV	988,386
Bloomberg Code	SABB AB



**Provisions Jumped to SAR 414 mln in 4Q2021**

March 02, 2022

Upside to Target Price	(14.5%)	Rating	Neutral
Expected Dividend Yield	2.6%	Last Price	SAR 38.60
Expected Total Return	(11.9%)	12-mth target	SAR 33.00

Saudi British Bank	4Q2021	4Q2020	Y/Y	3Q2021	Q/Q	RC Estimate
Net Commission Income	1,419	1,497	(5%)	1,409	1%	1,425
Total Operating Income	1,987	2,050	(3%)	1,968	1%	1,909
Net Income	427	680	(37%)	886	(52%)	639
Loans & Advances	167,556	153,243	9%	163,500	2%	165,975
Deposits	186,761	189,110	(1%)	180,248	4%	189,110

(All figures are in SAR mln)

- Net loans sustained its growth for the fifth quarter, adding SAR 4.1 bln Q/Q to end 2021 at SAR 168 bln. Deposits recovered after one quarter of decline to add SAR 6.5 bln Q/Q to stand at SAR 187 bln. Given the large increase in deposits, LDR dropped from 88% to 87% this quarter.
- The quarterly Special Commission Income continued its declining trend during the year, compared to the 2020's quarters, to decrease by -24% Y/Y to reach SAR 1.6 bln. NSCI followed a similar trend to decrease by -5% Y/Y to SAR 1.4 bln (matching our estimates). Although non-core income maintained its growth by +16% Y/Y reaching SAR 568 mln, operating income went down by -3% Y/Y to reach almost SAR 2.0 bln (in-line with our estimates).
- As a result of synergy realization after the merger, OpEx went down by -12% to reach SAR 3.7 bln in 2021 compared to SAR 4.2 bln in 2020. OpEx of SAR 1.0 bln for 4Q2021 declined by -17% Y/Y, although it contains some expenses related to integration costs and an acceleration in investment in people and processes.
- Although SABB booked lower provisions in the first 3 quarters, provisions reached SAR 454 mln at the end of 2021, mainly due to the massive jump in provisions during 4Q2021 by +1,194% Y/Y to reach SAR 414 mln (due to increased charges against certain corporate customers).
- Net Income of SAR 427 mln (fell by -37% Y/Y and -52% Q/Q), missed both our forecast and the market estimates, due to higher than expected provisions. We increase our target price to SAR 33.00 per share, but maintain a Neutral stance.

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## ■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return 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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