

Net Loans and Deposits Drop Q/Q

November 03, 2020

Upside to Target Price	1.7%	Rating	Neutral
Expected Dividend Yield	2.1%	Last Price	SAR 23.60
Expected Total Return	3.8%	12-mth target	SAR 24.00

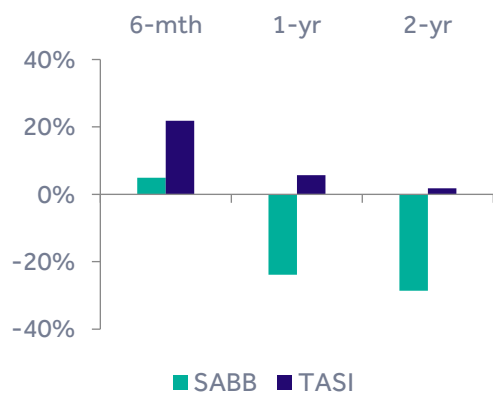
Market Data	
52-week high/low	SAR 37.05/18.20
Market Cap	SAR 48,493 mln
Shares Outstanding	2,055 mln
Free-float	47.3%
12-month ADTV	1,766,036
Bloomberg Code	SABB AB

Saudi British Bank	3Q2020	3Q2019	Y/Y	2Q2020	Q/Q	RC Estimate
Net Commission Income	1,658	2,084	(20%)	1,815	(9%)	1,761
Total Operating Income	2,141	2,670	(20%)	2,318	(8%)	2,283
Net Income	1,049	1,172	(10%)	(6,867)	-	614
Loans & Advances	151,886	149,336	2%	152,952	(1%)	149,691
Deposits	180,198	183,413	(2%)	188,357	(4%)	183,252

(All figures are in SAR mln)

- Net loans and deposits dropped by SAR 1.1 bln and SAR 8.2 bln Q/Q respectively. Given the larger decrease in deposits, LDR rose from 81% last quarter to 84%.
- Net Special Commission Income declined by -20% Y/Y and -9% Q/Q to reach SAR 1.7 bln. Non-core income dropped to SAR 483 mln, down by -18% Y/Y and -4% Q/Q.
- Provisions fell to SAR 51 mln as compared to SAR 182 mln in 3Q2019 and SAR 1,309 mln in 2Q2020.
- Operating expenses dropped -89% Q/Q to reach SAR 1.0 bln, primarily due to the one-off impact of the Goodwill impairment recorded in the previous quarter as well as lower provisions.
- Net income came in at SAR 1.0 bln, lower by -10% Y/Y but higher on a quarterly basis which was primarily driven by an impairment of Goodwill of SAR 7.4 bln recorded in the previous quarter. Bottom-line beat our forecast of SAR 614 mln and market consensus of SAR 732 mln. We maintain our target price and 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

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