

Saudi National Bank (SNB)

Date: 27-Apr-22

Recommendation: Accumulate

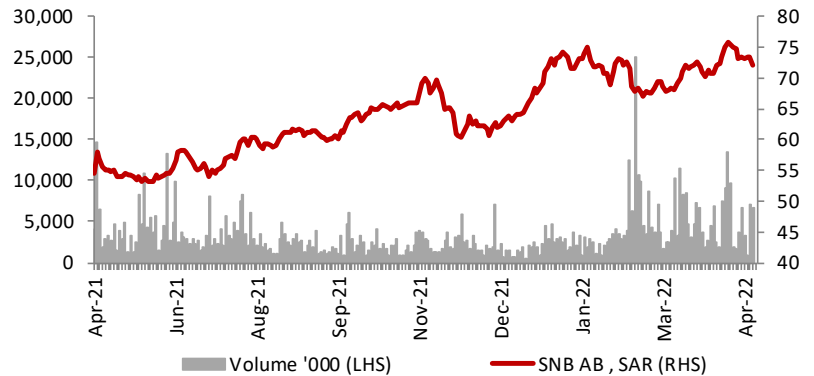
68.5

Recommendation Date: December 16th, 2021

Upside / (Downside): -7%

Analyst: Ayisha Zia

Bloomberg Ticker	SNB AB
Close Price 1D ago (SAR)	73
52wk High / Low (SAR)	76.8/52.4
12m Average Vol. (000)	3,537.8
Mkt. Cap. (USD/SAR mn)	85,941 / 322,416
Shares Outstanding (mn)	4,478.0
Free Float (%)	63%
3m Avg Daily Turnover (mn)	358.9
6m Avg Daily Turnover (mn)	253.7
P/E'22e (x)	18.1
P/B'22e (x)	2.7
Dividend Yield '21e (%)	3.3%
Price Perf. (1m/3m) (%)	0.4 / -1.4



Net interest & Islamic finance income largely in line with our estimate; net profit beat on lower-than-expected opex and net ECL charges

SNB reported a growth of 32%YoY and 34% QoQ in its net profit for 1Q22, landing 18% higher than our estimate. As per the disclosure, the total operating income increased by 11%YoY mainly due to higher fees from banking services, investment income, and lower other operating expenses. Total operating expenses including net impairment charge for expected credit losses, were lower by 13%YoY mainly due to lower salaries and employee-related expenses, rent and premises related expenses and other general and administrative expenses.

Net loans & Islamic financing & Customer deposits are in line with our estimates

The bank's net loans grew 43%YoY and dropped 1.5%QoQ, while its customer deposits grew 41%YoY and were almost flat QoQ. Financing to Deposit ratio stood

Income Statement										
(SAR bn)	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e	YoY (%)	QoQ (%)	Var (%)	
Net Interest & Islamic finance income	4.18	5.78	6.08	6.08	6.09	6.41	46%	0%	-5%	
Net ECL charge	-0.29	-2.41	-0.72	-0.51	-0.39	-0.78	35%	-25%	-51%	
PBT	3.82	2.41	4.31	3.90	5.16	4.32	35%	32%	19%	
Tax & Zakat	-0.41	-0.30	-0.52	-0.54	-0.65	-0.51	59%	21%	27%	
Net profit	3.41	2.12	3.79	3.36	4.51	3.81	32%	34%	18%	
Balance Sheet										
(SAR bn)	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e	YoY (%)	QoQ (%)	Var (%)	
Assets	600	896	903	914	922	909	54%	1%	1%	
Shareholders' Equity	71	147	148	150	165	164	131%	10%	0%	
Net Loans & Islamic Financing	357	503	504	496	513	511	44%	3%	0%	
Customers' Deposits & Islamic Invest	419	588	589	587	605	603	44%	3%	0%	
Key Ratios										
	1Q21	2Q21	3Q21	4Q21	1Q22	1Q22e				
Loans to Customer Deposits	85.0%	85.6%	85.5%	84.5%	84.8%	84.8%				
ROaE	19.5%	7.8%	10.4%	9.1%	10.3%	10.3%				
Annualized EPS (SAR)	1.14	0.48	0.85	0.76	0.85	0.85				
BVPS (SAR)	23.83	33.21	33.26	33.82	36.75	0.04				
TTM P/E (x)							23.8			
P/BV (x)							2.0			

Source: Company Reports, 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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