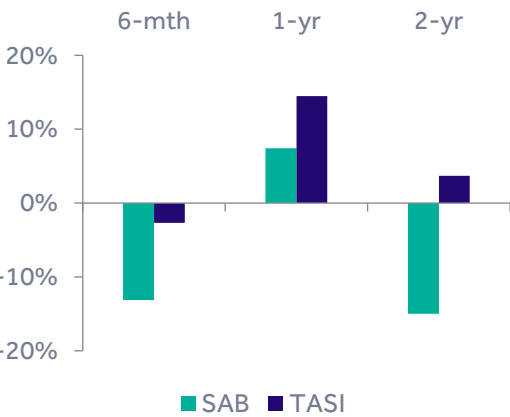


| Market Data        |                 |
|--------------------|-----------------|
| 52-week high/low   | SAR 42.65/32.70 |
| Market Cap         | SAR 72,842 mln  |
| Shares Outstanding | 2,055 mln       |
| Free-float         | 48.6%           |
| 12-month ADTV      | 1,479,059       |
| Bloomberg Code     | SABB AB         |



■ Impairment Charge Strains Net Income

October 30, 2024

|                         |       |               |           |
|-------------------------|-------|---------------|-----------|
| Upside to Target Price  | 24.1% | Rating        | Buy       |
| Expected Dividend Yield | 6.0%  | Last Price    | SAR 35.45 |
| Expected Total Return   | 30.1% | 12-mth target | SAR 44.00 |

| Saudi Awwal Bank       | 3Q2024  | 3Q2023  | Y/Y | 2Q204   | Q/Q  | RC Estimate |
|------------------------|---------|---------|-----|---------|------|-------------|
| Net Commission Income  | 2,761   | 2,528   | 7%  | 2,733   | 1%   | 2,763       |
| Total Operating Income | 3,528   | 3,067   | 9%  | 3,492   | 1%   | 3,321       |
| Net Income             | 1,883   | 1,550   | 3%  | 2,018   | (6%) | 2,007       |
| Net Financing          | 252,399 | 211,404 | 19% | 241,552 | 4%   | 255,393     |
| Deposits               | 260,632 | 228,053 | 14% | 264,427 | (1%) | 269,102     |

(All figures are in SAR mln)

- SAB's net loans grew by +19% Y/Y and +4% Q/Q , reaching SAR 252 bln, countinuing the robust growth witnessed in 2Q2024. This growth is driven by +5% rise in the corporate portfolio, and +4% increase in retail portfolio, particularly due to expansion in retail mortgages. Deposits were recorded at SAR 261 bln at the end of 3Q, showing a healthy increase of +14% Y/Y, although sequentially deposits decreased by -1%, due to -7% Q/Q lower demand deposits. Consequently, simple LDR rose to 97% from 91% in 2Q.
- Net Commission Income increased slightly by +1% Q/Q to SAR 2.8 bln, largely in-line with our estimates. NIMs were lower sequentially by 4 bps to 2.8%, as yields increased 10 bps but cost-of-funds have been under pressure with 15 bps increase, as the proportion of time deposits continued to increase.
- Impairment charge for the quarter surged significantly by +115% Y/Y and +176% Q/Q to SAR 309 mln, driven by lower recoveries and incresed charges, as per management. As a result, Cost-of-Risk came in at 49 bps for 3Q, a rise from 19 bps in 2Q2024. Operating expenses stabilized on a sequential basis, therefore, cost efficiency ratio has marginally decreased to 30.4% in 3Q from 30.8% in the previous quarter.
- Net income for the period came in at SAR 1.9 bln, +3% Y/Y increase. However, it was down by -6% Q/Q, in line with our estimates, largely due to increased impairment charges. Stock price has shown lackluster performance, reflecting broader market sentiment. We maintain our Buy rating with a target price of SAR 44.00, acknowledging the bank's strong fundamentals and potential for future growth despite market headwinds.

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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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