

**Double-digit Growth in Bottom-line**

**October 26, 2023**

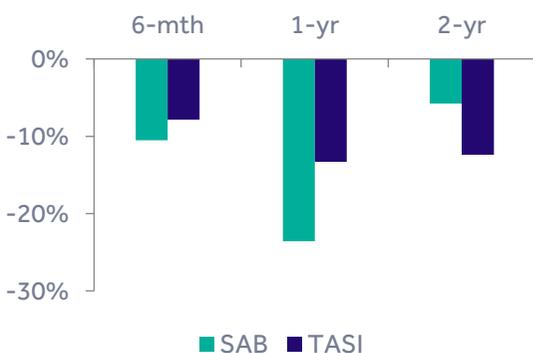
Upside to Target Price	23.1%	Rating	Buy
Expected Dividend Yield	3.1%	Last Price	SAR 32.50
Expected Total Return	26.2%	12-mth target	SAR 40.00

Market Data	
52-week high/low	SAR 43.65/30.60
Market Cap	SAR 66,781 mln
Shares Outstanding	2,055 mln
Free-float	48.62%
12-month ADTV	1,191,287
Bloomberg Code	SABB AB

Saudi Awwal Bank	3Q2023	3Q2022	Y/Y	2Q2023	Q/Q	RC Estimate
Net Commission Income	2,579	1,985	30%	2,527	2%	2,698
Total Operating Income	3,247	2,615	24%	3,067	6%	3,235
Net Income	1,830	1,506	22%	1,550	18%	1,664
Loans & Advances	211,404	183,160	15%	198,671	6%	205,570
Deposits	228,053	202,864	12%	222,734	2%	227,208

(All figures are in SAR mln)

- SAB's net financing portfolio showed a +15% Y/Y and +6% Q/Q growth to SAR 211 bln at 3Q2023-end. Deposits also showed a growth by +12% Y/Y and +2% Q/Q to SAR 228 bln. Headline LDR stands at 93%.
- NSCI is up on both yearly and quarterly basis by +30% and +2%, respectively, to SAR 2.6 bln. This is driven by an increase in Special Commission Income by +77% yearly and +9% quarterly although Special Commission Expense was also up by +251% Y/Y and +20% Q/Q on the back of higher interest rates.
- Non-core income rose by +6% Y/Y and +24% Q/Q to SAR 668 mln, spurred by higher Net Fee, Commission Income and Exchange Income. Operating Income is up +24% Y/Y and +6% Q/Q to SAR 3.2 bln, matching our estimates.
- Total Opex increased +29% Y/Y and +4% Q/Q to SAR 1.1 bln. The Y/Y increase was attributed to higher salaries and employee related expenses along with G&A expenses coupled with a rise of +279% Y/Y in provisions.
- Saudi Awwal Bank reported a net income of SAR 1.8 bln (+22% Y/Y, +18% Q/Q), which beat both our estimates and market consensus, on the back of lower provision for Zakat. Income before Zakat and Income Tax (SAR 2.1 bln) matched our estimates. We increase our target price to SAR 40.00 and upgrade our rating to a Buy.



**Abdullah D Alharbi**  
 abduallah.ulihan.alharbi@riyadcapital.com  
 +966-11-486-5680

## 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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