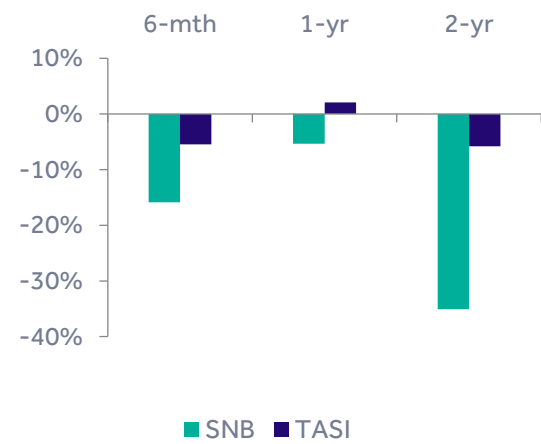


Market Data	
52-week high/low	SAR 44.35/30.90
Market Cap	SAR 208,200 mln
Shares Outstanding	6,000 mln
Free-float	62.71%
12-month ADTV	5,319,870
Bloomberg Code	SNB AB



■ Advances Rise, Deposits Decline Q/Q

August 07, 2024

Upside to Target Price	26.8%	Rating	Buy
Expected Dividend Yield	2.6%	Last Price	SAR 34.70
Expected Total Return	29.4%	12-mth target	SAR 44.00

SNB	2Q2024	2Q2023	Y/Y	1Q2024	Q/Q	RC Estimate
Net Commission Income	7,051	6,522	8%	6,912	2%	6,950
Total Operating Income	8,916	8,494	5%	8,939	0%	9,010
Net Income	5,231	5,016	4%	5,040	4%	5,161
Net Financing	637,235	577,849	10%	625,202	2%	634,580
Deposits	632,693	602,209	5%	656,261	(4%)	662,824

(All figures are in SAR mln)

- After experiencing a recovery in deposit growth in the previous quarter, deposits declined by -4% Q/Q to SAR 633 bln. Despite the quarterly drop, deposits were +5% higher Y/Y. Net financing expanded by SAR 12 bln (+2% Q/Q) to SAR 637 bln, showing a robust +10% Y/Y increase. This expansion is primarily driven by Wholesale financing and Retail mortgages. Simple LDR increased from 95% in 1Q2024 to 101% in current quarter.
- Rise in total operating income was in line with our estimates. NIMs in 2Q2024 remained stable sequentially at 3.08% with a slight 1bps rise Y/Y as the rise in yields exceeded the increase in funding costs.
- The Cost to Income ratio has risen to 28.0% (up 50 bps Q/Q), largely on elevated international costs stemming from inflationary pressures in Turkey. However, the Domestic Cost-to-Income ratio improved Y/Y to 25.2%.
- Impairment charge for the quarter experienced a substantial decrease by -82% Q/Q, dropping to SAR 120 mln. However, on Y/Y basis, impairment charge rose significantly by 58%. This decline in impairment charge had a notable impact on operating expense, which fell by -14% Q/Q.
- Net income for the period was reported at SAR 5.2 bln, +4% Q/Q and matching our forecast. This growth was primarily driven by higher domestic operating revenue and lower impairment charges. Lackluster stock price performance continues. We reduce our target price to SAR 44.00 but maintain a Buy rating.

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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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