

Market Data	
52-week high/low	SAR 42.65/30.60
Market Cap	SAR 75,822 mln
Shares Outstanding	2,055 mln
Free-float	48.6%
12-month ADTV	1,199,942
Bloomberg Code	SABB AB

### Net Income Beats Estimates

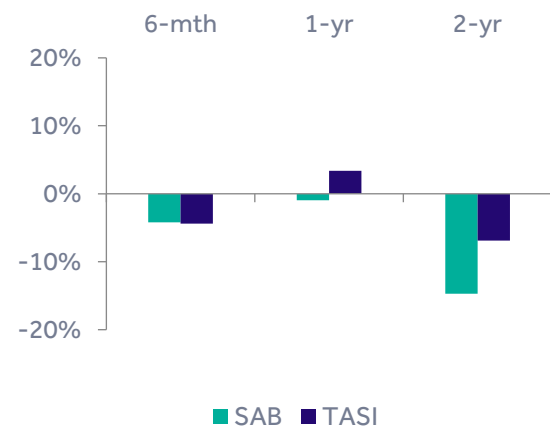
August 11, 2024

Upside to Target Price	19.2%	Rating	Buy
Expected Dividend Yield	2.7%	Last Price	SAR 36.90
Expected Total Return	22.0%	12-mth target	SAR 44.00

Saudi Awwal Bank	2Q2024	2Q2023	Y/Y	1Q204	Q/Q	RC Estimate
Net Commission Income	2,733	2,528	8%	2,709	1%	2,726
Total Operating Income	3,492	3,067	14%	3,447	1%	3,321
Net Income	2,018	1,550	30%	2,043	(1%)	1,888
Net Financing	241,552	198,671	22%	228,593	6%	233,110
Deposits	264,427	222,734	19%	251,760	5%	255,537

(All figures are in SAR mln)

- SAB's net loans grew by +6% Q/Q to SAR 242 bln, continuing the robust growth witnessed in the 1Q2024, driven by +6% rise in the corporate portfolio, and +4% increase in retail portfolio, particularly due to expansion in retail mortgages. Deposits were recorded at SAR 264 bln at the end of the second quarter, showing a healthy increase of +19% Y/Y and +5% sequentially, led by time deposits. Simple LDR remained almost flat at 91% Q/Q.
- Net Financing and Investment Income increased slightly by +1% Q/Q to SAR 2.7 bln, but was +8% higher Y/Y, largely in-line with our estimates. NIMs were lower sequentially by 10 bps Q/Q to 2.90%, as yields stabilized but cost-of-funds have been under pressure as time deposits constitute a higher proportion of total deposits.
- The bank recorded provisions of SAR 112 mln for the quarter, higher than SAR 81 mln in the preceding quarter but down -19% Y/Y. Cost of risk came in at 19bps for 2Q, a rise from 14bps in 1Q2024.
- Operating expenses increased by +2% in Q/Q, therefore, cost efficiency ratio has marginally increased to 30.8% in 2Q2024 from 30.5% in the previous quarter.
- Net Income of SAR 2.0 bln is up +30% Y/Y and beat both our forecast and market consense, but was lower -1% Q/Q, due to higher zakat and income tax and incresed impairments by +38% Q/Q. Stock price performance has generally been in line with the market. A higher 1H DPS of SAR 1.00 should please investors. We maintain our target price of SAR 44.00 but upgrade to 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](mailto:research@riyadcapital.com)

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