

Company

Saudi Awwal Bank

1Q25 Result Review

Rating

Buy

Bloomberg Ticker

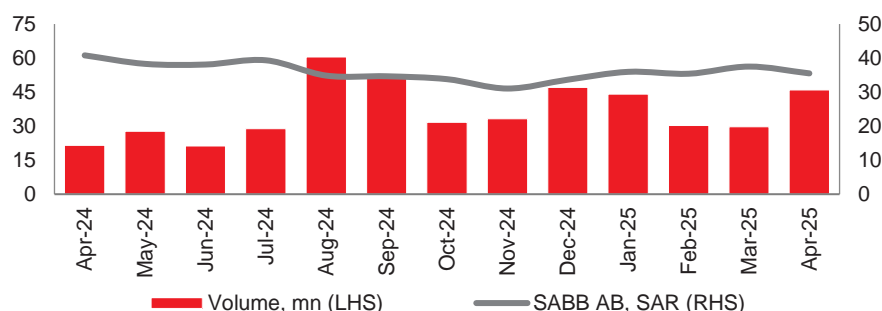
SABB AB

Date

28 April 2025

Results

Target Price SAR	38.7
Upside/ Downside	9.0%

**Operating income growth led by commission income**

SABB reported operating income of SAR 3.6bn in 1Q25, up 5% YoY and flat QoQ, broadly in line with our estimate. The growth was primarily driven by an 8% YoY increase in gross special commission income, supported by loan growth. Bank's net special commission income rose only 5% YoY as commission expenses also increased during the period.

Net profit remained sequentially flat as higher costs offset gains

Net profit stood at SAR 2.1bn, up 5% YoY and stable QoQ. The YoY increase was supported by higher operating income and lower operating losses from financial instruments. However, sequential profit was flat as higher expected credit losses (ECL charges up 121% QoQ) offset operating gains. Total operating expenses excluding provisions rose 2% YoY, mainly due to higher salaries and employee-related costs.

Healthy balance sheet growth; maintain buy

Total assets grew 15% YoY and 7% QoQ to SAR 426bn. Loans increased by 22% YoY and 8% QoQ to SAR 279bn, driven by steady lending growth. Growth in customer deposits kept the loan-to-deposit ratio healthy at 96%. Considering the above factors, we maintain our Buy rating on the stock with a target price of SAR 38.7.

Financial Statements

(SAR bn)	1Q24	2Q24	3Q24	4Q24	1Q25	1Q25e	YoY (%)	QoQ (%)	Var (%)
Income Statement									
Op. Income	3.4	3.5	3.5	3.6	3.6	3.7	5%	2%	-2%
Op. Expenses	1.1	1.1	1.1	1.1	1.1	1.1	2%	-2%	-5%
Net ECL charge	0.1	0.1	0.3	0.1	0.1	0.1	76%	121%	7%
Net Profit	2.0	2.0	1.9	2.1	2.1	2.1	5%	0%	0%
Balance Sheet									
Assets	370	382	395	399	426	407	15%	7%	5%
Shareholders' Equity	63	63	64	68	72	68	14%	5%	5%
Loans & Advances	229	242	252	259	279	266	22%	8%	5%
Customer deposits	252	264	261	267	290	272	15%	9%	7%
Key Ratios									
Cost to Income (%)	30.5%	30.8%	30.4%	30.7%	29.6%	30.5%			
Loans to Cust. Deposit	90.8%	91.3%	96.8%	97.1%	96.0%	97.6%			
TTM P/E (x)					8.9				
P/BV (x)					1.0				

Source: Financials, Tadawul, Bloomberg, U Capital Research

Current Market Price (SAR)	35.5
52wk High / Low (SAR)	41.8/30.8
12m Average Vol. (000)	1,823.1
Mkt. Cap. (USD/SAR mn)	19,444.8/ 72,945.2
Shares Outstanding (mn)	2,054.8
Free Float (%)	48.5%
3m Avg Daily Turnover (000)	67.7
6m Avg Daily Turnover (000)	64.7
P/E'25e (x)	8.4
P/B'25e (x)	1.2
Dividend Yield '25e (%)	6.0%
Price Perf. (1m/3m) (%)	-5.3/-2.5

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Recommendation

BUY	ACCUMULATE	HOLD	REDUCE	SELL
Greater than 20%	Between +10% and +20%	Between +10% and -10%	Between -10% and -20%	Lower than -20%

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