

Company

Saudi Awwal Bank

2Q25 Result Review

Rating

Accumulate

Bloomberg Ticker

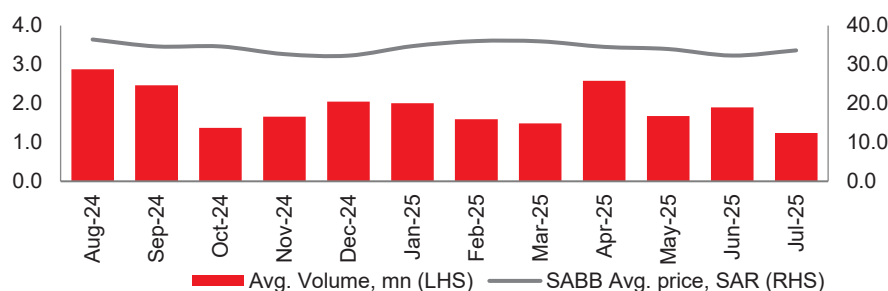
SABB AB

Date

24 July 2025

Results

Target Price SAR	38.7
Upside/ Downside	19.8%



Operating income rose moderately by 7% YoY and 3% QoQ

SAB's operating income stood at SAR 3.7bn in 2Q25, up 7% YoY and 3% QoQ, driven by net special commission income, gains on FVOCI debt instruments, and exchange income. Total income from the special commission of financing grew by 10% YoY and 4% QoQ, but it was offset by a rise in the special commission expense of financing.

Net profit up 5% YoY as higher provisions offset operating income growth

Net profit grew 5% YoY to SAR 2.1bn in 2Q25 but remained flat sequentially as higher net ECL charges offset gains in operating income. Provisions rose sharply to SAR 0.2bn in 2Q25, up 92% YoY and 52% QoQ, primarily due to higher impairment charges on loans.

Loan & advances increased by 17% YoY

Loans & Advances increased by 17% YoY to SAR 283bn. Customer deposits increased by 12% YoY to SAR 297bn, supporting balance sheet expansion with the loan-to-deposit ratio standing at 95.2%. The cost-to-income ratio decreased to 29.2% in 1H25, compared to 30.6% in the same period last year. We expect this positive trajectory to continue, thereby maintaining an Accumulate rating on the stock.

Current Market Price (SAR)	32.3
52wk High / Low (SAR)	39.5/30.5
12m Average Vol. (000)	1,896.9
Mkt. Cap. (USD/SAR mn)	17.7/66.4
Shares Outstanding (mn)	2,054.8
Free Float (%)	48.5%
3m Avg Daily Value Traded (SAR mn)	58.3
3m Avg Daily Value Traded (SAR mn)	60.9
P/E'25e (x)	7.6
P/B'25e (x)	1.0
Dividend Yield '25e (%)	6.6%
Price Perf. (1m/3m) (%)	3.4/-6.4

Research Department

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Financial Statements

(SAR bn)	2Q24	3Q24	4Q24	1Q25	2Q25	2Q25e	YoY (%)	QoQ (%)	Var (%)	1H24	1H25	YoY (%)
Income Statement												
Op. Income	3.5	3.5	3.6	3.6	3.7	3.8	7%	3%	-1%	6.9	7.3	6%
Op. Expenses	1.1	1.1	1.1	1.1	1.1	1.2	0%	0%	-7%	2.1	2.1	1%
Net ECL charge	-0.1	-0.3	-0.1	-0.1	-0.2	-0.1	92%	52%	50%	-0.2	-0.4	85%
Net Profit	2.0	1.9	2.1	2.1	2.1	2.1	5%	0%	-1%	4.1	4.3	5%
Balance Sheet												
Assets	382	395	399	426	432		13%	2%		382	432	13%
Shareholders' Equity	59	60	60	64	67*		13%	4%		59	67*	13%
Loans & Advances	242	252	259	279	283		17%	1%		242	283	17%
Customer deposits	264	261	267	290	297		12%	2%		264	297	12%
Key Ratios												
Cost to Income (%)	30.8%	30.4%	30.7%	29.6%	28.9%	30.5%				30.6%	29.2%	
Loans to Deposits	91.3%	96.8%	97.1%	96.0%	95.2%					91.3%	95.2%	
TTM RoE					13.2%							
TTM P/E (x)					6.5							
P/BV (x)					0.9							

Source: Financials, Tadawul, Bloomberg, U Capital Research; * - Shareholders' equity calculated as Total Equity deducting Tier 1 capital for 1Q25



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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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