



Saudi Awwal Bank

3rd Quarter 2023 Earnings Release

Key messages

- **9M23 Net income after Zakat and income tax of SAR5,145 million was SAR1,553 million or 43% higher than the prior period. 9M23 Net income before Zakat and income tax of SAR6,109 million was SAR1,890 million or 45% higher compared with the prior period,** mainly from higher total operating income ('revenue') partly offset by increased costs and higher expected credit losses.
- **9M23 revenue of SAR9,532 million was SAR2,662 million or 39% higher than the prior period** mainly from higher Net special commission income together with increases in Exchange income and Net fee income.
- **9M23 Net special commission income margin ('NIM') was 3.0% for the nine months which was 0.7ppt higher than the prior period** as our largely floating rate portfolio benefitted from the increase in benchmark rates during 2022 and into 2023; this has resulted in a 49% increase in Net Special Commission income;
 - **3Q23 NIM fell marginally** mainly from higher cost-of-funds despite improved asset yields
- **9M23 operating expenses of SAR3,047 million increased SAR462 million or 18%** as we continue to invest in our transformation; **9M23 cost efficiency of 32.0% improved 5.7ppts** compared with the prior period
- **9M23 annualised cost-of-risk was 34bps** and remains within our expected range.
- **9M23 Return on tangible equity ('RoTE') increased 4.0ppts to 15.2%.**
- **3Q23 Net income after Zakat and income tax of SAR1,830 million was SAR324 million or 22% higher than 3Q22** mainly from higher revenue partly offset by increased Zakat and income tax charges and higher costs; 3rd quarter net income was a record for the bank
- **Gross customer advances of SAR217.5 billion were higher by SAR28.4 billion or 15% compared with 30 September 2022 and SAR12.8 billion or 6.3% compared with 30 June 2023.** Year-to-date growth of SAR28.4bn represents 15% year-to-date growth.
- **Customer deposits of SAR228.1 billion were higher by SAR25.2 billion or 12% compared with 30 September 2022 and were higher by SAR5.3 billion or 2% compared with 30 June 2023.** Year-to-date growth of SAR13.8 billion represents 6% year-to-date growth.

Results for the nine months ended 30 September 2023 (Not subject to audit review)

Summarised Income Statement and key ratios

	Nine months ended		
	30 September 2023 SAR million	30 September 2022 SAR million	Change %
Total operating income ('Revenue')	9,532	6,870	39
Operating expenses	(3,047)	(2,585)	18
Provision for expected credit losses, net	(512)	(233)	>100
Share in earnings of associates	136	168	(19)
Net income before Zakat and income tax	6,109	4,219	45
Zakat and income tax	(964)	(597)	61
Loss from discontinued operations	-	(30)	(100)
Net income	5,145	3,592	43
Key ratios:			
Net special commission income margin ('NIM')	3.0	2.3	0.7ppt
Return on tangible equity ('ROTE')	15.2	11.2	4.0ppt
Cost efficiency ratio ('CER')	32.0	37.6	(5.7)ppt
Cost of Risk ('CoR')	0.34	0.17	0.17bps

Results for the three months ended 30 September 2023 (Not subject to audit review)

Summarised Income statement and key ratios

	Three months ended		
	30 September 2023 SAR million	30 June 2023 SAR million	30 September 2022 SAR million
Total operating income ('Revenue')	3,247	3,067	2,615
Operating expenses	(1,045)	(996)	(881)
Provision for expected credit losses, net	(144)	(139)	(38)
Share in earnings of associates	59	47	47
Net income before Zakat and income tax	2,118	1,979	1,743
Zakat and income tax	(287)	(429)	(231)
Loss from discontinued operations	-	-	(6)
Net income	1,830	1,550	1,506
Key ratios:			
		%	
Net special commission income margin ('NIM')	3.0	3.0	2.5
Return on tangible equity ('ROTE')	16.0	13.5	13.9
Cost efficiency ratio ('CER')	32.2	32.5	33.7
Cost of Risk ('CoR')	0.27	0.28	0.08

Summarised balance sheet

	As at		
	30 September 2023 SAR million	30 June 2023 SAR million	30 September 2022 SAR million
Loans and advances, net	211,404	198,671	183,160
Customer deposits, net	228,053	222,734	202,864
Total assets	340,478	334,913	300,099
Total equity	55,539	56,693	53,543

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