



Saudi Awwal Bank

2023 Full Year and 4th Quarter Earnings Release

Saudi Awwal Bank records SAR7.0 billion net profit for 2023 – an increase of 45% or SAR2.2 billion during the year

Key messages

- **Net income after Zakat and income tax of SAR7,002 million was SAR2,177 million or 45% higher**, mainly from higher total operating income ('revenue') which increased SAR3,060 million or 32% partly offset by a 12% increase in costs and higher absolute expected credit losses despite a broadly unchanged cost-of-risk.
- **Net special commission income margin ('NIM') improved 0.5ppt to 3.0%** for the full year (2022: 2.5%). This resulted in the Bank generating SAR10,341 million of Net special commission income which grew 40% on 2022. Fourth quarter NIM remained stable at 3.0%.
- **Non-funds income of SAR2,369 million grew 6%** mainly from higher fee and exchange income. Fourth quarter non-funds income fell compared with the third quarter from lower trading revenue and lower fee income. Lower fourth quarter fee income was affected by the timing of certain collections but also from the impact of a small number of items that are one-off in nature together with seasonality.
- **Cost of risk remained low at 27bps for the year**, whilst we saw continued robust improvement in our non-performing loans ratio for SAB-originated loans, which decreased to 1.7%.
- **Return on tangible equity ('RoTE') increased 4.1ppts to 15.3%** for the full year; fourth quarter QTD annualised RoTE of 16.0%.
- **Operating expenses of SAR4,113 million increased SAR451 million or 12%** as we continue to invest in our transformation.
- **Cost efficiency ratio improved 5.5ppt to 32.4%.**
- **Gross customer advances grew SAR32.9 billion or 17%** closing the year at SAR222.1 billion, **with SAR25.3 billion or 18% growth in our Corporate and Institutional business ('CIB')** and **SAR7.6 billion or 16% growth in our Wealth and Personal banking business ('WPB')**. Lending growth has been ahead of the market throughout 2023 and across a number of sectors, with notable progress with our Large Corporate, Institutional and multi-national customers, together with very strong performance in our mortgage business.
- **Customer deposits grew SAR26.7 billion or 12%** closing the year at SAR240.9 billion, with SAR15.1 billion or 12% growth in CIB and SAR6.5% billion or 9% growth in WPB. Demand deposits of SAR139.0 billion marginally fell during 2023 by 2% resulting in a **closing non-interest bearing deposit ratio of 58%**, which reflects the strength in our deposit franchise and ahead of the market.

Full year results for the year ended 31 December 2023

Summarised Income Statement and key ratios

	Year ended		
	31 December 2023 SAR million	31 December 2022 SAR million	Change %
Total operating income ('Revenue')	12,710	9,650	32
Operating expenses	(4,113)	(3,662)	12
Provision for expected credit losses, net	(562)	(445)	26
Share in earnings of associates	188	172	9
Net income before Zakat and income tax	8,223	5,715	44
Zakat and income tax	(1,221)	(836)	46
Loss from discontinued operations	-	(54)	(100)
Net income	7,002	4,826	45
Key ratios:	%	%	ppt.
Net special commission income margin ('NIM')	3.0	2.5	0.5
Return on tangible equity ('ROTE')	15.3	11.2	4.1
Cost efficiency ratio ('CER')	32.4	37.9	(5.5)
Cost of Risk ('CoR')	0.27	0.24	0.03

Quarter-to-date results for the three months ended 31 December 2023

Summarised Income statement and key ratios

	Three months ended		
	31 December 2023 SAR million	30 September 2023 SAR million	31 December 2022 SAR million
Total operating income ('Revenue')	3,179	3,247	2,781
Operating expenses	(1,066)	(1,045)	(1,077)
Provision for expected credit losses, net	(51)	(144)	(212)
Share in earnings of associates	53	59	5
Net income before Zakat and income tax	2,114	2,118	1,496
Zakat and income tax	(257)	(287)	(239)
Loss from discontinued operations	-	-	(24)
Net income	1,858	1,830	1,234
Key ratios:	%	%	%
Net special commission income margin ('NIM')	3.0	3.0	2.9
Return on tangible equity ('ROTE')	16.0	16.0	11.3
Cost efficiency ratio ('CER')	33.5	32.2	38.7
Cost of Risk ('CoR')	0.09	0.27	0.45

Summarised balance sheet

	As at		
	31 December 2023 SAR million	30 September 2023 SAR million	31 December 2022 SAR million
Loans and advance, gross	222,064	217,497	189,143
Loans and advances, net	215,936	211,404	183,132
Customer deposits, net	240,940	228,053	214,279
Demand deposits	138,954	135,640	141,427
Total equity	61,900	55,539	54,637

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