



## Saudi Awwal Bank 1H23 Earnings Release

### Key messages

- **The Bank's strategy remains firmly on course**, delivering the planned transformation and sustained high levels of support to the Bank's retail, corporate and institutional customers. SAB's financials are growing in line with its transformation plans, delivering on core financial fundamentals.
- **1H23 Net income after Zakat and income tax of SAR3,314 million was SAR1,228 million or 59% higher than the prior period.**
- **1H23 Net income before Zakat and income tax of SAR3,991 million was SAR1,515 or 61% higher compared with the prior period**, mainly from higher total operating income ('revenue') partly offset by increased costs and higher expected credit losses.
- **1H23 revenue of SAR6,284 million was SAR2,030 million or 48% higher than the prior period** mainly from higher Net special commission income together with increases in Net fee income and Exchange income.
- **1H23 Net special commission income margin ('NIM') was 3.1% for the first half which was 0.9ppt higher than the prior period** as our largely floating rate portfolio benefitted from the increase in benchmark rates during 2022 and into 2023; **2Q23 NIM fell 0.1ppt** mainly from higher cost-of-funds despite improved asset yields
- **1H23 operating expenses of SAR2,002 million increased SAR298 million or 18%** as we continue to invest in our transformation; **1H23 cost efficiency of 31.9% improved 8.2ppts** compared with the prior period
- **1H23 annualised cost-of-risk was 37bps** and remains within our expected range.
- **2Q23 Net income after Zakat and income tax of SAR1,550 million was SAR468 million or 43% higher than 2Q22** mainly from higher revenue partly offset by increased Zakat and income tax charges and higher costs. Zakat and income tax charges included a provision in the second quarter relating to assessments for 2019 and 2020.
- **1H23 Return on tangible equity ('RoTE') increased 4.9ppts to 14.7%.**
- **Gross customer advances of SAR204.7 billion were higher by SAR22.6 billion or 12% compared with 30 June 2022 and SAR7.8 billion or 4% compared with 31 March 2023.** Year-to-date growth of SAR15.5bn represents 8% year-to-date growth.
- **Customer deposits of SAR222.7 billion were higher by 15.3 billion or 7% compared with 30 June 2022 but were lower by SAR3.2 billion or 1% compared with 31 March 2023.** Year-to-date growth of SAR8.5 billion represents 4% year-to-date growth.

## Results for the six months ended 30 June 2023 (Not subject to audit review)

### Summarised Income Statement and key ratios

	Six months ended		
	30 June 2023 SAR million	30 June 2022 SAR million	Change %
Total operating income ('Revenue')	6,284	4,254	48
Operating expenses	(2,002)	(1,704)	18
Provision for expected credit losses, net	(367)	(196)	88
Share in earnings of associates	76	121	(37)
Net income before Zakat and income tax	3,991	2,476	61
Zakat and income tax	(677)	(366)	85
Loss from discontinued operations	-	(24)	100
Net income	3,314	2,086	59
<b>Key ratios:</b>	<b>%</b>	<b>%</b>	<b>%</b>
Net special commission income margin ('NIM')	3.1	2.2	0.9
Return on tangible equity ('ROTE')	14.7	9.8	4.9
Cost efficiency ratio ('CER')	31.9	40.0	(8.1)
Cost of Risk ('CoR')	0.37	0.22	0.15

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

### Summarised Income statement and key ratios

	Three months ended		
	30 June 2023 SAR million	31 March 2023 SAR million	30 June 2022 SAR million
Total operating income ('Revenue')	3,067	3,218	2,242
Operating expenses	(996)	(1,006)	(863)
Provision for expected credit losses, net	(139)	(229)	(136)
Share in earnings of associates	47	30	53
Net income before Zakat and income tax	1,979	2,012	1,297
Zakat and income tax	(429)	(248)	(203)
Loss from discontinued operations	-	-	(12)
Net income	1,550	1,765	1,082
<b>Key ratios:</b>	<b>%</b>	<b>%</b>	<b>%</b>
Net special commission income margin ('NIM')	3.0	3.1	2.3
Return on tangible equity ('ROTE')	13.5	15.9	10.1
Cost efficiency ratio ('CER')	32.5	31.3	38.5
Cost of Risk ('CoR')	0.28	0.47	0.30

### Summarised balance sheet

	As at		
	30 June 2023 SAR million	31 March 2023 SAR million	30 June 2022 SAR million
Loans and advances, net	198,671	191,001	176,214
Customer deposits, net	222,734	225,983	207,451
Demand deposits	135,140	149,317	154,585
Total equity	56,693	57,034	53,907

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