

Saudi Awwal Bank

October 22, 2026

Earnings in line as higher impairments offset core income gains

Last Price: SAR 32.4 | YoY Performance: 6.1%

KEY TAKEAWAYS

- Saudi Awwal Bank (SAB) reported a net profit of SAR 2,165 mn in 3Q26 (+1.0% YoY, -7.1% QoQ), in line with our estimate of SAR 2,145 mn (+0.9%). Impairments came in at SAR 362 mn, 104.2% above our estimate and exceeded the bank's 1H26 charge of SAR 172 mn, reflecting a normalisation from low provisioning levels in 1H26.
- Net interest income rose 6.4% YoY to SAR 3,071 mn in 3Q26 (+4.1% QoQ). The growth was driven by a 6.0% YoY decline in gross interest expense to SAR 2,745 mn, while gross interest income rose marginally to SAR 5,816 mn (+0.2% YoY). NIM eased 3 bps YoY to 2.9%, though it increased 5 bps sequentially.
- Non interest income rose 8.0% QoQ to SAR 770 mn (+0.8% YoY). The sequential growth was driven by higher FVSI income and income from disposal of FVOCI debt instruments, partly offset by lower fee income.
- Operating expenses rose 0.8% YoY to SAR 1,136 mn in 3Q26 (+2.3% QoQ), lagging the operating income growth of 5.3% YoY to SAR 3,841 mn (+4.9% QoQ). As a result, cost to income ratio fell 130 bps YoY to 29.6% (-73 bps QoQ).
- Impairment provisions rose 4.4x YoY to SAR 362 mn, roughly double our estimate of SAR 177 mn. Management noted higher provisioning due to the current uncertain backdrop. Cost of risk stood at 45 bps compared to 11 bps in 3Q25.
- As of 3Q26, loans stood at SAR 325.2 bn, up 11.0% YoY and 1.6% QoQ. Investments fell 9.3% YoY to SAR 97.8 bn (-2.0% QoQ). Deposits amounted to SAR 325.4 bn (+3.3% YoY), down 4.9% QoQ, reflecting efforts to reduce some of the more expensive time deposits. Time deposits declined 7% QoQ, while demand deposits fell 2% QoQ. Headline LDR rose 696 bps YoY and 635 bps QoQ to 99.9%.
- Based on our last update, we maintain an 'Overweight' stance on the stock, with a target price of SAR 44/share. The stock is currently trading at a 2027f P/E and P/B of 7.7x and 0.9x, respectively.

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Issuer Information

Bloomberg Code	SABB AB
Last Price (SAR)	32.4
No of Shares (mn)	2,055
Market Cap bn (SAR/USD)	66.6 / 17.8
52-week High / Low (SAR)	37.9 / 30.2
12-month ADTV (mn) (SAR/USD)	57.7 / 15.4
Free Float (%)	48.4
Foreign Holdings (%)	16.0

Last price as of Oct 21st, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	3Q26A	3Q26E*	Var (%)	3Q25A	YoY (%)	2Q26A	QoQ (%)
Net Interest Income	3,071	2,987	2.8	2,885	6.4	2,950	4.1
Non-Interest Income	770	772	-0.3	764	0.8	713	8.0
Total Income	3,841	3,759	2.2	3,649	5.3	3,663	4.9
Operating Expenses	-1,136	-1,132	0.3	-1,127	0.8	-1,110	2.3
Impairment Provisions	-362	-177	104.2	-82	341.5	-5	7140.0
Net Income	2,165	2,145	0.9	2,144	1.0	2,331	-7.1
Adj. EPS	0.98	0.98		0.98		1.02	
Assets	474,012	478,198	-0.9	445,446	6.4	474,474	-0.1
Investments	97,778	101,782	-3.9	107,803	-9.3	99,822	-2.0
Loans & Advances	325,203	324,022	0.4	292,914	11.0	320,207	1.6
Deposits	325,429	345,064	-5.7	315,068	3.3	342,157	-4.9
Total Equity	80,459	80,828	-0.5	78,045	3.1	80,878	-0.5
NIM (%) - annualized	2.9	2.8	9 bps	2.9	-3 bps	2.8	5 bps
Operating Cost to Income (%)	29.6	30.1	-55 bps	30.9	-130 bps	30.3	-73 bps
Provision/Loans (bps)	44.9	22.0	23 bps	11.5	33 bps	0.7	44 bps
Headline LDR (%)	99.9	93.9	603 bps	93.0	696 bps	93.6	635 bps
Assets to Equity (x)	5.9	5.9	-0.4	5.7	3.2	5.9	0.4

*anbc estimates

Source: Company Financials, anbc research

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Expected return is more than +15%	Expected return is between +15% & -10%	Expected return is lower than -10%

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