

SAIB reports 10% net income growth to SAR 1,447 million in 9M 2024

Strong balance sheet momentum with lending growth of 18% in 9M 2024

Key financial metrics for 9M 2024:

<p>Loans +18% YTD SAR 94.9 bn ▲</p>	<p>Investments +25% YTD SAR 40.3 bn ▲</p>	<p>Deposits +18% YTD SAR 98.1 bn ▲</p>
<p>Operating Income +4% YoY SAR 3,096 mn ▲</p>	<p>Operating Expenses +4% YoY SAR 1,297 mn ▲</p>	<p>Net Income +10% YoY SAR 1,447 mn ▲</p>
<p>Tier 1 Ratio -2.0 ppts YoY 17.4% ▼</p>	<p>SAMA LTD Ratio +2.6 ppts YoY 79.1% ▲</p>	<p>Return on Tangible Equity +28 bps YoY 12.5% ▲</p>

Key highlights of 9M 2024

- ▷ Total assets at SAR 151.3 bn, up 16% YTD
- ▷ Loans and advances increased 18% YTD
- ▷ Investments (mainly debt securities) up 25% YTD
- ▷ Customer deposits up 18% YTD
- ▷ Net income rose 10% YoY
- ▷ Operating income up 4% YoY
- ▷ NIM contraction to 2.74% on higher funding costs
- ▷ Stable efficiency with CIR at 41.9%
- ▷ Healthy credit quality with cost of risk at 0.31% and lower NPL ratio at 1.41%
- ▷ Return on tangible equity improved 28 bps YoY to 12.5%
- ▷ Solid capitalization with Tier 1 ratio of 17.4% and CAR of 18.0%
- ▷ Comfortable liquidity position with LCR of 168.0% and NSFR of 110.5%

Earnings Release



Riyadh, 11 November 2024 – The Saudi Investment Bank has reported net income of SAR 1,447 million for 9M 2024, a 10% year-on-year increase, supported by a 4% rise in total operating income. Operating income growth was driven by a 29% improvement in net fee and other income, mainly from higher investment-related income and growth in fees from banking services. Total assets expanded 16% year-to-date, with loans and advances growing 18% and investments increasing 25%. SAIB's balance sheet expansion was primarily funded by 18% year-to-date growth in customer deposits, mainly from higher time deposits, as well as increased interbank funding

Faisal Abdullah Al-Omran, Chief Executive Officer of Saudi Investment Bank, said:

“SAIB has delivered another solid set of results in the third quarter of 2024, building on the growth momentum witnessed in the first half of the year. Net income for the first nine months of 2024 increased 10% year-on-year, driven by strong fee income growth, while maintaining a disciplined approach to expense control and risk management. These factors translated to a continued improvement in our return on tangible equity to 12.5%.

Our balance sheet growth remains robust, with an 18% increase in loans and deposits thus far this year, demonstrating strong market trust and customer confidence. SAIB consistently maintains high asset quality, characterized by a low non-performing loan ratio of 1.41% and sufficient provision coverage of 155% as of September 30, 2024. The Bank has further maintained strong capitalization and liquidity positions, with ample room to support continued growth in the future.

We are actively advancing the implementation of Strategy 2027, with significant progress being made on our strategic initiatives aimed at enhancing the overall customer experience and strengthening the bank's market position. At the same time, the strong macroeconomic environment in Saudi Arabia remains favorable and supportive, further energizing our growth ambitions.”

Performance Highlights

Income Statement

SAR Million	9M 2024	9M 2023	Δ	3Q 2024	3Q 2023	Δ
Net special commission income	2,630	2,602	+1%	909	890	+2%
Fee and other income	465	362	+29%	169	118	+43%
Total operating income	3,096	2,964	+4%	1,078	1,008	+7%
Operating expenses before impairments	(1,297)	(1,243)	+4%	(447)	(408)	+10%
Provisions for credit and other losses	(210)	(248)	-16%	(66)	(87)	-25%
Net Operating Income	1,589	1,473	+8%	565	512	+10%
Share in earnings of associates	84	55	+52%	33	24	+36%
Income before provisions for Zakat	1,672	1,528	+9%	599	537	+12%
Provisions for Zakat	(226)	(214)	+6%	(81)	(75)	+8%
Net Income attributed to equity holders	1,447	1,314	+10%	518	462	+12%
Earnings per share (SAR)	1.08	0.97	+11%	0.40	0.36	+13%
Net interest margin	2.74%	3.08%	-34bps	2.66%	2.99%	-32bps
Cost to income ratio	41.9%	41.9%	-2bps	41.5%	40.5%	+98bps
Cost of risk	0.31%	0.43%	-12bps	0.28%	0.43%	-16bps
Return on tangible common equity	12.5%	12.2%	+28bps	13.8%	13.3%	+48bps

Net income for 9M 2024 rose 10% year-on-year to SAR 1,447 million. Growth was driven by an increase in total operating income, further supported by improved cost of risk.

Operating income for 9M 2024 reached SAR 3,096 million, marking a 4% year-on-year increase. This solid top-line growth was largely attributed to a 29% year-on-year increase in fee and other income, which amounted to SAR 465 million in 9M 2024. The key drivers of this growth were higher investment-related income and fees from banking services. Net special commission income grew by 1% compared to 9M 2023, as 13% year-on-year growth in average earning assets was mostly offset by a 34 bps contraction in NIM to 2.74%.

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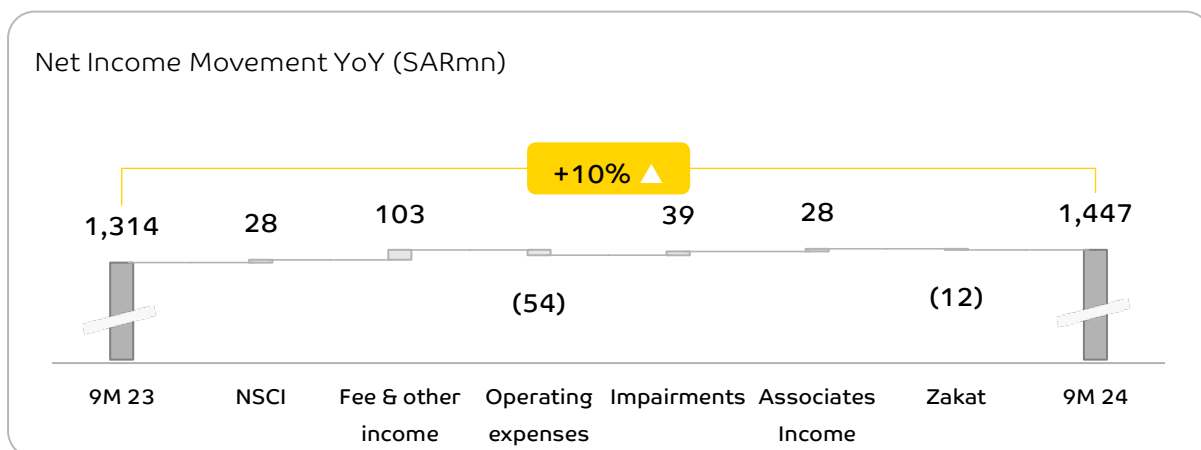


Operating expenses increased modestly by 4% year-on-year to SAR 1,297 million. This was mainly due to higher general & administration expenses, and employee-related costs as the bank continued to execute on its digital transformation and strategic growth initiatives.

Cost to income ratio remained stable at 41.9% in 9M 2024, attributed to proportional growth in operating income and expenses.

The provisions for credit and other losses amounted to SAR 210 million during 9M 2024 compared to provision costs of SAR 248 million in 9M 2023. The cost of risk remained modest at 0.31% for the 9M 2024.

The share in earnings of associates increased by 52% year-on-year to SAR 84 million, while provisions for zakat and taxes increased by 6% year-on-year.



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Balance Sheet

SAR Million	3Q 2024	2Q 2024	Δ	4Q 2023	Δ
Cash and balances with SAMA	9,568	11,725	-18%	11,018	-13%
Due from banks and financial Institutions, net	1,271	1,206	+5%	1,473	-14%
Investments, net	40,284	34,783	+16%	32,301	+25%
Loans and advances, net	94,936	90,644	+5%	80,751	+18%
Other assets, net	5,191	5,000	+4%	4,441	+17%
Total assets	151,250	143,358	+6%	129,984	+16%
Due to banks and other financial institutions, net	33,280	28,765	+16%	27,289	+22%
Customers' deposits	98,094	95,363	+3%	83,233	+18%
Other liabilities	2,040	1,730	+18%	2,227	-8%
Total liabilities	133,415	125,857	+6%	112,749	+18%
Share capital	12,500	12,500	+0%	10,000	+25%
Retained earnings	2,163	2,110	+2%	1,711	+26%
Other reserves	672	390	+72%	2,809	-76%
Shareholders' equity	15,335	15,001	+2%	14,520	+6%
Tier 1 sukuk	2,500	2,500	+0%	2,715	-8%
Total equity	17,835	17,501	+2%	17,235	+3%
NPL Ratio	1.41%	1.47%	-6bps	1.50%	-9bps
NPL Coverage Ratio	154.7%	151.1%	+3.6ppt	155.2%	-0.5ppt
NIBD % of total	32.3%	30.2%	+2.1ppt	36.0%	-3.7ppt
Tier 1 ratio	17.4%	18.2%	-0.8ppt	19.4%	-2.0ppt
Capital adequacy ratio	18.0%	18.8%	-0.8ppt	20.1%	-2.1ppt
Liquidity coverage ratio	168.0%	174.6%	-6.6ppt	195.8%	-27.8ppt
Net stable funding ratio	110.5%	112.8%	-2.4ppt	113.1%	-2.6ppt
Financing to customers' deposit ratio (SAMA)	79.1%	77.1%	+2.1ppt	76.5%	-2.6ppt

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Total assets reached SAR 151.3 billion as of 30 September 2024, marking 16% year-to-date growth.

Loans and advances continued to expand, increasing by 18% year-to-date to SAR 94.9 billion. This growth was mainly driven by a 19% increase in corporate lending, while retail lending, including private banking, also contributed with 13% growth. The Bank continued to benefit from increased participation in the syndicated loan market for large infrastructure projects, while exposure to other key sectors such as utilities, building & construction, banks & FY, commerce, and consumer also supported this growth.

The **investment portfolio** increased by 25% year-to-date to reach SAR 40.3 billion. The Bank made new investments to capitalize on the higher interest rate environment, further strengthening its financial position.

Customer deposits expanded by 18% year-to-date to SAR 98.1 billion, reflecting a 25% increase in interest bearing deposits and a 6% increase in non-interest bearing deposits. Corporate deposits increased by 48%, Retail deposits were up 23% for the period, while Treasury and Investment deposits were lower by 14%.

The **non-performing loans ratio** stood at 1.41% as of 30 September 2024, as non-performing loans remained at moderate levels compared to growth in gross lending. Non-performing loan coverage stood at a healthy 154.7% as of end September 2024.

The Bank remains **well capitalized** with the total capital adequacy ratio of 18.0% and Tier 1 ratio of 17.4% as of 30 September 2024, compared to 20.1% and 19.4% respectively as of 31 December 2023. Risk-weighted assets increased by 13% year-to-date, due to growth in credit risk weighted assets.

SAIB's **liquidity position** remained robust with the liquidity coverage ratio of 168.0%, a net stable funding ratio of 110.5%, a SAMA loan to deposit ratio of 79.1%, as well as a headline loan to deposit ratio of 96.8% as of 30 September 2024.

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Segmental Performance

Corporate

Corporate net income before zakat grew 22% year-on-year to SAR 794 million in 9M 2024. Corporate operating income increased by 13% year-on-year on 11% growth in net special commission income due to strong loan growth. This was supported by an increase of 24% year-on-year in fee and other income. Operating expenses increased by 5% year-on-year. The Corporate segment recorded an 8% decrease in credit impairments

Total corporate assets increased by 19% year-to-date to SAR 69.3 billion as of 3Q 2024, driven by similar levels of loan growth. Corporate liabilities increased by 48% year-to-date to SAR 11.7 billion, largely driven by deposit growth.

Income Statement (SAR Million)	9M 2024	9M 2023	Δ	3Q 2024	3Q 2023	Δ
Net Special Commission Income	1,018	919	+11%	318	319	-1%
Fee & other income	185	149	+24%	83	55	+53%
Total operating income	1,203	1,067	+13%	401	374	+7%
Expenses	214	204	+5%	74	67	+10%
Impairments	195	210	-8%	76	104	-26%
Other income (expenses)	0	0	-	0	0	-
Net income before zakat	794	653	+22%	250	202	+24%

Balance Sheet (SAR Million)	3Q 2024	2Q 2024	Δ	4Q 2023	Δ
Total assets	69,319	65,812	+5%	58,045	+19%
Total liabilities	11,732	10,380	+13%	7,953	+48%

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Retail

Retail net income before zakat increased by 17% year-on-year to SAR 433 million in 9M 2024. Retail operating income grew by 5% year-on-year to SAR 1,184 million. Operating expenses increased 4%, driven by spending on digital transformation and various strategic growth initiatives, while impairment charges improved by 70%.

Total retail assets increased by 12% year-to-date to SAR 25.5 billion as of 3Q 2024, while retail liabilities were higher by 23% year-to-date to reach SAR 72.3 billion, reflecting growth in deposits.

Income Statement (SAR Million)	9M 2024	9M 2023	Δ	3Q 2024	3Q 2023	Δ
Net Special Commission Income	1,088	1,016	+7%	377	264	+43%
Fee & other income	96	107	-10%	22	36	-38%
Total operating income	1,184	1,123	+5%	399	300	+33%
Expenses	740	715	+4%	255	232	+10%
Impairments	11	37	-70%	(14)	(17)	-17%
Other income (expenses)	0	0	-	0	0	-
Net income before zakat	433	371	+17%	158	85	+86%

Balance Sheet (SAR Million)	3Q 2024	2Q 2024	Δ	4Q 2023	Δ
Total assets	25,457	24,979	+2%	22,664	+12%
Total liabilities	72,347	70,719	+2%	58,963	+23%

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Treasury and Investments

Treasury and Investments net income before zakat decreased by 2% year-on-year to SAR 587 million in 9M 2024. Operating income reduced 3% year-on-year to SAR 746 million due to 21% decline in net special commission income resulted from higher funding costs fee, which was partially offset by 79% increase in fee and other income largely due to higher unrealized gains on financial instruments. Treasury and Investments operating expenses increased by 4% year-on-year, while investment impairments were negligible and income from associates grew 52% year-on-year.

The segment's total assets rose by 14% year-to-date on higher investment securities and interbank placements. Liabilities grew by 8% year-to-date, while deposits contracted by 14%.

Income Statement (SAR Million)	9M 2024	9M 2023	Δ	3Q 2024	3Q 2023	Δ
Net Special Commission Income	518	653	-21%	212	291	-27%
Fee & other income	247	138	+79%	99	44	+123%
Total operating income	764	790	-3%	311	336	-7%
Expenses	257	246	+4%	87	81	+8%
Impairments	4	1	NA	3	0	NA
Associates	84	55	+52%	33	24	+36%
Net income before zakat	587	599	-2%	253	278	-9%

Balance Sheet (SAR Million)	3Q 2024	2Q 2024	Δ	4Q 2023	Δ
Total assets	51,999	48,641	+7%	45,774	+14%
Total liabilities	47,236	42,734	+11%	43,607	+8%

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Asset Management and Brokerage

Asset Management and Brokerage net income before zakat expanded by 8% year-on-year to SAR 87 million in 9M 2024. Net special commission income grew 19% year-on-year from higher income on margin accounts. Fee and other income grew by 5%, reflecting healthy stock market trading volumes and capital markets activity.

Asset Management and Brokerage total assets expanded by 13% year-to-date while liabilities grew by 15%.

Income Statement (SAR Million)	9M 2024	9M 2023	Δ	3Q 2024	3Q 2023	Δ
Net Special Commission Income	50	42	+19%	17	15	+19%
Fee & other income	124	117	+5%	40	37	+7%
Total operating income	174	159	+9%	58	52	+10%
Expenses	86	78	+11%	30	27	+10%
Impairments	0	0	-	0	(0)	-
Net income before zakat	87	81	+8%	28	25	+11%

Balance Sheet (SAR Million)	3Q 2024	2Q 2024	Δ	4Q 2023	Δ
Total assets	903	819	+10%	798	+13%
Total liabilities	71	58	+22%	62	+15%

Outlook

The economic outlook for the Kingdom of Saudi Arabia remains healthy with robust expansion in the non-oil sector, a key focus of Vision 2030 and a critical driver of long-term economic growth in upcoming years. Looking ahead, Saudi Arabia's economic growth is expected to accelerate in 2025 - Saudi Arabia's remarkable economic transformation is making strong progress, driven by its ongoing modernization and diversification efforts under Vision 2030.

SAIB remains dedicated to delivering superior financial services while simultaneously supporting Saudi Arabia's economic goals. The Kingdom's investments in giga-projects and infrastructure are boosting credit demand, which perfectly aligns with SAIB's strategic focus on corporate and project financing. The expansion of retail banking operations, with a special focus on private banking, is underpinned by continued growth of the retail sector fueled by rising household spending. SAIB's strategic initiatives, which well correspond to potential growth opportunities, are anticipated to drive its earnings growth in upcoming years.

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Additional Information

SAIB's 3Q 2024 financial statements, earnings release, earnings presentation and financial data supplement are available on the SAIB Investor Relations website at:

<https://www.saib.com.sa/en/investor-relations>

For further information, visit: <https://www.saib.com.sa/en>

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