

SAIB reports 8% net income growth to SAR 442 million in 1Q2024

Strong balance sheet momentum with lending growth of 5% in 1Q 2024

Key financial metrics for 1Q 2024:

<p>Loans +5% YTD SAR 84.6 bn ▲</p>	<p>Investments +6% YTD SAR 34.2 bn ▲</p>	<p>Deposits +6% YTD SAR 88.4 bn ▲</p>
<p>Operating Income +3% YoY SAR 995 mn ▲</p>	<p>Operating Expenses +1% YoY SAR 428 mn ▲</p>	<p>Net Income +8% YoY SAR 442 mn ▲</p>
<p>Tier 1 Ratio -0.8 ppts YoY 18.6% ▼</p>	<p>SAMA LTD Ratio +0.7 ppts YoY 77.2% ▲</p>	<p>Return on Tangible Equity +48 bps YoY 12.1% ▲</p>

Key highlights of 1Q 2024

- ▷ Total assets at SAR 136.4 bn, up 5% YTD
- ▷ Loans and advances increased 5% YTD
- ▷ Investments (mainly debt securities) up 6% YTD
- ▷ Customer deposits up 6% YTD
- ▷ Net income rose 8% YoY
- ▷ Operating income up 3% YoY
- ▷ NIM contraction to 2.76% on higher benchmark rates
- ▷ Improved efficiency with CIR declining 1.1 ppt YoY to 43.0%
- ▷ Healthy credit quality with cost of risk at 0.39% and stable NPL ratio at 1.47%
- ▷ Return on tangible equity improved 48 bps YoY to 12.1%
- ▷ Solid capitalization with Tier 1 ratio of 18.6% and CAR of 19.2%
- ▷ Comfortable liquidity position with LCR of 179.9% and NSFR of 111.4%

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Riyadh, 13 May 2024 – The Saudi Investment Bank has reported net income of SAR 442 million for 1Q 2024, an 8% year-on-year increase, supported by a 3% rise in total operating income. Operating income growth was driven by a 26% improvement in fee and other income, mainly from investment-related income and supported by growth in fees from banking services. Total assets expanded 5% year-to-date, with loans and advances growing 5% and investments increasing 6%. SAIB’s balance sheet expansion was primarily funded by 6% year-to-date growth in customer deposits, mainly from higher time deposits.

Faisal Abdullah Al-Omran, Chief Executive Officer of Saudi Investment Bank, said: “SAIB has delivered strong financial results in the first quarter of 2024, continuing the impressive growth trajectory we set in 2023.

Our key financial highlights include an 8% year-on-year increase in net income for 1Q 2024, following a remarkable 17% growth in FY 2023. Fee income was a strong driver of this result, rising 26% year-on-year, while operating expenses remained well controlled. As a result, our return on tangible equity continued to improve, reaching 12.1%.

The first quarter of 2024 saw a strong expansion in our balance sheet, with loan growth of 5%, supported by deposit growth of 6%. Our asset quality remained healthy, with NPLs of just 1.47% and provision coverage of 157%.

Our ample liquidity and funding, with a headline loan to deposit ratio of 95.7% and a net stable funding ratio of 111.4%, provide a solid foundation to support our growth expectations for the year.

The ongoing implementation of our strategic plan, coupled with a supportive macroeconomic and domestic policy environment, has positioned us well for the remainder of the year.”

Performance Highlights

Income Statement

SAR Million	1Q 2024	1Q 2023	Δ	4Q 2023	Δ
Net special commission income	846	845	+0%	815	+4%
Fee and other income	149	118	+26%	188	-21%
Total operating income	995	963	+3%	1,003	-1%
Operating expenses before impairments	(428)	(424)	+1%	(414)	+3%
Provisions for credit and other losses	(82)	(81)	+1%	(110)	-26%
Net Operating Income	485	457	+6%	478	+2%
Share in earnings of associates	26	18	+43%	22	+18%
Income before provisions for Zakat	511	475	+8%	500	+2%
Provisions for Zakat	(69)	(67)	+4%	(53)	+31%
Net Income attributed to equity holders	442	409	+8%	447	-1%
Earnings per share (SAR)	0.43	0.39	+9%	0.38	+12%
Net interest margin	2.76%	3.19%	-43bps	2.69%	+7bps
Cost to income ratio	43.0%	44.1%	-1.1ppt	41.3%	+1.6ppt
Cost of risk	0.39%	0.45%	-6bps	0.54%	-15bps
Return on tangible common equity	12.1%	11.7%	+48bps	11.1%	+1.0ppt

Net income for 1Q2024 rose 8% year-on-year to SAR 442 million. Growth was driven by an increase in fee and other income , further supported by improved operating efficiency and cost of risk.

Operating income for 1Q 2024 reached SAR 995 million, marking a 3% year-on-year increase. The solid top-line growth was largely attributed to a 26% year-on-year increase in fee and other income, which amounted to SAR 149 million in 1Q 2024. The key drivers of this growth were higher investment-related income and fees from banking services. Net special commission income was stable compared to 1Q 2023, as 14% year-on-year growth in average earning assets was offset by a 43 bps contraction in NIM to 2.76%.

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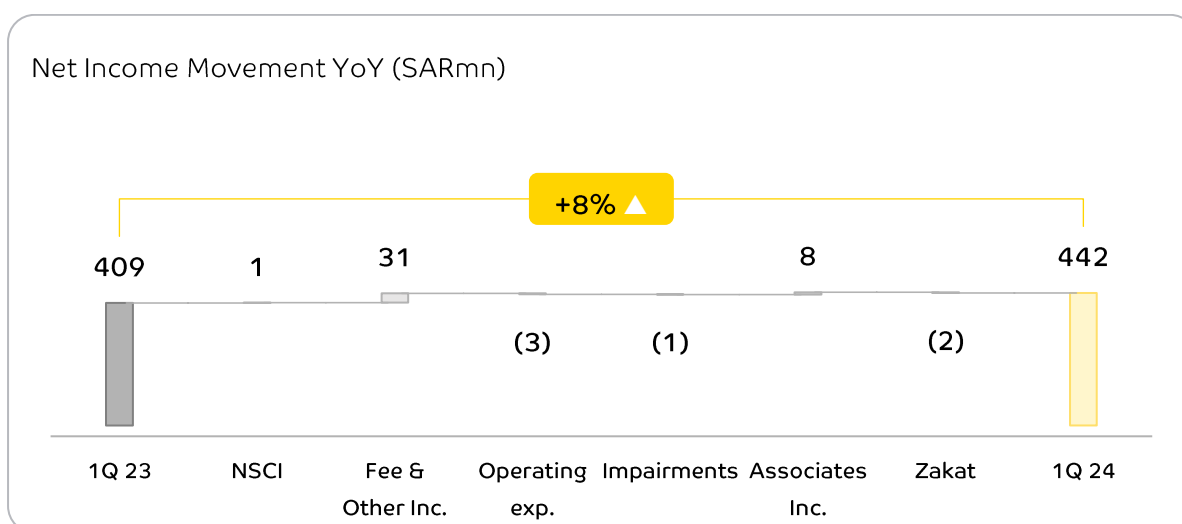


Operating expenses of SAR 428 million represented a modest 1% year-on-year increase. This was mainly due to higher general & administration expenses, depreciation and employee-related costs as the bank continued to execute on its digital transformation and strategic growth initiatives.

Cost to income ratio improved to 43.0% in 1Q 2024 compared to 44.1% in 1Q 2023. This improvement was driven by the Bank's ability to generate higher operating income, which outpaced the growth in operating expenses.

The provisions for credit and other losses amounted to SAR 82 million during the first quarter 2024 compared to provision costs of SAR 81 million in 1Q 2023. The cost of risk remained modest at 0.39% for the 1Q 2024.

Share in earnings of associates increased by 43% year-on-year to SAR 26 million, while provisions for zakat and taxes increased by 4% year-on-year.



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Balance Sheet

SAR Million	1Q 2024	4Q 2023	Δ	1Q 2023	Δ
Cash and balances with SAMA	9,946	11,018	-10%	11,159	-11%
Due from banks and financial Institutions, net	2,751	1,473	+87%	3,041	-10%
Investments, net	34,167	32,301	+6%	30,054	+14%
Loans and advances, net	84,623	80,751	+5%	73,632	+15%
Other assets, net	4,919	4,441	+11%	4,017	+22%
Total assets	136,405	129,984	+5%	121,901	+12%
Due to banks and other financial institutions, net	28,801	27,289	+6%	24,041	+20%
Customers' deposits	88,433	83,233	+6%	79,216	+12%
Other liabilities	1,890	2,227	-15%	1,862	+2%
Total liabilities	119,124	112,749	+6%	105,118	+13%
Share capital	10,000	10,000	+0%	10,000	+0%
Retained earnings	1,690	1,711	-1%	1,347	+25%
Other reserves	2,876	2,809	+2%	2,721	+6%
Shareholders' equity	14,566	14,520	+0%	14,068	+4%
Tier 1 sukuk	2,715	2,715	+0%	2,715	+0%
Total equity	17,281	17,235	+0%	16,783	+3%
NPL Ratio	1.47%	1.50%	-0.03ppt	1.50%	-0.03ppt
NPL Coverage Ratio	157.0%	155.2%	+1.76ppt	165.8%	-8.89ppt
NIBD % of total	34.6%	36.0%	-1.37ppt	39.9%	-5.30ppt
Tier 1 ratio	18.6%	19.4%	-0.80ppt	20.0%	-1.44ppt
Capital adequacy ratio	19.2%	20.1%	-0.88ppt	20.7%	-1.55ppt
Liquidity coverage ratio	179.9%	195.8%	-15.91ppt	190.3%	-10.34ppt
Net stable funding ratio	111.4%	113.1%	+1.65ppt	118.0%	-6.59ppt
Financing to customers' deposit ratio (SAMA)	77.2%	76.5%	+0.70ppt	76.4%	+0.84ppt

Total assets reached SAR 136.4 billion as of 31 March 2024, marking a 5% year-to-date growth.

Loans and advances continued to expand, increasing by 5% year-to-date to reach SAR 84.6 billion. This growth was mainly driven by a 6% increase in corporate lending, while retail lending also contributed with 1% 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 building & construction, utilities, commerce, manufacturing, services, and transportation and communications also supported this growth.

The **investment portfolio** increased by 6% year-to-date to reach SAR 34.2 billion. The Bank made new investments to capitalize on the higher interest rate environment, further strengthening its financial position.

Customer deposits expanded by 6% year-to-date to SAR 88.4 billion, reflecting a 9% increase in interest bearing deposits. Corporate deposits increased by 69%, Retail deposits were up 3% for the quarter, while Treasury and Investment deposits were slightly lower by 2%.

The **non-performing loans ratio** stood at 1.47% as of 31 March 2024, as non-performing loans remained at moderate levels compared to growth in gross lending. Non-performing loan coverage stood at a healthy 157.0% as of end March 2024.

The Bank remains **well capitalized** with the total capital adequacy ratio of 19.2% and Tier 1 ratio of 18.6% as of 31 March 2024, compared to 20.1% and 19.4% respectively as of 31 December 2023. Risk weighted assets increased by 3% year-to-date, due to growth in credit risk weighted assets.

SAIB's **liquidity position** remained robust with the liquidity coverage ratio of 179.9%, a net stable funding ratio of 111.4%, a SAMA loan to deposit ratio of 77.2%, as well as a headline loan to deposit ratio of 95.7% as of 31 March 2024.

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Segmental Performance

Corporate

Corporate net income before zakat grew 6% year-on-year to SAR228 million in 1Q 2024. Corporate operating income increased by 9% year-on-year on margin expansion and loan growth. This was partially offset by a decrease of 12% year-on-year in fee and other income. Operating expenses decreased by 1% year-on-year. The Corporate segment also recorded an increase in credit impairments due to additional provisions for certain customers.

Total corporate assets increased by 6% year-to-date to SAR 61.7 billion as of 1Q 2024, driven by similar levels of loan growth. Corporate liabilities increased by 69% year-to-date to SAR 13.4 billion, largely driven by deposit growth.

Income Statement (SAR Million)	1Q 2024	1Q 2023	Δ	4Q 2023	Δ
Net Special Commission Income	328	290	+13%	326	+1%
Fee & other income	45	51	-12%	49	-9%
Total operating income	373	341	+9%	375	-1%
Expenses	77	78	-1%	65	+19%
Impairments	68	47	+43%	128	-47%
Other income (expenses)	0	0	-	0	-
Net income before zakat	228	216	+6%	183	+25%

Balance Sheet (SAR Million)	1Q 2024	4Q 2023	Δ	1Q 2023	Δ
Total assets	61,685	58,045	+6%	52,468	+18%
Total liabilities	13,440	7,953	+69%	9,283	+45%

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Retail

Retail net income before zakat increased by 76% year-on-year to SAR 104 million in 1Q 2024. Retail operating income grew by 9% year-on-year, accompanied by an increase of only 2% in operating expenses, while impairment charges improved by 61%.

Total retail assets increased slightly by 2% year-to-date to SAR 23.0 billion as of 1Q 2024, while retail liabilities were higher by 3% year-to-date to reach SAR 25.6 billion, reflecting year-to-date growth in deposits.

Income Statement (SAR Million)	1Q 2024	1Q 2023	Δ	4Q 2023	Δ
Net Special Commission Income	287	269	+6%	274	+5%
Fee & other income	33	23	+43%	21	+57%
Total operating income	319	292	+9%	295	+8%
Expenses	202	198	+2%	225	-10%
Impairments	13	34	-61%	(16)	-182%
Other income (expenses)	0	0	-	0	-
Net income before zakat	104	61	+76%	86	+21%

Balance Sheet (SAR Million)	1Q 2024	4Q 2023	Δ	1Q 2023	Δ
Total assets	23,018	22,664	+2%	20,827	+11%
Total liabilities	25,649	24,877	+3%	26,773	-4%

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Treasury and Investments

Treasury and Investments saw net income before zakat ease by 15% year-on-year to SAR 205 million in 1Q 2024. Operating income fell 13% year-on-year on lower net special commission income resulting from a higher cost of funds compared to the previous year. Treasury and Investments operating expenses also declined by 2% year-on-year.

The segment's total assets rose by 5% year-to-date on higher investment securities and interbank placements. Liabilities were stable year-to-date, while deposits contracted by 2%.

Income Statement (SAR Million)	1Q 2024	1Q 2023	Δ	4Q 2023	Δ
Net Special Commission Income	229	290	-21%	216	+6%
Fee & other income	70	55	+26%	125	-44%
Total operating income	299	346	-13%	341	-12%
Expenses	119	121	-2%	94	+26%
Impairments	1	0	NA	(1)	-181%
Other income (expenses)	26	18	+43%	22	+18%
Net income before zakat	205	243	-16%	269	-24%

Balance Sheet (SAR Million)	1Q 2024	4Q 2023	Δ	1Q 2023	Δ
Total assets	47,895	45,774	+5%	45,100	+6%
Total liabilities	77,767	77,693	+0%	66,364	+17%

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Asset Management and Brokerage

Asset Management and Brokerage net income before zakat expanded by 55% year-on-year to SAR 36 million in 1Q 2024. Net special commission income grew 19% year-on-year from higher income on margin accounts. Fee and other income grew by 32%, reflecting healthy stock market trading volumes and capital markets activity.

Asset Management and Brokerage total assets expanded by 2% year-to-date while liabilities declined by 11%.

Income Statement (SAR Million)	1Q 2024	1Q 2023	Δ	4Q 2023	Δ
Net Special Commission Income	16	13	+19%	15	+6%
Fee & other income	49	37	+32%	29	+71%
Total operating income	65	51	+29%	44	+49%
Expenses	29	27	+7%	30	-4%
Impairments	0	0	-	(0)	-
Net income before zakat	36	23	+55%	13	+169%

Balance Sheet (SAR Million)	1Q 2024	4Q 2023	Δ	1Q 2023	Δ
Total assets	813	798	+2%	663	+23%
Total liabilities	55	62	-11%	49	+13%

Outlook

The economic outlook for the Kingdom of Saudi Arabia remains, despite moderation in near-term growth projections. Real GDP growth for 2024 is now expected to range between 2.5% - 3%, considering potential headwinds in the global oil market. However, the Kingdom's robust non-oil sector expansion, a key focus of Vision 2030, remains a critical driver of long-term economic growth.

The Kingdom's continued investments in giga-projects and large infrastructure initiatives are generating strong credit demand. SAIB's strategic positioning, with its corporate focus and project financing activities, aligns well with this trend. While global economic factors might slightly temper overall growth in 2024, SAIB's outlook continues to be positive.

SAIB's commitment to delivering superior financial services and supporting Saudi Arabia's economic ambitions remains steadfast. The bank's strategic alignment with Vision 2030 initiatives positions it well for potential growth opportunities, particularly in the expanding non-oil sectors of the economy.

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Additional Information

SAIB's 1Q 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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