



البنك السعودي للاستثمار
The Saudi Investment Bank

Earnings Presentation

1Q 2024

13 May 2024

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Growth momentum sustained in 1Q 2024 demonstrating solid progress



Loans

+5% YTD

SAR 84.6 bn ▲

Deposits

+6% YTD

SAR 88.4 bn ▲

1Q 2024 Operating Income

+3% YoY

SAR 995 mn ▲

1Q 2024 Operating expenses

+1% YoY

SAR 428 mn ▲

Loan growth of 5% YTD driven by corporate segment, while deposits grew 6% YTD on higher time deposits

The growth in operating income was underpinned by 5% YoY growth in assets, and boosted by expansion in net fee and other income

Maintained cost discipline with cost to income ratio at 43.0%

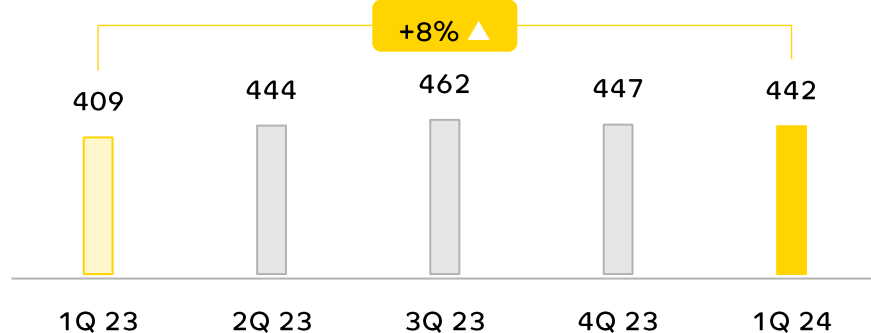
Return on tangible equity at 12.1%, improved 104 bps from FY 2023

Asset quality continued to improve with NPL ratio declining by 3bps to 1.47% with NPL coverage ratio at 157%

Strong capital ratios with T1 ratio at 18.6%

Solid liquidity position with LCR of 180% and SAMA LTD at 77.2%

Net Income (SARmn)



1Q 2024 RoTE

+48 bps YoY

12.1% ▲

1Q 2024 NPL

-3 bps YTD

1.47% ▼

1Q 2024 T1 Ratio

-0.8 ppt YTD

18.6% ▼

1Q 2024 LCR

-15.9 ppt YTD

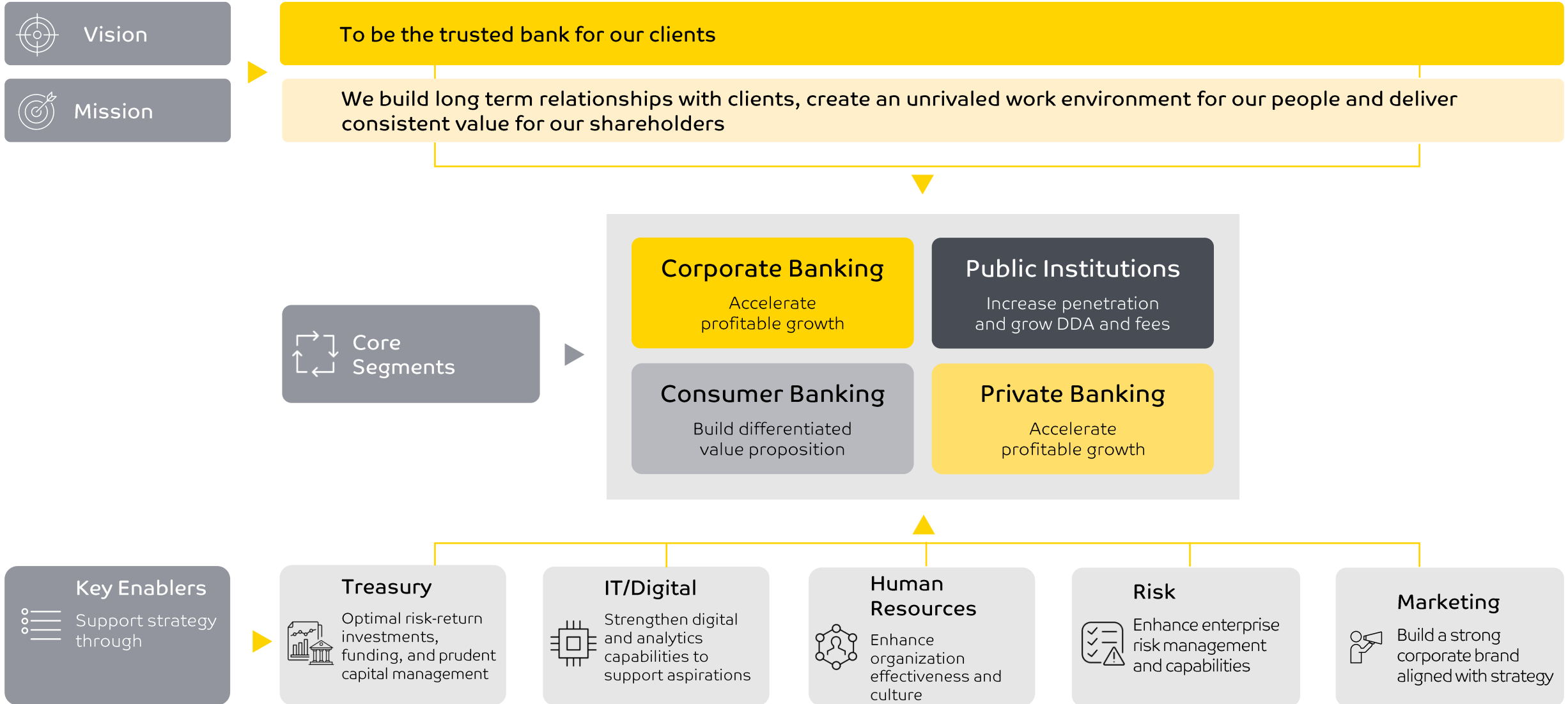
179.9% ▼

Strategy



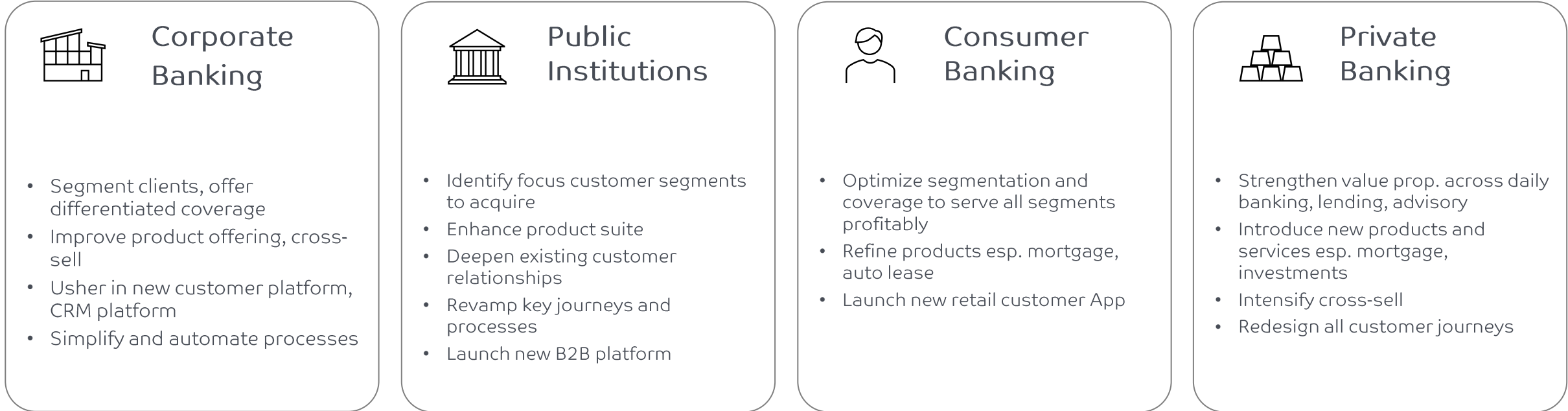


As part of Strategy 2027, we have set a strategic vision for each function...

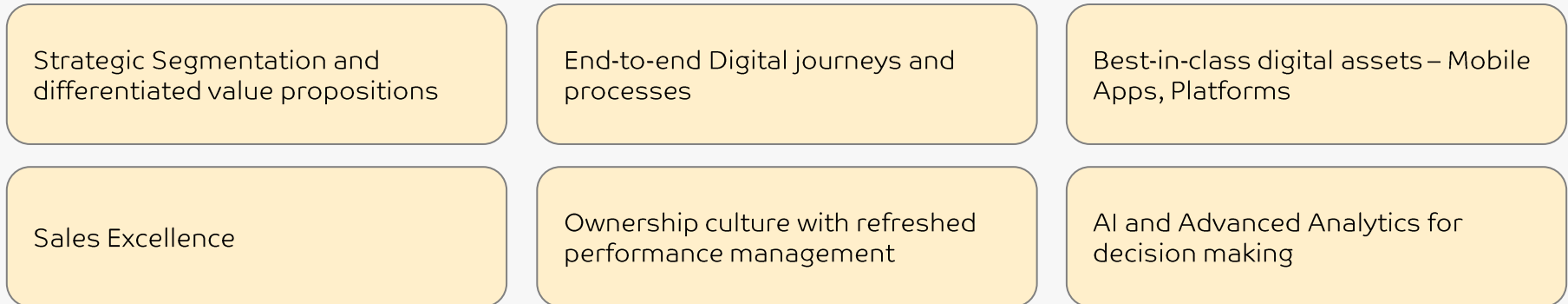




...which is translated into strategic priorities for each function



Focus Areas





Implementation of Strategy 2027 is in full swing



Bank-wide transformation

- 1 45+ strategic cross-functional projects initiated
- 2 Driving sales with systematic account planning and cross-sell
- 3 Streamlining and automating account opening & maintenance
- 4 Implemented data governance, on track to set up data lake and data virtualization in May'24
- 5 Refreshed HR strategy; reviewed organization structure, performance and talent management mechanisms

Each function has progressed well on strategic projects

Launched 4 dedicated mortgage centers with mortgage expert staff; soon to launch 2 new mortgage products and number of network partnerships

Launching new retail banking app and new B2B platform in June'24

Launched specialized corporate banking for contracting businesses

Identified high-growth sub-segments in affluent banking and now fine-tuning products and service model to win them

Kicked-off development of fully automated credit and risk scoring engine for retail banking products

Started using AI and Advanced Analytics for business use cases

SAIB Venture Studio is operational and its first product, SAIB Travel App, is hugely popular in pilot launch itself



SAIB Venture Studio..

... a start-up or venture factory supported by significant investment appetite (SAR 100 – 200 Mn) for Unicorn prospective concepts

... an empowered and autonomous team to focus on rapid decision making and delivery through deep cross-functional collaboration

SAIB Travel App

85,000+ downloads so far in pilot launch itself



First product of the factory is 1 step away

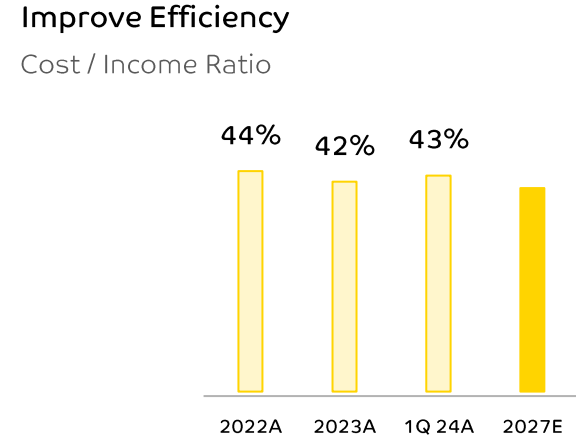
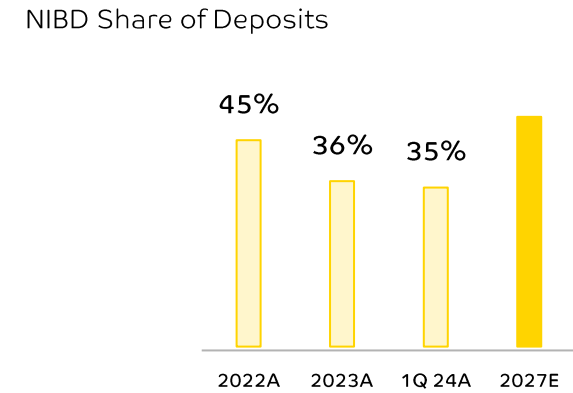
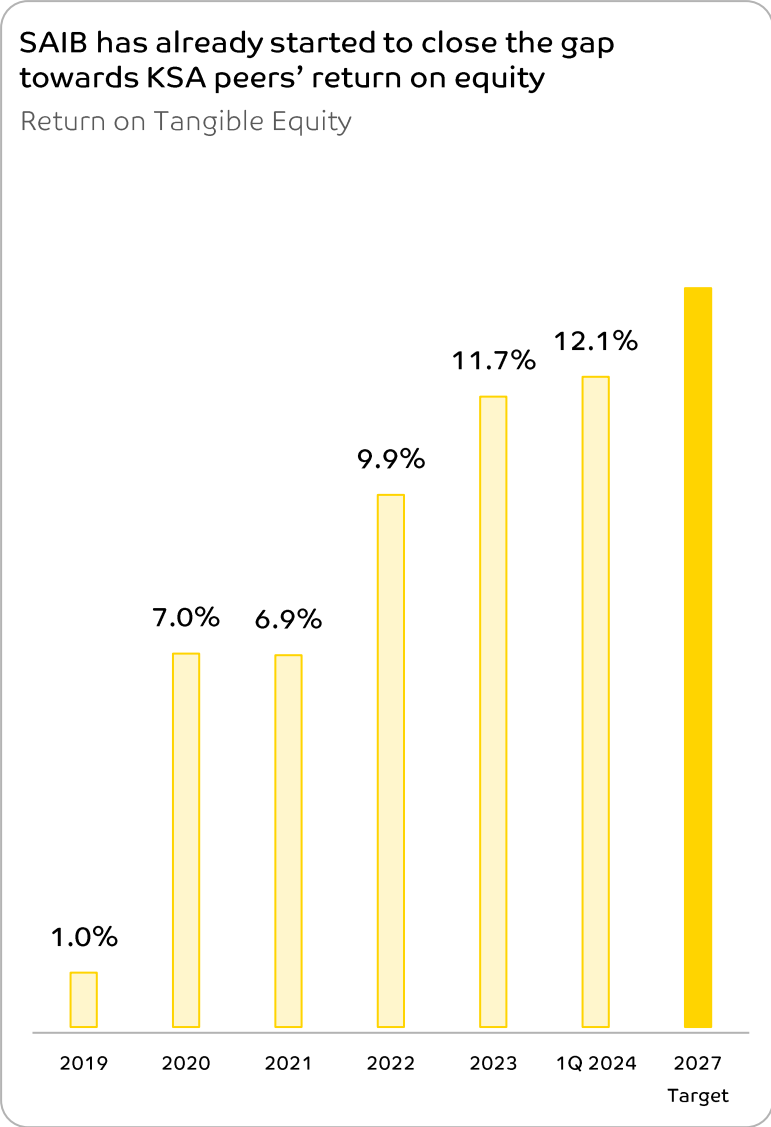
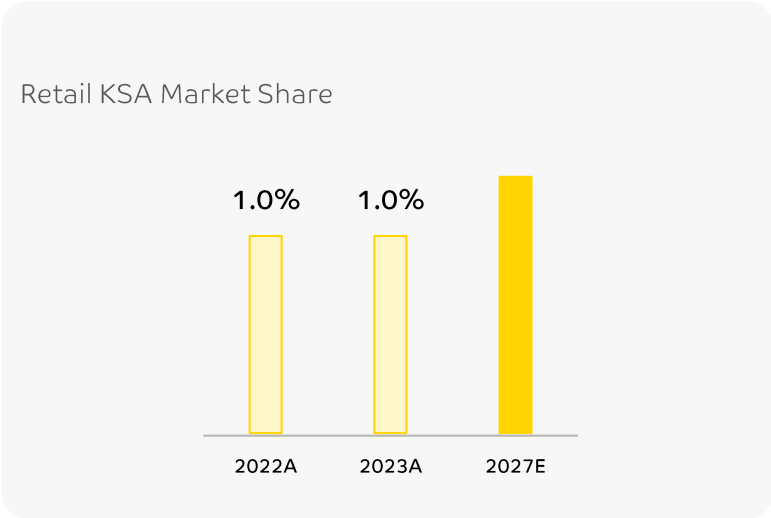
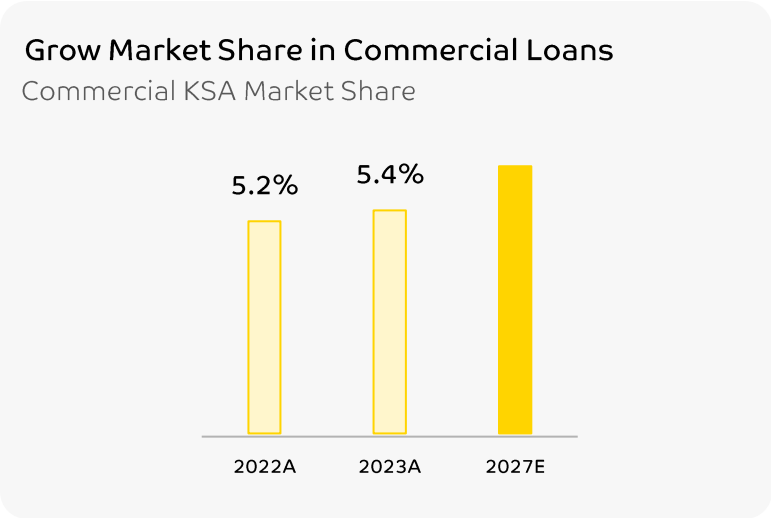
The future of
Travel Cards

Easy
Loads

Track your
Travel Spending



With our strategy, we aim to grow market share, increase fee income and improve efficiency to drive higher ROTE



Financial Performance

1Q 2024



SAIB is focused on delivering strong results across key performance indicators



		1Q 2024	DRIVERS
Balance Sheet	LOANS & ADVANCES	SAR 84.6bn +5% YTD	Strong growth in Corporate (+6%) and Private Banking (+6%) loans
	DEPOSITS	SAR 88.4bn +6% YTD	Strong growth in IBDs (+9%) mainly from corporate and retail customers, and NIBDs growth (+2%) YTD; NIBD share declined by 1.4ppts to 34.6%
Profitability	NET INTEREST MARGIN	2.76% -43bps YoY	NIM contraction YoY due to shifts in the deposit mix
	COST TO INCOME RATIO	43.0% -1.1ppt YoY	Operating expenses rose 2% YoY, but positive jaws improved cost to income ratio
	RETURN ON TANGIBLE EQUITY	12.1% +48bps YoY	ROTE improvement as net income growth YoY of 9% to SAR 427mn exceeds growth in tangible common equity (+3% YoY)
Asset Quality	COST OF RISK	0.39% -6bps YoY	Cost of risk remains low at 39bps
	NPL RATIO	1.47% -3bps YTD	NPL ratio continues to improve in benign credit environment
	NPL COVERAGE RATIO	157.0% +1.8ppt YTD	Improved NPL coverage ratio from enhanced stage 3 coverage
Capital & Liquidity	TIER 1 RATIO	18.6% -0.8ppt YTD	Slight reduction in Tier 1 ratio from payment of final FY 2023 dividend during the quarter
	SAMA LTD RATIO	77.2% +0.7ppt YTD	Improvement driven by strong deposit growth YTD



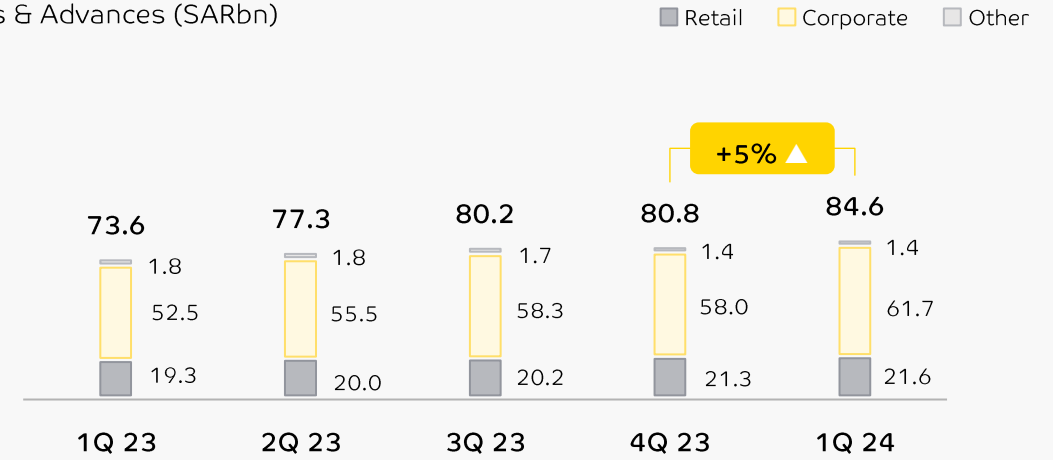
Growth across assets, funded largely by increase in deposits

Total assets increased by 5% YTD as loans grew 5% and investments rose 6%, further supported by increased bank placements which were partially offset by a reduction in balances with SAMA (-10%)

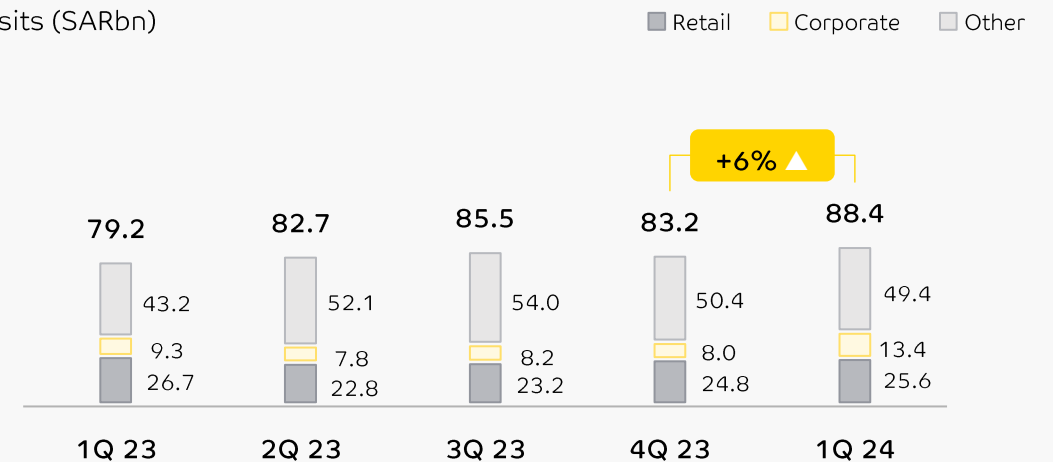
Total liabilities increased 6% YTD, driven by 6% growth in both deposits and interbank funding

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%

Loans & Advances (SARbn)



Deposits (SARbn)





Loan growth continues to gain momentum driven by corporate lending

5% YTD growth in loans driven by 6% increase in corporate lending due to widespread growth across sectors.

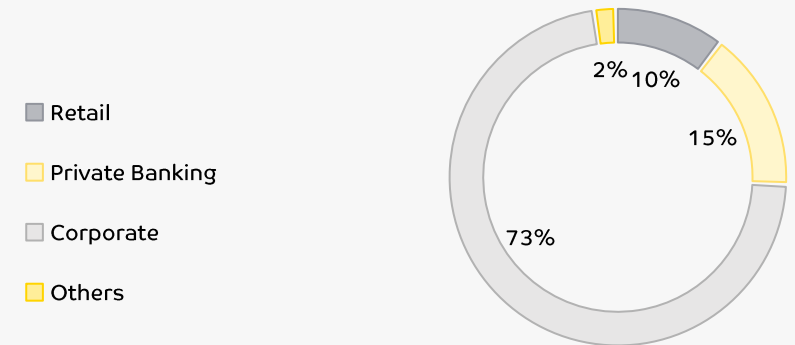
Active participation in syndicated loan market for infrastructure projects, further supported by demand from other key sectors such as building & construction, utilities, commerce, services, transportation, etc.

Retail lending grew 1% YTD as a marginal growth in consumer loans was supported by an increase of 6% in private banking lending

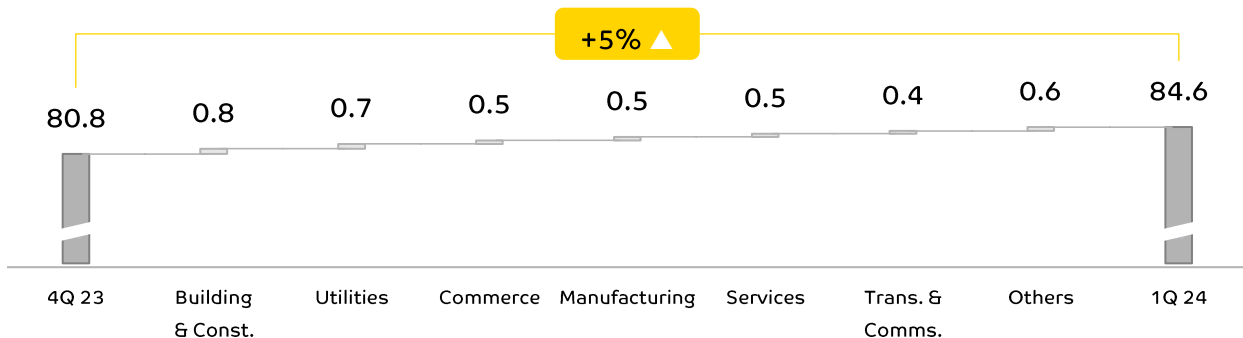
+15% Total Loans YoY ▲

+5% Total Loans YTD ▲

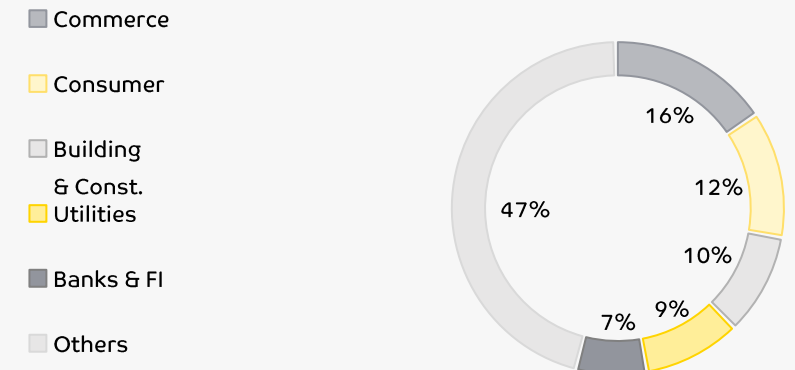
Loans & Advances by segment (%)



Loans & Advances, Net Movement YTD (SARbn)



Loans & Advances by economic activity (%)





Investments grew 6% YTD driven by acquisition of high-quality, fixed-rate debt securities

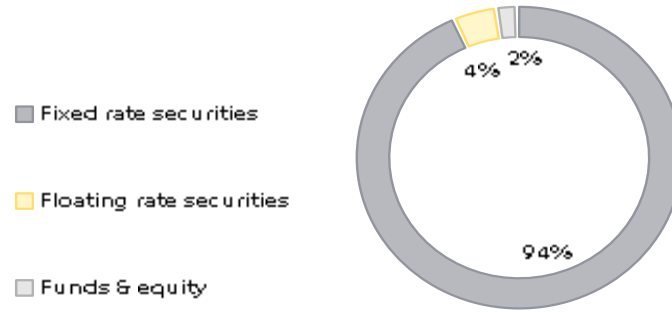
Increase in investments during 1Q 2024 mainly driven by new securities purchased to lock-in benefits from high rate environment (mainly in fixed-rate debt securities issued by government and international banks)

94% of investments were fixed rate debt securities

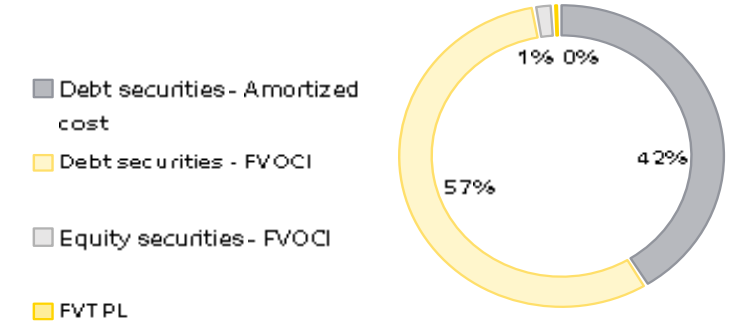
57% of investments were accounted for at fair value through other comprehensive income and 42% at amortized cost

High-grade investment portfolio with 59% of investment securities issued by government, and 27% by banks and other financial institutions

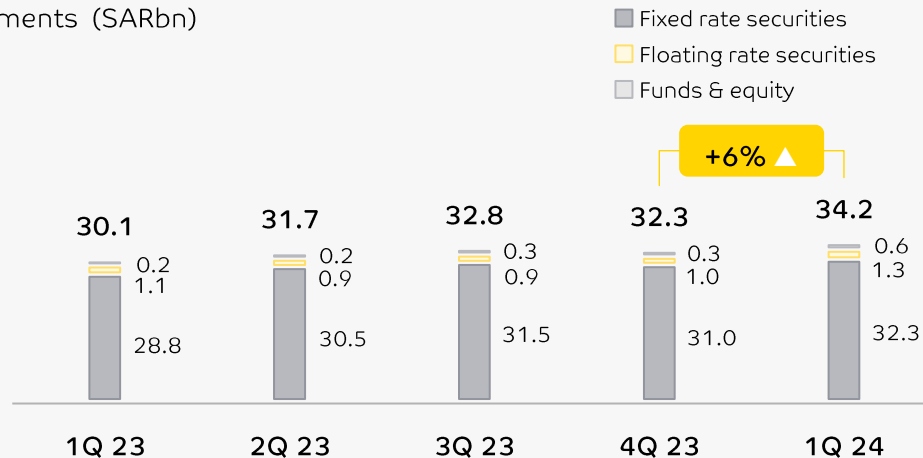
Investments, Gross by type (%)



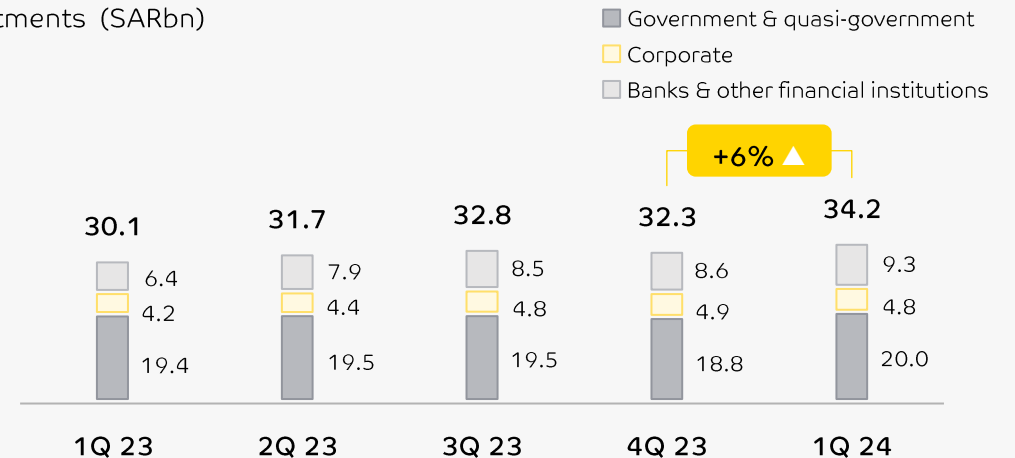
Investments by accounting classification (%)



Investments (SARbn)



Investments (SARbn)





Customer deposits increased 6% mainly driven by IBDs

Deposits grew 6% YTD during 1Q 2024, mainly driven by increases in interest-bearing deposits

IBDs rose 9% YTD from large inflows to time deposits amid higher interest rate environment

NIBDs grew by 2% YTD

Corporate deposits increased by 69%, while Retail deposits were up 3% YTD; Treasury and Investment deposits decreased 2%

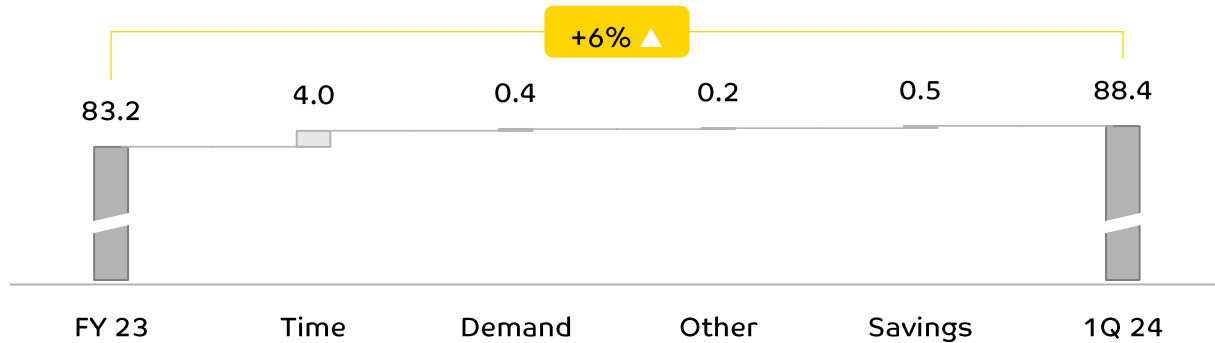
+12% Deposits YoY ▲

+6% Deposits YTD ▲

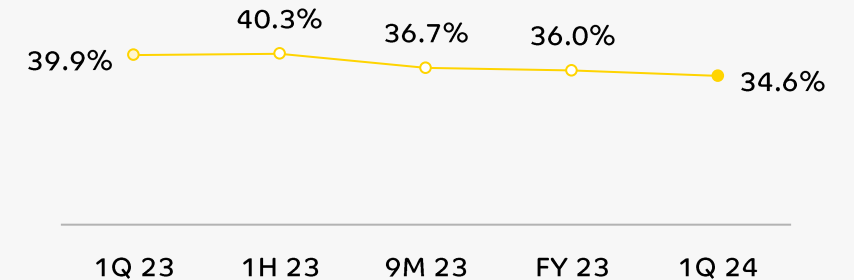
Deposits by segment (%)



Deposits Movement YTD (SAR bn)



NIBD % of total



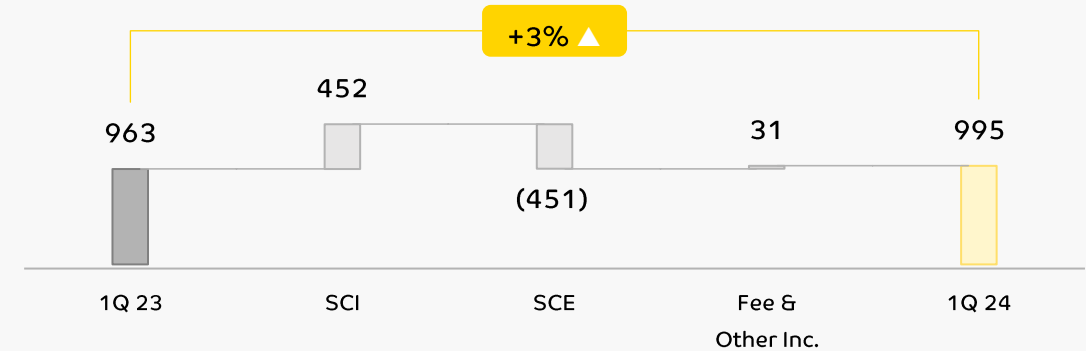


8% growth in 1Q 2024 earnings driven by increased fee and other income

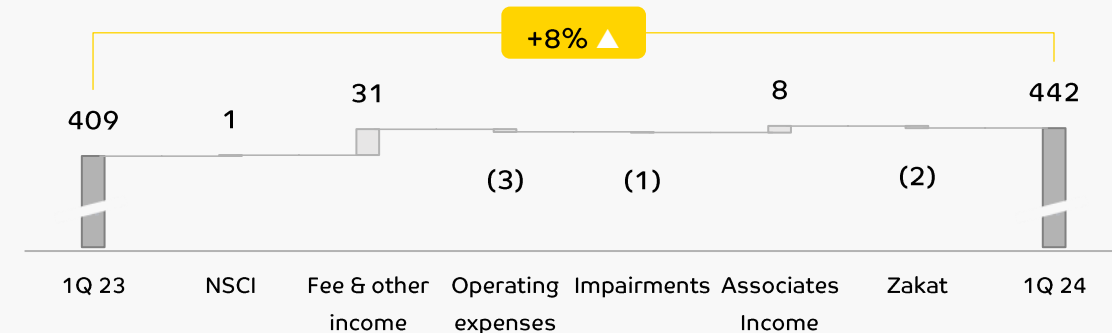
Net income increased 8% YoY in 1Q 2024 driven by 3% growth in operating income, further aided by positive operating leverage from modest 1% increases in both operating expenses and impairment charges

SAR Million	1Q 2024	1Q 2023	Δ	4Q 2023	Δ
Net special commission income	846	845	+0.1%	815	+4%
Fee and other income	149	118	+26%	188	-21%
Total operating income	995	963	+3%	1,003	-1%
Operating expenses	(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	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

Total Operating Income Movement YoY (SARmn)



Net Income Movement YoY (SARmn)



NSCI stable YoY as 14% growth in earning assets was offset by a 43bps NIM contraction

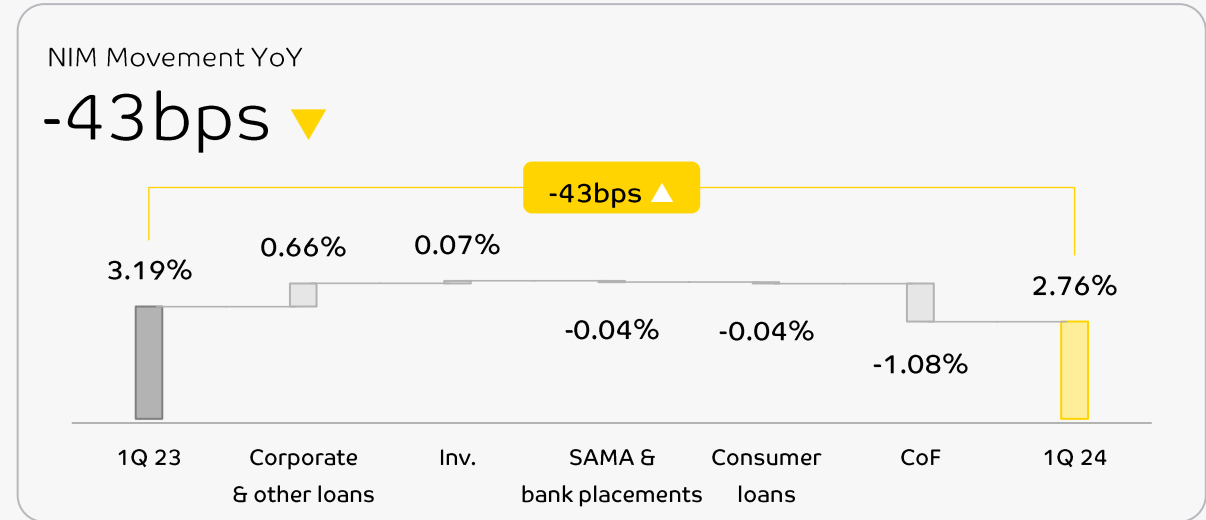
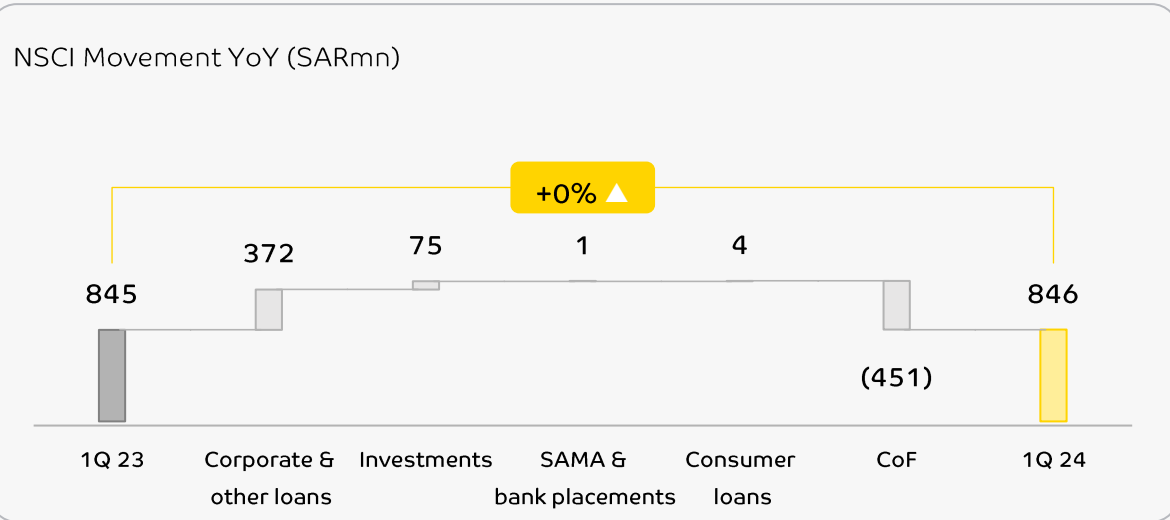
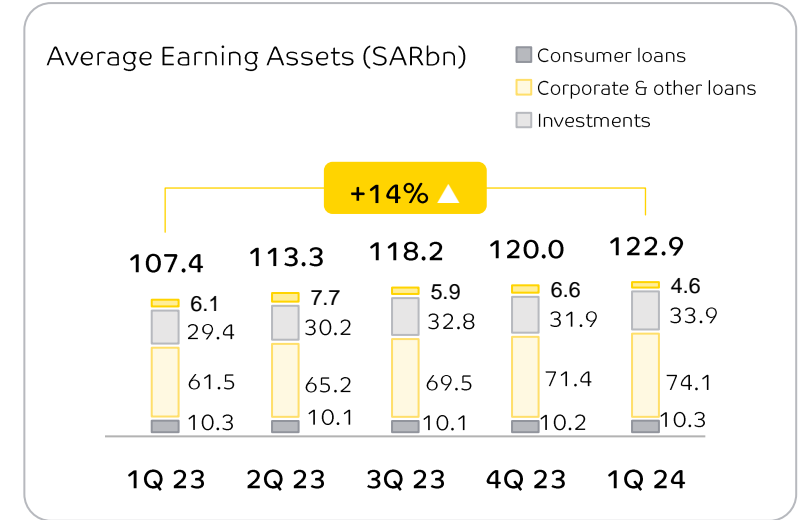
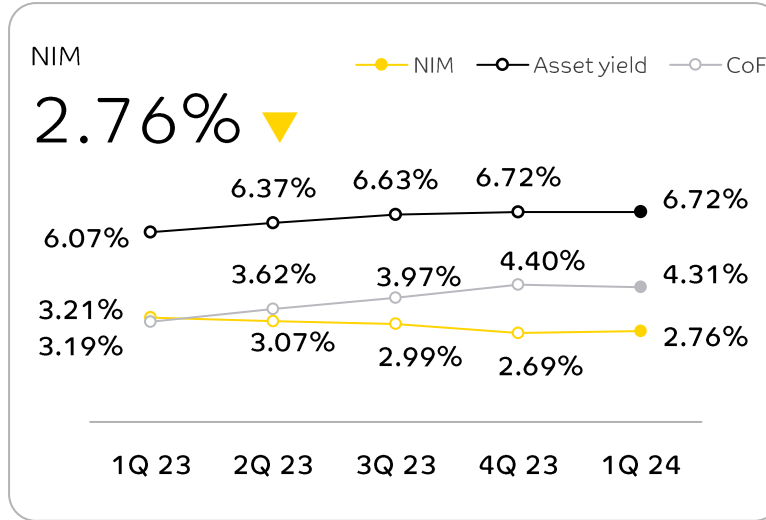


NSCI was stable YoY as 14% growth in average earnings assets was offset by NIM contraction

NIM declined by 43 bps to 2.76% from 1Q 23 due to higher cost of funds from increased benchmark rates and shift in deposit mix

Asset yield increased by 65 bps YoY to 6.72% in 1Q 2024 while the cost of funding increased by 110 bps YoY to 4.31%

The 1Q 2024 NIM of 2.76% was 7 bps higher than the 4Q 2023 level of 2.69%



Growth in fee and other income of 26% driven by investment income and banking services fees



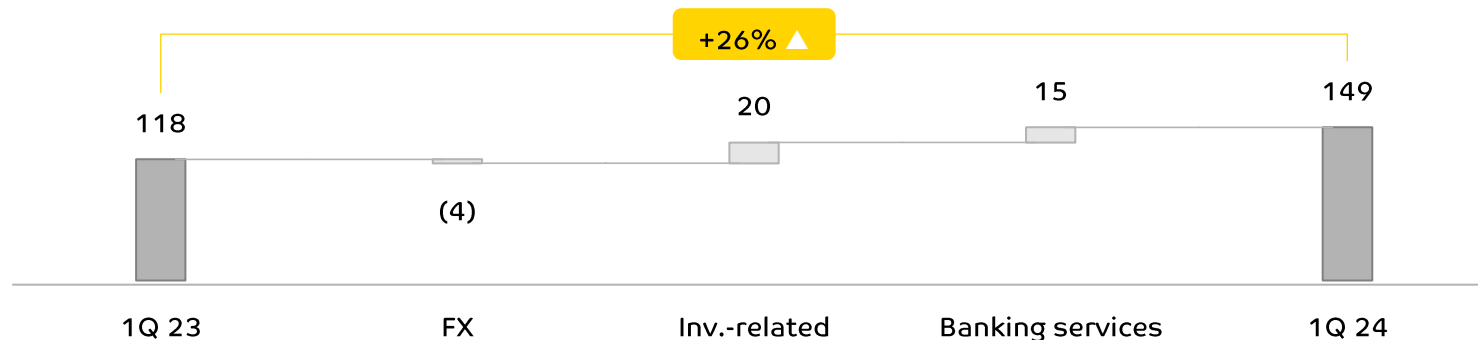
Fee & other income increased 26% YoY in 1Q 2024, mainly driven by investment-related income and supported by growth of banking services fees

Foreign exchange income decreased by 7% YoY in 1Q 2024 due to lower flows from corporate business during the quarter

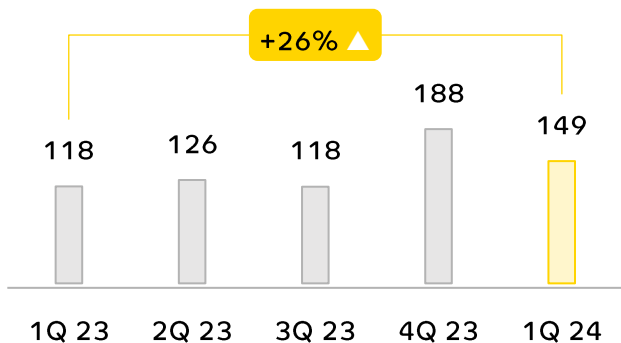
Investment related income increased largely due to mark-to-market fair value gains

Fee income from banking services rose on higher fees from trading and fund management, as well as trade finance

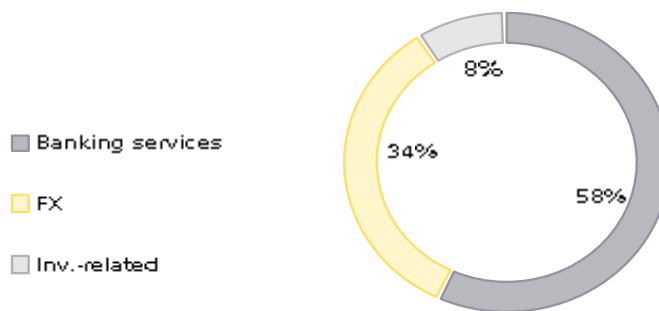
Fee & Other Income Movement YoY (SARmn)



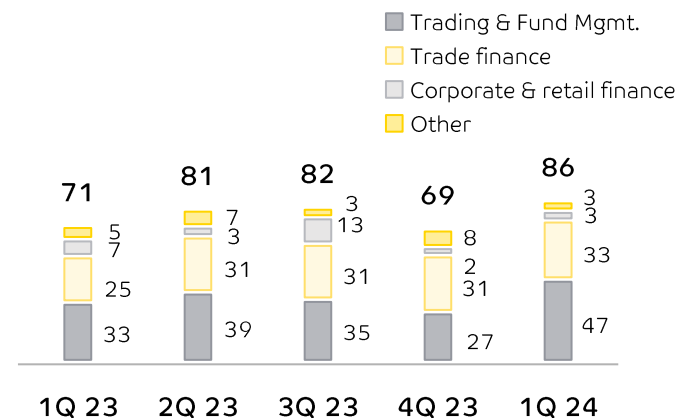
Fee And Other Income (SARmn)



Fee & Other Income by segment (%) - 1Q 24



Fee Income From Banking Services (SARmn)





Marginal increase in operating expenses

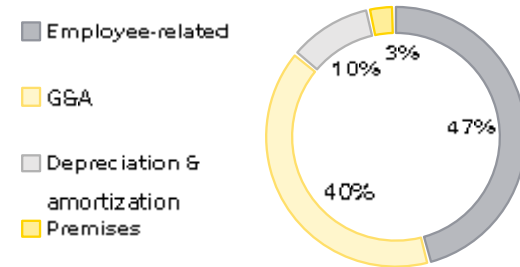
Operating expenses increased 1% YoY in 1Q 2024, mainly due to increases in general & administration expenses

Premises costs declined as a previous rented facility was acquired, with subsequent charges depreciated

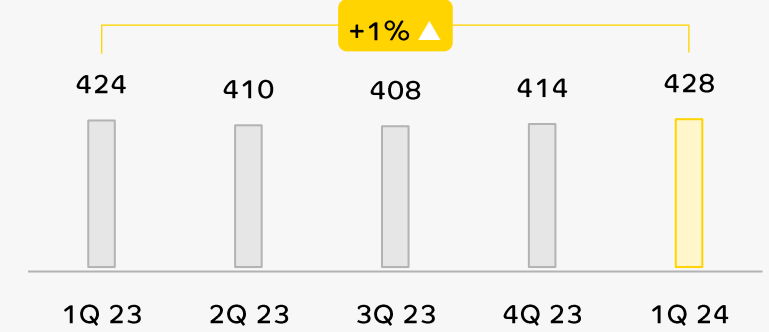
Cost to income ratio improved, reaching 43.0% in 1Q 2024 comparing to 44.1% in 1Q 2023 due to faster growth of operating income compared to operating expenses.

CIR is expected to moderate during the year and close between 41.5-42.5%

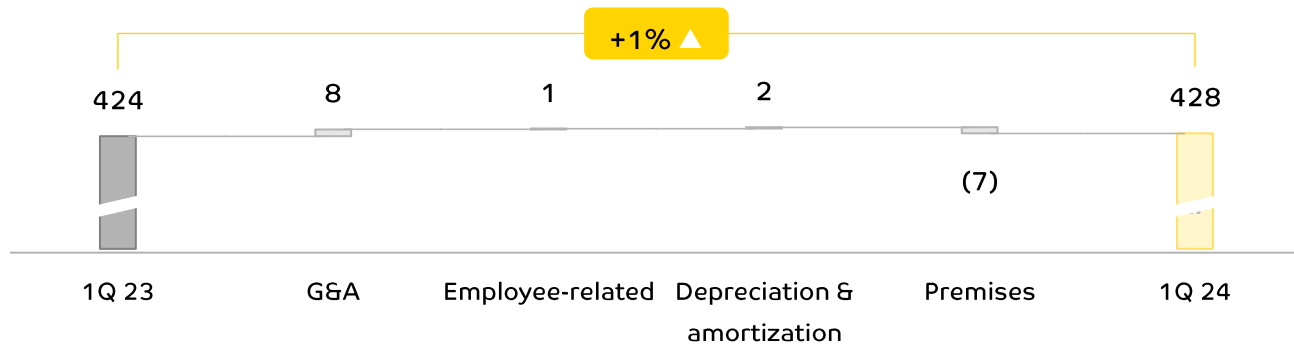
Operating Expenses Composition (%) - 1Q 24



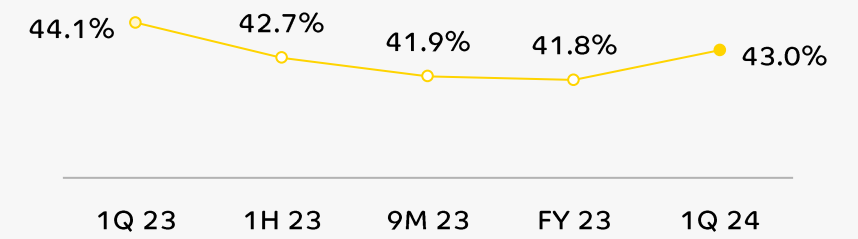
Operating Expenses (SARmn)



Operating Expenses Movement YoY (SARmn)



Cost to income ratio





Credit quality remained stable with NPL ratio at low levels

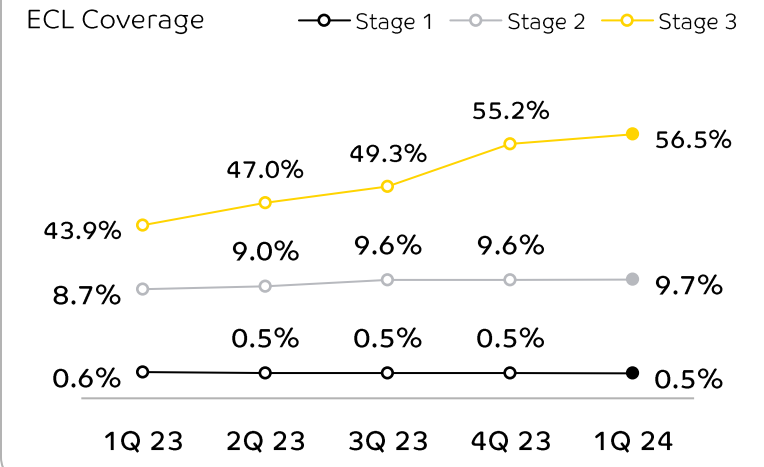
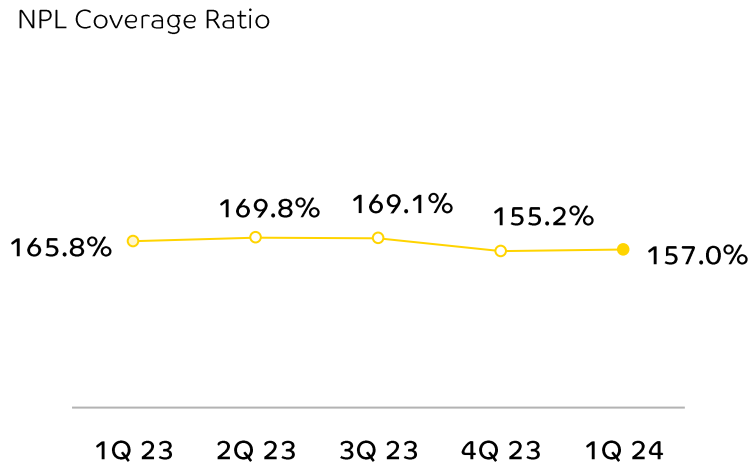
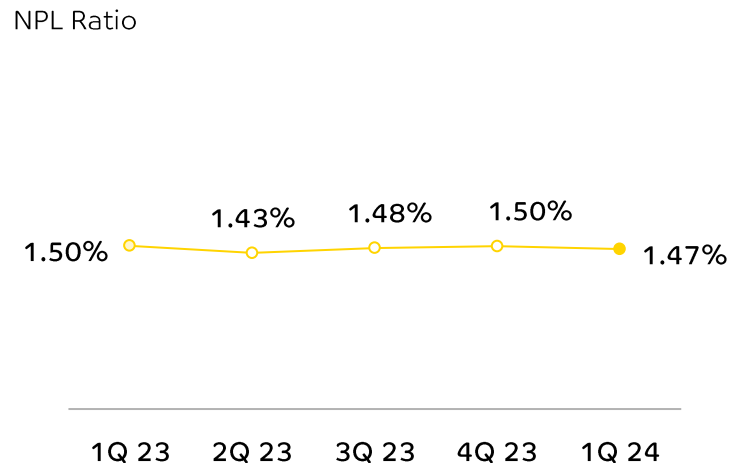
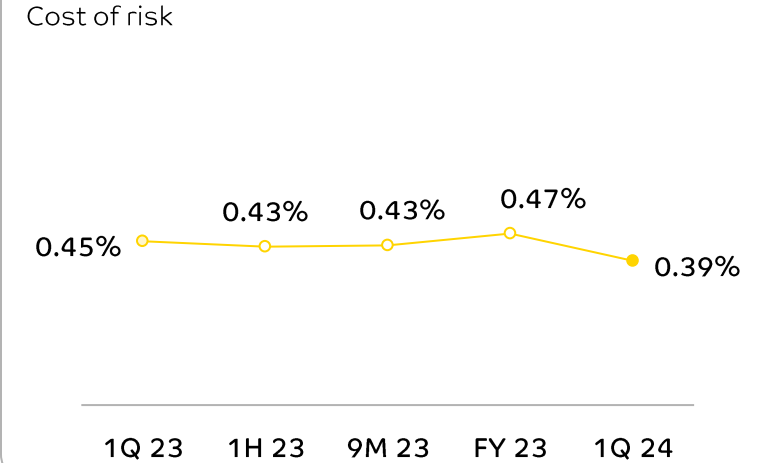
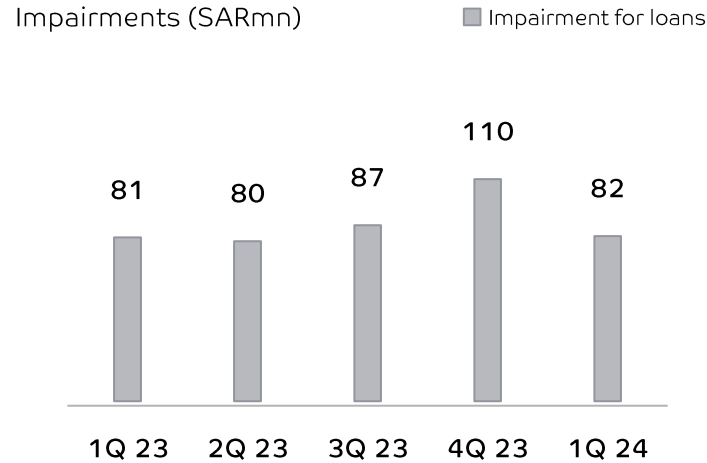
Total impairments of SAR 82mn for 1Q 2024, rising 1% YoY.

Cost of risk decreased to 0.39% in 1Q 2024

Non-performing loans ratio decreased by 3bps YTD to reach 1.47%

NPL coverage ratio at 157.0% as of 1Q 2024 improved by 1.8 pts YTD

Stage 3 ECL coverage rose to 56.5% on a 5% growth YTD in ECL Stage 3 loans and 3% growth YTD in Stage 3 loans





Solid liquidity, funding and capital position with adequate buffers

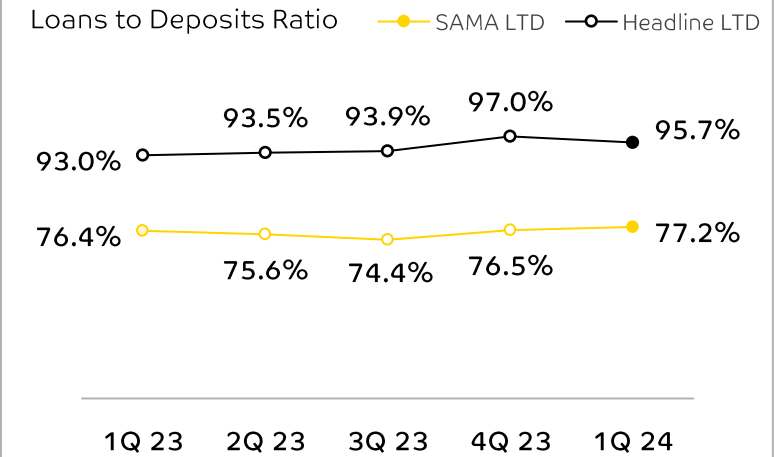
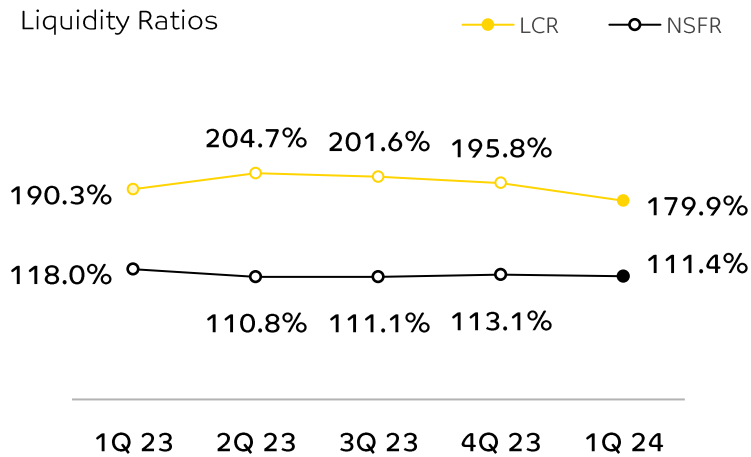
LCR declined by 15.9 ppts during 1Q 2024 to 179.9%, while NSFR eased 1.7 ppts to 111.4%

As of 1Q 2024, the SAMA regulatory LTD ratio was comfortably within required levels at 77.2%

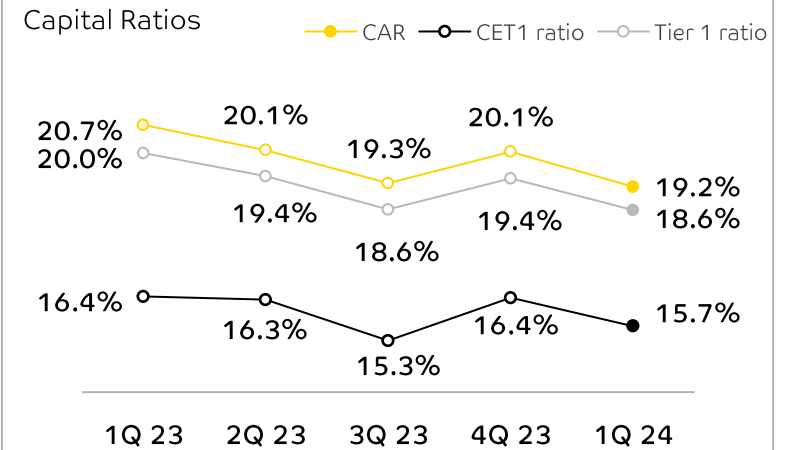
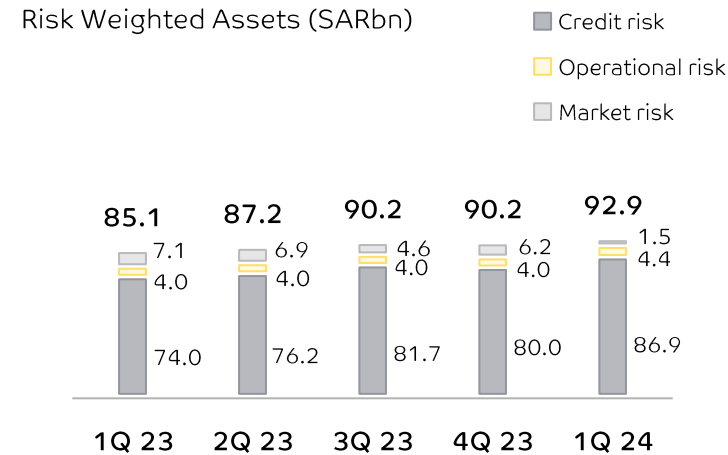
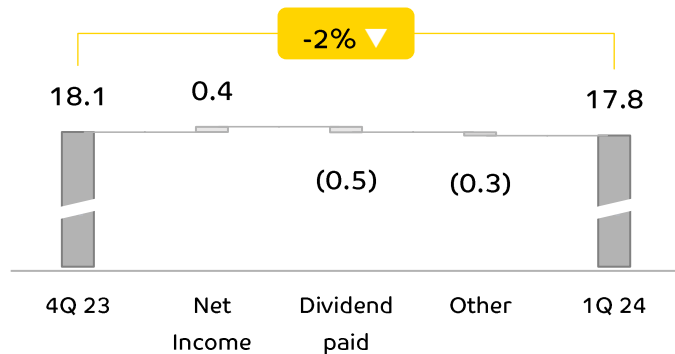
Total capital (Tier 1 + Tier 2 regulatory capital) slightly decreased by 2% as net income generation was more than offset by dividend payment and the phasing out of the IFRS9 transition arrangements

RWAs increased by 3% YTD during 1Q 2024

CAR was 19.2% and the Tier 1 ratio stood at 18.6%



Total Regulatory Capital Movement (SARbn)



1Q 2024 Results and 2024 Guidance

1Q 2024 financial performance was in line with expectations and FY guidance is unchanged



		2023 Actual	1Q 2024 Actual	2024 GUIDANCE	GUIDANCE REVISIONS
Balance Sheet	LOANS & ADVANCES	+17% YoY	+5% YTD	>15.0%	Guidance unchanged
Profitability	NET INTEREST MARGIN	2.98% +4bps YoY	2.76% -43bps YoY	Approx. 2.75%	Guidance unchanged
	COST TO INCOME RATIO	41.8% -2.3ppt YoY	43.0% -1.1ppt YoY	41.5% - 42.5%	Guidance unchanged
	RETURN ON TANGIBLE EQUITY	11.7% +1.8ppt YoY	12.1% +48bps YoY	>12.0%	Guidance unchanged
Asset Quality	COST OF RISK	0.47% +21bps YoY	0.39% -6bps YoY	0.45% - 0.50%	Guidance unchanged
Capital	TIER 1 RATIO	19.4% +1.8ppt YoY	18.6% -0.8ppt YoY	>18.75%	Guidance unchanged

FOCUSED ON DELIVERING STRONG RESULTS ACROSS KEY PERFORMANCE INDICATORS

Q&A

Appendix





البنك السعودي للاستثمار
The Saudi Investment Bank

SAIB Investor Relations

For more information, please visit www.saib.com.sa/en/investor-relations
or contact SAIB Investor Relations at ir@saib.com.sa