

Saudi Investment Bank (SAIB)

Significant gain on land sell boosted the bottom-line profit

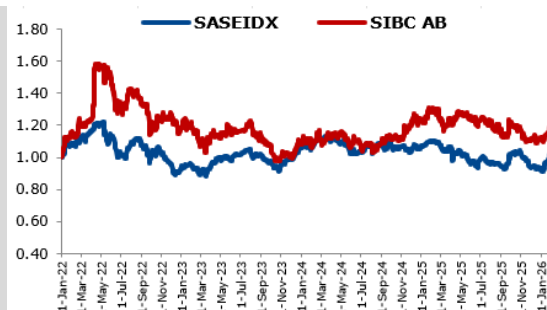
Current Price
SAR 14.00

Target Price
SAR 17.80

Upside/Downside (%)
+27.1%

Rating
BUY

- SAIB completed the sale of its 44.4% stake in a land plot on Khurais Road in Riyadh through a public auction, resulting in a significant increase in non-funded income.
- SAIB's funded income increased by 7.3% YOY to SAR 2,487 Mn in 4Q25, supported by growth in net advances, higher investment income, and an improvement in asset yields.
- Net advances increased 12.7% YOY and 1.3% QOQ to SAR 112.1 Bn, while customer deposit expanded 16.6% YOY and 4.2% QOQ to SAR 109.6 Bn in 4Q25.
- Cost to income ratio improved to 26.6% in 4Q25 from 40.4% in 4Q24, driven by rise in non-funded income.
- CET 1 and CAR ratios stood at 14.3% and 19.3% in 4Q25.



4Q25 Net Profit higher than our estimate

Saudi Investment Bank ("SAIB"/ "The Bank") net profit grew 75.9% YOY at SAR 897 Mn in 4Q25, higher than our estimate of SAR 509 Mn. The increase in net profit is primarily driven by growth in non-funded income due to substantial gain from the sale of land and unrealized gain on FVTPL, along with a marginal contraction in operating expenses, partially offset by a decline in net funded income, rise in financing impairment, a lower share of associates earnings, and an increase in zakat expenses.

P&L Highlights

SAIB's funded income rose 7.3% YOY to SAR 2,487 Mn in 4Q25, driven by an increase in net advances, and investment and stable asset yield. Funded expenses grew 13.4% YOY to SAR 1,613 Mn in 4Q25 due to higher customer deposit funds and cost of funds. As a result, net funded income declined 2.4% YOY to SAR 874 Mn in 4Q25. The Bank's non-funded income expanded from SAR 187 Mn 4Q24 to SAR 754 Mn in 4Q25, due to rise in fees & commissions, exchange income, and other non-funded income. Fees & other income grew 5.0% YOY to SAR 101 Mn in 4Q25. While exchange income expanded 27.8% YOY to SAR 70 Mn in 4Q25. Other non-funded income increased substantially from SAR 35 Mn in 4Q24 to SAR 582 Mn in 4Q25, driven by gain from the sale of land, as sale proceeds were significantly higher than the carrying value. Other non-funded income was also supported by higher unrealized gain on FVTPL in 4Q25. Thus, the Bank's operating income rose from SAR 1,083 Mn in 4Q24 to SAR 1,628 Mn in 4Q25. Total operating expenses declined marginally 1.0% YOY to SAR 433 Mn in 4Q25, due to decline in salaries and employee-related expenses and rent and premises related expenses. Thus, the Bank's cost-to-income improved from 40.4% in 4Q24 to 26.6% in 4Q25.

Stock Information

Market Cap (SAR, mn)	17,500.00
Paid Up Capital (mn)	12,500.00
52 Week High	15.50
52 Week Low	12.72
3M Avg. daily value (SAR)	5,856,330

4Q25 Result Review (SAR, Mn)

Total Assets	172,720
Total Liabilities	150,287
Total Equity	22,433
Total Deposits	109,619
Net Profit	897

Financial Ratios

Dividend Yield (12m)	5.73
Dividend Pay-out (%)	47.59
Price-Earnings Ratio(x)	8.33
Price-to-Book Ratio (x)	1.02
Book Value (SAR)	13.73
Return-on Equity (%)	12.73

Stock Performance

5 Days	-1.69%
1 Months	5.74%
3 Months	7.44%
6 Months	1.97%
1 Year	-8.38%
Month to Date (MTD%)	0.00%
Quarter to Date (QTD%)	6.63%
Year to Date (YTD%)	6.63%

Moreover, financing impairment charge increased from SAR 80 Mn in 4Q24 to SAR 169 Mn in 4Q25, mainly due to higher net charges for loans and advances. In addition, the share of earnings from associates declined 6.9% YOY to SAR 30 Mn in 4Q25, while zakat charges increased from SAR 87 Mn in 4Q24 to SAR 159 Mn in 4Q25.

Balance Sheet Highlights

SAIB's total assets grew 10.0% YOY but declined 1.3% QOQ to SAR 172.7 Bn in 4Q25. The YOY growth in total asset was driven by healthy growth in the loan portfolio and investments, while QOQ decline was impacted by lower cash balance with Saudi Central Bank and real estate assets. Net advances increased 12.7% YOY and 1.3% QOQ to SAR 112.1 Bn in 4Q25, due to rise in commercial lending across the key sectors. Customer deposits rose 16.6% YOY and 4.2% QOQ to SAR 109.6 Bn in 4Q25. Additionally, shareholders equity grew 8.2% YOY and 4.2% QOQ to SAR 17.1 Bn in 4Q25.

Target Price and Rating

We maintain our BUY rating on SAIB with a target price of SAR 17.80. The Bank reported substantially growth in net income of 75.9% YOY to SAR 897 Mn in 4Q25, supported by a sharp rise in non-funded income, primarily driven by a significant gain from the land sale. SAIB completed the sale of a land parcel via public auction during 4Q25. The land asset was located on Khurais Road in Riyadh with a total area of 2.7 Mn SQM, in which the Bank owned a 44.4% stake. The Bank's share of net proceeds, after deducting auction-related costs and expenses, amounted to SAR 801.1 Mn. The transaction is expected to support liquidity, strengthen the balance sheet, and provide additional financial flexibility going forward. Additionally, fees & commission income and exchange income also recorded healthy growth in 4Q25. Thus, resulting in an improvement in the cost-to-income ratio from 40.4% in 4Q24 to 26.6% in 4Q25. Similarly, SAIB net advances increased 12.7% YOY and 1.3% QOQ to SAR 112.1 Bn, supported by higher lending across key sectors, reflecting sustained credit demand and continued balance sheet expansion. However, stage 3 loan increased from SAR 1,165 Mn in 3Q25 to SAR 1,201 Mn in 4Q25, indicating close monitoring. NPLs stood at 0.9% during 4Q25. Additionally, the Bank continues to maintain adequate provisioning buffers, as provision coverage ratio grew from 168.9% in 3Q25 to 184.1% in 4Q25, reflecting proactive credit risk management practices. Investments increased 15.6% YOY and 1.8% QOQ to SAR 47.2 Bn in 4Q25. Similarly, customer deposits increased 16.6% YOY and 4.2% QOQ to SAR 109.6 Bn in 4Q25 driven by rise in interest bearing time deposit, indicating customers preference for higher-yielding instruments amid a competitive interest rate environment. As a result, the Bank's loan to deposit ratio declined from 105.8% in 4Q24 to 102.2% in 4Q25. The Bank's ROAE increased 127 bps YOY and 172 bps QOQ to 13.0% in 4Q25, while ROAA expanded 13 bps YOY and 20 bps QOQ to 1.4% in 4Q25, reflecting improved profitability, stronger earnings momentum, and more efficient deployment of both equity and assets. The Bank distributed an interim cash dividend of SAR 498.9 Mn (SAR 0.40 per share) for 1H25. Furthermore, capitalization also remained robust during 4Q25, with CET 1 and CAR ratios at 14.3% and 19.3%, respectively. Thus, based on the above analysis, we maintain our BUY rating on the stock.

SAIB Bank - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	18.42	12.83	10.99	9.79	7.19	10.02
PB	1.18	1.29	1.21	1.11	1.02	0.98
BVPS	11.841	10.860	11.616	12.665	13.726	14.325
EPS	0.761	1.092	1.275	1.431	1.681	1.399
DPS	0.420	0.600	0.680	0.760	0.800	0.800
Dividend Yield	3.0%	4.3%	4.9%	5.4%	5.7%	5.7%

FABS Estimates & Co Data

Note: The company paid SAR 0.40 per share for 1H25 and we expect similar dividend distributions for 2H25.

SAIB Bank – P&L

SAR Mn	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch	2024	2025	Change
Funded income	2,318	2,529	2,487	2,586	-3.8%	7.3%	-1.7%	8,864	9,692	9.3%
Funded expense	-1,422	-1,672	-1,613	-1,651	-2.3%	13.4%	-3.6%	-5,327	-6,164	15.7%
Net funded income	896	857	874	935	-6.5%	-2.4%	2.0%	3,537	3,528	-0.3%
Non-funded income	187	189	754	167	NM	NM	NM	641	1,266	97.5%
Operating income	1,083	1,046	1,628	1,102	47.8%	50.4%	55.6%	4,178	4,794	14.7%
Total operating exp.	-438	-421	-433	-424	2.2%	-1.0%	2.9%	-1,735	-1,723	-0.6%
Pre-provision profit	645	625	1,195	678	76.4%	85.3%	91.2%	2,444	3,071	25.7%
Impairments	-80	-60	-169	-120	41.0%	110.4%	179.0%	-290	-355	22.4%
Net operating income	565	564	1,026	558	83.9%	81.7%	81.8%	2,154	2,716	26.1%
Share in ear. of associate	33	38	30	34	-11.1%	-6.9%	-20.7%	116	125	7.2%
Income before Zakat	597	603	1,057	592	78.4%	76.8%	75.3%	2,270	2,841	25.1%
Zakat	-87	-84	-159	-83	92.2%	82.1%	88.7%	-313	-409	30.6%
Net profit attributable	510	518	897	509	76.2%	75.9%	73.1%	1,957	2,431	24.3%

FABS estimate & Co Data

SAIB Bank - KPI

	4Q24	3Q25	4Q25	YOY Ch	QOQ Ch	2024	2025	Change
Net FI/OI	82.8%	82.0%	53.7%	-2,906	-2,825	84.6%	73.6%	-1,107
NIM Trailing 12M	2.7%	2.3%	2.3%	-35	-3	2.7%	2.3%	-35
NIM Annualized	2.7%	2.3%	2.3%	-41	3	2.7%	2.3%	-35
NIS	2.2%	1.8%	2.1%	-9	33	2.3%	1.9%	-39
Fees & commissions/OI	8.9%	8.9%	6.2%	-270	-272	8.2%	7.8%	-40
Exchange income/OI	5.1%	6.3%	4.3%	-76	-202	5.0%	5.4%	40
Cost to income (calculated)	40.4%	40.3%	26.6%	-1,381	-1,365	41.5%	35.9%	-557
Impairment/PPP	12.4%	9.7%	14.1%	169	444	11.9%	11.6%	-31
NP/OI	47.1%	49.6%	55.1%	800	555	46.8%	50.7%	389
Cost of risk - calculated	0.32%	0.22%	0.60%	27	38	0.32%	0.33%	1
Loan-to-deposit	105.8%	105.2%	102.2%	-356	-293	105.8%	102.2%	-356
NPL	1.0%	0.9%	0.9%	-9	1	1.0%	0.9%	-9
Provision coverage	156.7%	168.9%	184.1%	2,744	1,522	156.7%	184.1%	2,744
CET1	14.5%	13.2%	14.3%	-17	111	14.5%	14.3%	-17
Capital adequacy	20.0%	18.1%	19.3%	-64	125	20.0%	19.3%	-64
ROAE	11.7%	11.3%	13.0%	127	172	11.7%	13.0%	127
ROAA	1.3%	1.2%	1.4%	13	20	1.3%	1.4%	13

FABS estimate & Co Data

SAIB Bank - Key B/S items

SAR Mn	4Q24	1Q25	2Q25	3Q25	4Q25	YOY Ch
Net advances	99,466.5	104,135	108,423	110,581	112,070	12.7%
QOQ change	4.8%	4.7%	4.1%	2.0%	1.3%	
Total assets	157,069.4	163,799	167,292	174,912	172,720	10.0%
QOQ change	3.6%	4.3%	2.1%	4.6%	-1.3%	
Customer deposits	94,013.1	101,666	100,236	105,152	109,619	16.6%
QOQ change	-4.2%	8.1%	-1.4%	4.9%	4.2%	
Shareholders' equity	15,818.9	15,530	15,933	16,432	17,121	8.2%
QOQ change	0.5%	-1.8%	2.6%	3.1%	4.2%	

FABS estimate & Co Data

Valuation:

We use Residual Income and Relative Valuation (RV) method to value SAIB. We have assigned 70% weight to Residual Income, and 30% to RV method.

Valuation Method	Target	Weight	Weighted Value
Residual Income Method	17.73	70%	12.41
Relative Valuation (RV)	17.94	30%	5.38
Weighted Average Valuation (SAR)			18.70
Current market price (SAR)			14.00
Upside/Downside (%)			+27.1%

1) Residual Income Method:

We have discounted the economic profit/excess equity using the cost of equity of 9.0%. Cost of equity is calculated by using 10-year government bond yield of 5.5%, beta of 0.86 and equity risk premium of 4.2%. Government bond yield is calculated after adding KSA 10-year CDS spread over 10-year US risk free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (SAR, Mn)	1,275
Terminal value (SAR, Mn)	3,723
Book value of Equity (as of Dec 2025)	17,121
FV to Common shareholders (SAR, Mn)	22,191
No. of share (Mn)	1,247
Current Market Price (SAR)	14.00
Fair Value per share (SAR)	17.73

DCF Method

(All Figures in SAR Mn)	2026F	2027F	2028F	2029F	2030F
Net Profit	1,745	1,923	2,064	2,182	2,255
(-) Equity Charge	(1,548)	(1,616)	(1,694)	(1,776)	(1,862)
Excess Equity	196	307	369	405	393
Discounting Factor	0.93	0.85	0.78	0.71	0.65
Present Value of Excess Equity	182	260	287	289	257

Source: FAB Securities

2) Relative Valuation:

We have used local peers to value SAIB, and it is valued using the PB multiple. It is valued at a PB multiple of 1.3x in line with its peers.

Company	Market (USD Mn)	P/B (x)		P/E (x)		Dividend Yield (%)	
		2026F	2027F	2026F	2027F	2026F	2027F
Riyad Bank	22,544	1.2	1.1	8.4	8.0	6.0%	6.4%
Banque Saudi Fransi	11,872	1.0	1.0	8.9	8.5	6.1%	6.4%
Saudi Awwal Bank	19,516	1.0	1.0	8.8	8.1	5.8%	6.3%
Alinma Bank	18,838	1.8	1.6	11.4	10.6	3.7%	4.2%
Arab National Bank	12,255	1.1	1.0	9.0	8.5	5.8%	6.0%
Mashreqbank	14,200	1.3	1.2	7.3	7.0	NA	NA
Dubai Islamic Bank	19,557	1.5	1.4	10.2	9.7	4.8%	4.9%
National Bank of Kuwait	28,115	1.8	1.7	15.8	14.1	3.5%	3.9%
Average		1.4x	1.2x	10.0x	9.3x	5.1%	5.4%
Median		1.3x	1.2x	9.0x	8.5x	5.8%	6.0%
Max		1.6x	1.5x	10.5x	10.0x	5.9%	6.3%
Min		1.1x	1.0x	8.7x	8.1x	4.2%	4.6%

Source: FAB Securities

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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