



Initiation Coverage

The Saudi Investment Bank



Key Investment Highlights:

We initiate coverage on **The Saudi Investment Bank ("SAIB" or "The Bank")** with a **Valuation** of SAR 17.80 per share. SAIB is a leading financial institution in the KSA, and provides a wide range of Shariah-compliant and conventional banking services to corporates, individuals, and SMEs. SAIB plays a key role in supporting trade finance, industrial development, and infrastructure projects in the Kingdom.

Our investment view is supported by:

- SAIB Prioritizes High-Yield Lending to Maximize Returns & Credit Strength
- Optimising Funding Structure to Strengthen Resilience and Minimize Cost of Capital
- SAIB Embarked on Strategic Cost Optimization to Improve Efficiency
- Robust Ratio Profile Supports Long-Term Financial Stability

SAIB Prioritizes High-Yield Lending to Maximize Returns and Enhance Credit Strength

SAIB delivered robust loan growth, with gross loans rising 22.3% YOY to SAR 101.1 Bn, driven by corporate and syndicated lending aligned with Vision 2030. Despite rapid expansion, credit quality improved, with 96.2% of loans in Stage 1 and notable declines in Stage 2 and Stage 3 exposures. NPLs dropped to SAR 1.1 Bn, reducing the NPL ratio to 1.04% in 2024, among the lowest in the sector. Total provisions declined to SAR 1.7 Bn, and COR improved to 0.32% in 2024. High coverage (156.7% in 2024) and disciplined risk governance underpin SAIB's resilient credit profile. The Bank is well-positioned to sustain growth while maintaining asset quality, supported by proactive monitoring, sector selectivity, and strong underwriting standards.

Optimizing Funding Structure to Strengthen Resilience and Minimize Cost of Capital

SAIB employs a diversified and cost-sensitive funding strategy, balancing customer deposits and interbank borrowings to minimize funding costs while ensuring liquidity and compliance. It adjusts loan pricing to pass on higher funding costs, optimizes CASA deposits from affluent clients and public institutions, and leverages international capital markets through sukuk issuances for long-term funding. SAIB's Asset and Liability Committee oversees risk and liquidity management, ensuring adherence to LCR and NSFR requirements. This disciplined approach enhances net interest margins, reduces reliance on any single funding source, and supports sustainable growth.

SAIB Embarked on Strategic Cost Optimization to Improve Efficiency

SAIB sustained strong operational momentum in 2024 and 1H25, balancing income growth with disciplined cost control. Operating income rose 5.3% YOY in 2024 to SAR 4,178 Mn and 5.1% YOY in 1H25 to SAR 2,120 Mn, driven by higher net special commission income, fee-based revenues, and treasury gains. Expenses grew modestly, 4.7% YOY in 2024 and 2.2% YOY in 1H25, reflecting higher staff costs, while other cost lines remained contained. This efficiency supported a lower cost-to-income ratio of 41.0% in 1H25, continuing its downward trend. Net profit grew 11.1% YOY to SAR 1,957 Mn in 2024 and 9.4% YOY in 1H25 to SAR 1,016 Mn, with ROE rising to 13.1% on stronger earnings and efficient capital deployment. Although NIM compressed in 1H25 due to higher funding costs, SAIB's asset growth, digital transformation, and CASA focus underpin resilient profitability and position it for further efficiency gains under its Strategy 2027 framework.

Robust Ratio Profile Supports Long-Term Financial Stability

SAIB demonstrates a robust capital and liquidity management framework that supports sustainable growth while ensuring resilience. The Bank's risk-weighted assets (RWAs) grew from SAR 90.2 Bn in 2023 to SAR 115.0 Bn in 1H25, reflecting strong corporate lending expansion. Despite higher RWAs, capital ratios remain well above regulatory thresholds, with a CET1 ratio of 13.8%, Tier 1 at 18.5%, and total CAR at 19.1% in 1H25. This strength is underpinned by a high-quality capital base, including common equity, retained earnings, statutory reserves, and Additional Tier 1 sukuk, ensuring ample loss-absorbing capacity. On the liquidity side, SAIB benefits from diversified funding sources, a stable deposit base, and significant holdings of high-quality liquid assets (HQLA), such as government securities and balances with SAMA. The Bank reported an LCR of 212% and NSFR of 110% in 1H25, both comfortably above SAMA requirements, highlighting prudent liquidity management and reinforcing confidence in its long-term stability.

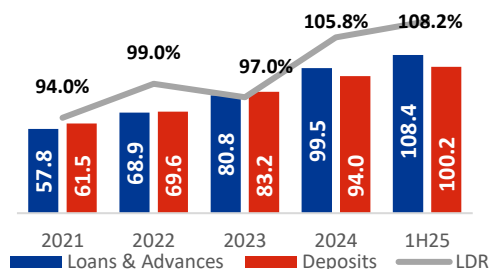
Initiating Coverage

Sector: Banking

Analyst Name: Ahmad Banihani

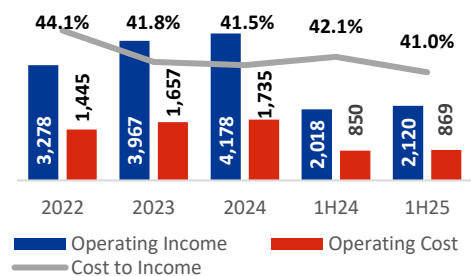
Rating	BUY
Current Market Price (SAR)	13.81
Target Price (SAR)	17.80
Upside/(Downside)	28.9%
Market Cap (SAR, Bn)	17.26

Loan & Advances, Deposits (SAR Bn) & LDR (%)



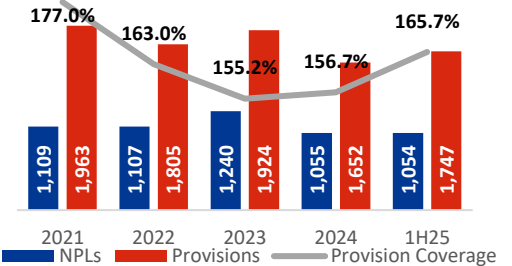
Source: Company Information

Operating Income & Cost (SAR, Mn)



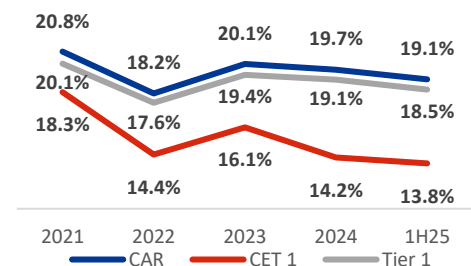
Source: Company Information

Non-Performing Loans & Coverage (SAR Mn)



Source: Company Information

Capital Ratios (%)



Source: Company Information

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Introduction to The Saudi Investment Bank

SAIB Drives Sustainable Growth and Innovation in the Saudi Finance Sector

SAIB – Company Introduction

SAIB operates a network of 50 branches throughout the Kingdom, which together serve more than 948K customers

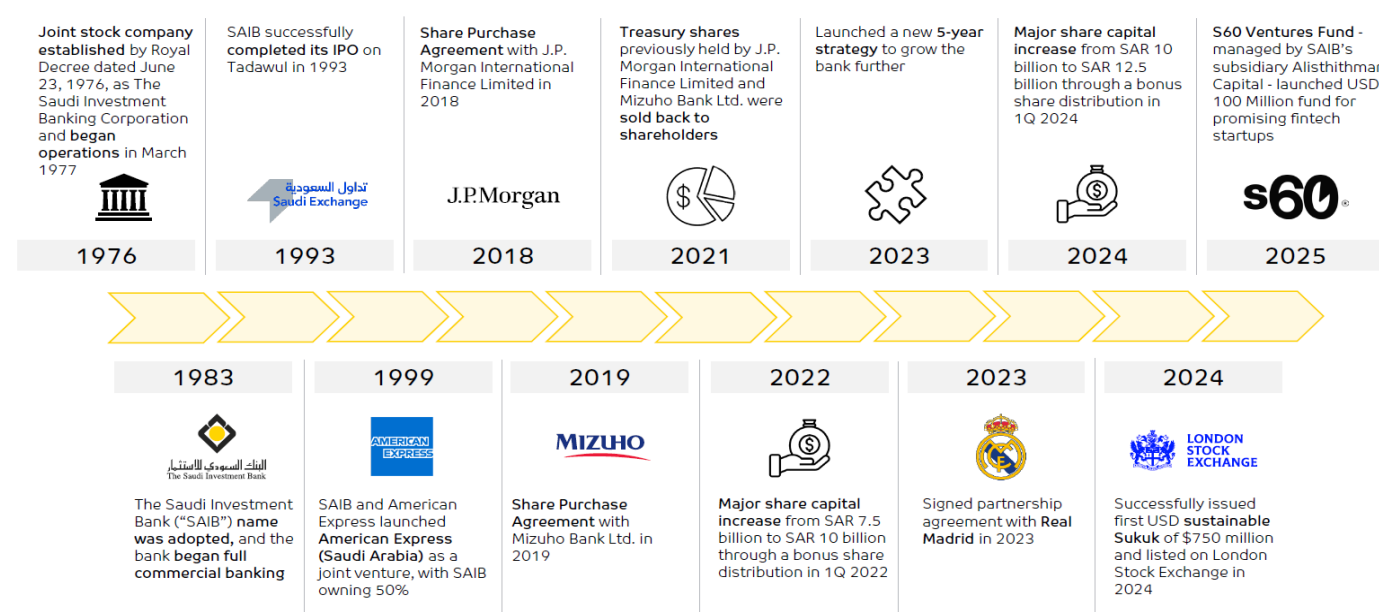
The Saudi Investment Bank ("SAIB" or "The Bank") is a publicly traded company established by Royal Decree M/31 in 1976. Headquartered in Riyadh, the Bank operates a network of 50 branches, 355 ATMs & Interactive Teller Machines, and over 12,000 Point of Sale (POS) terminals across the Kingdom, including three branches specially designed to cater to clients with special needs. SAIB offers various conventional and Shariah-compliant banking products and services, catering to the distinct banking needs of over 948K customers (as of June 2025) in Saudi Arabia. The Bank serves a varied clientele, which includes individuals, small and medium-sized enterprises (SMEs), large corporations, and public sector entities. Additionally, SAIB, through its wholly owned subsidiaries and joint ventures, offers an extensive array of products and services, including investment banking, stock trading, asset management, leasing and mortgage financing, brokerage, corporate finance, and credit card services in both local and international markets.

The Saudi Investment Bank was formally established in 1976 by Royal Decree and began operations in March 1977 as the Saudi Investment Banking Corporation, with a primary focus on financing investment and development projects within the Kingdom of Saudi Arabia. In 1983, the institution adopted its current name, The Saudi Investment Bank (SAIB), marking a significant milestone as it evolved into a full-fledged commercial bank. From this point onward, SAIB expanded its services to include retail and corporate banking, offering a variety of standard banking products such as account openings, personal and business loans, and financial management services.

In 1993, SAIB strengthened its market presence by successfully completing its Initial Public Offering (IPO) and getting listed on the Tadawul (Saudi Stock Exchange). This move provided a solid foundation for future growth and positioned the Bank as a publicly traded financial institution. Over time, the Bank continued to innovate and diversify.

The Bank's Initial Public Offering (IPO) was launched in 1993, leading to its listing on the Tadawul (Saudi Stock Exchange)

Figure 01: The Saudi Investment Bank Timeline



Source: Company Information

A major advancement occurred in 2006 with the launch of Al Asalah Islamic Banking, a comprehensive suite of Shariah-compliant financial products and services. Developed under the supervision of a dedicated Shariah Committee, this initiative expanded SAIB's reach to a broader customer base seeking ethical and religiously aligned financial solutions.

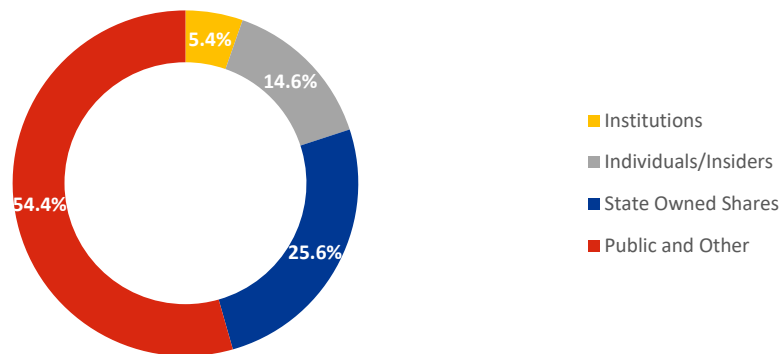
In recent years, SAIB has actively embraced digital transformation, implementing advanced banking technologies and digital platforms to improve operational efficiency and customer experience. The Bank's history also includes landmark partnerships and capital market milestones, such as share purchase agreements with global institutions (J.P. Morgan and Mizuho), sponsorship partnership (e.g., with Real Madrid in 2023), and a successful issuance of its first USD sustainable Sukuk in 2024. SAIB is recognized as one of Saudi Arabia's leading financial institutions, offering a balanced portfolio of conventional and Islamic banking services, underpinned by innovation, institutional strength, and a forward-looking growth strategy.

SAIB Shareholding and Ownership Structure

The Saudi Investment Bank maintains a diversified shareholder base comprising prominent institutional investors, which reinforces its governance framework and long-term strategic orientation. As of the most recent public disclosure, the General Organization for Social Insurance (GOSI) is the largest shareholder, holding c. 25.6% of the Bank's equity, following its merger with the Public Pension Agency.

In addition, other major shareholders include Vanguard grp, BlackRock, Dimensional Fund Advisers, and others. These institutional shareholders account for 5.4% of total ownership. Yasser Mohammed Aljarallah, independent director, is also one of the largest shareholders of the Bank. Furthermore, Public and Other investors collectively own over 54.4% of SAIB's share capital, reflecting high levels of confidence in the Bank's strategic direction and financial performance.

Figure 02: The Saudi Investment Bank Shareholding Structure



Source: S&P CapIQ, TADAWUL

SAIB Empowers Individuals and Businesses with Integrated Financial Products and Services

The primary reportable segments include Personal Banking, Treasury and Investment Group, and Corporate & SME Banking

SAIB's Segment-Based Model Delivers Comprehensive Financial Solutions

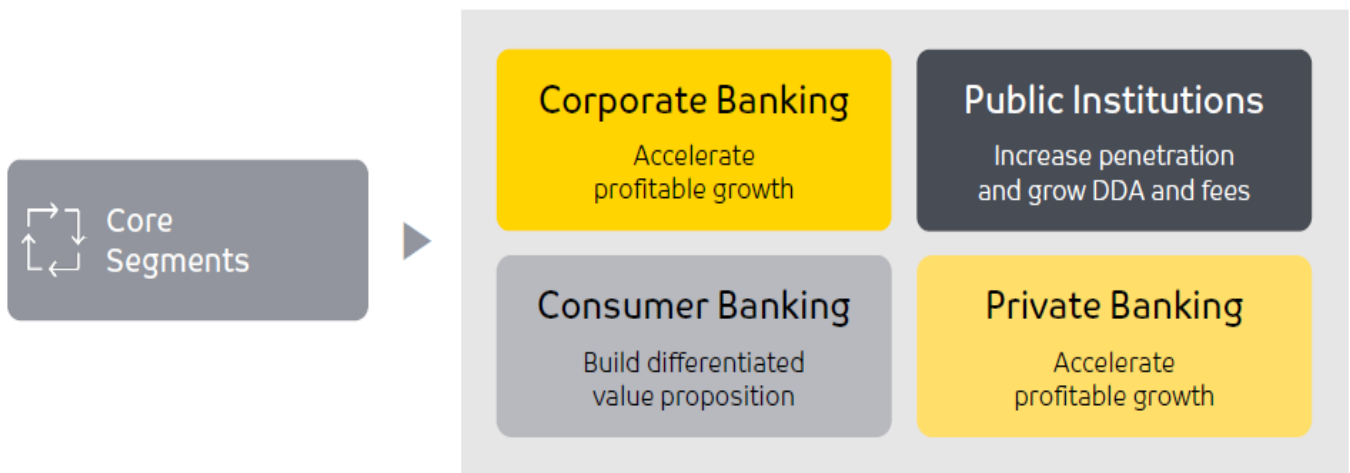
The Saudi Investment Bank organizes its operations into well-defined core business segments designed to cater to diverse customer needs and strategic priorities. The primary reportable segments include Personal Banking, Treasury and Investment Group, and Corporate & SME Banking, each offering a targeted suite of services.

Personal Banking serves individual customers with a wide array of retail financial products. These include traditional offerings such as accounts, personal finance, cards, and e-banking services, along with customer loyalty programs tailored to enhance customer engagement. The Bank aims to provide convenience and value through digital platforms and personalized retail solutions. The Treasury and Investment Group plays a central role in managing the Bank's balance sheet and liquidity. It offers sophisticated services like liquidity management, foreign exchange, and structured products. The segment also includes a dedicated Investment Department focused on managing proprietary and client investments, along with interactions with financial institutions and execution of strategic investments. Corporate & SME Banking Solutions cater to the financial needs of businesses, ranging from large corporates to small and medium enterprises. The Bank provides comprehensive offerings such as trade finance, cash management solutions, and VAT-related advisory services. These services are aimed at supporting clients' operational and expansion needs through customized financial tools.

SAIB further segments its operations into four core business areas: Corporate Banking, Public Institutions, Consumer Banking, and Private Banking

Aligned with its long-term strategic growth objectives, SAIB further segments its operations into four core business areas: Corporate Banking, Public Institutions, Consumer Banking, and Private Banking. Corporate Banking and Private Banking are primarily focused on accelerating profitable growth by delivering customized financial solutions and deepening client relationships within their respective markets. Public Institutions represent a key priority, where the Bank seeks to increase market penetration, expand deposit volumes (particularly demand deposits), and generate higher fee-based income through tailored services. Consumer Banking emphasizes building a differentiated value proposition through innovative product offerings, digital integration, and superior customer service, particularly important in the highly competitive retail banking space. Together, these segments reflect SAIB's holistic approach to delivering tailored banking solutions while supporting growth across client categories.

Figure 03: Core Banking Segments of SAIB



Source: Company Information

SAIB offers accounts, customer programs, financial services, cards (credit/debit), E-banking services, and loyalty programs in personal banking services

Fostering Individual Financial Prosperity through Innovative Personal Banking Solutions

The Saudi Investment Bank provides a broad range of Personal Banking Services tailored to meet individuals' financial needs. The Bank offers a comprehensive range of traditional and Shariah-compliant financial products, including deposit accounts, personal and home financing options, and various payment card services. SAIB, with its modern digital tools and extensive branch network, enables individuals to manage their finances effectively, from everyday banking to savings and long-term investments. The Bank's retail offering spans deposit products, financing solutions, payment cards, and digital channels, all tailored to support financial empowerment and convenience.

At the foundation of SAIB's personal banking proposition lies a diverse suite of deposit products, giving customers a variety of options to securely manage and grow their funds. These services are accessible through online and mobile banking, ATMs, and bank branches. The Bank also provides a dedicated Salary Account for streamlined payroll management and a Travel Account for easy handling of foreign currency and international expenses. From an investing perspective, SAIB offers the Murabaha Deposit Account, providing Shariah-compliant profit-sharing, along with the Time Deposit Account, which delivers attractive fixed-term returns. The E-Save Account encourages efficient money management with 24/7 online access.

A key offering within SAIB's Islamic banking division is the Al Asalah Islamic Banking platform. Developed under the guidance of a dedicated Shariah Committee, Al Asalah offers a full suite of Shariah-compliant personal banking products and services. Al Asalah accounts include Al Asalah Current Account and Al Asalah Savings Account, both structured in accordance with Islamic principles. These accounts operate on models such as Qard Hasan (benevolent loan) or Mudarabah (profit-sharing), ensuring customers benefit from ethical banking solutions that align with their religious and financial values. These accounts also provide customers with access to SAIB's full range of digital and in-branch services, ensuring seamless integration between Islamic and conventional banking systems.

Figure 04: Core Banking Segments of SAIB

<u>Personal Banking</u>	<u>Treasury and Investment Group</u>	<u>Corporate & SME Banking Solutions</u>
<ul style="list-style-type: none"> • Accounts • Customers Programs • Finance • Cards • E-Banking Services • Loyalty Programs 	<ul style="list-style-type: none"> • Liquidity Management • Foreign Exchange • Structured products • Investment Department • financial institutions • Strategic Investments 	<ul style="list-style-type: none"> • Small and Medium Enterprises • Cash Management Solutions • Value Added Tax (VAT) • Trade Finance Solutions

Source: Company Information

Furthermore, SAIB provides two Shariah-compliant home finance options: the Property Finance, which grants liquidity against owned properties without requiring a down payment and offers flexible terms up to 30 years, and the ALASALAH Murabaha Home Finance, where the Bank buys and resells properties to customers at a fixed profit, along with easy payment terms and complimentary Takaful insurance. SAIB also boasts various cards like the 100-Currency Travel Card, which supports payments in up to 100 currencies with no exchange fees and allows for

SAIB offers a comprehensive array of card and payment solutions from Credit and Travel Cards to Shopping, Household, Student, and Mada Debit Cards

prepaid or credit use for family members. The Shariah-compliant credit cards have flexible and rewarding benefits tailored to customers' unique lifestyles. The SAIB EduPay Student Card streamlines university allowance distribution, ensuring secure and instant fund access with free ATM withdrawals for students. Additionally, the "easypay" Household Card facilitates electronic payments for household workers securely and cost-effectively, while the "easypay" Payroll Card simplifies salary distributions for organizations, providing automated and secure payments along with employee-friendly features like SMS alerts and online account access. The Mada Debit Card, linked directly to SAIB accounts, enables instant access to funds and is widely accepted across local and international POS and ATM networks.

SAIB provides a comprehensive range of digital banking services for convenience and accessibility. The Bank's mobile applications enable seamless banking, while Internet Banking (Flexx Click) allows for secure online transactions across multiple devices. Phone Banking (Flexx Call) offers account access and support via telephone for added convenience. Additionally, Flexx Transfer facilitates quick and easy fund transfers, complemented by a vast network of ATMs for cash deposits and withdrawals. The Bank also operates a wide network of ATMs and Interactive Teller Machines (ITMs), which combine self-service functions with live customer support via video interaction. Together, these services ensure smooth payments and transfers, effectively meeting the diverse needs of SAIB's customers.

Figure 05: SAIB Credit Card



Source: Company Information

SAIB's Treasury Division provides comprehensive solutions across liquidity management, foreign exchange, money markets, fixed income, and investment products

Driving Financial Efficiency with Treasury and Investment Expertise

The Saudi Investment Bank provides a comprehensive suite of Treasury and Institutional services aimed at addressing the diverse and intricate financial requirements of its clients. The services encompass liquidity management, foreign exchange transactions, money market solutions, and investment products specifically tailored for institutional and corporate clients. The approach allows SAIB to effectively support businesses of all sizes by offering strategic financial solutions that enhance operational efficiency and optimize cash flow management. The Bank is dedicated to providing personalized solutions that cater to the changing needs of its clients within a fast-moving and competitive market.

SAIB offers a comprehensive range of Liquidity Management services through its Money Market team, which provides tailored solutions that help clients optimize cash flow according to their

Figure 06: SAIB Digital Banking Services



Source: Company Information

SAIB's Treasury provides a variety of products, such as interest rate, foreign exchange (FX), and commodity derivatives, along with structured deposits

specific business structures and transaction volumes. Clients are also offered a range of investment options to manage their surplus funds effectively. The investments include time deposits and Murabaha deposits, available across short, medium, and long-term durations to suit their specific financial goals and risk preferences. SAIB supports clients in the area of Foreign Exchange by managing their currency exposure by offering a broad selection of solutions, from simple FX transactions to sophisticated, customized strategies. The Bank emphasizes collaboration and a client-focused approach, ensuring tailored support that aligns with each client's specific requirements and financial goals.

SAIB's Treasury Structured Solutions team provides customized financial instruments to help clients manage risk and enhance returns. By assessing each client's financial exposure, the team develops tailor-made hedging strategies that protect profitability and reduce volatility. Core offerings include Interest Rate Derivatives, Foreign Exchange Derivatives, Commodity Derivatives, and Structured Deposits, all designed to mitigate market risks across various asset classes. Additionally, the desk offers investment ideas aligned with the client's risk appetite and financial objectives. These solutions are available in both conventional and Shariah-compliant structures, ensuring flexibility and adherence to client preferences. SAIB's structured solutions aim to deliver strategic financial risk management, enabling clients to navigate market uncertainties while optimizing their balance sheet and financial performance.

The Investment Department is responsible for managing SAIB's proprietary portfolio that spans a variety of asset classes. The assets include both local and international debt instruments, such as Saudi Government bonds, Sukuk, US Treasury, bonds from Europe and the GCC, and corporate debt. SAIB, as an active market participant, is involved in buying or selling securities as part of its strategy to optimize its investment portfolio and manage its balance sheet effectively.

The Financial Institutions Department (FID) plays a vital role in establishing and maintaining banking relationships with global and regional banks, as well as non-bank financial institutions. FID supports an extensive range of services, including trade finance, cash management (Nostro and Vostro accounts), and treasury and investment solutions. SAIB offers specialized services aimed at meeting the unique needs of government, semi-government, and public institutions, enhancing strategic partnerships. The range of offerings of the Bank includes account solutions such as Asalah and traditional accounts, as well as treasury and investment products, structured deposits, payroll services, and Flex Business services.

Figure 07: Trading Services



Source: Company Information

Figure 08: Public Institutions Departments



Source: Company Information

SAIB's Corporate and SME segment delivers tailored financial solutions, including lending, trade finance, treasury services, and cash management, to support business growth and operational efficiency

Trade Finance services support Saudi importers and exporters with financing, guarantees, and bonds to reduce risks and boost competitiveness

Fueling Business Ambitions with Smart Corporate and SME Solutions

The Saudi Investment Bank (SAIB) offers a variety of financing solutions tailored for corporations and SMEs. The financial solutions include options for working capital, project funding, and business expansion, supported by services such as loans, letters of credit, and risk protection tools. The Corporate Banking Group operates from three regional headquarters based in Riyadh, Jeddah, and Al-Khobar along with separate Business Segments covering Syndications, Project, and Structured Financing to provide tailor-made financial solutions and customized structures to an array of economic sectors.

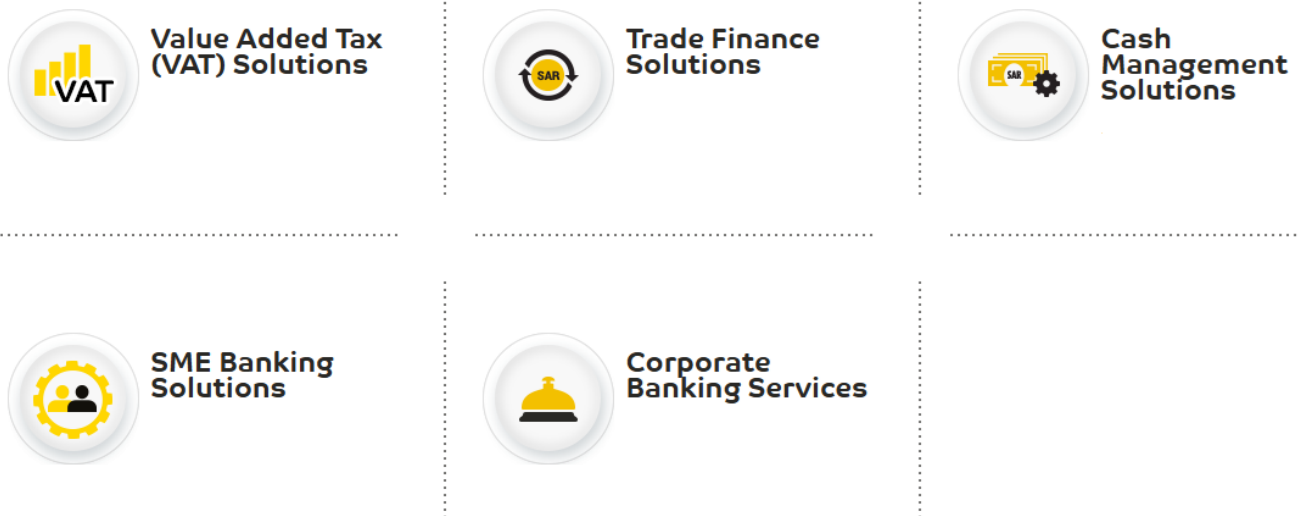
The Banks Kafalah Program specifically assists MSMEs by providing loan guarantees, facilitating access to financing in accordance with Saudi Vision 2030 and focusing on businesses based on their size and revenue. Furthermore, the Secured Financing Program, in partnership with the Agricultural Development Fund (ADF), aims to promote sustainable agricultural development through credit services designed to ensure food security via a public-private financing model.

SAIB provides essential working capital financing, encompassing overdrafts, short-term loans, and letters of credit, designed to help businesses grow in a competitive landscape. The Bank also offer Shariah-compliant Murabaha solutions for cash advances, import financing, and asset purchases. Their Corporate Banking division specifically supports contractors with customized financing options like bonding, mobilization loans, and invoice discounting. SAIB actively participates in the Syndicated Loan Market, allowing for flexible, large-value financing tailored for corporates and projects. Moreover, their Project and Structured Finance team delivers tailored solutions for capital expenditure, real estate, and working capital needs, including asset leveraging, further aiding agricultural development and food security through their partnership with the Agricultural Development Fund.

Additionally, for corporate clients, SAIB's Corporate Internet Banking (CIB) provides a secure platform to manage accounts, process payments, and access various business services online. The Bank's electronic payroll service streamlines salary management through options like Mada Debit Cards and Easypay for wages. Their secure cash pick-up service is tailored for handling large cash amounts, mitigating associated risks. Additionally, B2B integration facilitates direct electronic transactions between corporate systems and SAIB for payments and payroll. Special accounts compliant with SAMA-set conditions are available to manage project funds and fundraising, complete with strict control and reporting measures. Flexx Pay provides flexible payment options, including cash deposit cards and both traditional and software-based POS services.

SAIB's Trade Finance services are geared towards supporting Saudi companies involved in import and export activities, offering financing, guarantees, and bonds aimed at mitigating trade risks and enhancing competitiveness. Located in Riyadh, their Trade Services Unit ensures rapid and secure transaction handling throughout the Kingdom using specialized personnel and advanced technology. Furthermore, SAIB offers various export solutions, such as Letters of Credit, and collaborates with the Saudi Fund for Development to validate payments and support exporters. Additionally, competitively priced Marine Cargo Insurance through Tawuniya is available, covering hidden risks with straightforward processing under Letters of Credit. Collectively, these services build trade confidence, optimize cash flow, and provide essential protection for Saudi businesses.

Figure 09: Solutions Offered to SMEs and Corporates



Source: Company Information, Note: MT stands for Metric Ton

Strengthening Market Presence Through Subsidiaries and Joint Ventures

SAIB, through its subsidiaries and joint ventures, delivers a broad range of financial services, including investment banking, asset management, leasing, mortgage, and credit card solutions, across both local and global markets

Enhancing Financial Services Through SAIB's Core Subsidiaries

The Bank has three wholly-owned subsidiaries, each of which serves a strategic role in supporting its overall business objectives and operational capabilities. The subsidiaries collectively enable The Saudi Investment Bank to diversify its offerings, manage specialized operations more effectively, and maintain a strong presence in key financial and investment sectors:

- Alistithmar Capital:** Alistithmar for Financial Securities and Brokerage Company (ICAP) is SAIB's investment services arm, offering a comprehensive range of financial solutions in the KSA. Structured as a closed Joint Stock Company with a capital of SAR 250 Mn and no outstanding debt, ICAP provides brokerage, asset management, investment banking, and custody services. It manages both mutual funds and private portfolios, delivering customized investment strategies for retail and institutional clients. As of 2024, ICAP's AUM totaled SAR 38.3 Bn, of which SAR 16.9 Bn is Shariah-compliant, demonstrating its strength in Islamic investment offerings. Alistithmar also provides advisory services in mergers and acquisitions, equity and debt capital markets, and structured finance.
- SAIB Markets Limited Company:** It is a wholly owned limited liability subsidiary of SAIB, established with a capital of SAR 500K and no debt obligations. This company plays a specialized role in real estate lending, as it is primarily responsible for holding title deeds as collateral on behalf of SAIB. This function is crucial for securing the Bank's interest in real estate-backed financing arrangements, ensuring compliance with regulatory frameworks and enhancing asset protection.
- The Saudi Investment Real Estate Company:** Registered in the Cayman Islands in July 2017 as a limited liability entity with capital of SAR 188K, serves as the Bank's platform for conducting derivatives trading and repurchase agreements. With no debt instruments issued, it facilitates SAIB's treasury operations by managing structured transactions in international financial markets. It allows the Bank to operate efficiently in global capital markets while managing liquidity and risk exposure.

Figure 10: Subsidiaries of SAIB

**Alistithmar
for Financial
Securities and
Brokerage
Company (ICAP)**

Brokerage, asset management, investment banking and other services within Saudi and international markets.

**The Saudi Real
Estate Company**

The primary purpose of the Company is to hold title deeds as collateral on behalf of SAIB for real estate related lending transactions.

**SAIB Markets
Limited Company**

Incorporated in the Cayman Islands and trades in derivatives and Repo activities on behalf of SAIB.

Source: Company Information

SAIB holds a 50% stake in American Express Saudi Arabia, offering premium credit cards and financial solutions across the Kingdom

SAIB Strengthening Market Presence with Key Investments in Complementary Financial Segments

In addition to its wholly owned subsidiaries, The Saudi Investment Bank (SAIB) holds significant strategic equity interests in several associate companies operating in complementary areas of the financial sector. These investments enhance SAIB's exposure to high-growth segments such as cards and payments, leasing, and real estate finance, while supporting the Bank's objective of building a diversified financial services portfolio.

- **American Express (Saudi Arabia) – “AMEX”:** Commonly known as AMEX, is a closed joint stock company operating in the Kingdom with a total capital of SAR 100 Mn. SAIB holds a 50% ownership stake in the company, making it a key joint venture partner. AMEX is a major player in the cards and payments sector, offering a wide range of credit and charge cards, as well as payment solutions tailored to the needs of individuals and businesses. With a strong global brand and local presence, AMEX plays a pivotal role in expanding SAIB's reach into the consumer finance and electronic payments space, supporting the Kingdom's push toward a more cashless economy.
- **Yanal Finance Company – “Yanal”:** It is a Saudi closed joint stock company with a total capital of SAR 550 Mn, of which SAIB owns 38%. Yanal specializes in lease financing and commodity Murabaha financing, both of which are key components of Islamic finance. Yanal serves a broad spectrum of clients, including individuals and businesses seeking Shariah-compliant financing solutions for capital goods, vehicles, and equipment. SAIB's investment in Yanal supports its strategy to increase its footprint in asset-based and Islamic financing segments, offering clients flexible non-bank credit options.
- **Amlak International Finance Company – “Amlak”:** It is a publicly listed Shariah-compliant finance company in KSA, with a total capital of SAR 1,019 Mn. SAIB owns a 22.4% stake in Amlak, underscoring its commitment to the real estate and consumer finance sector. Amlak offers a wide array of Islamic financing solutions, including real estate finance, SME lending, and consumer finance. Amlak is a key enabler of home ownership in the Kingdom and plays a vital role in advancing national housing initiatives in line with Vision 2030. Through this investment, SAIB strengthens its presence in the housing finance ecosystem, particularly in collaboration with government housing schemes and programs.

Figure 11: Associate Companies of SAIB

American Express (Saudi Arabia)	Yanal Finance Company (formerly “Saudi ORIX Leasing Company”) (Yanal)	Amlak International for Finance and Real Estate Development Company
Ownership 50% The principal activities of AMEX are to issue credit cards and offer other American Express products and services in Saudi Arabia.	Ownership 38% Primarily deals in lease financing services.	Ownership 22.41% Offers real estate products and services.

Source: Company Information

The Saudi Investment Bank Empowers Growth Through Customer-Focused Tech Innovation

SAIB has initiated a significant IT transformation initiative aimed at enhancing operational efficiency and digital resilience

The Saudi Investment Bank has initiated a significant IT transformation as part of its Vision 2027 strategy. The initiatives are aimed at facilitating long-term growth, enhancing operational efficiency, complying with regulatory standards, and promoting digital innovation. Spearheaded by the Information Technology Group (ITG), the transformation underscores SAIB’s dedication to leveraging technology to enhance various aspects of its business. The focus is to implement advanced technological solutions that improve customer experiences, optimize processes, and strengthen the bank's overall performance in a rapidly evolving financial landscape.

- **Strategic IT Planning:** SAIB developed a comprehensive four-year IT strategy aimed at aligning technology initiatives with business objectives. The strategy focuses on building a scalable infrastructure and ensuring preparedness for upcoming regulatory changes.
- **Regulatory Compliance:** The bank successfully completed disaster recovery testing in accordance with SAMA regulations, covering over 10 critical services to guarantee business continuity.
- **Digital Innovation:** SAIB launched a new employee self-service app and a digital travel account, alongside implementing advanced data and AI platforms to enhance analytics and automation capabilities.
- **Cybersecurity and Fraud Prevention:** The integration of fraud detection systems has been bolstered, ensuring compliance with the Personal Data Protection Law (PDPL) through the introduction of new privacy management tools.
- **Product Innovation:** SAIB introduced a cutting-edge credit engine and rolled out flexible financing products like the Murabaha Mortgage Off-Plan solution, catering to diverse customer needs.
- **Market Expansion:** SAIB has successfully expanded its remittance services to nine new countries, enhancing its global footprint. Additionally, the bank has forged a partnership with Virgin Mobile to improve agent banking services, providing more accessibility and convenience for customers.

SAIB has strengthened its fraud detection systems, ensuring compliance with the Personal Data Protection Law (PDPL)

SAIB has effectively implemented Robotic Process Automation (RPA) across various functions, including reconciliation, customer relationship management (CRM), and trade finance.

- **Infrastructure Modernisation:** The bank has made significant strides in its technological infrastructure by transitioning to a cloud-native, high-availability setup. This switch, along with the automation of IT systems, has led to improved performance and quicker service delivery for clients.
- **Process Automation:** SAIB has implemented Robotic Process Automation (RPA) across various functions, including reconciliation, customer relationship management (CRM), and trade finance. This initiative has significantly boosted accuracy and operational efficiency within the bank.
- **Payments and Treasury:** Key upgrades have been made to the bank's Instant Payment System to facilitate bulk transfers, along with the introduction of a new treasury repo module. These enhancements ensure compliance with Saudi Payments certification standards.
- **Platform Upgrades:** Major upgrades have been completed across SAIB's key banking platforms and internal systems, resulting in enhanced performance and reliability, improving the overall customer experience.
- **API and Fintech Enablement:** The bank has focused on upgrading its API management platform and streamlining the fintech onboarding process. These initiatives support SAIB's commitment to driving innovation within Saudi Arabia's open banking ecosystem.

SAIB's 2024 IT transformation reflects a forward-thinking and disciplined approach to technology. By prioritizing investments in digital tools, enhancing cybersecurity measures, and developing scalable systems, the bank is strategically positioning itself as a modern, resilient, and innovative financial institution prepared to meet future market demands. This initiative not only aims to improve operational efficiency but also enhances the customer experience, ensuring that SAIB remains competitive in a rapidly evolving financial landscape.

Figure 12: Robotic Process Automation



Source: Company Information

Figure 13: API management platform



Source: Company Information

Financial Performance of SAIB is Supported by Strong Asset Position & Healthy Margins

The Saudi Investment Bank financial performance was underpinned by solid performance in its core banking operations in 2024. Net special commission income continued to serve as the primary driver of revenue, reflecting the Bank's lending strength across both corporate and retail segments. Total operating income grew at a CAGR of 10.1%, rising from SAR 2,846 Mn in 2020 to SAR 4,178 Mn in 2024. The Banks also reported growth of 5.3% on a YOY basis in total operating income from SAR 3,967 Mn in 2023 to SAR 4,178 Mn in 2024, which was mainly driven by a 23.2% increase in

The non-performing loan (NPL) ratio improved to 1.04%, supported by a strong coverage ratio of 156.7% in 2024

the Bank's loan book, which expanded from SAR 80.8 Bn in 2023 to SAR 99.5 Bn in 2024. The increase in operating income reflects sustained demand for credit and SAIB's strategic positioning in a competitive lending environment. Fee income from banking services also contributed meaningfully, growing by 18.6% YOY from SAR 639 Mn in 2023 to SAR 758 Mn in 2024, supported by elevated interest rates.

Regarding its funding structure, customer deposits rose by 13.0% YOY to SAR 94.0 Bn in 2024, with interest-bearing expenses growing by 33.3% YOY from SAR 3,998 Mn in 2023 to SAR 5,327 Mn in 2024, amid a high-rate environment. However, this credit expansion came with a 30-basis point contraction in the Bank's net interest margin (NIM), which declined to 2.68% in 2024, reflecting higher funding costs. Despite margin compression, SAIB exhibited effective cost control and asset quality improvements. Provisions for credit losses declined by 19.2% YOY to SAR 290 Mn, bringing the cost of risk down to 0.32% during 2024. Meanwhile, the non-performing loan (NPL) ratio improved to 1.04%, supported by a strong coverage ratio of 156.7% in 2024, indicating prudent risk management and a stable credit environment. The performance was driven by higher operating income and improved efficiency, as the cost-to-income ratio improved from 41.8% in 2023 to 41.5% in 2024.

The Saudi Investment Bank also demonstrated strong operating performance in 1H25, reporting total operating income of SAR 2,120 Mn in 1H25, marking a 5.1% YOY increase compared to SAR 2,018 Mn in 1H24. The growth can primarily be attributed to a rise in special commission income, which reached SAR 4,676 Mn in 1H25. The increase reflects stronger returns from financing and investment activities, bolstered by higher earning asset balances. Moreover, SAIB's net fee income from banking services increased, showing a 11.0% YOY growth to SAR 179 Mn in 1H25. The net exchange income also rose 18.7% YOY to SAR 121 Mn in 1H25. Together, these revenue streams highlight SAIB's diverse income sources and robust financial health, positioning the bank favorably amidst changing market conditions.

The Bank maintained a robust liquidity profile in 2024, reporting a Liquidity Coverage Ratio (LCR) of 164.7% and a Net Stable Funding Ratio (NSFR) of 108.7%

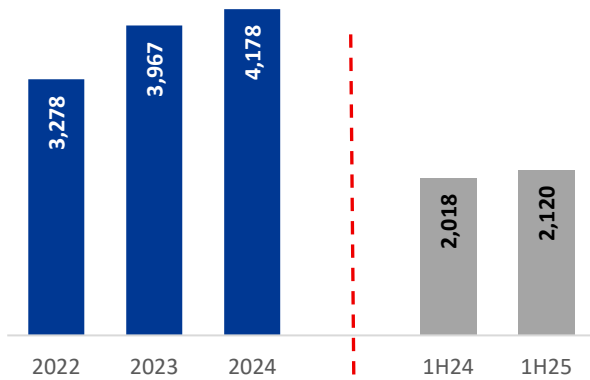
SAIB reported a strong financial performance, with net profit rising 11.1% YOY from SAR 1,762 Mn in 2023 to SAR 1,957 Mn in 2024, driven by growth in core banking income, strong fee-based revenues, and effective cost and risk management. The Bank continued its profitability momentum in 1H25, posting a 9.4% YOY increase in net profit to SAR 1,016 Mn in 1H25, supported by higher operating income, improved cost efficiency, and lower impairment charges.

SAIB's liquidity and capital positions remained strong in 2024. The Bank reported a Liquidity Coverage Ratio (LCR) of 164.7% and a Net Stable Funding Ratio (NSFR) of 108.7%, both of which are well above the regulatory minimums, reflecting a robust funding base and an adequate buffer of high-quality liquid assets. The Tier 1 capital ratio stood at 19.1% in 2024, while the total Capital Adequacy Ratio (CAR) reached 19.7%, demonstrating ample capital strength to absorb shocks and support growth. Additionally, the bank successfully issued a USD 750 Mn Tier 1 sustainable sukuk in 4Q24, with an annual return of 6.37%, enhancing its capital position while aligning with sustainability goals. The issuance was well-received in the market, reinforcing investor confidence in SAIB's creditworthiness.

Interest-bearing expenses continued to weigh on profitability, with higher funding costs driven by deposit mix shifts, resulting in a contraction in the Bank's net interest margin during 1H25, compared to 1H24. Despite the NIM compression, SAIB demonstrated strong cost discipline and effective asset quality management. Operating expenses rose modestly by 2.2% YOY to SAR 869 Mn, keeping the cost-to-income ratio at 41.0% in 1H25, an improvement from 42.1% in the 1H24. On the asset quality front, provisions for credit losses declined by 12.8% YOY to SAR 126 Mn, bringing the cost of risk down to 0.24% in 1H25 (vs. 0.32% in 2024). The NPL ratio improved to 0.96%, with coverage at 165.7% in 1H25, underscoring prudent risk management.

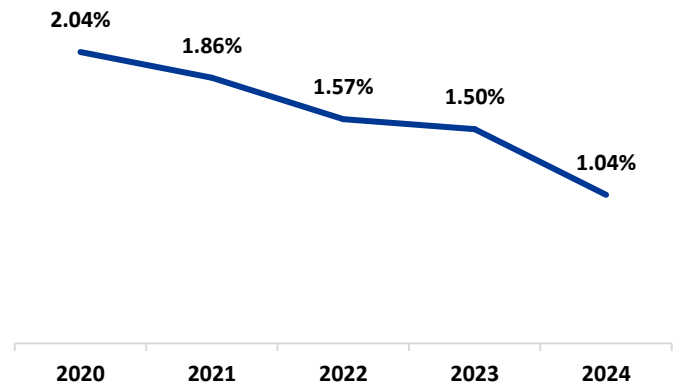
SAIB's financial performance in 2024 and 1H25 showcases a well-balanced and disciplined strategy, marked by consistent revenue growth, stringent operational controls, and notable improvements in asset quality. The bank has maintained robust capital adequacy ratios and ample liquidity buffers, with diversified income sources that collectively reinforce its strong financial foundation. These strengths empower SAIB to adeptly navigate challenges in a dynamic macroeconomic environment while positioning the institution for sustained profitability and long-term value creation.

Figure 14: Total Operating Income (SAR Mn)



Source: Company Information

Figure 15: NPL Ratio



Source: Company Information

Highly Experienced Management Team

Experienced Management Team with a Long Track Record in the Business



Chairman of the Board – Mr. Abdulatif Ali Alseif

The founder and CEO of Sab'een Investment Company, he holds a bachelor's and Master's degree in Business Administration from Boston University in the United States, a Master's degree in Economics from the same university, and the Certified Public Accountant (CPA) and Chartered Financial Analyst (CFA) certifications. He has held several leadership positions at Saudi Aramco, King Abdullah University of Science and Technology, and MASIC Company, and then became the CEO of AlRa'idah Investment Company. Prior to joining the Saudi Investment Bank, he served on Board of Directors and the Audit Committee of AlRajhi Bank, and he is currently involved in board memberships and committees in listed and unlisted companies. Member of the Board of Directors at the Bank since February 14, 2025.



Vice-Chairman of the Board – Mr. Mohammed Saleh AlKhalil

He holds several positions on boards and committees in listed and unlisted companies and has extensive experience in investment and real estate development. He holds a Bachelor's degree in Computer Science and Engineering from King Fahad University of Petroleum and Minerals and a Master's degree in Business Administration from Colorado State University in the United States. Member of the Board of Directors at the bank since February 14, 2022.

Chief Executive Officer – Mr. Faisal Abdullah Al-Omran

Mr. Al-Omran joined the Bank in 2007. Prior to his current position as CEO, Mr. Al-Omran was the Deputy CEO and prior to that Bank Treasurer and Chief Investment Officer. Mr. Al-Omran holds a Bachelor's Degree with Honours in Finance and Accounting from Northeastern University, and throughout his career he has attended various executive management courses at reputable institutions and universities including the London Business School and INSEAD.

Deputy Chief Executive Officer – Mr. Salman Badar Al-Fughom

Mr. Al-Fughom joined the Bank in 2006 in treasury investments. Prior to joining the Bank, he was an investment analyst at the Saudi Central Bank (SAMA), where he worked for almost three years. Mr. Al-Fughom also held the position of Treasurer and Chief Investment Officer in 2017 before being promoted to Deputy Chief Executive Officer in 2020. Mr. Al-Fughom holds a bachelor's degree in engineering and business management from the University of Greenwich and a master of science in investment management from Cass Business School, UK.

Chief Operating Officer – Mr. Abdulaziz AlAfalet

Mr. Abdulaziz has over 18 years of financial industry experience. As the former Managing Director of Saudi Payments, a subsidiary of the Saudi Central Bank, he led the development and implementation of the National Payments Strategy and modernized payment systems in Saudi Arabia. He spearheaded the transformation program that merged SADAD and GDPS, establishing Saudi Payments. With extensive experience in managing payment systems in Saudi Arabia, including the Instant Payment System (SARIE), the national RTGS System, the Saudi Payments Network (MADA), and the electronic platforms for e-invoicing (ESAL) and Electronic Bill Presentment and Payments (SADAD), Mr. Abdulaziz has a proven track record in driving organizational growth and efficiency. He holds a Master's degree in Business Administration from Al Faisal University and is an alumnus of the Leadership Program at Harvard Business School.

Chief Financial Officer – Mr. Ahmed Abdulrahman Almohsen

Mr. Ahmed Al Mohsen joined the Bank in May 2024, and has extensive experience in the financial and banking sector. Prior to joining The Saudi Investment Bank, Mr. Al Mohsen was the CFO and Head of Proprietary investment at Al Rajhi Capital since 2016. Prior to that, he was the CFO of Al Rajhi Bank, Jordan Branches during the period 2014 to 2016. He also held various other positions at Al Rajhi Bank, PricewaterhouseCoopers, and the Saudi Fund for Development. Mr. Al Mohsen is a member of the Board of Directors and the Chairman of the Audit Committee at the National Gas and Industrialization Company since 2019, and is a member of the Board of Directors of Al Ittihad Cooperative Insurance Company.

Chief Treasury & Investment Officer – Mr. Naif Al-Hammad

Mr. Al-Hammad joined SAIB in April 2015 as Portfolio Manager - Investments. He was promoted to the Head of Investments in March 2018, Deputy Treasurer and Chief Investment Officer in March 2019 and Treasurer and Chief Investment Officer in September 2020. Prior to joining the Bank, he was a Senior Credit Manager (Treasury) at Bank Aljazira, and worked with SAMA from 2006 to 2013 in various positions, the last one being the Head of the Risk Control Division. He holds a Bachelor Degree in Accounting from King Saud University and a Master of Arts in Economics from the University of Arkansas, USA. He has completed a number of professional trainings and certifications from leading international institutions.

Chief Personal Banking Officer – Mr. Maher Mohammed Khayat

Mr. Maher joined the Bank in March 2024 as the General Manager of Personal Banking Group, where he leads the group for developing and enhancing personal banking services and improving the customer experience in alignment with the bank's vision and ambitions. Mr. Maher brings with him over 20 years of distinguished experience in the banking sector, during which he held several prominent leadership roles in major banks and financial institutions. Prior to joining the Saudi Investment Bank, he served in several senior positions at the Saudi National Bank, including Senior Executive Vice President of Banking Products, Senior Vice President of Retail Sales, and Senior Vice President of Retail Products, where he played a key role in designing and launching innovative products and services that significantly contributed to business growth.

Chief Corporate Banking Officer – Mr. Majed Abdulghani Fakeeh

Mr. Fakeeh joined the Bank in his current position in 2012. Prior to joining the Bank, he was Chief Corporate Banker and Senior Credit Officer at NCB, where he worked for twelve years. Mr. Fakeeh also held the positions of Team Leader and Senior Relationship Manager in Corporate Banking. He started his corporate Banking career 28 years ago when he joined SAIB as a Relationship Officer in 1995 until 2000. He holds a Bachelor's Degree in Business Administration majoring in Finance from King Saud University, and has attended several executive management training programs with INSEAD and IMD. Besides his responsibilities as GM -Corporate Banking, he is a member of several management committees, including the Credit Committee and the Asset-Liability Committee.

Investment Highlights

SAIB Prioritizes High-Yield Lending to Maximize Returns and Enhance Credit Strength

SAIB achieved impressive growth in 2024, with its loan portfolio increasing by 23.2% YOY compared to 2023

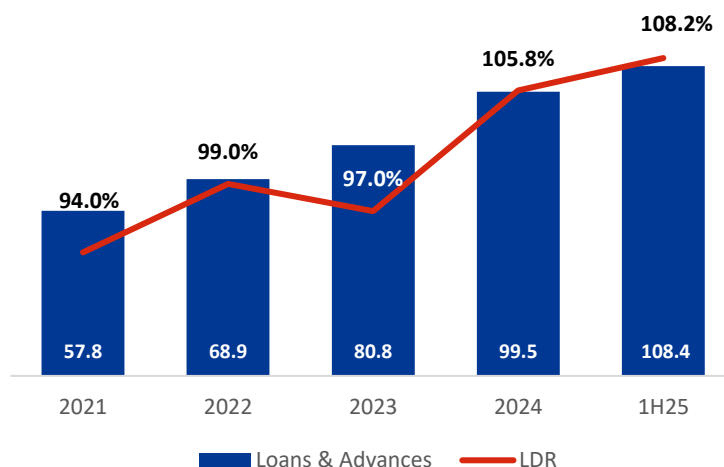
High-Yield Growth Through Vision-Aligned Syndicated Loans

The Saudi Investment Bank has exhibited robust asset growth through significant loan expansion, an increased focus on higher-margin syndicated lending, and alignment with the Kingdom's Vision 2030 economic transformation. SAIB experienced remarkable growth in 2024, with its net loan portfolio rising 23.2% YOY from SAR 80.8 Bn in 2023 to SAR 99.5 Bn in 2024 and further rose to SAR 108.4 Bn in 1H25, significantly surpassing the sector average and highlighting its increasing prominence in Saudi Arabia's banking landscape. The growth was primarily attributed to an accelerated push toward corporate lending, with a rising share of syndication in its loan exposures. Syndicated loans, where multiple financial institutions collectively finance large-scale capital projects, provide higher yields and allow for risk sharing compared to traditional bilateral loans. This strategic emphasis on syndication has enabled SAIB to enhance its net interest margin while also diversifying credit exposures across a broader array of sectors and borrowers. The Bank's syndication efforts are primarily focused on major infrastructure, utility, and construction projects, key areas aligned with the responsibilities outlined in the Kingdom's Vision 2030.

The retail and consumer banking segment, while smaller in volume, is strategically focused on affluent and high-net-worth clients. SAIB has introduced innovative digital lending products, particularly in personal finance and home financing, supported by newly launched digital platforms and mobile applications. The Bank's Islamic lending products, such as Murabaha, Tawarruq, and Ijarah, also form a key part of its non-interest-based lending structure, totaling SAR 65 Bn in 2024, up from SAR 54.1 Bn in 2023.

Looking ahead to 2025 and beyond, SAIB remains optimistic about sustaining strong loan growth, building on the momentum achieved in 2024. Management expects continued expansion in its loan portfolios, supported by a healthy Saudi macroeconomic outlook, ongoing infrastructure projects under Vision 2030, and increased credit demand from government and quasi-government entities. Additionally, SAIB's focused strategy to deepen client relationships in the affluent and high-net-worth segments is expected to boost both secured and unsecured retail lending. Management expects loan growth in 2025 to remain in the double-digit range, underpinned by diversified origination, sector-focused expansion, and prudent credit practices.

Figure 16: Loan Growth (SAR Bn) and LDR¹ (%)



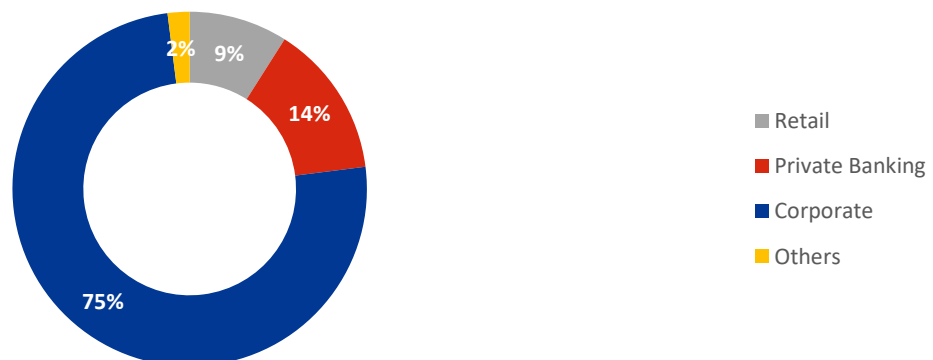
Source: Company Information, Note: The Company's KPI's and other details are as of 1H25, 1Calculated

Saudi Arabia's construction market reached USD 70.4 Bn in 2024, and is projected to grow to USD 97.4 Bn by 2030, supported by Vision 2030 projects such as NEOM, Roshn, Qiddiya, and Red Sea. Additionally, heavy construction alone, valued at USD 35 Bn in 2024, which is expected to grow at a 7.4% CAGR through 2030, driven by investment in roads, railways, utilities, and urban infrastructure. Similarly, Saudi Arabia's utilities sector is expanding under Vision 2030, with privatization efforts in electricity, water, and transport aimed at enhancing private sector participation. Furthermore, the improved credit profiles and regulatory reforms drove increased financing toward utility infrastructure and energy projects.

The National Debt Management Center arranged a SAR 23.3 Bn syndicated loan for the Ministry of Finance to support Binladin Group's financial restructuring. This initiative aligns with ongoing government efforts to stabilize the construction sector and accelerate project completion under Vision 2030. Similarly, in 2023, a massive USD 11 Bn syndicated loan was finalized, aimed at public infrastructure as part of Vision 2030 investment. The demand for syndicated financing in Saudi Arabia is experiencing significant growth, supported by several macroeconomic factors, including higher government spending on infrastructure projects, the expansion of public-private partnership (PPP) frameworks, an increase in foreign direct investment, and a national emphasis on industrial localization. These structural shifts have established a landscape where large-scale, multi-party financing arrangements are becoming increasingly necessary. Saudi National Bank, along with other major banks arranged a SAR 10 Bn (c. USD 2.67 Bn) revolving credit facility to support NEOM's development projects in 2024. Furthermore, SAIB participated in a USD 3.6 Bn (SAR 13.5 Bn) international five-year syndicated credit facility to finance SEC's grid expansion, renewable integration, and infrastructure upgrades in 2024.

SAIB has strategically positioned itself to capitalize on these trends, cultivating strong relationships with corporate clients and other financial institutions while enhancing its capabilities in project finance and structured lending to meet the rising demand in this area. SAIB is likely to continue placing a strong emphasis on syndicated lending as a central part of its strategy. The bank recognizes this segment as a crucial driver for asset growth and yield optimisation, especially in the context of a potentially stabilizing interest rate environment. Additionally, syndicated lending aligns with SAIB's broader goal of supporting national development initiatives while maintaining a balanced and diversified credit portfolio. With robust growth expected across infrastructure, renewable energy, and industrial sectors, SAIB's expertise in syndication and in-depth understanding of various sectors will likely play a key role in maintaining its competitive edge within the corporate banking landscape.

Figure 17: Loans & Advances by Segment (%)



Source: Company Information, Note: The Company's KPI's and other details are as of 1H25

COR declined from 0.47% in 2023 to 0.32% in 2024 and further improved to 0.24% in 1H25

NPL ratio declined from 1.50% in 2023 to 1.04% in 2024 and further improved to 0.96% in 1H25

SAIB Maintained Strong Credit Quality with Improved COR and NPL Coverage

The Saudi Investment Bank closed 2024 with an improvement in credit quality and provisioning efficiency, reflecting a resilient loan book built on disciplined origination and robust risk governance. The Bank's approach to classifying, provisioning, and managing credit risk under IFRS 9 has remained conservative, resulting in declining non-performing exposures and stable asset quality even amid aggressive loan growth.

As of 2024, SAIB's gross loans and advances reached SAR 101.1 Bn, up from SAR 82.7 Bn in 2023, a 22.3% YOY growth. Gross loans further increased to SAR 110.2 Bn in 1H25. Despite this rapid expansion, the credit profile of the portfolio remained stable, with over 96.0% of loans (SAR 105.7 Bn) classified under Stage 1 (in 1H25) compared to SAR 97.2 Bn in 2024 and SAR 76.9 Bn in 2023, indicating that these exposures have not experienced a significant increase in credit risk. The Stage 2 loan balance, which includes loans with a notable rise in credit risk but not yet impaired, decreased significantly from SAR 3.6 Bn in 2023 to SAR 1.9 Bn in 2024, however again rose to SAR 2.3 Bn in 1H25. The reduction reflects proactive monitoring, early intervention strategies, and de-risking of marginal clients. Stage 3 loans (high risk), also improved, declining from SAR 1.0 Bn in 2023 to SAR 0.9 Bn in 2024. Additionally, Non-Performing Loans (NPLs) also declined from SAR 1.2 Bn in 2023 to SAR 1.1 Bn in 2024. In line with this, the Bank's NPL ratio declined to 1.04% in 2024 down from 1.50% in 2023, one of the lowest levels among Saudi banks. This reinforces SAIB's effectiveness in managing recoveries and maintaining tight credit underwriting standards. NPL ratio further declined to 0.96% in 1H25 with SAR 1.1 Bn NPLs. Stage 3 loans also stood at SAR 1.1 Bn in 1H25.

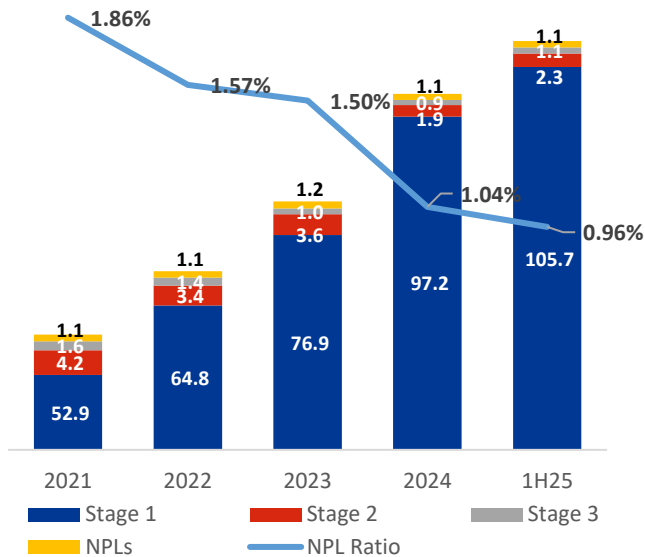
In terms of provisioning, total expected credit losses (ECL) across all stages amounted to SAR 1.7 Bn in 2024 down from SAR 1.9 Bn in 2023, resulting in a NPL coverage ratio of 156.7% in 2024, compared to 155.2% in 2023. This high level of provisioning acts as a buffer against unforeseen credit shocks, instilling confidence among regulators and investors alike. The Bank also reported a cost of risk (COR) of 0.32% for 2024, a 15 bps improvement from the 0.47% posted in 2023. This decline is attributable to both the improved quality of the new originations and the absence of major credit impairments in the legacy portfolio. ECL stood at SAR 1.7 Bn in 1H25 with 165.7% NPL coverage.

SAIB's 1H25 credit metrics underscore its strengthened risk position, with the dual benefit of a declining NPL ratio and robust ECL coverage. A lower NPL ratio not only reduces the drag on earnings but also signals improved borrower resilience, particularly in a high-rate environment where credit stress could otherwise emerge. High coverage ensures that even in the event of adverse credit cycles, losses can be absorbed without materially impairing profitability or capital. The combination of declining credit risk and ample coverage enhances SAIB's capacity to sustain growth, while positioning it as a prudent and resilient institution in the Saudi banking sector.

SAIB's loan book quality has strengthened in cycle with its growth. The improvement in Stage 2 and Stage 3 metrics, despite a large increase in the loan base, highlights quality lending and selective sectoral exposure, particularly in stable corporate and public-sector entities. The decline in cost of risk and total provisions, while maintaining high coverage, indicates better recoveries, lower default incidence, and enhanced collateral management. The drop in Stage 2 exposures is especially noteworthy and reflects that fewer accounts are transitioning from performing to watchlist. It also aligns with macroeconomic stability and credit support from Vision 2030 initiatives. Meanwhile, the steady decline in NPLs and higher coverage ensures that the bank is well protected against cyclical downturns. SAIB's credit portfolio shows a high level of prudence, forward-looking provisioning, and asset quality preservation, enabling the bank to support growth without compromising on risk. This positions SAIB as a resilient institution in the

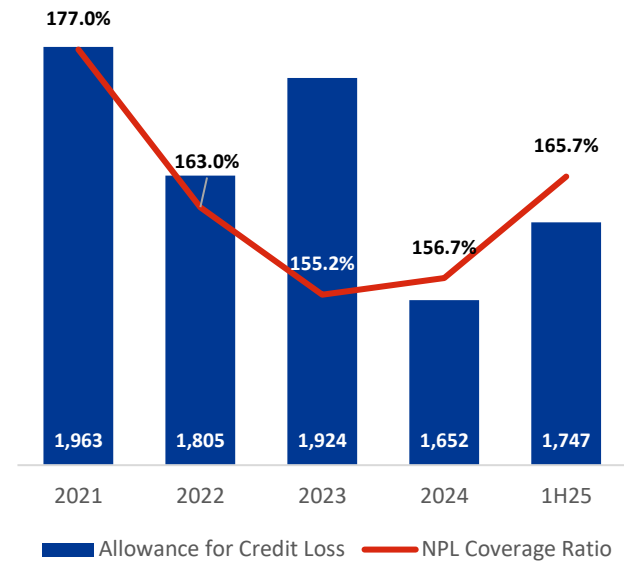
Saudi banking sector, capable of withstanding credit shocks while maintaining profitability and regulatory compliance.

Figure 18: Loan Portfolio by Stage (SAR Bn)



Source: Company Information

Figure 19: Allowance (SAR Mn) & NPL Coverage (%)



Source: Company Information

SAIB's Private Banking delivers tailored financial solutions and exclusive privileges to high-net-worth clients, offering a refined banking experience designed to match their sophisticated lifestyles and long-term aspirations

Personalized Private Banking to Sparks Profit Momentum

The Saudi Investment Bank is driven by a well-structured strategy and improving fundamentals in key business areas. The Bank has successfully developed its private banking operations into a significant contributor to its revenue and yield enhancement objectives. This involves catering to high-net-worth individuals (HNWIs) with tailored financial solutions, wealth advisory services, and customized credit offerings, which tend to be priced higher and yield better returns compared to traditional retail products. This strategy has contributed to the Bank's annual net interest margin, resulting in a positive impact on overall profitability.

To further enhance its private banking services, SAIB has implemented several initiatives. It offers an integrated digital platform that allows HNWI clients to seamlessly manage their accounts and access banking services online. In partnership with Alistithmar Capital, SAIB provides exclusive investment opportunities including financial brokerage, asset management, and real estate investments, all tailored to the specific needs of its private clients. The Bank also offers a Family Member Program, allowing account upgrades for up to five first-degree relatives, thereby extending premium banking benefits to the broader family and strengthening client relationships. Additionally, SAIB provides special discounts and loyalty programs such as Aseel and WooW, offering fee waivers, reduced administrative charges, and instant discounts at over 490 local and international retail outlets, along with rewards for various banking transactions. These initiatives reflect SAIB's commitment to providing personalized and comprehensive banking solutions to its high-net-worth clients, aligning with its broader objectives of revenue growth and yield enhancement.

SAIB's value proposition focuses on delivering customized, relationship-driven financial services tailored to the increasing number of affluent investors with sophisticated financial requirements. To achieve this, the Bank offers high-quality deposit products, structured investment portfolios, discretionary wealth management services, and bespoke lending options. These premium services not only enhance profitability through improved margins and fee

income but also foster long-term client retention, increased wallet share, and cross-selling opportunities.

From a strategic perspective, the Bank's emphasis on enhancing its private banking capabilities aligns well with broader macroeconomic trends in Saudi Arabia. Under Vision 2030, the goal is to develop a diversified financial sector while accumulating wealth for Saudi citizens and residents. The growth of wealth, driven by entrepreneurship, capital appreciation, and generational wealth transfer, is poised to generate significant demand for sophisticated financial services. SAIB is well-positioned to meet this demand due to its robust structure, trusted client relationships, and established success in premium financial services, positioning private banking as a natural extension of this success.

Moreover, private banking clients often have more intricate financing requirements, whether related to real estate investment, private equity, or estate planning. SAIB's capability to leverage corporate and syndication-type facilities will enhance the service experience for clients needing complex financial solutions. This not only offers a competitive advantage but also allows the bank to achieve greater operational efficiencies and improve the quality of its loan portfolio through a more diversified product offering.

The private banking division of SAIB serves as a strategic lever to enhance yield, diversify revenue streams, and deepen client engagement. As the demand for personalized, high-end financial solutions grows within the Kingdom, SAIB's disciplined risk management and competitive positioning lay a solid foundation for sustainable long-term value creation. In a shifting financial landscape defined by regulatory reforms and economic evolution, SAIB stands out as a well-capitalized institution capable of consistently delivering long-term financial returns to its shareholders.

Robust Fixed-Rate Investment Portfolio Enhances Profitability and Risk-Adjusted Returns

SAIB's investment portfolio reflects a risk-averse strategy, with c. 96% allocated to fixed-rate bonds issued by sovereign governments and top-tier international banks

The Saudi Investment Bank owns a strong and compelling investment portfolio, driven primarily by its size and composition. Around 96% of SAIB's investments are in fixed-rate bonds issued by sovereign governments and internationally rated banks, which indicates deliberate and risk-aware investment strategy in assembling investment portfolio. The Bank's fixed-rate investment strategy enables it to take advantage of higher interest rates, resulting in improved asset yields that increase net interest income and overall profitability.

SAIB's investment book accounts for c. 26% of the total balance sheet in 1H25, and it boasts one of the largest fixed income portfolios among its domestic peers. This demonstrates the Bank's commitment to building well-rounded and diversified balance sheets while also managing for risk-adjusted returns. Essentially, the portfolio provides predictable, stable income streams, which help drive earnings consistency and minimize reliance on traditional, more volatile interest-sensitive business lines. SAIB also invests in highly liquid and investment-grade securities, which helps ensure high credit quality and avoids non-viable, high-risk, and illiquid products. This approach helps comply regulatory requirements and compliance risk while also facilitating the management of capital and liquidity in an ever-changing macroeconomic environment.

Investments constitute a notable 25.7% of SAIB's total asset portfolio, as of 1H25

SAIB's investment strategy also considers effective duration management and a long-term view on interest rate cycles. By locking in fixed yield for the medium term, the Bank protects its income from rate volatility and positions itself positively for future rate normalisation. These elements enhance SAIB's financial resilience and create an earnings buffer, especially relevant given the cyclical nature of lending and SAIB's expanding corporate and syndicated credit exposure. The investment portfolio also provides a stabilising counterweight to SAIB's lending

activities. As corporate and syndicated loans are higher-yielding but higher-risk, the predictable income from fixed-income investments helps moderate earnings and the quality of the balance sheet. The diversification across asset classes and risk types is a core feature of SAIB's financial strategy, contributing to the Bank's goal of achieving sustainable, low-volatility returns.

Figure 20: Investment Portfolio Distribution^{1,2}

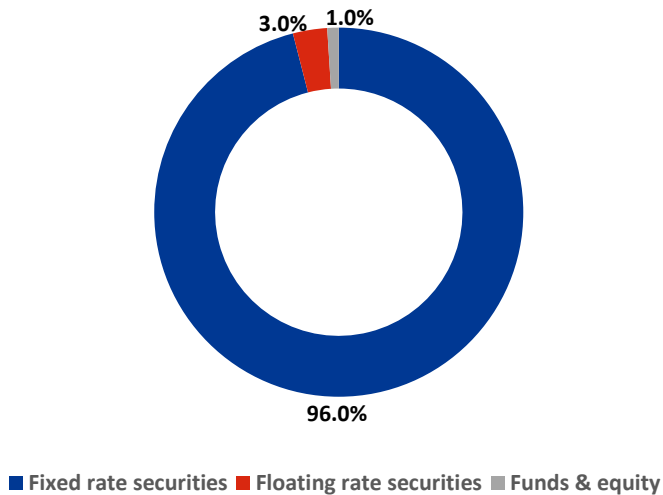
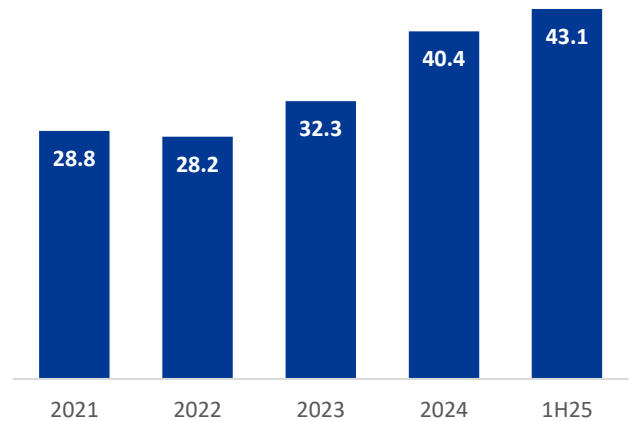


Figure 21: Net Investment Portfolio Growth (SAR Bn)



Source: Company Information, ¹As of 1H25, ²investment portfolio distribution figures are presented on an approximate basis

SAIB Introduced S60 Venture Fund to Invest in High-Return Digital Ventures

SAIB's S60 Venture Fund Drives Expansion of Innovative Digital Offerings

The Saudi Investment Bank recently launched the S60 Venture Fund, a strategic initiative aimed at supporting early-stage technology startups. The USD 100 Mn fund focuses on identifying and investing in high-return digital ventures that align with the bank's broader digital transformation goals. Thus, by backing innovative startups, SAIB seeks to gain early access to cutting-edge technologies and business models that can be integrated into its own digital ecosystem.

The strategic benefits expected from the S60 Venture Fund include enhanced digital offerings, as the integration of startup products and services will allow SAIB to expand its digital portfolio and provide customers with more advanced, convenient, and tailored financial solutions. Additionally, the fund facilitates new partnerships by fostering an innovation-driven network, enabling SAIB to leverage emerging technologies such as fintech, artificial intelligence, blockchain, and digital payments. Furthermore, by delivering innovative services and maintaining a leading position in technology, SAIB aims to improve customer loyalty, particularly by engaging younger, tech-savvy demographics. These benefits are anticipated to materialize within 1 to 2 years, as startups mature and their offerings become embedded in SAIB's platforms.

Optimizing Funding Structure to Strengthen Resilience and Minimize Cost of Capital

Strategic Measures Undertaken by the Bank to Optimize Funding Costs

Improving Margin Through Cost-Efficient Funding

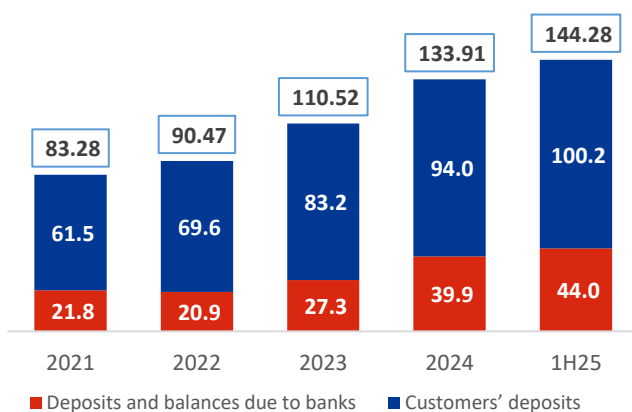
The Saudi Investment Bank employs a systematic and multifaceted funding strategy designed to ensure cost efficiency, stability, and resilience. Recognising the pivotal role that funding plays in financial performance and sustainability, the Bank's approach is underpinned by active financial management, strategic liquidity planning, and a diversified funding base. Central to this strategy is the active management of two primary funding sources: customer deposits and interbank borrowings. SAIB consistently monitors market dynamics and internal requirements to determine the most cost-effective funding mix at any given time, with an aim to optimize interest expenses while maintaining sufficient liquidity buffers and regulatory compliance.

In recent periods, SAIB has witnessed substantial growth in its funding base, reflecting its strategic positioning and strong balance sheet momentum. By the end of FY2024, the Bank's total customer deposits had surged to SAR 94 Bn, marking a 13.0% YOY increase. This growth was largely attributed to interest-bearing time deposits, which played a critical role in supporting the robust expansion of the Bank's loan book, growing by 18.1% in 2024 alone. The deposit base further strengthened in 1H25, reaching SAR 100.2 Bn, demonstrating SAIB's continued ability to attract stable funding despite a competitive and high-rate environment.

Complementing its deposit base, SAIB has effectively utilized interbank borrowings to support its funding profile. As of 1H25, interbank funding amounted to SAR 44.0 Bn, indicating the Bank's strategic use of short and medium-term market instruments to meet incremental liquidity needs and support balance sheet growth. Consequently, SAIB's total funding reached SAR 144.3 Bn in 1H25, underscoring the success of its funding diversification strategy.

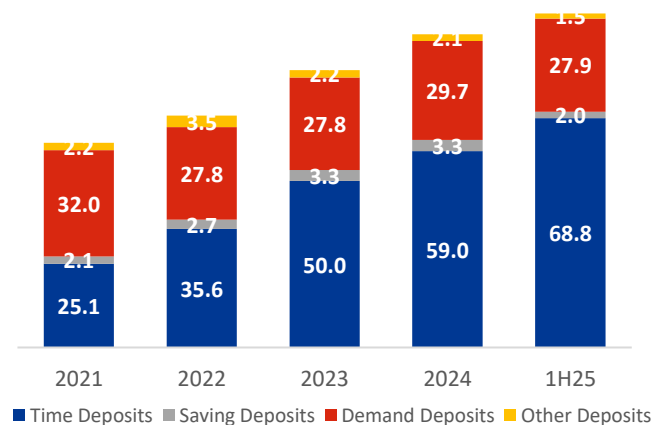
This proactive funding approach enables SAIB to manage the cost of funds dynamically, even amid rising interest rate pressures and tighter liquidity across the sector. While the shift toward more interest-bearing deposits has led to some upward pressure on funding costs and a marginal decline in net interest margins, the Bank is actively pursuing CASA enhancement and liability optimisation strategies to gradually restore margin resilience. With a disciplined balance between stability and cost, SAIB's funding structure is well-positioned to support continued growth, regulatory compliance, and sustainable profitability under its 2027 strategic vision.

Figure 22: Funding Growth (SAR Bn)



Source: Company Information

Figure 23: Customer's Deposits Composition (SAR Bn)



Source: Company Information

SAIB issued USD 750 Mn Tier 1 green sukuk during 2024 to strengthen its funding base and secure long-term, cost-effective capital

SAIB Aligns Growth with Market Dynamics by Adaptive Funding Strategy

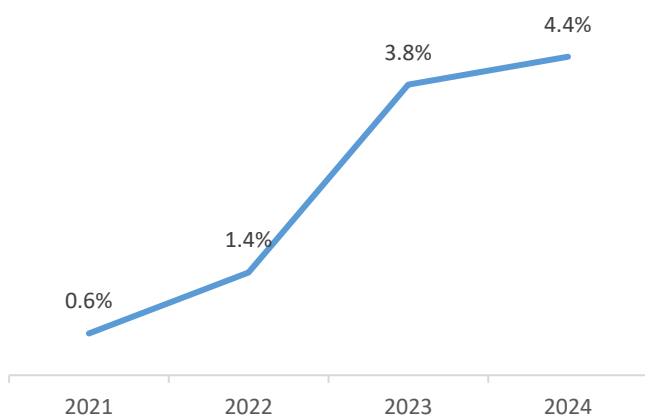
The Saudi Investment Bank has adopted a forward-looking and resilient funding strategy designed to support sustainable growth and protect profitability amid a changing interest rate and liquidity environment. At the centre of SAIB's approach lies a flexible funding model that dynamically adjusts between interest-bearing deposits, interbank funding, and capital market instruments such as sukuk, while actively managing pricing across its loan portfolio. Over the past year, the Bank has experienced a decline in non-interest-bearing deposits due to sector-wide liquidity tightening and rising market interest rates. This shift has led to a greater reliance on more expensive, interest-bearing deposits to support SAIB's expanding loan book.

To effectively mitigate the impact of rising funding costs, SAIB has strategically structured most of its corporate and retail lending products to be linked to the SAIBOR (Saudi Arabian Interbank Offered Rate). This means that as funding conditions tighten and SAIBOR rises, the Bank automatically adjusts lending rates upward for SAIBOR-linked loans, allowing it to pass on the increased cost of funds directly to borrowers. This flexible pricing structure ensures revenue alignment with prevailing market conditions and helps the Bank preserve its interest income across rate cycles.

Furthermore, SAIB's loan pricing strategy gives it the agility to remain competitive without compromising its risk-adjusted returns. The SAIBOR-linked model is particularly well-suited for large corporate clients and institutional borrowers, who are accustomed to variable-rate financing tied to market benchmarks. This not only protects the Bank's margins but also helps maintain a balanced and predictable interest rate risk profile.

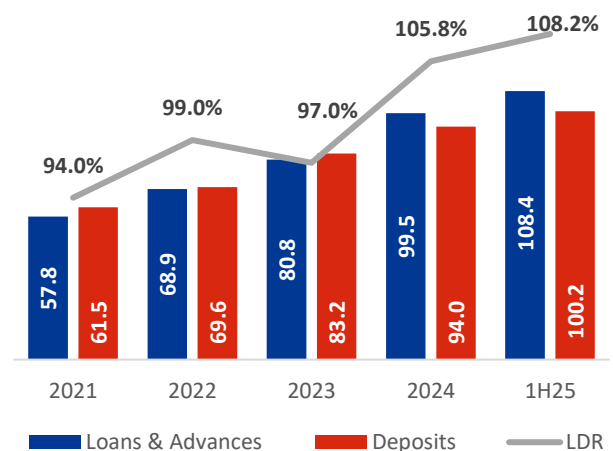
On the funding side, SAIB continues to leverage sukuk issuances to diversify its capital sources and extend its funding maturity. The landmark issuance of a USD 750 Mn green sukuk in 2024 exemplifies SAIB's commitment to securing long-term, cost-effective capital while meeting its ESG objectives. Looking forward, SAIB plans to reverse the trend of declining non-interest-bearing deposit balances by deepening relationships with public institutions and affluent retail customers, offering tailored savings and transaction products to attract low-cost, sticky deposits. With strong governance through its Asset and Liability Committee (ALCO), a proactive loan repricing framework, and access to global markets, SAIB's funding strategy remains well-positioned to support its growth ambitions and financial resilience under Strategy 2027.

Figure 24: Cost of Funds (%)



Source: Company Information

Figure 25: Loan, Deposits, (SAR Bn) & LDR (%)



Source: Company Information

SAIB's Non-Funded Income is Driven by Diversification and Strategic Investments

SAIB reported SAR 641 Mn in non-funded income in 2024, marking a 16.7% YOY growth from SAR 549 Mn in 2023

Non-Funded Income Strategy Builds Resilience Through Diversification

The Saudi Investment Bank has adopted a comprehensive and forward-looking strategy to strengthen its non-funded income base, recognising its critical role in ensuring revenue stability and enhancing profitability. As interest margins face structural headwinds from declining policy rates and rising competition, non-funded income has emerged as a key component in the Bank's strategy to maintain robust earnings and mitigate cyclical credit risks.

In 2024, SAIB reported SAR 641 Mn in non-funded income, marking a 16.7% YOY growth from SAR 549 Mn in 2023. This growth trajectory continued into 1H25, where non-funded income stood at SAR 324 Mn, reflecting a 12.4% YOY increase over SAR 288 Mn in 1H24. This consistent performance underlines the success of SAIB's diversification strategy and its focus on high-quality, fee-generating services.

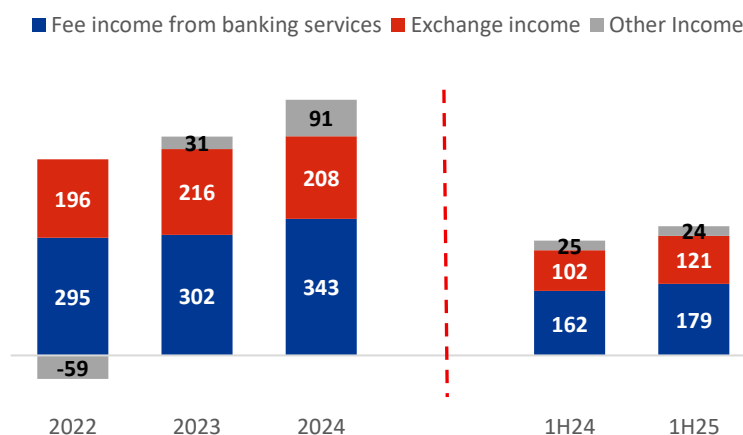
Non-funded income for SAIB is composed of three primary components:

Fee Income from Banking Services – Fee income is derived from a range of banking services, including trade finance, asset management, custody, and advisory services. These fees are recognized based on the nature of the service, either on an accrual, time-proportionate, or performance basis, ensuring accurate alignment with revenue recognition standards and service delivery timelines. In 2024, net fee income from banking services amounted to SAR 343 Mn, up from SAR 302 Mn in 2023, supported by higher transaction volumes and stronger cross-sell initiatives. In 1H25, the Bank earned SAR 179 Mn, growing 11.0% YOY.

Exchange Income – SAIB's exchange income arises from foreign currency transactions and the revaluation of monetary assets and liabilities. Gains or losses are recognized in the income statement based on prevailing exchange rates, except where effective hedging applies. This income reflects the Bank's active treasury operations and client-driven foreign exchange services. The segment earned SAR 208 Mn in 2024 compared to SAR 216 Mn in 2023. For 1H25, exchange income was SAR 121 Mn, up from SAR 102 Mn in 1H24.

Other Income – This includes gains and losses on financial instruments and investment securities: Unrealized gain/loss on FVTPL financial instruments (net), Realized gain on FVTPL financial instruments (net), Gains on disposals of FVOCI debt securities (net), and Other income

Figure 26: Non-Funded Income of SAIB (SAR Mn)



Source: Company Information

Among the key drivers of this performance is SAIB's robust trade finance and treasury platform, catering to a diverse and growing corporate client base across sectors such as contracting, construction, and manufacturing. The Bank has seen strong traction in services like letters of credit, guarantees, and foreign exchange settlements. Additionally, Alistithmar Capital, SAIB's fully owned investment subsidiary, plays a crucial role in delivering Sharia-compliant and conventional investment products, generating fee income through mutual funds, brokerage, and wealth management.

SAIB's strategic focus includes:

- **Enhancing client relationships** through tailored offerings in private banking, insurance brokerage, and advisory services.
- **Leveraging digital innovation**, including AI-driven investment tools and digital wealth platforms.
- **Cross-selling across business lines** by bundling services like cash management, FX, and trade finance to deepen client engagement.
- **Strengthening investment partnerships** to generate recurring non-core revenues.

Non-funded income is a pillar of SAIB's income diversification efforts, helping the Bank build a more balanced and resilient earnings profile. As the landscape for interest-based income becomes increasingly challenging, the continued growth and optimization of fee-based income will remain central to SAIB's profitability, return on equity, and long-term financial sustainability.

Investments Associates Provide Diversification Beyond Traditional Banking

SAIB has strategically diversified its income streams through investments in subsidiaries and associate companies, reducing its reliance on interest-based income. This approach supports income stability, especially during economic or interest rate fluctuations, by focusing on sectors such as asset management, leasing, and digital payments, areas that offer consistent and often counter-cyclical returns.

A central pillar of this strategy is **Alistithmar Capital (ICAP)**, SAIB's fully owned subsidiary, which specializes in asset management, brokerage, and investment banking. ICAP generates fee-based income from assets under management and advisory services, which is expected to grow during active capital market periods such as IPOs and corporate mergers. This aligns SAIB with Saudi Arabia's ongoing capital market development and supports recurring non-interest revenue.

SAIB's significant equity stake in **American Express (Saudi Arabia) (AMEX)** enhances its exposure to the high-margin, fast-growing digital payments sector. As e-commerce and cashless transactions expand across the Kingdom, AMEX enables SAIB to benefit from increased transaction volumes, card fees, and share of profits, further strengthening its non-funded income base.

Additionally, SAIB holds a strategic investment in **Saudi Orix Leasing Company**, which offers lease financing to SMEs and corporates. This segment delivers steady leasing income, diversifying SAIB's credit exposure and expanding its lending footprint beyond traditional banking.

These entities are not passive investments but integral to SAIB's long-term growth and risk management. They present opportunities for capital gains, future listings (such as a potential ICAP IPO), and operational synergies, such as cross-selling cards and wealth management services to the Bank's existing customer base. Collectively, SAIB's subsidiaries and associates underpin its vision for sustainable, diversified growth aligned with evolving market trends and Vision 2030 reforms.

SAIB's income diversification strategy via subsidiaries helped to mitigate conventional banking risks and enabled the bank to tap into evolving opportunities in financial services

SAIB Embarked on Strategic Cost Optimization to Improve Efficiency

Cost-to-income ratio improved to 41.5% in 2024 and 41.0% in 1H25 from 41.8% in 2023, extending its decline from 43.0% in 2022

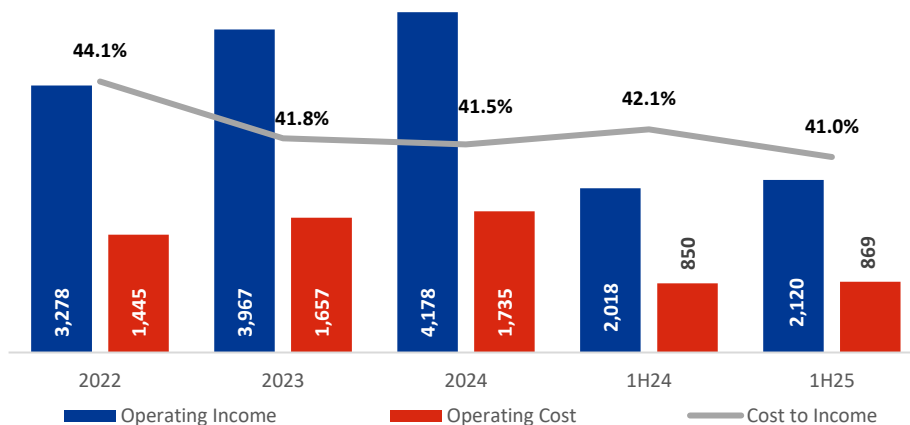
SAIB Strengthens Cost Base Through Strategic Optimization & Control

The Saudi Investment Bank has continued its upward trajectory in operational performance, demonstrating consistent growth in operating income while maintaining tight control over its cost base. In 2024, the Bank reported a robust 5.3% YOY increase in total operating income, reaching SAR 4,178 Mn, up from SAR 3,967 Mn in 2023. Furthermore, total operating income rose 5.1% YOY to SAR 2,120 Mn in 1H25 from SAR 2,018 Mn in 1H24. This growth was primarily supported by higher net special commission income, and notable improvements in fee-based income, particularly from banking services and foreign exchange transactions. Treasury and investment income also contributed significantly, reflecting a more diversified earnings base.

On the expense front, SAIB exhibited disciplined cost management. Operating expenses before provisions for credit and other losses increased by only 4.7% YOY, rising from SAR 1,657 Mn in 2023 to SAR 1,735 Mn in 2024. Furthermore, operating cost rose marginally by 2.2% YOY in to SAR 869 Mn in 1H25. The marginal increase was attributed primarily to higher employee-related costs, reflecting ongoing investment in talent and digital infrastructure. Despite this, rent, premises-related expenses, and depreciation showed efficiency gains or remained flat, supporting the Bank's cost containment efforts. The cost-to-income ratio, a key measure of operational efficiency, improved modestly, decreasing to 41.5% in 2024 and 41.0% in 1H25 from 41.8% in 2023, continuing a downward trend from 43.0% in 2022. This trend reinforces the effectiveness of SAIB's cost optimisation initiatives and digital transformation agenda.

The Bank's strategy to enhance its cost-to-income ratio is tightly aligned with its broader Strategy 2027 framework. SAIB has already completed a majority of its digital transformation and strategic restructuring projects, which is expected to yield long-term operational efficiencies. This includes significant investment in its core banking systems, the launch of a high-functionality mobile application, CRM upgrades, and reengineering of front-end processes for both retail and corporate segments. Furthermore, the Bank's approach includes enhancing productivity by automating customer journeys and back-office operations, streamlining its physical branch network, and investing in analytics and data-driven decision-making tools. These initiatives are complemented by cost optimisation programs targeting administrative and general expenses. Looking ahead, SAIB's management expects the cost-to-income ratio to decline further, as the full benefits of its digital and operational improvements begin to materialize. With most of the capital investment already made, the incremental cost burden is expected to be limited, supporting future profitability.

Figure 27: Operating Income & Expenses (SAR Mn), Cost to Income ratio (%)



Source: Company Information

The Bank is closely evaluating IT and service-related expenses while boosting operational productivity to minimize the need for additional hiring

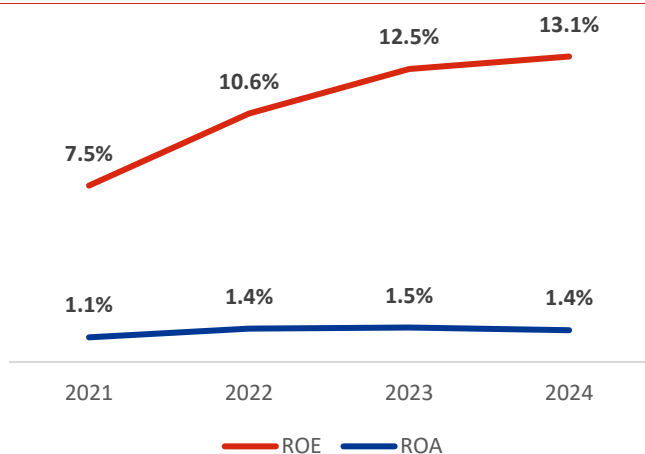
Profitability & Efficiency Ratios Strengthen on Loan Growth and Cost Discipline

SAIB has continued to deliver solid profitability, underpinned by strong operational execution, prudent balance sheet management, and strategic growth initiatives. For the 2024, the Bank recorded a net income of SAR 1,957 Mn, reflecting a healthy growth of 11.1% YOY compared to SAR 1,762 Mn in 2023. This performance highlights the Bank's ability to maintain earnings momentum despite operating in a high-interest-rate and liquidity-tight environment. The positive trajectory has continued into 2025, with net income in 1H25 reaching SAR 1,016 Mn, up 9.4% YOY, further reinforcing SAIB's stable earnings profile and strong start to 2025.

From a profitability ratio perspective, SAIB's Return on Equity (ROE) rose to 13.1% in 2024, improving from 12.5% in 2023. This growth reflects enhanced earnings generation and efficient capital utilization, supported by stronger asset growth and a stable cost base, and reinforcing the effectiveness of SAIB's ongoing strategic initiatives under its Strategy 2027 framework. The continued improvement in ROE demonstrates the Bank's focus on value creation and shareholder return, especially through optimized capital deployment in high-yielding segments such as corporate and private banking. SAIB's Return on Assets (ROA), stood at 1.37% in 2024, compared to 1.47% in 2023 and 1.43% in 2022. While slightly lower on a YOY basis, the figure remains healthy and reflects the Bank's asset base expansion, which grew 20.5% YOY to SAR 156.7 Bn in 2024. The marginal decline in ROA can be attributed to this rapid asset growth outpacing earnings growth, a dynamic that is not unusual for banks undergoing aggressive balance sheet expansion. However, the stability of ROA within the 1.3%–1.5% range indicates a well-managed asset portfolio and operational discipline.

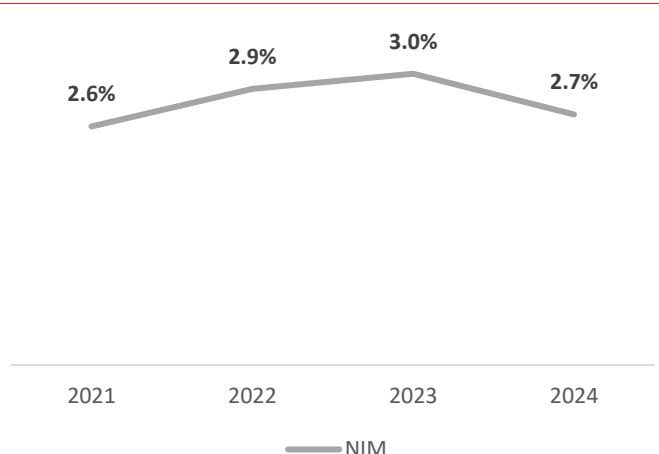
The Net Interest Margin (NIM), a critical measure of a bank's core income generation efficiency, experienced some compression in 2024. NIM declined by c. 30 basis points to 2.68% in 2024, primarily due to an increasing proportion of interest-bearing time deposits, which raised the overall cost of funding. The contraction also reflects broader sectoral trends, as banks face rising competition for deposits amid high interest rates. However, SAIB's lending portfolio, which is largely SAIBOR-linked, allows it to pass on rising funding costs to customers through adjustable loan pricing, thereby helping to partially offset the margin pressure. The Bank's management is actively working to restore margin resilience by growing its CASA base, targeting affluent customers and public institutions through tailored savings products and relationship-based banking solutions. SAIB's profitability ratios reflect a fundamentally sound and growing institution. While short-term pressures on NIMs have emerged due to funding cost dynamics, the Bank's strong ROE and healthy net profit growth indicates a resilient business model.

Figure 28: ROE & ROA



Source: Company Information

Figure 29: NIM



Source: Company Information

SAIB's digital strategy aligns with Vision 2030 to lead banking innovation

SAIB upgraded its digital banking platforms, embraced AI technologies, and collaborated with fintech startups to enhance innovation

SAIB Accelerates Digital Transformation to Drive Customer-Centric Growth & Operational Efficiency

SAIB is prioritizing digital transformation as a core strategic pillar to align with evolving customer expectations, improve operational efficiency, and maintain competitiveness in a fast-changing banking environment. This transformation is central to the Bank's growth, allowing it to attract younger, tech-savvy customers while creating value through innovation and streamlined internal processes. SAIB has significantly overhauled its digital banking infrastructure, enabling 24/7 access through revamped online and mobile platforms. These channels now offer real-time transaction analysis, instant transfers, online account opening, and biometric authentication, enhancing user convenience and reducing reliance on physical branches.

Customer service has also been elevated through the use of artificial intelligence, including chatbots and virtual assistants that deliver round-the-clock support. These AI tools provide behavioral analytics, enabling SAIB to tailor product offerings, identify risks early, and improve service efficiency. The Bank's redesigned mobile application includes features such as QR code payments, digital wallets, budgeting tools, and loan management functions, offering a seamless and user-friendly experience. This focus on mobile banking is especially targeted at engaging millennials and Generation Z, whose banking preferences lean heavily toward digital platforms.

To further enhance its digital capabilities, SAIB has established partnerships with fintech startups. These collaborations have enabled the Bank to introduce advanced services, such as digital lending using alternative credit scoring, blockchain-based trade finance solutions, and robo-advisory tools for investment management. Such initiatives not only broaden SAIB's product suite but also reduce development costs and enhance speed to market.

Positioning itself at the forefront of the Saudi banking sector's digital transformation, SAIB's fintech integration strategy is designed to unlock new revenue streams, lower operating costs, and elevate customer lifetime value. The Bank's digital roadmap is closely aligned with Saudi Arabia's Vision 2030, which emphasizes technological innovation across all sectors. Looking ahead, SAIB anticipates that digital channels will become the primary mode of interaction for customers. The Bank is investing further in data analytics for better credit risk evaluation and personalized marketing. These strategic efforts are expected to drive sustainable growth, expand SAIB's customer base, and enhance its competitive standing against both traditional banks and emerging digital-only financial institutions in Saudi Arabia's evolving financial ecosystem.

Figure 30: Mobile Banking Application of SAIB



Source: Company Information

Robust Ratio Profile Supports Long-Term Financial Stability

Both liquidity and capital ratios comfortably exceed the minimum regulatory requirements

Robust Capital Position Supports Sustainable Growth

The Bank maintains a robust and proactive capital management framework designed to ensure the Bank remains well-capitalized under both normal and stressed conditions. At the core of this framework is the continuous monitoring and optimization of risk-weighted assets (RWAs), which serve as a critical indicator of the Bank's exposure to various types of risk, including credit, market, and operational risks.

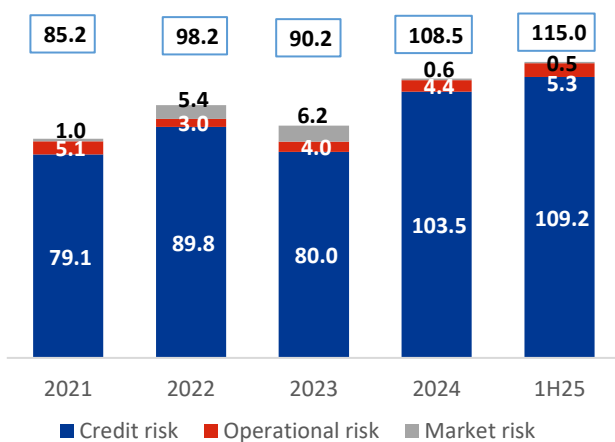
Unlike a simple measure of total assets, RWAs apply different weights to assets based on their associated risk levels. For instance, corporate loans and high-yield instruments carry a significantly higher risk weight than sovereign bonds or cash equivalents. This approach ensures that the capital adequacy metrics reflect the actual risk profile of the Bank's asset base. In 2023, SAIB reported SAR 90.2 Bn in total RWAs, which grew substantially to SAR 108.5 Bn by the end of 2024, representing a YOY increase. The growth continued into the 1H25, with RWAs rising further to SAR 115.0 Bn. This increase was largely driven by higher lending to the corporate sector, which inherently carries greater risk weight due to longer tenors, larger exposures, and less collateralized structures compared to retail or government lending.

Despite the growth in RWAs, SAIB has maintained strong and well-above regulatory capital ratios, reflecting its conservative risk appetite and capital planning. In 2024, the Bank's Common Equity Tier 1 (CET1) ratio was 14.2%, while the Tier 1 capital ratio and total capital adequacy ratio stood at 19.1% and 19.7%, respectively. In 1H25, although the CET1 ratio slightly moderated to 13.8%, Tier 1 and total capital adequacy ratios remained healthy at 18.5% and 19.1%, respectively. These figures are well above the minimum thresholds set by the Saudi Central Bank (SAMA) and in line with Basel III regulatory requirements, providing a solid buffer against potential shocks.

SAIB's capital base is composed of high-quality instruments, including common equity, retained earnings, statutory reserves, and Additional Tier 1 (AT1) capital notes, all of which offer strong loss-absorbing capacity. This well-structured capital composition supports the Bank's continued expansion in lending, investment, and digital transformation, without compromising its regulatory standing or risk posture.

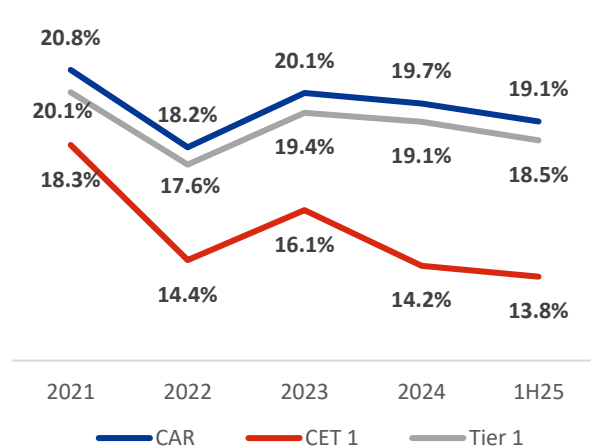
Overall, SAIB's disciplined management of RWAs and capital positions the Bank for sustainable, compliant, and resilient growth amid evolving macroeconomic conditions.

Figure 31: Risk-Weighted Assets (SAR Bn)



Source: Company Information

Figure 32: Capital Ratios



Source: Company Information

SAIB maintains a strong and diversified funding base anchored by stable retail and corporate deposits

Strong Liquidity Backbone Supports SAIB's Long-Term Growth

The Saudi Investment Bank maintains a robust and controlled liquidity profile that underpins its financial and operational flexibility, as well as its potential for long-term growth. Central to this liquidity strength is SAIB's conservative asset allocation strategy, which utilizing diversified funding sources and proactive regulatory compliance. This comprehensive approach enhances SAIB's overall appeal as an investment.

A crucial aspect of SAIB's liquidity management is its composition of High-Quality Liquid Assets (HQLA). This includes holdings like Saudi government securities, balances with the central bank, and recognised sovereign sukuk, among others. Such a diverse asset composition enables SAIB to meet its short-term obligations efficiently while utilizing costs and liquidity risks. Additionally, it allows the Bank to access liquidity even in stressful market conditions. The marketable nature of HQLA and their potential to be used as collateral further strengthens SAIB's liquidity stance, ensuring that the bank can navigate periods of constrained liquidity without incurring excessive costs or taking on undue risks. This solid foundation provides SAIB with the flexibility and resilience necessary to support its strategic initiatives and sustain growth in varying market environments.

SAIB's funding profile is robust and well-diversified, supported by a stable base of retail and corporate deposits, with a particular emphasis on low-cost Current and Savings Account (CASA) balances. As of 1H25, the Bank's Loans-to-Deposits (LTD) ratio stands at 108.2%, reflecting prudent loan growth that is well-aligned with a steady influx of deposits. The successful issuance of Additional Tier 1 sustainable (Sharia-compliant) sukuk amounting to USD 750 Mn in late 2024 highlights SAIB's ability to attract long-term funding from a global investor pool. This move enhances its liquidity position by reducing reliance on short-term funding sources. SAIB consistently exceeds regulatory requirements for critical liquidity indicators. As of 2Q25, the Liquidity Coverage Ratio (LCR) reached 212.0%, up 18.7 percentage points from 1Q25, while the Net Stable Funding Ratio (NSFR) hit 110.1%. Both figures significantly surpass the minimum requirements set by the Saudi Central Bank (SAMA), indicating strong liquidity management practices and the bank's preparedness to navigate risks in compliance with regulatory standards.

SAIB Employs Comprehensive Framework to Address Major Financial & Operational Risks

Robust Risk Management Framework Embedded Throughout its Operations

The Saudi Investment Bank has developed a comprehensive and forward-thinking risk management framework that aligns with its Vision 2027 strategy. The Bank's framework is designed to proactively identify, assess, and mitigate significant risks while ensuring the efficient allocation of regulatory capital. The primary objective is to utilize the Bank's risk-return profile, promote long-term sustainability, and maintain financial stability for all stakeholders, including customers, shareholders, regulators, and rating agencies.

At the core of this framework is a Board-approved Risk Management Policy Guide that adheres to the guidelines set by the Saudi Central Bank (SAMA). The guide addresses key risk categories such as credit, market, liquidity, and operational risk, along with utilizing frameworks for cybersecurity, stress testing, capital adequacy, and compliance with IFRS 9. The Risk Appetite Framework (RAF) is integral in embedding risk considerations into business planning and decision-making, establishing clear limits and expectations across business units, and fostering a culture of risk awareness and regulatory adherence.

Governance of risk management at SAIB is overseen by the Board Risk Committee, supported by executive-level committees including the Enterprise Risk Management Committee, Credit Committee, Asset and Liability Committee (ALCO), and IFRS 9 Expected Credit Loss Committee. This structure is enhanced by sub-committees that focus on areas such as cybersecurity, business continuity, and operational risk. The Risk Management Group, led by the Chief Risk Officer (CRO), includes utilizing teams focused on risk analytics, credit risk, market and operational risk, legal affairs, financial restructuring, cybersecurity, and anti-fraud efforts.

SAIB employs robust underwriting standards and independent credit reviews to manage credit risk, utilizing internal rating tools and continuous post-sanction monitoring. Market risk is managed through hedging strategies and exposure limits approved by the Board, with daily oversight of interest rate, currency, and equity exposures. For liquidity risk, the Bank closely monitors key indicators such as the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), and Loans-to-Deposits Ratio, alongside regular stress testing to ensure resilience in various market conditions. Operational risk is managed through structured assessments, key risk indicators, incident tracking, and scenario analysis, which support strong internal controls and risk mitigation strategies.

In cybersecurity, SAIB prioritises a multi-layered defence strategy aligned with standards set by SAMA, the National Cybersecurity Authority (NCA), SWIFT, and PCI DSS. The Bank operates a 24/7 Security Operations Centre (SOC) that utilizes advanced technologies to monitor and respond to threats in real-time. In 2024, SAIB reported zero cybersecurity-related disruptions or financial losses, despite a challenging regional threat landscape. Additionally, the anti-fraud function continuously updates policies to detect and prevent fraud, bribery, and corruption across its operations. To meet IFRS 9 requirements, the Bank has implemented a detailed governance framework for calculating expected credit losses, supported by rigorous data management and oversight. Overall, SAIB's risk management framework is characterised by strong governance, disciplined implementation, and continuous improvement of processes and controls. This integrated approach has enhanced the Bank's resilience, improved its risk-adjusted performance, and positioned it to effectively navigate the challenges of a rapidly evolving financial landscape while advancing its long-term strategic objectives.

The governance of risk management at SAIB is led by the Board Risk Committee, with support from key executive committees including the Enterprise Risk Management Committee, Credit Committee, Asset and Liability Committee (ALCO), and the IFRS 9 Expected Credit Loss Committee

Credit Profile Evaluation

SAIB has received strong credit ratings from leading international agencies, which are vital indicators of its financial health, stability, and ability to fulfil obligations. The ratings are regularly reviewed by renowned agencies like Standard & Poor's (S&P), Moody's, and Fitch Ratings, which evaluate various factors contributing to SAIB's creditworthiness.

Moody's has assigned SAIB a long-term rating of A2 and a short-term rating of P-1, with a Stable outlook. Similarly, S&P rated SAIB BBB+ for the long term and A-2 for the short term, also with a Stable outlook, highlighting confidence in the bank's business stability and capital position. Fitch affirmed SAIB's ratings at A- for long-term issuer default and F2 for short-term obligations, maintaining a Stable outlook. Capital Intelligence Ratings also evaluated SAIB at A- for the long term and A1 for the short term, once again with a Stable outlook. A primary element influencing these ratings is SAIB's robust financial performance. The Bank consistently demonstrates profitability, prudent asset management, and maintains a strong capital base that meets or exceeds regulatory standards. The quality of assets is another critical factor, showcasing low levels of non-performing loans and effective risk management practices that help mitigate credit losses. Capital adequacy is also significant, underscoring SAIB's capacity to absorb potential losses and support growth.

The Bank's liquidity position has ensured that the Bank has enough liquid assets to meet short-term obligations without undue strain. In addition to internal factors, external conditions are considered in the evaluations. The Saudi banking sector is recognised for its strong regulation and resilience within the Middle East, providing a stable foundation that bolsters confidence. Furthermore, SAIB's ratings are affected by Saudi Arabia's sovereign credit ratings assigned by the same agencies. The country's solid economic fundamentals, including fiscal discipline, a diversified economy, and steady GDP growth, positively impact SAIB's credit profile. Moreover, SAIB's commitment to international banking standards, including those set by the Bank for International Settlements (BIS) and alignment with G20 economic policies, enhances its reputation as a well-managed institution. The combined factors assure investors, counterparties, and regulators of the bank's adherence to high standards of risk management, transparency, and operational excellence. In conclusion, SAIB's credit ratings are a comprehensive reflection of its financial health, risk management, regulatory compliance, and the supportive economic environment of Saudi Arabia.

Figure 33: SAIB Credit Rating

Current Rating				
Rating	Long-Term	Short-term	Outlook	Date of rating
Moody's	A2	P-1	Stable	Dec-24
S&P	BBB+	A-2	Stable	Jun-25
Fitch	A-	F2	Stable	April-25
Capital Intelligence	A-	A1	Stable	Jan-25
Previous Rating				
Rating	Long-Term	Short-term	Outlook	Date of rating
Moody's	A3	P-2	Positive	Mar-24
S&P	BBB+	A-2	Positive	Sep-24
Fitch	A-	F2	Stable	May-24
Capital Intelligence	A-	A2	Positive	May-23

Source: Company Information

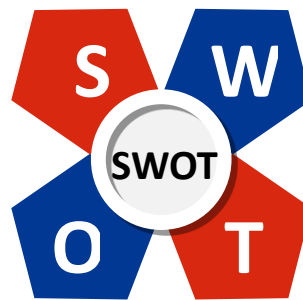
SWOT Analysis

STRENGTHS

- **Strong brand recognition:** The Saudi Investment Bank, with over 40 years of experience, has solidified its position through a network of 51 branches, including three dedicated to serving the special needs community. This broad range of accessibility has provided touchpoints for fostering customer loyalty among both traditional and community customers.
- **Versatile service offerings:** The Saudi Investment Bank focuses on both corporate and Sharia-compliant banking, providing a full range of banking services that include personal banking, investment banking, trade finance, treasury services, and leasing. By offering a diverse range of services, the bank supports revenue growth while also reducing its dependence on any single segment, which helps improve the bank's overall financial stability.
- **Strategic Digital Innovation:** SAIB's large-scale investments in online services, mobile banking, and automation reflect the Bank's commitment to digital innovation. This robust digital platform enables the Bank to meet the needs of tech-savvy clients and compete with emerging, digitally focused financial institutions.

WEAKNESSES

- **Geographic Concentration:** SAIB operations are limited to Saudi Arabia, which restricts its capacity to enter diversified markets and limits growth opportunities outside the domestic economy. The geographic concentration increases the bank's exposure to region-specific economic fluctuations, regulatory changes, and geopolitical risks, which may impact its long-term stability and competitiveness.
- **Subdued market positioning:** SAIB, in comparison to other top banks in Saudi Arabia, holds a modest share of total bank assets and customer deposits, which limits its pricing power, ability to compete on larger-scale projects and capacity for visibility in government trade and other markets.
- **Restrained Growth Model:** SAIB has built a growth path that is measured and conservative. While this approach may not increase risk, it may also limit its ability to leverage new or emerging opportunities for growth or scale.



OPPORTUNITIES

- **National Strategy:** The Saudi government's Vision 2030 initiative aims to diversify the economy from oil towards tourism, entertainment, infrastructure, and renewable energy. SAIB can capitalize on these sectors as they develop and provide targeted financing solutions, thereby growing its business.
- **Advancement of Islamic Banking:** There is a growing demand for Shari'ah-compliant financial products in the Kingdom and across the Middle East, which SAIB can exploit to expand their Islamic banking offering. This move can attract more customers and capture a larger market share.
- **Empowerment of SMEs:** The Saudi government is focusing on small and medium-sized enterprises (SMEs) as part of its economic diversification efforts. SAIB can address this segment through professional credit products, advisory and cash management products that meet the specific needs of SMEs.
- **Leveraging technology and Synergies:** With digital adoption accelerating in Saudi Arabia, SAIB has the opportunity to partner with fintech companies or create innovative digital products that will apply to customers' behaviours. Ultimately, this will provide customers with better experience, reduce costs, and open access to new demographics, particularly millennials.

THREATS

- **Elevated industry competition:** SAIB operates in a competitive environment for both financial and non-financial services, facing competition from larger domestic banks in terms of network and capital capacity, as well as from various international banks entering the Saudi banking market. The competition could restrict margins and growth opportunities.
- **Sensitive Economy:** The Saudi Arabian economy is still influenced by global oil prices, government expenditures, corporate profitability, and overall credit demand. When the economy slows down, it could hurt SAIB's loan portfolio and profitability.
- **Cybersecurity and Digital Risks:** The growing dependence on digital channels exposes operations to increased risk from cybersecurity threats, such as data breaches and fraud. A serious cyber incident could harm the bank's reputation, cause financial loss to both the bank and its customers, and damage customer trust.
- **Regulatory Risks:** The rising regulatory scrutiny in Saudi Arabia could increase operational cost and complexity within the banking sector through increased rules around capital adequacy, anti-money laundering and consumer protection.

Valuation Methodology

Target Fair Value Analysis

We arrive at SAIB's fair value of SAR 17.80 per share based on a mix of valuation methods

RESIDUAL INCOME AND RELATIVE VALUATION

We have used a mix of Residual Income Method (RIM) and Comparable Company Method (CCM) to arrive at the fair value of the Saudi Investment Bank. SAIB is one of Saudi Arabia's leading financial institutions, offering a comprehensive range of Shariah-compliant and conventional banking services to individuals, corporates, and SMEs. The Bank plays a vital role in supporting trade finance, industrial growth, and infrastructure development in the Kingdom. As of June 2025, SAIB serves more than 948K customers across Saudi Arabia, catering to diverse banking needs through tailored solutions for individuals, SMEs, large corporations, and public sector entities. In addition, through its wholly owned subsidiaries and joint ventures, SAIB provides an extensive suite of financial services, including investment banking, asset management, stock trading, leasing and mortgage financing, brokerage, corporate finance, and credit card services across both local and international markets.

We have assigned a higher weight to the Residual Income valuation method, it captures profitability excluding the equity charge, linking earnings to book value. It reflects how efficiently equity generates returns above cost of equity, thereby measuring sustainable value creation while maintaining a strong anchor to book equity, the key regulatory capital base. In CCM valuation, we apply the P/B multiple for SAIB, as banks' marked-to-market balance sheets make book value a transparent, reliable, and comparable benchmark across peers. Also, book value reliably reflects intrinsic worth of the Bank.

CONSOLIDATED VALUATION SAIB

Name of Entity	Valuation (SAR, Mn)	Weight (%)	Total Valuation (SAR, Mn)
Valuation of the SAIB based on -			
Residual Income Method	22,884	70.0%	16,019
Relative Valuation (P/B Multiple)	20,589	30.0%	6,177
Total Valuation (SAR, Mn)			22,196
Total Valuation (USD, Mn)			5,916
Equity Value (SAR per share)			17.80

The performance of SAIB is analyzed in detail to arrive at fair value estimates. We took a fair estimate across the Banks' income statements and financial positions to arrive at their valuation. The valuation brought forward a target value of SAR 17.80 per share.

The weightage assigned to the Residual Income and Relative valuation methods stood at 70% and 30%, respectively.

1) Residual Income Method

We relied upon the Bank's historical performance, lending growth, market expansion, and recent guidance provided by management to arrive at the valuation using the Residual Income Method (RIM). This approach values equity as the sum of the current book value of equity and the present value of future residual income. Residual income is defined as net income attributable to shareholders, less the equity charge, which is calculated by applying the cost of

We arrived at a value of SAR 18.09 per share using Residual Income Method

equity to the opening book value of equity. The Terminal Value was calculated by capitalizing the Bank's residual income beyond the forecast horizon at a long-term growth rate of 2.0%. Finally, the Bank's equity valuation is obtained by adding the present value of forecasted residual income and the terminal value to the current book value of equity. To arrive at Ke (Cost of Equity), we have used the 10-year government bond yield of 5.3%, Country risk premium of 4.3%, and Beta of 0.86 for SAIB. After applying all these, we arrived at the cost of equity of 9.0%. We have used a 10-year US Government Yield and further added a 10-year KSA Government CDS spread to arrive at an appropriate risk-free rate.

I. RIM Valuation of SAIB

	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
All figures in SAR Mn, unless stated						
Net Income	1,711	1,886	2,033	2,154	2,273	2,335
(-) Equity Charge	(1,391)	(1,455)	(1,532)	(1,618)	(1,708)	(1,803)
Excess Equity	321	431	501	536	565	532
Discount factor	0.97	0.89	0.82	0.75	0.69	0.63
Present Value of Excess Equity	156¹	384	409	402	389	336
Total Present value of Excess Equity						2,075
Terminal Value						4,875
Terminal growth rate						2.0%
Cost of Equity						9.0%
Book Value (as of June 2025)						15,933
Equity Value						22,884
Share Value (SAR per share)						18.35

Source: FAB Securities Research, ¹Adjusted for partial year

Sensitivity analysis generates the highest valuation of SAR 20.28 per share and the lowest valuation of SAR 17.26 per share

a) Sensitivity of RIM to Key Assumptions

Our RIM valuation is based on a cost of equity (Ke) of 9.0%. A sensitivity analysis shows that a change of +/- 0.5% in the cost of equity and terminal growth rate will provide a valuation range of SAR 20.28 per share to SAR 17.26 per share. The table below shows the sensitivity between the change in terminal growth rate and the cost of equity.

1. RIM Sensitivity to Terminal Growth Rate and WACC

	Terminal growth					
	18.35	1.0%	1.5%	2.0%	2.5%	3.0%
Cost of Equity	8.0%	18.55	18.89	19.28	19.73	20.28
	8.5%	18.17	18.45	18.78	19.16	19.61
	9.0%	17.83	18.07	18.35	18.67	19.04
	9.5%	17.53	17.74	17.98	18.25	18.56
	10.0%	17.26	17.45	17.65	17.89	18.15

2) Relative Valuation

We are using P/B multiple in CCM valuation to value the Bank

In the CCM valuation, we have applied the P/B multiple to value SAIB, as this methodology is most appropriate for banks given their balance sheet driven business model and regulatory capital requirements. Since banks' assets and liabilities are largely marked to market under accounting standards, book value provides a transparent and reliable anchor for comparison. For this purpose, we have compared SAIB with other listed GCC banks, which share similar operating models, regulatory oversight, and funding structures. SAIB's business model is, however, more corporate-oriented, with a significant share of lending and services directed toward corporates, trade finance, and project financing. Accordingly, we benchmarked SAIB against peers with comparable corporate-focused franchises.

II. Relative Valuation of SAIB

(All Figures in Million SAR, unless stated)

Based on P/B Multiple

Book Value (FY2025E)	16,130
Applicable Multiple	1.28x
Premium/(Discount to Median Multiple)	0.0%
Peer Median Valuation	1.28x

Equity Value **20,589**

Share Value (SAR per share) **16.51**

Source: Company Information, FAB Securities Research

III. Peers Valuation

		P/E (x)		P/B (x)	
Bank Name	Market Cap (USD, Mn)	2025	2026	2025	2026
GCC Banks					
Riyad Bank	21,522	8.2	7.8	1.3	1.2
Banque Saudi Fransi	11,253	8.7	8.5	1.0	1.0
Saudi Awwal Bank	16,954	8.0	7.6	1.0	0.9
Alinma Bank	17,042	10.8	10.3	1.8	1.6
Arab National Bank	11,790	8.6	8.2	1.1	1.0
Mashreqbank	13,491	7.8	8.3	1.4	1.3
Dubai Islamic Bank	19,280	10.4	10.3	1.6	1.5
Average		8.9x	8.7x	1.3x	1.2x
Median		8.6x	8.3x	1.3x	1.2x
Max ¹ (Quartile 3)		9.6x	9.4x	1.5x	1.4x
Min ² (Quartile 1)		8.1x	8.0x	1.1x	1.0x

Source: Bloomberg, ¹ Values correspond to Quartile 3, ² Values correspond to Quartile 1

Key Financial Metrics

Financials

Between 2020 and 2024, SAIB's funded income rose sharply from SAR 3.3 Bn to SAR 8.9 Bn, translating into a strong four-year CAGR of 28.4%

Interest-earning assets are projected to grow from SAR 145.4 Bn in 2024 to SAR 218.8 Bn by 2029, reflecting a CAGR of 8.5%

Interest Earning Assets

The Saudi Investment Bank built a solid trajectory of growth in its funded income, reflecting the strength of its core banking operations and the consistent expansion in interest-earning assets. Over the past few years, SAIB strategically focused on corporate banking segments to grow its lending book, which translated into steady growth in special commission income. Funded income, which includes earnings from loans, placements, and investments, remains the largest component of SAIB's operating revenue, and a key driver of its financial performance. In 2020, SAIB reported funded income of SAR 3.3 Bn, which grew to SAR 7.4 Bn in 2023, and further to SAR 8.9 Bn in 2024, representing a 28.4% CAGR over four years. This upward trend highlights the Bank's ability to capitalize on the rising interest rate scenario and lending opportunities in a growing Saudi economy while maintaining sound asset quality and risk discipline.

Interest-earning assets also increased 7.5% YTD to SAR 156.4 Bn in 1H25 from SAR 145.4 Bn in 2024. Loans and advances recorded largest growth of 9.0% YTD to SAR 108.4 Bn in 1H25 and are expected to grow 16% YOY to SAR 115.4 Bn in 2025. Investments also increased 6.5% YTD to SAR 43.1 Bn in 1H25. The increase in funded income is directly supported by the growth in interest-earning assets, particularly loans and advances. SAIB's loan portfolio grew from SAR 55.1 Bn in 2020 to SAR 99.5 Bn in 2024, registering a CAGR of 15.9%. Much of this growth has been driven by the corporate segment, which remains the Bank's core focus area. SAIB witnessed a remarkable loan growth of 23.2% YOY in 2024, the highest among peers in the Saudi banking sector. The Bank's strategy is to prioritize high-quality corporate borrowers, syndication deals, and structured financing arrangements, while also scaling up private banking and, more recently, entering the retail mortgage segment.

Similarly, the investment portfolio grew from SAR 32.3 Bn in 2023 to SAR 40.4 Bn in 2024, providing a diversified source of commission income and balance sheet stability. As of 2024, the Bank's total interest-earning assets include loans and advances (the largest component), placements with SAMA and other banks, and fixed income investments such as sukuks and government bonds. Looking forward, SAIB is expected to maintain a healthy momentum in interest-earning assets.

Assuming continued expansion in the corporate sector and ongoing implementation of Vision 2030 projects, interest-earning assets are projected to grow from SAR 145.4 Bn in 2024 to SAR 218.8 Bn by 2029, reflecting a CAGR of 8.5%. This growth will be supported by new lending in infrastructure, manufacturing, and large-scale government-backed initiatives, along with the Bank's plans to deepen penetration in the private banking and SME sectors. Additionally, the gradual buildup of the investment book, particularly in stable, income-generating assets such as sukuk, will support the growth of funded income.

SAIB is well-positioned to capture loan growth momentum in 2025, supported by an anticipated 50 bps rate cut by the Fed, with SAMA expected to mirror the move. Lower rates are likely to ease funding pressures and stimulate borrowing appetite, particularly in the retail and private banking segments. The Bank has already expanded its corporate loan book through strong participation in infrastructure and syndicated financing, while retail demand is expected to pick up as affordability improves. With proactive measures to reduce short-term rate sensitivity, SAIB is strategically aligned to benefit from the more favourable funding and credit environment.

Interest Earning Assets (SAR Mn)	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
SAMA & bank placements	2,129	6,323	4,185	5,862	4,951	4,436	3,745	3,349
Due from banks and other financial institutions	1,305	1,473	1,314	1,419	1,518	1,610	1,690	1,758
Investments, net	28,180	32,301	40,431	46,904	50,116	52,900	54,983	56,601
Loans and advances, net	68,883	80,751	99,466	115,445	127,005	138,460	148,174	157,090
Total	100,497	120,848	145,397	169,630	183,590	197,405	208,593	218,798

Source: Company Information, FAB Securities Estimates 2025-29

Funded Income

SAIB's asset yield increased from 3.03% in 2021 to a peak of 6.70% in 2023, before moderating to 6.66% in 2024

A critical factor influencing funded income is the asset yield, which is the return earned on interest-earning assets. Over the years, SAIB's asset yield largely fluctuated in line with market interest rates and changes in portfolio mix. SAIB's asset yield increased from 3.03% in 2021 to a peak of 6.70% in 2023, before moderating to 6.66% in 2024. The decline in 2024 is attributable to a shift in funding mix toward more interest-bearing deposits, competitive pricing pressure in the corporate lending space, and early signs of rate normalization after a period of elevated SAIBOR levels. SAIB remains among the top Saudi banks in terms of NIM due to its strong loan pricing discipline and high-yielding corporate portfolio. However, as the interest rate environment stabilizes and competition intensifies, the Bank's asset yield is expected to decline gradually in the forecasted period. By 2029, asset yield is projected to decrease to 5.01%, as lower benchmark rates compress spreads and asset re-pricing reflects a more normalized interest rate cycle.

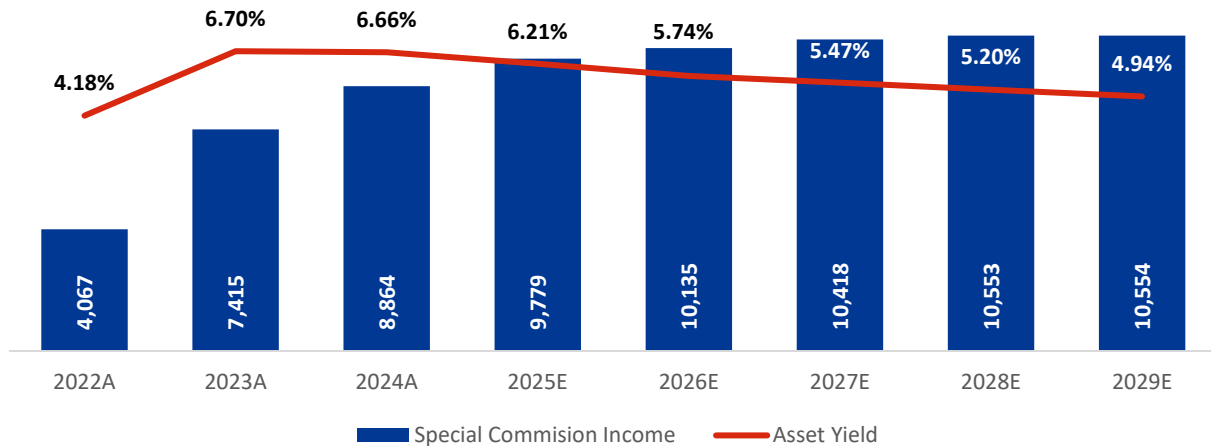
Funded income is forecast to rise from SAR 8.9 Bn in 2024 to SAR 10.6 Bn in 2029, implying a CAGR of 3.6% over the forecast period

There are several factors contributing to this anticipated decline in asset yield. Monetary policy normalization is expected to reduce benchmark rates such as SAIBOR, lowering the returns on floating-rate loans and placements. Additionally, intensifying competition in the corporate and mortgage lending space could lead to margin compression as banks compete for high-quality borrowers. Furthermore, SAIB's strategy to gradually diversify into investment-grade securities and consumer lending may reduce average yields due to lower risk premiums. However, this decline in yield is likely to be offset, to some extent, by volume growth, better pricing in niche segments, and improved cost efficiency. SAIB's funded income increased 10.7% to SAR 4.7 Bn in 1H25, primarily driven by solid growth in average interest-earning assets. Consequently, funded income is forecast to rise from SAR 8.9 Bn in 2024 to SAR 10.6 Bn in 2029, implying a CAGR of 3.6% over the forecast period.

In terms of composition, SAIB's interest-earning asset base remains loan-centric, with corporate loans forming the bulk of the portfolio. Investments and interbank placements make up the rest. The Bank's asset strategy is conservative, with a focus on credit quality, duration management, and yield optimization. Looking ahead, SAIB aims to maintain a balanced composition between corporate lending, retail loans (especially mortgages), and fixed income investments. This diversified approach will help stabilize returns as interest rates soften and loan pricing adjusts.

SAIB's funded income has witnessed impressive growth, underpinned by strong loan book expansion and disciplined asset deployment. While asset yields are expected to decline gradually over the medium term due to market and regulatory factors, the Bank's well-diversified interest-earning asset base and strategic focus on sustainable growth position it well for continued profitability and resilience.

Figure 34: Funded Income (SAR, Mn) & Asset Yield (%)



Source: Company Information, FAB Securities research 2025-29

Funded Expense

SAIB's interest-bearing liabilities are projected to grow at a CAGR of 9.0%, rising from SAR 133.9 Bn in 2024 to around SAR 205.9 Bn by 2029

The Saudi Investment Bank witnessed a steady expansion in its interest-bearing liabilities over the past several years, in line with the strong growth in its lending and investment activities. These liabilities, which include customer deposits and balances due to banks and other financial institutions, form the core of the Bank's funding structure. As SAIB pursued aggressive loan book expansion, especially in the corporate sector, it had to grow its deposit base and tap into interbank markets to meet liquidity needs. SAIB's interest-bearing liabilities rose from SAR 80.2 Bn in 2020 to SAR 110.5 Bn in 2023, and further to SAR 133.9 Bn in 2024, registering a four-year CAGR of 13.7%. This growth is primarily supported by the Bank's success in mobilizing both retail and institutional deposits, along with its increasing presence in wholesale funding markets. Furthermore, interest bearing liabilities stood at SAR 144.3 Bn, as of 1H25.

The rise in interest-bearing liabilities led to an increase in funded expenses, which are the costs incurred by the Bank to service these liabilities. Funded expenses climbed from SAR 0.9 Bn in 2020 to SAR 5.3 Bn in 2024, reflecting the impact of a higher volume of term deposits and rising benchmark interest rates. Much of this increase occurred as the Bank moved to secure long-term and higher-value deposits, especially from corporate and government-related entities, to match the tenor of its growing loan book. SAIB also increased its use of interbank placements and sukuk issuances during periods of tightening liquidity, further pushing up the average cost of funding. In addition, funded expense increased 15.5% to SAR 2.9 Bn in 1H25, outpacing the growth in funded income mainly due to an increase in interest-bearing deposits.

As a result, the Bank's cost of funds, defined as funded expenses divided by average interest-bearing liabilities, has been on an upward trajectory. It rose from 1.41% in 2022 to 3.98% in 2023, and stood at 4.36% in 2024. This upward trend is reflective of broader market conditions, including policy rate hikes by SAMA and the global monetary tightening cycle. However, SAIB's funding cost remains broadly aligned with peers, as the Bank has maintained a healthy mix of demand deposits and strategically priced term funding.

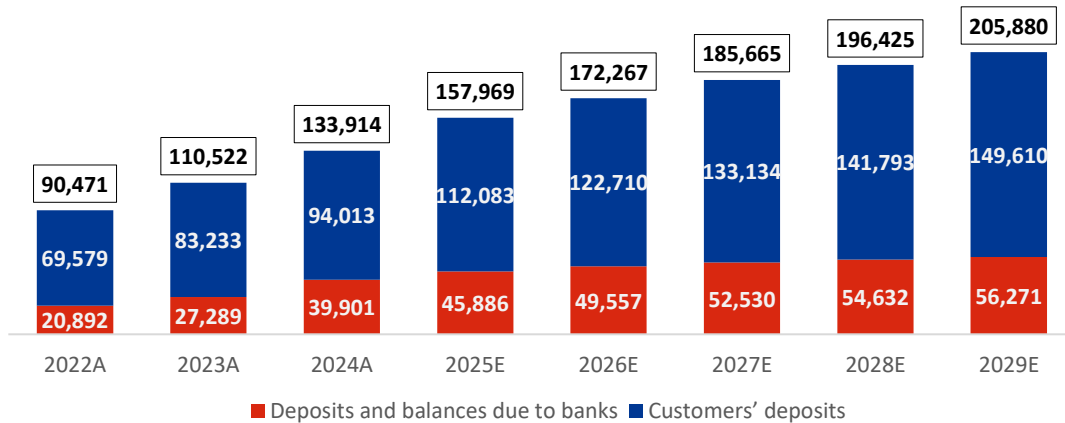
Looking ahead, SAIB's interest-bearing liabilities are projected to grow at a CAGR of 9.0%, rising from SAR 133.9 Bn in 2024 to around SAR 205.9 Bn by 2029, as the Bank continues to expand its lending and investment portfolios. Despite this growth, funded expenses are expected to rise at a slower pace, from SAR 5.3 Bn in 2024 to SAR 6.0 Bn in 2029, reflecting improved liability management and a more favourable funding mix. The cost of funds is expected to decline gradually from 4.36% in 2024 to 2.96% in 2029, supported by an anticipated moderation in

Funded expenses are expected to rise at a slower pace, from SAR 5.3 Bn in 2024 to SAR 6.0 Bn in 2029

benchmark interest rates, increased focus on low-cost CASA deposits, and strategic management of wholesale funding instruments.

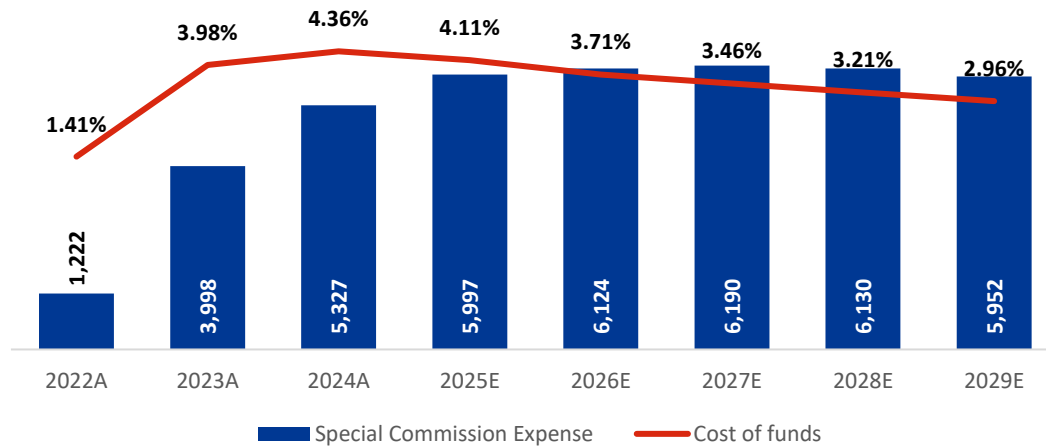
Moving forward, SAIB's funding strategy will focus on deepening retail relationships to grow stable, low-cost deposits, diversifying funding sources through capital market instruments, and optimizing the maturity profile of its liabilities to align with asset growth. This balanced approach will help control funding costs, preserve net interest margins, and support the Bank's overall profitability in a moderating rate environment.

Figure 35: Interest-Bearing Liabilities (SAR Mn)



Source: Company Information, FAB Securities research 2025-29

Figure 36: Funded Expenses (SAR, Mn) and Cost of Funds



Source: Company Information, FAB Securities research 2025-29

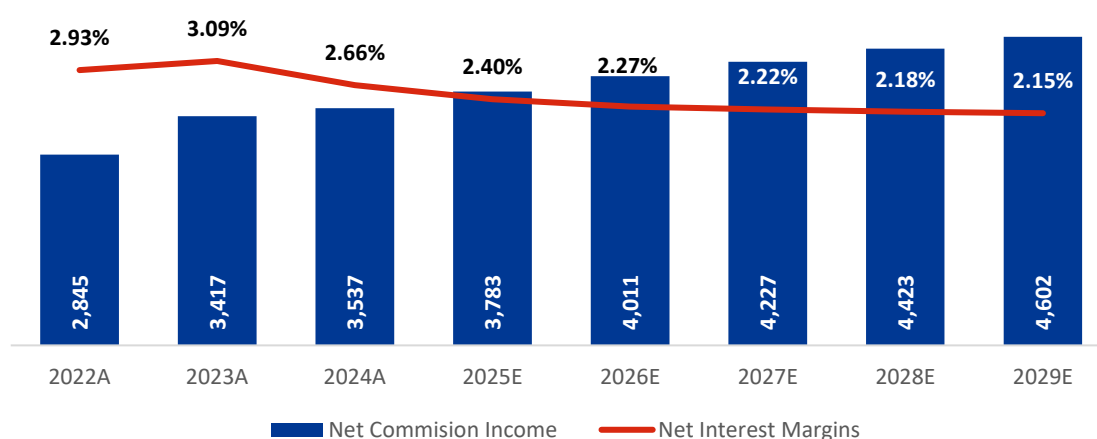
Net Funded Income

Net funded income is forecast to grow from SAR 3.5 Bn in 2024 to SAR 4.6 Bn by 2029, reflecting a CAGR of 5.4%

The Bank has demonstrated strong growth in its net funded income, a key profitability driver representing the difference between funded income and funded expenses. Over the past few years, this metric has expanded in line with the Bank's growing loan portfolio and improved asset deployment strategy. In 2020, net funded income stood at SAR 2.3 Bn, increasing to SAR 3.4 Bn in 2023, and reaching SAR 3.5 Bn in 2024, supported by rising interest-earning assets and pricing discipline in lending. The Bank benefited from high asset yield due to a rise in interest rates, which offset the rising cost of funds during the monetary tightening cycle. However, the growth in net interest margin (NIM) has started to level off. SAIB's NIM peaked at 2.98% in 2023 and thereafter softened to 2.68% in 2024, due to higher deposit costs,

competitive pricing pressures, and changes in asset mix. Despite the compression, NIM remains healthy compared to peers, supported by SAIB's high-yielding corporate lending and well-managed investment book. Moreover, the Bank's net funded income increased 3.9% to SAR 1.8 Bn in 1H25. The low growth in net funded income is attributable to a higher decline in the reported asset yield. Looking ahead, with expectations of a more normalized interest rate environment, net funded income is forecast to grow from SAR 3.5 Bn in 2024 to SAR 4.6 Bn by 2029, reflecting a CAGR of 5.4%. However, NIM is expected to gradually decline from 2.68% in 2024 to 2.15% in 2029, driven by softening benchmark rates, a shift toward lower-yielding instruments, and funding mix normalization. Nevertheless, strong volume growth and continued asset optimization are expected to support resilient net funded income in the medium term.

Figure 37: Net Funded Income (SAR, Mn) and NIM (%)



Source: Company Information, FAB Securities Research 2025-29

Non-Funded Income

SAIB's non-funded income is forecast to grow at a CAGR of 3.6%, rising from SAR 641 Mn in 2024 to an estimated SAR 764 Mn by 2029

SAIB has strategically underscored the growth of its non-funded income as part of its broader vision to diversify revenue streams and enhance profitability amid evolving market dynamics. As pressure on interest margins increases due to declining policy rates and intensifying competition, non-funded income has become a vital component in maintaining the Bank's earnings resilience. SAIB's proactive approach, centred around client-centric fee-based services, treasury capabilities, and investment gains, has proven effective, with non-funded income reaching SAR 641 Mn in 2024, marking a 16.7% YOY growth from SAR 549 Mn in 2023. This positive trend has continued into 1H25, where non-funded income grew by 12.4% YOY to SAR 324 Mn, compared to SAR 288 Mn in 1H24, reflecting the Bank's strong execution of its diversification strategy.

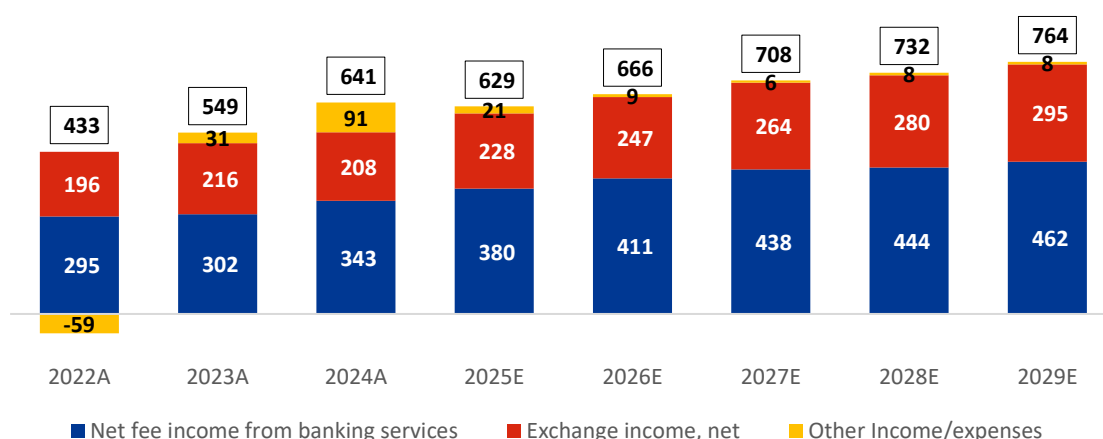
SAIB's non-funded income is primarily driven by three major components: fee income from banking services, exchange income, and other income from financial instruments. The largest contributor in 2024 was fee income from banking services, which increased to SAR 343 Mn, up from SAR 302 Mn in 2023, supported by growth in trade finance, advisory, custody, and asset management. In 1H25, net fee income stood at SAR 179 Mn, a 11.0% YOY increase, backed by higher transaction volumes and cross-sell momentum across corporate and private banking clients. The second key contributor, exchange income, is derived from foreign currency transactions and the revaluation of monetary assets. Although it slightly declined to SAR 208 Mn in 2024 from SAR 216 Mn in 2023, exchange income rebounded in 1H25, rising to SAR 121

Mn from SAR 102 Mn in 1H24, reflecting SAIB's active treasury and client demand for foreign exchange services amid market volatility.

The third segment, other income, encompasses a variety of market-related revenues, including unrealized and realized gains on FVTPL financial instruments, gains on FVOCI securities, and other non-core income streams. This component, while inherently more volatile, offers meaningful upside during favourable market conditions and supports overall earnings diversification. In the past year, these income streams contributed a sizable portion to SAIB's non-funded income, benefiting from active investment management and market timing.

Looking ahead, SAIB's non-funded income is forecast to grow at a CAGR of 3.6%, rising from SAR 641 Mn in 2024 to an estimated SAR 764 Mn by 2029. Fee income from banking services will remain the primary driver, expected to grow in line with transaction banking, wealth management expansion, and SAIB's deepening corporate relationships. Exchange income is also anticipated to benefit from increasing trade flows and rising client activity in foreign exchange markets, particularly as Saudi Arabia's economic diversification opens up more cross-border financial interactions.

Figure 38: Non-Funded Income (SAR Mn)



Source: Company Information, FAB Securities Research 2025-29

Provisions for Credit Loss and Cost of Risk

By 2029, we project CoR to stabilize in the 0.33% range, with provisions for credit losses to increase at a CAGR of 11.7% from SAR 290 Mn in 2024 to SAR 504 Mn in 2029

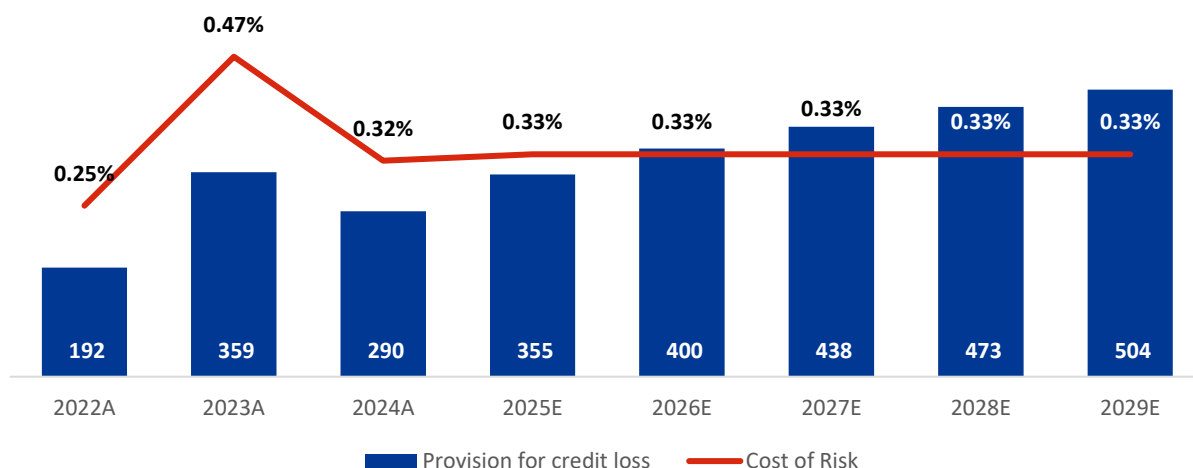
The Saudi Investment Bank has consistently demonstrated prudent risk management practices, as reflected in its evolving provision for credit losses and cost of risk (CoR) metrics. Over the past five years, the Bank's provisioning trends highlight a steady improvement in credit quality and a more conservative approach to risk coverage, despite a challenging interest rate and liquidity environment. In 2020, the Bank faced heightened credit risk amid the pandemic, with impairment charges rising and provisions for credit losses standing at SAR 449 Mn, while the cost of risk was elevated at around 0.77%, reflecting both macroeconomic stress and higher Stage 2 provisions. As the Saudi economy rebounded in subsequent years, asset quality gradually strengthened. By 2022, SAIB's provisions had moderated to SAR 192 Mn, with CoR easing to 0.25%, supported by improving recoveries and stable repayment trends.

Provisions stood at SAR 290 Mn in 2024, bringing the cost of risk down to 0.32% from SAR 359 Mn in 2023 with a CoR of 0.47%. This reflected resilient credit quality across both corporate and consumer portfolios, combined with proactive risk monitoring. Importantly, the Bank maintained robust coverage levels, ensuring that potential shocks were well-contained. The trend continued into 1H25, where provisions for credit losses fell 12.8% YOY to SAR 126 Mn, lowering the cost of risk to just 0.24%. The Bank's NPL ratio improved to 0.96%, while overall

coverage remained strong at 165.7% in 1H25, underscoring conservative provisioning despite a benign credit cycle. Such performance positions SAIB at the lower end of sector-wide risk costs, highlighting its prudent balance between growth and risk discipline.

Looking ahead, assuming a stable macroeconomic environment and continued diversification of the loan book, SAIB's cost of risk is expected to remain structurally low. By 2029, we project CoR to stabilize in the 0.33% range, with provisions for credit losses to increase at a CAGR of 11.7% from SAR 290 Mn in 2024 to SAR 504 Mn in 2029, reflecting both loan growth and a continued conservative approach to provisioning.

Figure 39: Provisions for Credit Loss (SAR Mn) & Cost of Risks (%)



Source: Company Information, FAB Securities Research 2025-29

Operating Profit

We project SAIB's net operating profit will grow at a CAGR of 6.6%, reaching SAR 3,357 Mn by 2029

The Bank reported a strong performance in 2024, with operating profit rising on the back of double-digit growth in income and cost management. Total operating income reached SAR 4,178 Mn, marking a 5.3% YOY increase from SAR 3,967 Mn in 2023. This growth was fueled primarily by robust loan book expansion and strategic focus on high-yield corporate segments. Operating expenses also increased, although at a slower pace, rising 4.7% YOY to SAR 1,735 Mn, reflecting continued investment in technology, risk management, and talent acquisition. However, as the bank finalized major transformation and digitisation initiatives, the pace of expense growth has moderated. This contributed to a notable improvement in operational leverage. As a result, net operating profit increased 5.8% YOY to SAR 2,444 Mn in 2024.

SAIB's cost-to-income ratio improved marginally to 41.5% in 2024, down from 41.8% the previous year, reflecting management's focus on operating efficiency despite the inflationary environment and ongoing regulatory investments. The Bank aims to further optimize this ratio through streamlined branch operations, automation of retail processes, and CRM-based customer segmentation in corporate banking. The largest components of SAIB's cost base continue to be staff costs and IT-related investments, which align with its strategic priorities under Vision 2027. The bank has already implemented cost-saving initiatives, such as leaner organisational structures and process digitalisation, freeing up over 40% of relationship managers' time for client-facing activities.

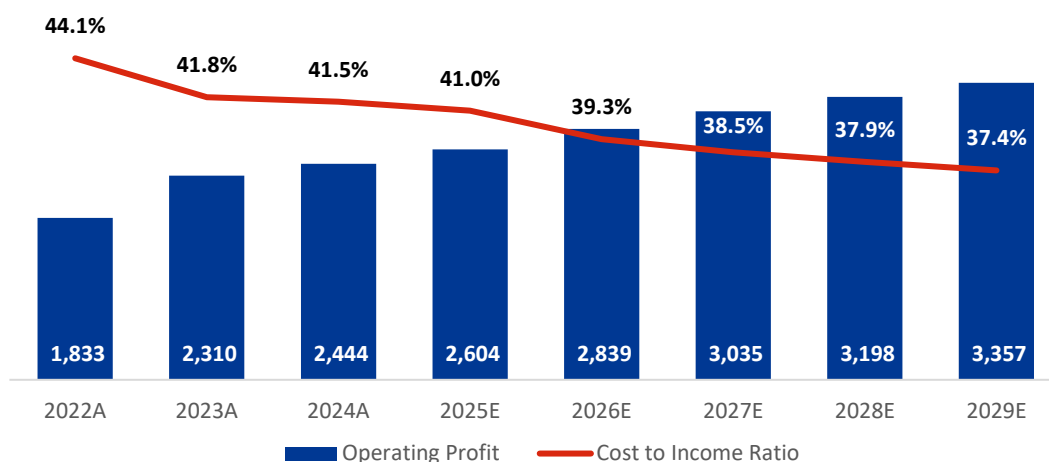
In 1H25, SAIB delivered healthy operating performance, marked by net operating profit growth of 7.1% YOY, supported by solid lending expansion, stronger fee income, and disciplined investment allocation. Despite pressures from a narrower net interest margin, the Bank successfully offset headwinds through cost efficiencies and diversified income streams. Operating expenses increased by only 2.2% YOY to SAR 869 Mn in 1H25, highlighting continued

We further assume the Bank will improve its CIR to 37.4% by 2029 from 41.5% in 2024

expense optimization following earlier strategic investments. As a result, the cost-to-income ratio improved to 41.0% in 1H25, compared to 42.1% in the prior-year period, underscoring SAIB's ability to achieve positive jaws and enhance operational leverage even in a competitive, high-rate environment.

Looking ahead, we project SAIB's net operating profit will grow at a CAGR of 6.6%, reaching SAR 3,357 Mn by 2029, supported by strong income growth and tighter cost control. We further assume the Bank will improve its CIR to 37.4% by 2029, reflecting structural gains from completed transformation projects and further digital efficiencies. SAIB's disciplined cost management and focus on operational scalability position it well to sustain earnings momentum and shareholder value creation in the coming years.

Figure 40: Net Operating Profit (SAR Mn) & Cost to Income Ratio (%)



Source: Company Information, FAB Securities research 2025-29

Net Profit

Net profit is projected to reach SAR 2.6 Bn by 2029, implying a 5.9% CAGR over 2024–2029

The Saudi Investment Bank has delivered a notable improvement in profitability in the historical period, supported by balance sheet expansion, disciplined cost management, and improved asset quality. In 2020, the Bank reported a net profit of SAR 1.0 Bn, reflecting the challenging macroeconomic backdrop and elevated provisioning during the pandemic. As economic conditions stabilized, SAIB's earnings profile began to recover, with net profit climbing to SAR 1.1 Bn in 2021 and further to SAR 1.5 Bn in 2022, driven by loan growth and improved margins in a rising interest rate environment.

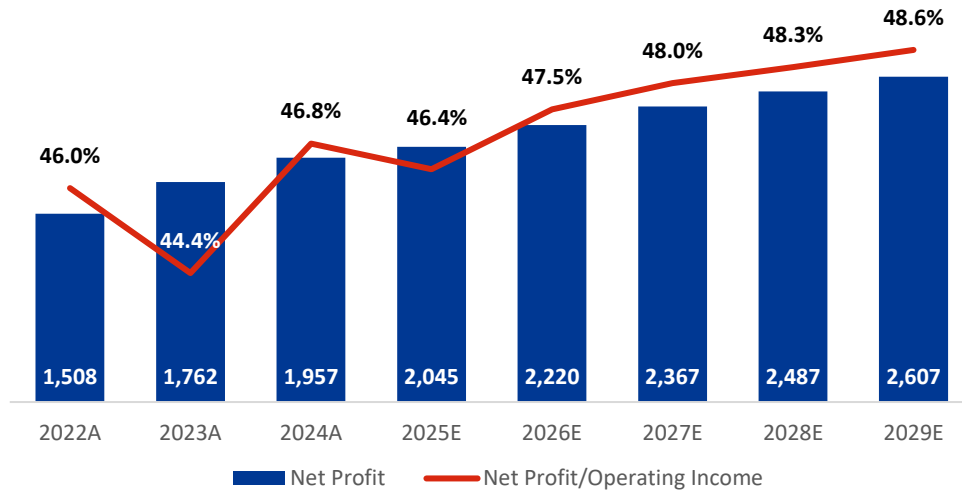
The momentum accelerated in subsequent years, as SAIB capitalized on rate hikes, strong corporate demand, and cost optimization initiatives. In 2023, net profit reached SAR 1.8 Bn, while in 2024, earnings grew to SAR 2.0 Bn, translating to a four-year CAGR of about 18.9% from 2020-2024. This period was characterized by a favorable funding environment, double-digit loan growth, and a steady decline in the cost of risk, which provided a strong underpinning for sustainable earnings.

The Bank continued this trajectory in 1H25, reporting a net profit of SAR 1.0 Bn, up 9.4% YOY. Annualizing this performance suggests full-year 2025 earnings could exceed SAR 2.0 Bn, marking a new record for SAIB. The drivers include resilient corporate lending, a rebound in private banking activity, robust fee income from trade finance and FX, as well as a contained cost-to-income ratio at 41%. Importantly, credit quality remains sound, with the cost of risk down to 24 bps, ensuring provisions do not erode profitability.

Looking forward, SAIB's profitability is expected to remain on an upward trajectory, albeit at a moderated pace, as net interest margins normalize with potential rate cuts. We project that

the net profit could reach SAR 2.6 Bn by 2029. This would imply a CAGR of around 5.9% from 2024-2029, reflecting sustainable, long-term earnings growth. While macroeconomic volatility and competition in deposit pricing pose risks, SAIB's high coverage levels, strong capital base, and relationship-driven strategy provide a solid platform for continued profitability.

Figure 41: Net Profit (SAR Mn)



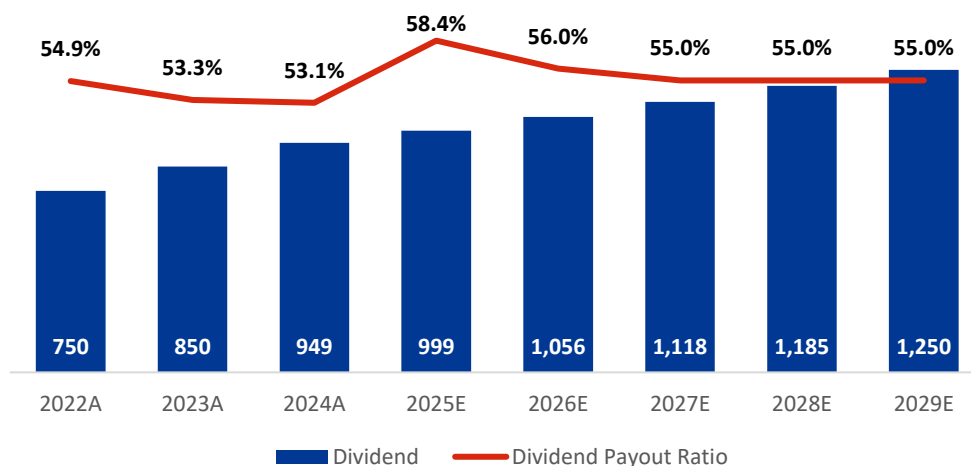
Source: Company Information, FAB Securities research 2025-29

Dividend

SAIB is expected to pay a cumulative dividend of SAR 5.6 Bn for the period of FY2025-29

SAIB consistently pays high dividends to its shareholders, reflecting its strong financial performance and commitment to rewarding investor confidence. SAIB pays semiannual dividend. The Bank paid a dividend of SAR 850 Mn for the period of 2023 and the amount of SAR 949 Mn for the period of 2024. The Bank's Dividend Payout Ratio (DPR) stood at 53.3% for 2023 and 53.1% for 2024. The Bank also announced a dividend of SAR 499 Mn for the period of 1H25. We project a total dividend of SAR 999 Mn for the period of 2025 with payout ratio of 58.4%. After that, we expect SAIB to maintain an average DPR of c. 55% during the forecasted period. As a result, we project a cumulative dividend of SAR 5.6 Bn for FY2025-29.

Figure 41: Dividends (SAR, Mn) and Dividend Payout Ratio (%)



Source: Company Information, FAB Securities research 2025-29

Financial Statements:

Income Statement, (SAR, Mn)

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Special commission income	4,067	7,415	8,864	9,779	10,135	10,418	10,553	10,554
Special commission expense	(1,222)	(3,998)	(5,327)	(5,997)	(6,124)	(6,190)	(6,130)	(5,952)
Net special commission income	2,845	3,417	3,537	3,783	4,011	4,227	4,423	4,602
Fee income from banking services	560	639	758	795	901	964	1,004	1,048
Fee expenses from banking services	(265)	(337)	(415)	(416)	(490)	(526)	(560)	(587)
Net fee income from banking services	295	302	343	380	411	438	444	462
Exchange income, net	196	216	208	228	247	264	280	295
Unrealized gain/loss on FVTPL financial instruments, net	(71)	14	90	12	-	-	-	-
Realized gain on FVTPL financial instruments, net	1	2	-	-	-	-	-	-
Gains on disposals of FVOCI debt securities, net	11	15	1	9	9	6	8	8
Other income	0	0	0	0	0	0	0	0
Total operating income	3,278	3,967	4,178	4,412	4,677	4,935	5,154	5,366
Salaries and employee-related expenses	747	787	822	854	885	916	946	977
Rent and premises related expenses	68	76	61	64	66	69	71	74
Depreciation and amortization	155	183	177	185	177	185	192	199
Other general and administrative expenses	475	610	674	705	710	731	747	760
Operating expenses before provisions for credit and other losses	1,445	1,657	1,735	1,808	1,838	1,900	1,956	2,009
Provisions for credit and other losses	192	359	290	355	400	438	473	504
Total operating expenses	1,637	2,016	2,024	2,163	2,238	2,338	2,429	2,512
Net operating income	1,641	1,951	2,154	2,250	2,439	2,597	2,725	2,854
Share in earnings of associates	71	77	116	128	142	155	167	178
Income before provisions for Zakat	1,712	2,028	2,270	2,378	2,582	2,752	2,892	3,031
Provisions for Zakat	204	267	313	333	361	385	405	424
Net income	1,508	1,762	1,957	2,045	2,220	2,367	2,487	2,607
Int on Tier 1 Sukuk	(142)	(167)	(170)	(334)	(334)	(334)	(334)	(334)
Net profit after interest on Sukuk	1,365	1,594	1,787	1,711	1,886	2,033	2,154	2,273
EPS	1.37	1.28	1.43	1.37	1.51	1.63	1.73	1.82

Source: Company Information, FAB Securities research (2025E-28E)

Key Ratios:

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
YOY % Change								
Net Commission Income	20.9%	20.1%	3.5%	7.0%	6.0%	5.4%	4.6%	4.0%
Operating Income	19.1%	21.0%	5.3%	5.6%	6.0%	5.5%	4.4%	4.1%
Net Profit	42.0%	16.8%	11.1%	4.5%	8.6%	6.6%	5.1%	4.8%
Net Profit after Sukuk Cost	43.6%	16.8%	12.1%	-4.2%	10.2%	7.8%	5.9%	5.5%
Income Statement Ratios								
NIM	2.94%	2.98%	2.68%	2.40%	2.27%	2.22%	2.18%	2.15%
NIS	2.78%	2.72%	2.30%	2.10%	2.03%	2.01%	1.99%	1.98%
Cost of risk	0.25%	0.47%	0.32%	0.33%	0.33%	0.33%	0.33%	0.33%
Cost-to-income ratio	44.1%	41.8%	41.5%	41.0%	39.3%	38.5%	37.9%	37.4%
Net income/operating income	46.0%	44.4%	46.8%	46.4%	47.5%	48.0%	48.3%	48.6%

Balance Sheet Ratios								
Loan to deposit ratio	99.0%	97.0%	105.8%	103.0%	103.5%	104.0%	104.5%	105.0%
Provision as % of gross loans	2.6%	2.3%	1.6%	1.6%	1.6%	1.6%	1.5%	1.5%
NPL Ratio	1.6%	1.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Provision Coverage ratio	163.0%	155.2%	156.7%	155.9%	156.3%	156.1%	156.2%	156.2%
Return ratios								
ROAE ¹	9.6%	11.3%	11.9%	10.8%	11.4%	11.6%	11.7%	11.7%
ROAA	1.4%	1.5%	1.4%	1.2%	1.2%	1.2%	1.1%	1.1%

Source: Company Information, FAB Securities research (2025E-29E), ¹ROAE is calculated by dividing net profit after interest payment on sukuk by average shareholders' equity

Balance Sheet (SAR, Mn)

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Assets								
Cash and balances with Saudi Central Bank	6,401	11,018	9,919	12,510	12,336	12,295	11,975	11,947
Due from banks and other financial institutions, net	1,305	1,473	1,314	1,419	1,518	1,610	1,690	1,758
Investments, net	28,180	32,301	40,431	46,904	50,116	52,900	54,983	56,601
Positive fair values of derivatives, net	713	685	526	526	526	526	526	526
Loans and advances, net	68,883	80,751	99,466	115,445	127,005	138,460	148,174	157,090
Investments in associates	923	968	1,022	1,087	1,158	1,236	1,319	1,408
Other real estate	452	859	859	859	859	859	859	859
Property, equipment, and right of use assets, net	1,212	1,186	1,246	1,293	1,341	1,391	1,439	1,486
Intangible assets, net	428	485	631	717	789	852	902	940
Other assets, net	573	258	1,252	705	1,014	870	947	765
Total assets	109,071	129,984	156,667	181,465	196,663	210,997	222,816	233,380
Equities and Liabilities								
Equity								
Share capital	10,000	10,000	12,500	12,500	12,500	12,500	12,500	12,500
Statutory reserve	3,376	3,817	1,807	2,318	2,873	3,465	4,086	4,738
Other reserves	(1,208)	(1,008)	(968)	(968)	(968)	(968)	(968)	(968)
Treasury shares	-	-	(35)	(35)	(35)	(35)	(35)	(35)
Retained earnings	957	1,711	2,112	2,314	2,617	2,971	3,352	3,756
Proposed dividend	450	-	-	-	-	-	-	-
Total Shareholder's Equity	13,575	14,520	15,416	16,130	16,987	17,933	18,935	19,991
Tier 1 Sukuk	3,215	2,715	5,313	5,313	5,313	5,313	5,313	5,313
Total equity	16,790	17,235	20,729	21,442	22,300	23,246	24,248	25,304
Liabilities								
Due to banks, Saudi Central Bank and other financial institutions, net	20,892	27,289	39,901	45,886	49,557	52,530	54,632	56,271
Customers' deposits	69,579	83,233	94,013	112,083	122,710	133,134	141,793	149,610
Negative fair values of derivatives, net	47	25	59	59	59	59	59	59
Other liabilities	1,763	2,202	1,965	1,996	2,037	2,027	2,084	2,138
Total Liabilities	92,281	112,749	135,938	160,023	174,363	187,751	198,568	208,077
Total equity and liabilities	109,071	129,984	156,667	181,465	196,663	210,997	222,816	233,380

Source: Company Information, FAB Securities research (2025E-29E)

Cash Flow Statement (SAR, Mn)

	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Cash flow from operating activities								
Income before provisions for Zakat	1,712	2,028	2,270	2,378	2,582	2,752	2,892	3,031
Net accretion of discounts and amortization of premiums on investments	(7)	(47)	(68)	-	-	-	-	-
Net change in accrued special commission income	-	-	-	-	-	-	-	-
Net change in accrued special commission expense	-	-	-	-	-	-	-	-
Net change in deferred loan fee	14	(52)	(87)	-	-	-	-	-
Gains on sales of property and equipment	(0)	(0)	(0)	-	-	-	-	-
Gains on disposals of FVOCI debt securities, net	(11)	(15)	(1)	-	-	-	-	-
Gain on sale of an ownership interest in an associate	-	-	-	-	-	-	-	-
Unrealized gain on FVTPL financial instruments, net	71	(14)	(90)	-	-	-	-	-
Realized gain on FVTPL financial instruments, net	(1)	(2)	-	-	-	-	-	-
Depreciation and amortization	155	183	177	185	177	185	192	199
Lease interest expense	13	13	10	7	6	6	6	5
Provision of end of service benefit obligation	44	34	38	-	-	-	-	-
Net effect of commission free deposit from Saudi central Bank	(117)	(89)	(87)	-	-	-	-	-
Provisions for credit and other losses	192	359	290	-	-	-	-	-
Share in earnings of associates	(71)	(77)	(116)	(128)	(142)	(155)	(167)	(178)
	1,994	2,322	2,337	2,441	2,623	2,787	2,923	3,058
Net (increase) / decrease in operating assets:								
Statutory deposit with SAMA	(203)	(466)	(919)	(1,004)	(563)	(552)	(459)	(414)
Due from banks and other financial institutions maturing after three months from acquisition date	-	(4)	(156)	(105)	(99)	(91)	(80)	(68)
Loans and advances	(9,845)	(12,178)	(18,530)	(15,979)	(11,560)	(11,455)	(9,714)	(8,916)
Positive fair values of derivatives, net	(481)	(102)	159	-	-	-	-	-
Other real estate	-	(407)	-	-	-	-	-	-
Other assets	(307)	333	(942)	547	(309)	144	(77)	182
Net increase / (decrease) in operating liabilities:								
Due to banks and other financial institutions, net	(2,028)	6,485	12,612	5,985	3,671	2,973	2,101	1,639
Customers' deposits	7,817	13,655	10,780	18,069	10,627	10,424	8,659	7,816
Negative fair value of derivatives, net	330	(22)	33	-	-	-	-	-
Other liabilities	56	443	(575)	30	42	(10)	57	54
Interest paid on lease liabilities	(13)	(13)	(10)	(7)	(6)	(6)	(6)	(5)
	(2,680)	10,046	4,789	9,979	4,425	4,215	3,403	3,346
Zakat payments	(350)	(325)	(265)	(333)	(361)	(385)	(405)	(424)
Net Cash Inflows from Operating Activities	(3,029)	9,721	4,524	9,646	4,063	3,829	2,998	2,921
Cash Flows from Investing Activities								
Proceeds from sales and maturities of investments	4,192	2,460	1,843	-	-	-	-	-
Purchase of investments	(5,341)	(6,151)	(9,839)	(6,473)	(3,212)	(2,784)	(2,084)	(1,617)
Dividends received from associates	32	33	56	64	71	78	84	89
Purchase of property, equipment	(453)	(218)	(383)	(319)	(298)	(296)	(291)	(284)
Proceeds from disposal of property, equipment	-	0	0	-	-	-	-	-
Net Cash Outflow from Investing Activities	(1,571)	(3,877)	(8,322)	(6,727)	(3,438)	(3,002)	(2,291)	(1,812)

Cash Flow from Financing Activities								
Sale of treasury shares, net	-	-	-	-	-	-	-	-
Dividend paid	(825)	(850)	(900)	(998)	(1,029)	(1,087)	(1,151)	(1,217)
Repayment of Tier I Sukuk	(285)	(1,000)	(215)	-	-	-	-	-
purchase of treasury shares	-	-	-	-	-	-	-	-
Purchase of employee stock option shares	-	-	-	-	-	-	-	-
Payment of principal portion of lease liabilities	(30)	(11)	(28)	-	-	-	-	-
Additional Tier I Sukuk issued	2,000	500	2,813	-	-	-	-	-
Treasury shares purchased	-	-	(35)	-	-	-	-	-
Repayment of Term loan	-	-	-	-	-	-	-	-
Tier I Sukuk cost	(142)	(167)	(170)	(334)	(334)	(334)	(334)	(334)
Net Cash Outflow from Financing Activities	717	(1,528)	1,465	(1,332)	(1,362)	(1,421)	(1,485)	(1,551)
Net Increase/(Decrease) in Cash and Cash Equivalents	(3,883)	4,315	(2,334)	1,587	(737)	(594)	(778)	(442)
Cash and Cash Equivalents at the Beginning of the Year	8,039	4,156	8,471	6,138	7,725	6,987	6,394	5,615
Cash and Cash Equivalents at the End of the Year	4,156	8,471	6,138	7,725	6,987	6,394	5,615	5,173

Source: Company Information, FAB Securities research (2025E-29E)

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