

## SAIB reports robust 14% net income growth to SAR 1,314 million in 9M 2023

9M 2023 operating income increased 26%

Key financial metrics for 9M 2023:

<p>Loans +16% YTD <b>SAR 80.2 bn ▲</b></p>	<p>Investments +16% YTD <b>SAR 32.8 bn ▲</b></p>	<p>Deposits +23% YTD <b>SAR 85.5 bn ▲</b></p>
<p>Operating Income +26% YoY <b>SAR 2,954 mn ▲</b></p>	<p>Operating Expenses +18% YoY <b>SAR 1,232 mn ▲</b></p>	<p>Net Income +14% YoY <b>SAR 1,314 mn ▲</b></p>
<p>Tier 1 Ratio +1.0 ppts YTD <b>18.6% ▲</b></p>	<p>SAMA LTD Ratio -4.5 ppts YTD <b>74.4% ▼</b></p>	<p>Return on Tangible Equity +1.5 ppts YoY <b>12.2% ▲</b></p>

### Key highlights of 9M 2023

- ▷ Total assets at SAR 129.8 bn, up 19% YTD
- ▷ Loans and advances increased 16% YTD
- ▷ Investments (mainly debt securities) up 16% YTD
- ▷ Customer deposits up 23% YTD
- ▷ Net income rose 14% YoY
- ▷ Operating income up 26% YoY
- ▷ Net interest margin at 3.07%, expansion of 24 bps YoY
- ▷ Cost to income ratio improved by 294 bps YoY to 41.7%
- ▷ Healthy credit quality with cost of risk at 0.43% and NPL ratio at 1.48%
- ▷ Return on tangible equity improved 151 bps YoY to 12.2%
- ▷ Tier 1 ratio of 18.6% and capital adequacy ratio of 19.3%
- ▷ Liquidity coverage ratio of 201.6%, net stable funding ratio of 111.1% and SAMA LTD ratio of 74.4%

**Riyadh, 6 November 2023** – The Saudi Investment Bank has reported net income of SAR 1,314 million for the first nine months of 2023, up 14% year-on-year, underpinned by growth of 26% year-on-year in total operating income. This increase in total operating income was driven by a 29% year-on-year rise in net special commission income, following strong balance sheet growth and margin expansion. Total assets increased 19% year-to-date as a result of 16% growth in both loans and advances and investments. SAIB’s balance sheet expansion was largely funded by customer deposits, which grew 23% year-to-date mainly from higher time deposits.

**Faisal Abdullah Al-Omran, Chief Executive Officer of Saudi Investment Bank, said:** “SAIB has delivered another set of solid results in the third quarter of 2023, building on the growth momentum witnessed in the first half of the year. SAIB’s net income increased 14% year-on-year in the first nine months of 2023, after 42% year-on-year growth in 2022. Our excellent results translated into significant improvement in return on tangible equity to 12.2%. SAIB continues to see improvement in its asset quality with low levels of non-performing loans, which are adequately covered by provisions. The Bank has further maintained strong capitalization and liquidity positions, with ample room to support continued growth in the future.

The robust financial performance is underpinned by the Bank’s newly refreshed strategy to build on its agility, culture of innovation and focus on corporate and high-net worth customer relationships. This strategy is focused on building on the strong market opportunities in the Kingdom, enabled through Saudi Arabia’s Vision 2030 and the supportive macroeconomic outlook, to accelerating profitable growth and improve our market position. Our strategic priorities include building a differentiated value proposition with better coverage, leveraging cross-sell opportunities, driving digital innovation, and enhancing overall customer experience.

We are excited to embark on this transformative journey to enhance our competitive position, outpace market growth and deliver superior shareholder returns.”

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## Performance Highlights

### Income Statement

SAR Million	3Q 2023	3Q 2022	Δ	9M 2023	9M 2022	Δ
Net special commission income	<b>887</b>	758	+17%	<b>2,592</b>	2,017	+29%
Fee and other income	<b>118</b>	100	+17%	<b>362</b>	331	+9%
<b>Total operating income</b>	<b>1,005</b>	858	+17%	<b>2,954</b>	2,348	+26%
Operating expenses before impairments	<b>(405)</b>	(364)	+11%	<b>(1,232)</b>	(1,048)	+18%
Provisions for credit and other losses	<b>(87)</b>	149	-159%	<b>(248)</b>	58	-531%
<b>Net Operating Income</b>	<b>512</b>	643	-20%	<b>1,473</b>	1,357	+9%
Share in earnings of associates	<b>24</b>	28	-12%	<b>55</b>	55	+1%
Income before provisions for Zakat	<b>537</b>	671	-20%	<b>1,528</b>	1,412	+8%
Provisions for Zakat	<b>(75)</b>	(121)	-38%	<b>(214)</b>	(254)	-16%
<b>Net Income attributed to equity holders</b>	<b>462</b>	550	-16%	<b>1,314</b>	1,158	+14%
Earnings per share (SAR)	<b>0.45</b>	0.53	-16%	<b>1.21</b>	1.10	+11%
Net interest margin	<b>2.98%</b>	3.05%	-7bps	<b>3.07%</b>	2.83%	+24bps
Cost to income ratio	<b>40.3%</b>	42.4%	-2.1ppt	<b>41.7%</b>	44.7%	-2.9ppt
Cost of risk	<b>0.43%</b>	-0.95%	+139bps	<b>0.43%</b>	-0.16%	+59bps
Return on tangible common equity	<b>13.3%</b>	16.4%	-3.1ppt	<b>12.2%</b>	10.7%	+1.5ppt

**Net income** for the first nine months of 2023 rose 14% year-on-year to SAR 1,314 million. Growth was well supported by an increase seen in net special commission income and fee and other income, partially offset by increase in operating expenses and the provisions for credit losses. Net income for the third quarter declined 16% year-on-year despite strong operating income growth due to elevated credit recoveries in the prior year.

**Operating income** for the first nine months of 2023 increased 26% year-on-year to SAR 2,954 million. Strong top-line growth was primarily driven by an increase of 29% year-on-year in net special commission income, which reached SAR 2,592 million in 9M 2023. Strong growth in net special commission income arose from 24 bps margin expansion to 3.07% and a 19% year-on-year increase in average earnings assets. Fee and other income increased 9% year-on-year to SAR 362 million, supported by growth in foreign exchange and investment-related income

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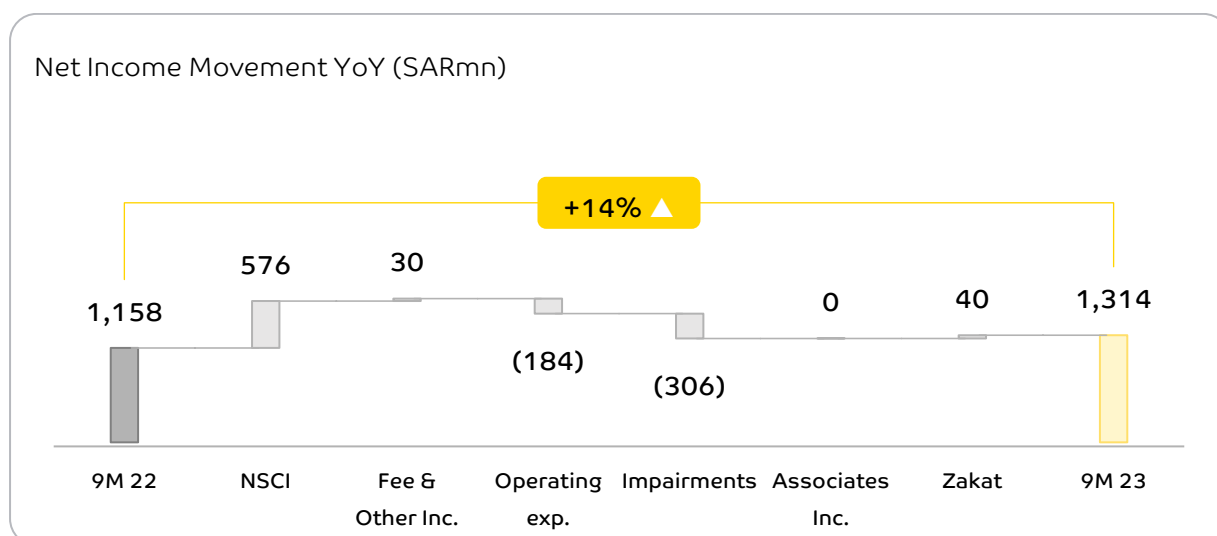


but partially offset by a modest decline in fees from banking services. Operating income for the third quarter grew 17% year-on-year to reach SAR 1,005 million, fuelled by both net special commission income (17% year-on-year) as well as fee and other income (17% year-on-year).

**Operating expenses** at SAR 1,232 million rose 18% year-on-year in 9M 2023 due to an increase in employee costs and other general and administrative expenses as the bank continued to support execution of its growth strategy. The cost to income ratio for 9M 2023 improved by 294 bps year-on-year to 41.7%, demonstrating positive jaws as growth in operating income outpaced operating expenses growth.

**The provisions for credit and other losses** amounted to SAR 248 million during the first nine months of 2023 compared with a net recovery of SAR 58 million in the comparable period of last year resulting from a one-off recovery. Cost of risk was however modest at 0.43% during 9M 2023.

**Share in earnings of associates** also increased by 1% year-on-year to SAR 55 million, while provisions for zakat and taxes increased by 16% year-on-year.



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## Balance Sheet

SAR Million	3Q 2023	2Q 2023	Δ	4Q 2022	Δ
Cash and balances with SAMA	<b>9,739</b>	8,149	+20%	6,401	+52%
Due from banks and financial Institutions, net	<b>2,486</b>	2,179	+14%	1,305	+91%
Investments, net	<b>32,754</b>	31,707	+3%	28,180	+16%
Loans and advances, net	<b>80,201</b>	77,305	+4%	68,883	+16%
Other assets, net	<b>4,645</b>	4,255	+9%	4,301	+8%
<b>Total assets</b>	<b>129,826</b>	123,595	+5%	109,071	+19%
Due to banks and other financial institutions, net	<b>25,885</b>	22,287	+16%	20,892	+24%
Customers' deposits	<b>85,455</b>	82,664	+3%	69,579	+23%
Other liabilities	<b>1,948</b>	1,948	+0%	1,810	+8%
<b>Total liabilities</b>	<b>113,288</b>	106,900	+6%	92,281	+23%
Share capital	<b>10,000</b>	10,000	+0%	10,000	+0%
Retained earnings	<b>1,771</b>	1,725	+3%	957	+85%
Other reserves	<b>2,053</b>	2,255	-9%	2,618	-22%
Shareholders' equity	<b>13,824</b>	13,980	-1%	13,575	+2%
Tier 1 sukuk	<b>2,715</b>	2,715	+0%	3,215	-16%
<b>Total equity</b>	<b>16,539</b>	16,695	-1%	16,790	-1%
NPL Ratio	<b>1.48%</b>	1.43%	+5bps	1.57%	-9bps
NPL Coverage Ratio	<b>169.1%</b>	169.8%	-0.8ppt	163.0%	+6.1ppt
NIBD % of total	<b>36.7%</b>	40.3%	-3.6ppt	44.9%	-8.2ppt
Tier 1 ratio	<b>18.6%</b>	19.4%	-0.8ppt	17.6%	+1.0ppt
Capital adequacy ratio	<b>19.3%</b>	20.1%	-0.8ppt	18.2%	+1.0ppt
Liquidity coverage ratio	<b>201.6%</b>	204.7%	-3.1ppt	219.9%	-18.3ppt
Net stable funding ratio	<b>111.1%</b>	110.8%	+0.2ppt	114.6%	-3.6ppt
Financing to customers' deposit ratio (SAMA)	<b>74.4%</b>	75.6%	-1.2ppt	79.0%	-4.5ppt

**Total assets** amounted to SAR 129.8 billion as of 30 September 2023, an increase of 19% year-to-date. **Loans and advances** continued to gain momentum, increasing by 16% year-to-date to SAR 80.2 billion. Loan growth was mainly driven by 23% increase in corporate lending, while retail lending grew more modestly by 2%. The Bank saw a strong uptick on account of participation in the syndicated loan market for large infrastructure projects, while exposure to other key sectors such as commerce, financial institutions, building & construction and services also contributed to healthy growth. The **investment portfolio** increased to SAR 32.8 billion, up 16% year-to-date as new investments were made to benefit from higher interest rates.

**Customer deposits** rose 23% year-to-date to reach SAR 85.5 billion, mainly reflecting 41% increase in interest bearing deposits largely from public institutions, partially offset by a decline in retail and corporate deposits.

**The non-performing loans ratio** stood at 1.48% as of 30 September 2023, as non-performing loans remained at moderate levels compared to growth in gross lending. Non-performing loans coverage stood at a healthy 169.1% as of 30 September 2023.

The Bank remains **well capitalized** with the total capital adequacy ratio of 19.3% and Tier 1 ratio of 18.6% as of 30 September 2023, compared to 18.2% and 17.6% respectively as at 31 December 2022. Risk weighted assets saw a decline of 8% year-to-date on lower credit risk weighted assets mainly from an amendment to regulatory capital requirements allowing the inclusion of collaterals.

SAIB's **liquidity position** remained robust with the liquidity coverage ratio of 201.6%, the net stable funding ratio of 111.1%, the SAMA loans to deposits ratio of 74.4% and the headline loans to deposits ratio of 93.9% as of 30 September 2023.

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## Segmental Performance

### Corporate

Corporate net income before zakat decreased by 12% year-on-year to SAR 718 million in 9M 2023. Corporate operating income grew strongly by 24% year-on-year on margin expansion and growth in loans. This was partially offset by an increase of 17% year-on-year in operating expenses and an increase in credit impairments due to elevated recoveries in the prior period. Total corporate assets increased by 23% year-to-date to SAR 58.3 billion as at 3Q 2023, driven by similar levels of loan growth. Corporate liabilities decreased by 19% year-to-date to SAR 8.2 billion, reflecting a decline in deposits.

Income Statement (SAR Million)	3Q 2023	3Q 2022	Δ	9M 2023	9M 2022	Δ
Net Special Commission Income	328	302	+9%	939	732	+28%
Fee & other income	55	54	+1%	149	143	+4%
<b>Total operating income</b>	<b>382</b>	356	+7%	<b>1,088</b>	875	+24%
Expenses	72	67	+7%	220	189	+17%
Impairments	43	(174)	-124%	149	(132)	-213%
Other income (expenses)	0	0		0	0	
<b>Net income before zakat</b>	<b>268</b>	463	-42%	<b>718</b>	818	-12%

Balance Sheet (SAR Million)	3Q 2023	2Q 2023	Δ	4Q 2022	Δ
<b>Total assets</b>	<b>58,302</b>	55,495	+5%	47,289	+23%
<b>Total liabilities</b>	<b>8,238</b>	7,818	+5%	10,183	-19%

### Retail

Retail net income before zakat declined by 8% year-on-year to SAR 240 million in 9M 2023. Retail operating income reported a strong growth of 12% year-on-year, though it was offset by an increase of 19% year-on-year in operating expenses and a 31% higher impairment charge. Total retail assets increased marginally by 1% year-to-date to SAR 21.6 billion as at 3Q 2023, while retail liabilities decreased by 6% year-to-date to SAR 23.2 billion, reflecting a 6% year-to-date decline in deposits.

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Income Statement (SAR Million)	3Q 2023	3Q 2022	Δ	9M 2023	9M 2022	Δ
Net Special Commission Income	294	278	+6%	846	740	+14%
Fee & other income	30	29	+4%	89	97	-8%
<b>Total operating income</b>	<b>324</b>	307	+5%	<b>934</b>	837	+12%
Expenses	198	173	+14%	596	500	+19%
Impairments	44	26	+70%	98	75	+31%
Other income (expenses)	0	0		0	0	
<b>Net income before zakat</b>	<b>82</b>	108	-25%	<b>240</b>	262	-8%

Balance Sheet (SAR Million)	3Q 2023	2Q 2023	Δ	4Q 2022	Δ
<b>Total assets</b>	<b>21,596</b>	21,821	-1%	21,294	+1%
<b>Total liabilities</b>	<b>23,227</b>	22,895	+1%	24,715	-6%

## Treasury and Investments

Treasury and Investments saw a rise in net income before zakat by 62% year-on-year to SAR 675 million in 9M 2023. Treasury and Investments operating income rose 49% year-on-year on higher yields and growth in the investment portfolio. Treasury and Investments operating expenses rose 20% year-on-year. The segment's total assets increased 26% year-to-date on higher investment securities and interbank placements. Liabilities saw an increase of 44% year-to-date mainly on higher deposits, which increased by 56% year-to-date mostly from public institutions.

Income Statement (SAR Million)	3Q 2023	3Q 2022	Δ	9M 2023	9M 2022	Δ
Net Special Commission Income	261	163	+60%	802	527	+52%
Fee & other income	50	44	+13%	156	115	+36%
<b>Total operating income</b>	<b>311</b>	208	+50%	<b>958</b>	642	+49%
Expenses	108	99	+9%	338	282	+20%
Impairments	0	(1)	-146%	1	(1)	-147%
Associates	24	28	-12%	55	55	+1%
<b>Net income before zakat</b>	<b>227</b>	137	+65%	<b>675</b>	416	+62%



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Balance Sheet (SAR Million)	3Q 2023	2Q 2023	Δ	4Q 2022	Δ
<b>Total assets</b>	<b>46,210</b>	42,692	+8%	36,791	+26%
<b>Total liabilities</b>	<b>78,871</b>	73,277	+8%	54,795	+44%

## Asset Management and Brokerage

Asset Management and Brokerage net income before zakat increased by 15% year-on-year to SAR 81 million in 9M 2023. Operating income grew 7% year-on-year from higher income on margin accounts while asset management and brokerage operating income growth reflected more muted stock market trading volumes and capital markets activity. Asset Management and Brokerage total assets remained stable year-to-date while its liabilities decreased by 14%.

Income Statement (SAR Million)	3Q 2023	3Q 2022	Δ	9M 2023	9M 2022	Δ
Net Special Commission Income	<b>15</b>	13	+12%	<b>42</b>	34	+23%
Fee & other income	<b>37</b>	29	+28%	<b>117</b>	115	+2%
<b>Total operating income</b>	<b>52</b>	42	+23%	<b>159</b>	149	+7%
Expenses	<b>27</b>	25	+8%	<b>78</b>	78	-0%
Impairments	<b>0</b>	(0)	-100%	<b>0</b>	0	+80%
Other income (expenses)	<b>0</b>	0		<b>0</b>	0	
<b>Net income before zakat</b>	<b>25</b>	17	+45%	<b>81</b>	71	+15%

Balance Sheet (SAR Million)	3Q 2023	2Q 2023	Δ	4Q 2022	Δ
<b>Total assets</b>	<b>715</b>	733	-2%	715	+0%
<b>Total liabilities</b>	<b>64</b>	56	+15%	75	-14%

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## Outlook

The economic outlook for the Kingdom of Saudi Arabia remains positive. Real GDP growth for the Kingdom is expected to reach 0.8% with lower oil production during the year being offset by continued robust non-oil GDP growth. Project spending on giga projects and other large infrastructure projects bodes well for overall credit demand. SAIB is well positioned to capitalize on this demand through its large exposure to the corporate sector and active participation in large project financing syndicated loans market. This is expected to support growth in earnings in the remainder of 2023.

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## Additional Information

SAIB's 9M 2023 financial statements, earnings release, earnings presentation and financial data supplement are available on the SAIB Investor Relations website at:

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

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

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