



البنك السعودي للاستثمار  
The Saudi Investment Bank

# Earnings Presentation

1H 2024

21 August 2024

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# Growth momentum sustained in 1H 2024 demonstrating solid progress

Loans

+12% YTD

SAR 90.6 bn ▲

Deposits

+15% YTD

SAR 95.4 bn ▲

1H 2024 Operating Income

+3% YoY

SAR 2,018 mn ▲

1H 2024 Operating expenses

+2% YoY

SAR 850 mn ▲

Loan growth of 12% YTD driven by corporate segment, while **deposits grew 15% YTD on higher time deposits**

The growth in operating income was underpinned by 16% YoY growth in assets, and boosted by expansion in fee and other income

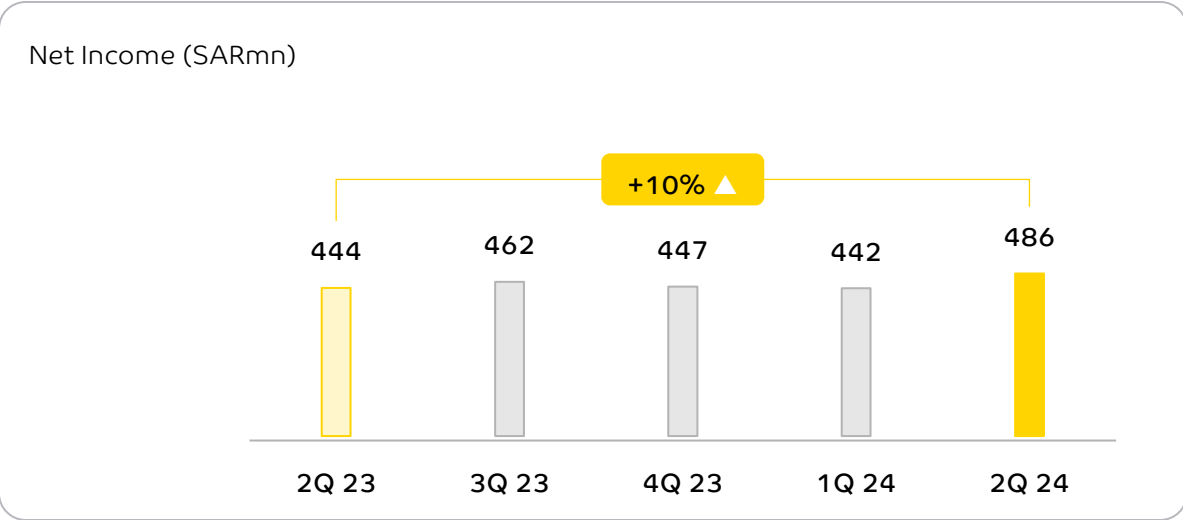
Maintained cost discipline with cost to income ratio at 42.1%

Return on tangible equity at 11.9%, improved 38 bps from 1H 2023

Asset quality continued to improve with NPL ratio declining by 3 bps YTD to 1.47% with NPL coverage ratio at 151%

Strong capital ratios with T1 ratio at 18.2%

Solid liquidity position with LCR of 175% and SAMA LTD at 77.1%



1H 2024 RoTE

+38 bps YoY

11.9% ▲

2Q 2024 NPL

-3 bps YTD

1.47% ▼

2Q 2024 T1 Ratio

-1.2 ppt YTD

18.2% ▼

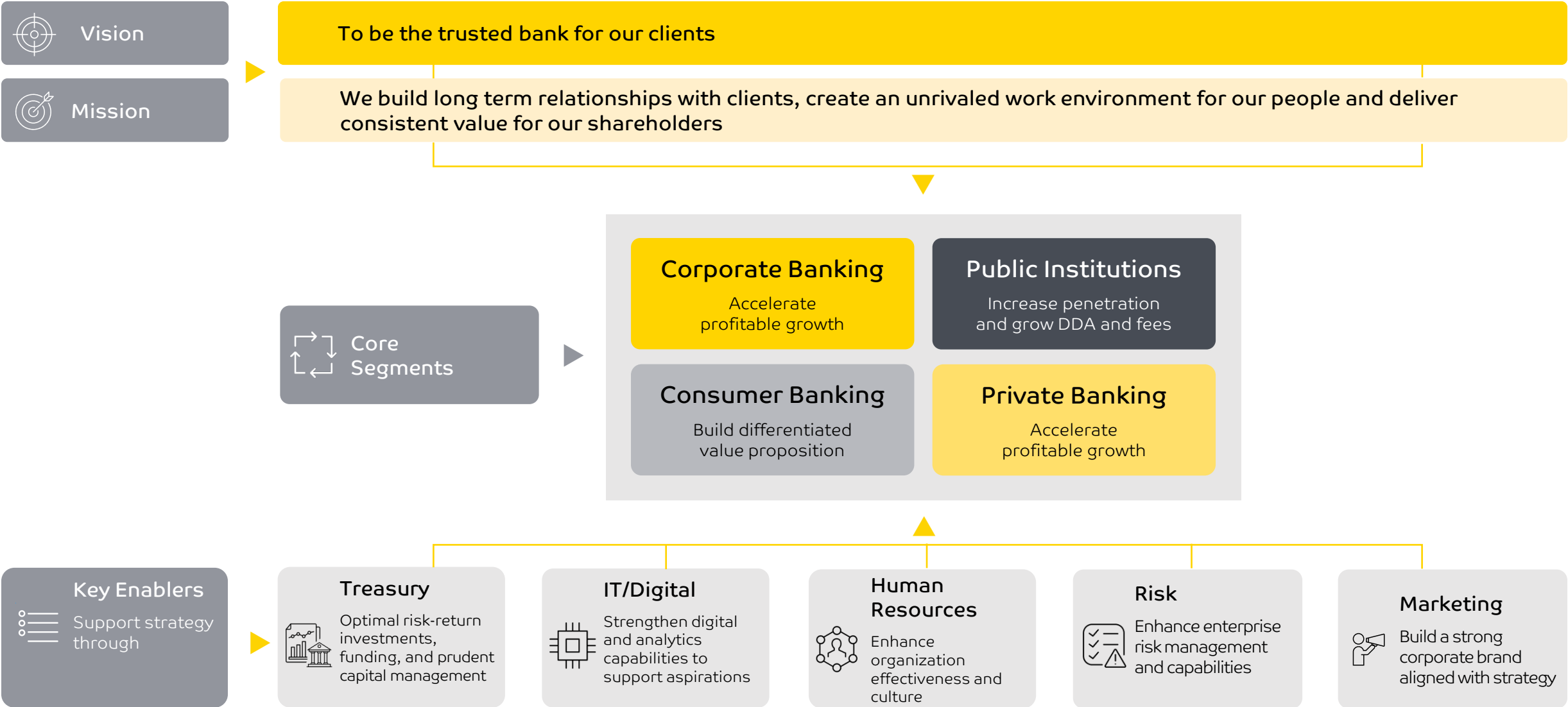
2Q 2024 LCR

-21.2 ppt YTD

174.6% ▼

# Strategy

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



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



### Corporate Banking

- Segment clients, offer differentiated coverage
- Improve product offering, cross-sell
- Design & launch new customer platform
- Simplify and automate processes
- Unlock customer relationship value with new CRM platform



### Public Institutions

- Identify focus customer segments to acquire
- Enhance product suite and continue to innovate such as Petty Cash Solution
- Launch new B2B platform
- Deepen existing customer relationships
- Revamp key journeys and processes
- Develop new CRM platform



### Consumer Banking

- Optimize segmentation and coverage to serve all segments profitably
- Enhance product suite esp. mortgage
- Launch new retail customer App
- Set up customer acquisition engines such as Travel Card & App, Travel Account



### Private Banking

- Strengthen value prop. across daily banking, lending, advisory
- Introduce new products and services esp. mortgage, investments
- Intensify cross-sell e.g. treasury products
- Redesign all key customer journeys



### Focus Areas



Strategic Segmentation and differentiated value propositions

End-to-end Digital journeys and processes

Best-in-class digital assets – Mobile Apps, Platforms

Sales Excellence

Ownership culture with refreshed performance management

AI and Advanced Analytics for decision making

# Implementation of Strategy 2027 is in full swing



## Bank-wide transformation

- 1 **40+ strategic cross-functional projects initiated**
- 2 Identified target segments across businesses in line with SAIB strengths and market trends
- 3 **Driving sales** with new product launch, systematic account planning and cross-sell
- 4 **Streamlining and automating** account opening and maintenance for all customer types
- 5 Implemented **data governance**, set up **data lake and data virtualization**
- 6 **Developing IT strategy and roadmap** for future ready capabilities incl. Enterprise Architecture
- 7 **Refreshed HR strategy**; revamping organization structure, performance and talent management

## Each function has progressed well on strategic projects

Launched **4 dedicated mortgage centers** with mortgage expert staff;  
Activated **off-plan mortgage** product announcing partnerships with mega developers in the Kingdom

Launched **KSA's first Travel Account** offering AI Fursan miles monthly and the **Zero FX fee campaign on Travel Card**

Launched **specialized corporate banking for contracting businesses**

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

Developing **fully automated credit and risk scoring engine** for retail banking products

Started using **AI and Advanced Analytics** for business use cases

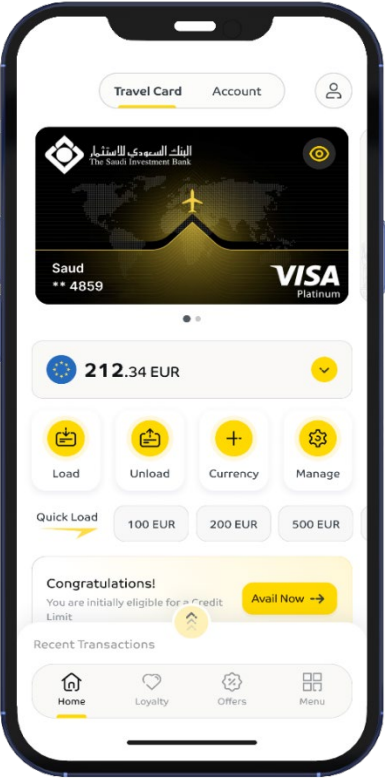


SAIB Venture Studio..

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

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

SAIB Travel App has received top ratings on App Store and Google Play





200,000+ Downloads

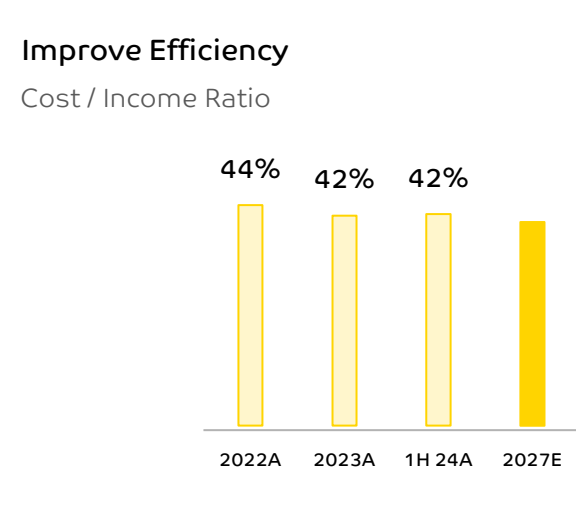
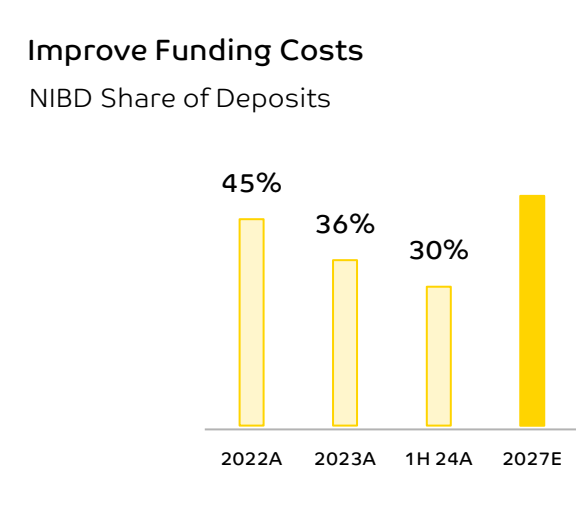
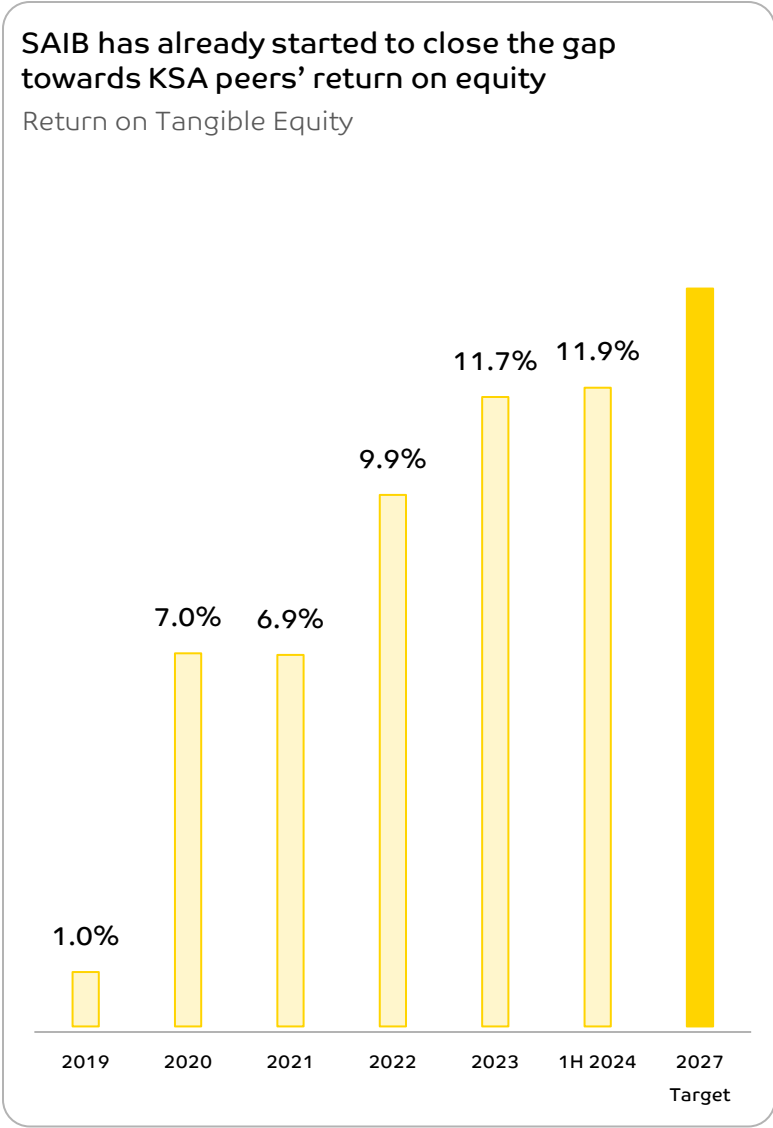
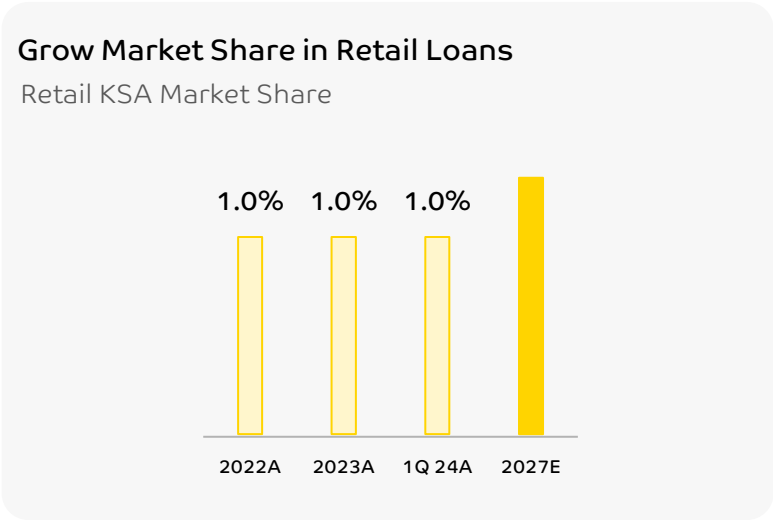
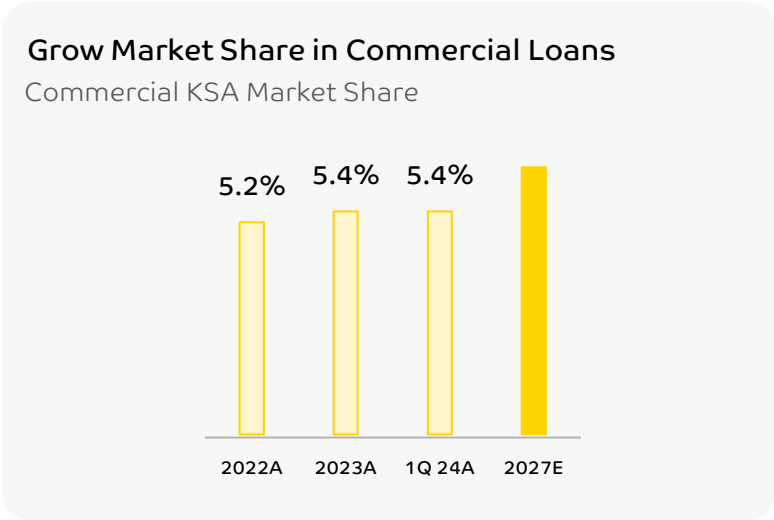
120,000+ Active users

4.8+ Average ratings on App Store and Google Play

Market leading 0 FX fee campaign started in May end 40,000 new cards issued since







# Financial Performance

1H 2024

# SAIB is focused on delivering strong results across key performance indicators



		1H 2024	DRIVERS
Balance Sheet	LOANS & ADVANCES	SAR 90.6 <sub>bn</sub> +12% YTD	Strong growth in Corporate (+13%) and Private Banking (+21%) loans
	DEPOSITS	SAR 95.4 <sub>bn</sub> +15% YTD	Strong growth in IBDs (+25%) mainly from corporate and retail customers, and NIBDs reduction YTD (-4%); NIBD share declined by 5.8 ppt to 30.2%
Profitability	NET INTEREST MARGIN	2.77% -36 bps YoY	NIM contraction YoY due to shift in the deposit mix
	COST TO INCOME RATIO	42.1% -0.5 ppt YoY	Operating expenses rose 2% YoY, but positive jaws improved cost to income ratio
	RETURN ON TANGIBLE EQUITY	11.9% +38 bps YoY	ROTE improvement as attributable net income growth YoY of 10% to SAR 847mn exceeds growth in average tangible common equity (+7% YoY)
Asset Quality	COST OF RISK	0.33% -10 bps YoY	Cost of risk remains low at 33 bps
	NPL RATIO	1.47% -3 bps YTD	NPL ratio continues to improve in benign credit environment
	NPL COVERAGE RATIO	151.1% -4.1 ppt YTD	NPL coverage ratio remains at comfortable level
Capital & Liquidity	TIER 1 RATIO	18.2% -1.2 ppt YTD	Slight reduction in Tier 1 ratio mainly from payment of final FY 2023 dividend during the quarter
	SAMA LTD RATIO	77.1% +0.6 ppt YTD	Improvement driven by strong deposit growth YTD



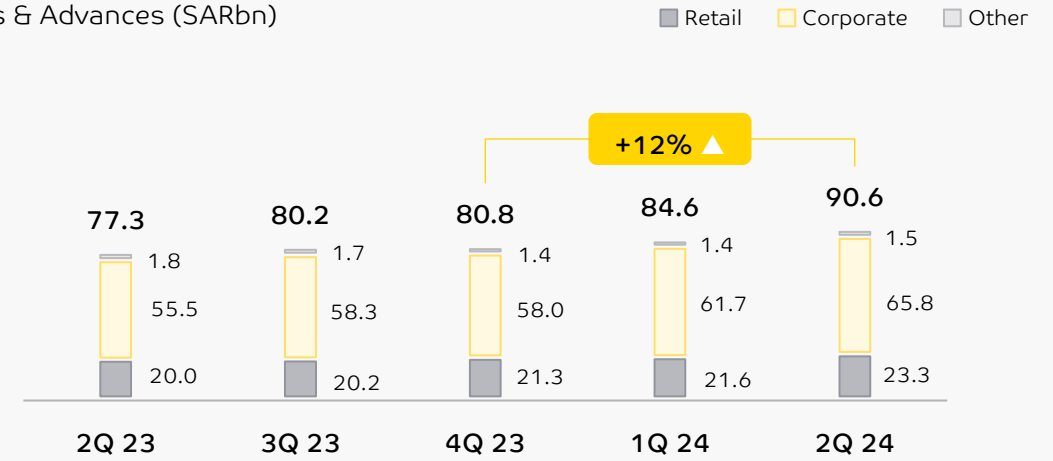
# Balance sheet momentum funded largely by deposits

**Total assets increased by 10% YTD** as loans grew 12% and investments rose 8%, further supported by increased balances with SAMA (+6%) which were partially offset by a reduction in bank placements (-18%)

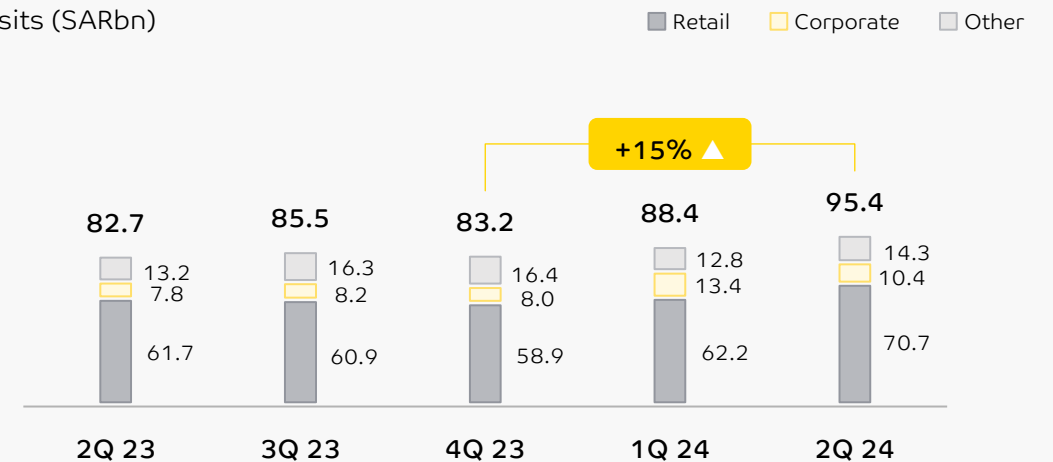
**Total liabilities increased 12% YTD**, driven by 15% growth in deposits and 5% growth in interbank funding

SAR Million	2Q 2024	1Q 2024	Δ	4Q 2023	Δ
Cash and balances with SAMA	<b>11,725</b>	9,946	+18%	11,018	+6%
Due from banks and financial Institutions, net	<b>1,206</b>	2,751	-56%	1,473	-18%
Investments, net	<b>34,783</b>	34,167	+2%	32,301	+8%
Loans and advances, net	<b>90,644</b>	84,623	+7%	80,751	+12%
Other assets, net	<b>5,000</b>	4,919	+2%	4,441	+13%
<b>Total assets</b>	<b>143,358</b>	136,405	+5%	129,984	+10%
Due to banks and other financial institutions, net	<b>28,765</b>	28,801	-0%	27,289	+5%
Customers' deposits	<b>95,363</b>	88,433	+8%	83,233	+15%
Other liabilities	<b>1,730</b>	1,890	-8%	2,227	-22%
<b>Total liabilities</b>	<b>125,857</b>	119,124	+6%	112,749	+12%
Share capital	<b>12,500</b>	10,000	+25%	10,000	+25%
Retained earnings	<b>2,110</b>	1,690	+25%	1,711	+23%
Other reserves	<b>390</b>	2,876	-86%	2,809	-86%
Shareholders' equity	<b>15,001</b>	14,566	+3%	14,520	+3%
Tier 1 sukuk	<b>2,500</b>	2,715	-8%	2,715	-8%
<b>Total equity</b>	<b>17,501</b>	17,281	+1%	17,235	+2%

Loans & Advances (SARbn)



Deposits (SARbn)



# Loan growth continues to gain momentum driven by corporate lending

**12% YTD growth in loans** driven by 13% increase in corporate lending due to widespread growth across sectors and further expansion of private banking lending.

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

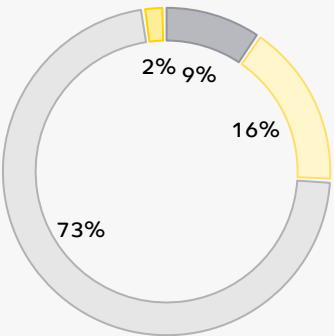
Retail lending grew 9% YTD supported by an increase of 21% in private banking lending

**+7%** Total Loans QoQ ▲

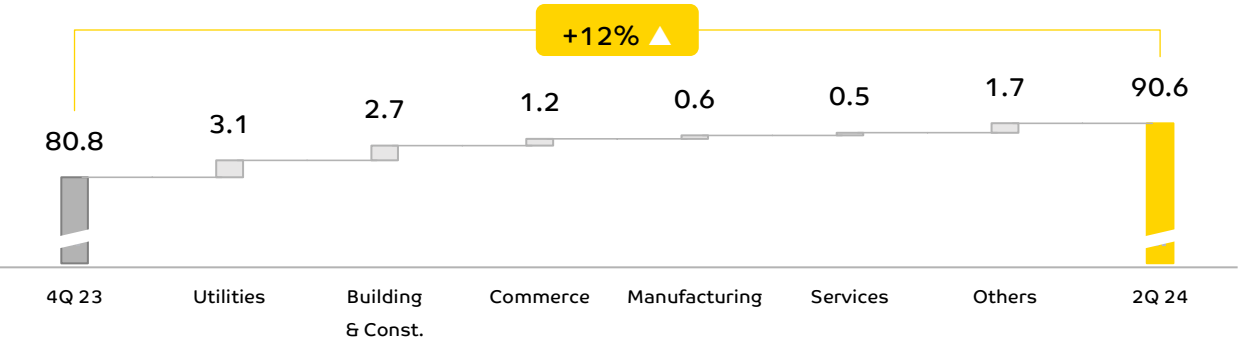
**+12%** Total Loans YTD ▲

Loans & Advances by Segment (%)

- Retail
- Private Banking
- Corporate
- Others

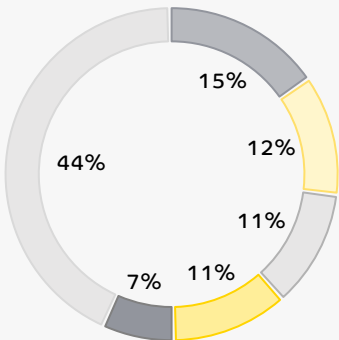


Loans & Advances, Net Movement YTD (SARbn)



Loans & Advances by Economic Activity (%)

- Commerce
- Consumer
- Utilities
- Building & Const.
- Banks & FI
- Others



# Investments grew 8% YTD driven by acquisition of high-quality, fixed-rate debt securities

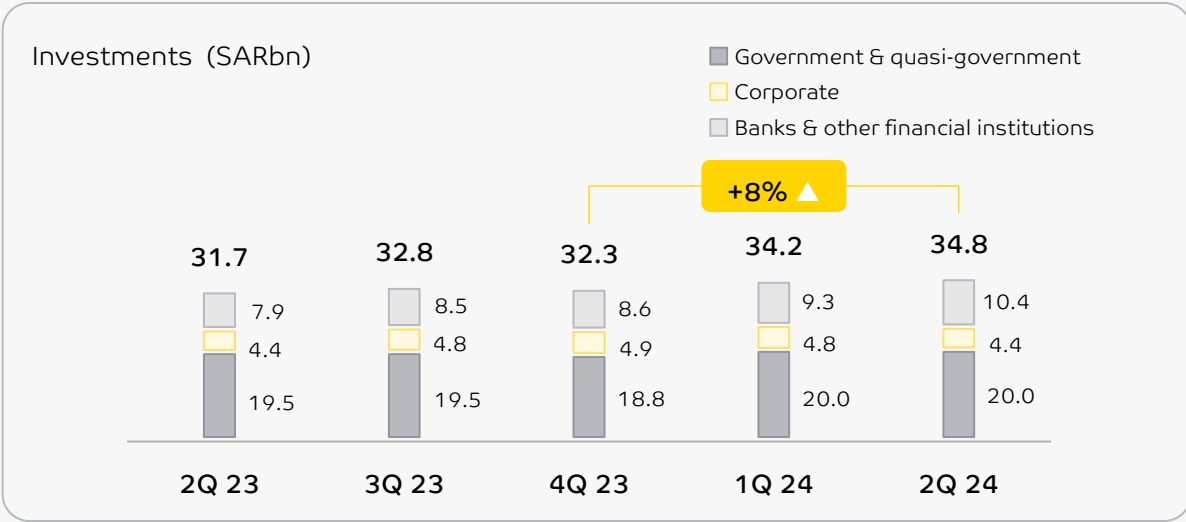
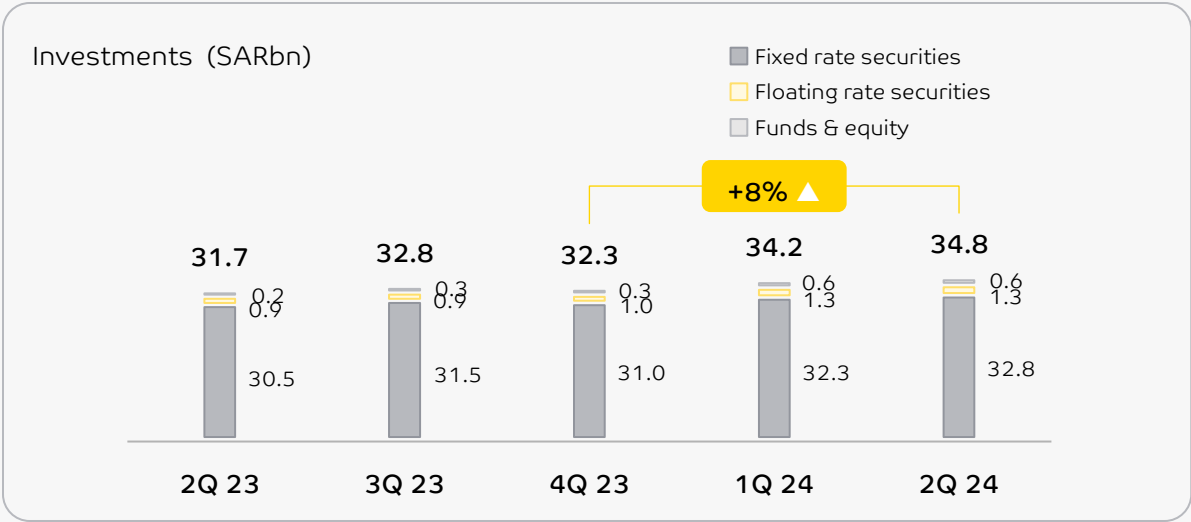
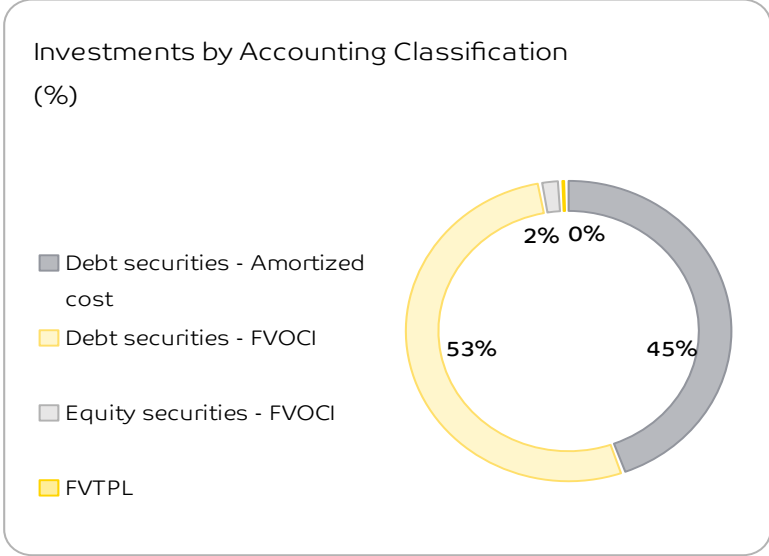
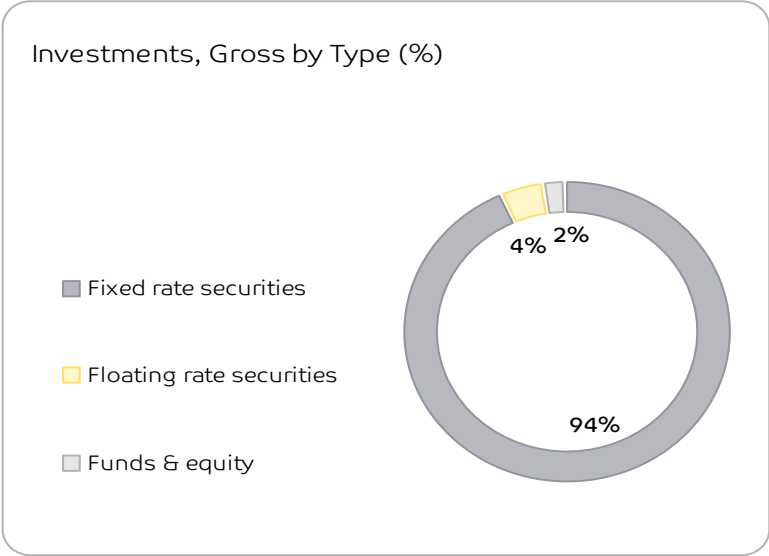


**Increase in investments** during 1H 2024 mainly driven by new securities purchased to lock-in benefits from high rate environment (mainly in fixed-rate debt securities issued by government and international banks)

**94% of investments were fixed rate debt securities**

**53% of investments** were accounted for **at fair value through other comprehensive income** and **45% at amortized cost**

**High-grade investment portfolio** with 58% of investment securities issued by government, and 30% by banks and other financial institutions



Customer deposits increased 15% YTD mainly driven by IBDs

Deposits grew 15% during 1H 2024, mainly driven by increased interest-bearing deposits

Corporate deposits increased by 31%, while Retail deposits were up 20% YTD; Treasury and Investment deposits decreased 13%

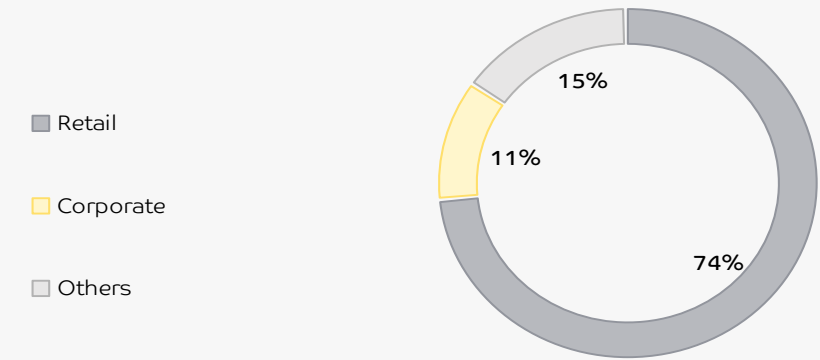
IBDs rose 25% YTD from large inflows to time deposits amid higher interest rate environment

NIBDs declined by 4% YTD

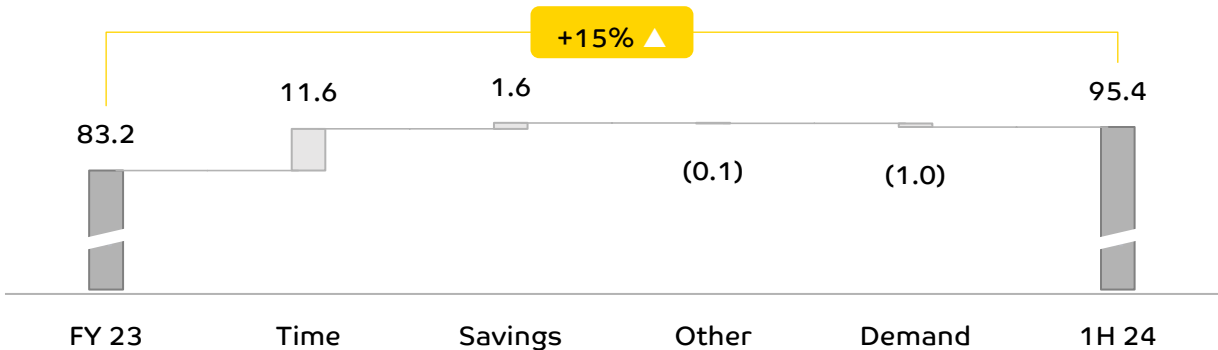
+8% Deposits QoQ ▲

+15% Deposits YTD ▲

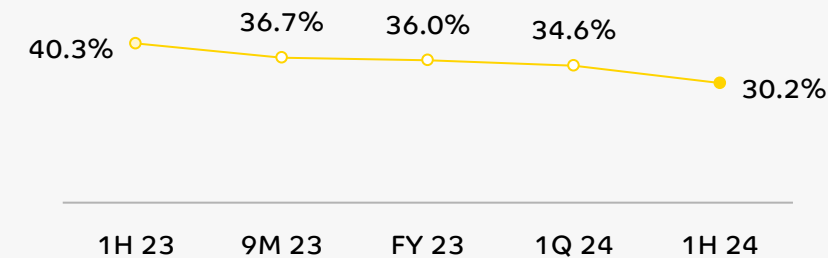
Deposits by Segment (%)



Deposits Movement YTD (SAR bn)



NIBD % of Total



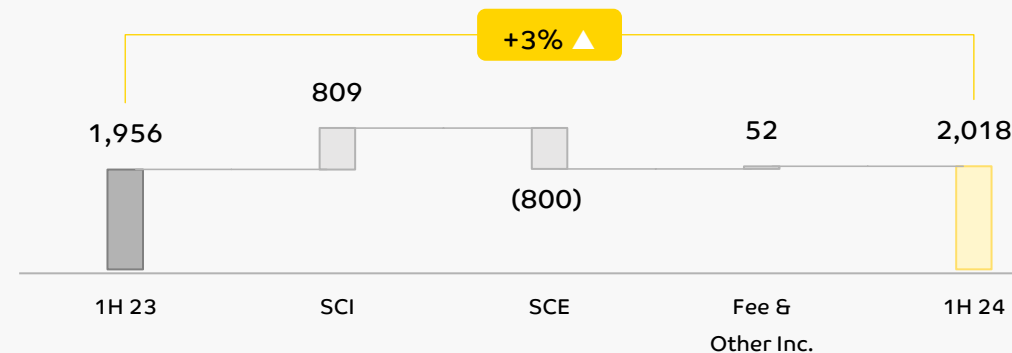
# 9% growth in 1H 2024 earnings driven by increased fee and other income



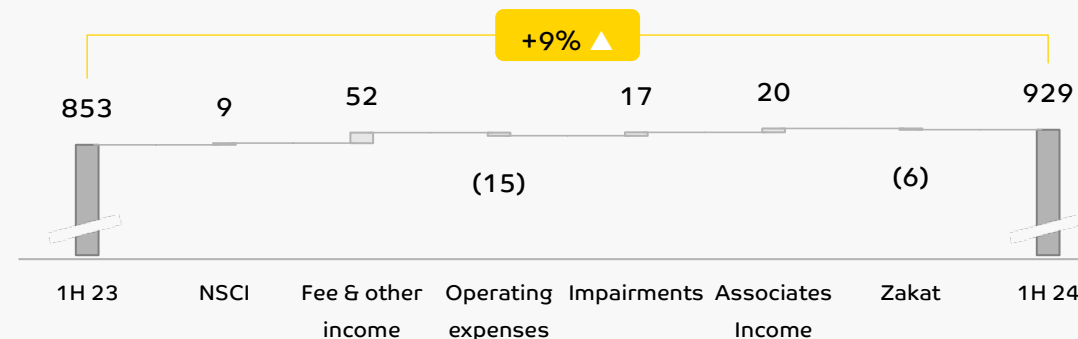
Net income increased 9% YoY in 1H 2024 driven by 3% growth in operating income, further aided by positive operating leverage from a modest 2% increase in operating expenses and 10% decrease in impairment charges

SAR Million	2Q 2024	2Q 2023	Δ	1H 2024	1H 2023	Δ
Net special commission income	875	868	+1%	1,721	1,713	+1%
Fee and other income	147	126	+17%	296	244	+22%
<b>Total operating income</b>	<b>1,023</b>	993	+3%	<b>2,018</b>	1,956	+3%
Operating expenses	(423)	(410)	+3%	(850)	(835)	+2%
Provisions for credit and other losses	(62)	(80)	-22%	(144)	(161)	-10%
<b>Net Operating Income</b>	<b>538</b>	504	+7%	<b>1,023</b>	961	+7%
Share in earnings of associates	24	13	+94%	50	31	+64%
<b>Income before provisions for Zakat</b>	<b>562</b>	516	+9%	<b>1,074</b>	992	+8%
Provisions for Zakat	(76)	(72)	+5%	(145)	(139)	+4%
<b>Net Income attributed to equity holders</b>	<b>486</b>	444	+10%	<b>929</b>	853	+9%
Earnings per share	0.34	0.30	+11%	0.68	0.61	+10%
Net interest margin	2.77%	3.07%	-31bps	2.77%	3.13%	-36bps
Cost to Income Ratio	41.3%	41.3%	+0.0ppt	42.1%	42.7%	-0.5ppt
Cost of Risk	0.28%	0.41%	-13bps	0.33%	0.43%	-10bps
Return on tangible common equity	11.8%	11.1%	+67bps	11.9%	11.5%	+0.4ppt

Total Operating Income Movement YoY (SARmn)



Net Income Movement YoY (SARmn)





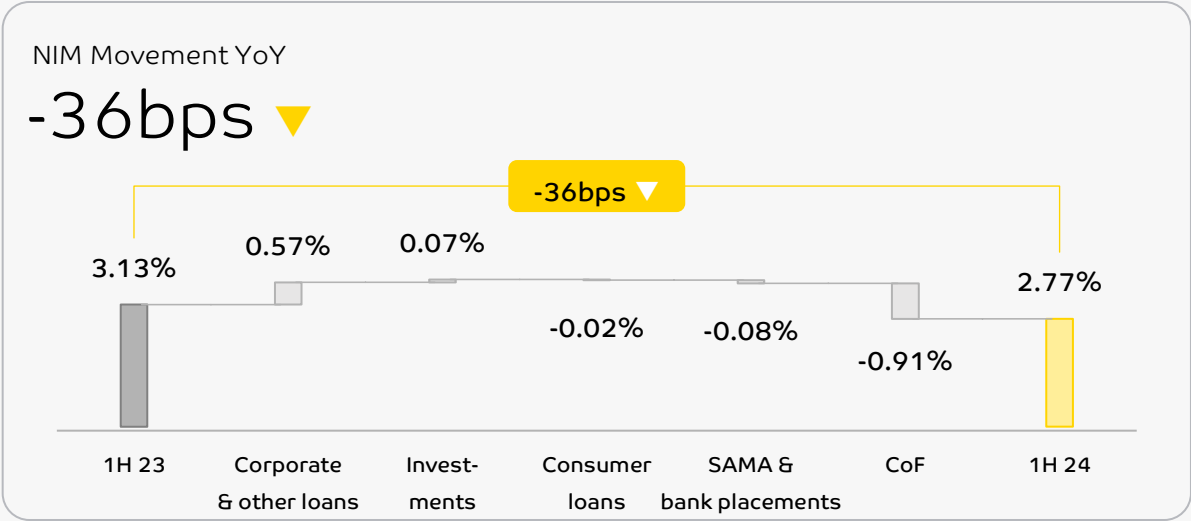
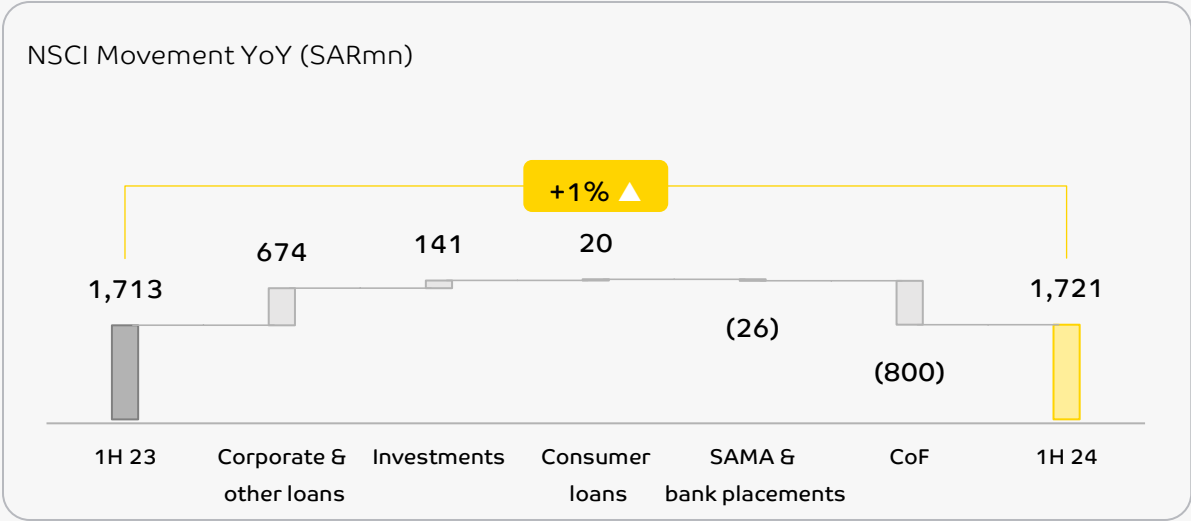
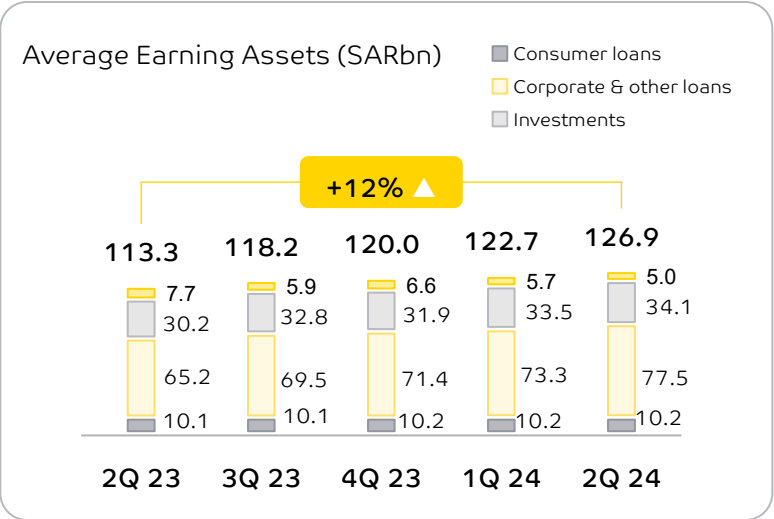
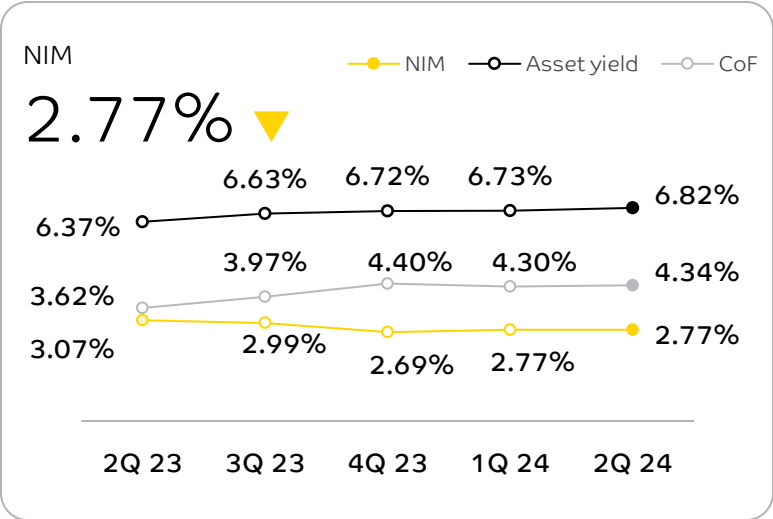
# NSCI stable YoY as 13% growth in earning assets was offset by a 36bps NIM contraction



NSCI was stable YoY as 13% growth in average earnings assets for 1H 2024 was offset by NIM contraction

The YTD NIM declined by 36 bps YoY to 2.77% in 1H 24 due to a 90 bps rise in cost of funds from increased benchmark rates and shift in deposit mix, partly offset by 55 bps asset yield expansion

The Quarterly NIM declined by 30 bps YoY to 2.77% in 2Q 24, with asset yields increasing by 44 bps YoY to 6.82% and the cost of funding increasing by 72 bps YoY to 4.34%



# Growth in fee and other income of 22% driven by investment income and banking services fees

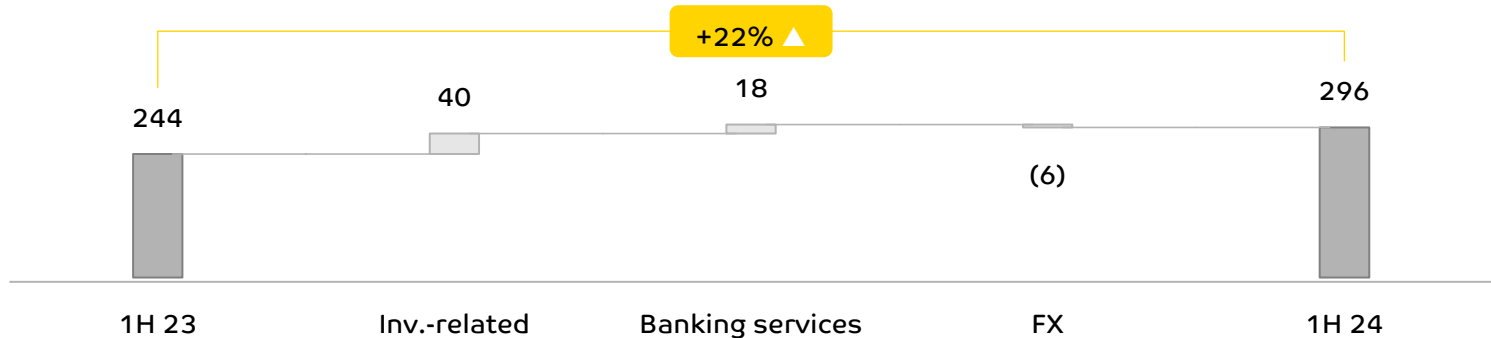
**Fee & other income increased 22% YoY** in 1H 2024, mainly driven by investment-related income and supported by growth of banking services fees

Foreign exchange income decreased by 5% YoY in 1H 2024 due to lower flows from corporate business during the half of the year

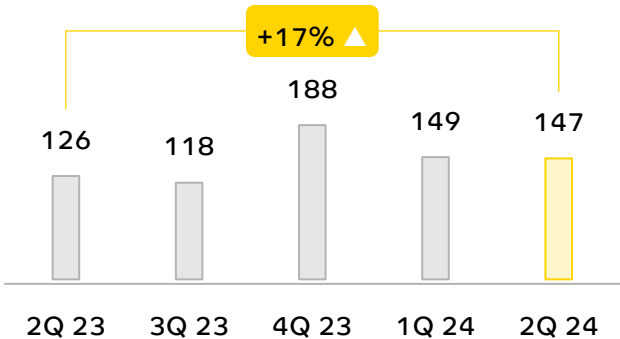
Investment related income increased largely due to mark-to-market fair value gains

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

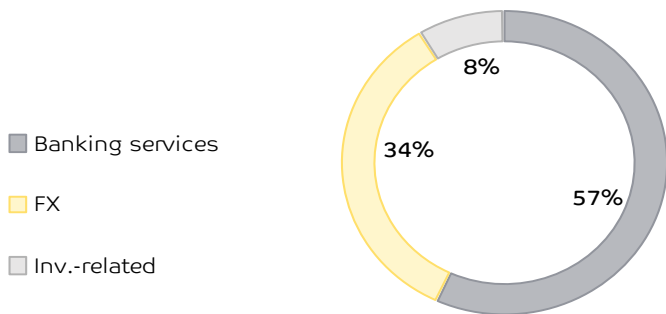
Fee & Other Income Movement YoY (SARmn)



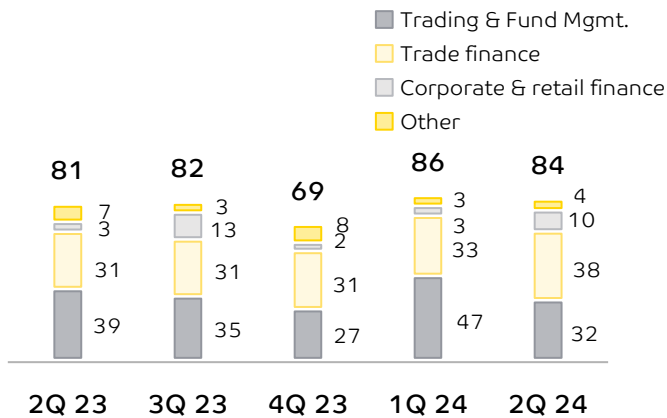
Fee And Other Income (SARmn)



Fee & Other Income by Segment (%) - 1H 24



Fee Income From Banking Services (SARmn)



# Marginal increase in operating expenses



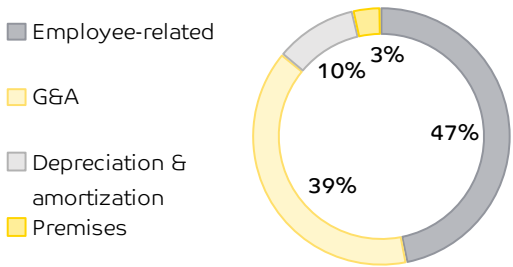
**Operating expenses increased 2% YoY** in 1H 2024, mainly due to increases in general & administration and employee-related expenses

**Premises costs** declined as a previously rented facility was acquired in 1Q 2024, with subsequent charges depreciated

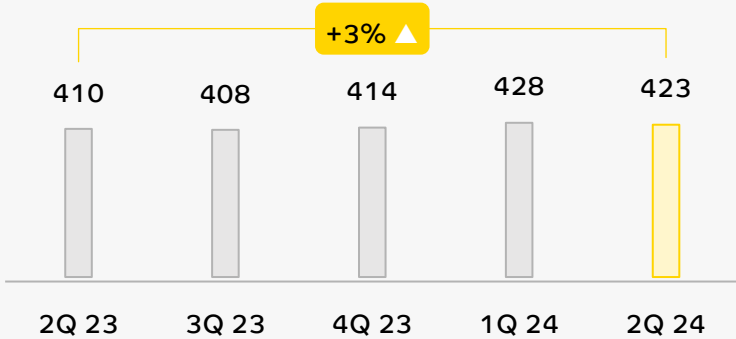
**Cost to income ratio (CIR) improved** to 42.1% in 1H 2024 compared to 42.7% in 1H 2023 due to faster growth of operating income relative to operating expenses

CIR is expected to remain between 41.5-42.5% during the rest of the year

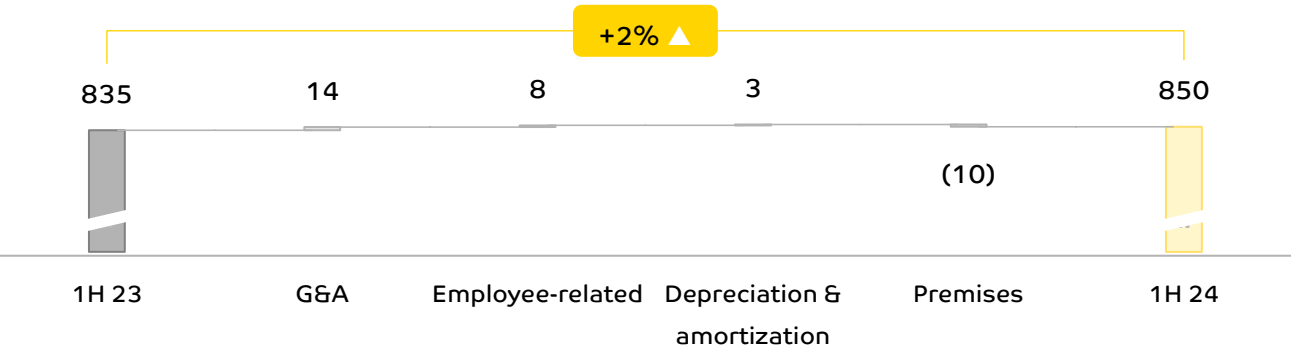
Operating Expenses Composition (%) - 1H 24



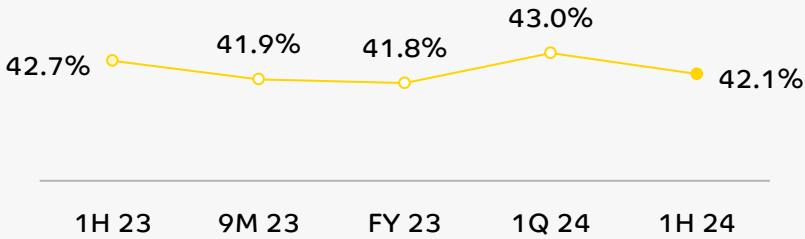
Operating Expenses (SARmn)



Operating Expenses Movement YoY (SARmn)



Cost to Income Ratio



# Credit quality remained stable with NPL ratio at low levels



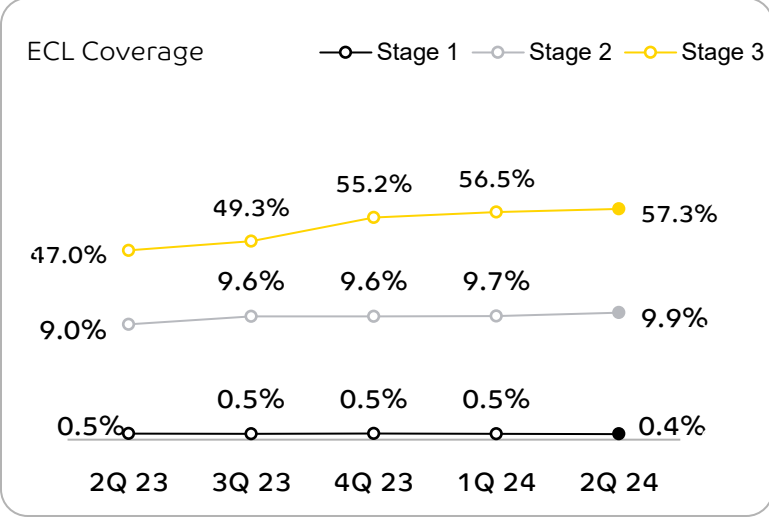
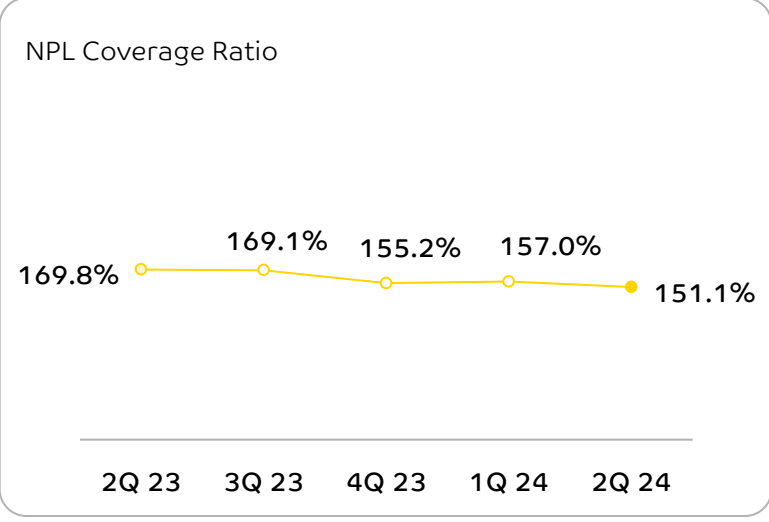
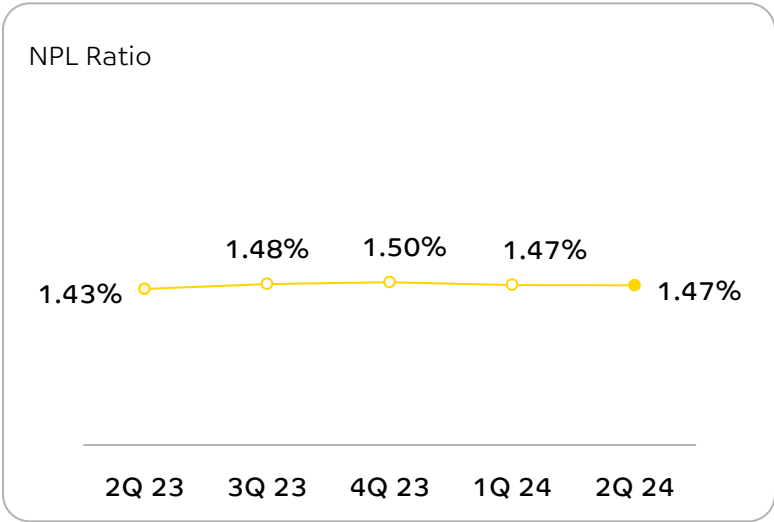
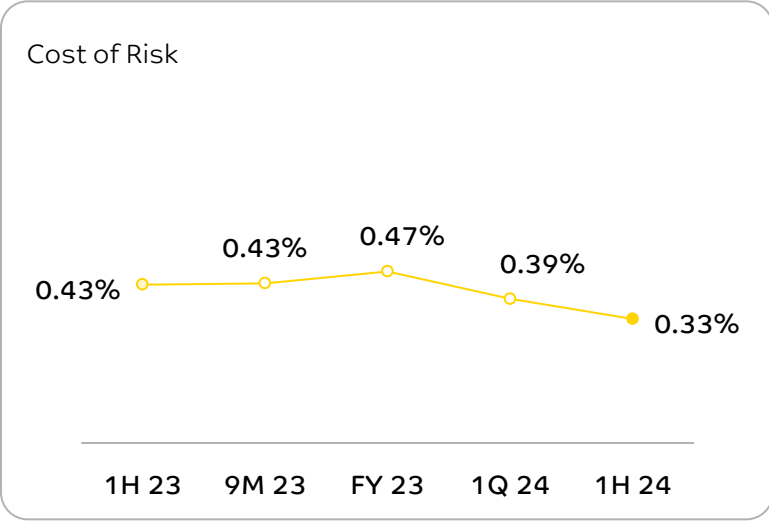
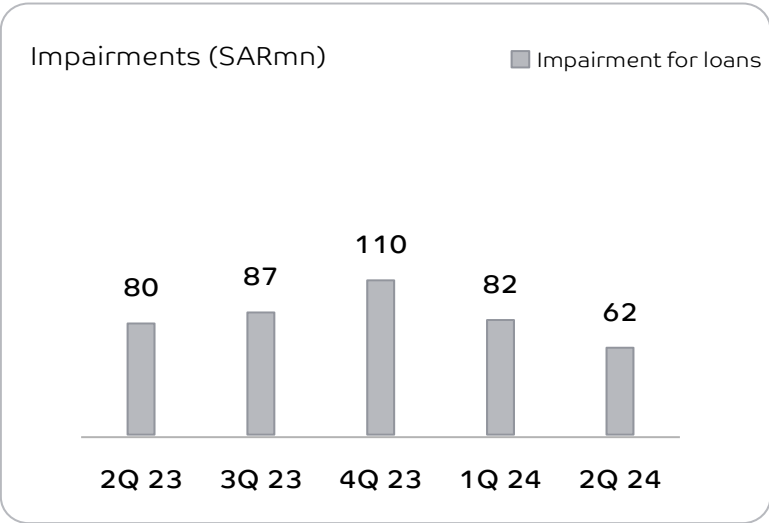
**Total impairments of SAR 144mn** for 1H 2024, decreasing 10% YoY from **SAR 161mn** in 1H 2023.

**Cost of risk decreased to 0.33%** in 1H 2024

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

**NPL coverage ratio at 151.1%** as of 2Q 2024, decreased by 4.1 ppt YTD

Stage 3 ECL coverage rose to 57.3% on 10% growth YTD in Stage 3 ECL on 5% growth YTD in Stage 3 loans, incl. non-performing loans



# Solid liquidity, funding and capital position with adequate buffers



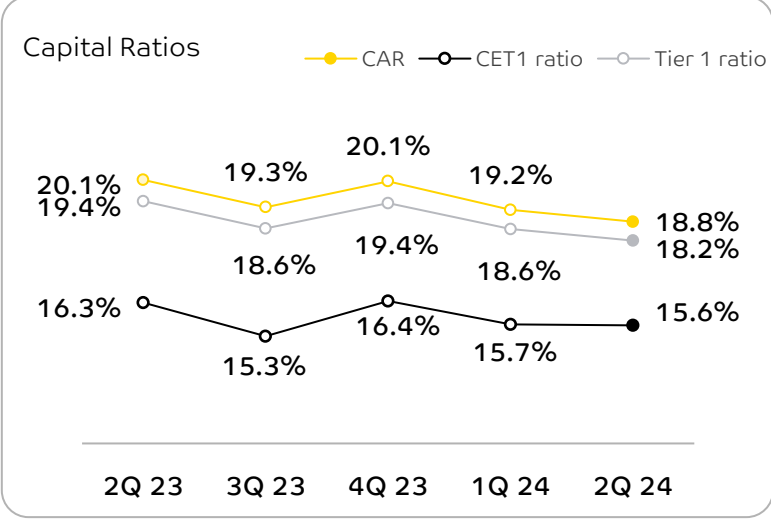
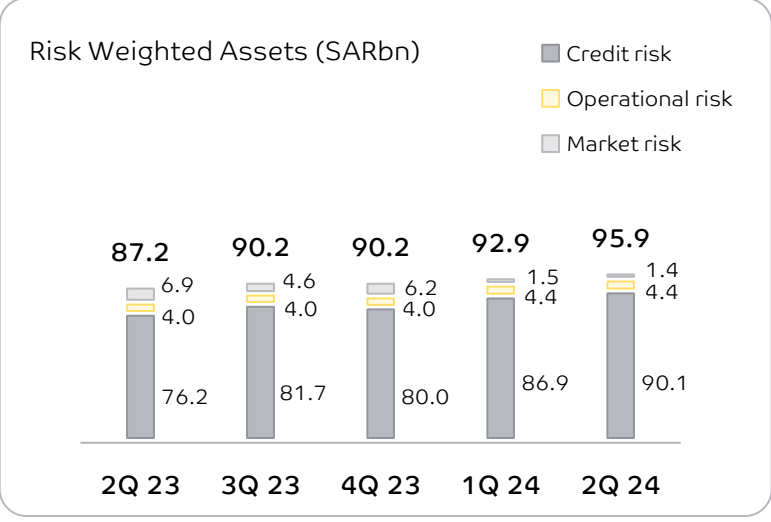
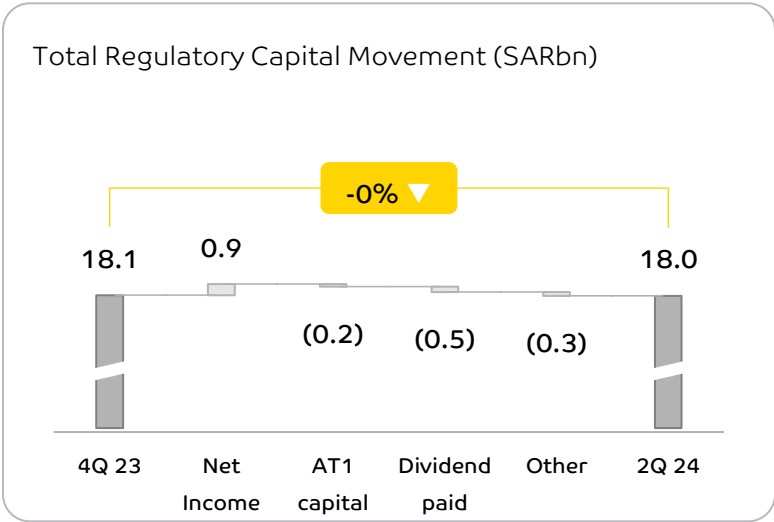
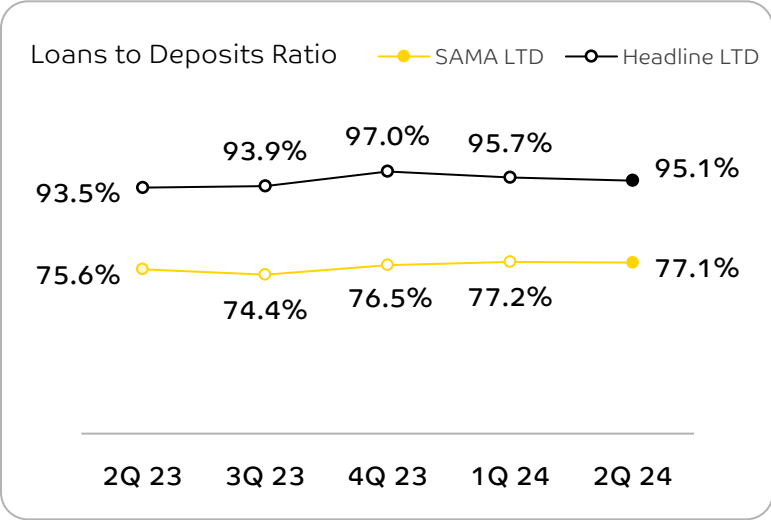
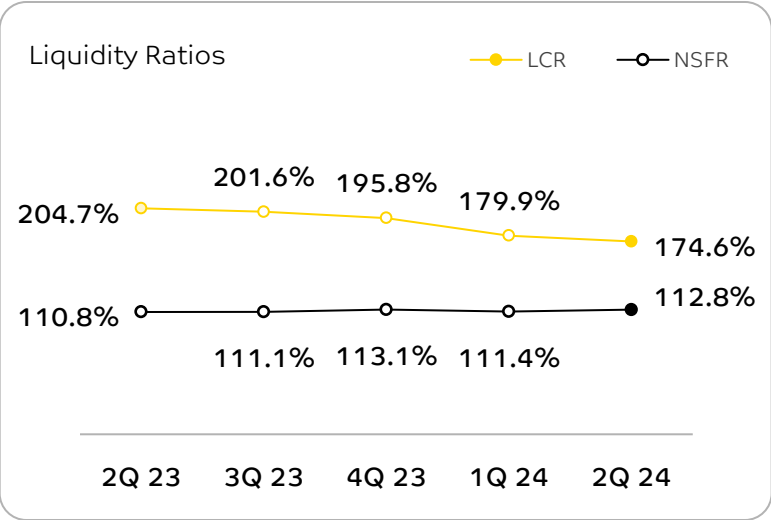
LCR declined by 21.2 ppt during 1H 2024 to 174.6%, while NSFR decreased 0.3 ppt to 112.8%

As of 1H 2024, the SAMA regulatory LTD ratio was comfortably within required levels at 77.1%

Total capital (Tier 1 + Tier 2 regulatory capital) slightly decreased by 0.1% as net income generation was more than offset by dividend payment and the phasing out of the IFRS9 transition arrangements

RWAs increased by 6% YTD during 1H 2024

CAR was 18.8% and the Tier 1 ratio stood at 18.2%



# 1H 2024 Results and 2024 Guidance

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



		2023 Actual	1H 2024 Actual	2024 GUIDANCE	GUIDANCE REVISIONS
Balance Sheet	LOANS & ADVANCES	+17% YoY	+12% YTD	High teens	Revised upwards to high teens in light of double-digit growth in 1H 2024
Profitability	NET INTEREST MARGIN	2.98% +4 bps YoY	2.77% -36 bps YoY	Approx. 2.75%	Guidance unchanged
	COST TO INCOME RATIO	41.8% -2.3 ppt YoY	42.1% -0.4 ppt YoY	41.5% - 42.5%	Guidance unchanged
	RETURN ON TANGIBLE EQUITY	11.7% +1.8 ppt YoY	11.9% +38 bps YoY	>12.0%	Guidance unchanged
Asset Quality	COST OF RISK	0.47% +21 bps YoY	0.33% -10 bps YoY	0.35% - 0.40%	Revised down from 0.45% - 0.50% in light of benign credit experience in 1H 2024
Capital	TIER 1 RATIO	19.4% +1.8 ppt YoY	18.2% -1.2 ppt YTD	>18.75%	Guidance unchanged

FOCUSED ON DELIVERING STRONG RESULTS ACROSS KEY PERFORMANCE INDICATORS

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# Q&A



# Appendix



البنك السعودي للاستثمار  
The Saudi Investment Bank

# SAIB Investor Relations

For more information, please visit [www.saib.com.sa/en/investor-relations](http://www.saib.com.sa/en/investor-relations)  
or contact SAIB Investor Relations at [ir@saib.com.sa](mailto:ir@saib.com.sa)