



البنك السعودي للاستثمار
The Saudi Investment Bank

Earnings Presentation

9M 2024

11 November 2024

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Growth momentum sustained in 9M 2024 demonstrating solid progress



Loans

+18% YTD

SAR 94.9 bn ▲

Deposits

+18% YTD

SAR 98.1 bn ▲

9M 2024 Operating Income

+4% YoY

SAR 3,096 mn ▲

9M 2024 Operating expenses

+4% YoY

SAR 1,297 mn ▲

Loan growth of 18% YTD driven by corporate segment, while deposits grew 18% YTD on higher time deposits

The growth in operating income was underpinned by 17% YoY growth in assets, and boosted by expansion in fee and other income

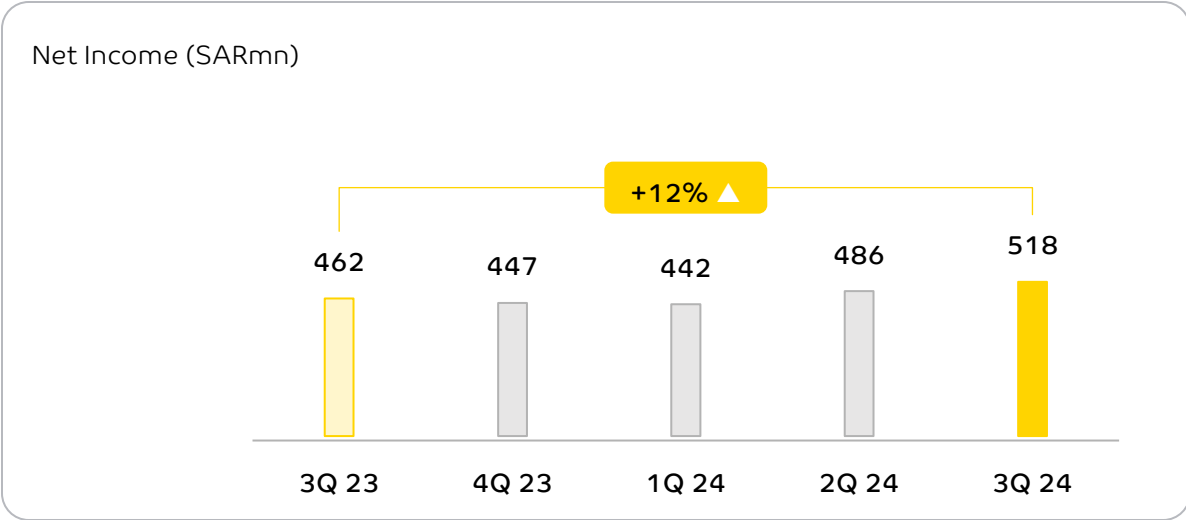
Maintained cost discipline with cost to income ratio at 41.9%

Return on tangible equity at 12.5%, improved 28 bps from 9M 2023

Asset quality continued to improve with NPL ratio declining by 9 bps YTD to 1.41% and NPL coverage ratio at 155%

Strong capital ratios with T1 ratio at 17.4%

Solid liquidity position with LCR of 168% and SAMA LTD at 79.1%



9M 2024 RoTE

+28 bps YoY

12.5% ▲

3Q 2024 NPL

-9 bps YTD

1.41% ▼

3Q 2024 T1 Ratio

-2.0 ppt YTD

17.4% ▼

3Q 2024 LCR

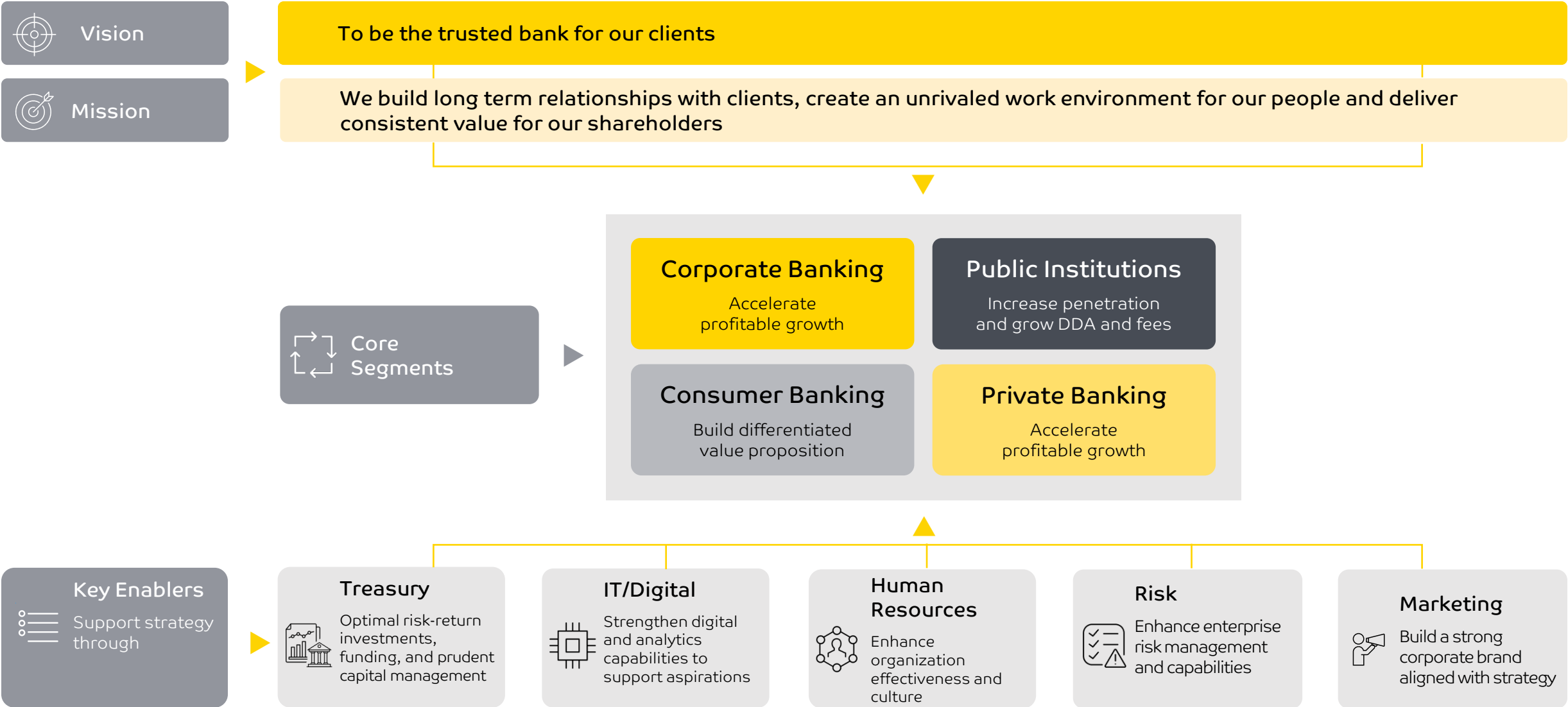
-27.8 ppt YTD

168.0% ▼



Strategy

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



...which is translated into strategic priorities and initiative themes for each function



Corporate Banking

- Identify growing client segments; launch dedicated teams, products
- Improve cross-sell incl. treasury products
- Design & launch new portal for clients
- Simplify and automate processes
- Unlock customer relationship value by launching a new CRM platform
- Launch additional financing products for SME such as PoS, Supply Chain Financing
- Launch innovative Financing solutions for Rest Estate
- Design & launch new B2B platform



Public Institutions

- Identify target public institution types to acquire; drive sales excellence
- Deepen existing client relationships to increase their share of banking with SAIB
- Improve and innovate products, such as the industry leading Petty Cash Solution
- Revamp key journeys and processes including account opening and maintenance journeys
- Develop new CRM platform to help RMs serve clients



Consumer Banking

- Review client segments in line with Bank's strength and Strategic objectives
- Update the client service model to serve the updated client segments profitably
- Refine value proposition for each client segment; launch new products especially for deposits and home finance
- Launch new Retail Banking App
- Continue to launch innovative products for consumers such as Travel Card & App, Travel Account to help acquire new clients



Private Banking

- Redesign all key client-facing journeys including account opening, KYC etc.
- Refine the RM-led service model to deepen client relationships and increase sales
- Strengthen SAIB value proposition for Private Banking clients across daily banking, lending, investment, advisory
- Introduce new products and improve cross-sell for mortgage, investments, treasury
- Continue to innovate tailored products such as commercial real estate financing



Focus Areas



Strategic Segmentation and differentiated value propositions

End-to-end digital journeys and processes

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

Sales Excellence and increasing cross-sell with deep collaboration across teams

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 **45+ strategic cross-functional projects initiated**
- 2 **Identified target client segments** across businesses leveraging SAIB strengths and market trends
- 3 **Driving sales** with new product launch, systematic account planning, and cross-sell
- 4 **Streamlining and automating** account opening, KYC, and maintenance process for all client types
- 5 **Implemented data governance**, set up data lake and data virtualization
- 6 **Developed IT strategy and roadmap** to achieve future-ready tech capabilities
- 7 **Refreshed HR strategy**; revamping organization structure, performance and talent management

Each function has progressed well on strategic projects

Corporate Banking identified contracting business clients as a growing segment and launched dedicated team to target it

Institutionalized account planning and cross-sell collaboration to accelerate sales and deepen client relationships

Developing products for **SME financing and large-scale real estate financing**

Launched **Travel Card** with zero FX fee currently, launched **KSA's first Travel Account** offering miles on monthly average balance

Established dedicated Home Finance (HF) centers in branches, staffed with mortgage experts as HF advisors; launched off-plan mortgage products in partnership with major developers in the Kingdom

Developed new **Retail Banking App** that will be launched soon

Identified **high-growth sub-segments in affluent banking** and now refining products and service model to acquire and serve them

Developing **fully automated credit and risk scoring engine** for retail products including credit card, personal and home finance

Started using **AI, ML, and Advanced Analytics** for various business use cases

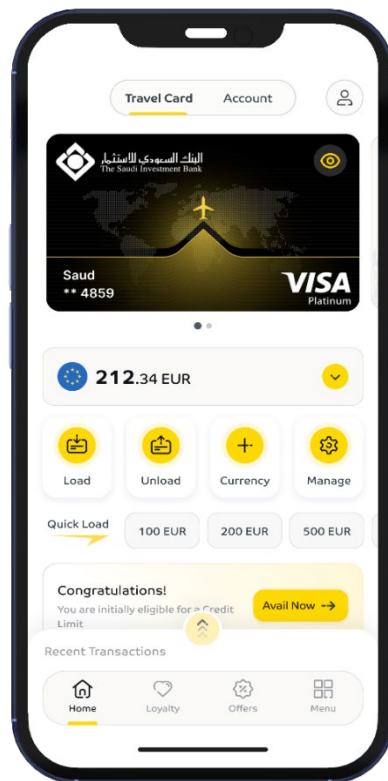


SAIB Venture Studio..

... 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



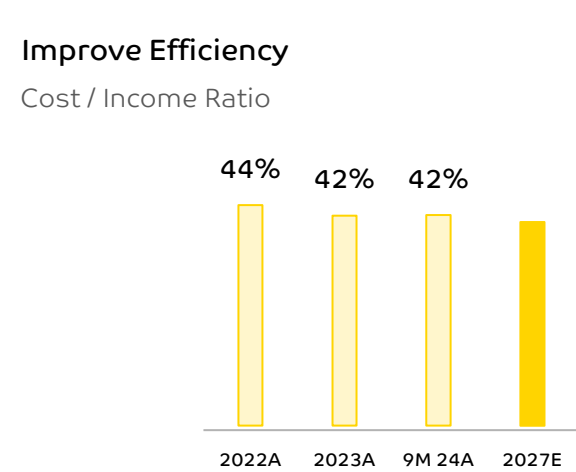
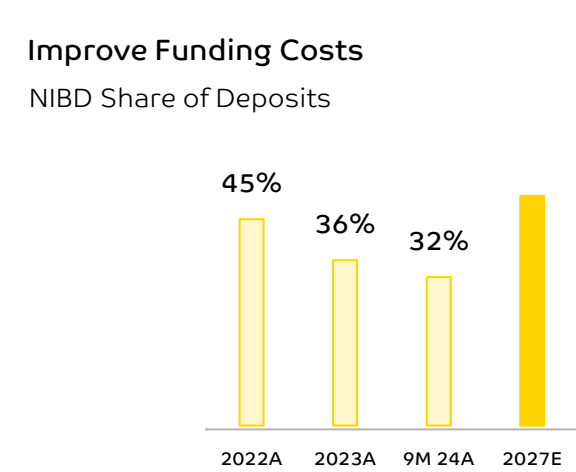
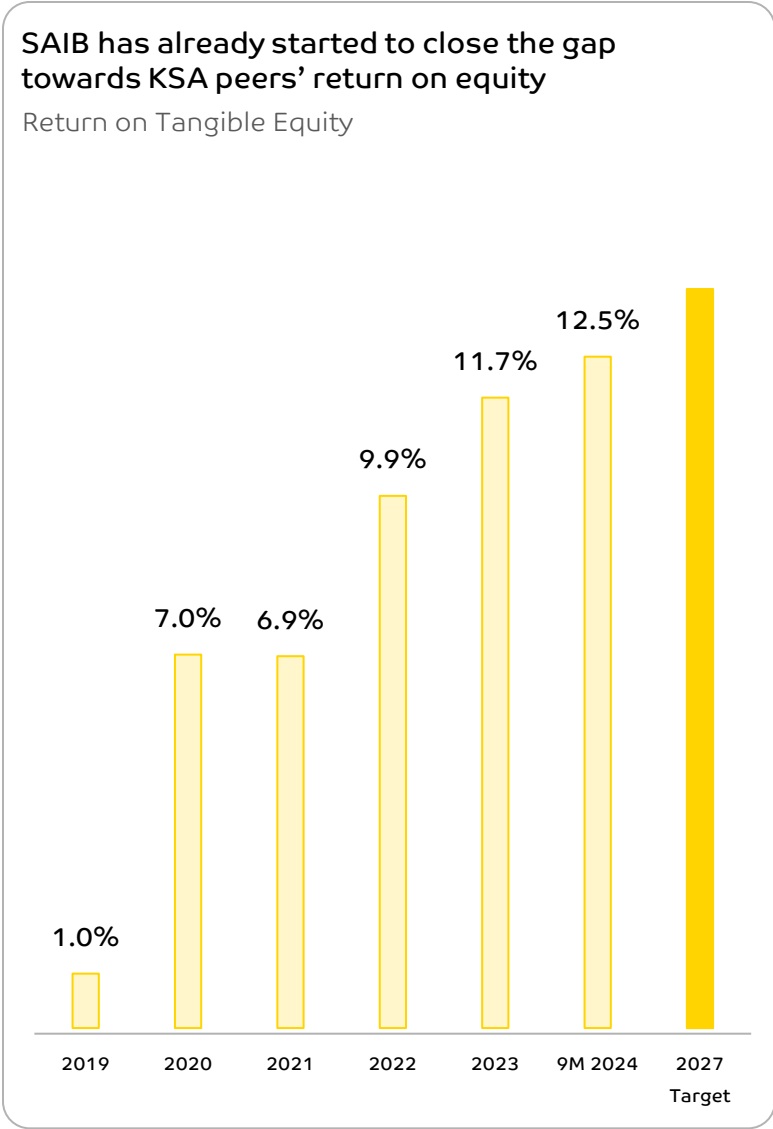
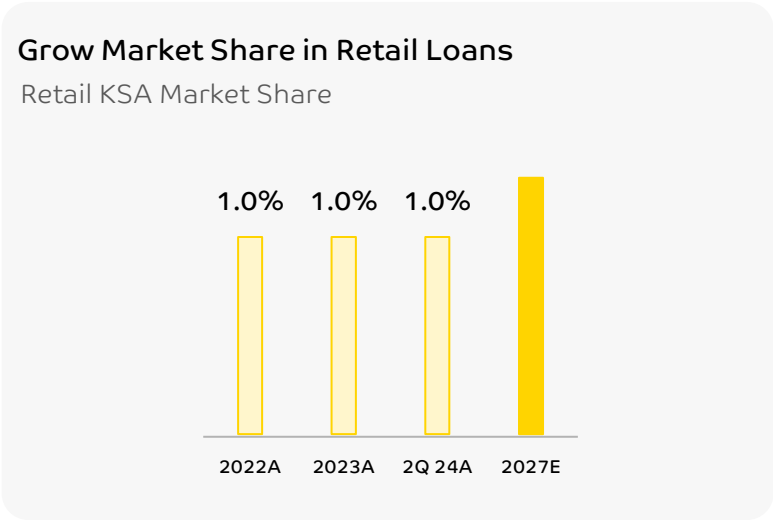
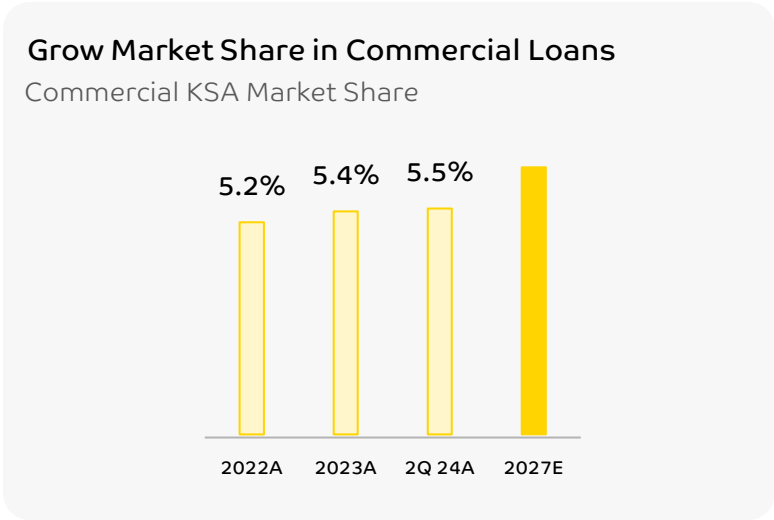
200,000+
Downloads

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

9M 2024

SAIB is focused on delivering strong results across key performance indicators



		9M 2024	DRIVERS
Balance Sheet	LOANS & ADVANCES	SAR 94.9 bn +18% YTD	Strong growth in Corporate (+19%) and Private Banking (+23%) loans
	DEPOSITS	SAR 98.1 bn +18% YTD	Strong growth in IBDs (+25%) mainly from corporate and retail customers, and NIBDs growth YTD (+6%); NIBD share declined by 3.7 ppt to 32.3%
Profitability	NET INTEREST MARGIN	2.74% -34 bps YoY	NIM contraction due to shift in the deposit mix and increased COF
	COST TO INCOME RATIO	41.9% -2 bps YoY	Stable CIR is attributed to 4% YoY increases in both operating income and operating expenses
	RETURN ON TANGIBLE EQUITY	12.5% +28 bps YoY	ROTE improvement as attributable net income growth YoY of 10% to SAR 1,349 mn exceeds growth in average tangible common equity (+11% YoY)
Asset Quality	COST OF RISK	0.31% -12 bps YoY	COR remains low at 31 bps
	NPL RATIO	1.41% -9 bps YTD	NPL ratio continues to improve in benign credit environment
	NPL COVERAGE RATIO	154.7% -49 bps YTD	NPL coverage ratio remains at comfortable level
Capital & Liquidity	TIER 1 RATIO	17.4% -2.0 ppt YTD	Reduction in Tier 1 ratio mainly from payment of final FY 2023 dividend
	SAMA LTD RATIO	79.1% +2.6 ppt YTD	Increase driven by strong loan growth



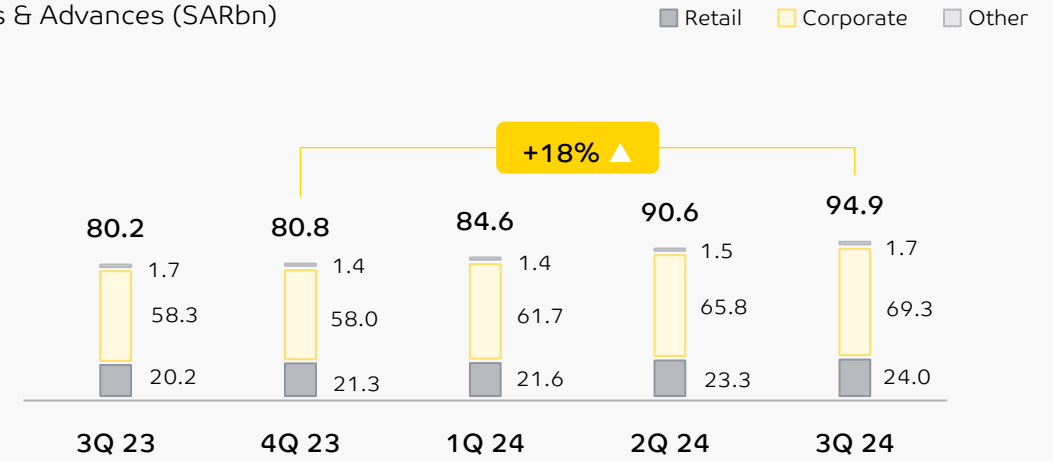
Balance sheet momentum funded largely by deposits and interbank

Total assets increased by 16% YTD as loans grew 18% and investments rose 25%, which were partially offset by decreased balances with SAMA (-13%) and a reduction in bank placements (-14%)

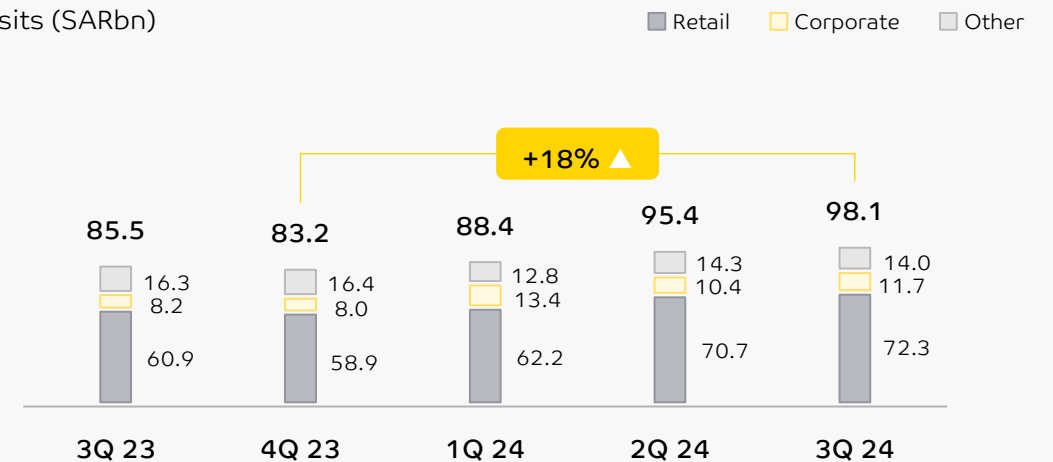
Total liabilities increased 18% YTD, driven by 18% growth in deposits and 22% growth in interbank funding

SAR Million	3Q 2024	2Q 2024	Δ	4Q 2023	Δ
Cash and balances with SAMA	9,568	11,725	-18%	11,018	-13%
Due from banks and financial Institutions, net	1,271	1,206	+5%	1,473	-14%
Investments, net	40,284	34,783	+16%	32,301	+25%
Loans and advances, net	94,936	90,644	+5%	80,751	+18%
Other assets, net	5,191	5,000	+4%	4,441	+17%
Total assets	151,250	143,358	+6%	129,984	+16%
Due to banks and other financial institutions, net	33,280	28,765	+16%	27,289	+22%
Customers' deposits	98,094	95,363	+3%	83,233	+18%
Other liabilities	2,040	1,730	+18%	2,227	-8%
Total liabilities	133,415	125,857	+6%	112,749	+18%
Share capital	12,500	12,500	+0%	10,000	+25%
Retained earnings	2,163	2,110	+2%	1,711	+26%
Other reserves	672	390	+72%	2,809	-76%
Shareholders' equity	15,335	15,001	+2%	14,520	+6%
Tier 1 sukuk	2,500	2,500	+0%	2,715	-8%
Total equity	17,835	17,501	+2%	17,235	+3%

Loans & Advances (SARbn)



Deposits (SARbn)



Loan growth continues to gain momentum mainly driven by corporate lending

18% YTD growth in loans driven by 19% increase in corporate lending due to widespread growth across sectors and further expansion of private banking lending.

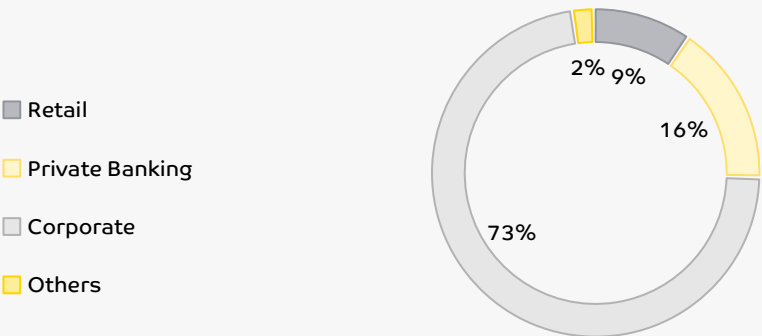
Active participation in syndicated loan market for infrastructure projects, further supported by demand from other key sectors such as utilities, building & construction, commerce, consumer, etc.

Retail lending grew 13% YTD supported by an increase of 23% in private banking lending

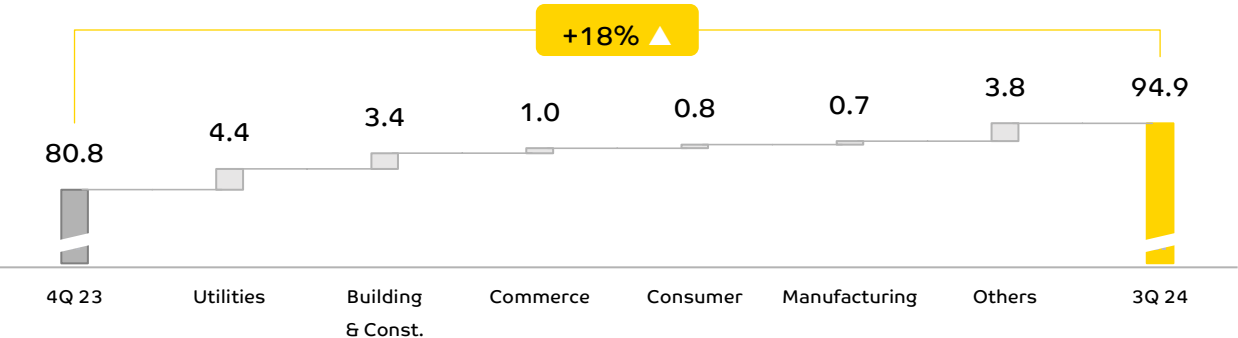
+5% Total Loans QoQ ▲

+18% Total Loans YTD ▲

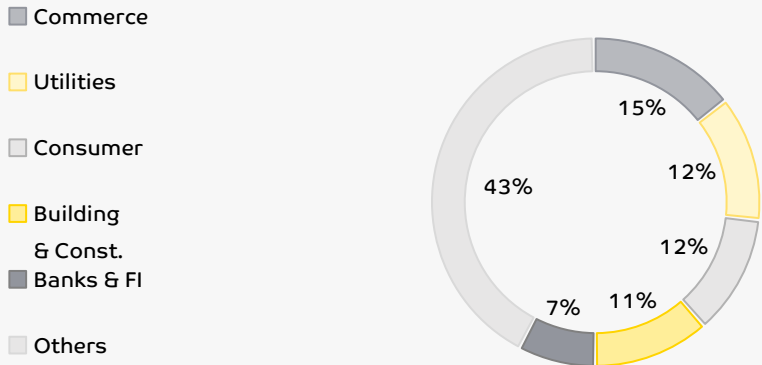
Loans & Advances by Segment (%)



Loans & Advances, Net Movement YTD (SARbn)



Loans & Advances by Economic Activity (%)



Investments grew 25% YTD driven by acquisition of high-quality, fixed-rate debt securities

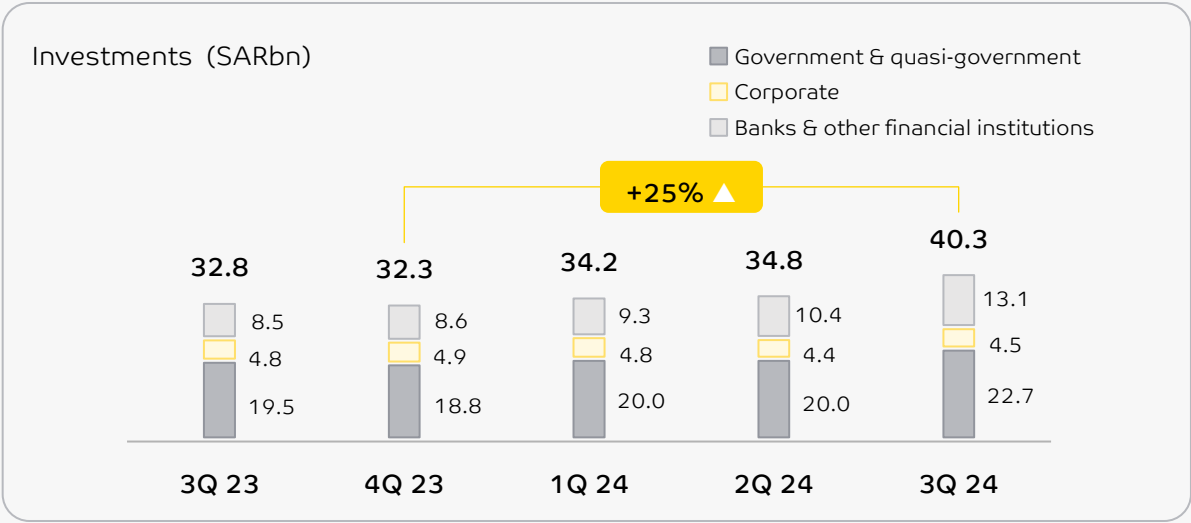
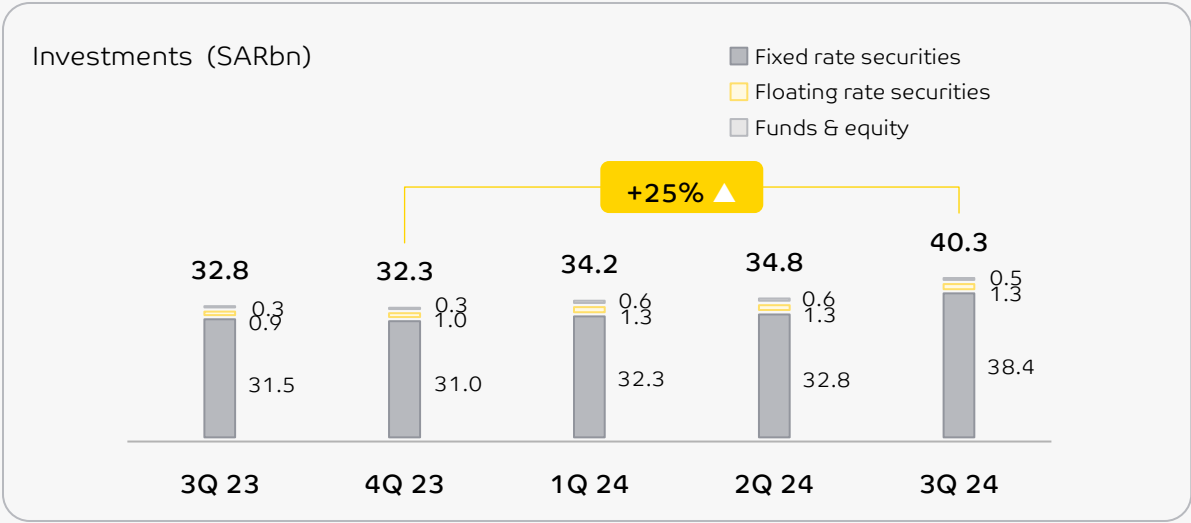
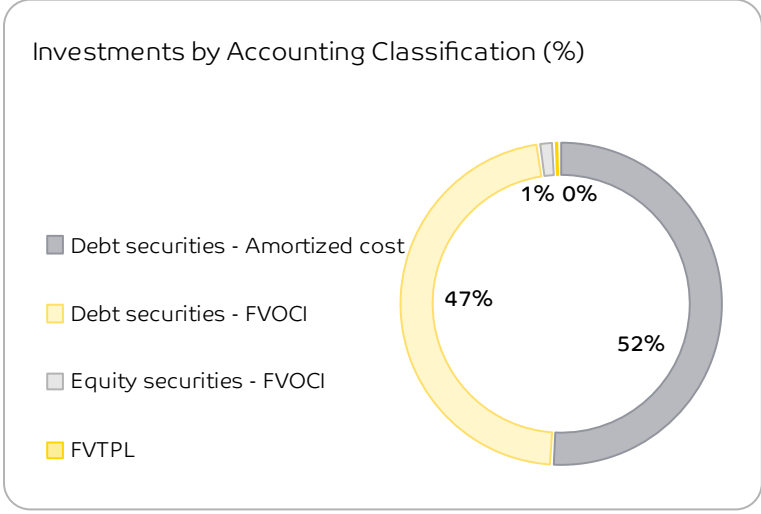
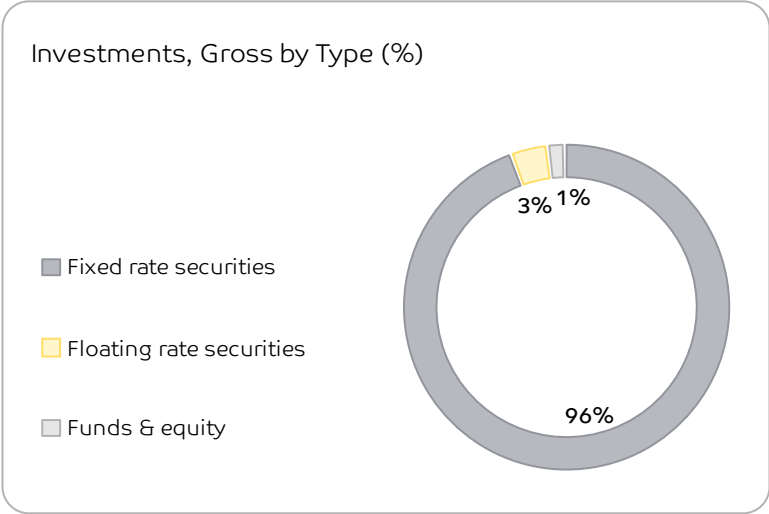


Increase in investments during 9M 2024 mainly driven by new securities purchased to lock-in benefits from high rate environment (mainly in fixed-rate debt securities issued by government and international banks)

96% of investments were fixed rate debt securities

52% of investments were accounted for **amortized cost** and **48% at fair value through other comprehensive income**

High-grade investment portfolio with 56% of investment securities issued by government, and 33% by banks and other financial institutions



Customer deposits increased 18% YTD mainly driven by IBDs

Deposits grew 18% during 9M 2024, mainly due to increase in interest-bearing deposits

Corporate deposits increased by 48%, while Retail deposits were up 23% YTD;

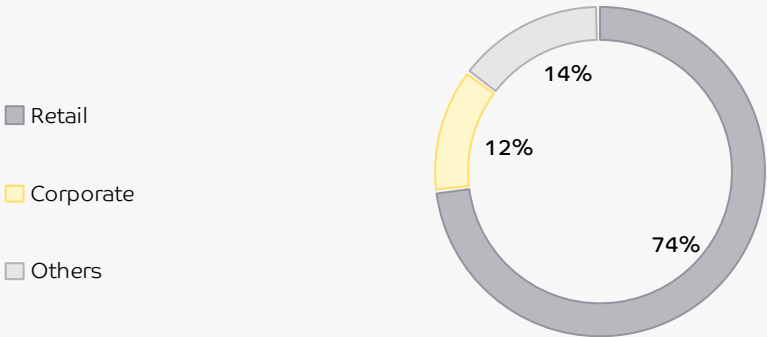
IBDs rose 25% YTD from large inflows to time deposits amid higher interest rate environment

NIBDs increased by 6% YTD

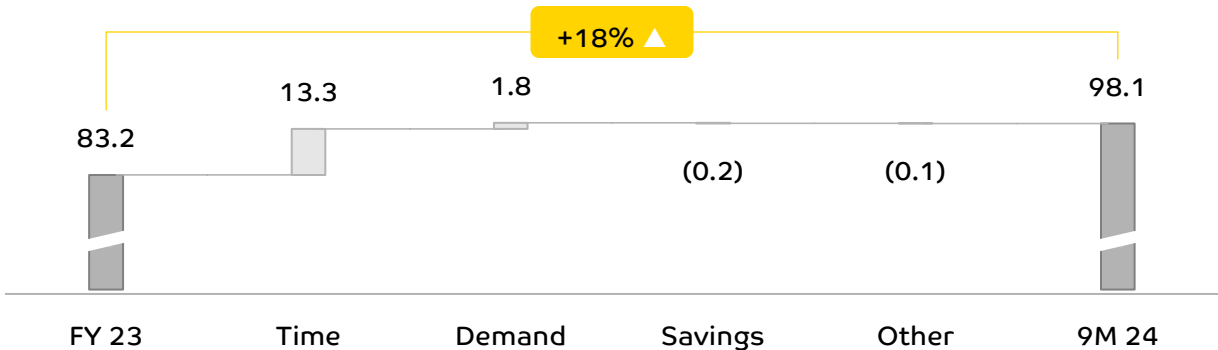
+3% Deposits QoQ ▲

+18% Deposits YTD ▲

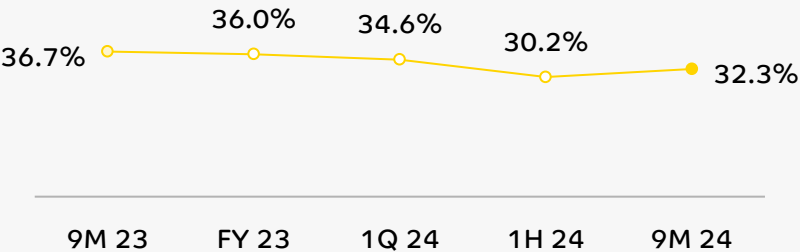
Deposits by Segment (%)



Deposits Movement YTD (SAR bn)



NIBD % of Total



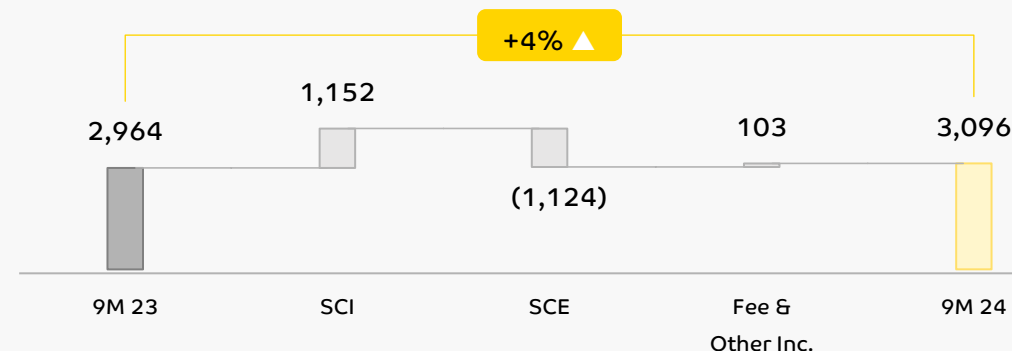
10% growth in 9M 2024 earnings driven by increased operating income



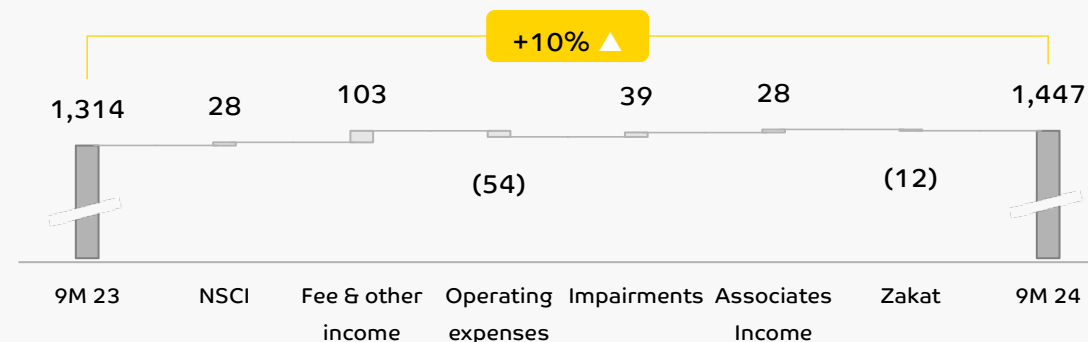
Net income increased 10% YoY in 9M 2024 driven by 4% growth in operating income, further aided by positive operating leverage from a modest 4% increase in operating expenses and 16% decrease in impairment charges

SAR Million	3Q 2024	3Q 2023	Δ	9M 2024	9M 2023	Δ
Net special commission income	909	890	+2%	2,630	2,602	+1%
Fee and other income	169	118	+43%	465	362	+29%
Total operating income	1,078	1,008	+7%	3,096	2,964	+4%
Operating expenses	(447)	(408)	+10%	(1,297)	(1,243)	+4%
Provisions for credit and other losses	(66)	(87)	-25%	(210)	(248)	-16%
Net Operating Income	565	512	+10%	1,589	1,473	+8%
Share in earnings of associates	33	24	+36%	84	55	+52%
Income before provisions for Zakat	599	537	+12%	1,672	1,528	+9%
Provisions for Zakat	(81)	(75)	+8%	(226)	(214)	+6%
Net Income attributed to equity holders	518	462	+12%	1,447	1,314	+10%
Earnings per share	0.40	0.36	+13%	1.08	0.97	+11%
Net interest margin	2.66%	2.99%	-32bps	2.74%	3.08%	-34bps
Cost to Income Ratio	41.5%	40.5%	+1.0ppt	41.9%	41.9%	-0.0ppt
Cost of Risk	0.28%	0.43%	-16bps	0.31%	0.43%	-12bps
Return on tangible common equity	13.8%	13.3%	+48bps	12.5%	12.2%	+0.3ppt

Total Operating Income Movement YoY (SARmn)



Net Income Movement YoY (SARmn)

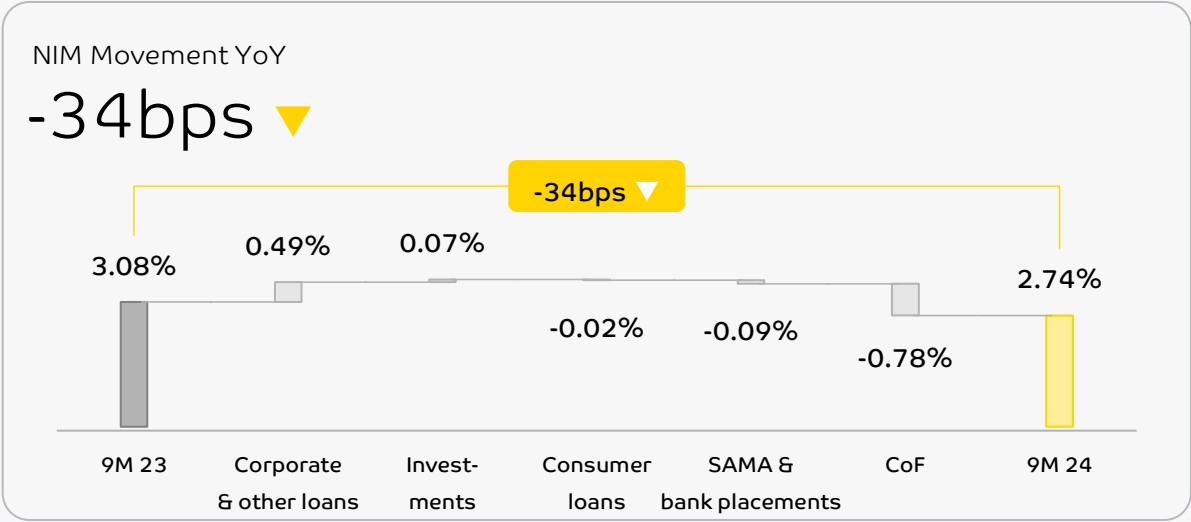
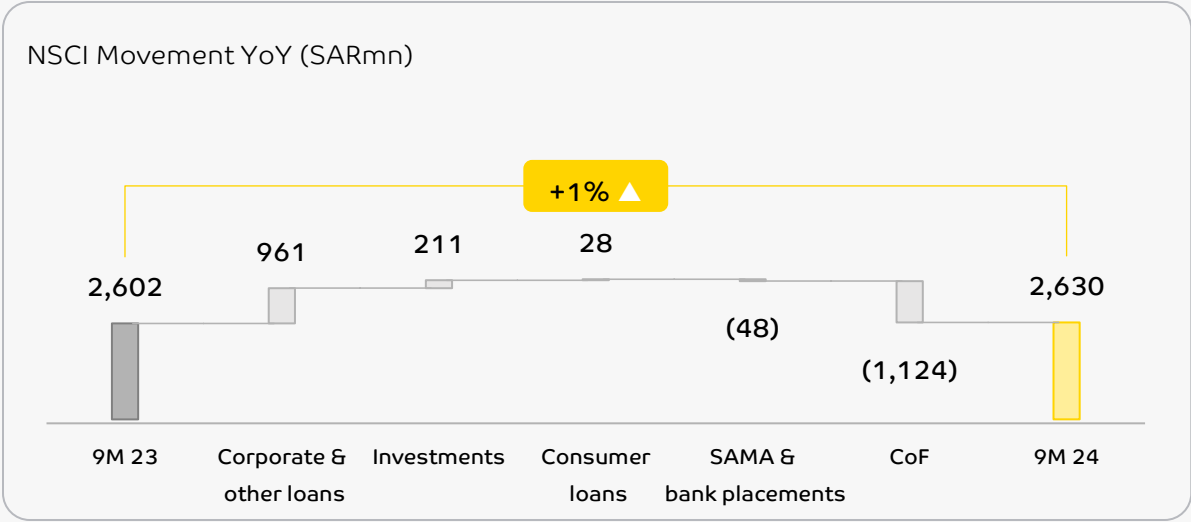
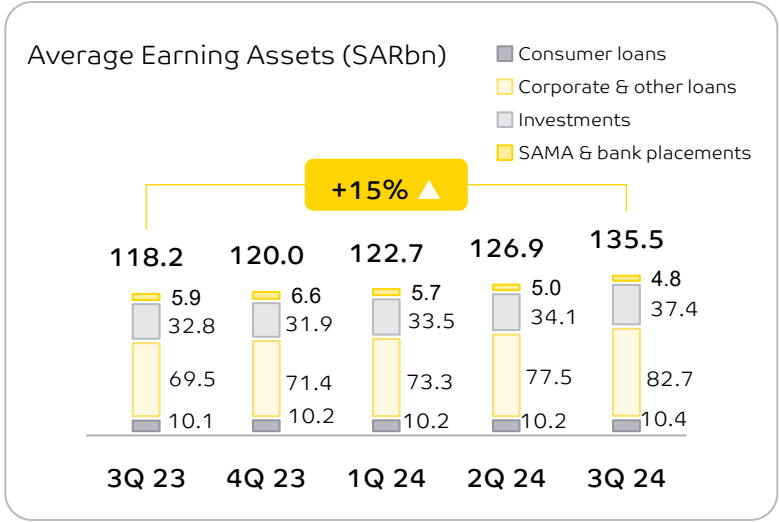
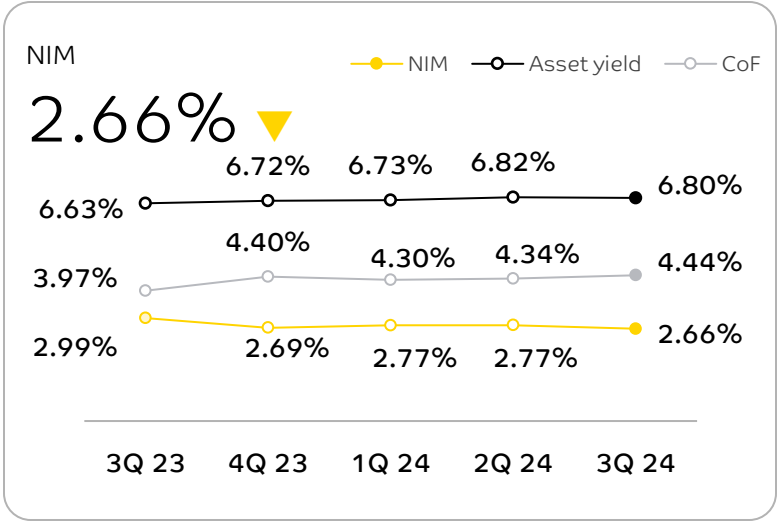


NSCI grew 1% YoY as 15% growth in average earning assets was mostly offset by a 34bps NIM contraction

NSCI grew 1% YoY as 15% growth in average earnings assets for 9M 2024 and was mostly offset by NIM contraction

The YoY NIM declined by 34 bps YoY to 2.74% in 9M 2024 due to a 77 bps rise in cost of funds from increased benchmark rates and shift in deposit mix, partly offset by 45 bps asset yield expansion

The Quarterly NIM declined by 32 bps YoY to 2.66% in 3Q 24, with asset yields increasing by 16 bps YoY to 6.80% and the cost of funding increasing by 47 bps YoY to 4.44%



Growth in fee and other income of 29% driven by investment income and banking services fees

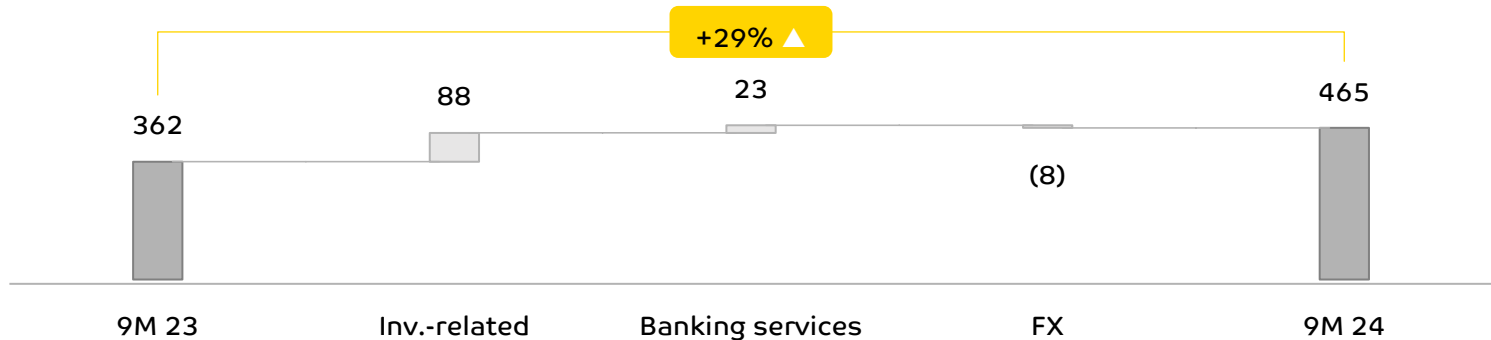
Fee & other income increased 29% YoY in 9M 2024, mainly driven by investment-related income and supported by growth of banking services fees

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

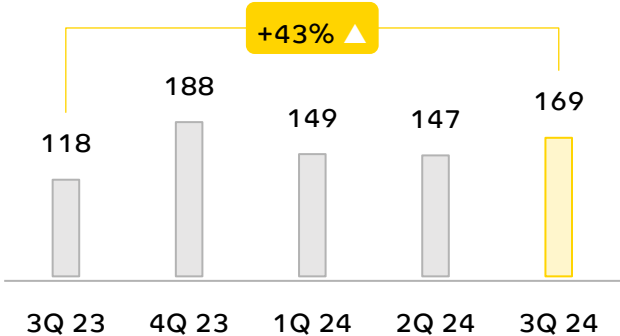
Fee income from banking services rose on higher fees from trade finance as well as shares trading and fund management during the period

Foreign exchange income decreased by 5% YoY in 9M 2024

Fee & Other Income Movement YoY (SARmn)

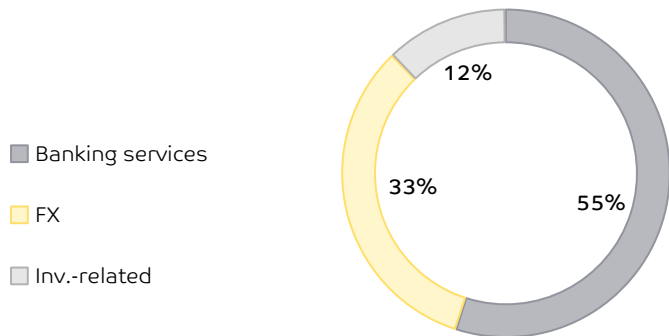


Fee And Other Income (SARmn)

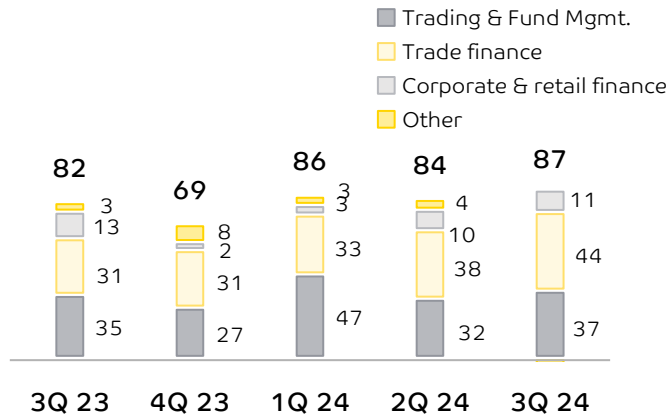


Fee & Other Income by Segment (%)

9M 24



Fee Income From Banking Services (SARmn)



Moderate growth in operating expenses



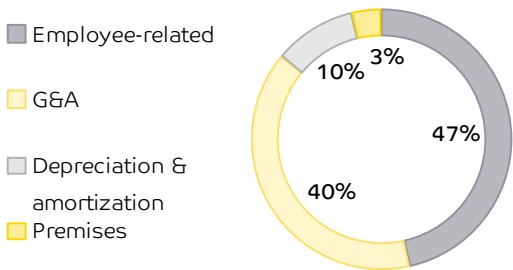
Operating expenses increased 4% YoY in 9M 2024, mainly due to increases in general & administration and employee-related expenses

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

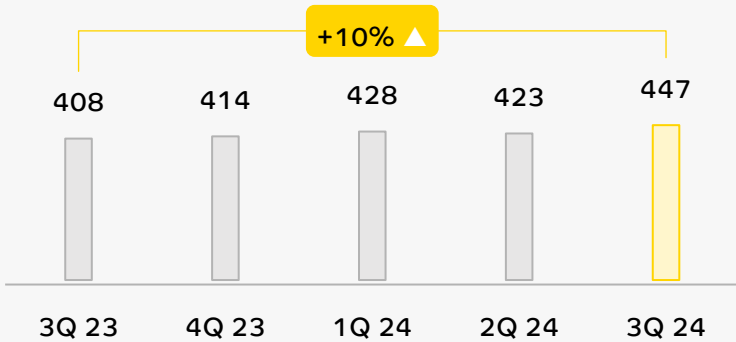
Cost to income ratio (CIR) remained at 41.9% in 9M 2024, identical to 9M 2023 due to proportional growth in operating income and operating expenses

CIR is expected to remain below 42%

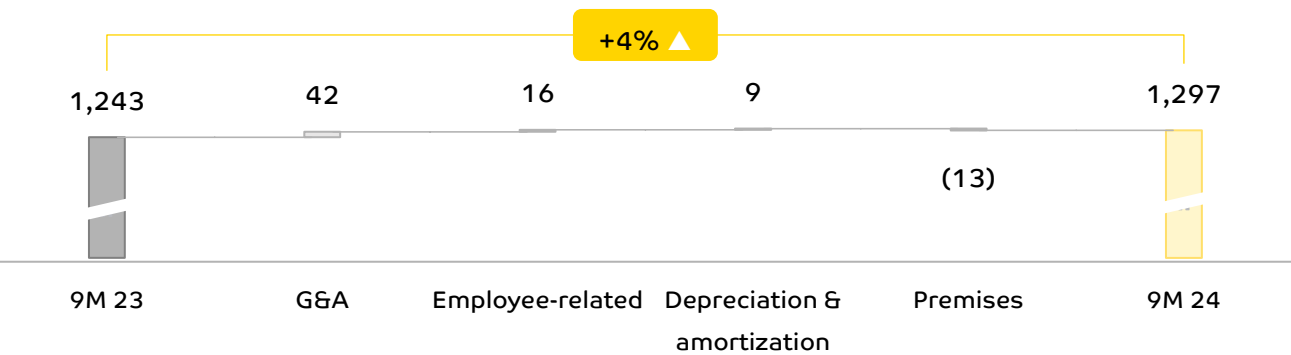
Operating Expenses Composition (%) - 9M 24



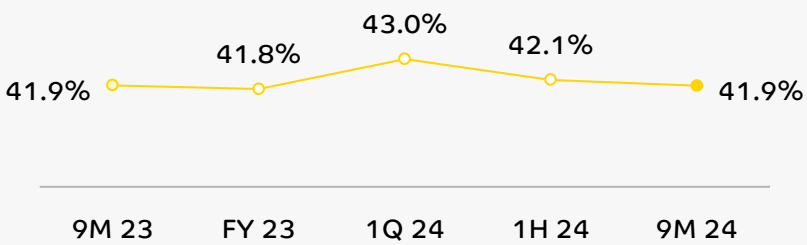
Operating Expenses (SARmn)



Operating Expenses Movement YoY (SARmn)



Cost to Income Ratio



Credit quality remained stable with NPL ratio at low levels



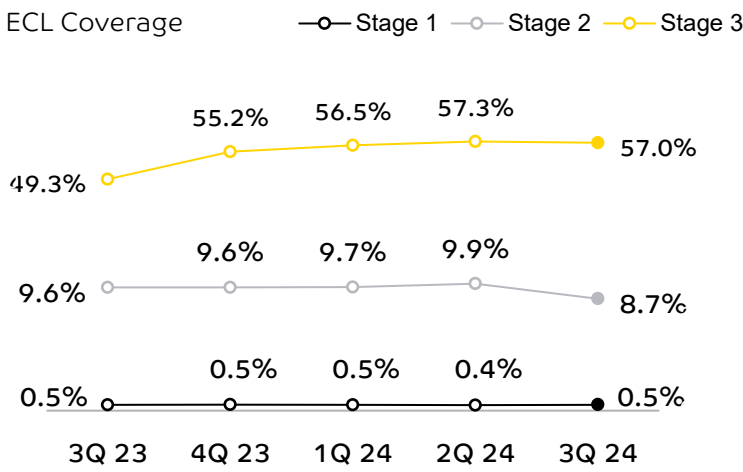
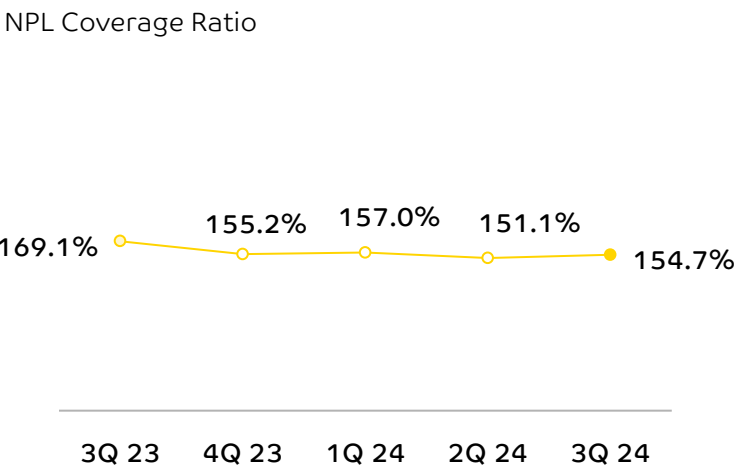
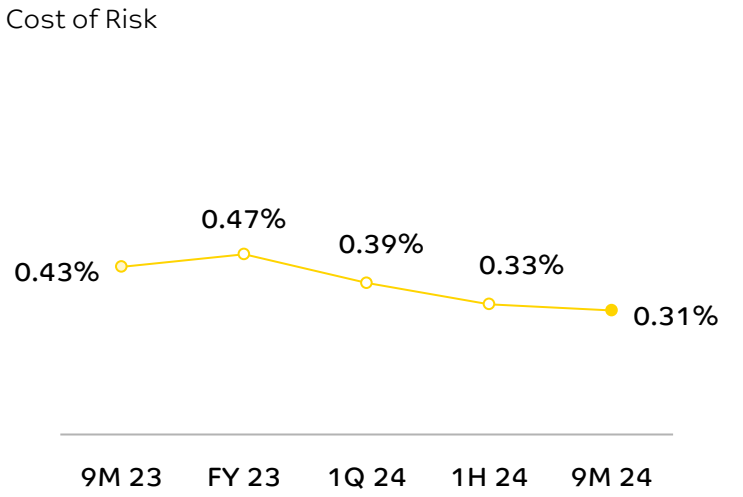
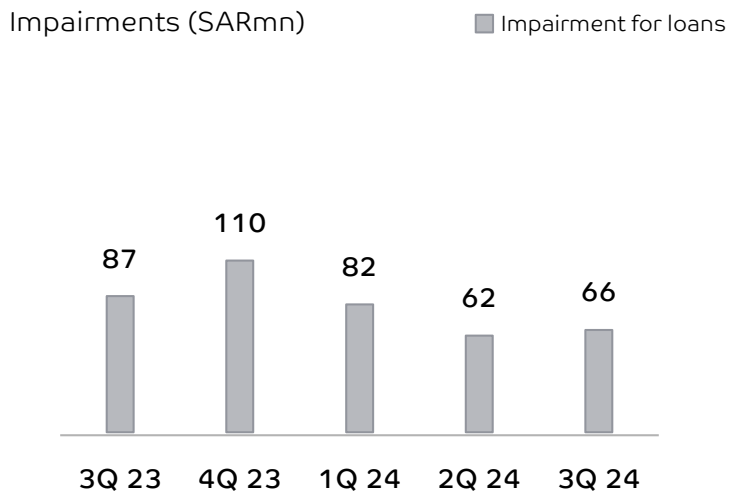
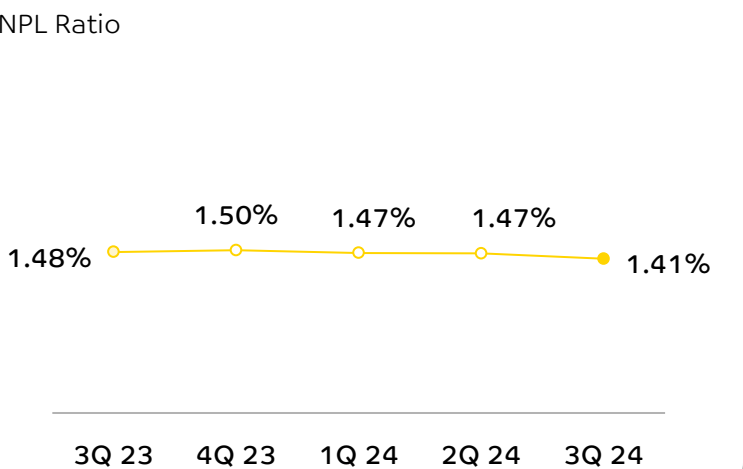
Total impairments of SAR 210 mn for 9M 2024, decreasing 16% YoY from **SAR 248 mn** in 9M 2023

Cost of risk decreased to 0.31% in 9M 2024

Non-performing loans ratio decreased by 9 bps YTD to 1.41%

NPL coverage ratio at 154.7% as of 3Q 2024, decreased by 49 bps YTD

Stage 3 ECL coverage rose to 57.0% on 15% growth YTD in Stage 3 ECL on 12% growth YTD in Stage 3 loans, incl. non-performing loans



Solid liquidity, funding and capital position with adequate buffers

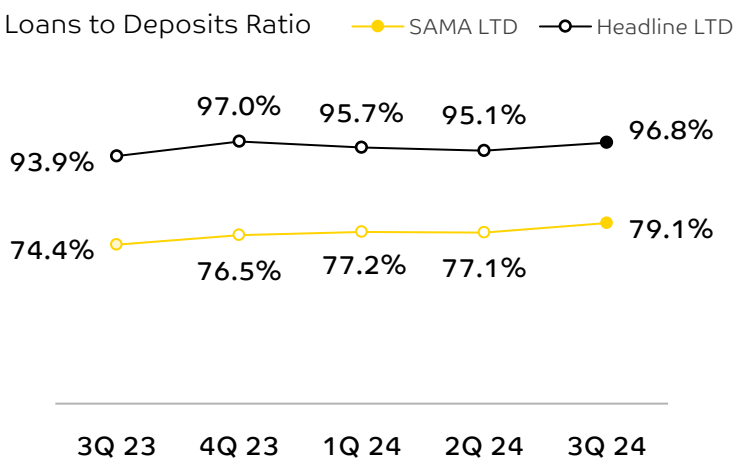
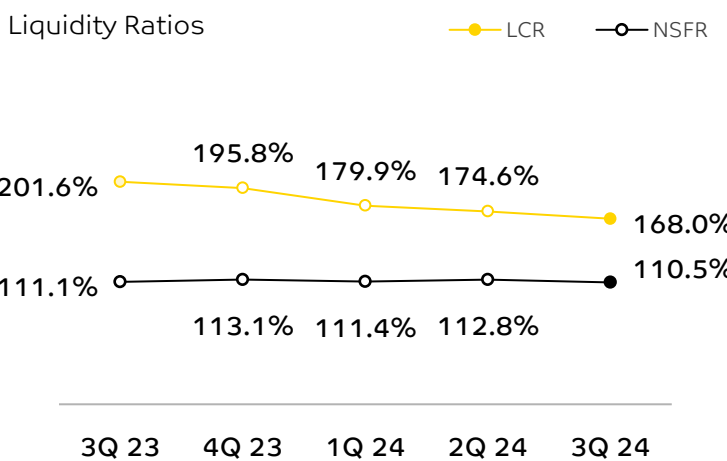
LCR declined by 27.8 ppt during 9M 2024 to 168.0%, while NSFR decreased 2.6 ppt to 110.5%

As of 9M 2024, the SAMA regulatory LTD ratio was comfortably within required levels at 79.1%

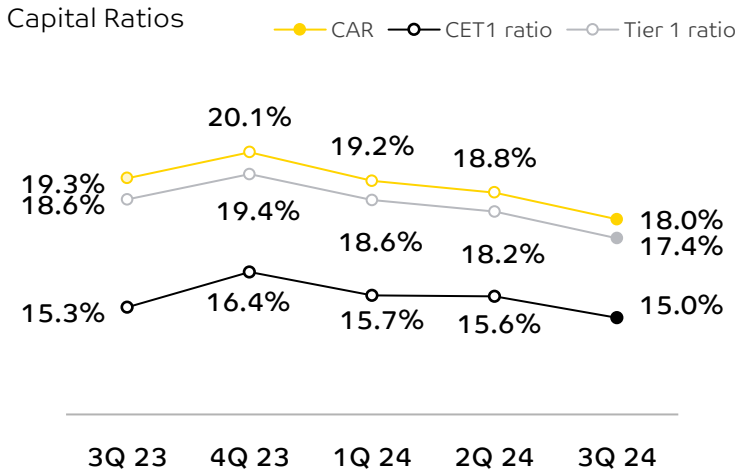
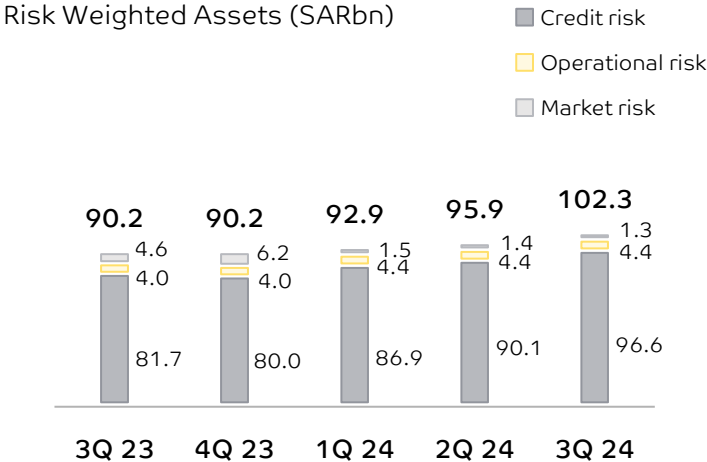
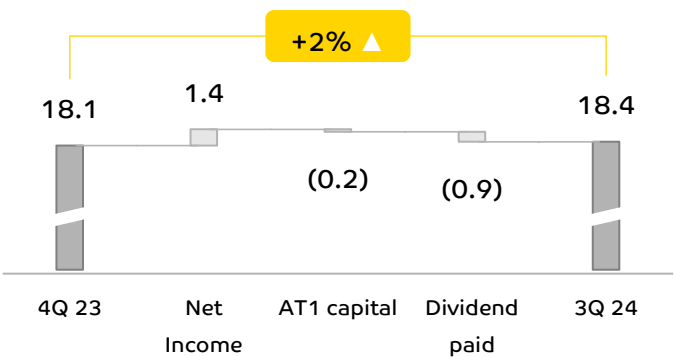
Total capital (Tier 1 + Tier 2 regulatory capital) increased by 2% as net income was partially offset by dividend payment and the phasing out of the IFRS9 transition arrangements

RWAs increased by 13% YTD during 9M 2024

CAR was 18.0% and the Tier 1 ratio stood at 17.4%



Total Regulatory Capital Movement (SARbn)



9M 2024 Results and 2024 Guidance

9M 2024 financial performance mostly in line with expectations with only minor refinements to FY Guidance



		2023 Actual	9M 2024 Actual	2024 GUIDANCE	GUIDANCE REVISIONS
Balance Sheet	LOANS & ADVANCES	+17% YoY	+18% YTD	>20%	Revised upwards to >20% from high teens considering strong 18% growth in 9M 2024
Profitability	NET INTEREST MARGIN	2.98% +4 bps YoY	2.74% -34 bps YoY	2.70% - 2.75%	Revised slightly down from ~2.75% due to COF pressure
	COST TO INCOME RATIO	41.8% -2.3 ppt YoY	41.9% -2 bps YoY	<42.0%	Refined to <42.0% from 41.5%-42.5%
	RETURN ON TANGIBLE EQUITY	11.7% +1.8 ppt YoY	12.5% +28 bps YoY	>12.0%	Guidance unchanged
Asset Quality	COST OF RISK	0.47% +21 bps YoY	0.31% -12 bps YoY	0.30% - 0.35%	Revised down from 0.35% - 0.40% given benign credit experience in 9M 2024
Capital	TIER 1 RATIO	19.4% +1.8 ppt YoY	17.4% -2.0 ppt YTD	>18.75%	Guidance unchanged
FOCUSED ON DELIVERING STRONG RESULTS ACROSS KEY PERFORMANCE INDICATORS					

Q&A

Appendix



البنك السعودي للاستثمار
The Saudi Investment Bank

SAIB Investor Relations

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