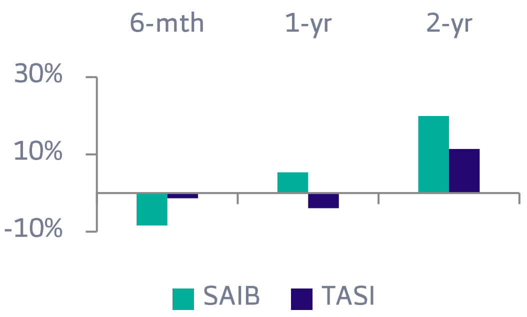
Saudi Investment Bank (SAIB) 3Q2025 First Look

Transition Phase, Growth Potential Ahead

October 27, 2025

Upside to Target Price	30.2%	Rating	Buy
Expected Dividend Yield	5.8%	Last Price	SAR 13.82
Expected Total Return	36.0%	12-mth target	SAR 18.00

Market Data	
52-week high/low	SAR 15.58/12.96
Market Cap	SAR 17,275 mln
Shares Outstanding	1,250 mln
Free-float	69.77%
12-month ADTV	673,956
Bloomberg Code	SIBC AB



SAIB	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Net Commission Income	857	912	(6%)	906	(5%)	928
Total Operating Income	1,046	1,078	(3%)	1,070	(2%)	1,099
Net Income	518	518	0%	513	1%	524
Net Financing	110,581	94,936	16%	108,423	2%	112,290
Deposits	105,152	98,094	7%	100,236	5%	105,248

(All figures are in SAR mln)

- The bank's loan book grew +16% Y/Y and +2% Q/Q to reach SAR 111 bln, in line with our forecast of SAR 112 bln. Deposits grew +7% Y/Y and +5% Q/Q to SAR 105 bln, also matching our estimate. Consequently, loan-to-deposit ratio (LDR) declined to 105% from 108% in 2Q2025. NSCI declined by -6% Y/Y and -5% Q/Q to SAR 857 mln, due to higher funding costs, which outpaced growth in gross special commission income. NIMs contracted to 2.12%, down 56 bps Y/Y and 23 bps Q/Q. Despite a decline in the 3M average SAIBOR versus last year, the benefit to funding costs has been limited due to tight liquidity conditions and strong competition for deposits.
- Operating income fell by -3% Y/Y and -2% Q/Q, settling at SAR 1.0 bln. This sequential decrease was attributable to lower NSCI and fee income from banking services, partially offset by an increase in FVIS income in addition to an increase in exchange income. Operating expenses decreased by -6% Y/Y and -4% Q/Q primarily due to lower provisions for credit and other losses, as well as a decline in general and administrative expenses as most strategy related investments have already been executed, and the cost optimization program is underway, with further improvement expected in the coming quarters. Accordingly, the cost-efficiency ratio improved to 40.3% in 3Q25, compared to 41.5% in 3Q2024.
- SAIB has reported a 3Q bottom-line of SAR 518 mln, a slight +1% Q/Q increase (flat Y/Y), in-line with our estimate. The sequential improvement was driven by enhanced operational efficiency and better credit quality in the loans and advances portfolio.
- Banks continue to grow their loan books, but the pace of growth has moderated amid tight liquidity and ahead of regulatory changes that will increase capital requirements by mid-2026. This is leading to more selective lending and a greater focus on higher-quality relationships. At the same time, asset yields are adjusting lower faster than funding costs in the early stages of the rate-cutting cycle, keeping net interest margins under pressure. As a result, the sector is shifting from volume-driven growth to a phase where margin discipline and deposit franchise strength are key to sustaining profitability. Against this backdrop, the bank's softer quarterly performance appears consistent with this transition phase, rather than a change in direction. Once funding dynamics stabilize, the bank is well positioned to re-accelerate growth, supported by its active participation in syndicated loans for large infrastructure projects. We maintain our Buy rating and target price.

Reem M. Alkhulayfi
reem.alkhulayfi@riyadcapital.com
+966-11-486-5680

الرياض المالية
Riyad Capital

Disclaimer

Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact research@riyadcapital.com

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 500 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 Saudi Arabia. Ph: 920012299.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.

الرياض المالية
Riyad Capital