

April 29, 2026

## Margin Improvement Supports Earnings

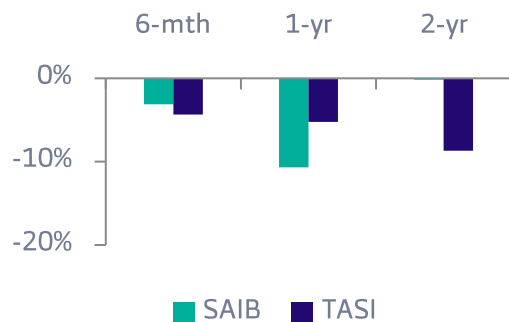
Upside to Target Price 19.4%  
 Expected Dividend Yield 6.3%  
 Expected Total Return 25.7%

Rating Buy  
 Last Price SAR 13.40  
 12-mth target SAR 16.00

Market Data	
52-week high/low	SAR 15.10/12.26
Market Cap	SAR 16,750 mln
Shares Outstanding	1,250 mln
Free-float	69.77%
12-month ADTV	528,551
Bloomberg Code	SIBC AB

SAIB	1Q2026	1Q2025	Y/Y	4Q2025	Q/Q	RC Estimate
Net Commission Income	905	891	2%	874	4%	909
Total Operating Income	1,057	1,050	1%	1,628	(35%)	1,113
Net Income	520	503	3%	897	(42%)	510
Net Financing	115,608	104,135	11%	112,070	3%	115,432
Deposits	122,935	101,666	21%	109,619	12%	112,908

(All figures are in SAR mln)



- The bank's loan book expanded +11% Y/Y and +3% Q/Q to reach SAR 116 bln, broadly in line with our forecast of SAR 115 bln. Deposits grew sharply by +21% Y/Y and +12% Q/Q to SAR 123 bln, supported by growth in time deposit (likely driven by temporary inflows from government related entities). As a result, loan-to-deposit ratio (LDR) declined to 94%, compared to 102% in 4Q2025.
- NSCI rose by +2% Y/Y and +4% Q/Q to SAR 905 mln, supported by easing funding costs that more than offset the pressure from lower asset yields, in line with our estimate of SAR 909 mln. Consequently, NIMs improved to 2.2%, up 10 bps Q/Q (though down 22 bps Y/Y), matching our estimate.
- Operating expenses declined by -5% Y/Y and Q/Q to SAR 413 mln, coming in below our forecast of SAR 443 mln. Accordingly, the cost-efficiency ratio improved to 39.1% in 1Q26, compared to 39.6% in 4Q25 (vs. 40.2% 1Q25), impairment charges also dropped sharply to SAR 58 mln in 1Q, significantly lower than 169 mln in previous quarter and below our estimates of SAR 103 mln, largely reflecting lower provisioning on loans and advances.
- SAIB reported 1Q net income of SAR 520 mln (up +3% Y/Y, but down -42% Q/Q), broadly in line with our estimate of SAR 510 mln. The sequential decline was mainly driven by a high base in 4Q25 due to a one-off land sale gain. Adjusting for this, normalized 4Q25 net income stands at SAR 362 mln, implying a strong +41% Q/Q growth in underlying earnings.
- Banks continue to expand their loan books; however, growth momentum is moderating amid upcoming regulatory changes expected to raise capital requirements. This is driving more selective lending behavior and a stronger focus on high-quality client relationships. The sector is gradually shifting away from volume-driven growth toward a phase where margin discipline and deposit franchise strength are key to sustaining profitability. We maintain our Buy recommendation and target price.

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## ■ 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](mailto:research@riyadcapital.com)

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