Saudi Investment Bank

July 23, 2026

Non-interest income growth offsets NIM compression

Last Price: SAR 13.9 | YoY Performance: -1.1%

2Q 2026 FIRST TAKE

KEY TAKEAWAYS

- Saudi Investment Bank (SAIB) reported 2Q26 net profit of SAR 531.1 mn (+3.6% YoY, +2.2% QoQ), broadly in line with our estimate, up 2.6%. Growth was modest but resilient despite margin pressure. Notably, EPS (adjusted for Sukuk expenses) declined 25.6% QoQ, likely reflecting higher Sukuk costs.
- Net interest income came in at SAR 898.9 mn during the quarter, down 0.7% YoY, missing our estimate by 1.5%. The YoY decline was driven by a 24 bps NIMs compression to 2.2%, which outweighed the support from loan growth (+8.2% YoY), reflecting a case of margin pressure eroding volume gains.
- Non-interest income was the standout line during 2Q26, rising to SAR 207.1 mn (+26.0% YoY, +36.7% QoQ), beating our estimate by 28.9%. This more than offset the net interest income softness, lifting total operating income to SAR 1,106.0 mn (+3.4% YoY, +4.7% QoQ), 3.0% ahead of our forecast.
- Operating expenses rose to SAR 442.3 mn during the period (+1.3% YoY, +7.1% QoQ), above our estimate (+3.1%). Cost-to-income improved to 40.0%, down 84 bps YoY, though it ticked up 91 bps QoQ from 1Q26's 39.1%.
- Impairment provisions stood at SAR 70.4 mn for 2Q26, up 9.6% YoY and 22.1% QoQ. Cost of risk held flat YoY at 24.2 bps but rose 4 bps QoQ, pointing to a gradual uptick worth monitoring into 2H26.
- Balance sheet trends were positive: deposits reported notable growth to SAR 121.6 bn (+21.3% YoY) as of Jun-26, while loans rose more modestly to SAR 117.3 bn (+8.2% YoY). The faster deposit growth pushed the headline LDR down sharply to 96.5%, from 108.2% a year earlier, a notable liquidity build.
- Based on our last update, we have an 'Overweight' stance on the stock, with a target price of SAR 15.7/share. The stock is currently trading at a 2026e P/E and P/B of 9.8x and 0.9x, respectively.

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Issuer Information

Bloomberg Code	**SIBC AB**
Last Price (SAR)	**13.9**
No of Shares (mn)	**1,250**
Market Cap bn (SAR/USD)	**17.4 / 4.6**
52-week High / Low (SAR)	**14.8 / 12.3**
12-month ADTV (mn) (SAR/USD)	**7.3 / 2.0**
Free Float (%)	**69.8**
Foreign Holdings (%)	**11.0**

Last price as of July 22nd, 2026

Relative Price Performance

Source: Bloomberg, anbc research

Financials (SAR mn)	2Q26A	2Q26E*	Var (%)	2Q25A	YoY (%)	1Q26A	QoQ (%)
Net Interest Income	899	913	-1.5	905	-0.7	905	-0.7
Non-Interest Income	207	161	28.9	164	26.0	151	36.7
Total Income	1,106	1,073	3.0	1,070	3.4	1,057	4.7
Operating expenses	(442)	(429)	3.1	(437)	1.3	(413)	7.1
Impairment provisions	(70)	(70)	1.0	(64)	9.6	(58)	22.1
Net Income	531	518	2.6	512	3.6	520	2.2
Adj. EPS	***0.30***	***0.34***		***0.29***		***0.40***	
Assets	184,021	186,685	-1.4	167,828	9.6	180,284	2.1
Investments	47,333	50,774	-6.8	43,458	8.9	46,936	0.8
Loans & Advances	117,320	119,066	-1.5	108,423	8.2	115,608	1.5
Deposits	121,559	109,760	10.7	100,236	21.3	122,935	-1.1
Total Equity	17,672	17,952	-1.6	16,336	8.2	17,527	0.8
NIM (%) - annualized	2.2	2.2	0 bps	2.4	-24 bps	2.2	-5 bps
Operating cost to income (%)	40.0	40.0	2 bps	40.8	-84 bps	39.1	91 bps
Provision/Loans (bps)	24.2	23.8	0 bps	24.2	0 bps	20.3	4 bps
Simple LDR (%)	96.5	108.5	-1,197 bps	108.2	-1,165 bps	94.0	247 bps
Assets to Equity (x)	10.4	10.4	0.1	10.3	1.4	10.3	1.2

*anbc estimates

Source: Company Financials, anbc research

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