

## Daily Bulletin

August 13, 2025

- > *SAIB revises 2025 guidance*
- > *MIS backlog at SAR 3.8 bn, targets 15% revenue growth: CEO*

### SAIB revises 2025 guidance

Saudi Investment Bank has adjusted its 2025 guidance, following its 2Q25 result. The bank has lowered expectations for NIM, cost-to-income ratio, and Tier 1 capital ratio, while keeping loan growth, ROE, and cost of risk targets unchanged.

Loan growth remains unchanged at above 15%, supported by a healthy corporate loan book and selective lending to protect returns. ROE guidance stays above 13.25%, supported by improving cost-to-income ratio (down 114 bps to 41% in 1H25) and low cost of risk. Cost-to-income ratio guidance has improved to below 41% (from below 41.5%) on the back of cost optimization measures.

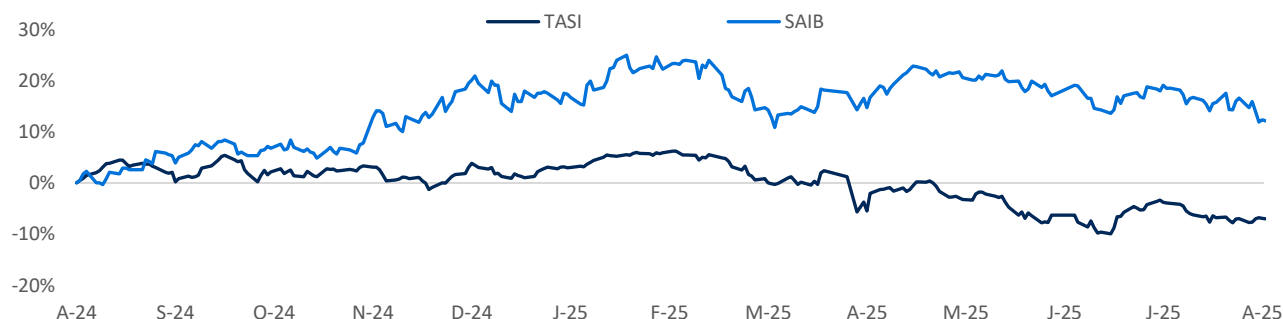
NIM guidance has been reduced to 2.30-2.40% (from 2.45-2.55%) due to asset yield pressure and a change in deposit mix resulting in higher cost of funds. Interest bearing deposits rose 14% YTD in 1H25, while non-interest-bearing deposits declined by 7% YTD, resulting in growth being funded by a higher share of interest-bearing liabilities. The share of non-interest-bearing deposits declined to 29.4% in 1H25, compared to 33.7% at the end of 2024.

During 1H25, cost of risk declined to 0.24%, from 0.32% at the end of 2024 (0.33% in 1H24), reflecting a stable credit environment and healthy asset quality. Despite this improvement, the management, remaining cautious of any potential macroeconomic shift, conservatively maintains its cost of risk guidance at 0.30-0.35%.

Tier 1 ratio guidance is now above 18% (from above 18.75%), factoring in 6% YTD growth in risk-weighted assets in 1H25, compared to a 2% YTD growth in Tier 1 capital. Management expects minimal impact from the cap on credit card-related fees and views the 1% counter-cyclical buffer as manageable.

SAIB is trading at SAR 13.7/sh, up 11% YoY, outperforming TASI's 8% decline over the same period. The stock is trading at a 2025e P/E of 8.6x, with a consensus target price of SAR 15.8/sh, providing a potential upside of 15%.

### Relative price chart



Source: Tadawul, anb research

## SAIB Financials (SAR mn)

|                       | 2Q25        | 2Q24        | YoY (%)      | 1Q25        | QoQ (%)      |
|-----------------------|-------------|-------------|--------------|-------------|--------------|
| Net Interest Income   | 905         | 879         | 3.0          | 891         | 1.7          |
| Non-Interest Income   | 164         | 144         | 14.3         | 160         | 2.9          |
| Total Income          | 1,070       | 1,023       | 4.6          | 1,050       | 1.9          |
| Impairment provisions | (64)        | (62)        | 3.5          | (61)        | 4.5          |
| Net Income            | 512         | 486         | 5.4          | 503         | 1.8          |
| <b>Adj. EPS</b>       | <b>0.29</b> | <b>0.34</b> | <b>-14.7</b> | <b>0.39</b> | <b>-25.6</b> |
| Assets                | 167,292     | 143,358     | 16.7         | 163,799     | 2.1          |
| Investments           | 43,055      | 34,783      | 23.8         | 40,398      | 6.6          |
| Loans & Advances      | 108,423     | 90,644      | 19.6         | 104,135     | 4.1          |
| Deposits              | 100,236     | 95,363      | 5.1          | 101,666     | -1.4         |
| Total Equity          | 21,246      | 17,501      | 21.4         | 20,843      | 1.9          |
| NIM (%) - annualized  | 2.35        | 2.79        | -44 bps      | 2.45        | -10 bps      |
| Cost to income (%)    | 40.8        | 41.3        | -50 bps      | 41.2        | -40 bps      |
| Provision/Loans (bps) | 24          | 28          | -4 bps       | 24          | 0 bps        |
| Simple LDR (%)        | 108         | 95          | 1,310 bps    | 102         | 580 bps      |
| ROE (%)               | 13.1        | 13.2        | -0.8         | 13.2        | -0.8         |

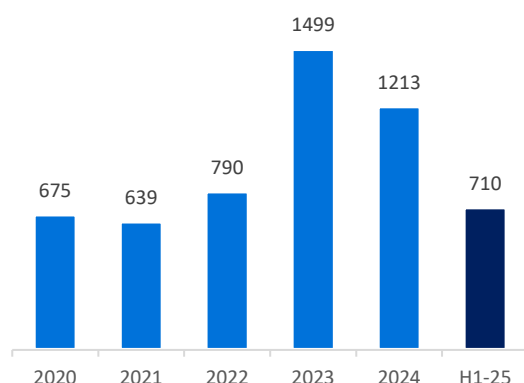
Source: Company financials, anbc research

## MIS backlog at SAR 3.8 bn, targets 15% revenue growth: CEO

Al Moammar Information Systems (MIS) CEO Abdullah Al-Ghamdi announced that the company's backlog stands at nearly SAR 3.8 bn, translating into 3.1x of 2024 full year topline.

Contract awards in digital infrastructure, systems solutions, cybersecurity, managed services, and platform and monitoring surged by 45.5% YoY to SAR 800 mn in 2Q25, up from SAR 550 mn in 2Q24. 1H25 awards reached SAR 1.5 bn, up from SAR 860 mn a year earlier.

## MIS's Revenue (SAR bn)



Source: Company financials, anbc research

## MIS price performance



Source: Bloomberg, anbc research

Notably, this backlog is further supplemented by three signed framework agreements worth SAR 1.7 bn with Saudi Aramco, Saudi Basic Industries Corp., and Saudi Technology and Security Comprehensive Control Co. (Tahakom),

as well as a SAR 2.0 bn agreement with Microsoft under the Saudi Data Center Fund 1. Including these, the total backlog covers 6.2x of 2024 topline.

MIS signed contracts worth SAR 1,500 mn in 1H25, up by 74.4% YoY from SAR 860 mn in 1H24. The company is also experiencing a slowdown in its 'BNPL' and medical segments. However, volumetric growth in these businesses has been strong with 'MIS Pay' being ranked as 3<sup>rd</sup> largest BNPL in the Kingdom. We believe these downward pressures will ease with subsidiaries such as 'MIS Connect' nearing integration.

MIS has recorded a decline of 17% in 12-months, underperforming the broader market, as TASI fell by 8% during the same period. The company's topline for 2Q25 fell by 13.2% YoY; however, we believe that revenue will recover and reach SAR 1,353 mn for full-year 2025, up from SAR 1213 mn in 2024. This is will be aided by kick-start of new DC capacity as contracted by MSFT, and healthy recognition in other segments.

We have an 'Overweight' rating on the MIS with a 12-months target price of SAR 157/share, resulting in an upside of 20%.

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