

BSF reports 1% net income growth to SAR 3,427mn in 9M 2024

BSF reports 1% net income growth driven by lower cost of risk offset by rising expenses



- Total assets SAR 287.7bn, up 15% YoY, driven by increased lending and investments
- Loans and advances up 15% YoY to SAR 201.0bn from both Corporate and Retail
- Customers' deposits SAR 193.3bn, up 16% YoY from increased interest-bearing deposits
- Net income for 9M 2024 SAR 3,427mn, up 1% YoY on lower cost of risk offset by rising expenses
- Operating income SAR 7,086mn in 9M 2024, down 1% YoY, with 7% non-interest income growth offset by a 2% decline in net interest income
- Net interest margin at 3.06% in 9M 2024, contracted by 57bps YoY
- Cost-to-income ratio at 34.4% for 9M 2024, a 3.9 ppts increase YoY on higher expenses
- Return on equity at 10.7%, down 79bps YoY
- Tier 1 ratio of 18.6% and Capital Adequacy Ratio (CAR) of 19.4%
- Liquidity Coverage Ratio (LCR) of 162%; Net Stable Funding Ratio (NSFR) of 118%

Riyadh, 31 October 2024 - BSF reported 1% year-on-year growth in net income to SAR 3,427 million for 9M 2024, driven by a 30% reduction in the impairment charge, partly offset by higher operating expenses. Operating income declined by 1%, with a 7% year-over-year increase in non-interest income being counterbalanced by a 2% decrease in net interest income, where margin contraction offset significant balance sheet growth.

Total assets amounted to SAR 287.7 billion as of 30 September 2024, an increase of 15% year-on-year, mostly driven by healthy 15% loan growth and a 24% expansion of the investment portfolio. Total customers' deposits increased by 16% year-on-year from growth in interest-bearing deposits.

Bader Alsallloom, Chief Executive Officer of BSF, said:



"We have delivered a resilient performance for the first nine months of 2024, with net income improving by 1% to SAR 3,427 million, underpinned by robust asset growth of 14% YTD and effective risk management. Despite margin pressures and rising expenses, our solid loan growth and strong fee generation have sustained our profitability. Our commitment to strategic execution remains unwavering. By focusing on innovation and expanding our capabilities, we aim to ensure sustained growth and deliver long-term value for our stakeholders."

Performance Highlights

Income Statement Highlights

SAR Mn	9M 2024	9M 2023	Δ%	3Q 2024	3Q 2023	Δ%
Net interest income	5,844	5,967	-2%	1,986	2,068	-4%
Non-interest income	1,242	1,166	+7%	426	400	+7%
Operating income	7,086	7,133	-1%	2,412	2,468	-2%
Operating expenses	(2,439)	(2,176)	+12%	(857)	(740)	+16%
Pre-impairment operating income	4,647	4,957	-6%	1,555	1,728	-10%
Impairment charge	(824)	(1,181)	-30%	(275)	(345)	-20%
Net income before zakat	3,822	3,776	+1%	1,281	1,383	-7%
Zakat	(395)	(381)	+4%	(132)	(137)	-4%
Net income	3,427	3,395	+1%	1,148	1,245	-8%
NIM	3.06%	3.63%	-57bps	2.98%	3.66%	-68bps
Cost to income ratio	34.4%	30.5%	+3.9ppts	35.5%	30.0%	+5.5ppts
Cost of risk	0.57%	0.98%	-41bps	0.50%	0.79%	-29bps
EPS	2.71	2.69	+1%	0.90	0.99	-9%
ROAE	10.7%	11.5%	-79bps	10.4%	12.6%	-217bps
ROAA	1.66%	1.87%	-21bps	1.59%	2.01%	-42bps

Net income for 9M 2024 improved 1% year-on-year to SAR 3,427 million from a 30% reduction in impairments, partly offset by an increase in operating expenses. Quarterly net income declined by 8% year-on-year due to higher operating expenses and cost of funds, but increased by 2% quarter-on-quarter, driven by an improved top line.

Total operating income declined by 1% year-on-year to SAR 7,086 million for 9M 2024. Net interest income declined 2% to SAR 5,844 million as a 16% year-on-year growth in average interest earning assets was offset by a 57 basis points margin contraction to 3.06%. Quarterly total operating income declined by 2% year-on-year but increased by 3% quarter-on-quarter, driven by improvements in both net interest and non-interest income over the last quarter.

Non-interest income increased by 7% to SAR 1,242 million due to higher net fee & commission income and improved investment-related income, partly offset by lower trading and exchange income.

Operating expenses increased 12% year-on-year to SAR 2,439 million in 9M 2024 due to increased employee-related costs, general and administrative expenses and depreciation. The quarterly operating expenses rose by 16% year-on-year and 6% quarter-on-quarter. The cost to income ratio increased by 392 basis points year-on-year to 34.4% for 9M 2024 due to the operating expenses growth.

The impairment charge amounted to SAR 824 million for 9M 2024 compared with SAR 1,181 million in 9M 2023. This 30% improvement resulted from lower commercial impairments, partly offset by higher consumer, investment and off-balance impairments.

Balance Sheet Highlights

SAR Mn	3Q 2024	2Q 2024	Δ%	4Q 2023	Δ%
Cash & SAMA balances	11,118	11,578	-4%	10,559	+5%
Due from banks	6,764	11,742	-42%	4,113	+64%
Investments	57,386	55,506	+3%	48,467	+18%
Loans & advances	201,008	197,160	+2%	179,391	+12%
Other assets	11,394	12,840	-11%	10,852	+5%
Total assets	287,670	288,826	-0%	253,383	+14%
Due to banks, other FI & SAMA	24,181	24,857	-3%	18,945	+28%
Customers' deposits	193,342	196,248	-1%	172,209	+12%
Debt securities & term loans	12,798	12,490	+2%	8,634	+48%
Other liabilities	11,233	13,423	-16%	12,473	-10%
Total liabilities	241,554	247,017	-2%	212,262	+14%
Share capital	12,054	12,054	+0%	12,054	+0%
Retained earnings	13,474	13,595	-1%	11,428	+18%
Other	12,589	11,161	+13%	12,639	-0%
Equity attributable to shareholders	38,117	36,809	+4%	36,121	+6%
Tier 1 sukuk	8,000	5,000	+60%	5,000	+60%
Total equity	46,117	41,809	+10%	41,121	+12%
NPL ratio	0.83%	0.94%	-11bps	1.06%	-23bps
NPL coverage ratio	193.1%	161.9%	+31.3ppts	137.7%	+55.5ppts
T1 ratio	18.6%	17.4%	+126bps	18.9%	-30bps
CAR	19.4%	18.1%	+135bps	19.5%	-10bps
LCR	161.6%	187.0%	-25.4ppts	196.0%	-34.4ppts
NSFR	118.0%	118.0%	+0.0ppts	117.0%	+1.0ppts
LTD SAMA ratio	81.4%	81.0%	+0.4ppts	84.1%	-2.7ppts
Headline LTD Ratio	104.0%	100.5%	+3.5ppts	104.2%	-0.2ppts

Total assets as of 30 September 2024 amounted to SAR 287,670 million, an increase of 14% from 31 December 2023. Loans and advances rose 12% during 9M 2024 to SAR 201,008 million, driven by 12% commercial and 14% consumer lending growth.

The investment portfolio expanded by 18% YTD from high-quality liquid assets to manage interest rate risk while capturing higher yields.

Customers' deposits increased by 12% during 9M 2024 to SAR 193,342 million. Growth was driven by a 13% rise in interest-bearing deposits, further supported by an 11% increase in non-interest-bearing deposits.

During 9M 2024, the Bank issued debt securities and a term loan totaling USD 1,090 million.

The non-performing loans ratio further declined to 0.83% as of 30 September 2024, a 23 basis points improvement during 9M 2024 as NPLs declined 12% on write-offs in the commercial book relative to 12% gross loan growth. The coverage of non-performing loans further increased to 193.1% as of 30 September 2024 relative to 137.7% at the start of the year.

The total capital adequacy ratio increased to 19.4%, and the Tier 1 ratio rose to 18.6% as of 30 September 2024, driven by the additional Tier 1 sukuk issuance and favorable OCI movements on investment and cash flow hedge reserves in 3Q 2024.

The bank's liquidity remained strong and comfortably within regulatory limits, with the liquidity coverage ratio at 162%, the net stable funding ratio at 118%, the SAMA regulatory loan to deposit ratio at 81.4%, and the headline loan to deposit ratio at 104.0%.

Operating Segment Highlights

Corporate Banking

Income Statement Highlights

SAR Mn	9M 2024	9M 2023	Δ%	3Q 2024	3Q 2023	Δ%
Net interest income	3,381	2,797	+21%	1,220	984	+24%
Fee & other income	424	413	+3%	126	154	-18%
Total operating income	3,805	3,210	+19%	1,346	1,137	+18%
Expenses	(634)	(557)	+14%	(224)	(191)	+17%
Pre-impairment operating income	3,171	2,652	+20%	1,123	947	+19%
Impairments	(636)	(1,267)	-50%	(232)	(338)	-31%
Net income before zakat	2,535	1,386	+83%	890	609	+46%
NIM	3.16%	2.94%	+21bps	3.26%	2.98%	+28bps
Cost to income ratio	16.7%	17.4%	-0.7ppts	16.6%	16.7%	-0.1ppts
Commercial COR	0.54%	1.22%	-68bps	0.50%	0.95%	-45bps

Balance Sheet Highlights

SAR Mn	3Q 2024	2Q 2024	Δ%	4Q 2023	Δ%
Loans & advances	149,711	148,547	+1%	135,650	+10%
Total assets	152,067	151,370	+0%	136,409	+11%
Customers' deposits	130,752	134,986	-3%	102,995	+27%
Total liabilities	131,829	136,168	-3%	104,477	+26%

Corporate reported 83% year-on-year growth in net income before zakat to SAR 2,535 million. This resulted from 19% operating income growth to SAR 3,805 million and a 50% decline in credit impairments.

Total assets for the corporate segment grew 11% in 9M 2024 to SAR 152,067 million from a 10% increase in loans and advances. Corporate liabilities grew 26% year-to-date to SAR 131,829 million from 27% deposits growth.

Retail Banking

Income Statement Highlights

SAR Mn	9M 2024	9M 2023	Δ%	3Q 2024	3Q 2023	Δ%
Net interest income	2,918	2,507	+16%	940	917	+3%
Fee & other income	103	129	-21%	25	33	-26%
Total operating income	3,020	2,637	+15%	964	950	+2%
Expenses	(1,336)	(1,213)	+10%	(478)	(408)	+17%
Pre-impairment operating income	1,684	1,423	+18%	486	542	-10%
Impairments	(185)	91	-305%	(42)	9	-563%
Net income before zakat	1,499	1,514	-1%	444	551	-19%
NIM	8.47%	8.70%	-23bps	7.75%	9.18%	-143bps
Cost to income ratio	44.2%	46.0%	-1.8ppts	49.6%	42.9%	+6.6ppts
Consumer COR	0.67%	-0.16%	+83bps	0.48%	0.06%	+43bps

Balance Sheet Highlights

SAR Mn	3Q 2024	2Q 2024	Δ%	4Q 2023	Δ%
Loans & advances	49,577	46,877	+6%	42,325	+17%
Total assets	51,582	49,259	+5%	44,030	+17%
Customers' deposits	62,590	61,262	+2%	69,214	-10%
Total liabilities	63,349	62,178	+2%	70,429	-10%

Retail net income before zakat for 9M 2024 declined 1% year-on-year to SAR 1,499 million on 15% operating income growth to SAR 3,020 million which was offset by an increase in impairments to SAR 185 million and 10% increase in operating expenses.

Total retail assets rose by 17% during 9M 2024 to SAR 51,582 million from 17% growth in retail loans. Total liabilities declined by 10% year-to-date to SAR 63,349 million due to a 10% decrease in customers' deposits.

Treasury

Income Statement Highlights

SAR Mn	9M 2024	9M 2023	Δ%	3Q 2024	3Q 2023	Δ%
Net interest income	(577)	534	-208%	(213)	107	-299%
Fee & other income	434	421	+3%	176	146	+21%
Total operating income	(144)	955	-115%	(37)	253	-115%
Expenses	(274)	(245)	+12%	(97)	(75)	+29%
Pre-impairment operating income	(418)	710	-159%	(134)	177	-175%
Impairments	(2)	(5)	-54%	0	(15)	-100%
Net income before zakat	(420)	705	-160%	(134)	162	-183%

Balance Sheet Highlights

SAR Mn	3Q 2024	2Q 2024	Δ%	4Q 2023	Δ%
Investments	57,386	55,506	+3%	48,467	+18%
Total assets	81,463	85,704	-5%	70,830	+15%
Total liabilities	45,516	47,520	-4%	36,595	+24%

Treasury reported a net loss before zakat of SAR 420 million for 9M 2024. This resulted from a 115% year-on-year decline in operating income to negative SAR 144 million on higher funding costs, reflective of the higher rate environment.

Treasury assets increased by 15% during 9M 2024 from 18% growth in the investment portfolio, while liabilities rose 24%.

Investment Banking and Brokerage

Income Statement Highlights

SAR Mn	9M 2024	9M 2023	Δ%	3Q 2024	3Q 2023	Δ%
Net interest income	122	129	-5%	38	61	-37%
Fee & other income	282	203	+39%	100	67	+49%
Total operating income	404	332	+22%	138	128	+8%
Expenses	(195)	(161)	+21%	(58)	(66)	-12%
Net income before zakat	209	171	+22%	80	61	+30%
Brokerage volume	87,962	71,478	+23%	26,790	25,724	+4%
Cost to income ratio	48.2%	48.4%	-0.2ppts	42.2%	52.0%	-9.7ppts

Balance Sheet Highlights

SAR Mn	3Q 2024	2Q 2024	Δ%	4Q 2023	Δ%
AUM	29,622	25,435	+16%	23,985	+24%
Loans & advances	1,720	1,736	-1%	1,417	+21%
Total assets	2,558	2,494	+3%	2,113	+21%
Total liabilities	860	1,151	-25%	761	+13%

The Investment Banking and Brokerage segment registered a 22% year-on-year improvement in net income before zakat to SAR 209 million for 9M 2024. This was driven by 22% growth in operating income due to increased fee income, partly offset by rising operating expenses.

Outlook

The macro-economic fundamentals in the Kingdom of Saudi Arabia are supportive, with expected real GDP growth of 1.5% in 2024. In combination with continued realization of Vision 2030 opportunities and strong non-oil GDP growth projected at 3.7%, this has led to robust corporate activity and credit appetite.

Interest rates are expected to decrease by up to 50 basis points during the remainder of the year, following the recent 50 basis point rate cut in September 2024.

The bank is in a strong position to capitalize on these economic conditions during the remainder of 2024 which, together with our continued focus on strategic execution and solid start to the year, is expected to generate improving returns for our shareholders.

Additional Information

The 9M 2024 financial statements, earnings release, earnings presentation, investor presentation and financial data supplement will be available on the website of BSF at:

[BSF IR Website](#)

[Financial Disclosures](#)

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