

SAIB reports 9% net income growth to SAR 929 million in 1H2024

Strong balance sheet momentum with lending growth of 12% in 1H 2024

Key financial metrics for 1H 2024:

Loans

+12% YTD

SAR 90.6 bn ▲

Investments

+8% YTD

SAR 34.8 bn ▲

Deposits

+15% YTD

SAR 95.4 bn ▲

Operating Income

+3% YoY

SAR 2,018 mn ▲

Operating Expenses

+2% YoY

SAR 850 mn ▲

Net Income

+9% YoY

SAR 929 mn ▲

Tier 1 Ratio

-1.2 ppts YoY

18.2% ▼

SAMA LTD Ratio

+1.5 ppts YoY

77.1% ▲

Return on Tangible Equity

+38 bps YoY

11.9% ▲

Key highlights of 1H 2024

- ▷ Total assets at SAR 143.4 bn, up 10% YTD
- ▷ Loans and advances increased 12% YTD
- ▷ Investments (mainly debt securities) up 8% YTD
- ▷ Customer deposits up 15% YTD
- ▷ Net income rose 9% YoY
- ▷ Operating income up 3% YoY
- ▷ NIM contraction to 2.77% on higher funding costs
- ▷ Improved efficiency with CIR declining 0.5 ppt YoY to 42.1%
- ▷ Healthy credit quality with cost of risk at 0.33% and stable NPL ratio at 1.47%
- ▷ Return on tangible equity improved 38 bps YoY to 11.9%
- ▷ Solid capitalization with Tier 1 ratio of 18.2% and CAR of 18.8%
- ▷ Comfortable liquidity position with LCR of 174.6% and NSFR of 112.8%

Riyadh, 21 August 2024 – The Saudi Investment Bank has reported net income of SAR 929 million for 1H 2024, a 9% year-on-year increase, supported by a 3% rise in total operating income. Operating income growth was driven by a 22% improvement in net fee and other income, mainly from higher investment-related income and growth in fees from banking services. Total assets expanded 10% year-to-date, with loans and advances growing 12% and investments increasing 8%. SAIB's balance sheet expansion was primarily funded by 15% year-to-date growth in customer deposits, mainly from higher time deposits.

Faisal Abdullah Al-Omran, Chief Executive Officer of Saudi Investment Bank, said:

“SAIB has reported strong financial results for the first half of 2024, maintaining the impressive growth trajectory we set last year.

Our key financial highlights include 9% year-on-year growth in first half net income. This resulted from impressive 22% growth in fee and other income, while operating and risk costs were well controlled. Consequently, our cost to income ratio improved to 42.1% and return on tangible equity reached 11.9%.

This robust financial performance was underpinned by the expansion of our balance sheet, with loan growth of 12% year-to-date, funded by a 15% increase in deposits. SAIB continues to maintain strong asset quality with low levels of non-performing loans and adequate provision coverage – 1.47% and 151% respectively as at 30 of June.

The Bank has further maintained strong capitalization and liquidity positions, ensuring ample capacity to support future growth.

Implementation of Strategy 2027 is now in full swing, and we are progressing well on our strategic projects. At the same time, the economic macro-economic environment in Saudi Arabia remains favorable and supportive of our growth plans for the second half of the year and beyond.”

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Performance Highlights

Income Statement

SAR Million	1H 2024	1H 2023	Δ	2Q 2024	2Q 2023	Δ
Net special commission income	1,721	1,713	+1%	875	868	+1%
Fee and other income	296	244	+22%	147	126	+17%
Total operating income	2,018	1,956	+3%	1,023	993	+3%
Operating expenses before impairments	(850)	(835)	+2%	(423)	(410)	+3%
Provisions for credit and other losses	(144)	(161)	-10%	(62)	(80)	-22%
Net Operating Income	1,023	961	+7%	538	504	+7%
Share in earnings of associates	50	31	+64%	24	13	+94%
Income before provisions for Zakat	1,074	992	+8%	562	516	+9%
Provisions for Zakat	(145)	(139)	+4%	(76)	(72)	+5%
Net Income attributed to equity holders	929	853	+9%	486	444	+10%
Earnings per share (SAR)	0.68	0.61	+10%	0.34	0.30	+11%
Net interest margin	2.77%	3.13%	-36bps	2.77%	3.07%	-30bps
Cost to income ratio	42.1%	42.7%	-0.5ppt	41.3%	41.3%	+0.0ppt
Cost of risk	0.33%	0.43%	-10bps	0.28%	0.41%	-13bps
Return on tangible common equity	11.9%	11.5%	+38bps	11.8%	11.1%	+67bps

Net income for 1H2024 rose 9% year-on-year to SAR 929 million. Growth was driven by an increase in fee and other income, further supported by improved operating efficiency and cost of risk.

Operating income for 1H 2024 reached SAR 2,018 million, marking a 3% year-on-year increase. This solid top-line growth was largely attributed to a 22% year-on-year increase in fee and other income, which amounted to SAR 296 million in 1H 2024. The key drivers of this growth were higher investment-related income and fees from banking services. Net special commission income was stable compared to 1H 2023, as 13% year-on-year growth in average earning assets was offset by a 36 bps contraction in NIM to 2.77%.

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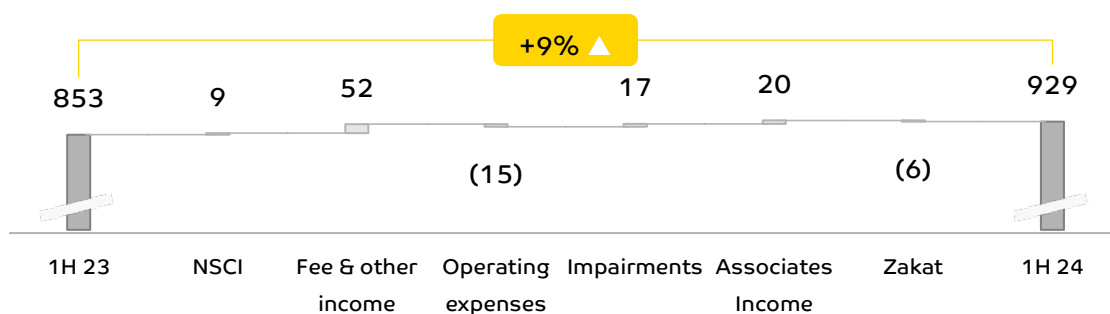
Operating expenses of SAR 850 million increased modestly by 2% year-on-year. This was mainly due to higher general & administration expenses, and employee-related costs as the bank continued to execute on its digital transformation and strategic growth initiatives.

Cost to income ratio improved to 42.1% in 1H 2024 compared to 42.7% in 1H 2023. This improvement was driven by the Bank's ability to generate higher operating income, which outpaced the growth in operating expenses.

The provisions for credit and other losses amounted to SAR 144 million during the first half of 2024 compared to provision costs of SAR 161 million in 1H 2023. The cost of risk remained modest at 0.33% for the 1H 2024.

The share in earnings of associates increased by 64% year-on-year to SAR 50 million, while provisions for zakat and taxes increased by 4% year-on-year.

Net Income Movement YoY (SARmn)



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Balance Sheet

SAR Million	2Q 2024	1Q 2024	Δ	4Q 2023	Δ
Cash and balances with SAMA	11,725	9,946	+18%	11,018	+6%
Due from banks and financial Institutions, net	1,206	2,751	-56%	1,473	-18%
Investments, net	34,783	34,167	+2%	32,301	+8%
Loans and advances, net	90,644	84,623	+7%	80,751	+12%
Other assets, net	5,000	4,919	+2%	4,441	+13%
Total assets	143,358	136,405	+5%	129,984	+10%
Due to banks and other financial institutions, net	28,765	28,801	-0%	27,289	+5%
Customers' deposits	95,363	88,433	+8%	83,233	+15%
Other liabilities	1,730	1,890	-8%	2,227	-22%
Total liabilities	125,857	119,124	+6%	112,749	+12%
Share capital	12,500	10,000	+25%	10,000	+25%
Retained earnings	2,110	1,690	+25%	1,711	+23%
Other reserves	390	2,876	+0%	2,809	-86%
Shareholders' equity	15,001	14,566	+3%	14,520	+3%
Tier 1 sukuk	2,500	2,715	-8%	2,715	-8%
Total equity	17,501	17,281	+1%	17,235	+2%
NPL Ratio	1.47%	1.47%	-0bps	1.50%	-3bps
NPL Coverage Ratio	151.1%	157.0%	-5.8ppt	155.2%	-4ppt
NIBD % of total	30.2%	34.6%	-4.4ppt	36.0%	-5.8ppt
Tier 1 ratio	18.2%	18.6%	-0.4ppt	19.4%	-1.2ppt
Capital adequacy ratio	18.8%	19.2%	-0.4ppt	20.1%	-1.2ppt
Liquidity coverage ratio	174.6%	179.9%	-5.3ppt	195.8%	-21.2ppt
Net stable funding ratio	112.8%	111.4%	+1.5ppt	113.1%	-0.2ppt
Financing to customers' deposit ratio (SAMA)	77.1%	77.2%	-0.1ppt	76.5%	-0.6ppt

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Total assets reached SAR 143.4 billion as of 31 June 2024, marking 10% year-to-date growth.

Loans and advances continued to expand, increasing by 12% year-to-date to SAR 90.6 billion. This growth was mainly driven by a 13% increase in corporate lending, while retail lending, including private banking, also contributed with 9% growth. The Bank continued to benefit from increased participation in the syndicated loan market for large infrastructure projects, while exposure to other key sectors such as utilities, building & construction, commerce, manufacturing, and services also supported this growth.

The **investment portfolio** increased by 8% year-to-date to reach SAR 34.8 billion. The Bank made new investments to capitalize on the higher interest rate environment, further strengthening its financial position.

Customer deposits expanded by 15% year-to-date to SAR 95.4 billion, reflecting a 25% increase in interest bearing deposits. Corporate deposits increased by 31%, Retail deposits were up 20% for the period, while Treasury and Investment deposits were lower by 13%.

The **non-performing loans ratio** stood at 1.47% as of 30 June 2024, as non-performing loans remained at moderate levels compared to growth in gross lending. Non-performing loan coverage stood at a healthy 151.1% as of end June 2024.

The Bank remains **well capitalized** with the total capital adequacy ratio of 18.8% and Tier 1 ratio of 18.2% as of 30 June 2024, compared to 20.1% and 19.4% respectively as of 31 December 2023. Risk-weighted assets increased by 6% year-to-date, due to growth in credit risk weighted assets.

SAIB's **liquidity position** remained robust with the liquidity coverage ratio of 174.6%, a net stable funding ratio of 112.8%, a SAMA loan to deposit ratio of 77.1%, as well as a headline loan to deposit ratio of 95.1% as of 30 June 2024.

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Segmental Performance

Corporate

Corporate net income before zakat grew 21% year-on-year to SAR544 million in 1H 2024. Corporate operating income increased by 16% year-on-year on 17% growth in net special commission income due to strong loan growth. This was supported by an increase of 7% year-on-year in fee and other income. Operating expenses increased by 2% year-on-year. The Corporate segment also recorded an increase in credit impairments due to additional provisions for certain customers.

Total corporate assets increased by 13% year-to-date to SAR 65.8 billion as of 2Q 2024, driven by similar levels of loan growth. Corporate liabilities increased by 31% year-to-date to SAR 10.4 billion, largely driven by deposit growth.

Income Statement (SAR Million)	1H 2024	1H 2023	Δ	2Q 2024	2Q 2023	Δ
Net Special Commission Income	701	599	+17%	372	306	+22%
Fee & other income	101	94	+7%	57	47	+19%
Total operating income	802	694	+16%	429	353	+22%
Expenses	140	136	+2%	57	57	+1%
Impairments	118	107	+11%	50	59	-15%
Other income (expenses)	0	0	-	0	0	-
Net income before zakat	544	451	+21%	322	237	+36%

Balance Sheet (SAR Million)	2Q 2024	1Q 2024	Δ	4Q 2023	Δ
Total assets	65,812	61,684	+7%	58,045	+13%
Total liabilities	10,380	13,444	-23%	7,953	+31%

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Retail

Retail net income before zakat decreased by 4% year-on-year to SAR 275 million in 1H 2024. Retail operating income decreased by 5% year-on-year, while impairment charges improved by 53%.

Total retail assets increased by 10% year-to-date to SAR 25.0 billion as of 2Q 2024, while retail liabilities were higher by 20% year-to-date to reach SAR 70.7 billion, reflecting growth in deposits.

Income Statement (SAR Million)	1H 2024	1H 2023	Δ	2Q 2024	2Q 2023	Δ
Net Special Commission Income	711	752	-5%	357	441	-19%
Fee & other income	73	71	+4%	36	38	-5%
Total operating income	784	822	-5%	394	479	-18%
Expenses	485	482	+0%	258	289	-11%
Impairments	25	54	-53%	12	20	-40%
Other income (expenses)	0	0	-	0	0	-
Net income before zakat	275	286	-4%	124	170	-27%

Balance Sheet (SAR Million)	2Q 2024	1Q 2024	Δ	4Q 2023	Δ
Total assets	24,979	23,024	+8%	22,664	+10%
Total liabilities	70,719	62,216	+14%	58,963	+20%

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Treasury and Investments

Treasury and Investments saw net income before zakat increased by 4% year-on-year to SAR 334 million in 1H 2024. Operating income fell slightly year-on-year on lower net special commission income resulting from a higher cost of funds compared to the previous year. Fee and other income grew by 59% year-on-year to SAR148 million. The increase was largely due to higher unrealized gains on financial instruments. Treasury and Investments operating expenses increased by 2% year-on-year, while investment impairments were negligible and income from associates grew 64% year-on-year.

The segment's total assets rose by 6% year-to-date on higher investment securities and interbank placements. Liabilities were stable year-to-date, while deposits contracted by 13%.

Income Statement (SAR Million)	1H 2024	1H 2023	Δ	2Q 2024	2Q 2023	Δ
Net Special Commission Income	305	362	-16%	143	117	+22%
Fee & other income	148	93	+59%	82	43	+90%
Total operating income	453	455	-0%	225	160	+41%
Expenses	169	165	+2%	80	41	+93%
Impairments	1	0	NA	(0)	0	NA
Associates	50	31	+64%	24	13	+94%
Net income before zakat	334	320	+4%	170	132	+30%

Balance Sheet (SAR Million)	2Q 2024	1Q 2024	Δ	4Q 2023	Δ
Total assets	48,641	47,890	+2%	45,774	+6%
Total liabilities	42,734	41,200	+4%	43,607	-2%

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Asset Management and Brokerage

Asset Management and Brokerage net income before zakat expanded by 6% year-on-year to SAR 59 million in 1H 2024. Net special commission income grew 20% year-on-year from higher income on margin accounts. Fee and other income grew by 5%, reflecting healthy stock market trading volumes and capital markets activity.

Asset Management and Brokerage total assets expanded by 3% year-to-date while liabilities declined by 5%.

Income Statement (SAR Million)	1H 2024	1H 2023	Δ	2Q 2024	2Q 2023	Δ
Net Special Commission Income	33	27	+20%	17	14	+21%
Fee & other income	83	80	+5%	34	43	-20%
Total operating income	116	107	+8%	51	56	-10%
Expenses	57	51	+11%	28	24	+17%
Impairments	0	0	-	0	(0)	-
Net income before zakat	59	56	+6%	23	33	-29%

Balance Sheet (SAR Million)	2Q 2024	1Q 2024	Δ	4Q 2023	Δ
Total assets	819	821	-0%	798	+3%
Total liabilities	58	60	-2%	62	-5%

Outlook

The economic outlook for the Kingdom of Saudi Arabia remains healthy with real GDP growth for 2024 expected to range between 2.5% - 3%. Despite potential headwinds in the global oil market, the Kingdom's robust expansion of non-oil sector, a key focus of Vision 2030, remains a critical driver of long-term economic growth.

SAIB's remains committed to delivering superior financial services and supporting Saudi Arabia's economic ambitions. The Kingdom's continued investments in mega-projects and large infrastructure initiatives are generating strong credit demand. SAIB's strategic positioning, with its corporate focus and project financing activities, aligns well with this trend. The upward trend in household spending is bolstering the ongoing development of the retail sector, and SAIB is actively expanding its retail banking operations, with a particular emphasis on private banking. This strategic positioning is expected to support growth in earnings throughout 2024.

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Additional Information

SAIB's 2Q 2024 financial statements, earnings release, earnings presentation and financial data supplement are available on the SAIB Investor Relations website at:

<https://www.saib.com.sa/en/investor-relations>

For further information, visit: <https://www.saib.com.sa/en>

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