

BSF 4Q 2024 Earnings Presentation

5 February 2025



Highlights & Strategy Update



Balance Sheet

- Strong loan growth of 14% YoY, driven by both commercial (+13%) and consumer (+16%).
- Investments increased 24% YoY to manage IR risk while capturing higher yields.
- Deposit growth of 7% YoY, from IBDs (+9%) and NIBDs (+6%).

Loans & Advances

204.2

SAR Billion

▲ +14% year-on-year

Investments

60.3

SAR Billion

▲ +24% year-on-year

Customers' Deposits

185.1

SAR Billion

▲ +7% year-on-year

Income Statement

- Operating income increased by 4% from 19% non-interest income growth.
- NIM declined by 48bps YoY to 3.05% on higher funding costs.
- Net income grew 8%, driven by higher non-interest income and lower impairments, partly offset by rising expenses.

Operating Income

9,658

SAR Million

▲ +4% year-on-year

NIM

3.05%

▼ -48bps year-on-year

Net Income

4,544

SAR Million

▲ +8% year-on-year

Asset Quality

- Lower NPL ratio, mainly from write-offs, and improving coverage ratio.
- Improved COR in the commercial book.

NPL Ratio

0.93%

▼ -12bps year-on-year

NPL Coverage

181.7%

▲ +44.0ppts year-on-year

Cost of Risk

0.58%

▼ -38bps year-on-year

Capital & Liquidity

- Capital, funding and liquidity remain strong and comfortably within regulatory limits.
- YoY moderation in NIBD ratio from expected shift to IBDs.

T1 Ratio

18.8%

▶ -0.2ppts year-on-year

LCR

162%

▼ -34ppts year-on-year

NIBD % of Total Deposits

46.5%

▶ -0.6ppts year-on-year

Strategic Goals

Focused Initiatives

Progress
4Q24: 79%, 3Q24: 75%
4Q23: 62%

Key Highlights

Wholesale Banking

Solidify market position

GTS revamp
Expand FIG&MNC coverage

88% 4Q23: 76%

Achieved growth in government accounts and progressed in government client segmentation

Expanded FI reach globally

Released Trade Finance and Liquidity and Cash Management products

Personal Banking

Leverage segmentation and synergies

Scale up affluent
Provide superior daily banking

75% 4Q23: 40%

Launched new digital app

Finalized Branch Network, strategy and roadmap

Strengthened cross-sell framework with JB

Private Banking

Reinforce market leadership

Broaden product suite
Experience-centric rewards

100% 4Q23: 84%

Key offerings with BSF Capital

Tailored family products

Collaborating with JB products

Launched advisory program for RMs

Strategy execution progressing well across the various business pillars



Strategic Goals

Focused Initiatives

Progress
4Q24: 79%, 3Q24: 75%
4Q23: 62%

Key Highlights

JB

Expand in new market segments

Digital acceleration
Product diversification
Brand repositioning

88% 4Q23: 83%

Implemented an innovative digital-hybrid journey for auto and personal finance
Optimized mobile app services
Defined Credit Card proposition
Modernized core systems
Improved cross-sell momentum with BSF

BSF Capital

Seize existing opportunities and grow

Synergize wealth mgmt.
Broaden advisory
Attractive investment solutions

55% 4Q23: 42%

Progressing with key partnerships and collaboration initiatives
Kicked off multi-asset model portfolios
Focused on robo advisory
Progressed pipeline in real estate funds



Good progress in the implementation of the three key strategic programs across the IT & Technology priorities



Technology Infrastructure Upgrade

	Description	Key Highlights	2025 Progress & Beyond
<h2>Integrated Corporate Portal</h2>	<p>New corporate platform supporting trade & supply chain services, and expanded liquidity and cash management solutions and services</p>	<ul style="list-style-type: none"> • User training: successfully completed • User testing: round 1 underway • Data migration: actively in progress • Phase II: Trade AI & Trade Loans, Phase III: Supply Chain Finance 	<ul style="list-style-type: none"> • Testing completion: backend and frontend testing targeted for conclusion by 1Q 2025 • Go-live: phase 1 scheduled for launch in 2Q 2025
<h2>Omnichannel</h2>	<p>New high performance retail platform providing robust digital banking service and enhanced customer experiences and journeys</p>	<ul style="list-style-type: none"> • Customer migration: initiated in structured batches for seamless transition • Release 2 enhancements: successfully deployed, driving improved functionality and user experience 	<ul style="list-style-type: none"> • Initiated official public release • Subsequent additional features releases are planned to be rolled out in 2025
<h2>Core Banking System (Corporate) Release 3</h2>	<p>Bank-wide core banking system to enable best-in-class customer experience with leading operational efficiency</p>	<ul style="list-style-type: none"> • CBS retail deposits: user testing phase successfully completed • CBS corporate loans: specification documents finalized and prepared for business review 	<ul style="list-style-type: none"> • CBS retail deposits: planned live deployments are on track, with sign-offs scheduled for February 2025 • CBS corporate loans: design phase targeted for completion by Q3 2025 • Testing: user testing will commence in 3Q 2025

We proudly launched our Digital App with comprehensive functionality, with more features coming in 2025



Intuitive design
a simple, user-friendly interface tailored for everyone

Effortless access
seamless login experience with advanced biometric integration

Enhanced employee experience
upgraded backend powered by an optimized employee app

Streamlined payments
stay on top of your finances with instant payment quick actions

Lightning-fast performance
improved responsiveness for quicker navigation and actions

Convenient digital applications
apply for multiple products and services effortlessly, all in one place

Simple, user-friendly interface for everyone.

Seamless Access.

Directly discover what matters most to you.

A cross-platforms solution.

Behind the scenes with employee app.

Requester	Requester ID	Requester Name	Requester Email	Requester Phone	Requester Address	Requester City	Requester Country	Requester State	Requester Zip	Requester Status
Abdalla Al-Balawi	0517	Abdalla Al-Balawi	abdalla@bsf.com	0517 1234567	123 Main St	Riyadh	Saudi Arabia	11564	11564	Active
...

Quick performance and improved responsiveness.

Digitally apply for multiple products and services.

Stay updated with payment quick actions.

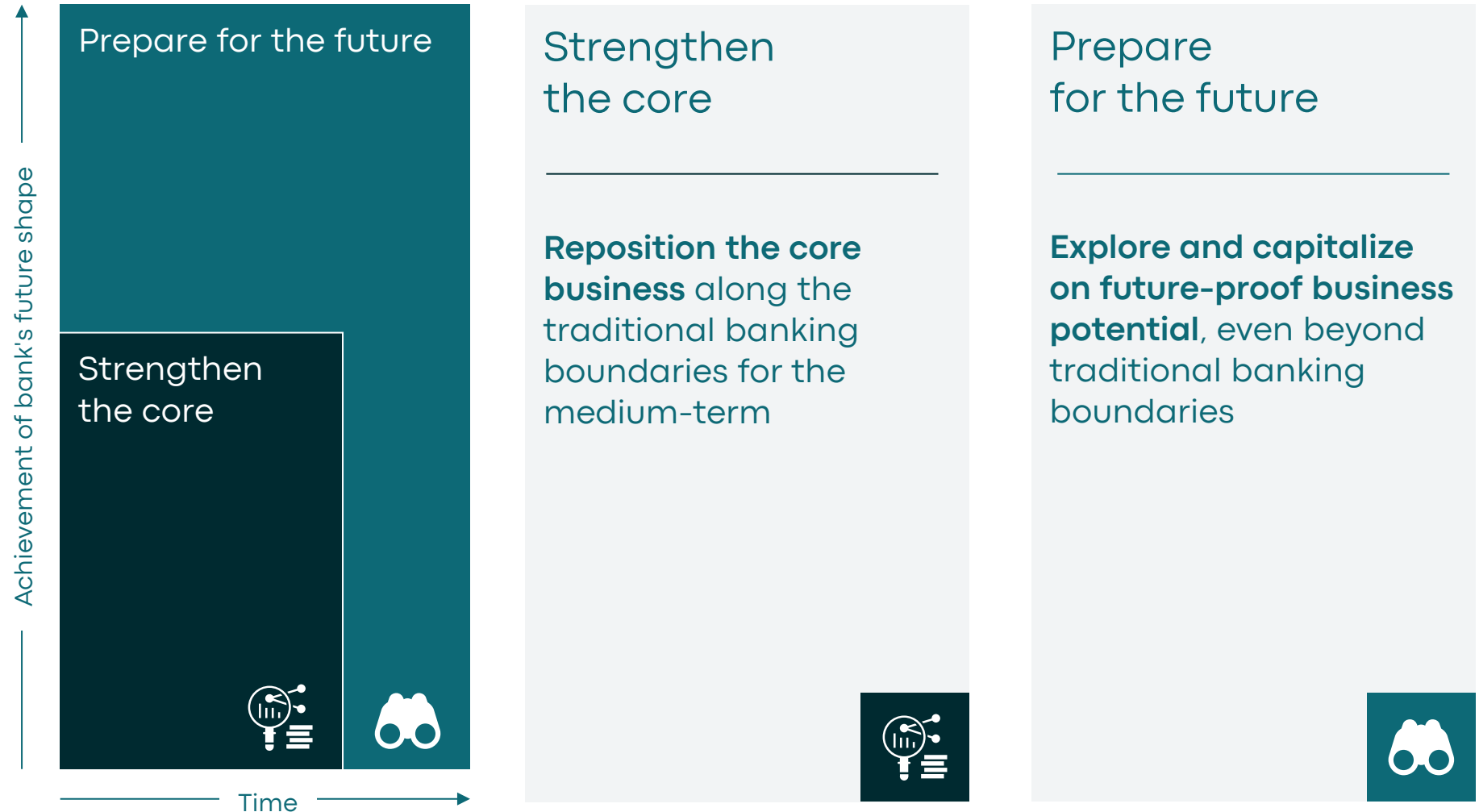
Stay updated with payment quick actions.

New card
Get new card tailored for you in matter of minutes

We have kicked off BSF 2030 Strategy exercise to future-proof the bank's market positioning



... for both the mid-term and long-term future of the bank



Financial Highlights

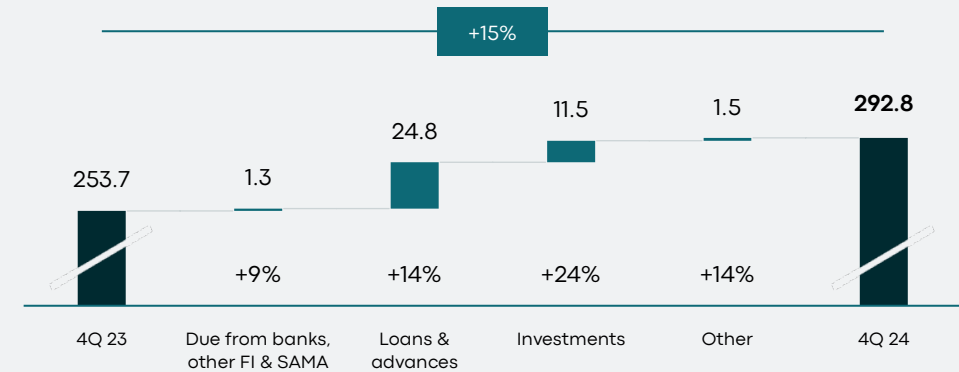


Balance Sheet

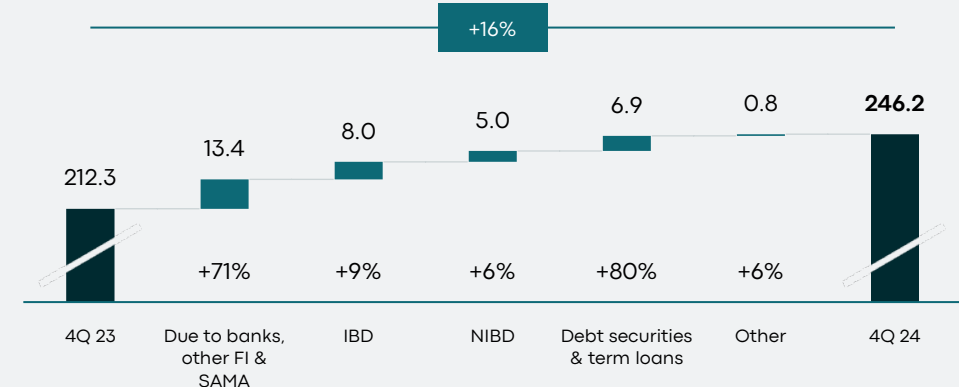
- Growth in total assets of 15% YoY, mainly driven by 14% loan growth, further aided by an increase in investments.
- The investment portfolio expanded by 24% YoY from high-quality liquid assets to capture higher yields, while managing interest rate risk.
- Liabilities grew by 16% during FY 2024 from 7% deposit growth, a 71% increase in interbank, and an 80% rise in debt securities.
- Total equity increased by 13% YoY due to SAR 3bn Additional Tier 1 sukuk issuance and retained earnings generation.

SAR Mn	4Q 2024	3Q 2024	Δ%	4Q 2023	Δ%
Investments	60,289	57,669	+5%	48,750	+24%
Loans & advances	204,168	201,008	+2%	179,391	+14%
Total assets	292,776	287,953	+2%	253,666	+15%
Customers' deposits	185,118	193,342	-4%	172,209	+7%
Total liabilities	246,169	241,554	+2%	212,262	+16%
Total equity	46,607	46,399	+0%	41,404	+13%

Total Assets Movement YoY (SAR Bn)



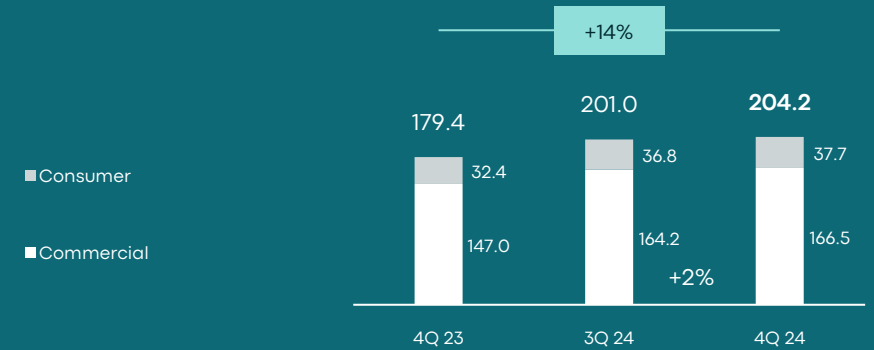
Total Liabilities Movement YoY (SAR Bn)



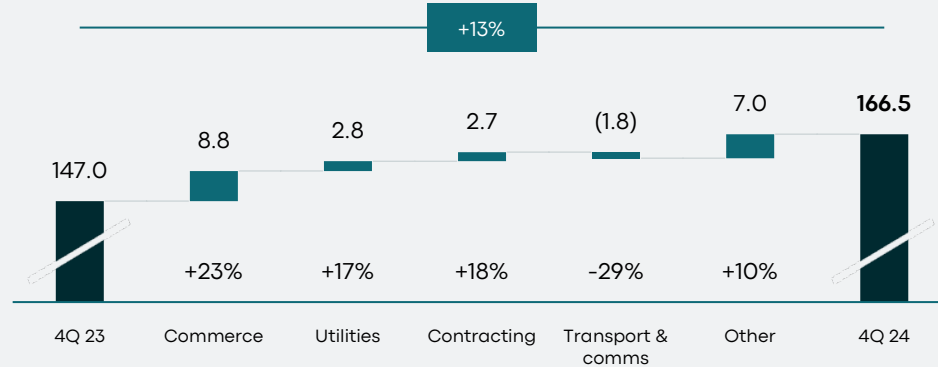
Loans & Advances

- Total loans & advances grew 14% during FY 2024 from both consumer and commercial lending growth.
- Commercial loans grew 13% during FY 2024, with notable increase in the commerce, utilities and contracting sectors.
- Consumer loans grew 16% YoY, driven by a 16% increase in mortgages, supported by 29% growth in auto loans and an 11% rise in personal loans.

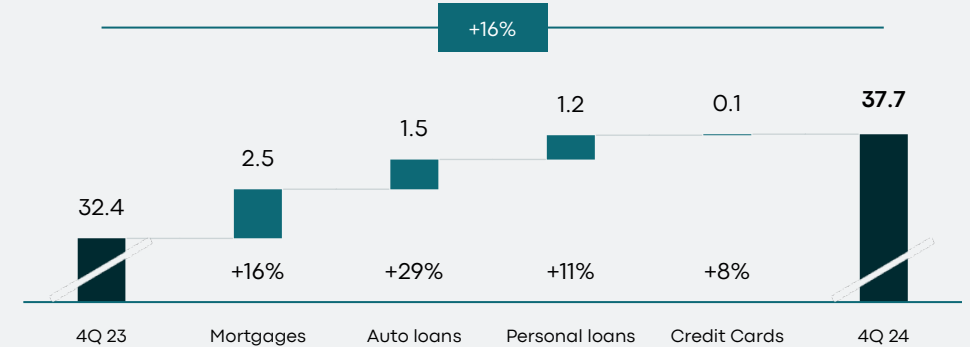
Loans & Advances (SAR Bn)



Commercial Loans Movement YoY (SAR Bn)



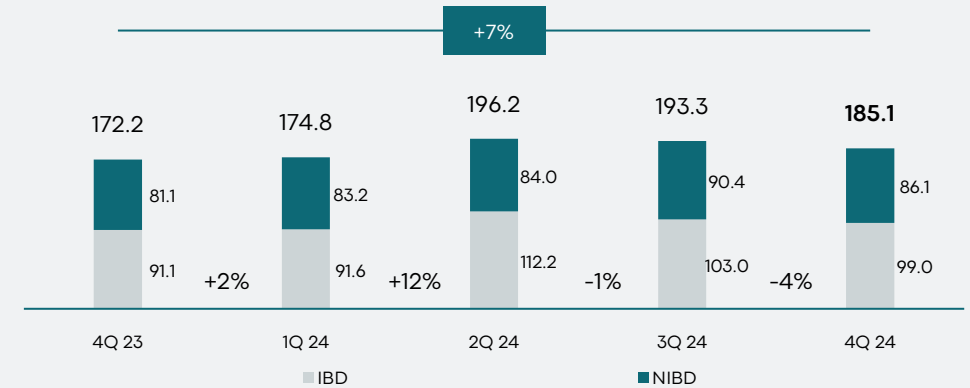
Consumer Loans Movement YoY (SAR Bn)



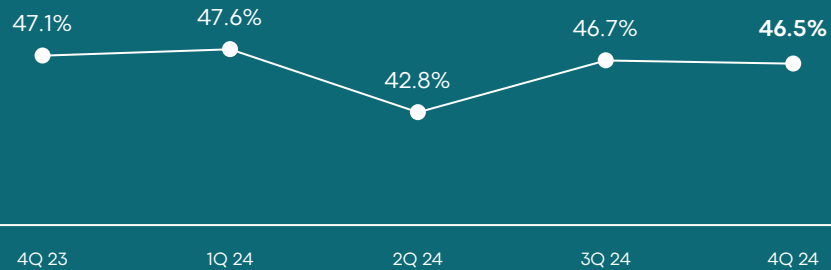
Customers' Deposits

- Deposits grew by 7% during FY 2024, driven by an increase in IBDs and further supported by NIBD growth.
- NIBDs increased 6% YoY and IBD's increased 9% YoY, mainly from corporate deposits.
- As of 31 December 2024, 46.5% of deposits were non-interest bearing.

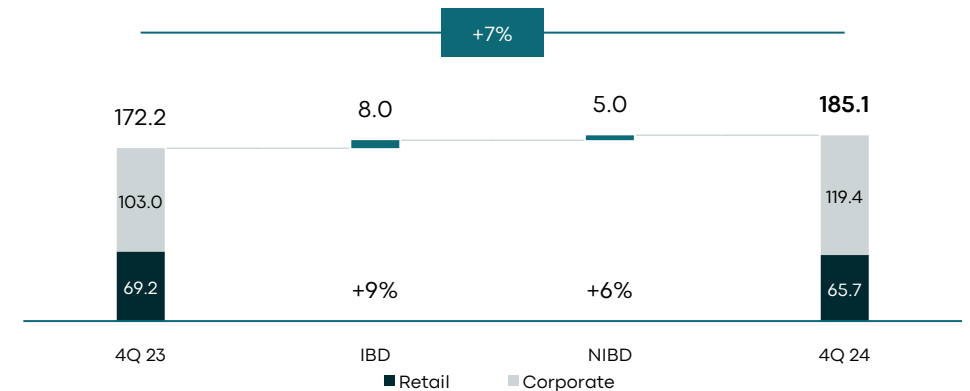
Customers' Deposits (SAR Bn)



NIBD % of Total Deposits (%)



Customers' Deposits Movement YoY (SAR Bn)



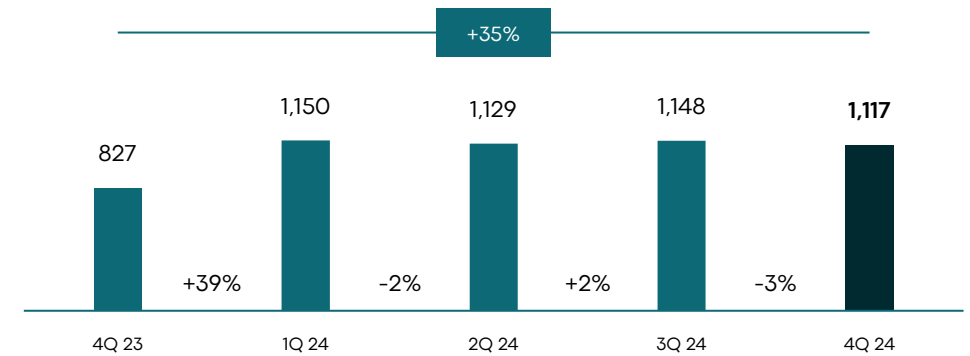
Net income grew 8% YoY from higher non-interest income and lower impairments, partially offset by higher costs

Income Statement

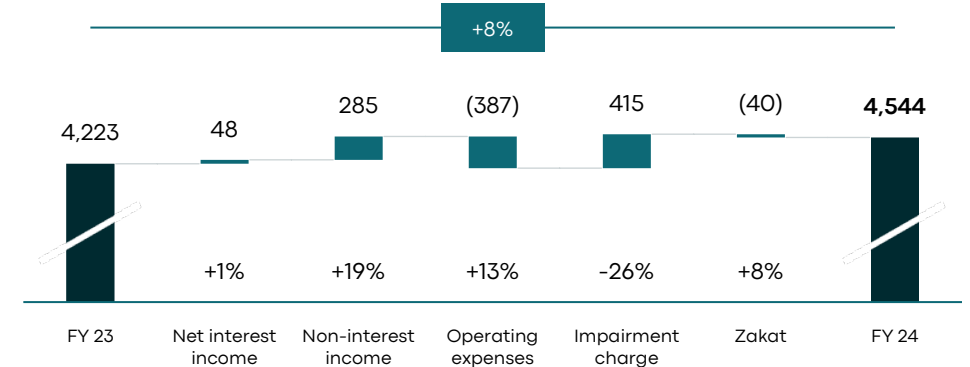
- Net income for FY 2024 grew 8% YoY to SAR 4,544mn from a 19% rise in non-interest income and a 26% decline in the impairment charge, partly offset by 13% growth in operating expenses.
- Total operating income increased by 4% YoY, with net interest income growing moderately by 1% and non-interest income increasing by 19%.
- Quarterly net income increased by 35% YoY but declined by 3% QoQ to SAR 1,117mn.

SAR Mn	FY 2024	FY 2023	Δ%	4Q 2024	4Q 2023	Δ%
Net interest income	7,883	7,835	+1%	2,039	1,868	+9%
Non-interest income	1,774	1,489	+19%	533	323	+65%
Operating income	9,658	9,324	+4%	2,572	2,191	+17%
Operating expenses	(3,409)	(3,022)	+13%	(970)	(846)	+15%
Pre-impairment operating income	6,249	6,302	-1%	1,602	1,345	+19%
Impairment charge	(1,180)	(1,594)	-26%	(355)	(413)	-14%
Net income before zakat	5,069	4,708	+8%	1,247	932	+34%
Zakat	(525)	(485)	+8%	(130)	(104)	+25%
Net income	4,544	4,223	+8%	1,117	827	+35%
ROAE	10.39%	10.61%	-22bps	9.61%	8.20%	+140bps

Net Income (SAR Mn)



Net Income Movement YoY (SAR Mn)

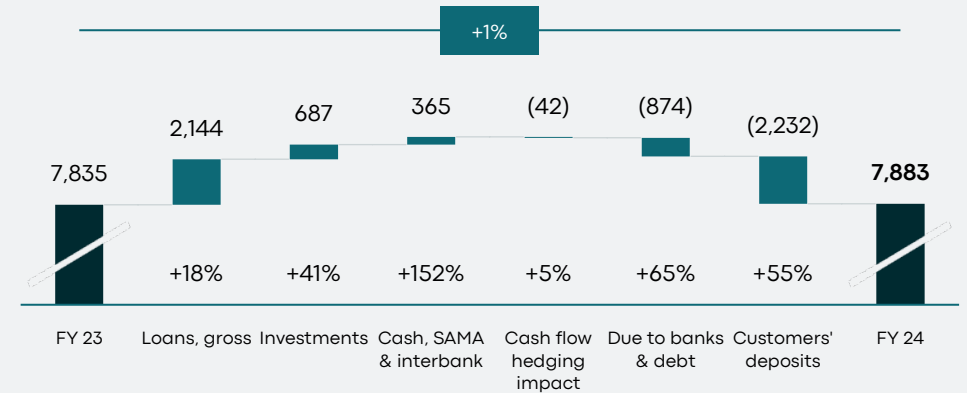


1% growth in NII YoY as earning assets growth was mostly offset by margin contraction

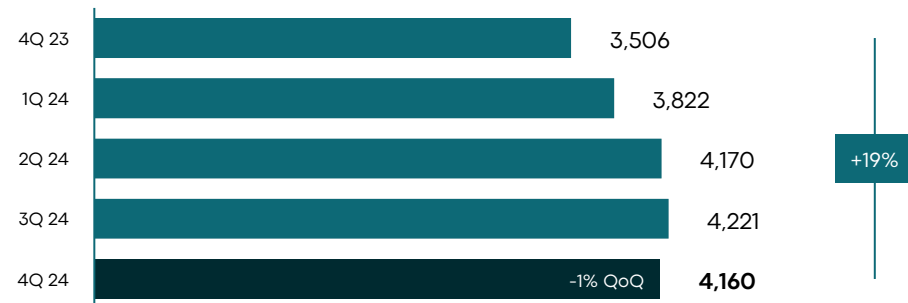
Net Interest Income

- NII for FY 2024 increased by 1% YoY to SAR 7,883mn, with 16% average earnings assets growth mostly offset by margin contraction.
- Interest income rose 24% YoY to SAR 16,372mn in FY 2024, while funding costs rose 58% to SAR 8,489mn.

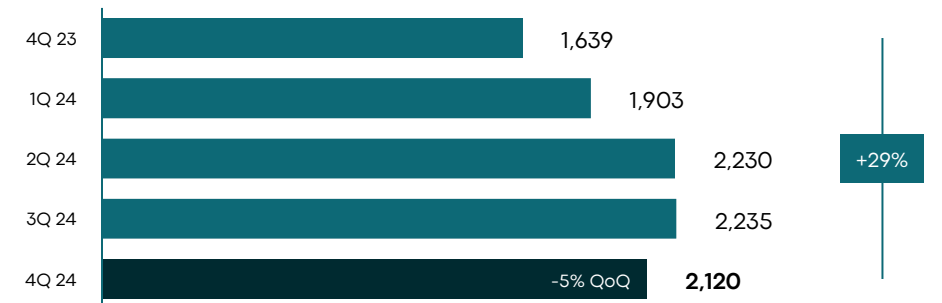
Net Interest Income Movement YoY (SAR Mn)



Interest Income (SAR Mn)



Interest Expense (SAR Mn)

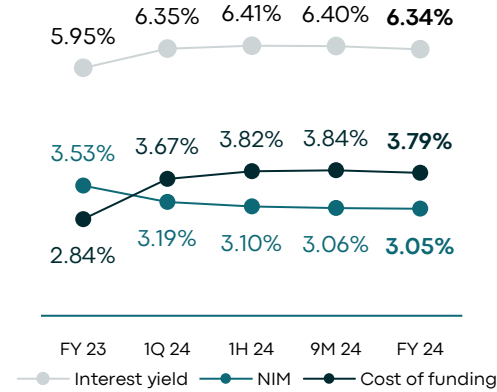


YoY margin decline from shifting deposit mix towards IBDs

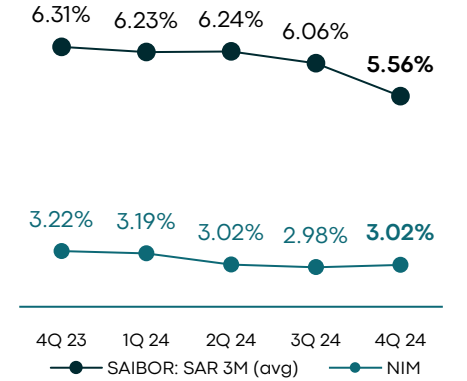
Net Interest Margin

- The NIM declined 48bps YoY to 3.05% mainly due to increased costs on customers' deposits.
- On a sequential basis, the quarterly NIM started to increase by 4bps QoQ.
- Funding costs increased by 95bps YoY to 3.79% in FY 2024.

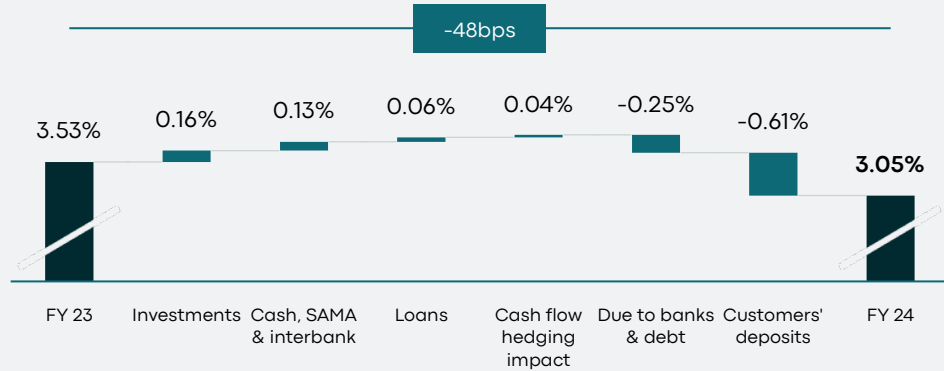
YTD NIM Trend



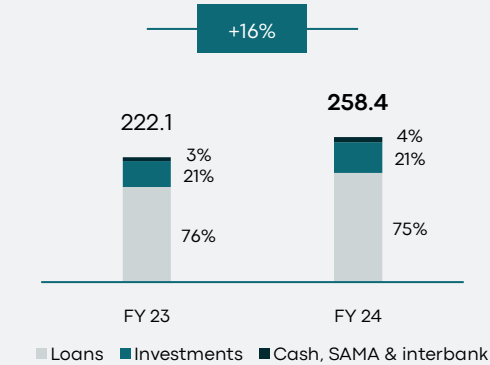
Quarterly NIM Trend



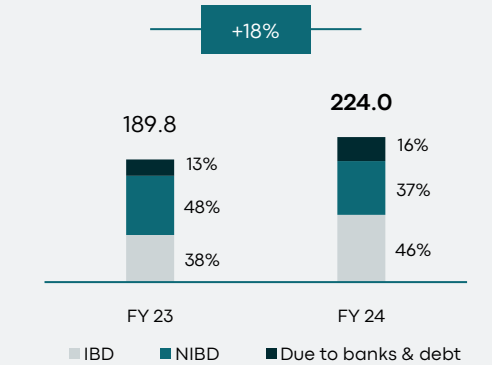
NIM Movement YoY (%)



Average Interest Earning Assets (SAR Bn)



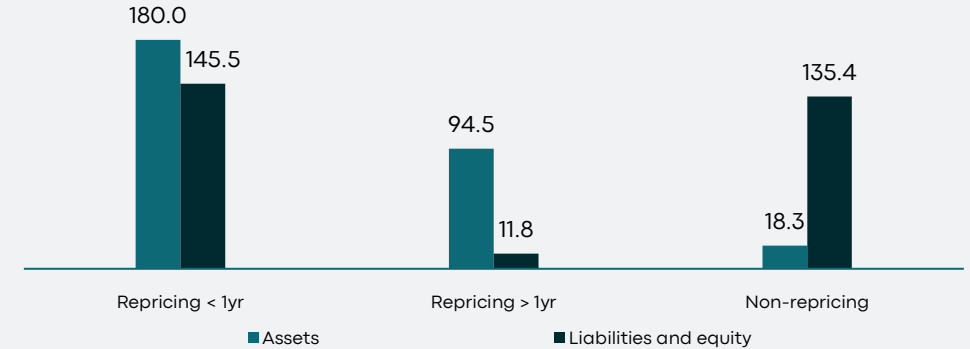
Average Interest Bearing Liabilities (SAR Bn)



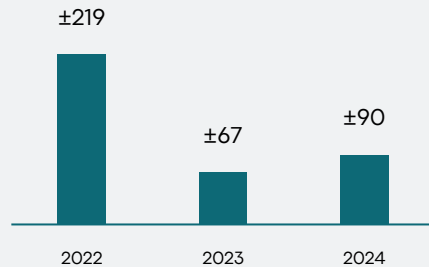
NIM Sensitivity

- As of 31 December 2024, BSF estimates a 1-year NIM sensitivity of a 100bps rates change at ± 3 bps; this would translate into a SAR ± 90 mn NII delta.
- The net open short-term IR position arising from on-balance sheet items reflects BSF's corporate DNA (excess of floating rate assets).
- BSF mitigates its IR risk exposure through a combination of on-and off-balance sheet instruments, incl. cash-flow hedges. The CFH outstanding position is driven by the evolution of BSF's balance sheet structure, IR risk appetite & structural market trends.
- The notional amount of cash flow hedges declined by 14% year-over-year, driven by an increase in fixed investments, which has resulted in a natural hedge to mitigate interest rate risk.

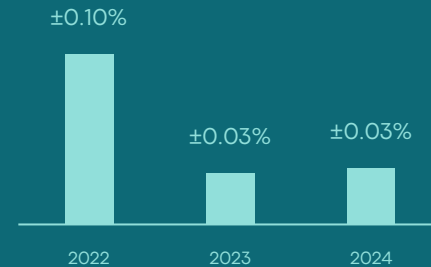
Balance Sheet Repricing Profile as at 31 December 2024 (SAR Bn)



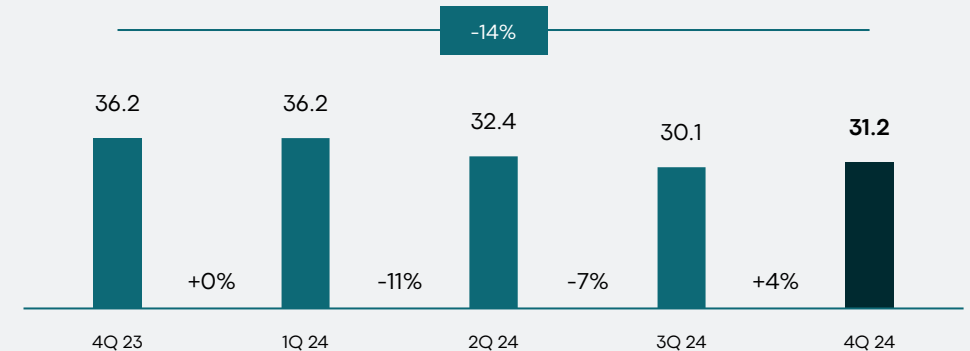
NII Impact of ± 100 bps Rate Change (SAR Mn)



NIM Impact of ± 100 bps Rate Change (%)



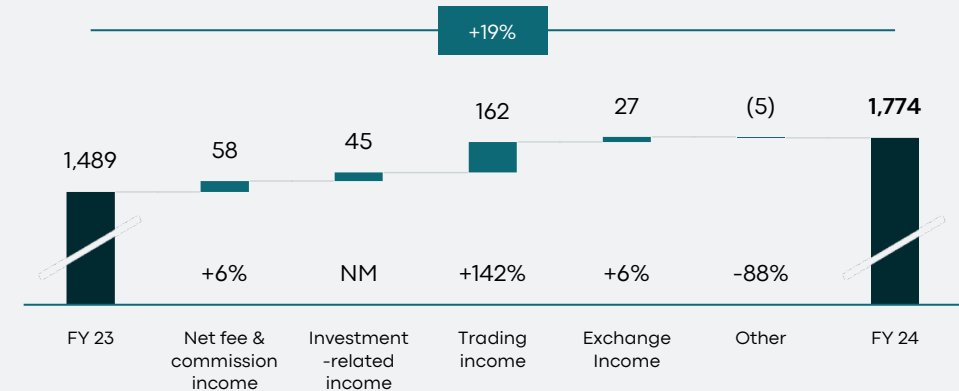
Cash Flow Hedges Swaps (Notional Amount SAR Bn)



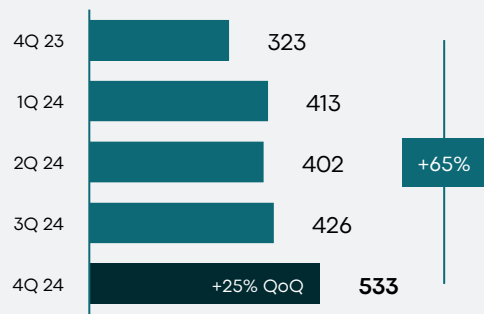
Non-Interest Income

- Non-interest income for FY 2024 increased 19% YoY to SAR 1,774mn on higher trading income, supported by improved net fee & commission income, investment-related and exchange income.
- Net fee & commission grew 6% to SAR 972mn in FY 2024 due to higher brokerage & asset management income and trade finance, partially offset by lower card fees.
- A 16% YoY increase in non-funded exposure positively impacted fee and other income.
- 4Q 2024 non-interest income increased by 65% YoY and 25% QoQ, driven by higher trading income, which included offsetting one-off trading gains and losses, with a net impact of SAR 107mn.

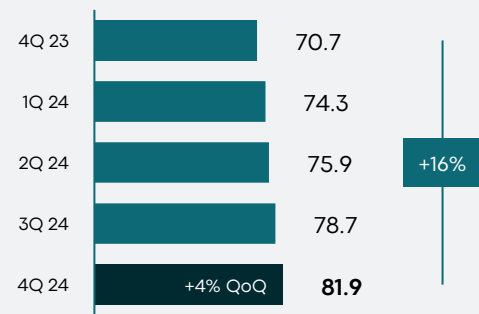
Non-interest Income Movement YoY (SAR Mn)



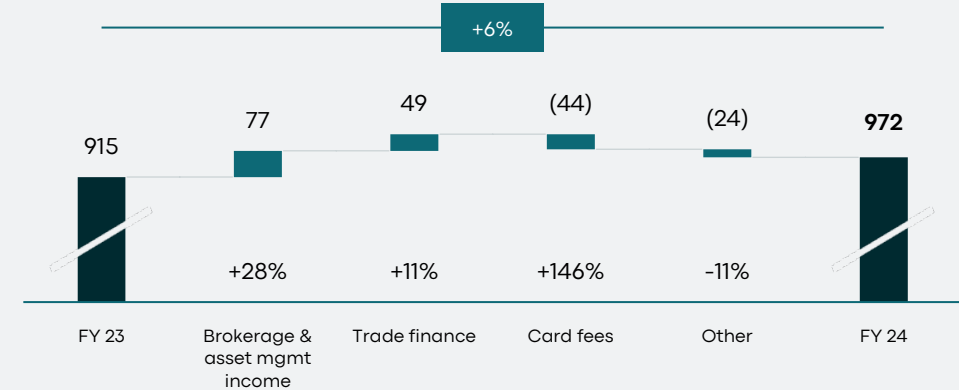
Non-interest Income (SAR Mn)



Non-funded Exposure* (SAR Bn)



Fee & Commission Income Movement YoY (SAR Mn)

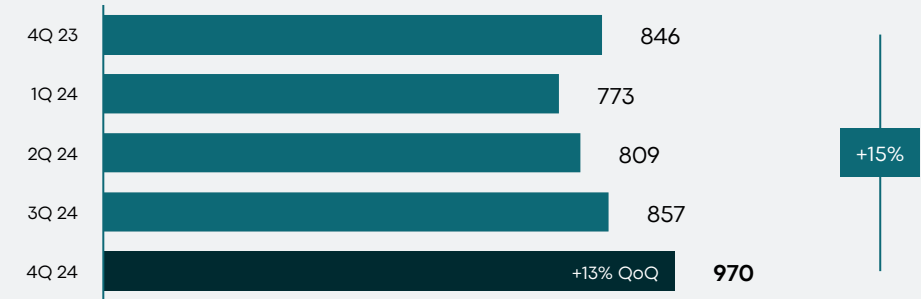


Operating expenses growth of 13% YoY from higher G&A and employee-related expenses

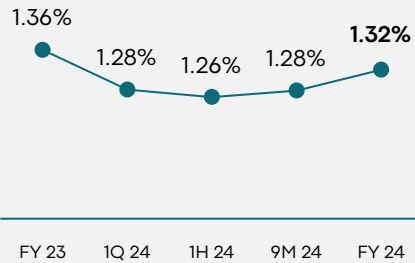
Operating Expenses

- Operating expenses increased 13% YoY to SAR 3,409mn in FY 2024 mainly due to increased general and administrative expenses, as well as employee-related costs.
- Cost to income ratio increased by 2.9ppts YoY to 35.3% in FY 2024 from 32.4% in FY 2023.
- At the same time, operating expenses as a percentage of average interest-earning assets (AIEA) decreased 4bps YoY to 1.32% for FY 2024, driven by a slightly faster expansion of AIEA (+16%) relative to expense growth (+15%).
- Quarterly operating expenses increased 13% QoQ and 15% YoY, driven by exceptional expenses of SAR 117mn. Of this: 60% was related to a discontinued investment loss, 25% to prior-period operational expenses, and 15% to staff-related costs.

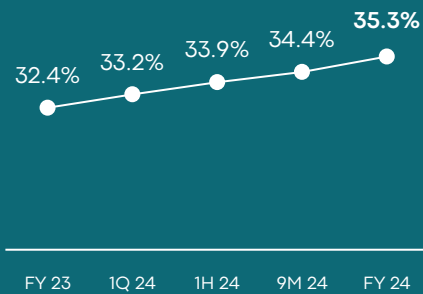
Operating Expenses (SAR Mn)



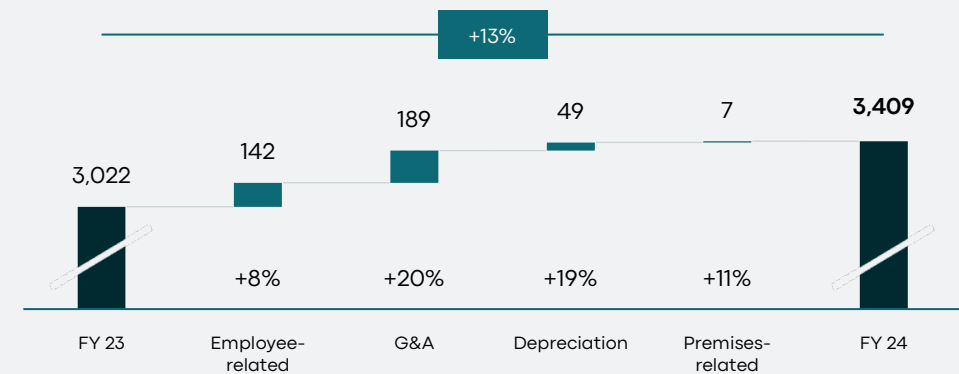
Cost To AIEA Ratio



Cost to Income Ratio



Operating Expenses Movement YoY (SAR Mn)

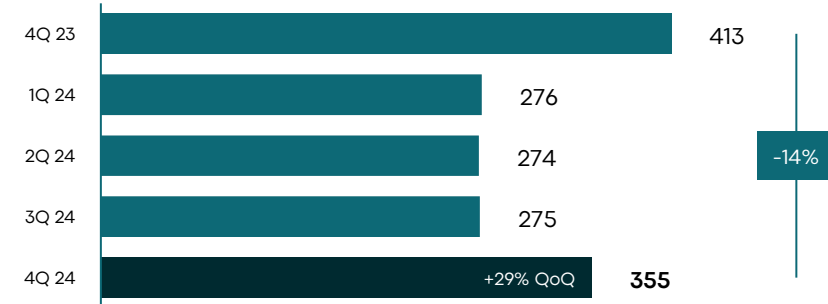


Cost of risk decreased by 38bps YoY to 0.58% for FY 2024 from lower commercial impairments

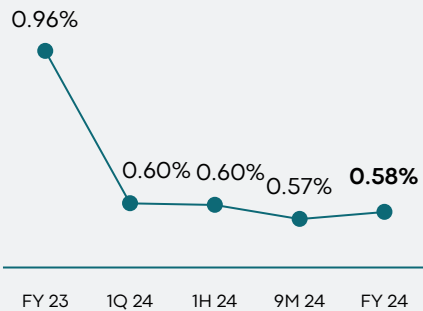
Impairment Charge

- The total impairment charge for FY 2024 decreased by 26% YoY to SAR 1,180mn, mainly from lower commercial impairments, partly offset by higher consumer and investment & other impairments.
- In combination with healthy loan growth, this resulted in a 38bps YoY improvement in cost of risk to 0.58% for FY 2024. However, there was a 13bps increase QoQ to 0.63% in 4Q 2024.

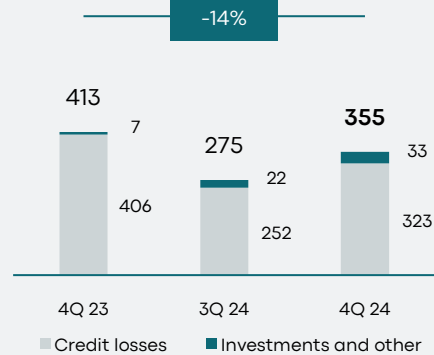
Impairment Charge (SAR Mn)



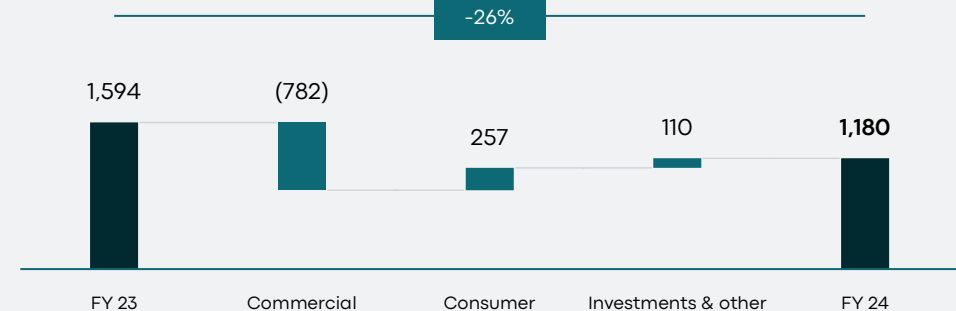
Cost of Credit Risk (%)



Impairment Charge (SAR Mn)



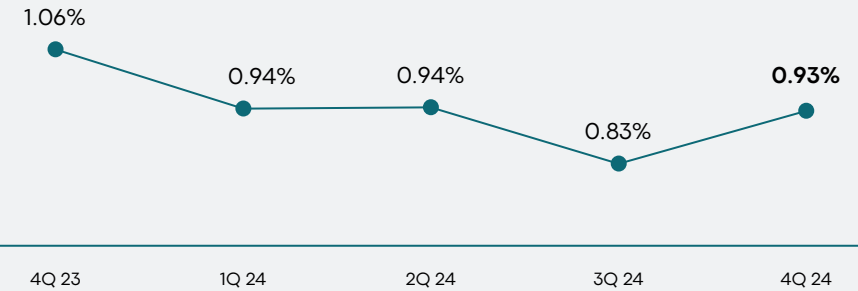
Impairment Charge Movement YoY (SAR Mn)



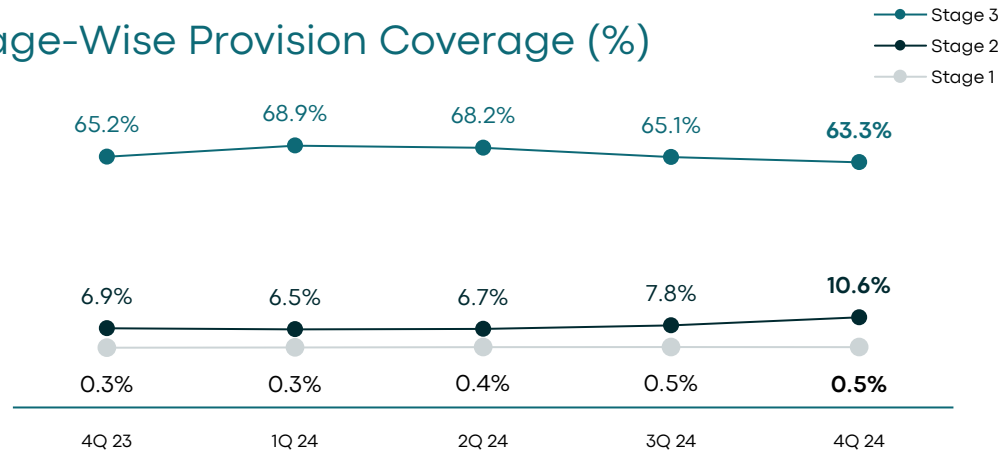
NPL & NPL Coverage

- The NPL ratio improved 12bps YoY to 0.93% as NPLs increased by 1% relative to 14% gross loan growth.
- The NPL coverage ratio improved by 44.0ppts YoY to 181.7%, attributed to enhancements in commercial coverage.
- Stage 3 coverage experienced a decline of 1.9ppts during FY 2024 to 63.3%, stage 2 coverage improved by 3.7ppts to 10.6%, while stage 1 coverage improved by 0.2ppts to 0.5%.

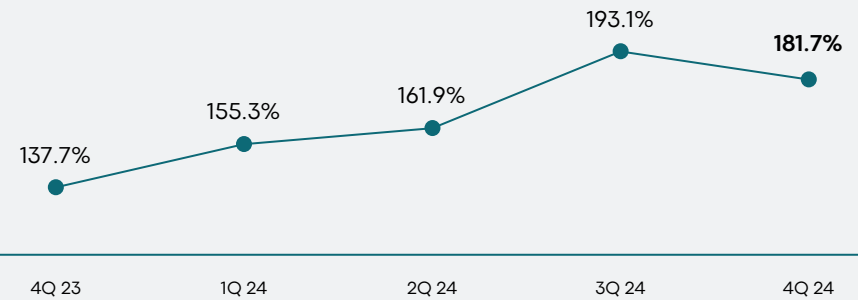
NPL Ratio (%)



Stage-Wise Provision Coverage (%)

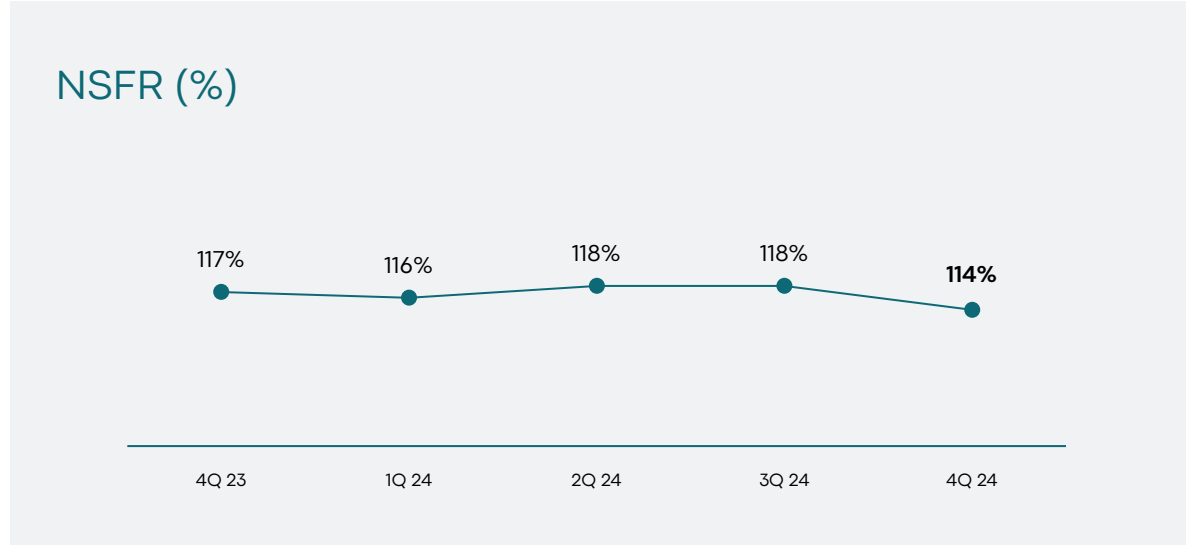
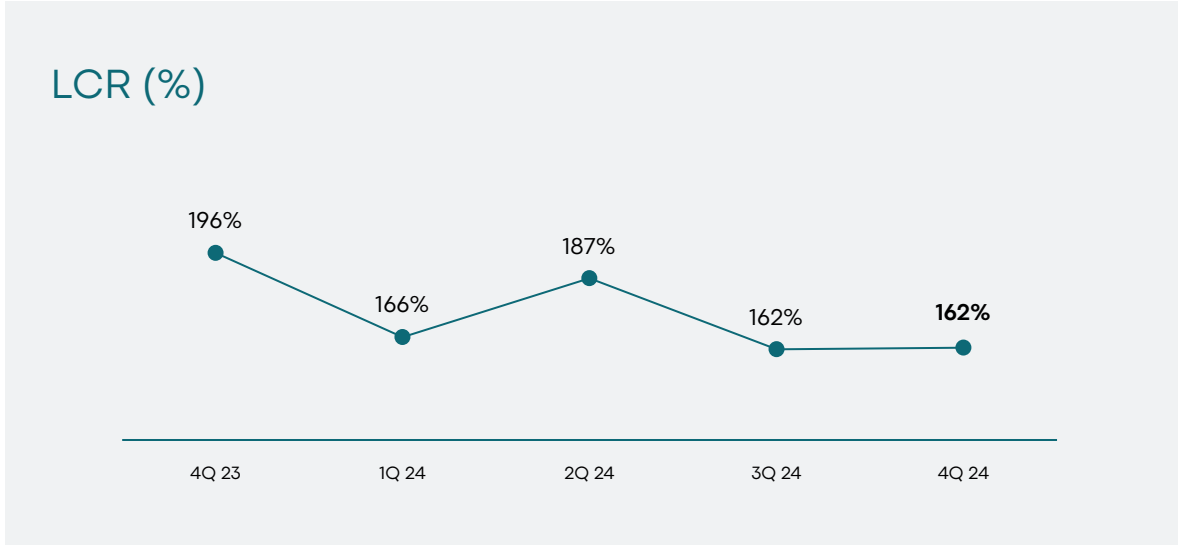


NPL Coverage Ratio (%)



Liquidity

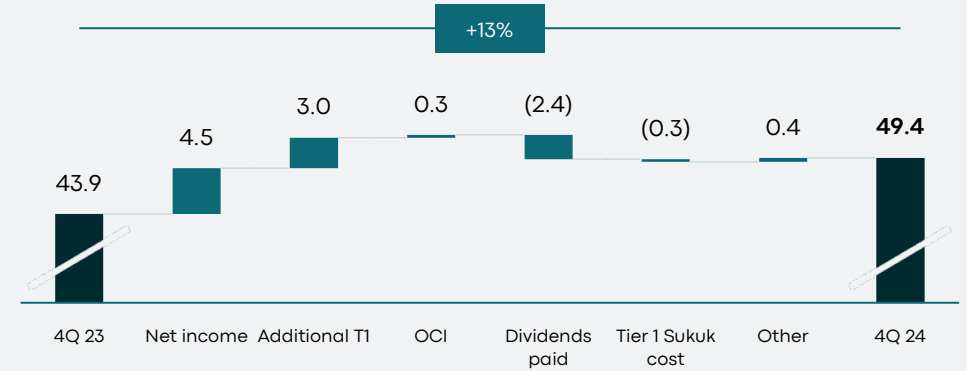
- LCR declined by 34ppts to 162% during FY 2024.
- NSFR moderated slightly YoY to 114% as of 31 December 2024.
- The SAMA regulatory LTD ratio was within required levels at 83.6% as of 31 December 2024, while the headline ratio increased to 110.3%.



Capital

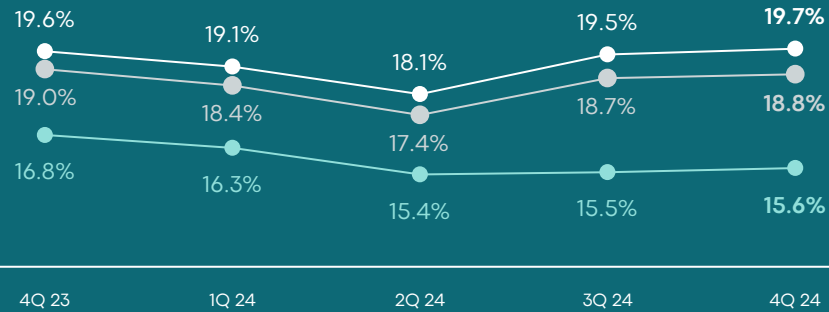
- Total capital (Tier 1 + Tier 2 regulatory capital) increased 13% YoY to SAR 49.4bn during FY 2024 from net income as well as SAR 3bn Additional Tier 1 sukuk issuance in 3Q 2024, partly offset by dividend payments.
- RWAs increased 12% YoY during FY 2024 to SAR 251.0bn from lending growth.
- CAR was at 19.7% and the Tier 1 ratio at 18.8% as of 31 December 2024.

Total Capital Movement YoY (SAR Bn)

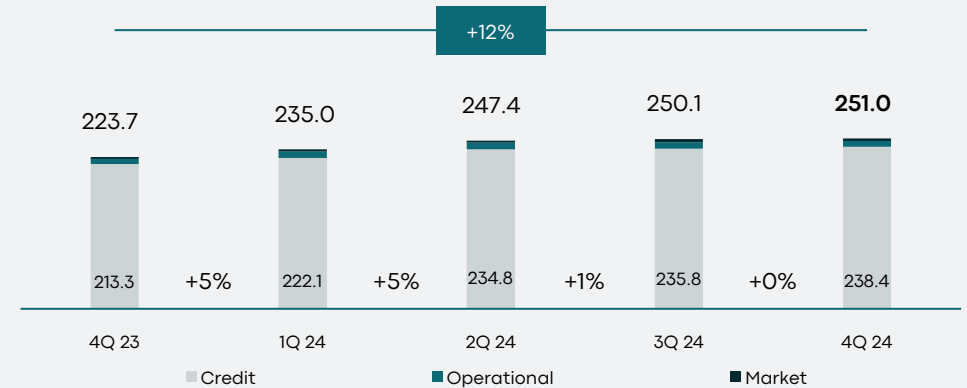


CAR (%)

—●— CAR
—●— T1 ratio
—●— CET1 Ratio



RWA (SAR Bn)



FY 2024 performance reflects strong loan growth and stable asset quality, while cost pressures and margin compression impact profitability



Metric	FY 2024 Outcome	2024 Guidance	Commentaries
Loans & Advances Growth	+13.8% YOY SAR Bn 204.2	Mid-teens	FY 2024 is in line with guidance, driven by selective loan portfolio expansion in both consumer and commercial.
Net Interest Margin	3.05% ▼ -48 bps YOY	3.00 - 3.15%	NIM was in line with guidance, reflecting compression from higher funding costs, but with stabilization sequentially during 4Q 2024.
Cost of Risk	58bps ▼ -38 bps YOY	55-65bps	The cost of risk was comfortably within the guidance range; this reflects a continued benign credit environment and prudent risk management practices.
Cost to Income Ratio	35.3% ▲ +2.9 ppts YOY	~34%	The C/I ratio increased ahead of guidance as operating expenses were elevated by technological investments and rebranding, as well as non-recurring expenses of 4Q.
Return on Equity	10.4% ▼ -22 bps YOY	~11%	ROE was marginally below the ~11% guidance, reflecting higher operating expenses.
Core Equity Tier 1 Ratio	15.6% ▼ -113 bps YTD	~16%	CET1 ratio improved over the last quarter but remained below guidance due to higher expenses limiting internal capital generation.

BSF anticipates a favorable year ahead, with sustained loan growth, margin resilience and improvements in operational efficiency driving enhanced profitability



Metric	FY 2024 Outcome	2025 Guidance	Guidance Drivers
Loans & Advances Growth	+13.8% YOY SAR Bn 204.2	Low teens	The guidance reflects expected growth in commercial lending in line with the market, with consumer lending and JB outpacing.
Net Interest Margin	3.05% ▼ -48 bps YOY	3.05 - 3.15%	NIM expected to be driven by volume growth in NIBDs and lending. Declining rates may impact asset yields, but funding costs and CFH are expected to provide an offsetting benefit.
Cost of Risk	58bps ▼ -38 bps YOY	50-60bps	Cost of risk expected to remain stable at higher balance sheet levels, supported by a resilient credit environment.
Cost to Income Ratio	35.3% ▲ +2.9 ppts YOY	<33%	Guidance reflects disciplined cost management, with a focus on containing staff-related expenses, while other G&A costs include investments in marketing, locations, and business volume expansion.
Return on Equity	10.4% ▼ -22 bps YOY	11-12%	ROE guidance is supported by higher net interest income, increased fee generation, and disciplined operating and risk cost containment.
Core Equity Tier 1 Ratio	15.6% ▼ -113 bps YTD	>15%	Capital ratios are expected to remain stable through retained earnings, balancing growth-related capital consumption.

Questions & Answers



Please contact the Investor Relations team for additional information or download BSF's IR App



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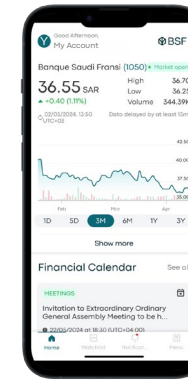
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