

BSF 1H 2024 Investor Presentation

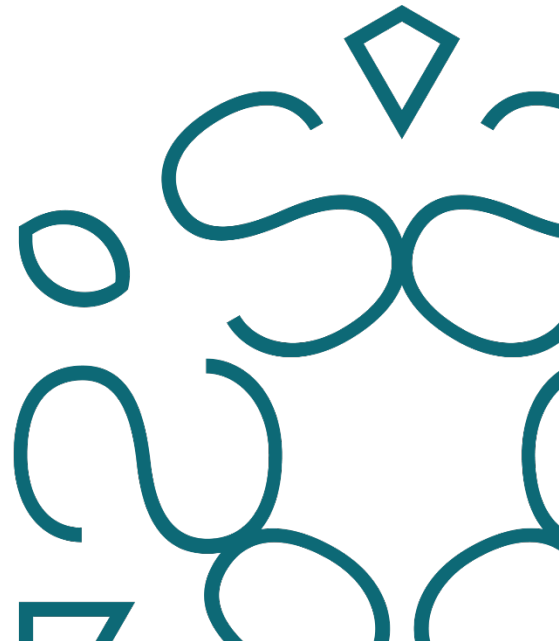


1H 2024



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BSF Profile



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BSF has a solid investment profile and clearly articulated strategy



1.



Leading banking group in Saudi Arabia with a strong focus on domestic operations

Domestically systemic important bank ("D-SIB") with **total assets of SAR 288.8bn and market capitalization of SAR 42.7bn**
Universal Bank model with full range of conventional and Islamic products and services

2.



Dominant corporate banking franchise with deep institutional knowledge and relationships

One of Saudi Arabia's leading providers of banking services to **large corporates and micro, small and medium sized enterprises (MSMEs)**
5th largest bank in Saudi Arabia in the corporate segment with 10.2% market share

3.



Well capitalised balance sheet supporting BSF's growth ambitions

Robust capitalisation levels well-above regulatory requirements, supported by internal capital generation through strong profitability
18.1% total capital adequacy ratio which is comfortably above regulatory minimum

4.



Robust funding and liquidity profile

Attractive funding base with customers' deposits representing 79% of total liabilities – **Non-interest-bearing deposits constitute 42.8% of the total deposits**
SAMA loans to deposits ratio ("SAMA LTD") at 81% below regulatory levels - **Strong LCR and NSFR of 187% and 118%** respectively

5.



Clear strategy driven by targeted initiatives and ambitious aspirations

Refocused and simplified **strategy for an evolving external environment and an optimized internal structure**, built on BSF's core business strengths
Driven by ambitious aspirations for **market position, profitability and customer experience**

6.



Experienced management

Best-in-class Executive Management Team
Considerable and diverse experience in the banking industry and strong skills in operating financial institutions in the local, regional and international markets

We are a leading banking group in Saudi Arabia with a strong focus on domestic operations



- BSF is the successor to Banque de l'Indochine (est. 1949)
- BSF was then established by Royal Decree No. M/23 as a Saudi Arabian joint stock company in 1977, in accordance with regulations requiring KSA National majority ownership.
- BSF was previously affiliated with CA-CIB, a wholly-owned subsidiary of Crédit Agricole S.A., which held a 31.1% interest in the Bank, which was fully divested by 2019.

Branches

82 ▶ +0% YOY

Employees

3,180 ▲ +3% YOY

Headquartered in Riyadh:

82 branches across the Kingdom
Domestically systemic bank

Subsidiaries in KSA:

BSF Capital
BSF Insurance Agency
JB
Sakan Real Estate Financing Company



Total Assets

288.8

SAR Billion

▲ +18% year-on-year

Customers' Deposits

196.2

SAR Billion

▲ +22% year-on-year

Universal Bank model:

Corporate DNA (82% of our loan book)
Full suite of conventional and Islamic products
Growing Retail loan book
Core focus on the Saudi market

Joint ventures in KSA:

Insurance with Allianz

Corporate

One of the largest providers of corporate banking services in the Kingdom

Key products:

- demand accounts,
- deposits,
- overdrafts,
- loans and other credit facilities,
- project finance,
- cash management,
- trade finance,
- structured trade & commodity finance
- derivative products

46% of Group Operating Income



Retail

A wide network of branches, ATMs, digital platforms and mobile apps to deliver trusted services and outstanding experience to its customers

Key products:

- demand accounts,
- overdrafts,
- loans,
- saving accounts,
- deposits,
- credit and debit cards,
- consumer loans,
- forex products
- auto leasing

38% of Group Operating Income



Investment Banking and Brokerage

A leader in investment banking, wealth and asset management, and securities brokerage in the Kingdom of Saudi Arabia

Key products:

- investment management services
- asset management activities related to dealing, managing, arranging, advising and custody of securities,
- retail investments products,
- corporate finance
- international and local shares brokerage services
- insurance

5% of Group Operating Income



Treasury

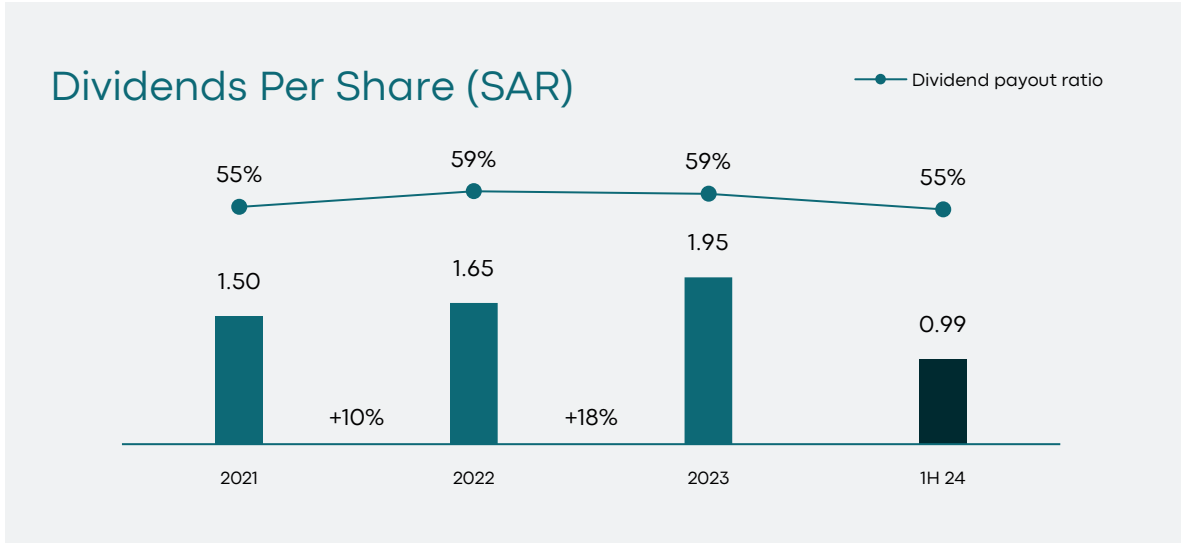
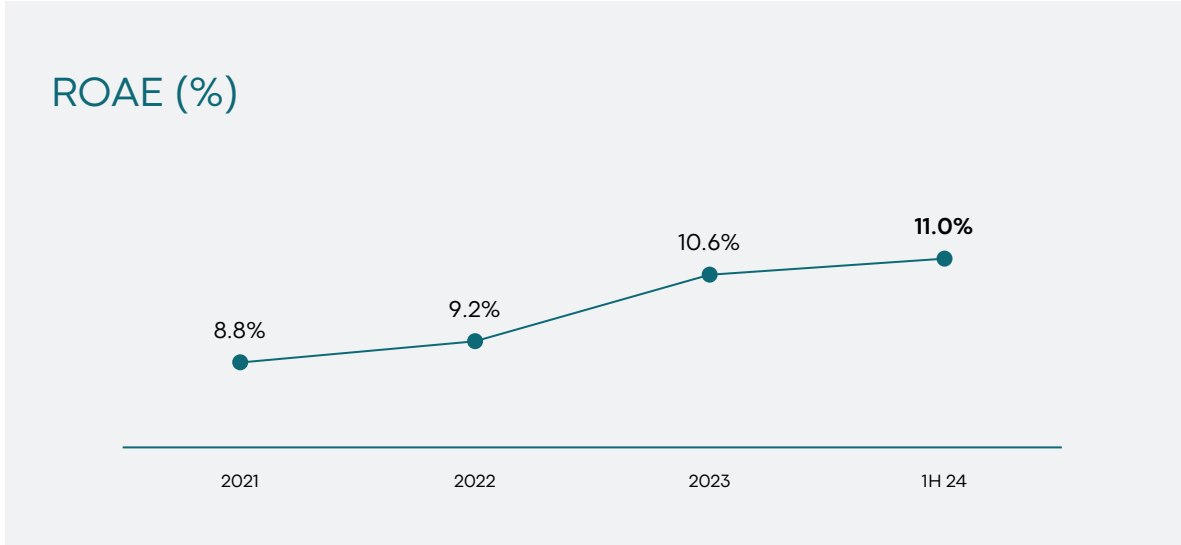
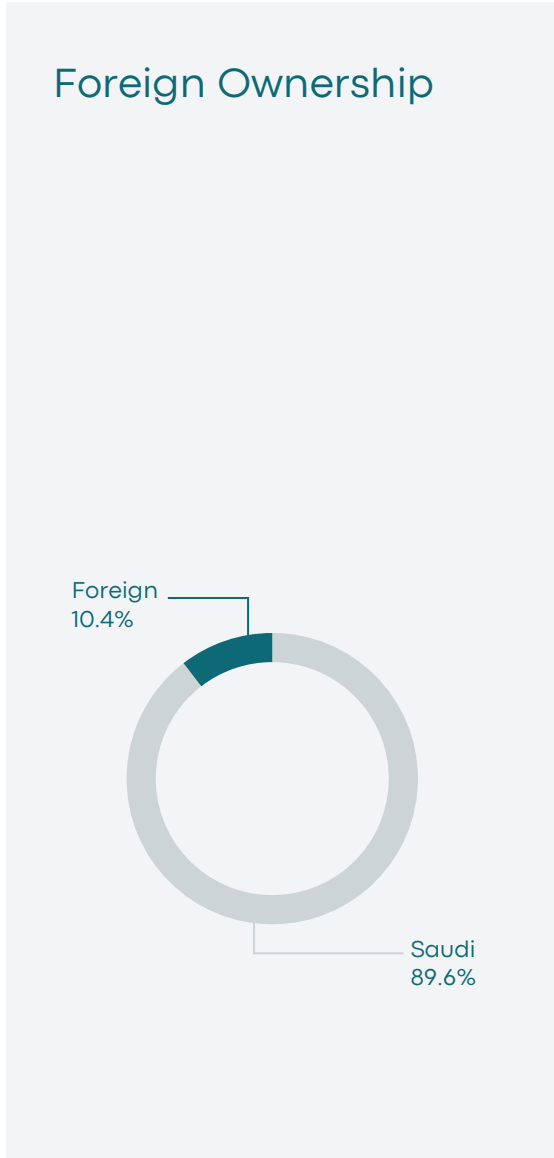
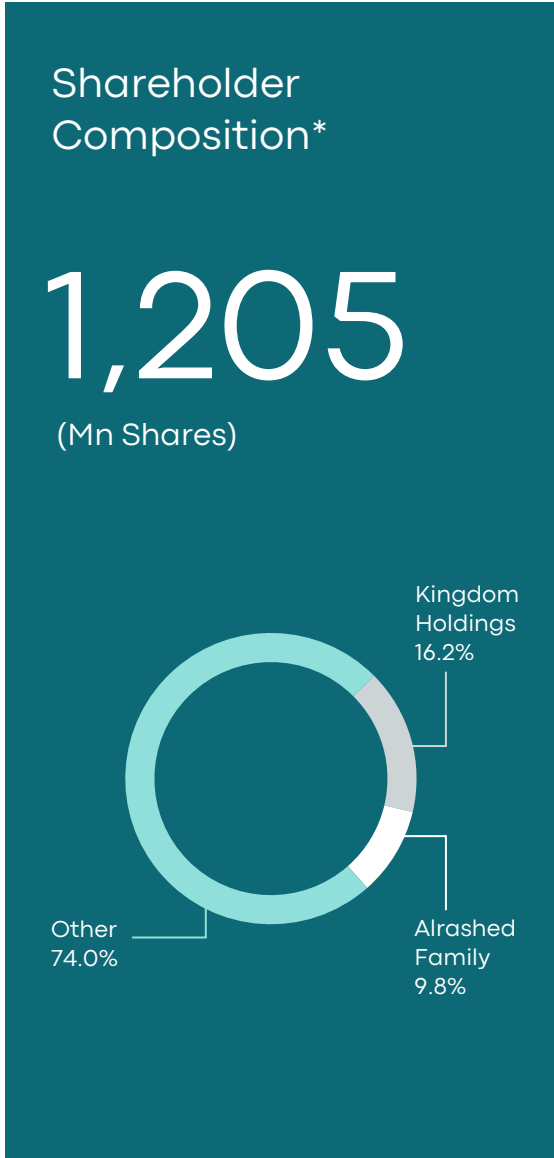
Diverse client services, market making, as well as managing the Bank's liquidity and risks.

Key products:

- treasury services,
- trading activities,
- investment securities,
- FX
- rates
- money market,
- Bank's funding operations
- derivative products

11% of Group Operating Income

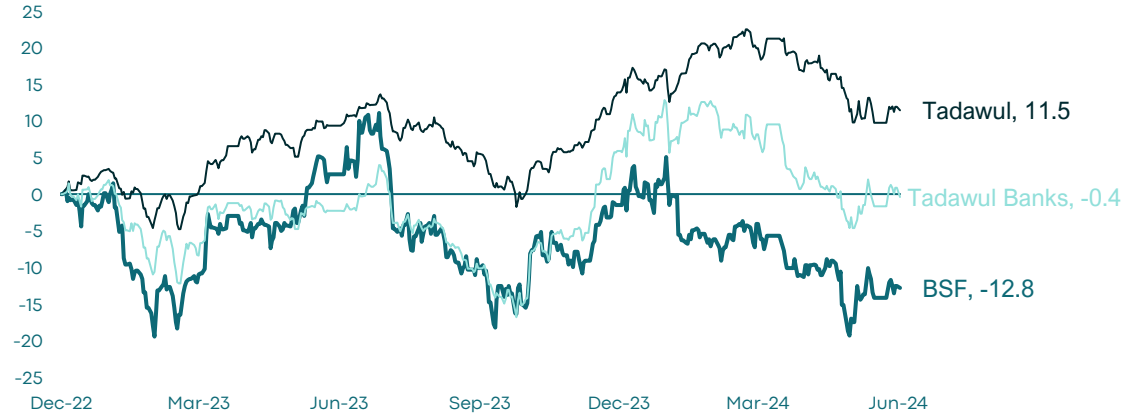




Solid market parameters and share price performance



Share Price Performance vs. Tadawul (%)



Market Capitalization (SAR Bn)

42.7

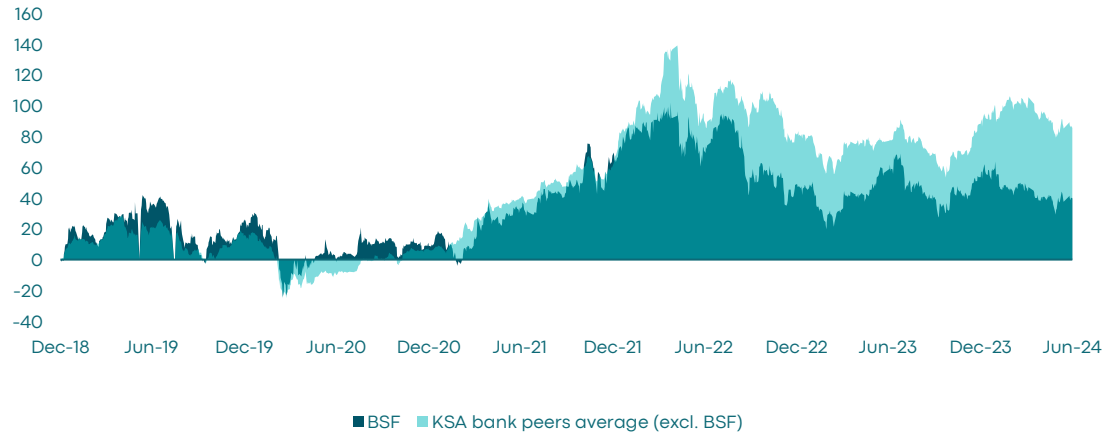
4.95% of KSA banking sector
0.46% of KSA stock market

BSF Share Price (SAR)

35.4

52 weeks range [32.5 - 45.7]

Total Shareholder Return (TSR)



Price to Tangible Book

1.16x

2Q 24

Price to Earnings Ratio

10.3x

LTM

Experienced and dynamic executive management team



Bader Alsalloum
Chief Executive Officer

- BSF: appointed Apr-21
- Saudi Investment Bank: Deputy GM Corporate Banking 2 years
- SABB: Deputy GM Comm. Bnk; 15 years



Ramzy Darwish
Chief Financial Officer

- BSF: appointed CFO Dec-22
- SNB: 17 years where positions included Head of Treasury, Head of Principal Strategies and Investment, and Head of ALM



Majed Alsadhan
Head of Wholesale Banking

- BSF: appointed Head of WB Nov-22
- Previously over 4 years with BSF as head of Corporate Banking Central Region and Head of Corporate Banking
- Previously GIB, SABB and SAMBA



Mohammed Abdulrahman Alsheikh
Head of Retail Banking

- BSF: appointed Jul-18
- Al Rajhi Bank: AGM Retail Banking in 2017
- ANB: 6 years
- SABB: 3 years



Mutasim Mufti
Chief Risk Officer

- BSF: appointed CRO Jan-21
- BSF: Regional Corporate Banking Group Head for 10 years, Deputy Corporate Banking Group Head for 4 years, Deputy Chief Risk Officer for 3 years



Zuhair Mardam
Chief Treasury and Investment Officer

- BSF: appointed CTIO Oct-22
- BSF: Head of Global Markets Group 3 years; 18 years with BSF



Thamer M. Yousef
Chief Operations Officer

- BSF: appointed COO Dec-18
- SABB: Head of Information Services
- SAMBA: 10 years



Abdallah Alshaikh
Head of Legal & Governance

- BSF: appointed in 2018
- 15 years relevant experience
- SAMBA: Head of Legal & Corporate Secretary
- SAMA/CMA: legal positions



May Al-Hoshan
Chief Human Capital Officer

- BSF: appointed Aug-18
- Alawwal: Human Resources GM
- NCB Capital: Head of HR



Abdulmohsen Alrayes
Chief Audit Officer

- BSF: appointed CAO Aug-17
- 34 years banking experience
- SABB: Head of Retail operations
- ANB: Head of Internal Audit



Yasser Al-Anssari
Chief Compliance Officer

- BSF: appointed CCO in 2021
- GIB: Compliance Group Head
- Al Rajhi Bank: Global Chief of Compliance
- JPMorgan Chase Riyadh: Head of Compliance & AML



Operating Environment

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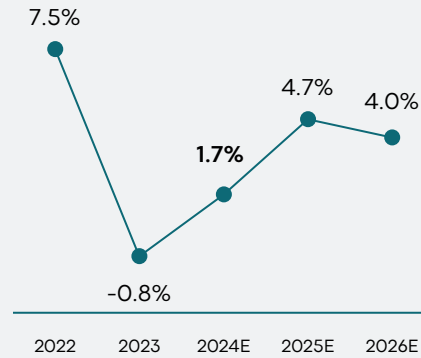
Saudi Arabia's real GDP growth is expected to improve at 1.7% in 2024



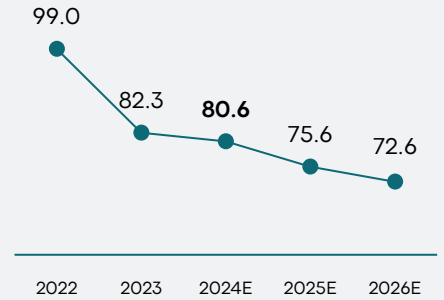
Economic Outlook

- Real GDP for Saudi Arabia is expected to increase by +1.7% in 2024 following 0.8% contraction in 2023 due to lower oil production.
- Interest rates are expected to remain stable during 1H 2024 with rate cuts of up to 50bps expected towards the year-end; SAIBOR forecast at 6.0% in 2024 compared with 5.9% in 2023.

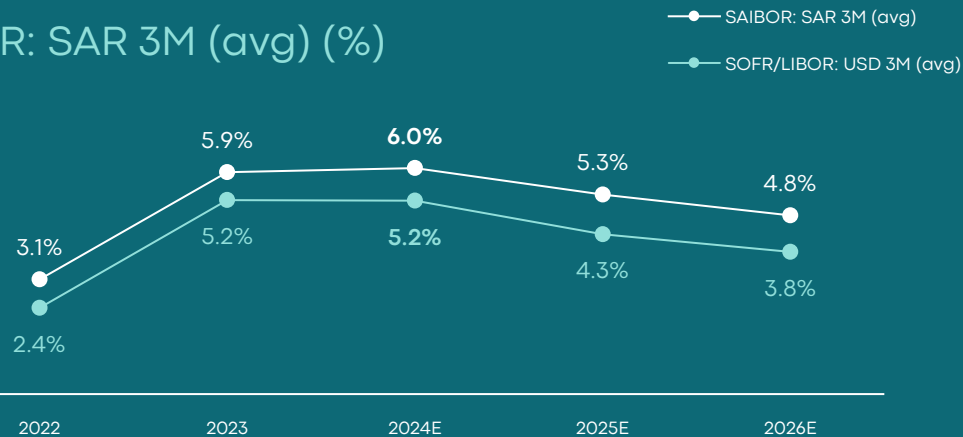
Real GDP Growth (%)



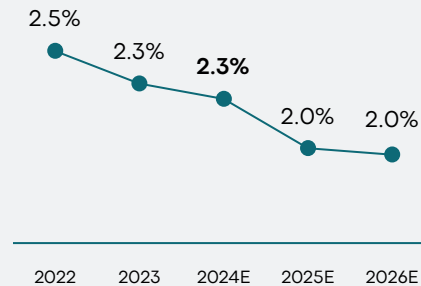
Brent Avg Oil Price / Barrel (USD)



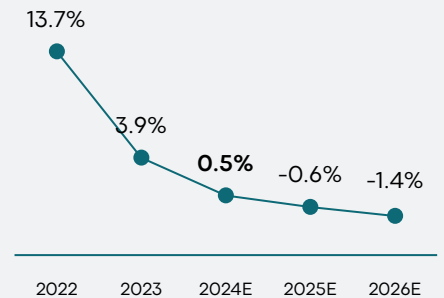
SAIBOR: SAR 3M (avg) (%)



Inflation (%)



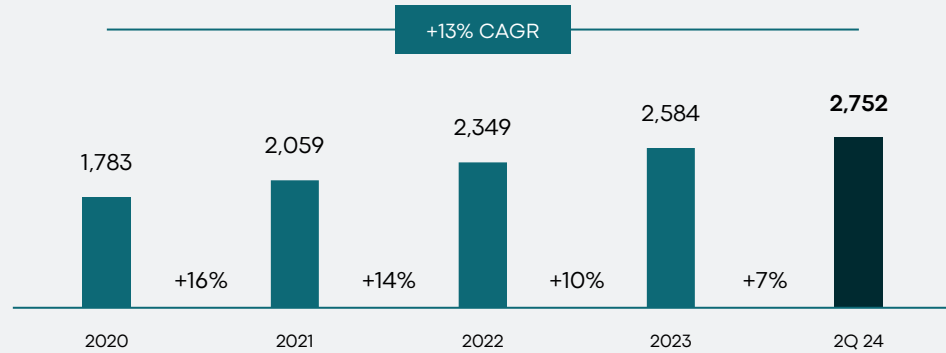
Current A/C Balance (USD)



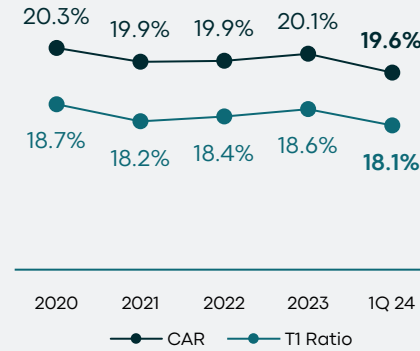
The Saudi banking sector is well positioned for both resiliency and growth



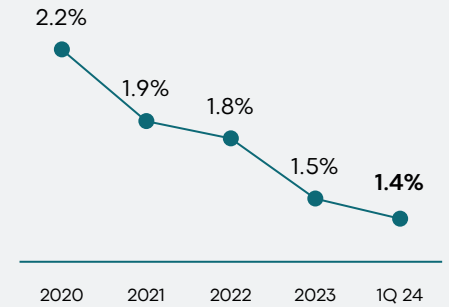
Bank Credit (SAR Bn)



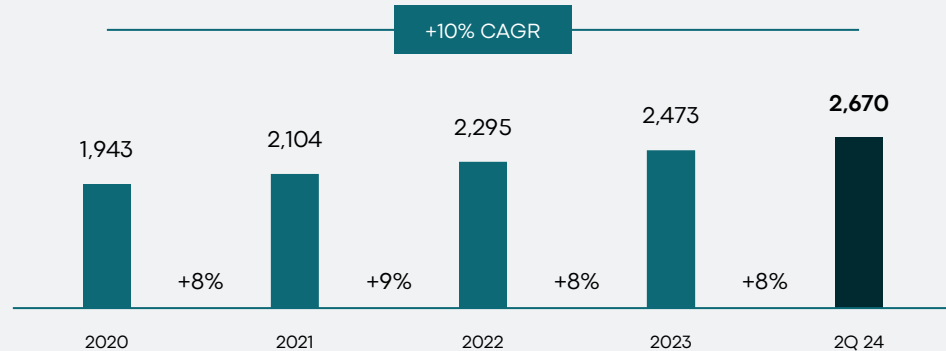
Capitalization (%)



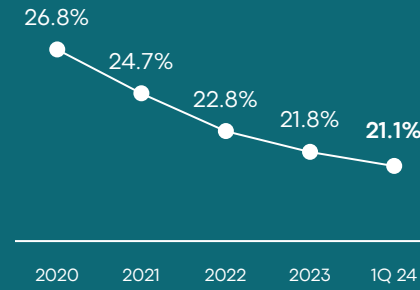
NPL Ratio (%)



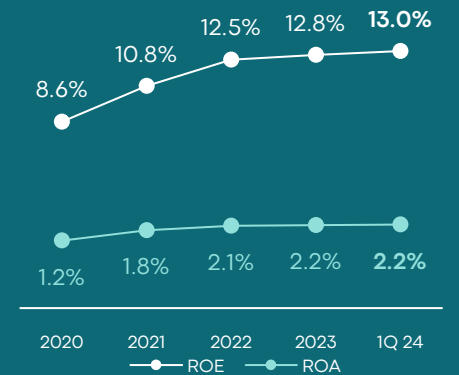
Bank Deposits (SAR Bn)



Liquid Assets to Total Assets (%)



Profitability (%)



Strategy

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In early 2023 we refocused and simplified our existing strategy to 10 vital initiatives for an evolving external environment and internal structure



1H 2024 Priority

Technology
Infrastructure
Upgrade

Rebranding

Wholesale Banking

Expand FIG & MNC
Coverage

Revamp GTS

Personal Banking

Scale Up in Affluent

Provide Superior Daily
Banking

Private Banking

Expand Product Suite

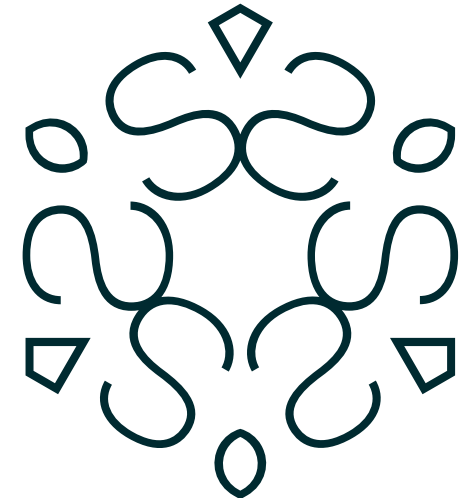
Experience Centric
Rewards

JB

Scale up financing and
leasing

BSF Capital




Leverage Opportunities
in Capital Markets



Our strategy is driven by ambitious aspirations for market position, profitability and customer experience









Strategic Goals

| | | |
|---|--|---|
|  <p>Position Be among the top players in our target segments (Top 3 Market Share)</p> |  <p>Profitability Focus on profitability and return on capital (ROE > COC)</p> |  <p>Customer Experience Continued commitment to leading CX (NPS #1)</p> |
|---|--|---|

Strategic Pillars

| Wholesale Banking | Personal Banking | Private Banking | JB | BSF Capital |
|-----------------------------------|---|---------------------------------------|--|---|
| Solidify market position | Leverage segmentation and synergies | Reinforce market leadership | Expand in new market segments | Seize existing opportunities and grow |
| Top 3 in Wholesale Banking by ROE | Top 2 in Affluent Banking by market share | #1 in Private Banking by market share | Top 2 in Financing & Leasing by market share | Top 3 in Investment Banking by Net Income |

Strategic Enablers

| | | | | | |
|---|--|---|---|--|--|
|  <p>Risk</p> |  <p>Digital 2.0</p> |  <p>Technology</p> |  <p>Treasury</p> |  <p>Customer Experience & Brand</p> |  <p>Organizational Effectiveness & People</p> |
|---|--|---|---|--|--|

Strategic Goals

Wholesale Banking

Solidify market position

Focused Initiatives

GTS revamp
Expand FIG&MNC coverage

Progress

Q2: 72%

Q1: 66%

83%

Key Highlights

Government lending
Expanded FI reach globally
Three SCF products launched
Strengthen LCM operating model

Personal Banking

Leverage segmentation and synergies

Scale up affluent
Provide superior daily banking

62%

Strengthen RM & customers relationship
Pilot Super Elite plus
Efficient Wholesale partnership with personal banking
Good traction in LOMBARD lending product

Private Banking

Reinforce market leadership

Broaden product suite
Experience-centric rewards

97%

Key offerings with BSF Capital
Tailored family products
Collaborating with JB products
Launching Advisory program for RMs

Strategy execution progressing well across the various business pillars

Strategic Goals

Focused Initiatives

Progress

Q2: 72%

Q1: 66%

Key Highlights

JB

Expand in new market segments

Digital acceleration
Product diversification
Brand repositioning

88%

Launched JB transformation for 2024

Optimized mobile app services
Defined Credit Card proposition
Modernization of core systems
Refined digital customer journeys

BSF Capital

Seize existing opportunities and grow

Synergize wealth mgmt.
Broaden advisory
Attractive investment solutions

45%

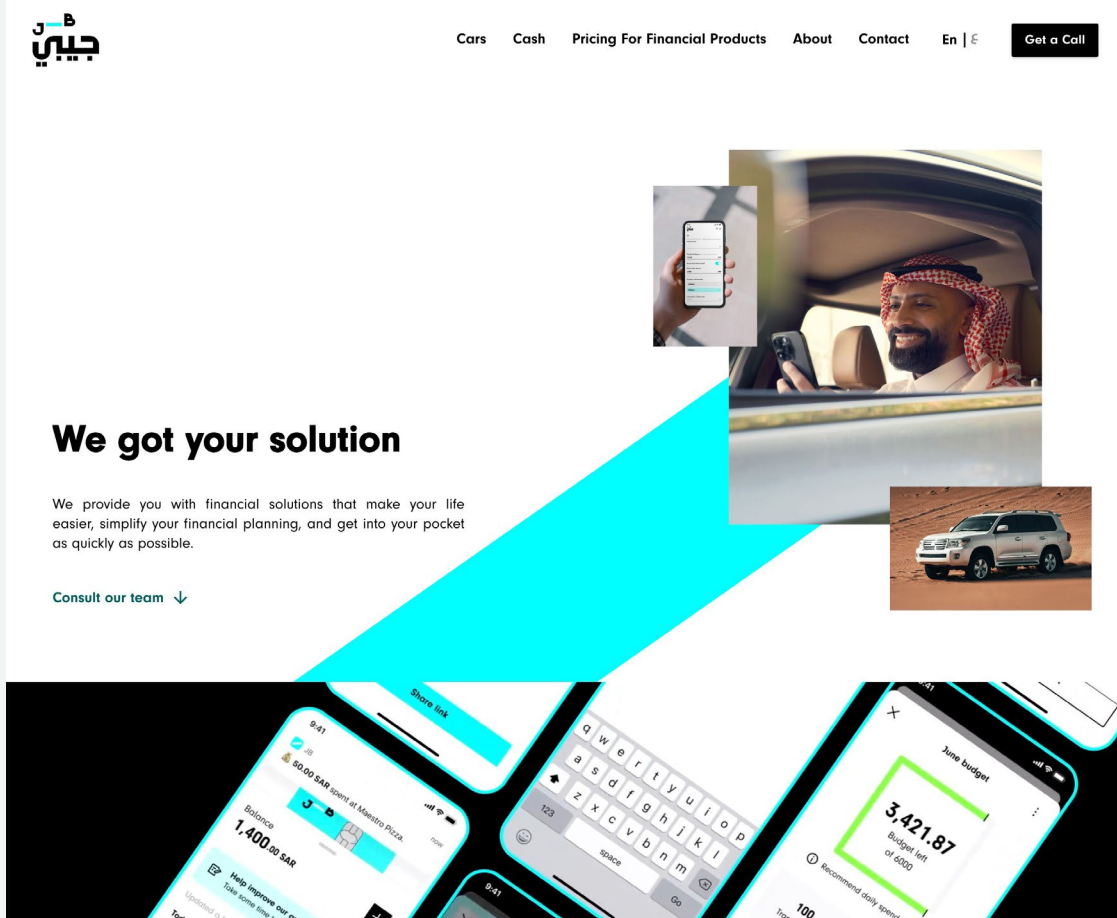
Finalizing commercial campaign framework
Repositioning real estate advisory and solutions
Strong pipeline in real estate funds



JB New Brand

JB, formerly known as SFL, has strategically pivoted to diversify its offerings, targeting distinct market segments.

This strategic realignment was underpinned by a robust marketing campaign in 4Q 2023.



Sur Multifamily Office

Introducing the Sur Multifamily Office, a strategic initiative by BSF

100% subsidiary of BSF to cater the needs of our BSF UHNWIs and HNWIs clientele.

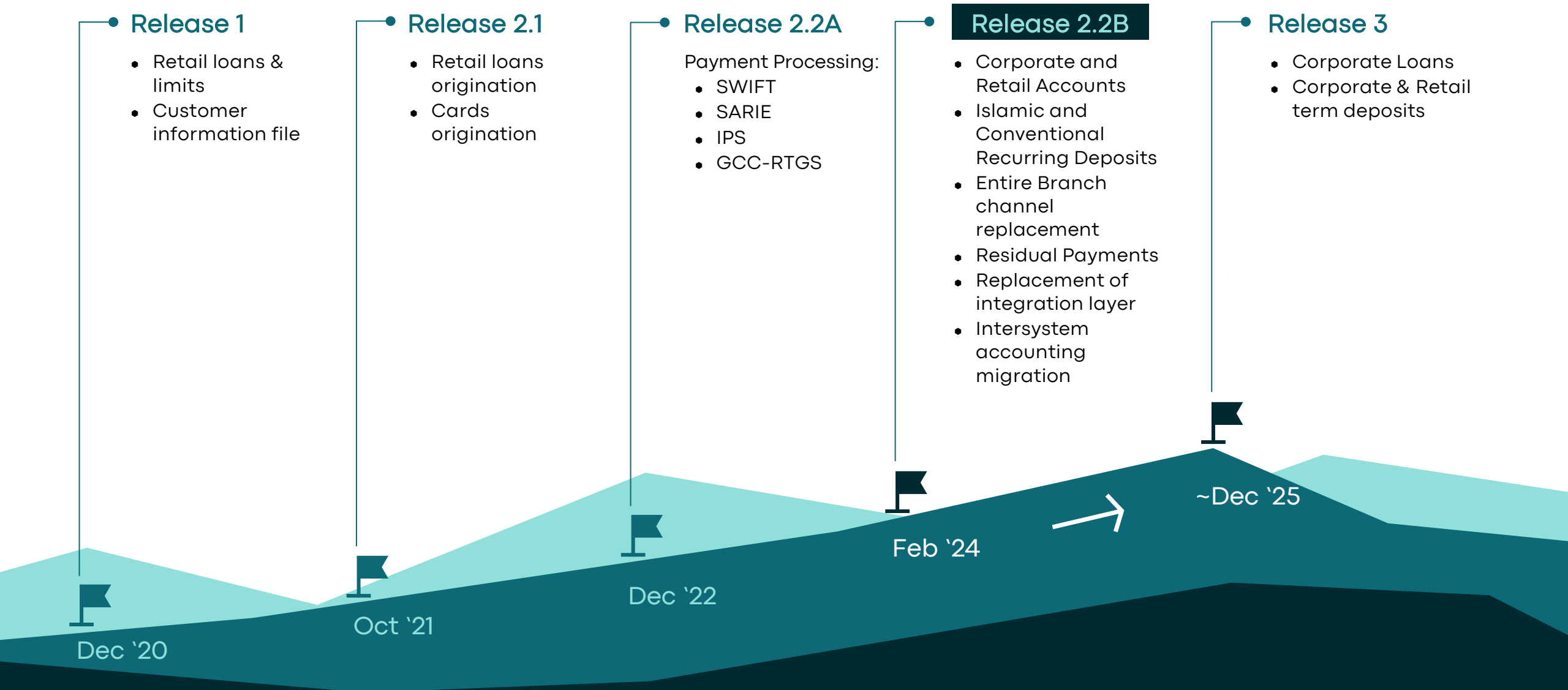


Good progress in the implementation of the four key strategic programs across the IT & Technology and rebranding priorities



| | Description | Key Highlights | 2024 Progress & Beyond |
|--|--|--|---|
| <p>Technology Infrastructure Upgrade</p> <p>Integrated Corporate Portal</p> | New corporate platform supporting trade & supply chain services, and expanded liquidity and cash management solutions and services | <ul style="list-style-type: none"> Phase I Backend: design, development and integration testing completed Phase II Frontend: design & development completed Remaining components' delivery is being planned due to CBS dependency | <ul style="list-style-type: none"> Finalize the plan to assess the impact and define revised Go Live timelines Phase I Backend: Complete testing and prepare for data migration, end user readiness, training, organization Phase II: Complete testing, user testing and prepare for Go Live |
| <p>Technology Infrastructure Upgrade</p> <p>Omnichannel</p> | New high performance retail platform providing robust digital banking service and enhanced customer experiences and journeys | <ul style="list-style-type: none"> All features for release 1 deployed to Customers 2500+ Staff users migrated Remaining feature development in progress | <ul style="list-style-type: none"> Prioritization and planning of new features for the subsequent phases kick started Release 2 is estimated to be in 4Q 2024 |
| <p>Technology Infrastructure Upgrade</p> <p>Core Banking System</p> | Bank-wide core banking system to enable best-in-class customer experience with leading operational efficiency | <ul style="list-style-type: none"> The largest and most complex Release 2.2B: launched successfully CBS R3 : kicked off Corporate lending and Term Deposits end to end | <ul style="list-style-type: none"> R3 is estimated to be launched in 4Q 2024 /1Q 2025 Corporate Lending and Limits Corporate & Retail Term Deposits |
| Rebranding | Recreating BSF brand identity to differentiate the bank, enhance our connection with clients and improve our market position | <ul style="list-style-type: none"> Post-launch, account openings has surged, compared to the period 2 months prior to the brand introduction Brand launch has driven a 2,600% increase in website visitors and a 75% rise in time spent per page | <ul style="list-style-type: none"> Implement a comprehensive refresh of BSF branches for seamless, consistent, and modern customer experience across all touchpoints New cards with updated branding will launch by 4Q 2024 to further reinforce brand presence. |

BSF has now successfully deployed 4 releases in production, each more complex than the previous one



Enhanced offering & services

- Latest **innovations & products**
- Anticipating client needs with **advanced analytics**
- **Product bundling** with tailored value propositions & pricing
- Enhanced **automation & digitalization**
- **Faster** product development & **time-to-market**

Customer experience

- **Full digitalization** of products & services
- **24/7 self-service** capabilities
- Best-in-class **turnaround time**

Benefits for IT

- **Simplified** application landscape
- Reduced **IT workload**
- **Faster integration** with new applications
- **Accelerated** application **development** lifecycle

Key enabler for BSF strategic ambition

Leading CX
(NPS #1)

The advantages already realized

Future-proofing BSF tech landscape

30

systems decommissioned up to the current release of CBS

Improving & efficiency

80%+

increase in STP rate for SARIE transactions

Shorter customer journeys

1.5-2x

less time consuming processes for Credit Cards and Personal loans



Our heritage has instilled equitable values, trust and sophistication in our DNA.

The **BSF** acronym signals **the next generation of banking** as we reframe our positioning

Brand Strategy

| | |
|-------------------|---|
| Shared belief | We take pride in our impact on the Kingdom to achieve meaningful influence in the World |
| Active purpose | We help every generation make their mark to ensure everyone's sustainable prosperity |
| Value proposition | The companion at each stage of your journey to inspire more confident financial choices |

Internal Branding Activities

| | | | |
|--|---|---|--|
|  Branches 70+ |  ATMs 300+ |  Offices 6 |  E-Channels ✓ |
|--|---|---|--|

Why is the Brand changing?

Strategic Enablement for Future Growth

- Competitive Advantage:** aiming for leadership and profitability in focused market segments
- Simplification and Digitization:** consistent master brand and data-driven connectivity.
- Cultural Acceleration:** enhancing talent retention and recruitment.

Response to External Changes

- Developments in KSA:** altering the economic landscape
- Banking Sector Evolution:** traditional operations are shifting.
- Client Expectations:** increasing customer expectations drive demand for innovation

Adaptation to New Norms

- Technological Advances:** 5G, AI, blockchain redefining the internet.
- New business models:** threats and opportunities from digital banks and fintech innovations.
- Workforce Evolution:** changing talent landscape redefining workplace culture.

ESG Update

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ESG is woven into our strategic fabric, driving with our business objectives while nurturing our environment, society, and governance



ESG is Part of BSF DNA

BSF's ESG Pillars are born from within BSF's corporate mission and values



Leveraging our strategic pillars at BSF, we intertwine core objectives with positive ESG impact, guided by our governance strength; and our environmental and community initiatives

BSF's Recent ESG Highlights

| Environmental | Social | Governance |
|---|---|---|
| 17.9% reduction for Scope 1 and 2 emissions | Increase in female employee representation to 22.5% | Establishment of the ESG Governance Structure |
| Capital Markets deal of the year Awards for Red Sea Development Co. Green Financing | SAR 3.8 million in local communities investments to support various key community initiatives | Setting BSF's ESG Policy/ Framework |
| 17.2% Reduction in total water consumption | More than 91% of FTEs are Saudi nationals | 98%+ Meeting attendance rates for board of directors and all board committees |

BSF will further advance its sustainable practices in the future by introducing ESG KPIs and implementing them through the Bank's overarching initiatives

We have identified and prioritized 15 sustainability-related material issues that have a substantial impact on our strategic objectives and are deemed crucial by our stakeholders

Such issues have been depicted in our materiality matrix, which is built upon a thorough materiality assessment.

It is important to note that issues not classified as 'Most Important' do not imply they are insignificant or neglected by BSF. We remain committed to addressing all relevant sustainability-related material issues.

Key elements considered in BSF's materiality assessment:

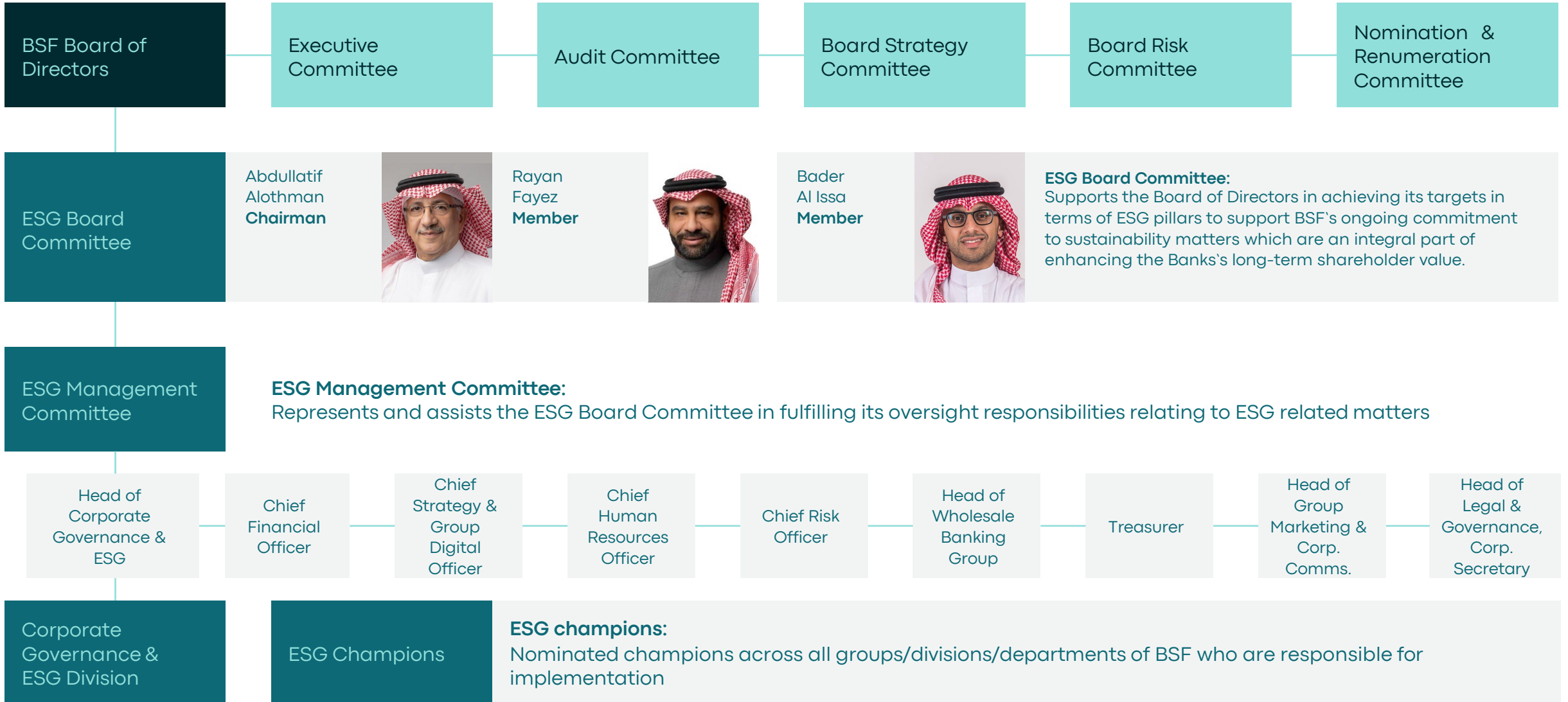
- Sustainability-related material issues identified by regional and international peers.
- Objectives of national and international sustainability-related ambitions: Vision 2030 and United Nations Sustainable Development Goals.
- Areas of importance identified by reputable sustainability reporting standards: SASB, Principles of Responsible Banking (PRB), and World Federation of Exchanges (WFE) ESG guidance.

Materiality Matrix



- 1 Governance, accountability, transparency and ethics
- 2 Financial and economic performance
- 3 Risk management
- 4 Responsible customer relations and satisfaction
- 5 Data privacy and security
- 6 Financial inclusion and accessibility
- 7 Digitalization
- 8 Employee engagement, wellbeing and satisfaction
- 9 Diversity and inclusion
- 10 Sustainable lending and investment
- 11 Talent attraction, retention and development
- 12 Community investment
- 13 Nationalization
- 14 Environmental management
- 15 Responsible procurement

BSF has implemented a comprehensive ESG governance and policy framework with Board oversight



Charting The Course Of Excellence: Our ESG journey from a strong foundations to future innovation

Established the ESG Policy Framework

Implemented the ESG Governance Model

Published the Inaugural 2020 ESG Report

Published the 2021 ESG Report

Published the 2022 ESG Report



BSF achieves remarkable progress in boosting ESG ratings



Sustainalytics

- ◆ **Leading all Saudi banks** with the ESG Risk Rating Score of 21.2



ESG Risk Rating Score by Sustainalytics

21.2

as of May 2024

▲ from 28.4 in 2023

S&P Global ESG Rating

- ◆ **The highest score among Saudi banks** in the S&P Global ESG Rating for the year 2023



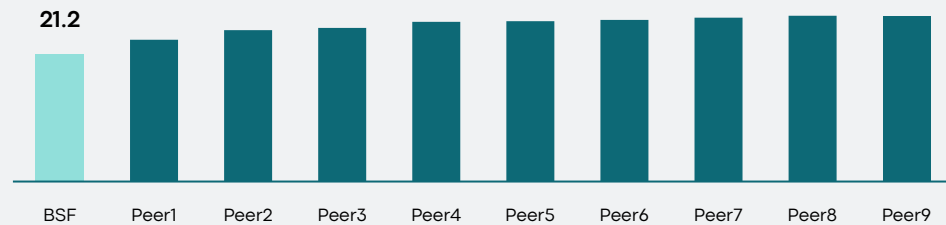
S&P Global ESG Score

30.0

for the year 2023

▲ from 25 in 2022

ESG Risk Rating Score by Sustainalytics



S&P Global ESG Score



Financial Performance

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Balance Sheet

- Strong loan growth of 16% YoY, driven by equal growth in commercial and consumer loans.
- Investments increased 13% YoY to manage IR risk while capturing higher yields.
- Deposit growth of 22% YoY, from IBDs (+71%) partly offset by NIBDs (-12%).

Loans & Advances

197.2

SAR Billion

▲ +16% year-on-year

Investments

55.5

SAR Billion

▲ +13% year-on-year

Customers' Deposits

196.2

SAR Billion

▲ +22% year-on-year

Income Statement

- Stable top-line on 6% non-interest income growth, offset by 1% decline in NII.
- NIM declined by 52bps YoY to 3.10% on higher funding costs.
- Net income grew 6% as decrease in impairments was partly offset by rising expenses.

Operating Income

4,674

SAR Million

▶ +0% year-on-year

NIM

3.10%

▼ -52bps year-on-year

Net Income

2,279

SAR Million

▲ +6% year-on-year

Asset Quality

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

NPL Ratio

0.94%

▼ -148bps year-on-year

NPL Coverage

161.9%

▲ +28.6ppts year-on-year

Cost of Risk

0.60%

▼ -48bps year-on-year

Capital & Liquidity

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

T1 Ratio

17.4%

▼ -1.6ppts year-on-year

LCR

187%

▲ +7ppts year-on-year

NIBD % of Total Deposits

42.8%

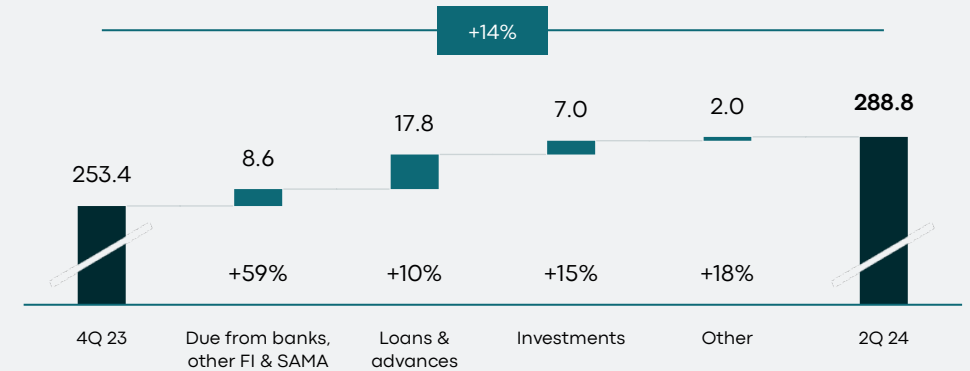
▼ -16.6ppts year-on-year

Balance Sheet

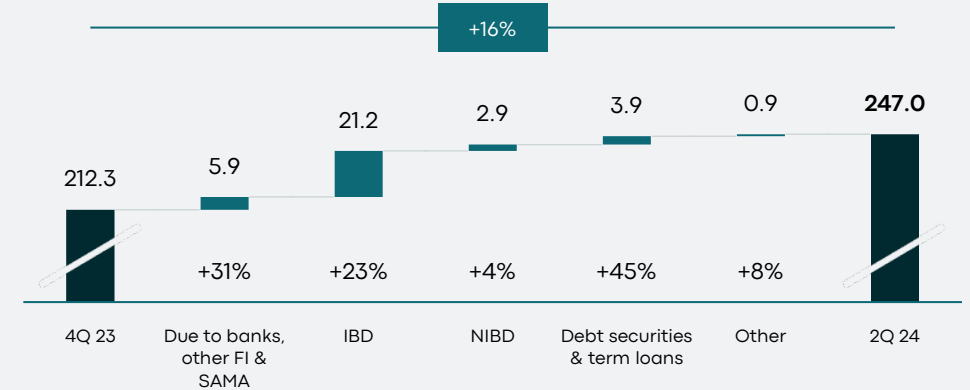
- Growth in total assets of 14% YTD, mainly driven by 10% loan growth, further aided by an increase in due from banks and investments.
- The investment portfolio expanded by 15% YTD from high-quality liquid assets to capture higher yields, while managing interest rate risk.
- Liabilities grew by 16% during 1H 2024 from a 14% deposit growth, a 31% increase in interbank, and a 45% rise in debt securities.
- Total equity increased 2% YTD due to retained earnings generation.

| SAR Mn | 2Q 2024 | 1Q 2024 | Δ% | 4Q 2023 | Δ% |
|--------------------------|----------------|----------------|------------|----------------|-------------|
| Investments | 55,506 | 52,923 | +5% | 48,467 | +15% |
| Loans & advances | 197,160 | 185,408 | +6% | 179,391 | +10% |
| Total assets | 288,826 | 268,376 | +8% | 253,383 | +14% |
| Customers' deposits | 196,248 | 174,828 | +12% | 172,209 | +14% |
| Total liabilities | 247,017 | 226,448 | +9% | 212,262 | +16% |
| Total equity | 41,809 | 41,928 | -0% | 41,121 | +2% |

Total Assets Movement YTD (SAR Bn)



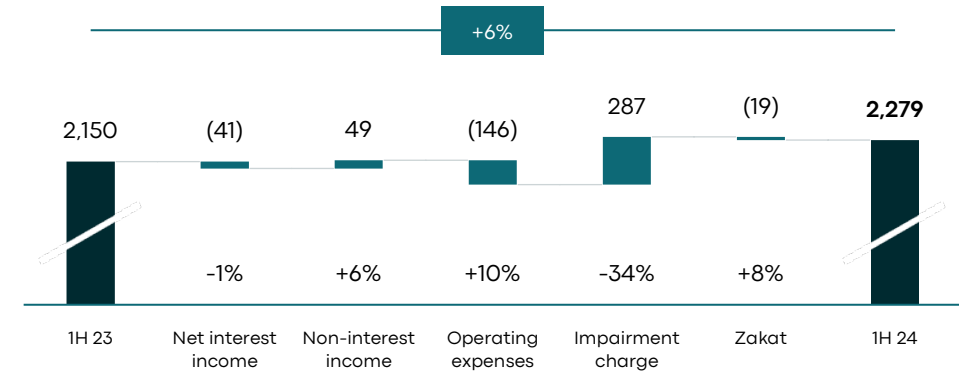
Total Liabilities Movement YTD (SAR Bn)



Income Statement

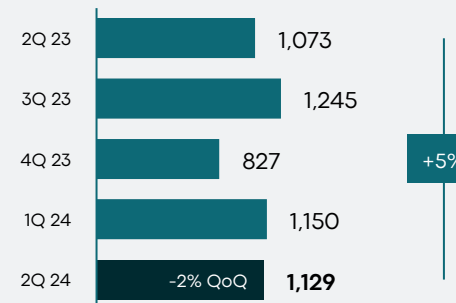
- Net income for 1H 2024 grew 6% YoY to SAR 2,279mn from a 34% decline in the impairment charge, partly offset by 10% growth in operating expenses.
- Total operating income was flat YoY, with net interest income declining by 1% and non-interest income increasing by 6%.
- Quarterly net income increased by 5% YoY and declined by 2% QoQ to SAR 1,129mn.

Net Income Movement YoY (SAR Mn)

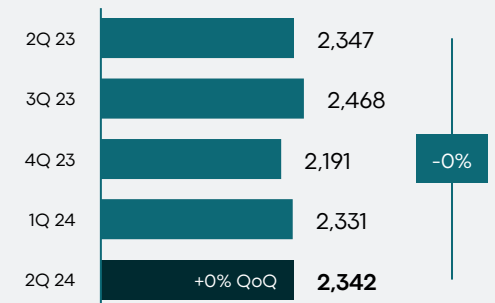


| SAR Mn | 1H 2024 | 1H 2023 | Δ% | 2Q 2024 | 2Q 2023 | Δ% |
|---------------------------------|--------------|--------------|------------|--------------|--------------|------------|
| Net interest income | 3,858 | 3,899 | -1% | 1,940 | 1,976 | -2% |
| Non-interest income | 815 | 766 | +6% | 402 | 372 | +8% |
| Operating income | 4,674 | 4,665 | +0% | 2,342 | 2,347 | -0% |
| Operating expenses | (1,582) | (1,436) | +10% | (809) | (724) | +12% |
| Pre-impairment operating income | 3,091 | 3,230 | -4% | 1,533 | 1,624 | -6% |
| Impairment charge | (550) | (837) | -34% | (274) | (431) | -36% |
| Net income before zakat | 2,542 | 2,393 | +6% | 1,260 | 1,193 | +6% |
| Zakat | (263) | (243) | +8% | (130) | (120) | +9% |
| Net income | 2,279 | 2,150 | +6% | 1,129 | 1,073 | +5% |
| ROAE | 10.95% | 10.90% | +6bps | 10.79% | 10.78% | +0bps |

Net Income



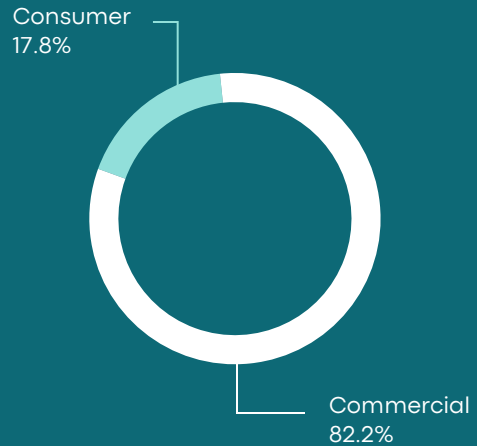
Operating Income



Loans & Advances Composition

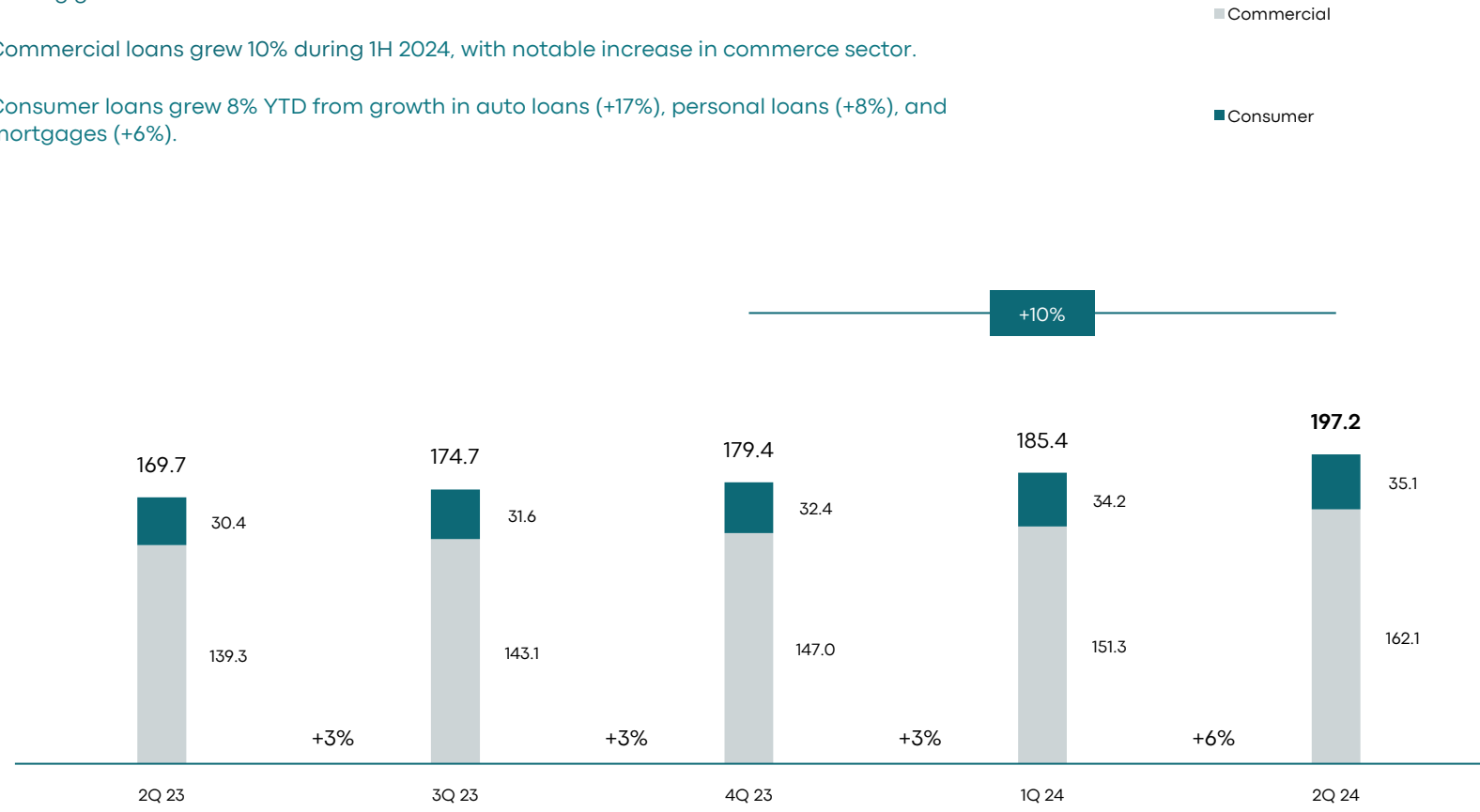
197.2

(SAR Bn)

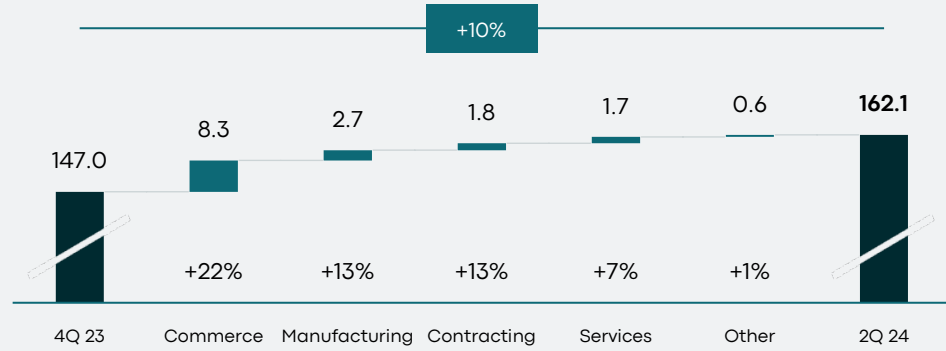


Loans & Advances (SAR Bn)

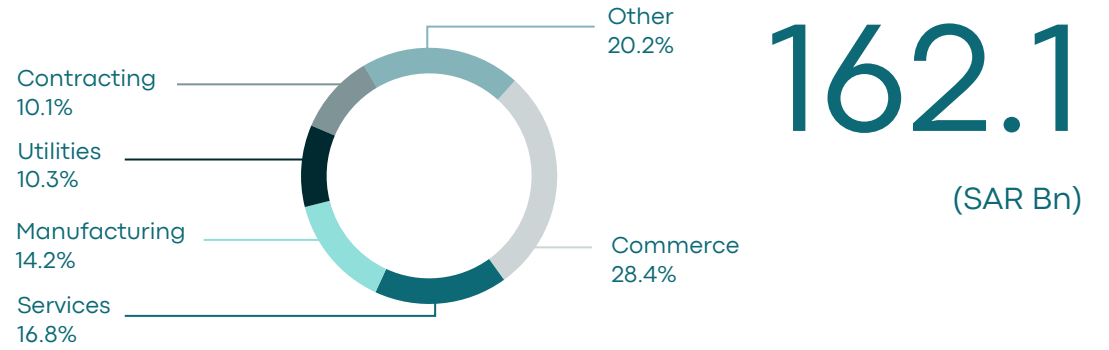
- Total loans & advances grew 10% during 1H 2024 from both consumer and commercial lending growth.
- Commercial loans grew 10% during 1H 2024, with notable increase in commerce sector.
- Consumer loans grew 8% YTD from growth in auto loans (+17%), personal loans (+8%), and mortgages (+6%).



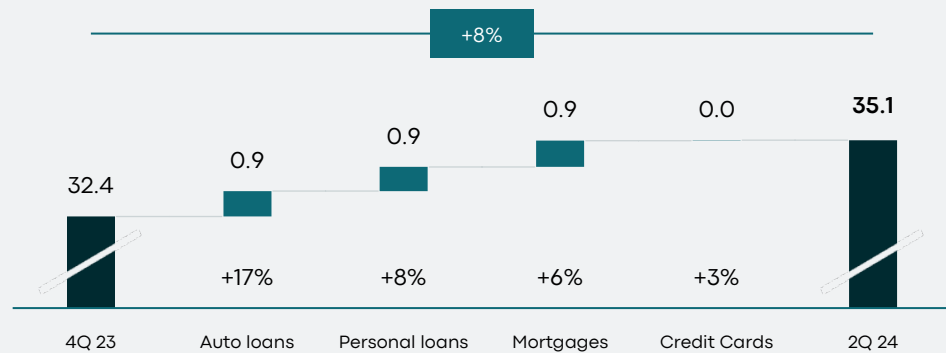
Commercial Loans Movement YTD (SAR Bn)



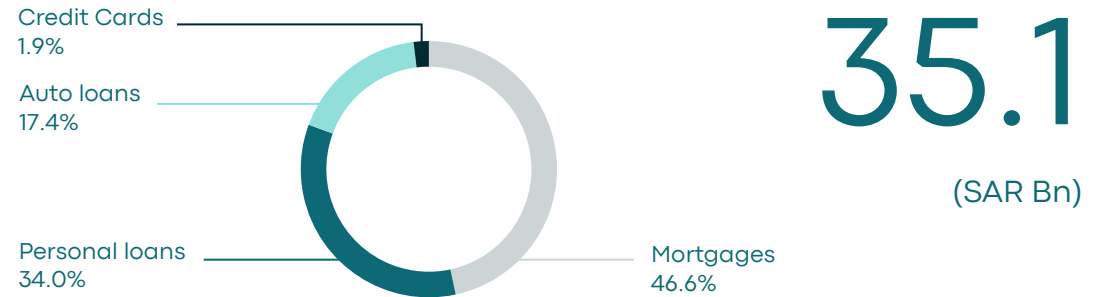
Commercial Loans Composition



Consumer Loans Movement YTD (SAR Bn)



Consumer Loans Composition

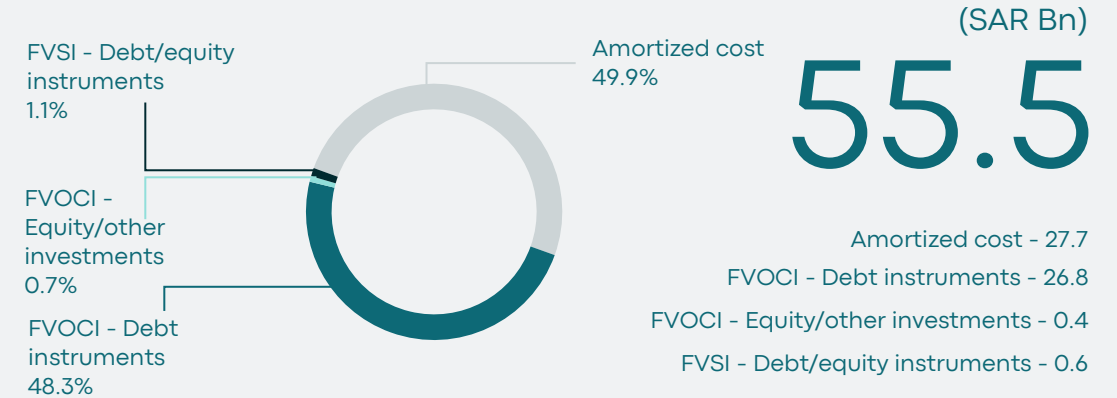


15% Increase in the investment portfolio in 1H 2024

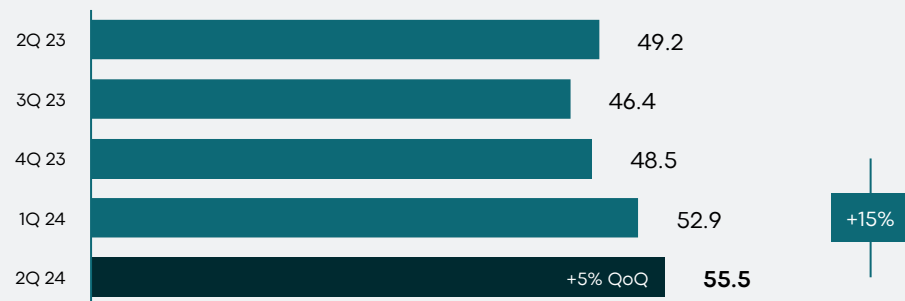
Investments

- Investments increased 15% YTD to manage interest rate risk while capturing higher yields.
- The investment portfolio is of high quality with a significant portion being Saudi Government and investment grade.

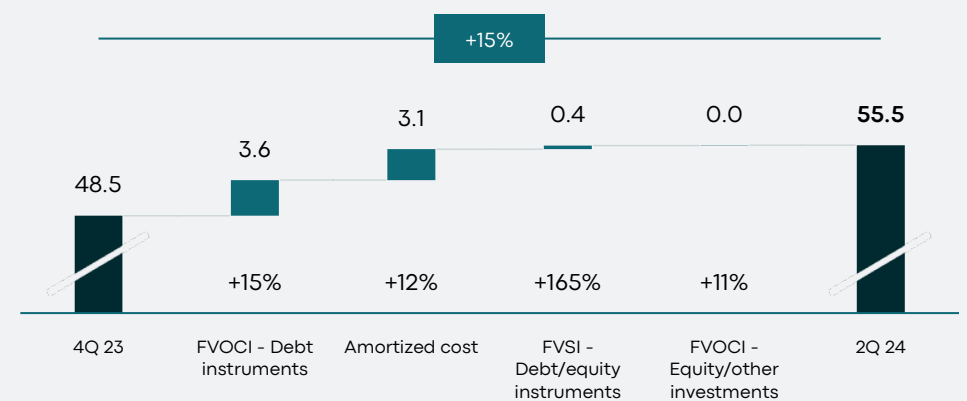
Investments Composition by Category

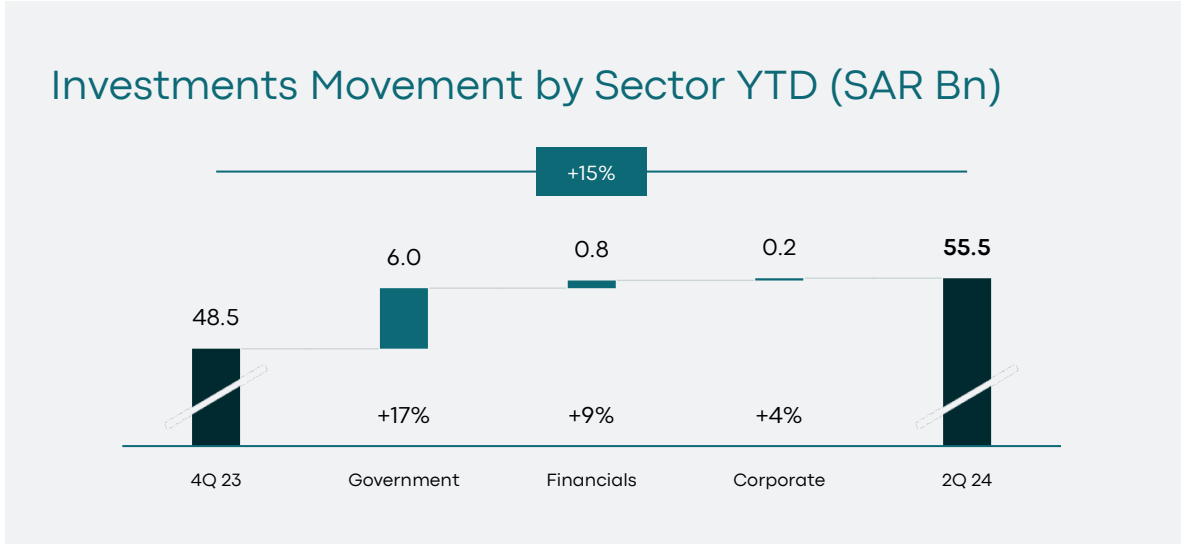
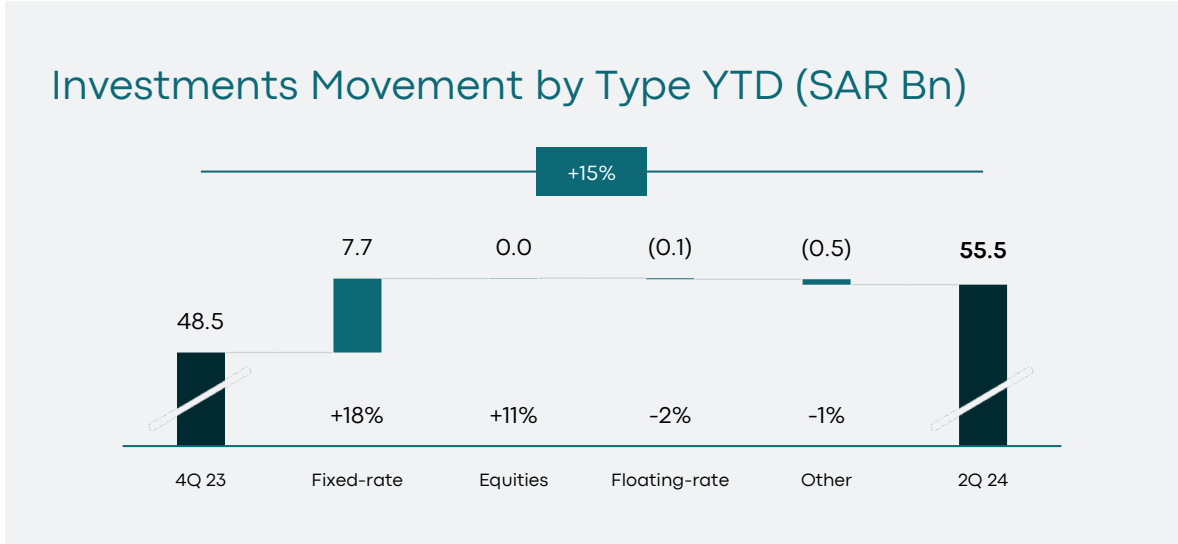
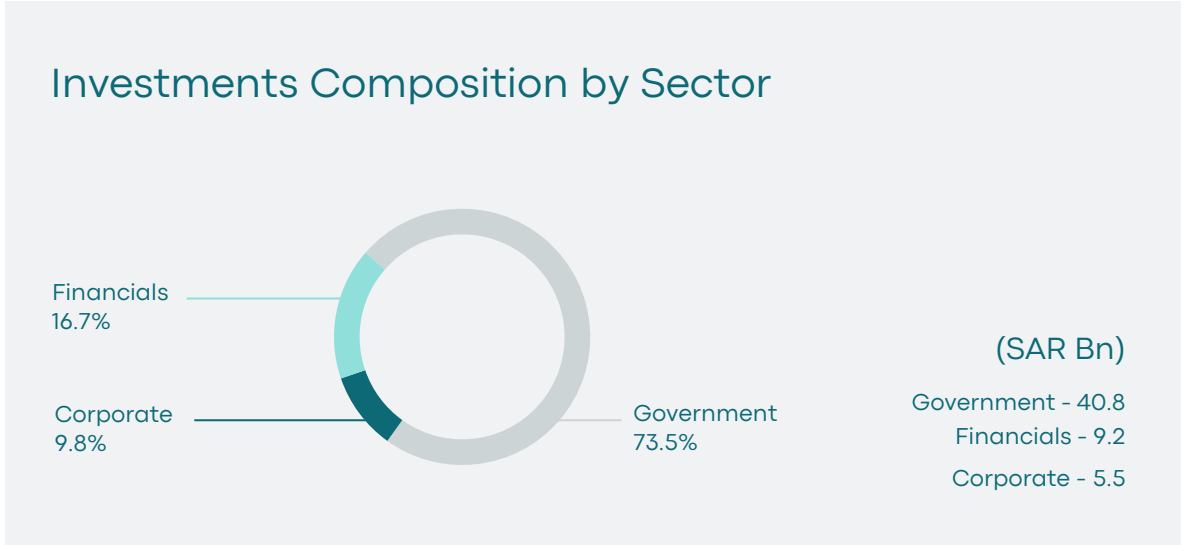
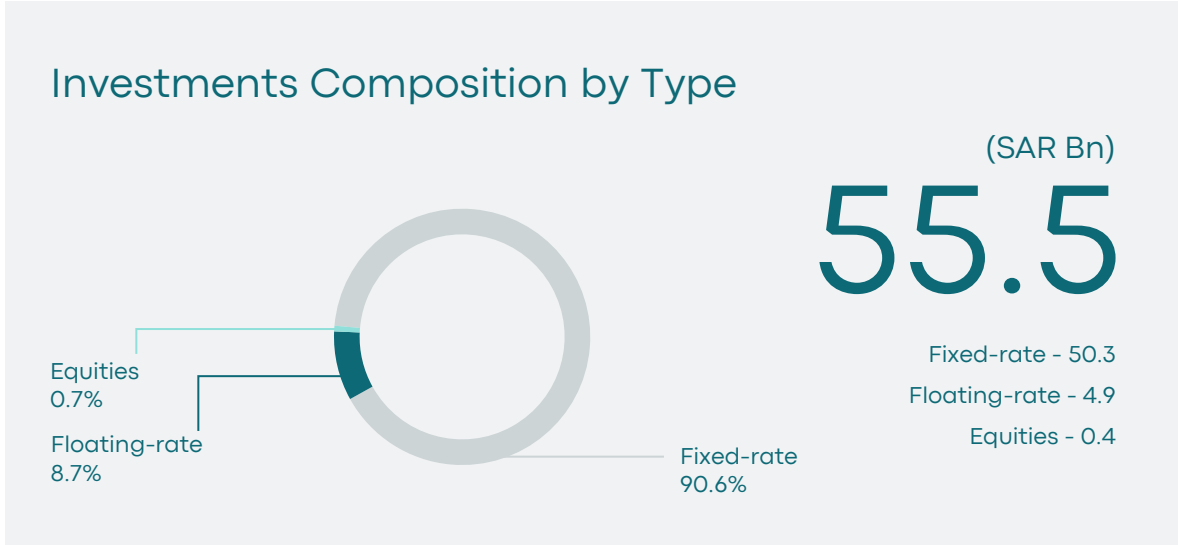


Investments (SAR Bn)



Investments Movement by Category YTD (SAR Bn)

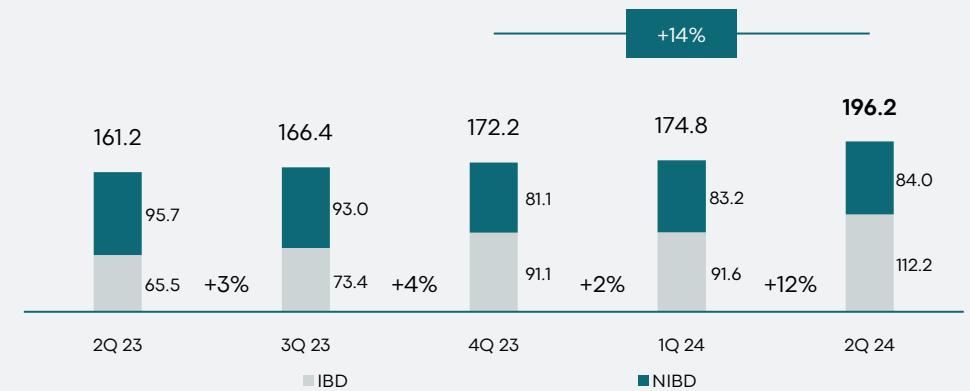




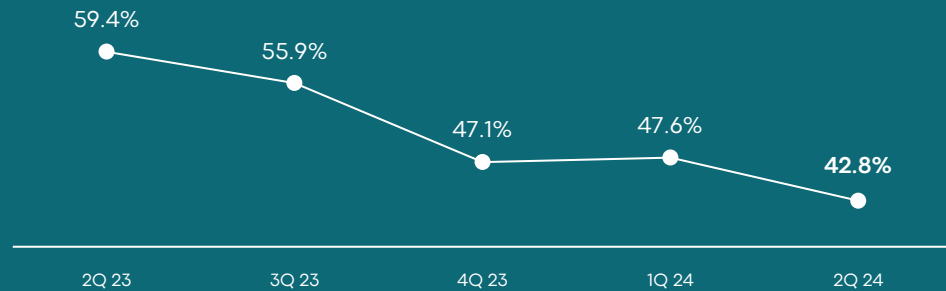
Customers' Deposits

- Deposits grew 14% during 1H 2024 primarily from increased IBDs.
- NIBD's increased 4% YTD and IBD's increased 23% YTD, mainly from corporate deposits.
- As of 30 June 2024, 42.8% of deposits were non-interest bearing.

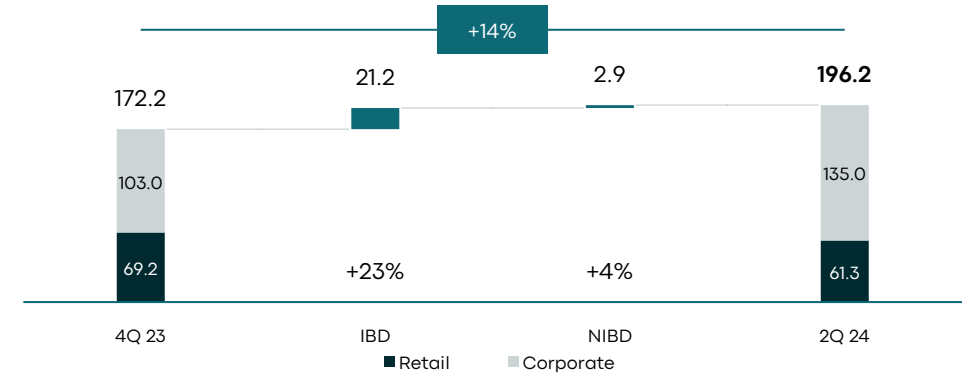
Customers' Deposits (SAR Bn)

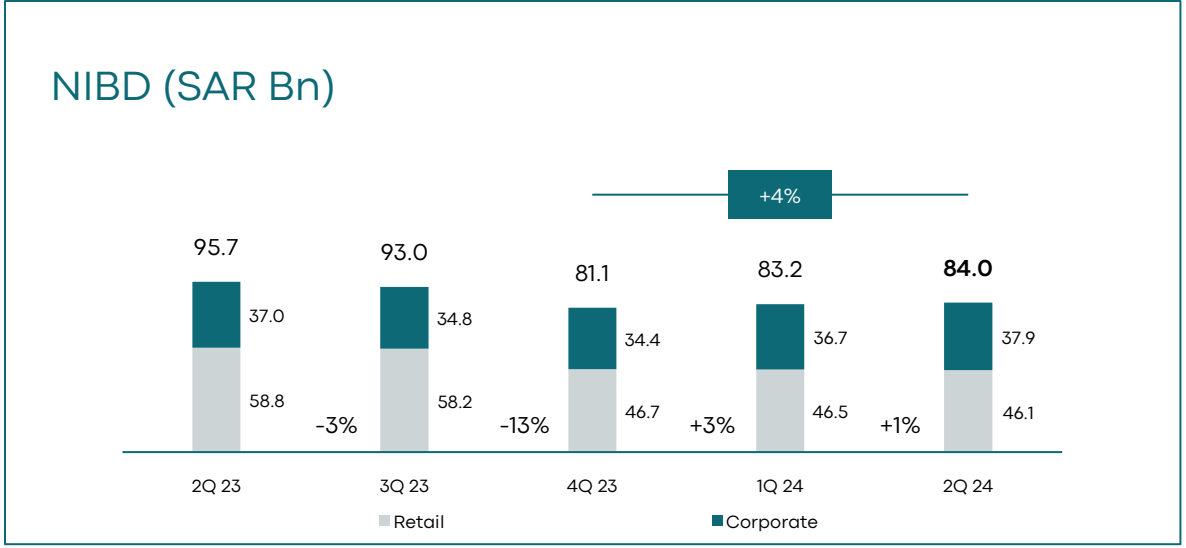
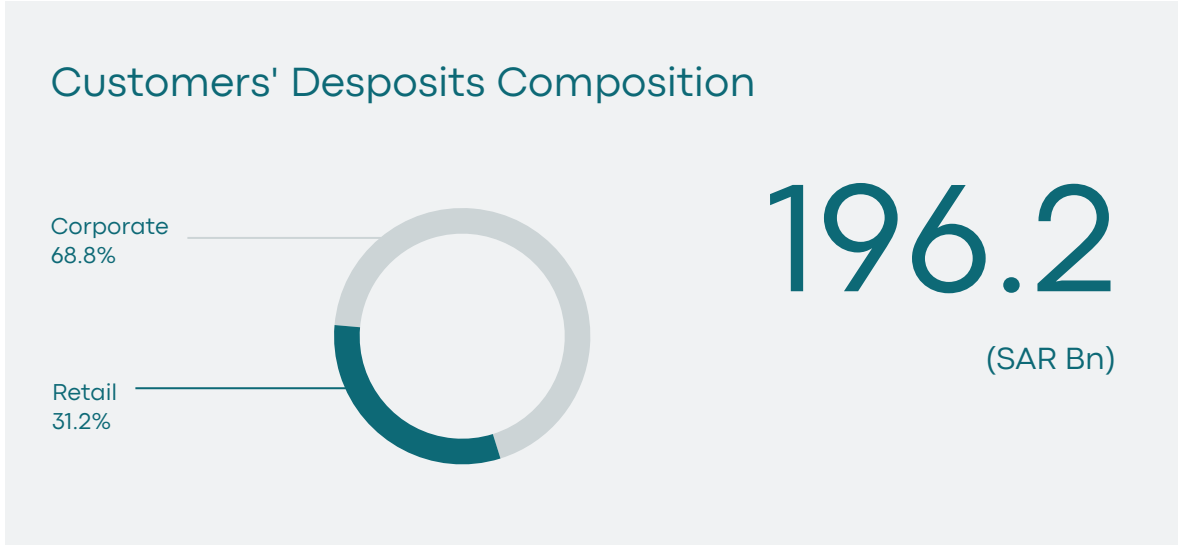
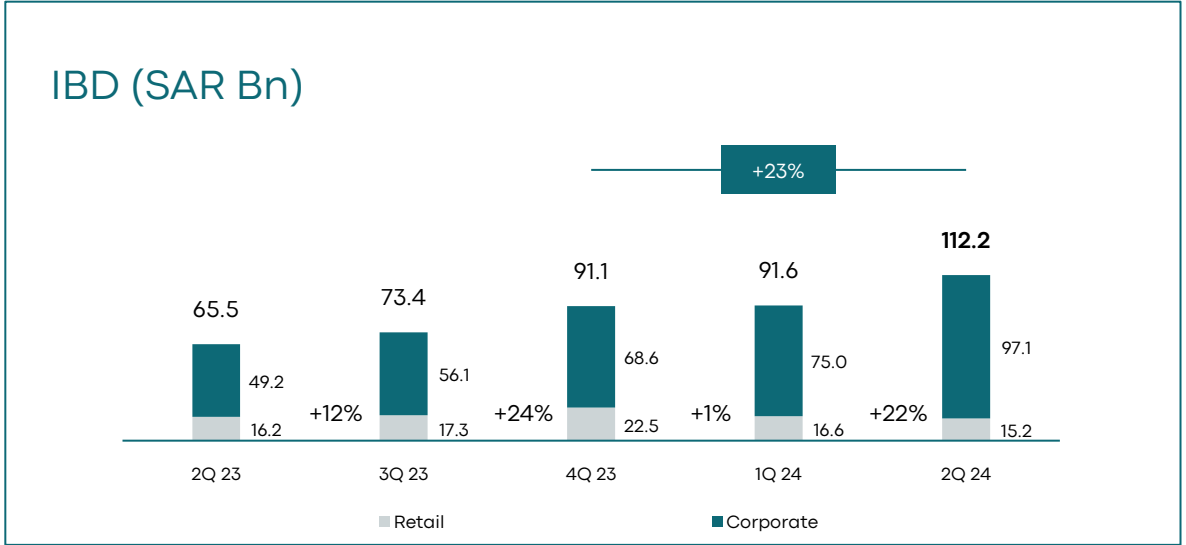
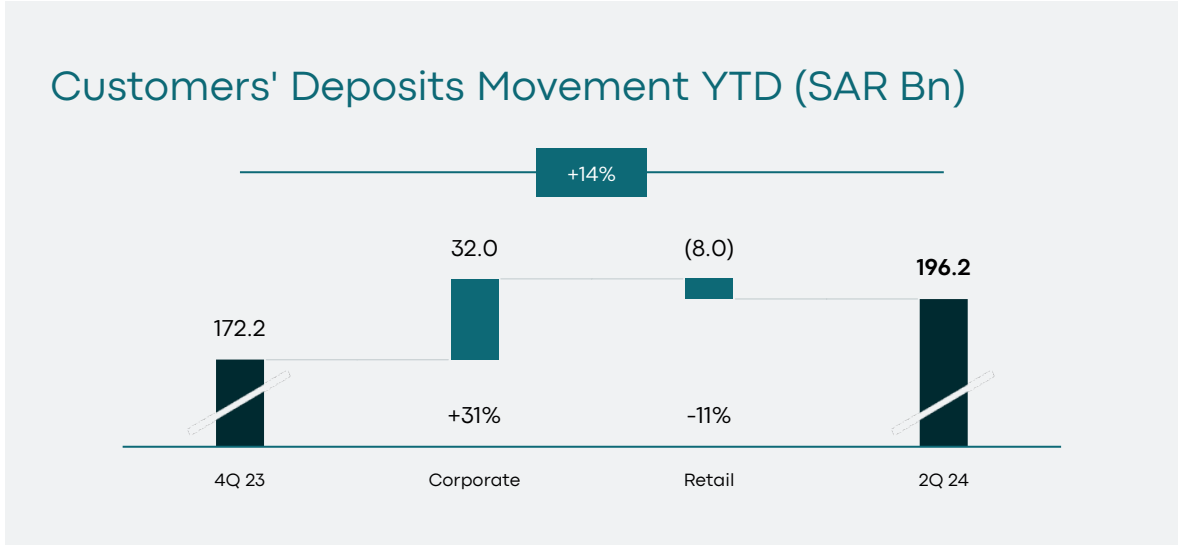


NIBD % of Total Deposits (%)



Customers' Deposits Movement YTD (SAR Bn)





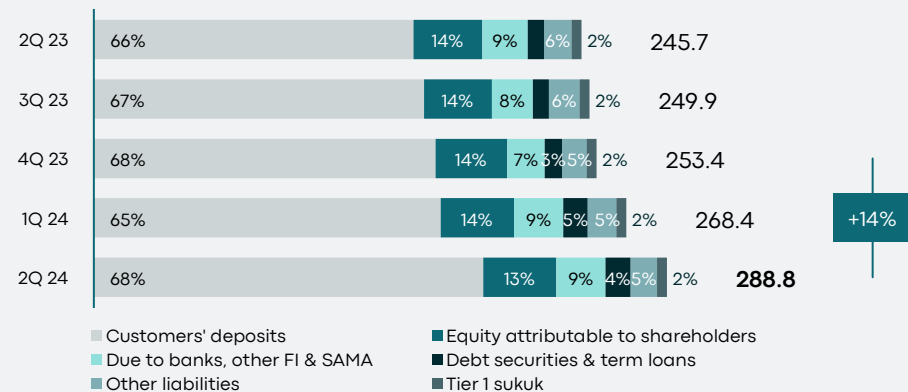
Funding Structure

- BSF's funding is largely comprised of customers' deposits which represented 79% of total liabilities and 68% of total liabilities and equity as of 30 June 2024.
- BSF has a proven track record of accessing other funding options including local and international debt capital markets.
- In 1H 2024, BSF via BSF Sukuk Company Limited issued USD 700 million senior unsecured trust certificates, maturing in 2029 and issued USD 30 million of EMTN program, demonstrating its capability to access multiple funding sources. Overall, during the first half of 2024, the Bank issued debt securities and a term loan totaling USD 1,090 million.

Successful Track Record in Accessing Local and International Capital Markets

| Issuance Date | Issuance Amount (Mn) | Type | Maturity/Call | Pricing |
|---------------|----------------------|----------------------|---------------|-------------|
| 2010 | USD 650 | USD Senior Unsecured | March 2015 | 4.25% |
| 2012 | USD 750 | USD Tier 2 Issuance | May 2017 | 2.95% |
| 2012 | SAR 1,900 | SAR Senior Unsecured | December 2017 | S+110bps |
| 2014 | SAR 2,000 | SAR Tier 2 Issuance | June 2019 | S+140bps |
| 2020 | SAR 5,000 | SAR Tier 1 Issuance | PerpNC 2025 | 4.50% |
| 2022 | USD 700 | USD Senior Unsecured | November 2027 | 5.50% |
| 2023 | USD 900 | USD Senior Unsecured | May 2028 | 4.75% |
| 2023 | USD 100 | USD Senior Unsecured | July 2027 | 5.47% |
| 2023 | USD 50 | USD Senior Unsecured | November 2026 | SOFR+115bps |
| 2024 | USD 700 | USD Senior Unsecured | January 2029 | 5.00% |
| 2024 | USD 30 | USD Senior Unsecured | February 2031 | SOFR+155bps |
| 2024 | USD 20 | USD Senior Unsecured | April 2031 | SOFR+145bps |
| 2024 | USD 20 | USD Senior Unsecured | May 2031 | SOFR+145bps |
| 2024 | USD 50 | USD Senior Unsecured | May 2029 | SOFR+120bps |
| 2024 | USD 20 | USD Senior Unsecured | May 2029 | SOFR+116bps |

Funding Structure Overview* (SAR Bn)



Strong credit ratings and stable maturity profile



Standard & Poor's

A-

▶ Stable outlook

Moody's

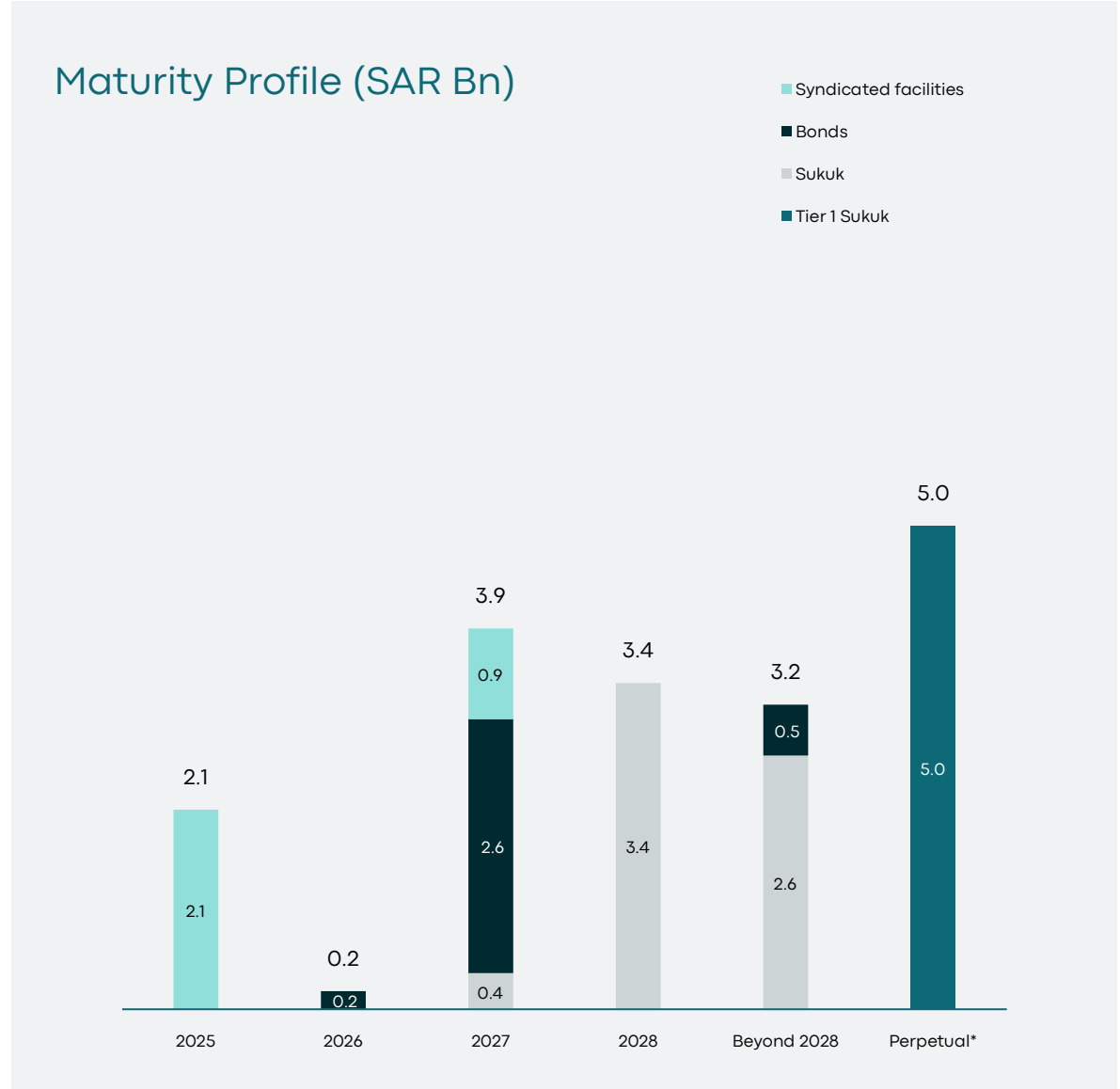
A2

▲ Positive outlook

Fitch

A-

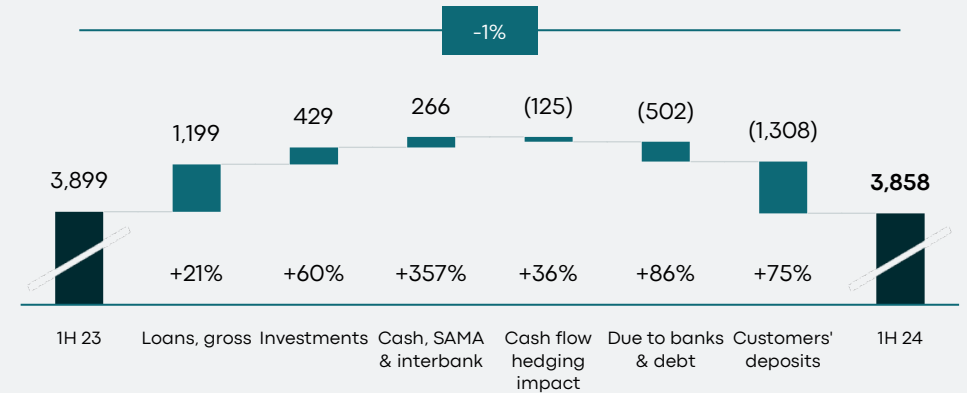
▶ Stable outlook



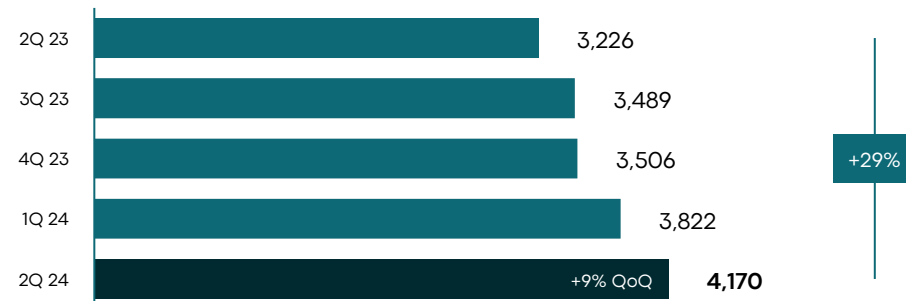
Net Interest Income

- NII for 1H 2024 declined by 1% YoY to SAR 3,858mn, with 15% average earnings assets growth offset by margin contraction.
- Interest income rose 28% YoY to SAR 7,991mn in 1H 2024, while funding costs rose 78% to SAR 4,133mn.

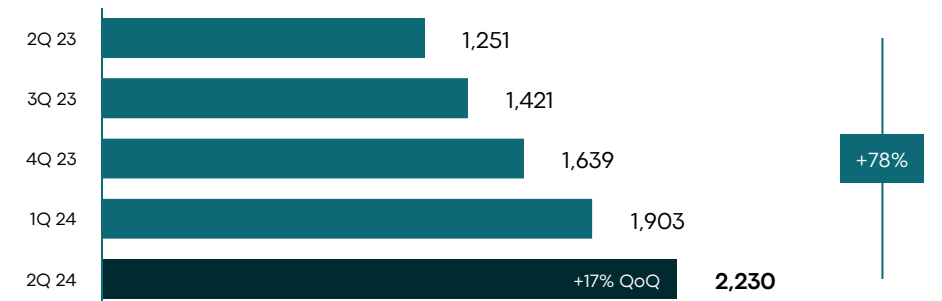
Net Interest Income Movement YoY (SAR Mn)



Interest Income (SAR Mn)



Interest Expense (SAR Mn)

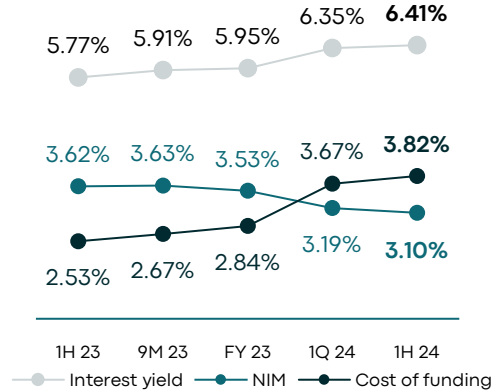


YoY margin decline from shifting deposit mix towards IBDs

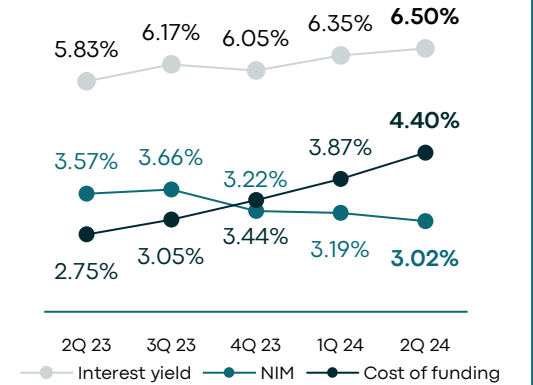
Net Interest Margin

- The NIM declined 52bps YoY to 3.10% due to increased costs on customers' deposits, partly offset by the higher yields on loans, investments and interbank.
- On a sequential basis, quarterly NIM was declining by 17bps QoQ.
- Funding costs increased by 129bps YoY to 3.82% in 1H 2024.

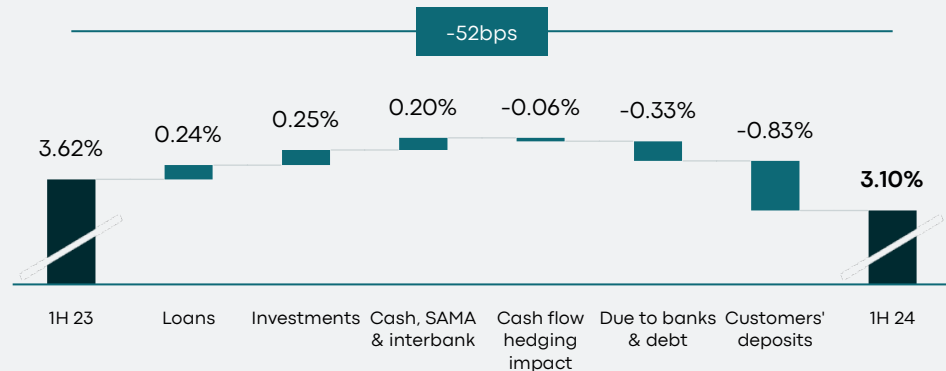
YTD NIM Trend



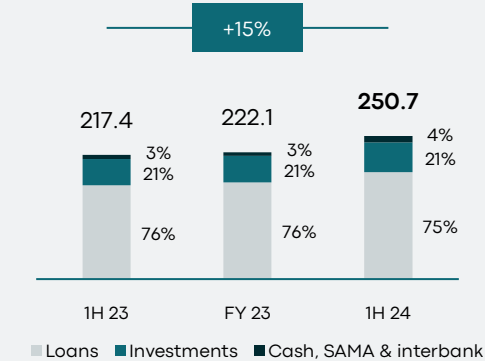
Quarterly NIM Trend



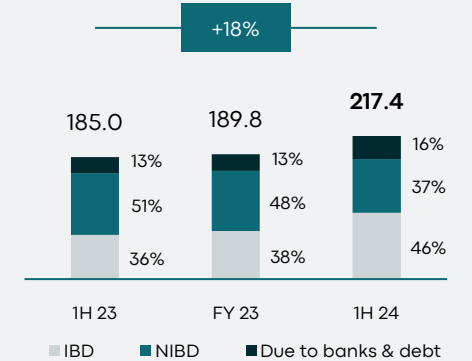
NIM Movement YoY (%)



Average Interest Earning Assets (SAR Bn)



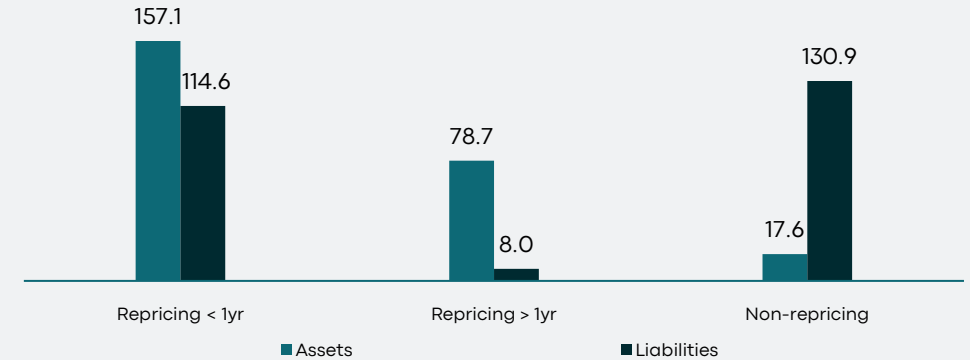
Average Interest Bearing Liabilities (SAR Bn)



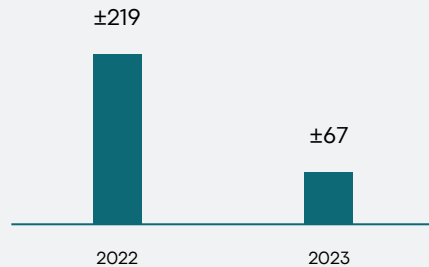
NIM Sensitivity

- As of 31 December 2023, BSF estimates a 1-year NIM sensitivity of a 100bps rates change at ± 3 bps; this would translate into a SAR ± 67 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.
- In the current interest rate environment, the Bank has been closing some of its IR position as part of its interest rate risk management.

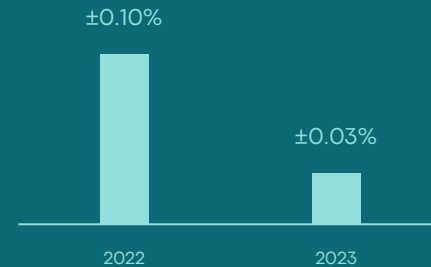
Balance Sheet Repricing Profile as at 31 December 2023 (SAR Bn)



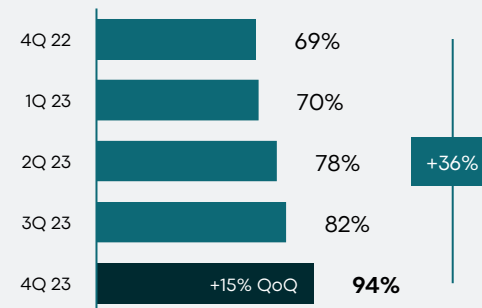
NII Impact of ± 100 bps Rate Change (SAR Mn)



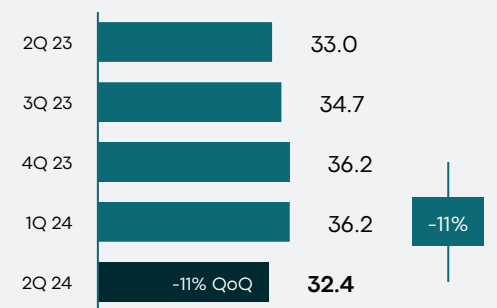
NIM Impact of ± 100 bps Rate Change (%)



Fixed Assets vs. Fixed Liabilities (%)



Cash Flow Hedges Swaps (SAR Bn)



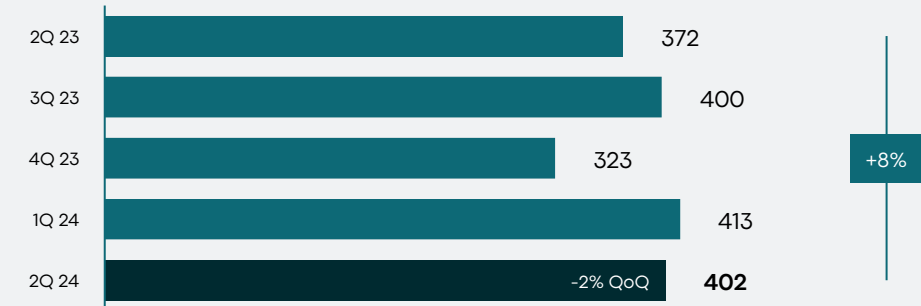
Non-interest income increased 6% YoY as higher net fee & commission income was partly offset by lower exchange income



Non-Interest Income

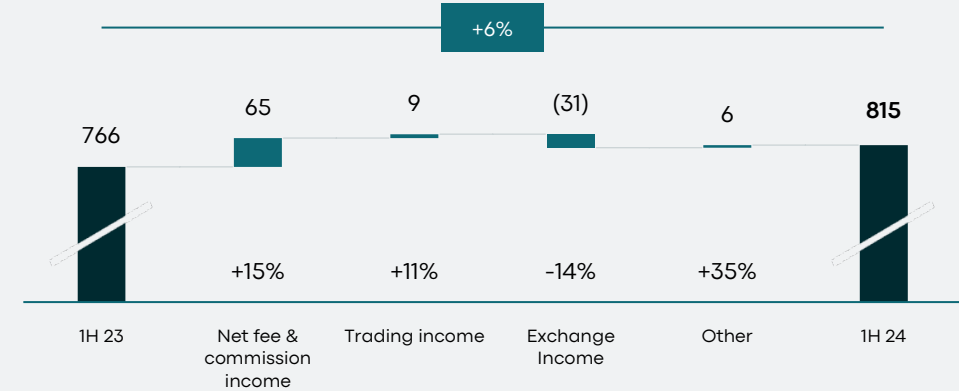
- Non-interest income for 1H 2024 increased 6% YoY to SAR 815mn on improved net fee & commission income and investment-related and trading income, partly offset by lower exchange income.
- Trading income increased 11% YoY to SAR 88mn.
- 2Q 2024 non-interest income increased by 8% YoY and declined by 2% QoQ from lower trading income.

Non-interest Income (SAR Mn)



| SAR Mn | 1H 2024 | 1H 2023 | Δ% | 2Q 2024 | 2Q 2023 | Δ% |
|--|------------|------------|-------------|------------|------------|-------------|
| Fee & commission income | 823 | 703 | +17% | 458 | 347 | +32% |
| Fee & commission expenses | 311 | 256 | +21% | 194 | 136 | +42% |
| Net fee & commission income | 512 | 446 | +15% | 264 | 211 | +25% |
| Exchange Income | (193) | (224) | -14% | (93) | (100) | -7% |
| Trading income | 88 | 79 | +11% | 28 | 48 | -41% |
| Banking-related income | (793) | (749) | +6% | (386) | (360) | +7% |
| Investment-related income | 22 | 11 | +95% | 16 | 8 | +119% |
| Other income | (0) | (5) | -95% | (0) | (5) | -99% |
| Non-interest income | 815 | 766 | +6% | 402 | 372 | +8% |

Non-interest Income Movement YoY (SAR Mn)

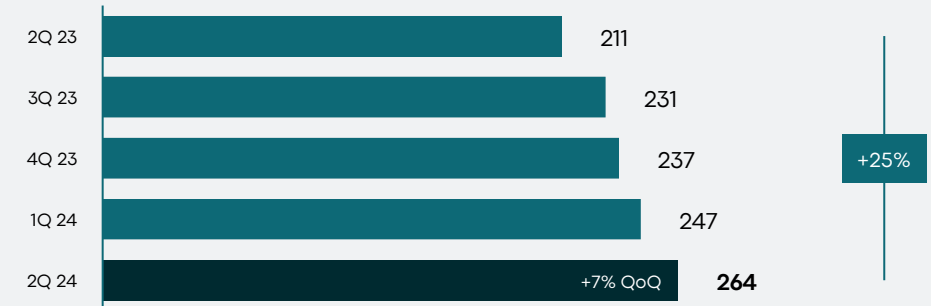


Fee & commission income increased 15% YoY, mainly from improved brokerage & asset management income

Fee & Commission Income

- Net fee & commission grew 15% to SAR 512mn in 1H 2024 due to higher brokerage & asset management income and trade finance, partially offset by lower card fees.

Fee & Commission Income (SAR Mn)

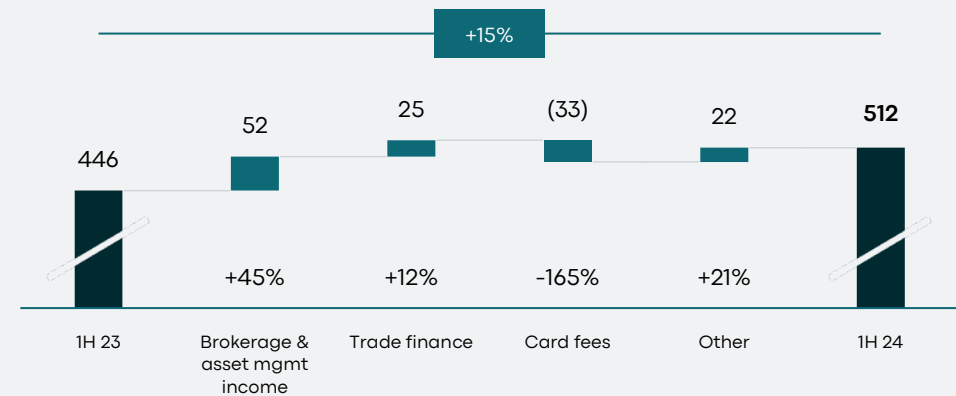


Fee & Commission Income Composition



512
(SAR Mn)

Fee & Commission Income Movement YoY (SAR Mn)

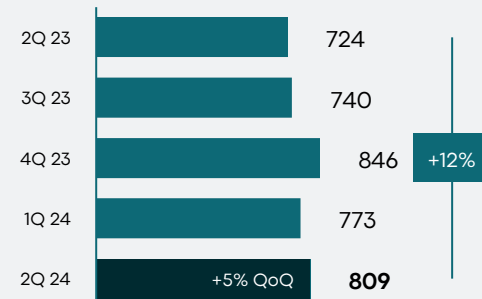


Operating expenses growth of 10% YoY mainly from higher employee-related expenses and G&A

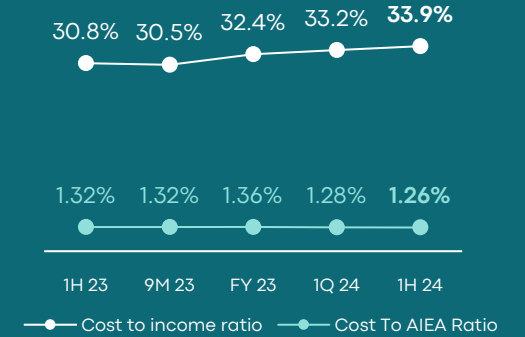
Operating Expenses

- Operating expenses increased 10% YoY to SAR 1,582mn in 1H 2024 mainly due to increased employee-related costs, as well as higher G&A and depreciation.
- Cost to income ratio increased by 3.1ppts YoY to 33.9% in 1H 2024 from 30.8% in 1H 2023.
- At the same time, operating expenses as a percentage of average interest-earning assets (AIEA) decreased 6bps YoY to 1.26% for 1H 2024 due to faster expansion of AIEA (+14%) relative to expense growth (+10%).
- Quarterly operating expenses increased 5% QoQ, mainly due to the rising general and administrative expenses.

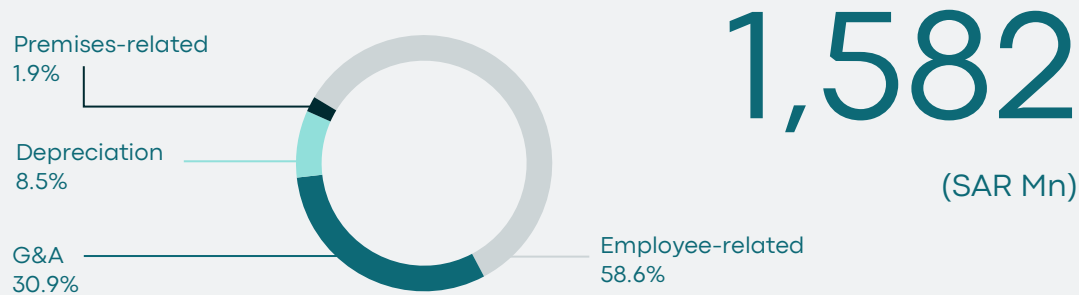
Operating Expenses (SAR Mn)



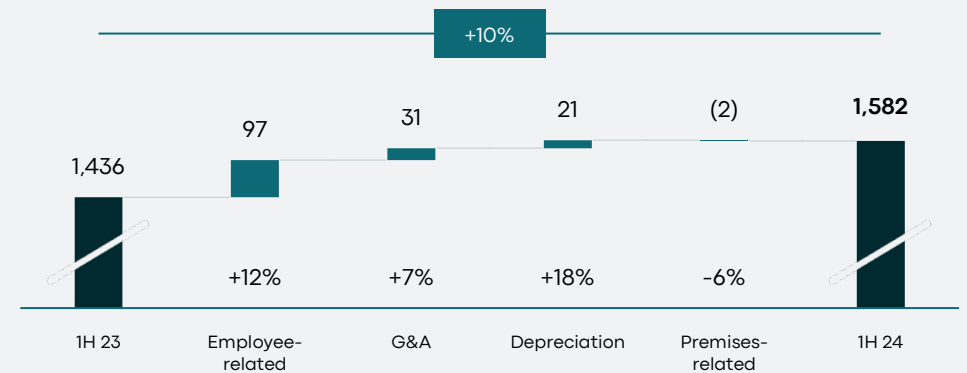
Cost Ratios (%)



Operating Expenses Composition



Operating Expenses Movement YoY (SAR Mn)



Cost of risk decreased by 48bps YoY to 0.60% for 1H 2024 from lower commercial impairments

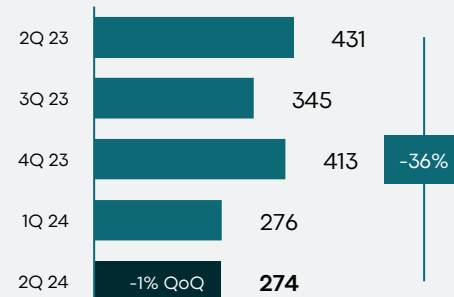
Impairment Charge

- The total impairment charge for 1H 2024 decreased by 34% YoY to SAR 550mn, mainly from lower commercial impairments, partly offset by higher consumer and investment & off-balance impairments.
- In combination with healthy loan growth, this resulted in a 48bps YoY improvement in cost of risk to 0.60% for 1H 2024, which was stable QoQ.

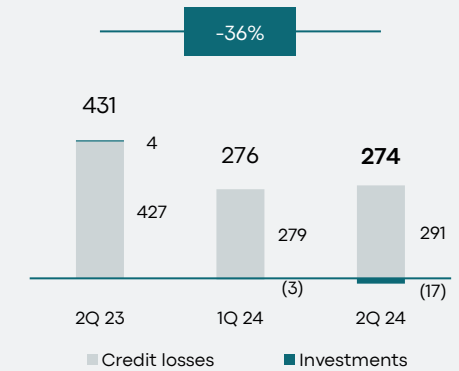
Cost of Credit Risk (%)



Impairment Charge (SAR Mn)



Impairment Charge (SAR Mn)



Commercial COR

0.56%

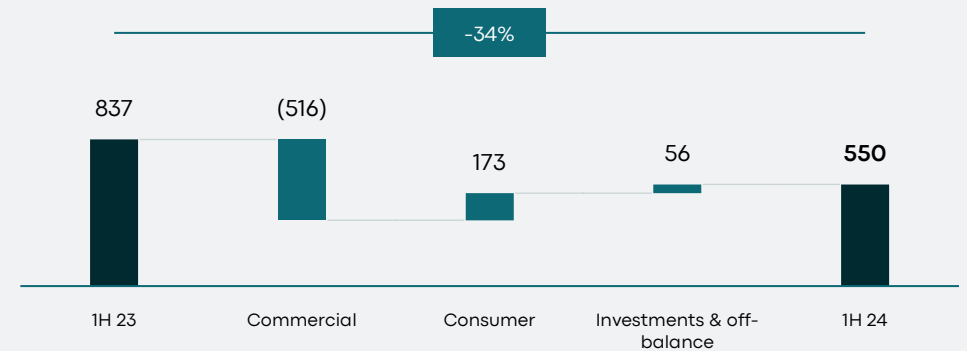
▼ -80bps year-on-year

Consumer COR

0.77%

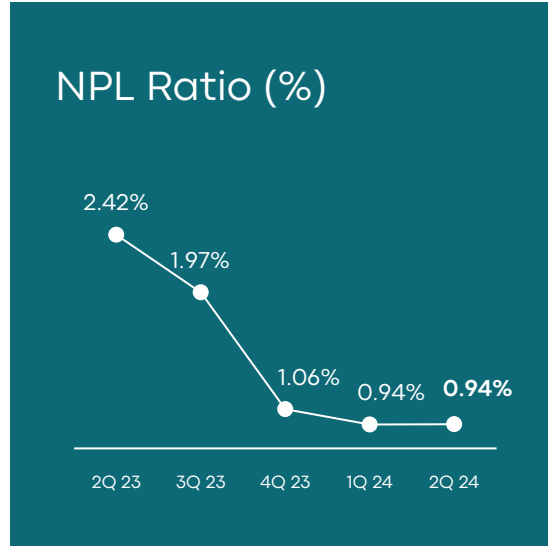
▲ +104bps year-on-year

Impairment Charge Movement YoY (SAR Mn)

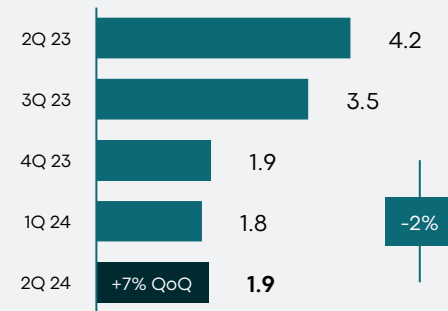


NPL Ratio

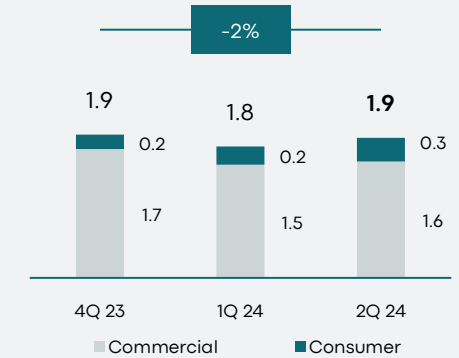
- The NPL ratio improved 12bps YTD to 0.94% as NPLs declined 2% on write-offs during 1Q 2024 in the commercial book relative to 10% gross loan growth.



Non Performing Loans & Advances (SAR Bn)



Non Performing Loans & Advances (SAR Bn)



Commercial NPL Ratio

0.95%

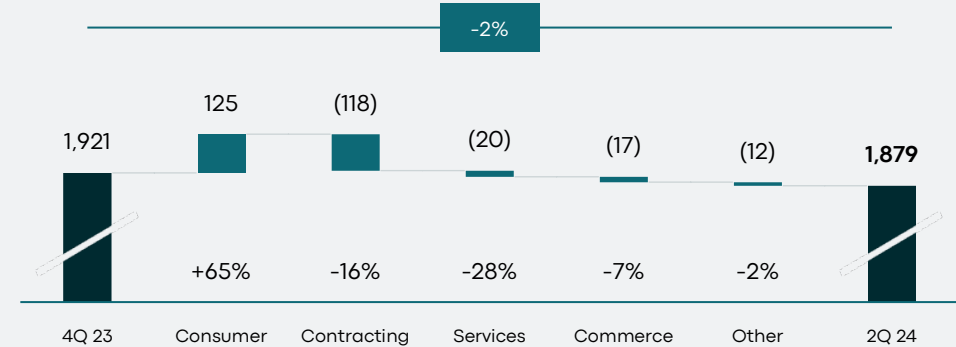
▼ -21bps year-to-date

Consumer NPL Ratio

0.90%

▲ +31bps year-to-date

Total Non Performing Movement YTD (SAR Mn)

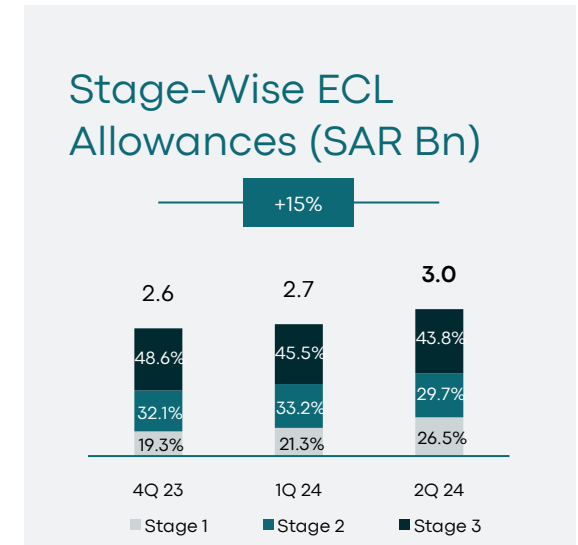
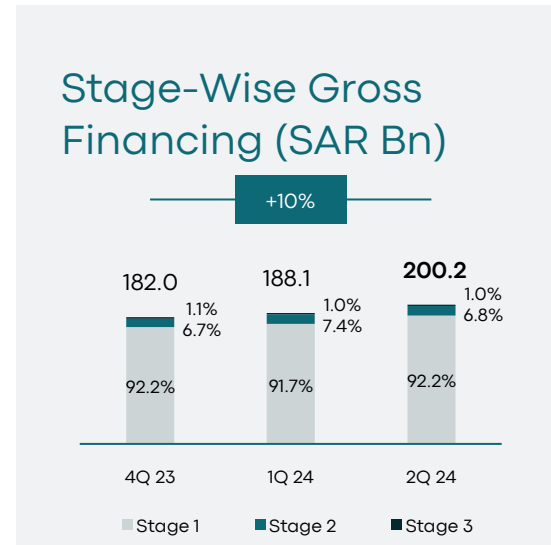
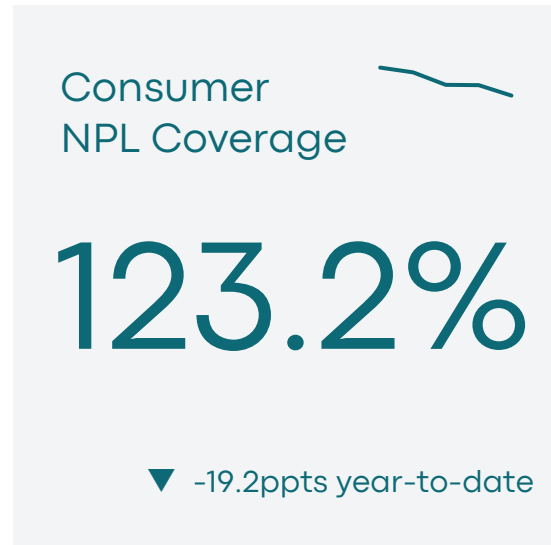
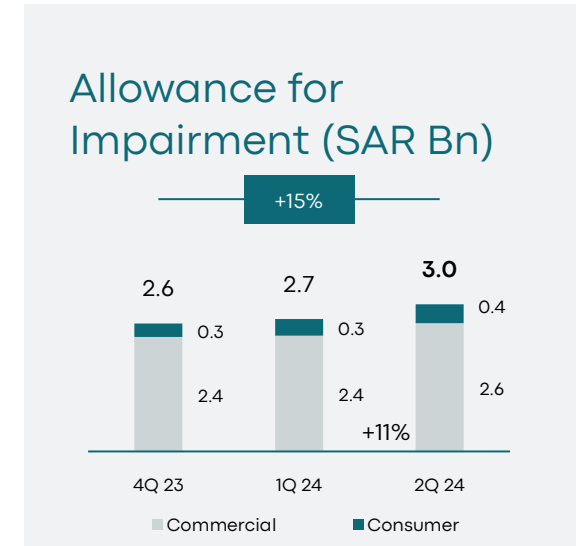
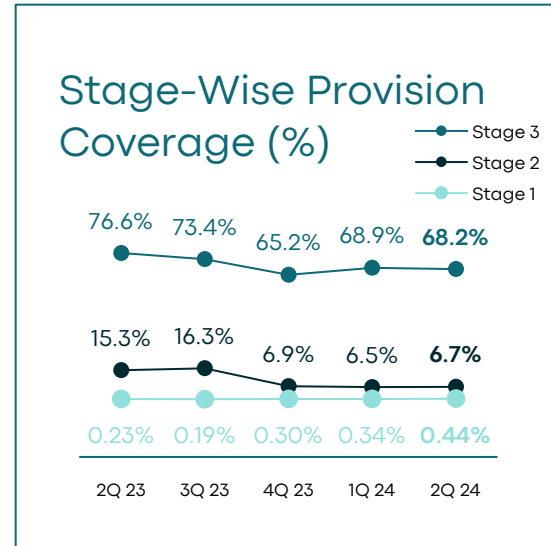
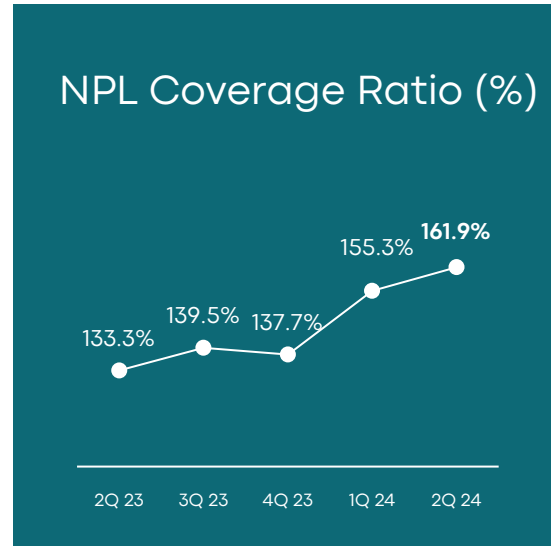


NPL coverage improved 24.2ppts YTD to 161.9%



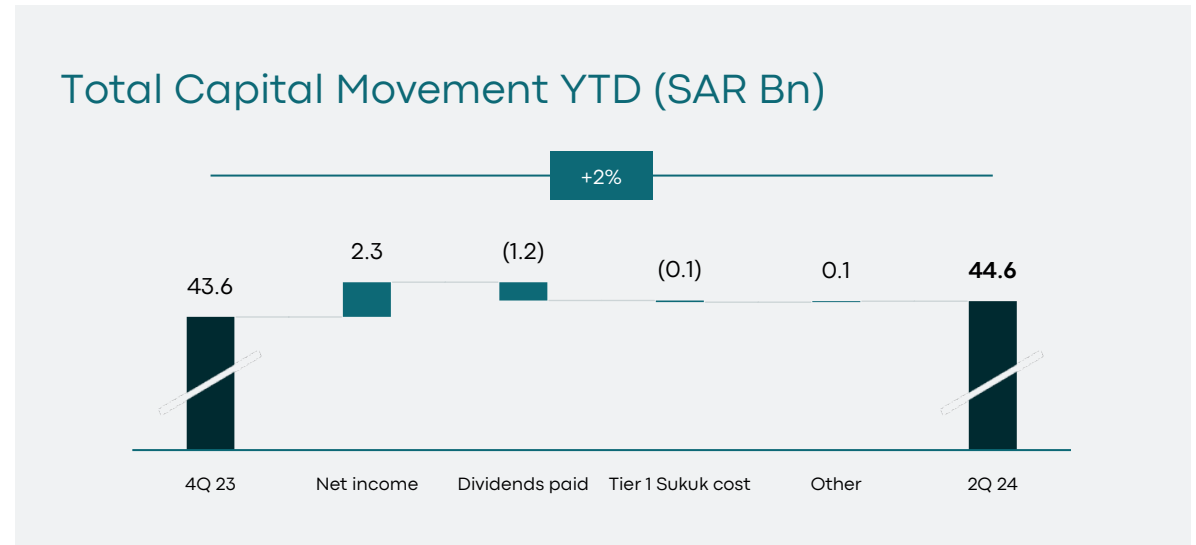
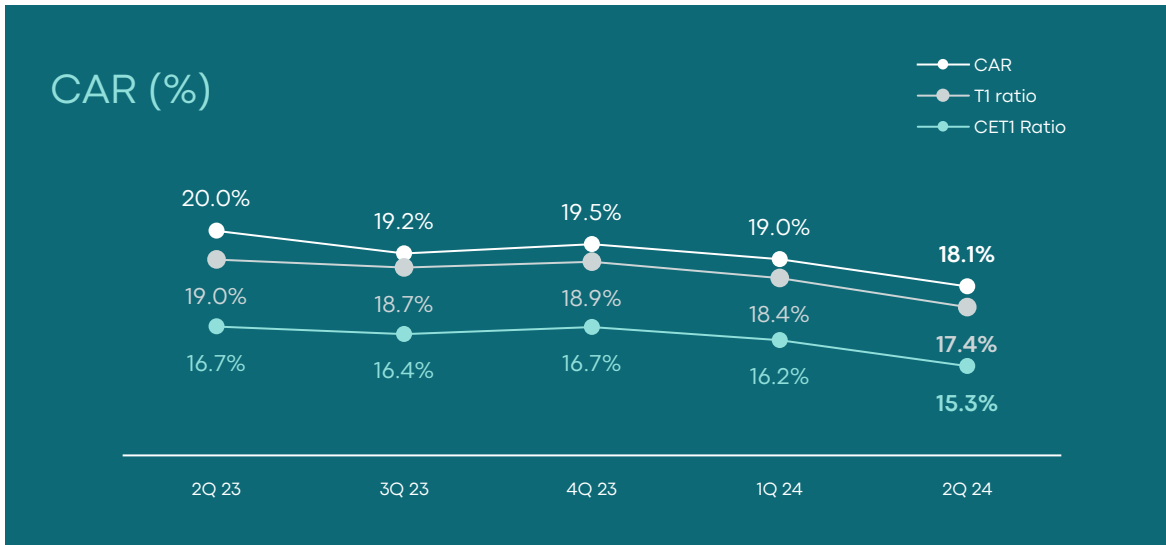
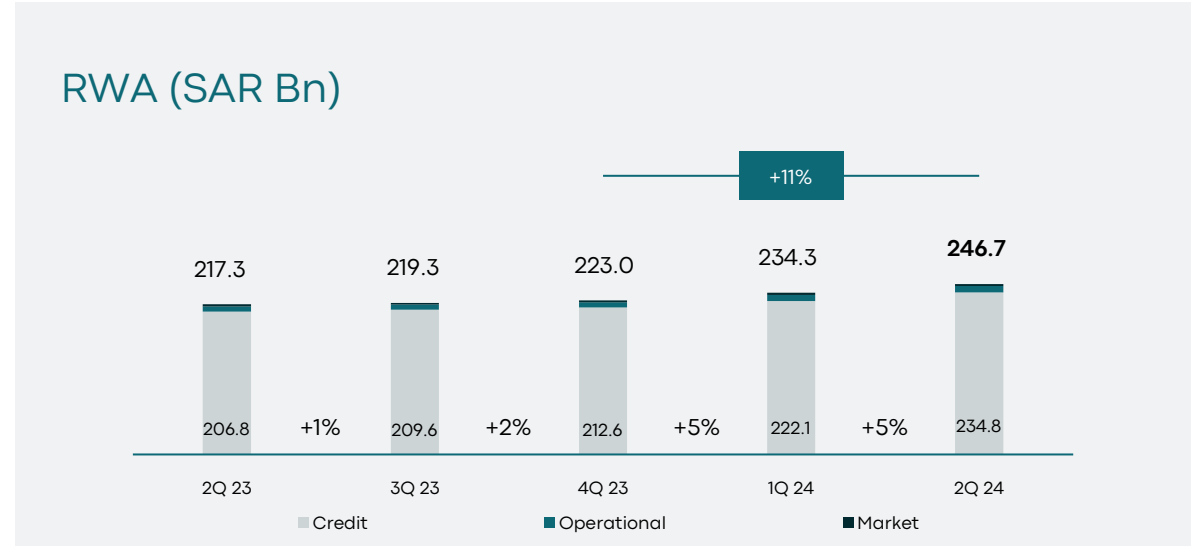
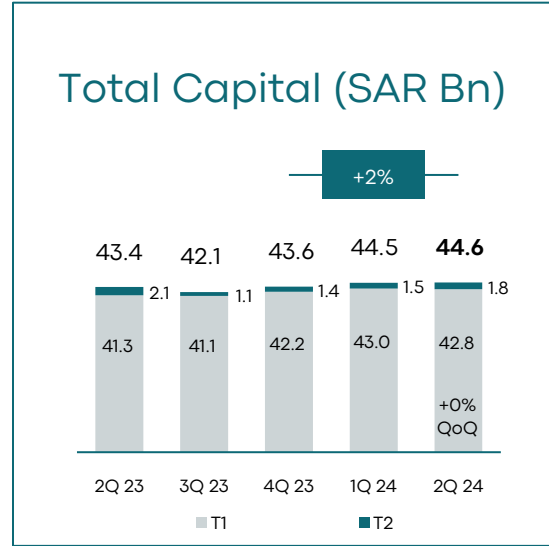
NPL Coverage

- The NPL coverage ratio improved by 24.2ppts YTD to 161.9%, attributed to enhancements in commercial coverage.
- Stage 3 coverage improved 3.0 ppts during 1H 2024 to 68.2%, stage 2 coverage declined 0.2ppts to 6.7%, while stage 1 coverage improved 0.1ppts to 0.44%.



Capital

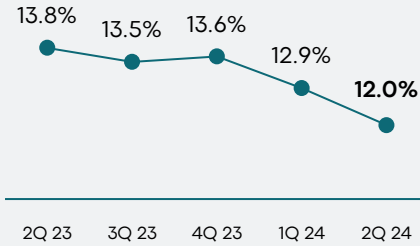
- Total capital (Tier 1 + Tier 2 regulatory capital) increased 2% YTD to SAR 44.6bn during 1H 2024 as net income generation was partly offset by dividend payments.
- RWAs increased 11% YTD during 1H 2024 to SAR 246.7bn from lending growth.
- CAR was 18.1% and the Tier 1 ratio was 17.4% as of 30 June 2024.



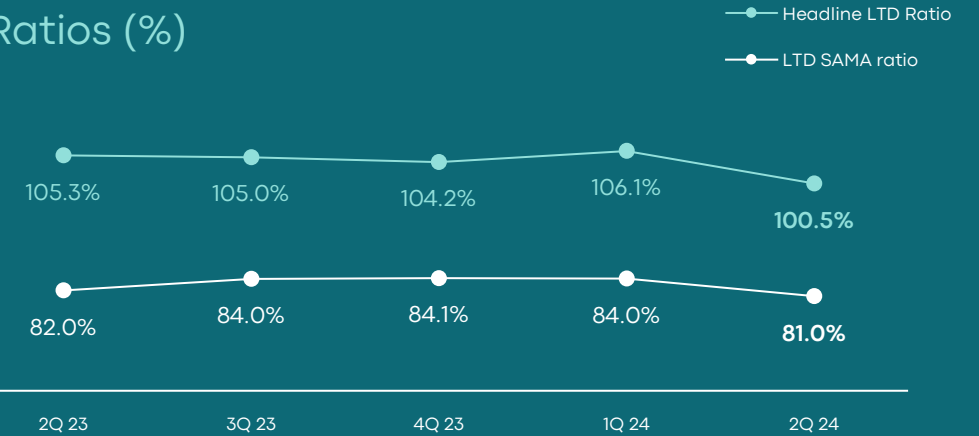
Liquidity

- LCR moderated 9ppts to 187% during 1H 2024.
- NSFR was broadly stable YTD at 118% as of 30 June 2024.
- The SAMA regulatory LTD ratio was within required levels at 81.0% as of 30 June 2024, while the headline ratio decreased to 100.5%.

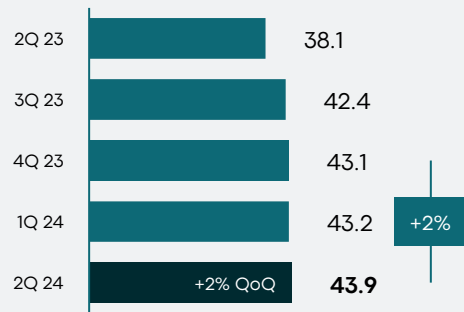
Leverage Ratio (%)



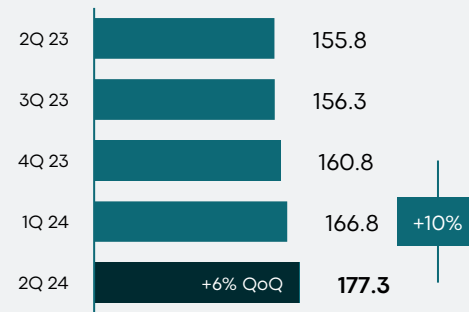
LTD Ratios (%)



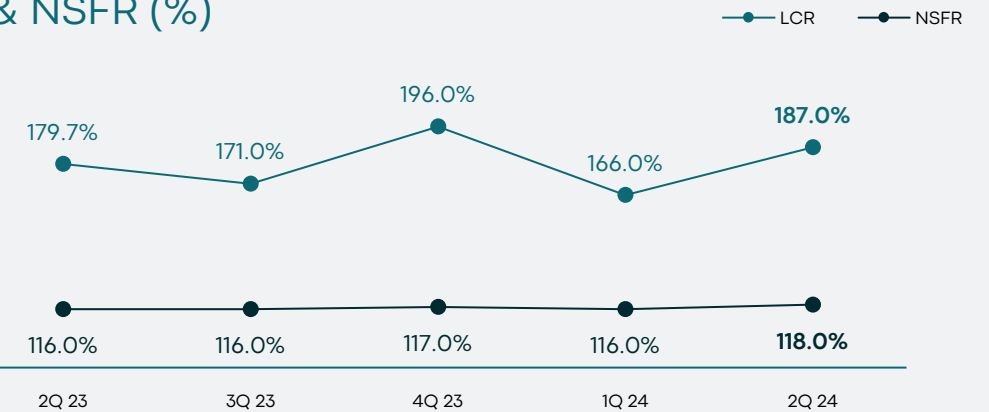
HQLA (SAR Bn)



Available Stable Funding (SAR Bn)



LCR & NSFR (%)



Outlook & Guidance

Investor Presentation 1H 2024

Saudi Arabia's real GDP and non-oil GDP growth are expected to improve, while anticipating a higher-for-longer interest rate environment

| Metric | 2023 Outcome | 2024 Outlook | Trend |
|---------------------------------|--------------------|----------------------------------|---|
| Saudi Arabia Real GDP Growth | -0.8% | +1.7% | Real GDP Growth trend:  |
| Saudi Arabia Non-oil GDP Growth | +3.8% | +3.9% | Non-oil GDP Growth trend:  |
| Oil prices (Brent/Barrel) | 82.3 USD | USD 80.6 | Brent Avg Oil Prices / Barrel (USD):  |
| Interest rates | 5.9% SAIBOR 3m avg | 50bps rate cuts towards year-end | SAIBOR SAR 3M avg (%):  |

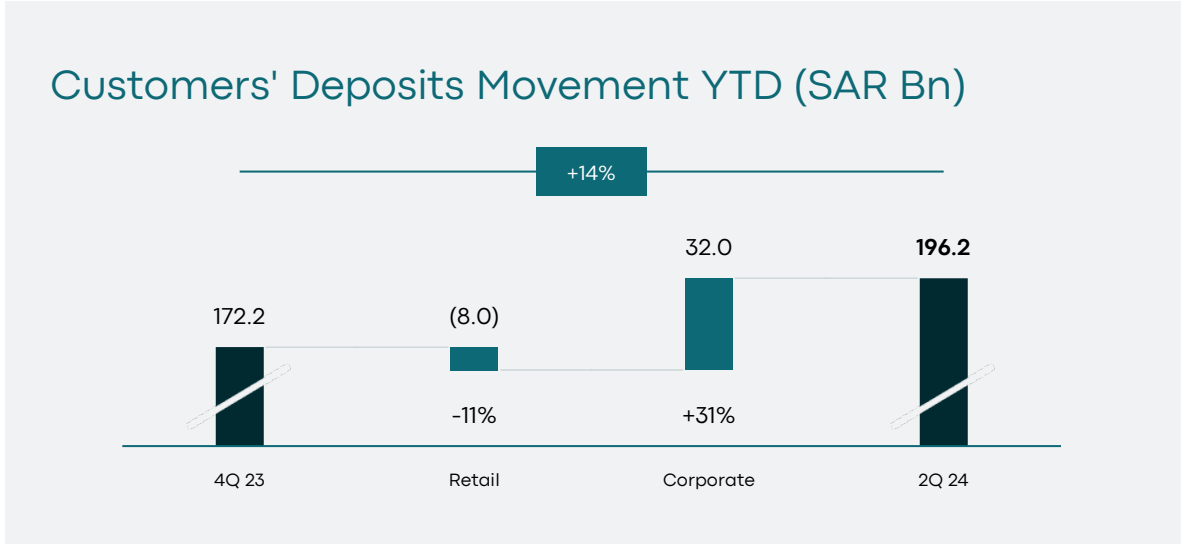
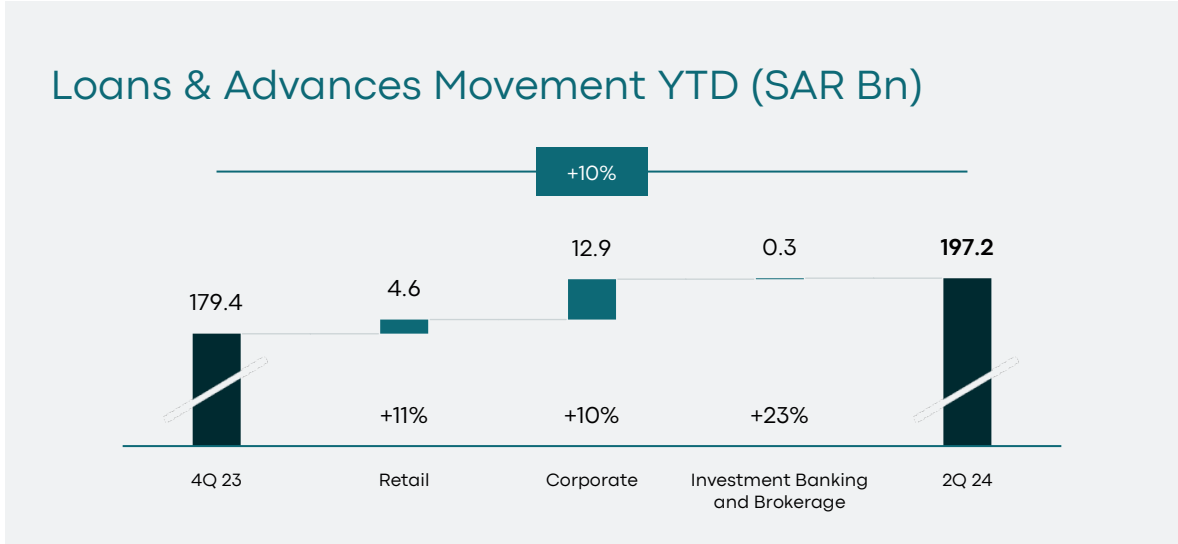
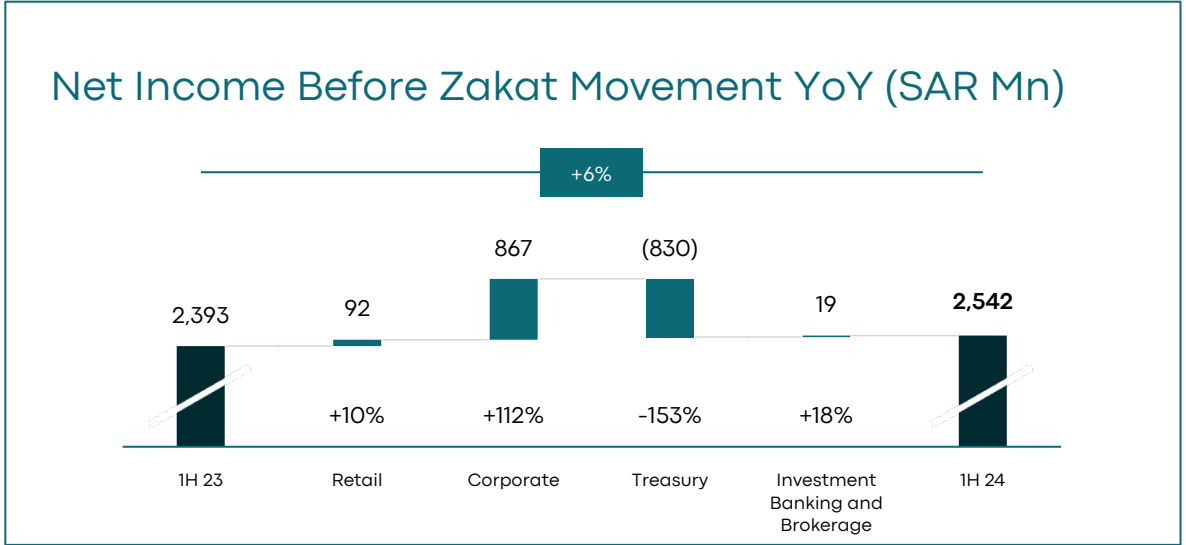
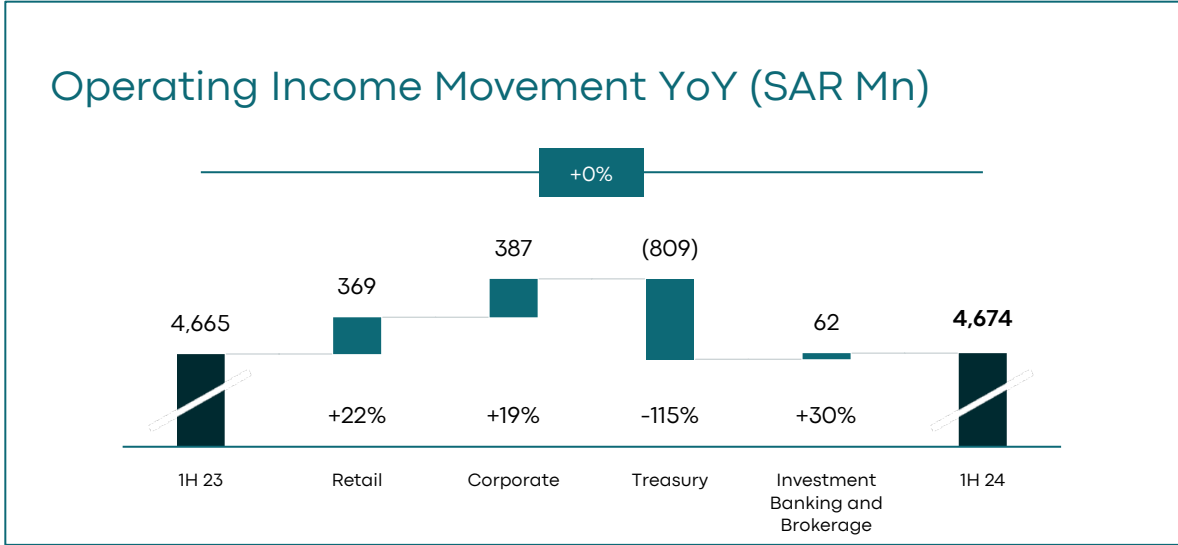
BSF is upgrading the loan guidance and CoR, while moderating the NIM, CIR, and CET1 guidance



| Metric | 1H 2024 Outcome | 2024 Guidance | Revision | 2024 Guidance Drivers |
|--------------------------|-----------------------------|---------------|--|--|
| Loans & Advances Growth | +9.9% ▲ YTD SAR Bn 197.2 | Mid-teens | revised up from low double-digits | Raised guidance reflects robust loan growth in 1H 2024, coupled with a more selective approach and anticipated repayments in 2H2024. |
| Net Interest Margin | 3.10% ▼ -52 bps YOY | 3.00 - 3.15% | revised down from 3.1-3.3% | Lower margin due to the higher-than-expected growth of IBDs amid the high interest rate environment. |
| Cost of Risk | 60bps ▼ -48 bps YOY | 55-65bps | revised down from 60-70bps | Normalizing cost of risk in relatively benign credit environment and absence of provisioning for isolated legacy exposures. |
| Cost to Income Ratio | 33.9% ▲ +3.1 pts YOY | <33% | revised up from <32% | Guidance is revised up based on the 1H 2024 performance with some improvements expected in 2H 2024. |
| Return on Equity | 11.0% ▶ +6 bps YOY | 11-13% | unchanged | Returns guidance reflects the impact of financing expansion, a modest margin decline, and improving risk costs. |
| Core Equity Tier 1 Ratio | 15.3% ▼ -134 bps YTD | 16-17% | revised down from 17-18% | Capital ratios have been revised downward due to higher-than-expected loan growth, though they remain at a comfortable level. |

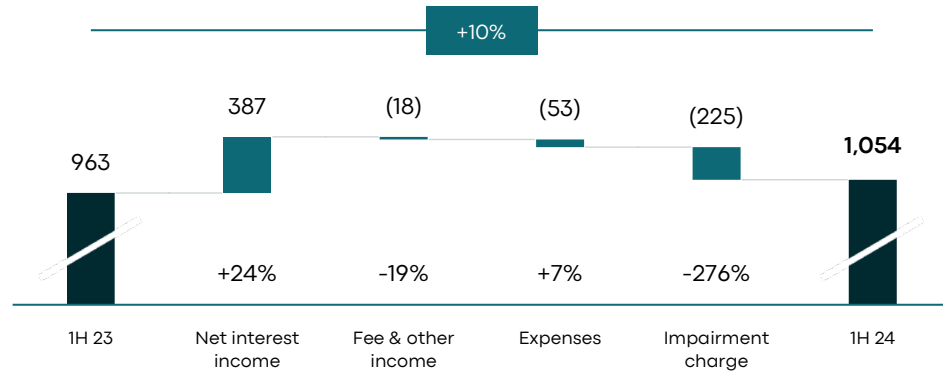
Segmental Performance

Investor Presentation 1H 2024

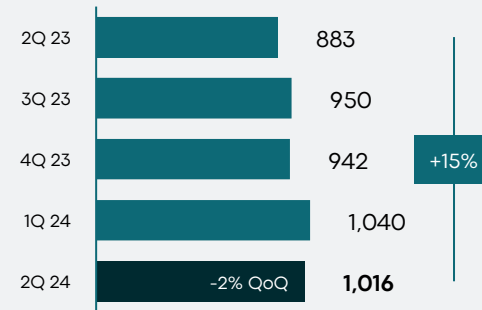


Retail Segment: Higher profits YoY due to higher net interest income from NIM expansion and loan growth

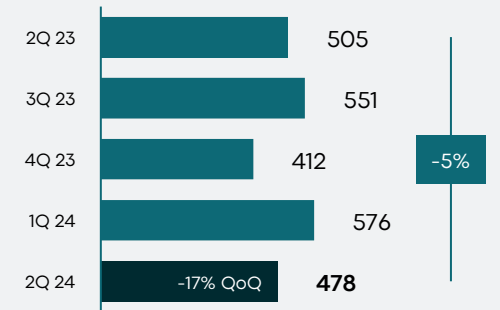
Net Income Before Zakat Movement YoY (SAR Mn)



Total Operating Income (SAR Mn)

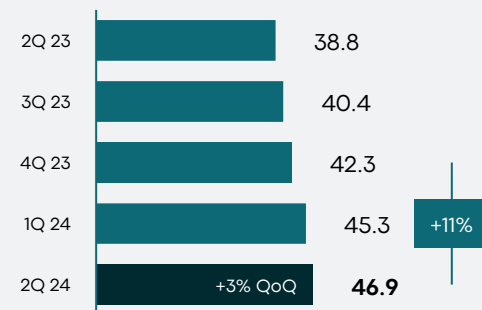


Net Income Before Zakat (SAR Mn)

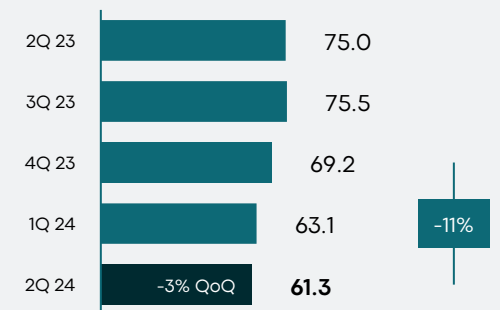


| SAR Mn | 1H 2024 | 1H 2023 | Δ% | 2Q 2024 | 2Q 2023 | Δ% |
|---------------------------------|--------------|------------|-------------|------------|------------|------------|
| Net interest income | 1,978 | 1,591 | +24% | 1,000 | 851 | +18% |
| Fee & other income | 78 | 96 | -19% | 16 | 32 | -51% |
| Total operating income | 2,056 | 1,687 | +22% | 1,016 | 883 | +15% |
| Operating expenses | (858) | (806) | +7% | (472) | (405) | +16% |
| Pre-impairment operating income | 1,198 | 881 | +36% | 544 | 477 | +14% |
| Impairment charge | (143) | 81 | -276% | (65) | 28 | -335% |
| Net income before zakat | 1,054 | 963 | +10% | 478 | 505 | -5% |

Retail Loans (SAR Bn)

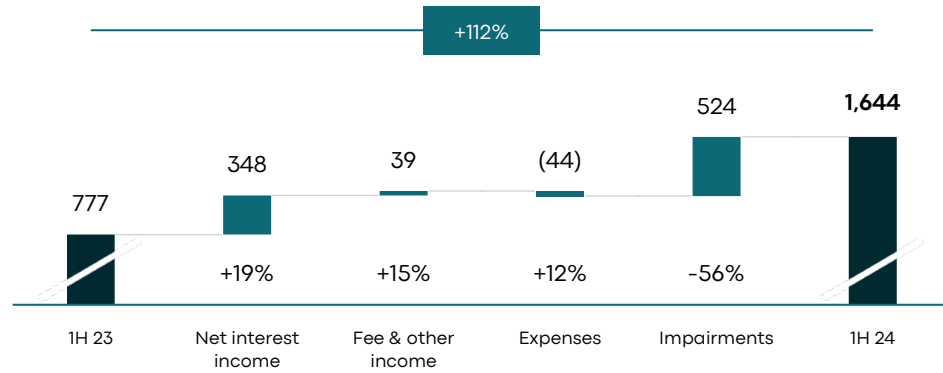


Retail Deposits (SAR Bn)

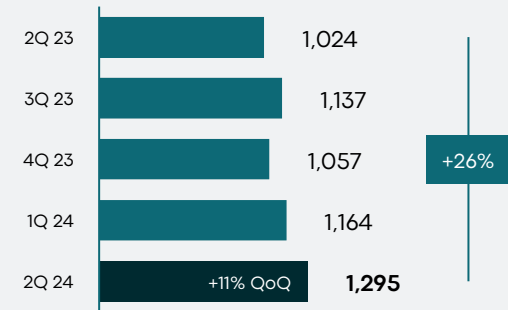


Corporate Segment: Increased profitability from net interest income growth supported by decreased impairments

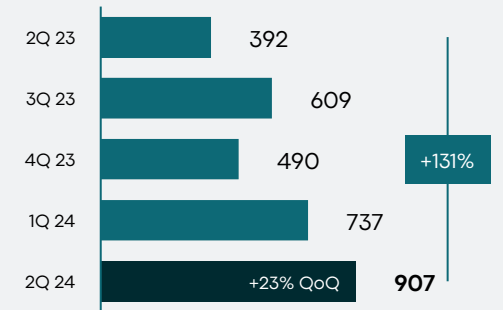
Net Income Before Zakat Movement YoY (SAR Mn)



Total Operating Income (SAR Mn)

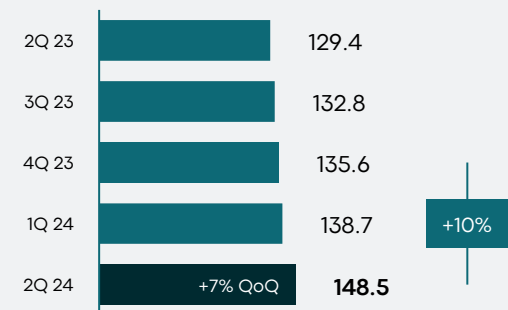


Net Income Before Zakat (SAR Mn)

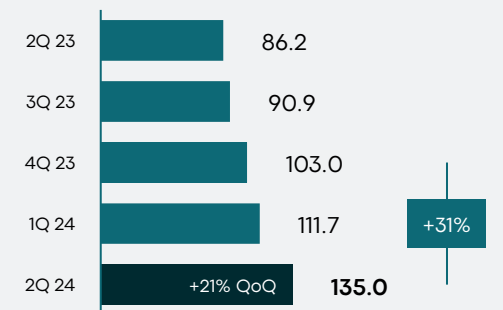


| SAR Mn | 1H 2024 | 1H 2023 | Δ% | 2Q 2024 | 2Q 2023 | Δ% |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net interest income | 2,161 | 1,813 | +19% | 1,127 | 892 | +26% |
| Fee & other income | 298 | 259 | +15% | 168 | 132 | +27% |
| Total operating income | 2,459 | 2,072 | +19% | 1,295 | 1,024 | +26% |
| Expenses | (410) | (367) | +12% | (185) | (174) | +7% |
| Pre-impairment operating income | 2,048 | 1,706 | +20% | 1,110 | 850 | +30% |
| Impairments | (404) | (928) | -56% | (202) | (458) | -56% |
| Net income before zakat | 1,644 | 777 | +112% | 907 | 392 | +131% |

Corporate Loans (SAR Bn)



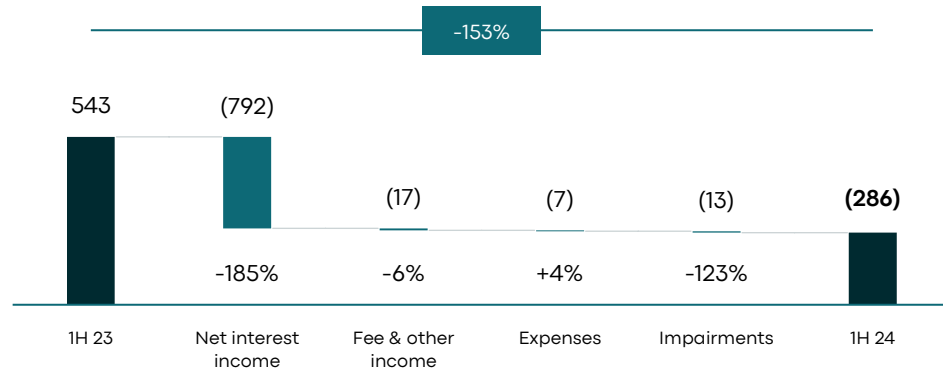
Corporate Deposits (SAR Bn)



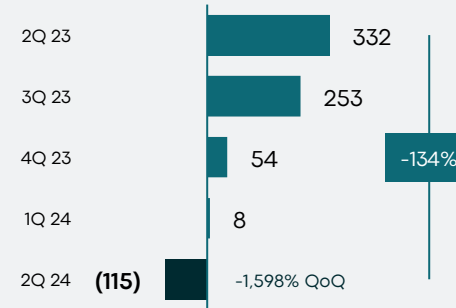
Treasury Segment: Net income declined due to higher funding costs



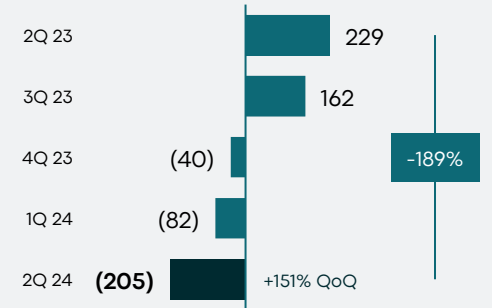
Net Income Before Zakat Movement YoY (SAR Mn)



Total Operating Income (SAR Mn)

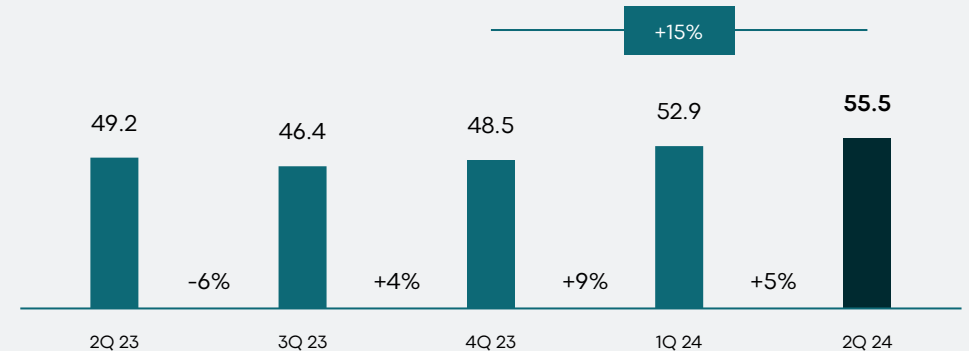


Net Income Before Zakat (SAR Mn)



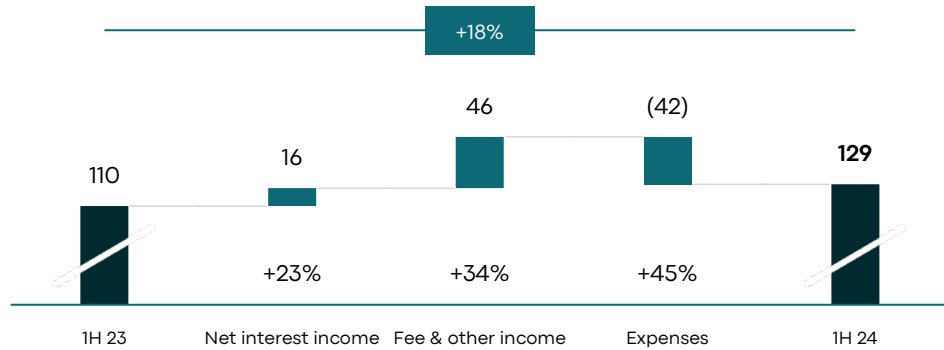
| SAR Mn | 1H 2024 | 1H 2023 | Δ% | 2Q 2024 | 2Q 2023 | Δ% |
|---------------------------------|--------------|------------|--------------|--------------|------------|--------------|
| Net interest income | (365) | 427 | -185% | (228) | 197 | -216% |
| Fee & other income | 258 | 275 | -6% | 113 | 135 | -16% |
| Total operating income | (107) | 702 | -115% | (115) | 332 | -134% |
| Expenses | (177) | (169) | +4% | (84) | (103) | -19% |
| Pre-impairment operating income | (284) | 533 | -153% | (198) | 229 | -187% |
| Impairments | (2) | 10 | -123% | (6) | (0) | +3859% |
| Net income before zakat | (286) | 543 | -153% | (205) | 229 | -189% |

Investments (SAR Bn)

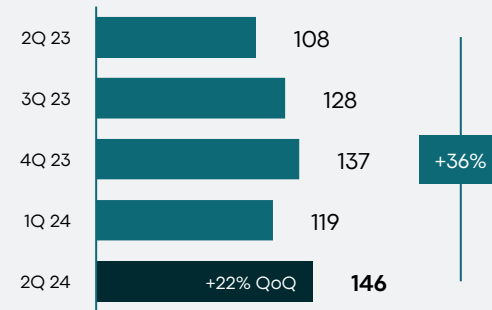


Investment Banking and Brokerage Segment: Profitability improvement YoY as higher fees and NII were partly offset by higher expenses

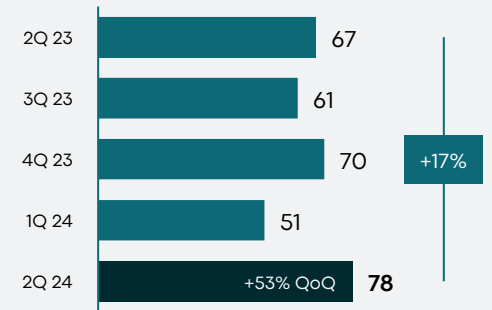
Net Income Before Zakat Movement YoY (SAR Mn)



Total Operating Income (SAR Mn)

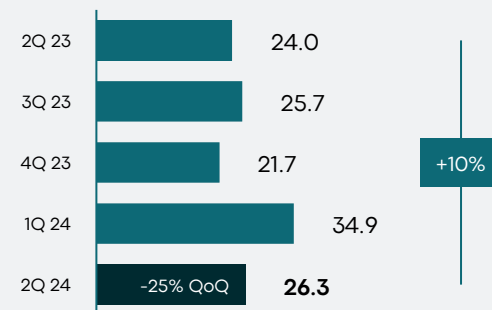


Net Income Before Zakat (SAR Mn)

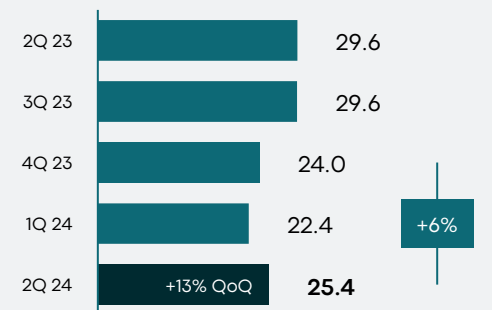


| SAR Mn | 1H 2024 | 1H 2023 | Δ% | 2Q 2024 | 2Q 2023 | Δ% |
|---------------------------------|---------|---------|------|---------|---------|------|
| Net interest income | 84 | 68 | +23% | 41 | 35 | +16% |
| Fee & other income | 182 | 136 | +34% | 105 | 72 | +46% |
| Total operating income | 266 | 204 | +30% | 146 | 108 | +36% |
| Expenses | (136) | (94) | +45% | (68) | (41) | +67% |
| Pre-impairment operating income | 129 | 110 | +18% | 78 | 67 | +17% |
| Net income before zakat | 129 | 110 | +18% | 78 | 67 | +17% |

Brokerage Trading Volume (SAR Bn)



Assets Under Management (SAR Bn)



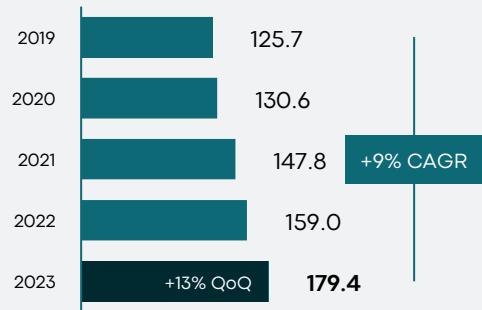
Performance Track Record



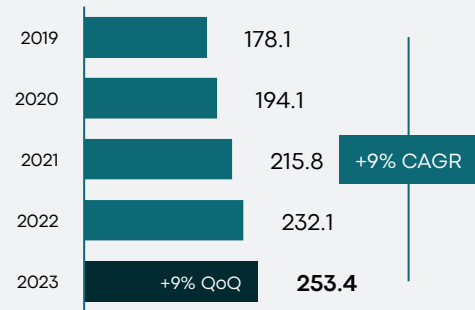
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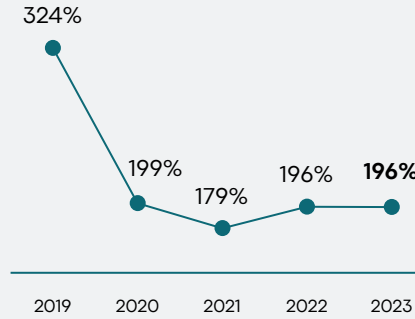
Loans & Advances (SAR Bn)



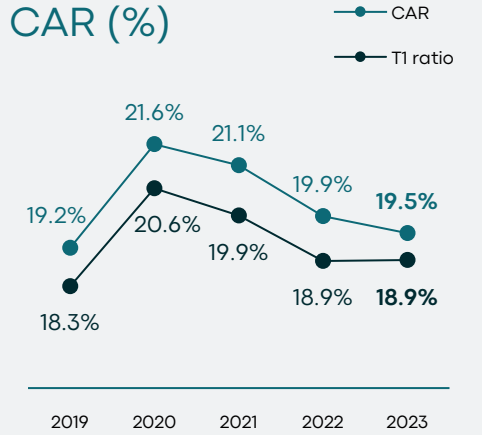
Total Assets (SAR Bn)



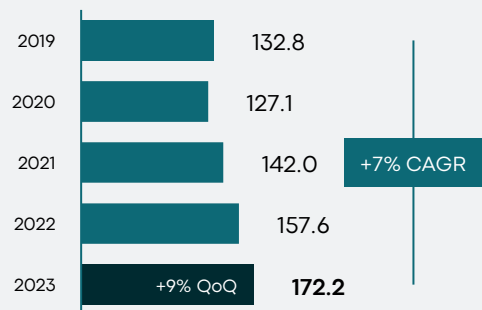
LCR (%)



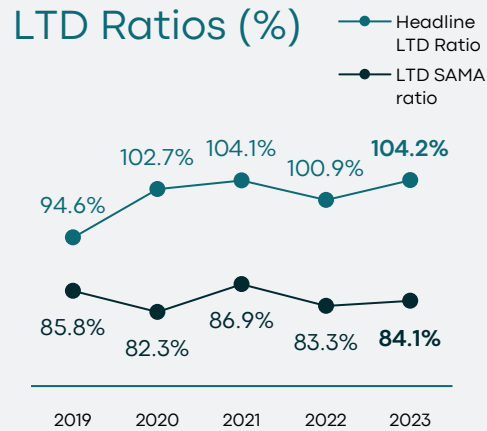
CAR (%)



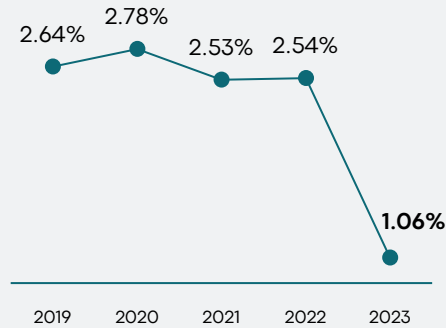
Customers' Deposits (SAR Bn)



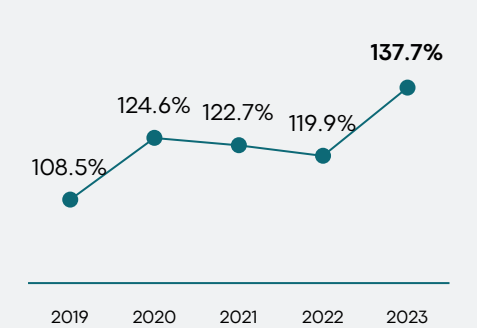
LTD Ratios (%)



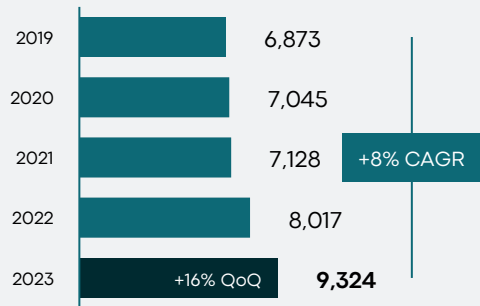
NPL Ratio (%)



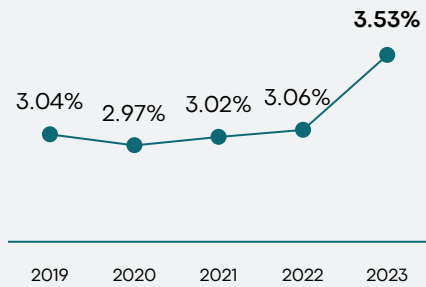
NPL Coverage Ratio (%)



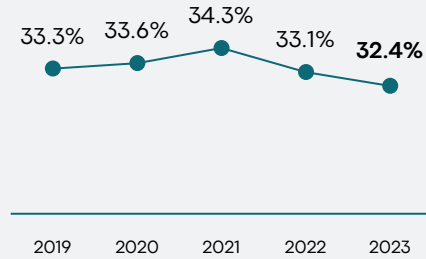
Total Operating Income (SAR Mn)



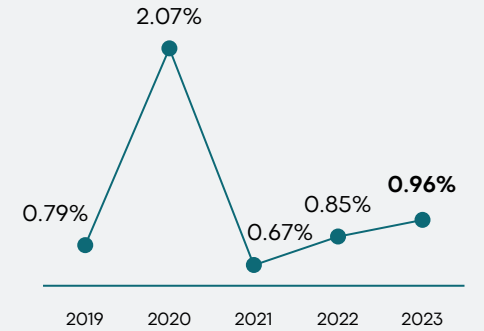
NIM (%)



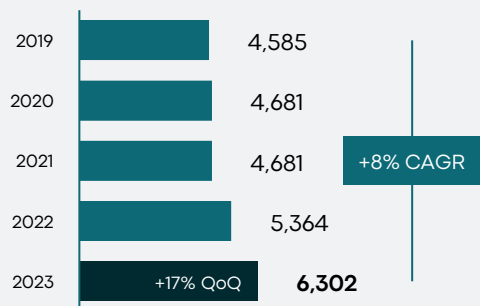
Cost to Income Ratio (%)



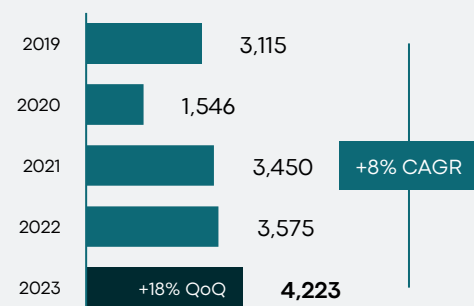
Cost of Risk (%)



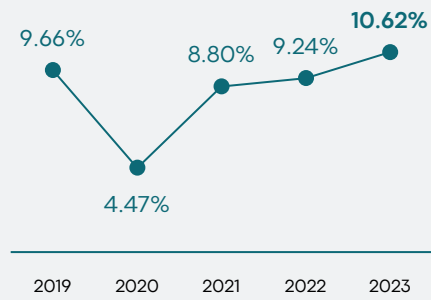
Net Operating Income Before Impairments



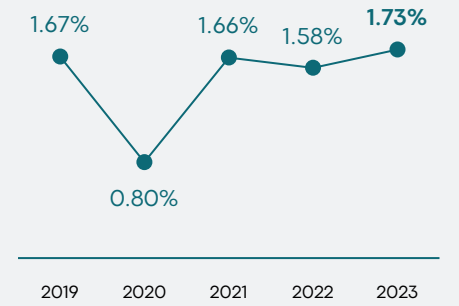
Net Income (SAR Mn)



ROAE (%)



ROAA (%)



Appendix

Investor Presentation 1H 2024



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



For more information, please contact us at:

BSF
P.O. Box 56006, Riyadh 11554
Kingdom of Saudi Arabia
IR@bsf.sa

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Find our financial disclosures:

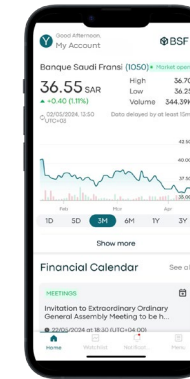
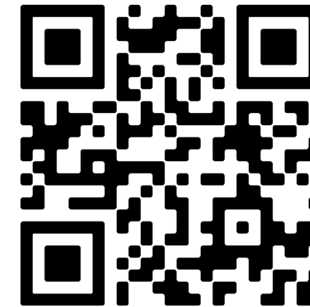
[Financial Disclosures](#)

BSF Investor Relations Contact:

Yasminah Abbas
Head of Investor Relations

E: YAbbas@bsf.sa
T: +966 11 289 1406
M: +966 50 418 7484

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