



Banque Saudi Fransi

Investor Presentation

3Q 2023



Contents

BSF Profile

3

Operating Environment

7

Strategy

11

ESG Update

19

Financial Performance

24

Outlook & Guidance

41

Segmental Performance

43

Performance Track Record

49

Appendix

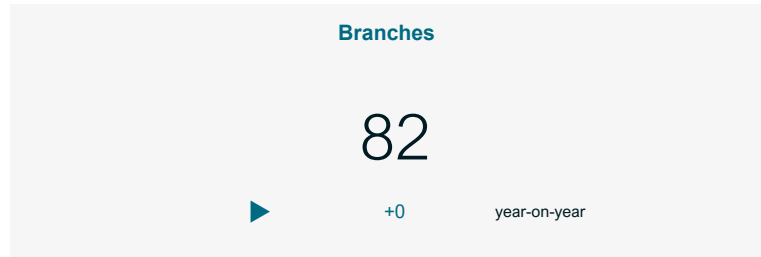
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INVESTOR PRESENTATION 3Q 2023

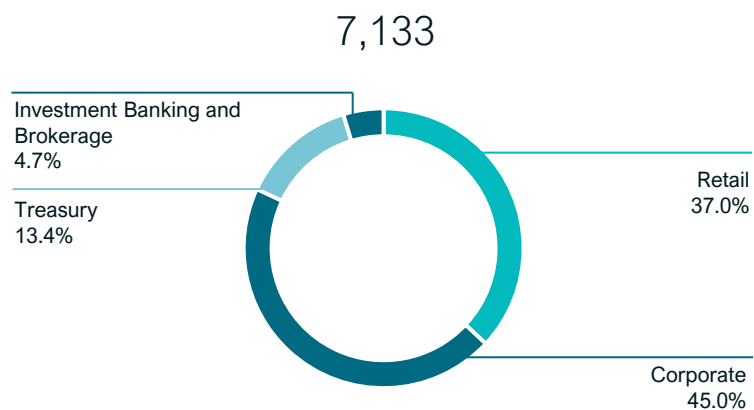
BSF Profile

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.



9M 23 Operating Income Diversity (SAR Mn)

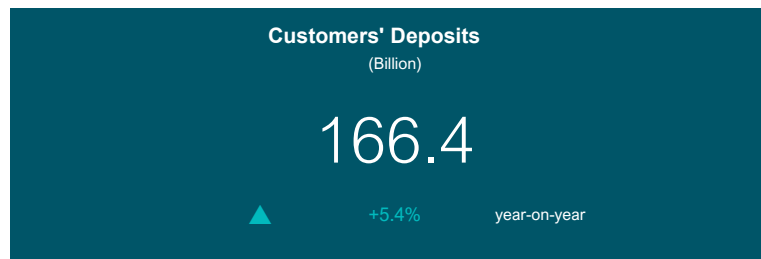


Headquartered in Riyadh:
82 branches across the Kingdom
Domestically systemic bank

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

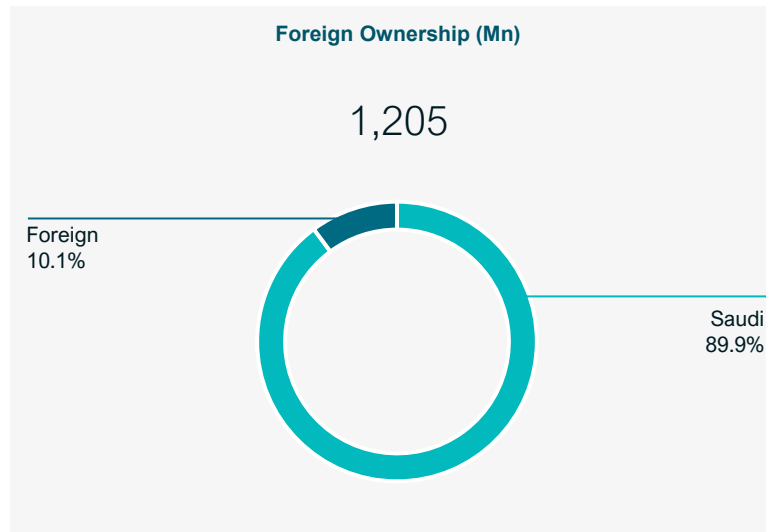
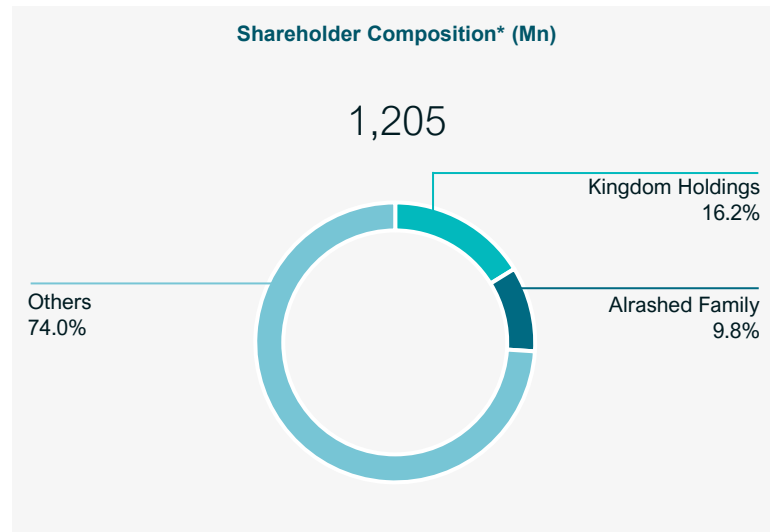
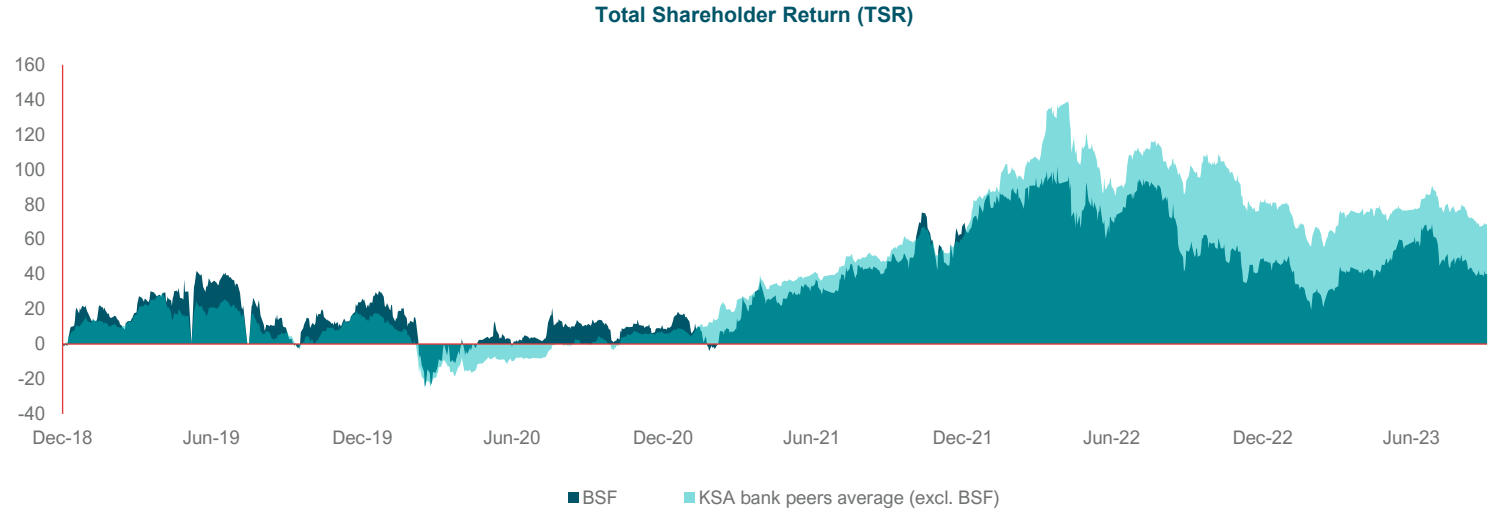
Subsidiaries in KSA:
Saudi Fransi Capital
Saudi Fransi Insurance Agency
Saudi Fransi for Finance Leasing
Sakan Real Estate Financing Company

Joint ventures in KSA:
Insurance with Allianz



Solid market parameters and credit ratings

Share Parameters	30 Sep 2023
Closing price (SAR)	36.50
52 weeks range (SAR)	32.5 - 45.7
Shares issued (million)	1,205
Market capitalization (SARbn)	44.00
Market capitalization to KSA bank sector	5.21%
Market cap to KSA stock market	0.39%
Price to tangible book value	1.28x
Price to earnings (FY 2022)	13.1x
Dividend yield (FY 2022)	4.5%



Standard & Poor's

BBB+

Positive outlook

Moody's

A2

Stable outlook

Fitch

A-

Stable outlook

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



Sander Aardoom

Deputy Chief Financial Officer

- Business Lease Group B.V.: CFO & Board member: 3 years
- ING: CFO of Transformation, Technology and Operations, CFO roles in Australia, Romania and Czech Republic: 18 years



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

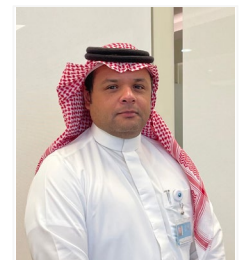
- BSF: appointed CAO Aug-17
- 34 years banking experience
- SABB: Head of Retail operations
- ANB: Head of Internal Audit



Yasser Al-Ansari

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





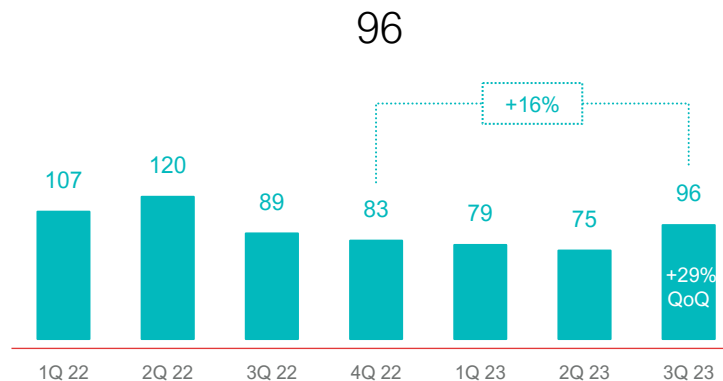
INVESTOR PRESENTATION 3Q 2023

Operating Environment

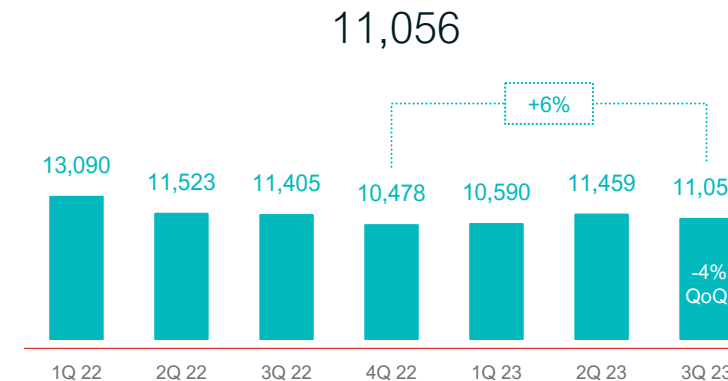
The macro-economic environment is characterized by rising rates, supportive domestic activity, volatile oil and moderating stock prices

- Oil prices rose to USD 120/bl in 3Q 2022, following Ukraine-Russia disruption, but declined to USD 75/bl in 2Q 2023 before rising to USD 96/bl in 3Q 2023.
- Interbank rates increased in 2022 and 9M 2023 from 11 hikes totaling 500bps in the SAMA repo and reserve repo rates to 6.00% and 5.50% respectively.
- The Saudi Arabia purchasing managers index (PMI) has remained in expansionary territory throughout 2022 and 2023 to date.
- The Saudi Arabian stock market (Tadawul) increased 6% YTD, while the Banks index declined 10% YoY, both following a declining trend during 2022.

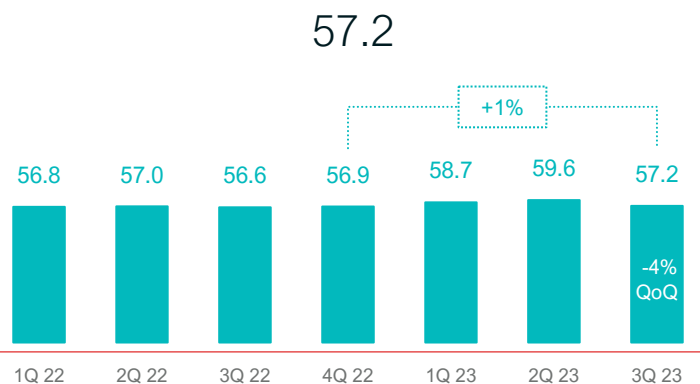
Brent Oil Price / Barrel (USD)



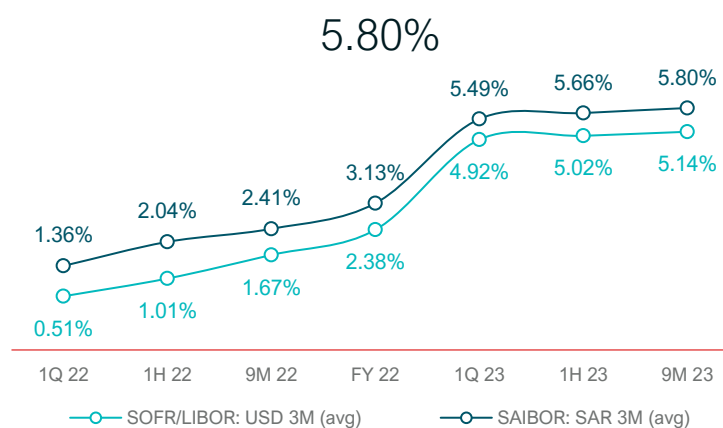
Tadawul Index



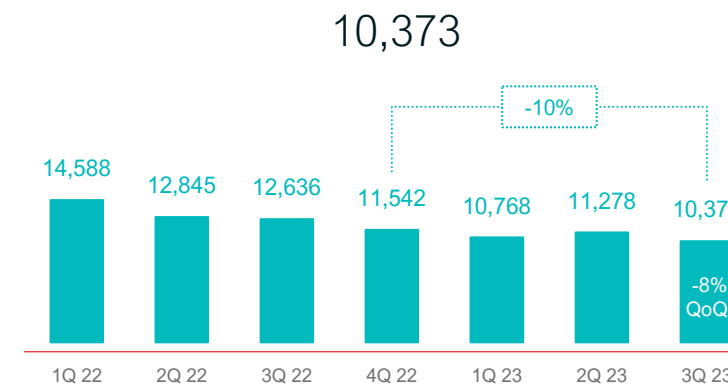
KSA PMI (non-oil private sector)



SAIBOR Trend (%)

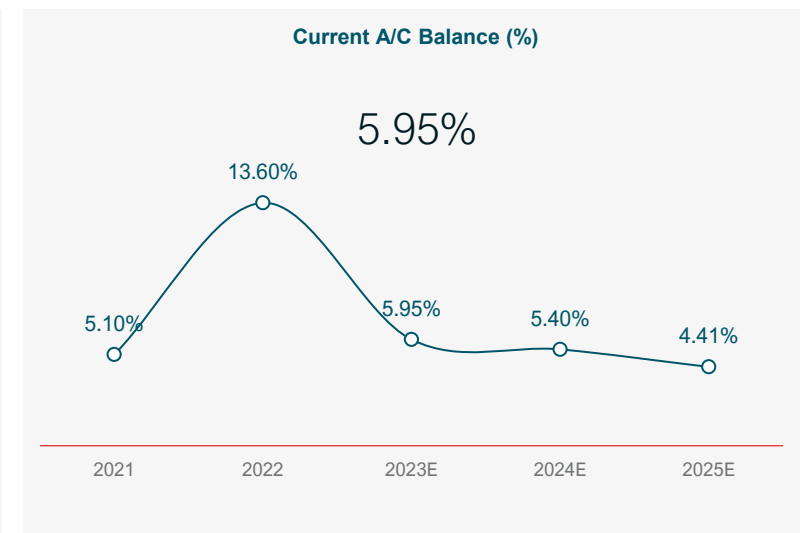
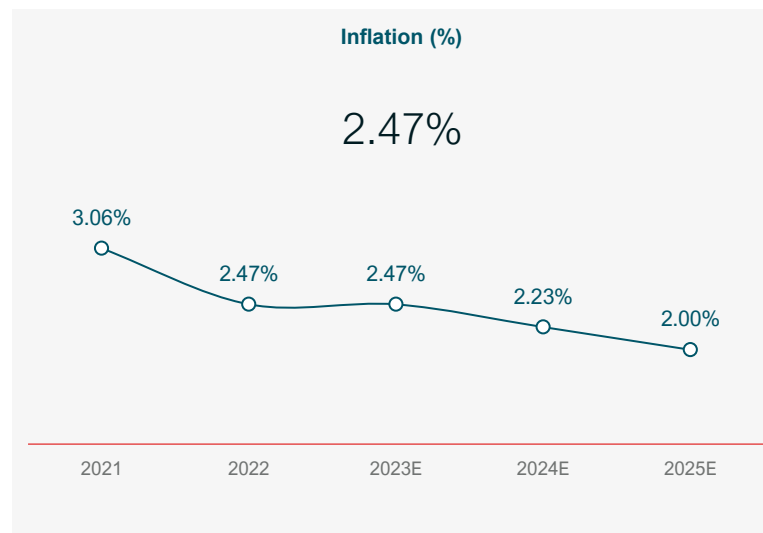
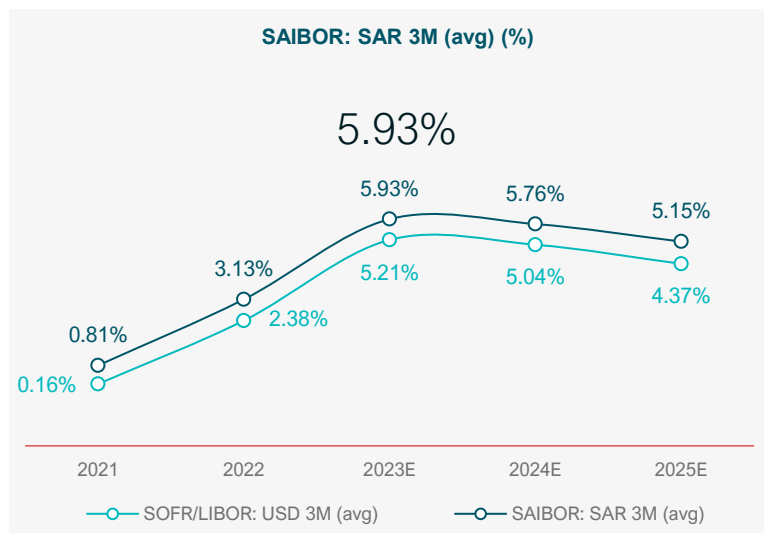
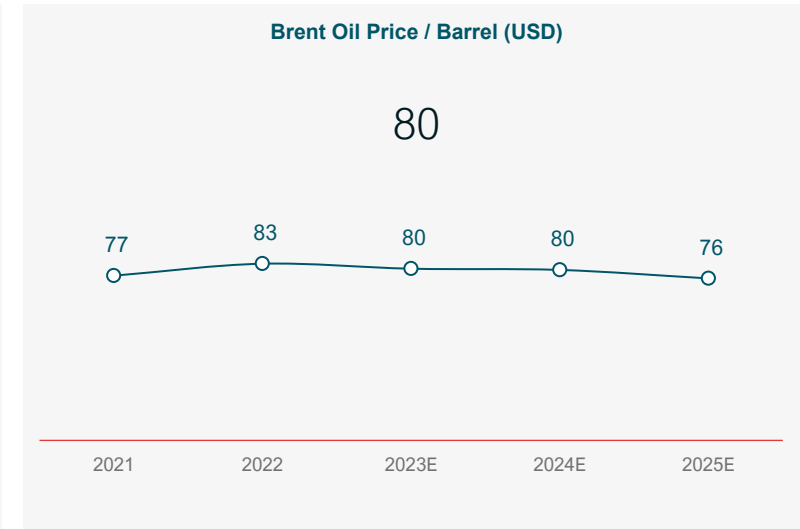
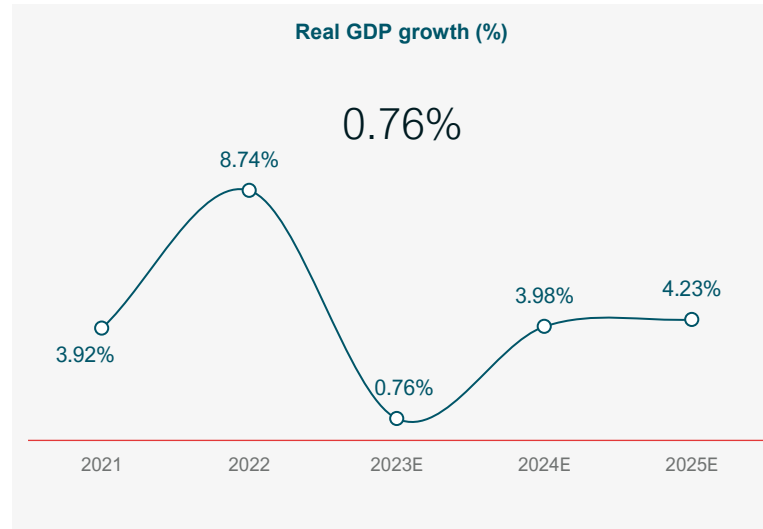


Tadawul Banks Index

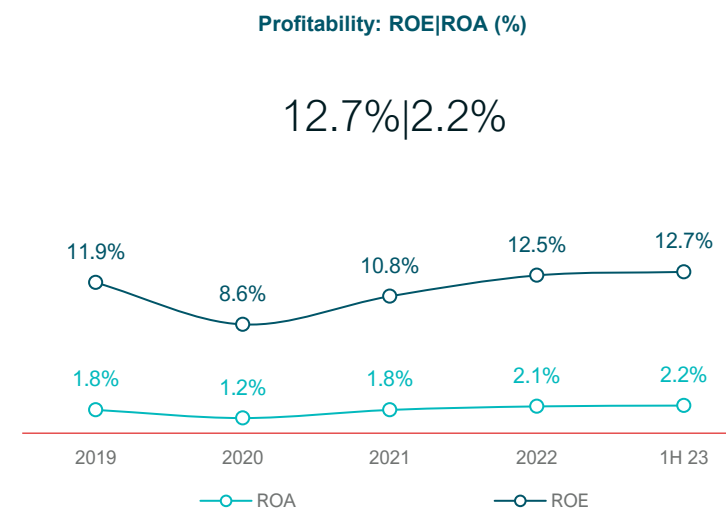
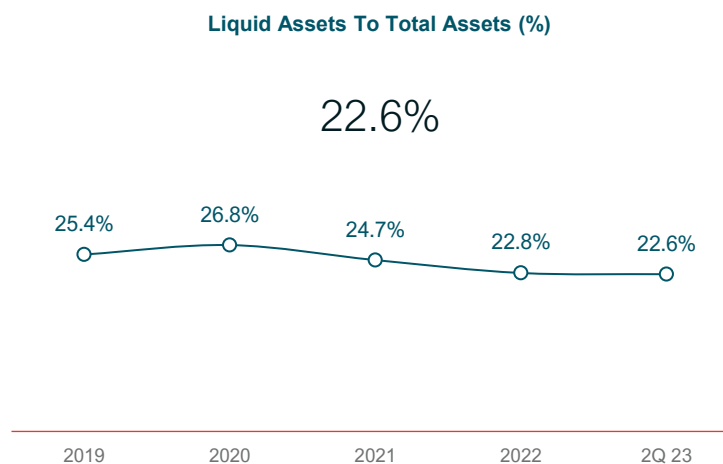
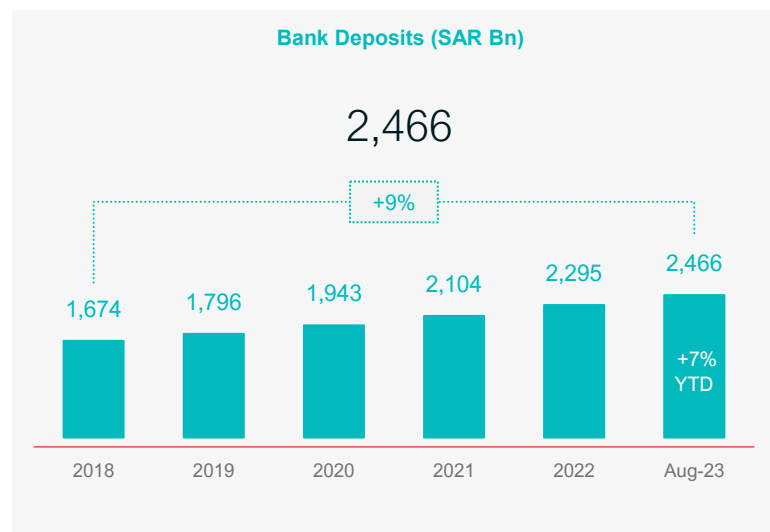
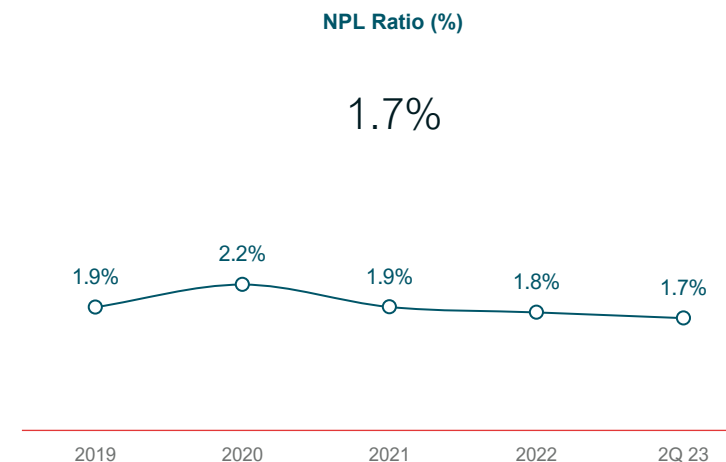
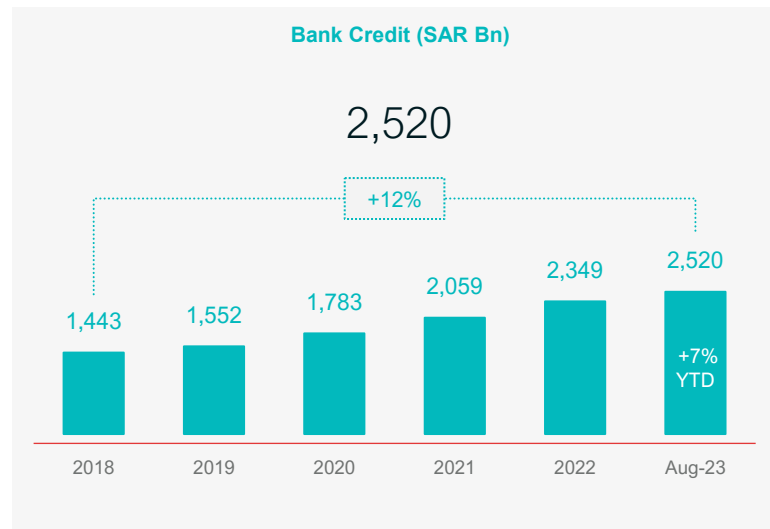


Saudi Arabia's real GDP growth is forecast at 0.8% in 2023 due to lower oil production

- Real GDP for Saudi Arabia is expected to grow by 0.8% in 2023 following 8.7% expected growth in 2022 due to lower oil production.
- Interest rates are expected to tail off during the remainder of 2023; average 3M SAIBOR forecast at 5.93% in 2023 and 5.76% in 2024 compared with 3.13% in 2022.



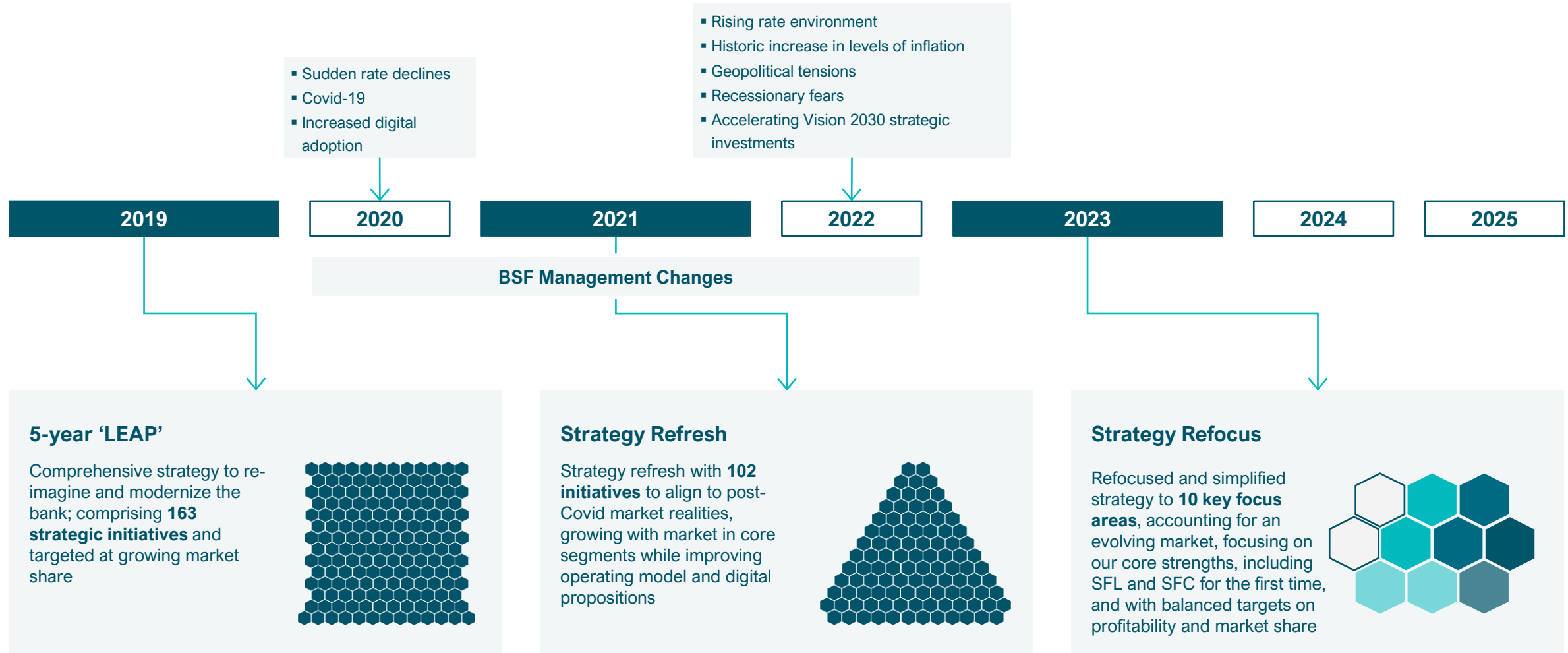
The Saudi banking sector is well positioned for both resiliency and growth



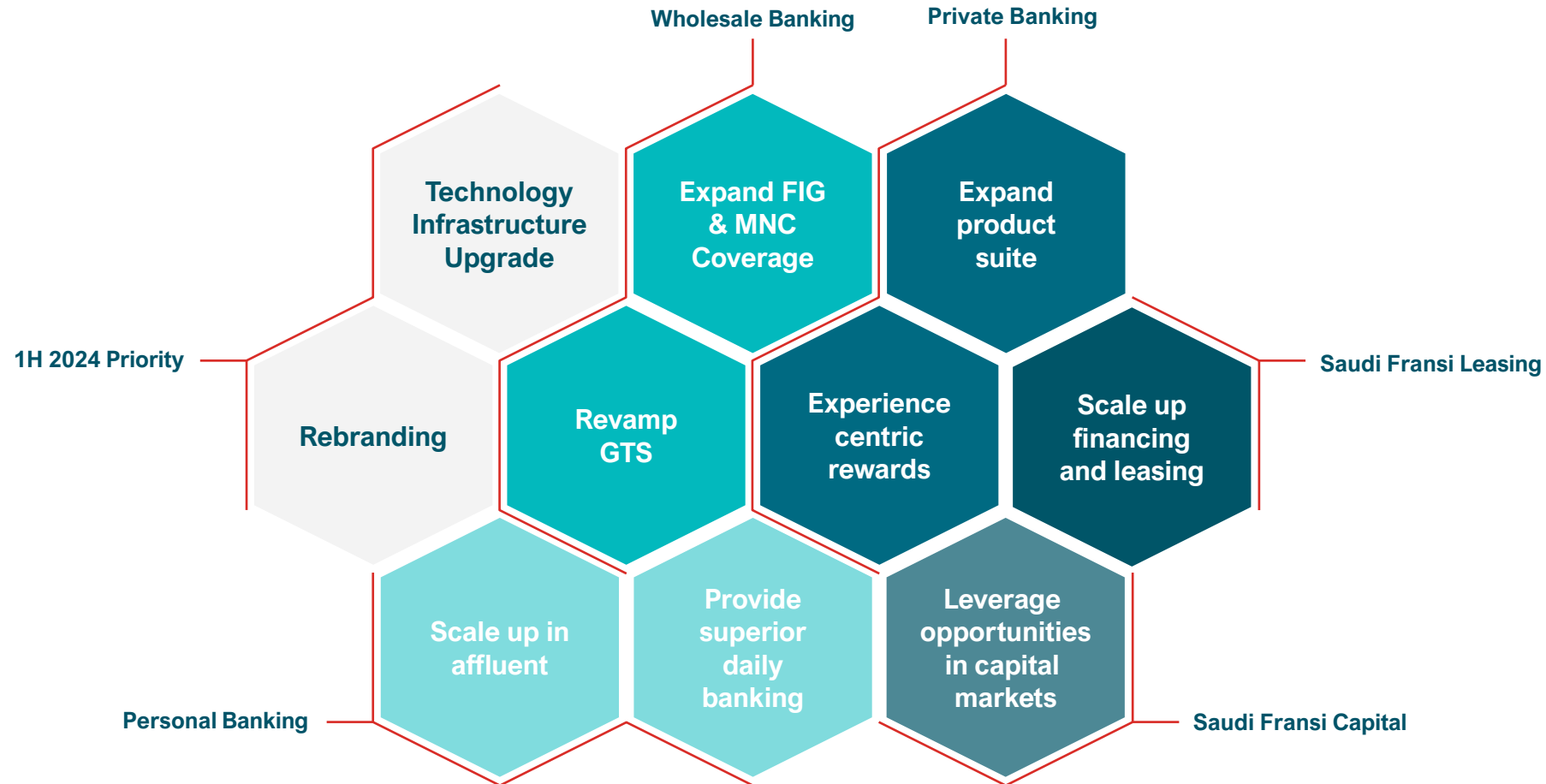
INVESTOR PRESENTATION 3Q 2023

Strategy

We are refocusing and simplifying our existing strategy for an evolving external environment and an optimized internal structure



In 1Q 2023 we refocused and simplified our existing strategy to 10 vital initiatives for an evolving external environment and internal structure



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

Strategic Goals



Position:

Be among the top players in our target segments (Top 3 Market Share)



Profitability:

Focus on profitability and return on capital (ROE > COC)



Customer Experience:

Continued commitment to leading CX (NPS #1)

Strategic Pillars

Wholesale Banking	Personal Banking	Private Banking	Saudi Fransi Leasing	Saudi Fransi 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



Risk



Technology



Customer Experience & Brand



Digital 2.0

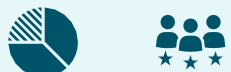








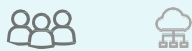


Treasury









Organizational Effectiveness & People

Strategic initiatives are built on our core business strengths and opportunities

	Wholesale Banking	Personal Banking	Private Banking	Saudi Fransi Leasing	Saudi Fransi Capital
Strategic Goals					
Strengths	<ul style="list-style-type: none"> ▷ Strong corporate relationships ▷ Corporate & project finance DNA ▷ X-sell, strong value proposition 	<ul style="list-style-type: none"> ▷ Solid positioning & strong brand in affluent segment ▷ Deep knowledge of affluent clients' needs 	<ul style="list-style-type: none"> ▷ Leading market position ▷ Strong front-line staff 	<ul style="list-style-type: none"> ▷ Regulatory advantage in non-bank personal finance market ▷ Legacy strength in auto finance 	<ul style="list-style-type: none"> ▷ Technical talent ▷ Proved excellence and trust
Opportunities	<ul style="list-style-type: none"> ▷ Vision 2030 opportunities ▷ Address imbalance in market leadership level in coverage (e.g. FIG) & product (e.g. GTS) 	<ul style="list-style-type: none"> ▷ Become bank of choice in affluent ▷ Optimize mass retail to enhance margins 	<ul style="list-style-type: none"> ▷ Organic market growth ▷ Multi-family office & geographic expansion of investment opportunities 	<ul style="list-style-type: none"> ▷ PF, home loans, micro finance ▷ Underpenetrated market 	<ul style="list-style-type: none"> ▷ Growth of capital markets ▷ Traditionally managed as a silo: opportunity to leverage with affluent & PB
Objectives	<ul style="list-style-type: none"> ▷ Strengthen position as a premier wholesale bank ▷ Boost fee income, expand offerings to FIs 	<ul style="list-style-type: none"> ▷ Improved segmentation for affluent customers ▷ Serving of non-affluent through streamlined channels 	<ul style="list-style-type: none"> ▷ Enhanced product portfolio ▷ Distinctive experience rewards system 	<ul style="list-style-type: none"> ▷ Digitalization ▷ Broaden product range ▷ Rebranding ▷ Expand to new segments 	<ul style="list-style-type: none"> ▷ Focus on collaboration to provide unified suite of wealth management with PBG ▷ Capitalize on Vision 2023 activities in construction sector
Focused Initiatives	GTS revamp Expand FIG&MNC coverage	Scale up affluent Provide superior daily banking	Broaden product suite Experience-centric rewards	Digital channels acceleration Product diversification Brand repositioning	Synergize wealth management Broaden advisory mandate Attractive investment solutions
Strategic Enablers					

Strategy execution commenced across the various business pillars with positive momentum in progress

	Wholesale Banking	Personal Banking	Private Banking	JB	Saudi Fransi Capital	
Strategic Goals	Solidify market position	Leverage segmentation and synergies	Reinforce market leadership	Expand in new market segments	Seize existing opportunities and grow	
Focused Initiatives	GTS revamp Expand FIG&MNC coverage	Scale up affluent Provide superior daily banking	Broaden product suite Experience-centric rewards	Digital channels acceleration Product diversification Brand repositioning	Synergize wealth management Broaden advisory mandate Attractive investment solutions	
Progress Summary	Q3: 56%  Q2: 51%	65% 	33% 	78% 	81% 	37% 
Key Highlights	<ul style="list-style-type: none"> Enhanced the operating model for Global Transaction Banking & customer experience Finalized scope of cash mgmt. digital solution Established MNC Unit Expanded FI & govt. lending 	<ul style="list-style-type: none"> Kickstarted the affluent strategy implementation Launched the Omnichannel v2 staff pilot in (digital solution) Initiated Wholesale partnership model with personal banking 	<ul style="list-style-type: none"> Closed key investment offerings with Saudi Fransi Capital Secured major deals under a special private banking finance program Introduced off-plan product Executed VIP experience events 	<ul style="list-style-type: none"> Introduced JB's new digital personal loan offerings Expanded personal loans Launched JB's brand Expanded JB's reach by initiating cross-selling across BSF branches. 	<ul style="list-style-type: none"> Finalized SFC's wealth management collaboration strategy Kicked off wealth mgmt. collaboration implementation initiatives 	
Next steps	<ul style="list-style-type: none"> Expand digital features & product rollouts Extend FI geographical reach Focus on Increased coverage across FIG segments 	<ul style="list-style-type: none"> Continue affluent initiatives implementation to 2H 2024 Finalize revamping key branches by 2H 2024 Institutionalize partnerships 	<ul style="list-style-type: none"> Rollout products and services Expand RM advisory roles to provide specialized client Foster new partnerships 	<ul style="list-style-type: none"> Expand digital features & product rollouts Enhance user experience Introduce credit card offerings 	<ul style="list-style-type: none"> Roll out collaboration initiatives to 3Q 2025 Invest in human capital and foster talent development Strengthen real estate division 	

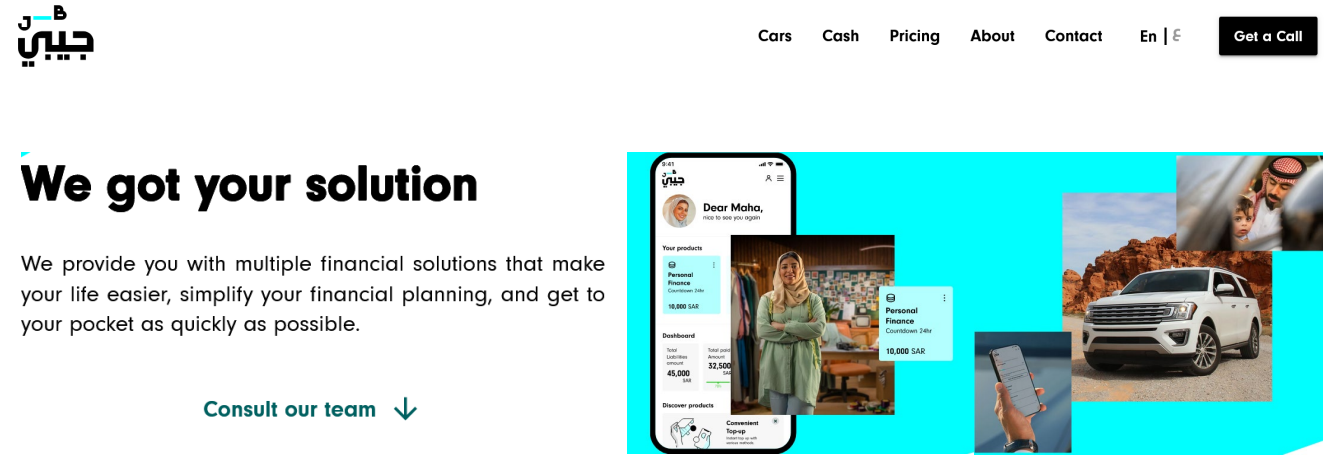
Wholesale, Private & Personal Banking and Saudi Fransi Leasing initiatives are continuation of existing Strategy with refinement on the scope, objectives and initiatives for 2023 Strategy Refocus | Saudi Fransi Capital initiatives are new ones that have been defined as part of the 2023 Strategy Refocus exercise

In Q3 2023 we successfully realized two pivotal strategic milestones

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 3Q 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 HNWI clientele.



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

	Technology Infrastructure Upgrade			Rebranding
	 Integrated Corporate Portal	 Omnichannel	 Core Banking System	
Description	New corporate platform supporting trade & supply chain services, and expanded liquidity and cash management solutions and services	New high performance retail platform providing robust digital banking service and enhanced customer experiences and journeys	Bank-wide core banking system to enable best-in-class customer experience with leading operational efficiency	Recreating BSF brand identity to differentiate the bank, enhance our connection with clients and improve our market position
Key Highlights	<ul style="list-style-type: none"> ▷ Completed design stage ▷ Finalized cash management scope ▷ Adoption of new branding guidelines ▷ Finalized customer experience enhancements 	<ul style="list-style-type: none"> ▷ 50 Staff in Omni pilot by October 31 ▷ Released Omni v2 to staff pilot ▷ Implemented 48% of counter fraud framework controls ▷ Fixes & security controls on track 	<ul style="list-style-type: none"> ▷ Significant progress on 2nd phase of second rollout ▷ Completed 3rd phase re-planning exercise ▷ Ongoing bank-wide change management activities 	<ul style="list-style-type: none"> ▷ New brand applied across branches & digital streams, including subsidiaries – BSF Capital ▷ BSF logo has been successfully registered
9M 2023 Progress	<ul style="list-style-type: none"> ▷ Phase I Back end: build in progress ▷ Regulator approval has been initiated ▷ Phase II Front end: finalized business requirements 	<ul style="list-style-type: none"> ▷ Ongoing development and design of features required for the public launch ▷ Executed several rounds of migration testing to ensure smooth readiness for public 1Q 2024 go-live. ▷ Initiated communications and marketing planning 	<ul style="list-style-type: none"> ▷ 2nd Phase : testing activities finalized, friends & family (200+ participants) ▷ Pilot implementation will complete in 2H 2023 	<ul style="list-style-type: none"> ▷ Completed brand strategy & guidelines ▷ Concluded design for digital channels ▷ Brand awareness sessions ▷ Finalized go-to-market strategy
2023 & Beyond	<ul style="list-style-type: none"> ▷ Training 4Q 2023 ▷ Phased roll out after 2H 2024 	<ul style="list-style-type: none"> ▷ Planned to be launched in 1Q 2024 	<ul style="list-style-type: none"> ▷ Development activities for 3rd Phase (Corporate) will continue throughout 2023 onwards 	<ul style="list-style-type: none"> ▷ Finalize physical collateral mass production and distribution ▷ Digital channels release in iterations ▷ Go-to-market execution ▷ Go-Live in 1H 2024



INVESTOR PRESENTATION 3Q 2023

ESG Update

The BSF materiality matrix defines the most significant ESG topics to the organization and its stakeholders

Most Important

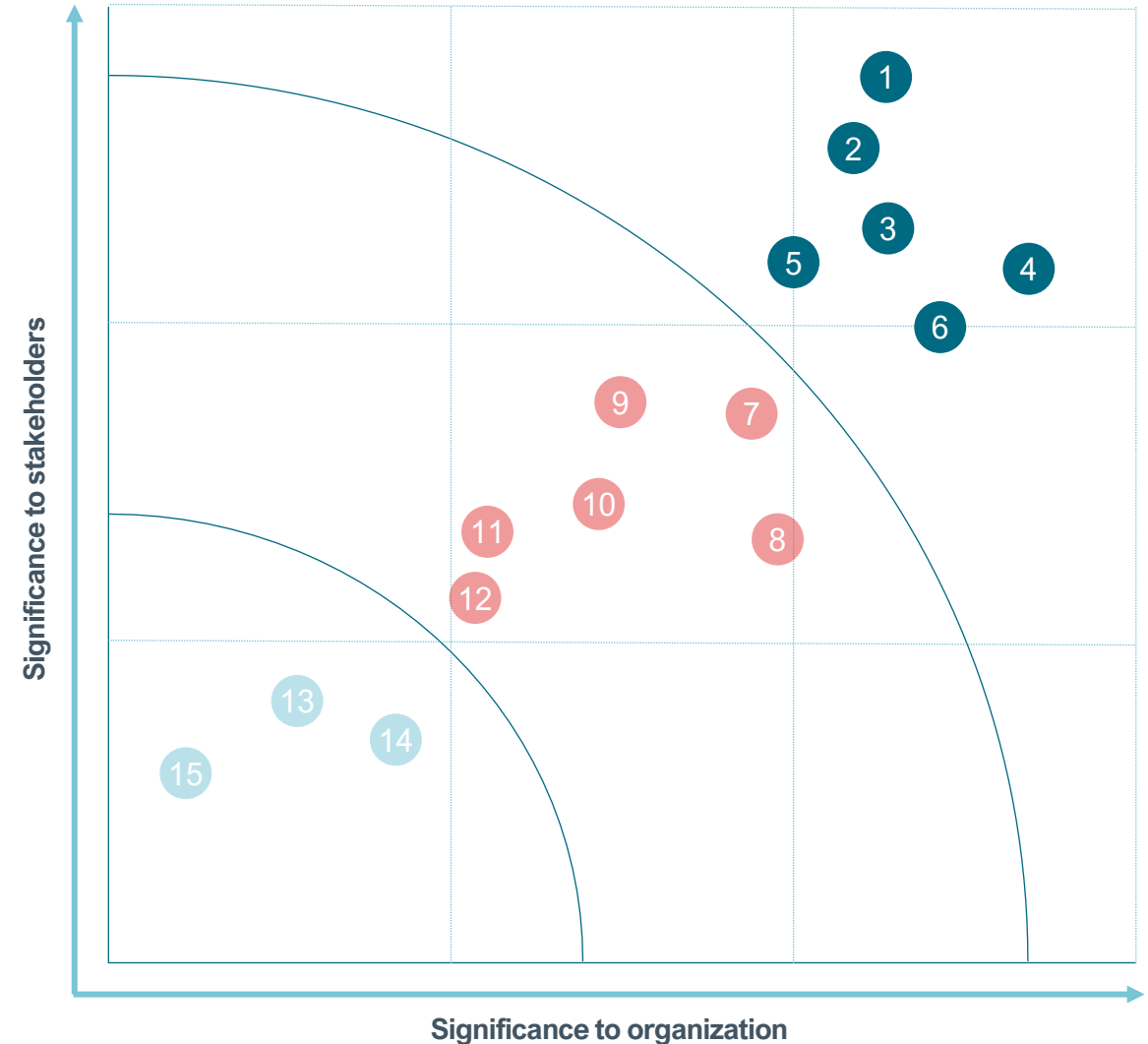
- 1 Governance, Accountability, Transparency and Ethics
- 2 Financial and Economic Performance
- 3 Risk Management
- 4 Responsible Customer Relations and Satisfaction
- 5 Data Privacy and Security
- 6 Financial Inclusion and Accessibility

Very Important

- 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

Important

- 13 Nationalization
- 14 Environmental Management
- 15 Responsible Procurement



The ESG Framework consists of 5 pillars and 15 material issues, and was approved by the Board in November 2022

Exemplifying the Highest Ethical and Governance Standards

- 1 Governance, Accountability, Transparency and Ethics
- 3 Risk Management
- 5 Data Privacy and Security

Accelerating Sustainable Economic Growth

- 2 Financial and Economic Performance
- 10 Sustainable Lending and Investment
- 15 Responsible Procurement

Creating a Thriving Workplace

- 8 Employee Engagement, Wellbeing and Satisfaction
- 9 Diversity and Inclusion
- 11 Talent Attraction, Retention and Development
- 13 Nationalization

Protecting our communities

- 12 Community Investment
- 14 Environmental Management

Serving our Clients

- 4 Responsible Customer Relations and Satisfaction
- 6 Financial Inclusion and Accessibility
- 7 Digitalization



A comprehensive ESG governance and policy framework was implemented in November 2022, with Board oversight



BSF is making good progress along its ESG roadmap

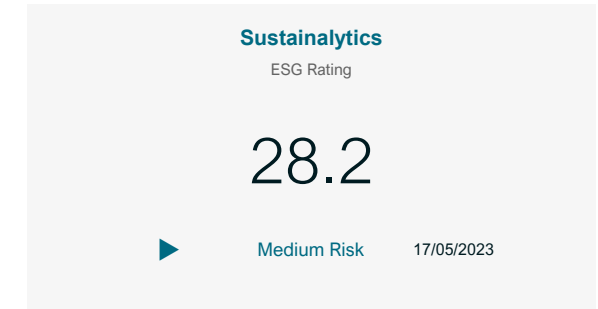
ESG Progress

1 ESG Governance & Framework
 ESG Board & Management Committees appointed in November 2022
 Materiality matrix and framework approved in November 2022
 ESG Policy Framework approved & published in March 2023

2 Climate Change
 Greenhouse gas emissions scope 1 and 2 have been calculated
 Climate risks and opportunities assessment completed

3 ESG Reporting
 Inaugural 2020 ESG report published
 2021 ESG report to be published imminently
 2022 ESG report under review

ESG Ratings



INVESTOR PRESENTATION 3Q 2023

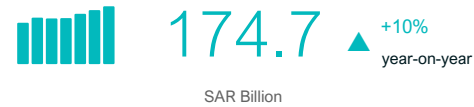
Financial Performance

Improved profitability in 9M 2023 from NIM expansion and balanced asset growth

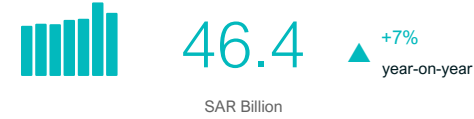
BALANCE SHEET

- High quality loan growth of 10% YoY driven by 11% commercial and 7% consumer lending growth.
- Deposit growth of 5% YoY, mainly from IBDs.

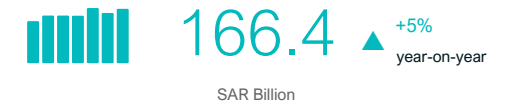
Loans & Advances



Investments



Customers' Deposits



INCOME STATEMENT

- 24% top-line growth from 28% NII growth.
- NIM expansion of +65bps YoY to 3.63% on rising rates.
- Net income grew 27% as income growth partly offset by increased impairments.

Operating Income



NIM



Net Income



ASSET QUALITY

- Improvement in NPL and coverage ratios
- Increased COR from previous migration of isolated pockets in the commercial book and coverage enhancement.

NPL Ratio



NPL Coverage Ratio



Cost of risk



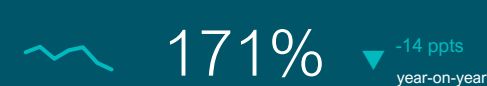
CAPITAL & LIQUIDITY

- Capital, funding and liquidity remain strong and comfortably within regulatory limits.
- Decline in NIBD ratio from shift to IBDs in rising rate environment.

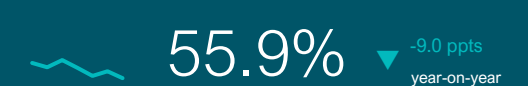
T1 Ratio



LCR



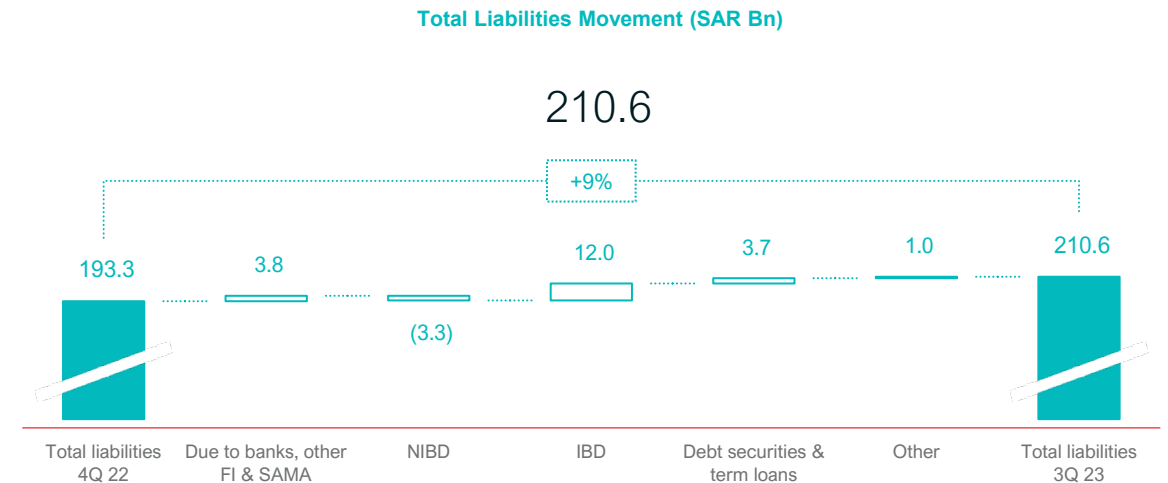
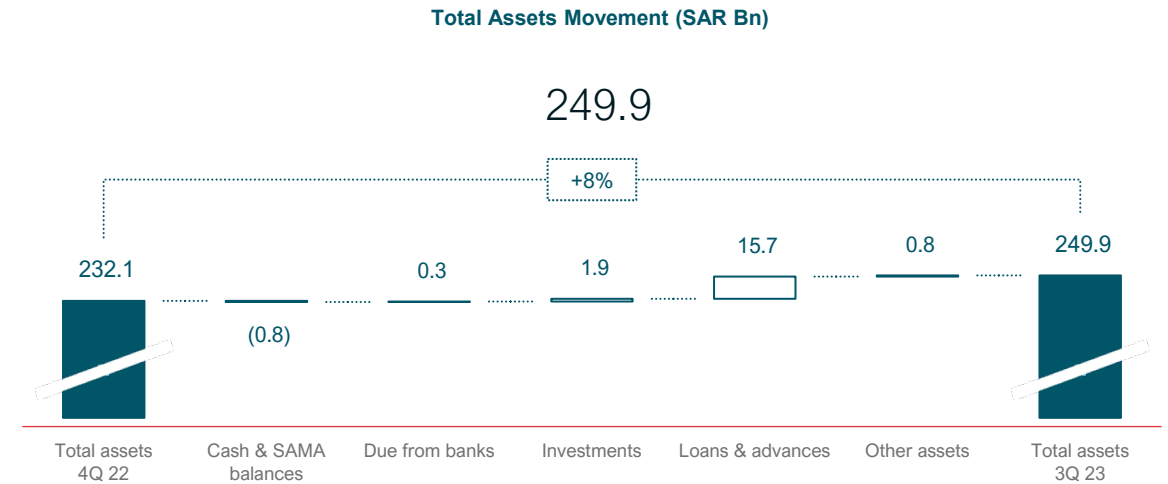
NIBD % of Total Deposits



Balance sheet growth driven by lending, funded by IBD growth

- Growth in total assets of 8% YTD, mainly driven by healthy 10% loan growth.
- Liabilities grew by 9% during 9M 2023 from 6% deposit growth, a 22% increase in interbank and SAMA borrowings, and an 81% rise in debt securities.
- Total equity increased 1% YTD due to retained earnings generation, partly offset by reserve movements.

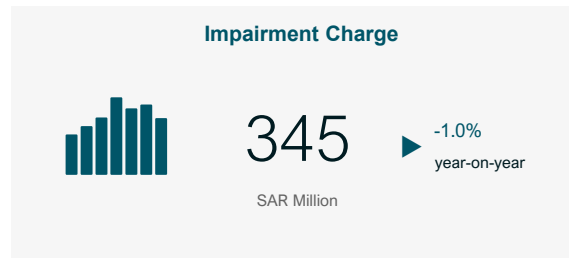
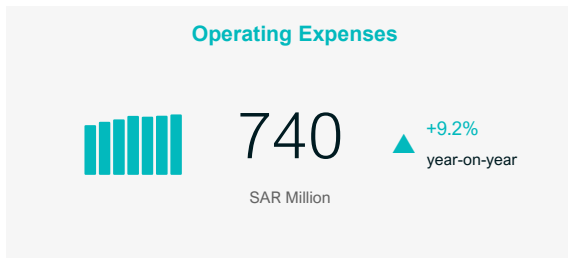
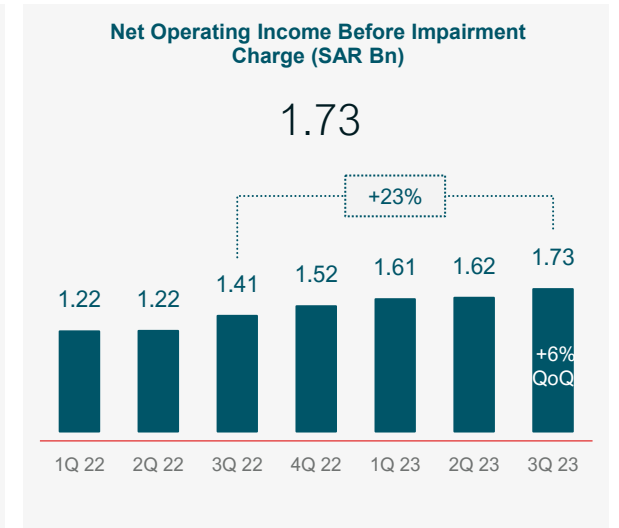
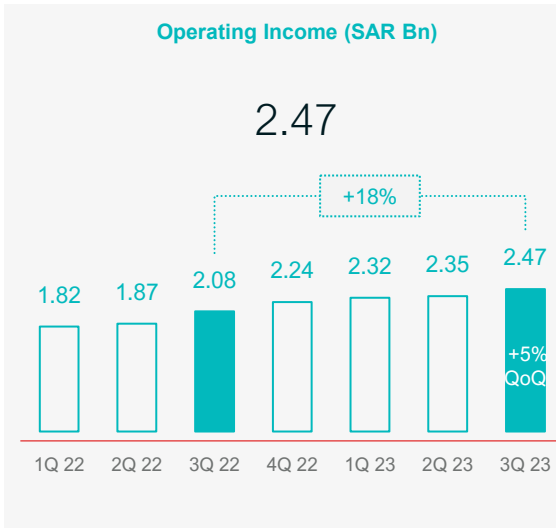
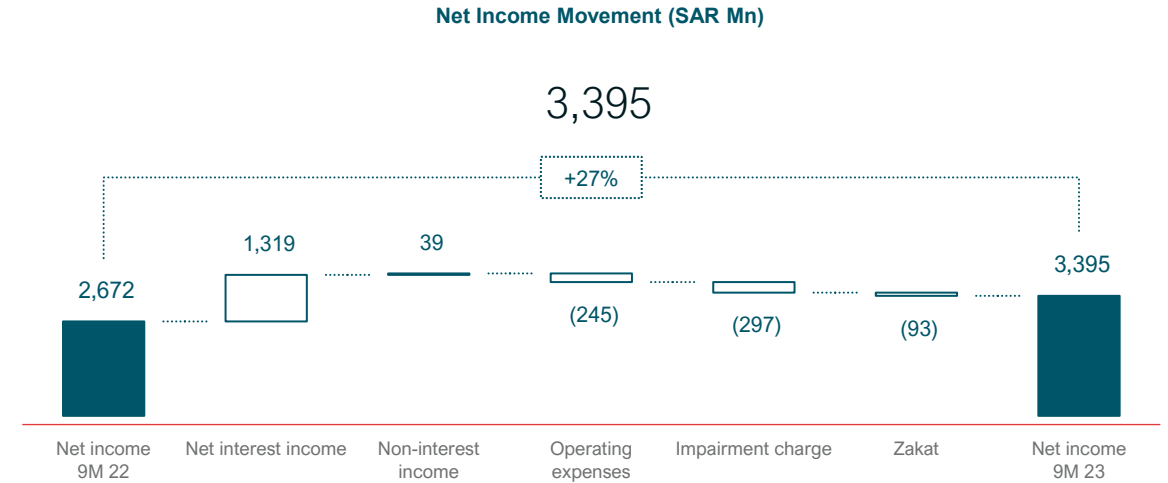
SAR (Mn)	3Q 2023	2Q 2023	Δ%	4Q 2022	Δ%
Cash & SAMA balances	10,483	10,084	+4%	11,326	-7%
Due from banks	5,127	3,795	+35%	4,795	+7%
Investments	46,390	49,178	-6%	44,518	+4%
Loans & advances	174,681	169,695	+3%	159,012	+10%
Other assets	13,182	12,967	+2%	12,428	+6%
Total assets	249,862	245,718	+2%	232,078	+8%
Due to banks & SAMA	20,540	22,766	-10%	16,770	+22%
Customers' deposits	166,367	161,165	+3%	157,592	+6%
Debt securities & term loans	8,175	8,233	-1%	4,515	+81%
Other liabilities	15,497	13,859	+12%	14,455	+7%
Total liabilities	210,580	206,022	+2%	193,333	+9%
Share capital	12,054	12,054	+0%	12,054	+0%
Retained earnings	11,855	11,805	+0%	9,768	+21%
Other reserves	10,375	10,837	-4%	11,924	-13%
Tier 1 Sukuk	5,000	5,000	+0%	5,000	+0%
Total equity	39,283	39,696	-1%	38,745	+1%



Net income grew 27% YoY from strong NII growth, partly offset by increased operating expenses and impairments

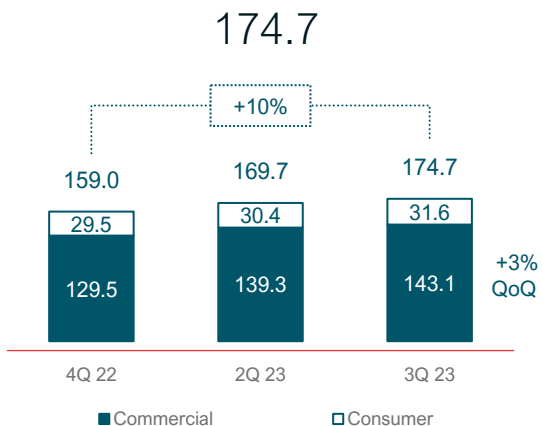
- Net income for 9M 2023 grew 27% YoY to SAR 3,395mn from 24% growth in operating income, partly offset by 13% growth in operating expenses and a 34% rise in the impairment charge.
- Quarterly net income similarly increased 30% YoY and 16% QoQ to SAR 1,245mn.

SAR (Mn)	9M 2023	9M 2022	Δ%	3Q 2023	3Q 2022	Δ%
Net interest income	5,967	4,648	+28%	2,068	1,717	+20%
Non-interest income	1,166	1,126	+3%	400	366	+9%
Operating income	7,133	5,774	+24%	2,468	2,083	+18%
Operating expenses	(2,176)	(1,930)	+13%	(740)	(678)	+9%
Net operating income before impairments	4,957	3,844	+29%	1,728	1,405	+23%
Impairment charge	(1,181)	(884)	+34%	(345)	(348)	-1%
Net income before zakat	3,776	2,960	+28%	1,383	1,057	+31%
Zakat	(381)	(288)	+32%	(137)	(96)	+43%
Net income	3,395	2,672	+27%	1,245	961	+30%

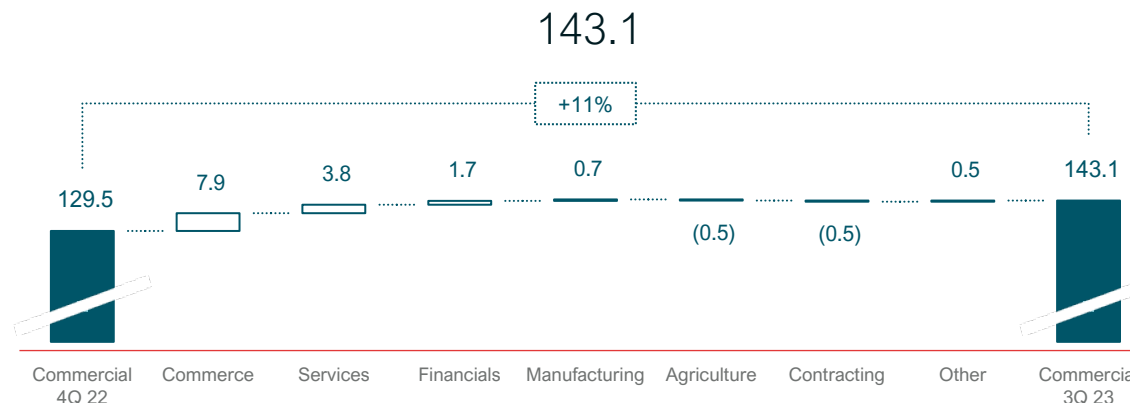


Healthy and balanced 10% loan growth during 9M 2023

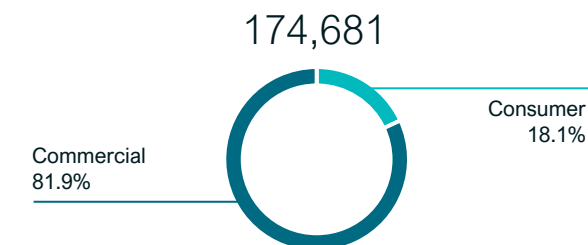
Total Loans & Advances (SAR Bn)



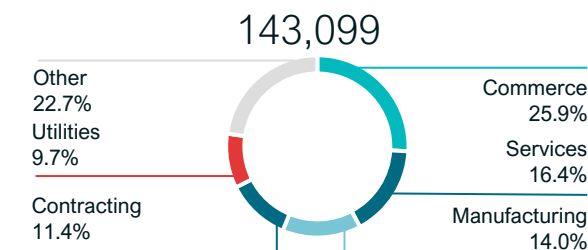
Commercial Loans Movement YTD (SAR Bn)



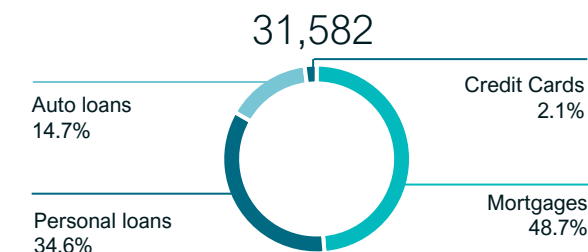
Loans & Advances Composition (SAR Mn)



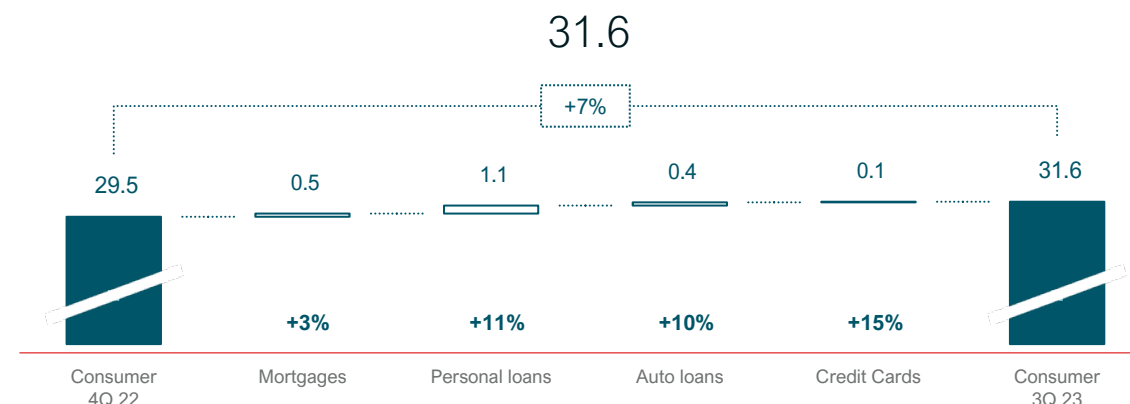
Commercial Loans Composition (SAR Mn)



Consumer Loans Composition (SAR Mn)



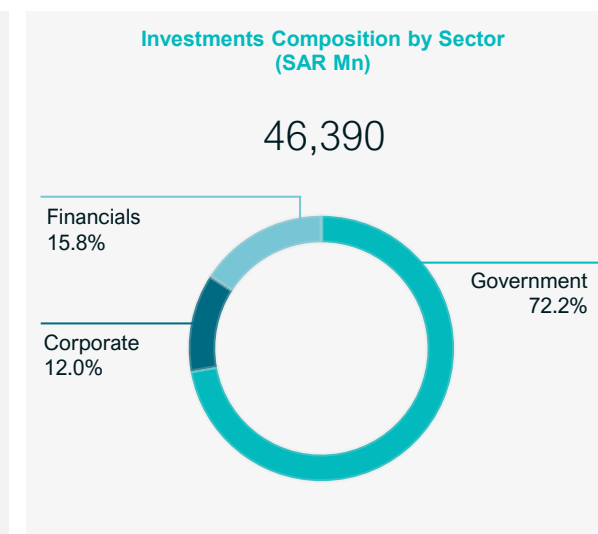
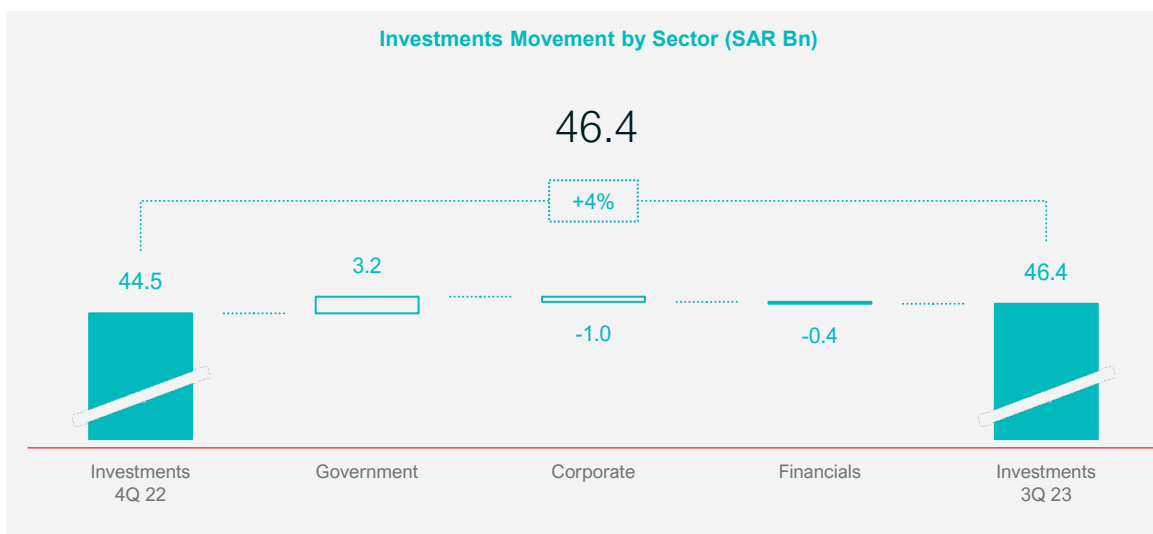
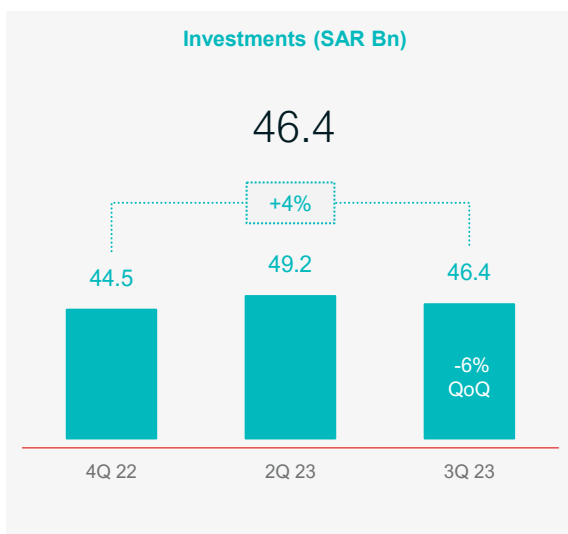
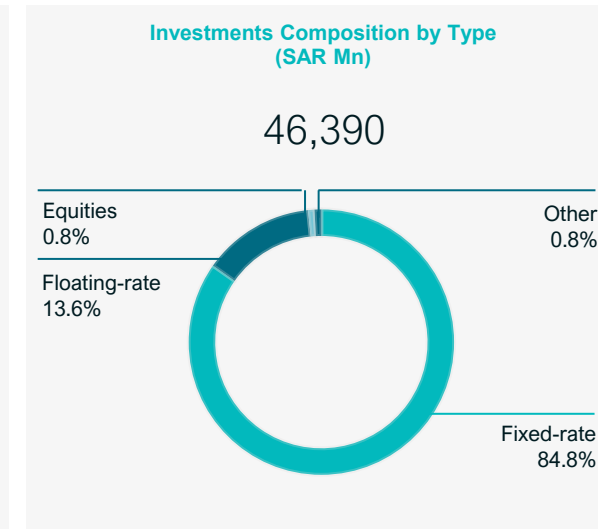
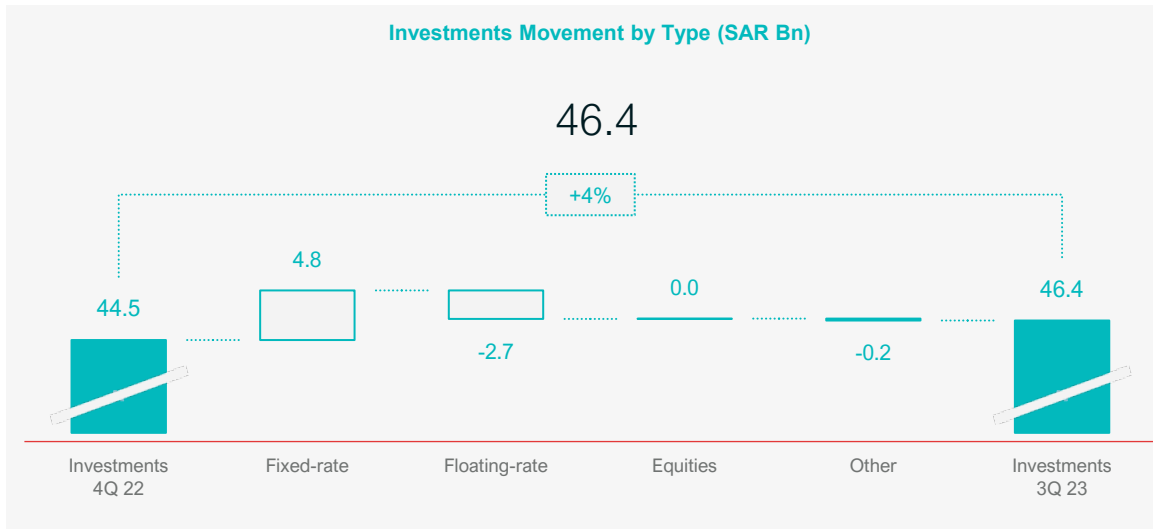
Consumer Loans Movement YTD (SAR Bn)



- Total loans & advances grew 10% during 9M 2023 from both consumer and commercial lending growth.
- Commercial loans grew 11% during 9M 2023, which was broad-based across sectors.
- Consumer loans grew 7% YTD mainly from growth in mortgages (+3%), personal loans (+11%) and auto loans (+10%).

4% Increase in the investment portfolio in 9M 2023

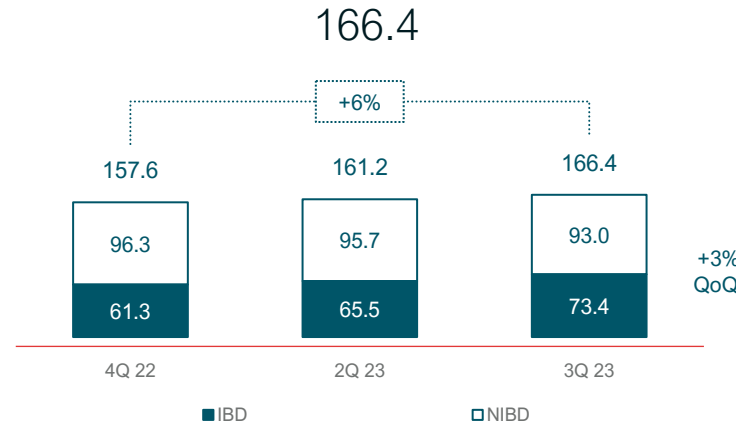
- Investments increased 4% YTD reflecting increased investment in longer-term fixed-rate Government securities.
- The investment portfolio is of high quality with a significant portion being Saudi Government and investment grade.



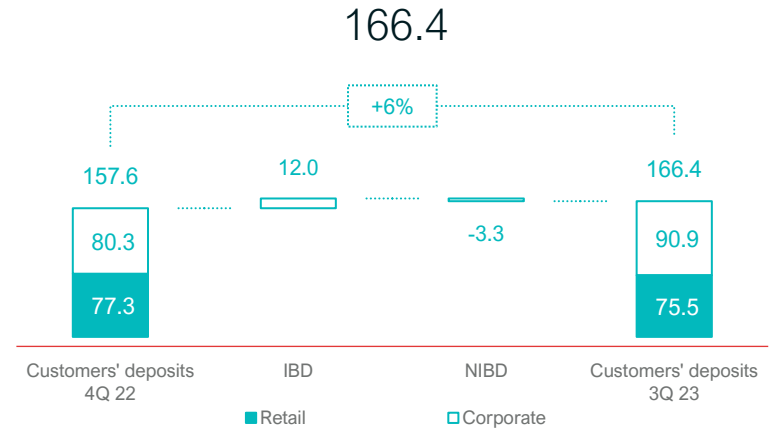
6% growth in deposits YTD from increased IBDs

- Deposits grew 6% during 9M 2023 from increased IBDs.
- IBD increased 20% YTD from 50% growth in Corporate, partly offset by a 28% decline in Retail mostly in Private Banking.
- NIBD's declined 3% YTD due to a 19% decline in Corporate which was partly offset by 9% growth in Retail, mostly raised from the private banking franchise.
- As of 30 September 2023, 55.9% of deposits were non-interest bearing, the 9.0ppts YoY decline is reflective of the rising rate environment.

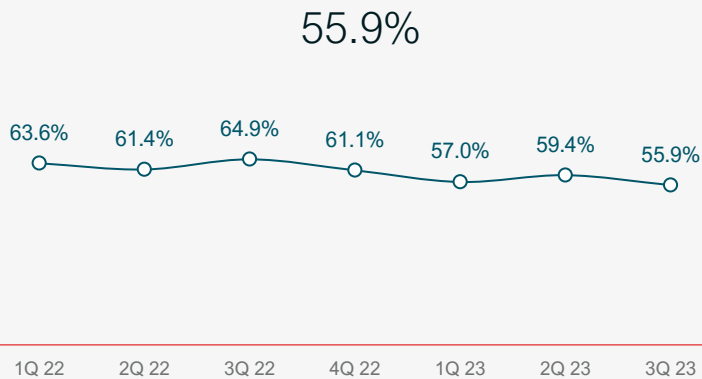
Customers' Deposits (SAR Bn)



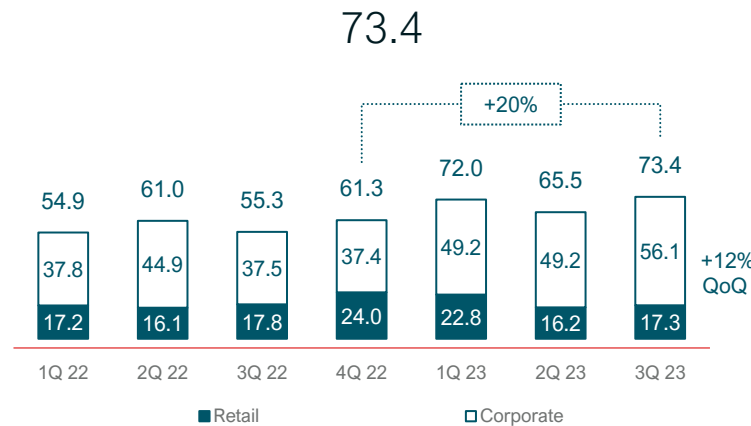
Customers' Deposits Movement (SAR Bn)



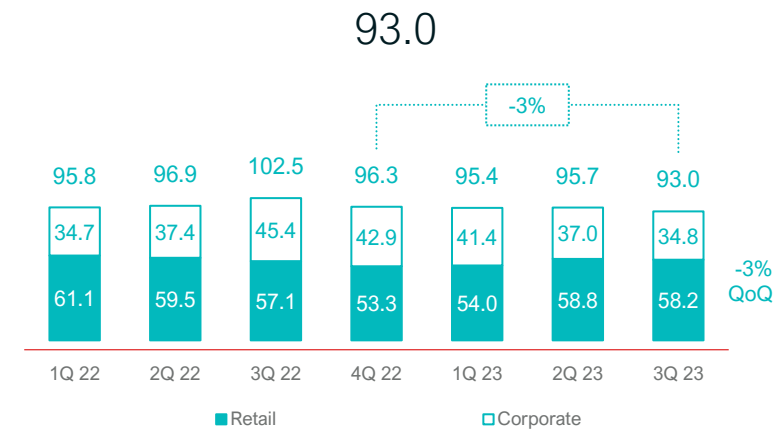
NIBD % of Total Deposits (%)



Interest Bearing Deposits (SAR Bn)

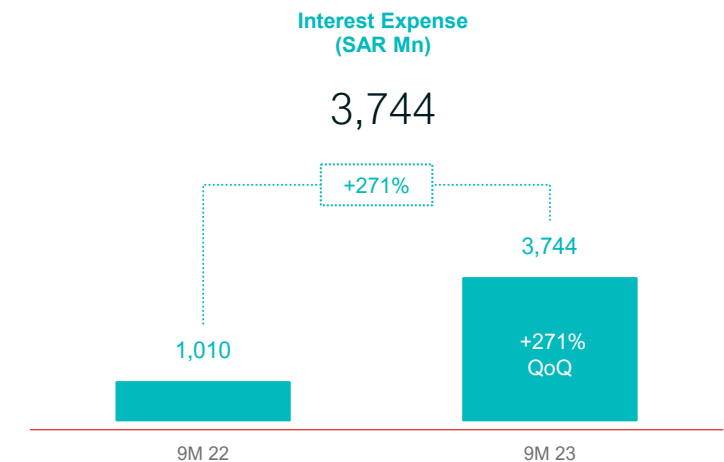
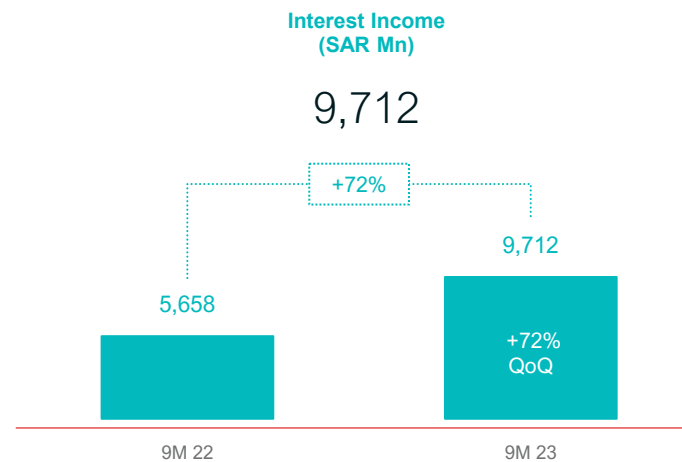
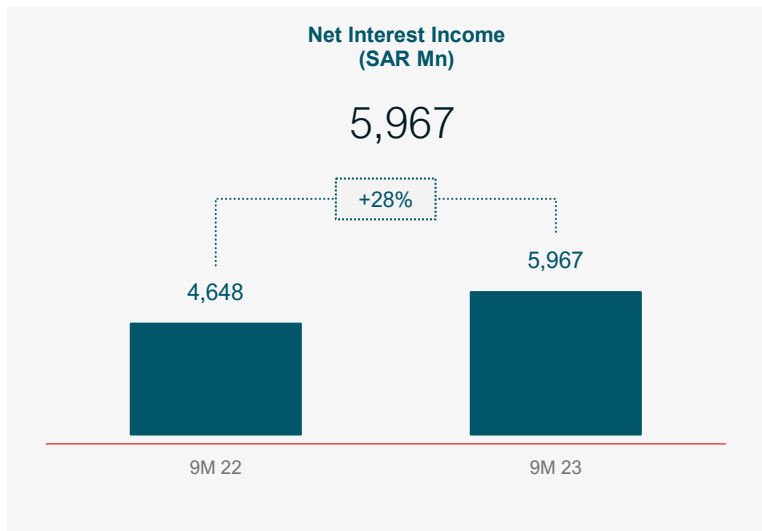
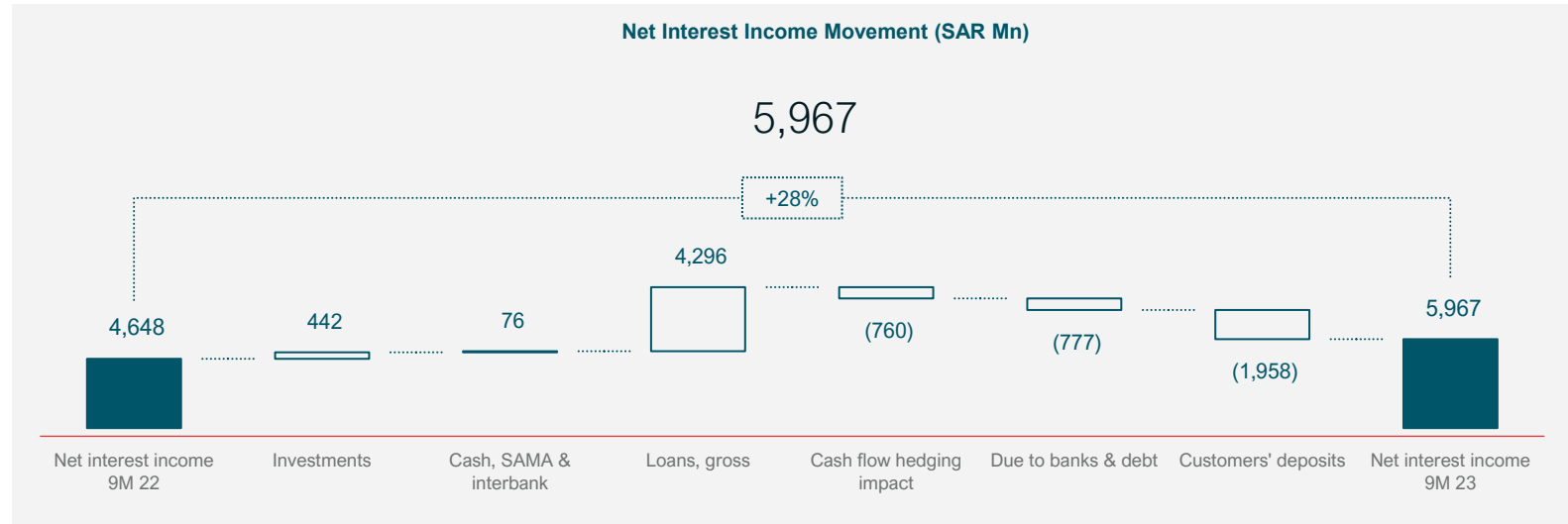


Non Interest Bearing Deposits (SAR Bn)



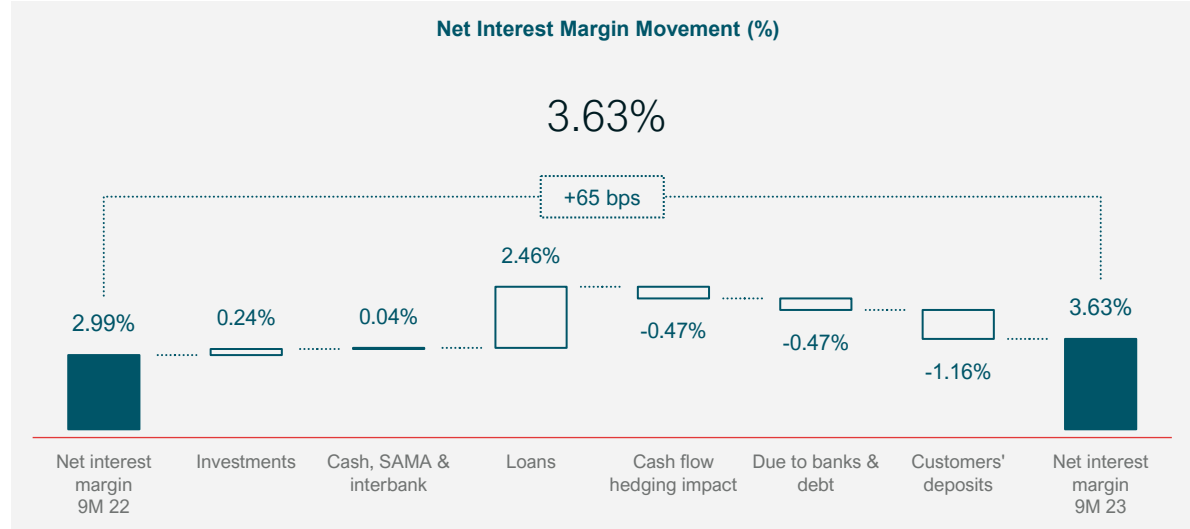
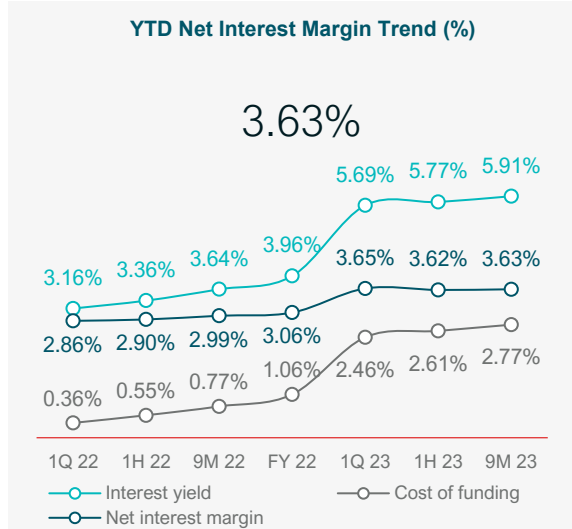
NII growth of 28% from margin expansion and earning assets growth

- NII for 9M 2023 grew 28% YoY to SAR 5,967mn from margin expansion and 6% growth in (simple) average earning assets.
- Interest income rose 72% YoY to SAR 9,712mn in 9M 2023, while funding costs rose 3.7x to SAR 3,744mn.

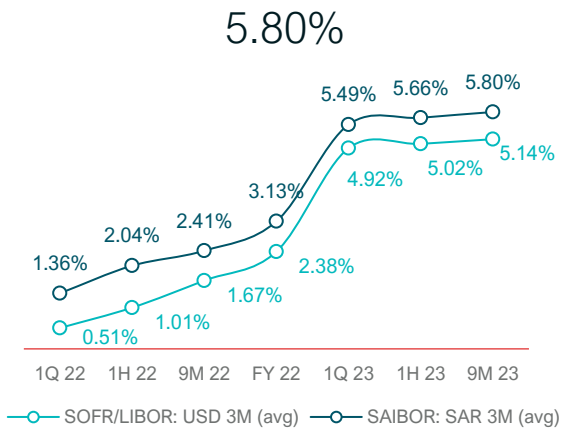


Improved loan yields from higher rate environment drive margin expansion

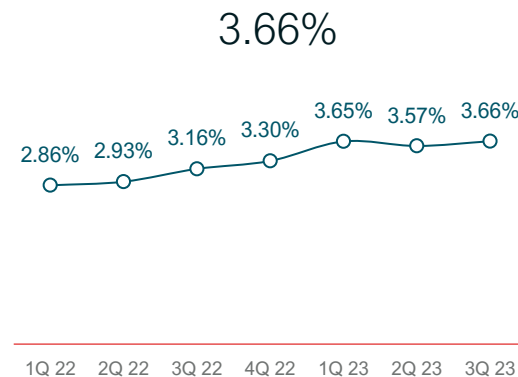
- The NIM increased 65bps YoY due to improved loan yields, partly offset by the higher funding costs and the hedging impact.
- The quarterly NIM improved 50bps YoY and 9bps QoQ to 3.66%.
- Funding costs increased by 200bps YoY to 2.77% in 9M 2023.



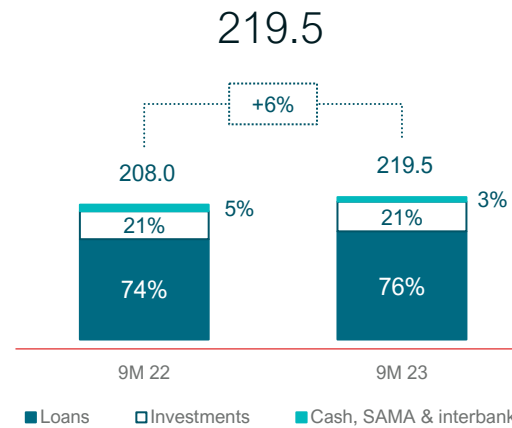
SAIBOR Trend (%)



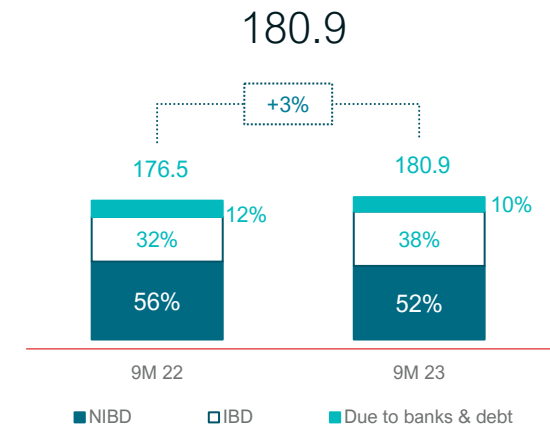
Quarterly Net Interest Margin Trend (%)



Average Interest Earning Assets (SAR Bn)



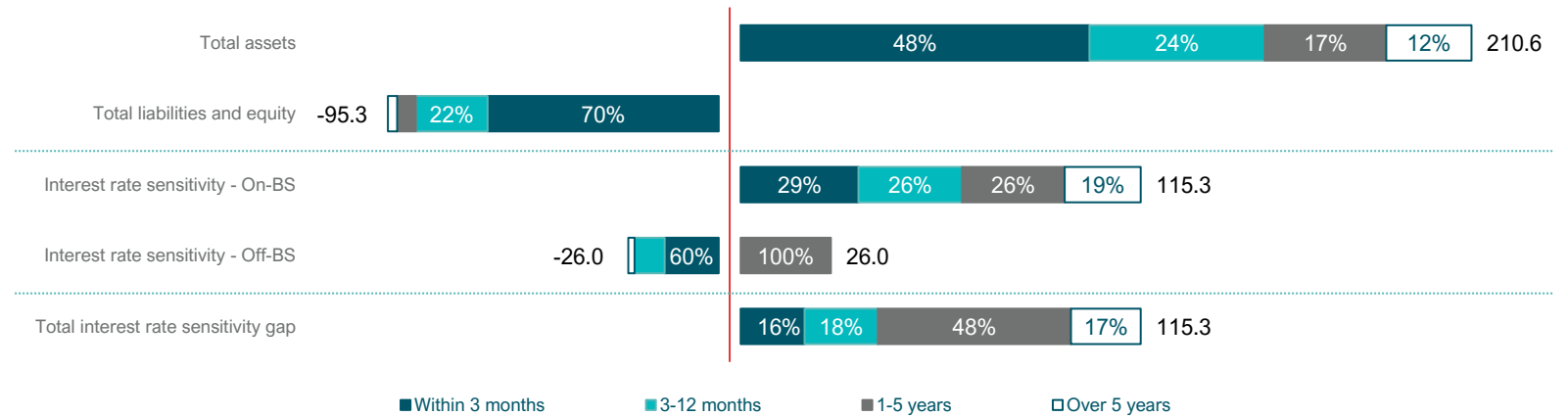
Average Interest Bearing Liabilities (SAR Bn)



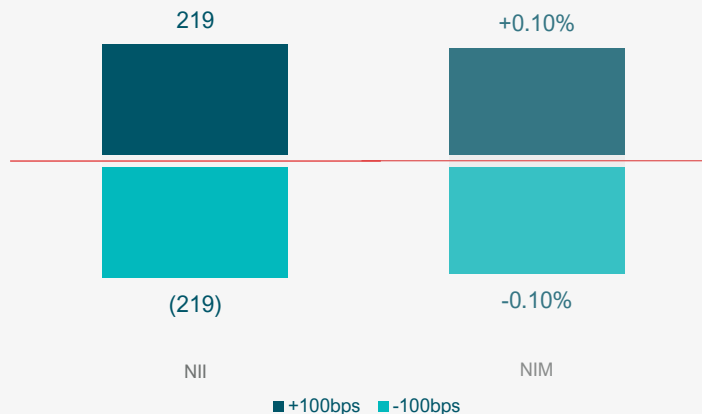
BSF is positively positioned for a rising rate environment

- At 31 December 2022, BSF estimated a 1-year NIM sensitivity of a 100bps rates rise at 10bps; this would translate into SAR 219mn higher NII.
- This reflects the net long position in variable rate assets, reflecting lending concentration towards corporate.
- There were 11 rate hikes in KSA during 2022 and 9M 2023 totaling 500bps not all of which have repriced on the balance sheet to date.
- Traditionally BSF mitigated its interest rate risk exposure through cash-flow hedges; the size of the CFH portfolio is driven by the development of BSF's balance sheet structure, IRR appetite & structural market trends.

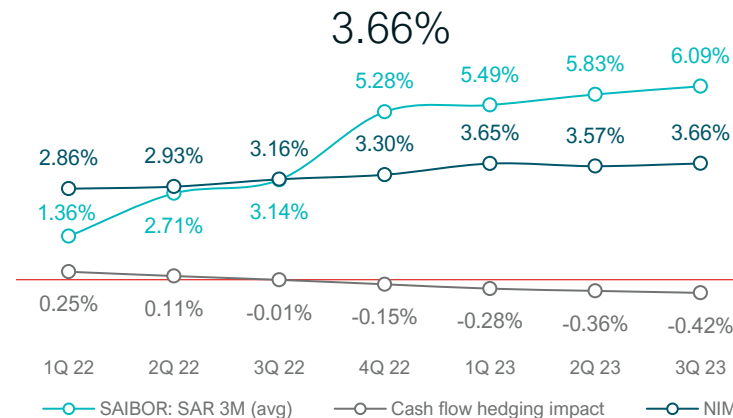
Exposure to Interest Rate Risk as at 31 December 2022 (SAR Bn)



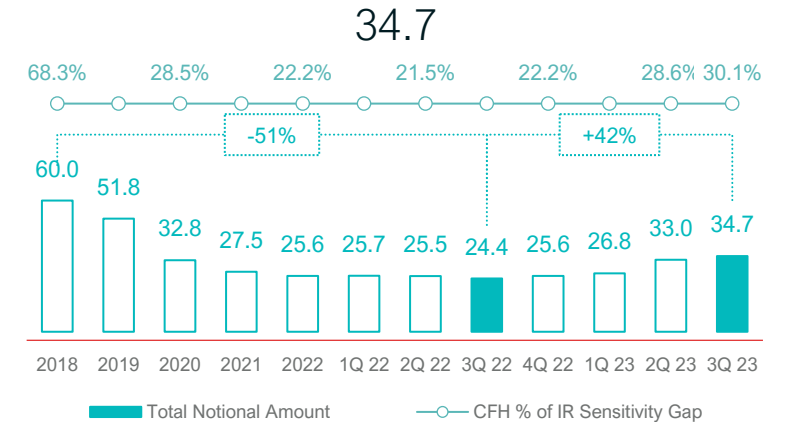
Impact of 100bps Rate Change as at 31 December 2022 (SARmn/%)



NIM, Rates and CFH Impact Trends (%)



Cash Flow Hedges Swaps (SAR Bn)

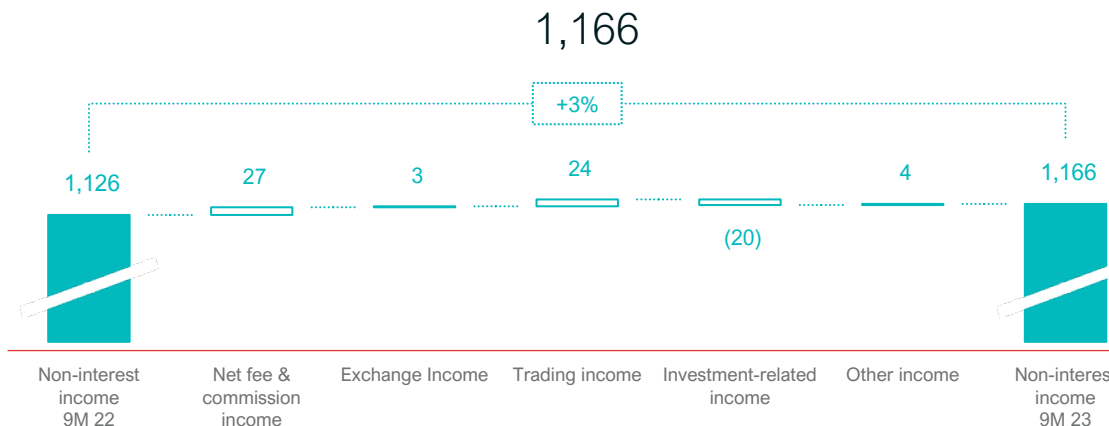


Non-interest income increased 3% YoY as higher trading and fee & commission income was partly offset by lower investment income

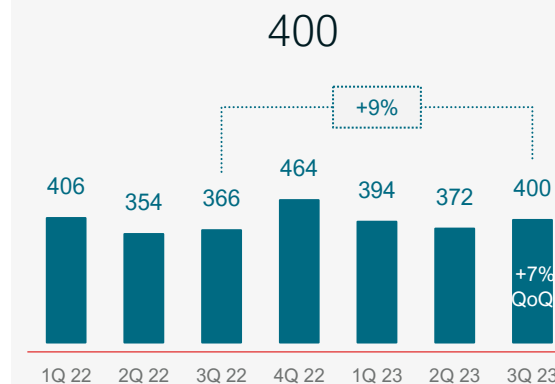
- Non-interest income for 9M 2023 increased 3% YoY to SAR 1,166mn as higher trading and fee & commission income was partly offset by lower investment income.
- Trading income grew 19% YoY to SAR 152mn due to increased activity in the Treasury markets advisory business.
- Net fee & commission grew 4% to SAR 677mn in 9M 2023 as higher trade finance and other fee income was offset by lower brokerage income.

SAR (Mn)	9M 2023	9M 2022	Δ%	3Q 2023	3Q 2022	Δ%
Fee & commission income	1,083	1,045	+4%	381	338	+13%
Fee & commission expenses	(406)	(395)	+3%	(150)	(131)	+14%
Net fee & commission income	677	650	+4%	231	207	+12%
Exchange Income	337	334	+1%	113	136	-16%
Trading income	152	127	+19%	72	20	+267%
Banking-related income	1,166	1,111	+5%	417	362	+15%
Investment-related income	(6)	14	-143%	(17)	4	-522%
Other income	5	1	+422%	0	0	-35%
Non-interest income	1,166	1,126	+3%	400	366	+9%

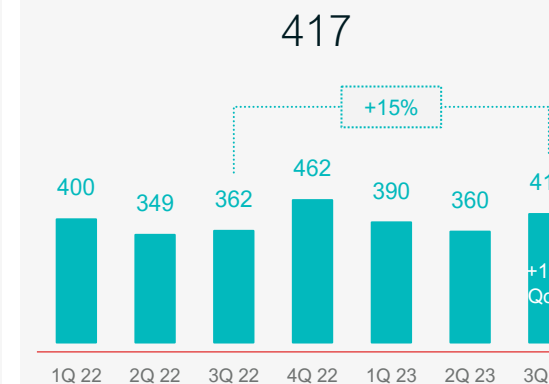
Non-Interest Income Movement (SAR Mn)



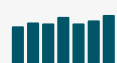
Non-Interest Income (SAR Mn)



Banking-Related Income (SAR Mn)



Trade Finance

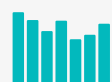


124

SAR Million

+21.9%
year-on-year

Brokerage & Asset Management Income



75

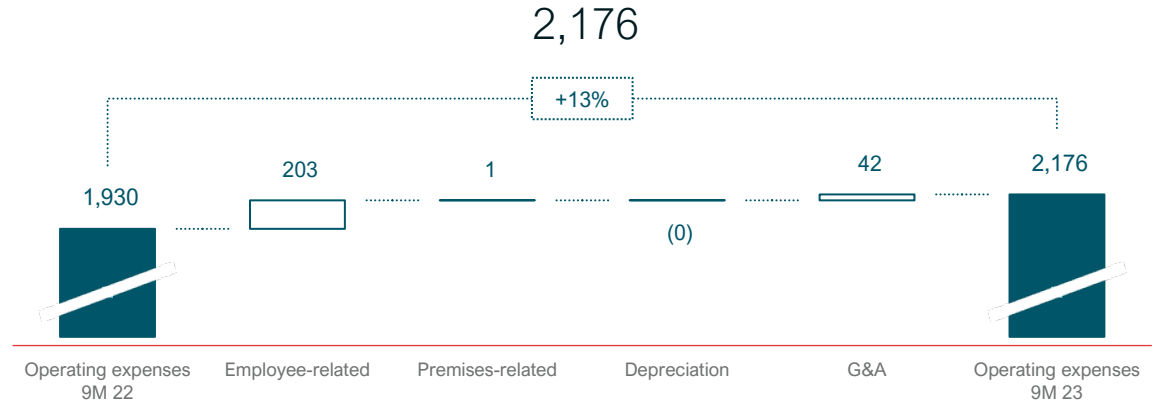
SAR Million

+14.7%
year-on-year

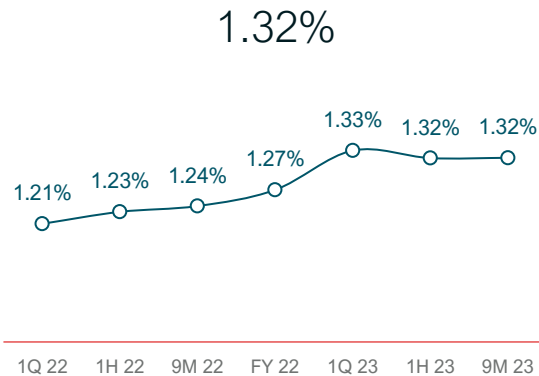
Operating expenses growth of 13% from higher employee-related expenses

- Operating expenses increased 13% YoY to SAR 2,176mn in 9M 2023 due to increased employee-related costs and excess accrual reversals in 1Q 2022.
- The YoY cost to income ratio improved by 2.9ppts YoY to 30.5% in 9M 2023 from 33.4% in 9M 2022.
- Operating expenses as a percentage of average interest-earning assets (AIEA) increased 8bps YoY to 1.32% for 9M 2023.
- Quarterly operating expenses increased 2% QoQ due to higher employee-related costs, partly offset by lower G&A expenses.

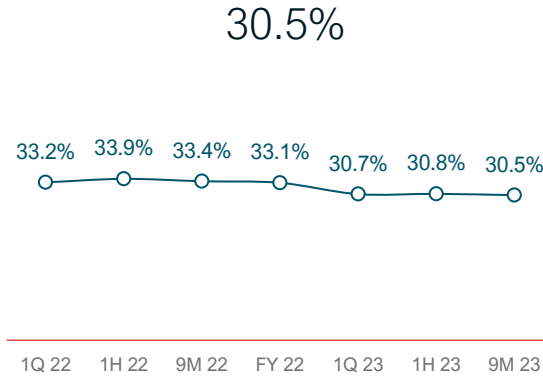
Operating Expenses Movement (SAR Mn)



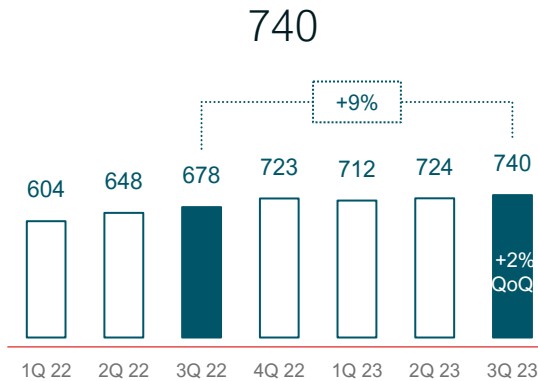
Cost To AIEA Ratio (%)



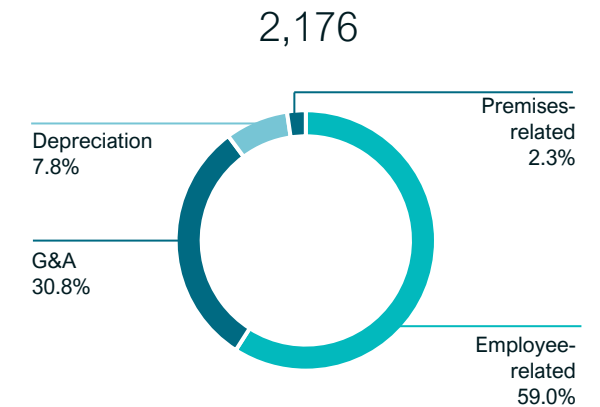
Cost To Income Ratio (%)



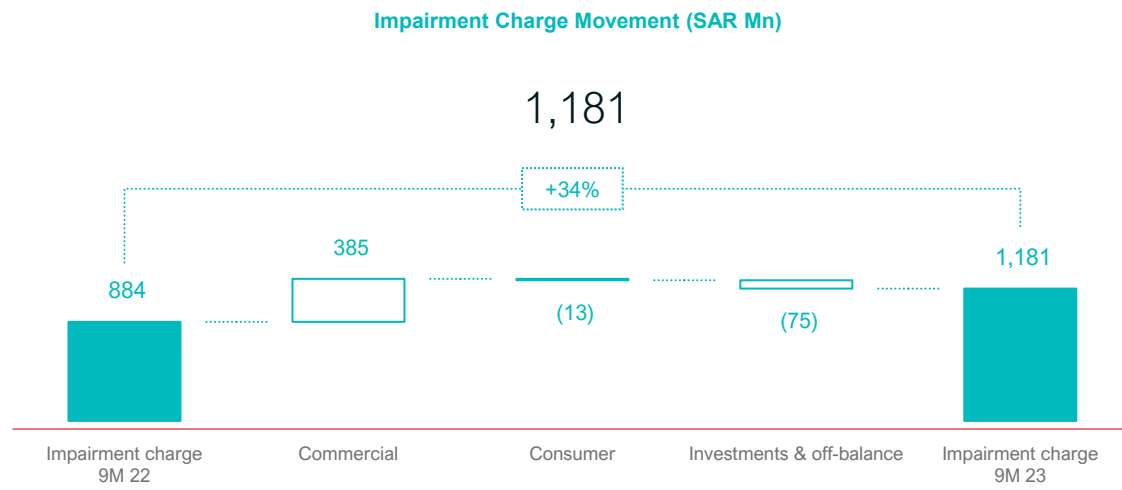
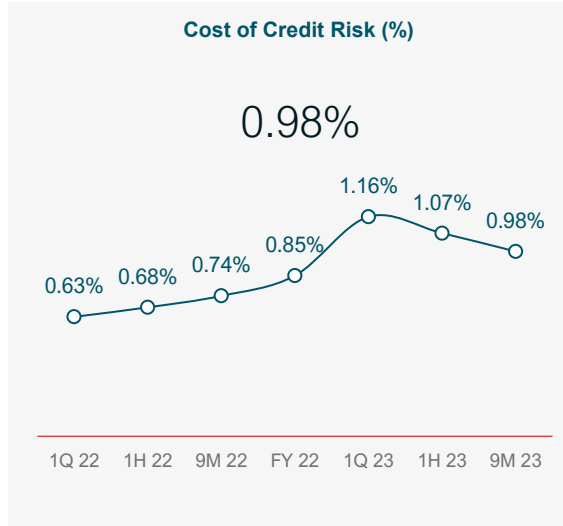
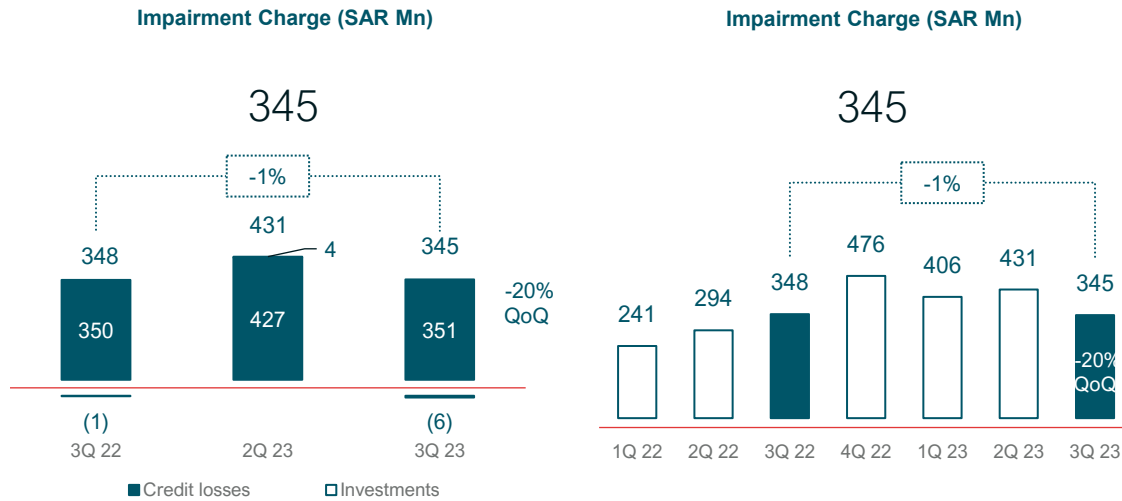
Operating Expenses (SAR Mn)



9M 23 Operating Expenses Composition (SAR Mn)

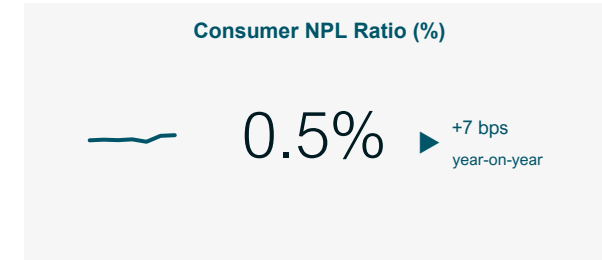
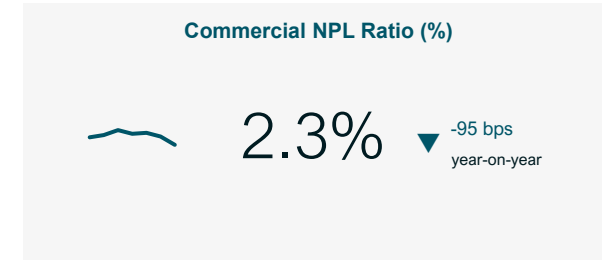
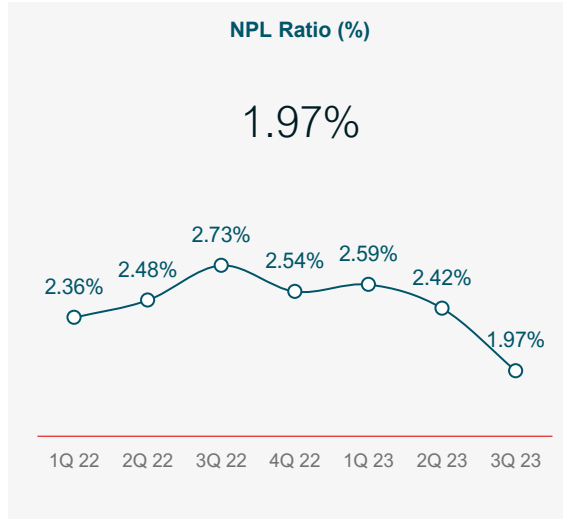
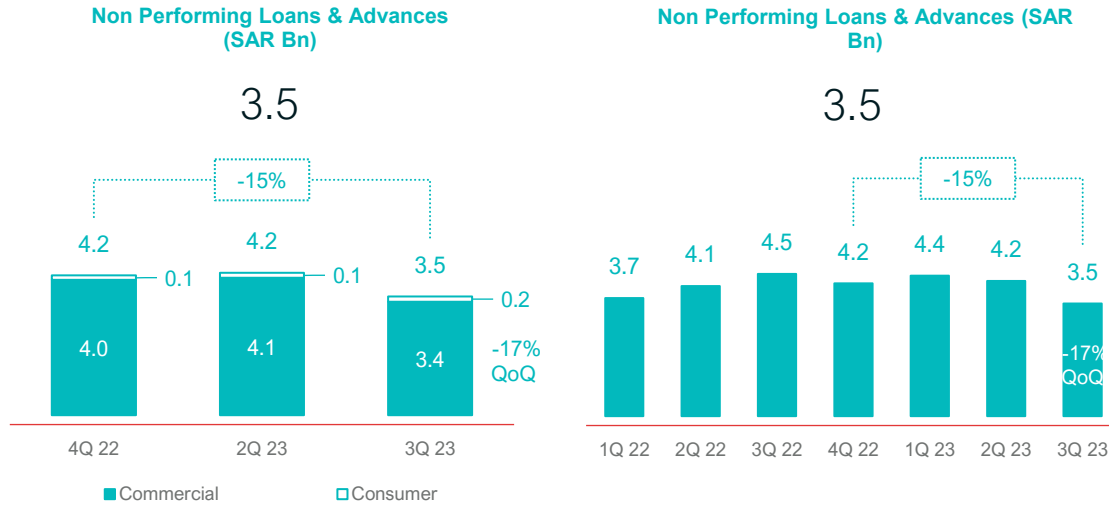


Cost of risk increased by 24bps YoY to 0.98% for 9M 2023 from improving Commercial coverage

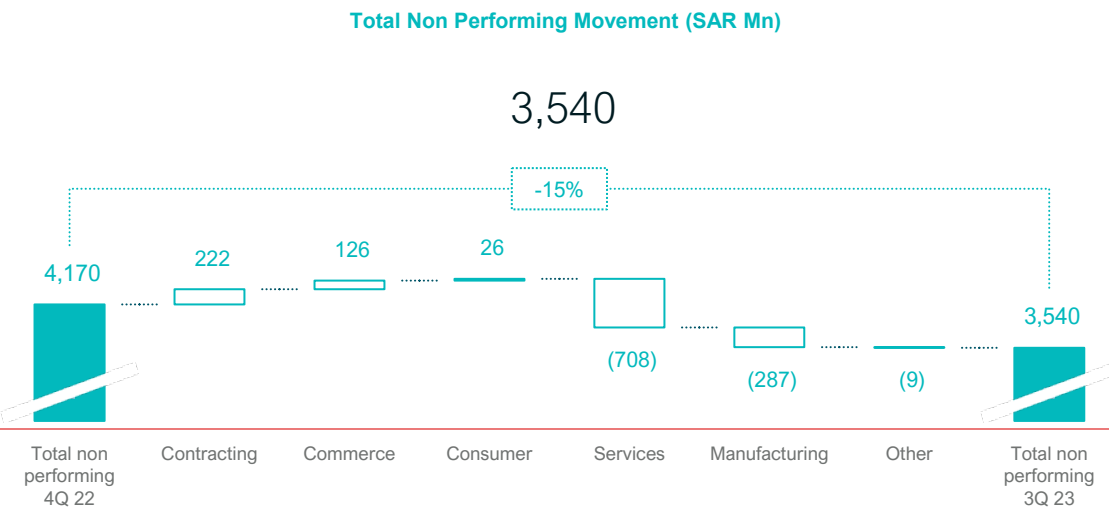


- The total impairment charge for 9M 2023 increased 34% YoY to SAR 1,181mn, mainly from higher Commercial impairments, partly offset by Consumer and Investment & off-balance reversals.
- In combination with healthy loan growth, this resulted in a 24bps YoY increase in cost of risk to 0.98% for 9M 2023.
- The cost of risk trend was impacted by improving coverage on isolated exposures which previously migrated to NPL in the Commercial book.

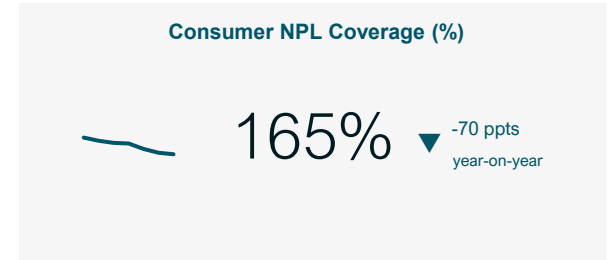
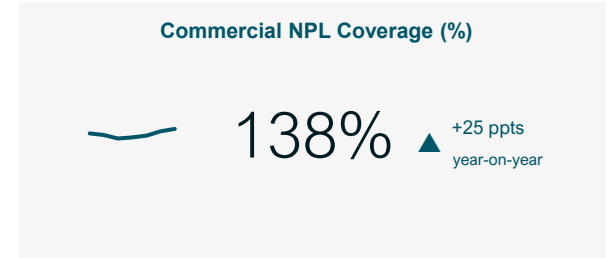
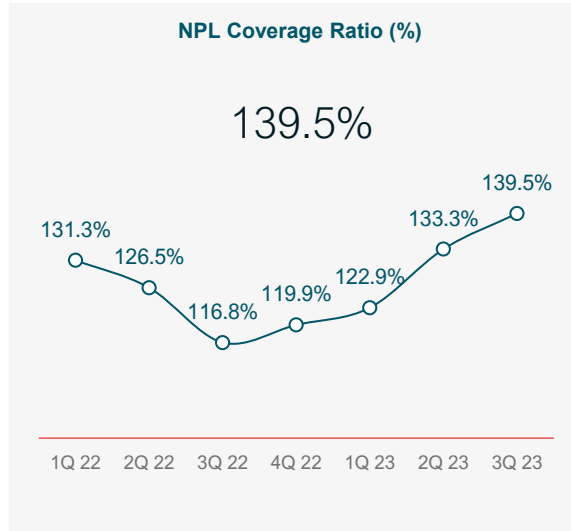
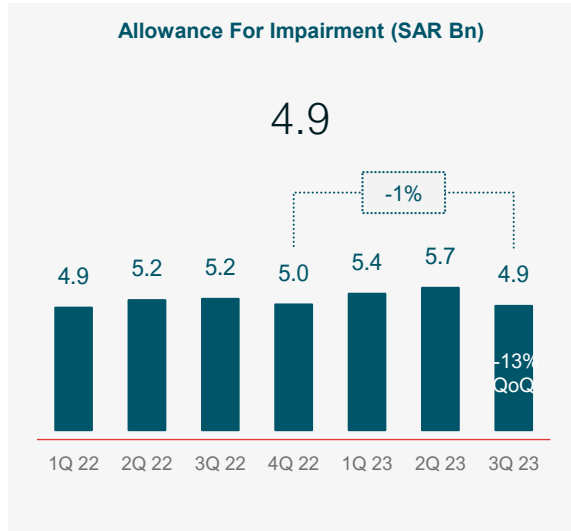
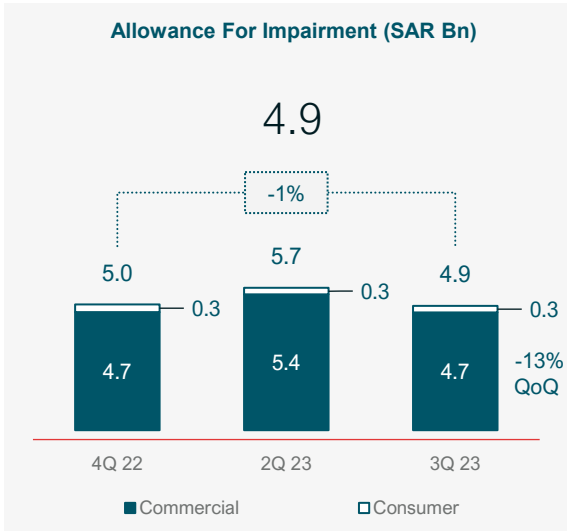
NPL ratio trend moderating during 9M 2023 following previous migration of isolated exposures in the Commercial book



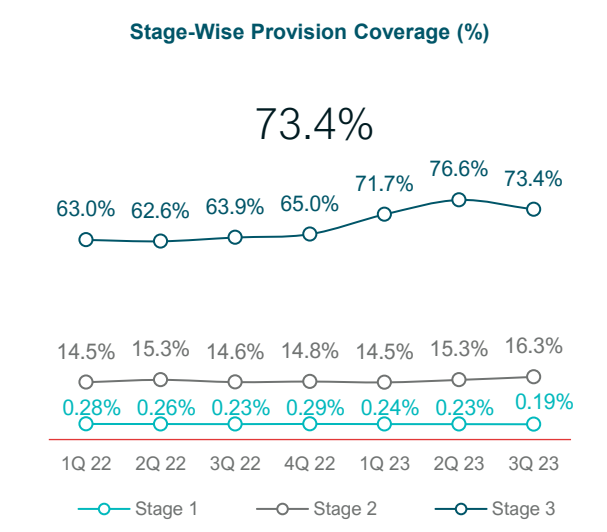
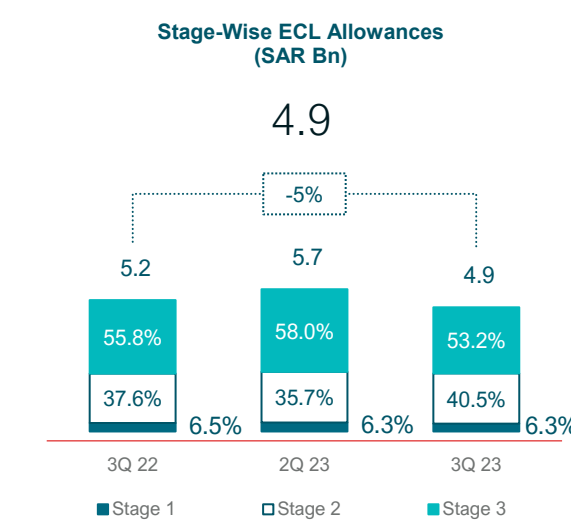
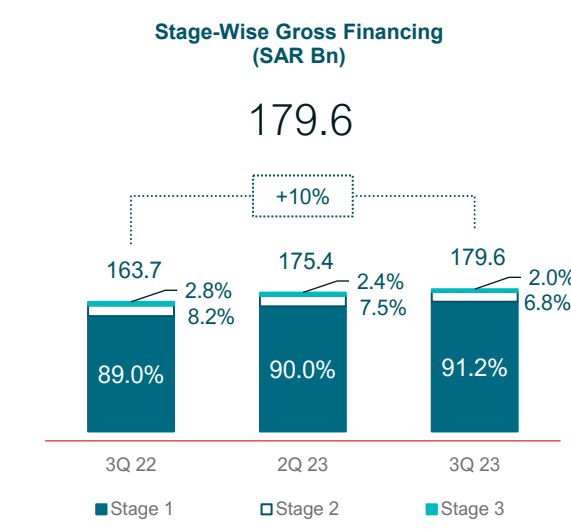
- The NPL ratio improved 57bps YTD to 1.97% as NPLs declined 15% on write-offs in the commercial book relative to 10% gross loan growth.
- The trends in credit metrics were impacted by additional coverage on isolated exposures which previously migrated to NPL in the Commercial book.



NPL coverage improved 19.6ppts YTD to 139.5%



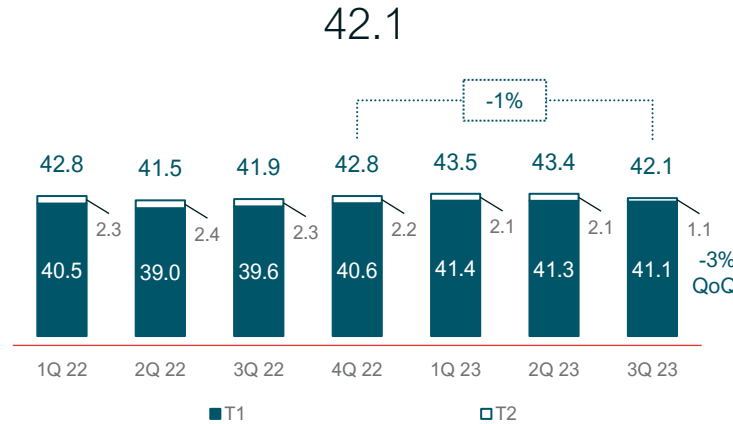
- NPL coverage improved 19.6ppts YTD to 139.5% as of 30 Sept. 2023 due to additional coverage on isolated exposures which previously migrated to NPL in the Commercial book.
- Stage 3 coverage improved 8.4ppts during 9M 2023, stage 2 coverage improved 1.6ppts to 16.3%, while stage 1 coverage declined 10bps to 0.19%.



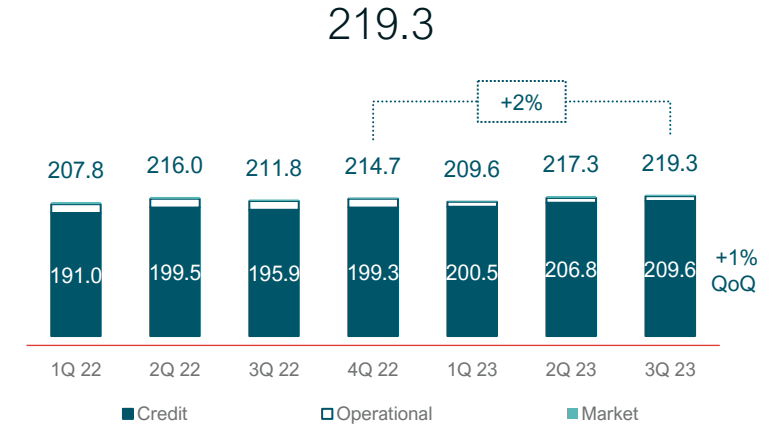
Strong capital ratios despite modest decline YTD

- Total capital (Tier 1 + Tier 2 regulatory capital) declined 1% to SAR 42.1bn during 9M 2023 as net income generation was more than offset by dividend payments and movements in FVOCI & other reserves.
- RWAs increased 2% during 9M 2023 to SAR 219.3bn from lending growth.
- CAR was 19.21% and the Tier 1 ratio was 18.73% as of 30 Sept. 2023.

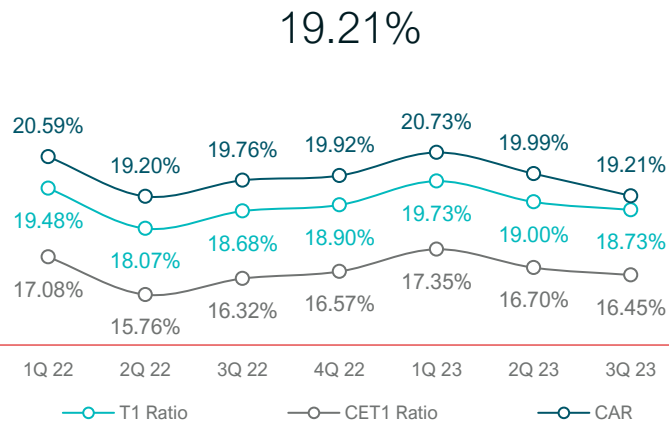
Total Capital (SAR Bn)



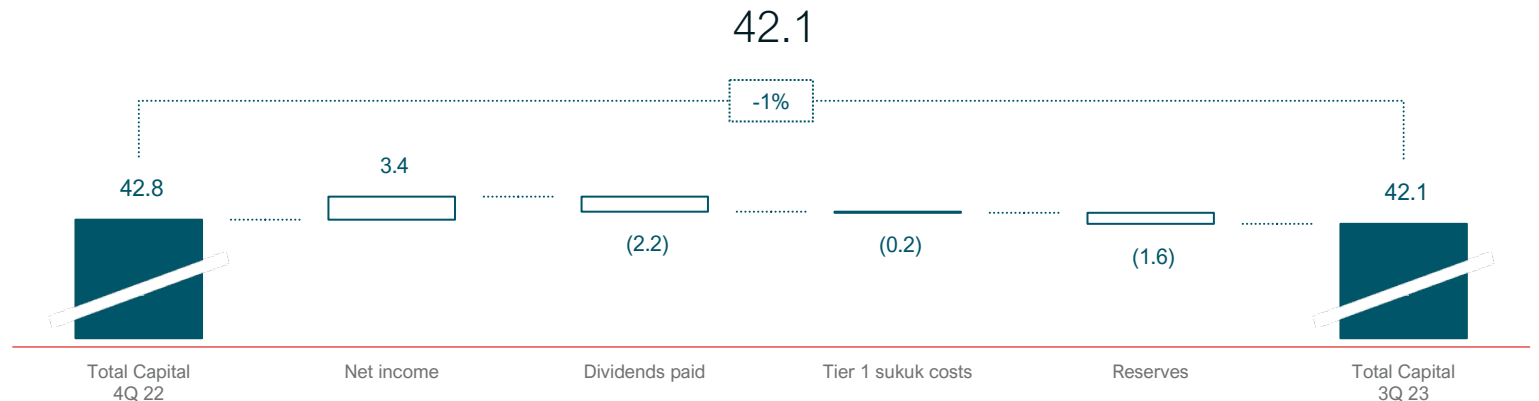
RWA (SAR Bn)



CAR (%)



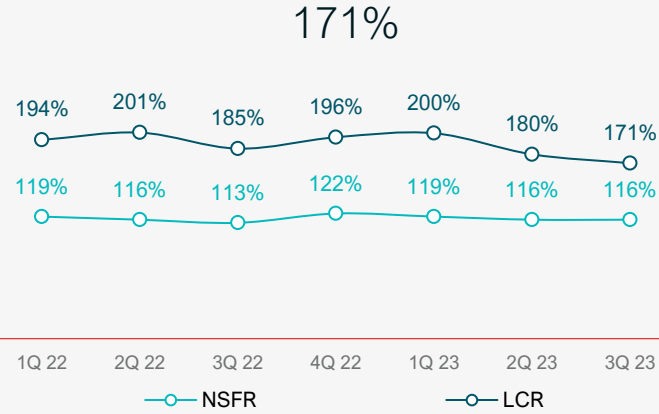
Total Capital Movement (SAR Bn)



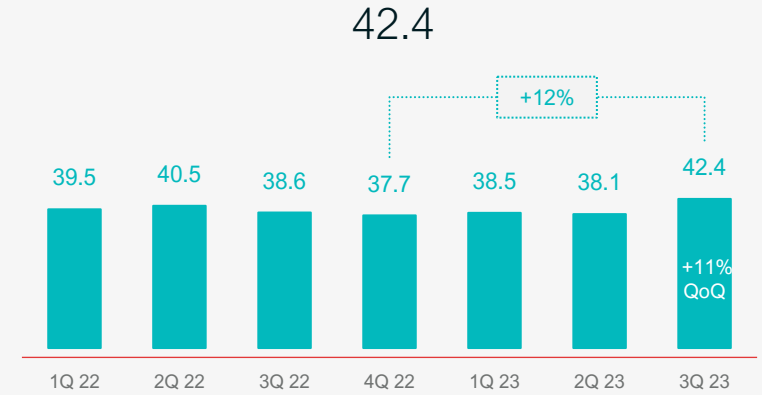
Liquidity remains strong and comfortably within regulatory limits

- LCR declined by 25ppts during 9M 2023 to 171%.
- NSFR moderated 6ppts to 116% as of 30 Sept. 2023.
- The SAMA regulatory LTD ratio was within required levels at 84.0% as of 30 September 2023, while the headline ratio increased to 105.0%.

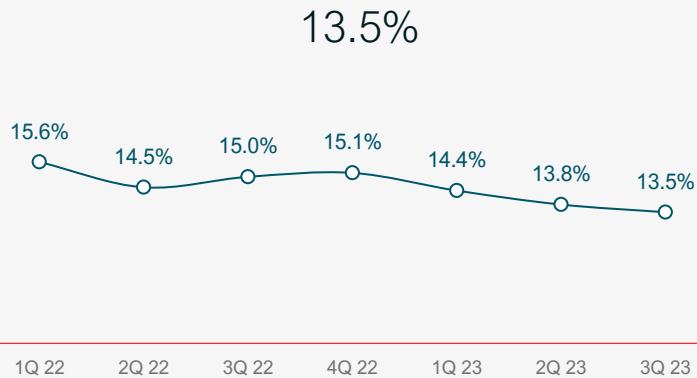
LCR & NSFR (%)



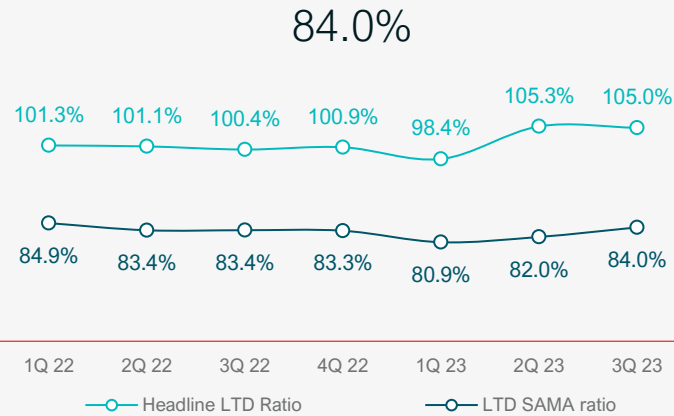
HQLA (SAR Bn)



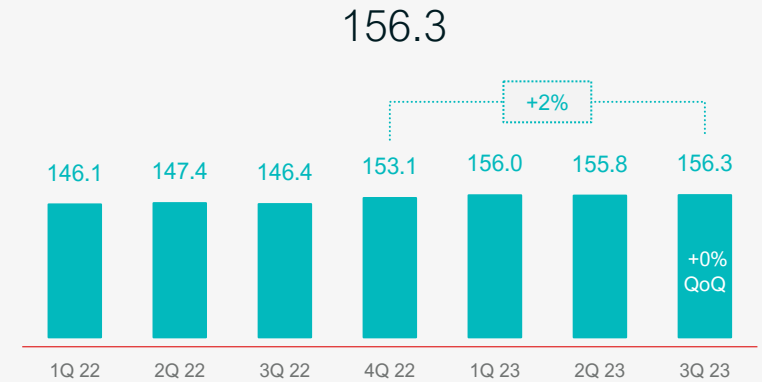
Leverage ratio (%)



LTD Ratios (%)



Available Stable Funding (SAR Bn)



INVESTOR PRESENTATION 3Q 2023

Outlook and Guidance

Improving profitability expected in 2023 from solid loan growth, continued NIM expansion, positive jaws and lower cost of risk

Metric	9M 2023 Outcome	2023 Guidance	Revision	Drivers
LOANS & ADVANCES GROWTH	Financing Growth +9.9% YTD ▲ SAR 174.7 bn	Financing Growth Low double-digit	REVISED UP FROM HIGH SINGLE-DIGIT	Balanced growth of consumer and commercial lending expected in 2023 with upward revision from strong commercial lending momentum
NET INTEREST MARGIN	NIM 3.63% ▲ +65bps YoY	NIM 3.50 - 3.60%	REVISED UP FROM 3.45-3.55%	NIM expected to rise in 2023 from higher average benchmark rates, with upward revision arising from more hawkish US monetary policy than expected.
COST OF RISK	COR 98bps ▲ +23bps YoY	COR 85-95bps	UNCHANGED	Cost of risk for 2023 to gradually normalize while improving coverage on isolated corporate exposures.
COST TO INCOME RATIO	CIR 30.5% ▼ -293bps YoY	CIR <32%	UNCHANGED	Expect CI-ratio below 32% for 2023, mainly from higher income on more modestly rising cost base.
RETURN ON EQUITY	ROAE 11.5% ▲ +227bps YoY	ROAE 11-13%	UNCHANGED	Increase in ROAE from lending growth, higher NIMs, and improving operating efficiency and risk cost.
CORE EQUITY TIER 1 RATIO	CET1 16.4% ▼ -12bps YTD	CET1 17-18%	UNCHANGED	Modest increase in CET1 during 2023 from robust earnings generation, partial reversal of MTM through FVOCI, while maintaining dividend payout levels.

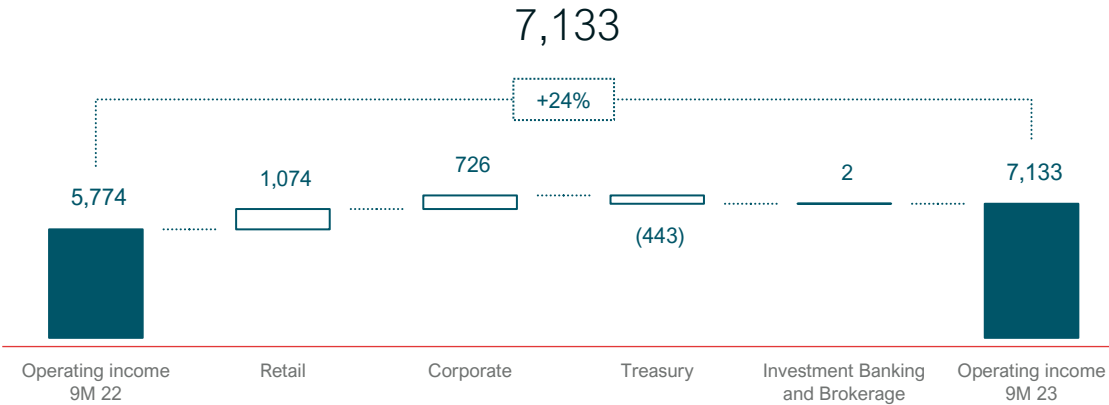


INVESTOR PRESENTATION 3Q 2023

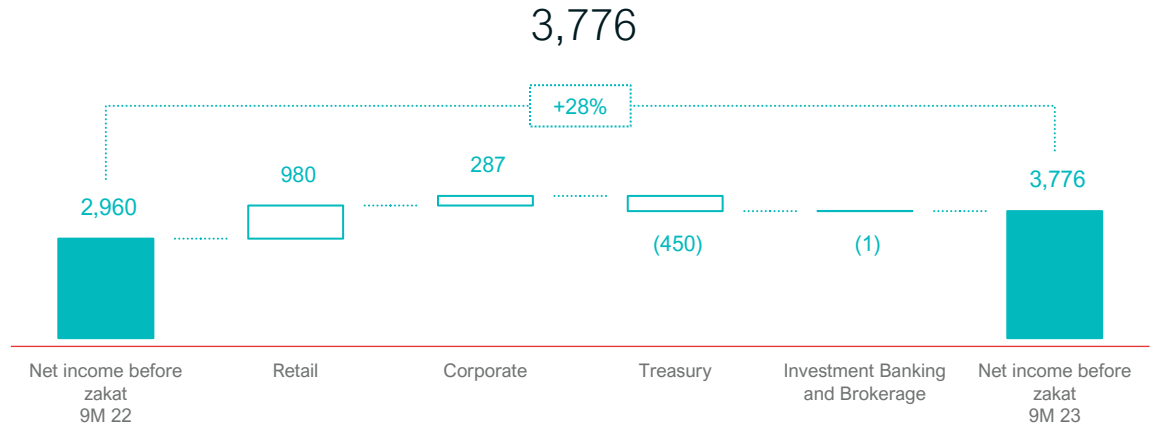
Segmental Performance

Profitability driven by growth in Retail and Corporate, partly offset by lower Treasury and Investment Banking and Brokerage

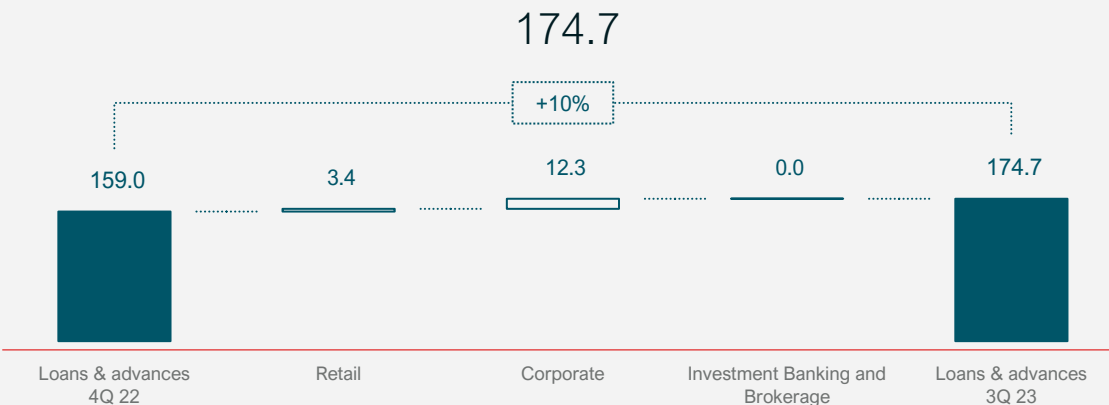
Operating Income Movement (SAR Mn)



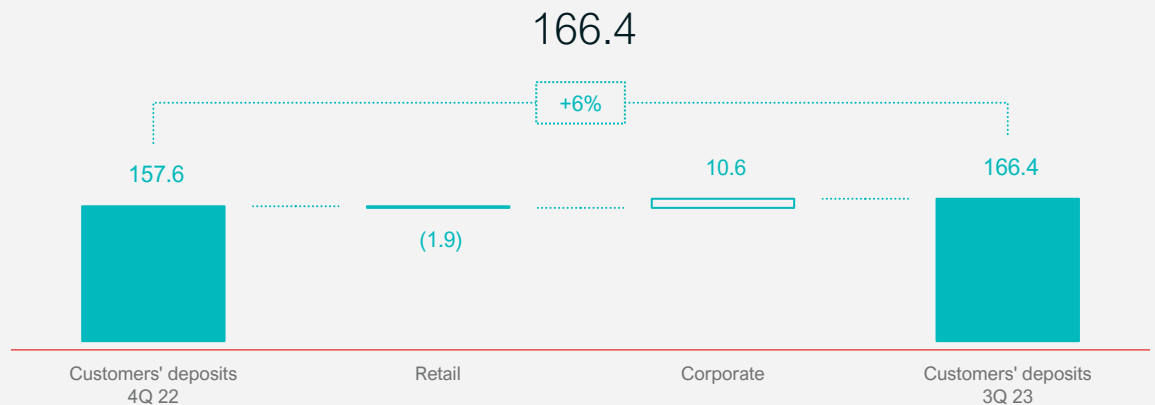
Net Income Before Zakat Movement (SAR Mn)



Loans & Advances Movement (SAR Bn)

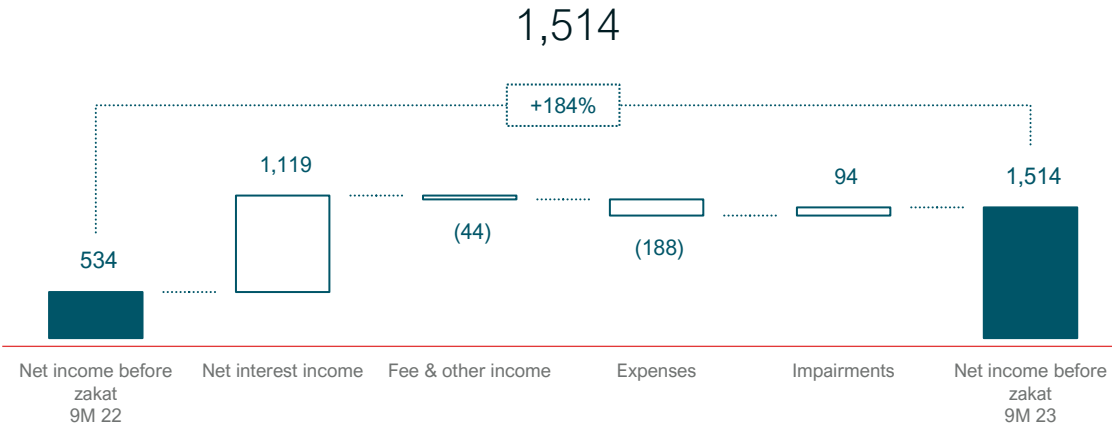


Customers' Deposits Movement (SAR Bn)

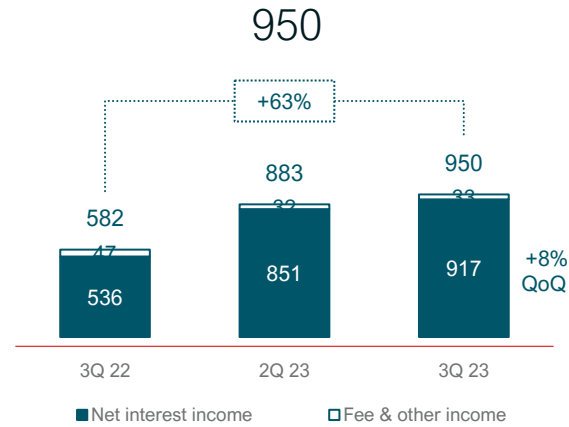


Higher profits YoY from higher net interest income

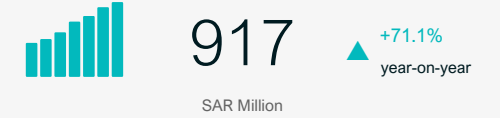
Net Income Before Zakat Movement (SAR Mn)



Total Operating Income (SAR Mn)



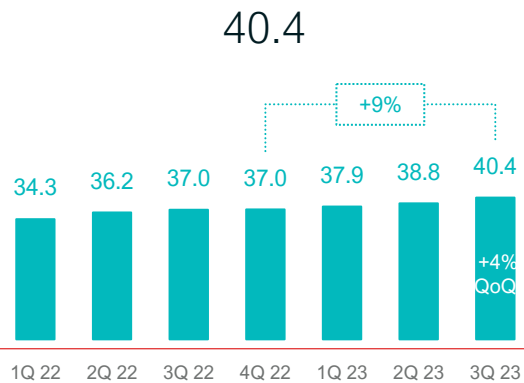
Net Interest Income



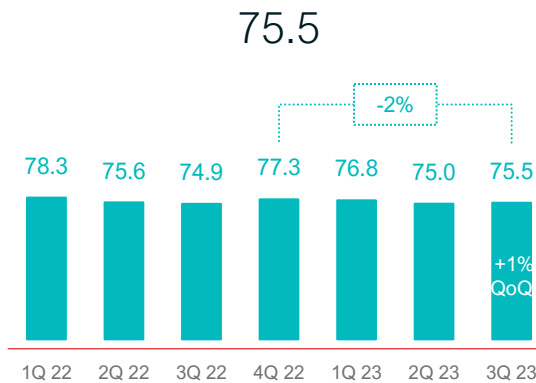
Fee & other income



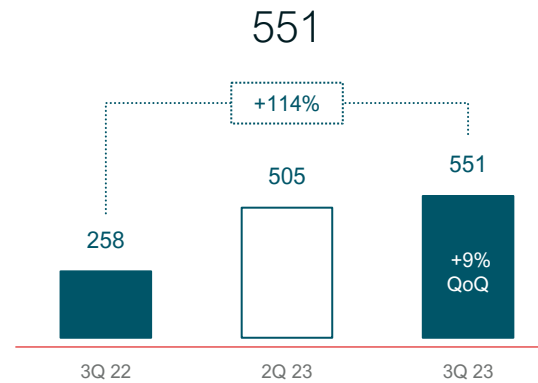
Retail Loans (SAR Bn)



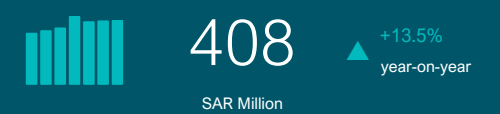
Retail Deposits (SAR Bn)



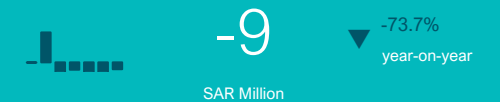
Net Income Before Zakat (SAR Mn)



Expenses

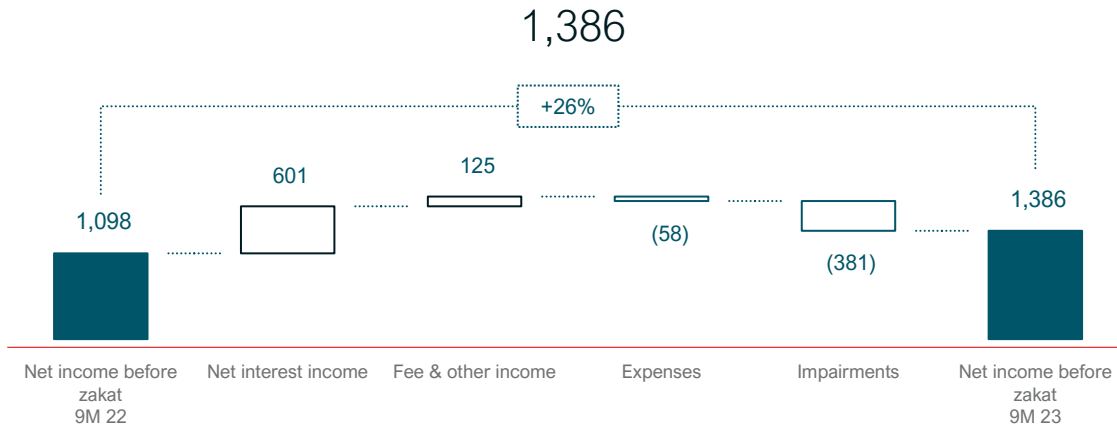


Impairments

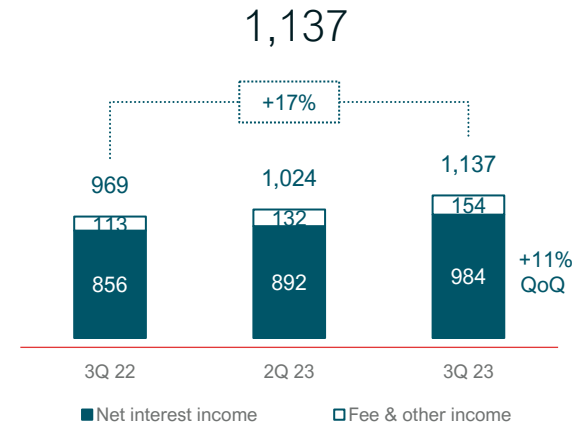


Increased Corporate profitability from net interest income growth partly offset by increased impairments

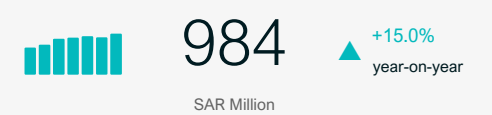
Net Income Before Zakat Movement (SAR Mn)



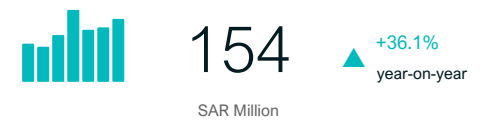
Total Operating Income (SAR Mn)



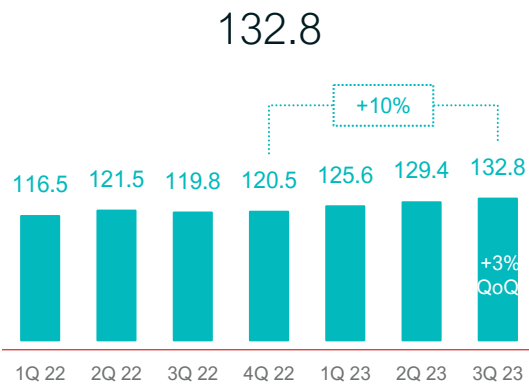
Net Interest Income



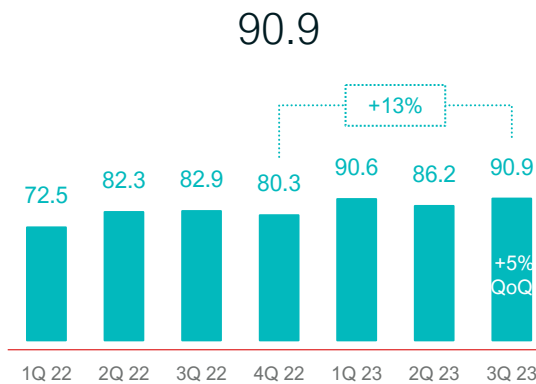
Fee & other income



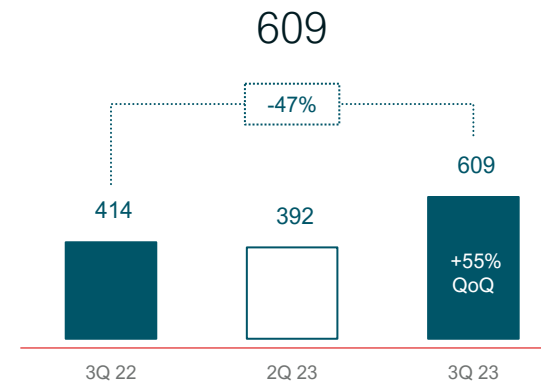
Corporate Loans (SAR Bn)



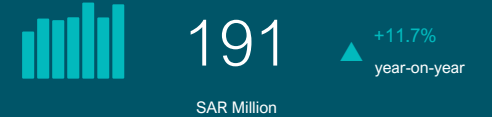
Corporate Deposits (SAR Bn)



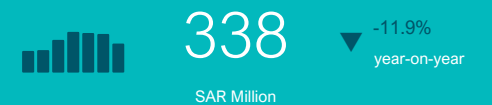
Net Income Before Zakat (SAR Mn)



Expenses

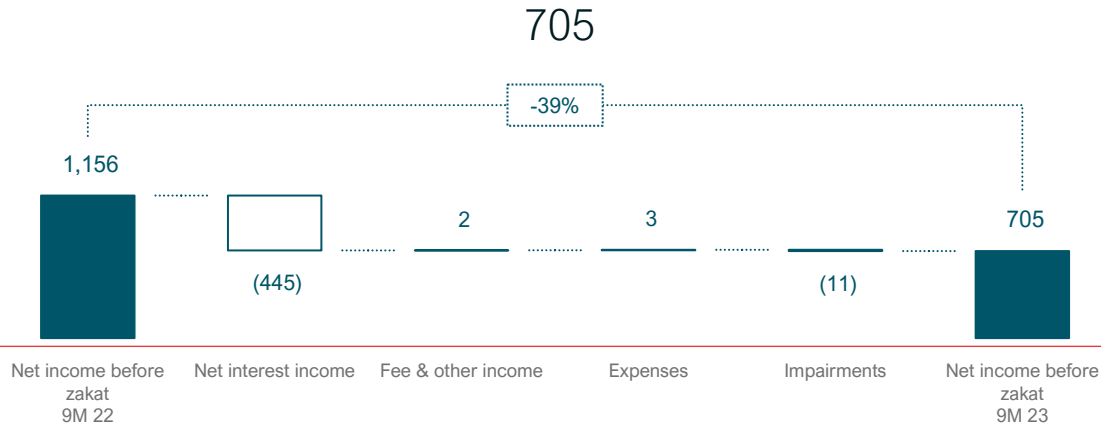


Impairments

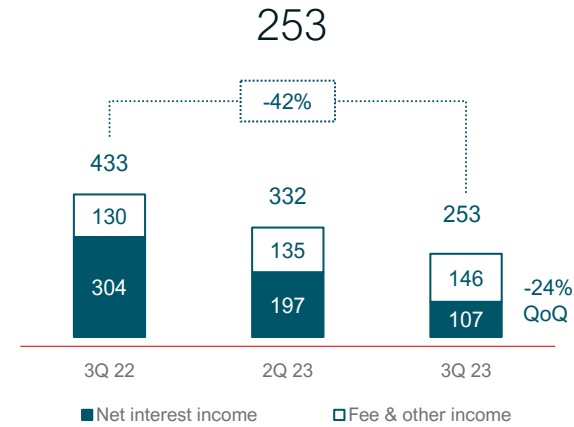


Net income declined 39% YoY due to higher funding costs

Net Income Before Zakat Movement (SAR Mn)



Total Operating Income (SAR Mn)



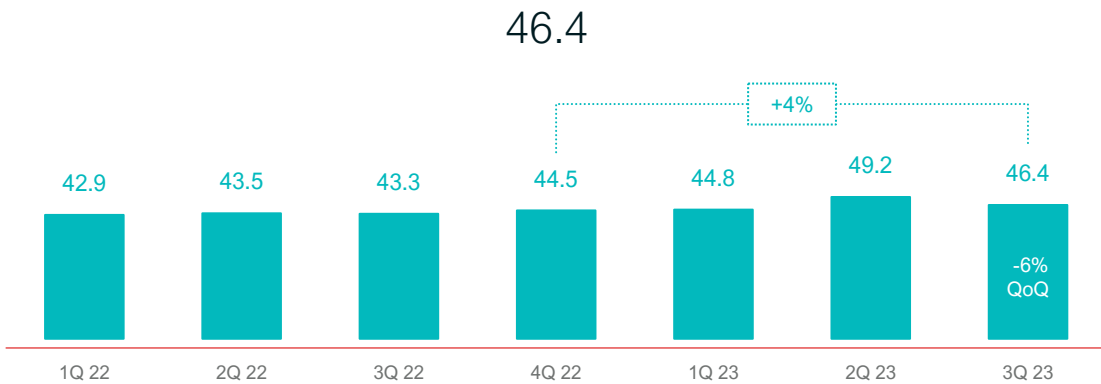
Net Interest Income



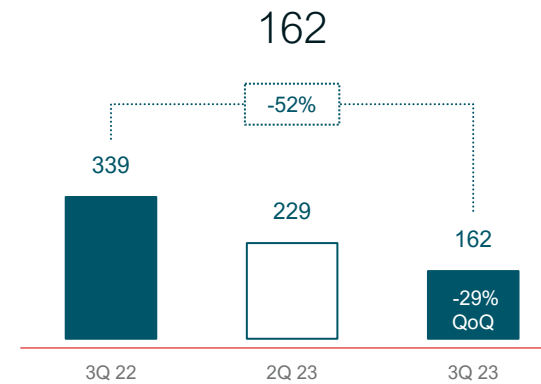
Fee & other income



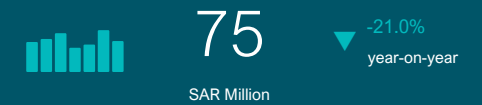
Investments (SAR Bn)



Net Income Before Zakat (SAR Mn)



Expenses

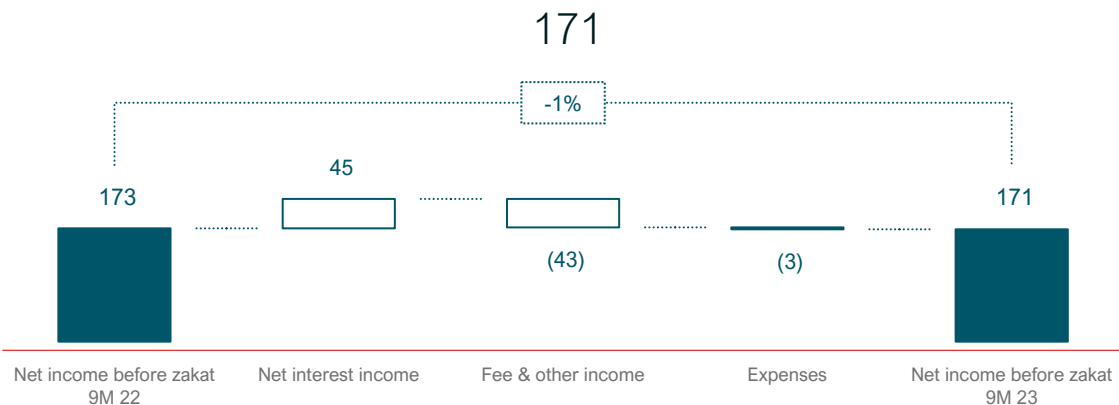


Impairments

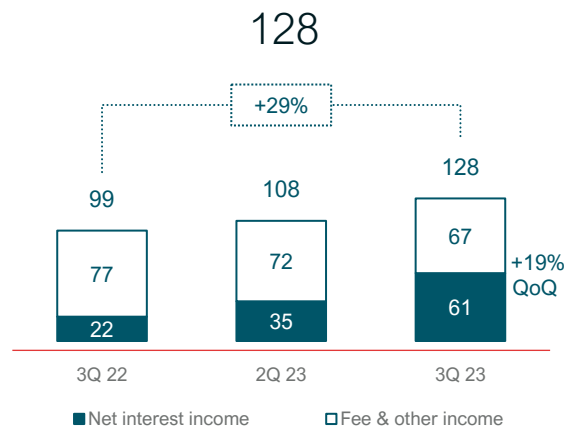


Modest profitability decline due to lower brokerage fees

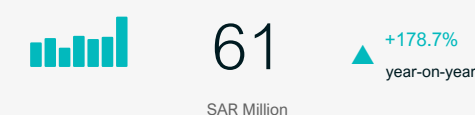
Net Income Before Zakat Movement (SAR Mn)



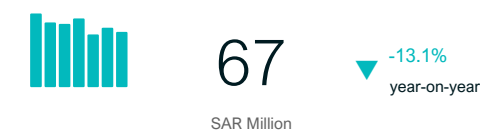
Total Operating Income (SAR Mn)



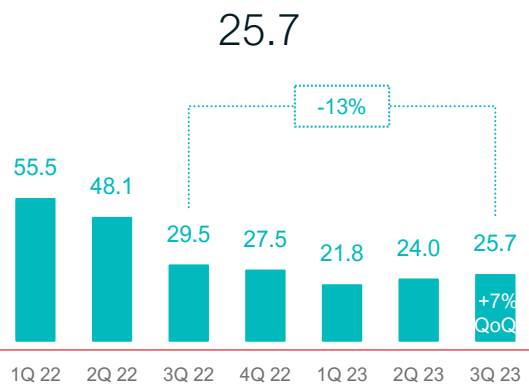
Net Interest Income



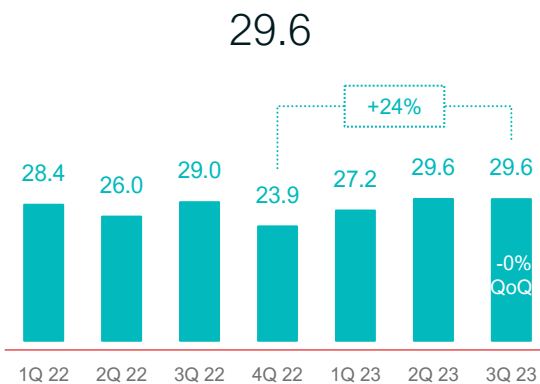
Fee & other income



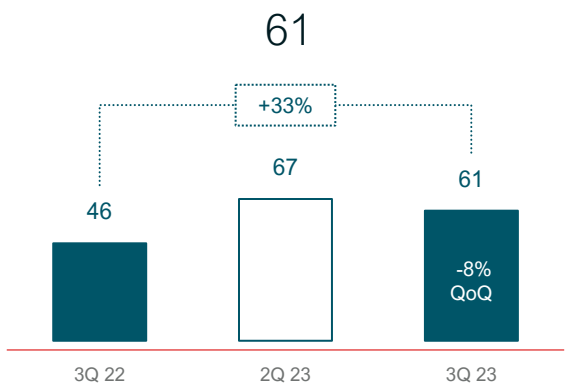
Brokerage Trading Value (Bn)



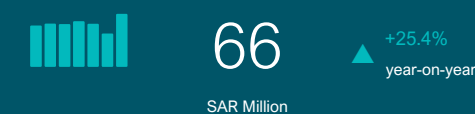
Assets Under Management (SAR Bn)



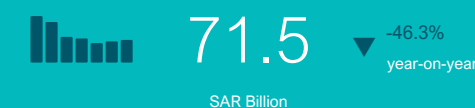
Net Income Before Zakat (SAR Mn)



Expenses



Brokerage Trading Value (9M 22)

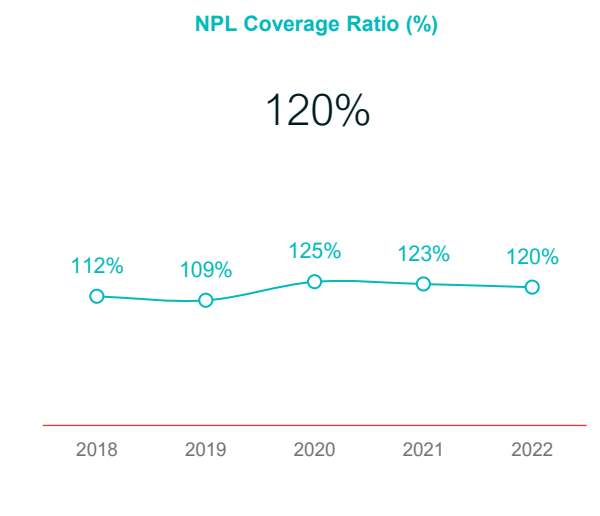
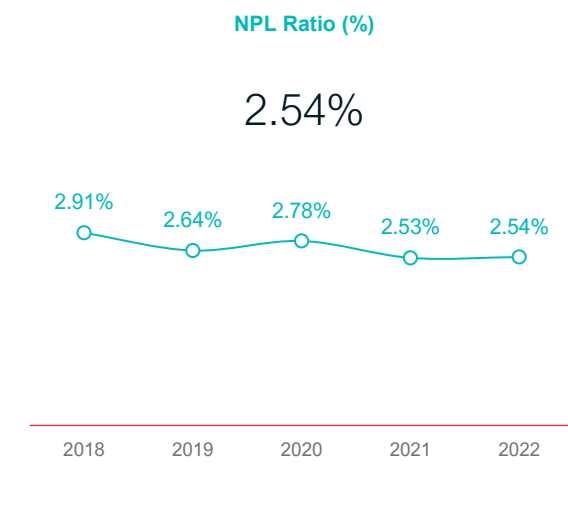
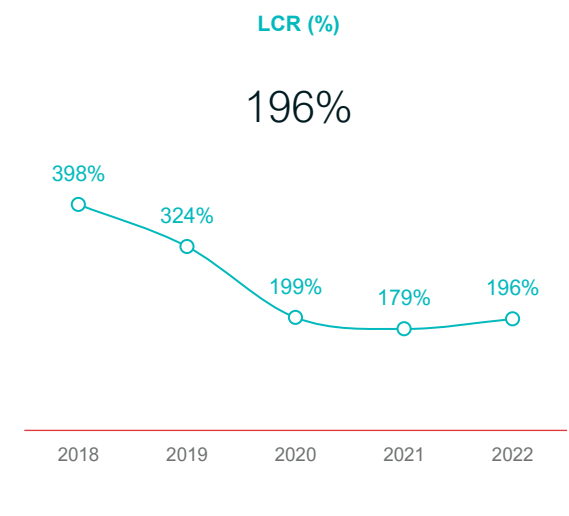
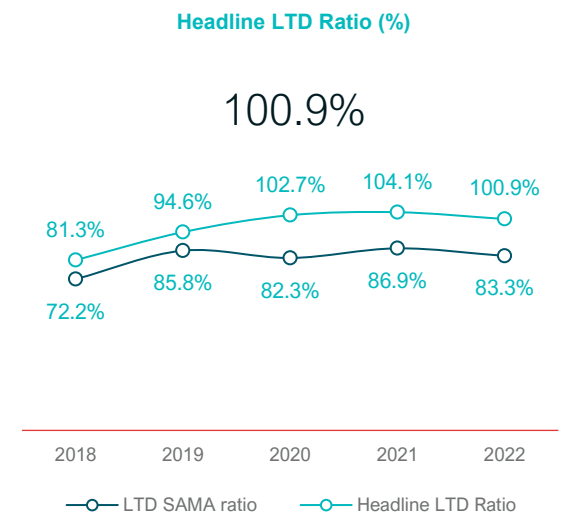
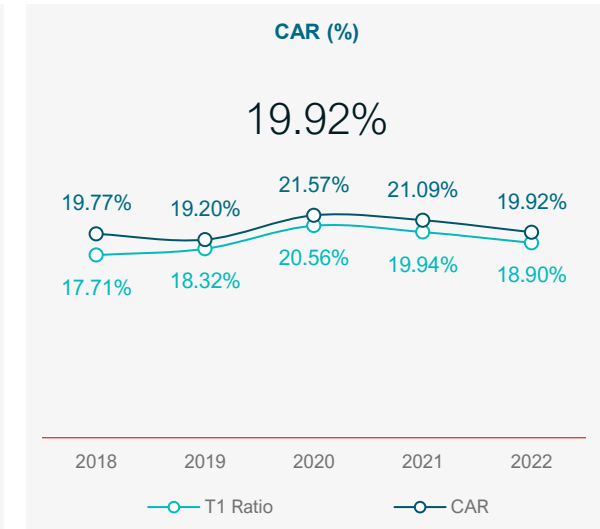
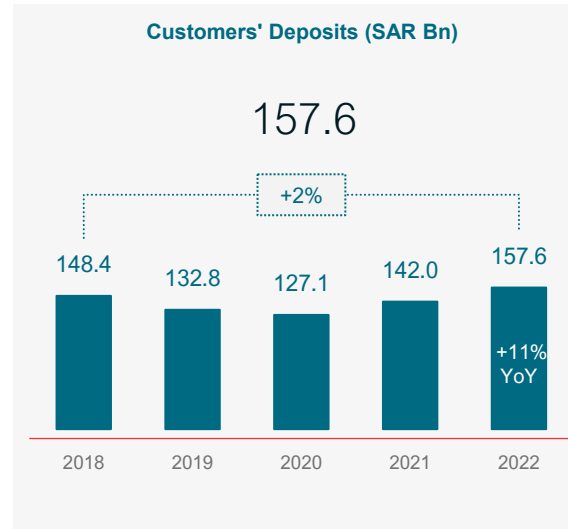
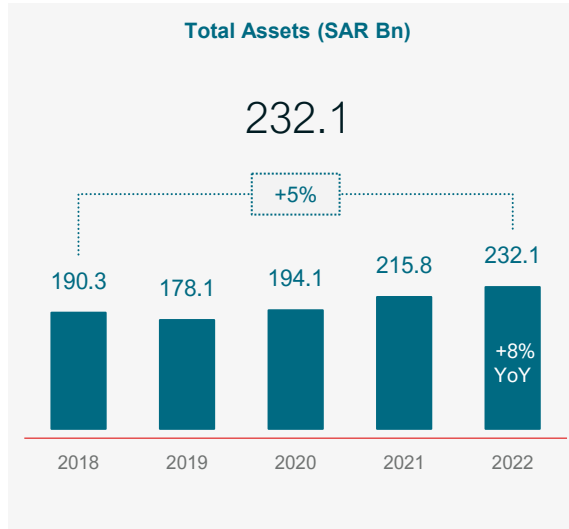
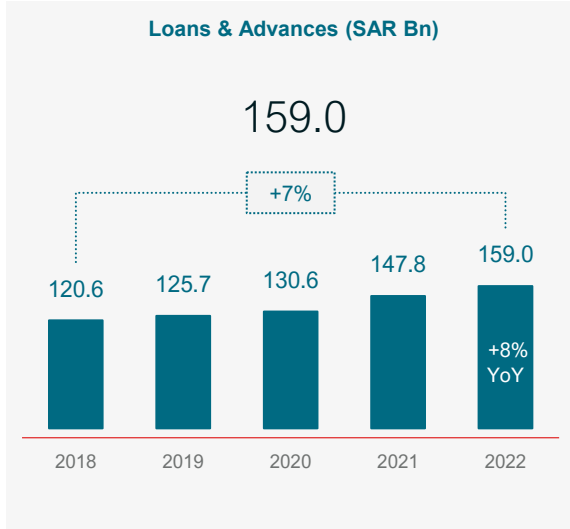




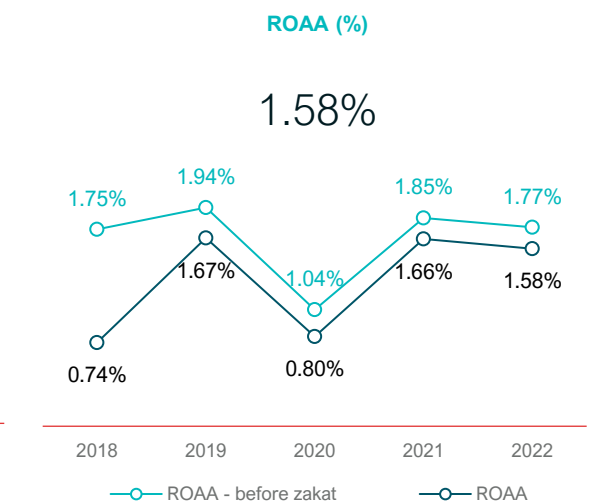
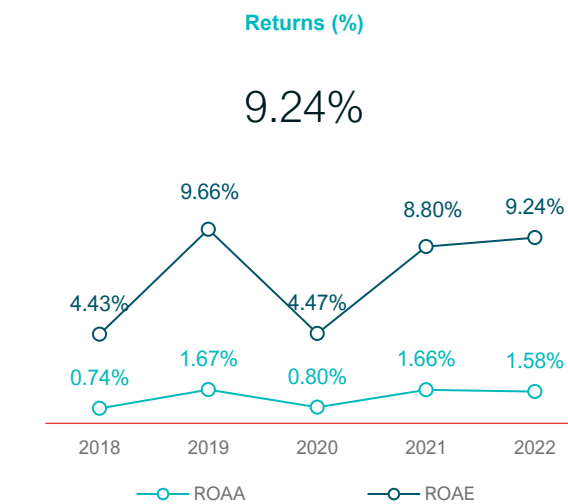
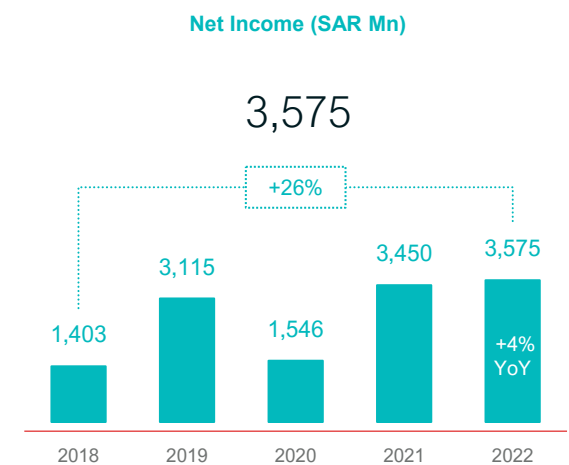
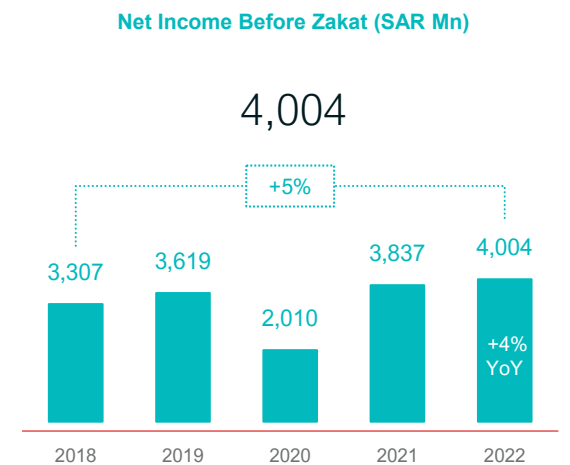
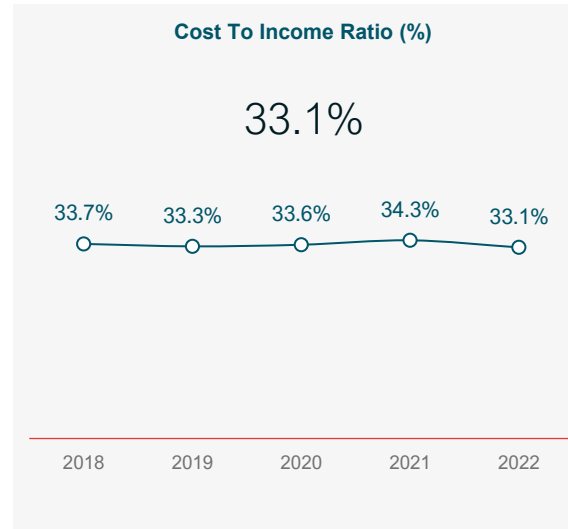
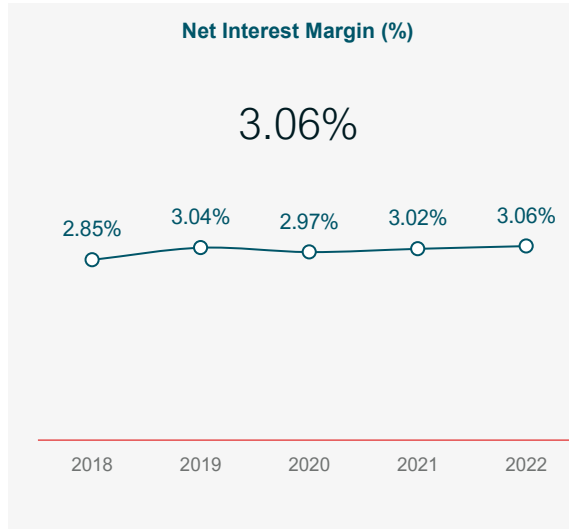
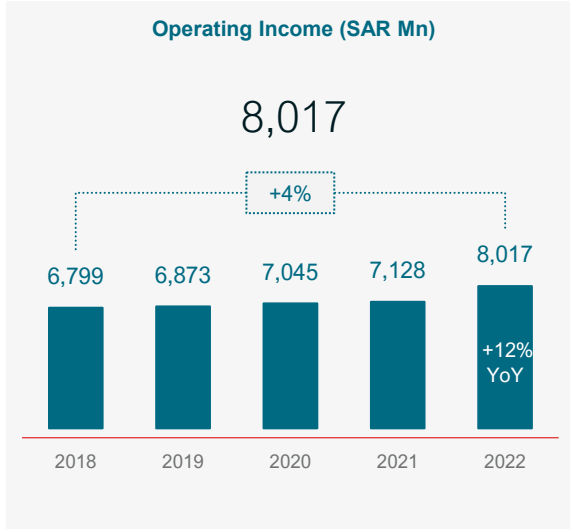
INVESTOR PRESENTATION 3Q 2023

Performance Track Record

Balance Sheet Metrics



Income Statement Metrics





INVESTOR PRESENTATION 3Q 2023

Appendix

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

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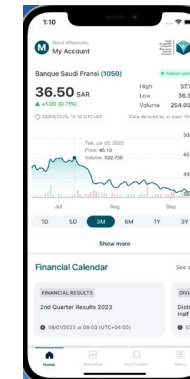
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