



Banque Saudi Fransi

Investor Presentation

4Q 2023



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INVESTOR PRESENTATION 4Q 2023

BSF Profile


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 253.4bn and market capitalization of SAR 48.2bn**
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 10.3% 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
19.5% total capital adequacy ratio which is comfortably above regulatory minimum
- 4




Robust funding and liquidity profile

Attractive funding base with customers’ deposits representing 81% of total liabilities – **Non-interest-bearing deposits constitute 47.1% of the total deposits**
SAMA loans to deposits ratio (“SAMA LTD”) at 84% below regulatory levels - **Strong LCR and NSFR of 196% and 117%** 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

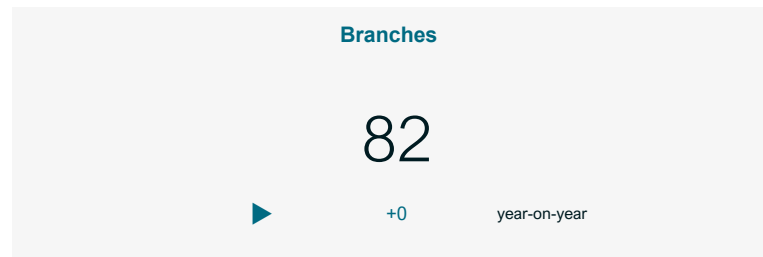


Experienced management

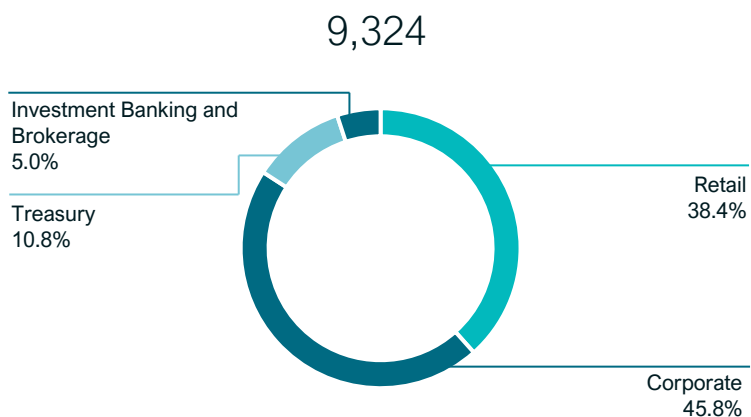
Best-in-class Executive Management Team
Considerable and diverse experience in the banking industry and strong skills in operating financial institutions in the local, regional and international markets

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.

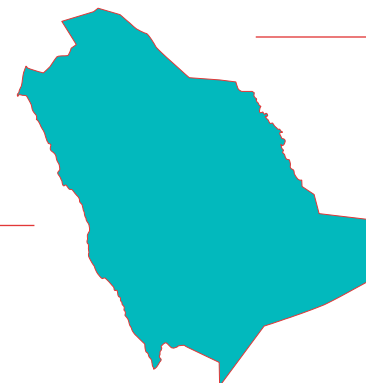


FY 23 Operating Income Diversity (SAR Mn)



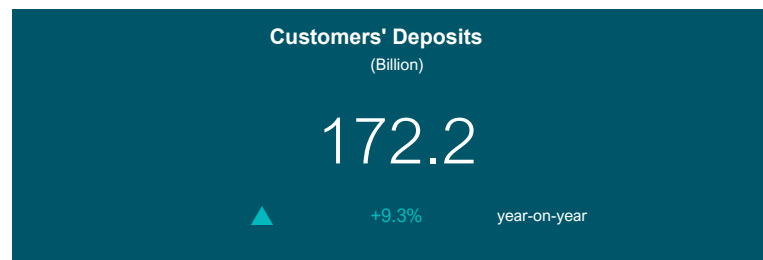
Headquartered in Riyadh:
82 branches across the Kingdom
Domestically systemic bank

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

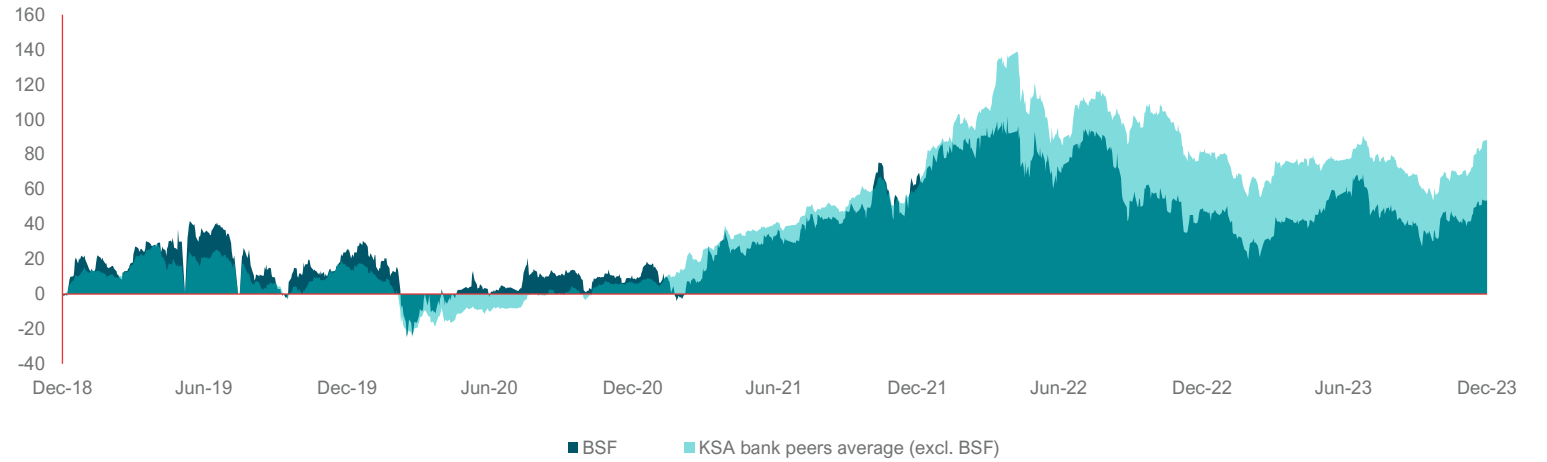
Joint ventures in KSA:
Insurance with Allianz



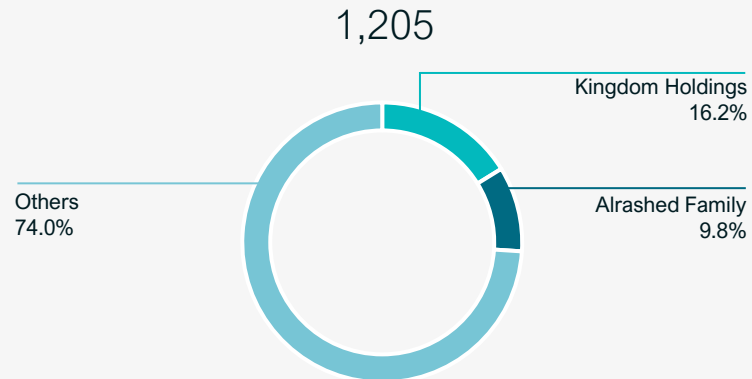
Solid market parameters and credit ratings

Share Parameters	31 Dec 2023
Closing price (SAR)	40.00
52 weeks range (SAR)	32.5 - 45.7
Shares issued (million)	1,205
Market capitalization (SARbn)	48.21
Market capitalization to KSA bank sector	4.91%
Market cap to KSA stock market	0.43%
Price to tangible book value	1.33x
Price to earnings (FY 2023)	12.0x
Dividend yield (FY 2023)	4.9%

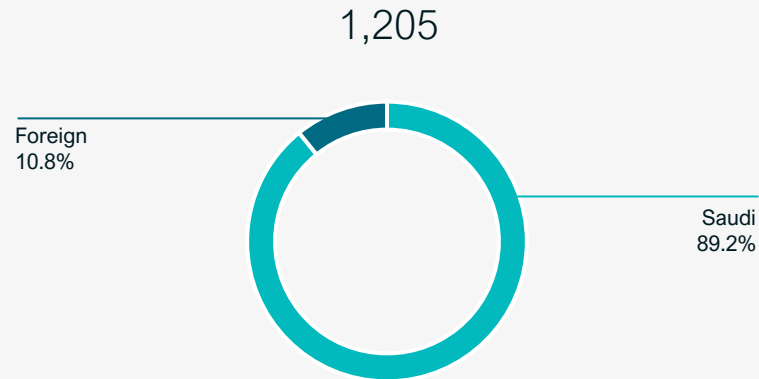
Total Shareholder Return (TSR)



Shareholder Composition* (Mn)



Foreign Ownership (Mn)



Standard & Poor's

A-
Stable outlook

Moody's
A2
Positive 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



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



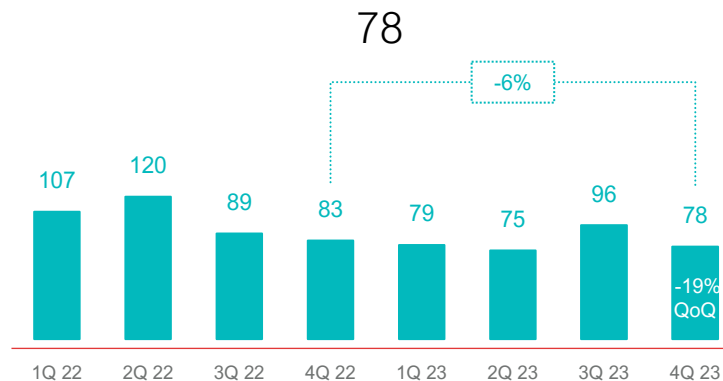
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Operating Environment

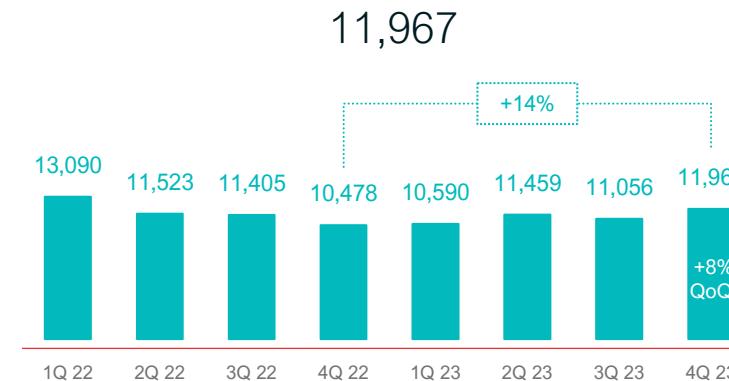
The macro-economic environment is characterized by rising rates, supportive domestic activity, volatile oil and moderating stock prices

- Oil prices rose to USD 120/bl in 2Q 2022, following Ukraine-Russia disruption, but declined to USD 78/bl by 4Q 2023.
- Interbank rates increased in 2022 and FY 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 14% YoY, while the Banks index rose 6% YoY, both following a declining to stable trend before benefiting from a rally in 4Q 2023.

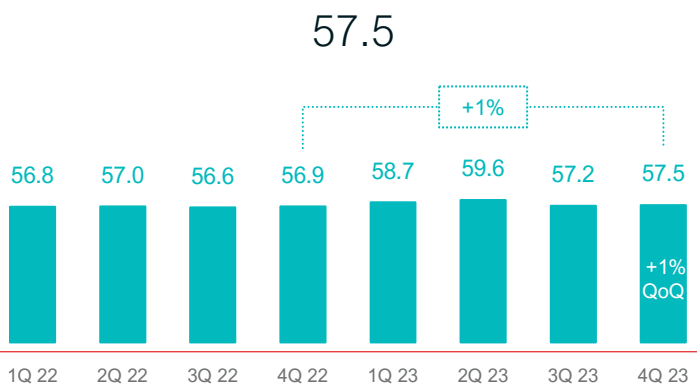
Brent Oil Price / Barrel (USD)



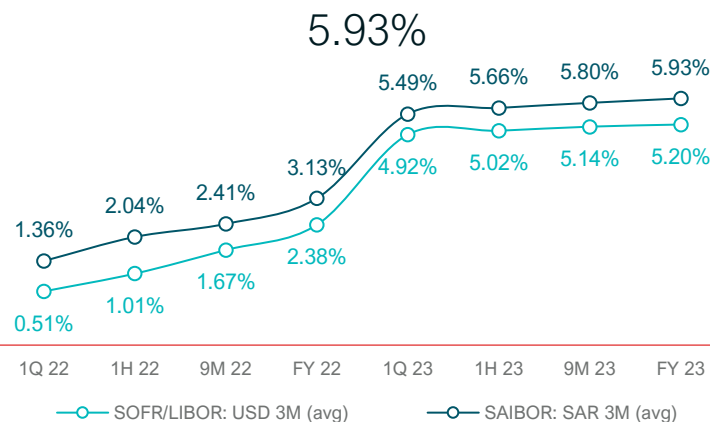
Tadawul Index



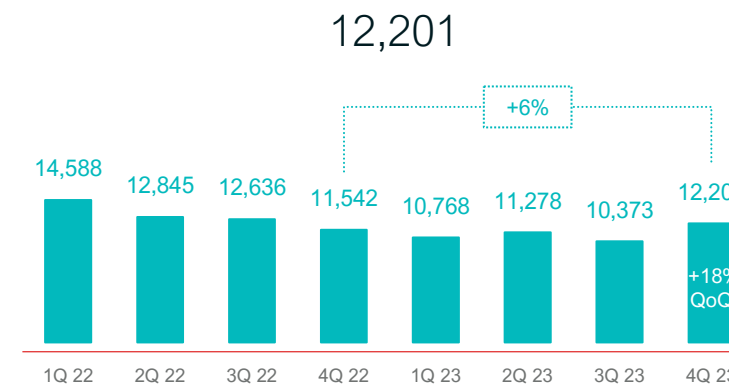
KSA PMI (non-oil private sector)



SAIBOR Trend (%)

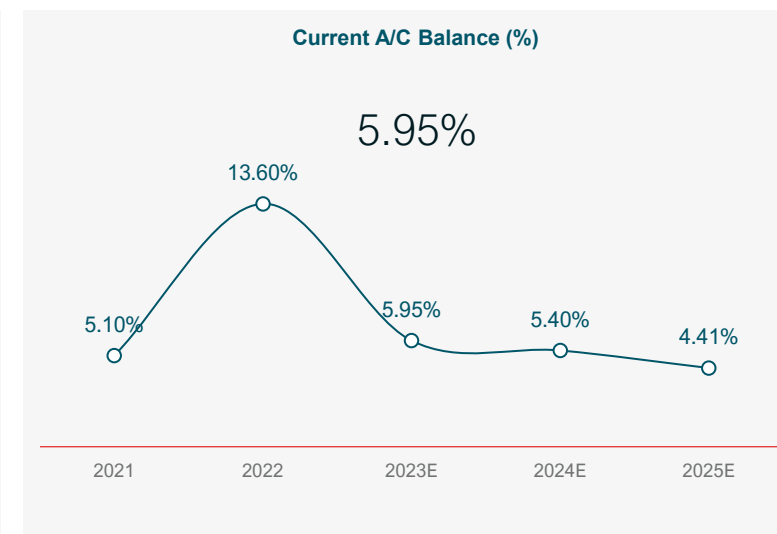
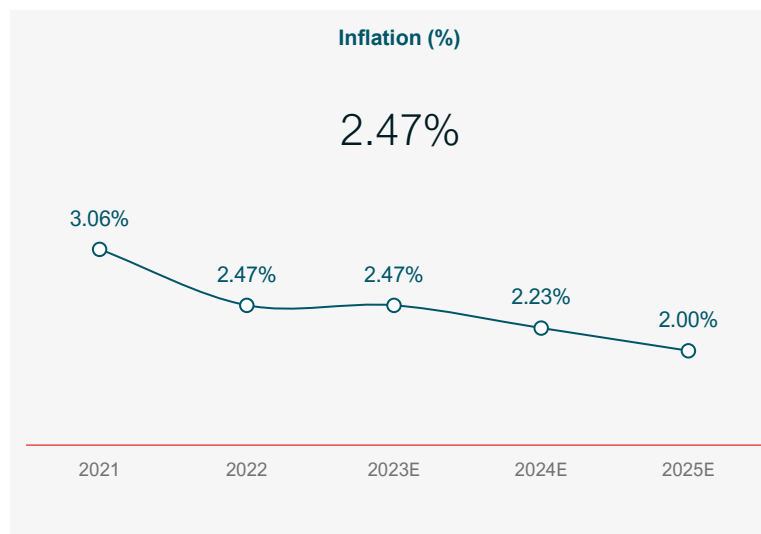
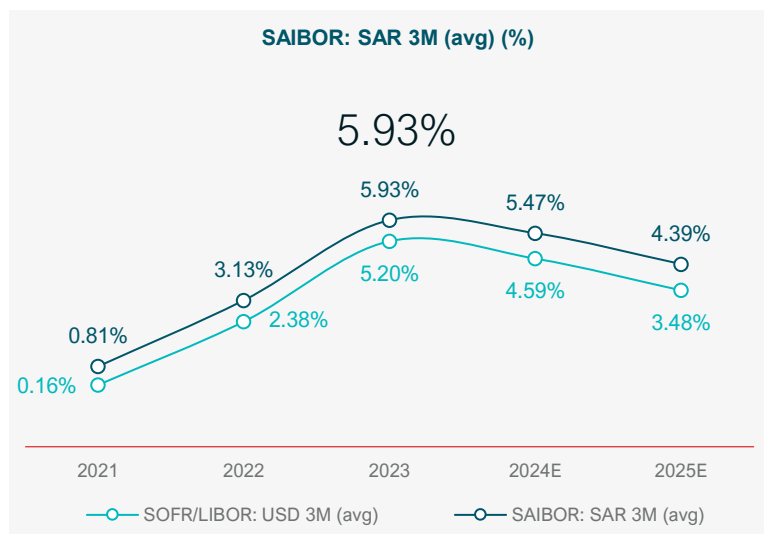
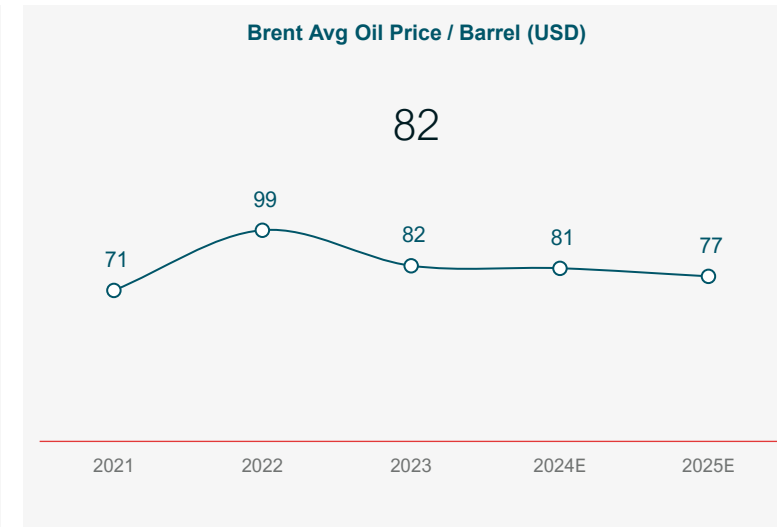
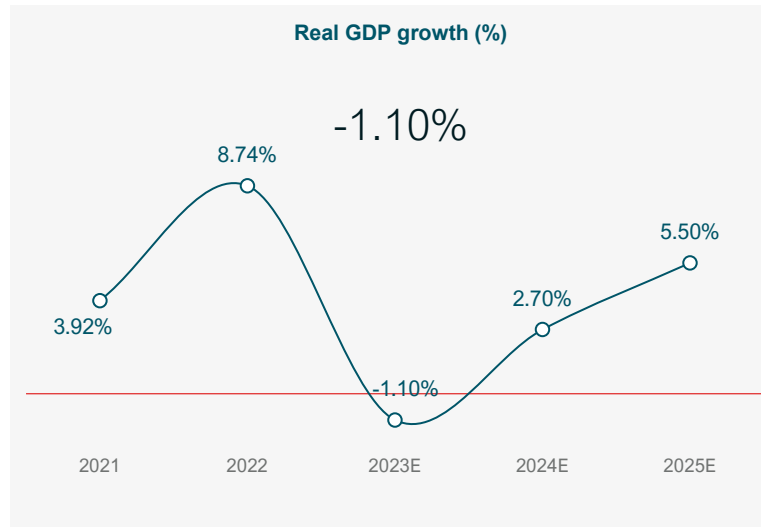


Tadawul Banks Index

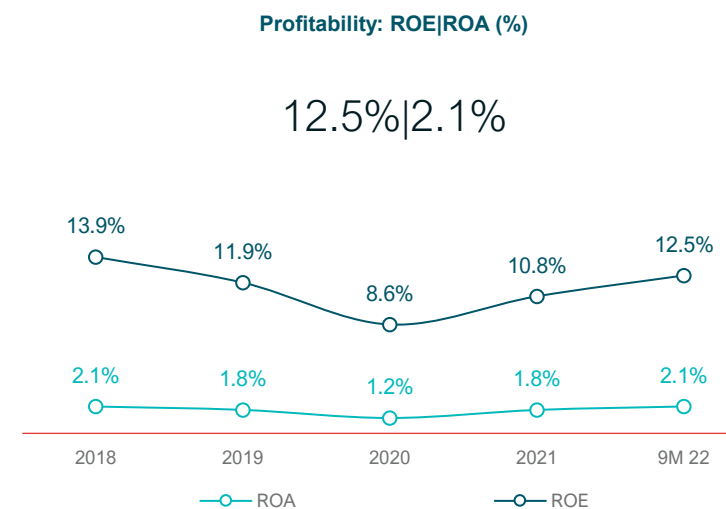
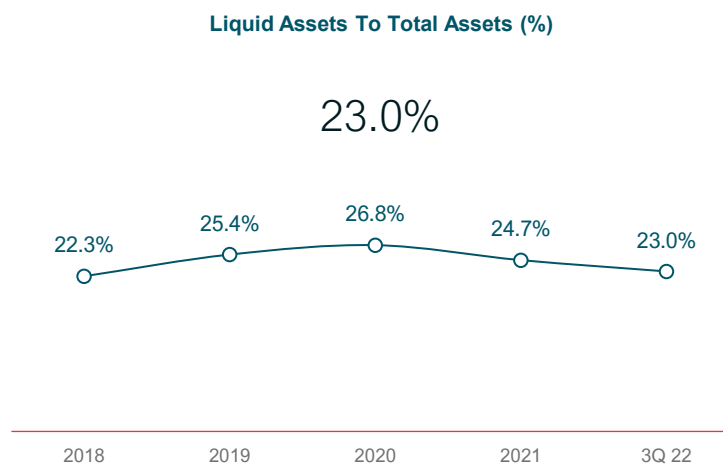
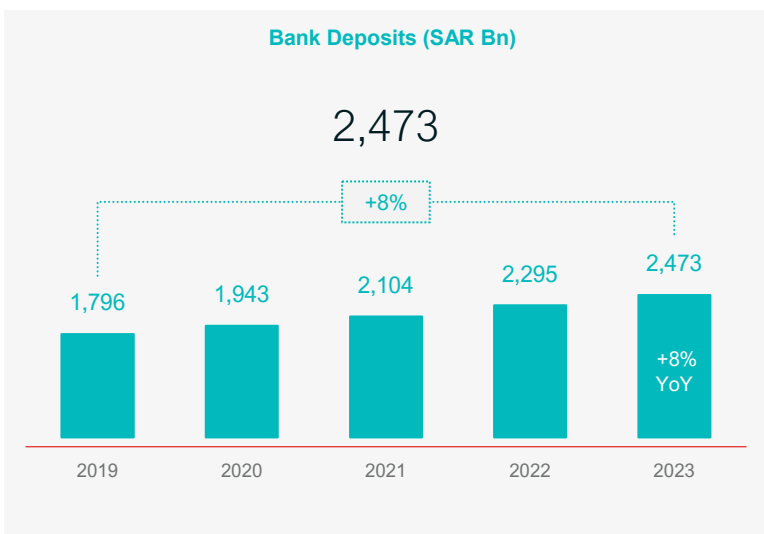
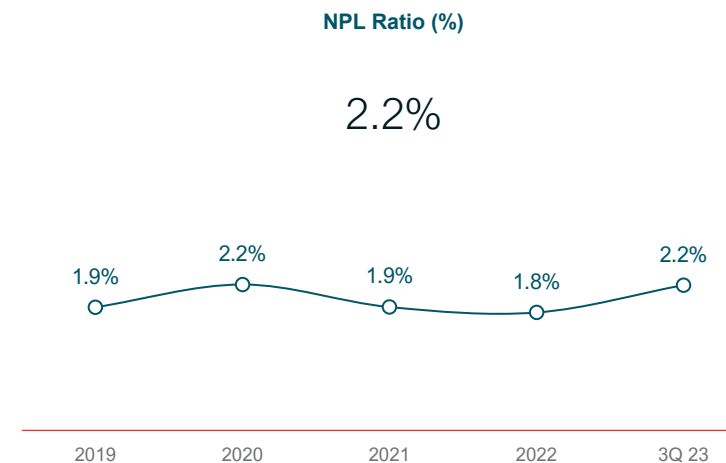
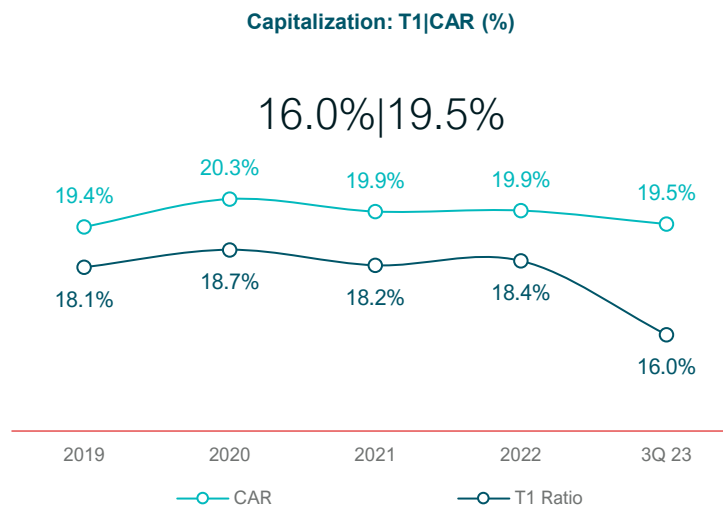
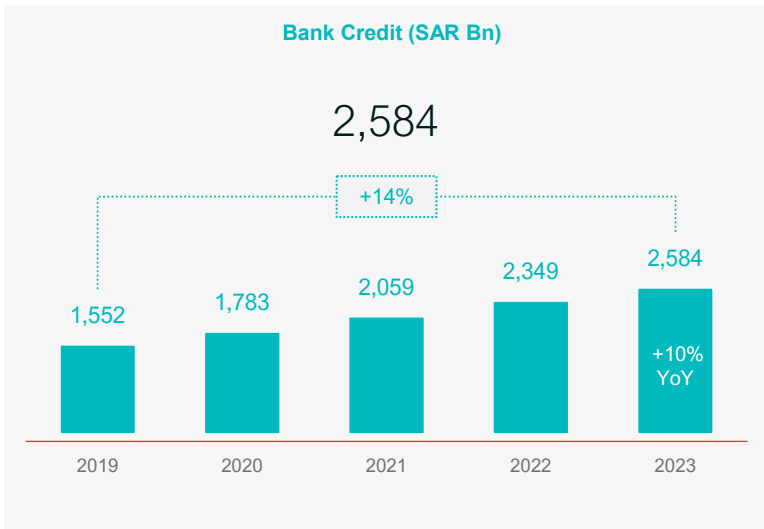


Saudi Arabia's real GDP growth is estimated at -1.1% in 2023 due to lower oil production

- Real GDP for Saudi Arabia is expected decline by -1.1% in 2023 following 8.7% growth in 2022 due to lower oil production.
- Interest rates rises are expected to remain stable during 1H 2024 with rate cuts of up to 100bps expected in 2H 2024; average 3M SAIBOR at 5.93% in 2023 and forecast at 5.47% in 2024 compared with 3.13% in 2022.



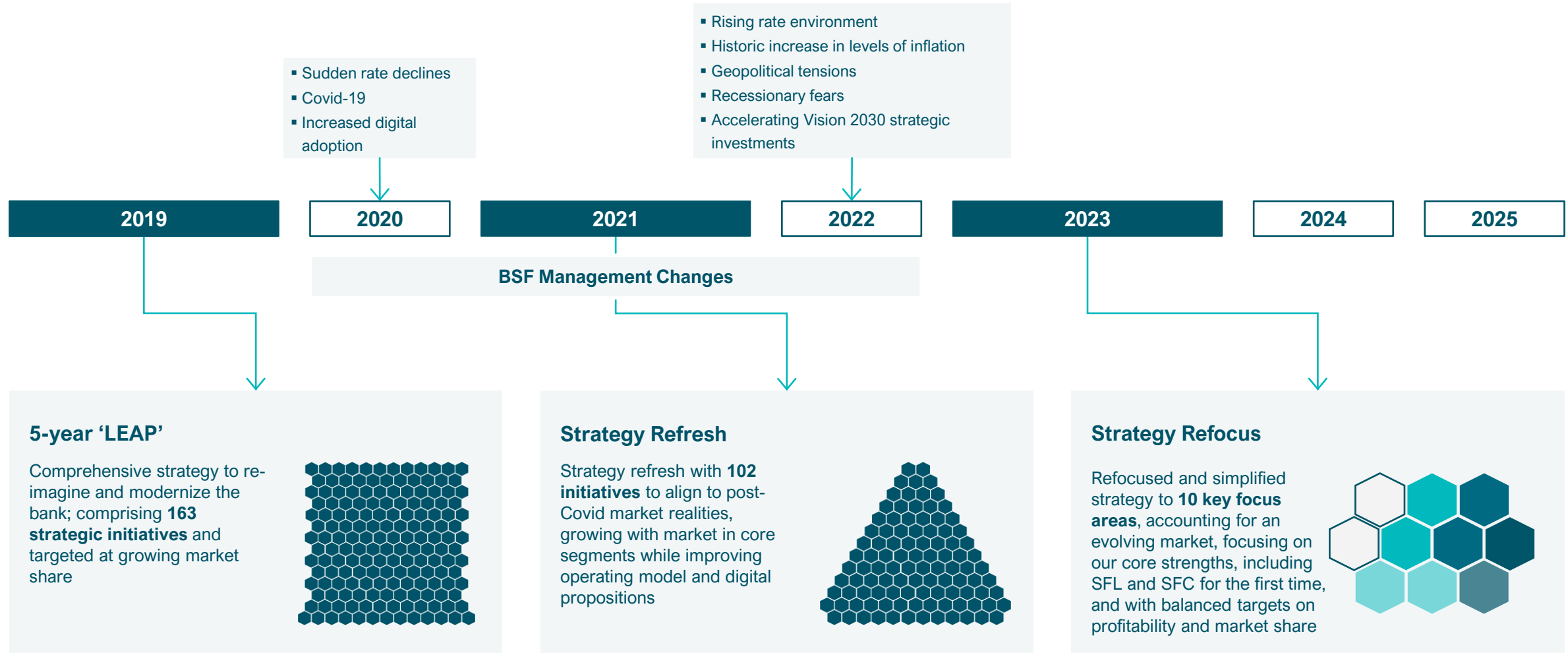
The Saudi banking sector is well positioned for both resiliency and growth



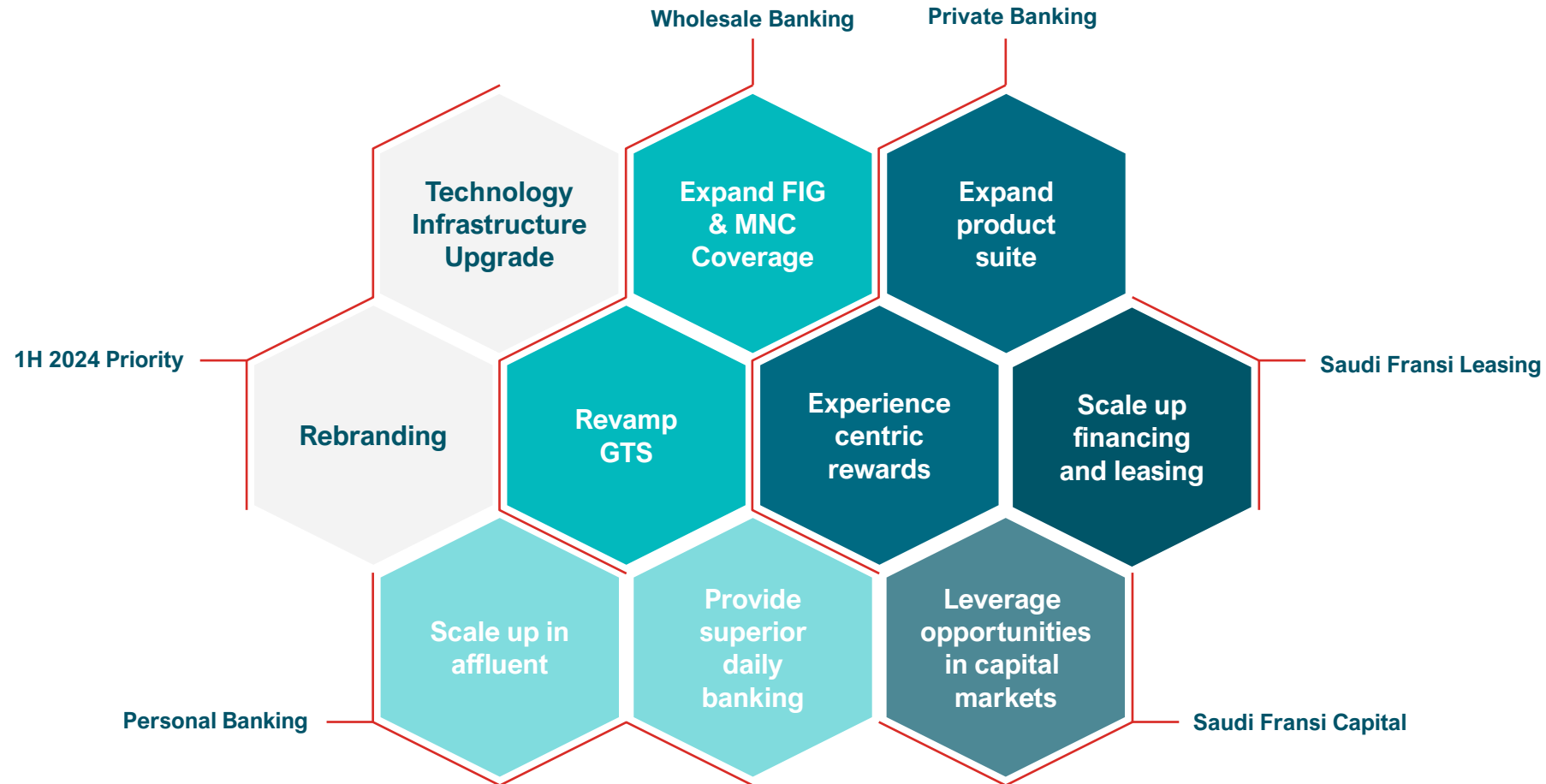
INVESTOR PRESENTATION 4Q 2023

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)

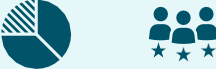








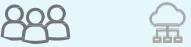
Strategic Pillars

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

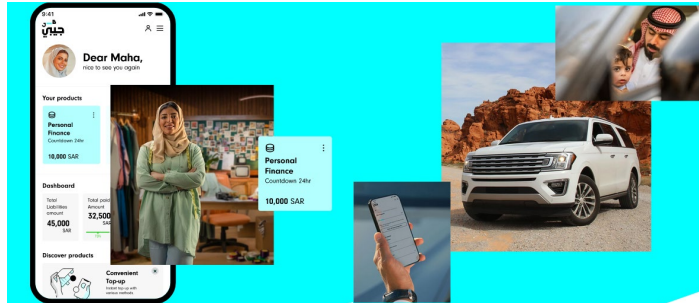
	Wholesale Banking	Personal Banking	Private Banking	JB	جيبان	Saudi Fransi Capital
Strategic Goals	Solidify market position	Leverage segmentation and synergies	Reinforce market leadership	Expand in new market segments	Seize existing opportunities and grow	
Focused Initiatives	GTS revamp Expand FIG&MNC 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	
Q4: 62% Q3: 56%	76%	40%	84%	83%	42%	
Progress Summary	Good advancements in the implementation of strategic initiatives	Gradual progress in affluent segmentation model & value strategy implementation	Positive developments made in broadening the product suit and enhancing clients' experience	Steady improvement in personal financing digitization, digital IT capabilities and JB repositioning	Modest progress in the execution which was affected by complexities of the initiatives	
Key Highlights	<ul style="list-style-type: none"> ▷ Activated GTS operating model ▷ Executed groundbreaking Trade Finance transaction that improves cash flow and reduces risks ▷ Kickstarted MNC efforts ▷ Established VRPs unit ▷ Expanded FI & govt. lending 	<ul style="list-style-type: none"> ▷ Successful pilot in upper affluent segment ▷ Launched Omnichannel staff pilot (digital solution) ▷ Kickstarted Wholesale partnership with Personal Banking, boosting cross-sell and relationship 	<ul style="list-style-type: none"> ▷ Closed key investment offerings with Saudi Fransi Capital ▷ Secured major deals under private banking finance program ▷ Introduced new products ▷ Executed VIP experience events 	<ul style="list-style-type: none"> ▷ Completed strategy refinement ▷ Introduced JB's new digital personal loan offerings ▷ Improved Brand recognition through successful marketing campaigns ▷ Expanded JB's reach by initiating cross-selling across BSF branches 	<ul style="list-style-type: none"> ▷ Finalized SFC's wealth management roll-out strategy ▷ Launched many of the transformation initiatives ▷ Established market presence with bespoke Real Estate Advisory 	

In 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 4Q 2023.



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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	 Rebranding
Description	<p>New corporate platform supporting trade & supply chain services, and expanded liquidity and cash management solutions and services</p>	<p>New high performance retail platform providing robust digital banking service and enhanced customer experiences and journeys</p>	<p>Bank-wide core banking system to enable best-in-class customer experience with leading operational efficiency</p>	<p>Recreating BSF brand identity to differentiate the bank, enhance our connection with clients and improve our market position</p>
Key Highlights	<ul style="list-style-type: none"> ▷ Completed Phase I design and development ▷ On going system testing for Phase I ▷ Enhanced BSF specific client experience changes 	<ul style="list-style-type: none"> ▷ Advanced development and design of features required for public launch ▷ Conducted several rounds of migration testing and CBS regression testing ▷ Initiated communication and marketing planning ▷ Piloted Employee App 	<ul style="list-style-type: none"> ▷ Completed User Acceptance Testing for Phase II ▷ Rolled out Technical Friends & Family pilot (200+ participants) ▷ Ongoing bank-wide change management activities 	<ul style="list-style-type: none"> ▷ New brand is Go-live ready for top priority digital streams, and branches including subsidiaries – BSF Capital ▷ New Card designs implemented
2023 Progress	<ul style="list-style-type: none"> ▷ Phase I Back End: Testing in progress ▷ Received regulator approval for Phase I implementation ▷ Phase II Front end: finalized business requirements 	<ul style="list-style-type: none"> ▷ Onboarded staff for Omni pilot ▷ Released many features in staff pilot ▷ Implemented majority of Counter Fraud framework controls 	<ul style="list-style-type: none"> ▷ Implemented payments module for Phase II ▷ Completed development, testing, dress rehearsal and user training activities for Phase II ▷ Completed solution design for the Phase III (Corporate) 	<ul style="list-style-type: none"> ▷ Completed top priority physical collateral manufacturing ▷ Completed implementation for top priority digital channels ▷ Completed go-to-market strategic communication plan



INVESTOR PRESENTATION 4Q 2023

ESG Update

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



BSF's Recent ESG Highlights



Environmental

17.9% reduction for Scope 1 and 2 emissions

Capital Markets deal of the year Awards for Red Sea Development Co. Green Financing

17.2% Reduction in total water consumption



Social

Increase in female employee representation to 22.5%

SAR 3.8 million in local communities investments to support various key community initiatives

More than 91% of FTEs are Saudi nationals



Governance

Establishment of the ESG Governance Structure

Setting BSF's ESG Policy/ Framework

98%+ Meeting attendance rates for board of directors and all board committees

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

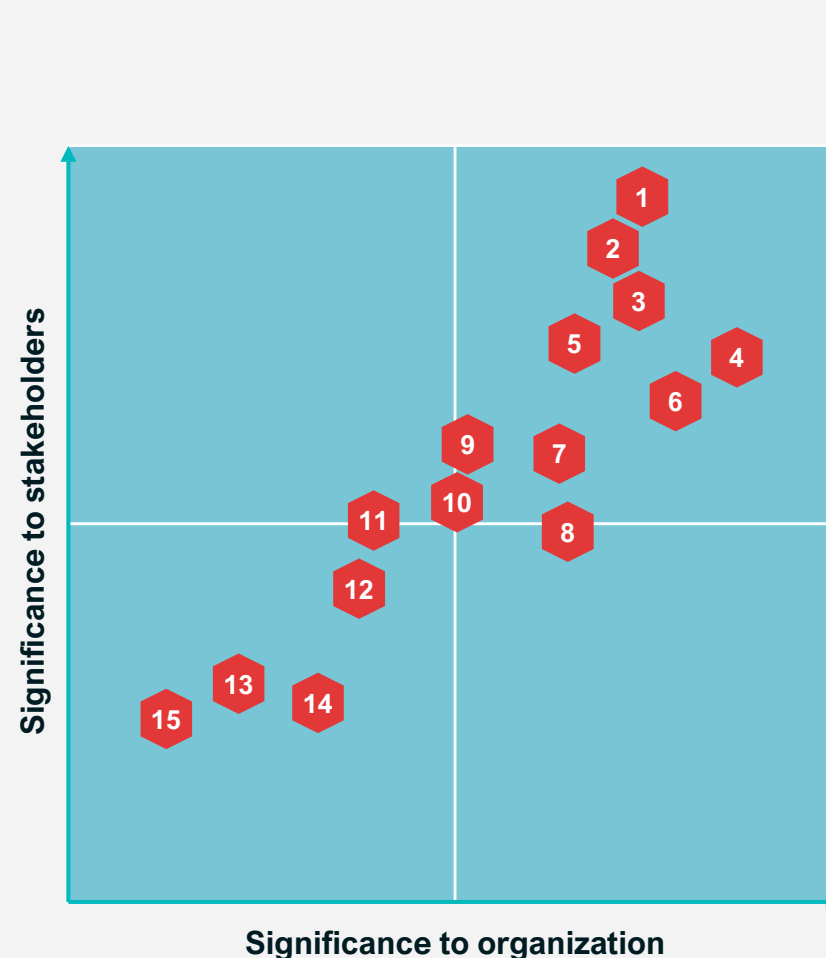
We have identified and prioritized 15 sustainability-related material issues that have a substantial impact on our strategic objectives and are deemed crucial by our stakeholders

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**



INVESTOR PRESENTATION 4Q 2023

Financial Performance

Improved profitability in FY 2023 from NIM expansion and balanced asset growth

BALANCE SHEET

- Healthy loan growth of 13% YoY driven by 14% commercial and 10% consumer lending growth.
- Deposit growth of 9% YoY, from IBDs (+49%) partly offset by NIBDs (-16%).

INCOME STATEMENT

- 16% top-line growth from 22% NII growth.
- NIM expansion of +46bps YoY to 3.53% on rising rates, but -12bps QoQ
- Net income grew 18% as income growth partly offset by increased impairments.

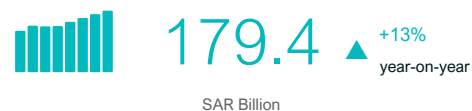
ASSET QUALITY

- Lower NPL ratio mainly from write-offs and improving coverage ratio.
- Increased COR from previous migration of isolated pockets in the commercial book and coverage enhancement.

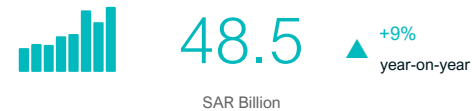
CAPITAL & LIQUIDITY

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

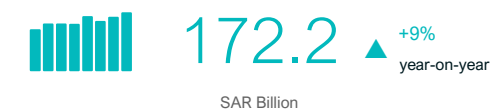
Loans & Advances



Investments



Customers' Deposits



Operating Income



NIM



Net Income



NPL Ratio



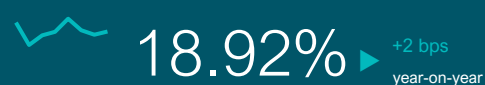
NPL Coverage Ratio



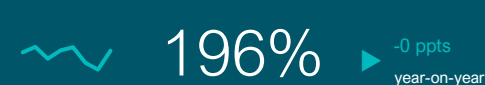
Cost of risk



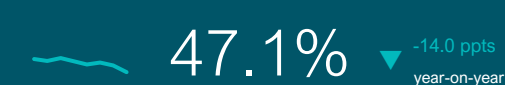
T1 Ratio



LCR



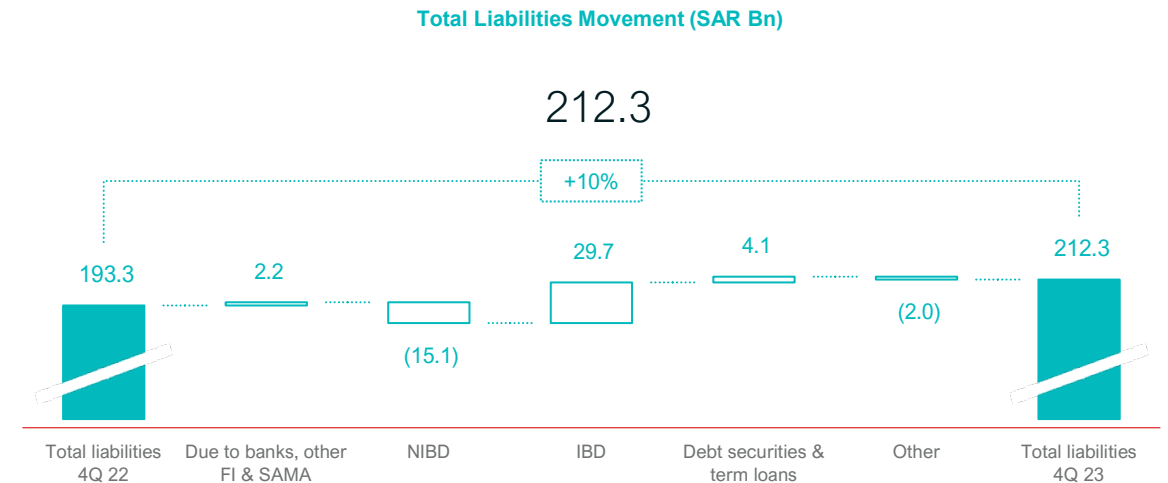
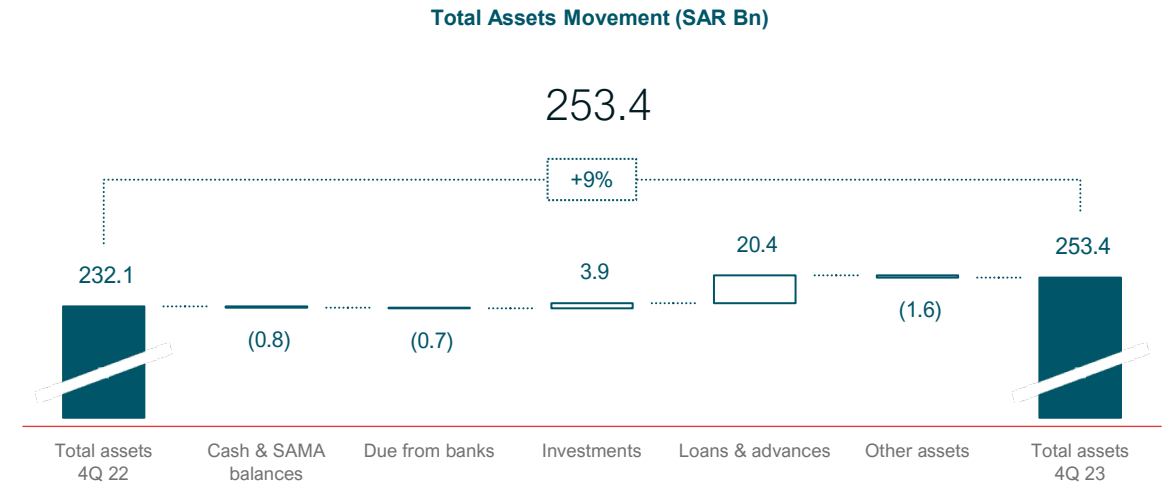
NIBD % of Total Deposits



Balance sheet growth driven by lending, funded by IBD growth

- Growth in total assets of 9% YoY, mainly driven by healthy 13% loan growth, further aided by a 9% increase in investments.
- Liabilities grew by 10% during FY 2023 from 9% deposit growth, a 91% rise in debt securities, and a 13% increase in interbank and SAMA borrowings.
- Total equity increased 6% YoY due to retained earnings generation, and positive other reserve movements.

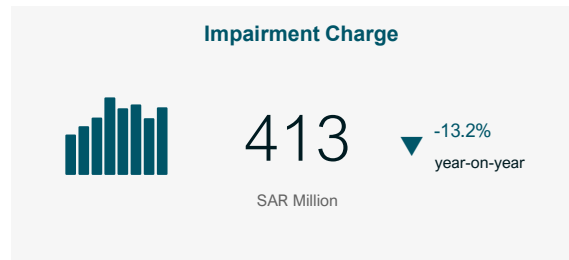
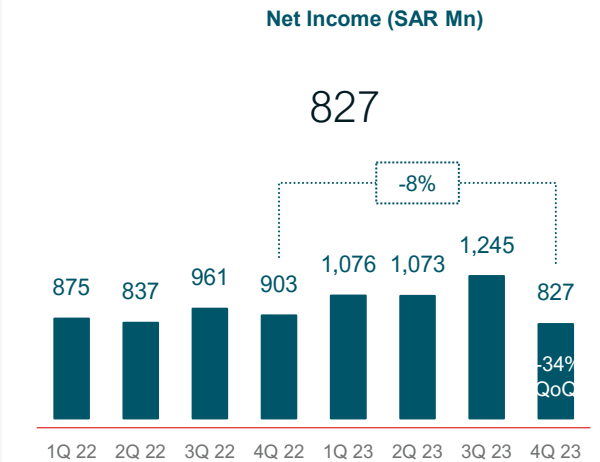
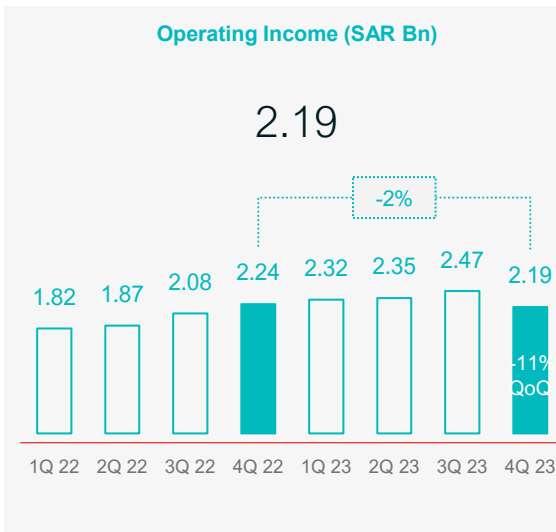
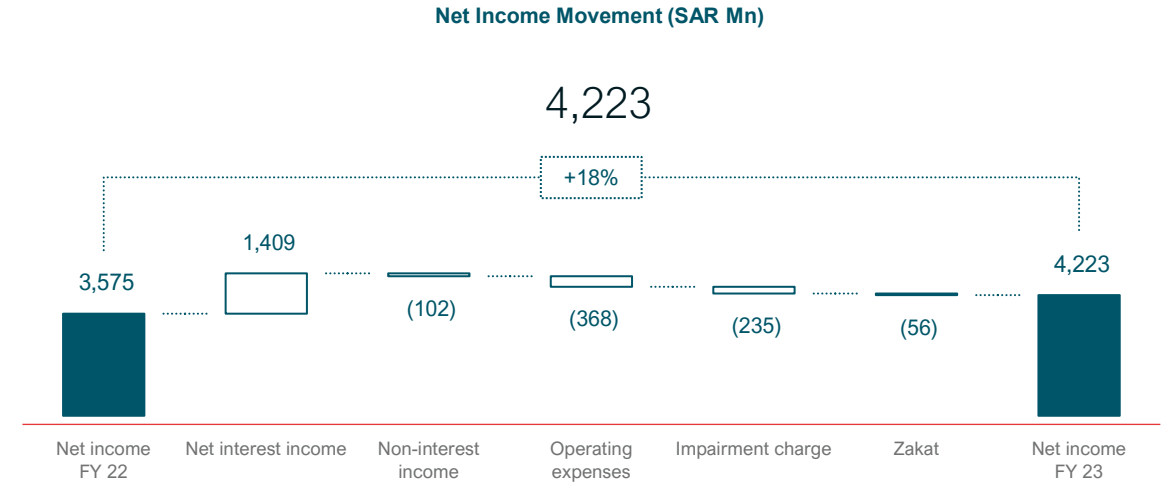
SAR (Mn)	4Q 2023	3Q 2023	Δ%	4Q 2022	Δ%
Cash & SAMA balances	10,559	10,483	+1%	11,326	-7%
Due from banks	4,113	5,127	-20%	4,795	-14%
Investments	48,467	46,390	+4%	44,518	+9%
Loans & advances	179,391	174,681	+3%	159,012	+13%
Other assets	10,852	13,182	-18%	12,428	-13%
Total assets	253,383	249,862	+1%	232,078	+9%
Due to banks & SAMA	18,945	20,540	-8%	16,770	+13%
Customers' deposits	172,209	166,367	+4%	157,592	+9%
Debt securities & term loans	8,634	8,175	+6%	4,515	+91%
Other liabilities	12,473	15,497	-20%	14,455	-14%
Total liabilities	212,262	210,580	+1%	193,333	+10%
Share capital	12,054	12,054	+0%	12,054	+0%
Retained earnings	11,368	11,855	-4%	9,768	+16%
Other reserves	12,699	10,375	+22%	11,924	+7%
Tier 1 Sukuk	5,000	5,000	+0%	5,000	+0%
Total equity	41,121	39,283	+5%	38,745	+6%



Net income grew 18% YoY from strong NII growth, but sequential decline of 34% from NIM impact of shifting deposit mix to IBDs

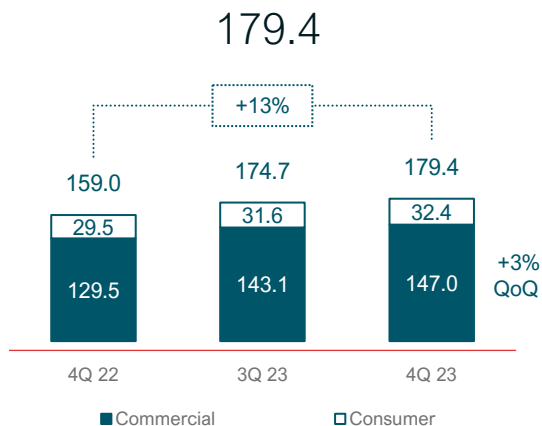
- Net income for FY 2023 grew 18% YoY to SAR 4,223mn from 16% growth in operating income, partly offset by 14% growth in operating expenses and a 17% rise in the impairment charge.
- Quarterly net income similarly declined 8% YoY and 34% QoQ to SAR 827mn from NIM impact of shifting deposit mix to IBDs.

SAR (Mn)	FY 2023	FY 2022	Δ%	4Q 2023	3Q 2023	Δ%
Net interest income	7,835	6,427	+22%	1,868	2,068	-10%
Non-interest income	1,489	1,591	-6%	323	400	-19%
Operating income	9,324	8,017	+16%	2,191	2,468	-11%
Operating expenses	(3,022)	(2,654)	+14%	(846)	(740)	+14%
Net operating income before impairments	6,302	5,364	+17%	1,345	1,728	-22%
Impairment charge	(1,594)	(1,360)	+17%	(413)	(345)	+20%
Net income before zakat	4,708	4,004	+18%	932	1,383	-33%
Zakat	(485)	(429)	+13%	(104)	(137)	-24%
Net income	4,223	3,575	+18%	827	1,245	-34%

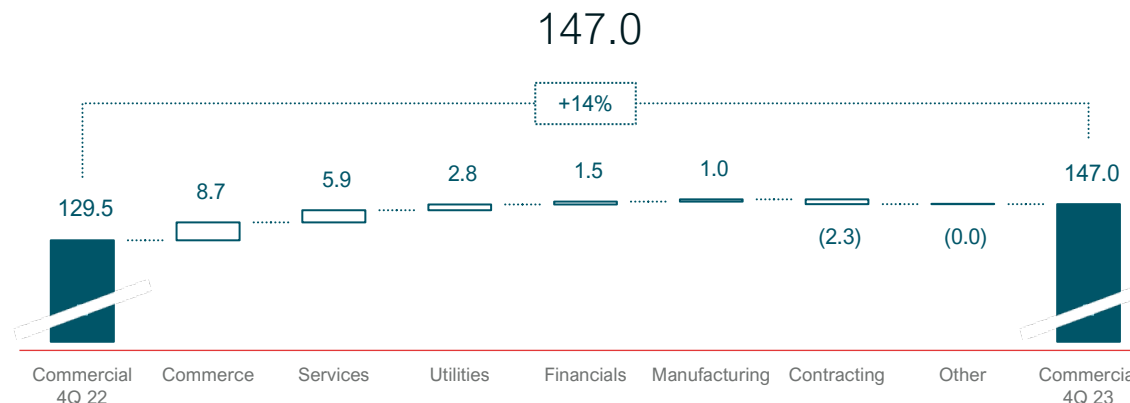


Healthy and balanced 13% loan growth during FY 2023

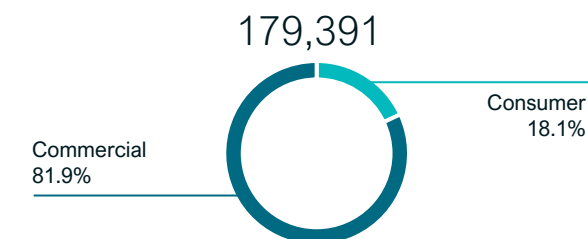
Total Loans & Advances (SAR Bn)



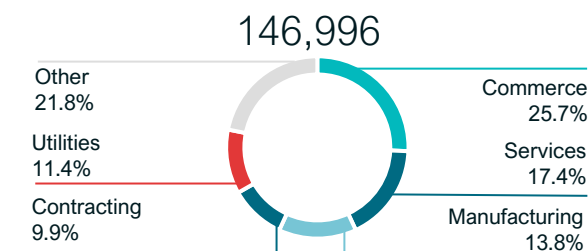
Commercial Loans Movement YoY (SAR Bn)



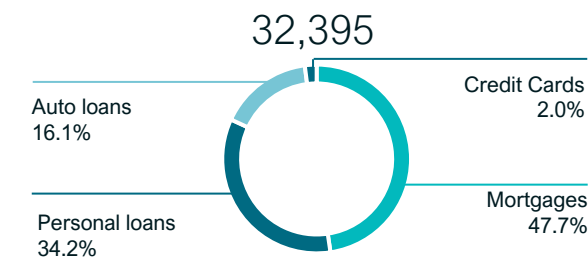
Loans & Advances Composition (SAR Mn)



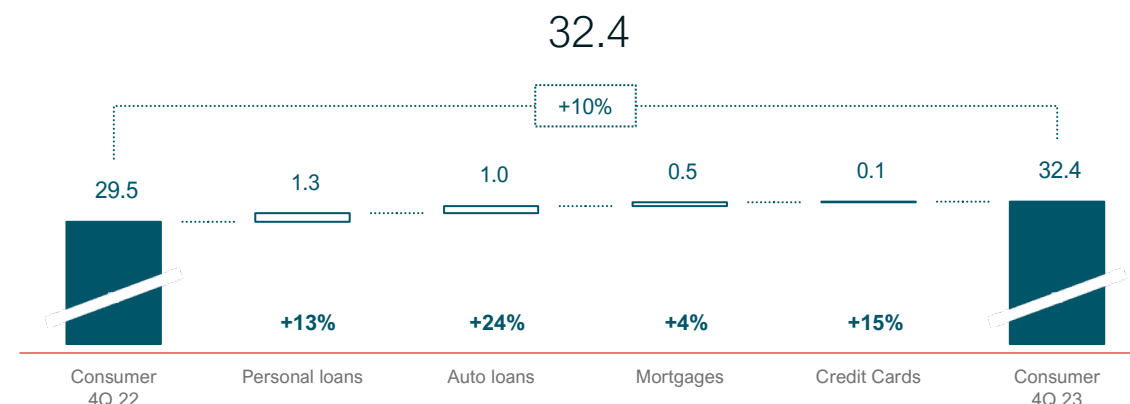
Commercial Loans Composition (SAR Mn)



Consumer Loans Composition (SAR Mn)



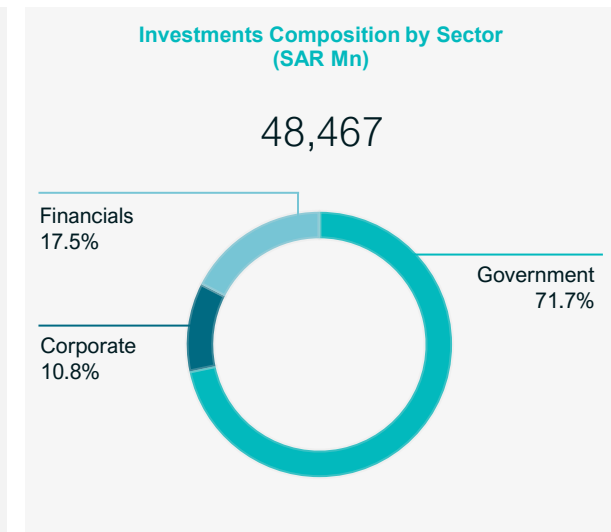
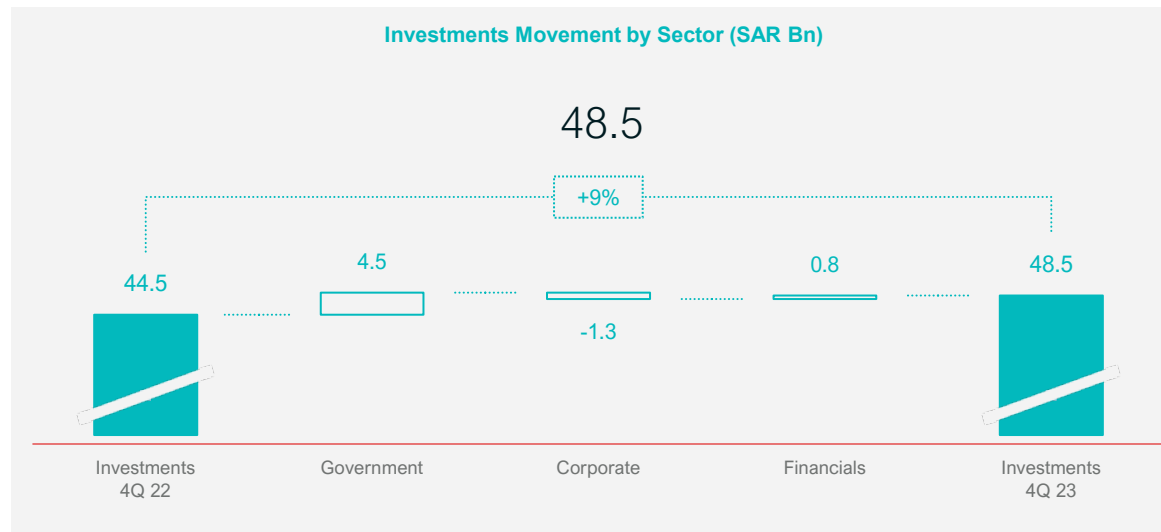
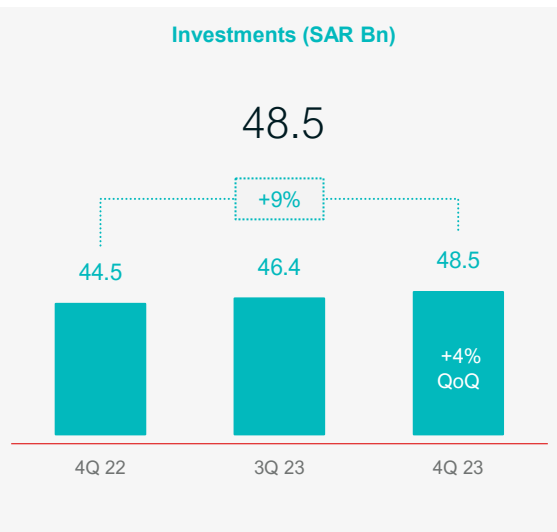
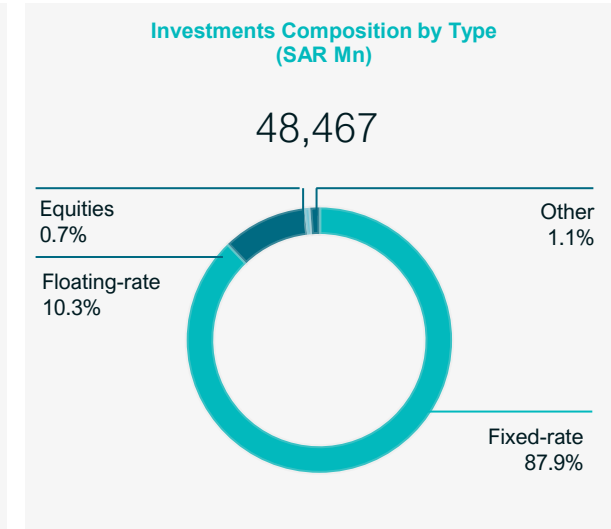
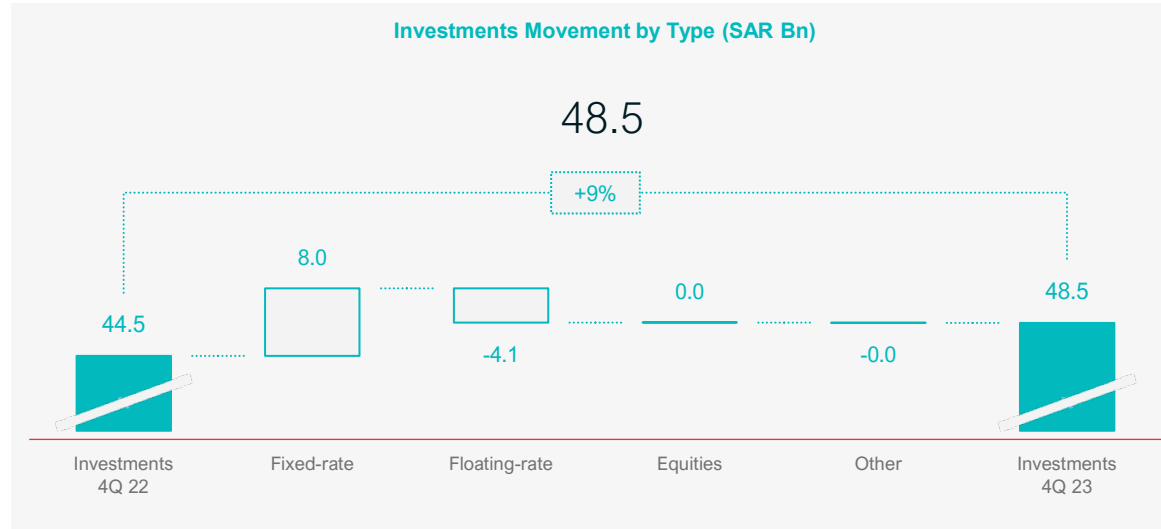
Consumer Loans Movement YoY (SAR Bn)



- Total loans & advances grew 13% during FY 2023 from both consumer and commercial lending growth.
- Commercial loans grew 14% during FY 2023, which was broad-based across sectors.
- Consumer loans grew 10% YoY mainly from growth in personal loans (+13%), auto loans (+24%), and mortgages (+4%).

9% Increase in the investment portfolio in FY 2023

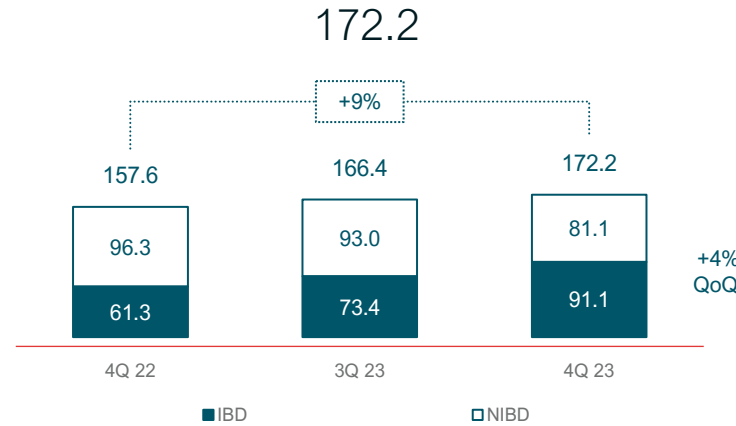
- Investments increased 9% YoY reflecting increased investment in longer-term fixed-rate Government securities, partly offset by reduction in floating-rate securities.
- The investment portfolio is of high quality with a significant portion being Saudi Government and investment grade.



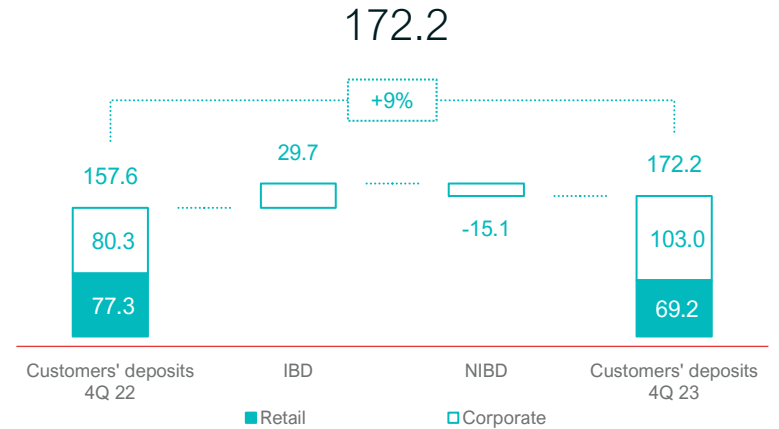
9% growth in deposits from increased IBDs partly offset by lower NIBDs

- Deposits grew 9% during FY 2023 from increased IBDs, partly offset by an expected decline in NIBDs
- IBD increased 49% YoY from 84% growth in Corporate, partly offset by a 6% decline in Retail mostly in Private Banking.
- NIBD's decreased 16% YoY due to declines in both Corporate (-20%) and Retail (-12%).
- As of 31 December 2023, 47.1% of deposits were non-interest bearing, the 14.0ppts YoY decline is reflective of the rising rate environment.

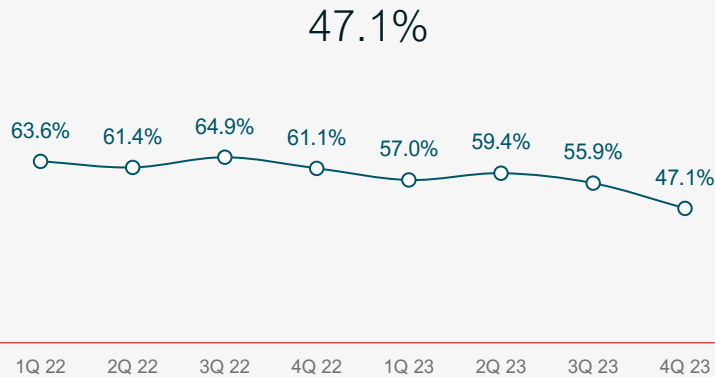
Customers' Deposits (SAR Bn)



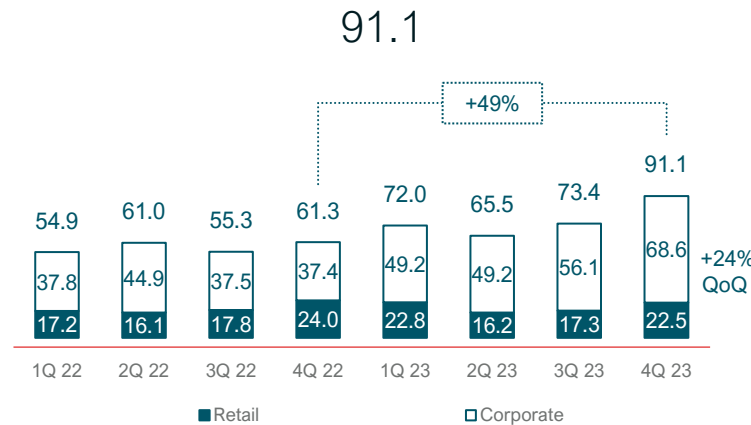
Customers' Deposits Movement (SAR Bn)



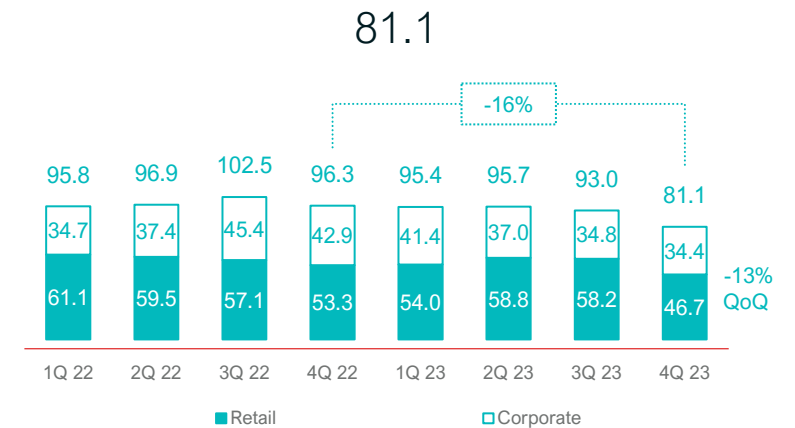
NIBD % of Total Deposits (%)



Interest Bearing Deposits (SAR Bn)

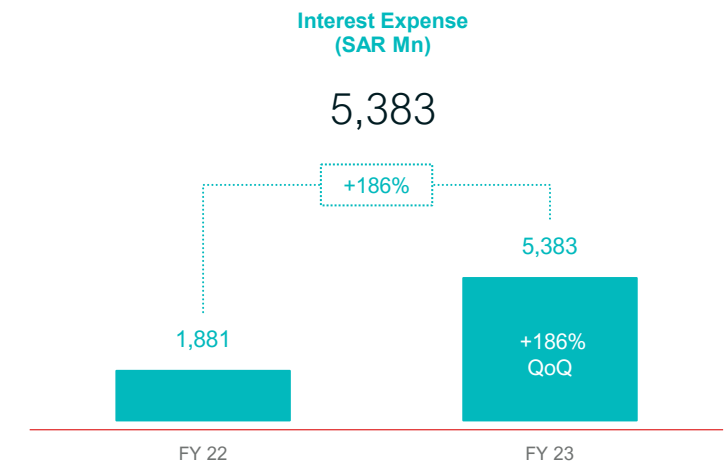
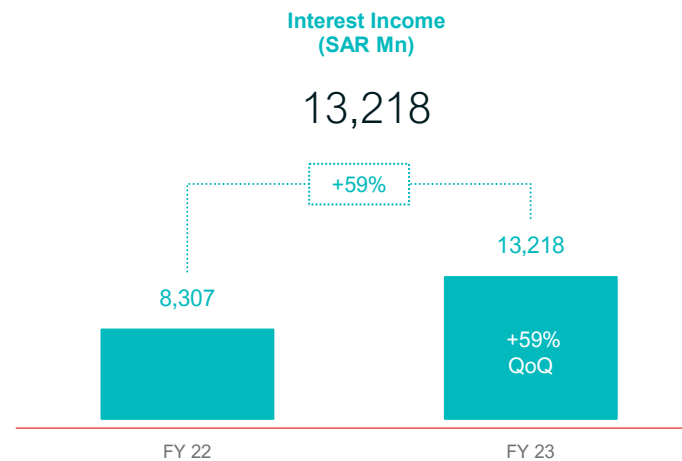
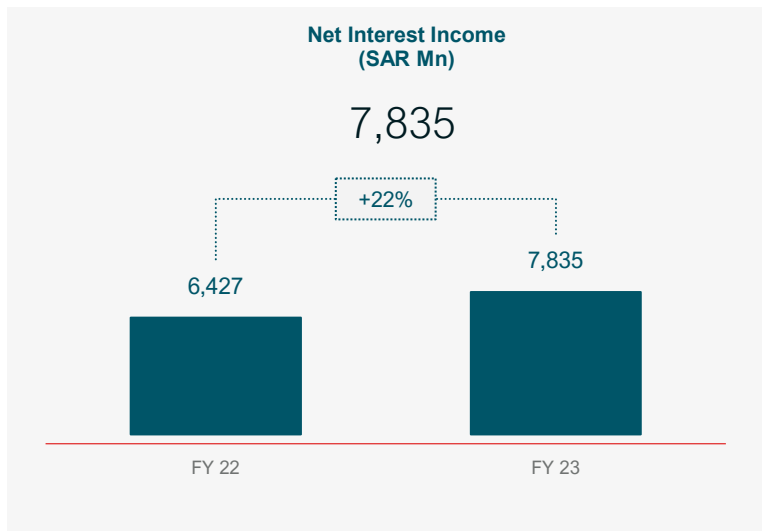
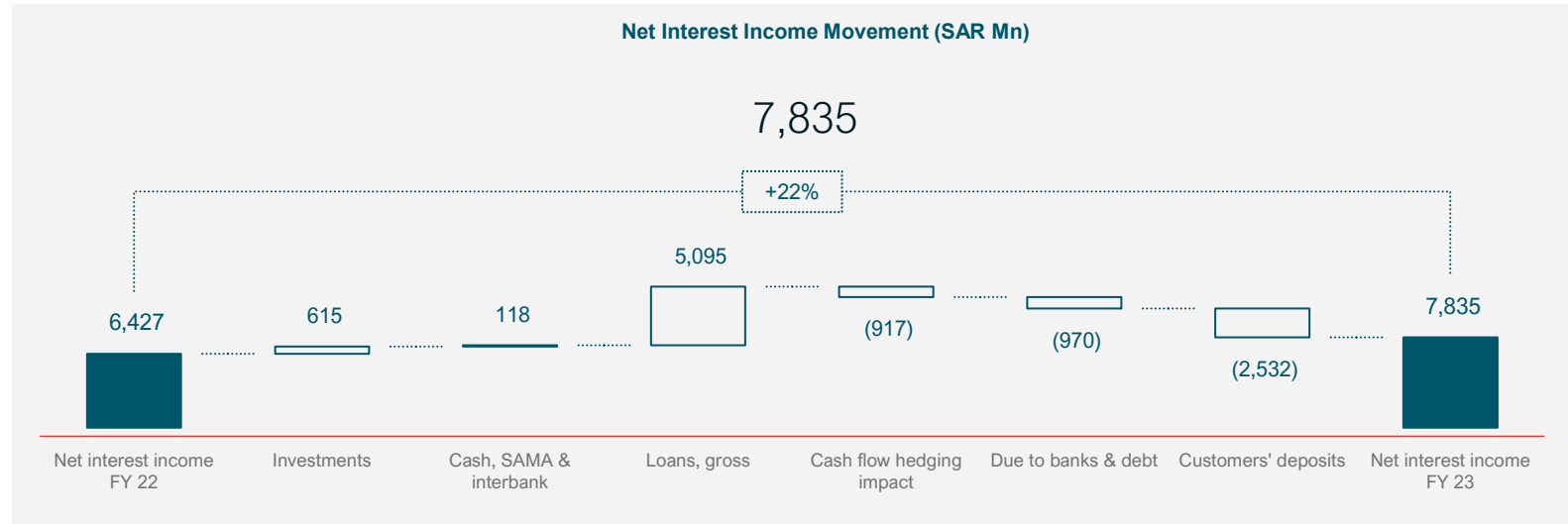


Non Interest Bearing Deposits (SAR Bn)



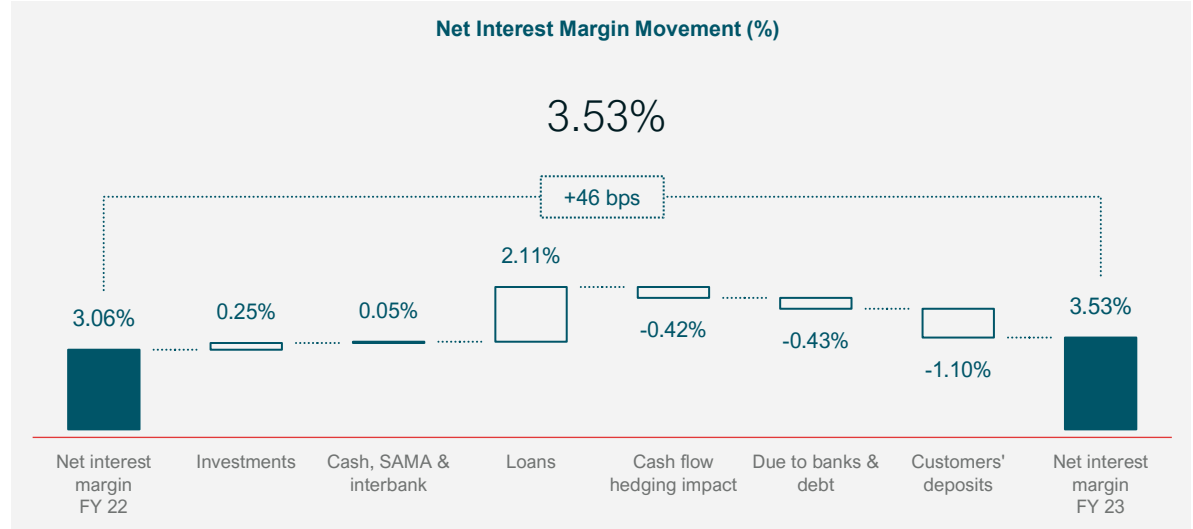
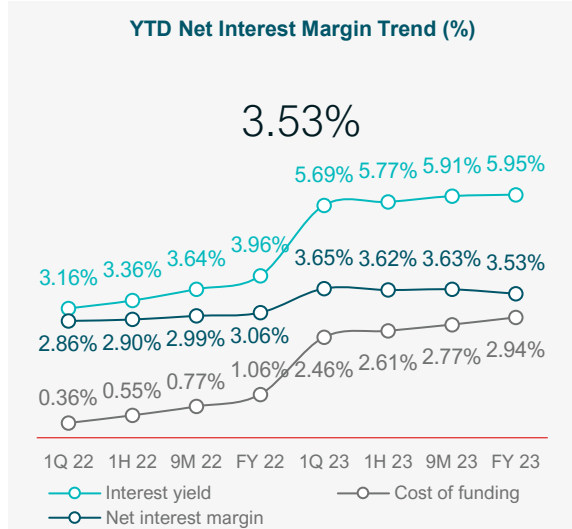
NII growth of 22% from margin expansion and earning assets growth

- NII for FY 2023 grew 22% YoY to SAR 7,835mn from margin expansion and 6% growth in (simple) average earning assets.
- Interest income rose 59% YoY to SAR 13,218mn in FY 2023, while funding costs rose 2.9x to SAR 5,383mn.

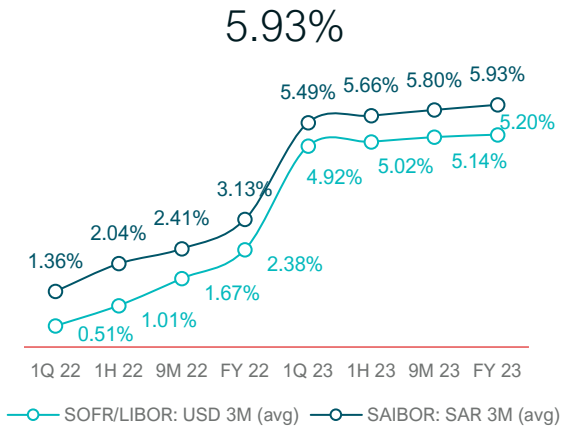


Improved loan yields from higher rate environment drive margin expansion

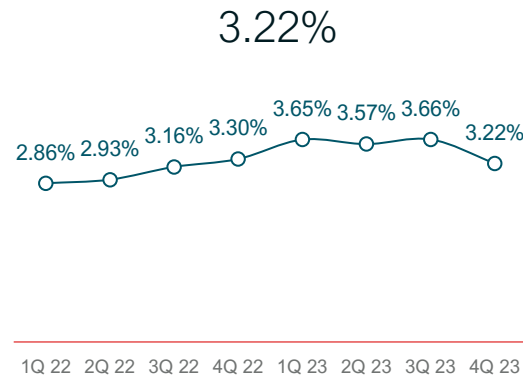
- The NIM increased 46bps YoY to 3.53% due to improved loan yields, partly offset by the higher funding costs and the hedging impact.
- The quarterly NIM declined 8bps YoY and 43bps QoQ to 3.22% due to the shift in deposit mix towards IBDs.
- Funding costs increased by 188bps YoY to 2.94% in FY 2023.



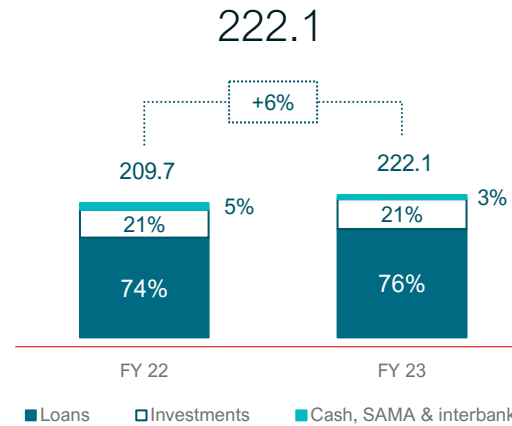
SAIBOR Trend (%)



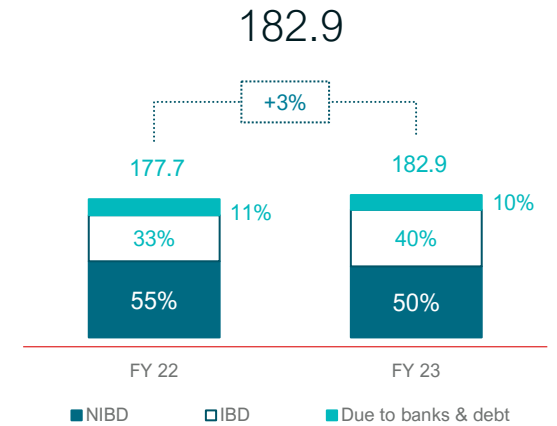
Quarterly Net Interest Margin Trend (%)



Average Interest Earning Assets (SAR Bn)

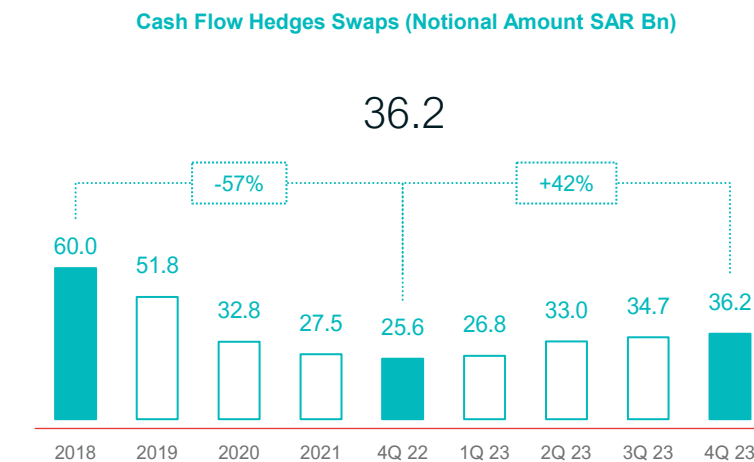
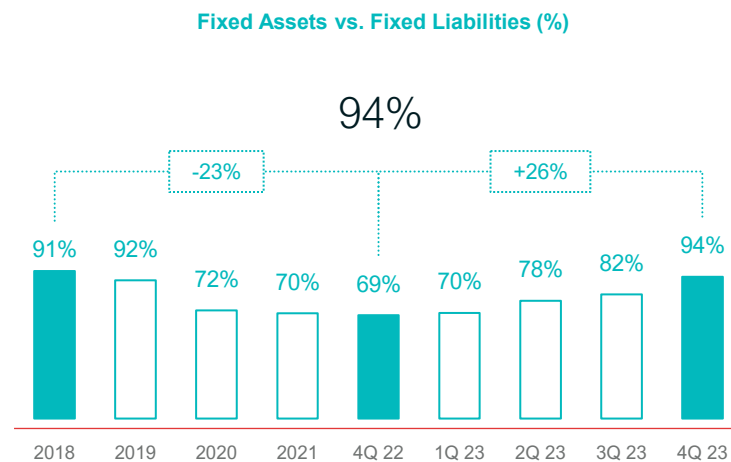
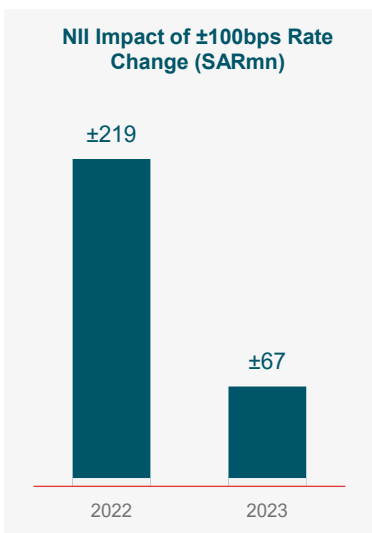
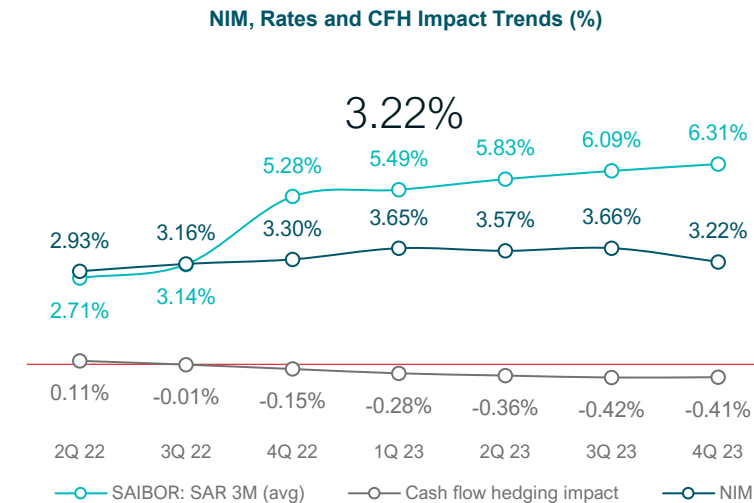
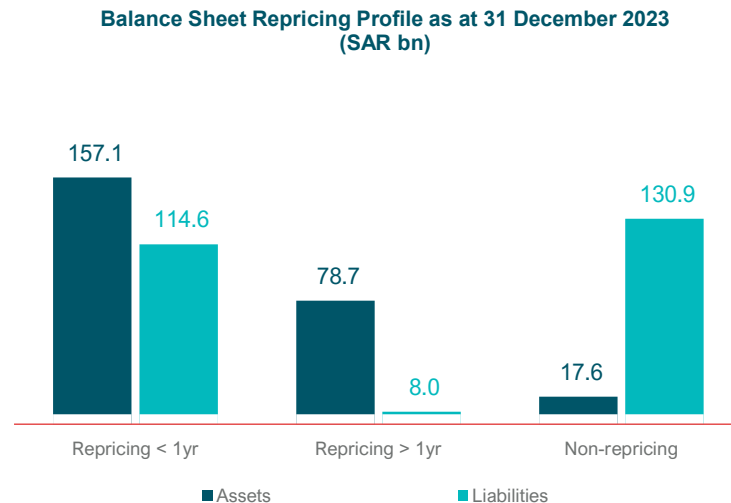


Average Interest Bearing Liabilities (SAR Bn)



BSF has reduced its sensitivity to interest rate changes

- As of 31 December 2023, BSF estimates a 1-year NIM sensitivity of a 100bps rates change at ±3bps; this would translate into a SAR ±67mn 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.



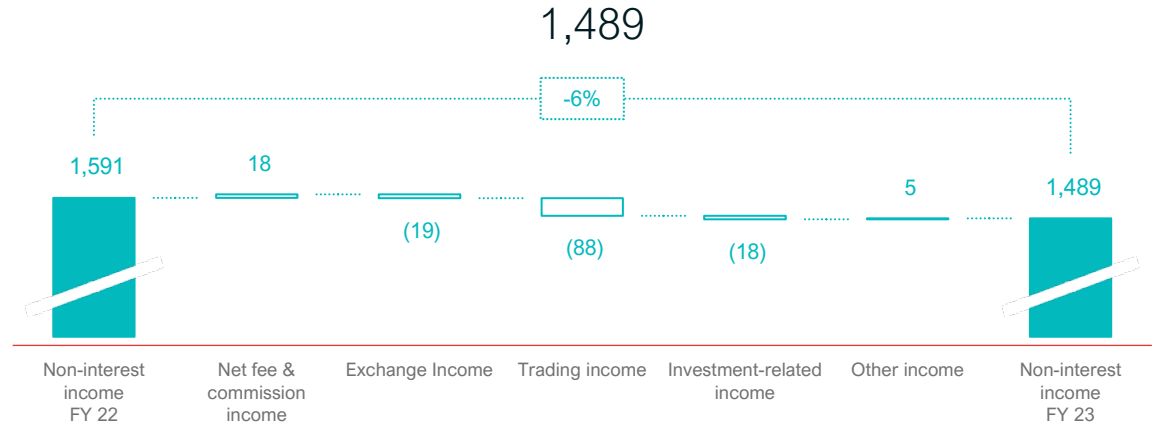
Note: Exposure to interest rate risk is shown in time buckets based on the earliest of first re-pricing date and contractual maturity; this analysis includes all contractual on-balance sheet positions (floating and fixed)

Non-interest income decreased 6% YoY due to lower trading, exchange and investment income

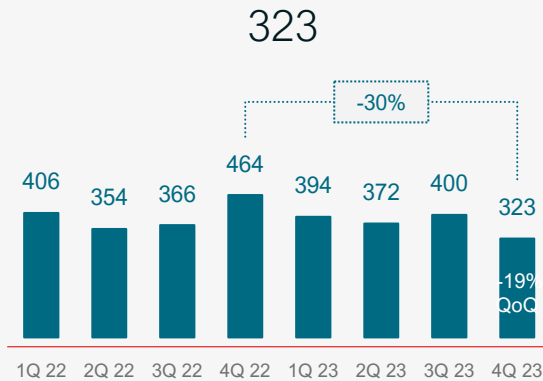
- Non-interest income for FY 2023 decreased 6% YoY to SAR 1,489mn due to lower trading, exchange and investment income, partly offset by improved net fee & commission income.
- Trading income declined 43% YoY to SAR 114mn due to lower activity in the Treasury advisory business and one-off SAR 55 million Credit Valuation Adjustment.
- Net fee & commission grew 2% to SAR 915mn in FY 2023 as higher trade finance and other fee income was offset by lower brokerage income and card fees.

SAR (Mn)	FY 2023	FY 2022	Δ%	4Q 2023	3Q 2023	Δ%
Fee & commission income	1,492	1,423	+5%	408	381	+7%
Fee & commission expenses	(577)	(526)	+10%	(171)	(150)	+14%
Net fee & commission income	915	897	+2%	237	231	+3%
Exchange Income	455	475	-4%	118	113	+4%
Trading income	114	202	-43%	(38)	72	-152%
Banking-related income	1,484	1,573	-6%	318	417	-24%
Investment-related income	(1)	17	-106%	5	(17)	-128%
Other income	6	1	+1068%	1	0	+1014%
Non-interest income	1,489	1,591	-6%	323	400	-19%

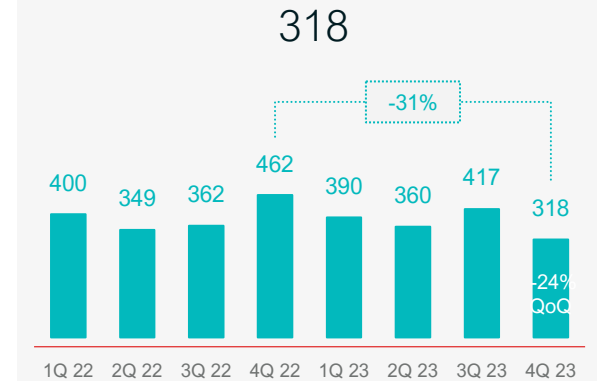
Non-Interest Income Movement (SAR Mn)



Non-Interest Income (SAR Mn)



Banking-Related Income (SAR Mn)



Trade Finance



124

SAR Million

+4.6%
year-on-year

Brokerage & Asset Management Income



87

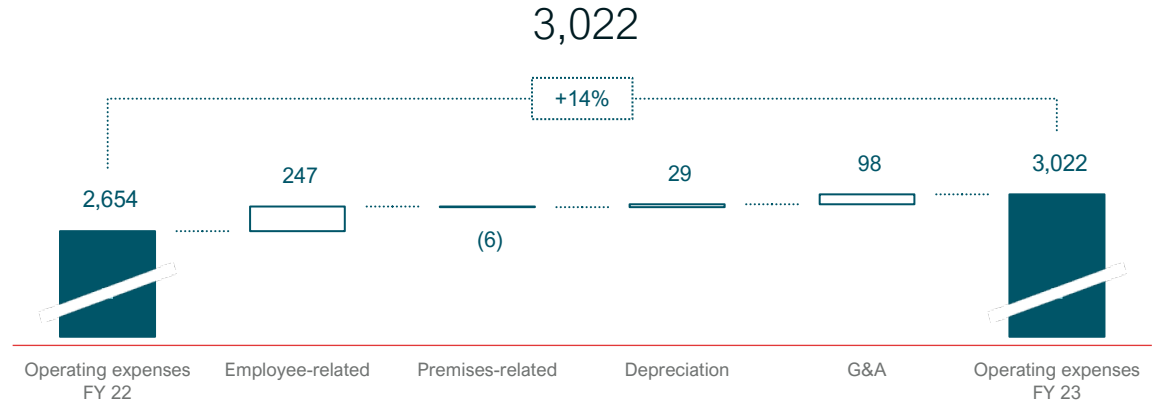
SAR Million

+10.1%
year-on-year

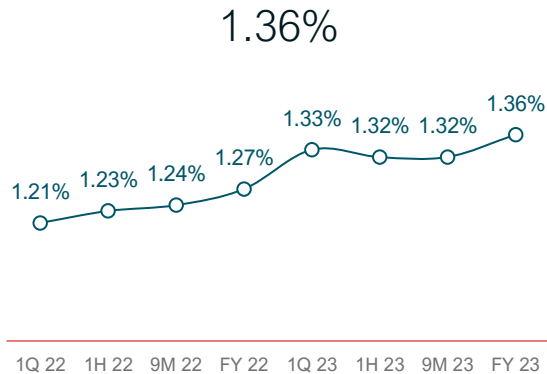
Operating expenses growth of 14% mainly from higher employee-related expenses

- Operating expenses increased 14% YoY to SAR 3,022mn in FY 2023 due to increased employee-related costs, non-recurring transformation-related expenses and excess accrual reversals in FY 2022.
- The YoY cost to income ratio improved by 0.7ppts YoY to 32.4% in FY 2023 from 33.1% in FY 2022.
- Operating expenses as a percentage of average interest-earning assets (AIEA) increased 9bps YoY to 1.36% for FY 2023.
- Quarterly operating expenses increased 14% QoQ due to higher G&A and depreciation expenses, partly reflecting non-recurring transformation-related expenses.

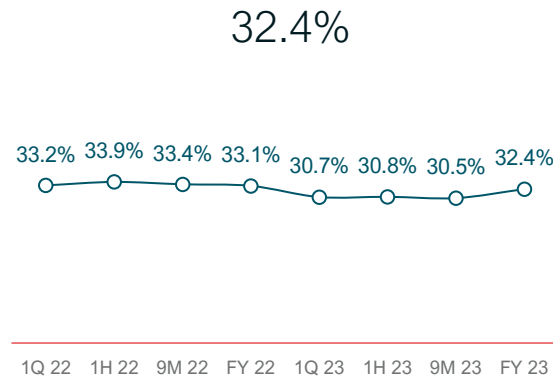
Operating Expenses Movement (SAR Mn)



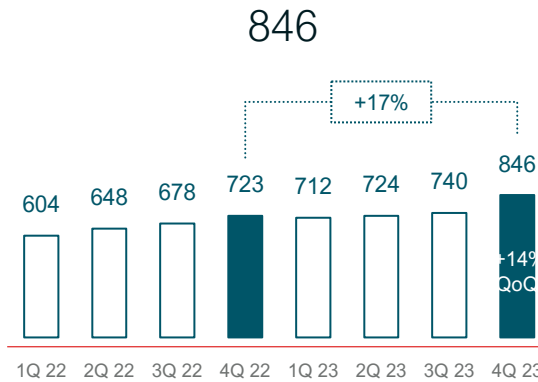
Cost To AIEA Ratio (%)



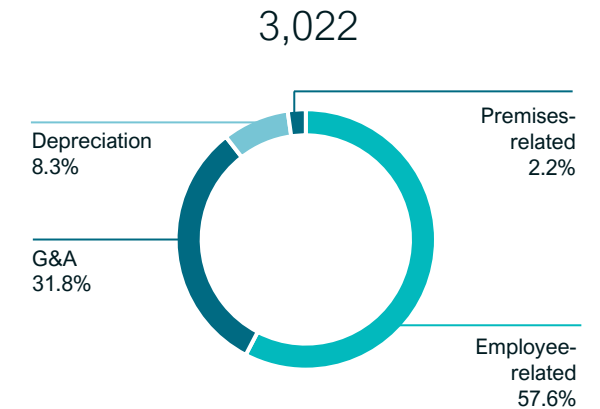
Cost To Income Ratio (%)



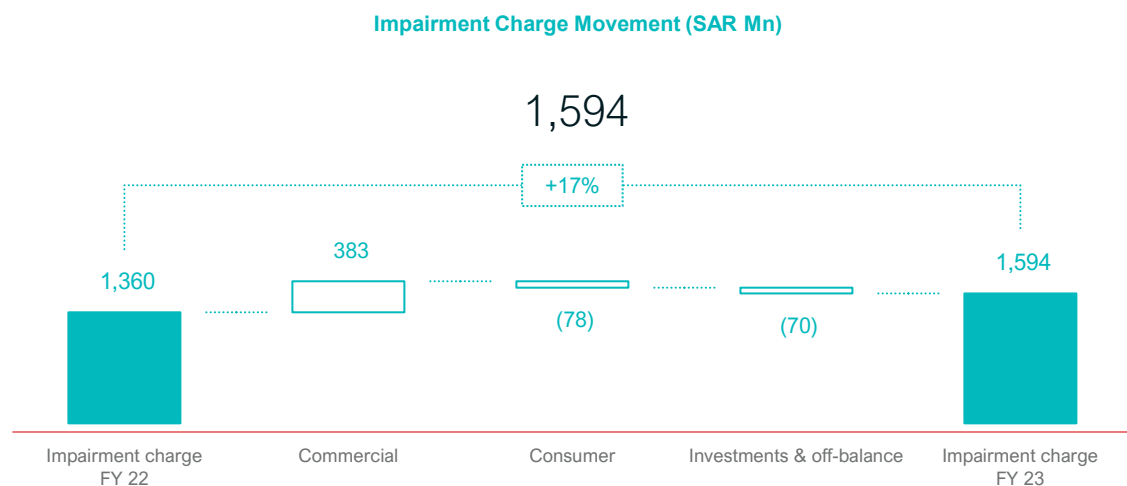
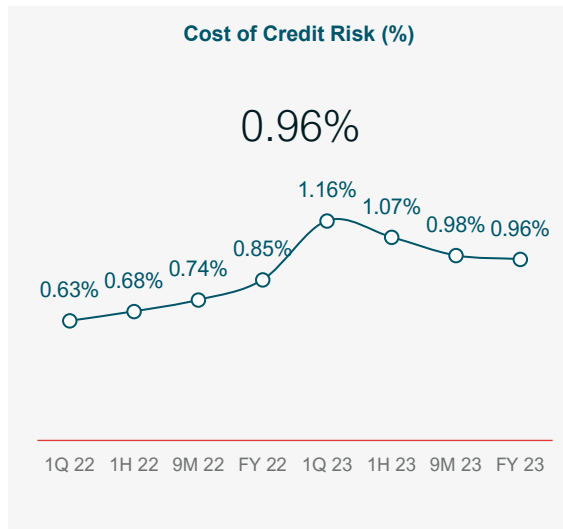
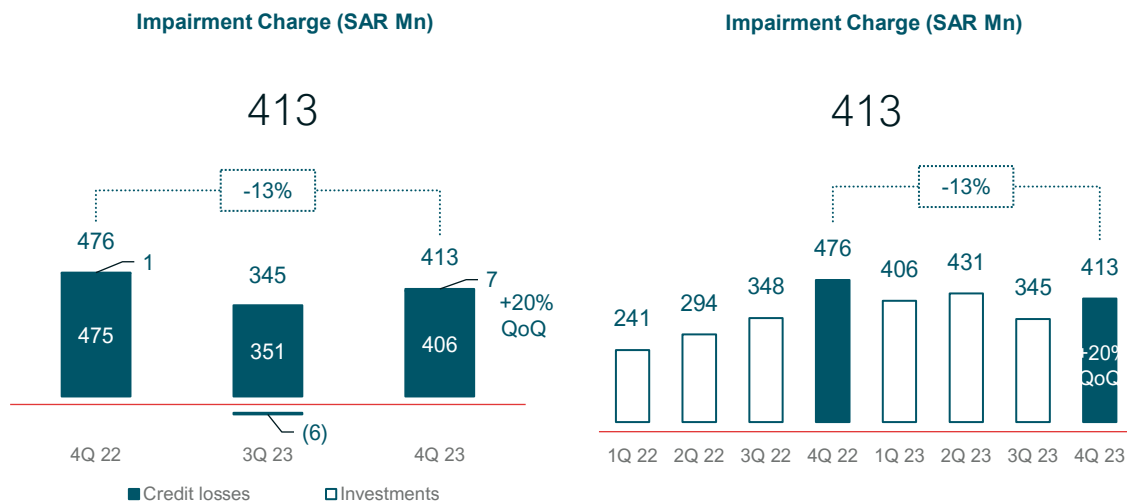
Operating Expenses (SAR Mn)



FY 23 Operating Expenses Composition (SAR Mn)

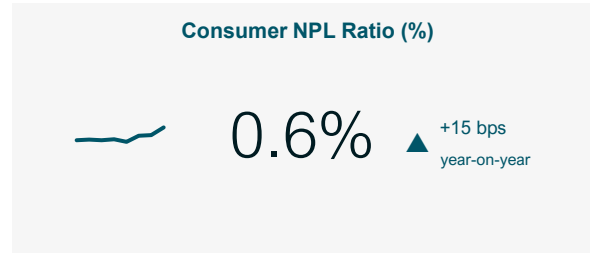
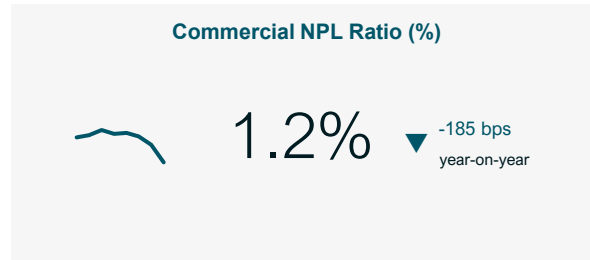
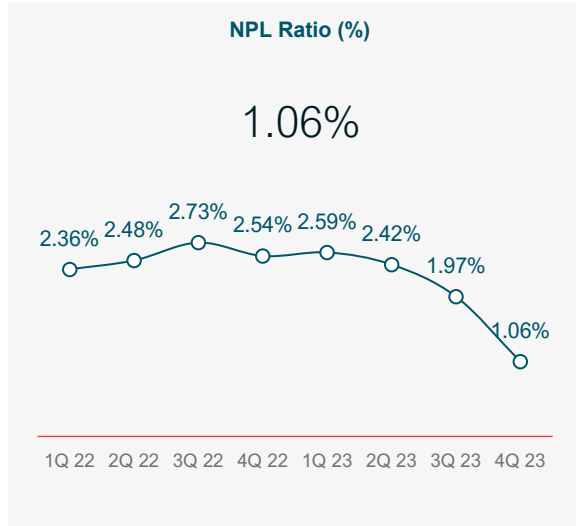
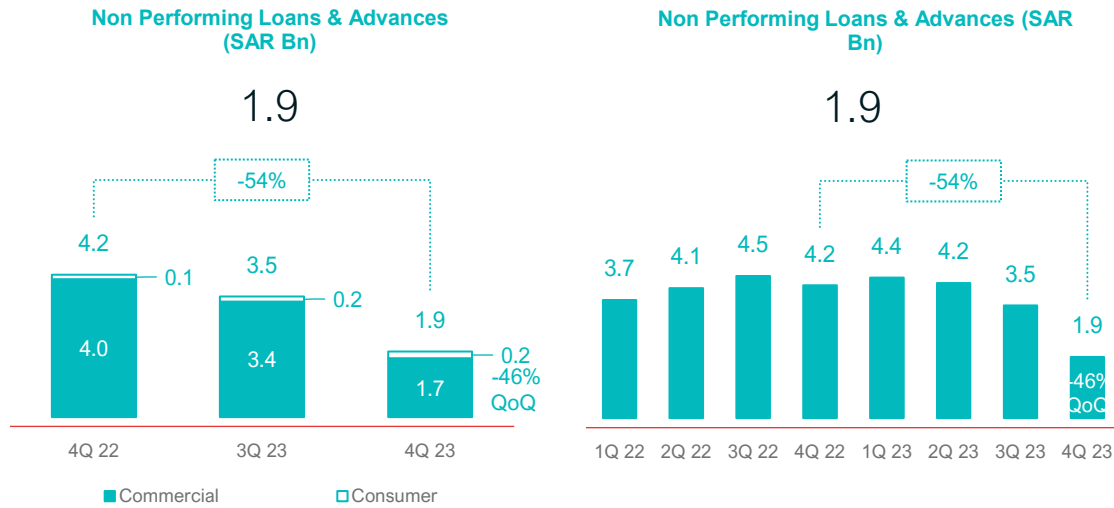


Cost of risk increased by 11bps YoY to 0.96% for FY 2023 from improving Commercial coverage

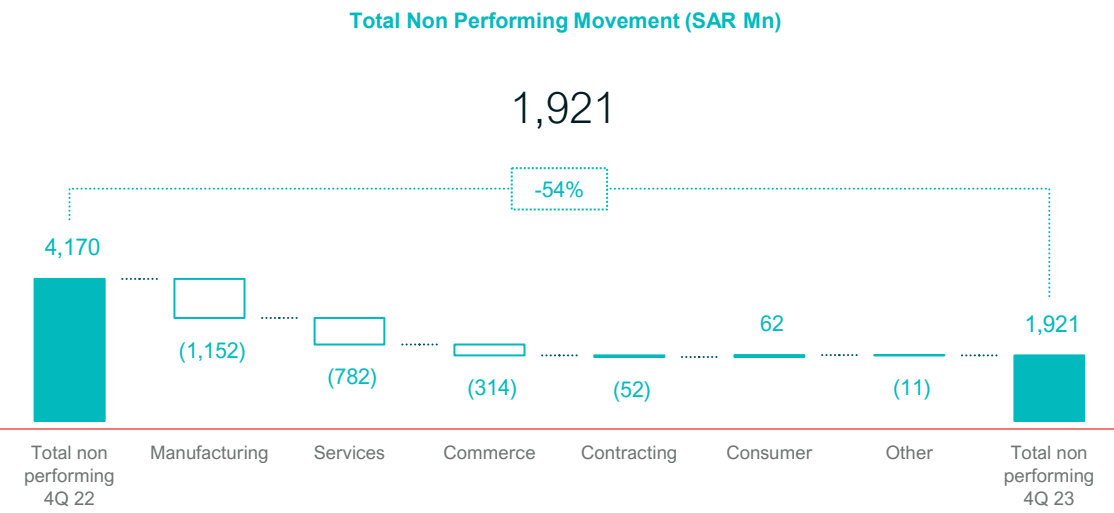


- The total impairment charge for FY 2023 increased 17% YoY to SAR 1,594mn, mainly from higher Commercial impairments, partly offset by Consumer and Investment & off-balance reversals.
- In combination with healthy loan growth, this resulted in an 96bps YoY increase in cost of risk to 0.98% for FY 2023.
- The cost of risk trend was impacted by improving coverage on isolated exposures which previously migrated to NPL in the Commercial book.

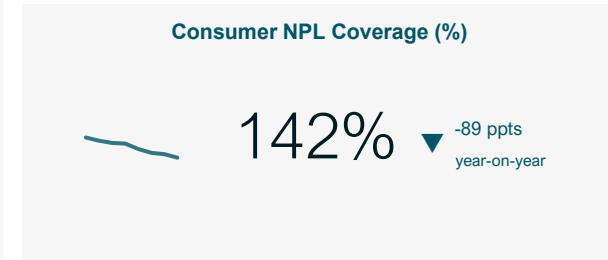
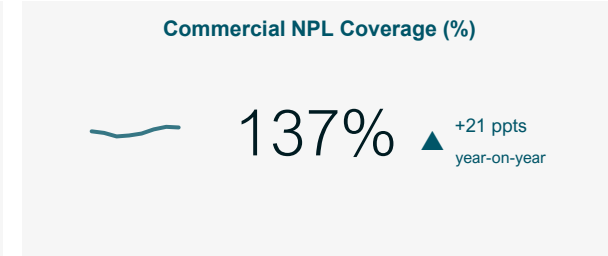
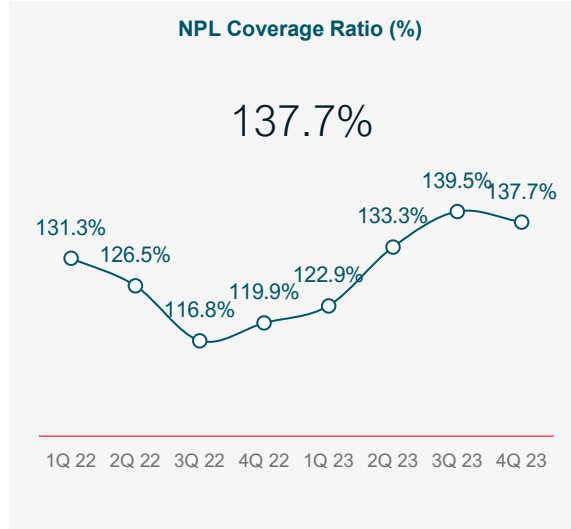
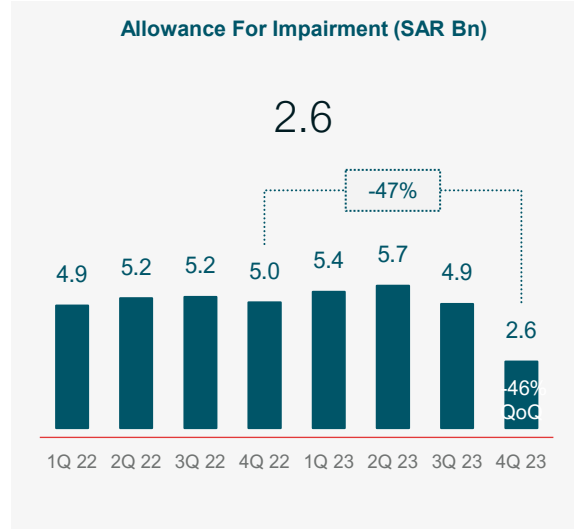
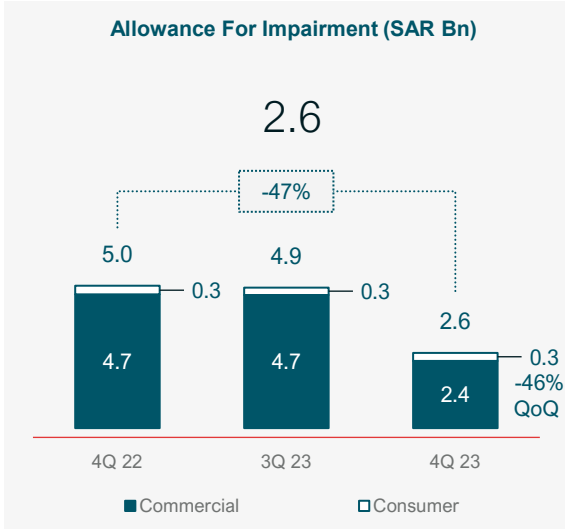
NPL ratio trend moderating during FY 2023 following previous migration of isolated exposures in the Commercial book



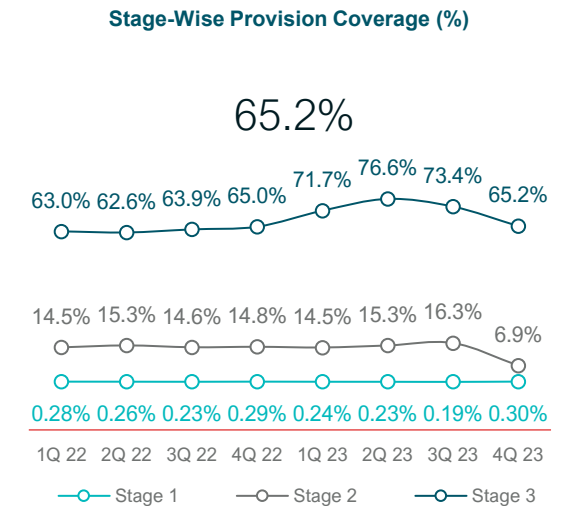
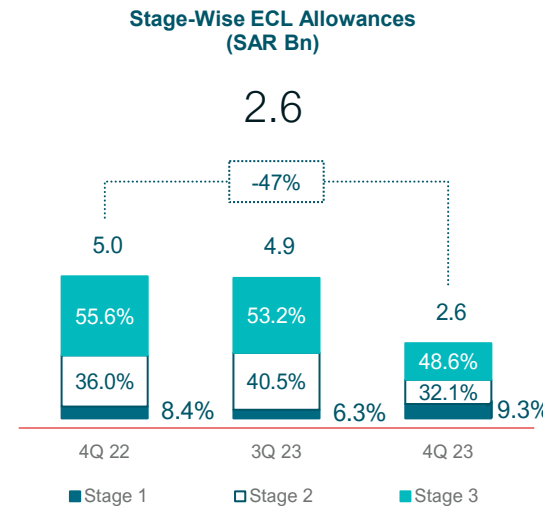
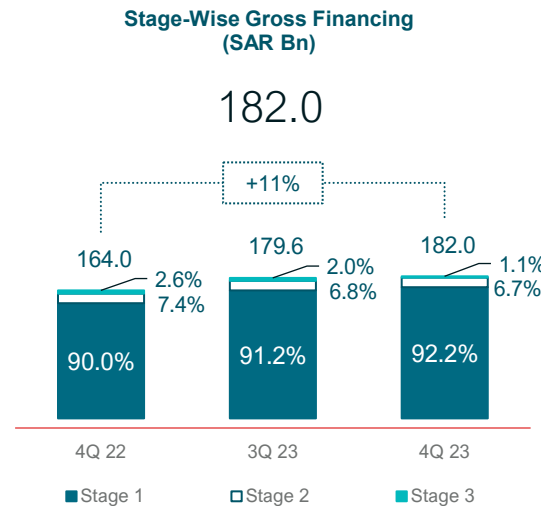
- The NPL ratio improved 149bps YoY to 1.06% as NPLs declined 54% on write-offs in the commercial book relative to 11% gross loan growth.



NPL coverage improved 17.8ppts YoY to 137.7%



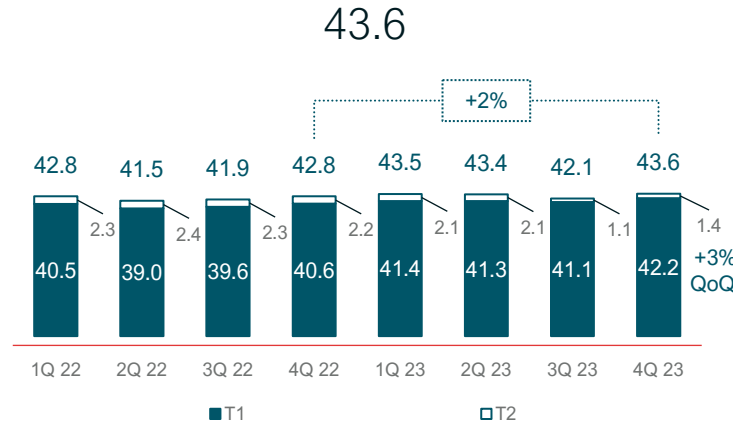
- NPL coverage improved 17.8ppts YoY to 137.7% as of 31 December 2023 due to additional coverage on isolated exposures which previously migrated to NPL in the Commercial book.
- Stage 3 coverage improved 0.2ppts during FY 2023, stage 2 coverage declined 7.9ppts to 6.9%, while stage 1 coverage was largely stable at 0.30%.



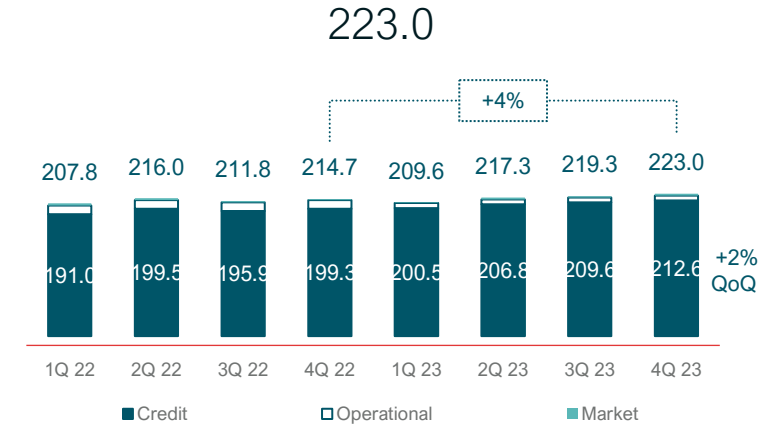
Strong capital ratios

- Total capital (Tier 1 + Tier 2 regulatory capital) increased 2% to SAR 43.6bn during FY 2023 as net income generation was partly offset by dividend payments and movements in FVOCI & other reserves.
- RWAs increased 4% during FY 2023 to SAR 223.0bn from lending growth.
- CAR was 19.54% and the Tier 1 ratio was 18.92% as of 31 December 2023.

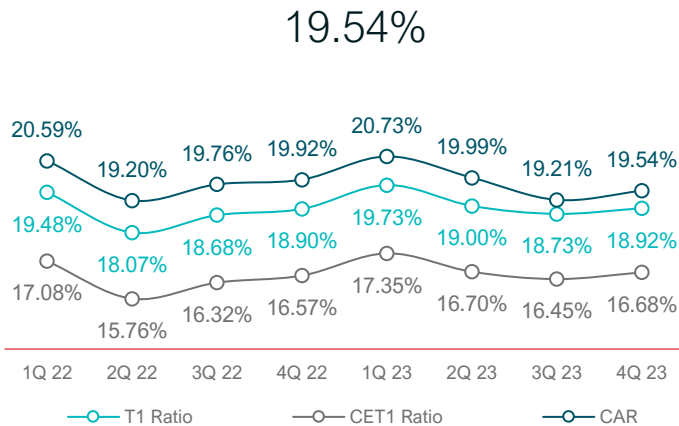
Total Capital (SAR Bn)



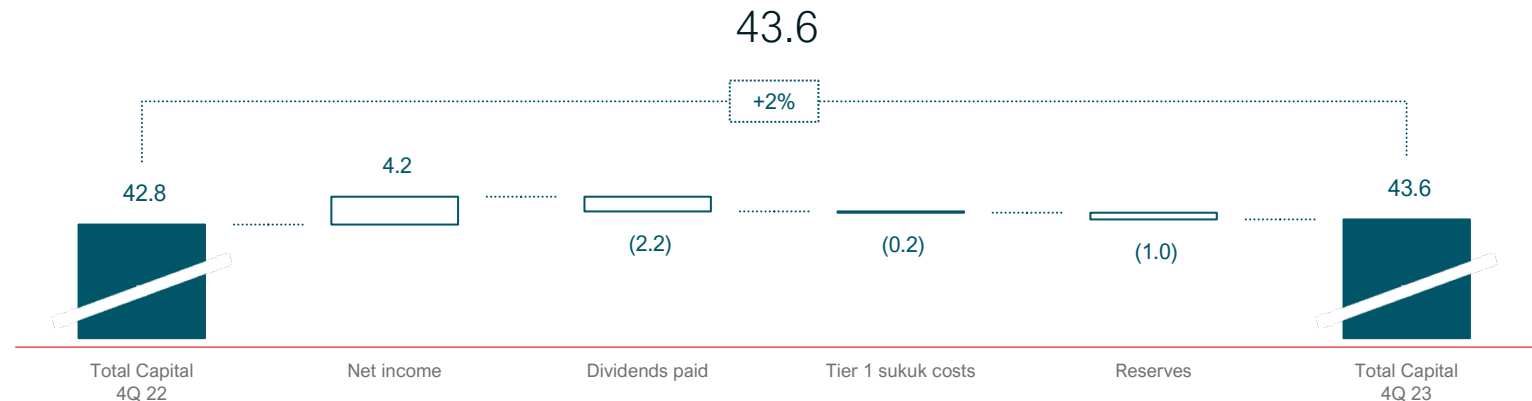
RWA (SAR Bn)



CAR (%)



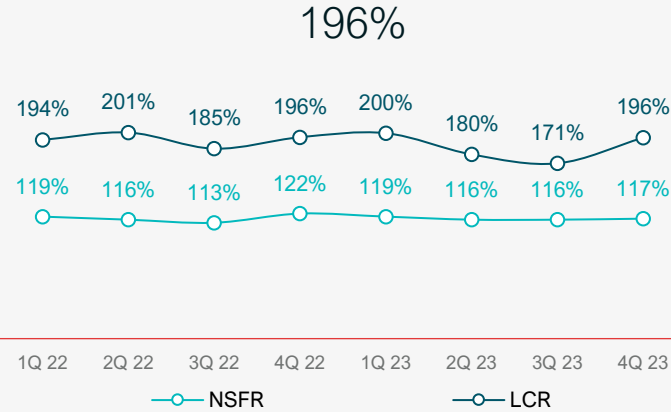
Total Capital Movement (SAR Bn)



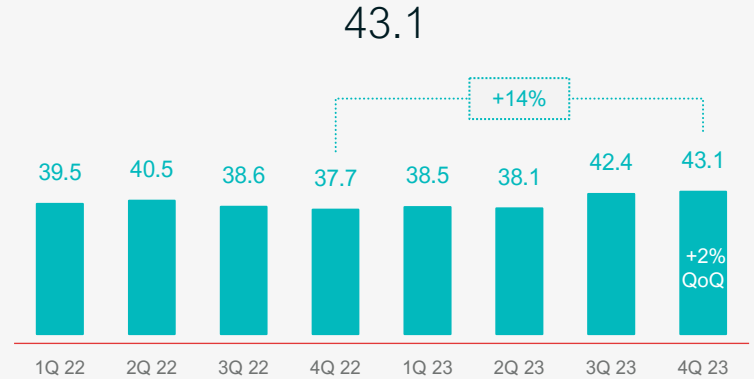
Liquidity remains strong and comfortably within regulatory limits

- LCR was broadly stable YoY at 196% at end-2023.
- NSFR moderated 5ppts to 117% at end-2023.
- The SAMA regulatory LTD ratio was within required levels at 84.1% as of 31 December 2023, while the headline ratio increased to 104.2%.

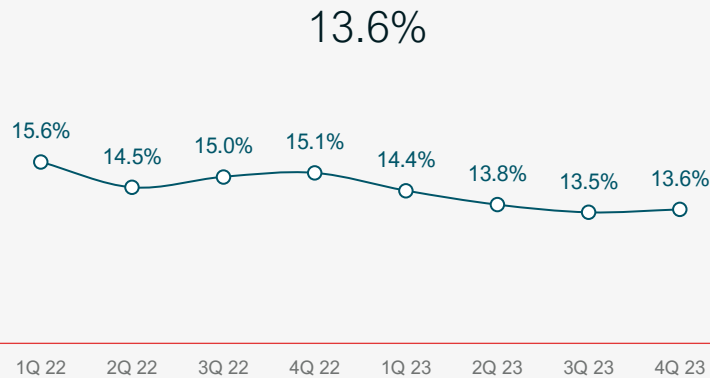
LCR & NSFR (%)



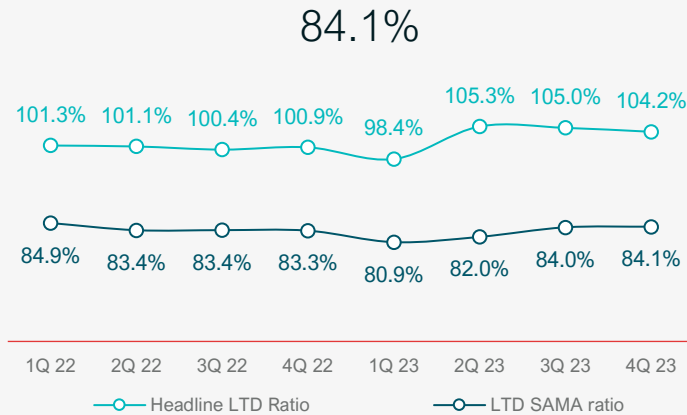
HQLA (SAR Bn)



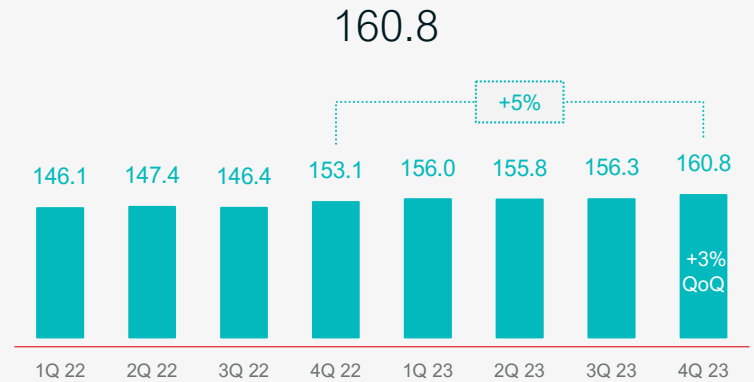
Leverage ratio (%)



LTD Ratios (%)



Available Stable Funding (SAR Bn)



INVESTOR PRESENTATION 4Q 2023

Outlook and Guidance

BSF is optimistic about the outlook for 2024

Metric	2023 Guidance	FY 2023 Outcome	2024 Guidance	2024 Guidance Drivers
LOANS & ADVANCES GROWTH	<p>Financing Growth</p> <p>Low double-digit</p>	<p>Financing Growth</p> <p>+12.8%^{YTD}</p> <p>▲ SAR 179.4 bn</p>	<p>Financing Growth</p> <p>Low double-digit</p>	Continued robust corporate activity and credit appetite driven by macroeconomic growth supported by V2030 projects
NET INTEREST MARGIN	<p>NIM</p> <p>3.50 - 3.60%</p>	<p>NIM</p> <p>3.53%</p> <p>▲ +46bps YoY</p>	<p>NIM</p> <p>3.10 - 3.30%</p>	Broadly stable margins from 4Q 2023 run rate of 3.22% supported by more stable rate environment and deposit mix
COST OF RISK	<p>COR</p> <p>85-95bps</p>	<p>COR</p> <p>96bps</p> <p>▲ +11bps YoY</p>	<p>COR</p> <p>60-70bps</p>	Normalizing cost of risk in relatively benign credit environment and absence of provisioning for isolated legacy exposures
COST TO INCOME RATIO	<p>CIR</p> <p><32%</p>	<p>CIR</p> <p>32.4%</p> <p>▼ -69bps YoY</p>	<p>CIR</p> <p><32%</p>	Positive jaws from solid income growth and efficiency improvements driving lower expected cost to income ratio
RETURN ON EQUITY	<p>ROAE</p> <p>11-13%</p>	<p>ROAE</p> <p>10.6%</p> <p>▲ +138bps YoY</p>	<p>ROAE</p> <p>11-13%</p>	Improving returns expected from financing expansion, stable margins and improving operational and risk costs
CORE EQUITY TIER 1 RATIO	<p>CET1</p> <p>17-18%</p>	<p>CET1</p> <p>16.7%</p> <p>▲ +11bps YTD</p>	<p>CET1</p> <p>17-18%</p>	Steadily improving capitalization ratios from capital accretive profitability

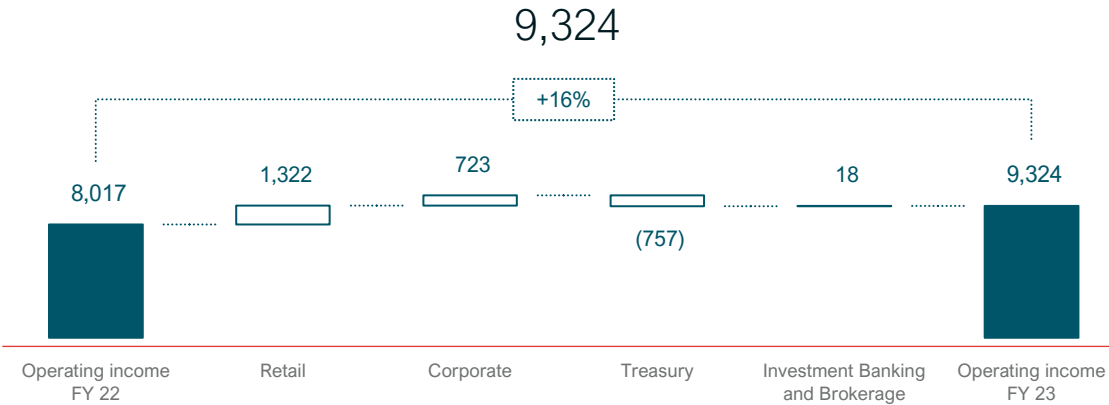


INVESTOR PRESENTATION 4Q 2023

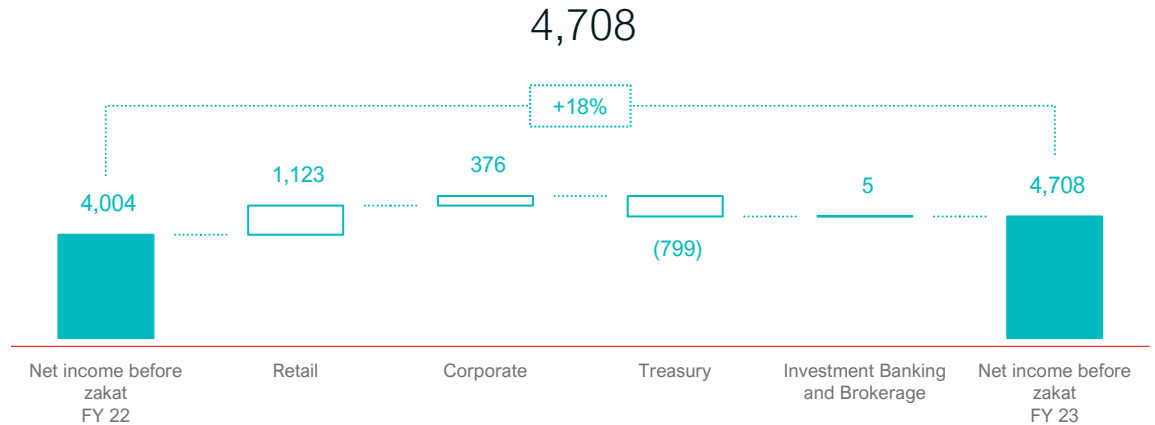
Segmental Performance

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

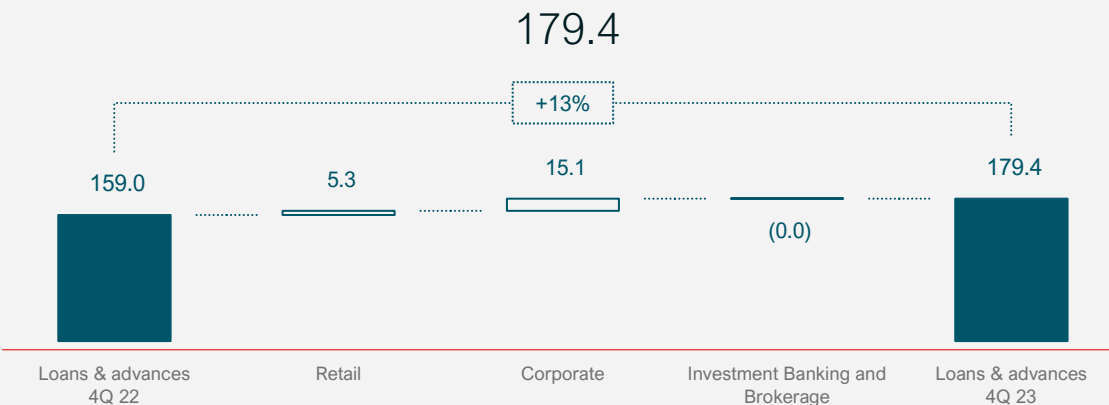
Operating Income Movement (SAR Mn)



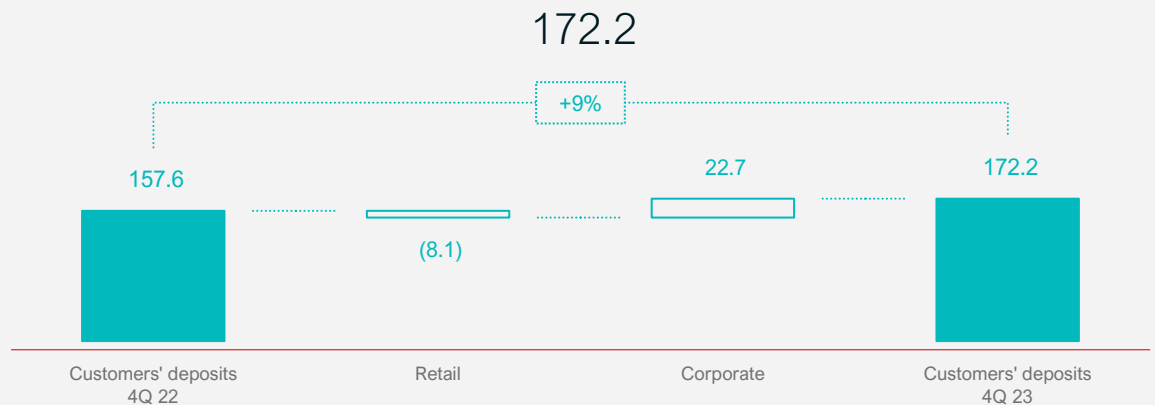
Net Income Before Zakat Movement (SAR Mn)



Loans & Advances Movement (SAR Bn)

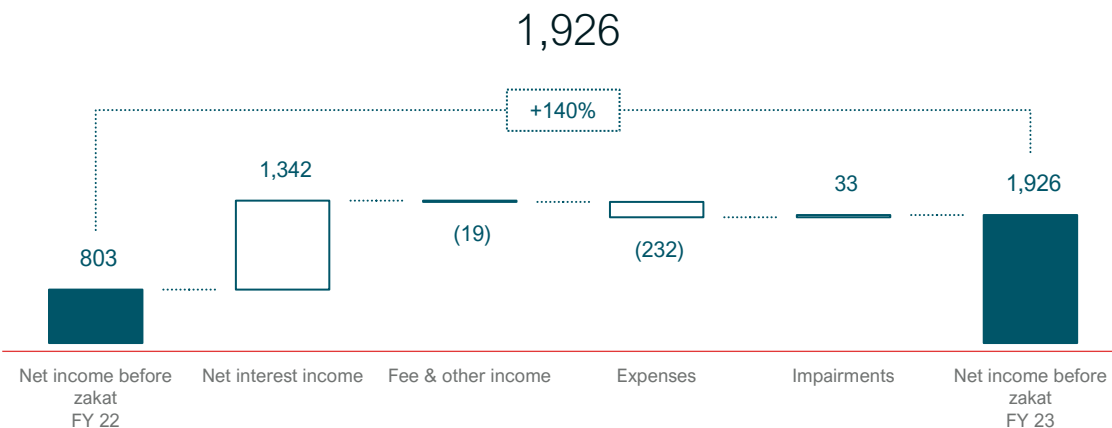


Customers' Deposits Movement (SAR Bn)

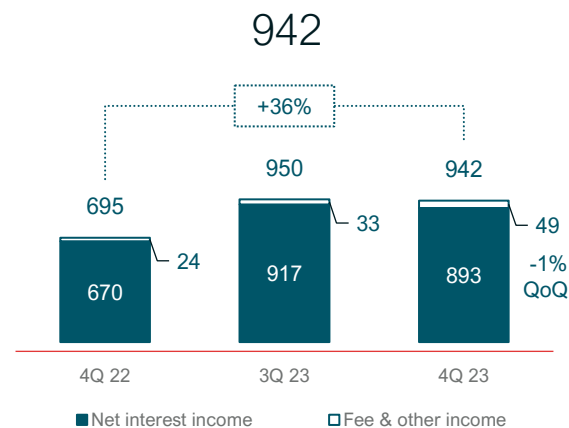


Higher profits YoY due to higher net interest income from NIM expansion and loan growth

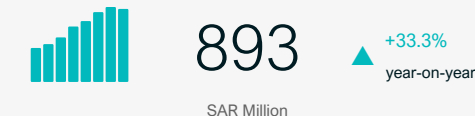
Net Income Before Zakat Movement (SAR Mn)



Total Operating Income (SAR Mn)



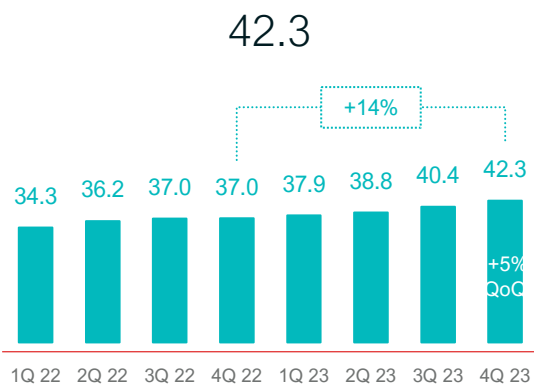
Net Interest Income



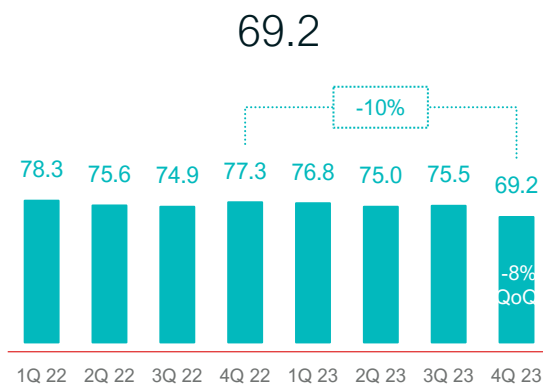
Fee & other income



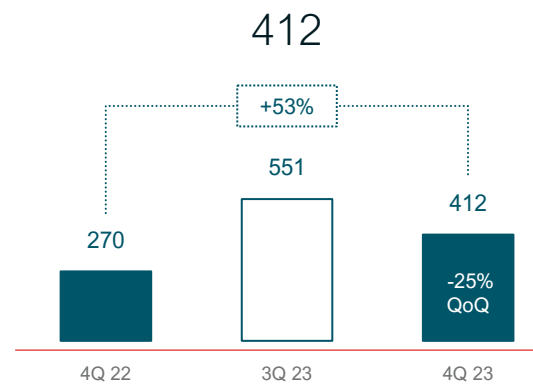
Retail Loans (SAR Bn)



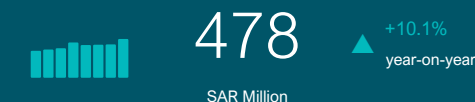
Retail Deposits (SAR Bn)



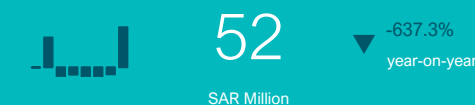
Net Income Before Zakat (SAR Mn)



Expenses

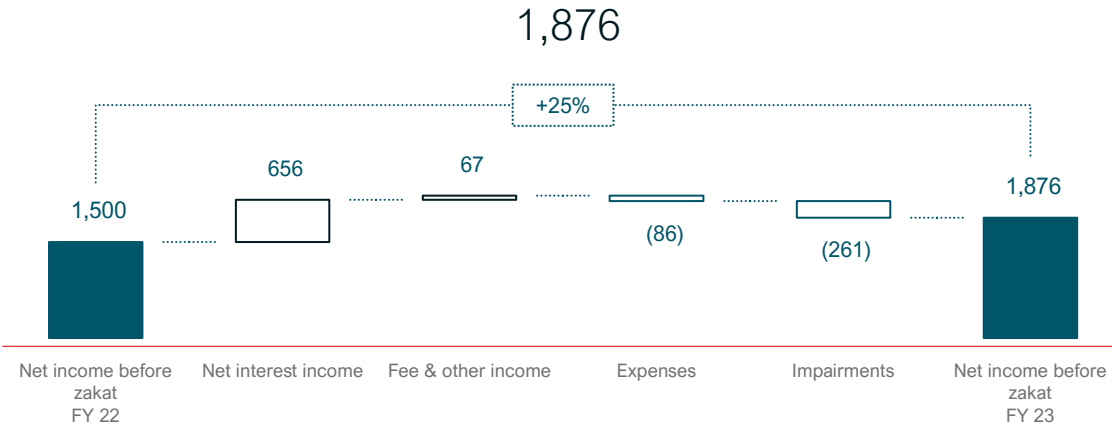


Impairments

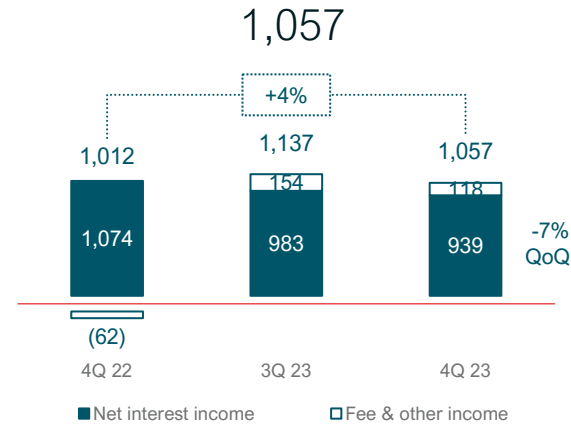


Increased Corporate profitability from net interest income growth partly offset by increased impairments

Net Income Before Zakat Movement (SAR Mn)



Total Operating Income (SAR Mn)



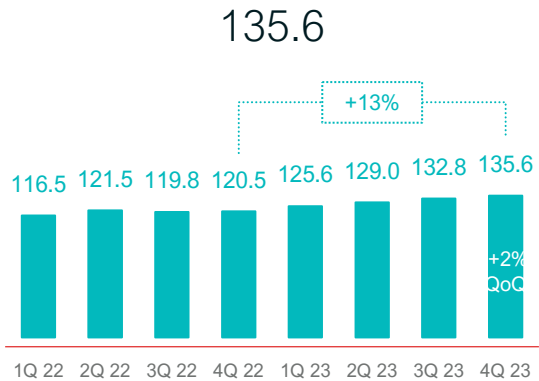
Net Interest Income



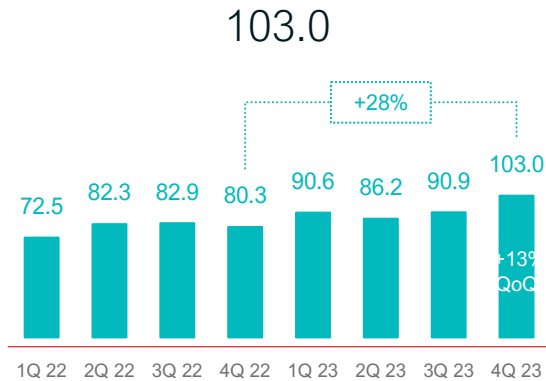
Fee & other income



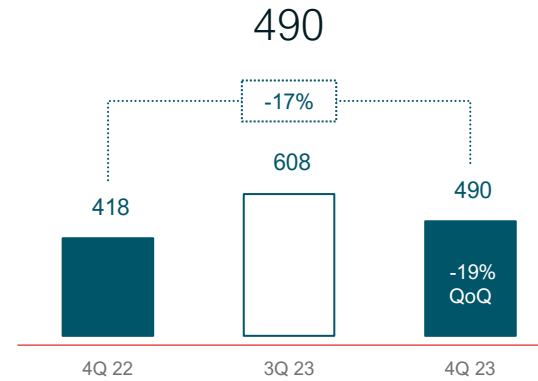
Corporate Loans (SAR Bn)



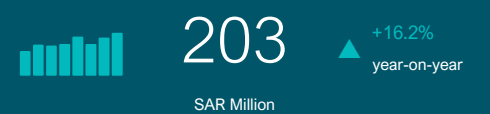
Corporate Deposits (SAR Bn)



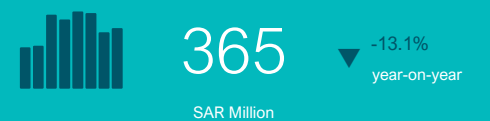
Net Income Before Zakat (SAR Mn)



Expenses

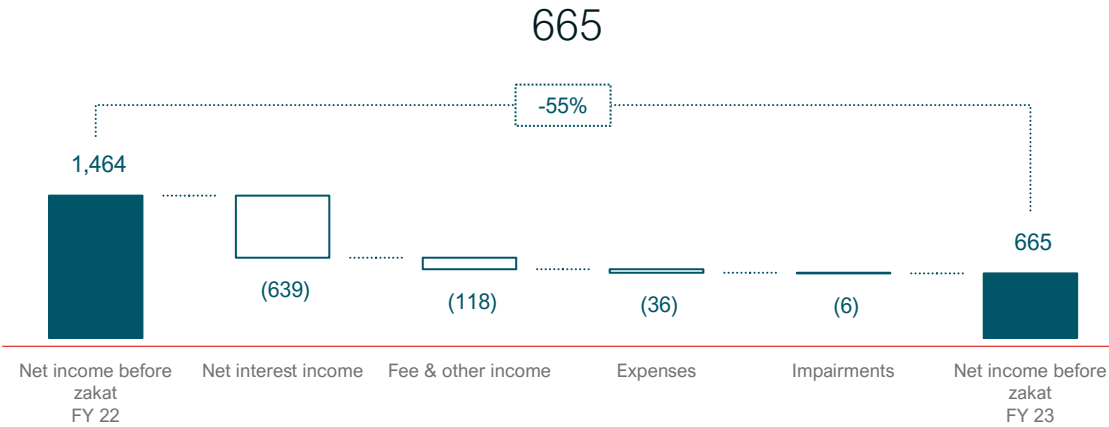


Impairments

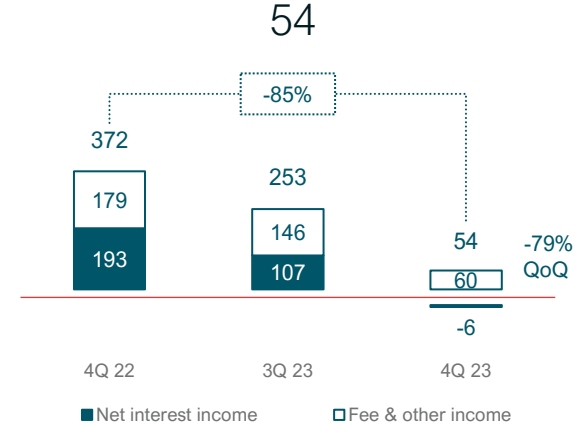


Net income declined 55% YoY due to higher funding costs

Net Income Before Zakat Movement (SAR Mn)



Total Operating Income (SAR Mn)



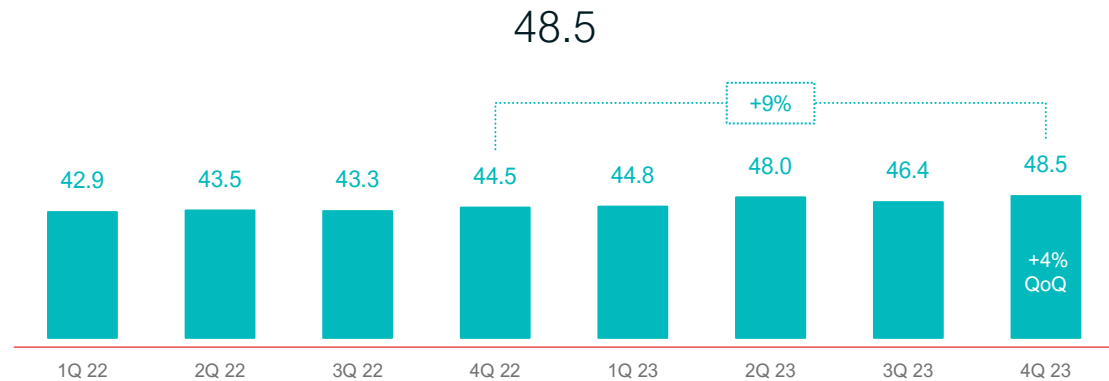
Net Interest Income



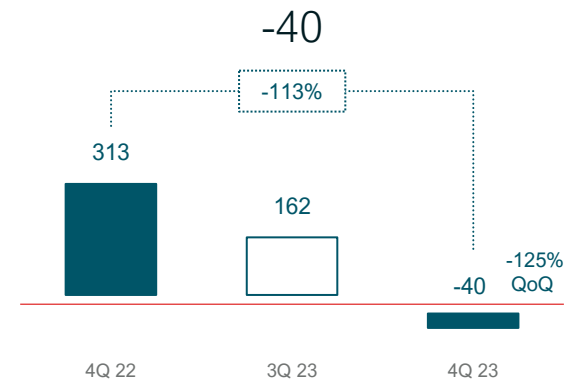
Fee & other income



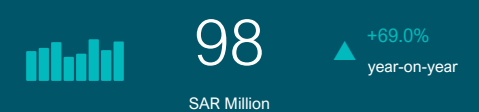
Investments (SAR Bn)



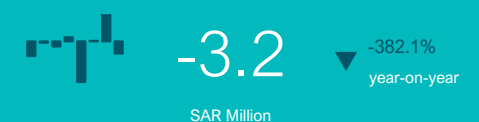
Net Income Before Zakat (SAR Mn)



Expenses

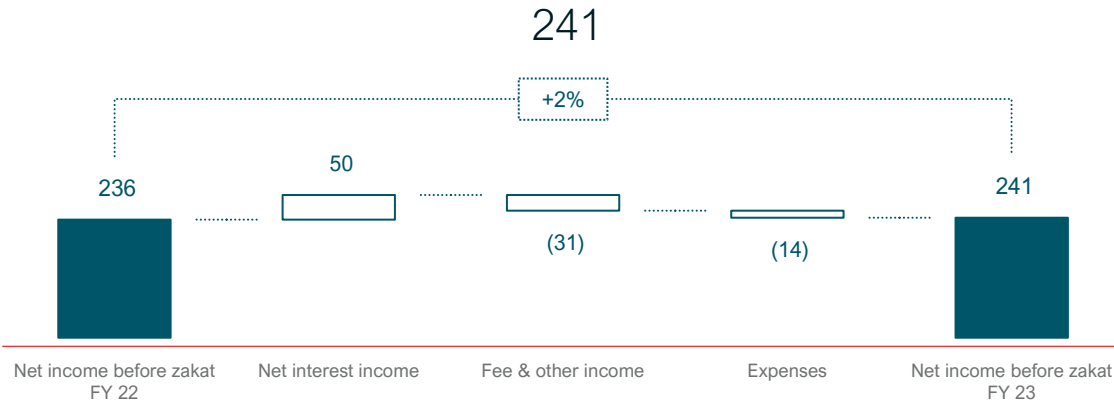


Impairments

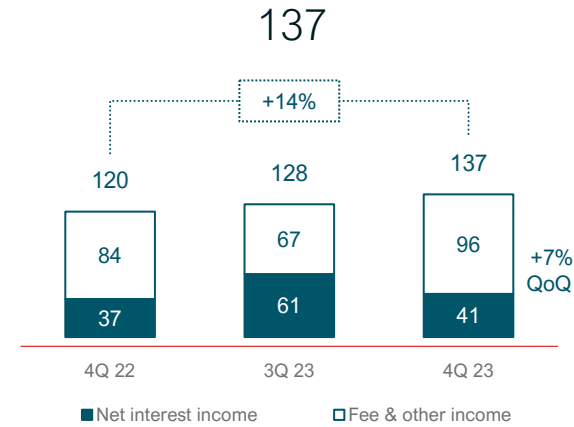


Modest profitability improvement as higher NII partly offset by lower brokerage fees and expenses

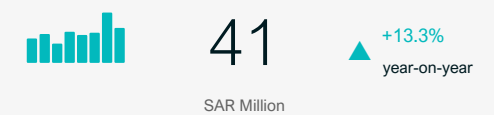
Net Income Before Zakat Movement (SAR Mn)



Total Operating Income (SAR Mn)



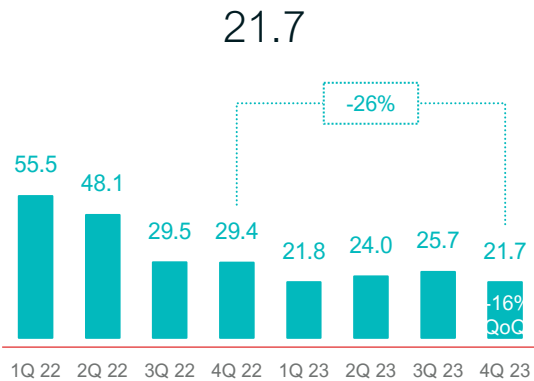
Net Interest Income



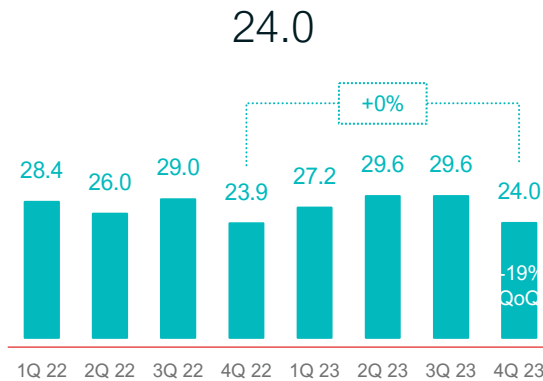
Fee & other income



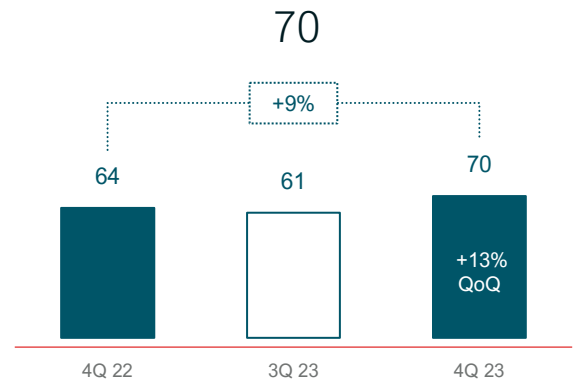
Brokerage Trading Value (Bn)



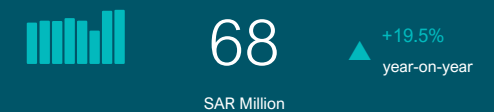
Assets Under Management (SAR Bn)



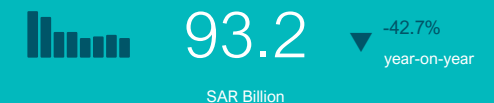
Net Income Before Zakat (SAR Mn)



Expenses



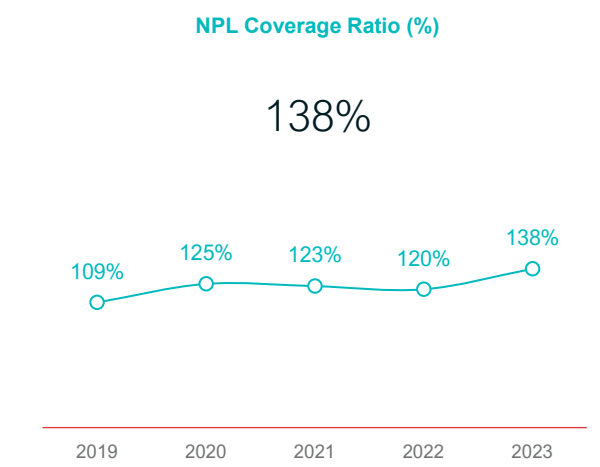
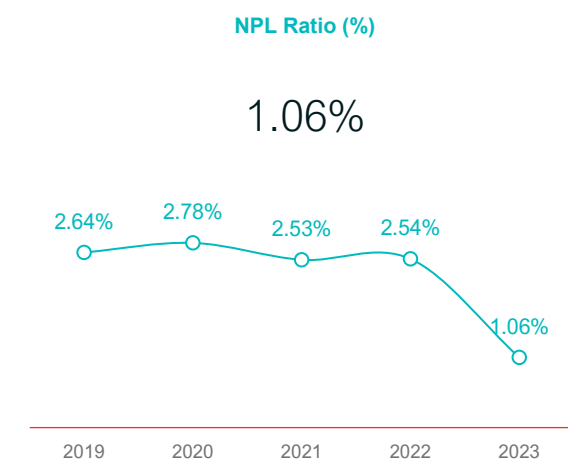
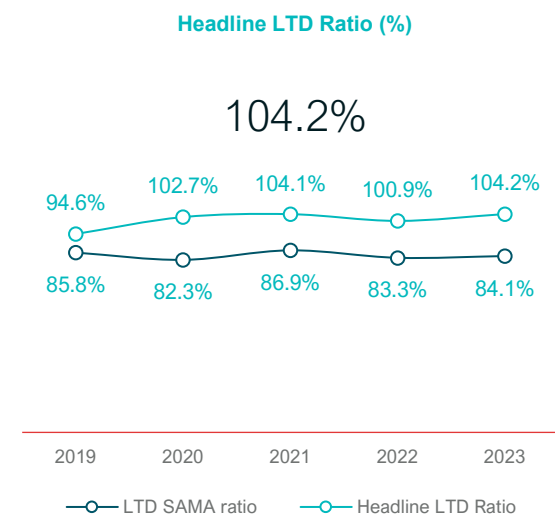
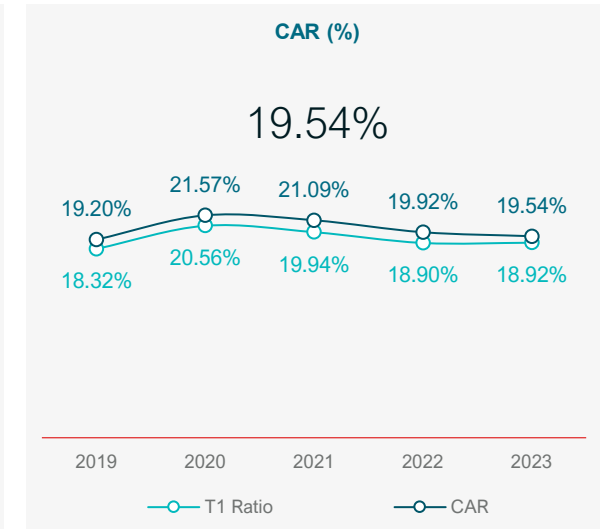
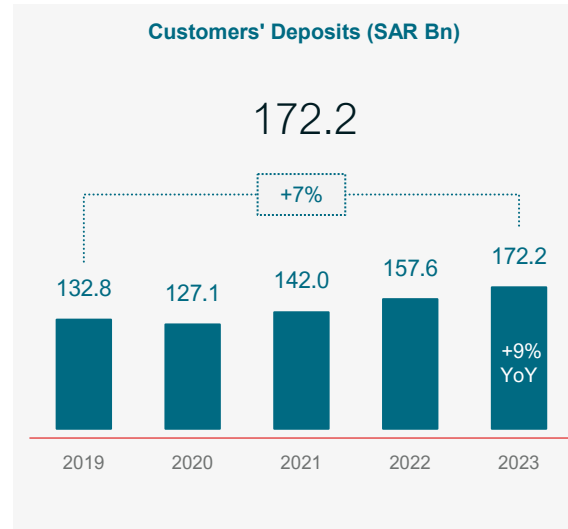
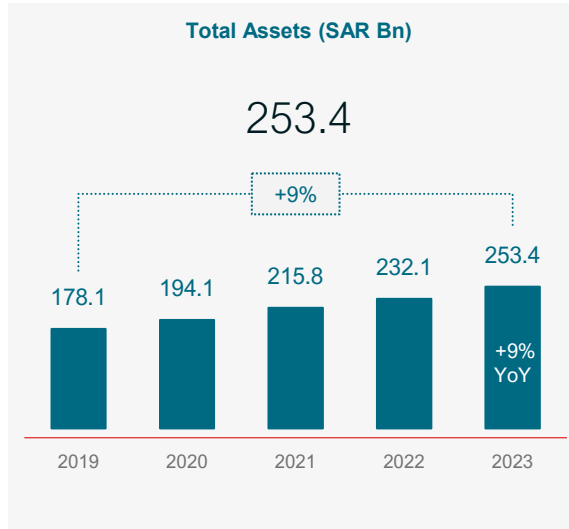
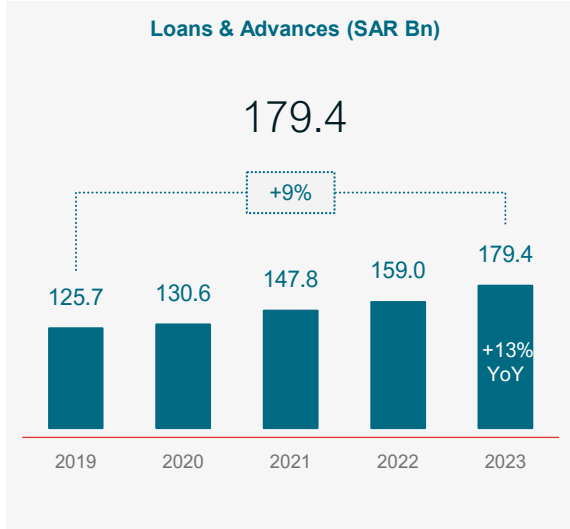
Brokerage Trading Value (FY 22)



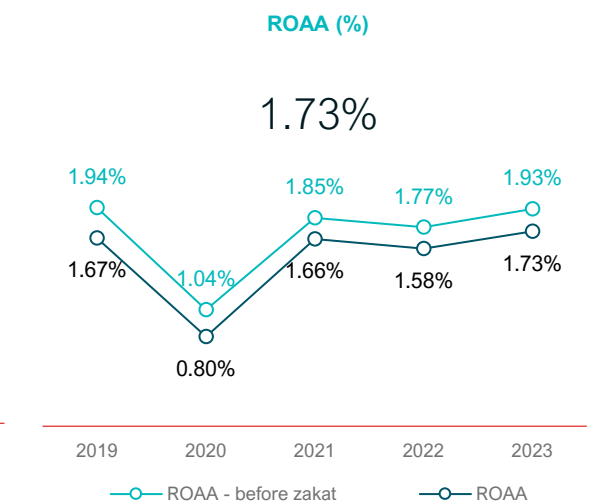
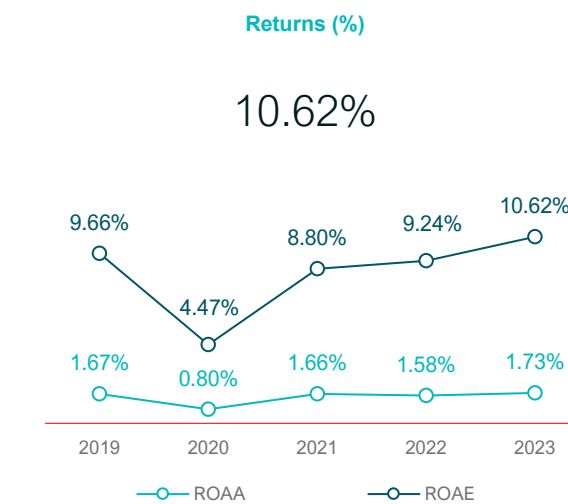
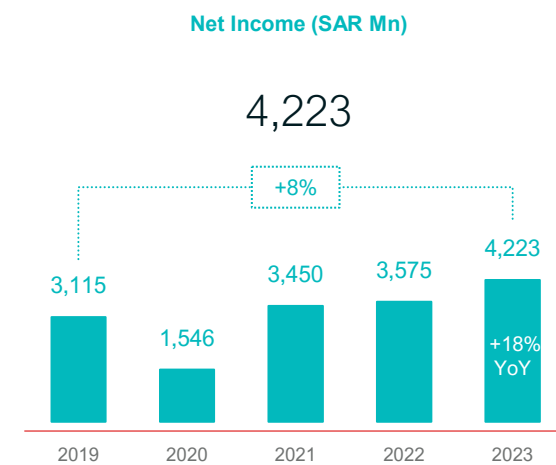
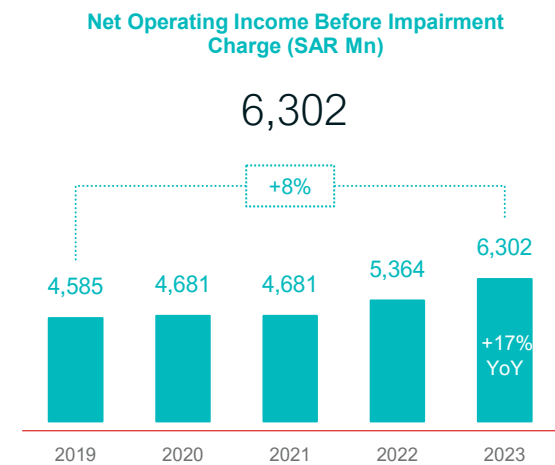
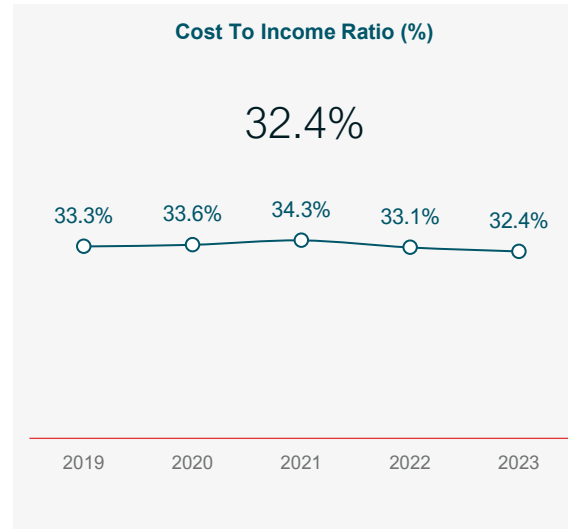
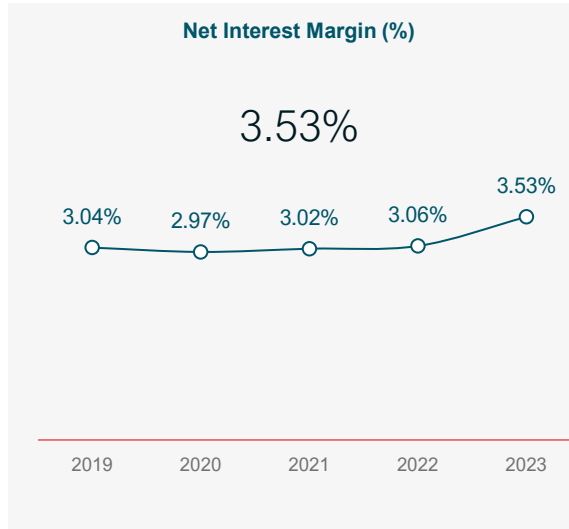
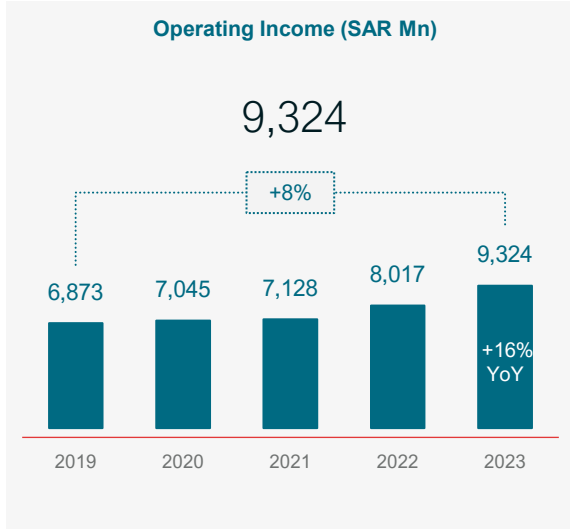
INVESTOR PRESENTATION 4Q 2023

Performance Track Record

Balance Sheet Metrics



Income Statement Metrics





INVESTOR PRESENTATION 4Q 2023

Appendix

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

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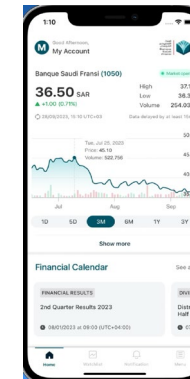
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