

# BSF 9M 2024 Investor Presentation



9M 2024



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# BSF Profile



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# BSF has a solid investment profile and clearly articulated strategy



1



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

Domestically systemic important bank (“D-SIB”) with **total assets of SAR 287.7bn and market capitalization of SAR 38.8bn**  
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 10.5% 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  
**19.4% total capital adequacy ratio which is comfortably above regulatory minimum**

4.



## Robust funding and liquidity profile

Attractive funding base with customers’ deposits representing 80% of total liabilities – **Non-interest-bearing deposits constitute 46.7% of the total deposits**  
**SAMA loans to deposits ratio (“SAMA LTD”) at 81% below regulatory levels - Strong LCR and NSFR of 162% and 118% respectively**

5.



## Clear strategy driven by targeted initiatives and ambitious aspirations

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

6.



## Experienced management

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

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



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

## Branches

82 ▶ +0% YOY

## Employees

3,141 ▲ +2% YOY

## Total Assets

287.7

SAR Billion

▲ +15% year-on-year

## Customers' Deposits

193.3

SAR Billion

▲ +16% year-on-year

## Headquartered in Riyadh:

82 branches across the Kingdom  
Domestically systemic bank

## Subsidiaries in KSA:

BSF Capital  
BSF Insurance Agency  
JB  
Sakan Real Estate Financing Company



## Universal Bank model:

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

## Joint ventures in KSA:

Insurance with Allianz

## Corporate

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

Key products:

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

46% of Group Operating Income



## Retail

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

Key products:

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

38% of Group Operating Income



## Investment Banking and Brokerage

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

Key products:

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

5% of Group Operating Income



## Treasury

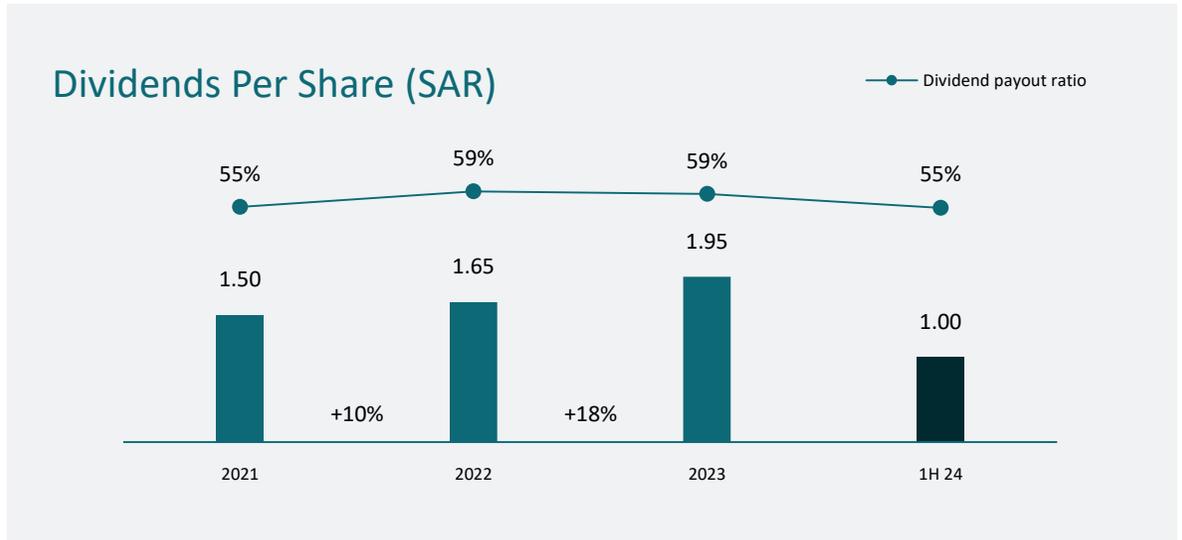
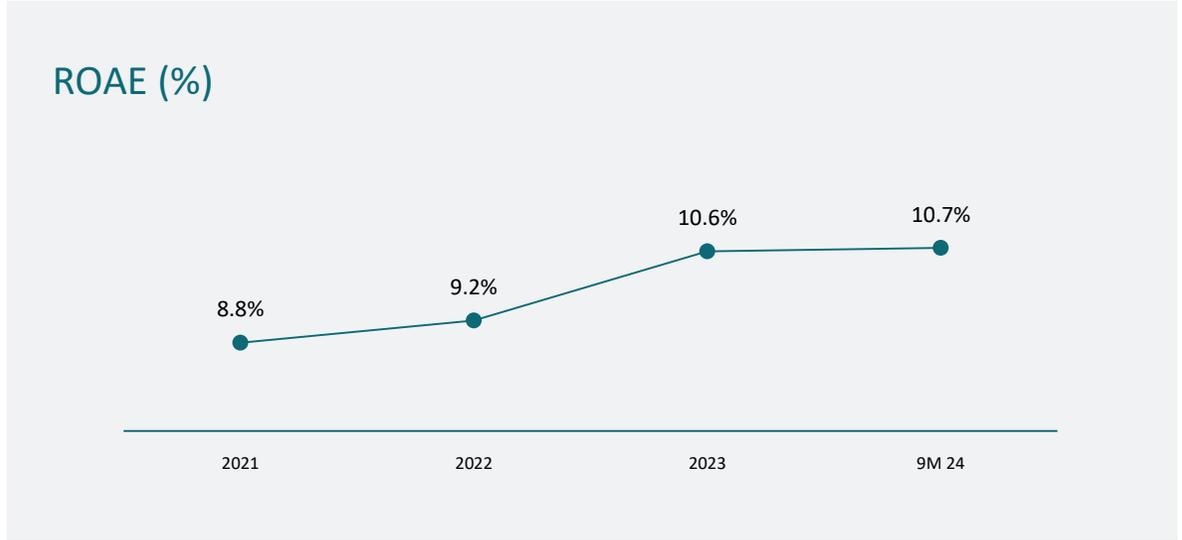
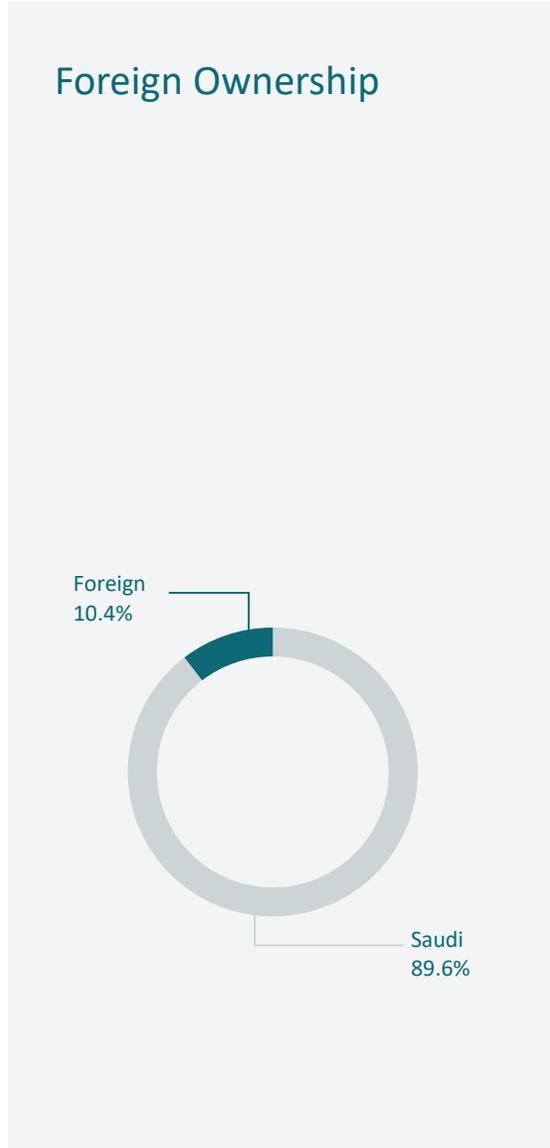
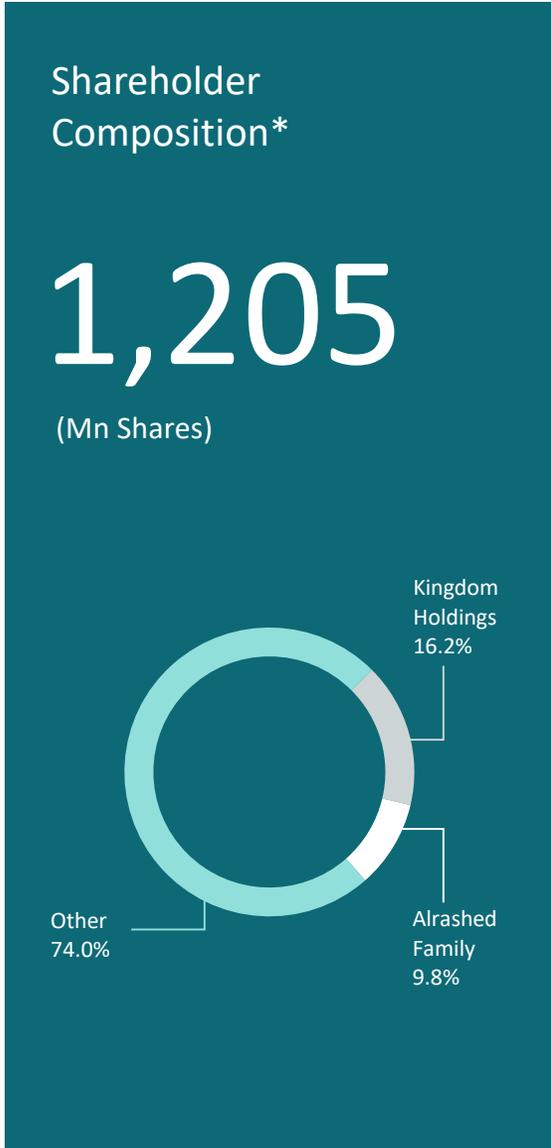
Diverse client services, market making, as well as managing the Bank's liquidity and risks.

Key products:

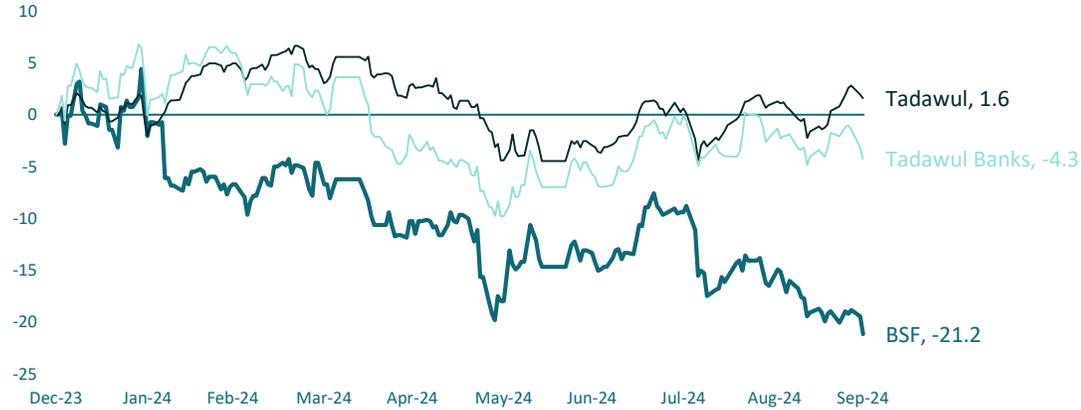
- treasury services,
- trading activities,
- investment securities,
- FX
- rates
- money market,
- Bank's funding operations
- derivative products

11% of Group Operating Income





## Share Price Performance vs. Tadawul (%)



## Market Capitalization (SAR Bn)

38.8

4.58% of KSA banking sector  
0.42% of KSA stock market

## BSF Share Price (SAR)

32.2

52 weeks range [32.2 - 43.0]

## Total Shareholder Return (TSR)



## Price to Tangible Book Value

1.02x

3Q 24

## Price to Earnings Ratio (LTM)

9.6x

LTM

# Experienced and dynamic executive management team



**Bader Alsalloom**  
**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 Strategy and Finance 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**  
**Chief Wholesale Banking Officer**

- 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**  
**Chief Personal Banking Officer**

- 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



**Mohammed AlModaimeegh**  
**Chief Operations Officer**

- BSF: appointed COO Sep-24
- BSF: Head of Operations, 2023
- SAIB: AGM Operations
- Other management positions, including COO JPMorgan Saudi Arabia



**Mohammed S. Almisfer**  
**Chief Business Technology & Digital Officer**

- BSF: appointed CBTDO May-23
- SAMA: GM of Business Technology
- 20+ years of experience in the semi-government, private and government sectors



**Abdallah Alshaikh**  
**Chief Legal, Governance, and ESG Officer, Corporate Secretary**

- 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



# Operating Environment

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# Saudi Arabia's real GDP growth is expected to improve to 1.5% in 2024 and 4.6% in 2025



## Economic Outlook

- Real GDP for Saudi Arabia is expected to increase by +1.5% in 2024 and +4.6% in 2025 following 0.8% contraction in 2023 due to lower oil production.
- Interest rates are expected to decrease by up to 50 bps during the remainder of the year, following a 50 bps cut in September 2024. Average 3M SAIBOR is forecasted at 6.0% for 2024 and 4.8% for 2025, compared to 5.9% in 2023.

### Real GDP Growth (%)



### Brent Avg Oil Price / Barrel (USD)



### SAIBOR: SAR 3M (avg) (%)

● SAIBOR: SAR 3M (avg)  
● SOFR/LIBOR: USD 3M (avg)



### Inflation (%)



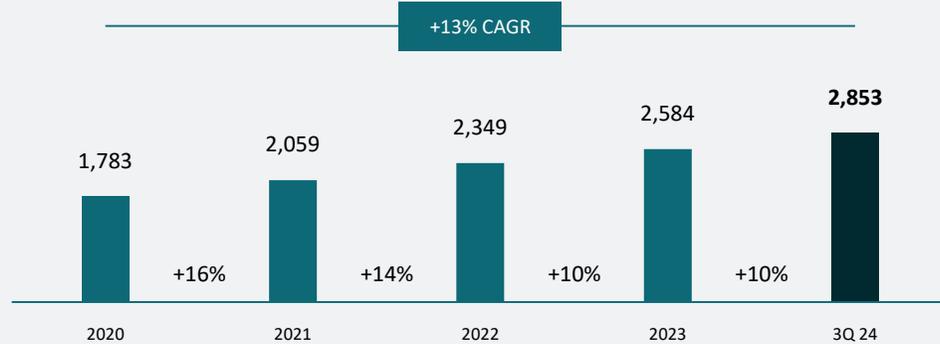
### Current A/C Balance (USD)



# The Saudi banking sector is well positioned for both resilience and growth



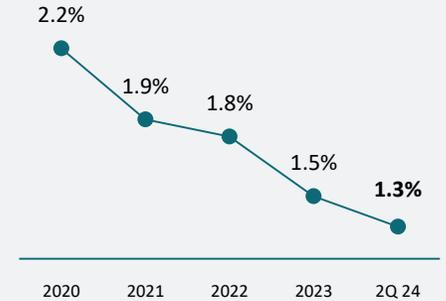
## Bank Credit (SAR Bn)



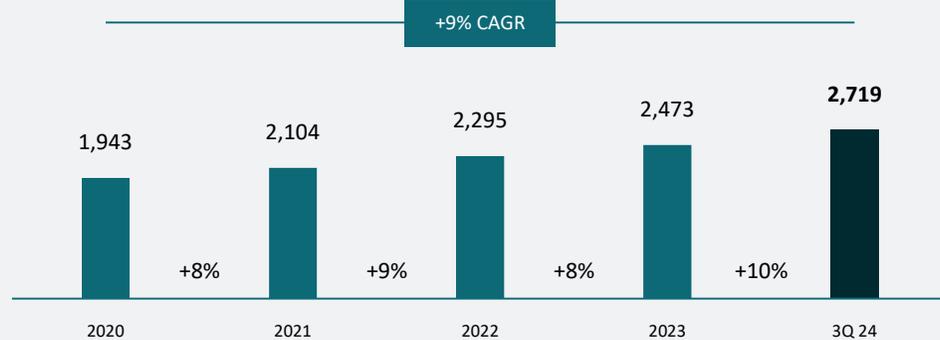
## Capitalization (%)



## NPL Ratio (%)



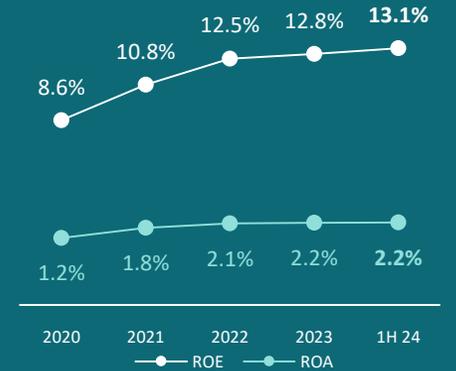
## Bank Deposits (SAR Bn)



## Liquid Assets to Total Assets (%)



## Profitability (%)



# Strategy

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



2024 Priority

Technology  
Infrastructure  
Upgrade  
Rebranding

Wholesale Banking

Expand FIG & MNC  
Coverage  
Revamp GTS

Personal Banking

Scale Up in Affluent  
Provide Superior Daily  
Banking

Private Banking

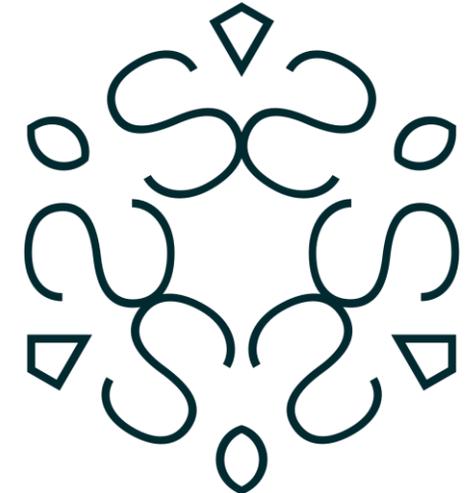
Expand Product Suite  
Experience Centric  
Rewards

JB

Scale up financing and leasing

BSF Capital

Leverage Opportunities in  
Capital Markets



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

## Strategic Goals

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

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

## Strategic Enablers

 <p>Risk</p>	 <p>Digital 2.0</p>	 <p>Technology</p>	 <p>Treasury</p>	 <p>Customer Experience &amp; Brand</p>	 <p>Organizational Effectiveness &amp; People</p>
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Strategic Goals

### Wholesale Banking

Solidify market position

Focused Initiatives

GTS revamp  
Expand FIG&MNC coverage

Progress

Q3: 75%

Q2: 72%

87%

Key Highlights

Increased NTB gov. customers and refined the segmentation  
Expanded FI reach globally  
Three Trade Finance products launched  
Strengthen Liquidity and Cash Management (LCM) operating model and talents

### Personal Banking

Leverage segmentation and synergies

Scale up affluent Provide superior daily banking

63%

Strengthen collaboration with BSF Capital for investment products  
Launched new digital app  
Kicked off Branch Network Transformation  
Strengthened cross-sell framework with JB  
Successfully launched products

### Private Banking

Reinforce market leadership

Broaden product suite  
Experience-centric rewards

100%

Key offerings with BSF Capital  
Tailored family products  
Collaborating with JB products  
Launched advisory program for RMs

Strategic Goals

Focused Initiatives

Progress

Q3: 75%

Q2: 72%

Key Highlights

## JB

Expand in new market segments

Digital acceleration  
Product diversification  
Brand repositioning

88%

Launched JB transformation for 2024  
Optimized mobile app services  
Defined Credit Card proposition  
Modernization of core systems  
Refined digital customer journeys

## BSF Capital

Seize existing opportunities and grow

Synergize wealth mgmt.  
Broaden advisory  
Attractive investment solutions

54%

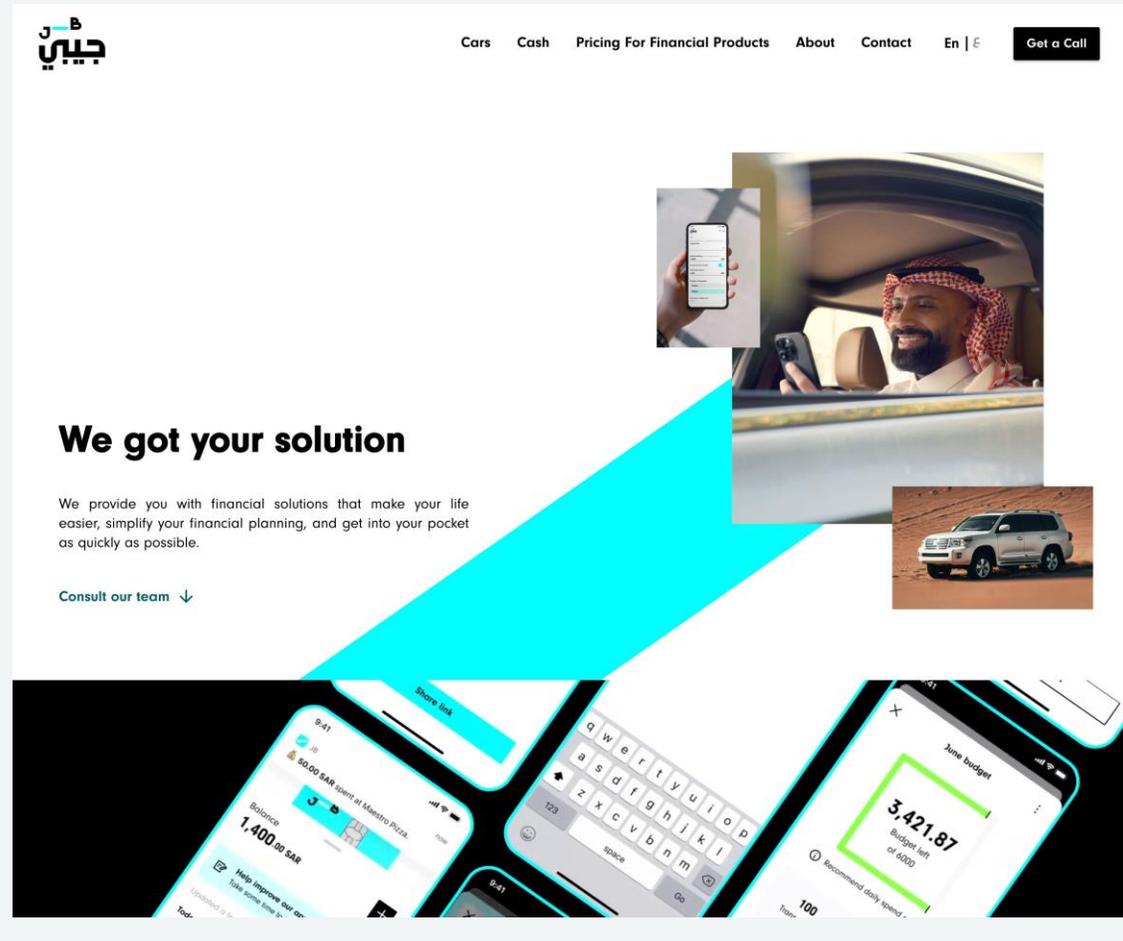
Progressing with key partnerships and collaboration initiatives  
Strengthened real estate advisory and solutions with BSF Private Banking  
Progressed pipeline in real estate funds



## JB New Brand

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

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



## Sur Multifamily Office

Introducing the Sur Multifamily Office, a strategic initiative by BSF

100% subsidiary of BSF to cater the needs of our BSF UHNWIs and HNWI's clientele.

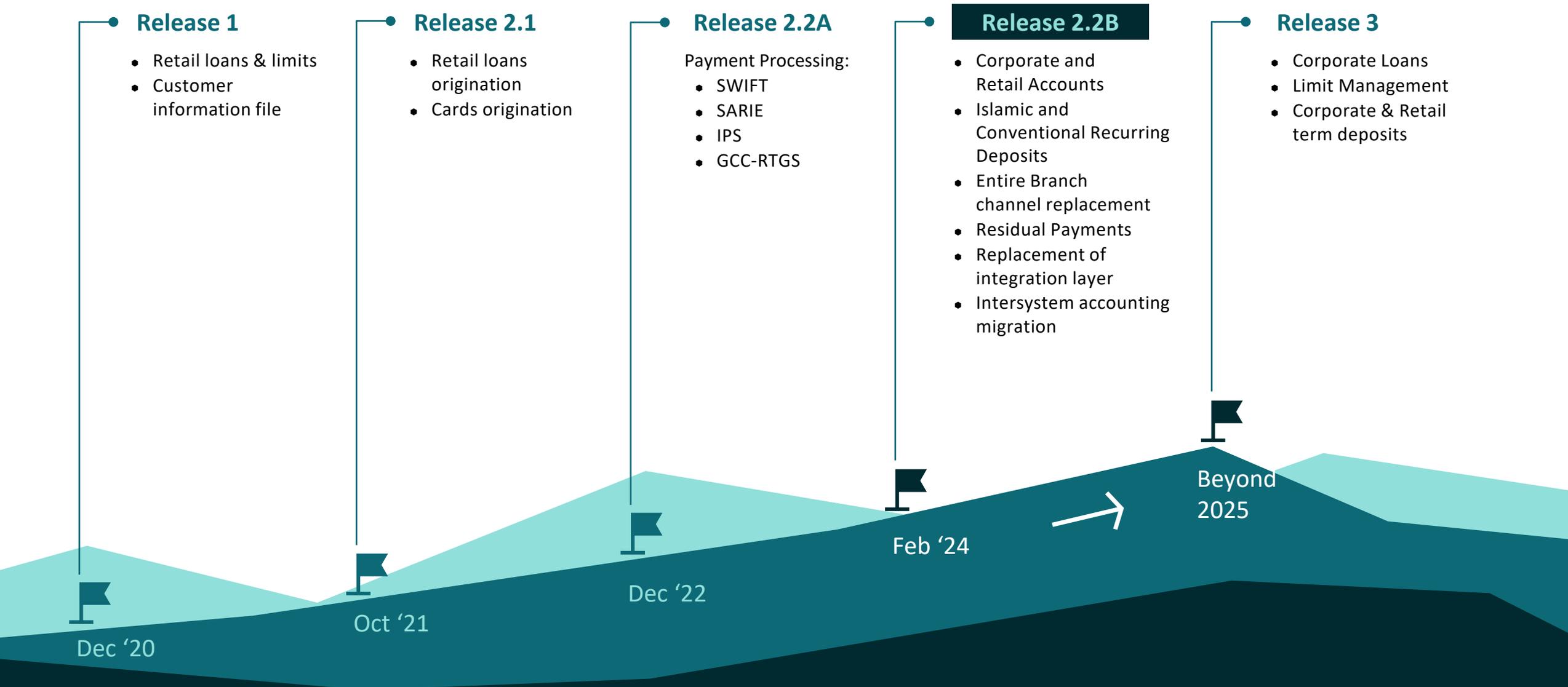


# Good progress in the implementation of the three key strategic programs across the IT & Technology priorities

## Technology Infrastructure Upgrade

	Description	Key Highlights	2024 Progress & Beyond
<h3>Integrated Corporate Portal</h3>	<p>New corporate platform supporting trade &amp; supply chain services, and expanded liquidity and cash management solutions and services</p>	<ul style="list-style-type: none"> <li>• Program is re-baselined and target go live date is 2Q 2025 for Phase I backend and frontend</li> <li>• Conducted training for BSF staff in 3Q 2024</li> <li>• Phase II will be Trade AI &amp; Trade Loans, Phase III: Supply Chain Finance</li> </ul>	<ul style="list-style-type: none"> <li>• Conclude testing for backend and frontend by 1Q 2025</li> <li>• Go-live date 2Q 2025 for Phase 1</li> </ul>
<h3>Omnichannel</h3>	<p>New high performance retail platform providing robust digital banking service and enhanced customer experiences and journeys</p>	<ul style="list-style-type: none"> <li>• Existing features from Release 2 development have been completed and released to production</li> <li>• Some enhancements from Release 2 are currently undergoing testing and will be released to production in the coming weeks</li> </ul>	<ul style="list-style-type: none"> <li>• Official public release</li> <li>• Subsequent releases are estimated to start in 4Q 2024</li> </ul>
<h3>Core Banking System (Corporate) Release 3</h3>	<p>Bank-wide core banking system to enable best-in-class customer experience with leading operational efficiency</p>	<ul style="list-style-type: none"> <li>• Kicked off Corporate Lending and Term Deposits end-to-end</li> <li>• Retail Term Deposits design is completed, and development is 70% completed</li> <li>• Data migration plan and design testing are completed</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Lending and Limits</li> <li>• Corporate &amp; Retail Term Deposits</li> <li>• Estimated launch in 4Q 2025 /1Q 2026</li> </ul>

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



## Enhanced offering & services

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

## Customer experience

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

## Benefits for IT

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

Key enabler for BSF strategic ambition

Leading CX  
(NPS #1)

## The advantages already realized

### Future-proofing BSF tech landscape

30

systems decommissioned up to the current release of CBS

### Improving & efficiency

80%+

increase in STP rate for SARIE transactions

### Shorter customer journeys

1.5-2x

less time consuming processes for Credit Cards and Personal loans



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

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

## Brand Strategy

### Shared belief

We take pride in our impact on the Kingdom to achieve meaningful influence in the World

### Active purpose

We help every generation make their mark to ensure everyone's sustainable prosperity

### Value proposition

The companion at each stage of your journey to inspire more confident financial choices

## Internal Branding Activities



Branches  
**70+**



ATMs  
**300+**



Offices  
**6**



E-Channels  


## Why is the Brand changing?

### Strategic Enablement for Future Growth

**Competitive Advantage:** aiming for leadership and profitability in focused market segments

Simplification and Digitization: consistent master brand and data-driven connectivity.

Cultural Acceleration: enhancing talent retention and recruitment.

### Response to External Changes

Developments in KSA: altering the economic landscape

Banking Sector Evolution: traditional operations are shifting.

Client Expectations: increasing customer expectations drive demand for innovation

### Adaptation to New Norms

Technological Advances: 5G, AI, blockchain redefining the internet.

New business models: threats and opportunities from digital banks and fintech innovations.

Workforce Evolution: changing talent landscape redefining workplace culture.

# ESG Update

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



## ESG is Part of BSF DNA

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



Exemplifying the Highest Ethical and Governance Standards



Accelerating Sustainable Economic Growth



Creating a Thriving Workplace



Serving our Clients



Protecting our Communities

## BSF's Recent ESG Highlights

BSF developed a set of ESG KPIs associated with the five key pillars of our ESG framework.

BSF published its Sustainable Finance Framework.

BSF was listed in the FTSE Emerging ESG index in May, 2024 as a top ESG performer

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

# 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:

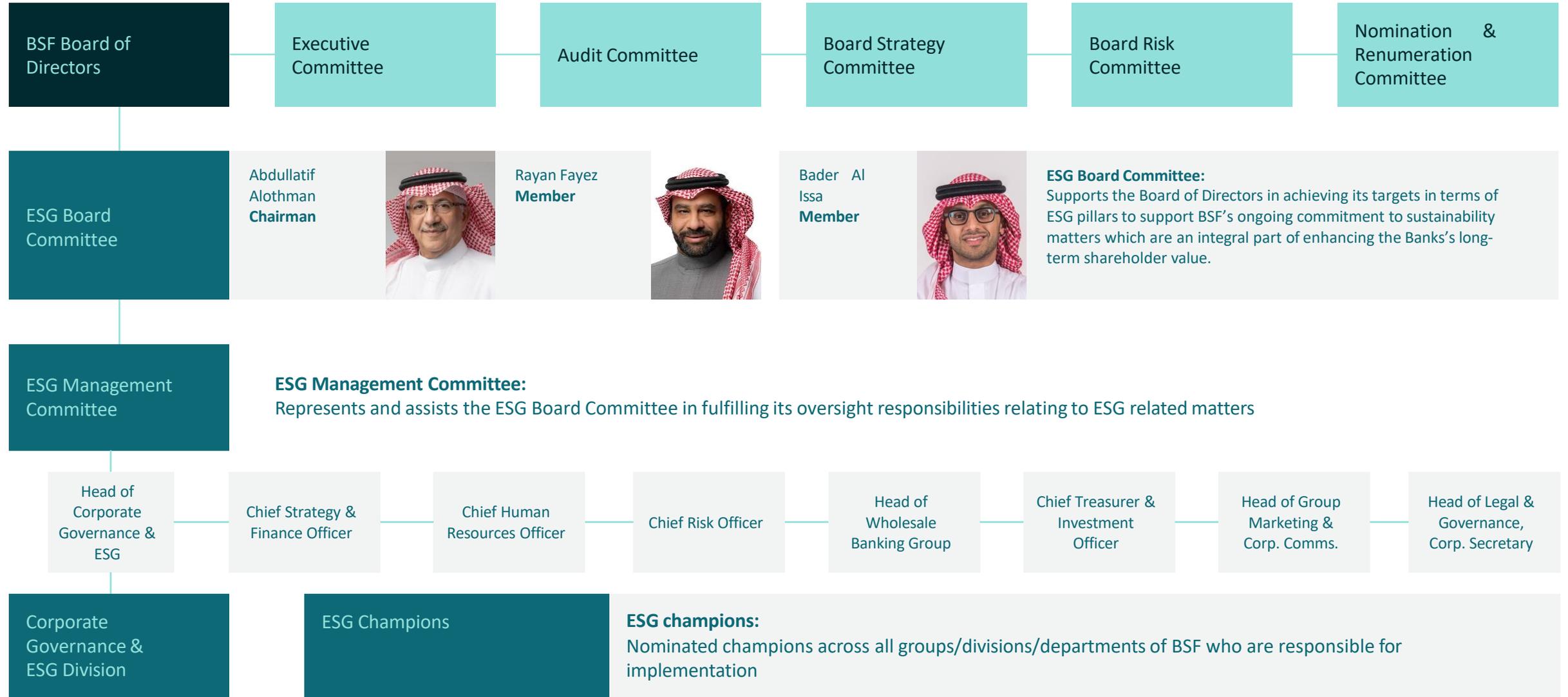
- Sustainability-related material issues identified by regional and international peers.
- Objectives of national and international sustainability-related ambitions: Vision 2030 and United Nations Sustainable Development Goals.
- Areas of importance identified by reputable sustainability reporting standards: 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



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



2023 ESG Report (soon to be published)



# BSF achieves remarkable progress in boosting ESG ratings

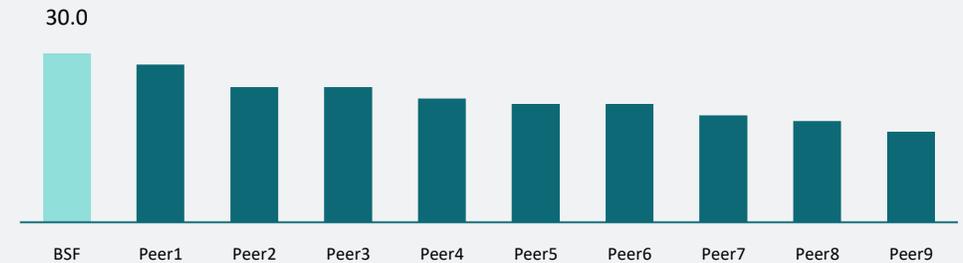
## ESG Ratings:



## Leading all Saudi Bnaks in ESG Risk Rating Score by Sustainalytics



## The highest S&P Global ESG Score among KSA banks



# Financial Performance

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## Balance Sheet

- Strong loan growth of 15% YoY, driven by both commercial (+15%) and consumer (+16%).
- Investments increased 24% YoY to manage IR risk while capturing higher yields.
- Deposit growth of 16% YoY, from IBDs (+40%) partly offset by NIBDs (-3%).

### Loans & Advances

201.0

SAR Billion

▲ +15% year-on-year

### Investments

57.4

SAR Billion

▲ +24% year-on-year

### Customers' Deposits

193.3

SAR Billion

▲ +16% year-on-year

## Income Statement

- Operating income declined by 1%, with a 2% drop in NII offset by 7% non-interest income growth.
- NIM declined by 57bps YoY to 3.06% on higher funding costs.
- Net income grew 1% as decrease in impairments was offset by rising expenses.

### Operating Income

7,086

SAR Million

▶ -1% year-on-year

### NIM

3.06%

▼ -57bps year-on-year

### Net Income

3,427

SAR Million

▶ +1% year-on-year

# Improved credit quality with comfortable capital and liquidity



## Asset Quality

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

NPL Ratio

0.83%

▼ -115bps year-on-year

NPL Coverage Ratio

193.1%

▲ +53.6ppts year-on-year

Cost of Risk

0.57%

▼ -41bps year-on-year

## Capital & Liquidity

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

T1 Ratio

18.6%

▶ -0.1ppts year-on-year

LCR

162%

▼ -9ppts year-on-year

NIBD % of Total Deposits

46.7%

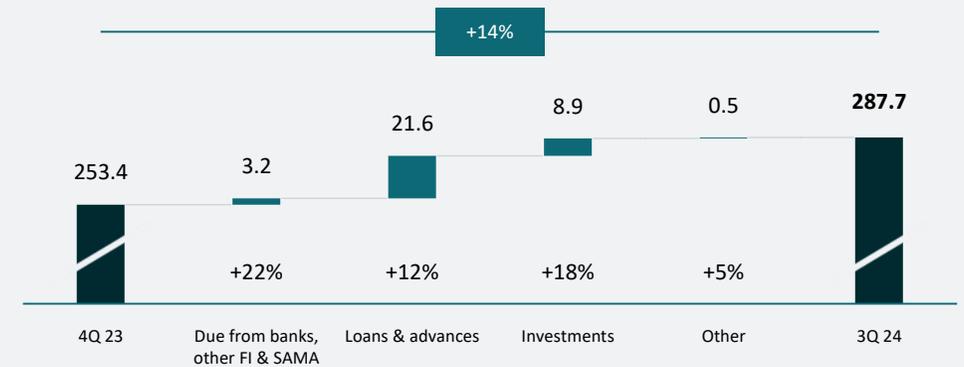
▼ -9.2ppts year-on-year

## Balance Sheet

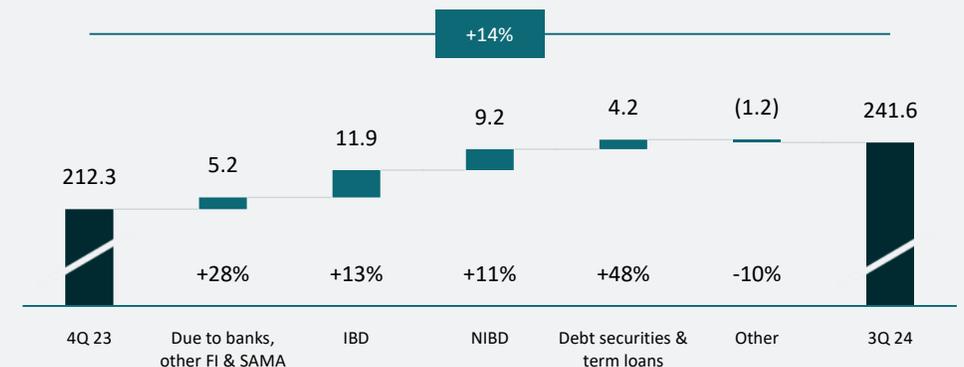
- Growth in total assets of 14% YTD, mainly driven by 12% loan growth, further aided by an increase in investments.
- The investment portfolio expanded by 18% YTD from high-quality liquid assets to capture higher yields, while managing interest rate risk.
- Liabilities grew by 14% during 9M 2024 from 12% deposit growth, a 28% increase in interbank, and a 48% rise in debt securities.
- Total equity increased 12% YTD due to SAR 3bn Additional Tier 1 sukuk issuance and retained earnings generation.

SAR Mn	3Q 2024	2Q 2024	Δ%	4Q 2023	Δ%
Investments	57,386	55,506	+3%	48,467	+18%
Loans & advances	201,008	197,160	+2%	179,391	+12%
<b>Total assets</b>	<b>287,670</b>	<b>288,826</b>	<b>-0%</b>	<b>253,383</b>	<b>+14%</b>
Customers' deposits	193,342	196,248	-1%	172,209	+12%
<b>Total liabilities</b>	<b>241,554</b>	<b>247,017</b>	<b>-2%</b>	<b>212,262</b>	<b>+14%</b>
<b>Total equity</b>	<b>46,117</b>	<b>41,809</b>	<b>+10%</b>	<b>41,121</b>	<b>+12%</b>

## Total Assets Movement YTD (SAR Bn)



## Total Liabilities Movement YTD (SAR Bn)

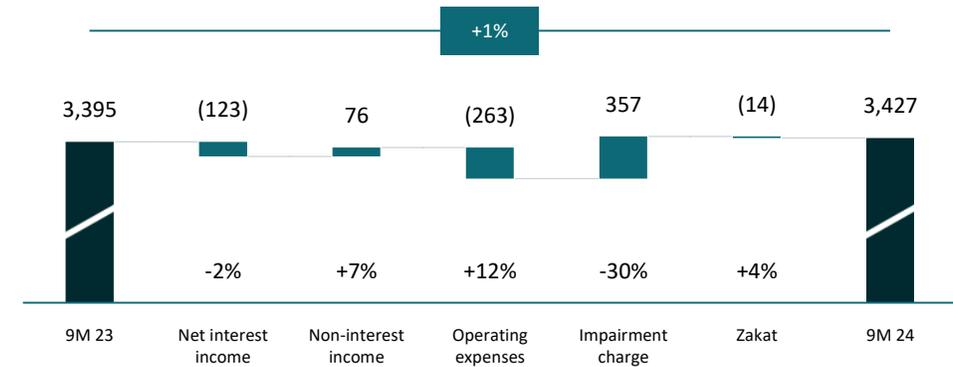


# Net income grew 1% YoY from lower impairments, partially offset by higher costs

## Income Statement

- Net income for 9M 2024 grew 1% YoY to SAR 3,427mn from a 30% decline in the impairment charge, partly offset by 12% growth in operating expenses and 2% decline in net interest income.
- Total operating income declined 1% YoY, with net interest income reducing by 2% and non-interest income increasing by 7%.
- Quarterly net income declined by 8% YoY and increased by 2% QoQ to SAR 1,148mn.

## Net Income Movement YoY (SAR Mn)

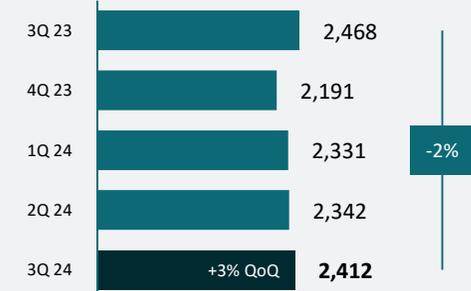


SAR Mn	9M 2024	9M 2023	Δ%	3Q 2024	3Q 2023	Δ%
Net interest income	5,844	5,967	-2%	1,986	2,068	-4%
Non-interest income	1,242	1,166	+7%	426	400	+7%
Operating income	7,086	7,133	-1%	2,412	2,468	-2%
Operating expenses	(2,439)	(2,176)	+12%	(857)	(740)	+16%
Pre-impairment operating income	4,647	4,957	-6%	1,555	1,728	-10%
Impairment charge	(824)	(1,181)	-30%	(275)	(345)	-20%
Net income before zakat	3,822	3,776	+1%	1,281	1,383	-7%
Zakat	(395)	(381)	+4%	(132)	(137)	-4%
<b>Net income</b>	<b>3,427</b>	<b>3,395</b>	<b>+1%</b>	<b>1,148</b>	<b>1,245</b>	<b>-8%</b>
ROAE	10.69%	11.49%	-79bps	10.45%	12.62%	-217bps

## Net Income



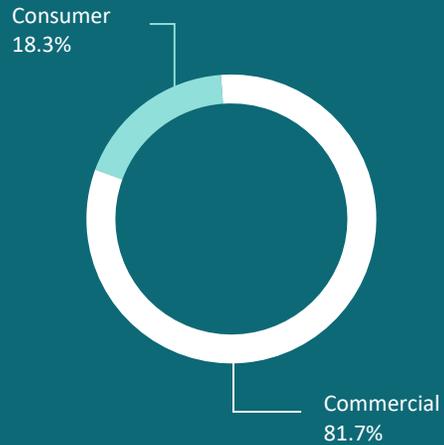
## Operating Income



## Loans & Advances Composition

# 201.0

(SAR Bn)

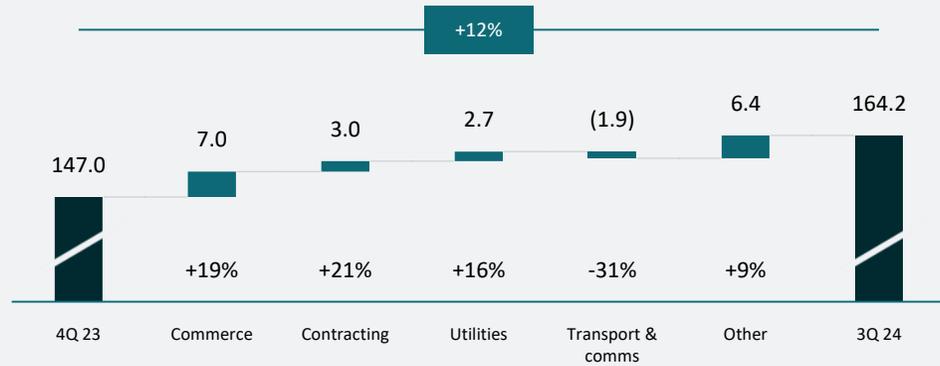


## Loans & Advances (SAR Bn)

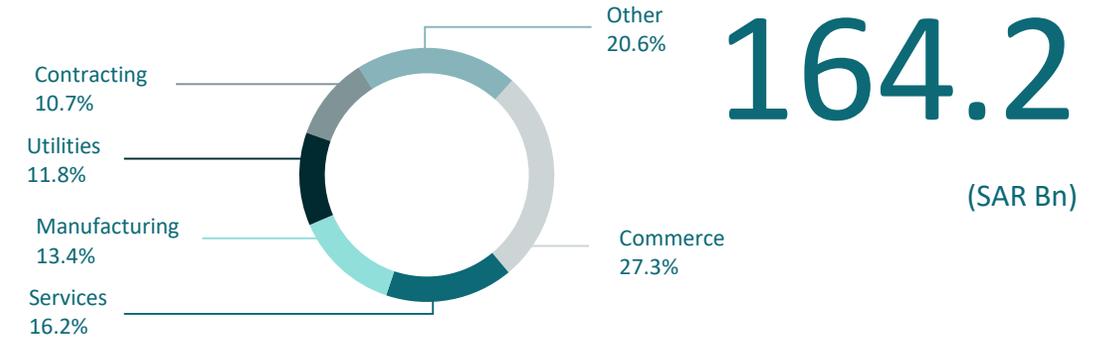
- Total loans & advances grew 12% during 9M 2024 from both consumer and commercial lending growth.
- Commercial loans grew 12% during 9M 2024, with notable increase in the commerce, contracting and utilities sectors.
- Consumer loans grew 14% YTD from growth in mortgages (+12%), personal loans (+12%), and auto loans (+23%).



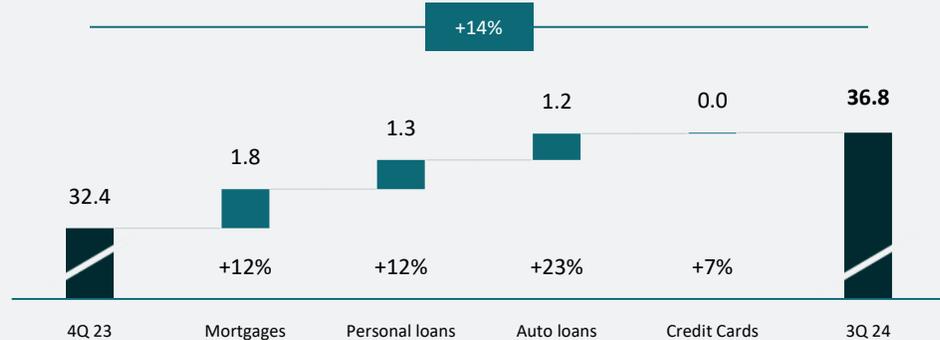
## Commercial Loans Movement YTD (SAR Bn)



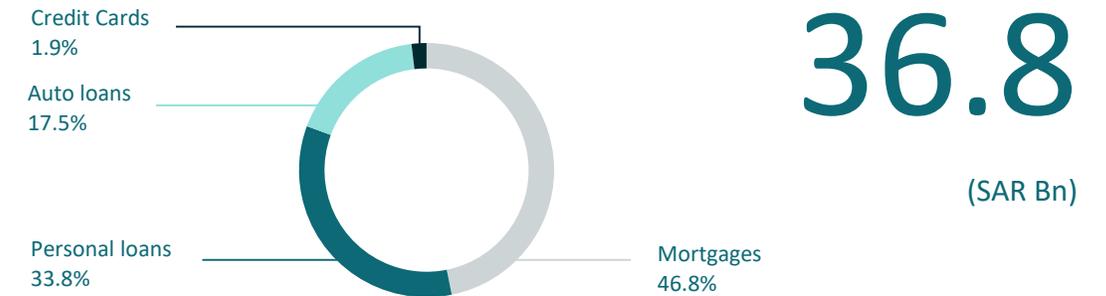
## Commercial Loans Composition



## Consumer Loans Movement YTD (SAR Bn)



## Consumer Loans Composition

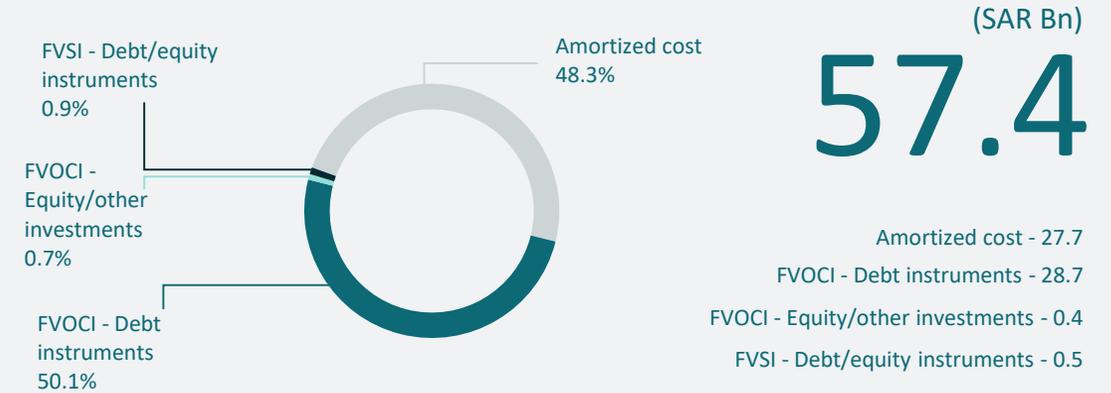


# 18% Increase in the investment portfolio in 9M 2024

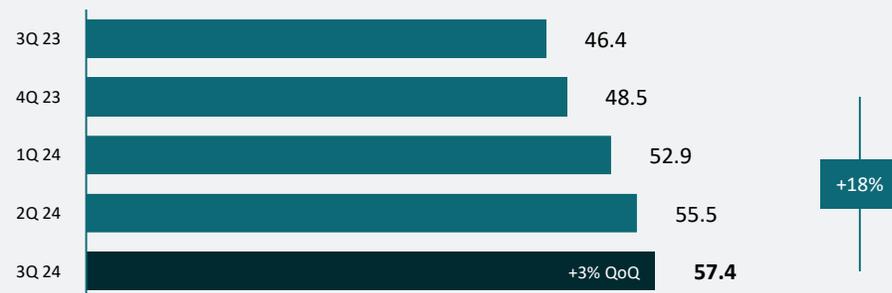
## Investments

- Investments increased 18% YTD to manage interest rate risk while capturing higher yields.
- The investment portfolio is of high quality with a significant portion being Saudi Government and investment grade.

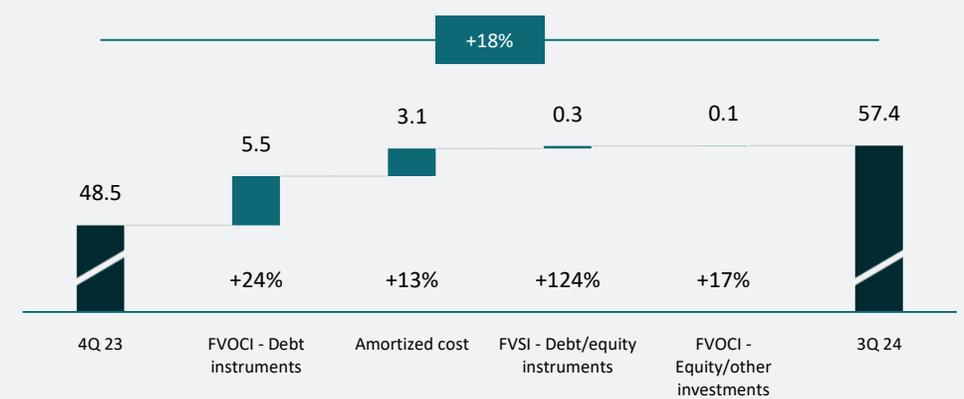
## Investments Composition by Category



## Investments (SAR Bn)



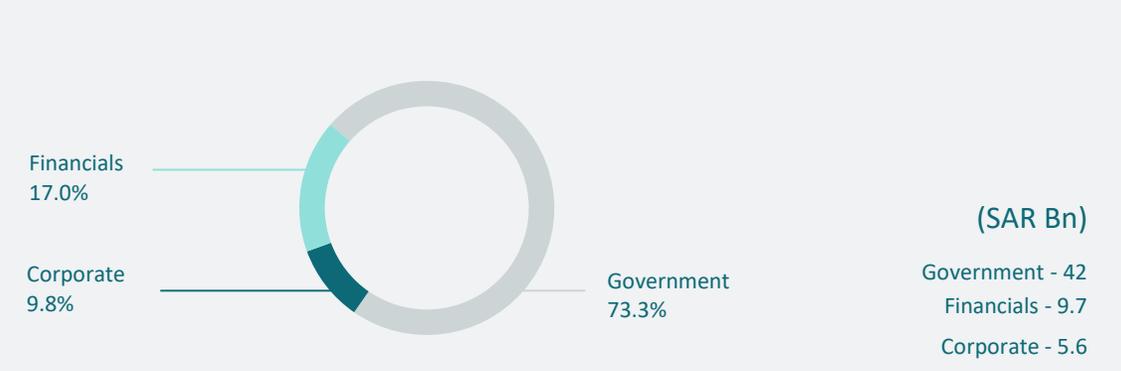
## Investments Movement by Category YTD (SAR Bn)



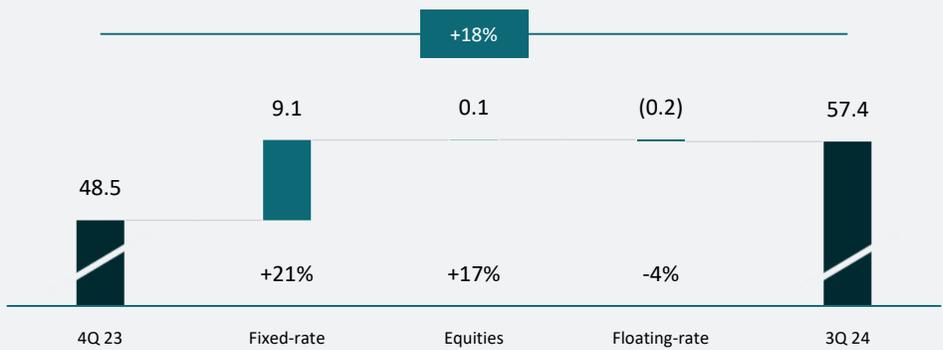
## Investments Composition by Type



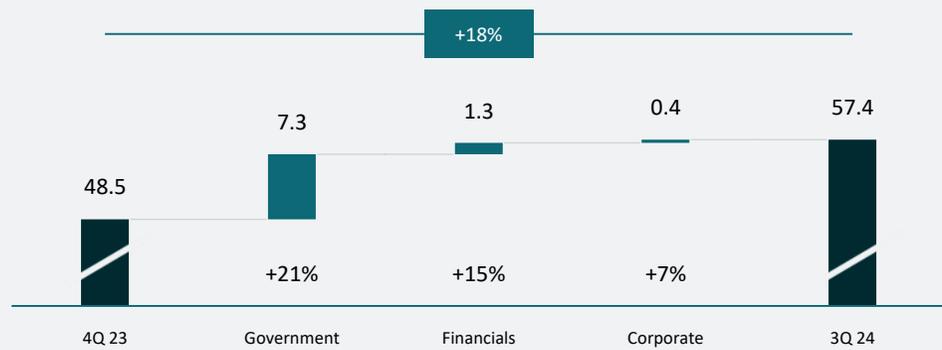
## Investments Composition by Sector



## Investments Movement by Type YTD (SAR Bn)



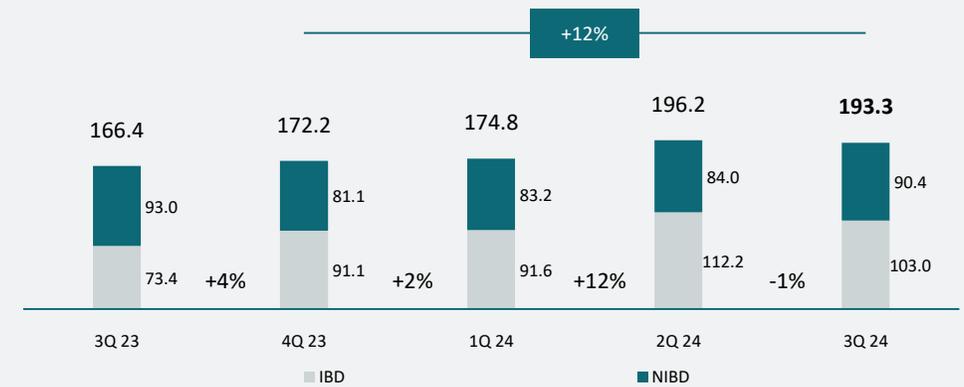
## Investments Movement by Sector YTD (SAR Bn)



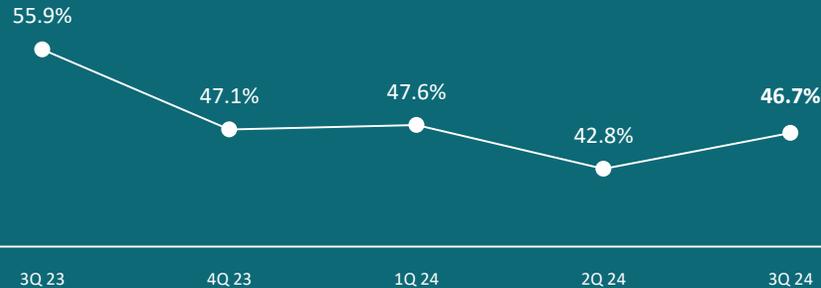
## Customers' Deposits

- Deposits grew by 12% during 9M 2024, driven by an increase in IBDs and further supported by NIBD growth.
- NIBDs increased 11% YTD and IBD's increased 13% YTD, mainly from corporate deposits.
- As of 30 September 2024, 46.7% of deposits were non-interest bearing.

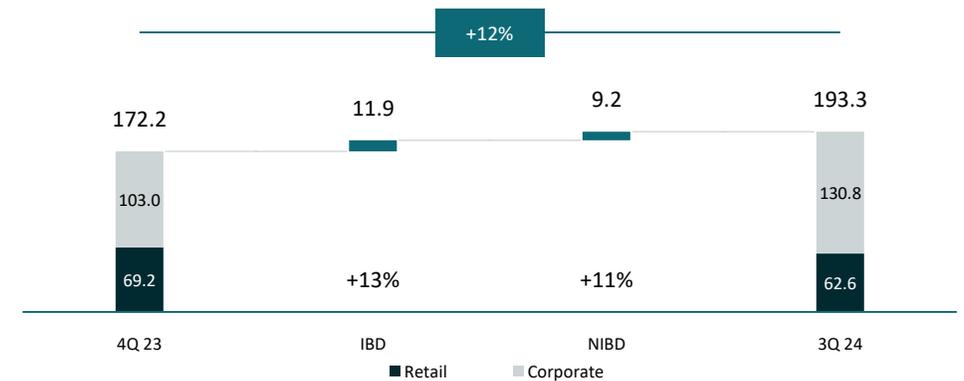
## Customers' Deposits (SAR Bn)



## NIBD % of Total Deposits (%)



## Customers' Deposits Movement YTD (SAR Bn)



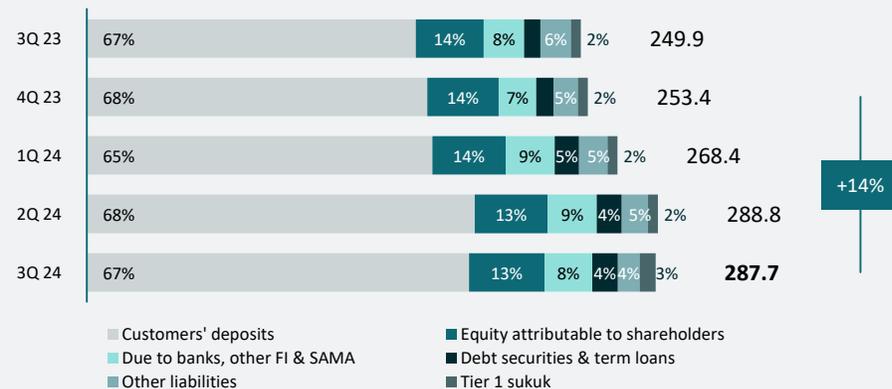
## Funding Structure

- BSF's funding is largely comprised of customers' deposits which represented 80% of total liabilities and 67% of total liabilities and equity as of 30 September 2024.
- BSF has a proven track record of accessing other funding options including local and international debt capital markets.
- In 9M 2024, BSF via BSF Sukuk Company Limited issued USD 700 million senior unsecured trust certificates, maturing in 2029 and issued USD 140 million under the EMTN program, demonstrating its capability to access multiple funding sources. Overall, during the 9M 2024, the Bank issued debt securities and a term loan totaling USD 1,090 million.

## Successful Track Record in Accessing Local and International Capital Markets

Issuance Date	Issuance Amount (Mn)	Type	Maturity/Call	Pricing
2010	USD 650	USD Senior Unsecured	March 2015	4.25%
2012	USD 750	USD Tier 2 Issuance	May 2017	2.95%
2012	SAR 1,900	SAR Senior Unsecured	December 2017	S+110bps
2014	SAR 2,000	SAR Tier 2 Issuance	June 2019	S+140bps
2020	SAR 5,000	SAR Tier 1 Issuance	PerpNC 2025	4.50%
2022	USD 700	USD Senior Unsecured	November 2027	5.50%
2023	USD 900	USD Senior Unsecured	May 2028	4.75%
2023	USD 100	USD Senior Unsecured	July 2027	5.47%
2023	USD 50	USD Senior Unsecured	November 2026	SOFR+115bps
2024	USD 700	USD Senior Unsecured	January 2029	5.00%
2024	USD 30	USD Senior Unsecured	February 2031	SOFR+155bps
2024	USD 20	USD Senior Unsecured	April 2031	SOFR+145bps
2024	USD 20	USD Senior Unsecured	May 2031	SOFR+145bps
2024	USD 50	USD Senior Unsecured	May 2029	SOFR+120bps
2024	USD 20	USD Senior Unsecured	May 2029	SOFR+116bps
2024	SAR 3,000	SAR Tier 1 Issuance	PerpNC 2029	6.00%

## Funding Structure Overview\* (SAR Bn)



# Strong credit ratings and stable maturity profile



Standard & Poor's

**A-**

▶ Stable outlook

Moody's

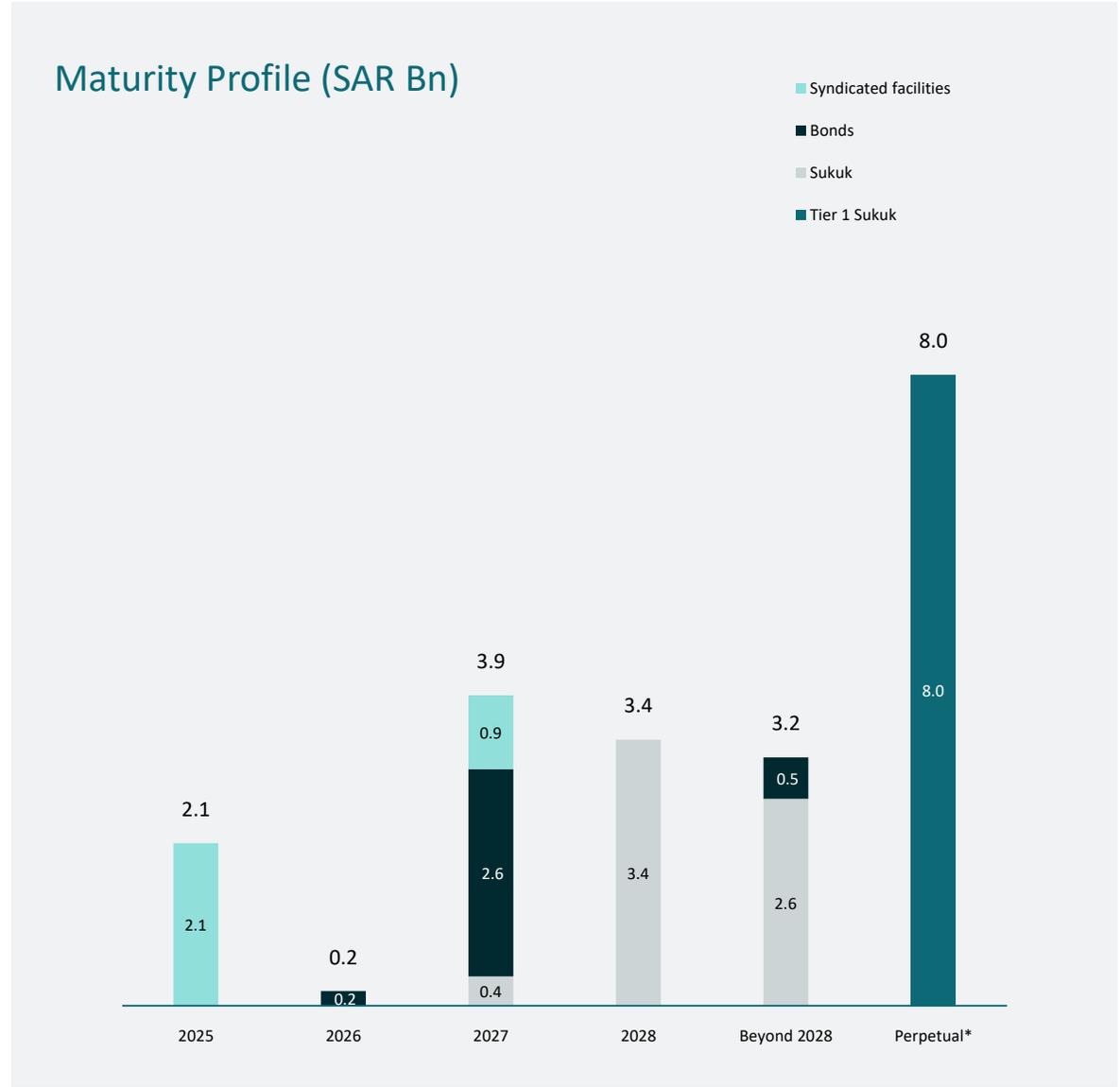
**A2**

▲ Positive outlook

Fitch

**A-**

▶ Stable outlook

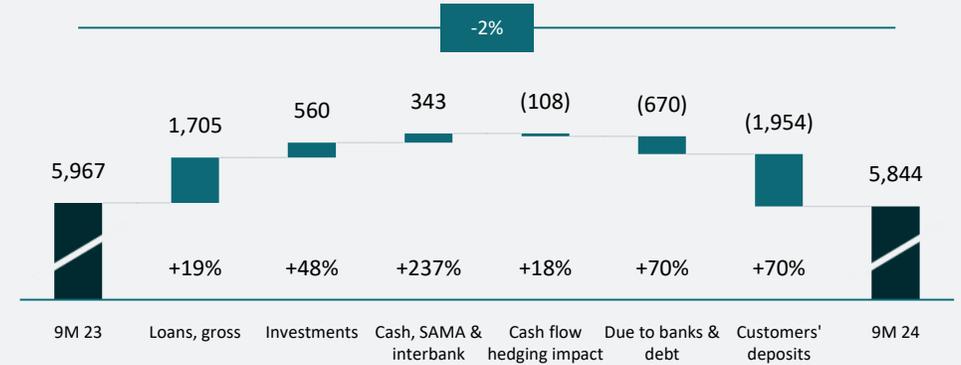


# 2% decline in NII YoY as earning assets growth was offset by margin contraction

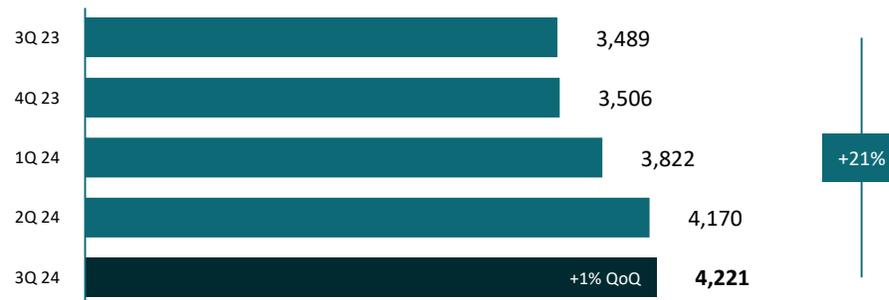
## Net Interest Income

- NII for 9M 2024 declined by 2% YoY to SAR 5,844mn, with 16% average earnings assets growth offset by margin contraction.
- Interest income rose 26% YoY to SAR 12,212mn in 9M 2024, while funding costs rose 70% to SAR 6,368mn.

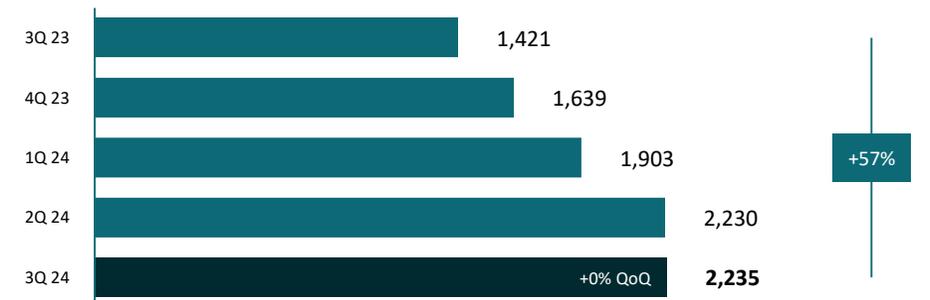
## Net Interest Income Movement YoY (SAR Mn)



## Interest Income (SAR Mn)



## Interest Expense (SAR Mn)



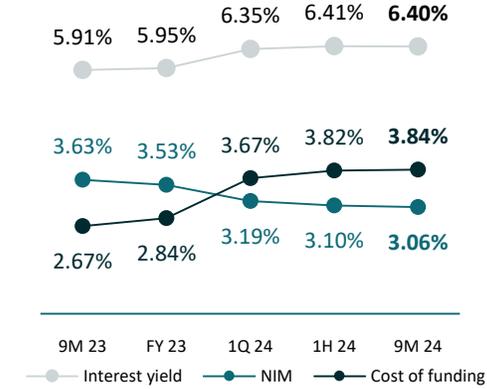
# YoY margin decline from shifting deposit mix towards IBDs



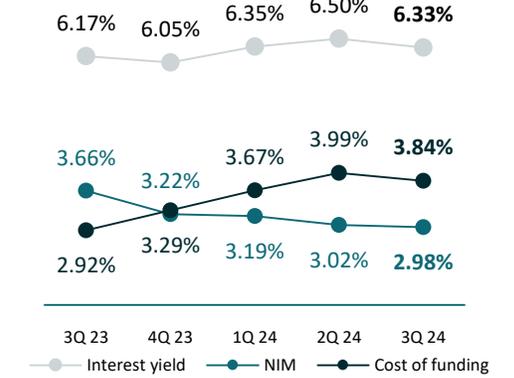
## Net Interest Margin

- The NIM declined 57bps YoY to 3.06% due to increased costs on customers' deposits, partly offset by the higher yields on loans, investments and interbank.
- On a sequential basis, the quarterly NIM declined by 4bps QoQ.
- Funding costs increased by 117bps YoY to 3.84% in 9M 2024.

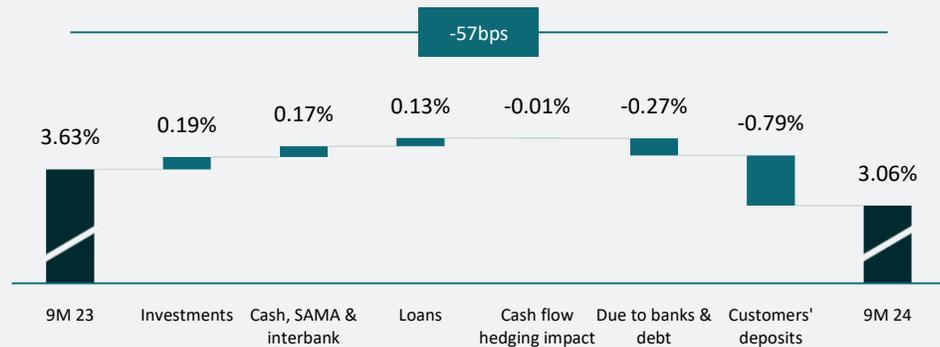
## YTD NIM Trend



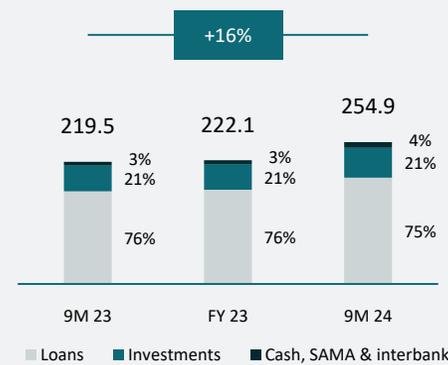
## Quarterly NIM Trend



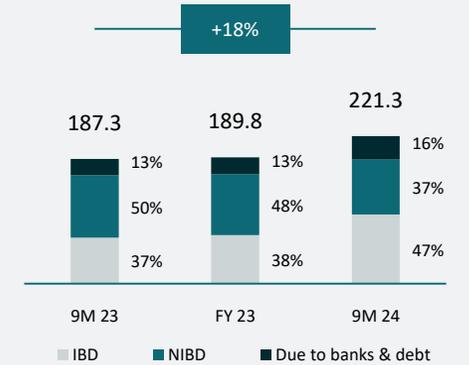
## NIM Movement YoY (%)



## Average Interest Earning Assets (SAR Bn)



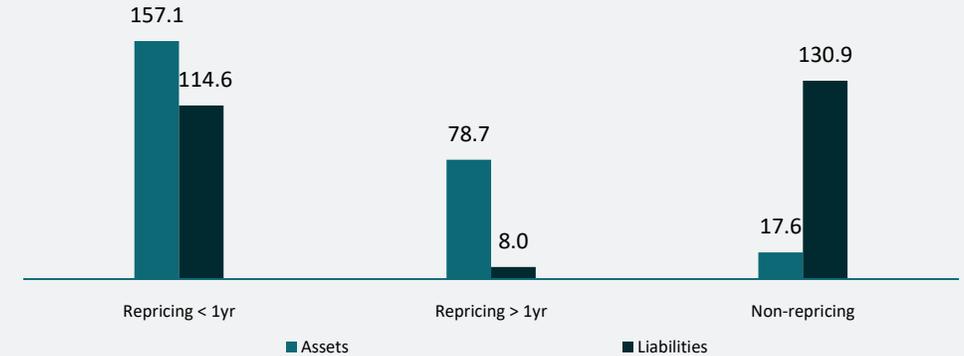
## Average Interest Bearing Liabilities (SAR Bn)



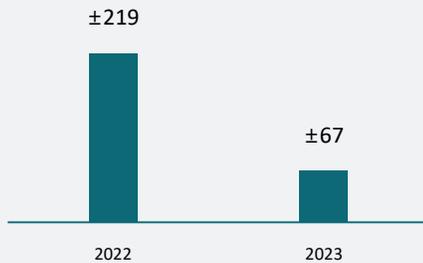
## NIM Sensitivity

- As of 31 December 2023, BSF estimates a 1-year NIM sensitivity of a 100bps rates change at  $\pm 3$ bps; this would translate into a SAR  $\pm 67$ mn NII delta.
- The net open short-term IR position arising from on-balance sheet items reflects BSF's corporate DNA (excess of floating rate assets).
- BSF mitigates its IR risk exposure through a combination of on-and off-balance sheet instruments, incl. cash-flow hedges. The CFH outstanding position is driven by the evolution of BSF's balance sheet structure, IR risk appetite & structural market trends.
- In the current interest rate environment, the Bank has been closing some of its IR position as part of its interest rate risk management.

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



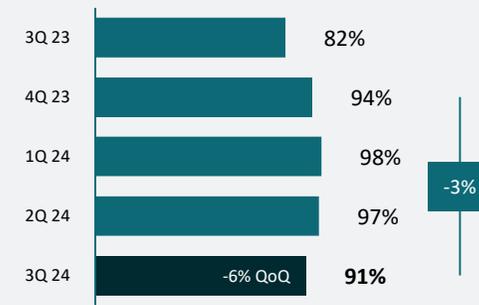
## NII Impact of $\pm 100$ bps Rate Change (SAR Mn)



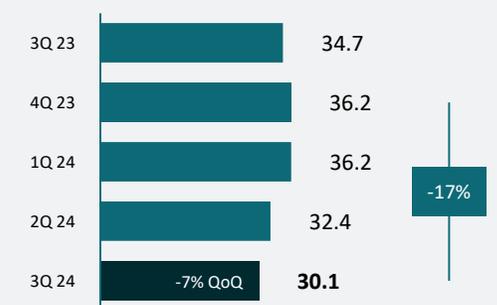
## NIM Impact of $\pm 100$ bps Rate Change (%)



## Fixed Assets vs. Fixed Liabilities (%)



## Cash Flow Hedges Swaps (SAR Bn)



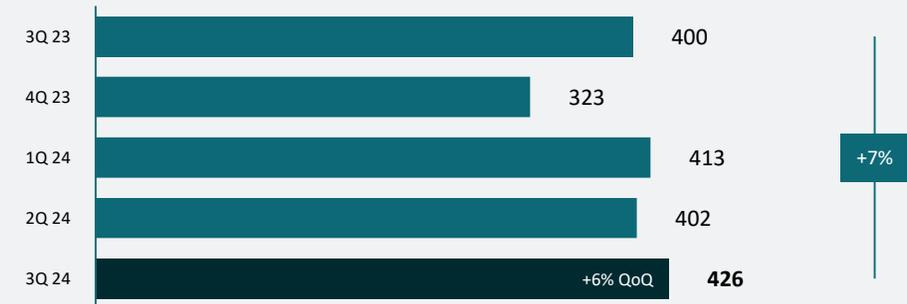
Note: Exposure to interest rate risk is shown in time buckets based on the earliest of first re-pricing date and contractual maturity; this analysis includes all contractual on-balance sheet positions (floating and fixed)

# Non-interest income increased 7% YoY on higher net fee & commission income and investment-related income

## Non-Interest Income

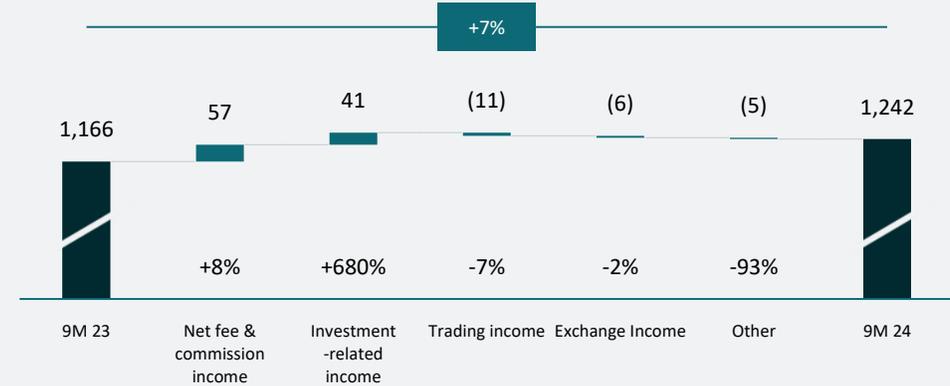
- Non-interest income for 9M 2024 increased 7% YoY to SAR 1,242mn on improved net fee & commission income and investment-related income, partly offset by lower trading and exchange income.
- 3Q 2024 non-interest income increased by 7% YoY and by 6% QoQ.

## Non-interest Income (SAR Mn)



SAR Mn	9M 2024	9M 2023	Δ%	3Q 2024	3Q 2023	Δ%
Fee & commission income	1,247	1,083	+15%	425	381	+12%
Fee & commission expenses	(512)	(406)	+26%	(201)	(150)	+35%
Net fee & commission income	735	677	+8%	223	231	-3%
Exchange Income	331	337	-2%	138	113	+22%
Trading income	141	152	-7%	53	72	-27%
Banking-related income	1,207	1,166	+3%	414	417	-1%
Investment-related income	35	(6)	+680%	13	(17)	-173%
Other income	0	5	-93%	0	0	+106%
<b>Non-interest income</b>	<b>1,242</b>	<b>1,166</b>	<b>+7%</b>	<b>426</b>	<b>400</b>	<b>+7%</b>

## Non-interest Income Movement YoY (SAR Mn)

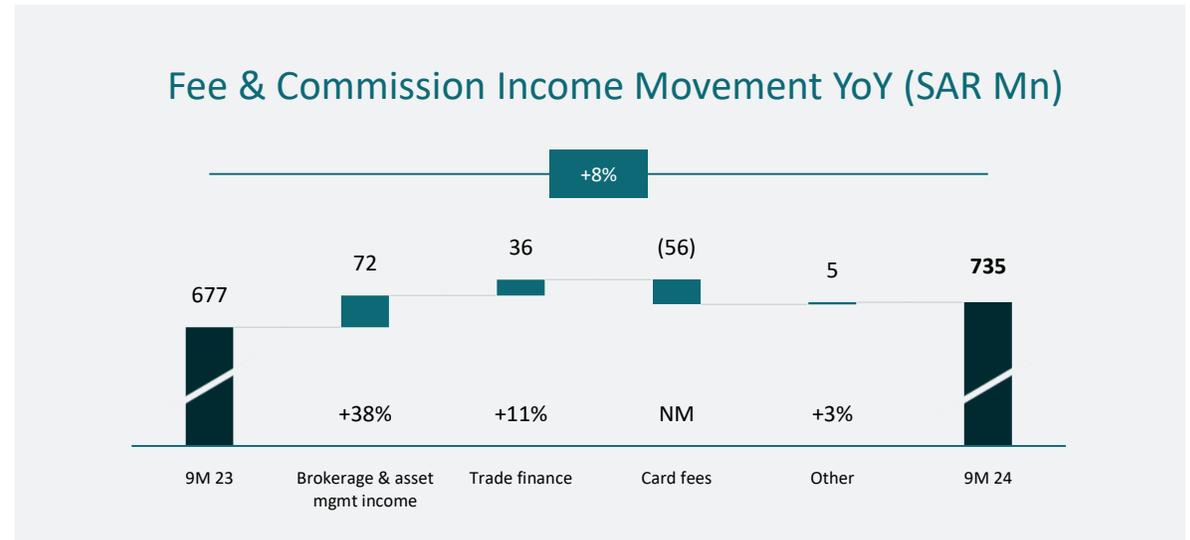
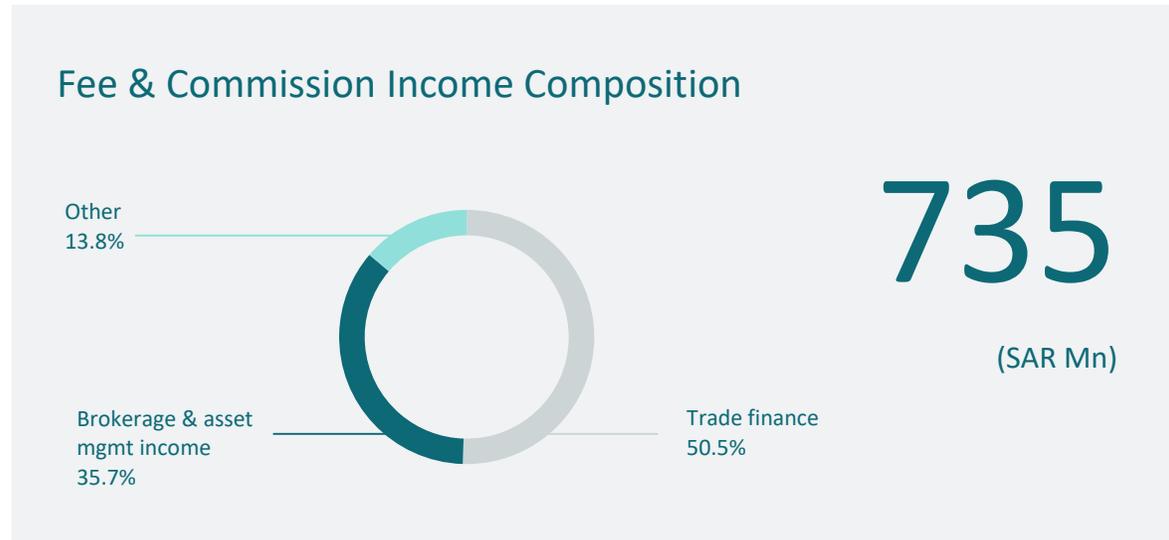
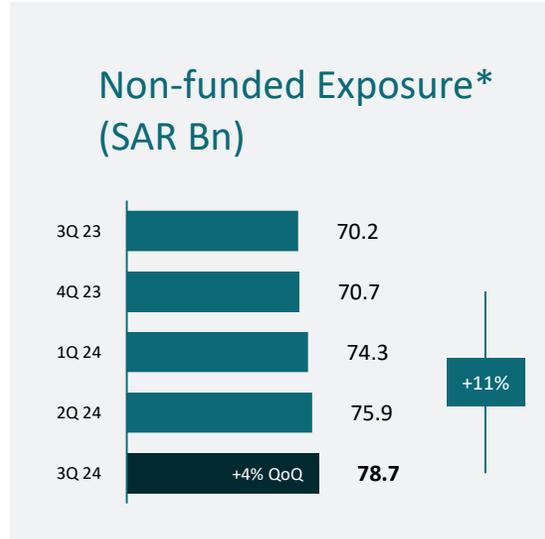


# Fee & commission income increased 8% YoY, mainly from improved brokerage & asset management income and trade finance



## Fee & Commission Income

- Net fee & commission grew 8% to SAR 735mn in 9M 2024 due to higher brokerage & asset management income and trade finance, partially offset by lower card fees.
- An 11% YTD increase in non-funded exposure positively impacted fee and other income.

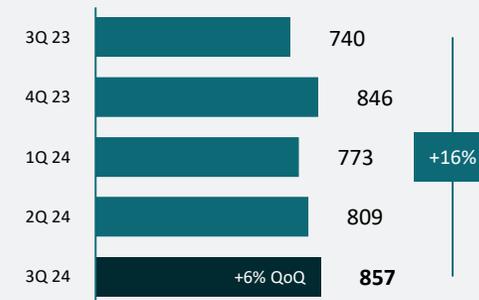


# Operating expenses growth of 12% YoY from higher employee-related expenses, G&A and depreciation

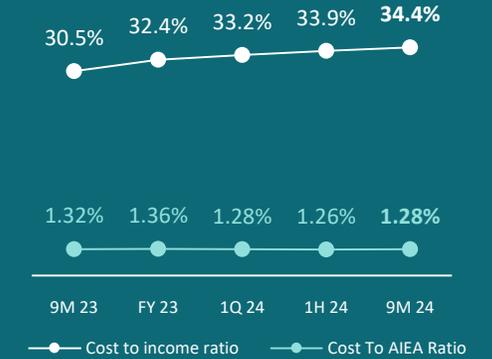
## Operating Expenses

- Operating expenses increased 12% YoY to SAR 2,439mn in 9M 2024 mainly due to increased employee-related costs, as well as higher G&A and depreciation.
- Cost to income ratio increased by 3.9ppts YoY to 34.4% in 9M 2024 from 30.5% in 9M 2023.
- At the same time, operating expenses as a percentage of average interest-earning assets (AIEA) decreased 5bps YoY to 1.28% for 9M 2024 due to faster expansion of AIEA (+16%) relative to expense growth (+12%).
- Quarterly operating expenses increased 6% QoQ and 16% YoY, mainly due to the rising G&A and employee-related expenses.

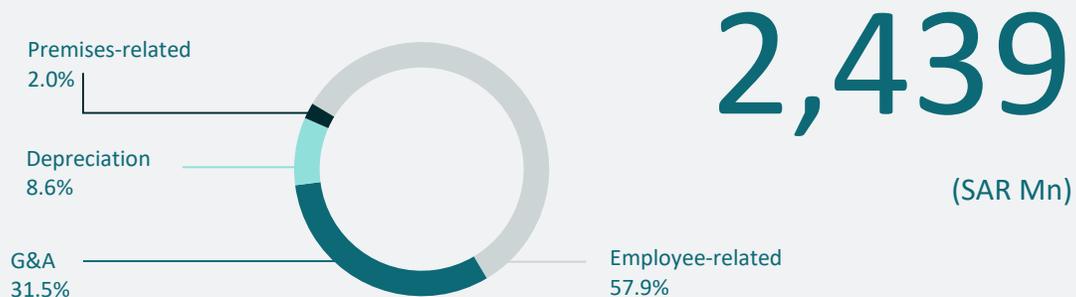
## Operating Expenses (SAR Mn)



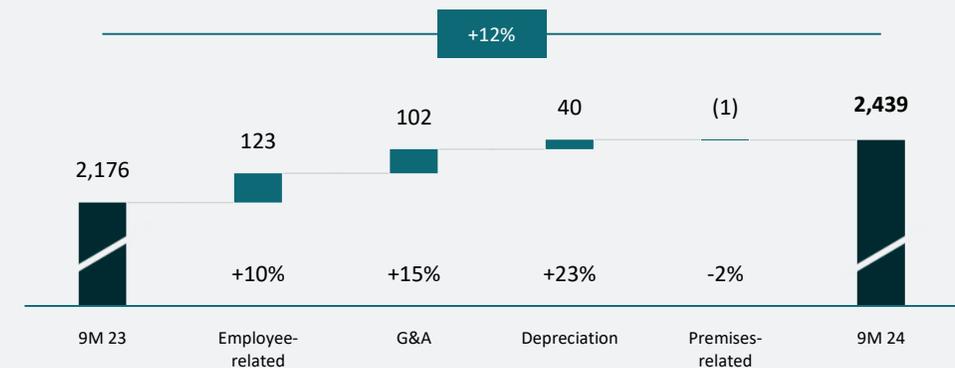
## Cost Ratios (%)



## Operating Expenses Composition

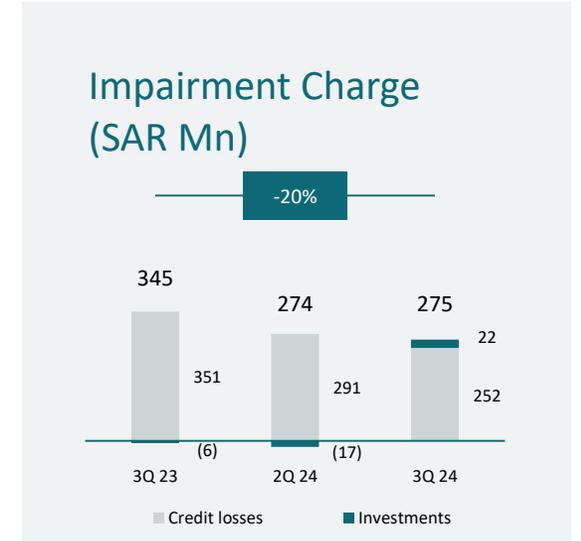
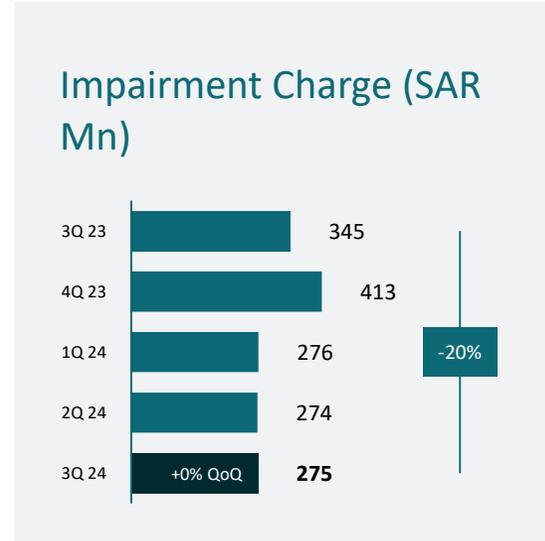
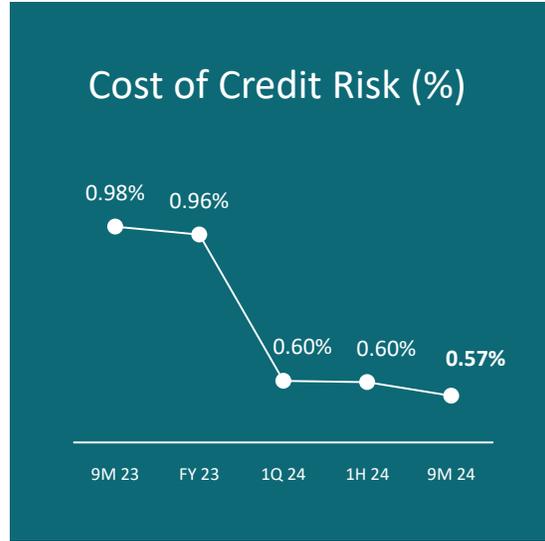


## Operating Expenses Movement YoY (SAR Mn)



### Impairment Charge

- The total impairment charge for 9M 2024 decreased by 30% YoY to SAR 824mn, mainly from lower commercial impairments, partly offset by higher consumer and investment & off-balance impairments.
- In combination with healthy loan growth, this resulted in a 41bps YoY improvement in cost of risk to 0.57% for 9M 2024, and a 10bps reduction QoQ to 0.50% for 3Q 2024.



### Commercial COR

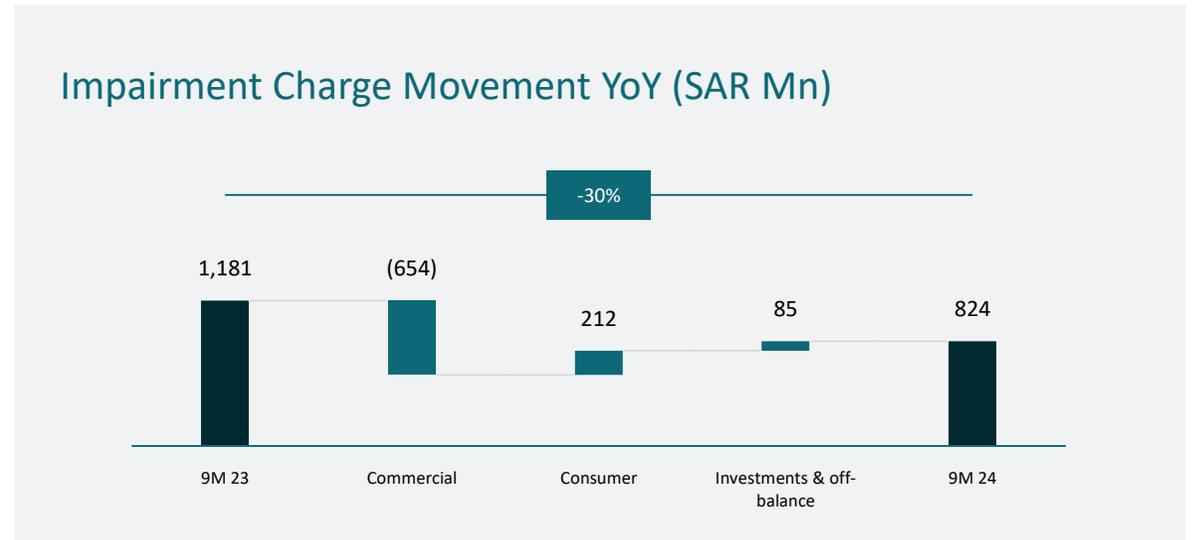
# 0.54%

▼ -68bps year-on-year

### Consumer COR

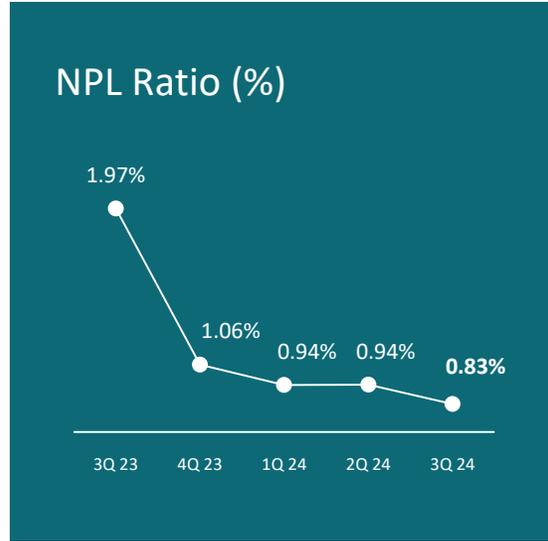
# 0.67%

▲ +83bps year-on-year

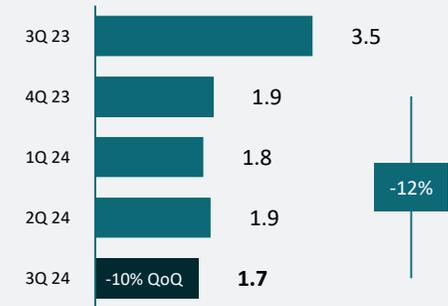


## NPL Ratio

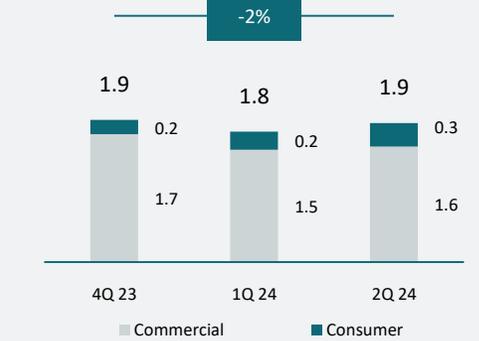
- The NPL ratio improved 23bps YTD to 0.83% as NPLs declined 12% on write-offs in the commercial book relative to 12% gross loan growth.



## Non Performing Loans & Advances (SAR Bn)



## Non Performing Loans & Advances (SAR Bn)



## Commercial NPL Ratio

0.82%

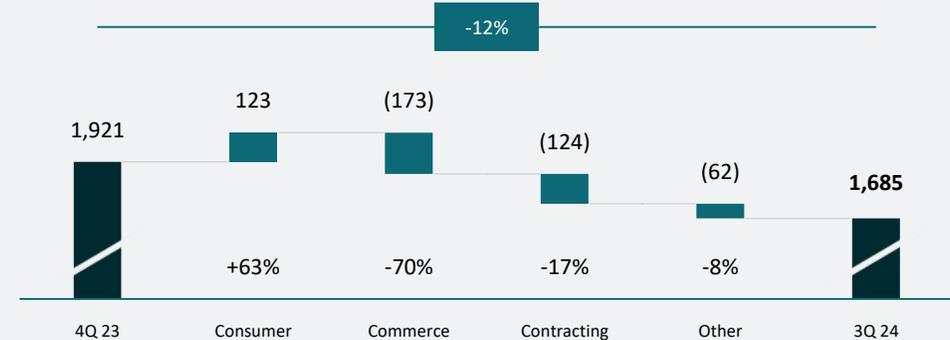
▼ -34bps year-to-date

## Consumer NPL Ratio

0.85%

▲ +26bps year-to-date

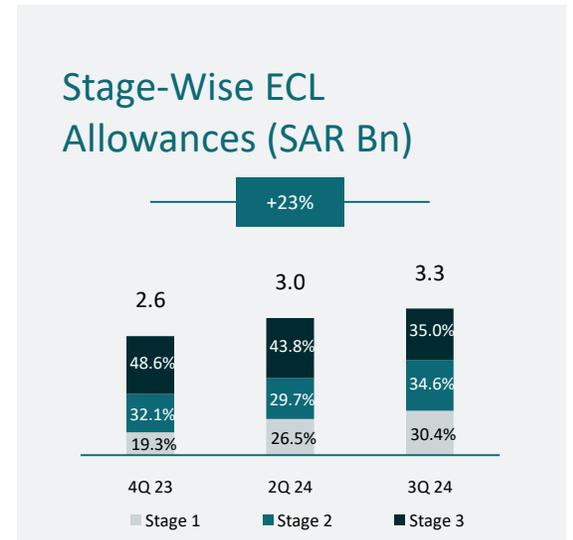
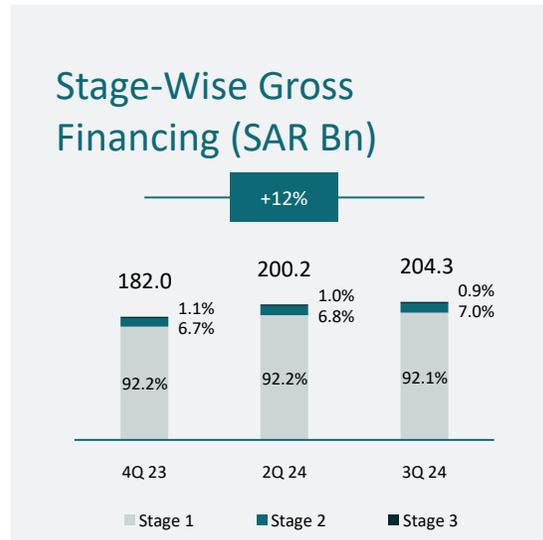
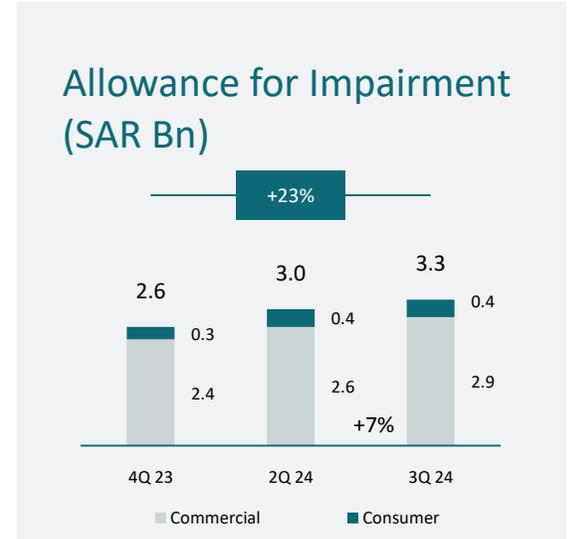
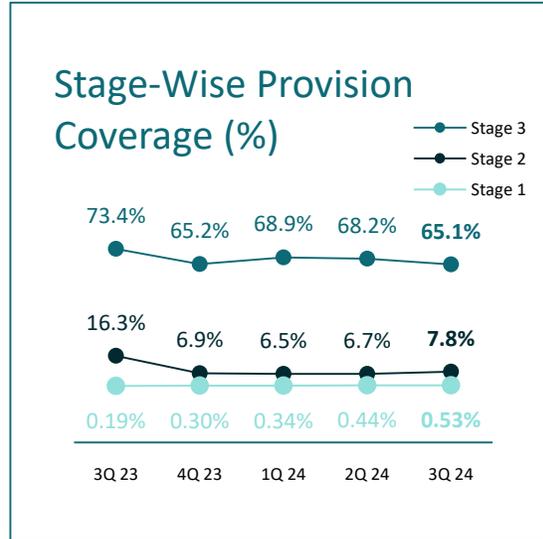
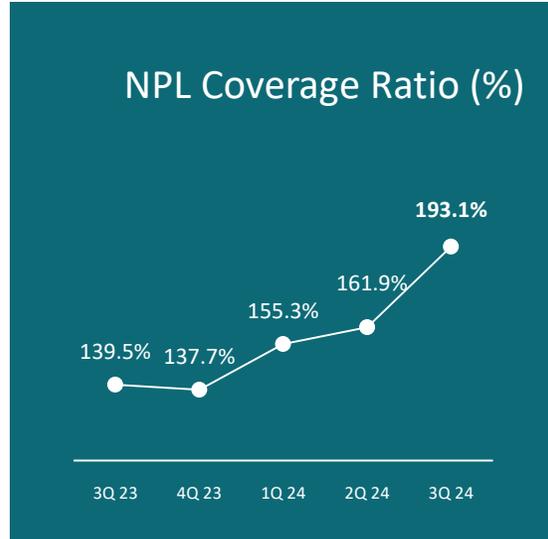
## Total Non Performing Movement YTD (SAR Mn)



# NPL coverage improved 55.5ppts YTD to 193.1%

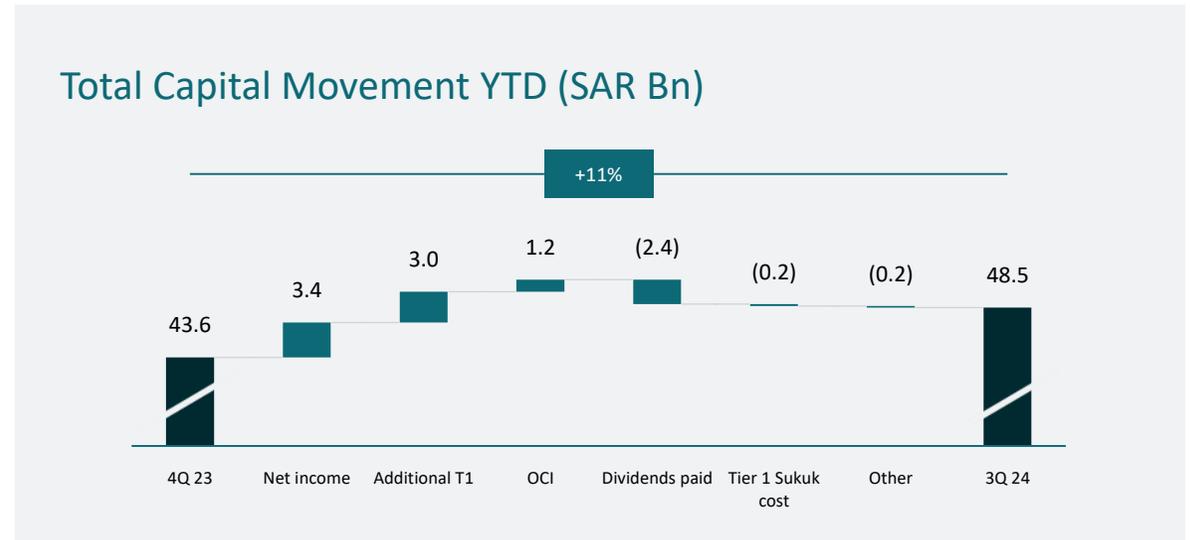
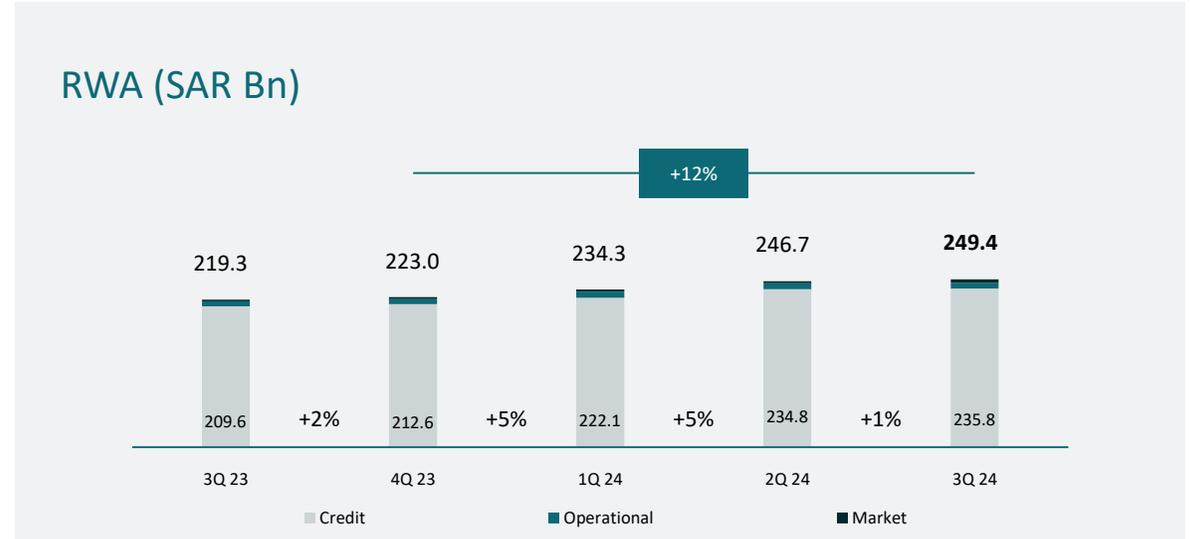
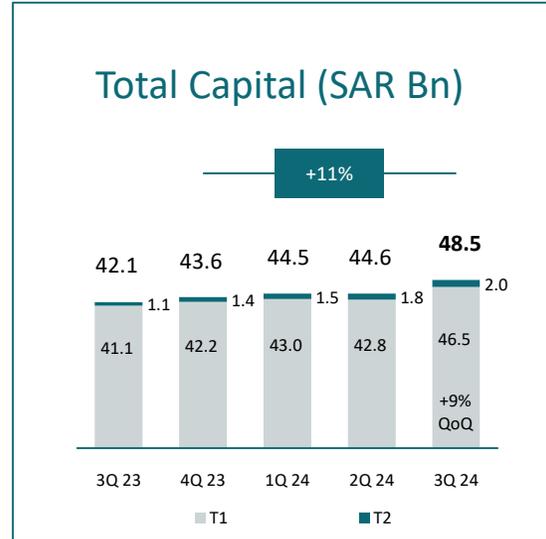
## NPL Coverage

- The NPL coverage ratio improved by 55.5ppts YTD to 193.1%, attributed to enhancements in commercial coverage.
- Stage 3 coverage experienced a marginal decline of 0.1ppts during 9M 2024 to 65.1%, stage 2 coverage improved by 0.9ppts to 7.8%, while stage 1 coverage improved by 0.2ppts to 0.5%.



## Capital

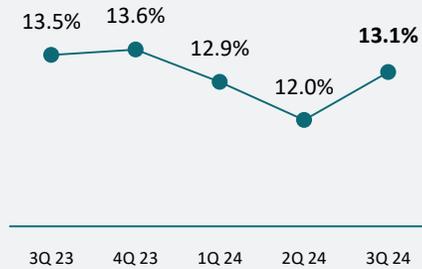
- Total capital (Tier 1 + Tier 2 regulatory capital) increased 11% YTD to SAR 48.5bn during 9M 2024 from SAR 3bn Additional Tier 1 sukuk issuance in 3Q 2024 as well as total comprehensive income partly offset by dividend payments.
- RWAs increased 12% YTD during 9M 2024 to SAR 249.4bn from lending growth. CAR was boosted to 19.4% and the Tier 1 ratio to 18.6% as of 30 September 2024.



## Liquidity

- LCR moderated 34ppts to 162% during 9M 2024.
- NSFR was broadly stable YTD at 118% as of 30 September 2024.
- The SAMA regulatory LTD ratio was within required levels at 81.4% as of 30 September 2024, while the headline ratio increased to 104.0%.

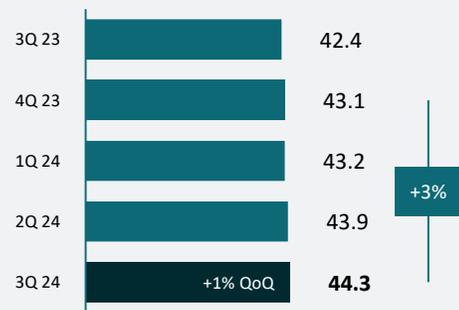
## Leverage Ratio (%)



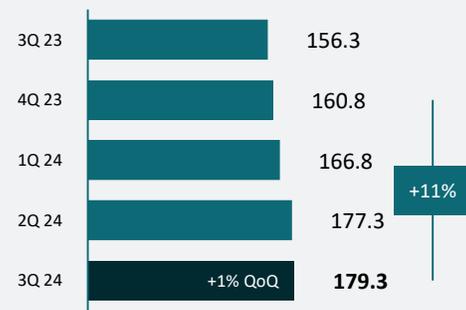
## LTD Ratios (%)



## HQLA (SAR Bn)



## Available Stable Funding (SAR Bn)



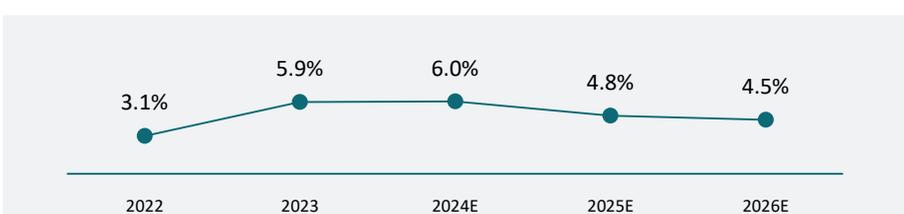
## LCR & NSFR (%)



# Outlook & Guidance

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

Metric	2023 Outcome	2024 Outlook	Trend
Saudi Arabia Real GDP Growth	-0.8%	+1.5%	Real GDP Growth trend: 
Saudi Arabia Non-oil GDP Growth	+3.8%	+3.7%	Non-oil GDP Growth trend: 
Oil prices (Brent/Barrel)	82.3 USD	USD 82.7	Brent Avg Oil Prices / Barrel (USD): 
Interest rates	5.9% SAIBOR 3m avg	50bps rate cuts towards year-end	SAIBOR SAR 3M avg (%): 

# BSF maintains the loan guidance, NIM and CoR unchanged, while moderating and refining the CIR, ROE and CET1 guidance

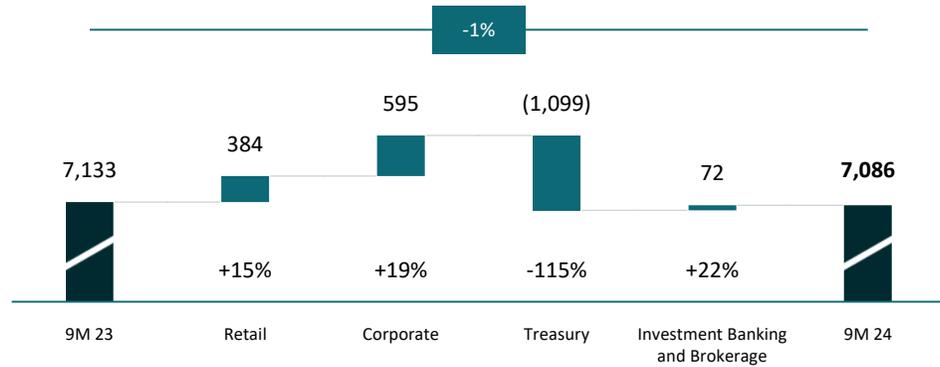


Metric	9M 2024 Outcome	2024 Guidance	3Q 2024 Revision	Guidance Drivers
Loans & Advances Growth	<b>+12.1%</b> YTD ▲ SAR Bn 201	Mid-teens	unchanged	The guidance reflects robust loan growth in 9M 2024, and a selective approach and anticipated repayments in 4Q 2024.
Net Interest Margin	<b>3.06%</b> ▼ -57 bps YOY	3.00 - 3.15%	unchanged	Initial NIM improvement in 4Q 2024 following the recent rate cut, as funding costs adjust quicker than the asset side.
Cost of Risk	<b>57bps</b> ▼ -41 bps YOY	55-65bps	unchanged	Expect relatively stable cost of risk in 4Q 2024 given continued benign credit environment.
Cost to Income Ratio	<b>34.4%</b> ▲ +3.9 pts YOY	~34%	revised from <33%	Guidance is revised up based on the 9M 2024 performance with some improvements expected in 4Q 2024.
Return on Equity	<b>10.7%</b> ▼ -79 bps YOY	~11%	revised from 11-13%	Returns guidance is refined based on 9M 2024 performance and expected improvement in 4Q 2024 from margin pickup and positive "jaws".
Core Equity Tier 1 Ratio	<b>15.4%</b> ▼ -126 bps YTD	~16%	revised from 16-17%	Capital ratios are expected to improve through retained earnings in 4Q 2024, following the current pressure from higher-than-expected loan growth.

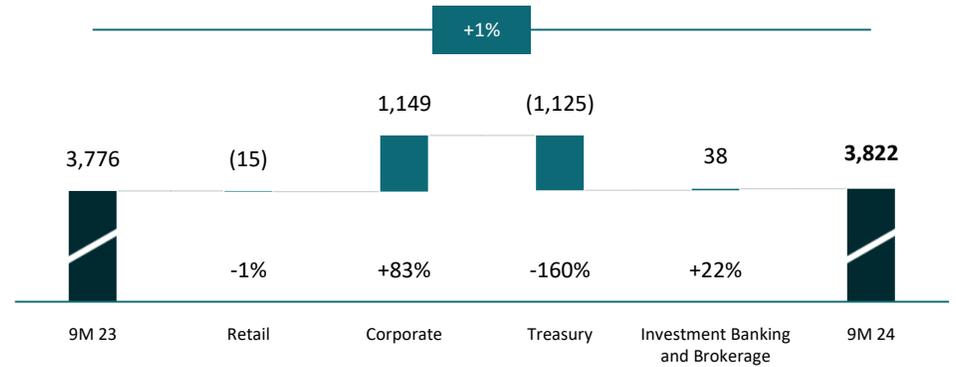
# Segmental Performance

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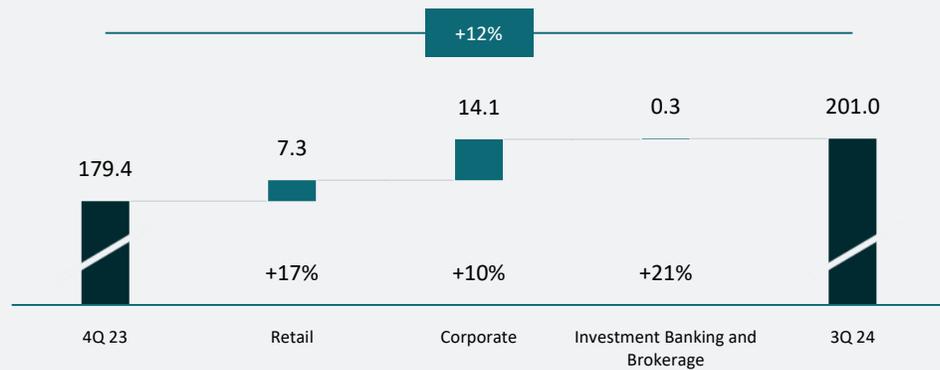
## Operating Income Movement YoY (SAR Mn)



## Net Income Before Zakat Movement YoY (SAR Mn)



## Loans & Advances Movement YTD (SAR Bn)



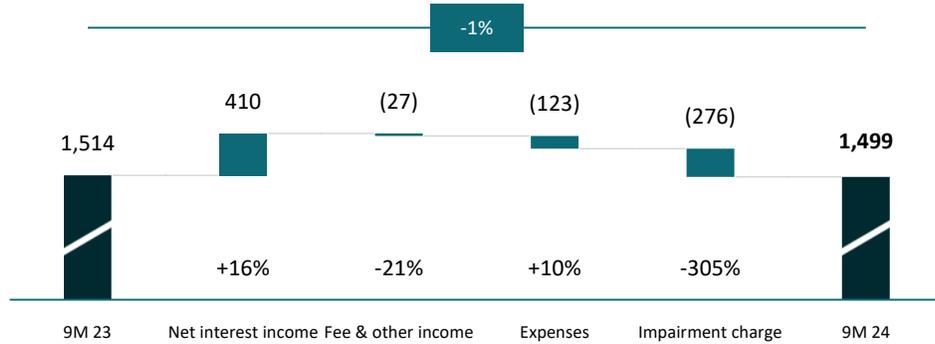
## Customers' Deposits Movement YTD (SAR Bn)



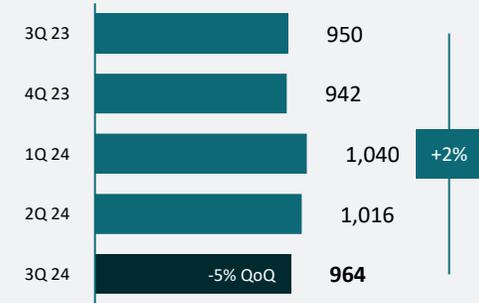
# Retail Segment: Higher net interest income from loan growth, offset by higher impairments and expenses



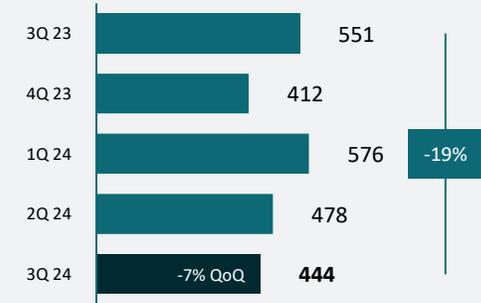
### Net Income Before Zakat Movement YoY (SAR Mn)



### Total Operating Income (SAR Mn)

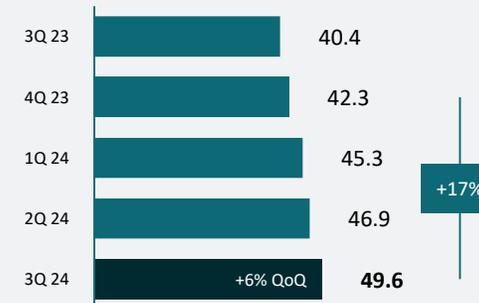


### Net Income Before Zakat (SAR Mn)

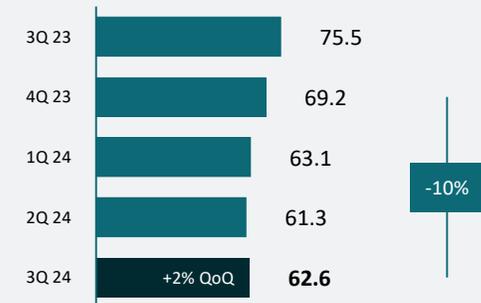


SAR Mn	9M 2024	9M 2023	Δ%	3Q 2024	3Q 2023	Δ%
Net interest income	2,918	2,507	+16%	940	917	+3%
Fee & other income	103	129	-21%	25	33	-26%
<b>Total operating income</b>	<b>3,020</b>	<b>2,637</b>	<b>+15%</b>	<b>964</b>	<b>950</b>	<b>+2%</b>
Operating expenses	(1,336)	(1,213)	+10%	(478)	(408)	+17%
Pre-impairment operating income	1,684	1,423	+18%	486	542	-10%
Impairment charge	(185)	91	-305%	(42)	9	-563%
<b>Net income before zakat</b>	<b>1,499</b>	<b>1,514</b>	<b>-1%</b>	<b>444</b>	<b>551</b>	<b>-19%</b>

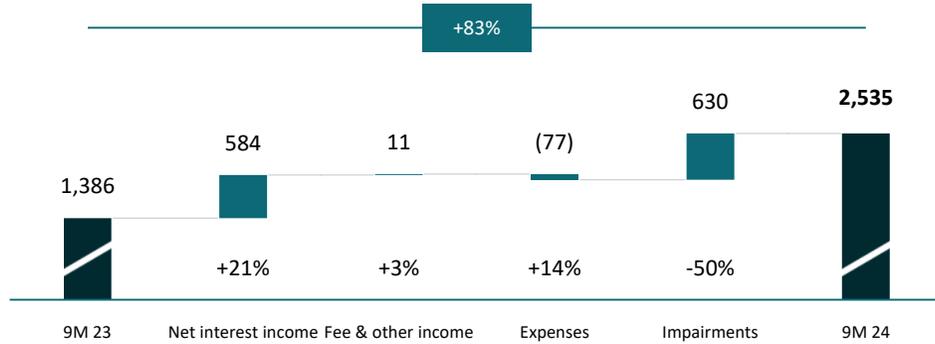
### Retail Loans (SAR Bn)



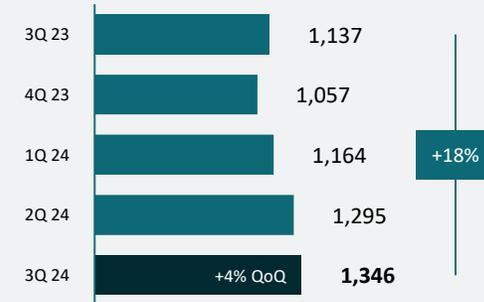
### Retail Deposits (SAR Bn)



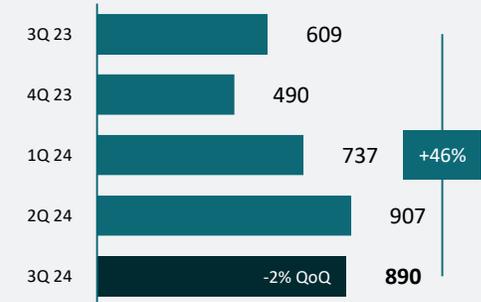
## Net Income Before Zakat Movement YoY (SAR Mn)



## Total Operating Income (SAR Mn)

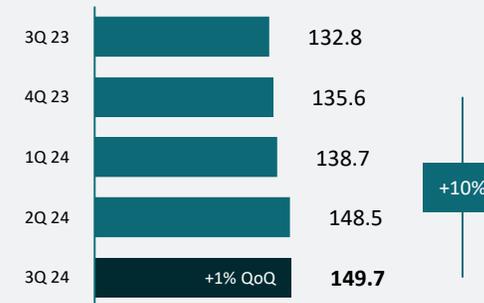


## Net Income Before Zakat (SAR Mn)

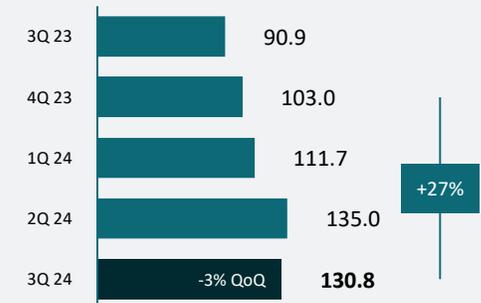


SAR Mn	9M 2024	9M 2023	Δ%	3Q 2024	3Q 2023	Δ%
Net interest income	3,381	2,797	+21%	1,220	984	+24%
Fee & other income	424	413	+3%	126	154	-18%
<b>Total operating income</b>	<b>3,805</b>	<b>3,210</b>	<b>+19%</b>	<b>1,346</b>	<b>1,137</b>	<b>+18%</b>
Expenses	(634)	(557)	+14%	(224)	(191)	+17%
Pre-impairment operating income	3,171	2,652	+20%	1,123	947	+19%
Impairments	(636)	(1,267)	-50%	(232)	(338)	-31%
<b>Net income before zakat</b>	<b>2,535</b>	<b>1,386</b>	<b>+83%</b>	<b>890</b>	<b>609</b>	<b>+46%</b>

## Corporate Loans (SAR Bn)



## Corporate Deposits (SAR Bn)

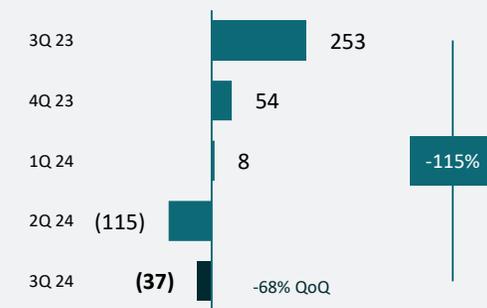


# Treasury Segment: Net income declined due to higher funding costs

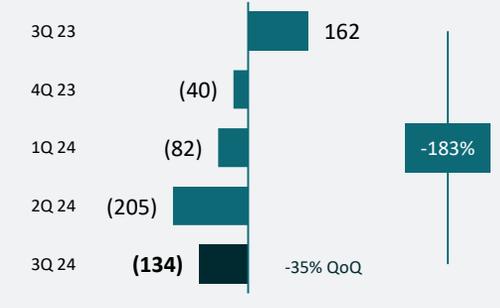
## Net Income Before Zakat Movement YoY (SAR Mn)



## Total Operating Income (SAR Mn)

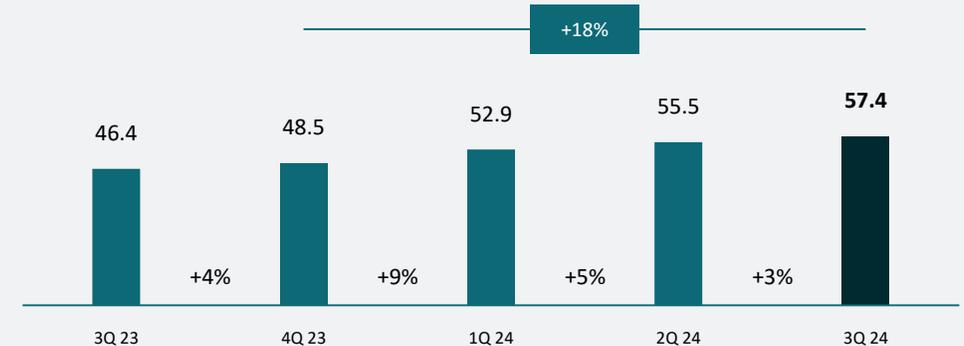


## Net Income Before Zakat (SAR Mn)



SAR Mn	9M 2024	9M 2023	Δ%	3Q 2024	3Q 2023	Δ%
Net interest income	(577)	534	-208%	(213)	107	-299%
Fee & other income	434	421	+3%	176	146	+21%
<b>Total operating income</b>	<b>(144)</b>	<b>955</b>	<b>-115%</b>	<b>(37)</b>	<b>253</b>	<b>-115%</b>
Expenses	(274)	(245)	+12%	(97)	(75)	+29%
Pre-impairment operating income	(418)	710	-159%	(134)	177	-175%
Impairments	(2)	(5)	-54%	0	(15)	-100%
<b>Net income before zakat</b>	<b>(420)</b>	<b>705</b>	<b>-160%</b>	<b>(134)</b>	<b>162</b>	<b>-183%</b>

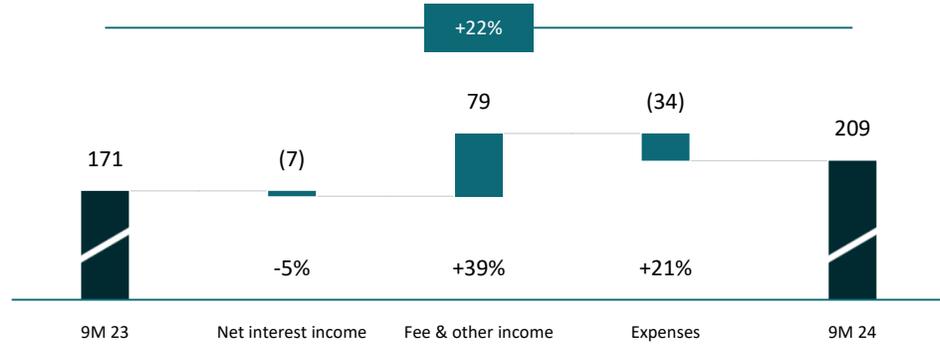
## Investments (SAR Bn)



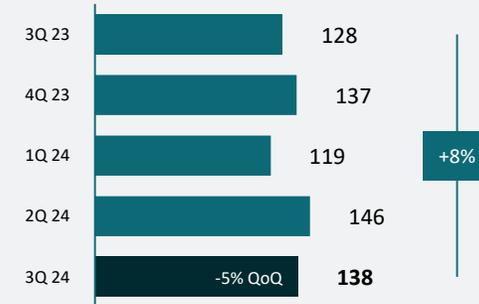
# Investment Banking and Brokerage Segment: Profitability improvement YoY as higher fee & other income were partly offset by higher expenses



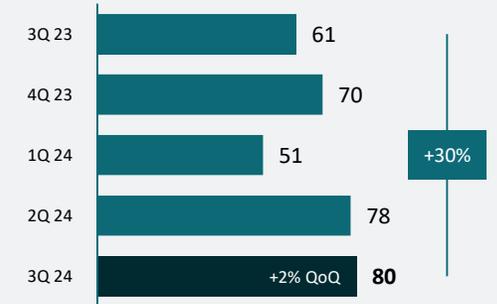
### Net Income Before Zakat Movement YoY (SAR Mn)



### Total Operating Income (SAR Mn)

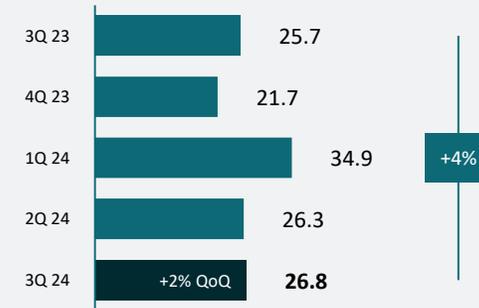


### Net Income Before Zakat (SAR Mn)

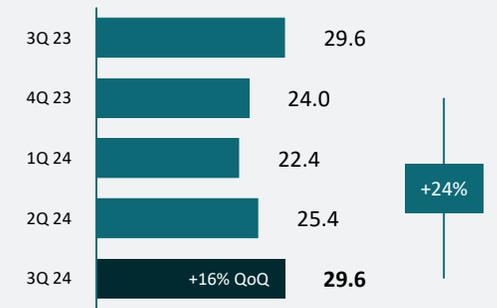


SAR Mn	9M 2024	9M 2023	Δ%	3Q 2024	3Q 2023	Δ%
Net interest income	122	129	-5%	38	61	-37%
Fee & other income	282	203	+39%	100	67	+49%
<b>Total operating income</b>	<b>404</b>	<b>332</b>	<b>+22%</b>	<b>138</b>	<b>128</b>	<b>+8%</b>
Expenses	(195)	(161)	+21%	(58)	(66)	-12%
Pre-impairment operating income	209	171	+22%	80	61	+30%
<b>Net income before zakat</b>	<b>209</b>	<b>171</b>	<b>+22%</b>	<b>80</b>	<b>61</b>	<b>+30%</b>

### Brokerage Trading Volume (SAR Bn)



### Assets Under Management (SAR Bn)



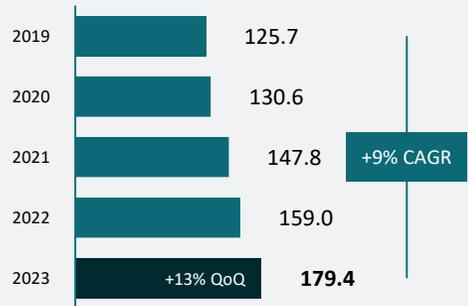
# Performance Track Record



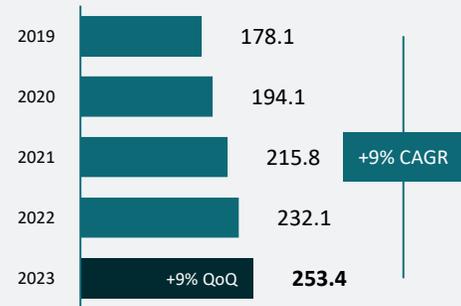
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## Loans & Advances (SAR Bn)



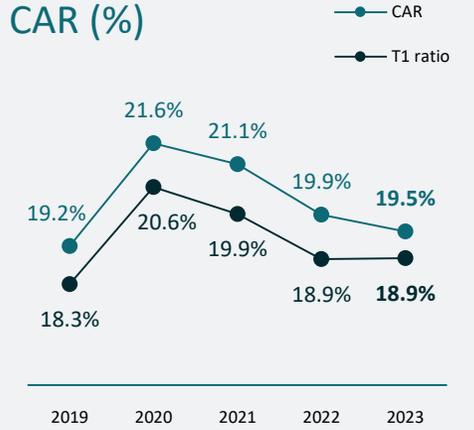
## Total Assets (SAR Bn)



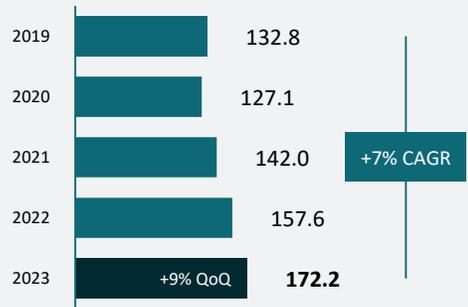
## LCR (%)



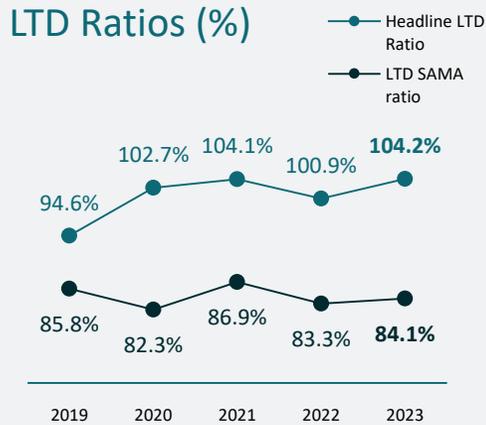
## CAR (%)



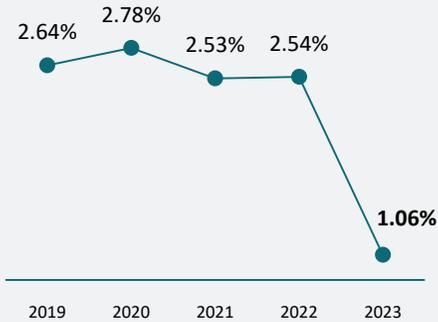
## Customers' Deposits (SAR Bn)



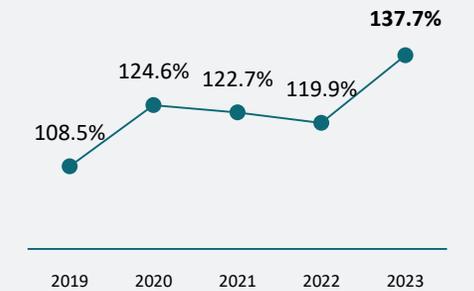
## LTD Ratios (%)



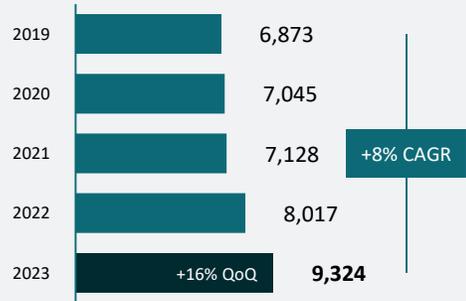
## NPL Ratio (%)



## NPL Coverage Ratio (%)



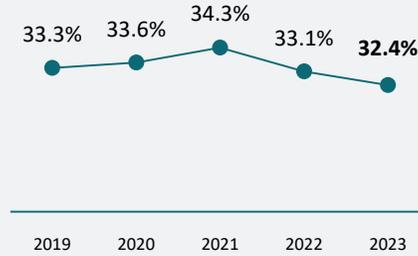
## Total Operating Income (SAR Mn)



## NIM (%)



## Cost to Income Ratio (%)



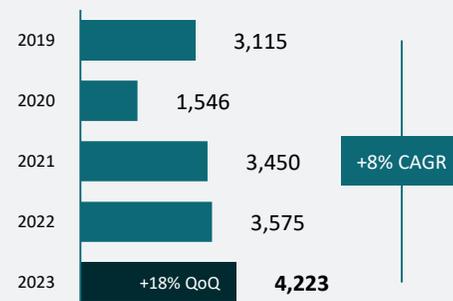
## Cost of Risk (%)



## Net Operating Income Before Impairments (SAR)



## Net Income (SAR Mn)



## ROAE (%)



## ROAA (%)



# Appendix

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