



Banque Saudi Fransi

Investor Presentation

2Q 2023



Contents

BSF Profile 3

Operating Environment 7

Strategy 11

ESG Update 18

Financial Performance 23

Outlook & Guidance 40

Segmental Performance 42

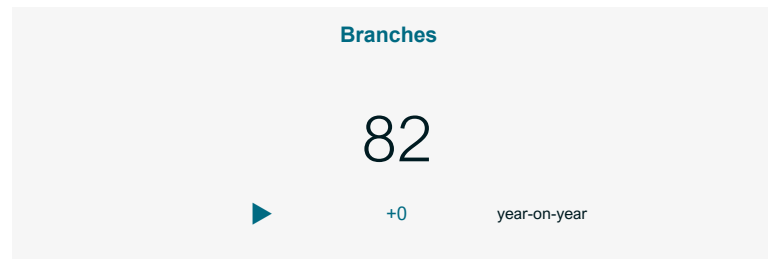
Performance Track Record 48

Appendix 51

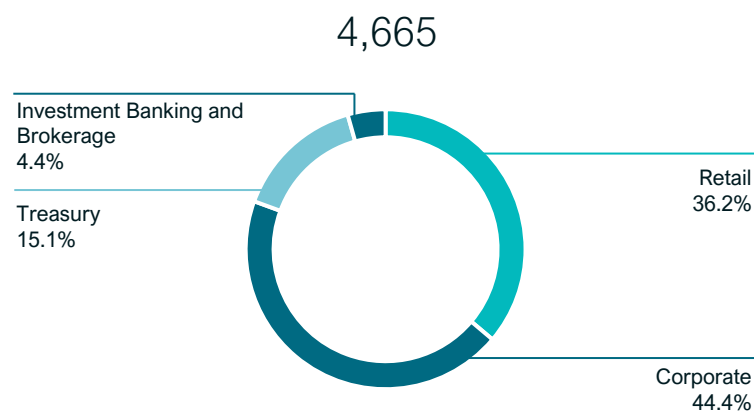
INVESTOR PRESENTATION 2Q 2023

BSF Profile

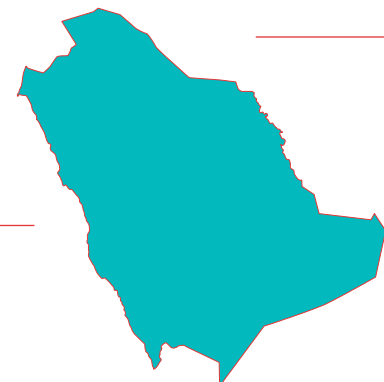
We are a leading banking group in Saudi Arabia with a strong focus on domestic operations



1H 23 Operating Income Diversity (SAR Mn)



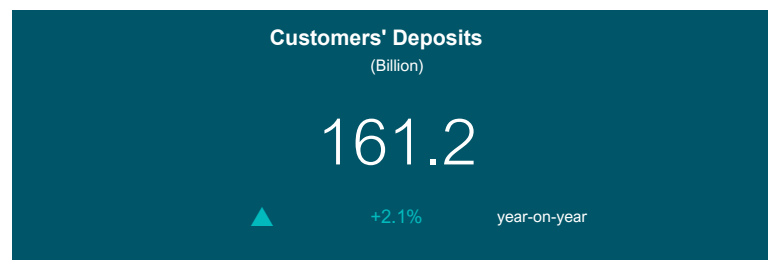
Headquartered in Riyadh:
82 branches across the Kingdom
Domestically systemic bank



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

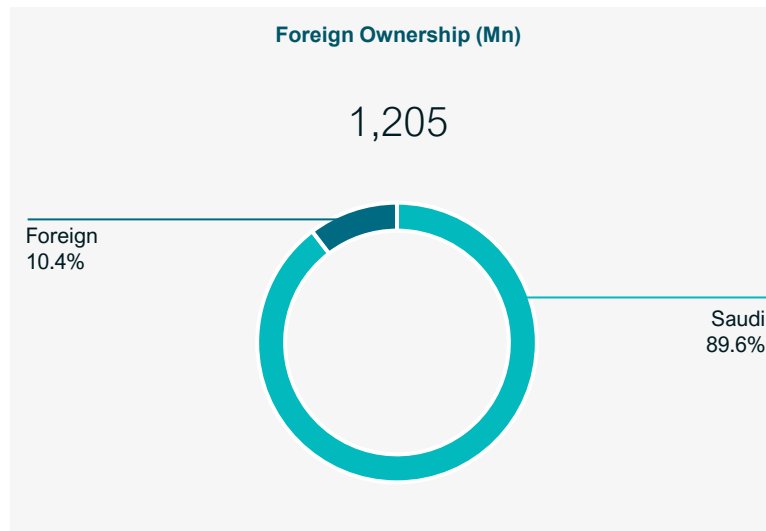
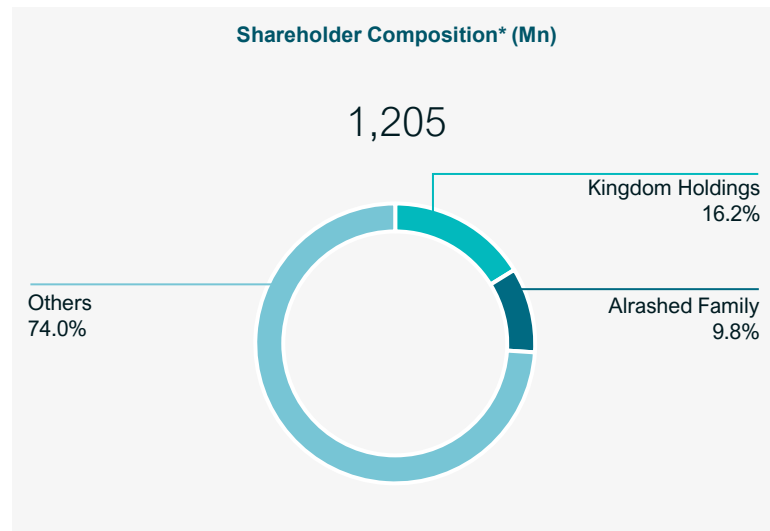
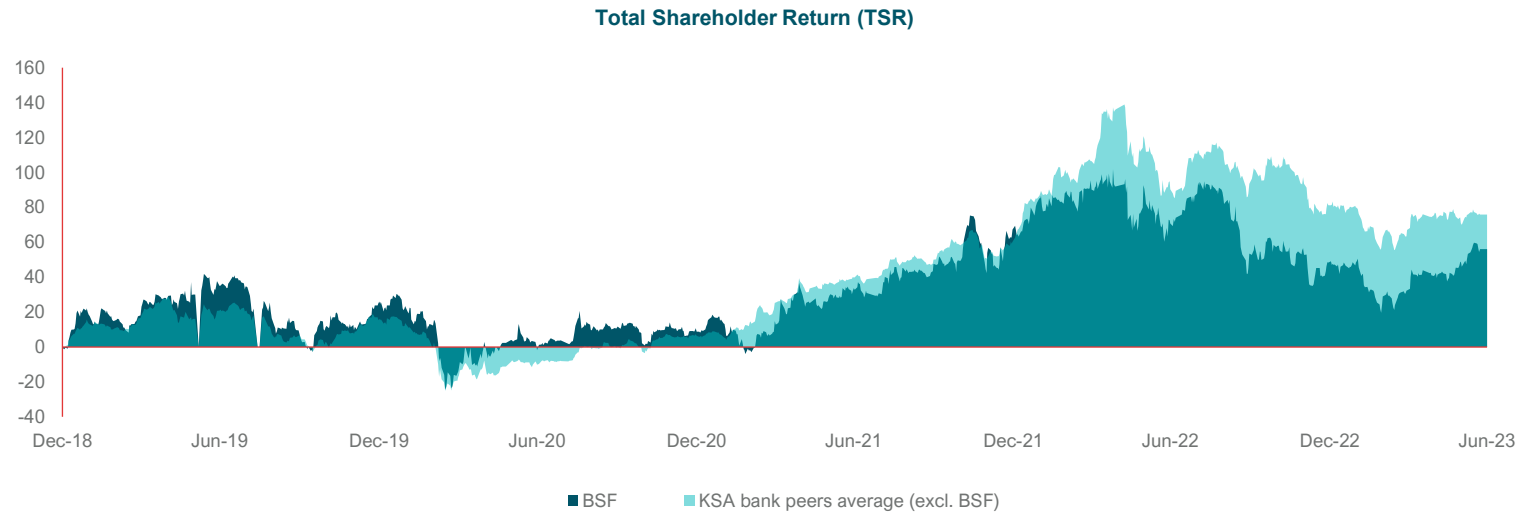
Universal Bank model:
Corporate DNA (82% of our loan book)
Full suite of conventional and Islamic products
Growing Retail loan book
Core focus on the Saudi market

Joint ventures in KSA:
Insurance with Allianz



Solid market parameters and credit ratings

Share Parameters	30 Jun 2023
Closing price (SAR)	41.70
52 weeks range (SAR)	32.5 - 53.4
Shares issued (million)	1,205
Market capitalization (SARbn)	50.26
Market capitalization to KSA bank sector	5.45%
Market cap to KSA stock market	0.46%
Price to tangible book value	1.45x
Price to earnings (FY 2022)	14.9x
Dividend yield (FY 2022)	3.9%



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



Sander Aardoom

Deputy Chief Financial Officer

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



Majed Alsadhan

Head of Wholesale Banking

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



Mohammed Abdulrahman Alsheikh

Head of Retail Banking

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



Mutasim Mufti

Chief Risk Officer

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



Zuhair Mardam

Chief Treasury and Investment Officer

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



Thamer M. Yousef

Chief Operations Officer

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



Abdallah Alshaikh

Head of Legal & Governance

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



May Al-Hoshan

Chief Human Capital Officer

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



Abdulmohsen Alrayes

Chief Audit Officer

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



Yasser Al-Anssari

Chief Compliance Officer

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



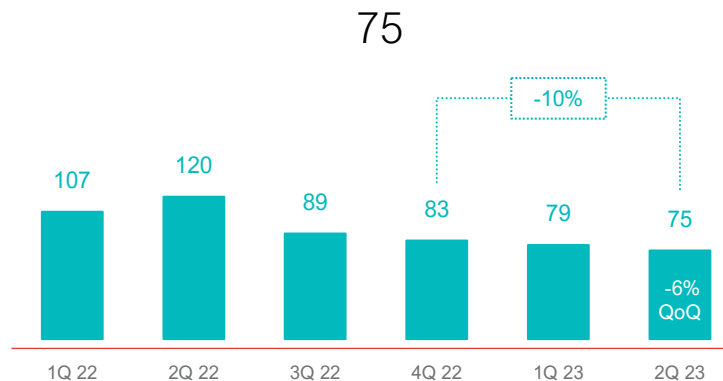
INVESTOR PRESENTATION 2Q 2023

Operating Environment

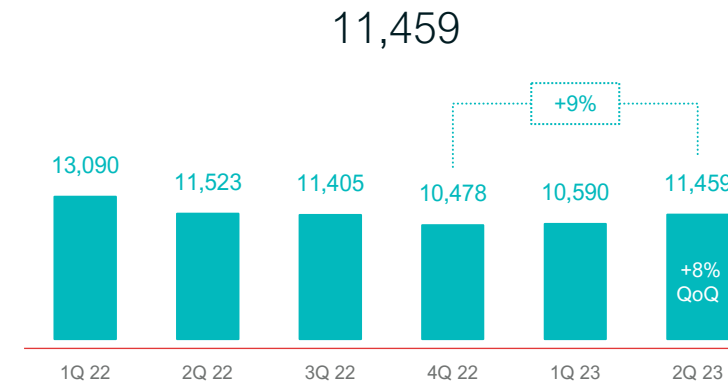
The macro-economic environment is characterized by rising rates, supportive domestic activity and moderating oil and stock prices

- Oil prices rose to USD 120/bl in 2Q 2022, following Ukraine-Russia disruption, but declined to USD 75/bl in 2Q 2023.
- Interbank rates increased in 2022 and 1H 2023 from 10 hikes totaling 475bps in the SAMA repo and reserve repo rates to 5.75% and 5.25% respectively.
- The Saudi Arabia purchasing managers index (PMI) improved 2.7 index points YoY to 59.6 in June 2023.
- The Saudi Arabian stock market (Tadawul) increased 9% YTD, while the Banks index declined 2% YoY, both following a declining trend during 2022.

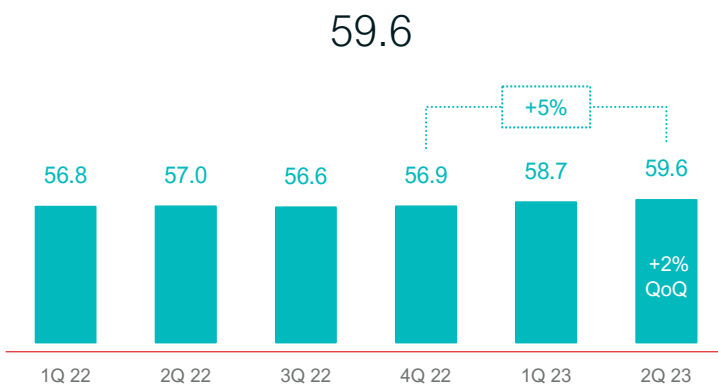
Brent Oil Price / Barrel (USD)



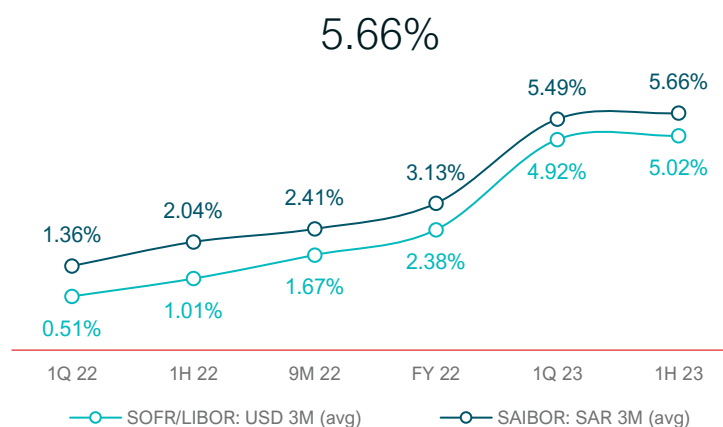
Tadawul Index



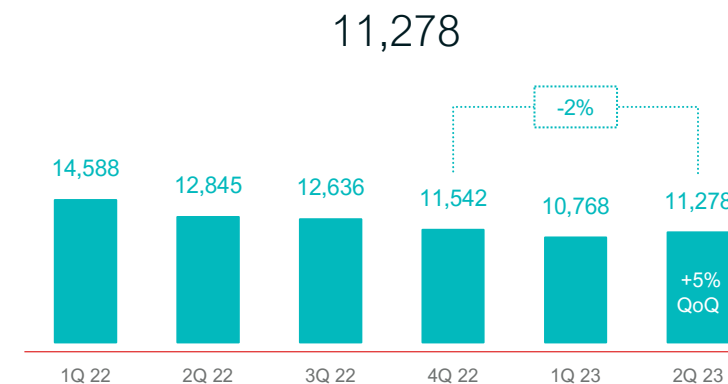
KSA PMI (non-oil private sector)



SAIBOR Trend (%)

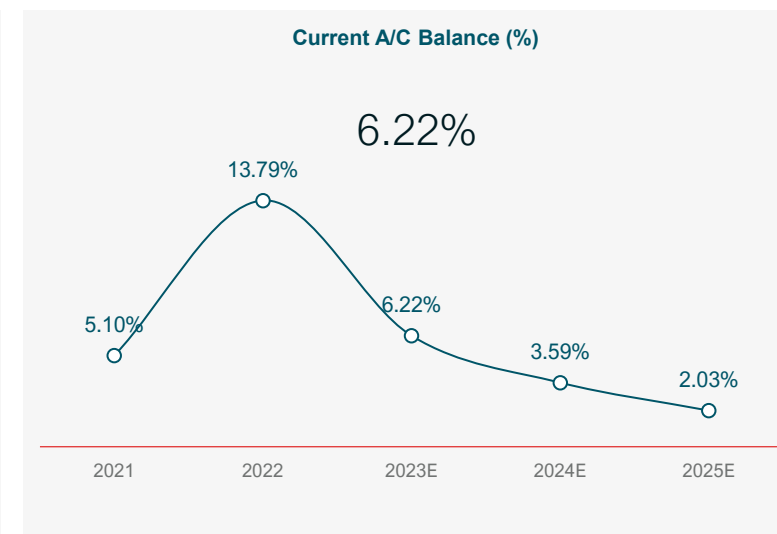
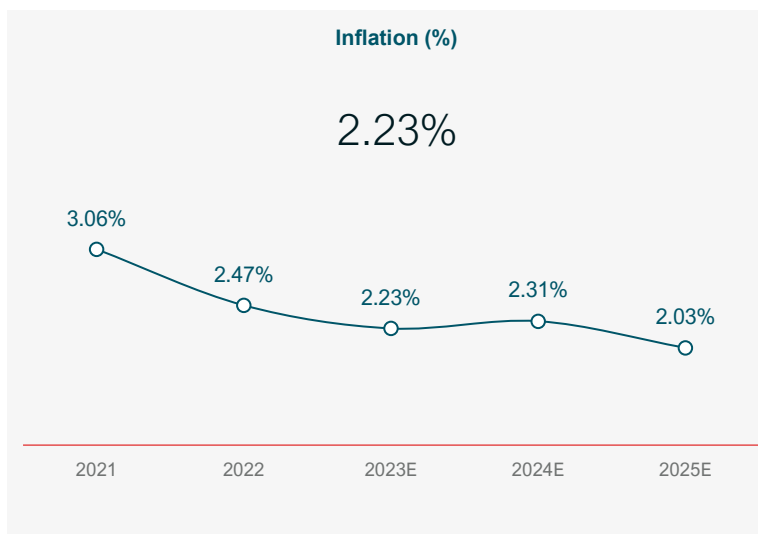
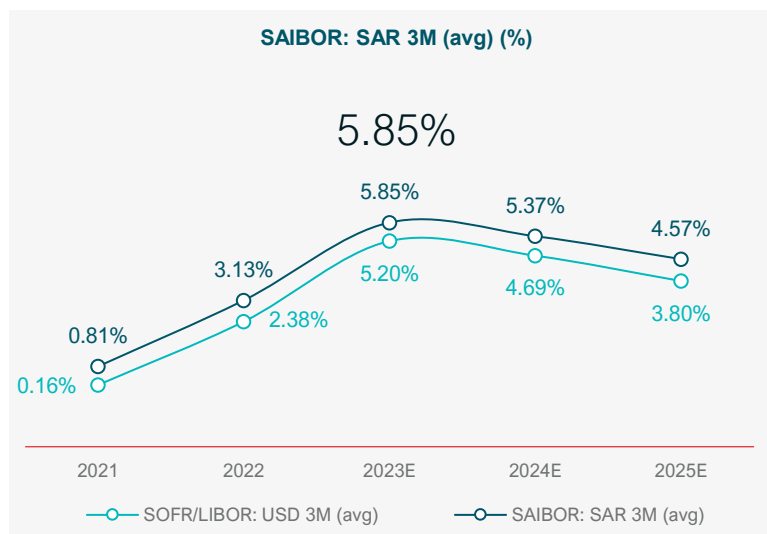
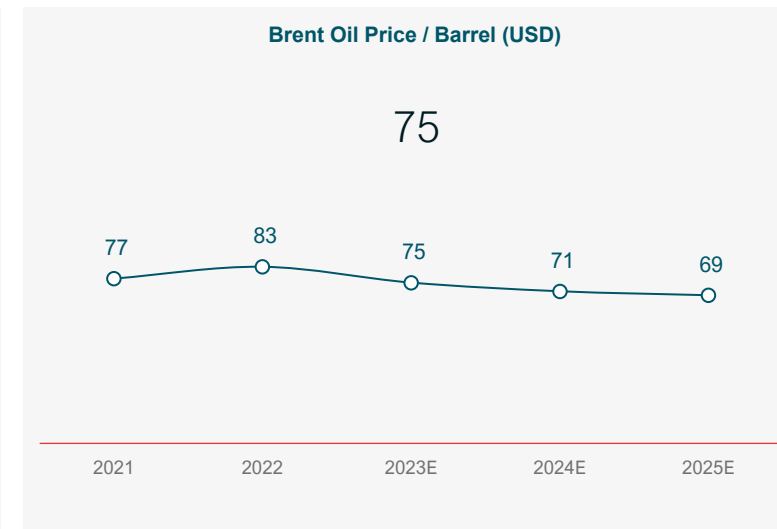
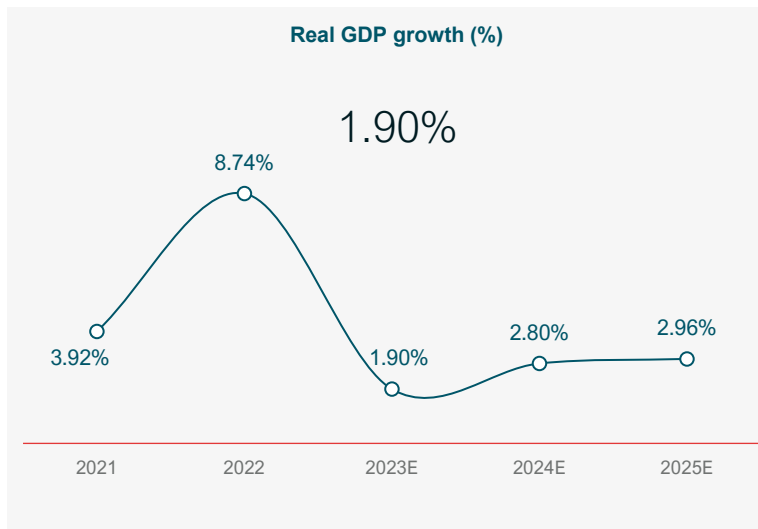


Tadawul Banks Index

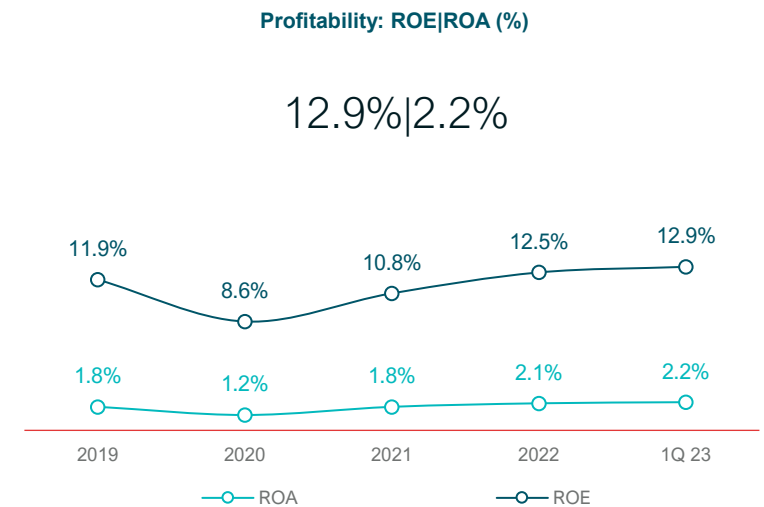
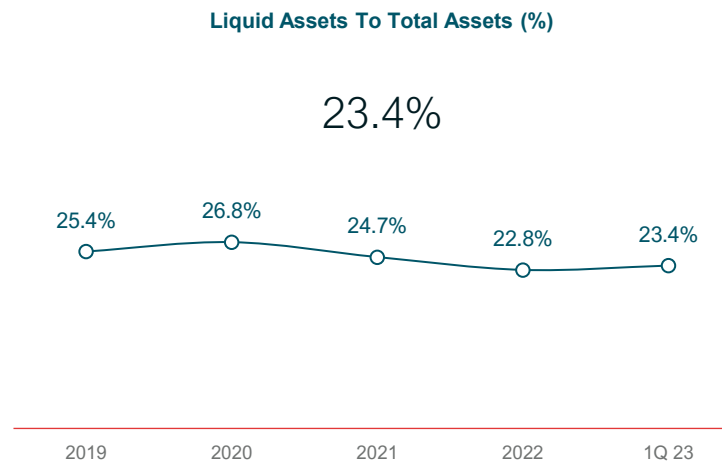
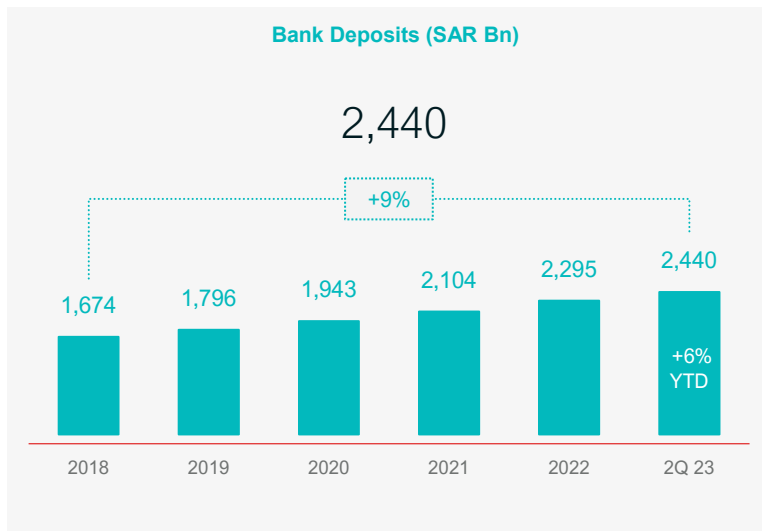
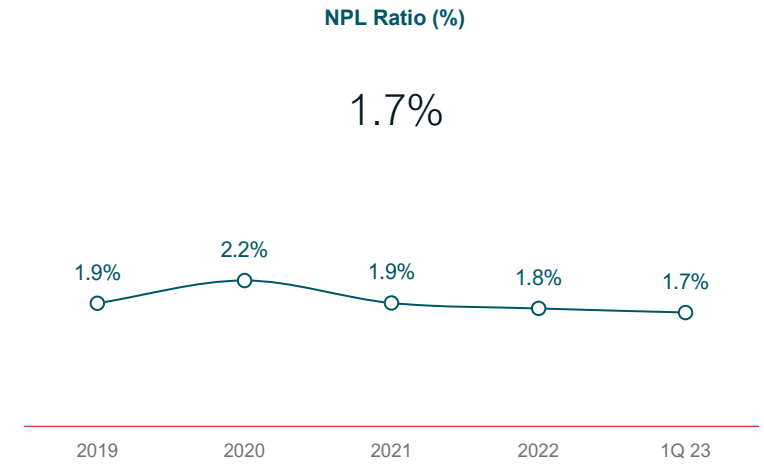
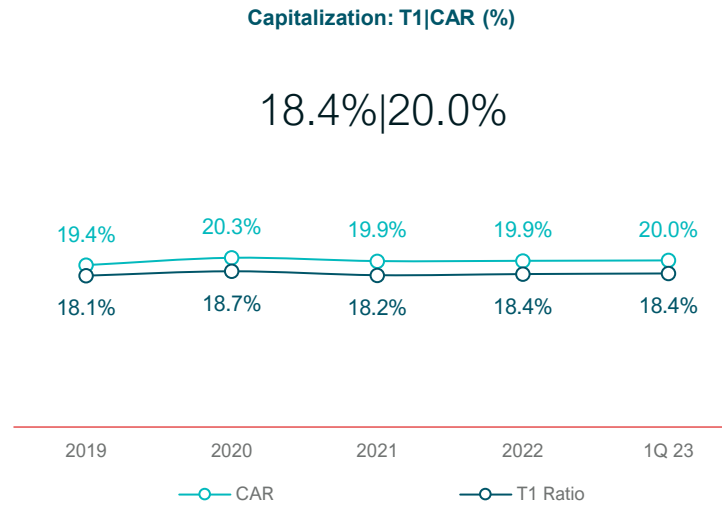
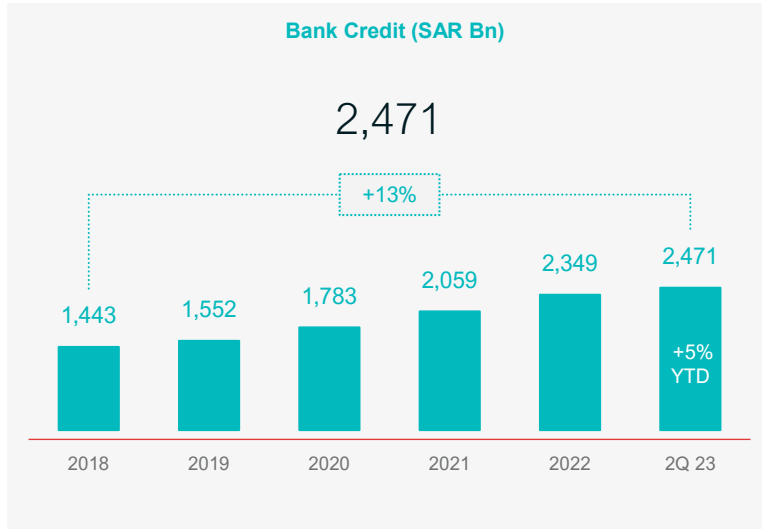


Saudi Arabia's real GDP growth is forecast at 1.9% in 2023

- Real GDP for Saudi Arabia is expected to grow by 1.9% in 2023 following 8.7% expected growth in 2022.
- Interest rates are expected to tail off during the remainder of 2023; average 3M SAIBOR forecast at 5.85% in 2023 and 5.37% in 2024 compared with 3.13% in 2022.



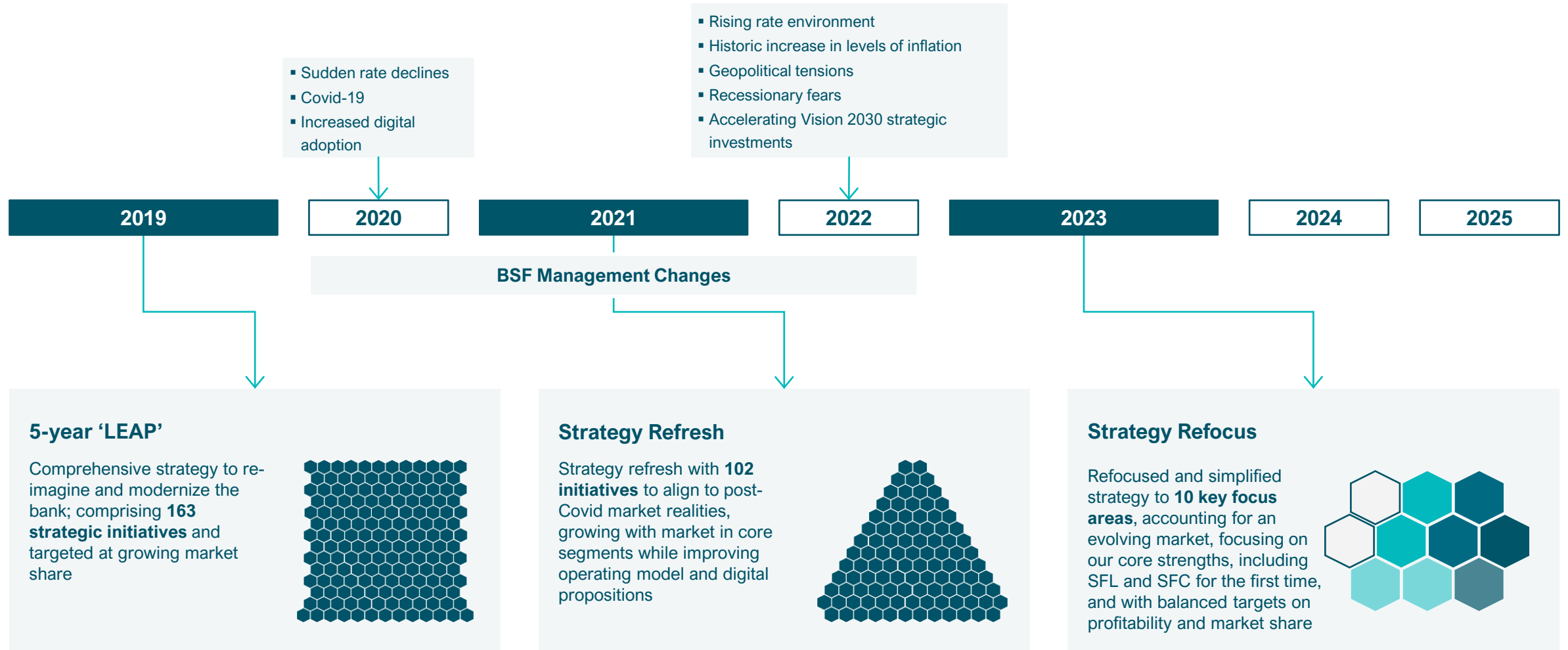
The Saudi banking sector is well positioned for both resiliency and growth



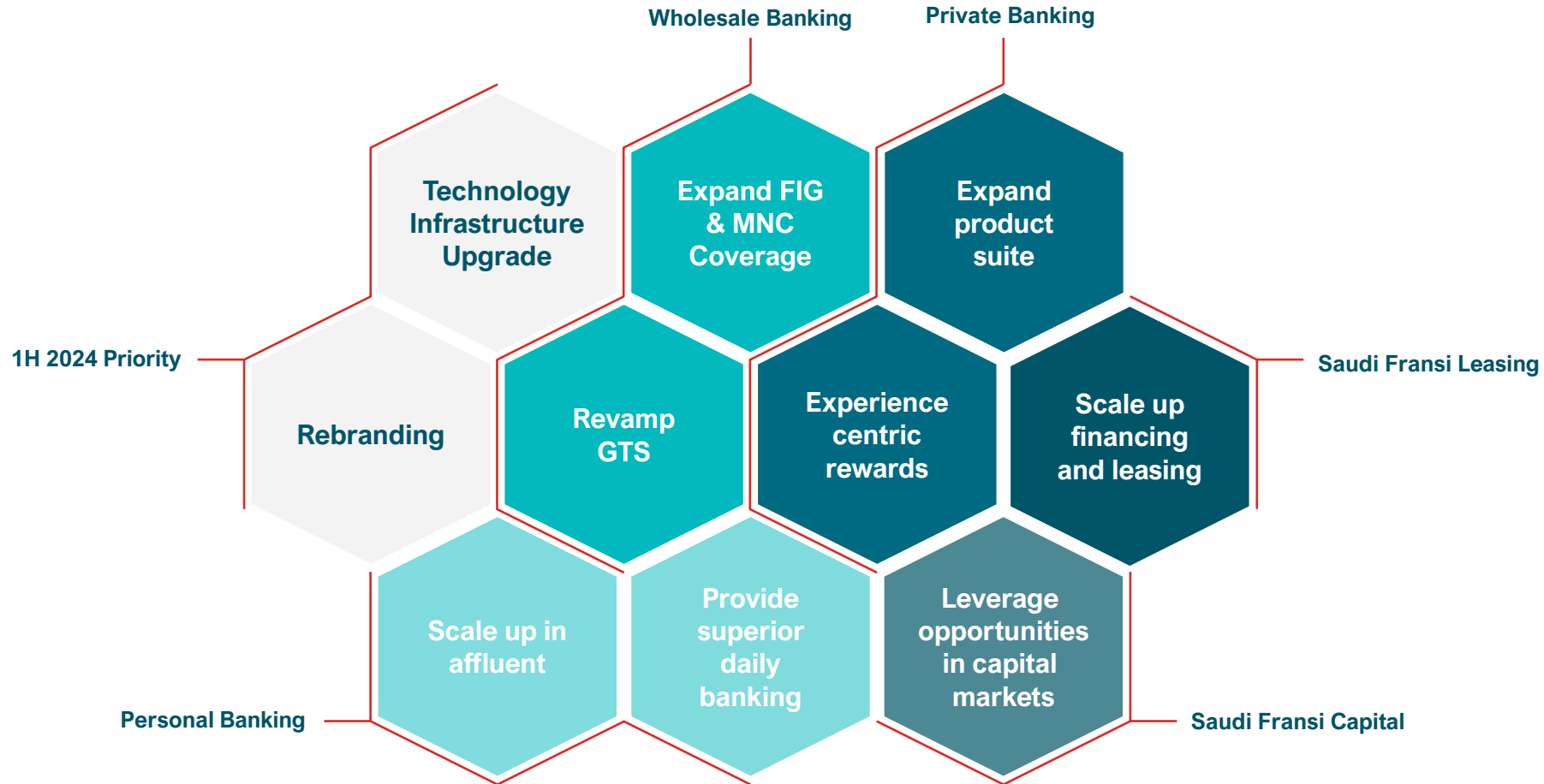
INVESTOR PRESENTATION 2Q 2023

Strategy

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



Refocused strategy targets 10 vital initiatives, including planned completion of technology infrastructure upgrades and rebranding in 1H 2024



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

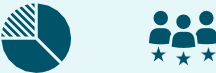








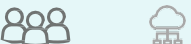


Treasury

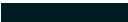






Organizational Effectiveness & People

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	Saudi Fransi Leasing	Saudi Fransi Capital
Strategic Goals	Solidify market position	Leverage segmentation and synergies	Reinforce market leadership	Expand in new market segments	Seize existing opportunities and grow
Focused Initiatives	GTS revamp Expand FIG&MNC coverage	Scale up affluent Provide superior daily banking	Broaden product suite Experience-centric rewards	Digital channels acceleration Product diversification Brand repositioning	Synergize wealth management Broaden advisory mandate Attractive investment solutions
Progress Summary	51% 	31% 	68% 	73% 	34% 
	Solid advancements in the implementation of strategic initiatives	Good progress in shaping up segmentation and customer value proposition for Affluent segment	Strong progress in expansion of the product suite and offering unique experience centric rewards	Progress on refining SFL strategy and simplifying core processes, while also building core products and digital IT capabilities	Modest progress in execution given initiatives complexity
Key Highlights	<ul style="list-style-type: none"> Enhanced operating model, CX, and presence Launched new trade product Expanded FI & govt. lending Progressed segmentation 	<ul style="list-style-type: none"> Finalized affluent segmentation model & value proposition Developed affluent implementation roadmap Launched the Omnichannel staff pilot in July 2023 Digital branch 	<ul style="list-style-type: none"> Closed key investment offerings with Saudi Fransi Capital Carried out 2 VIP experience events 	<ul style="list-style-type: none"> Simplified credit process Digital Swift loan family/friends Received regulator XS license Completed API integration Defined brand strategy & plan 	<ul style="list-style-type: none"> Collaboration reassessment with the Bank Re-established connections with key market players Formulated mandate pipeline for funding & financing deals Developed pipeline of real estate fund opportunities
Next steps	<ul style="list-style-type: none"> ICP & cash management product rollouts Expand FIG geographic reach 	<ul style="list-style-type: none"> Implement affluent initiatives Revamp WBG partnership model Expand digital branches 	<ul style="list-style-type: none"> Off-plan & new financing products Expand RM advisory roles Partnerships 	<ul style="list-style-type: none"> Full Swift loan deployment Launch credit cards Expand digital features Launch new brand 	<ul style="list-style-type: none"> Expand collaboration areas People investment & talent development Capture GRE mandates

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

Good progress in the implementation of the four key strategic programs across the technology and rebranding priorities

	Technology Infrastructure Upgrade			Rebranding
	Integrated Corporate Portal	Omnichannel	Core Banking System	
Description	New corporate platform supporting trade & supply chain services, and expanded liquidity and cash management solutions and services	New high performance retail platform providing robust digital banking service and enhanced customer experiences and journeys	Bank-wide core banking system to enable best-in-class customer experience with leading operational efficiency	Recreating BSF brand identity to differentiate the bank, enhance our connection with clients and improve our market position
Key Highlights	<ul style="list-style-type: none"> ▷ Onboarding of resources and finalization of vendors ▷ Hardware provisioning for all environments completed ▷ Re-planning completed considering the Counter Fraud Framework (CFF) rollout 	<ul style="list-style-type: none"> ▷ Implemented new agile delivery model ▷ Upgraded IT infrastructure ▷ Installed new CX platform 	<ul style="list-style-type: none"> ▷ Delivery of 1st phase in second rollout, a major technology implementation and key strategic enabler ▷ 85-95% increase in STP ▷ Increased outgoing transactions & reduction in manual processes 	<ul style="list-style-type: none"> ▷ Brand visuals completed ▷ New brand prepared across branches & digital streams
1H 2023 Progress	<ul style="list-style-type: none"> ▷ Finalization of business & technical requirements ▷ Initiated Backend & test environment setup ▷ Launched Phase II design stage launched 	<ul style="list-style-type: none"> ▷ Completed development & design of new digital banking MVP ▷ Launched the Omnichannel staff pilot in July 2023 ▷ Implemented CFF regulatory requirements 	<ul style="list-style-type: none"> ▷ 1st phase in second rollout complete ▷ Significant progress on 2nd phase of second rollout 	<ul style="list-style-type: none"> ▷ Completed brand strategy & guidelines ▷ Finalized brand sensory experience ▷ Concluded design for digital channels ▷ Sampling of physical collateral completed



INVESTOR PRESENTATION 2Q 2023

ESG Update

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

Most Important

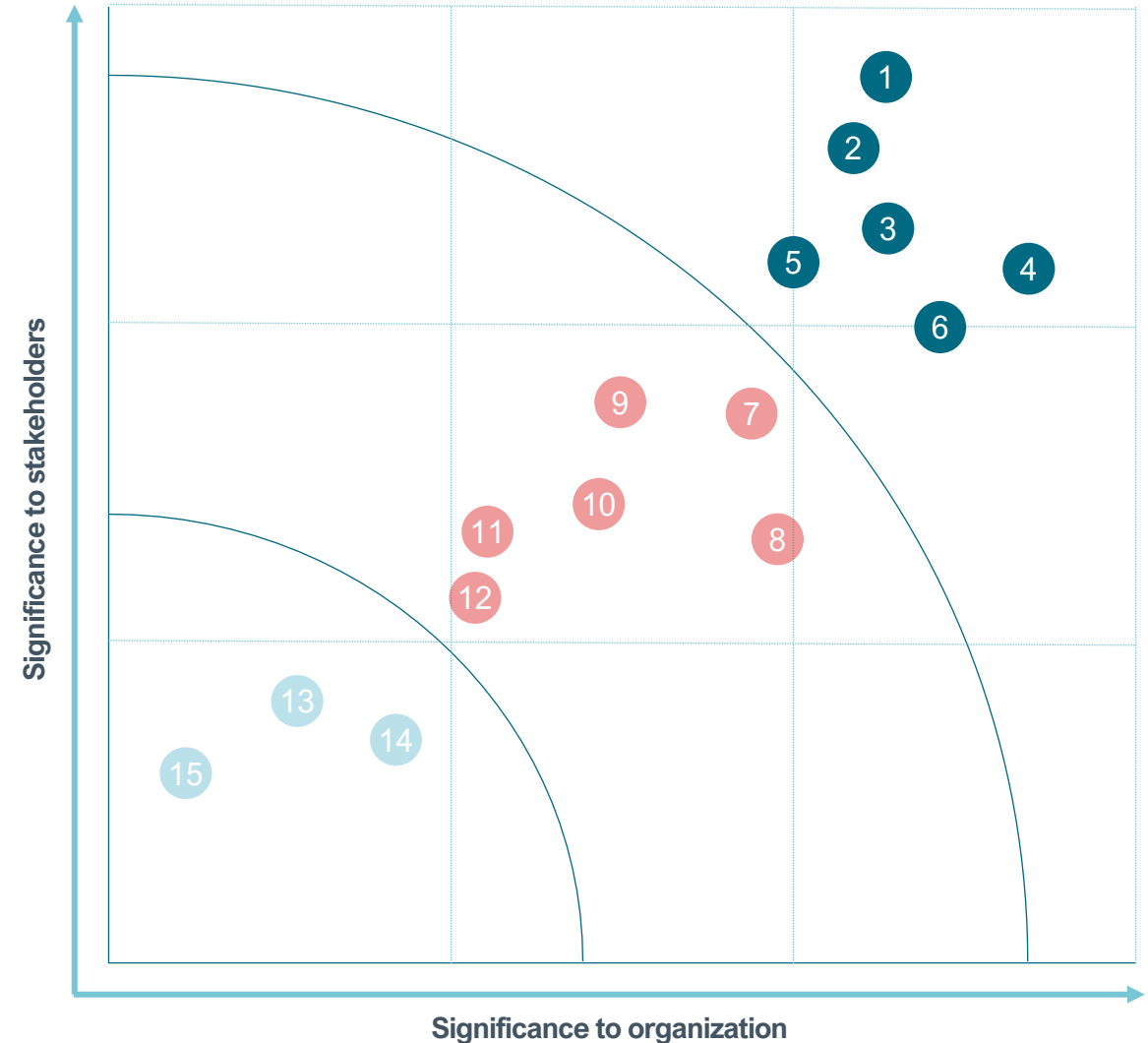
- 1 Governance, Accountability, Transparency and Ethics
- 2 Financial and Economic Performance
- 3 Risk Management
- 4 Responsible Customer Relations and Satisfaction
- 5 Data Privacy and Security
- 6 Financial Inclusion and Accessibility

Very Important

- 7 Digitalization
- 8 Employee Engagement, Wellbeing and Satisfaction
- 9 Diversity and Inclusion
- 10 Sustainable Lending and Investment
- 11 Talent Attraction, Retention and Development
- 12 Community Investment

Important

- 13 Nationalization
- 14 Environmental Management
- 15 Responsible Procurement



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

Exemplifying the Highest Ethical and Governance Standards

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

Creating a Thriving Workplace

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

Serving our Clients

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

Accelerating Sustainable Economic Growth

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

Protecting our communities

- 12 Community Investment
- 14 Environmental Management



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

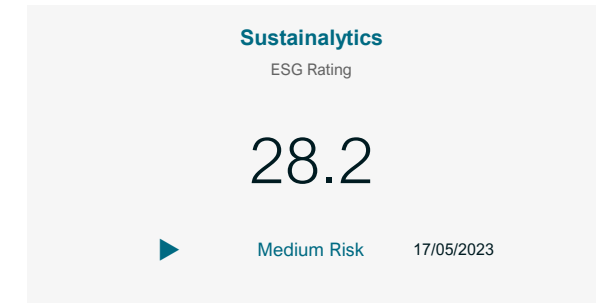


BSF is making good progress along its ESG roadmap

ESG Progress

- 1 ESG Governance & Framework**
ESG Board & Management Committees appointed in November 2022
Materiality matrix and framework approved in November 2022
ESG Policy Framework approved & published in March 2023
- 2 Climate Change**
Greenhouse gas emissions scope 1 and 2 have been calculated
Climate risks and opportunities assessment completed
- 3 ESG Reporting**
Inaugural 2020 ESG report published
2021 ESG report to be published imminently

ESG Ratings



INVESTOR PRESENTATION 2Q 2023

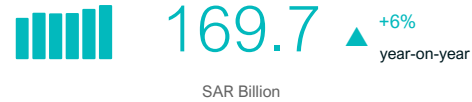
Financial Performance

Improved profitability in 1H 2023 from NIM expansion and balanced asset growth

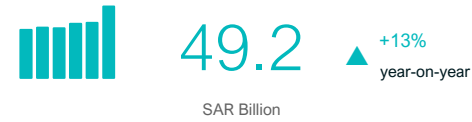
BALANCE SHEET

- High quality loan growth of 6% YoY driven by 7% commercial and 5% consumer lending growth.
- Deposit growth of 2% YoY, mainly from IBDs.

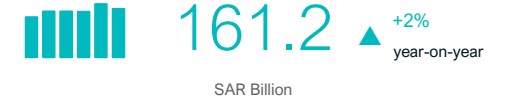
Loans & Advances



Investments



Customers' Deposits



INCOME STATEMENT

- 26% top-line growth from 33% NII growth.
- Net income grew 26% as income growth partly offset by increased impairments.

Operating Income



NIM



Net Income



ASSET QUALITY

- Modest improvement in NPL and coverage ratios but increased COR from previous migration of isolated pockets in the commercial book.

NPL Ratio



NPL Coverage Ratio



Cost of risk



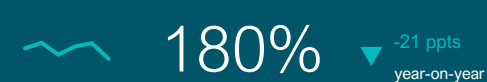
CAPITAL & LIQUIDITY

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

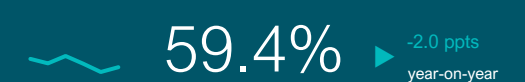
T1 Ratio



LCR



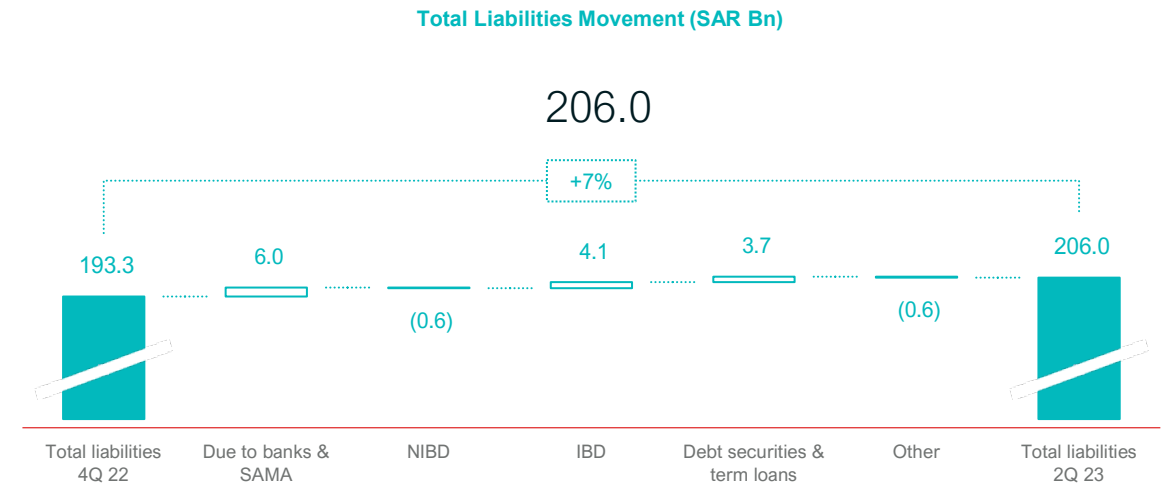
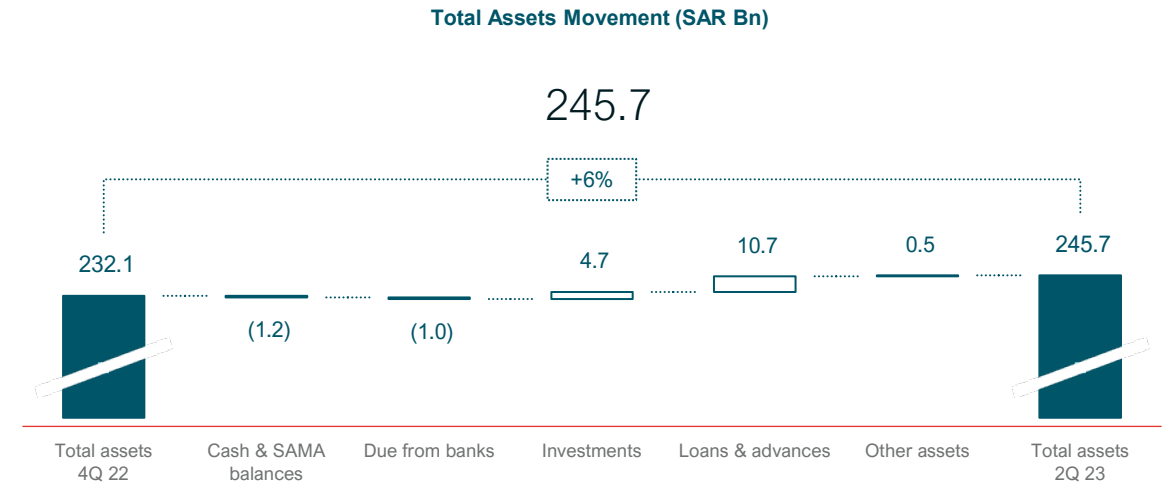
NIBD % of Total Deposits



Balance sheet growth driven by lending and investments, funded by IBD growth

- Growth in total assets of 6% YTD, mainly driven by healthy 7% loan growth and 10% investments growth.
- Liabilities grew by 7% during 1H 2023 from 2% deposit growth, a 36% increase in interbank and SAMA borrowings, and an 82% rise in debt securities.
- Total equity increased 2% YTD due to retained earnings generation.

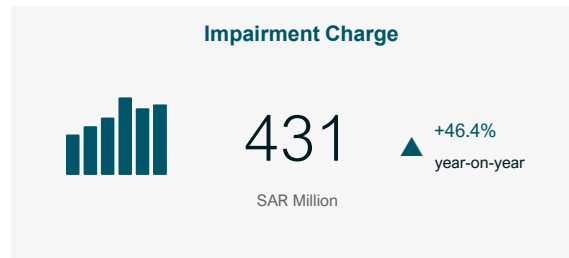
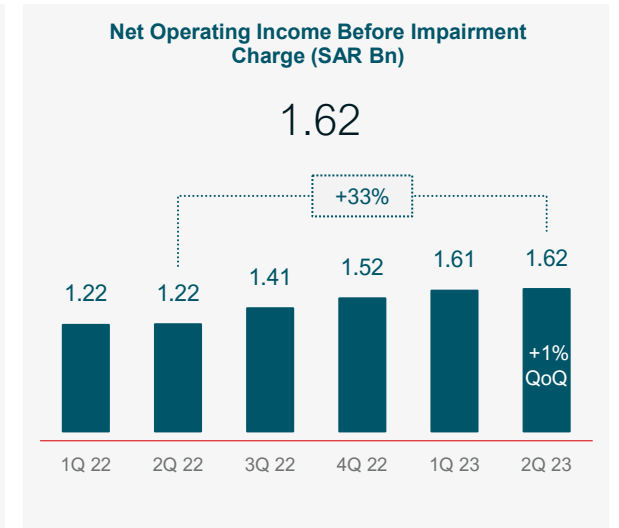
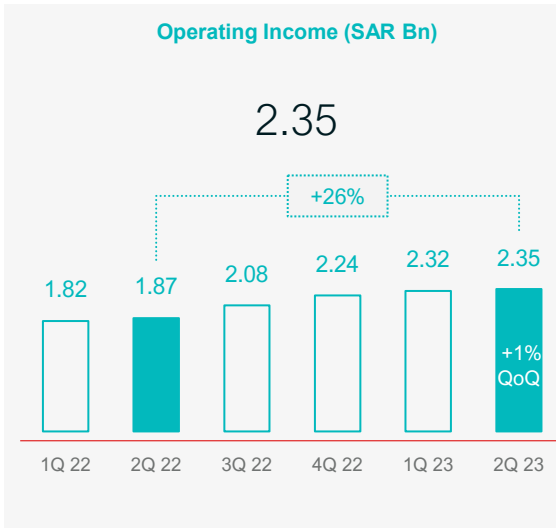
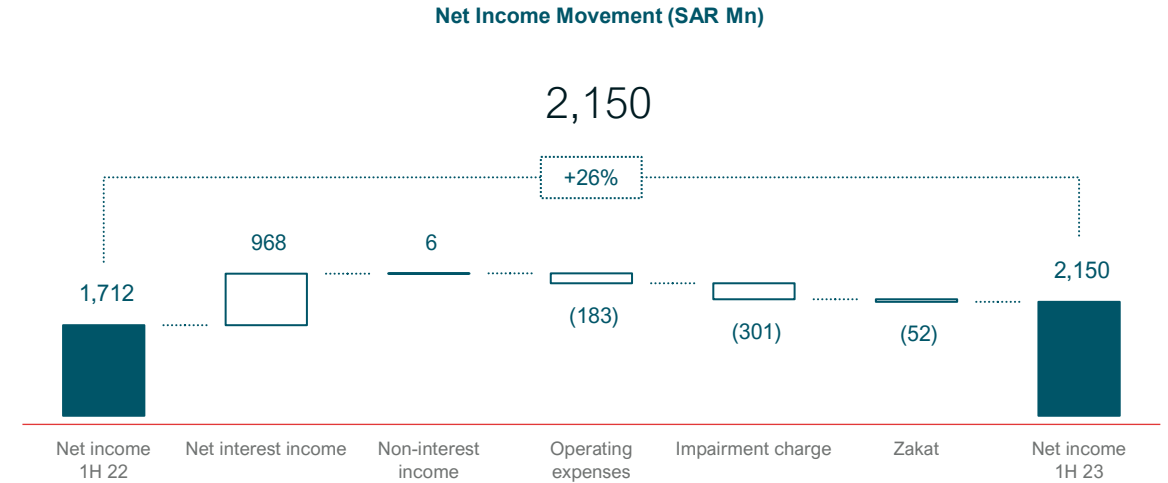
SAR (Mn)	2Q 2023	1Q 2023	Δ%	4Q 2022	Δ%
Cash & SAMA balances	10,084	14,683	-31%	11,326	-11%
Due from banks	3,795	4,056	-6%	4,795	-21%
Investments	49,178	44,807	+10%	44,518	+10%
Loans & advances	169,695	164,779	+3%	159,012	+7%
Other assets	12,967	11,910	+9%	12,428	+4%
Total assets	245,718	240,236	+2%	232,078	+6%
Due to banks & SAMA	22,766	14,275	+59%	16,770	+36%
Customers' deposits	161,165	167,414	-4%	157,592	+2%
Debt securities & term loans	8,233	4,533	+82%	4,515	+82%
Other liabilities	13,859	14,078	-2%	14,455	-4%
Total liabilities	206,022	200,300	+3%	193,333	+7%
Share capital	12,054	12,054	+0%	12,054	+0%
Retained earnings	11,805	10,788	+9%	9,768	+21%
Other reserves	10,837	12,094	-10%	11,924	-9%
Tier 1 Sukuk	5,000	5,000	+0%	5,000	+0%
Total equity	39,696	39,936	-1%	38,745	+2%



Net income grew 26% YoY from strong NII growth, partly offset by increased operating expenses and impairments

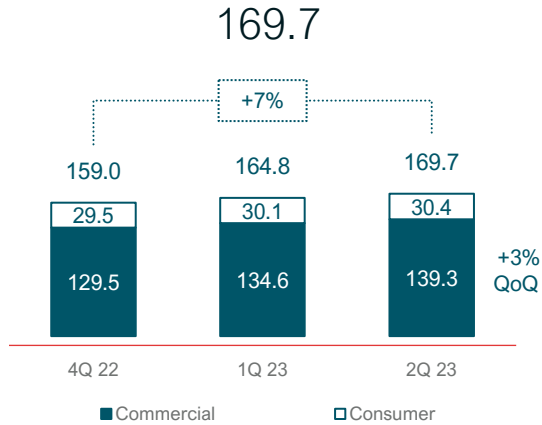
- Net income for 1H 2023 grew 26% YoY to SAR 2,150mn from 26% growth in operating income, partly offset by 15% growth in operating expenses and a 56% rise in the impairment charge.
- Quarterly net income similarly increased 28% YoY and was stable QoQ at SAR 1,073mn.

SAR (Mn)	1H 2023	1H 2022	Δ%	2Q 2023	2Q 2022	Δ%
Net interest income	3,899	2,931	+33%	1,976	1,516	+30%
Non-interest income	766	760	+1%	372	354	+5%
Operating income	4,665	3,691	+26%	2,347	1,870	+26%
Operating expenses	(1,436)	(1,253)	+15%	(724)	(648)	+12%
Net operating income before impairments	3,230	2,439	+32%	1,624	1,222	+33%
Impairment charge	(837)	(536)	+56%	(431)	(294)	+46%
Net income before zakat	2,393	1,903	+26%	1,193	928	+29%
Zakat	(243)	(192)	+27%	(120)	(91)	+31%
Net income	2,150	1,712	+26%	1,073	837	+28%

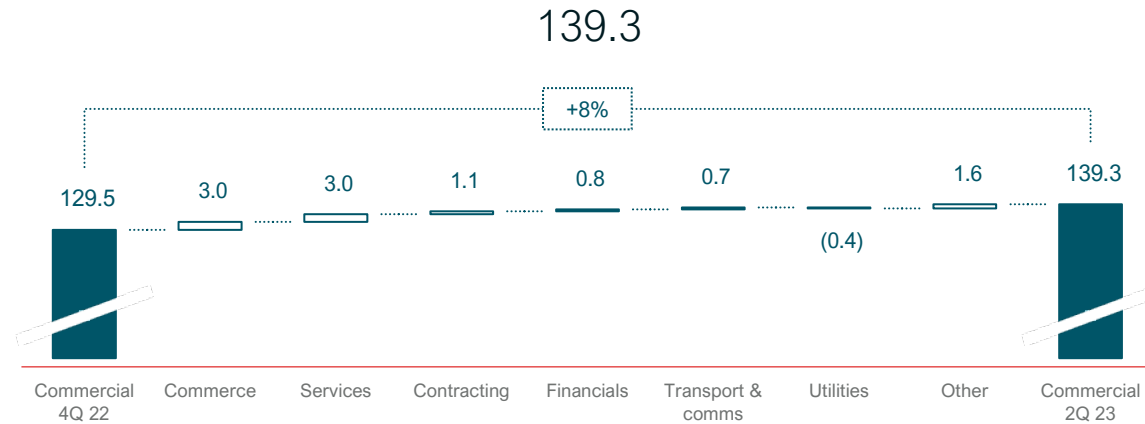


Healthy and balanced 7% loan growth during 1H 2023

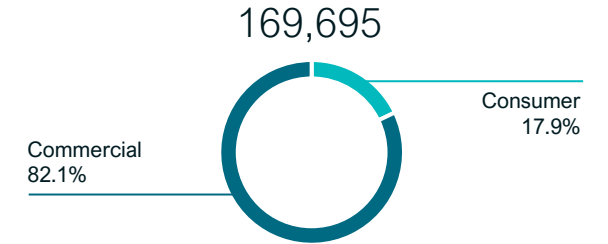
Total Loans & Advances (SAR Bn)



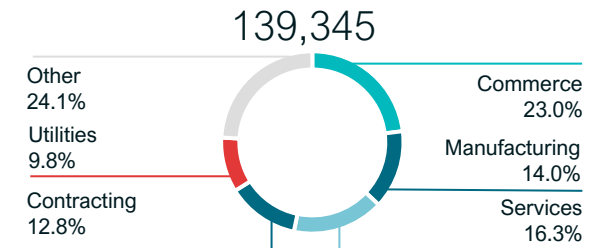
Commercial Loans Movement YTD (SAR Bn)



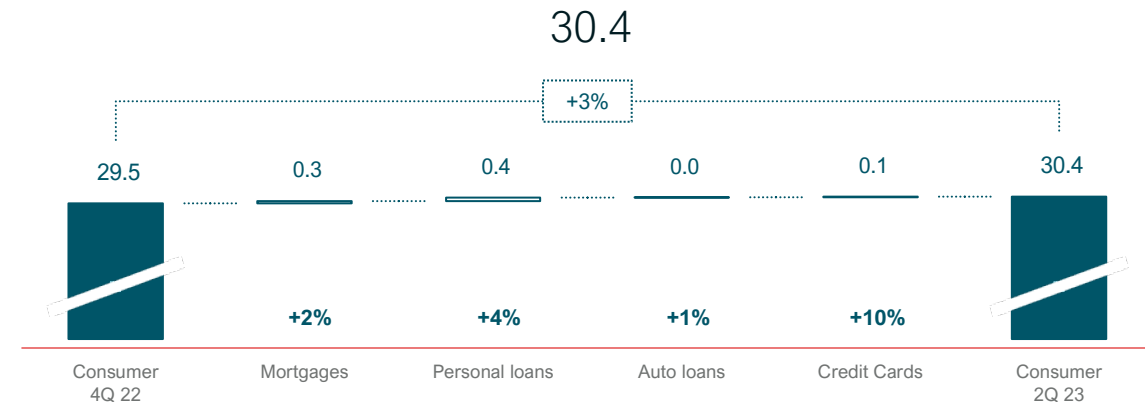
Loans & Advances Composition (SAR Mn)



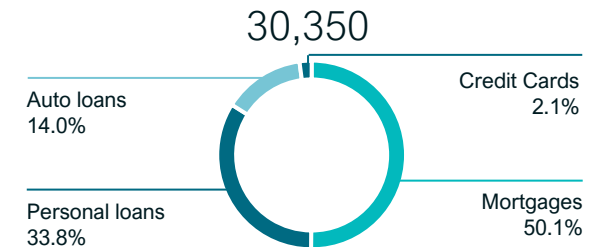
Commercial Loans Composition (SAR Mn)



Consumer Loans Movement YTD (SAR Bn)



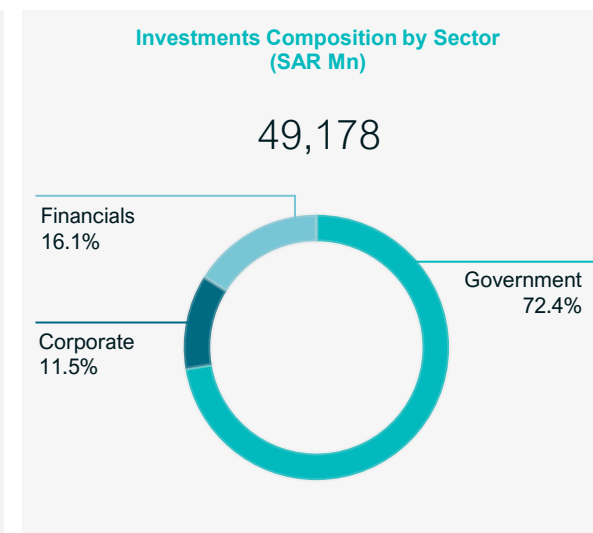
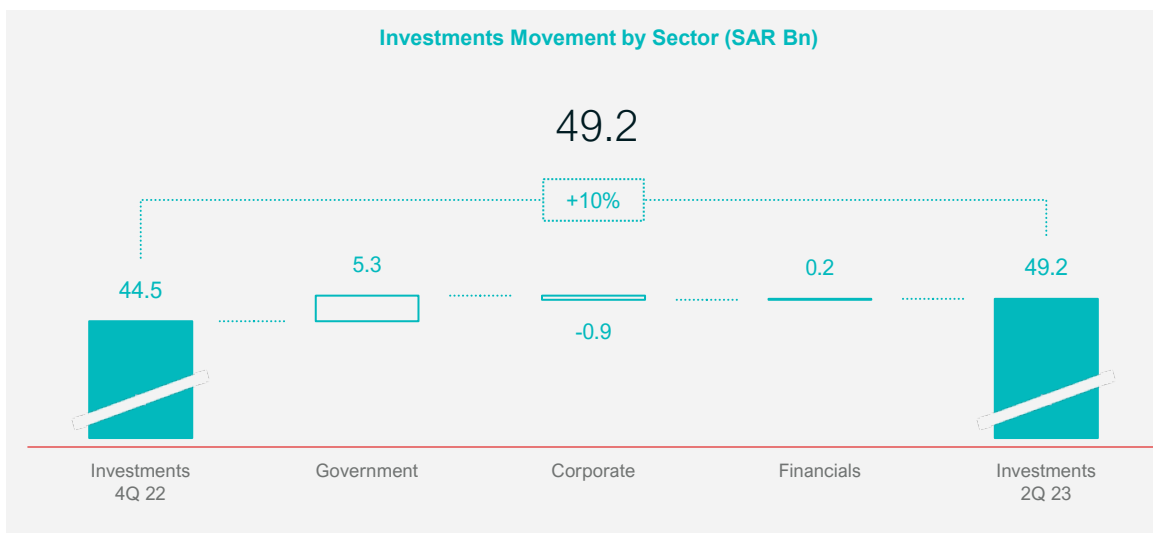
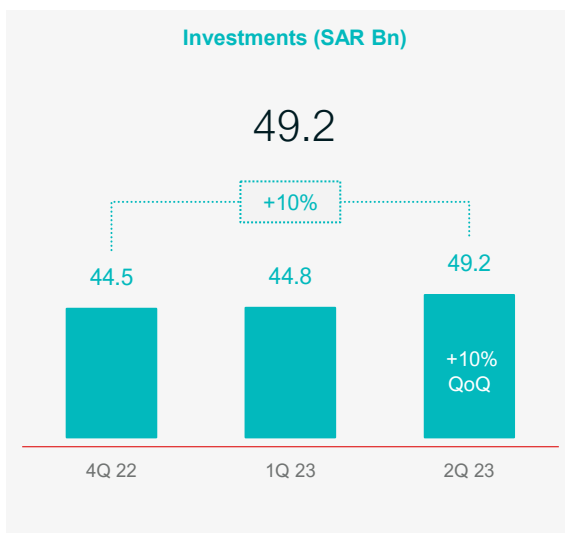
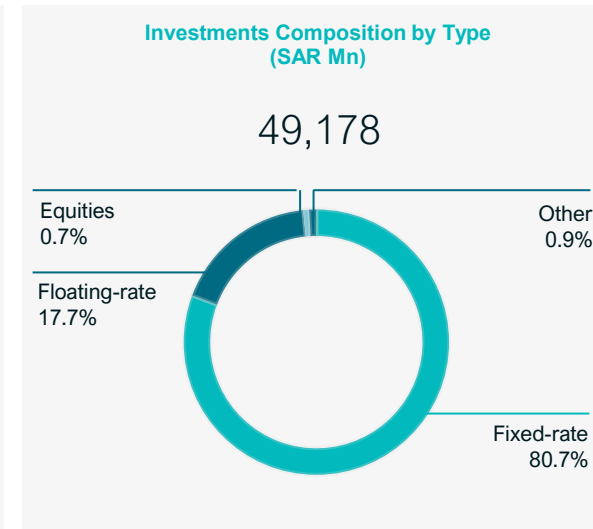
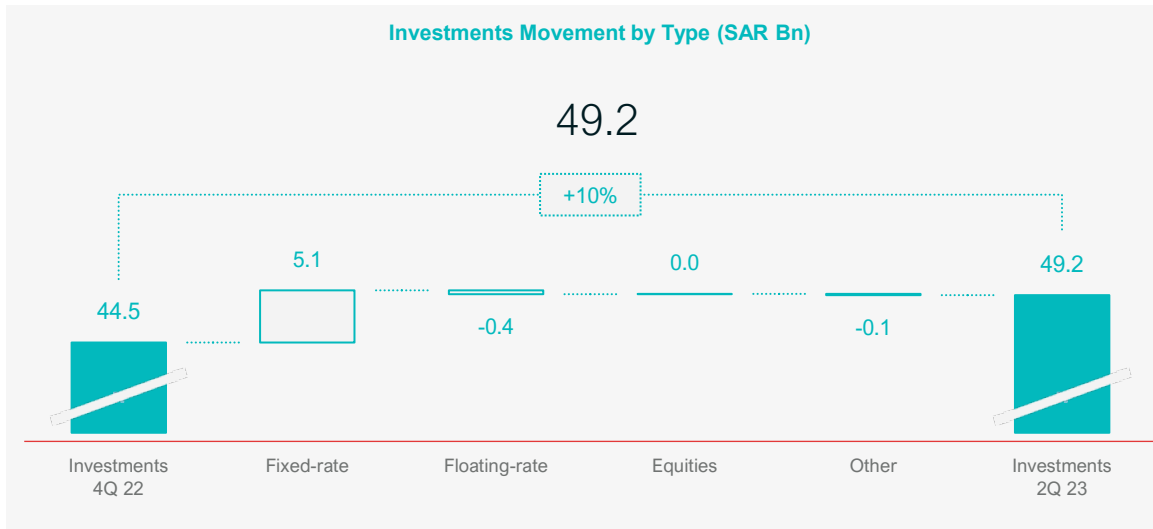
Consumer Loans Composition (SAR Mn)



- Total loans & advances grew 7% during 1H 2023 from both consumer and commercial lending growth.
- Commercial loans grew 8% during 1H 2023, which was broad-based across sectors.
- Consumer loans grew 3% mainly from 2% and 4% growth in mortgages and personal loans respectively.

Solid 10% increase in the investment portfolio in 1H 2023

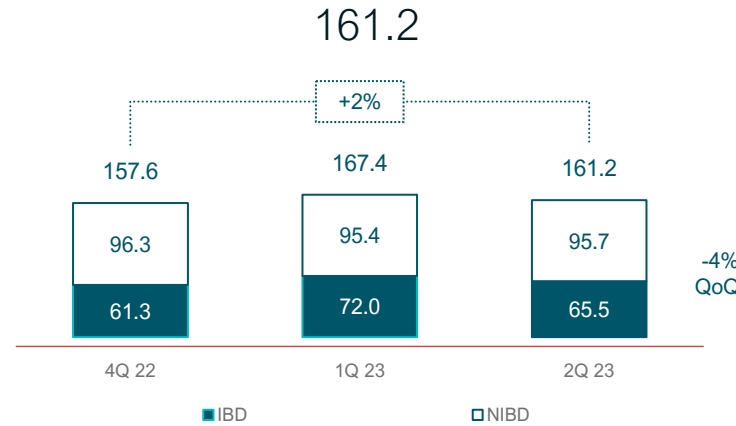
- Investments increased 10% YTD reflecting increased investment in longer-term fixed-rate Government securities.
- The investment portfolio is of high quality with a significant portion being Saudi Government and investment grade.



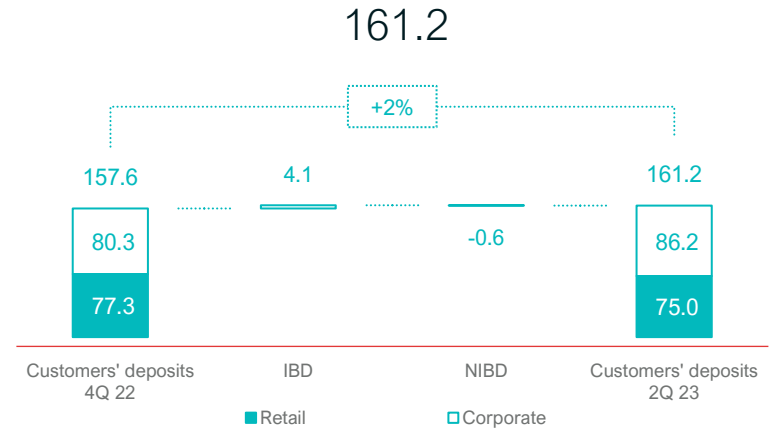
2% growth in deposits YTD from increased IBDs

- Deposits grew 2% during 1H 2023 from increased IBDs.
- IBD increased 7% YTD from 32% growth in Corporate, partly offset by a 32% decline in Retail.
- NIBD's declined 1% YTD due to a 14% decline in Corporate which was almost offset by 10% growth in Retail.
- A 3% YTD decline in total Retail deposits arose mostly from variability in Private Banking deposits, whereas both IBDs and NIBDs improved in Personal Banking.
- As of 30 June 2023, 59.4% of deposits were non-interest bearing, the 2.0ppts YoY decline reflective of the rising rate environment.

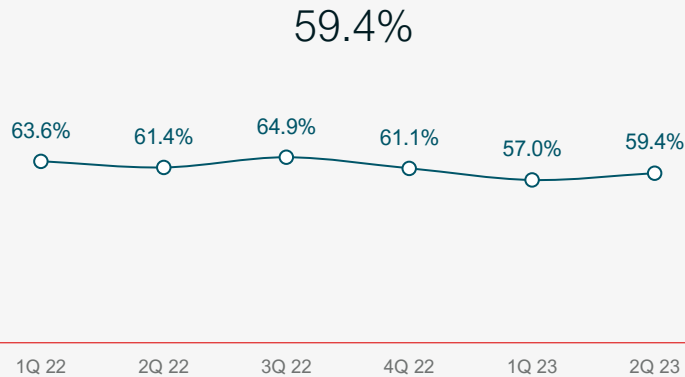
Customers' Deposits (SAR Bn)



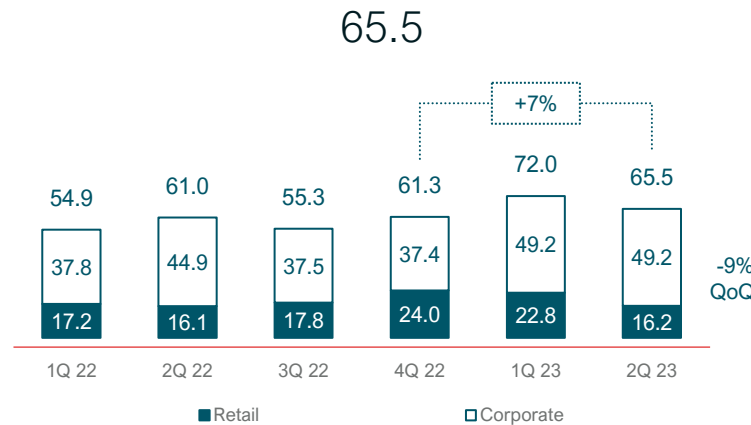
Customers' Deposits Movement (SAR Bn)



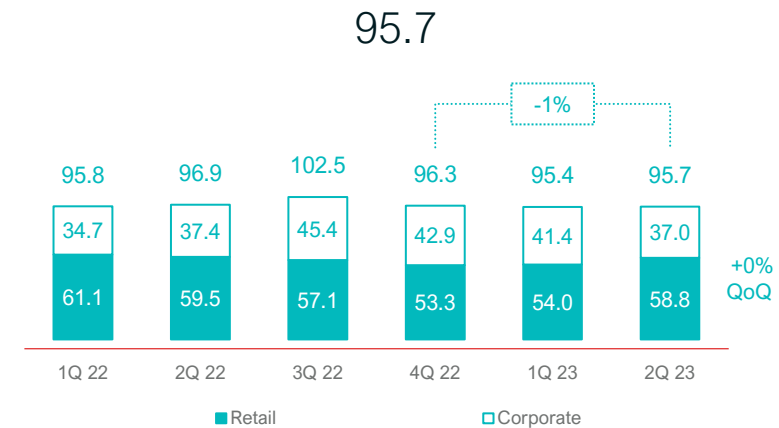
NIBD % of Total Deposits (%)



Interest Bearing Deposits (SAR Bn)

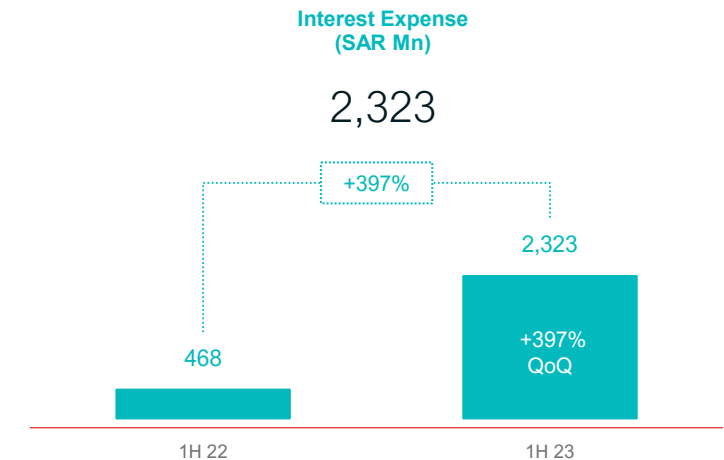
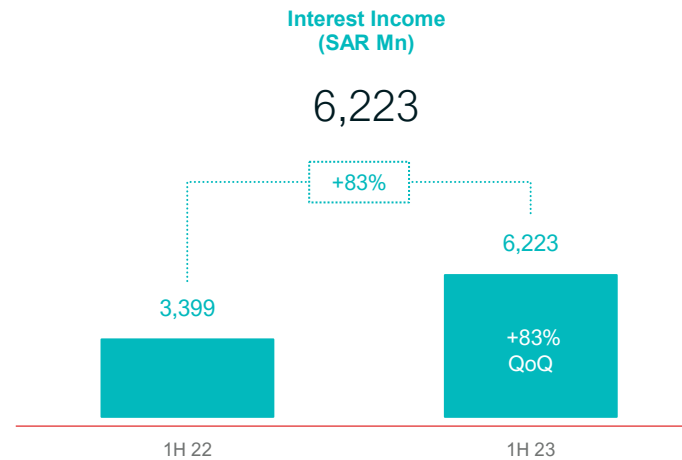
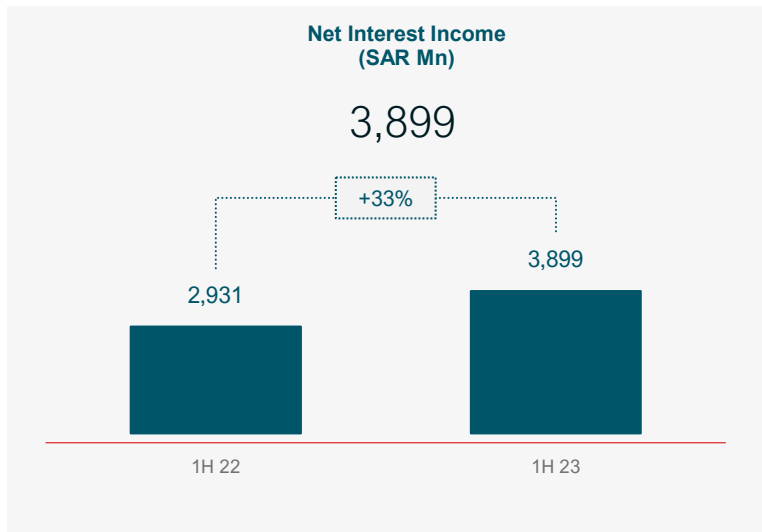
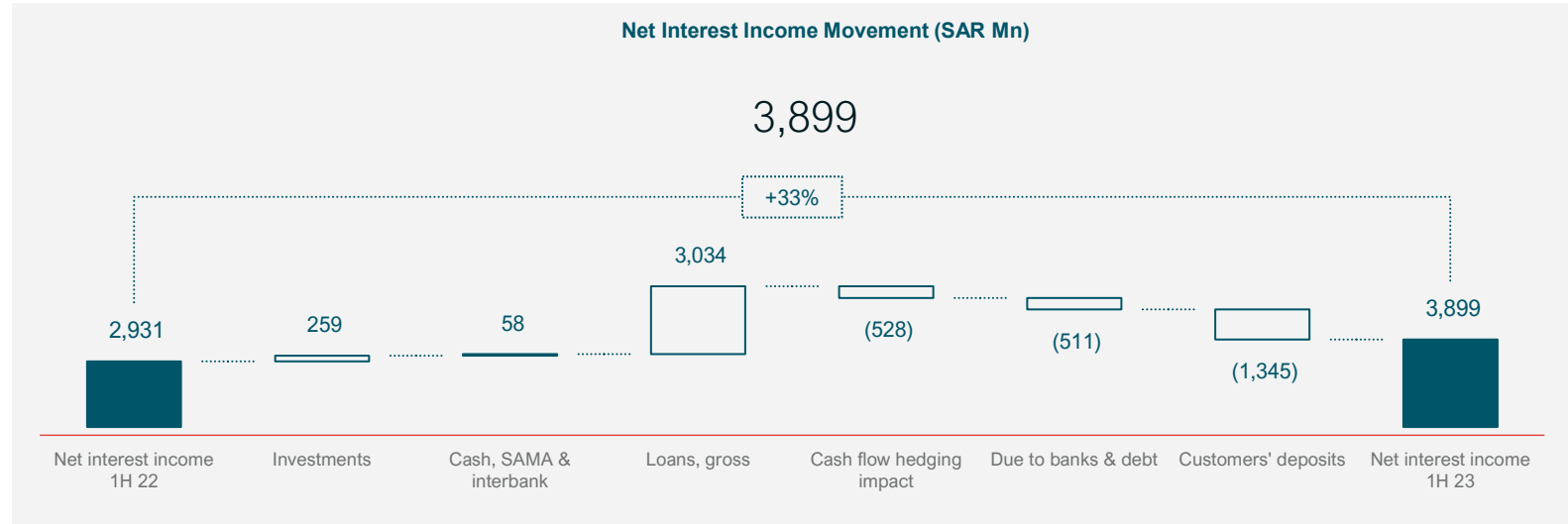


Non Interest Bearing Deposits (SAR Bn)



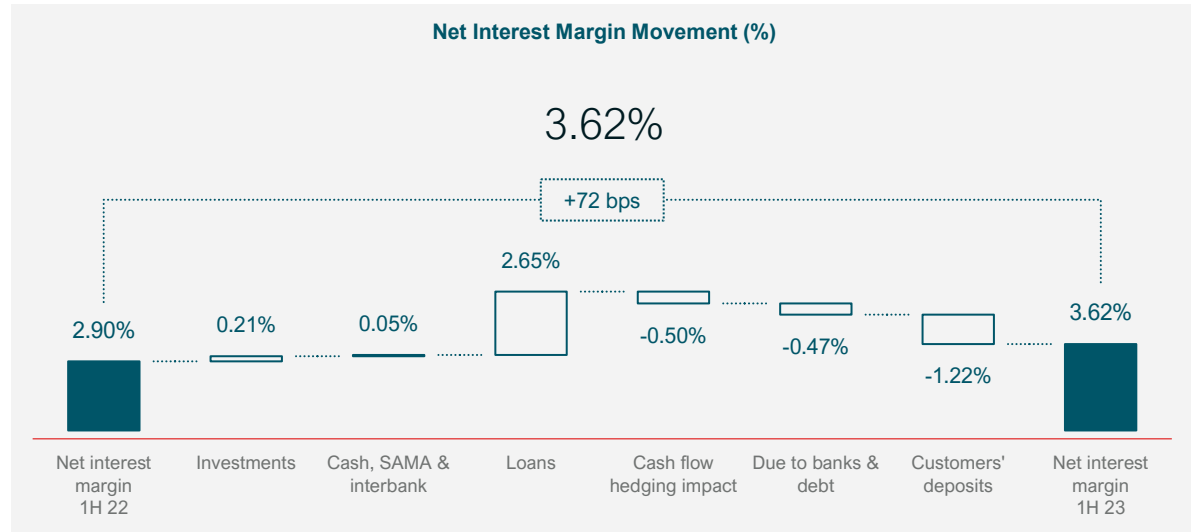
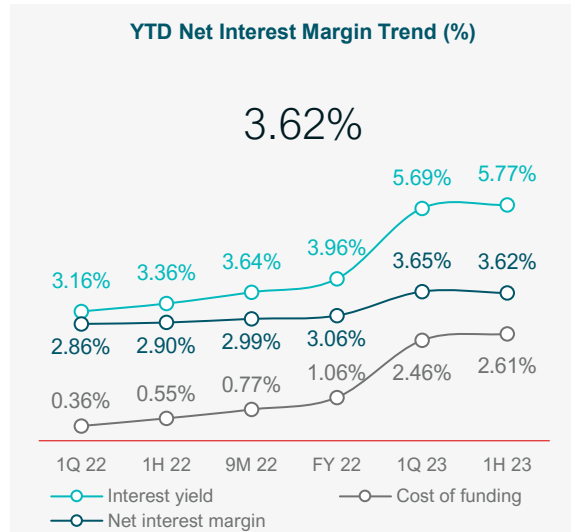
NII growth of 33% from margin expansion and earning assets growth

- NII for 1H 2023 grew 33% YoY to SAR 3,899mn from margin expansion and 6% growth in (simple) average earning assets.
- Interest income rose 83% YoY to SAR 6,223mn in 1H 2023, while funding costs rose 5.0x to SAR 2,323mn.

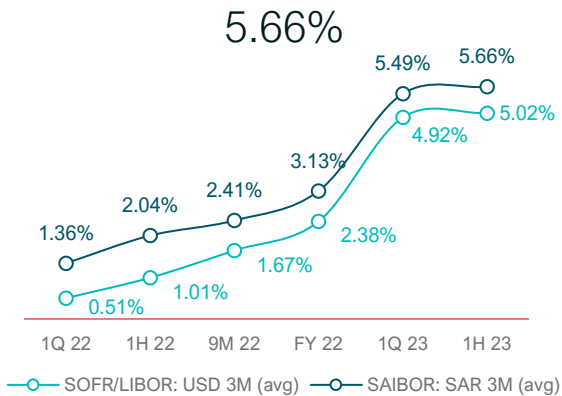


Improved loan yields from higher rate environment drive margin expansion

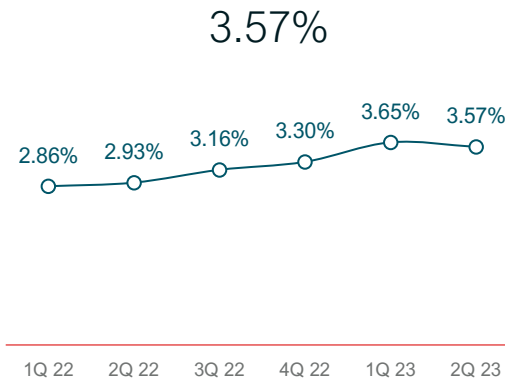
- The NIM increased 72bps YoY due to improved loan yields, partly offset by the higher funding costs and the hedging impact.
- The quarterly NIM improved 64bps YoY but declined 8bps QoQ to 3.57%.
- Funding costs increased by 206bps YoY to 2.61% in 1H 2023.



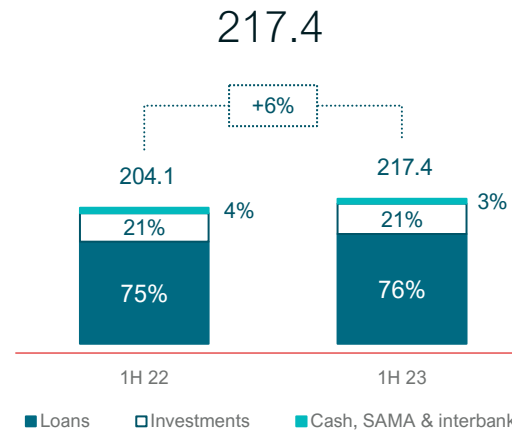
SAIBOR Trend (%)



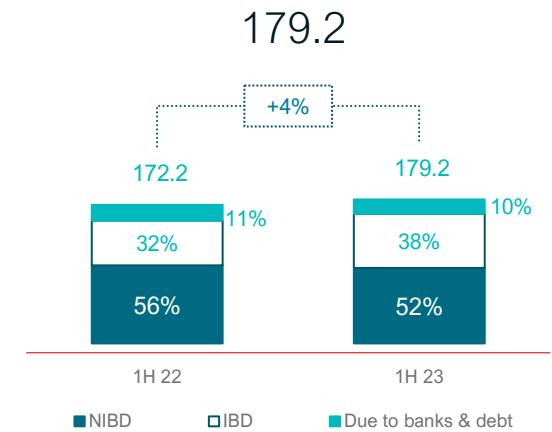
Quarterly Net Interest Margin Trend (%)



Average Interest Earning Assets (SAR Bn)



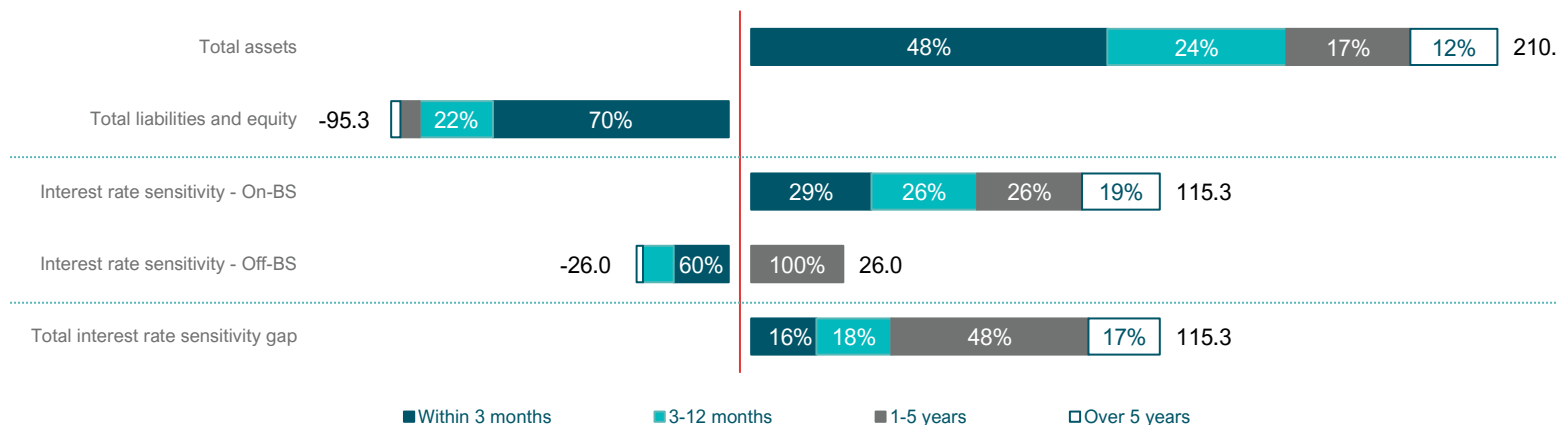
Average Interest Bearing Liabilities (SAR Bn)



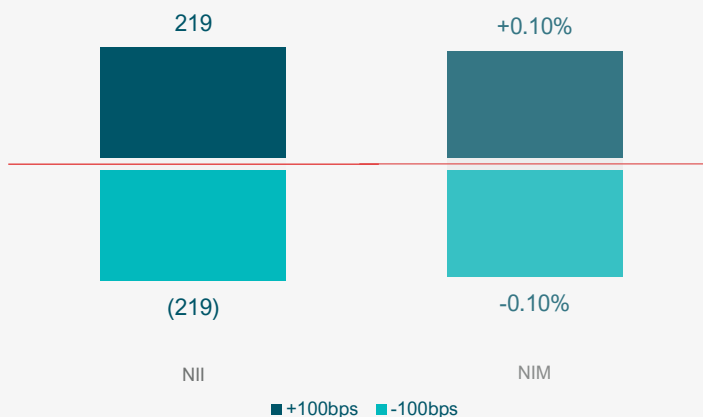
BSF is positively positioned for a rising rate environment

- At 31 December 2022, BSF estimated a 1-year NIM sensitivity of a 100bps rates rise at 10bps; this would translate into SAR 219mn higher NII.
- This reflects the net long position in variable rate assets, reflecting lending concentration towards corporate.
- There were 10 rate hikes in KSA during 2022 and 1H 2023 totaling 475bps not all of which have repriced on the balance sheet to date.
- Traditionally BSF mitigated its interest rate risk exposure through cash-flow hedges; the size of the CFH portfolio is driven by the development of BSF's balance sheet structure, IRR appetite & structural market trends.

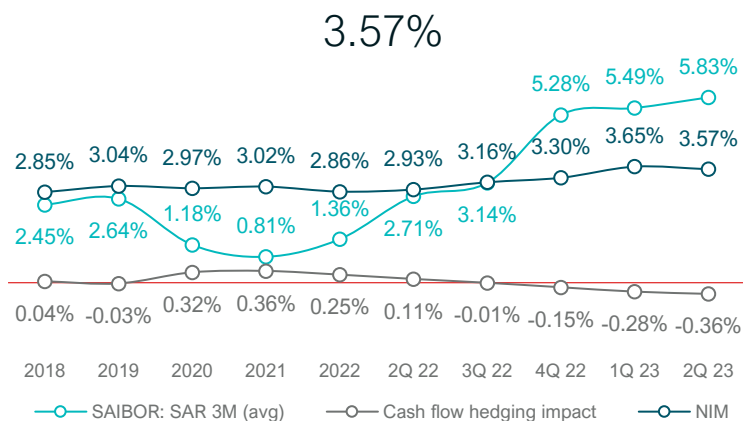
Exposure to Interest Rate Risk as at 31 December 2022 (SAR Bn)



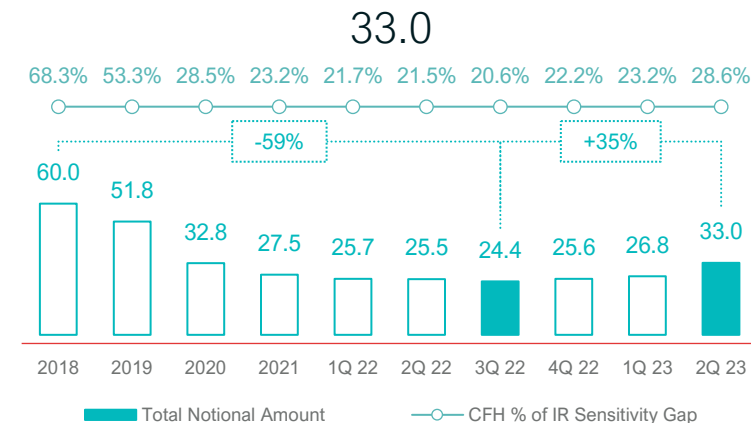
Impact of 100bps Rate Change as at 31 December 2022 (SARmn/%)



NIM, Rates and CFH Impact Trends (%)



Cash Flow Hedges Swaps (SAR Bn)

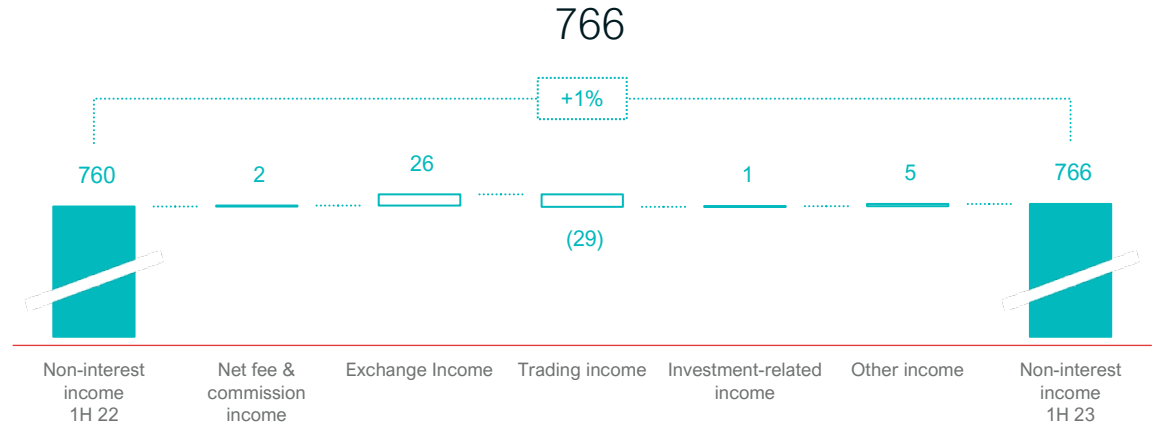


Non-interest income increased 1% YoY as higher FX income was mostly offset by lower trading income

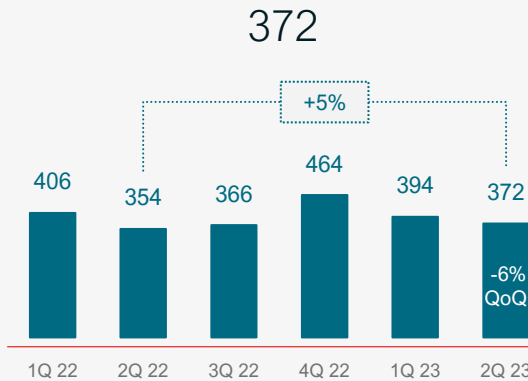
- Non-interest income for 1H 2023 increased 1% YoY to SAR 766mn as higher FX income was mostly offset by lower trading income.
- Net fee & commission income was stable at SAR 446mn in 1H 2023 as higher trade finance, cards and other fee income was offset by lower brokerage and asset management income.
- 2Q 2023 Non-interest income declined 6% QoQ due to lower card fees and exchange income.

SAR (Mn)	1H 2023	1H 2022	Δ%	2Q 2023	2Q 2022	Δ%
Fee & commission income	703	708	-1%	347	353	-2%
Fee & commission expenses	(256)	(264)	-3%	(136)	(143)	-4%
Net fee & commission income	446	444	+0%	211	210	+0%
Exchange Income	224	198	+13%	100	99	+2%
Trading income	79	108	-26%	48	41	+17%
Banking-related income	749	750	-0%	360	350	+3%
Investment-related income	11	10	+15%	8	4	+71%
Other income	5	0	+8232%	5	(1)	-722%
Non-interest income	766	760	+1%	372	354	+5%

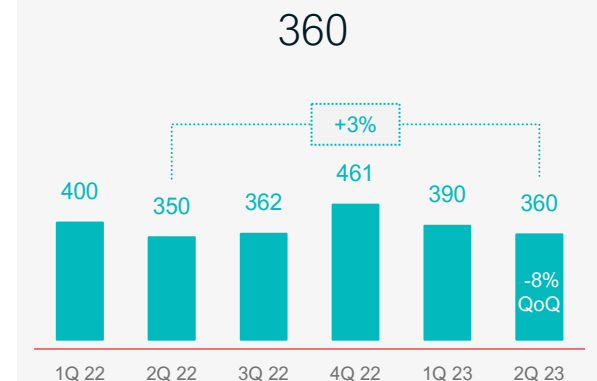
Non-Interest Income Movement (SAR Mn)



Non-Interest Income (SAR Mn)



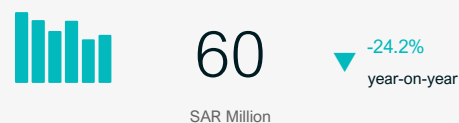
Banking-Related Income (SAR Mn)



Trade Finance



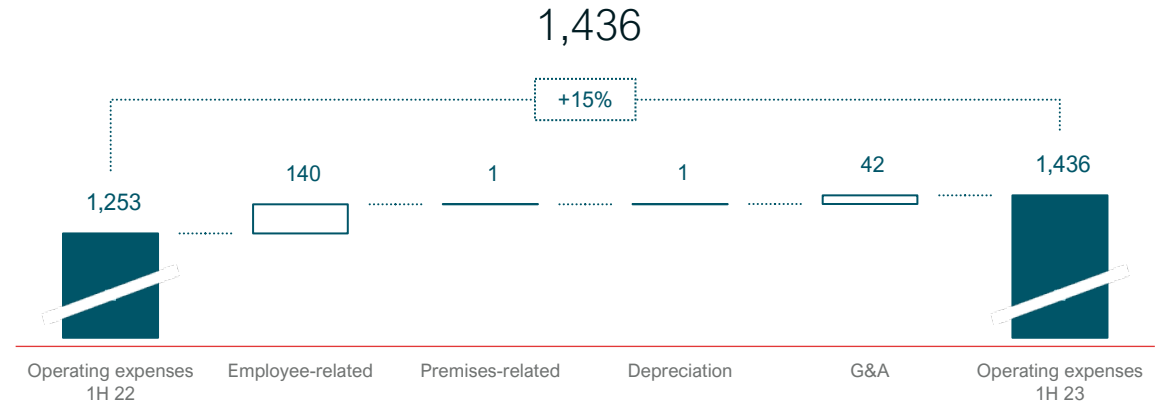
Brokerage & Asset Management Income



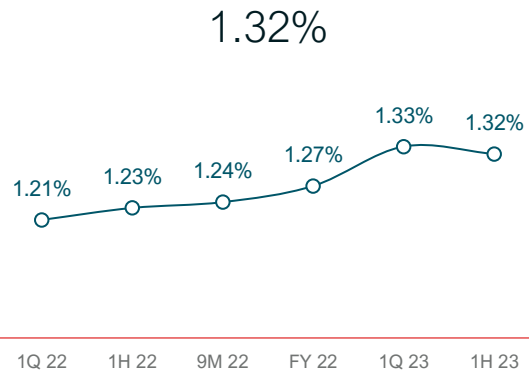
Operating expenses growth of 15% from higher employee-related expenses

- Operating expenses increased 15% YoY to SAR 1,436mn in 1H 2023 due to increased employee-related costs and excess accrual reversals in 1Q 2022.
- The YoY cost to income ratio improved by 3.2ppts YoY to 30.8% in 1H 2023 from 33.9% in 1H 2022.
- Operating expenses as a percentage of average interest-earning assets (AIEA) increased 9bps YoY to 1.32% for 1H 2023.
- Quarterly operating expenses increased 2% QoQ due to higher G&A costs, partly offset by lower employee-related expenses.

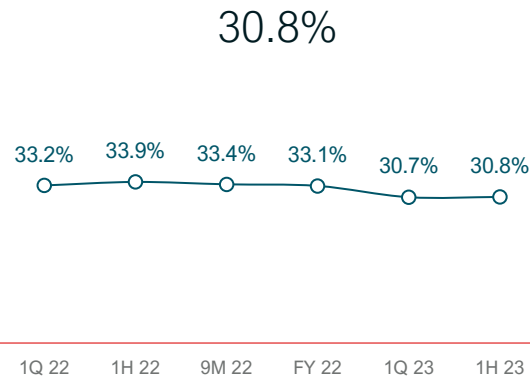
Operating Expenses Movement (SAR Mn)



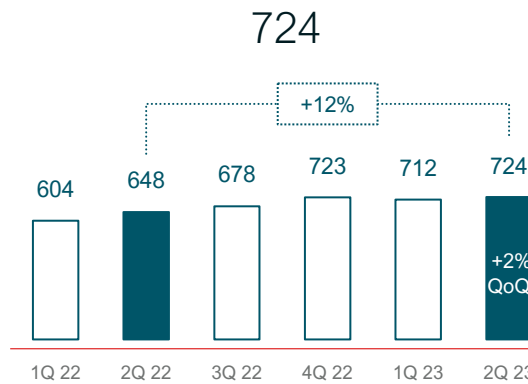
Cost To AIEA Ratio (%)



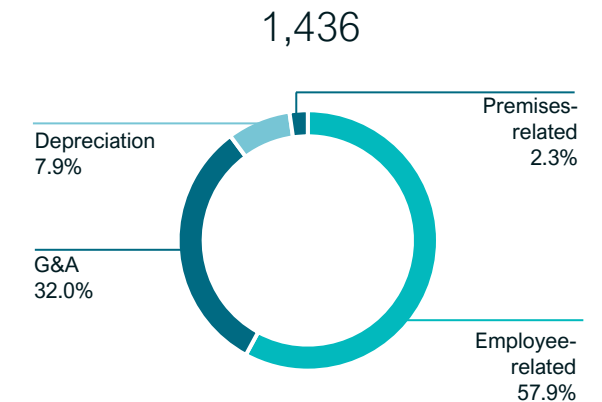
Cost To Income Ratio (%)



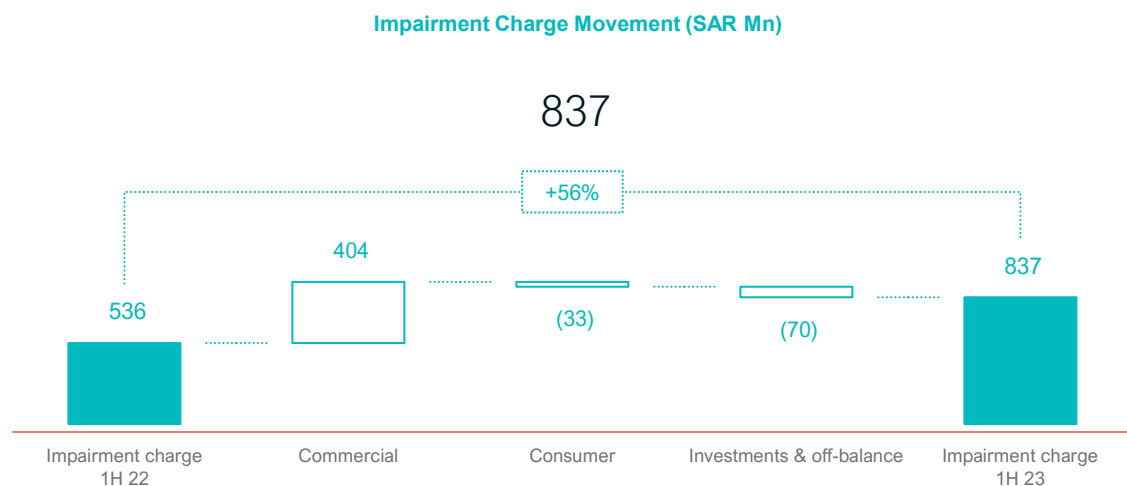
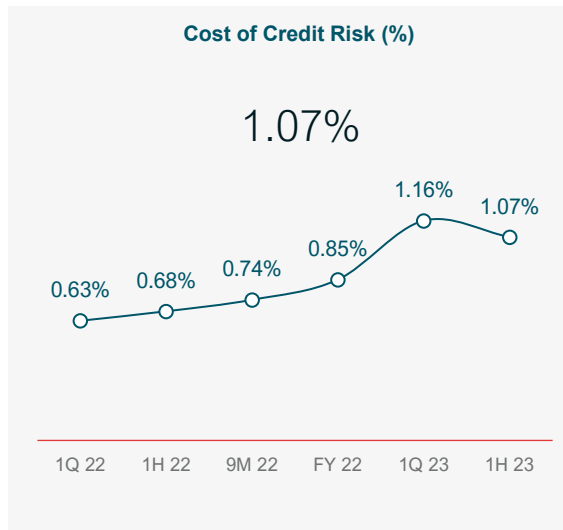
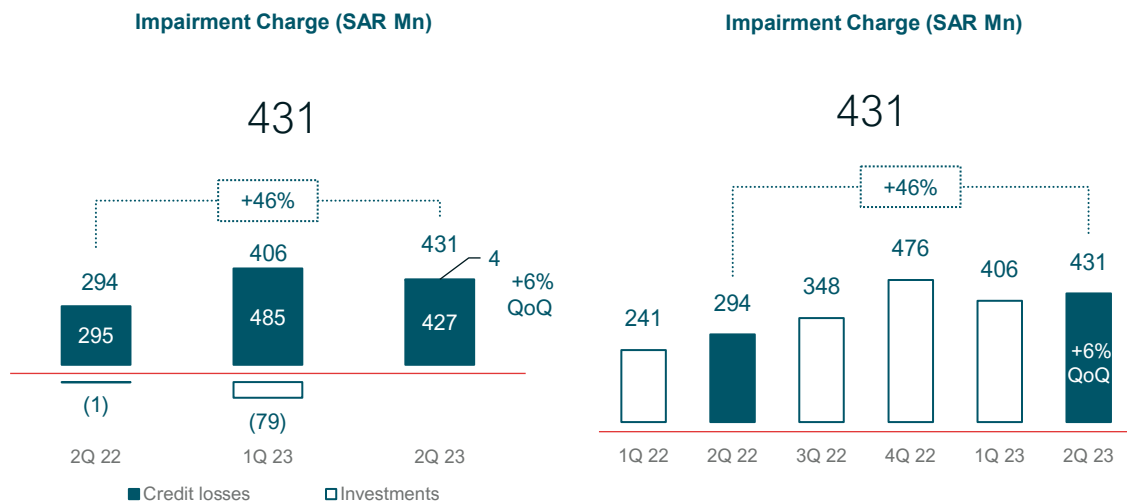
Operating Expenses (SAR Mn)



1H 23 Operating Expenses Composition (SAR Mn)

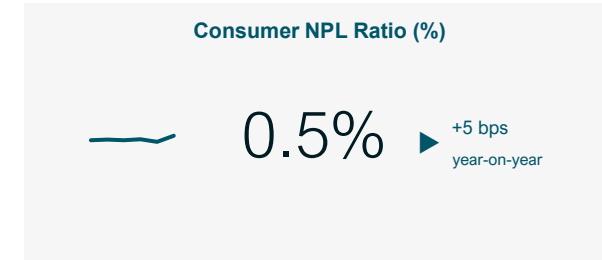
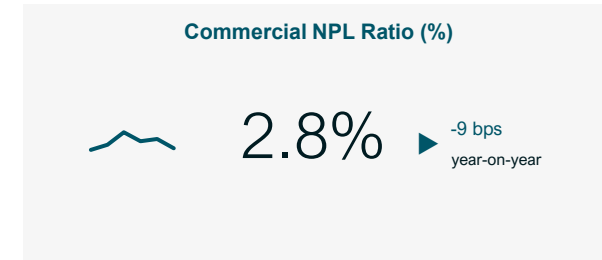
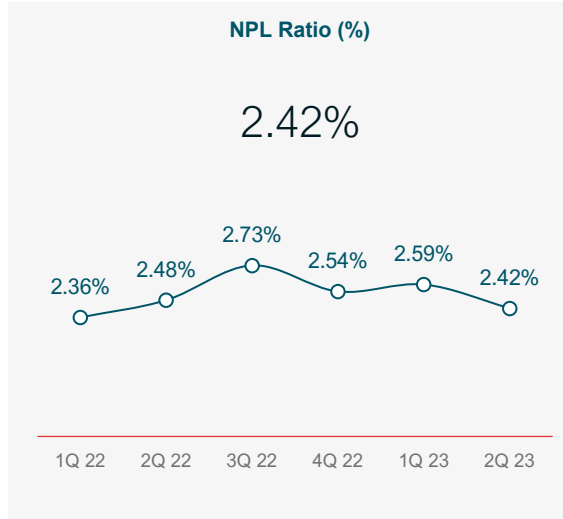
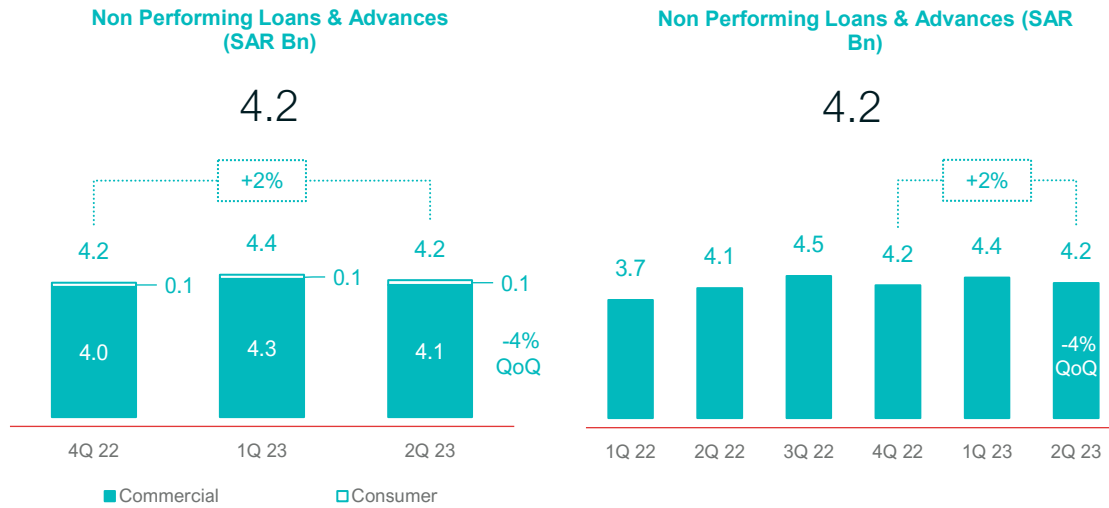


Cost of risk increased by 39bps YoY to 1.07% for 1H 2023 from improving Commercial coverage

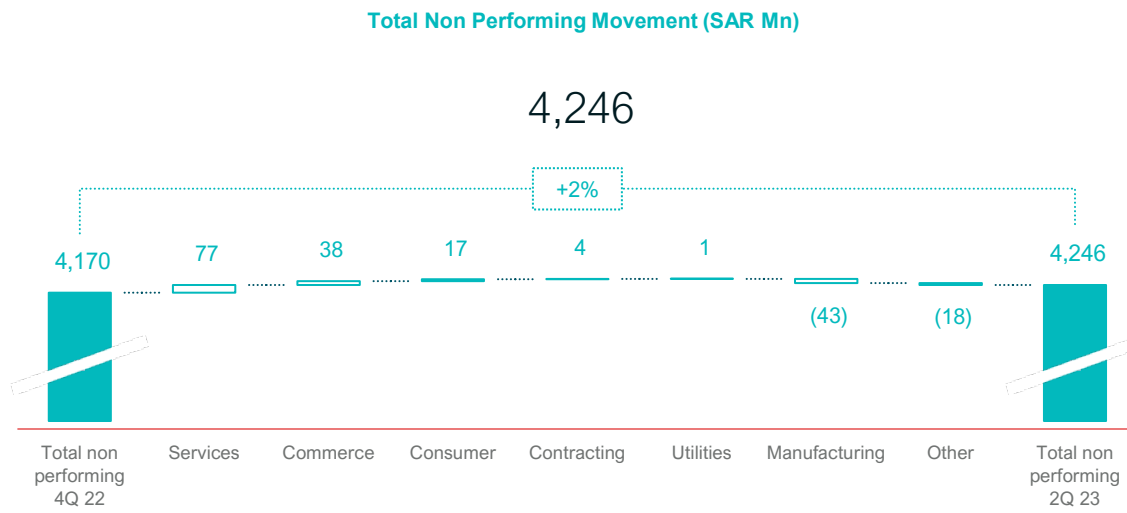


- The total impairment charge for 1H 2023 increased 56% YoY to SAR 837mn, mainly from higher Commercial impairments, partly offset by Consumer and Investment & off-balance reversals.
- In combination with healthy loan growth, this resulted in a 39bps YoY increase in cost of risk to 1.07% for 1H 2023.
- The cost of risk trend was impacted by improving coverage on isolated exposures which previously migrated to NPL in the Commercial book.

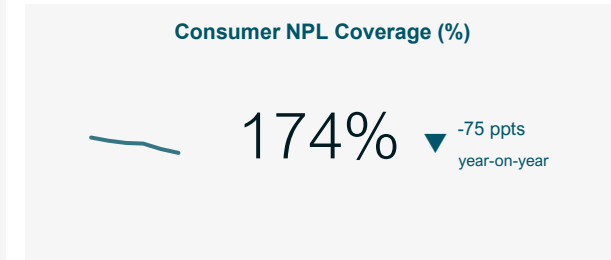
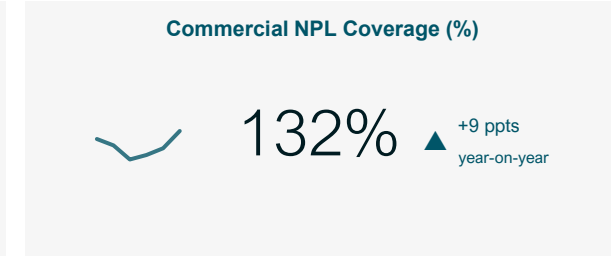
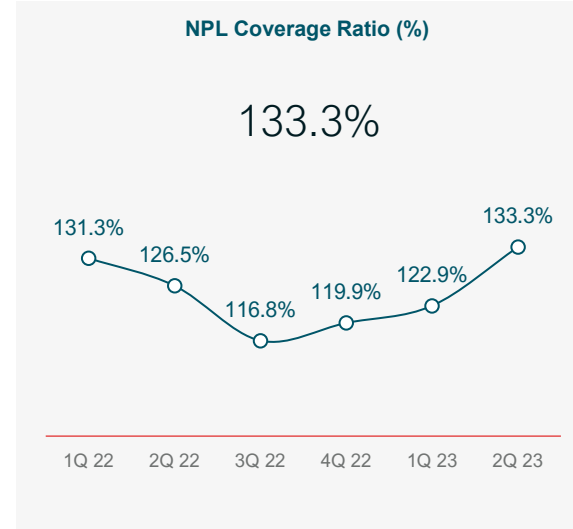
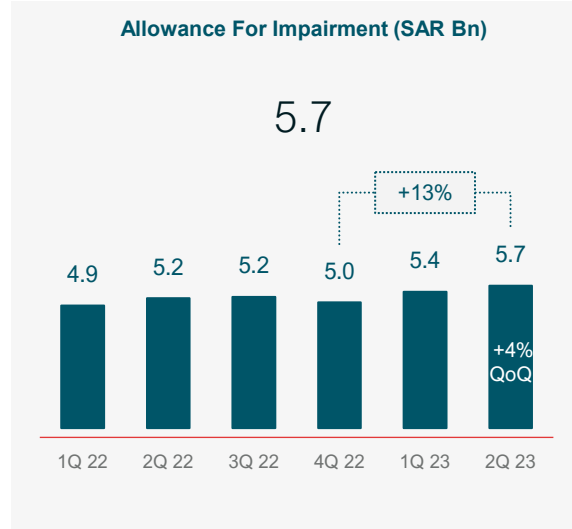
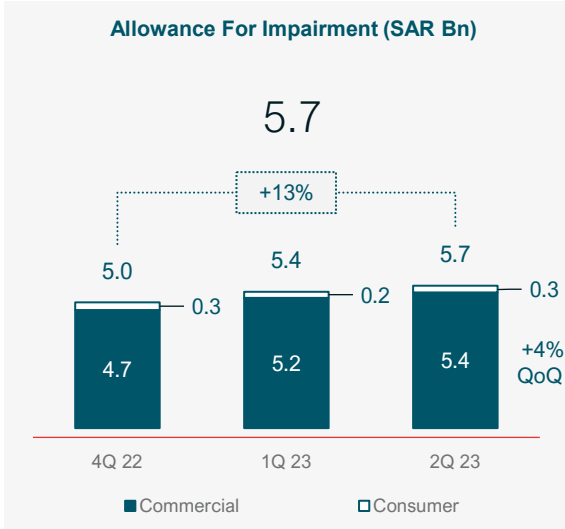
NPL ratio trend moderating during 1H 2023 following previous migration of isolated exposures in the Commercial book



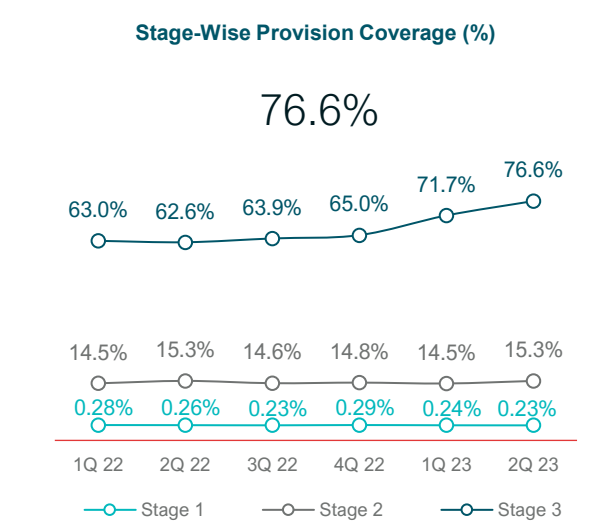
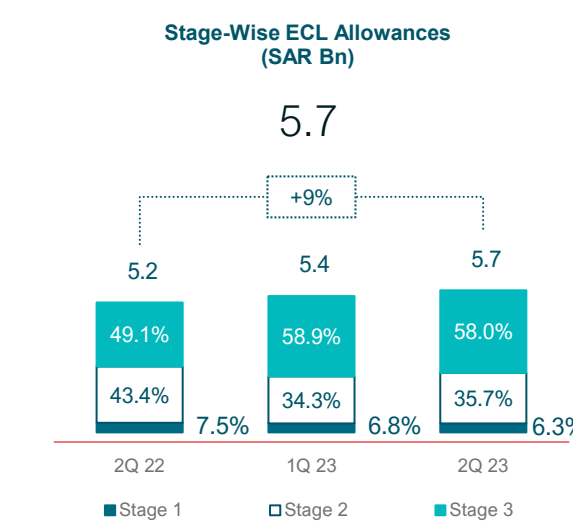
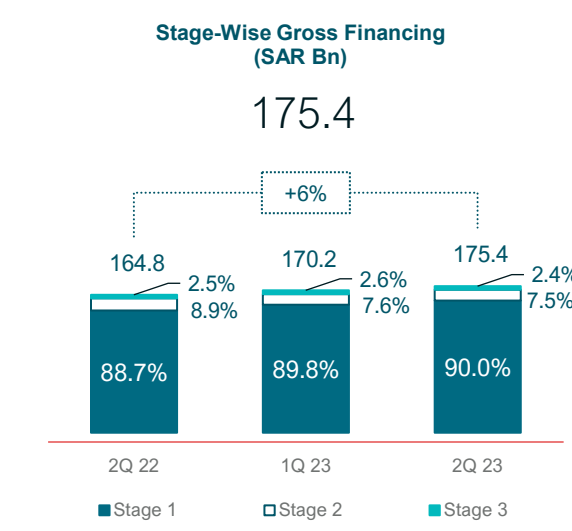
- The NPL ratio improved 12bps YTD to 2.42% on 2% NPL growth relative to 7% gross loan growth.
- The trends in credit metrics were impacted by isolated pockets of migration in the Commercial book, excluding which credit quality was healthy.



NPL coverage improved 13.4ppts YTD to 133.3%



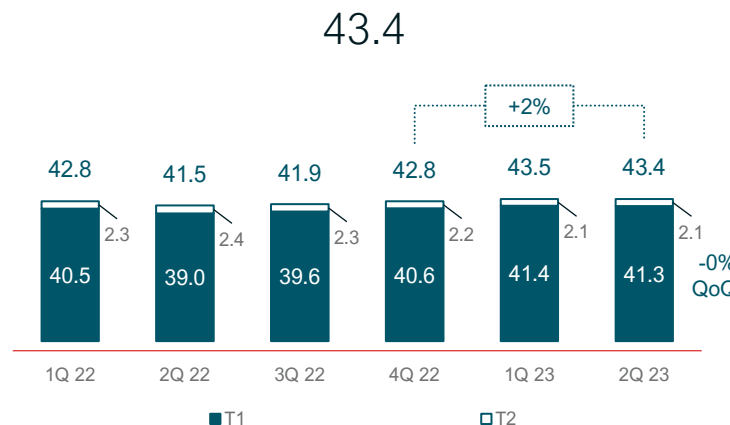
- NPL coverage improved 13.4ppts YTD to 133.3% as of 30 June 2023 due to additional coverage on isolated exposures which previously migrated to NPL in the Commercial book.
- Stage 3 coverage improved 11.7ppts during 1H 2023, stage 2 coverage improved 55bps to 15.4%, while stage 1 coverage declined 6bps to 0.23%.



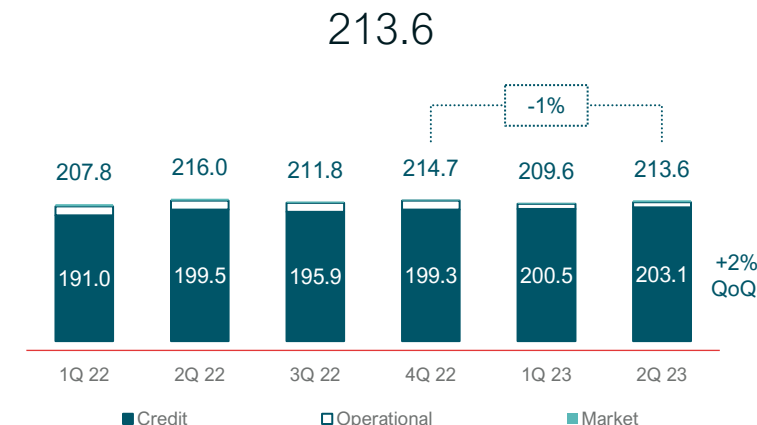
Capital ratios improved YTD from net income generation and lower operational risk RWAs

- Total capital (Tier 1 + Tier 2 regulatory capital) increased 2% to SAR 43.4bn during 1H 2023 from net income generation, partly offset by the final 2022 dividend payment.
- RWAs declined 1% during 1H 2023 to SAR 213.4bn due to lower operational risk RWAs.
- CAR was 20.34% and the Tier 1 ratio was 19.34% as of 30 June 2023.

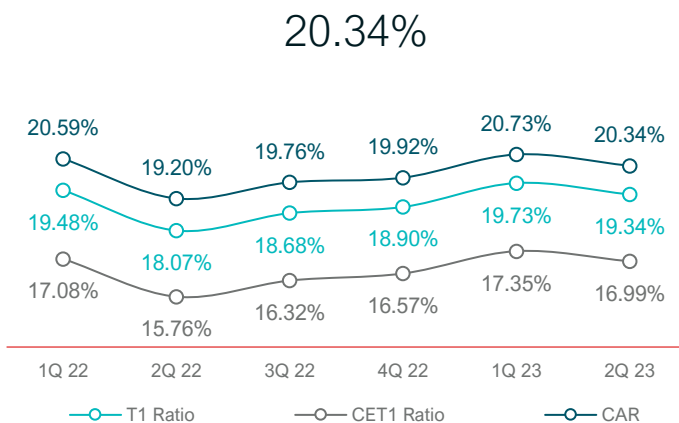
Total Capital (SAR Bn)



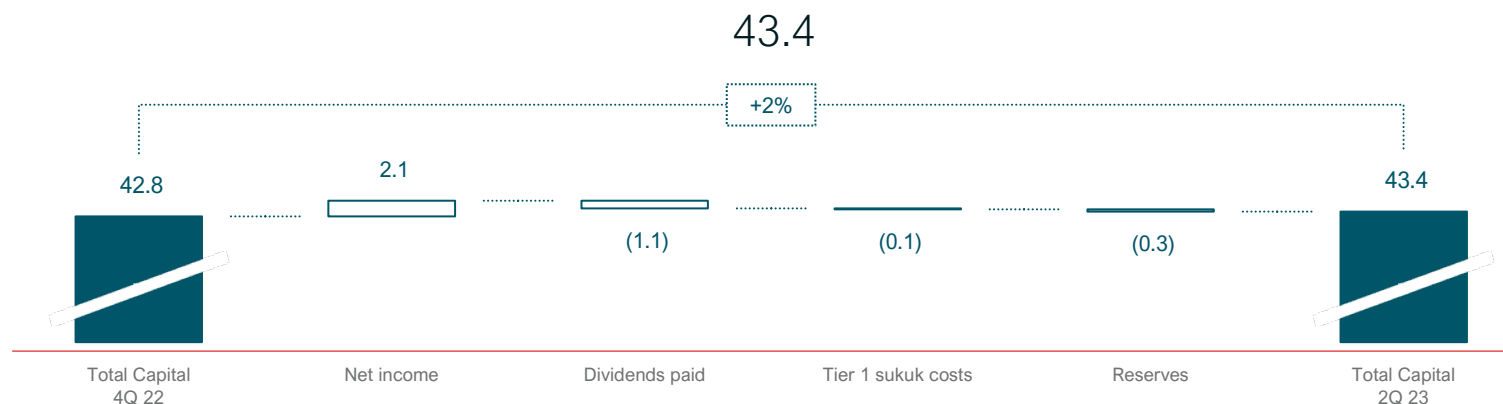
RWA (SAR Bn)



CAR (%)



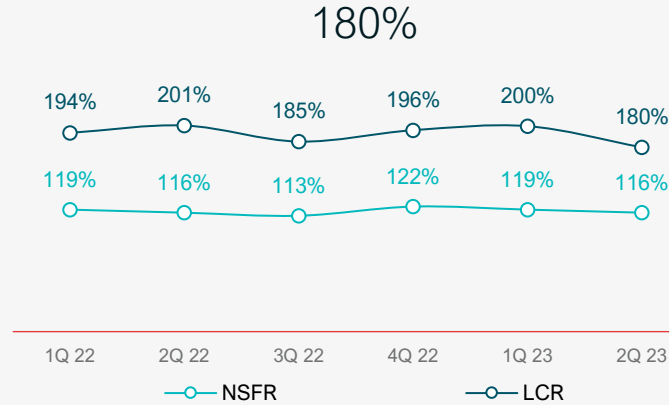
Total Capital Movement (SAR Bn)



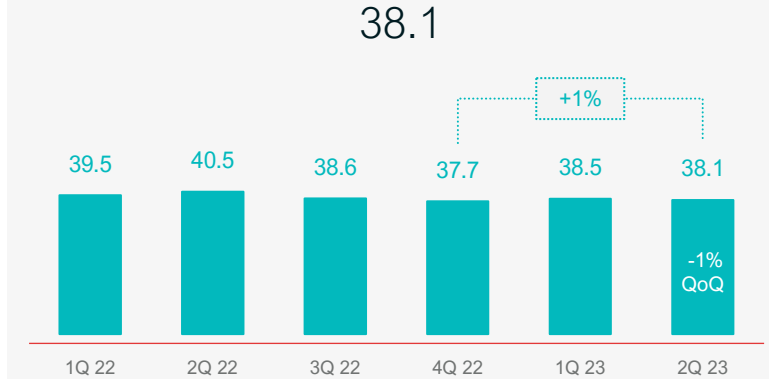
Liquidity remains strong and comfortably within regulatory limits

- LCR declined by 17ppts during 1H 2023 to 180%.
- NSFR moderated 6ppts to 116% as of 30 June 2023.
- The SAMA regulatory LTD ratio was within required levels at 82.0% as of 30 June 2023, while the headline ratio increased to 105.3%.

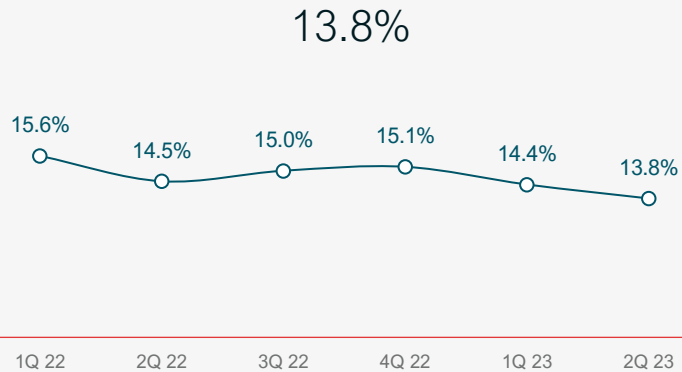
LCR & NSFR (%)



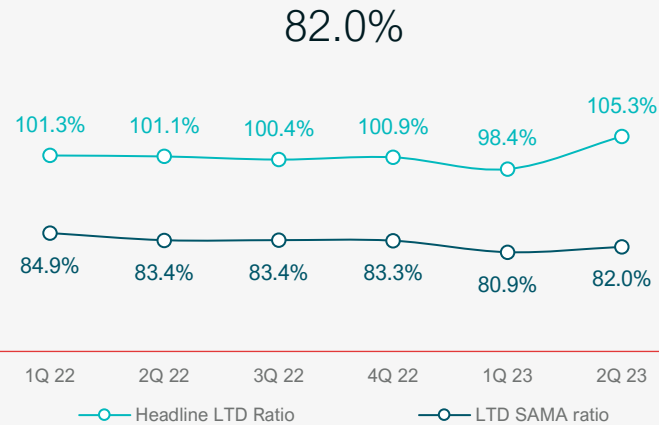
HQLA (SAR Bn)



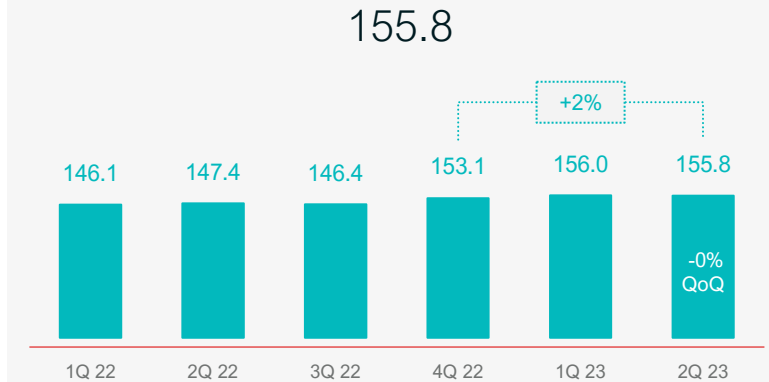
Leverage ratio (%)



LTD Ratios (%)



Available Stable Funding (SAR Bn)



INVESTOR PRESENTATION 2Q 2023

Outlook and Guidance

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

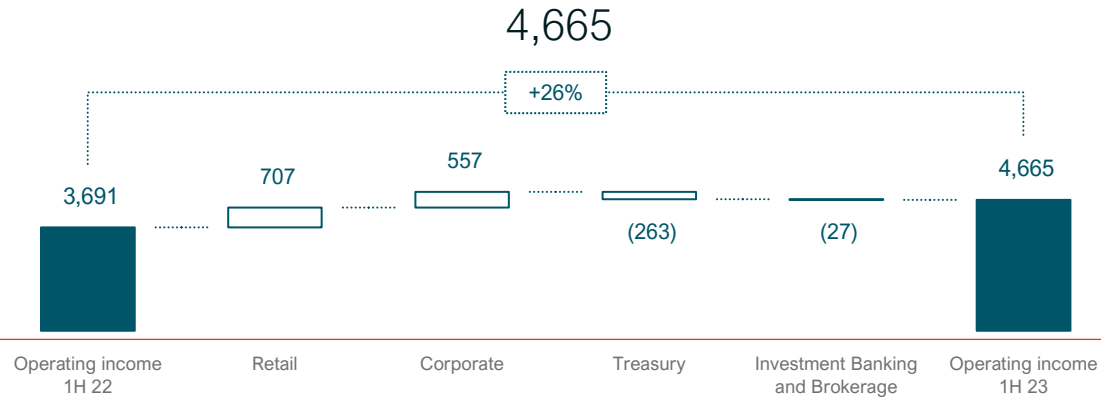
Metric	1H 2023 Outcome	2023 Guidance	Revision	Drivers
LOANS & ADVANCES GROWTH	<p>Financing Growth</p> <p>+6.7% YTD</p> <p>▲ SAR 169.7 bn</p>	<p>Financing Growth</p> <p>High single-digit</p>	UNCHANGED	Balanced growth of consumer and commercial lending expected in 2023.
NET INTEREST MARGIN	<p>NIM</p> <p>3.62%</p> <p>▲ +72bps YoY</p>	<p>NIM</p> <p>3.45 - 3.55%</p>	REVISED UP FROM 3.30-3.50%	NIM expected to rise in 2023 from higher average benchmark rates, with upward revision arising from more hawkish US monetary policy than expected.
COST OF RISK	<p>COR</p> <p>107bps</p> <p>▲ +39bps YoY</p>	<p>COR</p> <p>85-95bps</p>	REVISED UP FROM 70-80bps	Cost of risk for 2023 to gradually normalize while improving coverage on isolated corporate exposures.
COST TO INCOME RATIO	<p>CIR</p> <p>30.8%</p> <p>▼ -316bps YoY</p>	<p>CIR</p> <p><32%</p>	UNCHANGED	Expect CI-ratio below 32% for 2023, mainly from higher income on more modestly rising cost base.
RETURN ON EQUITY	<p>ROAE</p> <p>10.9%</p> <p>▲ +211bps YoY</p>	<p>ROAE</p> <p>11-13%</p>	UNCHANGED	Increase in ROAE from lending growth, higher NIMs, and improving operating efficiency and risk cost.
CORE EQUITY TIER 1 RATIO	<p>CET1</p> <p>17.0%</p> <p>▲ +42bps YTD</p>	<p>CET1</p> <p>17-18%</p>	UNCHANGED	Modest increase in CET1 during 2023 from robust earnings generation, partial reversal of MTM through FVOCI, while maintaining dividend payout levels.

INVESTOR PRESENTATION 2Q 2023

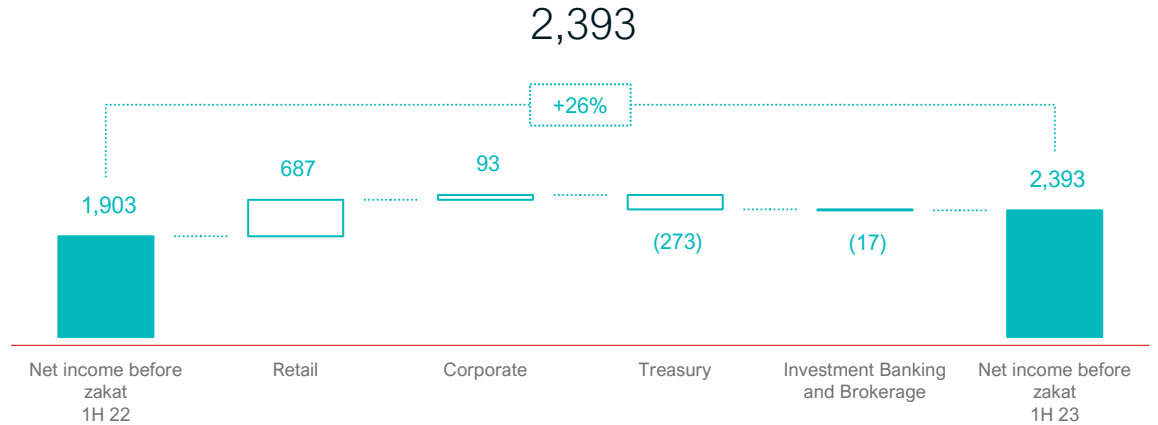
Segmental Performance

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

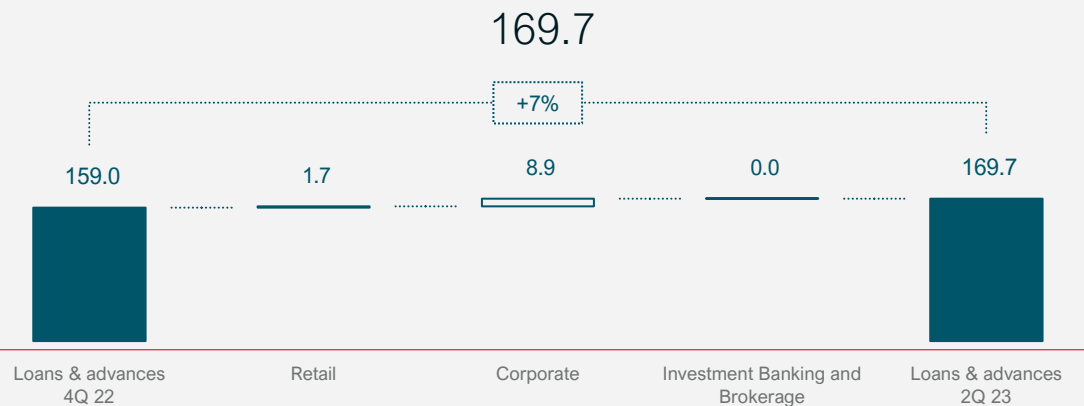
Operating Income Movement (SAR Mn)



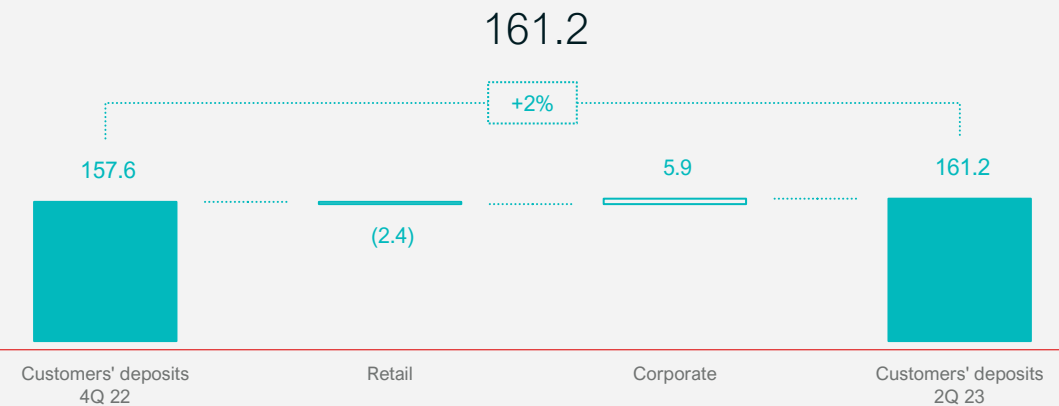
Net Income Before Zakat Movement (SAR Mn)



Loans & Advances Movement (SAR Bn)

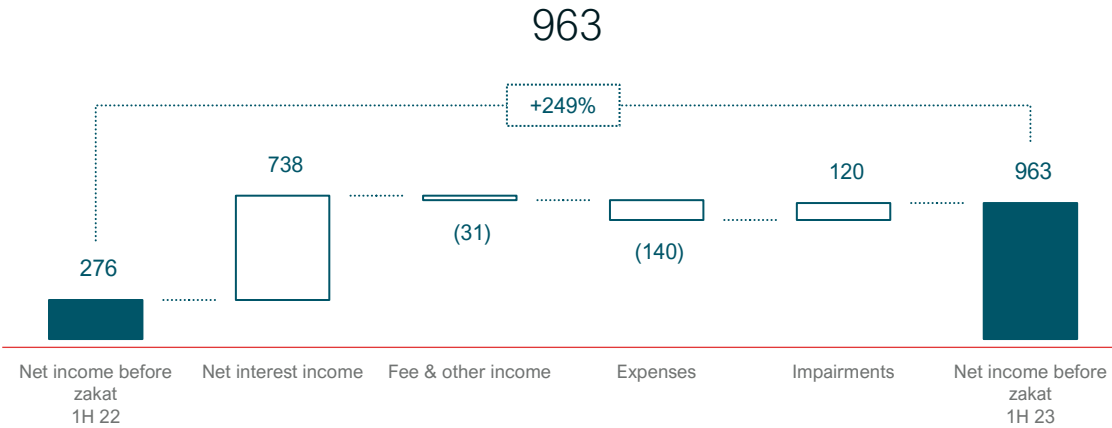


Customers' Deposits Movement (SAR Bn)

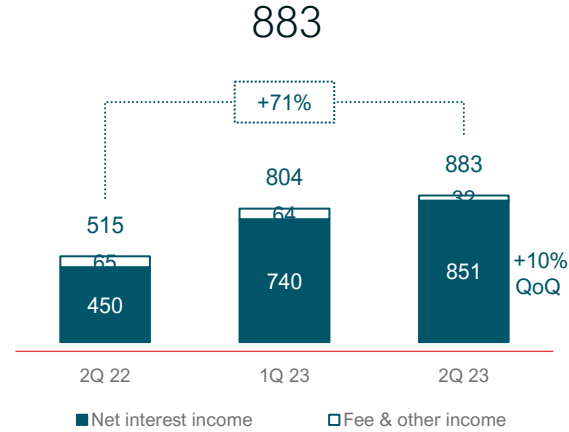


Higher profits YoY from higher net interest income

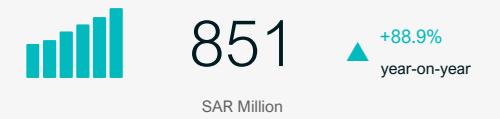
Net Income Before Zakat Movement (SAR Mn)



Total Operating Income (SAR Mn)



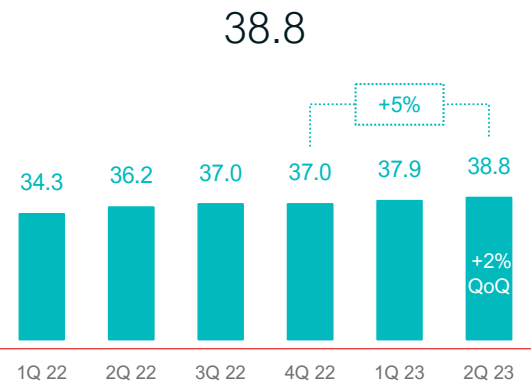
Net Interest Income



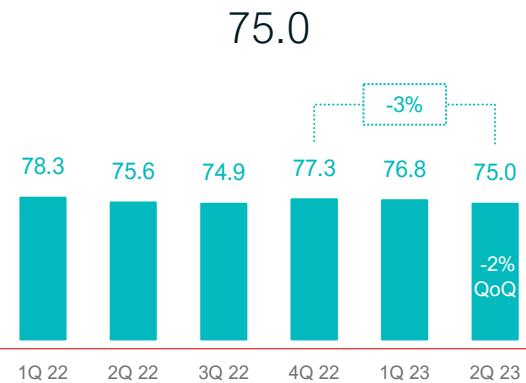
Fee & other income



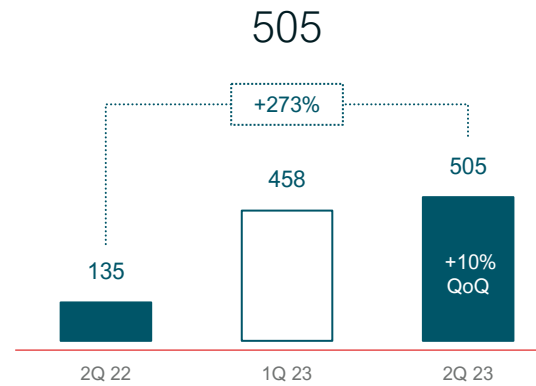
Retail Loans (SAR Bn)



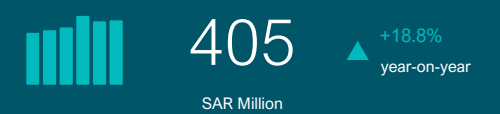
Retail Deposits (SAR Bn)



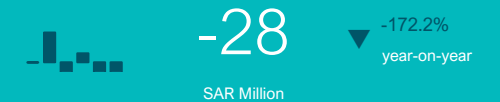
Net Income Before Zakat (SAR Mn)



Expenses

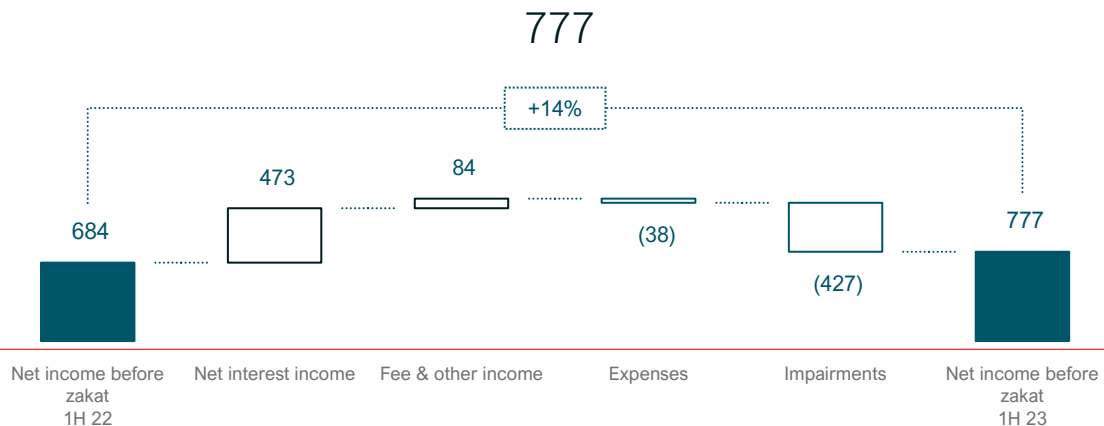


Impairments

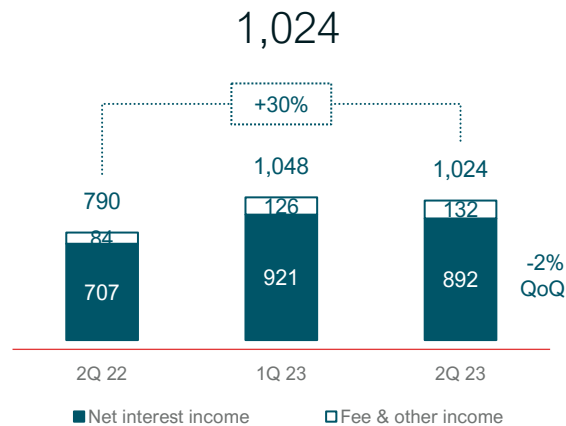


Increased Corporate profitability from net interest income growth partly offset by increased impairments

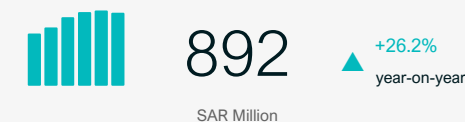
Net Income Before Zakat Movement (SAR Mn)



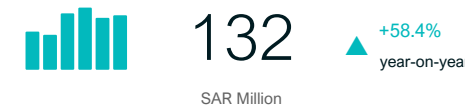
Total Operating Income (SAR Mn)



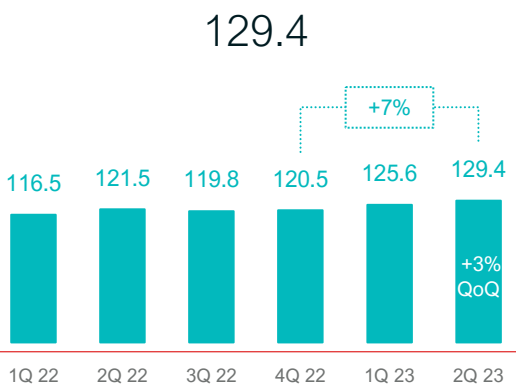
Net Interest Income



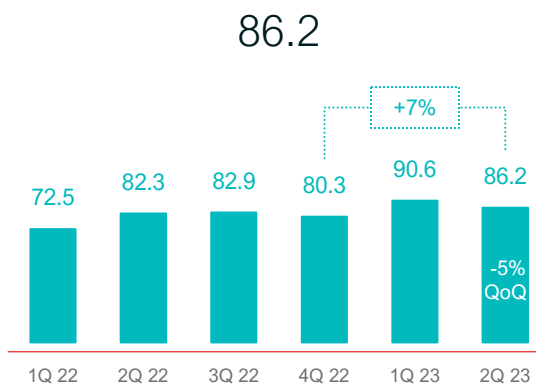
Fee & other income



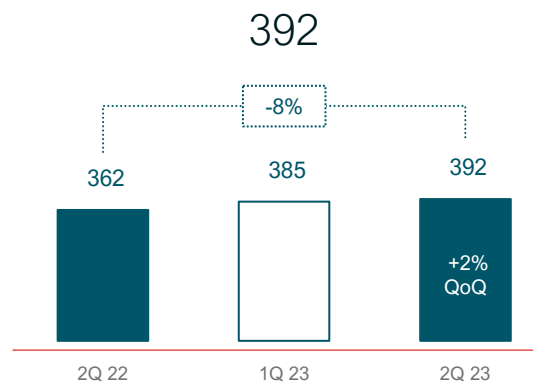
Corporate Loans (SAR Bn)



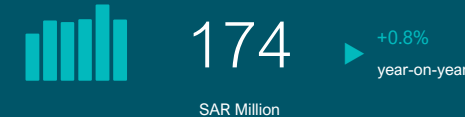
Corporate Deposits (SAR Bn)



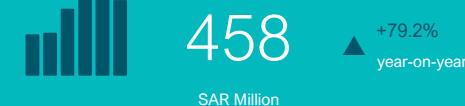
Net Income Before Zakat (SAR Mn)



Expenses

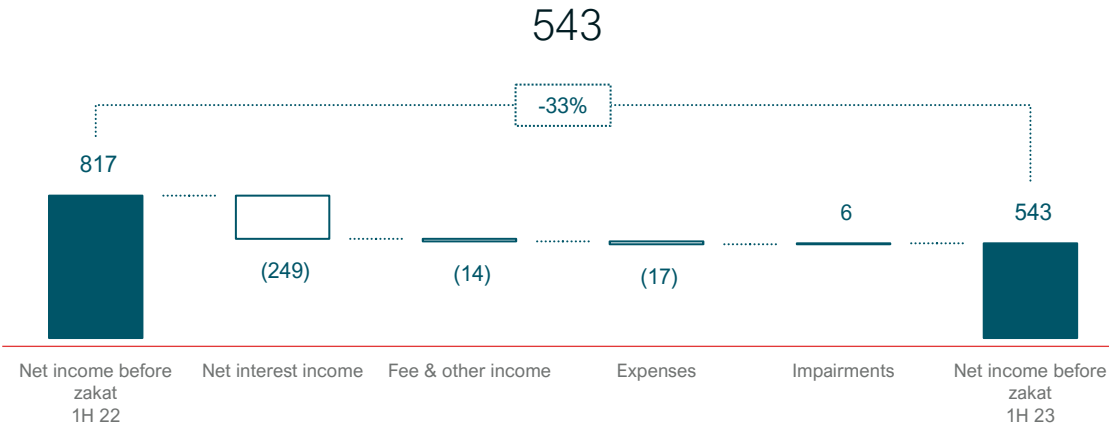


Impairments

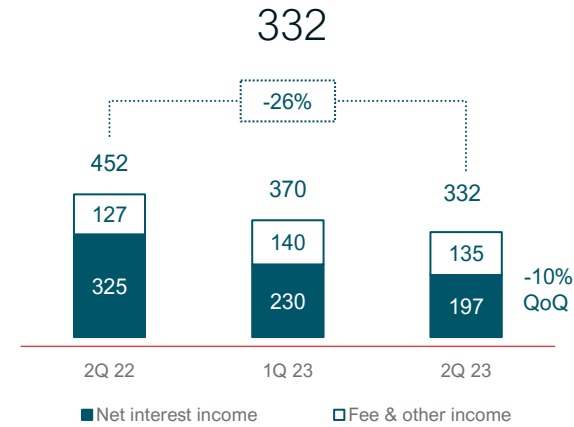


Net income declined 51% YoY from lower net interest income

Net Income Before Zakat Movement (SAR Mn)



Total Operating Income (SAR Mn)



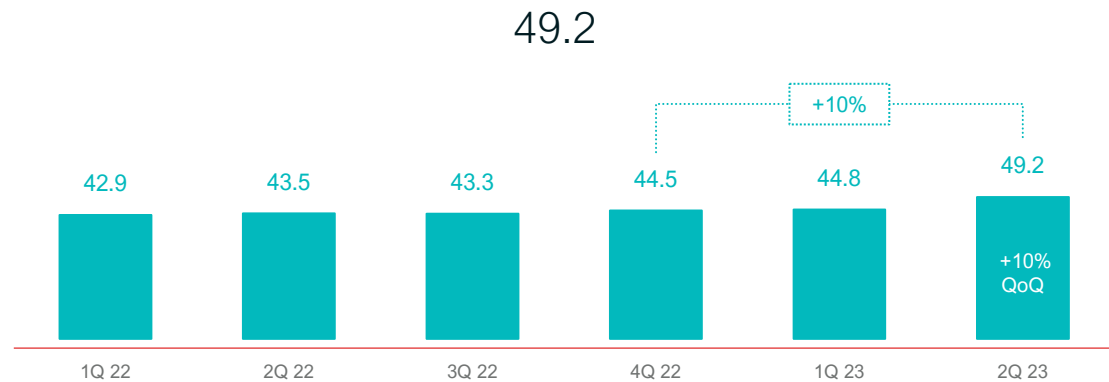
Net Interest Income



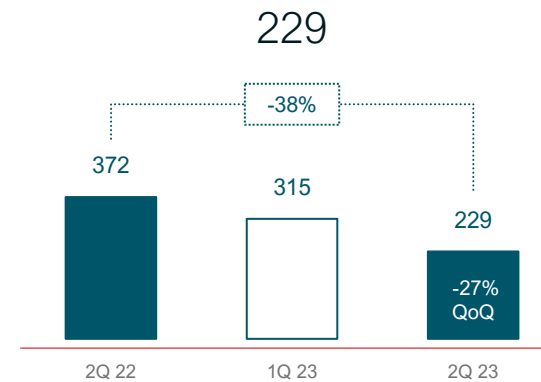
Fee & other income



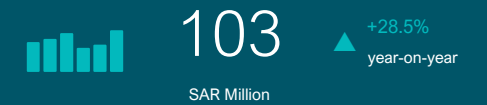
Investments (SAR Bn)



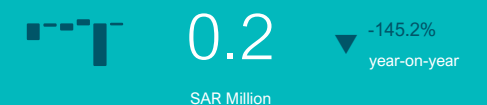
Net Income Before Zakat (SAR Mn)



Expenses

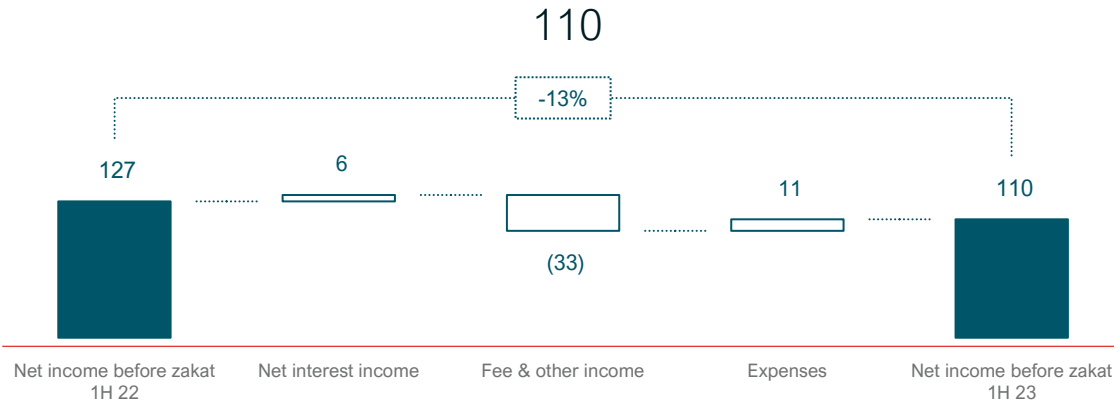


Impairments

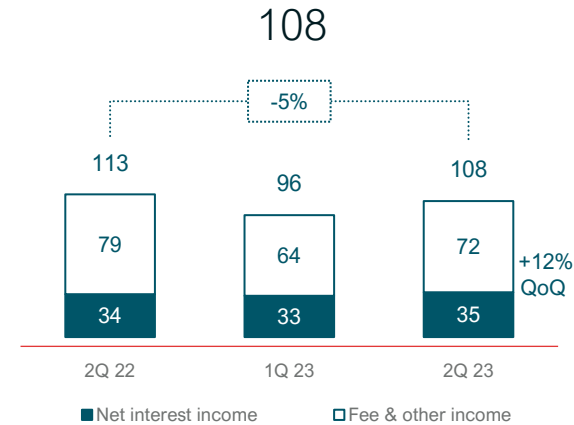


Profitability decline due to lower brokerage fees

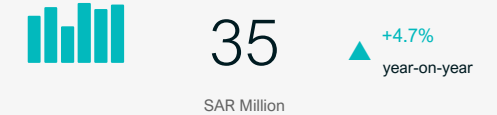
Net Income Before Zakat Movement (SAR Mn)



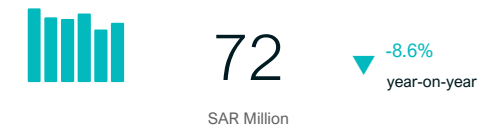
Total Operating Income (SAR Mn)



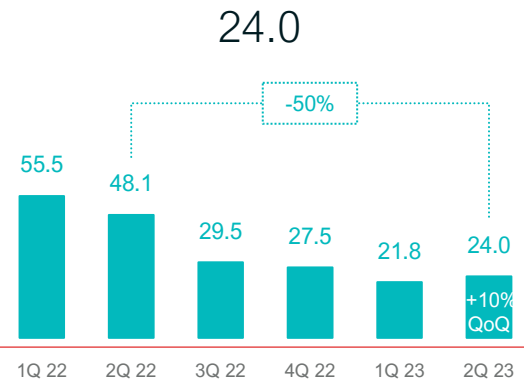
Net Interest Income



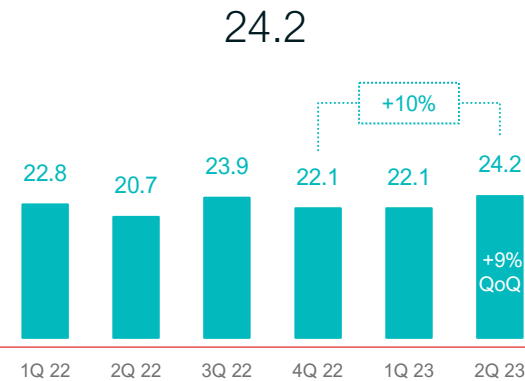
Fee & other income



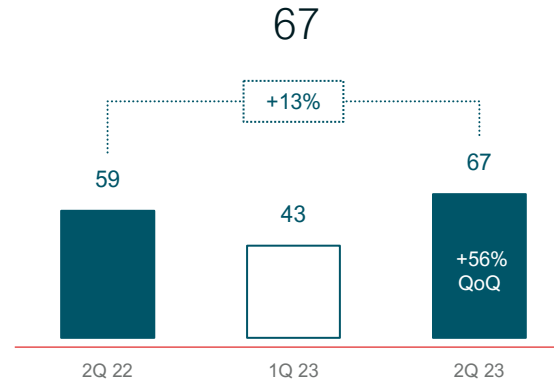
Brokerage Trading Value (Bn)



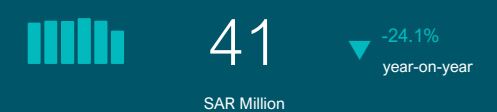
Assets Under Management (SAR Bn)



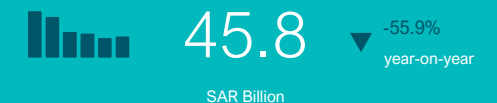
Net Income Before Zakat (SAR Mn)



Expenses



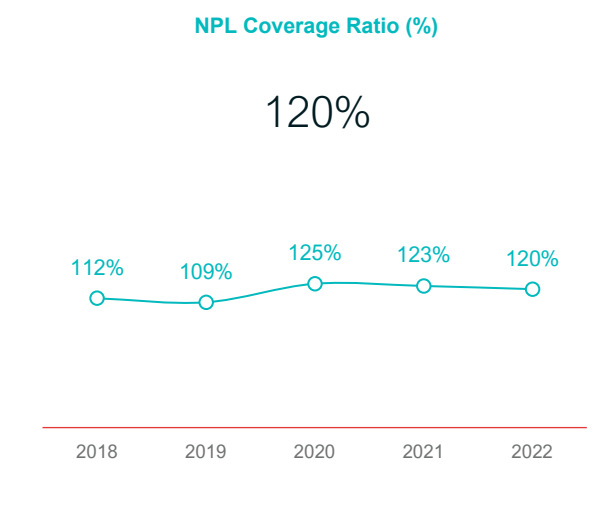
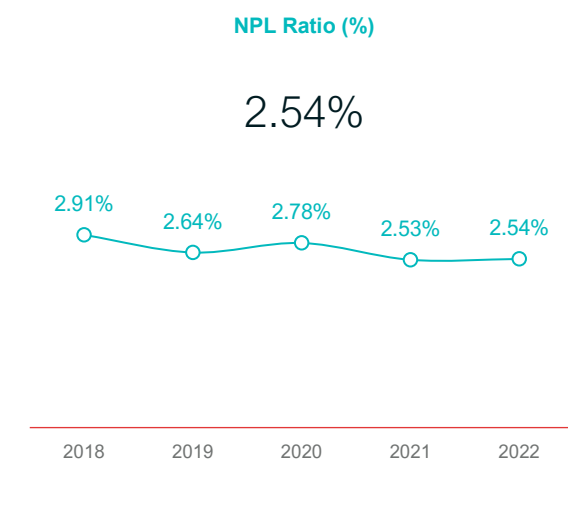
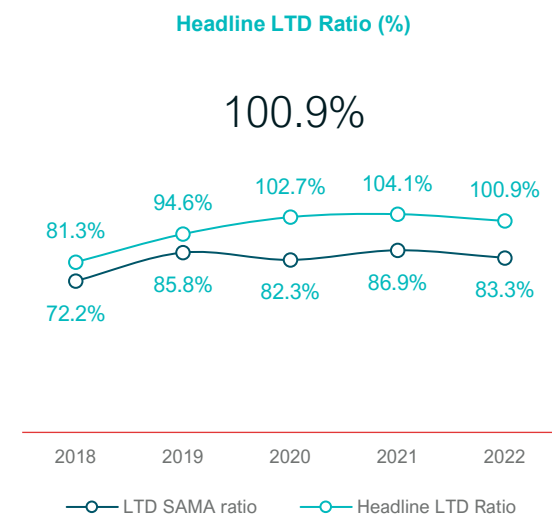
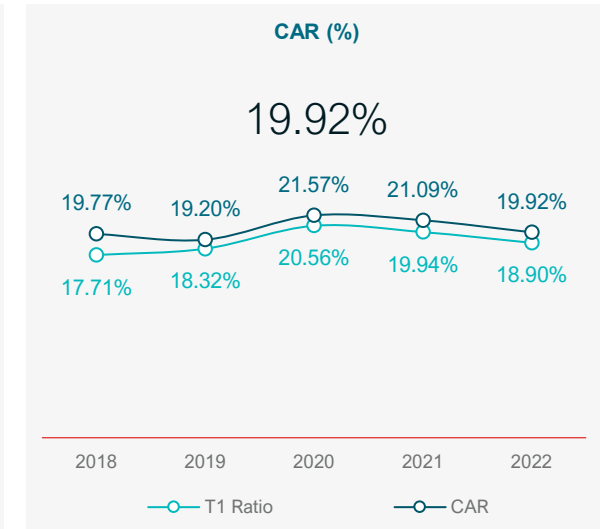
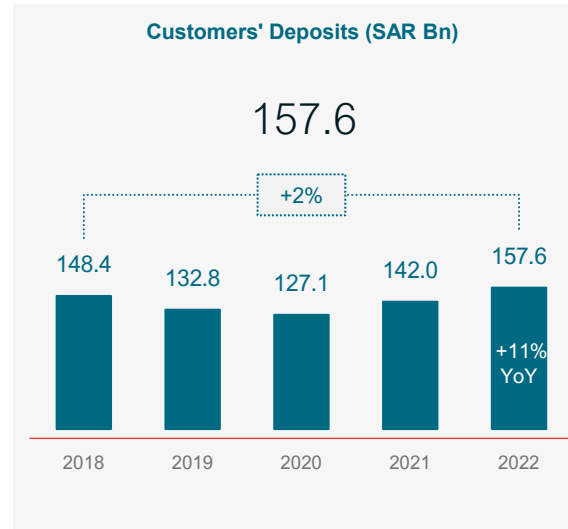
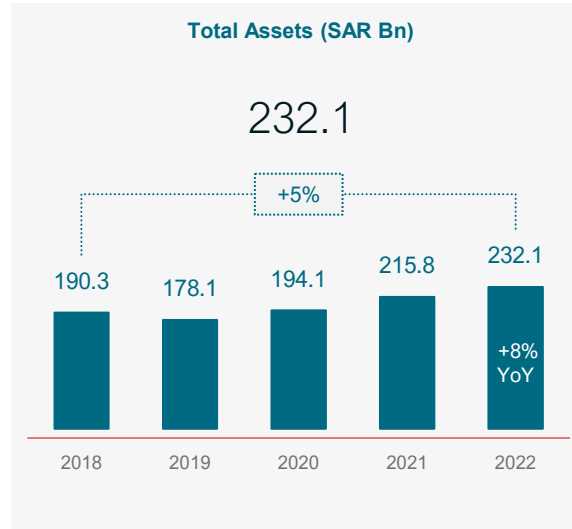
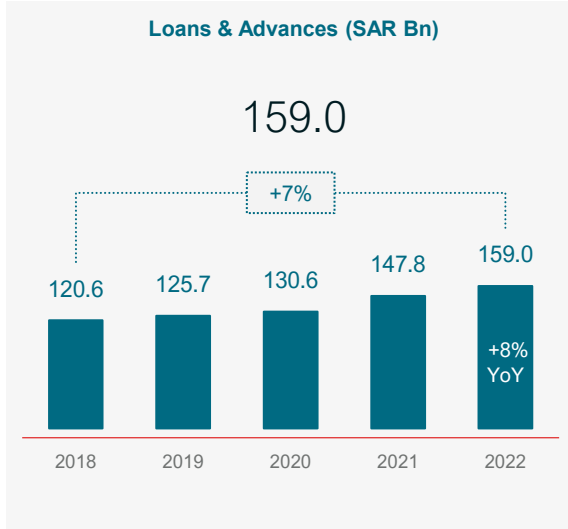
Brokerage Trading Value (1H 22)



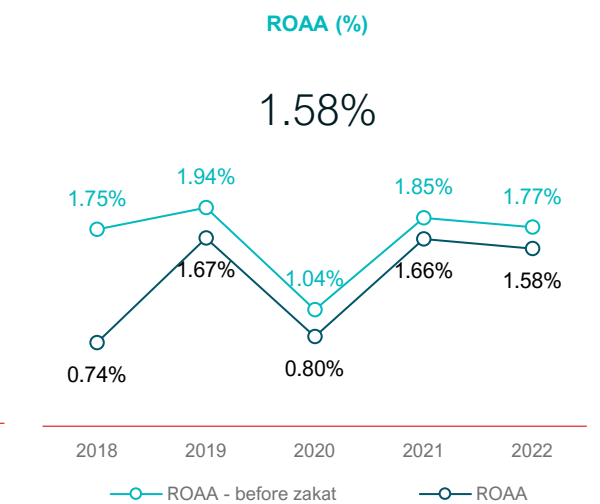
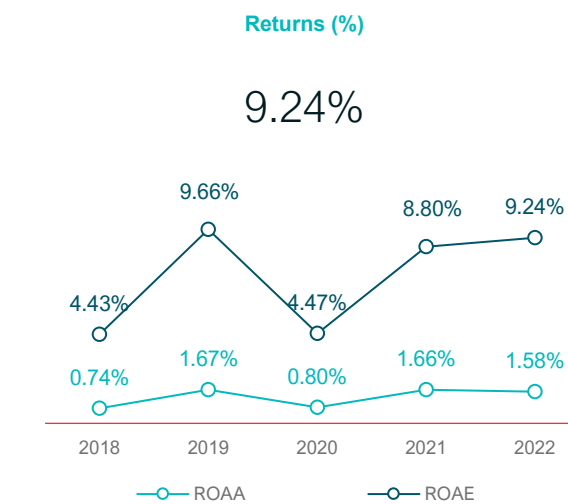
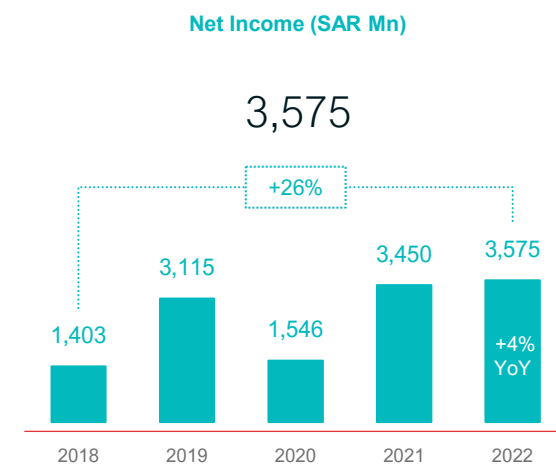
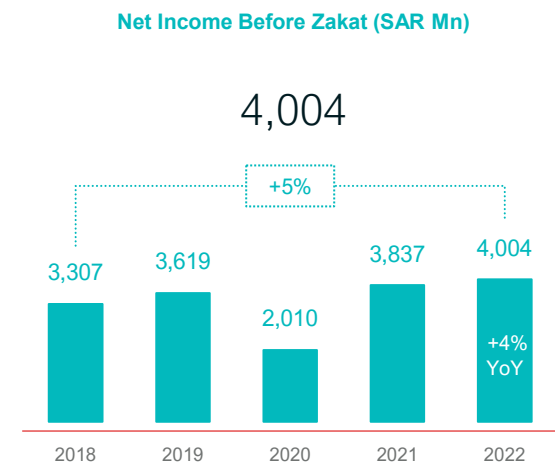
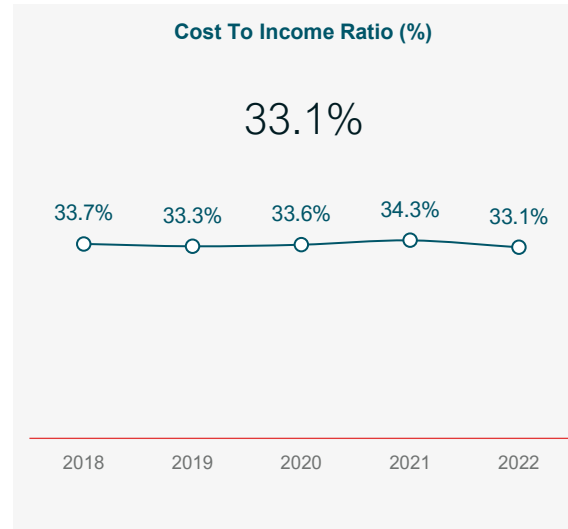
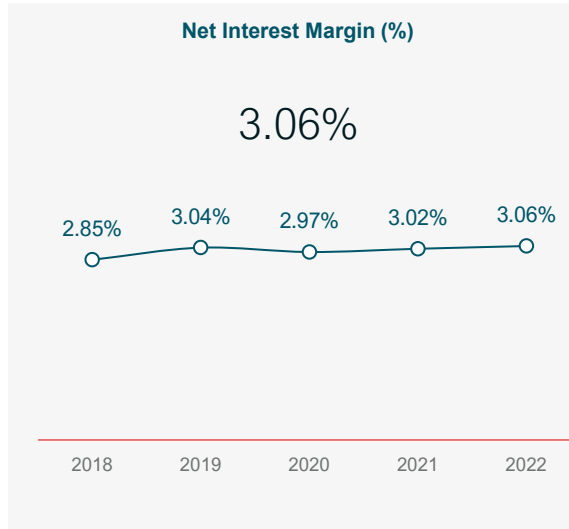
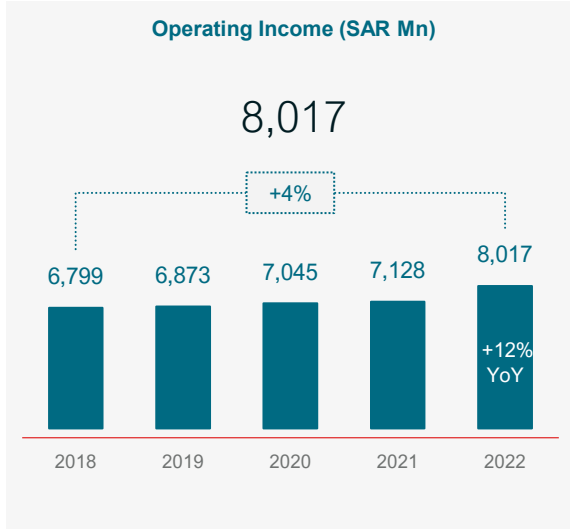
INVESTOR PRESENTATION 2Q 2023

Performance Track Record

Balance Sheet Metrics



Income Statement Metrics





INVESTOR PRESENTATION 2Q 2023

Appendix

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