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# BSFs 2030 Strategy Session

## Company Participants

- Bader Alsallloom, Chief Executive Officer
- Ramzy Darwish, Chief Strategy and Finance Officer
- Yasminah Abbas, Head of Group Commercial Delivery and Investor Relations

## Other Participants

- Aybek Islamov, Analyst, HSBC
- Chiradeep Ghosh, Analyst, SICO
- Waruna Kumarage, SICO
- Fahad Alghamdi, Analyst, NBK Wealth
- Mehmet Sevim, Analyst, J.P. Morgan
- Murad Ansari, Analyst, GTN Financials
- Olga Veselova, Analyst, Bank of America

## Presentation

### ▪ Aybek Islamov

On behalf of HSBC, I'm very pleased to welcome you to Banque Saudi Fransi Strategy 2030 Call.

With no further ado, I'd like to hand over the call to Ms. Yasminah Abbas for further introductions. Over to you, Yasminah.

### ▪ Yasminah Abbas

Thank you. Thank you, Aybek. Hello, everyone, and thank you for joining our first-ever Strategy Day. We hold this event to give you, our investors, an insight into management thinking, how we perceive the market, and how we have mapped our path forward to 2030. We will discuss our strategic direction and the priorities that will shape our progress towards 2030. You will hear first from Bader Alsallloom, our CEO, who will provide an overview of the Group strategy. Our Chief Strategy and Finance Officer, Ramzy Darwish, will then cover the segmental strategies, the key enablers, and the financial model. We will then be available to answer your questions afterward.

Should time not permit us to address all the questions, please send your questions -- during the O&A session, please send your questions to us, and we will reply by email promptly. Additionally, senior member -- members of the senior management team will be attending a number of regional and international conferences commencing at the end of March, which will provide further opportunities for continued engagement and dialogue. I hope today will give you the information, the data, and the insights to know BSF, to know us more, and to share our excitement about the future.

Without further ado, I'll hand it over to our CEO, Bader Alsallloom.

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## ▪ Bader Alsalloom

Thank you, Yasminah, and a very warm welcome to everyone on the call. Looking back, we launched our LEAP strategy back in 2019, which was followed by a refresh to align the strategy with post-COVID market realities. In 2022, we led the refocus of our strategy amidst evolving global markets, Vision 2030 acceleration, and geopolitical and economic uncertainties. We concluded our strategy cycle in 2025 and have successfully delivered more than a 2% increase in our key metric return on equity. During that time, and while this growth is positive, it falls short of our ambitions.

Today, I'm excited to launch Strategy 2030, where we aim to become a better, stronger, faster bank and deliver greater than 15% ROE, strengthening our core business banking activity and preparing for the future. This includes identifying future-proof opportunities, embracing emerging technologies, and adopting innovative business models.

Our ROE target implies an improvement in net income to SAR 10 billion. This will be enabled by a broad-based improvement across all segments. Toward the left, you could see an indicative breakdown of where the growth will come from. We continue to build and capitalize on traditional strengths. However, it is worth highlighting that more than 50% of incremental net income is expected to come from retail, treasury, and BSF Capital through targeted initiatives.

For Personal Banking Group, we're focused on scaling up the differentiation in affluent banking, revamping channels, pursuing growth in business banking, while at the same time optimizing costs. In Private Banking, we're transforming our proposition to speed up (inaudible) We're also aiming to maintain JB's lead in auto finance and targeting digital-led private finance to drive growth. In BSF Capital, we're diversifying our product suite to accelerate fee-based income.

Cross-sell, of course, will be a key growth driver Group-wide. We believe that all of these strong execution skills will achieve our 15% ROE goal by 2030. These are ambitious targets, no doubt, but we have complete confidence in our team to achieve them. We will discuss a bit later how we've devised a robust execution framework to ensure not only delivery but also effective execution of our strategies.

I'll now give you a quick recap of what we've achieved in our previous strategy cycle and why we feel we are better prepared to start our new five-year journey. We've brought in a strong leadership team, which we're very proud of, built the foundation for sustainable growth, and revamped our branch networks. We have improved and modernized the bank's infrastructure by upgrading our systems, including a complete upgrade of our core banking system, the launch of an integrated corporate portal, and a retail omnichannel platform.

We have accelerated our digital transformation efforts and strengthened our position through diversification, capital optimization, and customer focus. Our financial performance also improved substantially. As mentioned earlier, we've improved our ROE to 12%. Throughout this period, we saw tremendous interest rate volatility. However, our net interest margin remained resilient, a testament to the strength of BSF franchise.

Despite significant investments in infrastructure and digital transformation, we've maintained our operating efficiency. Moreover, we've made significant improvements in asset quality. The cost of risk has reduced, NPL coverage has significantly improved, and NPL ratio has dropped.

Additionally, we've improved funding and liquidity positions, evident in our improved LOR ratio.

These were driven by our efforts to diversify our funding sources and to become an early adopter of varied funding instruments across seniority and tenors, all while maintaining strong capital levels.

All these efforts have helped us build a solid foundation for the future. We have a traditionally strong corporate banking franchise and a leading investment banking franchise. Currently, 80% of our loans are commercial loans, and we are proud to be the number one player in IPOs, a position we intend to guard and strengthen in the coming years.

We were also able to maintain a competitive position in private and affluent banking, where we perform above our natural market share. We now have a well-capitalized balance sheet and a diversified funding mix coupled with strong efficiency and productivity profile. We have built a strong technology platform, resulting in our digital penetration reaching 60 -- from 60% to 70%. Finally, we dedicated significant efforts in enhancing organizational readiness, ensuring that we have the right people and culture to support us in our journey. This commitment is reflected in the substantial improvement in our eNPS score to +38 from +9 five years ago.

While we have indeed built a solid foundation, we remain aware of the fact that we are still lagging our peers in terms of total shareholder returns generated and return on equity.

Addressing these gaps is a priority in our strategic agenda. Our fee income generation remains lower than peers, efficiency has more room for improvement, and there is scope for optimizing leverage. We will be giving the details of these measures later.

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As the macro landscape evolves, we face both opportunities and challenges. With slowing GDP growth and lower interest rates, we must focus strategically on structured financing, risk management, and fee-led income in wholesale and treasury. Liquidity remains tight, and while conditions might ease slightly, access to low-cost deposits will be limited. Thus, securing stable deposits and exploring alternative funding is crucial. Additionally, the expected \$4 trillion wealth transfer among Saudis in the next five years offers opportunities to tailor our financial services for the next generation, particularly in affluent and private banking. We're targeting emerging growth areas such as youth, expatriates, private sector, and SMEs with a particular focus on business banking. In an increasingly competitive fintech landscape, we're enhancing our fintech-led distribution expansion, particularly in JB, to meet diverse client needs and drive growth. By aligning with these trends, we remain better prepared to navigate market challenges and achieve our strategic aspirations.

So, let's talk about what it means to build a better, stronger, and faster bank for our stakeholders, our customers, employees, and shareholders. Let's start with better. For our customers, this means we're committed to offering superior products with exceptional delivery. For our employees, it's about creating better opportunities for growth and delivering better performance and sustainable returns for our shareholders. Next, stronger. We aim to build stronger trusted (technical difficulty) dependency for our customers (technical difficulty) culture of collaboration, and for our shareholders, of course, this translates to a stronger balance sheet and a leading market position. And finally, faster. Our goal is to provide more reliable services for our customers. For our employees, that means faster decision-making and execution. For our shareholders, it's about realizing strategic goals more swiftly.

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Now, let's understand what better, stronger, and faster looks like for 2030. Better reflects our goal to increase our net income market share from the current 6% to between 8% to 10%, translating to SAR 10 billion in net income by 2030. Stronger indicates an improvement in ROE from 12% to over 15% by 2030.

And faster means significantly enhancing our straight-through processing from less than 20% currently to above 75% by 2030. And naturally, these objectives translate into a clear set of strategic priorities that guide our journey into the future.

To become a better bank, we're focusing on maintaining our core leadership while expanding CASA across key segments. We aim to enhance margins through strategic portfolio shifts, growth initiatives, and enhancing cross-sell opportunities. With stronger, it's primarily about capital optimization to maintain a robust financial profile and trying out bold business models. We're building resilience through efficient risk management and having a flexible, externally focused organizational structure. And faster focuses on operational excellence. We're aiming for zero operations with enhanced straight-through processing and using data and AI for efficient decision making. In addition to this, we're planning to leverage fintech partnerships to build next-gen tech to improve execution, delivery, and venture into exciting new territories.

Now, this slide provides a snapshot of the strategic initiatives we plan to take across each business segment. These efforts are designed to strengthen our core in wholesale banking, private banking, retail and affluent banking, treasury, and BSF Capital, while also preparing us for success in the new areas of JB and business banking. All these initiatives are supported by Group-wide support functions and initiatives, what we like to call the enablers, which play a critical role in this plan. Ramzy, of course, will cover these details a bit later.

As mentioned earlier, we remained focused on executing efficiently. We've built a robust framework centered around clear goals and streamlined processes, learning from past strategies to introduce enhanced oversight and accountability measures. To ensure alignment, we conducted internal roadshows across the organization in our three regions. They were aimed at clearly communicating our strategic priorities and our 2030 ambition to build shared understanding and supporting successful execution of our strategy.

We've got a strong team, a supportive culture, and effective IT enablers to back us up. Our governance structure is designed to maintain a consistent execution rhythm on a day-to-day basis. Performance is solely measured on how effectively we execute and the value we create. Our strategy will be regularly refined to reflect changes in the market and competition. And of course, we're committed to transparency by providing consistent progress reports to our stakeholders, keeping everyone informed, and of course, aligned. We're poised not just to respond to change, but to lead it confidentially.

That being said, let me now hand it over to Ramzy, who will walk you through the segmental strategies in detail and provide insights into our financial roadmap. Ramzy, over to you.

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## ▪ Ramzy Darwish

Thank you, Bader. Hello, everyone. Thank you for joining us today to unpack BSF's 2030 strategy and financial roadmap. I'll be walking you through the strategies we have outlined for our different business lines and what this translates to in terms of financial impact. Now, given the substance and number of slides, please excuse my brevity as we will go through some of the slides fairly quickly, since the content on these slides should provide the necessary information, and I'll deep dive through some of the items and highlight the key considerations and commentary.

Starting on slide 17, with the largest contributor to the bank, the wholesale bank, where we continue to see opportunities and strong growth potential alongside the overall economic transformation. This momentum is supported by the continued rollout of the Vision 2030 agenda alongside a strategic focus on MSMEs and non-bank financial institutions.

Crucially, as the business evolves, fee and transaction-based banking are expected to drive the next phase of growth through more tailored, structured, and innovative client solutions. So, the opportunity is real, the market is moving, the growth tailwinds are there, but opportunity alone isn't enough. What matters is who is best positioned to capture it. And that's where our story becomes really powerful.

Because wholesale banking isn't something new, we're trying to become. It's who we already are. It is and always has been core to our DNA. With the Group historically operating as a predominantly corporate bank, we serve more than 9,000 corporate clients, and we remain the primary banking partner for a majority of large corporate clients. Over time, we have built strong competitive advantages, including deep sector expertise and high-relationship intensity, averaging roughly four products per client and an average client relationship of 13 years.

Our leadership and execution capabilities in project finance, the long-standing relationships with diversified family-led conglomerates and middle market corporates, and a digitally-enabled GTS platform continue to represent our core strengths. Together, these strengths have translated into a robust balance sheet with assets exceeding SAR150 billion and a trusted franchise as reflected in the doubling of our Net Promoter Score since 2022.

We plan to continue building on and leveraging our core strengths in wholesale banking. Our ambition here is not growth for growth's sake, but it's profitable growth, disciplined growth, and higher quality growth. Our strategic aspiration is to drive bottom-line expansion with net income growing at an annualized rate of around 9%, underpinned as well by a strong 9% annual growth in revenues. This revenue growth is supported by targeted 8% year-on-year asset growth as well as an improved revenue mix from increased cross-selling throughout the franchise.

We will achieve these aspirations through a set of targeted initiatives. First, we are strengthening our global transaction banking by scaling our liquidity and cash management products. This will also be achieved through the digitization of trade payments and related services, with the additional reinforcement through AI to improve operational efficiencies, and by the launch of Banking as a Service to enable embedded finance.

We also remain focused on expanding our institutional banking coverage through continuous engagement with government bodies and other financial institutions. By building stronger correspondent relationships in key export markets, we will provide tailored solutions to increase our wallet share with clients. And finally, we are enhancing our relationship coverage through a holistic framework with grey rock-based decision-making embedded across the organization to guide capital deployment and client actions. This will be further boosted by AI tools to lever up RM capabilities and capacity with the likes of next-best action tools, hyper personalization alongside cross-sell discovery. Also, to drive effective execution, we are leveraging customer analytics and decision-making models to improve the efficiency of every riyal let.

As mentioned earlier, cross-sell and fee income generation are a key focus area. We expect to lower our reliance on lending income, decreasing its share from the current 80% to a target range of between 68% to 72%, as a result of the focus on cross-sell and other fee income. We expect transactional fee income driven by trade finance, liquidity, cash management, and trade finance to rise by 5 percentage points to 8 percentage points, reaching a total of 16% to 19%, especially as these increasingly turn digital and as we take benefit from our strong relationships and shift towards total customer value.

Foreign exchange and other treasury-related services are projected to contribute 9% to 12% of our total revenues as we introduce more custom-tailored products and offerings to provide transaction-specific requirements alongside hedging tools overall. And we also plan to double the contribution of capital market services, moving from a modest 2% to a 4% to 5% share as investment banking pools of revenue continue to expand with the development of the capital markets and advisory requirements moving forward. Overall, these moves aim to diversify sources of revenue, but also expand coverage and product offerings to serve clients better while capturing a more natural market share built upon our relationship coverage and supplemented with new and expanded digital capabilities and offerings.

Now, I will talk about our next segment, which is the treasury and investment group. We currently offer a broad range of capabilities, including balance sheet management, Forex trading, market making, and sales services, along with risk and structured products. These offerings allow us to serve our clients both effectively and efficiently. Importantly, we continue to be a leader in wholesale funding. This leadership has enabled us to navigate the current environment of tight liquidity and stringent capital requirements effectively, thus ensuring diversification across sources of funding, geography, products, and more. Over the years, we have demonstrated strong execution capabilities, successfully raising SAR35 billion in 2025 alone. We have further cemented the bank as a regular issuer in the debt capital markets and developed long-term relationships across regions and counterparts to ensure transparency, activity, and optionality on a sustainable basis.

Beyond the must-haves in terms of managing liquidity and interest rate risk, our goal in treasury is also to deliver double-digit revenue and income growth over the five-year period. Investments are expected to grow at a more moderate 4% per annum, where we will explore yield-enhancing opportunities and aim to increase the alternative investments mix to 5% of the total portfolio.

To achieve this, we aim to drive sales expansion through targeted campaigns and capturing underpenetrated segments by upskilling our RMs and bringing greater alignment between the treasury and RMs. This will be in addition to enhancing and amplifying treasury's already important role in the Group-wide cross-sell as a vital driver of growth. We will also be focused on driving NIM enhancements through more efficient monitoring and analytics to better understand and predict customer behavior, while also launching new product offerings that are personalized to segments and customers. On the asset side, we've already mentioned some on the alternative investments, but we are also seeking better yields by deploying investment and hedging strategies on a more dynamic basis.

All these efforts (technical difficulty) our plan to embed AI and modernize our treasury technology systems to future-proof the treasury activity. This will help achieve greater operational efficiencies through automation, improve time to market, expand the product offerings and offer more personalized solutions. We've already created a natural language model for pricing and have several more use cases in the pipeline with regards to data analytics for optimal balance sheet utilization, deposit analysis and product recommendations.

Now, we will talk about BSF Capital and our aspirations for this segment. Here, we offer a full-suite capital markets platform comparable to the top three peers. Our broad capabilities, from local and international brokerage to strong fixed income and sukuk coverage, and now global asset management through BlackRock, position us as a universal investment house.

We have demonstrated consistent strength as a leader in asset management capabilities and have delivered rapid growth in transaction volumes over the years. And we're very proud of our top position in investment banking, dominating the IPO market over the last five years with unmatched strength in terms of people and history.

The market continues to evolve and mature, creating attractive opportunities as the CMA introduces positive regulatory changes and opens the market to new investors. We are also seeing rising digital flows driven by young and tech-savvy customers alongside a shift in customer preference towards fixed income and sukuk investments. In addition, the capital markets are broadening with capital raising by family businesses migrating from Nomu to the main market, further expanding the capital markets.

We have set bold aspirations for BSF Capital. We aim to achieve annualized revenue growth of 13%, supported by 70% growth in assets. This will be across the main core operating segments of investment banking, where we continue to see non-banking related activity increasing, given the scarcity value, proprietary investments linked to new and more client-related activities across other segments; brokerage, which, albeit coming from a low base, has an opportunity in cross-sell across the bank's core client base in institutional, private, and affluent banking; and finally, on asset management which remains our strongest segment and is expected to grow with initiatives we'll highlight on the next slide, contributing approximately 34% of total revenue. With this growth, we aim to improve our ranking to reach the top five in KSA by 2030.

Our strategy focuses on enhancing our value proposition across all customer segments. We remain focused on strengthening our capital market offerings through a wealth management transformation, scaling our robo advisory, which will launch this year, and core advisory platforms, alongside unique propositions such as that with third parties, and in particular, our exclusive relationship with BlackRock.

We also aim to enhance our brokerage ecosystem across institutional, private, and affluent clients to enable faster execution and advanced trading capabilities. We continue to capitalize on deep corporate relationships and plan to scale our investment banking franchise through increased transaction participation, M&A advisory, and deeper capture of the public-private value chain.

Additionally, we remain focused on advancing our proprietary investment portfolio through swift deployment of seed capital and enhanced product launches.

Now, I will discuss our Retail Banking Group or the Personal Banking Group, which is an integral part of our strategy to capture future market opportunities. Retail remains a diversified franchise with considerable strength in affluent and private banking. On the asset side, the Personal Banking Group makes up most of the asset base and revenue generation. However, Private Banking and JB outperform in terms of net income, partly due to the lower cost base. Here, we remain on solid footing with a strong customer base of 1.36 million and a market share of 4%. Our NPS score of 83 further demonstrates a strong customer preference for the bank.

We see several evolving trends in the Retail segment and are confident in our ability to capture them. In the retail and affluent space, competition for clients has intensified alongside a slight slowdown in consumer lending. We view this as an opportunity to enhance product penetration within our existing customer base. The private banking space is seeing a rise in onshore wealth as client needs evolve and local capital markets mature. We have demonstrated clear strengths here, as evidenced by our increasing NPS and strong retention rates.

On the business banking side, which lends itself more so towards the retail offering, we currently have a modest market share and a small but rising client base. It remains a strategically important segment due to its potential to accelerate deposit generation and its high profitability, which is scalable across products.

Finally, JB remains a unique proposition as the second-largest bank-affiliated consumer finance company in the Kingdom. We continue to see strong traction reflected in a growing base of 115,000 clients, with the app registering more than 300,000 registrations in 2025 alone, and it also holds a number two position in the auto leasing segment. Supported by the influx of expatriates, increasing digital adoption, and rising demand for customized solutions, it is well-positioned to capture this growth.

In the grand scheme of this strategy, Retail Banking will be a key contributor to net income enhancement, and we have set ambitious goals for this segment. We aim to achieve 12% CAGR asset growth, contributing to a 21% year on -- year-over-year expansion in net income as we focus on margins in this space, the loan mix, and cost-to-income more specifically.

We're also targeting to expanding our business banking base to 100,000 accounts by 2030 and have already kick-started this initiative just last month, with digitalization a key enabler going forward. Additionally, our focus is on further strengthening our private banking offerings to become the go-to bank in Saudi for high-net-worth customers.

As bold aspirations require targeted initiatives, we have outlined several focus areas for our Personal Banking Group. For our retail and affluent customers, we aim to improve client experience through tailored offerings. We're also focusing on repositioning our branches as advisory centers and deploying tech tools and machine learning to identify future affluent customers and predict deposit behavior.

In business banking, we plan to adopt a liability-led approach to drive CASA deposit gathering. We will also focus on scaling up our digital ecosystem to revamp GTS and drive lending growth through customized solutions. Under Private Banking, we aim to build upon existing relationships and increase our share of wallet through new product offerings. We also plan to expand BSF Capital and Sur Multi Family Office offerings, ensuring efficient delivery through a robust sales governance framework, and similar to wholesale banking, we are launching an RM AI Assistant to supplement existing capacity and capabilities to improve and enhance coverage while bringing greater institutional know-how across the private bank.

For JB, I think it's better to go through the additional detail on the following page. So, JB leverages our position and helps us serve underpenetrated segments more efficiently, and we have outlined targeted initiatives for this segment where we aim to pursue accelerated distribution through enhanced experience and product offerings. With a focus on scaling personal and fleet financing, we will also utilize embedded finance as an enabler for new partnerships. To further capture growth, we're also studying ways to acquire customers at scale through partnerships and selective M&A.

As we progress on our digital transformation agenda, we are enhancing app and product features, enabling marketplace partnerships, and deploying data and AI-driven capabilities such as back-office digitization as well as AI-enabled service models to improve customer experience and drive scalable productivity. Our aspirations for JB will further support the personal finance group's financial goals, where we aim to achieve a 16% net income growth annually and reach the top three in market share amongst non-banking financial institutions. These efforts will be supported by balance sheet expansion and growing assets at a 23% CAGR. Overall, our vision is for JB to be the number one personal finance application in the Kingdom.

So, moving on, obviously, our strategy is supported by a set of Group-wide enablers, functions, and initiatives. These cover everything across people, technology, operations, risk control, and finance, but I will confine my remarks to the most material of these, and we will start with cross-sell.

As the CEO mentioned earlier, one area where we have historically lagged peers is on fee income generation. While our product and service capabilities are on par with the best in the Kingdom, we have not fully captured the cross-sell opportunity across our business segments, and our objective is to unlock this value from existing relationships alongside new opportunities. To address this, we have launched a centralized cross-sell initiative under Strategy 2030 to deepen client relationships, accelerate fee growth, and support ROE expansion. This is underpinned by centralized senior management ownership, key account planning, clearer governance, and better alignment of incentives and KPIs across segments.

We've already initiated the launch year, identifying priority corridors for value capture in addition to identifying integration layers between the businesses for a long-term operating framework setup. We view this not only as a must in terms of driving ROE improvement, but a critical ask from our clients for more of a full suite of coverage across businesses.

On the chart on the right, our target non-interest income is expected to grow at around 11% to 12% CAGR, slightly faster than loans over the next five years, but with the initiative add-on of cross-selling, allowing this CAGR to reach 15%. As such, cross-sell will be a core pillar of our non-- yield income growth strategy with these initiatives targeted to contribute around 11% of total non-yield income by 2030.

Over the next five years, we will continue to be focused on strengthening our technical capabilities to accelerate transformation and improve operational efficiency. We are modernizing our platforms to bring best-in-class digital solutions, including full digitization of our products and services, a more personalized and flexible mobile app, broader investment offerings, and tools that enhance customer engagement. Through these initiatives, we are targeting a reduction in turnaround times of at least 50% alongside a materially improved customer experience, helping to achieve greater scale and reach to expand business opportunities while managing, reallocating, or self-funding costs. We're also streamlining our operations with the ambition of moving towards zero operation processes, where transactions are automated and monitored in real time. This will cover the journeys across both customers as well as employees in dealing with external and internal steps and frictions.

In parallel, I've mentioned a few use cases on AI so far throughout the presentation, as they were in almost every business. Some live already, and some in the pipeline. But in brief, we are embedding AI across the BSF ecosystem. This will incorporate more general use to add time and resources to every employee, but also as highlighted in the different sections before, with a growing set of use cases focused on advanced analytics, faster decision making and stronger customer engagement. These will initially have a greater impact on cost optimization but are expected to also contribute in time to revenue generation. And these impacts are included in the financial roadmap through the lens of cost income lever, driving positive jaws and greater efficiencies overall. Together, these initiatives will ensure our business is aligned with the digital capabilities required for the future and supported by a scalable, future-ready platform and ecosystem.

Of course, as a bank, we must also ensure risk management and culture continues to be paramount within the strategy. We have a robust risk framework in place that is a key enabler of our 2030 Strategy. Maintaining a resilient risk profile is imperative as we navigate an increasingly complex and evolving operating environment.

At the Group level, our risk strategy focuses on strengthening both financial and operational resilience. This includes building strong recovery capabilities, regularly testing and updating our processes and ensuring readiness for evolving regulatory requirements. This again has a twofold purpose. First, protecting the bank and its shareholders, but also ensuring availability, sustainability, and viability at the customer level, further reinforcing stronger ties and overall trust and relationship.

Furthermore, as technology continues to advance, we are actively managing emerging risks related to AI-driven disruption, enhanced regulatory expectations, and cybersecurity. In corporate

banking, the framework supports sustainable growth aligned with our risk appetite through more capital-efficient lending, greater automation, and AI early warning indicators.

In Retail Banking, we leverage AI-led credit origination and predictive portfolio monitoring supported by a robust quality assurance framework and data-led early collections to scale responsibly while managing -- maintaining strong credit discipline. In a rapidly changing macro environment, this integrated framework enables swift and decisive responses, helping us protect asset quality, ensuring stability, and delivering sustainable long-term returns.

Moving forward, I will discuss how this strategy translates into financial impact. You will see a number of assumptions and estimates in this section that follow, reflecting current conditions and the market outlook. As the environment evolves, some of these may move, but we remain firmly committed to our overall financial ambition, including an ROE of above 15%.

We will start by discussing the macro landscape and the trends we are observing. The Saudi economy is positioned for solid growth with non-oil activities continuing to support the expansion. We expect oil prices to stabilize and the interest rate environment to become less volatile as we approach 2030.

Within the banking system, loan growth is expected to continue to outpace deposits, keeping liquidity conditions a challenge. When coupled with higher regulatory requirements, such as the increase in the countercyclical capital buffer, this environment is expected to put some pressure on the overall ROE of the industry.

Nevertheless, we've been working to create the necessary launchpad and environment for the bank to thrive in this environment. We worked early, diversifying liability sources and lengthening the maturity profile. We built up capital buffers to allow for sustainable, profitable growth and can utilize additional tools to augment if and when necessary. We've kicked off the cross-sell initiative to accelerate fee income and targeting the 15% plus ROE by 2030.

Speaking more specifically about BSF, on the balance sheet, assets are expected to grow at an 8% annualized rate driven primarily by loans. Loans are projected to constitute 75% of the total balance sheet as growth in investments moderates some to 4%. It is important to note that investments are primarily utilized to manage interest rate and liquidity risk and hence can be more dynamic depending on the structure and needs of the balance sheet.

On the lending side, we expect a slightly faster growth rate of approximately 9% year-on-year. Consumer lending is projected to grow at 13%, outpacing the 8% growth in -- expected in commercial lending. This shift is driven by our focus on scaling high-margin personal finance lending, better penetration among private banking clients, and by our targeted efforts in business banking. As a result, the consumer segment is expected to make up about 25% of the overall loan portfolio by 2030.

Funding growth is expected to remain modest at 7% CAGR despite the liquidity challenges prevailing in the market. This growth is primarily driven by interest-bearing deposits, and total deposits are expected to constitute about 80% of the liabilities base. At the same time, we are making significant efforts to preserve our CASA mix and as it drops marginally from 43% to 40%. We will maintain the CASA mix through targeted strategies for different segments. More specifically, by pushing for better penetration in affluent and private banking. We also aim to support this through the increased use of our cash management products and by growing our business banking customer base.

We expect growth on the top-line, with our operating income projected to grow by around 11% per annum, driven by increases in both interest income and non-yield income. Net interest income is projected to grow at a 10% CAGR, and this growth is supported by net interest margin expansion driven by yield improvement, partially offset by a moderate increase in funding costs by 2030.

Wholesale loans repricing, which began in 2025, is expected to continue over the strategy horizon, but the yield will be offset by declining reference rates. A similar trend is expected on Private Banking yields. Conversely, personal banking yields are expected to increase as higher-yielding products like credit cards are expected to outpace mortgage and personal finance growth, while JB will increase high-margin consumer finance loans.

Cost of funding will increase as a result of duration extension on interest-bearing liabilities, as well as a slightly lower CASA ratio. Additionally, call accounts are expected to represent a higher proportion of total CASA. At segment levels, our retail segments are expected to drive NIM expansion from 3% to approximately 3.3%, with a large uplift coming from higher-yield lending in JB. Treasury will also support this through initiatives to improve yields on investments.

Turning now to non-interest income, which we have highlighted quite a bit already, given its importance. We anticipate a robust growth rate of 15% on an annualized basis. This momentum is primarily driven by an 18% annual uptick in fee and commission income, alongside strong performance in our exchange income, which is expected to grow at a 17% annual growth rate. We expect this acceleration in fees and commissions to be broad-based.

Our strategy involves enhancing our GTS offerings, in particular with reference to trade and cash liquidity management, as well as expanding our credit card value proposition across JB and Private Banking segments, further supported by our group-wide cross-selling initiatives. Furthermore, we intend to leverage our leadership in investment banking and wealth management to drive advisory and transaction fees with a strong focus on asset management and some additional uptake on the brokerage side. Through the efficient execution of these initiatives, non-interest income is projected to constitute approximately 21% of our total operating income by 2030.

While we continue to invest heavily in our people and technology, we remain committed to disciplined cost management. Consequently, we expect total expenses to grow at 6% CAGR. We do anticipate an uptick in staff costs driven by strategic migration of our workforce from back-office to front-office roles, inflationary salary adjustments, and the acquisition of high-skilled talent to drive our digital and AI agendas. However, through automation and operational efficiencies, we anticipate a moderation in staff-related expense to 5% on an annualized basis.

Non-staff expenses are projected to grow at a higher rate of 8% year-on-year, reflecting direct investment into our core strategic initiatives. Despite these outlays, our overall expenditure remains below our projected income expansion. This positive operating leverage ensures a gradual 7 percentage point improvement in our cost-to-income ratio.

Following a year of low cost of risk, we anticipate a gradual normalization towards historical levels. Specifically, we expect corporate cost of risk to trend towards historical through the cycle averages of approximately 50 basis points to 60 basis points. On the retail side, as we grow the higher margin personal finance book in JB, we foresee a measured uptick in the cost of risk. However, our robust recovery strategies, particularly within the wholesale bank, are expected to provide

some support, keeping the overall cost of risk within the guided range. Consequently, we expect our NPL ratio to remain broadly stable even as we navigate through higher cost of risk levels.

Our capital levels are expected to remain healthy and well above minimum regulatory requirements, driven by both organic earnings generation as well as strategic capital optimization. We have identified a set of initiatives already grouped by complexity and impact to ensure we maintain strong yet efficient capital levels. We have already kickstarted this initiative and look to launch it fully over three waves over the years, focusing first on modeling and decision making as highlighted more specifically within the wholesale bank, then by a mix of internal and external capital unlock initiatives at the bank and subsidiaries, and finally, by utilizing the full suite of tools and products we see globally to unlock additional value from a profitability perspective to put return on equity as the top target for the bank. In the meanwhile, to manage risks and regulatory requirements, we continue to maintain balance and prudence as we are targeting a capital adequacy ratio above 19% and a common equity Tier I ratio exceeding 15% over the next five years.

Bringing this together, all segments are expected to contribute meaningfully to the ROE uplift. However, more than 80% of the improvement is projected to be driven by retail, treasury, and BSF Capital. The key drivers of this are retail expansion include our differentiated approach to the affluent segment, a liability-led strategy in business banking, and capturing higher growth in underpenetrated personal finance segments. This is also supported by technology and AI to create greater efficiency and scale across the bank. In addition, we are prioritizing Group-wide cross-selling and yield enhancement to sustain this momentum.

This expansion is driven by improvements across key financial metrics as we break out the levers that comprise ROE. As shown on this slide on the left, we expect capital efficiency to improve meaningfully over the next five years, driven by higher leverage, around 30 basis points of NIM expansion to 3.3%, and a 40-basis point increase in non-interest income fee yield on assets. On the cost side, we expect improved efficiency with the cost-to-income ratio improving by 7 percentage points while the cost of risk trends higher towards 60 basis points. All taken together, this is intended to drive the overall ROE towards 15%.

I would like to conclude by highlighting our prudent capital allocation framework, which is built around three core components. First, we maintain strict capital discipline, deploying capital into businesses that generate high returns. This is evident by our intensified focus on retail, treasury, and BSF Capital. Second, we follow a conservative approach to regulatory capital, maintaining sufficient buffers above minimum requirements. And third, we are committed to delivering sustainable dividend growth to our shareholders, anchored around a 50% dividend payout ratio combined with net income growth, subject to capital requirements and regulatory approvals. That said, our capital allocation framework is not static and is informed by an evolving macroeconomic and regulatory environment.

With that, I will hand back to you, Bader, for closing remarks.

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- **Bader Alsalloom**

Thanks, Ramzy. So, to summarize, we are building a better, stronger, and faster bank to close the gap to our peers and deliver an ROE of above 15% by 2030. While we will continue to build on our strengths in corporate banking, our main drivers of ROE uplift will come from increased focus on retail, treasury, and BSF Capital. This will be supported by a stronger emphasis on cross-selling across the Group, accelerating fee generation, and improving our revenue mix. At the same time, continued discipline on cost management will further enhance efficiency and support profitability. Finally, we will maintain financial resilience while optimizing capital to improve returns. With that being said, now, I'll be happy to open the floor for any questions. Thank you very much.

## Questions And Answers

- **Aybek Islamov**

Yes. Thank you very much for the presentation. Very useful insights. Thank you for the material you presented. We'd like to start the O&A. So, it will be a live O&A session. Also, if you have a question that you'd like to type, there's a O&A box where you can type your question, and we'll address it during the session.

### **Q - Aybek Islamov**

So, before we collect the O&A line, I'd like to start with a couple opening questions, if I may. Firstly, looking at your focus on non-funded income going forward, can you please elaborate whether there will be a strong focus on loan securitization, which would free up your capital but also increase the velocity of your capital? So, obviously, loan securitization can be a very good driver of fees. Just -- we'll be interested to know this. That's the first question.

Secondly, are there any new key management appointments that were done recently that we should be aware of, in particular, in the key business segments that you highlighted during the call, the segments of your strategic priority? That's the second question. And thirdly, we've seen your loan growth targets, you know, how you plan to grow your loan portfolio. Can you please elaborate, what market share trajectory do you have in mind again in the key segments, let's say, retail and corporate banking? So, these are the three opening questions, and then, we'll go to the other questions. Thank you.

### **A - Ramzy Darwish**

Thank you, Aybek. Maybe I'll take the first and the third questions there. So, on loan securitizations, it is an item we have looked at as a part of the capital optimization initiatives, not necessarily as a part of fees. But we do recognize the benefit that it can bring in terms of freeing up capital and getting more leverage on that existing business. And when we look at that, I think it's covering retail specifically, what we've seen in most cases on the mortgage side, but on the retail side, given the risk-weighted assets is not as heavy as what we typically see in other businesses. It's a combination, I would say, in terms of liquidity and capital.

For wholesale and corporate banking, it is something that we have already started discussing with banks and asset managers as an opportunity set. It's not necessarily a quick fix or an ad hoc item that we're looking at. We really want to think about this more strategically, given the demand that we continue to see for loans in particular on the corporate side, over the course of the next few years, in line with the Vision 2030 agenda. So, it is something that we are looking at, lots of variables, I think, still at this stage, given pricing, capital relief, the regulatory requirements, and the discussion there, but is certainly on the agenda within the capital optimization initiative.

And I'll take the third question also on loan growth. Essentially, what we did to build out the strategy is look at the banking pools and the balance sheet expectations in terms of growth from third-party providers and sort of more global forecasts. And there on the wholesale side or corporate, we expect to be more or less in line with the market. So, not necessarily capturing additional market share, but that's taking into account the existing opportunity set and value that is available given margins and fee income.

For the consumer side, we do intend to grow faster than the market, similar to what was witnessed last year. And this is several benefits in terms of managing the interest rate risk, getting ancillary business from customers in terms of customer lifetime value, but also the fact that it opens up new avenues that we can unlock on the cross-sell side with BSF Capital as one example. So, there our expectation coming off a low base is to capture a bit more market share, more or less in line with what we've done over the last year or two. And for the question on the management appointments, I'll hand it over to the CEO.

## A- Bader Alsalloom

Sure. Thank you. Regarding new management appointments, the most recent and also complete the leadership team was in the first half of 2025 when Majed Alghanemi joined us as the Chief Transformation Officer, and he is looking after technology, operations, and digital. So, he had -- he was -- he has been the most recent appointment and completes the leadership team now. Thank you.

### ▪ Aybek Islamov

Great. Thank you for your answers. We'll now move to the (technical difficulty) Apologies. Yeah, we'll now move to the O&A session. The first line -- sorry, the first question will come from the line of Chira Ghosh. Chira, please announce yourself and ask your question.

## Q - Chiradeep Ghosh

Hi. This is Chira Ghosh from SICO, Bahrain. So, three very short and quick questions. So, first is I get a sense that bulk of your strategy rests on this JB entity basically, so want to get a sense that on a risk-adjusted basis -- risk-adjusted return basis, how does JB stand versus your existing -- current existing portfolio. So, just wanted to understand how much push would be provided from that entity. That's one.

Second is, we are hearing still a lot of competition in the retail space. I know you have done better than the market this year. So, if you can throw some light on how competitive -- how is the -- how competitive is the landscape right now in the retail space, and the outlook on that direction.

And the third one is what kind of interest rate outlook are you taking over the next four, five years, because your margin appears to be moving up, while we might be seeing a downward trending interest rate cycle at least over the next three, four years? So, yeah, these are my three questions.

### **A - Ramzy Darwish**

Thank you, Chira. I think we'll work on this one backwards. So, I'll start with the interest rate outlook. What we've done regularly update this, but the latest we have is looking at still further cuts expected in the Federal Reserve Funds rate, and in line with that, from the Saudi Central Bank in the reverse and repo rates. Thereafter, a pickup in interest rates, but when we look at the range, it comes more or less back to the starting point, similar to where we are now. So, the start and end points, if I we're looking at this at the beginning and end very close to one another as it stands. But I want to highlight this again for BSF specifically, given our attention to interest rate risk management in particular, using off-balance sheet cash flow hedges. We've always been trying to mitigate interest rate sensitivity to a great extent. This is obviously subject to the balance sheet mix, but that'll be our intention so far going forward to neutralize the interest rate impact on either side of the mix.

### **A- Bader Alsalloom**

Yeah. On the -- I'll take the second question regarding the competition on the retail. Yes, there is a very fierce competition in the retail space. However, for BSF, our focus is going to be on affluent banking, which we believe that we do have a strong presence given our strong Private Banking franchise, and also business banking, and again, given our strong presence in corporate banking. So, within the retail space, be on affluent and business banking rather than MAS. MAS, of course, we will use our digital platform and continuing to upgrade our digital platform to service the mass.

### **A - Ramzy Darwish**

And finally, on the question related to JB. We're very excited about JB, right? I do want to emphasize that it's not the only driver in terms of ROE uplift and net income. It's really across the businesses and especially between the businesses when we look at cross-sell. Nevertheless, when we look at JB specifically, the opportunity there is first because it's an under-tapped segment for BSF, specifically given our attention and focus is more on private and affluent. This unlocks the MAS segment, which has not been an area that we've tackled previously, but it also does it in a cost-efficient way via more of a fintech/digital play.

So, when we look at the returns there average somewhere around 15% sort of gross yield, and when you knock off cost of risk and cost of funding, you'd still maintain a ROA of around 5%. Expectations going forward are for additional enhancements on the margin, so this would make it go up to 7% on a risk-adjusted basis. So, that potential is strong and one of the reasons why we want to continue focusing on this opportunity set.

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## ❖ Aybek Islamov

Thank you. We'll move on to the next question. The next question will come from the line of Olga Veselova. Olga, please announce yourself and ask your question.

### Q- Olga Veselova

Yeah. And a big thank you for the detailed presentation. We really appreciate additional disclosures with this high level of digitalization. Thank you.

I have several questions. One is on fee income. So, you target 18% fee income CAGR for the next five years, which is well above the run rate at peers. My question is, which differentiated products do you offer, or your new product offering is broadly the same? You're rather catching up with peers' product mix. That's question one.

Question number two is what should help you to expand margin over the next five years? And I hear you expect some increase in interest rates, but also, I'm hearing you're making an effort in JB. So, is this that, so higher rates over time and JB impact, or there is anything else what you think you can do on margin support?

My question number three is M&A. You did mention during the presentation that there could be inorganic expansion in JB. Can you elaborate, please, on that? Are there any other areas where you may consider acquisitions?

And my fourth question -- sorry, I have so many. My fourth question is on deposits. So, for the banking sector, you expect deposits growth at 5% per annum. What makes you believe deposits will slow down to basically below nominal growth of GDP? Thank you.

### A- Bader Alsalloom

I'll take the first question -- I'll take the first question regarding fee income and where we expect the fee income to come from. This new growth -- this new strategy is more of a growth strategy given that our previous strategy cycle is more focused on transformation. And given the transformation that we've undergone mainly when it comes to our technology infrastructure upgrade, we do believe that the upside when it comes to products, mainly in the GTS space, global transactional solutions being trade finance, supply chain financing and others will be the main driver for that fee income growth, in addition to of course the focus on BSF Capital. But mainly, where we see that fee income growth is going on the back of both trade finance and liquidity and cash management, which we are now unleashing after the transformation focus in the first strategy side.

### A - Ramzy Darwish

Thank you, Olga, for the questions. I'll take the rest. I think on the margin, and specific to each individual

segment, but when we look at wholesale, we continue to see opportunities to reprice. We've kick-started this earlier than most, so we still see some opportunity there going forward. But this will be offset by increased cost of funding, given the shift in the mix. And this would be a similar situation to the private bank. When we look at retail specifically as a segment, given the shift in mix towards credit cards and Lombard lending, both of these products give an opportunity to enhance the margin. And JB, the main differentiator specifically on net interest margin in terms of impact, given the higher gross yields compared to others.

I think the other item maybe to highlight within NIM is that even though we do intend to have a growing CASA in absolute terms, in percentage terms, it will be slightly lower, and on interest rate sensitivity, as highlighted, we would expect this to be relatively muted given the overall positioning of the bank.

The third question on M&A, I think, still at its infancy, but within JB specifically, we did want to open up the opportunity to enhance distribution primarily through partnerships, but also, if available, through potential acquisitions of smaller players where we could bolt on to the existing platform. The reason it made more sense for us with JV is given they are relatively more tech-light and future-proof already, given the investments they've made over the last few years. So, that's the idea to really double down in terms of distribution and capture of market share.

And lastly, just on deposit growth, if you could repeat the question.

### **Q - Aybek Islamov**

So, the question was -- I believe, Olga could be on mute, but -- yeah. The question was around the sector deposit growth, indicating at 5%, right? With regards to your expectations, why is that below nominal GDP growth? Can you please elaborate on your 5% sector deposit growth expectations?

### **A - Ramzy Darwish**

So, I think from our perspective, we did not adjust the numbers, but these would be how we receive them from the third-party providers, trying to take into account again a multitude of factors. We do realize there's different scenarios out there in terms of assumptions, but our view as BSF on the deposits is we've built up quite a lot in terms of the wholesale side. We expect that wholesale funding will grow more or less in line with the balance sheet, but deposits as a core part of the franchise, given the focus on specific segments, mainly liability providers and private banking, but also business banking, that this would allow us to capture a greater share than what we've done in the past.

I hope that that answered the question.

### **Q - Aybek Islamov**

Yes, very good. Thank you. I'll read out a couple of questions from the O&A box, right? The first question is with regards to the cost of risk guidance. Can you please break down your cost of risk guidance between wholesale and retail? And the second question is about your operating efficiency with regards to the cost-income ratio guidance. How conservative is this guidance, right? And I think there are a couple investors who are concerned about the fact that cost income ratio has been somewhat disappointing in the last

three years, and what does management plan to do differently around the cost management. So, that's the question in the O&A box.

## **A - Ramzy Darwish**

Sure. So, maybe I'll start with the cost-to-income. I think when we look at it over the course of a given year, we realize there may be some volatility. I think we've introduced a lot of cost optimization over the last few years while continuing to invest in our people, but also in terms of the technology. A lot of these investments will bear fruit and have borne fruit already, but going forward, we want to think about it more strategically in terms of really having a better handle on ROI for investments, in particular on the technology side. And I think we've built this into still include cost growth over the course of the next few years, but it's more of a measured, managed cost growth, more or less in line with what we've done this last year.

The difference really is going to continue coming on the revenue side, where we expect to capture more, mainly coming through the retail and institutional banking businesses, but also on cross-sell and fee income.

The additional item that's new compared to previous years is this strategic initiative on zero operations in terms of process and customer journeys adjustment to limit friction, but also enhance the capacity of each individual at the bank, whether it's front office or back office, and the addition of AI and what it can do there. This will help us to continue to grow, maybe even faster on the cost side, while also recognizing savings in parallel, driving this relatively conservative cost growth aspiration over the next few years.

On cost of risk, again, the main driver in the increase is coming from wholesale -- sorry from JB, given it will play a larger role in the context of the portfolio, albeit still relatively small. But when we look at wholesale banking, cost of risk more or less in line with our 50- basis point to 60 basis point expectation, whereas retail will continue to be relatively muted, given its typically salary- backed and also collateral-backed in the case of Lombard lending. So, around 20 basis points on the retail side.

## **❖ Aybek Islamov**

Thank you very much. We'll move on to the next participant. The question will come from the line of Fahad Alghamdi. Fahad, please announce yourself and ask your question.

## **Q - Fahad Alghamdi**

Alsalamu alaykum. This is Fahad Alghamdi from NBK Wealth. First of all, thank you for the presentation, and good luck in the strategy. I have one question from my side. So basically, I want to ask you on your hedging strategy going forward and if you can shed some light on the SAR29 billion position of foreign currency swap in the balance sheet. How do you see it impacting your profitability, especially you had net hedging losses from this contract of around SAR74 million, SAR75 million in 2025?

## **A - Ramzy Darwish**

Yeah. Thank you, Fahad. So, if I heard correctly on the first question on interest rate hedges, our intention there is to maintain a more neutral interest rate sensitivity position. So, when we look at what this meant

on our balance sheet, five years ago, it would have been something closer to SAR70 billion in cash flow hedges. Now, given the change in the balance sheet mix across both assets, where we have more retail fixed-rate, also more investments that are fixed-rate. And on the liability side, a greater proportion of variable rate funding is requiring less of the cash flow hedge in nominal terms to reach that neutral position.

So, it's really dependent on the balance sheet mix going forward, but our intention is to manage this holistically at the portfolio level. So, the options that we would do to manage would be through the investment book, the retail, or as a third option, the cash flow hedges. So, our intention there is to keep it more dynamic, but the aim is to limit interest rate sensitivity.

On the second question on FX. So, this is typically the foreign exchange swaps or cross-currency swaps that the treasury would be utilizing. If it's for hedging, it will be recognized as such, but there will also be quite a bit of demand there from clients as they hedge out their foreign exchange risk. Banks will use this typically for financing, so converting between dollars and riyals and vice versa, and typically use it on a relatively short-term basis for the vast majority. So here, our expectation again is, depending on the needs, particularly on the loan side in terms of currency, to continue utilizing this going forward. Presumably, it would continue to maintain its current percentage share as a proportion of the overall loan book.

### ❖ Aybek Islamov

Thank you. The next question will come from the line of Murad Ansari. Murad, please announce yourself and ask your question.

### Q - Murad Ansari

Hello. Hi. Thank you for the detailed presentation and all the best for the strategy ahead. A few questions around capital and growth. So, over the last year or so, I think there has been a very strong push on -- from within the bank on mortgages, which has been a good story for BSF, but it seems like on -- as you look at the retail growth over the next five years, it seems a lot more dependent on non-mortgage product. Is that read correct, or do you still see mortgage as a key driver here, and you continue to gain market share on that side?

Secondly, on your RWA intensity, I mean, it's around 85%, 87%. So, with -- do you expect some improvement as you go over the next five years? Is that an area of capital optimization? And currently, on your cost of risk. So, could you give us maybe a ballpark figure of how -- of what historical cost of risk has been on JB? Because I'm looking at your 60 basis points cost of risk and assuming a 30- b a s i s point to 40 basis point COR on corporate would probably translate at about 125 basis point, 140 basis point cost of risk on the retail side. Would that be fair to assume, and how does that compare with historical?

And last one more on the cash flow hedges, just following up. It seems when you talk about growing retail -- when you talk about growing the fixed income portfolio, it seems like that you're more focusing on balance sheet structure to provide that interest rate hedge to you -- as you go -- move forward, and probably, the cash flow hedges probably are less of a requirement going forward. Would that be fair to assume? Thank you.

### A- Bader Alsalloom

Sure. I'll take the first question regarding mortgages. Now, as you actually said, mortgage -- it was a good year for mortgages in 2025, and going into 2030, we intend to continue to focus on mortgages.

Currently, mortgages comprise of about 50% of our retail loan book, and we intend by 2030 for that to reach around 55% of the retail loan book.

## **A - Ramzy Darwish**

And I'll take the other set of questions. So, on RWA density, it is an area that we are looking at. I think we've already identified some levers that we can pull, but again, we want to think about this more strategically, long term, what needs are there, and the availability to work on RWA density overall, including some that we already discussed on securitization or SRT and the like.

On cost of risk, the historical blended average for JB has been about 3%, and this is driven by both auto lease and personal finance. But we do expect to see this continue to inch higher given the shift in terms of loan balance more towards personal finance, while auto lease will continue to grow, but not at the same pace.

And lastly, on the interest rate question for cash flow hedges. Again, it is subject to different variables, but assuming the growth as expected and the investment book and retail growth, then yes, the cash flow hedges would no longer be as required as it had been in the past. But again, I want to highlight that we want to try to manage this at a holistic portfolio level, depending on the opportunity in terms of return versus the risk between the three classification options we have: investment book, retail, or the cash flow hedge.

## **Q - Aybek Islamov**

Thank you. We'll move to the next question from the line of Mehmet Sevim. Mehmet, please announce yourself and ask your question.

## **Q - Mehmet Sevim**

Good evening. Thanks very much for the presentation and all the granular information. It's really very helpful and all the best. I have just one final question from my side, and that will be just on the trajectory of the improvement in some of the lines. Given your guidance is very ambitious and shows a meaningful acceleration from recent momentum in lines such as fee income, how should we think about the yearly improvements? Is it granular -- is it gradual or is it more backloaded?

Are there any low hanging fruits that you can pick in the near-term to show that meaningful improvement? Or do you require more investments, for example, product introductions, et cetera, that would show the improvement in the outer years? Thank you.

## **A- Bader Alsalloom**

I'll take the first question regarding the fee income. We do expect within the next five years that fee income will gradually grow with acceleration towards the middle and the end as we see more of the initiatives come to life.

## **A - Ramzy Darwish**

And I think when we look at this overall, what we do recognize is there's an opportunity just given our peers and where they stand versus where we are. Given our lower base, we feel at least the opportunity is there. It really will have to come down to execution. But in terms of areas of opportunity, when we look at the wholesale, it's really continuing to drive a strength that we have in trade, capturing our fair

market share. But liquidity and cash management are an area where we recognize significant opportunities, specifically to BSF given its current standing. But also, when we look at BSF Capital, strong growth momentum over the last year, but unlocking greater value in particular on the asset management side, already a strong position on the investment bank where we feel there is going to be additional opportunities given the demand for non-banking transactions and a small uptick on the brokerage side, maybe not necessarily to our natural market share but as a must for our customers client base in terms of demand on product and capability.

So, this is an area where we want to also add additional spotlight by putting it at the forefront of the cross-sell initiative and putting a greater spotlight by the CEO himself and more of a centralized focus attention from the senior management team.

### ❖ Aybek Islamov

Thank you for your answers. We have a couple more questions from the line here. Next one is from the line of Waruna Kumarage. Waruna, please announce yourself and ask your question.

### Q - Waruna Kumarage

Good afternoon. Am I audible?

### ❖ Aybek Islamov

Yes, you are.

### Q - Waruna Kumarage

Hi. Thank you, Aybek. Good afternoon. Thank you to the management for the very useful presentation. It was very detailed, useful information. I have one question regarding the drivers on the wholesale banking side. So, as you mentioned -- so you emphasize on things like trade, finance, cash management, where you want to capture more market share and a lot of potential. So, I want to understand -- I mean, with regards to competition, so there are other established players' names in the market which has a very strong presence in -- amongst large corporates, blue chips. So, want to get an understanding of how would like -- I mean, how are you planning to penetrate in this segment? That's my question.

### A - Ramzy Darwish

Thank you for the question. So, we recognize the competition also will continue to be moving, the opportunity set as a banking pool continues to grow. But here what we've done is really the second phase of our previous strategy, specific to global transaction solutions. What we've invested in previously has been more focused on trade, given that's a strength we already had, bringing this to a more digital transaction base. And we've been successful there with the launch of the integrated corporate portal more recently, but the one remaining element there is still on the liquidity and cash management side. And this has been an area that clients have been asking for and an area that we can continue to leverage, but also digitize, similar to what we've done on trade.

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When I look at the client base, our forte really has been this trust and relationship with clients and our ability to partner with them through thick and thin. And this is an area where we feel that if we can provide the transactions and products, and services that we will be able to capture more share. I think, right now, it is a function of the capability and capacity, and some of it digital related, some of it more process-related. But all of these have been things that we've been working on over the last few years, and we'll continue to focus on going forward.

### **Q - Aybek Islamov**

Thank you very much. Well, this completes our today's Strategy call. I would like to thank the management for their participation on all the questions that were raised during the session. I would like to hand over the call back to the management, acknowledging that we didn't have time to answer all the questions.

### **A- Bader Alsalloom**

Thank you very much. As a final point, I'd like to briefly explain how our Strategy 2030 strengthens and reinforces our investment thesis. We believe sustained value creation is built on four key pillars. First, the strong growth opportunities driven by favorable demographics and the Kingdom's transformation agenda, alongside our targeted growth initiatives across the bank.

Second, a robust and scalable business model which delivered ROE expansion to around 12% in 2025 and provides a clear line of sight to achieving our ROE target of 15% by 2030. Third, an agile management team focused on disciplined capital allocation toward higher return businesses, maintaining a strong and efficient capital position, and delivering sustainable returns to shareholders. And finally, fourth, our ability to protect and build on the strengths we have developed over time, allowing us to sustain momentum and execute consistently.

With that being said, thank you very much, everyone, for joining us today, as we begin our journey and descent to 2030. We look forward to seeing you at investment conferences in the near future, and we'll keep you updated on progress in the years ahead. Thank you very much.

### **A - Ramzy Darwish**

Thank you.

### **Q - Aybek Islamov**

Thank you, everyone. For any questions we couldn't answer, please direct them to the Investor Relations team of Banque Saudi Fransi. Thank you, everyone.

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