

# BSF 1H 2024

## Investor Presentation



1H 2024



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# BSF Profile



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1.



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

Domestically systemic important bank ("D-SIB") with **total assets of SAR 288.8bn** and **market capitalization of SAR 42.7bn**  
**Universal Bank model** with full range of conventional and Islamic products and services

2.



## Dominant corporate banking franchise with deep institutional knowledge and relationships

One of Saudi Arabia's leading providers of banking services to **large corporates and micro, small and medium sized enterprises (MSMEs)**  
5th largest bank in Saudi Arabia in the corporate segment with 10.2% market share

3.



## Well capitalised balance sheet supporting BSF's growth ambitions

Robust capitalisation levels well-above regulatory requirements, supported by internal capital generation through strong profitability  
**18.1% total capital adequacy ratio which is comfortably above regulatory minimum**

4.



## Robust funding and liquidity profile

Attractive funding base with customers' deposits representing 79% of total liabilities – **Non-interest-bearing deposits constitute 42.8% of the total deposits**  
**SAMA loans to deposits ratio ("SAMA LTD") at 81%** below regulatory levels - **Strong LCR and NSFR of 187% and 118%** respectively

5.



## Clear strategy driven by targeted initiatives and ambitious aspirations

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

6.



## Experienced management

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

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



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



## Headquartered in Riyadh:

82 branches across the Kingdom  
Domestically systemic bank



## Subsidiaries in KSA:

BSF Capital  
BSF Insurance Agency  
JB  
Sakan Real Estate Financing Company

## Universal Bank model:

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

## Joint ventures in KSA:

Insurance with Allianz

## Corporate

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

### Key products:

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

46% of Group Operating Income



## Retail

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

### Key products:

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

38% of Group Operating Income



## Investment Banking and Brokerage

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

### Key products:

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

5% of Group Operating Income



## Treasury

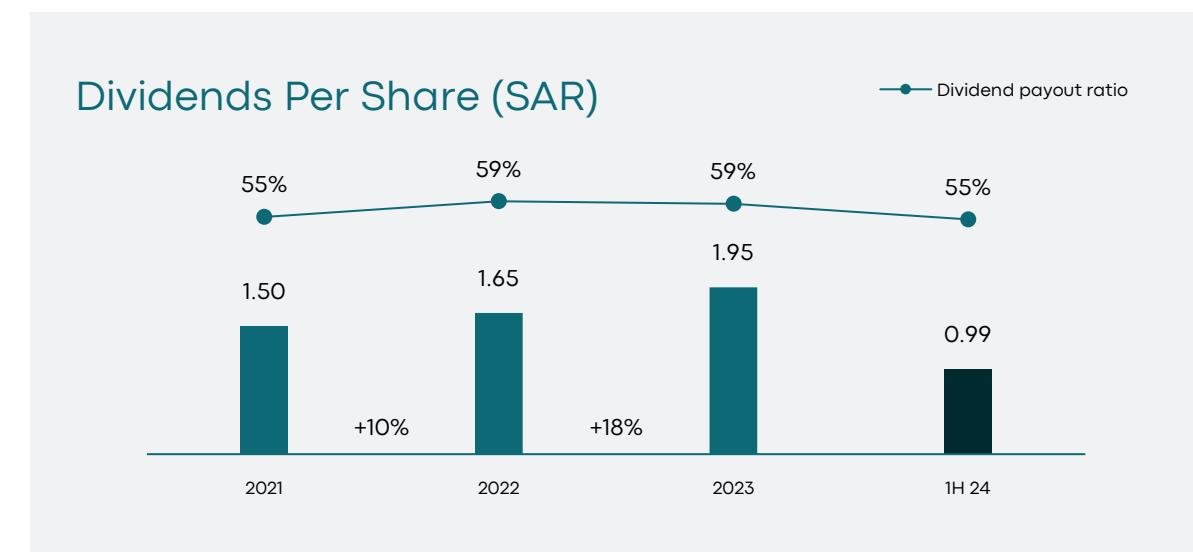
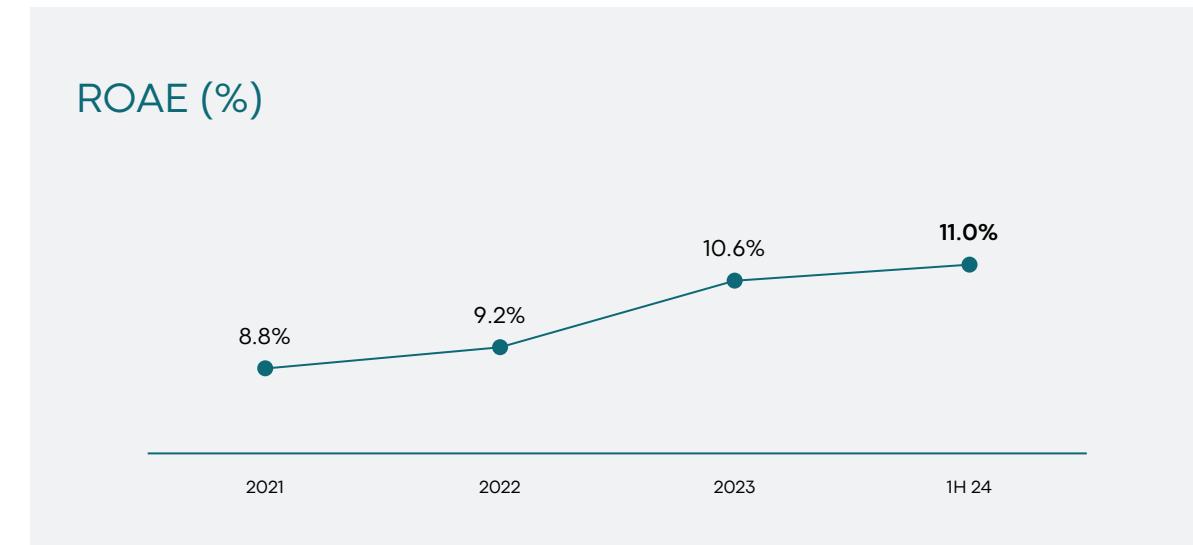
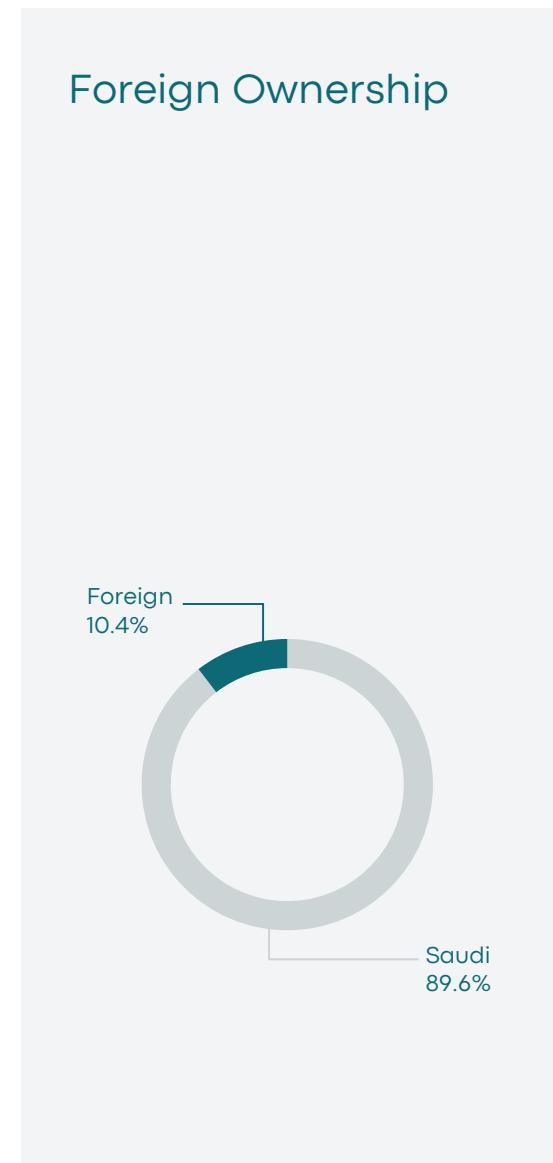
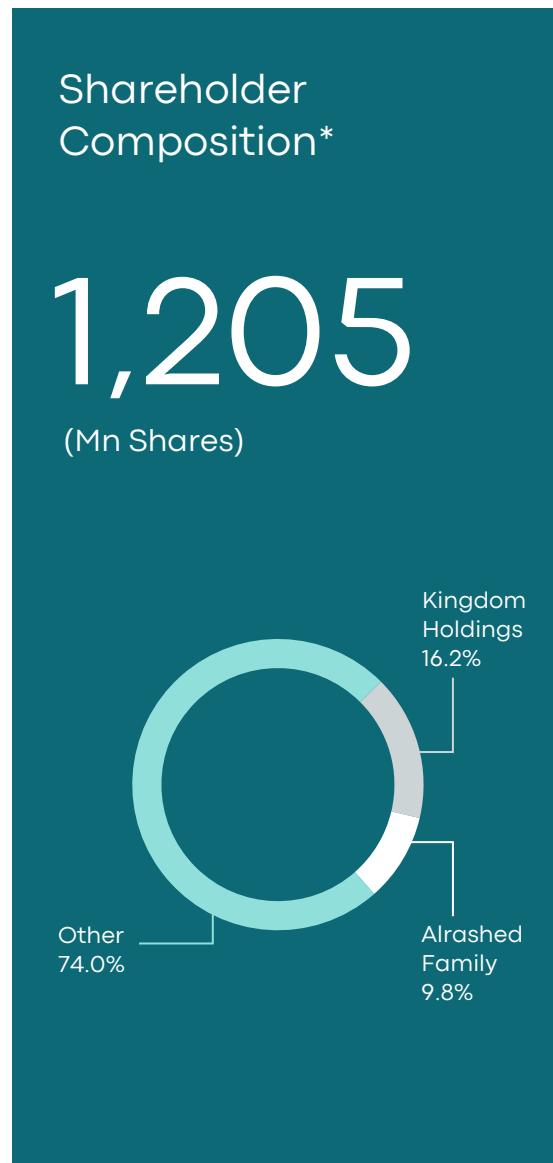
Diverse client services, market making, as well as managing the Bank's liquidity and risks.

### Key products:

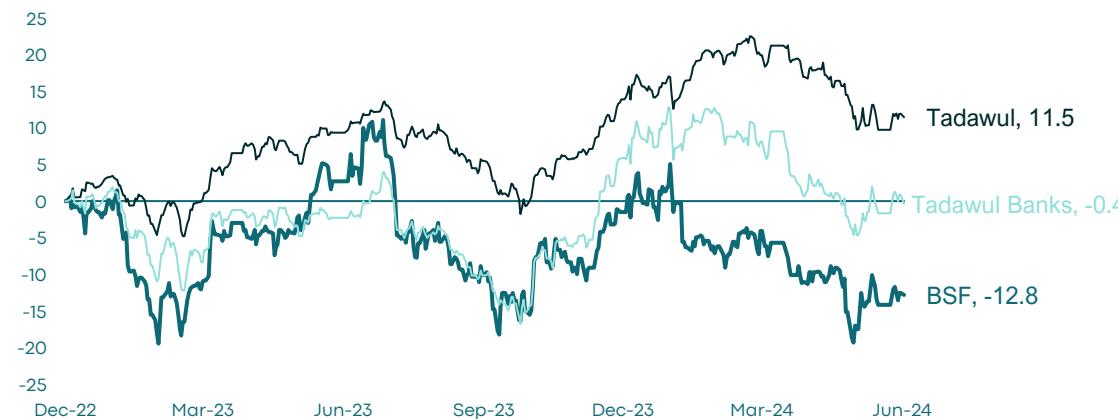
- treasury services,
- trading activities,
- investment securities,
- FX
- rates
- money market,
- Bank's funding operations
- derivative products

11% of Group Operating Income





## Share Price Performance vs. Tadawul (%)



Market Capitalization  
(SAR Bn)

**42.7**

4.95% of KSA banking sector  
0.46% of KSA stock market

BSF Share Price  
(SAR)

**35.4**

52 weeks range [32.5 - 45.7]

## Total Shareholder Return (TSR)



Price to  
Tangible Book

**1.16X**

2Q 24

Price to Earnings  
Ratio

**10.3X**

LTM

# Experienced and dynamic executive management team



**Bader Alsalloom**  
**Chief Executive Officer**

- BSF: appointed Apr-21
- Saudi Investment Bank: Deputy GM Corporate Banking 2 years
- SABB: Deputy GM Comm. Bnk; 15 years



**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



**Zuhair Mardam**  
**Chief Treasury and Investment Officer**

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



**May Al-Hoshan**  
**Chief Human Capital Officer**

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



**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



**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



**Abdallah Alshaikh**  
**Head of Legal & Governance**

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



**Thamer M. Yousef**  
**Chief Operations Officer**

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



**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



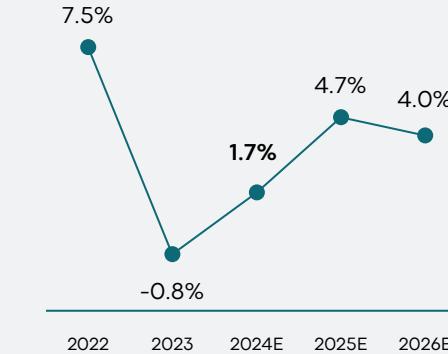
# Operating Environment

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## Economic Outlook

- Real GDP for Saudi Arabia is expected to increase by +1.7% in 2024 following 0.8% contraction in 2023 due to lower oil production.
- Interest rates are expected to remain stable during 1H 2024 with rate cuts of up to 50bps expected towards the year-end; SAIBOR forecast at 6.0% in 2024 compared with 5.9% in 2023.

### Real GDP Growth (%)



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



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

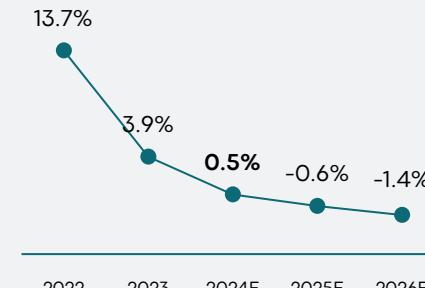
● SAIBOR: SAR 3M (avg)  
● SOFR/LIBOR: USD 3M (avg)



### Inflation (%)



### Current A/C Balance (USD)



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

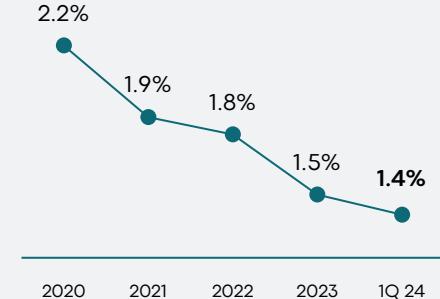
## Bank Credit (SAR Bn)



## Capitalization (%)



## NPL Ratio (%)



## Bank Deposits (SAR Bn)



## Liquid Assets to Total Assets (%)



## Profitability (%)



# Strategy

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



#### 1H 2024 Priority

Technology  
Infrastructure  
Upgrade  
  
Rebranding

#### Wholesale Banking

Expand FIG & MNC  
Coverage  
  
Revamp GTS

#### Personal Banking

Scale Up in Affluent  
  
Provide Superior Daily  
Banking

#### Private Banking

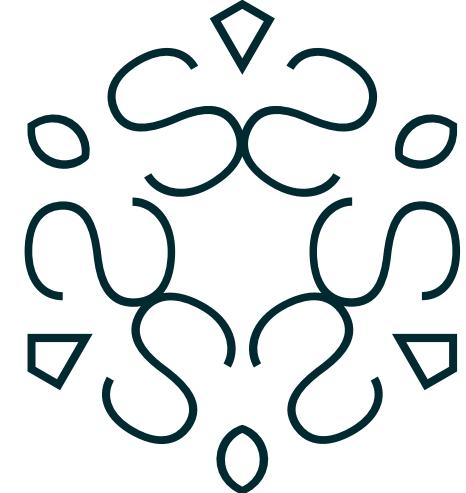
Expand Product Suite  
  
Experience Centric  
Rewards

#### JB

Scale up financing and  
leasing

#### BSF Capital

Leverage Opportunities  
in Capital Markets



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



## Strategic Goals

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

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

## Strategic Enablers

					
Risk	Digital 2.0	Technology	Treasury	Customer Experience & Brand	Organizational Effectiveness & People

## Strategic Goals

## Focused Initiatives

Progress  
Q2: 72%  
Q1: 66%

## Key Highlights

### Wholesale Banking

Solidify market position

GTS revamp  
Expand FIG&MNC  
coverage

# 83%

Government lending  
Expanded FI reach globally  
Three SCF products launched  
Strengthen LCM operating model

### Personal Banking

Leverage segmentation  
and synergies

Scale up affluent  
Provide superior daily  
banking

# 62%

Strengthen RM & customers  
relationship  
Pilot Super Elite plus  
Efficient Wholesale partnership  
with personal banking  
Good traction in LOMBARD  
lending product

### Private Banking

Reinforce market  
leadership

Broaden product suite  
Experience-centric  
rewards

# 97%

Key offerings with BSF Capital  
Tailored family products  
Collaborating with JB products  
Launching Advisory program  
for RMs

## Strategic Goals

## Focused Initiatives

Progress  
Q2: 72%  
Q1: 66%

## Key Highlights

JB

Expand in new market segments

Digital acceleration  
Product diversification  
Brand repositioning

**88%**

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

BSF Capital

Seize existing opportunities and grow

Synergize wealth mgmt.  
Broaden advisory  
Attractive investment solutions

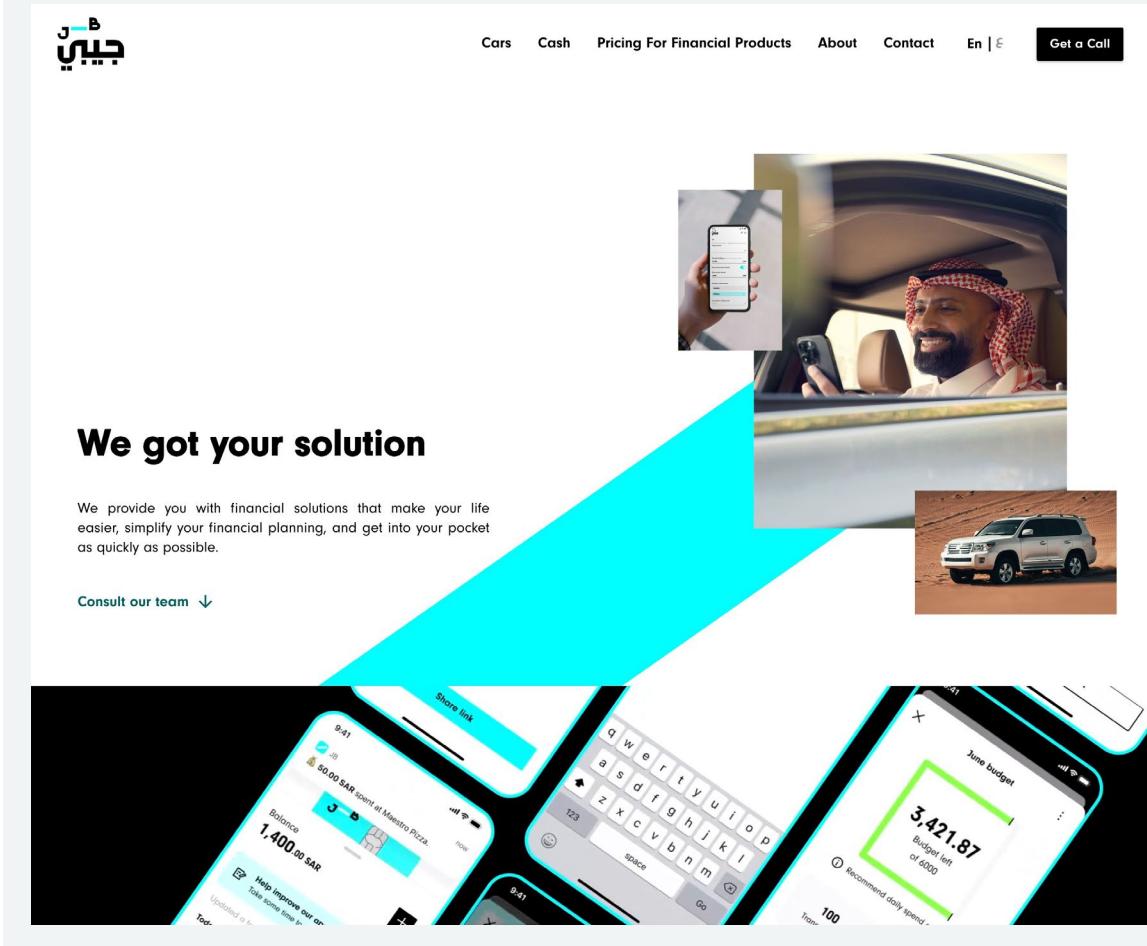
**45%**

Finalizing commercial campaign framework  
Repositioning real estate advisory and solutions  
Strong pipeline in real estate funds



## JB New Brand

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



The screenshot shows the homepage of the JB website. At the top, there is a navigation bar with links for Cars, Cash, Pricing For Financial Products, About, Contact, and a language switcher (En | E). A prominent black button labeled "Get a Call" is located on the right side of the header. Below the header, there is a large teal diagonal banner with the text "We got your solution". To the left of the banner, a small paragraph reads: "We provide you with financial solutions that make your life easier, simplify your financial planning, and get into your pocket as quickly as possible." Below this text is a link "Consult our team ↓". On the right side of the banner, there are three smaller images: a hand holding a smartphone displaying the app interface, a man in a traditional Saudi headdress smiling from inside a car, and a white SUV driving on a desert road. At the bottom of the page, there are three overlapping images of the JB mobile application interface, showing a balance of 1,400 SAR, a transaction history, and a budget summary for June.

## Sur Multifamily Office

Introducing the Sur Multifamily Office, a strategic initiative by BSF

100% subsidiary of BSF to cater the needs of our BSF UHNWIs and HNWIs clientele.

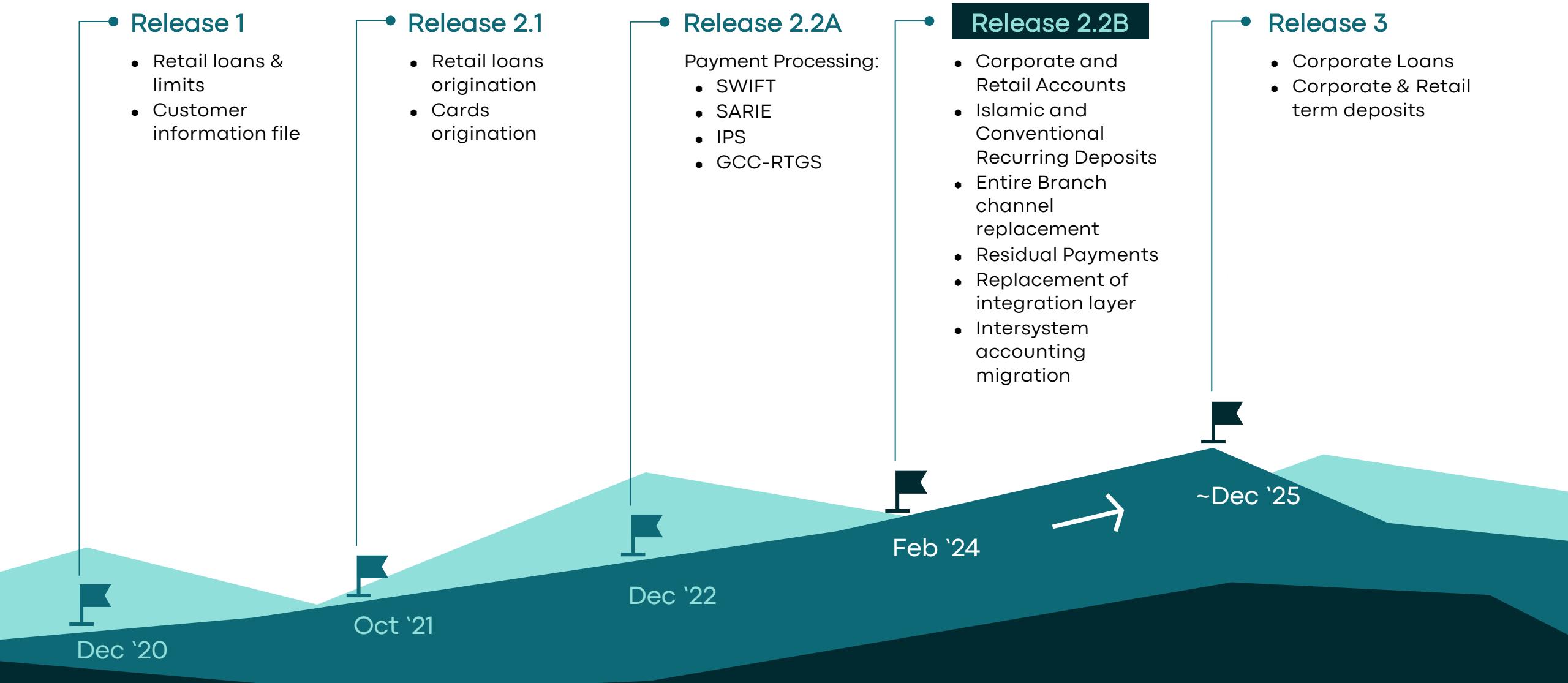


# Good progress in the implementation of the four key strategic programs across the IT & Technology and rebranding priorities



	Description	Key Highlights	2024 Progress & Beyond
Technology Infrastructure Upgrade <b>Integrated Corporate Portal</b>	New corporate platform supporting trade & supply chain services, and expanded liquidity and cash management solutions and services	<ul style="list-style-type: none"> <li>Phase I Backend: design, development and integration testing completed</li> <li>Phase II Frontend: design &amp; development completed</li> <li>Remaining components' delivery is being planned due to CBS dependency</li> </ul>	<ul style="list-style-type: none"> <li>Finalize the plan to assess the impact and define revised Go Live timelines</li> <li>Phase I Backend: Complete testing and prepare for data migration, end user readiness, training, organization</li> <li>Phase II: Complete testing, user testing and prepare for Go Live</li> </ul>
Technology Infrastructure Upgrade <b>Omnichannel</b>	New high performance retail platform providing robust digital banking service and enhanced customer experiences and journeys	<ul style="list-style-type: none"> <li>All features for release 1 deployed to Customers</li> <li>2500+ Staff users migrated</li> <li>Remaining feature development in progress</li> </ul>	<ul style="list-style-type: none"> <li>Prioritization and planning of new features for the subsequent phases kick started</li> <li>Release 2 is estimated to be in 4Q 2024</li> </ul>
Technology Infrastructure Upgrade <b>Core Banking System</b>	Bank-wide core banking system to enable best-in-class customer experience with leading operational efficiency	<ul style="list-style-type: none"> <li>The largest and most complex Release 2.2B: launched successfully</li> <li>CBS R3 : kicked off Corporate lending and Term Deposits end to end</li> </ul>	<ul style="list-style-type: none"> <li>R3 is estimated to be launched in 4Q 2024 /1Q 2025</li> <li>Corporate Lending and Limits</li> <li>Corporate &amp; Retail Term Deposits</li> </ul>
<b>Rebranding</b>	Recreating BSF brand identity to differentiate the bank, enhance our connection with clients and improve our market position	<ul style="list-style-type: none"> <li>Post-launch, account openings has surged, compared to the period 2 months prior to the brand introduction</li> <li>Brand launch has driven a 2,600% increase in website visitors and a 75% rise in time spent per page</li> </ul>	<ul style="list-style-type: none"> <li>Implement a comprehensive refresh of BSF branches for seamless, consistent, and modern customer experience across all touchpoints</li> <li>New cards with updated branding will launch by 4Q 2024 to further reinforce brand presence.</li> </ul>

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



## Enhanced offering & services

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



## Benefits for IT

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

## Customer experience

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



## Key enabler for BSF strategic ambition

**Leading CX  
(NPS #1)**



## The advantages already realized

### Future-proofing BSF tech landscape

**30**

systems decommissioned up to the current release of CBS

### Improving & efficiency

**80%+**

increase in STP rate for SARIE transactions

### Shorter customer journeys

**1.5-2X**

less time consuming processes for Credit Cards and Personal loans



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

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

## Brand Strategy

### Shared belief

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

### Active purpose

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

### Value proposition

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

## Internal Branding Activities



Branches  
70+



ATMs  
300+



Offices  
6



E-Channels  
✓

## Why is the Brand changing?

### Strategic Enablement for Future Growth

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

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

**Cultural Acceleration:** enhancing talent retention and recruitment.

### Response to External Changes

**Developments in KSA:** altering the economic landscape

**Banking Sector Evolution:** traditional operations are shifting.

**Client Expectations:** increasing customer expectations drive demand for innovation

### Adaptation to New Norms

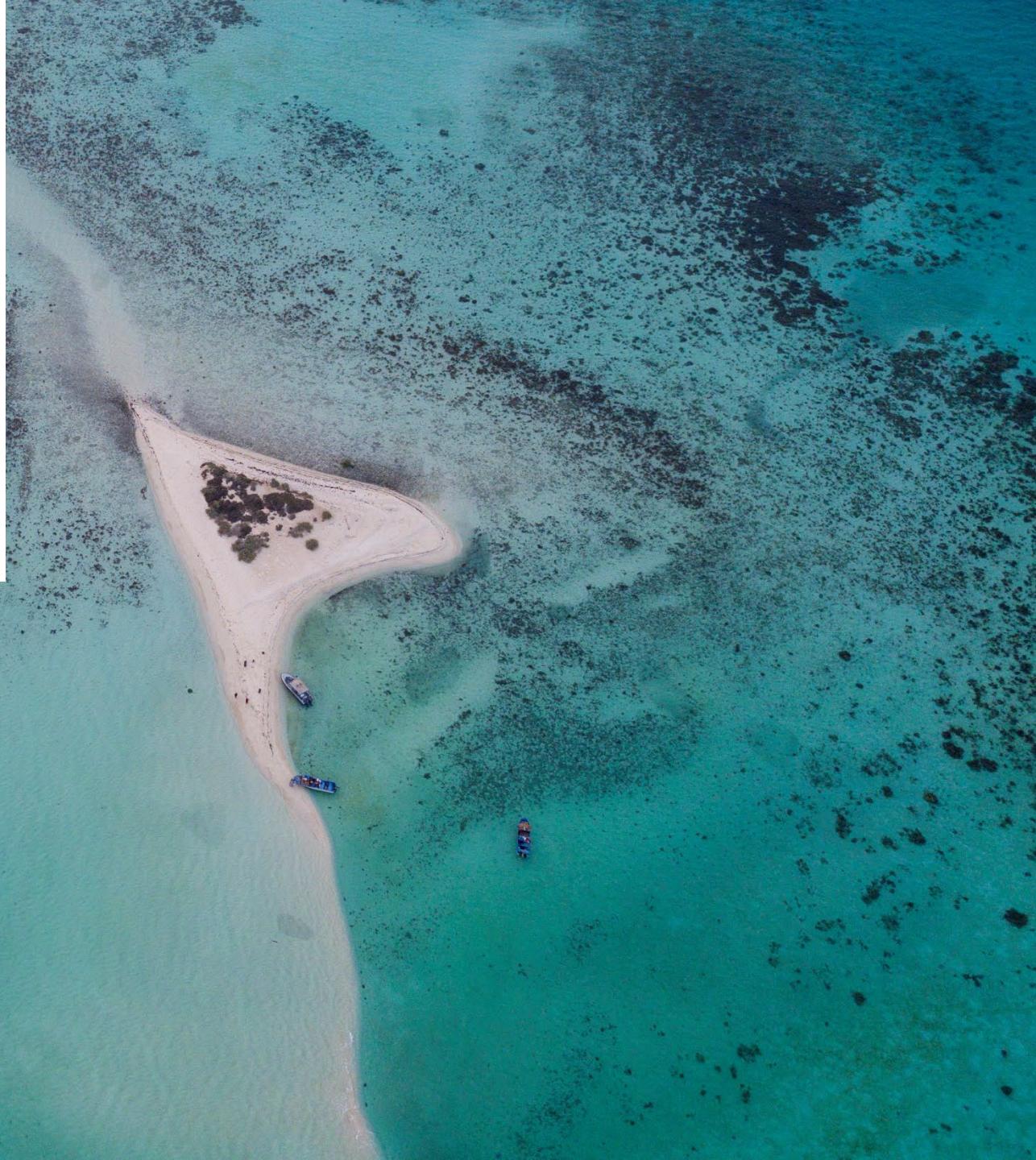
**Technological Advances:** 5G, AI, blockchain redefining the internet.

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

**Workforce Evolution:** changing talent landscape redefining workplace culture.

# ESG Update

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



## ESG is Part of BSF DNA

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

Exemplifying the Highest Ethical and Governance Standards	Accelerating Sustainable Economic Growth	Creating a Thriving Workplace	Environmental	Social	Governance
			17.9% reduction for Scope 1 and 2 emissions	Increase in female employee representation to 22.5%	Establishment of the ESG Governance Structure
			Capital Markets deal of the year Awards for Red Sea Development Co. Green Financing	SAR 3.8 million in local communities investments to support various key community initiatives	Setting BSF's ESG Policy/ Framework
Serving our Clients	Protecting our Communities		17.2% Reduction in total water consumption	More than 91% of FTEs are Saudi nationals	98%+ Meeting attendance rates for board of directors and all board committees

Leveraging our **strategic pillars** at BSF, we **intertwine core objectives** with **positive ESG impact**, guided by our **governance strength**; and our **environmental** and **community** initiatives

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

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

Such issues have been depicted in our materiality matrix, which is built upon a thorough materiality assessment.

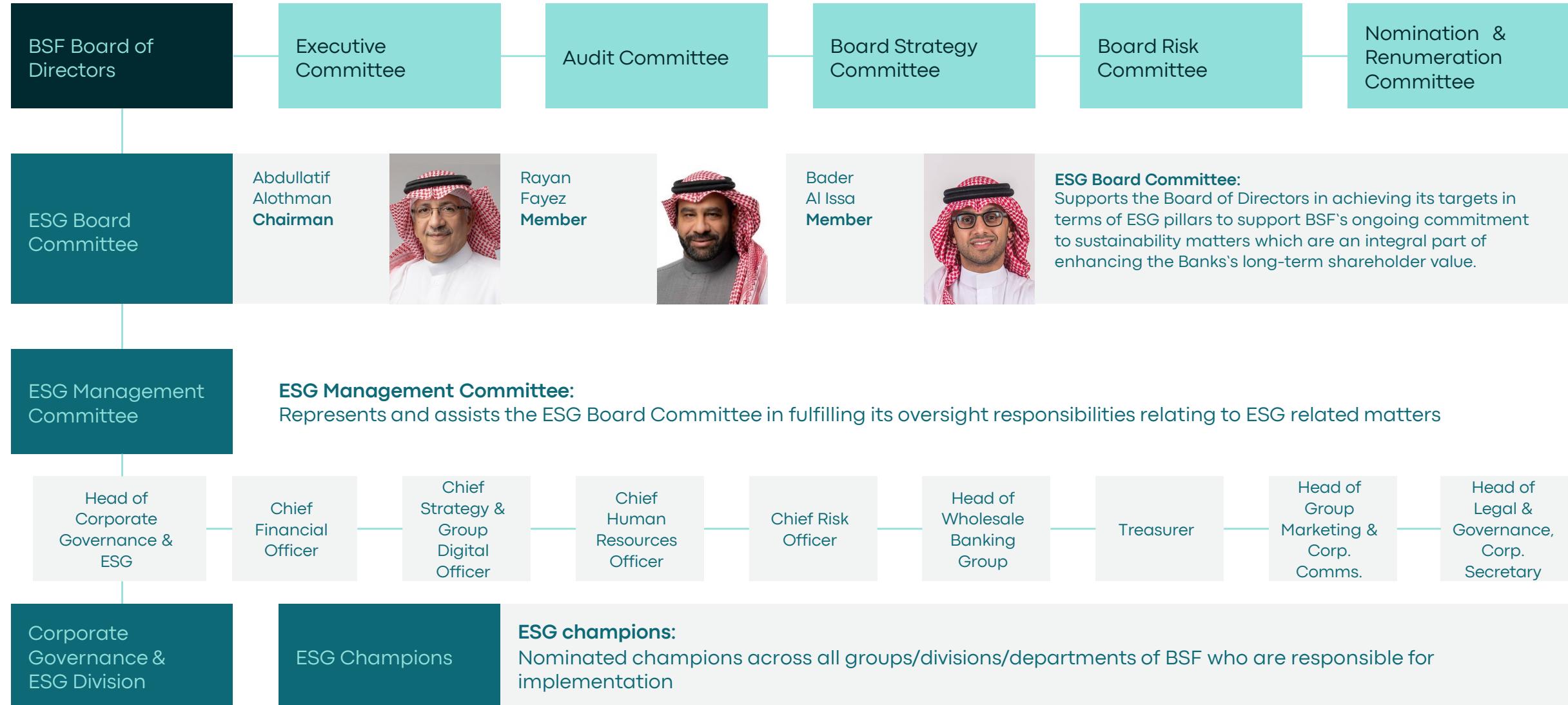
It is important to note that issues not classified as 'Most Important' do not imply they are insignificant or neglected by BSF. We remain committed to addressing all relevant sustainability-related material issues.

## Key elements considered in BSF's materiality assessment:

- Sustainability-related material issues identified by regional and international peers.
- Objectives of national and international sustainability-related ambitions: Vision 2030 and United Nations Sustainable Development Goals.
- Areas of importance identified by reputable sustainability reporting standards: SASB, Principles of Responsible Banking (PRB), and World Federation of Exchanges (WFE) ESG guidance.



# BSF has implemented a comprehensive ESG governance and policy framework with Board oversight



# Charting The Course Of Excellence: Our ESG journey from a strong foundations to future innovation



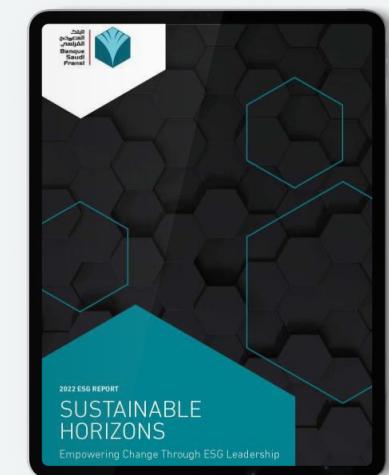
Established the ESG Policy Framework

Implemented the ESG Governance Model

Published the Inaugural 2020 ESG Report

Published the 2021 ESG Report

Published the 2022 ESG Report



## Sustainalytics

- ◆ **Leading all Saudi banks** with the ESG Risk Rating Score of 21.2



ESG Risk Rating Score  
by Sustainalytics

# 21.2

as of May 2024

▲ from 28.4 in 2023

S&P Global ESG  
Rating

- ◆ **The highest score among Saudi banks** in the S&P Global ESG Rating for the year 2023

**S&P Global**  
Ratings

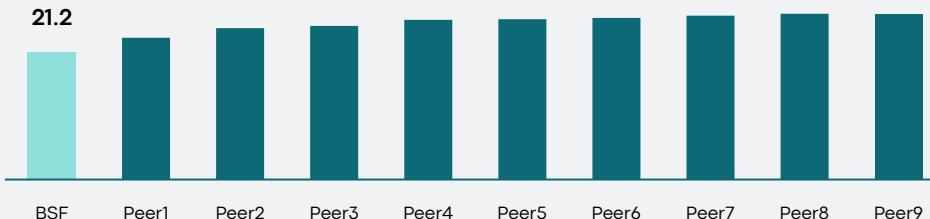
S&P Global ESG Score

# 30.0

for the year 2023

▲ from 25 in 2022

## ESG Risk Rating Score by Sustainalytics



## S&P Global ESG Score





# Financial Performance

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## Balance Sheet

- Strong loan growth of 16% YoY, driven by equal growth in commercial and consumer loans.
- Investments increased 13% YoY to manage IR risk while capturing higher yields.
- Deposit growth of 22% YoY, from IBDs (+71%) partly offset by NIBDs (-12%).

### Loans & Advances

**197.2**

SAR Billion

▲ +16% year-on-year

### Investments

**55.5**

SAR Billion

▲ +13% year-on-year

### Customers' Deposits

**196.2**

SAR Billion

▲ +22% year-on-year

## Income Statement

- Stable top-line on 6% non-interest income growth, offset by 1% decline in NII.
- NIM declined by 52bps YoY to 3.10% on higher funding costs.
- Net income grew 6% as decrease in impairments was partly offset by rising expenses.

### Operating Income

**4,674**

SAR Million

► +0% year-on-year

### NIM

**3.10%**

▼ -52bps year-on-year

### Net Income

**2,279**

SAR Million

▲ +6% year-on-year

## Asset Quality

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

### NPL Ratio

0.94%

▼ -148bps year-on-year

### NPL Coverage

161.9%

▲ +28.6ppts year-on-year

### Cost of Risk

0.60%

▼ -48bps year-on-year

## Capital & Liquidity

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

### T1 Ratio

17.4%

▼ -1.6ppts year-on-year

### LCR

187%

▲ +7ppts year-on-year

### NIBD % of Total Deposits

42.8%

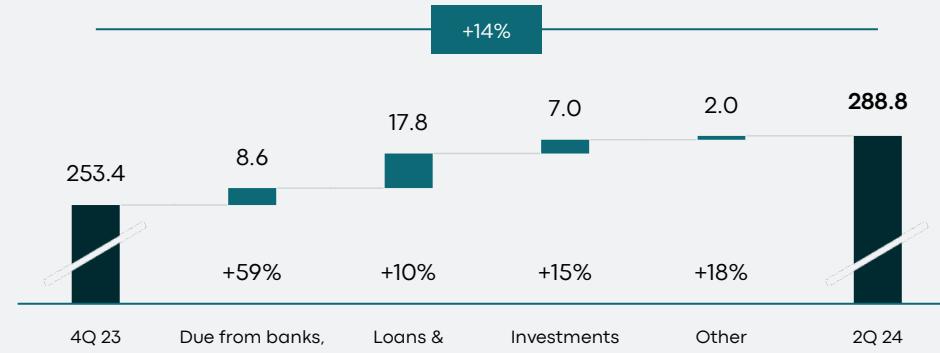
▼ -16.6ppts year-on-year

## Balance Sheet

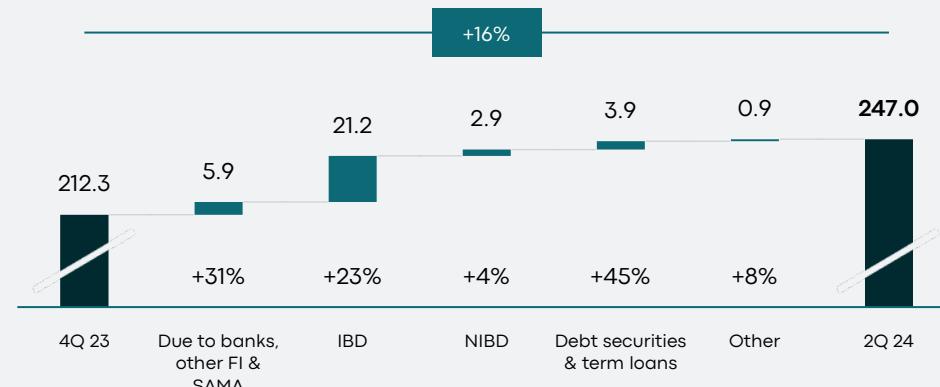
- Growth in total assets of 14% YTD, mainly driven by 10% loan growth, further aided by an increase in due from banks and investments.
- The investment portfolio expanded by 15% YTD from high-quality liquid assets to capture higher yields, while managing interest rate risk.
- Liabilities grew by 16% during 1H 2024 from a 14% deposit growth, a 31% increase in interbank, and a 45% rise in debt securities.
- Total equity increased 2% YTD due to retained earnings generation.

SAR Mn	2Q 2024	1Q 2024	Δ%	4Q 2023	Δ%
Investments	55,506	52,923	+5%	48,467	+15%
Loans & advances	197,160	185,408	+6%	179,391	+10%
<b>Total assets</b>	<b>288,826</b>	<b>268,376</b>	<b>+8%</b>	<b>253,383</b>	<b>+14%</b>
Customers' deposits	196,248	174,828	+12%	172,209	+14%
<b>Total liabilities</b>	<b>247,017</b>	<b>226,448</b>	<b>+9%</b>	<b>212,262</b>	<b>+16%</b>
<b>Total equity</b>	<b>41,809</b>	<b>41,928</b>	<b>-0%</b>	<b>41,121</b>	<b>+2%</b>

## Total Assets Movement YTD (SAR Bn)



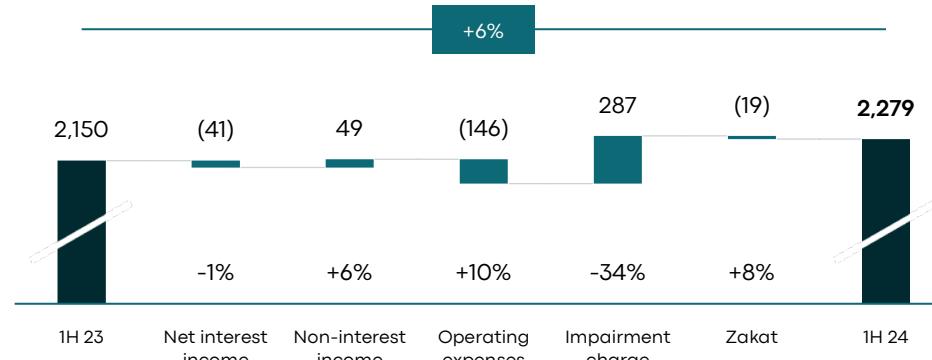
## Total Liabilities Movement YTD (SAR Bn)



## Income Statement

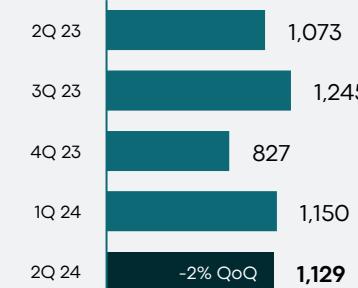
- Net income for 1H 2024 grew 6% YoY to SAR 2,279mn from a 34% decline in the impairment charge, partly offset by 10% growth in operating expenses.
- Total operating income was flat YoY, with net interest income declining by 1% and non-interest income increasing by 6%.
- Quarterly net income increased by 5% YoY and declined by 2% QoQ to SAR 1,129mn.

## Net Income Movement YoY (SAR Mn)

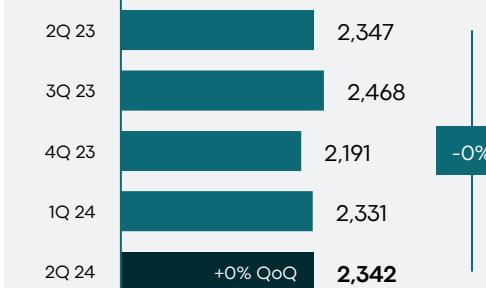


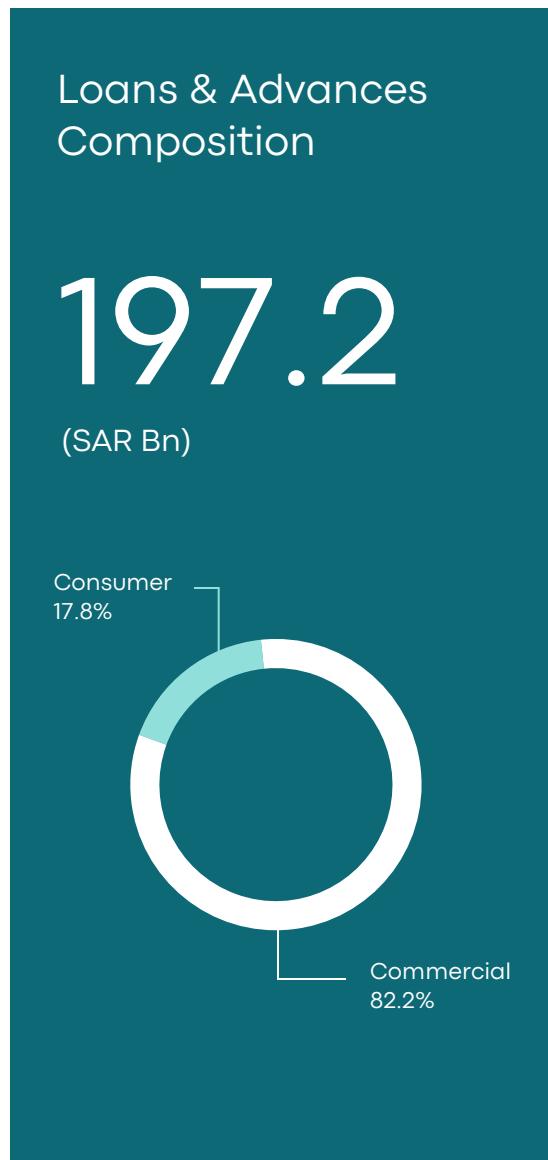
SAR Mn	1H 2024	1H 2023	Δ%	2Q 2024	2Q 2023	Δ%
Net interest income	3,858	3,899	-1%	1,940	1,976	-2%
Non-interest income	815	766	+6%	402	372	+8%
Operating income	4,674	4,665	+0%	2,342	2,347	-0%
Operating expenses	(1,582)	(1,436)	+10%	(809)	(724)	+12%
Pre-impairment operating income	3,091	3,230	-4%	1,533	1,624	-6%
Impairment charge	(550)	(837)	-34%	(274)	(431)	-36%
Net income before zakat	2,542	2,393	+6%	1,260	1,193	+6%
Zakat	(263)	(243)	+8%	(130)	(120)	+9%
<b>Net income</b>	<b>2,279</b>	<b>2,150</b>	<b>+6%</b>	<b>1,129</b>	<b>1,073</b>	<b>+5%</b>
ROAE	10.95%	10.90%	+6bps	10.79%	10.78%	+0bps

## Net Income



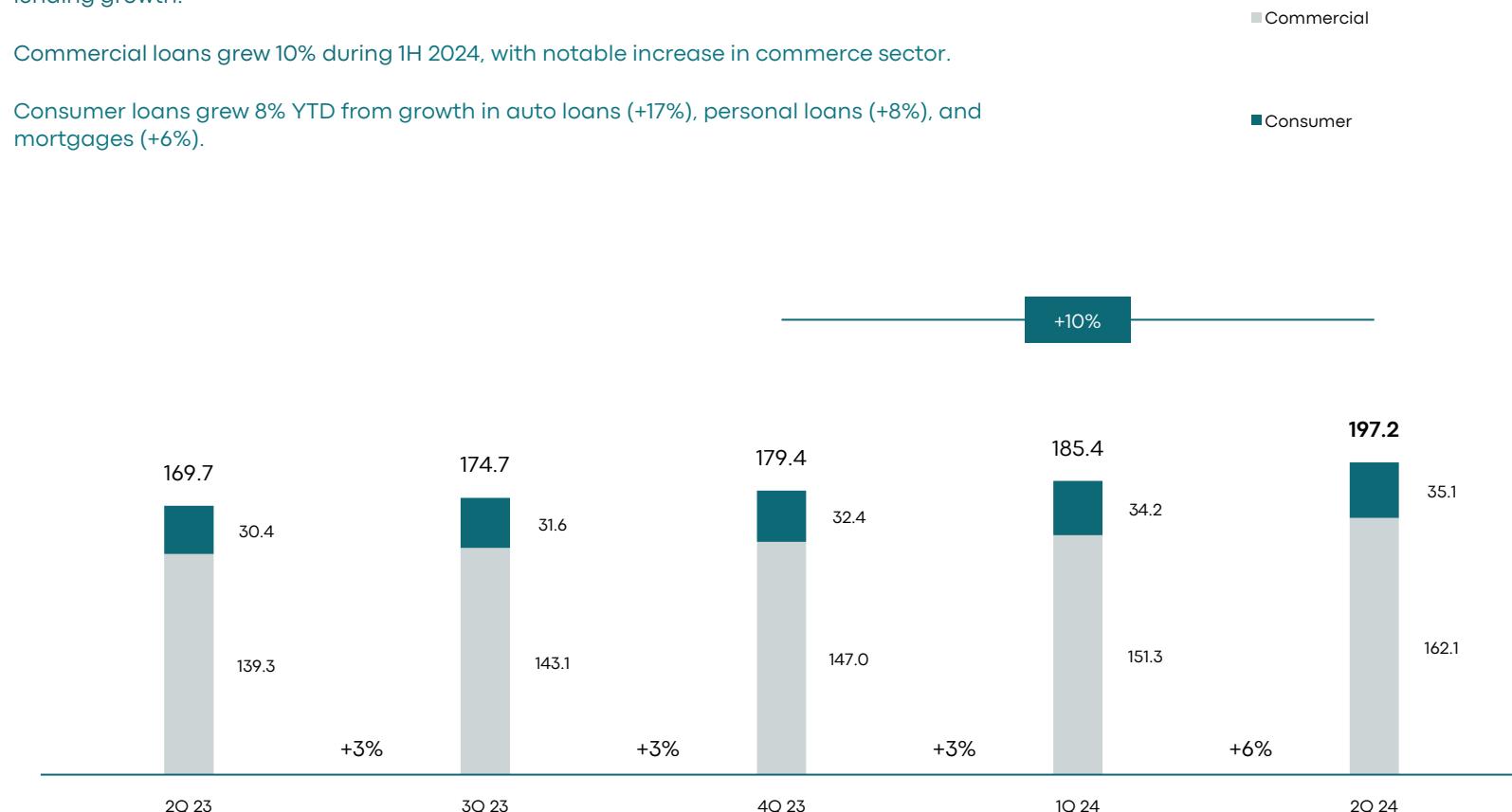
## Operating Income



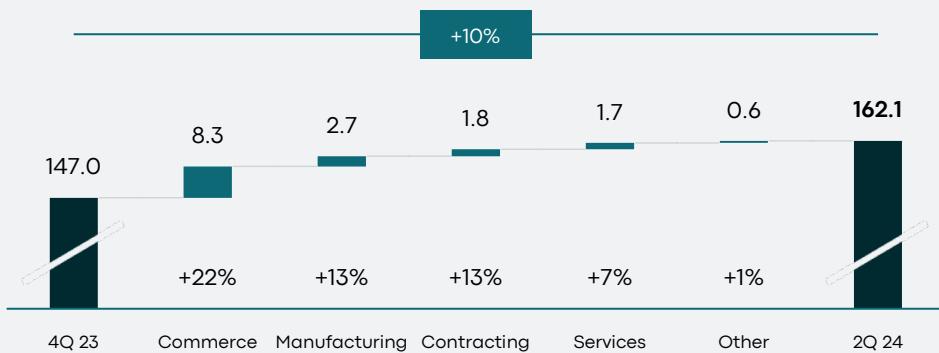


## Loans & Advances (SAR Bn)

- Total loans & advances grew 10% during 1H 2024 from both consumer and commercial lending growth.
- Commercial loans grew 10% during 1H 2024, with notable increase in commerce sector.
- Consumer loans grew 8% YTD from growth in auto loans (+17%), personal loans (+8%), and mortgages (+6%).



## Commercial Loans Movement YTD (SAR Bn)



## Commercial Loans Composition



**162.1**  
(SAR Bn)

## Consumer Loans Movement YTD (SAR Bn)



## Consumer Loans Composition

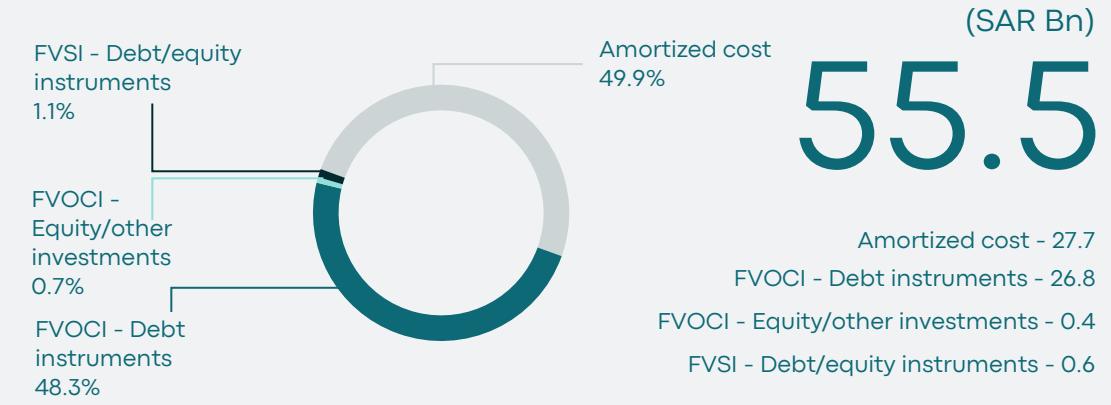


**35.1**  
(SAR Bn)

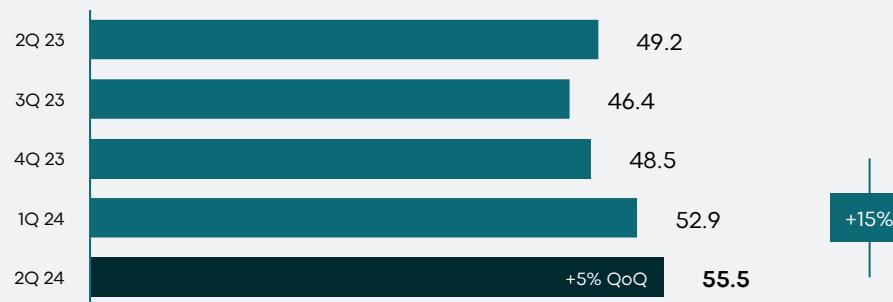
## Investments

- Investments increased 15% YTD to manage interest rate risk while capturing higher yields.
- The investment portfolio is of high quality with a significant portion being Saudi Government and investment grade.

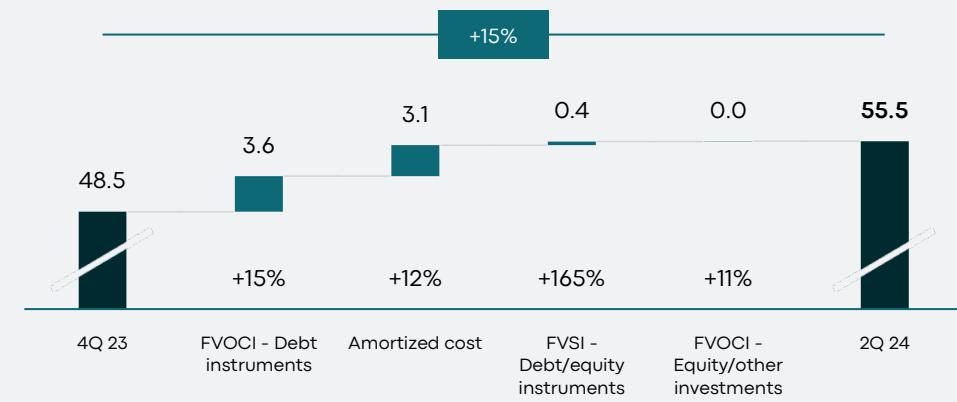
## Investments Composition by Category



## Investments (SAR Bn)



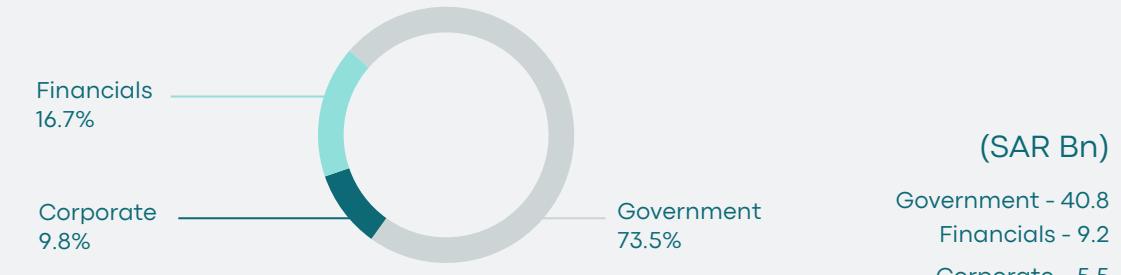
## Investments Movement by Category YTD (SAR Bn)



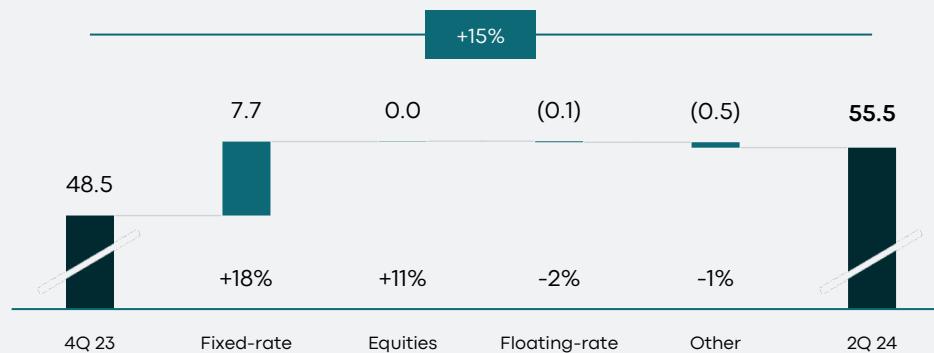
## Investments Composition by Type



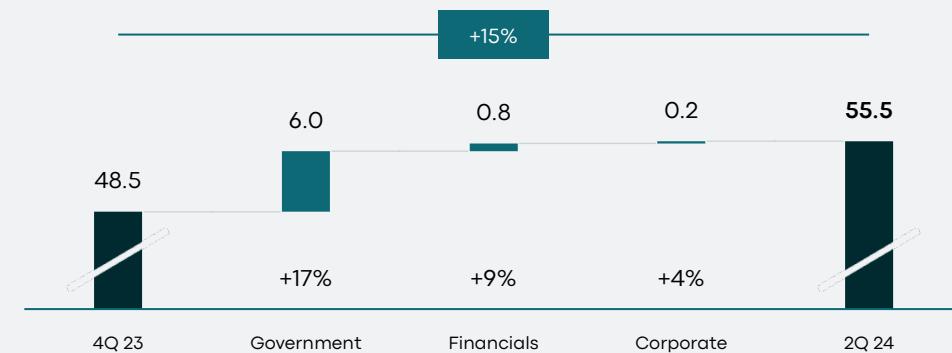
## Investments Composition by Sector



## Investments Movement by Type YTD (SAR Bn)



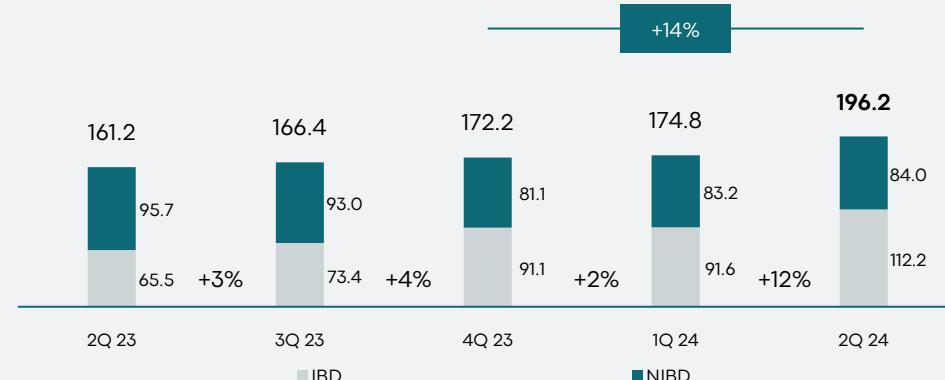
## Investments Movement by Sector YTD (SAR Bn)



## Customers' Deposits

- Deposits grew 14% during 1H 2024 primarily from increased IBDs.
- NIBD's increased 4% YTD and IBD's increased 23% YTD, mainly from corporate deposits.
- As of 30 June 2024, 42.8% of deposits were non-interest bearing.

## Customers' Deposits (SAR Bn)



## NIBD % of Total Deposits (%)



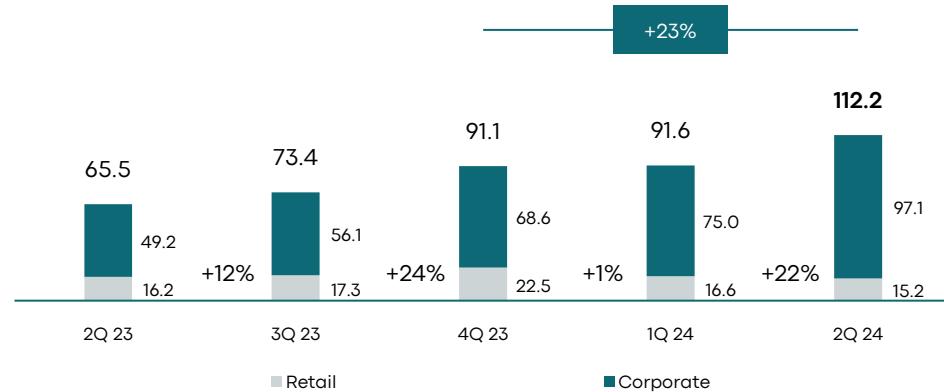
## Customers' Deposits Movement YTD (SAR Bn)



## Customers' Deposits Movement YTD (SAR Bn)



## IBD (SAR Bn)

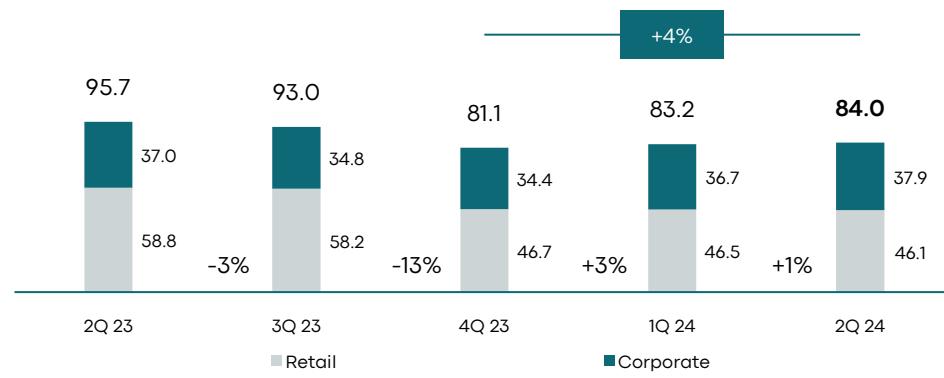


## Customers' Deposits Composition



**196.2**  
(SAR Bn)

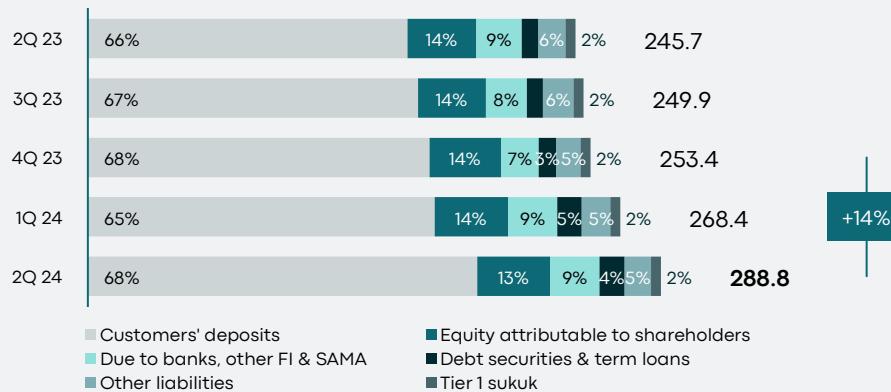
## NIBD (SAR Bn)



## Funding Structure

- ◆ BSF's funding is largely comprised of customers' deposits which represented 79% of total liabilities and 68% of total liabilities and equity as of 30 June 2024.
- ◆ BSF has a proven track record of accessing other funding options including local and international debt capital markets.
- ◆ In 1H 2024, BSF via BSF Sukuk Company Limited issued USD 700 million senior unsecured trust certificates, maturing in 2029 and issued USD 30 million of EMTN program, demonstrating its capability to access multiple funding sources. Overall, during the first half of 2024, the Bank issued debt securities and a term loan totaling USD 1,090 million.

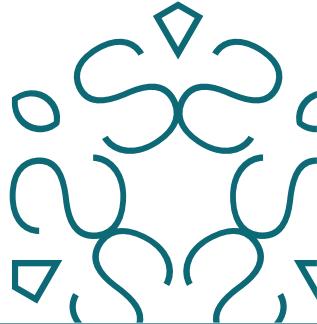
## Funding Structure Overview\* (SAR Bn)



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

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

## Credit Ratings



## Standard & Poor's

A-

► Stable outlook

## Moody's

A2

▲ Positive outlook

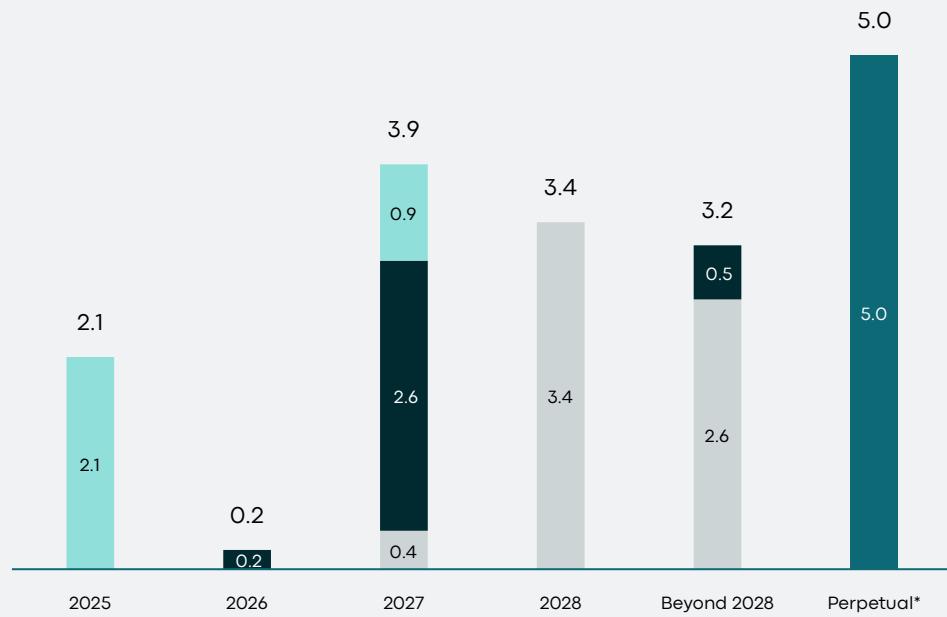
## Fitch

A-

► Stable outlook

## Maturity Profile (SAR Bn)

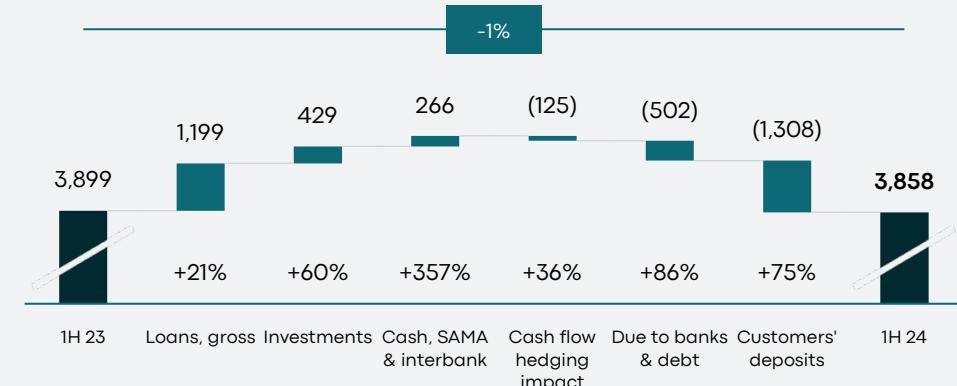
- Syndicated facilities
- Bonds
- Sukuk
- Tier 1 Sukuk



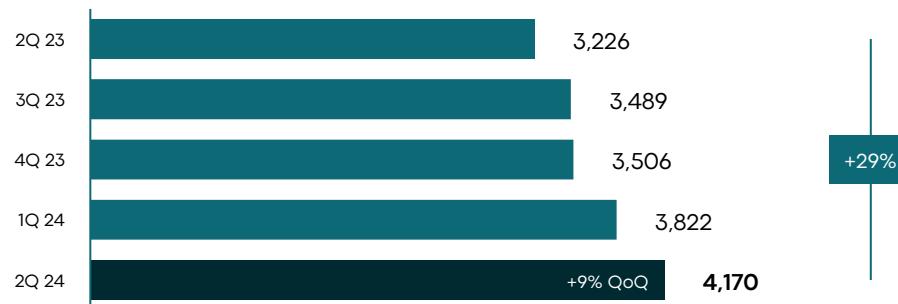
## Net Interest Income

- NII for 1H 2024 declined by 1% YoY to SAR 3,858mn, with 15% average earnings assets growth offset by margin contraction.
- Interest income rose 28% YoY to SAR 7,991mn in 1H 2024, while funding costs rose 78% to SAR 4,133mn.

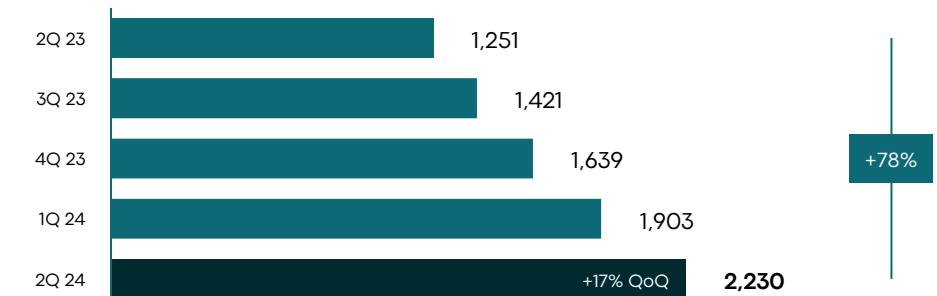
## Net Interest Income Movement YoY (SAR Mn)



## Interest Income (SAR Mn)



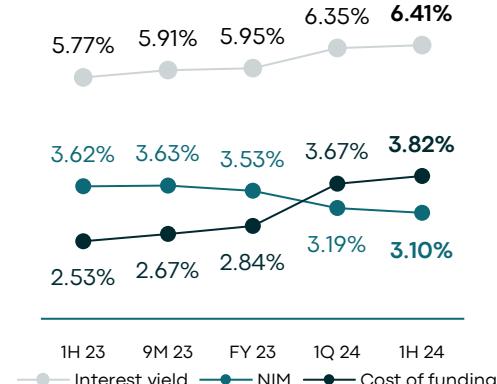
## Interest Expense (SAR Mn)



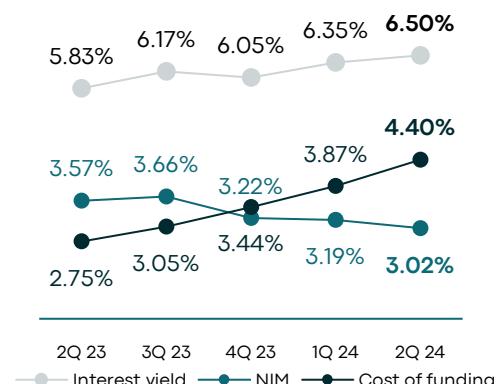
## Net Interest Margin

- The NIM declined 52bps YoY to 3.10% due to increased costs on customers' deposits, partly offset by the higher yields on loans, investments and interbank.
- On a sequential basis, quarterly NIM was declining by 17bps QoQ.
- Funding costs increased by 129bps YoY to 3.82% in 1H 2024.

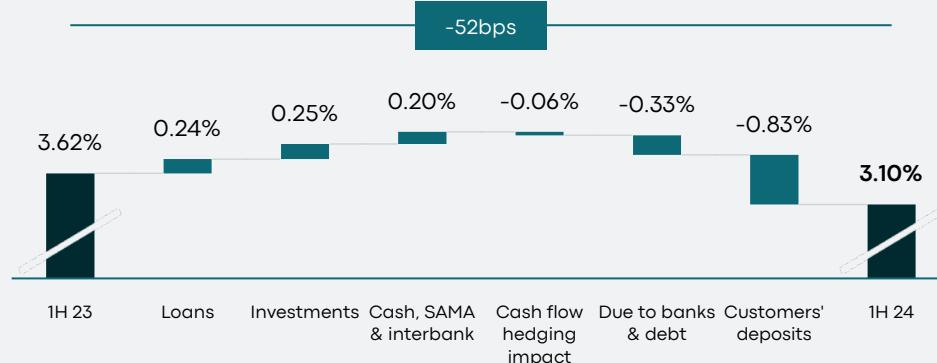
## YTD NIM Trend



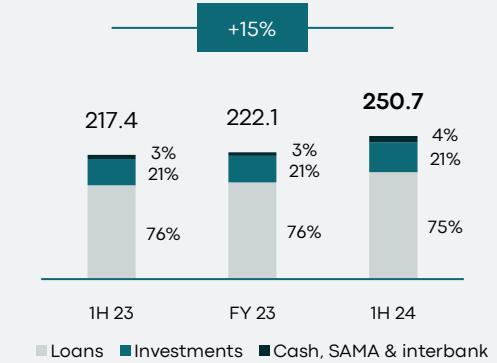
## Quarterly NIM Trend



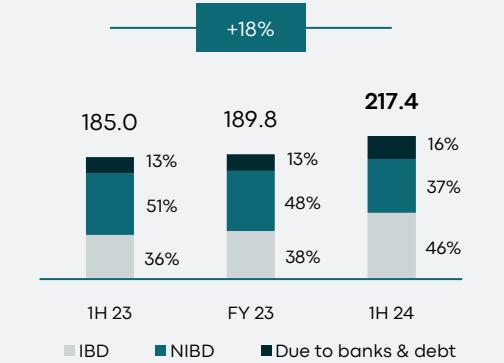
## NIM Movement YoY (%)



## Average Interest Earning Assets (SAR Bn)



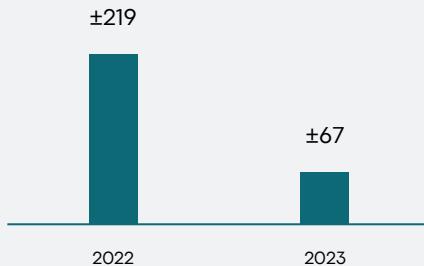
## Average Interest Bearing Liabilities (SAR Bn)



## NIM Sensitivity

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

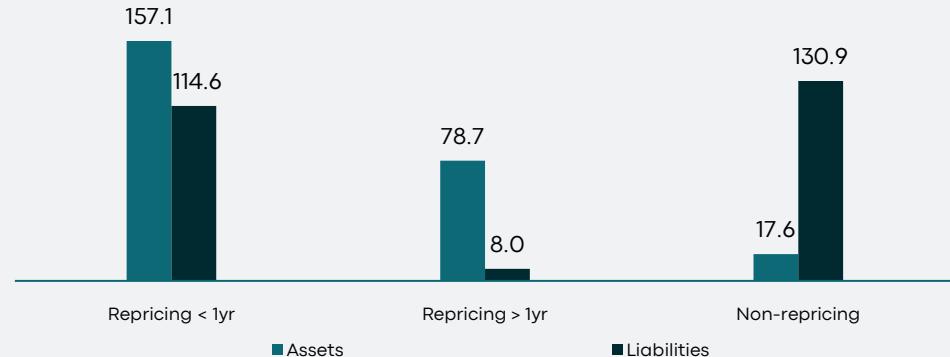
## NII Impact of ±100bps Rate Change (SAR Mn)



## NIM Impact of ±100bps Rate Change (%)



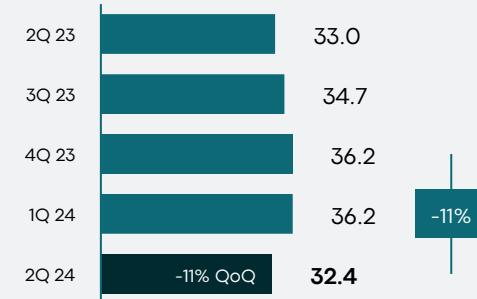
## Balance Sheet Repricing Profile as at 31 December 2023 (SAR Bn)



## Fixed Assets vs. Fixed Liabilities (%)



## Cash Flow Hedges Swaps (SAR Bn)

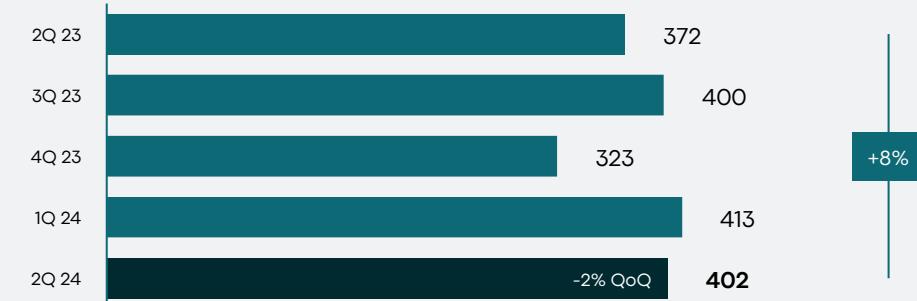


# Non-interest income increased 6% YoY as higher net fee & commission income was partly offset by lower exchange income

## Non-Interest Income

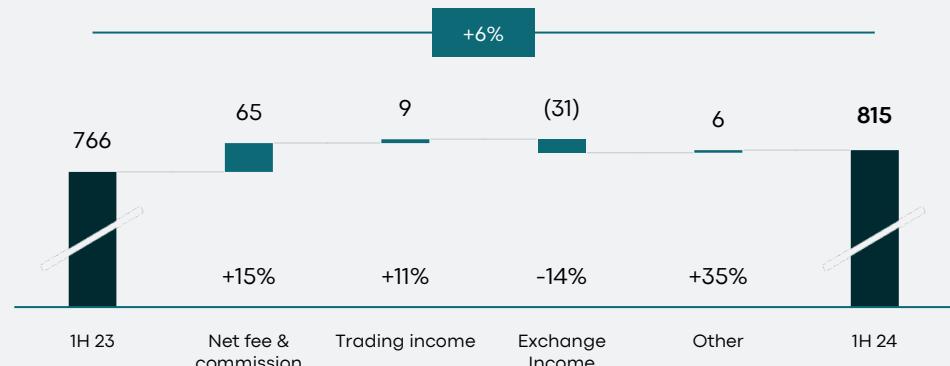
- Non-interest income for 1H 2024 increased 6% YoY to SAR 815mn on improved net fee & commission income and investment-related and trading income, partly offset by lower exchange income.
- Trading income increased 11% YoY to SAR 88mn.
- 2Q 2024 non-interest income increased by 8% YoY and declined by 2% QoQ from lower trading income.

## Non-interest Income (SAR Mn)



SAR Mn	1H 2024	1H 2023	Δ%	2Q 2024	2Q 2023	Δ%
Fee & commission income	823	703	+17%	458	347	+32%
Fee & commission expenses	311	256	+21%	194	136	+42%
Net fee & commission income	512	446	+15%	264	211	+25%
Exchange Income	(193)	(224)	-14%	(93)	(100)	-7%
Trading income	88	79	+11%	28	48	-41%
Banking-related income	(793)	(749)	+6%	(386)	(360)	+7%
Investment-related income	22	11	+95%	16	8	+119%
Other income	(0)	(5)	-95%	(0)	(5)	-99%
<b>Non-interest income</b>	<b>815</b>	<b>766</b>	<b>+6%</b>	<b>402</b>	<b>372</b>	<b>+8%</b>

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



# Fee & commission income increased 15% YoY, mainly from improved brokerage & asset management income



## Fee & Commission Income

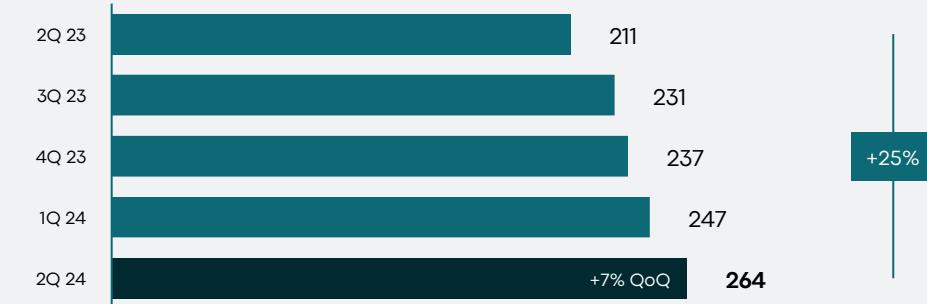
- Net fee & commission grew 15% to SAR 512mn in 1H 2024 due to higher brokerage & asset management income and trade finance, partially offset by lower card fees.

## Fee & Commission Income Composition

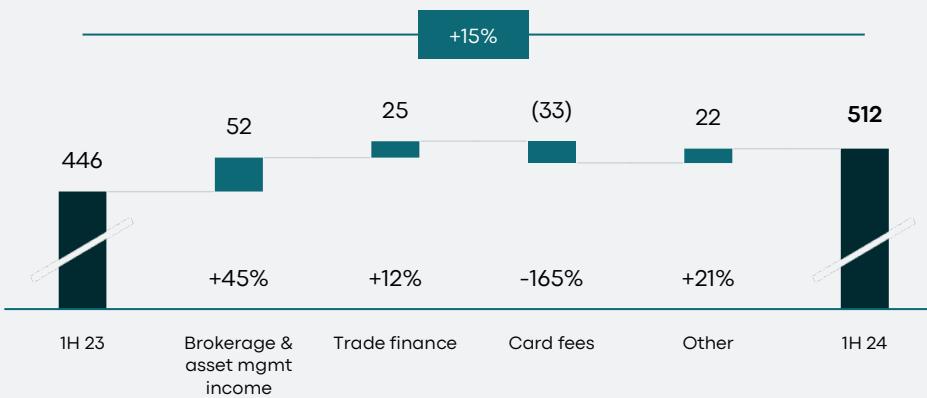


**512**  
(SAR Mn)

## Fee & Commission Income (SAR Mn)



## Fee & Commission Income Movement YoY (SAR Mn)

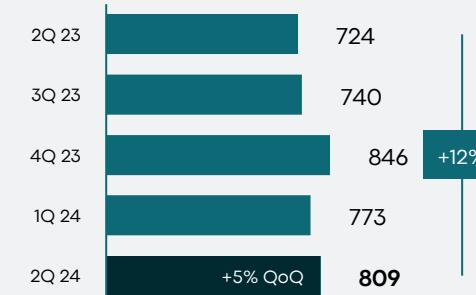


# Operating expenses growth of 10% YoY mainly from higher employee-related expenses and G&A

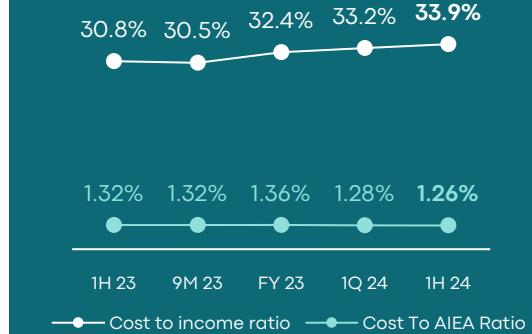
## Operating Expenses

- Operating expenses increased 10% YoY to SAR 1,582mn in 1H 2024 mainly due to increased employee-related costs, as well as higher G&A and depreciation.
- Cost to income ratio increased by 3.1pps YoY to 33.9% in 1H 2024 from 30.8% in 1H 2023.
- At the same time, operating expenses as a percentage of average interest-earning assets (AIEA) decreased 6bps YoY to 1.26% for 1H 2024 due to faster expansion of AIEA (+14%) relative to expense growth (+10%).
- Quarterly operating expenses increased 5% QoQ, mainly due to the rising general and administrative expenses.

## Operating Expenses (SAR Mn)



## Cost Ratios (%)

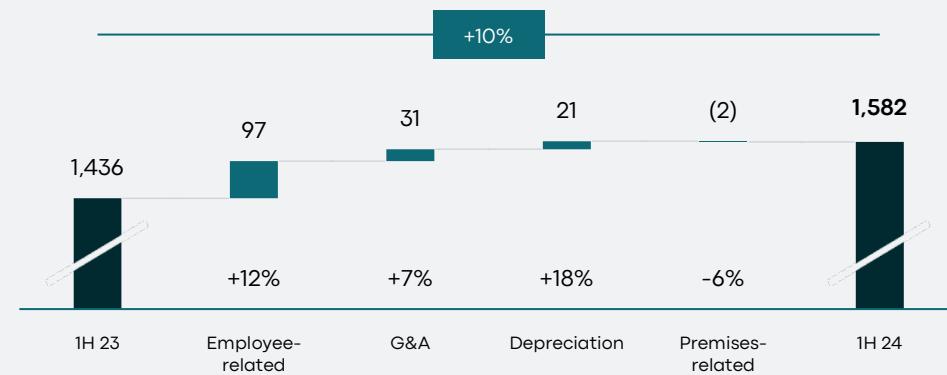


## Operating Expenses Composition



**1,582**  
(SAR Mn)

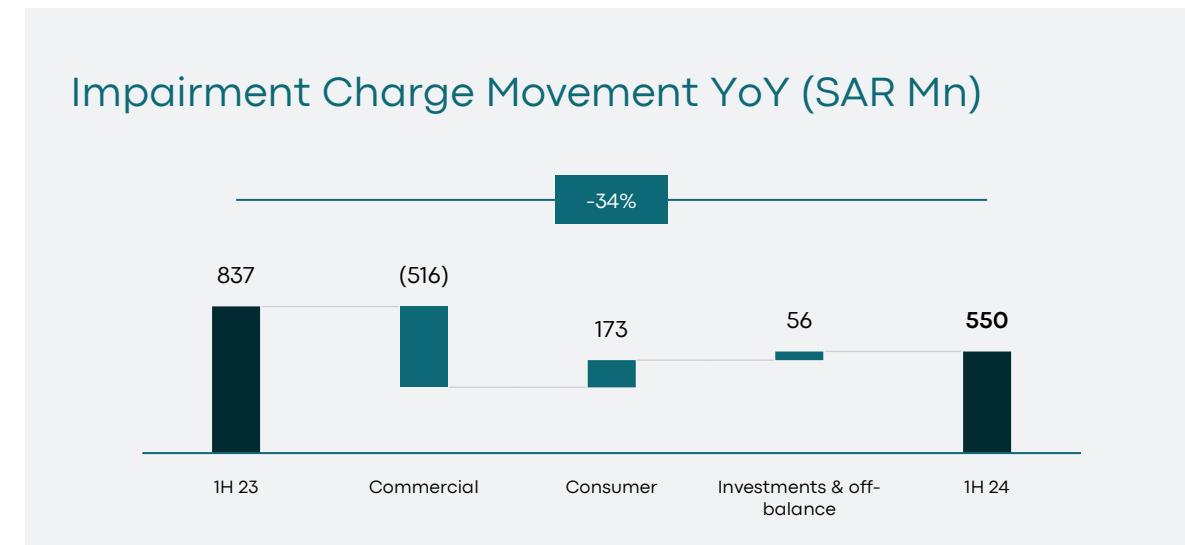
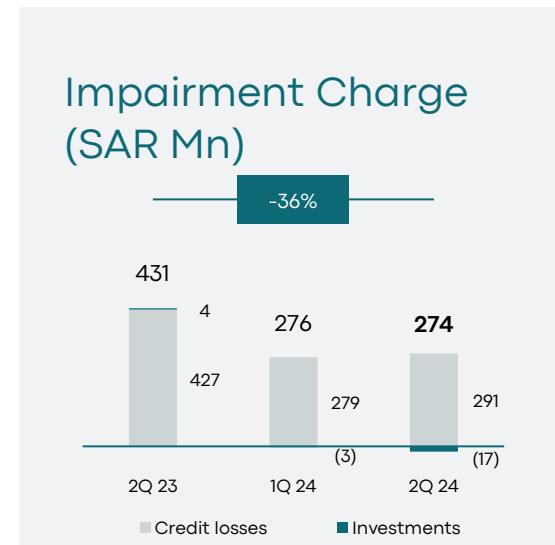
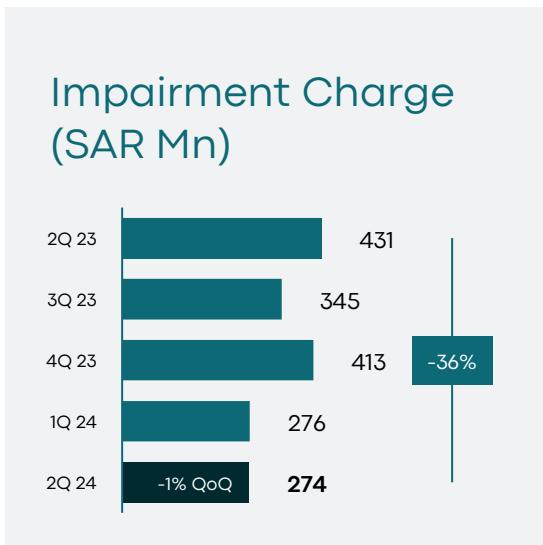
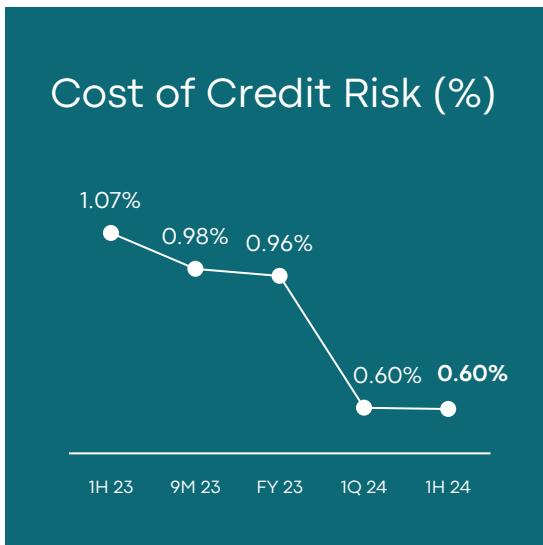
## Operating Expenses Movement YoY (SAR Mn)



# Cost of risk decreased by 48bps YoY to 0.60% for 1H 2024 from lower commercial impairments

## Impairment Charge

- The total impairment charge for 1H 2024 decreased by 34% YoY to SAR 550mn, mainly from lower commercial impairments, partly offset by higher consumer and investment & off-balance impairments.
- In combination with healthy loan growth, this resulted in a 48bps YoY improvement in cost of risk to 0.60% for 1H 2024, which was stable QoQ.



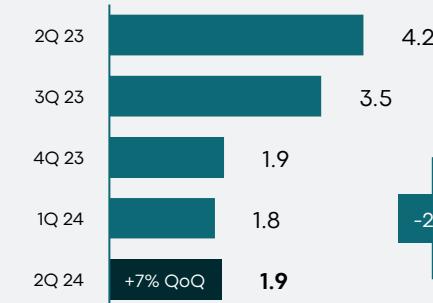
## NPL Ratio

- The NPL ratio improved 12bps YTD to 0.94% as NPLs declined 2% on write-offs during 1Q 2024 in the commercial book relative to 10% gross loan growth.

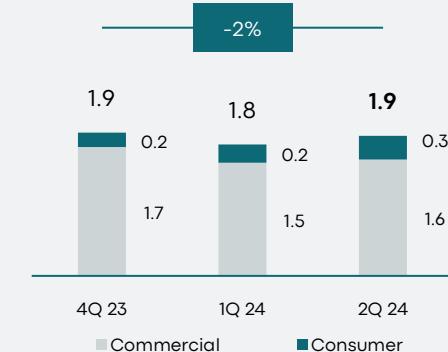
## NPL Ratio (%)



## Non Performing Loans & Advances (SAR Bn)



## Non Performing Loans & Advances (SAR Bn)



## Commercial NPL Ratio

**0.95%**

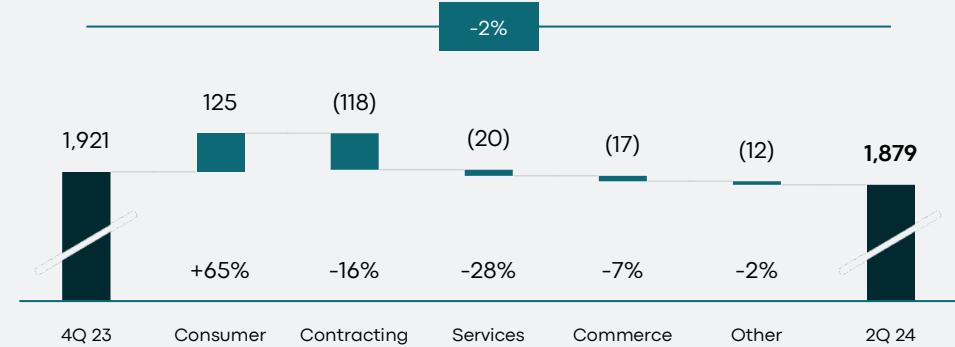
▼ -21bps year-to-date

## Consumer NPL Ratio

**0.90%**

▲ +31bps year-to-date

## Total Non Performing Movement YTD (SAR Mn)



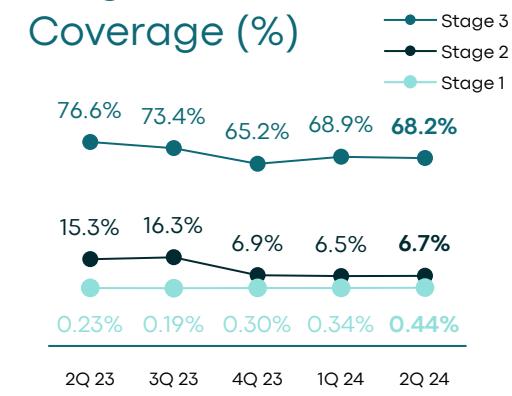
## NPL Coverage

- The NPL coverage ratio improved by 24.2ppts YTD to 161.9%, attributed to enhancements in commercial coverage.
- Stage 3 coverage improved 3.0 ppts during 1H 2024 to 68.2%, stage 2 coverage declined 0.2ppts to 6.7%, while stage 1 coverage improved 0.1ppts to 0.44%.

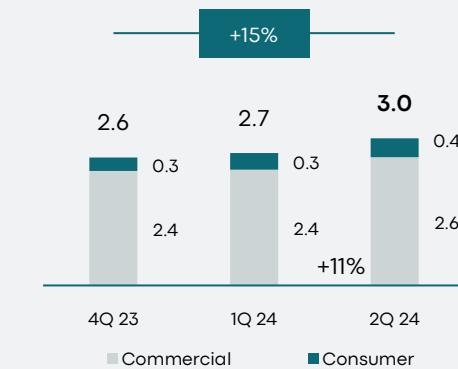
## NPL Coverage Ratio (%)



## Stage-Wise Provision Coverage (%)



## Allowance for Impairment (SAR Bn)



Commercial  
NPL

# 169.7%

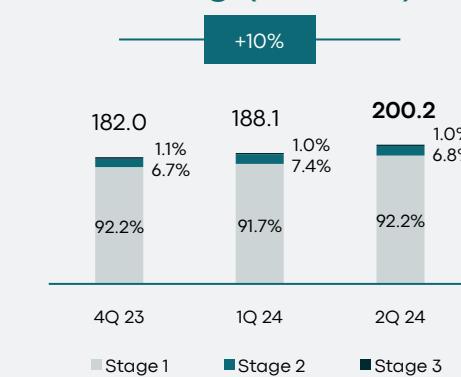
▲ +32.6ppts year-to-date

Consumer  
NPL Coverage

# 123.2%

▼ -19.2ppts year-to-date

## Stage-Wise Gross Financing (SAR Bn)



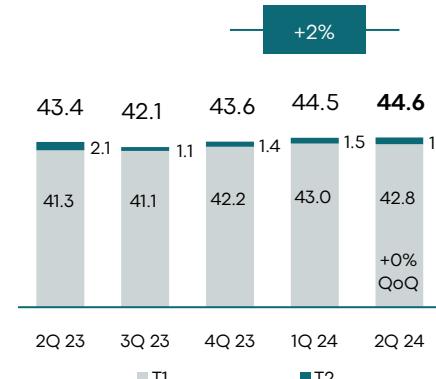
## Stage-Wise ECL Allowances (SAR Bn)



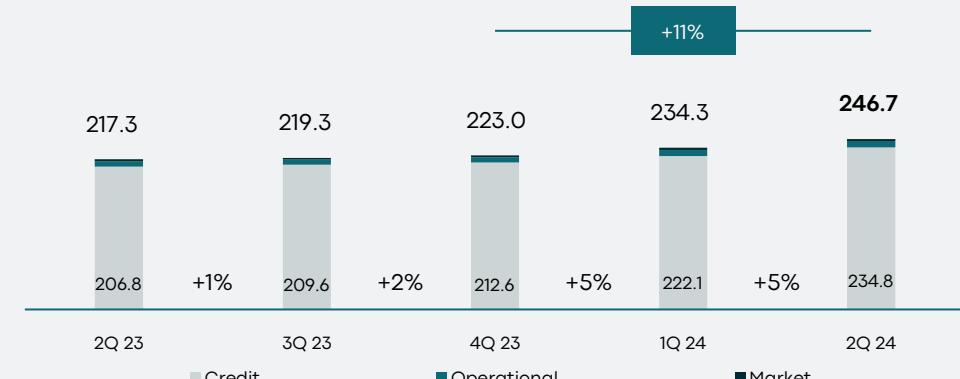
## Capital

- Total capital (Tier 1 + Tier 2 regulatory capital) increased 2% YTD to SAR 44.6bn during 1H 2024 as net income generation was partly offset by dividend payments.
- RWAs increased 11% YTD during 1H 2024 to SAR 246.7bn from lending growth.
- CAR was 18.1% and the Tier 1 ratio was 17.4% as of 30 June 2024.

### Total Capital (SAR Bn)



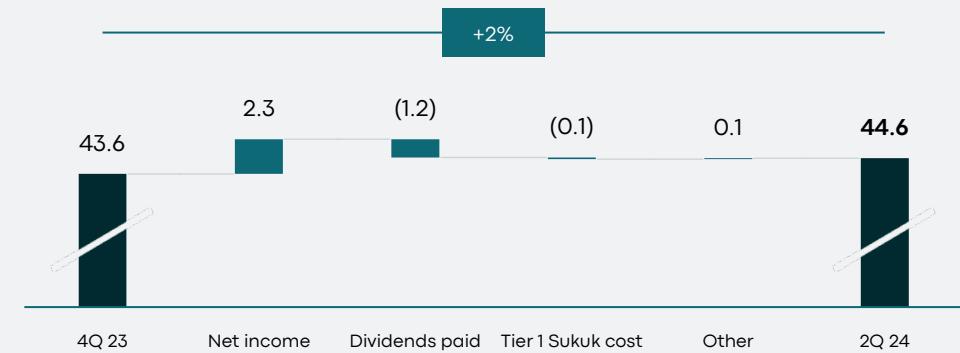
### RWA (SAR Bn)



## CAR (%)



### Total Capital Movement YTD (SAR Bn)



## Liquidity

- LCR moderated 9pps to 187% during 1H 2024.
- NSFR was broadly stable YTD at 118% as of 30 June 2024.
- The SAMA regulatory LTD ratio was within required levels at 81.0% as of 30 June 2024, while the headline ratio decreased to 100.5%.

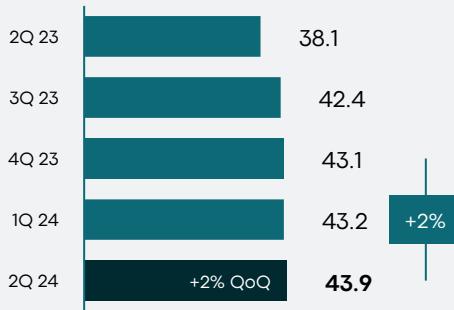
## Leverage Ratio (%)



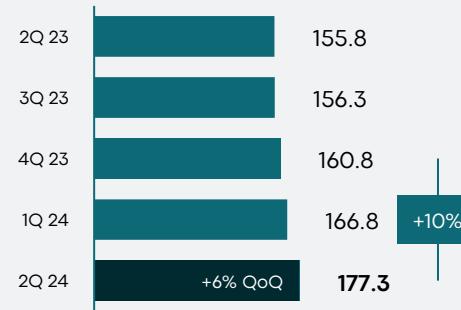
## LTD Ratios (%)



## HQLA (SAR Bn)



## Available Stable Funding (SAR Bn)



## LCR & NSFR (%)

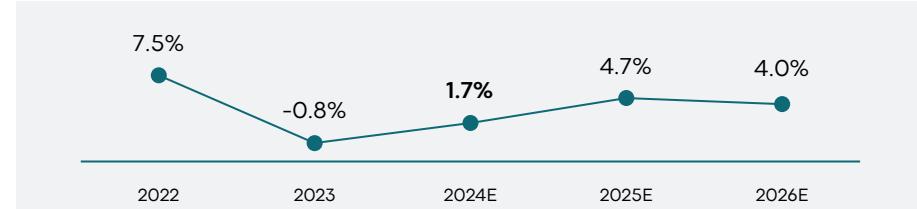
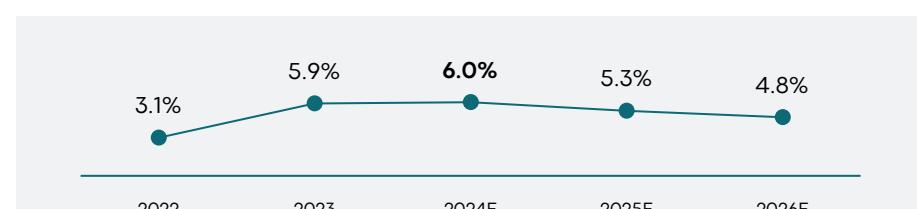




# Outlook & Guidance

Investor Presentation 1H 2024

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

Metric	2023 Outcome	2024 Outlook	Trend												
Saudi Arabia Real GDP Growth	-0.8%	+1.7%	<b>Real GDP Growth trend:</b>  <table border="1"> <thead> <tr> <th>Year</th> <th>Real GDP Growth (%)</th> </tr> </thead> <tbody> <tr><td>2022</td><td>7.5%</td></tr> <tr><td>2023</td><td>-0.8%</td></tr> <tr><td>2024E</td><td>1.7%</td></tr> <tr><td>2025E</td><td>4.7%</td></tr> <tr><td>2026E</td><td>4.0%</td></tr> </tbody> </table>	Year	Real GDP Growth (%)	2022	7.5%	2023	-0.8%	2024E	1.7%	2025E	4.7%	2026E	4.0%
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Saudi Arabia Non-oil GDP Growth	+3.8%	+3.9%	<b>Non-oil GDP Growth trend:</b>  <table border="1"> <thead> <tr> <th>Year</th> <th>Non-oil GDP Growth (%)</th> </tr> </thead> <tbody> <tr><td>2022</td><td>5.3%</td></tr> <tr><td>2023</td><td>3.8%</td></tr> <tr><td>2024E</td><td>3.9%</td></tr> <tr><td>2025E</td><td>5.3%</td></tr> <tr><td>2026E</td><td>5.3%</td></tr> </tbody> </table>	Year	Non-oil GDP Growth (%)	2022	5.3%	2023	3.8%	2024E	3.9%	2025E	5.3%	2026E	5.3%
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Oil prices (Brent/Barrel)	82.3 USD	USD 80.6	<b>Brent Avg Oil Prices / Barrel (USD):</b>  <table border="1"> <thead> <tr> <th>Year</th> <th>Brent Avg Oil Prices / Barrel (USD)</th> </tr> </thead> <tbody> <tr><td>2022</td><td>99.0</td></tr> <tr><td>2023</td><td>82.3</td></tr> <tr><td>2024E</td><td>80.6</td></tr> <tr><td>2025E</td><td>75.6</td></tr> <tr><td>2026E</td><td>72.6</td></tr> </tbody> </table>	Year	Brent Avg Oil Prices / Barrel (USD)	2022	99.0	2023	82.3	2024E	80.6	2025E	75.6	2026E	72.6
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Interest rates	5.9% SAIBOR 3m avg	50bps rate cuts towards year-end	<b>SAIBOR SAR 3M avg (%):</b>  <table border="1"> <thead> <tr> <th>Year</th> <th>SAIBOR SAR 3M avg (%)</th> </tr> </thead> <tbody> <tr><td>2022</td><td>3.1%</td></tr> <tr><td>2023</td><td>5.9%</td></tr> <tr><td>2024E</td><td>6.0%</td></tr> <tr><td>2025E</td><td>5.3%</td></tr> <tr><td>2026E</td><td>4.8%</td></tr> </tbody> </table>	Year	SAIBOR SAR 3M avg (%)	2022	3.1%	2023	5.9%	2024E	6.0%	2025E	5.3%	2026E	4.8%
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# BSF is upgrading the loan guidance and CoR, while moderating the NIM, CIR, and CET1 guidance



Metric	1H 2024 Outcome	2024 Guidance	Revision	2024 Guidance Drivers
Loans & Advances Growth	+9.9% ▲ YTD SAR Bn 197.2	Mid-teens	revised up from low double-digits	Raised guidance reflects robust loan growth in 1H 2024, coupled with a more selective approach and anticipated repayments in 2H2024.
Net Interest Margin	3.10% ▼ -52 bps YOY	3.00 - 3.15%	revised down from 3.1-3.3%	Lower margin due to the higher-than-expected growth of IBDs amid the high interest rate environment.
Cost of Risk	60bps ▼ -48 bps YOY	55-65bps	revised down from 60-70bps	Normalizing cost of risk in relatively benign credit environment and absence of provisioning for isolated legacy exposures.
Cost to Income Ratio	33.9% ▲ +3.1 ppts YOY	<33%	revised up from <32%	Guidance is revised up based on the 1H 2024 performance with some improvements expected in 2H 2024.
Return on Equity	11.0% ► +6 bps YOY	11-13%	unchanged	Returns guidance reflects the impact of financing expansion, a modest margin decline, and improving risk costs.
Core Equity Tier 1 Ratio	15.3% ▼ -134 bps YTD	16-17%	revised down from 17-18%	Capital ratios have been revised downward due to higher-than-expected loan growth, though they remain at a comfortable level.

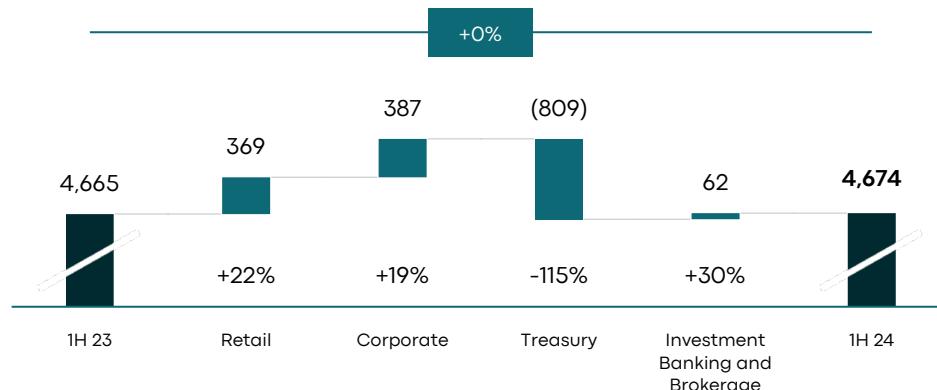


# Segmental Performance

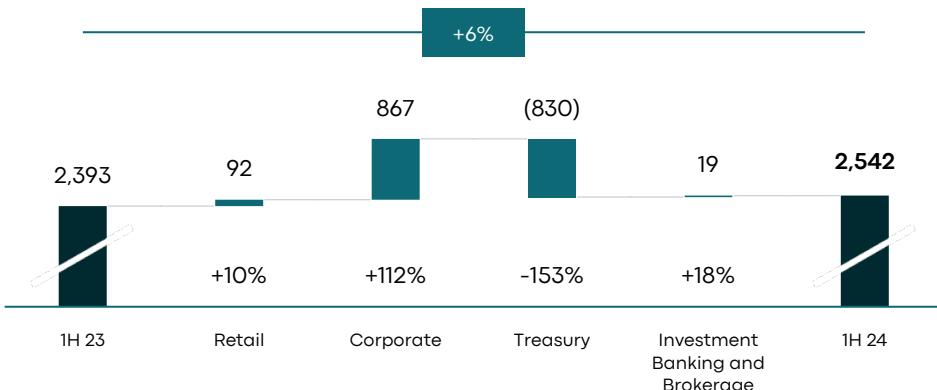
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## Operating Income Movement YoY (SAR Mn)



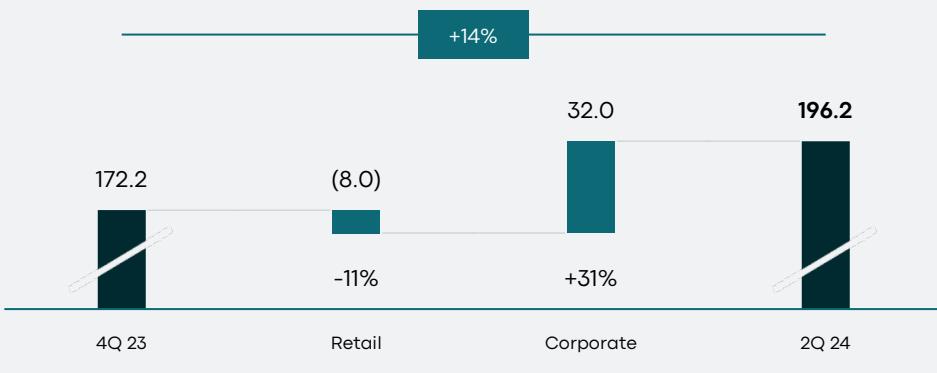
## Net Income Before Zakat Movement YoY (SAR Mn)



## Loans & Advances Movement YTD (SAR Bn)

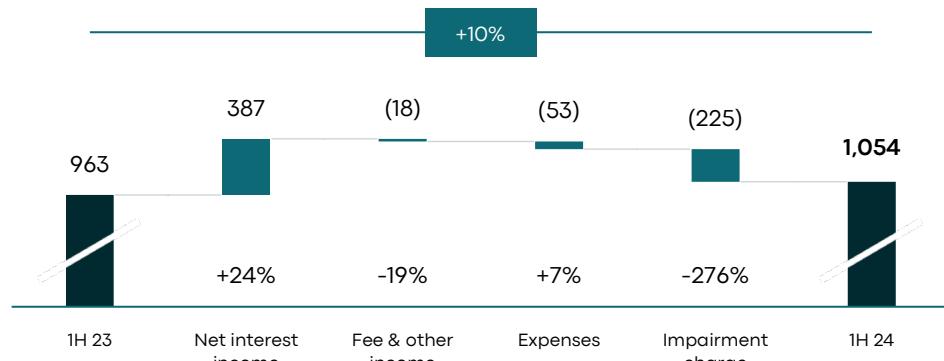


## Customers' Deposits Movement YTD (SAR Bn)

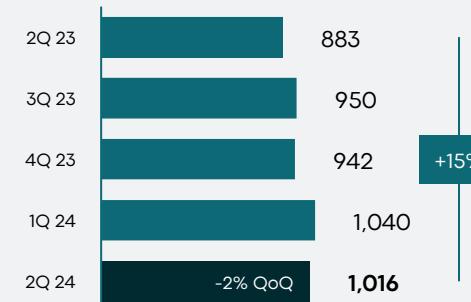


# Retail Segment: Higher profits YoY due to higher net interest income from NIM expansion and loan growth

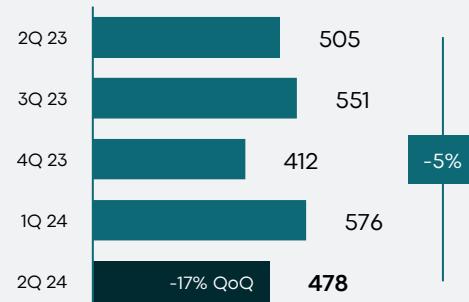
## Net Income Before Zakat Movement YoY (SAR Mn)



## Total Operating Income (SAR Mn)

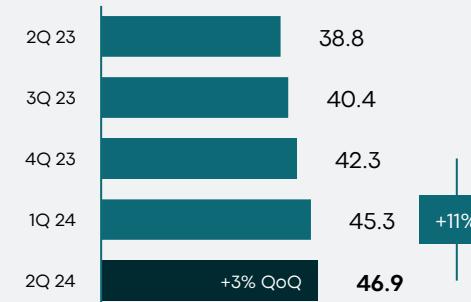


## Net Income Before Zakat (SAR Mn)

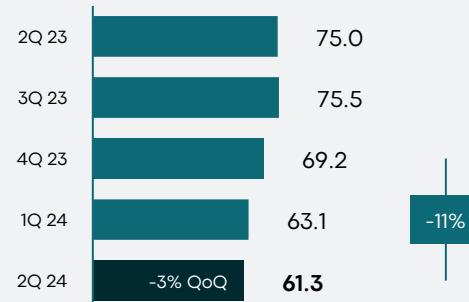


SAR Mn	1H 2024	1H 2023	Δ%	2Q 2024	2Q 2023	Δ%
Net interest income	1,978	1,591	+24%	1,000	851	+18%
Fee & other income	78	96	-19%	16	32	-51%
Total operating income	2,056	1,687	+22%	1,016	883	+15%
Operating expenses	(858)	(806)	+7%	(472)	(405)	+16%
Pre-impairment operating income	1,198	881	+36%	544	477	+14%
Impairment charge	(143)	81	-276%	(65)	28	-335%
<b>Net income before zakat</b>	<b>1,054</b>	<b>963</b>	<b>+10%</b>	<b>478</b>	<b>505</b>	<b>-5%</b>

## Retail Loans (SAR Bn)

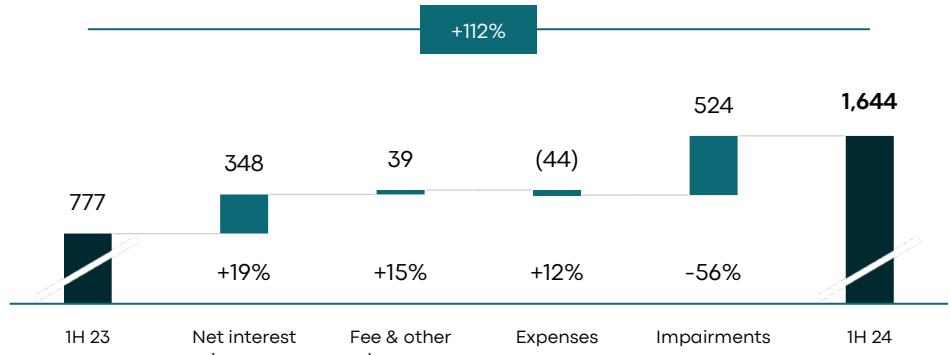


## Retail Deposits (SAR Bn)

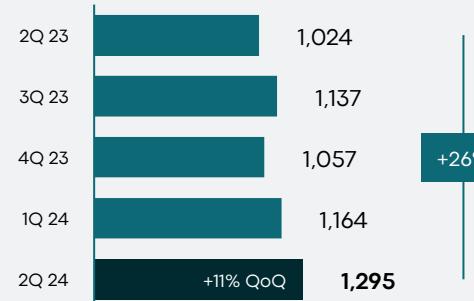


# Corporate Segment: Increased profitability from net interest income growth supported by decreased impairments

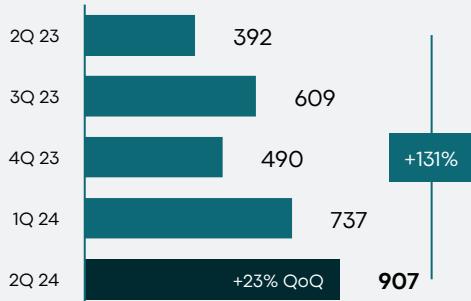
## Net Income Before Zakat Movement YoY (SAR Mn)



## Total Operating Income (SAR Mn)

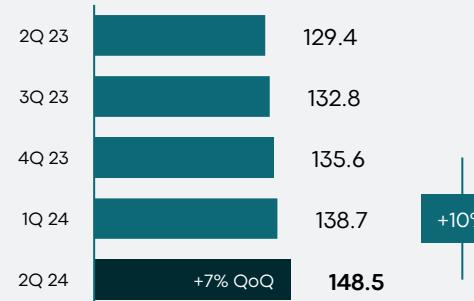


## Net Income Before Zakat (SAR Mn)

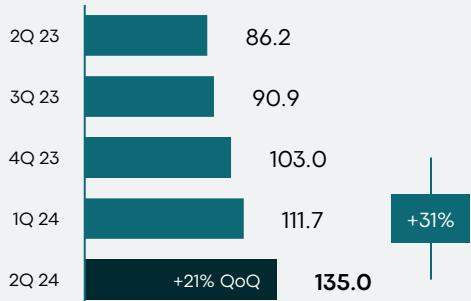


SAR Mn	1H 2024	1H 2023	Δ%	2Q 2024	2Q 2023	Δ%
Net interest income	2,161	1,813	+19%	1,127	892	+26%
Fee & other income	298	259	+15%	168	132	+27%
<b>Total operating income</b>	<b>2,459</b>	<b>2,072</b>	<b>+19%</b>	<b>1,295</b>	<b>1,024</b>	<b>+26%</b>
Expenses	(410)	(367)	+12%	(185)	(174)	+7%
Pre-impairment operating income	2,048	1,706	+20%	1,110	850	+30%
Impairments	(404)	(928)	-56%	(202)	(458)	-56%
<b>Net income before zakat</b>	<b>1,644</b>	<b>777</b>	<b>+112%</b>	<b>907</b>	<b>392</b>	<b>+131%</b>

## Corporate Loans (SAR Bn)



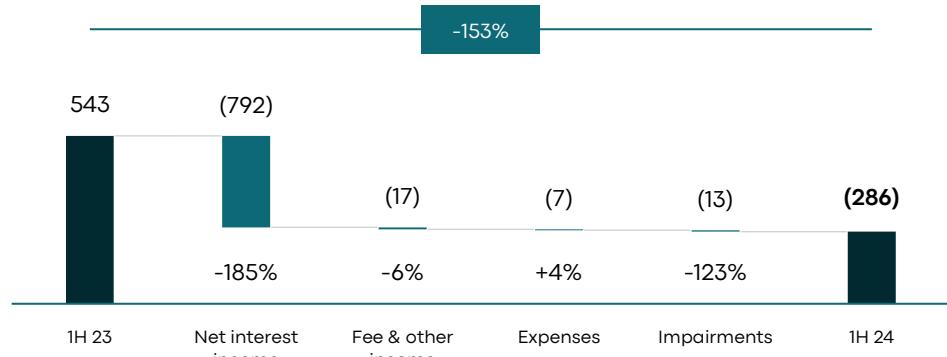
## Corporate Deposits (SAR Bn)



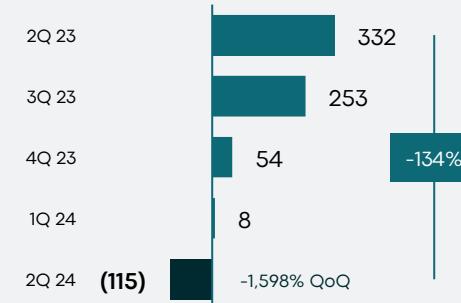
# Treasury Segment: Net income declined due to higher funding costs



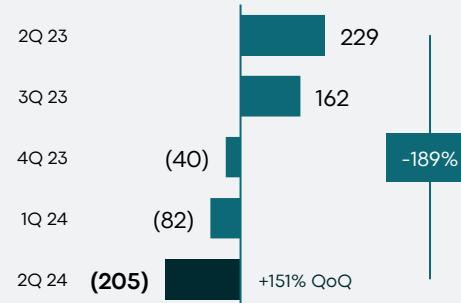
## Net Income Before Zakat Movement YoY (SAR Mn)



## Total Operating Income (SAR Mn)

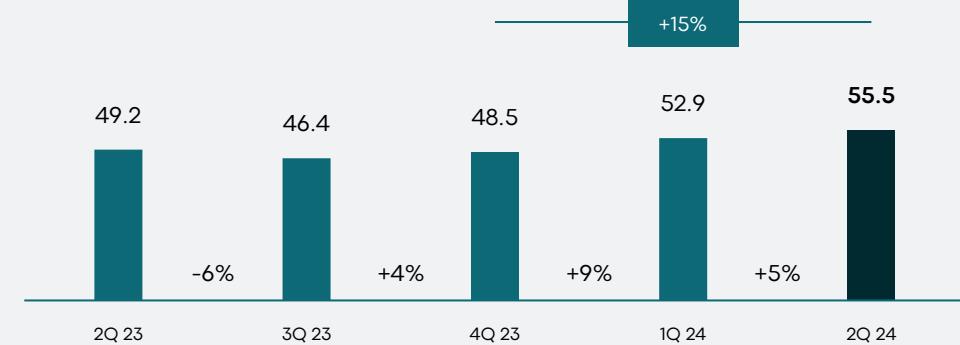


## Net Income Before Zakat (SAR Mn)



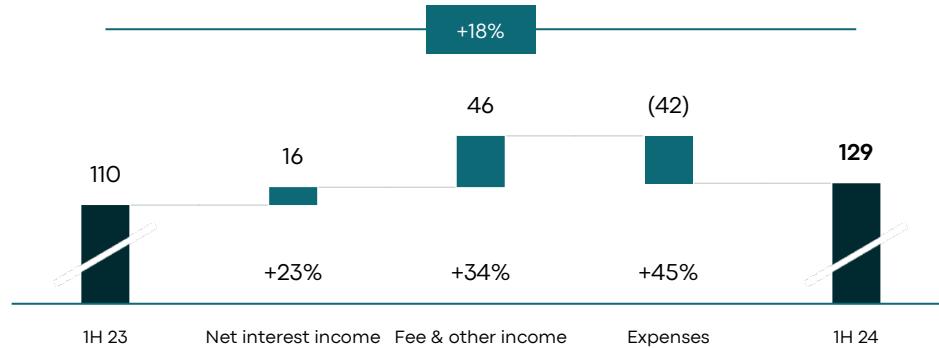
SAR Mn	1H 2024	1H 2023	Δ%	2Q 2024	2Q 2023	Δ%
Net interest income	(365)	427	-185%	(228)	197	-216%
Fee & other income	258	275	-6%	113	135	-16%
<b>Total operating income</b>	<b>(107)</b>	<b>702</b>	<b>-115%</b>	<b>(115)</b>	<b>332</b>	<b>-134%</b>
Expenses	(177)	(169)	+4%	(84)	(103)	-19%
Pre-impairment operating income	(284)	533	-153%	(198)	229	-187%
Impairments	(2)	10	-123%	(6)	(0)	+3859%
<b>Net income before zakat</b>	<b>(286)</b>	<b>543</b>	<b>-153%</b>	<b>(205)</b>	<b>229</b>	<b>-189%</b>

## Investments (SAR Bn)

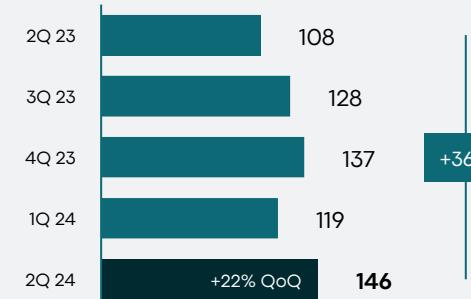


# Investment Banking and Brokerage Segment: Profitability improvement YoY as higher fees and NII were partly offset by higher expenses

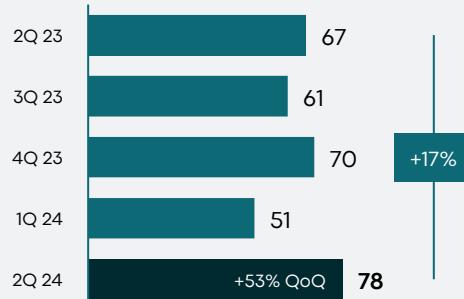
## Net Income Before Zakat Movement YoY (SAR Mn)



## Total Operating Income (SAR Mn)

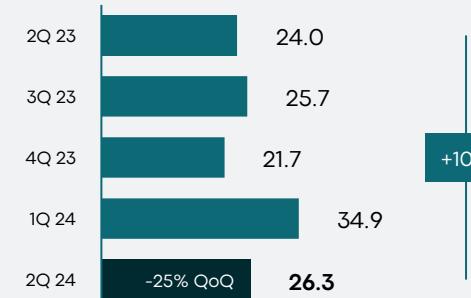


## Net Income Before Zakat (SAR Mn)

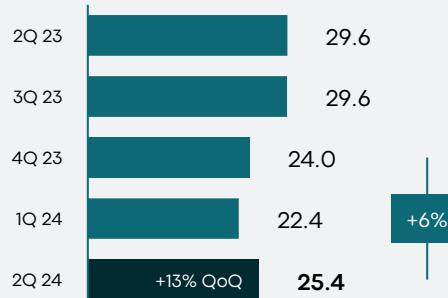


SAR Mn	1H 2024	1H 2023	Δ%	2Q 2024	2Q 2023	Δ%
Net interest income	84	68	+23%	41	35	+16%
Fee & other income	182	136	+34%	105	72	+46%
<b>Total operating income</b>	<b>266</b>	<b>204</b>	<b>+30%</b>	<b>146</b>	<b>108</b>	<b>+36%</b>
Expenses	(136)	(94)	+45%	(68)	(41)	+67%
Pre-impairment operating income	129	110	+18%	78	67	+17%
<b>Net income before zakat</b>	<b>129</b>	<b>110</b>	<b>+18%</b>	<b>78</b>	<b>67</b>	<b>+17%</b>

## Brokerage Trading Volume (SAR Bn)



## Assets Under Management (SAR Bn)





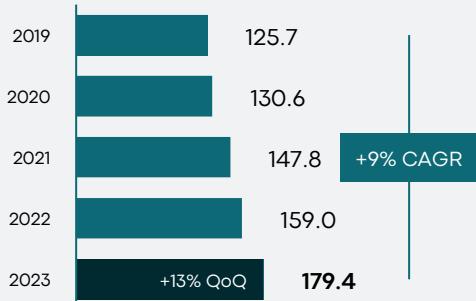
# Performance Track Record

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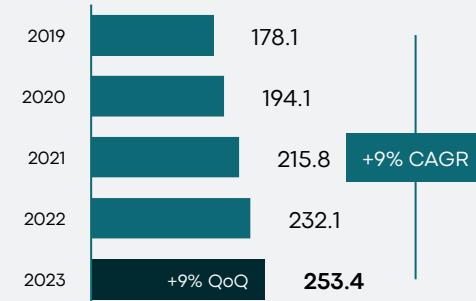


# Balance Sheet Metrics

## Loans & Advances (SAR Bn)



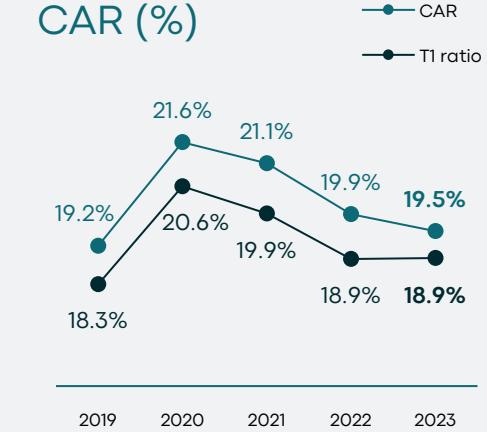
## Total Assets (SAR Bn)



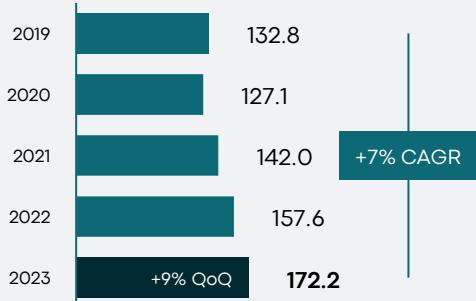
## LCR (%)



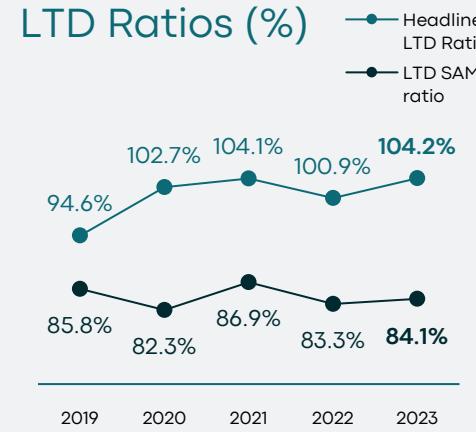
## CAR (%)



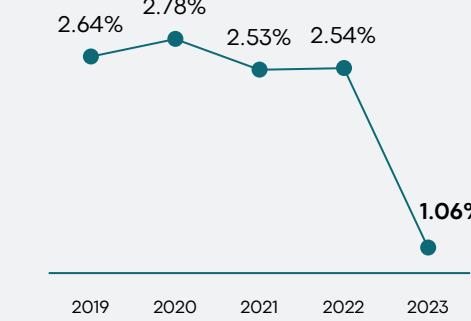
## Customers' Deposits (SAR Bn)



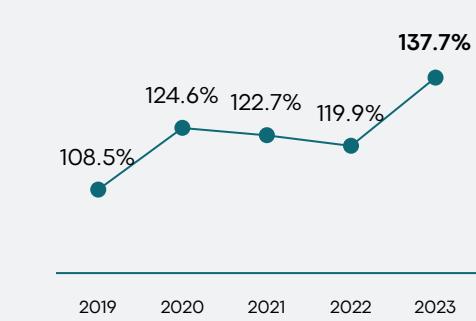
## LTD Ratios (%)



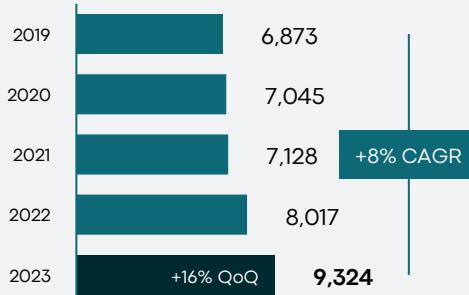
## NPL Ratio (%)



## NPL Coverage Ratio (%)



## Total Operating Income (SAR Mn)



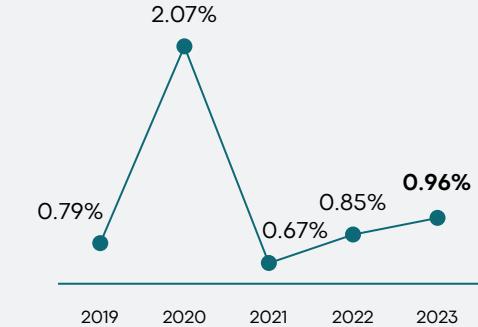
## NIM (%)



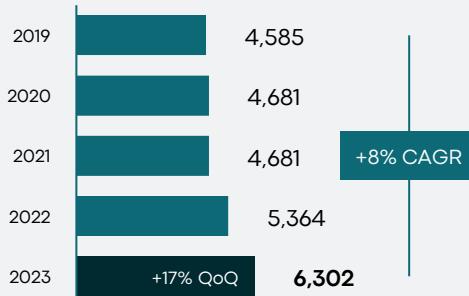
## Cost to Income Ratio (%)



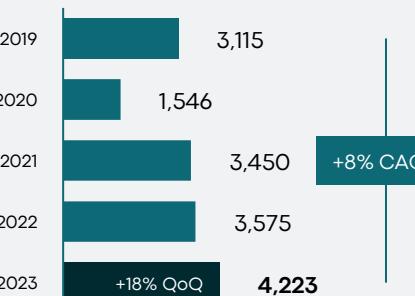
## Cost of Risk (%)



## Net Operating Income Before Impairments



## Net Income (SAR Mn)



## ROAE (%)

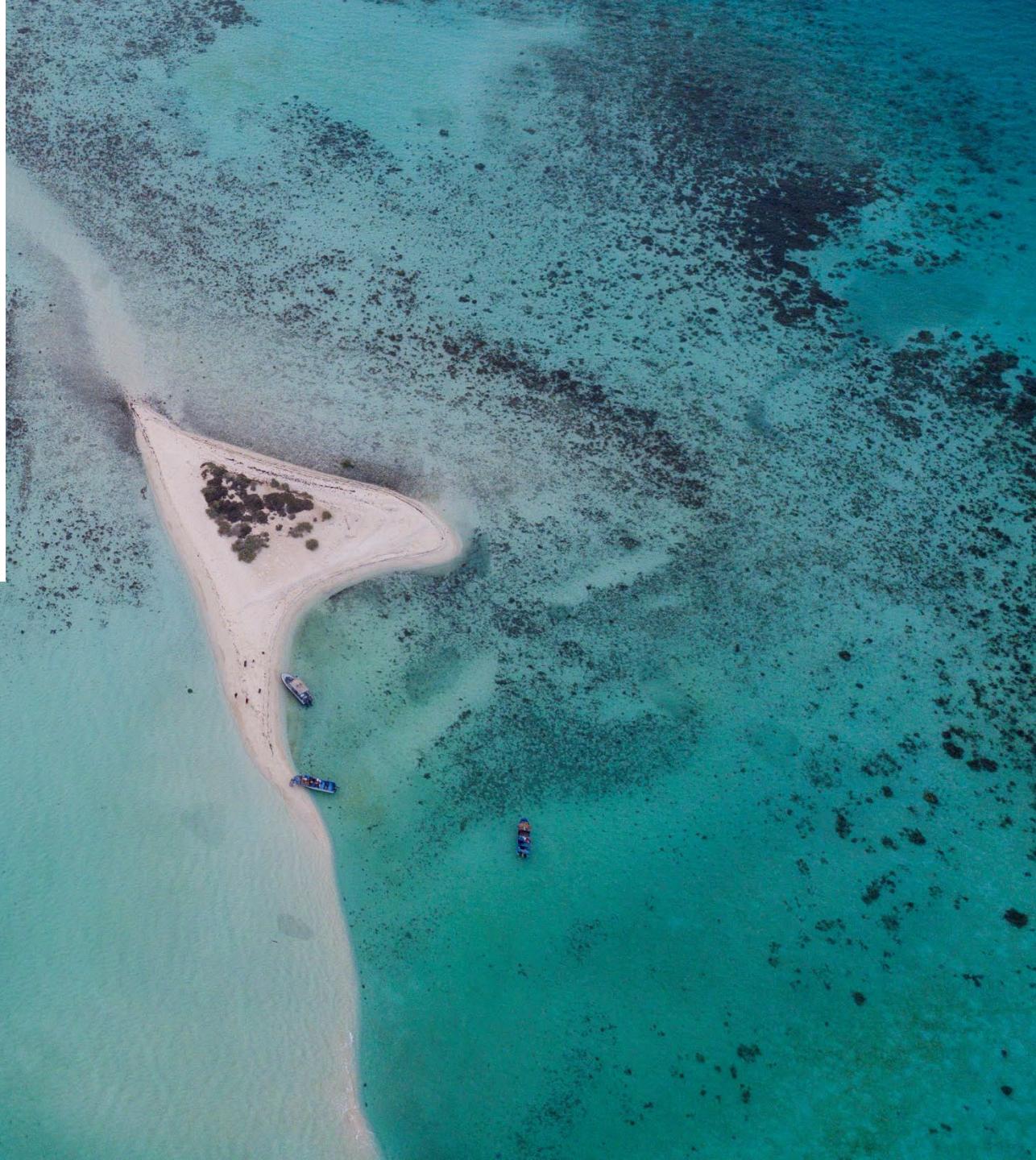


## ROAA (%)



# Appendix

Investor Presentation 1H 2024



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



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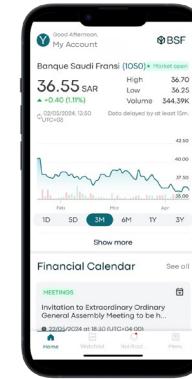
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