BSF

2023 ESG Report

Setting the Standard for ESG Leadership in the Kingdom

Contents

What`s Inside this Report

BSF (also referred to as Banque Saudi Fransi or `the Bank`) places a high priority on responsible business practices, and on transparently disclosing and communicating our sustainability performance with our stakeholders. In this report, we detail our ongoing commitment to the highest standards of environmental, social, and governance (ESG) performance and our progress on key sustainability issues material to our business and our stakeholders.

Report Scope and Boundary

This ESG report covers BSF's ESG performance for the period from 1st January, 2023 to 31st December, 2023.

The scope of this report includes all BSF`s operations and activities, including the following two subsidiaries as indicated under the relevant sections: JB and BSF Capital.

Report Frameworks and Guidelines

This report has been prepared with reference to the GRI Standards. It also takes into consideration other sustainability-related standards and ambitions, such as the ESG disclosure guidelines issued by the Saudi Exchange, sector-specific Sustainability Accounting Standards Board (SASB) standards (now part of the IFRS foundation), ESG rating agency expectations, Saudi National Standards of Sustainability, Vision 2030, and the United Nations SDGs.

Materiality

All content in this report has been developed with consideration for the priorities, needs and expectations of the Bank and its stakeholders. These material topics have been determined via a materiality assessment designed to consider BSF`s value creation and its impacts on human, natural, social, and relationship capital in conjunction with our stakeholders' views and interests. The report is organized in alignment with these material topics and the Bank`s sustainability commitments.

Feedback and Suggestions

For any inquiries, feedback, or suggestions regarding the contents of this report, please reach us via our website, **www.bsf.sa**, or via email at **ESG@bsf.sa**

Forward-Looking Statements

This report may include forward-looking statements that go beyond historical facts and pertain to future projections. These statements may include forecasts, predictions, objectives, events, trends, or plans based upon current assumptions and expectations. Such statements are not audited by external auditors and should not be solely relied upon by investors. It is important to acknowledge that unexpected events and uncertainties can arise which may not be accounted for in these statements. While BSF has made every effort to ensure the accuracy and completeness of the information in this report, forward-looking statements are valid only as of their date. Actual results may differ from the expressed or implied statements and the Bank does not publicly update or modify them after the publication date of this report.

Profile of BSF

BSF is one of the leading full-service banks in the Kingdom of Saudi Arabia offering both Islamic and conventional banking products for Personal, Wholesale, Investment Banking, Asset Management & Brokerage, and Treasury applications. BSF has served the Kingdom since our launch on Muharram 1, 1398H (December 11, 1977). The Bank is a Saudi Joint Stock Company established by Royal Decree No. M/23 dated Jumada Al Thani 17, 1397H (corresponding to June 4, 1977). The Bank is regulated by the Saudi Central Bank (SAMA) and listed on the Saudi Exchange (Tadawul).

BSF is headquartered at King Saud Road, AlMuraba` District, P.O. Box 56006, Riyadh 11554, Kingdom of Saudi Arabia, and maintains numerous branches throughout the Kingdom.

BSF at a Glance

82
BRANCHES (excluding self-service branches)

2,780
FULL-TIME employees (excluding insourced)

9.3 BN SAR
(+16% year-on-year)
Operating Income

179.4 BN SAR
(+13% year-on-year)
Loans & Advances

4.2 BN SAR
(+18% year-on-year)
Net Income

172.2 BN SAR
(+9% year-on-year)
Customer deposits

48.5 BN SAR
(+9% year-on-year)
Investments

253.4 BN SAR
(+9% year-on-year)
Total assets

212.3 BN SAR
(+10% year-on-year)
Total Liabilities

Long-Term Ratings:
- A- S&P
- A2 Moody`s
- A- Fitch

Our Values

We are BSF
Always putting the needs of our people, customers, shareholders, and society ahead of our own personal agenda. We are a community that we defend and protect, always.

Us before me
We put ideas before ego and leverage the expertise of others.

Winning is fun
We seek to be number one in the hearts and minds of our people, customers, and shareholders. We have limitless ambition and the drive to win.

Think big, act quick
We think long-term in our decisions, but we make them quickly and have a bias towards action.

True to ourselves always
We are honest with one another, even at the risk of temporary disharmony. It is never personal.

Keep it simple
We strive to make everything we do as simple as possible. We set our people up for success and then get out of their way. We only need to be asked once. We own it.

BSF`s mission is to become the most modern, innovative, and experience-focused bank in the region.

Executive Summary

Published annually, BSF's ESG reports provide a transparent look at the Bank's commitment to addressing critical sustainability concerns most material to our stakeholders and to the Bank's business. They also offer insight into the ways our ESG commitments align with broader local and global environmental and social objectives.

This executive summary provides an overview of BSF's Environmental, Social, and Governance (ESG) performance from 1 January 2023 to 31 December 2023. Content has been developed with consideration for the priorities and needs of our stakeholders and the Bank, and with reference to GRI Standards and other sustainability-related standards and ambitions, including the Saudi National Standards of Sustainability, Saudi Vision 2030, and United Nations Sustainable Development Goals (SDGs).

Established in 1977, BSF is one of the leading full-service banks in the Kingdom of Saudi Arabia offering a wide range of Islamic and conventional banking products for Personal, Wholesale, Investment Banking, Asset Management, Brokerage, and Treasury applications. Our mission is to become the most modern, innovative, and experience-focused bank in the region.

ESG Governance & Management Approach

BSF's ESG approach is guided by the Bank's ESG Policy Framework. The policy framework outlines BSF's commitment, position, and overarching approach towards sustainability-related issues and guides our adaptation efforts towards ESG-related changes, developments, and challenges.

Governance of our ESG strategy and activities is rooted in our commitment to adopting best practices in corporate sustainability, ensuring all relevant ESG risks are mitigated, and advancing ESG opportunities to benefit our stakeholders and communities. Our multi-tiered approach includes a board-level ESG Committee with direct support from our ESG Management Committee, which supports the board committee setting ESG Key Performance Indicators (KPIs) and associated targets, developing policy, and overseeing our ESG-related activities such as sustainable finance, environmental stewardship, and effective corporate governance. These initiatives are operationalized by our ESG Division and individual ESG Champions throughout the Bank.

ESG Priorities

Building on the foundational sustainability governance model established in 2022, our sustainability priorities in 2023 included:

- **ESG KPIs:** After identifying ESG-related improvement areas throughout the Bank, we developed a comprehensive set of ESG KPIs to guide the Bank's development and increase our contributions towards the Saudi Vision 2030. Each KPI is aligned with our corporate strategy and values, as well as regulatory reporting requirements. The KPIs were assigned to relevant business lines, and targets will be set and reviewed annually to drive progress.
- **Sustainable Financing Framework (SFF):** We developed a draft sustainable financing framework outlining our planned approach to the classification of financial products as sustainable or transitional. SFF guidelines have also been created to establish a standardized procedure to govern the issuance of sustainability-labelled financial instruments. Soon to be published, the SFF will also guide future development of sustainable products which reference a specific green, social, or sustainable use of proceeds.
- **Developing the Capability to Measure Scope 3 Financed Emissions:** To better understand BSF's exposure to carbon-intensive sectors and build our capacity for measuring and disclosing Scope 3 financed emissions, we developed and tested a financed emissions tool. The tool is designed for eventual use in calculating the Bank's Scope 3 financed emissions.

Performance Highlights

To accelerate advances in our ESG performance and to strengthen our contributions to the Saudi Vision 2030, BSF also established a set of ESG KPIs associated with the five key pillars of our ESG framework. BSF plans to set targets against each KPI in 2024, with annual reviews to monitor, measure and drive our performance.

Exemplifying the Highest Ethical and Governance Standards

BSF's approach to corporate governance is designed to protect and enable the Bank to generate value while upholding the highest standards of governance, risk management, compliance, and environmental and social responsibility.

- **100%** attendance by all board members across 5 board meetings
- **60%** of remuneration committee members are independent members
- **5** independent board members
- **3** training hours provided to board members
- **Zero** material data security breaches
- Achieved ISO 22301 certification for security and resilience
- Resolved **100%** of whistleblowing incidents

Accelerating Sustainable Economic Growth

BSF is dedicated to advancing sustainable economic growth and development throughout the Kingdom, supporting the welfare of the communities we serve, and enabling our clients to fulfil their own sustainability objectives. Through our investment and lending practices, we are also committed to supporting Saudi Vision 2030 objectives for sustainable economic development.

- Completed a draft Sustainable Finance Framework (SFF)
- Mobilized financing for 5 solar and renewable energy initiatives within the Kingdom
- Named Best Trade Finance Bank in KSA and Best Export Growth Bank in KSA
- **13.2%** increase in the total number of MSME customers
- Issued 203 Kafalah guarantees valuing **SAR 573 MM** (on and off balance sheet)
- BSF customers donated 81,665,000 loyalty points to charity, which is equivalent to **SAR 816K**. This represents an increase of **22%** over 2022

Serving Our Clients

BSF is committed to supporting our clients at every stage of their financial journey by leveraging technology, innovation, and excellent customer service to deliver an array of products, tools, and services that empower and enable our clients.

- **89.70%** average score of the customer satisfaction rate
- Achieved ISO10002 certification for Quality Management Guidelines for Complaints Handling in Organizations and ISO10004 – Quality Management certification for Customer Satisfaction Guidelines for Monitoring and Measuring
- More than **10,000 Saudi citizens** participated in BSF's new Introduction to Financial Sustainability program
- **91%** of physical servers migrated to a virtual environment

BSF ESG rating performance highlights*:

30 — **S&P:** highest ESG rating among Saudi banks in 2023 CSA assessment

1st — **ESG Invest:** ranked first among Saudi banks

Sustainalytics: highest ESG rating among Saudi banks

*During the development of this report

Creating a Thriving Workplace

BSF is proud to be an employer of choice for talented individuals throughout the Kingdom. We are committed to attracting, training, and providing rewarding opportunities for people at every stage of their career, and to cultivating a welcoming, inclusive, and safe workplace that fosters success for all.

- **84%** employee satisfaction rate
- **91%** Saudi employees
- **23%** female employees
- **25%** employees aged 18-30
- Over **80%** employees are full-time
- Invested **SAR 11,100** in training per employee in 2023
- Delivered an average of **16.3** training hours per employee
- **96%** employees received an annual performance review
- **0** instances of discrimination reported

Protecting Our Communities

BSF is dedicated to doing business in ways that protect the wellbeing and prosperity of our communities and our planet for generations to come. Our support contributes towards national and international efforts to preserve natural resources, and includes investment in and philanthropic support for the communities in which we operate.

- Developed an in-house tool to help BSF calculate its Scope 3 GHG emissions, focusing on categories 6 (Business Travel) and 7 (Employee Commuting). Aligned with the GHG Protocol and relevant guidelines, the tool will eventually enable us to measure our Scope 3 emissions
- Reduced our total GHG Scope 1 and 2 direct emissions by **20.4%** compared to our 2021 baseline
- Reduced our GHG Scope 1 direct emissions by **42.5%** compared to our 2021 baseline
- Reduced our GHG Scope 2 direct emissions by **12.14%** compared to our 2021 baseline
- Invested into community support initiatives via the King Salman Humanitarian and Relief Center
- **108%** increase in community investments, totalling SAR 7.9 million

In conclusion, BSF's 2023 report reflects our ongoing dedication to driving advances in our environmental, social, and governance activities, and to wholly supporting the aims of the Saudi Vision 2030, particularly through our promotion of sustainable development. While we are proud of the sustainability achievements showcased in this most recent report, BSF is equally aware that there is more work to do on our journey. We remain committed to continuously improving our environmental and social impacts and look forward to sharing our continued progress in future reports.

BSF's ESG Ratings for 2023

Year	MSCI	Sustainalytics*	S&P	ESG Invest
2021	BB	33.3	10	37
2022	BB	28.49	25	60
2023	BBB	21.2	30	not published yet

Scale					
MSCI	Laggard: CCC B	Average: BB BBB A		Leader: AA AAA	
Sustainalytics	Negligible Risk: 0-10	Low Risk: 10-20	Medium Risk: 20-30	High Risk: 30-40	Severe Risk: 40+
S&P Global	0 – 100, where 100 represents the maximum score.				
ESG Invest	0 – 100, where 100 represents the maximum score.				

*lower ratings indicate a lower risk

2023 Awards

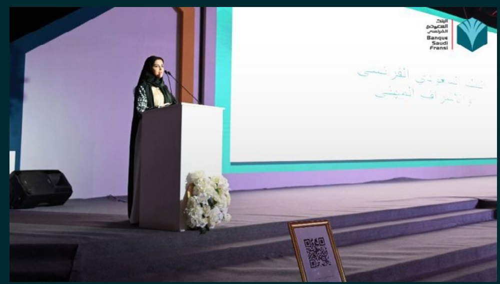
BSF and BSF Capital were honored as a silver sponsor during the conference held at the Khotwa Recruitment Exhibition

BSF

Financial Institutions Bond Deal of the Year

مؤسسة بينالي الدرعية
Diriyah Biennale Foundation

Diriyah Biennale Foundation sponsorship

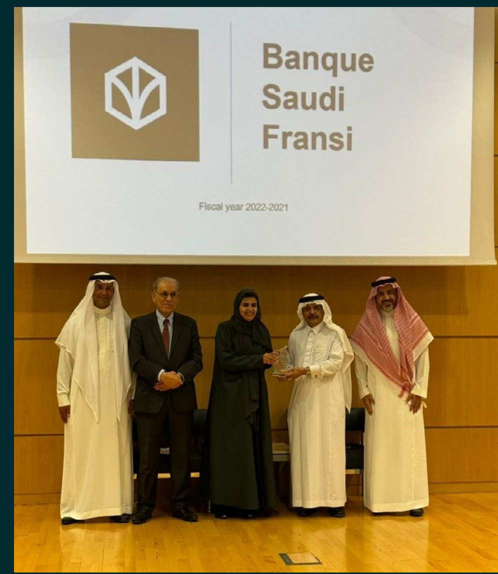


BSF honored as a diamond sponsor at the Profession and Innovation Forum 2023, held at Umm Al-Qura University in Mecca

Best User Experience and Best Technology Activation in the Payments Field at the Payments Leaders Conference Awards 2023

Best Bank for the Retail Sector in the Kingdom of Saudi Arabia 2023 within the Future Banks Conference Awards

Achieving Export Growth Award during the Global Trade Review 2023 conference



Corporate Governance Index Excellence Award: Winner for 2019, 2020, 2021, and 2022 from the Corporate Governance Center at Alfaisal University, recognizing listed companies on the stock exchange

KSA Best Export Finance Bank 2023

Best Trade Advisory Bank in Saudi Arabia

KSA Most Innovative Trade Finance Bank 2023

Chairman`s Message

Welcome to the BSF 2023 ESG report. I am proud to share the progress BSF has made over the last year, as well as our future ESG direction.

BSF recognizes sustainability as a driving force for growth and advancement across Saudi Arabia, and we share in the Kingdom`s commitment to protecting our environment and natural resources, and to expanding social initiatives designed to enhance quality of life for everyone. BSF continuously monitors ESG-related developments across our region to ensure the Bank remains well-positioned to support the Kingdom`s sustainability ambitions, particularly those set forth in the Saudi Vision 2030 and associated initiatives.

As sustainable development and climate action rises even higher on our stakeholders' priority lists, BSF also recognizes that the integration of ESG principles across the entirety of our operations is now a business imperative. Managing climate-related financial risk, facilitating sustainable financial framework, and delivering future-focused financial instruments dedicated to accelerating investment in renewable energy, clean infrastructure and socially impactful enterprise are critical opportunities for BSF to contribute to sustainable development and enable Saudi Arabia`s emerging role as a sustainable investment powerhouse.

To this end, BSF is fully committed to supporting SAMA`s (the Saudi central bank) efforts to drive the sustainable economy transition. Throughout 2023, SAMA took significant steps to understand the systemic nature of climate-related financial risks throughout our region, including a preliminary assessment of banks` exposures to sectors that contribute most to GHG emissions. SAMA also enabled a variety of initiatives led by local banks to ESG-related disclosures, climate risk, sustainability taxonomy, and ESG financial products.

As this report highlights, in 2023 BSF worked to support these efforts by driving deeper integration of ESG principles and best practices into our own governance and supervisory frameworks.

Looking ahead, we are committed to leveraging our role as an influential contributor to the Saudi economy to help accelerate the sustainable economy transition by mobilizing even greater access to and investment in impact-driven green finance solutions. We also remain committed to regularly sharing our progress with you as we move forward on this journey.

Thank you for your continued trust in our Bank.

Mazin Al Romaih
Chairman of the Board

Chairman of ESG Board Committee`s Message

I am delighted to introduce the fourth annual ESG report for BSF.

Driven by our deep commitment to enabling Saudi Arabia`s transition to a sustainable economy, 2023 marked another year of advancement for BSF`s ESG activities, hallmarked by continued year-on-year increases in our ESG ratings from a range of leading ESG rating agencies, including achieving the highest S&P Global ESG rating among Saudi banks in 2023.

Knowing there is still a lot of work to do, we are already building on last year`s success with our 2024 initiatives. Chief among them is our support for SAMA`s work to understand and manage climate-related financial risk across our region and beyond, undertaken as part of a collective effort to mobilize mainstream finance in support of a sustainable economy.

The publication of a Sustainable Finance Framework for BSF is core to these efforts. We began to develop the framework in 2022 and advanced it significantly throughout 2023 with the aim of publishing it in 2024. Now in the final stages of approval, the BSF Sustainable Finance Framework will help the Bank and our clients better support Saudi Arabia`s ambitious Vision 2030 sustainability objectives alongside the UN Sustainable Development Goals and the Paris Agreement. The framework will facilitate the issue of a range of sustainable finance instruments, including green, social, and sustainability (GSS) loans, bonds, and sukuks, as well as other instruments such as green deposits.

Looking further ahead, BSF also remains focused on amplifying our role as an accelerator of green finance within the Kingdom and beyond. In alignment with recent COP28, BSF is pursuing a variety of strategic pathways for mobilizing sustainable finance and investment in the activation of a low-emission, climate-resilient economy. This includes exploring the deployment of dedicated finance instruments designed to channel finance from mainstream institutional investors into large-scale clean infrastructure, private entrepreneurship for the scaling-up of clean business models, and the delivery of new climate technology.

Underscoring all BSF`s accomplishments and actions across 2023 and beyond, is our unwavering commitment to the continuous improvement of our ESG performance. From ongoing enhancements to our ESG governance, to the development of new sustainable finance pathways, to transparently measuring, managing, reporting, and communicating our impacts and activities, BSF is committed to playing a leading role in driving Saudi Arabia`s transition to a fully sustainable economy.

On behalf of the BSF ESG Board Committee, responsible for supporting the Board of Directors in fulfilling its ESG oversight responsibilities, I would like to extend a thank you to our employees, shareholders, investors, business partners, and customers for their contributions to this journey. We look forward to sharing our continued progress in the years ahead.

Abdullatif Al Othman
Chairman ESG Board Committee

CEO`s Message

Welcome to BSF`s fourth annual ESG report, which reflects the progress we have made during the past year. In this report, BSF is proud to unveil significant advancements in our Environmental, Social and Governance (ESG) initiatives. These achievements are the direct result of the effective development and implementation of BSF`s ESG Policy Framework, a milestone that underscores our dedication to ESG principles and sustainable banking practices.

At the forefront of these advancements are our newly established Key Performance Indicators (KPIs). These ESG KPIs are closely tied to the five core pillars of BSF`s ESG Policy Framework and are pivotal in guiding the Bank towards the fulfilment of our comprehensive ESG goals. To amplify our sustainability leadership across the financial sector and within the Kingdom, BSF will also attach measurable targets to each of these KPIs, ensuring our journey remains impactful and focused on exemplary ESG performance.

During the past year BSF has also seen notable enhancements in the Bank`s ESG ratings thanks to strengthened ESG practices across various functions, and improved reporting initiatives and techniques. In the 2023 S&P Global assessment, BSF earned the highest ESG rating among Saudi banks. These achievements signify our leadership in shifting the paradigm of the financial sector towards more sustainable practices and responsible business models.

Another pivotal element in BSF`s ESG journey is the development of our Sustainable Finance Framework (SFF), which will lay the groundwork for the Bank to issue sustainable financial instruments with the aim of funding sustainable, green, and socially impactful projects in accordance with relevant national and international standards. The initiative underlines BSF`s commitment to drive sustainable development and meaningful environmental and social impact. It also reflects our ongoing commitment to helping lead the Kingdom`s transition to a low-carbon economy and to sustainable development efforts in Saudi Arabia in alignment with Saudi Vision 2030 objectives and the Saudi Green Initiative (SGI).

Through these endeavors, BSF is actively shaping a future in which financial services play a key role in facilitating global sustainability efforts. We are proud that BSF is helping establish a model of ESG excellence in the national, regional, and global financial industry by setting new ESG standards and benchmarks for responsible banking practices. As our sustainability journey continues to mature, our commitment to leading sustainable, positive change throughout our industry and across the Kingdom remains unwavering.

Thank you for your continued support.

Bader Al Salloom
Chief Executive Officer

ESG Across BSF

BSF is highly committed to adopting best practices in corporate sustainability, ensuring all relevant ESG risks are mitigated and advancing ESG opportunities to benefit our stakeholders and communities.

Governance Model

BSF's multi-tiered ESG governance model ensures that we are well-positioned to effectively establish and manage our sustainability agenda.

ESG Board Committee (ESG BC)
Supports the BoD in fulfilling its ESG commitments, including ESG-related KPIs and targets, sustainable finance, environmental stewardship, and effective corporate governance.

ESG Management Committee (ESG MC)
Supports the ESG BC in fulfilling its ESG oversight responsibilities, including recommending and monitoring ESG goals, reviewing ESG-related policies, ESG risk and opportunity management, and periodic ESG disclosures.

ESG Division
Serves as a focal point for all ESG matters and oversees implementation of ESG-related strategies, policies, programs, initiatives, and disclosures, including the facilitation of meetings for the ESG BC & ESG MC, engaging with stakeholders. Monitoring the Bank's ESG KPI performance, and advising on integrating ESG into products, services, and business strategies.

ESG Champions
Supports the achievement of departmental ESG performance targets, addresses relevant ESG matters, and facilitates collection and verification of ESG information for the Bank's ESG reports.

ESG Policy Framework

BSF's ESG approach is guided by our **ESG Policy Framework**. The policy framework outlines the Bank's commitment, position, and overarching approach towards the material sustainability-related issues identified via our materiality assessment (please refer to Materiality section). It also guides our adaption efforts towards ESG-related changes, developments, and challenges. In the future, this policy framework will be updated to incorporate ESG-related advancements made by the Bank, such as ESG risk assessments and climate risk management, as well as changing stakeholder priorities regarding material sustainability-related issue management.

BSF's multi-tiered ESG governance model ensures that we are well-positioned to effectively establish and manage our sustainability agenda.

Updates on 2023 ESG Priorities

2023 Priority	Progress made during 2023
✓ Developing bank-wide ESG KPIs to support BSF in comprehensively improving its overall ESG performance.	Identified the ESG KPIs.
✓ Developing the Bank's sustainable finance framework, which will outline BSF's approach towards classifying financial products and services as sustainable or transition finance. Moreover, the framework will also serve to guide the development of the Bank's sustainable products which reference a specific green, social or sustainable use of proceeds.	• BSF's draft sustainable finance framework ('SFF') has been developed, outlining the Bank's planned approach towards the classification of financial products and services as sustainable or transition finance. • The Bank is in the process of obtaining a Second Party Opinion on its SFF to provide its stakeholders with assurance that the SFF aligns with accepted and relevant market principles. • SFF guidelines have been created to establish a standardized procedure that will govern the issuance of sustainability-labelled financial instruments in alignment with BSF's SFF.
✓ Exploring the Bank's capabilities to start disclosing its Scope 3 financed emissions and understanding its exposure to carbon-intensive sectors.	• Explored development of a financed emissions tool, which can eventually be used to calculate and disclose the Bank's Scope 3 financed emissions. • Conducted multiple calculations of the Bank's Scope 3 financed emissions and assessed the results for accuracy.

BSF is actively shaping a future in which financial services play a key role in facilitating global sustainability efforts.

Bader Al Salloom
Chief Executive Officer

2024 ESG Priorities

BSF has identified the following ESG priorities for 2024:

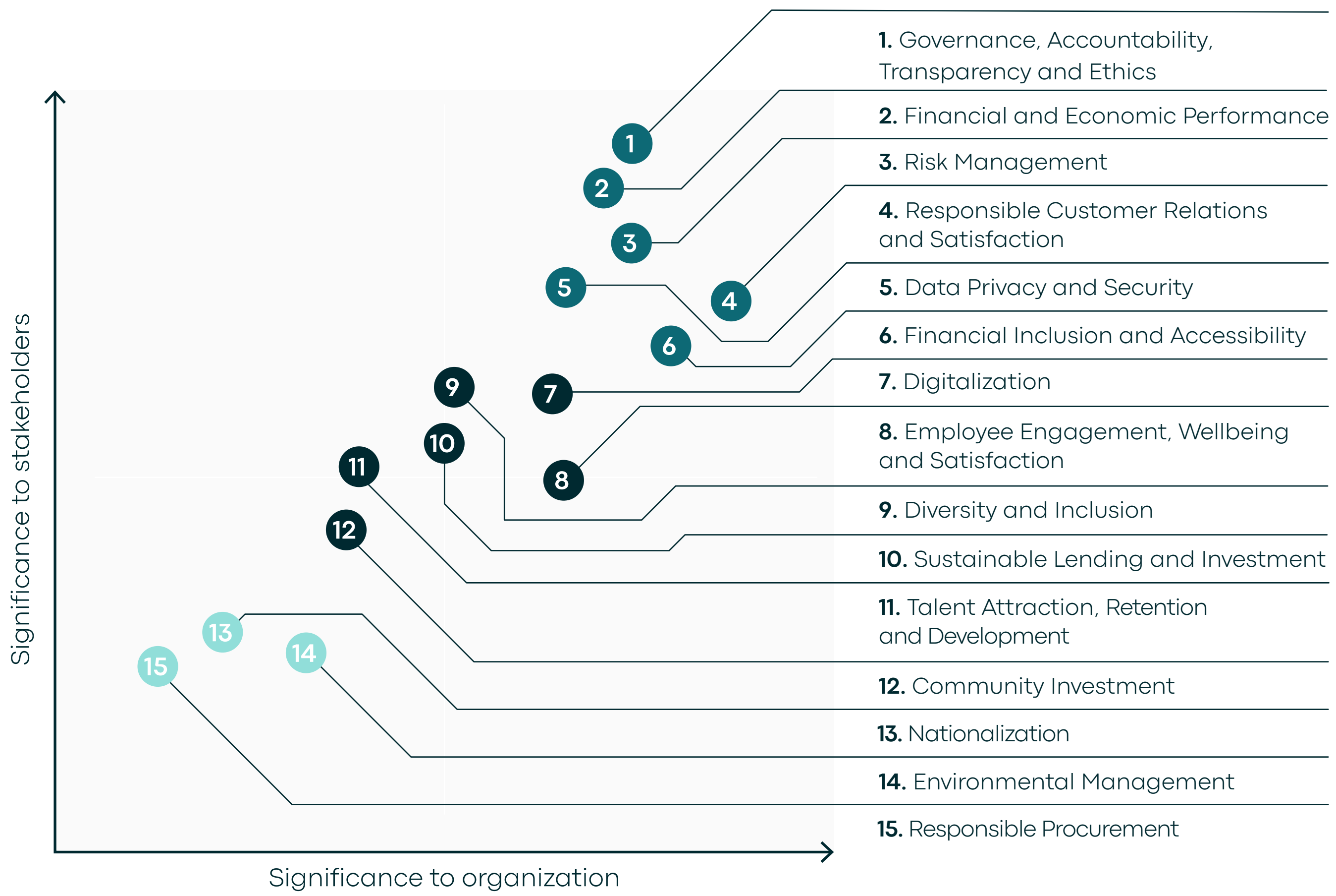
- ✓ Publish BSF's sustainable finance framework and start exploring the feasibility of launching sustainable financial products.
- ✓ Establish targets for the ESG-related key performance indicators (also referred to as 'ESG KPIs') established during 2023 to drive impactful, measurable advancements in our ESG performance.
- ✓ Refining and enhance the capability for Scope 3 emissions calculation.
- ✓ Continue enhancing the Bank's capabilities to identify and consider climate risks (physical and transition), as well as integrate these risks into the Bank's Enterprise Risk Management system.
- ✓ Support the development and roll-out of Bank-wide ESG training programs.

Materiality

Through a materiality assessment process, BSF has identified 15 sustainability-related material issues that impact our strategic objectives and are important to the Bank`s stakeholders.

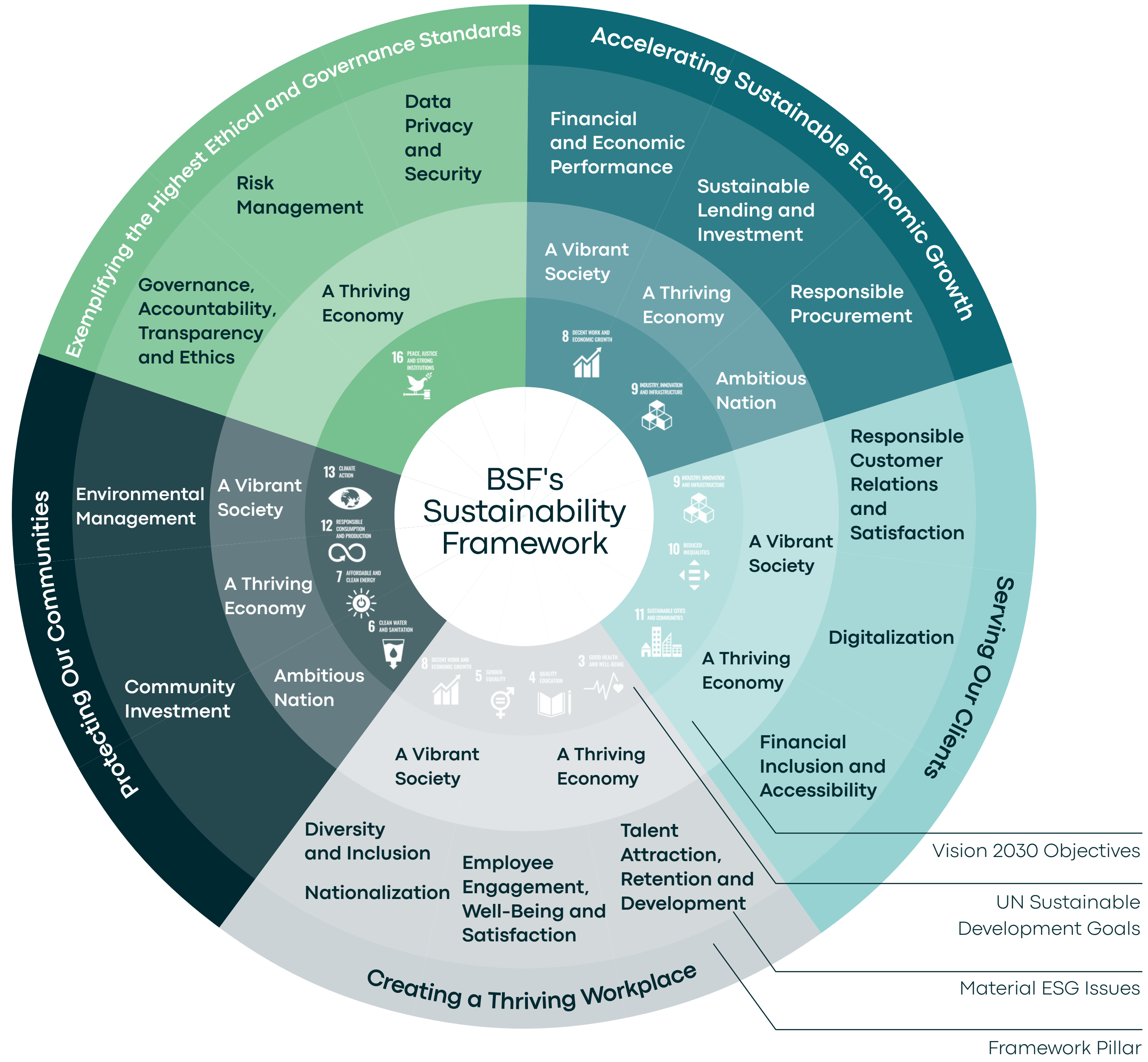
To ensure the Bank effectively anticipates and addresses emerging sustainability-related issues, we aim to conduct regular materiality assessments and ongoing engagement with our stakeholders (see Appendix A). Key elements considered in via our materiality assessment include:

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



Sustainability Framework

BSF`s Sustainability Framework is built upon five key pillars that guide sustainability-related strategies, initiatives, and disclosure practices. The Framework also helps to define what sustainability means to BSF and thematically addresses the sustainability-related issues identified via our materiality assessment.



Introducing BSF`s ESG KPIs

To help drive comprehensive improvement in BSF`s ESG performance and to enhance our contributions to the Saudi Vision 2030, we have established 21 ESG KPIs. Developed with consideration for BSF`s corporate strategy, values, commitments, and ESG objectives, as well as ESG rating agency assessments for the banking industry, implementation feasibility, and emerging market trends. Each KPI has been assigned to a relevant business line within the Bank. We intend to set targets against each KPI soon, each of which will be reviewed periodically, to drive our progress as we implement action towards each one.

BSF's ESG KPIs

Exemplifying the Highest Ethical and Governance Standards

- Training provided to board members
- % of independent board members
- Total attendance rates for the Board and each Board committee
- Number of material data security breaches
- % of employees acknowledging BSF`s Code of Conduct/ Ethics
- Percentage of independent members in the Board remuneration committee
- Establish climate risk strategy to review & address climate-related risks across BSF`s portfolio and operations
- Incorporate sustainability/ESG risks into BSF`s risk register

Accelerating Sustainable Economic Growth

- Develop and approve a sustainable financing framework in preparation for issuance of sustainable/green bond/ sukuk and obtaining Second Party Opinion for BSF`s sustainability framework.
- Amount of Sustainable Finance Mobilized
- Develop Responsible Procurement Program

Serving Our Clients

- Customer satisfaction; calculated based on % of complaint resolutions accepted by customers
- Publicly disclose a standalone policy or position statement highlighting a formal commitment to responsible marketing

Creating a Thriving Workplace

- % of employees receiving training each year on all levels
- Employee satisfaction rate
- % of female employees
- % of youth employees
- % of full-time Saudi Arabian employees
- BSF maintains diversity programs which support and promote women in the workplace

Protecting Our Communities

- Direct GHG emissions (Scope 1)
- Indirect GHG emissions (Scope 2)

“BSF continuously monitors ESG-related developments across our region to ensure the Bank remains well-positioned to support the Kingdom`s sustainability ambitions, particularly those set forth in the Saudi Vision 2030 and associated initiatives.”

Mazin Al Romaih
Chairman of the Board

Exemplifying the highest ethical and governance Standards

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As a trusted partner to our customers, investors and other stakeholders, BSF is committed to exemplifying the highest standards of responsible business across our operations, and to adhering to the most stringent levels of governance and ethics in alignment with our core values and Sharia principles. The Bank is subject to supervision from our Board of Directors and to external regulation by the Saudi Central Bank (SAMA) and Capital Market Authority (CMA).

Material Topics in this Chapter
Governance, Accountability, Transparency and Ethics
Risk Management
Data Privacy and Security

A Thriving Economy

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Highlights

Training provided to board members	3
% of independent board members	50%
Total attendance rates for the Board and each Board committee	
Board	100%
Executive Committee	100%
Audit Committee	100%
Nomination & Remuneration Committee	100%
Board Risk Committee	100%
Environmental, Social and Governance Board Committee	100%
Board Strategy Committee	90%
Number of material data security breaches	0
% of employees acknowledging BSF`s Code of Conduct/ Ethics	100%
% of independent members in the Board remuneration committee	60%

Achieved
ISO 22301 certification
for security and resilience.

Resolved
100% of whistleblowing incidents.

Governance & Ethics

Guided by a sound risk management framework and a triple defence approach to risk mitigation, we aim to protect the rights of shareholders and stakeholders, and to ensure justice, transparency and competitiveness. We have zero tolerance for bribery, corruption, money laundering, and all forms of financial crime, and we are committed to safeguarding our customers' personal data and privacy. We prioritize honesty above all else.

Leadership

BSF is governed by a Board of Directors ('Board') per the Bank's **Board of Directors Charter**. Detailed information about the Board can be found in BSF's **2023 Board of Directors' Report** including remuneration and actions taken in 2023. One additional independent Board member was added to the BSF Board on 31st January 2023. The Board composition was otherwise unchanged from 2022 to 2023.

Summary of Important Board Information

Duration of board member term

3 years

Average tenure served by existing board members

5 years

Board election results & General Assembly minutes of meeting

Refer to **General Assembly** page, which contains the minutes of meeting from general and extraordinary assembly meetings

Board member biographies

Refer to 2023 Board of Directors' Report, containing a summary of critical business information presented by the Board of Directors

Board attendance rate in 2023

100%
(5 meetings)

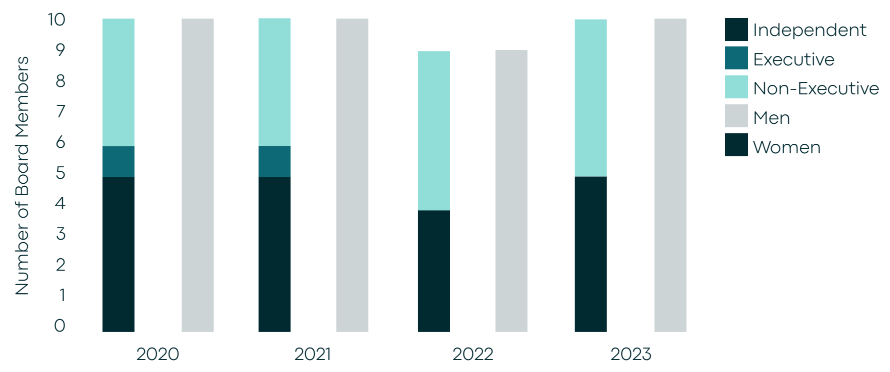
Established mandates for independent & non-executive board members

Refer to Board of Directors Charter, containing the roles and responsibilities of the Board of Directors

Guidelines used to categorize board members as 'independent'

- Article 19 of Capital Market Authority Governance Regulations
- SAMA Key Principles of Governance for Financial Institutions

Board Composition



Chief Executive Officer

BSF is led by a Chief Executive Officer (CEO) who reports to the Board of Directors. In accordance with the Board of Directors Charter, the Board authorizes the CEO with the necessary authorities, as defined in BSF's Delegation of Authority (DoA) Manual, establishes compensation-linked key performance indicators, and ensures relevant policies are maintained to oversee a transition in leadership should circumstances require.

The CEO's performance objectives and appraisal are recommended by the Board Nomination and Remuneration committee. The CEO's performance-based variable compensation comes from 2 variable compensation plans:

Annual Performance Bonus Plan: linked to annual net income of the Bank and its subsidiaries, as well as non-financial objectives, which include core professional and leadership behavioural competency objectives (aligned with BSF's desired-state culture, values and leadership framework) and adherence to legal, professional, internal conduct, and ethical standards.

Long-term Incentive Plan: a restricted stock plan that vests BSF stocks after a 3-year period. The quantity of these stocks may be adjusted based on predetermined financial KPIs.

In accordance with the Capital Market Authority Corporate Governance Regulations and Key Principles of Governance in Financial Institutions, BSF prohibits the same person from holding both the Chairman of the Board and any other executive position, including the CEO.

KPIs tied to the CEO's compensation

Financial
- % completion/execution of BSF's strategy
- market share
- net income
- cost-to-income ratio

Customer Experience
- external Net Promoter Score (NPS)

People
- employee engagement score
- % of critical roles with succession plans
- development of the leadership team

Governance
- % of closed control issues
- % of retargeted high-risk issues

Board Committees

BSF Board Committees facilitate the Board's delivery of its oversight responsibilities.
The total number of board committees remained unchanged between 2022 and 2023.

Purpose, Roles & Responsibilities	Composition in 2023					Overall Attendance
	# of Board Members	# of Non-Board Members	Chair Categorization & Gender	# of Independent Board Members	# of Non-Executive Board Members	
Executive Committee (EC)						
Executive Committee (EC) Charter	5	-	Non-Executive (male)	0	5	100% (7 meetings)
Audit Committee (AC)						
Audit Committee Charter	2	3	Independent Board Member (male)	2	-	100% (8 meetings)
Nomination & Remuneration Committee (NRC)						
Nomination & Remuneration Committee (NRC) Charter	4	1	Independent Board Member (male)	2	2	100% (5 meetings)
Board Risk Committee (BRC)						
Board Risk Committee Charter	3	2	Independent Board Member (male)	2	1	100% (4 meetings)
Environmental, Social and Governance Board Committee (ESGBC)						
ESG Board Committee Charter	3	-	Independent (male)	2	1	100% (1 meeting)
Board Strategy Committee (BSC)						
Board Strategy Committee Charter	5	-	Non-Executive (male)	3	2	90% (4 meetings)

Please click hyperlinks for more information

Board Evaluations

BSF conducts regular evaluations to assess Board performance and the performance of each of its committees in the discharge of their responsibilities. Internal board evaluations are conducted annually by the NRC, and external evaluations are conducted by a third-party every three years. Evaluation criteria includes an assessment of the Board's effectiveness, working procedures, skills, experience, and performance against KPIs linked to BSF's strategic objectives.

During 2023, the Board appointed a specialized external party to conduct a comprehensive assessment on the performance and effectiveness of the Board and its committees. The assessment evaluated performance against international best practices, KPIs linked to BSF's strategic objectives, quality of risk management, efficiency of internal control systems, corporate governance practices, board and its board committee structures, member experience and skills, among other indicators. The results of the evaluation and related recommendations were presented to the Board of Directors to identify solutions to enhance the effectives of the Board of Directors and its committees.

Management Committees

18 management committees support BSF's Board Committees in the management of key business areas.

- First Level Committees include the CEO and senior executives with direct reporting to the Board or one of the board committees.
- Second Level Committees exclude the CEO and serve as sub-committees reporting to a first-level management committee or to the CEO.

Direct Reporting Lines

Audit Committee | Board Risk Committee | Executive Committee | Board Strategy Committee | Nomination & Remuneration Committee | ESG Board Committee | Board of Directors

Compliance Committee
All compliance matters

Counter-Fraud Committee
Effectiveness of combined anti-fraud capabilities

Information Security Governance Committee
Maintenance of security posture

Assets & Liability Committee
Group balance sheet risks & capital management

Risk Committee
All risk management practices & culture

Management Credit Committee
Granting & review of credit facilities & requests, as per DoA

Head Office Credit Committee
Granting & review of credit facilities & requests, as per DoA

Regional Credit Committee
Granting & review of credit facilities & requests, as per DoA

Retail Credit Committee
Oversee retail asset products performance

Personal Administration Committee
Recommending disciplinary actions

Policies & Procedures Committee
Review of policies, procedures & charters prior to approval

Investment Projects Committee
CAPEX budgeting & monitoring

MSME Committee
MSME strategies

Treasury & Investment Committee
Monitoring of BSF investments, funding, capital markets & sales

Strategy Steering Committee
Alignment of BSF strategic positioning

Incentives Oversight Committee
Oversight of incentive plans

ESG Management Committee
Assist ESG Board Management Committee

IT Steering Committee
Review & monitor IT projects progress

Key ways BSF reviews Related Party Transactions (RPTs)

- The Bank's related party database is updated annually after collecting the relevant information from stakeholders.
- A Delegation of Authority is maintained to govern the approval of all RPTs
- RPTs are approved as per regulatory requirements of CMA & SAMA
- RPTs are reported in BSF's annual Board reports and financial statements.

Protecting Shareholder Interests

Multiple policies have been established by the Bank that directly and indirectly protect shareholder value and interests. Through the Bank's Shareholder's rights policy, several principles and policies have been established to ensure shareholder interests are protected. Key elements of this policy include:

- Shareholders holding at least 5% of shares of the Bank's capital may request an Ordinary General Assembly to convene, as well as add one or more items to the General Assembly agenda.
- Quorum at a General Assembly meeting is reached when shareholders representing at least 25% of Bank's capital are present. Resolutions are subsequently issued by the absolute majority of shares present and represented at these meeting.
- A number of shareholders cumulatively holding at least 10% of shares of the Bank's capital may request an Extraordinary General Meeting. For these meetings, quorum is reached when at least 50% of the Bank's capital is present. Resolutions are subsequently issued by a two-thirds majority of the shares present and represented at the meeting.
- Shareholders may grant a proxy to a third party (other than a director or employee of BSF) to attend and vote at a General Assembly, in accordance with the proxy form stated in the Capital Market Authority's Regulatory Rules and Procedures.

Additional policies implemented by the Bank serve to further protect shareholder interests, such as Related Party Transactions, Conflict of Interest, and Standards for Determining Competing Business. All of which ensure BSF's decision making at the highest level serves to protect and grow shareholder value.

Key BSF Governing Policies

Board Nomination, Membership, Assessment and Succession Policy	Shareholders Rights Policy	Code of Conduct for Board and Board Committee Members
Standards for Determining Competing Business	Transparency and Disclosure Policy	Related Party Transactions Policy
Conflict of Interest Policy	Remuneration and Compensation Policy for Board, Board Committees and Senior Executives	Corporate Governance (CG) Manual
ESG Policy Framework	Corporate Social Responsibility Policy	Stakeholders Policy

Please click hyperlinks for more information

Risk Management & Compliance

Led by our Chief Risk Officer (CRO), BSF's Risk Management Group (RMG) – structurally independent from all business lines at the Bank – is responsible for implementing the Bank's risk management framework. The rigorous framework encompasses numerous key risk indicators and all relevant SAMA regulations, as well as adheres to the Basel Committee on Banking Supervision (BCBS) risk governance principles. Under the leadership of the CRO, who reports directly to the Bank's CEO, with regular engagement with the BRC, the RMG has established several dedicated departments to address specific risks faced by the Bank.

This comprehensive approach enables BSF to effectively identify, monitor, and mitigate a range of material risks. The most significant risks are monitored and managed via specific metrics cascaded throughout the Bank's operations. Both the Board and BRC are updated on the entirety of Bank's risk exposure and on the status of significant risks on a quarterly basis. Moreover, to support the Board in overseeing effective risk management practices, the BRC maintained two outside board members with extensive risk management experience.

Strategy Refocus

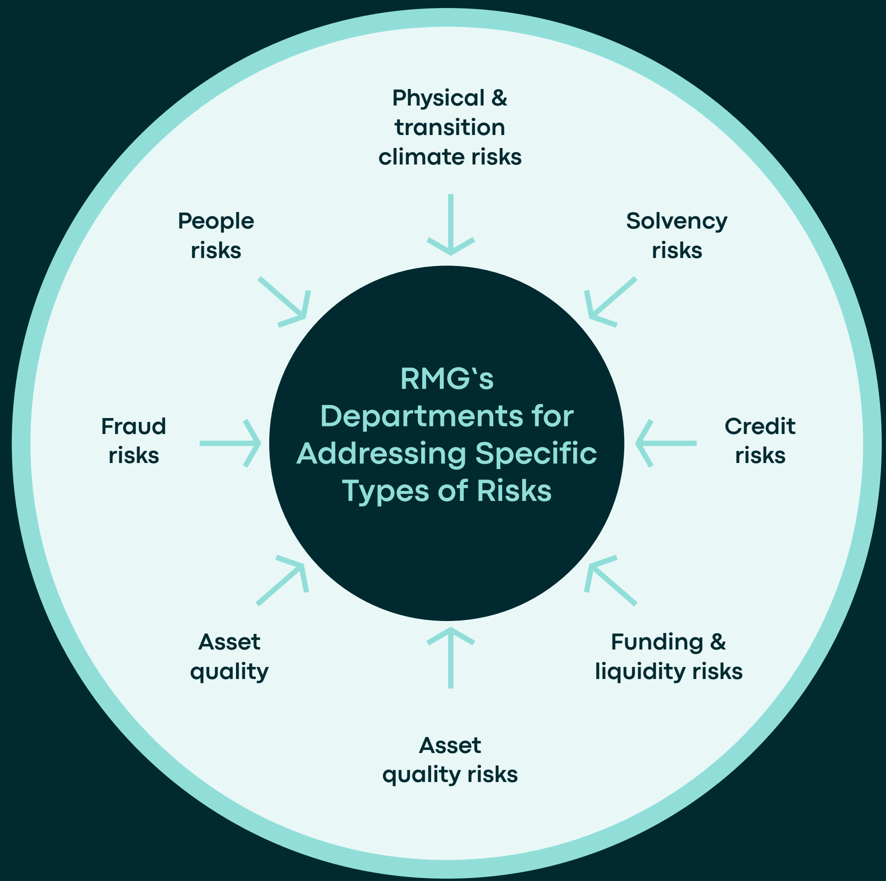
In early 2023, we refocused and simplified our existing corporate strategy into 10 focus areas; developing a well-integrated strategy that prioritizes profitability and customer experience. Through a bank-wide operating model and organizational excellence project, which involved updating our organizational structure and delegation of authority matrices, as well as establishing a new Transformation Office to enable the Bank to implement strategic and cross-functional initiatives, we have positioned BSF to successfully achieve its strategic ambitions.

Several strategic analysis tools have been developed to help guide the Bank in the pursuit of its ambitions. Two models, a medium-term plan model, used to forecast income statements and balance sheets for all the Bank's operating segments (including the consolidated BSF Group), and a Return on Equity (ROE) model, used to compare peer ROE and understand cost drivers, have been deployed. We also use a Strategy Dashboard and SAMA Bulletin Dashboard, which help the Bank to understand how effectively its strategy is being implemented and understand factors that impact the Bank, including data on monetary supply, interest rates, loan and deposits volumes, branches and ATM machines.

Strengthening our Risk Culture

BSF recognizes that rigorous risk management principles and practices are critical factors in organizational growth. The following tenets help us actively strengthen our risk management culture:

- Formal Board and senior management commitments towards risk management and ethical conduct, as documented in the Board and BRC Charters, respectively.
- Risk committees at the Board and management levels.
- A multidimensional risk appetite that cascades across all business lines and functions.
- Comprehensive risk policies and procedures, and matrices for risk-based delegation of authority.
- Clearly defined roles, responsibilities, and accountabilities throughout the Bank.
- Periodic risk reporting and escalation frameworks.
- Risk training and awareness campaigns.
- Continuous assessments of BSF's risk management practices via regular internal audits
- Sharing knowledge, experience, and best practices through collaboration.



The rigorous framework encompasses numerous key risk indicator and all relevant SAMA regulations.

2023 Risk Management Achievements by RMG Department

RMG Department	Key Responsibilities Include	Achievements
Risk Strategy	• Risk model development • Capital planning & stress testing • Credit provisioning • Implementation of IFRS 9 standards • Calculation of regulatory capital requirements	• Validated wholesale and retail (including J-B) models, ratings, and macroeconomic scenarios. • Continued to transition into standards for Basel III enhancements (credit, market, operational). • Conducted transversal recovery plan for rare and plausible capital and liquidity scenarios. • Developed an early warning signal infrastructure for credit decisioning. • Significant participation in SAMA's inter-bank committee (EBAC) to develop principles and a handbook for environmental risk guidelines for the Kingdom.
Operational Risk Management	• Enhancing bank-wide risk culture • Continuous risk & control assessments • Nominating bank-wide departmental risk champions • Establishing operational risk profiles • Developing key risk indicators • New product & service risk management	• Enhanced the bank-wide risk register (includes functions, products, processes, and systems). • Increased the use of automated tools used throughout the Bank to report, monitor, and track risks. • Enhanced the Operational Risk Management Department's involvement with several management-level committees. • Actively involved in upgrading the Bank's core banking system regarding second line of defence capabilities.
Wholesale Credit Risk	• Credit analysis, assessment, and monitoring of corporate & institutional clients • Portfolio management & monitoring • Credit risk management & policy development • Relationship management	• Continued supporting operational efficiencies and reducing the cost of credit through early warning signals, avoidance of credit concentrations, focused analytics, proactive monitoring, and helping business lines meet growth targets through effective risk acceptance criteria (which includes an ESG assessment). • Established credit limits for 4 sustainability-based projects (compared to 1 in 2022). • Provided several financing commitments which support green initiatives, including for 4 independent solar power projects, 3 wind power projects, and 7 gas plants.
Retail Credit Risk	• Credit analysis, scoring, and monitoring of retail clients • Underwriting • Portfolio management & monitoring • Credit risk management & policy development • Relationship management	• Enhanced the Bank's retail credit policies to further support retail segment growth, including better targeting of mass affluent clients, improved credit quality, and increasing competitiveness of new products. • Improved turnaround times for retail credit applications by increasing the extent of automation in credit decisions. • Improved departmental decision making by supporting the rollout of digital capabilities, helping to secure digital acquisitions and conduct various digital verifications.
Market Risk	• Identifying, monitoring, and quantifying market risk exposure • Value-at-risk & expected shortfalls • Development of hedging strategies • Model validations • Market and macroeconomic research	• Introduced new methodologies, reporting practices, and dashboards to better inform upper management of market risk activities and development. • Successfully supported the Bank in transitioning into the new regulatory framework for market risk capital requirements, as stated under the new Basel III standards.

2023 Risk Management Achievements by RMG Department

RMG Department	Key Responsibilities Include	Achievements
Business Continuity & Crisis Risk Management	• Business continuity planning & impact analysis • Establishing crisis management policies & protocols • Incident response management • Training & awareness raising • Conducting regular testing, drills, exercises & simulations	• Enhanced assessments of third parties, vendors, and suppliers. • Updated Business Continuity Management (BCM) governance with SAMA's BCM framework. • Conducted Kingdom-wide business continuity planning and critical legal and regulatory activities. • Added an additional recovery site at BSF's HR Academy Building. • Issued and maintained SAMA 2024 tests roadmap. • Developed and implemented a Kingdom-wide awareness, training, and rehearsals campaign. • Implemented a 'lessons learned and opportunity for improvements' program. • Underwent an external audit to obtain ISO 22301 (security and resilience) certification.
Special Assets Management	• Managing distressed or non-performing assets • Asset recovery • Loan workout • Legal remediation	• Recovered SAR 795 million through funded debt collections and the cancellation of letters of guarantee.

Emerging Risks

BSF has identified several emerging risks that could have a critical impact on the Bank's activities over the next three to five years.

Climate Change and Transition

As climate change and transition takes on increasing global urgency, the financial sector faces growing scrutiny over climate-related risks, including extreme weather events and rising sea levels, and transition risks, including policy changes, technological advancements, and market shifts. BSF has a business imperative to evaluate our exposure to all such risks and their potential impact on loan portfolios stemming from industries or companies affected by climate change. In addition, navigating the transition to a low-carbon economy and accounting for a range of potential factors including the possibility of stranded assets and ensuring alignment of lending practices with sustainable financing principles is mission-critical for the Bank's continued long-term viability.

Regulatory and Legal

The worldwide proliferation of ESG-related regulations and legal frameworks means that governance and regulatory bodies are increasingly focusing on financial industry practices for sustainability and responsible investing. BSF acknowledges the need to maintain robust governance, risk management, and compliance structures, and to closely monitor and adapt to changes in ESG regulations and reporting requirements within the Kingdom and globally with the understanding that failure to do so could lead to reputational damage, fines, or legal repercussions.

Cyber Security

Emerging technologies including cloud computing, machine learning, and Artificial Intelligence (AI), along with disruptive banking practices such as open banking and fintech, pose potential risk to BSF's information security practices. Such risks are monitored and addressed by the Bank's Information Security division, which maintains a comprehensive range of mitigation strategies and measures to address them.

Improving Risk Management Performance

BSF uses regular risk management internal assessments and independent reviews to monitor our performance, identify, and act upon opportunities for continuous improvement. In 2023 the Bank identified the following avenues for improving our risk management performance:

- Amplifying deployment of effective and timely training programs to close skill set gaps and further support delivery of departmental mandates.
- Advancing our understanding of the evolving risks and challenges created by BSF's transition to digital platforms and the advancement of digital banking and fintech products.
- Monitoring major shifts in regulatory and reporting requirements.
- Seeking opportunities for financing commercial/ industrial projects geared towards delivering environmentally friendly products and outcomes, such as green hydrogen and carbon capture & storage.
- Implementing digital initiatives and automating processes to further enhance the effectiveness of risk management departments.
- Enhancing data quality and the use of appropriate data sources to ensure the use of accurate, consistent information in key decision-making, especially in the context of understanding and addressing market risks.
- Developing metrics related to established ESG risk acceptance criteria for wholesale banking in support of SAMA's EBAC-driven guidelines.

Stress Tests to Inform

In accordance with SAMA guidelines, BSF conducts semi-annual and annual stress tests, enabling us to monitor and calculate the impact on capital and liquidity over a three-year horizon. These tests are submitted to SAMA and use calibrated scenarios ranging from mild to severe, incorporating changes in the Bank's income, provisions, other comprehensive income, and risk-weighted assets/ capital. The construct is amenable to incorporating Climate based scenarios in the future.Overall, the Bank's short-term liquidity and financial strength remained strong in 2023.

Internal Audit

The internal Audit Group (IAG) at BSF is an independent function providing objective assurance and consulting with a primary objective to add value and improve the effectiveness and efficiency of the Bank's governance, risk management, and internal controls. Based on the results of the IAG's bank-wide universal risk assessments, which identify and evaluates the key risks across the Bank's functions and operations, a 4 years strategic plan was developed.

Important areas covered under the IAG's annual plan

- Risk Management processes, including credit risk, market risk, operational risk, credit and control monitoring, and cyber security
- Compliance processes
- Procurement
- Shariah
- Treasury & Investment Group
- Anti-money laundering and combating the financing of terrorism.
- Anti-bribery, anti-fraud, and prevention of corruption.
- Safety and security
- Corporate Banking
- Personal Banking
- Finance & Strategy Group
- Human Resources Group

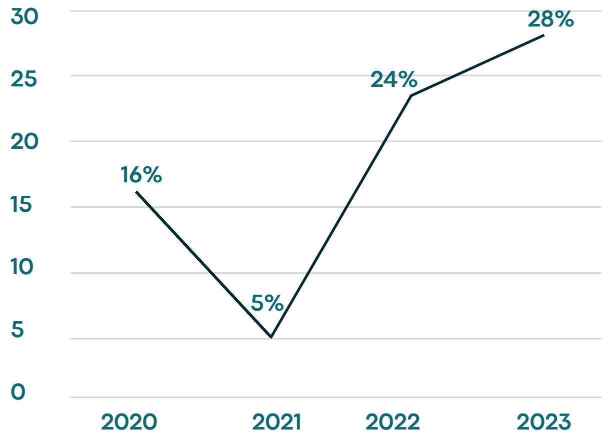
Cyber security audits are conducted in accordance with SAMA and National Cyber Security framework and standards. In 2023, the IAG undertook comprehensive regulatory reviews focusing on data privacy and security, which included:

- Data Management and Privacy Data Protection (DMPDP), overseen by the National Data Management Office and Saudi Authority for Data and Artificial Intelligence (SDAIA), and based on priority one specifications, which are required specifications that must first be implemented as foundational building blocks in developing data management capabilities.
- Data Cybersecurity Controls (DCC) managed by the National Cybersecurity Authority (NCA).

Supporting the IAG's activities during the year was an outreach campaign that was conducted to raise awareness about the IAG's role, as well as enhancements to the audit management system TeamMate+. In 2023, the IAG completed 100% of planned reviews and conducted some unplanned engagements in relation to internal investigations and the development of technical reports.

Non-Audit Fees* %

Non-audit fees received by the audit firm as a percentage of total fees



*Monitoring the extent of non-audit engagements conducted by BSF's external auditors helps to ensure expected levels of independence, objectivity, and fairness are maintained. Specific non-audit services are sometimes required to be conducted by the Bank's external auditors, hence the percentage of non-audit fees reached 28% in 2023.

Compliance

BSF is dedicated to enacting comprehensive compliance policies and reducing our non-compliance risk as part of our commitment to safeguarding the interests of our business and our stakeholders. BSF's Compliance Group (CPG) leads our efforts to ensure compliance with all applicable laws, regulations, and standards, including activating and enhancing our compliance policies and fostering a culture of compliance. The CPG is tasked with proactively monitoring BSF's compliance risks, resolving known compliance-related issues, and implementing compliance-related policies and programs. Each year, the Group updates BSF's compliance risk register in conjunction with a thorough review of SAMA's directives, such as the SAMA 2022-issued Counter Fraud Framework (CFF). The CPG oversees the following compliance policies:

- **Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) Policy**
- Global Sanction Policy
- **Anti-Bribery and Corruption (ABC) Policy**, which adheres to the United Nations convention against corruption, signed by the Kingdom of Saudi Arabia on the 9th of January, 2004, and subsequently ratified on the 29th of April, 2013
- Anti-Fraud Policy
- **Whistle Blowing Policy**
- AML, CTF and ABC Risk Assessment Policy
- A Code of Conduct which all BSF employees are required to formally acknowledge

BSF facilitates adherence to our compliance policies through a variety of programs, including Know Your Customer (KYC), monitoring customer transactions, sanctions, fraud monitoring, and our Anti-Money Laundering and Counter-Terrorism Financing (AML & CTF) program. BSF's standalone Anti Financial Crimes Division oversees our AML and CTF policies to ensure the Bank is fully compliant with all applicable AML and CTF laws and regulations, and that all BSF employees are fully trained on AML and CTF practices. The Division's training materials also include content on the risks of tax evasion and the associated criminal penalties. Overall compliance performance is evaluated annually according to 3 KPIs:

- Overall number of compliance breaches identified by regulators.
- % of open compliance issues.
- % of outstanding internal audit observations.

Should an instance of non-compliance occur, BSF is committed to swiftly addressing the incident. In 2023, the total number of incidents of non-compliance incurred by BSF was 15, an increase of 7% over 2022, however, the associated total financial penalties decreased by 51%. Of these non-compliance instances, all occurred in relation to a violation of SAMA's supervisory instructions.

Incidents of Non-Compliance (SAMA)	2020	2021	2022	2023
Total incidents of non-compliance with laws and regulations	12	13	14	15
Total amount of associated financial penalties (SAR)	7,575,000	6,076,800	6,973,315	3,392,700

The Compliance Group received zero enquiries, complaints, or reports of issues through BSF's internal monitoring and reporting system in 2023.

Anti-Fraud Practices

BSF's Anti-Fraud Department oversees the deployment of anti-fraud practices across our operations, including regular anti-fraud awareness communications, a fraud monitoring system, pre-launch fraud risk assessments on new products and services, regular reviews of key anti-fraud controls established throughout the Bank, and implementing the regulatory requirements associated with SAMA's counter fraud framework. To support the Bank in effectively preventing, identifying, recording, and monitoring any potential or confirmed instance of fraud, clear definitions based on global standards for 'facilitation payments', 'bribery', and 'corruption' have been documented in the relevant policies, as well as procedures for how the relevant roles and responsibilities are to receive and manage all such instances.

Whistleblowing Policy

BSF is committed to ensuring that all employees and stakeholders, including customers, are free to raise concerns about any actual or potential breach of our Code of Conduct, or any other unethical behavior or inappropriate conduct within the Bank without fear of reprisal. To safeguard the right of any internal or external individual to report a matter of misconduct, BSF provides systems in local languages of Arabic and English that are available twenty-four hours a day, seven days a week. Reports can be made anonymously through our whistleblowing hotline (011) 289-1133 or via our online whistleblowing form. In accordance with our Whistleblowing Policy, which is made available to all employees on the BSF website. The Policy was updated to improve turnaround times during the year and reporters are legally protected against any form of retaliation.

All whistleblowing reports are submitted to the Audit Committee by the Compliance Group on a quarterly basis. During 2023, 75 whistleblowing incidents were officially reported and 100% of these incidents were resolved.

Company-Wide Employee Compliance

In accordance with SAMA mandates, all BSF employees receive training on anti-money laundering each year. In addition, all employees, including the Bank's senior management, must comply with the BSF code of conduct, which includes business ethics, as well as all SAMA rules and standards of practice.

Legal Advisory

Our Legal Advisory Division provides a range of legal assistance and support to all business lines and groups associated with the Bank. This includes regularly developing and updating the Bank's agreements, forms, and standard documentation in alignment with all applicable laws and regulations from within the Kingdom and globally. During 2023, a new set of financing and security documents were prepared with the support of a tier 1 law firm. The Division also supports the Bank's compliance activities by continuously monitoring new and updated legislation and regulations.

To continue protecting the legal interests of BSF and its group companies, the Division continuously enhances its established protocols, practices, and procedures. These enhancements include:

- Ensuring all identified legal risks are appropriately mitigated by providing recommended and constructive solutions.
- Regulating the relationships between all relevant stakeholders.
- Supporting the Board and Executive Management through the promulgation of appropriate legal practices.

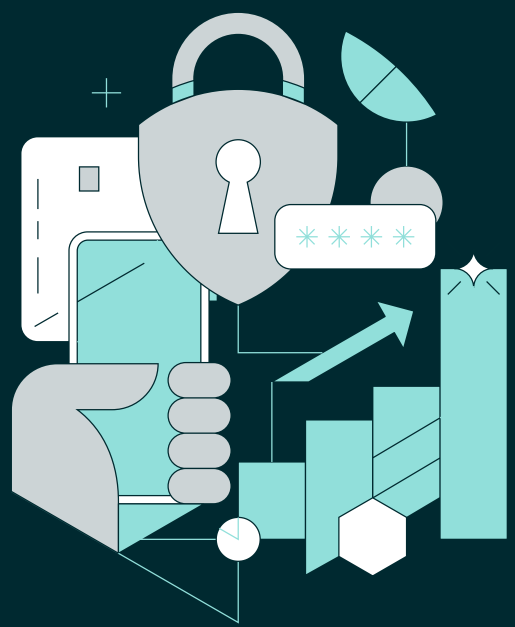
Data Privacy & Information Security

Communicating Information Security Risks & Updates to the Board

Board Risk Committee

Risk Management Committee

Information Security Governance Management Committee



As BSF's deployment of digital banking platforms, tools, and services increases, data privacy and cybersecurity has become one of our highest priorities.

Under the leadership of our Information Security Governance Management Committee, with operational support from our Chief Information Security Officer and our Corporate Information Security Division (CISD), we maintain a comprehensive, Board-approved Cybersecurity Policy designed to ensure BSF maintains a strategic, systematic approach to monitoring and managing the rapidly evolving landscape of cybersecurity and data privacy. Developed in alignment with global best practices and in accordance with all relevant cybersecurity regulations within the Kingdom, the policy encompasses:

- Cybersecurity Leadership and Governance
- Cybersecurity of Operations and Technology
- Cybersecurity Risk Management and Compliance
- Cybersecurity for Third Party
- Cybersecurity Acceptable Usage

Cybersecurity & Data Privacy Practices

BSF establishes, reinforces, and monitors its high standards for cybersecurity and data privacy through a range of important practices.

Awareness & Training

- CISD shares information on BSF's security posture with the BRC and Information Security Governance Committee on a quarterly basis.
- Periodic awareness campaigns to educate employees about privacy principles.
- Regular training to relevant CISD employees, including a two-year cyber development program. During 2023, 43 employees received training on data privacy and cybersecurity.

Assurance & Assessments

- The Cybersecurity Information Security Assurance function oversees the management of all internal and external vulnerability assessments.
- All cybersecurity practices and policies at the Bank are subject to annual internal audits and SAMA inspections to test the sufficiency of established cybersecurity controls and highlight opportunities for improvement.
- Annual internal security self-assessments per local security regulations and standards issued by SAMA and National Cybersecurity Authority (NCA) are conducted.
- Risk assessments on the Bank's mission critical and critical applications, including BSF's core banking system, data warehouse application, and card management applications are conducted.

Third-Party Service Providers

- Due diligence is conducted on all potential third-party vendors with whom data will be shared to ensure their compliance with all relevant internal policies and regulatory requirements.
- Specific information security clauses and Non-Disclosure Agreements are incorporated into vendor contracts.
- Periodic risk assessments on vendors are conducted to ensure their continued compliance with all relevant internal policies and regulatory requirements (involves substantiating the completion of a pre-defined checklist with evidence).
- Through the Bank's Privacy Notice, clients are informed how their personal data is shared with third parties.

Industry Participation

- Participation in the Banking Committee on Information Security (BCIS), which is managed by SAMA and used for exchanging cybersecurity and risk information, as well as overall expertise. This committee comprises Chief Information Security Officers and SAMA members; meeting on a near quarterly basis.

Third-Party Certifications

- Maintain ISO/ IEC ISO 27001 certified information security management systems.
- Maintain Payment Card Industry Data Security (PCI DSS) certifications.

Continuous Improvement & Monitoring

- The BRC is updated on a quarterly basis on all cybersecurity activities, including cyber fraud.
- The performance of cybersecurity and data privacy practices are regularly evaluated through the following KPIs:
  - Number of cyber incidents not detected
  - Number of assets not patched
  - Number of open audit findings outstanding
  - Number of deviations from regulatory compliance
- The Security Operations Centre (SOC) continuously monitors, assesses, and addresses security-related data activities twenty-four hours a day, seven days a week.

BSF's Privacy Framework & Policy: client data rights

- Right to be informed
- Right to request access to personal data
- Right to request a copy of personal data
- Right to request correction / rectification of personal data
- Right to request the destruction of personal data
- Right to request withdrawal of consent of personal data

Protecting Client Privacy

The newly created Data Privacy Office, reporting to the CRO, supports the Bank in providing its clients with control over their personal data in compliance with all relevant laws and regulations. BSF clients' right to privacy is outlined in the Bank's Privacy Statement, which sets forth our commitment to respecting clients' privacy and maintaining strict confidentiality for all client information. All information collected from our clients is obtained through lawful and transparent means and all client data is retained in accordance with the SDAIA, the National Data Management Office (NDMO), and Personal Data Protection Law (PDPL).

Supporting the Bank's data privacy efforts during 2023 was the completion of a rigorously designed data protection framework, helping the Bank to sufficiently incorporate evolving data privacy regulations, build a privacy culture through continuous education, and balance innovation and protection. To continue building on this progress, we are planning to implement several data privacy-related initiatives and controls throughout 2024, including Privacy by Design principles, data masking and anonymization, reviewing data privacy-related activities to prevent unauthorized data access, and embedding data privacy considerations from the start of new projects, products, and services.

The Bank uses enhanced security operations and continuous event monitoring to rapidly identify and respond to anomalies or suspicious events regarding unauthorized access, disclosure, or the modification of personal data/data subjects. Should a data breach occur, BSF has processes in place to notify customers in accordance with SAMA requirements.

Data Privacy	2020	2021	2022	2023
Number of material data security breaches	0	0	0	0
Number of material data security breaches involving customers' personally identifiable information	0	0	0	0
% of material data security breaches involving customers' personally identifiable information	0	0	0	0

In 2023, for the fourth year in a row, there were zero instances of a material data security breach.

KPIs used to monitor the effectiveness of BSF's data privacy practices

- % of projects incorporating Privacy by Design
- Data subject requests resolved within the mandated timeframe
- Reduction in security incidents related to personal data breaches
- Employee privacy training completion rate

Continuing Our Maturity Journey

Throughout the year, the Bank continued to enhance the maturity of its overall security posture in alignment with recently issued SAMA regulations and best practices. The Bank's overall cyber defence capabilities were enhanced, especially in terms of cyber threat management, resilience, and digital crime, as well as other areas including cybersecurity risk management, SOC enhancements, and specialist training provided to CISD staff.

Cybersecurity Risk Management	SOC Enhancements	Specialist Training
Implemented sandboxing technology across the digital channels used by BSF clients; ultimately preventing digital channels from being exposed to threats and malicious actions.	Various projects were executed to gain more visibility on user behaviours with BSF's information technology assets, helping the SOC to take proactive and preventative actions if necessary.	As a part of the CISD's annual training plans, information security practitioners received third-party provided training related to penetration testing, incident response, digital forensics, security operations, risk assessment and more.

Accelerating Sustainable Economic Growth

"BSF is fully committed to supporting SAMA's (the Saudi central bank) efforts to drive the sustainable economy transition."

Mazin Al Romaih
Chairman of the Board

02

As one of the leading full-service banks in Saudi Arabia, BSF is dedicated to advancing sustainable economic growth and development throughout the Kingdom, and to supporting the welfare of the communities we serve. To enable our clients' advancement towards their own sustainability objectives, promote sustainable development, and support the ambitions of the Saudi Vision 2030, we are committed to enhancing our investment and lending practices by incorporating relevant ESG considerations as well as expanding our ESG-related product and service offerings.

Material Topics in this Chapter

Financial and Economic Performance
Sustainable Lending and Investment
Responsible Procurement

A Vibrant Society
A Thriving Economy
Ambitious Nation

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Highlights

Mobilized financing for 5 SOLAR and renewable energy initiatives within the Kingdom.

Issued 203 Kafalah guarantees valuing 573 MM (on and off balance sheet).

BSF customers donated 81,665,000 loyalty points to charity, which is equivalent to SAR 816K. This represents an increase of 22% over 2022.

Named Best Trade Finance Bank in KSA and Best Export Growth Bank in KSA (Saudi Trade Finance Summit)

13% increase in MSME customers

Financial & Economic Performance

The Bank's financial performance remained strong in 2023 with revenue growth of SAR 1,307 million (16%) throughout the year to approximately SAR 9.3 billion. This included revenue increases of 20% in corporate revenue, 59% in retail banking, and 4% in investment banking and brokerage. This significant revenue growth in 2023 was predominantly driven by increases in interest rates compounded by an overall increase in the Bank's loan portfolio.

Revenue	Units	2020	2021	2022	2023
Revenues by geography					
Saudi Arabia	SAR Million	7,045	7,128	8,017	9,324

Corporate Banking (SAR Million)

2020	2,926
2021	2,944
2022	3,544
2023	4,267

Retail Banking (SAR Million)

2020	1,811
2021	1,866
2022	2,257
2023	3,579

Treasury (SAR Million)

2020	1,946
2021	1,859
2022	1,765
2023	1,009

Investment Banking & Brokerage (SAR Million)

2020	362
2021	459
2022	451
2023	469

Wholesale Banking

To ensure our Wholesale Banking promotes sustainable development and contributes to Saudi Vision 2030 objectives, BSF's Wholesale Banking Group (WBG) has integrated ESG principles into our corporate banking risk acceptance framework. The framework includes an assessment of potential clients to ensure they have obtained the necessary permits issued by applicable government agencies, including the National Centre for Environmental Compliance (NCEC), which focuses on the provision of services designed to drive compliance with environmental regulations and standards.

Total Number of Wholesale Banking customers are as follows:

2020	6,209
2021	6,124
2022	6,688
2023	7,954

2023 wholesale banking awards

Project Finance Deal of the Year Award: NEOM Residential Communities (Wave 1) by GFC Media Group

Local Currency Loan Deal of the Year Award: Saudi Arabian Mining Company ("Ma'aden") by GFC Media Group

Natural Resources Deal of the Year Award: Neom Green Hydrogen Company by GFC Media Group

Green Deal of the Year Global Award: ACWA Power (Shuaibah 1 and 2 & 3 PIF) by PFIe

Energy Transition Deal of the Year: Neom Green Hydrogen Plant by IJGlobal

Middle East Mega Solar Award: ACWA Power – PIF Round 3 Solar PV IPPs by IJGlobal

Sustainability-Linked Deal of the Year: ACWA Power – Al Shuaibah 1 & Al Shuaibah 2 by IJGlobal

BSF Named one of Forbes 2023 50 Most Valuable Banks

Forbes named BSF to its list of the Middle East's 50 most valuable banks for 2023. Under the leadership of CEO Bader Alsalloom, the Bank achieved a market value of $10.5 billion with 82 branches.

Read more at **Banque Saudi Fransi (BSF) - 50 Most Valuable Banks 2023- Forbes Lists**

Financing Sustainable Projects

In alignment with the Saudi Vision 2030 ambition to shift towards cleaner, more diversified sources of energy, BSF executed a range of structured and project financing in 2023 focused on a variety of solar and renewable energy initiatives within the Kingdom.

Each of the following projects was supported by BSF's structured financing in 2023:

3 PIF (SAAD, Al-Kahfah & Ar Rass PV IPP)

PIF and ACWA Power are investing into 3 new solar projects: Ar Rass 2, Saad 2, and Al Kahfah. These projects have capacities of approximately 4.55 gigawatts (GW) combined capacity, powering around 750,000 households.

Neom Green Hydrogen Project Green Loan

In development by ACWA Power, Neom and Air Products, this project will utilize 4GW of solar and wind energy and will produce up to 600 tons per day of carbon free hydrogen as green ammonia.

Al Shuaibah Holding Solar PV Project

Upon completion, this solar project will have a capacity of 2.6 GW, making it one of the largest photovoltaic (PV) projects in the world. The project will sell its entire capacity to Saudi Power Procurement Company under a 30-year Power Purchase Agreement.

Layla Solar Energy Company

An independent power plant designed to support Vision 2030 goals to shift towards cleaner, diversified energy sources, Layla Solar Energy Company will generate 91 megawatts (MW) of energy upon completion.

Ar Rass Solar Energy Company

An independent power plant designed to deliver a capacity of 700 MW, Ar Rass will sell its entire capacity to Saudi Power Procurement Company upon completion.

Partnering for Sustainable Development

In addition to directly financing sustainable projects in line with our ESG and Vision 2030 commitments, BSF also works to enable sustainable development through partnership and collaboration with government entities and other institutions. In 2023, one of these initiatives included:

Saudi Export and Import Bank

BSF signed a Memorandum of Understanding with the Saudi Export and Import Bank's "EXIM Guarantee Program." Under this agreement, Saudi EXIM will provide banking guarantees in favour of BSF, securing up to 80% of the financing directed towards SMEs engaged in exporting Saudi-origin products or services, with a guarantee of up to SAR 30 million for a single SME. The joint effort is aimed at supporting Saudi 2030 Vision goals by promoting the development of Saudi exports, enhancing competitiveness, opening up new investment in non-oil Saudi products, and facilitating the worldwide availability of non-oil Saudi products.

Enhancing Global Transaction Solutions

To improve the service to our clients and meet our current and future business needs, in 2023 BSF significantly expanded and reorganized our Global Transaction Solutions business line, which encompasses the Bank's trade finance, supply chain, and liquidity cash management units. With a focus on driving innovation and on enhancing the quality and value of the products and services we deliver for our customers, we undertook the following strategic upgrades:

- Restructuring our Business Support Department and expanding its mandate to improve governance around revenue and expenditure.
- Dividing the Liquidity Cash Management (LCM) unit into LCM Business Solutions and LCM Advisory units.
- Enhancing our Financial Institution (FI) Trade and Supply Chain capabilities by hiring additional support and allocating additional resources.
- Creating a new unit to focus on Customer service and Quality assurance with the intent of driving up customer satisfaction

Building on these strategic upgrades and to further enhance our global transaction solution offerings, BSF aims to support major government initiatives like the Pilgrim Experience and Quality of Life programs with relevant solutions and services. The Bank will also digitize customer-facing activities, from onboarding to after-sales service delivery, and plans to re-engineer trade processes to improve transaction turnaround times and strengthen trade supply chain resources by installing Trade Business Advisory Desks. Additionally, we intend to transform LCM from an enabler to a solutions provider, as well as prioritize e-commerce and the enhancement of our POS services.

Trade & Supply Chain (TSC) was recognised by respected industry bodies in 2023 across multiple disciplines, including "Best Trade Finance Bank in KSA" by Asian Banker, and "Best Export Growth Bank in KSA"

Leveraging Digital Platforms for Better Customer Experiences

In 2023, BSF introduced a range of new digitization initiatives designed to significantly improve customer experience. These included the ongoing development and initiation of a multi-year Integrated Corporate Portal (ICP) program to upgrade trade platform and implement end-to-end digitization, enabling customers to submit, amend and manage Letter of Credit (LC) or Letter of Guarantee (LG) applications digitally. We also began to implement Artificial Intelligence and Machine Learning solutions with the aim of improving the efficiency of document verification processes and capture of requirements. In addition, the Bank formed a partnership with BwaTech, a Fintech firm to digitise the LC actions through a unified platform integrating the applicant, issuing bank and the beneficiary.

Furthermore, additional initiatives were implemented that were aimed at improving the operational efficiency such as encouraging customers towards conversion of manual transactions into digital transactions, streamlining of invoice payments, improved visibility into product level financial performance among others. Moreover, it streamlined the process of recording customer complaints/ requests internally with IT support teams.

Introducing New and Improved Processes, Products, Services

In addition to fully implementing the Unified Trade Tariff in 2023, BSF introduced a variety of new trade products, including Customs Duty Financing, Pre-shipment Finance and Supply Chain Finance (Receivables Discounting). The Bank also enhanced its Dividends Distribution System, resulting in the biggest year for the Bank in terms of the value of distributions processed.

LCM was cited by MEA Finance with "Best Payment Technology Implementation – KSA", "Best User Experience in Payments – KSA", "Payments Innovation of the Year" in cognizant of its efforts in the payments digitisation space.

Strengthening our Global Transaction Team

Throughout the year, BSF provided professional development and training opportunities for all our employees. In 2023, our Client Management Team received additional training on negotiations, and on discounted export LCs for non-BSF clients, leading to substantial growth above 2022.

Enabling Micro, Small and Medium Enterprises

Micro, small, and medium (MSMEs) businesses are helping to power the growth of the Saudi economy. In accordance with Saudi Vision 2030 objectives, BSF is committed to helping increase the level of MSME's economic contributions to the Kingdom. To accomplish this, our strategy focuses on developing products and services for lending and non-lending clients, such as short- to long-term loans for working capital and CAPEX financing, trade finance LCs and LGs, and liability products. We also target the supply chains of large corporates, while cross-selling services with Treasury, Trade Finance, and Liquidity Cash Management with the aim of supporting MSME's specific business needs and requirements.

Other BSF products, services and initiatives for MSMEs include:

- A point-of-sale (POS) Tawarroq financing product.
- Kafalah – an SME guarantee program to support financing in the MSME sector.
- Franchise financing in collaboration with Monsha'at.
- Co-financing products in collaboration with SME Bank.
- Financing solutions in collaboration with the Saudi Industrial Development Fund (SIDF) to support MSMEs working in industrial services, energy, mining, manufacturing, and logistics.
- Financing solutions in collaboration with EXIM that aims to support export activities for non-oil Saudi products and services.
- Regular workshops to introduce BSF's financing products and services through a Memorandum of Understanding with the Madinah Chamber.

Compared to 2022, the total value of our MSME portfolio increased by 4% to SAR 11.92 Bn in 2023, whereas our commercial portfolio increased by 12% over the same period.

Raising Awareness About ESG

In 2023, BSF's ESG team hosted a bank-wide session to introduce ESG awareness to business RMs. The session explored ESG assessment and ESG due diligence, and introduced participants to a Due Diligence Toolkit, designed to help the Bank review the ESG performance of new deals and portfolio companies by evaluating criteria related to environmental, social, and governance risks. The session was attended by all relevant WBG personnel.

MSME's	Units	2020	2021	2022	2023
Total number of MSME customers	#	3,546	2,616	2,163	2,448
Total value* of wholesale banking Total Assets	SAR Millions	102,507	114,226	122,841	136,409
Micro	SAR Millions	499	80	140	26
Small	SAR Millions	2,316	3,423	2,568	2,194
Medium	SAR Millions	10,694	11,823	8,772	9,702
Commercial	SAR Millions	88,998	98,900	111,361	124,487

*Spot balance

Raising Financial Awareness of MSMEs

BSF's SME Center Branch Manager in Riyadh conducted a financial awareness session at the facilities support center, which included discussions on the most important challenges facing owners of small and medium enterprises in obtaining financing.

Supporting MSME Financing Initiatives

BSF joined with Nusaned Investment Company in a cooperation agreement aimed at financing emerging, small, and medium-sized enterprises that are invested in by NusanedTM, an initiative of SABIC.

Enhancing SME Export Funding

BSF Launches its first financing program in collaboration with the Saudi EXIM Bank via a range of financing products made available to customers.

BSF's Financial Partnership Initiatives and Awareness Programs

Area of Support	Description
Access to Finance	• Actively boosted the Kalafah program to support financing in the MSME sector, including portfolio arrangements for active entities and start-ups, and the issuance of 203 Kafalah guarantees valuing 573 MM (on and off balance sheet). • Through the funding gate, continued to provide a referral portal that was actively used by BSF to facilitate MSME's access to all banks and financial institutions. • Allocated an envelope to support finance and support entities operating under franchise agreements. • Continued to offer programs for large corporate groups' suppliers with the goal of providing MSMEs with funding in the supply chain and transportation industries. BSF has a signed Memorandum of Understanding with Saudi Airlines for this purpose. • In partnership with Kalafah, we launched a point-of-sale (POS) financing product to provide BSF clients with innovative financing options to support their operational and expansion needs, as well as broaden our customer financing mechanism by offering short-term financing for MSMEs based upon POS transactions.
Education & Awareness	• Educated BSF employees, including MSME and Corporate Banking Group employees, about the Kalafah program, updated procedures, and a new Kalafah portal via regular workshops. • Actively participated in 6 workshops organized by Monsha'at, local Chambers of Commerce, and other governmental bodies. Through these workshops, we provide overviews of how MSMEs are categorized by the Bank, the Kalafah program, the "SME Bank" finance portal, and the main process and requirements for obtaining financing from institutions, credit facilities, financing solutions, services, and products offered by the Bank and at the SME center. We also provide an overview of BSF's involvement in supporting sectors emphasized by the Saudi Vision 2030 in collaboration with the Kalafah program.

To continue enabling MSMEs in the future, BSF aims to strengthen its position with Monsha'at, Kafalah, and the SME Bank, while growing MSME financing by leveraging government programs and initiatives aligned with Saudi Arabia's Vision 2030. The Bank will also encourage MSME customers to adopt digital solutions, seek potential partnerships with third parties and FinTechs to provide our clients with the latest technology, and enhance our credit approval processes through technology solutions currently under development.

Personal Banking

BSF's Personal Banking Group provides a range of financial solutions designed to support our clients' financial priorities and lifetime needs.

Home Ownership: Various BSF mortgage products are offered to clients that are subsidized by the Kingdom's Real Estate Development Fund, which strives to increase the percentage of Saudi families owning houses to 70% by 2030.

Remittance: Available through Western Union, BSF remittance services enable customers to instantly transfer money to family members. This service helps facilitate a range of positive socio-economic impacts in developing countries, including settling expenses, increased disposable income, building assets, increasing access to healthcare and insurance, increasing access to education, and improving quality of life.

Electronic Payments: BSF issues a range of debit, credit, and prepaid cards to help promote a cashless society, supporting the Saudi Vision 2030 objective of increasing the share of non-cash transactions to 70% by 2025.

Social Causes: We enable BSF customers to contribute to meaningful causes by providing them with the opportunity to redeem loyalty points for charitable purposes via partnerships established by the Bank.

Payroll: BSF payroll cards allow under-served individuals to receive their salaries and conduct purchases using a secure payment method rather than cash.

The Bank continues to record consistent annual increases in the number of personal banking clients we serve. In 2023, the total number of personal banking clients increased by 11% compared to 2022, and the total value of our personal banking loan portfolio increased by 14%. Key factors in this growth continue to include increased demand for personal loans, the expansion of available mortgage products, and continued efficiency in turnaround times for credit decisions.

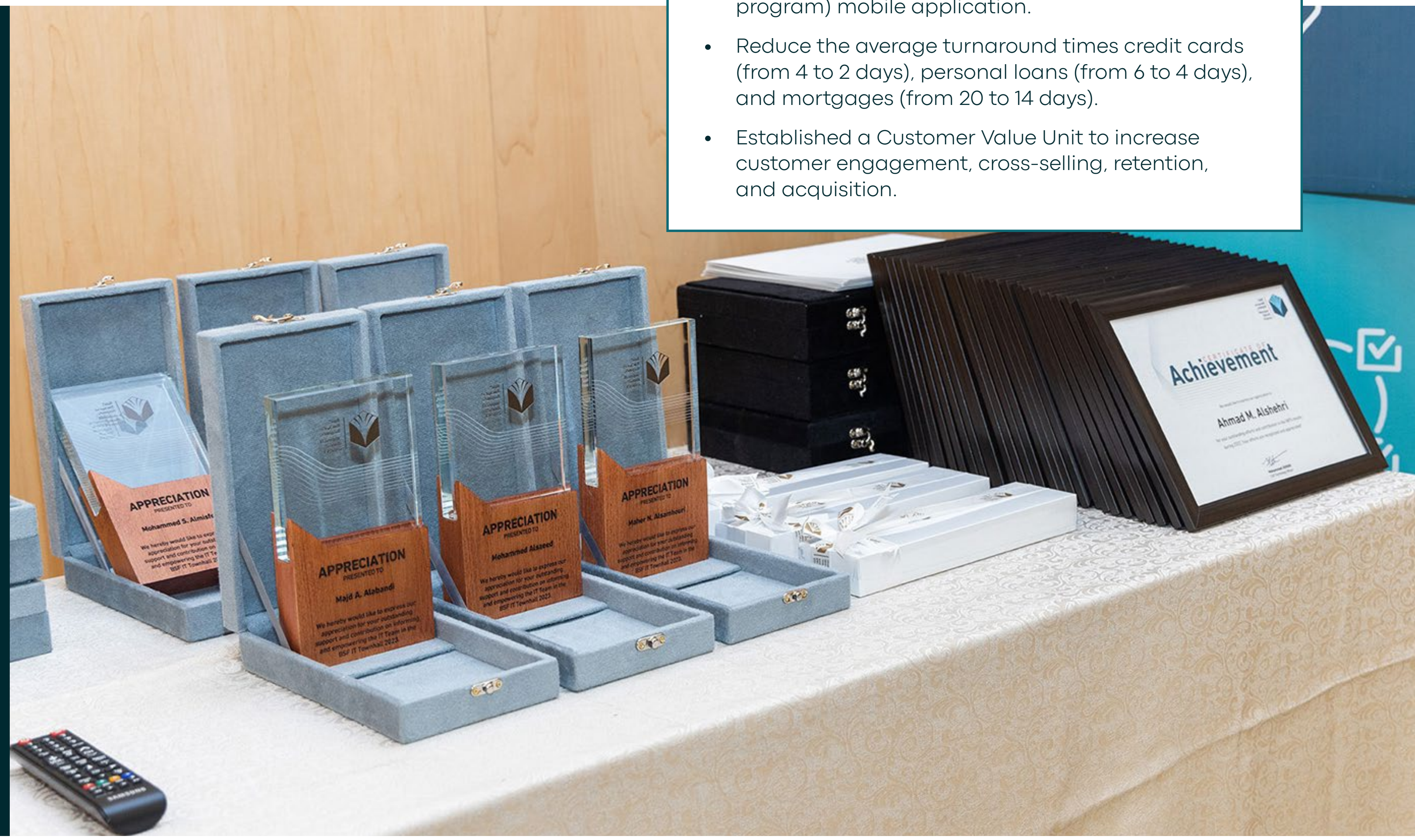
Charitable Donations via Personal Banking Customers	2020*	2021*	2022	2023
Number of loyalty points donated to charity (#)	83,341,117	87,481,000	66,915,000	81,665,000
Total value of loyalty points donated to charity (SAR)	833,411	874,810	669,150	816,650

*Note: 2020 and Q1-2021 loyalty points have been restated to current methodology of 100 loyalty points = 1 SAR for easier year-wise comparison.

Personal Banking Customers	2020	2021	2022	2023
Total number of personal banking customers	1,085,215	1,141,774	1,165,338	1,297,278
Total value of personal banking loan portfolio (SAR Millions)	27,914	33,005	37,047	42,324

Notable Retail Banking Group Achievements

- Net Income increased by 168% compared to 2022.
- Piloted Elite+, a premium banking experience offering specialized services and exclusive benefits for affluent clients.
- Introduced a new JANA Rewards (BSF's loyalty program) mobile application.
- Reduce the average turnaround times credit cards (from 4 to 2 days), personal loans (from 6 to 4 days), and mortgages (from 20 to 14 days).
- Established a Customer Value Unit to increase customer engagement, cross-selling, retention, and acquisition.



Through our loyalty points program, BSF customers have donated 81,665,000 loyalty points to charity, which is equivalent to SAR 816K. This represents an increase of 22% over 2022.

To encourage new potential personal banking clients to join BSF, as well as enhance the experience of our existing clients, the PBG, in alignment with the Bank's updated corporate strategy, intends to (among other initiatives):

- Continue expanding its retail products, including mortgage restructuring, credit card co-brands, lending to expatriates, and offering additional Sharia-compliant solutions.
- Create a dedicated bancassurance system to integrate with multiple insurance companies and internal systems.
- Introduce an omnichannel platform and enhance our Customer Relationship Management (CRM) systems to improve digital banking experiences.
- Enhance the Bank's customer engagement models through advanced analytics across customer life cycle stages.

Islamic Banking

BSF's commitment to sustainability is aligned with the Shariah values and principles we are dedicated to upholding. In accordance with Shariah principles, all late payment charges out of the Bank's Islamic transactions are collected into a Charity Account. Our Shariah Committee supervises the Charity Account and ensures that the spending of all funds from this account are directly supportive of charitable programs in a Shariah compliant manner.

BSF's One Family Program was put in place to support our own employees and their relatives should they find themselves in desperate or urgent financial need due to unexpected circumstances such as illness or accident. In 2023, this program provided support to two BSF employees who suffered unexpected circumstances.

The Charity Account also funds two thirds of our Al Qudwah Al Hasnah Program. This program, launched by the Shariah Affairs Division (SAD) in 2019, aims to train new Shariah Scholars to become future Shariah Committee Members in financial institutions. Over two years, participants engage in live Shariah committee meetings and receive intensive training on banking products and services. Upon completion, they are qualified to serve as Shariah Committee members in any financial institution.

Shariah Compliance

Under the guidance of our Shariah Committee, BSF ensures compliance with both SAMA regulations and Shariah principles. Before launching any new Islamic product or service, the Bank follows the Shariah Product Guidance set forth by our Shariah Committee pertaining to the product's structure, compliance, and security. As part of this process, new products or services are also formally reviewed and approved by our Shariah Committee prior to launch.

Sharia supervisory council

Zakat payment

2020	SAR 383,661,666
2021	SAR 395,661,753
2022	SAR 412,831,807
2023	SAR 485,100,000

Sharia supervisory council

Number of Shariah Committee members

BSF complies with the Zakat, Tax, and Customers Authority (ZATCA) to calculate and pay Zakat in the Kingdom of Saudi Arabia. Zakat is calculated per the proportional method outlined by ZATCA. Zakat is used by the Kingdom to support a range of social welfare programs throughout the country.

Additional responsibilities for our Shariah Committee include:

Shariah Compliance Supervision: Reviewing the results of compliance and internal audit reports to address identified issues and propose corrective measures. Corrective plans for all non-compliance issues are to be approved within 30 working days.

Decision Issuance: Making decisions on Shariah-related matters to ensure the Bank adheres to Shariah principles.

Policies and Procedures: Ensuring that the Bank's Shariah-related policies and procedures align with Shariah principles.

Continuous Knowledge Acquisition: Staying informed on developments in Islamic finance.

BSF's Islamic Banking Products

BSF offered a range of Islamic products for our clients in 2023:

Personal Finance Buy-Out: Applicable to credit cards, personal financing, and cars, this approach gives clients who have completed repayment of 20% of the outstanding balance the option of repaying the debt in order to obtain the difference in the financing amount.

Personal Finance in Pledge of Cash Deposit: The Bank provides credit facilities and other banking facilities to the clients based upon pledging the clients' deposit. These pledges guarantee all current and actual amounts and obligations owed to the Bank by the client (individually or jointly).

Cash Finance: Clients can request the Bank to enter into a commodity Murabaha transaction (Tawarruq) to obtain cash.

Real Estate Development Fund (REDF) Home Finance: The BSF REDF product is used to develop, operate, and rent residential complexes, including apartments and villas, on a land area of approximately 25,250 square meters within the Al Munsiyah area of Riyadh for the purpose of generating income and capital gains.

Mudaraba Savings Account: Designed to attract more clients and increase BSF's Islamic liabilities, Mudaraba is a partnership between fund provider (Rab Al Mal) and entrepreneur bank (Mudarib) via which the Bank invests clients' funds into Shariah compliant ventures to generate profit.

Islamic Export Pre- and Post-Shipment Financing: By offering Islamic export pre- and post-shipment financing via the provision of credit facilities, BSF aims to promote the export of manufactured products, agricultural products, and primary commodities through the provision of a supplement source of funds prior to or upon shipment of the products.

Trust Certificate Program (International Sukuk): In the second quarter of 2023, BSF established a $4bn Trust Certificate Program (International Sukuk) and launched its first public issuance with a second issuance planned for 2024.

Sustainable Finance Framework

During 2023, BSF worked on developing a robust sustainable finance framework (SFF) with the aim of launching it in 2024.

Designed to further enable our direct contributions to the Kingdom`s Vision 2030 ambitions for diversifying the Saudi economy, promoting environmental stewardship, and fostering innovation in green technologies, plus expand our capacity to attract investments aligned with global sustainability standards, the SFF will provide a guideline for all sustainable financing transactions in the BSF pipeline. The framework will govern all of the Bank`s activities related to green, social, and/or sustainable bonds, sukuk, loans, deposit programs, and other activities by leveraging relevant sustainable financing principles, such as those defined by the International Capital Market Association and Loan Market Association.

Integrating ESG into Lending and Investment

In 2023, the Bank has implemented an ESG Due Diligence toolkit ('Toolkit') designed to explore and understand the integration of ESG principles directly into our credit decision-making processes. The Toolkit supports BSF`s credit team by assessing a borrower`s ESG performance through a range of ESG criteria, including identifying and classifying ESG risks associated with a borrower`s industry, location, and both the significance and reversibility of a project`s impacts, as well as mitigating actions taken. BSF will continue to evaluate the Toolkit`s ability to effectively inform our credit teams, making refinements as necessary to help the Bank effectively standardized its approach to integrating ESG into investment and credit decisions.. The toolkit will enable the Bank to systematically identify and evaluate environmental and social risks and opportunities, as well as green and/or social projects within our existing portfolio that may be eligible for financing under the new BSF Sustainable Financing Framework.

Responsible Procurement

BSF is committed to ensuring a transparent, ethical approach to sourcing and procurement across all the Bank`s activities. Our supplier management practices and interactions are rooted in a set of strategic, tactical, and operational processes that guide our supplier engagement and relationships.

These processes are set forth in BSF`s procurement manual. Overall, BSF`s supplier selection is based upon technical evaluation of prospective vendors in association with the scope of services required and recent work with BSF.

As part of our vendor registration, all vendors are required to formally agree to adhere with SAMA`s regulations and the Bank`s Code of Conduct. The Code of Conduct is a mandatory requirement for registering any company within BSF. All BSF suppliers are provided with a copy of the code as part of the registration process. Moreover, all suppliers must disclose any affiliations with related parties to avoid potential conflicts of interest.

Compared to 2022, BSF increased the total number of local suppliers by 111%, from 246 to 518, reaching a similar level as 2021.

Procurement	Units	2021	2022	2023
Total procurement spending on local suppliers	SAR	720,214,504	977,107,018	968,308,712
Total procurement spending	SAR	765,829,715	1,149,503,135	1,216,261,952
% of spending on local suppliers	%	94.04	85.0	93.6
Total number of suppliers engaged	#	560	246	518
Total number of local suppliers engaged	#	430	196	419
% of suppliers that have formally certified their compliance with BSF`s Supplier Code of Conduct	%	100	100	100
Number of suppliers blacklisted	#	8	6	8

Serving Our Clients

"We continue to reach the highest levels of customer satisfaction across the Kingdom, reaffirming the success of our strong focus on providing excellent customer service."

Bader Al Salloom
Chief Executive Officer

03

As one of Saudi Arabia's leading financial institutions, BSF has a responsibility to deliver the solutions our clients need. We are committed to supporting our clients at every stage of the financial journey, both in business, and in life. In addition to leveraging technology and innovation to deliver an array of products, tools, and services, we work to further empower and enable our clients by supporting their financial literacy and promoting financial inclusion and accessibility.

Material Topics in this Chapter

Responsible Customer Relations and Satisfaction
Digitalization
Financial Inclusion and Accessibility

A Vibrant Society
A Thriving Economy

9 Industry, Innovation and Infrastructure
10 Reduced Inequalities
11 Sustainable Cities and Communities

Highlights

Customer Satisfaction; calculated based on % of complaint resolutions accepted by customers

89.7% (average)

Achieved
ISO10002
certification for Quality Management Guidelines for Complaints Handling in Organizations and ISO10004 – Quality Management certification for Customer Satisfaction Guidelines for Monitoring and Measuring.

More than 10,000
Saudi citizens participated in BSF's new Introduction to Financial Sustainability program with a 15% certification rate.

Responsible Customer Engagement

BSF's Customer Care Group (CCG) is dedicated to ensuring our clients receive the support they need to enjoy a rewarding relationship with the Bank. Supported by our **Customer Care Policy** and to make sure we are meeting our clients' needs and expectations, the CCG focuses on providing clear communication with our clients and ensuring they understand how to share their feedback with us in the event they wish to ask a question, seek information, or share a complaint or compliment.

In 2023 BSF achieved all target scores for SAMA mandates associated with complaints handling and obtained the following ISO certifications:

- ISO10002 – Quality Management Guidelines for Complaints Handling in Organizations.
- ISO10004 – Quality Management – Customer Satisfaction Guidelines for Monitoring and Measuring.

As part of the CCG's commitment to continuously improving customer experience and care, the group developed and launched a customer financial education and awareness program delivered across the Bank's primary client communications channels, including our website, ATM screens, social media, and mobile applications (BSFMobile, BSF Online). Designed to enable clients to make informed financial decisions, the engagement program focused on improving clients' knowledge of consumer protection principles and rules, financial products and services and associated risks, fraud, saving, and financial planning. To enhance delivery of this information and ensure BSF employees are fully equipped to help educate and support our clients, the program included internal training and awareness delivered via our internal engagement channels. In addition, all new BSF employees receive customer experience training as part of the onboarding process.

The CCG also conducted the following activities in 2023 to further enhance the quality of our customer experience:

- Customer experience working groups aimed at identifying and closing the gap on customer dissatisfaction.
- Regular insight reports shared with the CCG and associated internal groups to identify and address opportunities to improve the customer experience on a daily, weekly, and monthly basis.
- Refreshed BSF's Customer Experience Steering Committee under the guidance of the General Management Forum. The Committee is charged with overseeing initiatives to further improve the customer experience.
- Launched a mystery shopper program across all customer touchpoints to provide practical, real-time insight into the customer experience.
- Sponsored a Customer Experience Day to promote the importance of the customer experience throughout the Bank.

Our average complaint response rates have reduced by 14% and 33% for personal and wholesale clients, respectively

Nearly 98% of customer-related complaints were resolved

Handling Client Concerns

BSF is dedicated to ensuring our clients enjoy the best possible experience with our Bank. Guided by BSF's **Consumer Protection and Complaints Policy**, our CCG is charged with receiving and responding to all client feedback in a timely manner. As part of this remit, the CCG strives to ensure all complaints are fairly and appropriately resolved, and that a plan of action is established to track and address the root cause of any client concern. Through its quality assurance function, the CCG also conducts regular reviews of how client complaints have been addressed. Similar reviews are also conducted by the Compliance, Internal Audit, and Risk Management divisions, as well as SAMA.

In addition to reporting directly to BSF's CEO, the CCG delivers regular reports on our customer care progress to senior management and to SAMA via the following KPIs:

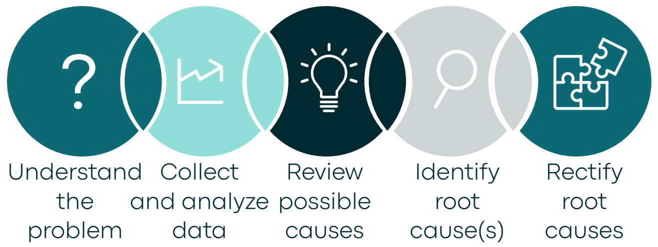
- Total number of complaints received
- Top five root causes of complaints
- Status of complaints
- Status of corrective actions plans

To support BSF Board oversight of client complaints, the CCG also provides quarterly reports to the Board that include:

- KPI results
- Service-Level Agreement (SLA) performance for business line, support, and control functions
- Common complaints received during the report period
- Consumer protection challenges and mechanisms for addressing these challenges

Overall, the total number of complaints received during 2023 increased by 14% compared to 2022, mostly stemming from counter fraud measures deployed in KYC and mobile authentication requirements, ALFURSAN miles, and technical challenges related to our online banking applications BSFMobile and BSF Online. Nearly 98% of these complaints were resolved during the same period while simultaneously improving our average complaint response rates, which reduced by 14% and 33% for personal and wholesale clients, respectively, when compared to 2022. These notable achievements were predominantly made possible through:

- Revisiting established SLAs related to client complaints with all relevant stakeholders within the Bank.
- Increasing the accountability of business lines in addressing client complaints by including SLA performance results in monthly business line reports, which are also shared with the CEO and Board on a quarterly basis.
- In compliance with the CCG's Complaints Root Causes Analysis Policy, developed and agreed upon appropriate complaint responses, follow up actions, escalations, and corrective actions with all relevant stakeholders.
- Reporting on a daily basis, all overdue complaints and those complaints that will soon be breaching predefined SLAs to the concerned business line, support, or control function.
- Escalating all overdue complaints to the respective group heads on a weekly basis.



Client Complaint Management	Units	2020	2021	2022	2023
Total number of complaints received	#	24,464	27,650	30,229	34,458
Personal Banking	#	24,206	27,516	30,065	34,345
Wholesale Banking	#	258	134	164	113
Total number of complaints resolved	#	24,354	26,666	29,306	33,652
Personal Banking	#	24,097	26,531	29,147	33,540
Wholesale Banking	#	257	133	159	112
Average response rate for client complaints – Personal	# of working days	-	2.29	2.41	2.07
Average response rate for client complaints – Wholesale	# of working days	-	3.17	5.98	4

Customer Satisfaction

Delivering a best-in-class customer experience is an ongoing journey that requires a dedication to continuous improvement across all aspects of the Bank's operations. BSF's Customer Experience Division (CED) is responsible for leading this journey and for ensuring we uphold the highest consumer protection principles and regulatory standards. Guided by the Bank's Customer Satisfaction Policy and our frameworks for customer experience, the CED focuses on understanding customer journeys and experiences with the aim of identifying and driving opportunities and initiatives to further enhance customers' experiences with BSF. To accomplish this, the CED monitors the quality of customer experience operations by tracking pain points, inconsistencies, and progress towards experience improvement targets, as well at Net Promoter Scores – an important indicator for measuring customer loyalty. Insights from these efforts are used to shape customer experience improvement programs throughout the year.

For customer-facing employees, the BSF Academy offers several training courses to improve customer engagement and satisfaction. This helps to create a consistent and effective approach to engaging with our customers and for identifying improvement areas. Specific content provided through these training courses includes selling skills, customer service, world-class customer service, customer engagement, customer relationships management, customer satisfaction, and complaints handling.

Over the past four years, customer satisfaction levels have steadily been improving. Last year, we proudly achieved the highest scores across SAMA's consumer protection and customer complaint KPIs, and we have once again exceeded all established targets for Customer Satisfaction, Quality of Response, SLA Performance, and Conduct across all 4 quarters during 2023. Moreover, our net promoter scores increased across all key customer segments, particularly among priority customers and corporate/institutional customers, which increased by 32% and 14%, respectively, compared to 2022.

Target	≥85%	≥97%	≥95%	≤5%
KPI	Customer Satisfaction[1]	Quality of response[2]	SLA Performance[3]	Conduct[4]
Q1	88.75%	99.38%	95.10%	0.72%
Q2	91.04%	99.56%	95.33%	0.68%
Q3	90.23%	99.58%	99.62%	0.68%
Q4	88.77%	99.81%	99.67%	0.36%

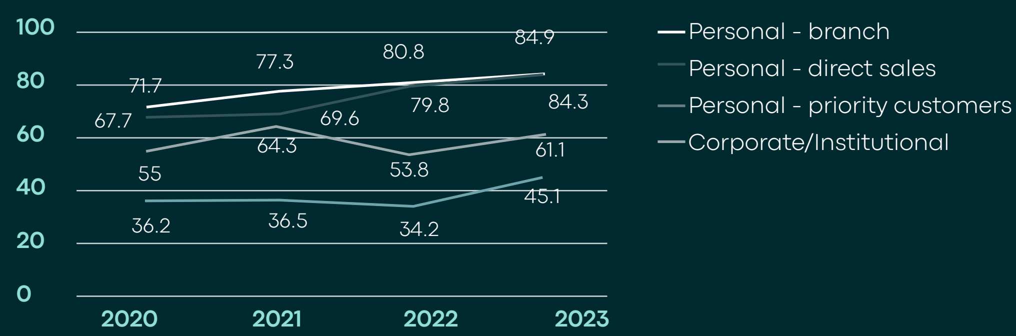
1 – Based on percent of complaint resolutions accepted by customers
2 – Based on percent of escalations due to number of bouncing times (reopening of same complaint by CCG)
3 – Based on percent of service-level agreement (SLA) adherence during complaints life cycle
4 – Based on percent of resolutions rejected by CCG and the complaint closed in the customer's favor

We have achieved significant improvements in customer satisfaction across several areas. Personal branch services increased from 77.3% in 2021 to 84.9% in 2023. Satisfaction among priority customers saw a notable rise from 34.2% in 2022 to 45.1% in 2023. Direct sales satisfaction improved significantly from 69.6% in 2021 to 84.3% in 2023. Additionally, corporate and institutional services recovered strongly from 53.8% in 2022 to 61.1% in 2023.

Dynamic Customer Management

Through the Microsoft Dynamics Sales Customer Relationship Management platform, BSF is placing customer relationship management at the core of our business operations. The platform enables 360-degree views of client activity, including real-time balances and transactions, complaints and service requests, alerts, opportunities, prospect and lead management, interaction timelines and utilized products, along with campaign management. This consolidated data and critical insight supports our compliance commitments, deepens our customer knowledge, and enables our teams to tailor targeted and personalized offers for our customers, take proactive action, and stay informed of all customer interaction with the Bank on a real-time basis.

BSF Customer Satisfaction (Net Promoter Score)



International Customer Experience Day

In 2023, we celebrated BSF's commitment to delivering outstanding customer care and best-in-class customer experience. Open to all employees, the day-long event featured a panel of representatives from various Bank departments who have demonstrated leadership and expertise to discuss their roles in providing a distinguished customer experience.

Consumer Protection

The Customer Experience Department also monitors BSF`s adherence to all SAMA regulations for customer experience, including the **Banking Consumer Protection Principles** for Advertising and Marketing Communications (Article 10), which prohibits deceptive advertising practices and mandates transparent disclosure of all fees and commissions; and the Regulations for Issuance and Operations of Credit and Charge Cards. To further ensure the Bank's lending practices adhere to consumer protection principles, we have also incorporated SAMA regulations pertaining to responsible lending, consumer finance, and card issuances into our Retail Lending Credit Policy. These regulations encompass requirements for consumer age, employment, product duration, and loan-to-value ratio, as well as qualitative guidelines.

All BSF advertising must be approved by the Bank`s legal and compliance departments.

Collaborating for Better Customer Protection

Through our membership in the industry-wide Customer Protection Committee, BSF engages with our industry peers, shares knowledge, and stays up to date on best practices for responsible customer care and engagement. Members of this collaborative platform include representatives from SAMA as well as other licensed banks across Saudi Arabia.

Helping Customers Make Informed Decisions

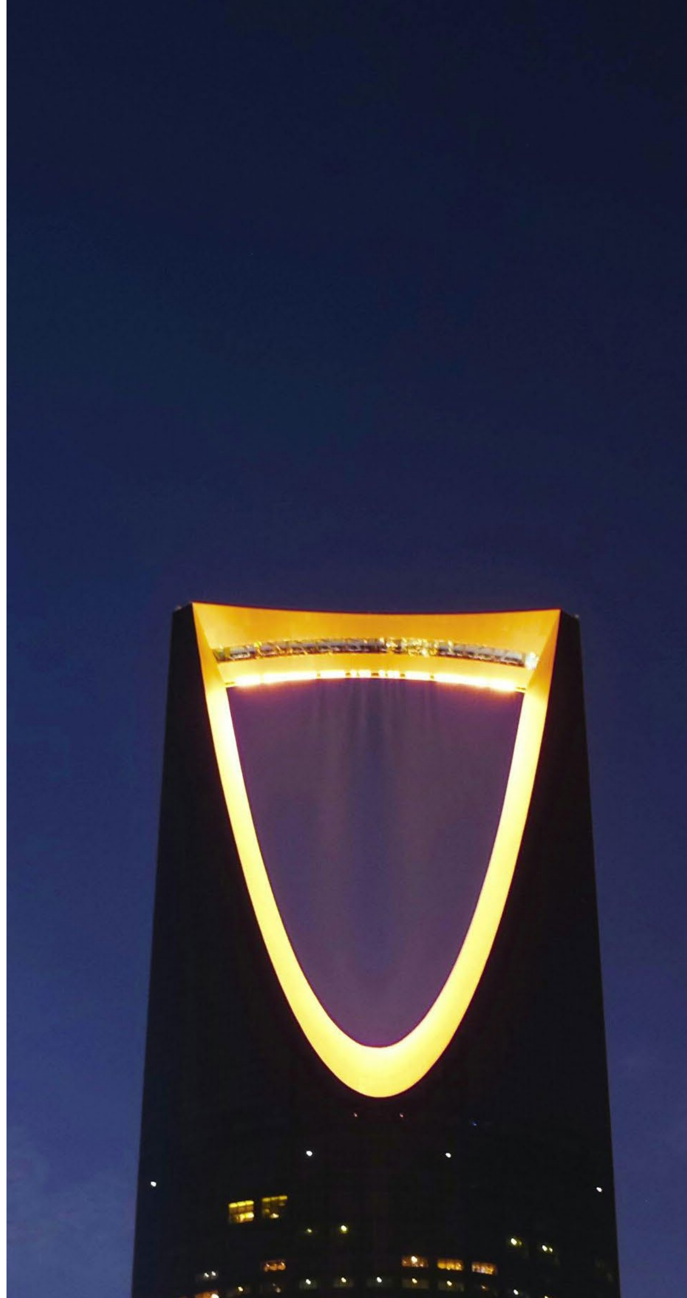
All customers are provided with clear, accurate, and important information before agreeing to use a BSF product and/or service, such as its features, benefits, terms, and conditions. Using language that is plain and easily understandable, we aim to comprehensively inform each customer about the implications of their financial choices. All advertisements include campaign criteria, campaign period, product pricing, and terms and conditions. Supporting the process of effectively informing BSF customers are communication campaigns to all BSF branches and contact centres, as well as campaign training for sales employees and daily monitoring of campaign performance.

Promoting Financial Inclusion

Access to basic financial education and skill-building is fundamental to financial inclusion. To help close gaps in financial knowledge across the Kingdom, BSF launched a new community outreach initiative focused on empowering individuals with the knowledge they need to make informed financial decisions.

Launched in partnership with Udacity, the BSF Introduction to Financial Sustainability program is aimed at increasing financial literacy among Saudi citizens. The free program focuses on the fundamentals of finance, enabling participants to create their own successful financial pathways, and to make smart choices in support of their financial ambitions. Program topics include:

- Creating budgets.
- Establishing and maintaining personal bank accounts.
- Understanding personal credit scores and their impact on financing decisions.
- Investing fundamentals for new investors.
- New banking technologies for personal finance.
- Basic benefits of blockchain technology.



Banking Network & Transactions	2020	2021	2022	2023
Banking Network (#)				
Number of branches	87	85	82	82
Number of ATMs	563	466	460	457
Number of KIOSKs	9	72	80	80
Service Centers (Fransi/ BSF Connection)	1	1	2	3
Total Points of Sale (includes partnerships with other organizations)	45,031	76,159	74,504	27,395
Non-Financial Transactions				
Branch	459,658	632,241	763,457	849,745
ATM	5,655,219	5,341,025	5,426,496	6,270,430
KIOSK	9,945	153,582	147,248	144,113
Call centre	1,118,386	1,269,876	1,552,345	1,605,743
Digital	130,764	182,210	173,651	318,374
Financial Transactions				
Branch	1,662,019	1,659,391	1,627,006	1,557,619
ATM	16,232,975	15,179,065	13,499,130	15,604,605
KIOSK	169	2,356	11,654	16,728
Call centre	235,402	200,166	182,735	178,242
Digital	13,617,994	18,921,871	22,515,726	23,463,648
Financial Inclusion				
Number of ATMs in low populated areas	4	4	5	5
Number of unique customers with a pre-paid card account	-	-	15,247	17,602

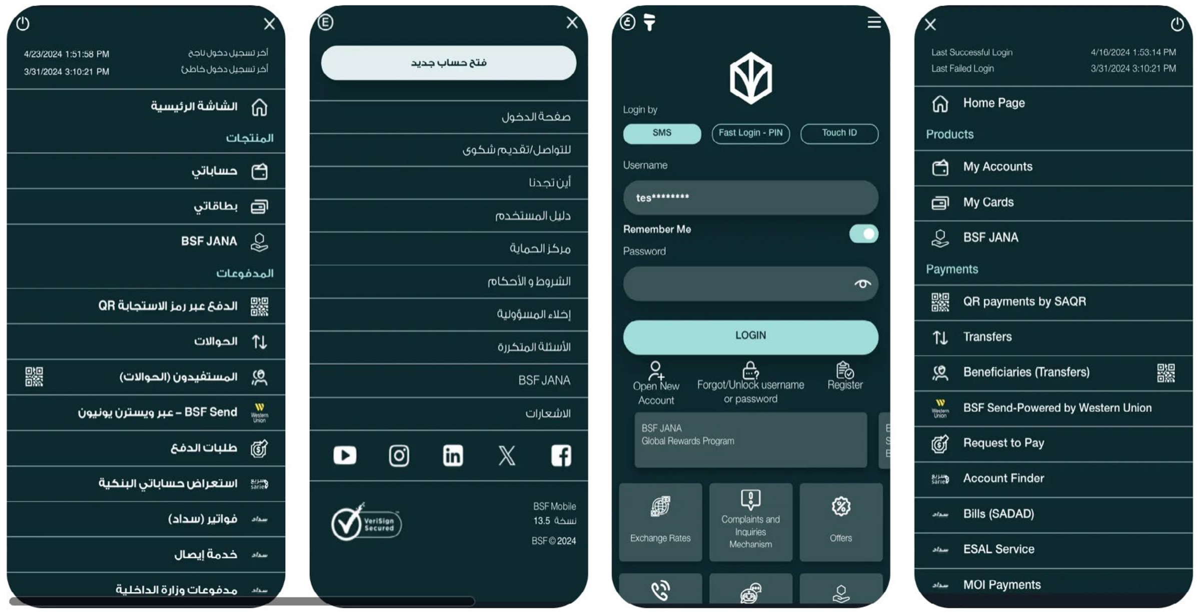
BSF's banking network, in terms of the number of branches, service centers, ATMs, and KIOSKS, remained relatively unchanged compared to 2022. The only notable change was a 63% reduction in the total points of sale, which was mostly accounted for by one point of sale aggregator that left BSF's network. For both non-financial and financial transactions, there were significant increases in our clients using BSF's internet services (i.e.: digital) applications, BSFMobile and BSF Online, which increased by 83% and 4%, respectively.

Moreover, for non-financial transactions, our clients preferred conducting these types of transactions at our ATMs, accounting for 73% of total non-financial transactions in 2023, whereas for financial transactions, our clients preferred using our digital services, accounting for 64% of total financial transactions in 2023.

Ensuring Access for All

BSF is committed to making sure everyone has access to both our online services and our physical branches alike. Some of the ways the Bank ensures access for all include:

- Dedicated parking, ramps and entry/exit points at our physical branches designed to facilitate access for persons with disabilities.
- Equipping BSF ATMs with services to support individuals with special needs.
- Audio options on BSF's website to support those with visual impairment.
- Remote area branches dedicated to serving customers in rural areas. Web-based, digital banking services also support access for these customers.
- Dedicated waiting areas in BSF branches for female customers.
- Female employees at BSF branches to help support female customers.



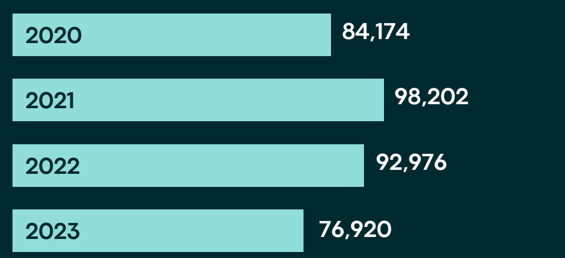
Digitalization

As the pace of Saudi Arabia's digital transformation accelerates, the need for the banking industry to implement and improve digital product, service, and support offerings is escalating. BSF is determined to outpace the transition by integrating digital transformation projects throughout our operations. Under the guidance of the Bank's leadership team, BSF's Digital and Innovation team is at the helm of these activities, embedding skills into the business to drive the transition and supporting a broad spectrum of digital transformation initiatives.

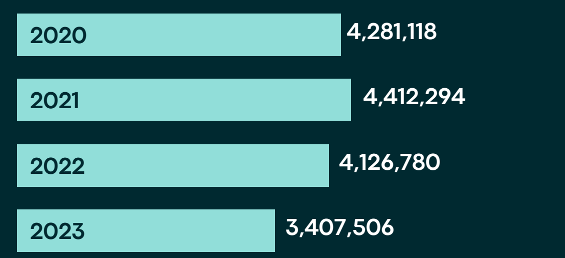
In 2023, the team continues to build and adapt its data science capabilities to improve customer experience and enhance product offerings. The focus has been on recognizing and acting on cross-sell opportunities, manage churn and predict customer behaviour, along with identification of next level products and services that should be prioritized for optimization and efficiency.

The data science function has also been institutionalizing the processes for further enhancement and automating the outputs where possible to continuously build out additional capacity and capability.

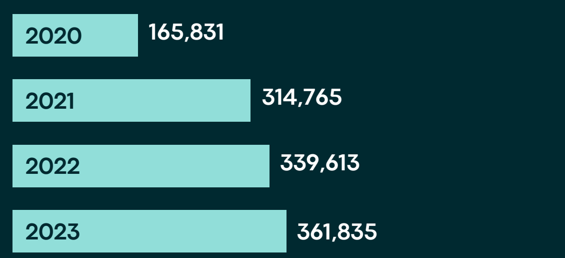
Number of digitally active unique customers using BSF Online (web-based banking application)



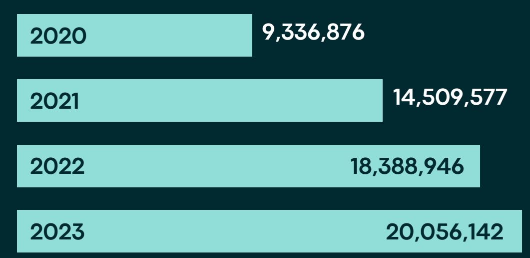
Number of online transactions completed (BSF Online)



Number of digitally active unique customers using BSFMobile (mobile banking application)



Number of online transactions com-pleted (BSFMobile)



2023 Digital Banking Highlights

Server Migration: As a next step in BSF's digital transformation, the Bank continued migrating its servers; where 91% of our physical servers are now in a virtual environment. In addition to bringing our technology platforms into the current digital environment, the decommissioning of physical servers also resulted in an energy reduction from 147 kilowatts to 123.5 kilowatts with a commensurate carbon and cost savings for the Bank.

Taking Brokerage Digital

BSF signed a Memorandum of Understanding with the Future of Creativity Digital Brokerage Company in 2023 to make a new package of digital financing products available to individual and corporate clients through the Bank's "Tanweel" platform.

New digital bank JB to launch in Saudi Arabia

Starting out life as BSF's digital challenger and initially described as a project "by Saudis, for Saudis", a new digital bank will be launching in Saudi Arabia, promising an easier, cleaner, and quicker experience in digital leasing and lending.

BSF Open Banking

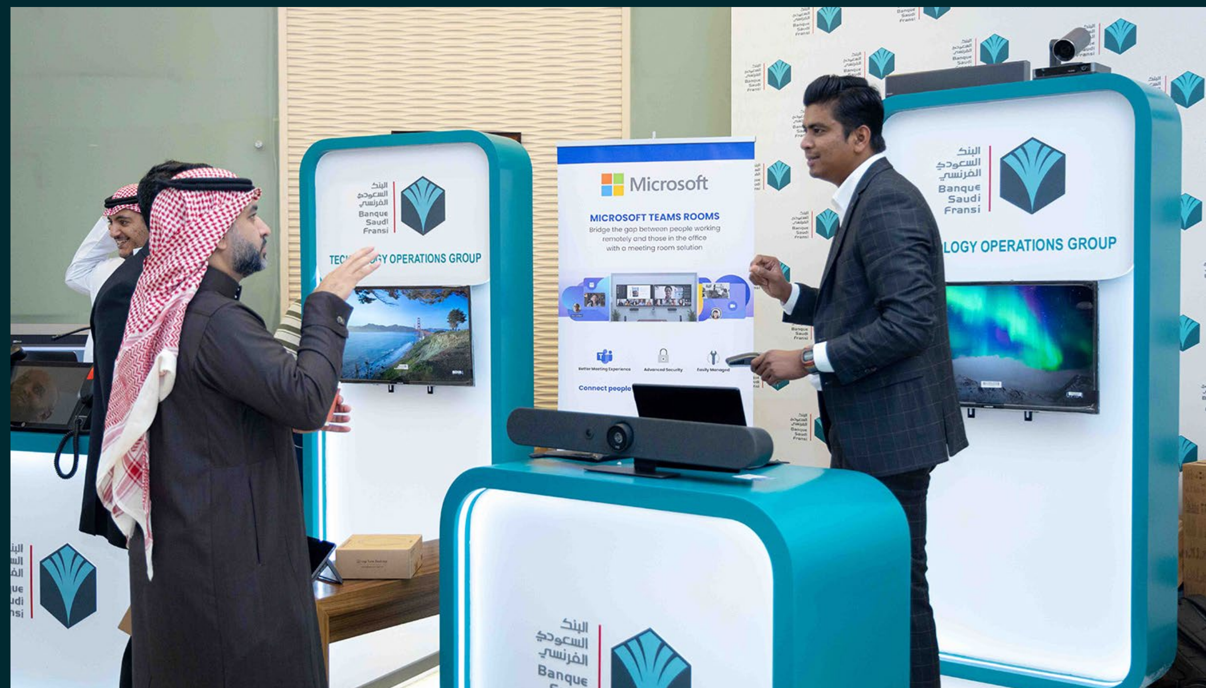
At BSF, our commitment to environmental, social, and governance (ESG) principles has driven significant achievements. We proudly launched BSF's first cloud-based Open Banking solution, positioning BSF as a leader in technological innovation and digital transformation. This milestone not only enhances our service offerings but also aligns with our sustainability goals by reducing our carbon footprint through efficient cloud technologies.

Our cloud-based Open Banking solution empowers customers with seamless, secure access to their financial data, promoting financial inclusion and literacy. This innovation supports our social responsibility to provide equitable financial services, fostering a more inclusive financial ecosystem.

BSF OmniChannel

BSF is in final stages to launch an advanced Mobile and Web banking application, replacing the existing platform with a focus on Environmental, Social, and Governance (ESG) principles. This new application offers enhanced performance, reliability, and scalability, delivering an improved and intuitive customer experience. Environmentally, the platform consolidates services, reducing the environmental footprint of maintaining multiple systems and using energy-efficient infrastructure. In terms of governance, the application adheres to SAMA regulations and integrates robust anti-fraud controls, ensuring top-tier security and data privacy.

BSF has a clear roadmap for future development, planning to integrate additional digital products and services that align with its ESG goals.. This rollout reflects BSF's commitment to sustainability, social responsibility, and strong governance, positioning the bank as a leader in digital banking innovation with an ESG focus.



Creating a Thriving Workplace

“We are proud to be an employer of choice for top talent in the Kingdom”

Bader Al Salloom
Chief Executive Officer

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BSF understands that our bank’s success depends upon the success of our employees. Our people are the pulse of our business, and we are proud to be the employer of choice for talented individuals across the Kingdom. With this in mind, we are committed to attracting, training, and providing rewarding opportunities for people at every stage of their career and to cultivating a welcoming, inclusive, and safe workplace that sets everyone up for success.

Material Topics in this Chapter

Talent Attraction, Retention and Development
Employee Engagement, Wellbeing and Satisfaction
Diversity and Inclusion
Nationalization

A Vibrant Society
A Thriving Economy

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH

Highlights

% of employees receiving training each year on all levels	98%
Employee satisfaction rate	84%
% of female employees	23%
% of youth employees	25%
% of full-time Saudi Arabian employees	91%

ZERO instances of discrimination reported.

96% employees received an annual performance review.

Invested SAR 11,100 in training per employee in 2023.

Delivered an average of 16.3 training hours per employee.

BSF Employees

We are proud to be an employer of choice for top talent in the Kingdom, and we work hard to create a welcoming and rewarding work environment that enables everyone to build a fulfilling, successful career. Every year, BSF`s Human Resources department looks for new opportunities to improve the quality of our employee experience, ensure the Bank remains competitive in the compensation and benefits we offer, and provide support to our employees` quality of life at work and at home.

Engaging High Potential Employees

BSF`s Banker`s Club is a high potential program for employees brought into the Bank through our Graduate Program. The Club brings these employees together to engage them in solving issues and capitalizing on challenges and opportunities within the company, leveraging their knowledge and skills. In the coming year, BSF also aims to introduce a mentoring program within the group, enabling senior members to support and mentor junior members as they build their careers with the Bank.

In 2023, BSF`s HR department introduced and implemented a range of new programs, plans, and initiatives under the umbrella of our Total Reward framework, which is aimed at supporting our employees` wellbeing and quality of life at work and at home. These new programs included:

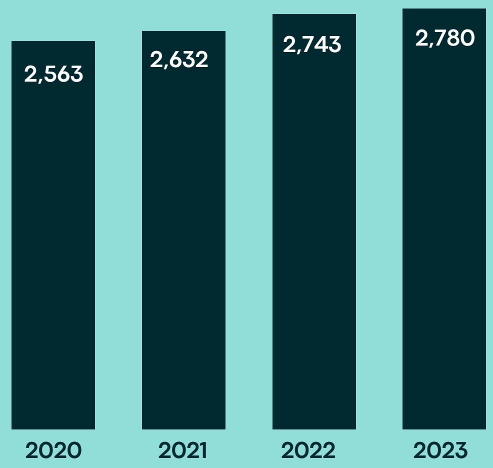
- A flexible and remote working policy.
- Birthday leave and marriage allowance.
- The BSF Testahil Well-being Program to support emotional wellbeing.
- Divisional plans for improving eNPS score and employee satisfaction.
- A BSFDisrupts leadership and competency framework that serves as the basis of our soft skills training curriculum and informs the criteria used for performance assessments.
- The Bankers Club retention initiative for all employees who were previous participants of the BSF HiPo (High Potential) Graduate Program.
- Individual development plans for succession and leadership development.
- Leadership assessment and performance coaching.
- Enhanced internal mobility and cross-functional rotational programs.
- An increased number of off-site team building events.
- Improved BSF`s Induction and New Joiners experience programs.

Some data within this chapter has been restated compared to previous years, due to the following two key reasons:
- HR data now covers only Full Time Employees
- Updates in the classification & calculation methodologies used

Workforce Profile

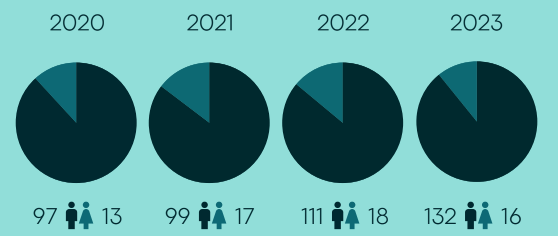
BSF`s workforce size has remained relatively unchanged over the past 4 years. Senior Management accounted for 5.3% of full-time employees and from this group, over 75% were Saudi Arabian nationals and 12% were females, respectively. Our female full-time employees have been consistently accounting for larger portions of our full-time employees year-on-year, increasing from 18% in 2021 to 23% in 2023. In terms of age, employees aged between 18 to 30 accounted for approximately 25% of our full-time employees.

Full-time employees

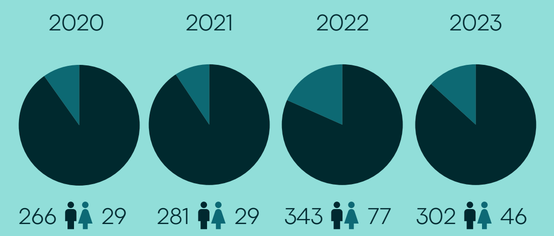


Workforce

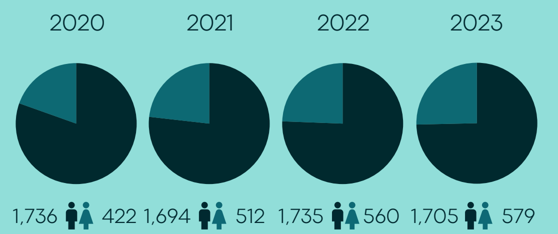
Employees in senior management



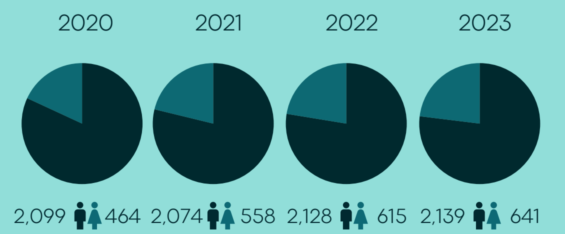
Employees in middle management



Employee staff (other levels)

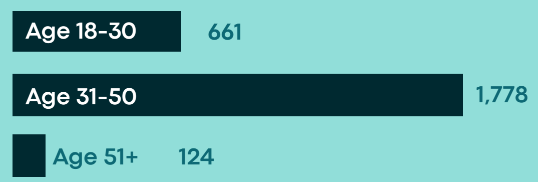


Full-time workforce by gender profile

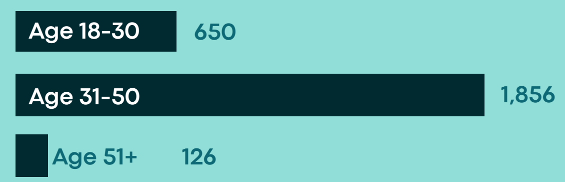


Full-time workforce by age profile

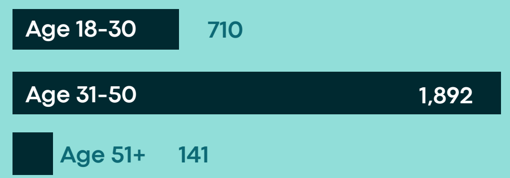
2020



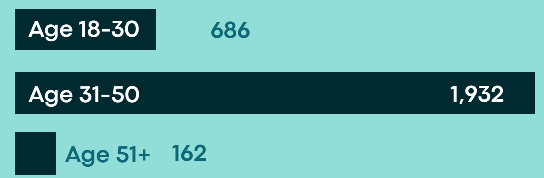
2021



2022



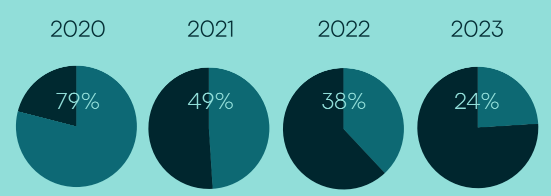
2023



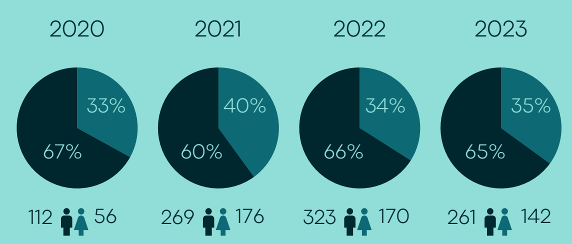
Where appropriate, BSF will fill vacancies from its existing workforce, especially as our employees continue to advance in their careers through their professional experiences and training courses undertaken. On average, the hiring cost per full-time employee was approximately SAR 24,335 during 2023.

Hires & Turnover

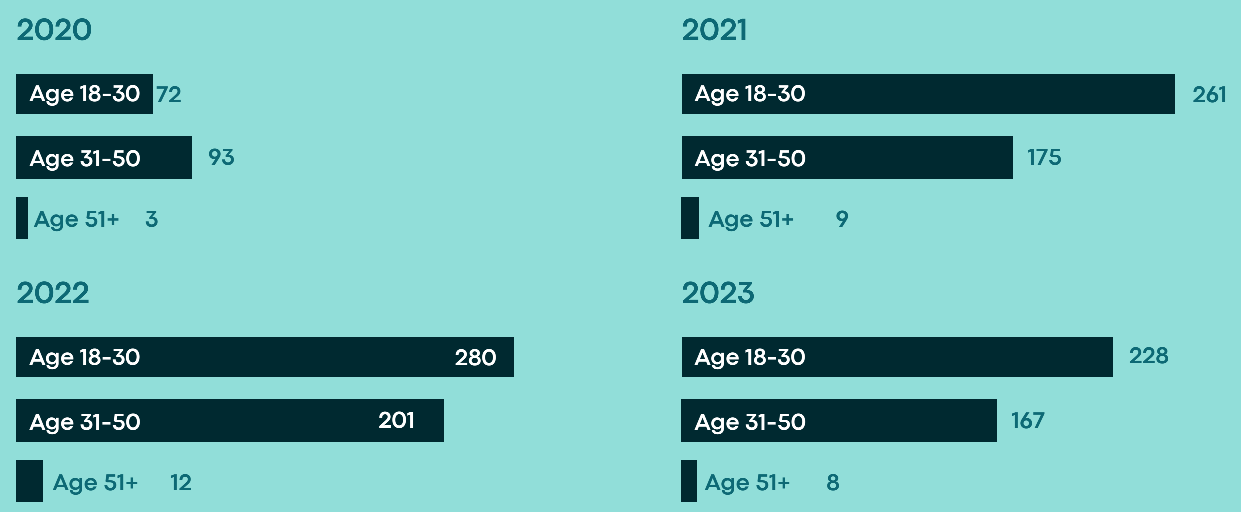
% of positions filled by internal candidates



New employee hires by gender

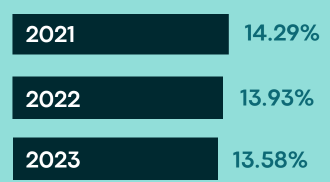


New employee hires by age (#)



Total number of employees who left the company

Turnover rate



Nationalization

BSF is proud to prioritize the employment of Saudi nationals for roles throughout the Bank, which forms part of our commitment to bolstering the Kingdom`s economic prosperity and contributing to the Saudi Vision 2030.
In alignment with Saudi government requirements and Central Bank mandates, approximately 30 key roles within BSF are reserved exclusively for Saudi nationals.

More than 91% of BSF employees are Saudi nationals.

Nationalization	Units	2020	2021	2022	2023
Nationalisation					
Nationals among total full-time employees	#	2,353	2,419	2,502	2,541
Female employees	#	461	551	606	632
Male employees	#	1,892	1,868	1,896	1,909
Full-time national employees by position					
Senior management	%	75.45	74.13	75.19	75.67
Total workforce	%	91.8	91.9	91.2	91.4
Nationalities					
Total number of nationalities	#	26	25	27	28

On average, a diverse group of foreign nationals from 28 countries have accounted for approximately 8% of BSF`s full-time employees. These employees continue to help the Bank in meeting outstanding business needs and support the exchange of alternative perspectives and professional practices throughout the workforce.

Moreover, by on-boarding talented employees from foreign countries, the Bank strives to promote diversity throughout its workforce.

Compensation & Benefits

Attracting and retaining top talent in a competitive marketplace demands that BSF provides fair and competitive compensation to our employees, along with a range of additional benefits.

Employee Remuneration

In addition to competitive salaries, the Bank offers variable compensation in the form of performance-based annual bonuses and sales incentives relative to roles and seniority. Front-line sales employees with group leadership and/or individual accountability are also eligible for sales incentives.

Moreover, the Bank remains committed to maintaining pay equality throughout its workforce.

Senior Management, Executive, and Board Compensation

The Bank's compensation practices for senior management, executives, and board leadership are guided by our Remuneration and Compensation Policy for Board, Board Committees and Senior Executives. Senior and executive employees may be subject to bonus deferral, as detailed in BSF's Bonus Deferral Policy, and the Bank reserves the right to 'clawback' any and all forms of variable compensation (before or after it is awarded or paid) through its Remuneration Adjustment guidelines (documented in the Bank's Human Resources Policy) in the case of financial misstatements, fraud, or misconduct. "Misconduct" refers to conduct that falls short of expected standards, including legal, professional, ethical, and other internal expectations.

Employee Remuneration	Units	2021	2022	2023
% of total remuneration that is variable and linked to the amounts of products and services sold, for the relevant employees.	%	24.98%	24.11%	27.8%
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	%	9%	10%	10%
Median pay-related gaps between men and women by employment level				
Executive	%	0.34%	6%	-8%
Management	%	16%	16%	10%
Non-Management	%	-12%	-12%	-6%

BSF THRIVE Program

BSF offers a long-term incentive (LTI), restricted shares program referred to as Thrive, or LTIP. Developed under the recommendation and guidance of the Nomination & Remuneration Committee and approved by BSF's Board of Directors, the program is available to managerial and executive employees with the aim of supporting employee retention and market competitiveness, while aligning the interests of the Bank's key employees with those of our shareholders and the Bank itself.

- Selected participants are awarded BSF shares that vest after 3 years subject to vesting conditions.
- Nominations and awards occur annually.
- Awards are based on a grant value defined for each participant, which is then converted to BSF shares based on the average Bank share price over the preceding 3 months prior to an award.

As of year-end 2023, 4% of BSF's employees participate in the Thrive LTIP program.

Board Remuneration	2020	2021	2022	2023
Board of Directors & Committees				
Sitting fees (SAR)	624,000	609,000	831,000	573,000
Remuneration (SAR)**	9,204,000	9,139,000	9,624,000	9,268,479
Shari'a's supervisory Board				
Remuneration & Fees	523,000	960,000	960,000	1,460,000

Notes:

* Remunerations have been capped at SAR 500,000 in line with BSF's Remuneration and Compensation Policy for Board, Board Committees and Senior Executives.

**The calculation methodology has been modified

Employee Benefits

Sick child leave for all employees.

Childcare Allowance for eligible female employees.

Parental Leave for all employees.

Corporate Cars for senior management.

Personal & housing loans for all employees.

Mobile Phones for employees required to make business calls as part of their responsibilities.

Optional Savings Plan for all employees who have completed their probationary period.

BSF matches monthly employee contributions up to 10% of basic salary and invests the savings on the employees' behalf.

Study leave for all employees pursuing professional certifications.

Medical Insurance for employees and their eligible dependents residing within the Kingdom of Saudi Arabia.

Child Education Assistance for eligible employees.

Life & Disability Insurance for all employees.

Parental Leave

BSF offers 10 calendar weeks of maternity leave during which the employee receives full pay entitlement. Maternity leave can be further extended for one calendar month for medical reasons related to the mother or the new-born. The Bank also provides three business days of fully paid paternity leave which must be taken within the first 30 days of the baby's birth. Maternity and paternity leave do not affect annual leave allowance. The primary caregiver is considered to the mother.

Parental Leave	Units	2021	2022	2023
Number of employees that took parental leave	#	75	74	66
Number of employees that took maternity leave	#	14	16	20
Number of employees who returned to work after parental leave ended (return to work)	#	75	74	66
Number of employees who returned to work after maternity leave ended (return to work)	#	14	16	20
Number of employees returned from parental leave who were still employed twelve months after return to work (retention)	#	75	74	66
Total number of employees that returned to work after maternity leave ended that were still employed 12 months after their return to work (retention)	#	14	16	20
Return to work rate	%	100%	100%	100%
Retention rate	%	100%	100%	100%

Diversity & Inclusion

BSF is committed to creating a workplace that reflects the diversity of the customers, communities, and stakeholders we serve, and to maintaining an inclusive and accessible work environment that respects the contributions of every person within the Bank. To help fulfil this objective, BSF focused on developing a new Diversity, Equity, and Inclusion (DEI) strategy with the aim of increasing the ratio of female to male employees and increasing the recruitment of people with disabilities within the Bank.

For Leadership Development, we maintain specific female participation rates in all existing leadership development programs, targeting a minimum of 20%, with increases planned over the next several years, aligned with current demographics. We also target 50% female participation in all fresh graduate programs.

Learning & Development

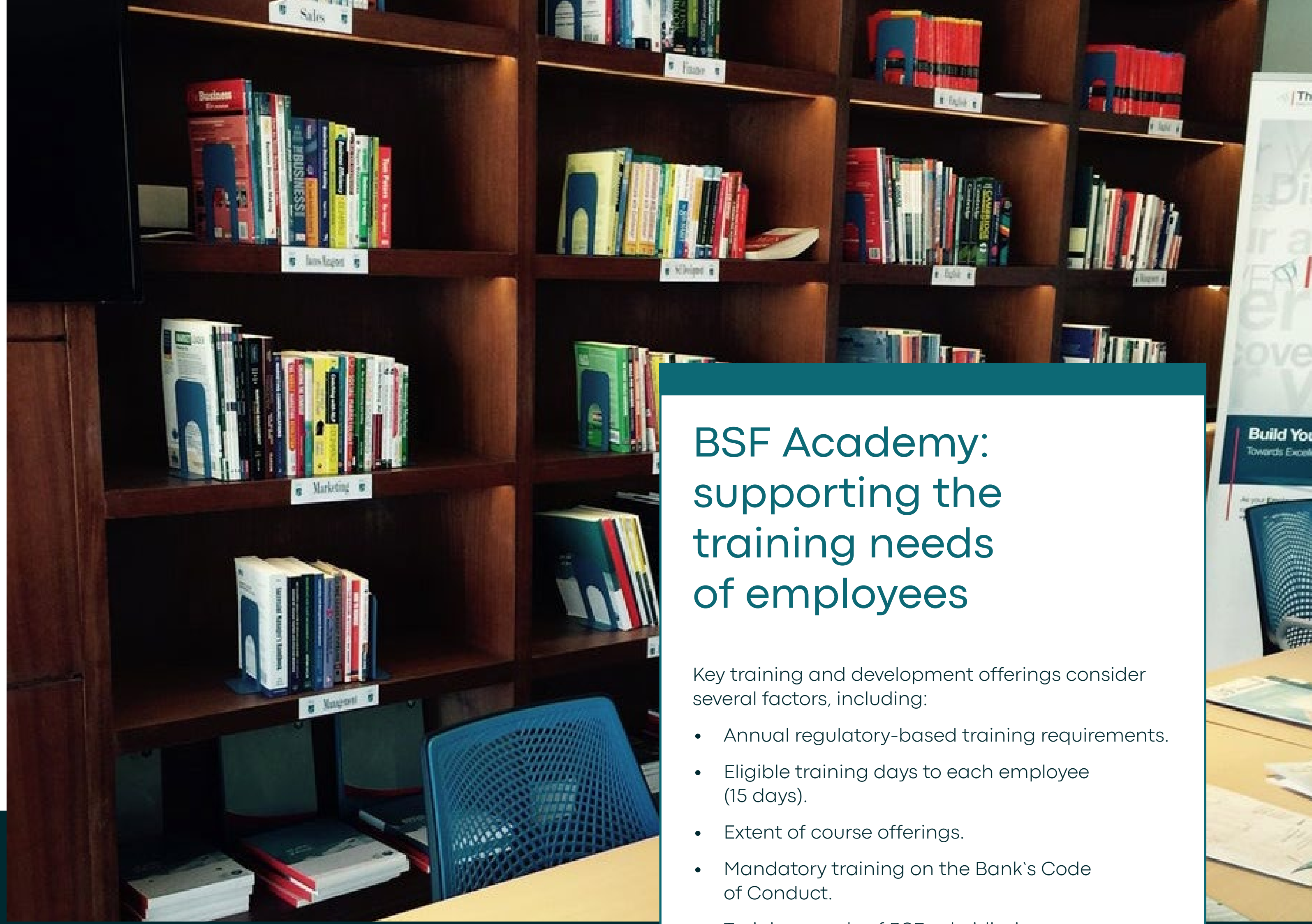
In the spirit of continuous improvement and in recognition of the invaluable role our employees play in driving BSF's success, the Bank is committed to providing the educational and professional development opportunities our employees need to pursue fulfilling, successful careers at every stage of their journey with us.

This commitment is extended to our Board too, ensuring they remain appropriately informed on important developments impacting the Bank, such as the training on anti-money laundering and counter terrorism financing and generative artificial intelligence, respectively, that they received during the year.

To ensure our learning initiatives align with BSF's strategic objectives, the Bank takes a structured learning approach to education, training, and development informed by training policies that guide learning program design, delivery methods, and evaluation processes. We conduct regular learning needs assessments (including surveys, interviews, and performance evaluations) to identify skills and knowledge gaps and ensure our training opportunities fully support employee development plans and organizational needs.

Throughout the year, we offer a range of training programs and initiatives to address these needs, such as on-the-job training, mentorship programs, workshops, seminars, conferences, e-learning modules, and external training opportunities. In addition, we provide access to a suite of digital learning opportunities and resources, including online libraries, industry publications, and professional certifications.

BSF increased the average training per employee by over 40% in 2023 when compared to 2022.



BSF Academy: supporting the training needs of employees

Key training and development offerings consider several factors, including:

- Annual regulatory-based training requirements.
- Eligible training days to each employee (15 days).
- Extent of course offerings.
- Mandatory training on the Bank's Code of Conduct.
- Training needs of BSF subsidiaries.
- External leadership development program requirements.
- Collaboration opportunities with local training providers.
- Ensure at least 5% of graduates entering BSF are people with disabilities.

In 2023, BSF also began developing a comprehensive Learning and Development position statement to fully encompass our holistic approach to empowering and supporting the professional development of our workforce.

Training & Development	Units	2021	2022	2023
Average training per employee	Hours	12	11.6	16.3
Male employees	Hours	12	11.29	16.39
Female employees	Hours	18	12.62	16.16
Senior management employees	Hours	24	11.79	37
Middle management employees	Hours	18	12.49	17.6
Non-management employees	Hours	12	11.43	15.1
Average monetary amount spent per Full Time Equivalent (FTE) on training and development	SAR/ Employee	-	-	11,100

Saudi Financial Academy Forum

In 2023, BSF was proud to participate in the second annual Financial Academy Forum held by the Saudi government. Hosted in Riyadh by His Excellency Mr. Mohammad bin Abdullah Al-Quweiz, Chairman of the Board of the Capital Market Authority and Chairman of the FA Board of Trustees, the forum focused on pathways for evolving the human cadres of the financial sector. The second annual forum was attended by senior government officials, chairmen of authorities and institutions, CEOs, and influential figures in the financial sector including researchers, academics, experts, and practitioners, as well as professionals in the areas of finance, investment, banking, insurance, and securities from regional and international institutions.

96% of all BSF employees participated in a performance evaluation and career review in 2023.

Performance Reviews

All employees receive regular performance evaluations through the BSF Performance Management System. Feedback provided via the evaluations is used to help identify opportunities for improvement and to set goals for professional development and career progression. Performance reviews are conducted on a bi-annual cycle from January to June and July to December. At the start of the first cycle, objectives and key results are established with the employee. Progress towards these targets and the development of associated behavioural competencies are evaluated during the second cycle.

Fostering Future Talent

As part of our focus on fostering future talent, the BSF Internal Audit, Retail Banking, Corporate Banking, and Treasury departments hosted an ideas exchange and educational workshop with students from Prince Sultan University in late 2023.

Performance Reviews	2020	2021	2022	2023
% of employees who received a performance and career development review	97%	97%	96%	96%
Senior management employees	90%	95%	95%	95%
Middle management employees	95%	97%	96%	96%
Non-management employees	97%	97%	95%	96%
Male employees	97%	98%	97%	97%
Female employees	97%	95%	93%	95%
Note: Employees hired on or after the 1st of October are not eligible for a performance review.				

Career Development Programs

Our BSF career development programs are designed to equip employees with the skills, expertise, and insight they need to grow their careers. These programs include a variety of job rotations, leadership development initiatives, succession planning, and coaching and mentoring designed to empower individuals to become effective coaches and mentors themselves, helping to support the continuous growth and development of our teams.

Executive Leadership Program: Designed with the London Business School for BSF's current and high potential leaders, this London Business School program equips participants with the skills required to think strategically, drive innovation, and lead with authenticity and self-awareness.

Banker Associate Program: BSF's Banker Associate Program aims to attract talented, motivated Saudi graduates from leading local and international universities who aspire to careers in the banking and financial industry. The one-year graduate program comprises six months of training in one of BSF's business streams, along with the development of behavioural and leadership skills. Participants then complete six months of on-the-job training during which individuals are assigned a mentor to help guide and prepare them for their final role upon graduation from the program.

Banker Technologist Program: BSF's banker technologist program provides on-the-job training for new banker technologists, including a three-month specialization and mentorship phase designed to help employees focus on their future job roles by specializing in web development, backend development, application development, integration development, system engineering, database engineering, or network engineering.

Credit Academy: The BSF Credit Academy is a modular learning journey that provides relevant, flexible learning via application-based modules that build on one another to help employees systematically amass knowledge and know-how through two stages: the Credit Academy Foundation, and the Credit Academy Flagship learning.

English Language Proficiency Development Program: To ensure BSF's capacity to operate in a global marketplace, BSF aims to build one benchmark of English language proficiency for all Bank employees. To enhance the usage of professional English communication in the workplace, we provide English language training support for employees at every level of proficiency (basic, intermediate, and advanced).

Program name	% of full-time work force participating
Banker Associate	1% by end of 2023
Banker Leadership / Executive program	1% by end of 2023
Credit Academy Foundation	1% by end of 2023
Credit Academy Flagship	1% by end of 2023
English Language proficiency development program	10% by end of 2023

Participation in specific training areas (number of employees)	2022	2023
Anti-corruption	2,448	2,731
Anti-Fraud Awareness	2,263	2,731
Financial Crime	2,263	2,704
AML/CTF	2,261	2,704
Compliance Induction	2,492	2,695
Health, safety & well-being	117	2,708
Data privacy/ Cyber security	29	43
Customer relationship management	44	273
Consumer financial protection	1,354	2,045
Islamic principles, products/services	2,509	274

Support Student Development

We are proud to support the development of students interested in the financial industry. Through our COOP and SAIFI programs, students can learn more about the financial industry, BSF, and receive job training.

COOP Program: A three-to-six-month job training program offered to senior college students; designed to enable these students to fulfil pending academic requirements and gain valuable real-world experience. Moreover, the Bank is committed to offering highly talented participants full-time positions.

SAIFI "Summer Program": A one month in job training program with two intakes, helping students to better understand how BSF operates and receive training.

We will continue to explore ways we can expand the support offered to students through additional and similar types of programs and collaborations with local universities.

External Training

To extend the educational and developmental opportunities available to BSF employees, we collaborate with qualified external vendors and organizations to deliver a range training, including 70+ professional certifications from international and local bodies of knowledge.

Examples of Certificates Offered

- Retail Banking professional foundation certificate
- Credit Advisor
- Certified Compliance Officer
- Certified anti money laundering
- Chartered Financial Analyst
- Certified Fraud Examiner
- Financial Risk Manager
- Certified Internal Auditor
- Chartered Institute of Personnel and Development: Level 3
- Chartered Institute of Personnel and Development: Level 5
- The Open Group Architecture Framework
- Certified Information Security System Professional
- Various nano degrees

Succession Planning

BSF maintains succession plans for all members of the Bank`s executive management team drawn from our existing talent pool and including targeted talent acquisition if necessary. Succession plans are developed through an annual Talent Review process in which employees are assessed against a success profile aligned with their role, responsibilities, experience, and leadership. To drive succession plans forward, individual development plans are developed and implemented for each identified successor, ensuring their readiness to advance. This process is regularly repeated with quarterly check-ins to assess progress. In 2023, BSF`s succession planning included a particular emphasis on designating successors for critical junior-level and IT roles in addition to our continuous succession planning activities.

Employee Health & Wellbeing

As part of BSF`s investment in employee success, we ensure health, safety, and wellbeing are prioritized alongside career development. To reinforce this commitment, we launched the BSF Testahil Wellbeing program in October 2023 with the aim of increasing awareness about the importance of workplace health and wellbeing.

The program delivers information, invites collaboration, and engages employees in taking ownership of their own health and wellbeing via a wellbeing app available to employees via their mobile phones, desktops, and social media. Content includes information on wellbeing topics, personalized health tracking, and the option of booking sessions with personal health and wellbeing coaches. Weekly health and wellbeing announcements are also sent to registered employees along with links to articles, podcasts, campaigns, and competitions.

In alignment with the results of our 2023 Employee Engagement Survey, all Bank divisions were encouraged to create their plans for helping to improve the health, wellbeing, satisfaction, and engagement of team members. Moreover, all employees must complete mandatory online health and safety training during their induction and annually.

Examples of support provided to employees

Stress Management: Employees in need of additional support with stress management, the BSF learning and development platform provides access to both a classroom course and an online course focused on building valuable stress management tactics and skills. Employees can also organize up to six sections with a coach as part of our wellbeing program.

Flexible Working Arrangements are also available to employees to help them manage a healthy work-life balance. Such arrangements must be agreed with the employee`s line manager based upon our flexible working hours.

Employee Satisfaction & Engagement

BSF measures employee satisfaction and engagement as a means of monitoring, measuring, and continuously improving our overall employee experience. Through surveys and interviews, these assessments evaluate the degree to which employees are satisfied with the BSF work environment, and the degree to which they are engaged and fulfilled by their roles, responsibilities, and workplace experience. Results of these assessments are used to improve existing programs and develop new initiatives to ensure we remain an employer of choice for top talent across the Kingdom.

Employee Satisfaction & Engagement	Units	2023
Employee satisfaction score	%	84
Employee engagement score (eNPS)	%	37

Areas of coverage in BSF's employee satisfaction surveys include: engagement, senior leadership, manager, team work, learning & development, compensation & benefits, innovation & empowerment, diversity & inclusion, and customer experience.

Protecting a Safe Work Environment

BSF is committed to creating a harmonious, safe, and inviting work environment for all our employees, all the time. We manage and maintain this environment via the BSF Behavioural Misconduct and Employee Grievances Policy which strictly prohibits all types of behavioural misconduct, including harassment that impedes work, abuse, and unfair dealings, including sexual harassment, whether committed by or against an official, colleague, customer, supplier, or visitor. Any harassment or unfair dealing, whether on the basis of race, sex, colour, beliefs, religion, citizenship, nationality, age, disability, marital status, race or economic status is also unacceptable and completely contrary to the Bank's values, traditions, customs, and commitment to providing a respectable and safe workplace at a decent professional standard.

In 2021, BSF launched the Red Line program to encourage employees to confidentially report any potential instances of misconduct they witness or experience using Speak Up, our dedicated whistleblowing hotline and channel. Every reported instance is thoroughly investigated by bank authorities who review all evidence and recommend appropriate disciplinary actions as necessary, with the aim of resolving issues fairly and swiftly. HR managers, business partners, line managers, Group heads, and the Chief Human Capital Officer (CHRO) are included in the resolution process as necessary. Consequences for a confirmed incident of misconduct depends upon the severity of the infraction and can include dismissal from the Bank.

Grievances related to annual performance reviews are separately managed by a BSF committee who evaluates performance feedback and ratings in coordination with the HR business partner and the Reward and Performance team. Customer grievances are addressed by the Consumer Protection and Customer Complaints division.

Instances of Discrimination	Units	2021	2022	2023
Incidents of discrimination	#	0	0	0

Grievances	Units	2021	2022	2023
Number of Administrative grievances filed in the reporting period	#	0	1	2
Number of these Administrative grievance addressed or resolved	#	0	1	2
Number of performance grievances filed in the reporting period	#	35	44	32
Number of performance grievances addressed or resolved	#	33	44	32

There were ZERO instances of discrimination reported at BSF in 2023.

Since Saudi Arabia is a party to core United Nations Human Rights treaties, which include protecting the rights of children, prohibiting torture and forced disappearance, combating racial and gender-based discrimination, and supporting persons with disabilities, BSF strictly follows all applicable laws and established guidelines associated with these treaties, most of which have been incorporated into Saudi Arabia's Labour Laws and its Implementing Regulations. Examples of these laws include the Law of Protection from Abuse and the Anti-Harassment Law.

Protecting Our Communities

"BSF recognizes sustainability as a driving force for growth and advancement across Saudi Arabia, and we share in the Kingdom's commitment to protecting our environment and natural resources, and to expanding social initiatives designed to enhance quality of life for everyone."

Mazin Al Romaih
Chairman of the Board

05

BSF is committed to doing business in ways that protect the wellbeing and prosperity of our communities and our planet for generations to come. As a united community, our support includes national and international efforts to preserve our natural resources, alongside investment in and philanthropic support for the communities in which we operate. These efforts have one shared ambition: to reduce our environmental footprint and maximize the positive impacts of our activities on people and planet.

Material Topics in this Chapter

Environmental Management
Community Investment

A Vibrant Society
A Thriving Economy
Nation Ambitious

6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Highlights

Direct GHG emissions (Scope 1) (tons of CO2eq)	5,742
Indirect GHG emissions (Scope 2) (tons of CO2eq)	23,454

Launched an in-house tool to calculate BSF's Scope 3 GHG emissions, focusing on categories 6 (Business Travel) and 7 (Employee Commuting)

Reduced our GHG Scope 1 direct emissions by 42.5% compared to our 2021 baseline.

Reduced our total GHG Scope 1 and 2 direct emissions by 20.4% compared to our 2021 baseline.

Reduced our GHG Scope 2 direct emissions by 12.14% compared to our 2021 baseline.

108% increase in community investments, totalling SAR 7.9 million

Invested into community support initiatives via the King Salman Humanitarian and Relief Center.

Environmental Management

In alignment with BSF's ESG Policy Framework and Corporate Social Responsibility (CSR) Policy, respectively, BSF is fully committed to protecting the environment. By continuously understanding the extent of our environmental impacts, we strive to implement tangible initiatives that reduce these impacts, ensure compliance with local and national environmental-related regulations, and promote the responsible use of resources, such as conserving water, and recycling.

Through the BSF Energy Management Program, we have made consistent progress towards operational sustainability performance enhancement across our facilities and operations. This includes implementing a range of energy-saving initiatives under this program, including air conditioning timers, advanced building management systems, LED lighting solutions, state-of-art chiller cooling systems, and the incorporation of heat resistant glass.

Energy Reduction Initiatives	
Completed in 2023	**Ongoing as of 31 December, 2023**
• Replacement of five air handling units to improve cooling and energy efficiency in our regional building in Jeddah. • Replacement of two chiller water CRAH units with four advanced DX CRAC units in our Data Center Cooling System. • Replacement of 131 split air conditioning units in various BSF branches throughout the Kingdom.	• Replacement of remaining 2 chiller water CRAH units with 4 advanced DX CRAC units in our Data Center Cooling System. • Replacement of old DX unit with efficient fan coils units in our head office. • Replacement of variable frequency devices for motors in our regional building in Jeddah. • Replacement of 13 split air conditioning in various branches throughout the Kingdom. • Installation of smart precooling solution for air-cooled chiller to improve efficiency and energy management in our regional building in Jeddah.

Collectively, these initiatives will support a range of environmental benefits, such as achieving higher rates of energy efficiency, reducing overall energy consumption, improving indoor air quality, and reducing BSF's carbon footprint.

Energy Consumption

In 2023, BSF's energy reduction projects and changes in operational practices resulted in overall reductions in our electricity use, resulting in a total indirect energy consumption reduction of 2.9% as compared to 2022.

These reductions have been made possible through BSF's Energy Management Program and related initiatives, including the replacement of air handling units, chiller water units, air conditions units, and the use of smart technology solutions.

Energy Consumption	2020	2021	2022	2023
Direct Energy Consumption				
Petrol consumption from operations and vehicles (L)	55,686	56,554	36,697	39,354
Diesel consumption from operations and vehicles (L)	8,280	4,313	5,500	5,700
Indirect Energy Consumption				
Electricity consumption (kWh)	42,128,550	46,997,450	42,514,173	41,291,715

GHG Emissions

Scope 3 emissions

Comprehensively measuring BSF's GHG emissions is a vital step in accurately understanding, managing, and transparently communicating our overall environmental impact, and in driving progress towards Saudi Vision 2030 Net Zero targets. We made further progress on this journey in 2023 when we began to develop an in-house tool for calculating our Scope 3 GHG emissions focusing on categories 6 (Business Travel) and 7 (Employee Commuting) in conjunction with relevant BSF business lines. Aligned with the GHG Protocol and relevant guidelines, the tool will eventually expand our capacity to measure our continued carbon reduction efforts.

Generating Savings: Decommissioning Servers at BSF's Disaster Recovery Site

In 2023, as part of our responsibility to constructively manage our environmental impacts, the Data Centre Infrastructure team performed an assessment of the Bank's Disaster Recovery site to identify ways to optimize power consumption and ensure capacity for current and future needs. As a result, BSF decommissioned 98 unused servers responsible for consuming 20% of the Centre's energy. In addition to decreasing energy load from 147KW to 123.5KW (reducing our energy costs by SAR 235,000), this best practice initiative also yielded 189 U free space (5 cabinets) for current and future strategic projects.

Climate Change

BSF reduced its direct Scope 1 GHG emissions by 42.5% in 2023 compared to its 2021 baseline.

GHG Emissions (Scope 1 &2)	Units	2021	2022	2023
Direct GHG emissions (Scope 1)	tons of CO_2eq	9,985	5,966	5,742
Indirect GHG emissions (Scope 2)	tons of CO_2eq	26,695	24,148	23,454
Total GHG emissions (Scope 1&2)	tons of CO_2eq	36,680	30,114	29,196
GHG emissions intensity (total tons of CO_2eq (scope 1 + Scope 2) / total workforce)*	tons of CO_2eq/ FTE	13.9	11	10.5
GHG emissions intensity (total tons of CO2eq (scope 1 + Scope 2) / revenues (SAR Million))**	tons of CO_2eq/ revenues (SAR Million)	5.15	3.76	3.13

Note:
*data restated due to updated FTE data under "Creating a Thriving Workplace"
**data restated due to revised calculation methodology

Resource Management

BSF's Property Management and Security Division (PMSD) oversees multiple policies designed to manage and guide resource consumption at our facilities, including energy, water, waste, maintenance, safety, and security. The PMSD also ensures BSF complies with all relevant requirements of the Saudi Standards, Methodology, and Quality Organization (SASO), which has established a range of environmental standards for the Kingdom.

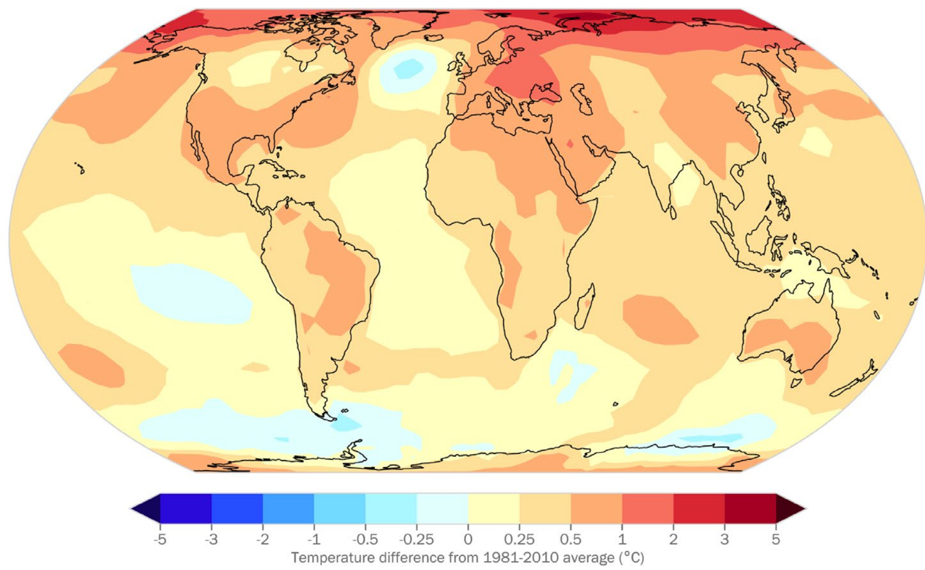
Water Consumption

Total water consumption (m^3)

Year	Total water consumption (m^3)
2021	100,600
2022	83,333
2023	89,779

Partnering for Carbon Reduction

In 2023, BSF signed an agreement to provide industrial gas solutions provider Gulf Cryo Company with credit facilities aimed to help the company expand its operations in Saudi Arabia. Gulf Cryo Company works towards the reduction of global carbon footprint via CO2 capture and utilization.



Source: World Meteorological Organization, "The Global Climate 2011-2020

Community Investment

Supporting the communities BSF serves is deeply embedded in our approach to doing business. Through investment, philanthropic contributions, and volunteerism, we aim to help communities grow and thrive across the Kingdom.

In 2023, BSF actively supported the King Salman Humanitarian and Relief Center (KSR), through which we supported the following community initiatives:

- **Parent Insurance Program:** BSF provided sponsorship to cover the medical insurance policies of the KSR staff's parents to improve their overall benefits as staff members.
- **Walaa program:** a rewards program that offers discounts and other benefits to KSR employees and their families.
- **Participating in Sudan campaign:** Donated and utilized BSF channels to raise awareness about the Sudan relief campaign launched by KSR.
- Sponsoring Riyadh International Humanitarian Forum

Encouraging Entrepreneurship

In 2023, BSF was proud to participate in the Social Development Bank's Entrepreneurship Forum, which aims to discuss the future of entrepreneurship and self-employment by benefiting from the best international practices and experiences.

Associations Support Fund

BSF signed a cooperative framework agreement with Associations Support Fund (ASF). The ASF is a government organization established in 2023 to support for associations in the Kingdom's non-profit sector, including the provision of programs, financial resources, tools, and facilities designed to enable associations to achieve their vision and fulfil their mission. Via the agreement, donations from BSF will be allocated to participating associations.

Um AlQura University

As part of our strategic relationship with Um AlQura University, BSF sponsored several key university activities in 2023, including:

- The 22nd scientific forum for Haj, Umrah and visit Research
- The graduation ceremony for the year of 2023
- The profession forum hosted by UQ as a diamond sponsor

Social Development Bank

BSF was a Platinum sponsor for the Empretec International Forum organized by the Social Development Bank.

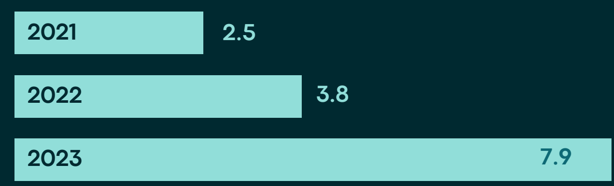
General Food Security Authority (GSFA)

As a media sponsor via BSF's digital channels, we helped to support a food waste awareness campaign organized by GSFA.

108% increase in community investments

Community Investment

Amount of community investment (SAR millions)



BSF Subsidiaries

06

This year BSF included two of the Bank`s subsidiaries within our ESG boundaries: BSF Capital and Saudi Fransi for Finance Leasing

BSF Capital

BSF Capital

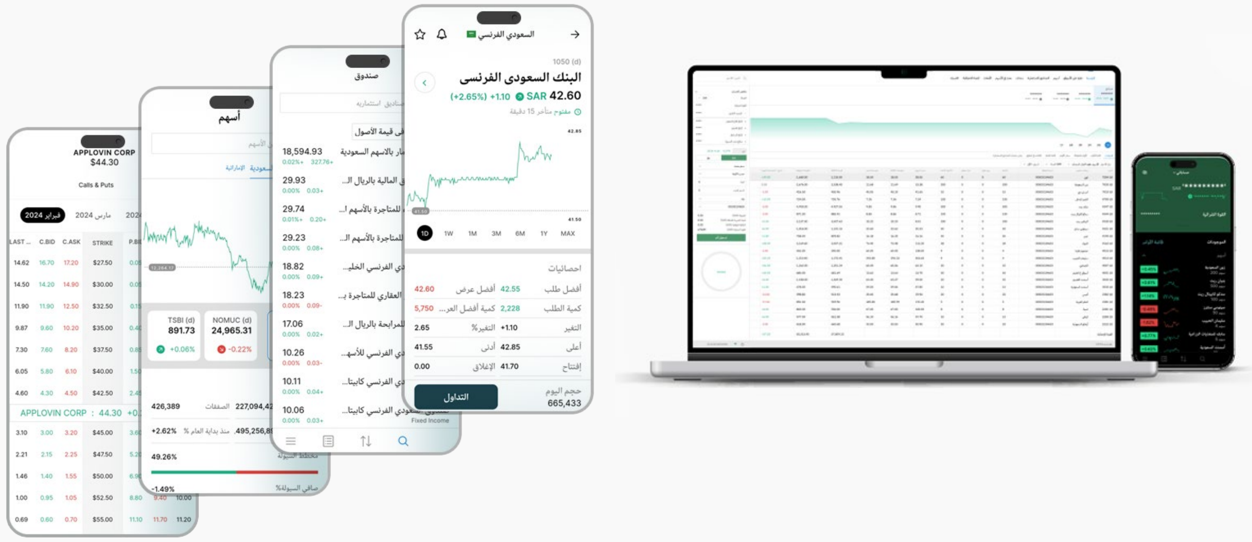
BSF Capital is a leading full-service Saudi-based financial services provider offering investment banking, asset management, debt and equity research, institutional sales and trading, and local and international securities brokerage. Headquartered in Riyadh with locations around the Kingdom, SFC is trademarked as the investment arm of BSF with a paid-up capital of 500 million SAR as a closed joint stock company. SFC is licensed by the Capital Market Authority to provide a full range of investment solutions and advisory services to local and global financial institutions, corporations, government entities, and individual investors including dealing, arranging, managing, advising, and custody of securities business. For more information about SFC visit **bsfcapital.sa/sfcua/report**

BSF Capital's Responsible Business Commitments

While ESG is an important business imperative for BSF Capital, the company has yet to develop a dedicated ESG strategy. The company's commitment to responsible business is outlined via a range of policies and procedures governing the business's operations and performance, including business conduct, human rights, and ethics.

BSF Capital Governance

As governed by BSF Capital's bylaws, the company's Board of Directors is the company's highest governance body. The Board is responsible for approving and overseeing the implementation of the company's strategy, which is supported through a defined authority matrix and relevant internal reports. The BSF Capital Board of Directors meets at least 4 times during the financial year. During these meetings, BSF Capital management provides detailed progress reports and obtains Board guidance and approval on initiatives as needed.



SFC Board of Directors	2020	2021	2022	2023
Total number of board members	6	6	6	6
Total number of independent members	2	2	2	2
Total number of non-independent members	4	4	2	3
Total number of executive members	0	1	1	1
Total number of non-executive members	6	5	5	5
Total board seats occupied by women	1	2	2	1
Total board seats occupied by men	5	4	4	5

Board Committees

5 Board Committees support BSF Capital's Board of Directors and are responsible for the governance of specific business matters and for making recommendations back to the Board. BSF Capital Board committees responsible for decision-making and oversight on BSF Capital's economic, environmental, and human impacts include:

- Executive Committee.
- Audit Committee.
- Risk Committee.
- Compliance Committee.
- Nomination & Remuneration Committee

BSF Capital's Human Capital

SFC`s Human Capital	2020	2021	2022	2023
Full-time employees	230	232	219	217
Female full time employees	43	43	49	53
Male full time employees	187	189	170	164

Training and Development

BSF Capital's Human Resources (HR) department leads our training and development activities, acting as a facilitator and partner in ensuring the company`s learning and development initiatives align with its overall objectives. To accomplish this, HR collaborates with line managers, employees, and relevant stakeholders to evaluate training requests, source appropriate training programs and resources, and track the progress and effectiveness of our training activities.

BSF Capital's 2023 Achievements and Highlights

In 2023 BSF Capital maintained its #1 ranking by deal count in Equity Capital Markets and our Investment Banking saw significant expansion in mergers and acquisitions advisory while successfully advising on several landmark transactions. BSF Capital's securities brokerage focused on the growth of its custody business with Assets under Custody increasing to greater than SAR 19.5 billion. Continued expansion of our international client base also added liquidity to our capital markets in Saudi Arabia.

Based on our activities during 2023, BSF Capital received numerous Capital Markets & ESG Finance Saudi Arabia Awards 2024 from the GFC Media Group, including:

- Local Equity Capital Markets House of the Year
- Financial Institutions Bond Deal of the Year for BSF USD 900 Mn issuance
- Local Equity Capital Markets Deal of the Year for Jamjoom Pharmaceuticals
- ESG Bond Deal of the Year for Saudi Electricity Company USD 2bn sukuk program

Looking Ahead

Looking ahead to 2024, BSF Capital is committed to building on its historic growth and its leadership position in the market by winning new landmark mandates and building its share of overall mandates, expanding its product offerings and distribution reach, growing assets under management, increasing its share of local and global securities brokerage, maintaining a client focus, and continuing to focus on and grow the strength of its global advisory platform.

The company is currently working on mobilizing an extensive pipeline of sustainability-related projects in 2024 and beyond. One such initiative is BSF Capital`s collaboration with the King Salman Park Foundation, wherein BSF Capital has been mandated as the investment manager for the mixed-use development of the first private parcel within King Salman Park, Riyadh. The project has an estimated value of 4 billion SAR and is a flagship example of BSF Capital`s approach to investments in compliance with ESG principles.

Saudi Fransi for Finance Leasing

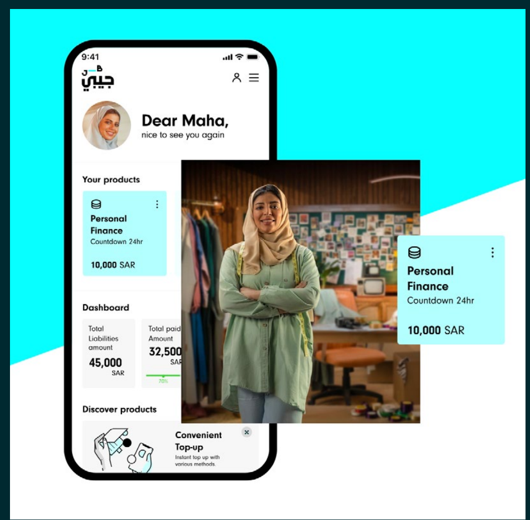
Saudi Fransi for Finance Leasing – JB (JB) delivers financial solutions and straightforward products that break down credit and loan complexities and provides concise, accessible information that empowers customers to make informed decisions in alignment with their goals. JB is focused on supporting and enabling the remarkable development in Saudi Arabia's economy, particularly in the areas of vehicle finance, consumer finance, the corporate sector, and small and medium enterprises. The company's strategy revolves around strengthening its digital presence via delivery of an innovative range of digital financing products.

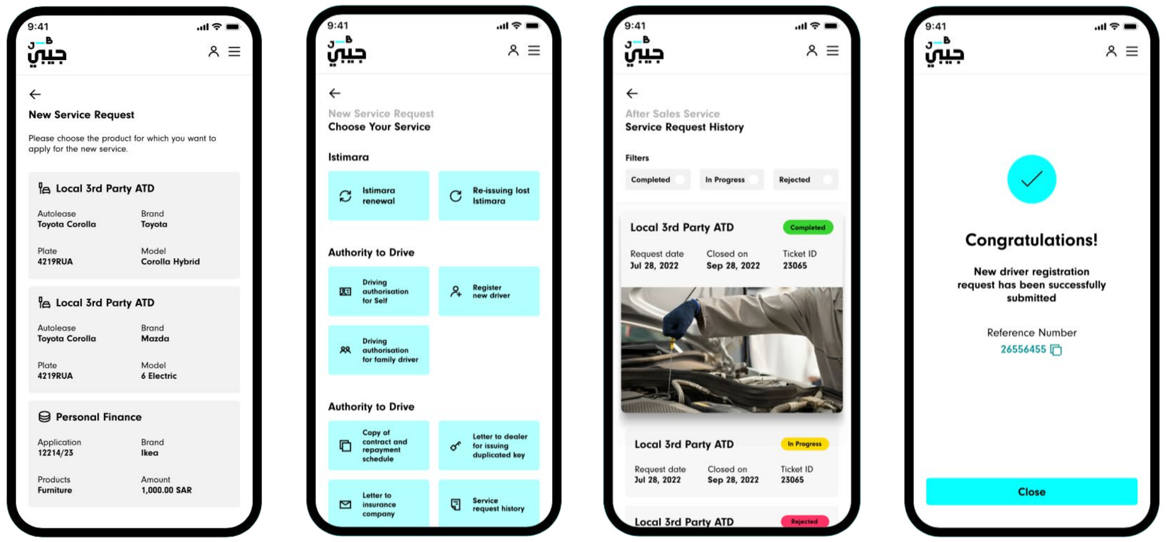
JB's Responsible Business Commitments

JB aims to establish a culture of social responsibility within the business sector, and to contribute to social development by providing long-term programs in line with the company's social responsibility policy as recommended by the Board of Directors and approved by the General Assembly. The policy guides JB's commitment to enacting socially responsible business principles and to supporting the aims of the Saudi Vision 2030 through social projects that increase financial awareness, meet the credit needs of the local economy through the granting of loans and facilities for productive businesses, and the innovation of products that encourage economic development.

JB's Governance

In alignment with the company's commitment to upholding the highest ethical and governance standards, JB has a well-established governance system led by a Board of Directors and its associated committees that enables the company to effectively protect the value of its customers, shareholders, and stakeholders. The Board is actively engaged in upholding high standards of transparency, fair dealing, and protecting the rights and interests of shareholders and stakeholders. The Board also reviews the efficacy and performance of JB's social responsibility programs on a periodic basis.





JB Board of Directors	2020	2021	2022	2023
Total number of board members	6	6	6	6
Total number of independent members	2	2	2	2
Total number of non-independent members	4	4	4	4
Total number of executive members	1	1	1	1
Total number of non-executive members	3	3	3	3
Total board seats occupied by women	1	1	1	1
Total board seats occupied by men	5	5	5	5

The performance of JB's Board is evaluated individually and collectively on an annual basis. For individual reviews, a board member's performance is evaluated individually by other members, and the Board also collectively evaluates the performance of the Board Chairman. All members collectively assess the Board's overall performance via a questionnaire focused on key questions designed to elicit members' views on topics that are the Board's responsibility, including all corporate projects and initiatives.

JB's Human Capital

JB's Human Capital	2020	2021	2022	2023
Full-time employees	60	116	127	153
Female full time employees	10	29	38	43
Male full time employees	50	87	89	110

Training and Development

The purpose and scope of JB's training and development programs are outlined in the company's HR policy, and the programs are manged by JB's Human Resources department. To ensure training needs are met, JB evaluates competency gaps via performance appraisal assessments that consider job roles versus incumbents. While JB does not currently administer training via a centralized system, the company registers employees with the BSF Academy, enabling employee access to the courses offered by BSF.

Appendix

07

Appendix A: BSF Stakeholders

Stakeholder	Needs & Expectations	Methods of Engagement
Customers	• Open and simplified communication. • Friendly and responsive customer service. • Innovative and sustainable products and services. • Secure banking (data and information security) • Convenient access points.	• Social media channels, including Facebook and Twitter. • Complaints Handling Unit: BSFCare. • Customer Service Offices. • Customer Feedback forms. • BSFMobile application. • Online banking solution: BSF Online. • Telephone banking service: BSFPhone. • Branches, including self service branches (BSFConnection). • Net Promoter Score (NPS)
Employees	• Career advancement. • Recognition and rewards. • Attractive benefits. • Timely payment of wages. • Safe working environment. • Fair and equal opportunities. • Open communication channels.	• Employee engagement surveys (ENPS). • BSF Ideal Wall: an employee engagement idea generating tool. • Bank sponsored, cross regional and employee driven events. • Human Resources (HR) Call Centre. • Training and development programs.
Shareholders & Investors	• Strong balance sheet and stable cash flows. • Consistent dividend payments. • Solid market positioning. • Dynamic risk management. • Strong brand image. • Transparency and disclosure. • Incorporate ESG criteria into business operations and activities.	• Annual Reports. • Roadshows. • Shareholder and investor presentations on a quarterly basis. • Investor relations and shareholder affairs contacts. • Board Risk Committee • General Assembly meetings
Government & Regulators	• Alignment to national strategies and visions, including the Saudi Vision 2030. • Compliance with legal and regulatory requirements. • Managing financial crime compliance. • Protecting the interests of shareholders and customers.	• Internal audit. • External audit. • Compliance Group. • Board Risk Committee. • Annual Reports. • Compliance with obligations. • Board of Directors. • Audit Committee. • Corporate Governance Division & Corporate Secretary.

Stakeholder	Needs & Expectations	Methods of Engagement
Local Community	• Employment opportunities. • Advancing social development including initiatives and programs to promote health, education, security, sports and culture. • Enriching local human resources. • Charitable initiatives. • Partnerships on common social and environmental issues. • Limited use of finite resources.	• Employee volunteering. • CSR activities. • Partnerships and cooperation. • Donations and sponsorships. • Financial awareness and inclusion. • Products and services.
Suppliers	• Timely payments. • Fair and transparent bidding process. • New opportunities for engagement and interaction. • Open communication channels.	• Local procurement. • Bidding and tendering. • Fair competitive selection. • Partnerships. • Public reports. • First engagements.

Appendix B: United Nations Sustainable Development Goal Alignment

BSF Sustainability Framework Pillar	Sustainability-related Material Issues	UN SDG
Exemplifying the Highest Ethical and Governance Standards	• Governance, Accountability, Transparency and Ethics. • Risk Management. • Data Privacy and Security.	16 Peace, Justice and Strong Institutions
Accelerating Sustainable Economic Growth	• Financial and Economic Performance. • Sustainable Lending and Investment. • Responsible Procurement.	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure
Serving Our Clients	• Responsible Customer Relations and Satisfaction. • Digitalization. • Financial Inclusion and Accessibility.	9 Industry, Innovation and Infrastructure 10 Reduced Inequalities 11 Sustainable Cities and Communities
Creating a Thriving Workplace	• Talent Attraction, Retention and Development. • Employee Engagement, Wellbeing and Satisfaction. • Diversity and Inclusion. • Nationalization.	3 Good Health and Well-Being 4 Quality Education 5 Gender Equality 8 Decent Work and Economic Growth
Protecting Our Communities	• Environmental Management. • Community Investment.	6 Clean Water and Sanitation 7 Affordable and Clean Energy 12 Responsible Consumption and Production 13 Climate Action

Appendix C: GRI Content Index

Statement of Use	BSF has reported the information cited in this GRI content index for the period 1st January 2023 to 31st December 2023 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location and/or Direct Answer
GRI 2: General Disclosures 2021	2-1 Organizational details	6
	2-2 Entities included in the organization's sustainability reporting	4
	2-3 Reporting period, frequency and contact point	4-5
	2-4 Restatements of information	49, 70, 80-83, 86, 91, 93, 95, 99, 104
	2-5 External assurance	None
	2-6 Activities, value chain and other business relationships	6, 50, 52-53, 55-56, 59, 61
	2-7 Employees	80-83
	2-8 Workers who are not employees	Not Disclosed
	2-9 Governance structure and composition	28-32
	2-10 Nomination and selection of the highest governance body	30, 34
	2-11 Chair of the highest governance body	30
	2-12 Role of the highest governance body in overseeing the management of impacts	30, 34
	2-13 Delegation of responsibility for managing impacts	29, 30, 34
	2-14 Role of the highest governance body in sustainability reporting	18, 30, 34
	2-15 Conflicts of interest	34
	2-16 Communication of critical concerns	34, 40
	2-17 Collective knowledge of the highest governance body	28
	2-18 Evaluation of the performance of the highest governance body	31
	2-19 Remuneration policies	34, 84, 86
	2-20 Process to determine remuneration	29, 34, 84, 86
	2-21 Annual total compensation ratio	Not Disclosed
	2-22 Statement on sustainable development strategy	14-16
	2-23 Policy commitments	34, 40
	2-24 Embedding policy commitments	32, 41, 95
	2-25 Processes to remediate negative impacts	41, 99
	2-26 Mechanisms for seeking advice and raising concerns	40-41, 98-99
	2-27 Compliance with laws and regulations	40
	2-28 Membership associations	https://bsf.sa/
	2-29 Approach to stakeholder engagement	117-118
	2-30 Collective bargaining agreements	Not Applicable in Saudi Arabia

GRI Standard	Disclosure	Location and/or Direct Answer
GRI 3: Material Topics 2021	3-1 Process to determine material topics	22, 117-118
	3-2 List of material topics	22-23
	3-3 Management of material topics	18, 26, 46, 62, 100
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	48
	201-2 Financial implications and other risks and opportunities due to climate change	37
	201-3 Defined benefit plan obligations and other retirement plans	87
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	83
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	50, 52-53, 55, 75
	203-2 Significant indirect economic impacts	50, 52-53, 55, 75, 106-107
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	61
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	40-41
GRI 207: Tax 2019	207-1 Approach to tax	40, 58
	207-2 Tax governance, control, and risk management	58
GRI 302: Energy 2016	302-1 Energy consumption within the organization	103
	302-4 Reduction of energy consumption	103
GRI 303: Water and Effluents 2018	303-5 Water Consumption	103
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	104
	305-2 Energy indirect (Scope 2) GHG emissions	104
	305-4 GHG emissions intensity	104
	305-5 Reduction of GHG emissions	104
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	82
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	87
	401-3 Parental leave	88
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	97
	403-3 Occupational health services	97
	403-4 Worker participation, consultation, and communication on occupational health and safety	97
	403-5 Worker training on occupational health and safety	95, 97
	403-6 Promotion of worker health	97
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	91
	404-2 Programs for upgrading employee skills and transition assistance programs	92, 94-96

GRI Standard	Disclosure	Location and/or Direct Answer
	404-3 Percentage of employees receiving regular performance and career development reviews	93
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	29, 81
	405-2 Ratio of basic salary and remuneration of women to men	85
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	99
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	106-107
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	68
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	44