



# Banque Saudi Fransi

## Investor Presentation

2Q 2021



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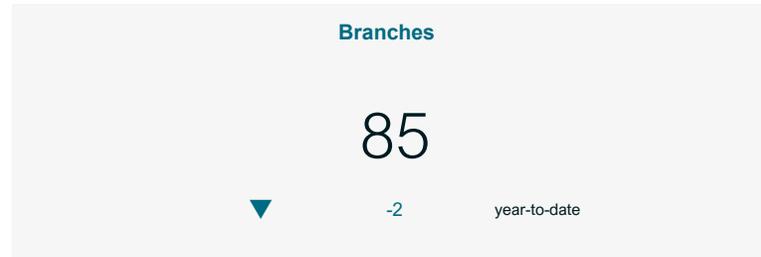
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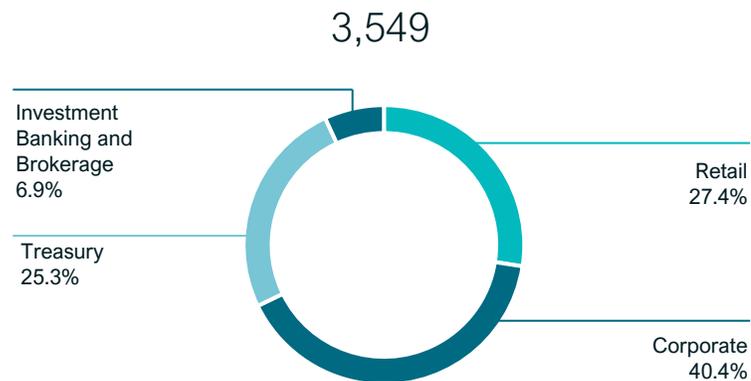
INVESTOR PRESENTATION 2Q 2021

## BSF Profile

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

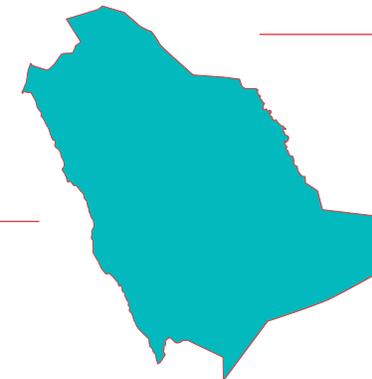


1H21 Operating Income Diversity (SAR Mn)



**Headquartered in Riyadh:**  
85 branches across the Kingdom  
Domestically systemic bank

**Universal Bank model:**  
Corporate DNA (78% of our loan book)  
Full suite of conventional and Islamic products  
Growing Retail loan book  
Core focus on the Saudi market



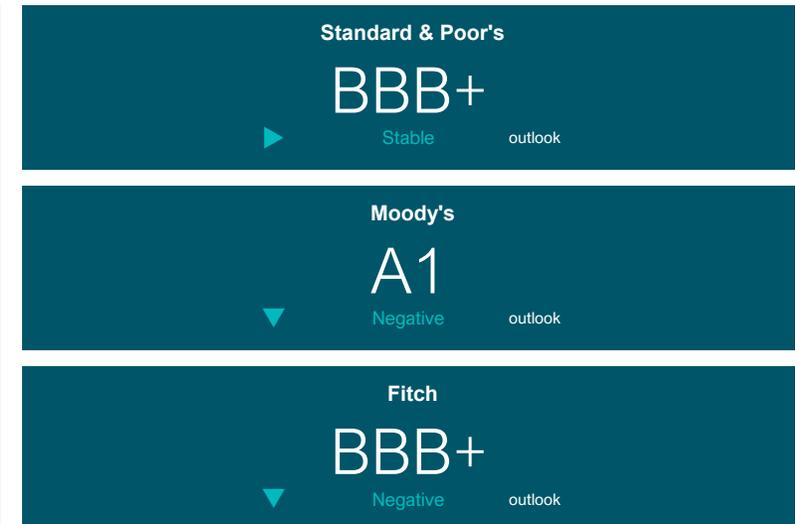
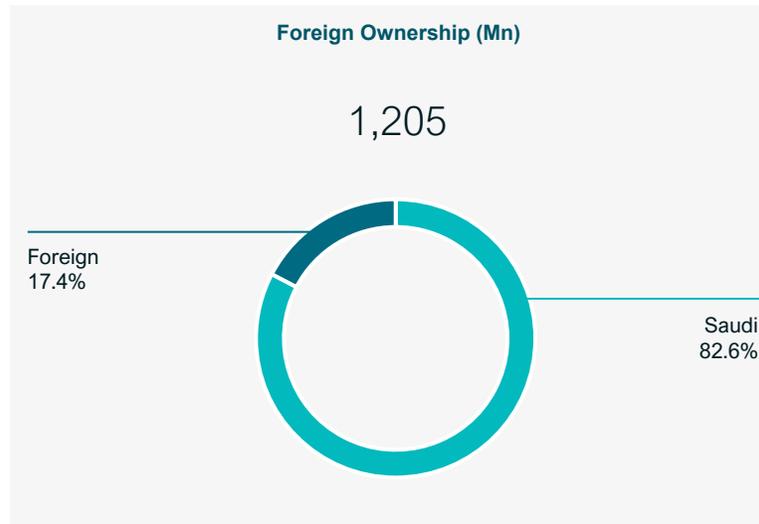
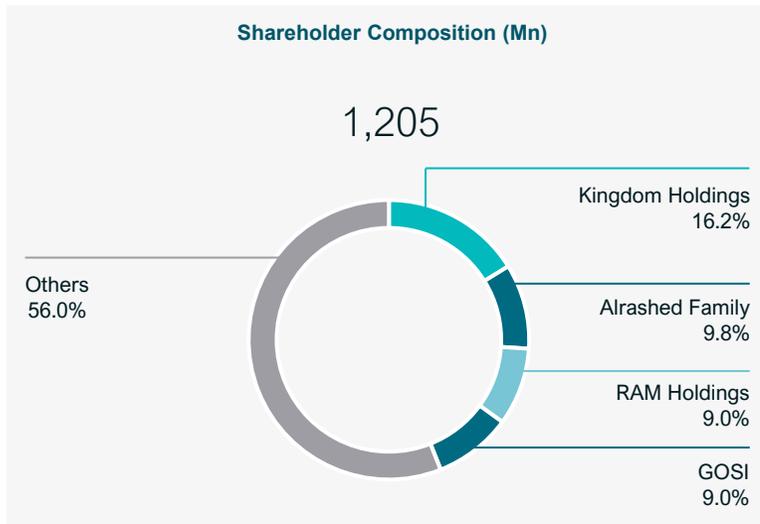
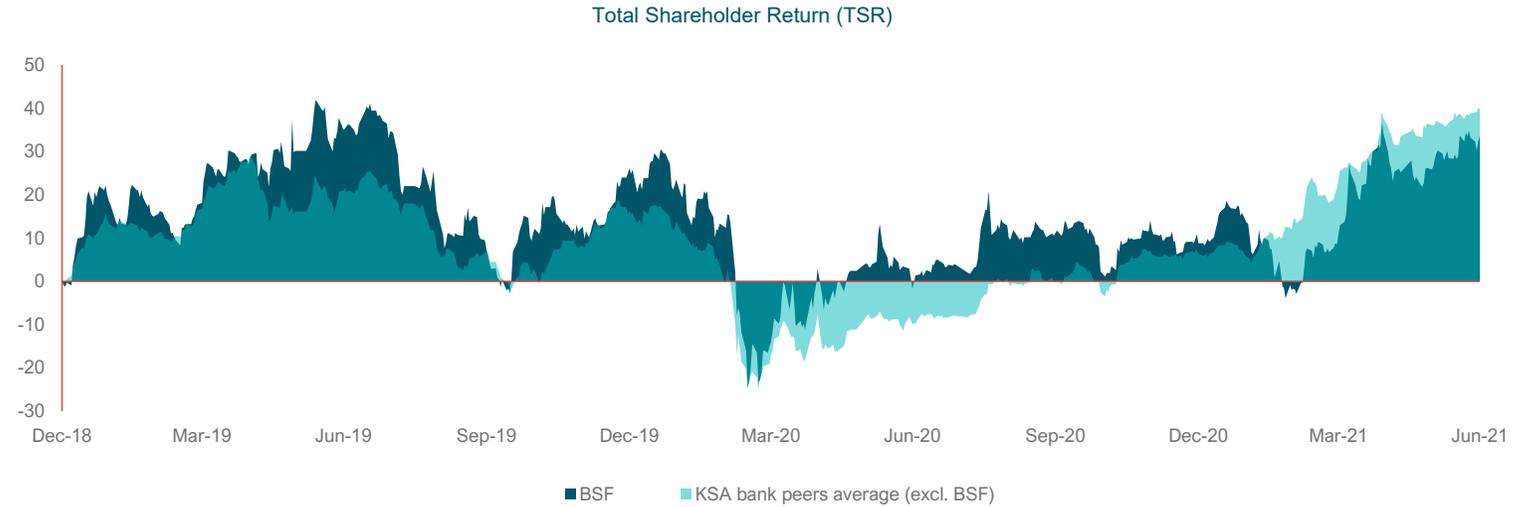
**Subsidiaries in KSA:**  
Saudi Fransi Capital  
Saudi Fransi Insurance Agency  
Saudi Fransi for Finance Leasing  
Sakan Real Estate Financing Company

**Joint ventures in KSA:**  
Insurance with Allianz



# Market parameters and credit ratings stable following Covid-19 disruption in 2020

Share Parameters	30 Jun 2021
<b>Closing price (SAR)</b>	<b>38.40</b>
52 weeks range (SAR)	27.8 - 40.0
Shares issued (million)	1,205
<b>Market capitalization (SARbn)</b>	<b>46.29</b>
Market capitalization to KSA bank sector	5.4%
Market cap to KSA stock market	0.5%
<b>Price to tangible book value</b>	<b>1.35x</b>
Price to earnings (FY 2020)	31.0x
Dividend yield (FY 2020)	1.0%



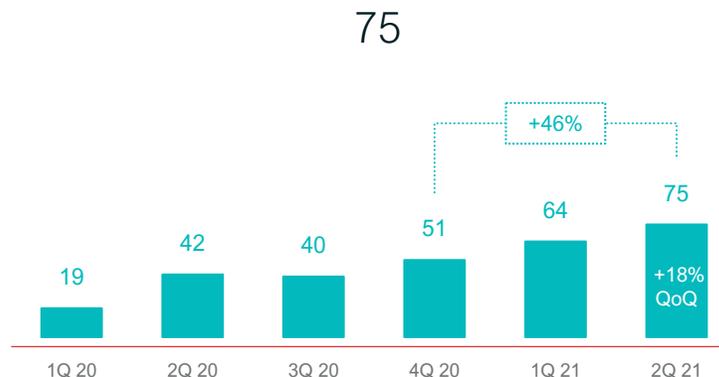
INVESTOR PRESENTATION 2Q 2021

# Operating Environment

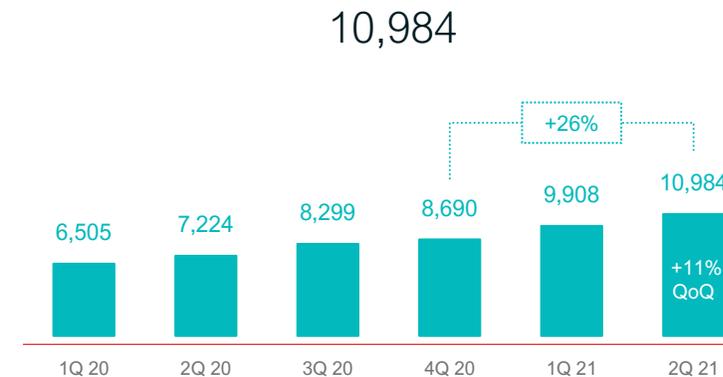
# Financial markets and economic activity largely recovered following Covid-19 disruption during 2020

- Oil prices dropped sharply in 1Q 2020 as the Covid-19 pandemic spread, with a recovery to USD 75/bl by 2Q 2021.
- The Saudi Arabian stock market (Tadawul), in line with global equity markets dropped 22% in 1Q 2020 but recovered to 31% above 4Q 2019 levels by 2Q 2021.
- Interbank rates declined during 2020 in line with the Fed Rate cuts in early March and continue to remain at low levels.
- The Saudi Arabia purchasing managers index (PMI) dropped to 42.4 in March 2020, with a recovery to 56.4 by 2Q 2021.

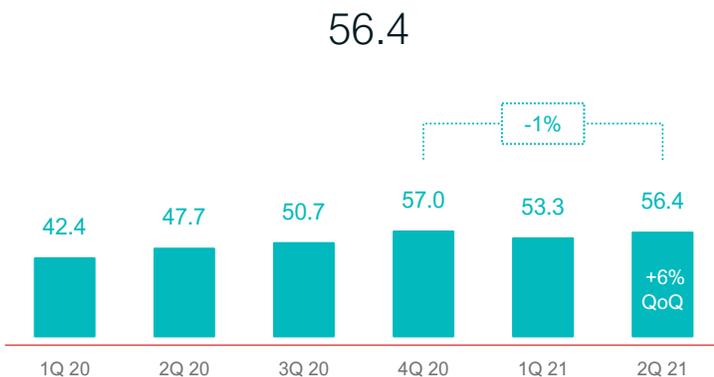
Brent Oil Price / Barrel (USD)



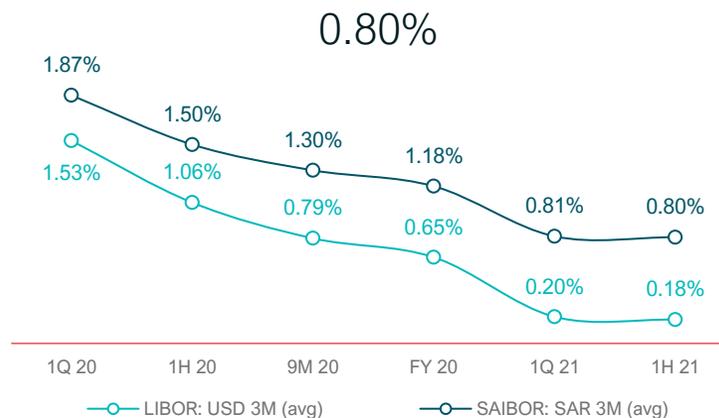
Tadawul Index



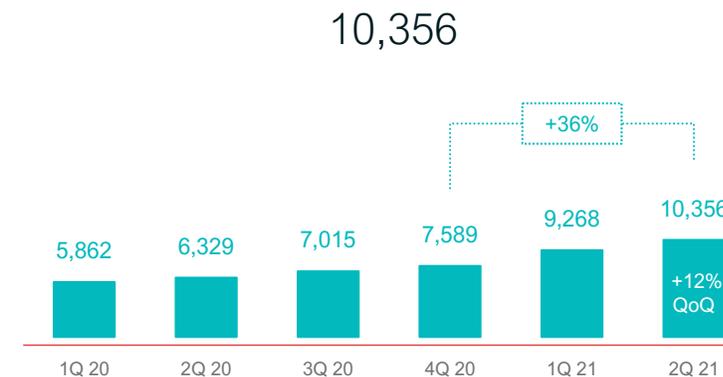
KSA PMI (non-oil private sector)



SAIBOR Trend (%)

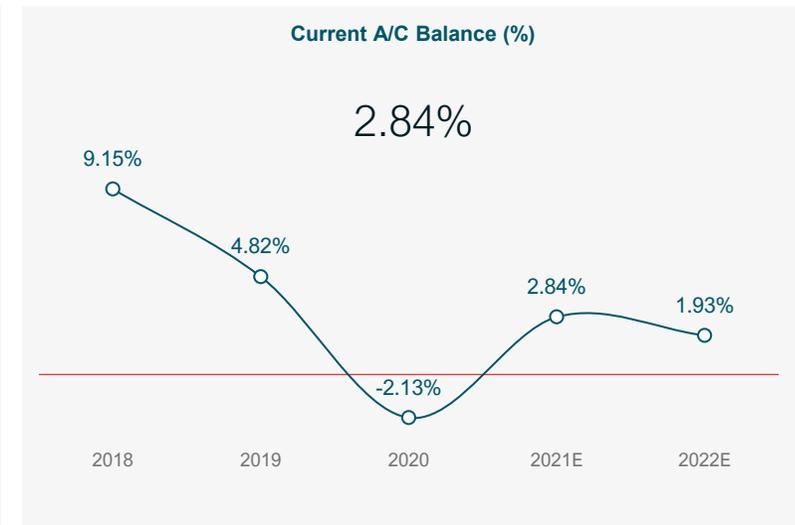
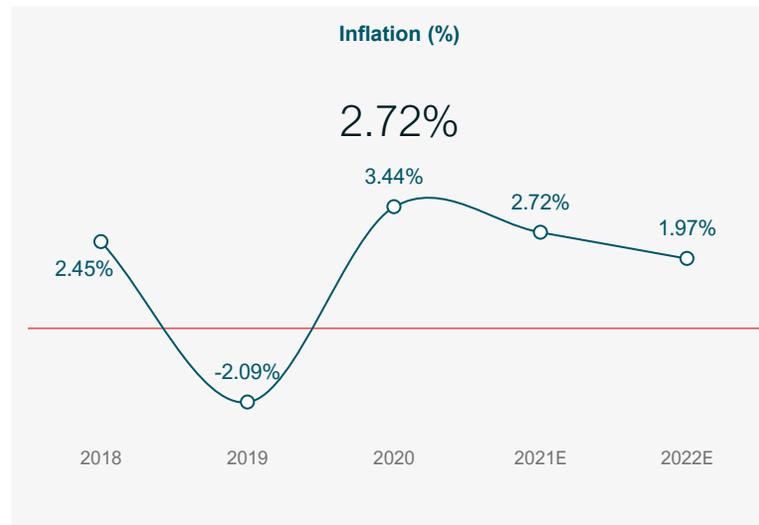
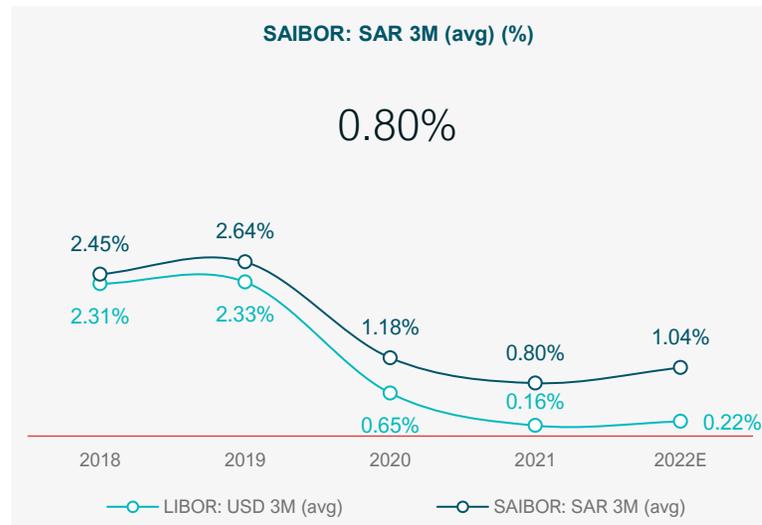
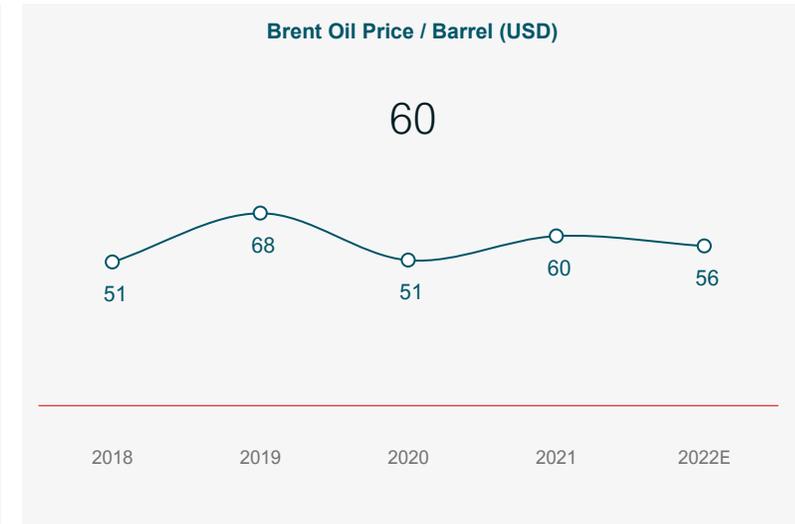
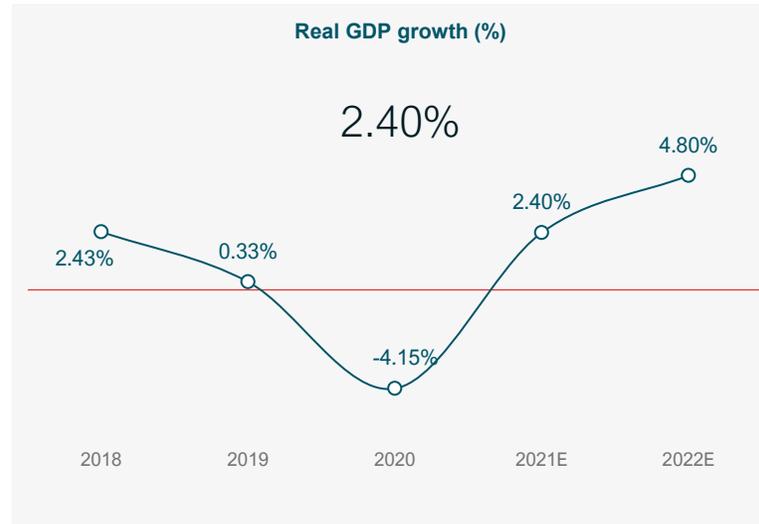


Tadawul Banks Index

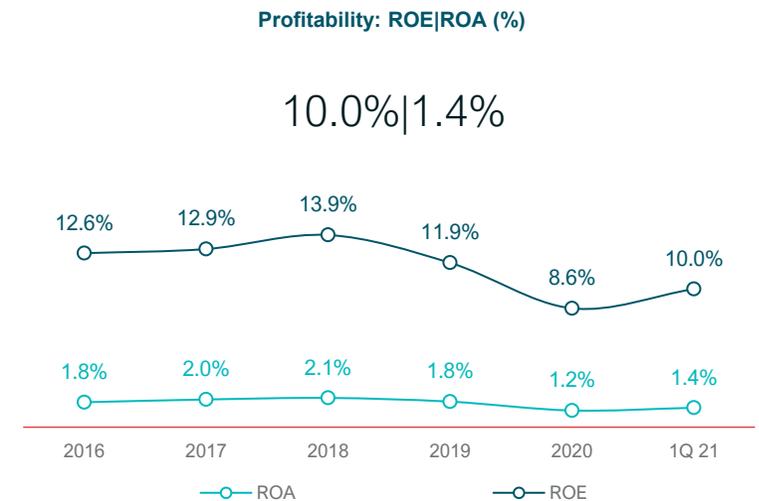
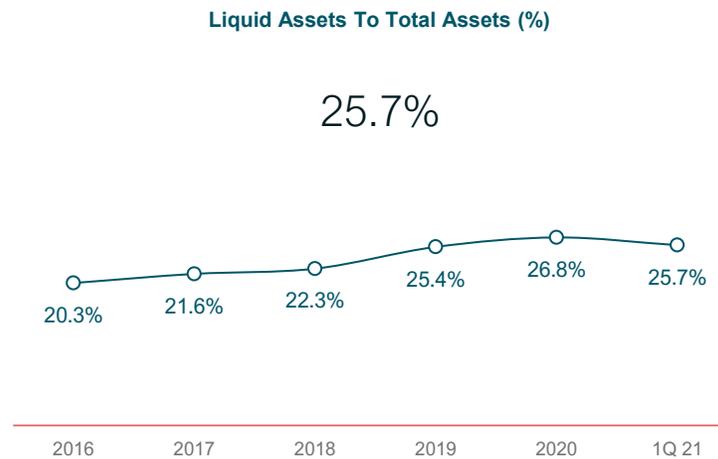
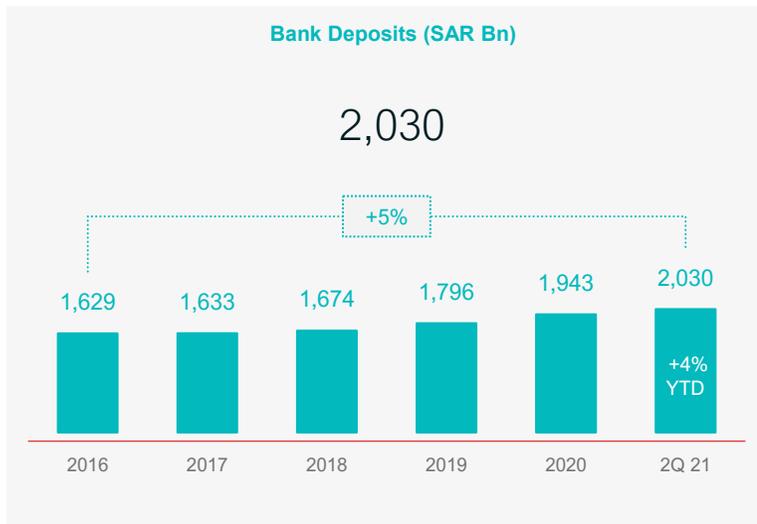
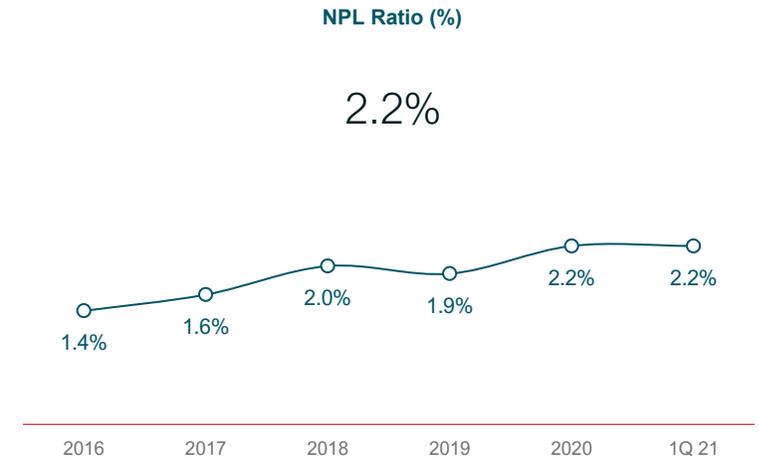
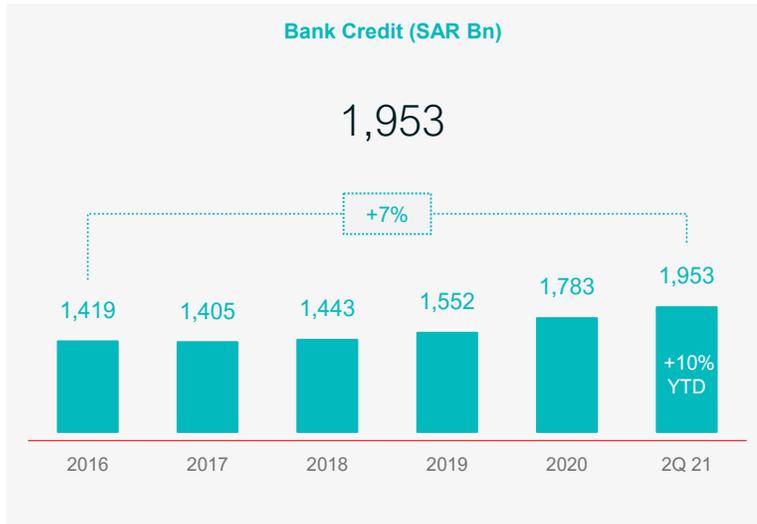


# GDP for Saudi Arabia is expected to recover to +2.4% growth in 2021

- GDP for Saudi Arabia is expected to recover to positive 2.4% GDP growth in 2021 following a contraction of 4.15% in 2020 resulting from the Covid-19 spread, lock-down measures and lower oil prices.
- Interest rates are expected to remain at low levels for the foreseeable future.



# The Saudi banking sector was well positioned to absorb the impact of Covid-19 in 2020





INVESTOR PRESENTATION 2Q 2021

# Strategy

In 2018 we redefined our purpose to build a dynamic, energized and modern culture...

OUR MISSION

To become the most modern, innovative and experience focused bank in the region.

OUR VALUES

TRUE TO OURSELVES, ALWAYS

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

US BEFORE ME

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

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 own it.

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.

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.

THINK BIG, ACT QUICK

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

...and set out to build a cohesive, best-in-class executive management team...

**Rayan Mohammed Fayez**

**Managing Director & Chief Executive Officer**

- BSF: CEO since Feb-18
- Savola Group: CEO 2 years
- J.P. Morgan: MD/KSA senior country officer



**Mazen Azoony**

**Acting Chief Financial Officer**

- BSF: appointed Jun-2021
- SNB: Over 22 years banking experience in finance.



**Mutasim Mufti**

**Acting Chief Risk Officer**

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



**Mazen Altamimi**

**Head of Institutional Banking**

- BSF: appointed Head of IB Oct-17
- BSF: Regional GM, Western Region 14 years & corporate banking 13 years



**Mohammed Abdulrahman Alsheikh**

**Head of Retail Banking**

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



**Abdulmohsen Alrayes**

**Chief Audit Officer**

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



**Adel Mallawi**

**Chief Investment Officer**

- BSF: appointed CIO Apr-19
- BSF: CFO 3 years
- BSF: Head of Global Markets Group 6 yrs; 26 yrs with BSF



**Thamer M. Yousef**

**Chief Operations Officer**

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



**Abdallah Alshaikh**

**Head of Legal & Governance**

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



**May Al-Hoshan**

**Chief Human Capital Officer**

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



**Michael Cunningham**

**Chief Strategy & Group Digital Officer**

- BSF: appointed in 2018
- CEO digital-only bank
- ADCB: EVP Group strategy
- Barclays: MD



**Sami J. Almehaid**

**Chief Compliance Officer**

- Over 20 years banking experience, especially in international retail banking
- Extensive compliance / FCC background



...who implemented a comprehensive 5-year strategic plan called 'LEAP' to modernize and re-imagine the bank

2018  
Baseline

POSITIONED TO 'LEAP'

2023  
Aspiration

ASSET MARKET SHARE

8.3%

ROAA\*

1.7%

NPS\*\*

NA

STRATEGIC PILLARS



**Solidify** our leadership position in Corporate Banking



**Scale** up in Retail Banking



**Optimize** our leading position in Private Banking



**Reinforce** our strength in Global Markets

ASSET MARKET SHARE

10%

ROAA

2.3%

NPS

#1

STRATEGIC ENABLERS

**A**

Technology & IT platforms

**C**

Customer experience

**E**

Brand

**G**

Risk

**B**

Digitalization

**D**

Organizational effectiveness

**F**

People

**H**

Strategy

\*ROAA before zakat and income tax | \*\* NPS baseline not yet established in 2018

# We are clearly focused on delivering strategic outcomes

## STRATEGIC OUTCOMES

### Shareholder darling

**KPI #1**  
**Total shareholder return (TSR)**

Generate top-quartile total returns for our shareholders.

**KPI #2**  
**Return on average equity (ROAE)**

To increase ROAE, by focusing on growing our business where risk adjusted returns are maximized and capital is efficiently deployed.

### Resilience

**KPI #3**  
**Basic earnings per share (EPS)**

Deliver consistent bottom line income and returns for our shareholders, with no surprises.

**KPI #4**  
**Dividends per share (DPS)**

Distribute consistent dividends to our shareholders.

### Efficiency

**KPI #5**  
**Cost-to-income Ratio**

Improve operating efficiency by re-engineering our processes and focusing on digital.

### Best Customer Experience

**KPI #6**  
**Net Promoter Score (NPS)**

Continuous improvement in our customer experience.

### Best Place to work

**KPI #7**  
**Employee Net Promoter Score (ENPS)**

Continuous improvement in our employees' workplace experience and satisfaction.

Despite strong progress made on strategy implementation, 2020 saw declines in financial KPIs from an elevated risk cost

## STRATEGIC OUTCOMES

### Shareholder darling

**KPI #1**  
**Total shareholder return (TSR)**

TSR  
(%)

-13.8%

▼ -39.9% year-on-year

**KPI #2**  
**Return on average equity (ROAE)**

ROAE - before zakat & income tax  
(%)

5.8%

▼ -5.5 pts year-on-year

### Resilience

**KPI #3**  
**Basic earnings per share (EPS)**

EPS  
SAR

1.24

▼ -52% year-on-year

**KPI #4**  
**Dividends per share (DPS)**

DPS, net  
SAR

0.40

▼ -80% year-on-year

### Efficiency

**KPI #5**  
**Cost-to-income Ratio**

Cost to income ratio  
(%)

33.6%

► +28 bps year-on-year

### Best Customer Experience

**KPI #6**  
**Net Promoter Score (NPS)**

NPS  
(%)

+4%

► year-on-year

### Best Place to work

**KPI #7**  
**Employee Net Promoter Score (ENPS)**

ENPS  
(%)

+14%

► year-on-year



INVESTOR PRESENTATION 2Q 2021

# Financial Performance

# Solid balance sheet growth and strong recovery in net income

## BALANCE SHEET

- High quality loan growth of 9% driven by 19% YTD growth in mortgages.
- Strong growth in investments (12%) and solid NIB deposit growth (10%).

### Loans & Advances



### Investments



### Non Interest Bearing Deposits



## INCOME STATEMENT

- 1% top-line growth with moderate margin contraction and stable NIR growth.
- Net income recovered due to lower provisions.

### Operating Income



### NIM



### Net Income After Zakat & Tax



## ASSET QUALITY

- Moderating NPL ratio.
- Improvement in NPL coverage ratio YoY and YTD.
- Lower cost of risk as Covid-19 impact stabilized.

### NPL Ratio



### NPL Coverage Ratio



### Cost of risk



## CAPITAL & LIQUIDITY

- Capital & liquidity remain strong and comfortably within regulatory limits.
- LCR stable YTD.

### T1 Ratio



### LCR



### NIBD % of Total Deposits

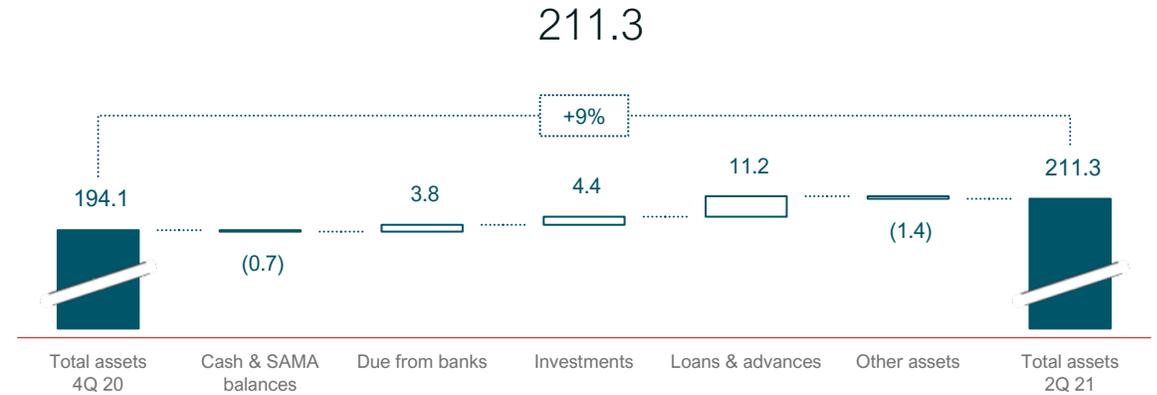


# Solid balance sheet growth from lending and investments

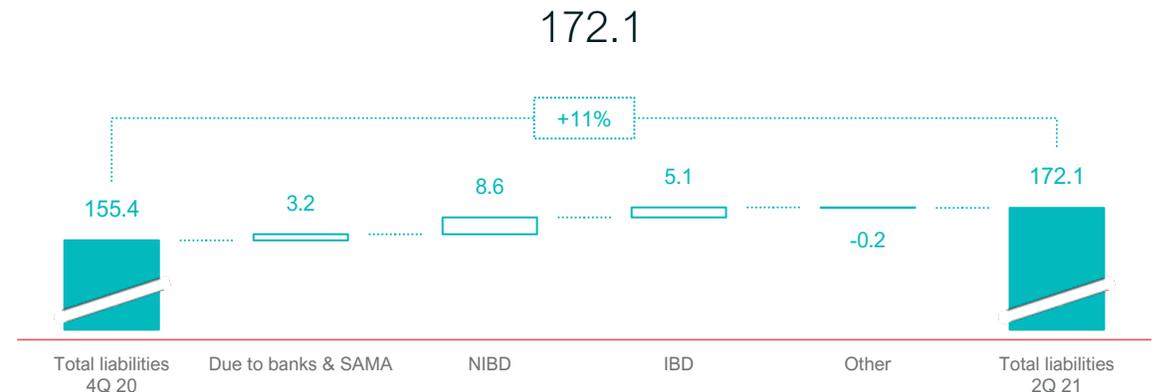
- Growth in total assets of 9% YTD driven by healthy 9% loan growth and strong growth of 12% in investments.
- Liabilities grew by 11% during 2021 YTD from 11% deposit growth.

SAR (Mn)	2Q 2021	4Q 2020	Δ%	2Q 2020	Δ%
Cash & SAMA balances	9,808	10,548	-7%	9,519	+3%
Due from banks	7,781	4,027	+93%	7,176	+8%
Investments	42,060	37,679	+12%	36,916	+14%
Loans & advances	141,807	130,565	+9%	135,749	+4%
Other assets	9,855	11,255	-12%	12,592	-22%
<b>Total assets</b>	<b>211,310</b>	<b>194,074</b>	<b>+9%</b>	<b>201,953</b>	<b>+5%</b>
Due to banks	19,944	16,792	+19%	17,422	+14%
Customers' deposits	140,805	127,112	+11%	138,046	+2%
Other liabilities	11,302	11,534	-2%	12,809	-12%
<b>Total liabilities</b>	<b>172,051</b>	<b>155,438</b>	<b>+11%</b>	<b>168,276</b>	<b>+2%</b>
Share capital	12,054	12,054	+0%	12,054	+0%
Retained earnings	8,411	7,433	+13%	7,065	+19%
Other	13,795	14,149	-3%	14,558	-5%
Tier 1 sukuk	5,000	5,000	+0%	0	
<b>Total equity</b>	<b>39,259</b>	<b>38,636</b>	<b>+2%</b>	<b>33,677</b>	<b>+17%</b>

Total Assets Movement (SAR Bn)



Total Liabilities Movement (SAR Bn)



# Net income improved 38% year-on-year due to lower provisions

- Net income for 1H 2021 grew 38% YoY to SAR 1,549mn from 1% income growth and a 46% decline in impairments, partly offset by a 9% increase in operating expenses.
- Similarly, 2Q 2021 net income improved 76% YoY to SAR 770mn due to a 58% drop in impairments.

SAR (Mn)	2Q 2021	2Q 2020	Δ%	1H 2021	1H 2020	Δ%
Net interest income	1,330	1,297	+3%	2,618	2,584	+1%
Non-interest income	423	463	-9%	931	933	-0%
<b>Operating income</b>	<b>1,754</b>	<b>1,760</b>	<b>-0%</b>	<b>3,549</b>	<b>3,517</b>	<b>+1%</b>
Operating expenses	(627)	(557)	+13%	(1,219)	(1,116)	+9%
Impairment charge	(270)	(650)	-58%	(569)	(1,048)	-46%
<b>Total operating expenses</b>	<b>897</b>	<b>1,207</b>	<b>-26%</b>	<b>1,788</b>	<b>2,164</b>	<b>-17%</b>
<b>Net income before zakat &amp; tax</b>	<b>856</b>	<b>553</b>	<b>+55%</b>	<b>1,762</b>	<b>1,353</b>	<b>+30%</b>
Zakat & income tax charge	(86)	(116)	-25%	(212)	(234)	-9%
<b>Net income after zakat &amp; tax</b>	<b>770</b>	<b>437</b>	<b>+76%</b>	<b>1,549</b>	<b>1,119</b>	<b>+38%</b>

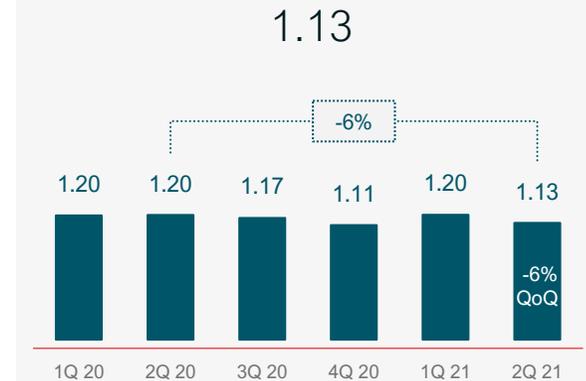
Net Income After Zakat & Tax Movement (SAR Mn)



Operating Income (SAR Bn)



Net Operating Income Before Impairment Charge (SAR Bn)



Operating Expenses

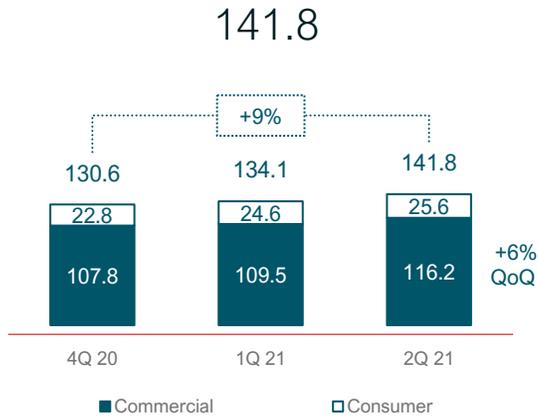


Impairment Charge

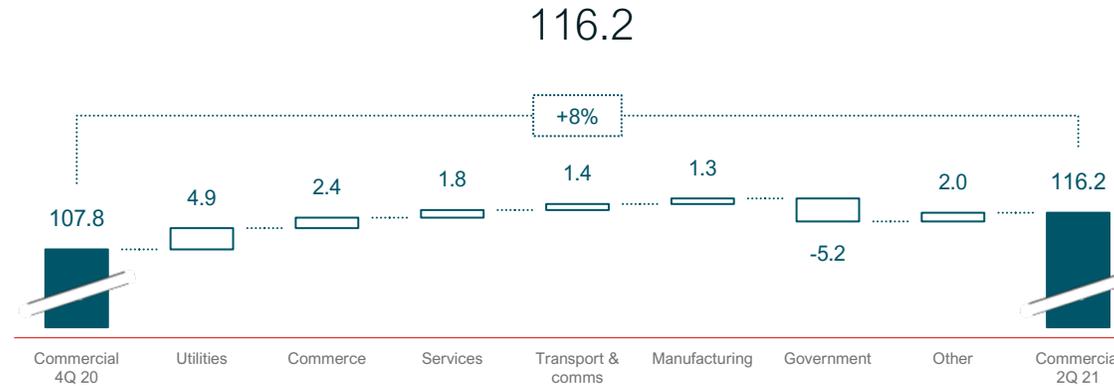


# Healthy loan growth in 1H 2021

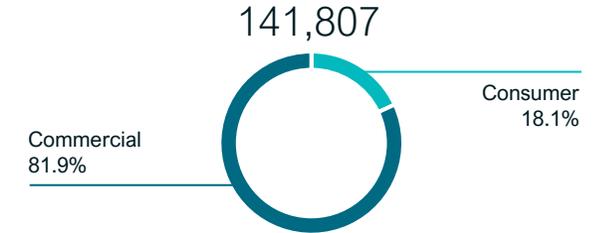
Total Loans & Advances (SAR Bn)



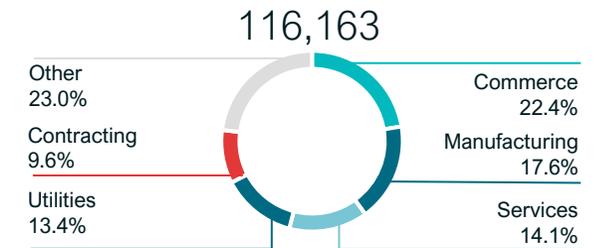
Commercial Loans Movement (SAR Bn)



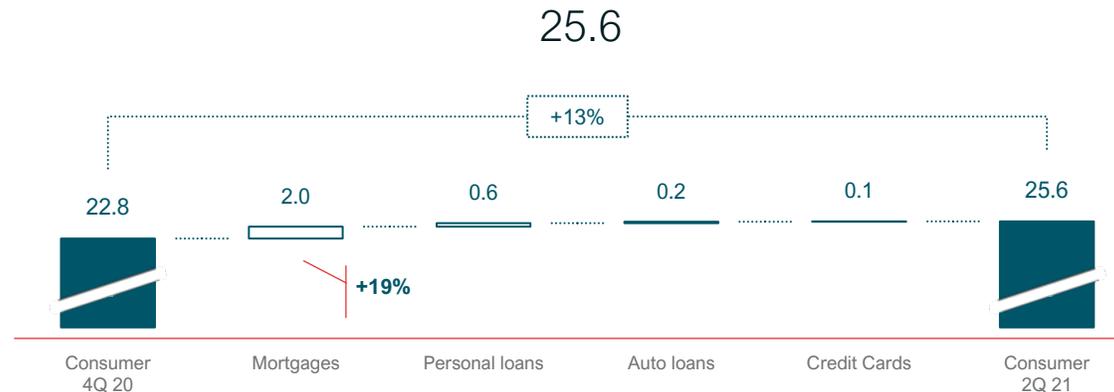
Loans & Advances Composition (SAR Mn)



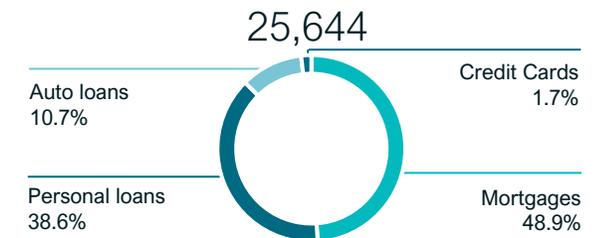
Commercial Loans Composition (SAR Mn)



Consumer Loans Movement (SAR Bn)



Consumer Composition (SAR Mn)

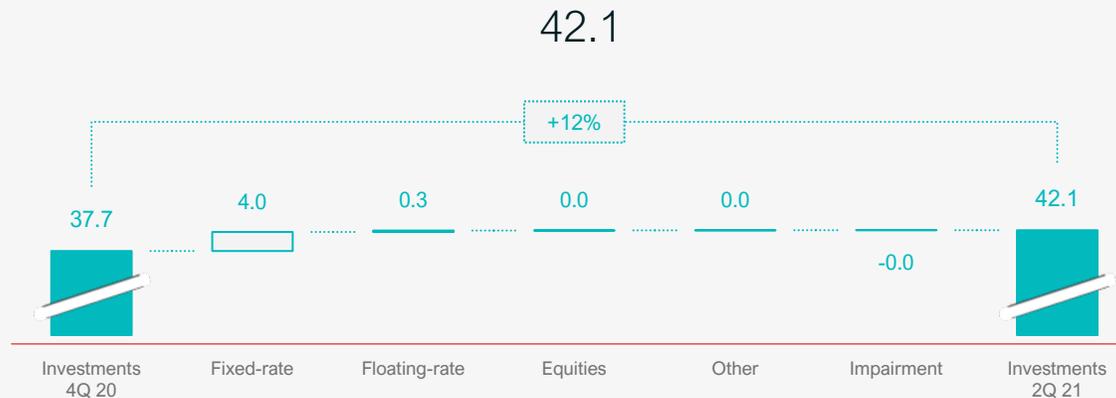


- Total loans & advances grew 9% during 1H 2021 from 13% consumer loan growth.
- Consumer loans grew mainly from 19% YTD growth in mortgages.
- Commercial loans grew 8% during 1H 2021.

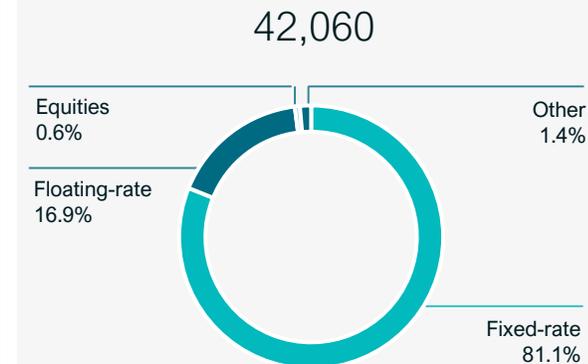
# Strong growth in investment portfolio from fixed rate bond holdings across sectors

- Investments rose 12% during 1H 2021 as the bank increased fixed rate bond holdings across Saudi Government, corporate and financial sectors.
- The investment portfolio remains of high quality with significant portion being Saudi Government and investment grade.

Investments Movement by Type (SAR Bn)



Investments Composition by Type (SAR Mn)



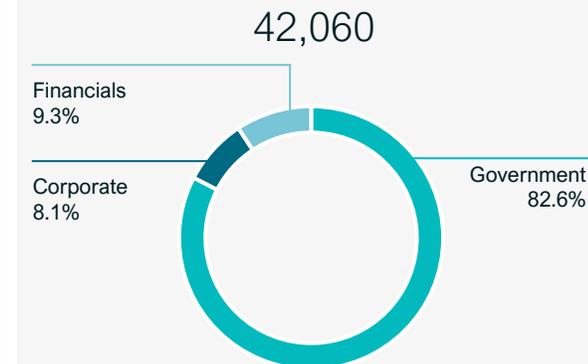
Investments (SAR Bn)



Investments Movement by Sector (SAR Bn)



Investments Composition by Sector (SAR Mn)



# Continued growth in NIBD deposits

- Deposits grew 11% during 1H 2021 from higher NIBDs (+10%) and IBDs (+12%).
- NIBD's account for 67% of total deposits (stable relative to 68% in 4Q 2020).
- The deposit mix improved over the last year, with an increase in NIBDs of SAR 11bn YoY and SAR 9bn YTD.

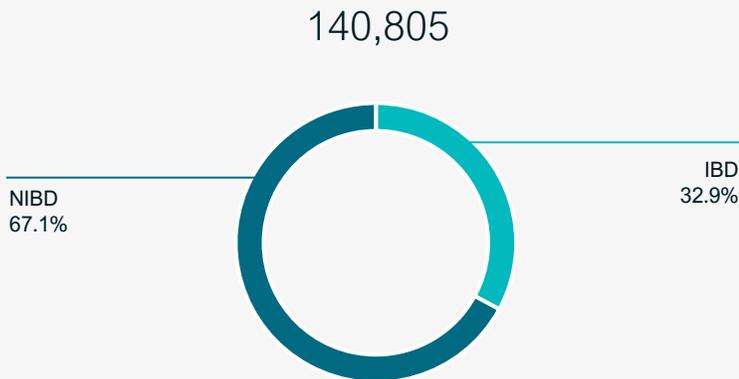
Customers' Deposits (SAR Bn)



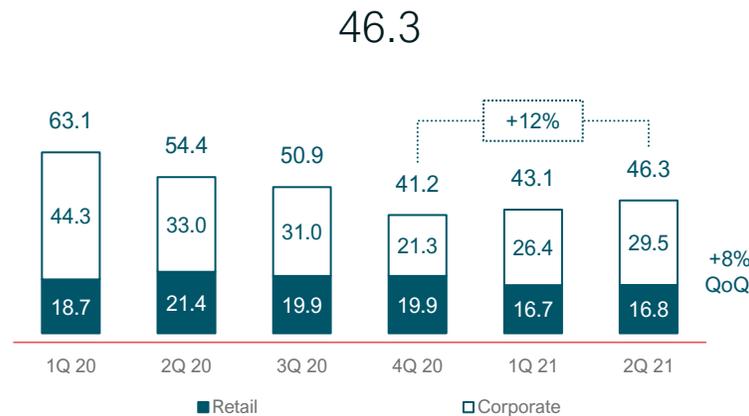
Customers' Deposits Movement (SAR Bn)



Customers' Deposits Composition (SAR Mn)



Interest Bearing Deposits (SAR Bn)

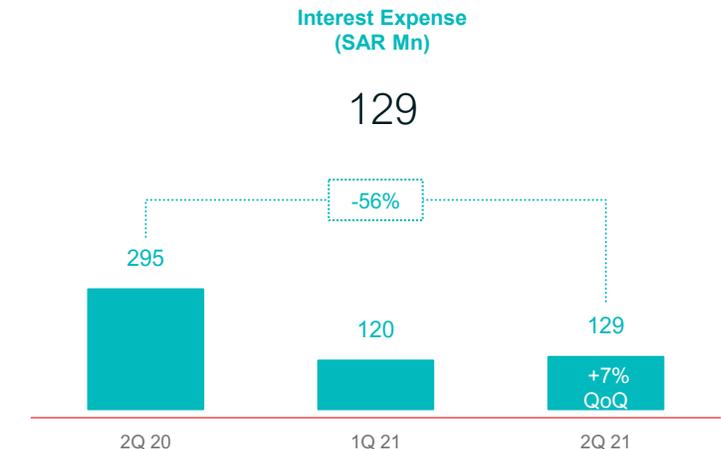
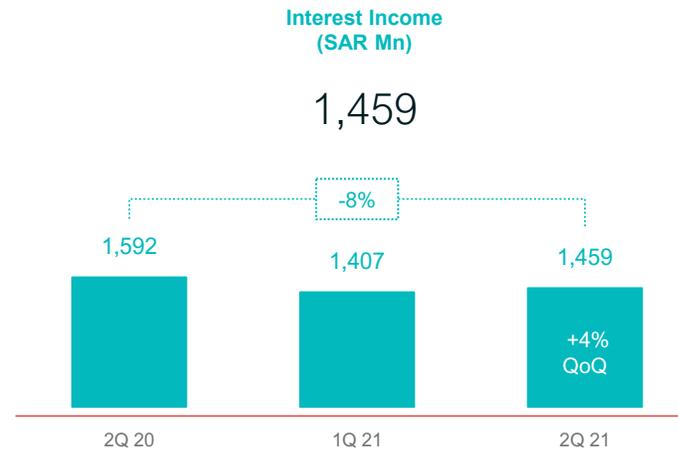
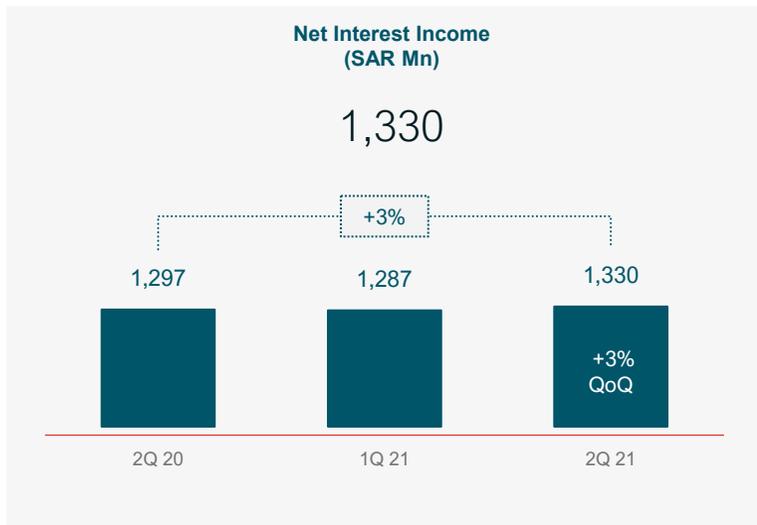
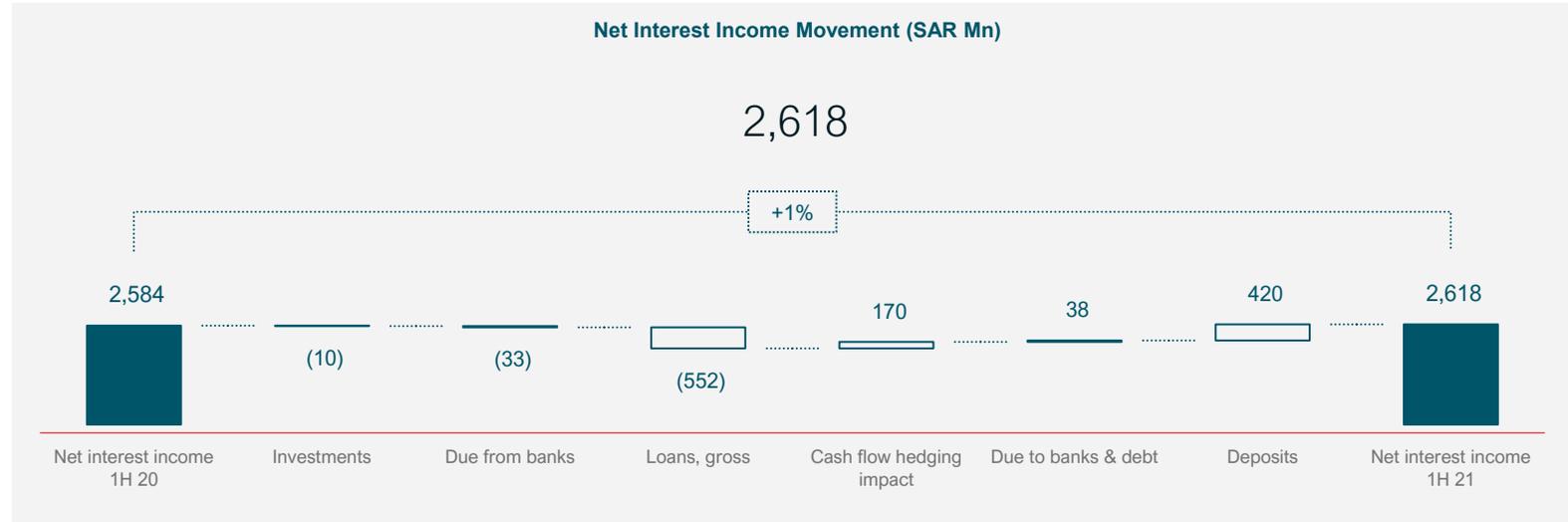


Non Interest Bearing Deposits (SAR Bn)



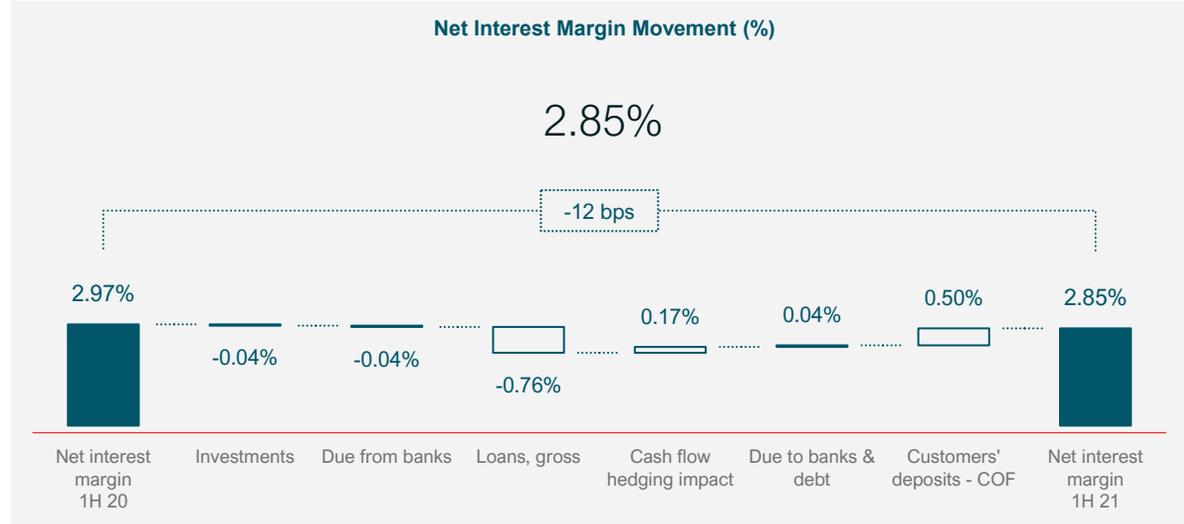
# Stable NII as improved funding costs and benefit of hedging offset lower loan yields

- NII for 1H 2021 grew 1% YoY to SAR 2,618mn in 1H 2021 as a 13% decline in interest income was offset by a 65% improvement in funding costs.



# Yield pressure from lower rates partly offset by improved balance sheet mix and improved funding costs

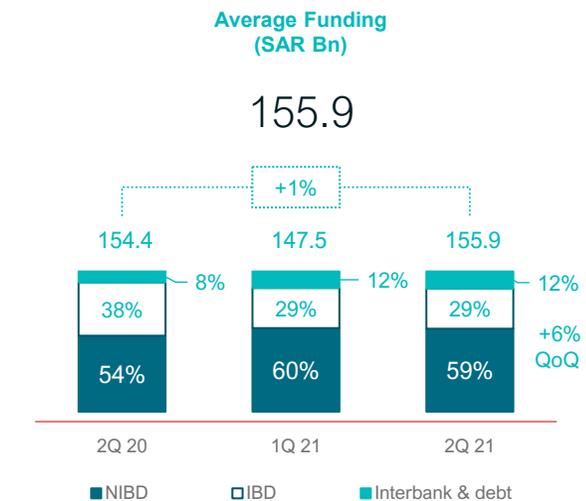
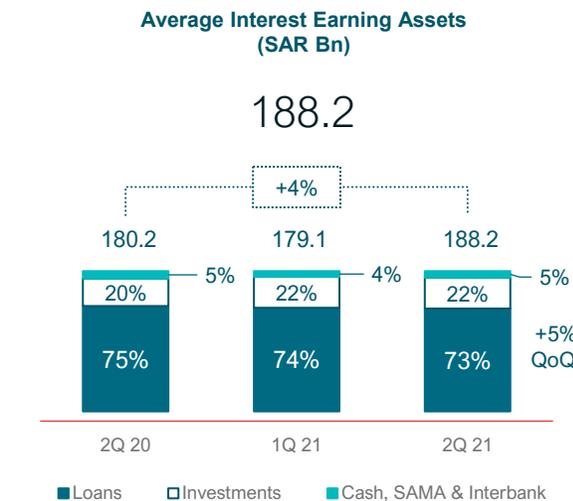
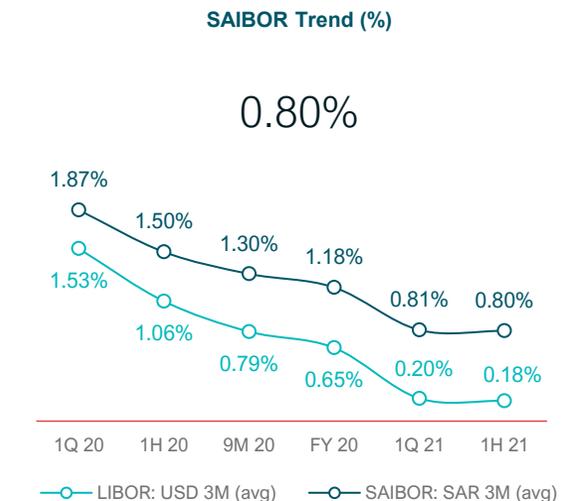
- The NIM decreased by 12bps YoY to 2.85% in 1H 2021.
- The margin was supported by improved balance sheet mix and funding costs, partly offsetting lower asset yields from the lower rate environment.
- Funding costs improved by 63bps YoY to 0.33% in 1H 2021.



Net Interest Income SAR Billion

1.3

▲ +3.3% Quarter-on-quarter

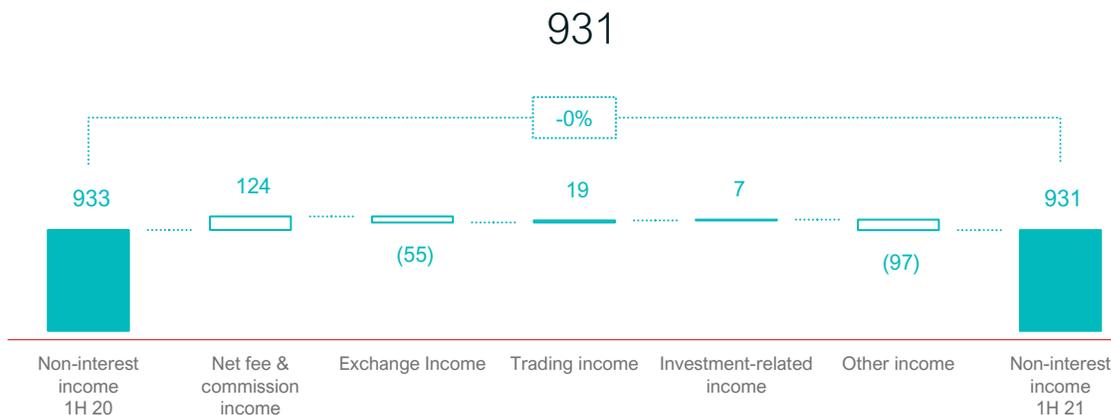


# Non-interest income stable YoY as improved brokerage and trading income was offset by lower exchange and other income

- Non-interest income for 1H 2021 was stable YoY at SAR 931mn as improved net fee & commission and trading income was offset by lower exchange and other income, the latter benefitting from one-off income of SAR 72mn in 1H 2020.
- Net fee & commission income improved 24% YoY to SAR 632mn in 1H 2021 from strong growth in brokerage income and higher lending fees, partly offset by net card fees.

SAR (Mn)	2Q 2021	2Q 2020	Δ%	1H 2021	1H 2020	Δ%
Fee & commission income	428	315	+36%	907	703	+29%
Fee & commission expenses	(134)	(92)	+47%	(275)	(195)	+41%
<b>Net fee &amp; commission income</b>	<b>294</b>	<b>223</b>	<b>+31%</b>	<b>632</b>	<b>508</b>	<b>+24%</b>
Exchange Income	83	115	-27%	157	212	-26%
Trading income	22	87	-74%	100	81	+24%
<b>Banking-related income</b>	<b>399</b>	<b>425</b>	<b>-6%</b>	<b>888</b>	<b>800</b>	<b>+11%</b>
Investment-related income	12	1	+1707%	15	8	+98%
Other income	12	38	-67%	28	125	-77%
<b>Non-interest income</b>	<b>423</b>	<b>463</b>	<b>-9%</b>	<b>931</b>	<b>933</b>	<b>-0%</b>

Non-Interest Income Movement (SAR Mn)



Non-Interest Income (SAR Mn)



Banking-Related Income (SAR Mn)



Lending Fees



93

SAR Million

+48.2%  
year-on-year

Brokerage & Asset Management Income



89

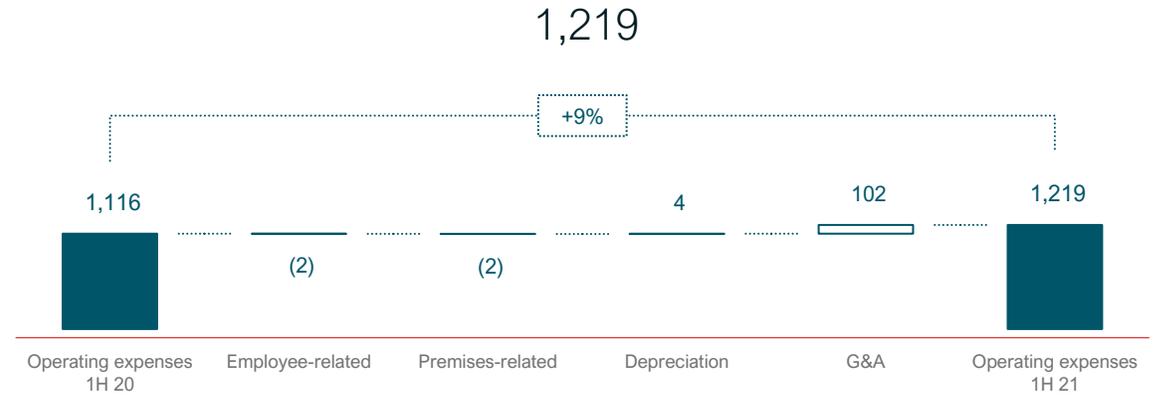
SAR Million

+42.3%  
year-on-year

# Higher operating expenses due increase in VAT rate

- Operating expenses increased 9% YoY to SAR 1,219mn in 1H 2021 due to increased rate of VAT in Saudi Arabia from 5% to 15%.
- The cost to income ratio increased modestly to 34.3% in 1H 2021 from 31.7% in 1H 2020.
- Relative to the previous quarter, operating expenses increased 6% due to VAT input expenses.

Operating Expenses Movement (SAR Mn)



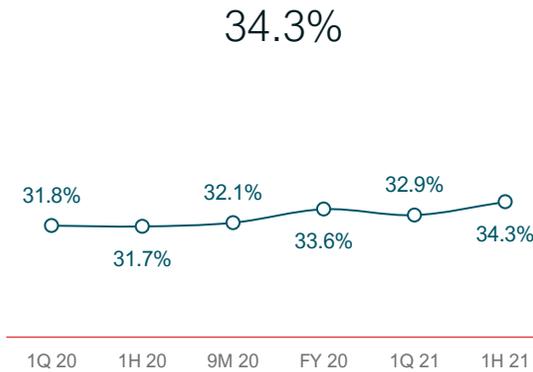
Employee-Related



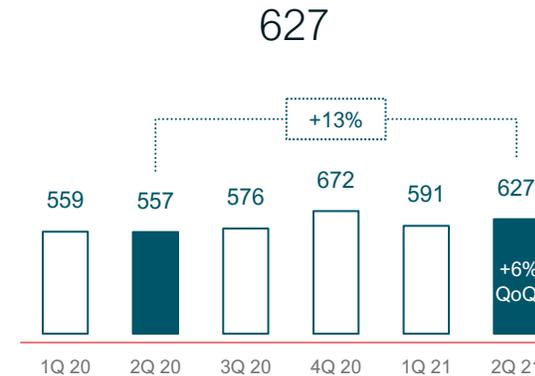
G&A



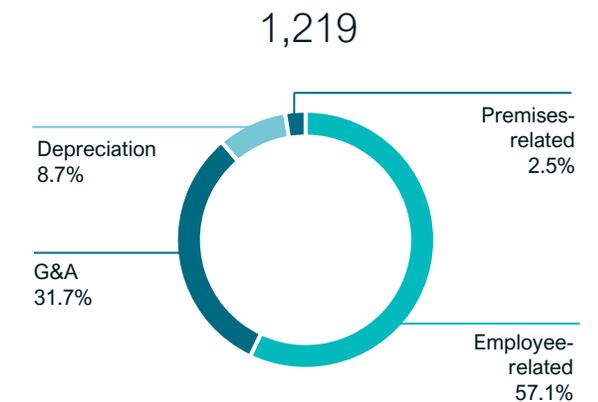
Cost To Income Ratio (%)



Operating Expenses (SAR Mn)

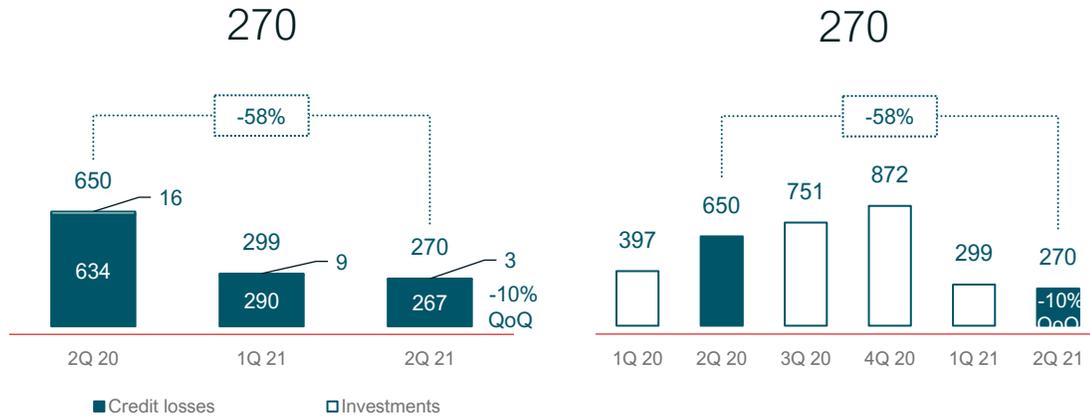


1H 21 Operating Expenses Composition (SAR Mn)

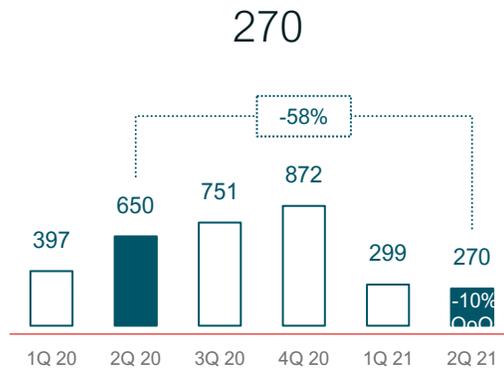


# Moderation in impairment charge and cost of risk from peak in 4Q 2020

Impairment Charge (SAR Mn)



Impairment Charge (SAR Mn)



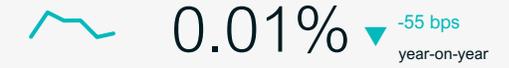
Cost of Credit Risk (%)



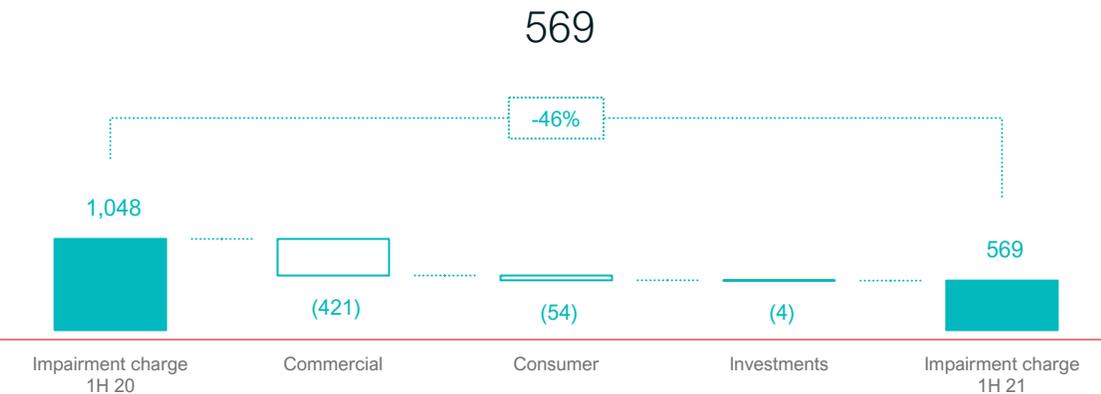
Commercial COR



Consumer COR



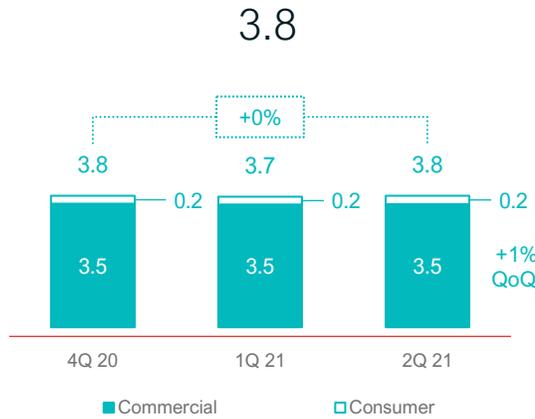
Impairment Charge Movement (SAR Mn)



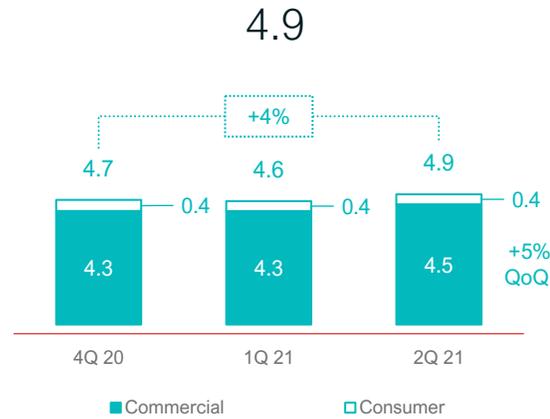
- The total impairment charge for 1H 2021 moderated to SAR 569mn from SAR 1,048mn in 1H 2020.
- The impairment charge in 2020 was elevated due to a reassessment of macroeconomic scenarios (based on more pessimistic forecasts owing to Covid-19), a conservative review of borrower risk ratings resulting in IFRS 9 Stage transitions, additional sector-based overlays and efforts made to improve NPL coverage.
- As at 30 June 2021, total sector-based overlays included in ECL allowances totaled SAR 462mn.

# NPL ratio moderated during 1H 2021 and NPL coverage improved 28.5ppts YoY

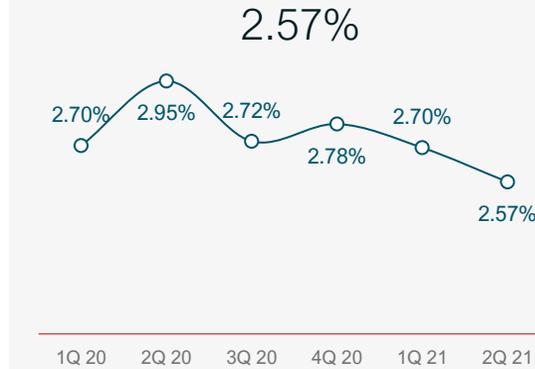
Non Performing Loans & Advances (SAR Bn)



Allowance For Impairment (SAR Bn)



NPL Ratio (%)



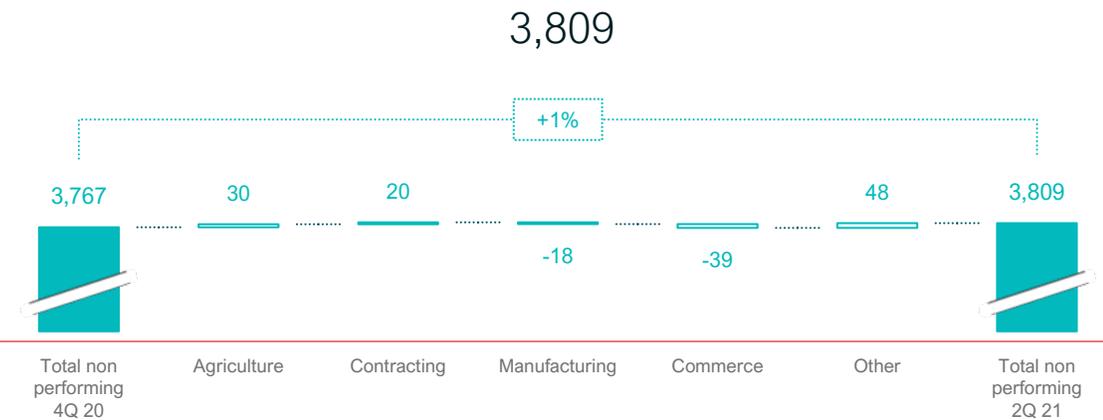
Commercial NPL Ratio (%)



Consumer NPL Ratio (%)



Total Non Performing Movement (SAR Mn)



NPL Coverage Ratio (%)



Commercial NPL Coverage (%)



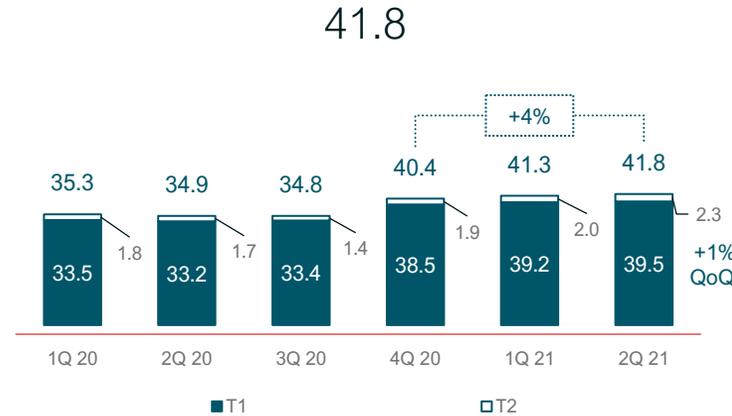
Consumer NPL Coverage (%)



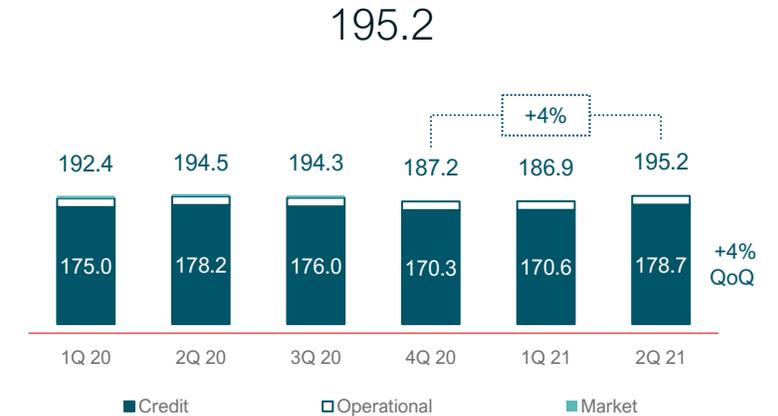
# Capital ratios broadly stable during 1H 2021

- Total capital increased by SAR 1.4bn (+4% YTD) during 1H 2021 from net income generation.
- RWAs increased 4% during 1H 2021 to SAR 195.2bn.
- CAR was 21.43% and the Tier 1 ratio was 20.23% as at 30 June 2021, broadly stable from 4Q 2020 levels as capital growth was set off against growth in RWAs during the period.

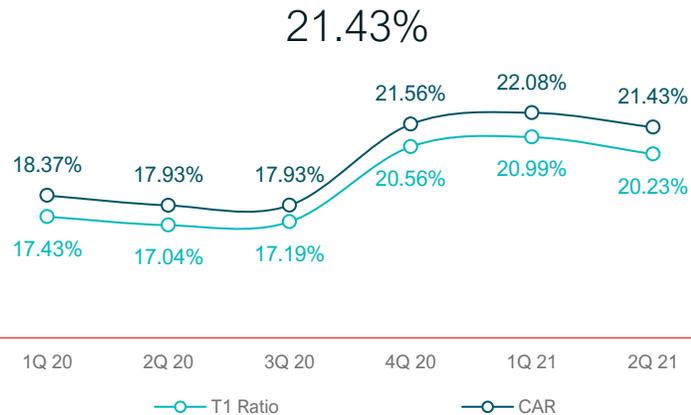
Total Capital (SAR Bn)



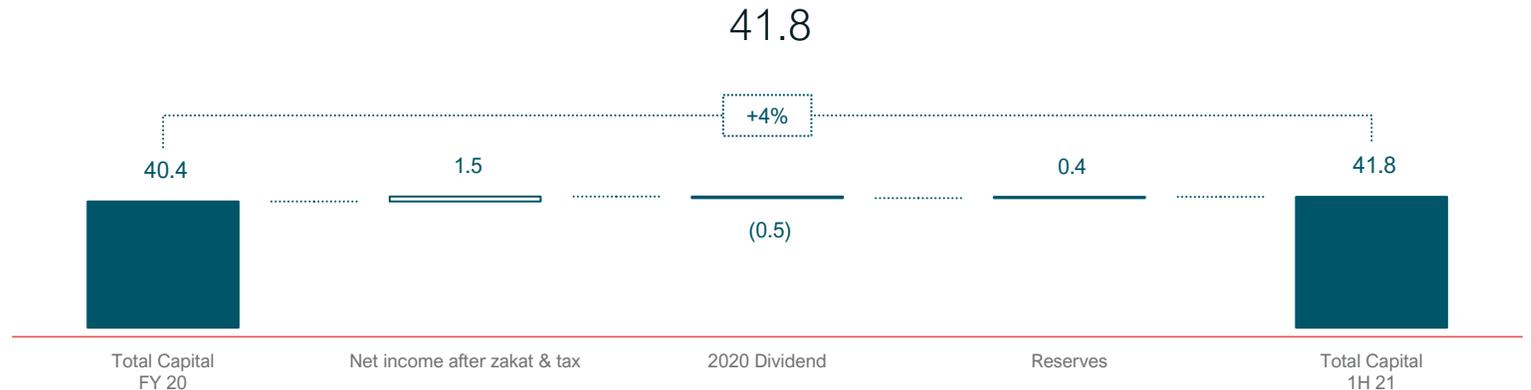
RWA (SAR Bn)



CAR (%)



Total Capital Movement (SAR Bn)



# Liquidity remains strong and comfortably within regulatory limits

- LCR declined by a modest 5ppts during 1H 2021 to a comfortable level of 194%.
- NSFR was stable YTD at 122%.
- The bank continues to manage the LTD ratio for optimum efficiency in cost of funding, while maintaining the SAMA regulatory ratio, which was 83.4% as at 30 June 2021, within required levels.

LCR Average (%)



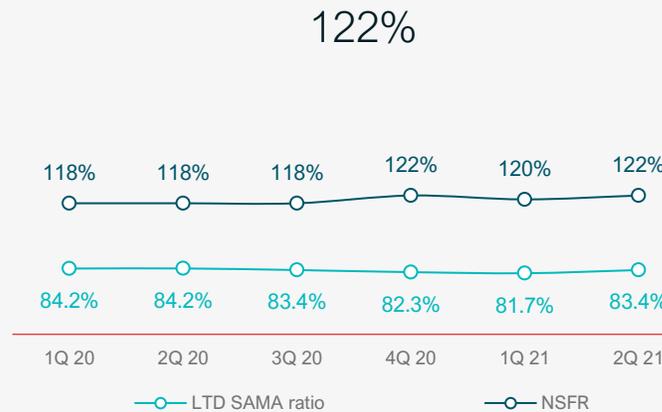
HQLA (SAR Bn)



Leverage ratio (%)



NSFR (%)



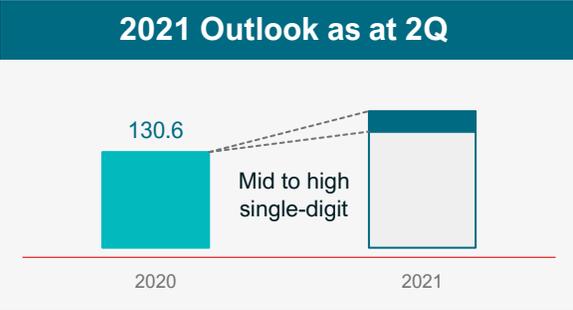
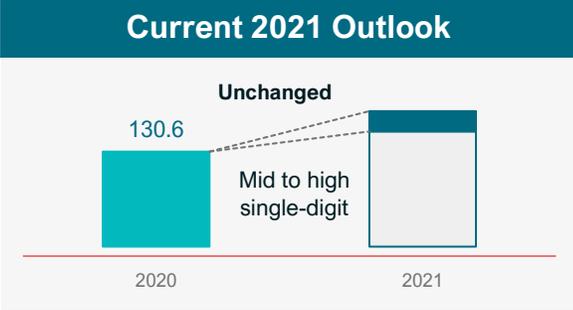
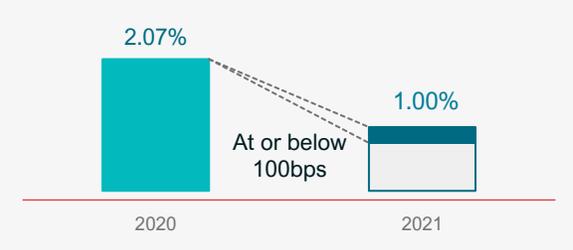
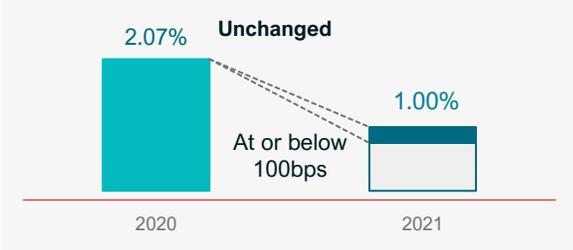
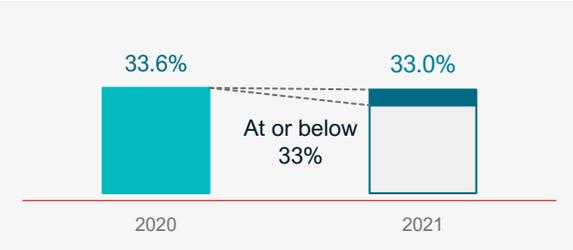
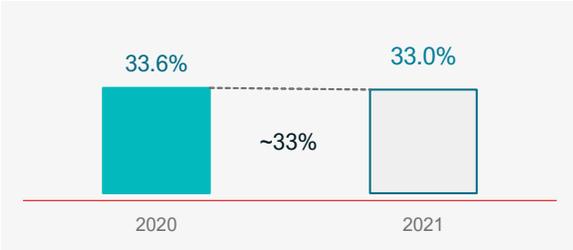
Available Stable Funding (SAR Bn)



INVESTOR PRESENTATION 2Q 2021

# Outlook and Guidance

# Trends mostly in line with guidance and outlook for 2021 is largely unchanged

	2021 Outlook as at 2Q	2Q 2021 Outcome	Current 2021 Outlook
<b>LOANS &amp; ADVANCES, NET</b> <ul style="list-style-type: none"> <li>1H 2021 growth of 9% .</li> <li>Continued mortgage growth and corporate repayments expected in 2H 2021.</li> </ul>	 <p>2020: 130.6 2021: 141.8 Trend: Mid to high single-digit</p>	<p><b>Loans &amp; Advances</b> SAR Billion</p> <p>141.8</p> <p>▲ +8.6% year-to-date</p>	<p><b>Unchanged</b></p>  <p>2020: 130.6 2021: 141.8 Trend: Mid to high single-digit</p>
<b>NET INTEREST MARGIN</b> <ul style="list-style-type: none"> <li>NIM declined 15bps YTD.</li> <li>Broadly stable NIM expected in 2021 at ~2.9% +5bps.</li> </ul>	 <p>2020: 3.00% 2021: 2.90% Trend: ~3.00% +10bps</p>	<p><b>NIM</b> (%)</p> <p>2.85%</p> <p>▼ -15 bps year-to-date</p>	 <p>2020: 3.00% 2021: 2.85% Trend: ~2.90% +5bps</p>
<b>COST OF RISK</b> <ul style="list-style-type: none"> <li>Cost of risk moderated to 79bps in 1H 2021.</li> <li>Cost of risk expected to remain at or below 100bps for 2021.</li> </ul>	 <p>2020: 2.07% 2021: 1.00% Trend: At or below 100bps</p>	<p><b>Cost of risk</b> (%)</p> <p>0.79%</p> <p>▼ -127 bps year-to-date</p>	<p><b>Unchanged</b></p>  <p>2020: 2.07% 2021: 1.00% Trend: At or below 100bps</p>
<b>COST TO INCOME RATIO</b> <ul style="list-style-type: none"> <li>The bank is managing the cost base for optimum efficiency, while continuing to invest in critical IT and digital capabilities.</li> <li>Expect CI-ratio at ~33% for 2021.</li> </ul>	 <p>2020: 33.6% 2021: 33.0% Trend: At or below 33%</p>	<p><b>Cost to income ratio</b> (%)</p> <p>34.3%</p> <p>▲ +78 bps year-to-date</p>	 <p>2020: 33.6% 2021: 33.0% Trend: ~33%</p>

INVESTOR PRESENTATION 2Q 2021

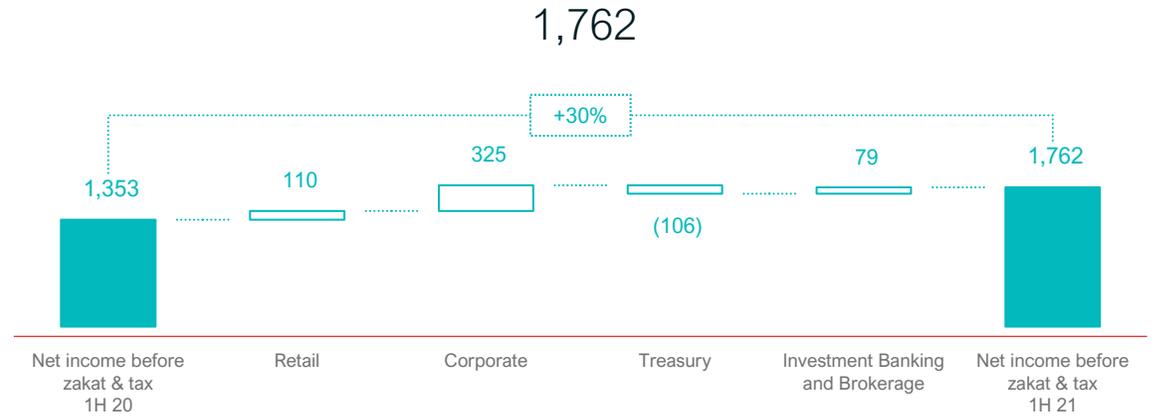
# Segmental Performance

# Healthy profit growth in all segments expect for Treasury

Operating Income Movement (SAR Mn)



Net Income Before Zakat & Tax Movement (SAR Mn)



Loans & Advances Movement (SAR Bn)

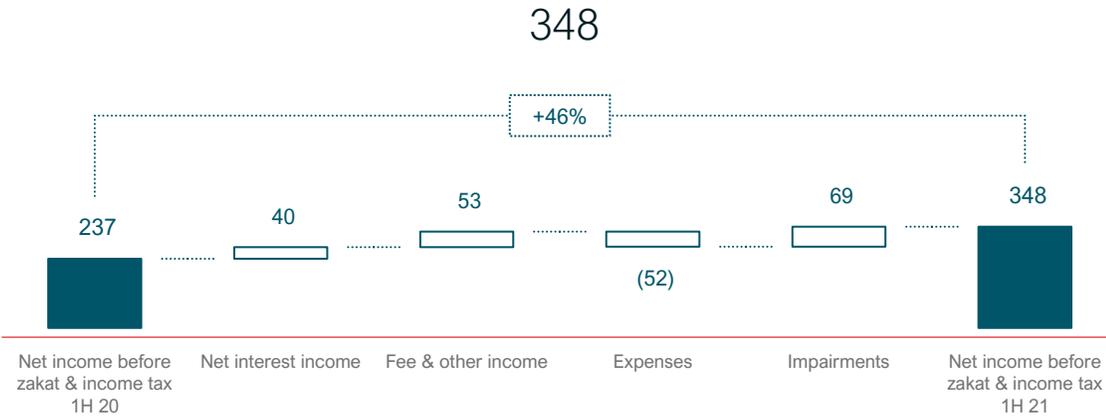


Customers' Deposits Movement (SAR Bn)

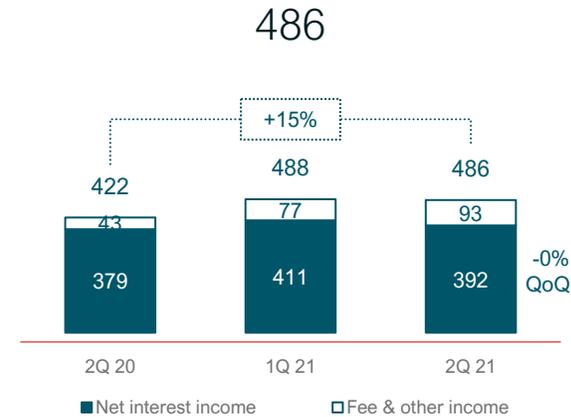


# Growth in profits driven by higher income and lower impairments

Net Income Before Zakat & Income Tax Movement (SAR Mn)



Total Operating Income (SAR Mn)



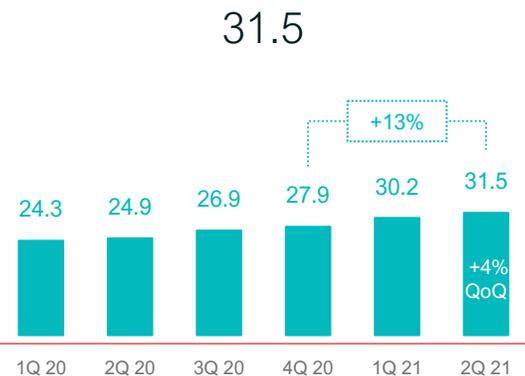
Net Interest Income



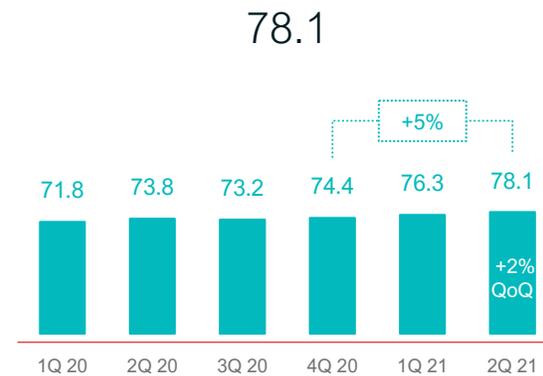
Fee & other income



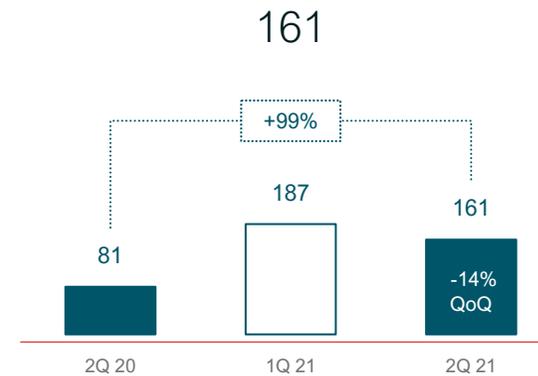
Retail Loans (SAR Bn)



Retail Deposits (SAR Bn)



Net Income Before Zakat & Income Tax (SAR Mn)



Expenses

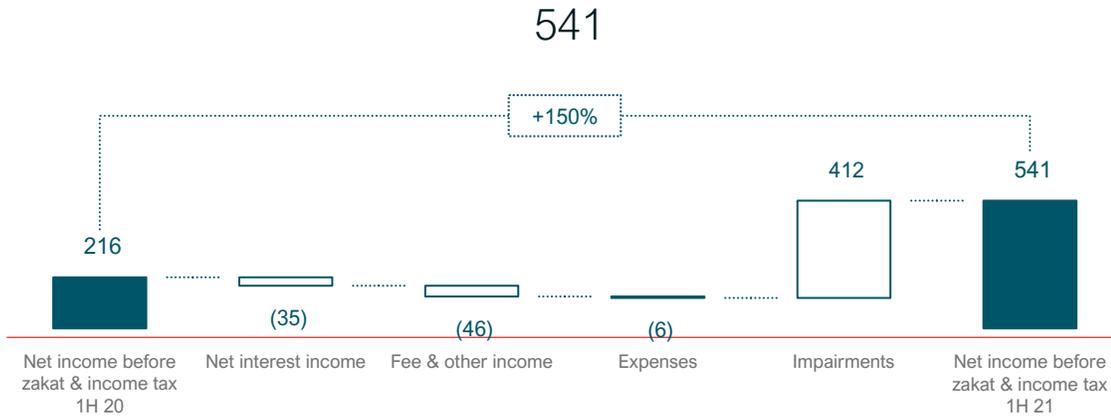


Impairments



# Lower impairments drive improvement in Corporate profitability

Net Income Before Zakat & Income Tax Movement (SAR Mn)



Total Operating Income (SAR Mn)



Net Interest Income



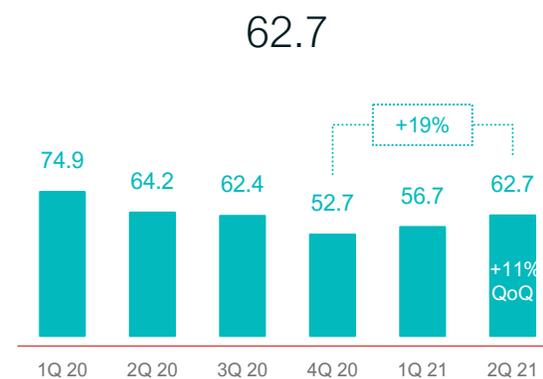
Fee & other income



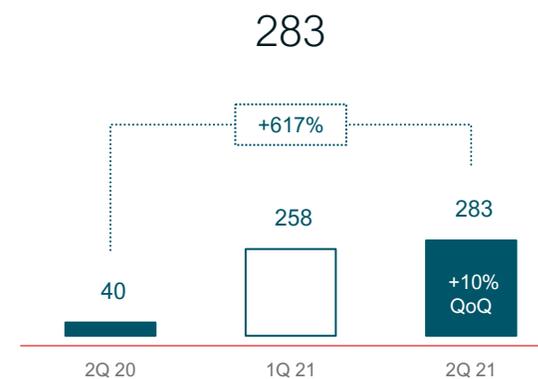
Corporate Loans (SAR Bn)



Corporate Deposits (SAR Bn)



Net Income Before Zakat & Income Tax (SAR Mn)



Expenses

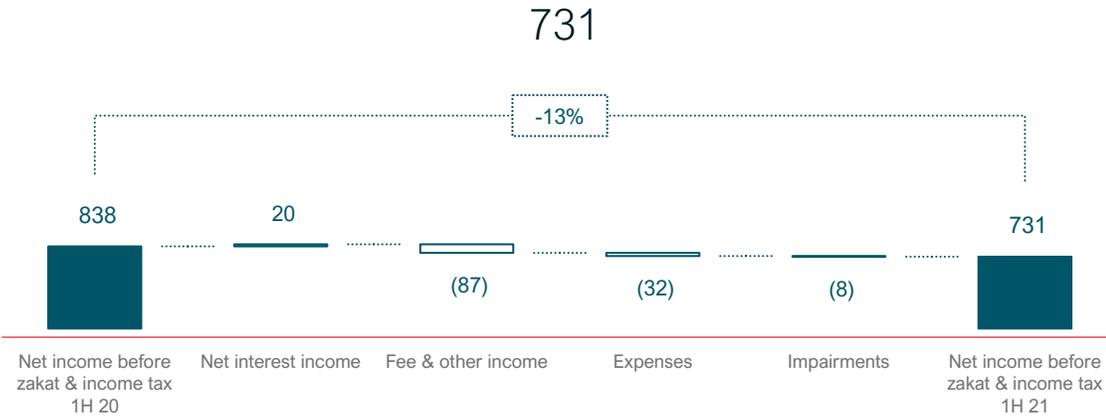


Impairments

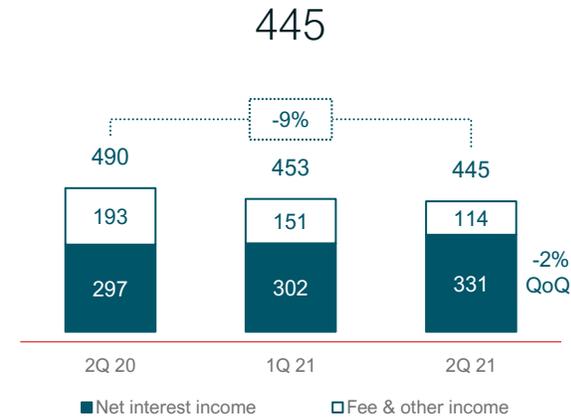


# Decline in profit driven by lower fee and other income and higher expenses

Net Income Before Zakat & Income Tax Movement (SAR Mn)



Total Operating Income (SAR Mn)



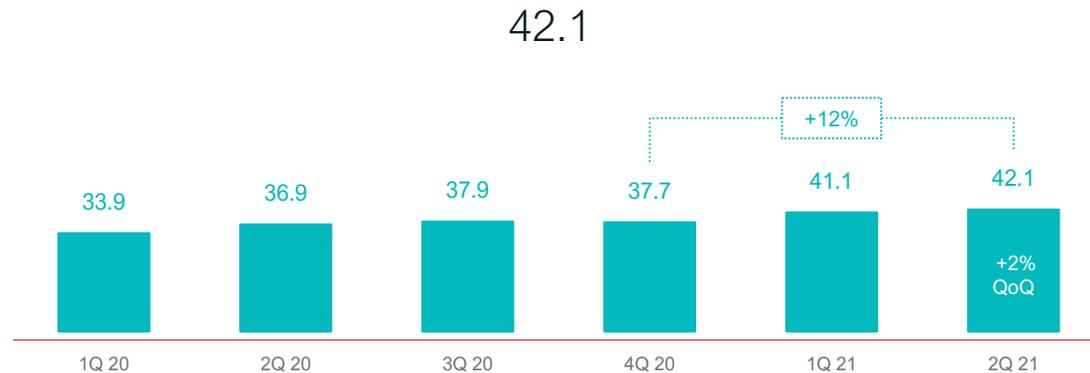
Net Interest Income



Fee & other income



Investments (SAR Bn)



Net Income Before Zakat & Income Tax (SAR Mn)



Expenses

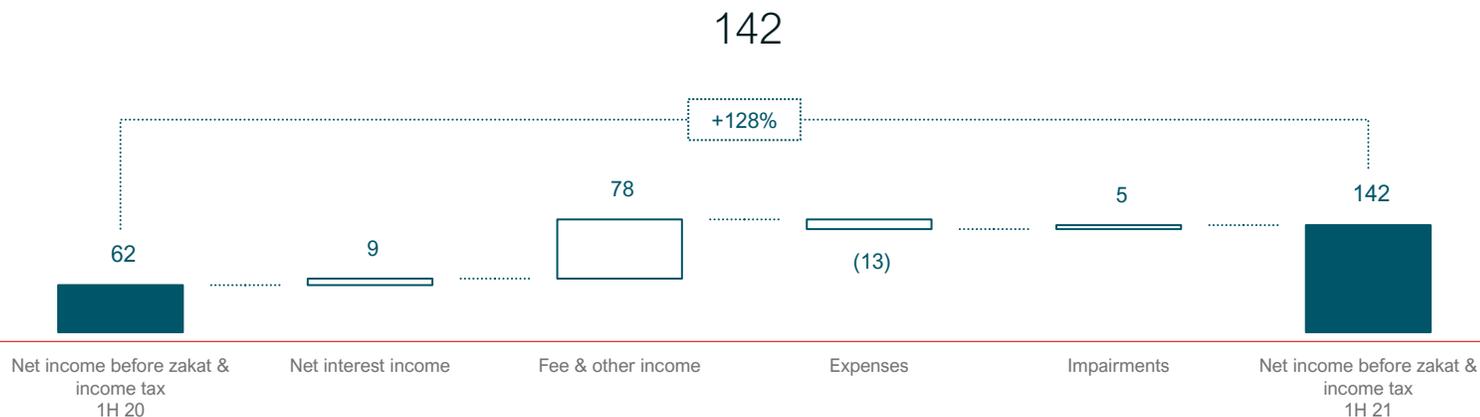


Impairments



# Profitability improvement from higher brokerage & asset management income

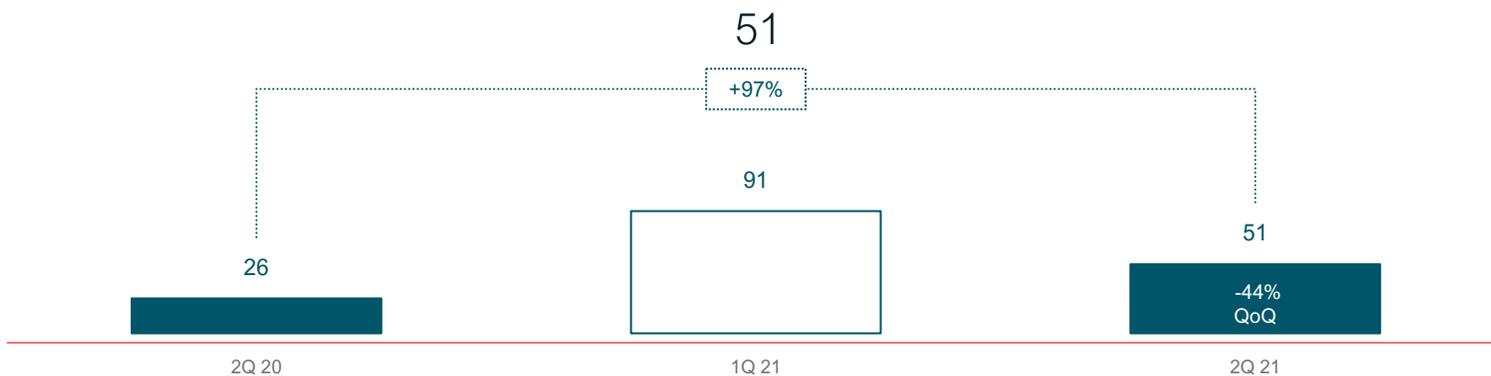
Net Income Before Zakat & Income Tax Movement (SAR Mn)



Total Operating Income (SAR Mn)



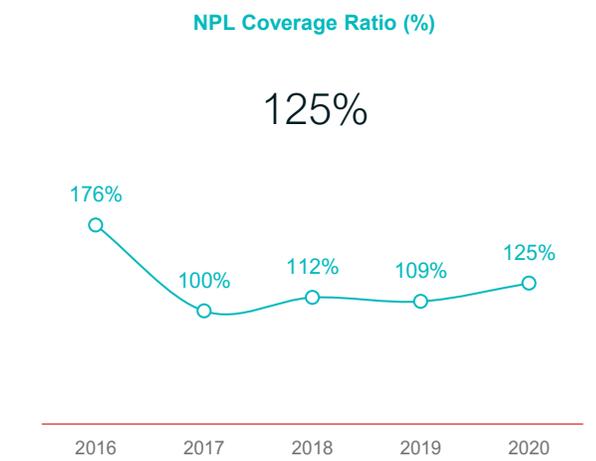
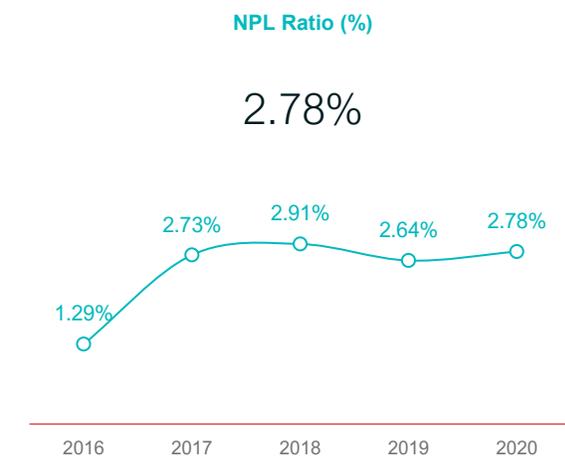
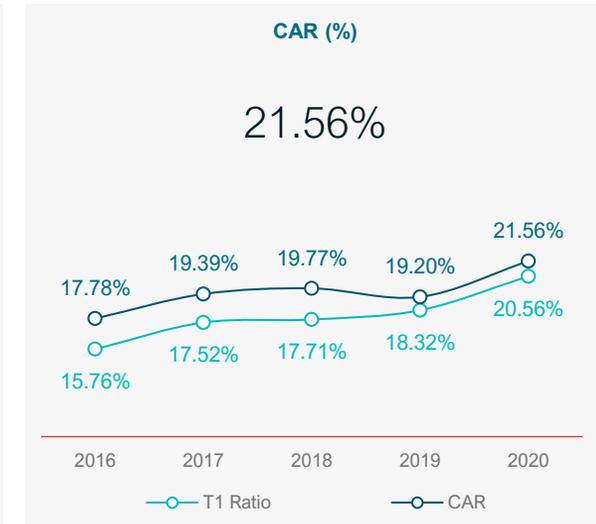
Net Income Before Zakat & Income Tax (SAR Mn)



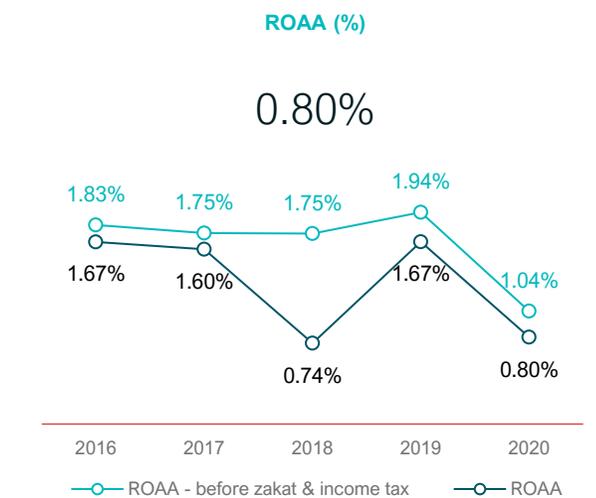
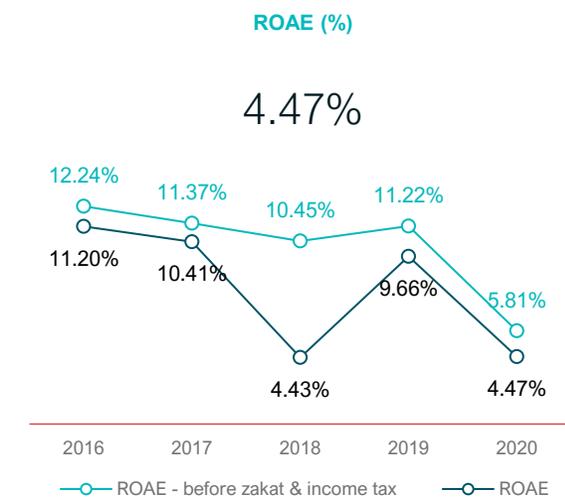
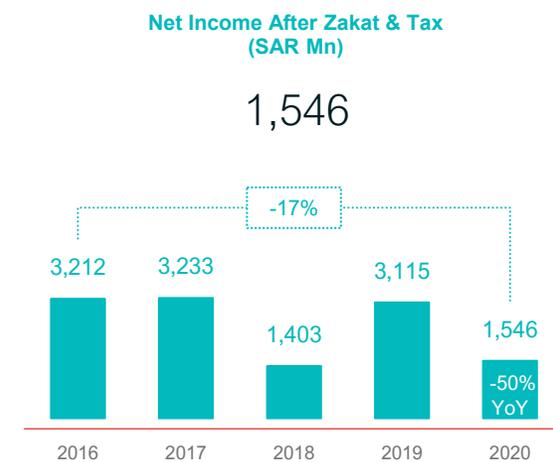
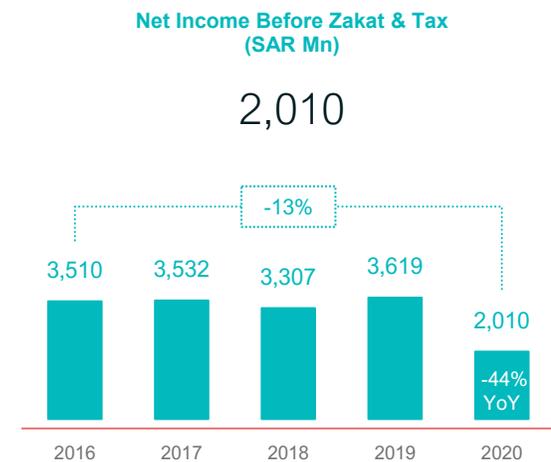
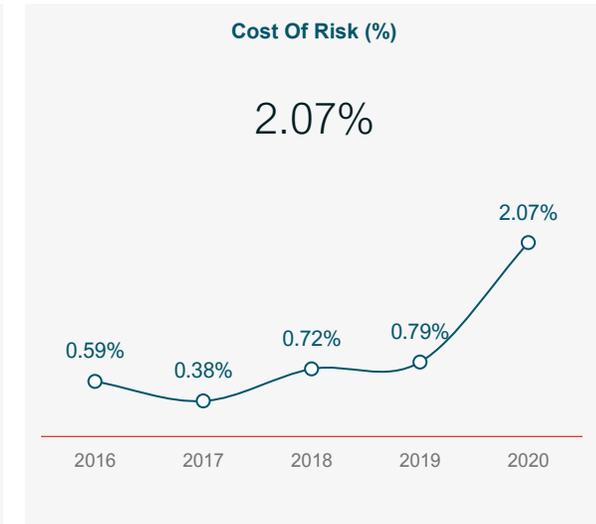
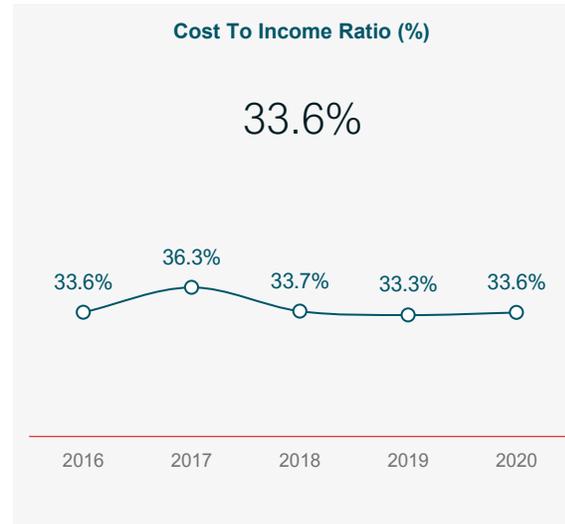
INVESTOR PRESENTATION 2Q 2021

# Performance Track Record

# Balance Sheet Metrics



# Income Statement Metrics



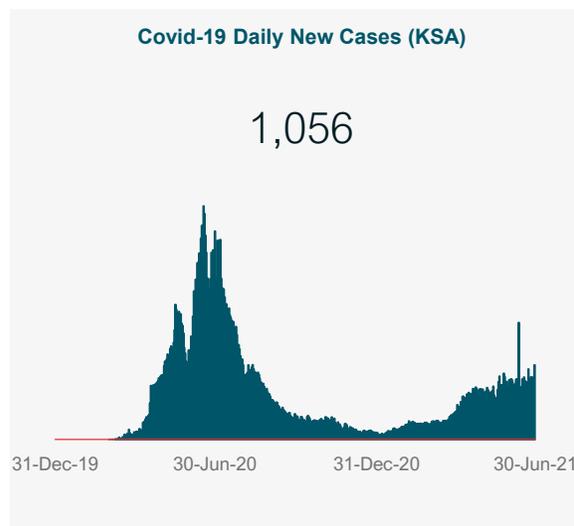
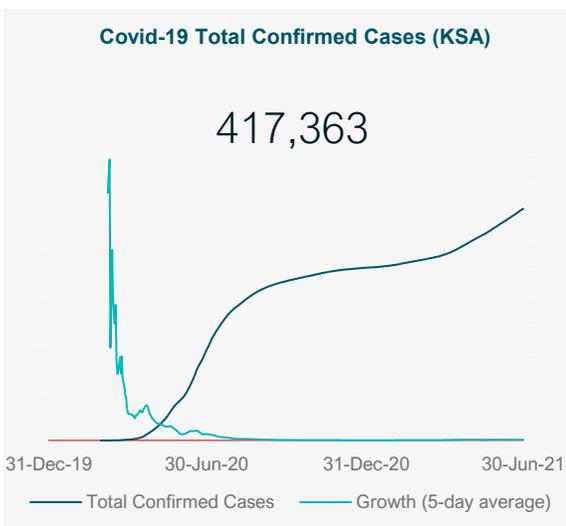
INVESTOR PRESENTATION 2Q 2021

# Appendix

# Saudi Arabia responded strongly to contain the pandemic and support the economy

## Social measures and local cases

- The KSA government acted decisively and quickly to suspend to curtail, inter alia, domestic and international aviation, attendance for schools and universities, sporting activities and entertainment venues, non-critical employee attendance in government and private sectors, Umrah, prayers at mosques, and suspension of Hajj season, and inter-province transportation.
- Enforced partial or full curfews and lockdowns with varying degrees, depending on city and/or neighborhood,
- The Government has now ended the lockdowns and has begun taking phased measures to normalize international travel and resume Umrah pilgrimages.



## Support and stimulus programs

SAMA Programs	Other Measures
<p><b>Private Sector Financing Support SAR 100 billion</b></p> <ul style="list-style-type: none"> <li>▪ SAR 30bn Deferred Payments</li> <li>▪ SAR 13.2bn Funding for Lending</li> <li>▪ SAR 6bn Loan Guarantees</li> <li>▪ SAR 0.8bn Supporting Fees of POS and E-Commerce</li> <li>▪ SAR 50bn Banking Liquidity Injection</li> </ul>	<ul style="list-style-type: none"> <li>▪ Social Development Bank: SAR 12bn SME and low-income family support</li> <li>▪ Ministry of Interior: Free extension of Iqama and visas</li> <li>▪ Ministry of Municipal and Rural Affairs: delayed service fee payments for 1,400 economic entities</li> <li>▪ Ministry of Commerce: Delayed license renewal fees for 116k entities</li> <li>▪ Saudi Customs: postponed customs collections</li> </ul>
<p><b>Ministry of Finance Programs</b></p> <p><b>Economic Support SAR 150 billion+</b></p> <ul style="list-style-type: none"> <li>▪ Increase Debt to GDP limit to 50% and Repo rate cut to 1.0%</li> <li>▪ SAR 117bn Private Sector Payments</li> <li>▪ SAR 47bn Health Sector Allocations</li> <li>▪ SAR 43bn deferrals &amp; exemptions of levies, fees and taxes</li> <li>▪ Increase in VAT from 5% to 15% from 1 July</li> </ul>	<ul style="list-style-type: none"> <li>▪ General Authority of Zakat and Tax: Delayed declarations and payments of VAT</li> <li>▪ Saudi Financial Support Services: cover 60% of private sector salaries SAR 9bn</li> </ul>

# BSF's response to Covid-19 was effective and executed against a robust plan

## Putting the safety of our people first

- Initiated and expanded flexible and remote working arrangements, 50% of staff working remotely in June (from 70% at height of crisis)
- Reduced number of branches operational to less than 30% (currently 100% operational)
- Provided infection protection for our teams
- Implemented social distancing measures and shift-based attendance
- Issued regular, transparent communications to reassure our teams and align with all current Government policies and advice

## Supporting communities

- Donated SAR 12mn to the Health Endowment Fund
- Donated SAR 7.2mn to the Social Charity Fund
- BSF employee participation in ministry of housing initiatives through JOOD and donated SAR 240k
- Deferred mortgage and personal loans payments for private and government health sector workers

## Supporting customers

- Waived payments on mortgages and personal loans for 3 months
- Refund of all currency transaction fees
- Waived refinancing and facility cancellation fees for 6 months
- Waived POS and e-commerce fees for SMEs
- Waived cost of financing guarantees under KAFALA program
- Loans for SMEs to support business continuity
- Deferred entities' commitments to banks and financing companies for 6 months

## Ensure business continuity

- Reviewed and renewed business continuity plans
- Daily liquidity, risk & continuity management meetings and daily status reports to SAMA.
- Evaluated liquidity & stress tests
- Assessed other financial & operational risks, and potential liabilities including cyber threats
- Verified and considered supply chain options
- Monitored domestic support from the Government & requirements from SAMA.
- Reviewed terms/conditions on loans & contracts

## Digital enablement

- Published guidelines clarifying and encouraging usage of digital banking channels from home
- Waived money transfer fees (local & international) for digital services for 6 months
- Increased limits of purchasing through MADA to SAR 300
- Enabled digital query resolution
- Enabled digital credit cards issuance via digital channels
- Digital channel availability average > 99.9%
- ATM availability average > 99.8%

## Re-evaluate our strategy

- Determined how the crisis affects our 5-year strategy (identify initiatives to either pause, scale down, maintain or accelerate)
- Executed revised strategies & continue to monitor the situation
- Making decisions and take actions during the crisis with recovery in mind
- Reset business assumptions for 2020 and beyond

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