



Banque Saudi Fransi

Investor Presentation

1Q 2020

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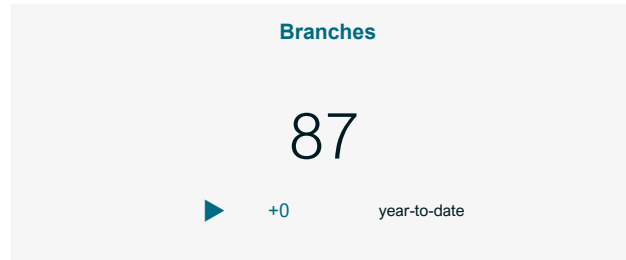
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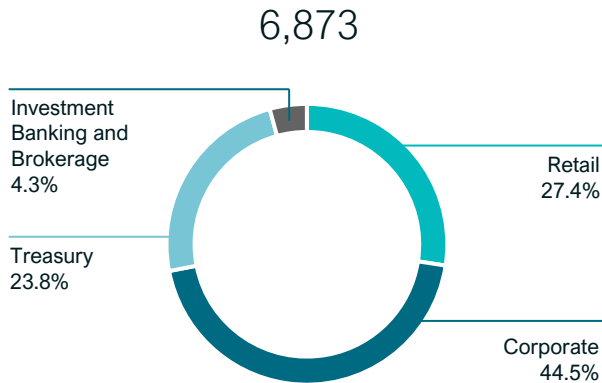
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# BSF Profile

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

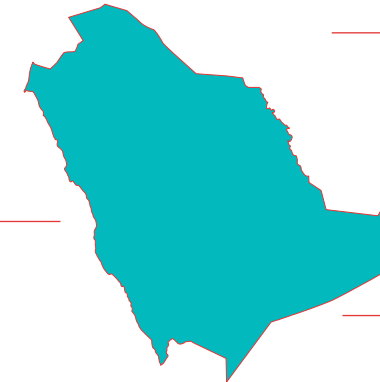


FY19 Operating Income Diversity (SAR Mn)



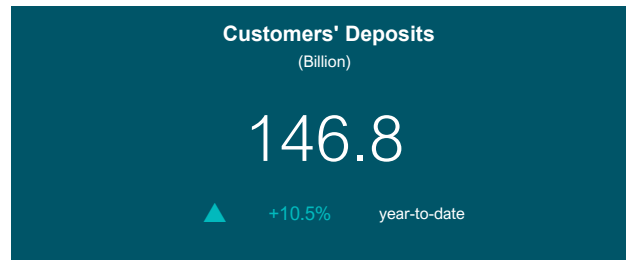
**Headquartered in Riyadh:**  
87 branches across the Kingdom  
Domestically systemic bank

**Universal Bank model:**  
Corporate DNA (86% of our loan book)  
Full suite of conventional and Islamic products  
Growing Retail loan book  
Core focus on the Saudi market



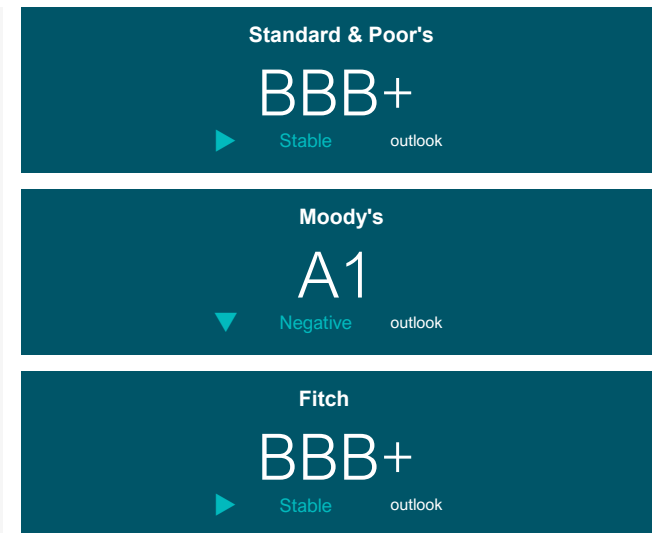
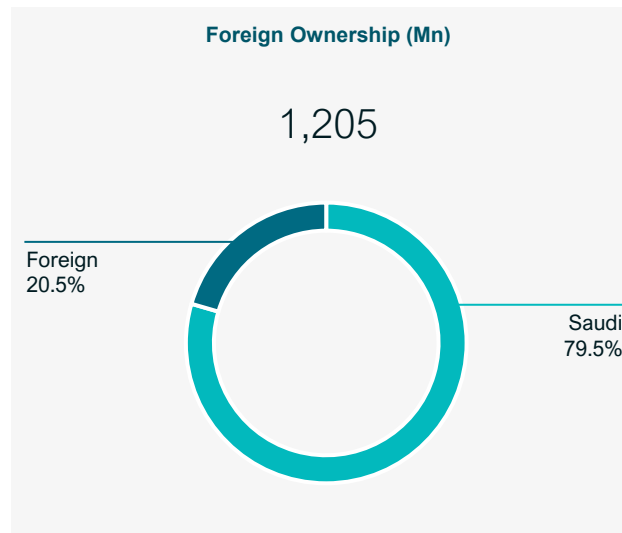
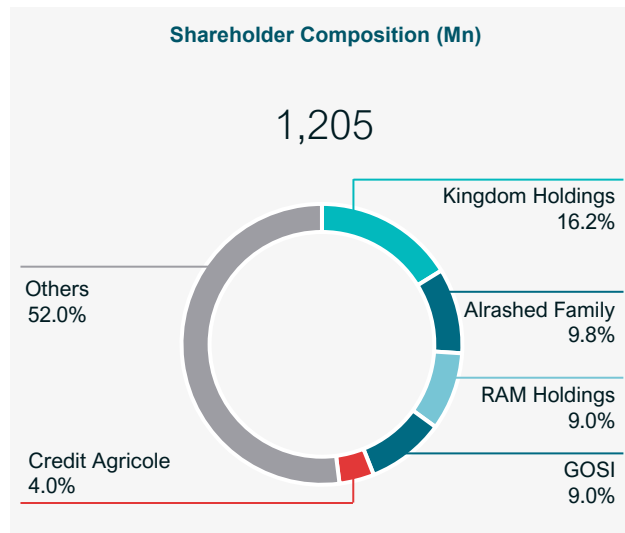
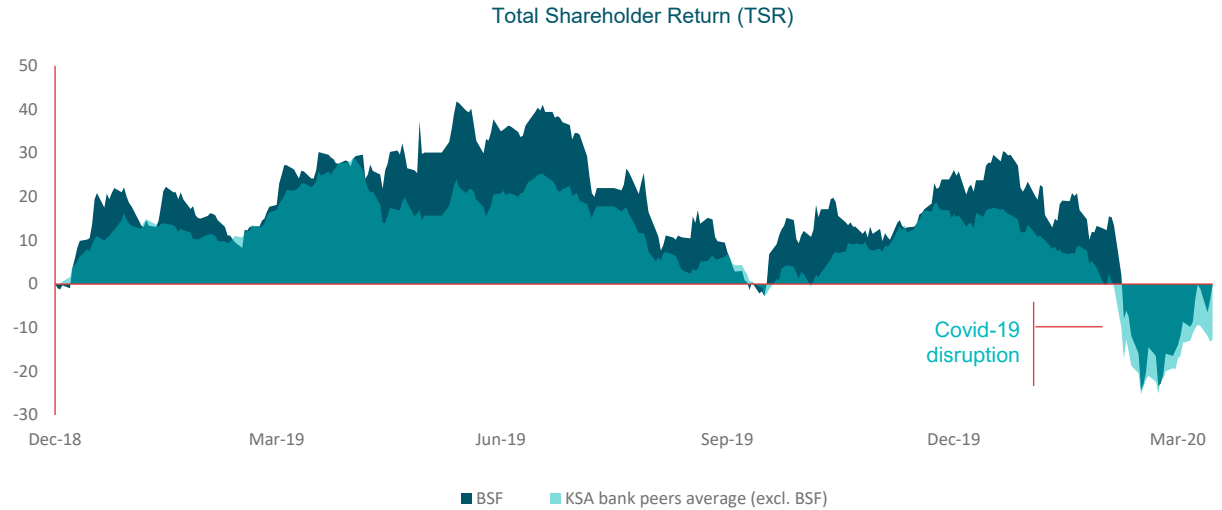
**Subsidiaries in KSA:**  
Saudi Fransi Capital  
Saudi Fransi Insurance  
Saudi Fransi Leasing  
Sakan Company

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



# Market parameters impacted by Covid-19 disruption, but credit ratings remain solid

Share Parameters	31 Mar 2020
<b>Closing price (SAR)</b>	<b>25.85</b>
52 weeks range (SAR)	22.3 - 43.7
Shares issued (million)	1,205
<b>Market capitalization (SARbn)</b>	<b>31.16</b>
Market capitalization to KSA bank sector	6.4%
Market cap to KSA stock market	0.4%
<b>Price to tangible book value</b>	<b>0.9x</b>
Price to earnings (FY 2019)	10.0x
Dividend yield (FY 2019)	7.6%







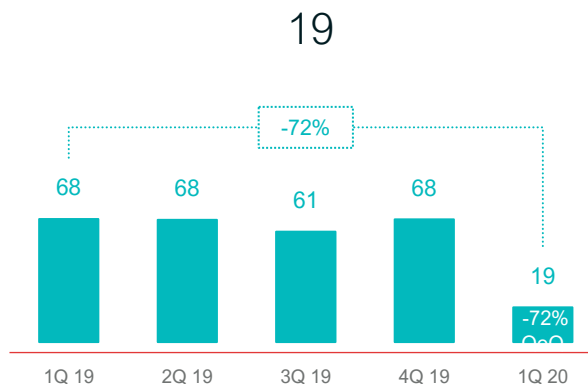
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# Operating Environment

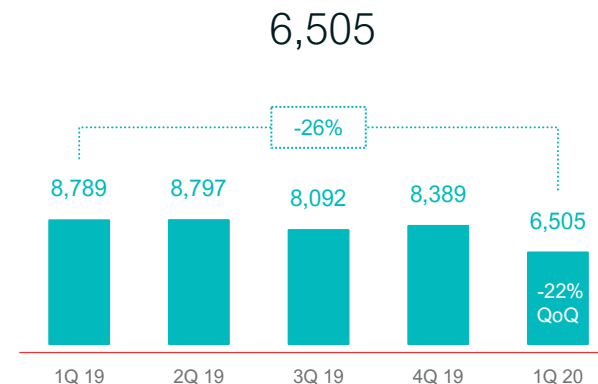
# Covid-19 has severely disrupted financial markets and economic activity

- Oil prices dropped sharply in 1Q 2020 as the Covid-19 pandemic has spread, despite the recent OPEC+ production cut agreement.
- The Saudi Arabian stock market (Tadawul), in line with global equity markets, dropped 22% QoQ, and Tadawul banks index dropped 28%.
- Interbank rates declined sharply in 1Q 2020 in line with the Fed Rate cuts in early March.
- The Saudi Arabia purchasing managers index (PMI) dropped to 42.4 in March 2020, indicating a contraction in the non-oil private sector.

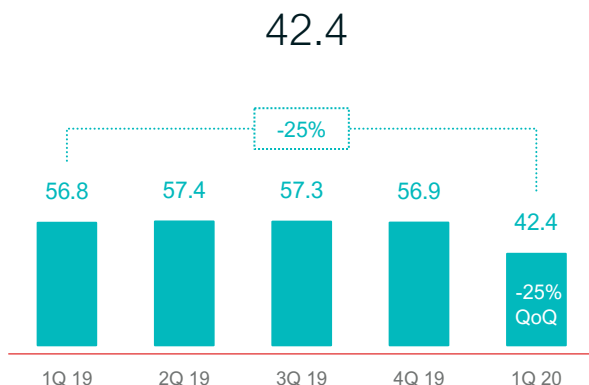
Brent Oil Price / Barrel (USD)



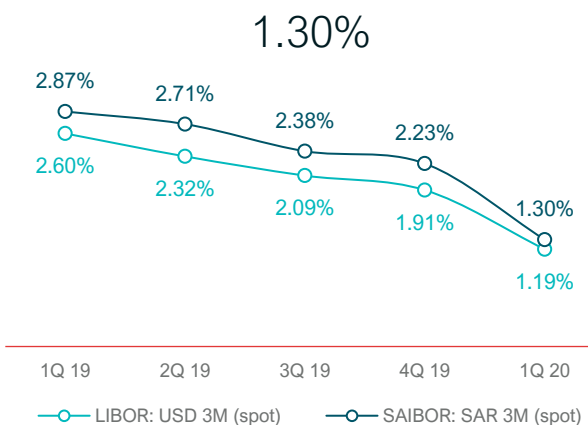
Tadawul Index



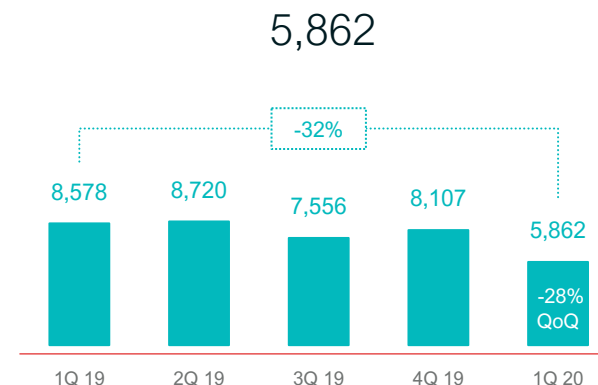
PMI (manufacturing)



SAIBOR Trend (%)



Tadawul Banks Index



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

## Social measures and local cases

- The KSA government acted decisively and quickly to suspend:
  - Domestic and international aviation, except for commercial
  - Attendance for schools and universities at least until September 2020
  - All sporting activities and entertainment venues
  - Non-critical employee attendance in government and private sectors
  - Umrah, prayers at mosques, and possible suspension of Hajj season
  - Inter-province transportation, with limited exceptions.
- Enforced partial or full curfews and lockdowns with varying degrees, depending on city and/or neighborhood.

## Support and stimulus programs

### SAMA Programs

#### Private Sector Financing Support SAR 50 billion

- SAR 30bn Deferred Payments
- SAR 13.2bn Funding for Lending
- SAR 6bn Loan Guarantees
- SAR 0.8bn Supporting Fees of POS and E-Commerce

### Other Measures

- Social Development Bank: SAR 12bn SME and low-income family support
- Ministry of Interior: Free extension of Iqama and visas
- Ministry of Municipal and Rural Affairs: delayed service fee payments for 1,400 economic entities
- Ministry of Commerce: Delayed license renewal fees for 116k entities
- Saudi Customs: postponed customs collections
- General Authority of Zakat and Tax: Delayed declarations and payments of VAT
- Saudi Financial Support Services: cover 60% of private sector salaries SAR 9bn

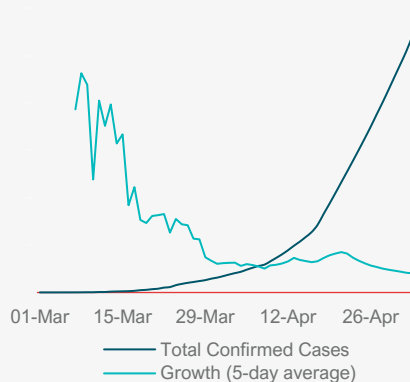
### Ministry of Finance Programs

#### Economic Support SAR 150 billion+

- Increase Debt to GDP limit to 50% and Repo rate cut to 1.0%
- SAR 70bn Private Sector Payments
- SAR 47bn Health Sector Allocations
- SAR 43bn deferrals & exemptions of levies, fees and taxes
- Increase in VAT from 5% to 15% from 1 July
- Suspension of cost of living allowances

Covid-19 Total Confirmed Cases (KSA)

27,011



Covid-19 Daily New Cases (KSA)

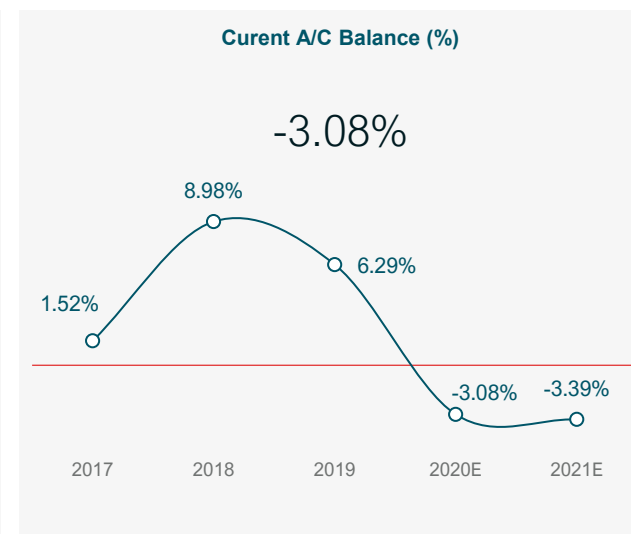
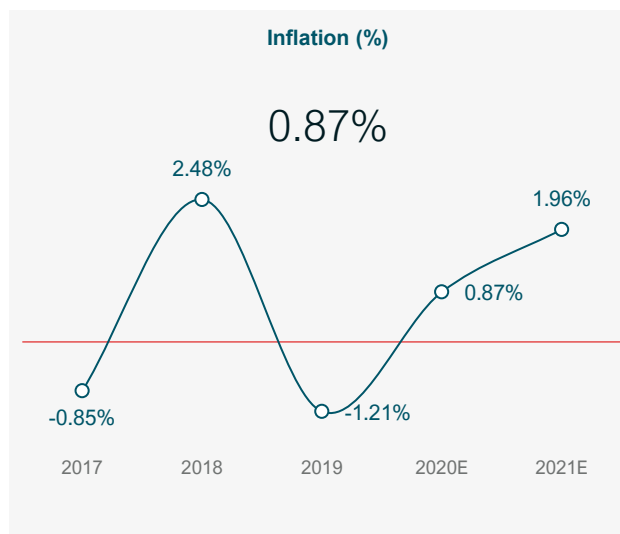
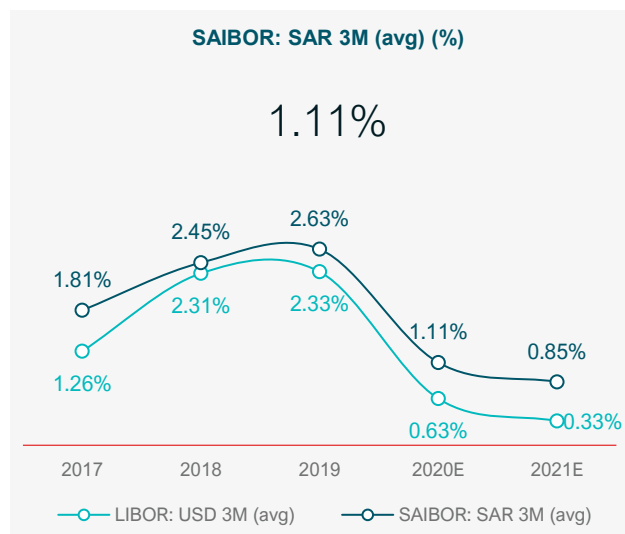
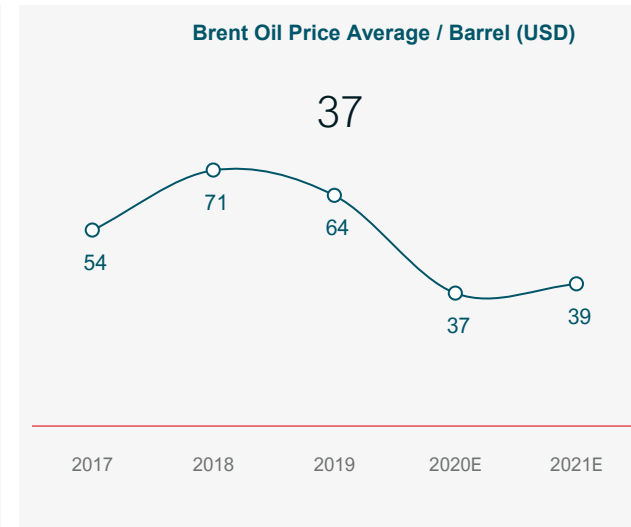
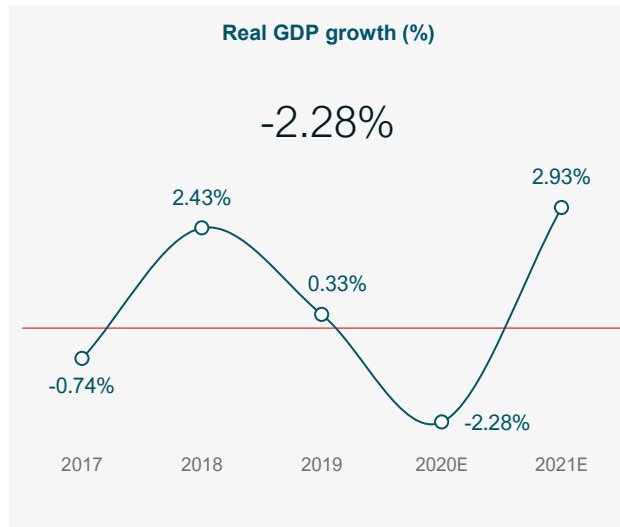
1,552



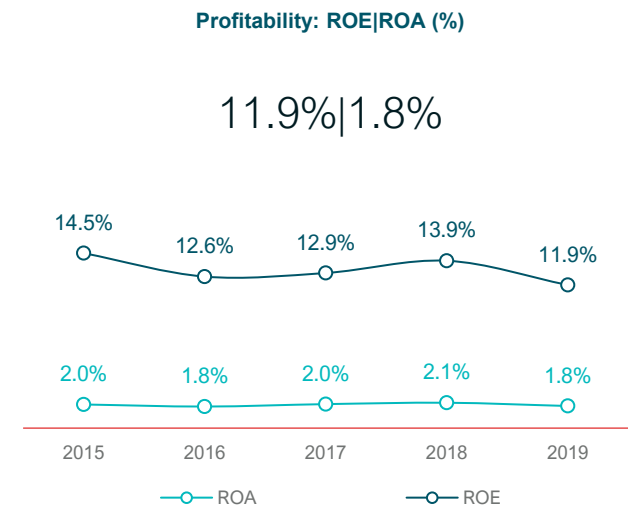
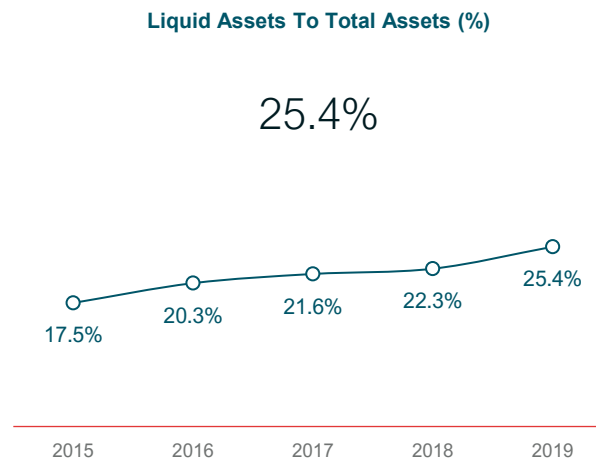
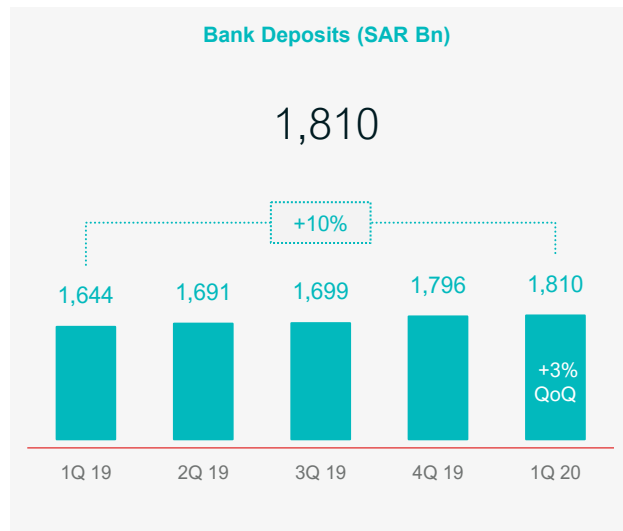
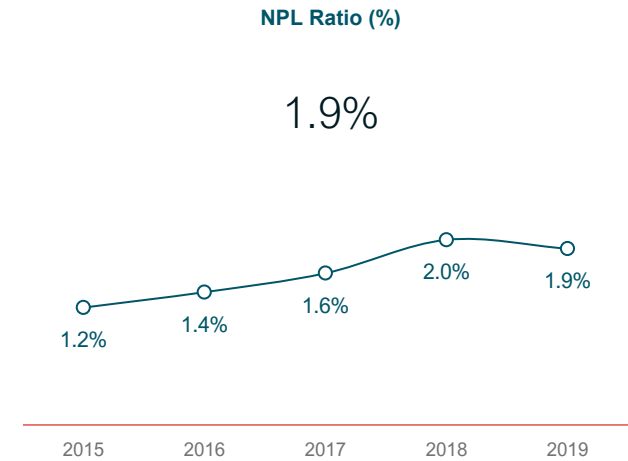
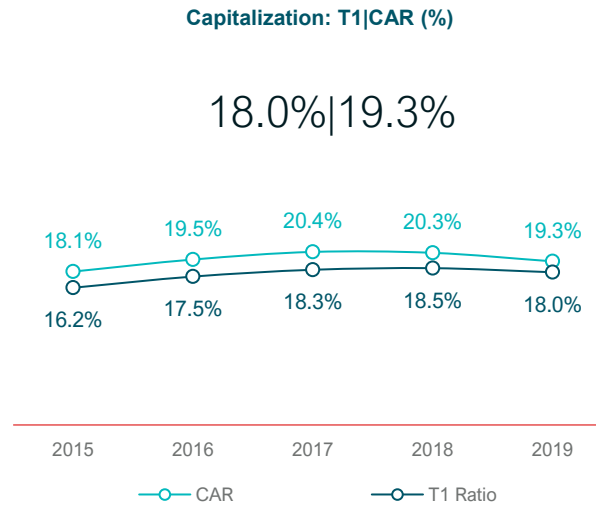
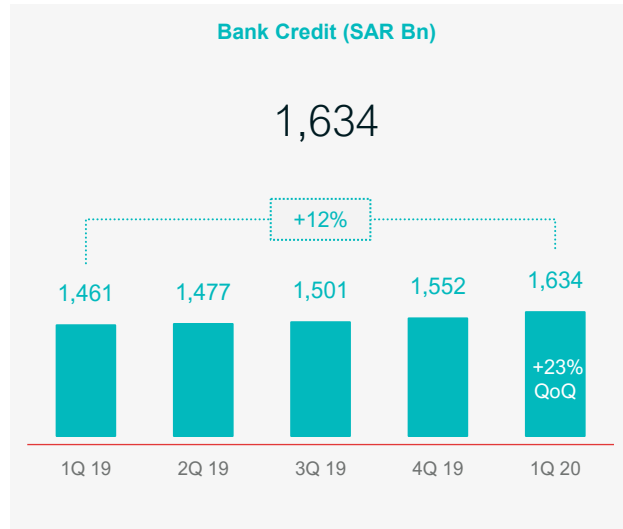


# Nevertheless, the economic outlook for 2020 is uncertain

- GDP for Saudi Arabia is expected to contract by -2.3% in 2020 (IMF) due to the deterioration of the global economic outlook, 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.
- IMF forecasts a resumption to GDP growth of +2.9% in 2021, but this is subject to uncertainty and down-side risk as recovery will depend on the timing of lockdown easing and demand recovery for transport fuels.



# In this challenging environment, the Saudi banking sector is well positioned to absorb the impact



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

## Putting the safety of our people first

- Initiated and expanded flexible and remote working arrangements, with c.30% of staff working remotely
- Provided infection protection for our teams
- Implemented social distancing measures
- Issued regular, transparent communications to reassure our teams and align with all current Government policies and advice

## 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

## 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 query resolution through digital channels
- Enabled digital credit cards issuance via digital channels

## 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

## Ensure business continuity

- Reviewed and renewed business continuity plans
- Daily liquidity, risk & continuity management meetings
- Evaluated liquidity & stress tests
- Assessed other financial & operational risks, and potential liabilities including cyber threats
- Determined impact on 2020 budgets
- Verified and considered supply chain options
- Monitored domestic support from the Government & requirements from SAMA.
- Reviewed terms/conditions on loans & contracts

## 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



INVESTOR PRESENTATION 1Q 2020

# 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 Fayeze

Managing Director & Chief Executive Officer



Abdullah Alkhalifa

Chief Financial Officer



Ravishanker Visvanathan

Chief Risk Officer



Mazen Altamimi

Head of Institutional Banking



Mohammed Abdulrahman Alsheikh

Head of Retail Banking



Abdulmohsen Ibrahim Alrayes

Chief Audit Executive



Adel Mallawi

Chief Investment Officer



Thamer M. Yousef

Chief Operations Officer



Abdallah Alshaikh

Head of Legal and Governance



May Al-Hoshan

Chief Human Capital Officer



Michael Cunningham

Chief Strategy & Group Digital Officer



Sami J. Almehaid

Chief Compliance Officer



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

2018  
Baseline

## POSITIONED TO 'LEAP'

2023  
Aspiration

### STRATEGIC PILLARS

MARKET SHARE\*

8.3%

ROAA\*\*

1.7%

NPS\*\*\*

NA



**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

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

\*Market share of assets | \*\*ROAA before zakat and income tax | \*\*\* NPS baseline not yet established

# 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.

# As a result of progress made on strategy implementation, 2019 saw improvements across all strategic outcomes

## STRATEGIC OUTCOME

Shareholder darling

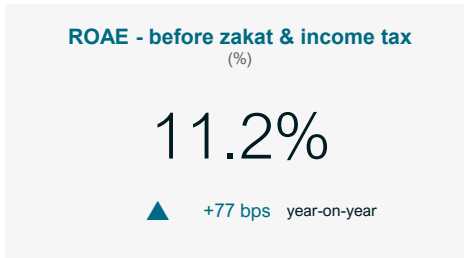
Resilience

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

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

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

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



Efficiency

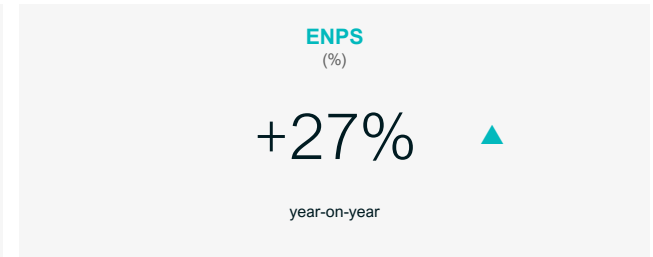
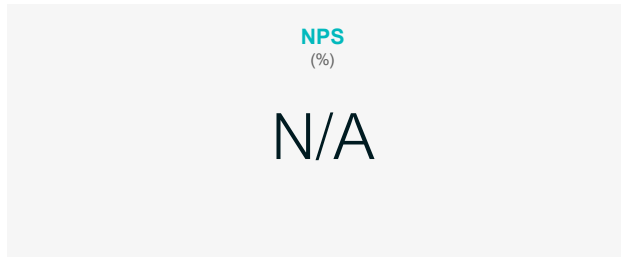
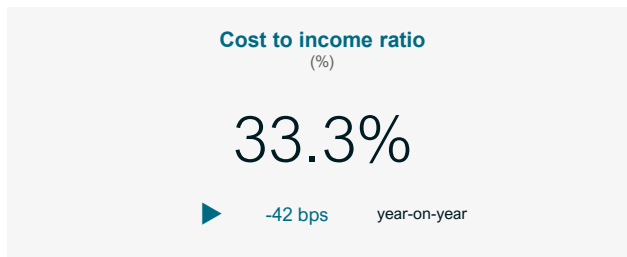
Best Customer Experience

Best Place to work

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














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

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



\* NPS baseline not yet established

Strategic initiatives are continuously re-assessed in light of Covid-19, and we are taking a balanced approach to defensive and offensive action

		Initiatives Completed	2020 Direction
STRATEGIC PILLARS	 Corporate Banking	6/14 	<ul style="list-style-type: none"> <li>Corporate Digital Platform implementation</li> <li>Finalize CRM, NPS implementation</li> <li>Leverage account planning, pipeline management &amp; cross-selling</li> </ul>
	 Retail Banking	13/37 	<ul style="list-style-type: none"> <li>Continue to fix the basics</li> <li>Finalize NPS implementation</li> <li>Accelerate digital initiatives; pause initiatives relating to physical channels</li> </ul>
	 Private Banking	5/17 	<ul style="list-style-type: none"> <li>Accelerate digital customer acquisition and engagement initiatives.</li> <li>Finalize NPS implementation</li> </ul>
	 Global Markets Group	5/5 	<ul style="list-style-type: none"> <li>Full implementation of CRM, account planning, pipeline management &amp; cross-selling initiatives</li> </ul>
STRATEGIC ENABLERS	 Technology, IT platforms & Digitalization	3/25 	<ul style="list-style-type: none"> <li>Core banking system release 1</li> <li>Digital productivity tools for employees</li> <li>Predictive analytics initiatives</li> </ul>
	 Customer experience & Organizational effectiveness	17/25 	<ul style="list-style-type: none"> <li>Cross-sell initiatives</li> <li>Customer experience initiatives</li> <li>Finalize NPS implementation</li> </ul>
	 Brand, People, Risk & Strategy	12/40 	<ul style="list-style-type: none"> <li>Implement brand architecture and complete brand design</li> <li>Oracle HR tools &amp; HR initiatives in recruitment, talent and performance management</li> </ul>
	<b>Total</b>	<b>61/163</b> 	



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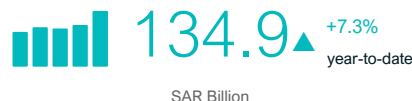
# Financial Performance

# Net income declined on Covid-19 impairments

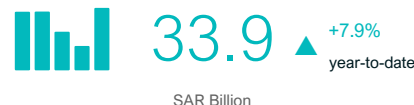
## BALANCE SHEET

- Strong loan growth
- Strong deposit growth from flight to quality and as customers sought to enhance liquidity, aided by lower rates.

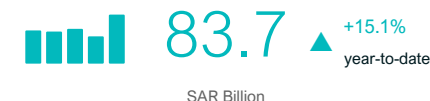
### Loans & Advances



### Investments



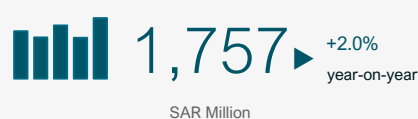
### Non Interest Bearing Deposits



## INCOME STATEMENT

- Modest top-line growth on volume growth and improved margins.
- Net income declined due to higher impairments.

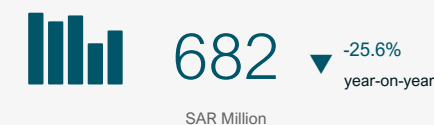
### Operating Income



### NIM



### Net Income After Zakat & Tax



## ASSET QUALITY

- Modest rise in NPL ratio and slight reduction in NPL coverage.
- Cost of risk increased due to Commercial portfolio, mainly from additional Covid-19 provisions.

### NPL Ratio



### NPL Coverage Ratio



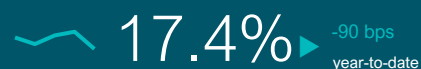
### Cost of risk



## CAPITAL & LIQUIDITY

- Capital & liquidity remain strong and comfortably within regulatory limits.
- LCR is managed for optimum efficiency in COF.

### T1 Ratio



### LCR



### NIBD % of Total Deposits



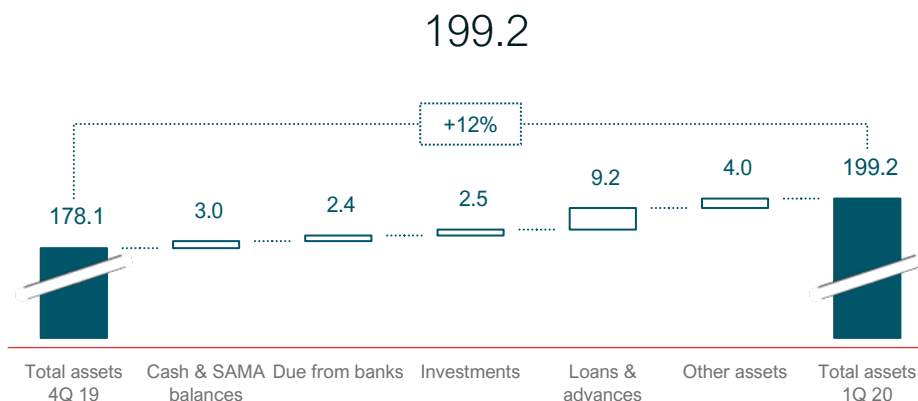


# Strong balance sheet growth

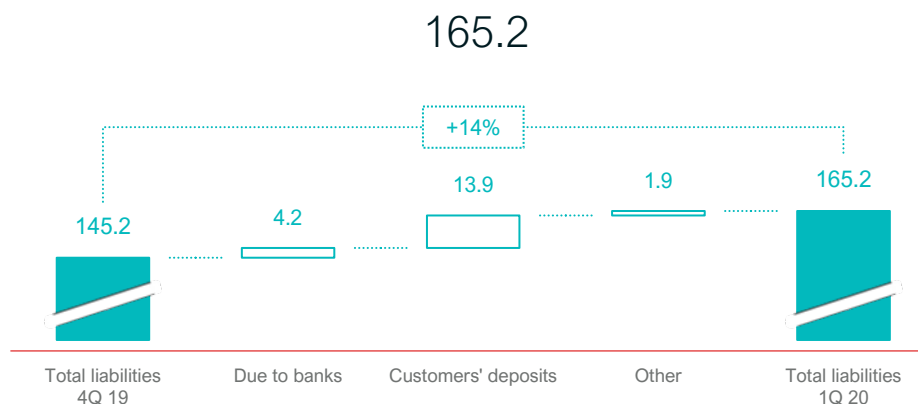
- Growth in total assets of 12% QoQ driven by strong 7% loan growth during 1Q 2020.
- Balance sheet growth funded by strong 10% QoQ growth in deposits, due to liquidity enhancement by customers.

SAR (Mn)	1Q 2020	4Q 2019	Δ%	1Q 2019	Δ%
Cash & SAMA balances	12,105	9,117	+33%	13,717	-12%
Due from banks	6,137	3,742	+64%	15,265	-60%
Investments	33,940	31,454	+8%	33,683	+1%
Loans & advances	134,882	125,725	+7%	121,274	+11%
Other assets*	12,114	8,110	+49%	6,098	+99%
<b>Total assets</b>	<b>199,178</b>	<b>178,149</b>	<b>+12%</b>	<b>190,037</b>	<b>+5%</b>
Due to banks	6,542	2,372	+176%	2,335	+180%
Customers' deposits	146,772	132,838	+10%	144,820	+1%
Other liabilities*	11,919	9,992	+19%	10,637	+12%
<b>Total liabilities</b>	<b>165,232</b>	<b>145,202</b>	<b>+14%</b>	<b>157,792</b>	<b>+5%</b>
Share capital	12,054	12,054	+0%	12,054	+0%
Retained earnings	6,628	5,946	+11%	6,104	+9%
Other	15,264	14,947	+2%	14,088	+8%
<b>Total equity</b>	<b>33,945</b>	<b>32,947</b>	<b>+3%</b>	<b>32,245</b>	<b>+5%</b>

### Total Assets Movement (SAR Bn)



### Total Liabilities Movement (SAR Bn)

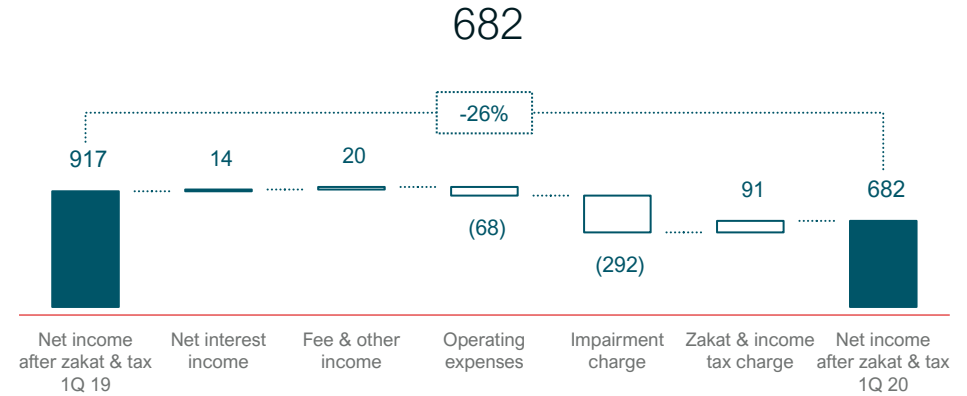


# Net income declined year-on-year as growth in income was offset by higher credit and operating costs

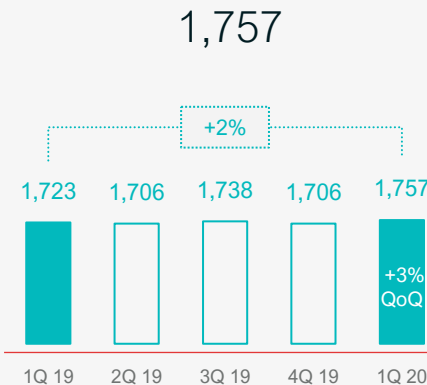
- Net income declined 26% YoY to SAR 682mn as 2% income growth was more than offset by 14% increase in costs and +276% rise in impairments.
- Compared to the previous quarter, however, net income rose 33% as operating expenses and impairments declined QoQ due to seasonally higher charges in 4Q 2019.

SAR (Mn)	1Q 2020	4Q 2019	Δ%	1Q 2019	Δ%
Net interest income	1,287	1,291	-0%	1,273	+1%
Fee & other income	470	414	+13%	450	+4%
<b>Operating income</b>	<b>1,757</b>	<b>1,706</b>	<b>+3%</b>	<b>1,723</b>	<b>+2%</b>
Operating expenses	(559)	(686)	-19%	(491)	+14%
Impairment charge	(397)	(447)	-11%	(106)	+276%
<b>Total operating expenses</b>	<b>956</b>	<b>1,133</b>	<b>-16%</b>	<b>596</b>	<b>+60%</b>
<b>Net income before zakat &amp; tax</b>	<b>801</b>	<b>573</b>	<b>+40%</b>	<b>1,126</b>	<b>-29%</b>
Zakat & income tax charge	(119)	(58)	+103%	(210)	-43%
<b>Net income after zakat &amp; tax</b>	<b>682</b>	<b>515</b>	<b>+33%</b>	<b>917</b>	<b>-26%</b>

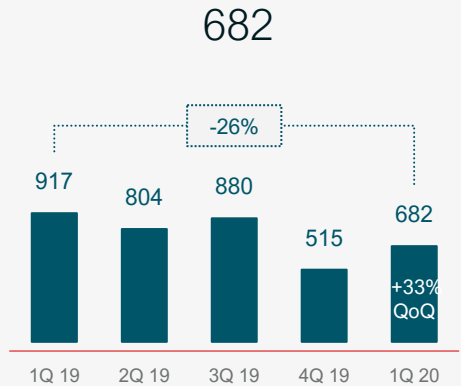
Net Income After Zakat & Tax Movement (SAR Mn)



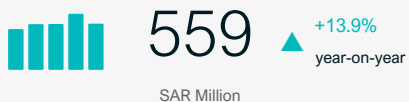
Operating Income (SAR Mn)



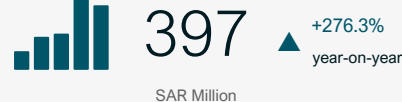
Net Income After Zakat & Tax (SAR Mn)



Operating Expenses

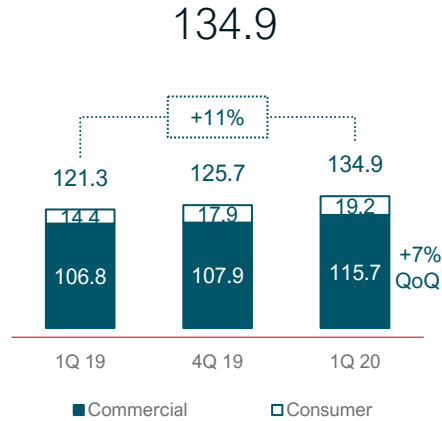


Impairment Charge

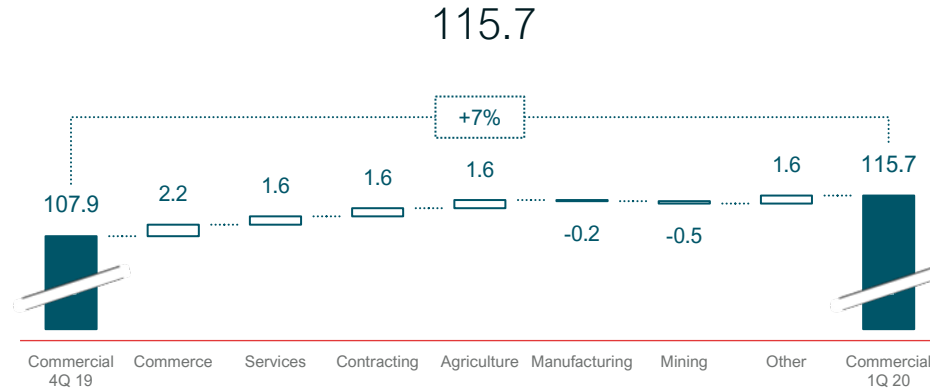


# Strong loan growth in 1Q 2020

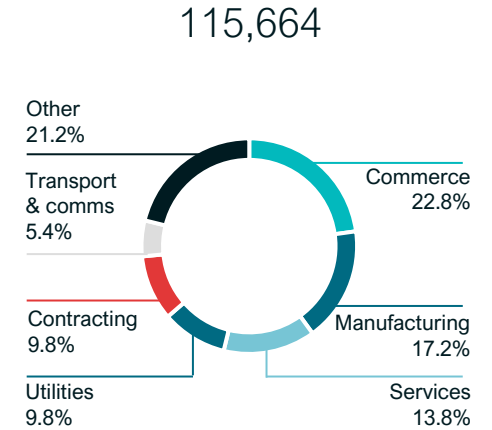
Total Loans & Advances (SAR Bn)



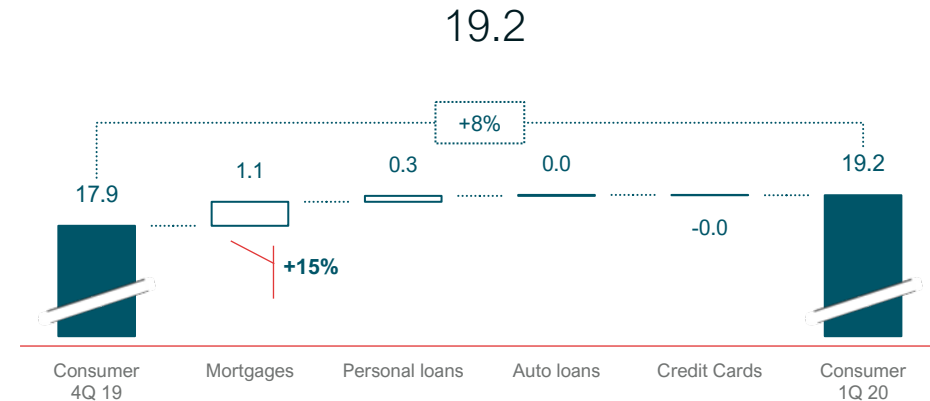
Commercial Loans Movement (SAR Bn)



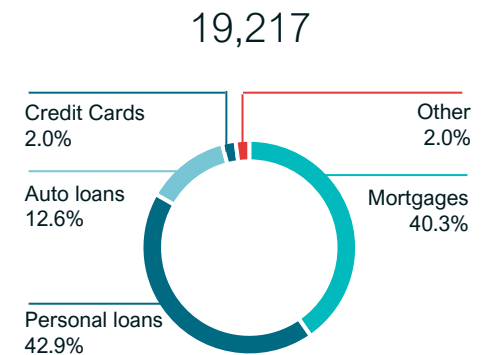
Commercial Loans Composition (SAR Mn)



Consumer Loans Movement (SAR Bn)



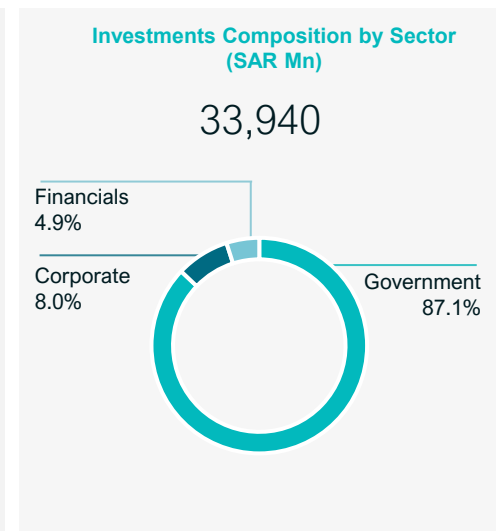
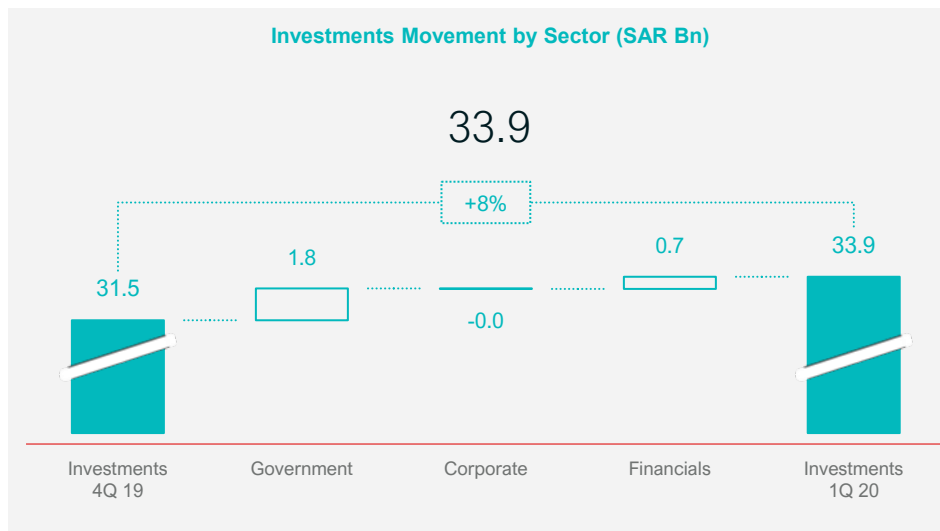
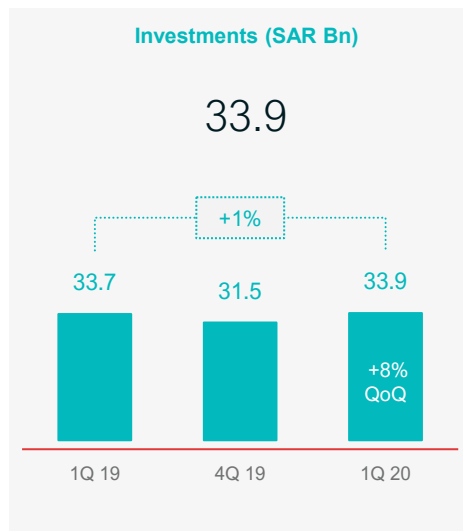
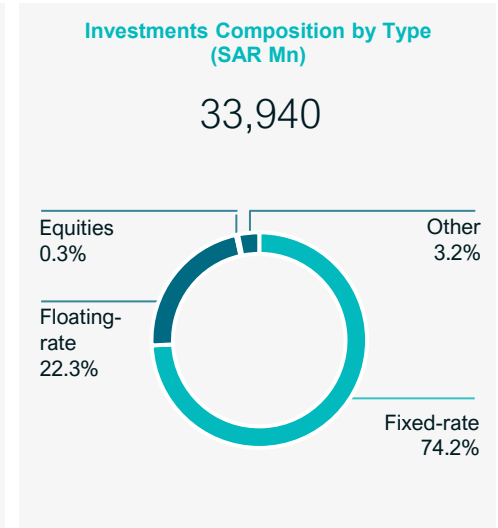
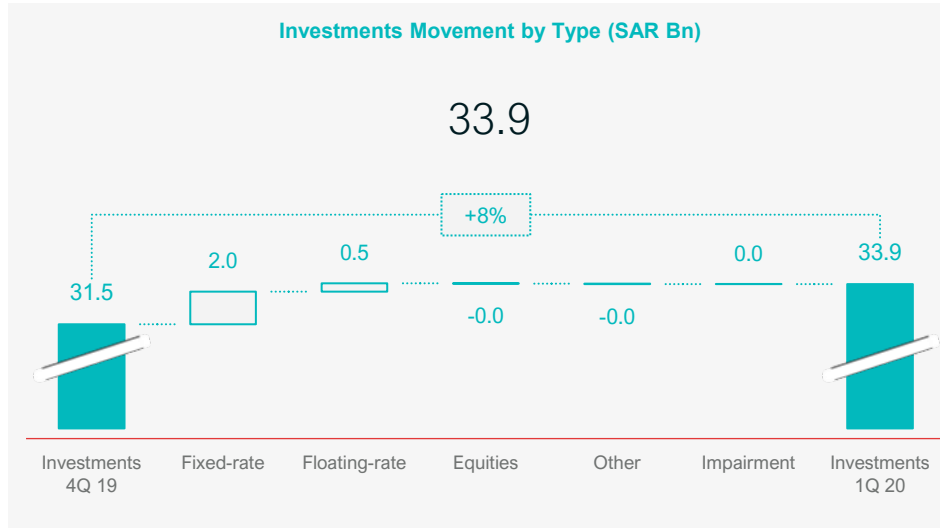
Consumer Loans Composition (SAR Mn)



- Total loans & Advances grew 7% during 1Q 2020 from 7% commercial and 8% consumer loans growth.
- Consumer loans grew mainly from 15% growth in mortgages, as underwriting was not yet significantly impacted by Covid-19.

# Strong growth in investment portfolio from increased Saudi Government bond holdings

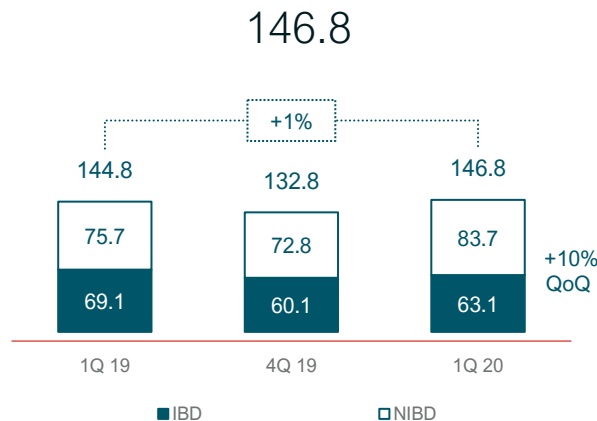
- Investments rose 8% during 1Q 2020 as the bank increased Saudi Government bond holdings.
- The investment portfolio remains of high quality with significant portion being Saudi Government and investment grade.
- Almost three-quarters of the portfolio is fixed-rate and well-positioned for the lower interest rate environment.



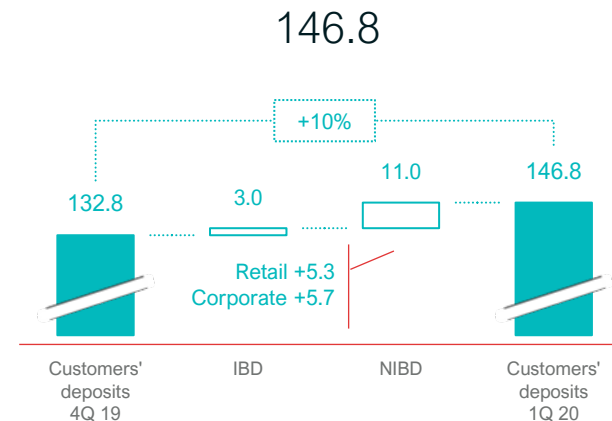
# Strong deposit growth corporate customers shore up liquidity in response to Covid-19 disruption

- Deposits grew 10% during 1Q 2020 in both NIBDs (+15%) and IBDs (+5%).
- Growth was mainly driven by customers building liquidity in response to Covid-19 business disruptions, with switching from IBDs to NIBDs encouraged by the lower rate environment.

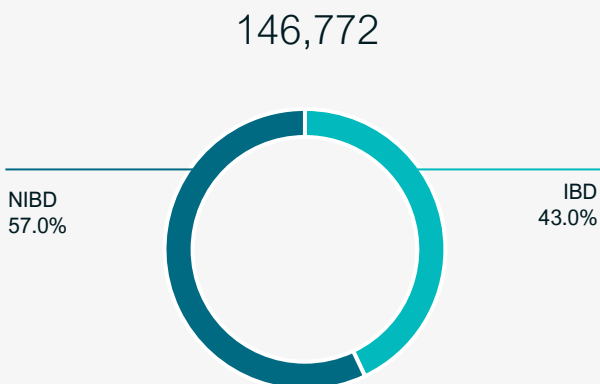
Customers' Deposits (SAR Bn)



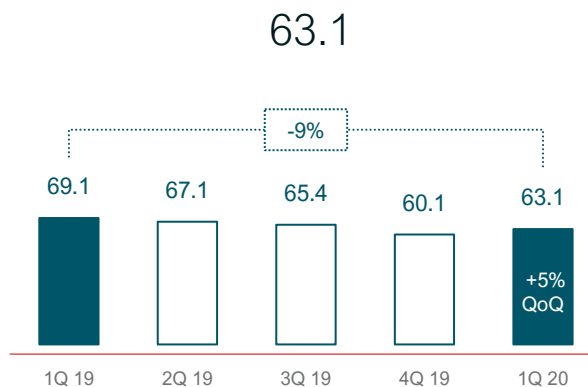
Customers' Deposits Movement (SAR Bn)



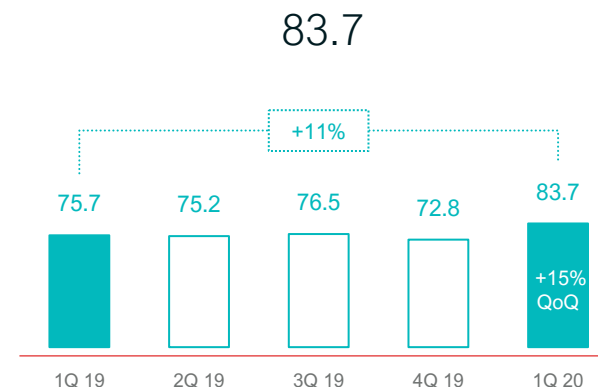
Customers' Deposits Composition (SAR Mn)



Interest Bearing Deposits (SAR Bn)

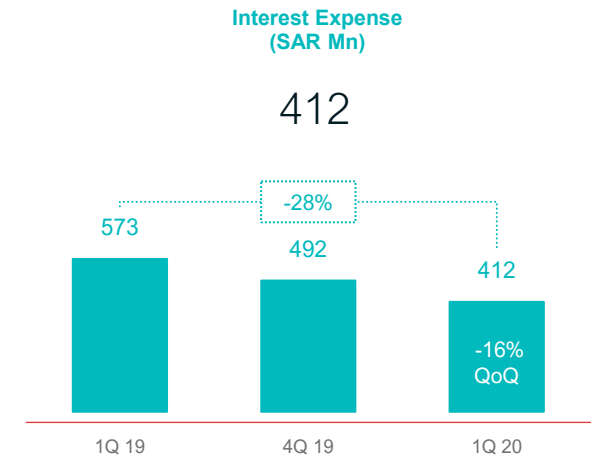
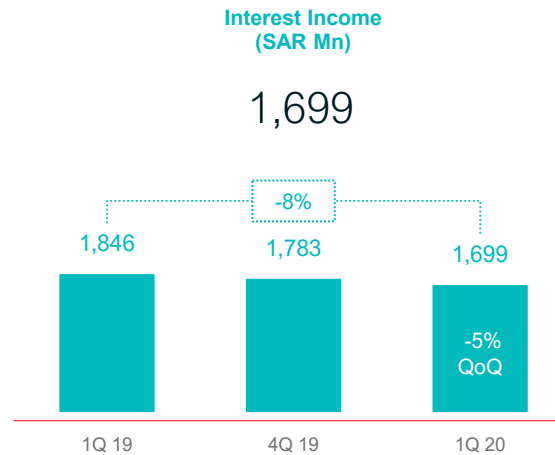
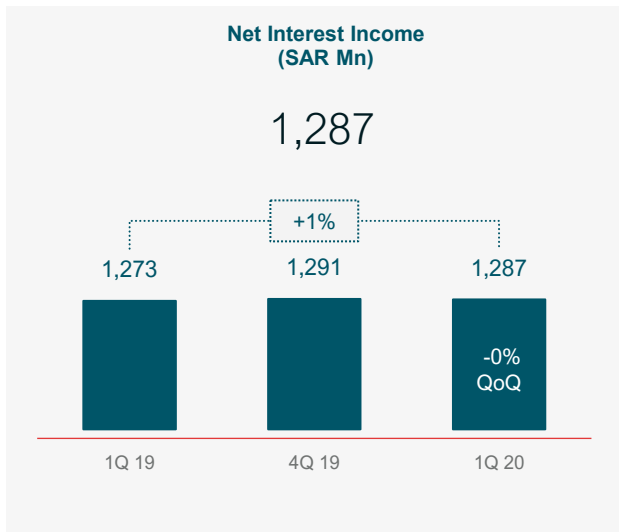
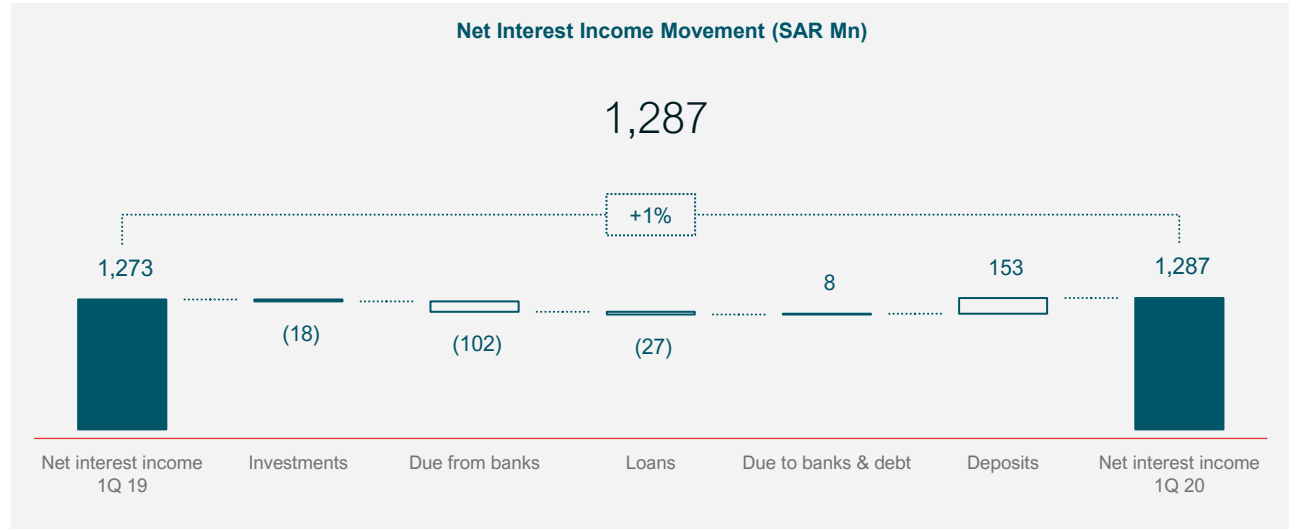


Non Interest Bearing Deposits (SAR Bn)



# Moderate growth in NII from improved funding costs

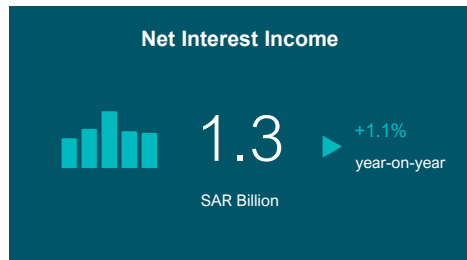
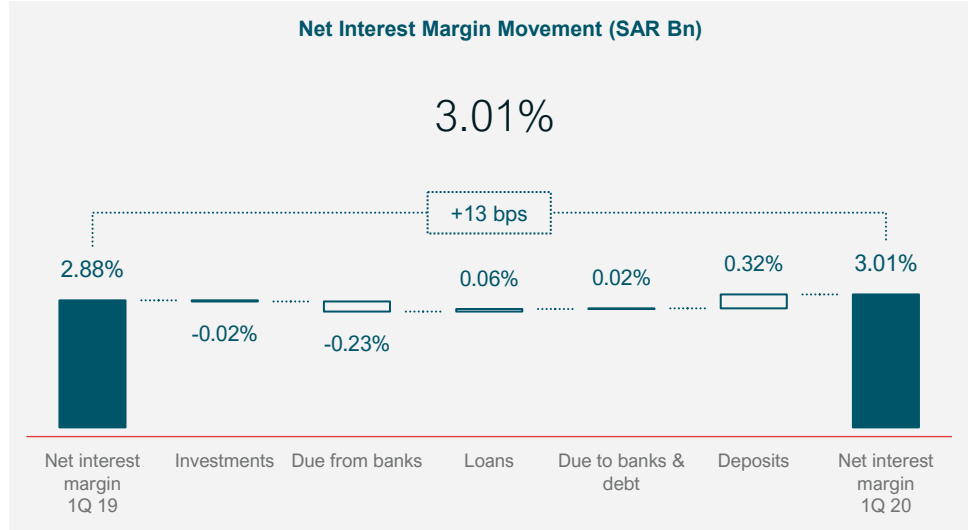
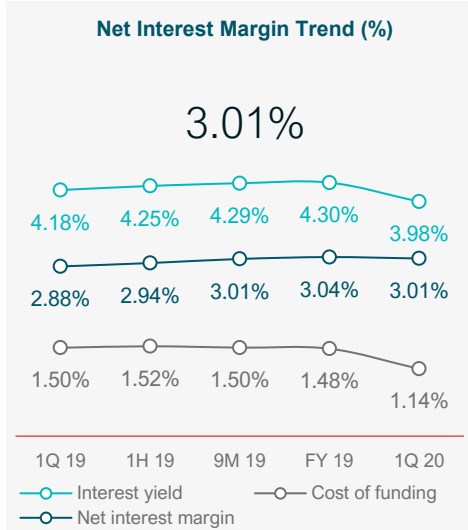
- NII improved modestly by 1% YoY to SAR 1,287mn in 1Q 2020.
- Growth was driven by a 28% improvement in funding costs, which more than offset an 8% decline in interest income.





# Margin improvement despite lower rate environment due to improved balance sheet mix

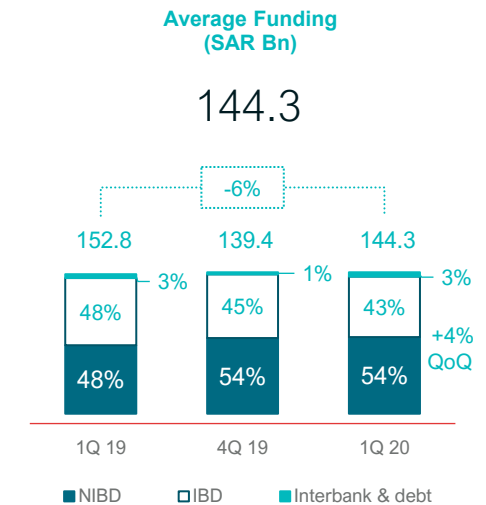
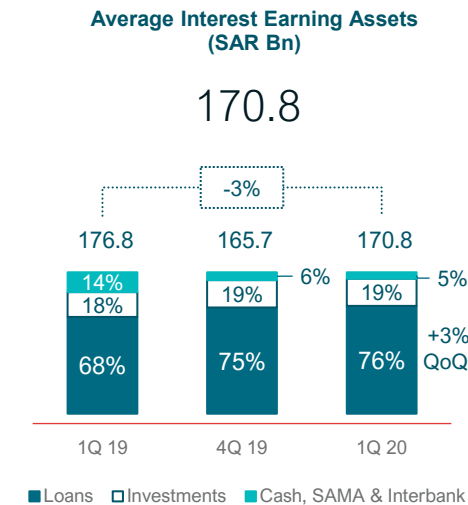
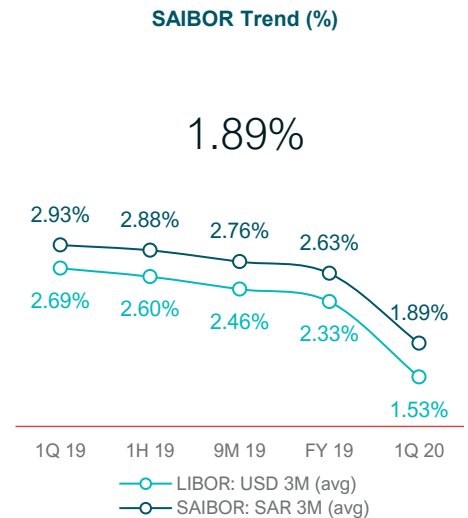
- The NIM improved 13bps YoY and declined 3bps from FY 2019 to 3.01% for 1Q 2020.
- The YoY improvement was driven by an improved asset and funding mix.
- Funding costs improved by 34bps to 1.14% in 1Q 2020.



Net Interest Income SAR Billion

1.3

-0.3% Quarter-on-quarter

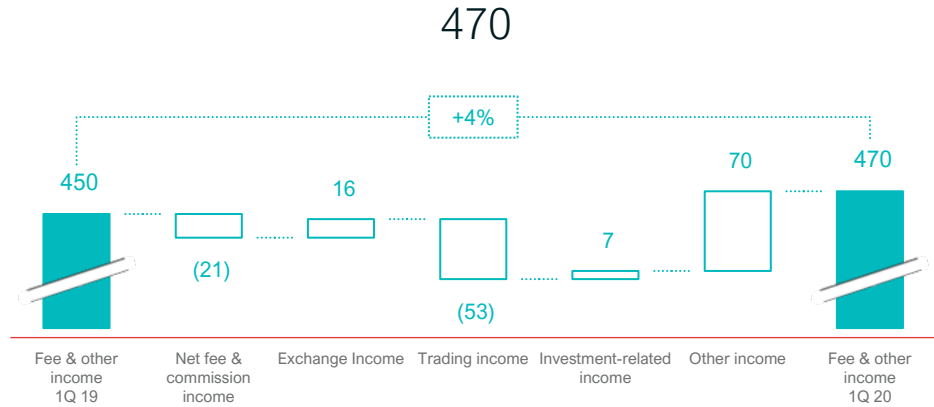


# Lower banking-related fee income reflective of market conditions, but growth in other income from one-off gain

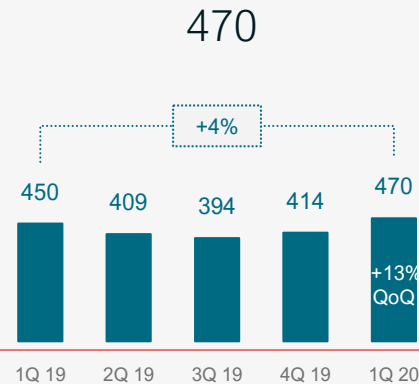
- Fee & other income improved 4% YoY to SAR 470mn as higher other operating income more than offset lower banking-related fee income.
- Banking-related fee income decreased 13% YoY as lower trade finance and trading income more than offset higher exchange income.
- Other income rose by SAR 70mn YoY due to a one-off gain of SAR 72mn.

SAR (Mn)	1Q 2020	4Q 2019	Δ%	1Q 2019	Δ%
Fee & commission income	388	397	-2%	384	+1%
Fee & commission expenses	(104)	(117)	-11%	(79)	+31%
<b>Net fee &amp; commission income</b>	<b>284</b>	<b>280</b>	<b>+1%</b>	<b>305</b>	<b>-7%</b>
Exchange Income	97	83	+17%	81	+20%
Trading income	(6)	16	-139%	46	-113%
<b>Banking-related income</b>	<b>376</b>	<b>379</b>	<b>-1%</b>	<b>432</b>	<b>-13%</b>
Investment-related income	7	18	-61%	(0)	-5579%
Other income	87	18	+391%	17	+402%
<b>Fee &amp; other income</b>	<b>470</b>	<b>414</b>	<b>+13%</b>	<b>450</b>	<b>+4%</b>

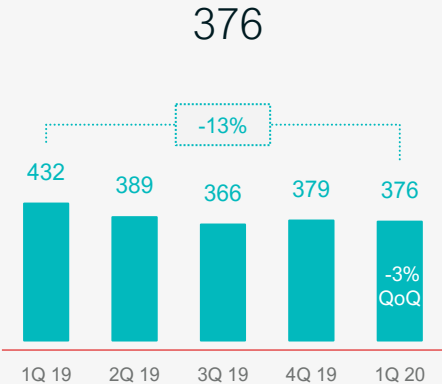
Fee & Other Income Movement (SAR Mn)



Fee & Other Income (SAR Mn)



Banking-Related Income (SAR Mn)



Trade Finance



98

SAR Million

-16.5%  
year-on-year

Lending Fees



88

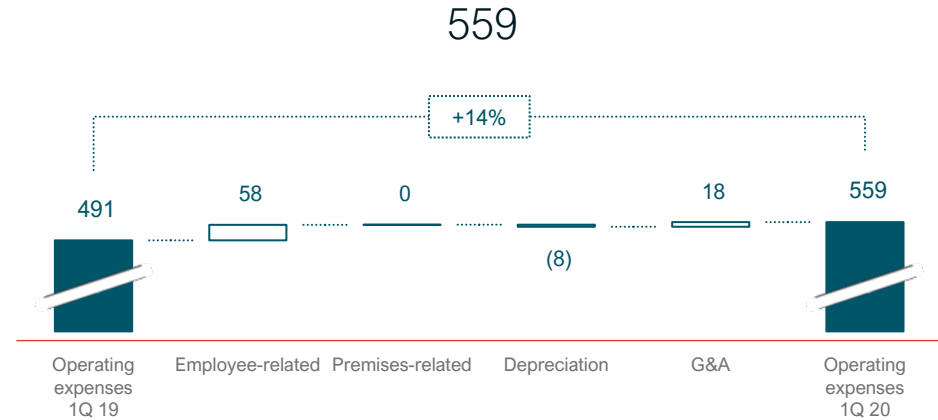
SAR Million

+5.5%  
year-on-year

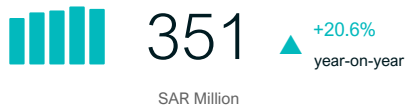
# Higher operating expenses from salary increments and improvements of talent pool

- Operating expenses increased 14% YoY to SAR 559mn in 1Q 2020, due to one-off accrual reversal in 1Q 2019 of SAR 37mn.
- Excluding one-off, expenses rose 6% mainly from higher employee-related costs due to salary increments improvements of the talent pool.
- The cost to income ratio increased to 31.8% in 1Q 2020 from 28.5% in 1Q 2019.
- Relative to the previous quarter, operating expenses declined by 19% due to seasonally higher costs in 4Q 2019.

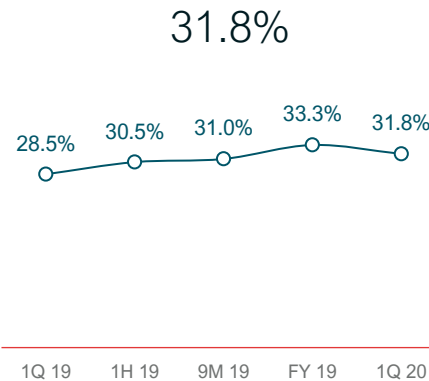
Operating Expenses Movement (SAR Mn)



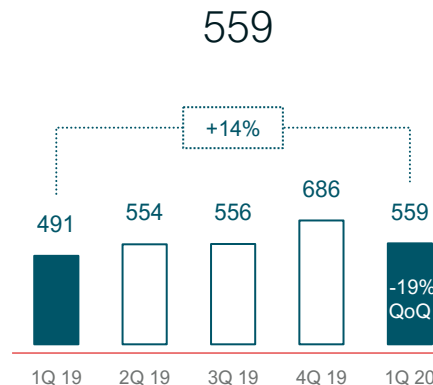
Employee-Related



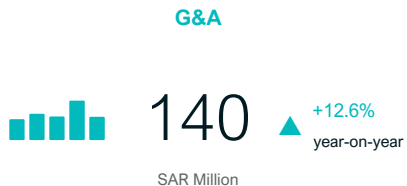
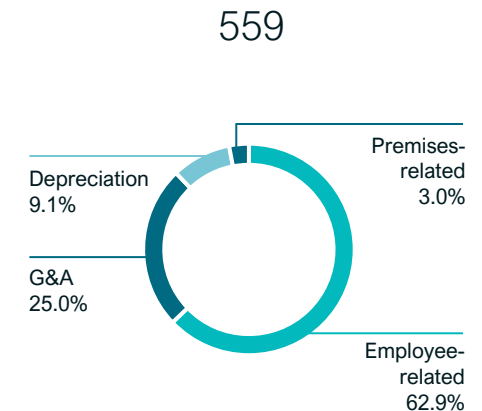
Cost To Income Ratio (%)



Operating Expenses (SAR Mn)

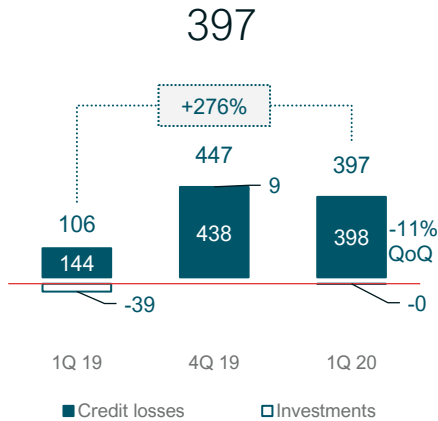


Operating Expenses Composition (SAR Mn)

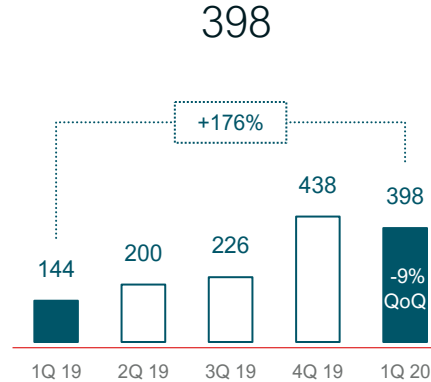


# Higher impairment charge and cost of risk from higher commercial provisions, partly due to Covid-19

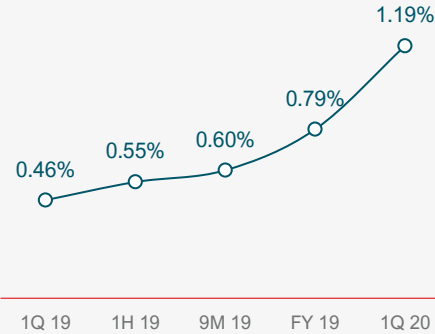
Impairment Charge (SAR Mn)



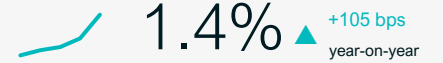
Credit Losses (SAR Mn)



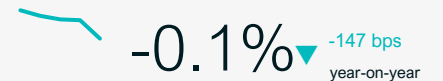
Cost of Credit Risk (SAR Bn)



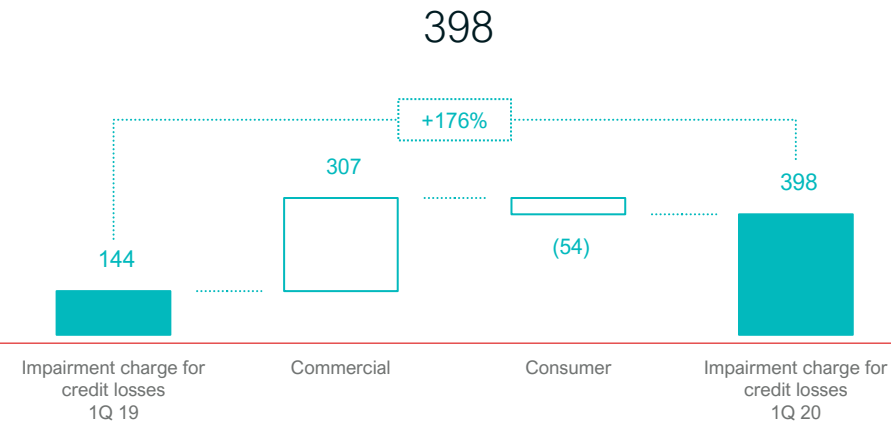
Commercial COR



Consumer COR



Impairment Charge For Credit Losses Movement (SAR Mn)

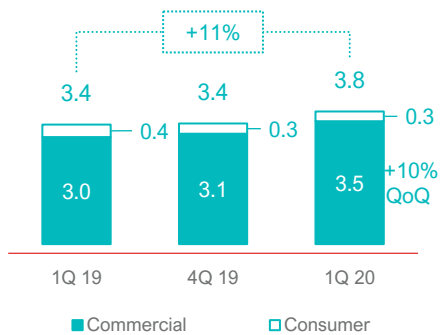


- The total impairment charge for 1Q 2020 amounted to SAR 397mn, an increase of SAR 291mn from 1Q 2019, partly from the absence of investment impairment reversals of SAR 39mn and partly from a rise in credit losses of SAR 254mn.
- The risk in credit losses was driven by higher commercial NPL formation as well as SAR 175mn additional provisions relating to Covid-19 as IFRS 9 ECL model economic assumptions were revised, together with additional judgmental overlays applied to specific vulnerable sectors.

# Rise in NPLs from commercial book; NPL ratio increased 6bps and NPL coverage stable YTD

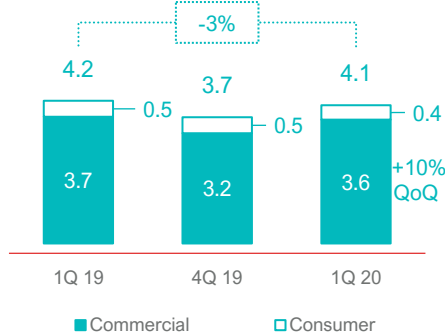
Non Performing Loans & Advances (SAR Bn)

3.8



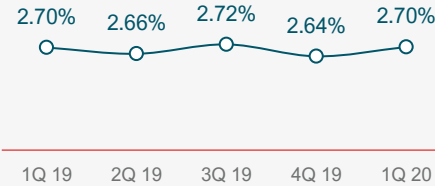
Allowance For Impairment (SAR Bn)

4.1



NPL Ratio (%)

2.70%



Commercial NPL Ratio (%)

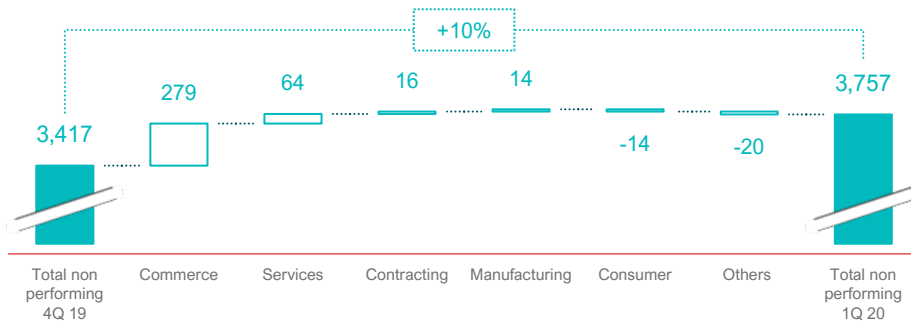
2.9% ▲ +10 bps year-to-date

Consumer NPL Ratio (%)

1.4% ▼ -98 bps year-on-year

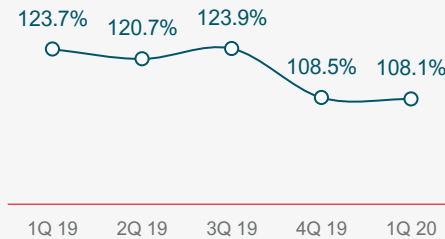
Total Non Performing Movement (SAR Mn)

3,757



NPL Coverage Ratio (%)

108.1%



Commercial NPL Coverage (%)

105% ▲ +100 bps year-to-date

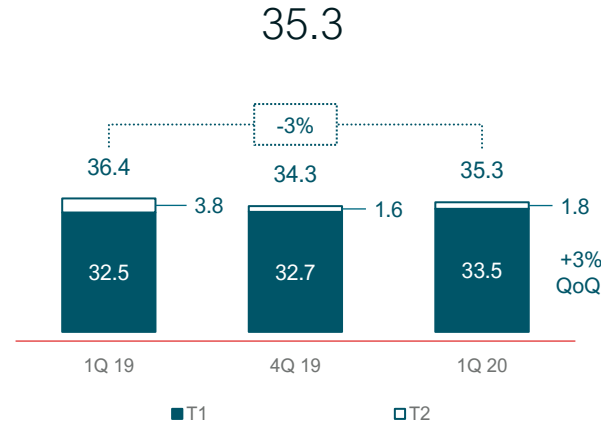
Consumer NPL Coverage (%)

152% ▲ +2,094 bps year-on-year

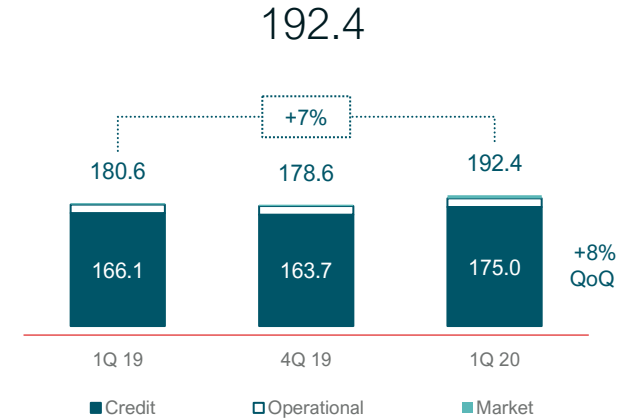
# Capital ratios declined, but remain comfortable

- Total capital increased by SAR 1.0bn (+3% QoQ) during 1Q 2020 from net income generation of SAR 0.7bn and increased reserves of SAR 0.4bn.
- RWAs rose 8% QoQ to SAR 192.4bn on growth in loans and investments.
- CAR was 18.4% and the Tier 1 ratio was 17.4% as at 31 March 2020, declining modestly from 4Q 2019 levels as RWA growth exceeded grow in capitalization during the quarter.

Total Capital (SAR Bn)

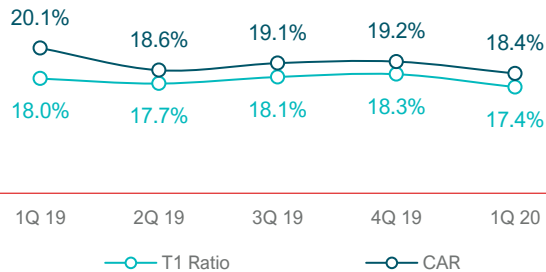


RWA (SAR Bn)

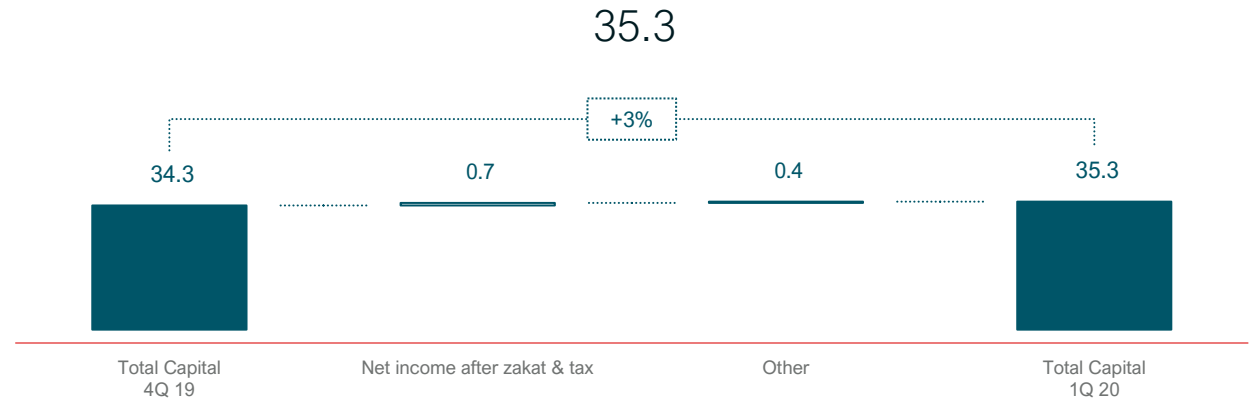


CAR (%)

18.4%



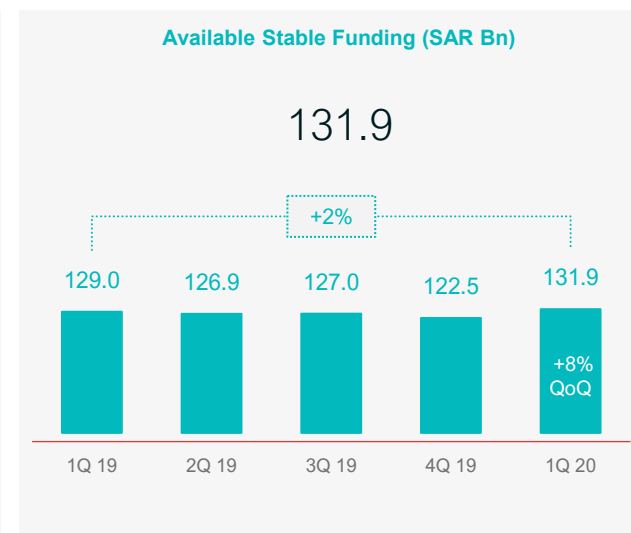
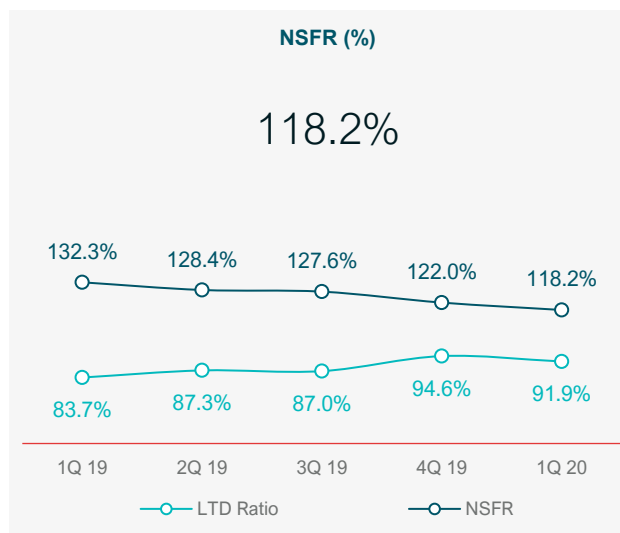
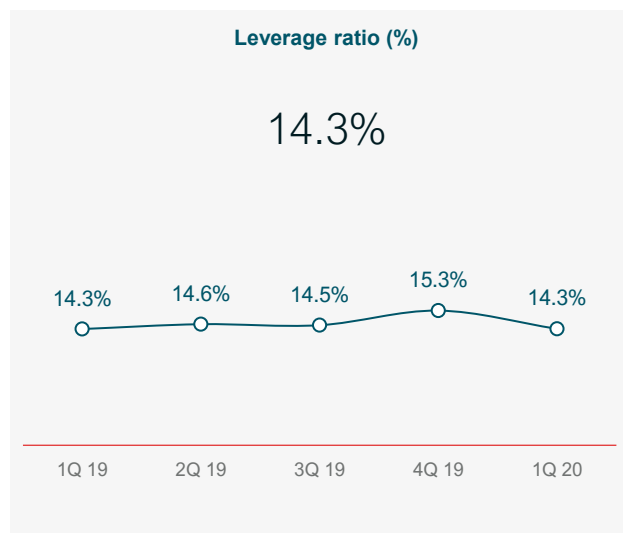
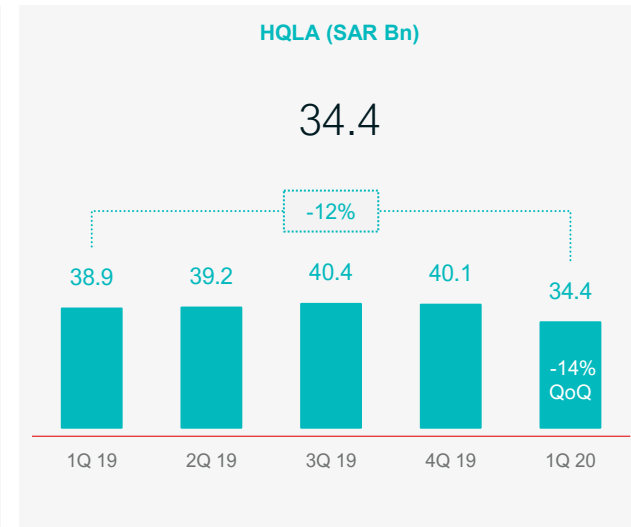
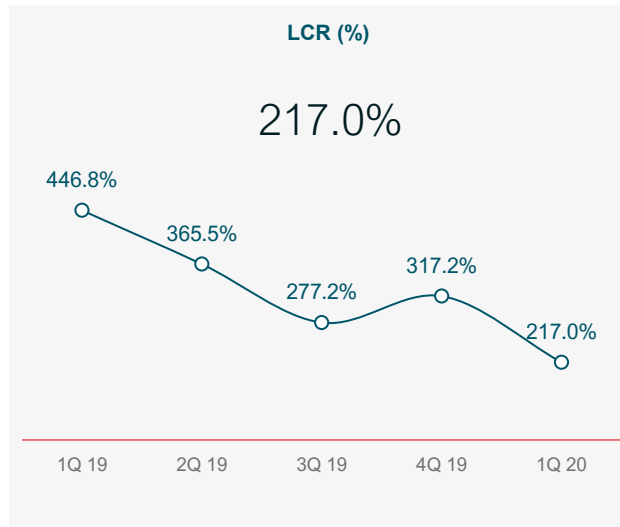
Total Capital Movement (SAR Bn)





# Liquidity remains very strong and comfortably within regulatory limits

- LCR declined 100ppts during 1Q 2020 due to a decline in HQLA of 14% from balance sheet optimization conducted in 4Q 2019 but remains comfortable at 217.0%.
- NSFR declined modestly by 3.8ppts during 1Q 2020 to 118.2%.
- The bank continues to manage the LTD ratio for optimum efficiency in cost of funding, while maintaining the SAMA regulatory ratio, which was 84.1% as at 31 March 2020, above required levels.





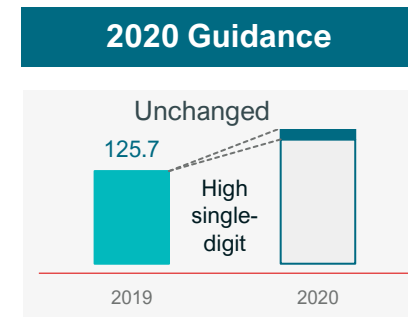
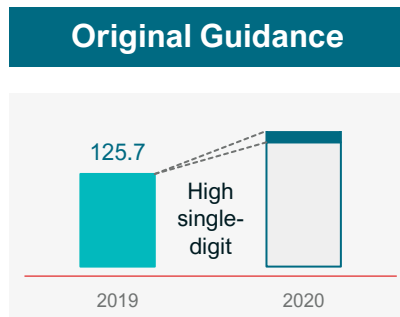
INVESTOR PRESENTATION 1Q 2020

# Outlook and Guidance

# Covid-19 disruption, lower oil prices and interest rates have impacted our outlook and guidance for NIM and COR

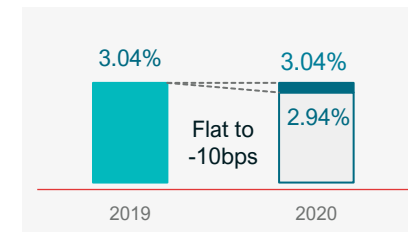
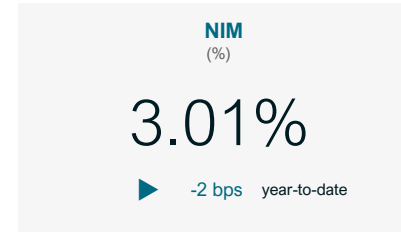
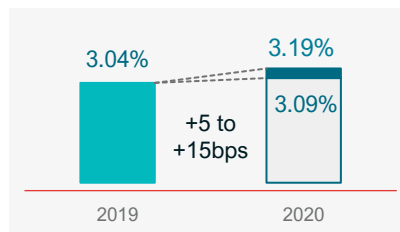
## LOANS & ADVANCES, NET

- 1Q 2020 growth of 7% YTD already close to original guidance.
- Loan growth for remainder of 2020 expected to be muted, leaving guidance unchanged.



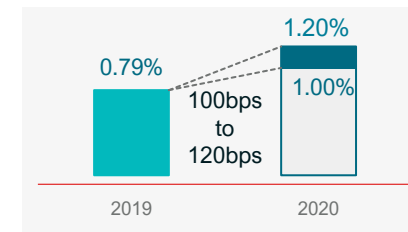
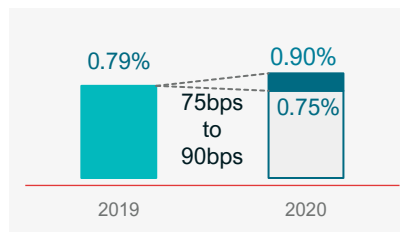
## NET INTEREST MARGIN

- NIM declined in 1Q 2020 by 2bps YTD.
- Lower rates will impact margins during remainder of year, resulting in lower NIM guidance to flat to -10bps.



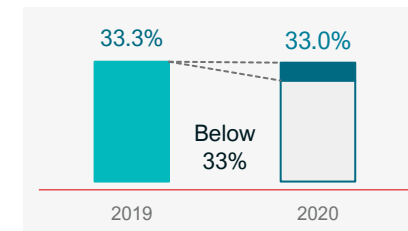
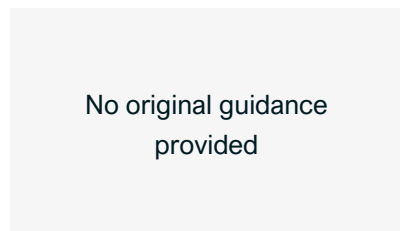
## COST OF RISK

- Cost of risk rose 39bps YTD due to additional Covid-19 provisions.
- Outcome for FY 2020 remains uncertain, but COR is expected to rise to 100bps to 120bps.



## COST TO INCOME RATIO

- The bank is carefully managing the cost base for optimum efficiency, while continuing to invest in critical IT and digital capabilities.
- CI ratio expected to be below 33% for FY 2020.



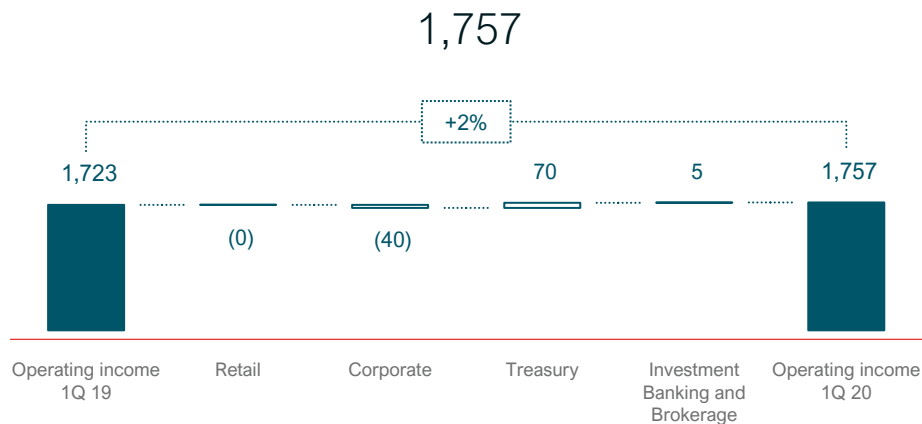


INVESTOR PRESENTATION 1Q 2020

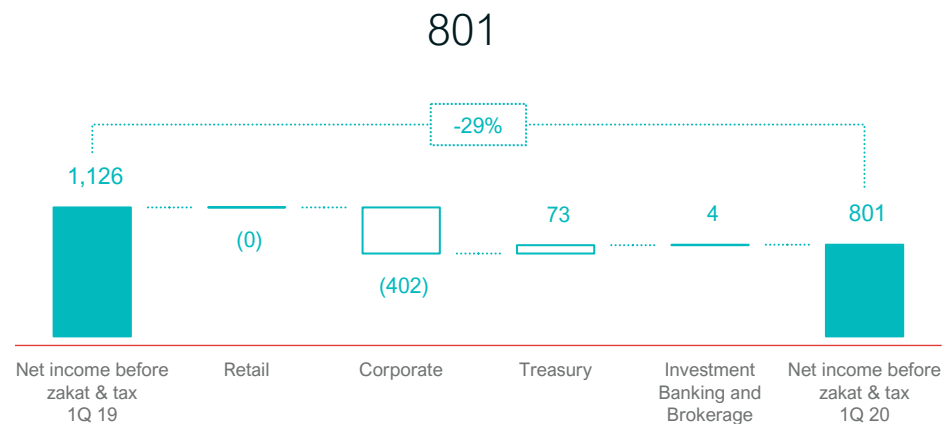
# Segmental Performance

# Healthy profit growth in Treasury, while Corporate impacted by lower margins and higher impairments

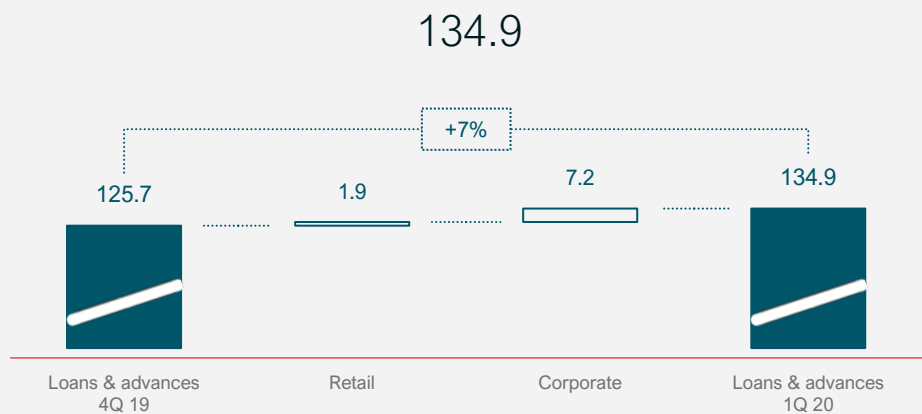
Operating Income Movement (SAR Mn)



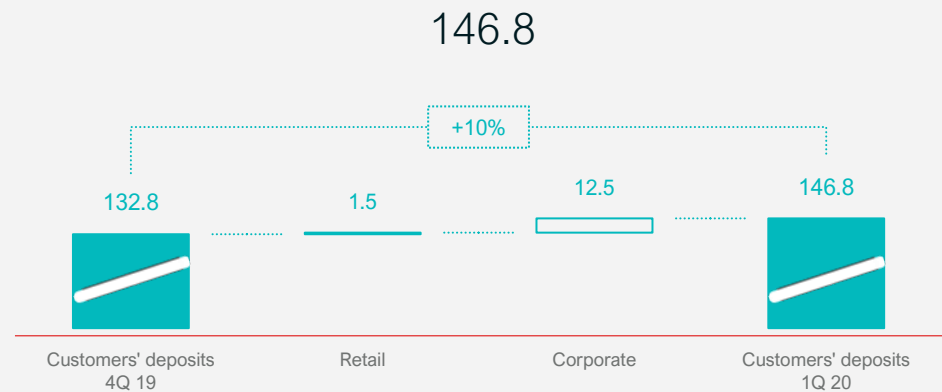
Net Income Before Zakat & Tax Movement (SAR Mn)



Loans & Advances Movement (SAR Bn)

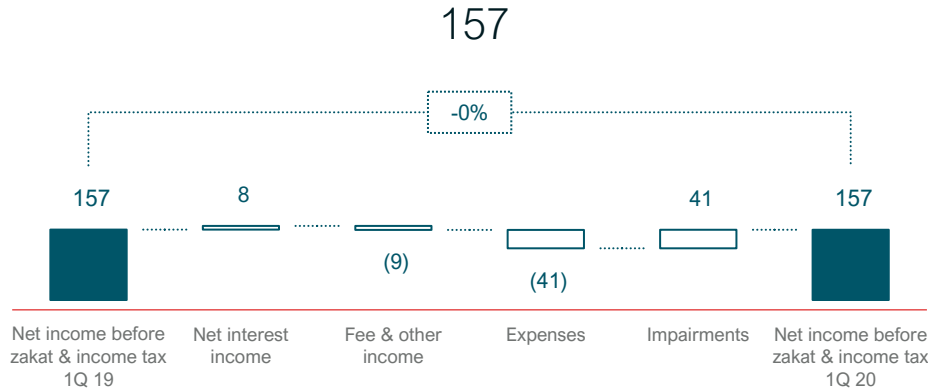


Customers' Deposits Movement (SAR Bn)

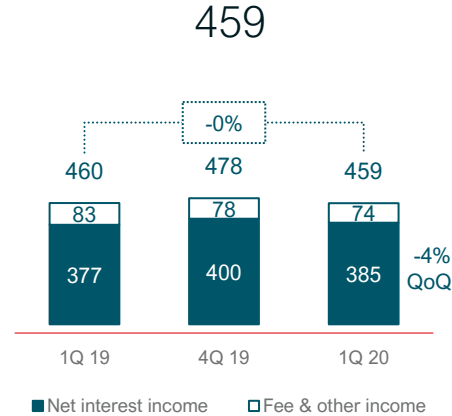


# Stable profits driven by flat income and improving cost of risk offsetting higher operating expenses

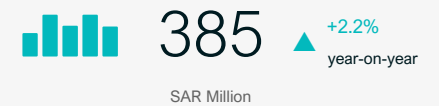
Net Income Before Zakat & Income Tax Movement (SAR Mn)



Total Operating Income (SAR Mn)



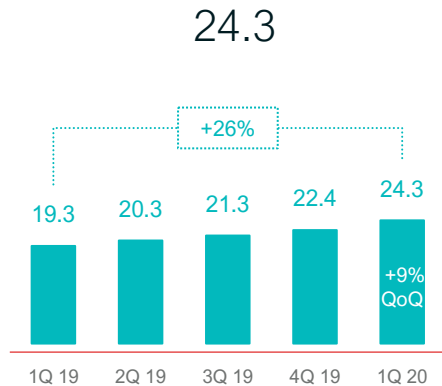
Net Interest Income



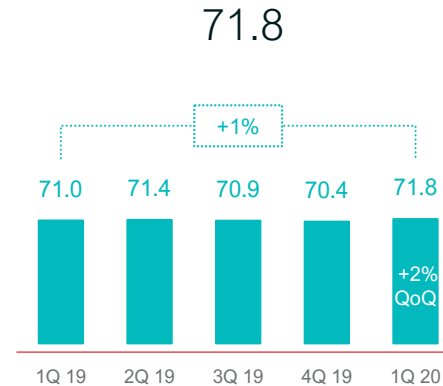
Fee & other income



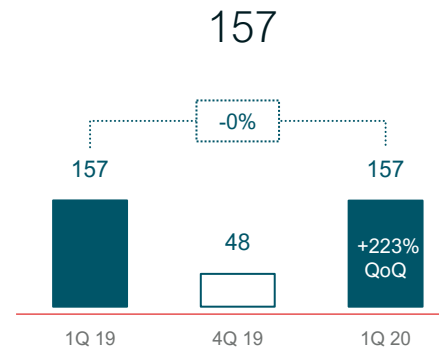
Retail Loans (SAR Bn)



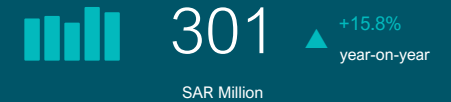
Retail Deposits (SAR Bn)



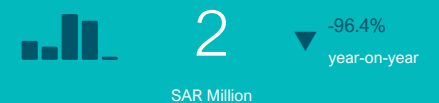
Net Income Before Zakat & Income Tax (SAR Mn)



Expenses

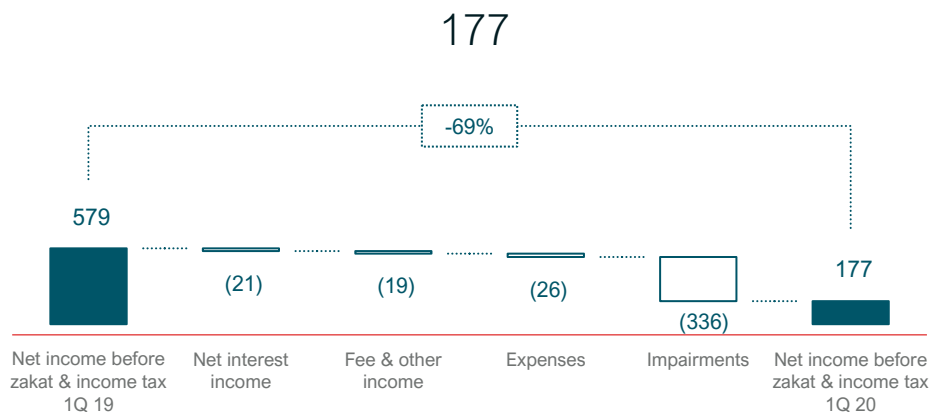


Impairments

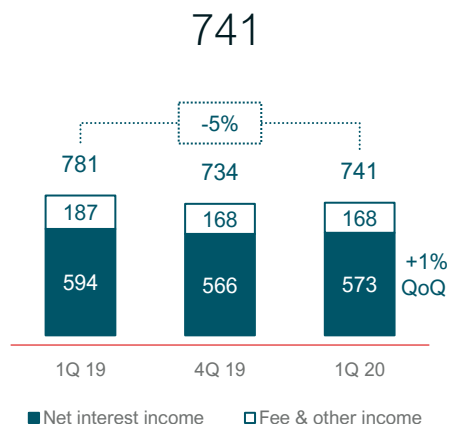


# Higher impairments and lower income drive decline in Corporate profitability

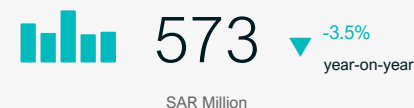
Net Income Before Zakat & Income Tax Movement (SAR Mn)



Total Operating Income (SAR Mn)



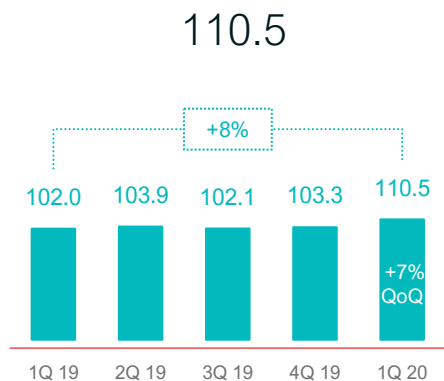
Net Interest Income



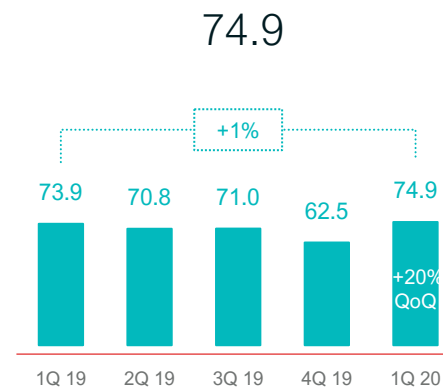
Fee & other income



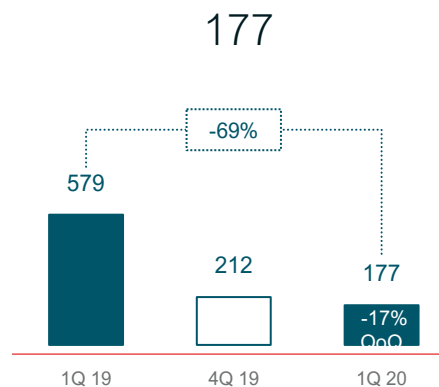
Corporate Loans (SAR Bn)



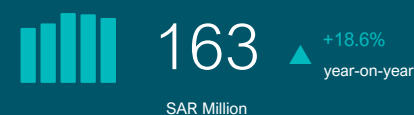
Corporate Deposits (SAR Bn)



Net Income Before Zakat & Income Tax (SAR Mn)



Expenses

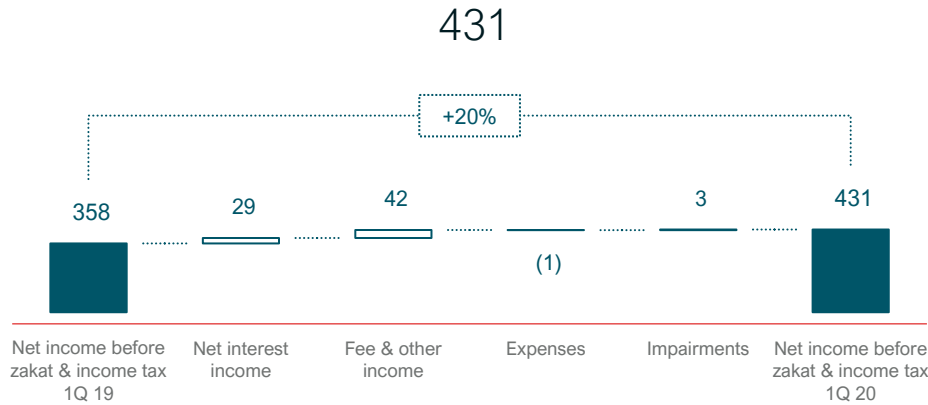


Impairments

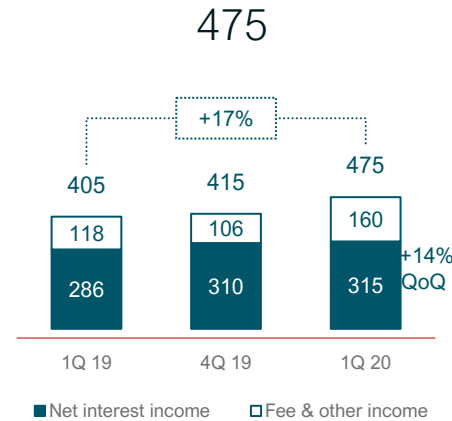


# Strong profit growth driven by higher investment returns and increased fee income

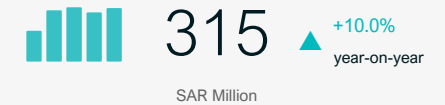
Net Income Before Zakat & Income Tax Movement (SAR Mn)



Total Operating Income (SAR Mn)



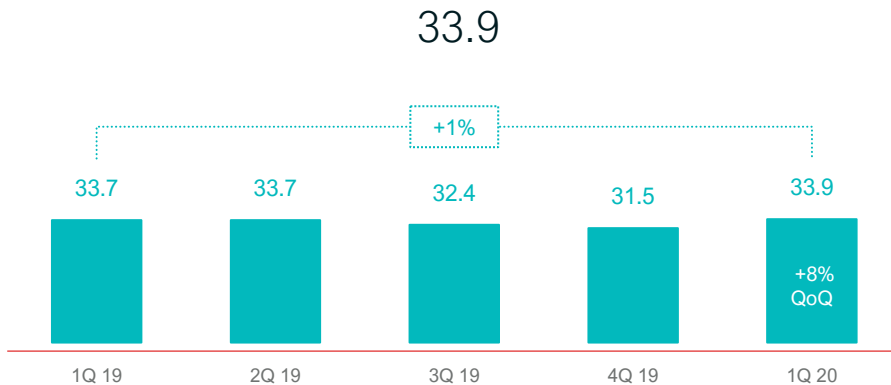
Net Interest Income



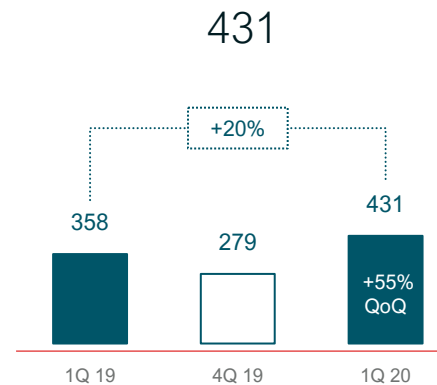
Fee & other income



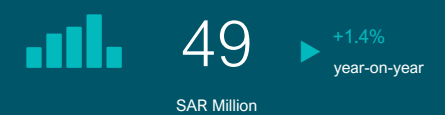
Investments (SAR Bn)



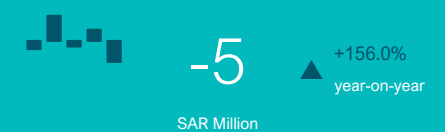
Net Income Before Zakat & Income Tax (SAR Mn)



Expenses



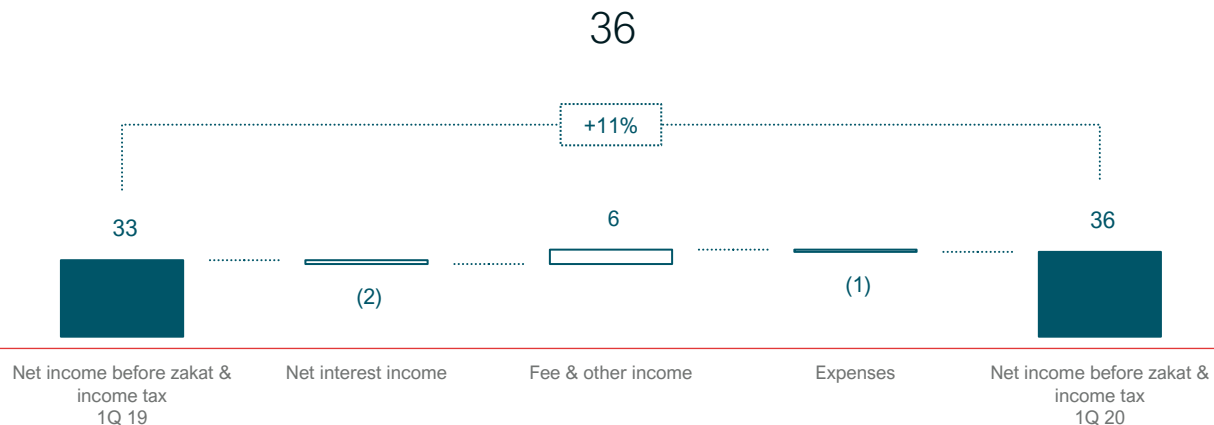
Impairments



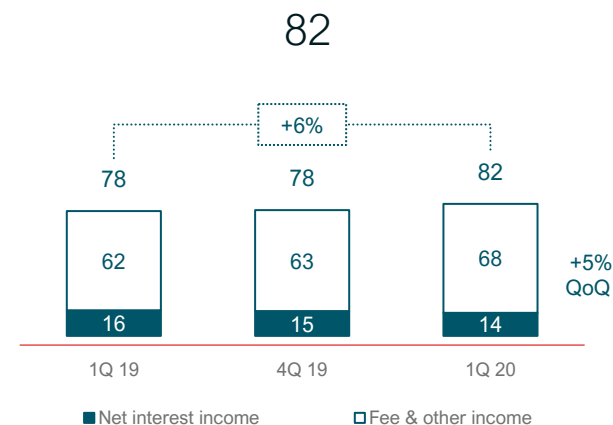


# Healthy profit growth from solid growth in asset management and brokerage revenue

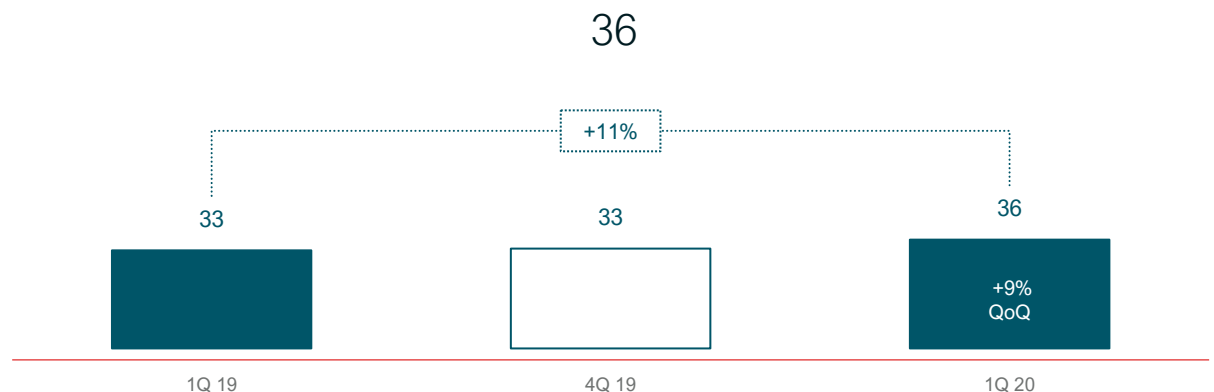
Net Income Before Zakat & Income Tax Movement (SAR Mn)



Total Operating Income (SAR Mn)



Net Income Before Zakat & Income Tax (SAR Mn)



**Net Interest Income**

14 SAR Million ▼ -10.0% year-on-year

**Fee & other income**

68 SAR Million ▲ +10.0% year-on-year

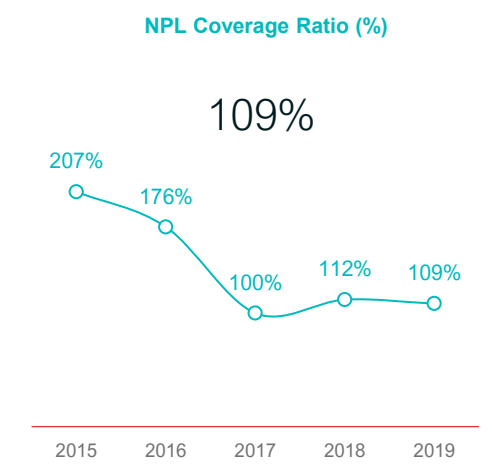
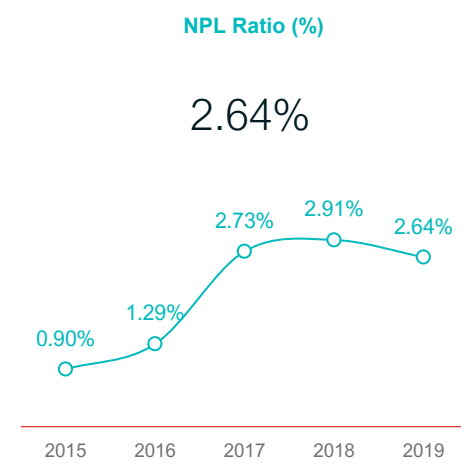
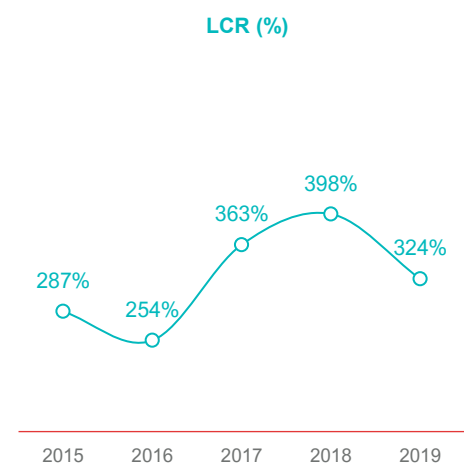
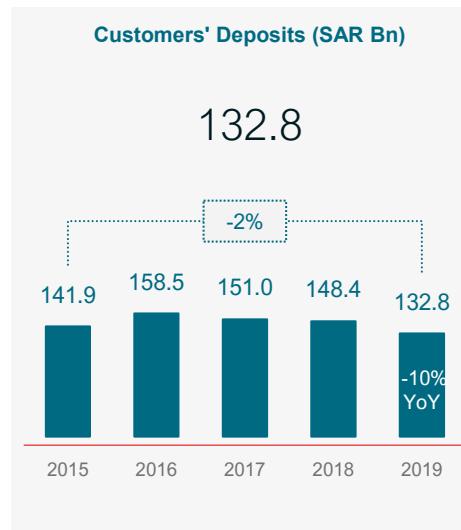
**Expenses**

46 SAR Million ▲ +2.2% year-on-year

INVESTOR PRESENTATION 1Q 2020

# Performance Track Record

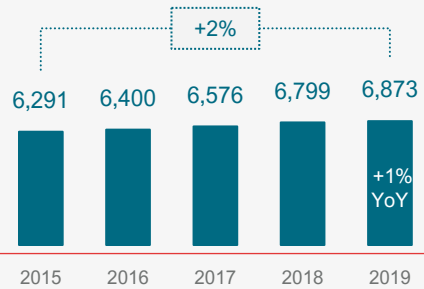
# Balance Sheet Metrics



# Income Statement Metrics

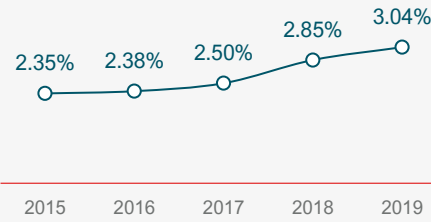
Operating Income (SAR Mn)

6,873



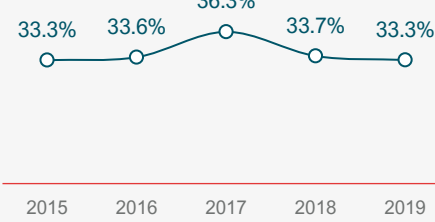
Net Interest Margin (%)

3.04%



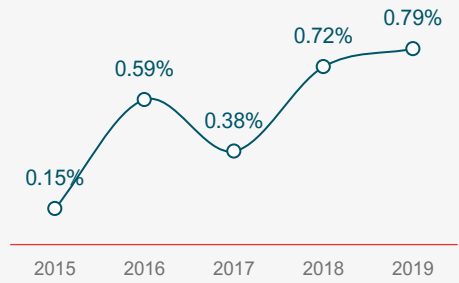
Cost To Income Ratio (%)

33.3%



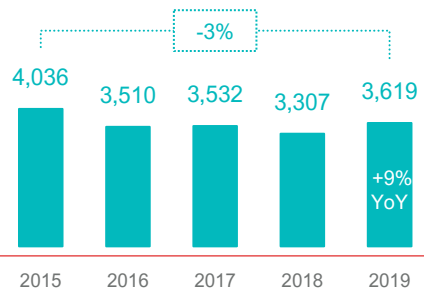
Cost Of Risk (%)

0.79%



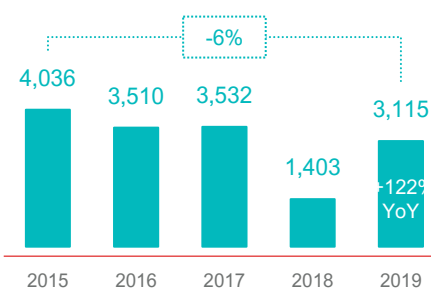
Net Income Before Zakat & Tax (SAR Mn)

3,619



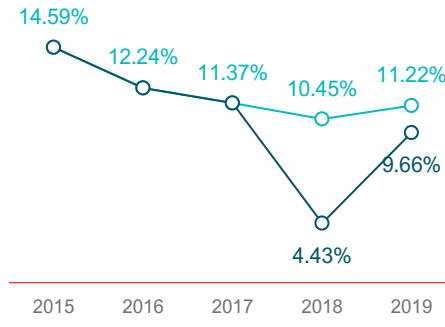
Net Income After Zakat & Tax (SAR Mn)

3,115



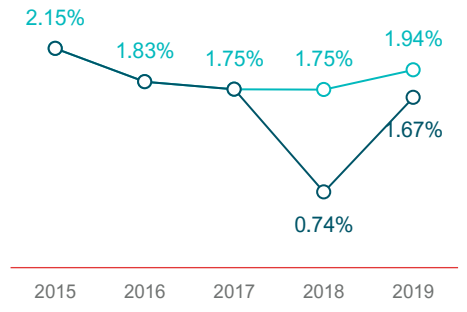
ROAE (%)

9.66%



ROAA (%)

1.67%



— ROAE - before zakat & income tax — ROAE

— ROAA - before zakat & income tax — ROAA

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