



Banque Saudi Fransi
Investor Presentation | First Half
2019



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Banque Saudi Fransi

Our Profile



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

As of June 2019

>1 mn
Retail Client

3,700
Corporate Client

≈3,000
Employees

SAR
187 bn
Assets

SAR
142 bn
Deposits

SAR
50 bn
Market Cap

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

Universal Bank model:
Corporate DNA (88% of our loan book)
Prominent market franchise (11% corporate assets market share)
Full array of conventional and Islamic products
Growing Retail book
Core focus on the domestic market



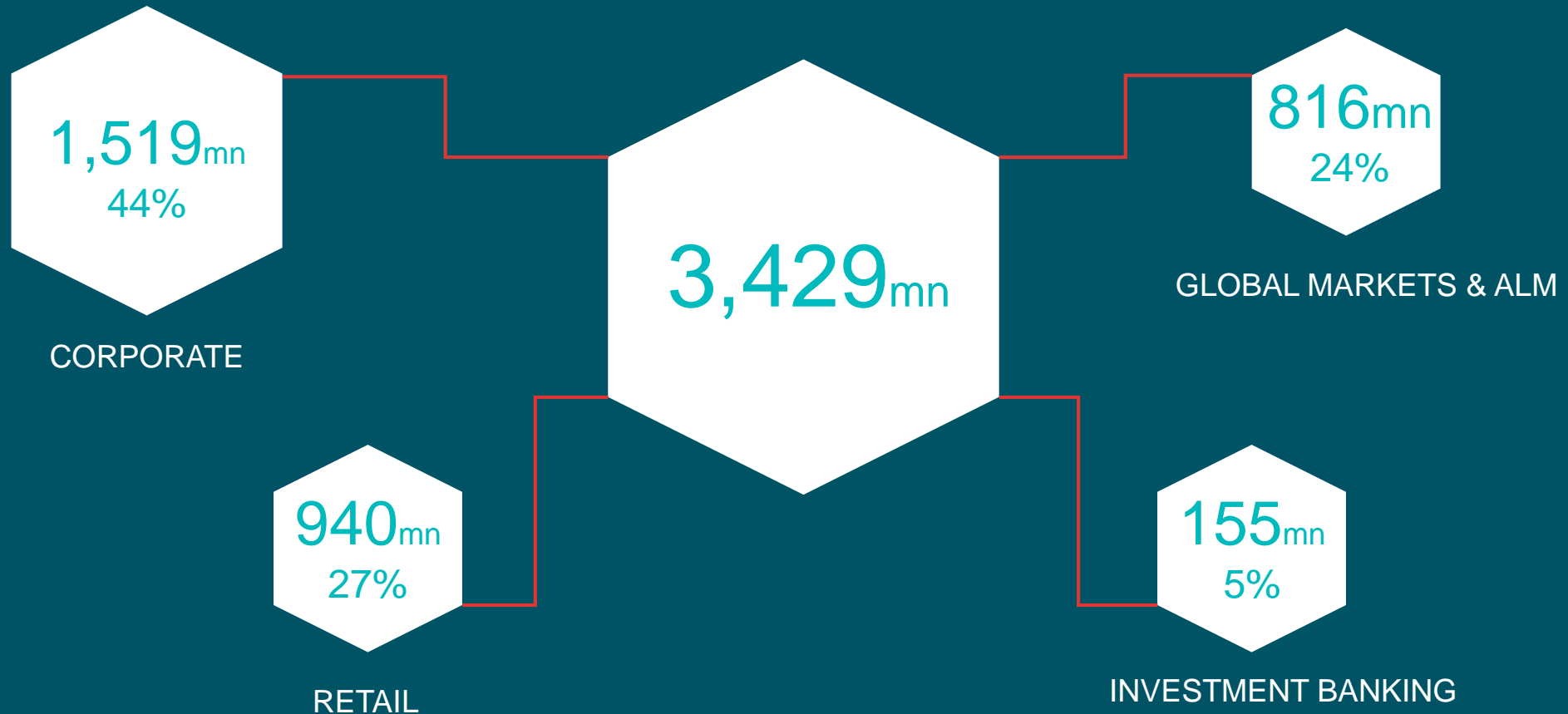
Subsidiaries in KSA:
Saudi Fransi Capital
Saudi Fransi Assurance
Saudi Fransi Leasing
Sakan Company

Joint ventures in KSA:
Insurance with Allianz



We operate a universal banking business model with a diversified base of earnings

Total revenues contribution H1 2019, SAR



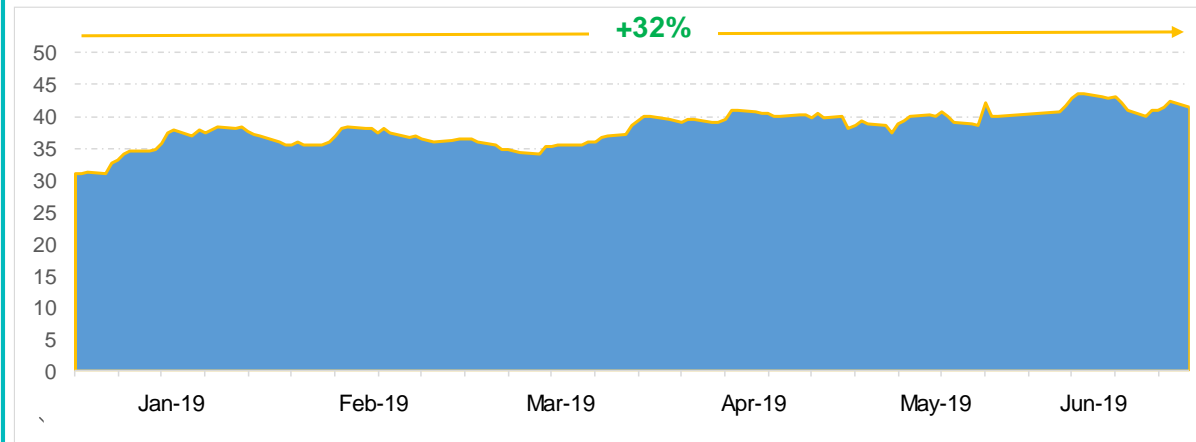


Our market parameters are strong with solid credit ratings

Share Parameters

	30-Jun-19
Closing Price (SAR)	41.55
52 weeks Range (SAR)	30 - 44
Free Float Shares	751,452,083
Shares issued	1,205,357,167
P/E Ratio (FY 2018 earnings)	15.1x
Market Cap (SARbn)	50.0
Market cap to Saudi Banking Industry	6.68%
Market cap to Saudi Stock Market	2.41%

YTD Share Price Performance



Standard & Poor's

BBB+

Fitch Rating

A-

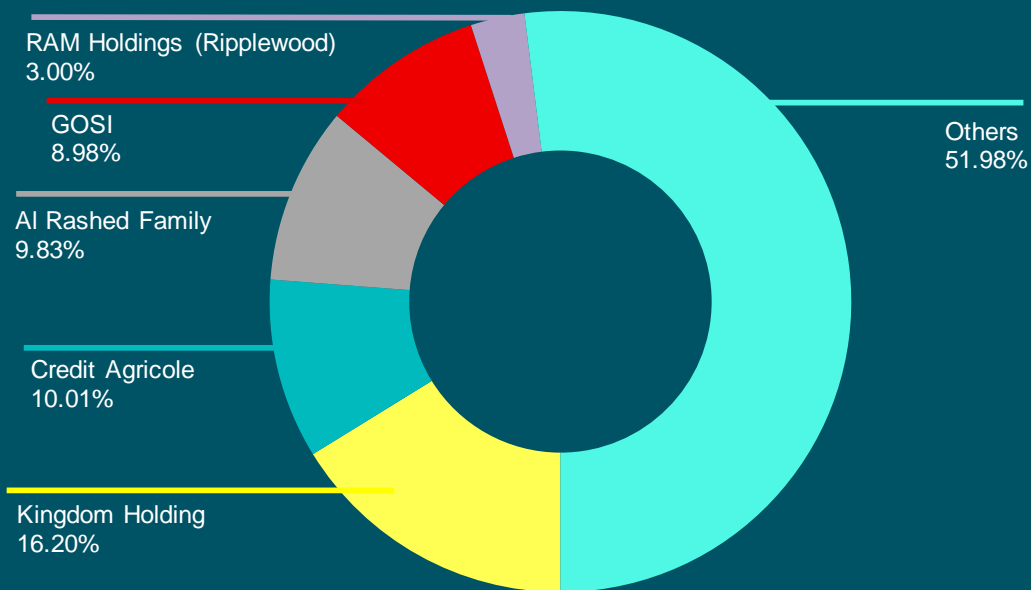
Moody's

A1



Our Shareholding structure is solid and diversified

BSF Shareholder Structure, June 2019



Shareholder

Board Member

Kingdom Holding	Talal Al Maiman
Credit Agricole	No Representatives
GOSI	Mazin Al Romaih (Chairman)
RAM Holding	Tim Collins
Al Rashed Family	Abdulrahman Al Rashed
Al Issa Family	Bader Al Issa
Al Omran Family	Khalid Al Omran
Al Mutabagani Family	Khalid Mutabagani
Others	Ghazi Al Rawi Abdullatif Al Othman Rayan Fayez



Banque Saudi Fransi

Our Strategy Highlights



The aspiration from our Board of Directors



Market Share
(Assets & Liabilities)

2.3%

Return on asset

#1

NPS* Ranking

Note | *Net Promoter System (NPS) is a methodology developed by Bain to measure customer satisfaction and advocacy



Our Mission – Why we exist and the challenge we have set ourselves

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



How we will measure our progress and success





Banque Saudi Fransi

Our Financial Results | Highlights



Our key messages

Balance Sheet

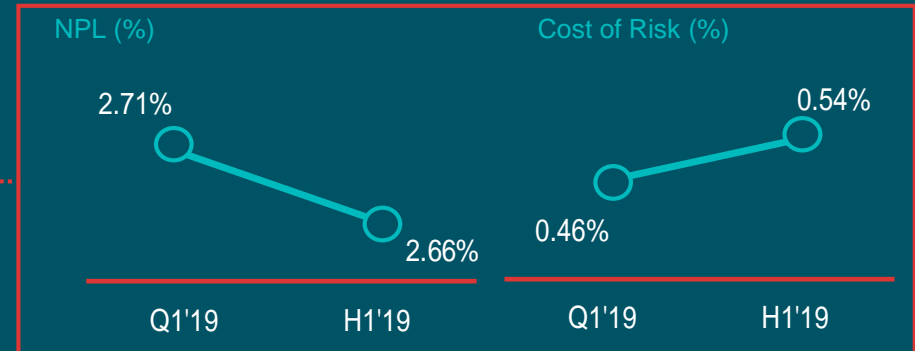
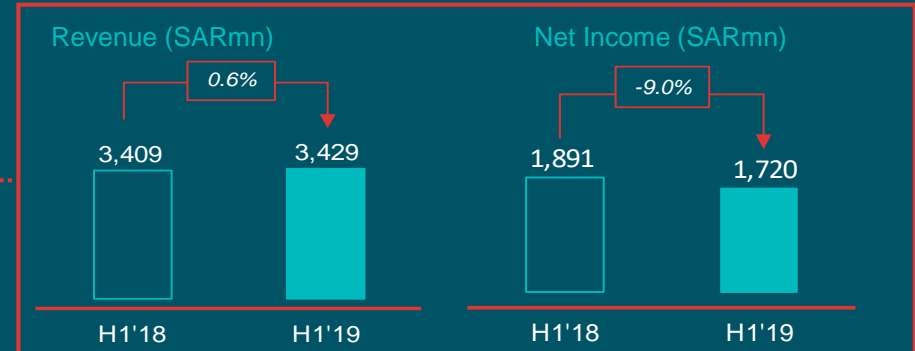
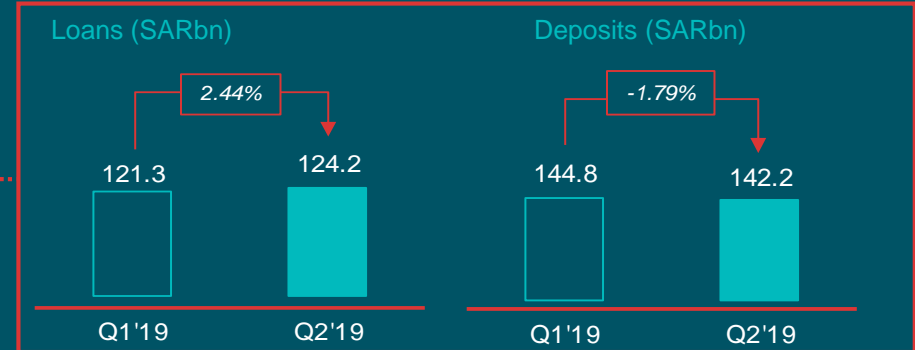
- Balance sheet contracted by (-1.8% QoQ) mainly due to a decline in cash at interbank placements (SAR 8Bn QoQ) as the Bank decreased its excess cash balance to optimize its balance sheet.
- Loan portfolio at SAR 124Bn grew by (2.4% QoQ) driven by overall improved credit demand (corporate lending 1.7% QoQ and retail +8.0% QoQ).
- Total deposits at SAR 142Bn declined by (-1.8% QoQ) driven by lower CBDs which resulted in favorable deposit mix. NCBD / CBD at 53%/47% vs. 52%/48% in Q1 2019.

Income statement

- Revenues at SAR 3.4Bn up by (0.6% YoY) driven by net interest income offsetting lower fee income. Revenue growth excluding impact of Allianz Saudi Fransi shares sale that took place in 2018 is (+3.5% YoY).
- Well-controlled expenses (-11.3% YoY) driven by cost discipline on all expenses items.
- Net income before zakat at SAR2.1Bn up (+7.5% YoY) excluding impact of ASF shares sale & up (+2.4% YoY) with ASF shares sale.
- Net Income after zakat at SAR 1.7Bn declined by (-9.0% YoY) as zakat expenses increased by (+155% YoY) due to different zakat provisioning calculation.

Assets Quality, Capital and Liquidity

- Total Impairment charges at SAR 303Mn in H1 2019 compared to SAR 201Mn in H1 2018.
- Cost of risk ratio is at 0.54%.
- NPL ratio at 2.66%.
- Coverage ratio 120.7%.
- Capital strength, CAR remains at very solid level of 18.6%.
- Well positioned loan-to-deposit ratio at 87.4%.





Decrease in CBDs to optimize the balance sheet & increase in credit demand driving the loan growth

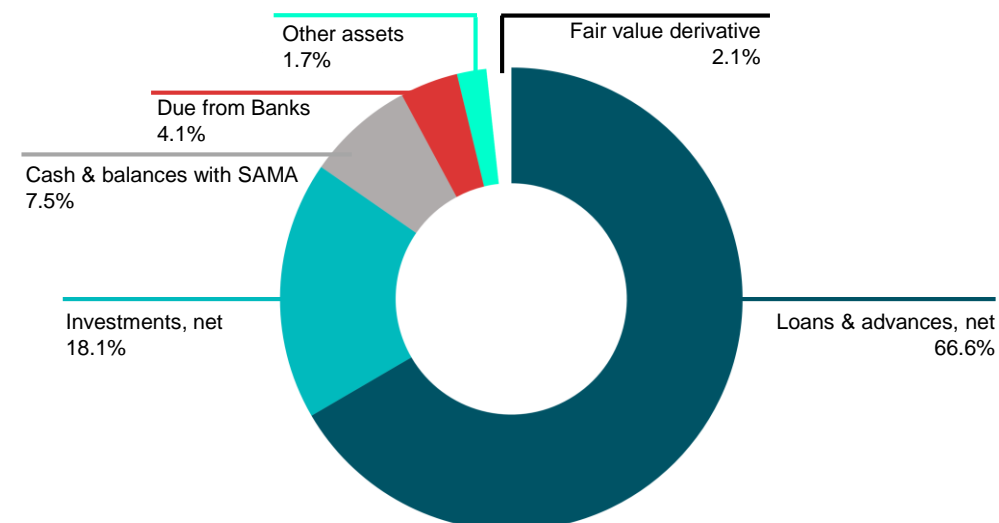
Balance Sheet (SARmn)

	2016	2017	2018	Q1 2019	Q2 2019	QoQ
Total Assets	203,429	192,929	190,201	189,990	186,579	-1.80%
Loans and Advances	129,458	121,940	120,632	121,274	124,233	2.44%
Customer deposits - which include:	158,458	150,954	148,368	144,820	142,226	-1.79%
Non commission bearing deposits	92,167	85,808	72,138	75,727	75,152	-0.76%
Commission bearing deposits	66,291	65,147	76,230	69,093	67,074	-2.92%
Total Equity	29,699	31,661	30,812	32,198	32,602	1.26%

Key Ratios

	2016	2017	2018	Q1 2019	Q2 2019	QoQ
NPL / Gross loans	1.29%	2.73%	2.91%	2.70%	2.66%	-0.04%
Coverage ratio	176.0%	100.1%	112.0%	123.7%	120.68%	-3.06%
Cost of risk	0.58%	0.53%	0.73%	0.46%	0.62%	0.16%
Loans / Deposits	78.4%	79.7%	80.2%	82.6%	87.35%	4.75%

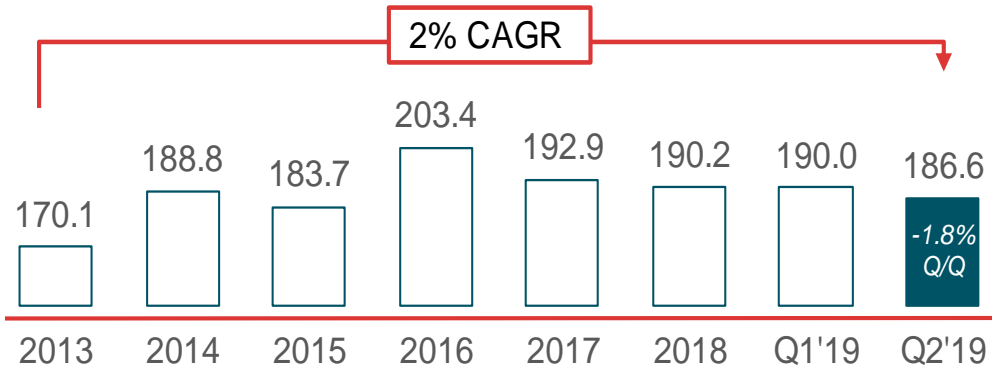
Composition of BSF Assets



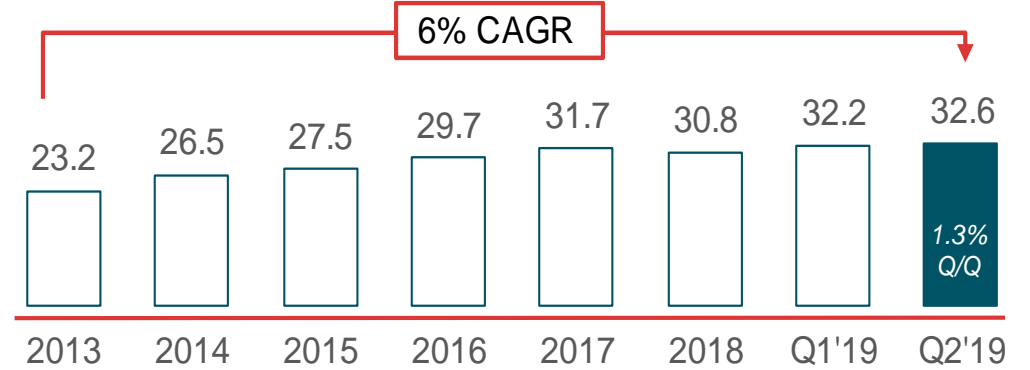


Positive CAGR since 2013

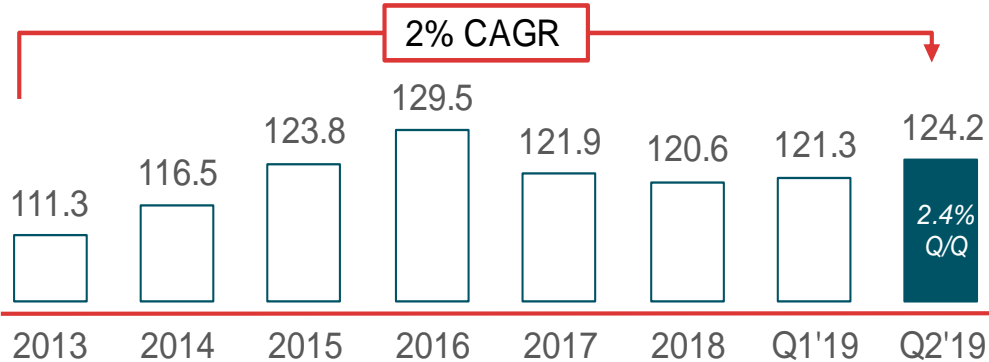
Total Assets (SARbn)



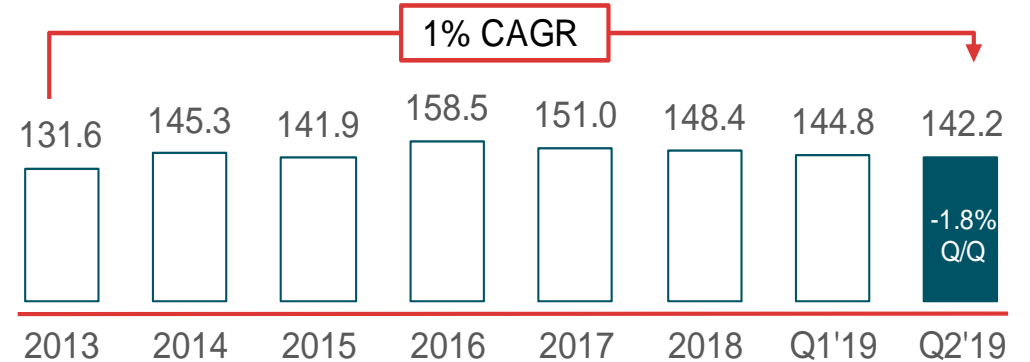
Total Equity (SARbn)



Customer Net Loans (SARbn)



Customer Deposits (SARbn)





Steady revenues, cost discipline was the key in H1 2019.
Cost to income ratio stood at 30.5%.

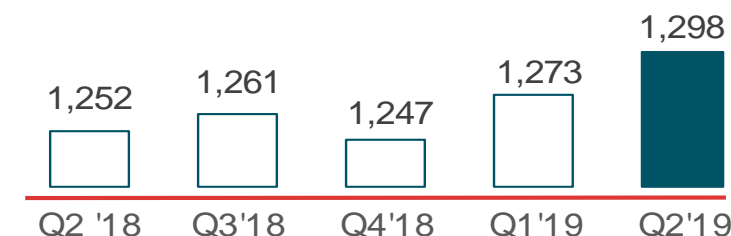
Income Statement Trends (SARmn)

	2016	2017	2018	H1'18	H1'19	YoY
Net interest income	4,256	4,700	5,017	2,508	2,570	2.5%
Non-interest income	2,144	1,876	1,782	901	859	-4.7%
Revenues	6,400	6,576	6,799	3,409	3,429	0.6%
Operating expenses	2,149	2,387	2,291	1,178	1,045	-11.3%
Net operating income	4,251	4,189	4,508	2,231	2,384	6.9%
Impairment charges	747	665	1,203	201	303	50.3%
Net income before zakat & tax	3,510	3,532	3,307	2,032	2,082	2.4%
Zakat & Tax	273	299	1,404	142	361	155.2%
Net income after zakat & Tax	3,237	3,233	1,903	1,891	1,720	-9.0%

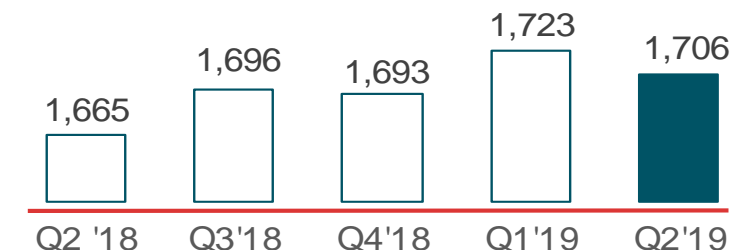
Key Ratios

	2016	2017	2018	H1'18	H1'19	YoY
Cost to revenue ratio	33.6%	36.3%	33.7%	34.55%	30.47%	-4.1%
ROE	10.9%	10.2%	6.2%	11.78%	10.55%	-1.2%
ROA	1.6%	1.7%	1.0%	2.00%	1.84%	-0.2%
NIM (1)	2.3%	2.4%	2.7%	2.61%	2.83%	0.2%
Net interest / Avg Credit Risk Assets	2.4%	2.7%	3.0%	2.83%	3.03%	0.2%

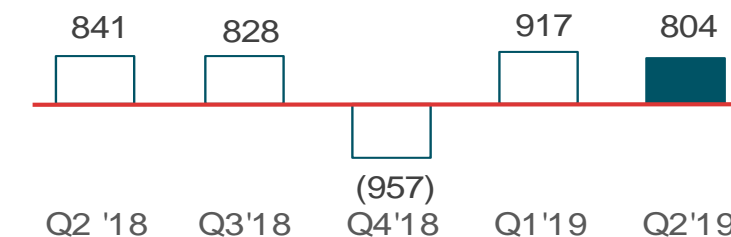
Net Interest Income (SAR Mn)



Revenue (SAR Mn)



Net Income after zakat & tax (SAR Mn)





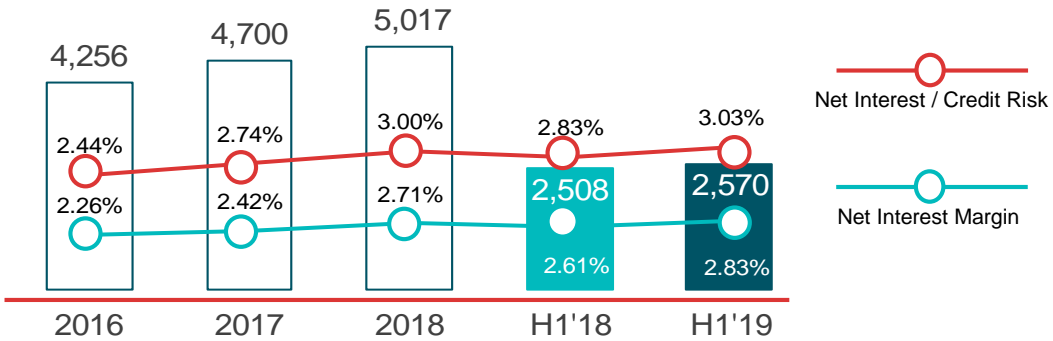
Banque Saudi Fransi

Our Financial Results | Details

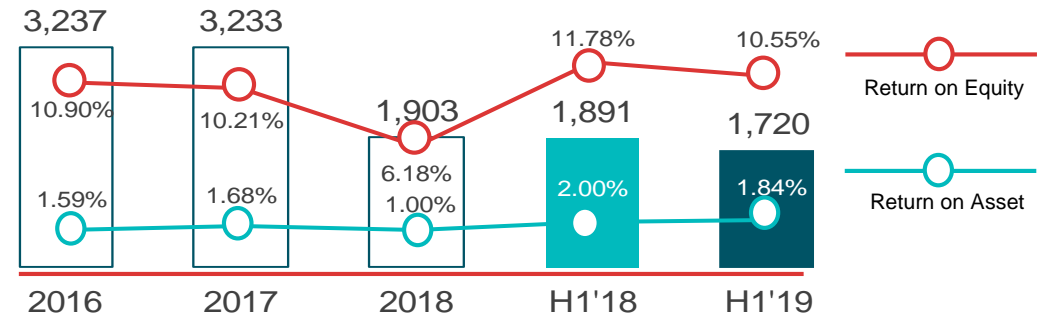


NIM growth driven by rate expansion and improvement in cost to income ratio driven by reduction in costs

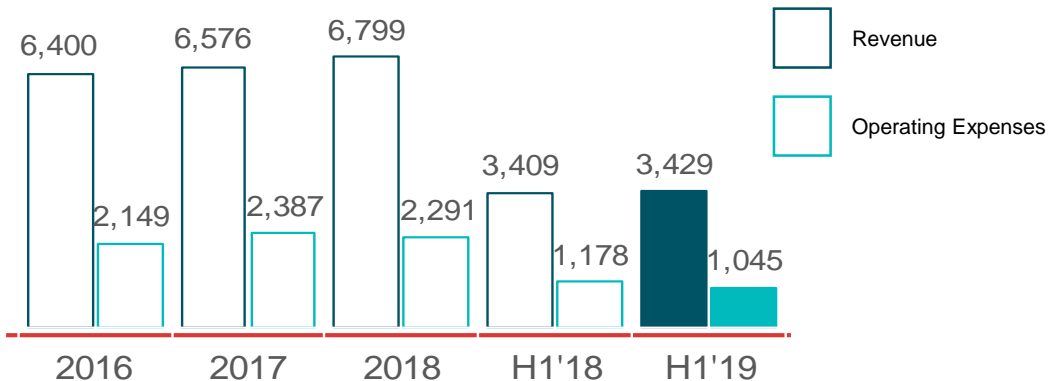
Net Interest Income (SARmn)



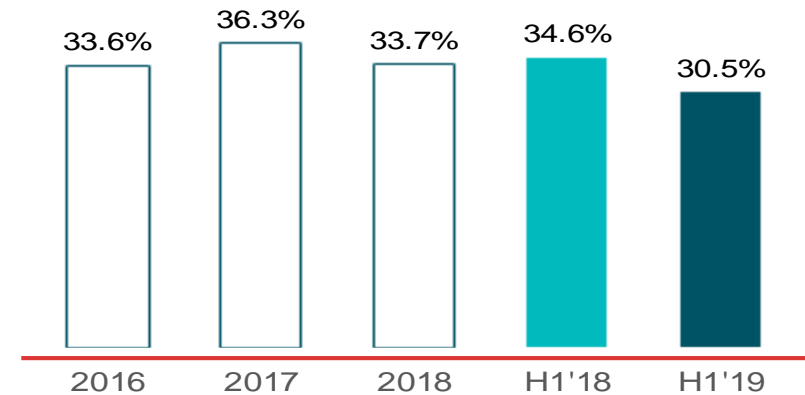
Net Income after zakat & tax (SARmn)



Revenue & Operating Expenses (SARmn)

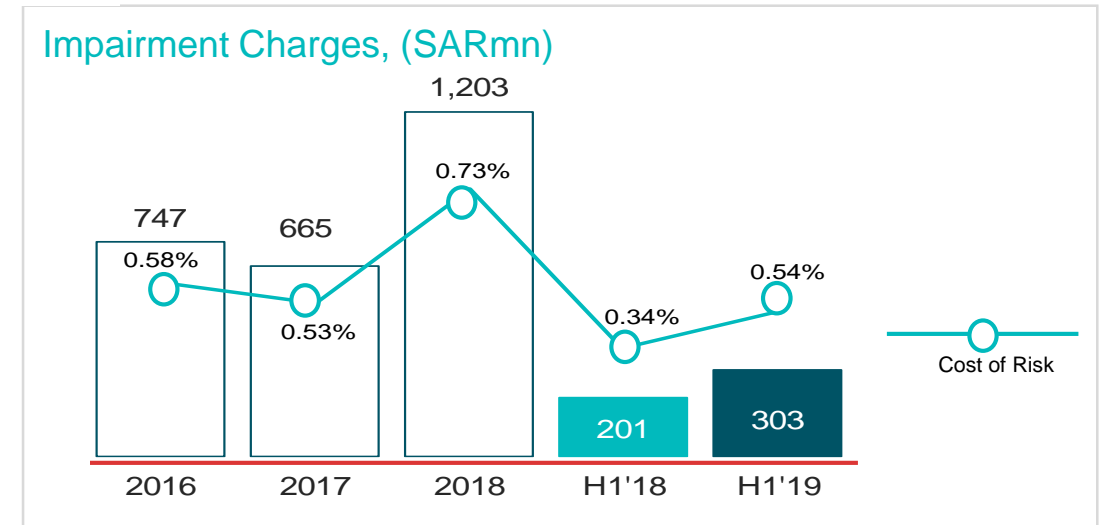
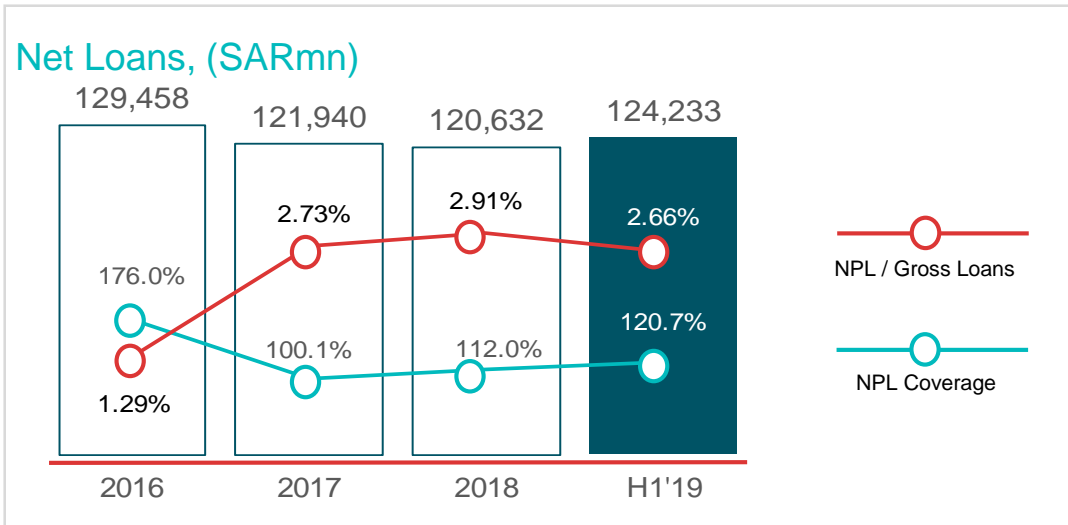


Cost-to-income Ratio (%)



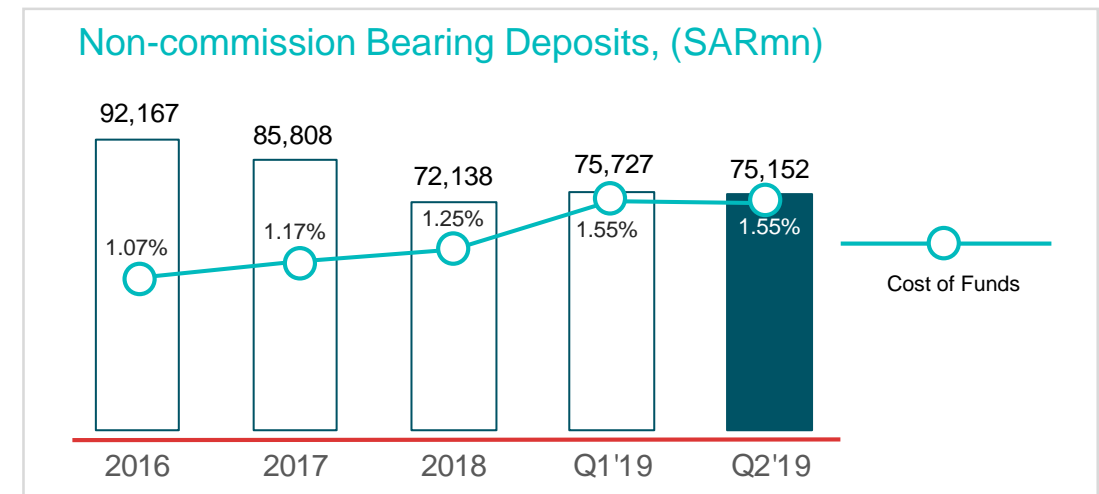
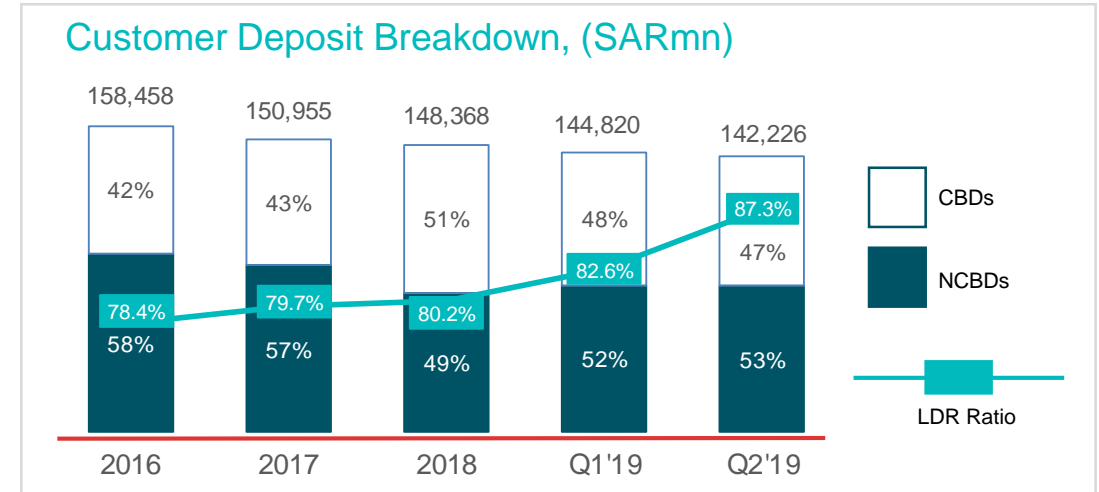
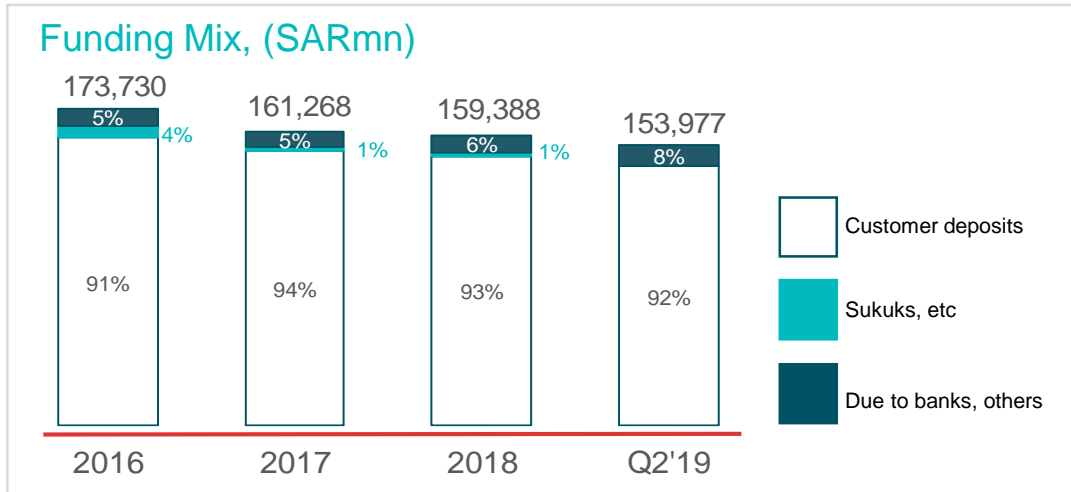


Cost of risk increased while NPL ratio improved



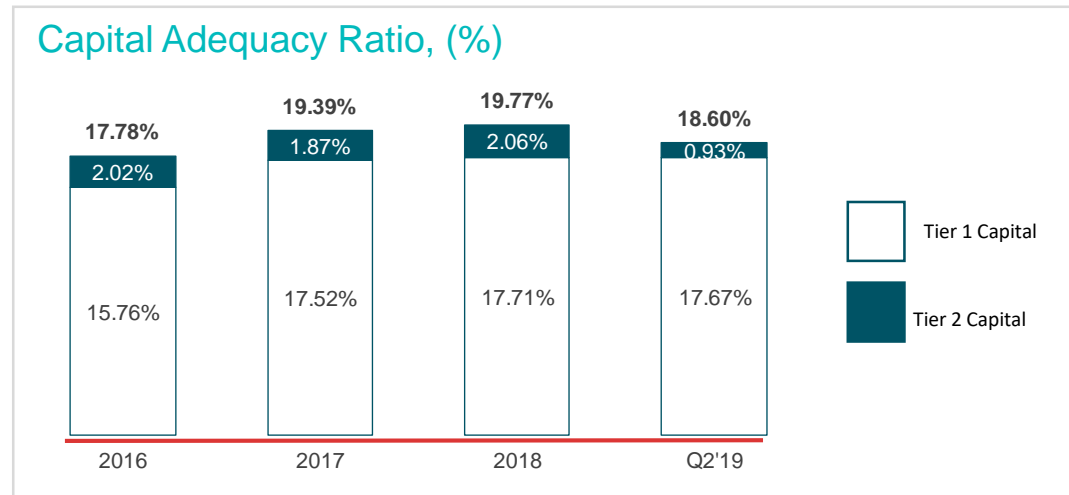


Lower CBDs resulting in favorable deposit mix and well positioned loan-to-deposit ratio at 87%





Strong CAR at 18.6% with solid internal capital generation capacity and Tier 1 capital





Banque Saudi Fransi
Our Operating Review |
By Business Line



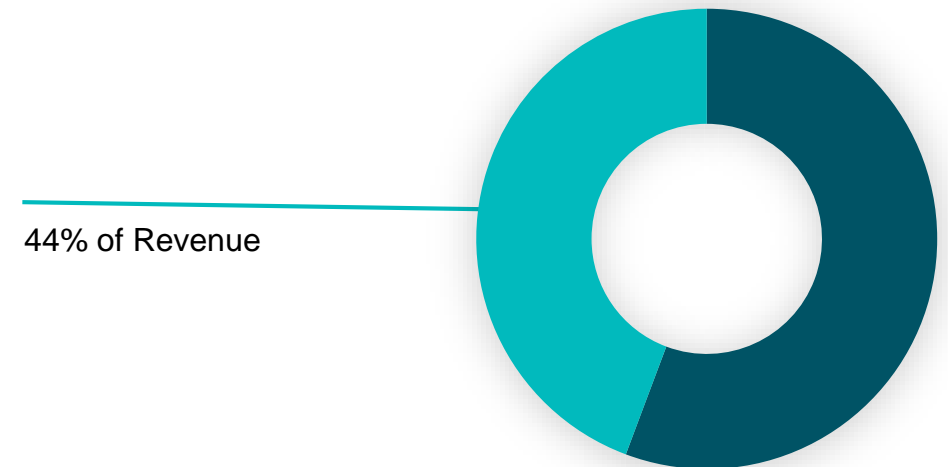
Corporate represents 44% of Bank revenues and impairment charges increased by 48% YoY

Corporate Banking Segmental Performance, (SARmn)

	2016	2017	2018	H1'18	H1'19	YoY %
Total Assets	116,505	107,093	102,523	108,708	104,339	-4.0%
Revenues	3,103	3,001	3,093	1,510	1,519	0.6%
Operating expenses	598	580	621	332	286	-13.8%
Impairment charges	689	527	1,014	154	228	48.0%
Net Income	1,816	1,894	1,457	1,024	1,005	-1.9%

Management Commentary

- Corporate assets declined by -4.0% YoY
- Revenues increased by 0.6% YoY
- Bottom line decreased by -1.9% YoY driven by the higher impairment charges partially offset by lower operating expenses





Retail continue the strong performance, largely driven by a surge in demand for home loans and cost control

Retail Banking Segmental Performance, (SARmn)

	2016	2017	2018	H1'18	H1'19	YoY%
Total Assets	16,500	17,791	19,764	18,608	21,835	17.3%
Revenues	1,491	1,553	1,751	815	940	15.3%
Operating expenses	1,110	1,170	1,115	569	536	-5.7%
Impairment charges	80	134	158	51	71	38.3%
Net Income	302	249	478	195	333	70.6%



Management Commentary

- Retail assets were up by 17.3% YoY due to strong growth in mortgage lending
- Revenues grew by 15.3% YoY
- Bottom line increased by 70.6% YoY driven by higher revenues and lower cost



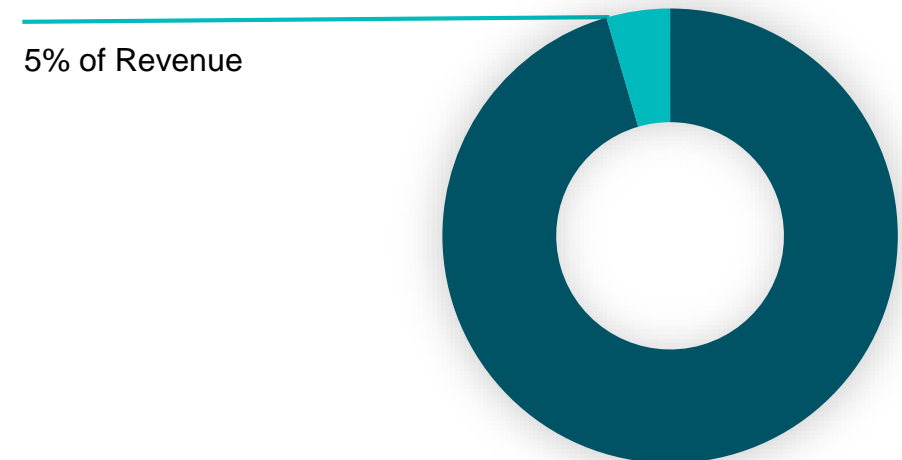
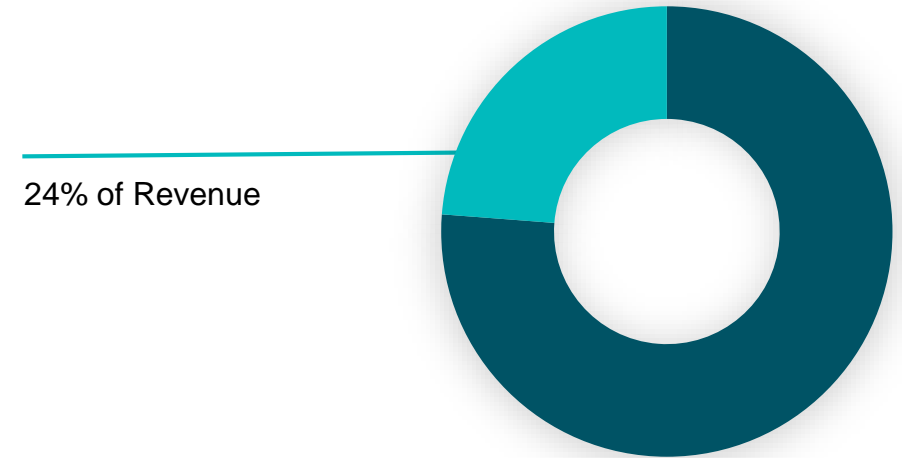
Treasury had a drop in net income driven by ASF sale and investment banking net income grew by 24%

Treasury Segmental Performance, (SARmn)

	2016	2017	2018	H1'18	H1'19	YoY %
Total Assets	69,346	66,836	66,580	60,058	59,164	-1.5%
Revenues	1,531	1,759	1,677	943	816	-13.6%
Operating expenses	246	474	380	188	132	-29.6%
Impairment charges	-	3.5	30	-3	4	-230.4%
Share in associate	7	8	3	3	0	-100.0%
Net Income	1,291	1,293	1,269	761	679	-10.8%

Investment Banking Segmental Performance, (SARmn)

	2016	2017	2018	H1'18	H1'19	YoY %
Total Assets	1,077	1,208	1,335	1,543	1,241	-19.6%
Revenues	275	264	278	141	155	9.4%
Operating expenses	174	167	174	89	90	1.0%
Net Income	101	96	104	52	65	23.9%



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