



Banque Saudi Fransi
Results presentation | 2019



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

>1 mn
Retail Client

3,700
Corporate Client

≈3,000
Employees

SAR
178bn
Assets

SAR
133bn
Deposits

SAR
46bn
Market Cap

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

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



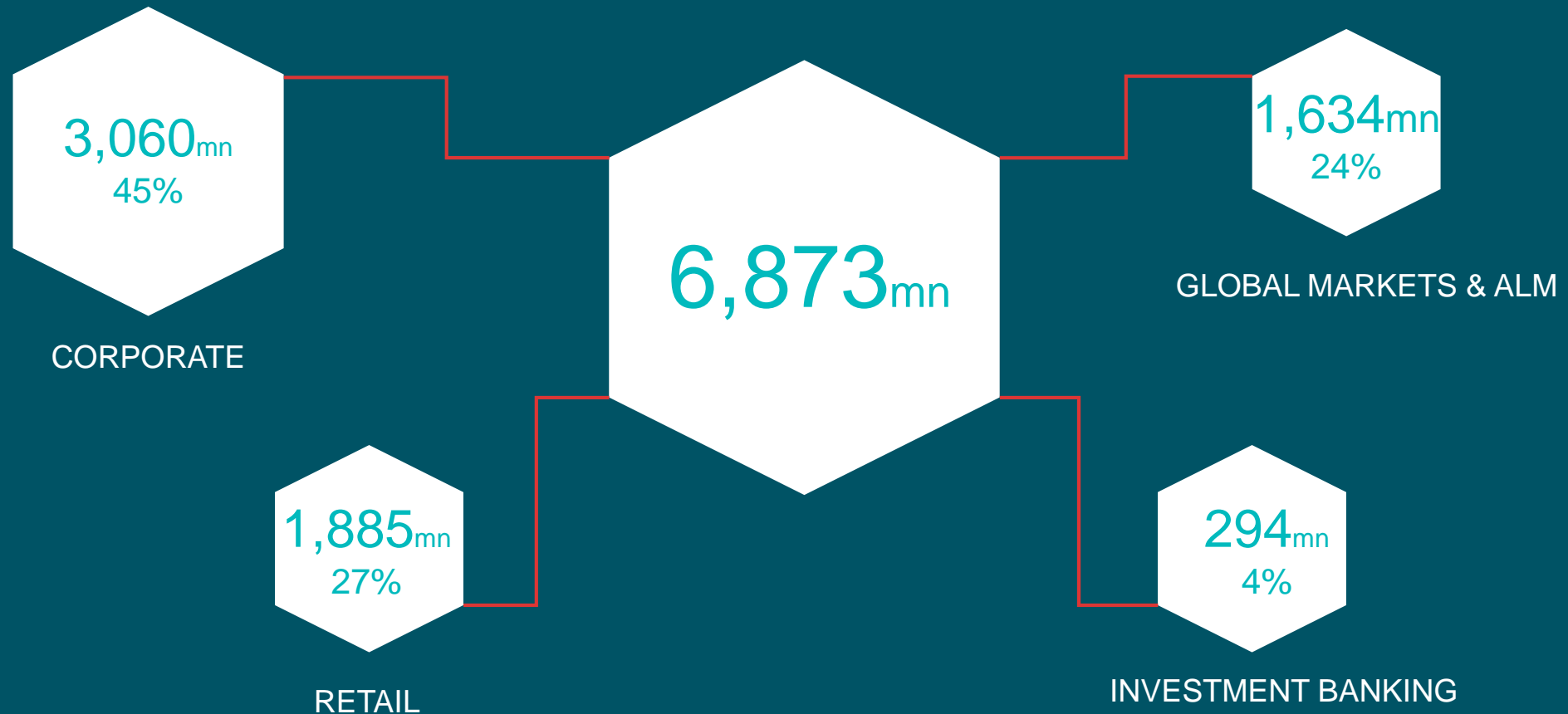
Subsidiaries in KSA:
Saudi Fransi Capital
Saudi Fransi Insurance
Saudi Fransi Leasing
Sakan Company

Joint ventures in KSA:
Insurance with Allianz



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

Total revenues contribution 2019, SAR





Our market parameters are strong with solid credit ratings

Share Parameters

	Dec - 2019
Closing Price (SAR)	37.90
52 weeks Range (SAR)	29 - 44
Shares issued	1,205,357,167
Market Cap (SARbn)	45.7
Market cap to Saudi Banking Industry	6.62%
Market cap to Saudi Stock Market	0.51%

Standard & Poor's

BBB+

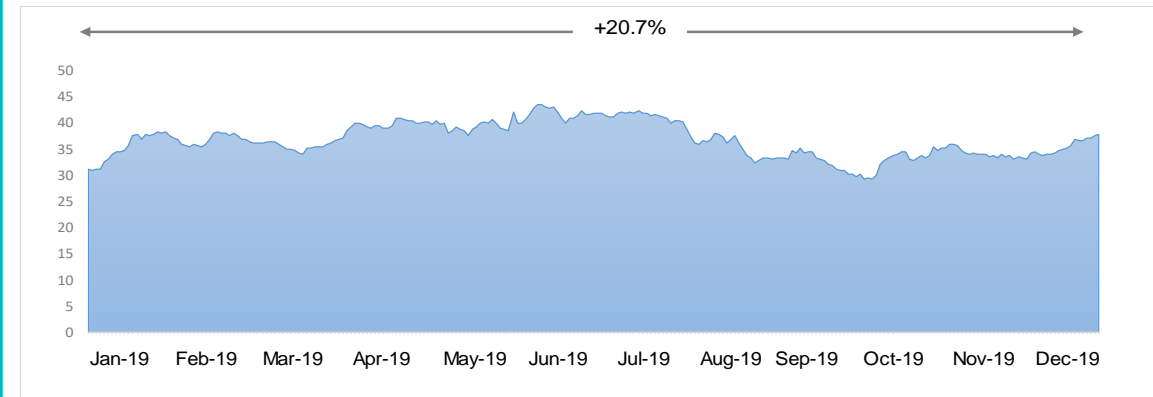
Fitch Rating

BBB+

Moody's

A1

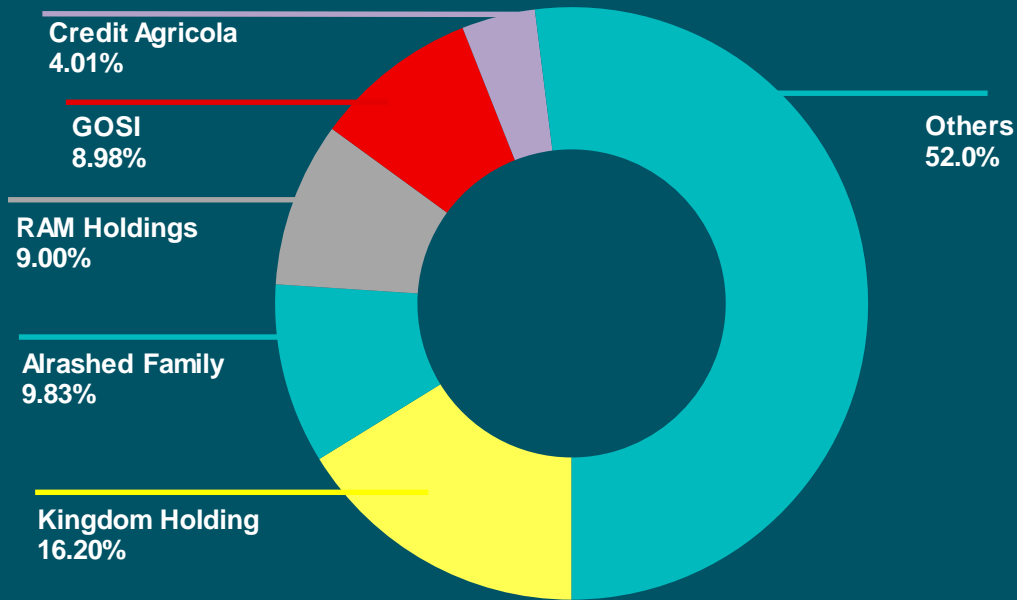
2019 Share Price Performance





Our Shareholding structure is solid and diversified

BSF Shareholder Structure



Foreign ownership



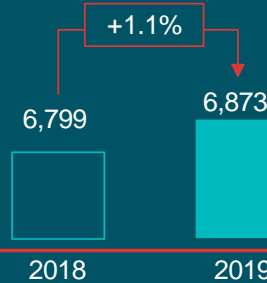


Our key messages

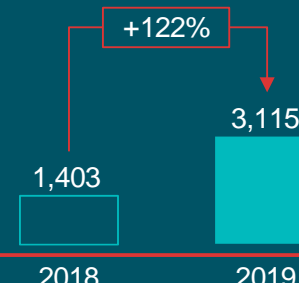
Income statement

- Revenues at SAR 6.9Bn up by 1.1% YoY driven by higher interest income partially offset by lower trading income. Revenue growth excluding impact of Allianz Saudi Fransi shares sale that took place in 2018 is (+2.6% YoY).
- Net income before zakat at SAR 3.6Bn up (+9.4% YoY). Excluding the impact of ASF shares sale up (+12.8% YoY).
- Net Income after zakat at SAR 3.1Bn up by (122% YoY) driven by lower impairment of financial assets and lower zakat expenses due to the SAR 1.5bn zakat settlement agreement with GAZT in Q4 2018.

Revenue (SARmn)



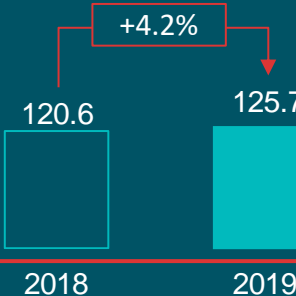
Net Income (SARmn)



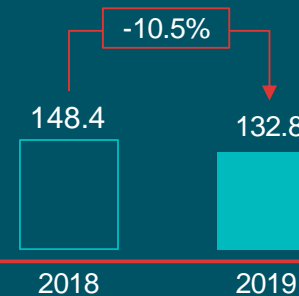
Balance Sheet

- Balance Sheet contracted by (6.4% YoY) due to a decline in cash at central bank and interbank placements as the Bank decreased its excess cash balance to optimize its balance sheet.
- Loan portfolio at SAR 126Bn up by 4.2% YoY mainly driven by the retail segment SAR +4.4bn (+32%) as Mortgages grew by 88%.
- Total deposits at SAR 133Bn declined by (10.5% YoY), driven by lower CBDs which resulted in favorable deposit mix

Loans (SARbn)



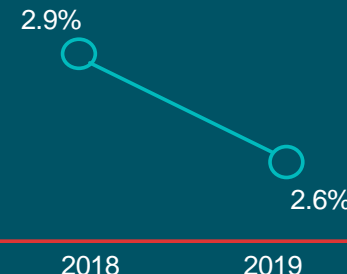
Deposits (SARbn)



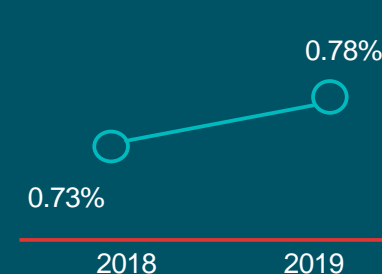
Assets Quality & Capital

- Total Impairment charges at SAR 966Mn (-19.7% YoY)
- Cost of risk ratio at 0.78% .
- NPL ratio at 2.64%.
- Coverage ratio 109%.
- Capital strength, CAR remains at very solid level of 19.2%.

NPL (%)



Cost of Credit Risk (%)





Strategy update



*Before Tax & Zakat



2019 net income improvement driven by interest income growth and lower impairment of financial assets.

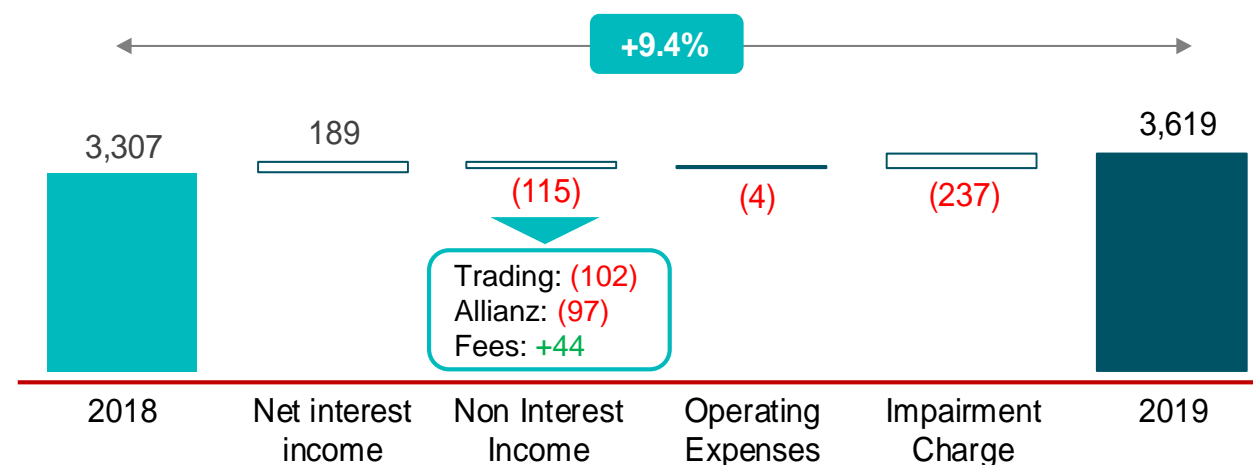
Income Statement Trends (SARmn)

SRM	2019	2018	YoY
Net interest income	5,206	5,017	3.8%
Fee and commission income, net	1,140	1,096	4.0%
Exchange income, net	336	347	-3.4%
Trading income, net	92	194	-52.6%
Other Income	100	145	-31.1%
Revenues	6,873	6,799	1.1%
Operating Expenses	2,287	2,291	-0.2%
Net operating income	4,585	4,507	1.7%
Impairment charge for credit losses, net	1,009	910	10.8%
Impairment charge - Others	-42	292	-114.5%
Net income before zakat & tax	3,619	3,307	9.4%
Zakat & Tax expenses	504	393	28.3%
Zakat Settlement	-	1,511	-
Net income after zakat & Tax	3,115	1,403	122.0%

Highlights

- Net income after zakat grew by 122% driven by higher interest income, lower provisioning and lower zakat & tax expenses
- Net income before zakat grew by 9.4%, excluding the impact of ASF shares sale net income is up (+12.8% YoY).
- Full year impairment charges of SAR 966m are below last year by SAR 237m (19.7%).
- In 2018 SAR 1.5bn zakat settlement agreement with GAZT took place which impacted 2018 net income.

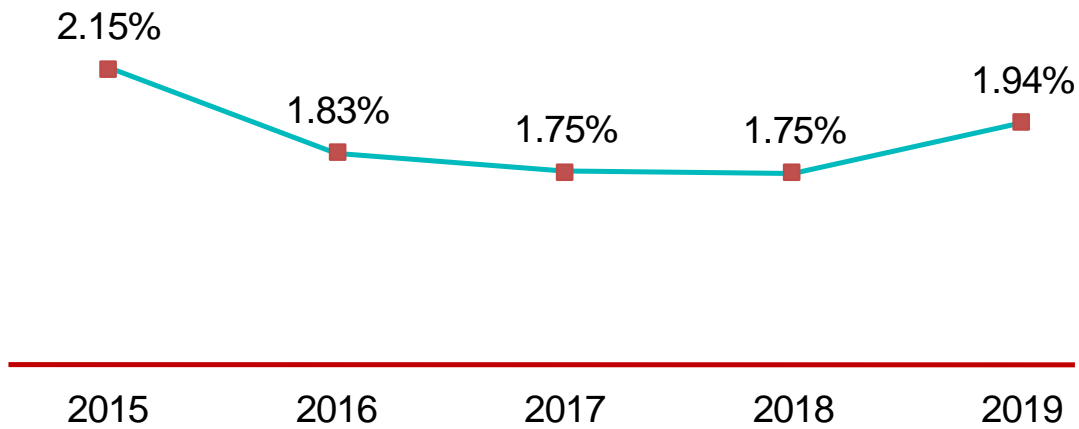
Income before tax & zakat by type (SARmn)



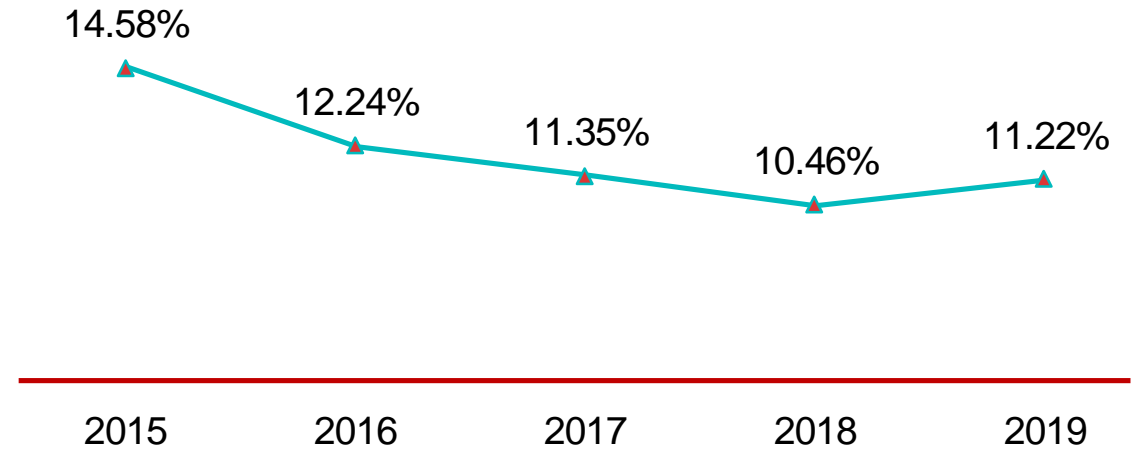


Overall improvement in return metrics against last year

Return on Average Assets*



Return on Average Equity*



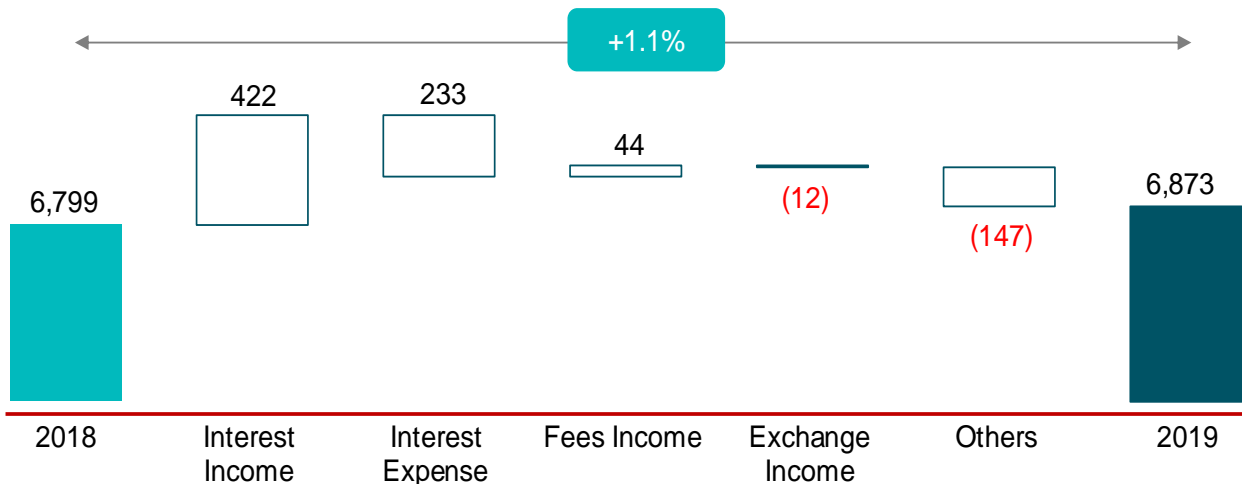
* Before Tax & Zakat

FINANCIAL RESULTS | OPERATING INCOME TREND

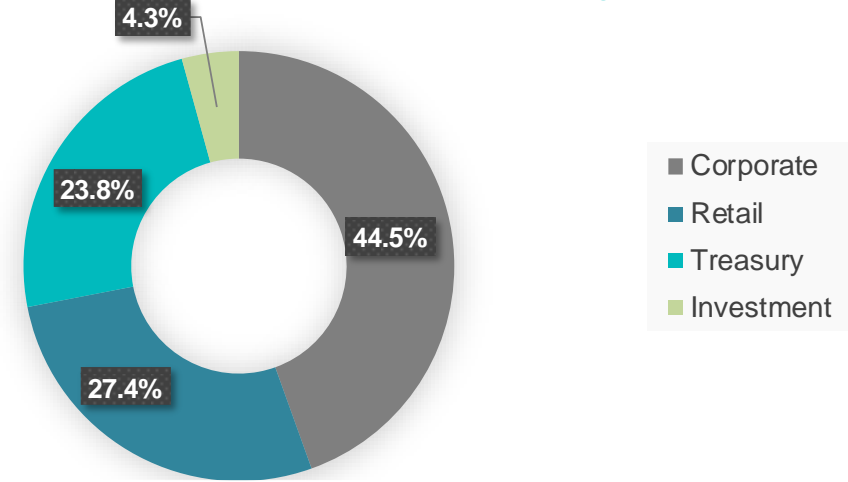


Steady operating income. Good growth in retail and increased contribution in operating income, inline with BSF strategy.

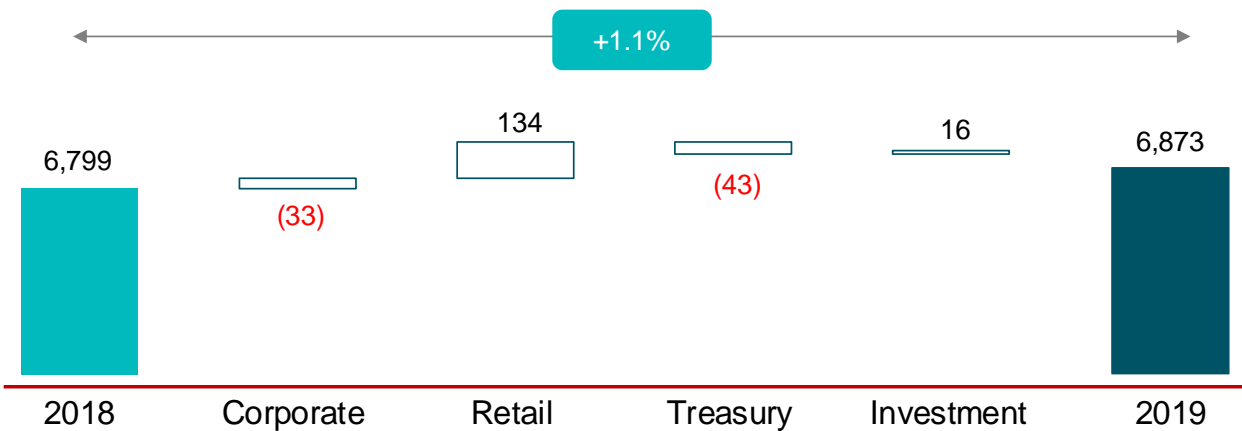
Operating Income by type (SARmn)



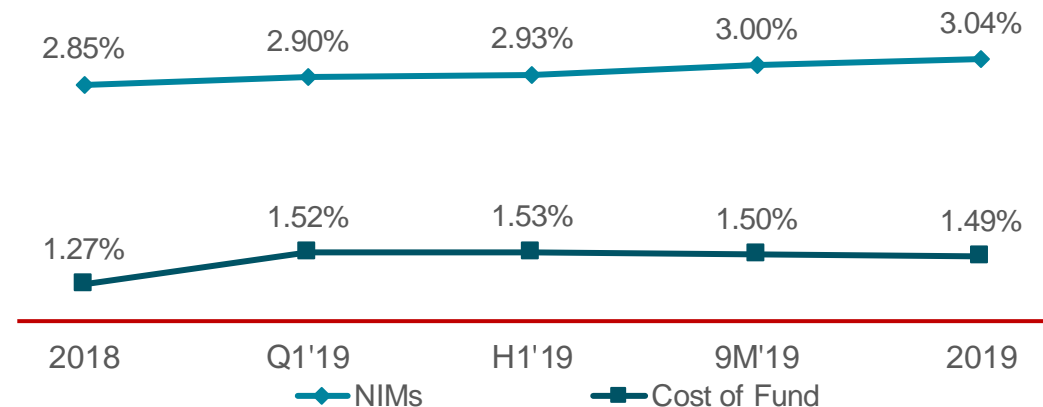
Business lines Contribution to Operating Income



Operating Income by segments (SARmn)



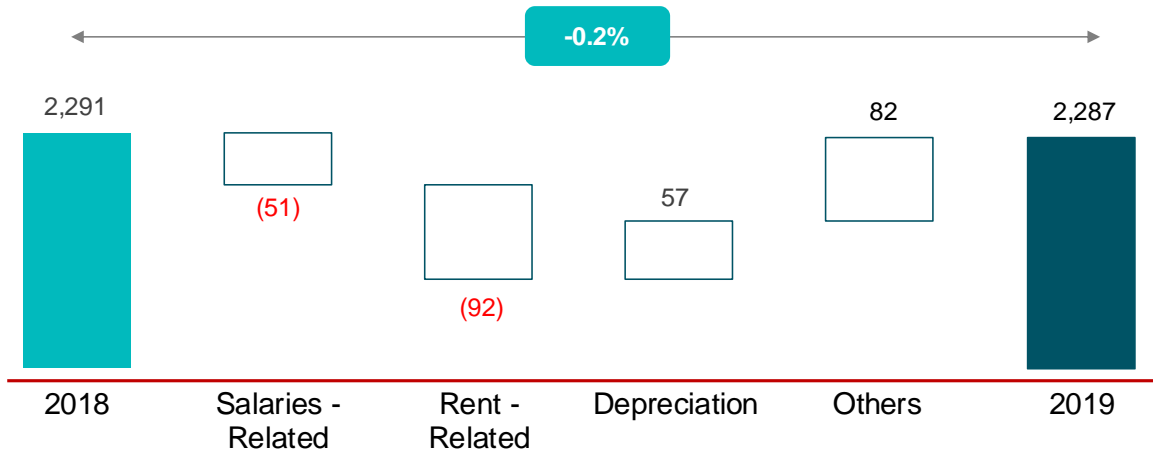
NIMs & Funding Cost



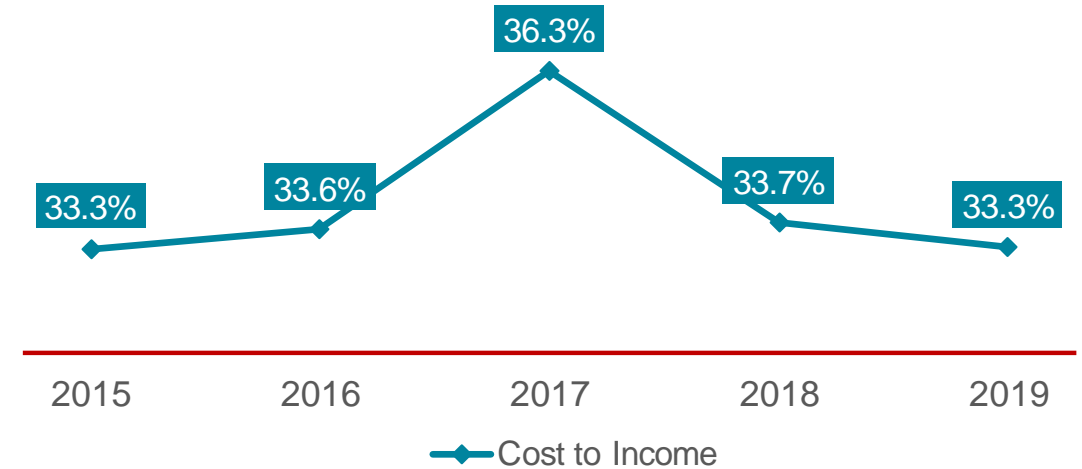


Improved cost to income ratio at 33.3% in 2019 mainly driven by higher revenues +1.1%

Operating expenses by type (SARmn)



Cost to Income %



Comments:

- Operating expenses lower by (0.2%) mainly due to lower staff costs
- Variance in depreciation and rental cost is caused by IFRS-16 implementation
- 2019 cost to income ratio at 33.3% with 4bps Improvement as total expenses reduced by 0.2% along with operating income increase by 1.1%



Increase in retail credit demand drive the loans growth and improved deposits mix.

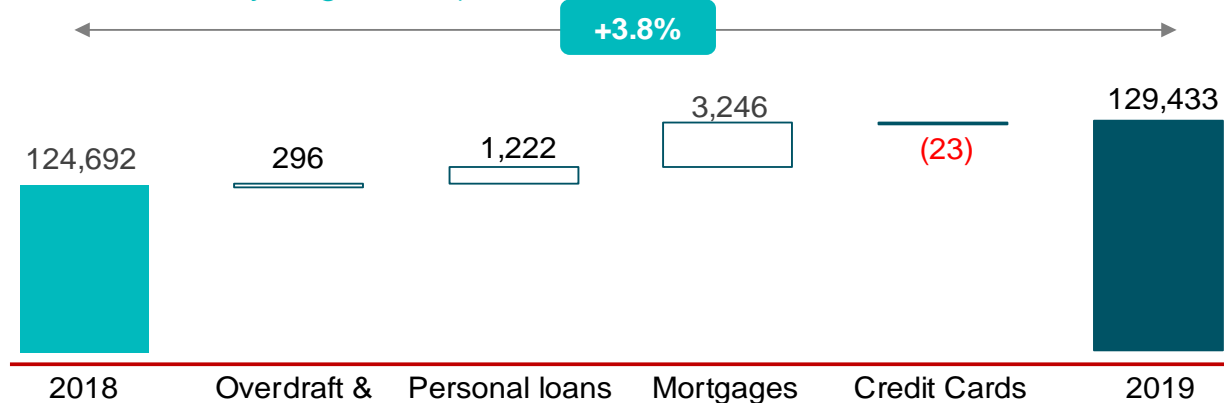
Balance sheet trends (SARmn)

SRM	Q4'19	Q3'19	QoQ	Q4'18	YoY
Cash and balances with SAMA and financial institutions	12,859	21,514	-40.2%	36,864	-65.1%
Loans and Advances	125,725	123,439	1.9%	120,632	4.2%
Investment	31,454	32,386	-2.9%	28,372	10.9%
Total Assets	178,149	186,365	-4.4%	190,250	-6.4%
Customer deposits - which include:	132,837	141,898	-6.4%	148,368	-10.5%
Non commission bearing deposits	72,767	76,521	-4.9%	72,138	0.9%
Commission bearing deposits	60,071	65,377	-8.1%	76,230	-21.2%
Total Liabilities	145,202	153,753	-5.6%	159,388	-8.9%
Total Equity	32,947	32,612	1.0%	30,862	6.8%

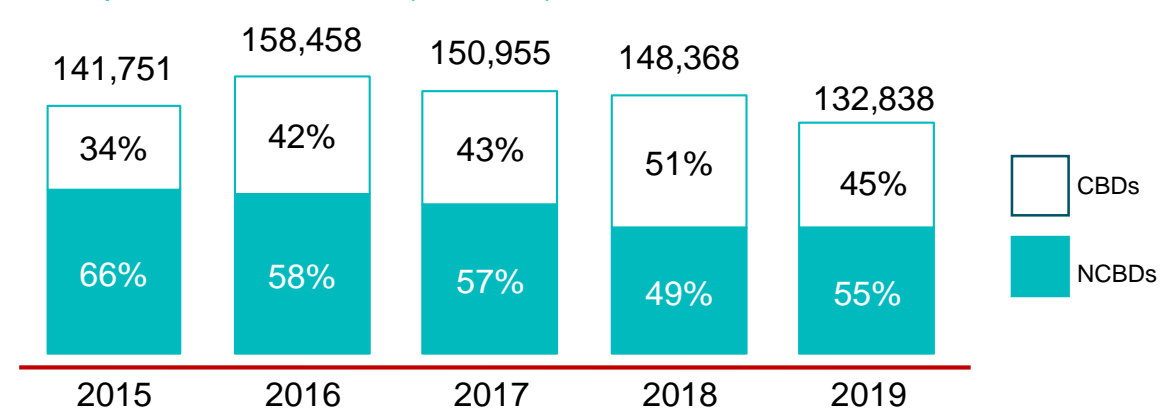
Highlights

- Balance sheet contracted against last year by SAR 12.2b (6.4%YoY).
- Loans & advances increased by (4.2% YoY). This is mainly driven by strong growth in mortgage loans 88% YoY.
- Net investments increased by (10.9% YoY)
- Customer Deposits decreased by (10.5% YoY) driven by reduction in commission bearing deposits.

Gross loans by segments (SARmn)

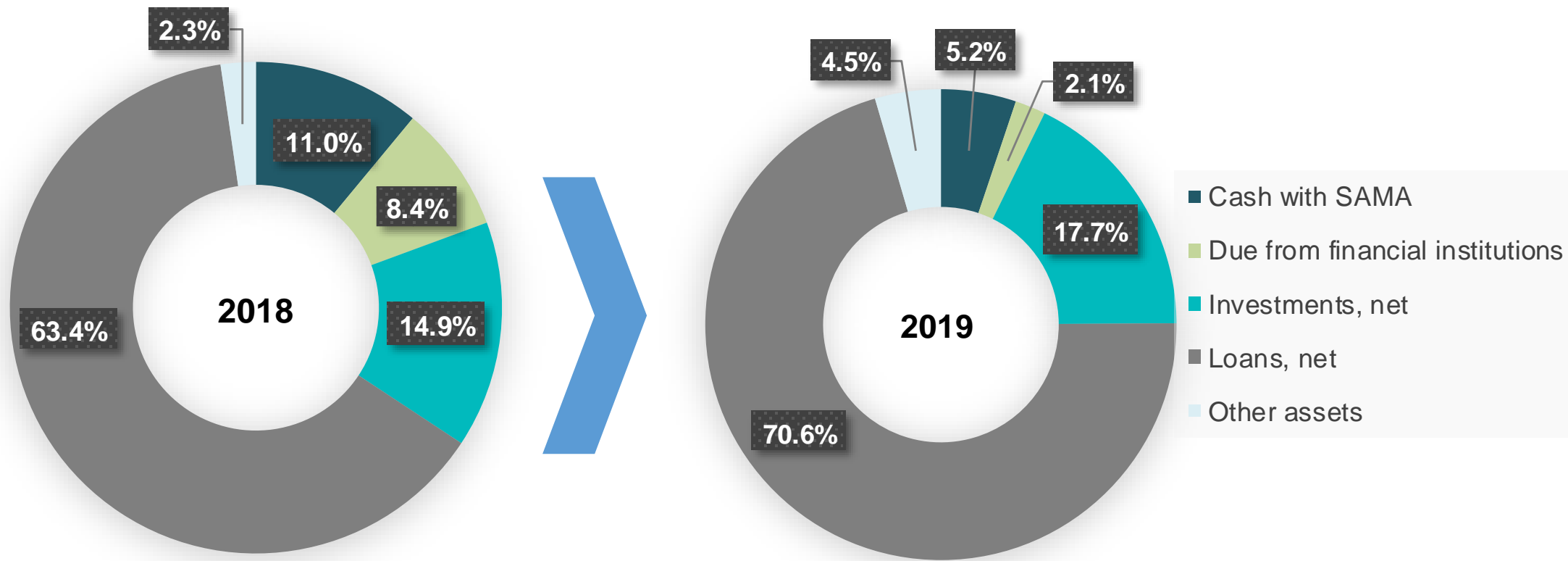


Deposits breakdown (SARmn)





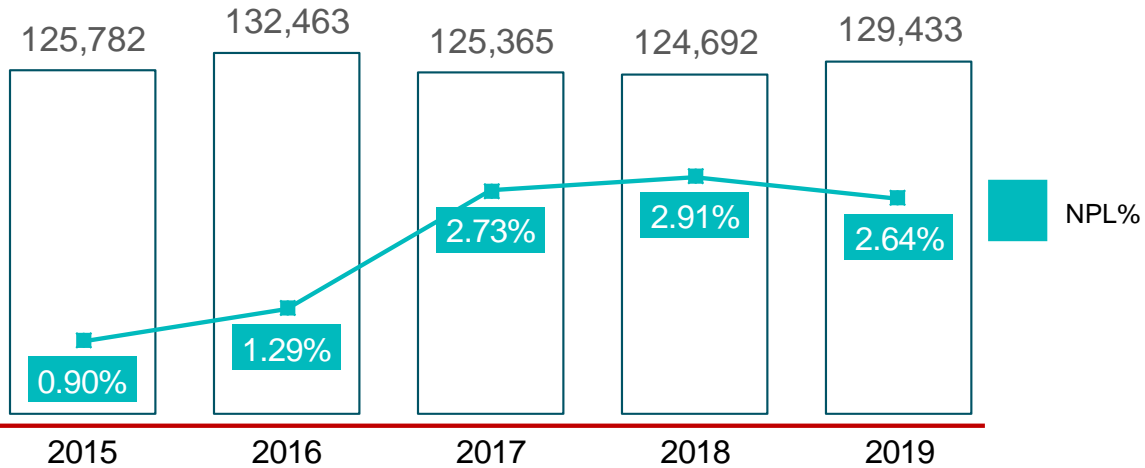
Decrease in excess cash balances to optimize the balance sheet and improve yields on assets



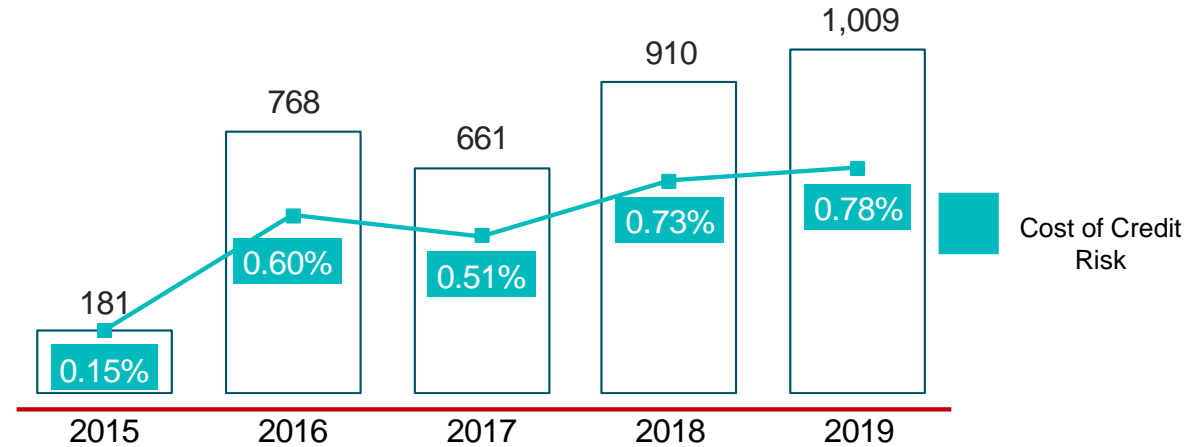


Non-performing loans ratio improved and increase in cost of credit risk

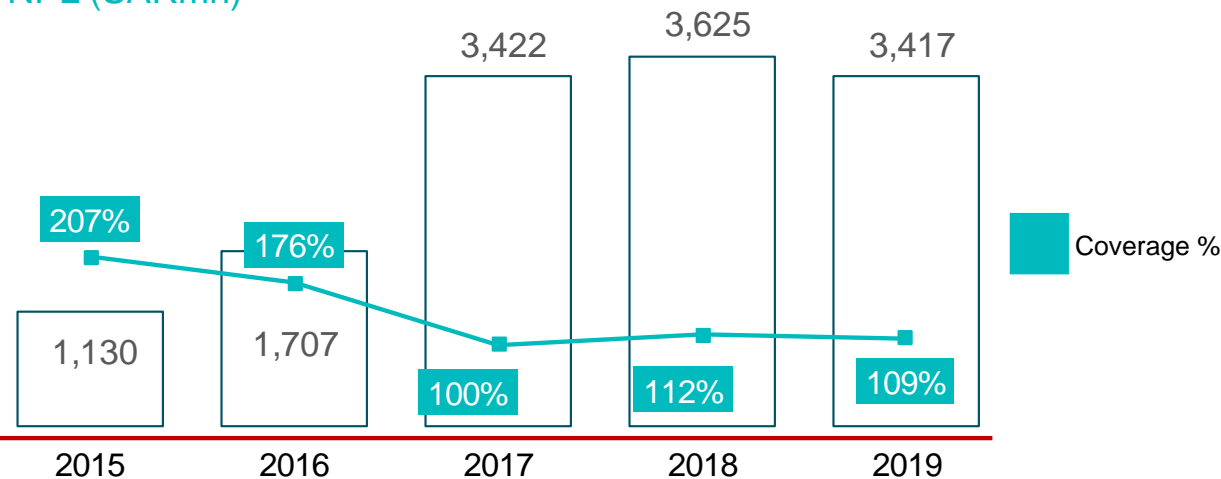
Gross Loans (SARmn)



Impairment Charges from credit losses (SARmn)



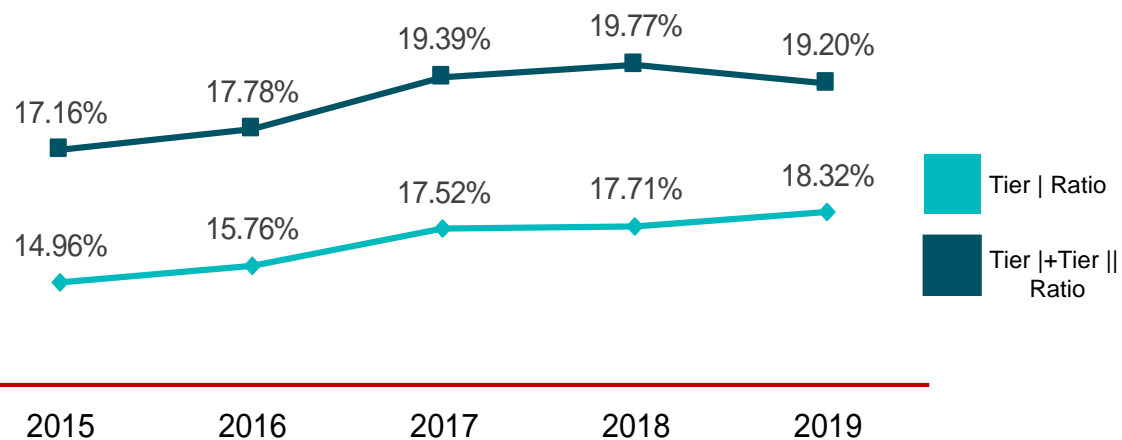
NPL (SARmn)



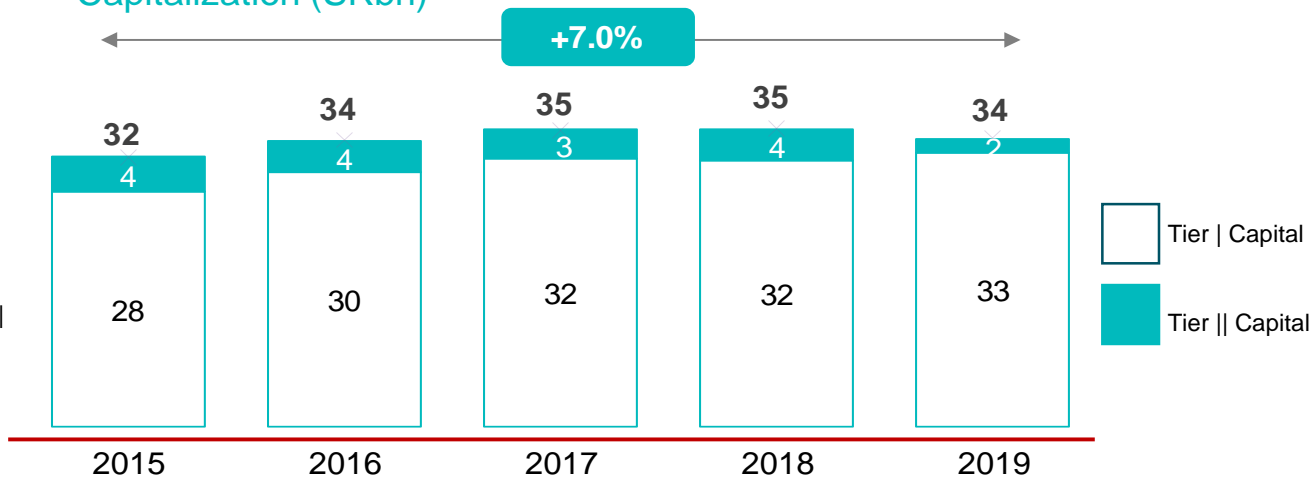


Capitalization remain comfortably within regulatory requirements.

Capital Adequacy Ratio%



Capitalization (SRbn)





Guidance Metric	2018	2019	2020 Guidance
Loans, net	SAR 121bn	SAR 126bn	High single digit growth %
Cost of Risk	0.73%	0.78%	0.75% – 0.90%
NIMs	2.85%	3.04%	+5 bps – +15 bps



Q&A

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