

Market Data	
52-week high/low	SAR 53.40/32.45
Market Cap	SAR 54,362 mln
Shares Outstanding	1,205 mln
Free-float	73.88%
12-month ADTV	944,870
Bloomberg Code	BSFR AB

### Deposits Decline Sequentially

July 26, 2023

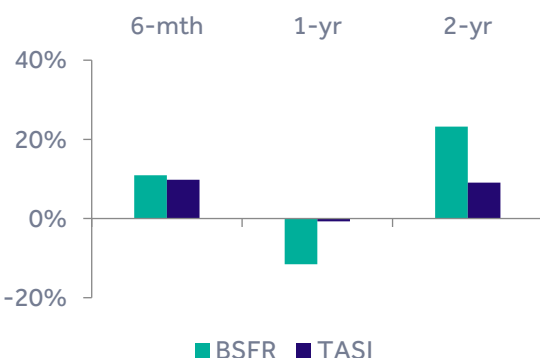
Upside to Target Price	(2.4%)	Rating	Neutral
Expected Dividend Yield	1.3%	Last Price	SAR 45.10
Expected Total Return	(1.1%)	12-mth target	SAR 44.00

Banque Saudi Fransi	2Q2023	2Q2022	Y/Y	1Q2023	Q/Q	RC Estimate
Net Commission Income	1,976	1,516	30%	1,924	3%	1,960
Total Operating Income	2,347	1,870	26%	2,318	1%	2,430
Net Income	1,073	837	28%	1,076	(0%)	1,132
Loans & Advances	169,695	159,625	6%	164,779	3%	172,545
Deposits	161,165	157,919	2%	167,414	(4%)	170,762

(All figures are in SAR mln)

- BSFR's net loans grew by +6% Y/Y and +3% Q/Q to SAR 170 bln at 2Q2023-end. However, we are concerned with the SAR 6.2 bln Q/Q decline in Deposits to SAR 161 bln.
- On the back of higher interest rates, Special Commission Expense increased on both yearly and quarterly basis by +292% and +17%, respectively, to SAR 1.3 bln. NSCI rose by +30% Y/Y and +3% Q/Q to reach SAR 2.0 bln, matching our estimates, driven by an increase in Special Commission Income by +76% Y/Y and +8% Q/Q.
- Non-core Income was up +5% Y/Y but fell -6% Q/Q to SAR 371 mln. The decline Q/Q was attributed to lower Income from Net Fee & Commission and Exchange Income.
- Total Operating Expense of SAR 1.2 bln is up on both yearly and quarterly basis by +23% and +3%, respectively. The increase was driven by a rise in Provisions by +47% Y/Y and +6% Q/Q to reach SAR 431 mln along with higher Salaries and employee related expenses, Other Operating Expenses and G&A expenses on a Q/Q basis.
- Net income was +28% higher Y/Y but slightly lower Q/Q to SAR 1.1 bln, close to our estimates. We downgrade our rating to Neutral as the stock has risen over +16% since our last note. We maintain our Target Price of SAR 44.00.

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## Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors  
For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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