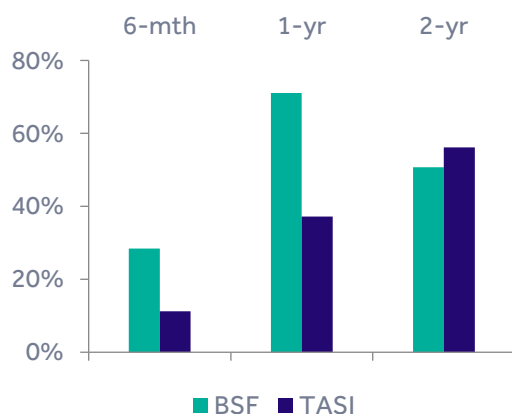


Market Data	
52-week high/low	SAR 53.50/27.80
Market Cap	SAR 62,799 mln
Shares Outstanding	1,205 mln
Free-float	71.20%
12-month ADTV	521,494
Bloomberg Code	BSFR AB



Lower Provisions Lead 2021 Profits

February 23, 2022

Upside to Target Price	(23.2%)	Rating	Sell
Expected Dividend Yield	1.9%	Last Price	SAR 52.10
Expected Total Return	(21.3%)	12-mth target	SAR 40.00

Banque Saudi Fransi	4Q2021	4Q2020	Y/Y	3Q2021	Q/Q	RC Estimate
Net Commission Income	1,332	1,281	4%	1,424	(6%)	1,331
Total Operating Income	1,725	1,777	(3%)	1,914	(10%)	1,831
Net Income	993	94	960%	907	9%	677
Loans & Advances	147,813	130,565	13%	144,393	2%	146,490
Deposits	141,950	127,112	12%	143,322	(1%)	144,907

(All figures are in SAR mln)

- Net loans have sustained its continuous growth since the beginning of the year, by adding SAR 3.4 bln Q/Q, to stand at SAR 147.8 bln in 2021. Yet, deposits ended its uptrend, which started since the beginning of the year, declining by SAR 1.4 bln Q/Q to reach SAR 142.0 bln.
- Quarterly NSCI grew slightly over the year to reach SAR 1.3 bln (up +4% Y/Y) in 4Q2021. Consequently, NSCI for full 2021 improved by +3% Y/Y to reach SAR 5.4 bln. However, the quarterly Operating Income was lower by -3% Y/Y reaching SAR 1.7 bln. Yet, the yearly Operating Income managed to increase by +2% Y/Y to stand at SAR 7.2 bln in 2021. All items mentioned above are matching our estimates.
- BSFR managed to reduce its 2021 total OpEx by -33% Y/Y reaching SAR 3.4 bln, primarily due to a drop in Provisions by -64% to SAR 1.0 bln, although the G&A and other expenses were higher. Similarly, for the 4Q2021 total OpEx declined to almost half, reaching SAR 666 mln, as the Provisions were lower by -80% Y/Y to reach SAR 168 mln.
- Net income of SAR 993 mln for 4Q2021, jumped by +960% Y/Y and +9% Q/Q, beating both our estimate and market expectations. The main cause of deviation was the lower than expected provisioning charge. We increase our target price to SAR 40.00 but due to the recent stock price rally, we downgrade to sell.

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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

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