

Market Data	
52-week high/low	SAR 45.70/32.45
Market Cap	SAR 46,225mln
Shares Outstanding	1,205 mln
Free-float	73.88%
12-month ADTV	531,434
Bloomberg Code	BSFR AB

## ■ NSCI Pressure Strains Net Income

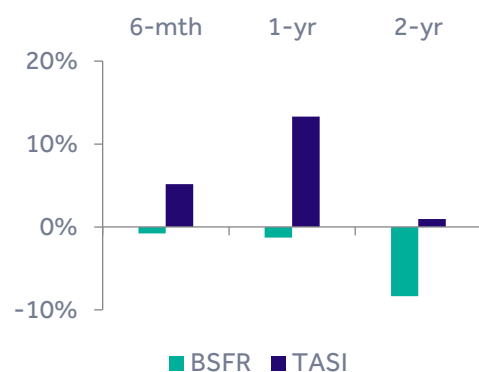
February 07, 2024

Upside to Target Price	14.7%	Rating	Buy
Expected Dividend Yield	5.3%	Last Price	SAR 38.35
Expected Total Return	20.0%	12-mth target	SAR 44.00

Banque Saudi Fransi	4Q2023	4Q2022	Y/Y	3Q2023	Q/Q	RC Estimate
Net Commission Income	1,868	1,779	5%	2,068	(10%)	2,363
Total Operating Income	2,191	2,243	(2%)	2,468	(11%)	2,763
Net Income	827	903	(8%)	1,245	(34%)	1,173
Loans & Advances	179,391	159,012	13%	174,681	3%	173,126
Deposits	172,209	157,592	9%	166,367	4%	167,363

(All figures are in SAR mln)

- BSFR posted lackluster earnings resulting in the stock losing more than 5% yesterday. Net loans depicted strong growth to SAR 179.4 bln, rising +13% Y/Y and +3% Q/Q. Similarly, deposits also added almost SAR 6 bln to their 3Q tally, rising to SAR 172.2 bln, up +9% Y/Y.
- Despite stronger than expected growth in net loans Q/Q, NSCI declined by -10% Q/Q to SAR 1.9 bln. We suspect that higher cost deposits have weakened NIMs. For the full year, NSCI was up +22% on elevated interest rates.
- Operating income fell -2% Y/Y and a whopping -11% Q/Q to SAR 2.2 bln, likely due to a moderation in trading and exchange income and losses on non-trading investments.
- While provisions are up +17% Y/Y for full year 2023, they are down -6% Q/Q to SAR 331 mln in 4Q. The bank had booked higher provisions in 1H (SAR 912 mln) while 2H was more subdued at SAR 682 mln.
- Net income of SAR 827 mln for 4Q2023 is down -8% Y/Y and -34% Q/Q and below both our forecast of SAR 1.1 bln and more optimistic market consensus of SAR 1.2 bln. A DPS of SAR 1.00 for 2H2023 takes full year DPS to SAR 1.95.
- While the stock can take a short term beating on below consensus numbers, we maintain our Buy recommendation and SAR 44.00 target price on better performance going forward as interest rate cuts take effect in 2024.



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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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