

Net Income Back on Track

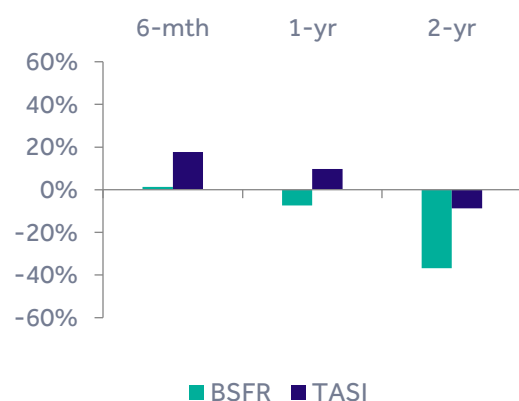
April 25, 2024

Upside to Target Price	22.1%	Rating	Buy
Expected Dividend Yield	5.5%	Last Price	SAR 36.05
Expected Total Return	27.6%	12-mth target	SAR 44.00

Market Data	
52-week high/low	SAR 45.70/33.15
Market Cap	SAR 43,453mln
Shares Outstanding	1,205 mln
Free-float	73.88%
12-month ADTV	531,434
Bloomberg Code	BSFR AB

Banque Saudi Fransi	1Q2024	1Q2023	Y/Y	4Q2023	Q/Q	RC Estimate
Net Commission Income	1,919	1,924	(0%)	1,868	3%	2,030
Total Operating Income	2,331	2,318	1%	2,191	6%	2,394
Net Income	1,150	1,076	7%	827	39%	1,109
Loans & Advances	185,408	164,779	13%	179,391	3%	176,589
Deposits	174,828	167,414	4%	172,209	2%	170,710

(All figures are in SAR mln)



- BSFR posted a more normalized bottomline for 1Q at SAR 1.15 bln as compared to sub-par earnings in the previous quarter and in-line with our SAR 1.11 bln forecast. Net loans continued their strong growth, further rising by +13% Y/Y and +3% Q/Q to SAR 185.4 bln. While deposits also inclined by +4% Y/Y and +2% Q/Q to SAR 174.8 bln, the SAR 2.6 bln increment in deposits lagged the SAR 6.0 bln rise in net loans resulting in further growth in simple LDR.
- NSCI ended up almost flat Y/Y but has improved +3% Q/Q to SAR 1.9 bln on both higher quantum and pricing of loans. We expect deposits have also come at an elevated cost with NIMs marginally lower Q/Q.
- Operating income has risen on both yearly and quarterly basis to SAR 2.3 bln as non-core income grew +28% Q/Q to SAR 412 mln.
- Provisions came in at just SAR 276 mln, down -32% Y/Y and -33% Q/Q resulting in a -17% decline in operating expenses to SAR 1.05 bln and helping bottomline.
- +7% Y/Y and +39% Q/Q growth in net income to SAR 1.15 bln (beating market consensus) has been cheered by the market, especially after a lackluster 4Q2023. We continue to take a longer-term positive view on the stock with interest rate cuts expected in the latter part of 2024. We maintain our Buy recommendation and SAR 44.00 target price.

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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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