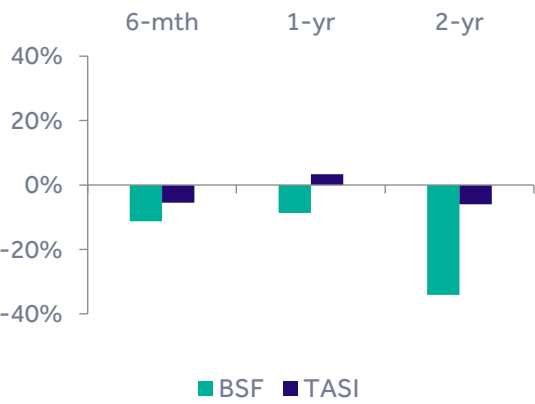


Market Data	
52-week high/low	SAR 42.95/32.50
Market Cap	SAR 41,404mln
Shares Outstanding	1,205 mln
Free-float	73.88%
12-month ADTV	531,434
Bloomberg Code	BSF AB



■ NSCI Pressure Strains Net Income

August 15, 2024

Upside to Target Price	28.1%	Rating	Buy
Expected Dividend Yield	2.9%	Last Price	SAR 34.35
Expected Total Return	31.0%	12-mth target	SAR 44.00

Banque Saudi Fransi	2Q2024	2Q2023	Y/Y	1Q2024	Q/Q	RC Estimate
Net Commission Income	1,940	1,976	(2%)	1,919	1%	1,985
Total Operating Income	2,342	2,347	0%	2,331	0%	2390
Net Income	1,129	1,073	5%	1,150	(2%)	1,197
Loans & Advances	197,160	169,695	16%	185,408	6%	189,116
Deposits	196,248	161,165	22%	174,828	12%	176,828

(All figures are in SAR mln)

- Net loans continued their strong growth, rising by +16% Y/Y and +6% Q/Q to reach SAR 197 bln. Deposits inclined strongly by +22% Y/Y and +12% Q/Q to SAR 196.2 bln. The SAR 11.8 bln increment in net loans lagged the SAR 21.4 bln rise in deposits resulting in a decline in simple LDR to 100% from 106% in 1Q.
- Despite stronger growth in net loans Q/Q and Y/Y, NSCI experienced a marginal decline of -2% Y/Y but showed a +1% Q/Q improvement to SAR 1.94 bln. We suspect that deposits have come at an elevated cost, exerting downward pressure on NIMs. Non-core income grew +8% Y/Y to SAR 402 mln, likely driven by better fees and gain in investment instruments.
- Operating income remained flat on both yearly and quarterly basis, settling at SAR 2.3 bln. Notably, provisions decreased by -36% Y/Y, resulting in a -6% Y/Y drop in operating expenses to SAR 1.08 bln. However, operating expenses rose by +3% Q/Q resulting in higher cost to income ratio to 35%, compared to 33% in the previous quarter.
- BSF reported a bottom-line for 2Q at SAR 1.13 bln, a -2% Q/Q decrease, mostly in line with market expectations of SAR 1.16 bln. This can be attributed to deceleration in the growth of NSCI and operating income. 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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