

Downgrade to Neutral

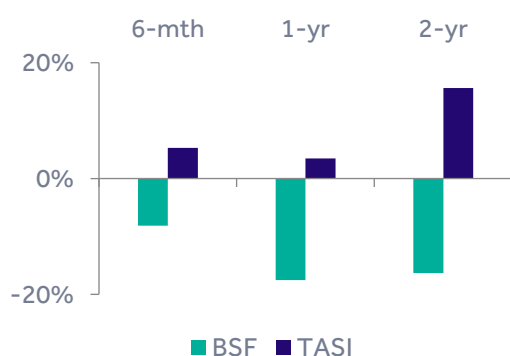
February 05, 2025

Upside to Target Price	5.5%	Rating	Neutral
Expected Dividend Yield	6.1%	Last Price	SAR 16.12
Expected Total Return	11.5%	12-mth target	SAR 17.00

Market Data	
52-week high/low	SAR 19.78/14.57
Market Cap	SAR 40,300 mln
Shares Outstanding	2,500 mln
Free-float	73.88%
12-month ADTV	2,100,650
Bloomberg Code	BSF AB

Banque Saudi Fransi	4Q2024	4Q2023	Y/Y	3Q2024	Q/Q	RC Estimate
Net Commission Income	2,039	1,869	9%	1,986	3%	2,018
Total Operating Income	2,572	2,191	17%	2,412	7%	2,374
Net Income	1,117	827	35%	1,148	(3%)	1,131
Loans & Advances	204,168	179,391	14%	201,008	2%	203,319
Deposits	185,118	172,209	7%	193,342	(4%)	198,040

(All figures are in SAR mln)



- Net loans continued their strong growth, rising by +14% Y/Y and +2% Q/Q, reaching SAR 204 bln, in-line with our forecast of SAR 203 bln. Although deposits grew by +7% Y/Y, they declined by -4% Q/Q to SAR 185 bln. This needs to be monitored, as it may limit future loan growth prospects. The simple LDR has increased to 110%, from 104% in 3Q. NSCI showed a +9% Y/Y growth and +4% Q/Q improvement to SAR 2.0 bln, matching our estimates. NSCI for 2024 posted a modest +1% Y/Y increase, reflecting the ongoing pressure on margins, as the bank was unable to sufficiently reduce the cost of funds to offset the decline in asset yields, due to limited liability repricing and intense competition in deposit market.
- Non-core income remarkably grew by +65% Y/Y and +25% Q/Q to SAR 533 mln. This demonstrates diversification of revenue stream. Operating income increased by +17% Y/Y and +7% on sequential basis, settling at SAR 2.6 bln, mainly driven by higher trading income, net fee and commission income, net special commission income and gains on non-trading investments.
- BSF reported a bottom-line of SAR 1.12 bln, a +35% Y/Y increase, matching our estimates of SAR 1.13 bln. This growth can be primarily attributed to higher non-funded income. BSF declared a cash dividend for 2H2024 at SAR 0.50 per share.
- We reduce our target price from SAR 18.00 to SAR 17.00 and revise our rating to Neutral. The Q/Q decline in deposits raises concerns, signals potential funding pressures. Given the high exposure to commercial loans, we anticipate BSF will face persistent margin compression, driven by the repricing of assets in response to shifting monetary policy dynamics. While long-term growth prospects remain intact, near-term headwinds, including deposit constraints and a repricing asset, limit the upside.

Reem M. Alkhulayfi
 reem.alkhulayfi@riyadcapital.com
 +966-11-203-6880

■ 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

Riyad Capital is a Saudi Closed Joint Stock Company with Paid up capital of SR 500 million, licensed by the Saudi Arabian Capital Market Authority NO.07070-37. Commercial Registration No: 1010239234. Head Office: Granada Business Park 2414 Al-Shohda Dist. – Unit No 69, Riyadh 13241 - 7279 Saudi Arabia. Ph: 920012299.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.