

January 12, 2010

BANQUE SAUDI FRANSI (1050.SE)

- Banque Saudi Fransi (BSF) reported a net profit of SAR 2.47 billion in 2009, 12% below 2008 and 10% below our forecast of SAR 2.74 billion. Net profit in 4Q2009 stood at SAR 324 million, reflecting a 43% year-on-year drop, and a 55% quarter-on-quarter drop. The provisioning charges taken in 4Q2009 have not been disclosed, however, the bank has stated that the weak results were on the back of heavy provisioning in 4Q2009.
- Net interest income (NII) for 2009 stood at SAR 3.05 billion, 8% above 2008, and in line with our SAR 3.04 billion forecast. NII in 4Q2009 grew by 1% quarter-on-quarter, but dropped 6% year-on-year, reaching SAR 768 million. BSF's total operating income in 2009 reached SAR 4.29 billion, 2% below 2008, and in line with our forecast of SAR 4.34 billion (a difference of 1%). The decline in operating income was on the back of a 22% fall in non-interest income during 2009.
- BSF's total assets remained nearly flat between 3Q2009 and 4Q2009 at around SAR 121 billion, but have declined by 4% since December 2008. Loans declined by 4% during 4Q2009, to reach SAR 78 billion, after remaining nearly unchanged during the first three quarters of 2009. Deposits, however, increased by a marginal 1% during 4Q2009, and stood at SAR 91 billion, after declining gradually, but very slightly, during 9M2009. BSF has underperformed the sector in terms of both lending and deposit growth, as reflected by the modest 1% growth in sector loans and 10% growth in sector deposits between December 2008 and November 2009.
- Our fair value for BSF (SAR 46.5) is now 15% over the bank's latest closing price (SAR 40.40), hence, our current recommendation on the stock is an "Accumulate". We will issue an update report on BSF after the release of the full financial statements.

Munira Mukadam

T. +971-4-365 2858

E. munira.mukadam@nbkcapital.com

Related Research

- Banque Saudi Fransi Update - 17 Sept. 2009
- Banque Saudi Fransi Initiation - 28 Jan. 2009

NBK CAPITAL

Kuwait

Head Office

17th Floor, Dar Al-Awadi Building
Ahmed Al-Jaber Street, Sharq
P.O.Box 4950, Safat 13050
Kuwait
T. +965 2224 6900
F. +965 2224 6905

MENA Research

19th Floor, Dar Al-Awadi Building
Ahmed Al-Jaber Street, Sharq,
P.O.Box 4950, Safat 13050, Kuwait
T. +965 2224 6663
F. +965 2224 6905
E. menaresearch@nbkcapital.com.kw

Brokerage

8th Floor, Dar Al-Awadi Building
Ahmed Al-Jaber Street, Sharq
P.O. Box 4950, Safat 13050, Kuwait
T. +965 2224 6964
F. +965 2224 6978
E. brokerage@nbkcapital.com

United Arab Emirates

NBK Capital Limited

Precinct Building 3, Office 404
Dubai International Financial Center
P.O.Box 506506, Dubai,
UAE
T. +971 4 365 2800
F. +971 4 365 2805

Turkey

NBK Capital

Arastima ve Musavirlik AS,
Sun Plaza, 30th Floor,
Dereboyu Sk. No.24
Maslak 34398, Istanbul, Turkey
T. +90 212 276 5400
F. +90 212 276 5401

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