

BANQUE SAUDI FRANSI (1050.SE)

- Banque Saudi Fransi (BSF) announced a net profit of SAR 692 million in 2Q2009, 10.6% below 2Q2008, and 6.6% below 1Q2009. We had forecasted income before provisions to reach SAR 764 million in 2Q2009 and our forecast for BSF's net profit growth in FY2009 stands at 2.5%. The level of provisions taken in 2Q2009 has not been disclosed.
- Net interest income reached SAR 757 million in 2Q2009, 23% over 2Q2008, but 1% below 1Q2009. Operating income reached SAR 1.1 billion, 2% over both 2Q2008 and 1Q2009.
- Assets reached SAR 123 billion, slightly decreasing for the second quarter in a row. Loans stood at SAR 81 billion, nearly flat in 2Q2009, and almost unchanged compared with December 2008. For the second quarter in a row, deposits decreased slightly, down 2% in 2Q2009 to stand at SAR 90 billion, compared with SAR 93 billion in December 2008.
- The results are not that bad in the sense that operating income increased (albeit slightly), both y-on-y and q-on-q. However, balance sheet growth was muted. The drop in net profit in 2Q2009 (both y-on-y and q-on-q) could very much be due to an increase in provisioning. However, due to unavailability of full financial statements yet, this cannot be ascertained.
- We will issue an update report on BSF after the release of the financial statements.

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