

April 18, 2010

BANQUE SAUDI FRANSI (1050.SE)

12-Month Fair Value: SAR 49.30

Last Close (17 April 2010): SAR 46.80

Recommendation: Accumulate - Risk Level: 2

- Banque Saudi Fransi (BSF) reported a net profit of SAR 714 million in 1Q2010, 4% below 1Q2009 but 120% above 4Q2009. The level of provisions taken in 1Q2010 was not disclosed. However, it looks like provisioning decreased in 1Q2010 compared with the average quarterly figure in FY2009.
- Net interest income stood at SAR 723 million, 6% below 1Q2009 and 4Q2009. Non-interest income was relatively strong reaching SAR 349 million, 12% above 1Q2009 and 18% above 4Q2009. Operating income stood at SAR 1,072 million, slightly (0.6%) below 1Q2009 but slightly (0.8%) above 4Q2009.
- BSF's total assets were nearly unchanged compared with December 2009 at around SAR 121 billion. BSF's net loans reached SAR 80 billion, growing by 2% in 1Q2010. Deposits, however, dropped by 3.6% in 1Q2010 to stand at SAR 88 billion.
- The slightly weak net interest income combined with the strong non-interest income resulted in a top-line that is very much in-line with our forecast for 1Q2010. Overall, BSF's results carry little surprise in terms of operating income, the presumed decrease in provisioning, and loan growth. Our fair value for BSF (SAR 49.30) is 5.3% above the bank's latest closing price (SAR 46.80), hence, our recommendation on the stock is "Accumulate".

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Related Research

- BSF Update - 31 March 2010

RISK AND RECOMMENDATION GUIDE

RECOMMENDATION		UPSIDE (DOWNSIDE) POTENTIAL		
BUY		MORE THAN 20%		
ACCUMULATE		BETWEEN 5% AND 20%		
HOLD		BETWEEN -10% AND 5%		
REDUCE		BETWEEN -25% AND -10%		
SELL		LESS THAN -25%		
RISK LEVEL				
LOW RISK		HIGH RISK		
1	2	3	4	5

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