Banque Saudi Fransi

July 21, 2026

Operating income strength drove above consensus earnings print

Last Price: SAR 20.1 | YoY Performance: 14.8%

KEY TAKEAWAYS

- Banque Saudi Fransi (BSF) reported a 2Q26 net profit of SAR 1,487.0 mn, 9.3% above our estimates and 6.0% higher YoY. The result was also 15.8% ahead of consensus forecast of SAR 1,284 mn.
- The bank also announced a 1H26 dividend of SAR 0.57/share, taking the payout ratio to 54.3%.
- Net interest income for the quarter arrived at SAR 2,343.0 mn (up 6.7% YoY), 4.7% above our estimate. The growth was supported by a 17.3% YoY increase in investments to SAR 74.2 bn (11.6% above our estimate) and 6.8% YoY increase in loan book to SAR 224.2 bn.
- Non-interest income for the quarter amounted to SAR 506.0 mn, up 4.9% YoY and broadly in line with our estimate, with a variance of 2.4%.
- Impairment provisions increased 13.1% YoY to SAR 267.0 mn in 2Q26, though they came in 6.5% below our estimated provisions of SAR 285.5 mn.
- Operating expenses for 2Q26 rose 5.9% YoY to SAR 925.0 mn, trailing the total operating income growth of 6.4% YoY to SAR 2,849.0 mn. Resultantly, operating cost-to-income ratio fell by 14 bps YoY to 32.5% (-159 bps QoQ).
- Loan book expanded 6.8% YoY to SAR 224.2 bn, while deposits increased at a faster pace of 12.0% YoY to SAR 204.6 bn, driving the LDR down 528 bps YoY to 109.6%.
- BSF's 2Q26 result was a broad based beat with EPS, margins and efficiency all surprising positively. The stock is currently trading at a 2026e P/E and P/B of 9.9x and 1.1x, respectively, and the positive earnings beat further reinforces our 'Overweight' stance on the stock, with a target price of SAR 23.5/share implying ~17% upside from the current price level of SAR 20.1/share.

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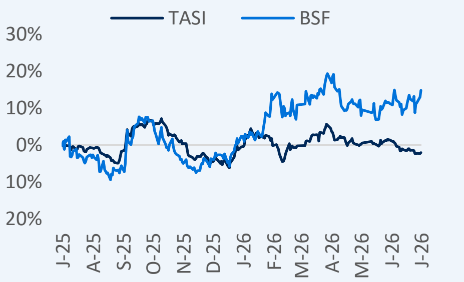
Issuer Information

Bloomberg Code	**BSF AB**
Last Price (SAR)	**20.1**
No of Shares (mn)	**2,500**
Market Cap bn (SAR/USD)	**50.1 / 13.4**
52-week High / Low (SAR)	**21.0 / 15.5**
12-month ADTV (mn) (SAR/USD)	**34.9 / 9.3**
Free Float (%)	**73.7**
Foreign Holdings (%)	**16.0**

Last price as of July 20th, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	2Q26A	2Q26E*	Var (%)	2Q25A	YoY (%)	1Q26A	QoQ (%)
Net Interest Income	2,343	2,239	4.7	2,196	6.7	2,217	5.7
Non-Interest Income	506	494	2.4	482	4.9	491	3.0
Total Income	2,849	2,733	4.2	2,678	6.4	2,708	5.2
Operating expenses	-925	-926	-0.1	-873	5.9	-922	0.3
Impairment provisions	-267	-286	-6.5	-236	13.1	-246	8.6
Net Income	1,487	1,360	9.3	1,403	6.0	1,381	7.7
Adj. EPS	***0.53***	***0.51***		***0.52***		***0.52***	
Assets	327,983	323,487	1.4	301,939	8.6	324,810	1.0
Investments	74,208	66,511	11.6	63,241	17.3	71,629	3.6
Loans & Advances	224,241	225,456	-0.5	209,881	6.8	221,929	1.0
Deposits	204,588	198,709	3.0	182,690	12.0	199,583	2.5
Total Equity	51,394	51,374	0.0	51,763	-0.7	51,517	-0.2
NIM (%) - annualized	3.1	3.0	10 bps	3.2	-7 bps	3.0	7 bps
Operating cost to income (%)	32.5	33.9	-142 bps	32.6	-14 bps	34.1	-159 bps
Provision/Loans (bps)	47.9	51.1	-3 bps	45.0	3 bps	45.0	3 bps
Simple LDR (%)	109.6	113.5	-385 bps	114.9	-528 bps	111.2	-159 bps
Assets to Equity (x)	6.4	6.3	1.4	5.8	9.4	6.3	1.2

**anbc estimates*
Source: Company Financials, anbc research

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