

Banque Saudi Fransi

October 20, 2026

Non-interest income led beat masks core margin softness

Last Price: SAR 19.2 | YoY Performance: 9.3%

KEY TAKEAWAYS

- Banque Saudi Fransi (BSF) reported a net profit of SAR 1,509 mn in 3Q26, broadly inline with our estimate, up 2.0% (+11.5% YoY, +1.5% QoQ). Non-interest income came in SAR 77mn ahead of our estimate, more than offsetting lower-than-expected net interest income and higher impairment provisions, resulting in the earnings variance.
- Net interest income for 3Q26 amounted to SAR 2,303 mn, up 6.5% YoY but down 1.7% QoQ and 1.7% below our estimates. NIM compressed 10 bps QoQ to 3.0% (-5 bps YoY). The QoQ drag was driven by a 5.6% QoQ increase in gross interest expense, which offset the 1.8% QoQ increase in gross interest income.
- Non-interest income rose 27.9% YoY and 10.5% QoQ to SAR 559 mn, 15.9% above our estimate. The growth came from higher fee and commission, trading and exchange income, partly offset by lower gains on non-trading investments. Non-interest income's share in total income rose to 19.5%, from 16.8% in 3Q25.
- Total operating income grew 10.1% YoY to SAR 2,862 mn during the quarter. This exceeded the opex growth of 8.4% YoY to SAR 926 mn, resulting in a decline in cost to income ratio of 50 bps YoY to 32.4% in 3Q26.
- Impairment charges rose 14.5% YoY to SAR 271 mn in 3Q26, 6.5% above our estimate. Cost of risk stood at 48 bps, up 3 bps YoY.
- As of 3Q26, total assets stood at SAR 338.6 bn, up 7.5% YoY, while the loan book grew 6.9% YoY to SAR 230.4 bn. Deposits grew 9.3% YoY to SAR 203.2 bn, taking the headline LDR down 262 bps YoY to 113.4%. Sequentially, LDR rose 376 bps as deposits contracted by 0.7%, while loans grew 2.7%, reversing some of the 1H26 funding improvement.
- We maintain an 'Overweight' stance on the stock, with a target price of SAR 24/share. The stock is currently trading at a 2027f P/E and P/B of 8.3x and 1.0x, respectively.

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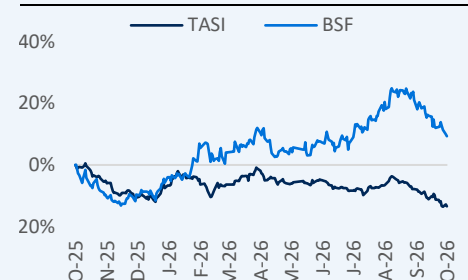
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Issuer Information

Bloomberg Code	BSF AB
Last Price (SAR)	19.2
No of Shares (mn)	2,500
Market Cap bn (SAR/USD)	48.1 / 12.8
52-week High / Low (SAR)	22.5 / 15.5
12-month ADTV (mn) (SAR/USD)	38.0 / 10.1
Free Float (%)	73.7
Foreign Holdings (%)	16.5

Last price as of Oct 19th, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	3Q26A	3Q26E*	Var (%)	3Q25A	YoY (%)	2Q26A	QoQ (%)
Net Interest Income	2,303	2,343	-1.7	2,162	6.5	2,343	-1.7
Non-Interest Income	559	482	15.9	437	27.9	506	10.5
Total Income	2,862	2,826	1.3	2,599	10.1	2,849	0.5
Operating expenses	-926	-921	0.5	-854	8.4	-925	0.1
Impairment provisions	-271	-254	6.5	-237	14.5	-267	1.4
Net Income	1,509	1,480	2.0	1,353	11.5	1,487	1.5
Adj. EPS	0.57	0.55		0.50		0.53	
Assets	338,643	338,042	0.2	314,946	7.5	327,983	3.3
Investments	73,013	74,256	-1.7	65,820	10.9	74,208	-1.6
Loans & Advances	230,399	230,258	0.1	215,592	6.9	224,241	2.7
Deposits	203,227	204,593	-0.7	185,868	9.3	204,588	-0.7
Total Equity	50,406	52,781	-4.5	52,075	-3.2	51,394	-1.9
NIM (%) - annualized	3.0	3.0	-4 bps	3.0	-5 bps	3.1	-10 bps
Operating cost to income (%)	32.4	32.6	-25 bps	32.9	-50 bps	32.5	-12 bps
Provision/Loans (bps)	47.7	44.8	3 bps	44.5	3 bps	47.9	0 bps
Simple LDR (%)	113.4	112.5	83 bps	116.0	-262 bps	109.6	376 bps
Assets to Equity (x)	6.7	6.4	4.9	6.0	11.1	6.4	5.3

*anbc estimates

Source: Company Financials, anbc research

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