

BSF 1Q 2026 Earnings Presentation

27 April 2026



Highlights & Strategy Update



Balance Sheet

- Loan growth of 6% YoY, driven by both commercial (+4%) and consumer (+15%).
- Investments increased 16% YoY, capturing higher yields to manage interest rate risk.
- Deposits rose 5% YoY from 6% growth in IBDs and 3% growth in NIBDs.

Loans & Advances

221.9

₹ Billion

▲ +6% year-on-year

Investments

71.6

₹ Billion

▲ +16% year-on-year

Customers' Deposits

199.6

₹ Billion

▲ +5% year-on-year

Income Statement

- Operating income rose by 3%, from 5% increase in net interest income partly offset by 5% decline in non-interest income.
- NIM declined 7bps YoY but increased 5bps QoQ to 3.02%.
- Net income up 3% YoY, from higher operating income and lower impairments.

Operating Income

2,708

₹ Million

▲ +3% year-on-year

NIM

3.02%

▼ -7bps year-on-year

Net Income

1,381

₹ Million

▲ +3% year-on-year

Asset Quality

- NPL ratio increased by 17bps YoY, due to higher NPLs in both commercial and consumer portfolios.
- Coverage ratio remains robust.
- Improved overall COR driven by portfolio growth.

NPL Ratio

1.01%

▲ +17bps year-on-year

NPL Coverage

175.8%

▼ -22.7ppts year-on-year

Cost of Risk

0.48%

▼ -4bps year-on-year

Capital & Liquidity

- Capital, funding and liquidity remain strong and comfortably within regulatory limits.
- NIBD ratio declined 0.7ppts YoY from relatively stronger growth in IBD (+6%) relative to NIBD deposits (+3%).

T1 Ratio

18.8%

▼ -0.5ppts year-on-year

LCR

186%

▲ +17ppts year-on-year

NIBD % of Total Deposits

43.9%

▶ -0.7ppts year-on-year


We aim to become a Better, Stronger and Faster bank through Strategy 2030, delivering sustainable ROE expansion to >15% and ₱ 10bn net income by 2030

3 Strategic Pillars...




Better
8-10% net income market share

- Growing net income market share
- Fee growth and cross-sell



Stronger
>15% ROE

- Capital optimization
- Risk excellence
- Externally focused organization



Faster
>75% STP processes

- Operational excellence through Zero-Ops
- Embed AI

...focusing on two main themes for next 5 years

Strengthen the core		
Wholesale Banking	GTS strengthening and Institutional Banking expansion	Group-wide cross-sell
Private Banking	Product expansion and client engagement	
Retail and Affluent	Differentiation and channel revamp	
Treasury	Sales expansion and NIM enhancement	
BSF Capital	Wealth management acceleration, brokerage system upgrade	

Prepare for the future	
Business Banking	Customer acquisition and CASA gathering
JB	Digital-first distribution and embedded finance
Support functions	AI and Data innovation Open banking and embedded finance Capital optimization and partnership capabilities

Our 2026 focus is on institutionalizing the capabilities and models for sustainable performance



Institutionalizing Fee Income & Cross-Sell

- Activating **centralized cross-sell** engine
- Driving **fee income** through **GTS penetration, Treasury sales and BSFC product expansion**
- Embedding **cross-sell discipline** into **RM routines and incentive structures**

Establishing Business Banking as a Vertical

- Build a **small/micro business** segment
- Adopting a **liability-led approach**, anchoring **customer acquisition** through **transaction banking and deposits**
- **Building the foundations** before expanding into lending and beyond-banking offering

Strengthening Corporate Coverage & Institutional Banking

- **Expanding coverage** to **government and financial institutional clients**
- Enhancing the **RM coverage model** through **RAROC-led pricing, AI-powered tools and deeper client insights**

Driving Healthy Deposit Growth Through New-to-Bank Acquisition

- **Focusing on deposits acquisition** across segments
- Targeting **new-to-bank customers** for **funding stability**
- **Preserving CASA mix** while growing the overall deposit base

Deploying selected AI use cases and continuing to deliver the digital agenda to enable the business

Financial Highlights

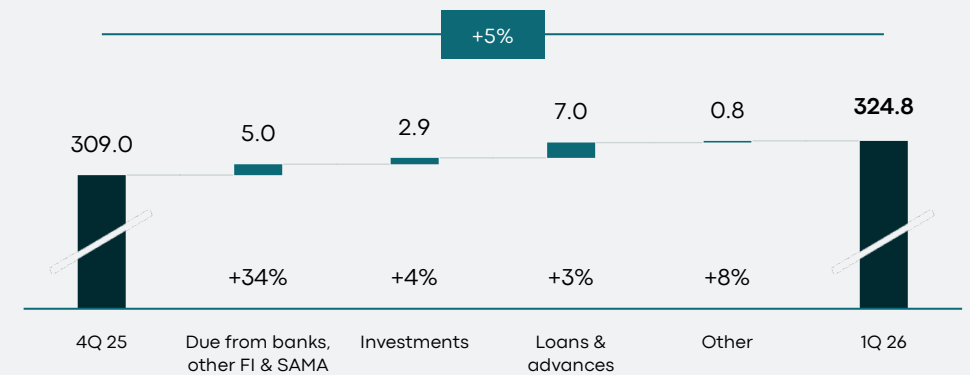


Balance Sheet

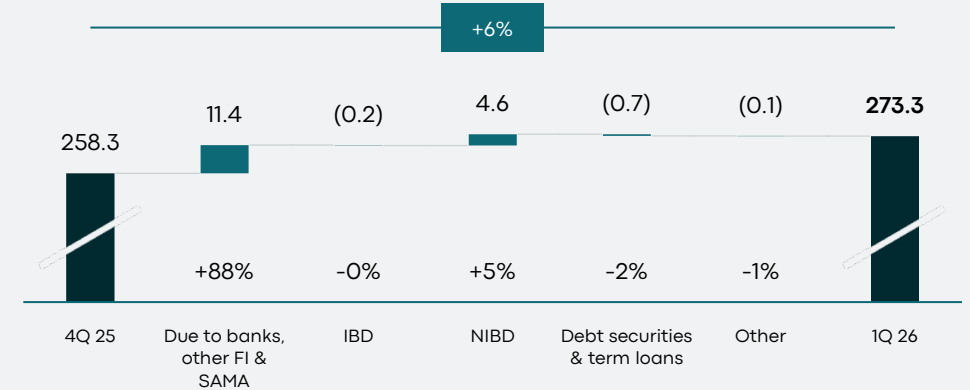
- Growth in total assets of 5% YTD, mainly driven by 3% loan growth, further aided by an increase in interbank lending, investments and other assets.
- The investment portfolio expanded by 4% YTD.
- Liabilities rose 6% YTD driven by an 88% increase in due to banks, alongside a 2% rise in customer deposits.
- Total equity increased by 2% YTD from retained earnings generation.

₹ Mn	1Q 2026	4Q 2025	Δ%	1Q 2025	Δ%
Due from banks, other FI & SAMA	19,751	14,748	+34%	20,417	-3%
Investments	71,629	68,682	+4%	61,913	+16%
Loans & advances	221,929	214,891	+3%	208,978	+6%
Total assets	324,810	309,006	+5%	303,579	+7%
Due to banks, other FI & SAMA	24,250	12,885	+88%	30,143	-20%
Customers' deposits	199,583	195,219	+2%	190,728	+5%
Debt securities & term loans	38,184	38,877	-2%	20,396	+87%
Total liabilities	273,294	258,346	+6%	254,558	+7%
Total equity	51,517	50,659	+2%	49,021	+5%

Total Assets Movement YTD (₹ Bn)



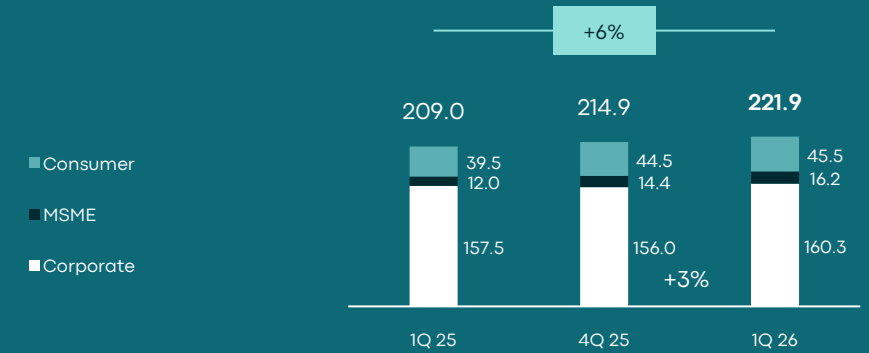
Total Liabilities Movement YTD (₹ Bn)



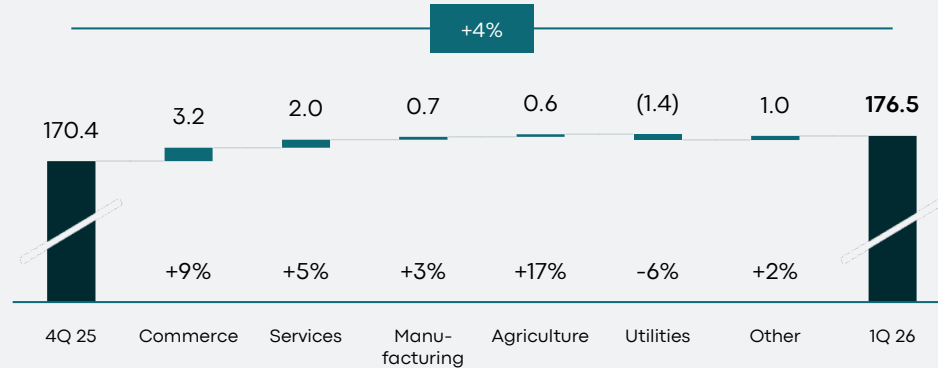
Loans & Advances

- Total loans and advances grew 6% YoY, driven by growth in both consumer and commercial lending. YTD growth was 3%, mainly driven by commercial loans and supported by growth in consumer loans.
- Commercial loans grew 4% YTD primarily by higher balances in commerce and services sector further aided by manufacturing and agriculture partly offset by decline in the utilities sector.
- Consumer loans grew 2% YTD, primarily driven by a 3% increase in mortgages.

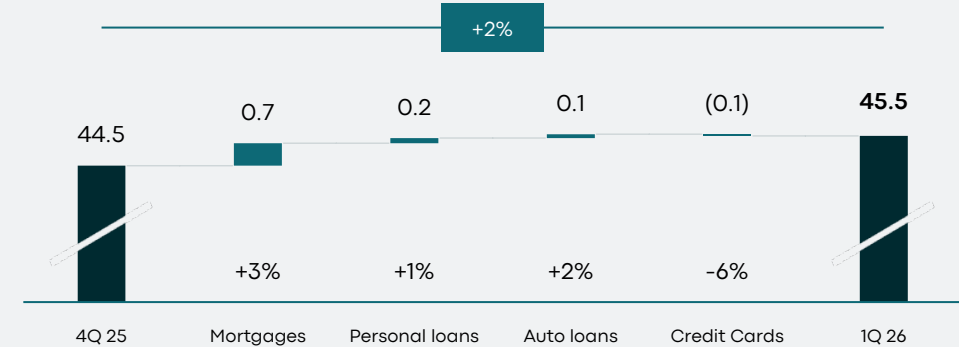
Loans & Advances (₹ Bn)



Commercial Loans Movement YTD (₹ Bn)



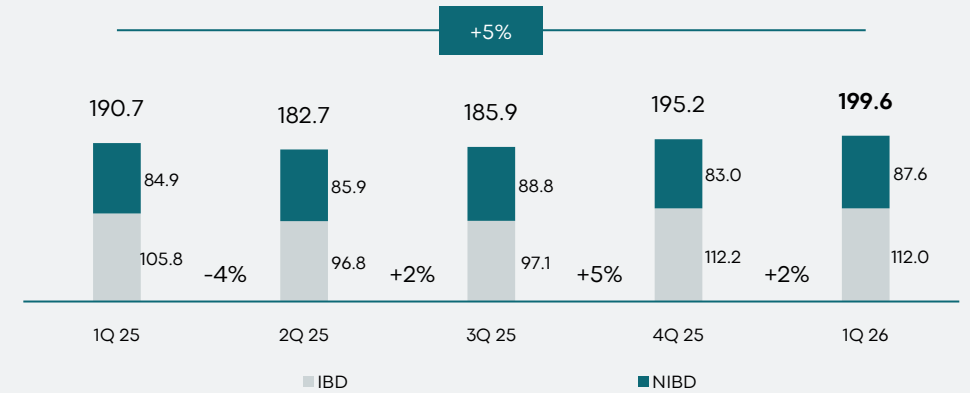
Consumer Loans Movement YTD (₹ Bn)



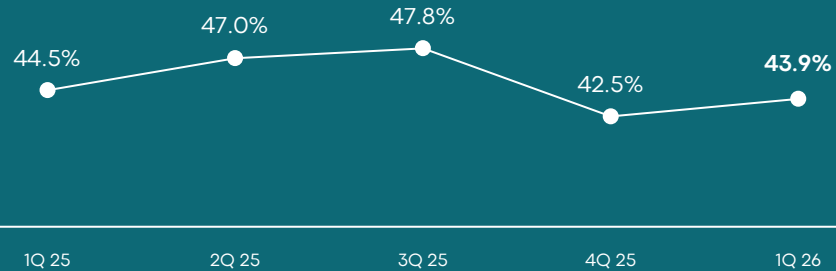
Customers' Deposits

- Deposits grew 2% YTD, driven by increased NIBD balances.
- IBDs remained broadly stable YTD, while NIBDs rose 5% YTD.
- As of 31 March 2026, 43.9% of deposits were non-interest bearing, an increase of 1.4ppts compared to the previous quarter.

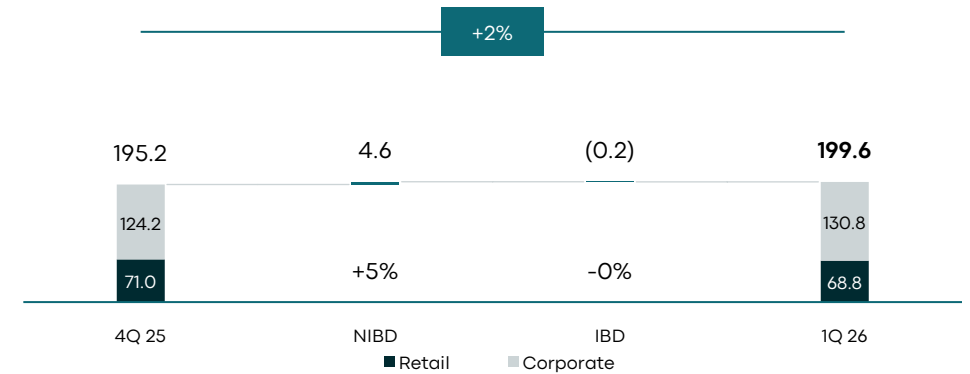
Customers' Deposits (₹ Bn)



NIBD % of Total Deposits (%)



Customers' Deposits Movement YTD (₹ Bn)



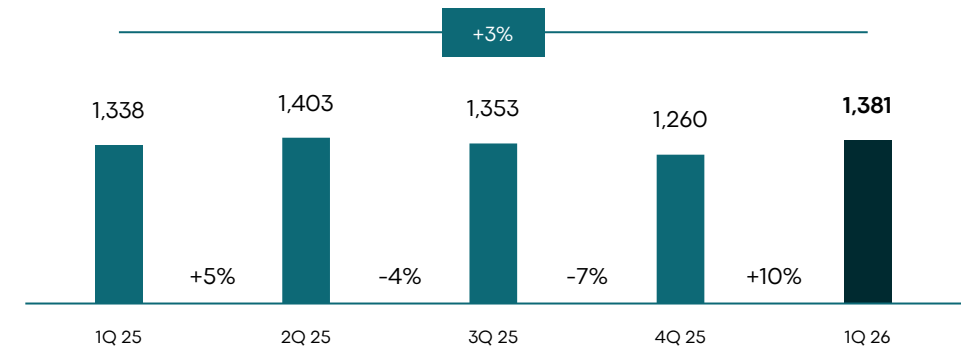
Net income grew 3% YoY from higher net interest income and lower cost of risk, partially offset by higher operating expenses

Income Statement

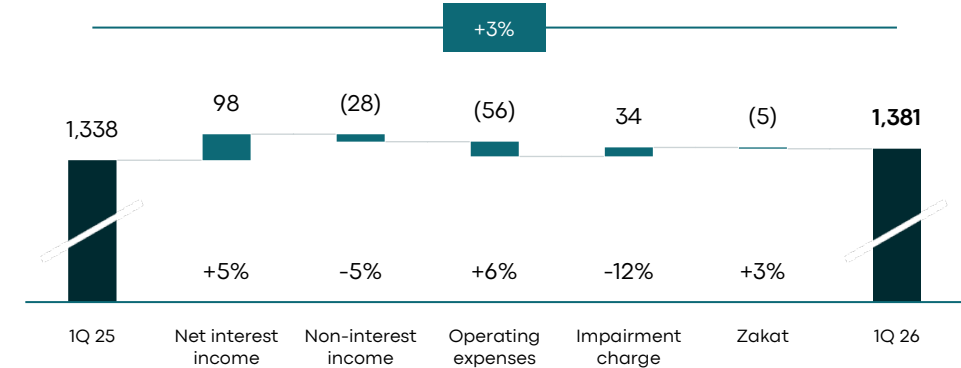
- Net income for 1Q 2026 grew 3% YoY to ₪1,381mn from higher operating income and lower cost of risk, partially offset by higher operating expenses.
- Total operating income increased 3% YoY, driven by 5% growth in net interest income partly offset by a 5% decline in non-interest income.
- The impairment charge improved 12% YoY.
- On a sequential basis, net income increased by 10% QoQ supported by top line expansion and lower operating expenses.

₪ Mn	1Q 2026	4Q 2025	Δ%	1Q 2025	Δ%
Net interest income	2,217	2,216	+0%	2,118	+5%
Non-interest income	491	406	+21%	520	-5%
Operating income	2,708	2,621	+3%	2,638	+3%
Operating expenses	(922)	(965)	-4%	(867)	+6%
Pre-impairment operating income	1,786	1,656	+8%	1,772	+1%
Impairment charge	(246)	(237)	+4%	(280)	-12%
Net income before zakat	1,540	1,419	+8%	1,492	+3%
Zakat	(159)	(160)	-1%	(154)	+3%
Net income	1,381	1,260	+10%	1,338	+3%
ROAE*	12.02%	10.39%	+163bps	12.34%	-33bps

Net Income (₪ Mn)



Net Income Movement YoY (₪ Mn)



*ROAE is calculated using net profit attributable to shareholders (excluding Tier 1 interest payment) and average shareholders' equity (excluding Tier 1 capital).

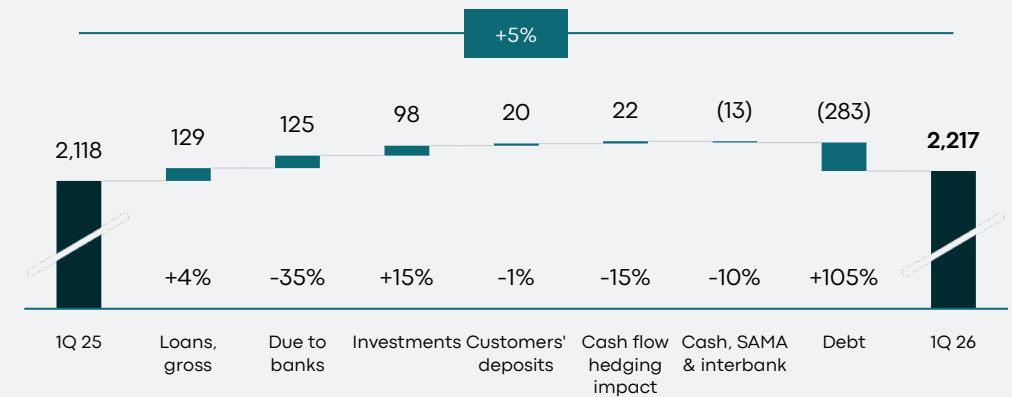
5% YoY growth in NII driven by earning assets growth, partly offset by modest margin contraction



Net Interest Income

- NII for 1Q 2026 increased by 5% YoY to ₪ 2,217mn, driven by 7% average earnings assets growth.
- Higher NII from loans, investments, due to banks and customer deposits was partially offset by higher funding costs on debt securities.
- Interest income rose 6% YoY to ₪ 4,433mn in 1Q 2026, while funding costs rose by 7% to ₪ 2,216mn.
- On a sequential basis, interest income decreased by 2% QoQ, while funding costs decreased by 4% resulting in an overall stable net interest income QoQ.

Net Interest Income Movement YoY (₪ Mn)



Interest Income (₪ Mn)



Interest Expense (₪ Mn)



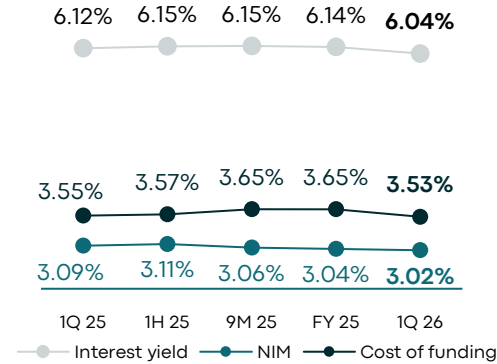
YOY margin decline but QoQ improvement to 3.02%



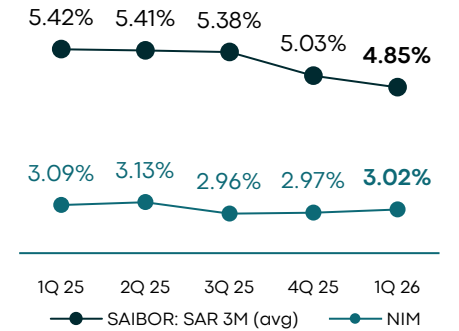
Net Interest Margin

- NIM moderated by 7bps YoY to 3.02% for 1Q 2026, primarily reflecting an 8bps decline in asset yields, partly offset by a 2bps reduction in funding costs.
- On a sequential basis, the quarterly NIM increased by 5bps as easing funding costs (-10bps) outweighed pressure on asset yields (-3bps) as average 3M SAIBOR decreased by 18ps QoQ.

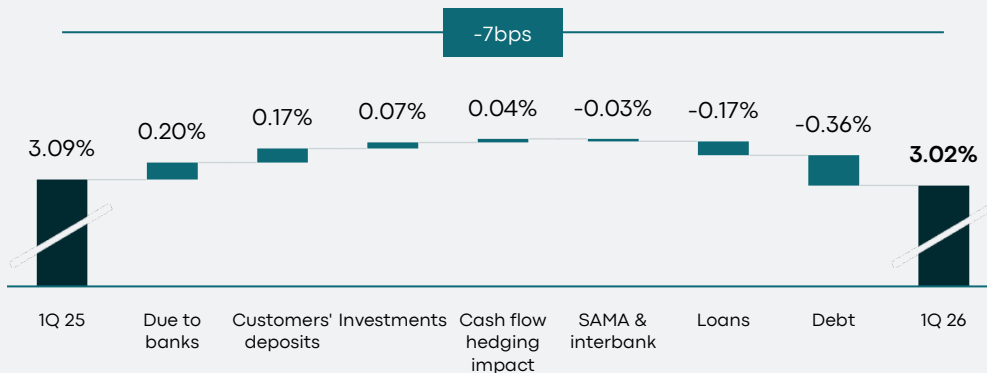
YTD NIM Trend



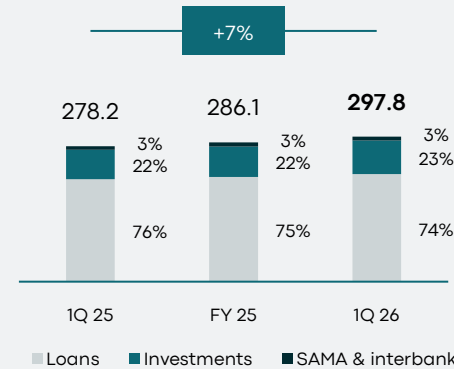
Quarterly NIM Trend



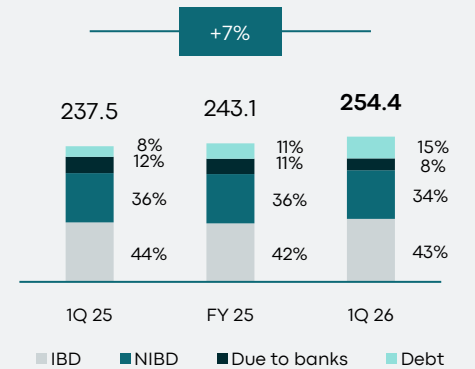
NIM Movement YoY (%)



Average Interest Earning Assets (₹ Bn)



Average Interest Bearing Liabilities (₹ Bn)



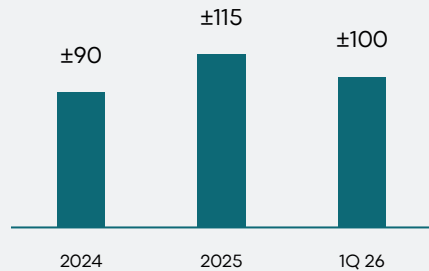
NIM Sensitivity

- As of 31 March 2026, BSF estimates a 1-year NIM sensitivity of a 100bps rates change at ± 3 bps; this would translate into a ± 100 mn NII delta.
- The net open short-term interest rate position arising from on-balance sheet items reflects BSF's corporate DNA (excess of floating rate assets).
- BSF mitigates its interest rate risk exposure through a combination of on-and off-balance sheet instruments, incl. cash-flow hedges. The CFH outstanding position is driven by the evolution of BSF's balance sheet structure, interest rate risk appetite and structural market trends.
- The notional amount of cash flow hedges decreased by 28% YoY as BSF continues to manage interest rate sensitivity,

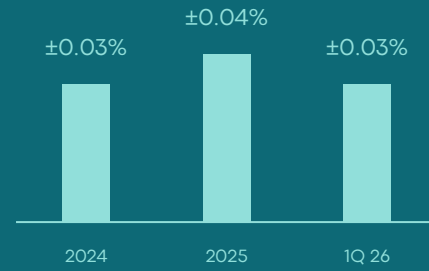
Balance Sheet Repricing Profile as at 31 December 2025 (₹ Bn)



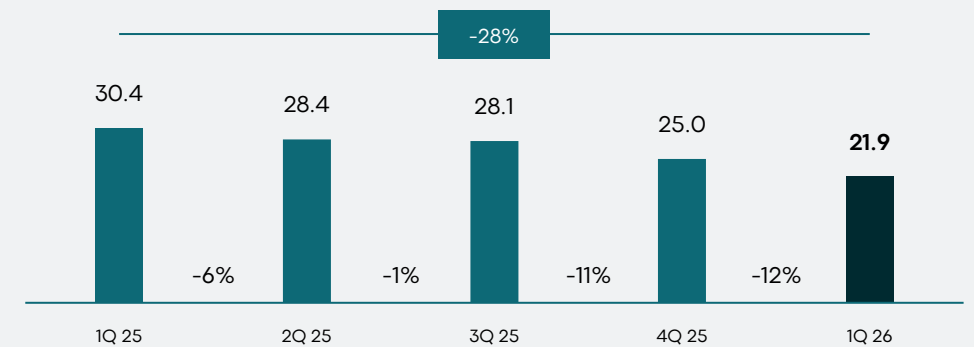
NII Impact of ± 100 bps Rate Change (₹ Mn)



NIM Impact of ± 100 bps Rate Change (%)



Cash Flow Hedges Swaps (Notional Amount ₹ Bn)



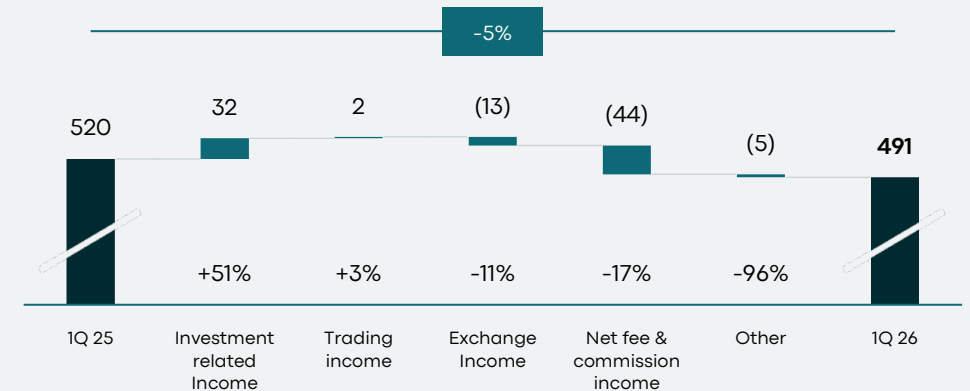
Non-interest income decreased 5% YoY on lower fees and FX income partly offset by higher investment income



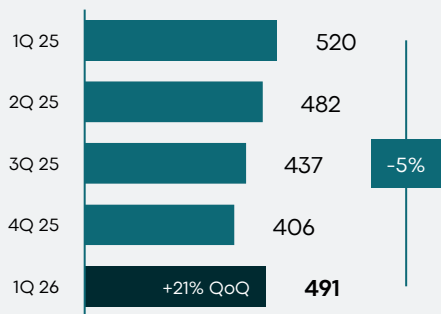
Non-Interest Income

- Non-interest income for 1Q 2026 decreased 5% YoY to $\text{¥} 491\text{mn}$ on lower fee and commission income and exchange income partly offset by improved investment related income.
- Net fee & commission income fell 17% YoY to $\text{¥} 218\text{mn}$ in 1Q 2026 due to lower brokerage & asset management fees amid the current geopolitical situation and higher losses in card fees due to ongoing campaign costs.
- 1Q 2026 non-interest income increased 21% QoQ, driven by higher investment-related and fee income partly offset by lower exchange income and trading income.

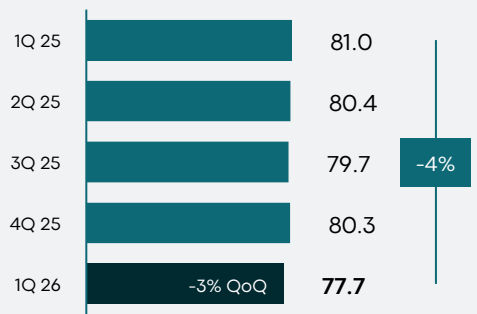
Non-interest Income Movement YoY (¥ Mn)



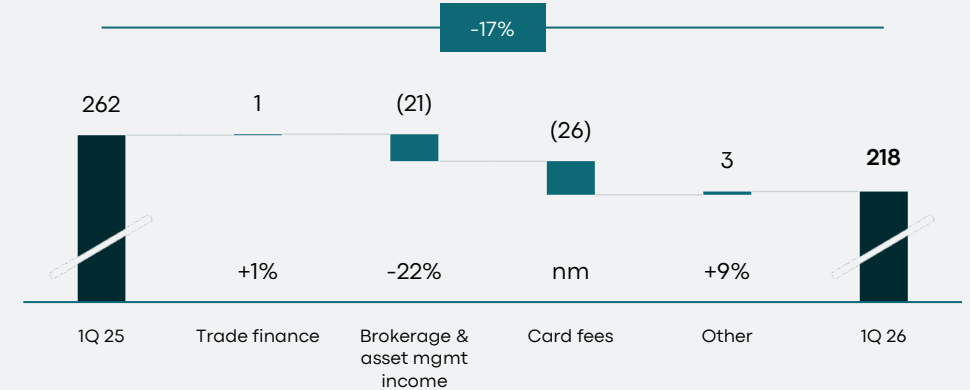
Non-interest Income (¥ Mn)



Non-funded Exposure* (¥ Bn)



Fee & Commission Income Movement YoY (¥ Mn)



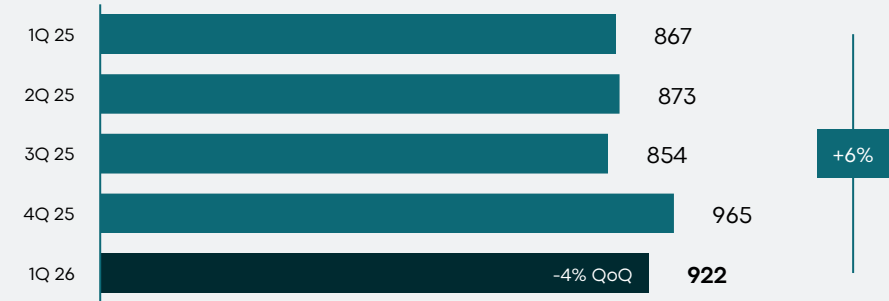
Operating expenses rose 6% YoY on higher employee expenses and depreciation, but decreased 4% QoQ on lower G&A expenses



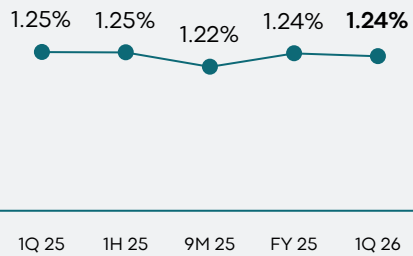
Operating Expenses

- Operating expenses increased 6% YoY to ₹ 922mn in 1Q 2026 mainly due to higher employee costs driven by annual salary adjustments and modest headcount growth, as well as higher depreciation as transformation projects went live.
- Cost to income ratio increased by 1.2ppts YoY to 34.1% in 1Q 2026 from 32.8% in 1Q 2025.
- At the same time, operating expenses as a percentage of average interest-earning assets (AIEA) decreased by 1bps YoY to 1.24% for 1Q 2026, driven by an 7% expansion of AIEA relative to a 6% expense growth.
- On a sequential basis, operating expenses declined by 4% QoQ, primarily reflecting the absence of exceptional items that impacted 4Q 2025.

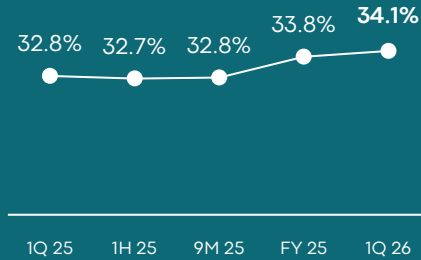
Operating Expenses (₹ Mn)



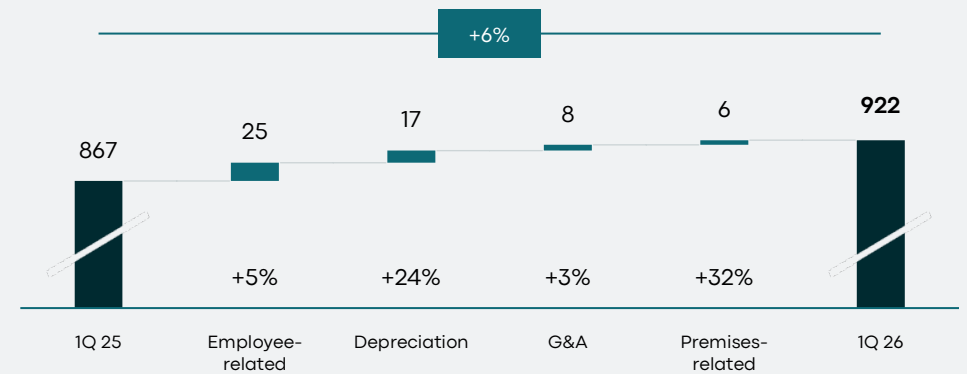
Cost to AIEA Ratio



Cost to Income Ratio



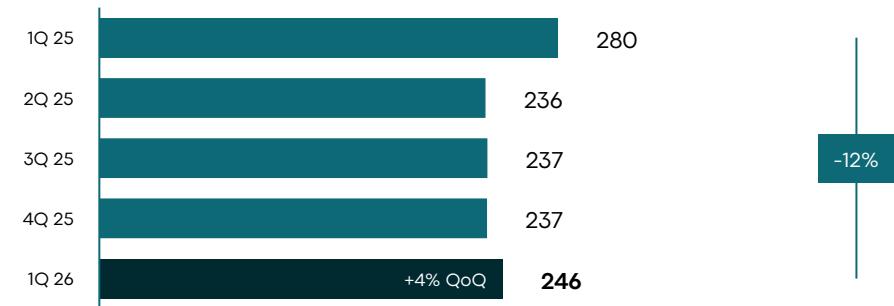
Operating Expenses Movement YoY (₹ Mn)



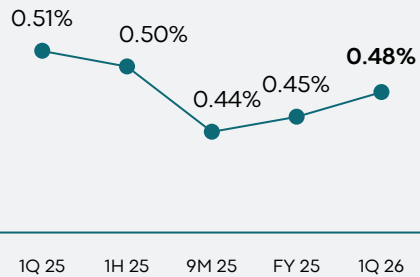
Impairment Charge

- The total impairment charge for 1Q 2026 decreased by 12% YoY to ₹ 246mn, from lower commercial impairments and reversals in investment and other impairments, partly offset by increase in consumer impairments.
- In combination with healthy loan growth, this resulted in a 4bps YoY improvement in cost of risk to 0.48% for 1Q 2026.
- On a sequential basis, the impairment charge increased 4% due to lower reversals in investments and others.

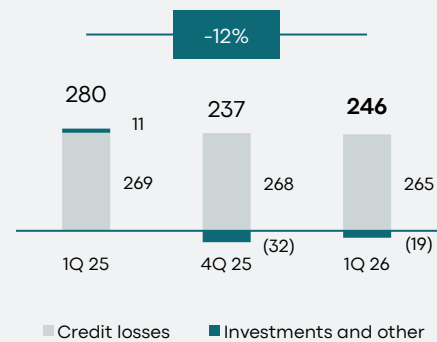
Impairment Charge (₹ Mn)



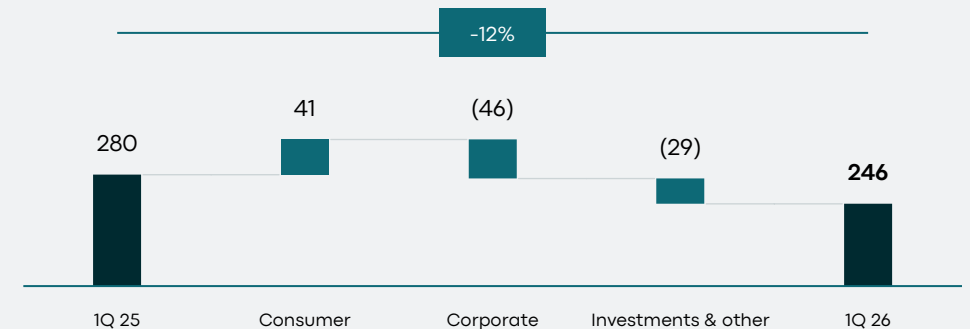
Cost of Credit Risk (%)



Impairment Charge (₹ Mn)



Impairment Charge Movement YoY (₹ Mn)



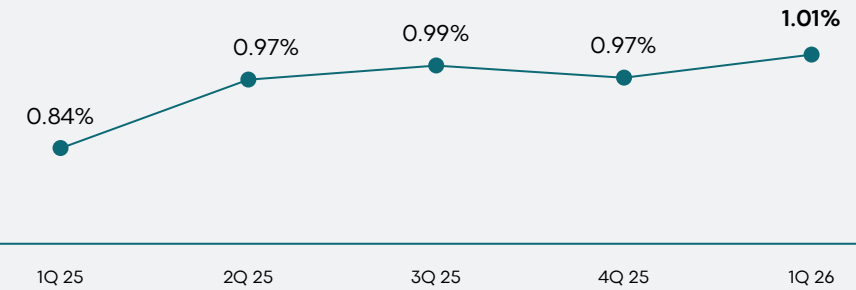
Asset quality remains strong with modest increase in NPL ratio YTD and robust coverage



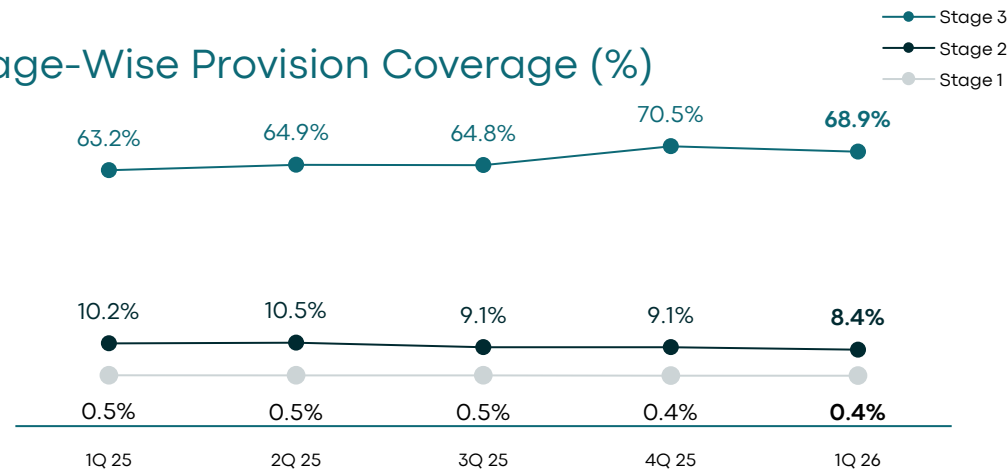
NPL & NPL Coverage

- The NPL ratio increased 4bps YTD to 1.01% as NPLs increased by 8% relative to 3% gross loan growth.
- The NPL coverage ratio decreased by 2.6ppts YTD to 175.8%, mainly from lower commercial loan coverage.
- Stage 3 coverage decreased by 1.6ppts YTD to 68.9% and stage 2 coverage decreased by 72bps to 8.4% while stage 1 coverage remained broadly stable at 0.4%.

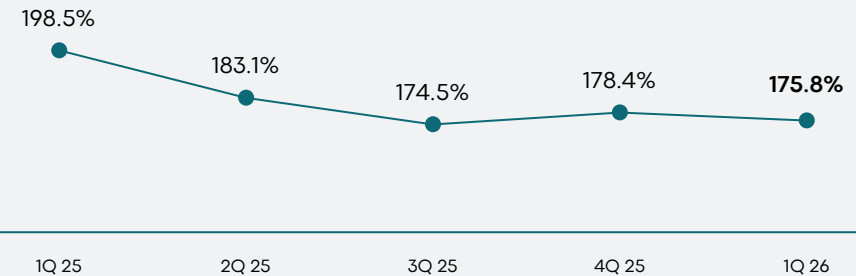
NPL Ratio (%)



Stage-Wise Provision Coverage (%)

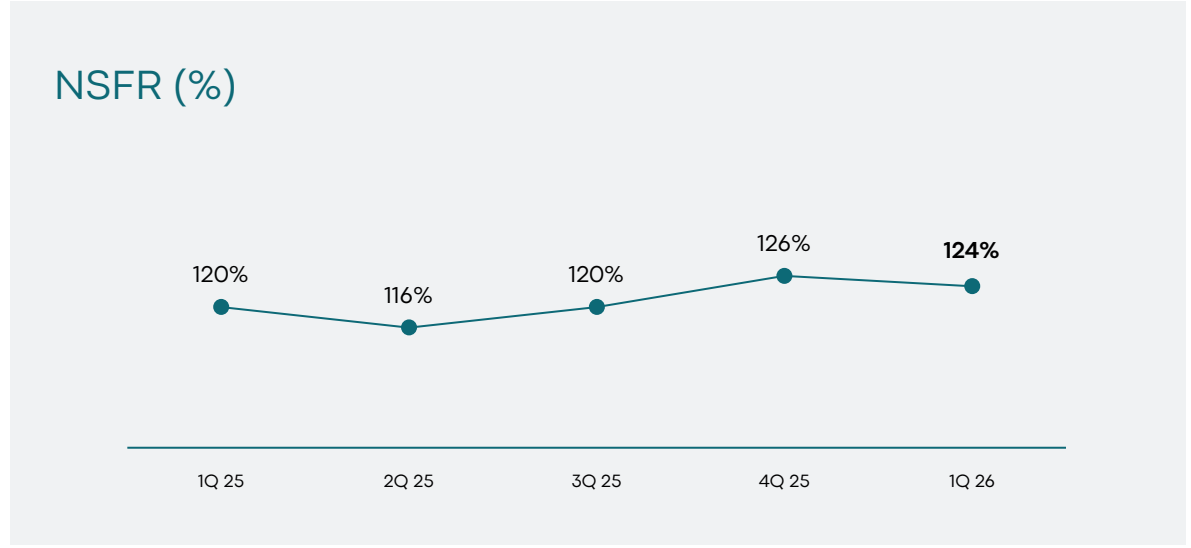
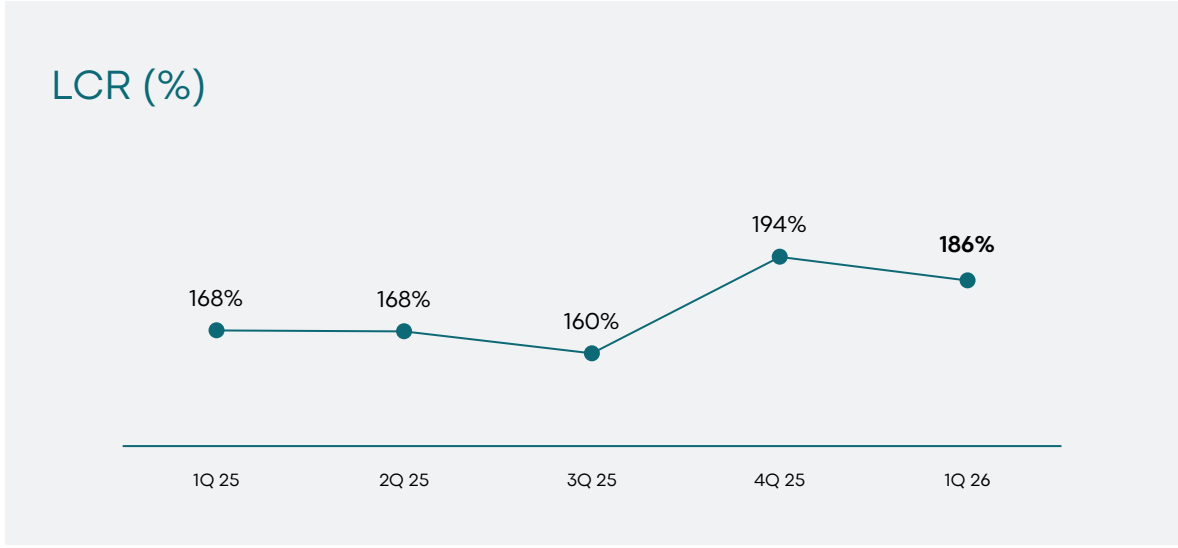
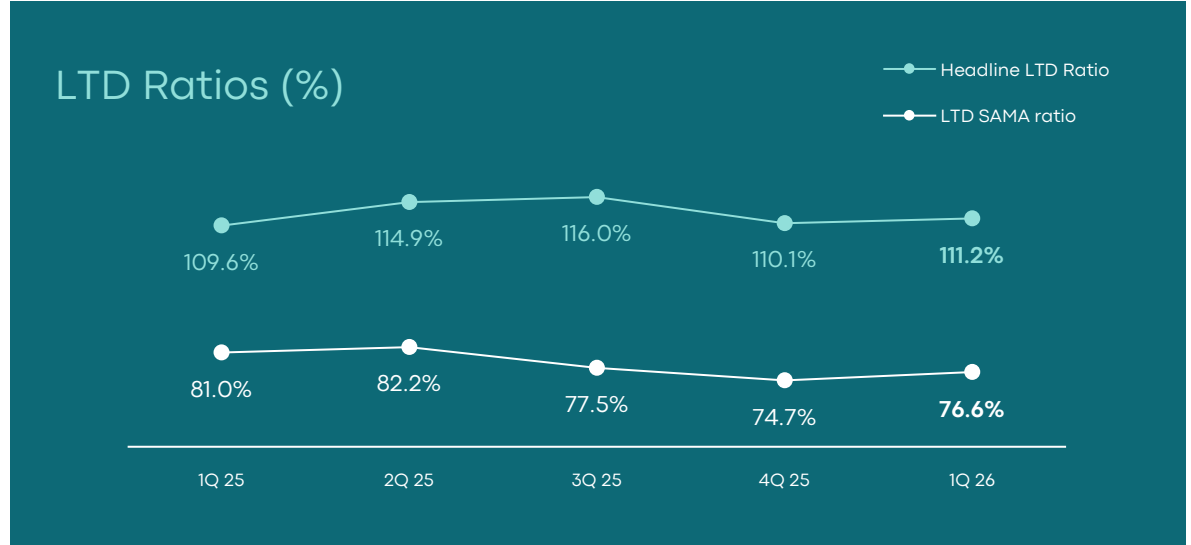


NPL Coverage Ratio (%)



Liquidity

- LCR declined by 8ppts YTD to 185.6% during 1Q 2026.
- NSFR moderated by 2ppts YTD to 124% as of 31 March 2026.
- The SAMA regulatory LTD ratio increased 1.9ppts YTD to 76.6% as of 31 March 2026, while the headline ratio stood at 111.2%.

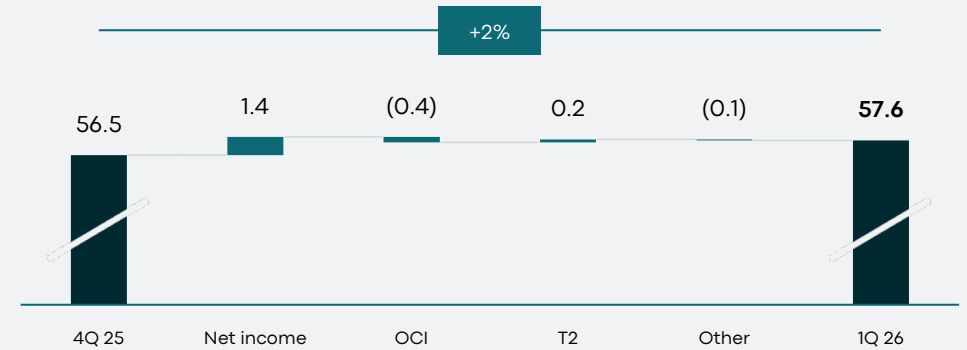


Healthy capital levels maintained

Capital

- Total capital (Tier 1 + Tier 2 regulatory capital) increased 2% YTD to ₹ 57.6bn during 1Q 2026 from net income and Tier 2 issuance, partially offset by OCI.
- RWAs increased by 7% YoY and 4% YTD to ₹ 273.7bn.
- CAR stood at 21.0%, Tier 1 ratio at 18.8% and CET1 ratio at 15.9% as of 31 March 2026.

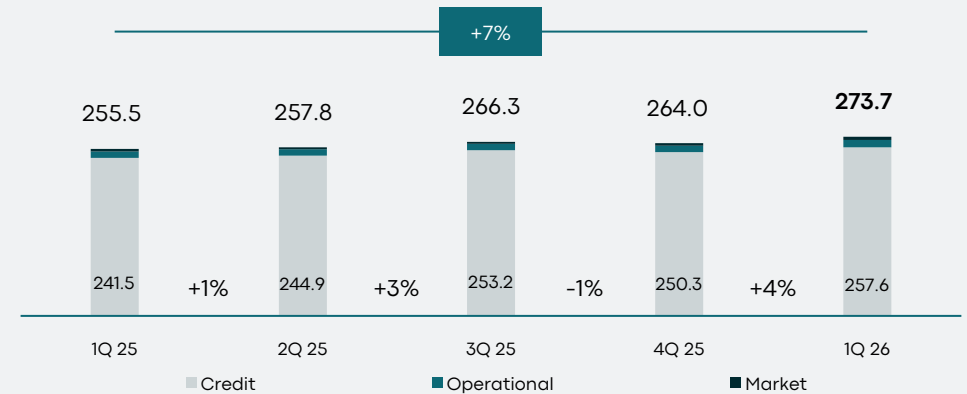
Total Capital Movement YTD (₹ Bn)



CAR (%)



RWA (₹ Bn)



Positive outlook for the year ahead, supported by sustained loan growth, resilient margins, and efficiency gains driving profitability



Metric	1Q 2026 Outcome	2026 Guidance	1Q 2026 Revision	Guidance Drivers
Loans & Advances Growth	+3.3% YTD ₹ Bn 221.9	High single digit	unchanged	The guidance reflects stronger volumes in both commercial and consumer portfolios, with JB driving growth in consumer lending.
Net Interest Margin	3.02% ▼ -7 bps YOY	~3.00%	unchanged	Impact from lower NIBD ratio to be partly offset by increased spread from repricing of corporate loans and growth in JB.
Cost of Risk	48bps ▼ -4 bps YOY	45-55bps	unchanged	Cost of risk expected to trend upwards from normalization of commercial book, growth in JB and prudent forecasting of recoveries.
Cost to Income Ratio	34.1% ▲ +1.2 pts YOY	<33%	unchanged	Cost to income ratio to move towards the guided range aided by positive operating leverage.
Return on Equity	12.0% ▼ -33 bps YOY	12-13%	unchanged	ROE guidance is supported by higher net interest income, increased fee generation, and disciplined operating and risk cost containment.
Core Equity Tier 1 Ratio	15.9% ▼ -25 bps YTD	>15%	unchanged	Capital ratios are expected to remain stable through retained earnings, balancing growth-related capital consumption.

Questions & Answers



Please contact the Investor Relations team for additional information or download BSF's IR App



For more information, please contact us at:

BSF
P.O. Box 56006, Riyadh 11554
Kingdom of Saudi Arabia
IR@bsf.sa

Access our IR website:

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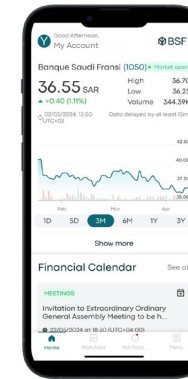
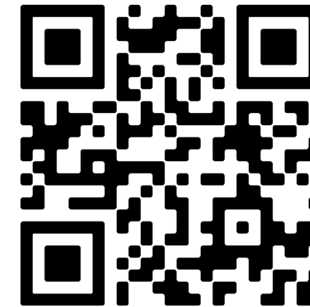
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BSF Investor Relations Contact:

Yasminah Abbas
Head of Group Commercial Delivery and
Investor Relations

E: YAbbas@bsf.sa
T: +966 11 289 1406
M: +966 50 418 7484

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