

BSF 1Q 2025 Earnings Presentation

28 April 2025



Highlights & Strategy Update



Balance Sheet

- Strong loan growth of 13% YoY, driven by both commercial (+12%) and consumer (+16%).
- Investments increased 15% YoY to manage IR risk while capturing higher yields.
- Deposit growth of 9% YoY, from IBDs (+15%) and NIBDs (+2%).

Loans & Advances

209.0

₹ Billion

▲ +13% year-on-year

Investments

61.3

₹ Billion

▲ +15% year-on-year

Customers' Deposits

190.7

₹ Billion

▲ +9% year-on-year

Income Statement

- Operating income increased by 13% from 10% interest income growth and 26% non-interest income growth.
- NIM declined by 12bps YoY but improved QoQ.
- Net income grew 16%, driven by higher operating income, partly offset by rising expenses.

Operating Income

2,638

₹ Million

▲ +13% year-on-year

NIM

3.08%

▼ -12bps year-on-year

Net Income

1,338

₹ Million

▲ +16% year-on-year

Asset Quality

- Lower NPL ratio, supported by both consumer and commercial portfolio and improving coverage ratio.
- Improved COR in the consumer and commercial book.

NPL Ratio

0.84%

▼ -9bps year-on-year

NPL Coverage

198.5%

▲ +43.2ppts year-on-year

Cost of Risk

0.51%

▼ -9bps year-on-year

Capital & Liquidity

- Capital, funding and liquidity remain strong and comfortably within regulatory limits.
- YoY moderation in NIBD ratio from increased IBD deposits.

T1 Ratio

19.2%

▲ +0.8ppts year-on-year

LCR

168%

▲ +2ppts year-on-year

NIBD % of Total Deposits

44.5%

▼ -3.1ppts year-on-year

Strategic Goals

Focused Initiatives

Progress
1Q25: 85%, 4Q24: 79%
1Q24: 66%

Key Highlights

Wholesale Banking

Solidify market position

GTS revamp
Expand FIG&MNC coverage

91%

4Q24: 88%

Achieved growth in government accounts and deposits
Activated key strategic agreements
Continuing to expand FI reach globally
Launched innovative supply chain products

Personal Banking

Leverage segmentation and synergies

Scale up affluent
Provide superior daily banking

78%

4Q24: 75%

Continuing to enhance digital app features
Kicked off Branch Transformation
Good momentum in Affluent, e.g., Credit Card and Sports Pro League partnership
Good momentum in Business Banking

Private Banking

Reinforce market leadership

Broaden product suite
Experience-centric rewards

100%

4Q24: 100%

Launched a 3-year Private Banking program focused on introducing new products and services and accelerating sales

Strategic Goals

Focused Initiatives

Progress
1Q25: 85%, 4Q24: 79%
1Q24: 66%

Key Highlights

JB

Expand in new market segments

Digital acceleration
Product diversification
Brand repositioning

90%

4Q24:
87%

Optimized mobile app services
Modernized core systems
Improved cross-sell momentum and operating model with BSF

BSF Capital

Seize existing opportunities and grow

Synergize wealth mgmt.
Broaden advisory
Attractive investment solutions

70%

4Q24:
55%

Progressing with key partnerships and collaboration across Private and Wholesale Banking
Launched distribution of the Global Horizon advisory model powered by BlackRock
Maintaining strong momentum in real estate funds



Good progress in the implementation of the three key strategic programs across the IT & Technology priorities



Technology Infrastructure Upgrade	Description	2025 Progress & Beyond
Integrated Corporate Portal	New corporate platform supporting trade & supply chain services, and expanded liquidity and cash management solutions and services	<ul style="list-style-type: none">• Phase 1 (Trade Services): Scheduled for launch in 2Q 2025• Phase 2 (Trade Loans, Trade AI): Scheduled for launch in 1Q 2026
Omnichannel	New high performance retail platform providing robust digital banking service and enhanced customer experiences and journeys	<ul style="list-style-type: none">• Launched the Retail Digital App in 1Q 2025• Additional feature releases planned throughout 2025
Core Banking System (Corporate) Release 3	Bank-wide core banking system to enable best-in-class customer experience with leading operational efficiency	<ul style="list-style-type: none">• CBS Retail Deposits – Drop 1: Planned for deployment in 2Q 2025• CBS Corporate Loans – Drop 2: Planned for launch in 1Q 2026

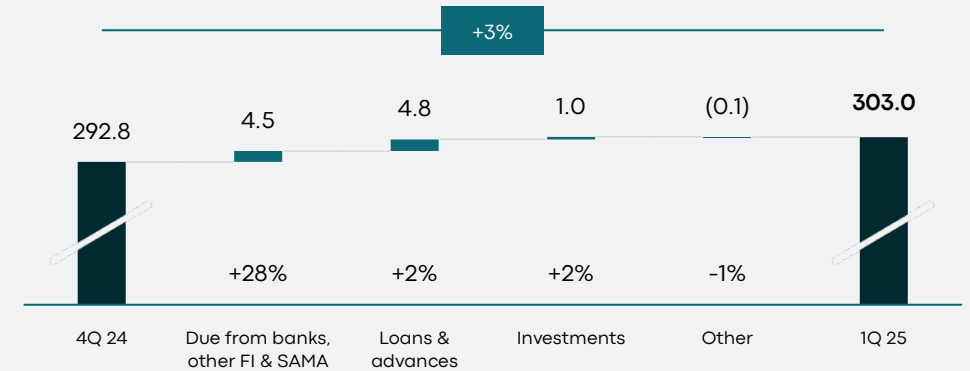
Financial Highlights

Balance Sheet

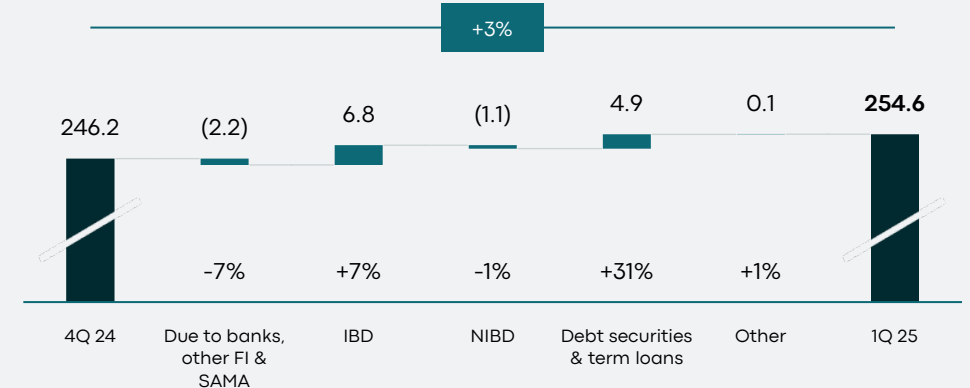
- Growth in total assets of 3% YTD, mainly driven by 2% loan growth, further aided by an increase in interbank lending.
- The investment portfolio expanded by 2% YTD.
- Liabilities grew by 3% during the quarter from 3% deposit growth led by interest-bearing deposits, and from a 31% increase in debt securities and term loans.
- Total equity increased by 4% YTD from retained earnings generation.

₹ Mn	1Q 2025	4Q 2024	Δ%	1Q 2024	Δ%
Investments	61,322	60,289	+2%	53,205	+15%
Loans & advances	208,978	204,168	+2%	185,408	+13%
Total assets	302,988	292,776	+3%	268,658	+13%
Customers' deposits	190,728	185,118	+3%	174,828	+9%
Total liabilities	254,558	246,169	+3%	226,448	+12%
Total equity	48,430	46,607	+4%	42,211	+15%

Total Assets Movement YTD (₹ Bn)



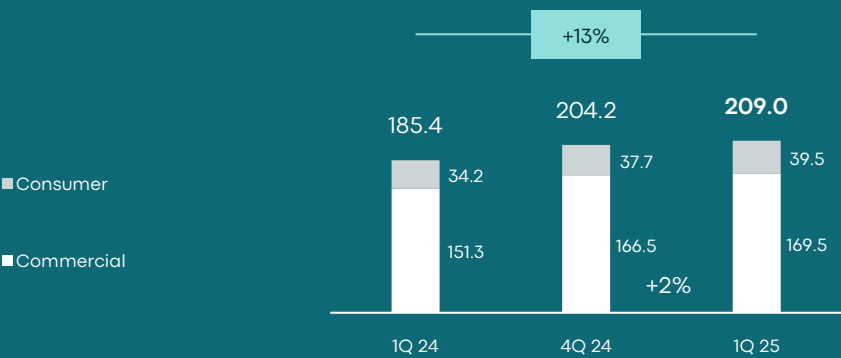
Total Liabilities Movement YTD (₹ Bn)



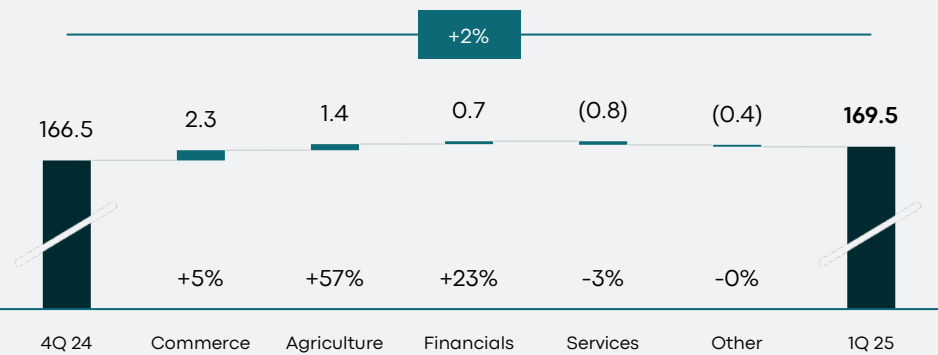
Loans & Advances

- Total loans and advances grew 13% YoY, driven by growth in both consumer and commercial lending. YTD growth was 2%, supported by increases in both commercial and consumer loans.
- Commercial loans grew 2% YTD, with notable increase in the commerce, agriculture and financials sectors.
- Consumer loans grew 5% YTD, driven by a 5% increase in both mortgages and personal loans.

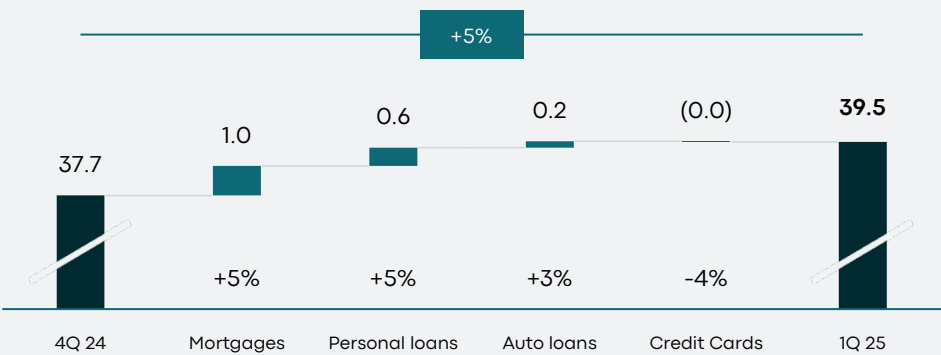
Loans & Advances (₹ Bn)



Commercial Loans Movement YTD (₹ Bn)



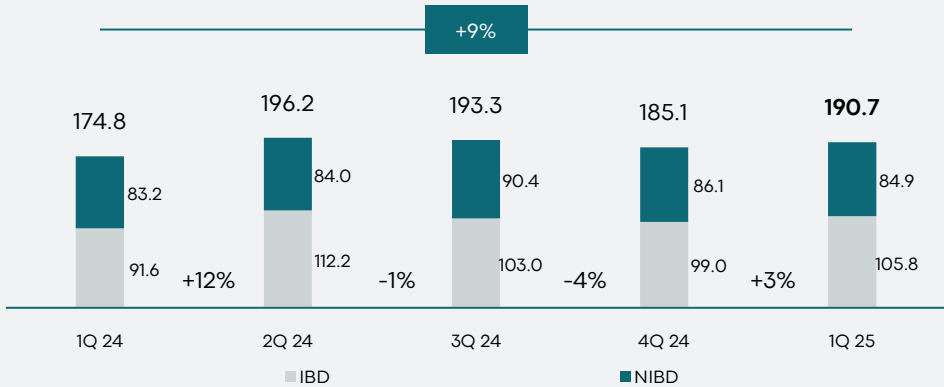
Consumer Loans Movement YTD (₹ Bn)



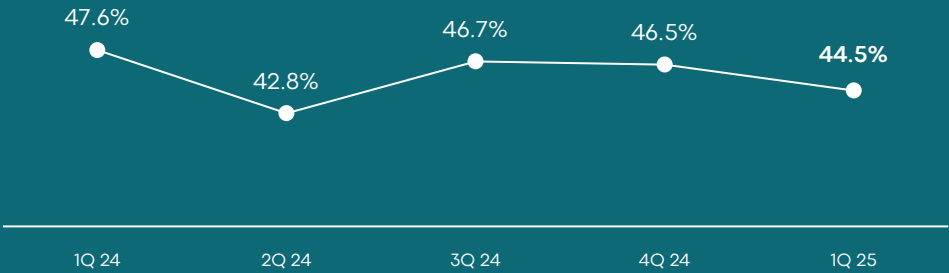
Customers' Deposits

- Deposits grew by 3% YTD, driven by an increase in IBDs, partially offset by decrease in NIBD.
- IBDs increased by 7% YTD, driven mainly by corporate deposits, while NIBDs declined by 1% due to a decrease in corporate NIBDs, partially offset by an inflow of retail deposits.
- As of 31 March 2025, 44.5% of deposits were non-interest bearing, a decrease of ~2ppts compared to the previous quarter.

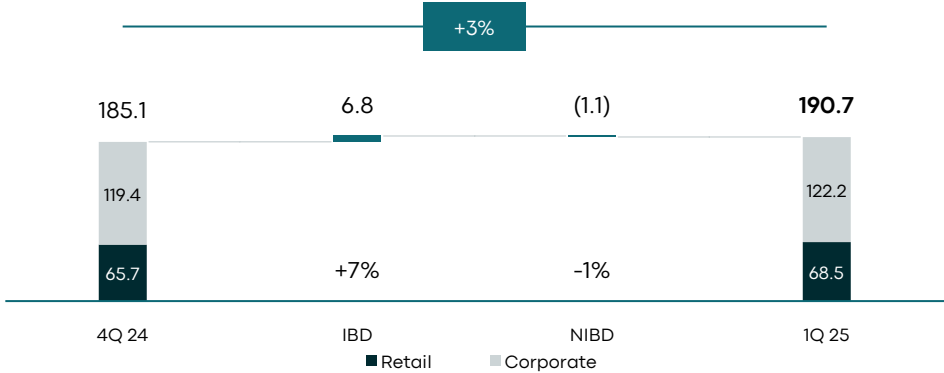
Customers' Deposits (₹ Bn)



NIBD % of Total Deposits (%)



Customers' Deposits Movement YTD (₹ Bn)



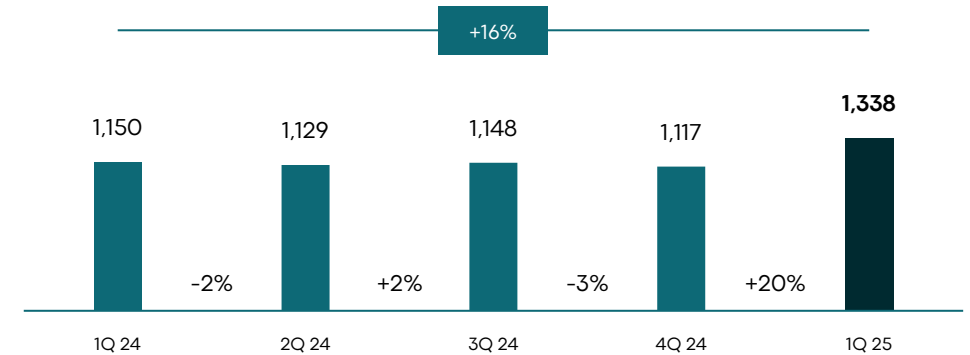
Net income grew 16% YoY from higher interest and non-interest income, partially offset by higher costs

Income Statement

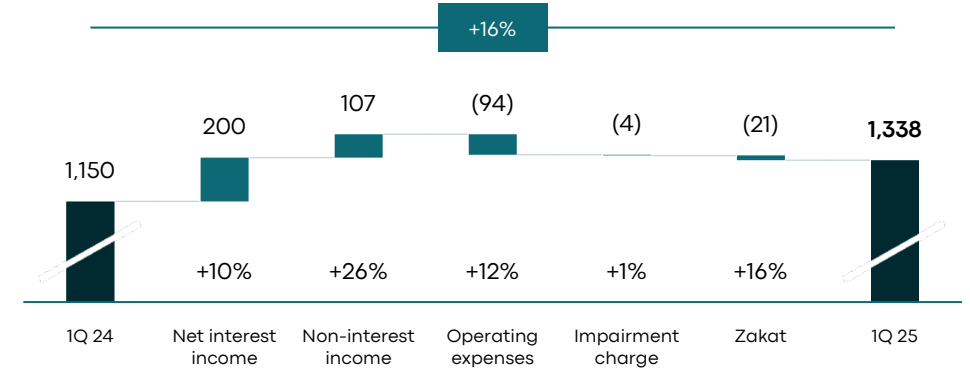
- Net income for 1Q 2025 grew 16% YoY to ₪ 1,338mn, driven by a 10% rise in net interest income and a 26% increase in non-interest income, partly offset by higher operating expenses.
- Total operating income increased by 13% YoY, partly offset by a 12% rise in operating expenses and a modest 1% increase in impairments.
- On a sequential basis, net income increased 20% QoQ, supported by lower operating expenses and impairment charges, as well as higher operating income.

₪ Mn	1Q 2025	4Q 2024	Δ%	1Q 2024	Δ%
Net interest income	2,118	2,039	+4%	1,919	+10%
Non-interest income	520	533	-2%	413	+26%
Operating income	2,638	2,572	+3%	2,331	+13%
Operating expenses	(867)	(970)	-11%	(773)	+12%
Pre-impairment operating income	1,772	1,602	+11%	1,558	+14%
Impairment charge	(280)	(355)	-21%	(276)	+1%
Net income before zakat	1,492	1,247	+20%	1,282	+16%
Zakat	(154)	(130)	+18%	(132)	+16%
Net income	1,338	1,117	+20%	1,150	+16%
ROAE	11.26%	9.61%	+166bps	11.00%	+26bps

Net Income (₪ Mn)



Net Income Movement YoY (₪ Mn)



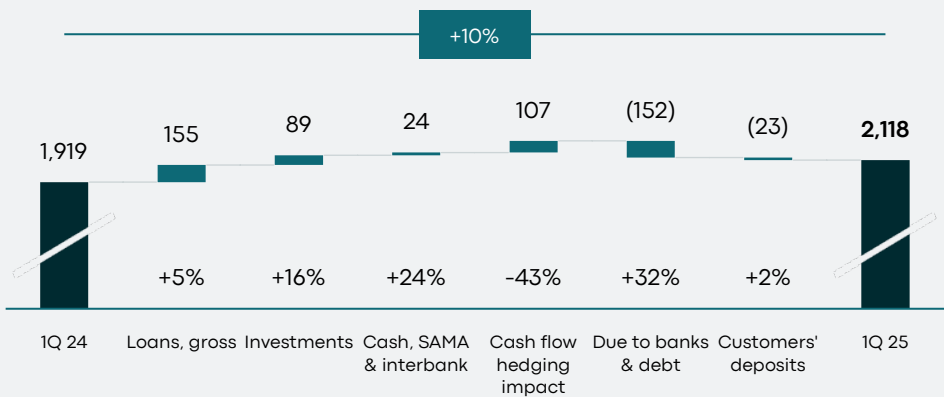
10% growth in NII driven by earning assets growth, partly offset by margin contraction YoY



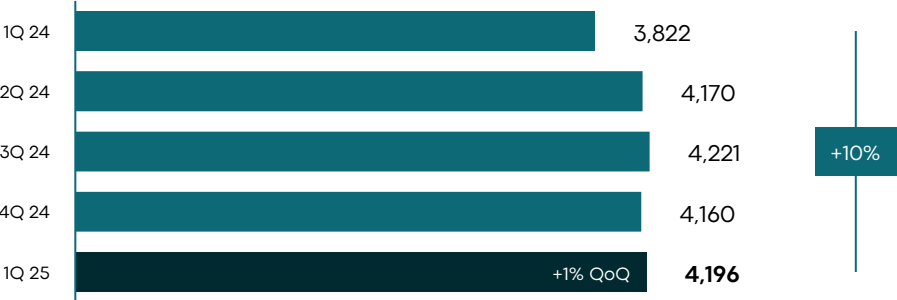
Net Interest Income

- NII for 1Q 2025 increased by 10% YoY to ₪ 2,118mn, driven by 16% average earnings assets growth, partly offset by margin contraction.
- Interest income rose 10% YoY to ₪ 4,196mn in 1Q 2025, while funding costs rose by 9% to ₪ 2,078mn.
- On a sequential basis, funding costs decreased by 2% QoQ, while interest income increased by 1%.

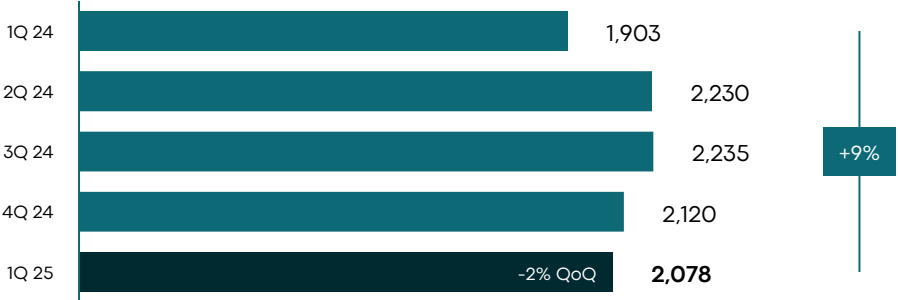
Net Interest Income Movement YoY (₪ Mn)



Interest Income (₪ Mn)



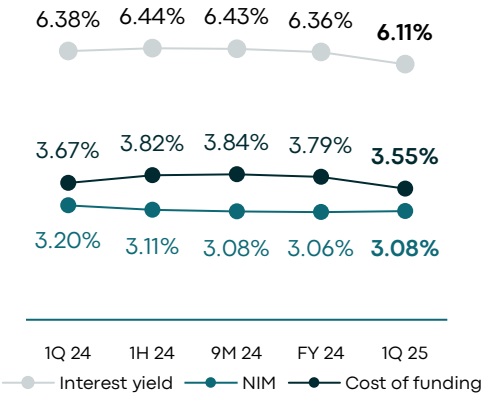
Interest Expense (₪ Mn)



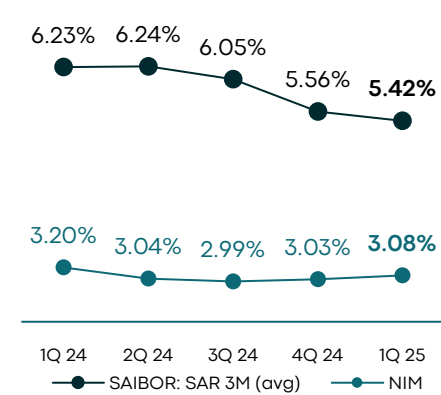
Net Interest Margin

- The NIM declined 12bps YoY to 3.08%, mainly due to lower loan yields following rate cuts, partially offset by reduced costs of customers' deposits and the impact of hedging.
- On a sequential basis, quarterly NIM rose by 6bps.
- Interest yield declined by 27bps YoY to 6.11%, while funding costs decreased by 12bps YoY to 3.55% in 1Q 2025.

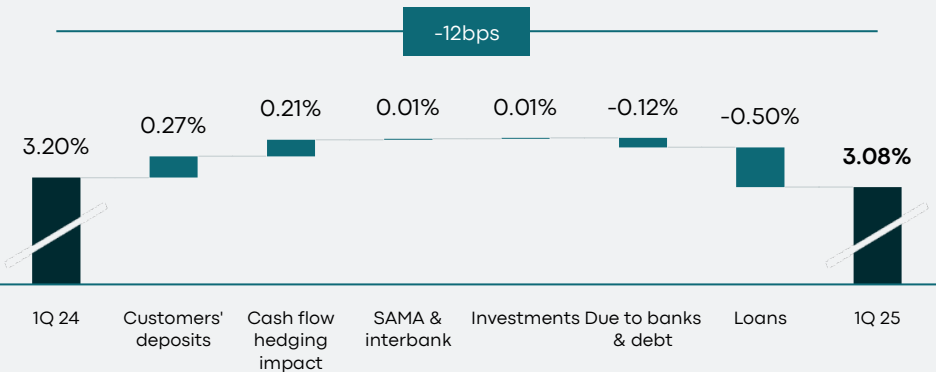
YTD NIM Trend



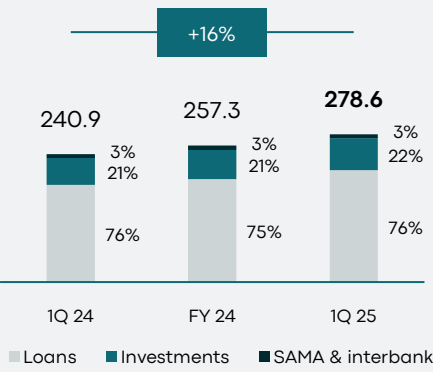
Quarterly NIM Trend



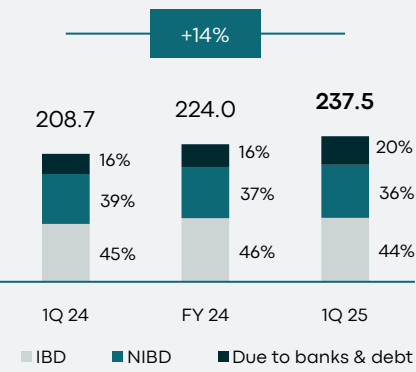
NIM Movement YoY (%)



Average Interest Earning Assets (₪ Bn)



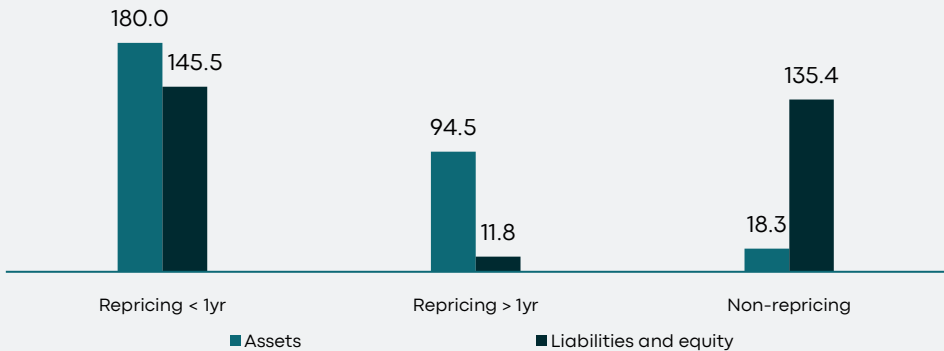
Average Interest Bearing Liabilities (₪ Bn)



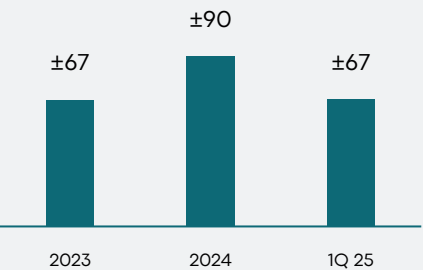
NIM Sensitivity

- As of 31 March 2025, BSF estimates a 1-year NIM sensitivity of a 100bps rates change at ± 2 bps; this would translate into a ± 67 mn NII delta.
- The net open short-term IR position arising from on-balance sheet items reflects BSF's corporate DNA (excess of floating rate assets).
- BSF mitigates its IR 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, IR risk appetite & structural market trends.
- The notional amount of cash flow hedges declined by 16% year-over-year, driven by an increase in fixed investments, which has resulted in a natural hedge to mitigate interest rate risk.

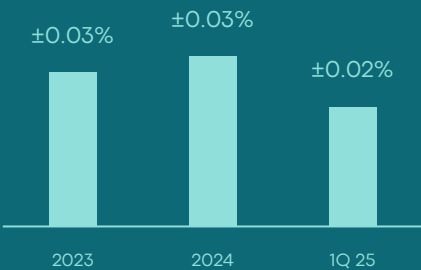
Balance Sheet Repricing Profile as at 31 December 2024 (€ Bn)



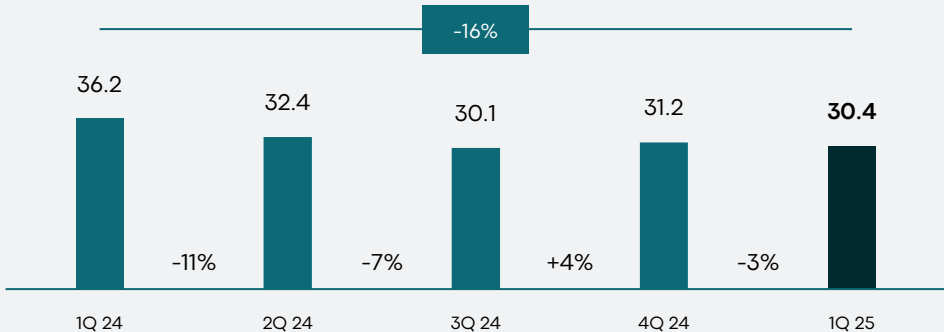
NII Impact of ± 100 bps Rate Change (€ Mn)



NIM Impact of ± 100 bps Rate Change (%)



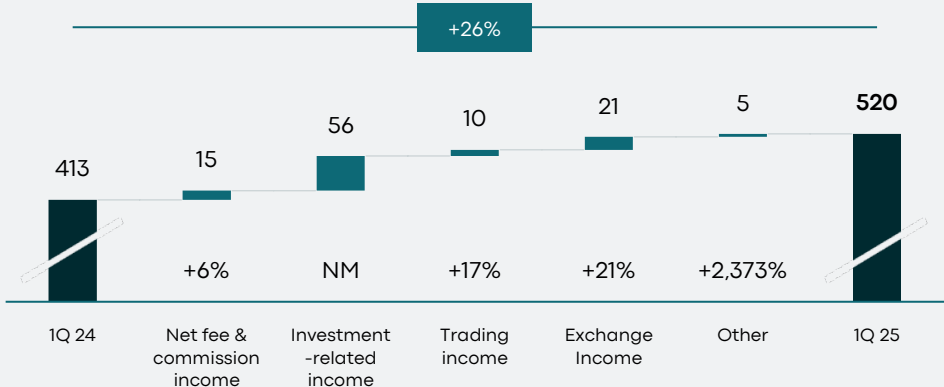
Cash Flow Hedges Swaps (Notional Amount € Bn)



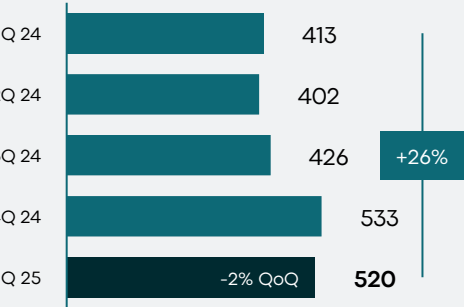
Non-Interest Income

- Non-interest income for 1Q 2025 increased 26% YoY to ₪ 520mn on higher trading income, supported by improved investment-related income, exchange income and net fee & commission income.
- Net fee & commission grew 6% to ₪ 262mn in 1Q 2025 due to higher brokerage & asset management income and trade finance, partially offset by lower card and other fees.
- A 9% YoY increase in non-funded exposure positively impacted fee and other income.
- 1Q 2025 non-interest income decreased 2% QoQ, driven by lower trading and exchange income, partly offset by higher investment-related income and net fee & commission income.

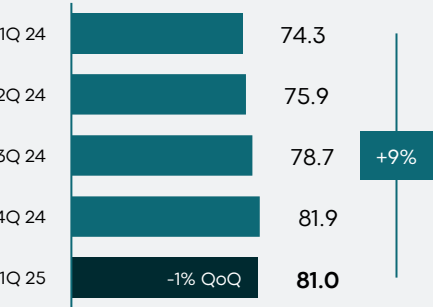
Non-interest Income Movement YoY (₪ Mn)



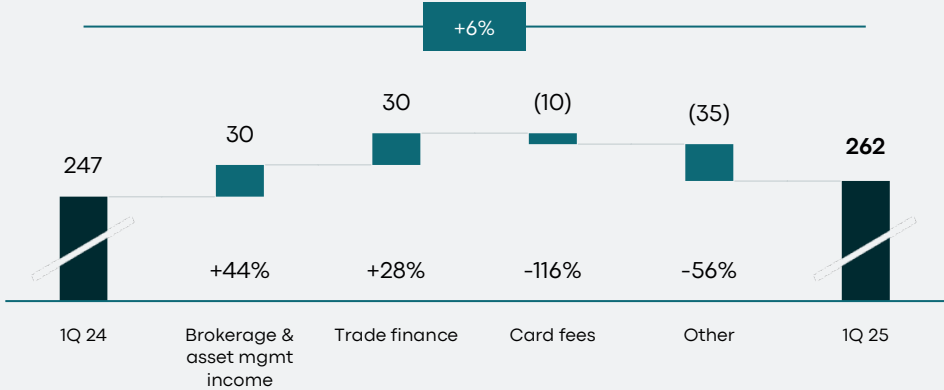
Non-interest Income (₪ Mn)



Non-funded Exposure* (₪ Bn)



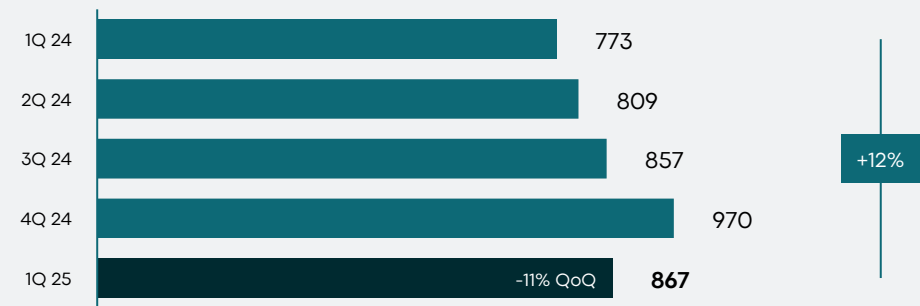
Fee & Commission Income Movement YoY (₪ Mn)



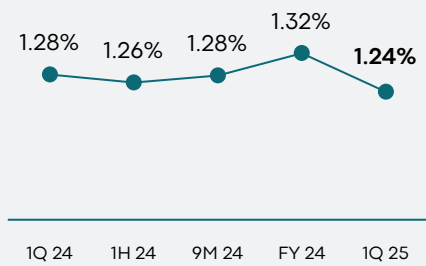
Operating Expenses

- Operating expenses increased 12% YoY to ₹ 867mn in 1Q 2025 mainly due to increased general and administrative expenses.
- Cost to income ratio decreased by 0.3 ppts YoY to 32.8% in 1Q 2025 from 33.2% in 1Q 2024.
- At the same time, operating expenses as a percentage of average interest-earning assets (AIEA) decreased 4bps YoY to 1.24% for 1Q 2025, driven by a faster expansion of AIEA (+16%) relative to expense growth (+12%).
- On a sequential basis, operating expenses declined by 11% QoQ, primarily reflecting the absence of exceptional items that impacted 4Q 2024.

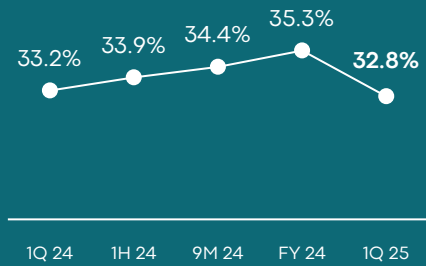
Operating Expenses (₹ Mn)



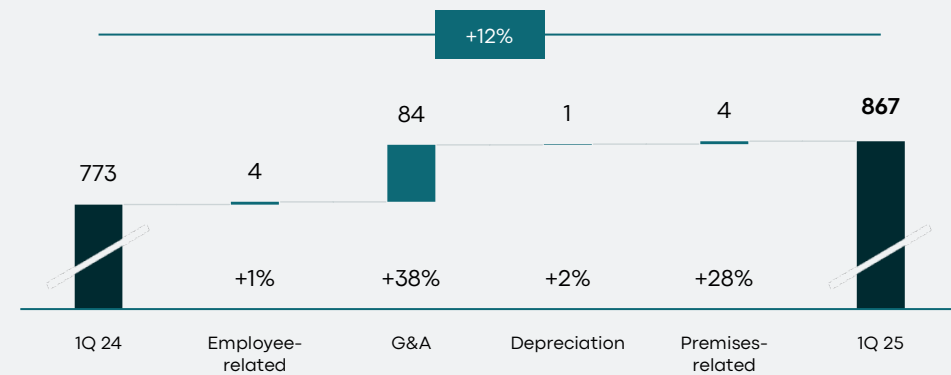
Cost To AIEA Ratio



Cost to Income Ratio



Operating Expenses Movement YoY (₹ Mn)

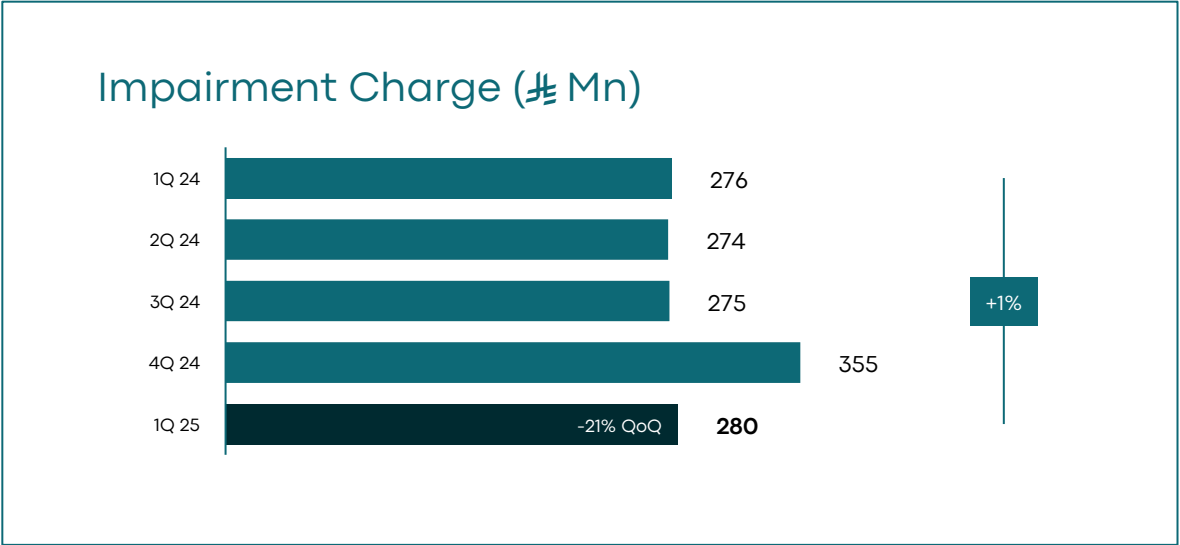


Cost of risk decreased by 9bps YoY to 0.51% for 1Q 2025, driven by lower consumer charges and overall portfolio growth

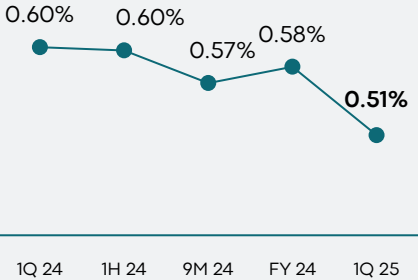


Impairment Charge

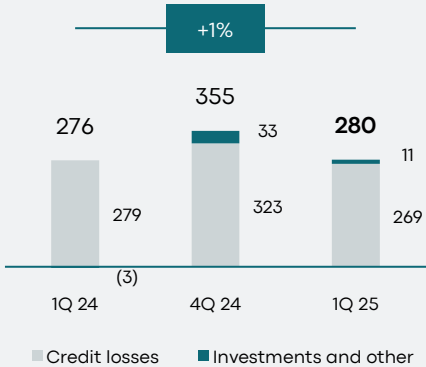
- The total impairment charge for 1Q 2025 increased by a modest 1% YoY to ₹ 280mn, from lower consumer impairments, offset by higher investment & other impairments.
- In combination with healthy loan growth, this resulted in a 9bps YoY improvement in cost of risk to 0.51% for 1Q 2025.
- On a sequential basis, impairments declined by 21%, returning to normalized levels after the elevated provisions recorded in 4Q 2024.



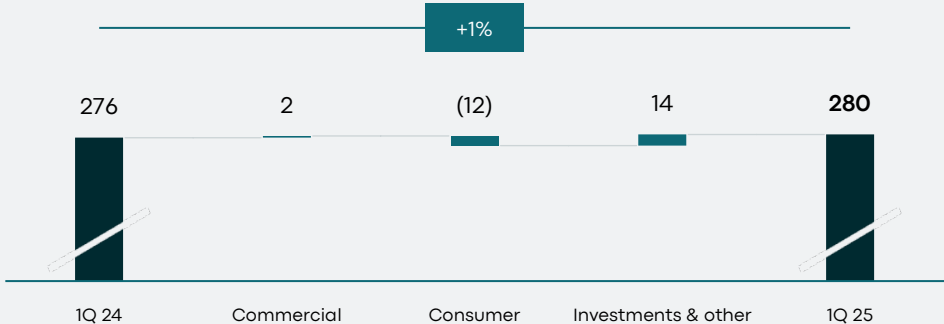
Cost of Credit Risk (%)



Impairment Charge (₹ Mn)



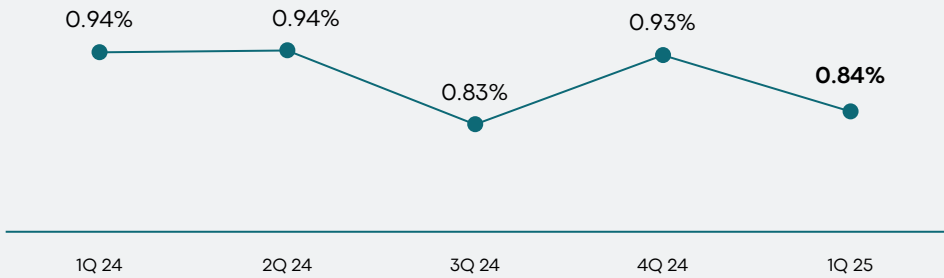
Impairment Charge Movement YoY (₹ Mn)



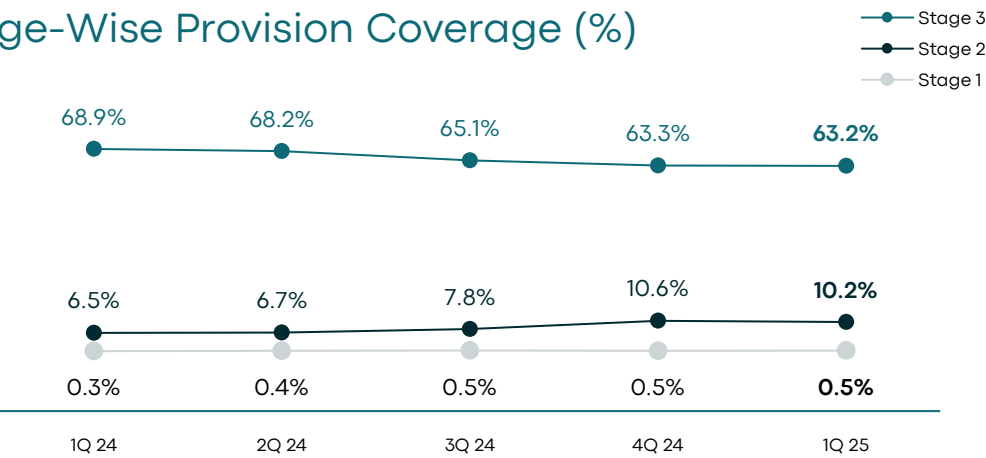
NPL & NPL Coverage

- The NPL ratio improved 9bps YTD to 0.84% as NPLs decreased by 7% relative to 2% gross loan growth.
- The NPL coverage ratio improved by 16.8ppts YTD to 198.5%, attributed to enhancements in both commercial and consumer coverage.
- Stage 3 coverage experienced a decline of 0.1ppts YTD to 63.2%, stage 2 coverage decreased by 0.4ppts to 10.2%, while stage 1 coverage remained stable.

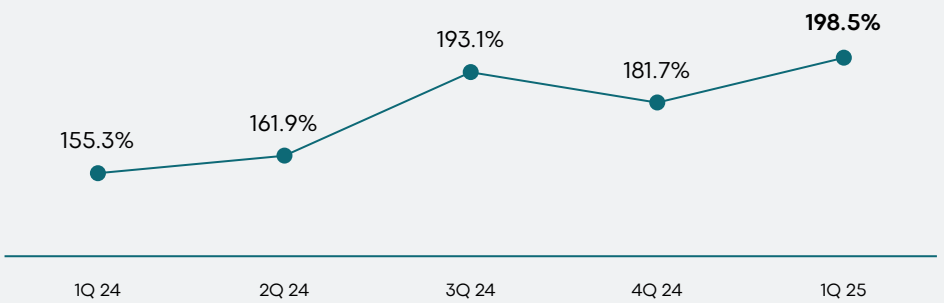
NPL Ratio (%)



Stage-Wise Provision Coverage (%)

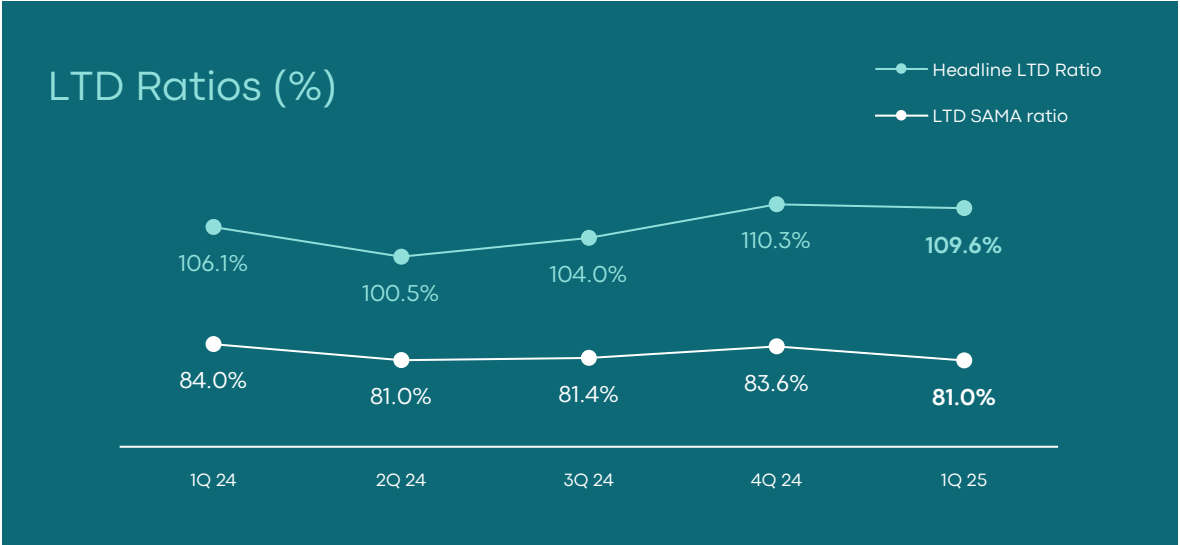


NPL Coverage Ratio (%)

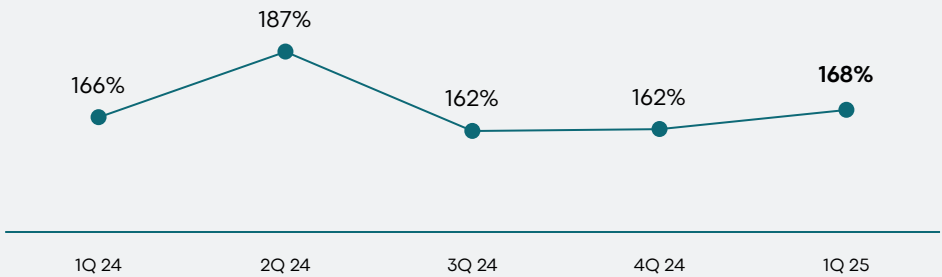


Liquidity

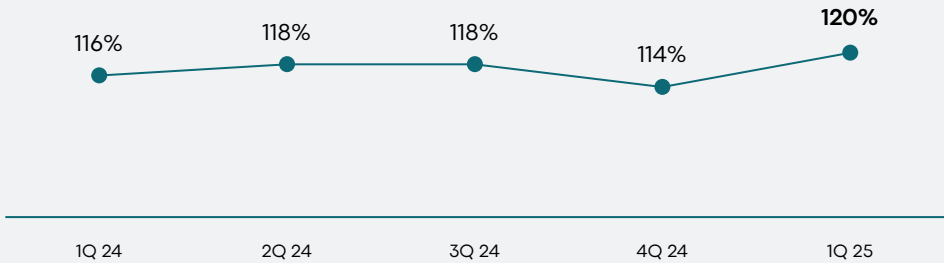
- LCR increased by 6 ppts YTD to 168% during 1Q 2025.
- NSFR rose by 6 ppts YTD to 120% as of 31 March 2025.
- The SAMA regulatory LTD ratio improved to 81.0% as of 31 March 2025, while the headline ratio stood at 109.6%.



LCR (%)



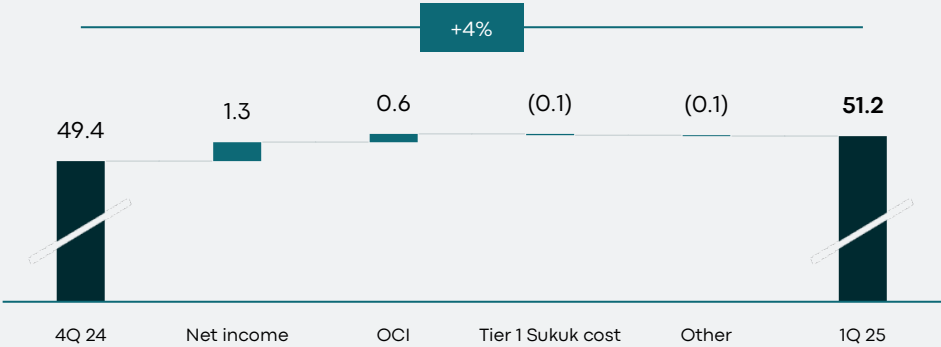
NSFR (%)



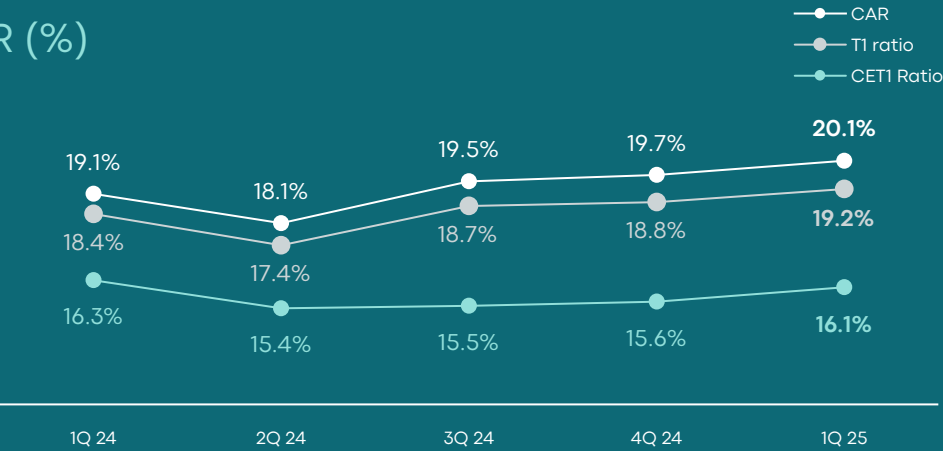
Capital

- Total capital (Tier 1 + Tier 2 regulatory capital) increased 4% YTD to ₪ 51.2bn during 1Q 2025 from net income and OCI.
- RWAs increased 8% YoY and 1% YTD to ₪ 254bn.
- CAR was at 20.1% and the Tier 1 ratio at 19.2% as of 31 March 2025.

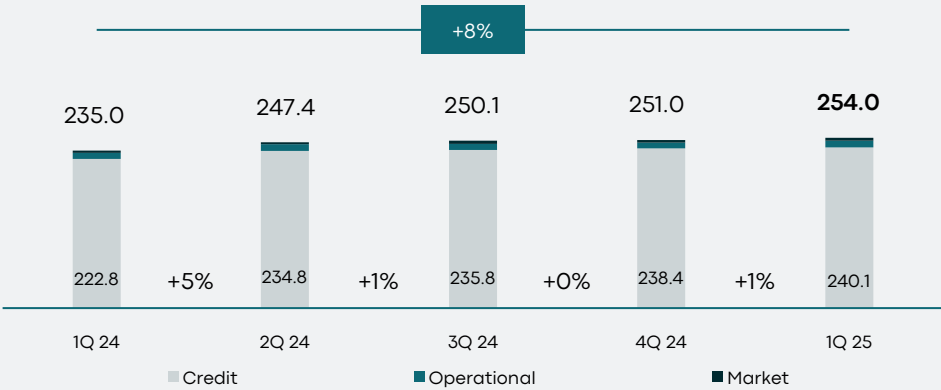
Total Capital Movement YTD (₪ Bn)



CAR (%)



RWA (₪ Bn)



BSF anticipates a favorable year ahead, with sustained loan growth, margin resilience and improvements in operational efficiency driving enhanced profitability



Metric	1Q 2025 Outcome	2025 Guidance	Guidance Drivers
Loans & Advances Growth	+2.4% YTD # Bn 209	Low teens	The guidance reflects expected growth in commercial lending in line with the market, with consumer lending and JB outpacing.
Net Interest Margin	3.08% ▼ -12 bps YOY	3.05 - 3.15%	NIM expected to be driven by volume growth in NIBDs and lending. Declining rates may impact asset yields, but funding costs and CFH are expected to provide an offsetting benefit.
Cost of Risk	51bps ▼ -9 bps YOY	50-60bps	Cost of risk expected to remain stable at higher balance sheet levels, supported by a resilient credit environment.
Cost to Income Ratio	32.8% ▼ -0.3 ppts YOY	<33%	Guidance reflects disciplined cost management, with a focus on containing staff-related expenses, while other G&A costs include investments in marketing, locations, and business volume expansion.
Return on Equity	11.3% ▲ +26 bps YOY	11-12%	ROE guidance is supported by higher net interest income, increased fee generation, and disciplined operating and risk cost containment.
Core Equity Tier 1 Ratio	16.1% ▲ +46 bps YTD	>15%	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



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Find our financial disclosures:

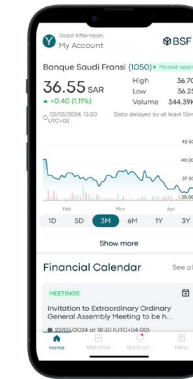
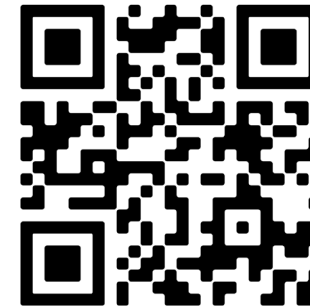
[Financial Disclosures](#)

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