

BSF 1H 2025 Earnings Presentation

30 July 2025



Highlights & Strategy Update



20% net income growth YoY supported by the robust top-line growth



Balance Sheet

- Loan growth of 6% YoY, driven by both commercial (+4%) and consumer (+17%).
- Investments increased 13% YoY to manage IR risk while capturing higher yields.
- Deposits fell 7% YoY from IBDs declining by -14%, partly offset by NIBDs growth of +2%.

Loans & Advances

209.9

₹ Billion

▲ +6% year-on-year

Investments

62.8

₹ Billion

▲ +13% year-on-year

Customers' Deposits

182.7

₹ Billion

▼ -7% year-on-year

Income Statement

- Operating income increased by 14% from 12% interest income growth and 23% non-interest income growth.
- NIM improved by 3bps YoY and 4bps QoQ.
- Net income grew 20%, driven by higher operating income, partly offset by rising expenses.

Operating Income

5,317

₹ Million

▲ +14% year-on-year

NIM

3.11%

▲ +3bps year-on-year

Net Income

2,741

₹ Million

▲ +20% year-on-year

Asset Quality

- Marginally higher NPL ratio, due to higher NPL in commercial portfolio. Coverage ratio remains robust.
- Improved COR in the consumer and commercial book.

NPL Ratio

0.97%

▲ +3bps year-on-year

NPL Coverage

183.1%

▲ +21.3ppts year-on-year

Cost of Risk

0.50%

▼ -10bps year-on-year

Capital & Liquidity

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

T1 Ratio

20.1%

▲ +2.7ppts year-on-year

LCR

168%

▼ -19ppts year-on-year

NIBD % of Total Deposits

47.0%

▲ +4.2ppts year-on-year

Strategic Goals

Focused Initiatives

Progress
2Q25: 89%, 1Q25: 85%
2Q24: 72%

Key Highlights

Wholesale Banking

Solidify market position

GTS revamp
Expand FIG&MNC coverage

95%

1Q25: 91%

Delivered strong growth in government accounts

Activated high-impact strategic partnerships

Accelerating global expansion of FI's footprint

Maintained a sharp focus on fee-based growth

Personal Banking

Leverage segmentation and synergies

Scale up affluent
Provide superior daily banking

81%

1Q25: 78%

Continued to enhance digital app features for an improved UX

Executing Branch Transformation

Gaining traction in Affluent, e.g, Credit Card & Sports Pro League partnership

Solid 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
2Q25: 89%, 1Q25: 85%
2Q24: 72%

Key Highlights

JB

Expand in new market segments

Digital acceleration
Product diversification
Brand repositioning

93%

1Q25:
90%

Optimized mobile app services
Modernized core systems
Increased digital adoption in auto lease and personal finance
Enhanced efficiency and margins

BSF Capital

Seize existing opportunities and grow

Synergize wealth mgmt.
Broaden advisory
Attractive investment solutions

77%

1Q25:
70%

Capturing growing IPO opportunities
Advancing key partnerships across Private and Wholesale Banking
Sustaining 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): On track for 3Q 2025 launch• Phase 2 (Trade Loans, Trade AI): Planned for 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">• Retail Digital App: Successfully launched in 1Q 2025• Additional feature releases: Scheduled 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: Targeted for 3Q 2025 deployment• CBS Corporate Loans – Drop 2: Planned for 1Q 2026 launch



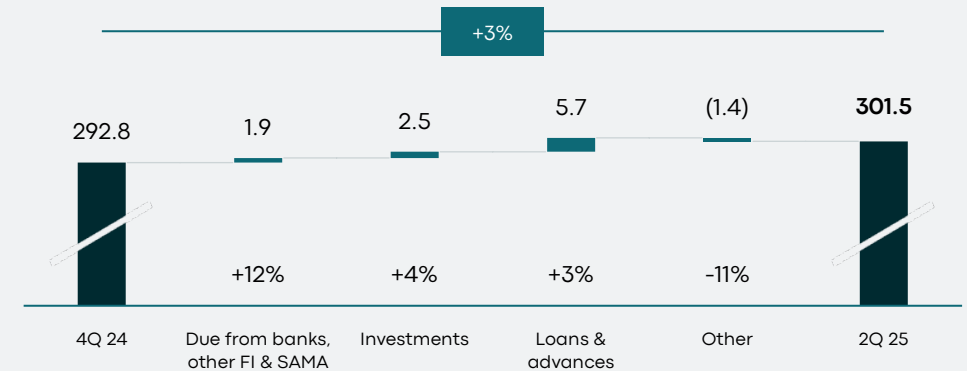
Financial Highlights

Balance Sheet

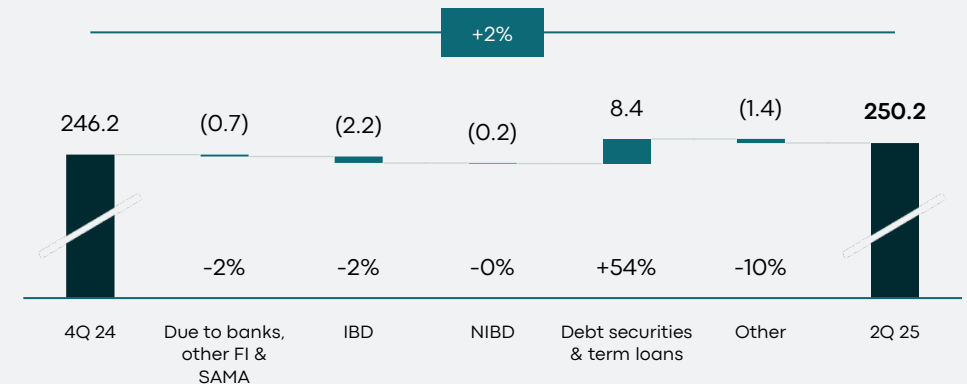
- Growth in total assets of 3% YTD, mainly driven by 3% loan growth, further aided by an increase in investments and interbank lending.
- The investment portfolio expanded by 4% YTD.
- Liabilities grew by 2% YTD led by 54% increase in debt securities and term loans.
- Total equity increased by 10% YTD from retained earnings generation and USD 650mn Additional Tier 1 Capital issuance.

₹ Mn	2Q 2025	1Q 2025	Δ%	4Q 2024	Δ%
Investments	62,792	61,322	+2%	60,289	+4%
Loans & advances	209,881	208,978	+0%	204,168	+3%
Total assets	301,490	302,988	-0%	292,776	+3%
Customers' deposits	182,690	190,728	-4%	185,118	-1%
Debt securities & term loans	23,964	20,396	+17%	15,518	+54%
Total liabilities	250,176	254,558	-2%	246,169	+2%
Total equity	51,314	48,430	+6%	46,607	+10%

Total Assets Movement YTD (₹ Bn)



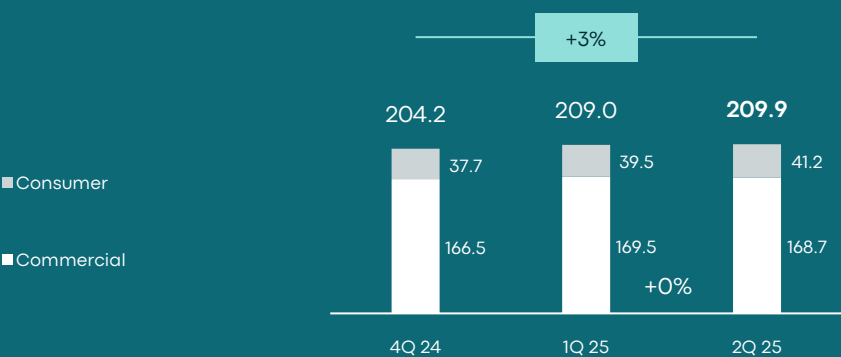
Total Liabilities Movement YTD (₹ Bn)



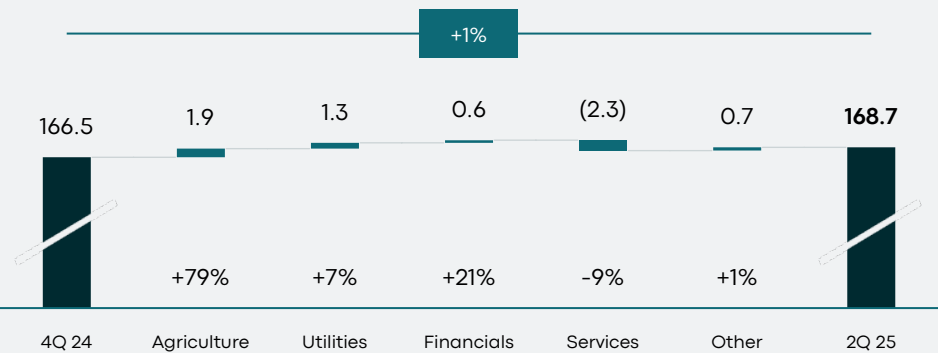
Loans & Advances

- Total loans and advances grew 6% YoY, driven by growth in both consumer and commercial lending. YTD growth was 3%, supported by increases in both commercial and consumer loans.
- Commercial loans grew 1% YTD, with notable increase in the agriculture, utilities and financials sectors partly offset by decline in services sector.
- Consumer loans grew 9% YTD, driven by a 11% increase in mortgages and 8% increase in personal loans.

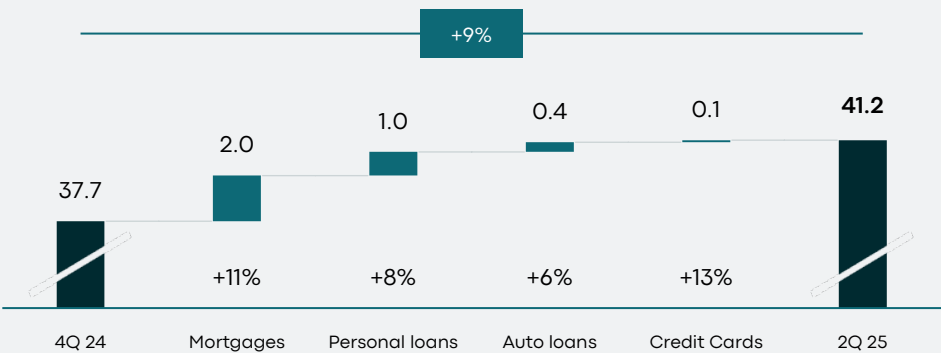
Loans & Advances (₹ Bn)



Commercial Loans Movement YTD (₹ Bn)



Consumer Loans Movement YTD (₹ Bn)



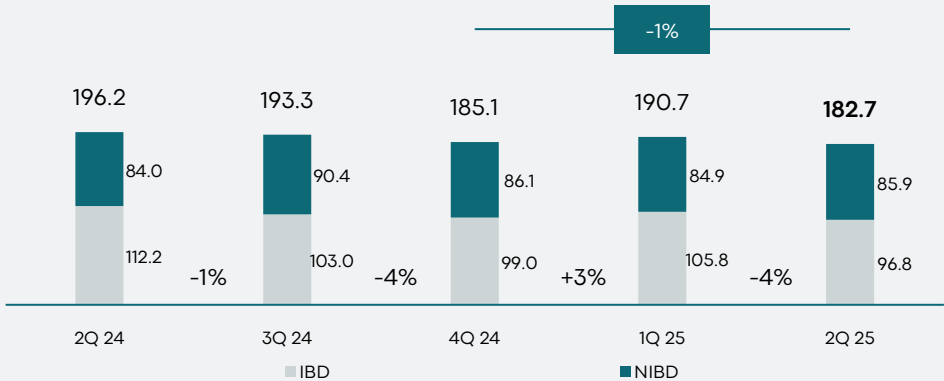
1% YTD fall in deposits, driven by decline in corporate, partially offset by the inflow of retail deposits



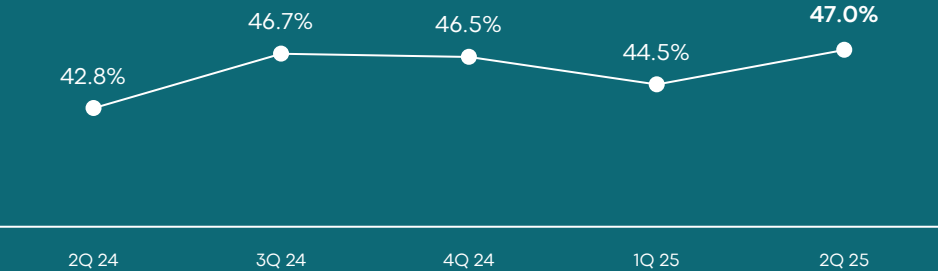
Customers' Deposits

- Deposits fell by 1% YTD, driven by a decrease in IBDs.
- IBDs decreased by 2% YTD, due to lower corporate deposits, and NIBDs declined marginally as inflows from retail deposits were offset by a decline in corporate deposits.
- As of 30 June 2025, 47% of deposits were non-interest bearing, an increase of ~2.5ppts compared to the previous quarter.

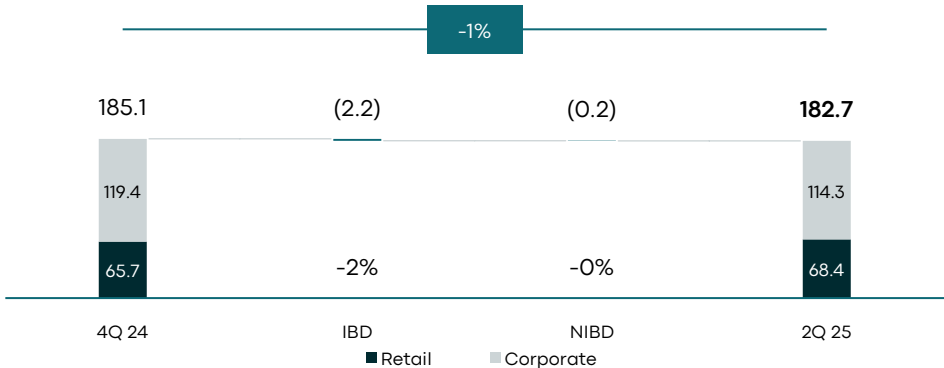
Customers' Deposits (₹ Bn)



NIBD % of Total Deposits (%)



Customers' Deposits Movement YTD (₹ Bn)



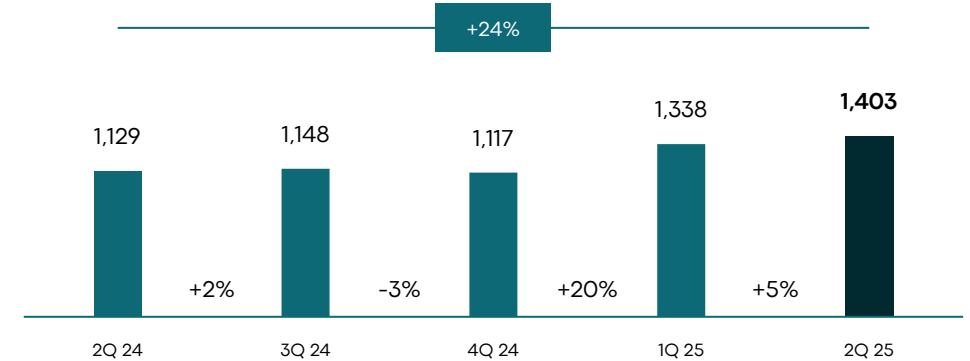
Net income grew 20% YoY from higher operating income, lower cost of risk and positive jaws

Income Statement

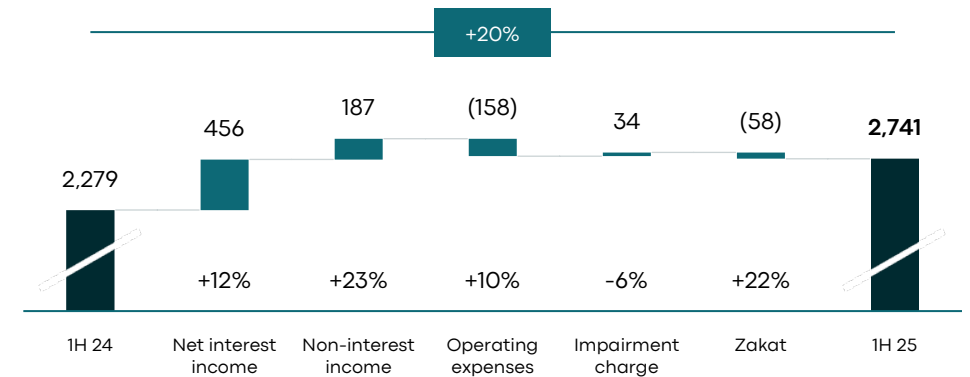
- Net income for 1H 2025 grew 20% YoY to ₪ 2,741mn from higher operating income, lower cost of risk and positive jaws.
- Total operating income increased driven by a 12% growth in net interest income and a 23% increase in non-interest income.
- Impairments improved 6% YoY.
- Quarterly net income increased by 24% YoY and by 5% QoQ to ₪ 1,403mn.

₪ Mn	1H 2025	1H 2024	Δ%	2Q 2025	2Q 2024	Δ%
Net interest income	4,314	3,858	+12%	2,196	1,940	+13%
Non-interest income	1,002	815	+23%	482	402	+20%
Operating income	5,317	4,674	+14%	2,678	2,342	+14%
Operating expenses	(1,740)	(1,582)	+10%	(873)	(809)	+8%
Pre-impairment operating income	3,577	3,091	+16%	1,805	1,533	+18%
Impairment charge	(515)	(550)	-6%	(236)	(274)	-14%
Net income before zakat	3,061	2,542	+20%	1,569	1,259	+25%
Zakat	(320)	(263)	+22%	(166)	(130)	+28%
Net income	2,741	2,279	+20%	1,403	1,129	+24%
ROAE	11.24%	10.88%	+36bps	11.25%	10.72%	+54bps

Net Income (₪ Mn)



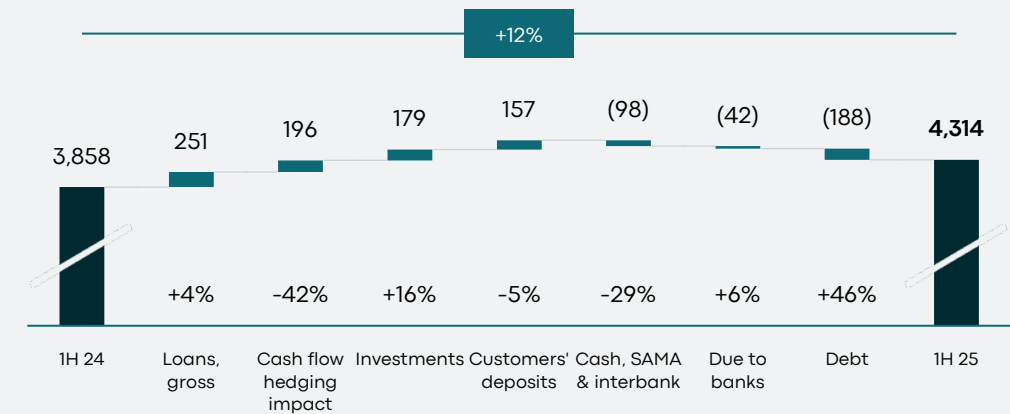
Net Income Movement YoY (₪ Mn)



Net Interest Income

- NII for 1H 2025 increased by 12% YoY to ₪ 4,314mn, driven by 11% average earnings assets growth and modest margin expansion.
- Interest income rose 7% YoY to ₪ 8,520mn in 1H 2025, while funding costs rose by 2% to ₪ 4,206mn.
- On a sequential basis, funding costs increased by 2% QoQ, while interest income increased by 3%.

Net Interest Income Movement YoY (₪ Mn)



Interest Income (₪ Mn)



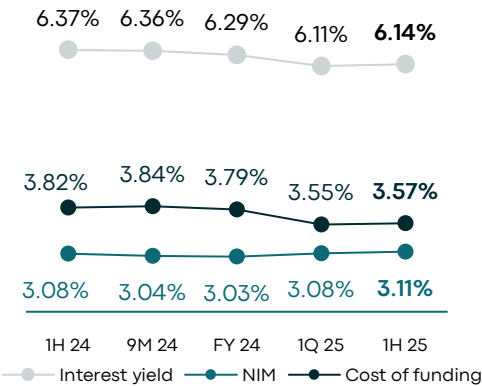
Interest Expense (₪ Mn)



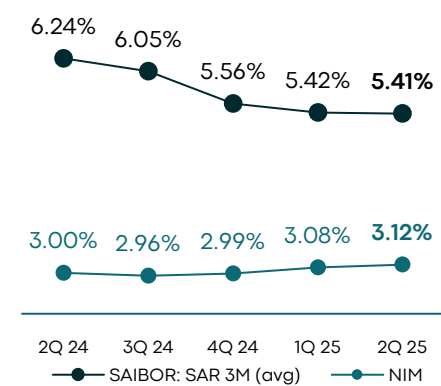
Net Interest Margin

- The NIM increased 3bps YoY to 3.11%, driven by a lower cost of funding, offset by lower interest yield following rate cuts, with the impact of hedging providing additional support.
- Interest yield declined by 23bps YoY to 6.14%, while funding costs decreased by 25bps YoY to 3.57% in 1H 2025.
- On a sequential basis, quarterly NIM improved by 4bps.

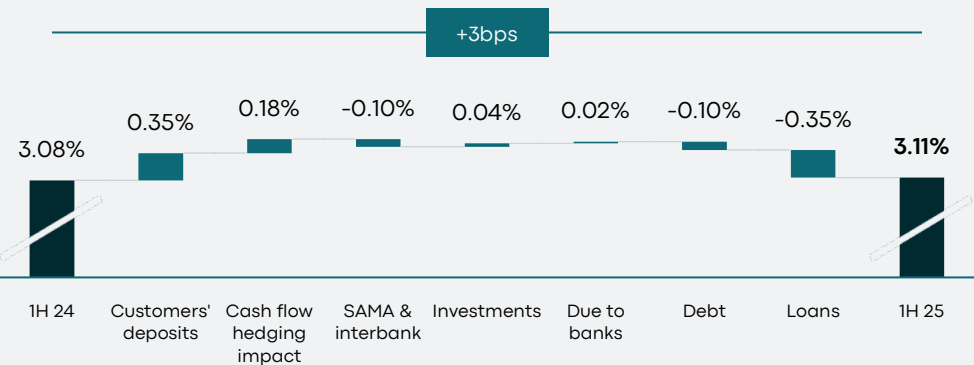
YTD NIM Trend



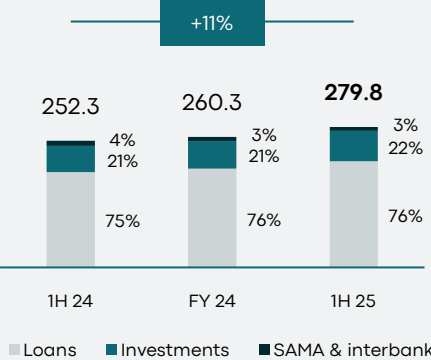
Quarterly NIM Trend



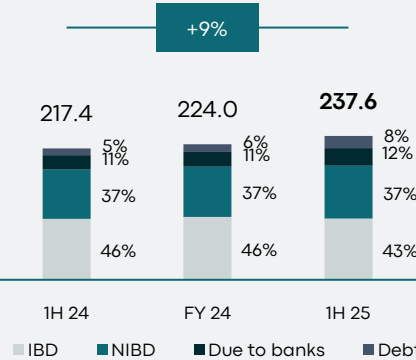
NIM Movement YoY (%)



Average Interest Earning Assets (₹ Bn)



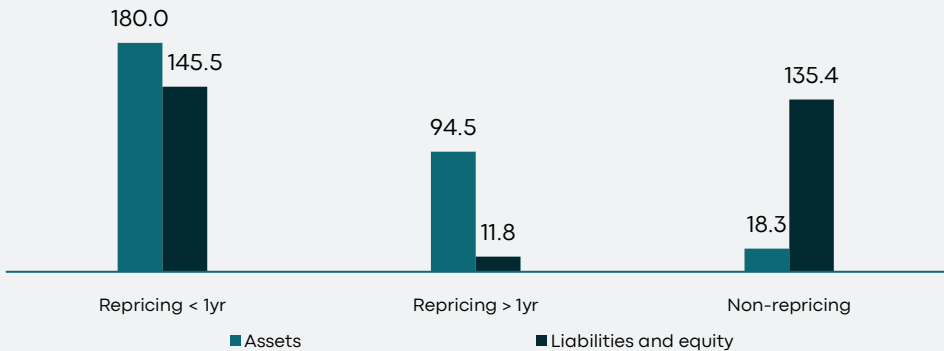
Average Interest Bearing Liabilities (₹ Bn)



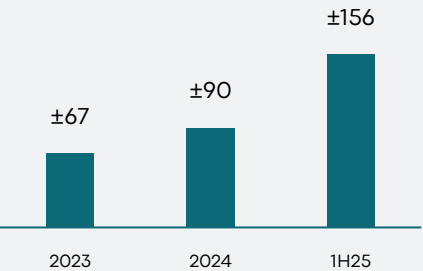
NIM Sensitivity

- As of 30 June 2025, BSF estimates a 1-year NIM sensitivity of a 100bps rates change at ± 5 bps; this would translate into a ± 156 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 9% YTD, driven by an increase in fixed investments, which has resulted in a natural hedge to mitigate interest rate risk.

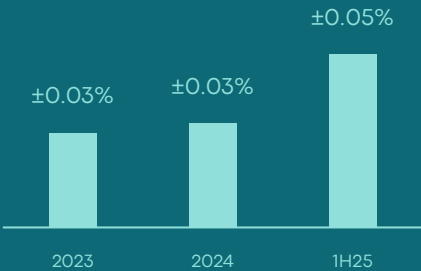
Balance Sheet Repricing Profile as at 31 December 2024 (₹ Bn)



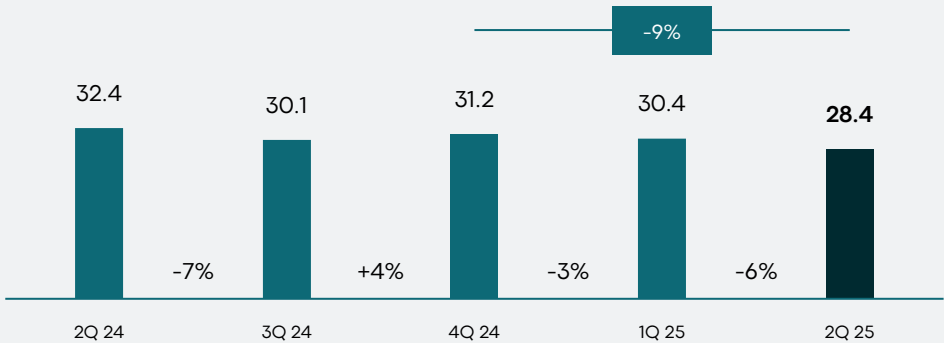
NII Impact of ± 100 bps Rate Change (₹ Mn)



NIM Impact of ± 100 bps Rate Change (%)



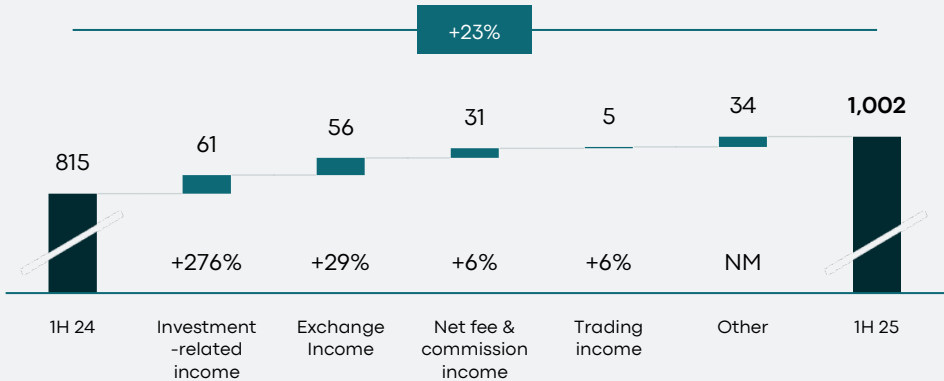
Cash Flow Hedges Swaps (Notional Amount ₹ Bn)



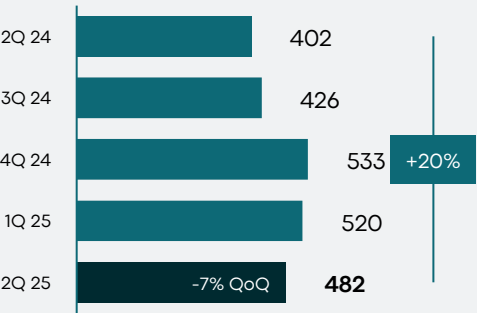
Non-Interest Income

- Non-interest income for 1H 2025 increased 23% YoY to ₪1,002mn on higher investment-related income, exchange and other income, as well as improved net fee & commission income.
- Net fee & commission income grew 6% YoY to ₪543mn in 1H 2025 due to higher brokerage & asset management income, trade finance and card fees, partially offset by other fees.
- A 6% YoY increase in non-funded exposure positively impacted fee and other income.
- 2Q 2025 non-interest income decreased 7% QoQ, driven by lower trading and investment related income, partly offset by higher net fee and commission income.

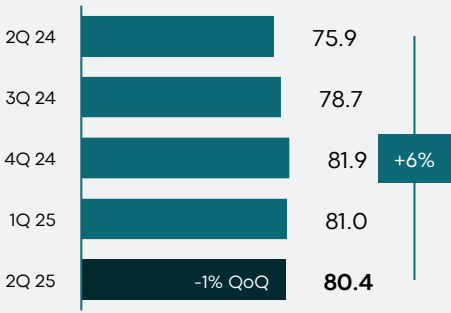
Non-interest Income Movement YoY (₪ Mn)



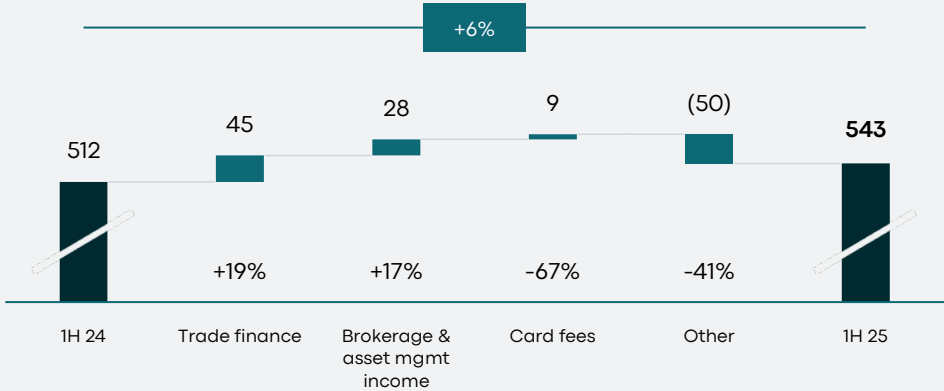
Non-interest Income (₪ Mn)



Non-funded Exposure* (₪ Bn)



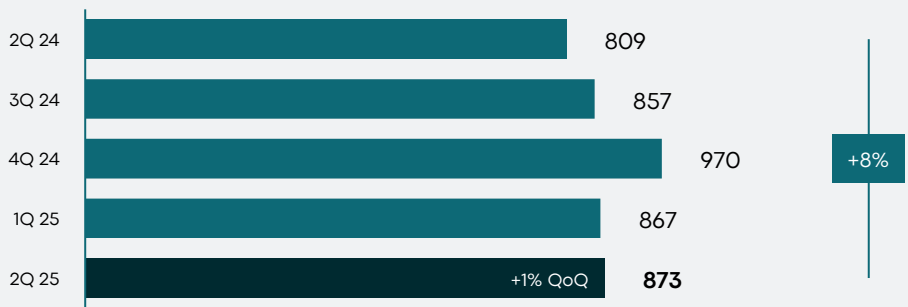
Fee & Commission Income Movement YoY (₪ Mn)



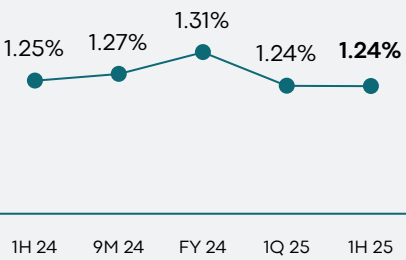
Operating Expenses

- Operating expenses increased 10% YoY to ₹1,740mn in 1H 2025 mainly due to increased general and administrative expenses.
- Cost to income ratio decreased by 1.1 ppts YoY to 32.7% in 1H 2025 from 33.9% in 1H 2024.
- At the same time, operating expenses as a percentage of average interest-earning assets (AIEA) decreased only marginally by 1bps YoY to 1.24% for 1H 2025, driven by an 11% expansion of AIEA relative to a 10% expense growth.
- On a sequential basis, operating expenses increased by 1% QoQ due to increased depreciation.

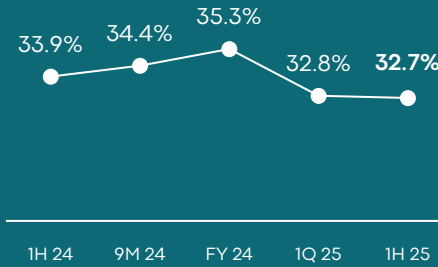
Operating Expenses (₹ Mn)



Cost to AIEA Ratio



Cost to Income Ratio



Operating Expenses Movement YoY (₹ Mn)



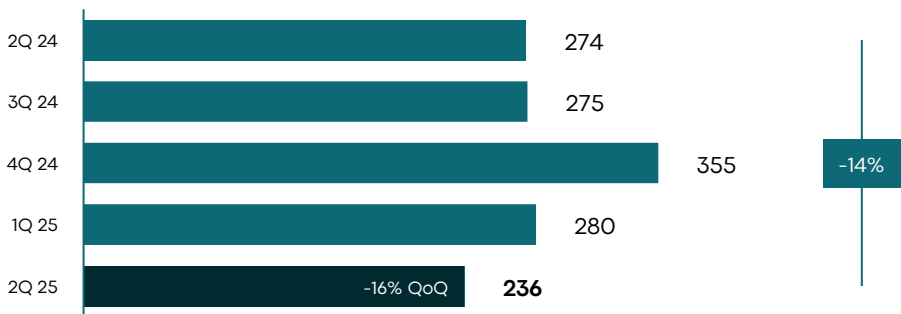
Cost of risk decreased by 10bps YoY to 0.50% for 1H 2025, driven by lower commercial charges and overall portfolio growth



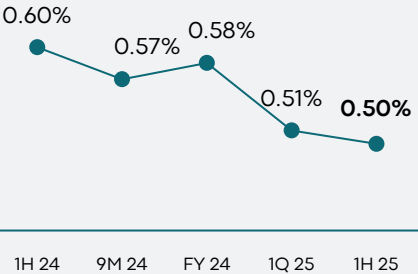
Impairment Charge

- The total impairment charge for 1H 2025 decreased by 6% YoY to ₹ 515mn, from lower commercial impairments, partly offset by minor increase in consumer impairments and investments & other impairments.
- In combination with healthy loan growth, this resulted in a 10bps YoY improvement in cost of risk to 0.50% for 1H 2025.
- On a sequential basis, impairments declined by 16%, driven by commercial charge and investments & other impairments decline.

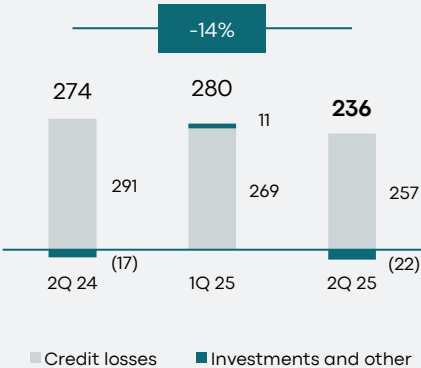
Impairment Charge (₹ Mn)



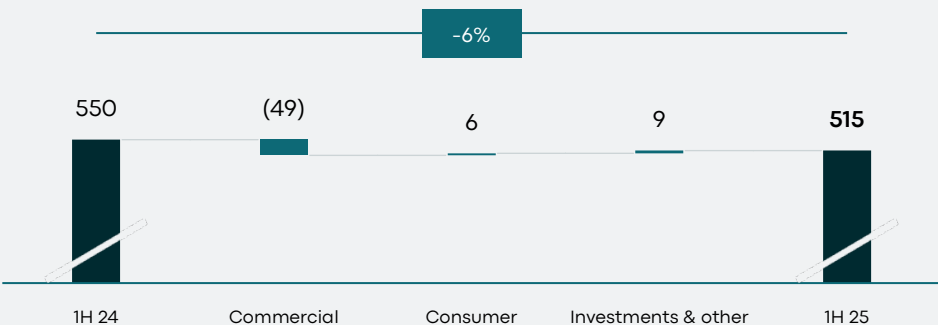
Cost of Credit Risk (%)



Impairment Charge (₹ Mn)



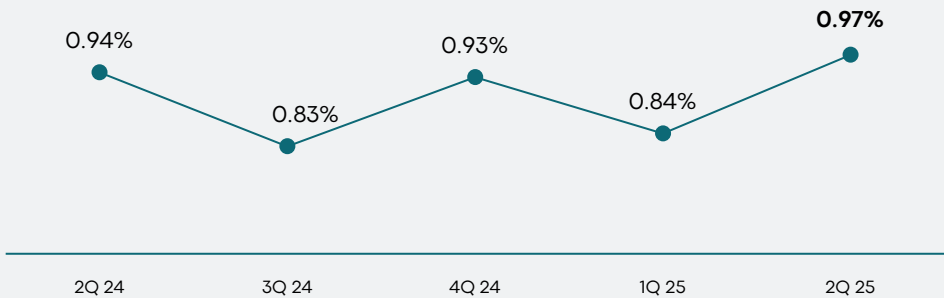
Impairment Charge Movement YoY (₹ Mn)



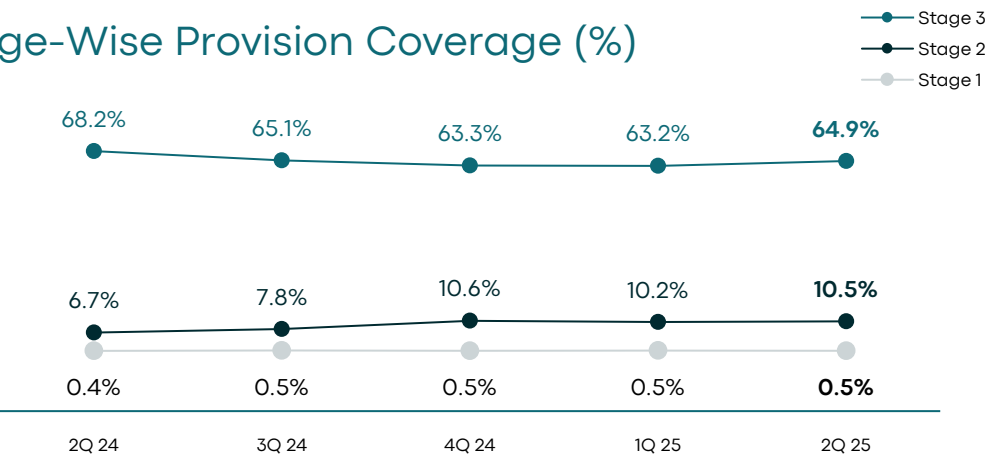
NPL & NPL Coverage

- The NPL ratio increased 3bps YTD to 0.97% as NPLs increased by 7% relative to 3% gross loan growth.
- The NPL coverage ratio improved by 1.4ppts YTD to 183.1%, attributed to enhancements mainly in consumer coverage.
- Stage 3 coverage experienced an increase of 1.6ppts YTD to 64.9%, stage 2 coverage decreased by 15bps to 10.5%, while stage 1 coverage remained stable.

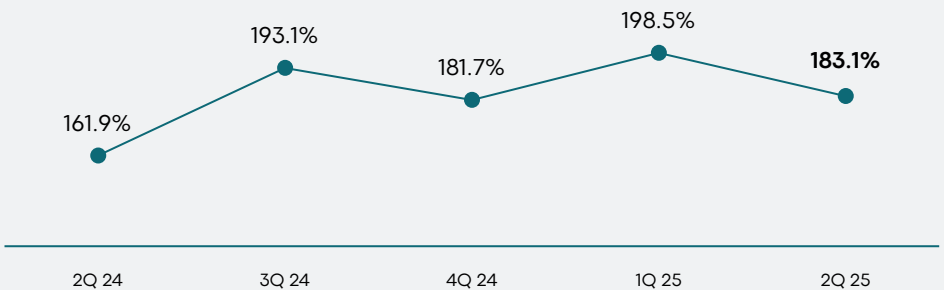
NPL Ratio (%)



Stage-Wise Provision Coverage (%)

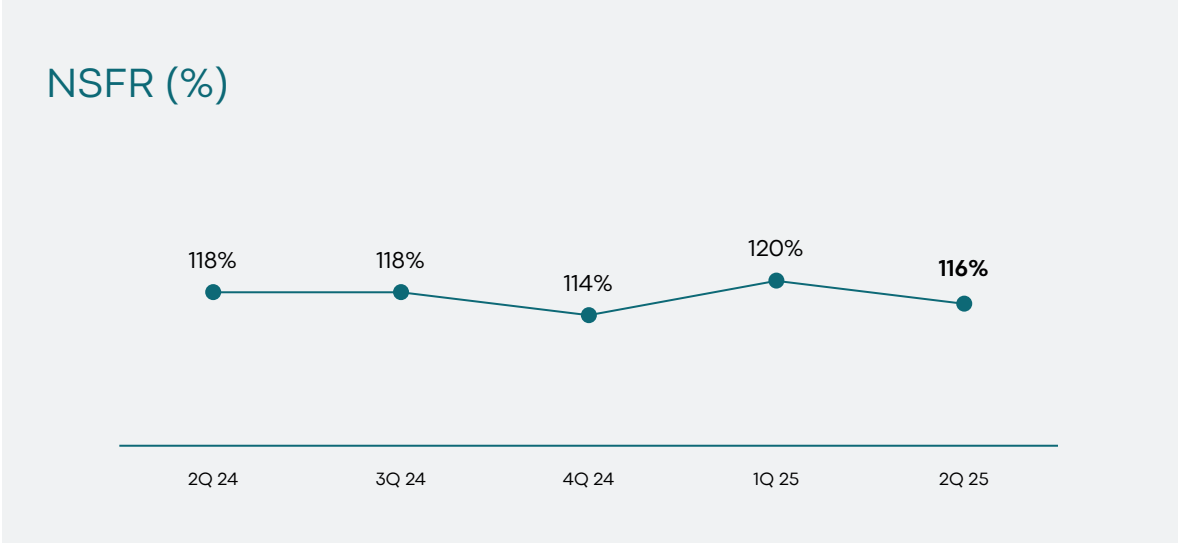
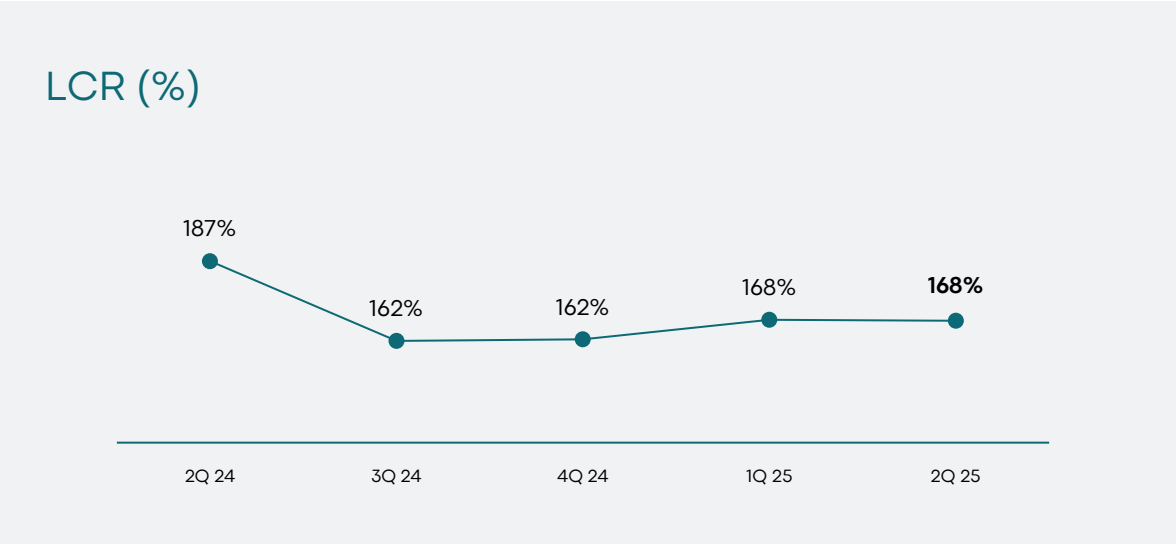


NPL Coverage Ratio (%)



Liquidity

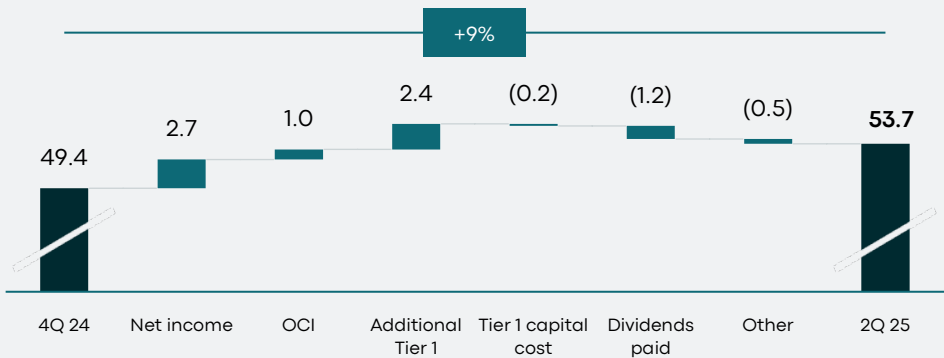
- LCR increased by 5.8 ppts YTD to 168% during 1H 2025.
- NSFR rose by 2 ppts YTD to 116% as of 30 June 2025.
- The SAMA regulatory LTD ratio decreased 1.4 ppts YTD to 82.2% as of 30 June 2025, while the headline ratio stood at 114.9%.



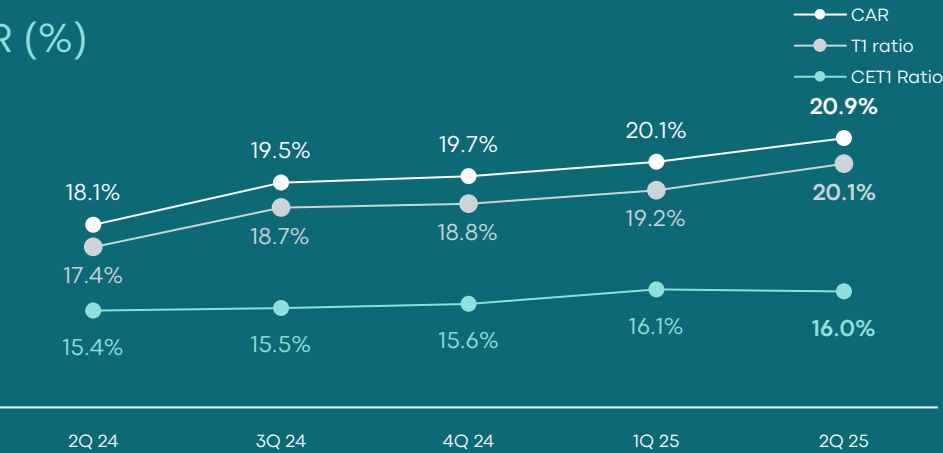
Capital

- Total capital (Tier 1 + Tier 2 regulatory capital) increased 9% YTD to ₹ 53.7bn during 1H 2025 from AT1 issuance of USD 650mn, net income and OCI, partially offset by the dividends paid.
- RWAs increased by 2% YTD to ₹ 256.7bn.
- CAR was at 20.9% and the Tier 1 ratio at 20.1% as of 30 June 2025, boosted by AT1 issuance.

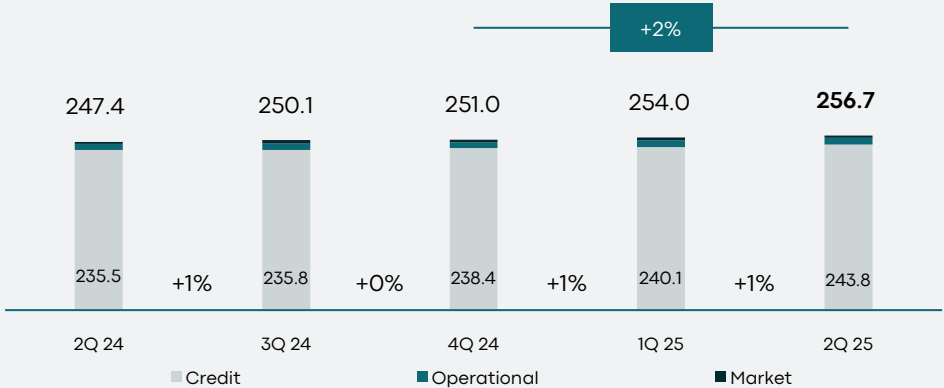
Total Capital Movement YTD (₹ Bn)



CAR (%)



RWA (₹ Bn)



Loan growth outlook was revised in line with pipeline, while margin and efficiency drivers continue to support profitability



Metric	1H 2025 Outcome	2025 Guidance	Guidance Drivers
Loans & Advances Growth	+2.8% YTD ₹ Bn 209.9	High single digits	The guidance was revised to reflect a conservative view after modest first-half growth and some expected pickup in the second half, in line with the current pipeline.
Net Interest Margin	3.11% ▲ +3 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	50bps ▼ -10 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	32.7% ▼ -1.1 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	11.2% ▲ +36 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	16.0% ▲ +40 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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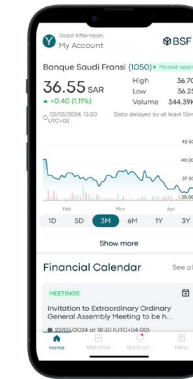
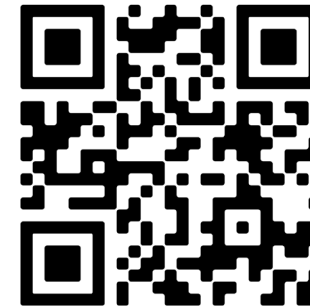
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