

BSF 9M 2025 Earnings Presentation

28 October 2025



Highlights & Strategy Update



19% net income growth YoY supported by the healthy top-line growth



Balance Sheet

- Loan growth of 7% YoY, driven by both commercial (+5%) and consumer (+19%).
- Investments increased 13% YoY to manage IR risk while capturing higher yields.
- Deposits fell 4% YoY from IBDs and NIBDs declining by 6% and 2% each.

Loans & Advances

215.6

₹ Billion

▲ +7% year-on-year

Investments

65.8

₹ Billion

▲ +13% year-on-year

Customers' Deposits

185.9

₹ Billion

▼ -4% year-on-year

Income Statement

- Operating income increased by 12% from 11% interest income growth and 16% non-interest income growth.
- NIM improved by 1bps YoY and declined 17bps QoQ.
- Net income grew 19%, driven by higher operating income, partly offset by rising expenses.

Operating Income

7,916

₹ Million

▲ +12% year-on-year

NIM

3.06%

▶ +1bps year-on-year

Net Income

4,094

₹ Million

▲ +19% year-on-year

Asset Quality

- NPL ratio up by 17bps YoY, due to higher NPL in commercial portfolio partly offset by lower NPL in consumer portfolio. Coverage ratio remains robust.
- Improved overall COR due to improvements in the commercial book.

NPL Ratio

0.99%

▲ +17bps year-on-year

NPL Coverage

174.5%

▼ -18.6ppts year-on-year

Cost of Risk

0.44%

▼ -12bps year-on-year

Capital & Liquidity

- Capital, funding and liquidity remain strong and comfortably within regulatory limits.
- NIBD ratio slightly higher YoY from lower IBD deposits.

T1 Ratio

19.6%

▲ +0.8ppts year-on-year

LCR

160%

▶ -1ppts year-on-year

NIBD % of Total Deposits

47.8%

▶ +1.0ppts year-on-year

Closing a Chapter: 2021-2025 Strategy

As our current five-year strategy (2021–2025) comes to an end, we reflect on a period defined by discipline, focus, and foundational progress.

Built the **foundation for sustainable growth** through strong governance and clear priorities

Laid the **infrastructure modernizing systems**, strengthening risk and control frameworks, and streamlining operations.

Accelerated digital transformation, launching and enhancing digital channels across businesses.

Reinforced business strength through diversification, balance-sheet optimization, and customer-centric growth.

Assembled a **strong leadership** team to drive execution with agility.

The Next Chapter: Our 2030 Strategy

With a solid foundation in place, we now look forward to an aspirational 2030 strategy, a strategy built on what defines us and what we do best.

We will leverage the capabilities, platforms, and culture we've established to propel us into the next phase of growth.

Our 2030 Strategy focuses on excellence in our core DNA, deepening customer relevance, and anticipating market dynamics.

The coming phase will emphasize value creation, innovation, and leadership in a transforming BSF.

Financial Highlights

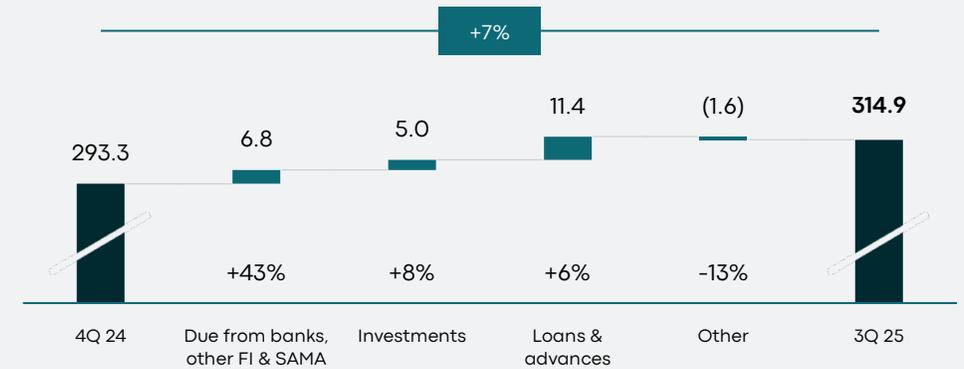


Balance Sheet

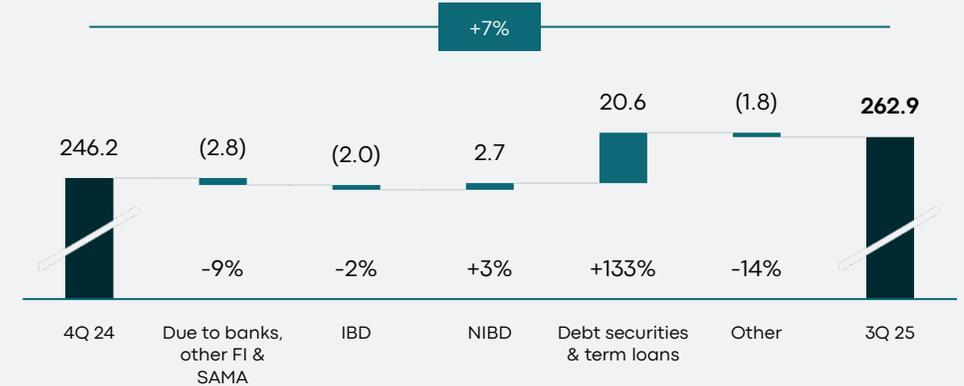
- Growth in total assets of 7% YTD, mainly driven by 6% loan growth, further aided by an increase in investments and interbank lending.
- The investment portfolio expanded by 8% YTD.
- Liabilities rose 7% YTD driven by 133% increase in debt securities & term loans from several issuances during the period including a USD 1bn Tier 2 issuance in 3Q 2025.
- Total equity increased by 10% YTD from retained earnings generation and USD 650mn Additional Tier 1 Capital issuance in 2Q 2025.

₪ Mn	3Q 2025	2Q 2025	Δ%	4Q 2024	Δ%
Investments	65,820	63,241	+4%	60,820	+8%
Loans & advances	215,592	209,881	+3%	204,168	+6%
Total assets	314,946	301,939	+4%	293,307	+7%
Customers' deposits	185,868	182,690	+2%	185,118	+0%
Debt securities & term loans	36,116	23,964	+51%	15,518	+133%
Total liabilities	262,871	250,176	+5%	246,169	+7%
Total equity	52,075	51,763	+1%	47,138	+10%

Total Assets Movement YTD (₪ Bn)



Total Liabilities Movement YTD (₪ Bn)



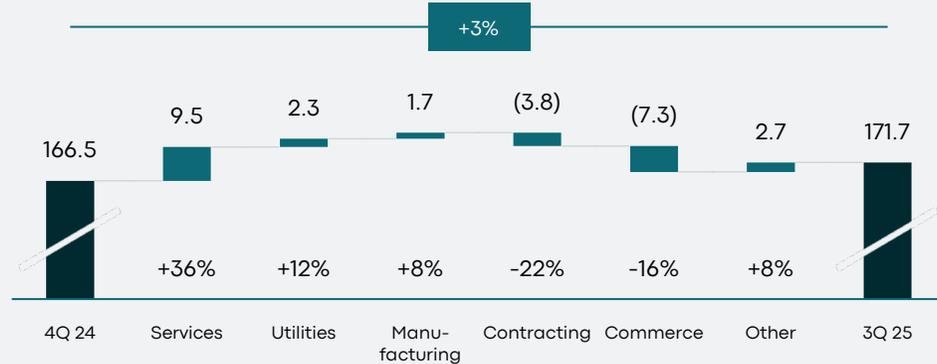
Loans & Advances

- Total loans and advances grew 7% YoY, driven by growth in both consumer and commercial lending. YTD growth was 6%, supported by increases in both commercial and consumer loans.
- Commercial loans grew 3% YTD, with a notable increase in the services sector partly offset by decline in contracting and commerce sectors.
- Consumer loans grew 17% YTD, driven by a 20% increase in mortgages and 14% increase in personal loans.

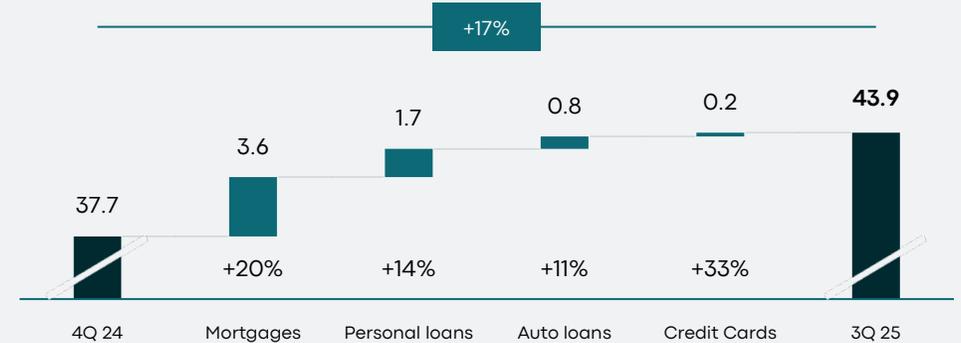
Loans & Advances (₹ Bn)



Commercial Loans Movement YTD (₹ Bn)



Consumer Loans Movement YTD (₹ Bn)

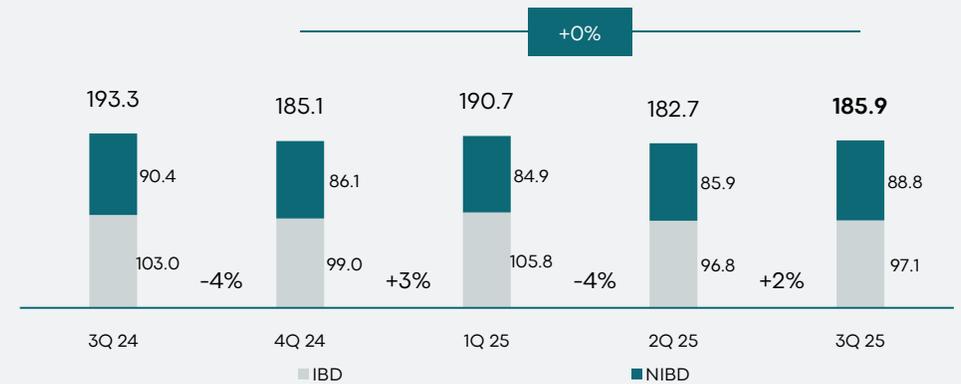


YTD deposits remain broadly stable

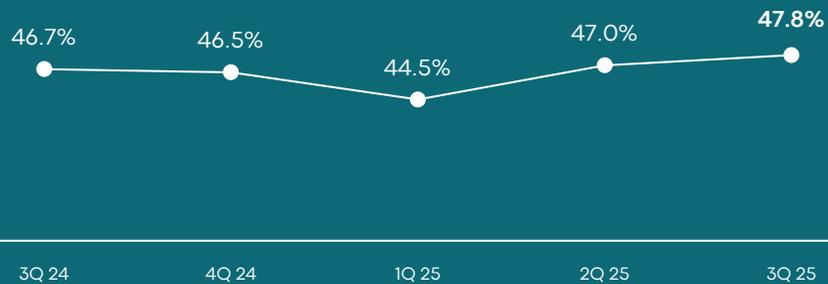
Customers' Deposits

- Deposits remained stable YTD, as higher NIBDs offset a decline in IBDs.
- IBDs decreased by 2% YTD, due to lower corporate deposits, while NIBDs rose 3% YTD, mainly supported by retail inflows, partly offset by a decline in corporate NIBD balances.
- As of 30 September 2025, 47.8% of deposits were non-interest bearing, an increase of 75bps compared to the previous quarter.

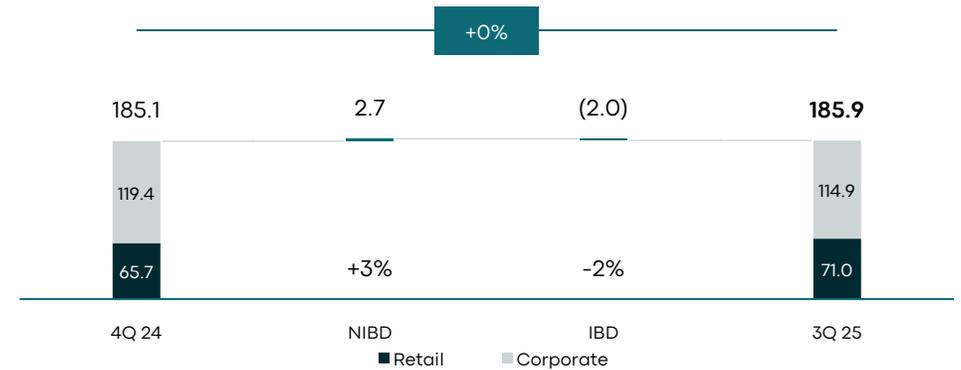
Customers' Deposits (₹ Bn)



NIBD % of Total Deposits (%)



Customers' Deposits Movement YTD (₹ Bn)



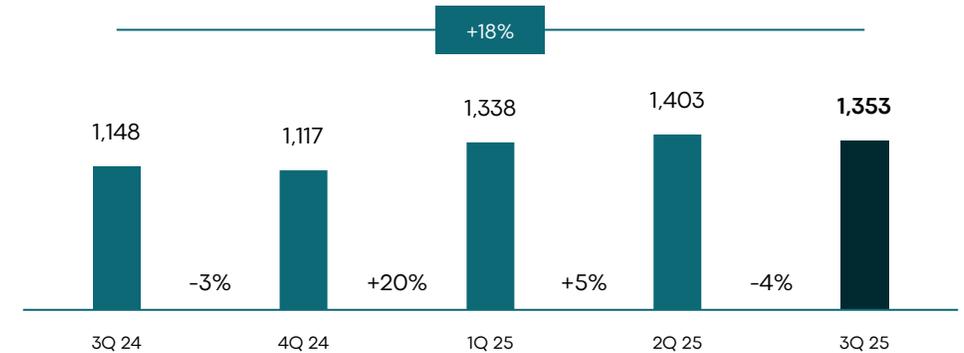
Net income grew 19% YoY from higher operating income, lower cost of risk and positive jaws

Income Statement

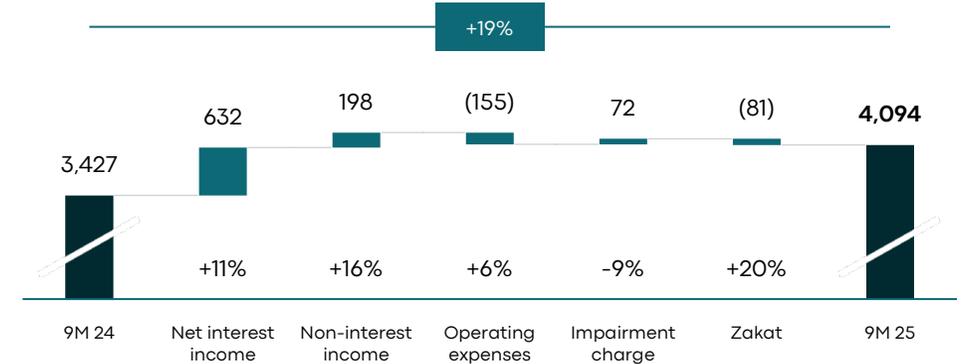
- Net income for 9M 2025 grew 19% YoY to ₪ 4,094mn from higher operating income, lower cost of risk and positive jaws.
- Total operating income increased 12% driven by a 11% growth in net interest income and a 16% increase in non-interest income.
- Impairments improved 9% YoY.
- Quarterly net income increased by 18% YoY and decreased by 4% QoQ to ₪ 1,353mn.

₪ Mn	9M 2025	9M 2024	Δ%	3Q 2025	3Q 2024	Δ%
Net interest income	6,476	5,844	+11%	2,162	1,986	+9%
Non-interest income	1,439	1,242	+16%	437	426	+3%
Operating income	7,916	7,086	+12%	2,599	2,412	+8%
Operating expenses	(2,594)	(2,439)	+6%	(854)	(857)	-0%
Pre-impairment operating income	5,322	4,647	+15%	1,745	1,555	+12%
Impairment charge	(752)	(824)	-9%	(237)	(275)	-14%
Net income before zakat	4,570	3,822	+20%	1,508	1,281	+18%
Zakat	(476)	(395)	+20%	(156)	(132)	+17%
Net income	4,094	3,427	+19%	1,353	1,148	+18%
ROAE*	10.92%	10.52%	+39bps	10.42%	10.26%	+17bps

Net Income (₪ Mn)



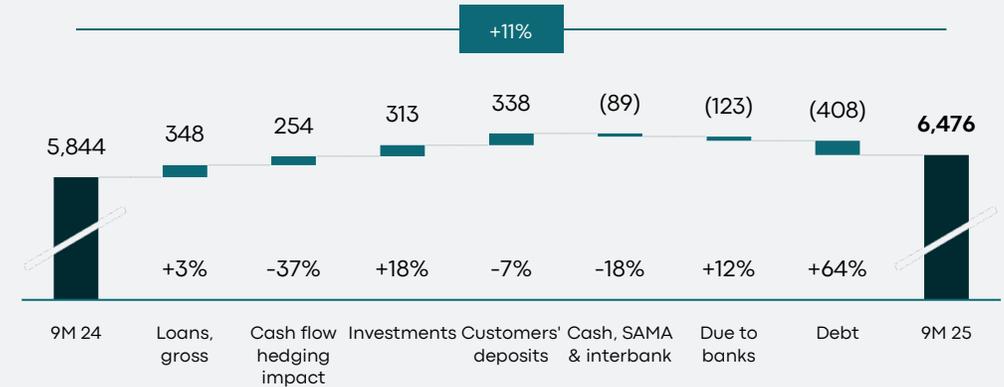
Net Income Movement YoY (₪ Mn)



Net Interest Income

- NII for 9M 2025 increased by 11% YoY to ₪ 6,476mn, driven by 11% average earnings assets growth and modest margin expansion.
- Interest income rose 7% YoY to ₪ 13,038mn in 9M 2025, while funding costs rose by 3% to ₪ 6,561mn.
- On a sequential basis, funding costs increased by 11% QoQ, while interest income increased by 4%.

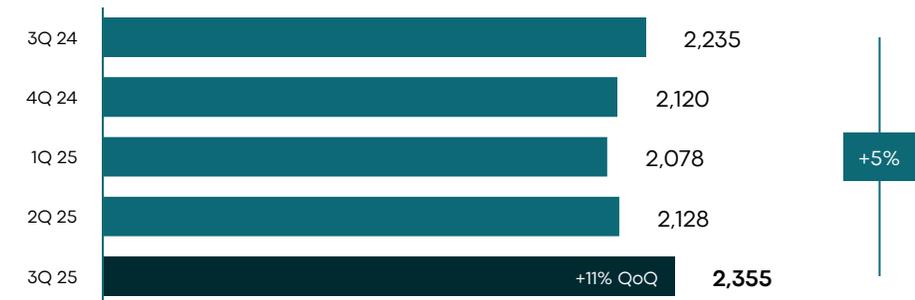
Net Interest Income Movement YoY (₪ Mn)



Interest Income (₪ Mn)



Interest Expense (₪ Mn)



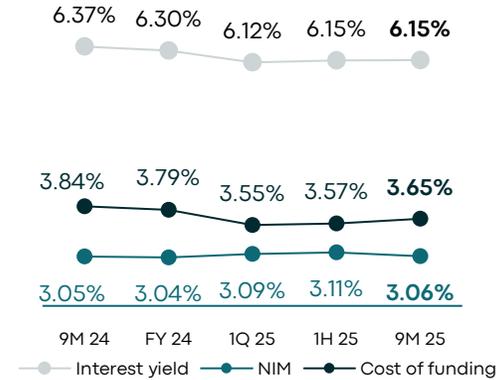
NIM trends reflect rate cuts and funding costs shifts



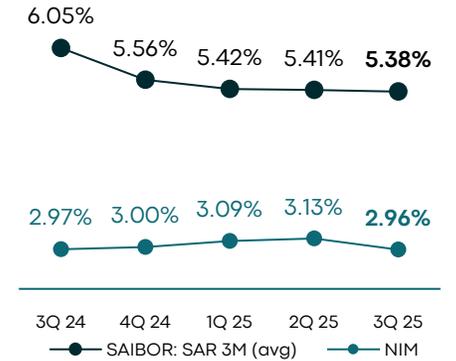
Net Interest Margin

- NIM improved by 1 bps YoY to 3.06% for 9M 2025, supported by a lower cost of funding and hedging gains, partially offset by a decline in interest yields following rate cuts.
- Interest yield fell by 21 bps YoY to 6.15%, while cost of funding decreased by 20 bps to 3.65% over the same period.
- On a sequential basis, quarterly NIM declined by 17bps due to increased cost of funding.

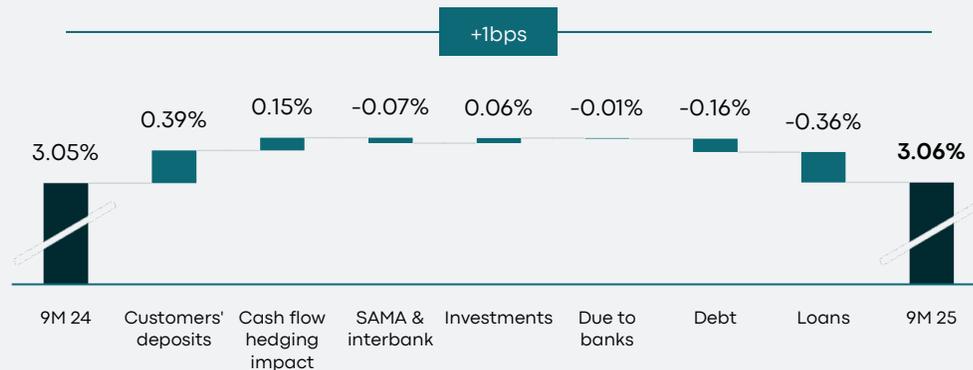
YTD NIM Trend



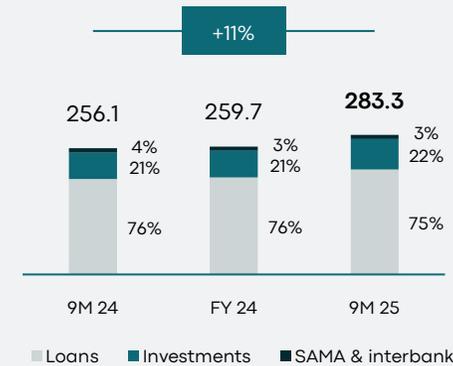
Quarterly NIM Trend



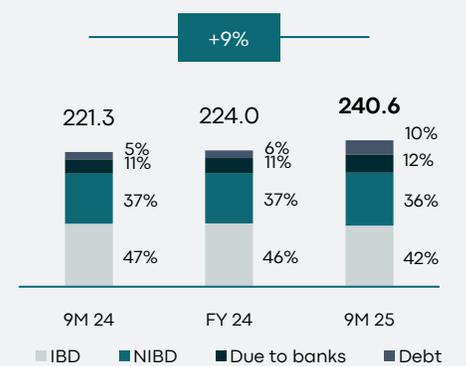
NIM Movement YoY (%)



Average Interest Earning Assets (₹ Bn)



Average Interest Bearing Liabilities (₹ Bn)



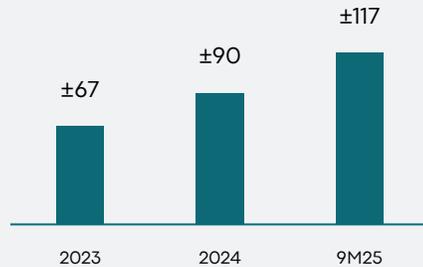
NIM Sensitivity

- As of 30 September 2025, BSF estimates a 1-year NIM sensitivity of a 100bps rates change at ± 4 bps; this would translate into a ± 117 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 decreased by 10% YTD as we continue to manage interest rate sensitivity,

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



NII Impact of ± 100 bps Rate Change (\pm Mn)



NIM Impact of ± 100 bps Rate Change (%)



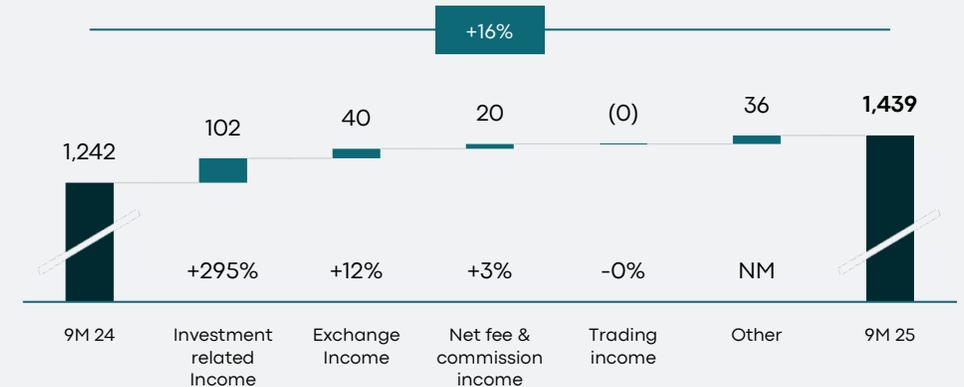
Cash Flow Hedges Swaps (Notional Amount \pm Bn)



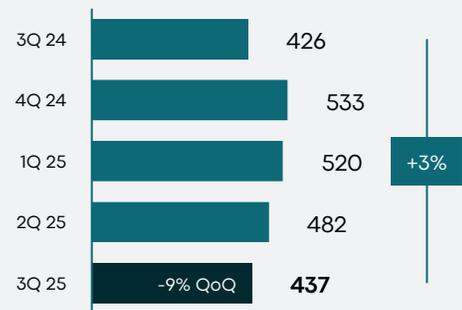
Non-Interest Income

- Non-interest income for 9M 2025 increased 16% YoY to ₪1,439mn on higher investment-related income, exchange and other income, as well as improved net fee & commission income.
- Net fee & commission income grew 3% YoY to ₪755mn in 9M 2025 due to higher trade finance, brokerage & asset management income and card fees, partially offset by other fees.
- 3Q 2025 non-interest income decreased 9% QoQ, driven by lower net fee and commission income and other operating income, partly offset by higher investment and trading income.

Non-interest Income Movement YoY (₪ Mn)



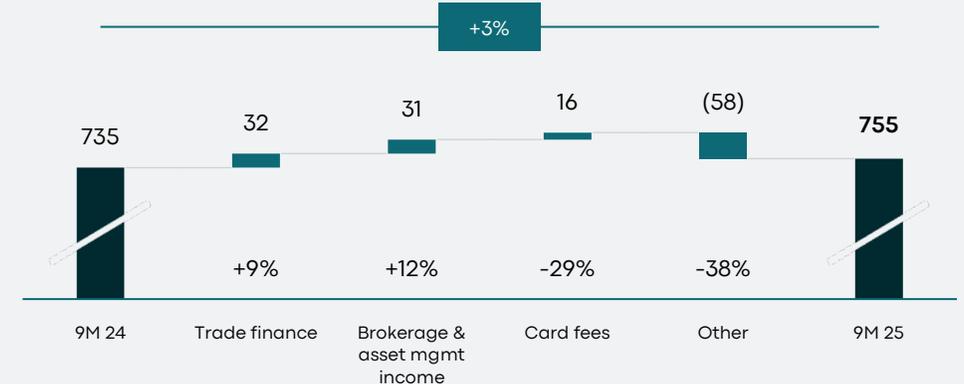
Non-interest Income (₪ Mn)



Non-funded Exposure* (₪ Bn)



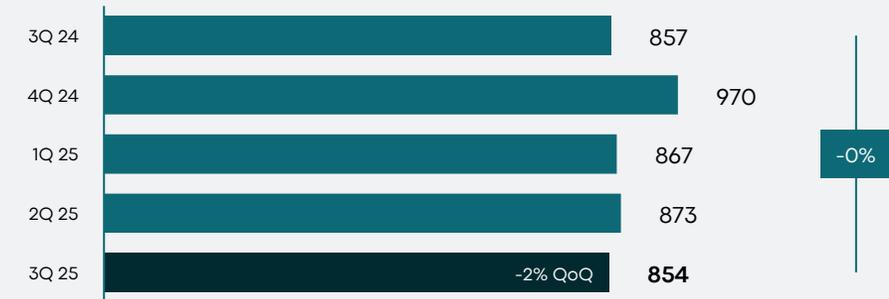
Fee & Commission Income Movement YoY (₪ Mn)



Operating Expenses

- Operating expenses increased 6% YoY to ₹ 2,594mn in 9M 2025 mainly due to increased general and administrative expenses and higher depreciation.
- Cost to income ratio decreased by 1.65ppts YoY to 32.8% in 9M 2025 from 34.4% in 9M 2024.
- At the same time, operating expenses as a percentage of average interest-earning assets (AIEA) decreased by 5bps YoY to 1.22% for 9M 2025, driven by an 11% expansion of AIEA relative to a 6% expense growth.
- On a sequential basis, operating expenses decreased by 2% QoQ due to decline in employee related, depreciation and G&A expense.

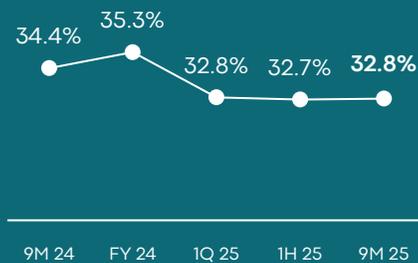
Operating Expenses (₹ Mn)



Cost to AIEA Ratio



Cost to Income Ratio



Operating Expenses Movement YoY (₹ Mn)



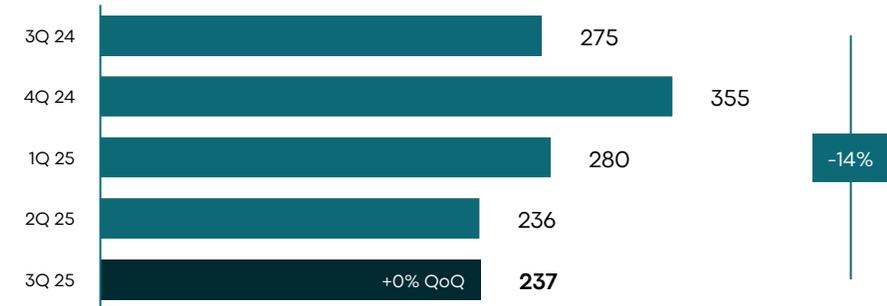
Cost of risk decreased by 12bps YoY to 0.44% for 9M 2025, driven by lower commercial charges, recoveries from impaired assets and overall portfolio growth



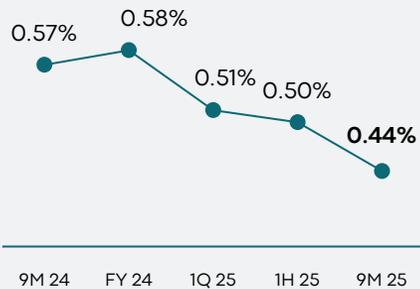
Impairment Charge

- The total impairment charge for 9M 2025 decreased by 9% YoY to ₹ 752mn, from lower commercial impairments and ₹ 260mn recovery from impaired assets, partly offset by minor increase in consumer impairments and investments & other impairments.
- In combination with healthy loan growth, this resulted in a 12bps YoY improvement in cost of risk to 0.44% for 9M 2025.
- On a sequential basis, impairments were stable as higher investments & other impairments on account of were offset by lower commercial charges.

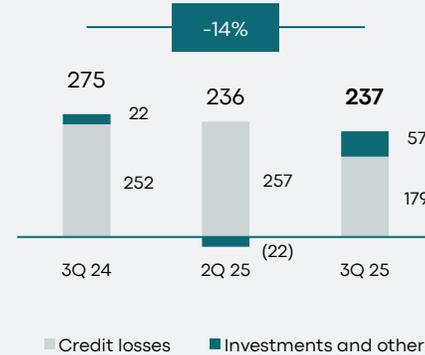
Impairment Charge (₹ Mn)



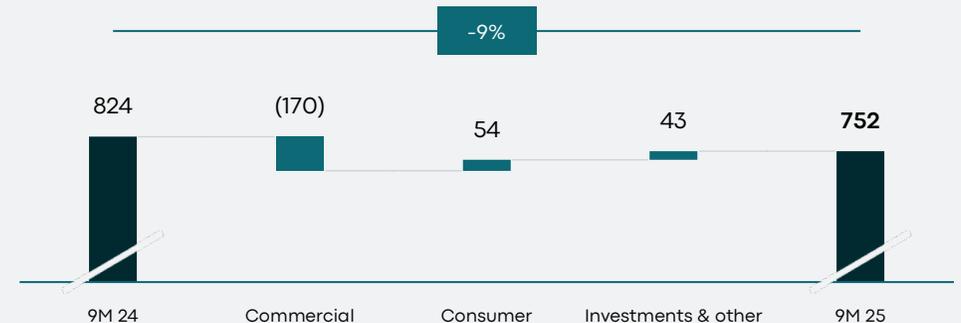
Cost of Credit Risk (%)



Impairment Charge (₹ Mn)



Impairment Charge Movement YoY (₹ Mn)



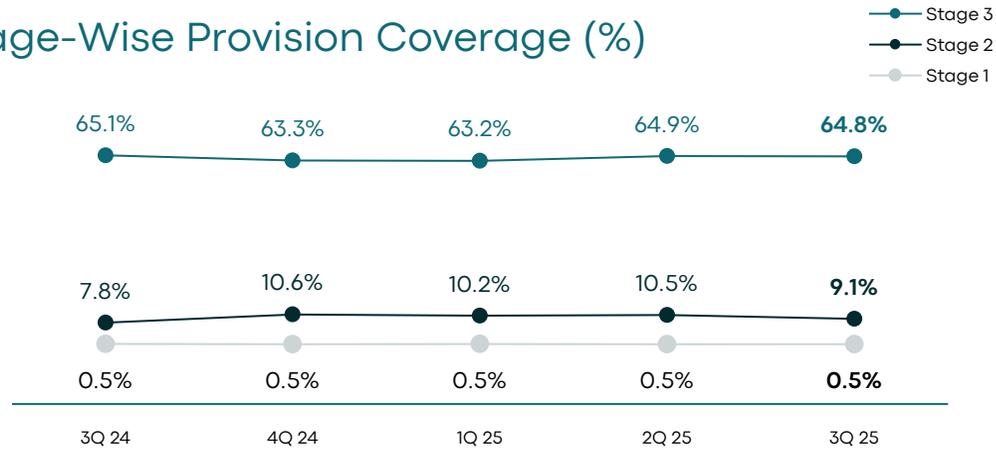
NPL & NPL Coverage

- The NPL ratio increased 6bps YTD to 0.99% as NPLs increased by 12% relative to 6% gross loan growth.
- The NPL coverage ratio decreased by 7.2ppts YTD to 174.5%, mainly from lower commercial coverage.
- Stage 3 coverage experienced increase of 149bps YTD to 64.8%, stage 2 coverage decreased by 148bps to 9.1%, while stage 1 coverage remained stable.

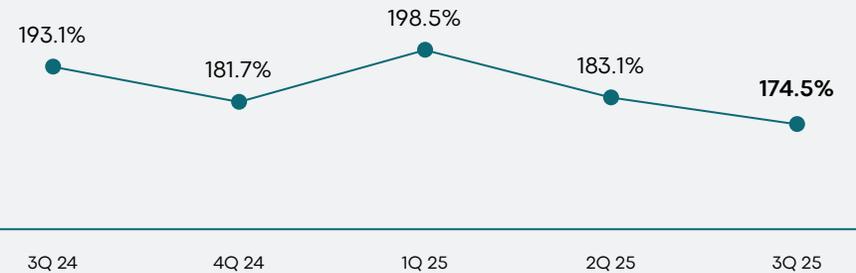
NPL Ratio (%)



Stage-Wise Provision Coverage (%)



NPL Coverage Ratio (%)



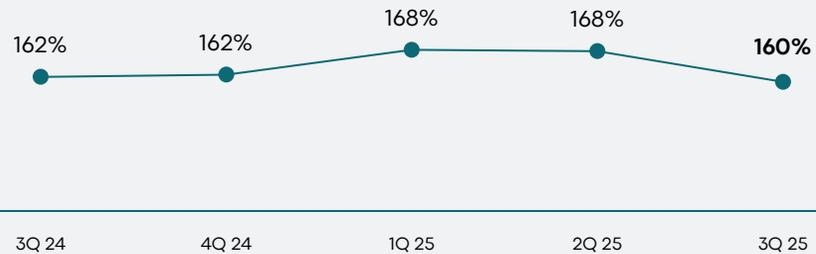
Liquidity

- LCR decreased by 1.8ppts YTD to 160.4% during 9M 2025.
- NSFR rose by 7ppts YTD to 120% as of 30 September 2025.
- The SAMA regulatory LTD ratio decreased 6.1ppts YTD to 77.5% as of 30 September 2025, while the headline ratio stood at 116%.

LTD Ratios (%)



LCR (%)



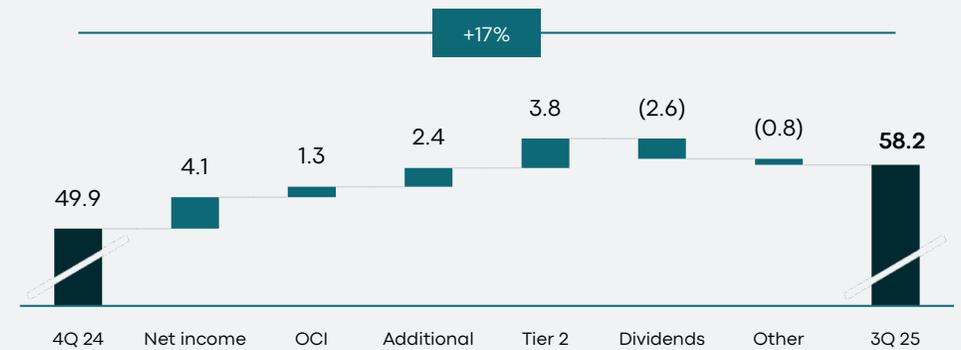
NSFR (%)



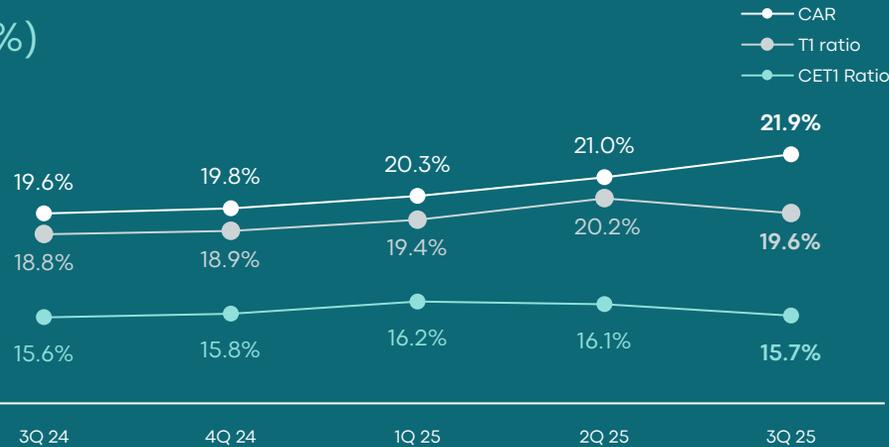
Capital

- Total capital (Tier 1 + Tier 2 regulatory capital) increased 17% YTD to ₪ 58.2bn during 9M 2025 from Tier 2 issuance of USD 1bn in 3Q 2025 and Tier 1 issuance of USD 650m in 2Q 2025, net income and OCI, partially offset by the dividends paid.
- RWAs increased by 6% YTD to ₪ 266.3bn.
- CAR increased to 21.9% following the Tier 2 issuance, while the Tier 1 ratio stood at 19.6% and CET ratio stood at 15.7% as of 30 September 2025.

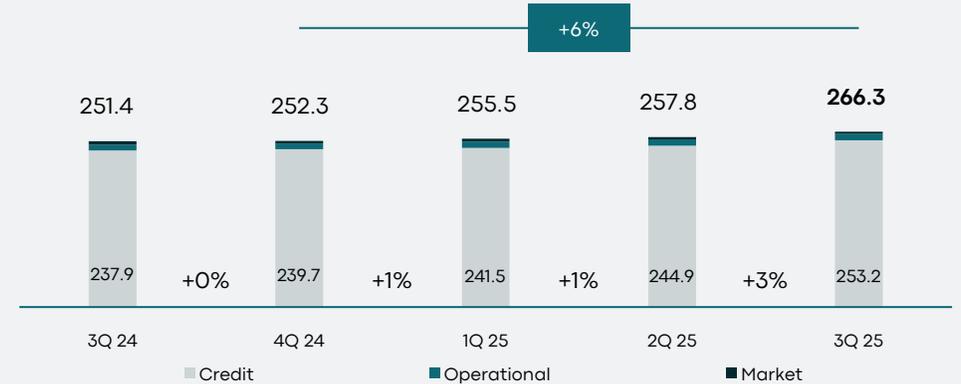
Total Capital Movement YTD (₪ Bn)



CAR (%)



RWA (₪ Bn)



Loan growth, NIM and cost of risk expectations adjusted to reflect evolving market conditions, but ROE expectations remain unchanged



Metric	9M 2025 Outcome	2025 Guidance	3Q 2025 Revision	Guidance Drivers
Loans & Advances Growth	+5.6% YTD ₹ Bn 215.6	Mid single digit	Revised down from high single digit	The guidance was revised to reflect continued selective approach to profitable lending and modest growth achieved YTD
Net Interest Margin	3.06% ▶ +1 bps YOY	3.00 - 3.05%	Revised down ~10bps	NIM revised down to reflect tightened liquidity conditions and competitive funding cost pressure witnessed in 3Q 2025
Cost of Risk	44bps ▼ -12 bps YOY	45-50bps	Revised down by 5-10 bps	Cost of risk revised down to reflect better than expected outcome in 3Q 2025, aided by recoveries
Cost to Income Ratio	32.8% ▼ -1.7 pts YOY	<33%	unchanged	Guidance reflects disciplined cost management, with a focus on containing staff-related expenses, while other G&A costs include investments in marketing.
Return on Equity	10.9% ▲ +39 bps YOY	11-12%	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	15.7% ▶ +6 bps YTD	>15%	unchanged	Capital ratios are expected to remain stable through retained earnings, balancing growth-related capital consumption.

Questions & Answers



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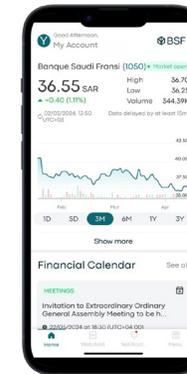
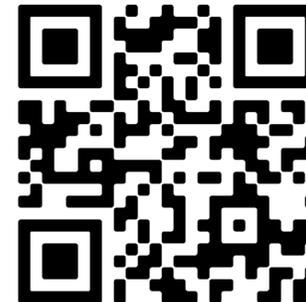
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