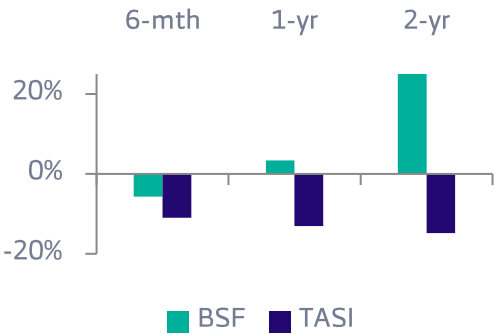


Market Data	
52-week high/low	SAR 20.50/15.49
Market Cap	SAR 48,100 mln
Shares Outstanding	2,500 mln
Free-float	73.71%
12-month ADTV	1,990,347
Bloomberg Code	BSF AB



■ Solid Fundamentals, Upgrade to Buy

October 20, 2026

Upside to Target Price	14.3%	Rating	Buy
Expected Dividend Yield	6.0%	Last Price	SAR 19.24
Expected Total Return	20.4%	12-mth target	SAR 22.00

BSF	3Q2026	3Q2025	Y/Y	2Q2026	Q/Q	RC Estimate
Net Commission Income	2,303	2,162	7%	2,343	(2%)	2,436
Total Operating Income	2,862	2,599	10%	2,849	0%	2,924
Net Income	1,509	1,353	12%	1,487	1%	1,542
Net Financing	230,399	215,592	7%	224,241	3%	228,195
Deposits	203,227	185,868	9%	204,588	(1%)	206,225

(All figures are in SAR mln)

- BSF’s loan book reached SAR 230 bln (+7% Y/Y, +3% Q/Q), broadly in line with our estimate of SAR 228 bln, supported by higher lending volumes across both retail and corporate segments. Customer deposits rose by +9% Y/Y to SAR 203 bln but declined by -1% Q/Q, slightly below our estimate of SAR 206 bln. Consequently, the simple LDR increased to 113% from 110% in 2Q26. NSCI reached SAR 2.3 bln (up +7% Y/Y but down -2% Q/Q) in line with our estimate of SAR 2.4 bln. While gross special commission income increased by 1.8% sequentially, net special commission income declined by 1.7%, reflecting continued pressure on funding costs. For 9M26, NIM declined by 5 bps Y/Y to 3.01%, compare to our estimate of 3.04%.
- Total operating income reached SAR 2.86 bln, increasing by +10% Y/Y and remaining broadly stable Q/Q, in line with our estimate of SAR 2.92 bln. The shortfall in net special commission income was partly offset by stronger-than-expected non-funded income of SAR 559 mln, above our estimate of SAR 488 mln. The sequential improvement in non-funded income was driven by higher net fee and commission income, foreign exchange income and trading income, partially offset by lower gains on non-trading investments.
- Operating expenses (excluding impairment charges) remained broadly stable sequentially at SAR 926 mln but increased by +8% Y/Y. Accordingly, cost-to-income ratio stood at 32.4%, broadly stable compared with 2Q26 and in line with our estimate of 32.3%. Net impairment charges increased to SAR 271 mln, up +14% Y/Y and +1% Q/Q, and in line with our estimate of SAR 261 mln. The increase was mainly attributable to higher expected credit losses on loans and advances. Nevertheless, asset quality remained broadly stable, with the 9M26 cost of risk unchanged at 43 bps.
- BSF reported net income of SAR 1.51 bln (up +12% Y/Y and +1% Q/Q), almost matching our estimate of SAR 1.54 bln. Sequential earnings growth was primarily supported by stronger non-funded income and controlled operating expenses, partially offset by softer NSCI.
- BSF’s valuation discount to peers has narrowed significantly, from an average discount of 27% over the past two years to 17% currently. Nevertheless, the stock continues to trade at an attractive FY27 P/BV of 1.0x, compared with the sector average of 1.2x. Accordingly, we upgrade BSF to Buy while maintaining our target price, as the recent share-price weakness offers an attractive entry point, supported by solid fundamentals and a 6.0% dividend yield.

Reem Alkhulayfi
reem.alkhulayfi@riyadcapital.com
+966-11-486-5680

■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact research@riyadcapital.com

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