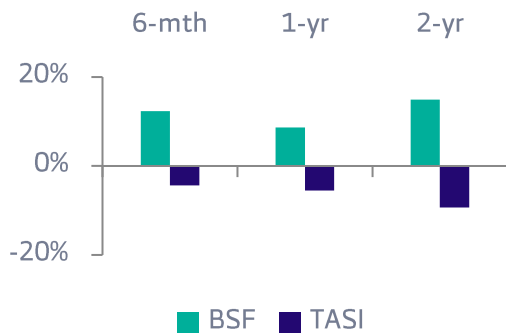


Market Data	
52-week high/low	SAR 20.99/15.49
Market Cap	SAR 50,000 mln
Shares Outstanding	2,500 mln
Free-float	73.67%
12-month ADTV	2,189,366
Bloomberg Code	BSF AB



Upgrade to Buy

April 27, 2026

Upside to Target Price	9.5%	Rating	Buy
Expected Dividend Yield	5.8%	Last Price	SAR 20.00
Expected Total Return	15.3%	12-mth target	SAR 22.00

BSF	1Q2026	1Q2025	Y/Y	4Q2025	Q/Q	RC Estimate
Net Commission Income	2,217	2,118	5%	2,216	0%	2,237
Total Operating Income	2,708	2,638	3%	2,621	3%	2,708
Net Income	1,381	1,338	3%	1,260	10%	1,378
Net Financing	221,929	208,978	6%	214,891	3%	220,264
Deposits	199,583	190,728	5%	195,219	2%	199,123

(All figures are in SAR mln)

- The bank's loan book grew +6% Y/Y and +3% Q/Q to SAR 222 bln, in line with our estimate of SAR 220 bln, supported by growth across both retail and corporate segments. Customer deposits increased by +5% Y/Y and +2% Q/Q to SAR 200 bln, supported by growth in non-interest-bearing deposits and aligning closely with our estimate of SAR 199 bln. As a result, the headline LDR rose slightly to 111% in 1Q26 compared to 110% in 4Q25. NCSI rose by +5% Y/Y and remained broadly stable on a quarterly basis at SAR 2.22 bln, in line with our estimate, reflecting the impact of lower interest rates, ongoing repricing cycle dynamics and continued balance sheet optimization.
- Operating income grew by +3% both Y/Y and Q/Q to SAR 2.7 bln, matching our forecasts. The sequential performance was mainly supported by strong growth in non-funded income, which rose by +21% Q/Q to SAR 491 mln, exceeding our estimate of SAR 405 mln. Operating expenses increased by +6% Y/Y but declined by -4% Q/Q to SAR 922 mln, due to lower other operating and general and administrative expenses. Consequently, the Cost-to-Income ratio improved to 34.1% (vs. 36.7% in 4Q25), although it came in slightly above our estimate of 32.8%. Net impairment charges declined by -12% Y/Y, however increased +4% Q/Q to SAR 246 mln, slightly below our estimate of SAR 280 mln, with cos of risk settling at 0.48%, close to our estimate of 0.50%.
- BSF reported a bottom-line of SAR 1.4 bln, reflecting growth of +3% Y/Y and +10% Q/Q, in line with our estimates. The sequential improvement was primarily driven by higher non-funded income alongside lower operating expenses.
- Following the start of the interest rate easing cycle, BSF managed to maintain its NIM, with margin stabilizing in 1Q26 at 3.0% (vs. 3.1% 1Q25). This performance was achieved despite the bank's structural exposure to declining interest rates, given its sizable share of floating-rate loans. Nevertheless, BSF effectively mitigated this exposure through sufficient short-term hedging, selective asset repricing, and active balance sheet management. BSF's capital position remains a key strength, with Tier 1 and total CAR levels comfortably above peer averages, even after factoring in the countercyclical capital buffer. This strong capital base provides meaningful headroom to support future balance-sheet growth without constraining returns. Accordingly, we raise our target price from SAR 19.00 to SAR 22.00, and upgrade rating to Buy.

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

Riyad Capital is a Saudi closed joint stock company with paid-up capital of SAR 500 million. Licensed by the Saudi Arabian Capital Market Authority (No. 07070-37). Commercial Registration No. 1010239234. Head Office: 3128 Financial Boulevard, 6671 Al Aqeeq Dist., Riyadh 13519, Kingdom of Saudi Arabia.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities

may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.