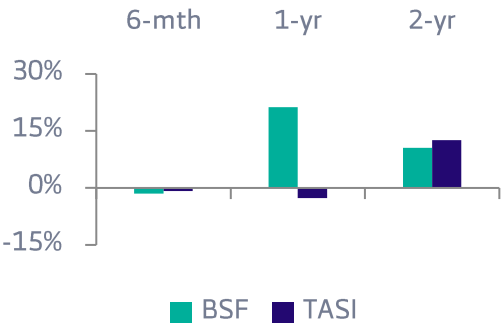


Market Data	
52-week high/low	SAR 18.94/14.76
Market Cap	SAR 45,250 mln
Shares Outstanding	2,500 mln
Free-float	73.69%
12-month ADTV	2,180,966
Bloomberg Code	BSF AB



Funding Cost Elevated

October 23, 2025

Upside to Target Price	(6.1%)	Rating			Neutral	
Expected Dividend Yield	6.0%	Last Price			SAR 18.10	
Expected Total Return	(0.1%)	12-mth target			SAR 17.00	
BSF	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Net Commission Income	2,162	1,986	9%	2,196	(2%)	2,300
Total Operating Income	2,599	2,412	8%	2,678	(3%)	2,758
Net Income	1,353	1,148	18%	1,403	(4%)	1,452
Net Financing	215,592	201,008	7%	209,881	3%	216,108
Deposits	185,868	193,342	(4%)	182,690	2%	188,171

(All figures are in SAR mln)

- The bank’s loan book grew +7% Y/Y, and +3% Q/Q to SAR 216 bln, broadly in line with our estimate. Deposits declined by -4% Y/Y but recovered by +2% Q/Q to SAR 186 bln, adding SAR 3.2 bln during this quarter, also in line with our estimate of SAR 188 bln. As a result, the headline LDR increased to 116% in 3Q25 from 115% in 2Q25. NCSI rose by +9% Y/Y but declined -2% Q/Q due to higher funding cost, which outpaced growth in gross special commission income.
- Operating income grew by +8% Y/Y, but declined -3% Q/Q, to SAR 2.6 bln. The sequential decrease was mainly driven by lower NSCI, net fee and commission income, and other operating income, partially offset by higher gains on non-trading investments and trading income. Operating expenses remained broadly stable Y/Y and decreased by -2% Q/Q, supported by lower impairment charge on loans and advances, as well as lower staff and depreciation and amortization expenses. Net impairment charges for financing and other financial assets declined by -14% Y/Y and were broadly stable sequentially, due to lower impairment charges on loans and advances.
- BSF reported a bottom-line of SAR 1.35 bln, up +18% Y/Y but down -4% Q/Q, slightly below our estimates of SAR 1.45 bln. The quarterly decline primarily reflects lower NSCI along with weaker non-funded income. Management previously indicated a deliberate reduction of around SAR 9 bln in IBDs during 2Q to optimize the funding mix and reduce reliance on costly corporate deposits. Deposits rebounded in 3Q as most right-sizing efforts were completed, supported by selective repricing and active balance-sheet management. However, funding costs remain elevated due to tight liquidity and strong deposit competition, limiting the near-term margin relief. We maintain our Neutral rating and target price, as the bank’s solid fundamentals and improving deposit momentum are balanced by sustained margin pressure and elevated funding cost.

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■ 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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