Purpose. Performance. Progress.

Purpose. Performance. Progress.

2025 is more than a year of transition - it's the moment BSF proves that strength and sustainability can power each other. Purpose. Performance. Progress. expresses this balance: profitability that endures because it is responsible, and sustainability that thrives because it delivers results. At BSF, financial excellence and social value are not parallel goals but intertwined ambitions — advancing the Bank, its customers, and the Kingdom toward lasting prosperity.

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Overview

In 2025, BSF successfully concluded its five-year transformation, marking a pivotal shift from structural change to scalable execution. Having strengthened our foundation for disciplined, sustainable growth, BSF enters a new strategic horizon. We are resilient, modern, and fully aligned to enable Saudi Vision 2030.

About the Report

This is the first Integrated Annual Report of Banque Saudi Fransi (hereinafter "BSF" or "the Bank"), which presents a unified view of the performance, strategy, and impact of the Bank and its two subsidiaries JB, formerly known as Saudi Fransi For Finance Leasing and BSF Capital, for the period 01 January to 31 December, 2025.

BSF is a publicly listed entity on the Saudi Exchange (Tadawul) and is regulated by the Saudi Central Bank (SAMA) & Capital Market Authority (CMA). BSF's reporting boundary includes its core business divisions (Corporate Banking, Retail Banking, Private Banking and Treasury), its technology and operations platforms, and its subsidiaries, BSF Capital and JB. This report is available in html and pdf formats.

This report brings together BSF's financial results, ESG insights, and stakeholder perspectives, demonstrating its commitment to transparency and long-term value creation. It also highlights how BSF's governance, strategy, and performance drive innovation, sustainability, and meaningful value across all areas of the business. The report is designed for BSF's broader stakeholder ecosystem: investors, customers, regulators, employees, partners, and the communities the Bank serves.

2025 concludes BSF's five-year transformation, showcasing how the Bank strengthened its foundation for disciplined, sustainable growth. Beyond expansion, the year focused on consolidation and readiness, with enhanced capabilities and cultural progress setting the stage for BSF's ambitious 2030 strategy.

BSF began its ESG journey in 2020, becoming an early mover in formalizing ESG frameworks across governance, risk, and business operations. 2025 witnessed the evolution of BSF's ESG Governance framework with the merging of the strategy and ESG Board Committees, progressing the commitment to integrating ESG. The transition into Integrated Reporting also reflects this shift to integrating ESG in its strategic execution an decision-making.

Report Framework and Guidelines

This report has been prepared in compliance with all applicable laws, regulations, and disclosure standards relevant to the Kingdom of Saudi Arabia. It also aligns with the principles of the International Integrated Reporting Framework.

The ESG-related disclosures have been prepared with reference to the GRI Sustainability Reporting Standard and with consideration for other sustainability-related reporting standards including the Saudi Exchange (Tadawul) guidelines for ESG disclosure and sector-specific Sustainability Accounting Standards Board standard (SASB - now a part of the International Financial Reporting Standards Foundation). Consideration is also given to the expectations of ESG rating agencies, the Saudi National Standards of Sustainability, the Saudi Vision 2030 (Vision 2030), and the United Nations Sustainable Development Goals (UN SDGs).

The ESG performance data, where applicable, has been reviewed internally under BSF's ESG Governance framework, the relevant ESG Board and Management Committees, to ensure reliability and accountability of reported outcomes. The Consolidated Financial Statements in this report are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in Saudi Arabia and endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA). These statements adhere to the provisions of the Banking Control Law, the Regulations of Companies in Saudi Arabia, and BSF's Articles of Association.

Materiality

This report has been developed with full consideration for the priorities, needs, and expectations of the Bank and our stakeholders. These considerations have been determined through a materiality assessment conducted by BSF to better understand our impacts on human, natural, social, and relationship capital and our value creation as they pertain to our stakeholders' views, interests, and concerns. The content of this report is organized around the Bank's sustainability framework and material topics.

Forward-looking Statements

This report includes forward-looking statements on BSF and BSF's 2030 Strategy launched in early 2026, as well as projections, and assumptions about future conditions. Some statements may speak of anticipated performance, strategic direction, and operational outlook; these remain subject to uncertainties, risks, and possible major shifts in external factors causing actual results to differ from those expressed or implied here.

BSF welcomes feedback to continuously refine its actions and disclosures in line with evolving regulatory and stakeholder expectations.

Feedback and Suggestions

For any inquiries, feedback, or suggestions regarding the contents of this report, please reach us via our website www.bsf.sa the investor relations team via email at IR@bsf.sa and the ESG team at ESG@bsf.sa.

Aligning Purpose with Impact

BSF's mission to be the region's most modern and innovative bank is grounded in values that place ESG at the heart of every decision. Guided by responsible finance and inclusive growth, BSF's sustainability vision shapes opportunity, drives purposeful innovation, and reflects true stewardship for the future.

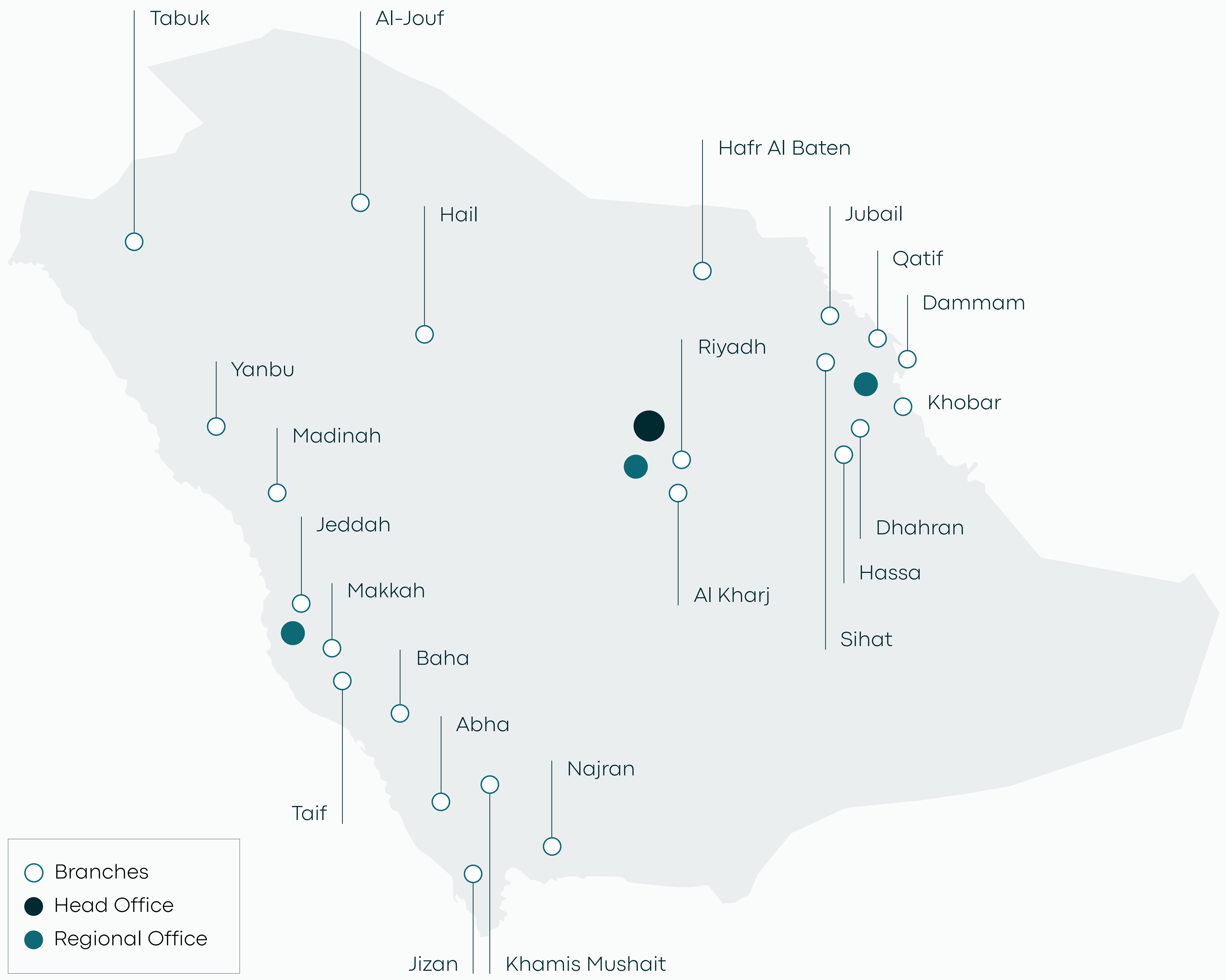
Mission

Our mission is to deliver modern financial solutions rooted in trust, identity, and innovation, combining Saudi ambition with global expertise. We aim to foster long-term partnerships, drive economic value, and contribute to national transformation through excellence in service, purposeful design, and digital enablement.

Values

We are BSF	Always prioritizing the needs of our people, customers, shareholders and society ahead of our own personal agenda. We are a community – one that we defend and protect, always.
Us before me	We place ideas before ego and leverage the expertise of others.
Winning is fun	We seek to be number one in the hearts and minds of our people, customers, and shareholders. We have limitless ambition and the drive to win.
Think big, act quick	We think long-term in our decisions, but we make them quickly and focus on action.
True to ourselves, always	We are honest with one another, even at the risk of temporary disharmony. It is never personal.
Keep it simple	We strive to make everything we do as simple as possible. We set our people up for success and then get out of their way. We only need to be asked once. We own it.

BSF at a Glance



Founded in 1977 by a Royal Decree, BSF is one of Saudi Arabia's leading full-service financial institutions. Headquartered in Riyadh, the Bank operates through 79 branches across the Kingdom, offering personal, wholesale, Islamic, and investment banking services, together with asset management and brokerage through its subsidiaries, BSF Capital and JB.

79 branches

across the Kingdom

Fully integrated

with digital and in-person services

350+ ATMs

Strategically placed nationwide

31,000+ POS terminals

Supporting merchants across retail, services, and SME sectors

160+ self-service machines

Enabled for smart transactions, card issuance, and cash services

Subsidiaries

BSF Capital

BSF Capital, the Bank's investment arm, was launched in 2008 and offers asset management, investment banking, and advisory services. Operating under the Capital Market Authority, it serves both institutional and high-net-worth clients with sukuk issuance, IPO advisory, and discretionary portfolios. In addition, BSF Capital provides brokerage services for equity and financial instruments listed on the Saudi Stock Exchange, and supports retail and institutional investors with real-time trading, research, and regulatory-compliant operations.

JB formerly known as Saudi Fransi for Finance Leasing, offers a range of financial solutions including car financing and personal finance loans. It is a digitally focused financing company launched in Saudi Arabia, providing convenient and flexible financing options.

Products

Retail Banking

A comprehensive portfolio of savings, loans, credit cards, and mobile-enabled services for individuals and families, including the BSF Premier segment.

Corporate Banking

End-to-end financing, treasury, trade, and liquidity solutions, now digitally enabled through the Integrated Corporate Portal.

SME Banking

Digitally enabled lending, trade services, and onboarding designed to empower Saudi Arabia's growing SME sector.

Islamic Banking

Shariah-compliant financing solutions for both retail and corporate clients.

Wealth and Investment Services

Through BSF Capital, clients can access sukuk, IPO advisory, investment, and asset management solutions which are aligned with CMA guidelines.

Digital Banking

BSF Mobile and BSF Global provide a seamless omni-channel experience with real-time services and embedded ESG features.

Employees

BSF Bank Full-time employees
2,718
(2024: 2,664)
Group Wide Employees
2025: 3,120
2024: 3,056

Saudization
93.3%
(2024: 92 %)

Female workforce
25.3%
(2024: 24.4%)

Future-ready and Digitally trained
workforce

Financials
(FY 2025)

Total assets
⃁ 309.0 billion
(2024: ⃁ 293.3 billion)

Growth in assets
5.4%
(2024: 15.4%)

Customer deposits
⃁ 195.2 billion
(2024: ⃁ 185.1 billion)

Retail customers
1.40 million
(2024: 1.34 million)

Retail customer growth
+4.3%
(2024: +6% YoY)

Loans and advances
⃁ 214.9 billion
(2024: ⃁ 204.1 billion)

Total operating income
⃁ 10.5 billion
(2024: ⃁ 9.6 billion)

Net profit
⃁ 5.35 billion
(2024: ⃁ 4.54 billion)

Community investment
⃁ 10 million
(2024: ~⃁ 10.9 million)

Creditworthiness

MOODY'S
A1
[A1 (Stable) in 2024)

FitchRatings
A-
[A- (Stable) in 2024]

S&P Global
A-
[A- (Stable) in 2024]

BSF Milestones

1977
- Established by Royal Decree M/23

1989
- Launch of Islamic banking operations

1991
- Listing on Saudi Stock Exchange (Tadawul)

2000
- Launch of first credit card and private banking services

2008
- Launch of BSF Capital (investment arm)

2013
- Entry into SME banking

Founded by Royal Decree in 1977, BSF has continuously evolved into one of the Kingdom's leading financial institutions. From pioneering early banking services to achieving fully integrated digital platforms in 2025, our journey is defined by resilient, sustainable growth.

- Foundational milestones
- Growth and expansion
- Digital and innovation
- Strategic shifts
- Stakeholder and social commitments
- Recognition
- ESG integration

2018

- Announcement of 5-year digital transformation strategy

2020

- First public ESG disclosures
- Transformation strategy execution begins

2021

- Rollout of digital channels for SME and trade finance clients
- Transformation strategy continues

2022

- Mobile app re-launch with omni-channel integration
- ESG Policy Framework approved by the Board
- Transformation Strategy continues

2023

- Launch of DEI position statement
- Transformation strategy continues
- ESG KPIs set

2024

- Core Banking System upgrade completed
- Achieved 24.4% female workforce participation
- Governance Index Award (5th consecutive year)
- Named one of Forbes' 30 Most Valuable Banks in the Middle East
- Sustainable Finance Framework developed
- ESG KPIs targets have been set and monitored
- New brand identity launched

2025

- Integrated Corporate Portal becomes fully operational
- Final year of Transformation Strategy
- Transition to BSF 2030 strategy initiated
- National youth employment program expanded
- Record high NPS (retail segment) reflected in strong customer acquisitions
- Governance Index Award (6th consecutive year)

Foundational milestones · Growth and expansion · Digital and innovation · Strategic shifts · Stakeholder and social commitments · Recognition · ESG integration

Year in Review

2025 marked a shift from structural change to scalable execution.

A five-year transformation strategy ended this year, with core systems replaced, digital platforms becoming fully operational, and market responsiveness improving across all segments. Organizational growth came from strong customer acquisition, stronger liquidity positions, and increased employee engagement. ESG strategy became part of core operations: now embedded in governance, and risk management activities of the Bank. BSF enters a new strategic horizon as a growth-minded institution – resilient, sustainable, inclusive, and aligned to enable Saudi Vision 2030.

Here are some highlights of what has been built, delivered, and prepared for the future.

Strategic and Financial

- **Profitability over Volume:** profit growth outpaced volume expansion, enabled by pricing discipline and better risk-adjusted return focus.
- **Capital Adequacy at 21.4%:** one of the strongest capital buffers in the Kingdom, supporting growth.
- **Balance Sheet Strength:** Growth continued in 2025, mainly driven by 5% loan growth and 13% expansion of the investment portfolio, while liquidity coverage and net stable funding ratios were well above 100% and the NPL ratio remained low.
- **Total Funding Raised:** ⃁ 35.0 billion, supported by successful diversification across instruments and global markets.
- **Net Interest Income Up 10%:** driven by stable margins and Loans and Investments growth.

Digital and Technology

- **Core Banking System Replaced:** increased speed-to-market for new products and streamlined processes.
- **Integrated Corporate Portal (ICP) Launched:** enabled 13 new digital trade finance and liquidity products, supporting increase of corporate wallet share.
- **SME Onboarding Improved by 30%:** automation through the ICP and digitalized KYC reduced onboarding time significantly.
- **Retail Mobile App Rebuild:** modern UI and full omni-channel integration led to record-high app engagement and lower abandonment rates.
- **Increased Digital Adoption:** digital penetration growing to between 60-70% of clients, reducing branch-dependency for operational transactions.

Retail and Customer Growth

- **Record Retail Customer Acquisition:** driven by strong account opening, particularly supported by the private and affluent customer segments.
- **Credit Card Portfolio Growth:** Significant YoY expansion in usage and issuance.
- **Retail Net Promoter Score (NPS) Record:** best-ever NPS, reflecting customer satisfaction after improvements in UX.
- **Brand Perception:** BSF described as more "digitally native, youthful" by customers and employees. Saudi Professional League sponsorship and marketing collaborations led to gains in visibility, equity, and customer conversion.

ESG Integration

- **ESG KPIs tracked:** ESG KPIs and targets are monitored and performance is disclosed.
- **ESG Governance elevated:** Now housed with the Strategy Committee under a formal governance mechanism to ensure having a strategic oversight to guide the long-term ESG direction, ensuring alignment with our business strategy, and overseeing the integration of environmental, Social, and Governance considerations into core operations.
- **2025 ESG Ratings:**
  - S&P Global: Highest ESG score amongst Saudi Banks for the 3rd year in a row.
  - Sustainalytics: Lowest ESG Risk rating amongst Saudi Banks for the 3rd year in a row.
- **CSR and Community Investment:** launch of the ATHAR program, a unified CSR framework built on four pillars: education and financial literacy, heritage and culture, environmental stewardship, and health and wellbeing - aligning community impact with BSF's ESG Framework and Vision 2030.

BSF's ESG Ratings

Year	MSCI	Sustainalytics*	S&P Global
2022	BB	30.8	25
2023	BBB	27.8	30
2024	BBB	21.2	39
2025	BBB	15.55	42

Scale					
MSCI	Laggard CCC B	Average BB BBB A		Leader AA AAA	
Sustainability	**Negligible Risk** 0-10	**Low Risk** 10-20	**Medium Risk** 20-30	**High Risk** 30-40	**Severe Risk** 40+
S&P Global	0 – 100, where 100 represents the maximum score				

* lower ratings indicate a lower risk

Diversification and Non-Interest Income

- **Trade and Treasury Cross-sell Improved:** fee-based income was enhanced through expanded treasury advisory services and integrated product offerings for large corporate clients.
- **Retail Product Diversification:** capturing a younger demographic through new lifestyle and savings-linked offerings.

People and Culture

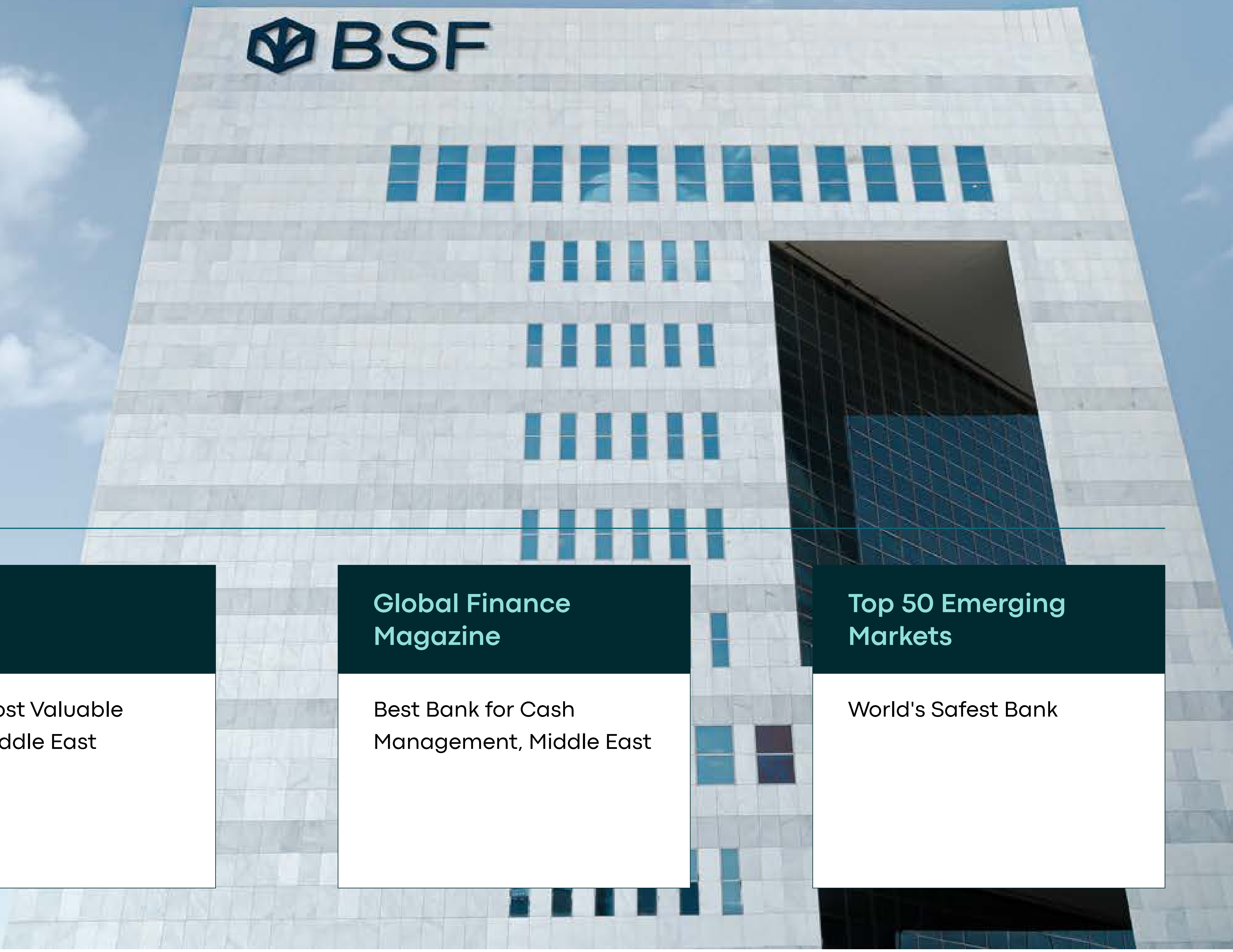
- Female Workforce Reached 25.3%, aided by DEI acceleration efforts.
- Youth employees (<18-30 years) reached 23.1%.
- Saudization (Saudi Nationals) 93.3%.

Strategic Transformation – A Five-Year Journey (2020-25)

This year saw the closure of BSF's transformation strategy under the six-pillar framework which was introduced in 2020. Despite volatile global events since then, BSF stayed on course, delivering 90% of the roadmap objectives. Overall, there has been a successful shift from stabilization to growth within the Bank, enabling the ambition of BSF's 2030 agenda to align with Saudi Vision 2030.

Pillar	Digital Modernization	Customer Centricity	Organizational Agility and Culture	Revenue Diversification	Operational Efficiency
	A comprehensive overhaul of technology infrastructure, including Core Banking System (CBS) upgrades, re-platforming of digital channels, and integration of advanced cybersecurity and data systems.	Enhancing customer experience through re-engineered front-end and back-end systems, streamlined onboarding, and personalized and digital forward banking services.	Fostering a diverse, performance-oriented, and collaborative culture through governance simplification, leadership orientation, and re-alignment of values.	Strategic expansion of fee-based services, trade finance, wealth management, and retail banking to decrease reliance on interest income.	Driving productivity gains through process automation, cost optimization, and restructuring to improve resilience and profitability.
Outcome	CBS was delivered ahead of schedule and stabilized swiftly. This enabled the agile rollout of new products and a clear reduction of onboarding timelines. Mobile platforms and omni-channel capabilities were re-launched, delivering higher engagement across retail segments.	Retail account acquisition levels were at a record high, enabled through UX-led design, app engagements, and strategic branding. There were net gains in lifetime value per customer in the retail and affluent segments, whilst the internal NPS and satisfaction scores were at an all-time high as well.	The operating model was restructured to flatten hierarchies and accelerate decision-making. Middle management empowerment and training programs were conducted, and cross-functional teams became standard.	A focus on fee-generating services created a stronger revenue mix, with fee income increasing from card products, trade finance, and treasury.	Focus on back-office digitalization and lean operating models, with simplified processes, real-estate optimization, and automation resulted in improvements in cost-to-income ratios.

Awards and Accolades



Banking Excellence

Euromoney	TAB Global	Forbes	Global Finance Magazine	Top 50 Emerging Markets
Best Transaction Bank, Saudi Arabia	Best Trade Finance Bank, KSA (MEA Awards)	Top 30 Most Valuable Banks, Middle East	Best Bank for Cash Management, Middle East	World's Safest Bank

ESG and Governance

Best ESG Program – Combined

Voted Top 3 on the Extel EMEA ranking survey

Corporate Governance Center at Alfaisal University

Governance Index Excellence Award, 6th Consecutive Year

Design and Branding

Webby Awards 2025

Honoree, Best Visual Design Aesthetic

The One Show

Merit Award for Creativity, Brand Redesign (UX/UI/ Creative Craft)

Digital Innovation

FINNOVEX Saudi Arabia 2025

Excellence in Digital Corporate Banking

The Digital Banker's Digital CX Awards

Outstanding Digital CX/ Best Digital Experience (Bank Cards)/Digital Banker Recognition (Lifestyle Cards)

22nd Connected Banking Summit

Excellence in Digital Innovation Award

Internal Milestones

Highest-ever NPS in Retail Banking

A landmark customer satisfaction milestone

Culture Survey

+12-point YoY jump in employee engagement, highest since 2020

Leadership Messages

Balancing robust financial performance with top-tier ESG integration, BSF's leadership is driving a new chapter of purposeful expansion. As we transition into our next strategic cycle, we remain focused on deepening stakeholder trust and empowering the Kingdom's economic transformation.

Chairman's Foreword

As BSF closes a strategic chapter, we are encouraged by the progress achieved and confident in the foundation the Bank has built for sustainable and responsible growth.

Over this period, BSF strengthened its core franchises, modernized technology and operating models, and embedded Environmental, Social, and Governance (ESG) principles more deeply into management and decision-making. This disciplined execution enhanced resilience, sharpened customer focus, and reinforced the Bank's ability to deliver sustainable value as it transitions confidently into its next strategic phase.

It is a pleasure to share BSF's 2025 Annual Report with our shareholders, regulators, customers, partners, and the wider financial and business community. This inaugural Integrated Annual Report reflects our deepening commitment to ESG accountability and embedding these principles at the heart of our long-term value creation.

Over the past five years, BSF undertook a period of focused transformation, strengthening its core, modernizing its technology foundations, sharpening its customer proposition, and integrating ESG into how it operates. As the cycle concludes, the Board acknowledges the significant advancement made across the Bank's operations and capabilities.

In 2025, we continued to operate in a competitive and evolving banking environment, characterized by changing customer demographics and expectations, and ongoing pressure on funding and margins. Against this backdrop, we remained focused on balancing profitability, and customer experience – the three pillars that have guided strategic execution in our five-year cycle. Our continued investment in digital transformation and data-enabled decision-making has supported resilience, efficiency, and service quality.

BSF sustained strong momentum in Retail and Personal Banking through digital engagement and product optimization, while Wholesale and Institutional Banking supported national economic priorities. The Bank upheld disciplined risk management and governance. Our subsidiaries, JB and BSF Capital, advanced digital finance and wealth solutions, aligned with our strategic goals.

As a result of these initiatives, the Bank grew net income by 18.0% Year-on-Year (YoY) to ⃁ 5.353 billion, with total assets reaching ⃁ 309.1 billion, up 5% YoY. The year also saw the loan and advances portfolio rising by 5% YoY to ⃁ 214.9 billion, while customer deposits reached ⃁ 195.2 billion.

Stakeholders at the Core

Stakeholder trust remains fundamental to BSF's success. Our shareholders, customers, employees, regulators, and communities play a critical role in shaping the Bank's long-term resilience. In 2025, we continued to uphold strong governance practices, with Board oversight supported by independent representation and dedicated ESG governance structures.

Our people remain a key driver of our progress. The Bank sustained high Saudization levels and continued our progress on diversity and inclusion, reinforcing the commitment to developing national talent and fostering an inclusive workplace. Investment in capability building and leadership development supports both organizational performance and long-term resilience.

Embedding ESG and Responsible Banking

ESG considerations are embedded across BSF's operations and decision-making. Building on the ESG framework, we continued to integrate ESG into governance, risk management, financing activities, operations, and community engagement.

In the environmental and social dimensions, we maintained our focus on sustainable finance, financial inclusion, and community investment, whilst strengthening internal ESG capabilities and disclosures.

Enabling the Saudi Vision. Embracing the Future.

BSF remains strongly aligned with the ambitions of Saudi Vision 2030, supporting economic diversification, financial inclusion, and private-sector development. We continued to play an active role in financing priority sectors, enabling small and medium-sized enterprises (SMEs), and contributing to the resilience of the Saudi financial system.

Looking ahead, our 2030 Strategy is designed to build on the Bank's momentum, advancing growth across core verticals while strengthening digital, risk, and ESG capabilities. The Board remains focused on disciplined execution and positioning BSF as a future-ready financial institution aligned with Saudi Vision 2030.

On behalf of the Board of Directors, I extend my sincere appreciation to our employees, customers, shareholders, regulators, and partners for their continued trust and support.

Together, we are shaping a future built on resilience, growth, and shared values.

Sincerely,

Mazin Al Romaih

Chairman

BSF

Message from the Chairman of the Board Strategy and ESG Committee

Embedding sustainability into the fabric of our decisions strengthens our strategy, sharpens our risk lens, and reinforces our responsibility for future generations.

Whilst ESG has long been a strategic focus for BSF, 2025 was a defining year when greater advances were made to embed these principles as a performance standard. This helped to shape decisions, drive accountability, and set the foundation for future value creation.

As Chairman of the Board Strategy and ESG Committee, I am pleased to reflect on the significant strides BSF has made in embedding Environmental, Social, and Governance (ESG) principles across the Bank's strategic and operational agenda during the past year.

In 2025, we refreshed our ESG governance structure to strengthen its integration into strategy, decision-making, and oversight. As part of this process, the ESG Board Committee and the Board Strategy Committee were merged to form the Board Strategy & ESG Committee, providing integrated oversight of the Bank's long-term ESG agenda. Following this, the ESG Management Committee and the Strategy Management Committee were consolidated into the Strategic Transformation Committee, ensuring alignment between strategic execution and ESG priorities.

Oversight begins at the Board level, led by the Board Strategy & ESG Committee, and is supported by a robust governance structure that includes the Strategic Transformation Committee and designated ESG Division and ESG Champions across business functions. This structure enables alignment from the highest levels of leadership to operational execution.

The ESG Policy Framework, formally approved by the Board and updated in 2025, articulates five core pillars which now guide strategic and operational decisions throughout the organization. ESG key performance indicators are embedded into strategic planning processes, with periodic reviews to ensure ongoing accountability.

In alignment with Saudi Vision 2030 and international disclosure standards, we refreshed our materiality assessment in 2025 to reflect evolving priorities, including climate change. This reinforces the Bank's commitment to ensuring that its strategy remains responsive, relevant, and risk-aware.

Our approach to sustainability is holistic and embedded, extending beyond social responsibility to encompass environmental resilience, operational efficiency, and a strong governance mechanism. The Bank continued to scale high-impact community programs and employee experience initiatives, while progress in digitalization, energy-efficient infrastructure, and operational footprint management reflected the deeper integration of ESG principles into enterprise-wide decision-making.

As a result of these efforts, we are proud to retain our position with the highest ESG rating among Saudi Banks on S&P Global for a third year in a row. Furthermore, we also maintained the lowest ESG risk rating amongst Saudi Banks for a third year in a row from Sustainalytics in 2025. This continues to cement our role in leading the financial sector's transition to sustainable, responsible banking practices and business models.

As such, sustainability is now firmly aligned with our purpose and long-term value creation model. As the Bank enters its next strategic chapter, ESG will shape how it grows, competes, and delivers value, anchored firmly within the 2030 Strategy. The Board Strategy & ESG Committee remains committed to strengthening governance, deepening integration, and ensuring continued impact.

Sincerely,

Talal Al Maiman

Chairman of the Board Strategy and ESG Committee

CEO’s Message

In 2025, BSF completed its five-year transformation, setting the stage for sustainable, purpose-driven growth.

The Bank delivered strong financial results and enhanced its client services and operational agility. With Environmental, Social, and Governance (ESG) principles fully integrated and subsidiaries thriving, BSF is well-positioned to drive long-term value creation, supporting Saudi Vision 2030 and deepening stakeholder trust.

From Transformation to Sustainable Growth

The year 2025 was a pivotal year for BSF, marking the conclusion of our five-year transformation strategy, providing the impetus for a new phase focused on sustainable growth, operational efficiency, and integrated value creation.

The year also represents a milestone in enhanced transparency and disclosures, as we issue our first Integrated Annual Report. This aptly reflects the Bank’s holistic approach to performance, where financial results, governance, and environmental and social impact are assessed in tandem.

Completing the Five-Year Strategy

The 2021–2025 strategy was designed to modernize BSF’s technology, simplify its structure, and improve capital productivity. These priorities enabled the Bank to become more agile, client-focused, and resilient. This resulted in BSF generating ⃁ 5.4 billion in net income, up 18% year-on-year, with operating income up 9% to ⃁ 10.5 billion.

Key outcomes included the implementation of a new Core Banking System (CBS), digital transformation (e.g. Omni, ICP platforms), and enhanced governance frameworks. The Board has endorsed BSF’s 2030 Strategy, which was launched in early 2026. Whilst transformation will continue, the focus will now shift toward unlocking growth across core and adjacent areas, with value creation and sustainability as guiding principles.

Financial Highlights: Selective Growth

In 2025, BSF delivered a solid financial performance, reflecting a shift from volume-driven expansion to a focus on profitability and efficiency. These results reflect the Bank's disciplined approach to value creation, which was achieved while preserving a strong and resilient balance sheet in a changing environment where liquidity conditions tightened.

Net income

Up 18%

to ⃁ 5,353 million

Operating income

Up 9%

to ⃁ 10,537 million

Total assets

Up 5%

to ⃁ 309.1 billion

Customer deposits:

Up 5%

to ⃁ 195.2 billion supported by an increase in interest-bearing deposits

Capital adequacy ratio:

21.4%

Total capital adequacy ratio is comfortably above the regulatory minimum

Operational Momentum: From Strategy to Delivery

Operational achievements from the five-year strategy cycle which contributed directly to performance in 2025:

- The new CBS has enabled faster development, with 12 new products launched and 13 more in the pipeline.
- Home loan growth accelerated, supported by technology-driven origination.
- The year was a retail-led year, with significant growth in credit card volumes and new account openings, following the full go-live of our Omni platform.
- The Integrated Corporate Portal (ICP) was launched in August, streamlining trade finance and liquidity services for corporate clients.
- The Bank's 2024 rebranding initiative laid the foundation for a bold, unified market identity, culminating in renewed customer engagement and a refreshed value proposition across segments.
- BSF activated its Saudi Professional League sponsorship, raising brand visibility and supporting customer acquisition, particularly in retail and affluent segments.

Strengthening Financial Resilience and Market Reach

During the year, we maintained a prudent financing strategy, supported by a strong capital base and growing investor confidence amidst tightening liquidity and rising funding costs in the Kingdom of Saudi Arabia. A focused effort to diversify funding sources yielded positive results, with significant traction in Far East markets, an untapped region that has become a key area of investor interest in BSF's debt securities. This complements the Bank's investors from across member countries of the Gulf Cooperation Council (GCC), Europe, the UK, and the USA, positioning BSF to manage market dynamics with agility.

Subsidiary Performance: JB and BSF Capital

During the year, JB deepened its Consumer and Leasing Finance portfolio, supported by digital-first distribution. Investments in a new back-end Core Banking System is underway to replace legacy infrastructure, enhancing automation, speed, and stability.

In 2025, BSF Capital advanced its wealth management transformation, emphasizing advisory-led services, data-driven client engagement, and global partnerships, such as the collaboration with BlackRock. Key initiatives during the year included the launch of real estate funds, and hospitality and creative industry funds. BSF Capital also participated in multiple strategic Initial Public Offerings (IPOs), sustaining its leadership position in Investment Banking. These milestones strengthened client solutions, market leadership, and the Kingdom's economic diversification efforts.

ESG Integration: A Business Imperative

As we embrace integrated reporting, ESG has become a foundational lens that is deeply embedded across governance, business strategy, and organizational culture.

During the year, ESG performance metrics were embedded into management oversight frameworks, strengthening accountability and integration across the Bank. BSF also completed a materiality refresh, elevating climate change and environmental management as a standalone material topic. Progress on the social agenda was reflected in a Saudization rate of 93% and female participation of 25%, aligned with national priorities and BSF's ESG KPIs and targets.

ATHAR: Impact at Scale

In 2025, BSF launched the ATHAR Program to centralize and scale community investment. Focus areas of ATHAR include Education & Financial Literacy, Heritage & Culture, Health & Wellbeing, and Environmental Stewardship. ATHAR reflects our belief that real growth must be inclusive and measurable.

Positioned for Purposeful Growth

As we look forward to our 2030 Strategy, we enter the next chapter with strong capital foundations and growing investor confidence. Sustainable growth will be the core priority for BSF, strongly supporting Saudi Vision 2030. This involves aligning performance with purpose, deepening ESG integration, and strengthening stakeholder relationships to create lasting value.

I extend my sincere appreciation to our employees for their dedication, to our customers for their continued loyalty, to our shareholders for their trust, and to our regulators for their steadfast support. Your partnership remains essential to our success.

Sincerely,

Bader AlSalloom

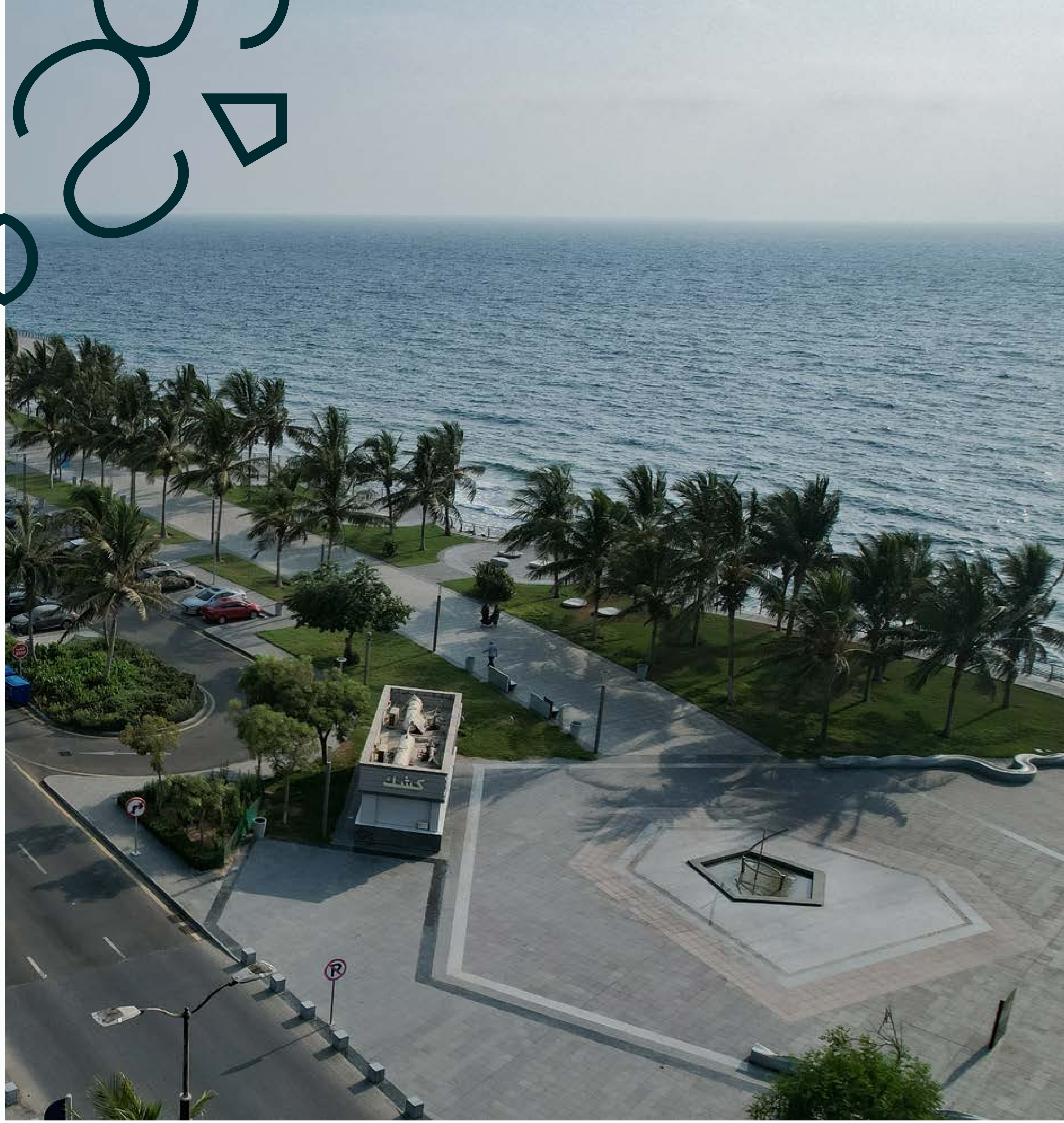
Chief Executive Officer
BSF

Strategic Direction

Through disciplined lending, accelerated digital adoption, and unwavering support for non-oil industries, BSF actively drives the creation of a dynamic Saudi economy. With our core foundation stabilized, we are perfectly poised to capture new value and scale our market leadership.

Operating Environment

Through strong lending, investment in digital capabilities, and support for SMEs and non-oil industries, BSF contributes meaningfully to Saudi Arabia's Vision 2030 goals and the creation of a more dynamic and diversified national economy.

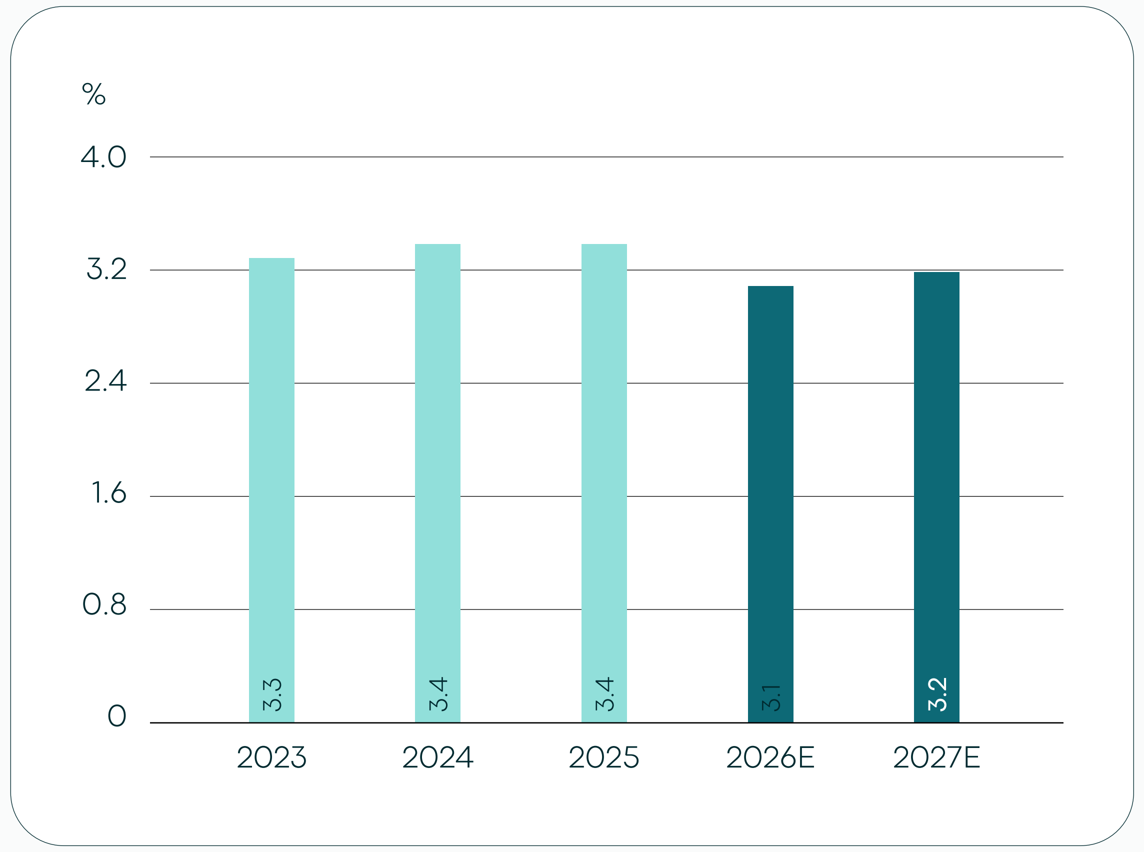


Global Landscape

The global economic landscape underwent notable changes in 2025, stemming from trade tensions and increased global policy uncertainty. Higher tariffs were introduced by the United States during the early part of the year, however, adjustments which were negotiated subsequently helped ease some of the uncertainty. Global inflation remained relatively high in early 2025, owing to price increases as tariffs pushed up prices along the supply chain in advanced economies, with costs rising on both inputs and finished goods.

With no further tariff shocks, the global economic landscape witnessed a divergence in monetary policy and inflation trajectories. Inflationary pressures eased across much of Europe and emerging markets, allowing major central banks to adopt monetary easing to support growth, whilst the tariff-induced price pressures compelled the US Federal Reserve to maintain a more restrictive stance for longer than its peers. However, amidst this complex macroeconomic backdrop, the global financial sector accelerated its technological transformation, moving from experimentation to the industrialization of generative Artificial Intelligence (AI) to drive operational efficiency.

Global GDP growth to remain over 3% in 2026E



Source: IMF World Economic Outlook – April 2026

Regional and Local Overview

The growth for the Gulf Cooperation Council (GCC) region remained strong despite the challenging global economic landscape in 2025. Notably, the region largely remained unaffected by US tariffs as oil exports were exempt. Furthermore, ongoing reforms and diversification initiatives undertaken by governments across the region also supported this growth. In the recent past, the GCC has strived to expand its non-oil sectors including services exports, tourism, and transportation. Furthermore, investments served as the key driver of growth in the region, aiding the transition away from energy exports while supporting sustained population expansion. The region's GDP growth outlook remains broadly stable, with average GCC growth in 2026 expected to remain flat compared to 3.7% in the previous year, upheld by stronger performance in Saudi Arabia, the UAE, and Oman.

GCC growth outlook remains stable in 2026.

Saudi Arabia showed similar trends, with its non-oil share of GDP improving to 55% in 2025 compared to 40% in 2010. Furthermore, the non-oil economy has outpaced the oil sector almost twofold over the past 14 years.

In line with the country's Vision 2030 aim to diversify away from oil revenues, the banking industry is expected to play a key role by providing lending and investment support to other non-traditional industries which entail different risk levels. To facilitate this economic transformation, banks are required to update internal risk and compliance guidelines over the coming years.

Supported by monetary policy easing during the year, lending growth for 2025 grew by 12%, driven by corporate lending linked to the Vision 2030 related projects. While net interest margins contract by 18 basis points for the year as the Saudi Central Bank cut interest rates in line with the US Federal Reserve, the banking industry remained profitable, with strong lending volumes offsetting lower margins. For 2026, BSF expects stable margins, supported by continued lending growth.

The banking industry continues to witness rapid change in the information technology sphere, which poses significant opportunities as well as challenges to the banks. While the use of AI and digital banking platforms can elevate user experience and promote efficiency, banks must remain vigilant of cybersecurity threats. Thus, protecting financial data is critical, and strong cybersecurity measures are being put in place to ensure trust and smooth functioning of the industry.

Based on the Financial Sector Development Program, Riyadh's ambitious plan is to be at the forefront as a global fintech hub, with the number of fintech companies in operation expected to reach 525 by 2030, generating nearly 18,000 job opportunities.

Presently, all GCC countries are at a distinctive stage in their journey towards sustainable finance, yet united in reaching individual national visions which prioritize sustainability. As a nation, Saudi Arabia is at the forefront in this journey within the GCC, driven by its ambitious Vision 2030 program. To facilitate this, the Saudi Arabian Monetary Authority has initiated green banking frameworks, and the Tadawul stock exchange includes green disclosure guidelines to encourage green financing and investments in renewable energy projects.

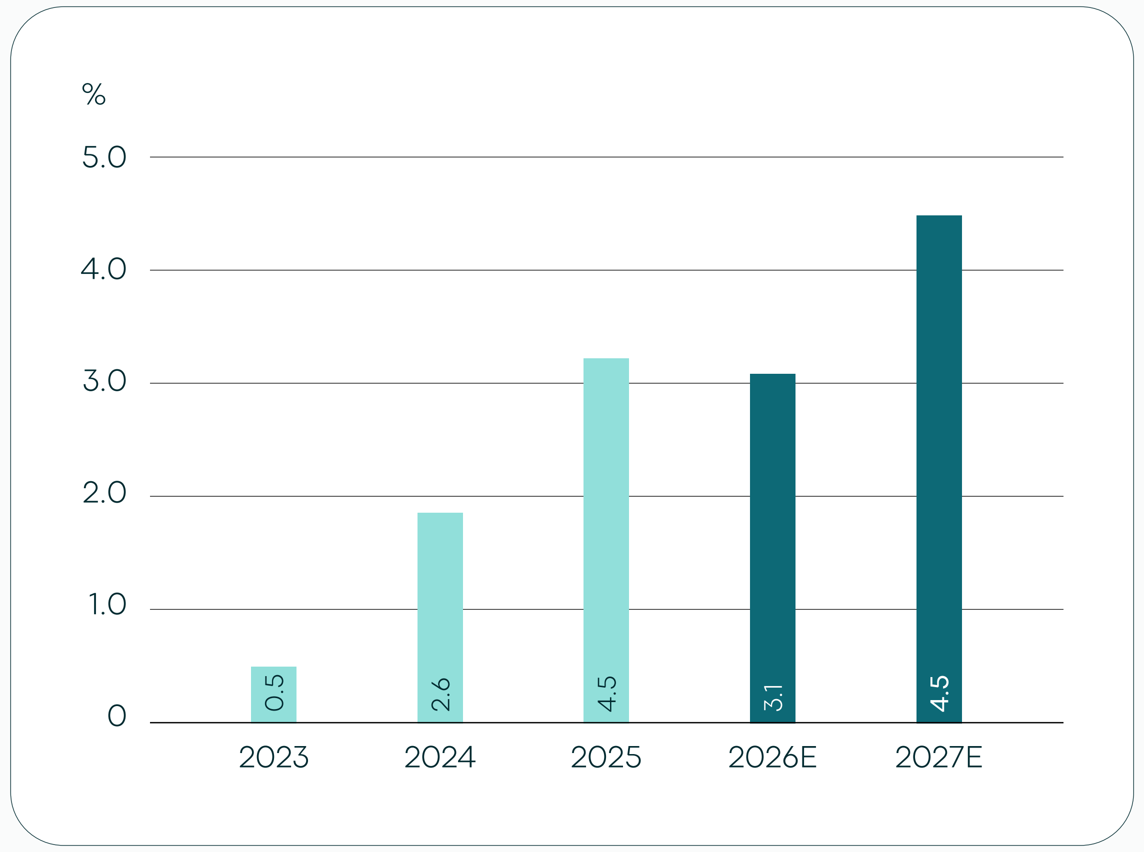
Market Conditions in the Kingdom

According to GASTAT, the Kingdom's real GDP increased by 4.5 per cent, to ⃁ 3,671 billion in 2025 from ⃁ 3,513 billion in 2024. According to the Ministry of Finance, the Government is projected to record a budget deficit of ⃁ 276.61 billion and revenues of ⃁ 1,184 billion in 2025. Actual expenditure is estimated to have increased by approximately 1 per cent. from ⃁ 1,375 billion in 2024 to ⃁ 1,390 billion in 2025. Preliminary estimates for 2026 indicate that real GDP is expected to continue growing, supported by non-oil sector expansion, while government revenues and expenditure are projected to remain broadly stable, with a moderate fiscal deficit in line with ongoing strategic spending priorities.

Outlook

With continued investments in line with Saudi Vision 2030, Saudi Arabia's real GDP growth is expected to reach 3.1% in 2026 and further improve to 4.5% in 2027 (IMF – April 2026), driven mainly by growth in non-oil industries.

Saudi Arabia GDP Growth to Reach 3.1% in 2026



Source: IMF World Economic Outlook – April 2026

BSF's 2030 strategy is well poised to leverage this growth, focusing on specific banking verticals:

- **Wholesale Banking:** Expand global transaction solutions and institutional banking while penetrating client relationships to maximize wallet share and coverage value.
- **Treasury and Investment Banking:** Expand treasury sales and net interest margins, while modernizing Treasury systems to enable greater effectiveness in resource utilization across Treasury, Risk, Finance, and Operations.
- **Personal/Private and Business Banking:** Differentiate affluent segment, maximize product portfolio and acquisition, and establish Business Banking segment operating model.
- **Subsidiaries (BSF Capital, JB):** Accelerate wealth management, deepen capital market products, and expand JB's distribution through digital-first agile organization.
- **Enterprise Enablers:**
  - A redesigned cross-sell model, and zero operations back office aspiration through advanced technology, operation efficiency, data, and AI capabilities.
  - People and Culture focused on high performance, promoting continuous learning while enhancing workforce composition and skills.
  - Excellence in risk management focused on capital productivity and optimizing risk weighted assets.
- **Financial Targets:** Lower cost to income ratio, increase fee income, and disciplined capital deployment.
- **ESG:** Continue to embed ESG principles throughout the organization, focusing on sustainable financing and funding.

Our Strategy

Our next strategic cycle is defined by disciplined execution and deep customer relevance. By modernizing our core systems, scaling AI capabilities, and driving cross-group synergy, we are building a high-performance culture ready to lead a transforming financial landscape.

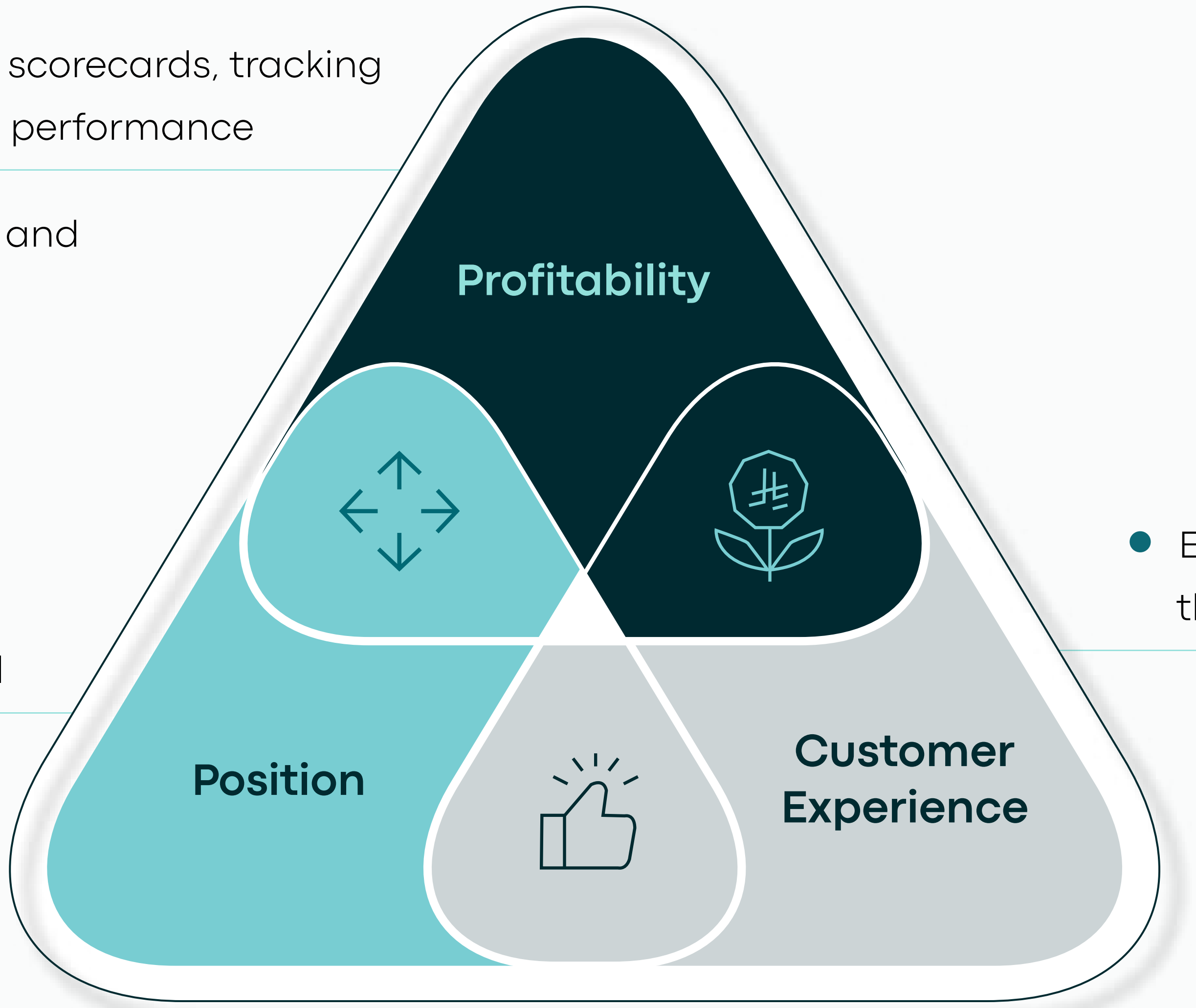
Technology Ready, Market Primed

BSF provides a full spectrum of commercial banking products and services. Its commitment lies in building client loyalty and mutually beneficial long-term partnerships through personalized service offerings, cutting-edge financial tools, and financial advisory services.

2025 Strategic Focus

Profitability, Position, and Customer Experience are BSF's three strategic pillars, which are prudently reviewed and refined each year based on BSF's strategies and evolving financial landscape. During 2025, BSF ensured these key pillars remained balanced and in line with the major transformation undertaken during the preceding years, which included the rebranding efforts, Core Banking System migration, and omni-channel upgrades.

- Regular review of structured scorecards, tracking market, client, and financial performance
- Focus on disciplined pricing and non-interest income



- Diverting resources towards customer segments and products with high potential
- Investments for better risk-adjusted returns
- Enhance customer experience through fast turnaround times
- Personalized client engagement

Closing a Chapter: 2025 Strategy Highlights

As the 2021-2025 strategy cycle came to a close, the past five years were defined by discipline, focus and foundational progress. The five-year strategy was based on five core pillars, which have provided the foundation for sustained performance, strengthened capabilities, and BSF's next phase of strategic growth.

New Phase of Growth: Strategy 2030

With a solid foundation in place, BSF's 2030 Strategy will be directly linked to the Saudi Vision 2030, to unlock a new phase of growth. This new phase will be based on several key focus areas.

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

2030 Strategy focuses on embedding operational 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.

Key Strategic Focus Areas for 2026-2030

- Driving returns through disciplined RAROC and enhanced client value.
- Scaling fee-based businesses including trade, payments, wealth, advisory, and transaction services.
- Targeted participation in giga-projects with a focus on advisory, arranging, and syndication roles.
- Growing CASA and low-cost funding while maintaining wholesale banking as the balance sheet anchor.
- Advancing a "one client, one relationship" approach through integrated cross-selling and shared KPIs.
- Modernizing technology, digitizing journeys, strengthening resilience, and scaling data and AI capabilities.
- Building a performance-driven culture with reskilled talent aligned to Talent Hub 2030.

Outlook

Based on the groundwork done in 2025, BSF expects 2026 to be a year where execution of transactions speeds up, cross-selling across the group strengthens, fee-based income accelerates, deposits from micro, small, and medium enterprises grow, and the use of technology and AI move from test case scenarios to real world use cases.

BSF's funding strategy will be focused on CASA together with other stable funding sources, and capital-light lending structures will be prioritized to support efficient growth. The treasury business will also play a vital role in optimizing the cost of funds.

As the industry shifts to open banking and AI-driven financial services, BSF intends to capitalize on its dedicated fintech partnership program. Further contributions from BSF Capital and JB are expected to increase considerably, supporting BSF's long-term strategic goals.

Value Creation Model

Vision, Mission and Values
Stewardship
Operating Environment
Stakeholders and Materiality
Strategy
Monitoring and Evaluation

INPUTS

Pillar 1
Accelerating sustainable economic growth

- Total assets of ⃁ 309.1 billion (up 5% YoY), driven by increased lending (+5%) and investments (+13%).
- Tier 1 Ratio 16.2% | Capital Adequacy Ratio 21.4% | Liquidity Cover Ratio 193.8%
- Advanced proprietary platforms including the Integrated Corporate Portal (ICP), BSF Global, B2B platforms, and a fully integrated retail omni-channel platform.
- Ongoing collaboration with the SME Bank, aimed at catering to the microfinancing opportunities in the market to aid MSMEs' funding gaps.

Pillar 2
Creating a thriving workplace

- A talent pool of 3,120 full-time professionals at BSF Group supported by opportunities to learn and grow within a safe and inclusive work environment. (note: Bank entity full-time staff, excluding subsidiaries, is 2,718).
- Diversity, Equity, and Inclusion framework and strategy which is action-oriented, emphasizing workplace respect, safety, equitable development, and inclusive leadership.

Pillar 3
Serving our clients

- Loyalty and trust built by offering unique data and AI driven personalized customer service, meeting entire financial needs so that customers remain the main priority of the Bank.
- Successfully renewed ISO 10002 certification for Quality Management Guidelines for Complaints Handling, as well as its ISO 10004 certification for Quality Management Customer Satisfaction Guidelines.

Pillar 4
Protecting our communities

- Ongoing assistance for financial inclusion, environmental sustainability and social progress by diverting funds towards sustainable financing, creating long term positive impact.
- 499% increase in annual investment in climate-related infrastructure, resilience, and product development in 2025 (⃁ 267,000 in 2024 to ⃁ 1,598,924 in 2025).
- Community investments of SAR 10 Mn
- ATHAR Program—a unified community investment framework.

Pillar 5
Exemplifying the highest ethical and governance standards

- Trusted group of investors who are involved via regular updates, disclosures and frequent reporting and rewarded with strong governance and ethical conduct of business.
- Upholding the highest ethical and governance standards by operating in compliance with the Banking Control Law, the Companies Law and its implementing regulations, CMA and SAMA regulations, and BSF's Articles of Association, thereby ensuring accountability and transparency for all stakeholders, including investors, customers, regulators, employees, partners, and the communities it serves.

ACTIVITIES

Core banking activities

Wholesale Banking
Personal Banking
Corporate Banking
Treasury and Investments
MSME Banking
Islamic Banking
Investment Banking
Digital and data
ICT Services and solutions
Payments
Insurance

Stewardship

Governance structure
Risk management
Regulatory compliance
Internal controls
Financial conduct and sustainability

OUTPUTS

- **⃁ 195.2 Bn** in customer deposits
- **⃁ 5.353 Bn** in net income (after Zakat)
- **⃁ 214.9 Bn** in net financing
- **⃁ 68.7 Bn** in investments
- Financing portfolio for MSMEs is **⃁ 13.8 Bn**
- **4.7%** YoY growth in retail customers

- Employee satisfaction score: **74%**
- Full-time Saudi Arabian Employees: **93.3%**
- Female employees: **25.3%** of total workforce
- Youth employees (18-30 years): **23.10%** of total workforce
- Average training hours completed per employee: **20**
- Bank employed five persons with disabilities (PWDs)

- **4.84%** growth of customer base
- Full omni-channel access deployed: The app-store ratings rose significantly, moving from ~**2.0 to 4.5 and from ~2.6 to 4.7**.
- Number of BSF mobile transactions completed **25.8 Mn** (up 15% from 2024)
- Customer satisfaction rate: **89.95%**
- NPS for Priority Customers improved to **35.7% to 69.1%**
- Digitally active unique customers using BSF Web & Mobile reached **780,302 in 2025**
- **72%** of new and unique customers being onboarded digitally (67.24% in 2024).

- Scope 1 GHG emissions: **29%** decrease compared to 2023
- Scope 2 GHG emissions: **0.8%** YoY decrease
- **44.6M kWh** energy consumed (0.8% decrease YoY)
- **16.4 tonnes** of paper recycled (up 4.5% YoY)
- Investments into the community reached over **203,634 beneficiaries** across 11 distinct initiatives. A total of 107 employee volunteers participated in these efforts.

- Return on equity 10.68% (total equity), up +39bps YoY
- Preserved a sound balance sheet
- Shariah compliant
- Published governance disclosures, annual reports and regulatory filings.
- In 2025, the Strategy and ESG Board Committees merged to provide integrated oversight of the Bank's long-term ESG direction. Following the Board-level merger, the ESG and Strategy Management Committees were consolidated into the Strategic Transformation Committee.
- BSF continues to uphold the ISO:27001 certification for Information Security Management Systems
- 60% Board Independence rate and 60% Nomination & Remuneration Committee Independence rate.

OUTCOMES

- Improved operational efficiency through upgrading of the core banking system, corporate portal and new retail omnichannel platform.
- Strong brand awareness due to rebranding initiatives undertaken.

- Developing a future-ready workforce that is engaged, digitally equipped, and provided with equal opportunities for career advancement.

- Improving client satisfaction through personalized and digital banking services.

- Purchasing high-quality goods and services at the right price thereby assisting local suppliers with banking solutions to grow their businesses.
- Lowering BSF's carbon footprint.
- Strengthen the BSF's recognition as a bank that issues sustainable financial products.
- Providing banking to the underbanked communities.
- Enabling people with disabilities to access banking services.
- Encouraging staff to give back to their communities.

- Building strong investor trust through clear governance and ethical business frameworks in place.
- Increased credibility with regulators due to compliance with rules and regulations.
- Better-informed stakeholders, leading to sound decision-making.
- Reduced operational and compliance risk for BSF.

IMPACT

- Supporting Saudi Vision 2030's goals of economic diversification and financial sector expansion creating a thriving economy.
- Developing a flexible and foolproof digital ecosystem catering to clients' financial needs.
- Strengthening BSF's reputation as an innovator and transformer in the industry.

- Stimulating employment in the country by reducing unemployment and increasing female workforce participation.

- Going beyond basic transactions by nurturing relationships through offering a wide range of financial solutions, thus creating lasting value.

- Ensuring smooth, long-term, and sustainable supply chain operations through reliable delivery and reduced risks.
- Assisting the Kingdom towards its net-zero goals.
- Directing funding towards sustainable financing projects.
- Reducing inequality by enhancing collective well-being.
- Improving accessibility to banking services in the country.

- Improving BSF's long-term share value while continuously maintaining strong return on equity.
- Ability to attract global investors due to standardized governance in place.
- Improving the finance sector integrity, thus contributing to national economic goals.

Our Approach to ESG

BSF integrates ESG directly into its operations and long-term growth agenda. By refreshing our ESG governance structure in 2025, we are translating broad sustainability goals into measurable business actions that deliver true long-term value.

ESG Governance Structure

ESG is no longer an initiative, it is a lens for value and long-term performance.

Governance Built for Accountability

BSF integrates ESG into its operations, decision-making, and long-term growth agenda. Since the first public ESG disclosures in 2020, the Bank has progressively evolved its governance structure to align with strategic ambitions, stakeholder expectations, emerging global and regional challenges, and Saudi Vision 2030.

In 2025, we refreshed our ESG governance structure to deepen its integration into strategy, decision-making, and oversight.

Board Strategy and ESG Committee

In 2025, the ESG Board Committee and the Board Strategy Committee were merged to form the Board Strategy & ESG Committee, providing integrated strategic oversight of the Bank's long-term ESG direction. The Committee ensures alignment with business strategy and oversees the effective integration of environmental, social, and governance considerations into core operations.

Strategic Transformation Committee

Following the merger of the Board Strategy and ESG Committees, the ESG Management Committee and Strategy Management Committee were consolidated into the Strategic Transformation Committee. This Committee supports the Board Strategy & ESG Committee by recommending and monitoring ESG goals, reviewing ESG-related policies, overseeing ESG risks and opportunities, and driving periodic ESG disclosures. It also plays a key role in embedding ESG into the Bank's strategic agenda and overseeing implementation across all business functions.

ESG Division

Serves as a focal point for all ESG issues by monitoring the Bank's ESG KPI performance; advising on integrating ESG into products, services, and business strategies; and overseeing the implementation of ESG-related strategies, policies, programs, initiatives, and disclosures.

ESG Champions

Is a cross-functional group of employees who help embed ESG awareness across teams and departments. They act as enablers of change, supporting the ESG Division with knowledge sharing, engagement, and local delivery.

Aligning Policy with Purpose

ESG has evolved from principle to performance standard at BSF.

The management of our ESG performance and associated activities is guided by BSF's ESG Policy Framework , which outlines our commitment, position, and approach to environmental, social, and governance performance as well as our approach to emerging sustainability issues, ESG-related changes, developments, and challenges.

As part of our regular review cycle, the Bank undertook a comprehensive update of its ESG Policy Framework including BSF's ESG material topics during 2025. The update considered emerging sector trends, internal performance insights, and feedback gathered from relevant business units, ensuring that our ESG priorities remained both relevant and forward-looking.

The revised ESG Policy Framework and refreshed materiality outcomes were subsequently reviewed and approved by the relevant ESG Board Committee, Board of Directors, as well as the shareholders in the General Assembly.

The updated ESG Policy Framework can be found here.

Stakeholder Engagement

Trust is earned through consistent listening, action, and presence.

For BSF, stakeholder engagement is a strategic lever that drives decisions, aligns capital with purpose, and helps navigate evolving expectations in a fast-changing economic, environmental, and social landscape.

Clear and transparent communication is the foundation of these relationships. We purposefully invest in two-way communication and engagement with our stakeholders through a range of channels based upon our stakeholders' needs, expectations, and preferences. These include active participation in both in-person and online events and activities, engaging in community events, providing training and educational opportunities, and regular pipeline communications including reports, conference calls, news bulletins, and online media engagement.

As part of our commitment to meaningful engagement, stakeholders play a central role in shaping our sustainability priorities. Their feedback is systematically integrated into our ESG materiality assessment, ensuring that our strategic focus areas accurately reflect the issues most important to them and most relevant to the Bank's long-term success.

For a detailed overview of our stakeholder engagement activities, please refer to Appendix A.

What Matters Most: Materiality

We focus on what matters – strategically, socially, and environmentally – to our business and stakeholders.

A Tool for Strategic Clarity

Our material ESG issues are prioritized in a materiality matrix, based on a comprehensive materiality assessment, to identify the key ESG topics most material to our business and stakeholders. Following the GRI materiality assessment methodology, the process was informed by internal and external stakeholder engagement, peer benchmarking, and the expectations of ESG rating agencies. The process and results were reviewed and approved by the relevant ESG Board Committee and the Board of Directors. The assessment identified 15 material topics, categorized under the five ESG pillars, reflecting our strategic priorities, operational risks, and opportunities.

What Changed in 2025

Our materiality assessment is reviewed at least once every three years in line with the requirement of our ESG Policy Framework. In the latest update of the ESG Policy Framework carried out in 2025, the topic "Environmental Management" was reclassified as "Climate Change and Environmental Management", reflecting the growing urgency for climate-related risk, mitigation and adaptation, and to align with national priorities on decarbonization. To further strengthen our capacity to anticipate, manage, and address these material topics in line with this policy framework, in 2025, we continued to explore the integration of ESG material risks into the existing risk management framework, in line with regulatory direction and supervisory expectations. Development of mitigation strategies, monitoring, and reporting are expected to follow suit and will be conducted in accordance with relevant regulatory guidance.

We continue to monitor our ESG KPIs and targets through a structured performance management process. Each ESG KPI is tracked regularly in coordination with the relevant business lines to ensure accuracy, accountability, and alignment with our strategic priorities. Insight from this monitoring process informs our management decisions and supports continuous improvement across environmental, social, and governance areas.

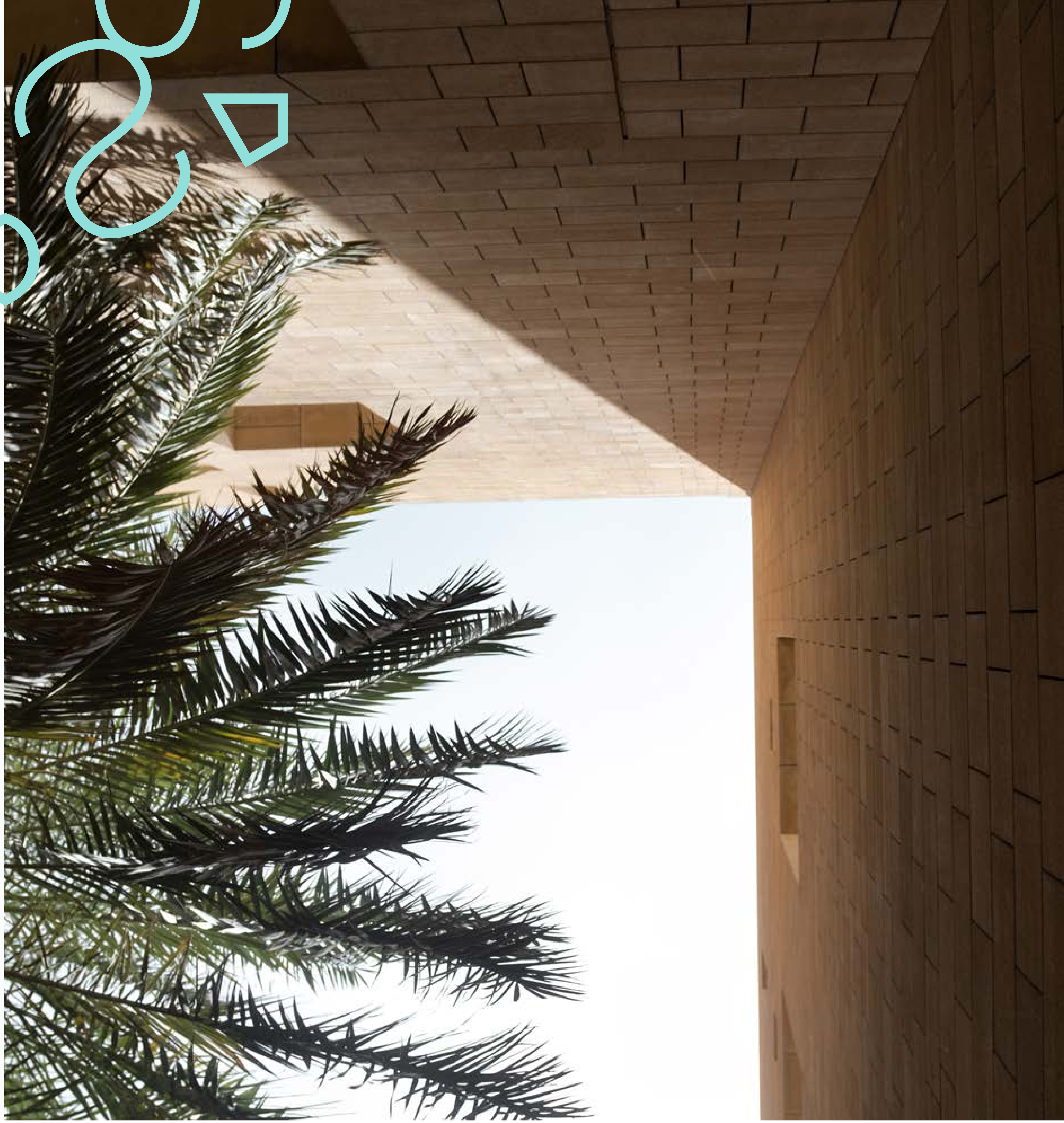
Additionally, our ESG KPIs and target performance are regularly communicated to management to ensure clear visibility and alignment with the Bank's ESG strategic priorities.

Materiality Matrix

1. Governance, Accountability, Transparency, and Ethics
2. Financial and Economic Performance
3. Risk Management
4. Responsible Customer Relations and Satisfaction
5. Data Privacy and Security
6. Financial Inclusion and Accessibility
7. Digitalization
8. Employee Engagement, Wellbeing, and Satisfaction
9. Diversity and Inclusion
10. Sustainable Lending and Investment
11. Talent Attraction, Retention, and Development
12. Community Investment
13. Nationalization
14. Climate Change and Environmental Management
15. Responsible Procurement

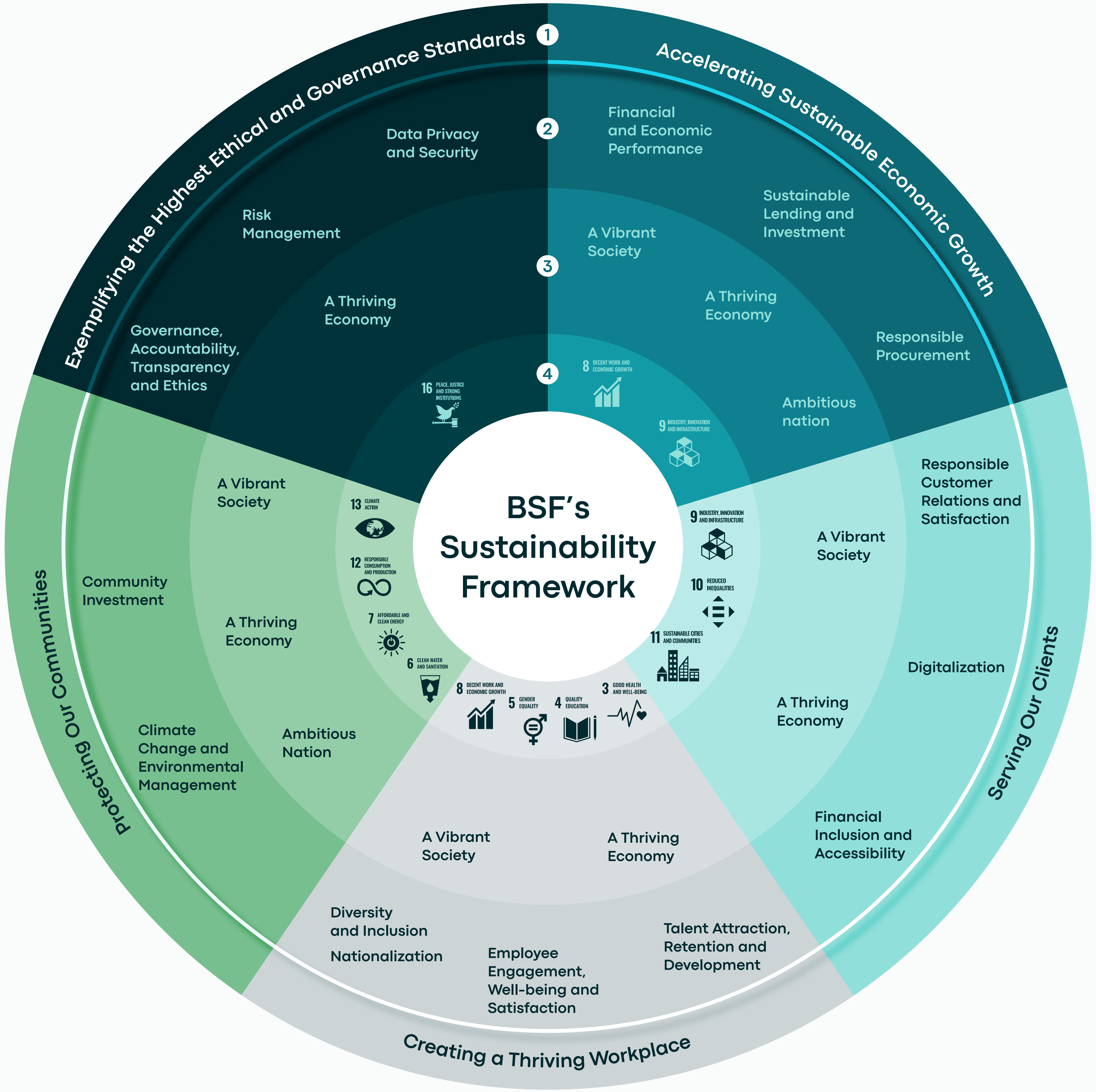
Framework for Sustainable Growth

The framework translates broad goals into business action. It makes ESG operational, not just aspirational.



A Unified Model for Long-term Value

BSF's Sustainability Framework is a dynamic and practical enterprise-wide model that drives long-term sustainable growth. Built on five pillars, each pillar serves as an operational umbrella for strategically addressing the fifteen key material topics identified through our materiality assessment via thematically focused strategies, initiatives, and disclosure practices. It is both a compass and an operating model for value creation.



1 Framework pillars
2 Material ESG issues
3 Vision 2030 objectives
4 UN Sustainable Development Goals

Where Strategy Meets Execution

This framework stands out for its ability to connect external expectations with internal delivery. It aligns global priorities such as the UN Sustainable Development Goals (SDGs) and Saudi Vision 2030 with BSF's material topics, strategy, and business context. It empowers teams across the Bank to embed ESG into product development, risk oversight, talent strategy, and digital transformation.

Built for Adaptability and Trust

BSF's leadership views sustainability as a value lens that sharpens decision-making. The framework reinforces strategic clarity, risk awareness, and stakeholder trust at every level. By structuring the ESG strategy around this model, BSF ensures consistency and accountability while staying flexible enough to meet emerging priorities and national goals.

BSF's sustainability commitments are designed to extend beyond the current strategic cycle, supporting transformation targets such as inclusive leadership, future skills readiness, and sustainable finance through and beyond 2030.

BSF's ESG KPIs and Targets: Driving Sustainable Performance

Building on the ESG KPIs and targets established in 2024, we have made significant and measurable progress across all 21 ESG KPIs. This advancement reflects BSF's commitment to ensuring ESG principles are fully integrated across business lines, operations, and decision-making processes.

Throughout the year, each ESG KPI has been actively monitored, supported by business owners and ESG champions, enabling stronger alignment with regulatory expectations, stakeholder priorities, and the Bank's ESG Policy Framework.

Our progress demonstrates the maturity of our ESG framework and our continued effort to embed sustainability as a core driver of value creation and resilience.

Pillar	ESG KPIs	Frequency/ Timeline	Targets	2025 Performance	Status
Exemplifying the Highest Ethical and Governance Standards	Training provided to Board Members, for example: ESG, AML/CTF, Risk Management	Annual	Yes	1 training session completed on Compliance, Financial Crime and Counter-Fraud	✓
	Percentage of independent Board Members	Annual	1/3 (as per regulatory requirements)	60%	✓
	Total attendance rates for the Board and each Board Committee	Annual	>90%	1. Board of Directors: **98%** 2. Executive Committee: **100%** 3. Audit Committee: **100%** 4. Nomination & Remuneration Committee: **100%** 5. Board Risk Committee: **100%** 6. Board Strategy & ESG Committee: **93%**	✓
	Number of material data security breaches	Annual	0	0	✓
	Percentage of employees acknowledging BSF's Code of Conduct/Ethics	Annual	90% (for new joiners)	100%	✓
	Percentage of independent members in the Board Remuneration Committee	Annual	50% (including external committee members)	60%	✓
	Establish climate risk strategy to review and address climate-related risks across BSF's portfolio and operations	2028*	Yes	–	→
	Incorporate sustainability/ESG risks into BSF's risk register	2028*	Yes	–	→
Accelerating Sustainable Economic Growth	Amount of Sustainable Finance mobilized	2030	⃁ 10-15 billion	⃁ 8 billion	→
	BSF has developed and approved a Sustainable Financing Framework (SFF) in preparation for issuance of sustainable/ green bond/sukuk and obtaining Second Party Opinion for BSF's Sustainability Framework	End of 2024	Publish SFF	SFF is approved and publicly published. SPO has been obtained and published.	✓

✓ Achieved → On track

Pillar	ESG KPIs	Frequency/ Timeline	Targets	2025 Performance	Status
Accelerating Sustainable Economic Growth	Develop Responsible Procurement Program	2026	Yes	• Responsible Procurement Framework has been developed. • Explored methods for incorporating ESG-related questions within vendor onboarding and evaluation forms. • Engaged internal Project Managers in ESG discussions.	→
Creating a Thriving Workplace	Percentage of employees receiving training each year on all levels	Annual	90%	99.89%	✓
	Employee satisfaction rate	2027	Above 70%	74%	✓
	Percentage of female employees	2027	25%	25.27%	✓
	Percentage of youth employees	2027	25%	23.10%	→
	Percentage of full-time Saudi Arabian employees	Annual	Above 90%	93.26%	✓
	BSF maintains diversity programs which support and promote women in the workplace	Annual	Yes	• Programs established to support the development of female managers and succession planning • Conducted a targeted Unconscious Bias and Inclusive Hiring Workshop for the Talent Acquisition and Onboarding teams.	✓
Serving Our Clients	Customer satisfaction; calculated based on % of complaint resolutions accepted by customers	Annual	≥ 85%	89.95%	✓
	BSF has publicly disclosed a standalone Policy or Position Statement highlighting a formal commitment to responsible marketing	2025	Yes	**Responsible Marketing Position Statement** has been drafted, approved, and disclosed publicly.	✓
Protecting Our Communities	Direct GHG emissions (Scope 1)	by 2026	Decrease by 3%	29% decrease vs. 2023	✓
	Indirect GHG emissions (Scope 2)	by 2028	Decrease by 3%	YoY decrease by 0.8%	→

* Subject to change/update based on regulatory directions.

✓ Achieved → On track

PILLAR 1:

Accelerating Sustainable Economic Growth

Financial Review

In 2025, BSF delivered steady progress, reflecting the resilience of the business and disciplined execution. The successful completion of the previous strategy cycle helped establish a strong operational and financial foundation for the Bank.

Overall Financial Performance

BSF reported a strong growth in net income by 18% year-over-year (YoY) to ⃁ 5.4 billion, supported by a ⃁ 10.5 billion increase in operating income, which was up 9% YoY.

Net interest income (NII) increased by 10% YoY to ⃁ 8.7 billion, driven by a 10% growth in average earning assets. Strong NII generation from loans, investments, and cash flow hedging was partially offset by higher funding costs on term loans and debt securities. Interest income increased by 7% YoY to ⃁ 17.6 billion in 2025, while funding costs increased by 4% to ⃁ 8.9 billion.

Non-interest income, on the other hand, increased by 4% to ⃁ 1.8 billion, supported by higher investment-related income from capital gains and other income, partly offset by lower trading, and net fee and commission income. Net fee and commission income decreased 2% YoY to ⃁ 956 million due to lower card fees and other fees, partially offset by improved brokerage, and asset management and trade finance fees.

Operating expenses for the year reached ⃁ 3.6 billion, up 4% YoY, mainly due to increased general and administrative expenses, and higher depreciation. The cost-to-income ratio decreased by 1.5 percentage points (ppts) YoY to 33.8%. On a positive note, operating expenses as a percentage of average interest-earning assets (AIEA) decreased by 7 basis points (bps) YoY to 1.24%, driven by a 10% expansion of AIEA relative to a 4% growth in expenses.

The impairment charge for 2025 amounted to ⃁ 989 million, down 16% YoY due to lower commercial loans, investment, and other impairments. A ⃁ 407 million recovery from impaired assets, partially offset by an increase in consumer impairments.

Loans, Assets, and Liabilities

At the end of 2025, total assets amounted to ⃁ 309.1 billion, up 5% YoY, primarily driven by a 5% increase in lending and a 13% expansion in the investment portfolio, partly offset by a decrease in interbank lending and other assets. Total customer deposits increased by 5% YoY to reach ⃁ 195.2 billion. This was supported by a 13% YoY increase in interest-bearing deposits from both retail and corporate inflows, while non-interest-bearing deposits decreased by 4% YoY, mainly from lower corporate deposits.

Total liabilities amounted to ⃁ 258.3 billion, up 5% YoY from ⃁ 246.2 billion at the end of the previous year. Loans and advances increased by 5% YoY to ⃁ 214.9 billion, supported by growing volumes in both consumer and commercial lending. Consumer loans increased by 18% YoY, primarily driven by a 24% increase in mortgages and a 12% increase in personal loans. Commercial loans increased by 2% YoY, with a notable increase in the services sector, partly offset by a decline in the commerce, contracting, and manufacturing sectors. Debt securities and term loans increased 151% YoY to ⃁ 38.9 billion, driven by multiple issuances during the year.

The non-performing loans (NPL) ratio increased marginally to 0.97%, up 4 bps YoY, reflecting higher NPLs in both commercial and consumer portfolios. However, the NPL coverage ratio decreased by 3.3 ppts to 178.4% at the end of 2025.

Total equity increased by 7% YoY from retained earnings, a USD 650 million of additional Tier 1 capital issuance in the second quarter of 2025, and a ⃁ 2.5 billion Tier 1 capital issuance in the fourth quarter of 2025, partly offset by a redemption of ⃁ 5 billion of Tier 1 securities.

Loans and advances ⃁ 214.9 billion up 5% YoY	Customer deposits ⃁ 195.2 billion up 5% YoY	Investments ⃁ 68.7 billion up 13% YoY	Operating income ⃁ 10.5 billion up 9% YoY
Net income ⃁ 5.4 billion up 18% YoY	Net interest margin 3.04% stable YoY	Non-performing loans (NPL) ratio 0.97% up 4 bps YoY	Non-performing loans (NPL) coverage ratio 178.4% down 3.3 ppts YoY
Cost of risk 0.45% -13 bps YoY	T1 ratio 19.2% up 0.3 ppts YoY	Liquidity coverage ratio 194% up 32 ppts YoY	Non-interest-bearing deposits percentage of total deposits 42.5% down 4 ppts YoY

Share Price Performance

In 2025, BSF's shares traded between ⃁ 15.92 and ⃁ 16.82. The Bank's Board recommended a ⃁ 0.52 dividend for the second half of the year, bringing total dividends to ⃁ 1.07.

Wholesale Banking Group

Wholesale Banking Group's strong performance in 2025 demonstrated by its prudent asset growth, resilient profitability, and portfolio quality. Focus on institutional deposits and cash management products mitigated tight liquidity, while digital advancement, data quality improvement, and process automation optimized operational efficiency.

BSF is a leading player in Saudi Arabia's wholesale banking market, with a strong presence in corporate lending, structured finance, and transaction banking. In 2025, amid tight liquidity, rising funding costs, and increased demand for USD-linked exposures, the Bank maintained stable market share by prioritizing selective and disciplined lending. Its focus on portfolio quality, profitable client relationships, and efficient balance sheet management—rather than volume-driven growth allowed BSF to enhance pricing, strengthen value propositions, and diversify revenues. Despite sector-wide pressures, BSF delivered stable profitability through prudent asset and margin management and growth in fee-based financing, underscoring the resilience of its operating model.

BSF's differentiation strategies and unique value drivers for Wholesale Banking includes;

- Strong relationships that extend beyond lending.
- Expertise and understanding of local market dynamics.
- A range of products to meet diverse corporate funding requirements.
- Ability to deliver structured financing and support diverse portfolios.
- Widespread branch network for convenient local access and extensive correspondent banking network to facilitate international trade.
- Effective cross-sell by leveraging lending, liquidity, cash management, and capital market capabilities.

Saudi Vision 2030 continued to create ample business opportunities across multiple sectors. Wholesale Banking supported tourism, logistics, utilities, infrastructure, and urban development projects linked to key giga-developments such as Diriyah, NEOM, Red Sea Development, Qiddiya, and Amaala. Involvement in these exposures reflected BSF's contribution to the Kingdom's development goals while preserving prudent credit practices, and continuing to embed Environmental, Social, and Governance (ESG) principles into the decision-making process.

Segment Performance

Increase in net loans

+2%

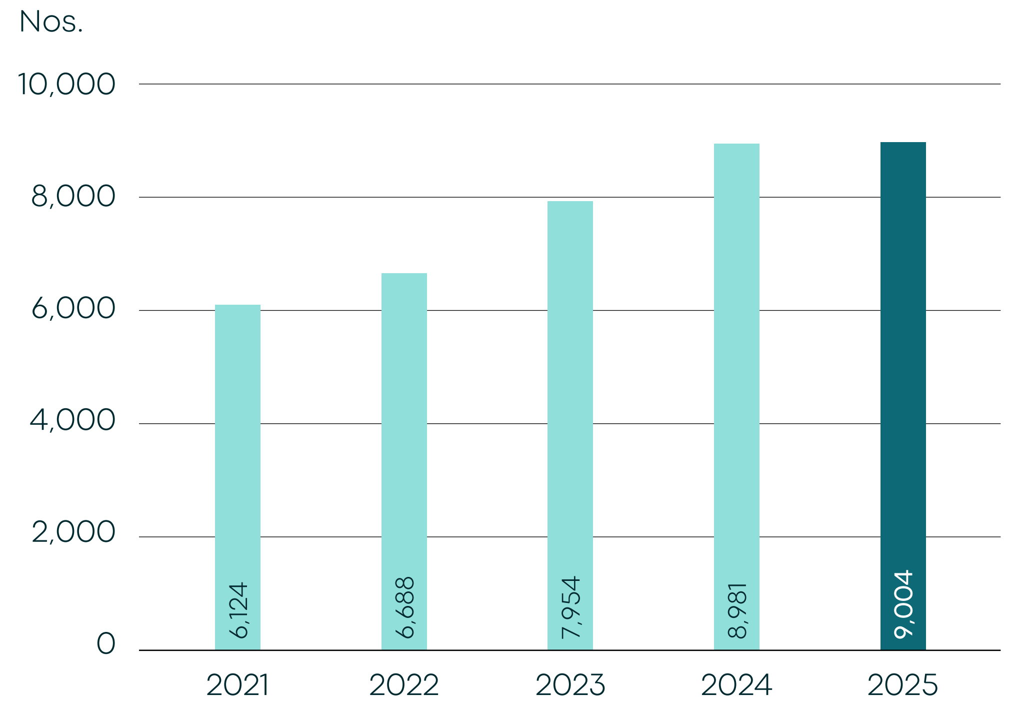
Increase in operating income

+10%

Growth in total liabilities

+4%

Total number of WBG customers



Awards received from Global Financial Institutions, reflecting Wholesale Banking's high standards and commitment to operational excellence:

- 2023–2024 Operational Excellence Award for USD Payments Processing from Wells Fargo Bank
- 2024 USD Clearing Elite Quality Recognition Award from JPMorgan Bank
- 2024 USD Clearing Quality Recognition Award from JPMorgan Bank
- 2024 USD Payments Straight Through Processing Excellence Award from Citibank
- 2024 EUR Payments STP Excellent Quality Award from Commerzbank
- 2024 Client Excellence Award for Institutional Cash and Trade Finance from Deutsche Bank

Mitigating Risk

BSF's comprehensive credit policy remains the bedrock for evaluating the credit policy framework and risk profile of Wholesale Banking clients. On this basis, extensive due diligence is carried out for each client. Reviews include credit history evaluation, financial health, industry analysis, environmental safety and regulatory compliance, independent third-party analysis, interviews with business owners and finance personnel, and visits to project or business sites.

Project funding or structured financing for any sector will include extensive due diligence from external consultants including legal, technical, project management, marketing research, and any other expertise based on the nature of the project. Comprehensive documentation including compliance with environmental standards and environmental legal framework is included for the client's confirmation.

Financial institutions and government (FIG), which are considered as high risk, require further Know Your Customer (KYC) and Due Diligence (DD) assessments.

Risk arising from the use of BSF's products and services are conveyed to clients through assigned Relationship Managers and officers who work together with product experts across BSF's business verticals to ensure that existing and potential clients are aware and clearly recognize the risks associated with the use of products and services offered. Road shows and awareness sessions are carried out to educate clients on new products and amendments to existing products, while training programs are conducted to educate clients on the use of Bank products and services.

Strengthening GTS Capabilities and Partnerships

BSF's Global Transaction Solutions (GTS) business vertical includes Trade Finance, Supply Chain, and Liquidity Cash Management (LCM) units. During 2025, GTS launched a successful campaign together with Retail Banking, to promote GTS and LCM product utilization and new subscriptions. To sustain this momentum, processors were introduced to ensure that the increase in customer onboarding was competently supported through training and a customer support framework. GTS also improved cross-functional collaboration with the Corporate Banking and Retail business lines which was reflected in the increased number of activations and growth in the portfolio.

To improve its payment offerings to local businesses and multinationals, BSF partnered with Thunes, a leading business to business (B2B) cross-border payment solutions provider, and collaborated with BwaTech - a technology platform to digitally issue, track, and manage Letters of Guarantee.

Liquidity and Cash Management's contribution to Point of Sale (POS), eCommerce, and B2B

Trade revenue growth

YoY 11%

Increase in digital transactions

YoY 4%

BSF's efforts to provide efficient and seamless payment solutions were rewarded by the receipt of many accolades during the year.

Project and Structured Finance

During the year BSF participated in several key project financing deals in line with Saudi Vision 2030. A few notable projects included ArcelorMittal Tubular Products, Qurayyah Expansion Independent Power Project (IPP), Al Haer ISTP Rumah, and Nairyah IPPs.

Project and Structured Finance (PSF) has strengthened BSF's role as a leading player in structured and syndicate funding transactions. Experience and in-depth knowledge of the loan market has boosted BSF's role as an effective leader and intermediary, coordinating between borrowers and lenders to provide an efficient and superior service to clients.

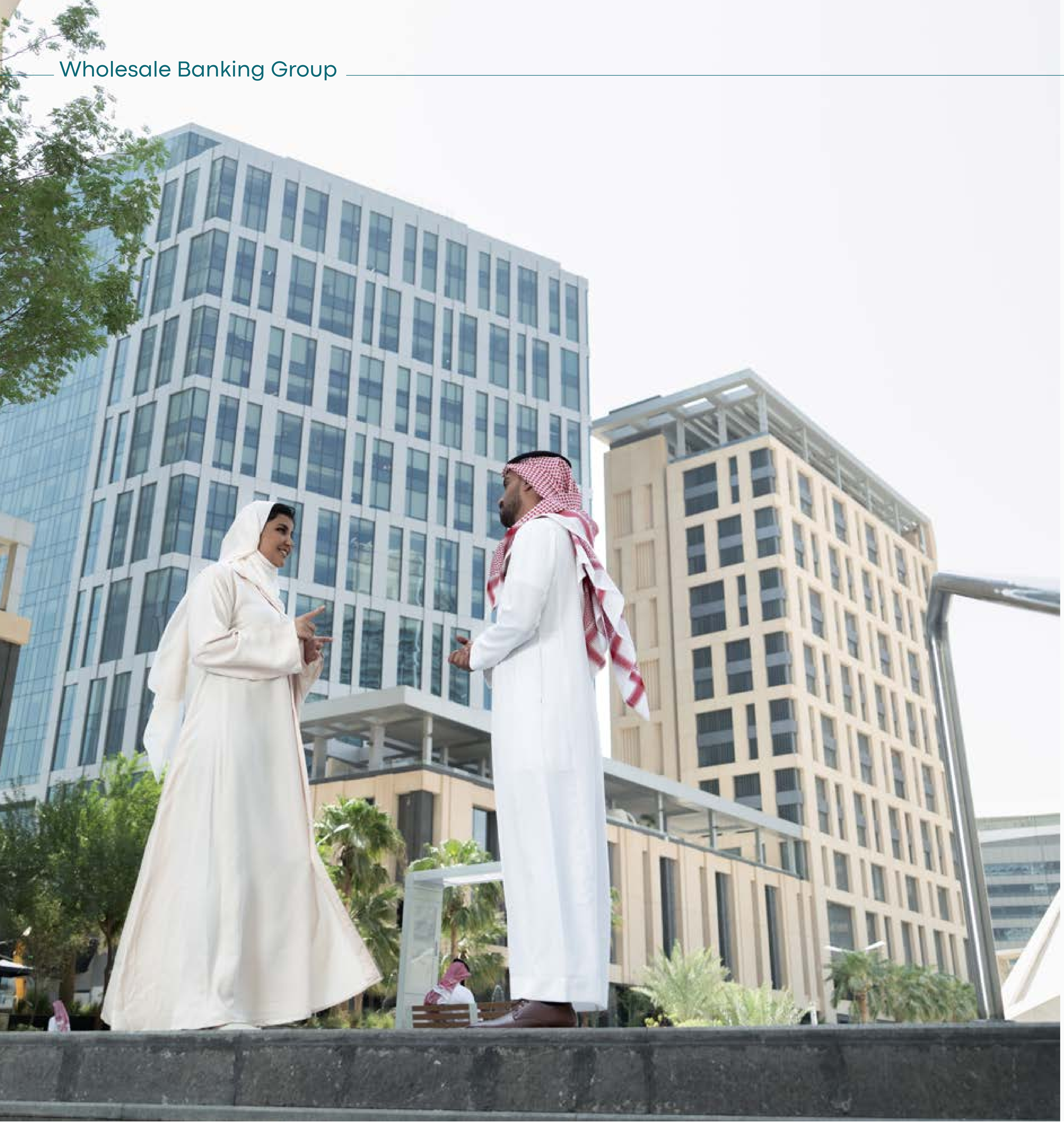
During 2025, BSF participated in several funding transactions for which recognition was bestowed by way of notable credentials and awards. Below are the notable transactions in which BSF participated.

Awarding Entity	Award/Category
Global Banking and Markets: Saudi Arabia AWARDS 2025	**Project Finance Deal of the Year:** Saudi Aramco – Total Refining and Petrochemical Company. **Renewable Energy Deal of the Year:** Buraiq Renewable Energy Company, Moya Renewable Energy Company, and Nabah Renewable Energy Company.
PFI Middle East and Africa AWARDS 2025	**Power Deal of the Year:** Taiba/Qassim (PFI Global Awards 2025)
IJ Global Awards	**Renewable Deal of the Year – Solar, MENA:** PIF4 Solar PV Projects. **Sustainability-Linked Loan, MENA:** PIF Round 4 Solar PV IPPs. **Water Deal of the Year, MENA:** Juranah Water Reservoir Company.
Global Banking and Markets: MIDDLE EAST 2025	**Transport Finance Deal of the Year:** Avilease

Sustainable Project Financing

Aligning with the environmental sustainability objectives of Saudi Vision 2030, BSF partnered with both the private sector and the government to support a number of sustainable projects.

In one such private sector project, BSF structured and executed financing for a waste-water treatment project for Al Haer Environmental Services company; The project is being developed by a private sector participation through a consortium consisting of Miahona Company, BE Invest Limited and Power and Utility Company, for Jubail and Yanbu and is being procured by the Saudi Water Partnership Company. The project consists of the development, design, financing, engineering, procurement, construction, commissioning, completion, testing, ownership, operation, maintenance, insurance and transfer of a new sewage treatment plant in Riyadh, with a capacity of 200,000 m3/day and its associated facilities. The project will treat wastewater delivered from various parts of Manfouha and the Al Heet catchment, and is expected to serve mostly existing and future residential areas.



Partnering for Sustainable Development

In addition to financing sustainable projects in line with ESG priorities and Vision 2030 goals, BSF collaborates with government and institutional partners to support sustainable development.

In 2025, BSF supported a range of government-led initiatives aimed at driving social impact and advancing national sustainable development goals aligned with Vision 2030.

- **King Faisal Specialist Hospital and Research Center (KFSH)**

  BSF collaborated with KFSH to conduct a blood donation campaign at its headquarters, supported by KFSH's medical team and their equipment.

- **Social Development Bank (SDB)**

  BSF supported SDB's initiatives by sponsoring the "Souq AlDar 95" event and the Saudi Pavilion Lounge at Boulevard World.

- **King Salman Humanitarian Aid and Relief Center (KSrelief)**

  BSF sponsored the 4th Riyadh International Humanitarian Forum and the welcome toolkit for the newly onboarded KSrelief staff.

- **The Equestrian Club in AlAhssa**

  BSF sponsored the club, reflecting its commitment in positioning the city as a top destination in tourism and sports.

- **Um Al-Qura University "UQ"**

  As a strategic partner, BSF sponsored the following programs:

  – Responsibility of universities in promoting values and intellectual awareness.

  – The 25th Scientific Forum for Research on Hajj, Umrah, Pilgrimage, and Visiting Holy Sites.

  – Handicrafts as a hobby and a form of creativity event.

Enabling Growth of Micro, Small, and Medium Enterprises

The growing number of micro, small, and medium enterprises (MSMEs) is spurring economic development in the Kingdom. In line with Saudi Vision 2030, BSF is also committed to supporting the expansion of this segment. Whilst innovating products and services that focus on lending and non-lending clients, BSF is also targeting the supply chains of large corporates; expanding cross-selling activities with Treasury, Trade Finance, and Cash Management; and increasing small and medium enterprise (SME) financing by utilizing government programs and initiatives.

Projects and initiatives undertaken to support MSME

- BSF continued to expand MSME financing through its ongoing collaboration with the Small and Medium Enterprise Bank, specifically aimed at catering to the microfinancing opportunities in the market to help MSMEs' funding gaps through BSF's existing infrastructure, processes, systems, and client base. Notably, BSF was recognized as the second-best commercial bank in SME financing under the "Funding Gate" program.
- The Bank launched the REDF-Tatweer Guarantee Program, and strengthened collaboration with the Kafalah program which supports funding for the MSME segment, by training all corporate employees and updating the new Kafalah portal. Joint marketing campaigns were also conducted to boost financing of MSMEs in high growth sectors such as entertainment, culture, sport, technology, and education.
- BSF supported the BIBAN 25 forum as a contributing partner, promoting entrepreneurship and innovative financial solutions for SMEs. On the sidelines of this forum, BSF signed a collaboration agreement with Monsha'at, which comprises three programs: namely, The Franchise program, ECommerce, and Tumoh. Moreover, BSF signed a collaboration agreement with Tibbiyah to support financing opportunities for MSME suppliers.
- Establishing partnerships and programs with financial institutions to streamline processes and enhance staff training, to effectively address the needs of this sector.

Through its MSME Committee, led by the Chief Executive Officer (CEO), BSF oversees governance by providing strategic direction, evaluating business initiatives, and monitoring portfolio key performance indicators (KPIs), thus ensuring stakeholders are aligned with decisions of the Committee. The Committee also approves quarterly reports in compliance with SAMA requirements.

BSF continued capitalizing on collaboration agreements with top WBG clients to facilitate supply chain financing for MSME suppliers, and enhanced its MSME portfolio by partnering with the Saudi Industrial Development Fund (SIDF) to support MSMEs working in the industrial services, energy, mining, manufacturing, and logistics sectors, by providing Facility Guarantees covering a percentage of the borrower exposure with the Bank. Furthermore, the Cultural Development Fund (CDF) supports corporates working in the cultural sector by providing a guarantee cover of up to 90% of the provided facility by the Bank. Throughout 2025, BSF, in partnership with Monsha'at, organized financial awareness and education workshops during events such as Finance Week, Tourism Week, Retail Week,

Financial Inclusion

and Franchise Week. Additionally, the MSME unit participated in the Financial Management Camp and attended the Kafalah Workshop alongside other local banks.

BSF aims to sustain and expand support for the MSME sector, to boost its gross domestic product (GDP) contribution in line with the Kingdom's Vision 2030 goals. In addition to deepening BSF's partnership with Monsha'at, Kafalah, and SME Bank, the Bank seeks to expand SME financing by capitalizing on state-backed programs and Vision 2030 initiatives, while expanding the portfolio through lending and value chain financing. BSF also intends to develop partnerships with third party providers and FinTechs to encourage the use of digital solutions among MSMEs, optimize the credit approval process, and provide a better client experience.

- The MSME Head participated as a speaker in the roundtable event under the theme 'Building Resilience and Creating Opportunities for Growth', as well as a workshop on "How to Build Sustainable NFS Programs", at the Global SME Finance Forum held in Johannesburg, South Africa, in September 2025. The Forum was established by the G20 Global Partnership for Financial Inclusion (GPFI) in 2012 as a knowledge center for data, research, and best practices in promoting SME finance managed by the International Finance Corporation (IFC)..
- Specifically, Point-of-sale (POS) Tawarroq financing products and co-financing products in collaboration with SME Bank have facilitated financing opportunities and provided financial inclusion for micro/small players.
- Additionally, collaborations with government-backed programs provide support to consider viable financing opportunities.
- We supported various initiatives aimed at enhancing the inclusion of microfinancing and extending the support to the micro sector in addition to SMEs.
- The collaboration with Monsha'at portal which facilitates access to financial services for micros in addition to SMEs.

MSME Products and Services

All Corporate Banking products and services for lending and non-lending clients are accessible to MSMEs, including short and long-term loans for working capital, CAPEX financing, and trade finance solutions such as letters of credit, letters of guarantee, and liability products. Other products include:

- Point of Sale (POS) Tawarroq financing product.
- SMEs' guarantee program "Kafalah" to support financing of MSME sector.
- Franchise financing in collaboration with Monsha'at.
- Co-financing products in collaboration with SME Bank.
- Financing solutions in collaboration with SIDF to support MSMEs working in Industrial Services, Energy, Mining, Manufacturing, and Logistics.
- Financing solutions offered in collaboration with EXIM to support non-oil Saudi Products and Services' export activities.
- Collaboration between MSME Unit and Trade & Supply Chain Unit on automating lead management and SME program-based financing.

Key Performance Indicators (KPIs)	Units	2025	2024	2023	2022
MSME customers*	Number	2,599	2,479	2,448	2,163
Value of financing portfolio for SMEs	⃁ million	13,777	11,875	11,921	11,480
Outstanding loans qualified to programs designed to promote small business and community development	Number	215	210	203	155
Value of outstanding loans qualified to programs designed to promote small business and community development	⃁ million	532	508	578	420

* MSMEs managed by Wholesale Banking Group.

Digitalization, IT Infrastructure, and Emerging Technologies

Wholesale Banking was a key stakeholder in the rollout of the upgraded core banking system, and is currently driving the project to ensure that the implementation of Corporate Banking Products is in line with the given requirements. The Integrated Corporate Portal (ICP) phase 1 (Future Trade Innovation) was successfully launched, and is currently under "hyper care" and running smoothly.

During the year, BSF continued to advance its digital transformation agenda through notable upgrades to its client-facing systems, especially BSF Global and B2B platforms. These upgrades introduced new features and services aimed at improving the client's overall experience. Together with an efficient and seamless onboarding process, the new upgrade strengthens compliance with the evolving security and regulatory requirements.

The Bank also expanded its payment acceptance services by including additional features and wider services coverage so that clients can process transactions seamlessly. Through these initiatives, BSF demonstrated its commitment toward providing secure, innovative, and client-centric digital banking solutions.

With the emergence of Artificial Intelligence (AI), big data, and blockchain technologies, Wholesale Banking is working toward developing real-time dashboards and reports to facilitate data-driven decision-making at all levels within the organization. Data and AI use cases are presently being explored to identify suitable products for clients, detect early warning signals for default or attrition, and to optimize pricing decisions.

Regulatory Development

Regulatory focus remained on liquidity risk, Basel III implementation, and monitoring credit concentration. The banking sector also witnessed fiscal adjustments in zakat, VAT, and government fees which affected transaction pricing. Wholesale Banking continued to work closely with the regulators to ensure compliance and timely adoption of the new regulations.

ESG Integration

Wholesale Banking continued to incorporate ESG principles into its financing and daily operations during the year, thereby increasing its participation in sustainable infrastructure and renewable energy financing projects. Pilot use of the ESG due diligence assessment tool kit to evaluate client transactions against ESG-related risks continued during the year. Following the release of the SAMA climate risk guidelines, the next phase will involve embedding physical and transition climate risks, along with mitigation measures, into rating models to enable more informed and integrated decision-making. Next, Wholesale Banking will explore the feasibility of climate risk assessment to enhance identification of relevant risks and strengthen materiality assessment. BSF continues to enhance its credit and investment decision-making by integrating ESG-related risks throughout the value chain, and developing its ability to measure financed emissions.

Targeted training and awareness sessions are held for business lines, credit teams, and risk managers, to strengthen their understanding on usage of ESG assessment toolkits, identification and assessment of green and social projects, ESG risk and opportunities, and to support the effective application of ESG due diligence practices. BSF is also developing a Green and Social Asset Register to capture eligible projects in line with the approved Sustainable Financing Framework for close monitoring and transparency. These initiatives highlight BSF's commitment toward responsible banking, consequently supporting the Kingdom's sustainability goals.

Strategic Vision and Outlook

Looking forward to 2026, BSF's strategy is to focus on value-driven growth, accentuating profitability, deepening client relationships and disciplined risk management as opposed to mere balance sheet expansion. A selective lending approach concentrating on high quality assets and risk adjusted returns will be adopted, while pursuing strategic diversifications across sectors and customer segments. Growth is expected to be supported by the digitalization of trade and cash solutions, stronger cross-sell, and deeper engagement with multinationals, government, and institutional clientele. Lending will be subject to Sustainable Finance key performance indicators (KPIs) to integrate ESG principles into core banking practices, decision-making and daily operations.

Personal Banking Group

Competitive differentiation is driven through continuous investment in omni-channel infrastructure, elevating digital customer journeys, strategic sponsorship-led marketing, and a strong focus on affluent banking.

Personal Banking Group's Strategic Significance

The Personal Banking Group (PBG) at BSF plays a vital role in the Bank's retail and wealth management strategy by delivering customer-focused growth across a broad portfolio of financial solutions. PBG is structured around two core segments, each designed to address distinct client requirements.

Retail Banking Group (RBG): Serving the mass and affluent market, this segment offers day-to-day banking services and advice, including loans, credit cards, and digital solutions. Its operations are supported by an extensive network of 79 branches and an increasingly robust digital ecosystem, promoting accessibility and convenience for customers.

Private Banking (PB): Designed for high-net-worth individuals (HNWIs), this segment delivers bespoke financial solutions, wealth management expertise, and specialized advisory services to support the exclusive and evolving needs of this clientele.

PBG is integral to BSF's strategic direction – it drives growth in core products such as loans, mortgages, and credit cards, whilst strengthening its market presence. Supported with a client base of over 1.36 million, it plays a pivotal role in digital transformation through the integration of advanced banking platforms aimed at improving efficiency and accessibility. PBG retains customers and improves engagement by delivering personalized solutions and an integrated omni-channel strategy. Moreover, its dedication to high-net-worth clients consolidates BSF's standing in private banking, facilitating sustained value creation.

Through precise segmentation and by delivering relevant offers through customized communications, the Bank addresses customer needs effectively, drives up higher conversion rates, and increases the probability of product adoption. To support this objective, in 2025, BSF developed a "propensity model", specifically focusing on customers with lower engagement. By analyzing transaction behavior, the model identifies if clients maintain financial assets or existing loans with other institutions. These insights support the delivery of personalized products and solutions aligned with each client's unique financial needs.

	Units	2025	2024	2023	2022	2021
Total Number of Personal Banking Customers*	Number	1,361,311	1,300,016	1,228,325	1,176,701	1,162,520

* Historical data has been revised to ensure accuracy.

Customer Base

Number of Retail Customers

1,361,311

1,300,016 in 2024

4.70%
YoY Growth

Growth in the number of affluent customers*

10%
YoY Growth

* Affluent Customers constitute of three types of customers – Elite, Elite Plus, Privilege

BSF Personal Banking Products and Services

- Payroll Cards provide underserved segments with a secure method to receive wages and make cash free payments.
- Loyalty driven charitable contributions, enable customers to convert reward points into donations for approved social community causes.
- Accessible home ownership solutions, delivered through mortgage products backed by the Kingdom's real estate development fund and aligned with Vision 2030 housing objectives, which strives to increase the percentage of Saudi families owning houses to 70% by 2030.
- Electronic payments via a range of BSF debit, credit, and prepaid cards that enable a cashless society, supporting the Saudi Vision 2030 objective of increasing the share of non-cash transactions.
- Remittance services which enable customers to instantly transfer money to family members via Western Union, facilitating a range of positive socio-economic impacts in developing countries, including settling expenses, increasing disposable income, building assets, increasing access to healthcare and insurance, increasing access to education, and improving quality of life.

Retail Banking

In 2025, the Retail Banking Group (RBG) delivered strong results in the loans and credit card portfolios, supported by robust growth in sales volume and market share. However, the deposit portfolio continued to face headwinds stemming from market-wide liquidity constraints caused by lower government liquidity. As 2024 highlighted how exposed earnings were to funding costs and the deposit composition, in 2025, RBG shifted its focus toward accelerating digital adoption to preserve margins and efficiency amidst the tighter liquidity environment.

Strategic growth in the consumer and affluent lending segments, enabled by an integrated omni-channel platform and focused marketing efforts, including sponsorship of the Saudi Pro League, generated 18% growth in consumer loans, 24% growth in mortgages, and 34% growth in credit card lending. Meanwhile, deposit growth remained concentrated on stable, relationship-based balances. RBG drove customer acquisition and maintained retention through digital onboarding processes, targeted credit card and mortgage loan campaigns, sponsorship-linked propositions, and strengthened advisory services for affluent clients. These initiatives resulted in an expanded wallet share and strengthened cross-selling outcomes.

Performance Metrics for 2025

Metric – Balances in ⃁ billion	2025	2024	YoY Growth %
Personal Loans	13.9	12.3	12.5
Home Loans	22.2	17.9	23.9
Credit Cards	0.9	0.7	33.7

Results are monitored using key indicators including loans and credit card growth indicators, deposit composition, customer product penetration, segment level net interest margin (NIM), return on equity (ROE), customer experience metrics including net promoter score (NPS), and digital usage ratios.

Digital Transformation and Innovation

Building on the omni-channel rollout in 2024, RBG accelerated digital sales and services, which significantly contributed toward driving growth in the consumer lending, mortgage loans, and credit card portfolios, while reinforcing BSF's digital-first strategy. Digital initiatives streamlined and simplified onboarding, supported end-to-end loan and credit card processing, and migrated routine servicing to mobile and online platforms. These initiatives enhanced turnaround times, customer accessibility and convenience, and delivered cost efficiency, thus contributing toward lowering the cost-to-income ratio.

RBG has progressively integrated advanced data and analytics within credit decisioning, pricing, and campaign engines to effectively target credit card and mortgage loan customers, maximize risk-adjusted returns, and deliver customized offers. This resulted in notable increases in credit card and consumer lending volumes. The omni-channel platform, combined with optimized mobile journeys for retail lending and credit cards, are key examples of successful technology-driven initiatives delivering faster approvals, promoting self-service uptake, and superior customer experience, while driving double-digit growth in lending.

Strategic Response to Market Pressures

RBG operated amid margin pressures arising from higher funding costs, heightened competition for deposits, and sector-wide challenges in expanding non-interest-bearing balances. RBG also had to shoulder higher costs from continued technology investments under evolving regulatory and cyber risk requirements. In response, the division repriced assets, optimized deposit composition through alternative funding sources, strengthened selective origination, and expanded digital acquisition and servicing, supporting continued growth and sustained profitability.

Customer Engagement and Satisfaction

RBG enhanced customer relationships through improved digital journeys, customized affluent and wealth solutions, and focused credit card and mortgage loan value propositions, aligning with BSF's aspiration to achieve leadership in customer experience and the Net Promoter Score (NPS). Simplified onboarding through omni-channel journeys, faster turnarounds, enhanced advisory services for priority clientele, and feedback-driven products and process improvements, resulted in improved customer experience metrics for RBG.

RBG strengthened its loyalty and reward initiatives – such as the Jana Rewards Program and credit card-linked campaigns – to stimulate spending and deepen customer engagement, especially among the affluent and digitally engaged client segments.

Net Promoter Score

	Branch	Direct Sales	Priority	FransiMobile	Contact Center
NPS	86.6	87.7	70.2	71.1	84.1
2024	83.6 in 2024	83.5 in 2024	35.7 in 2024	47.4 in 2024	71.9 in 2024
YoY Growth	3.0%	4.2%	34.5%	23.7%	12.2%

Strategic Collaboration with the National Housing Company (NHC)

BSF initiated this collaboration toward the latter part of 2024, in line with Saudi Vision 2030. A memorandum of understanding (MOU) was signed with NHC to support Sustainable Building Programs (Mustadam). This partnership focuses on delivering services that enhance the sustainability of residential units. In 2025, BSF worked closely with NHC and developers on certified residential projects to promote sustainable housing initiatives nationwide.

Outlook and Strategic Priorities for RBG

RBG aims to align its objectives based on BSF's 2030 strategy of evolving into a leading digital-first, customer-centric retail bank, expanding its role in everyday banking, lending, and wealth services, while generating improved and sustainable Return On Equity. RBG will balance innovation, digital adoption, customer experience, and security for sustainable growth, by committing to continued investment in secure digital platforms, and integrating environmental, social, and governance (ESG) principles and customer experience key performance indicators (CX KPIs) into its strategic framework. RBG will further prioritize value-accretive growth within disciplined risk and control guidelines.

Looking ahead to 2026, RBG will focus on expanding its affluent and private banking offerings, further advance digital and client advisory services, and selectively expand product portfolios – such as credit cards, mortgage loans, and investment solutions – in line with the next phase of BSF's growth initiatives.

Private Banking

The strategy for Private Banking (PB) was completed and successfully launched during the early part of 2025, which in turn is aligned with BSF's overall 2030 strategy. Its four strategic pillars include:

1 Products and service excellence

The objective here is to adopt best-in-class services that distinctively differentiate PB from other local and regional competitors. By leveraging the ongoing changes in the Saudi Arabian economy, PB intends to drive product innovation and develop exclusive services currently not available in the market. Included will be unique offerings such as project-based financing personalized for high-net-worth project investors, and a family program with netting capabilities. Positive client feedback for these products have contributed toward new client acquisitions. Overall, the focus is to formulate products aligning with Saudi Arabia's economic transformation.

2 Client acquisition and persona evolution

An approach shift, from a "one size fits all" model to a more advanced framework built around several client profiles, each requiring a unique tailored strategy. Clients are segmented into distinct personas with unique preferences and requirements, enabling customized acquisition strategies and bespoke service and product offerings for each segment. Additionally, a strong emphasis is to be placed on family-oriented banking, adopting a holistic approach that includes family members and dependents of individual clients. The approach supports client retention, creates value propositions, and positions BSF as a family's comprehensive and trusted financial partner, by extending financial solutions tailored to the wider family's financial requirements.

3 Sales acceleration

The transformation indicated a shift from a client-initiated, reverse inquiry model, to a forward looking, opportunity-driven proactive sales approach, transitioning from passively attending to inquiries to actively driving value creation through strategic engagement. Key components of the new approach include effective sales pipeline oversight and forecasting, thorough account planning, relationship mapping, and structured lead development. Additionally, interdepartmental collaboration, highlighting cross-selling opportunities, facilitates a cohesive and comprehensive approach to client interactions.

4 Strategic enablers

The strategic enablers include operational excellence, digital and AI innovation, infrastructure development, balance sheet growth, and cross-sell success. Operational excellence focuses on streamlining processes to improve efficiency and the effective use of technology to achieve a competitive advantage. Although digital capabilities are not the core value driver in PB, given the complexity of product offerings, AI and advanced technologies are being explored to support client acquisition, improve cross-selling, reinforce retention strategies, and deliver value-added features such as sophisticated investment tools and analytics. Infrastructure development emphasizes internal ecosystem improvements, delivering a superior client experience when engaging with BSF and enhancing the advisory capabilities of Relationship Managers by providing upskill training.

Adapting to Market and Competitive Dynamics

The high-interest rate environment influenced deposit mobilisation and increased funding costs, impacting profitability. In response, the focus shifted from rate-based competition toward a value-based relationship approach. Competition continued to intensify, with legacy banks expanding private banking services, digital banks introducing new service models and value propositions, and alternative investment platforms challenging traditional investment solutions. This environment underscores the importance of developing a clear and differentiated value proposition. Competitive pressures are addressed through strengthened relationship excellence, enhanced advisory capabilities of Relationship Managers, and the delivery of value-added banking solutions. Digital enhancements focus on a unified platform aligned with RBG, supported by AI-driven insights and advisory tools, while the family banking approach enables holistic, intergenerational services for clients and their families.

Enhancing Client Satisfaction

Enhanced initiatives to drive customer engagement were implemented, including the JANA rewards program to boost loyalty and retention, privatized youth programs to engage the next generation, and digital-first experiences targeting tech-savvy customer segments driven by a client-focused approach with precise segmentation.

Outlook

As BSF looks ahead, the Bank remains focused on navigating a dynamic economic landscape while capitalizing on growth opportunities. Its strategy emphasizes disciplined execution, innovation, and sustainable value creation for clients, shareholders, and the wider community. Its growth for 2026 is rooted in the following key areas:

Continued Focus on the Four Pillars

- Continuous improvements and deployment of products and services as multiyear initiatives are now reaching maturity.

Growth Targets

- BSF remains focused on sustaining balance sheet growth, strengthening cross-sell performance, and preserving robust double-digit growth through disciplined execution.

Infrastructure Investment

- Investments continue to strengthen internal ecosystems, enhance the client experience, and build advanced technological and operational capabilities.

Competitive Ambition

- Following a transformational year in 2025, BSF aims to emerge as the Kingdom's leading private bank, positioning itself as a competitive front-runner from 2026 onwards.

BSF's New Identity Implementation

- The rollout of BSF's new brand identity across all touchpoints seeks to elevate awareness, reinforce trust, and establish a premium, forward-looking brand presence.

Treasury and Investment Group

BSF bolstered its leading market position through successful capital market issuances, leadership in Saudi Riyal derivatives, and active participation in sustainable finance. Supported by effective balance sheet management by the Treasury and Investment Group, the Bank delivered robust financial performance.

The Treasury and Investment Group (TIG) at BSF plays a crucial role in managing the Bank's liquidity and interest rate risks, optimizes balance sheet usage, and provides customized hedging solutions to clients. By maintaining a resilient funding base, TIG supports the Bank's growth in line with Saudi Vision 2030 and the ever-changing economic landscape. TIG demonstrated its strong market dominance in 2025, reflected in the following key achievements:

Capital markets	Derivatives expertise	Financial performance	Contribution toward Saudi Vision 2030's giga projects
Boosting investor confidence, TIG successfully executed multiple international bond and loan issuances, including a USD 1 billion syndicated loan, a USD 650 million Tier 1 bond, and a USD 1 billion Tier 2 bond.	BSF remained a leading market maker in Saudi Riyal derivatives, providing a strong competitive edge in hedging and structured products.	BSF reported strong financial performance, posting an 18% increase in net profit for the year, ably supported by TIG's effective balance sheet management.	Financing agreement for ⃁ 6 billion signed for the Wadi Safar Development, a component within the Diriyah Project, reflecting BSF's commitment toward the Kingdom's national vision.

2025 Performance

Regulatory (weighted) Loan to Deposit Ratio	Liquidity Coverage Ratio	Net Stable Funding Ratio
74.7%	194%	126%
December 2024 was 83.62%	December 2024 was 162%	December 2024 was 113%

Interest Rates and Liquidity Management

In 2025, the expectation of USD rate cuts resulted in downward pressure on interest rates, creating a conducive environment for TIG's funding operations. Despite this, stiff competition for customer deposits continued, resulting in TIG proactively diversifying its funding avenues through diverse capital market issuances. SAMA statistics indicated a vigorous money supply growth in the Saudi economy, underpinning ample domestic liquidity. Yet, as BSF's deposit growth lagged loan growth, TIG tactically shifted toward non-deposit funding.

ESG-focused Integration

BSF is committed to enhancing our investment and lending practices via a sustainable finance framework that incorporates ESG considerations into our investing and lending decisions, and via the expansion of our ESG-related product and service offerings. As a matter of good business, we also prioritize adherence to local regulations related to environmental protection, human rights, and other ESG-related issues.

ESG in Lending and Investment

BSF's investment universe is limited to issuers with an investment grade credit rating, as defined by internationally recognized rating agencies (e.g., S&P, Moody's, or Fitch), ensuring we maintain a prudent risk profile across our portfolio, and the majority of our fixed income investments fall within the AA- to A- rating range.

As part of our contribution to the vitality of Saudi Arabia, we aim to achieve sustainable financial growth in the Bank's assets while applying ESG screening criteria across both our funding and investment activities, including the integration of ESG screening into our latest investment policy review.

Our Treasury and Investment teams have begun incorporating ESG sector analysis into investment opportunity assessments, as well as integrating ESG rating considerations into the Bank's investment due diligence processes where applicable.

Embedding ESG in BSF's Issuances

BSF continues to integrate ESG considerations into its own issuances, including the Bank's debt capital market programs, such as the senior unsecured MTN program and the senior unsecured International Sukuk program. The Bank also takes into account relevant third-party frameworks, including ESG rating agency methodologies.

Governance and Regulation

Focused on boosting open banking operations, enhancing financial stability, and reinforcing operational resilience, SAMA issued several directives which impacted BSF during the year. However, BSF responded through adopting the following:

- **Technology and open banking:** By upgrading its core banking system during 2024 and 2025, BSF aligned with SAMA's Open Banking framework. This facilitated seamless integration with fintech partners supporting new payment and liquidity solutions.
- **Capital management:** BSF proactively strengthened its capital base by issuing additional Tier 1 Capital, which maintained ongoing compliance with Basel III capital requirements.
- **Operational resilience:** TIG improved operational discipline by adopting tighter protocols and technology upgrades. This fulfilled SAMA's new directive for ensuring operational stability, and accurate and reliable payment processing.

Digitalization and Efficiency

In 2025, digitalization and automation were used to considerably improve TIG's hedging, trading, and liquidity management. This was driven by BSF's digital transformation and technological upgrades, carried out Bank-wide during the year. Treasury and trading operations were automated and standardized with the integration of advanced platforms such as Finastra Kondor. These platforms provide efficiency and accuracy when dealing with higher volumes of complex trades and derivatives. Planned AI adoption is expected to further strengthen these functions, focused on pricing, trading, and risk-monitoring activities.

The technology drive also delivered substantial improvements to liquidity management. Automation presented TIG with real-time visibility, greater control over cash positions, improved forecasting, and enabled proactive responses to market fluctuations. Cash management solutions were strengthened for corporate clients and service delivery was streamlined, owing to the launch of the Integrated Corporate Portal facilitated by the core banking system upgrade. Operational efficiency increased as routine manual processes were automated. This enabled the treasury teams to concentrate on strategic priorities rather than operational constraints.

These improvements reinforced TIG's operational resilience and market standing. Manual intervention and errors were reduced, strengthening the Bank's risk management framework through advanced analytics and improved client service offering. Investments in technology have propelled BSF's treasury operations to be future-ready while remaining agile and competitive in a dynamic market.

People and Recognition

In 2025, TIG launched new initiatives to build digital skills and strategic proficiency. BSF's core banking system upgrade and introduction of the Integrated Corporate Portal resulted in training focused on cutting-edge digital platforms and AI-driven data analytics. The team was also upskilled in advanced hedging and capital markets. In line with the Bank's digital transformation goals, TIG promoted internal collaboration whilst using external partnerships for specialized programs.

Market recognition and awards received in 2025 for cash management and capital market activities:

- **Asian Syndicate Loan of USD 1 billion:** This transaction, which was carried out in July 2025, was oversubscribed and secured commitments from 24 institutions.
- **Sukuk issuance of USD 750 million:** This milestone deal, executed in January 2025, was oversubscribed and priced at an unprecedentedly tight credit spread for a Saudi bank issuer.
- **Tier 2 Bond issuance of USD 1 billion:** Carried out in September 2025, this transaction attracted ample international investor demand.
- **International Tier 1 Bond issuance of USD 650 million:** Demand for this transaction surpassed 3.5 times the offering.

Outlook

The treasury function continues to play a crucial role in BSF's growth strategy, emphasizing improved balance sheet efficiency and stable income generation. This will be achieved through proactive risk management and strategic asset allocation, bolstered by a robust funding infrastructure:

Strategic priorities for 2025 are:

- **Expanding hedging capabilities:** BSF will enhance its hedging strategies to effectively manage interest rate mismatches and reduce income volatility. This conversely will support efficient access to funding and the allocation of capital in non-functional currencies.
- **Diversification of funding base:** BSF intends to expand its funding sources across a diverse range of instruments and geographic markets.
- **Disciplined investment growth:** Investment growth will be managed prudently, to maximum risk-adjusted returns whilst adhering to strict capital discipline.
- **Resilient funding infrastructure:** Continued franchise growth to be supported by a solid and resilient funding structure which remains a strategic priority.

BSF Capital

BSF Capital

Significant strides made in transforming Wealth Management from a product driven to advisory-led approach, emerging as the Kingdom's wealth advisor of choice.

Saudi Fransi Capital (BSF Capital) operates as the investment arm of BSF. The Company offers end-to-end investment solutions and advisory services to local and international financial institutions, corporates, government entities, and individual investors. BSF Capital offers a broad range of services, including investment banking, asset management, debt and equity research, institutional sales and trading, and both local and international securities brokerage services. Incorporated with a paid-up capital of ⃁ 500 million as a closed joint stock company, BSF Capital holds a license from the Capital Market Authority (CMA) to offer a full spectrum of investment activities, including dealing, arranging, managing, advising, and providing custody of securities. Headquartered in Riyadh, the Company operates in multiple locations across Saudi Arabia.

BSF Capital aims to build on its historic growth and market leadership position by acquiring landmark mandates, broadening its products and distribution footprint, and increasing its assets under management and market share in local and global securities brokerage. The Company also prioritizes client focus whilst developing and scaling its global advisory capabilities.

Investment Banking

In 2025, BSF Capital continued to accelerate its wealth management transformation initiatives, reaching key milestones in line with its strategic repositioning stance. The business continued to reposition itself from a traditional product-centric approach to an advisory-driven service framework, aligning with global wealth management practices and evolving regional market dynamics. This repositioning reflects BSF Capital's long-term vision to become the wealth advisor of choice in the Kingdom by continuously meeting the needs of the clients through tailored, investment-advised solutions.

Key milestones achieved in 2025

- **Augmented investment advisory capabilities –** Developed a specialist internal team dedicated to offer investment solutions, delivering superior investment advice backed by a broad and innovative product range.
- **Strategic alliance with BlackRock Inc. –** Collaborated with a leading global asset management company BlackRock Inc., to further boost client advisory services. Clients now have access to investment portfolios which are globally diversified and sharia compliant.
- **Data-driven client engagement –** Shifted to an insight focused, data-driven client engagement approach. Therefore, BSF Capital can now understand clients' needs more clearly and provide exceptional service whilst strengthening long-term relationships.
- Initiated eight real estate funds across mixed use, hospitality, industrial, and residential developments sectors. The anticipated total development value exceeded ⃁ 5 billion.
- **Launch of a fund to develop the Kingdom's First all-inclusive Rixos Resort –** This flagship hospitality development attracted substantial foreign direct investment.
- **Launch of a dedicated film investment fund –** Aimed at fostering the growth of the Kingdom's emerging creative industries and facilitating the production of exceptional content.
- **Launch of a fund targeting the development of a major industrial city project in Riyadh:** To support economic diversification, BSF Capital initiated a fund dedicated to key industrial city projects in Riyadh, together with a series of additional funds targeting mixed-use urban projects throughout Saudi Arabia.

The Investment Banking team also delivered significant value throughout 2025, while providing strong leadership in the market. The team opened the year with the ⃁ 1.69 billion listing of Almoosa Health and closed the year with the ⃁ 252 million IPO of Cherry Trading Company. Cherry Trading Company integrates ESG into its business strategy, promoting responsible and sustainable operations in line with Saudi Arabia's regulatory requirements and best practices.

Capitalizing on Tadawul's recognition of BSF Capital's performance in 2024 – including Equity Capital Markets (ECM) House of the Year, Initial Public Offering (IPO) of the Year, and Private Placement of the Year – momentum was sustained through sector opening listings, maintaining a disciplined CMA filing and strengthening investor education that enhanced market depth and participation across both retail and institutional segments.

Through well-articulated equity stories, early investor engagement, and leveraging broad distribution, BSF Capital's equity franchise contributed toward bringing in new sectors and high-quality issuers to the Saudi Exchange. The investment banking team advised and executed the following IPOs during the year.

IPO of Flynas Company	IPO of Sport Clubs Company	IPO of Dar AlMajid Real Estate Company (Almajdiah)	Rights Issue of ACWA Power Company
The Kingdom's prominent low-cost carrier, Flynas, successfully achieved an IPO milestone of becoming the first aviation listing on Tadawul and the first regional airline listing in over 17 years. Through targeted investor education and marketing campaigns, BSF Capital engaged both local and global institutional investors, reinforcing Flynas as a regional front-runner. The IPO generated an overwhelming demand from over 2,000 investors and reached top-of-the-range pricing, becoming Tadawul All Share Index's (TASI's) largest IPO in 2025, totaling ⃁ 4.1 billion. Flynas focuses on carbon reduction initiatives and fleet efficiency with nearly 87% of its fleet being next-generation models having sustainable engines.	Despite geopolitical uncertainty, the Kingdom's pioneering and oldest fitness platform, predominantly owned by private equity investors, completed a successful listing on the Saudi Exchange in 2025. BSF Capital carried out an extensive and layered marketing and pricing approach, positioning the company as a fitness provider that delivers premium services. Priced at a premium compared to local peers, the IPO demonstrated solid post-listing performance, reflecting investor confidence in the company's core business metrics and BSF Capital's track record in successful executions in complex markets.	Ranked among Saudi Arabia's leading residential developers and recognized for transforming the residential real estate market, Almajdiah plays a pivotal role in supporting housing demand and regulatory modernization efforts in the Kingdom. Queries on land strategy and execution were addressed through a multi-staged investor engagement program which included deep dives, pilot fishing, pre-deal investor education (PDIE), and targeted roadshows, thus securing a cornerstone investor. The ⃁ 1.26 billion offer achieved top-range pricing, highlighting confidence in the platform's past performance and the solid demand fundamentals.	As a co-underwriter, BSF Capital supported ACWA Power Company's ⃁ 7.1 billion rights issue, representing one of the largest capital raises in the Saudi capital market to date. This highlights investor confidence in ACWA Power Company's strategic direction and growth potential, with ~1.0 times overall subscription and a 6.0 times oversubscription in the rump offering, with international investors taking up the majority despite market volatility and tight discount. The company's ESG strategy is anchored in a strong governance framework in line with local and international standards fostering transparency, accountability, and sustainable value.

Capitalizing on the equity capital market's momentum, the debt capital market business offered issuers with depth and diversified solutions, bolstering balance sheets, broadening investor bases, and establishing benchmarks for Saudi issuers in global markets.

- **BSF's USD 750 million Sukuk Issuance –** As a joint lead manager and bookrunner, BSF Capital facilitated this deal, delivering its highest oversubscription level at the time, demonstrating the success of its targeted investor outreach.
- **Ma'aden's USD 1.25 billion 144A/Reg S Sukuk Offering –** BSF Capital served as a bookrunner for Ma'aden's inaugural sukuk issuance which was also the first sukuk issuance in the global mining sector. This is a benchmark transaction demonstrating continued international appetite for premium Saudi credit.
- **The Arab Energy Fund's (TAEF's) USD 650 million Reg S Unsecured Bond Offering –** Acting as a joint lead manager, BSF Capital assisted in delivering a high-quality book with roughly 40% covered from investors beyond the Middle East and North Africa (MENA) region.
- **BSF's USD 650 million International Tier-1 Capital Issuance –** Acting as an arranger, joint lead manager and bookrunner, BSF Capital managed this initial issuance which attracted orders surpassing 3.5 times the offering, reflecting a strong appetite from both regional and international investors for BSF's credit and Saudi Arabia's economic outlook.
- **BSF's USD 1 billion Tier-2 Capital Issuance –** Acting as a joint lead manager and bookrunner, BSF Capital managed BSF's Tier-2 capital issuance which secured over USD 4 billion in orders, highlighting robust demand from global fixed income investors for BSF's credit quality.
- **AviLease's USD 850 million 144A/RegS Senior Unsecured Notes Offering –** Acting as a joint lead manager and bookrunner, BSF Capital facilitated AviLease's 3.75 times oversubscribed debt issuance, establishing a new source of capital for the Public Investment Fund (PIF) owned subsidiary.
- **BSF's ⃁ 2.5 billion Tier-1 Capital Issuance –** Acting as the sole lead manager, BSF Capital facilitated this issuance, generating a well-diversified order book, reflecting the strong demand from local investors and BSF Capital's effective distribution capabilities.

Recognition and Awards

Award	From
Most Innovative Wealth Management Company in Saudi Arabia –	from International Finance Magazine.
Equity Capital Markets House of the Year	from Saudi Tadawul Group.
Private Placement of the Year	from Saudi Tadawul Group.
Best Local Investment Bank in Saudi Arabia	from EMEA Finance.
Best Equity House in Saudi Arabia	from EMEA Finance.
Best Debt House in Saudi Arabia	from EMEA Finance.
Best M&A House in Saudi Arabia	from EMEA Finance.
Local Equity Capital Markets House of the Year	from Global Banking and Markets
Best Performance Investment Fund Award in the Sukuk and International Bonds category	from Sanadeq Media Group.
Best Retention Initiative Award	from Employee Happiness Awards.
Excellence in Workplace Culture	from The Economic Times.
Excellence in Employee Retention Strategy	from The Economic Times.

Digital Transformation Initiatives

The incorporation of a digital wealth platform is a key milestone in BSF Capital's modernization journey. This delivers tailor-made, smooth, uninterrupted, and omni-channel client experiences, while reinforcing BSF Capital's leadership in financial innovation in the Kingdom.

Throughout the year, the Company concentrated on transforming this strategic initiative into clearly defined technical specifications, and successfully launched the implementation stage of this initiative. The initial outcome of these efforts will be the introduction of the BSF Invest App, scheduled for early 2026. The app will function as a mobile-first investment platform, offering clients easy access to globally diversified investment portfolios, thus supporting confident investment decisions. Combining BSF Capital's extensive investment expertise and competitive pricing, the platform supports next-generation investors and customers looking to grow long-term wealth through expert-led, intuitive, and smart investment solutions.

Once available, the app will offer investment portfolios that ensure top tier diversification, complying with global best practices. Post launch, the platform's investment options will extend to include BSF Capital's own mutual and private funds, offering clients access to asset classes which were previously limited to institutional and accredited investors. This advancement signifies a pivotal step toward opening up investment opportunities and upholding BSF Capital's vision of offering sophisticated wealth solutions to a wider client base.

Corporate Responsibility and Accountability

BSF Capital upholds ESG as a core business priority and is in the process of formulating an ESG strategy aligned with BSF Bank. The strategy will incorporate the Company's commitment to responsible business, as set out in the policies and procedures that guide operations and performance, including BSF Capital's Code of Conduct, HR Policy, and related compliance and ethics frameworks.

BSF Capital carries out comprehensive due diligence practices, and where necessary, enhanced due diligence for all new business activities, counterparties, and product offerings. These assessments are designed to identify, evaluate and mitigate environmental, social, governance, legal, and regulatory risks at the point of onboarding and throughout the lifecycle of the relationship. To enhance this framework, BSF Capital has formed a New Business Committee tasked with evaluating, reviewing, and approving new business propositions prior to execution.

BSF Capital is currently developing ESG benchmarks and assessment metrics and once established, these will be integrated into the New Business Committee's ongoing governance, supervision, and review processes. The phased implementation across applicable business activities will strengthen the incorporation of ESG factors into day-to-day operations and decision-making structures.

BSF Capital Governance

As stipulated in the Company's Bylaws, the Board of Directors represents BSF Capital's highest governing authority. The Board is responsible for approving the Company's strategy, and its implementation is overseen through a clearly defined authority matrix and comprehensive internal reporting. The Board convenes at least four times annually, during which time the management of BSF Capital presents detailed progress reports and obtains direction and approvals on initiatives, as required.

BSF Capital Board of Directors	2025	2024	2023	2022	2021
Total number of Board Members	6	6	6	6	6
Total number of Independent Members	2	2	2	2	2
Total number of Non-Independent Members	4	4	4	4	4
Total number of Executive Members	1	1	1	1	1
Total number of Non-Executive Members	5	5	5	5	5
Total Board seats occupied by women	0	1	1	1	1
Total Board seats occupied by men	6	5	5	5	5

Board Committees

The Board is supported by five committees that assist decision-making, provide oversight, and offer recommendations on economic, environmental, governance, and human impact matters.

1. Executive Committee
2. Audit Committee
3. Risk Committee
4. Compliance Committee
5. Nomination and Remuneration Committee

These committees do not limit the Board's capacity to form independent judgements, drawing on its knowledge of the Bank and its organizational and operational framework.

Human Capital Management at BSF Capital

The Human Resources (HR) division at BSF Capital adopts a structured approach to training and development, ensuring that learning and development is aligned with the Company's strategic goals. In collaboration with line managers, employees, and key stakeholders, HR identifies annual training requirements and reviews training requests. Training is delivered through an internal e-learning platform which is integrated with BSF Capital's Enterprise Resource Planning (ERP) system, supporting personalized learning experiences. Training outcomes are measured using pre and post-training assessments, employee feedback surveys, and feedback from direct supervisors.

BSF Capital's Workforce	2025	2024	2023	2022	2021
Full-time employees	229	228	217	219	232
Female full-time employees	64	63	53	49	43
Male full-time employees	165	165	164	170	189

Outlook for BSF Capital

BSF Capital will continue to lead by pioneering innovative investment solutions that are customized for investors. The Company is actively developing its ESG framework and embedding ESG principles across operations to reinforce its dedication to sustainable investing. BSF Capital is focused on maintaining its present client relationships, attracting new relationships, increasing assets under management, expanding market share in securities brokerage, and cementing its leadership in financial advisory. This strategic direction will strengthen client relationships and respond to the market's evolving expectation for responsible investment practices.

JB
(Formerly Saudi Fransi for Finance Leasing)

JB's mobile app rollout and ongoing core system upgrade transformed the Company's offerings, significantly boosting digital adoption and delivering strong financial results.

JB is a fully owned subsidiary of BSF and has transitioned substantially from a traditional single-product leasing company to a diversified financial services organization. This transformation has aligned with BSF's strategic drive toward sustainable growth, innovation, and market dominance in a dynamic and fast-evolving financial services landscape.

JB's strategic vision centers on achieving industry leadership in auto leasing and to be ranked among the top three non-bank personal finance providers. JB aims to achieve this feat by adopting a digital-first approach, targeting higher margin customer segments and strengthening cross-selling within BSF's ecosystem. The Company is well positioned to provide innovative technology-driven financial solutions through a diversified product portfolio, including auto leasing, personal finance, and fleet financing for retail and corporate clients.

Key Highlights in 2025

- Stronger business performance enabled the Company to deliver enhanced benefits to clients, thus improving affordability.
- Collaboration and synergies were realized between JB and BSF's retail and wholesale banking businesses, including a cross-selling framework and 360 data sharing initiatives to tap potential opportunities within the group.
- JB invested in training to reskill and upskill frontline staff, especially sales representatives to improve client services.
- Ongoing collaboration with eco-friendly Electric Vehicle (EV) partners to promote a lower emission environment.
- By implementing digital Human Resources (HR) systems, JB minimized paper usage and enhanced employee experience, leading to quicker turnaround times.
- Provided support to the sporting sector to promote the Saudi Pro League.
- Participated in Corporate Social Responsibility (CSR) initiatives including "Athar – Keswat Farah" a clothing donation campaign, and Saudi Investment Recycling Company (SIRC) which is focused on waste management and recycling.
- Investment in a new core system is underway to replace the current legacy system. The upgrade will enhance automation, speed and system stability.

Digital Transformation Journey

Currently, a new core system implementation is underway to replace the existing legacy system. The upgrade is expected to boost automation, accelerate turnaround times, and strengthen system stability. JB also rolled out its new mobile app during the year. Amidst the ongoing system upgrade and mobile app launch, JB has already observed significant growth in digital lending and process improvements, including:

- Optimized user experience with 100% personal finance and auto lease contracts signed digitally.
- Enhanced lending policies for prudent risk management.
- Ongoing bug fixes and streamlined application interfaces.
- End-to-end processing time for digital personal finance through the mobile app has improved by 70%, from submission to approval.
- Launch of additional auto lease after-sales services has boosted digital adoption to 67% year to date.
- Digital conversion rates for personal finance doubled (2.5x) in 2025 compared to 2024.
- Digital personal finance lending surged 156% or 2.6x (YoY), representing approximately 40% of total personal finance sales, whilst the remaining 60% was facilitated through tele-sales using a hybrid digital signature model.

Financial Performance and Key Ratios

- Net profit reached ⃁ 146.1 million, up from ⃁ 31.6 million compared to 2024.
- Net Interest Margin (NIM) improved by 125% YoY, following full implementation of risk-based pricing.
- Return on Equity (ROE) rose to 10.7% compared to 2.7% in the previous year.
- Cost-to-Income ratio improved to 34%, down from 60% against the previous year.

Non-bank Personal Finance

- Portfolio reached ⃁ 1.6 billion.
- Portfolio market share was 4%, while the sales market share was 6.7%, up from 4% as of December 2024.

Auto Lease

- Portfolio reached ⃁ 2.8 billion (⃁ 6.7 billion group-wide, including offloaded portfolio still serviced by JB).
- Portfolio market share was 32% and sales market share was 29%.

Fleet Financing

- Fleet portfolio reached ⃁ 0.9 billion
- Portfolio market share was 5.5%.

Driving Financial Inclusion

JB plays a pivotal role in advancing BSF's financial inclusion efforts, especially targeting Small and Medium Enterprises (SMEs) and the younger customer segments. The strategies adopted are:

- **Market Penetration –** Enhanced product offerings and digital competencies support BSF's expansion into new customer segments and increased market penetration.
- **Inclusive Financial Services –** JB is a strong advocate of financial inclusion, focusing on servicing all segments in the market, including the population who are underserved by traditional banks. Hence JB's renewed strategic direction is well aligned with Saudi Arabia's Vision 2030, focusing on promoting financial literacy and economic diversification. This approach is supported by risk-based pricing due to the higher risk involved in serving this segment which is offset by higher returns.

JB's Commitment to Responsible Business

JB is committed to contributing to Saudi Arabia's social development by fostering a culture of social responsibility within the business sector. The company has a Board-approved Social Responsibility Policy in order to drive this effort forward. The policy sets forth JB's commitment to upholding socially responsible business principles and practices, and to supporting the ambitions of the Saudi Vision 2030 through projects that increase financial awareness, meet the credit needs of the local economy through loans and facilities for productive businesses, and the innovation of products that encourage economic development.

JB promotes a culture of social responsibility by approving long-term programs that align with the company's social responsibility objectives. The Board reviews and approves these initiatives on a periodic basis, focusing on economic, social and environmental impact, with particular attention to community-driven projects.

Human Capital Development

Investing in human capital is crucial to JB's commitment to responsible business. Annually, JB invests in its employees through strategically crafted training and development initiatives. Human Resources implements the 10/20/70 learning approach with 10% focused on knowledge building, 20% on mentoring, and 70% on hands-on work experience to drive talent development.

Training programs are conducted through the BSF Academy representing JB's ongoing human capital investment. JB's HR policy governs its training and development initiatives, which is supervised by the HR department, ensuring that employees' learning requirements are ably addressed. Performance appraisals are used to determine competence gaps, which compare job requirements with existing skills to guide customized training initiatives.

JB's Workforce	Unit	2025	2024	2023	2022	2021	2020
Full-time employees	Number	170	166	153	127	116	60
Female employees	Number	46	47	43	38	29	10
Male employees	Number	124	119	110	89	87	50

ESG Adoption

Employee interaction with HR was largely paper driven, leading to difficulty in record management and service efficiency. A new digital HR system has been deployed to address these issues. Whilst enhancing employee experience and supporting JB's digital transformation goals, this initiative demonstrates the Company's commitment toward ESG objectives through reduced paper usage and sustainable practices.

Commitment to Ethical and Professional Conduct

The Board-approved Code of Conduct and Professional Ethics, outlines principles, policies, and laws governing JB's operations that employees must comply with. The ethical values and standards outlined in the Code supports strong risk management and contributes to financial stability and resilience.

All employees must comply with the Code which details the Company's expectations while carrying out their duties and responsibilities. Key elements cover governance and policies related to integrity, transparency, objectivity, efficiency, and loyalty, with repercussions of non-compliance.

- Professional conduct and public morals.
- Stakeholder interactions.
- Combating financial and administrative corruption crimes, including anti-money laundering, counter-terrorism financing, suspicious transactions, and anti-bribery and corruption.
- Gifts and hospitality.
- Compliance with laws and regulations and policies.
- Conflicts of interest.
- Suitability of investment products offered to customers.
- Confidentiality and disclosure mechanisms, including the classification of JB's information /classification of confidentiality.
- Usage and leakage of inside information.
- Reporting on actual or potential violations.
- Personal behavior.
- Acceptable use policies of computer, email, and internet services.

Corporate Governance

JB's Board undergoes an annual assessment to evaluate its effectiveness, including individual members and collectively as a group. Individual performance is assessed by fellow members whilst the Board Members collectively evaluate the Board Chairman. The Board's overall performance is gauged using a questionnaire where feedback is sought on areas under the Board's purview.

JB Board of Directors	2025	2024	2023	2022	2021	2020
Total number of Board Members	6	6	6	6	6	6
Total number of Independent Members	3	2	2	2	0	0
Total number of Non-Independent Members	3	4	4	4	6	6
Total number of Executive Members	0	0	1	1	0	0
Total number of Non-Executive Members	6	4	3	3	6	6
Total Board seats occupied by women	0	1	1	1	1	1
Total Board seats occupied by men	6	5	5	5	5	5

The Board of Directors are aided by five Board-level Committees that provide recommendations on strategic initiatives, economic evaluations, and environmental and social outcomes of JB's operations.

1. Nomination and Remuneration Committee
2. Audit Committee
3. Risk and Credit Management Committee
4. Executive Committee
5. Strategy and Digital Committee

A designated Executive has not been appointed to assume responsibility for ESG matters and JB does not maintain a separate ESG division. Despite this, JB embeds ESG principles into its policies which are executed through senior management. Additionally, sustainability aspects are incorporated into management practices and applied across key functional areas.

As part of continuing governance improvements, JB's Governance team reviewed and revised key governance policies, such as the Board Charter, Delegation of Authority (DOA), and Company Bylaws. The team also reviewed Company policies and procedures as part of its responsibility through the Governance Risk and Compliance (GRC) Committee, which was established in 2025.

Islamic Banking

Through robust Shariah governance, the Shariah Affairs Division advances Saudi Vision 2030 by promoting ethical finance, expanding inclusive access to banking, and integrating sustainability into financial activities.

BSF's Shariah Affairs Division (SAD), contributes significantly toward strengthening the Bank's ESG commitments. The division's oversight of Shariah-compliant products promotes ethical financing, transparency, and responsible business conduct, supporting the Bank's social and governance goals. By adhering to Shariah principles, including fairness, accountability, and the evasion of non-Shariah compliance activities, the division helps increase trust and stakeholders' confidence in ethical finance. Consistent with BSF's strategic objectives to lead as a modern, innovative, and experience-driven institution, SAD achieved notable progress in 2025 by reinforcing the Shariah compliance framework and deepening collaboration with product owners and stakeholders. All Shariah Affairs activities are overseen and controlled by the BSF Shariah Committee.

A key focus for SAD was strengthening awareness across the Bank on the distinct differences between Islamic and conventional banking products, ensuring continued compliance with regulatory requirements for operating an Islamic window within a conventional banking institution.

To address this area, the following initiatives were undertaken:

1 Building Employee Awareness

- Emphasized on product definitions, operational mechanisms, distinctions from conventional banking, and the implications of non-compliance with Shariah principles.
- SAD circulated a series of awareness messages targeting BSF staff.
- Bolstered team expertise and upheld BSF's standards of transparency and compliance.

2 Implemented Training Programs

- Facilitated training for BSF staff on Islamic Banking concepts and the product portfolio.
- Developed staff expertise to offer Shariah-compliant solutions, accurately and with confidence.
- Promoted professional growth aligning with BSF's principle of responsible conduct.

3 Support provided by SAD

- The team at SAD provides ongoing support to BSF employees on Islamic product knowledge, process adherence, and compliance standards.
- Delivered advisory support and clarified procedures to facilitate accurate implementation of Shariah principles in operational activities.
- Reinforced Central Bank governance framework and strengthened the link between Shariah oversight and frontline service delivery.

The SAD ensures alignment of the Bank's operations with Islamic finance principles and contributes toward Saudi Arabia's Vision 2030 initiatives through Shariah-compliant product offerings. The division drives financial inclusion, reinforces ethical governance, and supports sustainable sectoral diversification in line with ESG objectives.

The SAD's Contribution Toward Saudi Vision 2030

- **Encouraging ethical finance:** By ensuring all Islamic products and services conform with Shariah principles, the division fosters transparency, integrity, and accountability. These core values are closely aligned with the Bank's ESG principles.
- **Financial Inclusion and Accessibility:** By delivering Shariah-compliant financial solutions, the division promotes wider access to clients seeking Islamic finance, thus contributing toward Vision 2030's objectives of inclusive economic engagement.
- **Promoting sustainable growth:** Islamic finance prioritizes shared risk and forbids speculative or unethical investments. This approach aligns seamlessly with ESG-focused sustainable finance, ensuring capital flows toward productive sectors with positive social impact.
- **Economic Diversification:** The expansion of Islamic finance solutions drives diversification and growth within non-oil sectors.
- **Social Impact:** Directs purification funds towards community-based programs for broader social benefits. The division maintains strict oversight to ensure that the Bank does not derive any benefit from charitable funds. Distribution of charity funds are overseen by the Shariah Committee.
- **Strong Governance Practices:** The division's oversight framework strengthens BSF's commitment to strong ethical and governance standards, a crucial pillar of Vision 2030.

BSF's Islamic Banking Products and Enhancements

Demonstrating its commitment to ethical finance and strong Shariah governance, SAD expanded its range of Islamic Banking products in 2025. These initiatives reinforce transparency and adherence with Shariah principles which are central to BSF's ESG Framework.

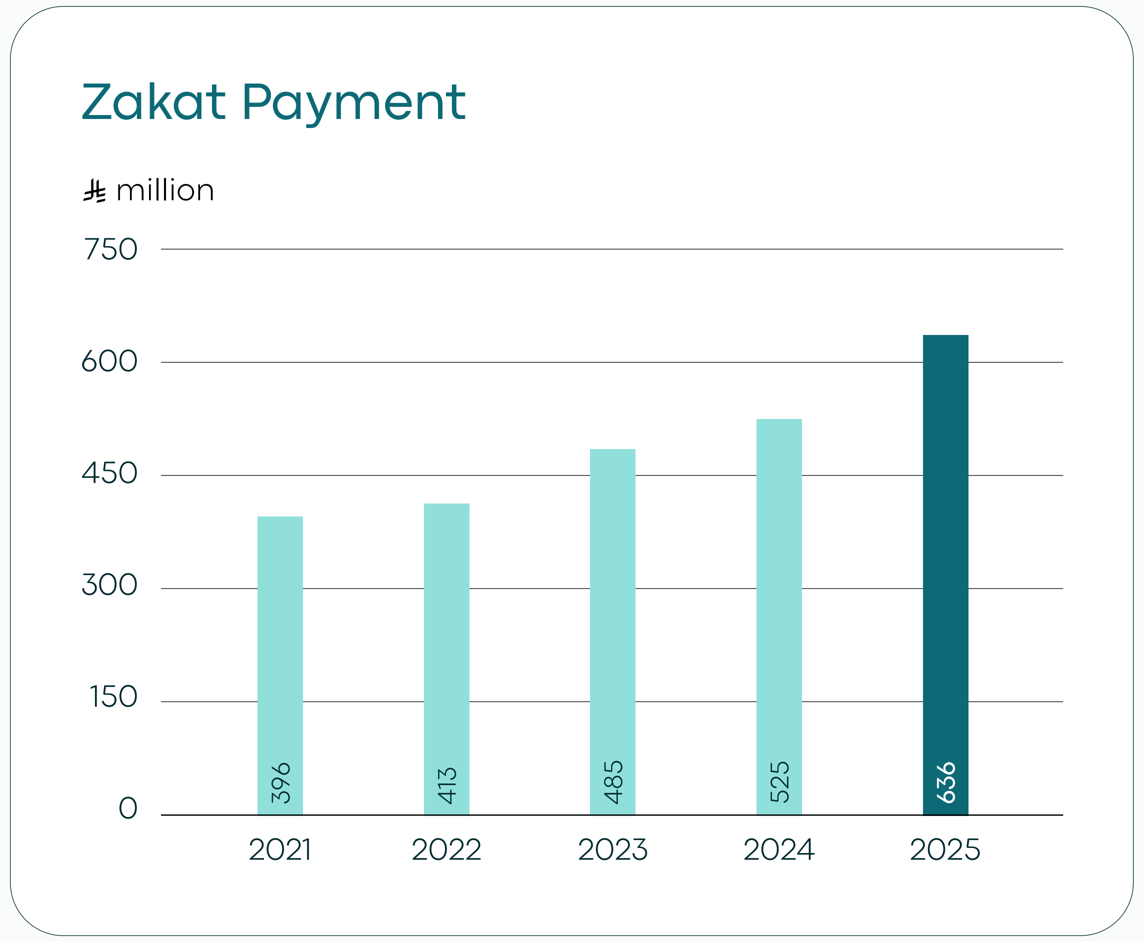
- **Approval of Wa'ad Extendable Forward Structure:** The Shariah Committee approval marks an important step in enhancing Shariah-compliant risk management capabilities. This structure offers customers enhanced flexibility in managing future exposures, ensuring adherence to Shariah principles. This reflects the Bank's focus on fostering innovation within a framework of strong governance.
- **Enhancement and Implementation of Murabaha Sale Contract for Tawarruq Finance:** The Murabaha sale contract applied in Tawarruq financing was refined to boost operational efficiency, clarify documentation, and enhance overall customer experience. The revised contract has now been deployed across all relevant business lines. These measures bolster the Bank's focus on ethical financing, transparency, and strict Shariah adherence.
- **Master Tawarruq Agreement Enhancement and ongoing implementation:** Included reinforced contractual safeguards and standardized financing transactions. A phased rollout is underway to enable smooth integration across the Corporate Unit. The initiative supports the Bank's sustainable growth in Shariah-compliant financing by reinforcing governance mechanisms.

Shariah Compliance

The Shariah Committee has established comprehensive Shariah products guidelines, to ensure that new products and services align with SAMA directives and Shariah principles. Prior to launch, all new products and services are formally assessed and approved by the Shariah Committee. In addition, the committee also supervises internal Shariah audits and monitors compliance throughout all relevant operational areas. In the event of non-compliance, remedial action plans are approved and their prompt implementation is overseen. The committee manages the review and purification of income not aligned with Shariah principles, such as proceeds from late payment fees. These funds are allocated to a monitored charity account.

Additionally, the committee reviews and approves all Shariah-compliant credit product policies, addresses inquiries from SAD, and contributes to the ongoing development and improvements of Islamic Banking processes. Committee members participate in targeted training to keep pace with evolving Islamic finance practices. Senior management at BSF also participate in targeted training to stay abreast of Shariah-related matters.

BSF utilizes the proportional method as practiced in the financial sector to calculate Zakat, Tax and Customs (ZATCA) obligations, fully adhering to ZATCA regulations, tax bylaws and related guidelines.



Islamic Banking Governance

Shariah Committee Oversight

To support Shariah-compliant product development in 2025, seven committee meetings were held, resulting in 14 resolutions to support Shariah-compliant product development.

BSF maintains a robust supervisory structure to ensure that all Islamic Banking activities comply with Shariah principles. This involves a range of oversight mechanisms formulated to maintain integrity and align with regulatory requirements.

- **Internal Audit** to monitor compliance with internal controls and policies in addition to SAMA regulatory requirements.
- **Shariah Audit** to verify all activities adhere to Shariah principles.
- **Shariah Compliance Function** to provide ongoing oversight and guidance.
- **Non-Shariah Compliance Risk Controls** to prevent and mitigate potential breaches.

Shariah Committee

Shariah Committee	Unit	2025	2024	2023	2022	2021
Remuneration, Fees and Expenses	⃁	1,445,000	1,400,000	1,460,000	960,000	960,000

In addition to ongoing monitoring, BSF adheres to a standardized approval process before launching new products or services. This process involves a thorough review of the product structure and alignment with Shariah Product Guidance and the related security documents. The material is subsequently forwarded to the Shariah Committee for approval. Committee feedback is communicated to the respective product owners who carry out the required changes before final authorization is granted.

To maintain continuous Shariah compliance throughout all business units, the SAD issues periodic Shariah Compliance Reports aligned with regulatory requirements. In the event of non-compliance, a formal process is followed to ensure accountability and implement corrective measures. The transaction is initially recorded in the Compliance Report and communicated to the appropriate business line for feedback.

The report is thereafter forwarded to BSF's Shariah Committee for formal guidance and required corrective actions. Feedback is conveyed to the business unit for prompt action. SAD also compiles a comprehensive report of the identified risk and suggested mitigation measures which is forwarded to the Operational Risk team for subsequent follow up. This approach reinforces BSF's commitment to preserving the integrity of Islamic Banking and strengthens its Shariah governance structure.

BSF ensures that all Islamic finance activities are Shariah principles compliant, under the oversight of the Shariah Committee. Profits from Islamic transactions are generated from Shariah-compliant arrangements such as Murabaha and Tawarruq which comprise buying and selling Shariah-compliant commodities. Profit rates are fixed in advance and mutually agreed with the client, ensuring transparency.

Consistent with Islamic Banking standards, BSF refrains from using conventional lending terminology. Instead, financing is provided through Shariah-compliant contracts, including Murabaha and Tawarruq, where financing follows a cost-plus profit model.

Investment products are designed in compliance with Shariah principles. BSF provides the following Shariah-compliant investment options:

Murabaha Investment:
A reverse Murabaha structure where the Bank purchases commodities on behalf of the customer and sells them at an agreed markup. The profit is fixed from day one and paid with the principal at maturity. Murabaha investments are rigorously reviewed and executed under approved agreements/contracts, ensuring end-to-end Shariah compliance, consistent with regulatory and religious standards.

Employees at BSF obtain specialized training in Islamic Banking principles through accredited certification programs. Programs such as the *Certified Islamic Banker in Trade Finance, Islamic Banking Awareness, and Islamic Finance,* provide participants with thorough insights into Shariah-compliant banking practices. These initiatives reflect BSF's dedication to professional development, ensuring employees are well trained in delivering Shariah-compliant financial services.

Responsible Procurement

The Procurement Division drove measurable impact during the year, advancing responsible sourcing, operational governance, and national localization priorities.

Responsible Procurement Program

Transparency, ethical business practices, and sustainability guide BSF's sourcing and procurement approach. These principles are embedded in BSF's procurement policy and detailed in the procurement manual which establishes clear strategic, tactical, and operational processes to manage and engage with suppliers.

- **A Year of Responsible Procurement, Governance, and Measurable Value**

In 2025, the Procurement Division was instrumental in advancing the Bank's responsible sourcing objectives, operational governance, and national localization goals. The year delivered measurable gains in spend efficiency, ESG awareness, internal stakeholder satisfaction, and supplier collaborations, reaffirming the division's strategic importance to the business.

BSF is in the process of establishing a Responsible Procurement Program aimed at integrating environmental, social, and governance considerations across procurement decisions and supplier relationships. This initiative demonstrates the Bank's commitment to creating sustainable value, promoting ethical practices, and advancing socio-economic progress across its supply chain.

The program will be structured around three key components that drive integration of ESG principles into procurement decisions.

Core Pillars of the Responsible Procurement Program

* The RPP's focus areas are in alignment with BSF's ESG policy framework on "Accelerating sustainable economic growth" in the "Responsible Procurement" section.

Sustainable Sourcing	Local Empowerment	Ethics and Transparency
Prioritize suppliers who support environmental stewardship, resource efficacy, and responsible practices	Enhance local economies, especially under-represented groups and SMEs	Build a foundation of trust and accountability with all partners

Enablers and Drivers

The Responsible Procurement Program at BSF will serve as the foundation to integrate ESG principles into supplier management, promoting sustainability, local empowerment, and ethical conduct. ESG factors will be integrated into the vendor registration and assessment process and supplier onboarding documentation. This enhancement will enable the Bank to assess suppliers not only on financial and operational criteria, but also on their environmental performance, social practices, and governance standards.

BSF's Procurement Process

1. **Vendor Evaluation:** Suppliers are assessed using a comprehensive framework which covers financial, operational, and compliance factors, along with additional criteria that support vendor reliability and sustainable performance.
2. **Local Supplier Support Initiatives:** Consistent with Saudi Vision 2030, the procurement function gives preference to qualified local suppliers and small and medium enterprises (SMEs) to drive local content, promote economic diversification and strengthen supply chain resilience.
3. **Lifecycle Costing Approach:** By factoring in the total cost of ownership and long-term impact, procurement promotes sustainable sourcing that balances high quality outcomes, operational efficiency, and environmental impact.
4. **Digital-driven Transparency:** Digital procurement platforms have been introduced to enhance traceability, minimize waste, and promote equitable and transparent sourcing practices.
5. **Internal Capacity and Awareness:** The procurement team actively develops expertise in sustainability principles, integrating this knowledge into daily procurement operations and supplier interactions.

- **Promoting ESG through Awareness, Not Compulsion**

In 2025, the focus shifted from formal ESG training to raising awareness throughout the division through practical engagements, internal dialogues, supplier interactions, and the seamless integration of ESG principles into the Bank's day-to-day procurement operations.

Among the key examples are:

- Ensured that all active suppliers have officially signed and committed to BSF's Supplier Code of Conduct.
- Explored methods for incorporating ESG-related questions within vendor onboarding and evaluations forms.
- Engaged internal Project Managers in ESG discussions centered on sustainability, governance, and ethics.

This pragmatic, business-integrated approach helped normalize ESG thinking as part of sourcing.

- **Commitment to Local Content Excellence**

Despite a streamlined approach to sourcing in 2025, local content performance remained strong.

Metric	2025	2024
Total Spend (⃁ billion)	1.27	1.41
Local Spend (⃁ billion)	1.14	1.23
Local Spend (%)	89.5	86.9
Local Suppliers Engaged	506	536
Total Suppliers Engaged	661	691

Impact: Despite a reduction in total spend, the share of engagement with local suppliers improved.

Driving Performance and Operational Efficiency

Consistent with the broader procurement transformation agenda, 2025 delivered a number of operational improvements across several fronts.

- Enhanced communication, accelerated processing, and proactive vendor management contributed to the rise in stakeholder satisfaction from 34 to 42 points.
- Optimizing the purchase requisition to order (PR to OR) cycle through improved coordination and simplified processes.

These accomplishments demonstrate the ongoing efforts to shift procurement from a transactional function into a strategic, agile, and digitally empowered process.

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Total procurement spending on local suppliers

⃁ 1,139,342,399

2024	2023
⃁ 1,228,560,476	⃁ 968,308,712
2022	**2021**
⃁ 977,107,018	⃁ 720,214,504

Total procurement spending

⃁ 1,272,802,565

2024	2023
⃁ 1,413,651,767	⃁ 1,216,261,952
2022	**2021**
⃁ 1,149,503,135	⃁ 765,829,715

Percentage of spending on local suppliers

89.5%

2024	2023
86.91%	80.0%
2022	**2021**
85.0%	94.04%

Total number of suppliers engaged

661

2024	2023
691	518
2022	**2021**
246	560

Total number of local suppliers engaged

506

2024	2023
536	419
2022	**2021**
196	430

Percentage of suppliers that have formally certified their compliance with BSF's Supplier Code of Conduct

100%

2024	2023
100%	100%
2022	**2021**
100%	100%

Number of suppliers blacklisted

6

2024	2023
6	8
2022	**2021**
6	8

PILLAR 2:

Creating a Thriving Workplace

BSF empowers individuals to shape the future of banking and contribute to national prosperity. Aligned with the Bank's strategic and ESG goals, it fosters a values-led culture where every voice matters, and shared purpose drives long-term impact.

Material Topic	Saudi Vision 2030 alignment	UN SGD alignment	Key highlights	
Governance, Accountability, Transparency, and Ethics Employee Engagement, Wellbeing, and Satisfaction Diversity and Inclusion Talent Attraction, Retention, and Development Community Investment Nationalization	• A vibrant society • A thriving economy	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Percentage of employees receiving training each year on all levels: **99.89%** No discrimination incidents were reported at BSF in 2025. Employee satisfaction rate: **74%** Female employees: **25.3%** Percentage of employees who received a performance and career development review: **96%**	Youth employees (18-30 years): **23.10%** Full-time Saudi Arabian Employees: **93.3%** Average monetary amount spent per Full Time Equivalent (FTE) on training and development per employee: **⃁ 7.778** Average Training Hours completed per employee: **20**

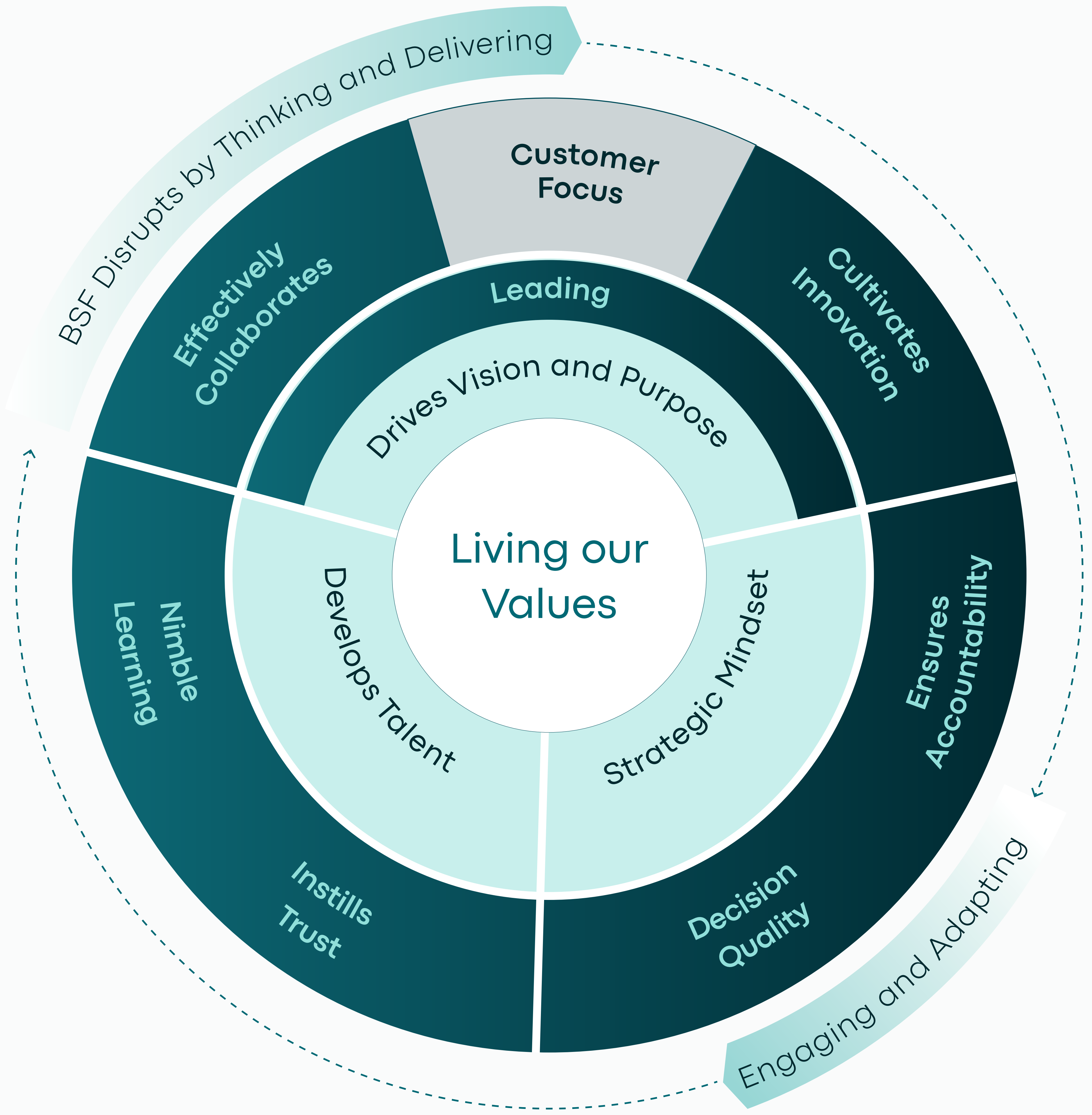
From values definition to embedded culture and leadership accountability

5-year Snapshot of Culture Transformation

BSF's cultural transformation journey, initiated in 2021, has been a cornerstone of its HR strategy. By fostering a culture of innovation, collaboration, and inclusivity, the Bank continues to align its organizational values with its long-term strategic goals. BSF has defined a set of core values—such as simplicity, integrity, and customer-centricity—that serve as the foundation for its cultural initiatives.

As part of this culture framework, BSF has translated its six core values into actionable Desired Behaviors. These behaviors focus on how employees engage with customers, lead teams, make decisions, and collaborate internally, thereby reinforcing a culture aligned with the Bank's core values.

		BSF Values					
		We are BSF	Us before me	Winning is fun	Think big, act quick	True to ourselves always	Keep it simple
Behavioral Dimensions	The way we work with customers						
	The way we lead			BSF Desired Behaviors			
	The way we work together						
	The way we make decisions						



Key to this transformation has been the implementation of a comprehensive culture audit process, including employee surveys, focus groups, and one-on-one discussions. This process identified critical gaps and opportunities, resulting in a roadmap of over 60 targeted initiatives.

It also helped BSF identify the behavioral competencies that reflect its desired culture, leading to the launch of the BSF Disrupts framework. The framework outlines seven core behaviors, along with three leadership behaviors, which are reinforced across all HR processes, including recruitment, performance management, learning, and leadership development.

One of the most impactful outcomes of these efforts has been the significant improvement in employee engagement. Over six years (2018–2024), the engagement survey revealed a steady increase in the Employee Net Promoter Score (eNPS), from -18 in 2018 to +35 in 2025.

This progress reflects the Bank's commitment to listening to employees and implementing changes in key areas such as recognition, work-life balance, and rewards.

Diversity, Equity, and Inclusion have also emerged as central pillars of BSF's cultural strategy. Initiatives such as flexible working policies, enhanced parental leave, well-being programs like Testahil, and empowerment programs like the Red Line Campaign demonstrate BSF's dedication to employee satisfaction and retention. These initiatives address employees' physical, emotional, and financial well-being, including mental health resources and team-building activities.

Our People

Behind every innovation, every trusted relationship, and every long-term goal is a team driven by purpose, turning ambition into action and strategy into sustainable impact.

Workforce Profile

BSF's workforce has remained relatively stable for the past five years.

Out of 2,718 full-time employees:

5.8%
are in Senior Management

93.3%
are nationals

25.3%
are females

23.1%
are aged between 18 to 30

The total number of female full-time employees at BSF has grown consistently year-on-year, increasing from 18.0% in 2021 to 25.3% in 2025.

A Workforce Built for Purpose and Performance

BSF's people are at the heart of its performance. With a team of 2,718 professionals across the Kingdom, BSF is building a bold, value driven culture, ready for the future.

The People Strategy is closely aligned with the goals of Saudi Vision 2030: to build national talent, enable youth participation, and quality employment across the financial sector. In 2025, BSF strengthened its People Framework with a focus on attracting the right talent, enabling performance, and nurturing a shared culture. Furthermore, BSF's People strategy has been established to support the execution of the Bank's business strategy. It is centered around four pillars—Agility, Culture, Talent, and Performance—while four drivers influence its execution: Efficiency, Workplace, Resilience, and Profitability.

The Bank-wide Behavioral Anchors model continues to define what success looks like in action. Every employee is assessed not only on KPIs and outcomes but also on how they demonstrate the Bank's core values. This shift supports a performance culture where mindset matters as much as skill.

Workforce demographics BSF Bank (excluding subsidiaries)

	Unit	2025	2024	2023	2022	2021
Workforce						
Total number of full-time employees	Number	2,718	2,664	2,780	2,754	2,632
Employees in Senior Management						
Full-time employees in Senior Management	Number	159	152	148	129	116
Female	Number	19	19	16	18	17
Male	Number	140	133	132	111	99
Employees in Middle Management						
Full-time employees in Middle Management	Number	363	342	348	323	310
Female	Number	62	51	46	39	29
Male	Number	301	291	302	284	281
Employees (Other levels)						
Full-time employee staff (other levels)	Number	2,196	2,170	2,284	2,302	2,206
Female	Number	606	579	579	563	512
Male	Number	1,590	1,591	1,705	1,739	1,694
Workforce by gender profile						
Female full-time employees	Number	687	649	641	620	558
Male full-time employees	Number	2,031	2,015	2,139	2,134	2,074
Workforce by age profile						
Age 18-30	Number	628	597	686	713	650
Age 31-50	Number	1,959	1,930	1,932	1,898	1,856
Age 51+	Number	131	137	162	143	126

The Employee Lifecycle: A Journey of Growth and Purpose

BSF builds meaningful careers through every stage of the employee journey.

Attracting the Right Talent

BSF's recruitment strategy is future-oriented, values-led, and aligned with national priorities. In 2025, the Bank continued to enhance brand connect with digital-first and Gen Z candidates, enhanced its presence at Saudi universities, and digitalized sourcing channels to attract top local and global talent. Hiring decisions prioritized inclusivity and potential over credentials alone.

	Unit	2025	2024	2023	2022	2021
New Employees Hired by Age						
Age 18-30	Number	229	159	228	280	261
Age 31-50	Number	277	149	167	201	175
Age 51+	Number	11	3	8	12	9
New Employees Hired by Gender						
Female employment rate	Percentage	33	35	35	34	40
Female	Number	170	111	142	170	176
Male	Number	347	200	261	323	269
Hires						
Average hiring cost/FTE	⃁	26,445	26,521	24,335	–	–

Hiring and turnover at BSF

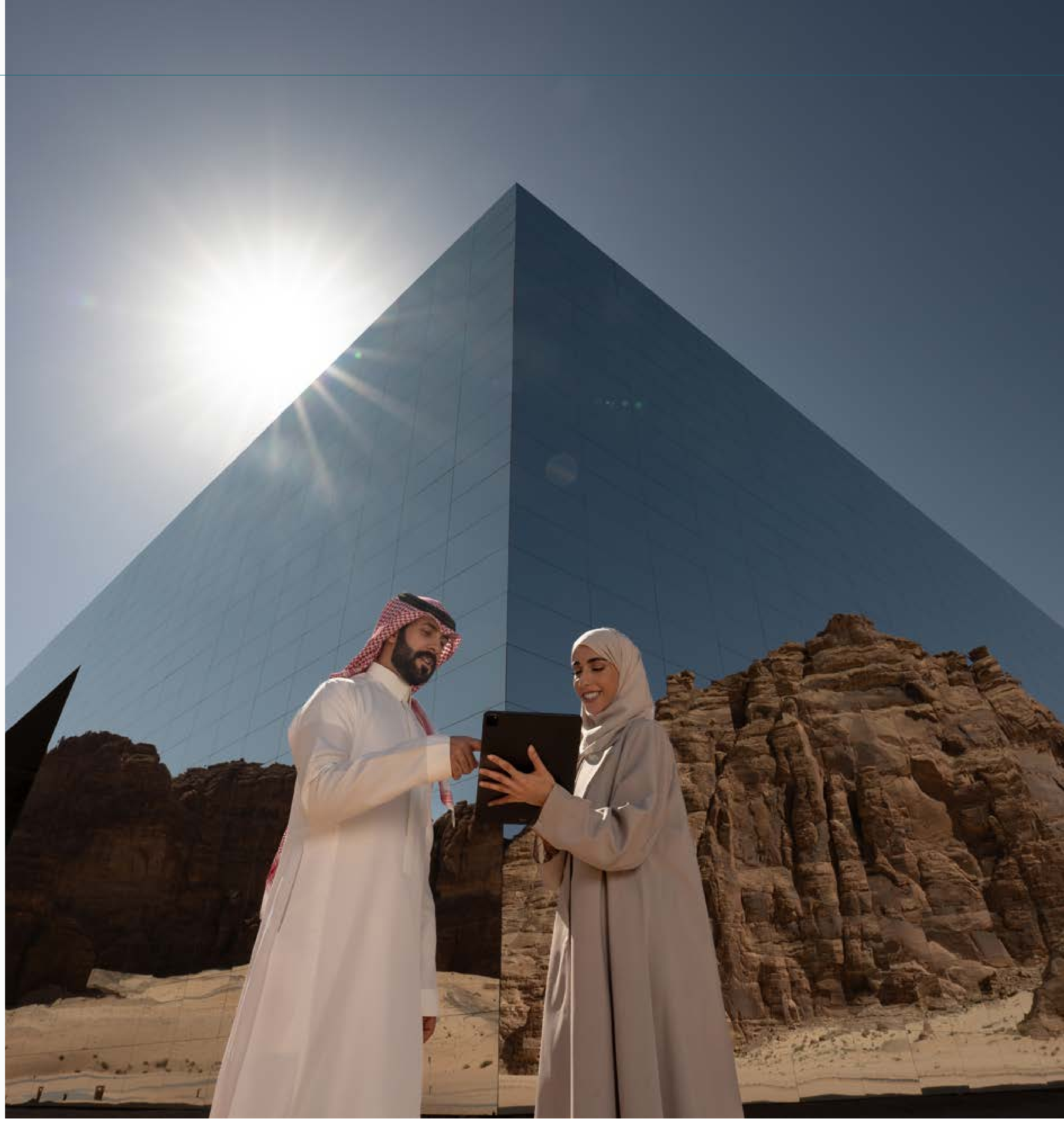
In line with our focus on advancing employees' career development, BSF prioritizes filling vacancies from within the Bank wherever possible. During the reporting period, 17% of total hires were filled through internal mobility, highlighting the Bank's commitment to developing and retaining internal talent. Furthermore, in 2025, 97% of BSF's new hires were Saudi nationals.

In addition, BSF continues to strengthen its talent pipeline by converting high-performing interns from Co-op and Tamheer programs into full-time employees, reinforcing the Bank's strategy of early talent identification, development, and long-term retention.

BSF has also embedded diversity and inclusion considerations across its talent attraction and recruitment practices. This includes structured graduate development programs that attract diverse national talent through merit-based selection criteria, as well as partnerships with local universities to broaden access to early-career opportunities.

Our HR policies explicitly reference diversity and accessibility to ensure these principles are embedded across the employee lifecycle.

	Unit	2025	2024	2023	2022	2021
Hires and Turnover						
Percentage of positions filled by internal candidates	%	17	25	24	38	49
Turnover						
Total number of employees who left the company voluntarily and involuntarily	Number	360	442	378	384	375
Turnover (voluntary and involuntary)						
Full-time employees turnover rate	%	13.24	16.60	13.59	13.94	14.24
Female	%	28.06	24.44	31.74	29.42	22.4
Male	%	71.94	75.56	68.25	70.57	77.6
Senior Management	%	6.67	5.80	3.7	4.16	4.8
Middle Management	%	16.67	14.25	12.16	14.84	18.93
Non-management employees	%	76.67	79.95	84.12	80.98	76.26
Age 18-30	%	23.33	39.52	35.69	32.03	30.76
Age 31-50	%	65.00	58.49	60.61	64.97	66.46
Age 51+	%	11.67	1.97	3.69	2.99	2.76
Voluntary Turnover						
Full-time employees – Voluntary turnover rate	%	10.4	11.5	–	–	–



Employee Satisfaction and Engagement: Powering a Purpose-driven Workforce

A thriving culture is not built overnight, but with every decision, every conversation, and every leader who chooses purpose over process.

In 2025, BSF implemented a wide range of internal communication campaigns and initiatives aimed at strengthening employee engagement, enhancing productivity, promoting environmental responsibility, and supporting employee health and wellness. These initiatives were delivered through email announcements and official internal portals to ensure broad and consistent reach across the organization. Key campaigns included Health Lounge Day, Cancer Awareness Week, Mental Healthier Day, the "Upright Journey" Ergonomics Program, Live Right Ultimate Challenge, Breast Cancer Awareness sessions, and the Seasonal Influenza Vaccination Campaign. Together, these programs fostered a positive work environment, supported employee well-being, and raised awareness of important health topics.

To further strengthen engagement, BSF conducted its annual engagement survey in Q4 2025 to assess overall employee satisfaction and engagement levels. Employees were invited to share feedback across a wide range of dimensions within the employee experience, enabling the Bank to identify gaps and take targeted actions with the active involvement of senior management. The comprehensive survey covered key areas such as leadership and management, diversity and inclusion, learning and development, innovation and empowerment, teamwork and collaboration, and compensation and benefits, providing valuable insights to support a more engaging and supportive workplace.

Based on survey results, BSF developed several targeted action plans to address key feedback areas and improve the overall work environment. On a bank-wide level, and as an outcome of the past survey, the following action plans have been developed:

- **Emotional Intelligence Workshops** to strengthen interpersonal awareness and cultivate a culture of recognition.
- **Non-Monetary Recognition Tools** for managers to effectively acknowledge employee efforts and contributions.
- **Celebration of Achievements** at the team level to reinforce morale and foster collaboration.
- **Managerial Training Programs** focused on enhancing communication, conflict resolution, and feedback delivery.
- **Customized Career Development Plans** to support employee growth and align career paths with individual aspirations.
- Provide **360 feedback** on a regular basis.
- **Senior Leadership Visibility and Communication Enhancement** for encouraging structured leadership communication forums to strengthen trust, transparency, alignment and engagement.

Furthermore, deep-dive sessions will be conducted within each function of the Bank to identify key engagement drivers and develop tailored, team-level action plans.

Together, these initiatives demonstrate BSF's commitment to building an inclusive, supportive, and high-performing workplace culture, while actively responding to employee input to drive continuous improvement.

Employee Satisfaction and Engagement

Employee satisfaction score (average score/ engagement index)

74%

75% in 2024 **84%** in 2023

Employee Net Promoter Score (eNPS)

35

38 in 2024 **38** in 2023

Compensation and Benefits

At BSF, rewards reflect more than performance – they reflect purpose, trust, and long-term value.

BSF's compensation framework is designed to attract, retain, and motivate high performing talent across all work levels. Pay structures are benchmarked against market data and aligned to Saudi regulatory requirements, whilst benefits reflect the needs of a diverse and evolving workforce. For senior leadership, variable pay is performance-linked with deferral in line with SAMA requirements.

Board, and Board Committees Remuneration

BSF's Board and Committee remuneration follows a transparent policy Remuneration and Compensation Policy for Board and Board Committees approved by shareholders at the 2024 General Assembly in alignment with the Bank's objectives, Companies Law issued by Royal Decree, SAMA regulations, and the regulations of the CMA.

Remuneration includes fixed annual retainers and meeting attendance fees. No variable or equity-linked incentives are provided to Board members, to preserve governance neutrality.

To ensure proper governance, BSF's Board, Board Committees, and Senior Executive Remuneration and Compensation policies are approved by shareholders through the General Assembly. In addition, BSF's share-based employee remuneration plans are also subject to shareholder approval at the General Assembly.

Remuneration structure detailed in Remuneration and Compensation Policy for Board and Board Committees.

Board Remuneration	Unit	2025	2024	2023	2022	2021
Board of Directors and Committees						
Sitting fees	⃁	1,110,000	930,000	573,000	831,000	609,000
Remuneration	⃁	19,510,000	18,930,000	9,268,479	9,624,000	9,139,000

Executive Remuneration: Performance with Purpose

The Shareholders in 2025 General Assembly approved an updated Remuneration policy for Senior Executives in alignment with the Bank's objectives, Companies Law issued by Royal Decree, SAMA regulations, and the regulations of the CMA. Senior and executive employees may also be subject to bonus deferral.

The Bank applies a bonus deferral mechanism in alignment with the SAMA Banks Remuneration Rules as part of its remuneration framework, aiming to ensure the Bank's financial soundness, promote effective risk management, and address the risk of misconduct that may be associated with improper reward practices. Where applicable, a portion of variable remuneration is deferred and remains subject to ongoing performance, risk considerations, and applicable adjustment provisions.

All variable remuneration, whether deferred or not, is subject to Remuneration Adjustment. This includes mechanisms such as in-year adjustments, Malus, or Clawback arrangements, which allow BSF to reduce variable remuneration before or after it is awarded or paid. This allows BSF to adjust remuneration to account for risks that have subsequently occurred, including misconduct, or in the event of negative contributions of the bank and/or the relevant line of business in any year during the vesting period, any unvested amounts may be clawed back, subject to the realized performance of the bank and the business line, among other factors (financial misstatements, fraud, or misconduct. "Misconduct" refers to conduct that falls short of expected standards, including legal, professional, ethical, and other internal expectations).

While we are aware there are no specific ESG KPIs for senior executives, some of the KPIs may be considered ESG-related, similar to those applied in the assessment of the CEO's performance. These include indicators linked to risk management, compliance, operational resilience, employee engagement, and customer satisfaction—areas that align with broader ESG priorities. Although not classified explicitly as ESG targets, these performance areas contribute meaningfully to the Bank's overall sustainability objectives.

BSF Thrive

BSF Thrive (Thrive, or Long-term Retention Plan (LTRP)), is a long-term incentive (LTI) restricted shares program available to managerial and executive employees to enhance employee retention and market competitiveness.

This was developed under the guidance of the Nomination & Remuneration Committee with approval from the Board of Directors in alignment with the interests of our key employees, our shareholders, and the Bank.

Chief Executive Officer

The Chief Executive Officer (CEO) of BSF reports to the Board of Directors, which grants the CEO the authority to lead the Bank in accordance with the Board Charter and BSF's Delegation of Authority (DoA) manual. The Board also sets compensation-linked KPIs that balance financial performance, operational efficiency, regulatory compliance, and sustainability objectives. Additionally, the Board ensures that robust governance policies are in place to manage CEO succession and support a structured, transparent leadership transition when required.

In accordance with the Capital Market Authority Corporate Governance Regulations and Key Principles of Governance in Financial Institutions, BSF prohibits the same person from holding both the Chairman of the Board and any other executive position including that of CEO.

The CEO's performance objectives and appraisals are recommended by the Board Nomination and Remuneration Committee. The CEO's performance-based compensation is delivered through two variable compensation plans:

- Annual Performance Bonus Plan, linked to the annual net income of the Bank and its subsidiaries, as well as non-financial objectives, including core professional and behavioural leadership competencies and adherence to legal, professional, internal conduct, and ethical standards.
- Long-Term Retention Plan, a restricted stock plan that vests BSF stocks after three years.

As of year-end 2025, around 4% of BSF's employees are participating in the Thrive LTRP program

- Nominations and awards are held annually.
- Selected participants are awarded BSF shares vested after three years subject to vesting conditions
- Awards are based upon a grant value defined for each participant. This value is converted to BSF shares based on the average Bank share price over the preceding three months.

KPIs Linked to CEO Compensation

Strategic Delivery

- Develop and communicate new 2030 strategy, oversee detailing out of the priority ideas

Financial

- Group operating income vs. budget
- Group cost to income ratio vs. budget
- Group net income vs. budget
- Group return on equity (ROE) vs. target
- NPL ratio within guidance FY (Target for 2025)
- % cross-selling revenues to total revenues across BSF

Customer Experience

- Improve external Net Promoter Score (NPS) vs 2024 NPS
- Improve customer turnover vs 2024
- Improve average turn around time of critical processes across groups

People

- Improve 2025 eNPS score vs. 2024 eNPS
- % of critical roles with succession plans
- Maintain the regretted leavers with the thresholds

Governance

- Keep operational loss below operational risk tolerance appetite
- Promote compliance culture

Commitment to Gender Pay Equality

The Bank is committed to equal pay for equal work and maintains fair, transparent, and non-discriminatory reward practices, supported by regular monitoring and alignment with regulatory requirements.

Initiatives to Close the Gender Pay Gap

The Bank applies standardized job evaluation, market-aligned salary structures, and consistent reward practices, with gender considerations incorporated into compensation reviews, promotions, and talent development processes to support pay equity across comparable roles and levels.

Monitoring and Measurement Process for Gender Pay Gap

Pay practices are reviewed periodically to ensure internal equity, consistency, and alignment with the approved reward frameworks across roles and levels.

Wages and Benefits	Unit	2025	2024	2023	2022	2021
Median male-to-female compensation ratio	Number	12.72	13.85	12.75	13.87	9.34
Percentage of total remuneration is variable and linked to the amounts of products and services sold, for the relevant employees	%	26.75	24.44	27.80	24.11	24.98
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	%	15	15	10	10	9

Median pay-related gaps between men and women by employment level	Unit	2025	2024	2023	2022	2021
Executive	%	-1	-3	-8	6	0.3
Management	%	-8	-4	10	16	16
Non-management	%	-8	-9	-6	-12	-12

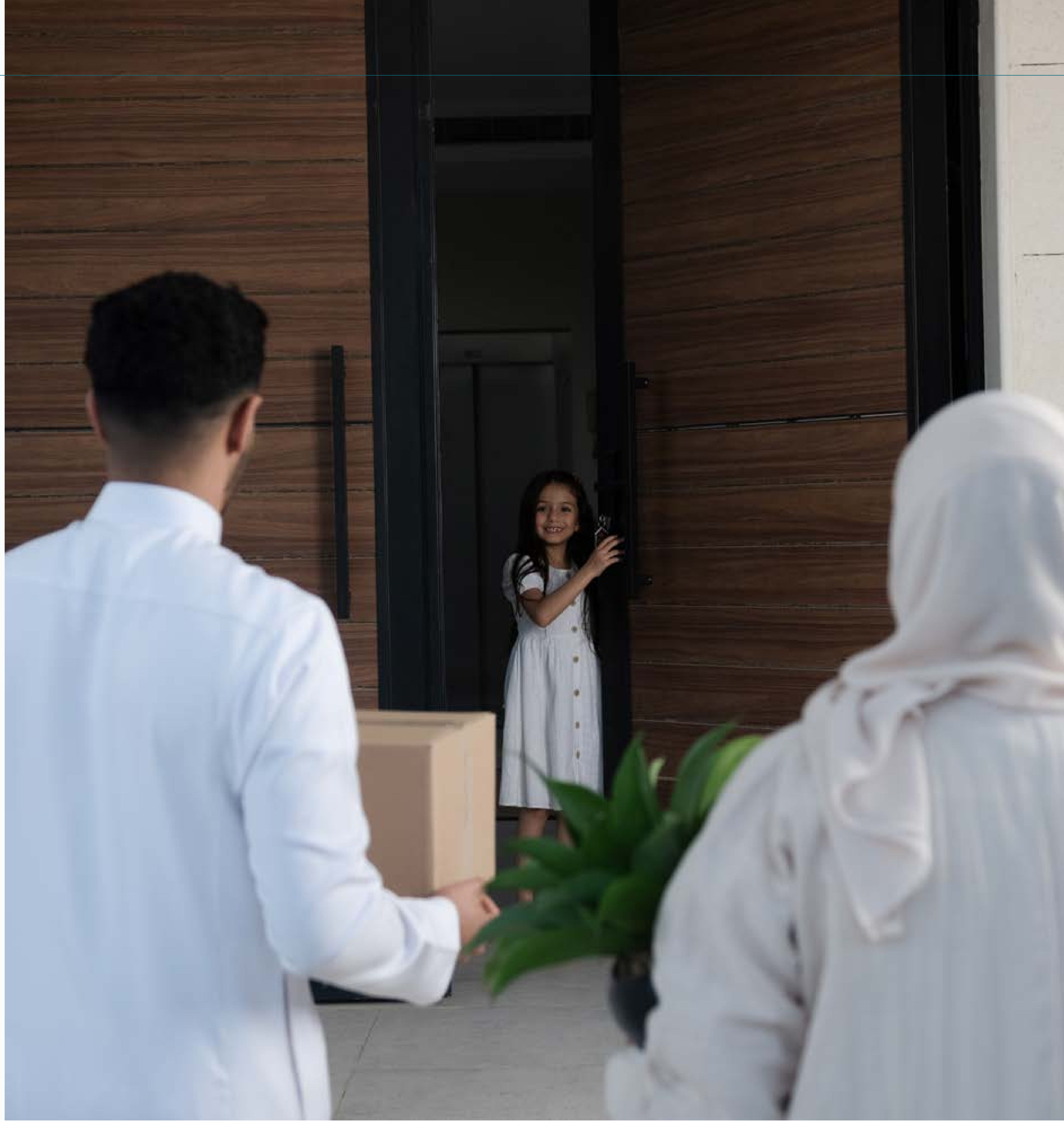
Reward and Support Framework

BSF is committed to pay equality throughout our workforce. We offer competitive salaries and variable compensation through performance-based annual bonuses and sales incentives related to roles and seniority. The Bank's front-line sales employees with group leadership and/or individual accountability are also eligible for sales incentives.

In addition to competitive salaries, the Bank provides a comprehensive range of benefits to all full-time employees designed to support financial security, health, and work-life balance, including:

- **Optional savings plan:** BSF employees can participate in BSF saving plan and contribute 1% to 20% of their basic salary monthly, while the bank contributes maximum 10% of basic salary.
- **Medical insurance:** Coverage for employees and their eligible dependents residing within the Kingdom of Saudi Arabia. Including parental insurance.
- **Life and disability insurance:** Provided for all employees.
- **Childcare allowance:** The Bank provides childcare assistance to full-time female employees with children under the age of six.
- **Child education assistance:** The Bank offers this benefit to support eligible BSF full-time employees with their children's education.
- **Marriage allowance:** The Bank supports newly-wed full-time employees with a one-off Marriage Allowance.
- **Child sick Leave:** Granted to all employees for caring for sick children aged 12 years or younger, with entitlement of up to five calendar days per year.
- **Family-related leave:** All employees may request up to 30 calendar days of escort leave to accompany a dependent or relative for medical treatment.
- **Corporate cars:** Provided to senior management to facilitate business travel.
- **Mobile phones:** Issued to employees required to make business calls as part of their responsibilities.
- **Personal loans:** The Bank offers its eligible employees an opportunity to apply for a Personal Employee Loan without interest.
- **Commercial and home loans:** The Bank offers eligible employees the opportunity to apply for commercial loans through the HRG Banking Group at a subsidised rate.
- **Flexible working hours:** The Bank offers full-time employees at the central and regional headquarters flexibility in their working hours through a Flexible Time arrangement.
- **Remote working:** The Bank provides full-time employees at the central and regional headquarters with location flexibility through remote working opportunities.
- **Education leave:** Granted to employees pursuing professional certifications.
- **Marriage leave:** Employees will be entitled for five business days as paid Marriage Leave.
- **Birthday leave:** All full-time employees are entitled for one business day of paid Birthday Leave per calendar year.
- **Parental Leave:** BSF provides 12 calendar weeks of maternity leave with full pay entitlement. Maternity leave may be extended by an additional calendar month for medical reasons related to the newborn. The Bank also offers five business days of fully paid paternity leave, which must be taken within the first seven days following the child's birth. Maternity and paternity leave do not affect annual leave entitlements. In 2025, a total of 2,792 paid parental leave days were granted to female employees and 299 to male employees, reflecting the longer duration of maternity leave compared to paternity leave. The mother is considered the primary caregiver. This leave policy highlights BSF's commitment to supporting employees' family responsibilities while promoting work-life balance.

	Unit	2025	2024	2023	2022	2021
Parental Leave						
Number of employees that took parental leave	Number	94	93	66	74	75
Number of employees that took maternity leave	Number	36	25	20	16	14
Number of employees who returned to work after parental leave ended (return to work)	Number	94	93	66	74	75
Number of employees who returned to work after maternity leave ended (return to work)	Number	36	25	20	16	14
Number of employees returned from parental leave who were still employed twelve months after returning to work (retention)	Number	94	93	66	74	75
Total number of employees that returned to work after maternity leave ended that were still employed 12 months after their return to work (retention)	Number	36	25	20	16	14
Return to work rate	%	100	100	100	100	100
Retention rate	%	100	100	100	100	100
Absentee Rate						
Absentee Rate	% of total days scheduled	9	11	11	12	11



Code of Conduct

Integrity is not an expectation; it is lived every day in BSF's actions and interactions. Every decision reflects BSF's values and shapes the trust others place in the Bank.

Living Our Values Every Day

At BSF, integrity is embedded in the way business is conducted. The Bank's Code of Conduct translates values into everyday decisions, shaping a culture of trust, performance, and ethical leadership.

Grounded in BSF's core values, the Code of Conduct and Professional Ethics outlines the principles and standards that guide the behaviour of all associates, promoting integrity, professionalism, transparency, accountability, and good governance. It applies to all individuals working for or on behalf of the Bank and requires compliance at all times. Associates are expected to acknowledge and adhere to the Code, report any suspected violations, and cooperate with related reviews. Breaches may result in disciplinary action in accordance with the Bank's internal policies.

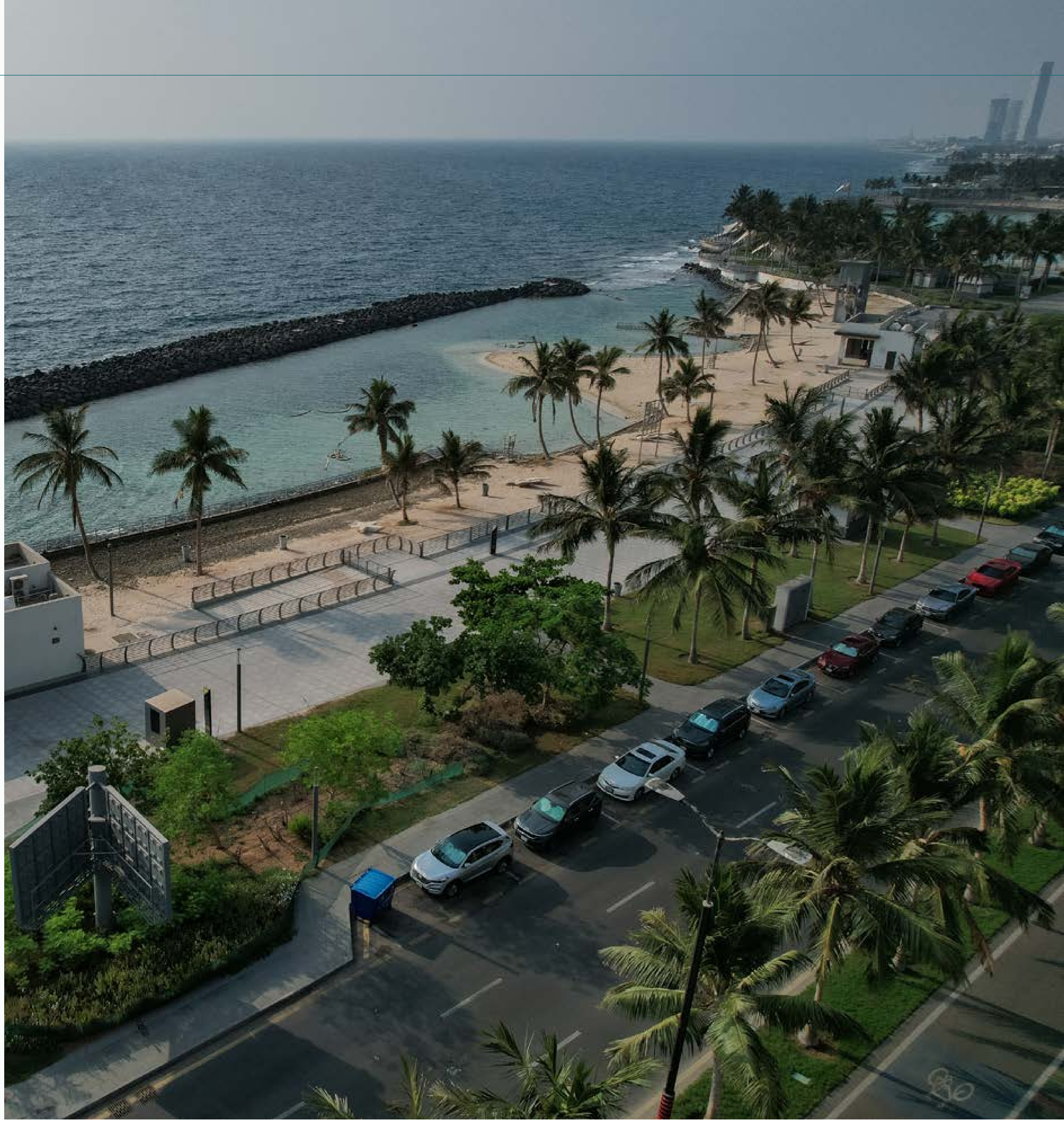
BSF shall ensure that the Code of Conduct is easily accessible and shall provide BSF associates with the necessary channels to understand the CoC and answer any question. Lastly, BSF is required to keep a record of all Code of Conduct acknowledgments for all BSF associates.

For further details please refer to BSF's Code of Conduct and Professional Ethics.

The Code covers:

- Anti-bribery and corruption
- Workplace respect and non-discrimination
- Conflict of interest and transparent decision-making
- Data protection and responsible use of authority

Regularly reviewed and updated, the Code reflects the Bank's commitment to evolving regulatory requirements and emerging risks. As BSF initiates its 2030 strategy, ethics and conduct continue to be strongly embedded into leadership development, governance structures, and performance assessment.



Fostering Diversity, Equity, and Inclusion

Diversity is more than representation. It is how BSF reflects the nation's promise – by cultivating a workplace where every individual, regardless of gender, ability, or background, is valued, empowered, and positioned to thrive.

Diversity, Equity, and Inclusion (DEI) as an Imperative

BSF embeds DEI into its culture, operations, and strategic ambitions, recognizing it as both a moral imperative and a driver of innovation and resilience. DEI is a key pillar under the Bank's ESG priorities and aligns with three material issues identified as highly significant to stakeholders and the organization: Employee Engagement, Wellbeing and Satisfaction; Diversity and Inclusion; and Talent Attraction, Retention, and Development.

Anchored in Saudi Arabia's Vision 2030 goals for inclusive economic participation, BSF's DEI approach is action-oriented, emphasizing workplace respect, safety, equitable development, and inclusive leadership.

In 2025 BSF sharpened its focus on creating a workplace where diversity is embraced, inclusion is practiced, and equity is a shared accountability. The Bank's DEI approach spans the dimensions of gender equity, disability inclusion, national workforce empowerment, and generational balance and prohibits any form of discrimination and harassment encompassing our full-time employees.

BSF targets a minimum of 20% female participation rates for all existing leadership development programs and 50% female participation in all graduate programs.

Our DEI Strategic Dimensions

Ensure an Inclusive and Safe Workplace

- Educate & Develop
- Digital and Physical Accessibility
- Inclusive culture and sense of belonging
- Zero tolerance to discrimination and harassment

Foster a Diverse Workforce and Talent Pool

- Develop
- Attract Talent
- Foster Gender Diversity

Sustainable Impact on BSF and Society

- Develop
- Partnership
- Empowering our communities

Our DEI Focus Areas

1. Gender
2. Disability
3. Generational

Link to DEI Position Statement Diversity, Equity & Inclusion Position Statement

While all roles at BSF share a consistent set of tasks, responsibilities, and job characteristics, the Bank takes proactive steps to support inclusivity and accessibility. A preliminary assessment evaluates the accessibility of IT systems, tools, and workplace facilities, ensuring that individuals with disabilities, special needs, or from minority groups have the resources needed to perform their duties effectively. These efforts reflect BSF's commitment to fostering an inclusive and supportive work environment.

Gender Equity

BSF continues to expand female representation across the workforce, especially in decision-making roles and leadership. Gender-neutral job grading, career development pathways, and promotion policies support equitable employee experience. Customized programs help accelerate women's readiness for future leadership, whilst family-friendly policies ensure work-life integration.

In 2025, as part of gender diversity and inclusion initiatives, we marked International Women's Day by sharing the success stories of our female leaders externally. This initiative aimed to increase the visibility of female role models, reinforce inclusive leadership behaviors, and support the advancement of women within BSF and the broader community. For more information, please refer to our published stories.

In 2025, the Bank conducted a targeted Unconscious Bias and Inclusive Hiring Workshop for its Talent Acquisition and Onboarding teams, reinforcing its commitment to diversity, equity, and inclusion across recruitment practices. The workshop aimed to raise awareness of unconscious bias and its potential impact on hiring decisions, while strengthening recruiters' capability to apply structured, competency-based assessments aligned with merit and fairness.

The session included practical, scenario-based discussions focused on attracting and evaluating diverse talent pools, with particular attention to female talent, youth, and people with disabilities. By embedding inclusive hiring principles into recruitment practices, the Bank continues to promote equal opportunity, reduce barriers to employment, and support a diverse and sustainable workforce aligned with its ESG objectives.

In 2025, BSF continued to advance a range of initiatives designed to support the recruitment, retention, and advancement of female employees. These programs emphasize inclusivity and equity across the organization, ensuring equal opportunities regardless of gender. Key initiatives include flexible work arrangements that promote work-life balance, targeted career development opportunities, and leadership programs aimed at preparing female employees for management roles. Collectively, these efforts reinforce BSF's broader commitment to creating a supportive and empowering workplace where all employees have the opportunity to thrive and progress professionally.

Disability Inclusion and Accessibility

BSF applies a broad lens to disability inclusion, ensuring physical spaces, digital systems, and employment practices are accessible to all. In 2025 the Bank employed five persons with disabilities (PWDs) and remained committed to actively seeking opportunities to increase their representation within the workforce.

National Inclusion

BSF is proud to provide opportunities for Saudi nationals at every career stage as part of our commitment to bolstering the Kingdom's economic prosperity through Vision 2030.

In 2025, Saudi nationals represented 93% of BSF's total full-time workforce

We are also proud to employ foreign nationals from 26 countries for the remaining 7% of our full-time employees. These diverse professionals further strengthen our business by offering valuable expertise and alternative perspectives to help us meet outstanding business needs.

In parallel, BSF continues to advance its nationalization efforts by expanding Saudization across key roles, including supervisory and sales positions, as well as front-line and customer-facing roles. The Bank is also progressing Saudization initiatives within secretarial roles, reinforcing its commitment to developing Saudi talent across both operational and support functions.

	Unit	2025	2024	2023	2022	2021
Nationalization						
Nationals among total full-time workforce	Number	2,535	2,451	2,541	2,514	2,419
Female National full-time employees	Number	676	638	632	611	551
Male National full-time employees	Number	1,859	1,813	1,909	1,903	1,868
Nationalization in Management						
Percent of Nationalization in Senior Management	%	84.3	82.2	75.7	75.2	74.1
Percent of Nationalization among the total workforce	%	93.3	92.0	91.4	91.2	91.9

Learning and Development

At BSF, learning is a mindset. The Bank invests in developing every colleague's skills, confidence, and leadership to remain agile and prepared for the future of banking.

BSF's Learning and Development strategy is anchored in three principles: Capability Building, Future-readiness, and Inclusive Access. Learning pathways are embedded across functions, establishing upskilling, reskilling, and high-potential development in line with BSF's 2030 strategy.

Structured Approach to Learning and Development

BSF's training and professional development program is designed to enhance employees' career paths from the outset. This structured approach ensures that learning remains continuous and aligned with the evolving needs of both employees and the organization as a whole.

Structured Approach

The education, training, and development opportunities offered by BSF are supported by comprehensive training policies. These policies are essential in shaping the design, delivery, and evaluation of learning programs. By maintaining a systematic framework, BSF ensures that each aspect of training contributes to professional growth and remains aligned with evolving organizational goals.

Regular Learning Assessments

To ensure training meets real-world needs, BSF conducts regular learning needs assessments. These assessments gather insights through various channels, including interviews and performance evaluations. This proactive approach enables the organization to identify skills and knowledge gaps effectively. As a result, training initiatives are continually refined to address evolving employee and organizational demands.

Overall, BSF's dedication to a structured and adaptable training program creates an environment where employees can grow in their careers while also supporting the Bank's organizational objectives.

BSF employees completed an average of 20 training hours in 2025.

Throughout the year, all BSF full time employees have access to a range of educational programs and training initiatives including on-the-job training, mentorships, workshops, seminars, conferences, e-learning modules, external training, plus a suite of online resources such as libraries, industry publications, and professional certifications.

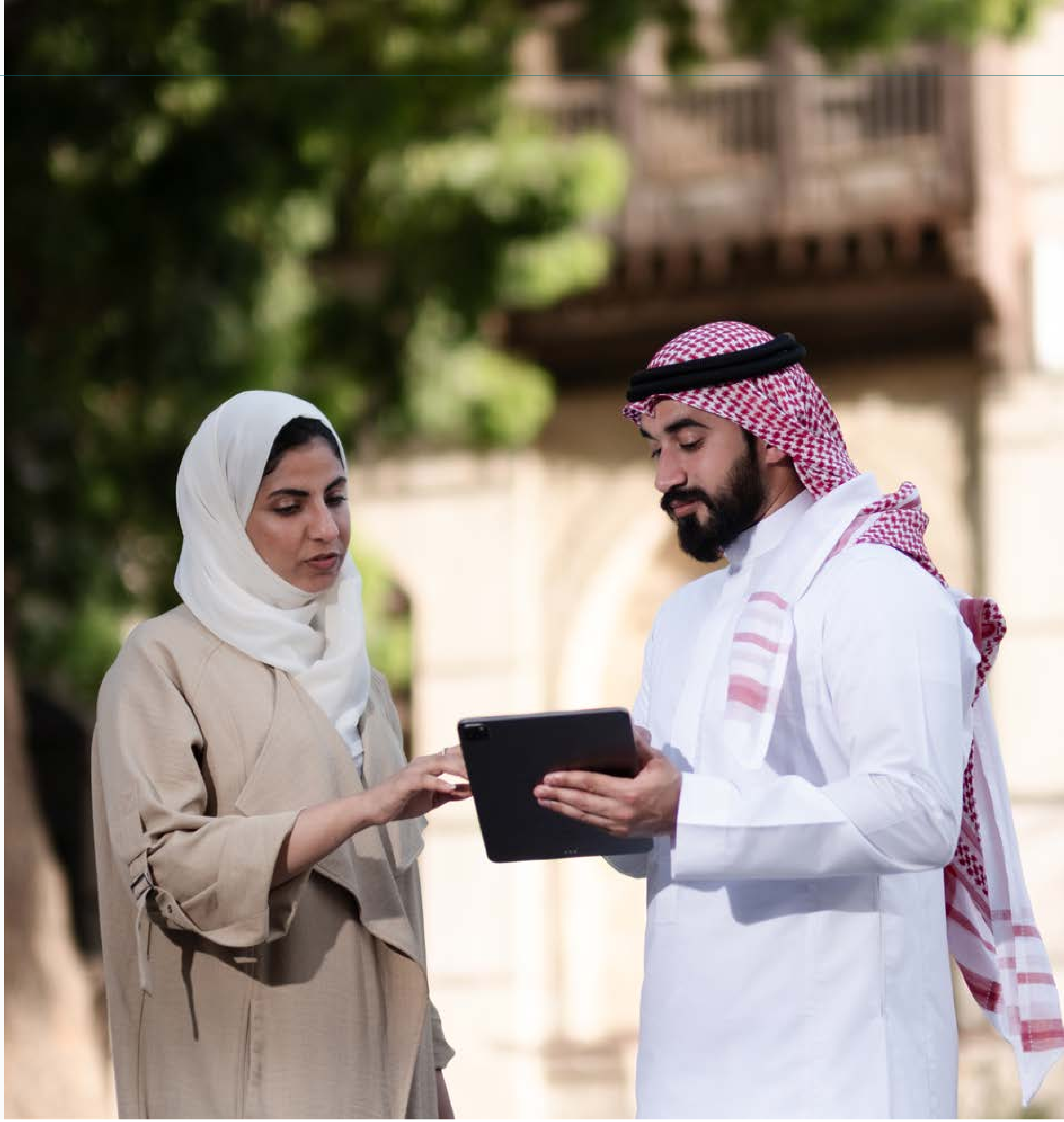
Mentorship programs form an integral part of BSF's training and development framework. These initiatives empower employees at various levels to become effective coaches and mentors, supporting the growth and development of their teams. The training provides participants with essential skills to drive performance and foster a culture of continuous improvement, thereby promoting leadership development and facilitating knowledge sharing across the organization.

In addition to employee training, BSF places significant emphasis on the ongoing education and development of its Board of Directors. Throughout the year, the Bank provides regular information sessions, updates, and training to enhance the Board's awareness, skills, and knowledge on topics that materially impact the organization, such as anti-money laundering, counter-terrorism financing, and generative artificial intelligence. In 2025, the Board also participated in a dedicated workshop delivered by BSF's Compliance Group focusing on compliance, financial crime, and counter-fraud.

In 2025, BSF made significant investments in learning during 2025 to expand access and deepen the impact.

Training and Development	Unit	2025	2024	2023
Spending on Employee Training				
Average Monetary Amount Spent per Full Time Equivalent (FTE) on Training and Development	⃁/employee	7,778	8,689	11,100
Average Hours of Training per Employee				
Average Training per Employee	Hours	20	14	16
Male Employees	Hours	23	14	16
Female Employees	Hours	19	15	16
Senior Management Employees	Hours	20	23	37
Middle Management Employees	Hours	22	15	18
Non-Management Employees	Hours	20	14	15

Employee Participation in Specific Training Areas	Unit	2025	2024	2023	2022
Anti-corruption	Number	2,677	2,546	2,731	2,448
Anti-fraud awareness	Number	2,677	2,546	2,731	2,263
Financial crime	Number	2,677	2,539	2,704	2,263
AML/CTF	Number	2,677	2,539	2,704	2,261
Compliance Induction	Number	2,677	2,539	2,695	2,492
Health, safety and well-being	Number	133	375	2,708	117
Cybersecurity	Number	2,677	2,321	43	29
Data privacy	Number	2,677	2,499	–	–
Customer relationship management	Number	935	269	273	44
Consumer financial protection	Number	976	1,291	2,045	1,354
Islamic principles, products/services	Number	403	15	274	2,509



ESG content was embedded into core development programs, such as the Private Banking curriculum and the Banker Associate Program. External certifications, including the Fitch Learning ESG Fundamentals Certificate, were also made available to employees upon request, further strengthening ESG knowledge across the Bank.

BSF conducts mandatory Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) training for all employees, including senior management, in compliance with regulatory requirements. In 2025, training sessions focused on key compliance topics and were tailored to different roles to enhance awareness and strengthen the Bank's risk management framework.

Target audience	Course name	Description
Board Training	Compliance Literacy Program	A high-level training conducted by an External party on an annual basis that covers (Compliance, Financial Crime, Whistle Blowing, Anti-Fraud, Anti-Money Laundering, Sanctions) to all Board members
C-Level Training	Compliance Literacy Program	A high-level training conducted online that covers (Compliance, Financial Crime, Whistle Blowing, Anti-Fraud, Anti-Money Laundering, Sanctions) to C Level
Managerial Level Training	Compliance Literacy Program	A workshop training covering case studies on Compliance, AML, Fraud, and Sanctions were provided for Senior Managers, Heads of Departments, and Branch Managers.
ALL BSF Staff	Compliance Literacy Program	Four mandatory refresher training programs, covering Compliance, AML/CTF & Sanctions, Anti-Fraud, and Whistleblowing & Anti-Bribery, were conducted for all staff except C-level and the CEO, each including a post-training assessment.
BSF Frontline Staff	Compliance Literacy Program	Customer-facing staff receiving training in relevant compliance regulations. Additionally, a Risk-Based Approach (RBA) training plan will be implemented to cover all employees over a three-year period.
Specialized Training	Compliance Literacy Program	• IT Governance • Data Privacy • Cybersecurity
Compliance Staff Training	Compliance Literacy Program	In-house professional training sessions were provided for the Compliance, AML, and Suspicious Security Unit (SSU) teams to enhance their expertise.

During the year, 96% of BSF's targeted full-time customer-facing employees completed training in consumer financial protection, reflecting the Bank's ongoing commitment to responsible banking practices and safeguarding customer rights.

BSF delivers targeted training on consumer financial protection through an online course titled Customer Care 2025. Developed by the Customer Care team and deployed by BSF Academy, the training covers key principles of fair treatment and consumer rights. It is assigned to relevant customer-facing employees to ensure alignment with regulatory standards and to support BSF's broader financial inclusion efforts.

BSF's comprehensive Learning and Development position statement reflects a holistic approach to empowering employees through education and professional development delivered via the BSF Academy, in alignment with annual regulatory training requirements. The statement provides guidance on:

- Eligible training days for each employee
- Scope of course offerings
- Training needs of BSF subsidiaries
- Requirements for external leadership development program
- Collaboration opportunities with local training providers

Training needs assessments are routinely conducted using surveys, performance reviews, and gap analyses to ensure programs are responsive to both organizational priorities and individual development goals. Based on these assessments, BSF offers a variety of learning formats, including on-the-job training, mentorship programs, instructor-led workshops, seminars, conferences, e-learning modules, and external training opportunities. Employees also have access to digital learning tools, such as online libraries, industry publications, and certification resources.

To support career growth and internal mobility, BSF provides structured development programs that include job rotations, succession planning, and leadership training. These initiatives are designed to strengthen the internal talent pipeline and support the professional advancement of employees at all levels.

BSF recognizes that exceptional customer service is fundamental to its long-term success and sustainability. To this end, the Bank has implemented a range of structured training programs aimed at enhancing customer satisfaction and equipping employees with the knowledge and skills needed to deliver superior service experiences.

Professional Development

- Induction and new joiners experience program
- Bankers Club retention initiative for all employees who have completed the BSF HiPo (High Potential) Graduate Program
- Individual development plans for succession and leadership development
- Leadership assessment and performance coaching
- Internal mobility and cross-functional rotational programs
- Off-site team building events
- BSF Acts, the leadership and competency framework which includes soft skills training and informs the criteria used for performance assessments
- Divisional plans for improving eNPS score and employee satisfaction

Leadership Development and Training

BSF takes a strategic approach to leadership development, aimed at equipping current and future leaders with the skills and capabilities needed to navigate the evolving banking landscape. In 2025, the Bank launched and expanded several high-impact leadership programs in collaboration with leading international institutions, each tailored to specific leadership levels within the organization.

Banker Executive Program

Developed in partnership with London Business School, this program addresses current leadership challenges while preparing executives for future roles. It delivers a comprehensive leadership experience for 33 of BSF's senior leaders, focusing on strategic thinking, innovation, and transformation leadership.

Banker Manager Program

The program is designed to build our future leaders and accelerate the effectiveness of our current leaders within a reasonable timeframe, delivering on specific objectives to address leadership gaps and aspirations at BSF, in partnership with INSEAD. The third cohort was completed in 2025.

Emerging Banker Program

The program is designed to accelerate the development of our current high-potential employees within a reasonable timeframe, delivering on specific objectives to address leadership gaps and aspirations at BSF, in partnership with Ashridge Hult Executive Education. In 2025, the program concluded the first cohort in June and launched the second cohort in November.

Leadership Coaching Program

In collaboration with Saudi Executive Coaching, BSF launched a personalized one-on-one coaching initiative for top talent. The program comprises 12 sessions per participant, focusing on enhancing self-awareness, leadership presence, and organizational impact.

Leadership Assessments

To support data-driven development and succession planning, BSF conducts Saville and Holdsworth Limited leadership assessments across three levels: emerging leaders, managers, and executives. Carried out throughout the year, these assessments provide valuable insights into individual leadership potential and inform targeted development plans.

Collectively, these initiatives reflect BSF's long-term commitment to building a resilient leadership pipeline and fostering a high-performance, future-ready culture.

External Training

BSF employees have access to a range of training opportunities including, but not limited to, 70 professional certifications offered in partnership with recognized local and international organizations.

- Retail Banking professional foundation certificate
- Credit Advisor
- Certified Compliance Officer
- Certified anti money laundering
- Chartered Financial Analyst
- Certified Fraud Examiner
- Financial Risk Manager
- Certified Internal Auditor
- Chartered Institute of Personnel and Development: Level 3
- Chartered Institute of Personnel and Development: Level 5
- The Open Group Architecture Framework
- Certified Information Security System Professional
- Various nano degrees

Supporting Student Development

BSF's COOP and SAIFI programs enable students to learn more about the financial industry and BSF, as well as receive job training.

- **COOP Program:** This three-to-six-month job training program for senior college students enables them to fulfill pending academic requirements while gaining valuable real-world experience. Highly talented participants may also have the option of a full-time position at BSF upon graduation.
- **SAIFI Summer Program:** This month-long in-job training program has two intakes, helping students receive training and better understand how BSF operates.

Retention of BSF employees

BSF prioritizes employee retention by fostering a supportive work environment, offering competitive benefits, and promoting career development. Specific programs, including annual training, are provided to develop Saudi employees to the highest level, in line with the Bank's desired skills, competencies, and business requirements.

Heads and managers are committed to mentoring and coaching Saudi employees within their groups and divisions, with the goal of maximizing each employee's potential.

Saudi employees' retention shall involve:

- Appropriate deployment of talent;
- Career growth and development;
- Career development plans for graduates;
- Rich and challenging work assignments;
- Access to management and leadership positions through succession planning; and
- Technical and soft skills training.

Engaging High Potential Employees

The Banker's Club engages high-potential employees who have completed BSF's Graduate Program in a career development initiative that provides opportunities to contribute directly to innovation, problem-solving, and leadership within the Bank.

In addition to career development, the Banker's Club actively involves its members in Corporate Social Responsibility (CSR) activities that create meaningful community impact and strengthen the Bank's social contribution. These activities also enhance participants' sense of purpose, broaden their leadership capabilities, and deepen their connection to BSF's mission.

Career Development

BSF is committed to empowering our employees with the knowledge and expertise they need to build successful careers. Our career development programs include a variety of job rotations, leadership development opportunities, succession planning, coaching, and mentoring designed to help individuals grow into effective coaches and mentors who can help support the continuous growth and development of others.

In addition to the programs mentioned under Leadership Development and Training (page 121), we also provide our employees with the following opportunities.

Program name	Objective	Percentage of full-time work force participating
Banker Associate	The **Banker Associate Program 2025** includes several customer satisfaction-focused modules designed to build a deep understanding of customer behaviour, preferences, and expectations. Key components of this program include: • **Customer Profiling, Segmentation Analysis, and Modelling:** This training equips participants with tools to analyze and categorize customers based on distinct characteristics, enabling the delivery of targeted, relevant, and effective engagement strategies. The objective is to maximize customer value by aligning products and services with the specific needs of each segment. • **Mini-Project: Personalized Touchpoints Along the Customer Journey:** Associates participate in practical mini-projects that focus on mapping the end-to-end customer journey. This includes identifying areas for improved interaction and tailoring communication and services to elevate customer experience and increase satisfaction. • **The Digital Customer Experience – New Expectations and Behaviors:** This module addresses evolving digital behaviors and rising customer expectations in a technology-driven environment. It focuses on: – Creating a unified customer experience across digital platforms – Enhancing brand awareness – Applying User-Centered Design (UCD) principles – Promoting self-service options to improve efficiency and customer convenience These training efforts directly support BSF's sustainability strategy by ensuring that customer service excellence is aligned with responsible banking principles. By investing in its people, BSF enhances the overall customer experience, reinforces long-term relationships, and maintains a strong, trust-based reputation in the marketplace.	1% by end of 2025

Program name	Objective	Percentage of full-time work force participating
Banker Technologist	This program offers on-the-job training for new banker technologists, including a three-month specialization and mentorship phase in specific roles in IT and Cybersecurity.	1% by end of 2025
Banker Leadership/ Executive program	This London Business School program is designed for BSF's high-potential and current leaders, equipping them to lead with authenticity and self-awareness, drive innovation amidst disruption, think strategically, and unlock BSF's full potential. The 2025 batch represents the fourth cohort of the program.	1% by end of 2025
Banker Manager Program	The program is designed to develop future leaders and accelerate the effectiveness of current leaders within a targeted timeframe, addressing leadership gaps and aspirations at BSF in partnership with INSEAD. The third cohort was completed in 2025.	1% by end of 2025
Emerging Banker Program	The program is designed to accelerate the development of BSF's high-potential employees within a targeted timeframe, addressing leadership gaps and aspirations in partnership with Ashridge Hult Executive Education. In 2025, the first cohort concluded in June, and the second cohort was launched in November.	1% by end of 2025
Leadership Coaching Program	In collaboration with Saudi Executive Coaching, BSF launched a personalized one-on-one coaching initiative targeting top talent. The program comprises 12 sessions per participant, focusing on enhancing self-awareness, leadership presence, and organizational impact.	1% by end of 2025
English Language proficiency development program	The English Language Proficiency Development Program is designed to establish a standardized benchmark for employees' English language skills. Proficiency is categorized into three levels—Basic, Intermediate, and Advanced—based on predefined requirements. The program aims to improve overall English language proficiency across the workforce. By setting clear benchmarks and aligning training efforts, it enhances individual capabilities and fosters a more effective and communicative workplace.	Organization-wide coverage 6.35%

Program name	Objective	Percentage of full-time work force participating
ACE's Program	In our commitment to sustainability and social responsibility, we have successfully laid the groundwork for a bank-wide upskilling initiative in customer centricity and service excellence. Our efforts are focused on the following key areas: • **Customer-Centric Culture:** We are embedding a customer-centric mindset across all levels of BSF, ensuring that every employee prioritizes the needs and experiences of our customers. • **Employee Empowerment:** By equipping our workforce with the necessary skills and knowledge, we enable them to consistently deliver exceptional service experiences that exceed customer expectations. • **Long-Term Relationships:** We are committed to fostering stronger, long-term relationships with our valued customers, enhancing both loyalty and trust. • **Market Differentiation:** We view customer service as a strategic differentiator in a competitive landscape and have positioned it at the core of our strategic initiatives. • **Brand Reputation:** Our efforts support the development of a strong brand reputation, building trust within the community and enhancing our corporate image. • **Workforce Engagement:** By cultivating an engaged, satisfied, and motivated workforce, we are improving overall team morale, which in turn elevates our service delivery. These initiatives not only support our business objectives but also align with our commitment to responsible banking practices, ensuring a positive contribution to both society and the environment.	73.2 % by end of 2025 from the targeted list

Succession Planning and Future Workforce Readiness

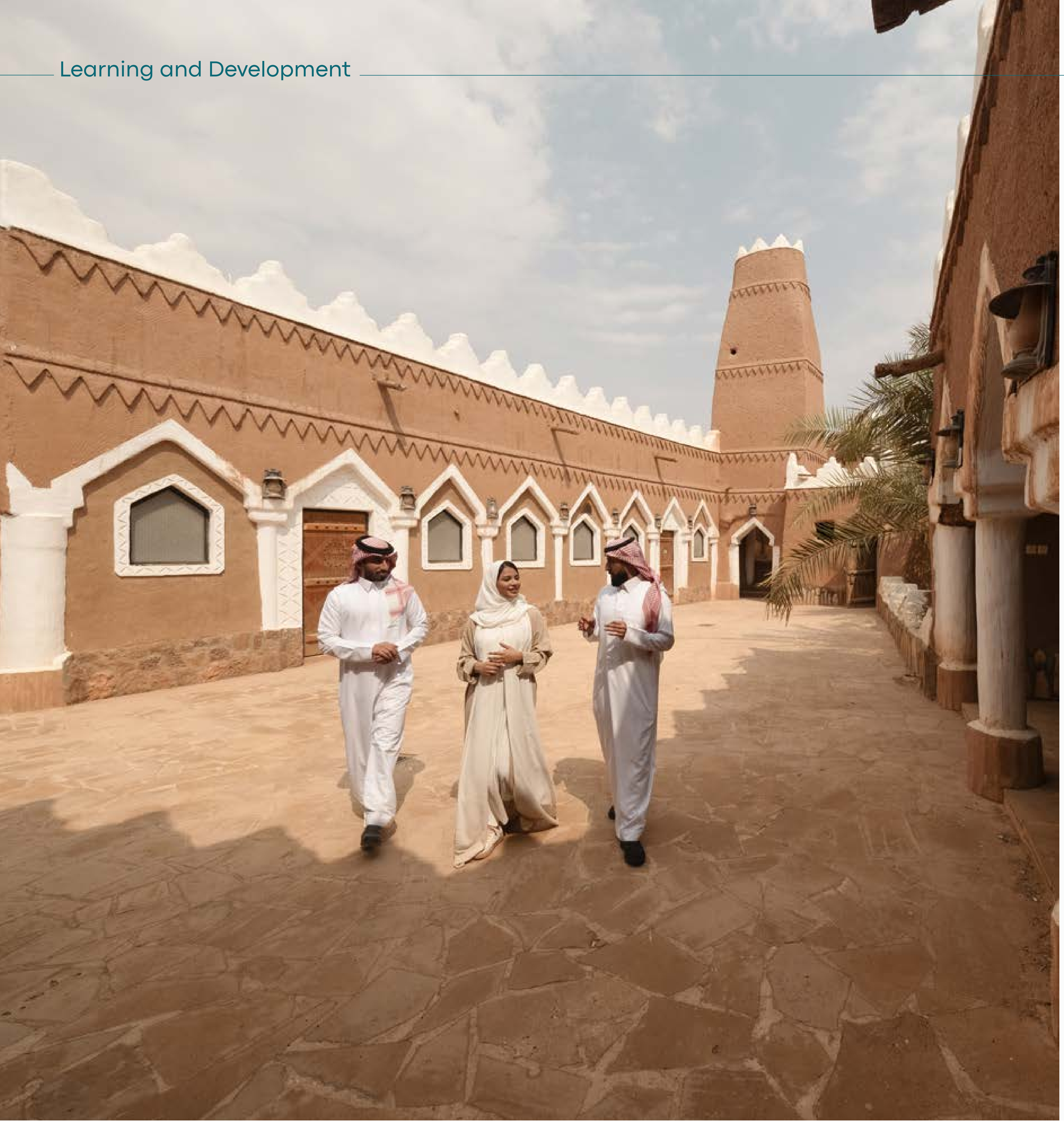
Through initiatives such as revising the total rewards strategy, targeted leadership development programs, and strategic partnerships for digital learning, BSF is empowering employees to succeed in a rapidly evolving banking environment. These efforts reinforce the Bank's commitment to becoming an employer of choice by enhancing employee engagement, strengthening diversity, equity, and inclusion, and cultivating robust internal talent pipelines.

BSF remains steadfast in upholding fairness, equity, and transparency across all compensation practices. The Bank conducts regular reviews to ensure that employees are rewarded equitably for their roles, performance, and contributions, regardless of gender.

Succession plans are maintained for all members of the Bank's executive management team through an annual Talent Review process, in which employees are assessed against success profiles aligned with their roles, responsibilities, experience, and leadership. The process begins with the identification of key roles. Succession plans are developed from the Bank's existing talent pool, supplemented by targeted talent acquisition if necessary. Talent assessments evaluate potential successors' performance, potential, and readiness using tools such as leadership assessments and manager reviews. Individual development plans are created and implemented for each identified successor, with quarterly check-ins to monitor progress and adjust plans as needed.

The table below outlines the key succession planning metrics monitored through the Bank's annual Talent Reviews, reflecting our commitment to leadership continuity and the development of high-potential talent.

Metric	Description	Achievements
Critical Roles Identified	Key roles classified as critical in terms of leadership and business continuity.	80
Critical Roles Coverage Through Succession Planning	Percentage of roles covered with succession planning	90%
Development Programs Delivered for Successors	Programs and coaching conducted to enhance the readiness of identified successors.	140 successors are enrolled in 6 leadership programs
Successors Gender Rate vs. Incumbent Gender Rate	Compares the gender distribution of identified successors to the gender distribution of current role incumbents, highlighting the Bank's commitment to balanced and equitable leadership pipeline.	18% female successors vs. 13% female critical roles incumbents



Performance Reviews

96% of all BSF employees received a performance evaluation in 2025.

All BSF employees participate in regular performance evaluations conducted on a bi-annual cycle (January–June; July–December) through the BSF Performance Management System. Feedback from these evaluations informs goal setting, professional development, and career progression. First-cycle evaluations clarify performance targets, while second-cycle evaluations assess progress toward these objectives.

BSF incorporates compliance with the Code of Conduct, HR policies, and other regulations into its performance management process. While evaluations focus on goal achievement, any breaches of conduct are addressed in accordance with Work Regulations and may influence performance ratings. This ensures that ethical behavior and adherence to policies remain key aspects of employee accountability.

Performance review	Unit	2025	2024	2023	2022	2021
Percentage of employees who received a performance and career development review	%	96	97	96	96	97
Senior management employees	%	98	95	95	95	95
Middle management employees	%	96	93	96	96	97
Non-management employees	%	96	97	96	95	97
Male employees	%	96	96	97	97	98
Female employees	%	97	96	95	93	95

Empowering Our People Through Integrity, Care, and Accountability

At BSF, people are protected, empowered, and heard – because a thriving culture depends on more than policy. It requires principle, presence, and proactive care.

Wellbeing at Work

At BSF, wellbeing is not a policy. It is a shared responsibility grounded in trust, care, and accountability.

In 2025, BSF continued to advance its holistic employee wellbeing framework. The Bank recognizes that thriving employees build robust organizations, and wellbeing is foundational to that connection. BSF's approach to wellbeing encompasses emotional wellbeing, mental health, and physical wellness. Key activities include internal campaigns such as Health Lounge Day, Cancer Awareness Week, Mental Health Day, the "Upright Journey" Ergonomics Program, Live Right Ultimate Challenge, Breast Cancer Awareness and session, and the Seasonal Influenza Vaccination Campaign.

These programs are designed to foster a positive work environment, improve employee well-being, and raise awareness of critical health topics among employees. It was promoted via internal platforms, in-person programs, roadshows, and email communications to ensure reach across all levels. Moreover, flexible work arrangements, including adjusted hours were encouraged to promote work-life balance.

Supporting Employees at Work and at Home

Led by the Bank's Human Resources (HR) department, BSF's Total Reward framework guides our holistic approach to supporting our employees at work, and at home.

Work-Life Balance

- Competitive compensation
- Birthday leave
- Marriage allowance
- Testahil Wellbeing program for emotional wellbeing

Health and Safety

Safety at BSF is not reactive. It is planned, preventive, and people-first.

BSF considers occupational health and safety (OHS) a fundamental aspect of its operations and facilities management. The Bank is committed to providing a safe and healthy working environment for all employees, contractors, service providers, and visitors across its premises.

The Bank operates under an internal Health, Safety, Security, and Property Management Policy that applies to the Bank's entire operations, including the head office, branches, operational facilities, contractors, and third parties. The policy is implemented by the Safety and Security Department, and all BSF employees—insourced or outsourced—as well as visitors and service provider personnel, are required to comply with the principles of health, wellbeing, and safety at work.

The policy complies with applicable SAMA and CMA regulations and is aligned with the Saudi Labor Law, Vision 2030, and relevant international occupational health and safety standards and recognized industry best practices. Health and safety is integrated into day-to-day operations, with clear accountability, oversight, training, and infrastructure safeguards in place.

2025 Health and Safety Initiatives

- Health and safety awareness campaigns
- Emergency and evacuation Plan training
- First-aid and firefighting training
- Safety and security risk assessment

BSF supports employee mental health and well-being through stress management programs offered in collaboration with the Bank's health insurance provider. These programs include workshops on stress reduction, mindfulness training, and access to confidential counseling services, all designed to promote psychological resilience and workplace wellness.

Additionally, BSF implements a flexible working policy, allowing employees to choose work arrangements that best suit their needs, including location flexibility. Together, these initiatives enhance work-life balance, improve employee satisfaction, and boost overall productivity.

OHS Risk and Hazard Assessment

BSF conducts structured occupational health and safety risk and hazard assessments across facilities operations, maintenance activities, projects, and workplace environments. Identified risks are evaluated based on their severity and likelihood to determine appropriate control measures.

Prioritization, Action Plans, and Targets

Identified risks are addressed through prioritized action plans integrated into facilities and operational processes. Where applicable, these actions include measurable targets, defined timelines, and clearly assigned responsibilities.

Performance Monitoring and Evaluation

Progress in mitigating occupational health issues and safety risks is monitored against defined targets through internal reporting, inspection results, and management reviews.

Internal Inspections

Regular internal occupational health and safety inspections are conducted across BSF premises to verify compliance, assess control effectiveness, and identify improvement opportunities.

Incident Investigation

Formal procedures are in place to investigate work-related injuries, occupational ill health, diseases, near misses, and incidents. Root causes are identified, and corrective and preventive actions are tracked to closure.

This section is derived from BSF's internal Health, Safety, Security, and Property Management Policy, which has been formally reviewed and approved by the Board of Directors.

Human Rights

Respect for human dignity is embedded in every BSF policy, process, and interaction.

BSF's dedication to promoting and protecting human rights is integral to our identity and core values as one of Saudi Arabia's leading financial institutions. We are committed to upholding the fundamental principles of human rights as a cornerstone of our values and operations. This commitment guides our interactions with employees, clients, and communities in alignment with Saudi Arabia's human rights laws and regulations.

As a party to key international human rights treaties, BSF upholds Saudi Arabia's commitments to protecting the rights of children, prohibiting torture and enforced disappearance, combating racial and gender-based discrimination, and supporting persons with disabilities. In line with these commitments, we comply with labor laws by not employing individuals under the age of 18, and we strictly prohibit the use of forced labor in any form.

The Bank fosters a culture of accountability and respect through clearly defined misconduct policies and confidential reporting mechanisms, including the Speak Up platform. These frameworks enable employees to safely raise concerns without fear of retaliation, reinforcing BSF's commitment to international labor standards and a fair, inclusive work environment.

To minimize the risk of human rights violations, BSF enforces a Code of Conduct that emphasizes ethical behavior and human rights protection, supported by ongoing training and awareness initiatives. The Bank's Human Resources Policies and Procedures further protect employees from exploitation, harassment, and discrimination.

In support of a transparent, inclusive, and high-performing workplace, BSF—through its Human Resources Group (HRG)—implements a comprehensive Human Resources Policy Framework. This framework guides the structure, internal procedures, and regulatory compliance of HR practices across the organization.

All HR policies are aligned with Saudi Labor Law, the regulations of the SAMA, and other relevant authorities in the Kingdom. They are also informed by leading local, regional, and international human resources standards to ensure consistency with global best practices.

Ethics Begin with a Voice: Upholding Workplace Integrity and Safety

The HR Policy applies to all BSF employees within Saudi Arabia and is regularly reviewed to remain responsive to evolving business and regulatory needs. Employees are expected to be familiar with the policy and understand their roles and responsibilities accordingly.

The framework addresses key areas such as organization design and job description management, recruitment and talent mobility, learning and succession planning, performance management and total rewards, employee services, and employee relations. It is designed to ensure all employees are supported in their professional development, well-informed about matters affecting their employment, and empowered to contribute meaningfully to the Bank's strategic objectives.

BSF ensures that any significant changes to employment terms, including contracts and benefits, are formally communicated through the Qiwa Portal. The HRG updates the relevant documentation on this platform, requiring employees to review and approve these changes. This process guarantees transparency, compliance, and employee consent in accordance with Saudi labor regulations.

BSF is committed to maintaining a respectful, inclusive, and safe work environment for all employees. The Bank's Human Resources Policy sets clear expectations and strictly prohibits misconduct, including harassment, abuse, or any form of discrimination based on personal characteristics such as gender, age, religion, nationality, or disability. These standards apply to all interactions involving employees, customers, suppliers, and visitors.

To support these principles, BSF launched the Red Line Program in 2021, providing employees with a confidential channel to report misconduct through the Speak Up platform. The Speak Up platform is secure and anonymous, empowering employees to raise concerns without fear.

All reports are thoroughly investigated, and appropriate action is taken according to the severity of the incident. The resolution process involves relevant stakeholders to ensure fairness and accountability.

BSF also provides formal grievance mechanisms for employees to raise concerns, either directly with the Human Resources Group or via the Speak Up and whistleblowing portals. These channels guarantee confidentiality and protection against retaliation, fostering a safe environment for reporting issues. Upon receiving grievances, a comprehensive review and investigation process is conducted, involving all relevant parties to ensure a fair and transparent resolution.

Through these measures, BSF continues to promote a culture of integrity, professionalism, and accountability across the organization.

Grievances	Unit	2025	2024	2023	2022	2021
Number of administrative grievances filed in the reporting period	Number	6	2	2	1	0
Number of administrative grievances addressed or resolved	Number	4*	2	2	1	0
Number of performance grievances filed in the reporting period	Number	25	15	32	44	35
Number of performance grievances addressed or resolved	Number	25	15	32	44	33

* The cases that have not been addressed or resolved are still under internal investigations.

Instances of discrimination	Unit	2025	2024	2023	2022	2021
Incidents of discrimination reported	Number	0	0	0	0	0

Managing Human Capital Risk

Human capital risks primarily relate to the Bank's ability to attract, retain, and develop talent in a competitive and evolving market. These risks are monitored through key workforce metrics, including workforce composition, new hires and turnover, Saudization levels, wages and benefits equity, training and development coverage, employee grievances, satisfaction and engagement levels, and performance review completion.

BSF employs database management tools for people analytics. This software enables the Bank to perform predictive analyses of workforce data, providing valuable insights into employee turnover trends, performance metrics, and workforce planning.

Continuous monitoring of these indicators and leveraging these data-driven insights enhances BSF's human resource management practices, supports informed decision-making to improve organizational effectiveness and enables the Bank to identify emerging risks early and support workforce stability, capability development, and long-term sustainability.

Moreover, mitigation mechanisms include: succession planning metrics for critical roles, supported by readiness assessments and targeted development plans.

Looking forward

BSF believes that care, compliance, and culture are inseparable. The Bank's values are reflected in how people are protected, informed, developed, and heard. In 2026, plans are in place for further digital enhancements to better monitor grievance resolution timelines, recurring patterns, and manager response effectiveness.

As the Bank embarks on its renewed five-year journey under the revised 2030 strategy, a robust People and Culture strategy has been established to enable its success. As part of this strategy, employee experience and engagement, along with leadership and culture reviews, are planned as core initiatives.

This will enable the Bank to attract, engage, develop, and retain talent, while also reviewing and instilling a culture and associated behaviors aligned with the Bank's five-year priorities. The culture and behaviors will be cascaded from the leadership level downward and reinforced throughout the organization.

PILLAR 3:

Serving Our Clients

For BSF, serving customers is a long-term commitment grounded in trust, consistency, and responsible engagement.

Customer relationships are shaped not only by the products BSF offers, but by how experiences are designed, concerns addressed, feedback integrated into continuous improvements, and how transparently the Bank communicates. In 2025, BSF concluded its five-year strategy with Customer Experience firmly embedded as a core pillar of value creation, supported by strong governance, disciplined execution, and continuous feedback.

Over the period 2021–2025, BSF transformed how it engages with customers across the Retail, Corporate, and Wholesale Banking segments. The Bank strengthened its service quality, expanded digital access, formalized complaint management, and reinforced ethical marketing practices. Together, these efforts demonstrate how customer outcomes are directly linked to long-term value-creation, making this a critical focus area.

Serving Our Clients Summary – 2025

Material Topics	Vision 2030 Alignment	UN SGD alignment	Key highlights
Responsible Customer Relationships Satisfaction Digitalization Financial Inclusion and Accessibility	• A vibrant society • A thriving economy	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES	Certification maintained: ISO 10002 SME and youth customer growth driven by policy-backed innovation. Complaint resolution aligned with international standards. Full omni-channel access deployed. Customer feedback operationalized into product development. Development and publication of the Responsible Marketing Position Statement. Achieved our KPIs targets for Customer Satisfaction, Quality of Response, SLA Performance and Conduct.

Engaging with Customers

Customers define BSF's priorities. Their expectations guide strategy, and their trust determines long-term success. For BSF, engaging with customers means listening carefully, responding effectively, and designing experiences that are reliable, secure, and consistently aligned to customer needs.

Customer Experience as a Strategic Pillar

Engaging with customers goes beyond service delivery, reflecting how the Bank understands customer needs, responds to change, and earns trust over time. This section explains how BSF structures customer engagement to support retention, satisfaction, and suitable growth.

Customer Experience (CX) was elevated to a strategic pillar in BSF's five-year strategy which ended in 2025. CX directly influences loyalty, reputation, and long-term financial performance. Embedding CX into strategy ensures that customer considerations are integrated into decision-making as a central consideration by redesigning end-to-end journeys, strengthening service governance, and embedding customer-oriented practices and mindsets across all departments.

The CX function is responsible for designing, monitoring, and continuously improving customer journeys. This includes identifying pain points, enhancing service touchpoints, and ensuring consistent customer-centric practices. Acting as the voice of customers, the CX team collaborates with business units to align service delivery with strategic objectives.

What channels CX are covering (Including and not limited to):

- Personal Banking Group: Classic, Advanced, Priority, Private and Business Banking
- Wholesale Banking Group
- BSF Subsidiaries: JB and BSF Capital
- Internal customers (BSF Employees)

Customer Experience Direct Feedback Methodology

Net Promoter Score (NPS)

The Net Promoter Score (NPS) is a critical metric used to measure customer loyalty and overall satisfaction with the customer experience provided by BSF. It serves as a leading indicator of future growth, retention rates and customer lifetime value. By directly linking customer sentiments to business outcomes, NPS offers invaluable insights into the success of CX initiatives.

Customer Satisfaction Score (CSAT)

Measures of customer satisfaction with a specific product, service, or overall experience within BSF. Unlike NPS, which focuses on loyalty, CSAT offers a more immediate, transaction-level assessment of customer satisfaction.

Customer Effort Score (CES)

Measures how easy it is for our customers to use or interact with our product. It reflects how much effort customers must exert to resolve issues or complete transactions.

Internal Net Promoter Score (iNPS)

Internal NPS "process Advocacy" is a yearly survey sent to our employees to measure our process advocacy by providing feedback to each department.

Market Research

Market research is an in-depth study using various methodologies to gather customer insights and understand market trends.

Mystery Shopping

It is a research method conducted by trained individuals known as "mystery shoppers" who pose as regular customers and assess various aspects of service or product offered by BSF. Mystery shoppers interact with employees, use a product or services (digital or physical) and then report on their experience.

Our overarching goal is to drive year-on-year improvement across all indicators. Our customers satisfaction KPIs include:

- Achieving and maintaining high CSAT and NPS benchmarks each year
- Reducing customer effort (CES) by streamlining processes and improving service interfaces
- Ensuring timely resolution of customer complaints with a goal of resolving the majority of them within a defined service-level agreement (SLA)

Customer Experience KPI	2025	2024	2023
NPS	82.9	69.4	73.3
CSAT	4.87 (out of 5)	–	–
CES	4.74 (out of 5)	–	–

BSF Customer Experience (Net Promoter Score)	Unit	2025	2024	2023	2022	2021
Personal – branch	Percentage	86.8	83.6	84.9	80.8	77.3
Personal – priority customers	Percentage	69.1	35.7	45.1	34.2	36.5
Personal – direct sales	Percentage	87.9	83.5	84.3	79.8	69.6
Corporate/Institutional	Percentage	78.2	79.0	61.1	53.8	64.3

Culture & Mindset

CX Day

CX Day celebrates the importance of the customer experience role through engaging activities that enrich BSF's mission, while recognizing high performers and the best projects of the year.

CX Champions Recognition

The Kafu Program is designed to recognize and encourage our employees for delivering outstanding customer experiences, based on direct feedback from our customers.

ACE's Program

The Accountability, Customer Orientation, and Excellence Program is a training program designed to empower BSF employees at all levels—from frontliners to leaders—by strengthening customer-centric behaviors. In 2025, nearly 1,028 employees participated in the program, reinforcing a shared commitment to delivering exceptional customer experiences.

Growing the Customer Base

A growing and engaged customer base reflects the Bank's ability to deliver relevant, accessible, and trusted financial services. It validates the success of BSF's customer experience strategy and long-term transformation agenda. In 2025, growth trends across Retail, SME, and Wholesale Banking demonstrated the impact of BSF's investments in digitalization, personalization, and service design.

Retail Banking: This remains the Bank's most dynamic segment in terms of number of customers. Growth was supported by simplified account journeys, enhanced mobile app features, and the growing popularity of loyalty-linked products such as the JANA Rewards.

SME Banking: A top three growth area for BSF in 2025, SME Banking benefits from integrated onboarding, credit tools, and Global Transaction Services (GTS) support.

Wholesale and Institutional Banking: This segment continued to support BSF's strategic relationships with corporates, institutions, and government-linked entities. Growth was enhanced by treasury and trade services, supported by digitalized onboarding and targeted solutions, and an increased uptake of GTS among large corporate clients.

Earning Loyalty Early

Youth customers represent long-term relationship value. BSF is building early loyalty through relevant digital experiences and lifestyle-linked engagement such as the JANA Rewards. In 2025, the Bank strengthened its connection with young customers by aligning its services with digital behaviors and expectation for simplicity. Youth customers form one of the fastest-growing groups in terms of engagement and product penetration. Product uptake in student and first-jobber segments also rose, supported by flexible credit solutions and targeted communication.

Youth customers were among the most engaged users of BSF's digital and mobile banking platforms in 2025, responding positively to simplified onboarding, gamified features, and lifestyle-integrated rewards.

JANA Rewards

The JANA Rewards program is BSF's customer loyalty platform that incentivizes engagement across banking products and services. It offers customers the ability to earn and redeem points through digital activity, card usage, and lifestyle-linked interactions, including shopping, dining, transport, and e-learning platforms.

JANA Rewards played a key role in youth customer engagement, offering:

- Gamified engagement linked to digital activity.
- Rewards tied to card usage.
- Redemption across lifestyle and digital services.

Charitable Donations via JANA Loyalty Program

	Unit	2025	2024	2023	2022	2021
Number of loyalty points donated to charity	Number	36,239,000	58,239,000	81,665,000	66,915,000	87,481,000
Total value of loyalty points donated to charity	⃁	362,390	582,390	816,650	669,150	874,810

In 2025 we observed a decrease in charitable donations made via personal banking customers as donors shifted their focus to the Ehsan Platform, in addition to the expansion of JANA redemptions options.

The Customer Care Group (CCG)

BSF's Customer Care Group (CCG) ensures the Bank anticipates, meets, and exceeds customer needs and expectations by upholding high standards of service, communication, and consumer protection. The CCG is an independent function reporting directly to the Bank's CEO, and includes a quality assurance division overseeing complaint handling, as well as an awareness and credit advisory division responsible for customer education and credit consultations.

The Group operates under a Customer Care Policy and manual, which formalize BSF's commitment with clear guidance for managing customer relationships, including the fair and honest treatment of customers and the oversight, process, and timely handling of complaints. The CCG's roles, responsibilities, and activities are regularly reviewed by internal and independent parties, including the SAMA, Internal Audit, Compliance, and Risk Management.

Managing Complaints and Customer Resolution

The CCG serves as the central oversight body for complaint governance. To further foster customer care and ensure adherence to Consumer Protection Principles within the Bank, the CCG also serves as an independent reviewer as part of BSF's pre-implementation process for Standard Operating Procedures (SOP)s, and new products and services.

In 2025 the CCG successfully renewed BSF's ISO 10002 certification for Quality Management Guidelines for Complaints Handling in Organizations; and ISO 10004 – Quality Management Customer Satisfaction Guidelines for Monitoring and Measuring. ISO 10002 certification covers all BSF's operations. Moreover, it covers the full complaints handling process, from receipt, logging, classification, investigation, response, resolution, to closure. It applies to;

- All customer-facing channels (branches, call center, digital platforms)
- The Complaint Relationship Management (CRM)
- Documentation, response timelines, escalation process, and reporting
- ISO 10004:2018 focuses on the mechanisms for measuring and analyzing customer satisfaction

Both standards are mandated by SAMA and require the successful completion of an external audit and surveillance process.

Monitoring the Quality of Customer Care

The CCG regularly reports to the Bank's senior management and to SAMA using the following KPIs:

- Total number of complaints received
- Top five root causes of complaints
- Status of complaints
- Status of corrective actions plans

To support oversight of client complaints, the Customer Care Group provides the Board with quarterly reports covering customer care KPIs, service-level performance across business lines and support/control functions, common complaints received, and key consumer protection challenges along with measures taken to address them.

Keeping Customers Engaged

Transparent communication and two-way engagement are the heart of our customer relationships. Working from the principle that an informed customer is an empowered customer, we take a multi-layered approach to keeping customers educated, updated, and engaged with BSF – and with their own financial management. In addition to ensuring customers understand how to share feedback, ask questions, seek information, or share a complaint or compliment, we strive to deliver clear, consistent communication about all changes and updates that may affect customers at the Bank or across our industry.

The Customer Care Group also runs a year-round program of financial education and awareness across BSF's main customer touchpoints, including the website, ATMs, social media, and social apps focused on topics such as consumer protection principles, financial products, services, and associated risks, saving, fraud, and financial planning.

In accordance with BSF's Consumer Protection Policy we are committed to providing transparency in the market regarding the annual percentage rate/equivalent annual rate for various products offered by finance companies to customers. This enables individuals and micro and small enterprises to compare rates between the financing and savings products offered to them by financing companies.

How We Handle Client Concerns

BSF's Customer Care Policy outlines our commitment to swiftly responding to client concerns. All complaints are handled via the CCG's Quality Assurance function using the Bank's Complaints Relationship Management (CRM), which establishes reporting controls and mechanisms consistently, methodically responding to complaints and offers a holistic view of our complaint management performance with data-driven insights on notifications, turnaround times, resolution validation, follow-ups, escalation, and reporting.

Quality Assurance also conducts root cause analysis investigations on significant complaints and regularly reviews the way client complaints are addressed. Similar reviews are routinely conducted by SAMA, as well as the Bank's Compliance, Internal Audit, and Risk Management divisions.

Client Complaint Management	Unit	2025	2024	2023	2022	2021
Total number of complaints received	Number	57,259	66,490	34,458	30,229	27,650
Personal Banking	Number	57,139	66,344	34,345	30,065	27,516
Wholesale Banking	Number	120	146	113	164	134
Total number of complaints resolved	Number	56,549	65,035	33652	29,306	26,666
Personal Banking	Number	56,429	64,889	33540	29,147	26,531
Wholesale Banking	Number	120	146	112	159	133
Average response rate for client complaints – Personal	Number of working days	3.12	2.95	2.07	2.41	2.29
Average response rate for client complaints – Wholesale	Number of working days	5.63	2.94	4.00	5.98	3.17

Target	≥85%	≥97%	≥95%	≤5%
KPI	Customer Satisfaction 1	Quality of response 2	SLA Performance 3	Conduct 4
Q1	86.44%	100.00%	97.17%	0.03%
Q2	86.77%	100.00%	99.33%	0.03%
Q3	90.50%	99.98%	95.72%	0.00%
Q4	96.10%	99.78%	95.02%	0.05%

1 – Based on percent of complaint resolutions accepted by customers.
2 – Based on percent of escalations due to the number of bouncing times (reopening of same complaint by CCG).
3 – Based on percent of service-level agreement (SLA) adherence during complaints life cycle.
4 – Based on percent of resolutions rejected by CCG and the complaint closed in the customer's favor.

Service Governance and Policy

Key Customer Care Policies

- Customer Care Policy
- Customer Satisfaction Policy
- Consumer Protection and Complaints Policy

Customer Care Policy

BSF's Customer Care Policy defines principles for consumer protection engagement standards across the entire customer journey: from marketing to onboarding through dispute resolution. It reflects the national guidance including the Consumer Protection Principles issued by the Saudi Central Bank, covering:

- Transparent product communication
- Nondiscriminatory access
- Timely and fair treatment
- Information security and after-sale support

All service employees are trained in these principles, and policy adherence is assessed through regular internal audits.

Marketing and Communications: Transparency in Action

The Bank is committed to empowering customers to make informed financial decisions through transparent, fair, and accurate marketing and communication practices related to its products and services. Marketing materials are designed using clear and accessible language to help customers understand product features, benefits, terms, conditions, and associated implications.

The Bank maintains internal policies, procedures, and controls to ensure full compliance with applicable regulatory requirements. These include guidelines governing advertising content, formal review processes, and mechanisms to address customer-related matters. All marketing activities are conducted in compliance with applicable regulatory requirements, including the guidelines and consumer protection principles issued by SAMA. All campaign criteria, including pricing, terms, and conditions, are reviewed by the Bank's Legal and Compliance functions prior to launch to ensure transparency and regulatory alignment. Campaign rollouts are communicated in advance across relevant channels, including branches, contact centers, and sales teams, with training provided where necessary.

Customer Engagement Monitoring

The Bank actively monitors customer engagement related to marketing campaigns and retail communications to assess effectiveness and improve clarity. Insights derived from customer interactions and feedback are used to enhance communication approaches and ensure that marketing practices remain clear, responsible, and customer-centric.

Responsible Marketing

Our Bank is committed to conducting all marketing activities in a responsible, transparent, and ethical manner. Marketing communications are designed to be fair, accurate and aligned with the best interests of customers and the communities served.

The Bank's marketing and communication activities are governed by a Board-approved Responsible Marketing Position Statement, which defines the principles and standards for ethical, transparent, and compliant marketing practices across all channels. This framework is subject to periodic review to ensure its continued relevance and alignment with regulatory requirements and best practices.

The 2024 brand refresh under the "Make Your Mark" identity showed continued impact in 2025:

- Improved campaign recall among youth segments.
- Stronger uptake of relaunched credit products.
- Higher satisfaction scores in branches, post branding rollout

The rebrand was not only visual, but it also supported BSF's deeper shift to an insight-driven, customer-first model.

Looking forward

The Bank's 2030 Strategy builds directly on the foundation concluded through the five-year strategy ending in 2025. With customer experience embedded in every pillar, BSF will prioritize:

- Better, superior products and delivery
- Stronger trust and dependability
- Faster, more reliable services
- Improve customer experience through modern technology

Customer value creation will continue to guide investment decisions, product development, and talent management, ensuring that service delivery remains a central contributor to sustainable growth.

Advancing Financial Inclusion and Literacy

BSF is creating a more inclusive financial future. One where every person has the tools, access, and knowledge to participate fully in the economy. Financial inclusion is not a side effort, it is a central pillar of progress.

Advancing financial inclusion and literacy is a core pillar of BSF's social impact strategy and an essential enabler of Saudi Arabia's Vision 2030. The Bank is committed to ensuring that more people – across regions, income levels, and abilities – have access to the tools, knowledge, and support needed to take part in the formal economy and build a stronger financial future.

In 2024 and 2025, BSF deepened its investment in inclusive banking through practical, targeted initiatives. These include expanding affordable housing finance for low- and middle-income families, delivering in-person financial education workshops, and launching programs that equip underserved youth with future-ready digital skills. The Bank also introduced accessible banking experiences – both digitally and at branches – to better serve individuals with disabilities, those in remote areas, and customers with limited financial literacy.

By combining human connection, digital innovation, and strategic partnerships, BSF is reducing financial barriers and creating lasting value. The goal is not only to increase access, but also to empower individuals with the confidence and capability to make informed financial decisions, today and into the future.

Advancing long-term financial empowerment across a wide spectrum of customers is central to BSF's CSR strategy and the social and economic development ambitions of Saudi's Vision 2030. We are working to ensure everyone can be part of the formal banking system by reducing the financial gap through financial literacy, youth empowerment, local partnerships, and digital innovation aimed at engaging underserved communities with limited or no access to essential financial services, including individuals in remote areas, with low income, and/or with limited financial literacy.

Improving Financial Education and Awareness

As part of BSF's ongoing commitment to advancing financial inclusion and financial literacy, the Bank implemented a financial awareness initiative. The initiative focused on delivering in-person workshops covering financial awareness, basic financial management, and the fundamentals of money and business.

The workshops were delivered in partnership with multiple organizations across various regions, ensuring broader community reach and accessibility. Through this initiative, more than 400 beneficiaries were reached, contributing to enhanced financial understanding and responsible money management among participants.

In preparation for 2026, BSF has also developed new programs, offering a fully funded scholarship program focused on technology skills and artificial intelligence. The program is designed to benefit 300 participants and aims to equip beneficiaries with future-ready digital capabilities that support economic participation and employability. The program is scheduled to be launched in early 2026.

Facilitating Home Ownership Opportunities

Personal Banking Products and Services	Targeted Audience	Number of Beneficiaries
Home Loan	Low-income individuals	88
Home Loan	Young people	102
Home Loan	Elderly people	89

Supporting access to homeownership for individuals and families in the Kingdom continues to remain a central priority for BSF, as well as being an integral element of Saudi Vision 2030. Throughout 2025, the Bank expanded affordable housing initiatives for low- and middle-income families, working with the Real Estate Development Fund (REDF) and the Ministry of Municipalities and Housing to enhance access to subsidized and innovative housing finance solutions that promote sustainable communities. BSF continued its efforts to increase access to affordable housing by rolling out initiatives aimed at supporting low- and middle-income families and fostering sustainable community development. In collaboration with the REDF and the Ministry of Municipalities and Housing, BSF increased access to subsidized financing solutions and introduced innovative housing finance options. These efforts enable low-income Saudi families to access sustainable homeownership. Key initiatives include:

- Increased government-backed assistance for down payment and financing, easing the financial burden for first-time homeowners.
- Flexible financing structures with extended tenures and lower monthly installments, enabled by BSF's digital platforms for quicker approvals and enhanced customer journeys.
- Considering DAMANAT integration (Saudi Mortgage Guarantees Services Company) to support secure, state-backed home financing for families with lower income or limited credit profiles.
- Tailored housing programs, in line with national initiatives, in collaboration with leading developers, to improve access to appropriate high-quality housing.

In 2025, BSF remains committed to broadening pathways to homeownership and supporting a more inclusive, resilient, and sustainable housing ecosystem nationwide.

Expanding Physical Access to Banking

BSF's approach to financial inclusion through physical branches, digital platforms, and service-focused initiatives, supports extensive access to banking products. To ensure that all customers have adequate and inclusive access, the Bank implemented the following programs:

- Providing accessible branch facilities including dedicated parking, ramps, and emergency and evacuation facilities for clients with disabilities.
- All ATMs are equipped with features to provide secure, independent banking to serve clients with special needs.
- Providing audio-enabled features of product details, and terms and conditions on the BSF website to enhance accessibility for visually impaired users.
- Facilitating account opening and financial transactions through digital channels to reduce the dependence on physical branches while meeting regulatory standards.
- Maintaining branches in underserved regions whilst enabling customers to use digital channels for banking services.
- Supporting female customers with specialized services, such as a dedicated waiting area and female staff to provide support services and verification processes.
- Offering affordable banking solutions to the underserved and low-income customers, encouraging broader financial inclusion.

BSF in action: Purple Saturday:

The Purple Saturday initiative, which was launched in 2024 and continued through 2025, demonstrates BSF's ongoing commitment to advancing financial inclusion and ensuring equitable access to banking services for clients with special needs. This initiative provided exclusive offers to people with special needs which included access to low-cost financial solutions such as no or low-cost checking and savings accounts, loans, microinsurance, and other low-cost financial services including a free signature credit card Personal Loan and Home Loan without administration charges.

Supporting Low-Income Individuals

With the increase in mobile and digital platforms, daily financial activities are being shifted toward cashless transactions. This shift can create barriers for those considered as high-risk borrowers or have difficulty in obtaining loans due to low income, poor credit records, or high debt levels. These customers can utilize BSF's products and services to perform point of sale, e-commerce transactions and transfers across multiple products and services, while earning JANA points as rewards. Despite limited credit history, this empowers low-income users with cashless access, reducing the reliance on cash, promoting safer transactions, and building transaction history to unlock future financial opportunities.

- Debit Cards
- Pre-paid Cards
- BSF Send (Western Union)
- Household Payroll Cards
- Blue Collar Payroll Cards (LCM related product)
- IPS/SARIE

Engaging the Next Generation

Through periodic internship programs, BSF recruits' students from local universities, high schools, and female universities to gain hands-on experience and develop financial skills across multiple Bank functions. This initiative supports financial inclusion by ensuring everyone, including those from underserved communities, acquires practical financial skills.

Promoting Financial Inclusion Across Business Sectors

In collaboration with government institutions, BSF is developing new agreements and programs to strengthen banking relationships and offer tailored financial solutions to Saudi Development Funds beneficiaries. The initiatives focus on strengthening financial inclusion across targeted business sectors while advancing Saudi Development Fund objectives under Vision 2030.

Active collaboration programs and agreements developed with government sectors:

Collaboration Agreement	Scope/Targeted Sectors
Agricultural Development Fund (ADF) Guarantee Program	Imports of Agricultural Supplies and Products
Saudi Export-Import Bank (EXIM) Guarantee Program	Non-Oil Saudi Products and Services
Saudi Industrial Development Fund (SIDF) Guarantee Program	Mining Energy Manufacturing Industrial Services and Logistics
Tourism Development Fund (TDF) Master Collaboration	Tourism
Real Estate Development Fund (REDF) – Tatweer Program	Off Plan & Ready Units Residential Project
Cultural Development Fund (CDF) Guarantee Program	16 Cultural sub-sectors
SME Bank Co-Finance Program	To develop a financing program for the Construction Sector
National Infrastructure Fund – Collaboration Agreement	Education and Health sector
Saudi Exports - MoU	Referral program to enable Saudi firms to participate in Made in Saudi initiative

Financial Inclusion through Digital Transformation

In 2025, the bank embarked on the activation and execution of the technology and digital transformation strategy aiming to modernize our technology infrastructure and provide more innovative business services and products to our clients.

Key achievements include

- Implementing the final phase of our core banking system to deliver advanced banking services to corporate customers.
- Enhancing technology infrastructure to ensure high performance, availability, and business continuity, minimizing service interruptions for customers around the clock.
- Expanding banking services for greater accessibility and user-friendly journeys across mobile and omnichannel platforms.
- Engaging clients in the transformation journey by involving them in early implementations and pilot releases of advanced digital services.
- Upgrading trade finance, liquidity, and cash management solutions with an improved front end to provide seamless customer journeys and advanced banking products.
- Partnering with local and international technology providers to deliver innovative solutions across financial products and extend customer reach.
- Launching an enhanced SME proposition using innovative technologies to build platforms that effectively serve their unique needs.

In 2025, BSF expanded digital access to banking, enabling more people and businesses to participate in the financial system, securely and conveniently.

- **Remote onboarding:** allowed customers to open and manage accounts without visiting a branch, reducing barriers for those in remote areas or with limited mobility or time-constrained workers by reducing time/cost/travel for customers.
- **Omni-channel support:** Through the omni-channel platform, retail, SME, and corporate customers can access services via mobile, web, or assisted channels with a consistent experience. Branches and call centers remain available for those who prefer in-person service, while digital channels extend hours and reduce waiting times, supporting both tech-savvy and less confident users.
- **SME-focused journeys:** Advanced digital journeys simplify SME onboarding, payroll, and POS services. These initiatives help entrepreneurs and small businesses open accounts, pay employees, and accept electronic payments, supporting the formalization of SMEs and broader participation in the financial system.
- **Inclusion by design:** ensured digital products remained accessible, secure, and responsibly designed, backed by strong data protection and inclusive initiatives like Purple Saturday.

BSF invested in foundational platforms, including Open Banking and a scalable SME digital platform. Built in 2025, these platforms are expected to enhance customer choice and access from 2026 onward.

Across all initiatives, BSF maintains strong standards for data protection, customer consent, and responsible product design, ensuring digital access is safe and sustainable.

Together, these efforts support Vision 2030 goals and BSF's mission to deliver accessible, future-ready banking for all.

Digitally Enabling Corporate and MSME Customers

BSF continued to roll out a range of digital products in 2025, designed to support seamless digital banking for both corporate and MSME customers.

- BSF Global – an online banking portal that enables the processing of payments and collections along with reporting and digital banking management services.
- B2B MACUG – direct connectivity between the Bank and customers to avail of the banking services offered in BSF Global.
- Digital payroll processing via online banking channels, including reporting tools to meet regulatory and government requirements.
- Dividend distribution via online banking channels (in the process of being rolled out) to enable listed companies to make payments to their shareholders.
- Point of Sale (POS) tools to enable on-site payment processing at client locations, along with allied services available via online banking channels.
- E-Pay service that enables customers to accept card payments via their websites and apps.
- Virtual Accounts facilitate the collection of payments, typically from subscribers, consumers, and buyers in a streamlined manner with easy reconciliation against invoices and payment receipts.

Banking Network and Transactions	2025	2024	2023	2022	2021
Banking Network (#)					
Number of Branches	79	81	82	82	85
Number of ATMs	370	393	457	460	466
Number of Kiosks	80	80	80	80	72
Service Centers (Fransi/BSF Connections)	3	3	3	2	1
Total Points of Sale (includes partnerships with other organizations)	31,011	27,816*	27,395	74,504	76,159
Non-Financial Transactions					
Branch	454,730	466,218	849,745	763,457	632,241
ATM	5,289,045	6,037,887	6,270,430	5,426,496	5,341,025
Kiosk	145,155	204,698	144,113	147,248	153,582
Call Center*	841,183	888,108	718,997	660,518	617,350
Digital*	8,895,591	79,290,507	82,497,995	80,075,836	54,007,120
Financial Transactions					
Branch	1,191,204	1,674,400	1,557,619	1,627,006	1,659,391
ATM	18,946,614	17,108,046	15,604,605	13,499,130	15,179,065
Kiosk	18,147	15,732	16,728	11,654	2,356
Call Center	134,381	149,547	178,242	182,735	200,166
Digital	26,557,961	24,909,331	23,463,648	22,515,726	18,921,871
Financial Inclusion					
Number of ATMs in low populated areas**	5	5	5	5	4
Number of unique customers with a pre-paid card account	16,227	17,543	17,602	15,247	NA

* Historical data has been updated for accuracy.

** SAMA defines these low populated and economically disadvantaged areas (Zone 4) as rural areas, which include villages and small towns with a population of less than 100,000.

Driving Digital Transformation

BSF views Digital Transformation as a reinvention of how the Bank creates value, serves customers, and shapes the future of finance in the Kingdom. As a core pillar of BSF's Five-Year Strategy and a key contributor to Saudi Vision 2030, digital is driving inclusive growth, sustainable impact, and market-leading performance.

Technology that Empowers. Change that Delivers.

In 2025, BSF accelerated its digital transformation journey, embedding digital thinking, and human-centered design. Digital transformation remains a core enabler of BSF's Five-Year Strategy that ended in 2025, driving strategic performance across the Bank's client-first, innovation-led, and efficiency-focused ambitions.

Guided by its Digital & Innovation Group (DIG), BSF is moving towards a zero-ops, digital-first operating model, creating simpler, more secure, and inclusive banking for customers, while enhancing productivity, resilience, and sustainable growth across the enterprise.

Strategic Alignment and Governance

Digital transformation continues to be a key enabler of BSF's transition to its 2030 Strategy, supporting the Bank's three strategic priorities – profitability, market position, and customer experience – to work in synergy rather than in trade-off. This is achieved through a balanced scorecard system and governance cadence that integrates Board oversight, KPI-linked charters, and quarterly performance reviews.

The strategy is executed through structured programs:

- Omni-channel & Core Modernization
- Data & AI Innovation
- Enterprise Efficiency via PRISM
- Cross-Sell Enablement
- People & Culture Transformation

This transformation is managed under the Strategy Transformation Committee, and supported by quarterly reviews and dynamic capital allocations, ensuring investments align to long-term value creation and sustainability.

Materiality Linkages

BSF's digital transformation strategy is strongly aligned to several material topics identified in the Bank's latest materiality assessment. In addition to Digitalization, the Bank's digital initiatives support Governance, Accountability, and Transparency through enhanced controls and real-time reporting, and Responsible Customer Relations by improving satisfaction via seamless, omni-channel experiences. Digital enablement for Financial Inclusion and Accessibility has widened access to underserved segments, whilst robust data infrastructure strengthens Privacy and Security. Internally, the transformation empowers employee engagement, and advances Talent Development through agile working models and digital learning tools. Collectively, these alignments reinforce BSF's integrated approach to long-term value creation.

Enabling Inclusive, Zero-Ops Banking

BSF's transformation in 2025 centered on creating inclusive, digital-first experiences. In 2025, BSF maintained a high share of customers joining the bank through digital onboarding channels. The percentage of new and unique customers onboarded digitally reached 72%, (up from 67% in 2024). The number of products offered digitally increased, ensuring that core services can be opened and managed without visiting a branch.

Customer behaviour continues to shift towards digital channels:

- Digitally active unique customers using BSF Web & Mobile reached 780,302 in 2025, reflecting sustained growth in customer engagement across digital channels.
- BSF Mobile processed 25,802,799 transactions in 2025, up from 22,399,991 in 2024 (+15% YoY), indicating increased reliance on mobile banking for everyday transactions.
- BSF Online completed 540,838 transactions in 2025, continuing to support customers who prefer web-based banking services.

These trends confirm the strength and resilience of BSF's Omni platform, which allows customers to move seamlessly between mobile, web and assisted channels while benefiting from consistent design and security standards.

The Bank made meaningful progress in enabling financial inclusion by:

- Introducing Arabic-first, mobile-optimized platforms.
- Enhancing accessibility features for elderly and remote users.
- Expanding reach to underserved segments through Open Banking and Banking-as-a-Service (BaaS).

These advances help reduce the digital divide consistent with SDG9 (industry, innovation, and infrastructure).

Delivering Transformation, Faster

The DIG enabled faster execution and impact delivery by strengthening in-house digital experience delivery and establishing consistent standards across key journeys—supporting faster execution and improved customer outcomes:

- 37% faster delivery when full design capability was applied
- 100% coverage of retail journeys through a unified design system, expanding to Wholesale Banking and SME
- 90% in-house design leadership, reducing vendor dependence
- Centralised design assets, enabling reuse and stronger consistency

Customer experience improvements were reflected in Omni's rebrand performance, with ratings rising from ~2.0 to 4.5 and ~2.6 to 4.7 across app-store platforms.

The Bank also introduced Quarterly Value Reviews (QVRs) to assess digital projects not just on completion, but on commercial outcomes such as engagements, retention, and migration. These metrics feed into QVRs, where the bank reviews performance, identifies gaps and makes informed decisions on whether to scale, iterate or retire digital initiatives.

In 2025:

- Digital account openings rose +21% YoY. indicating the strength of digital acquisition journeys
- Active digital user rate reached 72% of registered users. meaning the majority of customers who register for digital channels continue to use them regularly.
- 90% of transactions migrated to mobile apps from web and assisted channels, reducing cost-to-serve and always-on access.
- Around 24% of credit-card applications now originate via digital channels, with further growth expected as journeys are enhanced.

This shift reflects a maturing digital ecosystem that is customer-led, insight-driven, and performance-tracked.

Digital Experience as a Growth Engine

BSF's Omni platform, launched in 2024 and rebranded in 2025, delivered a unified intuitive banking experience across all channels. Building on its core foundations, the 2025 enhancements introduced richer functionality and a more seamless user journey, enabling:

- Integrated transfers, bill payments, and card applications.
- Apple Pay activation and real-time rewards integration.
- Streamlined digital onboarding and instant credit approvals.

Internally, the platform strengthened fraud monitoring, enabled data-driven personalization, and ensured secure scalability. These upgrades contributed to improved customer satisfaction, increased retention, and accelerated digital acquisition, particularly in strategic growth segments.

Engaging a New Generation of Digital-First Customers

BSF's digital transformation has been instrumental in attracting and retaining younger, digitally native customers, a strategic growth segment for the Bank. In 2025, the rebranded Omni platform offered seamless, mobile-first access to core banking services while features such as Apple Pay activation, real-time rewards, and instant credit card applications aligned with the expectations of tech-savvy users. By prioritizing human-centered design, social media-aligned experiences, and Arabic-first interfaces, BSF ensures accessibility without compromising sophistication.

This digitally driven expansion is key to long-term customer lifetime value, supporting the Bank's vision to building lasting relationships with Saudi Arabia's next generation of customers.

Supporting the Bank's ESG Agenda

BSF's digital capabilities are embedded within the Bank's wider ESG framework, contributing to value creation:

- **Environmental:** Digital migration reduced paper consumption and carbon footprint.
- **Social:** Expanded access to financial services for underbanked communities.
- **Governance:** Real-time dashboards and risk controls enhanced compliance and transparency.

The DIG team also ensured 100% readiness for mandated Open Banking APIs, enabling third-party access under strong privacy and consent protocols. Use cases include account aggregation and affordability checks, unlocking new forms of responsible finance, and embedded inclusion.

Empowering People and Culture

BSF's technology journey in 2025 also transformed how employees experience work. Through the FransiFlex platform, teams accessed real-time tools, dashboards, and self-service HR. The BSF Academy delivered more than 20 digital upskilling programs, with 85%+ participation.

Digital squads were activated across the Bank, enabling agile delivery, innovation, and cross-functional alignment, building the foundation for the Organization of the Future and Talent Hub 2030 programs.

Future-Ready Infrastructure and Innovation

In preparation for the 2030 Strategy, BSF laid the foundations for scalable, innovation-led growth:

- Deployed enterprise architecture for cloud, analytics, and microservices.
- Launched a GenAI exploration track under its AI and Data Innovation Program.
- Certified 100% of Open Banking APIs and initiated ecosystem partnerships.

These infrastructure improvements position BSF as a platform-ready bank, capable of delivering BaaS, embedded finance, and AI-enhanced services in the years ahead.

Digitalization	Unit	2025	2024	2023	2022	2021
Percentage of new and unique customers onboarded digitally	%	72	67.24	60.87	61.33	61.24
Number of products offered digitally	Number	4	1	1	1	1
Number of digitally active unique customers using BSF Online (web-based banking application)	Number	780,302*	202,233	178,043	195,548	214,665
Number of digitally active unique customers using BSF Mobile (mobile banking application)	Number		520,241	489,356	547,251	559,643
Number of online transactions completed (BSF Online)	Number	540,838	2,509,340	3,407,506	4,126,780	4,412,294
Number of online transactions completed (BSF Mobile)	Number	25,802,799	22,399,991	20,056,142	18,388,946	14,509,577

* Following the integration of Fransi Mobile and Fransi Plus into one Omni-channel platform, related active unique customer indicators are reported on a combined basis only.

Future-Ready Infrastructure: Open Banking and Innovation

DIG also leads BSF's Open Banking and Banking-as-a-Service (BaaS) agenda, ensuring the bank is positioned for ecosystem partnerships and new sources of value.

By the end of 2025:

- 100% of mandated Open Banking APIs were certified and audit-ready, supported by a unified framework for consent, security and monitoring.
- A structured business use-case pipeline was launched, with five priority and approved use cases focusing on areas such as beneficiary import, account aggregation and data-driven affordability checks.

This infrastructure shifts BSF from a purely compliance-driven stance to an innovation-ready platform that can support new products, partnerships and embedded finance opportunities in the coming years.

Looking forward Scaling Impact Through 2030

BSF's digital transformation will continue to be a cornerstone of both the Bank's 2030 Strategy and Saudi Vision 2030. By expanding financial inclusion through digital access, enabling ecosystem growth via Open Banking, and deploying agile, secure infrastructure, BSF supports the Kingdom's goal of a diversified, technology-driven economy.

- Upgrading legacy systems to power best-in-class digital solutions.
- Re-engineering operations to achieve a "zero ops" environment where transactions are automated and monitored in real-time.
- Embedding AI and data analytics to enhance decision-making, customer engagement, pricing, and credit origination.
- Building future-ready technology and launching Banking-as-a-Service (BaaS) to enable embedded finance.
- Scaling segment-specific digital ecosystems across Business Banking, Wholesale Banking and JB.
- Equipping the organization for the future by targeting 100% Digital and AI literacy across all BSF employees.

These next steps position BSF to lead through technology, serve through purpose, and grow through inclusive innovation, delivering lasting value to customers, shareholders, and the national agenda.

PILLAR 4:

Protecting Our Communities

BSF holds an extended view of stakeholders, one that includes the communities it serves, the planet everyone relies on – what matters most to long-term resilience. Progress demands partnership, and BSF's environmental and social commitments are structural investments in sustainable value creation.

BSF's long-term success is measured by more than financial results; it is defined by the Bank's contribution to environmental resilience, inclusive growth, and national progress. In 2025, BSF deepened its commitment to protecting communities through action on climate priorities, investment in people, and purpose-driven partnerships. This aligns with Saudi Vision 2030, the Saudi Green Initiative, and the UN Sustainable Development Goals (SDGs), and is guided by BSF's ESG Framework (refer to page 44).

BSF has recognized its influence in shaping social and environmental outcomes beyond its operations. Whether by reducing its resource footprint, empowering youth by building capacity for the future, or partnering with regulators and academic institutions, BSF champions sustainable development. These efforts are supported by robust governance, engagement with external experts, and a growing culture of responsibility within the Bank.

Material Topic	Climate Change and Environmental Management	Community Investment
Vision 2030	Vibrant Society Thriving Economy Ambitious Nation	Vibrant Society Thriving Economy
UN SDGs	6 Clean Water and Sanitation, 7 Affordable and Clean Energy, 12 Responsible Consumption and Production, 13 Climate Action	1 No Poverty, 4 Quality Education, 5 Gender Equality, 8 Decent Work and Economic Growth, 10 Reduced Inequalities
Key 2025 Highlights	• 499% increase in climate-related infrastructure, resilience, and product development (⃁ 1,598,924) • Scope 1 GHG emissions: 29% decrease compared to 2023 • Scope 2 GHG emissions: 0.8% YoY decrease • 44.6M kWh energy consumed (0.8% decrease YoY) • 16.4 tonnes of paper recycled (up 4.5% YoY) • 98,981 m^3 of water consumption.	• Launch of ATHAR - BSF's unified framework for all CSR initiatives. • Community investment ⃁ 10 million • 203,634+ beneficiaries • 107 volunteers

Environmental Stewardship

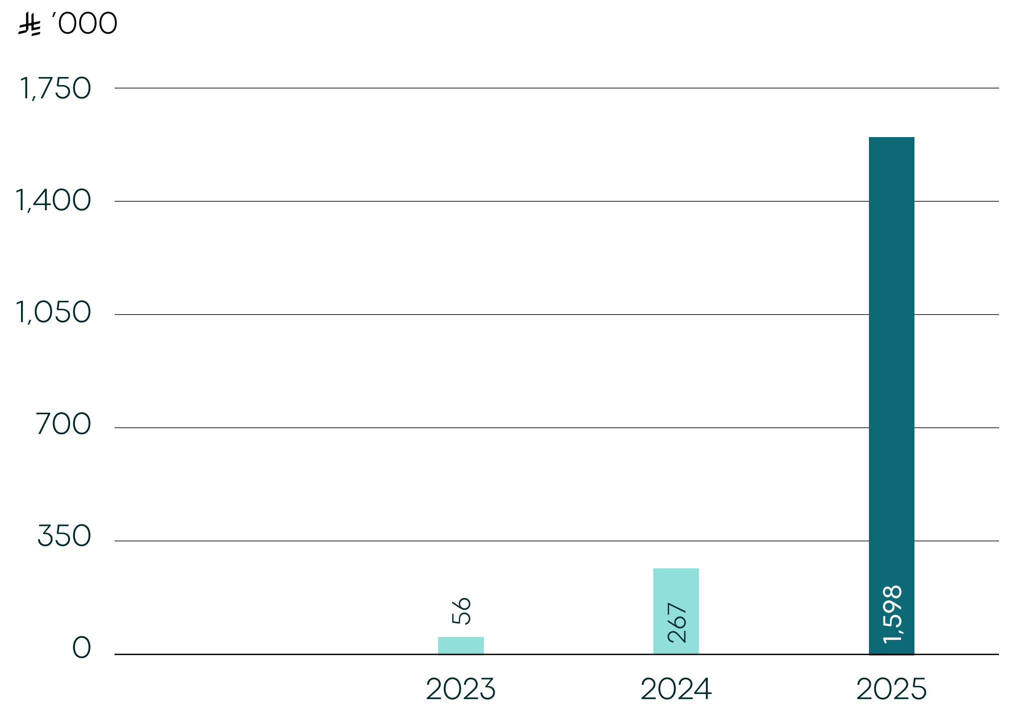
Every reduction in resource use is an operational gain. Every emission avoided is a risk mitigated.

Environmental stewardship remains a strategic pillar in BSF's sustainability agenda, reflecting its responsibility to manage climate and environmental risks, optimize resource use, and invest in operational resilience.

In 2025, BSF reclassified one of its material topics "Environmental management" to "Climate Change and Environmental management," signaling the Bank's increasing recognition of climate change as a financial, regulatory, and reputational risk. This reflects its commitment to managing environmental risks, improving operational efficiency, and aligning with Saudi Arabia's national climate goals.

499% increase in annual investment in climate-related infrastructure, resilience, and product development in 2025. Rising from ⃁ 267,000 in 2024 to ⃁ 1,598,924 in 2025.

Annual investment in climate-related infrastructure, resilience, and product development



BSF's commitment is grounded in Saudi Vision 2030 and the UN SDGs, specifically SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), SDG 11 (Sustainable Cities and Communities), and SDG 9 (Industry, Innovation and Infrastructure).

ESG Governance and Operational Oversight

BSF's Property Management and Security Division (PMSD) oversees multiple policies designed to manage and guide resource consumption at our facilities, including energy, water, waste, maintenance, safety, and security. PMSD also ensures BSF complies with all relevant requirements of the Saudi Standards, Methodology, and Quality Organization (SASO), which has established a range of environmental standards for the Kingdom.

Operational Implementation for Long-Term Transformation

In 2025, BSF engaged several expert consultants to support its environmental management transformation agenda. Their recommendations were a blueprint for implementation in 2025 and beyond.

- El Seif Operations and Maintenance Co. Ltd. to further integrate ESG principles including resource reutilization, resource efficiency, risk mitigation, regulatory compliance, and innovation into the Bank's approach to facility management and operations.
- Carrier Saudi Services Ltd. designed a phased HVAC enhancement project to reduce energy intensity and improve air quality.

2025 Progress Update

A consolidated plan of these expert recommendations was formalized. Whilst implementation is ongoing, BSF made progress in operationalizing these recommendations. Notable initiatives for 2025 included:

- Upgrading HVAC equipment with high-efficiency products.
- Regulating operational capacity of cooling systems during and after work hours.
- Installing Electric Vehicle (EV) charging stations in Administrative buildings.

Looking ahead, we aim to roll out the Building Management System (BMS) across additional sites and enhance its functionality to further optimize energy use and operational efficiency, to improve monitoring and control of Mechanical, Electrical, and Plumbing (MEP) systems, and to reduce waste. We are also replacing inefficient air-conditioning units with modern, energy-efficient alternatives and conducting a comprehensive assessment of solar energy solutions in suitable locations, prioritizing options that offer an acceptable return on investment.

Building Operational Resilience through Smarter Footprint Management

BSF's energy and emissions strategy is grounded in long-term resilience, operational excellence, and proactive regulatory alignment. Recognizing the environmental footprint of its operations, the Bank continues to prioritize improvements at the infrastructure level, focusing on HVAC system optimization, refrigerant phase-outs, and the deployment of smart building technologies. These initiatives are not just about reducing consumption; they represent a structural shift in how BSF chooses to manage its facilities for future compliance, performance, and climate responsibility.

With increasing expectations around environmental disclosure, BSF is preparing to meet more granular reporting requirements, while ensuring that its energy and emissions profiles remain aligned to national mandates and international benchmarks.

Energy consumption	Unit	2025	2024	2023	2022	2021
Direct Energy Consumption						
Petrol consumption from operations and vehicles	Liters	46,872*	63,802	39,354	36,697	56,554
Diesel consumption from operations and vehicles	Liters	10,582**	3,181	5,700	5,500	4,313
Indirect Energy Consumption						
Electricity consumption (office, storage, facilities, etc.)	kWh	44,626,316	45,005,427	41,291,715	42,514,173	46,997,450

* Implemented an optimization fleet utilization by reducing assigned cars, introducing hybrid vehicles, and shifting to on-demand call-off dispatch.

** Increase is due to extended backup generator operation during SCECO planned and unplanned outages. Additional diesel refilling required to maintain continuity of critical loads and data center operations.

Resource Efficiency

Some of the initiatives the Bank has undertaken to further reduce material consumption include:

- A central paper shredding policy with dedicated, consolidated infrastructure to increase recycling and ensure the secure, responsible disposal of sensitive documents.
- Mandatory procedures for categorizing and divesting tangible assets such as furniture, AC units, and equipment using specialist recycling and processing service providers.
- Transitioning to digital systems and digitalizing procedures to reduce paper-based processes.

GHG Emissions

Understanding and managing BSF's greenhouse gas (GHG) emissions is a critical step in delivering the Bank's long-term climate commitments, whilst supporting Saudi Arabia's Net Zero Emissions ambition. In 2025, we continued investments in smarter infrastructure, including HVAC upgrades and the continued rollout of building management systems. BSF is committed to progressing its decarbonization journey by exploring new mitigation technologies, and defining measurable GHG reduction targets that align with national priorities and stakeholder expectations.

GHG emissions	Unit	2025	2024	2023	2022	2021
Direct GHG emissions (Scope 1)	tonnes of CO_2eq	4,060	3,804	5,742	5,966	9,985
Indirect GHG emissions (Scope 2)	tonnes of CO_2eq	25,348	25,563	23,454	24,148	26,695
Total GHG emissions (Scope 1 & 2)	tonnes of CO_2eq	29,407	29,391	29,196	30,114	36,680
GHG emissions intensity (Scope 1 and 2 GHG emissions/total workforce)	tonnes of CO_2eq /total number of employees	10.8	11.0*	10.5	11.0	13.9
GHG emissions intensity (Scope 1 and Scope 2 GHG emissions/total revenue)	tonnes of CO_2eq/ ⃁ million	2.79	3.04*	3.13	3.76	5.15

* Historical data revised for accuracy.

Refrigerants top-up	Unit	2025*	2024	2023	2022	2021
R-410A	Kg	692	386	452	344	735
HFC-134a	Kg	0	0	258	95	181
R-22	Kg	1,562	980	1429	1803	3,264
R-141B	Kg	515	272	177	353	816
R-11	Kg	232	183	316	314	326

* Increase is due to increased corrective maintenance activities for HVAC units in addition to replacement/commissioning of selected HVAC units with higher-efficiency technology and improved refrigerant type.

Water Consumption

BSF recognizes that responsible water management is essential for sustainable operations. In 2025, total water consumption across BSF premises reached 98,981 cubic meters. Our water consumption complies with the recommendation of Utility Service Provider National Water Company. While BSF's primary water usage is driven by facility operations, the Bank continues to explore opportunities to reduce consumption through efficiency upgrades and system improvements.

Water Consumption

Total water consumption

98,981*m^3

2021	2022	2023	2024
100,600 m^3	83,333 m^3	89,779 m^3	90,277 m^3

* The increase is due to premises expansion, higher occupancy and extended operational hours.

Reducing Waste, Maximizing Impact

BSF continues to advance its resource efficiency goals by managing material consumption across operations. In 2025, the Bank recycled 16.4 tonnes of paper, a 4.5% increase from 2024, supported by infrastructure improvements and policies that promote responsible disposal of physical assets, including furniture and equipment.

These efforts are complemented by BSF's broader digital transformation agenda, which continues to drive measurable environmental benefits.

Waste Management

Paper recycled

16.4 tonnes

15.7 tonnes in 2024

Community Investment

BSF sees its communities as partners in progress. Its role as an investor in the community has the potential to create a positive social impact that endures. The ATHAR Program, launched in 2025, brings discipline, transparency, and ambition to how the Bank creates social value.

Delivering Impact with Purpose

In 2025, BSF marked a major milestone in its social responsibility journey with the launch of the consolidated **ATHAR Program**—a unified community investment framework. The program brings together BSF's social impact initiatives under a structured and cohesive approach, ensuring alignment with the Bank's ESG Framework, strong governance, and the delivery of sustainable, measurable social impact.

The ATHAR Program reflects BSF's commitment to translating its values and brand promise into tangible, lasting benefits for society. It is aligned with BSF's ESG strategy, Saudi Vision 2030, and leading global sustainability practices, reinforcing the Bank's role in driving positive and responsible social development.

Athar framework is built around four core pillars that guide the BSF's community investment and social impact efforts:

- Education and Financial Literacy
- Heritage and Culture
- Environmental Stewardship
- Health and Wellbeing

Through these pillars, BSF aims to empower individuals and communities with the knowledge, skills, and resources needed to make informed decisions, support long-term economic well-being, and enhance overall quality of life.

Together, these four pillars enable BSF to deliver holistic, inclusive, and sustainable community impact, supporting social development and enhancing quality of life across the communities it serves.

Athar Commitment: Turning Values into Sustainable Impact

Athar reflects BSF's long-term commitment to creating value beyond banking by embedding responsibility, purpose, and impact into everything we do. Through Athar, we translate our values into meaningful actions that advance social progress, environmental stewardship, and economic resilience. This commitment is anchored in four strategic pillars—Education, Environmental Stewardship, Heritage & Culture, and Health & Wellbeing—ensuring our initiatives remain inclusive, future-focused, and aligned with national priorities. By investing in programs that empower individuals, protect natural resources, and preserve cultural identity, Athar delivers sustainable impact that grows over time and endures across generations.

Athar Vision: Inspiration for Change

Athar aspires to be a catalyst for positive change by advancing initiatives that uplift communities and strengthen society. Guided by Saudi Vision 2030, our aim is to enable transformation that is both meaningful and measurable, supporting sustainable development while enhancing quality of life. At BSF, we believe true leadership lies in our ability to mobilize capital, expertise, and partnerships to address societal challenges and create long-term value. Through Athar, we seek to inspire individuals, institutions, and communities to play an active role in building a more inclusive, resilient, and prosperous future.

Athar Approach: Structured Action, Tangible Impact

Athar operates within a robust governance framework aligned with global ESG standards and best practices, ensuring accountability, transparency, and measurable outcomes. Our approach emphasizes disciplined execution, responsible investment, and long-term value creation for people, the environment, and culture. Guided by the principle of "Protecting our community and empowering its people," Athar prioritizes initiatives with clear objectives, defined impact indicators, and sustainable outcomes. Through strategic partnerships, data-driven evaluation, and continuous improvement, we ensure that each initiative delivers tangible, lasting impact.

Athar People: Ambassadors of Athar

Our people are at the heart of Athar and play a central role in delivering its purpose. Through their passion, integrity, and commitment, BSF employees bring Athar to life, embedding responsibility and empathy into daily actions and decisions. By fostering a culture of engagement and shared ownership, we empower our people to drive positive change, reinforcing the idea that societal impact starts within the organization and extends to the communities we serve.

Athar Promise: Creating Lasting Impact

Athar is more than a program; it is a commitment that every initiative we undertake is designed to create meaningful and lasting value for society. Through thoughtful design, responsible execution, and continuous measurement, Athar ensures that our efforts contribute to long-term social, environmental, and economic progress, reinforcing BSF's role as a responsible partner in national development.

Athar Framework

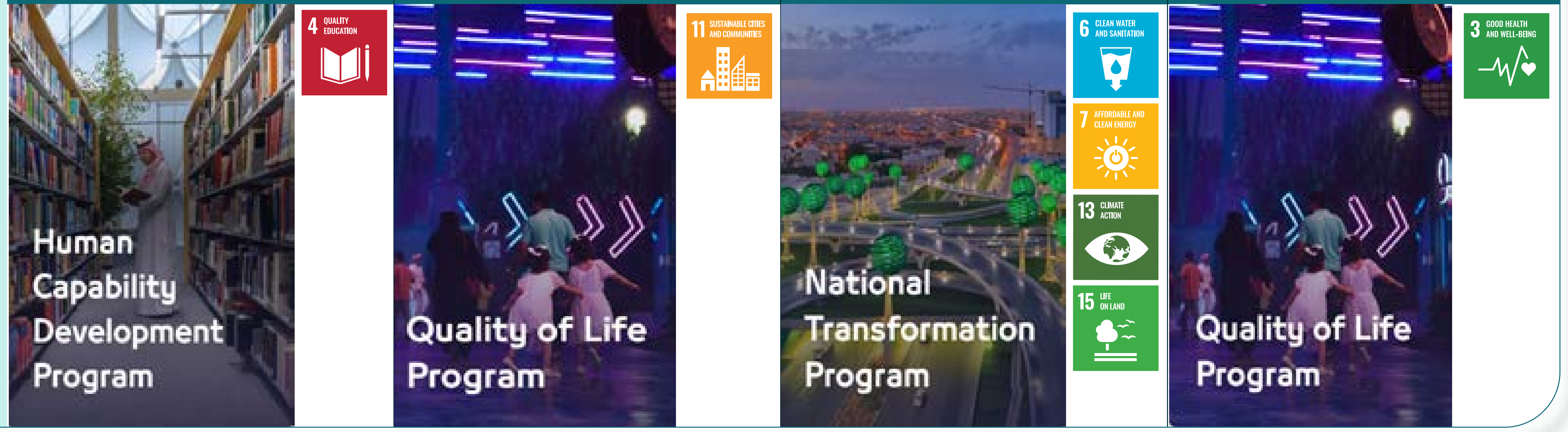
At BSF, our CSR initiatives are guided by a clear set of CSR guidelines that ensure all initiatives align with our Framework, and the broader SDGs. These guidelines provide a structured approach for evaluating, approving, and monitoring CSR initiatives, ensuring they deliver meaningful impact to the communities we serve.

BSF's CSR Framework (ATHAR)

ATHAR Program	Athar is BSF's unifying program for CSR initiatives. It is more than a framework; it is the embodiment of our brand promise – turning it into tangible, lasting impact that serves society and reflects our values
ATHAR Vision	Athar Envisions driving positive change by advancing sustainable development and enhancing quality of life in alignment with Saudi Vision 2030. Through purposeful initiatives and strong partnerships, Athar empowers communities and contributes to a more inclusive and resilient future.
BSF's ESG Policy Framework	The CSR framework is in alignment with BSF's ESG policy framework on "Community Investment" under the "Protecting our Communities" pillar.

BSF's CSR Focus Pillars	Education and Financial Literacy	Heritage and Culture	Environmental Stewardship	Health and Wellbeing
	Prepare, educate, and empower communities with financial knowledge and access to financial services.	Preserve and promote local cultural heritage, arts, and traditions.	Protect and sustain the environment through conservation and sustainable practices.	Promote physical health and mental wellbeing through active lifestyles and health resources.

Alignment	Vision 2030 programs			
	Human Capability Development Program	Quality of Life Program	National Transformation Program	Quality of Life Program



Together, the Framework and Pillars empower individuals and communities with access to knowledge, resources, and services that enhance financial capability, preserve cultural identity, promote environmental responsibility, and improve the quality of life.

2025 community Investment and Initiatives by Pillar

11 initiatives

203,634+ beneficiaries

107 volunteers

Pillar → Education and Financial Literacy

Initiatives

Financial Literacy and Business Fundamentals Workshops: Delivered a series of in-person workshops on financial literacy, money and business fundamentals, and financial well-being across multiple regions, including Riyadh, Asir, Madinah, AlUla, and Qassim, in partnership with government and semi-government bodies.

The workshops targeted entrepreneurs, SME owners, and women seeking to improve personal financial management skills, aiming to strengthen financial decision-making, support financial independence, and promote sustainable financial practices.

Beneficiaries	Volunteering
400	–

Sponsorship of an Educational Laboratory: Madac Academy (Madinah): For the fourth consecutive year, BSF continued its support through the sponsorship of a scientific educational laboratory at Madac Non-Profit Academy in Madinah. The laboratory provides students with the necessary academic resources, services, and materials to support their scientific research and educational projects.

Beneficiaries	Volunteering
100 students (annually)	–

Sponsorship of the Financial Academy Conference: BSF sponsored the Financial Academy Conference, a knowledge-sharing platform which brings together professionals and stakeholders from the financial sector. The conference aims to enhance financial awareness, discuss key industry trends and best practices, and support capacity building within the financial ecosystem.

Beneficiaries	Volunteering
3,000+ (attendance)	–

Pillar → Health and Wellbeing

Initiatives

Guests of the Holy Mosques Service Program: In cooperation with the Ministry of Defense, BSF sponsored the Guests of the Holy Mosques Service Program during the Hajj season. The program focuses on supporting pilgrims' health and safety by providing essential preventive and healthcare supplies, including medical kits and sun-protection umbrellas, contributing to a safer and more comfortable pilgrimage experience.

Beneficiaries	Volunteering
200,000	–

Back-to-School Initiative: In collaboration with Sawt Charity Association, BSF sponsored the Back-to-School initiative for students with Down syndrome. The initiative included interactive activities and the distribution of in-kind gifts, promoting inclusion and enhancing the educational experience of participating students.

Beneficiaries	Volunteering
90	15

Donation to Ehsan Platform: As part of BSF's ongoing commitment to community support and social well-being, the Bank donated ⃁ 1 million to beneficiaries of the Ehsan National Platform for Charitable Work.

Beneficiaries	Volunteering
not available	not available

In-Kind Donations Initiative: In collaboration with Keswat Farah Association, BSF launched an in-kind donation initiative encouraging employee participation. The initiative ensured the collection and delivery of donations to eligible beneficiaries through the association.

Beneficiaries	Volunteering
not available	not available

Blood Donation Campaign: Aligned with World Blood Donor Day, BSF launched a blood donation campaign with the participation of Bank employees, contributing to national healthcare efforts and promoting volunteerism.

Beneficiaries	Volunteering
–	70

Pillar → Heritage and Culture

Initiatives

Diriyah Biennale: In collaboration with the Diriyah Biennale Foundation, BSF sponsored the Islamic Arts Biennale held in Jeddah during the year. The sponsorship reflects the Bank's commitment to supporting arts and culture and promoting cultural engagement across the Kingdom.

Beneficiaries	Volunteering
31 artists	–

Masaha Art Residency Program: In collaboration with Misk Art Institute, BSF supported the 10th edition of the Masaha Art Residency Program, a three-month program dedicated to empowering creative talent and supporting the arts and cultural sector in the Kingdom.

Beneficiaries	Volunteering
12 artists	–

Pillar → Environmental Stewardship

Initiatives

Home Renovation Initiative: As part of BSF's social responsibility efforts, Bank employees participated in a home renovation initiative during the month of Ramadan, supporting the improvement of living conditions for families in need and contributing to the provision of safe and suitable housing environments.

Beneficiaries	Volunteering
1	22

Amount of community investment

⃁ 10.0 million

2024 ⃁ millions	2023 ⃁ millions	2022 ⃁ millions	2021 ⃁ millions
10.9	7.9	3.8	2.5

Financial Literacy and Business Fundamentals Workshops

Sponsorship of an Educational Laboratory at Madac Academy

Back-to-School Initiative

Masaha Art Residency Program

Islamic Arts Biennale

In-Kind Donations Initiative

Home Renovation Initiative

PILLAR 5:

Exemplifying the Highest Ethical and Governance Standards

Governance and Integrity

BSF believes that honesty and integrity are at the center of its strong governance and responsible business practices.

This commitment requires a well-defined governance culture anchored by the Board, which sets the tone from the top and holds ultimate accountability for achieving the Bank's strategic goals.

In this context, governance, control, and compliance are recognized as strategic priorities that ensure the Bank's future stability. BSF seeks to ensure justice, transparency, and sustainable value creation by safeguarding shareholder rights and interests. This is delivered through stringent risk controls, data and privacy protection, and zero tolerance toward all financial crimes – including bribery, corruption, and money laundering.

BSF is committed to complying with all applicable laws and regulations and operates with the highest ethical standards across all aspects of its business. This is a collective responsibility spanning the Board, Executive Management, and all staff. BSF's governance framework, together with the roles of its Board and its Committees, is fundamental to ensuring that this commitment to compliance and ethical conduct is effectively communicated, understood and enforced throughout the organization.

Board Leadership

BSF is supervised by the Board and regulated by SAMA and CMA. The Bank functions under the guidance of the Board, as defined in its Charter. Shareholders elected a new Board for a three-year term, from 1 January 2025 to 31 December 2027, under a transparent and regulated nomination and election process. The nomination process was publicly open and inclusive, without bias toward gender, race, ethnicity, nationality, country of origin, or cultural background. Board nominations were publicly announced on Tadawul prior to the General Assembly, outlining nomination requirements, eligibility criteria, and the Board Nomination, Membership, Assessment and Succession Policy. The General Assembly invitation for electing the Board included comprehensive nominee information including complete profiles and curricula vitae. Cumulative voting was applied to ensure fair and equal shareholder treatment.

The 2025 Board of Directors report outlines detailed information on the Board, including remuneration and activities performed.

Policies are in place for the Chief Executive Officer's (CEO's) succession and termination to enable structured leadership transitions when required. These measures strengthen accountability and continuity in line with BSF's governance framework.

The ten-member Board consists of four non-executive and six independent members in accordance with SAMA and CMA criteria for independence. The Nomination and Remuneration Committee and the Board assess independence of the Board/Board Committee members (at least) annually, requiring all board/board committee members to complete an independence form. The Board Chairman and Vice Chairman, appointed at the first Board Meeting, must be non-executive members. The Board may appoint one of its members to serve as CEO or Managing Director.

BSF maintains stock ownership and purchase guidelines for its executives, including the Chief Executive Officer, in alignment with applicable regulatory frameworks. These guidelines are designed to promote long-term alignment between executive interests and shareholder value, while ensuring full compliance with relevant legal and regulatory standards. All stock-related transactions follow strict protocols, ensuring fairness, transparency, and compliance with disclosure, corporate governance, and insider trading regulations.

These measures reinforce BSF's commitment to ethical conduct, regulatory compliance, and responsible executive conduct in all aspects of shareholding and trading activities.

BSF Board Overview

- 10 Board members, elected by the shareholders' General Assembly through cumulative voting.
- 1/3 of Board members must be independent, in 2025 they represented 60%.
- Guidelines for categorizing Board members as "independent":
  - Capital Market Authority Corporate Governance Regulations
  - SAMA Key Principles of Governance for Financial Institutions
- 3-year Board term.
- 7.27 years: Average Board tenure as of 31 December 2025.
- 98% Board attendance rate for 2025 (6 meetings).
- Mandates for independent and Non-Executive Board members are outlined in the Board of Directors Charter, detailing members' roles and responsibilities.
- Board election results and General Assembly meeting minutes, and minutes from extraordinary assembly meetings are available on the General Assembly page of BSF's website.

Board members' biographies are available on pages 218 to 225 in this Annual Report and in the 2025 Board of Directors Report.

Board Nomination and Election

BSF adheres to best practices for the nomination and election of Board members through the General Assemblies. The Board Nomination, Membership, Assessment and Succession Policy promotes equal opportunities for both genders to nominate themselves to the Board membership. The policy also encourages diversity in gender, backgrounds, age, education, and experience. This allows interested candidates to apply for nomination. The General Assembly oversees Board elections, ensuring shareholders can review and assess candidates' qualifications and vote cumulatively. This open and transparent approach supports female representation and the cultivation of a diversified Board.

Further details are available in BSF's Board Nomination, Membership, Assessment and Succession Policy

Board Composition	2025	2024	2023	2022	2021
Total number of Board Members	10	10	10	10	10
Total number of Independent Members	6	6	5	5	5
Total number of Non-Independent Members	4	4	5	5	4
Total number of Executive Members	0	0	0	0	1
Total number of Non-Executive Members	4	4	5	5	4
Total Board seats occupied by men	10	10	10	10	10
Total Board seats occupied by women	0	0	0	0	0
Percentage of board seats occupied by women	0	0	0	0	0
Total number of Independent and Non-Executive Board Members with significant banking and/or financial services experience*	6	6	6	6	6
Total number of Board Committee seats occupied by women	1	1	1	1	1

*All 10 Board Members bring significant experience in banking and financial services.

Board Committees

The Board is supported by five committees consisting of Directors and qualified external experts. Each committee operates under a charter detailing its composition, roles, and responsibilities.

BSF Board Committees

- Executive Committee
- Audit Committee
- Board Risk Committee
- Nomination and Remuneration Committee
- Board Strategy and ESG Committee.

Board Committee Composition in 2025							
Purpose, Roles and Responsibilities	Number of Board Members	Number of Non-Board Members	Chair Categorization	Number of Independent Board Members	Number of Non-Executive Board Members	Percentage of Independent Members (%)	Overall Attendance
Executive Committee (EC) EC Charter	4	1	Non-Executive	1	3	20	100% (9 meetings)
Audit Committee (AC) AC Charter	2	3	Independent	2	0	100	100% (8 meetings)
Nomination and Remuneration Committee (NRC) NRC Charter	4	1	Independent	2	2	60	100% (4 meetings)
Board Risk Committee (BRC) BRC Charter	3	2	Non-Executive	2	1	80	100% (6 meetings)
Board Strategy and ESG Committee (BS & ESG C) BS & ESG C Charter	5	–	Non-Executive	3	2	60	93% (6 meetings)

Board Performance Evaluation

Board and committee performance is evaluated annually, including an external performance evaluation every three years by a competent third party. Individual assessment of Board members is based on performance indicators relevant to the Bank's strategic objectives, risk and control oversight, and member skills and qualifications. The Board and committees were internally evaluated in 2025 against international best practices and key performance indicators (KPIs). The evaluation covered strategic goal achievements, risk management quality, internal control systems efficacy, governance, Board and committee structure, and member experience and skills. Evaluation outcomes were shared with the Nomination and Remuneration Committee which recommended measures to the Board of Directors with the aim of continuously improving the effectiveness of the Board and committees.

Management Committees

Management Committees are in place to assist the Board and Board Committees in their operational functions.

Compliance Committee

Oversees compliance policies and programs, non-compliance risk management, and activities of the compliance function to foster a robust compliance culture. It monitors measures taken to mitigate risk and sustain a strong compliance framework.

Counter-Fraud Governance Committee

Provides oversight and direction to ensure the Bank's combined counter-fraud capabilities are functioning appropriately and efficiently.

IT Steering Committee

Monitors progress, sets information technology (IT) priorities, and steers cross-functional execution.

Information Security Governance Committee

Maintains a positive security posture within BSF via enforcement of security policies, ensuring secure business operations through strategic risk-based direction for the protection of BSF information assets, promoting security awareness, and ensuring alignment of information security with the Bank's mission and objectives.

Risk Management Committee

Ensures sound risk management practices and culture within regulatory guidelines including matters concerning operational risk management, business continuity management, and risks associated with outsourcing activities, new products and services, and cyber/information security. Further ensures 1st and 2nd line functions and businesses manage their respective risks, and that all critical related issues are addressed to manage exposure and enhance risk mitigation.

Micro, Small, and Medium Enterprises (MSME) Committee

Maintains MSME-focused strategies aligned with BSF's objectives, SAMA regulations, and Saudi Vision 2030.

Asset Liability Committee

Oversees the BSF Group balance sheet risk and capital management to drive business strategy. Balance sheet risk is controlled by setting limits, tracking exposures, and controls covering capital, credit, market, foreign exchange, liquidity and funding, transfer pricing, and interest rate risk in the banking book (IRRBB).

Management Credit Committee

Evaluates and approves credit facilities, annual reviews, interim requests, and other transactions such as Envelope or Standby limit allocations, exceptional transactions, and oversteps.

Retail Credit Committee

Monitors retail asset products, takes decisions as authorized, and recommends product policies, risk criteria, processes, and collections.

Personnel Administration Committee

Provides recommendations for disciplinary action, remuneration adjustments, or consequences to annual performance appraisal ratings for various misconducts, including workplace issues, fraud, financial crime, breach of duty, criminal activities, operational losses, and confidentiality breaches in line with BSF's Delegation of Authority (DOA), policies, Bylaws, and applicable regulations.

Incentive Oversight Committee

Ensures effective management and oversight of BSF's incentive plan design, administration, and operation for efficient deployment.

Strategic Transformation Committee

Leads strategic decision-making at the Senior Management level, under the supervision of the Board Strategy and ESG Committee. Operates as a conduit between the Senior Management and the Board to align strategic positions ahead of implementation or Board submission. Additionally, it communicates key recommendations to the Board Strategy and ESG Committee as prescribed in BSF's DOA Manual. The Committee also oversees ESG matters to ensure sustainability priorities shape the Bank's long-term strategy. It evaluates ESG priorities, tracks progress against targets, and aligns ESG actions with the Bank's transformation strategy.

Protecting Shareholder Interests

Governance principles and policies have been established by BSF in line with the Shareholder Rights Policy Bylaws, Companies Law, and CMA and SAMA regulations. They ensure shareholders' rights, equitable treatment, and protection of value and interests.

- Shareholders are entitled to all legal rights, including approving BSF's Bylaws, as provided under the Companies Law and other regulations.
- Shareholders holding at least 10% of shares of the Bank's capital may request an Ordinary General Assembly to convene and/or request the addition of one or more items to the General Assembly agenda, enabling shareholders to raise material matters for discussion and decision.
- An Ordinary General Assembly meeting is valid only if attended by shareholders who represent at least a quarter of BSF's voting rights, with decisions adopted by an absolute majority of those present or represented.
- An Extraordinary General Assembly is valid only if shareholders representing at least half of the BSF's voting shares attend. Decisions of an Extraordinary General Assembly require two-thirds of the voting shares represented. Decisions on capital changes, term extension, early dissolution, merger, or division require approval by three quarters of voting shares represented.
- Shareholders may attend and vote at General Assembly meetings in person, or by proxy, in line with CMA regulations. Proxy access mechanisms enhance shareholder influence and promote minority representation.

Shareholder interests are also protected by BSF's policies addressing related party transactions, conflicts of interest, and competing business standards.

Reviewing Related Party Transactions (RPTs)

Annual related party disclosures are mandatory for all relevant stakeholders including Board members, Shariah Committee members, Senior Management, major shareholders, and subsidiaries, in accordance with regulations and BSF's RPTs policy requirements.

- BSF's related party database is updated annually with stakeholder disclosures.
- DOA is maintained to govern the approval process of all RPTs.
- RPTs are approved in compliance with CMA and SAMA regulations.
- RPTs are disclosed in BSF's annual Board reports and financial statements.

BSF's Corporate Governance Framework

BSF's Corporate Governance Framework clearly defines governance structures, roles, and responsibilities throughout the Bank. It promotes a Board-led tone at the top, and ensures clear segregation between oversight, management, and control activities. The framework is reinforced by approved policies, charters, and procedures that promote accountability, transparency, ethical conduct, and regulatory compliance. It aims to protect stakeholder interest and support effective Bank management.

BSF was awarded the Corporate Governance Index Excellence Award for listed companies on the Saudi Stock Exchange by the Corporate Governance Center at Alfaisal University. This recognition, received for the sixth consecutive year, highlights the Bank's commitment to global and local governance best practices.

Key Governing Policies

- Board Nomination, Membership, Assessment and Succession Policy
- Control of Inside Information Policy
- Related Party Transactions Policy
- Stakeholders' Policy
- Corporate Governance Framework
- Standards for Determining Competing Business
- Conflict of Interest Policy
- Internal Control Policy
- Code of Conduct Policy for Board and Board Committees' Members
- Corporate Social Responsibility Policy
- Remuneration and Compensation Policy for Board, Board Committees
- Code of Conduct and Professional Ethics
- ESG Policy Framework
- Remuneration Policy for Senior Management
- Shareholders' Rights Policy
- Transparency and Disclosure Policy

Delegation of Authority (DOA)

The Board, through the Delegation of Authority Manual and Matrix, delegated authority to different levels within the Bank including Board committees, executive management, management committees, and personnel/holders of positions at different levels with defined authority.

This framework balances rigorous approval and reporting processes with efficient and effective decision-making. It ensures controlled independence, promoting goal attainment without compromising internal controls or exposing the Bank to undue risks.

Taxation and Zakat

BSF is firmly committed to complying with both local and international tax regulations.

As a Saudi entity, BSF is a Zakat payer and is not subject to Corporate Income Tax. Zakat is calculated in accordance with the methodology specified by the Zakat, Tax and Customs Authority (ZATCA) for the financial sector.

The Bank ensures proper implementation of VAT on both local and international services and financial transactions. It also adheres to accurate reporting of Withholding Tax (WHT) in line with local regulations and applicable Double Taxation Treaties between the Kingdom of Saudi Arabia and other countries.

Timely filing of statutory and regulatory returns remains a key priority to ensure transparency and full regulatory compliance.

The Bank maintains a robust tax compliance framework under a Board-approved policy, which is regularly reviewed and updated to reflect amendments to local and international tax regulations.

Board of Directors

Please refer to the Board Report on pages 197 to 260 for the detailed profiles.

Mazin Al Romaih
Chairman of the Board
Non-Executive

Talal Al Maiman
Vice Chairman of the Board
Non-executive

Abdulrahman Al Rashed
Member
Non-Executive

Bader Al Issa
Member
Non-Executive

Abdullatif Al Othman
Member
Independent

Khalid Al Omran
Member
Independent

Rayan Fayez
Member
Independent

Khalid Al Sharif
Member
Independent

Abdulaziz Algudaimi
Member
Independent

Abdulmajid Al Hagbani
Member
Independent

Executive Management Team

Please refer to the Board Report on pages 226 to 228 for the detailed profiles.

Bader Alsalloom
Chief Executive Officer

Ramzy Darwish
Chief Strategy and Finance Officer

Majed Alsadhan
Chief Wholesale Banking Officer

Mohammed Alsheikh
Chief Personal Banking Officer

Mutasim Mufti
Chief Risk Officer

Zuhair Mardam
Chief Treasury and Investment Officer

Majed Alghanemi
Chief Transformation Officer

Abdallah Alshaikh
Chief Legal, Governance, and ESG Officer, Corporate Secretary

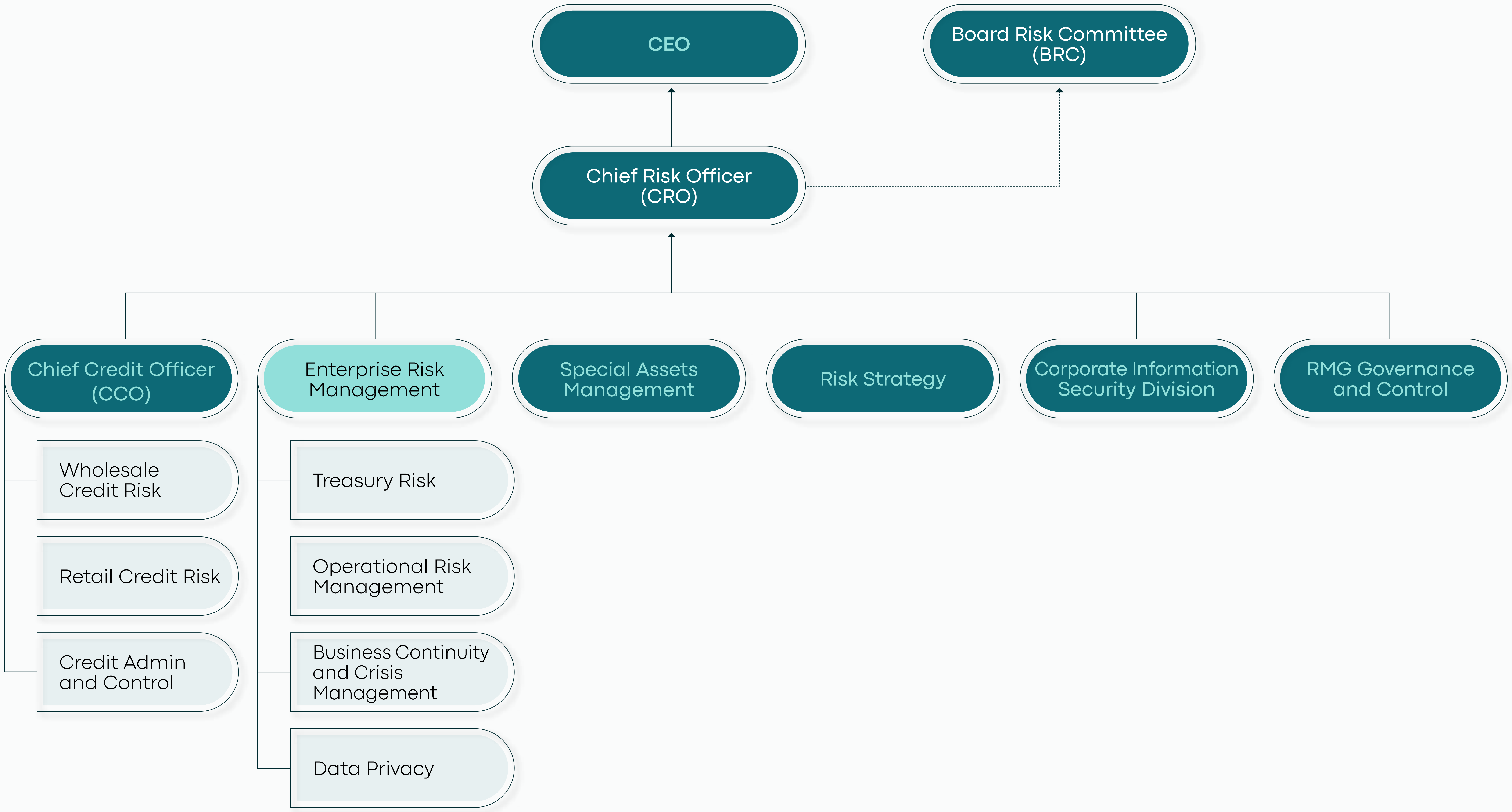
May Alhoshan
Chief Human Capital Officer

Ibrahim Alsanebi
Chief Audit Executive

Yasser Al-Anssari
Chief Compliance Officer

Risk Management

BSF employs a robust, multi-functional, Risk Management Framework addressing internal, strategic, and regulatory risks, and applying robust principles and practices to identify, monitor, and mitigate material risks across the Bank.



The Risk Management Group (RMG) operates independently from business lines and is led by the Chief Risk Officer (CRO) who reports directly to the Chief Executive Officer (CEO). The Group is responsible for implementing a robust Risk Management Framework, which adheres to the risk governance principles of the Basel Committee on Banking Supervision (BCBS) and encompasses a range of key risk indicators and SAMA regulations.

BSF's Board has a dedicated Board Risk Committee (BRC) in place. The five-member committee, reporting to the Board, includes three Board members and two independent non-board members, with deep risk management experience including previous and current senior executive risk management roles as well as board and committee membership in regional and international banks.

RMG manages multiple departments, focused on identification, monitoring and mitigating material risks, and tracks associated metrics across the Bank's operations. Quarterly updates on the Bank's overall risk profile and exposures are submitted to the Board and BRC. As a key improvement, the Organizational Structure was enhanced with the formation of an Enterprise Risk Division for Treasury and non-financial risks.

Key Risk Management Policies and Procedures

- Formal Board and Senior Management commitment to risk management and ethical conduct is set out in the Board and BRC charters.
- Risk committees at both Board and management levels.
- Comprehensive risk policies, procedures, and metrics supporting risk-based delegation of authority.
- Clearly defined roles, responsibilities, and accountabilities across the Bank.
- Periodic risk reporting and escalation protocols.
- Regular internal audits to constantly evaluate risk management practices.
- Risk training and awareness campaigns.
- Knowledge transfer and best practice dissemination.

BSF's Risk Framework

Aligned with BCBS risk governance principles, the Risk Management Framework includes risk governance, risk appetite, and the three lines of defense with assigned roles and responsibilities. It also covers Management and Board Committee structures with key risk types and functions.

The Risk Appetite Statement addresses key risk areas, including solvency, credit, funding and liquidity, asset quality, operational, anti-fraud and people risk, with links to specific Corporate and Retail metrics. Updated annually, it is presented quarterly to the BRC and Board. Guidelines for escalation and communication to management, Board Committees and regulators, with an accountable, corrective, action plan has been instituted. Additionally, the Bank maintains a library of KRIs covering all areas including Compliance and Information Technology (IT) security. A comprehensive risk taxonomy covering 26 categories is quarterly reported to the Board and BRC through standard reporting frameworks.

ESG Risk – The Way Forward

In 2025, the Bank continued pilot usage of the ESG due diligence assessment tool to review clients' transactions against ESG-related risks. Post publication of SAMA's climate risk guidelines, physical, transition risks and mitigations will be incorporated into the risk rating models for credit-decisioning. As a next step, we are currently exploring the feasibility of a climate risk assessment to further identify relevant risks and a better Materiality Assessment. The Bank also continues to improve its credit and investment decision-making processes within the context of ESG-related risks across the value chain and is enhancing its capabilities for calculating financed emissions. In this regard the credit and sectoral policy formulation plays an important role.

1 Governance Structure

A cross-functional governance framework supports oversight, accountability, and execution of ESG risk management practices across Bank transactions. This framework aligns key functions, including Corporate Banking, Risk Management, Project Finance, Treasury, and the ESG teams to integrate ESG factors into decision-making processes. This collaborative model ensures that ESG risks and opportunities are appropriately identified, analyzed, and addressed in line with international frameworks and the Bank's internal risk appetite.

2 ESG Risk Assessment, Mitigation, and Monitoring

The ESG Due Diligence toolkit features a risk classification matrix that standardizes project risk ratings through a combination of qualitative and quantitative criteria. Transactions exceeding the defined exposure limits undergo enhanced ESG due diligence, based on International Finance Corporation (IFC) performance standards with 17 sector-focused ESG questions. Each transaction generates an ESG score (out of 100) providing a standardized view of ESG maturity and risk exposure. This approach reinforces proactive ESG risk management and maintains current risk ratings across the transaction lifecycle.

3 Capacity Building

The Bank prioritizes ESG training and capacity building to ensure integration across all relevant functions. Targeted training and awareness sessions are conducted to equip business lines, Risk Managers, and credit teams with the understanding of ESG risks and the due diligence processes. Sessions provide practical guidance on using the ESG Due Diligence toolkit to evaluate green and/or social projects within new and the existing portfolio that may be eligible for financing under the new BSF Sustainable Financing Framework.

Awareness sessions are continuously refined to ensure stakeholders grasp the toolkit's use and its importance in ESG integration. Simultaneously, a Green and Social Asset Register is being developed, which will be updated on a regular basis to capture eligible projects in line with the approved Sustainable Financing Framework, supporting accurate monitoring, transparency, and ongoing portfolio oversight. Continuous capability development and portfolio tracking reinforces ESG integration into day-to-day decision-making, credit, and risk management.

Emerging Risks

BSF monitors regulatory, security, ESG, and regional developments to identify and manage emerging risks and opportunities.

Climate Impact Risk

Overview and Potential Impact: Physical risk caused by growing extreme weather, sea level rise, and adaptational and transitional risk evolving from regulatory landscape, policy changes, technological advancements, and market shifts, continue to heighten the financial sector's climate risk exposure.

Mitigation Strategies: Although not directly performing climate risk and opportunity analysis presently, the Bank is exploring its feasibility, while participating in flagship green projects of national significance.

BSF views the current climate landscape as an opportunity to create a cohesive strategy for managing risks and pursuing climate-related opportunities. This will be finalized for the incorporation of Basel Climate Principles through the development of SAMA-supported interbank EBAC initiatives for scenario and requisite model development, as well as longer horizon planning. Specific metrics will be an outcome of the final strategy.

Meanwhile, climate-related risks and opportunities manifest differently across the portfolio. Significant lending opportunities stem from low-carbon transition, especially through client engagements in renewable energy and environmental sustainability – two strategic pillars under Saudi Vision 2030.

Concurrently, extreme weather may disrupt operations or have negative financial impacts on clients, thus elevating credit risk. Also, involvement in certain industries associated with climate change may pose reputational risk.

Transformative Technologies: Artificial Intelligence (AI)

Overview and Potential Impact: Significant investment in digital transformation has enabled the Bank to modernize infrastructure, meet evolving customer expectations, and remain competitive. The proliferation of Large Language Models (LLMs), cloud computing, and Generative AI (GenAI) remains a significant emerging risk. Key opportunities include process and decision optimization, AI-driven customer insights and risk modelling, and improving adaptive regulatory reporting and risk management. The risks include ethical concerns, leading to potential reputational damage, competitive setbacks, and scalability limitations.

Mitigation Strategies: Rapid GenAI adoption can drive significant efficiencies across business processes, risk management, and fraud detection. Proactive governance and policies, such as the Securities and Exchange Commission's (SEC's) 2024 report on addressing technological governance, are required to achieve optimal results. This includes awareness of AI functionality and training datasets, used by service providers, including any covert methodologies.

Ethical concerns, including customer exclusion and sustainability concerns, may have reputational, regulatory, and national priority outcomes, and should be assessed by experts.

Scaling limitations can be addressed through structured training and holistic project adoption to ensure end-to-end implementation.

Regulatory and Legal Risks

Overview and Potential Impact: The ESG regulatory and legal landscape is evolving, keeping pace with climate change and the transition to a low-carbon economy. With growing emphasis on sustainability, the Bank continuously monitors and adapts to local and global ESG regulations, mitigating potential reputational, financial, or legal consequences.

Mitigating Strategies: The Bank consistently assesses and strengthens its governance, risk management, and transparent reporting practices.

Geopolitical Risks

Overview and Potential Impact: Geopolitical risks are expected to intensify amid global conflicts and evolving international relations. Beyond regional tensions, grey zone warfare presents specific challenges for corporates, affecting business operations and competitiveness through potential supply chain disruptions and tariff uncertainties. This directly impacts default risk and recovery prospects. Banks are also at risk of extensive cyberattacks. Increased debt and equity market volatility may directly impact Fair Value through Other Comprehensive Income (FVOCI) and consequently capital adequacy.

Mitigating Strategies: Forecasting these risks using models has inherent limitations. Proactive risk management through a stringent credit approval process addresses the issue. These risks are factored into the credit evaluation process.

Cybersecurity

Overview and Potential Impact: Cybersecurity remains a persistent risk for BSF. Emerging technologies such as AI, cloud computing and machine learning, along with open banking and fintech innovations, pose business and information security risks.

Mitigating Strategies: The Information Security Division of the Bank continuously monitors this risk and implements security initiatives to protect the Bank and shareholders. Initiatives include enhancing cyberthreat management, cyber resilience, cyber digital and crime management systems, policies, and practices.

Enhancing Risk Management Effectiveness

Continuous improvement strategies are embedded in the Bank's operations to foster risk awareness and strengthen risk performance. In addition to periodic internal reviews, BSF assesses the effectiveness of risk culture initiatives through risk evaluations, internal audits, and independent reviews within the Three Lines of Defense framework. The following risk management practices enable informed decision-making and long-term sustainability:

- Commitment from the Board and Senior Management to risk management and ethical conduct.
- A clear, multi-dimensional risk appetite, applied across business lines and functions.
- Strong governance structure at Board and management levels, defining stakeholder roles, responsibilities, and accountabilities.
- Well-defined risk policies, procedures, and applicable risk-based delegation of authority.
- Risk management and regulatory requirements training and awareness programs.
- Transparent and effective communication channels for risk management practices and incident reporting.
- Effective risk reporting and escalation mechanisms for timely management of potential risks.
- Sharing risk management knowledge and best practices through transversal collaboration.

Stress Testing for Continuous Improvement

In line with SAMA guidelines, the Bank conducts semi-annual and annual stress tests, to monitor and calculate the impact on capital and liquidity across a three-year horizon. Calibrated scenarios, ranging from mild to severe, assess the impact on the Bank's income, provisions, other comprehensive income, and risk-weighted assets and capital. A subjective assessment of climate risk is factored into capital planning. In the medium-term horizon, based on the publication of Climate guidelines, it can be expected that Climate-based scenarios will be developed as part of the stress tests to be submitted to SAMA. The Bank's short-term liquidity and financial strength remained strong in 2025, supported by organic growth and medium-term funding, despite increased capital requirements from countercyclical buffers. Stress tests incorporate scenario improvements and estimation alignments recommended by SAMA during semi-annual reviews.

Managing Operational Risk

The Operational Risk Management (ORM) division functions as a critical second line of defense, collaborating with business units, support functions, and control entities. The division promotes a risk culture and enforces consistent operational risk practices in line with the Operational Risk Framework. Aligned with the Bank's risk appetite, risk capacity and strategy, the ORM team conducts regular risk and control assessments throughout the year with support from Risk Champions in each function.

ORM Responsibilities

- Developing and maintaining operational risk profiles.
- Conducting Risk Control Self-Assessments (RCSA).
- Monitoring KRIs.
- Managing operational and technology related incidents.
- Regulatory and internal risk reporting.
- Loss data collection and analysis.
- Reviewing risks linked to new products and services.
- Reviewing and updating policies and procedures.
- Reviewing risks associated with outsourced activities.

ORM's Accomplishments in 2025

- ORM's early involvement in transformation initiatives enabled risks to be addressed before execution. This improved collaboration across business, support, and control functions.
- Automation within ORM processes and systems reduced manual tasks and strengthened risk monitoring and reporting. This improved efficiency, consistency, and data accuracy.
- Delivered second line risk oversight of critical technology initiatives, including the CBS core banking upgrade. Risk factors were integrated throughout the design, implementation, and go-live phases.
- Strengthened the Bank's operational risk framework including RCSA, incident management, and remediation monitoring. This improved accountability, standardization, and regulatory alignment.
- Enhanced risk transparency and accountability in the first line of defense through clear ownership and structured challenges.

Key Risk Management Priorities and Achievements in 2025

Risk Strategy

Risk Strategy is responsible for credit and expected credit loss (ECL) model development, capital planning and stress testing, credit provisioning in collaboration with credit divisions, International Financial Reporting Standards (IFRS 9) implementation, and regulatory capital calculations. It also oversees risk policies and manages Board and SAMA reporting.

The core function of Risk Strategy includes the timely, accurate, and robust execution of the Internal Capital Adequacy Assessment Process (ICAAP) and stress testing, supported by strong governance, along with the development and validation of Wholesale and Retail models. It is also responsible for ensuring accurate regulatory and financial reporting under IFRS 9 and Basel III. Notably, it further includes the accurate and consistent determination of IFRS 9 provisions. The team additionally focuses on Board and BRC reporting. In recent years, it has driven the integration of climate risks into the credit risk processes, coordinating with the business lines and ESG division. Key accomplishments include:

- Continuous validation of Wholesale and Retail (including JB) models, ratings, and macroeconomic assumptions to maintain the IFRS 9 model suite fit for purpose.
- Implemented a comprehensive cross-functional recovery plan for rare plausible capital and liquidity scenarios, showcasing the Bank's resilience and ensuring timely submission to SAMA.
- Participated in the consultative process of Resolution plan.
- Performed annual, semi-annual, and SAMA mandated stress tests with strong governance oversight.
- Refreshed the annual ICAAP and subsequent supervisory review including the introduction of Climate Risk as a Pillar 2 component .
- Enhanced the Early Warning Signal framework to support proactive portfolio monitoring.
- Contributed to the EBAC inter-bank committee, tasked by SAMA to develop the environmental risk guidelines and supported the knowledge building sessions.

Market Risk

In 2025, Market Risk carried out several initiatives:

- Conducted a thorough review of data quality, sourcing, and coverage to improve accuracy and consistency, optimize data usage and the cost effectiveness of data within BSF's systems.
- Market risk analytics infrastructure has been enriched and strengthened in order to support Treasury activities and scope expansion, with the implementation of new methodologies/ valuation curves, aligning with international best practices and Central Bank Regulations, while ensuring more accurate pricing and better risk-mitigation.
- Automating critical quantitative processes remains a strategic priority to keep improving deliverable quality and robustness.

Wholesale Credit Risk

Wholesale Credit Risk controls credit risk by monitoring credit exposures, diversifying lending with adequate collateral, limiting transactions with specific counterparties, and conducting ongoing credit assessment of counterparties. The team also supports responsible growth by driving operational efficiency and lowering credit costs.

Looking ahead, BSF recognizes the government's ambition to reach 58.5GW of renewable energy-mix by 2030. In response, the Bank aims to be a front runner in financing solar and wind projects. The Bank intends to scale its renewable financing portfolio and pursue funding opportunities for commercial and industrial projects, which deliver environmentally friendly solutions such as green hydrogen, carbon capture, and storage. Key accomplishments include the following:

- Operational efficiency was improved by adopting a sector-focused approach to defining market risk acceptance criteria, including ESG consideration, and supporting business growth.

- Established a unified framework for assessing portfolio concentration at the Bank level, while maintaining a focus on subject matter experts to promote efficient, capital-optimized growth.
- Pro-active monitoring through automated early warning signals to manage the cost of risk and utilizing targeted analytics.
- Established credit limits for three solar power projects and approved financing for a wastewater treatment project.
  - All three greenfield solar farms were procured under Round Four of the government's renewable energy program. The combined financing package totaled ⃁ 6 billion, even though each farm is independent of each other with separate contractual arrangements directly with the Saudi Power Procurement Company (SPPC) with long term offtakes. Key features are outlined below:
    - Two 2,000MW PV solar farms, one located 93km and the other 180km northeast of Taif.
    - One 1,500MW PV solar farm located 45km south of Ar-Rass.
  - Financing commitment of ⃁ 656 million for the development of a new sewage treatment plant in Riyadh with a capacity of 200,000 m^3 per day.
- Following a functional realignment, the Credit Administration's analytical function has been integrated with Wholesale Credit.

Wholesale Portfolio Analytics (WPA): Monitors collateral coverage, covenant compliance, and document renewals. Credit concentration by industry, counterparty, country, and ratings is also reviewed and related breaches are escalated to management. Generates key reports and dashboard, including SAMA requirements, with timely analysis aligned with BSF's risk appetite. Key accomplishments in 2025 include:

- Leading CBS Release 2 (R2) and Release 3 (R3) initiatives for key stakeholders.
- Launching the regulatory BCBS 239 compliance initiative.
- Portfolio scenario and variable stress testing of the Wholesale Banking portfolio.
- Conducting credit portfolio and economic sector reviews.
- Developing performance-driven credit dashboards.

Looking ahead, WPA will prioritize strengthening early warning monitoring and regulatory risk frameworks, and upgrading data accuracy and documentation standards. Also, it will leverage automation to ensure prompt and precise credit monitoring.

Additionally, detailed credit insights for actionable intelligence will be provided, leveraging the existing data platform. The function strives for precise risk management and data-driven decision-making to improve financial performance.

Retail Risk

Retail Risk identifies, evaluates, and manages credit risk for retail products, including personal loans, credit cards, and mortgages.

It ensures growth within the Bank's defined risk appetite by enforcing sound credit policies. In line with the Bank's strategy, policies and regulations, it promotes responsible lending, and a stable, sustainable, retail portfolio.

Retail Risk's Key Performance Indicators (KPIs) are measured by net flow rates to defaults for the retail product segment within the risk appetite. These must remain within key thresholds through effective credit-decisioning and improved risk models to achieve medium-term growth objectives. Implementing this through digital initiatives is expected to drive scalability. Key accomplishments include:

- Enhanced credit policy to support targeted growth, mass affluent targeting, consistent credit quality across market cycles, and competitive product development.
- Improved turnaround times for retail credit applications through increased automation and reduced human intervention.
- Provided digital support, including digital verification, GOSI B2B integration, support for digital acquisition, and smarter policy rules to enable instant decision-making.

Special Assets Management

Special Assets Management (SAM) is tasked with the legal process, rescheduling, restructuring, and recovery of Wholesale Banking assets.

Looking ahead, KPIs for SAM emphasize employee capability development to achieve divisional goals, driving lower non-performing loans (NPLs) and write-offs levels. Support is also provided to BSF's stressed clients, while guiding businesses on negotiation and restructure for a favorable outcome.

Credit Administration and Control

Credit Administration and Control (CAC) verifies that all credit approval complies with the Bank's Delegation of Authority Manual. It also ensures facilities are accurately executed and documented in line with internal and regulatory requirements. CAC manages facility agreements, collateral perfection, condition precedent tracking, and controls credit limits. Key accomplishments in 2025 include:

- Participation in CBS Release 3.2 (R3.2)
- Conducted physical inventory checks on collateral.
- Rolled out a Bank-wide early warning pilot program for contractor risk, especially double financing detection, achieving 100% regional coverage.
- Spearheaded the Credit Administration and Monitoring Department (CAD) and Credit Control and Monitoring Unit (CCM) restructuring initiatives, defining new job titles, grades and the operating model.
- Identified areas for automation and drove standardization across all regions.
- Strengthened compliance awareness, and team capabilities.
- Improved turnaround times for credit documentation and facility execution.

Looking ahead, CAC will prioritize automation in documentation and collateral management, boosting operational resilience and control efficiency.

Business Continuity

Business Continuity Management (BCM), part of the Business Continuity Division, strengthens BSF's operational resilience through a strong governance framework. It also performs enterprise-wide BCM activities that strengthen the integrated operating model. BCM develops the organization's core resilience capabilities, covering crisis and communication management, in coordination with stakeholders and response teams.

Key initiatives include improving the BCM strategy and updating the Business Impact Analysis (BIA) with defined interdependencies across critical functions and services. BCM enhanced its governance documents and frameworks to comply with the SAMA BCM framework, with defined milestones, deliverables, KPIs, and tracking mechanisms.

BCM's key activities include enterprise risk assessment, Business Impact Assessments (BIAs), formulation and maintenance of Business Continuity Plans (BCPs), and evaluation of third parties, vendors, and supply chain dependencies. Recovery sites across the Kingdom were actively managed and maintained, underpinned by an annual testing roadmap and the execution of comprehensive disaster recovery and full failover exercises.

BCM awareness and training programs were conducted organization-wide, and the BCM portal remained accessible nation-wide. Compliance with SAMA and Chairperson's Ask 3 and Ask 5 obligations was maintained. Additionally, internal and external pre-audits were conducted for International Organization Standardization (ISO) 22301 certification renewal, and a BCM maturity assessment, in line with the SAMA maturity model, was completed.

Internal Audit

The Internal Audit Group (IAG) functions as the third line of defense within the Three Lines Model established by the Institute of Internal Auditors (IIA). It is an independent objective assurance and consulting function that aims to strengthen the efficiency of Governance, Risk Management, and Internal Controls.

Led by the Bank's Chief Audit Executive, IAG reports to the Board Audit Committee, administratively to the Chief Executive Officer (CEO), and complies with Global Internal Audit Standards (GIAS) and SAMA Internal Audit principles. Aligned with these principles, IAG has developed an Annual Plan and a four Year Strategic Plan, approved by the Board Audit Committee, covering cyclical audit and regulatory reviews. The audit frequency of the auditable entities is determined based on the risk assessments and applicable regulatory requirements. The following are the key entities covered:

- Risk Management Group
- Compliance Group
- Treasury and Investment Group
- Wholesale Banking Group
- Personal Banking Group
- Finance and Strategy Group
- Human Resources Group
- Customer Care Group
- Legal and Governance, Corporate Secretary Group

In 2025, IAG completed 100% of its internal audit engagements in line with the Approved Internal Audit Plan, including cyclical, regulatory and other reviews, unplanned investigations, and technical reports. Key audit engagements in 2025 included:

- **Risk Management Group:** Including Operational Risk Management (comprising Operational Loss Data and excluding Technology Risk), Business Continuity Resilience Review, and Treasury and Financial Market Risk.
- **Compliance Group:** Including Compliance Banking and Self Supervisory Unit.
- **Treasury and Investment Group:** Including Treasury and Financial Market Risk and Treasury Operations.
- **Wholesale Banking Group:** Including Corporate Banking Group and large exposures, business management, and Global Transaction Solutions.
- **Personal Banking Group:** Including Digital Banking, the Eastern Region and branches.
- **Human Resources Group:** Including Learning and Talent Management and Recruitment, and Business Partnerships.
- **Technology and Cybersecurity:** Auditing these functions forms an integral part of IAG's annual plan. In line with SAMA and National Cyber Security Framework and Standards, multiple reviews were conducted to evaluate the efficiency of risk management, operational and cybersecurity controls over key activities, and processes of data privacy and security. These reviews validated conformity with internal frameworks, policies, procedures, and regulatory laws and mandates including:
  - Personal Data Privacy and Protection Law (PDPL) review issued by the Saudi Data and Artificial Intelligence Authority (SDAIA) and mandated by SAMA commencing from 2025.
  - Data Management and Privacy Data Protection (DMPDP) issued by the National Data Management Office (NDMO) – SADIA.
  - Data Cybersecurity Controls (DCC) managed by the National Cybersecurity Authority (NCA).
- **Thematic Review of Interest Rate Risk in Banking Books (IRRBB) and Stress Testing – BSF's self-assessment (as per SAMA mandate):** This assessment evaluates the appropriateness of governance, internal controls, policies, and procedures related to IRRBB and stress testing on an end-to-end basis.

Non-audit fees received by the audit firm as a percentage of total fees

	Units	2025	2024	2023	2022	2021
Non-audit fees received by the audit firm as a percentage of total fees	%	11	18	25	24	5

BSF in Action: Comprehensive use of TeamMate+ (Internal Audit Management System)

Aligned with IAG's 2025 strategic goals and Internal Audit Global Standards, TeamMate+ was utilized to carry out the entire audit cycle. This resulted in improved collaboration between audit teams and auditees, optimized workflows, boosted productivity, and created a centralized database for insights.

Compliance

BSF fosters a strong compliance culture that protects stakeholder interests and strengthens ESG governance. The Compliance Group (CG) ensures conformance to SAMA regulations, applicable laws, and international standards through a framework of approved policies, including Compliance Policy, Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF) Policy, Anti-Bribery and Corruption (ABC) Policy, Fraud Risk Management Policy, Whistleblowing Policy, Code of Conduct Policy, and Data Protection Policy. Compliance policies are approved at the Board of Directors level and periodically reviewed and updated for regulatory alignment and emerging risks.

CG maintains the compliance risk register, monitors and reports breaches, supports remediation, strengthens control, and delivers targeted compliance and financial crime training. Governance is supported by defined roles under the Three Lines Model, overseen by the Board Audit and Compliance Committees. BSF also has a variety of programs in place to further facilitate adherence to the Bank's compliance policies, including Know Your Customer (KYC), monitoring customer transactions, sanctions, fraud monitoring, and an Anti-Money Laundering and Counter-Terrorism Financing (AML & CTF) program.

ESG Compliance Performance

BSF reported zero penalties, violations, or enforcement actions that are related to ESG disclosure or governance compliance during the reporting period. This reflects the Bank's robust internal controls, transparency, and ethical culture.

The Bank's annual compliance performance is measured by three key performance indicators (KPIs).

- Number of compliance breaches identified by regulators.
- Percentage of open compliance issues.
- Percentage of outstanding internal audit observations.

Preventing Financial Crimes

The Bank's AML/CTF initiatives prevent financial crimes and bolster financial system integrity, while anti-fraud measures protect customers and promote responsible banking practices. The Financial Crimes Division enforces compliance with laws and regulations, and trains employees on financial crimes, AML/CTF practices including the risks of tax evasion and associated criminal penalties.

Compliance Training

The Bank delivers annual compliance and financial crimes training, including mandatory refresher and focused sessions for high-risk roles. Training includes AML/CTF, sanctions, fraud prevention, conduct risk, ethical standards, and conflicts of interest, ensuring staff are informed and aligned with regulatory and ESG expectations.

Training is delivered through e-learning, instructor-led sessions, workshops and awareness campaigns, with progress closely tracked. New joiners undergo compliance and ethics induction training as part of the onboarding process, with periodic thematic training delivered in response to regulatory developments or emerging risks.

BSF performs regular audits and assesses ethical standards as part of its internal control and governance framework to ensure consistent application of the Code of Conduct and compliance policies across the Bank. BSF remains committed to sustaining strong governance and responsible business conduct in alignment with ESG standards and stakeholder expectations.

Anti-Fraud Practices

The Anti-Fraud Policy outlines fraudulent acts covering bribery, corruption, financial misconduct and facilitation payments, and assigns responsibilities for their prevention, detection, response, and reporting.

Bribery and corruption are defined as offering, giving, receiving, or soliciting anything of value, directly or indirectly, to improperly influence a business decision or obtain an undue advantage. Facilitation payments – which are strictly prohibited – refer to any improper or unofficial payments made to expedite or secure routine governmental or business actions.

Fraud risk controls are overseen by the Anti-Fraud Department through monitoring, automated alerts, case investigations, and continuous awareness initiatives. Dedicated fraud risk committees and dashboards provide continuous oversight and prompt escalation in line with SAMA standards.

Furthermore, our Whistleblowing framework supports confidential reporting and ensures appropriate protections for employees and stakeholders, further promoting ethical conduct and accountability.

Fraud and financial crimes prevention is supported by the Bank's CG, through a robust set of policies and procedures. These measures cover awareness initiatives, pre-launch fraud risk assessments for new products and services, regular anti-fraud controls reviews, and compliance with SAMA's Counter-Fraud framework. A dedicated Fraud Monitoring System and formal whistleblowing channels are in place to strengthen vigilance across the Bank.

Continuous awareness programs for all staff, including Senior management and the Board, strengthen these initiatives. Regular training sessions and policy updates are communicated through official channels to ensure consistent knowledge dissemination.

In the event of fraud, CG leads independent investigations and root cause analysis with relevant departments, maintaining segregation of duties and conflicts of interest considerations. Corrective actions are developed and implemented to address underlying causes, including enhancements to policies, procedures, processes, and system controls to reduce manual and human errors.

CG provides quarterly reports on whistleblowing, anti-bribery, and corruption cases to the Compliance Committee, Board Audit Committee, and Board of Directors.

Anti-Bribery and Corruption Policy

BSF enforces an Anti-Bribery and Corruption (ABC) Policy that prohibits improper financial and non-financial benefits and ensures conflicts of interest are disclosed. Third parties are subjected to due diligence, and all suspected breaches are promptly investigated, with corrective measures enforced.

Anti Money Laundering Program

BSF maintains a well-defined AML/CTF program to combat financial crimes linked to money laundering and terrorist financing. The Bank's Anti-Financial Crimes Department enforces the program to ensure BSF and its affiliates do not engage in and are not used by others in connection with money laundering or terrorism financing by driving full compliance with all applicable AML and CTF laws and regulations, including adherence to Anti-Money Laundering and Counter Terrorism Financing instructions specified by SAMA. Training on financial crimes including AML/CTF was conducted and delivered through the BSF Academy.

Whistleblowing Policy

The policy ensures safe and confidential channels for reporting issues without fear of retaliation. Reports are promptly reviewed and escalated to Senior Management and the Board Audit Committee where required. Training sessions and awareness campaigns fosters a culture of transparency and ethical conduct.

BSF's whistleblowing channels are easily accessible to all BSF personnel, promoting transparency, accountability, and prompt reporting of any suspected misconduct or irregularities. Anonymous reporting is available 24/7, in Arabic or English, through the online whistleblowing form or hotline (011) 289-1133.

CG submits all whistleblowing reports quarterly to the Senior Management and Board Audit Committee. In 2025, 123 whistleblowing incidents were reported and 100% of these incidents were resolved. Increased reporting is due to the heightened awareness of whistleblowing channels through internal awareness campaigns.

Incidents of Non-Compliance (SAMA)	Unit	2025	2024	2023	2022	2021
Total incidents of non-compliance with laws and regulations	Number	24	17	15	14	14
Total amount of associated financial penalties	⃁	9,258,440*	4,293,500	3,392,700	6,973,315	6,076,800

* The rise in penalties reflects heightened attention from SAMA on key areas such as cybersecurity, fraud prevention, and IT previous incidents. This comes alongside ongoing efforts to strengthen compliance and address potential risks more proactively.

Legal

The Legal Advisory and Litigation divisions at BSF support regulatory compliance, and safeguard the legal interests of the Bank and its group entities. They provide comprehensive legal support and assistance to all business lines and groups across the Bank.

Legal Advisory and Litigation divisions

- Monitoring new and updated laws and regulations.
- Reviewing, developing, and updating the Bank's agreements, forms, and standard documentation.
- Establishing legal policies, procedures and protocols.
- Ensuring all identified legal risks are appropriately mitigated via recommended and constructive solutions.
- Regulating relationships between stakeholders.
- Supporting the Board and Executive Management through the promulgation of appropriate legal practices.
- Representing the Bank in legal proceedings and managing disputes before all judicial bodies to protect its rights and interests.
- Coordinating with external counsel and relevant stakeholders to ensure effective handling of complex litigation cases.

Cybersecurity

The evolving fintech landscape positions cybersecurity and corporate information security as critical and continuous priorities for BSF.

Management of Information Security

The Bank's Information Security Governance Management Committee provides oversight to the systematic and strategic approach to cybersecurity and information security. To this end, the Committee relies on guidance from the Chief Information Security Officer and the Corporate Information Security Division (CISD). Further, rigorous external audits of the Bank's information security practices are conducted annually to ensure the highest security and compliance standards.

BSF's Corporate Information Security Division is instrumental in securing sensitive data and maintaining the reliability and integrity of the Bank's information systems. Responsible for overseeing the Information Security Program, the department monitors, controls and evaluates cyber risks, to ensure adherence to national and international cybersecurity regulations and the Bank's security policies and standards. Over the course of its development, CISD has launched multiple projects aimed at strengthening cybersecurity, focusing on cyber threat management, risk management, incident management, and cyber digital crime prevention.

To address the evolving cyber threat landscape, in 2025 the Bank enhanced its focus on emerging technological risks, specifically those related to cloud computing, artificial intelligence (AI), machine learning, disruptive banking practices, and the development of open banking and fintech solutions. Additional efforts were taken to minimize downstream liability from third party and supply chain management, and to expand the CISD team with more Saudi talents.

CISD's performance is routinely tracked through the following key performance indicators (KPIs):

- Number of undetected cyber incidents
- Number of unpatched assets
- Number of open audit issues
- Number of deviations from regulatory compliance

Corporate Cybersecurity Policy

CISD has developed the Cybersecurity Policy to provide ongoing protection against emerging global cyber threats, safeguard BSF's information and underlying assets, and assure a secure banking experience for customers. BSF's Board of Directors have approved the Cybersecurity Policy, recognizing cybersecurity as a key strategic enabler. Additionally, they actively support the development and execution of BSF's cybersecurity objectives.

The Cybersecurity Policy aims to protect BSF's assets by reducing the risk of unauthorized information disclosure, modification, or destruction of information, either intentionally or by accident. It further defines and implements the cybersecurity standards and practices necessary to develop, maintain, and enhance BSF's cybersecurity ecosystem. As such, this policy defines compulsory cybersecurity standards that will be enforced consistently throughout all business units and functions within the Bank.

The Cybersecurity Policy is anchored in BSF's strategic cybersecurity objectives as defined below:

- Understand and prioritize assets, risks and vulnerabilities.
- Establish proactive measures to secure BSF's assets.
- Enable a cyber-secure digital ecosystem.
- Build cyber-resilient capability.

A defined process is in place for reporting security incidents to the Security Operations Center (SOC), and reporting methods are regularly communicated through awareness messages.

Oversight of Cybersecurity Risks

CISD utilizes advanced security operations and real-time monitoring to promptly detect and respond to anomalies or suspicious activities related to unauthorized access, disclosure, or alteration of data, supported by a comprehensive cybersecurity risk management framework.

- Sandboxing technology across digital channels used by BSF clients to prevent exposure to threats and malicious actions.
- 24/7 Cybersecurity Monitoring: BSF Corporate Information Security is maintaining a Security Operations Center (SOC) where security-related data from enterprise information systems is monitored, assessed and actioned.
- Special third-party training for information security practitioners on penetration testing, incident response, digital forensics, security operations, risk assessment and other topics.
- Periodic cyber analysis to improve monitoring, detect suspected fraud activity and enact precautionary measures, and increase customer protection from potential cyber fraud.

A rigorous approach to vendor management is in place, including cybersecurity due diligence prior to registration and comprehensive cyber risk assessments for all third parties accessing the Bank's data. Third parties are required to adhere to specific cybersecurity contractual obligations and non-disclosure agreements, and undergo periodic evaluation to ensure compliance with the Bank's security policies and regulatory requirements.

Cybersecurity Practices

Training and Awareness Initiatives

CISD provides quarterly updates to the Information Security Governance Committee (ISGC), the Risk Management Committee (RMC), and the Board Risk Committee (BRC) on the Bank's overall cybersecurity posture.

- An annual training program has been implemented for all employees, while CISD staff undergo regular training and obtain relevant professional certifications.
- The awareness program is delivered through a multi-channel approach to disseminate information effectively. The program outlines appropriate rules of behavior for the secure use of information and systems across employees, customers, and third parties. Phishing simulations, awareness drills, and targeted training programs are regularly conducted to drive secure behaviors and foster a strong security culture.

Assurance and Assessments

The Cybersecurity Assurance function conducts internal and external vulnerability assessments across all technology components in BSF, and coordinates vulnerability management results with the relevant Information Technology stakeholders for timely patching.

- Asset certification activities include vulnerability scanning, compliance and configuration assessments, and source code reviews for banking applications and infrastructure.
- Routine firewall security assessments.
- Cybersecurity risk assessments are routinely carried out for crown jewel assets and critical applications.

A total of 2,677 employees participated in cybersecurity training programs in 2025.

Compliance Assessments

- Annual internal audits and SAMA inspections are conducted across all cybersecurity practices and policies to evaluate the effectiveness of the established controls and highlight areas for improvement.
- BSF performs annual internal security self-assessments to verify adherence to local security regulations and standards issued by SAMA and the National Cybersecurity Authority (NCA), Society for Worldwide Interbank Financial Telecommunication (SWIFT), Payment Card Industry Data Security Standard (PCI-DSS), and ISO:27001.

Third-Party Service Providers

- All potential third-party vendors involved in data sharing are subject to thorough due diligence, ensuring compliance with internal policies and regulatory requirements.
- Vendor contracts include cybersecurity regulatory clauses and binding non-disclosure agreements.
- Vendors are subject to periodic cybersecurity assessments to confirm ongoing compliance with internal policies and regulatory requirements, substantiated through documented evidence aligned with a predefined checklist.

Sector Engagement

BSF participates in the SAMA Banking Committee on Information Security (BCIS), which convenes on a near-quarterly basis. The committee consists of Chief Information Security Officers who collaborate to share cybersecurity insights, risk intelligence, and industry expertise.

Third-Party Certifications

BSF continues to uphold the ISO:27001 certification for Information Security Management Systems (ISMS), for the following scope:

- ISMS encompasses all information and processes utilized by BSF's Corporate Information Security Division that provides Cybersecurity Governance and Compliance Services, Risk Management Services, Access and Key Management, Cybersecurity Operation Centre Services, Threat Management, and Incident Management and Investigation. This includes security monitoring and incident management services that support BSF's Trade, Finances, Products and related services, ensuring alignment with the Bank's business objectives and PCI-DSS certification requirements. ISO27001 certification is implemented across all BSF operations.

Ongoing Improvement and Oversight

- BSF's Security Operations Centre continuously oversees, assesses and addresses security-related data activities, ensuring 24/7 protection.
- Quarterly updates on cybersecurity activities, including cyber fraud are shared with the ISGC, RMC, and the Board Risk Committee (BRC).

Data Privacy

The Data Privacy Management Department was established in 2023 to reinforce the Bank's commitment to safeguarding client information and complying with applicable laws and regulations. BSF ensures that its clients' personal data is managed responsibly with strict adherence to industry leading standards of privacy, security, and transparency. BSF's client's right to privacy is set out in the Bank's Privacy Notice, reinforcing BSF's commitment to responsible data handling, including how personal data is collected, processed, shared, and secured. Client information is collected through lawful and transparent processes. All client data is retained in accordance with the standards from Saudi Data and Artificial Intelligence Authority (SDAIA), the National Data Management Office (NDMO), and the Personal Data Protection Law (PDPL) which enforces rigorous compliance requirements and hefty penalties for non-compliance.

Additionally, the Bank has established a comprehensive Privacy Policy that provides clear guidance to internal teams on complying with privacy laws, regulatory obligations, and organizational standards. This policy reinforces a consistent, accountable and privacy-by-design approach throughout all business functions. Further, this policy applies to and governs all data processing activities throughout BSF's operations, functions, and business lines.

Strong data privacy practices facilitate the Bank's ESG commitments, and BSF considers ethical, secure data handling is integral to its mission as a forward-thinking and socially responsible financial entity.

Environmental Impact

- Data minimization, combined with secure disposal practices, promotes conservation of resources by reducing energy consumption tied to data processing and storage.

Social Value

- Ensuring customers can effortlessly understand and manage personal data they share, reflects BSF's commitment to transparency.
- BSF prioritizes data privacy as a sign of respect for individuals, and protects customers from the risk of discrimination or exploitation based on their personal data.
- BSF protects clients' rights by ensuring their personal and financial data is secure, reducing the risk of harm, misuse, or discriminatory practices.

Exemplary Governance

- Robust corporate governance practices include a well-designed data privacy framework that adheres to the regulations of the SAMA, SDAIA, and PDPL.
- BSF's proactive approach to data privacy safeguards against breaches and mitigates related financial and reputational risks. **As a part of the Bank's reactive data privacy measures, the Data Breach Handling and Response Process offers a systematic approach to identify, evaluate and mitigate incidents of unauthorized access, disclosure, or loss of personal data.** Upon detection or an alleged breach, including unauthorized access or accidental exposure of customer data, this process is promptly triggered. BSF acts swiftly to investigate, contain, and mitigate breaches, notify impacted individuals and the relevant authority as required, and ensures adherence with PDPL.

Going forward, the Bank will be focused on ensuring third-party engagements comply with PDPL requirements, and providing BSF employees with extensive training on personal data principles and requirements. The Bank's Data Privacy Management is also working to implement Privacy by Design principles by embedding privacy in systems, processes, products and services to reduce regulatory risk and build customer trust.

Data Privacy KPIs

- Percentage of data subject requests fulfilled within the regulatory period, by each quarter
- Percentage of personal data processing that is based on consent where the consent is valid or lawful
- Percentage of marketing opt-out requests received and fulfilled within the regulatory period
- Number of data privacy breaches required to be reported to the regulator and not reported within the defined period
- Percentage of third-party contracts with a signed addendum or MSA
- Percentage of data privacy assessment conducted for third parties that process personal data
- Percentage of completed reviews of the RoPA entries
- Percentage of IT applications scanned for personal information

Data Privacy	2025	2024	2023	2022	2021
Number of material data security breaches	0	0	0	0	0
Number of material data security breaches involving customers' personally identifiable information	0	0	0	0	0
Percentage of material data security breaches involving customers' personally identifiable information	0	0	0	0	0

Securing Customer Information

BSF maintains the highest level of confidentiality for all personal data, disclosing it only when permitted by law. Information on data handling practices is provided in the Bank's Privacy Notice, accessible on its website, BSF Mobile, and during the account opening process. Transfer of personal data to third parties acting on behalf of BSF, whether legally required or contractually agreed, is done responsibly and in compliance with the law. BSF ensures that transfer of personal data outside the Kingdom or to external parties comply with PDPL and is subject to stringent due diligence to protect data privacy. The Bank does not sell personal data under any circumstances and uses client information exclusively for lawful banking purposes.

The Data Privacy Management Department enables BSF to provide clients with control over their personal data and understanding their privacy rights as defined in the Bank's Privacy Notice. The Notice is designed to uphold the principles of the Personal Data Privacy Law, detailing how personal data is collected, what information is required, and its intended use. It also outlines BSF's commitment to protecting clients' privacy and maintaining strict data confidentiality.

Personal data is retained by BSF solely for the duration necessary to fulfill the purposes outlined in the Privacy Notice or mandated by law. The retention period may be extended based on the continued use of BSF's services or to comply with regulatory requirements. Once the applicable retention period lapses, or upon a data subject's request, where technically feasible and legally permissible personal data is securely destroyed using certified deletion mechanisms or anonymized when deletion is not possible.

2025 marks the sixth consecutive year in which no material data security breaches were recorded.

BSF ensures that all third-party interactions involving personal data are reviewed to embed privacy, protect information, and uphold data subject rights. As a further safeguard, BSF has approved and implemented a clearly defined Privacy Policy aligned with the personal data protection laws and privacy regulations of the Kingdom. The policy defines how data is managed and monitored and outlines customers rights, including:

- Right to be informed
- Right to request access to personal data
- Right to request a copy of personal data
- Right to request correction/rectification of personal data
- Right to request the destruction of personal data
- Right to request withdrawal of consent of personal data
- Right to submit any complaint
- Right to claim compensation.

To comply with SAMA obligations, clear governance procedures are in place within the cybersecurity function for data breach notification should they occur.

Data Collection

All client information is collected via lawful and transparent means, and retained in line with standards set by the Saudi Data and Artificial Intelligence Authority (SDAIA), the National Data Management Office (NDMO), and the Personal Data Protection Law (PDPL). Any sharing of personal data with third parties is conducted in accordance with BSF's cybersecurity policies aligned with PDPL requirements.

Compliance Assessment

In 2025, the first internal audit for Data Privacy was conducted to evaluate the effectiveness and efficiency of governance, risk management, and operational controls, across the primary activities and critical processes of data privacy management. Additionally, an independent third party conducted an independent review of BSF's policies and practices for compliance with the Kingdom's PDPL and its implementing regulations.

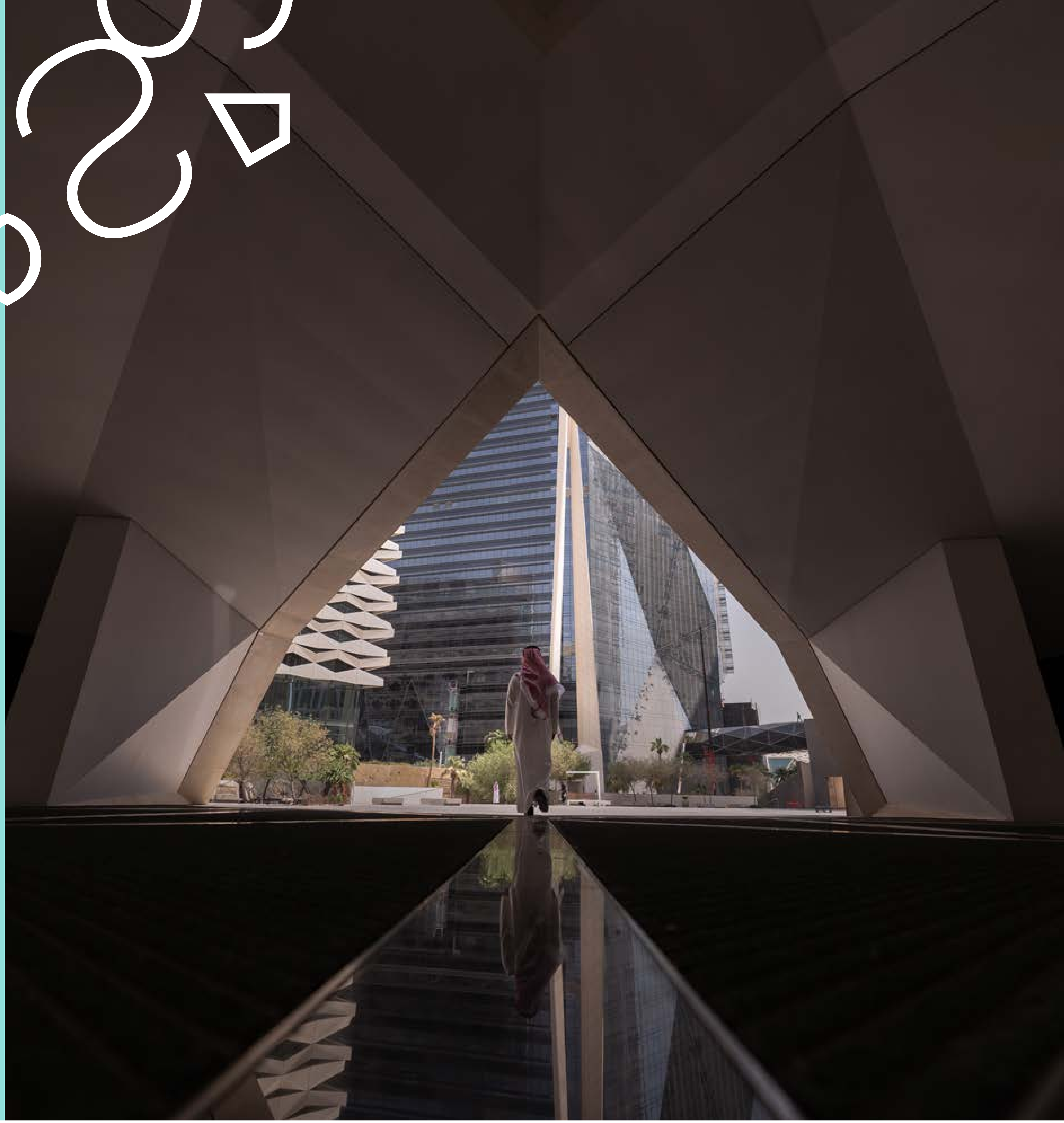
Awareness and Training

To foster continuous awareness of Data Privacy and Protection, in 2024, BSF rolled out an annual mandatory Data Privacy tailored training for all employees. The training outlines the Personal Data Protection Law (PDPL) and the regulatory landscape and employee duties toward data privacy and protection. Revised in 2025, the mandatory training covers, among other topics, the following:

- Fundamental data privacy concepts
- Legal and regulatory requirements as per applicable laws
- Handling Personal data in daily activities
- Data subject rights
- Data sharing and transfer
- Data breach management
- Practical application and case studies.

A post-training assessment evaluates participants' understanding, with a minimum passing score to confirm and assess the participant's understanding. As part of BSF's ongoing efforts to promote data privacy and protection, awareness messages are periodically shared with staff through email and internal channels.

Board of Directors' Report



Introduction

Ladies and Gentlemen: Shareholders of Banque Saudi Fransi

Greetings,

Banque Saudi Fransi (BSF) Board Members are pleased to present their Annual Board Report for the fiscal year 2025.

BSF is a Saudi Joint Stock Company established by Royal Decree No. M/23 dated Jumada Al Thani 17, 1397H (corresponding to June 4, 1977), after taking over the operations of the Banque de l'Indochine et de Suez in the Kingdom of Saudi Arabia. The Bank formally commenced its activities on Muharram 1, 1398H (corresponding to December 11, 1977). It operates under Commercial Registration Number. 1010073368 dated Safar 4, 1410H (corresponding to September 5, 1989), through its 82 branches and 3 self-service centers in the Kingdom of Saudi Arabia, with 2,718 employees. The objective of the Bank is to provide a full range of banking services, including Islamic products and services, which are approved and supervised by an independent Shariah Committee. The Bank's Head Office is located at King Saud Road (AlMa'ather previously), AlMuraba' District, P.O. Box 56006, Riyadh 11554, Kingdom of Saudi Arabia.

Net income after Zakat for 2025 financial year amounted to ⃁ 5,353 million compared to ⃁ 4,544 million in 2024. Net income increased by 17.8% mainly due to higher revenue (⃁ 879 million) and decline in impairment charges (⃁ 191 million) which was offset by higher expenses (⃁ 150 million).

Total operating income increased by 9.1% driven by net special commission income, gain on non-trading investment and other operating income which was partly countered by a decrease in trading income and net fee & commission income.

Meanwhile, total operating expenses excluding impairment charges increased by 4.4%. This increase was primarily due to increase in other operating and general and administration expenses and depreciation and amortization. Net impairment charges amounted to ⃁ 989 million, decrease by 16.2% or ⃁ 191 million, reflecting normalization of provisioning charges.

Net special commission income increased to ⃁ 8,692 million, an increase of 10.3% (⃁ 809 million) compared to ⃁ 7,883 million in previous year. Total assets amounted to ⃁ 309,006 million at the end of 2025, an increase of 5.4% compared to ⃁ 293,307 million in 2024. The investment portfolio grew by 12.9% to ⃁ 68,682 million at the end of December 2025 compared to ⃁ 60,820 million at the end of previous year. Net loans and advances also increased by 5.3% to ⃁ 214,891 million at the end of 2025 compared to ⃁ 204,168 million for the previous year. Customer deposits increased by 5.5% to ⃁ 195,219 million at the end of December 2025 compared to ⃁ 185,118 million for the previous year.

BSF will continue to achieve its strategic objectives to enhance its position in the banking sector, improve its profitability and deliver a seamless customer and employee experience.

In this report, information is given on the Bank's activities, major indicators during 2025 and details on the governance framework of the Board of Directors, its committees and internal controls.

1 Bank's strategy and future plans:

In 2023, BSF launched a Strategy Refocus exercise that concentrated on simplifying the bank's strategy to ten (10) key focus areas across all business lines. Geared towards capitalizing on our strengths and realizing inter-group synergies, the strategy incorporated focus areas for our subsidiaries (JB and BSF Capital) for the first time. The result was a well-integrated strategy with balanced targets that prioritize profitability, market share, and customer experience. Following its approval by our Board of Directors in March 2023, the Strategy Refocus was subsequently shared with the investor community.

Ten (10) Focus Areas:

The 2023 strategy refocus paved the way towards achieving our strategic ambitions through ten focus areas across all business lines:

Bank-wide

- Technology infrastructure upgrade: a focus area that encompasses the development of the Core Banking System (CBS), Integrated Corporate Banking Portal (ICP), and an omnichannel platform.

Wholesale Banking

- Expand lending in Corporate Financial, multinational, micro, small, and medium enterprises and government.
- Grow deposit balances in corporates and government.
- Optimize cross-sells through trade and loan & credit management.

Personal Banking

- Increase affluent customer base and deposits.
- Revamp product and value propositions
- Optimize footprint and build future branch network.
- Enhance digital offering and customer experience.

Private Banking

- Increase deposits and assets under management.
- Increase new customer acquisition.
- Lead product and service offering with distinctive propositions targeted to the right segments

JB

- Offer digital lending solutions — Personal loans & Credit cards.
- Penetrate into high-margin, fast-growing consumer segments.
- Collaborate with the Bank on leads, sales, and cross-sells.

BSF Capital

- Expand offerings and provide high-return products.
- Transform wealth management end-to-end.
- Improve penetration to affluent customers by distinctive products.

Strategy Execution:

BSF has institutionalized the role of the **Transformation Office Division** in organizing Transformation Management for the Bank. Transformation Management is a set of processes, tools and governance to ensure that the Bank implements its strategy in a seamless way. The objective of Transformation Management is to optimize the business impact and value created for the Bank and its customers from the implementation of change initiatives.

In 2025, we ensured targets were cascaded and tracked across platforms.

On Technology, we advanced the Integrated Corporate Portal through phased rollouts in trade services, sequenced later phases, and kept plans to extend into supply-chain finance. We continued BSF Mobile releases and progressed core-banking upgrades to enhance scalability and client experience. **In Treasury**, Funding & Markets, we proactively diversified funding by instrument and tenor, maintained a regular presence in capital markets, and leveraged the certificates-of-deposit program to broaden investor reach and optimize the maturity profile while dynamically managing deposit mix and alternative channels to support selective growth and margin resilience. **On Risk**, we preserved asset quality through selective origination and disciplined provisioning, improved operating leverage, and supported margins through balance-sheet mix actions and hedging within the stated risk appetite. Complementing these foundations, the Bank executed its strategy within the business lines as well with notable progress:

Wholesale Banking: deepened relationships with government clients and broadened global FI coverage while remaining selective in origination; advanced trade and supply-chain propositions; activated new strategic partnerships.

Personal Banking: BSF Mobile is live and iterating; branch-network transformation is underway; targeted campaigns (including the Saudi Pro League platform) are lifting engagement in priority segments.

Private Banking: a multi-year development plan is under execution with early results; the proposition is being deepened, supported by closer coordination with BSF Capital and Wholesale.

JB: advanced transformation with core-system modernization and upgraded mobile journeys; continued strong digital adoption and cross-sell momentum with the Bank.

BSF Capital: expanded wealth and investment distribution (including the Global Horizon advisory model) and sustained momentum in real-estate funds, with tighter collaboration across business lines.

Additionally, as part of our continuous improvement efforts, the Bank has implemented an organizational change to enhance operational synergies and better equip business lines and support functions to deliver best in class services in which a Transformation Group was established that leads the Bank's Business Technology, Operations and Digital Banking & Innovation reporting directly to the CEO to ensure strategic alignment and effective execution of our transformation initiatives.

As our 2021–2025 strategy concludes, we look ahead to an aspirational 2030 Strategy built on the solid foundation we established: strong governance and clear priorities, modernized infrastructure and systems, accelerated digital channels, diversification and balance-sheet optimization, and a strong leadership team. We will leverage the capabilities, platforms, and culture we've built to drive the next phase of growth, focusing 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.

2 A description of the main scope of business of the Bank and its affiliates and a statement showing each activity and how it affects the Bank businesses and results:

The main activities of the Bank are as follows:

Personal Banking – offers individual customers through physical channels and digital platforms with their daily banking needs such as fund transfers, cash withdrawals, deposits and bill payments as well as products like demand deposit account, savings account, fixed deposit, personal finance, mortgage, debit & credit card and car lease.

Wholesale Banking – one of the largest providers of corporate banking services in the Kingdom, among the top tier banks in terms of key volume and profitability matrices. WBG provides a wide range of corporate banking services to large local and international corporates, government and public sector entities, financial and non-banking financial entities as well as Medium, Small and Micro Enterprises (MSME). It operates under the banner "One Client, One Bank" as the group offers integrated lending, payments, deposits, trade finance, liquidity and cash management solutions.

Treasury – is responsible for managing the overall balance sheet and liquidity of the Bank. Including trading, investments and capital market activities. Moreover, Treasury has a dedicated market advisory team, which caters for clients' hedging and market needs through bespoke financial products offering.

Investment Banking, Asset Management and Brokerage – It includes managing investment solutions for individuals, corporations and institutions including, portfolios and investment funds, brokerage and custody of securities, and providing investment banking services including arranging and advice.

The impact of these major activities on the Bank's size and contribution to the results is as follows:

Activity type	Net income before Zakat (in thousands of ⃁)	Percentage
Personal Banking	856,338	14.3
Wholesale Banking	3,832,272	64.0
Treasury	901,394	15.1
Investment Banking, Asset Management and Brokerage	399,009	6.7
Total	5,989,013	100

The activities of major subsidiaries and their impact on the Bank's business volume and its contribution to the results are as follows:

Subsidiary	Activity	Net income before Zakat (in thousands of ⃁)	Percentage
Saudi Fransi Capital (BSF Capital)	Acts as principal and agent, and undertake, manage, arrange, advise and file in securities trading	399,009	6.7
JB (formerly Saudi Fransi for Finance Leasing)	Personal financing and leasing and financing of vehicle assets (Cars, motorcycles, trucks) and heavy equipment and machinery, in addition to the purchase and registration of these assets	164,292	2.7

The Bank also owns Saudi Fransi Insurance Agency (SAFIA), Sofinco Saudi Fransi and Saudi Fransi Digital Ventures having 100% share in equity in each of these subsidiaries, all of these subsidiaries are under liquidation. The Bank owns 100% (95% direct ownership and 5% indirect ownership through its subsidiary) share in Sakan Real Estate Financing. These subsidiaries are incorporated in the Kingdom of Saudi Arabia.

The Bank also formed subsidiaries, BSF Markets Limited and BSF Finance Limited registered in Cayman Islands having 100% share in equity in each of these subsidiaries. The objective of BSF Markets Limited is derivative trading and Repo activities. BSF Finance Limited is a special purpose vehicle established to raise capital for Banque Saudi Fransi by the issuance of debt instruments.

The Bank formed a subsidiary Sur Multi Family Office Limited registered in United Kingdom having 100% share in equity. The objective of this subsidiary is to provide a wide range of wealth management services to BSF's high net worth clients and their families.

The contribution to the results for the mentioned subsidiaries are insignificant (less than 0.005%).

3 Credit ratings of the Banque Saudi Fransi granted by international rating agencies:

Ratings	Standard & Poor's Ratings Services	Moody's Investors Service	Fitch Ratings
Long-term ratings	A-	A1	A-
Short-term ratings	A-2	P-1	F2
Outlook/Review	Stable	Stable	Stable
Last published credit opinion	19/06/2025	05/11/2025	14/04/2025

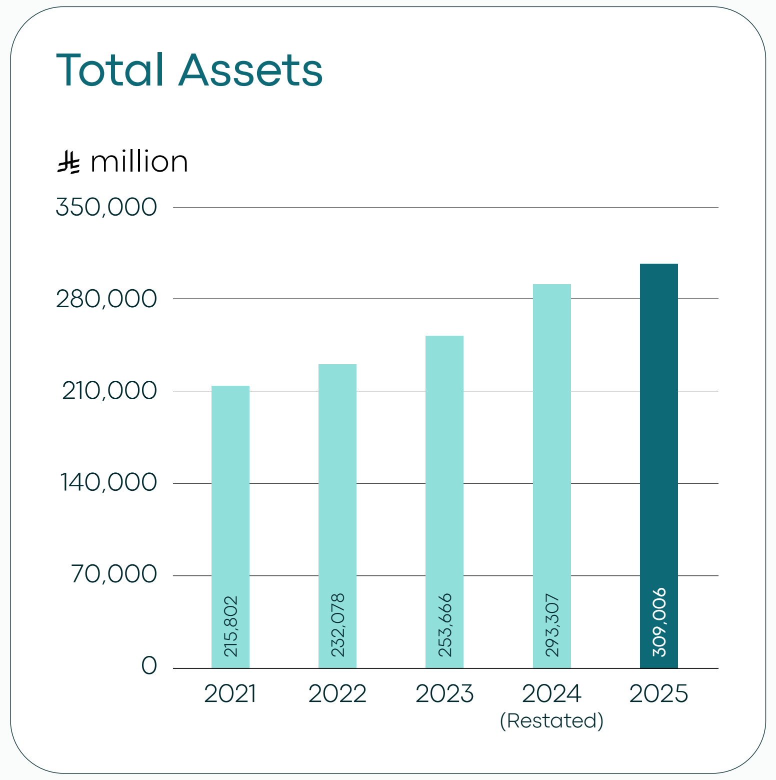
4 The Bank's assets, liabilities and financial results in the last five financial years:

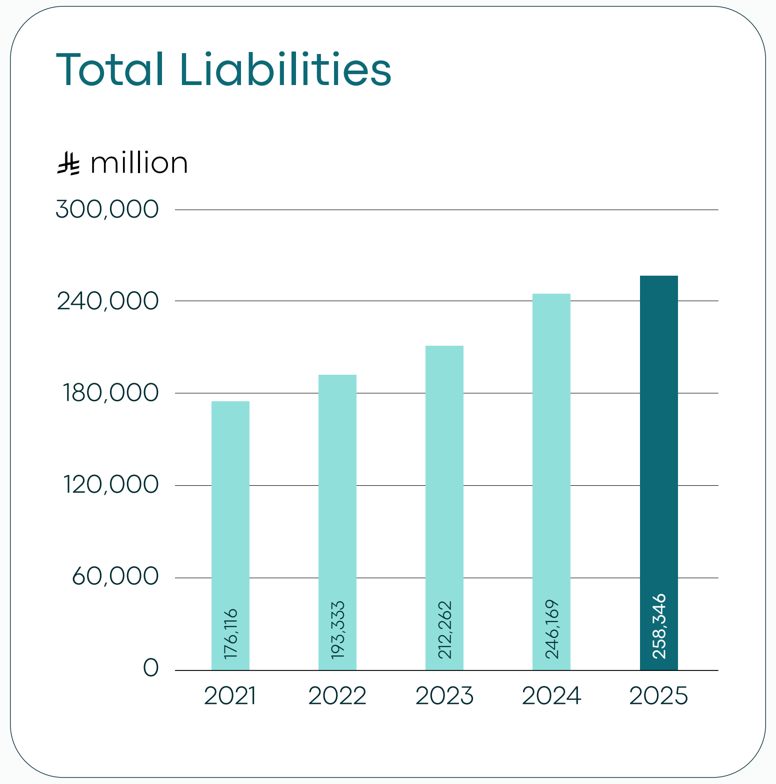
(in thousands of ⃁)	2025	2024* (restated)	2023	2022	2021
Total assets*	309,005,786	293,306,558	253,665,626	232,078,119	215,802,026
Investments and investments in associates, net*	68,691,398	60,829,449	48,759,761	44,527,244	43,867,936
Loans and advances, net	214,891,263	204,168,275	179,391,223	159,011,525	147,812,759
Total liabilities	258,346,348	246,168,660	212,261,628	193,332,794	176,116,356
Customer Deposits	195,219,089	185,118,179	172,208,983	157,592,320	141,950,208
Total equity*	50,659,438	47,137,898	41,403,998	38,745,325	39,685,670
Total operating income	10,536,764	9,657,679	9,323,994	8,017,275	7,127,926
Total operating expenses	4,547,751	4,588,353	4,616,161	4,013,372	3,290,549
Share in earnings of associates, net	0	0	0	0	0
Net income before Zakat	5,989,013	5,069,326	4,707,833	4,003,903	3,837,377
Net special commission income	8,691,904	7,883,383	7,835,197	6,426,553	5,698,645
Fees from banking services, net	955,940	972,213	914,675	896,861	887,929
Impairment charge for credit losses and other financial assets, net	988,630	1,179,667	1,594,455	1,359,797	843,605
Salaries and employees related expenses	1,875,850	1,883,247	1,741,583	1,494,960	1,397,452
Number of employees	3,120	3,056	3,154	3,105	2,997

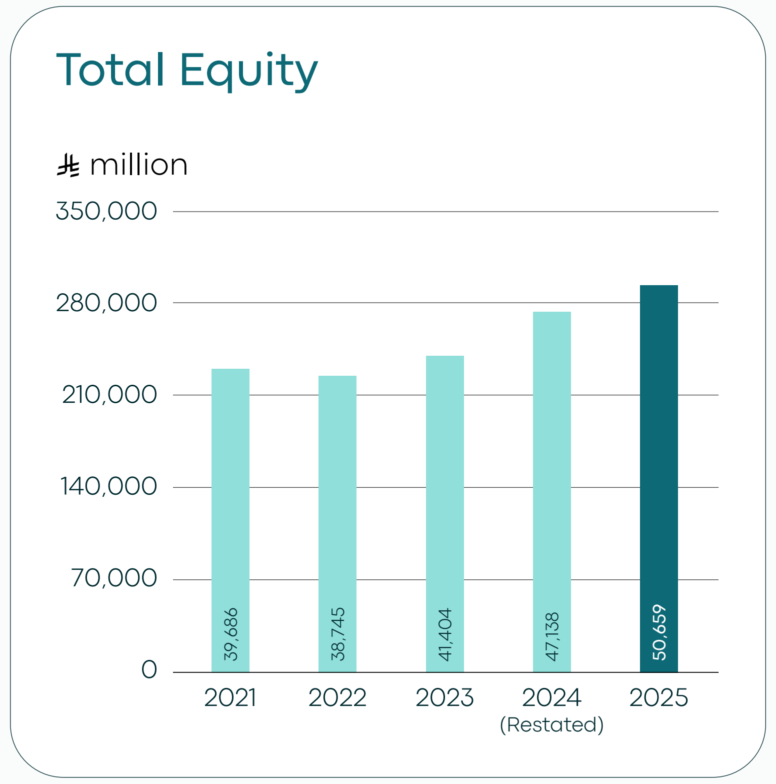
* During the year ended December 31, 2025, the Bank corrected valuation of its interest in equity investments that are classified as investments at Fair Value through Other Comprehensive Income (FVOCI) which were historically valued at cost. These adjustments are considered as correction as per IAS 8 (Accounting policies, Changes and Accounting Estimates and Error) and are material to the consolidated financial statements and accordingly the consolidated statement of financial position and consolidated statement of changes in equity have been restated.

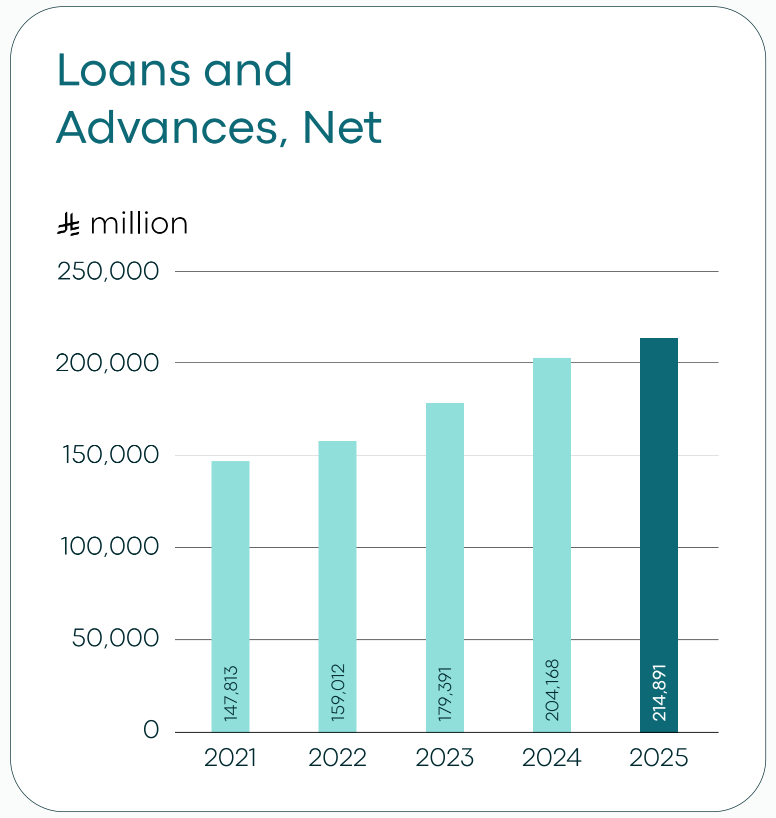
During the year ended December 31, 2025, the Bank corrected the classification of some of its investments from "Investments at FVOCI – Debt instruments" to "Investments at FVOCI – Equity/other investments" amounting ⃁ 931 million. These adjustments are considered as correction as per IAS 8 (Accounting policies, Changes and Accounting Estimates and Error) and accordingly the disclosure note (6) to the consolidated financial statements has been restated.

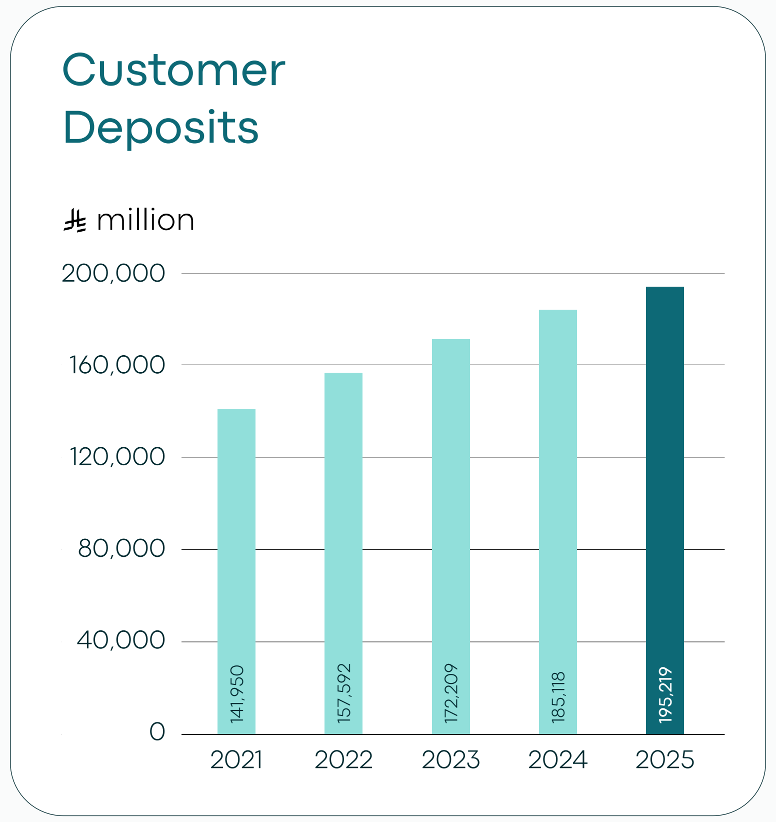
Financial indicators for the last five years:

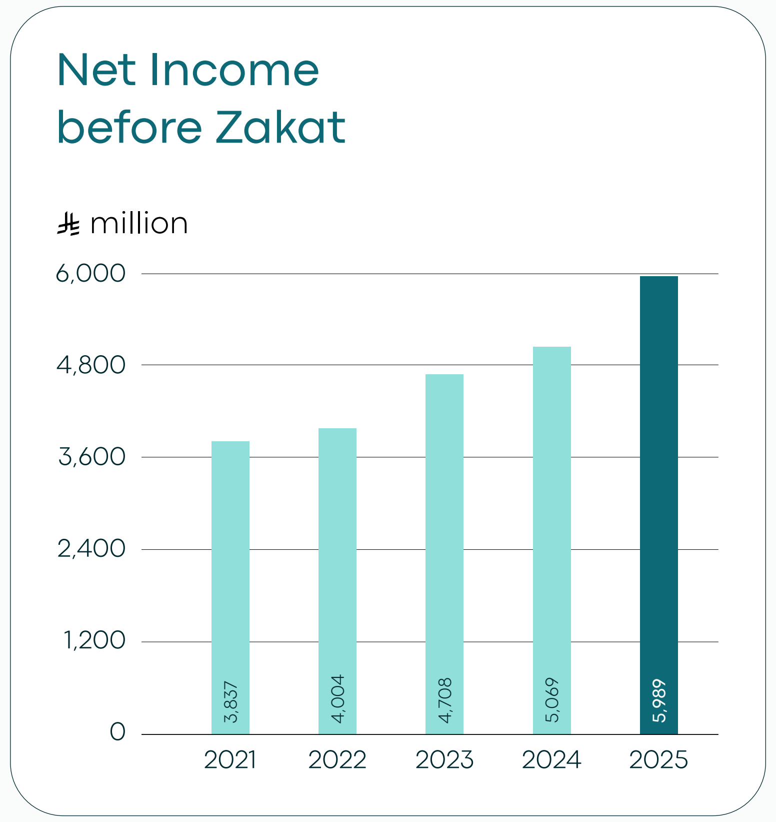












5 Geographical analysis of the Bank's and its affiliates' revenues:

The following table shows the income for each region (Eastern, Western, Central, Head Office, and subsidiaries) for 2025:

BSF and its subsidiaries, excluding BSF Capital					
(in thousands of ⃁)	Western	Eastern	Central	Head Office	Total
Total income	1,823,287	1,155,391	4,668,357	2,179,454	9,826,489
Total Expenses (before provisions)	(204,244)	(182,732)	(247,227)	(2,613,683)	(3,247,886)
Provisions	34,704	(538,658)	(274,695)	(209,950)	(988,599)
Net income before Zakat	1,653,747	434,001	4,146,435	(644,179)	5,590,004
BSF Capital					
(in thousands of ⃁)	Western	Eastern	Central	Head Office	Total
Total income	30,550	73,296	49,663	556,766	710,275
Total Expenses (before provisions)	(40)	(44)	(98)	(311,053)	(311,235)
Provisions	0	0	0	(31)	(31)
Net income before Zakat	30,510	73,252	49,565	245,682	399,009
BSF Group					
(in thousands of ⃁)	Western	Eastern	Central	Head Office	Total
Total income	1,853,837	1,228,687	4,718,020	2,736,220	10,536,764
Total Expenses (before provisions)	(204,284)	(182,776)	(247,325)	(2,924,736)	(3,559,121)
Provisions	34,704	(538,658)	(274,695)	(209,981)	(988,630)
Net income before Zakat	1,684,257	507,253	4,196,000	(398,497)	5,989,013

6 Material differences in the operational results compared to the preceding year's results, along with any expectations announced by the Bank:

(6/A) Consolidated income statement for the years ended on 31 December, 2025 and 2024:

(in thousands of ⃁)	2025	2024
Special commission income	17,558,522	16,371,966
Special commission expense	8,866,618	8,488,583
Net special commission income	8,691,904	7,883,383
Fee and commission income	1,667,632	1,650,703
Fee and commission expense	711,692	678,490
Net fee and commission income	955,940	972,213
Exchange income, net	485,585	482,103
Trading income, net	225,634	275,691
Dividend income	23,269	16,316
Gains on FVOCI/non-trading investments, net	117,987	27,267
Other operating income	36,445	706
Total operating income	10,536,764	9,657,679
Salaries and employee related expenses	1,875,850	1,883,247
Rent and premises related expenses	71,286	74,734
Depreciation and amortization	332,026	299,213
Other operating and general and administrative expenses	1,279,959	1,151,492
Total operating expenses before impairment charge	3,559,121	3,408,686
Impairment charge for expected credit losses on loans and advances, net	973,997	1,143,899
Impairment charge for investments, financial assets and others, net	14,633	35,768
Total operating expenses, net	4,547,751	4,588,353
Net income for the year before zakat	5,989,013	5,069,326
Zakat for the year	635,594	525,255
Net income for the year after zakat	5,353,419	4,544,071
Basic and diluted earnings per share (⃁)	1.97	1.72

(6/B) Summary of financial results as follows:

(in millions of ⃁)	2025	2024* (restated)	Change	%
Net income after Zakat	5,353	4,544	809	17.80
Net income before Zakat	5,989	5,069	920	18.15
Total Operating income	10,537	9,658	879	9.10
Net special commission income	8,692	7,883	809	10.26
Assets	309,006	293,307	15,699	5.35
Investments	68,682	60,820	7,862	12.93
Loan and advances portfolio	214,891	204,168	10,723	5.25
Customer Deposits	195,219	185,118	10,101	5.46
Total equity	50,659	47,138	3,521	7.47
Earnings per share (⃁)	1.97	1.72	0.25	14.53

7 The name of each affiliate, its capital, the Bank's ownership percentage, the main scope of business, the country of operation, and the country of incorporation:

Company Name	Capital	Equity percentage	Activity	Main state of its operations	State of incorporation
Saudi Fransi Capital (BSF Capital)	1,000 million ⃁	100	Acts as principal and agent, and undertake, manage, arrange, advise and file in securities trading.	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
JB (formerly Saudi Fransi for Finance Leasing)	750 million ⃁	100	Personal financing and leasing and financing of vehicle assets (Cars, motorcycles, trucks) and heavy equipment and machinery, in addition to the purchase and registration of these assets.	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Sakan Real Estate Company	500 thousand ⃁	100	Sakan holds title deeds on behalf of Banque Saudi Fransi, (Banque Saudi Fransi holds 95% direct ownership and 5% indirect ownership through its subsidiary).	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Saudi Fransi Insurance Agency Co.	500 thousand ⃁	100	Insurance agent for Banque Saudi Fransi in Saudi Arabia (under liquidation).	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Sofinco Saudi Fransi	100 million ⃁	100	Lease financing of automobiles and household equipment (under liquidation).	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Saudi Fransi Digital Venture (SFDV)	35 million ⃁	100	SFDV is a Sole Shareholder joint stock company, a subsidiary of BSF, focuses on technology services for the bank and its subsidiaries, adhering to Central Bank regulations (under liquidation).	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Sur Multi Family Office Limited	1 GBP	100	Provides a wide range of wealth management services to BSF's high net worth clients and their families.	United Kingdom	United Kingdom

BSF has a share in the Saudi Credit Bureau (SIMAH) of 10.9% of its capital of ⃁ 400 million. It also owns shares in the Saudi Financial Support Services Company (SANID) (formerly Saudi Traveler Cheques Company) of 5% of its capital of ⃁ 25 million. The Bank also invested ⃁ 1.8 million in the Saudi Financial Lease Registration Company (4.65% ownership).

All of the companies listed above are existing and established in Saudi Arabi except for SUR Multi-Family Office Limited which is incorporated in the United Kingdom.

The Bank sold its share (10.88%) in Halalah company (incorporated in UAE) for ⃁ 74 million during 2024.

In addition, the BSF Markets Co. Ltd., a limited liability company owned 100% by the Bank with authorised capital of USD 50,000, has been established in the Cayman Islands. This company is engaged in derivative trading and repo activities. The Bank also owns BSF Finance Limited company, which is a special purpose vehicle established to raise capital for BSF by the issuance of debt instruments, it is incorporated in the Cayman Islands, having a 100% share in equity (authorised capital of USD 50,000). These companies have no material impact on the Group financial statements.

The Bank has investments in other companies. It owns 20.25% of the capital of Banque BEMO Saudi Fransi, a joint stock company established in 2004 in Syria. It has issued share capital of SYP 20 billion (as of 30.09.2025). The Bank also owns 10.33% of Banque BEMO Lebanon, a company incorporated in 2003 in Lebanon, Beirut. It has issued share capital of LBP 77.8 billion (as of 31.12.2023).

The Bank also owns 8,400,000 shares in Mutakamela Insurance Company i.e. 14% of the company's share capital of ⃁ 600 million (60 million shares).

8 Details of shares and debt instruments issued for each affiliate Company:

No shares or debt instruments were issued to subsidiaries during 2025.

Loans provided by the Bank to its subsidiaries:

The following table shows the loans made on 31/12/2025 by BSF to its subsidiaries:

Name of Subsidiary	(in thousands of ⃁)
BSF Capital*	1,330,076
JB**	3,313,333
Sur Multi Family Office***	46,000

Note: detailed on the next page

BSF Capital has an overdraft facility and JB has a term loan facility from Banque Saudi Fransi. BSF provided loans of ⃁ 46 million to SUR Multi Family Office. There is no other loan available to the subsidiaries, except for the above loans provided by BSF.

* Details of BSF Capital loans:		
(in thousands of ⃁)	2025	2024
Opening balance	785,912	617,384
Loan granted during the period	3,475,726	4,016,945
Repayment of loans during the period	2,931,562	3,830,595
Closing balance of loans	1,330,076	803,734

** Details of loans to JB		
(in thousands of ⃁)	2025	2024
Opening balance	2,888,333	2,732,505
Loan granted during the period	4,298,333	2,871,958
Repayment of loans during the period	3,873,333	2,716,130
Closing balance of loans	3,313,333	2,888,333

*** Details of loan to SUR Multi Family Office		
(in thousands of ⃁)	2025	2024
Opening balance	30,000	0
Loan granted during the period	16,000	30,000
Repayment of loans during the period	0	0
Closing balance of loans	46,000	30,000

9 Main shareholders of the Bank, and a description of any interest in a class of voting shares held by persons (other than the Bank's Directors, Senior Executives and their relatives) who have notified the Bank of their holdings, together with any change to such interests during the last fiscal year:

The table below shows the equity of the main shareholders in the Bank's shares during the fiscal year 2025:

Main shareholders in the capital of the Bank as at 31/12/2025							
S.	Shareholder	Number of shares at the beginning of the year	Equity percentage at the beginning of the year	Number of shares at the end of the year	Equity percentage at the end of the year	Net change	Change percentage
1	Kingdom Holding Company	404,999,996	16.199	404,999,996	16.199	0	0
2	Rashed Abdul Rahman Al Rashed & Sons Co.	249,999,996	9.999	249,999,996	9.999	0	0

No person (other than the Bank's Directors, Senior Executives and their relatives) has notified the Bank about any interest in a class of voting shares.

10 A description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the Bank or its affiliates, and any change on these interests or rights during the last fiscal year:

Description of any interest, contractual securities and subscription rights of the Board members and their relatives in the Bank's shares or debt instruments

	Name of those who have interest or contractual securities or subscription rights	Beginning of the year		End of the year		Net change	Change Percentage
		Number of shares	Debt instruments	Number of shares	Debt instruments		
1	Mazin Al Romaih	12,444	–	87,444	–	75,000	603
2	Talal Al Maiman	103,703	–	161,108	–	57,405	55
3	Abdulrahman Al Rashed	648,531	–	648,531	–	0	0
4	Relatives of Abdulrahman Al Rashed	10,244,843	–	9,814,843	–	(430,000)	(4)
5	Bader Al Issa	2,074	–	2,074	–	0	0
6	Relatives of Bader Al Issa	0	–	326,000	–	326,000	100
7	Abdullatif Al Othman	2	–	2	–	0	0
8	Relatives of Abdullatif Al Othman	123	–	241	–	118	96
9	Khalid Al Omran	82	–	82	–	0	0
10	Relatives of Khalid Al Omran	40,167,241	–	40,167,241	–	0	0
11	Rayan Fayez	732,776	–	740,816	–	8,040	1
12	Khalid Al Sharif	207	–	207	–	0	0
13	Relatives of Khalid Al Sharif	1,866	–	1,866	–	0	0

Description of any interest, contractual securities and subscription rights of Senior Executives and their relatives in the Bank's shares or debt instruments

	Name of those who have interest	Beginning of the year		End of the year		Net change	Change Percentage
		Number of shares	Debt instruments	Number of shares	Debt instruments		
1	Mohammed Al-Sheikh	262,575	–	345,000	–	82,425	31
2	Relatives of Mohammed Al-Sheikh	8,482	–	10,287	–	1,805	18
3	May Al Hoshan	0	–	279	–	279	100
4	Zuhair Mardam	341,288	–	415,000	–	73,712	22
5	Relatives of Zuhair Mardam	66,423	–	97,546	–	31,123	47
6	Abdallah Alshaikh	158,260	–	255,078	–	96,818	61
7	Relatives of Abdallah Alshaikh	46,916	–	46,916	–	0	0
8	Majed Alsadhan	54,948	–	85,000	–	30,052	55
9	Mutasim Mufti	103,703	–	160,000	–	56,297	54
10	Relatives of Mutasim Mufti	20,740	–	41,740	–	21,205	51
11	Bader Al Salloom	0	–	146,750	–	146,750	100
12	Yasser Al Ansari	0	–	98,706	–	98,706	100
13	Ramzy Darwish	222,691	–	349,476	–	126,785	57
14	Ibrahim Fadhel Al Sanbi	13,738	–	23,879	–	10,141	74

11 Information on any loans (payable upon request or not), a statement of the total indebtedness of the Bank and its affiliates, any amounts paid by the Bank in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount:

A. There are no loans on the Bank (loans to subsidiaries are set out in item 8 of this report).

B. Debt instruments and sukuks.

Debt Security and Term Loans:

During 2022 the Bank has established a USD 4 Billion Euro Medium term Note (MTN) Programme. The issuer under the programme is BSF Finance Limited, operating as a special purpose entity for the guarantor Banque Saudi Fransi.

In 2023 the Bank established a USD 4 Billion Trust Certificate Issuance Programme. The issuer under the programme is BSF Sukuk Company, which operates as a special purpose entity for the guarantor Banque Saudi Fransi.

During Q2 2025 the Bank has established a USD 4 Billion Certificate of Deposit Programme. The issuer under the programme is Banque Saudi Fransi.

Debt Securities and term loans issued and outstanding under the Banks EMTN and Trust Certificate programs include:

Issue Date	Type	Market	Tenure	Currency	Value	Term	Maturity
23 November, 2022	Bond	London stock exchange	5 years	USD	700 million	5.5% Semi Annual	23 November, 2027
31 May, 2023	Sukuk	London stock exchange	5 years	USD	900 million	4.75% Semi Annual	31 May, 2028
18 July, 2023	Sukuk	Private placement	4 years	USD	100 million	5.47% Semi Annual	18 July, 2027
09 November, 2023	Bond	Private placement	3 years	USD	50 million	SOFR + 115 bps Quarterly	09 November, 2026
25 January, 2024	Sukuk	London stock exchange	5 years	USD	700 million	5.00% Semi Annual	25 January, 2029
29 February, 2024	Bond	Private placement	7 years	USD	30 million	SOFR + 155 bps Quarterly	28 February, 2031
26 March, 2024	Term loan facility	Bilateral Loan	3 years	USD	250 million	SOFR + 90 bps Quarterly	26 March, 2027
30 April, 2024	Bond	Private placement	7 years	USD	20 million	SOFR + 145 bps Quarterly	30 April, 2031
01 May, 2024	Bond	Private placement	7 years	USD	20 million	SOFR + 145 bps Quarterly	01 May, 2031
09 May, 2024	Bond	Private placement	5 years	USD	50 million	SOFR + 120 bps Quarterly	09 May, 2029
16 May, 2024	Bond	Private placement	5 years	USD	20 million	SOFR + 116 bps Quarterly	16 May, 2029
20 November, 2024	Term loan facility	Syndicated facility – International FI Lenders	5 years	USD	750 million	SOFR + 100 bps Quarterly	20 November, 2029
12 December, 2024	Bond	Private placement	5 years	USD	15 million	SOFR + 130 bps Quarterly	12 December, 2029
21 January, 2025	Sukuk	London stock exchange	5 years	USD	750 million	5.375% Semi Annual	21 January, 2030
13 February, 2025	Bond	Private placement	5 years	USD	55 million	5.218% Semi Annual	13 December, 2029
13 February, 2025	Bond	Private placement	5 years	USD	20 million	5.218% Semi Annual	13 December, 2029
10 March, 2025	Bond	Private placement	7 years	USD	20 million	SOFR + 150 bps Quarterly	10 March, 2032
19 March, 2025	Term Loan facility	Bilateral Loan	3 years	⃁	1,500 million	SAIBOR 3M + 45 bps Quarterly	19 March, 2028
04 June, 2025	Bond	Private placement	7 years	USD	20 million	SOFR + 150 bps Quarterly	04 June, 2032
17 July, 2025	Term loan facility	Syndicated facility – International FI Lenders	5 years	USD	1,000 million	SOFR + 95 bps Quarterly	17 July, 2030
03 September, 2025	Tier II	London stock exchange	5 years	USD	1,000 million	5.761% Semi Annual	03 September, 2030
02 October, 2025	Bond	Private placement	2 years	USD	50 million	SOFR + 78 bps Quarterly	02 October, 2027
22 October, 2025	Term loan facility	Syndicated facility – International FI Lenders	3 years	USD	750 million	SOFR + 65 bps Quarterly	22 October, 2028
13 November, 2025	Bond	Private placement	5 years	USD	25 million	SOFR + 120 bps Quarterly	13 November, 2030
16 December, 2025	Bond	Private placement	1 year	⃁	1,000 million	5.18% Annual	01 December, 2026

Summary of the outstanding debt securities and term loans:

(in thousands of ⃁)	2025	2024
Debt instruments and term loans	30,249,673	15,518,054
Certificate of deposit	8,627,272	0
Balance at the end of the year	38,876,945	15,518,054

Tier I Capital

During Q3 2024, the Bank through a Shariah compliant arrangement issued Tier I Sukuk (the "Sukuk"), amounting to ⃁ 3 billion under its ⃁ 8 billion Tier I Sukuk Programme established in Q1 2024. The issuance was approved by the regulatory authorities and the Board of Directors of the Bank. The applicable profit rate is 6.0% per annum from date of issue up to 2029 and is subjected to reset every 5 years.

During Q2 2025, the Bank issued USD 650 million Additional Tier I Capital as part of its USD 3 billion Additional Tier I Capital Note Programme established in Q3 2024, the issuer under the programme is Banque Saudi Fransi. The applicable profit rate is 6.375% per annum from date of issue up to 2030.

During Q4 2025 the Bank exercised the call option on its existing Tier I Sukuk (the "Sukuk") which was issued in 2020, amounting to ⃁ 5 billion.

During Q4 2025, the Bank through a Shariah compliant arrangement issued Tier I Sukuk (the "Sukuk"), amounting to ⃁ 2.5 billion under its ⃁ 8 billion Tier I Sukuk Programme established in Q1 2024. The issuance was approved by the regulatory authorities and the Board of Directors of the Bank. The applicable profit rate is 6.4% per annum from date of issue up to 2030 and is subjected to reset every 5 years.

These Sukuk are perpetual securities in respect of which there is no fixed redemption dates and represents an undivided ownership interest of the Sukuk-holders in the Sukuk assets, with each Sakk constituting an unsecured, conditional and subordinated obligation of the Bank classified under equity. However, the Bank shall have the exclusive right to redeem or call the Sukuk in a specific period of time, subject to the terms and conditions stipulated in the Sukuk Agreement.

The applicable profit on the Sukuk is payable quarterly in arrears on each periodic distribution date, except upon the occurrence of a non-payment event or non-payment election by the Bank, whereby the Bank may at its sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such non-payment event or non-payment election are not considered to be events of default and the amounts not paid thereof shall not be cumulative or compound with any future distributions.

Repayment of debt instruments:

During the year 2025, Tier I Sukuk Call Option was exercised for ⃁ 5 billion. Debt securities and term loans matured during 2025 were repaid totaling ⃁ 7.2 billion.

Movement of the debt securities and term loans during the year is as follows:

(in thousands of ⃁)	2025	2024
Balance at the beginning of the year	15,518,054	8,634,026
Debt securities and term loans issued	30,210,205	6,956,250
Debt securities and term loans payment	(7,295,687)	0
Other adjustments	444,373	(72,222)
Balance at the end of the year	38,876,945	15,518,054

A. There are no convertible debt instruments, contractual securities and subscription rights or similar rights issued or granted by the Bank and its subsidiaries during the fiscal year.

B. There are no converting or subscription rights under convertible debt instruments, contractual securities, notes of subscription rights or similar rights issued or granted by the Bank during the fiscal year.

C. There is no purchase or cancellation by the Bank of any redeemable debt instruments.

12 Description of the dividend distribution policy:

Cash distribution of dividends by the Bank depends on several factors including assumptions and recommendations of the Board of Directors based on the financial position of the Bank, results of the Bank's operations, current capital adequacy and prospective financial position of the Bank and liquidity requirements in the short and medium term considering the Bank's expansion plans and projects.

The distribution of the annual net profit, after deducting all expenses and other costs, taking the necessary precautions for doubtful debts, investment losses and contingent liabilities as deemed appropriate by the Board in compliance with the provisions of the Banking Control Law, are as follows:

1. The amounts required to pay Zakat assessed on the Saudi shareholders and the tax assessed on foreign shareholders are calculated in accordance with the applicable laws and regulations of the Kingdom of Saudi Arabia. The Bank shall pay these amounts to the competent authorities. The Zakat paid on behalf of Saudi shareholders will be deducted from their share in the net profit, and the tax paid on behalf of non-Saudi shareholders will likewise be deducted from their share of the net profit.

2. A minimum of 25% of the net profits remaining after the deduction of Zakat and tax as stated above in paragraph (1), shall be transferred to the statutory reserve until the mentioned reserve is equal, at least, to the paid-up capital.
3. From the remaining profits, after the deduction of the statutory reserve, Zakat and tax, a minimum of 5% of the paid-up capital shall be allocated to Saudi and non-Saudi shareholders to be distributed prorate to the value of paid-up shares of Saudi and non-Saudi shareholders, as recommended by the Board and decided by the General Assembly. If the remaining profits accruing to any Saudi or non-Saudi shareholder is found to be insufficient to pay such dividends to the respective shareholders, such shareholders shall not have the right to demand such distribution from the following year/s' profits. Moreover, the General Assembly shall not be entitled to distribute any dividends that exceed the limit duly recommended by the Board.
4. The remaining profits after the allocation of the amounts mentioned in the aforementioned paragraphs (1), (2) & (3) shall be used as recommended by the Board and determined by the General Assembly.
5. The subscription ratio of each Saudi and non-Saudi shareholder must be maintained upon calculation of the allocations needed for the statutory reserve and other reserves from net profits (after Zakat and tax). The two shareholding groups shall contribute to those reserves as per their percentage of the capital, and their contributions will be deducted from their shares of the net profits.
6. Cash dividends shall be distributed to shareholders at the place and time determined by the Board of Directors in accordance with applicable regulations.
7. The Board may decide not to distribute cash dividends and use such dividends in the settlement of debts, obligations or commitments of shareholders to the Bank.
8. The Bank may distribute interim dividends for its shareholders semiannually or quarterly, after satisfying the necessary requirements stipulated in the Articles of Association.

Shareholders must be informed of this policy during the General Assembly meeting.

Basic and diluted earnings per share:

Basic and diluted earnings per share for the years ended December 31, 2025 and 2024 are calculated on a weighted average basis by dividing the net income adjusted for Tier I Capital costs for the year by 2,500 million shares million after excluding treasury shares consisting of 24.4 million shares as of December 31, 2025 (December 31, 2024: 19.7 million shares).

Total dividends:

The Board of Directors have proposed final net dividend of ⃁ 1,295 million (2024: ⃁ 1,246 million) i.e. ⃁ 0.52 (2024: ⃁ 0.50) net per share for the year which is subject to the approval of the shareholders at the Annual General Assembly Meeting and the regulatory agencies. The Board of Directors has declared interim net dividend of ⃁ 1,374 million (2024: ⃁ 1,200 million) i.e. ⃁ 0.55 (2024: ⃁ 1.00) net per share.

	Dividends distributed during the year 2025		Proposed dividend for the end of 2025	Total for 2025
	Final for 2024	Interim 2025		
Amount (in thousands of ⃁)	1,245,666	1,374,290	1,294,696	2,668,986
Pay-out Ratio (after Zakat) (%)	55	50	50	50

13 Description of any transactions between the Bank and a related party:

The Bank during its normal course of business deals with related parties. The management and the Board of Directors consider that transactions with related parties have been made on the same terms with other parties. Transactions with related parties are subject to the ratios stipulated in the Banking Control Law and the instructions issued by the Saudi Central Bank. The balances resulting from these transactions as of 31 December 2025 and 2024, which are included in the consolidated financial statements, are as follows:

(in thousands of ⃁)	2025	2024
Associates		
Investments	9,695	9,695
Due to banks and other financial institutions	472,013	8,781
Directors, senior management, shariah members and their affiliates (key management personal)		
Loans and advances	9,283,040	6,558,236
Investments	683,203	683,674
Due from banks and other financial institutions	0	395,625
Other assets	20,906	49,182
Customers' deposits	8,604,702	8,201,695
Due to banks and other financial institutions	0	40,000
Other liabilities	11,712	247
Derivatives at fair value, net	(15,968)	(48,141)
Commitments and contingencies	2,499,640	2,666,822
Major shareholders' and their affiliates		
Loans and advances	411,774	1,532,037
Customers' deposits	227,833	128,146
Derivatives at fair value, net	(24)	37
Commitments and contingencies	24,203	12,500

The following table shows the income and expenses of transactions with related parties that are included in the consolidated financial statements:

(in thousands of ⃁)	2025	2024
Special commission income		
– Directors, senior management, shariah members and their affiliates (key management personal)	611,773	604,622
– Major shareholders' and their affiliates	71,153	95,011
Total Special commission income	682,926	699,633
Special commission expense		
– Directors, senior management, shariah members and their affiliates (key management personal)	266,522	233,423
Major shareholders' and their affiliates	4,384	12,102
– Associates	628	315
Total Special commission expense	271,534	245,840
Fees, commission income and others, net	130,949	76,897
Directors' fees	19,560	18,980
Other general and administrative expenses	25,386	75,840

As at December 31, 2025, the Group maintains an ECL provision amounting to ⃁ 21 million (2024: ⃁ 9 million) for related party exposure.

14 Contracts and transactions made with the Bank, in which there is or there was an interest with a Related Party:

#	The nature of business or contract	The amount of business or contract	Start date of the contract	End date of the contract	Contract status	Name of the Board member, Senior Executive or any person related to them
1	**ABANA Services:** A – Maintenance of Cash Counting Machines B – Leasing for Cash Counting Machines **(ABANA Enterprise Group)**	Various based on services. Total amount paid for 2025: **1,533,193.43**	Variable according to the type of service provided to the bank.		Active	Abdulrahman Alrashed's brother Abdulaziz Al Rashed **(Board of Directors member)**
2	**Manpower and professional services** Al Khaleej Training and Education (SMARTLINK)	Total amount paid for 2025: **14,758,996.59**	1 January, 2025	31 December, 2025	Active	Abdulrahman Alrashed's brother Abdulaziz Al Rashed **(Board of Directors member)**
3	**Rental for the call centre desk** Al Khaleej Training and Education (SMARTLINK) * Some transactions are related to legacy invoices for a service that was provided in 2024.	Total amount paid for 2025: **435,600.00**	1 January, 2025	31 December, 2025	Active	Abdulrahman Alrashed's brother Abdulaziz Al Rashed **(Board of Directors member)**
4	**Credit Life and General Insurance Policies** (Mutakamilah for Insurance, previously Allianz Saudi Fransi Cooperative Insurance Company)	Various based on the Policies. Total amount paid for 2025: **1,087,402.01**	1 January, 2025	31 December, 2025	Active	Bader AlSalloom* Majed Alsadhan** **(Senior Executive of the Bank)** * no longer a related party as of August 2025. ** related party as of August 2025.
5	**ATM Sites** (Panda Retail Company)	Various based on the rental contract. Total amount paid for 2025: 329,475.00	Varies based on the rented location.		Active	Bader Al Issa **(Board of Directors member)**

15 Competing Business with the Bank or with any of its activities that any member of the Board is engaging in or was engaging:

There is no Competing Business with the Bank or with any of its activities that any member of the Board is engaging in.

16 A statement of the value of any paid and outstanding statutory payment on account of any Zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefor:

Statement (in thousands of ⃁)	2025	
	Paid	Due amount
Zakat *	524,117	617,467
General Organization for Social Insurance	131,804	1,200
Costs of visas and passports	304	0
Fees of labour office	3,182	0

* Zakat: Zakat attributable to Saudi shareholders for the year of 2025 amounted to ⃁ 636 million (2024: ⃁ 525 million).

17 Disclosures Related to Small, Medium and Micro Enterprises:

Qualitative Disclosures:

BSF established the MSME Unit in 2014 in view of the growing importance of this sector in the Saudi economy and to facilitate providing the best financing solutions and banking services for this customer segment. The Unit comprises of 54 employees distributed among the three main regional offices with each region managed by a coverage manager to oversee business development and reporting progress to the Head of MSME Unit in the Head Office.

Collaboration with SME Bank

BSF and the Small and Medium Enterprises Bank have continued the collaborative framework through a joint financing agreement, designed to enhance financing for micro, small and medium enterprises. The arrangement leverages BSF's existing infrastructure, processes, systems and customer base to support efforts aimed at reducing financing gap within the MSME sector.

The Small and Medium Enterprises Loan Guarantee Program "Kafalah"

The Bank had been actively developing the business with Kafalah program to support financing needs of the MSME sector. It enjoys two portfolio arrangements with Kafalah (for active entities & startups) to issue Kafalah guarantees based on internal approvals.

During the year, the loan portfolio guaranteed by Kafalah increased by 14%, and the number of customers benefiting from this program decreased by 10%. Furthermore, the Bank collaborated with Kafalah on many marketing campaigns to boost the financing of MSMEs in emerging sectors such as Entertainment, Cultural, Sport, Technology, and Education.

The Small and Medium Enterprises General Authority "Monshaat"

General Authority for Small and Medium Enterprises (Monsha'at) was established in 2016 to support and develop the MSME sector. The Bank conducted several Financial Awareness sessions in collaboration with Monsha'at during 2025.

On the sidelines of BIBAN25 forum, BSF has renewed a collaboration agreement with Monsha'at, encompassing three programs: the Franchise program, ECommerce, and Tomoh.

Additionally, BSF and Tibbiyah Holding have entered into a cooperation agreement. This partnership is designed to enhance the promotion of digital distribution and support MSMEs in the Healthcare and Pharmaceutical sector, particularly in financing emerging businesses referred by Tibbiyah Holding to BSF. This collaboration underscores BSF's ongoing dedication to forming local partnerships with relevant authorities to improve integration and cooperation, thereby creating new opportunities to enhance services for MSMEs.

MSME staff Training sessions and the Financial Awareness Programs for MSMEs

BSF organized a series of awareness workshops in partnership with Monsha'at across various cities In Saudi Arabia. These workshops targeted diverse sectors and events such as Tourism Week, Retail Week, and Franchise Week. Additionally, MSME Unit took part in the Financial Management Camp, also in collaboration with Monsha'at in Riyadh.

Moreover, training sessions were undertaken to develop staff skills and banking know-how to enhance customer journey.

Number of training days for staff

95

Projects and Initiatives

1. Digitization of account opening process, credit approval process and account statement analysis.
2. Collaboration between MSME Unit and Trade & Supply Chain Unit on automating lead management and MSME program-based financing.
3. Developed MSME products/programs for suppliers of Large Corporate Groups within BSF.
4. Signed Collaboration agreement with Tibbiyah Holding during BIBAN25 Forum which aims to create valuable opportunities for its MSME suppliers that are seeking financing solutions.
5. Renewed the collaboration agreement with The Small and Medium Enterprises General Authority "Monsha'at" covering Franchising, e-commerce, and the Tomoh program during BIBAN25 forum, with an allocated envelope of SR 700 MM across all three initiatives.
6. Signed a collaboration agreement with Saudi Contractors Authority in the 2025 Future Projects Form.

All initiatives are part of BSF's endeavor to support and develop the MSME sector in order to improve their contribution to the country's GDP in line with the objectives of the Kingdom of Saudi Arabia Vision 2030.

B. Quantitative Disclosures:

(in Saudi Riyals)	On December 31, 2025				On December 31, 2024			
	Micro	Small	Medium	Total	Micro	Small	Medium	Total
Loans to MSMEs – on balance sheet (⃁ millions)	67	1,683	12,906	14,560	17	1,619	10,238	11,875
Loans to MSMEs – off balance sheet (⃁ millions)	119	1,076	4,323	5,519	108	924	3,220	4,253
On balance sheet loans to MSMEs as a percentage of total on balance sheet loans (%)	0.06	1.15	8.85	10.06	0.01	1.02	6.48	7.51
Off balance sheet loans to MSMEs as a percentage of total off balance sheet loans (%)	0.21	1.84	7.39	9.44	0.17	1.42	4.96	6.55
Number of loans (on and off-balance sheet)	843	613	646	2,102	806	662	1,087	2,555
Number of customers (Finance Applicants)	838	802	1,148	2,788	1,720	1,669	389	3,778
Number of loans guaranteed by the Kafalah Program (on and off-balance sheet)	34	85	70	189	33	112	65	210
Amount of loans guaranteed by the Kafalah Program (on and off-balance sheet)	68	235	277	580	11	281	216	508

18 Disclosure of details of treasury shares held by the Bank and details of the uses of these shares:

The below table demonstrates BSF's outstanding obligations under the Bank's Long-Term Retention Plan (LTRP), by annual cycle, in chronological order.

The total number of treasury shares outstanding as of 31 December 2025 was 24.4 million shares.

The significant features of these plans are as follows:

Nature of plan	Long Term Retention Plan	Long Term Retention Plan	Long Term Retention Plan
Number of outstanding plans	1	1	1
Grant date	March 31, 2023	March 31, 2024	March 31, 2025
Maturity date	April 01, 2026	April 01, 2027	April 01, 2028
Grant price (⃁)	18.00	18.96	16.65
Vesting period	3 years	3 years	3 years
Vesting conditions	Employees remain in service, meets service criteria	Employees remain in service, meets service criteria	Employees remain in service, meets service criteria
Method of settlement	Equity	Equity	Equity
Valuation model	Monte-Carlo	Monte-Carlo	Monte-Carlo
Fair value per share on grant date (⃁)	14.88	15.09	14.71

The share performance will be granted under a service condition along with market condition associated with them. The total amount of expense recognized in the consolidated financial statements in respect of the above plans for the year is 55 million (2024: ⃁ 61 million).

Number of shares allocated for LTRP and deferred bonus programme	2025
Number of shares allocated at the beginning of the year	10,998,700
Vested/forfeited during the year	(3,060,987)
Bonus issuance	0
Allocated during the year, net	6,281,422
Number of shares allocated at the year end	14,219,135

The Bank also has a deferred bonus plan for annual performance bonus which is subject solely to a service-based vesting condition, requiring continued employment with the Bank over a three-year vesting period. Deferred bonus shares vest in equal annual tranches upon the completion of each year of service, provided the participant continues to meet the applicable eligibility criteria and qualifies as a Good Leaver, in accordance with the plan rules. The total number of treasury shares allocated under deferred bonus as of December 31, 2025 was 3.3 million shares (December 31, 2024: 1.6 million shares). Total number of treasury shares which are not part of LTR plan and deferred bonus plan as of December 31, 2025 was 10.2 million shares (December 31, 2024: 8.7 million shares).

19 Statement of the value of any investments made or any reserves set up for the benefit of the employees of the Bank:

The Bank is keen to encourage its employees and provides incentive programmes and remuneration that enhances their confidence and loyalty to the Bank. The following is a statement of the Employee Takaful Al Ghad Program and the movement it received during 2025:

(in thousands of Saudi Riyals)	Employee Share	Bank Share	Total
Balance as at the beginning of 2025	36,332	83,576	119,908
Amount added during 2025	22,277	15,665	37,942
Amount refunded during 2025	(23,185)	(2,920)	(26,105)
Balance at the end of 2025	35,424	96,321	131,745

20 Any punishment, penalty, precautionary procedure or preventive measure imposed on the Bank by the Authority or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future:

Penal Decisions of the Saudi Central Bank:

Subject of the violation	2025		2024		Ways to treat and avoid them in the future
	Number of Penal Decisions	Total amount of financial penalties (⃁)	Number of Penal Decisions	Total amount of financial penalties (⃁)	
Violation of SAMA's supervisory instructions	21	8,813,440	17	4,293,500	The required corrective measures have been placed to ensure compliance with the instructions issued by SAMA to avoid the recurrence of these violations in the future.
Violation of SAMA's instructions for protecting customers	2	295,000	None	None	
Violation of SAMA's instructions regarding due diligence	None	None	None	None	
Violation of SAMA's instructions regarding the performance level of the ATMs and point of sale devices	None	None	None	None	
Violation of SAMA's instructions regarding due diligence in combating money laundering and financing of terrorism	1	150,000	None	None	
Total	**24**	**9,258,440**	**17**	**4,293,500**	

B. Other Penal Decisions:

Penalty/Sanction / Precautions/Restriction	Reasons for the violation	Violating Body	Ways to treat and avoid them in the future
⃁ 61,800 (12 fines)	ATM’s violations: • No specific path • Lack of capacity • No sticker for awareness (Your opinion matters)	Riyadh Region Municipality. Baladi	The level of organization and monitoring has been raised, and procedures have been improved to ensure compliance with the instructions issued by regulatory authorities, in order to avoid violations and ensure they are not repeated. Coordination has also been enhanced with relevant internal departments, such as the Branch Management Department, to reach solutions for these observations.

21 Any inconsistency with the standards approved by the Saudi Organization for Chartered and Professional Accountants:

These consolidated financial statements of the Group as at and for the year ended December 31, 2025 have been prepared in compliance with the International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia.

22 Auditors’ reservations to the financial statements:

The auditors’ report did not include any reservations to the annual financial statements.

23 Composition of the Board of Directors, and the classification of its members:

(A) Composition of the Board of Directors

	Member’s name	Position	Membership classification
1	Mazin Al Romaih	Chairman of the Board	Non-executive
2	Talal Al Maiman	Vice Chairman of the Board	Non-executive
3	Abdulrahman Al Rashed	Member	Non-executive
4	Bader Al Issa	Member	Non-executive
5	Abdullatif Al Othman	Member	Independent
6	Khalid Al Omran	Member	Independent
7	Rayan Fayez	Member	Independent
8	Khalid Al Sharif	Member	Independent
9	Abdulaziz Algudaimi	Member	Independent
10	Abdulmajid Al Hagbani	Member	Independent

24 Names, qualifications and experience of the Board, Board committees' members and Executive Management:

(A) Board of Directors Members:

Mazin Al Romaih

Current Positions

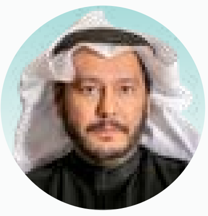
- CEO of Future Generation Investment Company.

Previous Positions

- Member of the Board of Capital Market Authority, 2009-2014.
- Chief Executive Officer at Samba Capital & Investment Group Company 2007-2009.
- General Manager of Corporate Finance Department at Capital Market Authority, 2004-2007.
- Director of Mergers and Acquisitions Department – SAMBA Financial Group, 2003-2004.
- Senior Manager – Gulf International Bank, 2002-2003.
- Senior Associate – Merrill Lynch International Group, 1998-2002.
- Senior Auditor and Consultant – Ernst & Young Law Firm, 1993-1998.

Qualifications

- Bachelor of Accounting and Financial Management, University of Buckingham, 1992.



Talal Al Maiman

Current Positions

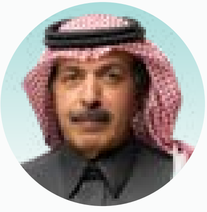
- CEO & Board Member of Kingdom Holding Company.
- CEO – Fashion Village.

Previous Positions

- CEO of Kingdom Real Estate Development Company, 2009-2024.
- Executive Director for Development & Domestic Investments, Kingdom Holding Company, 1996-2016.
- Director of Computer Department at Saudi Central Bank, 1986-1996.
- Director of Operations and Maintenance at Ministry of Interior, 1979-1986.

Qualifications

- Master of Business Administration, University of Liverpool, UK, 2009.
- Bachelor of Sciences in Electrical Engineering, University of Evansville Indiana, US, 1979
- Executive Management Program, Harvard University, 1986.
- Diploma in Computer Science, Computer Sciences Corporation (CSC), Herndon, Virginia, 1981.



Abdulrahman Al Rashed

Current Positions

- Executive partner at Rashed Abdul Rahman Al Rashed & Sons Company.
- Manager – Dynace Arabia Company Limited.

Previous Positions

- Member of Al Shura Council.

Qualifications

- Bachelor of Business Administration, Department of Finance, University of Seattle, 1985.

Bader Al Issa

Current Positions

- CEO of Assila Investment Company.

Previous Positions

- Managing Director of Almarai, 2020-2022
- CFO of Assila Investment Company, 2010-2019.
- CEO – AMIAS Holding, 2008-2019.
- Investment Portfolios Manager at HSBC Saudi Arabia Limited, 2006-2008.
- Financial and Marketing Analyst at SABIC America, Houston, Texas, 2002-2004.
- Financial Analyst at JP Morgan, London, 2001-2002.

Qualifications

- MBA, Rice University, 2006.
- Bachelor of Economy, The University of Virginia, Virginia, 2001.

24 Names, qualifications and experience of the Board, Board committees’ members and Executive Management:

(A) Board of Directors Members:

Abdullatif Al Othman

Current Positions

- Owner and CEO of Al-Othman Engineering Consultants.

Previous Positions

- Governor and Chairman of the Board of Directors, General Authority for Investment, 2012-2016.
- More than 35 years in the field of planning and managing oil and gas projects, financial management, investment, business and international relations development.

Qualifications

- MBA, Sloan Fellows program, Massachusetts Institute of Technology, 1998.
- Bachelor of Civil Engineering, King Fahad University of Petroleum and Minerals, 1979.

Khalid Al Omran

Current Positions

- General Manager of Daily Food Company.

Previous Positions

- Board Member at Goldman Sachs Saudi Arabia, 2018-2021.
- Executive Project Manager, Banque Saudi Fransi, 2009-2010.
- Business Development Manager, Almarai Company, 2009.
- Business Analyst, Mckinsey & Company 2006-2009.

Qualifications

- Master’s in Business Administration, IESE Business School, Spain, 2012
- Bachelor of Finance, King Fahad University of Petroleum and Minerals, 2006.

Rayan Fayez

Current Positions

- Deputy CEO of NEOM.

Previous Positions

- Managing Director and CEO of Banque Saudi Fransi 2018-2022.
- CEO of Savola Group, 2016-2018.
- General Manager at JPMorgan Chase N.A, Riyadh Branch, 2013-2016.
- CEO of JP Morgan Saudi Arabia Limited, 2012-2013.
- CEO of Goldman Sachs, Saudi Arabia, 2009-2012.
- Executive Director at Goldman Sachs International, London, 2007-2009.

Qualifications

- Bachelor of Science in Mechanical Engineering, Massachusetts Institute of Technology (MIT), 2001.

Khalid Al Sharif

Current Positions

- Retired.

Previous Positions

- Senior Executive Vice president, Head, Retail Banking Group Senior Credit Officer. Saudi National Bank 2018-2020.
- Senior Executive Vice President, Head, Corporate Banking Group, Senior Credit Officer. Saudi National Bank 2010-2018.
- Progressed in several positions in Saudi National Bank, the latest is the Head, Retail Banking Group, 2000-2010.
- Progressed in several positions in Riyadh Bank, the latest is the Executive Vice President – 1986-2000.

Qualifications

- Master’s in Business Administration, College of Notre Dame, USA, 1985.
- B.S in Business Administration, College of Notre Dame, USA, 1984.

24 Names, qualifications and experience of the Board, Board committees' members and Executive Management:

(A) Board of Directors Members:

Abdulaziz Algudaimi

Current Positions

- Retired
- Member of Al Shura Council.

Previous Positions

- Senior vice chairman – Aramco 2015-2022.
- Vice chairman- Aramco 2006-2014.
- Department Manager – Aramco 1996-2006.

Qualifications

- Master of Business Administration – Sloan Fellowship from the Massachusetts Institute of Technology, 2001.
- Bachelor of Engineering – King Fahd University of Petroleum and Minerals, 1983.

Abdulmajid Al Hagbani

Current Positions

- Senior Director – Head of Securities Investments, MENA Investment Division – PIF.

Previous Positions

- Progressed in several positions at HSBC Saudi, the latest is Managing Director, Head of Asset Management 2008 – 2018.
- Progressed in several positions at Saudi Industrial Development Fund, the latest is Senior Credit Analyst 2004 – 2008

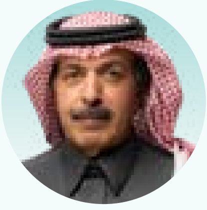
Qualifications

- EMBA Program – HEC Paris, 2023.
- Bachelor of Finance – King Fahad University for Petroleum and Minerals, 2004.

24 Names, qualifications and experience of the Board, Board committees' members and Executive Management:

(B) Board Committees' Members:

(B/1) Executive Committee:



Abdulrahman Al Rashed

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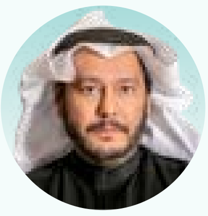

Talal Al Maiman

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Bader Al Issa

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Khalid Al Sharif

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Bader Alsalloom

Current Positions

- CEO of Banque Saudi Fransi (BSF).

Previous Positions

- Group Head – Wholesale Banking at Banque Saudi Fransi (BSF), 2021-2022.
- Deputy GM – Corporate Banking Group at Saudi Investment Bank, 2019-2021.
- Progressed in several positions at Saudi British Bank (SAB), the latest is Deputy Head of Commercial Banking 2010 – 2019

Qualifications

- Bachelor of Science, Finance – King Fahad University for Petroleum and Minerals, 2004.

24 Names, qualifications and experience of the Board, Board committees' members and Executive Management:

(B) Board Committees' Members:

(B/2) Audit Committee:

Abdullatif Al Othman

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Abdulaziz Algudaimi

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Khalid Al Faddagh

(from outside the Board)

Current Positions

- Retired.

Previous Positions

- Chief Audit Executive (General Auditor) at Saudi Aramco, 2009-2015.
- Corporate Planning at Saudi Aramco, 2007-2009.
- President & CEO at Petron Corporation – Manila, Philippines, 2003-2007.
- Engineering and Operation & Maintenance at Saudi Aramco, 1983-2003.

Qualifications

- PhD, DIC, Mechanical Eng., Imperial College – London, UK, 1983.
- Master of Science, Mechanical Eng., University of Manchester (UMIST) – Manchester, UK, 1979.

Homood Al Tuwaijri

(from outside the Board)

Current Positions

- Retired.

Previous Positions

- Vice CEO for Legal and Audit at SABIC, 2008-2012.
- Vice CEO for Petrochemicals at SABIC, 2004-2008.
- Vice CEO for Finance at SABIC, 2002-2004.

Qualifications

- Master of Science in Industrial Engineering, The Georgia Institute of Technology, USA, 1983.
- Bachelor of Science in Industrial Engineering, The University of Washington, USA, 1980
- Bachelor of Arts in Business Administration, The University of Washington, USA, 1980

Mohammed Al Subaie

(from outside the Board)

Current Positions

- Retired.

Previous Positions

- Chief Audit Executive of Saudi Aramco, 2015-2018
- Various leadership positions at Saudi Aramco, 1993-2013
- Various positions at Eastern Province Water Directorate, 1988-1993

Qualifications

- Master's in Accounting, King Fahad University of Petroleum and Minerals, 1991
- Bachelor of Business Administration, Columbia College, 1981

24 Names, qualifications and experience of the Board, Board committees' members and Executive Management:

(B) Board Committees' Members:

(B/3) Nominations and Remunerations Committee:

Khalid Al Sharif

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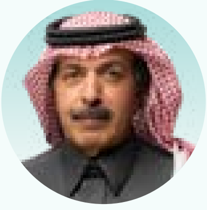

Abdulrahman Al Rashed

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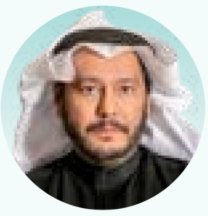

Talal Al Maiman

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Khalid Al Omran

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Bleihid Al Bleihid

(from outside the Board)

Current Positions

- Founder and Managing Director – Ejadah Management Consultancy (EMC) and EMA Partners Saudi Arabia.

Previous Positions

- SEVP – Group Head, Human Resources Group – Saudi National Bank, 2013-2018.
- Director of Human Resources and Organizational Development – Saudi Research and Marketing Group (SRMG), 2006-2007.
- General Manager Human Resources – SABB/HSBC, 1997-2006.
- Assigned for different roles in management including revamp of HR and recruitment practices – King Faisal Specialist Hospital (KFSH), 1985-1997.
- Head of Administration – National Information Center (Ministry of Interior), 1983-1985.

Qualifications

- Bachelor Degree in Business Management – Heritage College, USA, 1983.

24 Names, qualifications and experience of the Board, Board committees' members and Executive Management:

(B) Board Committees' Members:

(B/4) Board Risk Committee:

Bader Al Issa

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Abdullatif Al Othman

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Abdulaziz Algudaimi

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Vanessa Eastham Fisk

(from outside the Board)

Current Positions

- Independent Non-Executive Director, TPL REIT Management Company, Pakistan.
- Independent Non-Executive Director, Narmo Capital KSA.
- Independent Non-Executive Director, Chair of Board Risk Committee, ABC International Bank plc, Europe.
- Independent Member, Board Risk Committee, Al Marai Company.
- Advisory Board Member, Ila Bank, Bahrain.

Previous Positions

- Independent Member, Board Strategy Committee, The National Bank of Ras Al Khaimah, 2020-2022.
- Non-Executive Director, Chair Audit & Risk Committee, Anglo Gulf Trade Bank, UAE, 2018-2020.
- Independent Member, Board Risk Committee, Commercial Bank International PSC, Abu Dhabi, 2016-2019.
- Independent Member, Board Credit Committee, Commercial Bank International PSC, Abu Dhabi, 2017-2018.
- Wholesale Banking Managing Director & Chief Operating Officer, Standard Chartered PLC, Middle East, North Africa, Pakistan, 2010-2015.
- Managing Director, Ingram Group, Middle East, 2008-2009.
- Chief Operating Officer and Chief Risk Officer, Barclays Bank PLC, UAE & Middle East, 2006-2008.

Qualifications

- Masters Degree in Leadership Studies, Exeter University, UK, 2000.
- Bachelors in Accountancy, Huddersfield Polytechnic, UK, 1990.

Brian Byagaba

(from outside the Board)

Current Positions

- Head of Fintech, Financial Services, Regulatory Authority (FSRA) of Abu Dhabi Global Market (ADGM), Abu Dhabi.

Previous Positions

- General Manager, Pattamar, Abu Dhabi, 2019-2022.
- Senior Manager (CISO), Information Security (IS) at Commercial Bank International (CBI), Dubai, 2016-2019.
- Head of Operational Risk & Information Security at Dunia Finance LLC, Dubai, 2015-2016.
- Internal Audit Manager at Dunia Finance LLC, Dubai, 2014-2015.
- Co-Founder & CEO at Coin It Africa Limited, Ugand, 2014-2016
- Vice President, Corporate & Investment Banking at Barclays Africa Group, Johannesburg, 2012-2014.
- Chief Internal Auditor Barclays Mauritius & Seychelles at Barclays Bank PLC, Mauritius, 2010-2012.
- Associate Director, Barclays Internal Audit at Barclays Bank PLC, Uganda, 2008-2011.

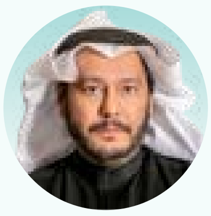
Qualifications

- MBA, Durham University, England, 2018.
- Bachelor of Commerce, Accounting, Makerere University, Uganda, 2003.

24 Names, qualifications and experience of the Board, Board committees' members and Executive Management:

(B) Board Committees' Members:

(B/5) Board Strategy and ESG Committee:



Talal Al Maiman

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Khalid Al Omran

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Rayan Fayez

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Abdulmajid Al Hagbani

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Mazin Al Romaih

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24 Names, qualifications and experience of the Board, Board committees' members and Executive Management:

(C) Executive Management:

Bader Alsalloom

Current Positions

Chief Executive Officer

Previous Positions

Head of Wholesale Banking – BSF

Qualifications

Bachelors of Science, Finance 2004

Experiences

21 years' experience in Banking sector

Ramzy Darwish

Current Positions

Chief Strategy and Finance Officer

Previous Positions

Head, Treasury group – Saudi National Bank

Qualifications

Bachelors of Science in Industrial and Labor Relations – 2005

Experiences

20 years' experience in Banking sector

Majed Alsadhan

Current Positions

Chief Wholesale Banking Officer

Previous Positions

Head of Corporate Banking – BSF

Qualifications

Bachelors of Accounting, King Faisal University, 2004

Masters of Accounting and Finance, Southampton University, 2007

Experiences

21 years' experience in Banking sector

Zuhair Mardam

Current Positions

Chief Treasury and Investment Officer

Previous Positions

Head of Global Markets – BSF

Qualifications

Bachelors of Finance, Prince Sultan University, 2004

Experiences

21 years' experience in treasury

Mohammad Alsheikh

Current Positions

Chief Personal Banking Officer

Previous Positions

Head of Branch Network for Retail Banking – Al Rajhi Bank

Qualifications

Bachelor of Industrial Engineering, King Saud University, 2005

Experiences

20 years' experience in Islamic and Retail Banking

24 Names, qualifications and experience of the Board, Board committees' members and Executive Management:

(C) Executive Management:

May Alhoshan

Current Positions

Chief Human Capital Officer

Previous Positions

Director of Human Resources – AlAwwal Bank

Qualifications

Master of Engineering Management – George Washington University, 2004

Experiences

20 years of experience in Human Resources

Ibrahim Alsanebi

Current Positions

Chief Audit Executive

Previous Positions

Head of Banking Audit – BSF

Qualifications

Bachelors of Business Accounting – Lebanon American University 2009

Experiences

16 years of experience in the banking sector

Yasser Alanssari

Current Positions

Chief Compliance Officer

Previous Positions

Director of Compliance Group and anti-money laundering – Gulf International Bank.

Qualifications

Bachelors of Science 2015

Experiences

27 years' experience in Compliance

Abdallah Alshaikh

Current Positions

Chief Legal, Governance, and ESG, Officer, Corporate Secretary

Previous Positions

Head of Legal Affairs and Secretary of the Board of Directors – Samba Financial Group

Qualifications

LL.M, Harvard Law School, 2008

Experiences

22 years of legal experience in several positions in the financial sector

Mutasim Mufti

Current Positions

Chief Risk Officer

Previous Positions

Deputy Chief Risk Officer – BSF

Qualifications

Bachelors of Accounting and Finance 1991. MBA 1993

Experiences

31 years' experience in Banking sector

24 Names, qualifications and experience of the Board, Board committees' members and Executive Management:

(C) Executive Management:

Majed A. Alghanemi*

Current Positions

Chief Transformation Officer (appointed in March 2025)

Previous Positions

Vice Minister of Social Development – HRSD

Chief Operation Officer – SAB

Qualifications

MSc Computer Science – King Saud University 2000.

MBA – King Saud University 2004.

Experiences

25+ years of diverse leadership experiences (Banking, Government, Telecom, Defense and Healthcare).

Turki AlMehaid

Current Positions

Head of Customer care

Previous Positions

Senior Business Analyst Private Banking – BSF.

Qualifications

Bachelors of Business Administration 2017.

Master's in Business Administration 2021.

Experiences

20 years' experience in Banking sector.

Abdulmohsen Al-Rayes**

Current Positions

Group Control Advisor

Previous Positions

Chief Audit Executive – BSF.

Qualifications

Bachelor of Arabic Grammar, 1981

Experiences

38 years of experience in the banking sector

Mohammed Almisfer***

Current Positions

Chief Business Technology and Digital Officer

Previous Positions

General Director of Business Technology – Saudi Central Bank

Qualifications

Bachelor of Science King Saud University 1995

Master of Science – Florida Atlantic University – 1999

Experiences

23 years' experience in Banking sector

* Majed A. Alghanemi – Appointed on 12 March 2025.

** Abdulmohsen Al-Rayes – Retired from his position on 12 June 2025.

*** Mohammed Almisfer – Resigned from his position on 13 May 2025.

25 Names of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager:

	Member's name	Current			Previous		
		Name of company in which the Board member is a member of its current Board of Directors or from its Directors	Inside the Kingdom/ Outside the Kingdom	Legal Entity	Name of company in which the Board member is a member of its previous Board of Directors or from its Directors	Inside the Kingdom/ Outside the Kingdom	Legal Entity
1	Mazin AlRomaih	Future Generation Investment Company	Inside the Kingdom	Limited Liability Company	Dr. Sulaiman Al Habib Medical Group	Inside the Kingdom	Listed Joint Stock Company
		Sada Company for Investment	Inside the Kingdom	Limited Liability Company	Saudi Fransi Capital	Inside the Kingdom	Closed Joint Stock Company
		Neom	Inside the Kingdom	Closed Joint Stock Company	Samba Capital & Investment Management Group	Inside the Kingdom	Joint Stock Company
		–	–	–	HSBC Saudi Arabia Limited	Inside the Kingdom	Closed Joint Stock Company
		–	–	–	Al Yammamh Steel Company	Inside the Kingdom	Closed Joint Stock Company
		–	–	–	Food Concepts Ltd.	Inside the Kingdom	Limited Liability Company
		–	–	–	Alissa Holding Group	Inside the Kingdom	Closed Joint Stock Company
2	Talal Al Maiman	Kingdom Holding company	Inside the Kingdom	Listed Joint Stock Company	Kingdom School Company limited	Inside the Kingdom	Closed Joint Stock Company
		Tasnee Company	Inside the Kingdom	Listed Joint Stock Company	Kingdom International School	Inside the Kingdom	Closed Joint Stock Company
		NAS Holding Company	Inside the Kingdom	Closed Joint Stock Company	Savola Group	Inside the Kingdom	Listed Joint Stock Company
		Real Estate Investment Company	Inside the Kingdom	Closed Joint Stock Company	SRMJ	Inside the Kingdom	Closed Joint Stock Company
		Kingdom Investment and Development Company	Inside the Kingdom	Closed Joint Stock Company	Der' alreayah Health Company	Inside the Kingdom	Closed Joint Stock Company
		Jeddah Economic Limited Company	Inside the Kingdom	Closed Joint Stock Company	Trade Center Company	Inside the Kingdom	Closed Joint Stock Company
		Kingdom Real Estate Development Company	Inside the Kingdom	Closed Joint Stock Company	–	–	–
		Saudi Fransi Capital	Inside the Kingdom	Closed Joint Stock Company	–	–	–
		Dallah Health Care Company	Inside the Kingdom	Listed Joint Stock Company	–	–	–
		Four Seasons Hotel Riyadh	Inside the Kingdom	Closed Joint Stock Company	–	–	–
		Fly Nas Company	Inside the Kingdom	Listed Joint Stock Company	–	–	–
		Five Capital Advisors (DIFC)	Outside the Kingdom	Closed Joint Stock Company	–	–	–
		Jeddah City Inma Company Limited	Inside the Kingdom	Limited Liability Company	–	–	–
		Fashion Village	Inside the Kingdom	Limited Liability Company	–	–	–

Member's name		Current			Previous		
		Name of company in which the Board member is a member of its current Board of Directors or from its Directors	Inside the Kingdom/ Outside the Kingdom	Legal Entity	Name of company in which the Board member is a member of its previous Board of Directors or from its Directors	Inside the Kingdom/ Outside the Kingdom	Legal Entity
3	**Abdulrahman Al Rashed**	Rashed Abdul Rahman Al Rashed & Sons Company	Inside the Kingdom	General Partnership	Beit Al Tawazun Holding Company	Inside the Kingdom	Limited Liability Company
		Dhahran Techno Valley Company	Inside the Kingdom	Closed Joint Stock Company	Ibhar Albenaa Real Estate Company	Inside the Kingdom	Limited Liability Company
		Al Awael Investment Holding	Inside the Kingdom	Limited Liability Company	Aqar & Amaar Company	Inside the Kingdom	Limited Liability Company
		UNICOIL, Universal Metal Coating Company	Inside the Kingdom	Closed Joint Stock Company	Al Yamama Investment Company	Inside the Kingdom	Closed Joint Stock Company
		Dammam Hotels Company	Inside the Kingdom	Closed Joint Stock Company	Rashed Al Rashed & Sons Donaldson Company Ltd	Inside the Kingdom	Limited Liability Company
		Company of Crystal Ice Factory	Inside the Kingdom	Limited Liability Company	Sanad Healthcare Company	Inside the Kingdom	Limited Liability Company
		Rashed Development Company – RASHEDCO	Inside the Kingdom	Limited Liability Company	–	–	–
		Rashed Alrashed & Partners Commercial Investment Company	Inside the Kingdom	Limited Liability Company	–	–	–
		Rashed Alrashed & Partners Business Development Company	Inside the Kingdom	Limited Liability Company	–	–	–
		Rashed Alrashed & Partners Development & Real Estate Investment Company	Inside the Kingdom	Limited Liability Company	–	–	–
		Alrashed Global United Investment Company	Inside the Kingdom	Limited Liability Company	–	–	–
		Denys Arabia Company	Inside the Kingdom	Limited Liability Company	–	–	–
		Al-Awael Al-Asriya Contracting Company	Inside the Kingdom	Limited Liability Company	–	–	–
4	**Bader Al Issa**	Savola Group	Inside the Kingdom	Listed Joint Stock Company	Dur Hospitality Company	Inside the Kingdom	Listed Joint Stock Company
		United Sugar Company	Inside the Kingdom	Closed Joint Stock Company	AMIAS Holding	Inside the Kingdom	Limited Liability Company
		Afia International Company	Inside the Kingdom	Closed Joint Stock Company	Saudi Fransi Capital	Inside the Kingdom	Closed Joint Stock Company
		Panda Retail Company	Inside the Kingdom	Closed Joint Stock Company	Kinan International for Real Estate Development Company	Inside the Kingdom	Closed Joint Stock Company
		Almarai	Inside the Kingdom	Listed Joint Stock Company	Savola Foods	Inside the Kingdom	Closed Joint Stock Company
		Assila Investments	Inside the Kingdom	Closed Joint Stock Company	Knowledge Economic City	Inside the Kingdom	Listed Joint Stock Company
		Taiba Investments Company	Inside the kingdom	Listed Joint Stock Company	Savola for Packaging Company	Inside the Kingdom	Closed Joint Stock Company
		–	–	–	Al Aqiq for Real Estate Development	Inside the Kingdom	Closed Joint Stock Company
		–	–	–	Sukoon International Company	Inside the Kingdom	Closed Joint Stock Company
		–	–	–	Burj Assilah For Hotel Services Company	Inside the Kingdom	Limited Liability Company

Member's name		Current			Previous		
		Name of company in which the Board member is a member of its current Board of Directors or from its Directors	Inside the Kingdom/ Outside the Kingdom	Legal Entity	Name of company in which the Board member is a member of its previous Board of Directors or from its Directors	Inside the Kingdom/ Outside the Kingdom	Legal Entity
5	**Abdullatif Al Othman**	Al-Othman Engineering Consultants	Inside the Kingdom	Closed Joint Stock Company	Business Park Complex (Amaad)	Inside the Kingdom	Closed Joint Stock Company
		Olayan Saudi Holding	Inside the Kingdom	Closed Joint Stock Company	Aramco Trading Company	Inside the Kingdom	Joint Stock Company
		Investcorp Bahrain	Outside the Kingdom	Joint Stock Company	Wa'ed, established by Aramco to support small and medium enterprises	Inside the Kingdom	Joint Stock Company
		Almoosa Health	Inside the Kingdom	Listed Joint Stock Company	Sadara Chemical Company, partnership between Saudi Aramco and The Dow Chemical Company	Inside the Kingdom	Joint Stock Company
		–	–	–	Dussur, The Saudi Industrial Investments Company	Inside the Kingdom	Joint Stock Company
		–	–	–	Saudi Aramco Investment Management Co.	Inside the Kingdom	Closed Joint Stock Company
		–	–	–	Aramco Services Company – Houston	Outside the Kingdom	Closed Joint Stock Company
					Petron – Philippines	Outside the Kingdom	Closed Joint Stock Company
6	**Khalid Al Omran**	Daily Food Company	Inside the Kingdom	Limited Liability Company	Goldman Sachs Saudi Arabia	Inside the Kingdom	Closed Joint Stock Company
		Namaya Investment Company	Inside the Kingdom	Limited Liability Company			
7	**Rayan Fayez**	Al Ula Company for Development	Inside the Kingdom	Closed Joint Stock Company	Gulf coast development company	Inside the Kingdom	Closed Joint Stock Company
		Neom	Inside the Kingdom	Closed Joint Stock Company	Hala Payments Company	Inside the Kingdom	Closed Joint Stock Company
		TONOMUS Company	Inside the Kingdom	Limited Liability Company	Saudi Fransi Capital	Inside the Kingdom	Closed Joint Stock Company
		NEOM StaffCo Limited Company	Inside the Kingdom	Limited Liability Company	Hassana Investment Company	Inside the Kingdom	Closed Joint Stock Company
		NEOM Investment Fund Company	Inside the Kingdom	Limited Liability Company	Saudi Stock Exchange (Tadawul)	Inside the Kingdom	Listed Joint Stock Company
		–	–	–	Saudi Agricultural & Livestock Investment Company (SALIC)	Inside the Kingdom	Closed Joint Stock Company
		–	–	–	Herfy for Food Services Company	Inside the Kingdom	Listed Joint Stock Company
		–	–	–	Almarai	Inside the Kingdom	Listed Joint Stock Company
		–	–	–	Knowledge Economic City	Inside the kingdom	Listed Joint Stock Company
		–	–	–	Panda Retail Company	Inside the Kingdom	Closed Joint Stock Company
		–	–	–	Savola for Foods	Inside the Kingdom	Closed Joint Stock Company
		–	–	–	Kinan International Real Estate Development Company	Inside the Kingdom	Closed Joint Stock Company
		–	–	–	JP Morgan Chase NA, Riyadh Branch	Inside the Kingdom	Closed Joint Stock Company

Member's name		Current			Previous		
		Name of company in which the Board member is a member of its current Board of Directors or from its Directors	Inside the Kingdom/ Outside the Kingdom	Legal Entity	Name of company in which the Board member is a member of its previous Board of Directors or from its Directors	Inside the Kingdom/ Outside the Kingdom	Legal Entity
8	**Khalid Al Sharif**	The Arabian Cement Company	Inside the Kingdom	Listed Joint Stock Company	United Electronics Company (eXtra)	Inside the Kingdom	Listed Joint Stock Company
		Rua Al Madinah Holding Company	Inside the Kingdom	Closed Joint Stock Company	Al Ahli Takaful	Inside the Kingdom	Listed Joint Stock Company
		Arabian Petroleum Supply (APSCO)	Inside the Kingdom	Closed Joint Stock Company	Turkiye Finance Katilim Bankasi	Outside the Kingdom	Closed Joint Stock Company
		Retal Urban Development Company	Inside the Kingdom	Listed Joint Stock Company	Oryx Mutual Funds (Bahrain)	Outside the Kingdom	Investment Fund
		–	–	–	Estgate Company (Dubai)	Outside the Kingdom	Closed Joint Stock Company
		–	–	–	The Family Office International Investment Company (TFOIIC)	Inside the Kingdom	Closed Joint Stock Company
9	**Abdulaziz Algudaimi**	Vision Invest	Inside the Kingdom	Closed Joint Stock Company	–	–	–
10	**Abdulmajid Al Hagbani**	Kingdom Holding Company	Inside the Kingdom	Listed Joint Stock Company	Qassim Cement Company	Inside the Kingdom	Listed Joint Stock Company
		Newcastle United Football Club Company	Outside the Kingdom	Limited Liability Company	–	–	–
		Al Hilal Club Company	Inside the Kingdom	Closed Joint Stock Company	–	–	–
		Saudi Iraqi Investment Company	Inside the Kingdom	Closed Joint Stock Company	–	–	–
		Saudi Jordanian Investment Company	Inside the Kingdom	Closed Joint Stock Company	–	–	–
		Saudi Bahraini Investment Company	Inside the Kingdom	Closed Joint Stock Company	–	–	–
		Saudi Omani Investment Company	Inside the Kingdom	Closed Joint Stock Company	–	–	–
		Saudi Egypt's Investment Company	Inside the Kingdom	Closed Joint Stock Company	–	–	–
		Saudi Sudanese Investment Company	Inside the Kingdom	Closed Joint Stock Company	–	–	–
		Sela Sport Company	Inside the Kingdom	Closed Joint Stock Company	–	–	–

26 The number of Board meetings held during the last financial year, their dates and the attendance record of each meeting, listing the names of the attendees:

Board of Directors:

	Member Name	Date of Meetings						Total	Attendance percentage
		First meeting 25/02/2025	Second meeting 26/02/2025	Third meeting 25/05/2025	Fourth meeting 19/09/2025	Fifth meeting 20/09/2025	Sixth meeting 07/12/2025		
1	Mazin Al Romaih	✓	✓	✓	✓	✓	✓	6	100
2	Talal Al Maiman	✓	✓	✓	✓	✓	✓	6	100
3	Abdulrahman Al Rashed	✓	✓	✓	✓	✓	✓	6	100
4	Bader Al Issa	✓	✓	✓	✓	✓	✓	6	100
5	Abdullatif Al Othman	✓	✓	✓	✓	✓	✓	6	100
6	Khalid Al Omran	✓	✓	✓	✓	✓	✓	6	100
7	Rayan Fayez	✓	✓	✓	✓	✓	✓	6	100
8	Khalid Al Sharif	✓	✓	✓	✓	✓	✓	6	100
9	Abdulaziz Algudaimi	✓	✓	✓	✓	✓	✓	6	100
10	Abdulmajid Al Hagbani	✗	✓	✓	✓	✓	✓	5	83

27 A brief description of the competencies and duties of the committees, indicating their names, names of their chairmen, names of their members, the number of their respective meetings, dates of those meetings and the members' attendance details of each meeting:

The Board of Directors of BSF has formed the following five committees for a three-year period from 01/01/2025 to 31/12/2027: The Executive Committee, the Audit Committee, the Nominations and Remunerations Committee, the Board Risk Committee and Board Strategy and ESG Committee*. These committees have powers under their own charters. The details of these committees are as follows:

* Environment, Social and Governance Board Committee was merged with Board Strategy Committee.

(27/A) Executive Committee:

The Committee consists of five members, the members enjoy academic and administrative qualification that enable them to perform duties assigned to them. The committee held nine meetings during 2025. The following are the members of the Committee and its meetings during the year:

	Member Name	Type of membership	Date of Meetings									Total	Attendance percentage
			First meeting 02/02/2025	Second meeting 05/03/2025	Third meeting 14/04/2025	Fourth meeting 08/05/2025	Fifth meeting 20/05/2025	Sixth meeting 17/06/2025	Seventh meeting 01/09/2025	Eighth meeting 07/10/2025	Ninth meeting 25/11/2025		
1	Abdulrahman Al Rashed	Chairman Non-Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	100
2	Talal Al Maiman	Non-Executive Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	100
3	Bader Al Issa	Non-Executive Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	100
4	Khalid Al Sharif	Independent Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	100
5	Bader Al Salloom	Executive Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	100

The Committee's main responsibilities include but are not limited to the following:

- Approve related party transactions as per the 'Delegation of Authority Manual'.
- Reviewing BSF's credit files to BSF clients, as per the Bank's 'Delegation of Authority Manual'.
- Review periodic management report and reports on the execution and completion of the Bank's major projects; and
- Review annual budgets and plans, and investigate material budgetary variances and deviations from the approved plans before submitting its recommendation to the Board.

(27/B) Audit Committee:

The Committee consists of five independent members, presided by an independent member of the Board and most of the members are from outside the Board. The members of the Audit Committee have academic qualifications and professional experience in auditing and risk management, including knowledge of accounting and auditing standards, ability to understand financial reports, in addition to understanding the laws and regulations issued by the competent authorities. The Audit Committee held eight meetings during 2025. The following are the members of the Committee and its meetings during the year:

	Member Name	Type of membership	Date of Meetings								Total	Attendance percentage
			First meeting 26/01/2025	Second meeting 24/02/2025	Third meeting 20/04/2025	Fourth meeting 28/05/2025	Fifth meeting 20/07/2025	Sixth meeting 20/08/2025	Seventh meeting 19/10/2025	Eighth meeting 27/11/2025		
1	Abdullatif Al Othman	Chairman Independent	✓	✓	✓	✓	✓	✓	✓	✓	8	100
2	Abdulaziz Al Gudaimi	Independent Member	✓	✓	✓	✓	✓	✓	✓	✓	8	100
3	Khalid Al Faddagh	Member (from outside the Board)	✓	✓	✓	✓	✓	✓	✓	✓	8	100
4	Homood Al Tuwaijri	Member (from outside the Board)	✓	✓	✓	✓	✓	✓	✓	✓	8	100
5	Mohammed Al Subaie	Member (from outside the Board)	✓	✓	✓	✓	✓	✓	✓	✓	8	100

The Audit Committee's members assist the Bank's Board of Directors in fulfilling its oversight responsibility relating to the following:

- Shareholders, potential shareholders, the investment community and others relating to the financial reporting process;
- The system of Internal Controls;
- The audit process;
- The Bank's financial statements;
- Related parties transactions and conflict of interests' cases; and
- The Bank's process for monitoring compliance with applicable laws and regulations and the Code of Conduct.

(27/C) Nominations and Remunerations Committee:

The Committee is composed of five members of the Board of Directors and other specialists. The Committee members enjoy academic and administrative qualifications and variety of experience, which include memberships in Nomination and Remuneration committees, in addition to other experiences that qualify the committee members to carry out their duties and responsibilities, the committee held four meetings during 2025:

	Member Name	Type of membership	Date of Meetings				Total	Attendance percentage
			First meeting 24/02/2025	Second meeting 14/05/2025	Third meeting 27/08/2025	Fourth meeting 01/12/2025		
1	Khalid Al Sharif	Chairman Independent	✓	✓	✓	✓	4	100
2	Abdulrahman Al Rashed	Non-Executive Member	✓	✓	✓	✓	4	100
3	Talal Al Maiman	Non-Executive Member	✓	✓	✓	✓	4	100
4	Khalid Al Omran	Independent Member	✓	✓	✓	✓	4	100
5	Bleihid Al Bleihid	Member (from outside the Board)	✓	✓	✓	✓	4	100

Functions of the Committee include but are not limited to the following:

- Preparing a clear policy for the remunerations of the Board members and its Committees in accordance with relevant SAMA guidelines, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that are linked to performance, and disclosing and ensuring the implementation of such policy.
- Preparing the remuneration policy for Executive Management in accordance with relevant SAMA guidelines, and presenting such policy for the Board approval in preparation for approval by the General Assembly.
- Evaluating practices by which compensation is paid for potential future revenues whose timing and likelihood remain uncertain;
- Making recommendations to the Board on the level and composition of remuneration of key executives of the Bank in accordance with the approved policy. The key executives for this purpose will include all those executives whose appointment is subject to no objection by SAMA;
- Determining the bonus pool based on risk-adjusted profit of the Bank for payment of performance bonus;
- Reviewing compliance of the Remunerations and Compensation policy with the relevant rules and the principles and standards of the Financial Stability Board (FSB); and
- Determine the points of strength and weakness in the Board of Directors and the Board committees through performance assessments and recommend remedies that are compatible with BSF's interests.

(27/D) Board Risk Committee:

The Board Risk Committee comprises of five members, including members of the Board of Directors and other specialists. The committee members hold experience in risk management, academic and professional qualifications that enable them to perform the committee responsibilities and take appropriate decisions, and experience in the financial and administrative affairs, the committee held six meetings during 2025. The Committee's members and meetings during the year are as follows:

	Member Name	Type of membership	Date of Meetings						Total	Attendance percentage
			First meeting 10/02/2025	Second meeting 12/05/2025	Third meeting 15/07/2025	Fourth meeting 25/08/2025	Fifth meeting 11/09/2025	Six meeting 27/11/2025		
1	Bader Al Issa	Chairman Non-Executive	✓	✓	✓	✓	✓	✓	6	100
2	Abdullatif Al Othman	Independent Member	✓	✓	✓	✓	✓	✓	6	100
3	Abdulaziz Al Gudaimi	Independent Member	✓	✓	✓	✓	✓	✓	6	100
4	Vanessa Eastham Fisk	Member (from outside the Board)	✓	✓	✓	✓	✓	✓	6	100
5	Brian Byagaba	Member (from outside the Board)	✓	✓	✓	✓	✓	✓	6	100

The Board Risk Committee has responsibility for Executive management managing risks by providing governance oversight and strategic direction aligned with duly approved risk management framework, policies, procedures and regulatory obligations.

Major functional responsibilities of the Board Risk Committee include but are not limited to:

- Require and review development of a strategy, objectives and comprehensive policies for risk management that are consistent with the nature and volume of the Bank's activities, risk profile, risk appetite and risk tolerance for the Bank taking into account all material and emerging risks and ensuring the operationalization of these policies, and regular review & update based on the Bank's internal and external changing factors;
- Require assessment and periodic review of Risk Appetite (acceptable level of risk faced by the Bank) and monitoring to ensure that the Bank does not go beyond such level;
- Require establishment of Bank-wide risk measurement methodologies for quantifying risks;
- Require and review management assessment of risks covering credit, market, operational (including technology), cyber/information security, business continuity, Data Privacy, reputational, strategic and other material risks;
- Review the adequacy of the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) and the Bank's Stress Testing scenarios;
- Provide detailed reports to the board on risk exposures;
- Review periodically the adequacy of the Bank's risk management systems and management's assessment of the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Bank in order to determine areas of inadequacy therein, maintenance of the risk register and recommend appropriate changes;
- Review the organizational structure for risk management and providing recommendations regarding the same before approval by the Board;
- Review any issues raised by the Audit Committee that may affect the Bank's risk management.

(27/F) Board Strategy & ESG Committee:

The Board Strategy & ESG Committee consists of five members of the Board of Directors, and the committee members holds academic and administrative qualifications that enable them to perform the duties assigned to them. The Committee held six meetings during 2025. The Committee's members and meetings during the year are as follow:

	Member Name	Type of membership	Date of Meetings						Total	Attendance percentage
			First meeting 26/01/2025	Second meeting 26/03/2025	Third meeting 17/04/2025	Fourth meeting 17/07/2025	Fifth meeting 25/08/2025	Six meeting 19/10/2025		
1	Talal Al Maiman	Chairman Non-Executive	✓	✓	✓	✓	✓	✗	5	83
2	Mazin Al Romaih	Non-Executive Member	✓	✓	✓	✓	✗	✓	5	83
3	Khalid Al Omran	Independent Member	✓	✓	✓	✓	✓	✓	6	100
4	Rayan Fayez	Independent Member	✓	✓	✓	✓	✓	✓	6	100
5	Abdulmajid Al Hagbani	Independent Member	✓	✓	✓	✓	✓	✓	6	100

* Environment, Social and Governance Board Committee was merged with Board Strategy Committee.

Major duties and responsibilities of the Board Strategy & ESG Committee include but are not limited to the following:

- Review and make recommendations to the Board with respect to BSF's overall Strategy, business plan and all strategy related matters;
- Provide strategic oversight by aligning organizational goals with long term vision and mission;
- Ensure that strategic initiatives are translated into actionable programs with timelines, milestones, and accountable owners;
- Review & approve ESG KPIs/Targets recommended by the relevant Management Committee;
- Approve BSF's ESG programs & initiatives as recommended by the relevant Management Committee & ensure they are aligned with BSF strategy; and
- Oversee the implementation & status of ESG KPIs/targets, programs & initiatives by receiving periodic reports from Management.

28 A list of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board members who attended them:

BSF convened one General Assembly Meetings during 2025. The following is the attendance report of the meeting:

	Name	Attendance Record
		Extraordinary General Assembly Meeting 14/05/2025
1	Mazin Al Romaih (Chairman of the Board)	✓
2	Talal Al Maiman (Vice Chairman of the Board and Chairman of Board Strategy and ESG Committee)	✓
3	Abdulrahman Al Rashed (Chairman of the Executive Committee)	✓
4	Bader Al Issa (Chairman of the Board Risk Committee)	✓
5	Abdullatif Al Othman (Chairman of the Audit Committee)	✓
6	Khalid Al Omran	✓
7	Rayan Fayez	✓
8	Khalid Al Sharif (Chairman of Nomination and Remuneration Committee)	✓
9	Abdulaziz Algudaimi	✓
10	Abdulmajid Al Hagbani	✓
	Attendance percentage	**100%**

29 A brief description of the competencies and duties of the Shariah Committee, indicating their names, name of their chairmen, qualifications and experience of the members, the number of their respective meetings, dates of those meetings and the members' attendance details of each meeting:

The Shariah Committee is composed of three specialized members appointed by the Board of Directors based on a recommendation from the Nomination & Remuneration Committee, and it is chaired by an independent member. The Committee members have academic and shariah qualifications and other diverse experiences. The main role of the Shariah Committee is to ensure that the services and products comply with the principles and concepts of Islamic Shariah where the Shariah committee addresses all maters within its scope of responsibilities, as authorized by the Board of Directors, which includes the Bank and its subsidiaries' commitment with shariah principles and rules. The committee is also fully responsible for all its decisions related to shariah matters.

(A) Shariah Committee Composition, Qualifications and experience:

Name		Experiences		Qualifications
		Current Positions	Previous Positions	
1	Dr. Salah Fahad Al Shalhoub	• Faculty Member at Saudi Electronic University – Riyadh	• Faculty Member at King Fahd University of Petroleum and Minerals – Dhahran • Director of the Center of Excellence for Islamic Banking and Finance Studies – King Fahd University of Petroleum and Minerals – Dhahran • Deputy Dean of the College of Science and Theoretical Studies – Saudi Electronic University – Riyadh	• Bachelor's Degree – College of Shariah, Imam Muhammad ibn Saud Islamic University. • Master's Degree – Higher Institute of Justice, Imam Muhammad ibn Saud Islamic University. • PhD – Department of Islamic and Middle Eastern Studies, University of Edinburgh – United Kingdom
2	Prof. Hesham Abdulmalik Al Alsheikh	• Retired • Member of the Board of Trustees of the Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz for his parents • Advisor to the President of the General Commission for The Guardianship of Trust Funds for Minors and Their Counterparts	• Faculty Member at the Higher Institute of Justice, Imam Muhammad bin Saud Islamic University • Shari'a Advisor of Allianz Saudi Fransi Cooperative Insurance Co.	• PhD in Comparative Jurisprudence and Legal Policy
3	Dr. Salim Ali Al Ali	Assistant Professor, College of Law, United Arab Emirates University	Teaching Assistant, Sharia and Islamic Studies, College of Law, United Arab Emirates University	• Bachelor Sharia (Islamic Jurisprudence and its fundamentals), University of Sharjah. • Master Islamic Banking and Finance, International. Islamic University Malaysia. • PHD Islamic Financial Law, University of London.

(B) Shariah Committee Meetings:

The Committee held seven meetings during 2025. The following are the members of the Committee and its meetings during the year:

	Member Name	Type of membership	Date of Meetings							Total	Attendance percentage
			First meeting 02/01/2025	Second meeting 06/01/2025	Third meeting 09/02/2025	Fourth meeting 11/05/2025	Fifth meeting 14/09/2025	Sixth meeting 16/10/2025	Seventh meeting 14/12/2025		
1	Dr. Salah Fahad Al Shalhoub	Committee Chairman –Independent	✓	✓	✓	✓	✓	✓	✓	7	100
2	Prof. Hesham Abdulmalik Al Alsheikh	Committee Member – Independent	✓	✓	✓	✓	✓	✓	✓	7	100
5	Dr. Salim Ali Al Ali	Committee Member – Non-Executive	✓	✓	✓	✓	✓	✓	✓	7	100

30 Disclosure of the remuneration of the Board members, Committee Members and Executive Management as stated in the regulations:

Members of the Board of Directors shall receive a certain amount of money as a remuneration for each member in accordance with his performance and the number of meetings he attends, as per the recommendations of the Nominations and Remuneration Committee, according to Companies Law and the laws and controls issued by the Capital Market Authority and the Saudi Central Bank and the internal Remuneration Policy of BSF, emphasizing on the absence of any differences between the approved remunerations and what has been approved by the Board of Directors based on the recommendations of the Nominations and Remuneration Committee. In regard to Executive Management remunerations, they are determined based on performance criteria and approved by the Nominations and Remuneration Committee.

To ensure compliance with SAMA Banks Remuneration Rules, and to ensure alignment with local and international remuneration best-practices, the Board Nomination and Remuneration Committee (NRC) commissioned an independent recognized third-party to conduct a review of BSF's remuneration policy and practices. Accordingly, the NRC and the Board of Directors took into account the outcomes of the assessment when reviewing and approving BSF's revised remuneration policies. The scope of this review applies to the remuneration and remuneration practices of the BSF's employees and Executive Management.

Remunerations and compensations of the Board of Directors, committees’ members and Executive Management are as follows:

(30/A) The Board’s members remunerations:

Board members remuneration (in thousands of Saudi Riyals)																	
		Fixed Remunerations							Variable Remunerations						Leaving indemnity	Sum total	Expenses allowances
		Certain amount	Allowance for attending Board’s sessions	Total allowance for attending committees’ sessions	Benefits in kinds	A statement of what members of the Board have received as workers, administrative or as a return for technical, administrative or consulting work	The remuneration of the Chairman of the Board, the Managing Director or the Secretary if he is a member	Total	Percentage of profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plan	Granted shares (the value must be inserted)	Total			
First: Independent members:																	
1	Khalid Al Sharif	1,200	30	65	–	–	–	1,295	–	–	–	–	–	–	–	1,295	–
2	Abdullatif Al Othman	1,200	30	70	–	–	–	1,300	–	–	–	–	–	–	–	1,300	–
3	Khalid Al Omran	1,200	30	50	–	–	–	1,280	–	–	–	–	–	–	–	1,280	–
4	Rayan Fayez	1,200	30	30	–	–	–	1,260	–	–	–	–	–	–	–	1,260	–
5	Abdulaziz Algudaimi	1,200	30	70	–	–	–	1,300	–	–	–	–	–	–	–	1,300	–
6	Abdulmajid Al Hagbani	1,200	25	30	–	–	–	1,255	–	–	–	–	–	–	–	1,255	–
Total		6,000	150	285	–	–	–	6,435	–	–	–	–	–	–	–	6,435	
Second: Non-Executive members:																	
1	Mazin Al Romaih	–	30	25	–	–	4,500	4,555	–	–	–	–	–	–	–	4,555	–
2	Talal Al Maiman	1,200	30	90	–	–	–	1,320	–	–	–	–	–	–	–	1,320	–
3	Abdulrahman Al Rashed	1,200	30	65	–	–	–	1,295	–	–	–	–	–	–	–	1,295	–
4	Bader Al Issa	1,200	30	75	–	–	–	1,305	–	–	–	–	–	–	–	1,305	–
Total		3,600	120	255	–	–	4,500	8,475	–	–	–	–	–	–	–	8,475	
Third: Executive members:																	
1	N/A	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

(30/B) Committees' members remunerations:

Committees' members remunerations (in thousands of Saudi Riyals)					
Committees		Fixed remunerations (except attending sessions allowance)	Allowance for attending sessions	Total	Notes
Audit Committee members					
1	Abdullatif Al Othman	–	40	40	
2	Abdulaziz Al Gudaimi	–	40	40	
3	Khalid Al Faddagh	500	40	540	
4	Homood Al Tuwaijri	500	40	540	
5	Mohammed Al Subaie	500	40	540	
Total		1,500	200	1,700	
Nomination and Remuneration Committee members					
1	Khalid Al Sharif	–	20	20	
2	Abdulrahman Al Rashed	–	20	20	
3	Talal Al Maiman	–	20	20	
4	Khalid Al Omran	–	20	20	
5	Bleihid Al Bleihid	400	20	420	
Total		400	100	500	
Board Risk Committee members					
1	Bader Al Issa	–	30	30	
2	Abdullatif Al Othman	–	30	30	
3	Abdulaziz Al Gudaimi	–	30	30	
4	Vanessa Fisk	400	30	430	
5	Brian Byagaba	400	30	430	
Total		800	150	950	

Committees' members remunerations (in thousands of Saudi Riyals)					
Committees		Fixed remunerations (except attending sessions allowance)	Allowance for attending sessions	Total	Notes
Executive Committee members					
1	Abdulrahman Al Rashed	–	45	45	
2	Talal Al Maiman	–	45	45	
3	Bader Al Issa	–	45	45	
4	Khalid Al Sharif	–	45	45	
5	Bader Al Salloom	400	45	445	
Total		400	225	625	
Board Strategy and ESG Committee					
1	Talal Al Maiman	–	25	25	
2	Mazin Al Romaih	–	25	25	
3	Khalid Al Omran	–	30	30	
4	Rayan Fayez	–	30	30	
5	Abdulmajid Al Hagbani	–	30	30	
Total		–	140	140	

(30/C) Senior Executives remunerations:

Remunerations of five Senior Executives, including CEO and CFO (in thousands of ⃁)												
Fixed Remunerations				Variable Remunerations						End-of-service award	Total Executives' remuneration for the Board, if any	Aggregate
Salaries	Allowances	In-kind benefits	Total	Periodic Remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
12,241	6,391	517	19,149	–	–	15,903	–	8,533	24,436	0	0	43,585

Remunerations of Senior Executives whose appointment requires obtaining no objection of the Saudi Central Bank (in thousands of ⃁)												
Fixed Remunerations				Variable Remunerations						End-of-service award	Total Executives' remuneration for the Board, if any	Aggregate
Salaries	Allowances	In-kind benefits	Total	Periodic Remunerations	Earnings	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
25,278	13,329	890	39,497	–	–	28,542	–	19,379	47,921	4,055	0	91,473

Notes:

1. The above table illustrates all remunerations paid and credited into employees' accounts during 2025.
2. Outstanding, deferred (unvested) variable remuneration is not reported in the above table.

31 Waiver of remuneration or dividends by Board members, Senior Executives or shareholders:

There are no arrangements or agreements whereby members of the Board of Directors or Senior Executives have waived any remuneration or compensation.

There are no arrangements or agreements whereby a shareholder of the Bank has waived any rights in profits.

32 The means used by the Board of Directors to assess its performance, the performance of its committees and members and the external body, which conducted the assessment and its relationship with the Bank, if any:

On an annual basis the performance of the Board of Directors and its committees is evaluated, and the performance of each member is evaluated individually, this is done through appropriate performance indicators related to the extent to which the Bank's strategic objectives are achieved, the quality of risk management, the adequacy of internal control systems and others, in addition to assigning a specialized external party to conduct the evaluation at least once every three years.

For the year 2025, the performance of the Board of Directors and its committees was evaluated through comprehensive assessment forms developed based on international best practices and by using key performance indicators linked to the extent to which BSF strategic objectives have been achieved, the quality of risk management, efficiency of the internal control systems, corporate governance, board and committees' structure and members experience and skills among other indicators.

The results of the evaluation were shared with the Nomination & Remuneration Committee, which provided related recommendations that were presented to the Board of Directors, in order to identify solutions to enhance the effectiveness of the Board of Directors and its committees.

33 Training workshops offered to the members of the Board of Directors:

The Bank shall pay adequate attention to the training and preparation of the Board members, and to develop the members skills and knowledge in the fields related to the activities of the Bank, as such a workshop was presented to the members of the Board of Directors on Compliance, Financial Crime and Counter-Fraud by Compliance Group.

34 The audit committee's recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor, or appointing an internal auditor, as well as justifications for those recommendations and reasons for disregarding them:

There are no recommendations from the Audit Committee that contradict with the decisions of the Board of Directors and the Board of Directors have not rejected any recommendations from the Audit Committee regarding the appointment, dismissal, assessment or determining the remuneration of the Bank's External Auditors or appointing an internal auditor.

35 Board of Directors’ recommendations to change auditors:

There was no change in the Joint Auditors for Financial Year FY 2025 and the first quarter of 2026. The Board of Directors and Extraordinary General Assembly has approved Ernst & Young Professional Services (EY), and Deloitte and Touche & Co. as the Joint External Auditors of the Bank to perform the quarterly (Second and Third quarter for the fiscal year 2025 and the First quarter for the fiscal year 2026) review and annual audit of financial statements for FY2025.”

36 Actions taken by the Board of Directors to inform its members, especially non-executives, of shareholders’ proposals and observations on the Bank and its performance:

The Board is keen to enable shareholders to exercise their rights and submit their comments and inquiries during the General Assembly meetings. These comments and inquiries shall be recorded in the minutes of the meeting. The Bank also allocates means of communication dedicated for shareholders (telephone, postal address, e-mail) through which comments and inquiries of shareholders, if any, are received and then submitted to Board members at the first subsequent meeting of the Board of Directors, and this is included in the minutes of the meeting.

37 Declarations of the Board of Directors:

The Board of Directors of the Banque Saudi Fransi declares the following:

A. Proper books of account have been maintained;

B. The system of internal control is sound in design and has been effectively implemented; and

C. There are no significant doubts concerning the Bank’s ability to continue its activity.

Transactions with the related parties and the information concerning any contracts or acts in which the Bank is a party, or in which there is a material interest to the Chairman and members of the Board of Directors of the Bank, the Chief Executive Officer, the Chief Financial Officer or any person directly related to any of them, have been disclosed in Disclosure No. (37) on transactions with related parties in the consolidated financial statements, and Articles (13) and (14) of this report.

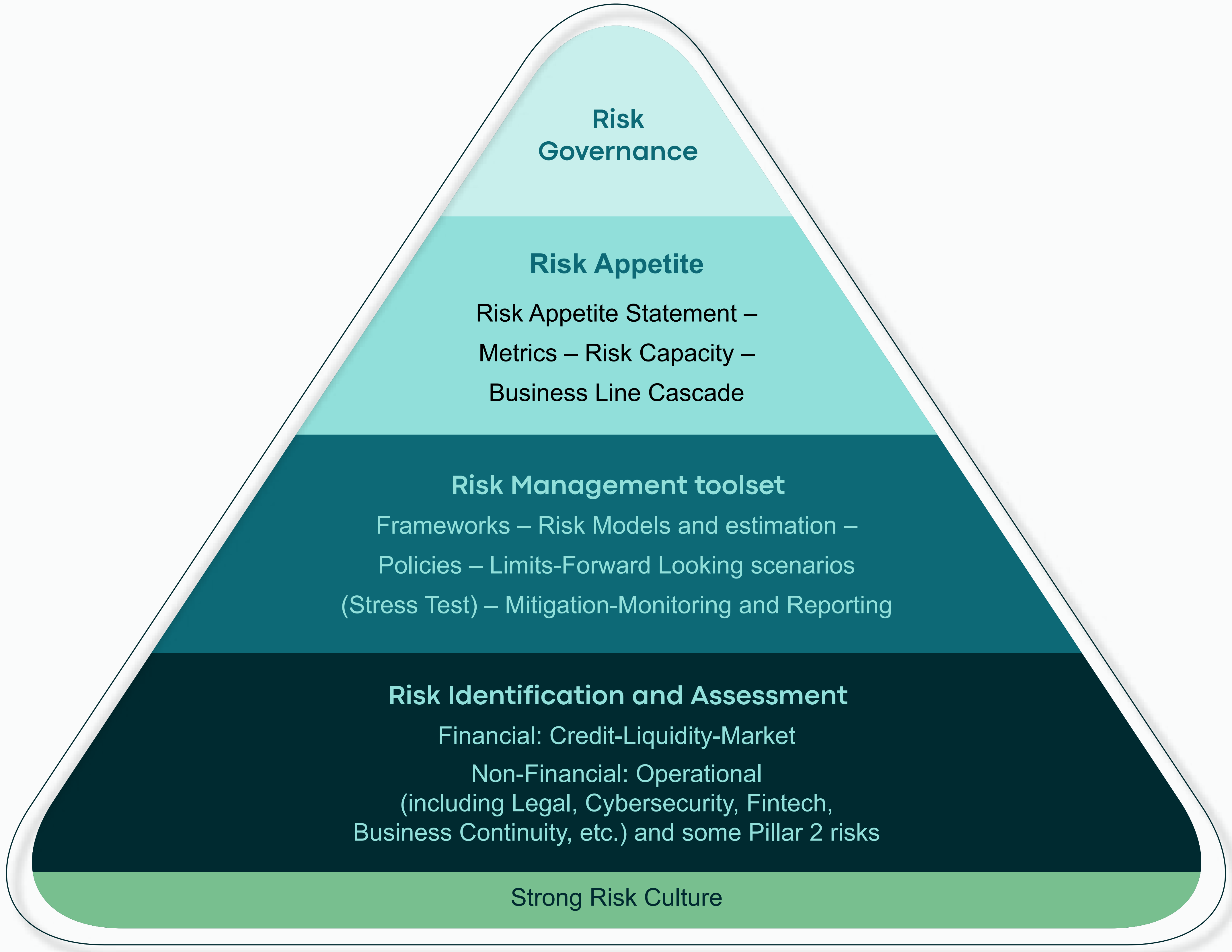
38 Risk Management:

Effective risk management is fundamental to the success and resilience of the Bank and key to the Bank's overall long-term strategy. BSF has a strong, disciplined risk culture where managing risk is a responsibility shared between the three lines of defense: Business Lines and Functions, Control functions including Risk Management Group and Group Audit.

Risk Management Framework

The primary goal of risk management is to institutionalize a best-in class integrated Risk Management framework that ensures that the outcomes of risk-taking activities are consistent with the Bank's strategies and risk appetite, and that there is an appropriate balance between risk and reward in order to maximize shareholder value. The Risk Management Framework articulates the foundation for achieving these goals. The framework has been enhanced with a detailed Escalation, communications and Corrective Action Plan with specific accountabilities for Management and Board Committee reporting to ensure a prompt response/redressal of significant operational and Regulatory breaches and enable a seamless engagement with SAMA.

The framework is evolutionary to meet the challenges of external /global environment, demanding regulatory standards and best practices, risks brought about by customer competitiveness and financial innovations and resilience in the face of global event risk uncertainties e.g. Supply shocks and inflation, volatile interest and growth trajectories, impacts of climate risks and impact on liquidity, currency and credit perceptions.



Risk Management Principles

The infographic above a schematic review of the BSF's Risk Management framework, Risk Principles are summarized as:

- **Balancing Risk and Reward:** Business and risk decisions are consistent with strategies and Risk Appetite.
- **Material Risk Identification:** Understanding, identification, quantification for all material risks (Financial, Non-Financial and event risks), supported by a strong analytical toolset for Risk Management.
- **Pro-active:** Emerging risks and potential vulnerabilities are proactively identified and managed.
- **Shared Accountability:** Strong Risk Governance with 3 Lines of Defense and a top driven and accountable shared Risk Culture where every employee is responsible for managing risks and controls.
- **Resilience:** Being prepared operationally and financially to respond to adverse events.
- **Brand Franchise protection:** Processes in line with Bank's Risk Appetite and policy principles with a customer centric business and Risk decision-making.
- **Controls:** A robust control environment to protect the stakeholders.

Risk Governance

Effective risk management begins with effective risk governance. The Bank has a well-established risk governance structure, with an active and engaged Board of Directors supported by an experienced executive management team. Its Risk Management framework is predicated on the 3 Lines of Defense model:

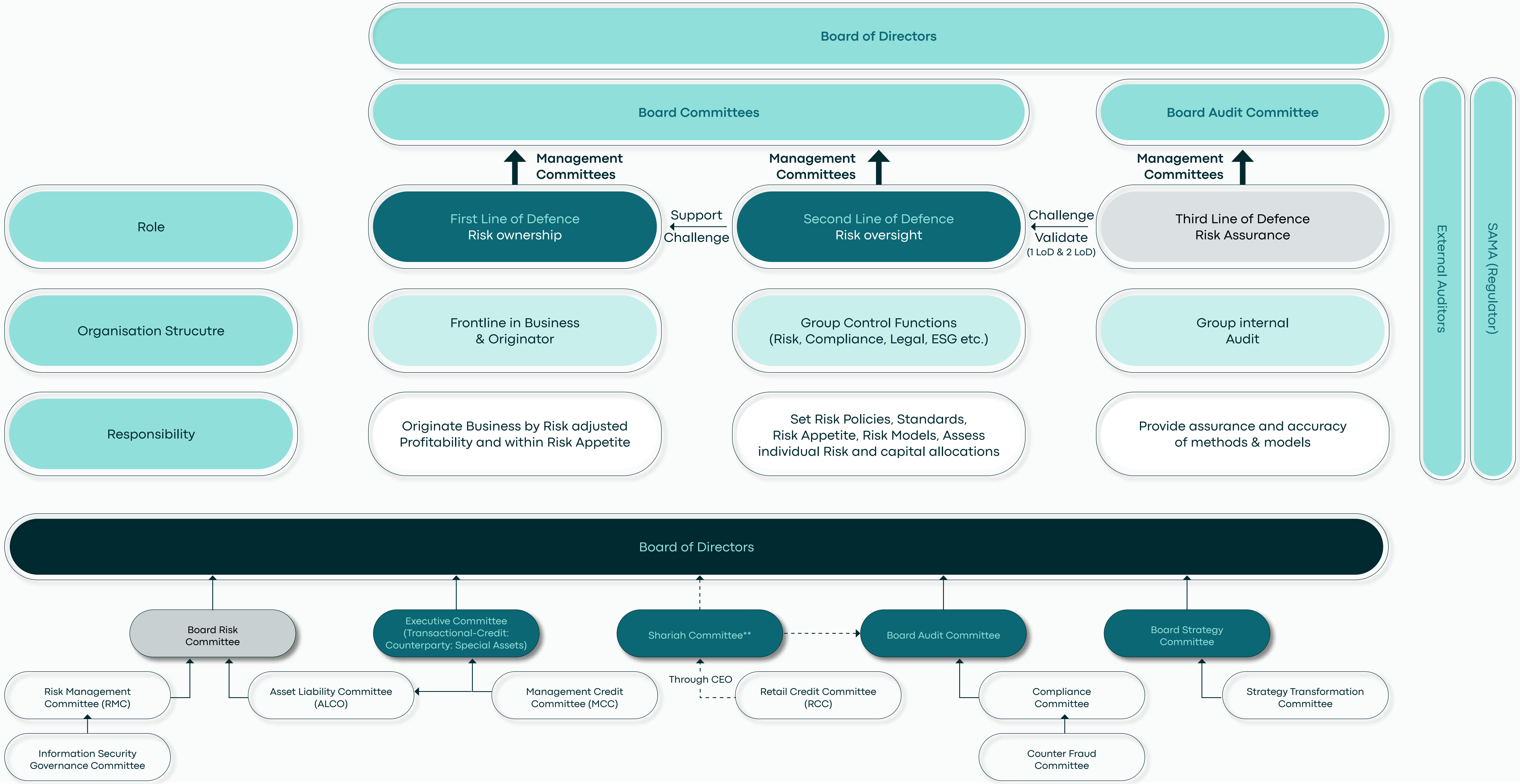
The First Line of Defense (Business lines and functions) incur and owns the risks, ensure that risks generated are identified, assessed, managed with the Risk Appetite and Product policies, in compliance with relevant limits.

The Second Line of Defense (Risk Management, Compliance and Legal) to establish Risk Appetite, limits, measurement models, frameworks, policies, and assurance practice in accordance with the Risk Management principles, best practices and Regulatory requirements.

The Third Line of Defense (Audit) provides enterprise-wide independent, objective assurance over the design and operation of the Bank's internal control, risk management and governance processes.

A strong Risk Culture and awareness aligns all employees to be risk owners, accountable for owing and managing reputational and operational risks. The comprehensive Board and Management Committee structure that governs the risk landscape is presented in the infographic below:

Risk Governance Structure



In this context, the Board and its Committees have ultimate responsibility for the Bank's business, strategy and financial soundness, as well as its management and compliance obligations.

The Board Risk Committee is responsible for advising the Board on the Bank's overall current and emerging risks; appropriateness of appetite & thresholds including adherence to the same; overseeing senior management's implementation of the Risk Management Framework; reporting on the state of risk culture; and overseeing the adequate functioning of the risk management function.

A consistent functional comprehensive Risk Taxonomy has been developed, with a Risk Management Committee integrating the Non-Financial Risks in its fold. Considering the functional charters of the Board Committees a matrix of reporting has been created from the Management Committees, reporting into the Board Committees. This Governance streamlining ensures a seamless comprehensive oversight of all key risks/contingencies facing the Bank by Executive Management and the Board Committees in line with global best practices.

39 Information on any risks facing the Bank (operational, financing, or market related) and the policy of managing and monitoring these risks:

A. Risk Appetite, Capital Planning and Regulations:

The Risk Appetite Statement is reviewed and renewed by the Board of Directors annually, or on significant changes to business strategy. It encapsulates the quantum and type of risks that the Bank is willing to accept within its risk capacity to achieve its Strategic Risk Objectives and Business Plan. Its objective is to provide the Bank's management and business lines with guidance regarding the risk profile that the Bank targets and is prepared to accept. The Risk Appetite articulates the Bank's tolerance for risk across a wide range of parameters, which include solvency and capital adequacy, liquidity and funding, credit quality and provisioning, credit concentration, market risk, operational risk, people risk and the investment portfolio. The limits have been established considering adequate buffers vis-à-vis regulatory thresholds, where applicable.

The Bank further reviewed its Risk Appetite Framework in 2025 considering the requirements of peer and historical outcomes benchmarked, forward looking business/ efficiency driven changes. Its coverage of Risk Appetite and business line cascades into Corporate and Retail segments. The focus is on meaningful representation of change in regulatory requirements, business growth and Risk configuration into the decision-making process.

The Risk Management Group monitors adherence to the approved Risk Appetite Statement. Deviations, if any, from the acceptable tolerance bands are escalated for further action by Senior Management, with corrective actions initiated.

The newly formulated comprehensive Escalation framework lists strict timeline-based accountabilities, communication protocols and corrective actions to the Management and Board Committees and the Regulator at various levels, with at least quarterly updates for all metrics to the Executive Committee of the Board and the Board Risk Committee of the actual position of the risk indicators vis-à-vis the laid down parameters.

The Risk Appetite Framework is closely integrated with and actively used for Capital Planning, Stress Testing and ensures compliance with the new Recovery Plan of BSF, where the Solvency and Liquidity Metrics are actively used to estimate the impact of Event Risks and decide on the effectiveness of various Mitigating Actions.

Capital Planning: The Bank showed a degree of sophistication in various aspects of its Balance sheet evolution for its ICAAP and Annual / Semi-Annual Stress Testing scenarios incorporating a Medium-Term Capital and Profitability Plan Business Growth strategy, asset quality and concentration, Funding pattern and non-financial risks with Mitigating Actions. It comprehensively covers Pillar 2 Risks, and gives the Bank preparedness to plan its strategy and franchise under any market conditions. The capital planning including Stress Testing approach is favorably reviewed by SAMA.

B. Credit Risk Management:

The Bank's credit portfolio is managed in accordance with the enhanced Credit Policy and Risk Appetite, which together provide the qualitative and quantitative guidelines, with particular emphasis on avoiding undue concentrations or aggregations of risk.

The Bank's Credit Policy (Wholesale and Retail) comprehensively incorporates industry good practices, regulatory guidelines (e.g. Large Exposures, Related Party and Management of Problem Loans) and business stakeholder expectations. The Risk Rating Standards further enhances guidance on aspects related to Risk Rating and overrides a critical element of the lifecycle management of credit processes.

The credit granting and approval process is performed through credit committees with different levels of credit approval delegation, and the Credit Risk Department being entrusted with the responsibility of providing independent risk opinions on the credit requests emanating from the business lines.

The decision making in the credit committees of the Bank is aided by internal credit rating models developed and maintained for different segments of the banking book and subject to re-validation at periodical intervals.

In line with recent regulatory guidelines, credit risks measurement and monitoring of securities financing transactions (including derivatives) has been enhanced to include counterparty credit risk (CCR) and Credit Value Adjustment (CVA).

The Management is pro-actively monitoring longer-term impact of real estate related governmental decisions for timely mitigating actions. A revamped comprehensive Derivatives Sales Policy has been formulated in collaboration with the Treasury for designing and offering appropriate Derivative products to Corporate and Private Banking clients.

Key priorities for Credit Risk include:

- Enabling resilient portfolio growth while managing concentration & interest rate risks.
- Early identification and pro-active exposure management of Problem accounts to reduce Non-Performing Assets in future and ensuring a strong Provision Coverage
- Drive process efficiencies through Corporate Credit Transformation (CCT) initiatives (including knowledge sharing, intensive portfolio and sector reviews, contract monitoring) and reducing Turnaround Time (TAT) for Corporate and Retail.
- Use the recently enhanced Early Warning Signal (EWS) system for pro-active Credit review and monitoring.

C. Market Risk Management:

Market risk is the risk that the fair value will fluctuate due to changes in market variables such as interest rates, FX rates and equity prices. BSF classifies market risk exposures into trading, non-trading or banking book. Market risk within the trading and banking book is managed and monitored using various indicators such as VaR, stress testing and sensitivity analyses, on a daily basis. It also performs daily stress testing in order to estimate the potential economic loss based on a defined set of significant changes in market conditions (i.e. extreme adverse market movements).The Bank applies on a daily basis a VaR methodology based on historical rates evolution observed in the market, The Bank has clearly defined policies and procedures related to market risk activities, as well as a comprehensive set of market risk limits (together with loss alerts) for the trading book which are reviewed at least annually, and independently monitored by the dedicated Market Risk department.

Continuous efforts have been dedicated in 2025 to keep modernizing market risk analytics infrastructure, with the implementation of new methodologies / valuation curves, aligning with international best practices, in order to support Treasury activities and scope expansion, while ensuring more accurate pricing and better risk-mitigation. In parallel, automation of key quantitative processes has been initiated and remains a strategic priority for the coming year, in order to keep improving the robustness and quality of our deliverables. Liquidity, interest rate risks and foreign currency risks of the balance sheet is effectively monitored reported at appropriate committees and fora.

D. Operational Risk Management:

The Operational Risk Management in the Bank is positioned to function as a second line of defense within an established Operational Risk Framework and a set of standardized Operational Risk Procedures. Operational Risk Management's philosophy is focused on enhancing the risk culture across the Bank in alignment with the Bank's Risk Appetite, Risk Capacity and Strategic plans. Operational Risk Management engages closely with business lines, support units and other control functions to ensure a comprehensive and continuous alignment with the Operational Risk Framework through the continuous risk and control assessments that are carried out throughout the year. Risk champions are identified and appointed within each functional domain to ensure implementation of prescribed operational risk practices.

Operational Risk Management's scope is primarily composed of, Risk-Control-Self-Assessments (RCSA), Key Risk Indicators (KRIs), Operational and Technology Incidents Risk Management, Regulatory and Management reporting, stress testing, ICAAP related calculations & reporting for Operational Risk, Insurance Risk Management, Loss Data Management, New Products & Services Risk Management, Third Party & Outsourcing Risk Assessment, and Policies/procedures reviews.

All critical Operational Risk activities are carried out by Operational Risk Management teams, working in collaboration with designated risk champions, representing their specific functional domains.

Loss & Incident Management covers all reported incidents including technology risk related as well. A comprehensive framework is in place to ensure capturing of all critical incidents including near-misses. A detailed Root Cause Analysis ensures identification of major operational gaps/risks and implementation of action plans to prevent recurring of such incidents. Operational losses are duly identified, recorded and reported as per regulatory requirements.

Operational Risk Management is an integral part of New Products & Services (NPS) working group. Operational Risk Management participates as a member of the risk assessment team. Operational Risk Management also assesses technology risk, as well as insurance risk and outsourcing risk from an operational risk perspective and provides advice on proposed process/system changes as well. Operational Risk is a member of the Documents Review Working Group. A Comprehensive Risk Profiling framework (Risk Register, RCSA, KRIs) is managed, monitored and reported by Operational Risk Management.

A broader scope of Risk Management takes into consideration financial risks, operational risks, and strategic risks via prompting an enhanced risk culture across the Bank where all members share the responsibility of identifying risks and actively participating in the risk management process.

To meet with the expectations arising due to internal and external challenges, Technology risk team has been further strengthened and has been accorded special attention by the Bank.

E. Business Continuity Management:

- Business Continuity Management (BCM) aims to implement a robust arrangement for BSF operations resilience with effective response procedures, and provides the baseline for resiliency practices including Incident, crisis and communication plan management, in cooperation of BCM stakeholders and designated team.
- BCM Program is sponsored by a Board level Committee and managed through one of the Management committees, which is the Risk Management Committee, that meets on a quarterly basis to direct, monitor and ensure BCM lifecycle implementation. In 2025 Business Continuity division has enhanced and leveraged the organization capability with regard of ensuring continuous services in case of major incidents or crisis that disrupting BSF normal operations.
- Several projects have been implemented supporting the organization's resiliency and in coordination with stakeholders such as BSF Core Banking System and the relevant successful DR tests conducted, as well as testing of the organization business recovery sites, Information Security attacks scenarios, Remote Access (for resources mobility continence) adopting the new organizational re-structuring and branding, premises Safety & Security and Power infrastructure maintenance and much more. BCM covered wide aspect of enhancing operation stability that was ensured through a range of internal and external Auditing, Assessment and reviews which resulted in strong standing and BSF ISO22301 Certification. BCM continued its journey by implementing and conducted Bank-wide Awareness and Training campaign for all related staff, team and designated coordinators. In 2025, BCM successfully conducted and completed several milestones such as:
  - Conducting a comprehensive Risk Assessments (RA) and Business Impact Analysis (BIA) to identify critical business processes change, assess potential risk and establish effective mitigation strategies. also identified critical 3rd party vendors;

- Improve internal communication procedures to enhance internal/external communication and notification during major incidents, as well as ensuring uninterrupted communication service delivery to clients/customers during disruptions.
- BCM was able also to Implement Key Performance Indicators (KPIs) to continuously assess and evaluate BCM embedment in BSF and leverage BSF-BCM toward SAMA maturity levels.
- BCM was instrumental in completing successful IT Disaster Recovery ITDR in July and Sudden ITDR in October 2025.
- The Bank has embarked upon a journey of "Operational Resilience" with an objective to enhance its abilities to deliver products and services to its customers even at the times of disruptions.

F. International Financial Reporting Standards (IFRS):

Since January 2018, the Bank adopted International Financial Reporting Standard 9 (IFRS 9), a forward-looking expected credit loss (ECL) approach for Credit Provisioning. Since the Provisions based on the ECL are associated with the probability of default and loss given default, over the next 12 months and if there has been a significant increase in credit risk since origination.

The Bank's input processes are automated and policies are well established. The Corporate models and Macroeconomic models had been re-developed to keep them fit-for-purpose, thus ensuring precision in IFRS 9 ECL estimates and SAMA's requirements including a close review of Staging Effectiveness and calibration. IFRS9 models are reviewed on an annual basis to check their appropriateness.

It may be mentioned that a close review by Credit Risk Division (with assistance of Risk Strategy) has resulted in rationalization of credit quality and improvement in portfolio resilience, which is reflected in an improvement in Cost of Risk. This also allows a more precise Capital Planning and Stress Testing, with a positive impact on decision making.

G. Corporate Information Security Division:

In its continuous pursuit for excellence, BSF Board of Directors recognize Cybersecurity as strategic enabler to accomplish corporate mission and achieve business goals, and hence, treat Cybersecurity as high priority. BSF and its Board of Directors are firmly committed to maintain high standards of Cybersecurity over its assets and information. The Vision of Cybersecurity is "Protect BSF data and reputation by providing a secure and resilient digital banking environment and security posture which is in compliance with local and international cybersecurity standards and regulations".

The Cybersecurity function at BSF in its steadfast endeavor to transcend the threat of everchanging threat landscapes and risk of emerging technologies has adopted several cybersecurity controls. Multiple cybersecurity initiatives are adopted during the year to strengthen cybersecurity capabilities for enhancing endpoint security, enhancing privileged access management for systems administration and to influence and drive secure behaviors and culture within the organization.

The organization is committed to safeguarding customers information and so implements rigorous data security standards. BSF is also certified on the latest version of Payment card industry: Data Security Standard V4.0.1 and ISO 27001:2022.

The cybersecurity function at BSF with its adoption of executive mandates for cybersecurity, strong governance structure, security strategy, security processes, compliance to national and international cybersecurity regulations, standards and framework, ensuring robust cybersecurity and privacy measures is supplementing BSF efforts in meeting their environmental, social, and governance (ESG) targets.

The components of Cybersecurity include the following:

- **Cybersecurity Leadership:** Cybersecurity in BSF is an independent entity under Risk Management Group and managed by Senior Level Executive - Chief Information Security Officer (CISO) who is responsible for establishing and maintaining the enterprise vision, strategy, and program on cybersecurity. The BSF Cybersecurity Governance Committee consisting of leaders from all relevant Groups who support the overall cybersecurity governance in BSF. Cybersecurity inputs are also provided to Management & Board committees.
- **BSF Cybersecurity Strategy:** Cybersecurity Strategy is being refreshed for 3 years which is in aligned with the Bank's strategic objectives, business requirements, future state aspirations, emerging technologies and also encompasses the requirements of regulations.
- **Policy, procedure, baseline and standards:** BSF Corporate Information Security continuously strives to maintain the highest standards in cybersecurity and hence have established, approved and implemented Cybersecurity policies, procedures, baselines and standards to ensure alignment with industry best practices and national and international security standards and regulation.
- **Cybersecurity Governance Function:** BSF Corporate Information Security Division is staffed with resources to fulfill the required cybersecurity responsibilities. Ensuring that detailed security standards and procedures are established, delivering risk-based cybersecurity solutions that address people, process and technology and cybersecurity solutions in a business context.
- **Security Awareness program for staff, customers & Third Parties:** BSF Corporate Information Security Division adopts multi-channel approach for awareness dispersion. The program encompasses and explains proper rules of behavior for the safe and secure use of information and systems for staff customers & third parties. Periodic phishing exercise, other awareness drills, and targeted training are carried out to influence and drive secure behaviors and culture within the organization
- **Risk Management Framework:** BSF Corporate Information Security Division adopts a risk-based approach to manage Cybersecurity risk to detect, analyze, evaluate, communicate and mitigate cybersecurity risk.
- **Continuous Compliance program:** BSF Corporate information Security Division maintains a continuous compliance status against Payment Card Industry Data Security Standard (PCI DSS) certification - the rigorous data security standards that BSF applies in protecting customers' information and thereby enhancing customer confidence. Corporate Information Security has also robust methodologies to ensure compliance with mandates of SAMA Cybersecurity Framework, SAMA Counter Fraud Framework, SAMA Cyber Threat Intelligence Principles, mandates from National Cybersecurity Authority and compliance to SWIFT Customer Security Framework.
- **24/7 Cybersecurity Monitoring:** BSF Corporate Information Security is maintaining a Security Operations Center (SOC) where security-related data from enterprise information systems is monitored, assessed and actioned. The security operations center (SOC) is responsible for monitoring and analyzing the security posture of Bank's critical assets on a 24/7 basis.
- **Cyber & Digital Crime:** Dedicated function is established under cybersecurity to support the Anti-Fraud function of BSF and is staffed with skilled and trained staff and supported with technologies including the implementation of user behavioral solution with prevention and detective scenarios in place.
- **Digital forensic and incident response:** BSF Corporate Information Security has a matured security incident management process for managing security incident and conducting drills for Incident Management. Procedure to challenge existing controls with real life attacks in order to measure their resilience and effectiveness are performed.
- **The Information Security Committee:** BSF Corporate Information Security is a member in Banking Committee on Information Security (BCIS), this committee is managed by SAMA for exchanging information, risk, alert and expertise in information security across banks and with SAMA.

Data Privacy Office:

A Data Privacy Management department (DPM) under the stewardship of Enterprise Risk Management was established to comply with Personal Data Protection Law (PDPL), issued by the Saudi Data and Artificial Intelligence Authority (SDAIA). The Compliance deadline of September 14, 2024 was met. With further significant efforts in the direction, the operationalized PDPL program is mostly compliant. DPM has engaged with all process owners to assess/identify privacy risk involving personal data processing and apply necessary controls. The focus areas include:

A. Records of Processing Activities (RoPA)

The Data Privacy Management is entrusted to review the RoPA and updates its risk registers on continuous basis.

B. Consent Management

The Bank gives utmost importance to the managing consent of its customers/ stakeholders and therefore is working towards an automated centralized consent management system.

C. Data Breach Handling and Response

The Standard Operational Procedure documents in place for management across BSF, with CISD coordination.

D. Third Party Risk Management:

Remediation initiated for existing Business and Procurement contracts with vendors (involving personal data sharing) for negotiation and legal addendum. Procurement Standard Operational Procedure was updated to include DPM as a reviewer for new contracts.

To facilitate PDPL compliance systems have been implemented and being operationalized by the Bank.

Real Estate Finance Risk:

The Bank's total outstanding residential real estate finance portfolio as of 31 December 2025 was ⃁ 22,095 million. The Bank has developed adequate policies and procedures to ensure that the appropriate insurance coverage is in place to hedge against potential financial losses associated with residential real estate portfolio. However, risk elements which are not part of the insurance coverage are dealt with according to the Bank's internal risk management framework.

Following are the different types of insurance covers that the Bank has utilized to hedge various risks associated with its residential real estate finance portfolio.

(i) Life Insurance: The life insurance provides financial protection in the event of death resulting from natural or accidental events or specified cause as per the insurance policy in order to recover the outstanding finance amount from insurance company.

(ii) Disability Insurance: The disability insurance provides financial protection to recover the outstanding financing amount in the event that the policyholder becomes fully and permanently disabled and is unable to work or engage in an income earning activity.

(iii) Property Insurance: Property insurance provides coverage for physical damage or loss to the property caused by events such as fire, flood, or natural disasters etc. This is aimed to mitigate the financial impact of property damage, allowing the Bank to recover the costs due to unexpected/unforeseen events.

40 Results of the annual review of the effectiveness of the internal control procedures of the Bank and the opinion of the Audit Committee with respect to the adequacy of Bank's internal control system:

A. Internal Control Framework (ICF):

Considering the importance of the internal controls environment, the Board of Directors has taken the responsibility for ensuring that BSF essential policies are designed to provide effective internal controls to manage risks within the defined risk appetite. Accordingly, the Board has adopted an integrated framework for internal controls to provide a reasonable assurance on the effectiveness and efficiency of controls within the Bank.

The Bank has an Internal Control Policy, intended to strengthen the governance of Internal Control processes and operations in accordance with systems and controls framework set-out in the Bank's Corporate Governance Framework, approved by the Board of Directors and guidelines on Internal Controls, issued by the Saudi Central Bank (SAMA).

This policy sets out key internal control objectives and principles for BSF as well as duties of the Board, the Board's Audit Committee, the Board Risk Committee, Board Nomination Remuneration Committee, Board Strategy & ESG Committee, Executive Management and related management committees and control functions; Risk Management, Compliance, Internal Audit and other functions of BSF. The policy also sets the role of the External Auditors within the parameters of BSF control framework.

The Board and its Committees are independent from the Executive Management, and are responsible for providing oversight for the development and performance of internal controls. The Board approves and oversees the implementation of the Bank's overall risk strategy including risk appetite, risk tolerance and policies relating to risk management, compliance, compensation, code of conduct, related party transactions and corporate governance.

The Executive Management at BSF is responsible for the implementation and effectiveness of the internal control environment, in line with the directives of the SAMA, other regulatory bodies, adherence of Internal Policies and Procedures and as specified in the internal control framework approved by the Board of Directors.

The Internal Control Framework (ICF) is based on the 'Three Lines Model' in the Management and Control of risks. Business units are accountable and fully responsible for managing risks in their respective areas of activity as the first line while other control functions i.e. Risk Management Group, Compliance Group, Legal and Governance Group, Human Resources Group and Finance Group play the role of the second line.

Internal Audit (the third line) provides a reasonable assurance, based on the highest level of independence and objectivity, on the effectiveness of governance, risk management and internal controls. Moreover, the Board of Directors, through the Audit Committee are provided with periodic reports that clarify the level of effectiveness of the internal control environment.

The Policy also outlined the External Auditors role in evaluating the Internal Control relevant to the preparation of the Bank's Financial Statements including issuing a Management Letter identifying control weaknesses.

B. Internal Audit Group (IAG):

The Internal Audit Charter defines the role and responsibilities of the 'Internal Audit Group' reviewed by the Audit Committee and approved by the Board of Directors. The role of Internal Audit Group is to provide a reasonable assurance based on Risk- Based Audit Approach, on the effectiveness of governance, risk management and internal controls and to add value to improve the Bank's operations, to Management and the Board of Directors through the Audit Committee. In addition, Internal Audit Group provides advisory services to all Banking functions and has adopted a Quality Assurance & Improvement Program (QAIP) that monitors and enhances all activities within the Internal Audit Group.

To ensure Internal Audit's independence, the Group Chief Audit Executive is nominated by the Audit Committee and assigned by the Board of Directors to manage the Internal Audit Group, reporting functionally to the Audit Committee, and administratively to the Chief Executive Officer. The Internal Audit Group has full and unrestricted access to all the Bank's systems, records, physical assets and to employees. Internal Audit is subject to strict responsibility for the protection and confidentiality of records and information.

C. Compliance Group (CPG):

At BSF, our Compliance Group is integral to uphold the highest standards of ethical conduct and regulatory adherence, and it strives significantly to align the Group's efforts with both the Bank's vision and the objectives of the Kingdom's Vision 2030, ensuring that compliance remains a focal point at every organizational level. Our approach to compliance is proactive and strategic, enhancing transparency, strengthening risk management, and fostering a culture of compliance across the Bank. We are dedicated in protecting BSF's reputation by ensuring full alignment with both local and international standards.

As a vital Second Line of Defense (LoD), the Compliance Group proactively supports the Bank's strategic mission by embedding comprehensive compliance standards rigorously across all operational and business activities. By leveraging advanced technology and robust tools, CPG ensures that compliance practices are not only effective but also resilient and responsive to the dynamic regulatory environment. Our team's expertise and commitment enable us to adapt swiftly to regulatory changes, fostering a culture that emphasizes ethical behavior, professional standards, and accountability at every level of the Bank.

The Compliance Group is committed to maintaining an effective and efficient internal control framework, that emphasizes, accuracy, and transparency. By addressing and mitigating risks related to financial crimes and fraud, CPG strengthens the Bank's resilience against regulatory challenges and upholds the highest standards of ethical banking. This includes safeguarding the integrity of financial transactions, reinforcing sound governance, and meeting the rigorous requirements of both the SAMA and global entities like the Financial Action Task Force (FATF). Our unwavering focus on regulatory alignment and proactive risk management affirms BSF's commitment to protecting its reputation and fostering trust among its stakeholders.

Anti-Money Laundering and Counter – Terrorist Financing (AML & CTF) and Suspicious Transactions:

BSF is steadfast in its commitment to combatting money laundering and terrorist financing, placing a high priority on robust AML and CTF frameworks that comply with both local and international mandates. Our AML and CTF policies are founded on globally accepted best practices, encompassing protocols such as Know Your Customer (KYC), customer due diligence, transaction monitoring, sanctions screening, comprehensive employee training, and ongoing awareness programs. These measures equip our team with the skills and resources needed to identify, prevent, and address suspicious activities, thereby safeguarding the Bank and its clients from potential financial threats.

Our initiatives in AML and CTF go beyond regulatory compliance, aiming to foster a secure and transparent banking environment that contributes to the integrity of the Kingdom's financial system. By continuously monitoring and refining our compliance processes, BSF ensures adherence to the directives of the Saudi Central Bank, FATF recommendations, and other international regulatory bodies. These proactive measures underscore our dedication to maintaining a clean financial ecosystem and positioning the Bank as a responsible leader in the fight against financial crimes.

The Compliance Group within BSF exemplifies the Bank's commitment to fostering a culture of transparency, accountability, and ethical conduct. By implementing a comprehensive suite of policies, procedures, programs, tools, and controls. We will continue to strengthen our regulatory compliance framework to align with evolving supervisory expectations and emerging industry practices, ensuring that BSF maintains its position at the forefront of compliance excellence within the banking sector. This proactive approach to compliance reinforces our dedication to sound governance, elevating our role as a leader in compliance and risk management excellence within the Kingdom.

D. Risk Management Group (RMG):

The key function of the Risk Management Group is to manage financial and non-financial risk and to effectively oversee internal control at the Bank level, thus contributing to the Bank's strategic directions, which includes identifying, reducing, controlling and reporting all types of risks.

In this regard, the Risk Management Group works closely with all the Bank's internal stakeholders to ensure an appropriate control system that operates effectively and continuously. The Bank uses sound internal controls to manage range of operational and financial risk from both external forces and its own activities. Based on the nature of the continuous development of banking services, the Risk Management Group continuously seeks to close gaps, address risks and strengthen the internal control systems.

E. Results of reviewing the effectiveness of internal controls:

The Audit Committee's mandate includes oversight responsibilities relating to the adequacy of the internal control system of the Bank, which includes examining interim and annual financial statements and recommending them for the Board approval, in addition, the Audit Committee performs other roles related to the activities of internal audit, Risk and compliance which fall within the Committee scope as per the approved charter.

The Audit Committee reviews, on quarterly basis, reports related to the Bank's internal control, issued by the Internal Audit, and Compliance Groups along with their remediation plans. In addition, Audit Committee also review Risk Management Report related to Credit Review and results of Expected Credit Loss (ECL).

Based on the aforementioned, the Audit Committee believes that the Bank's Internal Controls are adequately designed and operating in a reasonably effective manner. The Internal Control Framework is continuously monitored and updated in order to manage any changes or developments that may affect the control environment.

41 Principles applied by the Bank in the area of corporate governance:

The Bank-in general-complies with all regulations and instructions issued by regulatory authorities on governance, such as the Key Principles of Governance in Financial Institutions under the Control and Supervision of the Saudi Central Bank, the Corporate Governance Regulations issued by the Capital Markets Authority, and the Companies Law issued by the Ministry of Commerce. The Bank affirms that it continues to update the Articles of Association of the Bank, the regulations of the Board and its committees, and the Governance Framework, as well as its policies and procedures in accordance with these regulations and any updates or instructions issued in accordance with the highest professional standard and best practices to keep abreast of any developments and to ensure the implementation of effective governance in all the Bank's businesses

BSF has been awarded the Corporate Governance Index Excellence Award designed for listed companies on the Saudi Stock Exchange from the Corporate Governance Center at Alfaisal University, this award which is for the sixth time in a row came as a result of the Bank's efforts to apply local and international best practices of good governance. In alignment with the Bank dedication to Environmental, Social, and Governance (ESG) principles and, as part of our commitment, BSF continues to disclose ESG reports, which highlights our achievements to assure our shareholders and stakeholders our commitment to this journey.

42 Ethical principles and professional foundations of BSF:

The Principles of Conduct and Business Ethics document of BSF has been aligned to comply with SAMA's Instructions related to the principles of conduct and business ethics in financial institutions that aim to enhance job discipline, integrity, transparency, objectivity, efficiency, loyalty and effectiveness in the behavior of financial institutions employees.

The principles that govern the work process, which employees representing the Bank, whether directly or indirectly, must adhere to, includes but not limited to the following:

First: Code of Conduct and Professional Ethics:

- Commitment to the official working hours, integrity, good manners in personal dealings.
- Combatting financial and administrative corruption crimes and the employees' duties to accomplish that.
- Dealing with conflict of interest such as giving and receiving gifts, working for others and personal investment.
- Maintaining Confidentiality and Mechanisms for Disclosure of Information.
- Reporting Actual or Potential Violations.
- Safe and Contraband-Free Workplace.
- Fair dealings.
- Protection of Bank Assets.
- Validity of Financial Records and Reports.
- Compliance with Laws, Regulations, Directives and Internal Policies within BSF.
- Commitment to perform the daily tasks and missions.
- Not to deal with any unaccredited third party for marketing or bring in clients or handing over documents related to transfers or opening customer accounts.
- Not managing clients' accounts on their behalf without obtaining the prior written approval of the Business Line and the Human Resources Group in the Bank.
- The employee is not allowed to open a commercial account with the Bank.
- The employee's not carrying out his own banking operations.
- The employee undertakes to abide by the instructions and laws of cyber security and to work with the internal cyber security policies.

Second: Acceptable Use Policies of Computer, E-mail and Internet Services:

Includes an extract of the cyber security acceptable use policy where all BSF users are responsible for complying with the cyber security policies, standards and procedures, including the acceptable use policy, unacceptable uses, and control and monitoring standards.

It is the responsibility of the directors of the concerned departments or the director of the Information Security Department, in consultation with the Human Resources Group and the Regulatory Control Service, to assess non-compliance with these policies. Violations of these policies will be thoroughly examined and action will be taken based on the degree and seriousness of the violation.

Third: Consequences of failure to adhere to the principles of conduct and work ethics:

It is the responsibility of the Board of Director to ensure the implementation of its Code of Conduct and Professional Ethics and to monitor and control any violations thereof. If BSF associates do not adhere to these principles, the necessary measures will be taken and penalties shall be imposed in accordance with the internal work regulations and penalties of BSF and in line with SAMA guidelines

43 Details of the Bank's social contributions:

Details of the Bank's social contributions:

BSF is a viable player in the Saudi society, where our commitment to operating with integrity and providing innovative ideas are central elements to our culture and are reflected across our businesses. We are a key enabler in creating good jobs, supporting local communities and, ultimately, securing the future of individuals and families across the Kingdom.

BSF thrives to expand the role of corporate social responsibility to maintain a sustainability mindset. By achieving these strategic goals, we believe we have created the necessary foundations to advance BSF's sustainability agenda and position the Bank to effectively support the objectives of Vision 2030, as well as the United Nations Sustainable Development Goals. This stance is reinforced by the Bank's commitment to advance the development of environmental, social, and governance projects, and to contribute in supporting social and charitable activities and programs.

In 2025, BSF launched the Athar Program, establishing a comprehensive framework for the Bank's social responsibility efforts with a core focus on four key pillars in alignment with the ESG Framework: education, environment, health, and culture. The program aims to empower talent, support communities, and promote sustainability through initiatives that create a tangible and lasting impact. This reflects the Bank's commitment to adopting an institutional approach that ensures sustainable outcomes aligned with national development priorities and the objectives of Vision 2030.

BSF participation in 2025

Program name

- Donation to The Saudi National Platform for Charitable Work "Ehsan"
- Launch Keswat Farah Initiative to Provide In-Kind Donation Containers
- Participation in the National Blood Donation Campaign
- Launch a Financial Literacy training Program targeting society
- Participation in "Back to School" Initiative in Collaboration with Saut: The Voice of Down Syndrome Society
- Sponsorship of the 10th Edition of the "Masaha" Art Residency Program with Misk Art Institute
- Sponsorship of Dhoyoof Alrahman safety program with the Ministry of Defense

Government related initiatives:

- Singed a Memorandum of Understanding with the Saudi Export Development Authority under Made in Saudi program, aimed at enhancing cooperation to support and promote national products and contribute to development of non-oil exports.
- Singed a Memorandum of Understanding with the Educational Infrastructure Holding Company "one of the Public Investment Fund portfolio companies" to enhance mutual cooperation and explore potential partnership opportunities to supporting the development of education sector.
- Signing a Collaboration Agreement with the National Infrastructure Fund to launch the social infrastructure financing program designed to support the development of infrastructure projects for Education and Healthcare.
- Signing a collaboration agreement with Aseer Development Authority to support the financing requirements of real estate development projects in Aseer region.

King Faisal Specialist Hospital and Research Center (KFSH)

- BSF collaborated with King Faisal Specialist Hospital and Research Center to organize a blood donation campaign at BSF Headquarters, where KFSH supplied the medical team and all essential equipment to support the donation process for BSF staff.
- BSF collaborated with King Faisal Specialist Hospital and Research Center to provide professional training programs for its employees, within the framework of an institutional partnership aimed at supporting human capital development and knowledge exchange.

Social Development Bank (SDB)

- Signing a collaboration agreement with Social Development Bank enabling BSF to participate in SDB CSR initiative to support entrepreneurs, productive families and marriage loans. BSF dedicated a portfolio of ⃁ 50 million over 10 years.

As a part of the ongoing partnership with SDB, BSF supported SDB initiatives by sponsoring:

- Souq AlDar Initiative in the 95th Saudi National Day.
- Sponsoring Saudi Pavilion Lounge in Boulevard World.
- Sponsoring SDB DeveGo for Entrepreneurship and modern work pattern.

King Salman Humanitarian Aid and Relief Center

In line with BSF's strategic alliance with KSRelief, BSF has participated in KSRelief initiatives by sponsoring of:

- The 4th Riyadh International Humanitarian Forum.

The Equestrian Club in AlAhssa

- BSF has participated in sponsoring the Equestrian club of AlAhssa which comes in line with the strategic objective to position the city as one of the leading destinations in the tourism and sports sector.

Um Al-Qura University "UQ"

In view of BSF's strategic collaboration with Um Al-Qura University. BSF participated in the University's activities by sponsoring:

- The Responsibility of the Universities in Promoting Values and Intellectual Awareness.
- The 25th Scientific Forum for Hajj, Umrah and Visit Research Held in Al-Madinah Almunawrrah.
- Handicrafts Conference Identity and Creativity.

Health Holding Company "HHC"

BSF have participated in sponsoring HHC Inspired Forum as a part of the strategic relationship with Health Holding Company.

Digital Cooperation Organization "DCO"

BSF sponsored the International Digital Cooperation Forum held in February 2025 in Jordan.

44 Communication with shareholders:

In accordance with the instructions issued by the regulatory and supervisory authorities, the Bank is keen to ensure that shareholders fully exercise their rights and urges them to actively participate and submit their inquiries during the General Assembly meetings. A telephone number and e-mail are also posted on the Bank's home page to receive inquiries from shareholders. The Bank also publishes any significant developments of the Bank through the Tadawul website, in accordance with the instructions issued in this regard. The Bank's representatives continuously participate in meetings and conferences with investors and shareholders.

45 Number of company’s requests of shareholders records, including dates and reasons:

#	Share Book Date	Request Reasons
1	01 January, 2024	Other
2	31 March, 2024	Other
3	01 June, 2024	Other
4	30 June, 2024	Other
5	31 December, 2024	Other
6	12 January, 2025	Other
7	31 January, 2025	Other
8	28 February, 2025	Other
9	27 March, 2025	Other
10	30 April, 2025	Other
11	14 May, 2025	General Assembly
12	18 May, 2025	Dividends
13	29 May, 2025	Other
14	30 June, 2025	Other
15	29 July, 2025	Dividends
16	31 July, 2025	Other
17	31 August 2025	Other
18	30 September 2025	Other
19	30 October, 2025	Other
20	30 November 2025	Other
21	31 December, 2025	Other

In conclusion, the Board of Directors of BSF expresses its sincere thanks and appreciation to the Custodian of the Two Holy Mosques, His Highness the Crown Prince and to our rational government. We extend our thanking to the Ministry of Finance, the Ministry of Commerce, the Saudi Central Bank and the Capital Market Authority for their continuous help and support towards raising the level of banking services. We also thank our valued shareholders and customers of the Bank for their trust, which is respected and appreciated. The Board of Directors also thanks all employees of the Bank for their sincere efforts.

Financial Statements

Independent Auditors' Report

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Ernst & Young Professional Services (Professional LLC)
Paid-up capital ⃁ 5,500,000 – (Five million five hundred thousand Saudi Riyal)

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To the Shareholders of Banque Saudi Fransi (A Saudi Joint Stock Company)

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Banque Saudi Fransi (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

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Deloitte.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditors' opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss allowance against loans and advances As at 31 December 2025, the gross loans and advances of the Group were SAR 219 billion against which an expected credit loss ("ECL") allowance of SAR 3.8 billion was maintained. We considered this as a key audit matter, as the determination of ECL involves significant estimation and management judgement and this has a material impact on the consolidated financial statements of the Group. The key areas of judgement include: 1. Categorisation of loans and advances into Stage 1, 2 and 3 based on the identification of: (a) exposures with a significant increase in credit risk ("SICR") since their origination; and (b) individually impaired/defaulted exposures. 2. Assumptions used in the ECL model for determining the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"), including but not limited to assessment of financial condition of counterparties, expected future cash flows, developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probabilities weightages.	• We obtained and updated our understanding of management's assessment of ECL allowance against loans and advances including the Group's internal rating model, accounting policy and model methodology. • We compared the Group's accounting policy for ECL allowance and the ECL methodology with the requirements of IFRS 9. • We assessed the design and implementation, and tested the operating effectiveness of the key controls (including Information Technology ("IT") general and application controls) over; – the ECL model, including governance over the model, and any model updates during the year, including approval of credit and impairment committee of key inputs and assumptions; – the classification of loans and advances into stages 1, 2 and 3 and timely identification of SICR and the determination of default/individually impaired exposures; – the IT systems and applications underpinning the ECL model; and – the integrity of data inputs into the ECL model.

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Key audit matter	How our audit addressed the key audit matter
Expected credit loss allowance against loans and advances (continued) Application of these judgements and estimates, continues to result in greater estimation uncertainty and the associated audit risk around ECL calculations as at 31 December 2025. *Refer to the summary of significant accounting policy note 3 (H) for the impairment of financial assets; note 2 (e) which contains the disclosure of critical accounting judgements, estimates and assumptions relating to ECL losses on financial assets and the impairment assessment methodology used by the Group; note 7 which contains the disclosure of impairment against loans and advances; and note 33 (c) for details of credit quality analysis and key assumptions and factors considered in determination of ECL.*	• For a sample of customers, we assessed: – the internal ratings determined by management based on the Group's internal rating model and considered these assigned ratings in light of external market conditions and available industry information; – management's computations for ECL; and – for selected loans and advances, we assessed management's assessment of recoverable cash flows, including the impact of collateral, and other sources of repayment. • We assessed the appropriateness of the Group's criteria for the determination of SICR and identification of "default" or "individually impaired" exposures. Further, for a sample of exposures, we assessed the appropriateness of the staging classification of the Group's loan portfolio. • We assessed the reasonableness of the underlying assumptions used by the Group in the ECL model including forward looking assumptions. • We tested the completeness and accuracy of data supporting the ECL calculations as at 31 December 2025. • Where required, we involved our specialists to assist us in reviewing model calculations, evaluating interrelated inputs and assessing reasonableness of assumptions used in ECL model particularly around macroeconomic variables, forecasted macroeconomic scenarios and probability weights. We assessed the adequacy of disclosures in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of derivative financial instruments As at 31 December 2025, the positive and negative fair value of derivatives held by the Group amounted to ⃁ 4.5 billion and ⃁ 4.3 billion, respectively. The Group has entered into various derivative transactions, including commission rate swaps, commission rate futures and options, forward foreign exchange contracts, currency options and others. The valuation of these derivative contracts are subjective as it takes into account a number of assumptions and model calibrations. The majority of these derivatives are held for trading. However, the Group utilises certain derivatives for hedge accounting purposes in the consolidated financial statements for hedging cash flow or fair value risks. An inappropriate valuation of derivatives could have a material impact on the consolidated financial statements and, in case of hedge ineffectiveness, impact the hedge accounting as well. We considered this as a key audit matter, as there is complexity and subjectivity involved in determining the valuation in general and, in certain cases, due to the use of complex modelling techniques. *Refer to the basis of preparation note 2 (e) to the consolidated financial statements which sets out the critical accounting judgements, estimates and assumptions regarding fair value measurement; the summary of significant accounting policies note 3 (j) for the accounting policy relating to derivative financial instruments and hedge accounting; and note 11 which discloses the derivative positions as at the reporting date.*	• We obtained an understanding of the process adopted by management to determine the fair value of derivative financial instruments and assessed whether the key controls within this process were appropriately designed and implemented. • We selected a sample of derivatives and: – Involved our specialists to assist us in performing independent valuations of the derivatives on a sample basis and compared the results with management's valuations and methodologies; – Assessed the accuracy of derivative particulars by comparing the terms and conditions with relevant agreements and deal confirmations; – Assessed the key inputs to the derivative valuation models; – Assessed the hedge effectiveness assessment performed by the Group and the appropriateness of related hedge accounting; and We assessed the adequacy of disclosures in the consolidated financial statements.

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Other Information

Other information consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information in its annual report. The Group's 2025 annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies, the Banking Control Law in the Kingdom of Saudi Arabia, and the Bank's By-Laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., the Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Bank is not in compliance, in all material respects, with the applicable requirements of the Regulation for Companies, the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's By-Laws, in so far as they affect the preparation and presentation of the consolidated financial statements for the year ended 31 December 2025.

Ernst & Young Professional Services

Waleed G. Tawfiq

Certified Public Accountant

License No. 437

14 Sha'ban 1447H

(2 February 2026)

Deloitte and Touche & Co.

Waleed bin Mod'd Sobahi

Certified Public Accountant

License Number: 378

Consolidated Statement of Financial Position

As at December 31, 2025 and 2024

⃁ '000	Notes	2025	2024 (Restated – note 45)
ASSETS			
Cash and balances with Saudi Central Bank	4	10,931,246	10,920,606
Due from banks and other financial institutions, net	5	3,816,772	5,015,810
Investments, net	6	68,681,703	60,819,754
Positive fair value of derivatives	11	4,464,099	5,691,581
Loans and advances, net	7	214,891,263	204,168,275
Investment in associate, net	8	9,695	9,695
Property, equipment and right of use assets, net	9	2,544,406	2,318,805
Other real estate, net		219,041	343,500
Other assets, net	10	3,447,561	4,018,532
Total assets		309,005,786	293,306,558

⃁ '000	Notes	2025	2024 (Restated – note 45)
LIABILITIES AND EQUITY			
Liabilities			
Due to Saudi Central Bank	12	4,980,012	12,492,716
Due to banks and other financial institutions	13	7,904,600	19,814,143
Customers' deposits	14	195,219,089	185,118,179
Negative fair value of derivatives	11	4,251,687	6,218,422
Debt securities and term loans	15	38,876,945	15,518,054
Other liabilities	16	7,114,015	7,007,146
Total liabilities		258,346,348	246,168,660
Equity			
Share capital	17	25,000,000	25,000,000
Statutory reserve	18	9,527,945	8,189,590
General reserve	18	982,857	982,857
Other reserves	19	748,911	(601,940)
Retained earnings		5,388,140	4,509,836
Proposed dividend	28	1,294,696	1,245,666
Treasury shares	38	(220,611)	(188,111)
Equity attributable to the shareholders of the Bank		42,721,938	39,137,898
Tier I capital	20	7,937,500	8,000,000
Total equity		50,659,438	47,137,898
Total liabilities and equity		309,005,786	293,306,558

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

Ramzy Darwish
Chief Financial Officer

Bader AlSalloom
Chief Executive Officer

Mazin AlRomaih
Chairman of the Board

Consolidated Statement of Income

For the years ended December 31, 2025 and 2024

⃁ '000	Notes	2025	2024
Special commission income	22	17,558,522	16,371,966
Special commission expense	22	8,866,618	8,488,583
Net special commission income		8,691,904	7,883,383
Fee and commission income	23	1,667,632	1,650,703
Fee and commission expense	23	711,692	678,490
Net fee and commission income		955,940	972,213
Exchange income, net		485,585	482,103
Trading income, net	24	225,634	275,691
Dividend income		23,269	16,316
Gains on FVOCI/non-trading investments, net		117,987	27,267
Other operating income	25	36,445	706
Total operating income		10,536,764	9,657,679
Salaries and employee related expenses	31	1,875,850	1,883,247
Rent and premises related expenses		71,286	74,734
Depreciation and amortization	9	332,026	299,213
Other operating and general and administrative expenses	26	1,279,959	1,151,492
Total operating expenses before impairment charge		3,559,121	3,408,686
Impairment charge for expected credit losses on loans and advances, net	7d	973,997	1,143,899
Impairment charge for investments, financial assets and others, net	7e	14,633	35,768
Total operating expenses, net		4,547,751	4,588,353
Net income for the year before Zakat		5,989,013	5,069,326
Zakat for the year	29	635,594	525,255
Net income for the year		5,353,419	4,544,071
Basic and diluted earnings per share (⃁)	27	1.97	1.72

Ramzy Darwish
Chief Financial Officer

Bader AlSalloom
Chief Executive Officer

Mazin AlRomaih
Chairman of the Board

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2025 and 2024

⃁ '000	Notes	2025	2024
Net income for the year			
Other comprehensive income/(loss):		5,353,419	4,544,071
Items that cannot be recycled back to consolidated statement of income in subsequent periods			
Movement in equity instruments at fair value through other comprehensive income			
Net change in the fair value	19	110,806	55,150
Gain transferred to retained earnings	19	–	(65,341)
Actuarial gain on defined benefit plans	19	44,092	20,119
Items that can be recycled back to consolidated statement of income in subsequent periods			
Debt instruments at fair value through other comprehensive income			
Net change in the fair value	19	743,256	111,156
Net change in ECL	19	4,610	10,141
Income transferred to consolidated statement of income	19	(117,987)	(28,304)
Cash flow hedge			
Net change in the fair value	19	(18,765)	(673,668)
Loss transferred to consolidated statement of income	19	584,839	860,994
Total other comprehensive income for the year		1,350,851	290,247
Total comprehensive income for the year		6,704,270	4,834,318

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

Ramzy Darwish
Chief Financial Officer

Bader AlSalloom
Chief Executive Officer

Mazin AlRomaih
Chairman of the Board

Consolidated Statement of Changes in Equity

For the years ended December 31, 2025 and 2024

⃁ '000	Notes	Share capital	Statutory reserve	General reserve	Retained earnings	Other reserves			Proposed dividend	Treasury shares	Total equity attributable to the shareholders	Tier I capital	Total equity
						FVOCI	Actuarial gain on defined benefit plans	Cash flow hedge					
2025													
Balance at the beginning of the year (restated)	44	25,000,000	8,189,590	982,857	4,509,836	(19,921)	26,537	(608,556)	1,245,666	(188,111)	39,137,898	8,000,000	47,137,898
Net income for the year		–	–	–	5,353,419	–	–	–	–	–	5,353,419	–	5,353,419
Net change in the fair value	19	–	–	–	–	858,672	–	(18,765)	–	–	839,907	–	839,907
Actuarial gain	19	–	–	–	–	–	44,092	–	–	–	44,092	–	44,092
Net amount transferred to consolidated statement of income	19	–	–	–	–	(117,987)	–	584,839	–	–	466,852	–	466,852
Total comprehensive income for the year		–	–	–	5,353,419	740,685	44,092	566,074	–	–	6,704,270	–	6,704,270
Transfer to statutory reserve	18	–	1,338,355	–	(1,338,355)	–	–	–	–	–	–	–	–
Final dividend paid for 2024	28	–	–	–	–	–	–	–	(1,245,666)	–	(1,245,666)	–	(1,245,666)
Interim dividend paid for 2025	28	–	–	–	(1,374,290)	–	–	–	–	–	(1,374,290)	–	(1,374,290)
Proposed final dividend 2025	28	–	–	–	(1,294,696)	–	–	–	1,294,696	–	–	–	–
Issuance of Tier I capital	20	–	–	–	–	–	–	–	–	–	–	4,937,500	4,937,500
Tier I sukuk called	20	–	–	–	–	–	–	–	–	–	–	(5,000,000)	(5,000,000)
Tier I capital related cost		–	–	–	(467,774)	–	–	–	–	–	(467,774)	–	(467,774)
Net change in treasury shares	38	–	–	–	–	–	–	–	–	(32,500)	(32,500)	–	(32,500)
Balance at the end of the year		25,000,000	9,527,945	982,857	5,388,140	720,764	70,629	(42,482)	1,294,696	(220,611)	42,721,938	7,937,500	50,659,438

The accompanying notes 1 to 46 form an integral part of these consolidated financial statements.

Ramzy Darwish
Chief Financial Officer

Bader AlSalloom
Chief Executive Officer

Mazin AlRomaih
Chairman of the Board

⃁ '000	Notes	Share capital	Statutory reserve	General reserve	Retained earnings	Other reserves: FVOCI	Other reserves: Actuarial gain on defined benefit plans	Other reserves: Cash flow hedge	Proposed dividend	Treasury shares	Total equity attributable to the shareholders	Tier I capital	Total equity
2024													
Balance at the beginning of the year		12,053,572	12,053,572	982,857	11,710,958	(633,619)	6,418	(795,882)	1,197,738	(171,616)	36,403,998	5,000,000	41,403,998
Impact on prior years adjustment	44	–	–	–	–	530,896	–	–	–	–	530,896	–	530,896
Restated balance as at January 01, 2024		12,053,572	12,053,572	982,857	11,710,958	(102,723)	6,418	(795,882)	1,197,738	(171,616)	36,934,894	5,000,000	41,934,894
Net income for the year		–	–	–	4,544,071	–	–	–	–	–	4,544,071	–	4,544,071
Net change in the fair value	19	–	–	–	–	176,447	–	(673,668)	–	–	(497,221)	–	(497,221)
Actuarial gain	19	–	–	–	–	–	20,119	–	–	–	20,119	–	20,119
Gain on disposal of FVOCI investment – equity		–	–	–	–	(65,341)	–	–	–	–	(65,341)	–	(65,341)
Net amount transferred to consolidated statement of income	19	–	–	–	–	(28,304)	–	860,994	–	–	832,690	–	832,690
Total comprehensive income for the year		–	–	–	4,544,071	82,802	20,119	187,326	–	–	4,834,318	–	4,834,318
Gain on disposal of FVOCI investment – equity		–	–	–	65,341	–	–	–	–	–	65,341	–	65,341
Bonus shares issued		12,946,428	(5,000,000)	–	(7,946,428)	–	–	–	–	–	–	–	–
Transfer to statutory reserve	18	–	1,136,018	–	(1,136,018)	–	–	–	–	–	–	–	–
Final dividend paid for 2023		–	–	–	–	–	–	–	(1,197,738)	–	(1,197,738)	–	(1,197,738)
Interim dividend paid for 2024	28	–	–	–	(1,199,541)	–	–	–	–	–	(1,199,541)	–	(1,199,541)
Proposed final dividend 2024	28	–	–	–	(1,245,666)	–	–	–	1,245,666	–	–	–	–
Issuance of Tier I sukuk	20	–	–	–	–	–	–	–	–	–	–	3,000,000	3,000,000
Tier I capital related cost		–	–	–	(282,881)	–	–	–	–	–	(282,881)	–	(282,881)
Net change in treasury shares	38	–	–	–	–	–	–	–	–	(16,495)	(16,495)	–	(16,495)
Balance at the end of the year		**25,000,000**	**8,189,590**	**982,857**	**4,509,836**	**(19,921)**	**26,537**	**(608,556)**	**1,245,666**	**(188,111)**	**39,137,898**	**8,000,000**	**47,137,898**

The accompanying notes 1 to 46 form an integral part of these consolidated financial statements.

Ramzy Darwish
Chief Financial Officer

Bader AlSalloom
Chief Executive Officer

Mazin AlRomaih
Chairman of the Board

Consolidated Statement of Cash Flows

For the years ended December, 2025 and 2024

⃁ '000	Note	2025	2024
OPERATING ACTIVITIES			
Net income for the year before zakat		5,989,013	5,069,326
Adjustments to reconcile net income before zakat to net cash generated from/(used in) operating activities:			
Accretion of discounts on investments not held as FVSI, net		107,194	71,638
Gain on FVOCI		(117,987)	(93,645)
Depreciation and amortization	9	332,026	299,213
Gain on disposal of property, equipment and right of use assets, net		(36,022)	(177)
Impairment charge for expected credit losses on loans and advances	7d	1,381,343	1,287,934
Impairment charge for investments, financial assets and others, net	7e	14,633	35,768
Long term retention and bonus deferral provision		91,393	91,154
Operating income before changes in operating assets and liabilities		7,761,593	6,761,211
Net (increase)/decrease in operating assets:			
Statutory deposit with Saudi Central Bank	4	(144,307)	(466,275)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		960,280	(887,303)
Investments held as FVSI, trading		207,263	(135,975)
Loans and advances		(12,104,331)	(26,064,986)
Other assets		2,431,194	(1,003,661)
Net increase/(decrease) in operating liabilities:			
Due to Saudi Central Bank, banks and other financial institutions, net		(19,422,247)	13,361,589
Customers' deposits		10,100,910	12,909,196
Other liabilities		(1,399,282)	782,757
		(11,608,927)	5,256,553
Zakat paid		(524,117)	(485,412)
Net cash (used in)/generated from operating activities		(12,133,044)	4,771,141

Ramzy Darwish

Chief Financial Officer

Bader AlSalloom

Chief Executive Officer

Mazin AlRomaih

Chairman of the Board

⃁ '000	Note	2025	2024
INVESTING ACTIVITIES			
Proceeds from sales and maturities of investment at FVOCI and amortized cost		11,479,946	7,457,959
Purchase of investments at FVOCI and amortized cost		(18,739,941)	(18,813,706)
Purchase of property and equipment and RoU	9	(597,863)	(579,844)
Proceeds from sale of property and equipment		76,258	234
Net cash used in investing activities		(7,781,600)	(11,935,357)
FINANCING ACTIVITIES			
Issuance of debt securities and term loans	15	30,210,205	6,956,250
Repayment of debt securities and term loans	15	(7,295,687)	–
Tier I Sukuk called	20	(5,000,000)	–
Issuance of Tier I capital	20	4,937,500	3,000,000
Dividends paid	28	(2,619,956)	(2,397,279)
Payment of lease liability		(98,181)	(93,595)
Tier I capital related cost		(467,774)	(282,881)
Purchase of treasury shares		(123,893)	(107,649)
Net cash from financing activities		19,542,214	7,074,846
Decrease in cash and cash equivalents		(372,430)	(89,370)
Cash and cash equivalents at the beginning of the year		3,029,528	3,118,898
Cash and cash equivalents at the end of the year	30	2,657,098	3,029,528
Special commission received during the year		17,196,069	15,883,459
Special commission paid during the year		8,654,092	8,988,690
Supplemental non-cash information			
RoU assets		84,218	90,806
Lease liability		33,199	29,429
Net changes in fair value and transfers to consolidated statement of income	19	1,350,851	290,247

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

Ramzy Darwish

Chief Financial Officer

Bader AlSalloom

Chief Executive Officer

Mazin AlRomaih

Chairman of the Board

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

01. General

Banque Saudi Fransi (the Bank) is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia, established by Royal Decree No. M/23 dated Jumada Al Thani 17, 1397H (corresponding to June 04, 1977). The Bank formally commenced its activities on Muharram 01, 1398H (corresponding to December 11, 1977), by taking over the branches of the Banque de l'Indochine et de Suez in the Kingdom of Saudi Arabia. The Bank operates under Commercial Registration Number 1010073368 dated Safar 04, 1410H (corresponding to September 05, 1989), through its 79 branches (2024: 81 branches) in the Kingdom of Saudi Arabia, employing 3,120 people (2024: 3,056 people).

The objective of the Bank is to provide a full range of banking services, including Islamic products, which are approved and supervised by an independent Shariah Board. The Bank's Head Office is located at King Saud Road, P.O. Box 56006, Riyadh 11554, Kingdom of Saudi Arabia.

The consolidated financial statements comprise the financial statement of Banque Saudi Fransi and its wholly owned subsidiaries (collectively referred to as the "Group").

Subsidiary	Ownership (%)	Main activities
Saudi Fransi Capital (BSF Capital)	100	Brokerage, asset management and corporate finance business
Saudi Fransi for Finance Leasing (rebranded from SFL to JB)	100	Islamic lease financing for vehicles and personal financing
Saudi Fransi Insurance Agency (SAFIA)	100	Insurance agent for Banque Saudi Fransi in Saudi Arabia (under liquidation)
Sofinco Saudi Fransi	100	Lease financing of automobiles and household equipment (under liquidation)
Saudi Fransi Digital Ventures (SFDV)	100	Providing digital services to Banque Saudi Fransi (under liquidation)
Sakan Real Estate Financing	100	Sakan holds title deeds on behalf of Banque Saudi Fransi (Banque Saudi Fransi holds 95% direct ownership and 5% indirect ownership through its subsidiary)
Sur Multi Family Office Limited	100	Provides a wide range of wealth management services to BSF's high net worth clients and their families

The above subsidiaries are incorporated in the Kingdom of Saudi Arabia except for Sur Multi Family Office which is registered in United Kingdom.

The Bank also formed subsidiaries, BSF Markets Limited and BSF Finance Limited registered in Cayman Islands having 100% share in equity in each of these subsidiaries. The objective of BSF Markets Limited is derivative trading and Repo activities. BSF Finance Limited is a special purpose vehicle established to raise capital for Banque Saudi Fransi by the issuance of debt instruments.

The Bank has investment in an associate representing shareholding in Banque BEMO Saudi Fransi, incorporated in Syria. Banque Bemo Saudi Fransi offers diverse banking services and solutions to individuals and companies.

02. Basis of preparation

(a) Statement of compliance

These consolidated financial statements of the Group as at and for the year ended December 31, 2025 have been prepared in compliance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred as «the Law") came into force on 26/6/1444H (corresponding to January 19, 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to January 19, 2023). The management has assessed the impact of the New Companies Law and amended its Articles of Association/By-Laws for changes to align the Articles to the provisions of the Law. General Assembly on December 23, 2024 approved on amending the Bank›s Bylaws to comply with the new Companies Law, and rearranging the articles and numbering them to be compatible with the proposed amendments.

(b) Basis of measurement and presentation

The consolidated financial statements are prepared on a going concern basis under the historical cost convention except for the measurement at fair value of derivatives, financial instruments held at Fair Value through Statement of Income (FVSI), Fair Value through Other Comprehensive Income (FVOCI) investments, liabilities for cash-settled-share based payments and defined benefit obligations. In addition, financial assets or liabilities that are hedged in a fair value hedging relationship, and otherwise adjusted to record changes in fair value attributable to the risks that are being hedged.

The statement of financial position is stated in order of liquidity.

(c) Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the intention and resources to continue in business for the foreseeable future. In making the going concern assessment, the Group has considered a wide range of information relating to present and future projections of profitability, cash flows and other capital resources, etc. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

(d) Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (⃁), which is the Bank's functional currency. Except as indicated, financial information presented in ⃁ has been rounded off to the nearest thousand.

(e) Critical accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS as endorsed in the KSA and other standards and pronouncements endorsed by SOCPA, requires the use of certain critical accounting judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Such judgements, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and the assessment of the recoverable amount of non-financial assets.

Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods. Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

(i) Expected credit losses ("ECL") on financial assets

The measurement of ECL under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

1. The selection of an estimation technique or modelling methodology, covering below key judgements and assumptions:
   - The Group's internal credit grading model, which assigns Probability of Default (PD) to the individual grades
   - The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment
   - The segmentation of financial assets when their ECL is assessed on a collective basis
   - Development of ECL models, including the various formulas, and
   - Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models
2. The selection of inputs for those models, and the interdependencies between those inputs such as macroeconomic scenarios and economic inputs.

(ii) Fair value measurement (note 36)

(iii) Impairment of FVOCI investments (note 33)

(iv) Determination of control over investees

(v) Depreciation and amortization (note 9)

(vi) Defined benefit plan (note 31)

(vii) Equity vs liability (note 20)

03. Material accounting policies

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below:

3.1 Change in accounting policies

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2024. Based on the adoption of new standards and in consideration of current economic environment, the following accounting policies are applicable effective January 01, 2025 replacing, amending or adding to the corresponding accounting policies set out in 2024 annual consolidated financial statements.

New standards, interpretations and amendments to accounting standards adopted by the Group

Following standard, interpretation or amendment are effective from the annual reporting period beginning on January 01, 2025 and are adopted by the Group, however, these do not have any impact on the consolidated financial statements of the year unless otherwise stated below:

Standard, interpretation, amendments	Description	Effective date
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	January 01, 2025

New Standards not yet effective

Standard, interpretation, amendments	Description	Effective date
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	January 01, 2026
Amendments to IFRS 9 and IFRS 7 Contracts referencing Nature-dependent Electricity	Contracts Referencing Nature-dependent Electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity's financial statements.	January 01, 2026
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.	January 01, 2026

Standard, interpretation, amendments	Description	Effective date
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	January 01, 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability, and its parent produces consolidated financial statements under IFRS Accounting Standards.	January 01, 2027

3.2 Accounting policies

A. Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiaries (the Group), i.e. Saudi Fransi Capital (BSF Capital), Saudi Fransi for Finance Leasing (JB), Sakan real estate financing, BSF Markets Limited, BSF Finance Limited and Sur Multi Family Office. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies. Saudi Fransi Insurance Agency, Sofinco Saudi Fransi and Saudi Fransi Digital Ventures financial statements have been prepared on liquidation basis.

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other voting holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights granted by equity instruments such as shares

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interests
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in statement of income
- reclassifies the parent's share of components previously recognised in OCI to statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Balances between the Bank and its subsidiaries including any income, expenses, assets, liabilities, equities and cashflow arising from intra-group transactions are eliminated in preparing these consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. The consolidated financial statements have been prepared using uniform accounting policies and valuation methods for like transactions and other events in similar circumstances. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(i) List of significant subsidiaries

The table below provides details of the major subsidiaries of the Group:

Name of the subsidiary	Principal place of business	Ownership interest	
		2025	2024
Saudi Fransi Capital (BSF Capital)	Kingdom of Saudi Arabia	100%	100%
Saudi Fransi for Finance Leasing (J-B)	Kingdom of Saudi Arabia	100%	100%

Apart from the above subsidiaries, the Bank also owns Saudi Fransi Insurance Agency, Sakan Real Estate Financing, Sofinco Saudi Fransi, BSF Markets Limited, BSF Finance Limited, Saudi Fransi Digital Ventures, and Sur Multi Family Office having 100% share in equity. BSF Markets Limited and BSF Finance Limited are incorporated in the Cayman Islands. Sofinco Saudi Fransi, Saudi Fransi Insurance Agency, Sakan Real Estate Financing and Saudi Fransi Digital Ventures have no material impact on the Group financial statements.

All subsidiaries are 100% owned by the Group hence no non-controlling interest is recognised in these consolidated financial statements.

The group acts as Fund Manager to a number of investment funds. Determining whether the group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the Fund (comprising any carried interests and expected management fees) and the investors rights to remove the Fund Manager. As a result, the Group has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds

(ii) Significant restriction

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which banking subsidiaries operate.

B. Investment in associates

Investments in associates are initially recognised at cost and subsequently accounted for under the equity method of accounting.

An associate is an entity in which the Bank has significant influence (but not control), over financial and operating policies and which is neither a subsidiary nor a joint venture.

Investments in associates are carried in the statement of financial position at cost, plus post-acquisition changes in the Bank's share of net assets of the associate, less any impairment in the value of individual investments. The Bank's shares of its associates' post-acquisition profits or losses are recognized in the consolidated statement of income, and its share of post-acquisition movements in other comprehensive income is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Bank's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The statement of income reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains on transactions are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

The Group's share of profit of an associate is shown on the face of the statement of income. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of profit of an associate" in the statement of income.

When the Bank ceases to equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in statement of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset.

C. Classification of financial assets

On initial recognition, a financial asset is classified into following categories: amortized cost, FVOCI or FVSI.

Financial asset at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVSI:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Financial Asset at Fair value through other comprehensive income (FVOCI)

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVSI:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in consolidated statement of income.

Equity Instruments: On initial recognition, for an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial asset at Fair value through statement of income (FVSI)

All financial assets not classified as measured at amortised cost or FVOCI are classified at FVSI.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVSI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management›s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets
- how the performance of the portfolio is evaluated and reported to the Group›s management
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group›s stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking ‹worst case› or ‹stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group›s original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVSI because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‹principal› is the fair value of the financial asset on initial recognition. ‹Interest› is the consideration for the time value of money, the credit and other basic lending risk associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows
- leverage features
- prepayment and extension terms
- terms that limit the Group›s claim to cash flows from specified assets (e.g. non-recourse asset arrangements) and
- features that modify consideration of the time value of money e.g. periodical reset of interest rates.

Designation at FVSI

At initial recognition, the Group has designated certain financial assets at FVSI.

Reclassification

Reclassification of financial assets is warranted when business model for managing financial assets is changed.

The following are not considered to be changes in business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions);
- A temporary disappearance of a particular market for financial assets; or
- A transfer of financial assets between parts of the Group's assets with different business models.

Conditions for reclassification of financial assets

Reclassifications are expected to be infrequent. Such changes must be determined by the Group's senior management and approved by the Board Executive Committee as a result of external or internal changes and must be significant to Group's operations and demonstrable to external parties. Accordingly, a change in Group's business model will occur only when the Group either begins or ceases to perform an activity that is significant to its operations; for example, when the Group acquires, disposes of or terminates a business line.

Timing of reclassification of financial assets

If the Group reclassifies financial assets, it is required to apply the reclassification prospectively from the reclassification date, defined as the first day of the first reporting period following the change in business model that results in reclassification. On reclassification, all previously recognized gains, losses (including impairment gains or losses) or profits are not restated. A change in the objective of the Group's business model must be affected before the reclassification date.

Financial assets reclassification impact

From	To	Requirement
Amortized Cost	FVSI	Measure fair value at reclassification date and recognize difference between fair value and Amortized Cost in statement of income
Amortized Cost	FVOCI	Measure fair value at reclassification date and recognize any difference in OCI
FVOCI	Amortized Cost	Cumulative gain or loss previously recognized in OCI is removed from equity and applied against the fair value of the financial asset at the reclassification date
FVOCI	FVSI	Asset continues to be recognized at fair value and the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to statement of income
FVSI	Amortized Cost	Fair value at the reclassification date becomes the new gross carrying amount
FVSI	FVOCI	Asset continues to be measured at fair value but subsequent gains and losses are recognized in OCI rather than statement of income

D. Classification of financial liabilities

The Group classifies its financial liabilities, other than financial guarantees, letter of credit and loan commitments, as measured at amortized cost. Amortized cost is calculated by considering any discount or premium on issue funds, and costs that are an integral part of the effective interest rate (EIR).

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in consolidated statement of income.

E. Offsetting financial instruments

Financial assets and liabilities are offset and reported net in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and when the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expenses are not offset in the consolidated statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

F. Derecognition

Financial assets

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset (Debt Instruments), the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in statement of income.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and repurchase transactions, as the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognized for the servicing contract, if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group securitizes various loans and advances to customers and investment securities, which generally result in the sale of these assets to unconsolidated securitization vehicles and in the Group transferring substantially all of the risks and rewards of ownership. The securitization vehicles in turn issue securities to investors. Interests in the securitized financial assets are generally retained in the form of senior or subordinated tranches, interest-only strips or other residual interests (retained interests). Retained interests are recognized as investment securities and carried at FVOCI. Gains or losses on securitization are recorded in other revenue.

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in statement of income on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

G. Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- Fees that are considered in determining the fair value of the new financial asset and fees that represents reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- Other fees are included in statement of income as part of the gain or loss on derecognition.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset using the original effective commission rate of the asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in consolidated statement of income. For floating-rate financial assets, the original effective commission rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs of fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in statement of income.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in consolidated statement of income. For financial liabilities, the Group considers a modification to be substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent.

H. Impairment

The Group recognizes loss allowances for ECL on the following financial instruments that are not measured at FVSI:

- financial assets that are debt instruments
- lease receivables
- financial guarantee contracts issued
- loan commitments issued
- loans and advances & due from banks and other financial institutions
- letters of credit

Equity instruments are not subject to impairment.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of ‹investment grade›.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognized are referred to as 'Stage 1' financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which the lifetime ECL are recognized and that are credit-impaired are referred to as "Stage 3 financial instruments".

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive)
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows

- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective interest rate or an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate
- lease receivables: the discount rate used in measuring lease receivables.
- undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and
- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets including lease receivables are carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is ‹credit-impaired› when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or past due event
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to deterioration in the borrower›s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

In assessing whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- the market›s assessment of creditworthiness as reflected in the bond yields
- the rating agencies› assessments of creditworthiness
- the country›s ability to access the capital markets for new debt issuance
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
- the international support mechanisms in place to provide the necessary support as ‹lender of last resort› to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- loan commitments, letter of credit and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

Write-off

Loan and debts securities are written off (either partially or fully) when there is no reasonable expectation of recovering a financial asset in its entirely or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognised when the cash is received and are included in "Impairment charge for expected credit losses on loans and advances, net" in the consolidated statement of income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

I. Financial guarantees, letter of credits and loan commitments

"Financial guarantees" are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

The premium received is recognised in the income statement in Net fees and commission income on a straight-line basis over the life of the guarantee.

‹Loan commitments and letter of credits› are firm commitments under which, over the duration of the commitments, the Group is required to provide credit under pre-specified terms and conditions Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECL is recorded.

Financial guarantees issued or commitments to provide loan at a below market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principle of IFRS 15. Other loan commitments issued are measured at the sum of (i) the loss allowance determined in accordance with IFRS 9 and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognized.

- The Group issued no loan commitment that are measured at FVSI.
- Liabilities arising from financial guarantees and loan commitments are included within other liabilities.

J. Derivatives financial instruments and hedge accounting

Derivative financial instruments including forward foreign exchange contracts, commission rate futures, forward rate agreements, currency and commission rate swaps, and currency and commission rate options (both written and purchased) are measured at fair value. All derivatives are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Fair values are obtained by reference to quoted market prices, discounted cash flow models and pricing models, as appropriate.

The Group is using IAS-39 for Hedge Accounting.

The treatment of changes in their fair value depends on their classification into the following categories:

(i) Derivatives held for trading

Any changes in the fair value of derivatives that are held for trading purposes are taken directly to the consolidated statement of income and disclosed in Gain/(Loss) on FVSI Financial Instruments, net. Derivatives held for trading also include those derivatives, which do not qualify for hedge accounting.

(ii) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of IFRS 9;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognized in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship.

(iii) Hedge accounting

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships to manage exposures to interest rate, foreign currency, and credit risks, including exposures arising from highly probable forecast transactions and firm commitments. In order to manage particular risk, the Group applies hedge accounting for transactions that meet specific criteria.

For the purpose of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability, (or assets or liabilities in case of portfolio hedging), or an unrecognised firm commitment or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the reported net gain or loss; and (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or to a highly probable forecasted transaction that will affect the reported net gain or loss.

In order to qualify for hedge accounting, the hedge should be expected to be highly effective, i.e. the changes in fair value or cash flows of the hedging instrument should effectively offset corresponding changes in the hedged item, and should be reliably measurable. At inception of the hedge, the risk management objective and strategy are documented including the identification of the hedging instrument, the related hedged item, the nature of risk being hedged, and how the Group will assess the effectiveness of the hedging relationship. Subsequently, the hedge is required to be assessed and determined to be an effective hedge on an on-going basis. At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting.

A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. Prospective testing is performed mainly through matching the critical terms of both hedge item and instrument.

A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods. Hedge ineffectiveness is recognized in the income statement in 'Net trading income'.

For situations where the hedged item is a forecast transaction, the Group also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the consolidated statement of income.

Fair value hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect consolidated statement of income, any gain or loss from re-measuring the hedging instruments to fair value is recognised immediately in the consolidated statement of income together with change in the fair value of the hedged item attributable to the hedged risk under non-trading gains/losses in the consolidated statement of income.

For hedged items measured at amortised cost, where the fair value hedge of a commission bearing financial instrument ceases to meet the criteria for hedge accounting or is sold, exercised or terminated, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the effective commission rate method, (the hedge item is also fair-valued). If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the consolidated statement of income.

Micro fair value hedges

A fair value hedge relationship is a 'Micro fair value hedge' when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a micro fair value hedge relationship include fixed rate corporate and small business loans, fixed rate debt instruments at FVOCI and fixed rate issued long-term deposits. These hedge relationships are assessed for prospective and retrospective hedge effectiveness on a monthly basis. If the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, or the Group decides to voluntarily discontinue the hedging relationship, the hedge relationship is discontinued prospectively.

If the relationship does not meet the hedge effectiveness criteria, the Group discontinues hedge accounting from the last date on which compliance with hedge effectiveness was demonstrated. If the hedge accounting relationship is terminated for an item recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item is amortised over the remaining term of the original hedge by recalculating the EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

For fair value hedge relationships where the hedged item is not measured at amortised cost, such as debt instruments at FVOCI, changes in fair value that were recorded in the income statement whilst hedge accounting was in place are amortised in a similar way to amortised cost instruments using the EIR method. However, as these instruments are measured at their fair values in the statement of financial position, the fair value hedge adjustments are transferred from the income statement to OCI.

Cash flow hedges

For designated and qualifying cash flow hedging, derivatives instruments in a hedge of a variability in cash flows attributable to a particular risk associated with recognised asset or a liability or a highly probable forecast transaction that could affect the consolidated statement of income, the portion of the gain or loss on the hedging instrument that is determined to be an effective portion is recognised directly in other comprehensive income and the ineffective portion, if any, is recognised in the consolidated statement of income. For cash flow hedges affecting future transactions, the gains or losses recognised in other reserves, are transferred to the consolidated statement of income in the same period in which the hedged item affects the consolidated statement of income. However, if the Group expects that all or a portion of a loss recognized in other comprehensive income will not be recovered in one or more future periods, it shall reclassify into the consolidated statement of income as a reclassification adjustment the amount that is not to be recognized.

Where the hedged forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, then at the time such asset or liability is recognised the associated gains or losses that had previously been recognised directly in other comprehensive income are included in the initial measurement of the acquisition cost or other carrying amount of such asset or liability.

When the hedging instrument is expired or sold, terminated or exercised, or no longer qualifies for hedge accounting, or the forecast transaction is no longer expected to occur or the Group revokes the designation then hedge accounting is discontinued prospectively. At that point of time, any cumulative gain or loss on the cash flow hedging instrument that was recognised in other comprehensive income from the period when the hedge was effective is transferred from equity to consolidated statement of income when the forecasted transaction occurs. Where the hedged forecasted transaction is no longer expected to occur and affects the consolidated statement of income, the net cumulative gain or loss recognised in "other comprehensive income" is transferred immediately to the consolidated statement of income for the period.

K. Foreign currencies

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of income are also recognised in OCI or statement of income, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non- monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Transactions in foreign currencies are translated into Saudi Arabian Riyals at the spot rates prevailing at transaction dates. Monetary assets and liabilities at year-end denominated in foreign currencies are translated into Saudi Arabian Riyals at rates of exchange prevailing at the reporting date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for the effective interest rate and payments during the year, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the year.

All differences arising on non-trading activities are taken to other non-operating income in the consolidated statement of income, with the exception of differences on foreign currency borrowings that provide an effective hedge against a net investment in foreign entity.

Foreign currency differences arising from the translation of the following items are recognized in OCI:

- equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI; and
- qualifying cash flow hedges to the extent that the hedge is effective.

As at the reporting date, the assets and liabilities of foreign operations are translated into Saudi Arabian Riyals at the rate of exchange as at the statement of financial position date, and their consolidated statement of incomes are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated statement of income as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the consolidated statement of income.

L. Sale and repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position as the Group retains substantially all the risks and rewards of ownership. When substantially all the risks and rewards of ownership remain with the Group. These assets are continued to measure in accordance with related accounting policies for investments held as FVSI, FVOCI and other investments held at amortized cost.

The transactions are treated as collateralised borrowing and counterparty liability for amounts received under these agreements is included in "Due to SAMA" or "Due to banks and other financial institutions" or "Customer deposits", as appropriate. The difference between sale and repurchase price is treated as special commission expense and accrued over the life of the repo agreement on an effective yield basis. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognised in the statement of financial position, as the Group does not obtain control over the assets. Amounts paid under these agreements are included in "Cash and balances with SAMA", "Due from banks and other financial institutions" or "Loans and advances", as appropriate. The difference between purchase and resale price is treated as special commission income and accrued over the life of the reverse repo agreement on an effective yield basis.

M. Settlement and trade date accounting

All regular way purchases and sales of financial assets are recognized and derecognized in the consolidated statement of financial position on the settlement date i.e. the date on which the asset is acquired from or delivered to the counterparty. The Group accounts for any change in fair value which is recognized from the trade date.

Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or follow convention in the market place.

All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

N. Fair value measurement

The Group measures financial instruments, such as, derivatives and equity instruments and non-financial assets such as investment properties, at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principle or, in its absence, the most advantageous market to which the Group has access at that date. The Fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses the valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

A fair value measurement of a non-financial asset considers a market participant›s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1 —** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2 —** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3 —** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group has an established control framework with respect to the measurement of fair values. This framework includes a Market Risk Department, which is independent of front office management and reports to the Chief Risk Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- calibration of model valuations;
- a review and approval process for new models and changes to models involving Risk Division

To dynamically address valuation issues, ALCO (Assets & Liabilities Committee) is held, a Valuation Sub-Committee may be held to review and determine by consensus adjustments of valuation methodologies at the request of ALCO members.

O. Deposits, debt securities issued and subordinated liabilities

When the Group designates a financial liability as at FVSI, the amount of change in the fair value of the liability that is attributable to changes in its credit risk is presented in OCI as a liability credit reserve.

On initial recognition of the financial liability, the Group assesses whether presenting the amount of change in the fair value of the liability that is attributable to credit risk in OCI would create or enlarge an accounting mismatch in statement of income. This assessment is made by using a regression analysis to compare:

- the expected changes in the fair value of the liability related to changes in the credit risk; with
- the impact on statement of income of expected changes in fair value of the related instruments.

P. Tier I Capital

The determination of equity classification of Tier I Sukuk requires significant judgement as certain clauses of the Offering Circular require interpretation. The Group classifies Sukuk issued (as equity) with no fixed redemption/maturity dates (Perpetual Sukuk) and not obliging the Group for payment of profit upon the occurrence of a non-payment event or non-payment election by the Group subject to certain terms and conditions and essentially mean that the remedies available to sukuk holders are limited in number and scope and very difficult to exercise.

The related initial costs and distributions thereon are recognised directly in the consolidated statement of changes in equity under retained earnings.

Q. Dividends

A liability is recognized for the amount of dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

R. Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. Freehold land is not depreciated. Changes in the expected useful life are accounted for by changing the period or method, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the group. On-going repairs and maintenance are expensed as incurred.

The cost of other property and equipment is depreciated and amortised on the straight-line method over the estimated useful lives of the assets as follows:

Buildings	33 years
Leasehold improvements	Over the lease period or economic life whichever is shorter
Furniture, equipment and vehicles	4 to 10 years
Safes and generators	20 to 40 years
Software program and automation project	3 to 12 years

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of income.

All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Software (Intangible Assets)

Intangible assets comprise of internally developed software and externally acquired software's. Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use.
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits. Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised (straight line) from the point at which the asset is ready for use.

S. Other real estate

The Group, in the ordinary course of business, acquires certain real estate against settlement of due loans and advances. Such real estates are considered as assets held for sale and are initially stated at the lower of net realisable value of due loans and advances and the current fair value of the related properties, less any costs to sell (if material). No depreciation is charged on such real estate. Rental income from other real estate is recognised in the consolidated statement of income.

Subsequent to initial recognition, any subsequent write down to fair value, less costs to sell, are charged to the consolidated statement of income. Any subsequent revaluation gain in the fair value less costs to sell of these assets to the extent this does not exceed the cumulative write down is recognised in the consolidated statement of income. Gains or losses on disposal are recognised in the consolidated statement of income.

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold.

Assets determined to be useful for the internal operations are transferred to their relevant asset category at fair value. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Group's policy.

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the statement of financial position.

T. Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions for litigation and claims

The Group receives legal claims against it in the normal course of business. Management has made judgments as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depends on the due process being followed as per law.

U. Accounting for leases

Right of Use Asset (RoU)/ Lease Liabilities

On initial recognition, at inception of the contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Control is identified if most of the benefits are flowing to the group and the group can direct the usage of such assets.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Right of Use Assets

The Group applies the cost model, and measures right of use assets at cost:

i. less any accumulated depreciation and any accumulated impairment losses; and
ii. adjusted for any re-measurement of the lease liability for lease modifications.

Generally, the RoU asset would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. These would need to be added to the RoU asset value.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

Lease Liability

On initial recognition, the lease liability is the present value of all remaining payments to the lessor, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group›s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

After the commencement date, Group measures the lease liability by:

i. increasing the carrying amount to reflect interest on the lease liability
ii. reducing the carrying amount to reflect the lease payments made and;
iii. re-measuring the carrying amount to reflect any re-assessment or lease modification

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group›s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

V. Cash and cash equivalents

For the purpose of the statement of cash flows, "cash and cash equivalents" include notes and coins on hand, balances with SAMA excluding statutory deposits, and due from banks and other financial institutions with original maturity of three months or less which are subject to insignificant risk of changes in their fair value. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

W. End of service benefits

Benefits payable to the employees of the Group at the end of their services are accrued based on actuarial valuation conducted by an independent actuary, taking into account the provision of the Saudi Arabian Labor Law.

Net obligation, with respect to end of service benefits, to the Group is reviewed by using a projected unit credit method. Actuarial gains and losses (Re-measurements) are recognized in full in the period in which they occur in other comprehensive income. Re-measurements are not reclassified to consolidated statement of income in subsequent periods.

Interest expense is calculated by applying the discount rate to the net defined benefit liability. The Group recognizes the following changes in the net defined benefit obligation under 'salaries and employee related expenses' in the consolidated statement of income.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income

The assumptions used to calculate the scheme obligations include assumptions such as expected future salaries growth, expected employee resignation rates, and discount rate to discount the future cash flows.

X. Short term employee benefits

Short term employee benefits are measured on an undiscounted basis and are expensed as the related services are provided.

A liability is recognized for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Y. Treasury shares and share based payment to employee

These are recorded at cost and presented as a deduction from the equity as adjusted for any transaction cost, and gains or losses on sale of such shares. Subsequent to their acquisition, these are carried at the amount equal to consideration paid. Any gains or losses on disposal of such shares are reflected under equity and are not recognised in the consolidated statement of income.

These stocks are acquired by the Group with the approval of SAMA, primarily for discharging its obligation under its employee share-based payment plans.

The Group has adopted the equity-settled share-based payments to employees under the retention plan. The Group recognises a cost /expense over the vesting period and a corresponding entry to equity and measurement is based on the grant-date fair value of the equity instruments granted. Market and non-vesting conditions are reflected in the initial measurement of fair value with no subsequent true-up if the conditions are not satisfied.

Z. Zakat

Zakat

The Group is subject to Zakat in accordance with the regulations of ZATCA (Zakat, Tax & Customs Authority). Zakat expense is charged to the consolidated statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

Value Added tax ("VAT")

The Group collects VAT from its customers for qualifying services provided and makes VAT payments to its vendors for qualifying payments. On a monthly basis, net VAT remittances are made to the ZATCA representing VAT collected from its customers, net of any recoverable VAT on payments. Unrecoverable VAT is borne by the Group and is either expensed or in the case of property, equipment, and intangibles payments, is capitalized and either depreciated or amortized as part of the capital cost.

AA. Investment management, brokerage and corporate finance services

The Group offers investment services to its customers, through its subsidiary, which include management of certain investment funds in consultation with professional investment advisors. The Group's share of investment in these funds is included in the investments and fees earned are disclosed under related party transactions.

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in the consolidated financial statements.

AB. Islamic banking products

In addition to the conventional banking products, the Group offers its customers certain non-commission based banking products, which are approved by its Shariah Board, as follows:

High level definitions of non-commission based banking products

i. **Murabaha** is an agreement whereby the Bank sells to a customer a commodity or an asset, which the Bank has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin.

ii. **Mudarabah** is an agreement between the Bank and a customer whereby the Bank invests in a specific transaction. The Bank is called "rabb-ul-mal" while the management and work is exclusive responsibility of the customer who is called "mudarib". The profit is shared as per the terms of the agreement but the loss is borne by the Bank.

iii. **Istisna'a** is an agreement between the Bank and a customer whereby the Bank sells to the customer a developed asset according to agreed upon specifications, for an agreed upon price.

iv. **Ijarah** is an agreement whereby the Bank, acting as a lessor, purchases or constructs an asset for lease according to the customer request (lessee), based on his promise to lease the asset for an agreed rent and specific period that could end by transferring the ownership of the leased asset to the lessee.

v. **Musharaka** is an agreement between the Bank and a customer to contribute to a certain investment enterprise or the ownership of a certain property ending up with the acquisition by the customer of the full ownership. The profit or loss is shared as per the terms of the agreement.

vi. **Tawarruq** is a form of Murabaha transactions where the Bank purchases a commodity and sells it to the customer. The customer sells the underlying commodity at spot and uses the proceeds for his financing requirements.

These non-commission based banking products are included in "loans and advances" and are in conformity with the related accounting policies described in these consolidated financial statements.

AC. Government grants

The Group recognizes a government grant related to income, if there is a reasonable assurance that it will be received and the Group will comply with the conditions associated with the grant. The benefit of a government deposit at a below-market rate of interest is treated as a government grant related to income. The below-market rate deposit is recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the deposit determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20. Government grant is recognised in consolidated statement of income on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grant is intended to compensate. The grant income is only recognised when the ultimate beneficiary is the Group. Where the customer is the ultimate beneficiary, the Group only records the respective receivable and payable amounts.

AD. Revenue/expenses recognition

Special commission income and expenses

Special commission income and expense are recognized in profit or loss using the effective interest method. The ‹effective interest rate› is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or the amortized cost of the financial instrument.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and loyalty/reward points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. Transaction costs include fees and commission paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

All fees paid or received between parties to the contract (e.g. between a lender and a borrower) that are included in the calculation of the effective interest rate (EIR) are amortized over the expected life of the financial instrument, unless they relate to a shorter period. The shorter period is used when the variable to which the fees, transaction costs, premiums or discounts relate is repriced to market rates before the expected maturity of the financial instrument. For financial instruments measured at FVSI, fees are recognised in consolidated statement of income in full when the instrument is initially recognised.

Measurement of amortized cost and special commission income and expense

The ‹amortized cost› of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The "gross carrying amount of a financial asset" is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

AE. Fees and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the special commission income/expense as applicable.

Other fee and commission income – including account servicing fees, sales commission, placement fees and syndication fees – are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

The Group provides various services to its customer. These services are either rendered separately or bundled together with rendering of other services.

The Group has concluded that revenue from rendering of various services related to share trading, corporate finance and advisory and other banking services, is recognized at the point when services are rendered i.e. when performance obligation is satisfied. Whereas revenue from trade finance, fund management and fee services related to credit card is recognized over the period of time.

Brokerage income

Brokerage income is recognised when the related transactions are executed on behalf of the customers at the price agreed in the contract with the customers, net of discounts and rebates. The performance obligation of the Group is satisfied when the Group carries out the transaction, which is considered as a performance obligation satisfied at a point in time, which triggers immediate recognition of the revenue, as the Group will have no further commitments.

Asset management fees

Asset management fees are recognised based on a fixed percentage of net assets under management ("asset-based"), or a percentage of returns from net assets ("returns-based"), or a percentage of capital deployed/raised subject to applicable terms and conditions and service contracts with customers and funds. The Group attributes the revenue from management fees to the services provided during the period, because the fee relates specifically to the Group's efforts to transfer the services for that period. As asset management fees are not subject to claw backs, the management does not expect any significant reversal of revenue previously recognised.

This fee compensates and contributes to single performance obligations, the Group's obligation will generally be satisfied upon the provision of non-restrictive legal custodial structure and therefore recognized over time as the overall services are performed.

Advisory and investment banking services revenue

Advisory and investment banking services revenue is recognised based on services rendered under the applicable service contract.

Revenue recognition of retainer fees is recognized over a period of time and it is generally linked to the timing of the performance obligation (i.e., monthly, quarterly, etc.).

Success fees are recognized upon the fulfillment of performance obligations. For example, either on the satisfaction of financial advisory services or completion of underwriting agreement.

Underwriting fees

Underwriting fees are recognized when the Group has rendered all services to the issuer and is entitled to collect the fee from the issuer with no contingencies associated with the fees. Underwriting revenues are presented net of transaction-related expenses.

Custody Fee

Custody fee is received upfront and amortised over the period of the service (deferred income).

AF. Customer Loyalty Program

The Group offers customer loyalty program (reward points/air miles herein referred to as "reward points"), which allows card members to earn points that can be redeemed for certain Partner outlets. The Group allocates a portion of transaction price (interchange fee) to the reward points awarded to card members, based on the relative standalone selling price. The amount of revenue allocated to reward points is deferred and released to the income statement when reward points are redeemed.

The cumulative amount of contract liability related unredeemed reward points is adjusted over time based on actual experience and current trends with respect to redemption.

AG. Exchange income/(loss)

Exchange income/loss is recognised as discussed in foreign currencies policy above.

AH. Trading income/(loss)

Net income from other financial instruments at FVSI relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships, financial assets and financial liabilities designated as at FVSI.

Results arising from trading activities include all gains and losses from changes in fair values, related special commission income or expense including dividends for financial assets and financial liabilities held for trading and foreign exchange differences. This includes any ineffectiveness recorded in hedging transactions.

AI. Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of net trading income, net income from FVSI financial instruments or other operating income based on the underlying classification of the equity instrument.

Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

AJ. Credit value adjustment

Credit Value adjustment (CVA) is the adjustment made to the fair value of financial instruments to account for the impact of counterparty credit risk on those instruments. Credit Valuation Adjustment (CVA) is the market value of counterparty credit risk embedded in derivative instruments. It reflects the expected loss due to a counterparty's potential default, adjusted for netting and collateral agreements.

This applies to all over-the-counter (OTC) derivatives and structured products that are subject to counterparty credit risk and are measured at fair value through profit and loss or other comprehensive income. CVA is calculated and reflected as part of the fair valuation of derivative instruments and counterparty risk in line with applicable accounting standards.

CVA is calculated as the expected exposure (EE) multiplied by the probability of default (PD) and the loss given default (LGD). Exposure profiles are modeled using potential future exposure (PFE) simulations where applicable.

- Credit spreads used in the calculation are sourced from Risk Strategy team.
- Netting and collateral agreements (CSAs) are factored into the exposure profiles.
- CVA calculations are performed as per CCR (Counterparty Credit Risk) methodology by Risk management group.

Any changes to CVA models or assumptions are approved by the ALCO.

04. Cash and balances with Saudi Central Bank

⃁ '000	2025	2024
Cash on hand	849,676	874,134
Current account	–	109,209
Statutory deposit	10,081,570	9,937,263
Total	10,931,246	10,920,606

Cash and balances with Saudi Central Bank include Islamic related products of ⃁ Nil million (2024: ⃁ Nil million).

In accordance with the Banking Control Law and regulations issued by Saudi Central Bank (SAMA), the Bank is required to maintain a statutory deposit with SAMA at stipulated percentages of its deposit liabilities calculated on monthly averages at the end of reporting period. The statutory deposits with SAMA are not available to finance the Bank's day-to-day operations and therefore are not part of cash and cash equivalents.

05. Due from banks and other financial institutions, net

⃁ '000	2025	2024
Current accounts	1,807,728	2,026,792
Money market placements	2,009,660	2,989,639
	3,817,388	5,016,431
Less: impairment	(616)	(621)
Total	3,816,772	5,015,810

The credit quality of due from banks and other financial institutions is managed using reputable external credit rating agencies.

Due from banks and other financial institutions include Islamic related products of ⃁ 1,412 million (2024: ⃁ 939 million).

The following table shows the gross carrying amount of the due from banks and other financial institutions.

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	5,012,801	3,630	–	5,016,431
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Net change for the year	(1,212,637)	13,594	–	(1,199,043)
Write-offs	–	–	–	–
Balance as at December 31, 2025	3,800,164	17,224	–	3,817,388

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at January 01, 2024	4,106,233	7,837	–	4,114,070
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Net change for the year	906,568	(4,207)	–	902,361
Write-offs	–	–	–	–
Balance as at December 31, 2024	5,012,801	3,630	–	5,016,431

The following table shows reconciliations from the opening to the closing balance of impairment on due from banks and other financial institutions.

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at January 01, 2025	462	159	–	621
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Net (reversal)/charge for the year	(113)	108	–	(5)
Write-offs	–	–	–	–
Balance as at December 31, 2025	349	267	–	616

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance as at January 01, 2024	590	315	–	905
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Net reversal for the year	(128)	(156)	–	(284)
Write-offs	–	–	–	–
Balance as at December 31, 2024	462	159	–	621

06. Investments, net

(a) Investment securities are classified as follows:

⃁ '000	2025	2024
Investment at amortized cost – gross	29,140,342	27,695,178
Less: impairment	(19,983)	(17,013)
Investment at amortized cost, net	29,120,359	27,678,165
Investments at FVOCI – Debt instruments	37,304,098	30,893,022
Investments at FVOCI – Equity/other investments	2,106,597	1,890,655
Total FVOCI	39,410,695	32,783,677
Investment at FVSI – Debt instruments and equity	150,649	357,912
Total	68,681,703	60,819,754

(b) Investments held at fair value through statement of income (FVSI)

Investments by type of securities

⃁ '000	Domestic		International		Total	
	2025	2024	2025	2024	2025	2024
Fixed-rate securities	145,797	357,912	–	–	145,797	357,912
Floating-rate securities	–	–	–	–	–	–
Equities	4,852	–	–	–	4,852	–
Total	150,649	357,912	–	–	150,649	357,912

The analysis of the composition of investments is as follows:

⃁ '000	2025			2024		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Fixed-rate securities	145,797	–	145,797	357,912	–	357,912
Floating-rate securities	–	–	–	–	–	–
Equities	4,852	–	4,852	–	–	–
Total	150,649	–	150,649	357,912	–	357,912

(c) Investments held at fair value through other comprehensive income (FVOCI)

Investments by type of securities

⃁ '000	Domestic		International		Total	
	2025	2024 (restated)	2025	2024	2025	2024 (restated)
Fixed-rate securities	24,700,913	16,381,859	9,018,697	10,630,748	33,719,610	27,012,607
Floating-rate securities	3,038,830	3,072,313	545,658	808,102	3,584,488	3,880,415
Equities and other investments	1,699,855	1,880,062	406,742	10,593	2,106,597	1,890,655
Total	29,439,598	21,334,234	9,971,097	11,449,443	39,410,695	32,783,677

The analysis of the composition of investments is as follows:

⃁ '000	2025			2024 (restated)		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Fixed-rate securities	33,665,207	54,403	33,719,610	27,012,607	–	27,012,607
Floating-rate securities	1,079,680	2,504,808	3,584,488	1,302,624	2,577,791	3,880,415
Equities and other investments	568,420	1,538,177	2,106,597	630,039	1,260,616	1,890,655
Investments at FVOCI, net	35,313,307	4,097,388	39,410,695	28,945,270	3,838,407	32,783,677

The following table shows the type of assets:

⃁ '000	Domestic		International		Total	
	2025	2024 (restated)	2025	2024	2025	2024 (restated)
Debt instruments	27,739,743	19,454,172	9,564,355	11,438,850	37,304,098	30,893,022
Equity and other investments	1,699,855	1,880,062	406,742	10,593	2,106,597	1,890,655
Total	29,439,598	21,334,234	9,971,097	11,449,443	39,410,695	32,783,677

Equity and other investments include Tier I instruments amounting to 848 million (2024: 931 million).

The Group designated investments disclosed in the above table as equity securities at FVOCI on initial recognition. The FVOCI designation was made because the equity investments are expected to be held for strategic purposes rather than with a view to profit on a subsequent sale and there are no plans to dispose of these investments in the short or medium term. This designation is irrevocable.

(d) Investments held at amortised cost

Investments by type of securities

⃁ '000	Domestic		International		Total	
	2025	2024	2025	2024	2025	2024
Fixed-rate securities	28,282,283	26,839,229	–	–	28,282,283	26,839,229
Floating-rate securities	838,076	838,936	–	–	838,076	838,936
Investments held at amortized cost, net	29,120,359	27,678,165	–	–	29,120,359	27,678,165

The analysis of the composition of investments is as follows:

⃁ '000	2025			2024		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Fixed-rate securities	22,278,825	6,003,458	28,282,283	21,334,634	5,504,595	26,839,229
Floating-rate securities	605,880	232,196	838,076	606,466	232,470	838,936
Investments held at amortized cost, net	22,884,705	6,235,654	29,120,359	21,941,100	5,737,065	27,678,165

(e) The reconciliations from the opening to the closing balance of gross carrying value of Debt instrument held at FVOCI and amortized cost

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Debt instrument investments				
Balance at January 01	58,588,200	–	–	58,588,200
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Transfer from lifetime ECL credit impaired	–	–	–	–
Net change for the year	7,856,240	–	–	7,856,240
Write-offs	–	–	–	–
Balance as at December 31, 2025	66,444,440	–	–	66,444,440

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Debt instrument investments				
Balance at January 01	47,905,926	–	–	47,905,926
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Transfer from lifetime ECL credit impaired	–	–	–	–
Net change for the year	10,682,274	–	–	10,682,274
Write-offs	–	–	–	–
Balance as at December 31, 2024	58,588,200	–	–	58,588,200

Amortized cost

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	27,695,178	–	–	27,695,178
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Net change for the year	1,445,164	–	–	1,445,164
Write-offs	–	–	–	–
Balance as at December 31, 2025	29,140,342	–	–	29,140,342

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	24,656,529	–	–	24,656,529
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Net change for the year	3,038,649	–	–	3,038,649
Write-offs	–	–	–	–
Balance as at December 31, 2024	27,695,178	–	–	27,695,178

FVOCI – Debt instruments

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	30,893,022	–	–	30,893,022
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Net change for the year	6,411,076	–	–	6,411,076
Write-offs	–	–	–	–
Balance as at December 31, 2025	37,304,098	–	–	37,304,098

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	23,249,397	–	–	23,249,397
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Net change for the year	7,643,625	–	–	7,643,625
Write-offs	–	–	–	–
Balance as at December 31, 2024	30,893,022	–	–	30,893,022

(f) The reconciliations from the opening to the closing balance of ECL on Debt instruments held at FVOCI and amortized cost:

An analysis of changes in loss allowance for Debt instruments is as follows:

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	44,582	–	–	44,582
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Transfer from lifetime ECL credit impaired	–	–	–	–
Net charge for the year	7,579	–	–	7,579
Write-offs	–	–	–	–
Balance as at December 31, 2025	52,161	–	–	52,161

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	33,739	–	–	33,739
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Transfer from lifetime ECL credit impaired	–	–	–	–
Net charge for the year	10,843	–	–	10,843
Write-offs	–	–	–	–
Balance as at December 31, 2024	44,582	–	–	44,582

An analysis of changes in loss allowance by each class of Debt instruments is as follows:

Amortized cost

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	17,013	–	–	17,013
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Net charge for the year	2,970	–	–	2,970
Write-offs	–	–	–	–
Balance as at December 31, 2025	19,983	–	–	19,983

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	16,311	–	–	16,311
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Net charge for the year	702	–	–	702
Write-offs	–	–	–	–
Balance as at December 31, 2024	17,013	–	–	17,013

FVOCI

⃁ '000	December 31, 2025 12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	27,569	–	–	27,569
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Net charge for the year	4,609	–	–	4,609
Write-offs	–	–	–	–
Balance as at December 31, 2025	32,178	–	–	32,178

⃁ '000	December 31, 2024 12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	17,428	–	–	17,428
Transfer from 12-month ECL	–	–	–	–
Transfer from lifetime ECL not credit impaired	–	–	–	–
Net charge for the year	10,141	–	–	10,141
Write-offs	–	–	–	–
Balance as at December 31, 2024	27,569	–	–	27,569

The provision balance of FVOCI is recorded under Other reserves – FVOCI.

(g) Investments by type of securities

⃁ '000	Domestic		International		Total	
	2025	2024 (restated)	2025	2024	2025	2024 (restated)
Fixed-rate securities	53,148,424	43,595,439	9,018,697	10,630,748	62,167,121	54,226,187
Floating-rate securities	3,877,458	3,911,823	545,658	808,102	4,423,116	4,719,925
Equities and other investments	1,704,707	1,880,062	406,742	10,593	2,111,449	1,890,655
Allowance for impairment	(19,983)	(17,013)	–	–	(19,983)	(17,013)
Total	58,710,606	49,370,311	9,971,097	11,449,443	68,681,703	60,819,754

(h) The analysis of the composition of investments is as follows:

⃁ '000	2025			2024 (restated)		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Fixed-rate securities	56,092,001	6,075,120	62,167,121	48,707,213	5,518,974	54,226,187
Floating-rate securities	1,685,579	2,737,537	4,423,116	1,909,149	2,810,776	4,719,925
Equities and other investments	573,272	1,538,177	2,111,449	630,039	1,260,616	1,890,655
	58,350,852	10,350,834	68,701,686	51,246,401	9,590,366	60,836,767
Allowance for impairment	(2,191)	(17,792)	(19,983)	(2,120)	(14,893)	(17,013)
Total	58,348,661	10,333,042	68,681,703	51,244,281	9,575,473	60,819,754

(i) The analysis of investments by counterparty is as follows:

⃁ '000	2025	2024 (restated)
Government and quasi government	51,122,647	44,560,616
Corporate	6,357,728	5,694,669
Banks and other financial institutions	11,201,328	10,564,469
Total	68,681,703	**60,819,754**

(j) Shariah based investments:

Investment securities designated as at FVOCI:

⃁ '000	2025	2024
Debt instruments		
Sukuk	22,860,429	14,197,440
Total	22,860,429	14,197,440

Investments held at amortised cost:

⃁ '000	2025	2024
Debt instruments		
Sukuk	25,399,355	24,307,596
Other	1,131,395	634,925
Allowance for impairment	(19,773)	(16,762)
Total	26,510,977	24,925,759

Trading Investment securities include Islamic related products of ⃁ 107 million (2024: ⃁ 358 million).

(k) Investments by type of Instruments:

⃁ '000	2025	2024 (restated)
Bonds	17,092,011	19,447,987
Sukuk	48,352,504	38,849,361
Equities & funds	2,111,449	1,890,655
Others	1,125,739	631,751
Total	68,681,703	60,819,754

07. Loans and advances, net

(a) Loans and advances are classified as follows:

Held at Amortized cost

⃁ '000	2025			
	Overdraft and Commercial Loans	Credit Cards	Consumer Loans	Total
Performing loans and advances – gross	171,986,137	957,776	43,608,855	216,552,768
Non-performing loans and advances, net	1,724,240	37,999	356,884	2,119,123
Total loans and advances	173,710,377	995,775	43,965,739	218,671,891
Allowance for impairment	(3,302,389)	(53,919)	(424,320)	(3,780,628)
Loans and advances held at amortised cost, net	170,407,988	941,856	43,541,419	214,891,263

⃁ '000	2024			
	Overdraft and Commercial Loans	Credit Cards	Consumer Loans	Total
Performing loans and advances – gross	167,950,716	724,210	37,073,642	205,748,568
Non-performing loans and advances, net	1,637,925	24,568	272,006	1,934,499
Total loans and advances	169,588,641	748,778	37,345,648	207,683,067
Allowance for impairment	(3,118,432)	(44,235)	(352,125)	(3,514,792)
Loans and advances held at amortised cost, net	166,470,209	704,543	36,993,523	204,168,275

An unwinding modification loss of ⃁ 7 million (2024: ⃁ 28 million) is included as part of loan and advances.

The below table shows the loans and advances break up by product categories:

⃁ '000	2025						
	Overdraft & Commercial Loans		Consumer Loans				Total
	Corporate Loans	Micro, small and medium enterprises	Personal	Mortgage	Credit Cards	Auto Lease	
Performing loans and advances – gross	157,551,212	14,434,925	13,782,391	22,223,709	957,776	7,602,755	216,552,768
Non-performing loans and advances, net	1,391,674	332,566	265,699	70,606	37,999	20,579	2,119,123
Total loans and advances	158,942,886	14,767,491	14,048,090	22,294,315	995,775	7,623,334	218,671,891
Allowance for impairment	(2,900,282)	(402,107)	(193,305)	(58,848)	(53,919)	(172,167)	(3,780,628)
Loans and advances held at amortised cost, net	156,042,604	14,365,384	13,854,785	22,235,467	941,856	7,451,167	214,891,263

⃁ '000	2024						
	Overdraft & Commercial Loans		Consumer Loans				Total
	Corporate Loans	Micro, small and medium enterprises	Personal	Mortgage	Credit Cards	Auto Lease	
Performing loans and advances – gross	156,277,663	11,673,053	12,298,831	17,953,719	724,210	6,821,092	205,748,568
Non-performing loans and advances, net	1,467,397	170,528	209,908	41,669	24,568	20,429	1,934,499
Total loans and advances	157,745,060	11,843,581	12,508,739	17,995,388	748,778	6,841,521	207,683,067
Allowance for impairment	(2,743,099)	(375,333)	(191,968)	(53,255)	(44,235)	(106,902)	(3,514,792)
Loans and advances held at amortised cost, net	155,001,961	11,468,248	12,316,771	17,942,133	704,543	6,734,619	204,168,275

The above includes Shariah based loans and advances as below:

⃁ '000	2025	2024
Overdraft & Commercial Loans		
Tawarruq	92,044,824	87,567,348
Murabaha	19,067,019	20,410,020
Others	7,596,571	10,483,362
Allowance for impairment	(1,302,252)	(1,144,901)
Total	117,406,162	117,315,829

⃁ '000	2025	2024
Overdraft & Commercial Loans		
Tawarruq	24,353,500	20,198,185
Murabaha	11,196,867	9,754,954
Others	8,569,314	7,267,197
Allowance for impairment	(424,865)	(342,202)
Total	43,694,816	36,878,134

(b) The reconciliations from the opening to the closing balance of gross carrying value of Loans and advances

An analysis of changes in gross carrying value for Loans and Advances is, as follows:

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	193,863,171	11,731,130	2,088,766	207,683,067
Transfer from 12-month ECL	(4,495,163)	4,041,660	453,503	–
Transfer from lifetime ECL not credit impaired	1,560,149	(2,513,552)	953,403	–
Transfer from lifetime ECL credit impaired	31,633	30,522	(62,155)	–
Net change for the year	12,364,550	(475,874)	215,655	12,104,331
Write-offs	–	–	(1,115,507)	(1,115,507)
Balance as at December 31, 2025	203,324,340	12,813,886	2,533,665	218,671,891

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	167,788,441	12,277,226	1,969,546	182,035,213
Transfer from 12-month ECL	(3,481,080)	3,269,612	211,468	–
Transfer from lifetime ECL not credit impaired	1,212,596	(1,979,200)	766,604	–
Transfer from lifetime ECL credit impaired	24,495	171,293	(195,788)	–
Net change for the year	28,318,719	(2,007,801)	(245,932)	26,064,986
Write-offs	–	–	(417,132)	(417,132)
Balance as at December 31, 2024	193,863,171	11,731,130	2,088,766	207,683,067

An analysis of changes in gross carrying value by each class of financial instrument is, as follows:

Overdraft and Commercial Loans

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	156,545,338	11,327,349	1,715,954	169,588,641
Transfer from 12-month ECL	(3,812,243)	3,661,245	150,998	–
Transfer from lifetime ECL not credit impaired	1,382,276	(2,262,506)	880,230	–
Transfer from lifetime ECL credit impaired	–	21,792	(21,792)	–
Net change for the year	5,415,031	(528,962)	75,030	4,961,099
Write-offs	–	–	(839,363)	(839,363)
Balance as at December 31, 2025	159,530,402	12,218,918	1,961,057	173,710,377

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	135,708,078	11,917,850	1,738,176	149,364,104
Transfer from 12-month ECL	(3,055,360)	3,049,125	6,235	–
Transfer from lifetime ECL not credit impaired	1,060,143	(1,769,193)	709,050	–
Transfer from lifetime ECL credit impaired	3	166,864	(166,867)	–
Net change for the year	22,832,474	(2,037,297)	(330,977)	20,464,200
Write-offs	–	–	(239,663)	(239,663)
Balance as at December 31, 2024	156,545,338	11,327,349	1,715,954	169,588,641

Credit Cards

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	696,839	16,488	35,451	748,778
Transfer from 12-month ECL	(48,455)	20,149	28,306	–
Transfer from lifetime ECL not credit impaired	4,753	(12,907)	8,154	–
Transfer from lifetime ECL credit impaired	3,023	1,387	(4,410)	–
Net change for the year	255,188	7,553	2,316	265,057
Write-offs	–	–	(18,060)	(18,060)
Balance as at December 31, 2025	911,348	32,670	51,757	995,775

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	637,900	23,226	26,206	687,332
Transfer from 12-month ECL	(25,986)	9,352	16,634	–
Transfer from lifetime ECL not credit impaired	9,589	(18,674)	9,085	–
Transfer from lifetime ECL credit impaired	2,414	408	(2,822)	–
Net change for the year	72,922	2,176	6,365	81,463
Write-offs	–	–	(20,017)	(20,017)
Balance as at December 31, 2024	696,839	16,488	35,451	748,778

Consumer Loans

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	36,620,994	387,293	337,361	37,345,648
Transfer from 12-month ECL	(634,465)	360,266	274,199	–
Transfer from lifetime ECL not credit impaired	173,120	(238,139)	65,019	–
Transfer from lifetime ECL credit impaired	28,610	7,343	(35,953)	–
Net change for the year	6,694,331	45,535	138,309	6,878,175
Write-offs	–	–	(258,084)	(258,084)
Balance as at December 31, 2025	42,882,590	562,298	520,851	43,965,739

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	31,442,463	336,150	205,164	31,983,777
Transfer from 12-month ECL	(399,734)	211,135	188,599	–
Transfer from lifetime ECL not credit impaired	142,864	(191,333)	48,469	–
Transfer from lifetime ECL credit impaired	22,078	4,021	(26,099)	–
Net change for the year	5,413,323	27,320	78,680	5,519,323
Write-offs	–	–	(157,452)	(157,452)
Balance as at December 31, 2024	36,620,994	387,293	337,361	37,345,648

(c) Movement in allowance for impairment of credit losses are classified as follows:

An analysis of changes in loss allowance for Loans and Advances is, as follows:

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	945,871	1,247,200	1,321,721	3,514,792
Transfer from 12-month ECL	(26,900)	22,619	4,281	–
Transfer from lifetime ECL not credit impaired	38,608	(303,783)	265,175	–
Transfer from lifetime ECL credit impaired	13,556	14,990	(28,546)	–
Net (reversal)/charge for the year	(139,853)	182,070	1,339,126	1,381,343
Write-offs	–	–	(1,115,507)	(1,115,507)
Balance as at December 31, 2025	831,282	1,163,096	1,786,250	3,780,628

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	509,846	849,666	1,284,478	2,643,990
Transfer from 12-month ECL	(8,925)	7,473	1,452	–
Transfer from lifetime ECL not credit impaired	20,890	(64,289)	43,399	–
Transfer from lifetime ECL credit impaired	12,673	160,671	(173,344)	–
Net charge for the year	411,387	293,679	582,868	1,287,934
Write-offs	–	–	(417,132)	(417,132)
Balance as at December 31, 2024	945,871	1,247,200	1,321,721	3,514,792

An analysis of changes in loss allowance by product is, as follows:

Overdraft and Commercial Loans

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	839,146	1,205,919	1,073,367	3,118,432
Transfer from 12-month ECL	(20,906)	19,784	1,122	–
Transfer from lifetime ECL not credit impaired	25,716	(282,123)	256,407	–
Transfer from lifetime ECL credit impaired	–	11,494	(11,494)	–
Net (reversal)/charge for the year	(92,768)	158,902	957,186	1,023,320
Write-offs	–	–	(839,363)	(839,363)
Balance as at December 31, 2025	751,188	1,113,976	1,437,225	3,302,389

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	430,341	805,555	1,132,263	2,368,159
Transfer from 12-month ECL	(5,949)	5,947	2	–
Transfer from lifetime ECL not credit impaired	4,376	(38,553)	34,177	–
Transfer from lifetime ECL credit impaired	1	158,411	(158,412)	–
Net charge for the year	410,377	274,559	305,000	989,936
Write-offs	–	–	(239,663)	(239,663)
Balance as at December 31, 2024	839,146	1,205,919	1,073,367	3,118,432

Credit Cards

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	16,575	2,887	24,773	44,235
Transfer from 12-month ECL	(1,234)	497	737	–
Transfer from lifetime ECL not credit impaired	642	(2,431)	1,789	–
Transfer from lifetime ECL credit impaired	1,530	703	(2,233)	–
Net (reversal)/charge for the year	(3,234)	3,545	27,433	27,744
Write-offs	–	–	(18,060)	(18,060)
Balance as at December 31, 2025	14,279	5,201	34,439	53,919

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	13,015	4,141	18,456	35,612
Transfer from 12-month ECL	(635)	172	463	–
Transfer from lifetime ECL not credit impaired	1,428	(3,503)	2,075	–
Transfer from lifetime ECL credit impaired	1,230	215	(1,445)	–
Net charge for the year	1,537	1,862	25,241	28,640
Write-offs	–	–	(20,017)	(20,017)
Balance as at December 31, 2024	16,575	2,887	24,773	44,235

Consumer Loans

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	90,150	38,394	223,581	352,125
Transfer from 12-month ECL	(4,760)	2,338	2,422	–
Transfer from lifetime ECL not credit impaired	12,250	(19,229)	6,979	–
Transfer from lifetime ECL credit impaired	12,026	2,793	(14,819)	–
Net (reversal)/charge for the year	(43,851)	19,623	354,507	330,279
Write-offs	–	–	(258,084)	(258,084)
Balance as at December 31, 2025	65,815	43,919	314,586	424,320

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	66,490	39,970	133,759	240,219
Transfer from 12-month ECL	(2,341)	1,354	987	–
Transfer from lifetime ECL not credit impaired	15,086	(22,233)	7,147	–
Transfer from lifetime ECL credit impaired	11,442	2,045	(13,487)	–
Net (reversal)/charge for the year	(527)	17,258	252,627	269,358
Write-offs	–	–	(157,452)	(157,452)
Balance as at December 31, 2024	90,150	38,394	223,581	352,125

(d) The movement in the allowance for impairment charge for expected credit on loans and advances/losses for the year ended December 31, is as follows:

⃁ '000	Note	2025	2024
Impairment charge for expected credit losses on loans and advances, net	7 (c)	1,381,343	1,287,934
Recoveries of written off loans		(407,346)	(144,035)
Total charge for the year		973,997	**1,143,899**

(e) The movement in the allowance for impairment charge/(reversal) for investments financial assets and others for the year ended December 31, is as follows:

⃁ '000	Note	2025	2024
Impairment reversal on due from banks, net	5	(5)	(284)
Impairment charge on off statement of financial position, net	21	7,005	25,609
Impairment charge on amortized cost, net	6 (f)	2,970	702
Impairment charge on FVOCI, net	6 (f)	4,609	10,141
Impairment charge/(reversal) on other assets, net		54	(400)
Total charge for the year		14,633	35,768

(f) Loans and advances include finance lease receivables (Ijarah products), which are analyzed as follows:

⃁ '000	2025	2024
Gross receivable from finance leases		
Less than 1 year	2,904,157	2,230,014
1 to 3 years	5,560,003	4,530,501
3 to 5 years	6,460,431	5,431,335
More than 5 years	1,974,666	2,229,853
Unearned future finance income on finance lease	(1,759,619)	(1,169,866)
Net receivable from finance leases	15,139,638	13,251,837
Allowance for impairment	(186,393)	(86,559)
Total	14,953,245	13,165,278

08. Investment in associate, net

⃁ '000	2025	2024
Balance at January 01	9,695	9,695
Share of earnings	–	–
Allowance for impairment	–	–
Balance as at December 31	9,695	9,695

Investment in associate represents 20% shareholding in Banque BEMO Saudi Fransi incorporated in Syria.

The carrying amount of BEMO Syria remains impaired due to geopolitical restrictions in its operating region. No indicators of reversal have been identified as of 31 December 2025. Management continues to monitor geopolitical developments impacting recoverability.

The Group's share of Banque Bemo Saudi Fransi - Syria financial statements:

	Banque Bemo Saudi Fransi – Syria	
⃁ '000	2025	2024
Total assets	460,894	480,166
Total liabilities	466,578	373,274
Total equity	(5,684)	106,892
Total income	(5,068)	35,492
Total expenses	(159,479)	(30,757)

09. Property, equipment and right of use assets, net

Property and equipment

⃁ '000	Land and buildings	Leasehold improvements	Furniture, equipment and vehicles	Computer and Software	Total
Cost					
Balance as at January 01, 2024	736,711	154,926	368,723	1,342,174	2,602,534
Additions during the year	16,250	59,727	50,452	345,597	472,026
Disposals and retirements	–	–	(883)	(937)	(1,820)
Balance as at December 31, 2024	752,961	214,653	418,292	1,686,834	3,072,740
Additions during the year	8,358	35,635	37,014	321,355	402,362
Disposals and retirements	(84,860)	(96)	(4,998)	(2,986)	(92,940)
Balance as at December 31, 2025	676,459	250,192	450,308	2,005,203	3,382,162
Accumulated depreciation and impairment losses					
Balance as at January 01, 2024	377,487	88,345	259,087	463,106	1,188,025
Depreciation and amortization charge	22,303	17,727	27,121	141,256	208,407
Disposals and retirements	–	–	(845)	(918)	(1,763)
Balance as at December 31, 2024	399,790	106,072	285,363	603,444	1,394,669
Depreciation and amortization charge	20,827	28,513	31,201	167,267	247,808
Disposals and retirements	(45,685)	–	(4,069)	(2,950)	(52,704)
Balance as at December 31, 2025	374,932	134,585	312,495	767,761	1,589,773
Net book value					
As at December 31, 2025	301,527	115,607	137,813	1,237,442	1,792,389
As at December 31, 2024	353,171	108,581	132,929	1,083,390	1,678,071

Property and equipment as at December 31, 2025 include work in progress amounting to ⃁ 523 million (2024: ⃁ 544 million). Computer and software include software having a net book value of ⃁ 1,190 million (2024: ⃁ 1,005 million).

Right-of-use assets

⃁ '000	2025		
	Land and Building	Furniture, equipment and vehicles	Total
Balance at January 01	605,688	35,046	640,734
Additions during the year	303,924	(3,624)	300,300
Disposals and retirements	(103,659)	(1,140)	(104,799)
Depreciation and amortization	(69,177)	(15,041)	(84,218)
Balance as at December 31, 2025	736,776	15,241	752,017

⃁ '000	2024		
	Land and Building	Furniture, equipment and vehicles	Total
Balance at January 01	556,061	67,661	623,722
Additions during the year	135,199	–	135,199
Disposals and retirements	(13,302)	(14,079)	(27,381)
Depreciation and amortization	(72,270)	(18,536)	(90,806)
Balance as at December 31, 2024	605,688	35,046	640,734

The following table shows the net book value of property, equipment and right of use assets:

⃁ '000	2025	2024
Net book value		
Property and equipment	1,792,389	1,678,071
Right-of-use assets	752,017	640,734
Total	2,544,406	2,318,805

The following table shows depreciation and amortization of property, equipment and right of use assets:

⃁ '000	2025	2024
Depreciation and amortization		
Property and equipment	247,808	208,407
Right-of-use assets	84,218	90,806
Total	332,026	299,213

10. Other assets, net

⃁ '000	2025	2024
Accounts receivable	1,062,528	1,342,945
Collateral posted on derivatives and repo margin	2,048,188	2,404,064
Others	336,845	271,523
Total	3,447,561	4,018,532

The Group maintains an ECL provision amounting to ⃁ 0.1 million (2024: ⃁ 0.1 million) for the exposure related to other assets which are classified under 12 months ECL.

11. Derivatives

In the ordinary course of business, the Group utilizes the following derivative financial instruments for both trading and hedging purposes:

(a) Swaps

Swaps are commitments to exchange one set of cash flows for another. For commission rate swaps, counterparties generally exchange fixed and floating rate commission payments in a single currency without exchanging principal. For currency rate swaps, fixed and floating commission payments and principal are exchanged in different currencies.

(b) Forwards and futures

Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customized contracts transacted in the over the counter market. Foreign currency and commission rate futures are transacted in standardized amounts on regulated exchanges and changes in futures contract values are settled daily.

(c) Forward rate agreements

Forward rate agreements are individually negotiated commission rate contracts that call for a cash settlement for the difference between a contracted commission rate and the market rate on a specified future date, on a notional principal for an agreed period of time.

(d) Options

Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

Held for trading purposes

Most of the Group's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers, Banks and other financial institutions in order, inter alia, to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favorable movements in prices, rates or indices. Arbitrage involves identifying, with the expectation of profiting from price differentials between markets or products. The Group also holds structured derivative which are fully back to back in accordance with the Group's risk management strategy.

Held for hedging purposes

The Group has adopted a comprehensive system for the measurement and the management of risk. Part of the risk management process involves managing the Group's exposure to fluctuations in foreign exchange and commission rates to reduce its exposure to currency and commission rate risks to an acceptable level as determined by the Board of Directors in accordance with the guidelines issued by SAMA.

The Board of Directors have established the levels of currency risk by setting limits on counterparty and currency position exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. The Board of Directors have also established the level of commission rate risk by setting commission rate sensitivity limits. Commission rate exposure in terms of the sensitivity is reviewed on a periodic basis and hedging strategies are used to reduce the exposure within the established limits.

As part of its asset and liability management the Group uses derivatives for hedging purposes in order to adjust its own exposure to currency and commission rate risks. This is generally achieved by hedging specific transactions as well as strategic hedging against overall consolidated statement of financial position exposures. Strategic hedging does not qualify for special hedge accounting and the related derivatives are accounted for as held for trading.

The Group uses forward foreign exchange contracts and currency rate swaps to hedge against currency risks. In addition, the Group uses commission rate swaps and commission rate futures to hedge against the commission rate risk arising from specifically identified fixed commission rate exposures.

The Group also uses commission rate swaps to hedge against the cash flow risk arising on certain floating rate exposures. In all such cases, the hedging relationship and objective, including details of the hedged items and hedging instrument are formally documented and the transactions are accounted for as fair value or cash flow hedges.

Cash flow hedges

The Group is exposed to variability in future special commission income cash flows on non-trading assets and liabilities which bear variable commission rate. The Group uses commission rate swaps as cash flow hedges of these commission rate risks. Also, as a result of firm commitments in foreign currencies, such as its issued foreign currency debt, the Group is exposed to foreign exchange and commission rate risks which are hedged with cross currency commission rate swaps. Below is the schedule indicating as at December 31, the periods when the hedged cash flows are expected to occur and when they are expected to affect profit or loss:

⃁ '000	Within 1 year	1-3 years	3-5 years	Over 5 years
2025				
Cash inflows (assets)	974,662	1,199,824	99,642	–
Cash out flows (liabilities)	(1,132,578)	(1,106,067)	(34,347)	–
Net cash (outflow)/inflow	(157,916)	93,757	65,295	–
2024				
Cash inflows (assets)	1,151,792	1,684,536	589,500	–
Cash out flows (liabilities)	(1,555,521)	(1,666,759)	(382,025)	–
Net cash outflow/inflow	(403,729)	17,777	207,475	–

The net loss on cash flow hedges transferred to the consolidated statement of income during the year was as follows:

⃁ '000	2025	2024
Special commission income	1,059,891	1,213,966
Special commission expense	1,644,730	2,074,960
Net loss on cash flow hedges transferred to consolidated statement of income	584,839	860,994

The following tables show the positive and negative fair values of derivative financial instruments held, together with their notional amounts analyzed by the term to maturity and monthly average. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year end, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Bank's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor to market risk. The net hedging loss from cash flow hedge strategy related to loans and advances amounting to ⃁ 469 million (2024: ⃁ 812 million) and investments amounting to ⃁ 42 million (2024: ⃁ 49 million) and currency swap amounting to ⃁ 74 million (2024: ⃁ Nil million).

Derivative financial instruments ⃁ '000	Positive fair value	Negative fair value	Notional amounts by term to maturity				
			Notional amount total	Within 3 months	3-12 months	1-5 years	Over 5 years
2025							
Held for trading							
Commission rate swaps	3,698,131	3,873,087	279,446,119	14,757,325	36,496,607	145,345,711	82,846,476
Commission rate futures and options	41,241	41,241	6,662,882	1,080,000	603,632	4,979,250	–
Forward foreign exchange contracts and currency swaps	31,537	101,121	16,566,414	4,955,189	5,963,423	5,247,802	400,000
Currency options	2,366	2,366	1,561,932	111,763	140,575	1,309,594	–
Others	86,721	86,722	2,637,379	1,361,923	489,359	786,097	–
Held as fair value hedges							
Commission rate swaps	174,069	52,046	18,610,250	–	–	16,543,750	2,066,500
Held as cash flow hedges							
Commission rate swaps	404,156	92,025	25,013,000	3,087,500	6,505,000	15,420,500	–
Foreign currency swap	25,878	3,079	29,058,273	16,957,600	12,100,673	–	–
Total	4,464,099	4,251,687	379,556,249	42,311,300	62,299,269	189,632,704	85,312,976

Derivative financial instruments ⃁ '000	Positive fair value	Negative fair value	Notional amounts by term to maturity				
			Notional amount total	Within 3 months	3-12 months	1-5 years	Over 5 years
2024							
Held for trading							
Commission rate swaps	5,199,731	5,372,363	266,091,409	16,898,902	30,365,700	140,465,195	78,361,612
Commission rate futures and options	92,940	92,940	8,815,881	960,199	892,800	6,962,882	–
Forward foreign exchange contracts and currency swaps	105,016	112,685	20,681,986	14,674,234	3,703,839	2,303,913	–
Currency options	21,930	21,930	1,680,017	25,800	80,782	1,573,435	–
Others	26,161	26,161	1,486,432	478,816	615,016	392,600	–
Held as fair value hedges							
Commission rate swaps	–	137,469	13,575,000	–	200,000	11,375,000	2,000,000
Held as cash flow hedges							
Commission rate swaps	245,803	454,874	31,238,250	875,000	5,350,250	25,013,000	–
Total	5,691,581	6,218,422	343,568,975	33,912,951	41,208,387	188,086,025	80,361,612

Derivative portfolio include Shariah based derivatives with notional amount of ⃁ 29,768 million (2024: ⃁ 32,771 million).

The following table shows a summary of hedged items, the nature of the risk being hedged, the hedging instrument and its fair value.

⃁ '000 Description of hedged items	Fair value of hedge instrument	Hedge inception value	Risk	Hedging instrument	Positive fair value	Negative fair value
2025						
Floating commission rate investments	1,079,751	1,092,000	Cash flow	Commission rate swap	–	12,249
Floating commission rate loans	24,245,380	23,921,000	Cash flow	Commission rate swap	404,156	79,776
Foreign currency debt securities	29,081,072	29,058,273	Cash flow	Currency swap	25,878	3,079
Fixed commission rate investments	2,225,484	2,266,500	Fair value	Commission rate swap	111	41,127
Fixed commission rate debt securities	16,506,789	16,343,750	Fair value	Commission rate swap	173,958	10,919
2024						
Floating commission rate investments	1,064,935	1,092,000	Cash flow	Commission rate swap	–	27,065
Floating commission rate loans	29,964,244	30,146,250	Cash flow	Commission rate swap	245,803	427,809
Fixed commission rate investments	3,865,512	3,875,000	Fair value	Commission rate swap	–	9,488
Fixed commission rate debt securities	9,572,019	9,700,000	Fair value	Commission rate swap	–	127,981

⃁ '000	Carrying amount of hedge items		Cumulative amount of fair value adjustments on the hedge items	
Micro fair value hedge	Assets	Liabilities	Assets	Liabilities
2025				
Fixed commission rate investments	2,307,516	–	41,016	–
Fixed commission rate debt securities	–	16,506,789	–	163,039
2024				
Fixed commission rate investments	3,884,488	–	9,488	–
Fixed commission rate debt securities	–	9,572,019	–	(127,981)

The below table sets out the outcome of the Bank's hedging strategy for micro fair value hedge.

⃁ '000	Gain/(losses) attributable to the hedge risk		Hedge ineffectiveness
Micro fair value hedge	Hedge Items	Hedging instruments	
2025			
Fixed commission rate investments	41,016	(41,016)	–
Fixed commission rate debt securities	(163,039)	163,039	–
2024			
Fixed commission rate investments	9,488	(9,488)	–
Fixed commission rate debt securities	127,981	(127,981)	–

The Bank has posted ⃁ 1,960 million (2024: ⃁ 2,304 million) and received ⃁ 1,089 million (2024: ⃁ 746 million) collaterals under Credit Support Annex (CSA) agreements and European Market Infrastructure Regulation (EMIR).

The Bank does not have ineffective portion of hedges that have been transferred to consolidated statement of income during 2025 and 2024.

The Bank has calculated the Credit Valuation Adjustment (CVA) based on an internal model to derive the difference between the risk-free portfolio and the true portfolio value that takes into account the possibility of a counterparty's default. CVA represents the market value of the counterparty credit risk. CVA is an adjustment to the fair value (or price) of derivative instruments to account for counterparty credit risk (CCR). Thus, CVA is viewed as the price of CCR. This price depends on counterparty credit spreads as well as on the market risk factors that drive derivatives' values and, therefore, exposure.

The Bank, as part of its derivative management activities, has entered into a master agreement in accordance with the International Swaps and Derivative Association (ISDA) directives.

Under this agreement, the terms and conditions for derivative products purchased or sold by the Group are unified. As part of the master agreement, a credit support annex (CSA) has also been signed. The CSA allows the Group to receive improved pricing by way of exchange of mark to market amounts in cash as collateral whether in favor of the Bank or the counter party.

For commission rate swaps entered into with European counterparties, the Bank and the European counterparty both comply with the European Market Infrastructure Regulation (EMIR). EMIR is a body of European legislation for the central clearing and regulation of Over the Counter (OTC) derivatives. The regulation includes requirements for reporting of derivatives contracts and implementation of risk management standards, and establishes common rules for central counterparties and trade repositories. Accordingly, all such standardized OTC derivatives contracts are traded on exchanges and cleared through a Central Counter Party (CCP) through netting arrangements and exchanges of cash to reduce counter party credit and liquidity risk.

12. Due to Saudi Central Bank

⃁ '000	2025	2024
Current Account	9,136	–
Deposit	3,975,251	2,367,279
Repos	995,625	7,984,110
Government grant	–	2,143,403
Modification impact, net	–	(2,076)
Total	4,980,012	12,492,716

The government grants that the bank received from SAMA have matured during 2025.

13. Due to banks and other financial institutions

⃁ '000	2025	2024
Current accounts	460,851	417,407
Money market deposits	1,494,628	8,791,786
Repos	5,949,121	10,604,950
Total	7,904,600	19,814,143

Due to banks and other financial institutions include Islamic related products of ⃁ 15 million (2024: ⃁ 2,114 million).

14. Customers' deposits

⃁ '000	2025	2024
Demand	79,122,868	80,365,630
Saving	864,568	976,105
Time	111,338,983	98,059,257
Other	3,892,670	5,717,187
Total	195,219,089	185,118,179

Other customers' deposits include ⃁ 2,675 million (2024: ⃁ 2,935 million) related to margins held for irrevocable commitments.

Time deposits include Shariah approved customer deposits as below:

⃁ '000	2025	2024
Murabaha and other Islamic deposit	56,799,924	48,536,341
Total	56,799,924	48,536,341

Customers' deposits include foreign currency deposits as follows:

⃁ '000	2025	2024
Demand	8,129,837	7,442,010
Saving	27,611	26,908
Time	16,195,636	16,005,042
Other	665,095	1,025,845
Total	25,018,179	24,499,805

Foreign currency deposits mainly include deposits in USD amounting to ⃁ 22,534 million (2024: ⃁ 21,335 million)

15. Debt securities and term loans

During 2022 the Bank has established a USD 4 Billion Euro Medium term Note (MTN) Programme. The issuer under the programme is BSF Finance Limited, operating as a special purpose entity for the guarantor Banque Saudi Fransi.

In 2023 the Bank established a USD 4 Billion Trust Certificate Issuance Programme. The issuer under the programme is BSF Sukuk Company, which operates as a special purpose entity for the guarantor Banque Saudi Fransi.

During Q2 2025 the Bank has established a USD 4 Billion Certificate of Deposit Programme. The issuer under the programme is Banque Saudi Fransi.

Debt Securities and term loans issued and outstanding under the Bank's EMTN and Trust Certificate programs include:

Issue Date	Type	Market	Tenure	Currency	Value	Term	Maturity
Nov 23, 2022	Bond	London stock exchange	5 Years	USD	700 Million	5.5% Semi Annual	Nov 23 2027
May 31 2023	Sukuk	London stock exchange	5 years	USD	900 Million	4.75% Semi Annual	May 31 2028
Jul 18 2023	Sukuk	Private placement	4 years	USD	100 Million	5.47% Semi Annual	Jul 18 2027
Nov 09 2023	Bond	Private placement	3 years	USD	50 Million	SOFR + 115 bps Quarterly	Nov 09 2026
Jan 25 2024	Sukuk	London stock exchange	5 years	USD	700 Million	5.00% Semi Annual	Jan 25 2029
Feb 29 2024	Bond	Private placement	7 years	USD	30 Million	SOFR + 155 bps Quarterly	Feb 28 2031
Mar 26 2024	Term loan facility	Bilateral Loan	3 Years	USD	250 Million	SOFR + 90 bps Quarterly	Mar 26 2027
Apr 30 2024	Bond	Private placement	7 years	USD	20 Million	SOFR + 145 bps Quarterly	Apr 30 2031
May 01 2024	Bond	Private placement	7 years	USD	20 Million	SOFR + 145 bps Quarterly	May 01 2031
May 09 2024	Bond	Private placement	5 years	USD	50 Million	SOFR + 120 bps Quarterly	May 09 2029
May 16 2024	Bond	Private placement	5 years	USD	20 Million	SOFR + 116 bps Quarterly	May 16 2029
Nov 20 2024	Term loan facility	Syndicated facility – International FI Lenders	5 years	USD	750 Million	SOFR + 100 bps Quarterly	Nov 20 2029
Dec 12 2024	Bond	Private placement	5 Years	USD	15 Million	SOFR + 130 bps Quarterly	Dec 12 2029
Jan 21 2025	Sukuk	London stock exchange	5 years	USD	750 Million	5.375% Semi Annual	Jan 21 2030
Feb 13 2025	Bond	Private placement	5 years	USD	55 Million	5.218% Semi Annual	Dec 13 2029
Feb 13 2025	Bond	Private placement	5 years	USD	20 Million	5.218% Semi Annual	Dec 13 2029
Mar 10 2025	Bond	Private placement	7 Years	USD	20 Million	SOFR +150 bps Quarterly	Mar 10 2032
Mar 19 2025	Term Loan facility	Bilateral Loan	3 Years	⃁	1,500 million	SAIBOR 3M +45 bps Quarterly	Mar 19 2028
Jun 04 2025	Bond	Private placement	7 Years	USD	20 Million	SOFR + 150 bps Quarterly	Jun 04 2032
Jul 17 2025	Term loan facility	Syndicated facility – International FI Lenders	5 years	USD	1,000 Million	SOFR + 95 bps Quarterly	Jul 17 2030
Sep 03 2025	Tier II	London stock exchange	5 years	USD	1,000 Million	5.761% Semi Annual	Sep 03 2030
Oct 02 2025	Bond	Private placement	2 Years	USD	50 Million	SOFR + 78 bps Quarterly	Oct 02 2027
Oct 22 2025	Term loan facility	Syndicated facility – International FI Lenders	3 years	USD	750 Million	SOFR + 65 bps Quarterly	Oct 22 2028
Nov 13 2025	Bond	Private placement	5 Years	USD	25 Million	SOFR + 120 bps Quarterly	Nov 13 2030
Dec 16 2025	Bond	Private placement	1 Years	⃁	1,000 Million	5.18% Annual	Dec 01 2026

Summary of the outstanding Debt securities and term loans:

⃁ '000	2025	2024
Debt instruments and term loans	30,249,673	15,518,054
Certificate of deposit	8,627,272	–
Balance at the end of the year	38,876,945	15,518,054

Movement of the debt securities and term loans during the year is as follows:

⃁ '000	2025	2024
Balance at beginning of the year	15,518,054	8,634,026
Debt securities and term loans issued	30,210,205	6,956,250
Debt securities and term loans payment	(7,295,687)	–
Other adjustments	444,373	(72,222)
Balance at the end of the year	38,876,945	15,518,054

16. Other liabilities

⃁ '000	2025	2024
Accounts payable and accrued expenses	3,026,531	3,480,802
Collateral received on derivatives	1,096,916	745,910
Lease liability	699,281	674,767
ECL provision on off statement of financial position items	228,715	221,710
Others	2,062,572	1,883,957
Total	7,114,015	7,007,146

Maturity profile of lease liability:

⃁ '000	2025	2024
Less than 1 year	7,136	364
Greater than 1 year	692,145	674,403
Total	699,281	674,767

17. Share capital

The authorised, issued and fully paid share capital of the Bank consists of 2,500 million shares of ⃁ 10 each (December 31, 2024: 2,500 million shares of ⃁ 10 each).

On May 30, 2024 the Board of Directors of the Bank recommended to increase the Capital of the Bank by Granting Bonus Shares to the Shareholders by issuing 1.0740740325 share for every 1 share owned. Subsequently, the Extraordinary General Assembly resolved on December 23, 2024 to increase the share capital from ⃁ 12,053 million to ⃁ 25,000 million by transferring an amount of ⃁ 7,946 million from Retained earnings and ⃁ 5,000 million from Statutory reserve to Share capital account.

The Bank obtained approvals from the Saudi Central Bank (SAMA), Capital Market Authority (CMA) and Tadawul to increase share capital and updated its commercial registration (CR) to reflect the increase in share capital by ⃁ 12,946 million.

The ownership of the Bank's share capital is as follows:

	2025 %	2024 %
Saudi shareholders	85.37	88.86
Foreign shareholders	14.63	11.14
Total	100	100

18. Statutory and general reserve

In accordance with the Banking Control Law in Saudi Arabia and the By-Laws of the Bank, a minimum of 25% of the annual net income is required to be transferred to statutory reserve until this reserve equals the paid up capital of the Bank. Accordingly, ⃁ 1,338 million (2024: ⃁ 1,136 million) has been transferred from the net income for the year to the statutory reserve. The statutory reserve is not available for cash distribution.

The Bank had appropriated ⃁ 983 million to general reserve from retained earnings in the prior years.

19. Other reserves

⃁ '000	Cash Flow Hedges	FVOCI Investments	Actuarial Gains/(Losses) on Defined Benefit Plans	Total
2025				
Balance at January 01 (restated)	(608,556)	(19,921)	26,537	(601,940)
Net change in fair value	(18,765)	854,062	–	835,297
Transfer to consolidated statement of income	584,839	(117,987)	–	466,852
Impairment charge for expected credit losses	–	4,610	–	4,610
Actuarial gain on defined benefit plans	–	–	44,092	44,092
Net movement during the year	566,074	740,685	44,092	1,350,851
Balance as at December 31, 2025	(42,482)	720,764	70,629	748,911
2024				
Balance at January 01 (restated)	(795,882)	(102,723)	6,418	(892,187)
Net change in fair value	(673,668)	166,306	–	(507,362)
Transfer to consolidated statement of income	860,994	(93,645)	–	767,349
Impairment reversal for expected credit losses	–	10,141	–	10,141
Actuarial loss on defined benefit plans	–	–	20,119	20,119
Net movement during the year	187,326	82,802	20,119	290,247
Balance as at December 31, 2024	(608,556)	(19,921)	26,537	(601,940)

Other reserves represent the net unrealized revaluation gains/(losses) of cash flow hedges, FVOCI and actuarial gains/losses on defined benefit plans. These reserves are not available for distribution.

20. Tier I Capital

During Q3 2024, the Bank through a Shariah compliant arrangement issued Tier I Sukuk (the "Sukuk"), amounting to ⃁ 3 billion under its ⃁ 8 billion Tier I Sukuk Programme established in Q1 2024. The issuance was approved by the regulatory authorities and the Board of Directors of the Bank. The applicable profit rate is 6.0% per annum from date of issue up to 2029 and is subjected to reset every 5 years.

During Q2 2025, the Bank issued USD 650 million Additional Tier I Capital as part of its USD 3 billion Additional Tier I Capital Note Program established in Q3 2024, the issuer under the program is Banque Saudi Fransi. The applicable profit rate is 6.375% per annum from date of issue up to 2030.

During Q4 2025 the Bank exercised the call option on its existing Tier I Sukuk (the "Sukuk") which was issued in 2020, amounting to ⃁ 5 billion.

During Q4 2025, the Bank through a Shariah compliant arrangement issued Tier I Sukuk (the "Sukuk"), amounting to ⃁ 2.5 billion under its ⃁ 8 billion Tier I Sukuk Programme established in Q1 2024. The issuance was approved by the regulatory authorities and the Board of Directors of the Bank. The applicable profit rate is 6.4% per annum from date of issue up to 2030 and is subjected to reset every 5 years.

These Sukuk are perpetual securities in respect of which there is no fixed redemption dates and represents an undivided ownership interest of the Sukuk-holders in the Sukuk assets, with each Sakk constituting an unsecured, conditional and subordinated obligation of the Bank classified under equity. However, the Bank shall have the exclusive right to redeem or call the Sukuk in a specific period of time, subject to the terms and conditions stipulated in the Sukuk Agreement.

The applicable profit on the Sukuk is payable quarterly in arrears on each periodic distribution date, except upon the occurrence of a non-payment event or non-payment election by the Bank, whereby the Bank may at its sole discretion (subject to certain terms and conditions) elect not to make any distributions. Such non-payment event or non-payment election are not considered to be events of default and the amounts not paid thereof shall not be cumulative or compound with any future distributions.

21. Commitments and contingencies

(a) Legal proceedings

As at December 31, 2025, there were 55 (2024: 52) legal proceedings outstanding against the Group. The Group has made adequate provision against these legal cases. The related legal advice indicates that it is unlikely that any significant loss will arise. As at December 31, 2025, the Group maintains a legal provision amounting to ⃁ 3 million (2024: ⃁ 14 million) for legal proceedings outstanding against the Group

(b) Capital commitments

As at December 31, 2025 the Group had capital commitments of ⃁ 363 million (2024: ⃁ 827 million) in respect of property and equipment purchases..

(c) Credit related commitments and contingencies

The primary purpose of these instruments is to ensure that funds are available to a customer as required.

Guarantees and standby letters of credit, which represent irrecoverable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans and advances. Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement.

Documentary letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are generally collateralised by the underlying shipments of goods to which they relate, and therefore have significantly less risk.

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be presented before being reimbursed by the customers.

Commitments to extend credit represent the unused portion of authorizations to extend credit, principally in the form of loans and advances, guarantees and letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of loss, which cannot readily be quantified, is expected to be considerably less than the total unused commitment as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The total outstanding commitments to extend credit do not necessarily represent future cash requirements, as many of these commitments could expire or terminate without being funded.

(i) The contractual maturity structure for the Group's commitments and contingencies that are payable on demand subject to the terms and conditions are as follows:

SAR '000	Within 3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
2025					
Letters of credit	7,278,327	2,455,806	430,972	233,476	10,398,581
Letters of guarantee	15,450,341	22,923,338	14,540,516	496,469	53,410,664
Acceptances	2,284,126	1,113,038	14,443	–	3,411,607
Irrevocable commitments to extend credit	7,385,212	433,794	5,261,748	–	13,080,754
Total	32,398,006	26,925,976	20,247,679	729,945	80,301,606
2024					
Letters of credit	7,232,309	2,935,709	415,125	330,901	10,914,044
Letters of guarantee	12,634,464	21,629,671	15,918,375	893,185	51,075,695
Acceptances	1,709,654	1,282,558	24,330	–	3,016,542
Irrevocable commitments to extend credit	459,431	2,336,396	14,082,439	–	16,878,266
Total	22,035,858	28,184,334	30,440,269	1,224,086	81,884,547

In addition to the commitments disclosed above the outstanding unused portion of non-firm commitments which can be revoked unilaterally at any time by the Group was ⃁ 82,899 million (2024: ⃁ 83,662 million).

Commitment and contingencies balance related to Shariah based products were ⃁ 25,399 million (2024: ⃁ 22,590 million).

(ii) The analysis of commitments and contingencies by counterparty is as follows:

⃁ '000	2025	2024
Government and quasi government	690	690
Corporate	70,745,115	73,452,196
Banks and other financial institutions	9,539,242	6,906,727
Other	16,559	1,524,934
Total	80,301,606	81,884,547

(iii) The following table shows the ECL stages movement in off statement of financial position:

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	76,702,102	4,202,611	979,834	81,884,547
Transfer from 12-month ECL	(2,536,140)	2,337,022	199,118	–
Transfer from lifetime ECL not credit impaired	1,146,678	(1,320,977)	174,299	–
Transfer from lifetime ECL credit impaired	9,441	3,021	(12,462)	–
Net change for the year	77,345	(1,379,914)	(280,372)	(1,582,941)
Write-offs	–	–	–	–
Balance as at December 31, 2025	75,399,426	3,841,763	1,060,417	80,301,606

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	66,547,335	3,057,887	1,126,015	70,731,237
Transfer from 12-month ECL	(1,587,517)	1,575,253	12,264	–
Transfer from lifetime ECL not credit impaired	472,622	(545,267)	72,645	–
Transfer from lifetime ECL credit impaired	750	108	(858)	–
Net change for the year	11,268,912	114,630	(230,232)	11,153,310
Write-offs	–	–	–	–
Balance as at December 31, 2024	76,702,102	4,202,611	979,834	81,884,547

(iv) Movement of ECL provision on off statement of financial position:

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	50,011	23,836	147,863	221,710
Transfer from 12-month ECL	(4,190)	3,949	241	–
Transfer from lifetime ECL not credit impaired	5,131	(5,548)	417	–
Transfer from lifetime ECL credit impaired	–	–	–	–
Net (reversal)/charge for the year	(2,707)	10,498	(786)	7,005
Write-offs	–	–	–	–
Balance as at December 31, 2025	48,245	32,735	147,735	228,715

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Balance at January 01	14,639	6,637	174,825	196,101
Transfer from 12-month ECL	(404)	404	–	–
Transfer from lifetime ECL not credit impaired	135	(222)	87	–
Transfer from lifetime ECL credit impaired	–	–	–	–
Net charge/(reversal) for the year	35,641	17,017	(27,049)	25,609
Write-offs	–	–	–	–
Balance as at December 31, 2024	50,011	23,836	147,863	221,710

(d) Assets pledged

Securities pledged under repurchase agreements with other banks are government bonds and other non-government bonds. Other non-government bonds are also pledged under repurchase agreements. Assets pledged as collateral with other financial institutions for security are as follows:

⃁ '000	2025		2024	
	Assets	Related liabilities	Assets	Related liabilities
FVOCI	6,030,849	5,915,129	9,355,606	9,388,818
Amortised cost	1,008,347	988,180	9,287,138	9,118,296
Total	7,039,196	6,903,309	18,642,744	18,507,114

22. Special commission income and expense

⃁ '000	2025	2024
Special commission income		
Loans and advances		
– Overdraft and Commercial Loans	11,661,492	11,415,602
– Consumer Loans and Credit Cards	2,580,708	1,998,301
	14,242,200	13,413,903
Investments		
– FVOCI	1,650,597	1,204,301
– Amortised Cost	1,140,636	1,149,225
	2,791,233	2,353,526
Due from Saudi Central Bank, banks and other financial institutions	525,089	604,537
Total	17,558,522	16,371,966
Special commission expense		
Customers' deposits	5,841,389	6,268,646
Due to Saudi Central Bank, banks and other financial institutions	1,386,188	1,356,866
Debt securities and term loans	1,639,041	863,071
Total	8,866,618	8,488,583
Net special commission income	8,691,904	7,883,383

Fee amortization of ⃁ 500 million (2024: ⃁ 373 million) has been included in Special commission income being integral part of the effective interest rate on financial assets.

Net Special commission income related to Islamic related products were ⃁ 7,598 million (2024: ⃁ 6,707 million).

23. Fees and commission income, net

⃁ '000	2025	2024
Fees and commission income		
– Share trading, brokerage, fund management and corporate finance	427,809	412,496
– Trade finance	532,785	507,223
– Card products	506,696	480,996
– Other banking services	200,342	249,988
Total fees and commission income	1,667,632	1,650,703
Fees and commission expense		
– Share trading and brokerage	40,186	58,834
– Card products	593,399	555,299
– Other banking services	78,107	64,357
Total fees and commission expense	711,692	678,490
Fees and commission income, net	955,940	972,213

Unamortized balance of commission received in advance ⃁ 909 million (2024: ⃁ 803 million) out of which loan processing fees will be recognized in special commission income..

24. Trading income, net

⃁ '000	2025	2024
Derivatives, net	114,705	(57,695)
Securities, net	110,929	333,386
Total	225,634	275,691

25. Other operating income

⃁ '000	2025	2024
Gain on disposal of property and equipment	36,182	177
Other	263	529
Total	36,445	706

26. Other operating and general and administrative expenses

⃁ '000	2025	2024
Non-claimable tax and penalties	92,654	68,783
Repair and maintenance, utilities and IT cost	318,827	328,686
Insurance and legal cost	33,511	71,628
Professional and consultancy fees	236,849	219,304
Communication, publication and advertisement charges	308,352	261,855
Stationery and supplies	10,607	8,814
Travel and entertainment	25,038	19,595
Deposit protection fund premium	65,761	63,971
Others and other operating expenses	188,360	108,856
Total	1,279,959	1,151,492

Auditor's remuneration

⃁ '000	2025	2024
Audit fee of the Bank	7,183	5,770
Audit fee of the subsidiaries	1,305	1,404
Fee for other certification of the Bank	823	1,403
Fee for other certification of the subsidiaries	191	120
Total	9,502	8,697

27. Basic and diluted earnings per share

Basic and diluted earnings per share for the years ended December 31, 2025 and 2024 are calculated on a weighted average basis by dividing the net income adjusted for Tier I Capital costs for the year by 2,500 million shares million after excluding treasury shares consisting of 24.4 million shares as of December 31, 2025 (December 31, 2024: 19.7 million shares).

28. Interim and final net dividend

The Board of Directors have proposed final net dividend of ⃁ 1,295 million (2024: ⃁ 1,246 million) i.e. ⃁ 0.52 (2024: ⃁ 0.50) net per share for the year which is subject to the approval of the shareholders at the Annual General Assembly Meeting and the regulatory agencies. The Board of Directors has declared interim net dividend of ⃁ 1,374 million (2024: ⃁ 1,200 million) i.e. ⃁ 0.55 (2024: ⃁ 1.00) net per share..

⃁ '000	2025	2024
Interim net dividend	1,374,290	1,199,541
Final proposed net dividend	1,294,696	1,245,666
Total	2,668,986	2,445,207

29. Zakat

Zakat, Tax and Customs Authority ("ZATCA") issued new zakat regulations through Ministerial Decree No. 2215 dated Rajab 07, 1440H corresponding to March 14, 2019, which provides the new basis for the calculation of Zakat for companies engaged in financing activities and licensed by SAMA. The Bank has calculated zakat in accordance with the regulation.

The Bank filed its 2024 Zakat return under the new Zakat Regulations issued by Ministerial Decree No. 2215 and obtained the corresponding Zakat certificate. The Bank filed its Zakat returns up to the year ended December 31, 2024. ZATCA has finalized the review of the Zakat returns up to the year 2024.

Zakat for the year amounted to ⃁ 636 million (2024: ⃁ 526 million).

Zakat Reconciliation

⃁ '000	2025	2024
Zakat provision for the current year	617,467	522,647
Shortage provision for the prior years	18,127	2,608
Zakat charge for the current year	635,594	525,255

As of the reporting date, Pillar Two legislation (OECD – global minimum tax framework) has been enacted in certain jurisdictions in which the Group operates; however there is no impact from top-up taxes for the current reporting period in line with Undertaxed Profit Rule (UTPR) relief.

The Group will continue to monitor developments in the local and international tax reforms for Pillar Two income taxes.

30. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following:

⃁ '000	2025	2024
Cash and balances with Saudi Central Bank excluding statutory deposit (note 4)	849,676	983,343
Due from banks and other financial institutions with a maturity of three months or less from the date of acquisition	1,807,422	2,046,185
Total	2,657,098	3,029,528

Due from banks and other financial institutions maturing after three months from the date of acquisition were ⃁ 2,010 million (2024: ⃁ 2,970 million).

31. Employees compensation practices

	2025				
⃁ '000 Categories of employees	Number of Employees	Fixed Compensation	Variable Compensation	Total Compensation	Forms of Payment
Senior management	18	45,137	42,929	88,066	Cash
Employees engaged in risk taking activities	378	282,626	146,195	428,821	Cash
Employees engaged in control functions	435	158,847	34,540	193,387	Cash
Other employees	2,289	599,367	132,566	731,933	Cash
Outsourced employees	612	77,288	49,168	126,456	Cash
Total	3,732	1,163,265	405,398	1,568,663	

	2024				
⃁ '000 Categories of employees	Number of Employees	Fixed Compensation	Variable Compensation	Total Compensation	Forms of Payment
Senior management	19	42,501	38,170	80,671	Cash/shares
Employees engaged in risk taking activities	370	262,269	111,774	374,043	Cash/shares
Employees engaged in control functions	417	163,720	29,305	193,025	Cash/shares
Other employees	2,250	638,059	126,244	764,303	Cash/shares
Outsourced employees	643	96,981	25,127	122,108	Cash
Total	3,699	1,203,530	330,620	1,534,150	

Number of employees represents only the closing balance.

⃁ '000	2025	2024
Total compensation	1,568,663	1,534,150
Other employee related costs	307,187	349,097
Total salaries and employee related costs	1,875,850	1,883,247

The above table includes deferred variable compensation of ⃁ 59.9 million (2024:⃁ 46.2 million).

Senior management:

This comprises the functions, roles and responsibilities entrusted to those positions who take, propose and implement strategic decisions and manage the Banks' business processes including senior management positions that requires SAMA's non-objection for appointment.

Employees engaged in risk taking activities:

This comprises managerial staff within the business lines (Corporate, Retail, Treasury and Investment banking and Brokerage), who are responsible for executing and implementing the business strategy on behalf of the Group. This includes those involved in recommending and evaluating credit limits and credit worthiness, pricing of loans, undertaking and executing business proposals, treasury dealing activities, investment management and brokerage services.

Employees engaged in control functions:

This refers to employees working in functions that have a responsibility independent from management to provide objective assessment, reporting and/or assurance including: (Risk Management, Compliance, Internal Audit).

Outsourced employees:

This refers to employees who undertake certain job roles within the Group, through an arrangement with a third-party service provider, where the employees would remain under the sponsorship of the third-party service provider, and where the employees would be under BSF's direct supervision, control and management.

Other employees:

This includes all other employees of the Group, excluding those already reported under the above categories.

Salient Features of Banque Saudi Fransi's Remuneration Policy

Governance of Remuneration

As per SAMA Banks remuneration rules, human resources together with the control functions of the Bank (Risk Management, Compliance, Internal Audit) participate in the design of the remuneration system, as initial "Recommenders", to effectively delineate how remuneration tools address misconduct risk or other imprudent risk-taking behaviours. Furthermore, Risk Management is involved in the review of the remuneration system to ensure that an adequate risk-based remuneration practice is in place, and to assess its adequacy and effectiveness as an integral part of the Bank's risk management framework.

Additionally, an Incentives Oversight Committee (IOC) has been formed, which includes the Chief Human Capital Officer, Chief Risk Officer, Chief Compliance Officer, Chief Strategy and Finance Officer, Chief Legal, Governance and ESG Officer, Corporate Secretary and the Chief Audit Executive. The IOC is a management-level committee, which meets on a quarterly basis to provide internal governance on and ensure that all incentive plans are properly balanced for risk and reflective of BSF's compensation philosophy, strategic objectives and business unit goals, and shares its recommendations with the Nomination and Remuneration Committee (NRC).

The Board of Directors (the Board) of the Bank is responsible for the overall design and oversight of the remuneration system which promotes prudent risk-taking behaviours and business practices and accordingly has not delegated this responsibility to senior management. The Board also ensures that an annual review of the remuneration (internally through Internal Audit or externally commissioned by a recognized firm) is carried out independently and without the intervention of senior management, where the review assesses the Bank's compliance with SAMA Banks Remuneration Rules and any relevant laws, regulations, principles and standards, as well as the Bank's internal policies that are prepared according to SAMA Banks Remuneration Rules. The Board takes into account the results of such a review when making decisions related to remuneration.

The Board is ultimately responsible for promoting effective governance, sound remuneration practices, ethical behaviour and compliance with laws, regulations, and internal conduct standards, and for ensuring accountability for misconduct; in addition to the following:

(a) Overseeing and holding senior management accountable for implementing and participating in the design of the remuneration system that effectively delineates how remuneration tools address misconduct risk or other imprudent risk-taking behaviour.

(b) Engaging actively with senior management, including challenging senior management's remuneration assessments and recommendations if warranted when serious or recurring misconduct occurs and ensure that root cause analysis is performed, lessons learned are promulgated bank-wide and new policies are adopted, as necessary, to prevent it from happening again.

The Board reviews, and if satisfies, approves the remunerations of the senior management based on the recommendations of the Nomination and Remuneration Committee (NRC).

The General Assembly, upon the proposal of the Board, lays down the terms of reference of the Nomination and Remuneration Committee (NRC), which includes its work controls, responsibilities, procedures for appointing committee members, their membership duration and remuneration, which includes, on a summarized fashion, the following:

Nomination and Remuneration Committee (NRC):

Purpose of the NRC

The NRC represents and assists the Board of Directors (the Board) of Banque Saudi Fransi (the Bank) in fulfilling its oversight responsibilities relating to:

(I) Identifying and recommending nominees for selection as executive, non-executive and independent directors of the Board and external committee members;

(II) Determining the incentives system and approving the compensations in accordance with SAMA's rules, applicable laws and regulations; and

(III) Review Human Resources functions and activities in line with the "Nomination & Remuneration Committee (NRC) Charter".

The NRC, upon the proposal of the CEO, lays down the terms of reference of the Incentives Oversight Committee (IOC), which is a management-level committee that meets on a quarterly basis to provide internal governance on and ensure that all incentive plans are properly balanced for risk and reflective of BSF's compensation philosophy, strategic objectives and business unit goals. Incentive-related changes, once vetted by the IOC, are further recommended by the IOC to the NRC and then the Board of Directors, in line with the DoA. The IOC's membership, authority and terms of reference, are summarized as follows:

Incentives Oversight Committee (IOC):

Authority and Purpose of the IOC

- The IOC ensures that all incentive plans are properly balanced for risk and reflective of the Bank's compensation philosophy, policy, strategic objectives and incentive system as determined by the NRC and business unit goals;
- The IOC is responsible for making recommendations to the NRC on all changes to the existing incentive plans in the Bank as well as the addition or removal of any incentive plan. The Board is ultimately responsible for the approval of all incentive plans in the Bank which will be based on the recommendation of the NRC;
- The IOC is responsible for establishing the processes for incentive plan administration and payments; and
- The IOC monitors incentive plan results against a set defined KPI's on a quarterly basis and alerts management in case of potential disconnects between performance results and planned incentive payments.

Banque Saudi Fransi's Remuneration Policy – Remuneration Philosophy and Principles

Banque Saudi Fransi's remuneration philosophy is centered around 4 key remuneration principles, which in turn are aligned to the Bank's overall strategic direction to support its achievement in the short, medium and long-term. These four (4) remuneration principles underpin the design and execution of the Bank's remuneration policy and practices:

1st Remuneration Principle: Pay for Performance:

The Bank's policy ensures, through fixed and variable forms of remuneration, the recognition of high performance and the differentiation between varying levels of performance at the Bank's different levels: individual, group/division and bank-wide, based on the seniority of the role within the Bank, whilst also ensuring the independency of the control functions.

2nd Remuneration Principle: Flexibility:

The Bank's remuneration policy is flexible enough in order to facilitate an internal job market, and flexible enough in order to cater to the evolving requirements of the Bank in an evolving banking industry.

3rd Remuneration Principle: Competitiveness:

The Bank monitors market trends closely and reviews its remuneration against a selected peer group of organizations. This is to ensure that the Bank remains able to attract, engage and retain the required talent.

4th Remuneration Principle: Risk Alignment:

The Bank's remuneration policy ensures that the correct risk mitigation measures are applied, such as variable compensation deferral and clawback arrangements, as appropriate.

Banque Saudi Fransi's Remuneration Policy – Remuneration Structure and Review

It is Banque Saudi Fransi's philosophy to provide competitive compensation and benefits packages to attract, motivate and retain a high performing employee workforce.

Banque Saudi Fransi's remuneration structure comprises of the following three (3) components:

Fixed Remuneration:

Which comprises of the basic salary and cash allowances i.e housing allowance, transportation allowance and other consolidated allowances (Ramadan, December and Travel allowances).

Variable Remuneration:

which is performance-based and comprises of the annual performance bonus plan, incentive plan, and the long-term incentive plan; and

Benefits:

which comprises of the various monetary and non-monetary benefits provided by Banque Saudi Fransi, such as the saving plan, medical insurance, life/disability insurance, among other types benefits.

Banque Saudi Fransi frequently assesses the extent to which its remuneration levels are competitive in the marketplace. Thus, and as the Bank deems appropriate, an annual review of local and international markets to collect relevant benchmarks is conducted, while taking into account the following:

- The Bank's competitive compensation strategy and relevant competitive trends;
- Changes in the Bank's human resources or compensation approaches;
- The Bank's profitability and general affordability;
- Segmentation of the Bank's talent pool; and
- Market volatility and demand (e.g., inflation rate).

In conducting the annual review of remuneration benchmarks, the Bank seeks the support of multiple reputable external vendors to conduct the compensation and benefits surveys and analyse the results.

Banque Saudi Fransi's Remuneration Policy – Fixed Remuneration

The Bank strives to achieve internal and external equity with respect to the fixed remuneration of all employees through the implementation of a fixed remuneration structure.

Banque Saudi Fransi's Remuneration Policy – Job-based Allowances

The Bank provides a number of job-based allowances which are linked to the nature of the job, which include, but not limited to cash handling allowance and shift allowance.

Banque Saudi Fransi's Remuneration Policy – Performance Based Variable Remuneration

Banque Saudi Fransi strives to provide all full-time employees in the Bank with opportunities to earn variable remuneration.

Variable remuneration is based on performance which is in turn is measured at various levels, according to the nature and the seniority of the job role: performance at the bank-level, group/division/team-level and, lastly, individual level.

Banque Saudi Fransi's utilizes different forms of variable remuneration to attract, incentivize, compensate and retain strong performing employees. Performance based variable remuneration comes in the following forms:

Incentive Plan

Incentive Plans are designed to drive sales/debt collection & recovery, but are also designed to ensure that the right behaviours are also reinforced, and high-risk activities are minimized or mitigated.

Annual Bonus Plan

The bonus pool (or funding) takes into account the net income of the Bank, where the size of the bonus pool relatively grows in successful years, and is reduced in unsuccessful years where the Bank fails to meet its net income target.

The bonus pool's distribution takes into account the job role, individual performance, group/division performance, and bank-wide performance.

The bonuses of employees classified as Senior Management or Material Risk Takers (MRTs) shall also be subject to Bonus Deferral, where at least 40% of the annual performance bonus is deferred over 3 years, and where the deferred amounts are converted to BSF Shares. Deferred bonuses are released in a phased manner, where a third of the deferred amount is released each subsequent year following the bonus cycle.

Long Term Retention Plan

The Long Term Retention Plan (LTRP) aims to enhance the Bank's ability to attract, retain and motivate qualified members of the executive and senior management, as well as key and high potential employees, and to advance the interests of the shareholders of the bank by providing these employees with equity ownership opportunities.

The bank's LTRP is a form of restricted stock plan, where selected participants are allocated BSF shares that are subject to a number of vesting conditions, including a minimum share retention period of 3 years (the shares' vesting period) and are also subject to the employee's continuous employment.

The LTRP is an annual rolling plan and nominations and allocations take place annually.

LTRP awards are based on a grant value, in Saudi Arabian Riyal (⃁), which is determined by the NRC and defined for each participant based on the employee's seniority or grade. The value (in ⃁) is then converted to BSF shares based on the average bank share price over the preceding 3 months prior to the LTRP's award date.

Banque Saudi Fransi's Remuneration Policy – Alignment of Remuneration to Misconduct Risk and Other Risks

The overall objective of Banque Saudi Fransi's remuneration system is focused on promoting effective risk management and the financial soundness and stability of the bank. Accordingly:

- The Bank's remuneration system encourages effective governance, sound remuneration practices, ethical behavior and compliance with laws, regulations, and internal conduct standards, and employees are held accountable for ensuring that their own conduct is consistent with the Bank's values and standards.

- The type and total amount paid in performance-based variable remuneration reflects the time horizon of the risk involved.
- The balance between fixed remuneration and variable remuneration (in other words, the 'pay mix' or proportion of variable remuneration to fixed remuneration) varies according to the nature of business carried out, the type of role and the seniority of the role within the Bank.
- The Bank, in line with its delegation of authority, retains the option to pay executive level employees a portion of their total remuneration through a form of Long Term Retention Plan (LTRP) in order to ensure that a significant portion of the total remuneration is linked to the long-term performance of the Bank.
- The Bank ensures that a substantial portion (at least 40%) of the variable remuneration should be in shares or share-linked instruments where these proportions should increase significantly along with the level of seniority and/or responsibility. For the most senior managers and the most highly paid, the percentage of variable remuneration should be substantially higher of at least above 60% (inclusive of both the Annual Performance Bonus, and the Long-term Retention Plan) is subject to deferral with a minimum vesting period of not less than three years.
- The proportion of variable remuneration to be deferred, its form (which shall be in shares), and the vesting period are determined based on the nature of the business, its risks and the seniority and activities of the concerned senior and executive employee or material risk-takers (MRT's), and in line with SAMA Banks Remuneration Rules.

Human resources together with the control functions of the Bank (Risk Management, Compliance, Internal Audit) participate in remuneration decision-making, as to ensure effective remuneration incentives in addressing misconduct risk or other imprudent risk-taking behaviours.

The amounts recognized in the consolidated statement of financial position and movement in the obligation during the year based on its present value are as follows:

⃁ '000	2025	2024
Defined benefit obligation at the beginning of the year	519,923	539,406
Current service cost charge for the year	53,036	54,946
Interest cost	27,904	27,741
Benefits paid	(84,977)	(82,051)
Unrecognized actuarial gain	(44,092)	(20,119)
Defined benefit obligation at the end of the year	471,794	519,923

⃁ '000	2025	2024
Charge for the year		
Current service cost	53,036	54,946
Interest cost	27,904	27,741
Total	80,940	82,687

Principal actuarial assumptions (in respect of the employee benefit scheme)	2025	2024
Discount rate	5.9% p.a	5.6% p.a
Expected rate of salary increase	4.0% p.a	4.0% p.a
Normal retirement age	65 years	60 years

Assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience in the region.

Sensitivity of actuarial assumptions

The table below illustrates the sensitivity of the Defined Benefit Obligation valuation as at December 31, 2025 and 2024 to the discount rate, salary escalation rate, withdrawal assumptions and mortality rates.

⃁ '000	2025	2024
Discount rate – decrease by 0.5%	503,999	546,862
Future salary growth – increase by 0.5%	502,351	547,105
Retirement age – increase by one year	463,890	512,312

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit liability as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions are correlated. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Group makes contributions for a defined contribution retirement benefit plan to the General Organization for Social Insurance in respect of its employees. The total amount expensed during the year in respect of this plan was ⃁ 80 million (2024:⃁ 75 million).

Expected maturity analysis of discounted defined benefit obligation for the end of service plan is as follows:

⃁ '000	2025	2024
Below 1 year	28,259	38,204
Above 1 year	443,535	481,719
Total	471,794	519,923

32. Operating segments

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's Board of Directors in its function as chief decision maker in order to allocate resources to the segments and to assess its performance.

Transactions between operating segments are approved by the management as per agreed terms and are reported according to the Group's internal transfer pricing policy. These terms are in line with normal commercial terms and conditions. The revenue from external parties report to the Board is measured in a manner consistent with that in the consolidated statement of income.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss. The Group's primary business is conducted in the Kingdom of Saudi Arabia.

(a) The Group's reportable segments under IFRS 8 are as follows:

Retail Banking – incorporates private and small establishment customers' demand accounts, overdrafts, loans, saving accounts, deposits, credit and debit cards, consumer loans, certain forex products and auto leasing.

Corporate Banking – incorporates corporate and medium establishment customers' demand accounts, deposits, overdrafts, loans and other credit facilities and derivative products.

Treasury – incorporates treasury services, trading activities, investment securities, money market, Bank's funding operations and derivative products.

Investment banking and brokerage – Investment management services and asset management activities related to dealing, managing, arranging, advising and custody of securities, retail investments products, corporate finance and international and local shares brokerage services and insurance.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit as included in the internal management reports that are reviewed by chief decision maker. Segment profit is used to measure performance, as the management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Group's total assets and liabilities as at December 31, 2025 and 2024, its total operating income and expenses and its net income attributable to equity holders of the Group for the years then ended by operating segments, are as follows:

⃁ '000 Categories of employees	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
2025					
Total assets	61,446,604	154,717,337	89,433,642	3,408,203	309,005,786
Loans and advances, net	59,854,171	153,249,174	–	1,787,918	214,891,263
Total liabilities	73,055,525	125,994,054	57,691,267	1,605,502	258,346,348
Customers' deposits	71,023,505	124,195,584	–	–	195,219,089
Total operating income	3,028,939	5,465,121	1,332,429	710,275	10,536,764
Total operating expenses before impairment charge	1,934,610	888,309	424,967	311,235	3,559,121
Impairment charges for financial assets, net	237,991	744,540	6,068	31	988,630
Net income for the year before zakat	856,338	3,832,272	901,394	399,009	5,989,013
Net special commission income	2,992,989	4,875,419	583,106	240,390	8,691,904
Fees and commission income, net	(14,007)	590,787	(8,463)	387,623	955,940
Exchange income, net	49,041	(1,085)	437,629	–	485,585
Trading income, net	–	–	161,713	63,921	225,634
Inter-segment revenue	501,077	(1,612,101)	1,111,024	–	–
Depreciation and amortization	218,147	76,322	31,373	6,184	332,026
2024 (restated)					
Total assets	53,007,714	153,956,271	83,628,111	2,714,462	293,306,558
Loans and advances, net	50,971,106	151,428,320	–	1,768,849	204,168,275
Total liabilities	66,658,784	120,746,974	57,868,729	894,173	246,168,660
Customers' deposits	65,735,151	119,383,028	–	–	185,118,179
Total operating income	4,032,079	4,949,779	126,701	549,120	9,657,679
Total operating expenses before impairment charge	1,863,426	891,879	389,821	263,560	3,408,686
Impairment charges for financial assets, net	249,745	920,193	9,729	–	1,179,667
Net income for the year before zakat	1,918,908	3,137,707	(272,849)	285,560	5,069,326
Net special commission income	3,875,552	4,416,212	(575,629)	167,248	7,883,383
Fees and commission income, net	96,326	522,223	–	353,664	972,213
Exchange income, net	60,202	11,343	410,558	–	482,103
Trading income, net	–	–	269,556	6,135	275,691
Inter-segment revenue	3,196,946	2,274,889	(5,471,835)	–	–
Depreciation and amortization	204,924	58,738	28,630	6,921	299,213

(b) The Group's credit exposure by operating segments is as follows:

⃁ '000	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
2025					
Statement of financial position assets	59,943,122	154,380,400	80,158,018	2,999,463	297,481,003
Commitments and contingencies	282,087	44,984,859	–	–	45,266,946
Derivatives	–	–	6,230,370	–	6,230,370
2024					
Statement of financial position assets	51,045,580	152,063,154	73,843,182	2,577,194	279,529,110
Commitments and contingencies	312,739	44,908,924	–	–	45,221,663
Derivatives	–	–	6,391,566	–	6,391,566

Credit exposure comprises the carrying value of statement of financial position assets excluding cash, property and equipment, positive fair value of derivative, other assets & other real estate. The credit equivalent value of commitments, contingencies and derivatives are included in credit exposure.

33. Financial Risk Management

Credit Risk

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has appointed the Board Risk Committee, which has the responsibility to monitor the overall risk process within the Group.

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

The Risk Committee is responsible for managing risk decisions and monitoring risk levels and reports to the Supervisory Board.

The Group manages exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities. There is also credit risk in off statement of financial position financial instruments, such as loan commitments.

The Group assesses the probability of default of counterparties using internal rating tools with an overlay of credit assessment, where necessary. In addition, the Group also uses external ratings from major rating agencies where available.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Group's risk management policies are designed to identify, to set appropriate risk limits and to monitor the risks and adherence to limits. Actual exposures against limits are monitored daily. In addition to monitoring credit limits, the Group manages the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances, and limiting the duration of exposure. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk. The Group's credit risk for derivatives represents the potential cost to replace the derivative contracts if counterparties fail to fulfill their obligation, and to control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations of credit risk indicate relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

The Group seeks to manage its credit risk exposure through diversification of lending activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or business. It also takes collateral/security when appropriate. The Group also seeks additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

The Group regularly reviews its risk management policies and systems to reflect changes in market conditions and emerging best practice.

The debt securities included in the investment portfolio are mainly sovereign risk. For analysis of investments by counterparty and the details of the composition of investments, and loans and advances, refer to notes 6 and 7, respectively. Information on credit risk relating to derivative instruments is provided in note 11 and for commitments and contingencies in note 21. The information on Groups maximum credit exposure by business segment is given in note 32.

The Group's internal credit rating grades:

Rating Grade	Description	PD
Performing		
A+	Exceptional	0.01%
A	Excellent	0.02%
B+	Very Good	0.04%
B	Good	0.07%
C+	Very Satisfactory	0.30%
C	Satisfactory	0.60%
C-	Fairly Satisfactory	0.80%
D+	Pass	1.35%
D	Mediocre	2.46%
D-	Very Mediocre	4.89%
E+	Weak	9.47%
E	Special Mention	17.55%
E-	Special Mention	25.19%
Non-Performing		
F	Standard	100.00%
Z	Doubtful	100.00%
Y	Loss	100.00%

Geographical concentration

(a) The distribution by geographical region for major categories of assets, liabilities, commitments and contingencies and credit exposure of derivatives is as follows:

⃁ '000	Saudi Arabia	Middle East	Europe	North America	Other Countries	Total
2025						
Assets						
Cash and balances with Saudi Central Bank						
Cash in hand	760,882	9,328	41,436	38,030	–	849,676
Balances with Saudi Central Bank	10,081,570	–	–	–	–	10,081,570
Due from banks and other financial institutions, net						
Current account	–	205,460	357,777	1,150,936	93,249	1,807,422
Money market placements	1,159,843	202,092	546,043	–	101,372	2,009,350
Investments, net						
Held as FVSI	150,649	–	–	–	–	150,649
FVOCI	29,439,596	4,798,191	3,071,535	1,367,116	734,257	39,410,695
Investments held at amortised cost	29,120,359	–	–	–	–	29,120,359
Investment in associate, net	–	9,695	–	–	–	9,695
Positive fair value of derivatives						
Held for trading	1,355,248	5,086	2,435,509	64,153	–	3,859,996
Held as fair value hedges	–	–	174,069	–	–	174,069
Held as cash flow hedges	63,087	1750	337,766	27,431	–	430,034
Loans and advances, net						
Overdraft and commercial loans	169,174,457	936,021	297,510	–	–	170,407,988
Credit cards	941,848	5	3	–	–	941,856
Consumer loans	43,541,419	–	–	–	–	43,541,419
Property, equipment and right of use assets, net	2,539,536	–	4,870	–	–	2,544,406
Other assets and other real estate, net	1,694,848	10,800	1,766,615	160,587	33,752	3,666,602
Total assets	290,023,342	6,178,428	9,033,133	2,808,253	962,630	309,005,786

⃁ '000	Saudi Arabia	Middle East	Europe	North America	Other Countries	Total
2025						
Liabilities						
Due to Saudi Central Bank, banks and other financial institutions						
Current accounts	9,136	239,599	41,789	2,933	176,530	469,987
Money market deposits	5,295,972	2,277,069	3,895,082	–	946,502	12,414,625
Customers' deposits						
Demand	78,883,831	68,765	13,825	31	156,416	79,122,868
Saving	864,568	–	–	–	–	864,568
Time	111,317,303	20,102	–	–	1,578	111,338,983
Other	3,885,730	1,019	5,921	–	–	3,892,670
Negative fair value of derivatives						
Held for trading	653,772	326,386	3,062,834	61,469	76	4,104,537
Held as fair value hedges	–	–	52,046	–	–	52,046
Held as cash flow hedges	6,769	682	76,175	11,478	–	95,104
Debt securities and term loans	1,508,486	188,870	18,489,138	17,115,210	1,575,241	38,876,945
Other liabilities	5,755,242	2,288	1,338,297	18,188	–	7,114,015
Total liabilities	208,180,809	3,124,780	26,975,107	17,209,309	2,856,343	258,346,348
Commitments and contingencies						
Letters of credit	8,540,066	192,442	1,100,867	171,078	394,128	10,398,581
Letters of guarantee	47,190,670	1,697,471	3,909,542	232,300	380,681	53,410,664
Acceptances	3,401,226	6,177	–	–	4,204	3,411,607
Irrevocable commitments to extend credit	13,080,754	–	–	–	–	13,080,754
Total	72,212,716	1,896,090	5,010,409	403,378	779,013	80,301,606
Maximum Credit exposure (stated at credit equivalent amounts)						
Derivatives	3,652,141	120,122	2,279,595	178,512	–	6,230,370
Total	3,652,141	120,122	2,279,595	178,512	–	6,230,370
Commitments and contingencies exposure						
Letters of credit	4,342,631	43,558	220,173	34,216	78,826	4,719,404
Letters of guarantee	28,599,870	984,598	2,005,343	116,150	197,672	31,903,633
Acceptances	3,401,226	6,177	–	–	4,204	3,411,607
Irrevocable commitments to extend credit	5,232,302	–	–	–	–	5,232,302
Total	41,576,029	1,034,333	2,225,516	150,366	280,702	45,266,946

⃁ '000	Saudi Arabia	Middle East	Europe	North America	Other Countries	Total
2024 (restated)						
Assets						
Cash and balances with Saudi Central Bank						
Cash in hand	864,257	5,754	4,123	–	–	874,134
Balances with Saudi Central Bank	10,046,472	–	–	–	–	10,046,472
Due from banks and other financial institutions, net						
Current account	–	116,465	655,435	946,123	308,573	2,026,596
Money market placements	1,436,673	1,173,802	84,060	–	294,679	2,989,214
Investments, net						
Held as FVSI	357,912	–	–	–	–	357,912
FVOCI	21,334,234	5,532,757	2,663,673	2,855,470	397,543	32,783,677
Investments held at amortised cost	27,678,165	–	–	–	–	27,678,165
Investment in associate, net	–	9,695	–	–	–	9,695
Positive fair value of derivatives						
Held for trading	1,548,955	2,256	3,787,670	106,897	–	5,445,778
Held as fair value hedges	–	–	–	–	–	–
Held as cash flow hedges	31,748	–	205,576	8,479	–	245,803
Loans and advances, net						
Overdraft and commercial loans	165,189,064	999,923	281,222	–	–	166,470,209
Credit cards	704,534	7	–	2	–	704,543
Consumer loans	36,993,523	–	–	–	–	36,993,523
Property, equipment and right of use assets, net	2,318,805	–	–	–	–	2,318,805
Other assets and other real estate, net	2,158,718	9,789	1,902,739	270,597	20,189	4,362,032
Total assets	270,663,060	7,850,448	9,584,498	4,187,568	1,020,984	293,306,558

⃁ '000	Saudi Arabia	Middle East	Europe	North America	Other Countries	Total
2024						
Liabilities						
Due to Saudi Central Bank, banks and other financial institutions						
Current accounts	26,106	204,678	54,882	120,736	11,005	417,407
Money market deposits	16,123,508	7,016,317	7,158,783	–	1,590,844	31,889,452
Customers' deposits						
Demand	80,169,350	61,977	15,659	34	118,610	80,365,630
Saving	976,105	–	–	–	–	976,105
Time	97,548,832	510,425	–	–	–	98,059,257
Other	5,673,982	26,661	16,544	–	–	5,717,187
Negative fair value of derivatives						
Held for trading	995,727	249,537	4,314,033	66,782	–	5,626,079
Held as fair value hedges	–	–	137,469	–	–	137,469
Held as cash flow hedges	105,868	–	299,562	49,444	–	454,874
Debt securities and term loans	–	2,060,819	3,198,379	9,324,718	934,138	15,518,054
Other liabilities	5,970,593	2,925	1,001,323	32,257	48	7,007,146
Total liabilities	207,590,071	10,133,339	16,196,634	9,593,971	2,654,645	246,168,660
Commitments and contingencies						
Letters of credit	10,184,446	118,830	248,820	307,748	54,200	10,914,044
Letters of guarantee	46,267,820	987,772	3,282,962	191,797	345,344	51,075,695
Acceptances	2,966,718	49,824	–	–	–	3,016,542
Irrevocable commitments to extend credit	16,878,266	–	–	–	–	16,878,266
Total	76,297,250	1,156,426	3,531,782	499,545	399,544	81,884,547
Maximum Credit exposure (stated at credit equivalent amounts)						
Derivatives	3,795,113	53,124	2,401,837	141,492	–	6,391,566
Total	3,795,113	53,124	2,401,837	141,492	–	6,391,566
Commitments and contingencies exposure						
Letters of credit	4,911,346	23,766	49,764	61,550	10,840	5,057,266
Letters of guarantee	27,916,283	526,360	1,678,004	95,898	180,003	30,396,548
Acceptances	2,966,718	49,824	–	–	–	3,016,542
Irrevocable commitments to extend credit	6,751,307	–	–	–	–	6,751,307
Total	42,545,654	599,950	1,727,768	157,448	190,843	45,221,663

(b) The distributions by geographical concentration of impaired loans and advances and impairment for credit losses are as follows:

⃁ '000	Saudi Arabia	
	2025	2024
Non-performing loans and advances, net		
Overdraft & Commercial Loans	1,724,240	1,637,925
Credit Cards	37,999	24,568
Consumer Loans	356,884	272,006
Total	2,119,123	1,934,499
Lifetime ECL credit impaired		
Overdraft & Commercial Loans	1,437,225	1,073,367
Credit Cards	34,439	24,773
Consumer Loans	314,586	223,581
Total	1,786,250	1,321,721

(c) Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortized cost, FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

1. Due from banks and other financial institutions

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Investment grade	3,798,065	–	–	3,798,065
Non-investment grade	2,099	17,224	–	19,323
Unrated	–	–	–	–
Carrying amount	3,800,164	17,224	–	3,817,388

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Investment grade	5,012,797	–	–	5,012,797
Non-investment grade	4	3,630	–	3,634
Unrated	–	–	–	–
Carrying amount	5,012,801	3,630	–	5,016,431

2. Loans and advances to customers at amortized cost

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Loans and advances to customers at amortized cost				
Very strong quality including sovereign (A+ to B)	35,815,010	–	–	35,815,010
Good quality (C+ to C)	62,568,284	3,602,453	–	66,170,737
Satisfactory quality (C- to E+)	61,147,108	5,842,928	–	66,990,036
Unrated (consumer loans and credit cards)	43,793,938	452,662	26,962	44,273,562
Special mention (E to E-)	–	2,915,843	387,580	3,303,423
Impaired	–	–	2,119,123	2,119,123
Carrying amount	203,324,340	12,813,886	2,533,665	218,671,891

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Loans and advances to customers at amortized cost				
Very strong quality including sovereign (A+ to B)	35,793,483	–	–	35,793,483
Good quality (C+ to C)	55,350,972	2,588,050	–	57,939,022
Satisfactory quality (C- to E+)	65,400,883	5,569,571	–	70,970,454
Unrated (consumer loans and credit cards)	37,317,833	324,954	15,390	37,658,177
Special mention (E to E-)	–	3,248,555	138,877	3,387,432
Impaired	–	–	1,934,499	1,934,499
Carrying amount	193,863,171	11,731,130	2,088,766	207,683,067

The following table sets out information about the credit quality of Loans and advances to customers at amortized cost on a product basis.

I. Overdraft & Commercial Loans

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Loans and advances to customers at amortized cost: Overdraft & Commercial Loans				
Very strong quality including sovereign (A+ to B)	35,815,010	–	–	35,815,010
Good quality (C+ to C)	62,568,284	3,602,453	–	66,170,737
Satisfactory quality (C- to E+)	61,147,108	5,842,928	–	66,990,036
Special mention (E to E-)	–	2,773,537	236,817	3,010,354
Impaired	–	–	1,724,240	1,724,240
Carrying amount	159,530,402	12,218,918	1,961,057	173,710,377

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Loans and advances to customers at amortized cost: Overdraft & Commercial Loans				
Very strong quality including sovereign (A+ to B)	35,793,483	–	–	35,793,483
Good quality (C+ to C)	55,350,972	2,588,050	–	57,939,022
Satisfactory quality (C- to E+)	65,400,883	5,569,571	–	70,970,454
Special mention (E to E-)	–	3,169,728	78,029	3,247,757
Impaired	–	–	1,637,925	1,637,925
Carrying amount	156,545,338	11,327,349	1,715,954	169,588,641

II. Credit Cards

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Loans and advances to customers at amortized cost: Credit Cards				
Unrated	911,348	25,044	871	937,263
Special mention	–	7,626	12,887	20,513
Impaired	–	–	37,999	37,999
Carrying amount	911,348	32,670	51,757	995,775

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Loans and advances to customers at amortized cost: Credit Cards				
Unrated	696,839	14,073	1,306	712,218
Special mention	–	2,415	9,577	11,992
Impaired	–	–	24,568	24,568
Carrying amount	696,839	16,488	35,451	748,778

III. Consumer Loans

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Loans and advances to customers at amortized cost: Consumer Loans				
Unrated	42,882,590	427,618	26,091	43,336,299
Special mention	–	134,680	137,876	272,556
Impaired	–	–	356,884	356,884
Carrying amount	42,882,590	562,298	520,851	43,965,739

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Loans and advances to customers at amortized cost: Consumer Loans				
Unrated	36,620,994	310,881	14,084	36,945,959
Special mention	–	76,412	51,271	127,683
Impaired	–	–	272,006	272,006
Carrying amount	36,620,994	387,293	337,361	37,345,648

Very strong quality: Capitalization, earnings, financial strength, liquidity, management, market reputation and repayment ability are excellent.

Good quality: Capitalization, earnings, financial strength, liquidity, management, market reputation and repayment ability are good.

Satisfactory quality: Facilities require regular monitoring due to financial risk factors. Ability to repay remains at a satisfactory level.

Special mention: Facilities require close attention of management due to deterioration in the borrowers' financial condition. However, repayment is currently protected.

3. Investments

Amortized cost

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Debt investment securities at amortized cost				
Investment grade	27,776,218	–	–	27,776,218
Unrated	1,364,124	–	–	1,364,124
Carrying amount	29,140,342	–	–	29,140,342

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Debt investment securities at amortized cost				
Investment grade	21,943,220	–	–	21,943,220
Unrated	5,751,958	–	–	5,751,958
Carrying amount	27,695,178	–	–	27,695,178

FVOCI

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Debt investment securities at FVOCI				
Investment grade	35,025,513	–	–	35,025,513
Unrated	2,278,585	–	–	2,278,585
Carrying amount	37,304,098	–	–	37,304,098

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Debt investment securities at FVOCI				
Investment grade	28,066,166	–	–	28,066,166
Unrated	2,826,856	–	–	2,826,856
Carrying amount	30,893,022	–	–	30,893,022

Investment grade refers to the external credit ratings of debt instruments with low default risk (from AAA to BBB-). The Group maintains an internal rating grades for customers who issued unrated securities (A+ to C).

The following table sets out the credit analysis for trading financial assets measured at FVSI.

⃁ '000	2025	2024
Investment securities		
Investment grade	145,797	357,912
Unrated	4,852	–
Total carrying amount	150,649	357,912

4. Commitment and contingencies

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Commitments and contingencies				
Very strong quality including sovereign (A+ to B)	25,777,735	–	–	25,777,735
Good quality (C+ to C)	29,070,243	207,777	–	29,278,020
Satisfactory quality (C- to E+)	20,551,448	2,641,187	–	23,192,635
Special mention (E to E-)	–	992,799	9,314	1,002,113
Impaired	–	–	1,051,103	1,051,103
Carrying amount	75,399,426	3,841,763	1,060,417	80,301,606

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Commitments and contingencies				
Very strong quality including sovereign (A+ to B)	22,561,823	–	–	22,561,823
Good quality (C+ to C)	27,876,355	185,146	–	28,061,501
Satisfactory quality (C- to E+)	26,263,924	3,147,065	–	29,410,989
Special mention (E to E-)	–	870,400	27,605	898,005
Impaired	–	–	952,229	952,229
Carrying amount	76,702,102	4,202,611	979,834	81,884,547

(d) Amounts arising from ECL – Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- change in significant increase in credit risk (SICR) from origination
- days past due count
- slippage in rating notches

The Group groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12 months ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the Lifetime ECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The Group records an allowance for the Lifetime ECL.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative factors like fall in ratings by one to five notches (depending on the portfolio) since credit origination along with qualitative factors, including a backstop based on delinquency.

Using its expert credit judgment and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

Such qualitative indicators include forbearance, covenant breaches and deterioration in credit quality of guarantors.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each corporate exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring of exposures involves use of the following data.

Corporate exposures	Retail exposures	All exposures
• Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality management, and senior management changes. • Data from credit reference agencies, press articles, changes in external credit ratings • Quoted bond and credit default swap (CDS) prices for the borrower where available • Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities	• Internally collected data and customer behavior – e.g. utilization of credit card facilities • Affordability metrics • External data from credit reference agencies including industry-standard credit scores	• Payment record – this includes overdue status as well as a range of variables about payment ratios • Utilization of the granted limit • Requests for and granting of forbearance • Existing and forecast changes in business, financial and economic conditions

I. Generating the term structure of PD

Credit Risk grades mapped to probabilities, Credit transition probabilities and Macroeconomic inputs determine the term structure of Probability of Default. The Group collects performance and default information about its credit risk exposures analyzed by type of product and borrower as well as by credit risk grading. For some portfolios, information derived from external credit reference agencies is also used.

The Group employs analytical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. Forward looking predictions of key macro-economic indicators e.g. GDP growth, inflation, unemployment or CDS spreads are translated analytically into the impact on Risk Factors, especially PD. For most of corporate portfolio exposures, key macro-economic indicators include: Government debt to GDP ratio, expectation of stock market return / volatility and interest rate forecast. While for retail portfolio, key macro-economic indicators include: unemployment rate, export of goods and services and banking claims on private sector.

Based on advice from the Group’s Classification and Impairment Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

II. Definition of ‘Default’

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the borrower, is classified as non performing, or is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding. In exceptional cases, this criteria may be rebutted based on reasonable and supportable information (e.g. administrative oversight, delay in receipt of receivables from entities with strong credit standing) after following a rigorous review and governance process.

In assessing whether a borrower is in default. The Group considers indicators that are:

- qualitative e.g. breaches of covenant;
- quantitative e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

III. Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognized and the renegotiated loan recognized as a new loan at fair value in accordance with the accounting policy.

The Group computes the gross carrying amounts using Cash flows for both the pre-modified Terms and post-modification terms with original Interest Rate as EIR. If the difference in the gross carrying amounts is significant, the asset will be de-recognised and will be re-recognised as POCI (assuming that the modification is being undertaken in connection with forbearance or a defaulted exposure).

When the terms of a financial asset are modified and the modification does not result in de-recognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- rating as at reporting date and the modified terms;
- rating at initial origination and the original contract terms

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect special commission income and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioral indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired/in default. After classification as credit-impaired, the customer should demonstrate good payment behavior for at least a period of twelve months, prior to being considered for upgrade.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities' to maximize collection opportunities and minimize the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms may include granting concession in interest rate and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Group Credit Committee regularly reviews reports on forbearance activities.

From a risk management point of view, once an asset is forborne or modified due to financial difficulties of the borrower, the Group's special department for distressed assets continues to monitor the exposure until it exits forbearance, i.e., it is either cured or completely and ultimately derecognised.

The table below includes Stage 2 and 3 corporate financial assets that were modified and, therefore, treated as forborne during the year, with the related modification loss suffered by the Group.

⃁ '000	2025	2024
Amortized cost of financial assets modified during the year	62,459	59,932
Net modification loss	(792)	(684)

The table below shows the gross carrying amount of previously modified corporate financial assets for which loss allowance has changed to 12 month ECL measurement during the year:

December 31, 2025	Post and Pre modification	
⃁ '000	Gross amount	ECL
Facilities that have cured and now measured as 12 months ECL (stage 1)	–	–
Facilities that reverted to (Stage 2 and 3) Life-Time ECL having once cured	–	–

Forbearance in retail financial assets does not have a material bearing on the consolidated financial statements.

iv. Incorporation of forward looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly by its view on the future evolving macroeconomic environment. Based on advice from Classification and Impairment Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom and selected private sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and losses. The values of macroeconomic variables under the three scenarios employed in ECL computation for the corporate portfolio are presented below. The other portfolios constitute a relatively smaller share of the ECL allowance.

Economic Indicators	2025
GDP - Oil Sector (⃁ billion)	Upside 1,329 Base case 1,298 Downside 1,223
Government Bond Yields 1 Year (%)	Upside 3.38 Base case 3.26 Downside 2.50
General Government Debt to GDP ratio (%)	Upside 35.56 Base case 37.58 Downside 44.15

Economic Indicators	2024
GDP - Oil Sector (⃁ billion)	Upside 1,265 Base case 1,227 Downside 1,133
Government Bond Yields 1 Year (%)	Upside 4.24 Base case 4.15 Downside 1.98
General Government Debt to GDP ratio (%)	Upside 27.82 Base case 29.85 Downside 38.62

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 10 to 15 years. The Group has used below base case near term forecast in its ECL model, which is based on updated information available as at the reporting date:

Economic Indicators	Forecast calendar years used in 2025 ECL model		
	2026	2027	2028
GDP - Oil Sector (⃁ billion)	1,298	1,307	1,318
Government Bond Yields 1 Year (%)	3.26	3.26	3.28
General Government Debt to GDP ratio (%)	37.58	38.66	39.80

Economic Indicators	Forecast calendar years used in 2024 ECL model		
	2025	2026	2027
GDP - Oil Sector (⃁ billion)	1,227	1,237	1,246
Government Bond Yields 1 Year (%)	4.15	3.27	3.21
General Government Debt to GDP ratio (%)	29.85	30.62	31.16

The Bank has reviewed the macroeconomic model used for ECL computation during 2025. Accordingly the model has been updated in line with the current risk management strategy which is also approved by the Board Risk Committee. The Bank has used the new macroeconomic model for ECL calculation for year end 2025.

The table below shows the ECL computed under each of the three different economic scenarios employed for credit provisioning under IFRS 9:

⃁ '000	Due from banks and other financial institutions	Debt instrument at AC	Debt instrument at FVOCI	Loans and advances	Off statement of financial position and others	Total
2025						
Most likely (base case)	616	19,983	32,178	3,777,828	228,846	4,059,451
More optimistic (upside)	616	19,983	32,178	3,768,777	228,725	4,050,279
More pessimistic (downside)	616	19,983	32,178	3,796,218	228,975	4,077,970
Closing provision	616	19,983	32,178	3,780,628	228,715	4,062,120
2024						
Most likely (base case)	621	17,013	27,569	3,511,495	221,016	3,777,714
More optimistic (upside)	621	17,013	27,569	3,470,776	220,109	3,736,088
More pessimistic (downside)	621	17,013	27,569	3,563,205	224,236	3,832,644
Closing provision	621	17,013	27,569	3,514,792	221,710	3,781,705

ECL is calculated as the probability-weighted amount after application of 40%, 30% and 30% weights to the outcome of Base Case, Upside and Downside scenarios respectively.

v. Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

a. probability of default (PD);

b. loss given default (LGD);

c. exposure at default (EAD).

These parameters are generally derived from internally developed statistical models, regulatory inputs (e.g. in case of LGD) and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on analytical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These analytical models are based on internally and externally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. PD's are estimated considering the contractual maturities of exposures.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset. The estimates are also sensitive to forward looking macroeconomic information.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts or Regulatory guidelines. For some financial assets, EAD is determined by modeling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options for indeterminate maturity products) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for retail overdrafts and credit card facilities that include both a loan and an undrawn commitment component, the Group measures ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Sensitivity of ECL allowance:

The table below illustrates the sensitivity of ECL to key factors used in determining it as at the year end:

Assumptions sensitized	
⃁ '000	ECL Impact 2025
Macro-economic factors:	
Decrease in GDP - Oil Sector by 5%	27,495
Decrease in General Government Debt to GDP ratio by 15%	27,277
Scenario weightages:	
Base scenario sensitized by +/- 5% with corresponding change in downside	926
Base scenario increase by +/- 5% with corresponding change in upside	459

Assumptions sensitized	
⃁ '000	ECL Impact 2024
Macro-economic factors:	
Decrease in GDP - Oil Sector by 5%	43,613
Decrease in General Government Debt to GDP ratio by 15%	35,784
Scenario weightages:	
Base scenario sensitized by +/- 5% with corresponding change in downside	2,746
Base scenario increase by +/- 5% with corresponding change in upside	2,081

Where modeling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk grading;
- collateral type;
- LTV (loan to value) ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The Grouping sector is subject to regular review to ensure that exposures within a particular Group remain appropriately homogeneous. For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data.

vi. Ageing of loans and advances (past due but not impaired)

⃁ '000	December 31, 2025			
	Overdraft & Commercial Loans	Credit Cards	Consumer Loans	Total
From 1 day to 30 days	658,773	38,444	1,521,018	2,218,235
From 31 days to 90 days	49,173	19,193	433,761	502,127
From 91 days to 180 days	462,976	–	–	462,976
More than 180 days	49	–	–	49
Loans and advances held at amortised cost	1,170,971	57,637	1,954,779	3,183,387

⃁ '000	December 31, 2024			
	Overdraft & Commercial Loans	Credit Cards	Consumer Loans	Total
From 1 day to 30 days	351,473	47,548	1,290,362	1,689,383
From 31 days to 90 days	49,049	9,288	283,698	342,035
From 91 days to 180 days	91,084	–	–	91,084
More than 180 days	757	–	–	757
Loans and advances held at amortised cost	492,363	56,836	1,574,060	2,123,259

In exceptional cases, financial assets past due more than 90 days are considered performing based on reasonable and supportable information (e.g. administrative oversight, delay in receipt of receivables from entities with strong credit standing) after following a rigorous review and governance process.

(e) Economic sector risk concentrations for the loans and advances and allowance for impairment losses are as follows:

⃁ '000	Performing	Non-Performing, net	Allowance for impairment losses	Loans and advances, net
2025				
Government and quasi Government	2,459,939	–	–	2,459,939
Banks and other financial institutions	3,907,757	–	(80,979)	3,826,778
Agriculture and fishing	3,781,589	6	(75,492)	3,706,103
Manufacturing	20,198,141	104,913	(500,853)	19,802,201
Mining and quarrying	3,024,106	–	(8,834)	3,015,272
Electricity, water, gas and health services	22,413,821	–	(43,269)	22,370,552
Building and construction	12,133,245	1,066,385	(1,016,323)	12,183,307
Commerce	38,030,472	381,071	(921,947)	37,489,596
Transportation and communication	5,292,012	3,443	(20,322)	5,275,133
Services	38,029,473	48,387	(405,328)	37,672,532
Consumer loans and credit cards	44,566,631	394,883	(478,239)	44,483,275
Others	22,715,582	120,035	(229,042)	22,606,575
Total	216,552,768	2,119,123	(3,780,628)	214,891,263
2024				
Government and quasi Government	–	–	–	–
Banks and other financial institutions	2,790,539	–	(20,165)	2,770,374
Agriculture and fishing	2,499,262	11	(75,857)	2,423,416
Manufacturing	21,357,854	458,297	(746,339)	21,069,812
Mining and quarrying	4,233,185	–	(17,778)	4,215,407
Electricity, water, gas and health services	19,635,445	–	(37,374)	19,598,071
Building and construction	17,311,172	634,891	(774,714)	17,171,349
Commerce	47,073,983	332,457	(919,520)	46,486,920
Transportation and communication	4,326,247	3,637	(28,537)	4,301,347
Services	26,967,008	52,317	(260,476)	26,758,849
Consumer loans and credit cards	37,797,852	296,575	(396,360)	37,698,067
Others	21,756,021	156,314	(237,672)	21,674,663
Total	205,748,568	1,934,499	(3,514,792)	204,168,275

(f) Collateral

The Group in the ordinary course of lending activities hold collaterals as security to mitigate credit risk in loans and advances. These collaterals mostly include time, demand, other cash deposits, financial guarantees, local and international equities, real estate and other fixed assets. The collaterals are held mainly against commercial and consumer loans and are managed against relevant exposures at their net realizable values. For financial assets that are credit impaired at the reporting period, quantitative information about the collateral held as security is needed to the extent that such collateral mitigates credit risk.

The amount of collateral held (excluding the effect of overcollateralization) as security for loans that are credit-impaired as at December 31, are as follows:

⃁ '000	2025	2024
Collateral coverage – less than 50%	1,574,628	1,424,467
Collateral coverage – 51% to 70%	95,460	46,744
Collateral coverage – more than 70%	449,035	463,288
Total	2,119,123	1,934,499

34. Market Risk

Market Risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in market variables such as Interest rates, Foreign Exchange rates and Equity prices. The Group classifies Market Risk exposures into either Trading or non-trading or Banking Book.

Market Risk within Trading & Banking Book is managed and monitored using various indicators such as Value at Risk Stress Testing and Sensitivities analysis:

(a) Market Risk – Trading book

The Board has set limits for the acceptable level of risks in managing the Trading Book. In order to manage the Market Risk in Trading Book, the Group applies on a daily basis a VaR (value at risk) methodology in order to assess the Market Risk positions held and also to estimate the potential economic loss based on a set of assumptions and changes in market conditions.

A VaR methodology estimates the potential negative change in market value of a portfolio at a given confidence level and over a specified time horizon. The Group uses simulation models to assess the possible changes in the market value of the trading book based on historical data. VaR models are usually designed to measure the market risk in a normal market environment and therefore the use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that the future movements will follow a statistical distribution.

The VaR that the Group measures is an estimate, using a confidence level of 99% of the potential loss that is not expected to be exceeded if the current market positions were to be held unchanged for one day. The use of 99% confidence level depicts that within a one-day horizon, losses exceeding VaR figure should occur, on average, not more than once every hundred days. A specific process of daily VaR back testing is performed to identify any exception.

The VaR represents the risk of portfolios at the close of a business day, and it does not account for any losses that may occur beyond the defined confidence interval. The actual trading results however, may differ from the VaR calculations and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions.

To overcome the VaR limitations mentioned above, the Group also carries out Stress tests of its portfolio to simulate conditions outside normal confidence intervals. The potential losses occurring under Stress test conditions are reported regularly to the Group's ALM and Market Risk committees for their review.

The Group's VaR related information for the year ended December 31, 2025 and 2024 are follows:

⃁ '000	Foreign Exchange Rate	Special Commission Rate Risk	Overall Trading
2025			
VaR as at December 31, 2025	639	2,335	2,974
Average VaR for 2025	305	2,792	3,097
Maximum VaR for 2025	1,232	4,935	5,022
Minimum VaR for 2025	7	1,043	1,537
2024			
VaR as at December 31, 2024	48	3,695	3,742
Average VaR for 2024	211	4,053	4,263
Maximum VaR for 2024	965	8,306	8,818
Minimum VaR for 2024	9	1,996	2,093

Overall Trading VaR incorporates compensation effect of positions coming from realized P&L in foreign currencies.

(b) Market risk non-trading book

Market risk on non-trading book mainly arises from the special commission rate, foreign currency exposures and equity price changes.

(i) Special commission rate risk

Special commission rate risk arises from the possibility that the changes in special commission rates will affect either the fair values or the future cash flows of the financial instruments. The Board has established special commission rate gap limits for stipulated periods. The Group monitors positions daily and uses hedging strategies to ensure maintenance of positions within the established gap limits.

The following table depicts the sensitivity to a reasonable possible change in special commission rates, with other variables held constant, on the Group's consolidated statement of income or equity. The sensitivity of the special commission income is the effect of the assumed changes in special commission rates with a lowest level at 0%, on the net special commission income for one year, based on the floating rate non-trading financial assets and financial liabilities held as at December 31, 2025 and 2024, including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing the fixed rate FVOCI financial assets, including the effect of any associated hedges as at December 31, 2025 and 2024 for the effect of assumed changes in special commission rate. The sensitivity of equity is analyzed by maturity of the asset or swap. All the banking book exposures are monitored and analyzed in currency concentrations and relevant sensitivities are disclosed in ⃁ thousands.

⃁ '000 Currency	December 31, 2025						
	BPS change	Sensitivity of special commission income	Sensitivity of Equity				
			6 months or less	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
USD	+100	40,649	(3,604)	(12,000)	(274,727)	(411,697)	(702,028)
	-100	(40,649)	3,652	12,205	286,732	447,673	750,262
⃁	+100	159,627	(4,491)	(1,713)	(161,781)	(456,863)	(624,848)
	-100	(159,627)	4,545	1,740	168,349	496,327	670,961

⃁ '000 Currency	December 31, 2024						
	BPS change	Sensitivity of special commission income	Sensitivity of Equity				
			6 months or less	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
USD	+100	44,294	(6,926)	(19,460)	(326,657)	(277,390)	(630,433)
	-100	(44,294)	6,926	19,460	326,657	277,390	630,433
⃁	+100	724,216	(6,289)	(1,450)	(75,258)	(415,648)	(498,645)
	-100	(724,216)	6,289	1,450	75,258	415,648	498,645

Special commission rate sensitivity of assets, liabilities and derivatives

The Group manages exposure to the effects of various risks associated with fluctuations in the prevailing levels of market special commission rates on its financial position and cash flows. The Board sets limits on the level of mismatch of special commission rate re-pricing that may be undertaken, which is monitored daily by the Group's Treasury.

The following table summarises the Group's exposure to special commission rate risks. Included in the table are the Group's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

The Group is exposed to special commission rate risk as a result of mismatches or gaps in the amounts of assets, liabilities, and derivative instruments that mature or re-price in a given period. The Group manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

⃁ '000	Within 3 months	3-12 months	1-5 years	Over 5 years	Non commission	Total
2025						
Assets						
Cash and balances with Saudi Central Bank						
Cash in hand	–	–	–	–	849,676	849,676
Balances with Saudi Central Bank	–	–	–	–	10,081,570	10,081,570
Due from banks and other financial institutions, net						
Current account	1,304,602	–	–	–	502,820	1,807,422
Money market placements	2,009,350	–	–	–	–	2,009,350
Investments, net						
Held as FVSI	16,665	–	62,810	71,174	–	150,649
Held as FVOCI, net	481,923	2,622,223	14,941,413	20,106,039	1,259,097	39,410,695
Held at amortised cost, net	22,843	700,964	11,477,827	16,918,725	–	29,120,359
Investment in associate, net	–	–	–	–	9,695	9,695
Positive fair value of derivatives						
Held for trading	1,909,637	55,624	729,554	1,131,497	33,684	3,859,996
Held as fair value hedges	111	–	173,958	–	–	174,069
Held as cash flow hedges	46,646	49,714	333,674	–	–	430,034
Loans and advances, net						
Credit cards and consumer loans	132,811	1,009,942	21,528,441	21,722,071	90,010	44,483,275
Overdraft and commercial loans	114,392,566	50,384,015	3,245,232	63,781	2,322,394	170,407,988
Property, equipment and right of use assets, net	–	–	–	–	2,544,406	2,544,406
Other assets and other real estate, net	2,048,188	–	–	–	1,618,414	3,666,602
Total assets	122,365,342	54,822,482	52,492,909	60,013,287	19,311,766	309,005,786

⃁ '000	Within 3 months	3-12 months	1-5 years	Over 5 years	Non commission	Total
2025						
Liabilities and equity						
Due to Saudi Central Bank, banks and other financial institutions						
Current accounts	–	–	–	–	469,987	469,987
Money market deposits	7,975,301	4,439,324	–	–	–	12,414,625
Customers' deposits						
Demand	12,064,068	–	–	–	67,058,800	79,122,868
Saving	864,568	–	–	–	–	864,568
Time	98,426,349	12,198,598	714,036	–	–	111,338,983
Other	–	–	–	–	3,892,670	3,892,670
Negative fair value of derivatives						
Held for trading	1,021,880	152,004	812,807	2,014,578	103,268	4,104,537
Held as fair value hedges	41,127	–	10,919	–	–	52,046
Held as cash flow hedges	7,262	78,410	9,432	–	–	95,104
Debt securities and term loans	14,332,495	8,332,334	16,212,116	–	–	38,876,945
Other liabilities	1,096,916	–	–	–	6,017,099	7,114,015
Total equity	–	–	–	–	50,659,438	50,659,438
Total liabilities and equity	135,829,966	25,200,670	17,759,310	2,014,578	128,201,262	309,005,786
Commission rate sensitivity – On statement of financial position	(13,464,624)	29,621,812	34,733,599	57,998,709	(108,889,496)	–
Commission rate sensitivity – Off statement of financial position	(18,538,590)	(4,004,074)	26,820,183	(4,277,519)	–	–
Total commission rate sensitivity gap	(32,003,214)	25,617,738	61,553,782	53,721,190	(108,889,496)	–
Cumulative commission rate sensitivity gap	(32,003,214)	(6,385,476)	55,168,306	108,889,496	–	–

⃁ '000	Within 3 months	3-12 months	1-5 years	Over 5 years	Non commission	Total
2024 (restated)						
Assets						
Cash and balances with Saudi Central Bank						
Cash in hand	–	–	–	–	874,134	874,134
Balances with Saudi Central Bank	–	–	–	–	10,046,472	10,046,472
Due from banks and other financial institutions, net						
Current account	1,858,433	–	–	–	168,163	2,026,596
Money market placements	2,989,214	–	–	–	–	2,989,214
Investments, net						
Held as FVSI	–	–	–	357,912	–	357,912
Held as FVOCI, net	1,786,073	5,111,625	12,438,874	12,487,842	959,263	32,783,677
Held at amortised cost, net	606,466	371,013	8,052,211	18,648,475	–	27,678,165
Investment in associate, net	–	–	–	–	9,695	9,695
Positive fair value of derivatives						
Held for trading	226,176	305,050	1,912,404	2,875,201	126,947	5,445,778
Held as fair value hedges	–	–	–	–	–	–
Held as cash flow hedges	240,593	5,210	–	–	–	245,803
Loans and advances, net						
Credit cards and consumer loans	905,597	913,400	18,131,310	17,639,762	107,997	37,698,066
Overdraft and commercial loans	115,190,797	47,098,838	1,948,941	620	2,231,013	166,470,209
Property, equipment and right of use assets, net	–	–	–	–	2,318,805	2,318,805
Other assets and other real estate, net	2,404,064	–	–	–	1,957,968	4,362,032
Total assets	126,207,413	53,805,136	42,483,740	52,009,812	18,800,457	293,306,558

⃁ '000	Within 3 months	3-12 months	1-5 years	Over 5 years	Non commission	Total
2024 (restated)						
Liabilities and equity						
Due to Saudi Central Bank, banks and other financial institutions						
Current accounts	109,976	–	–	–	307,431	417,407
Money market deposits	29,664,559	76,881	6,685	–	2,141,327	31,889,452
Customers' deposits						
Demand	6,105,673	–	–	–	74,259,957	80,365,630
Saving	976,105	–	–	–	–	976,105
Time	83,111,477	14,141,308	806,472	–	–	98,059,257
Other	–	–	–	–	5,717,187	5,717,187
Negative fair value of derivatives						
Held for trading	3,297,982	158,302	454,804	1,580,375	134,616	5,626,079
Held as fair value hedges	127,981	–	1,504	7,984	–	137,469
Held as cash flow hedges	437,937	16,937	–	–	–	454,874
Debt securities and term loans	6,569,272	–	8,948,782	–	–	15,518,054
Other liabilities	745,910	–	–	–	6,261,236	7,007,146
Total equity	–	–	–	–	47,137,898	47,137,898
Total liabilities and equity	131,146,872	14,393,428	10,218,247	1,588,359	135,959,652	293,306,558
Commission rate sensitivity – On statement of financial position	(4,939,459)	39,411,708	32,265,493	50,421,453	(117,159,195)	–
Commission rate sensitivity – Off statement of financial position	(21,803,142)	(6,899,001)	31,743,466	(3,041,323)	–	–
Total commission rate sensitivity gap	(26,742,601)	32,512,707	64,008,959	47,380,130	(117,159,195)	–
Cumulative commission rate sensitivity gap	(26,742,601)	5,770,106	69,779,065	117,159,195	–	–

The off statement of financial position gap represents the net notional amounts of these financial instruments, which are used to manage the special commission rate risk.

The effective special commission rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortized cost and a current market rate for a floating rate instrument or an instrument carried at fair value.

(ii) Currency Risk

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Board has set limits on positions by currencies, which are monitored daily, and hedging strategies are also used to ensure that positions are maintained within the limits.

The table below shows the currencies to which the Group has a significant exposure as at December 31, 2025 and 2024 on its non-trading monetary assets and liabilities and forecasted cash flows. The analysis calculates the effect of reasonable possible movement of the currency rate against ⃁, with all other variables held constant, on the consolidated statement of income (due to the fair value of the currency sensitive non-trading monetary assets and liabilities) and equity (due to change in fair value of commission rate swaps used as cash flow hedges). A positive effect shows a potential increase in the consolidated statement of income or equity; whereas a negative effect shows a potential net reduction in the consolidated statement of income or equity.

⃁ '000	2025			2024		
Currency exposures	Change in currency rate in %	Effect on net income	Effect on equity	Change in currency rate in %	Effect on net income	Effect on equity
USD	+5	75,591	–	+5	(36,974)	–
EUR	–3	(413)	–	–3	(30)	–

There is no material impact on equity and net income due to change in other foreign currencies.

The Group manages exposure to effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. At the end of the year, the Group had the following significant net exposures denominated in foreign currencies:

Currency Risk

⃁ '000	2025 Long/(short)	2024 Long/(short)
US Dollar	1,582,146	(867,219)
Euro	13,750	999
Pound Sterling	(50,032)	(1,633)
Other	5,906	(8,689)
Total	1,551,770	(876,542)

(iii) Equity Price Risk

Equity price risk refers to the risk of decrease in fair values of equities in the Group's non-trading investment portfolio as a result of reasonable possible changes in levels of equity indices and the value of individual stocks.

The effect on the Group's equity investments held as FVOCI due to reasonable possible change in equity indices, with all other variables held constant is as follows:

⃁ '000	2025		2024	
Market Indices	Change in equity Price %	Effect on market value	Change in equity Price %	Effect on market value
Tadawul	+5	4,662	+5	6,434
Tadawul	–5	(4,662)	–5	(6,434)

There is no material impact on market value due to change in prices of listed international securities.

35. Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to become unavailable immediately. To mitigate this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining an appropriate balance of cash, cash equivalents, and readily marketable securities.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of both the Group and operating subsidiaries. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

In accordance with the Banking Control Law and the Regulations issued by SAMA, the Bank maintains a statutory deposit with SAMA equal to 7% of total customers' demand deposits, and 4% of due to banks and other financial institutions (excluding balances due to SAMA and non-resident foreign currency deposits), saving deposits, time deposits, margins of letters of credit and guarantee, excluding all type of repo deposits. In addition to the statutory deposit, the Bank also maintains liquid reserves of not less than 20% of its deposit liabilities, in the form of cash, Saudi Government securities or assets which can be converted into cash within a period not exceeding 30 days. The Bank can also raise additional funds through repo facilities available with SAMA against its holding of Saudi Government securities.

(a) Maturity analysis of assets and liabilities

The following table summarizes the maturity profile of the Group's assets and liabilities. The expected maturities of assets and liabilities have been determined on the basis of the remaining period at the reporting date to the final contractual maturity date and do not take into account the effective maturities as indicated by the Group's deposit retention history. Management monitors the maturity profile to ensure that adequate liquidity is maintained. For presentation purposes all demand, saving and other deposit balances have been shown in no fixed maturity. These demand deposit balances are payable on demand.

⃁ '000	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
2025						
Assets						
Cash and balances with Saudi Central Bank						
Cash in hand	–	–	–	–	849,676	849,676
Balances with Saudi Central Bank	–	–	–	–	10,081,570	10,081,570
Due from banks and other financial institutions, net						
Current account	–	–	–	–	1,807,422	1,807,422
Money market placements	–	786,002	1,223,348	–	–	2,009,350
Investments, net						
Held as FVSI	16,665	–	62,811	71,173	–	150,649
Held as FVOCI, net	1,591,460	5,097,173	13,843,447	17,619,518	1,259,097	39,410,695
Held at amortised cost, net	628,723	327,280	11,245,631	16,918,725	–	29,120,359
Investment in associate, net	–	–	–	–	9,695	9,695
Positive fair value of derivatives						
Held for trading	174,334	170,530	1,372,406	2,142,726	–	3,859,996
Held as fair value hedges	–	–	174,058	11	–	174,069
Held as cash flow hedges	46,646	49,714	333,674	–	–	430,034
Loans and advances, net						
Credit cards and consumer loans	306,242	1,148,516	20,609,982	21,793,918	624,617	44,483,275
Overdraft and commercial loans	28,896,398	34,641,520	60,841,763	45,089,406	938,901	170,407,988
Property, equipment and right of use assets, net	–	–	–	–	2,544,406	2,544,406
Other assets and other real estate, net	–	–	–	–	3,666,602	3,666,602
Total assets	**31,660,468**	**42,220,735**	**109,707,120**	**103,635,477**	**21,781,986**	**309,005,786**

⃁ '000	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
2025						
Liabilities and equity						
Due to Saudi Central Bank, banks and other financial institutions						
Current accounts	–	–	–	–	469,987	469,987
Money market deposits	7,975,301	4,439,324	–	–	–	12,414,625
Customers' deposits						
Demand	–	–	–	–	79,122,868	79,122,868
Saving	–	–	–	–	864,568	864,568
Time	96,598,942	11,482,285	3,257,756	–	–	111,338,983
Other	–	–	–	–	3,892,670	3,892,670
Negative fair value of derivatives						
Held for trading	192,627	270,635	1,463,509	2,177,766	–	4,104,537
Held as fair value hedges	–	–	11,037	41,009	–	52,046
Held as cash flow hedges	7,263	78,409	9,432	–	–	95,104
Debt securities and term loans	1,297,240	8,521,204	28,644,103	414,398	–	38,876,945
Other liabilities	–	7,136	54,037	638,108	6,414,734	7,114,015
Total equity	–	–	–	–	50,659,438	50,659,438
Total liabilities and equity	**106,071,373**	**24,798,993**	**33,439,874**	**3,271,281**	**141,424,265**	**309,005,786**

⃁ '000	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
2024 (restated)						
Assets						
Cash and balances with Saudi Central Bank						
Cash in hand	–	–	–	–	874,134	874,134
Balances with Saudi Central Bank	–	–	–	–	10,046,472	10,046,472
Due from banks and other financial institutions, net						
Current account	–	–	–	–	2,026,596	2,026,596
Money market placements	–	1,696,410	1,292,804	–	–	2,989,214
Investments, net						
Held as FVSI	–	–	–	357,912	–	357,912
Held as FVOCI, net	847,423	4,205,216	13,470,055	13,301,720	959,263	32,783,677
Held at amortised cost, net	–	138,543	8,891,147	18,648,475	–	27,678,165
Investment in associate, net	–	–	–	–	9,695	9,695
Positive fair value of derivatives						
Held for trading	125,915	341,316	2,055,308	2,923,239	–	5,445,778
Held as fair value hedges	–	–	–	–	–	–
Held as cash flow hedges	22,223	22,362	201,218	–	–	245,803
Loans and advances, net						
Credit cards and consumer loans	345,710	914,944	18,256,123	17,683,656	497,633	37,698,066
Overdraft and commercial loans	35,278,784	30,776,992	81,837,406	17,528,215	1,048,812	166,470,209
Property, equipment and right of use assets, net	–	–	–	–	2,318,805	2,318,805
Other assets and other real estate, net	–	–	–	–	4,362,032	4,362,032
Total assets	36,620,055	38,095,783	126,004,061	70,443,217	22,143,442	293,306,558

⃁ '000	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
2024						
Liabilities and equity						
Due to Saudi Central Bank, banks and other financial institutions						
Current accounts	–	–	–	–	417,407	417,407
Money market deposits	31,316,957	565,810	6,685	–	–	31,889,452
Customers' deposits						
Demand	–	–	–	–	80,365,630	80,365,630
Saving	–	–	–	–	976,105	976,105
Time	82,008,448	11,638,791	4,412,018	–	–	98,059,257
Other	–	–	–	–	5,717,187	5,717,187
Negative fair value of derivatives						
Held for trading	154,151	273,014	2,207,274	2,991,640	–	5,626,079
Held as fair value hedges	–	190	129,295	7,984	–	137,469
Held as cash flow hedges	–	112,373	342,501	–	–	454,874
Debt securities and term loans	–	2,058,749	13,459,305	–	–	15,518,054
Other liabilities	62	302	69,155	605,248	6,332,379	7,007,146
Total equity	–	–	–	–	47,137,898	47,137,898
Total liabilities and equity	113,479,618	14,649,229	20,626,233	3,604,872	140,946,606	293,306,558

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, balances with SAMA, items in the course of collection, loans and advances to Groups and loans and advances to customers. The cumulative maturities of commitments & contingencies are given in note 21 (c-i) of the consolidated financial statements. Maturity analysis of other liabilities include lease liabilities.

(b) Analysis of financial liabilities by remaining undiscounted contractual maturities

The following table summarizes the maturity profile of the Group's financial liabilities as at December 31, 2025 and 2024 based on contractual undiscounted repayment obligations. As special commission payments up to contractual maturity are included in the table, totals do not match with the consolidated statement of financial position. The contractual maturities of liabilities have been determined based on the remaining period at the reporting date to the contractual maturity date and do not take into account the effective expected maturities. The Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history. These demand deposit balances are payable on demand.

⃁ '000	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
2025						
Due to Saudi Central Bank, banks and other financial institutions						
Current accounts	–	–	–	–	469,987	469,987
Money market deposits	8,058,278	4,528,647	–	–	–	12,586,925
Customers' deposits						
Demand	–	–	–	–	79,122,868	79,122,868
Saving	–	–	–	–	864,568	864,568
Time	97,521,962	11,940,543	3,624,991	–	–	113,087,496
Other	–	–	–	–	3,892,670	3,892,670
Debt securities and term loans	1,736,035	9,900,738	32,445,274	431,101	–	44,513,148
Total	107,316,275	26,369,928	36,070,265	431,101	84,350,093	254,537,662
2024						
Due to Saudi Central Bank banks and other financial institutions						
Current accounts	–	–	–	–	417,407	417,407
Money market deposits	31,532,071	567,670	6,860	–	–	32,106,601
Customers' deposits						
Demand	–	–	–	–	80,365,630	80,365,630
Saving	–	–	–	–	976,105	976,105
Time	82,835,983	12,012,807	4,663,803	–	–	99,512,593
Other	–	–	–	–	5,717,187	5,717,187
Debt securities and term loans	86,975	2,773,569	15,491,553	–	–	18,352,097
Total	114,455,029	15,354,046	20,162,216	–	87,476,329	237,447,620

36. Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability

The fair values of the financial instruments do not materially differ from their carrying amounts in the consolidated statement of financial position.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation models

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices and foreign currency exchange rates.

The objective of the valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The Group uses widely recognized valuation models for determining the fair value of common and simpler financial instruments.

Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair value aims also to reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and the counterparty where appropriate.

Valuation Framework

The Group has an established control framework with respect to the measurement of fair values. This framework includes a Market Risk Department, which is independent of Front Office management and reports to the Chief Risk Officer, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- a review and approval process for new models and changes to models involving Risk Division;
- back-testing of models against observed market transactions and analysis and investigation of significant daily valuation movements

When third party information, such as broker quotes or pricing services, is used to measure fair value, Market Risk Department assesses and documents the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes

Any significant valuation issue is reported at a regular frequency (in addition to whenever deemed necessary) to the Groups Market Risk Committee in order to take appropriate actions accordingly.

Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same instrument (i.e. without modification or repackaging) or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data: and

Level 3: valuation techniques for which any significant input is not based on observable market data.

⃁ '000	Carrying Value	Level 1	Level 2	Level 3	Total
2025					
Financial assets					
Derivative financial instruments	4,464,099	–	4,464,099	–	4,464,099
Financial investments designated at FVSI					
– Fixed rate securities	145,797	145,797	–	–	145,797
– Equity	4,852	4,852	–	–	4,852
Total	150,649	150,649	–	–	150,649
Financial investments at FVOCI					
– Fixed rate securities	33,719,610	33,665,207	54,403	–	33,719,610
– Floating rate securities	3,584,488	1,079,680	2,504,808	–	3,584,488
– Equity	2,106,597	568,420	372,320	1,165,857	2,106,597
Total	39,410,695	35,313,307	2,931,531	1,165,857	39,410,695
Total	44,025,443	35,463,956	7,395,630	1,165,857	44,025,443
Financial liabilities					
Derivative financial instruments negative fair value	4,251,687	–	4,251,687	–	4,251,687
Total	4,251,687	–	4,251,687	–	4,251,687

⃁ '000	Carrying Value	Level 1	Level 2	Level 3	Total
2024 (restated)					
Financial assets					
Derivative financial instruments	5,691,581	–	5,691,581	–	5,691,581
Financial investments designated at FVSI					
– Fixed rate securities	357,912	–	357,912	–	357,912
– Equity	–	–	–	–	–
Total	357,912	–	357,912	–	357,912
Financial investments at FVOCI					
– Fixed rate securities	27,012,607	18,485,791	8,526,816	–	27,012,607
– Floating rate securities	3,880,415	1,009,579	2,870,836	–	3,880,415
– Equity	1,890,655	630,039	430,041	830,575	1,890,655
Total	32,783,677	20,125,409	11,827,693	830,575	32,783,677
Total	38,833,170	20,125,409	17,877,186	830,575	38,833,170
Financial liabilities					
Derivative financial instruments negative fair value	6,218,422	–	6,218,422	–	6,218,422
Total	6,218,422	–	6,218,422	–	6,218,422

During the year, there have been no transfers in between level 1, level 2 and level 3.

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

Financial investments classified as FVOCI

⃁ '000	2025	2024 (restated)
Balance at the beginning of the year	830,575	741,313
Additions during the year	189,458	107,503
Disposal during the year	–	(9,000)
Change in the value	145,824	(9,241)
Balance at the end of the year	**1,165,857**	**830,575**

Level 3 investment instruments include private equity portfolio of ⃁ 45 million (2024: ⃁ 9 million) which has been valued at cost as their market value is not significantly different from the carrying values. The remaining level 3 portfolio of ⃁ 1,121 million (2024: ⃁ 822 million) invested in equities and funds which were valued based on the valuation techniques using their latest financial statements. The acquisition value of those funds was ⃁ 505 million (2024: ⃁ 316 million).

The fair values of on-statement of financial position financial instruments, except for loans and advances and financial instruments held at amortized cost are not significantly different from the carrying values included in the consolidated financial statements. The fair values of commission bearing customers' deposits, debt securities, due from and due to banks which are carried at amortized cost, are not significantly different from the carrying values included in the consolidated financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and due to the short duration of due from and due to banks. An active market for these instruments is not available and the Bank intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

The estimated fair values of the investments held at amortized cost are based on quoted market prices when available or pricing models when used in case of bonds. Consequently, differences can arise between carrying values and fair value estimates. The fair values of derivatives are based on the quoted market prices when available or by using the appropriate valuation technique.

Derivative products valued using a valuation technique with market observable inputs are mainly commission rate swaps and options, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates and commission rate curves. Other investments in level 2 are valued based on market observable date including broker rates etc.

The fair values of investments held at amortized cost are ⃁ 28,175 million (2024: ⃁ 26,098 million) against carrying value of ⃁ 29,120 million (2024: ⃁ 27,678 million). It includes level 1 investment amounting to ⃁ 1,981 million (2024: ⃁ 2,059 million), level 2 investment amounting to ⃁ 25,044 million (2024: ⃁ 23,400 million) and level 3 investment amounting to ⃁ 1,150 million (2024: ⃁ 639 million).

The Group uses the discounted cash flow method using current yield curve to arrive at the fair value of loans and advances (level 3 instruments) after adjusting internal credit spread which is ⃁ 216,738 million (2024: ⃁ 205,276 million). The carrying values of those loans and advances are ⃁ 214,891 million (2024: ⃁ 204,168 million).

37. Related party transactions and balances

In the ordinary course of its activities, the Group transacts business with related parties. In the opinion of the management and the Board, the related party transactions are carried out on group's internal pricing framework. The related party transactions are governed by limits set by the Banking Control Law and Regulations issued by SAMA.

The balances with related parties have been defined as per regulatory guidelines which also include relationships with entities with common directorships or common key management personnel.

(a) The balances as at December 31, 2025 and 2024 resulting from such transactions included in the consolidated financial statements are as follows:

⃁ '000	2025	2024
Associates		
Investments	9,695	9,695
Due to banks and other financial institutions	472,013	8,781
Directors, senior management, shariah members and their affiliates (key management personal)		
Loans and advances	9,283,040	6,558,236
Investments	683,203	683,674
Due from banks and other financial institutions	–	395,625
Other assets	20,906	49,182
Customers' deposits	8,604,702	8,201,695
Due to banks and other financial institutions	–	40,000
Other liabilities	11,712	247
Derivatives at fair value, net	(15,968)	(48,141)
Commitments and contingencies	2,499,640	2,666,822
Major shareholders' and their affiliates		
Loans and advances	411,774	1,532,037
Customers' deposits	227,833	128,146
Derivatives at fair value, net	(24)	37
Commitments and contingencies	24,203	12,500

(b) Income and expenses pertaining to transactions with related parties included in the consolidated financial statements are as follows:

⃁ '000	2025	2024
Special commission income		
– Directors, senior management, shariah members and their affiliates (key management personal)	611,773	604,622
– Major shareholders' and their affiliates	71,153	95,011
Total Special commission income	682,926	699,633
Special commission expense		
– Directors, senior management, shariah members and their affiliates (key management personal)	266,522	233,423
– Major shareholders' and their affiliates	4,384	12,102
– Associates	628	315
Total Special commission expense	271,534	245,840
Fees, commission income and others, net	130,949	76,897
Directors' fees	19,560	18,980
Other general and administrative expenses	25,386	75,840

Major shareholder represents a shareholder having more than 5% of shareholding.

(c) The credit exposure of related party balances by stage analysis

⃁ '000	December 31, 2025			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Directors, senior management, shariah members (key management personal) and major shareholders' and their affiliates				
Loans and advances	9,694,814	–	–	9,694,814
Investments	683,203	–	–	683,203
Commitments and contingencies	2,523,843	–	–	2,523,843

⃁ '000	December 31, 2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Directors, senior management, shariah members (key management personal) and major shareholders' and their affiliates				
Loans and advances	8,054,835	35,438	–	8,090,273
Investments	683,674	–	–	683,674
Due from banks and other financial institutions	395,625	–	–	395,625
Commitments and contingencies	2,678,722	600	–	2,679,322

As at December 31, 2025, the Group maintains an ECL provision amounting to ⃁ 21 million (2024: ⃁ 9 million) for related party exposure

The below table shows the total amount of salaries and employee related benefits to the Bank's key management personnel are as follows:

⃁ '000	2025	2024
Short term benefit	70,455	66,066
Long term benefit (deferral bonus)	17,611	14,605
Long term retention plan	26,500	23,500
Termination benefit	712	1,428
Total	115,278	105,599

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly.

38. Treasury shares and share based payment programs

The below table demonstrates Banque Saudi Fransi's outstanding obligations under the Bank's Long Term Retention Plan (LTRP), by annual cycle, in chronological order.

The significant features of these plans are as follows:

Nature of Plan	Long Term Retention Plan	Long Term Retention Plan	Long Term Retention Plan
Number of outstanding plans	1	1	1
Grant date	March 31, 2023	March 31, 2024	March 31, 2025
Maturity date	April 01, 2026	April 01, 2027	April 01, 2028
Grant price – ⃁	18.00	18.96	16.65
Vesting period	3 years	3 years	3 years
Vesting conditions	Employees remain in service, meets and service criteria	Employees remain in service, meets and service criteria	Employees remain in service, meets and service criteria
Method of settlement	Equity	Equity	Equity
Valuation model	Monte-Carlo	Monte-Carlo	Monte-Carlo
Fair value per share on grant date – ⃁	14.88	15.09	14.71

The share performance will be granted under a service condition along with market condition associated with them. The total amount of expense recognized in these consolidated financial statements in respect of the above plans for the year is ⃁ 55 million (2024: ⃁ 61 million).

Number of shares allocated for LTRP and deferred bonus programe	2025	2024
Number of shares allocated at the beginning of the year	10,998,700	5,312,986
Vested/forfeited during the year	(3,060,987)	(1,442,906)
Bonus issuance	–	5,532,546
Allocated during the year, net	6,281,422	1,596,074
Number of shares allocated at the year end	14,219,135	10,998,700

The Bank also has a deferred bonus plan for annual performance bonus which is subject solely to a service-based vesting condition, requiring continued employment with the Bank over a three-year vesting period. Deferred bonus shares vest in equal annual tranches upon the completion of each year of service, provided the participant continues to meet the applicable eligibility criteria and qualifies as a Good Leaver, in accordance with the plan rules. The total number of treasury shares allocated under deferred bonus as of December 31, 2025 was 3.3 million shares (December 31, 2024: 1.6 million shares).Total number of treasury shares which are not part of LTR plan and deferred bonus plan as of December 31, 2025 was 10.2 million shares (December 31, 2024: 8.7 million shares).

39. Capital risk management

The Group actively manages its capital base to cover the risks inherent in its business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision including the framework and guidance regarding the implementation of capital reforms under Basel III ("Basel III Accord") which has been adopted by the Group's regulator, SAMA. The Basel III capital ratios measure capital adequacy by comparing the Group's eligible capital with its balance sheet assets, commitments and notional amount of derivatives at a weighted amount to reflect their relative risk. SAMA requires holding a minimum level of regulatory capital and maintaining a ratio of total regulatory capital to risk-weighted assets ("RWA") at or above agreed minimum level.

40. Capital Adequacy

The Group monitors the adequacy of its capital using ratios established by SAMA. These ratios measure capital adequacy by comparing the Group's eligible capital with its statement of financial position assets, commitments and notional amount of derivatives at a weighted amount to reflect their relative risk.

The RWAs, total capital and related ratios as at December 31, 2025 and December 31, 2024 are presented as per Basel III final reform issued by SAMA (circular number 44047144) affective from January 01, 2024. The Bank is in compliant with all the regulatory ratios in the current and previous years.

⃁ '000	2025	2024 (restated)
Credit Risk RWA	250,307,927	239,713,124
Operational Risk RWA	9,647,584	8,627,534
Market Risk RWA	4,043,730	3,958,794
Total RWA	263,999,241	252,299,452
Common Equity Tier I Capital	42,764,420	39,746,454
Additional Tier I Capital	7,937,500	8,000,000
Tier I Capital	50,701,920	47,746,454
Tier II Capital	5,751,527	2,193,948
Total Tier I & II Capital	56,453,447	49,940,402
Capital Adequacy Ratio %		
Common Equity Tier I ratio	16.20%	15.75%
Tier I ratio	19.21%	18.92%
Tier I + Tier II ratio	21.38%	19.79%

41. Investment management, brokerage and corporate finance services

The Group offers investment services to its customers through its subsidiary, which include management of certain investment funds in consultation with professional investment advisors as well as brokerage services. Income from the subsidiaries is included in the consolidated statement of income under fees and commission income. Determining whether the Group controls such an investment fund usually depends on the assessment of the aggregate economic interests of the Group in the Fund (comprising of its investments, any carried profit and expected management fees) and the investors' rights to remove the Fund Manager.

As a result of the above assessment, the Group has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds. However, the Group 's share of these funds is included in the FVOCI investments and fees earned are disclosed under related party transactions.

The Group through its subsidiary offers investment management services to its customers, which include management of certain investment funds in consultation with professional investment advisors, having net asset value of ⃁ 30,971 million (2024: ⃁ 30,494 million). These include certain Islamic mutual funds with total assets under management of ⃁ 3,303 million (2024: ⃁ 3,346 million).

42. Climate Related Risk

The relevance and urgency of climate change, and its associated financial impact, have rapidly risen up companies' agendas over the past few years due to the increasingly prevalent risks over the short, medium, and long-term horizons. Addressing and mitigating climate change is a complex challenge, and one in which the banking sector will play a central role.

The banking sector will be increasingly impacted by climate risk through accelerating stakeholder expectations, regulatory development, and market pressures. Banks are exposed to climate-related risks through their lending and investment activities, which can be susceptible to heightened climate-sensitive sectors and assets.

Therefore, it is vital that BSF fully identify, assess and manage its climate-related risks and their impact on the Group's principal risk categories, such as credit risk, reputational risk, and liquidity risk. BSF will achieve this by categorizing the crucial physical and transitional risks that may impact the business.

Physical risks

Physical risks are weather events and longer-term shifts in climate that are driven by climate change. These can be acute events, such as hurricanes, floods, wildfires, or chronic changes that result in sea level rise, increased ambient temperatures, and desertification. The nature, severity, and timing of extreme weather events are uncertain, but globally we are seeing a surge in their frequency and the impact on economies is becoming increasingly evident. Physical risks may impact a business through damage to property, stranded assets, and supply chain disruption.

Transitional risks

As countries commit to transitioning to a low-carbon economy around the globe, there are significant financial risks associated with this shift, which can depend on the nature, speed, uptake and significance of changes imposed. Transition risks can include accelerating regulatory expectations, technology advancements, reputational damage and market risks.

Although climate change presents challenges to BSF and the broader banking sector, there are also significant opportunities for the Group to capitalize upon. The transition to a low-carbon economy will require new products and services (such as green and climate bonds), increased resource efficiency will lead to cost savings and access to new markets.

BSF will extend its comprehensive risk management processes to embed climate-related risks within its core procedures. As part of future climate risks assessments, BSF will consider the following to measure, manage and monitor climate-related risks within the business:

- The key sectors and areas of business that will be impacted by climate change
- Associating and estimating the financial impact of the identified risks
- Possible mitigation measures the Group can implement

BSF recognizes this is an evolving subject and will require the Group to work holistically to contribute to its complexity. A better fundamental understanding of these risks will allow the Group to make more informed financial decisions and engage with stakeholders more effectively on the topic.

43. Comparative figures

Certain prior period figures have been reclassified to conform to the current period's presentation, which are not material in nature to the consolidated financial statements.

44. Restatement

During the year ended December 31, 2025, the Bank corrected valuation of its interest in equity investments that are classified as investments at Fair Value through Other Comprehensive Income (FVOCI) which were historically valued at cost. These adjustments are considered as correction as per IAS 8 (Accounting policies, Changes and Accounting Estimates and Error) and are material to the consolidated financial statements and accordingly the consolidated statement of financial position and consolidated statement of changes in equity have been restated.

The impact of these equity investments on the consolidated statement of income and consolidated statement of comprehensive income for the year ended December 31, 2024 was insignificant and accordingly, these have not been restated.

Accordingly, the Bank has restated the impacted line items to correct the consolidated financial statements for prior period as follows:

⃁ '000	As previously presented	Restatement	Restated balance
As at December 31, 2024			
Consolidated statement of financial position			
Investments, net	60,288,858	530,896	60,819,754
Other reserves	(1,132,836)	530,896	(601,940)

During the year ended December 31, 2025, the Bank corrected the classification of some of its investments from "Investments at FVOCI – Debt instruments" to "Investments at FVOCI – Equity/ other investments" amounting ⃁ 931 million. These adjustments are considered as correction as per IAS 8 (Accounting policies, Changes and Accounting Estimates and Error) and accordingly the disclosure note (6) to the consolidated financial statements has been restated.

The impact of correcting classification of these equity investments, on the consolidated statement of income and consolidated statement of other comprehensive income, for the year ended 31 December 2024, was insignificant and accordingly, these have not been restated.

45. Board of Directors approval

The consolidated financial statements were approved by the Board of Directors on January 26, 2026 corresponding to Shaban 07, 1447H.

Appendices

Appendix A:

BSF Stakeholders

Stakeholder	Needs and Expectations	Methods of Engagement
Customers	• Open and simplified communication. • Friendly and responsive customer service. • Innovative and sustainable products and services. • Secure banking (data and information security) • Convenient access points.	• Social media channels, including Facebook and X. • Complaints Handling Unit: BSFCare. • Customer Service Offices. • Customer Feedback forms. • BSFMobile application. • Online banking solution: BSF Online. • Telephone banking service: BSFPhone. • Branches, including self-service branches (BSFConnection). • Net Promoter Score (NPS).
Employees	• Career advancement. • Recognition and rewards. • Attractive benefits. • Timely payment of wages. • Safe working environment. • Fair and equal opportunities. • Open communication channels.	• Employee engagement surveys (ENPS). • BSF Ideal Wall: an employee engagement idea generating tool. • Bank sponsored, cross-regional and employee-driven events. • Human Resources (HR) Call Center. • Training and development programs.
Shareholders and Investors	• Strong balance sheet and stable cash flows. • Consistent dividend payments. • Solid market positioning. • Dynamic risk management. • Strong brand image. • Transparency and disclosure. • Incorporate ESG criteria into business operations and activities.	• Annual Reports. • Roadshows. • Shareholder and investor presentations on a quarterly basis. • Investor relations and shareholder affairs contacts. • Board Risk Committee. • General Assembly meetings.

Stakeholder	Needs and Expectations	Methods of Engagement
Government and Regulators	• Alignment to national strategies and visions, including the Saudi Vision 2030. • Compliance with legal and regulatory requirements. • Managing financial crime compliance. • Protecting the interests of shareholders and customers.	• Internal Audit. • External Audit. • Compliance Group. • Board Risk Committee. • Annual Reports. • Compliance with obligations. • Board of Directors. • Audit Committee. • Corporate Governance Division and Corporate Secretary.
Local Community	• Employment opportunities. • Advancing social development including initiatives and programs to promote health, education, security, sports, and culture. • Enriching local human resources. • Charitable initiatives. • Partnerships on common social and environmental issues. • Limited use of finite resources.	• Employee volunteering. • CSR activities. • Partnerships and cooperation. • Donations and sponsorships. • Financial awareness and inclusion. • Products and services.
Suppliers	• Timely payments. • Fair and transparent bidding process. • New opportunities for engagement and interaction. • Open communication channels.	• Local procurement. • Bidding and tendering. • Fair competitive selection. • Partnerships. • Public reports. • First engagements.

Appendix B:

GRI Content Index

Statement of use	**BSF has reported the information cited in this GRI content index for the period ended 31 December 2025, with reference to the GRI Standards.**
GRI 1 used	**GRI 1: Foundation 2021**

GRI Standard	Disclosure	Location in the AR [Section]
GRI 2: General Disclosures 2021	2-1 Organizational details	About the Report BSF at a glance
	2-2 Entities included in the organization's sustainability reporting	About the Report
	2-3 Reporting period, frequency and contact point	About the Report
	2-4 Restatements of information	About the Report Accelerating Sustainable Economic Growth Protecting Our Communities Serving Our Clients Financial Statements
	2-5 External assurance	Financial Statements
	2-6 Activities, value chain and other business relationships	BSF at a Glance Accelerating Sustainable Economic Growth
	2-7 Employees	Creating a Thriving Workplace
	2-8 Workers who are not employees	NA
	2-9 Governance structure and composition	Our Approach to ESG Creating a Thriving Workplace Exemplifying the Highest Ethical and Governance Standards
	2-10 Nomination and selection of the highest governance body	Exemplifying the Highest Ethical and Governance Standards
	2-11 Chair of the highest governance body	Our Approach to ESG Exemplifying the Highest Ethical and Governance Standards Board of Directors Report
	2-12 Role of the highest governance body in overseeing the management of impacts	Our Approach to ESG Exemplifying the Highest Ethical and Governance Standards
	2-13 Delegation of responsibility for managing impacts	Our Approach to ESG Creating a Thriving Workplace Exemplifying the Highest Ethical and Governance Standards
	2-14 Role of the highest governance body in sustainability reporting	Our Approach to ESG Creating a Thriving Workplace Exemplifying the Highest Ethical and Governance Standards
	2-15 Conflicts of interest	Creating a Thriving Workplace Exemplifying the Highest Ethical and Governance Standards
	2-16 Communication of critical concerns	Creating a Thriving Workplace Exemplifying the Highest Ethical and Governance Standards
	2-17 Collective knowledge of the highest governance body	Our Approach to ESG Creating a Thriving Workplace Exemplifying the Highest Ethical and Governance Standards Board of Directors Report
	2-18 Evaluation of the performance of the highest governance body	Creating a Thriving Workplace Exemplifying the Highest Ethical and Governance Standards Board of Directors Report
	2-19 Remuneration policies	Creating a Thriving Workplace Exemplifying the Highest Ethical and Governance Standards Board of Directors Report
	2-20 Process to determine remuneration	Creating a Thriving Workplace Exemplifying the Highest Ethical and Governance Standards Board of Directors Report
	2-21 Annual total compensation ratio	Creating a Thriving Workplace

GRI Standard	Disclosure	Location in the AR [Section]
	2-22 Statement on sustainable development strategy	Strategic Direction Our Approach to ESG Creating a Thriving Workplace Serving Our Clients Protecting Our Communities Accelerating Sustainable Economic Growth
	2-23 Policy commitments	Our Approach to ESG Creating a Thriving Workplace Serving Our Clients Protecting Our Communities Exemplifying the Highest Ethical and Governance Standards
	2-24 Embedding policy commitments	About the Report Our Approach to ESG Creating a Thriving Workplace Serving Our Clients Protecting Our Communities Exemplifying the Highest Ethical and Governance Standards Accelerating Sustainable Economic Growth
	2-25 Processes to remediate negative impacts	Creating a Thriving Workplace Exemplifying the Highest Ethical and Governance Standards Protecting Our Communities
	2-26 Mechanisms for seeking advice and raising concerns	Creating a Thriving Workplace Exemplifying the Highest Ethical and Governance Standards
	2-27 Compliance with laws and regulations	About the report Exemplifying the Highest Ethical and Governance Standards
	2-28 Membership associations	https://bsf.sa/english/home
	2-29 Approach to stakeholder engagement	Our Approach to ESG Serving Our Clients Protecting Our Communities Appendix A: BSF Stakeholders
	2-30 Collective bargaining agreements	Not applicable in Saudi Arabia

GRI Standard	Disclosure	Location in the AR [Section]
GRI 3: Material Topics 2021	3-1 Process to determine material topics	About the Report Our Approach to ESG
	3-2 List of material topics	About the Report Our Approach to ESG
	3-3 Management of material topics	About the Report Strategic Direction Our Approach to ESG Accelerating Sustainable Economic Growth Creating a Thriving Workplace Serving Our Clients Protecting Our Communities Exemplifying the Highest Ethical and Governance Standards
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Accelerating Sustainable Economic Growth
	201-2 Financial implications and other risks and opportunities due to climate change	Exemplifying the Highest Ethical and Governance Standards
	201-3 Defined benefit plan obligations and other retirement plans	Creating a Thriving Workplace Exemplifying the Highest Ethical and Governance Standards Board of Directors Report
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	Creating a Thriving Workplace
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Accelerating Sustainable Economic Growth Creating a Thriving Workplace Serving Our Clients Protecting Our Communities
	203-2 Significant indirect economic impacts	Accelerating Sustainable Economic Growth Creating a Thriving Workplace Serving Our Clients Protecting Our Communities

GRI Standard	Disclosure	Location in the AR [Section]
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Accelerating Sustainable Economic Growth
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Exemplifying the Highest Ethical and Governance Standards
	205-2 Communication and training about anti-corruption policies and procedures	Creating a Thriving Workplace Exemplifying the Highest Ethical and Governance Standards
	205-3 Confirmed incidents of corruption and actions taken	Exemplifying the Highest Ethical and Governance Standards
GRI 207: Tax 2019	207-1 Approach to tax	Accelerating Sustainable Economic Growth Exemplifying the Highest Ethical and Governance Standards
	207-2 Tax governance, control, and risk management	Accelerating Sustainable Economic Growth Exemplifying the Highest Ethical and Governance Standards
	207-3 Stakeholder engagement and management of concerns related to tax	Exemplifying the Highest Ethical and Governance Standards Appendix A: BSF Stakeholders
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Protecting Our Communities
	302-4 Reduction of energy consumption	Protecting Our Communities Serving Our Clients
	302-5 Reductions in energy requirements of products and services	Protecting Our Communities Serving Our Clients
GRI 303: Water and Effluents 2018	303-5 Water consumption	Protecting Our Communities
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Protecting Our Communities
	305-2 Energy indirect (Scope 2) GHG emissions	Protecting Our Communities
	305-4 GHG emissions intensity	Protecting Our Communities
	305-5 Reduction of GHG emissions	Our Approach to ESG Protecting Our Communities Serving Our Clients

GRI Standard	Disclosure	Location in the AR [Section]
GRI 306: Waste 2020	306-4 Waste diverted from disposal	Protecting Our Communities
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Accelerating Sustainable Economic Growth
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Creating a Thriving Workplace
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Creating a Thriving Workplace
	401-3 Parental leave	Creating a Thriving Workplace
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Creating a Thriving Workplace
	403-2 Hazard identification, risk assessment, and incident investigation	Creating a Thriving Workplace
	403-3 Occupational health services	Creating a Thriving Workplace
	403-4 Worker participation, consultation, and communication on occupational health and safety	Creating a Thriving Workplace
	403-5 Worker training on occupational health and safety	Creating a Thriving Workplace
	403-6 Promotion of worker health	Creating a Thriving Workplace
	403-8 Workers covered by an occupational health and safety management system	Creating a Thriving Workplace
	403-9 Work-related injuries	Creating a Thriving Workplace
	403-10 Work-related ill health	Creating a Thriving Workplace

GRI Standard	Disclosure	Location in the AR [Section]
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Creating a Thriving Workplace
	404-2 Programs for upgrading employee skills and transition assistance programs	Creating a Thriving Workplace Serving Our Clients
	404-3 Percentage of employees receiving regular performance and career development reviews	Creating a Thriving Workplace
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Our Approach to ESG Creating a Thriving Workplace Exemplifying the Highest Ethical and Governance Standards
	405-2 Ratio of basic salary and remuneration of women to men	Creating a thriving workplace
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Creating a Thriving Workplace
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Serving Our Clients Protecting Our Communities
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Accelerating Sustainable Economic Growth
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Serving Our Clients
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Serving Our Clients Exemplifying the Highest Ethical and Governance Standards

Appendix C:

United Nations Sustainable Development Goals Alignment

BSF Sustainability Framework Pillar	Sustainability-related Material Issues	UN SDG
Exemplifying the Highest Ethical and Governance Standards	• Governance, Accountability, Transparency, and Ethics. • Risk Management. • Data Privacy and Security.	16 Peace, Justice and Strong Institutions
Accelerating Sustainable Economic Growth	• Financial and Economic Performance. • Sustainable Lending and Investment. • Responsible Procurement.	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure
Serving Our Clients	• Responsible Customer Relations and Satisfaction. • Digitalization. • Financial Inclusion and Accessibility.	9 Industry, Innovation and Infrastructure 10 Reduced Inequalities 11 Sustainable Cities and Communities

BSF Sustainability Framework Pillar	Sustainability-related Material Issues	UN SDG
Creating a Thriving Workplace	• Talent Attraction, Retention, and Development. • Employee Engagement, Wellbeing, and Satisfaction. • Diversity and Inclusion. • Nationalization.	3 Good Health and Well-being 4 Quality Education 5 Gender Equality 8 Decent Work and Economic Growth
Protecting Our Communities	• Climate Change and Environmental Management. • Community Investment.	6 Clean Water and Sanitation 7 Affordable and Clean Energy 12 Responsible Consumption and Production 13 Climate Action

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