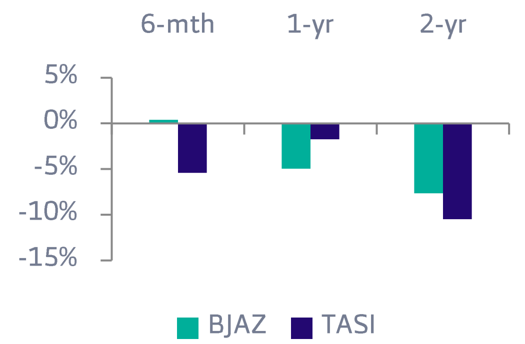
Market Data

52-week high/low	SAR 13.31/10.81
Market Cap	SAR 15,465 mln
Shares Outstanding	1,281 mln
Free-float	88.8%
12-month ADTV	3,054,006
Bloomberg Code	BJAZ AB



Strong Balance Sheet Growth

July 27, 2026

Upside to Target Price	7.7%	Rating	Neutral
Expected Dividend Yield	3.7%	Last Price	SAR 12.07
Expected Total Return	11.4%	12-mth target	SAR 13.00

BJAZ	2Q2026	2Q2025	Y/Y	1Q2026	Q/Q	RC Estimate
Net Fin. & Invest. Income	842	762	11%	819	3%	858
Total Operating Income	1,216	1,102	10%	1,152	6%	1,207
Net Income	443	382	16%	405	9%	445
Net Financing	120,962	103,702	17%	116,636	4%	116,636
Deposits	132,738	114,155	16%	123,958	7%	125,198

(All figures are in SAR mln)

- BJAZ delivered strong momentum in its loan book, rising to reach SAR 121 bln (+17% Y/Y, +4% Q/Q), in line with our forecast of SAR 117 bln. This growth was primarily driven by the Bank's continued focus on commercial lending and retail segments. Deposits increased to SAR 133 bln (+16% Y/Y, +7% Q/Q), above our estimate of SAR 125 bln. As a result, the loan-to-deposit ratio (LDR) declined to 91%, compared to 94% in 1Q26. Net Fin. & Invest. Income rose to SAR 842 mln (+11% Y/Y, +3% Q/Q), broadly in line with our estimate of 858 mln, primarily supported by balance sheet growth. However, NIMs contracted sequentially by 7bps to 2.02%, as the 10bps decline in asset yields more than offset the 2bps improvement in cost of funds, coming in below our estimate of 2.10%.
- Operating income increased to SAR 1.22 bln (+10% Y/Y, +6% Q/Q), in line with our estimate of SAR 1.21 bln. The sequential improvement was mainly driven by stronger Net Fin. & Invest. Income and higher non-funded income, which was mainly supported by higher net gains on FVIS financial instruments, partly offset by lower banking services fees. Fee and other income represented 30% of total operating income, highlighting the Bank's diversified revenue mix and continued its strategic focus on expanding non-interest revenues.
- Operating expenses rose to SAR 618 mln (+8% Y/Y, +2% Q/Q). The sequential increase reflects higher general and administrative expenses, rental and premises-related costs, and higher staff-related costs. The cost-to-income ratio decreased to 50.85% in 2Q26 (vs. 52.8% in 1Q26), although it came in above our estimate of 49%, and remained elevated relative to peers. Impairment charges totaled SAR 97 mln, stable on Y/Y but sharply increased by +30% Q/Q, mainly due to higher provisioning requirements for Commercial financing. Cost of risk increased to 41 bps (vs. 20 bps in 1Q26) coming in above our estimate of 37 bps.
- Net income reached SAR 443 mln (+16% Y/Y, +9% Q/Q), in line with our estimate of SAR 445 mln. The improvement was largely driven by stronger net financing and investment income and higher non-funded income, coupled with a lower zakat charge during the quarter.
- We maintain our Neutral stance with a target price of SAR 13.00. BJAZ trades on FY26 P/BV of 0.9x, at a 35% discount to peers (vs. 1.4x for the peers average). We view this discount as largely justified, given the Bank's structurally lower returns relative to peers, which continued to limit the scope for a near-term re-rating.

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Stock Rating

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

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

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