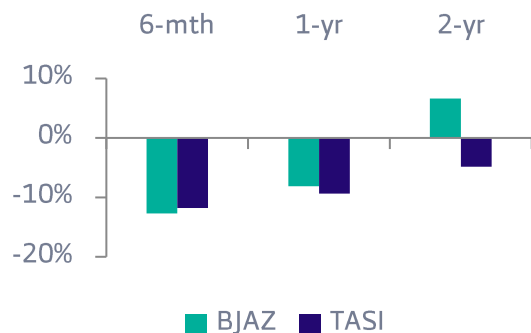


| Market Data        |                 |
|--------------------|-----------------|
| 52-week high/low   | SAR 15.43/12.00 |
| Market Cap         | SAR 16,105 mln  |
| Shares Outstanding | 1,281 mln       |
| Free-float         | 88.9%           |
| 12-month ADTV      | 2,481,253       |
| Bloomberg Code     | BJAZ AB         |



## ■ Solid Results, Slight Miss

Aug 03, 2025

Upside to Target Price 3.4%  
 Expected Dividend Yield 3.2%  
 Expected Total Return 6.6%

Rating  
 Last Price  
 12-mth target

Neutral  
 SAR 12.57  
 SAR 13.00

| BJAZ                      | 2Q2025  | 2Q2024 | Y/Y | 1Q2025  | Q/Q | RC Estimate |
|---------------------------|---------|--------|-----|---------|-----|-------------|
| Net Fin. & Invest. Income | 762     | 629    | 21% | 754     | 1%  | 800         |
| Total Operating Income    | 1,102   | 903    | 22% | 1,079   | 2%  | 1,180       |
| Net Income                | 382     | 318    | 20% | 361     | 6%  | 429         |
| Net Financing             | 103,702 | 87,208 | 19% | 100,571 | 3%  | 104,697     |
| Deposits                  | 114,155 | 98,553 | 16% | 109,644 | 4%  | 111,837     |

(All figures are in SAR mln)

- BJAZ continued to deliver strong momentum in its loan book, up +19% Y/Y and +3% Q/Q to reach SAR 104 bln, broadly in line with our forecast of SAR 105 bln. Deposits grew by +16% Y/Y and +4% Q/Q to SAR 114 bln. The SAR 4.5 bln net increase in deposits outpaced the SAR 3.1 bln increase in net financing during the quarter, leading to a decline in the loan-to-deposit ratio (LDR) to 90.8%, down from 91.7% in 1Q2025.
- Net Fin. & Invest. Income rose remarkably by +21% Y/Y, though up only +1% Q/Q reaching SAR 762 mln. The Y/Y increase was primarily driven by higher income from financing and investments, supported by portfolio growth, which more than offset the decline in income from Shariah-compliant derivatives and placements with banks and other financial institutions. NPMs improved +12 bps Y/Y to 2.13% (vs. 2.01% in 2Q24), but declined -6 bps Q/Q, reflecting some compression compared to the previous quarter.
- Operating income increased by +22% Y/Y and +2% Q/Q to SAR 1.1 billion, with sequential growth mainly attributed to a robust +5% rise in non-funded income, particularly from banking fees, dividends, and foreign exchange income. This reflects a well-diversified income mix across business segments. Operating expenses rose by +13% Y/Y and +1% Q/Q, driven by increased staff-related spending. While the cost-to-income ratio remained stable Q/Q, it improved significantly on a Y/Y basis to 52% in 2Q25, down from 56% in 2Q24, highlighting gains in operating efficiency. However, it remains relatively elevated versus peers. Impairment charges totaled SAR 97 mln, up +141% Y/Y but down -6% Q/Q, settling the cost of risk at 38 bps (+2 bps Y/Y, flat Q/Q).
- Net income came in at SAR 382 mln, reflecting +20% Y/Y and +6% Q/Q growth, though below our estimate of SAR 429 mln. The miss was primarily due to softer-than-expected non-funded income, particularly lower net gains from derecognition of financial assets at amortized cost and FVOCI, as well as a decline in dividend income. We maintain our Neutral recommendation with a target price of SAR 13.00, as the stock currently trades near its fair value.

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## ■ Stock Rating

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

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

For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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