2Q 2026 FIRST TAKE

Bank Aljazira

July 22, 2026

Core income strength and lower provisioning lift earnings

Last Price: SAR 11.7 | YoY Performance: -5.1%

KEY TAKEAWAYS

- Bank Aljazira (BJAZ) reported net income of SAR 442.8 mn in 2Q26 (+15.9% YoY, +9.3% QoQ), 12.9% ahead of our forecast – driven mainly by stronger non-interest income (10.9% vs estimates) and lighter impairment charges (12.3% vs estimates).
- Net interest income for the period came in at SAR 841.8 mn (+10.5% YoY), in line with our estimate. NIMs held broadly steady at 2.1% (-2 bps YoY), implying the growth was largely volume driven, with 16.6% YoY loan growth.
- Non-interest income rose to SAR 374.1 mn during 2Q26 (+10.0% YoY, +12.2% QoQ), beating our estimate by 10.9%. Total operating income reached SAR 1,215.9 mn (+10.4% YoY, +5.5% QoQ), 3.1% above our forecast.
- Impairment provisions were recorded at SAR 96.8 mn during the quarter (-0.2% YoY), 12.3% below our estimate and notably 30.2% up QoQ. Cost of risk stood at 32.9 bps, lower than an estimated 38.6 bps, though it ticked up 6 bps QoQ, suggesting some normalisation off a low base in the previous quarter.
- Operating expenses for 2Q26 stood at SAR 618.3 mn (+7.7% YoY, +0.4% above estimates). With income growth (+10.4% YoY) outpacing opex growth, cost-to-income improved to 50.9%, down 125 bps YoY.
- Balance sheet momentum remained strong, with deposits growing to SAR 132.7 bn (+16.3% YoY), while loans rose to SAR 121.0 bn (+16.6% YoY). Headline LDR stood at 91.1%, up 29 bps YoY but 119 bps below our forecast, reflecting deposit growth slightly outpacing our financing growth assumptions.
- Based on our last update, we maintain a 'Neutral' stance on the stock, with a target price of SAR 12.2/share, implying an upside of 3.9% from the current price levels of SAR 11.7/share. The stock is currently trading at a 2026e P/E and P/B of 11.4x and 1.0x, respectively.

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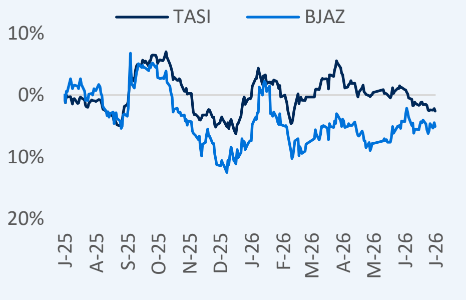
Issuer Information

Bloomberg Code	**BJAZ AB**
Last Price (SAR)	**11.7**
No of Shares (mn)	**1,281**
Market Cap bn (SAR/USD)	**15.0 / 4.0**
52-week High / Low (SAR)	**13.3 / 10.8**
12-month ADTV (mn) (SAR/USD)	**35.9 / 9.6**
Free Float (%)	**88.8**
Foreign Holdings (%)	**12.9**

Last price as of July 21st, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	2Q26A	2Q26E*	Var (%)	2Q25A	YoY (%)	1Q26A	QoQ (%)
Net Interest Income	842	842	0.0	762	10.5	819	2.8
Non-Interest Income	374.1	337	10.9	340	10.0	334	12.2
Total Income	1,216	1,179	3.1	1,102	10.4	1,152	5.5
Operating expenses	-618	-616	0.4	-574	7.7	-608	1.7
Impairment provisions	-97	-110	-12.3	-97	-0.2	-74	30.2
Net Income	443	392.2	12.9	382	15.9	405	9.3
Adj. EPS	***0.27***	***0.25***		***0.22***		***0.24***	
Assets	181,184	171,818	5.5	157,785	14.8	173,114	4.7
Investments	40,964	41,044	-0.2	37,594	9.0	40,232	1.8
Loans & Advances	120,962	114,545	5.6	103,702	16.6	114,266	5.9
Deposits	132,738	124,071	7.0	114,155	16.3	123,958	7.1
Total Equity	23,400	21,446	9.1	19,304	21.2	23,004	1.7
NIM (%) - annualized	2.1	2.1	-4 bps	2.1	-2 bps	2.1	-1 bps
Operating cost to income (%)	50.9	52.2	-135 bps	52.1	-125 bps	52.8	-190 bps
Provision/Loans (bps)	32.9	38.6	-6 bps	38.0	-5 bps	26.4	6 bps
Simple LDR (%)	91.1	92.3	-119 bps	90.8	29 bps	92.2	-105 bps
Assets to Equity (x)	7.7	8.0	-3.4	8.2	-5.3	7.5	2.9

**anbc estimates*
Source: Company Financials, anbc research

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