

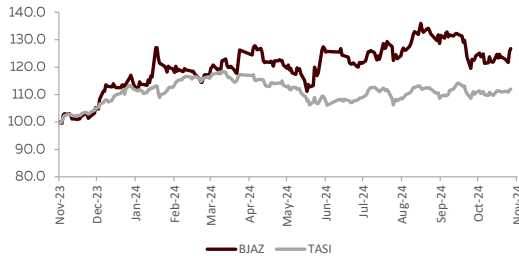
Bank Aljazira (BJAZ)

Recommendation	Hold
Current Market Price (SAR)	16.9
52wk High / Low (SAR)	18.2/13.1
Mkt. Cap. (USD/SAR Mn)	4,655/17,466
Shares Outstanding (mn)	1,025
Free Float (%)	99.5%
3m Average Vol. (000)	2,252.5
3m Avg Daily Turnover (SAR'000)	38,594
Dividend Yield '24e (%)	2.8%
Adjusted P/E'24e (x)*	17.8
P/B'24e (x)	1.5

Source: Bloomberg

*EPS post sukuk payment

Relative Price Performance



Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Net yield income	2,607	2,375	2,645	2,450
Non yield income	888	960	1,001	1,027
Operating income	3,495	3,335	3,646	3,478
Impairment charge	286	229	317	343
Net income	1,109	1,020	1,142	938
Cost to income (%)	55%	58%	55%	59%
EPS (SAR)	1.08	1.00	1.11	0.92
Adjusted EPS (SAR)*	1.01	1.01	1.11	0.91
RoE (%)	9%	8%	9%	7%
Financing	70,599	80,781	87,709	94,828
Customers' deposits	86,023	94,054	103,715	110,107

Source: Company Reports, Yaqeen Capital

*EPS post sukuk payment

Major Shareholders (%)

Ibraheem Abdurahman Mohammed Al Konaibit	6.00%
Consolidated Brothers Company	5.00%

Source: Bloomberg, Yaqeen Capital

Earnings grew supported by higher operating and investment Gains"

- In 3Q2024, BIAZ's net income rose 20.5% YoY and 4.8% QoQ to SAR 333mn, driven by increased operating income, though the net profit margin declined by 0.3ppts YoY and QoQ to 16.2%.
- Net financing and investment income grew 6.9% YoY (+3.2% QoQ) to SAR 650mn in 3Q2024, supported by higher income from corporate financing and funds due from banks, spurred by portfolio growth and higher rates.
- Total operating income increased 19.6% YoY and 13.0% QoQ to SAR 1,021mn in 3Q2024, with YoY growth driven by gains in net financing and investment income, FVIS financial instruments, banking fees, other income, and exchange gains, despite a decrease in derecognition gains on amortized cost assets. QoQ growth was primarily supported by rises in other operating income, banking fees, and gains on derecognition of FVOCI assets, against a decrease in dividend income.
- Operating expenses rose 20.1% YoY and 17.5% QoQ to SAR 645mn in 3Q2024, mainly due to increases in administrative and impairment expenses, salaries, and rent, partially offset by declines in depreciation and other expenses.
- For 9M2024, net income increased 28.4% YoY to SAR 951mn, largely due to a 15% rise in operating income, while the net income margin decreased slightly by 0.1ppts to 16.3%.
- Net financing and investment income for 9M2024 rose 9.7% YoY to SAR 1,899mn, reflecting portfolio growth and higher rates; returns on deposits and financial liabilities grew 41% due to increased returns on customer deposits and shariah-compliant products.
- The net financing portfolio expanded by 16.7% YoY to SAR 92.7bn in 9M2024, with growth in the Commercial (+18.8%) and Consumer (+13.6%) segments.
- Customer deposits reached SAR 103.3bn, up 14.0% YoY, led by a 369.6% increase in savings deposits and a 16.3% rise in time deposits, though demand deposits fell 6.0% YoY.

Outlook & Valuation: We remain optimistic about domestic banks, driven by strong credit demand from government projects and private sector funding needs amid projected interest rate declines. However, BIAZ's earnings may underperform Shariah-compliant peers due to lower net interest margins, a higher cost-to-income ratio, and weaker return on equity. As a result, we have valued the bank at a significantly lower P/B multiple compared to its peers. Based on a 1-year forward average P/B of 1.5x and FY2024e BVPS of SAR 12.8, we arrive at a fair value of SAR 15.9/share (5.9% downside from current level), implying Hold recommendation on the stock.

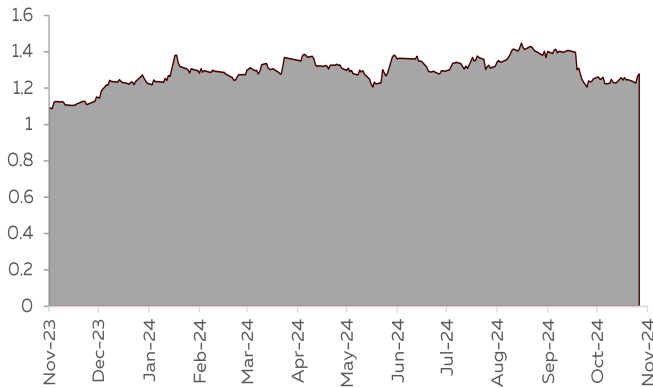
Financial Summary

SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Net yield income	650	608	7%	629	3%
Non yield income	371	245	51%	274	36%
Operating income	1,021	853	20%	903	13%
Impairment charge	88	49	80%	83	6%
Net income	333	276	21%	318	5%
Cost to income (%)	55%	57%		56%	
EPS (SAR)	0.32	0.27	21%	0.31	5%
Adjusted EPS (SAR)*	0.32	0.27	21%	0.21	52%

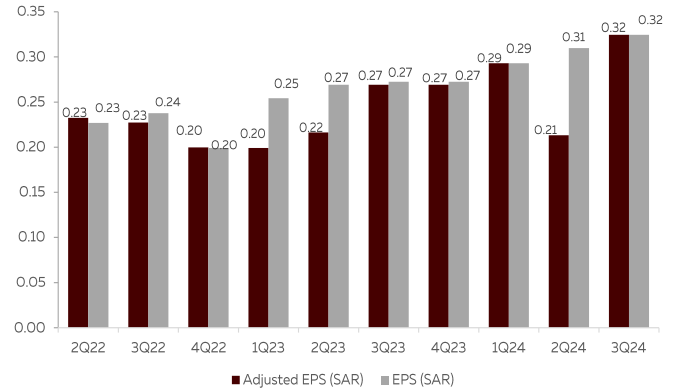
Source: Company Reports, Yaqeen Capital

*EPS post sukuk payment

Price to Book Ratio Trend



EPS & Adjusted EPS* (SAR) Trend



*EPS post sukuk payment

Rating Methodology

Buy: The Target share price exceeds the current share price by $\geq 10\%$

Hold: The Target share price is either more or less than the current share price by 10%

Sell: The Target share price is less than the current share price by $\geq 10\%$

Disclaimer

Research report has been prepared by Yaqeen Capital, Riyadh, Saudi Arabia. It has been prepared for the general use of Yaqeen Capital's clients and may not be altered, redistributed, retransmitted, or disclosed, in whole or in part, or in any form or manner, without the express written consent of Yaqeen Capital. Receipt and review of this research document constitute your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this document prior to public disclosure of such information by Yaqeen Capital. The information contained was obtained from various public sources believed to be reliable, and Yaqeen Capital makes no representations or warranties (express or implied) regarding the data and information provided and does not represent that the information content of this document is complete, or free from any error, not misleading, or fit for any particular purpose. This research document provides general information only, but we do not intend to provide personal investment advice and did not constitute an offer or an invitation to make an offer, to buy/ sell/ hold any securities or other investment products, and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report.

Investors should seek financial, legal or tax advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed in this document and should understand that statements regarding future prospects may not be realized. Investors should note that the securities or other investments, if any, may fluctuate and that the price or value of such securities and investments may rise or fall. Fluctuations in exchange rates could have adverse effects on the value of or price of, or income derived from, certain investments. Accordingly, investors may receive back less than originally invested. Yaqeen Capital or its subsidiaries may own securities in one or more of the aforementioned companies, and/or indirectly through funds managed by third parties. The Investment Banking Group of Yaqeen Capital maybe in the process of soliciting or executing fee earning mandates for companies that is either the subject of this document or is mentioned in this document. Yaqeen officers (including research analysts) or Board of directors may have a financial interest in securities of the issuer(s) or related investments, including long or short positions in securities, warrants, futures, or other financial instruments. Yaqeen Capital and employees shall not be liable for any direct, indirect or consequential loss or damages that may arise, directly or indirectly, from any use of the information contained in this report.

Yaqeen Capital is a closed joint stock company licensed by the Saudi Arabian Capital Market Authority, License No (06020-37) to provide services in Dealing, Custody, Managing, Arranging and Advising.