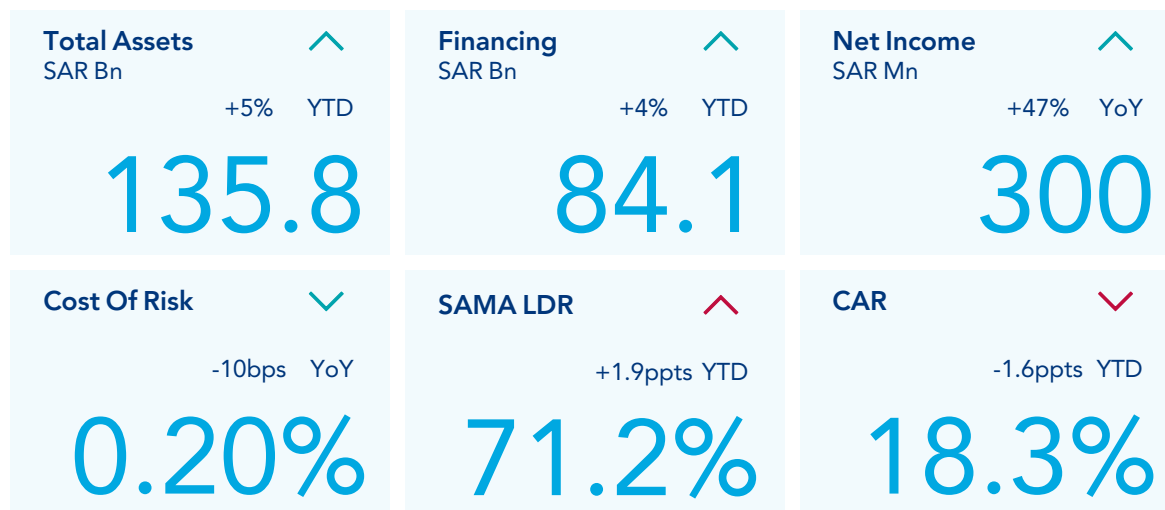


# Bank AlJazira reports 47% growth in net income to SAR 300 million for 1Q 2024

## 1Q 2024 Financial Results Highlights



- **Net income** for 1Q 2024 amounted to SAR 300 million, up 47% compared to 1Q 2023 and 8% sequentially.
- **Total operating income** for 1Q 2024 of SAR 888 million was unchanged from the previous quarter, and increased by 13% versus 1Q 2023. Operating income growth year-on-year was driven by 11% higher net financing and investment income and a 19% expansion in fee and other income.
- **Operating expenses** of SAR 492 million increased by 4% compared to 1Q 2023, but positive operating leverage improved the cost to income ratio by 5 ppts year-on-year to 55.4%.
- **Cost of risk** decreased by 10 bps year-on-year to 0.20% for 1Q 2024, along with an improvement in credit quality compared to the previous year.
- **Total financing** demonstrated solid 4% growth during 1Q 2024 to SAR 84.1 billion.
- **Customers' deposits** grew 3% year-to-date to SAR 97.3 billion, driven by increased demand deposits.
- **SAMA LDR** came at 71.2%, providing ample room for future growth.
- **Total equity** remained stable at SAR 16.4 billion.
- **Total Capital Adequacy Ratio (CAR)** declined 1.6 ppts during 1Q 2024 to 18.3% from RWAs growth, OCI movements and regulatory IFRS 9 transitional adjustments.

**Jeddah, 15 May 2024** – Bank AlJazira (BAJ) reported 47% year-on-year growth in net income to SAR 300 million for 1Q 2024, driven by a 13% rise in operating income, further supported by improving operating efficiency and lower cost of risk. On a sequential basis, net income increased by 8% due to lower operating expenses and impairment charges compared to 4Q 2023.

Total assets amounted to SAR 135.8 billion as of 31<sup>st</sup> March 2024, an increase of 5% over the quarter, primarily driven by solid financing growth of 4%. Total customer deposits expanded by 3% in 1Q 2024 on the back of increased demand deposits.

Addressing the first-quarter performance of Bank AlJazira, Mr. Naif A. Al Abdulkareem, Chief Executive Officer of Bank AlJazira, stated:

"We are delighted with the strong performance for the first quarter, which underscores our dedication to delivering sustainable growth and value to stakeholders. Our results show gradual enhancements in profitability, efficiency, and risk management metrics, reflecting our continued focus on strategic initiatives. Moreover, we are pleased to report that the rapid expansion of our balance sheet observed last year has been sustained in the first quarter. It aligns with the planned trajectory of our refreshed strategy, demonstrating our commitment to driving forward our strategic vision."

Mr. Hani S. Noori, Senior Vice President and Chief Financial Officer of Bank AlJazira:

"We are pleased to announce a strong 47% year-on-year growth in net income, reaching SAR 300 million for 1Q 2024. This milestone underscores our commitment to delivering consistent, profitable growth and creating enduring value. We are pursuing financing growth while maintaining healthy credit quality. Our strategic emphasis on diversifying revenue streams has yielded positive results, with robust growth evident in fee and other income. Furthermore, the favourable dynamics of positive jaws have bolstered our cost-to-income ratio, firmly placing us on track to achieve our strategic objectives. Despite a decline in the total capital adequacy ratio to 18.3%, primarily influenced by increased risk-weighted assets, we remain comfortable relative to regulatory requirements and our future growth plans."

## Income Statement Highlights

For the period ending 31 March 2024

SAR Mn	1Q 2024	4Q 2023	QoQ % Change	1Q 2023	YoY % Change
Net financing and investment income	620	643	-4%	559	+11%
Fee and other income	268	247	+9%	225	+19%
<b>Total operating income</b>	<b>888</b>	<b>890</b>	<b>-0%</b>	<b>784</b>	<b>+13%</b>
Total operating expenses before impairment charge	(492)	(515)	-4%	(475)	+4%
Impairment charge	(55)	(68)	-19%	(60)	-8%
<b>Net operating income</b>	<b>341</b>	<b>307</b>	<b>+11%</b>	<b>249</b>	<b>+37%</b>
Share in net income of an associate	6	4	+38%	1	+475%
<b>Net income for the period before zakat and income tax</b>	<b>347</b>	<b>311</b>	<b>+11%</b>	<b>250</b>	<b>+39%</b>
Zakat and income tax	(47)	(32)	+45%	(46)	+2%
<b>Net income for the period</b>	<b>300</b>	<b>279</b>	<b>+8%</b>	<b>204</b>	<b>+47%</b>
Earnings per share	0.29	0.18	+67%	0.20	+47%
ROAE before zakat and tax	8.46%	7.61%	+85 bps	7.25%	+120 bps
Net margin	2.04%	2.11%	-7 bps	2.02%	+2 bps
Cost of risk*	0.20%	0.40%	-19 bps	0.30%	-10 bps
Cost to income ratio	55.4%	57.8%	-2.5 ppts	60.6%	-5.2 ppts

\*Cost of Risk is based on Impairment Charge in respect of Financing net of recoveries, reversal and write offs.

**Total operating income** for 1Q 2024 amounted to SAR 888 million, an increase of 13% compared to 1Q 2023 and stable relative to 4Q 2023. Year-over-year growth in operating income was driven by an 11% increase in net financing and investment income, coupled with a robust 19% expansion in fee and other income. More than a quarter of 1Q 2024 total operating income is comprised of fee and other income, with year-on-year growth primarily driven by investment-related income and fees from banking services.

**Financing and investment income** for 1Q 2024 increased 38% compared to 1Q 2023. This was however offset by a 58% increase in the cost of funds attributed to interest rate hikes. As a result, net financing and investment income increased 11% year-over-year. Financing and investment income increased by 5% when compared to 4Q 2023, resulting in a decline in net financing and investment income of 4% as the cost of funds rose by 9%. The net margin for the first quarter of 2024 remained broadly flat, increasing by 2 bps year-over-year compared to 1Q 2023, reaching 2.04%, with a 7 bps decrease from 2.11% in 4Q 2023.

**Operating expenses** saw a modest increase of 4% compared to the first quarter of 2023. Nevertheless, positive jaws resulted in the cost-to-income ratio showing a year-on-year improvement of 5 ppts to 55.4%. On a sequential basis, operating expenses decreased by 4% compared to 4Q 2023.

**The impairment charge** for 1Q 2024 totalled SAR 55 million, reflecting an 8% year-on-year improvement and lowering the cost of risk to 0.20%.

In the first quarter of 2024, **net income** reached SAR 300 million, reflecting a 47% increase compared to the same period in 2023. This growth is primarily attributed to the 13% rise in operating income, further aided by improving operating efficiency and lower cost of risk. On a sequential basis, net income increased 8% due to reduced operating expenses and impairment charges compared to the fourth quarter of 2023.

## Balance Sheet Highlights

For the quarter as of 31 March 2024

SAR Mn	1Q 2024	4Q 2023	QoQ % Change	1Q 2023	YoY % Change
Total cash, interbank and balances with SAMA	14,731	11,532	+28%	8,637	+71%
Investments, net	33,972	34,442	-1%	36,040	-6%
Financing, net	84,116	80,781	+4%	72,030	+17%
Other assets, net	3,001	2,795	+7%	2,723	+10%
<b>Total assets</b>	<b>135,821</b>	<b>129,551</b>	<b>+5%</b>	<b>119,430</b>	<b>+14%</b>
Due to banks and other financial institutions	17,996	14,986	+20%	14,468	+24%
Customers' deposits	97,268	94,054	+3%	86,867	+12%
Subordinated Sukuk	2,044	2,004	+2%	2,040	+0%
Other liabilities, net	2,077	2,091	-1%	2,087	-1%
<b>Total liabilities</b>	<b>119,384</b>	<b>113,135</b>	<b>+6%</b>	<b>105,462</b>	<b>+13%</b>
<b>Total equity</b>	<b>16,437</b>	<b>16,415</b>	<b>+0%</b>	<b>13,968</b>	<b>+18%</b>

The balance sheet expanded 5% during the first quarter, with **total assets** reaching SAR 135.8 billion. This growth was driven by a 4% increase in **net financing** and supported by a 28% increase in interbank balances driven by the temporary deployment of excess liquidity.

**Investments** remained largely unchanged compared to last year, resulting in a decrease in their share of total assets to 25% as contributions from other asset lines expanded.

**Net financing** increased by 4%, totalling SAR 84.1 billion by the end of 1Q 2024. Financing growth was driven mainly by a 5% rise in commercial financing. Commerce, building and construction emerged as key growth drivers in the portfolio. At the same time, consumer lending also sustained its upward trajectory, posting a 2% increase in 1Q 2024. Auto financing stood out as the main driver for consumer financing growth, delivering a notable increase of 73%. The residential financing portfolio also experienced a moderate 1% uptick.

**Customers' deposits** expanded by 3% to SAR 97.3 billion during the first quarter of 2024, driven largely by demand deposits. Current and savings accounts grew by 10% over the quarter, while time deposits remained unchanged.

## Asset Quality Highlights

For the quarter as of 31 March 2024

%	1Q 2024	4Q 2023	QoQ % Change	1Q 2023	YoY % Change
NPL ratio	1.57%	1.84%	-27 bps	1.74%	-17 bps
NPL coverage ratio	168.7%	181.8%	-13%	212.6%	-44%
Stage 3 coverage	53.1%	58.6%	-5%	61.2%	-8%

The **NPL ratio** decreased by 27 bps to 1.57% in 1Q 2024. NPLs remained stable in the consumer sector, while decreasing significantly for the commercial portfolio due to write-offs of fully provided legacy accounts. As a result, the coverage of non-performing financing moderated to 168.7% as of 31 March 2024.

## Capital Adequacy and Liquidity Highlights

For the quarter as of 31 March 2024

SAR Mn	1Q 2024	4Q 2023	QoQ % Change	1Q 2023	YoY % Change
Risk weighted assets	103,082	95,854	+8%	86,456	+19%
RWA density	75.9%	74.0%	+1.9 ppts	72.4%	+3.5 ppts
Total tier 1 capital (T1)	16,356	16,596	-1%	14,164	+15%
Total capital	18,893	19,098	-1%	16,732	+13%
Tier 1 ratio	15.9%	17.3%	-1.4 ppts	16.4%	-0.5 ppts
Capital adequacy ratio	18.3%	19.9%	-1.6 ppts	19.4%	-1.0 ppts
LCR	207.8%	142.3%	+65.5 ppts	141.3%	+66.5 ppts
NSFR	114.3%	112.3%	+1.9 ppts	117.1%	-2.8 ppts
SAMA weighted LDR	71.2%	69.3%	+1.9 ppts	76.0%	-4.8 ppts
Headline LDR	86.5%	85.9%	+0.6 ppts	82.9%	+3.6 ppts

**Risk-weighted assets (RWA)** increased by 8% YTD to reach SAR 103.1 billion in 1Q 2024, while the RWA density increased slightly to 75.9% from 74.0% as of December 2023. The increase in RWAs was driven by both the increase in the financing book as well as off-balance sheet assets.

The **total capital adequacy ratio** experienced a drop by 1.6 ppts in 2023 to 18.3%, and the **Tier 1 ratio** was 15.9% as of 31 March 2024. This decline was primarily influenced by the increase in risk-weighted assets and adjustments in fair value reserve within OCI, alongside regulatory adjustments related to IFRS 9 transitional arrangements.

The bank's liquidity remained strong and comfortably within regulatory limits, with the **liquidity coverage ratio** at 207.8%, the **net stable funding ratio** at 114%, the **SAMA regulatory loan to deposit ratio** at 71.2%, and the **headline loan to deposit ratio** at 86.5%.

## Operating Segment Highlights

### Personal Banking Highlights

For the period ending 31 March 2024

SAR Mn	1Q 2024	4Q 2023	QoQ % Change	1Q 2023	YoY % Change
Net financing and investment income	281	306	-8%	300	-6%
Fee and other income	93	98	-5%	108	-14%
<b>Total operating income</b>	<b>374</b>	<b>405</b>	<b>-8%</b>	<b>408</b>	<b>-8%</b>
Total operating expenses before impairment charge	(325)	(319)	+2%	(324)	+0%
Impairment charges, net	(21)	(17)	+19%	(14)	+50%
<b>Net income / (loss) before zakat and income tax</b>	<b>29</b>	<b>69</b>	<b>-59%</b>	<b>71</b>	<b>-60%</b>

SAR Mn	1Q 2024	4Q 2023	QoQ % Change	1Q 2023	YoY % Change
Total assets	38,853	37,282	+4%	35,644	+9%
Total liabilities	49,829	44,402	+12%	48,600	+3%

**Personal banking net income before zakat** for 1Q 2024 decreased by 60% year-on-year to SAR 29 million due to reduced net financing and investment income and fee and other income. **Total personal banking assets** rose by 4% during the 1Q 2024 to SAR 38.9 billion, while **total liabilities** increased by 12% to SAR 49.8 billion due to a 13% increase in retail deposits.

## Corporate Banking Highlights

For the period ending 31 March 2024

SAR Mn	1Q 2024	4Q 2023	QoQ % Change	1Q 2023	YoY % Change
Net financing and investment income	188	191	-2%	166	+13%
Fee and other income	61	42	+45%	44	+38%
<b>Total operating income</b>	<b>249</b>	<b>233</b>	<b>+7%</b>	<b>210</b>	<b>+18%</b>
Total operating expenses before impairment charge	(68)	(60)	+14%	(62)	+9%
Impairment charges, net	(34)	(52)	-36%	(42)	-20%
<b>Net income / (loss) before zakat and income tax</b>	<b>147</b>	<b>121</b>	<b>+22%</b>	<b>106</b>	<b>+39%</b>

SAR Mn	1Q 2024	4Q 2023	QoQ % Change	1Q 2023	YoY % Change
Total assets	44,033	42,379	+4%	35,192	+25%
Total liabilities	45,405	48,154	-6%	36,407	+25%

The corporate segment reported 39% YoY growth in net income before zakat to SAR 147 million in 1Q 2024. This growth was equally supported by a 13% increase in net financing and investment income, as well as a 38% rise in fees and other income. **Total corporate banking assets** rose by 4% during 1Q 2024 to SAR 44.0 billion, driven by commercial financing growth. **Total liabilities** declined by 6% to SAR 45.4 billion due to a reduction in deposits.



## Brokerage and Asset Management Highlights

For the period ending 31 March 2024

SAR Mn	1Q 2024	4Q 2023	QoQ % Change	1Q 2023	YoY % Change
Net financing and investment income	18	20	-10%	12	+45%
Fee and other income	99	103	-3%	67	+47%
<b>Total operating income</b>	<b>117</b>	<b>122</b>	<b>-4%</b>	<b>80</b>	<b>+47%</b>
Total operating expenses before impairment charge	(56)	(94)	-40%	(47)	+20%
Share in net income of an associate	1	1	+38%	0	+474%
<b>Net income / (loss) before zakat and income tax</b>	<b>62</b>	<b>29</b>	<b>+111%</b>	<b>33</b>	<b>+86%</b>

**Brokerage and Asset management** reported an 86% YoY increase in net income before zakat to SAR 62 million in 1Q 2024. Operating income rose 47% year-on-year to SAR 117 million, driven by fee and other income. The segment's contribution to the bank's net income before zakat is steadily growing, reaching 18% during 1Q 2024.

## Treasury and Investments Highlights

For the period ending 31 March 2024

SAR Mn	1Q 2024	4Q 2023	QoQ % Change	1Q 2023	YoY % Change
Net financing and investment income	136	128	+6%	82	+65%
Fee and other income	89	71	+26%	72	+24%
<b>Total operating income</b>	<b>225</b>	<b>199</b>	<b>+13%</b>	<b>154</b>	<b>+46%</b>
Total operating expenses before impairment charge	(44)	(43)	+1%	(43)	+2%
Impairment charges, net	(1)	2	-163%	(4)	-76%
<b>Net income / (loss) before zakat and income tax</b>	<b>180</b>	<b>157</b>	<b>+15%</b>	<b>107</b>	<b>+68%</b>

SAR Mn	1Q 2024	4Q 2023	QoQ % Change	1Q 2023	YoY % Change
Total assets	49,074	46,036	+7%	45,117	+9%
Total liabilities	22,191	18,517	+20%	18,564	+20%

**Treasury and investments** net income before zakat increased by 68% YoY to SAR 180 million for 1Q 2024, resulting from a 65% improvement in net financing and investment income and a 24% rise in fee and other income. The 7% increase in assets and 20% rise in liabilities were mainly attributable to changes in interbank, as the investment book remained broadly stable.

### About Bank AlJazira

Bank AlJazira (BAJ) is a joint Stock Company incorporated in the Kingdom of Saudi Arabia and established pursuant to Royal Decree No. 46/M dated Jumada Al-Thani 12, 1395H (i.e. June 21, 1975). The Bank commenced its business on Shawwal 16, 1396H (October 9, 1976) with the takeover of the National Bank of Pakistan's (NBP) branches in the Kingdom of Saudi Arabia. The Bank operates under commercial registration No. 4030010523 dated Rajab 29, 1396H (July 27, 1976) issued in Jeddah. The issued and fully paid-up share capital of the Bank amounts to SAR 8.2 billion divided into 820 million shares of SAR 10 each.

The objective of the Bank is to provide a full range of Shari'ah compliant banking products and services to Retail and Corporate customers including current accounts, saving accounts, Murabaha, Istisna'a, Ijarah, Tawarruq, Musharaka, Wa'ad foreign exchange, credit cards and Sukuk which are approved and supervised by an independent Shari'ah Committee. The Bank conducts its business through the Bank's departments and branches all over the Kingdom and has no branches operating abroad.

The Bank is recognized as one of the leading Shari'ah compliant fast-growing financial institution in Saudi Arabia, which provides individuals, businesses, and institutions with innovative Shari'ah compliant financial services through professional and dedicated staff.

### Additional Information

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