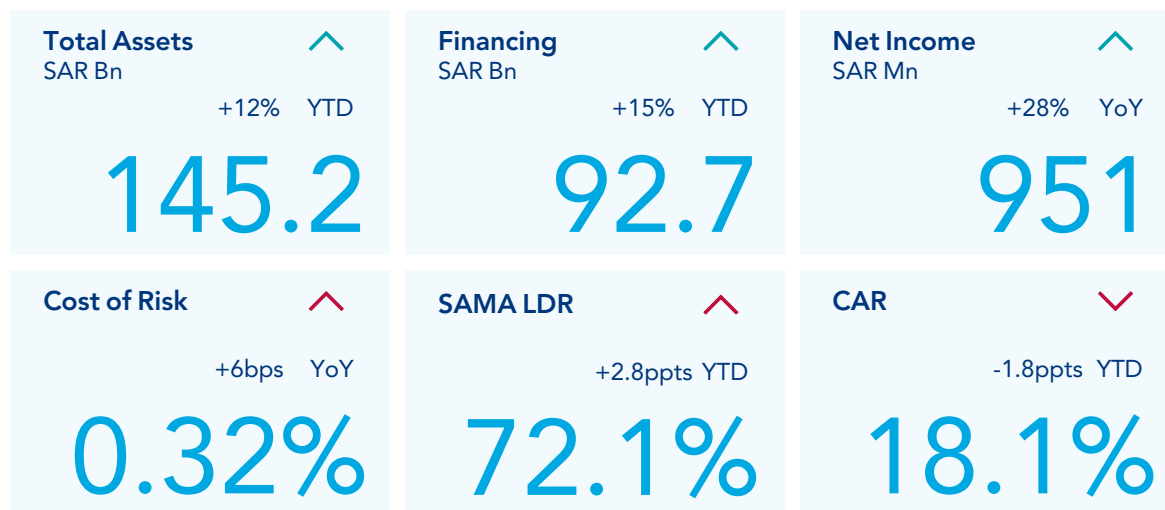


Bank AlJazira reports 28% growth in net income to SAR 951 million for 9M 2024

9M 2024 Financial Results Highlights



- **Net income** for 9M 2024 amounted to SAR 951 million, up 28% compared to 9M 2023. Net income for 3Q 2024 amounted to SAR 333 million, up 21% YoY and 5% on a sequential basis.
- **Total operating income** for 9M 2024 reached SAR 2,812 million, demonstrating 15% YoY growth, driven by a 10% increase in net financing and investment income and a 28% expansion in fee and other income.
- **Operating expenses** increased by 9% compared to 9M 2023; however, positive operating leverage improved the cost-to-income ratio by 3.0 ppts YoY to 55.4%.
- **The bank's cost of risk** increased modestly to 0.32% for 9M 2024, compared to 0.26% in the previous year, while the NPL ratio improved YoY to 1.30%.
- **Total financing** demonstrated solid 15% growth during 9M 2024 to SAR 92.7 billion.
- **Customers' deposits** experienced 10% growth YTD, reaching SAR 103.3 billion, driven by increased savings accounts and time deposits.
- **SAMA LDR** was 72.1% at 3Q 2024, providing ample room for future growth.
- **Total equity** increased by 6% YTD to SAR 17.4 billion from retained earnings generation.
- **Total Capital Adequacy Ratio (CAR)** declined 1.8 ppts during 9M 2024 to 18.1%, primarily due to RWA growth, despite solid earnings growth.

Riyad, 5 November 2024 – Bank AlJazira (BAJ) reported 28% year-on-year growth in net income to SAR 951 million for 9M 2024, driven by a 15% rise in operating income, partially offset by 9% growth in operating expenses. In the third quarter of 2024, net income reached SAR 333 million, experiencing a 21% rise year-on-year and 5% on a sequential basis.

Total assets amounted to SAR 145.2 billion as of 30th September 2024, an increase of 12% YTD, primarily driven by solid financing growth of 15%. Total customer deposits expanded by 10% in 9M 2024 on the back of increased savings accounts and time deposits.

[Addressing the performance of Bank AlJazira, Mr. Naif A. Al Abdulkareem, Chief Executive Officer of Bank AlJazira, stated:](#)

"We are pleased to report a consistent improvement in our financial performance, with a SAR 333 million profit, representing a 21% increase compared to the previous year and 5% growth over the previous quarter. This success reflects the effective execution of our strategy. Bank AlJazira's strategic transformation initiatives are yielding significant progress as we advance our digital capabilities and enhance customer experience. We continue to focus on the disciplined execution of our five-year strategy approved last year, and while there is still more work to be done, we are encouraged by the progress we made so far. The upcoming launch of our new digital assets represents a key step in our commitment to innovation and enhancing the customer experience. By diversifying our revenue streams and focusing on customer-centric solutions, we are well-positioned to capitalize on growth opportunities while maintaining our dedication to strong asset quality and sustainable financial performance."

[Mr. Hani S. Noori, Senior Vice President and Chief Financial Officer of Bank AlJazira:](#)

"Our results for the first nine months of 2024 showcase solid income growth and effective cost management. The 15% increase in operating income, supported by both financing growth and strong fee income, underscores the strength of our diversified income base. Despite modestly higher operating expenses, we delivered positive operating leverage, reducing our cost-to-income ratio. Our continued attention to asset quality and robust financing growth further reinforces our ability to deliver gradually improving financial returns."

Income Statement Highlights

For the period ending 30 September 2024

SAR Mn	9M 2024	9M 2023	YoY % Change	3Q 2024	3Q 2023	YoY % Change
Net financing and investment income	1,899	1,732	+10%	650	608	+7%
Fee and other income	913	713	+28%	371	245	+51%
Total operating income	2,812	2,445	+15%	1,021	853	+20%
Total operating expenses before impairment charge	(1,557)	(1,426)	+9%	(557)	(488)	+14%
Impairment charge	(183)	(161)	+14%	(88)	(49)	+80%
Net operating income	1,072	858	+25%	376	317	+19%
Share in net income of an associate	13	12	+12%	3	5	-35%
Net income for the period before zakat and income tax	1,085	869	+25%	379	322	+18%
Zakat and income tax	(134)	(129)	+4%	(47)	(46)	+3%
Net income for the period	951	741	+28%	333	276	+21%
Earnings per share	0.83	0.68	+21%	0.32	0.27	+21%
ROAE before zakat and tax	8.56%	7.74%	+82 bps	8.91%	7.89%	+102 bps
ROAE	7.50%	6.60%	+90 bps	7.81%	6.77%	+104 bps
Net margin	2.00%	2.01%	-2 bps	1.95%	2.02%	-7 bps
Cost of risk*	0.32%	0.26%	+6 bps	0.40%	0.21%	+19 bps
Cost to income ratio	55.4%	58.3%	-3.0 ppt	54.6%	57.2%	-2.6 ppts

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

Total operating income for 9M 2024 reached SAR 2,812 million, demonstrating a 15% year-on-year increase. This growth was driven by a 10% increase in net financing and investment income and an impressive 28% expansion in fee and other income. Notably, 32% of total operating income in 9M 2024 came from fee and other income, driven by banking services and investment-related revenues. In 3Q 2024, total operating income grew by 20% year-on-year and 13% QoQ to SAR 1,021 million.

Financing and investment income for 9M 2024 grew by 29%, while the cost of funds increased by 41%, leading to a 10% rise in net financing and investment income. The net margin for 9M 2024 remained broadly stable year-on-year at 2.00%.

Operating expenses for 9M 2024 increased by 9% compared to 9M 2023, mainly due to higher spending on strategic initiatives, including digital transformation and staff-related costs. However, positive

operating leverage led to a 3.0 ppt improvement in the cost-to-income ratio, which stood at 55.4% for 9M 2024.

The **net impairment charge** for 9M 2024 totalled SAR 183 million, reflecting a 14% year-on-year increase. The charge benefited from an impairment reversal on other real estate, excluding which the impairment charge for financial assets would have increased by 40% year-on-year to SAR 226 million. The bank's cost of risk stood at 0.32% for 9M 2024, a 6 bps increase compared to the previous year.

In the first nine months of 2024, **net income** reached SAR 951 million, reflecting a 28% increase compared to the same period in 2023. This growth is primarily attributed to the 15% rise in operating income, partially offset by 9% growth in operating expenses. In the third quarter of 2024, net income reached SAR 333 million, experiencing a 21% rise year-on-year and 5% on a sequential basis.

Balance Sheet Highlights

For the quarter as of 30 September 2024

SAR Mn	3Q 2024	2Q 2024	QoQ % Change	4Q 2023	YTD % Change
Total cash, interbank and balances with SAMA	13,310	13,055	+2%	11,532	+15%
Investments, net	36,060	34,619	+4%	34,442	+5%
Financing, net	92,710	87,208	+6%	80,781	+15%
Other assets, net	3,112	3,119	-0%	2,795	+11%
Total assets	145,192	138,001	+5%	129,551	+12%
Due to banks and other financial institutions	20,154	18,818	+7%	14,986	+34%
Customers' deposits	103,349	98,553	+5%	94,054	+10%
Subordinated Sukuk	2,045	2,005	+2%	2,004	+2%
Other liabilities, net	2,258	1,951	+16%	2,091	+8%
Total liabilities	127,806	121,327	+5%	113,135	+13%
Total equity	17,386	16,674	+4%	16,415	+6%

The balance sheet expanded 12% during 9M 2024, with **total assets** reaching SAR 145.2 billion. This growth was mainly driven by a 15% increase in **net financing**.

Investments experienced a moderate increase of 5% YTD, resulting in a decrease in their share of total assets to 25% from 27% at the beginning of the year, as contributions from other asset lines expanded more.

Net financing increased by 15%, totalling SAR 92.7 billion by the end of 3Q 2024. Financing growth was driven mainly by a 17% rise in commercial financing. Commerce, building and construction sectors emerged as key growth drivers in the portfolio. At the same time, consumer lending also sustained its upward trajectory, posting an 11% increase in 9M 2024. Residential financing increased by 15% and stood out as the main driver for consumer financing growth. It was also supported by the auto financing, delivering a notable increase of 85%, albeit from a low base.

Customers' deposits expanded by 10% to SAR 103.3 billion during 9M 2024, driven largely by savings accounts and further supported by time deposits. Current and savings accounts grew by 17% YTD, while time deposits experienced a moderate 6% increase. As a result, the share of current and savings accounts increased to 42.4% from 39.9% at the end of 2023.

Asset Quality Highlights

For the quarter as of 30 September 2024

%	3Q 2024	2Q 2024	QoQ % Change	4Q 2023	YoY % Change
NPL ratio	1.30%	1.52%	-23 bps	1.84%	-54 bps
NPL coverage ratio	197.9%	172.6%	+25.4 ppts	181.8%	+16.1 ppts
Stage 3 coverage	53.1%	49.6%	+3.5 ppts	58.6%	-5.4 ppts

The **NPL ratio** decreased by 54 bps to 1.30% in 9M 2024. NPLs decreased significantly for the commercial portfolio due to write-offs of fully provided legacy accounts, while consumer NPLs also declined. The coverage of non-performing financing increased to 197.9% as of 30 September 2024.

Capital Adequacy and Liquidity Highlights

For the quarter as of 30 September 2024

SAR Mn	3Q 2024	2Q 2024	QoQ % Change	4Q 2023	YoY % Change
Risk weighted assets	110,119	105,021	+5%	95,854	+15%
RWA density	75.8%	76.1%	-0.3 ppts	74.0%	+1.9 ppts
Total tier 1 capital	17,370	16,568	+5%	16,596	+5%
Total capital	19,923	19,073	+4%	19,098	+4%
Tier 1 ratio	15.8%	15.8%	-0.0 ppts	17.3%	-1.5 ppts
Capital adequacy ratio	18.1%	18.2%	-0.1 ppts	19.9%	-1.8 ppts
LCR	151.0%	155.9%	-5.0 ppts	142.3%	+8.7 ppts
NSFR	118.9%	123.6%	-4.7 ppts	112.3%	+6.6 ppts
SAMA weighted LDR	72.1%	72.1%	-0.0 ppts	69.3%	+2.8 ppts
Headline LDR	89.7%	88.5%	+1.2 ppts	85.9%	+3.8 ppts

Risk-weighted assets (RWA) increased by 15% YTD to reach SAR 110.1 billion in 9M 2024, while RWA density increased slightly to 75.8% from 74.0% as of 31 December 2023. The increase in RWAs was driven by increases in both the financing book and off-balance sheet assets.

The total capital adequacy ratio experienced a drop of 1.8 ppts in 9M 2024 to 18.1%, and the **Tier 1 ratio** was 15.8% as of 30 September 2024. This decline was primarily influenced by the increase in risk-weighted assets, alongside regulatory adjustments related to IFRS 9 transitional arrangements in the beginning of the year. Capital ratios however remained stable sequentially.

The bank's liquidity remained strong and comfortably within regulatory limits, with the **liquidity coverage ratio** at 151.0%, the **net stable funding ratio** at 118.9%, the **SAMA regulatory loan to deposit ratio** at 72.1%, and the **headline loan to deposit ratio** at 89.7%.

Operating Segment Highlights*

Personal Banking Highlights

For the period ending 30 September 2024

SAR Mn	9M 2024	9M 2023	YoY % Change	3Q 2024	3Q 2023	YoY % Change
Net financing and investment income	1,214	1,095	+11%	396	373	+6%
Fee and other income	313	316	-1%	119	105	+13%
Total operating income	1,527	1,411	+8%	515	478	+8%
Total operating expenses before impairment charge	(1,070)	(1,002)	+7%	(382)	(342)	+12%
Impairment charges, net	(49)	(30)	+66%	(4)	(2)	+91%
Net income / (loss) before zakat and income tax	408	379	+8%	129	134	-4%

SAR Mn	3Q 2024	2Q 2024	QoQ % Change	4Q 2023	YoY % Change
Total assets	42,346	40,088	+6%	37,282	+14%
Total liabilities	47,645	46,158	+3%	44,402	+7%

Personal banking net income before zakat for 9M 2024 increased by 8% year-on-year to SAR 408 million due to growth in net financing and investment income, partially offset by higher expenses and impairment charge. **Total personal banking assets** rose by 14% during 9M 2024 to SAR 42.3 billion, while **total liabilities** increased by 7% to SAR 47.6 billion.

* In 2Q 2024, the Bank updated its Funds Transfer Pricing (FTP) policy, resulting in modifications to segment performance reporting. Prior periods have been restated accordingly.

Corporate Banking Highlights

For the period ending 30 September 2024

SAR Mn	9M 2024	9M 2023	YoY % Change	3Q 2024	3Q 2023	YoY % Change
Net financing and investment income	636	560	+14%	251	208	+21%
Fee and other income	242	127	+90%	121	45	+172%
Total operating income	878	687	+28%	372	252	+47%
Total operating expenses before impairment charge	(201)	(173)	+16%	(73)	(59)	+23%
Impairment charges, net	(134)	(134)	-0%	(83)	(49)	+70%
Net income / (loss) before zakat and income tax	544	380	+43%	216	144	+50%

SAR Mn	3Q 2024	2Q 2024	QoQ % Change	4Q 2023	YoY % Change
Total assets	48,640	46,064	+6%	42,379	+15%
Total liabilities	46,606	50,629	-8%	48,154	-3%

The corporate segment reported 43% YoY growth in net income before zakat to SAR 544 million in 9M 2024. This growth was supported by a 14% increase in net financing and investment income, a 90% rise in fees and other income, partially offset by a 16% increase in operating expenses. **Total corporate banking assets** rose by 15% during 9M 2024 to SAR 48.6 billion, driven by commercial financing growth. **Total liabilities** decreased by 3% to SAR 46.6 billion due to a decline in customer deposits.

Brokerage and Asset Management Highlights

For the period ending 30 September 2024

SAR Mn	9M 2024	9M 2023	YoY % Change	3Q 2024	3Q 2023	YoY % Change
Net financing and investment income	65	40	+63%	32	15	+110%
Fee and other income	297	234	+27%	101	100	+0%
Total operating income	362	274	+32%	132	115	+15%
Total operating expenses before impairment charge	(172)	(145)	+19%	(60)	(51)	+18%
Share in net income of an associate	2	2	+12%	0	1	-35%
Net income / (loss) before zakat and income tax	192	131	+47%	73	65	+12%

Brokerage and Asset management reported a 47% YoY increase in net income before zakat to SAR 192 million in 9M 2024. Operating income rose 32% year-on-year to SAR 362 million, driven by strong fee and other income growth. The segment's contribution to the bank's net income before zakat is steadily growing, reaching 18% during 9M 2024 from 15% in 9M 2023.

Treasury and Investments Highlights

For the period ending 30 September 2024

SAR Mn	9M 2024	9M 2023	YoY % Change	3Q 2024	3Q 2023	YoY % Change
Net financing and investment income	23	65	-64%	(4)	19	-121%
Fee and other income	278	237	+17%	114	59	+93%
Total operating income	302	302	-0%	110	78	+40%
Total operating expenses before impairment charge	(115)	(106)	+8%	(42)	(36)	+18%
Impairment charges, net	(0)	3	-110%	(1)	2	-146%
Net income / (loss) before zakat and income tax	186	199	-6%	66	45	+48%

SAR Mn	3Q 2024	2Q 2024	QoQ % Change	4Q 2023	YoY % Change
Total assets	49,877	47,464	+5%	46,036	+8%
Total liabilities	31,347	22,491	+39%	18,517	+69%

Treasury and investments net income before zakat decreased by 6% YoY to SAR 186 million for 9M 2024, resulting from a 64% drop in net financing and investment income, partially offset by a 17% increase in fee and other income. The 8% increase in assets and 69% rise in liabilities were mainly attributable to changes in interbank balances.

Outlook

Saudi Arabia's economic landscape remains dynamic, with real GDP growth projected at 1.5% for 2024 and anticipated to accelerate to 4.6% in 2025. Non-oil GDP is forecasted to grow by 3.7% in 2024 and 4.4% in 2025, driven by Vision 2030 initiatives that continue to stimulate corporate growth and credit activity across key sectors.

Following a 50 bps rate cut in September, an additional one or two cuts of 25 bps each are expected before year-end. Bank AlJazira's negative sensitivity to interest rate cuts places it in a favourable position to benefit from these changes, which is expected to positively impact the bank's results. Combined with bank's strategic execution, these developments support continued value generation for our shareholders.

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 10,250 million divided into 1,025 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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