

Aljazira Bank 1Q 2026 Earnings Release

Aljazira Bank achieved strong results: net income rose by 12%, driven by continuous net margin improvement and slowdown of costs growth while business volumes kept on expanding

Riyadh, 5 May 2026

1Q 2026 Financial Results highlights:

<p>Net financing [^]</p> <p>ﷲ bn +3% YTD</p> <p>114.3</p>	<p>Deposits [^]</p> <p>ﷲ bn +7% YTD</p> <p>124.0</p>	<p>Net income [^]</p> <p>ﷲ mln +12% YoY</p> <p>405.0</p>
<p>Cost of risk ^v</p> <p>-19 bps YoY</p> <p>0.20%</p>	<p>Net Margin [^]</p> <p>+9 bps QoQ</p> <p>2.10%</p>	<p>CAR Pillar 1 ^v</p> <p>+1.6 ppt YoY</p> <p>19.6%</p>

- Net income increased by 12% YoY and 12% QoQ to ﷲ405 million with return on tangible equity at 8.4%.
- Total operating income increased by 7% YoY to ﷲ1,152 million while decreased by 3% QoQ. Fee and other income comprised sizeable 29% of total operating income.
- Net margin continued to expand and reached 2.10% in Q1 2026 compared to 2.01% in the previous quarter, supported by 9% YoY and 6% QoQ increase in net financing and investment income.
- Operating expenses increased by 7% YoY and remained flat QoQ, however, cost -to-income ratio increased by 0.34 ppt YoY to 52.75%.
- Cost of risk declined to 20 bps in Q1 2026, down by 19 bps YoY and 34 bps QoQ, reflecting stable credit quality and strong recoveries.
- Net financing increased to ﷲ114.3 billion in Q1 2026, up 14% YoY and 3% YTD driven by both corporate and retail segments, total assets grew to ﷲ173.1 billion.
- Customers' deposits rose by 7% in 1Q 2026, reaching ﷲ124.0 billion, share of CASA stood at 41.3% of total customer's deposits.
- SAMA-weighted LDR was 75.5%, LCR was 168.0% and NSFR was 115.2% as of 31 March 2026. All three ratios have comfortable cushions versus regulatory thresholds.
- Shareholder's equity increased by 6% YTD and by 21% YoY supported by the successful ﷲ1,464 million Tier 1 Sukuk issuance in Q1 2026.
- Total capital adequacy ratio (CAR) Pillar 1 was 19.6% as of 31 March 2026, down by 0.3 ppt YTD.

Healthy bottom line growth coupled with continuous business expansion and consistent progress on strategy execution

Riyadh, 5 May 2026 - Aljazira Bank's net income for 1Q 2026 reached **ﷲ405 million**, a healthy 12% increase YoY and QoQ. The solid bottom line performance was driven by 7% growth in total operating income, supported by slowdown in operating expenses growth to a single-digit rate and lower cost of risk bolstered by strong recoveries.

The balance sheet expanded by 4% in 1Q 2026, driven by sustained growth in commercial financing, supplemented by increase of investment portfolio. Customer deposits saw a very strong 7% increase in 1Q 2026 with share of CASA at 41.3%.

Commenting on the 1Q 2026 results, Mr. Naif A. Abdulkareem, CEO and Managing Director, stated:

"In 1Q 2026 Aljazira Bank delivered 12% YoY and QoQ rise in net income and further expanded net margin. The growth momentum continued as we increased financing across all business lines as well as investment book. Asset growth was strongly supported by strong inflow of customers' deposits, underpinning strength of our banking franchise operating under new brand identity since the beginning of the year.

"Aljazira Bank remains committed to balancing growth with discipline as we are strengthening our digital capabilities and investing in talent, innovation and customer satisfaction, and deliver consistent progress in achieving the strategic aim to be the bank of choice for affluent individuals, corporates, and institutions.

"In 1Q 2026 we further reinforced our capital base with Tier 1 Sukuk issuance. Robust capital allows the Bank to pursue attractive business opportunities in a strong, vibrant and resilient Saudi market.

"Overall, the 1Q 2026 results demonstrate successful execution of Aljazira Bank's strategy, strength of business model and unwavering strong commitment to deliver sustainable long-term shareholder value."

Mr. Hani S. Noori, Senior Vice President and Chief Financial Officer, remarked:

"Solid 1Q 2026 results were driven by successful execution of the Bank's transformation strategy combined with strict cost and risk discipline. Our net margin continued to expand as we proceeded with optimizing funding and improving asset mix. We reaffirm our full-year guidance and will look forward to further improving the Bank's performance for the rest of the year. With robust capital position, strong customer franchise and sound funding base Aljazira Bank is well positioned to pursue profitable growth."

Income Statement Summary

For the period ending 31 March 2026

ﷲ Mn	1Q 2026	1Q 2025	YoY % Change	4Q 2025	QoQ % Change
Net financing & investment income	819	754	+9%	773	+6%
Fee & other income	334	325	+3%	412	-19%
Total operating income	1,152	1,079	+7%	1,185	-3%
Operating expenses before impairment charge	(608)	(566)	+7%	(611)	-0.4%
Impairment charge, net	(74)	(103)	-28%	(100)	-26%
Net operating income	470	411	+14%	475	-1%
Share in net income of an associate	2	1	+23%	5	-66%
Net income for the period before Zakat & income tax	472	412	+15%	479	-2%
Zakat & income tax	(67)	(51)	+31%	(117)	-43%
Net income for the period	405	361	+12%	362	+12%
EPS, ﷲ	0.24	0.28	-14%	0.21	+18%
Net margin	2.10%	2.19%	-9 bps	2.01%	+9 bps
Cost-to-income	52.8%	52.4%	+0.3 ppt	51.5%	+1.2 ppt
Cost of risk	0.20%	0.38%	-19 bps	0.54%	-0.34 bps
ROTE before Zakat and tax	10.2%	11.9%	-1.7 ppt	10.9%	-0.7 ppt
ROTE	8.4%	10.4%	-2.1 ppt	7.0%	+1.3 ppt

Net income increased by 12% YoY and QoQ to ﷲ405 million driven by higher net financing and investment income and supported by lower impairment charge.

Total operating income increased by 7% YoY to ﷲ1,152 million, with net financing and investment income up by 9% and fee and other income up by 3%. Net margin was 2.10%, compared to 2.01% in the previous quarter, reflecting an increase of 9 bps. Net margin improvement reflects continued easing of the cost of funding and supportive liquidity environment in the market. Fee and other income represented a solid 29% of total operating income, underpinning the Bank's diversified revenue and strategic focus on growing non-interest revenues.

Operating expenses growth slowed down in 1Q 2026 to 7% YoY, cost-to-income ratio was 52.8%, 0.4 ppt up YoY. Growth in operating expenses was due to continued investments in personnel and strategic initiatives, including digital transformation, offset by strict cost discipline and savings initiatives.

Impairment charge decreased by 28% YoY, driven by a lower cost of risk. The Cost of risk stood at 20 bps in 1Q 2026 compared to 38 bps for the same period last year. This improvement was supported by strong recoveries within the commercial portfolio during the quarter.

Return on tangible equity was 8.4% in Q1 2026. Beginning in 2026, the Bank reports return on tangible equity based on equity attributable to shareholders and excluding Tier 1 Sukuk and payments related to it.

Balance Sheet Summary

as of 31 March 2026

₪ Mn	1Q 2026	4Q 2025	QoQ % Change	1Q 2025	YoY % Change
Cash & Interbank	14,438	13,084	+10%	13,032	+11%
Investments, net	40,232	38,968	+3%	36,923	+9%
Financing, net	114,266	110,862	+3%	100,571	+14%
Other assets, net	4,178	3,009	+39%	2,842	+47%
Total assets	173,114	165,924	+4%	153,369	+13%
Due to banks & other FI	21,068	23,912	-12%	20,246	+4%
Customers' deposits	123,958	115,395	+7%	109,644	+13%
Subordinated Sukuk	2,042	2,007	+2%	2,041	+0%
Other liabilities, net	3,041	2,834	+7%	2,356	+29%
Total liabilities	150,110	144,149	+4%	134,288	+12%
Equity attributable to shareholders of the Bank	14,790	15,025	-2%	14,206	+4%
Tier 1 sukuk	8,214	6,750	+22%	4,875	+68%
Total equity	23,004	21,775	+6%	19,081	+21%

The Bank's **business mix** is well diversified, with all segments contributing to operating and net income.

The **balance sheet** continued to expand, with total assets increasing by 13% YoY and by 4% YTD to $\text{AED}173.1$ billion. Asset growth was supported by healthy increase in net financing by 14% YoY and 3% YTD, reflecting both strong origination capabilities and strategic focus on commercial financing and project finance.

Net financing reached $\text{AED}114.3$ billion. Growth in 1Q 2026 was driven by 4% YTD increase in commercial financing and a 2% YTD increase in consumer financing. Within the commercial portfolio, large corporate financing was the main growth driver, expanding by 13% YTD.

In consumer financing, personal loans grew by 2%, home loans increased by 1%, and auto financing continued its strong momentum, rising by 8% during the quarter.

Net investments rose by 9% YoY and 3% YTD to $\text{AED}40.2$ billion, comprising 23% of total assets. Fixed rate instruments account for 82% of the investment portfolio, reflecting the Bank's strategy of locking in yields amid interest rate cuts. Additionally, 77% of net investments consists of instruments issued by government and quasi-government entities.

Customers' deposits recorded strong growth of 7% in 1Q 2026 and increased by 13% YoY to $\text{AED}124.0$ billion, reflecting both improved market liquidity and the Bank's strong customer franchise. CASA deposits comprise 41.3% of total customer's deposits.

Asset Quality Highlights

as of 31 March 2026

	1Q 2026	4Q 2025	QoQ % Change	1Q 2025	YoY % Change
NPL ratio	1.32%	1.03%	+28 bps	1.44%	-13 bps
NPL coverage ratio	151%	186%	-35 ppt	164%	-12 ppt
Stage 3 ratio	2.26%	2.26%	0 bps	3.06%	-80 bps
Stage 3 coverage ratio	64%	62%	+2 ppt	57%	+7 ppt

NPL ratio in 1Q 2026 increased by 28 bps to 1.32% due to some already impaired Stage 3 loans classified as non-performing. Stage 3 ratio remained flat QoQ while stage 3 coverage ratio increased by 2 ppt to 64%. NPL coverage ratio remained at a robust level of 151%.

Capital Adequacy and Liquidity Highlights

as of 31 March 2026

ﷲ Mn	1Q 2026	4Q 2025	QoQ % Change	1Q 2025	YoY % Change
Risk weighted assets	131,089	122,690	+7%	118,966	+10%
RWA density	75.7%	73.9%	+1.8 ppt	77.6%	-1.8 ppt
Total Tier 1 equity	23,039	21,815	+6%	18,862	+22%
Total capital	25,741	24,470	+5%	21,507	+20%
Tier 1 ratio	17.6%	17.8%	-0.2 ppt	15.9%	-1.8 ppt
CAR Pillar 1	19.6%	19.9%	-0.3 ppt	18.1%	+1.6 ppt
LCR	168.0%	184.8%	-16.8 ppt	133.7%	+34.3 ppt
NSFR	115.2%	114.3%	+0.8 ppt	113.3%	+1.9 ppt
SAMA weighted LDR	75.5%	72.7%	+2.9 ppt	73.3%	+2.2 ppt
Headline LDR	92.2%	96.1%	-3.9 ppt	91.7%	+0.5 ppt

Risk-weighted assets reached ﷲ131.1 billion, increasing by 7% in 1Q 2026 RWA density grew by 1.8 ppt to 75.7%. RWA increase was due to growth in both funded and non-funded assets. Non-funded exposure grew by 16% in 1Q 2026 ﷲ23.3 billion as part of strategy to diversify revenue sources.

Total capital adequacy ratio in 1Q 2026 decreased slightly, by 0.3 ppt to 19.6%, while the Tier 1 ratio decreased by 0.2 ppt to 17.6%. Capital adequacy was supported by the ﷲ1,464 million Tier 1 Sukuk issuance during Q1 2026. Capital ratios were further supported by retained earnings generation and positive other comprehensive income movements, partially offset by an increase in RWAs.

The Bank's **liquidity** remained robust and comfortably within regulatory limits, with the liquidity coverage ratio at 168.0%, the net stable funding ratio at 115.2%, the SAMA weighted regulatory LDR at 75.5%, and the headline LDR at 92.2%

Operating Segment Highlights

Personal Banking Highlights

for the period ending 31 March 2026

ﷲ Mn	1Q 2026	1Q 2025	YoY % Change	4Q 2025	QoQ % Change
Net financing & investment income	482	456	+6%	456	+6%
Fee & other income	100	117	-15%	161	-38%
Total operating income	582	573	+2%	617	-6%
Operating expenses before impairment charge	(408)	(383)	+6%	(415)	-2%
Impairment charge, net	(19)	(16)	+15%	(9)	+946%
Net income for the period before Zakat & income tax	156	174	-10%	201	-22%

as of 31 March 2026

ﷲ Mn	1Q 2026	4Q 2025	QoQ % Change	1Q 2025	YoY % Change
Total assets	56,820	50,494	+13%	47,201	+20%
Total liabilities	47,387	40,818	+16%	46,147	+3%

The **personal banking segment** reported net income before zakat of SAR 156 million in 1Q 2026, down 10% YoY, primarily due to 15% reduction of fee and other income partially offset by 6% growth in net financing and investment income.

Total personal banking assets rose by 13% YTD 20% YoY to ﷲ56.8 billion, while total liabilities rose by 16% YTD and 3% YoY to ﷲ47.4 billion.

Corporate Banking Highlights

for the period ending 31 March 2026

₪ Mn	1Q 2026	1Q 2025	YoY % Change	4Q 2025	QoQ % Change
Net financing & investment income	272	257	+6%	230	+18%
Fee & other income	95	76	+25%	78	+22%
Total operating income	367	333	+10%	308	+19%
Operating expenses before impairment charge	(87)	(78)	+15%	(89)	-2%
Impairment charge, net	(57)	(87)	-35%	(97)	-42%
Net income for the period before Zakat & income tax	223	170	+31%	122	+83%

as of 31 March 2026

₪ Mn	1Q 2026	4Q 2025	QoQ % Change	1Q 2025	YoY % Change
Total assets	69,649	58,676	+19%	51,928	+34%
Total liabilities	59,280	57,718	+3%	51,694	+15%

The **corporate segment** delivered a strong performance, with net income before zakat rising by 31% YTD and 83% QoQ to ₪223 million. This growth was driven by robust 25% YoY growth of fee and other income and 6% YoY increase of net financing and investment income, supported by 35% YoY reduction of impairment charge.

Total corporate banking assets increased by 19% YTD by 34% YoY to ₪69.6 billion, primarily driven by commercial financing growth. Total liabilities increased by 3% YTD and by 15% YoY to ₪58.2 billion.

▮ **Brokerage and Asset Management Highlights**

for the period ending 31 March 2026

ﷲ Mn	1Q 2026	1Q 2025	YoY % Change	4Q 2025	QoQ % Change
Net financing & investment income	29	33	-14%	34	-14%
Fee & other income	88	112	-22%	131	-33%
Total operating income	116	145	-20%	164	-29%
Operating expenses	(67)	(65)	+3%	(59)	+14%
Share in net income of an associate	0.2	0.2	+23%	0.7	-66%
Net income for the period before Zakat & income tax	50	81	-38%	106	-53%

Brokerage and Asset management segment reported a 38% YoY decline in net income before zakat in Q1 2026 to ﷲ50 million. Operating expenses decreased by 20% YoY to ﷲ116 million due to 22% reduction in fee and other income and 14% reduction in net financing and investment income.

Treasury and Investment Highlights

for the period ending 31 March 2026

₪ Mn	1Q 2026	1Q 2025	YoY % Change	4Q 2025	QoQ % Change
Net financing & investment income	52	8	+550%	53	-2%
Fee & other income	122	111	+10%	131	-7%
Total operating income	174	119	+46%	184	-6%
Operating expenses before impairment charge	(45)	(42)	+8%	(49)	-8%
Impairment charge, net	(0.9)	(0.5)	+87%	(1.0)	-15%
Net income for the period before Zakat & income tax	128	77	+66%	135	-5%

as of 31 March 2026

₪ Mn	1Q 2026	4Q 2025	QoQ % Change	1Q 2025	YoY % Change
Total assets	42,266	51,637	-18%	49,611	-15%
Total liabilities	41,136	42,915	-4%	34,036	+21%

Treasury and investments segment net income before zakat in 1Q 2026 demonstrated a sizeable 66% YoY growth to ₪128 million and 550% YoY growth of net financing and investment income.

Treasury and investments segment's assets decreased by 18% YTD and by 15% YoY to ₪42.3 billion, while liabilities decreased by 4% YTD and increased by 21% YoY ₪41.1 billion.

✦ About Aljazira Bank

Aljazira Bank (ajb) 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 **ﷲ**12,813 million divided into 1,281 million shares of **ﷲ**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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The full financial statements, earnings release, investor and earnings presentations will be made available on our website at:

<https://ir.aljazirabank.com.sa/>

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