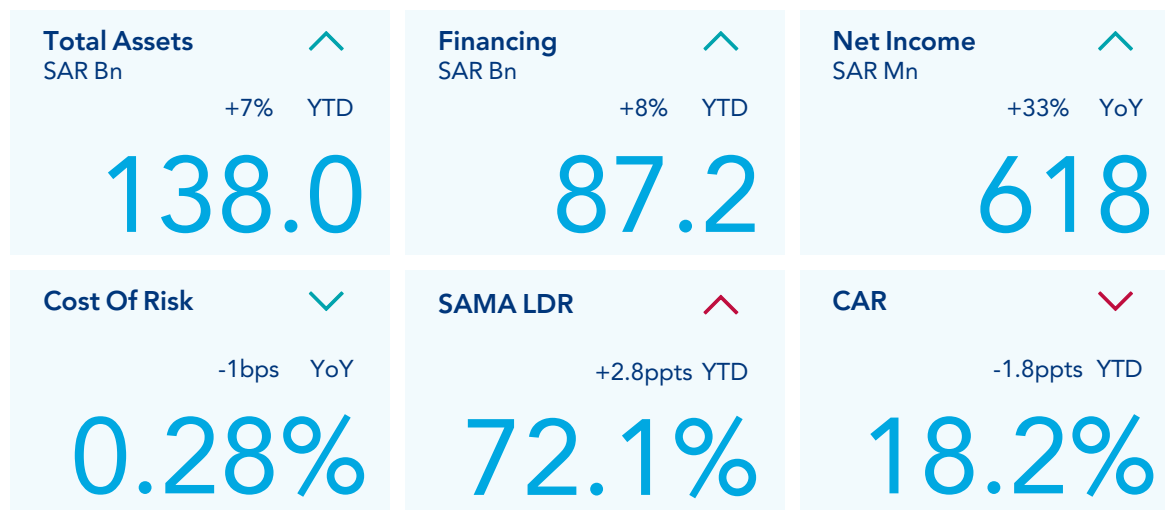


Bank AlJazira reports 33% growth in net income to SAR 618 million for 1H 2024

1H 2024 Financial Results Highlights



- **Net income** for 1H 2024 amounted to SAR 618 million, up 33% compared to 1H 2023. Net income for 2Q 2024 amounted to SAR 318 million, up 22% YoY and 6% on a sequential basis.
- **Total operating income** for 1H 2024 reached SAR 1,791 million, demonstrating 13% YoY growth, driven by 11% higher net financing and investment income and a 16% expansion in fee and other income.
- **Operating expenses** increased by 7% compared to 1H 2023, however, positive operating leverage improved the cost to income ratio by 3.1 ppts year-on-year to 55.8%.
- **The bank's cost of risk** was relatively stable year-on-year at 0.28% for 1H 2024, while the NPL ratio improved.
- **Total financing** demonstrated solid 8% growth during 1H 2024 to SAR 87.2 billion.
- **Customers' deposits** experienced 5% growth YTD, reaching SAR 98.6 billion, driven by increased savings accounts.
- **SAMA LDR** was 71.2% at 2Q 2024, providing ample room for future growth.
- **Total equity** increased by 2% YTD to SAR 16.7 billion.
- **Total Capital Adequacy Ratio (CAR)** declined 1.8 ppts during 1H 2024 to 18.2% from RWA growth, OCI movements in the 1Q 2024 and regulatory IFRS 9 transitional adjustments.

Riyad, 12 August 2024 – Bank AlJazira (BAJ) reported 33% year-on-year growth in net income to SAR 618 million for 1H 2024, driven by a 13% rise in operating income, partially offset by 7% growth in operating expenses. In the second quarter of 2024, net income reached SAR 318 million, experiencing a 22% rise year-on-year and 6% on a sequential basis.

Total assets amounted to SAR 138.0 billion as of 30th June 2024, an increase of 7% YTD, primarily driven by solid financing growth of 8% and further supported by increasing interbank balances. Total customer deposits expanded by 5% in 1H 2024 on the back of increased savings accounts.

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

"I am pleased to announce that Bank AlJazira has concluded the first half of 2024 with a net income of SAR 618 million, representing a significant 33% increase compared to the previous year. This impressive growth underscores our strategic emphasis on diversifying our revenue streams and maintaining disciplined cost management. Our balance sheet continues to grow robustly, with a 7% increase, reinforcing our dedication to addressing the financial needs of our clients while upholding strong asset quality. We remain steadfast in our commitment to enhancing our market position and delivering exceptional value to our stakeholders."

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

"Bank AlJazira's strong performance in the first half of 2024, with a 33% uplift in net income to SAR 618 million, reflects our unwavering commitment to sustainable growth and resilience in the face of evolving market dynamics. Our strategic focus on enhancing net financing and investment income, alongside a significant 16% boost in fee and other income, has been critical to this success. The stable cost of risk and the decline in NPL ratio further affirm the quality of our credit portfolio. As we advance, we remain focused on leveraging growth opportunities, bolstering our financial position, and generating long-term value for our shareholders and clients."

Income Statement Highlights

For the period ending 30 June 2024

SAR Mn	1H 2024	1H 2023	YoY % Change	2Q 2024	2Q 2023	YoY % Change
Net financing and investment income	1,249	1,124	+11%	629	566	+11%
Fee and other income	542	467	+16%	274	242	+13%
Total operating income	1,791	1,592	+13%	903	808	+12%
Total operating expenses before impairment charge	(1,000)	(938)	+7%	(508)	(463)	+10%
Impairment charge	(96)	(112)	-15%	(40)	(52)	-23%
Net operating income	696	541	+29%	355	292	+21%
Share in net income of an associate	10	7	+48%	4	6	-35%
Net income for the period before zakat and income tax	706	548	+29%	358	298	+20%
Zakat and income tax	(88)	(83)	+5%	(41)	(37)	+9%
Net income for the period	618	465	+33%	318	261	+22%
Earnings per share	0.51	0.42	+22%	0.21	0.22	-1%
ROAE before zakat and tax	8.53%	7.33%	+119 bps	8.66%	7.88%	+78 bps
ROAE	7.47%	6.22%	+125 bps	7.67%	6.90%	+78 bps
Net margin	2.03%	2.00%	+3 bps	2.01%	1.99%	+2 bps
Cost of risk*	0.28%	0.29%	-1 bps	0.36%	0.29%	+7 bps
Cost to income ratio	55.8%	58.9%	-3.1 ppt	56.3%	57.4%	-1.1 ppts

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

Total operating income for 1H 2024 amounted to SAR 1,791 million, an increase of 13% compared to 1H 2023. Year-over-year growth in operating income was fueled by an 11% increase in net financing and investment income, coupled with a robust 16% expansion in fee and other income. Thirty percent of 1H 2024 total operating income is represented by fee and other income, primarily driven by fees from banking services and investment-related income. Total operating income for 2Q 2024 reached SAR 903 million, an increase of 12% compared to 2Q 2023 and 2% on a sequential basis.

Financing and investment income for 1H 2024 experienced 33% growth compared to 1H 2023, balanced by a 47% increase in the cost of funds, resulting in an 11% increase in net financing and investment income. The net margin for the first half of 2024 increased by 3 bps year-over-year to 2.03%.

Operating expenses increased by 7% compared to the first half of 2023. Nevertheless, the cost-to-income ratio improved from positive operating leverage, showing a year-on-year improvement of 3.1 ppts to reach 55.8%.

The net impairment charge for 1H 2024 totalled SAR 96 million, reflecting a 15% year-on-year improvement. The charge benefited from an impairment reversal on other real estate, excluding which the impairment charge for financial assets would have increased by 23% year-on-year to SAR 138 million. The cost of risk remained almost unchanged year-on-year at 0.28% for 1H 2024.

In the first half of 2024, **net income** reached SAR 618 million, reflecting a 33% increase compared to the same period in 2023. This growth is primarily attributed to the 13% rise in operating income, partially offset by 7% growth in operating expenses. In the second quarter of 2024, net income reached SAR 318 million, experiencing a 22% rise year-on-year and 6% on a sequential basis.

Balance Sheet Highlights

For the quarter as of 30 June 2024

SAR Mn	2Q 2024	1Q 2024	QoQ % Change	4Q 2023	YTD % Change
Total cash, interbank and balances with SAMA	13,055	14,731	-11%	11,532	+13%
Investments, net	34,619	33,972	+2%	34,442	+1%
Financing, net	87,208	84,116	+4%	80,781	+8%
Other assets, net	3,119	3,001	+4%	2,795	+12%
Total assets	138,001	135,821	+2%	129,551	+7%
Due to banks and other financial institutions	18,818	17,996	+5%	14,986	+26%
Customers' deposits	98,553	97,268	+1%	94,054	+5%
Subordinated Sukuk	2,005	2,044	-2%	2,004	+0%
Other liabilities, net	1,951	2,077	-6%	2,091	-7%
Total liabilities	121,327	119,384	+2%	113,135	+7%
Total equity	16,674	16,437	+1%	16,415	+2%

The balance sheet expanded 7% during the first half of the year, with **total assets** reaching SAR 138.0 billion. This growth was mainly driven by an 8% increase in **net financing**.

Investments experienced a moderate increase of 1% YTD, resulting in a decrease in their share of total assets to 25% as contributions from other asset lines expanded more.

Net financing increased by 8%, totalling SAR 87.2 billion by the end of 2Q 2024. Financing growth was driven mainly by a 9% rise in commercial financing. Commerce, building and construction and government sectors emerged as key growth drivers in the portfolio. At the same time, consumer lending also sustained its upward trajectory, posting a 6% increase in 1H 2024. Residential financing increased by 8% and stood out as the main driver for consumer financing growth. It was also supported by the auto financing, delivering a notable increase of 55%, albeit from a low base.

Customers' deposits expanded by 5% to SAR 98.6 billion during the first half of 2024, driven largely by savings accounts. Current and savings accounts grew by 8% YTD, while time deposits experienced a moderate 3% increase. As a result, the share of current and savings accounts increased to 41.3% from 39.9% at the end of 2023.

Asset Quality Highlights

For the quarter as of 30 June 2024

%	2Q 2024	1Q 2024	QoQ % Change	4Q 2023	YoY % Change
NPL ratio	1.52%	1.57%	-5 bps	1.84%	-31 bps
NPL coverage ratio	172.6%	168.7%	+3.8 ppts	181.8%	-9.3 ppts
Stage 3 coverage	49.6%	53.1%	-3.5 ppts	58.6%	-9.0 ppts

The **NPL ratio** decreased by 31 bps to 1.52% in 1H 2024. NPLs decreased significantly for the commercial portfolio due to write-offs of fully provided legacy accounts, while consumer NPLs also declined. As a result of the aforementioned write-offs, the coverage of non-performing financing moderated to 172.6% as of 30 June 2024.

Capital Adequacy and Liquidity Highlights

For the quarter as of 30 June 2024

SAR Mn	2Q 2024	1Q 2024	QoQ % Change	4Q 2023	YoY % Change
Risk weighted assets	105,021	103,082	+2%	95,854	+10%
RWA density	76.1%	75.9%	+0.2 ppts	74.0%	+2.1 ppts
Total tier 1 capital	16,568	16,356	+1%	16,596	-0%
Total capital	19,073	18,893	+1%	19,098	-0%
Tier 1 ratio	15.8%	15.9%	-0.1 ppts	17.3%	-1.5 ppts
Capital adequacy ratio	18.2%	18.3%	-0.2 ppts	19.9%	-1.8 ppts
LCR	155.9%	207.8%	-51.9 ppts	142.3%	+13.6 ppts
NSFR	123.6%	114.3%	+9.3 ppts	112.3%	+11.2 ppts
SAMA weighted LDR	72.1%	71.2%	+0.9 ppts	69.3%	+2.8 ppts
Headline LDR	88.5%	86.5%	+2.0 ppts	85.9%	+2.6 ppts

Risk-weighted assets (RWA) increased by 10% YTD to reach SAR 105.0 billion in 1H 2024, while the RWA density increased slightly to 76.1% from 74.0% as of 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 1H 2024 to 18.2%, and the **Tier 1 ratio** was 15.8% as of 30 June 2024. This decline was primarily influenced by the increase in risk-weighted assets and adjustments in fair value reserve within OCI during the 1Q 2024, 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 155.9%, the **net stable funding ratio** at 123.6%, the **SAMA regulatory loan to deposit ratio** at 72.1%, and the **headline loan to deposit ratio** at 88.5%.

Operating Segment Highlights*

Personal Banking Highlights

For the period ending 30 June 2024

SAR Mn	1H 2024	1H 2023	YoY % Change	2Q 2024	2Q 2023	YoY % Change
Net financing and investment income	817	722	+13%	410	362	+13%
Fee and other income	194	211	-8%	106	99	+7%
Total operating income	1,012	933	+8%	515	461	+12%
Total operating expenses before impairment charge	(688)	(660)	+4%	(351)	(325)	+8%
Impairment charges, net	(45)	(28)	+64%	(30)	(14)	+114%
Net income / (loss) before zakat and income tax	279	245	+14%	134	121	+11%

SAR Mn	2Q 2024	1Q 2024	QoQ % Change	4Q 2023	YoY % Change
Total assets	40,088	38,853	+3%	37,282	+8%
Total liabilities	46,158	49,829	-7%	44,402	+4%

Personal banking net income before zakat for 1H 2024 increased by 14% year-on-year to SAR 279 million due to the growing net financing and investment income, partially offset by higher expenses and impairment charge. **Total personal banking assets** rose by 8% during 1H 2024 to SAR 40.1 billion, while **total liabilities** increased by 4% to SAR 46.2 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 June 2024

SAR Mn	1H 2024	1H 2023	YoY % Change	2Q 2024	2Q 2023	YoY % Change
Net financing and investment income	386	352	+10%	189	199	-5%
Fee and other income	121	82	+46%	60	37	+64%
Total operating income	506	434	+17%	250	236	+6%
Total operating expenses before impairment charge	(128)	(114)	+13%	(65)	(56)	+16%
Impairment charges, net	(51)	(85)	-40%	(11)	(43)	-76%
Net income / (loss) before zakat and income tax	327	235	+39%	174	137	+27%

SAR Mn	2Q 2024	1Q 2024	QoQ % Change	4Q 2023	YoY % Change
Total assets	46,064	44,033	+5%	42,379	+9%
Total liabilities	50,629	45,405	+12%	48,154	+5%

The corporate segment reported 39% YoY growth in net income before zakat to SAR 327 million in 1H 2024. This growth was supported by a 10% increase in net financing and investment income, a 46% rise in fees and other income, and a 40% reduction in the net impairment charge due to the impairment reversal of other real estate. **Total corporate banking assets** rose by 9% during 1H 2024 to SAR 46.1 billion, driven by commercial financing growth. **Total liabilities** increased by 5% to SAR 50.6 billion from deposit growth.

Brokerage and Asset Management Highlights

For the period ending 30 June 2024

SAR Mn	1H 2024	1H 2023	YoY % Change	2Q 2024	2Q 2023	YoY % Change
Net financing and investment income	34	25	+35%	16	13	+25%
Fee and other income	197	134	+47%	97	66	+45%
Total operating income	230	159	+45%	112	79	+42%
Total operating expenses before impairment charge	(112)	(94)	+20%	(57)	(47)	+19%
Share in net income of an associate	1	1	+48%	1	1	+76%
Net income / (loss) before zakat and income tax	119	66	+81%	57	32	+77%

Brokerage and Asset management reported an 81% YoY increase in net income before zakat to SAR 119 million in 1H 2024. Operating income rose 45% year-on-year to SAR 230 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 17% during 1H 2024.

Treasury and Investments Highlights

For the period ending 30 June 2024

SAR Mn	1H 2024	1H 2023	YoY % Change	2Q 2024	2Q 2023	YoY % Change
Net financing and investment income	27	45	-40%	21	(8)	352%
Fee and other income	165	178	-8%	76	106	-28%
Total operating income	192	224	-14%	97	97	-0%
Total operating expenses before impairment charge	(72)	(71)	+3%	(36)	(35)	+4%
Impairment charges, net	1	1	-33%	1	5	-85%
Net income / (loss) before zakat and income tax	120	154	-22%	61	68	-9%

SAR Mn	2Q 2024	1Q 2024	QoQ % Change	4Q 2023	YoY % Change
Total assets	47,464	49,074	-3%	46,036	+3%
Total liabilities	22,491	22,191	+1%	18,517	+21%

Treasury and investments net income before zakat decreased by 22% YoY to SAR 120 million for 1H 2024, resulting from a 40% drop in net financing and investment income and an 8% decline in fee and other income. The 3% increase in assets and 21% rise in liabilities were mainly attributable to changes in interbank balances, 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 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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