

بنك الجزيرة
BANK ALJAZIRA 

Bank AlJazira
Earnings Presentation 9M 2024



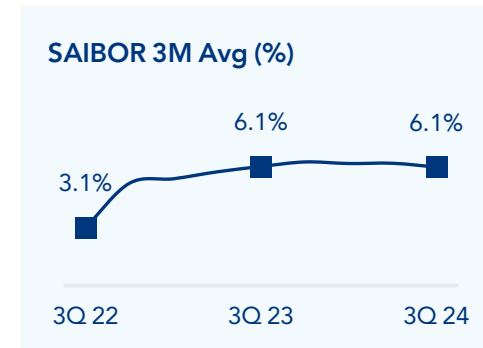
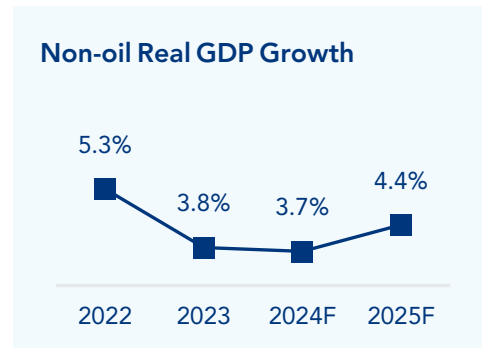
Continued growth of assets with gradually improving profitability and efficiency

Macro Background

Saudi Arabia's **favorable operating environment**: robust non-oil GDP growth

Rates: -50bps in Sept-24, up to 2 further 25bps cuts expected in 4Q 2024

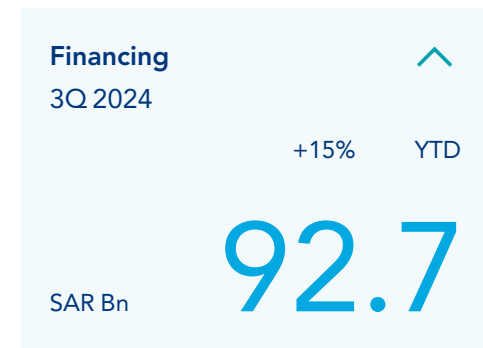
Saudi banking sector: acceleration of corporate loan growth



Operational & Strategic Progress

Progressing with transformation activities, particularly Digital Transformation efforts, in line with the **Refreshed strategy**

Continued **corporate growth momentum**

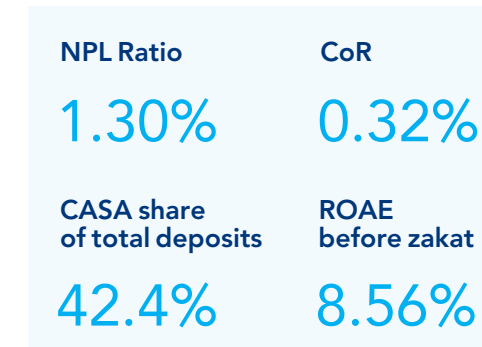
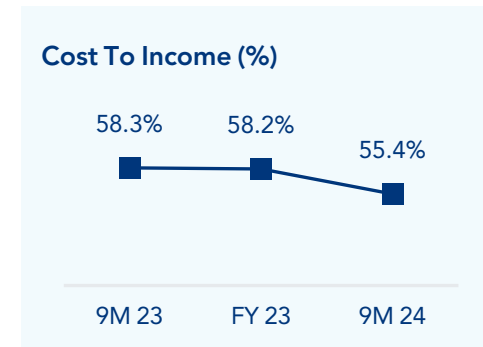
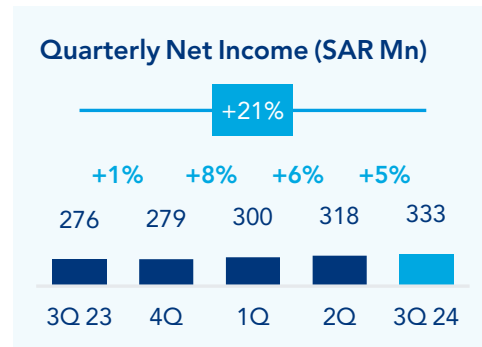


Financial Highlights

Increase in net income YoY from **top-line growth**

Consistent profit delivery throughout the quarters

Improving **efficiency, profitability and asset quality**



Strategic Progress



We refreshed our strategy with a clear transformation agenda for each business segment

The Refreshed Strategy

Where are we heading?

- A **boutique bank** with upside potential
- A **mobile first, digitally enabled bank** that blends the physical and digital worlds
- A **dynamic and resilient bank** in a transforming world, built on innovation & partnership

Long-term stability and profitability for our shareholders

Business Lines Vision

Corporate

Segment and sector focused CIBG: Growing assets at ~12% CAGR fueled by robust mid-tier corporate franchise with growing contribution from mid-corporate and SME segments

Retail

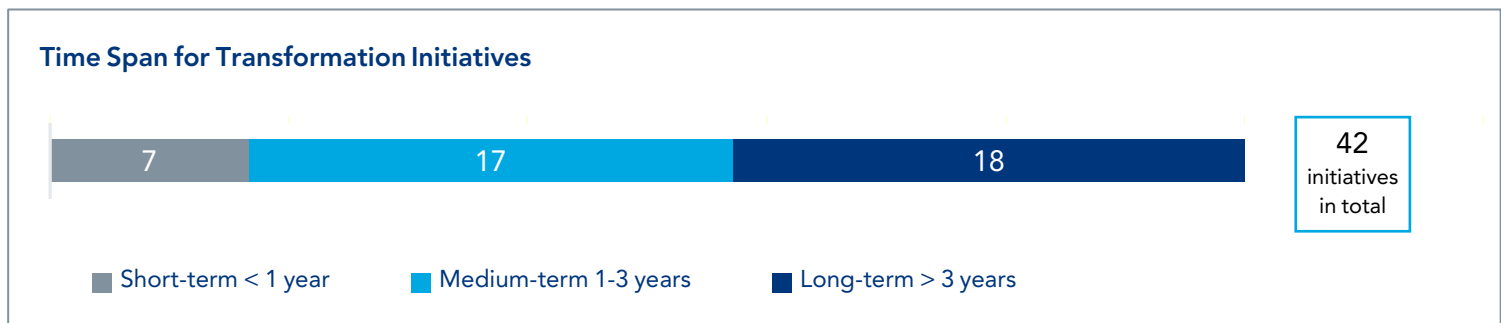
Bank-of-choice for affluent customers and high net worth individuals with a comprehensive value proposition that is digitally enabled

Brokerage & Asset Management

Leading wealth management house in Saudi Arabia

Treasury

Core partner for business growth and enablement



Notable strategic progress was made in 9M 2024

Corporate	
Initiatives	Outcomes
Large & Mid corporate:	
Expansion of Syndicated loans portfolio	Boosting high-quality corporate book
Focusing on SMEs:	
Increased POS financing bookings	Increased payment volumes and SME customer acquisition

Retail	
Initiatives	Outcomes
New products:	
New products focused on mortgage under self-construction, ready units and off plan properties	Improved offerings
Building internal capabilities:	
Sales teams expansion and digitization	Improved customer experience

Brokerage & Asset Management	
Initiatives	Outcomes
Digital propositions:	
New digital investment platform with enhanced brokerage features launched	Enhanced digital investment options and user experience
Growing proprietary book:	
Launched CLO fund in 1Q 2024 and Kicked off cross-selling with Retail private funds.	Expansion of the proprietary book for revenue diversification

Treasury	
Initiatives	Outcomes
Optimize Balance Sheet:	
Maintaining investment book size within targeted growth levels	Balanced growth of investment portfolio and optimized returns
Fostering growth:	
Successful participation in several corporate sukuk transactions	Enhanced market presence and diversification of the investment book

ESG Highlights



BAJ is delivering impactful ESG initiatives across its operations

Environmental

Paper Usage

Reduced by digitalization and recycling

1.5 tons

in 3Q 2024

Water Consumption

Reduced by

✓ **27.0%**

YoY in 3Q 2024

Energy Consumption

Reduced by

✓ **4.1%**

YoY in 3Q 2024

Other Projects

- Participated in KSA's National Parks Program
- Approved credit of SAR 20 Mn to finance an advanced biomedical company, with SAR 7.5 Mn utilized

Awards & Recognitions

TOP-5

among the most socially responsible brands in KSA

by Forbes Middle East



'Best Consumer Finance Product' & 'Outstanding Customer Service Innovation',

by Digital Banker, 2024



'Best Social Responsibility Program among Islamic Banks'

by the Global Islamic Finance Awards (GIFA)

Social

Employees

- 90% of the team clocking in **17,321 training hours**, up 89% YoY
- Launched digital **Personal Financing Service** for employees
- Launched **cloud-based HR system** & new Employee Handbook

Customers

- **140+** digital banking services, optimization of account management
- Innovative payment solutions through a partnership with **Ottu**
- Expanded **MSME** offerings, cultural sector MSMEs financing in partnership with Cultural Dev Fund.

Communities

- Directed 93% of ~SAR 1 Bn procurement towards a growing network of **416 local suppliers**
- Launched '**AlJazira Tadawul**' (digital investment platform)

Governance

Shariah Compliance

- **0%** exposure to tobacco, alcohol, gambling
- Structural separation of the Shariah Audit function from Shariah Compliance
- Audit Committee guidance and review on Bank's internal controls implementation

Data Governance & Operational Resilience

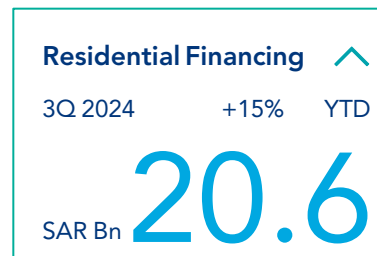
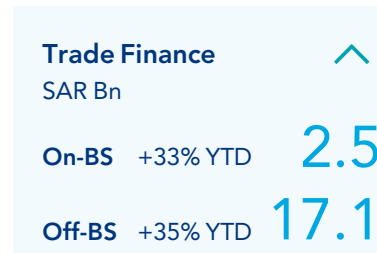
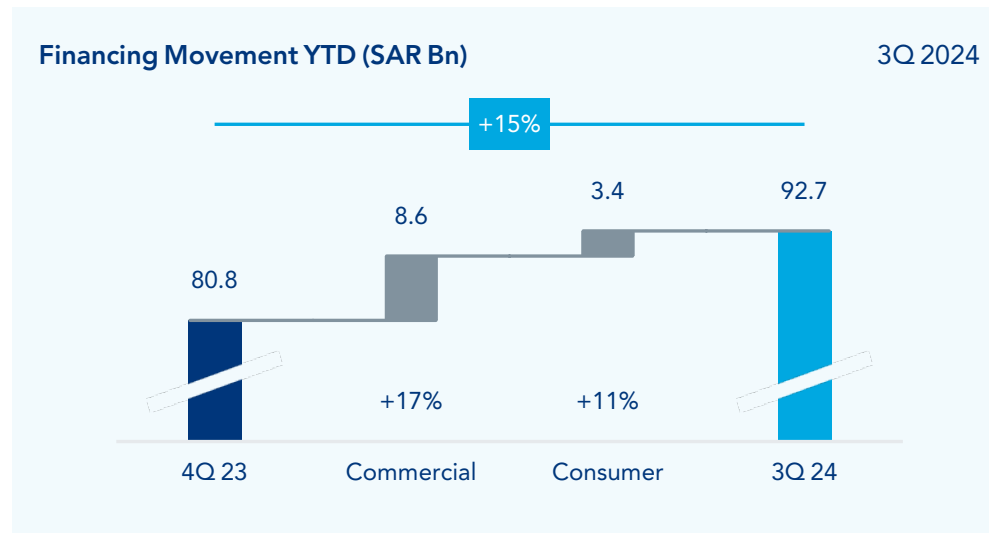
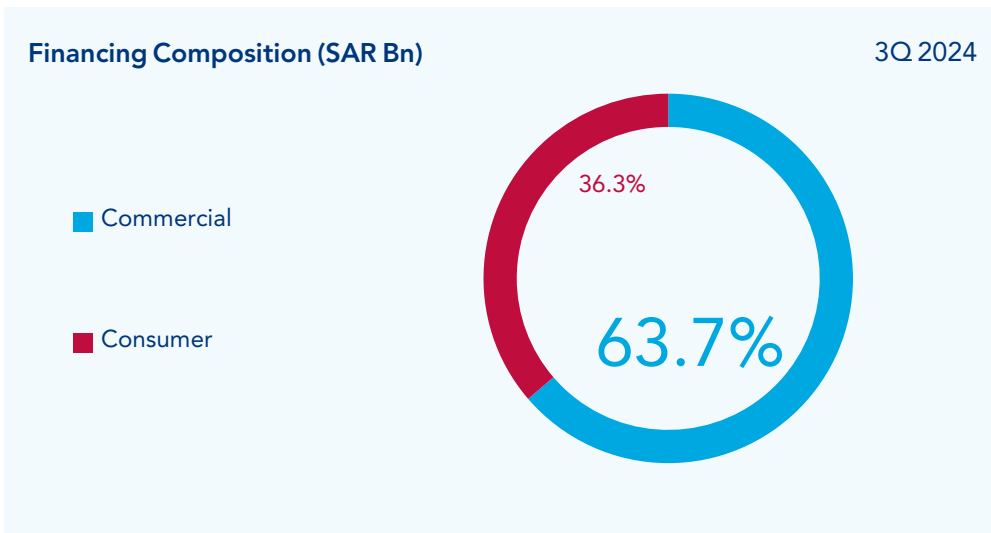
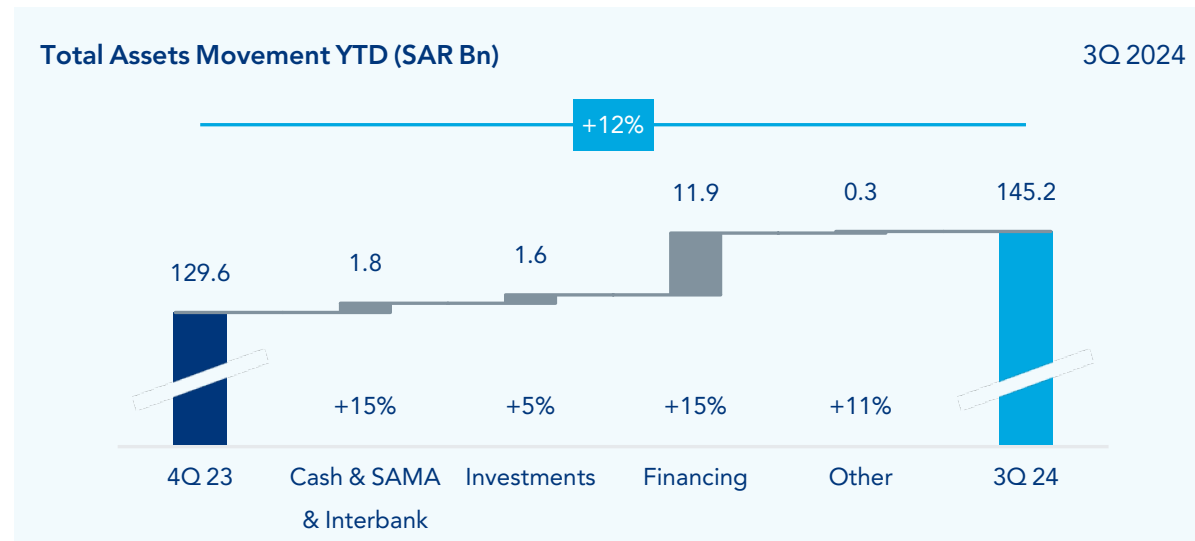
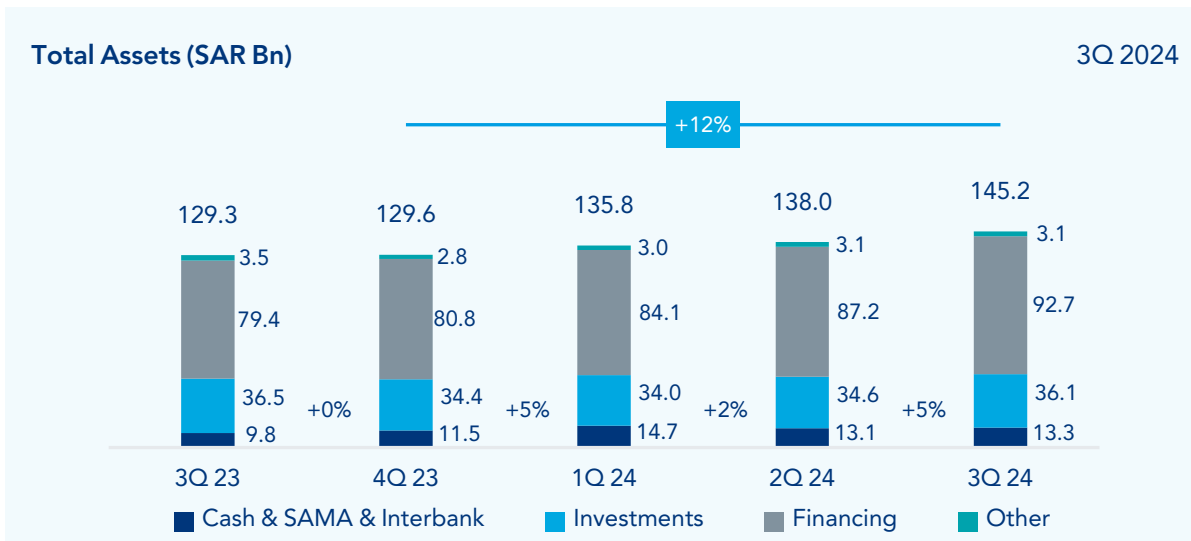
- Developed **new** policies for data governance & privacy
- Recognized for '**Best Modern Data Architecture**' in the Middle East by the Cloudera Data Impact Awards
- Awarded the Citibank USD Settlement Bank Award for **99% STP rate**



Financial Performance



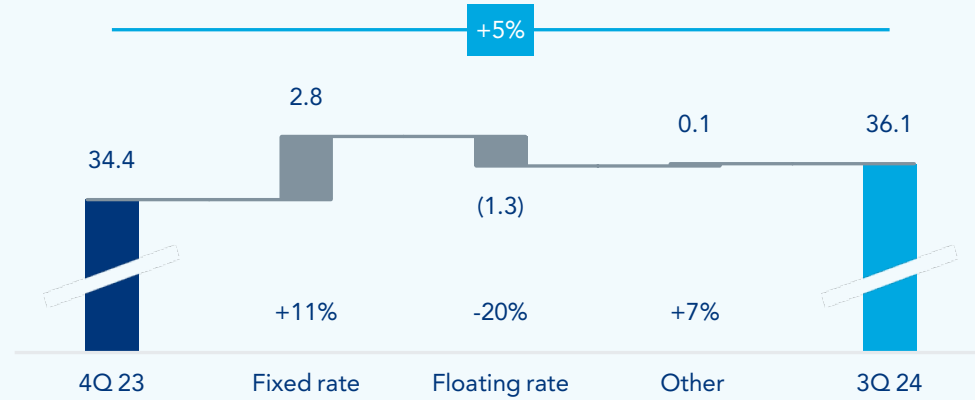
Balance sheet expanding by 12% YTD, driven by financing portfolio



Optimizing investments by replacing maturities with fixed-rate assets at favorable rates

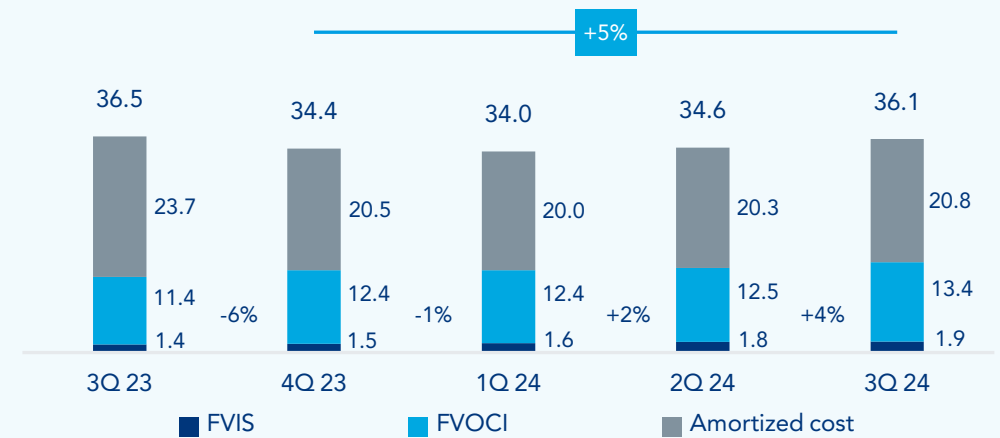
Investments Movement YTD (SAR Bn)

3Q 2024



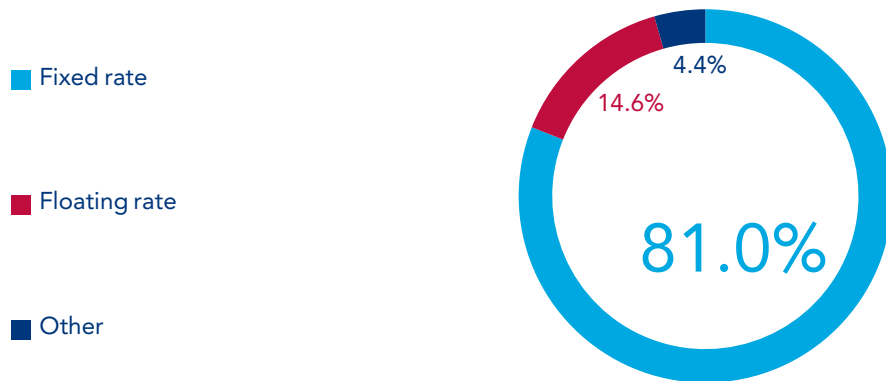
Investments (SAR Bn)

3Q 2024



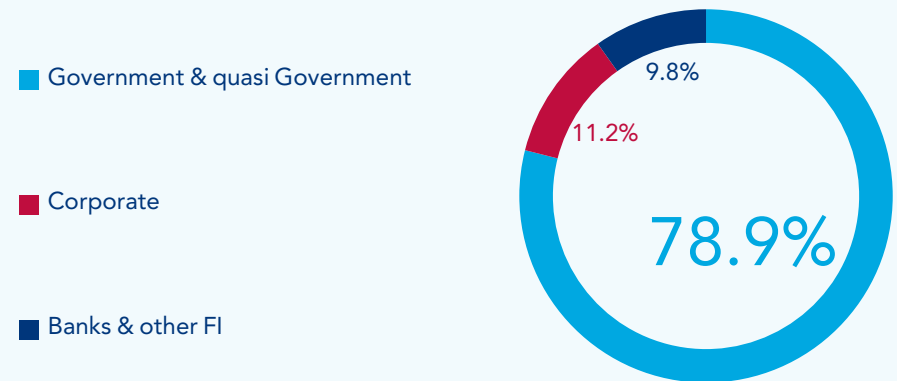
Investments Composition by Rate (%)

3Q 2024



Investments Composition by Counterparty (%)

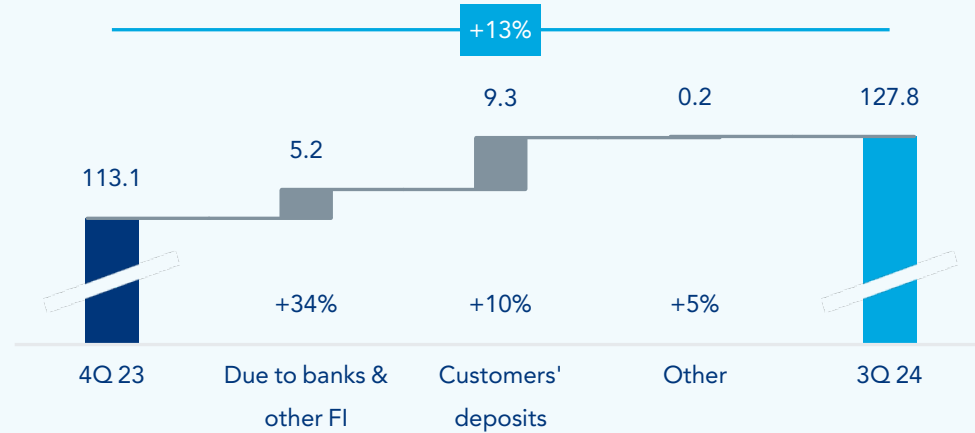
3Q 2024



Liquidity position provides substantial buffers to accommodate future growth

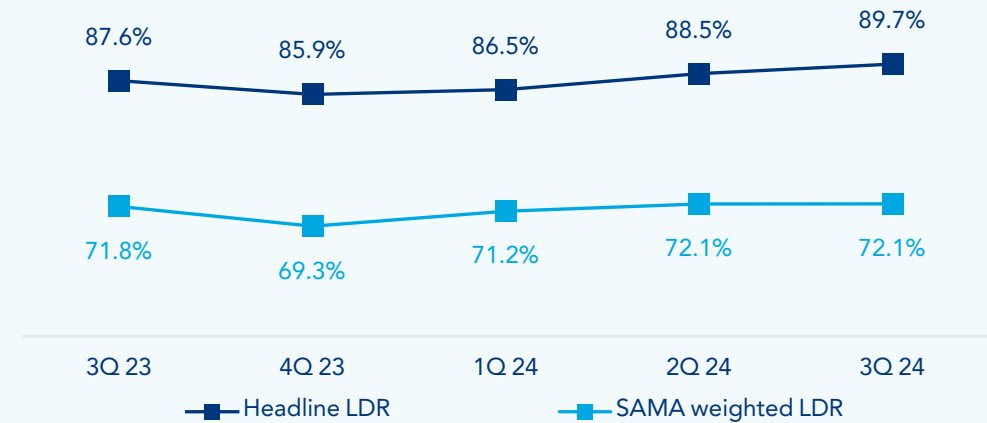
Total Liabilities Movement YTD (SAR Bn)

3Q 2024



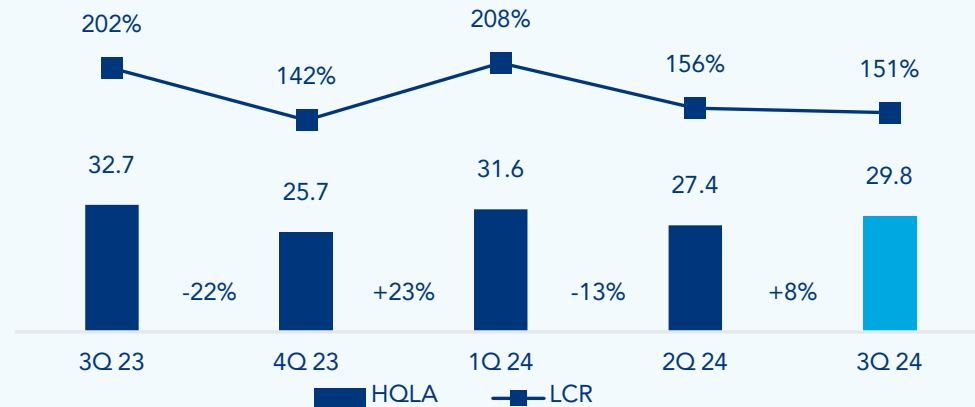
Loans to Customers' Deposit Ratios (%)

3Q 2024



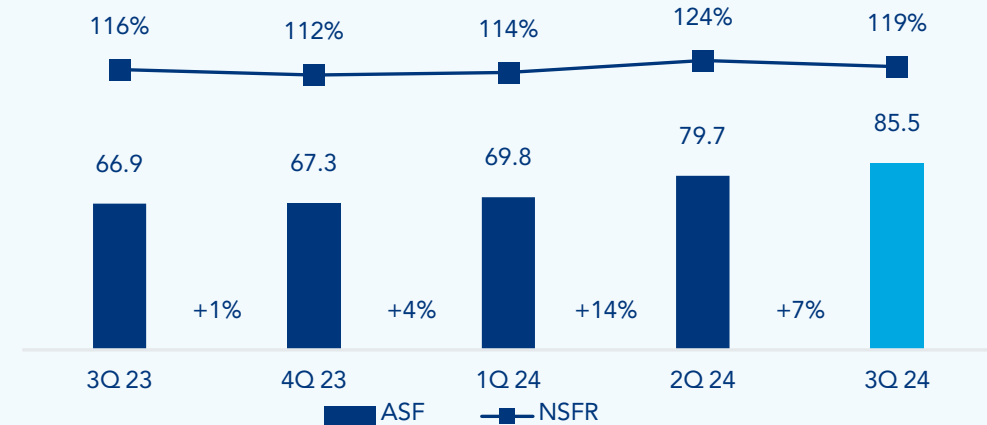
HQLA (SAR Bn)

3Q 2024

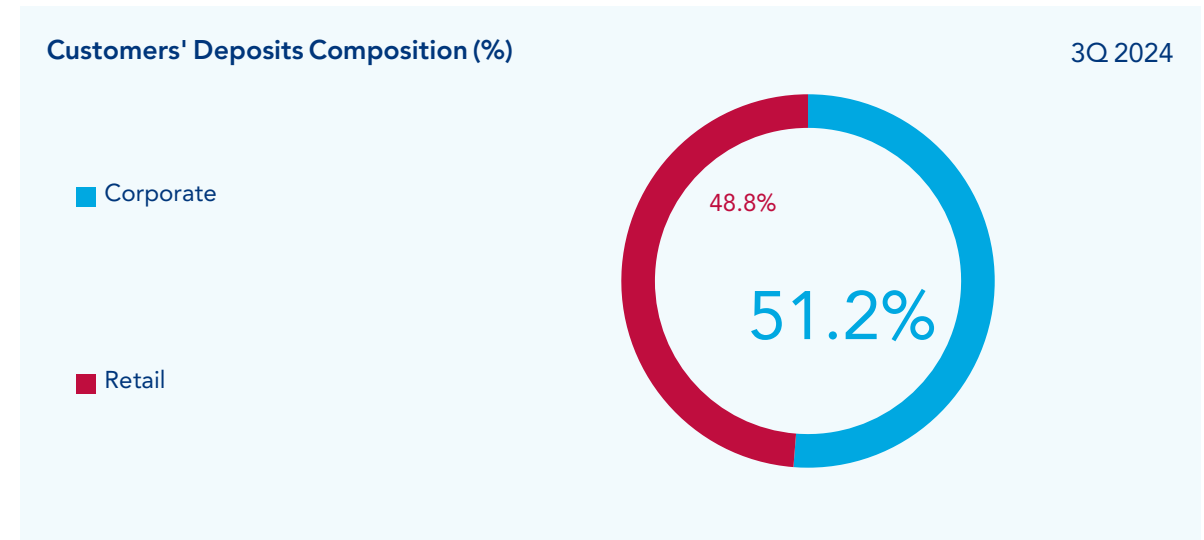
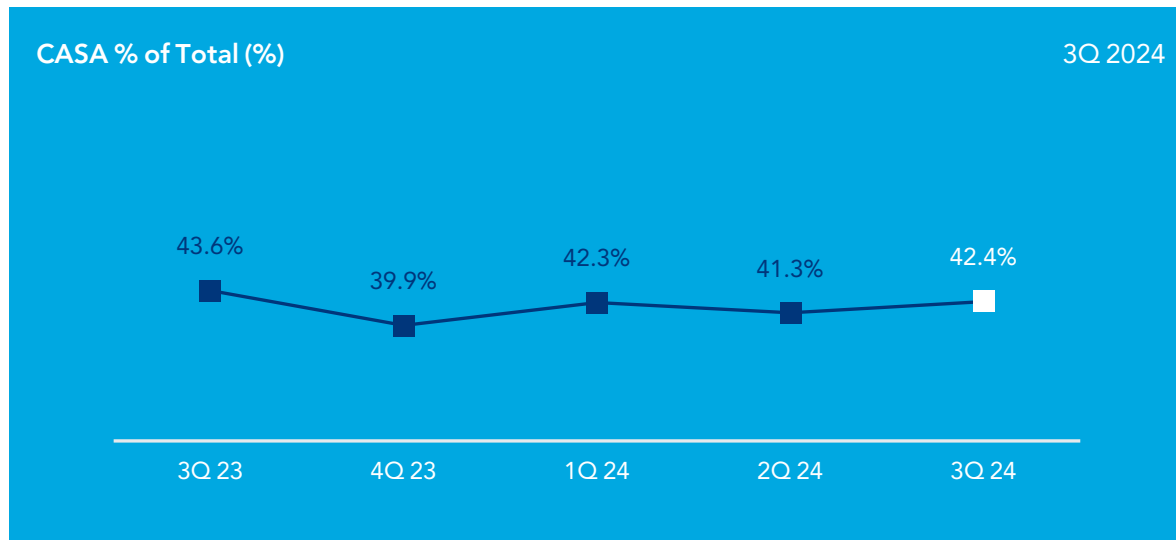
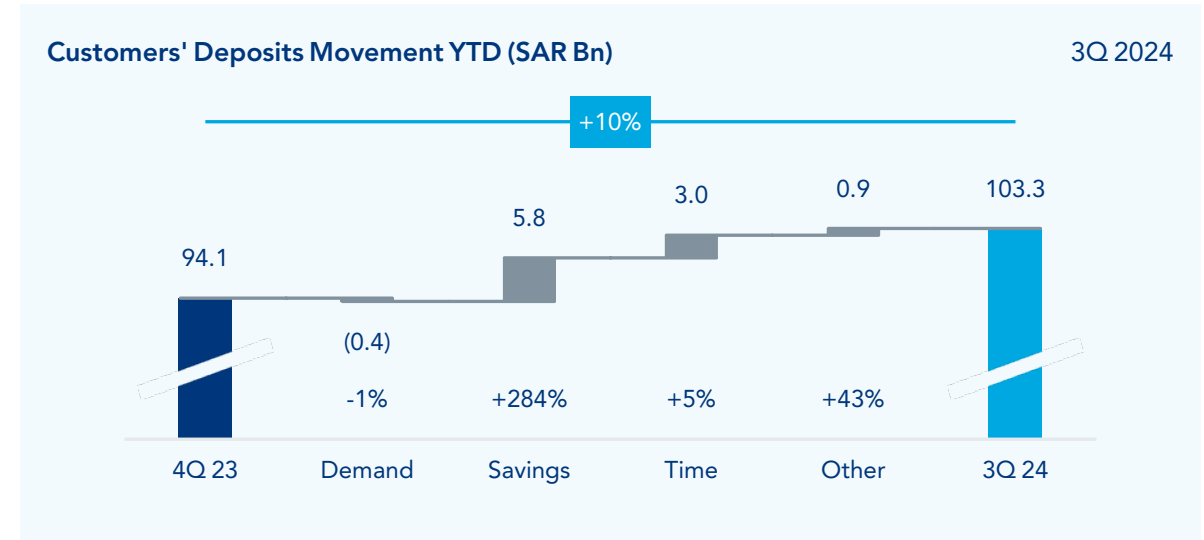
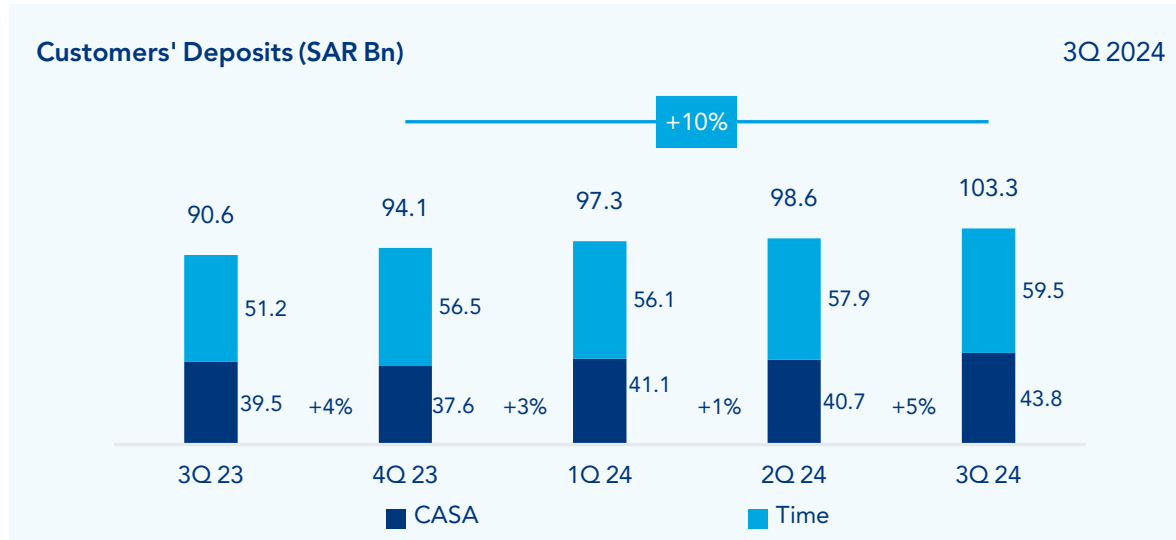


Total Available Stable Funding* (SAR Bn)

3Q 2024



CASA share remains above 40% supported by savings accounts and time deposits



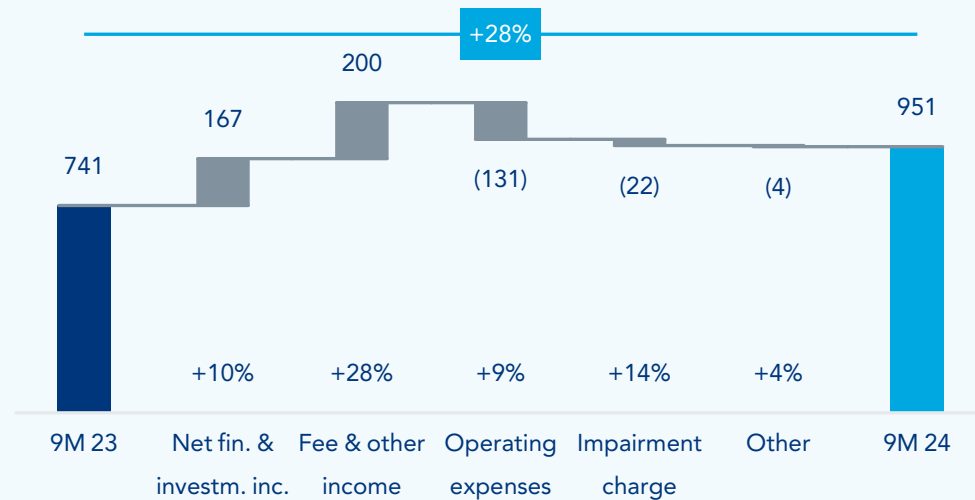
Strong net income through top-line expansion and positive operating leverage

Net Income for the Period Movement YoY (SAR Mn)

9M 2024

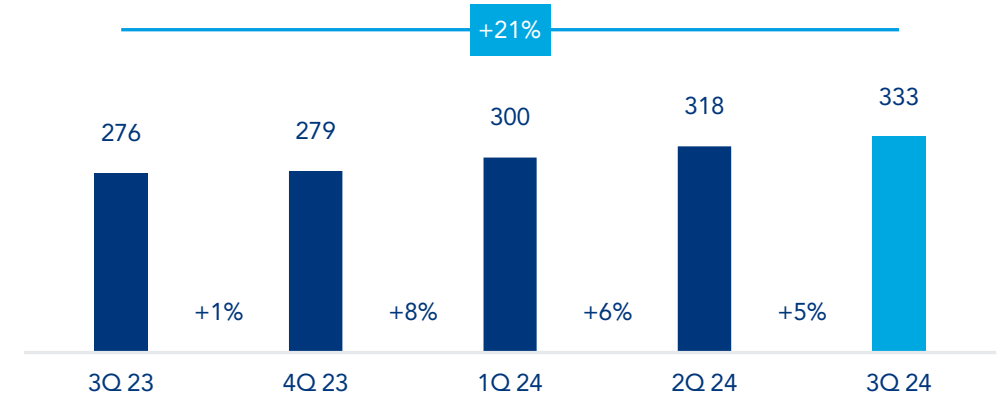
Management commentary

- Net income up 28% YoY, from higher operating income, partly offset by rising expenses.
- Net financing & investment income increased 10% YoY, supported by asset growth on broadly stable margins.
- Fee & other income up 28% YoY, mainly from trade finance and investment-related fees.
- Operating expenses rose 9% YoY, due to higher employee and G&A costs.



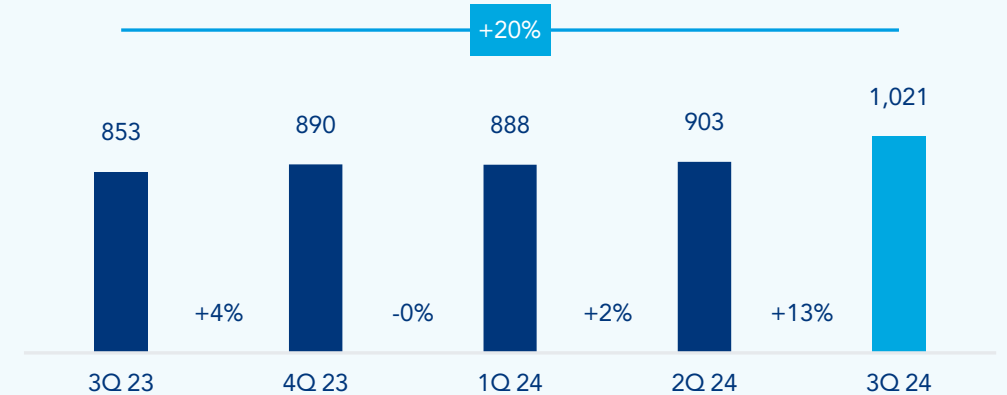
Quarterly Net Income (SAR Mn)

3Q 2024



Quarterly Total Operating Income (SAR Mn)

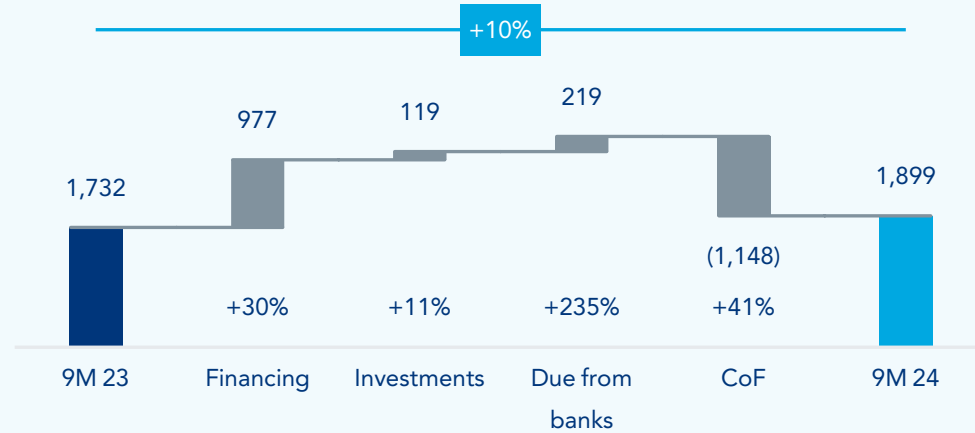
3Q 2024



Net F&I income growing 10% from earning assets expansion on broadly stable net margin

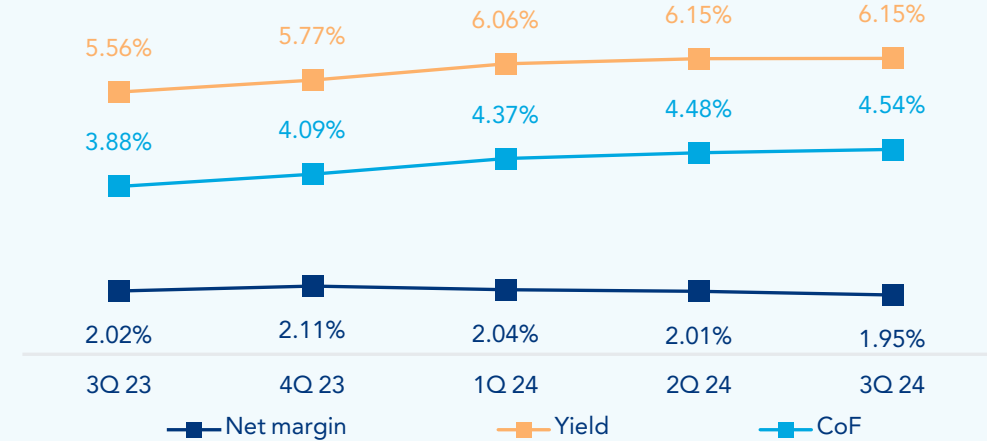
Net Financing & Investment Income Movement YoY (SAR Mn)

9M 2024



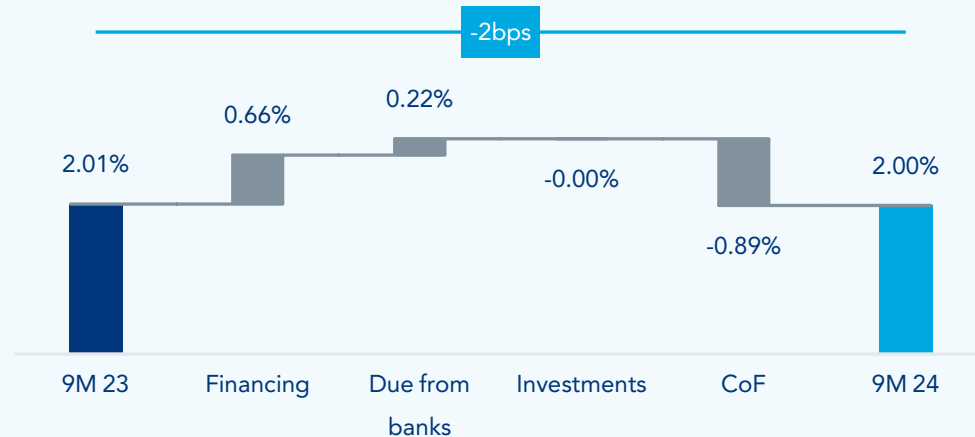
Quarterly Net Margin (%)

3Q 2024

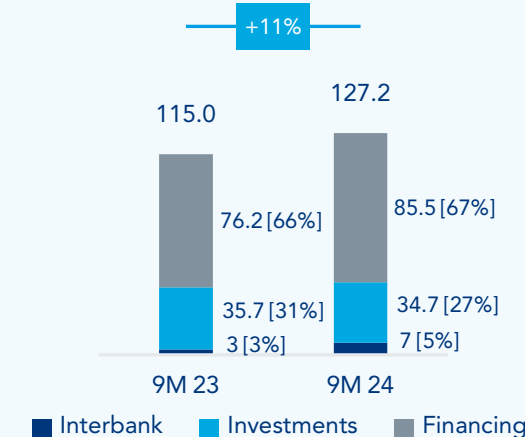


Net Margin Movement YoY (%)

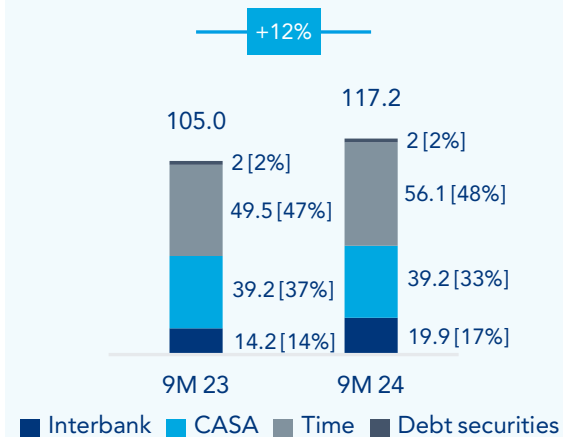
9M 2024



Total Average Earning Assets (SAR Bn)



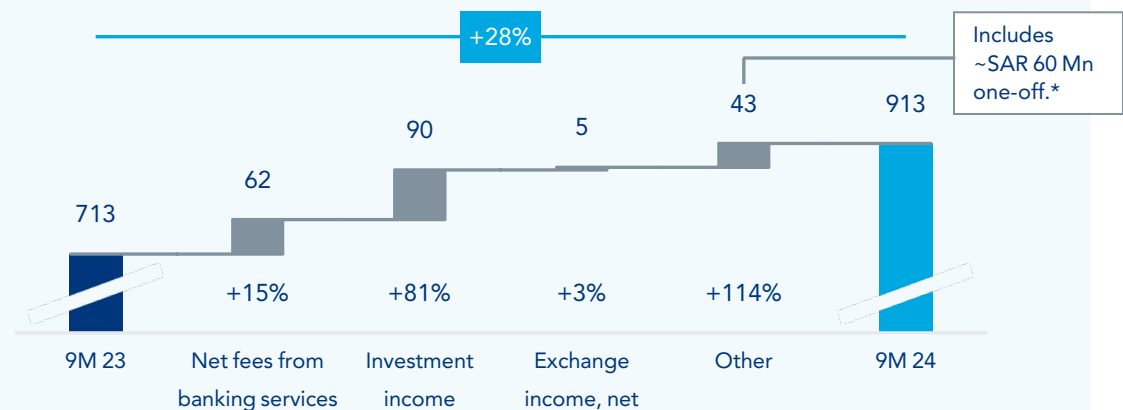
Total Average Bearing Liabilities (SAR Bn)



Fee & other income boosted by banking services and investment income

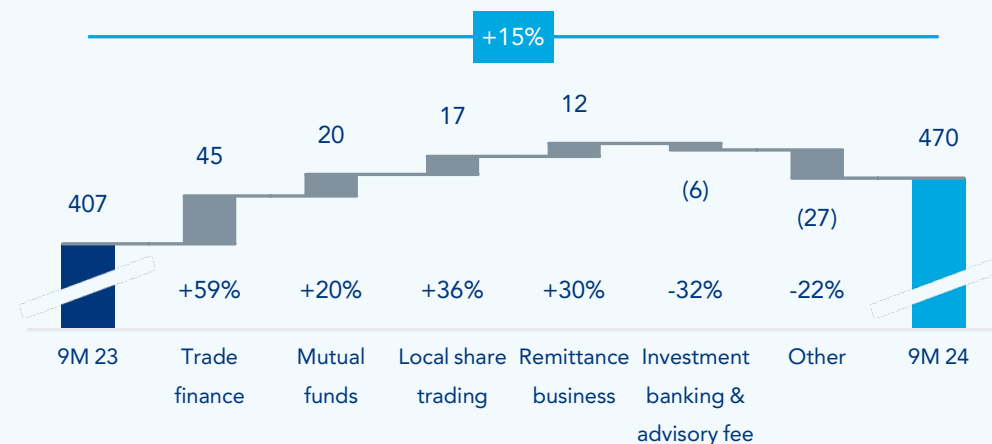
Fee & Other Income Movement YoY (SAR Mn)

9M 2024



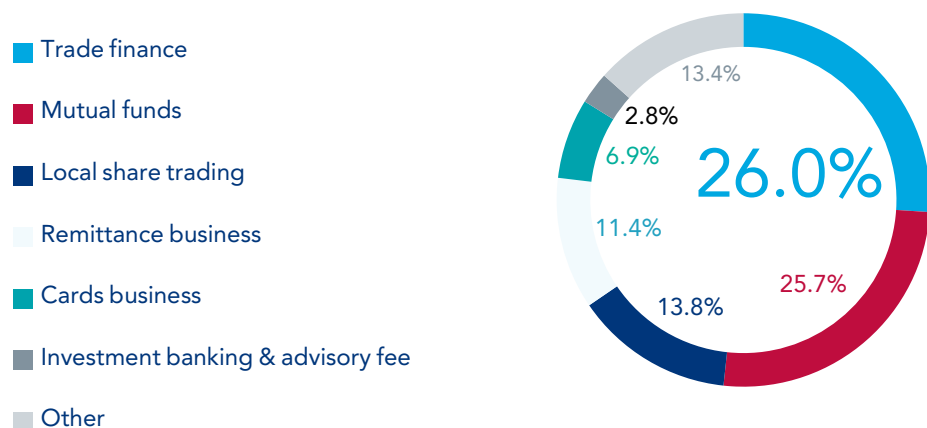
Net Fee Income From Banking Services Movement YoY (SAR Mn)

9M 2024



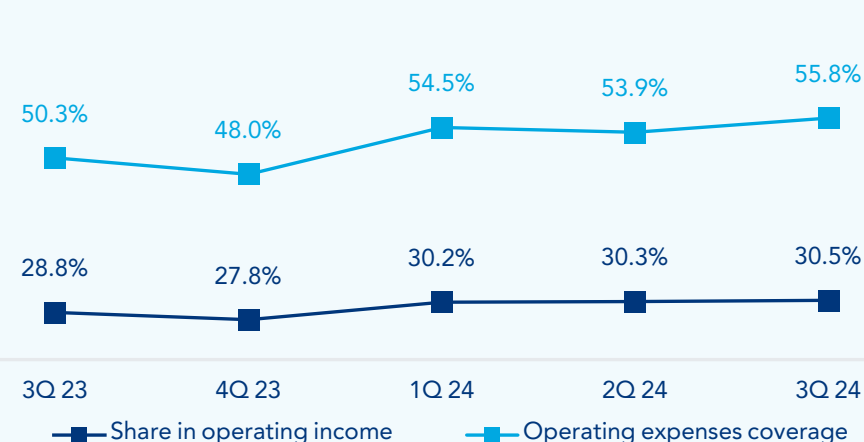
Net Fee Income From Banking Services Composition (%)

9M 2024

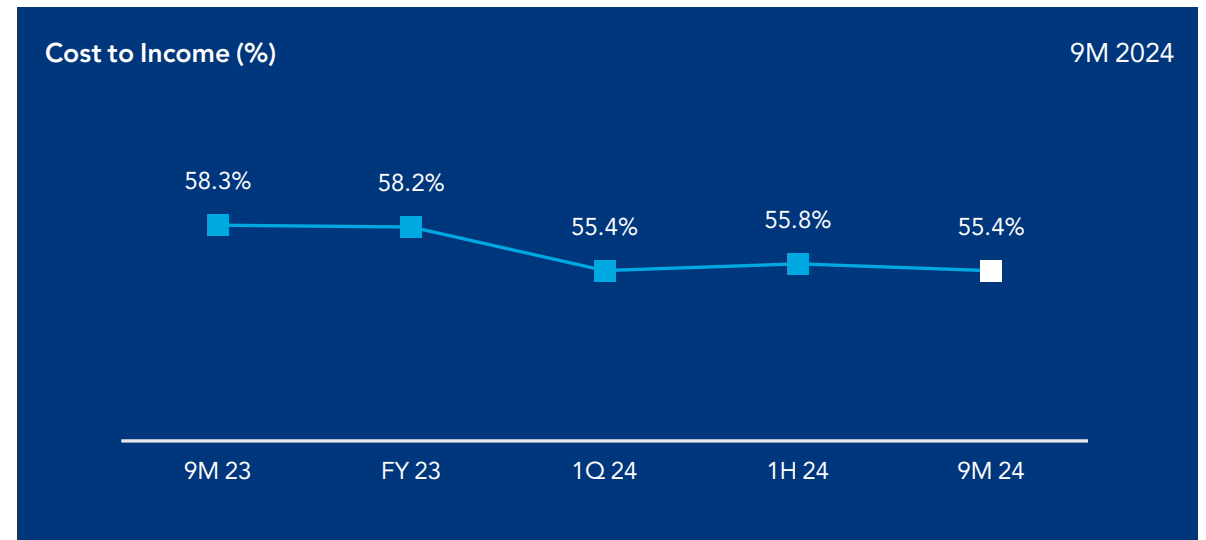
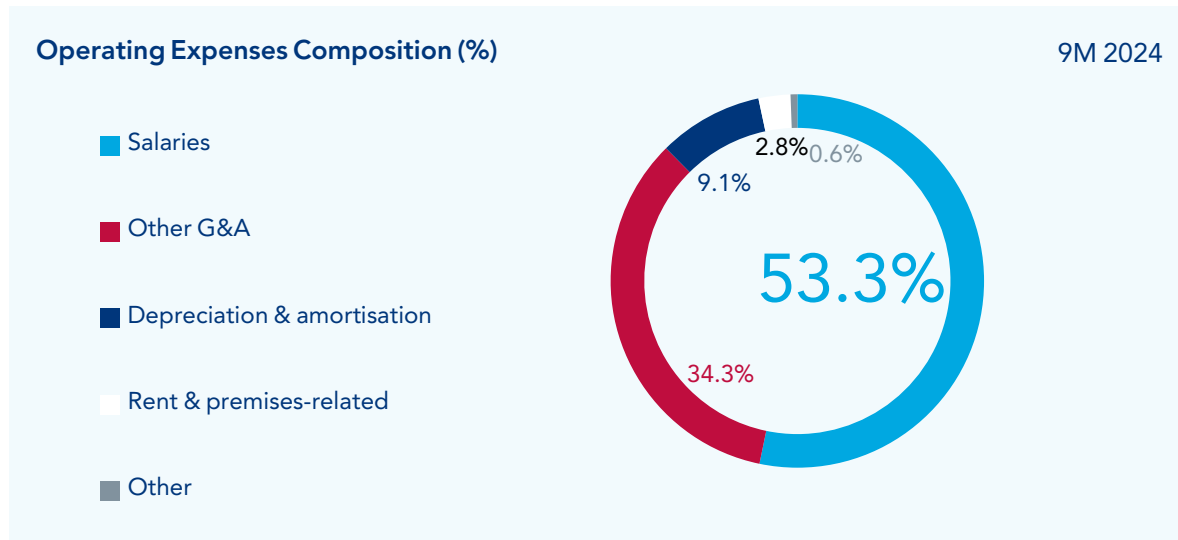
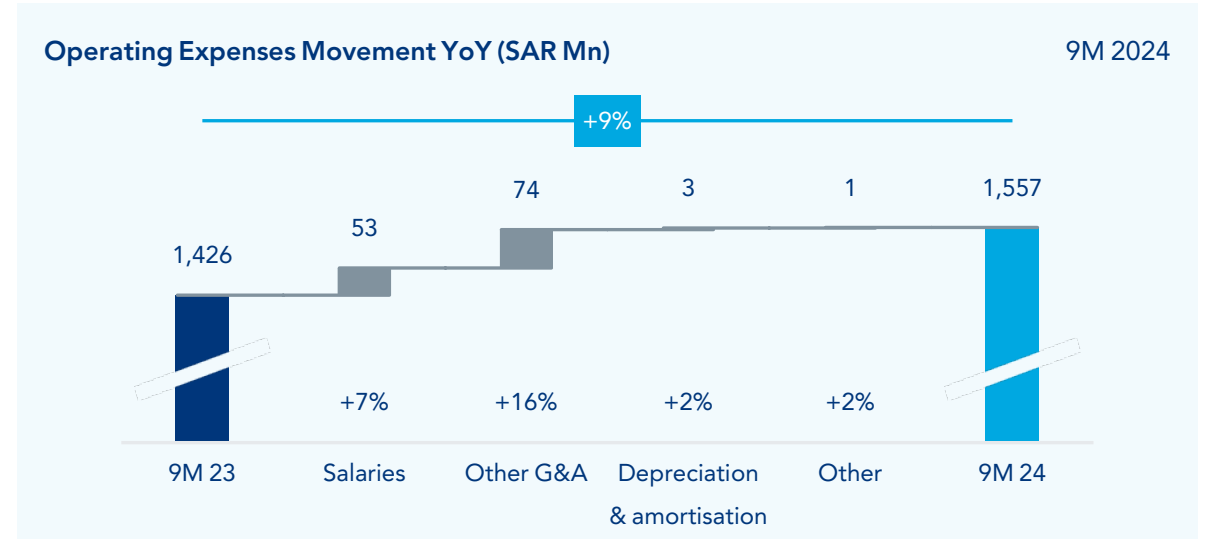
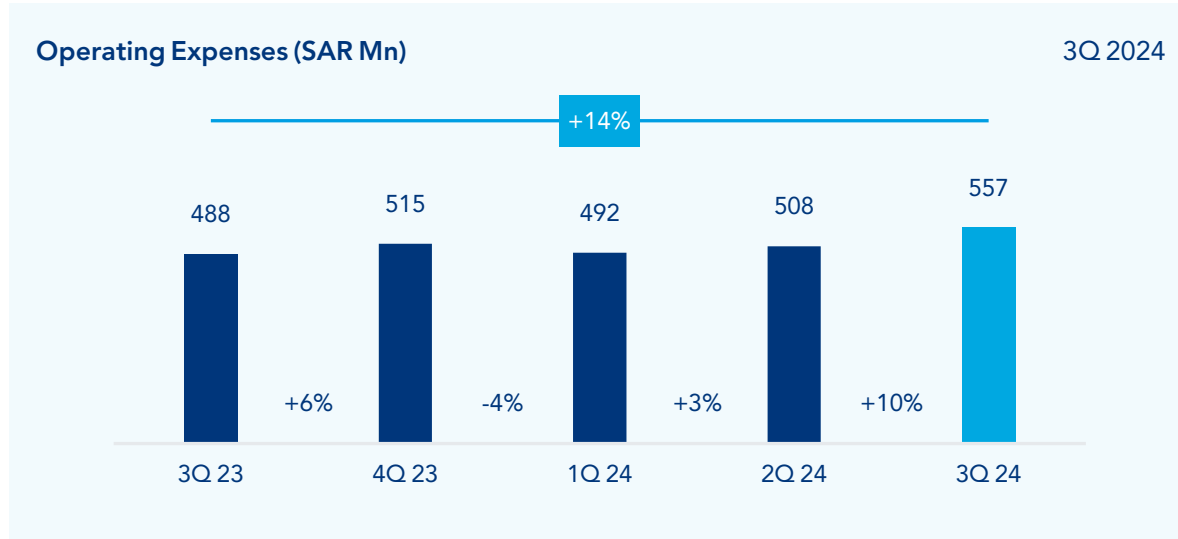


Fee & Other Income Share and Coverage** (%)

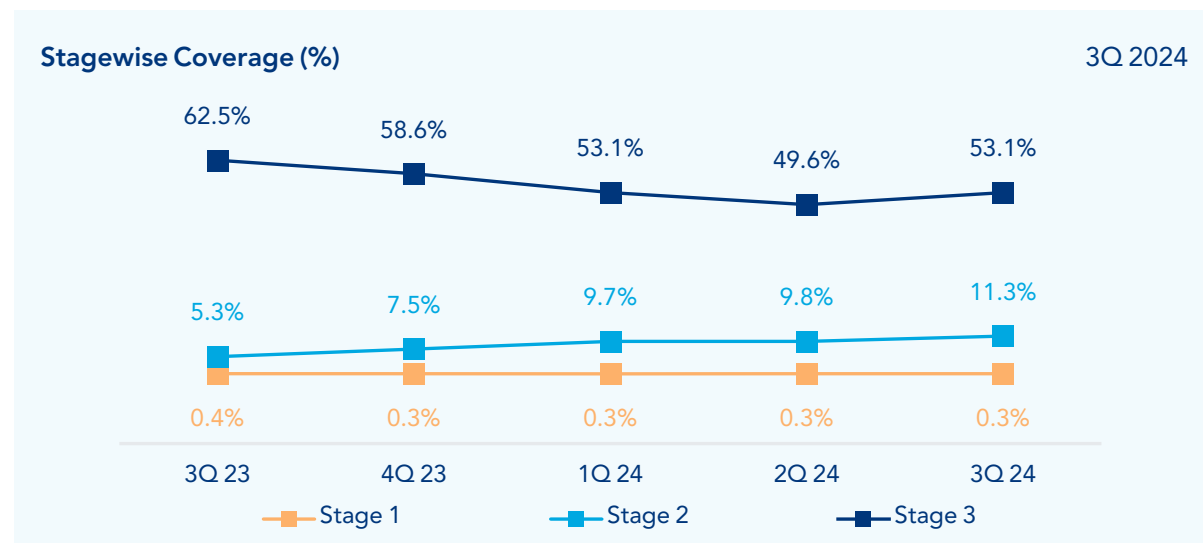
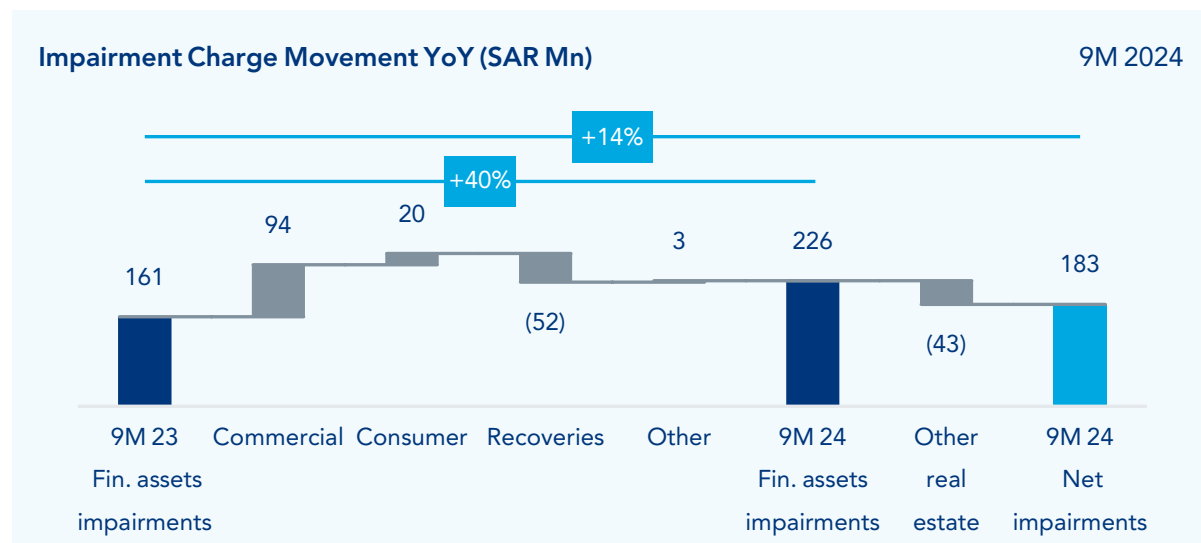
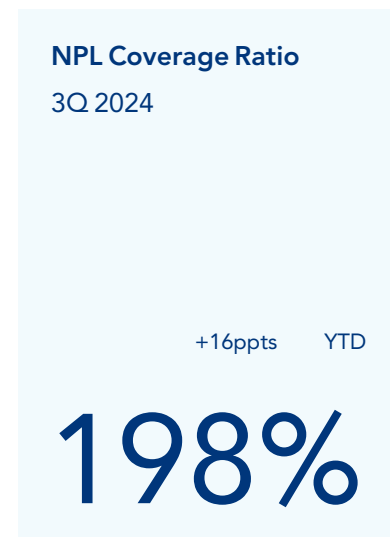
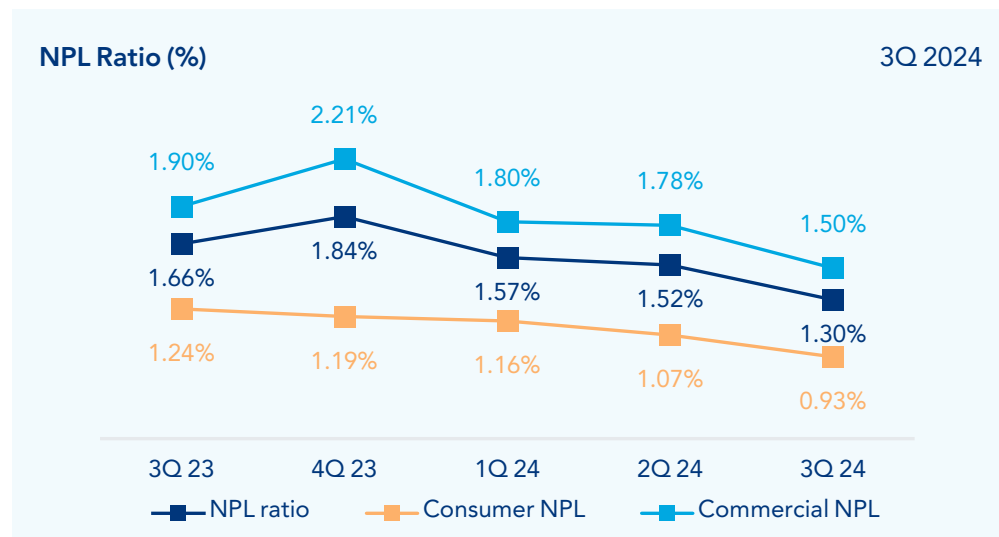
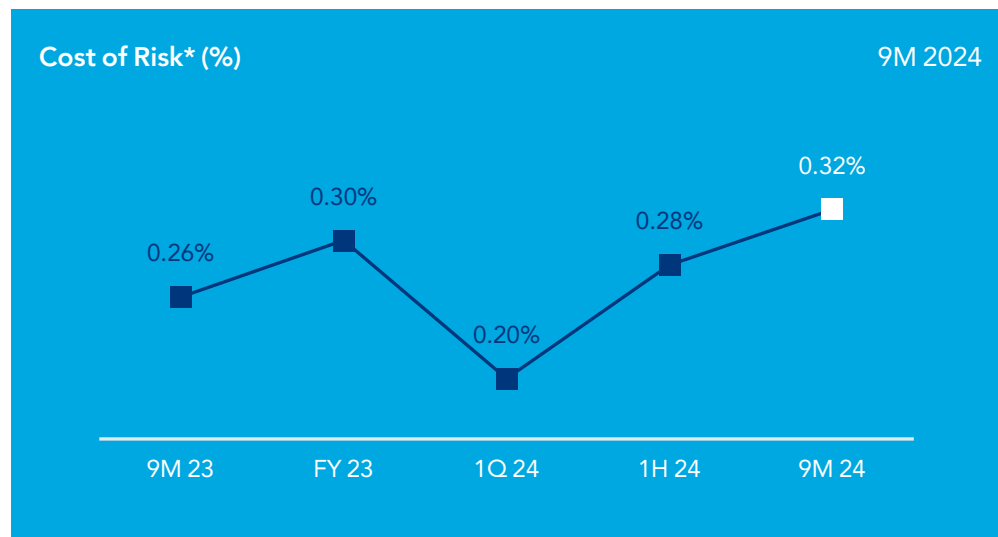
3Q 2024



Cost-to-income ratio improving YoY from positive jaws



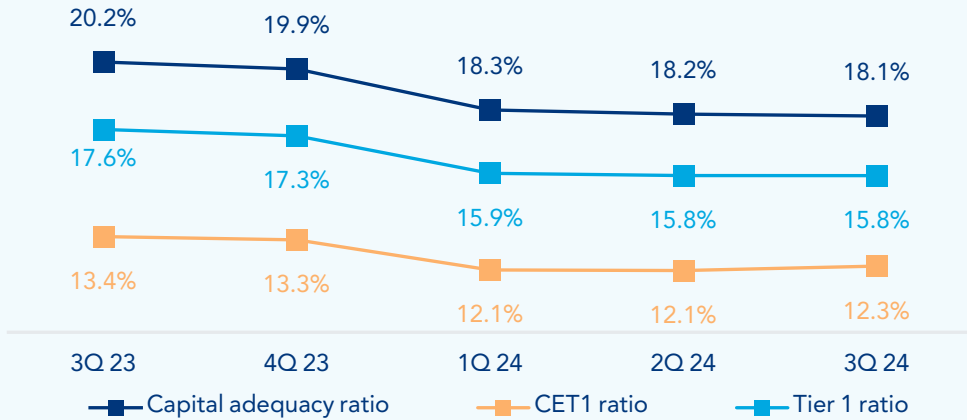
Credit quality remains healthy with improving NPL ratio



Returns are gradually improving, with capitalization stabilizing in 2-3Q 2024

Capital Adequacy Ratio (%)

3Q 2024



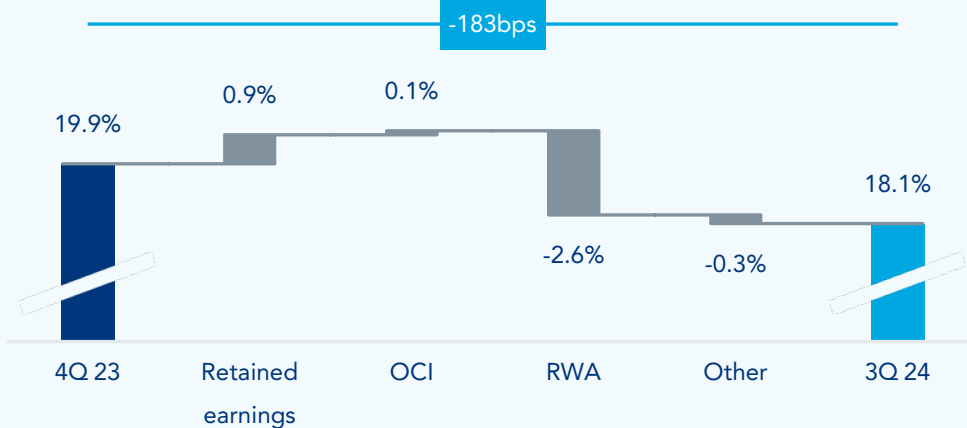
Risk Weighted Assets (SAR Bn)

3Q 2024



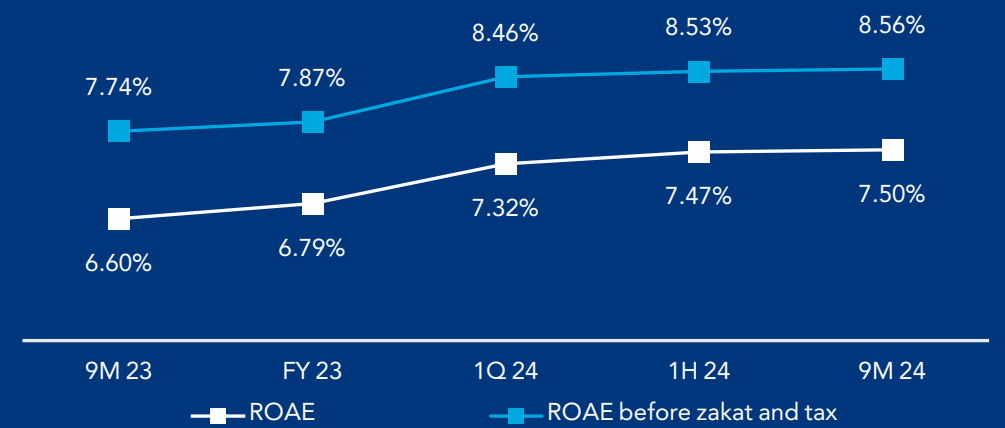
Capital Adequacy Ratio Movement YTD (%)

3Q 2024



ROAE (%)

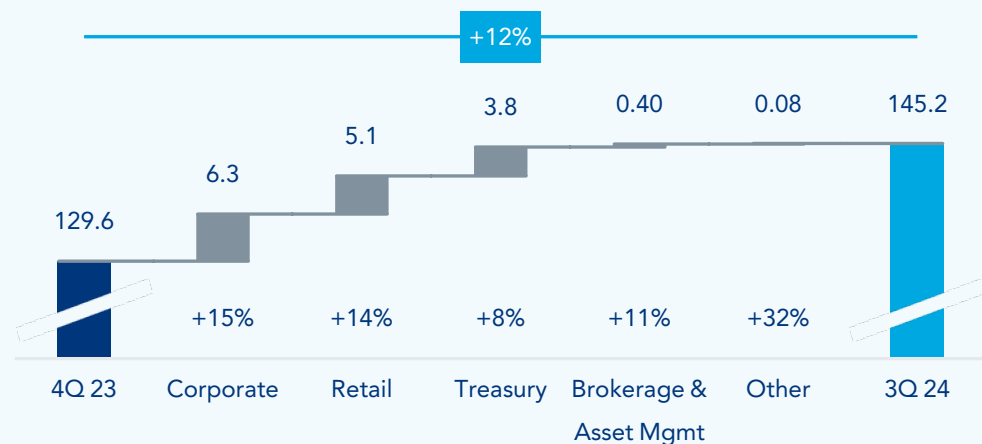
9M 2024



Diverse segment mix, with strong contributions from corporate and brokerage in 9M 2024

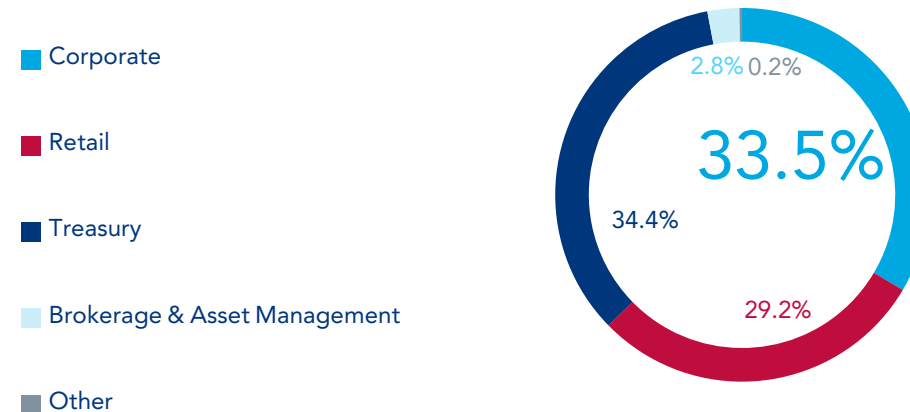
Total Assets Movement YTD (SAR Bn)

3Q 2024



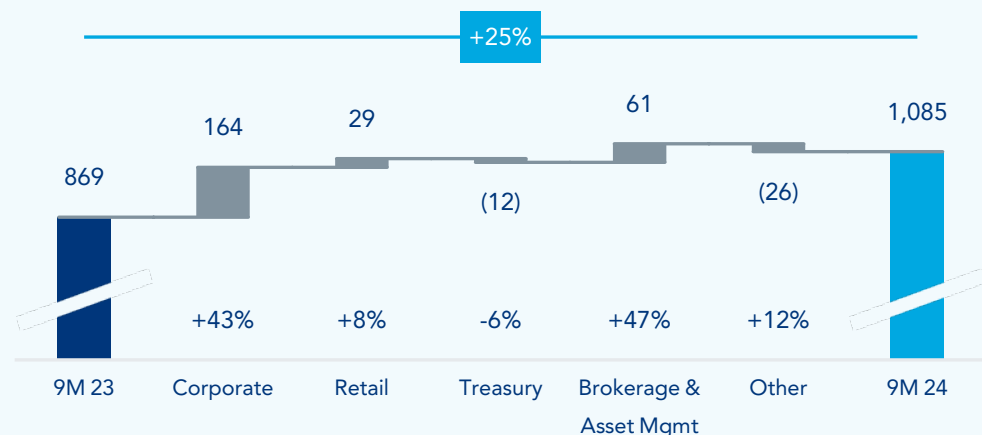
Total Assets Composition (%)

3Q 2024



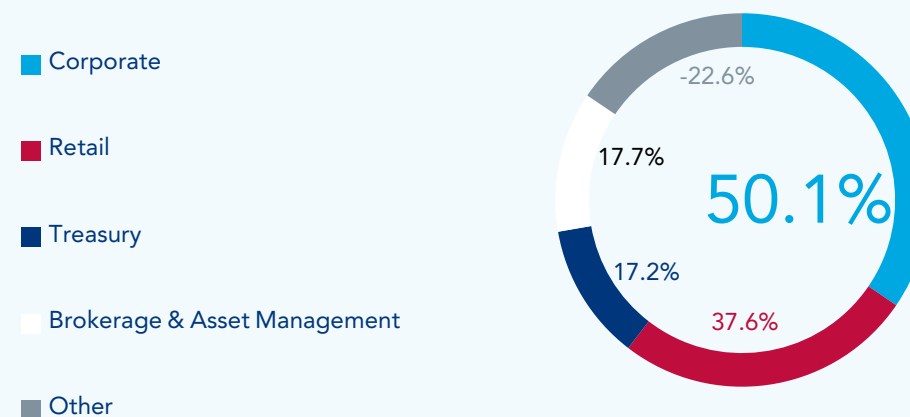
Net Income Before Zakat & Income Tax Movement YoY (SAR Mn)

9M 2024



Net Income Before Zakat & Income Tax Composition* (%)

9M 2024



Guidance



Guidance is kept unchanged, with some improvements expected in NIM and T1

Guidance Metric	FY 2023 Actual	9M 2024 Actual	FY 2024 Guidance	Drivers
Financing growth	+14%	+15% YTD	Mid-teens unchanged	Guidance unchanged as more modest growth and elevated maturities expected in 4Q 2024
Net Margin	2.05%	2.00%	Maintain unchanged	Expecting NIM expansion towards the year-end, benefiting from rate cuts
Cost of Risk	0.30%	0.32%	0.30-0.35% unchanged	Continued favorable economic conditions and disciplined risk management underpinning a controlled cost of risk
Cost to Income	58.2%	55.4%	below 56% unchanged	Maintaining the ratio at below 56% through diligent cost optimization, balanced against investments in strategic initiatives
Tier 1	17.3%	15.8%	16.0-16.5% unchanged	Expecting the Tier 1 ratio to benefit from solid retained earnings generation against moderated RWA growth
ROAE before zakat and tax	7.87%	8.56%	>8% unchanged	Targeting a gradual improvement aligned with the refreshed strategy



Q&A





Appendix



Connect with us

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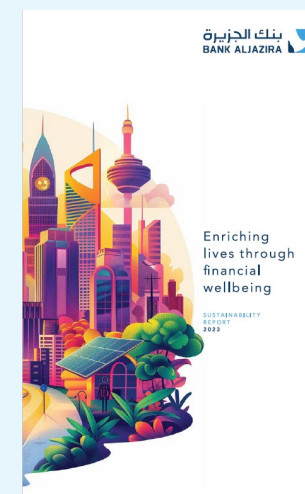
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