

بنك الجزيرة  
BANK ALJAZIRA 

Bank AlJazira  
Earnings Presentation 1Q 2024

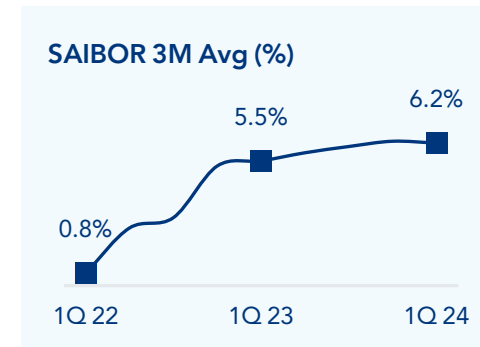
# Continued growth of assets with gradually improving profitability and efficiency

**Macro Background**

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

**Rates:** delay in expected rate cuts

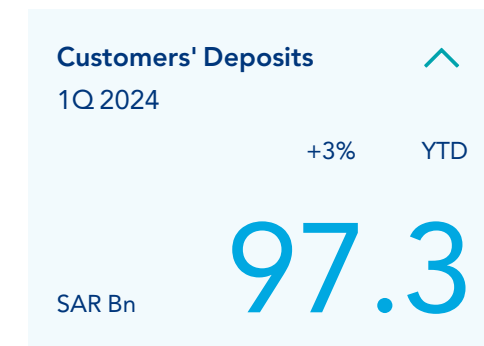
**Saudi banking sector:** acceleration of corporate loan growth



**Operational & Strategic Progress**

Started executing a 5 year plan in line with Refreshed Strategy

Continue utilizing corporate growth momentum

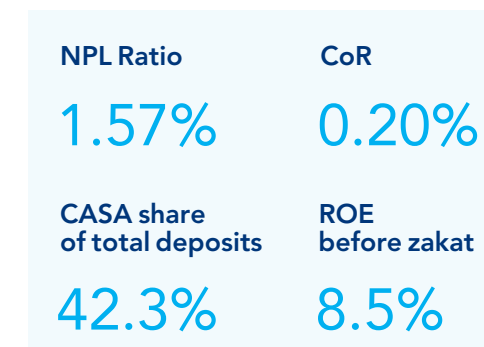
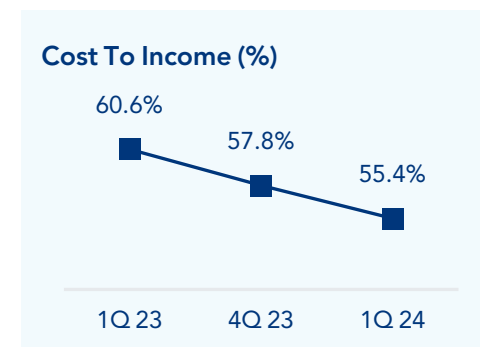
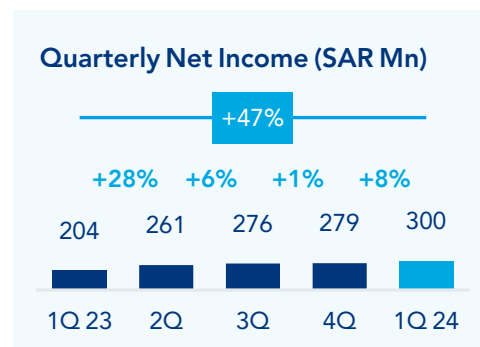


**Financial Highlights**

Increase in net income YoY from top-line growth

Consistent profit delivery throughout the quarters

Improving efficiency, profitability, portfolio quality and risk metrics



# Strategy Refresh



# 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

# Short-term goals are to diversify revenues, boost efficiency and enhance value proposition

## Time Span of Strategic Initiatives:



## Short-term Strategic Initiatives:

Initiatives:	Objectives:
1 Focus on account planning	To unlock growth potential for existing clients & diversify revenue concentration
2 Review RM allocations	To boost efficiency
3 Introduce shared KPI's across Corporate and Retail	To align focus and efforts of segments to better serve SMEs
4 Redesign SME lending via digital processes	To improve SME's customer experience
5 Expand SMEs product suite within AMAAL	To enhance value proposition by launching high-demand products
6 Redefine value proposition for the 3 priority customer personas	To position BAJ as the "bank of choice" for the affluents targeting both Saudis and expats
7 Redefine the operating model with AJC* & implement targeted campaigns	To increase wealth penetration in existing customer base by cross-sell

# Corporate will drive growth in the future, embracing opportunities in the KSA market

## Corporate Strategic Initiatives:

Broaden services by introducing **new product suite** for corporate customers

Focus on **account planning** for our key clients to unlock growth and diversify revenue streams

Participate in **syndicated lending** transactions in selected segments

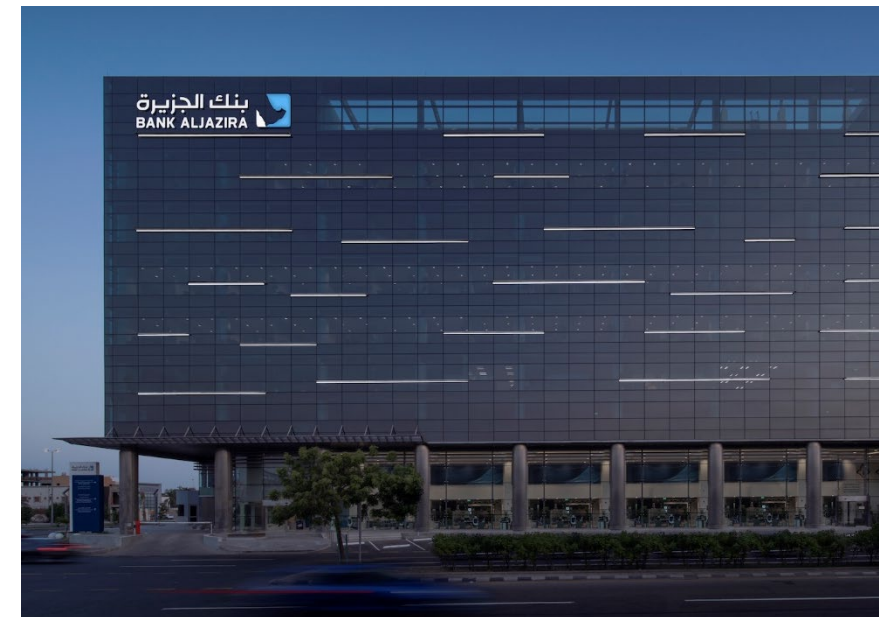
Enhance **SME service coverage model** and strengthen BAJ capabilities to acquire new customers

Improve **SME digital offerings** in the online and app universe

Focus on **trade finance** for selected segments

Improve **risk management** to increase loan economic value

## Time Span:



# Retail vision is to become the “bank-of-choice” for affluent customers

## Retail Strategic Initiatives:

Create **premium brand** positioning for the **affluents** targeting both Saudis and expats

Foster **cross-sell** by enhancing the value proposition of Affluent customers

Revamp **Bank@Work** by optimizing the coverage model tailored to segment and persona needs

Grow **the auto lease** franchise and expand the proposition for customers

Expand **the loyalty program** by redesigning a bank-wide loyalty program

Increase **digital cross-sell** by building customer-centric digital journeys that personalize offerings across products

Build **advanced analytics** capabilities to uncover sales opportunities across the business

Optimize and **decrease costs** by strategic evaluation of physical assets and other costs

## Time Span:



# Moving towards Leading wealth management house in KSA and Treasury as a core partner

## Brokerage & Asset Management Strategic Initiatives:

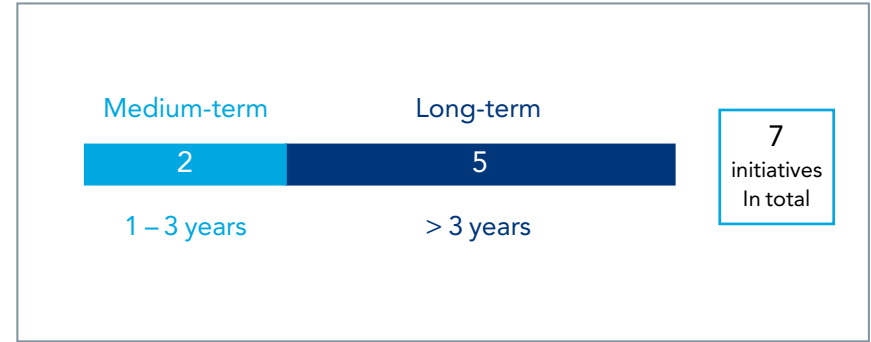
Maintain share of traded value by enhancing **digital propositions** in selected markets

Scale wealth & asset management by **growing AUM's** in selected products

Continue to grow in **investment banking** in private sector and Vision 2030 growth

Diversify income by growing **proprietary book** in key segments

## Time Span:



## Treasury Strategic Initiatives:

Limit investment book growth to **low single digits** to optimize and grow the balance sheet

**Reduce contribution to assets** to be in line with peers, thereby enhancing returns

Utilize **LDR headroom** whilst maintaining healthy liquidity profile and regulatory ratios

Fostering growth through **improving treasury return** on assets in line with peers

## Time Span:





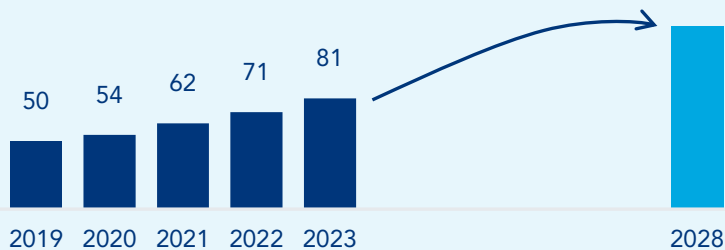
# The ultimate goal of the refreshed strategy is to accelerate growth and boost profitability

We are focused on growing our financing,

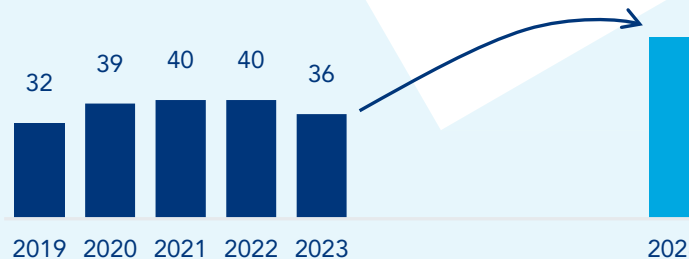
Funded with a better deposit mix,

While controlling our Cost of Risk,

Financing (SAR Bn)



NIB Deposits (SAR Bn)



Cost of Risk (%)

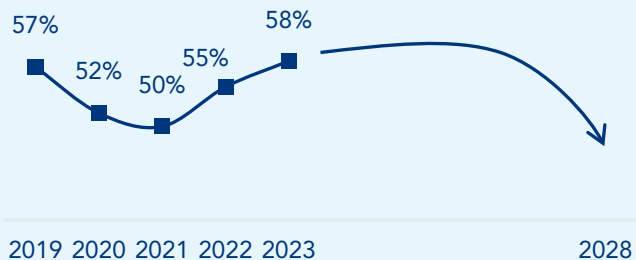


Improving our efficiency

To drive higher ROAA

and align ROAE with peers

Cost to Income (%)



ROAA before zakat and tax (%)



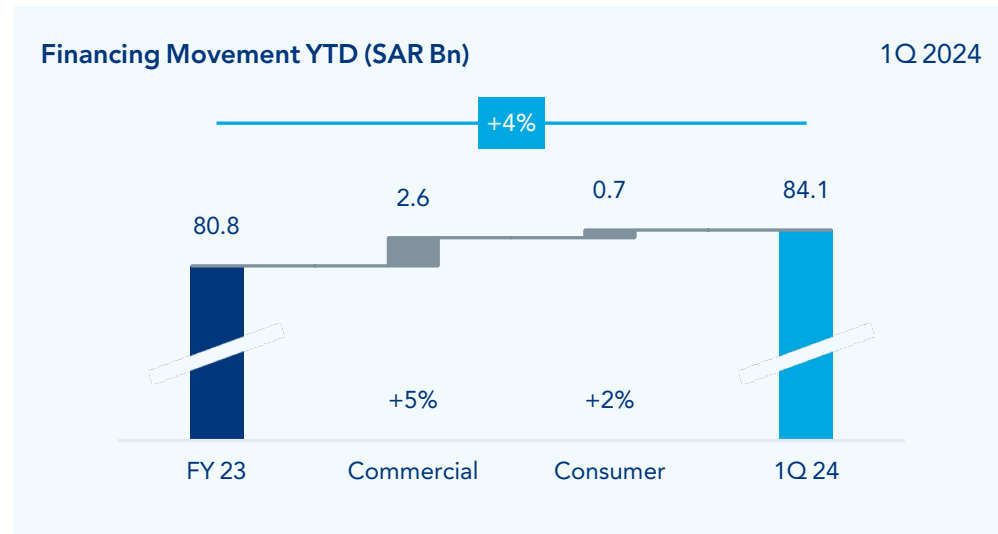
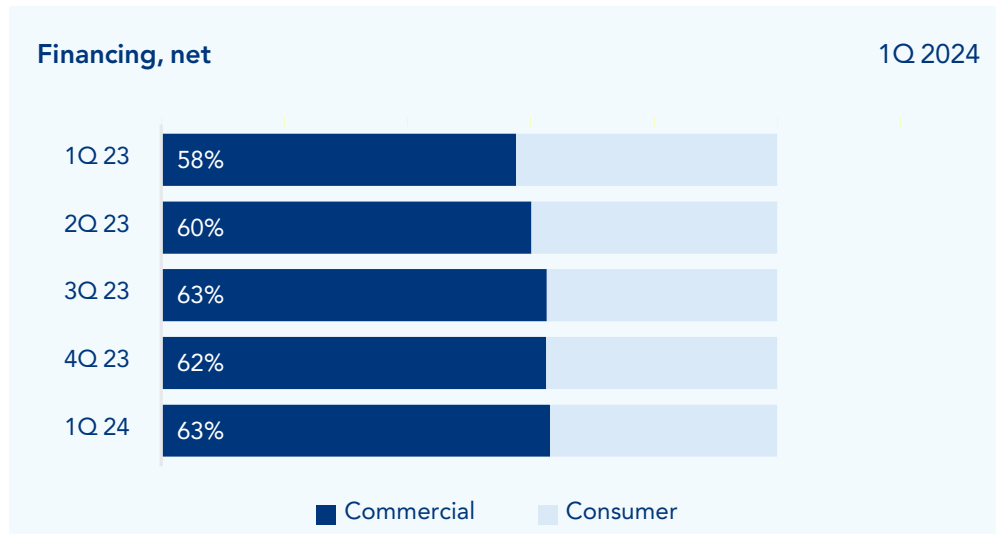
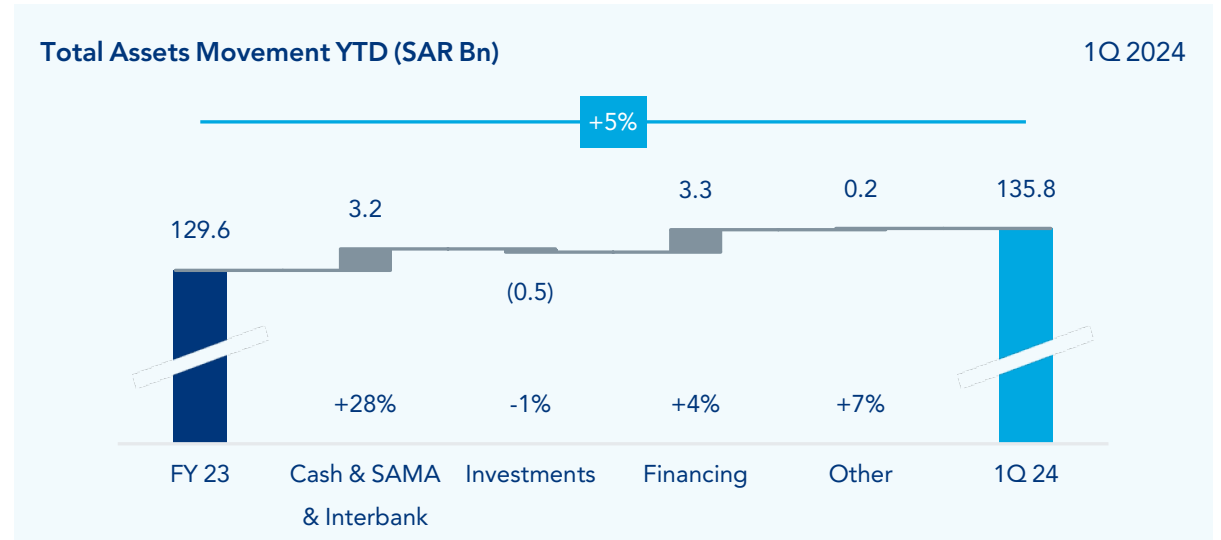
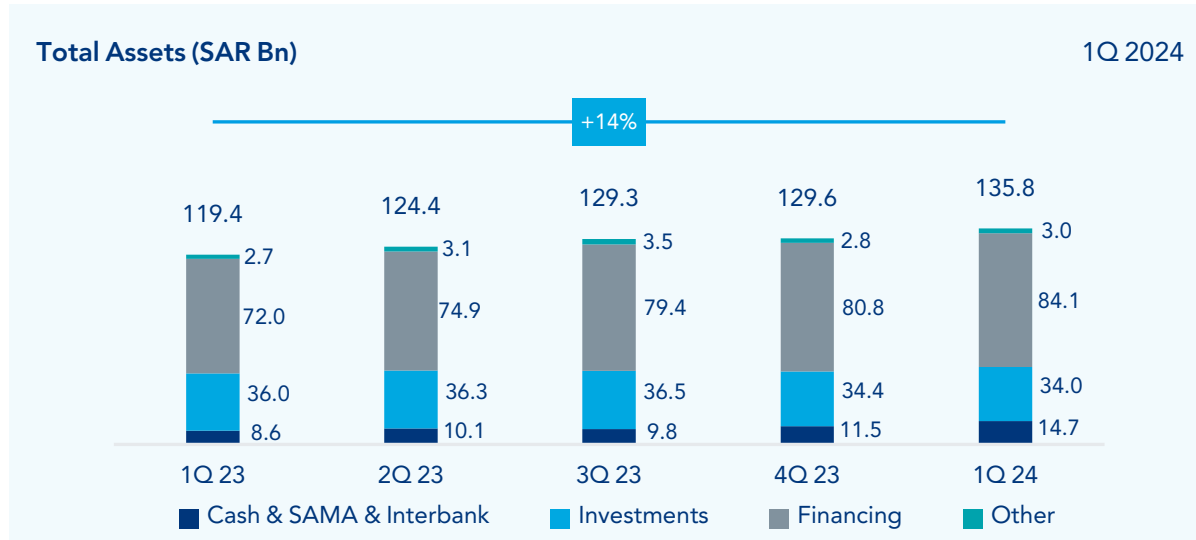
ROAE before zakat and tax (%)



# Financial Performance



# Balance sheet continues expanding by 5% YTD, driven by commercial book and interbank



#### Trade Finance SAR Bn

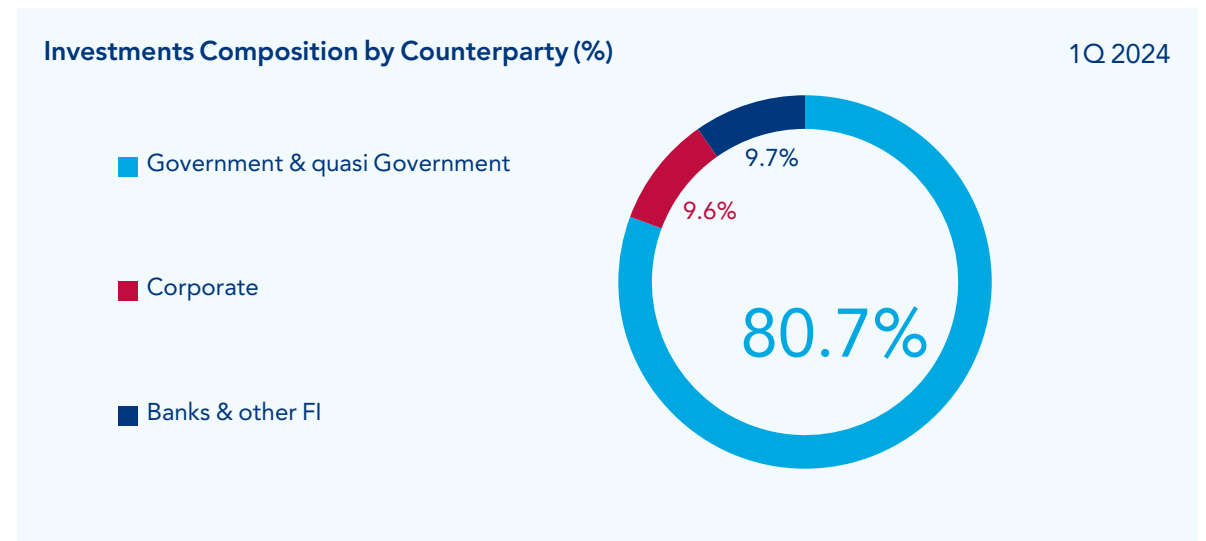
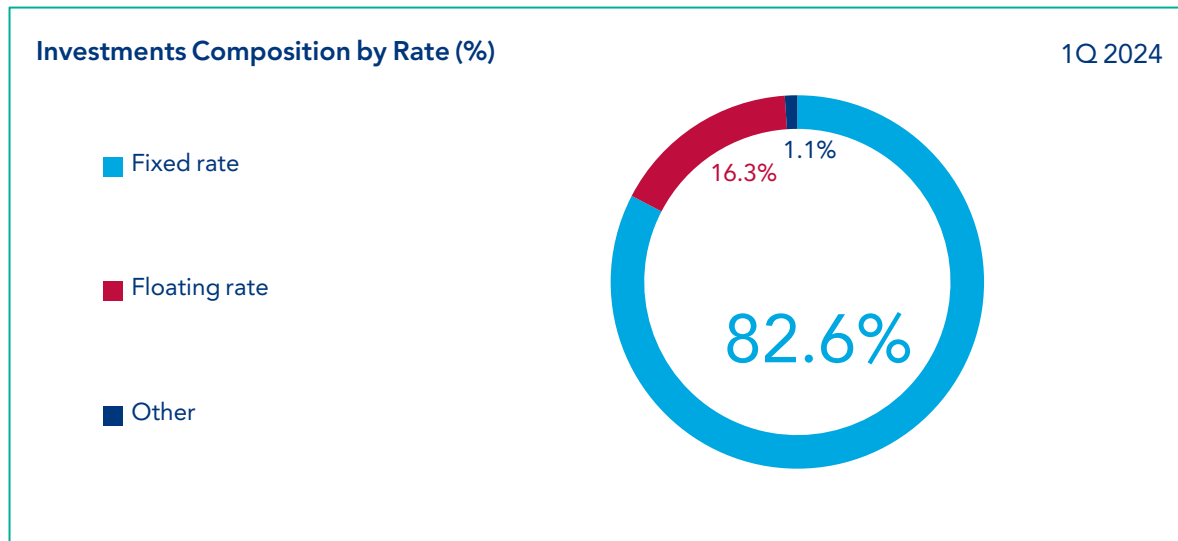
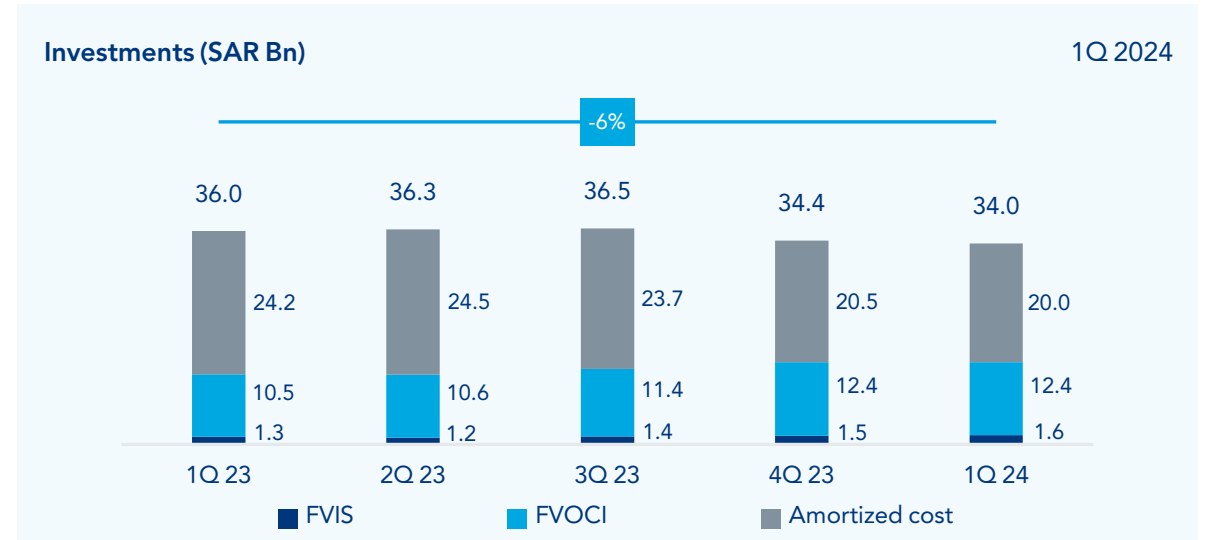
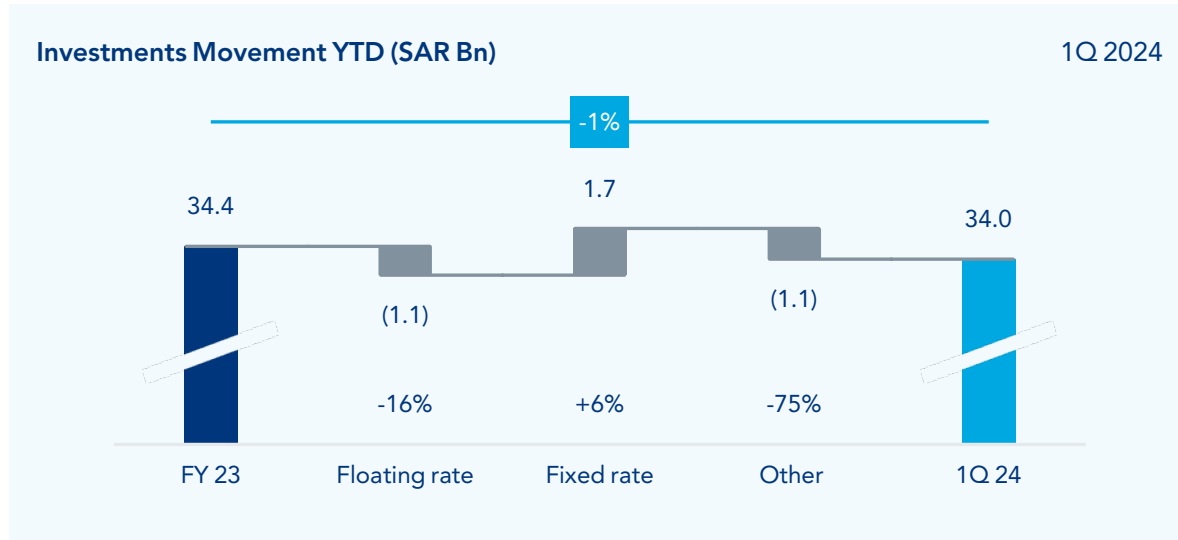
On-BS +12% YTD **2.1**

Off-BS +23% YTD **15.5**

#### Auto Financing SAR Bn

1Q 2024 +73% YTD **1.2**

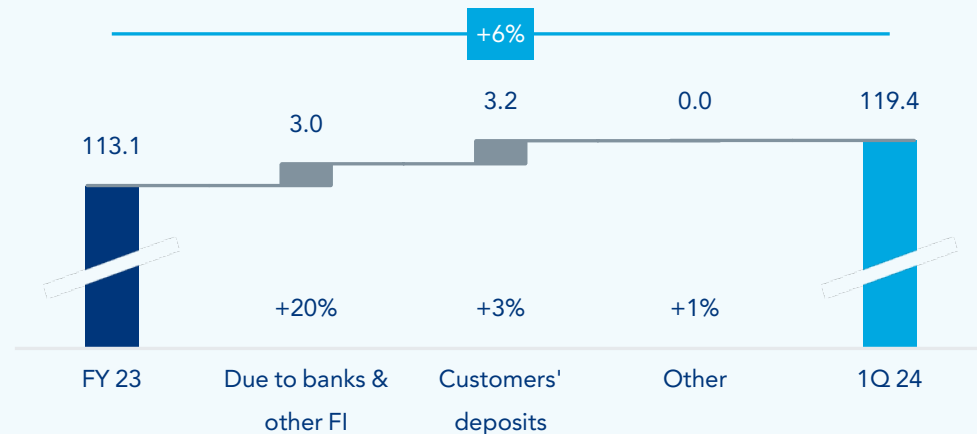
# Rationalization of the investment book from maturities, decreasing its share of total assets



# Liquidity position provides substantial buffers to accommodate future growth

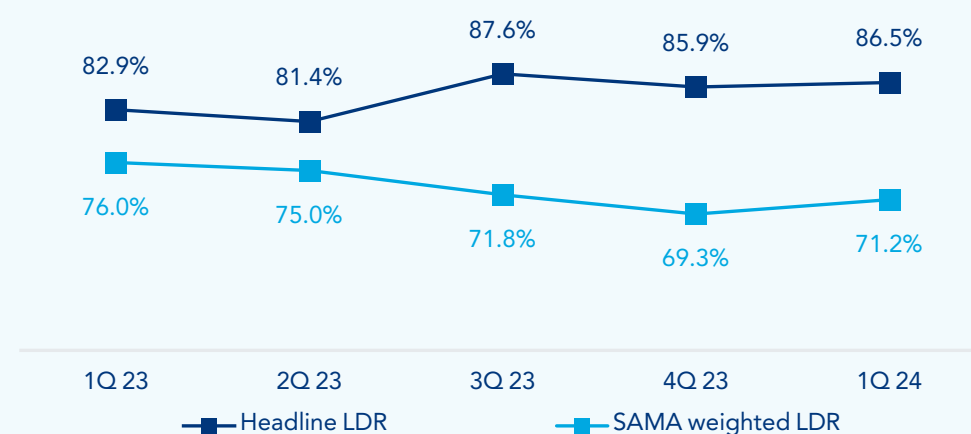
Total Liabilities Movement YTD (SAR Bn)

1Q 2024



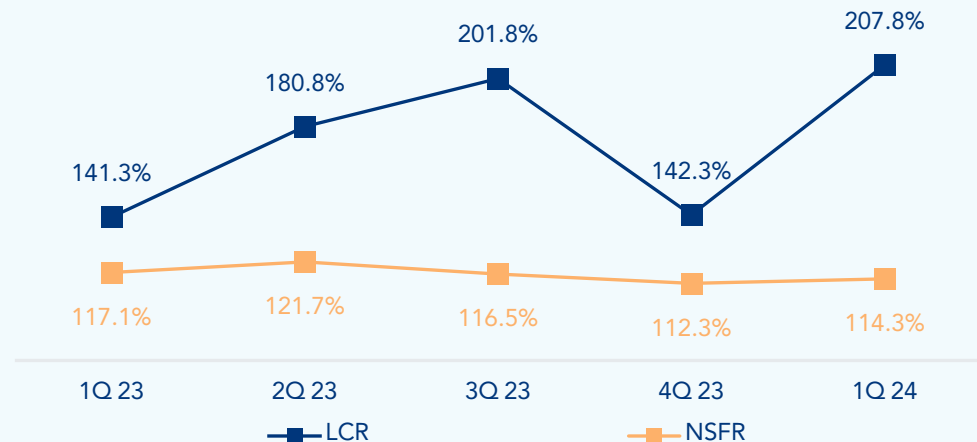
Loans to Customers' Deposit Ratios (%)

1Q 2024



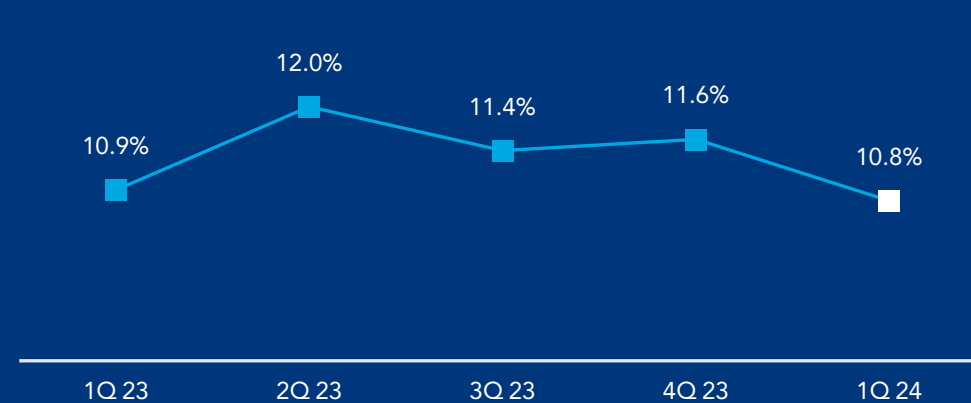
LCR, NSFR (%)

1Q 2024

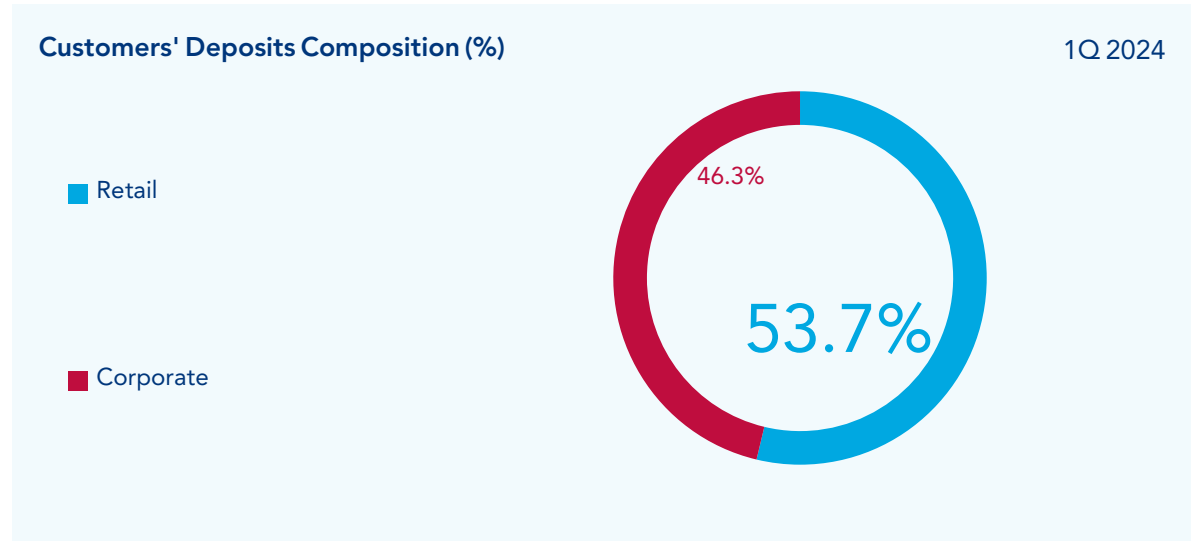
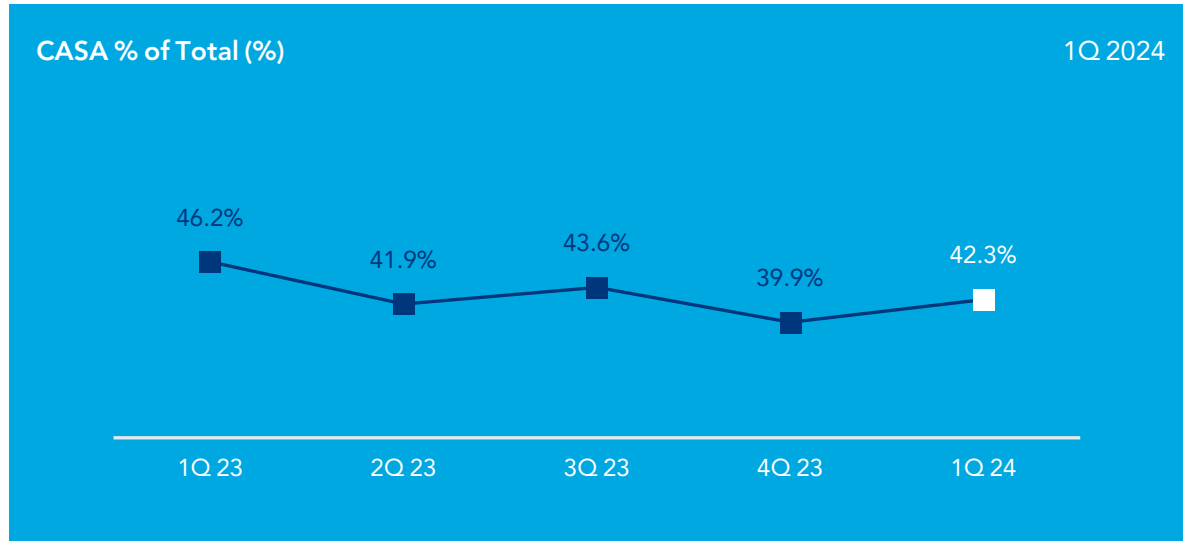
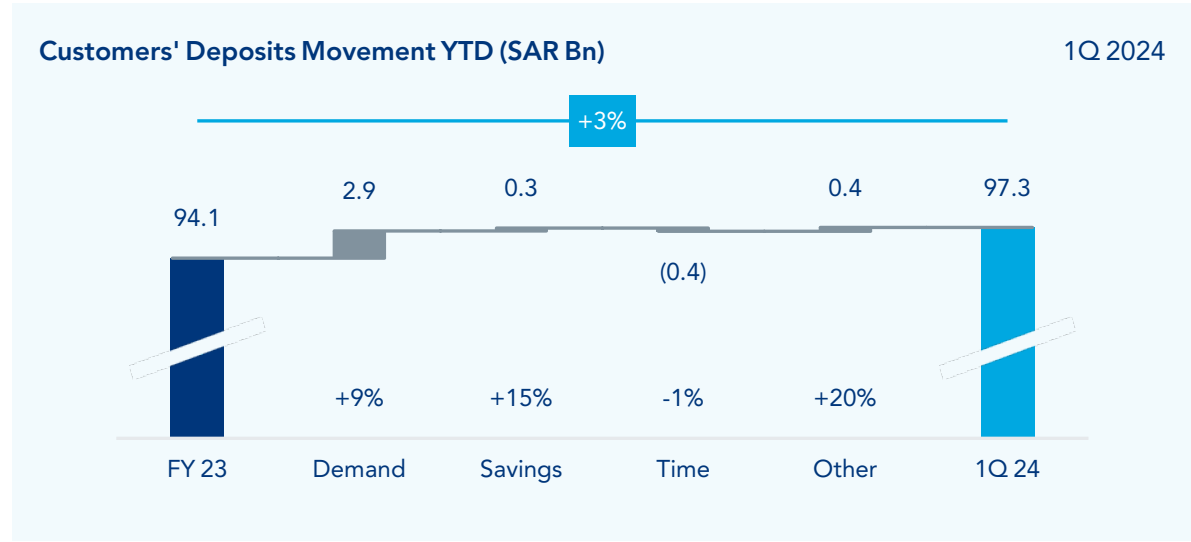
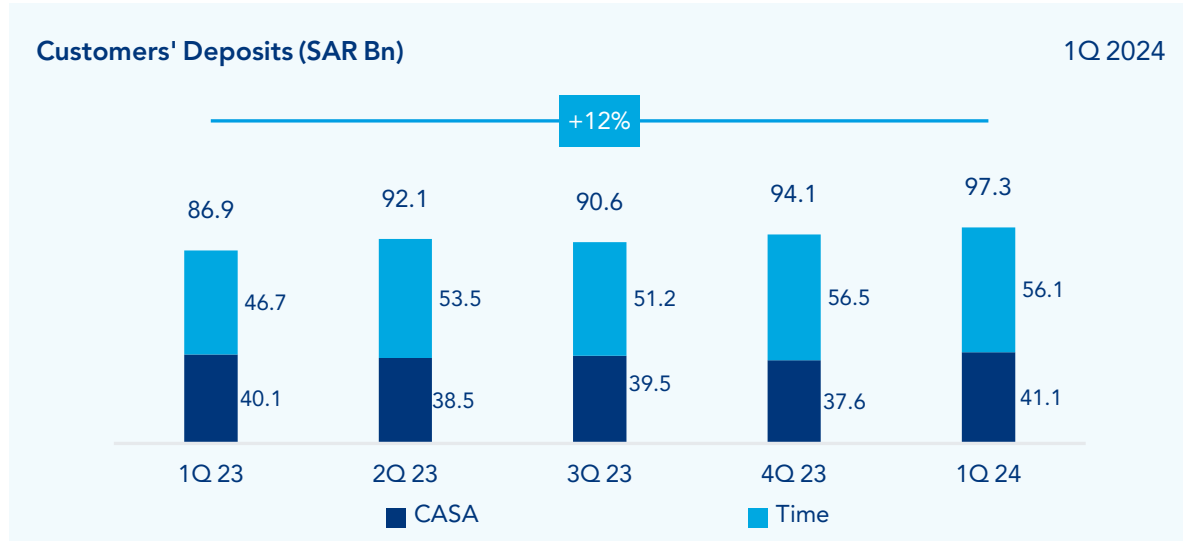


Basel III Leverage Ratio (%)

1Q 2024



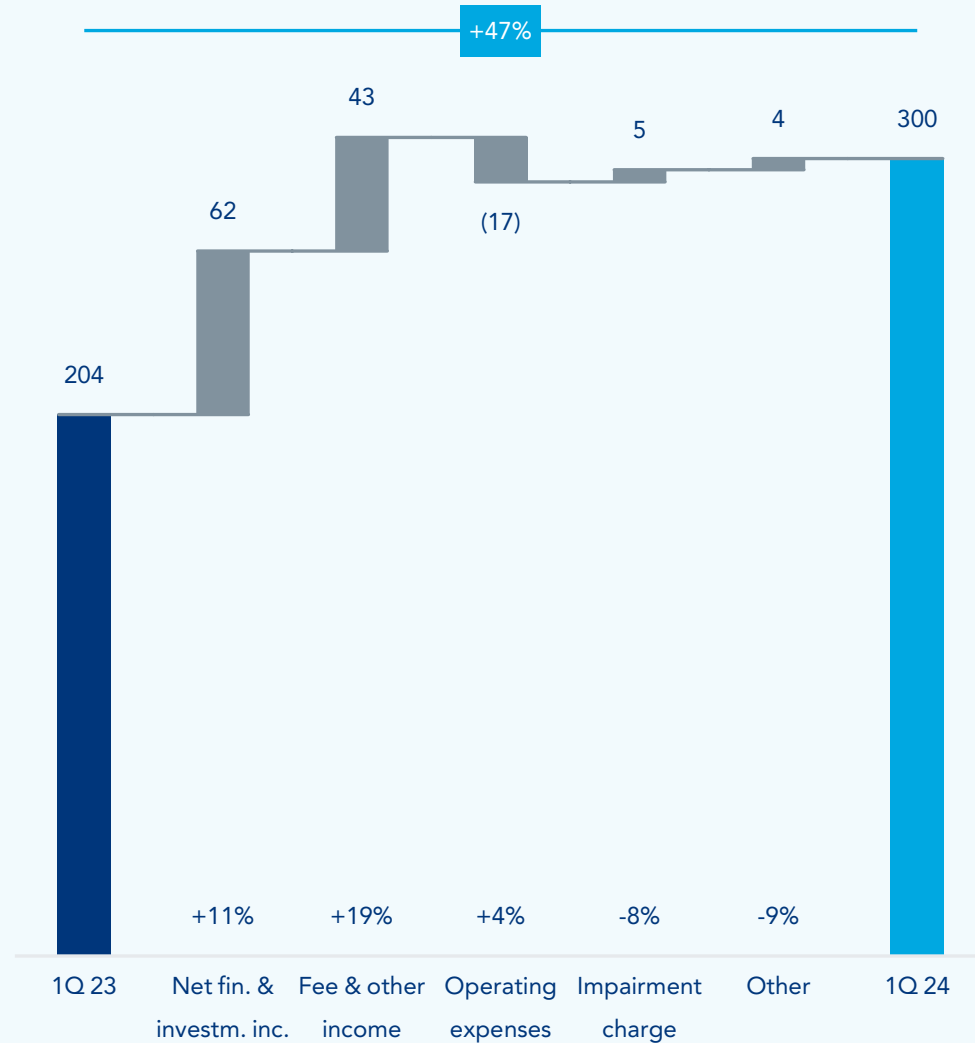
# Improving CASA share YTD on the back of the 9% growth in demand deposits



# Boosted net income through top-line expansion

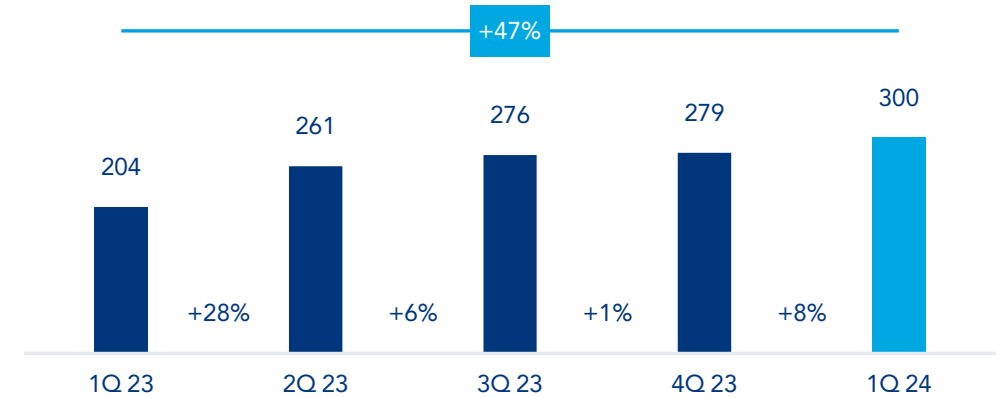
Net Income for the Period Movement YoY (SAR Mn)

1Q 2024



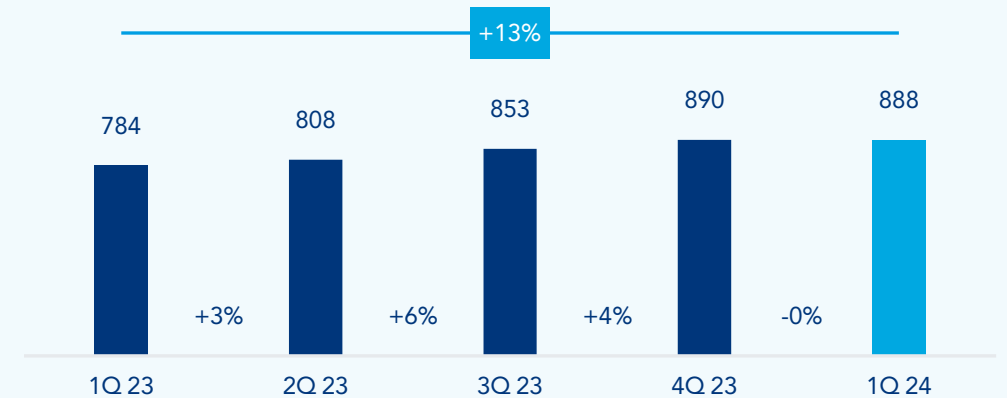
Quarterly Net Income (SAR Mn)

1Q 2024



Quarterly Total Operating Income (SAR Mn)

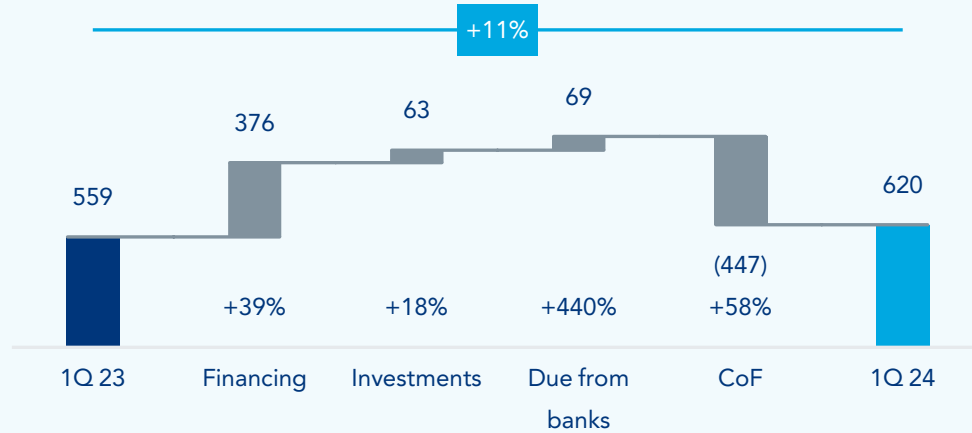
1Q 2024



# Net F&I income growing 11% from earning assets expansion on broadly stable net margin

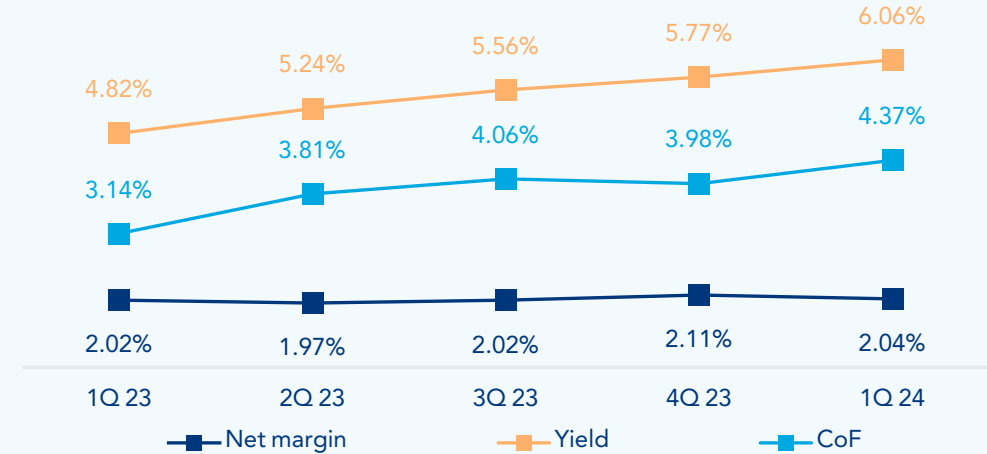
Net Financing & Investment Income Movement YoY (SAR Mn)

1Q 2024



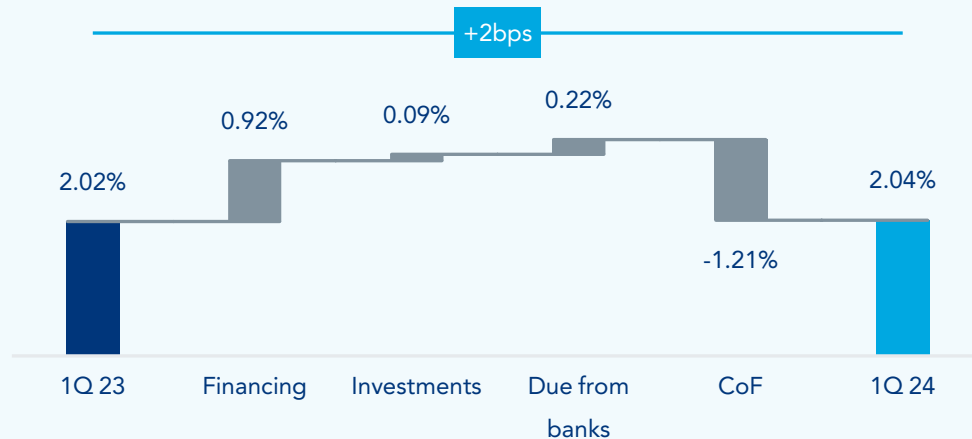
Quarterly Net Margin (%)

1Q 2024

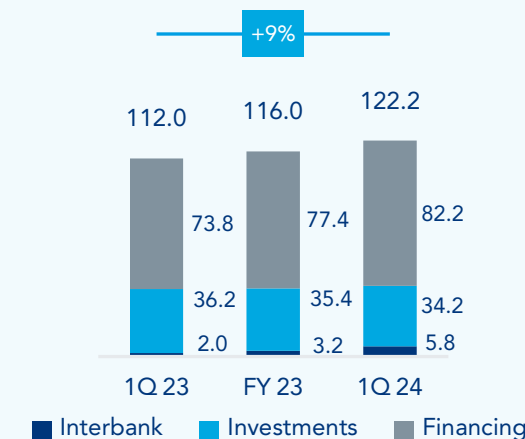


Net Margin Movement YoY (%)

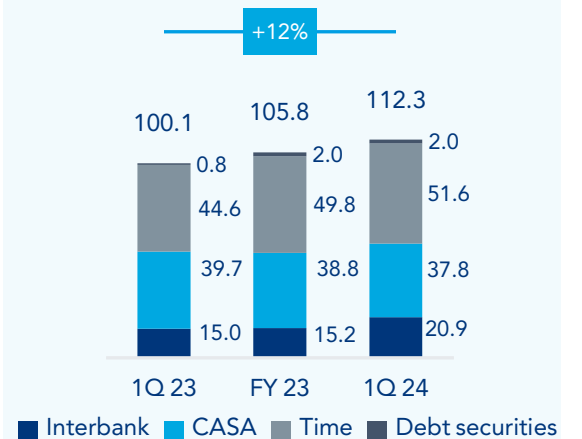
1Q 2024



Total Average Earning Assets (SAR Bn)



Total Average Bearing Liabilities (SAR Bn)

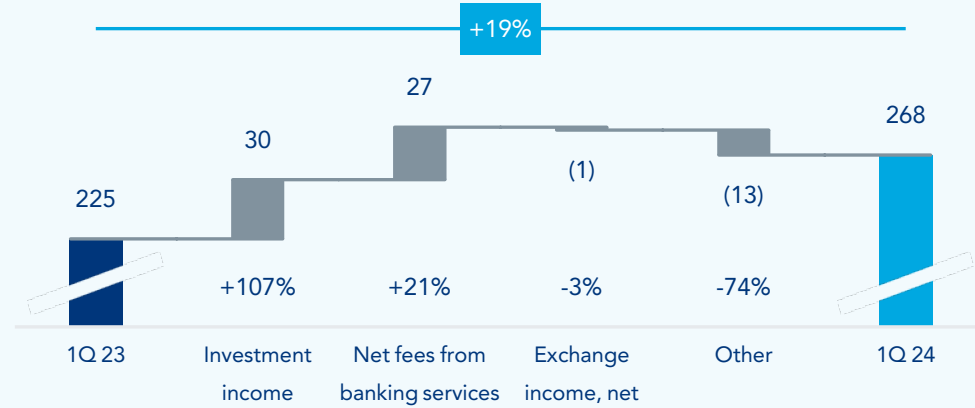




# Over a quarter of operating income is represented by well-diversified non-funded income

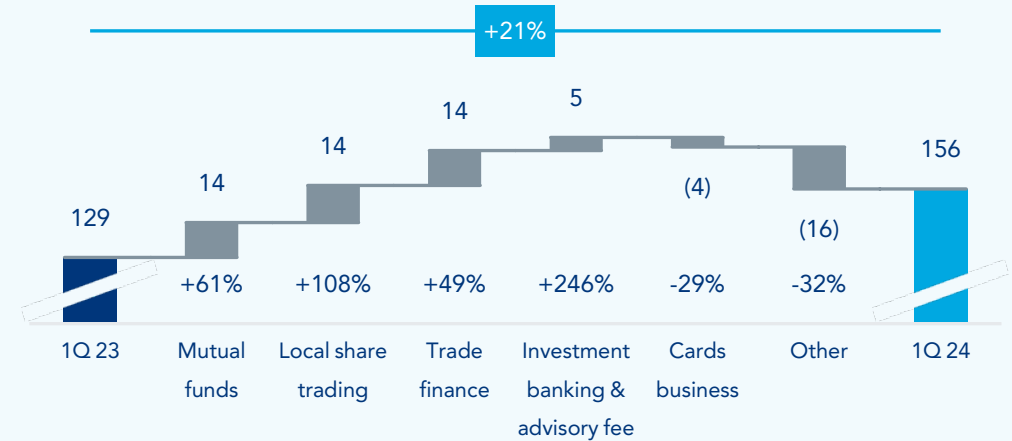
Fee & Other Income Movement YoY (SAR Mn)

1Q 2024



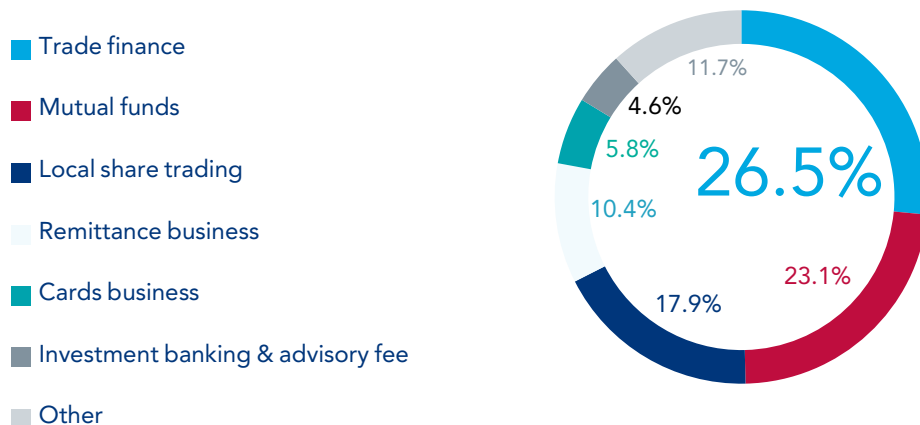
Net Fee Income From Banking Services Movement YoY (SAR Mn)

1Q 2024



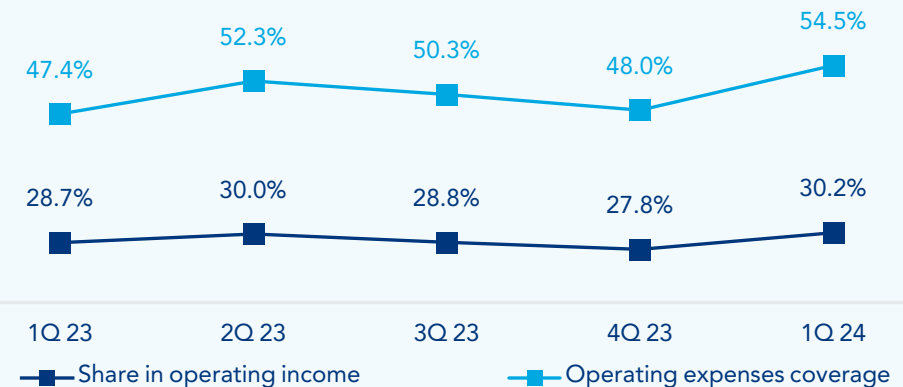
Net Fee Income From Banking Services Composition (%)

1Q 2024



Fee & Other Income Share and Coverage (%)

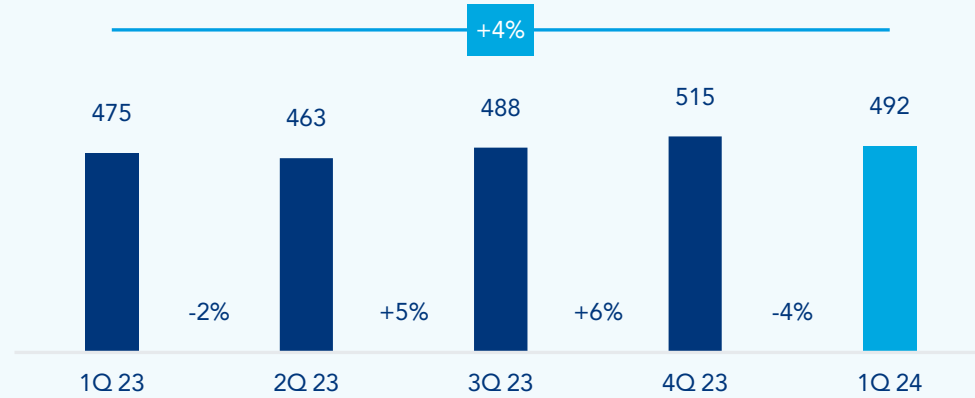
1Q 2024



# Cost-to-income ratio improving from positive jaws

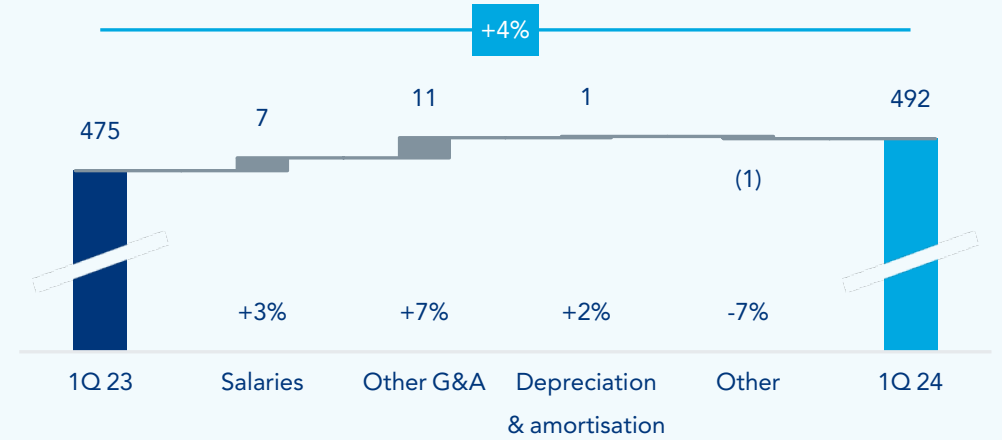
Operating Expenses (SAR Mn)

1Q 2024



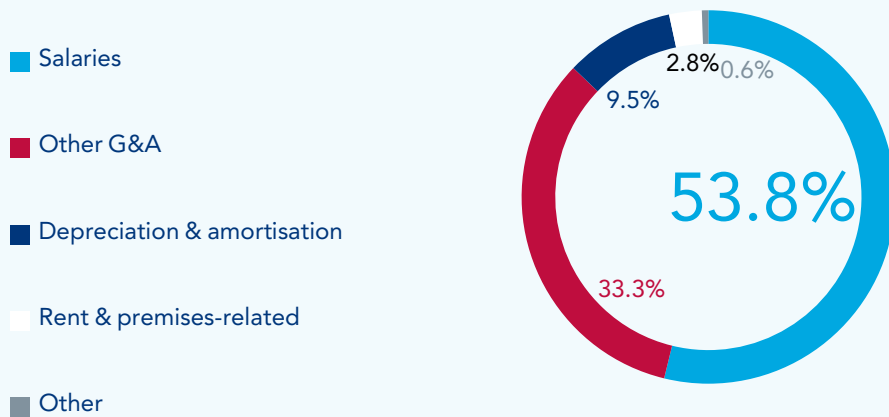
Operating Expenses Movement YoY (SAR Mn)

1Q 2024



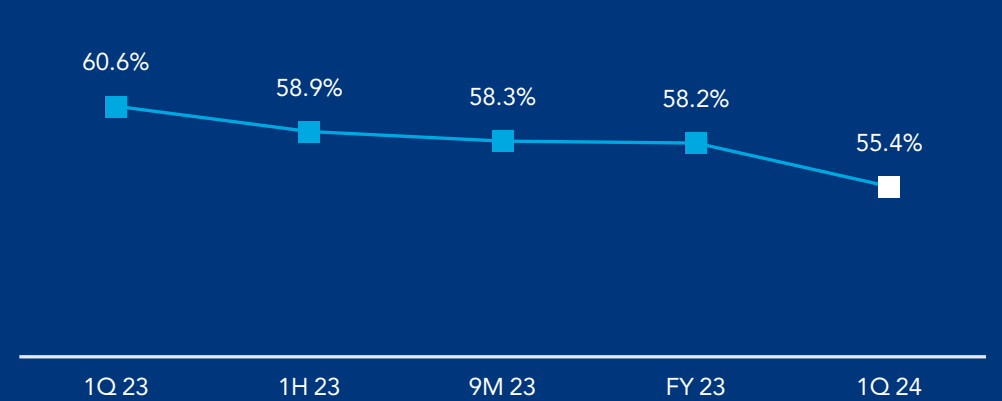
Operating Expenses Composition (%)

1Q 2024

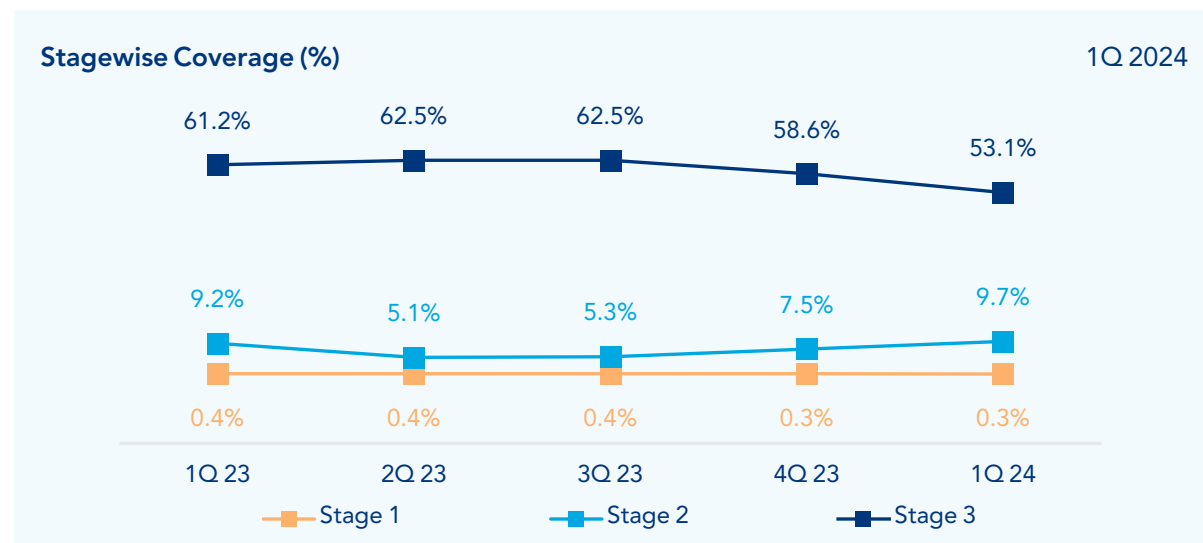
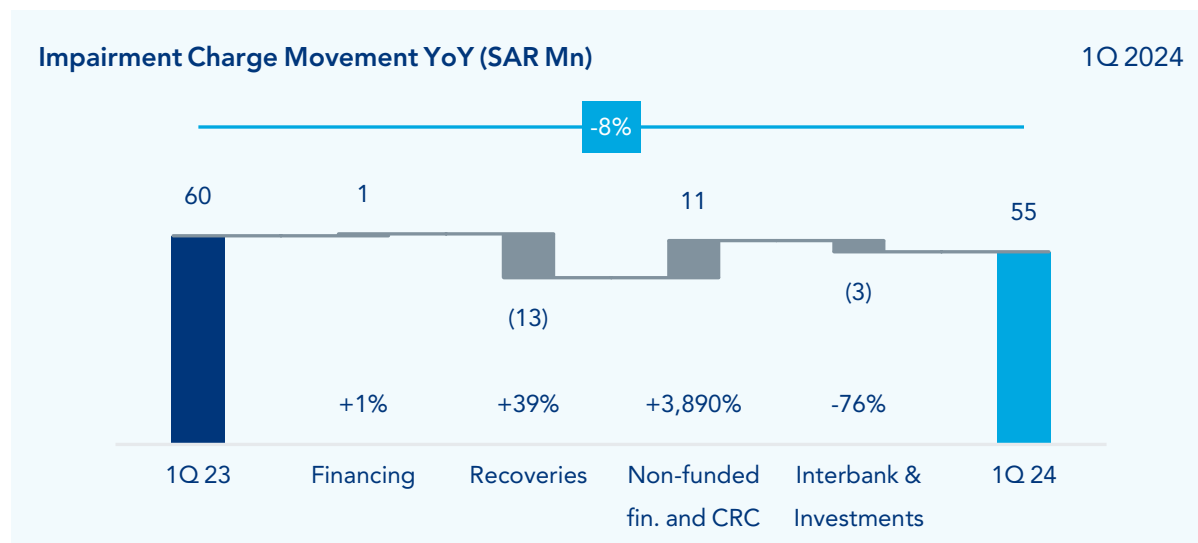
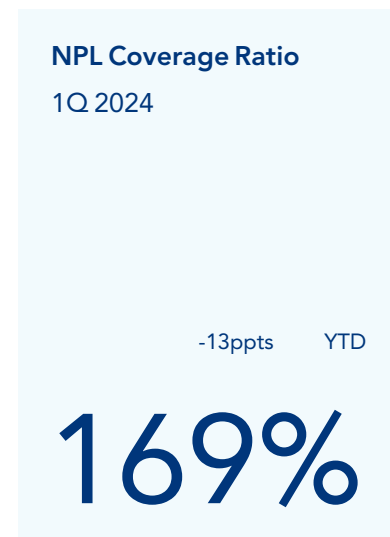
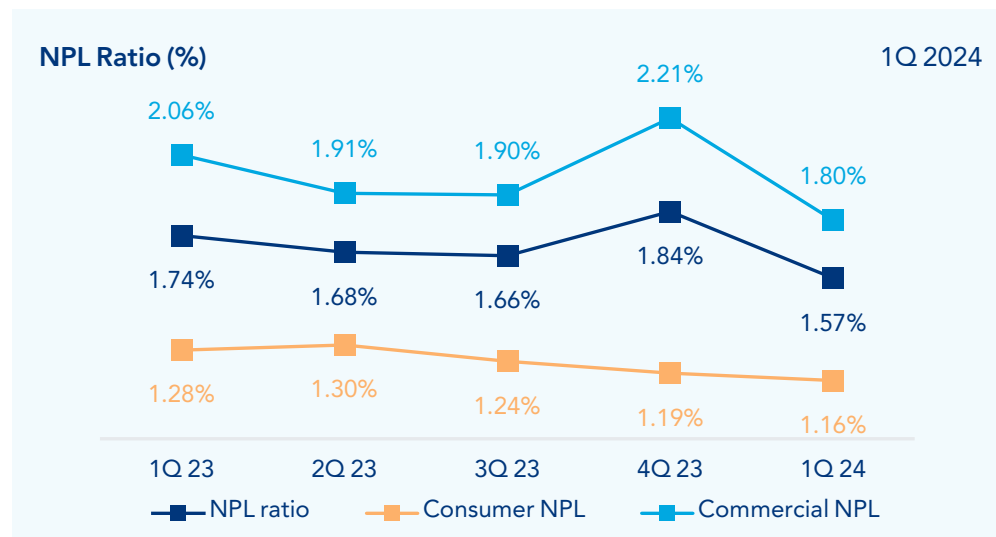
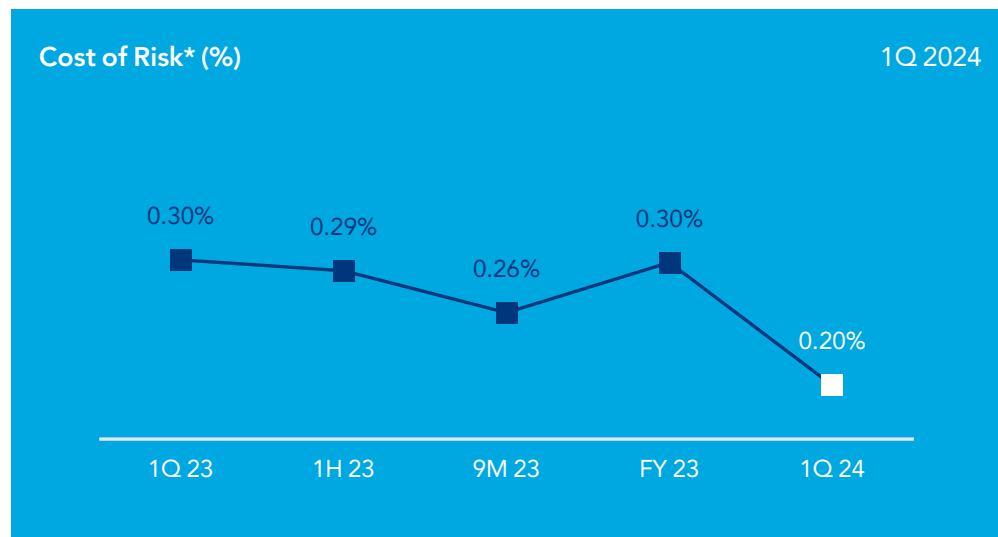


Cost to Income (%)

1Q 2024



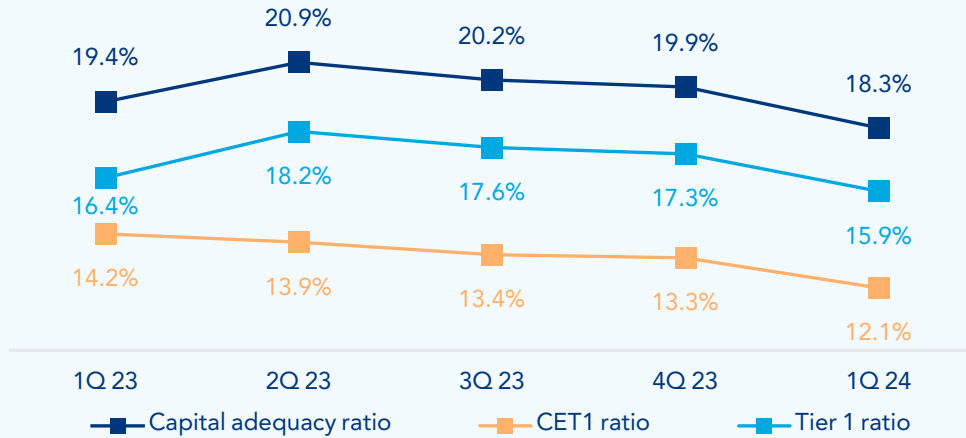
# Credit quality remains healthy with improving NPL ratio and CoR



# Returns are gradually improving with capitalization lowered from rising RWA

Capital Adequacy Ratio (%)

1Q 2024



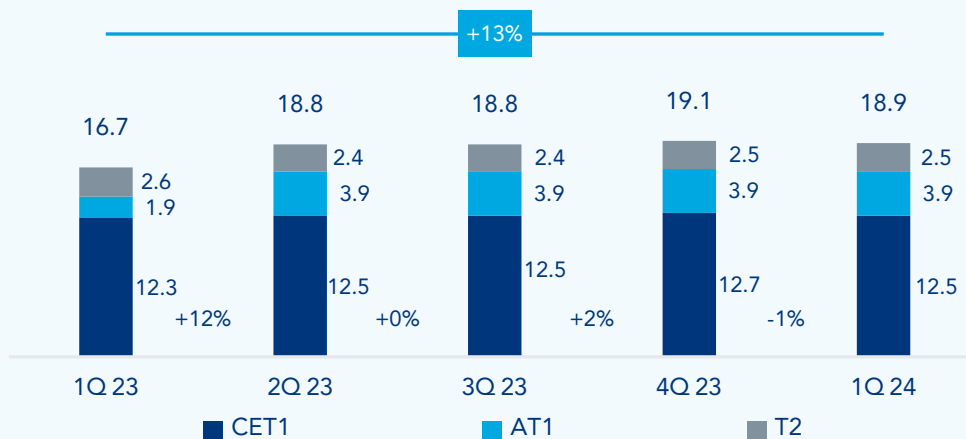
Risk Weighted Assets (SAR Bn)

1Q 2024



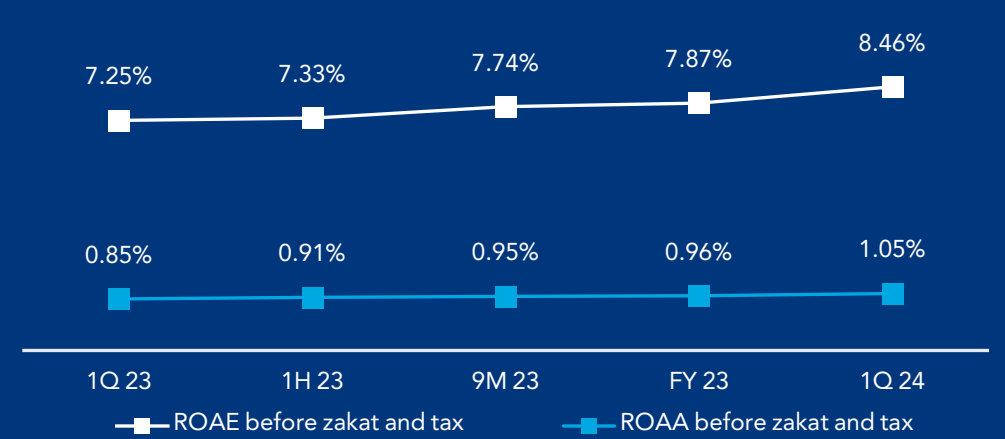
Total Capital (SAR Bn)

1Q 2024



ROAE & ROAA before Zakat and Tax (%)

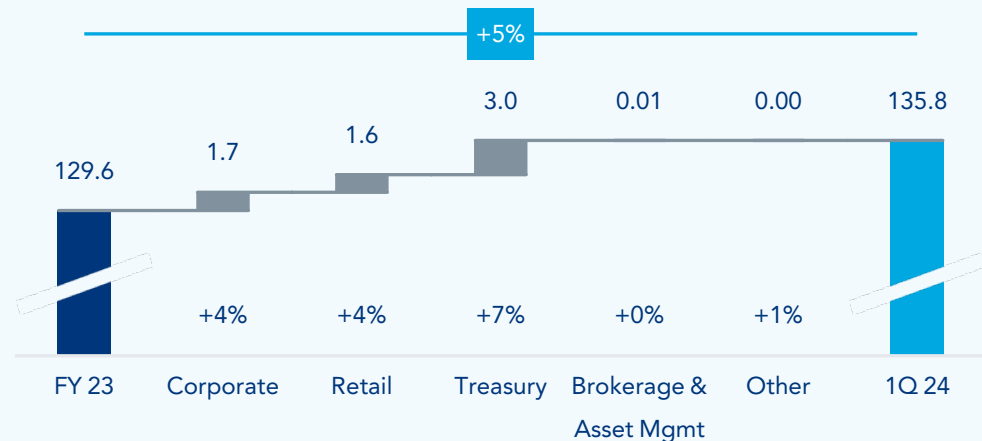
1Q 2024



# Diverse segment mix, with strong contributions from treasury, corporate and brokerage

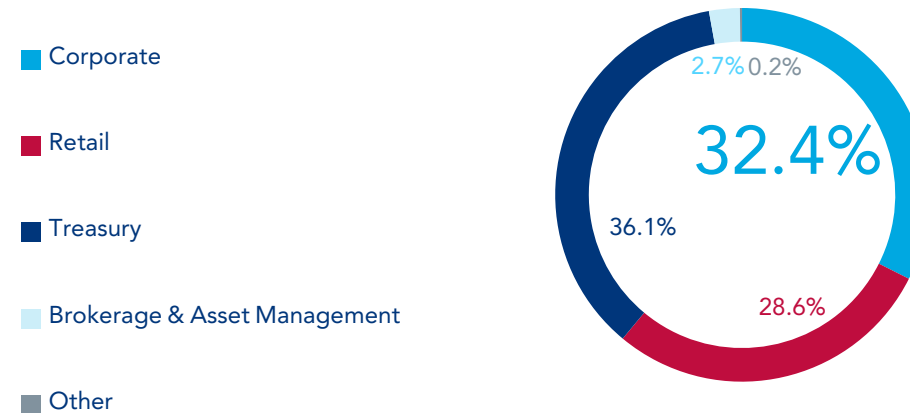
Total Assets Movement YTD (SAR Bn)

1Q 2024



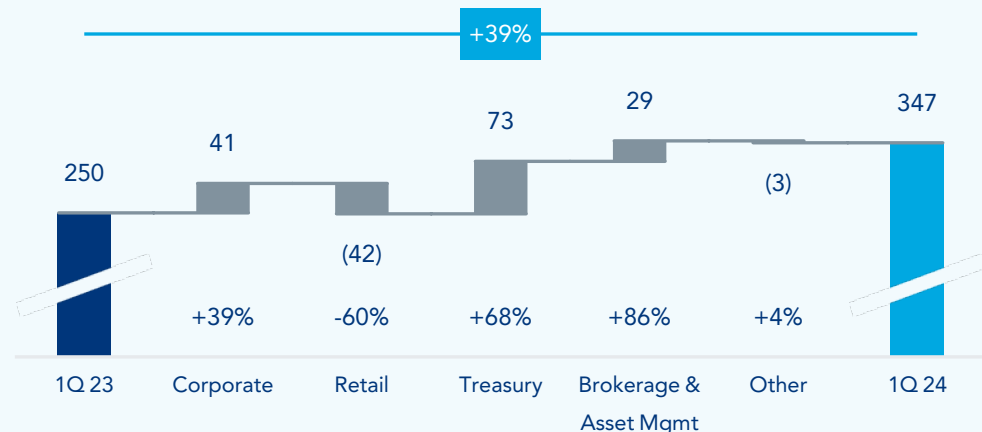
Total Assets Composition (%)

1Q 2024



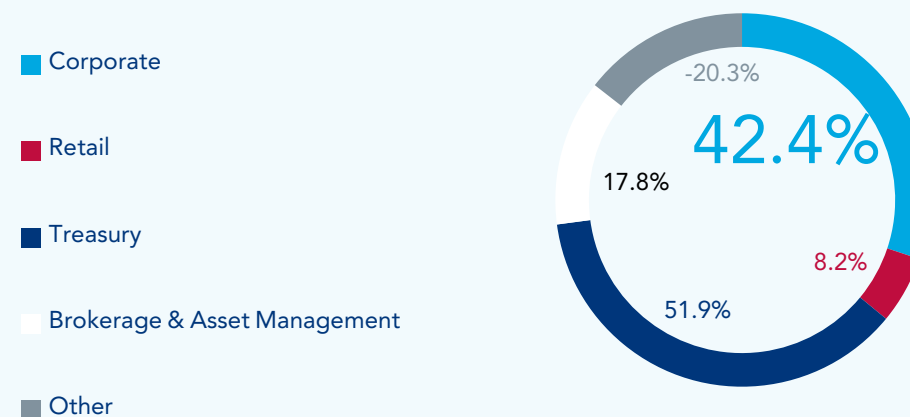
Net Income Before Zakat & Income Tax Movement YoY (SAR Mn)

1Q 2024



Net Income Before Zakat & Income Tax Composition (%)

1Q 2024



# Guidance



# Guidance for 2024 remains unchanged, and our performance is on track

Guidance Metric	FY 2023 Actual	1Q 2024 Actual	FY 2024 Guidance	Drivers
Financing growth	+14%	+4% YTD	Mid-teens unchanged	Anticipating sustained mid-teens growth predominantly fueled by corporate financing
Net Margin	2.05%	2.04%	+5-10bps unchanged	Expecting a favorable uptick of 5-10 basis points, driven by continued replenishment of fixed rate assets, further supported by projected rate cuts towards the end of the year
Cost of Risk	0.30%	0.20%	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	Striving to reduce the ratio to below 56% through diligent cost optimization, balanced against investments in strategic initiatives
Tier 1	17.3%	15.9%	16.5%-17% unchanged	Maintaining capitalization within the range of 16.5-17% supported by retained earnings generation
ROAE before zakat and tax	7.87%	8.46%	>8% unchanged	Targeting a gradual improvement aligned with the refreshed strategy



Q&A







# Appendix



# Connect with us

## IR Contacts

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[Sustainability Report](#)



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