

بنك الجزيرة
BANK ALJAZIRA 

Bank AlJazira
Earnings Presentation FY 2024



Strong asset growth with steady improvement in efficiency and profitability

Macro Background

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

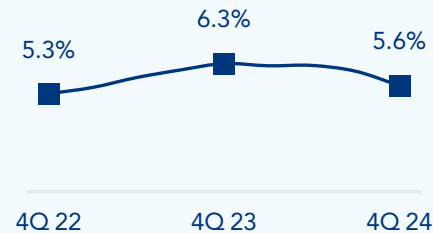
Rates: 50bps cut expected currently in 2025, though uncertainty remains

Saudi banking sector: growth driven by corporate loans and Vision 2030, with consumer lending accelerating as well

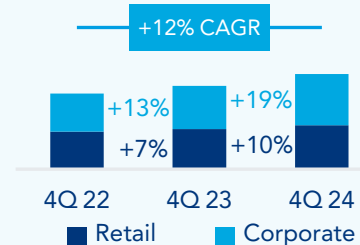
Non-oil Real GDP Growth



SAIBOR 3M Avg (%)



Banking Sector Loan Growth



Operational & Strategic Progress

Data and technology revamp program:

- Launched new Retail mobile app
- Launched revamped Mcorp & Ecorp platforms and apps
- Launched CRM application for CX
- Launched new B2B platform

Total Assets

4Q 2024

+15% YoY

SAR Bn **148.9**

Financing

4Q 2024

+20% YoY

SAR Bn **96.9**

Customers' Deposits

4Q 2024

+15% YoY

SAR Bn **108.2**

Financial Highlights

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

Improving **efficiency, profitability and asset quality**

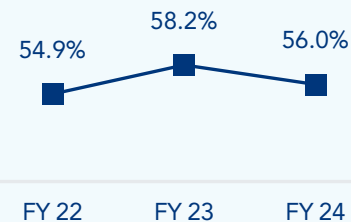
Income Growth

YoY

Operating Income **+13%**

Net Income **+21%**

Cost To Income (%)



NPL Ratio

1.21%

CASA share of total deposits

44.4%

CoR

0.32%

ROAE

7.32%

Strategic Progress



We are advancing on the transformation agenda during the 1st year of our 5-year strategy

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

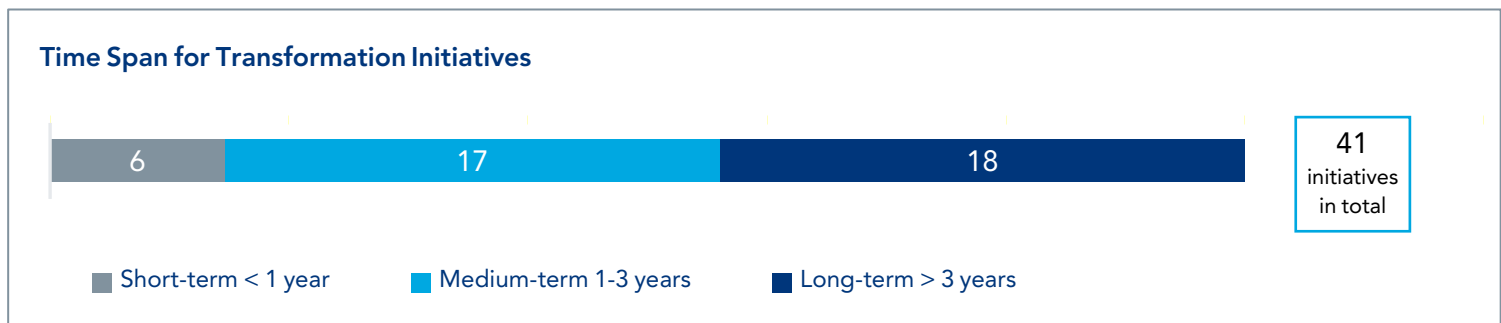
Bank-of-choice for affluent customers and high net worth individuals with a comprehensive value proposition that is digitally enabled

Brokerage & Asset Management

Leading wealth management house in Saudi Arabia

Treasury

Core partner for business growth and enablement



Strategic progress in corporate achieved strong growth momentum

Corporate Segment

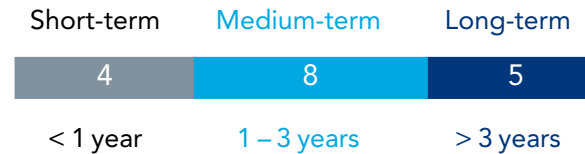
Strategic Initiatives 2024

1. Key account planning
2. Reviewed relationship managers' coverage model
3. Introduced shared KPIs across Corporate and Retail
4. Developed standardized SME journeys



Completed

Strategic Time Span



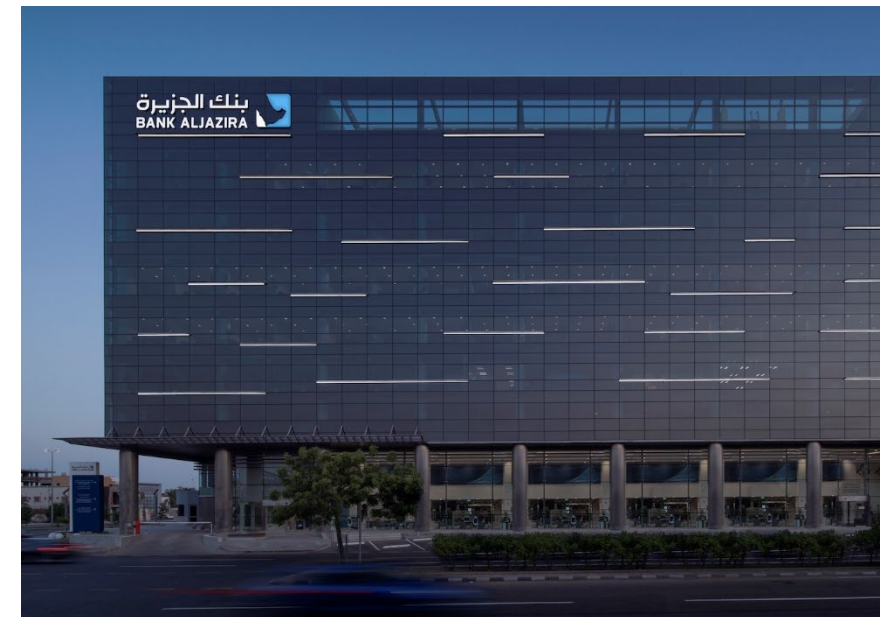
17
initiatives
In total

Operational Highlights 2024

- Increased funded and unfunded assets
- Launched 5 new SME products, expanded merchant acquiring business
- Rolled out revamped Mcorp & Ecorp platforms and apps
- Launched B2B Services

Strategic Initiatives 2025

- Launch new trade finance and cash management products
- Enhance SME service coverage and redesign lending processes
- Expand the SME product suite, and increase penetration in POS solutions
- Enhance corporate portfolio quality
- Boost relationship managers' efficiency tools



Retail is progressing well in redefining value proposition and advancing digitization

Retail Segment:

Strategic Initiatives 2024

1. Redefine value proposition for key priority customer personas
2. Redefine the operating model with AlJazira Capital to foster cross-sell



Ongoing –
planned for
completion
in 2025

Strategic Time Span:



Operational Highlights 2024

- Launched new Retail Mobile App
- Launched new products
- Improved Mortgage TAT
- Launched Ajwaa Plus Credit Card
- Revamped Online Account Opening
- Implemented CRM
- Optimized Credit Card and Personal Financing journeys
- Launched Samsung Pay

Strategic Initiatives 2025

- Strengthen brand identity with a premium market positioning
- Optimize relationship management structure to enhance SME and individual customer coverage
- Introduce cost-effective service model for lower-affluent personas
- Build customer-centric digital journeys across the mobile app and website





Financial Performance



Balance sheet | Assets expanding by 15% YoY driven by financing

Balance Sheet

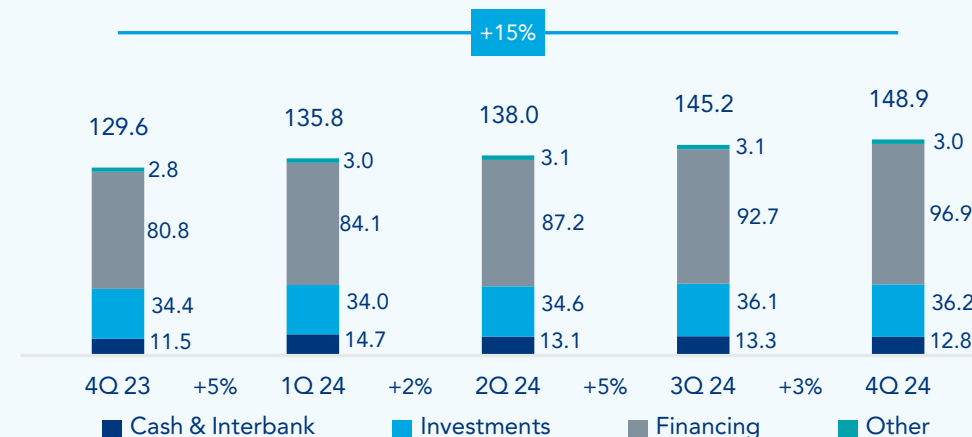
Management commentary

- The balance sheet witnessed a 15% expansion during FY 2024.
- This was propelled by a 20% increase in net financing and funded by a 15% growth in customers' deposits and a 29% rise in interbank liabilities.

SAR Mn	4Q 2024	3Q 2024	QoQ % Change	4Q 2023	YoY % Change
Cash & Interbank	12,815	13,310	-4%	11,532	+11%
Investments	36,194	36,060	+0%	34,442	+5%
Financing	96,912	92,710	+5%	80,781	+20%
Other assets	2,984	3,112	-4%	2,795	+7%
Total assets	148,906	145,192	+3%	129,551	+15%
Due to banks & other FI	19,309	20,154	-4%	14,986	+29%
Customers' deposits	108,187	103,349	+5%	94,054	+15%
Subordinated Sukuk	2,006	2,045	-2%	2,004	+0%
Other liabilities	2,203	2,258	-2%	2,091	+5%
Total liabilities	131,704	127,806	+3%	113,135	+16%
Total equity	17,202	17,386	-1%	16,415	+5%

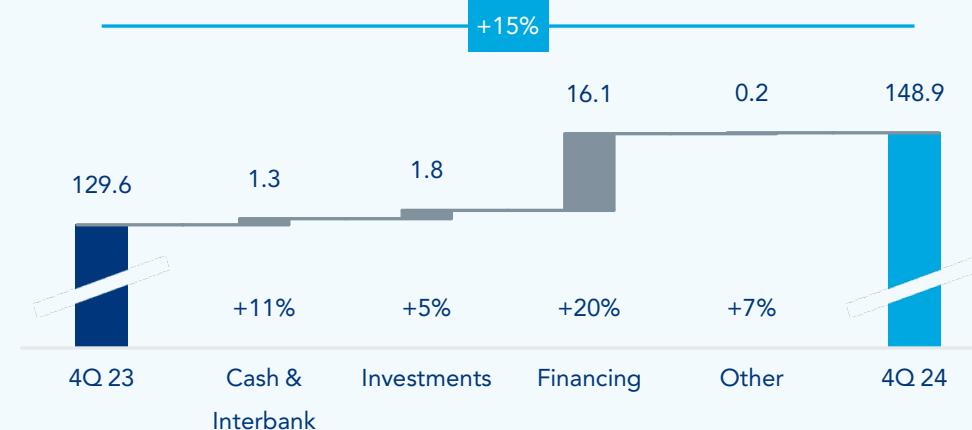
Total Assets (SAR Bn)

4Q 2024



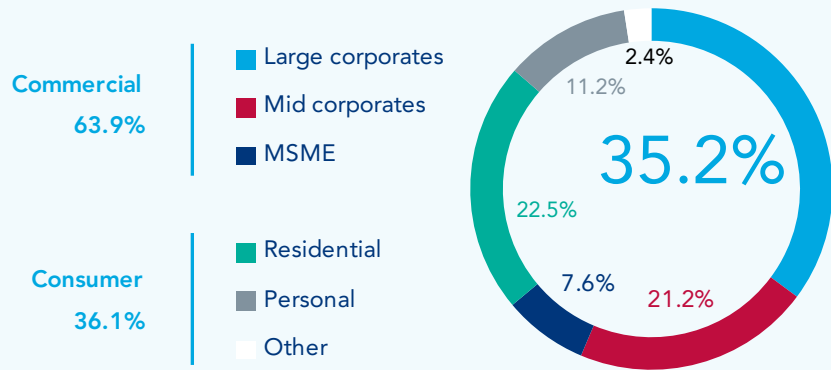
Total Assets Movement YoY (SAR Bn)

4Q 2024

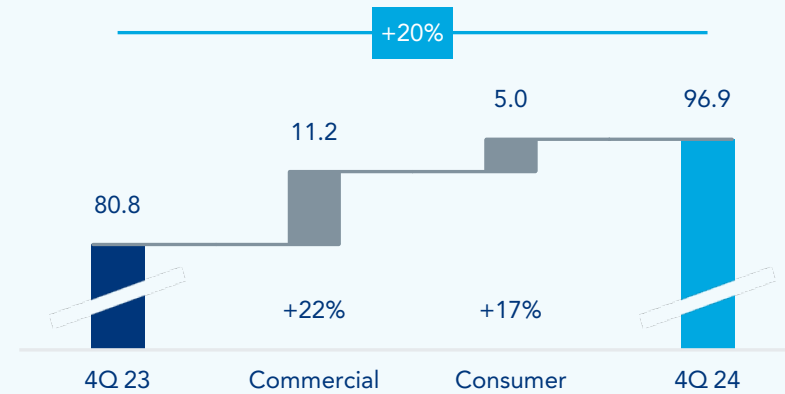


Financing | Financing increased 20% fueled by 22% growth in commercial loans

Financing Composition (SAR Bn) 4Q 2024



Financing Movement YoY (SAR Bn) 4Q 2024



Trade Finance SAR Bn

SAR Bn

On-BS

3.8

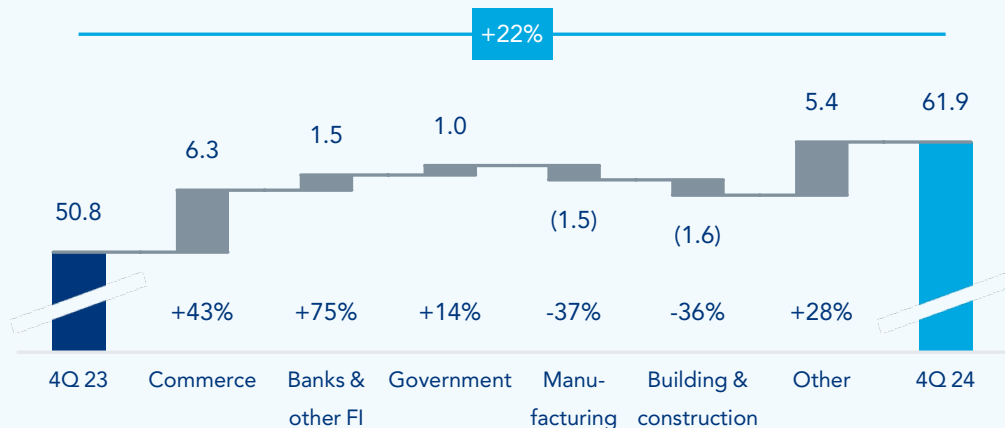
+96% YoY

Off-BS

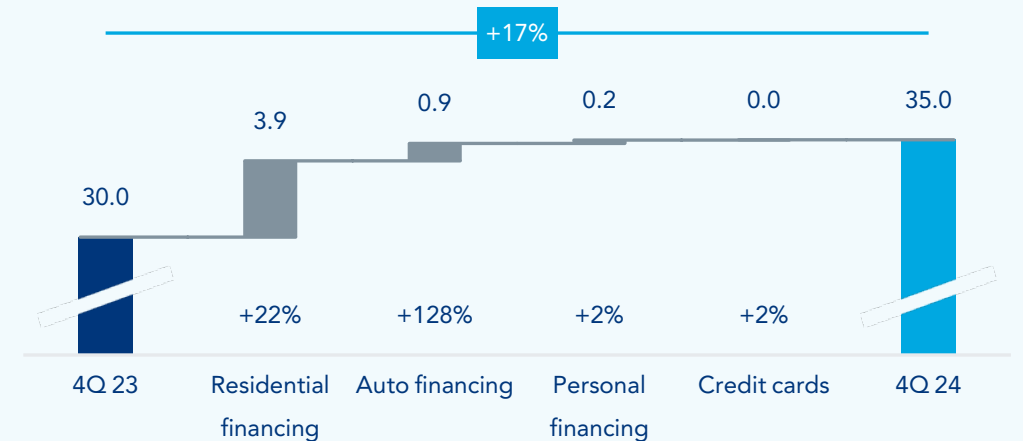
16.2

+28% YoY

Commercial Financing Movement YoY (SAR Bn) 4Q 2024



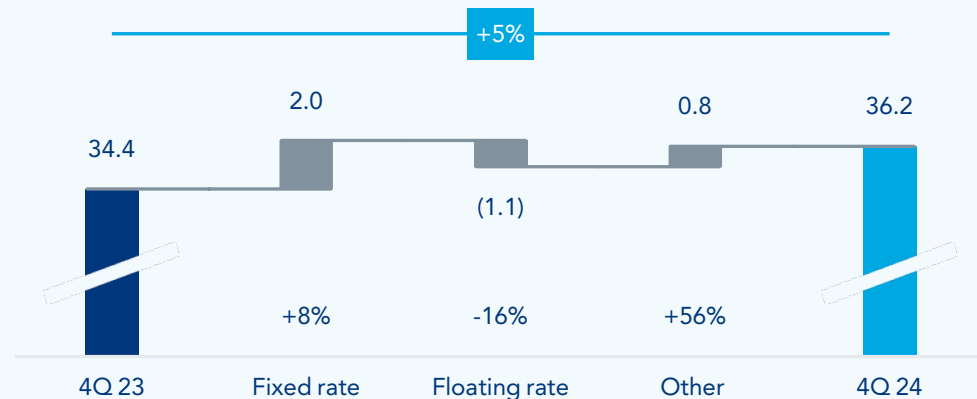
Consumer Financing Movement YoY (SAR Bn) 4Q 2024



Investments | Optimizing portfolio by replacing maturities with fixed-rate assets at favorable rates

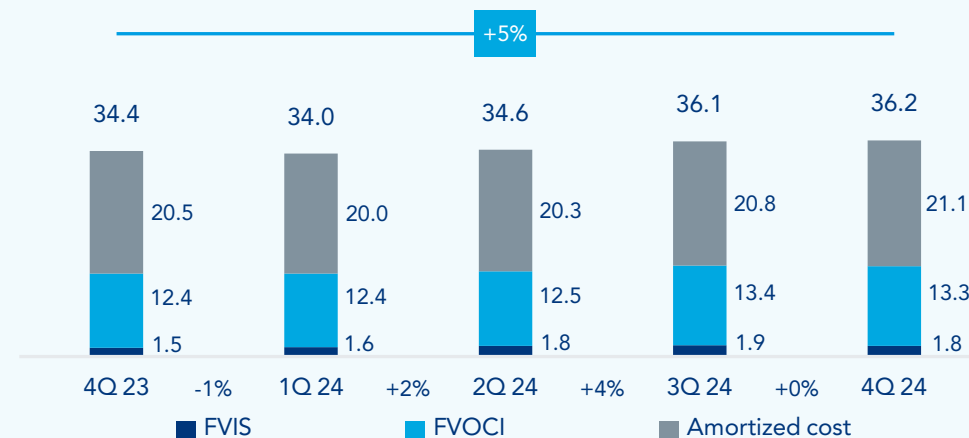
Investments Movement YoY (SAR Bn)

4Q 2024



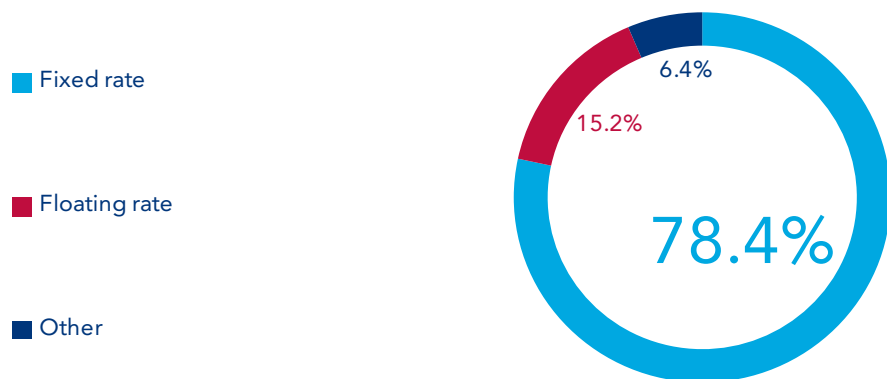
Investments (SAR Bn)

4Q 2024



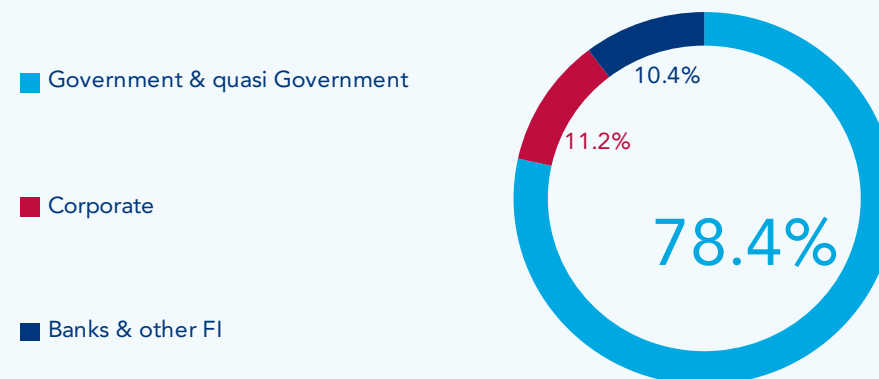
Investments Composition by Rate (%)

4Q 2024



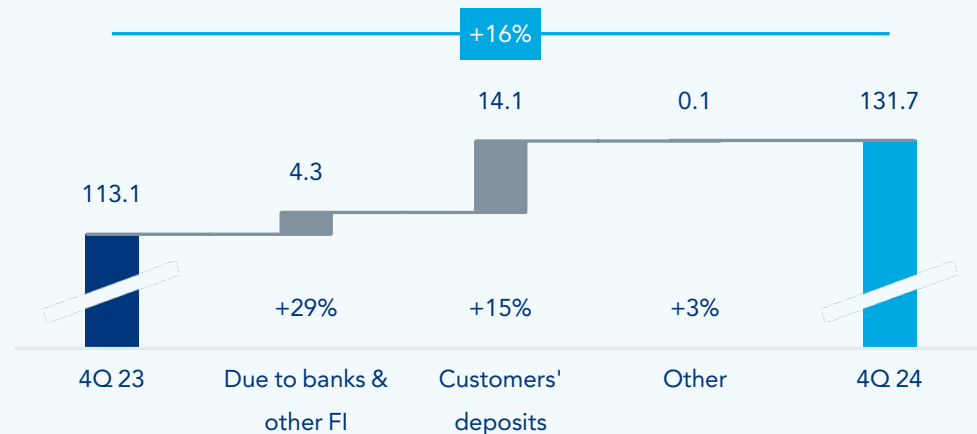
Investments Composition by Counterparty (%)

4Q 2024

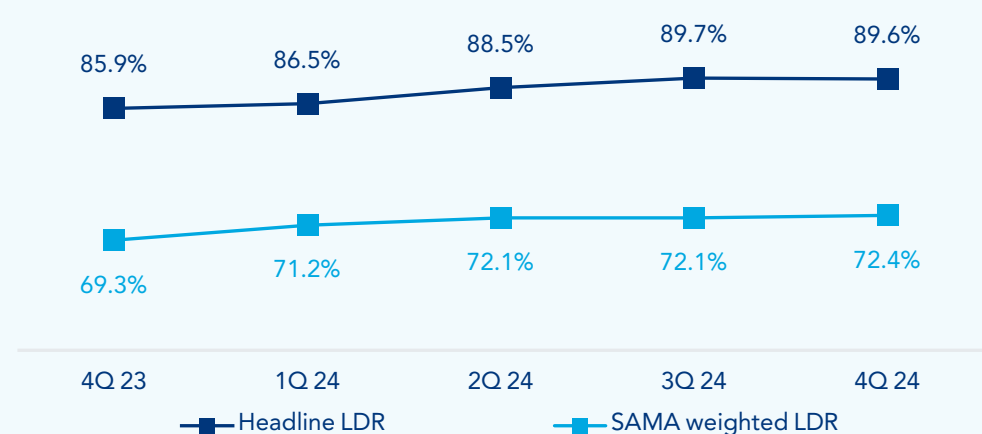


Liquidity | Substantial buffers to accommodate future growth

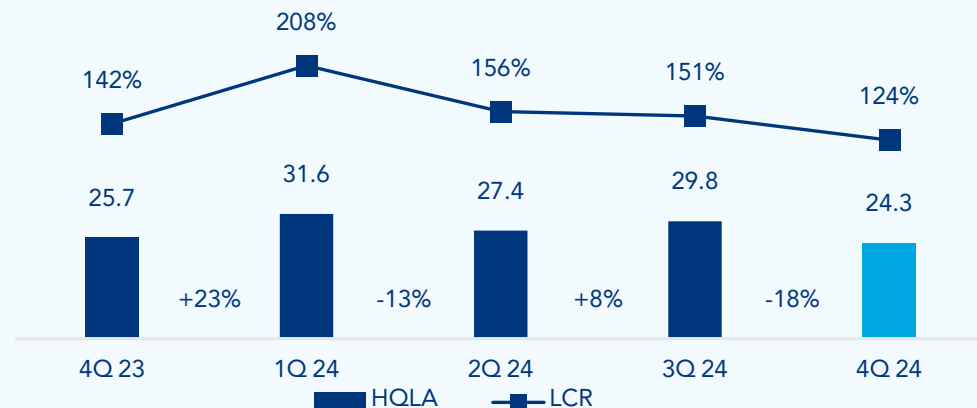
Total Liabilities Movement YoY (SAR Bn) 4Q 2024



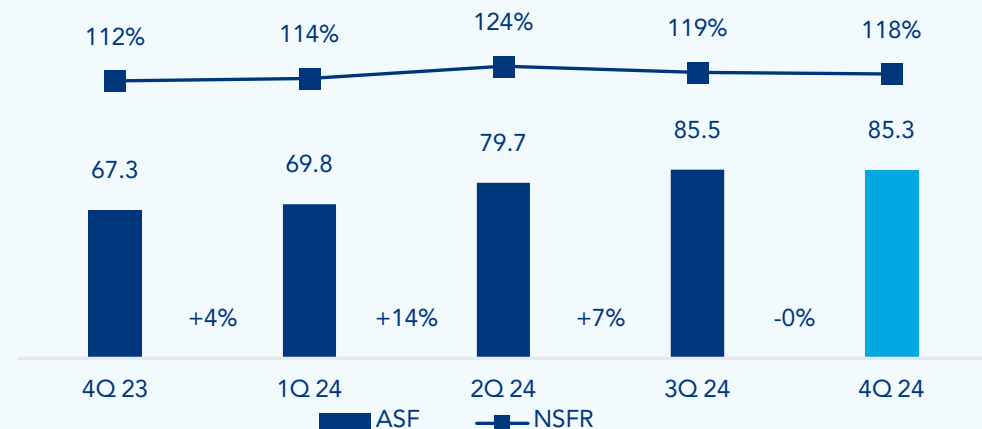
Loans to Customers' Deposit Ratios (%) 4Q 2024



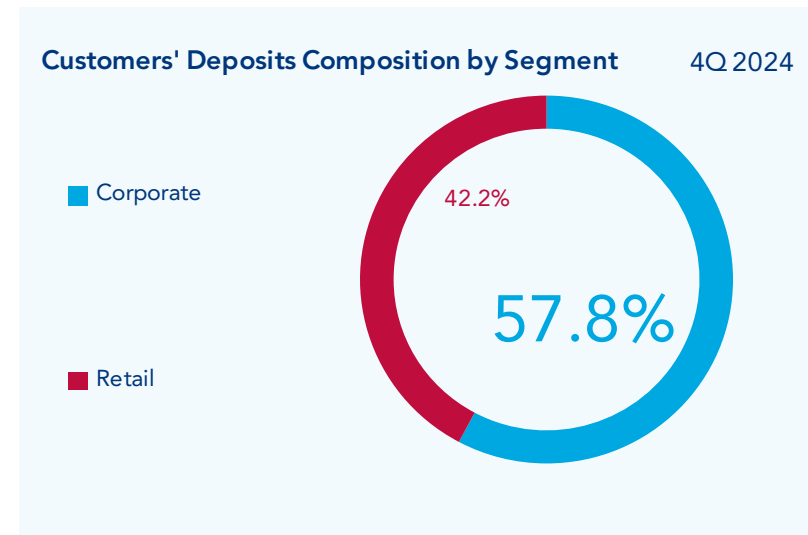
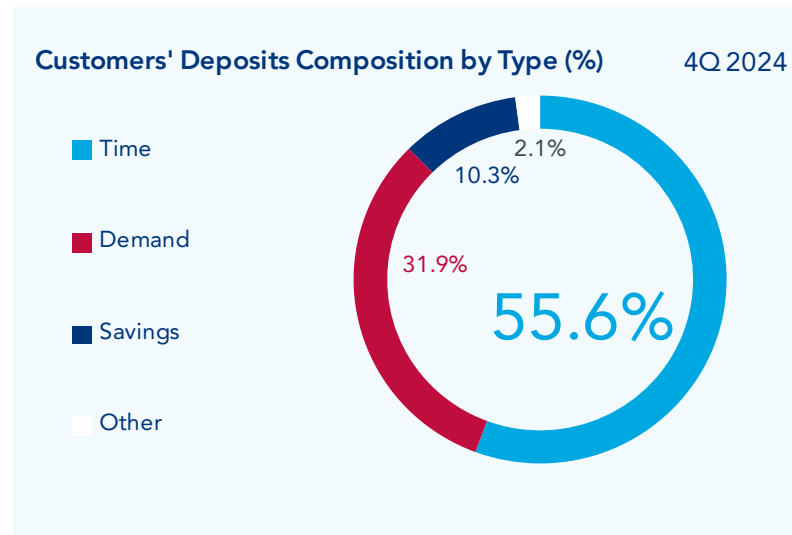
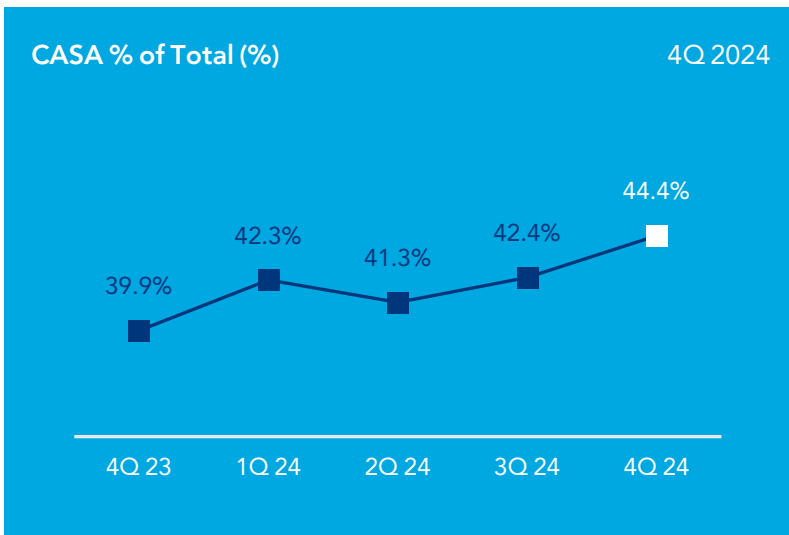
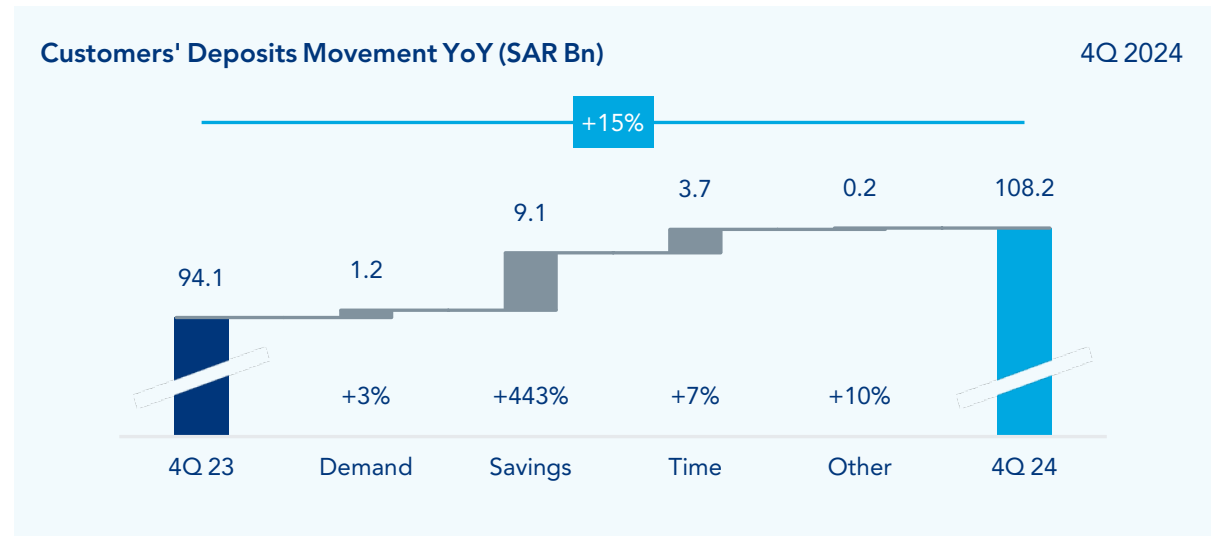
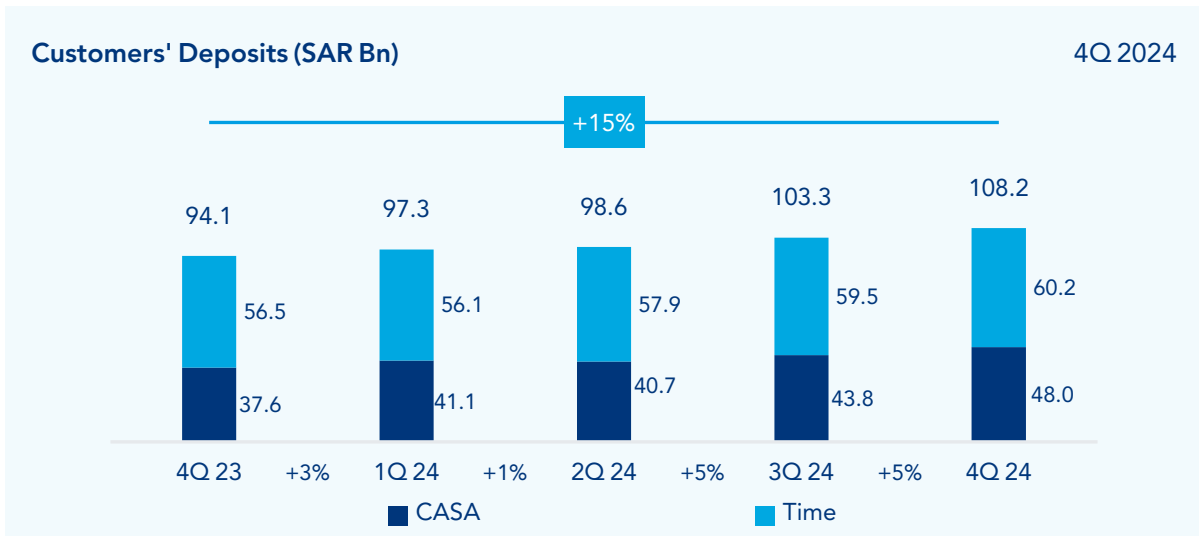
HQLA (SAR Bn) 4Q 2024



Total Available Stable Funding* (SAR Bn) 4Q 2024



Deposits | CASA share increased to 44% supported by growth in savings accounts



Income Statement | 21% net income growth from top-line expansion

Income Statement

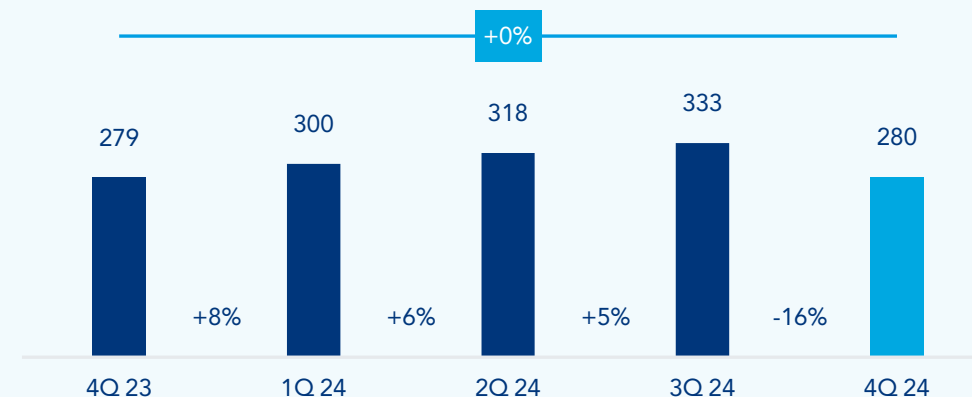
Management commentary

- FY 2024 net income up 21% YoY, from higher operating income, partly offset by rising expenses. 4Q 2024 net income was stable YoY but declined by 16% QoQ, impacted by a net loss on financial instruments and non-recurring expenses in 4Q.
- Net financing & investment income increased 11% YoY, supported by asset growth despite a slight decline in margin.
- Fee & other income up 19% YoY, mainly from investment-related fees and fees from banking services.
- Operating expenses rose 9% YoY, due to higher employee and G&A costs.

SAR Mn	FY 2024	FY 2023	YoY % Change	4Q 2024	4Q 2023	YoY % Change
Net financing & investment income	2,634	2,375	+11%	735	643	+14%
Fee & other income	1,145	960	+19%	232	247	-6%
Total operating income	3,779	3,335	+13%	967	890	+9%
Operating expenses	(2,117)	(1,941)	+9%	(560)	(515)	+9%
Impairment charge	(275)	(229)	+20%	(92)	(68)	+35%
Net operating income	1,388	1,165	+19%	316	307	+3%
Share in net income of an associate	17	16	+5%	4	4	-13%
Net income for the period before zakat & income tax	1,405	1,181	+19%	320	311	+3%
Zakat & income tax	(174)	(161)	+8%	(39)	(32)	+23%
Net income for the period	1,231	1,020	+21%	280	279	+0%

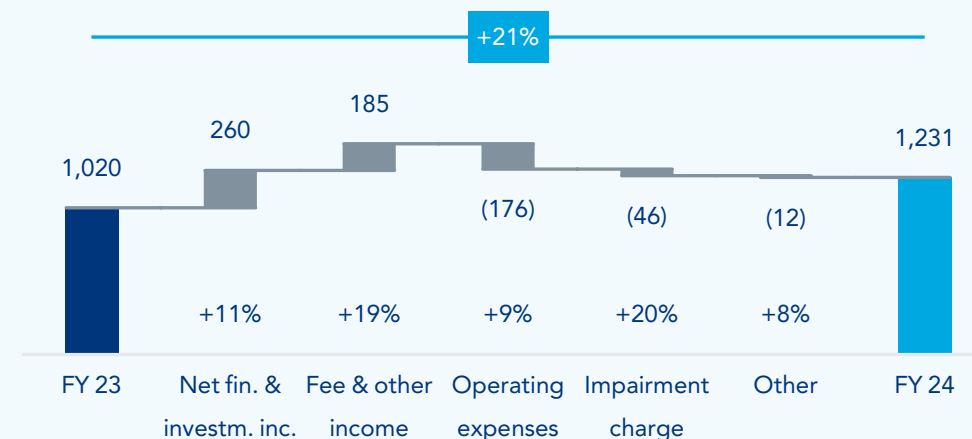
Quarterly Net Income (SAR Mn)

4Q 2024



Net Income for the Period Movement YoY (SAR Mn)

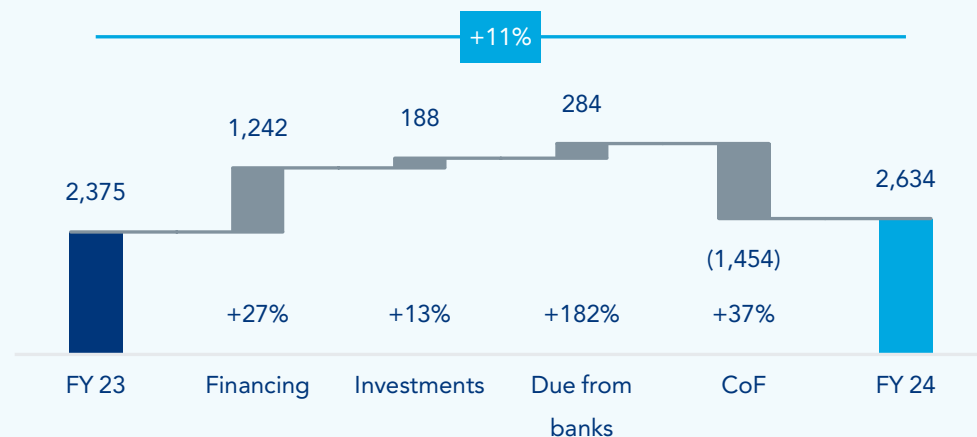
FY 2024



Net financing & investment income | Up 11% from asset growth despite a slight decline in margin

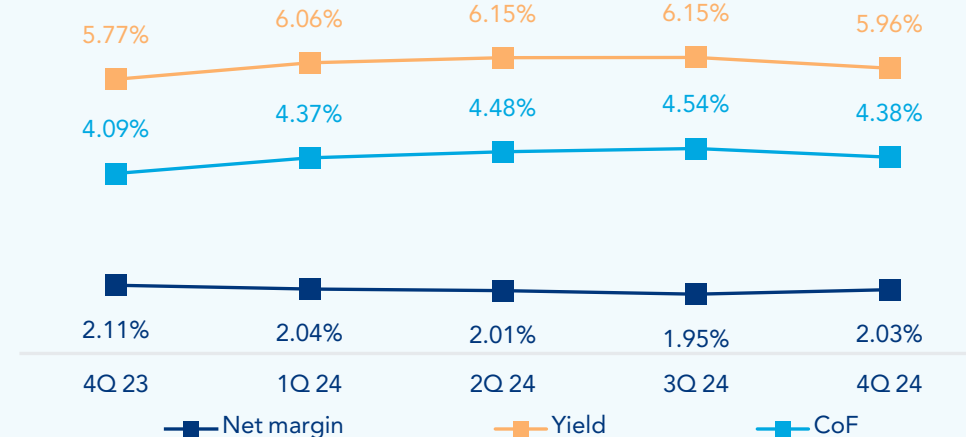
Net Financing & Investment Income Movement YoY (SAR Mn)

FY 2024



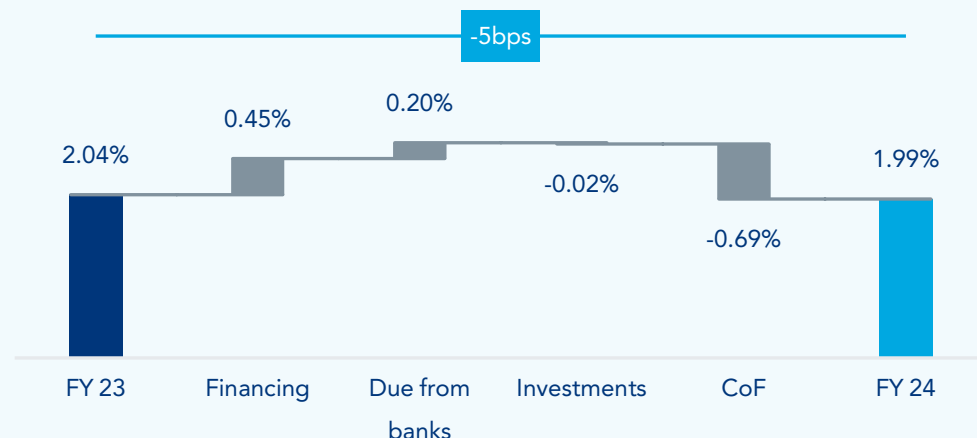
Quarterly Net Margin (%)

4Q 2024



Net Margin Movement YoY (%)

FY 2024



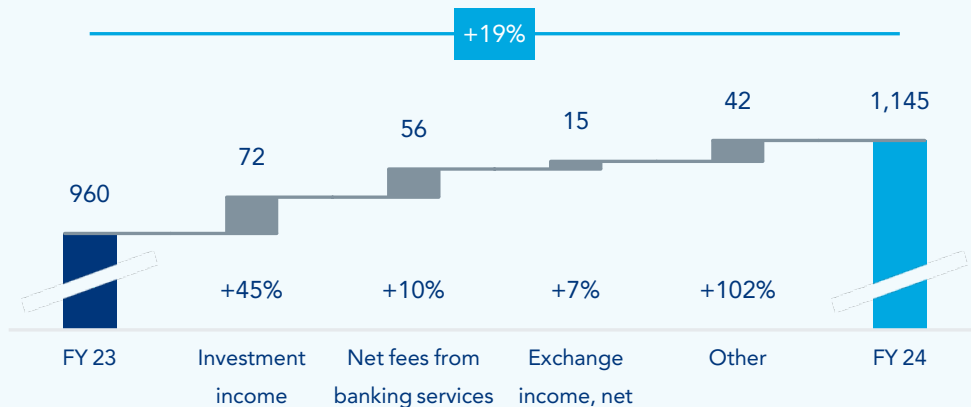
Management commentary

- Financing and investment income for FY 2024 grew by 27%, while the cost of funds increased by 37%, leading to an 11% rise in net financing and investment income.
- The net margin for FY 2024 saw a slight decrease, moving from 2.04% to 1.99% year-on-year.
- In 4Q 2024, net financing and investment income grew by 14% year-on-year and 13% sequentially, with the margin rising by 8bps to 2.03%.

Fee & other income | Boosted by investment income and fees from banking services

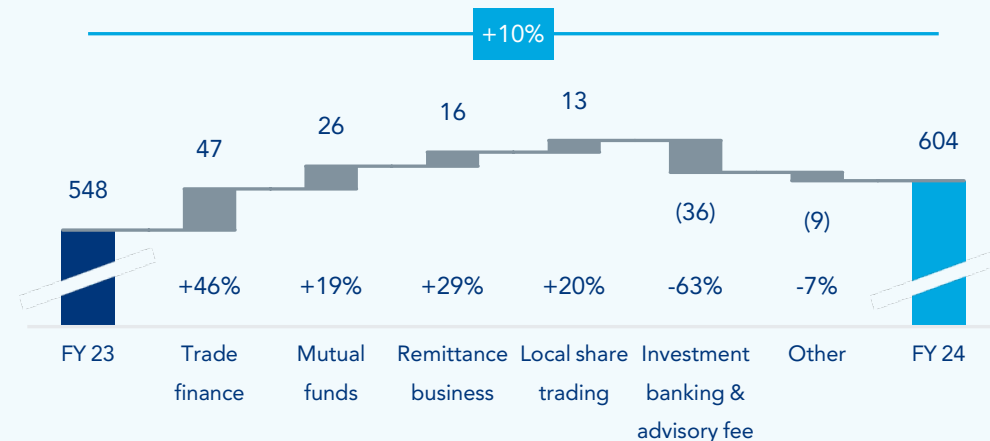
Fee & Other Income Movement YoY (SAR Mn)

FY 2024



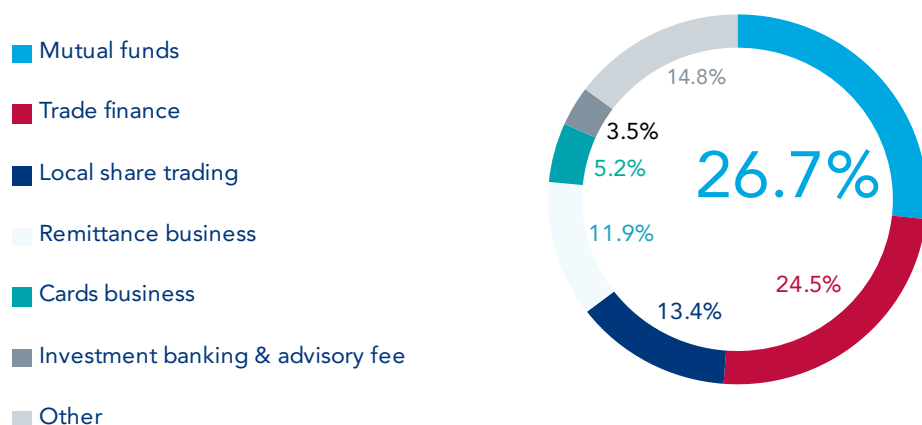
Net Fee Income From Banking Services Movement YoY (SAR Mn)

FY 2024



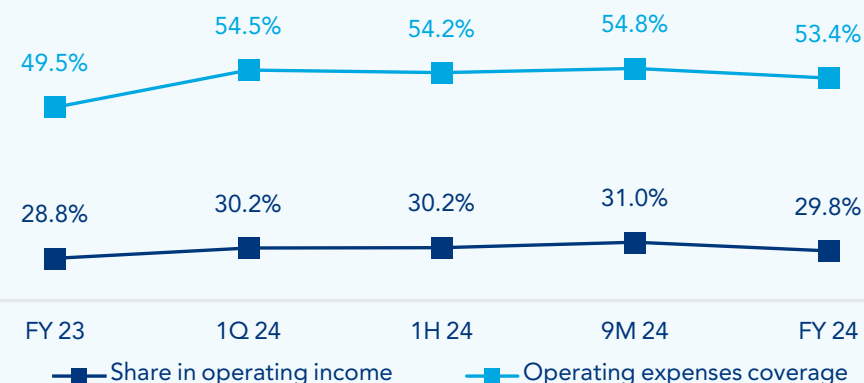
Net Fee Income From Banking Services Composition (%)

FY 2024

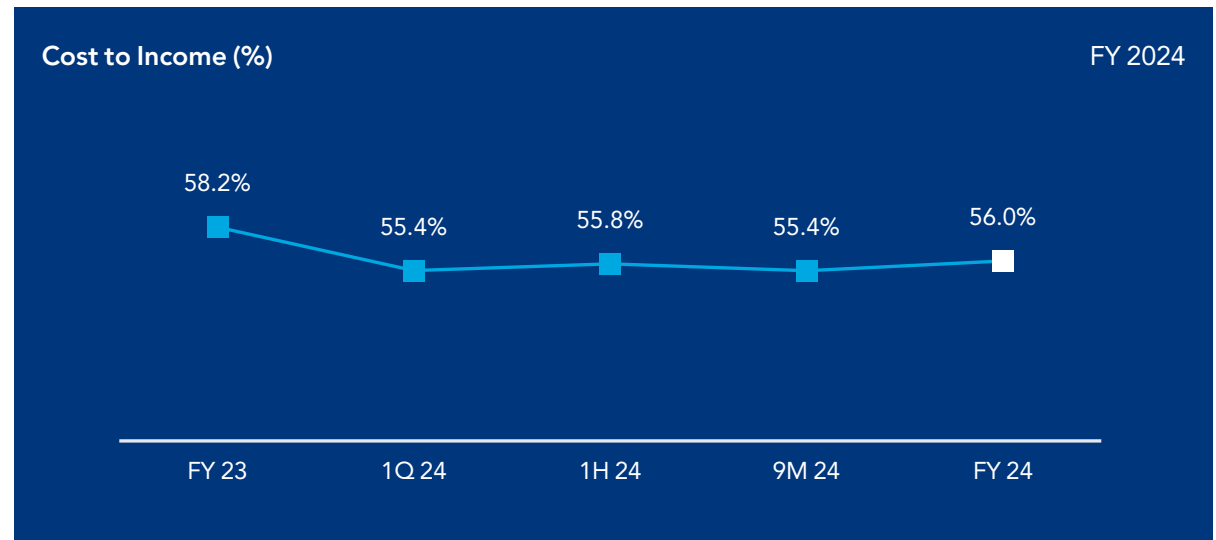
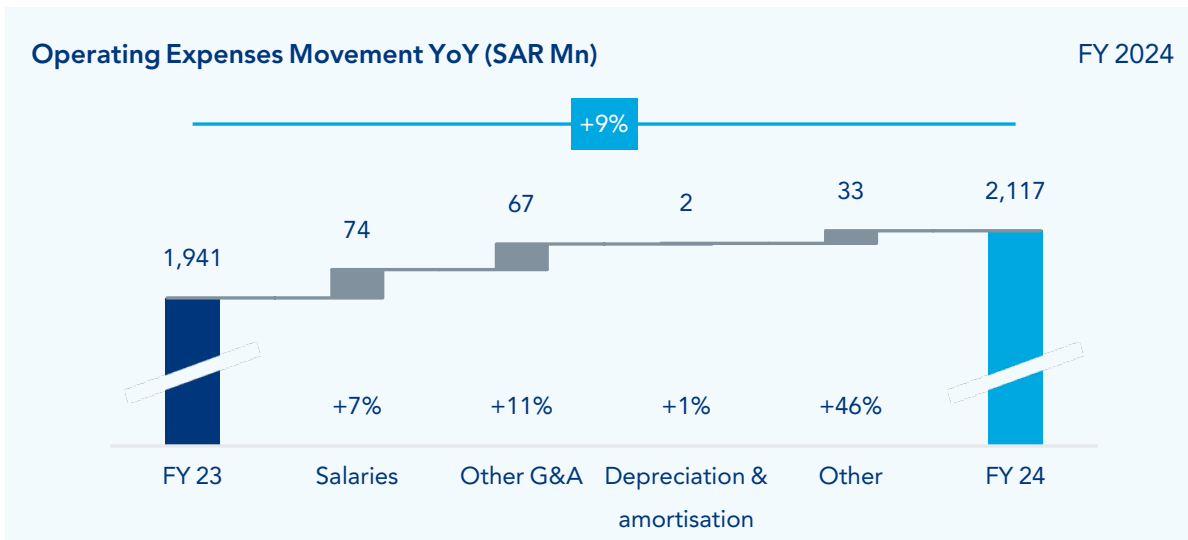
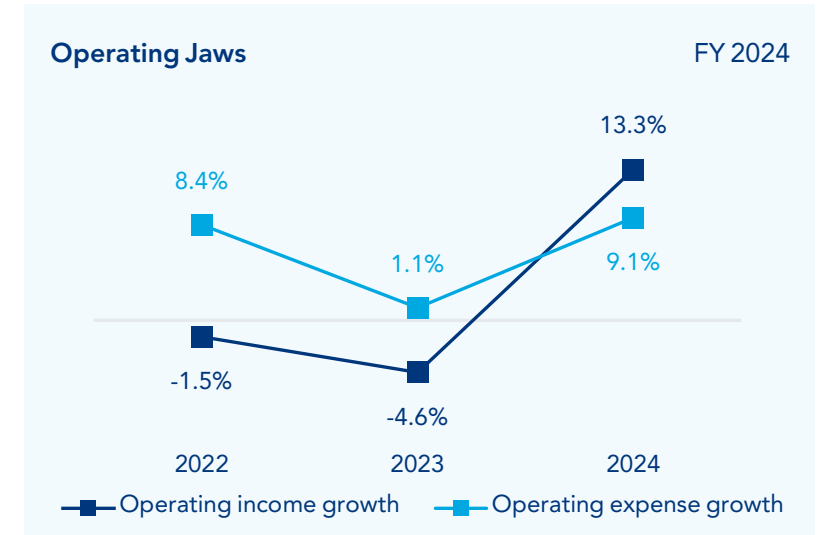
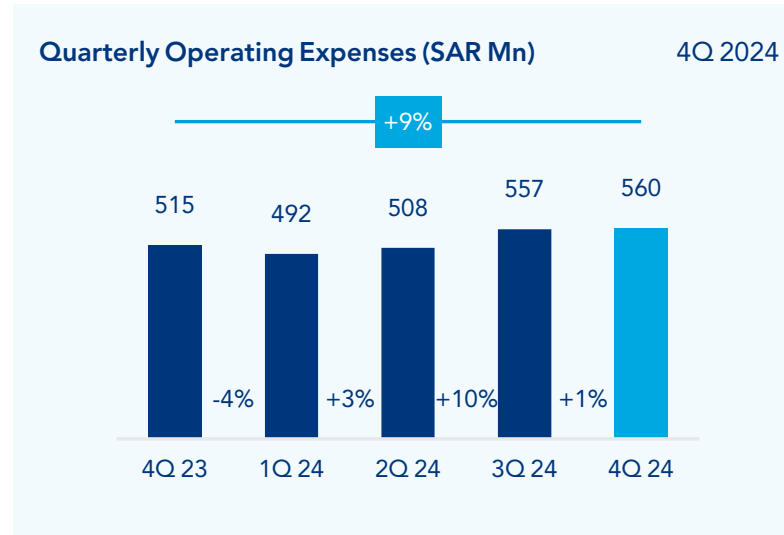
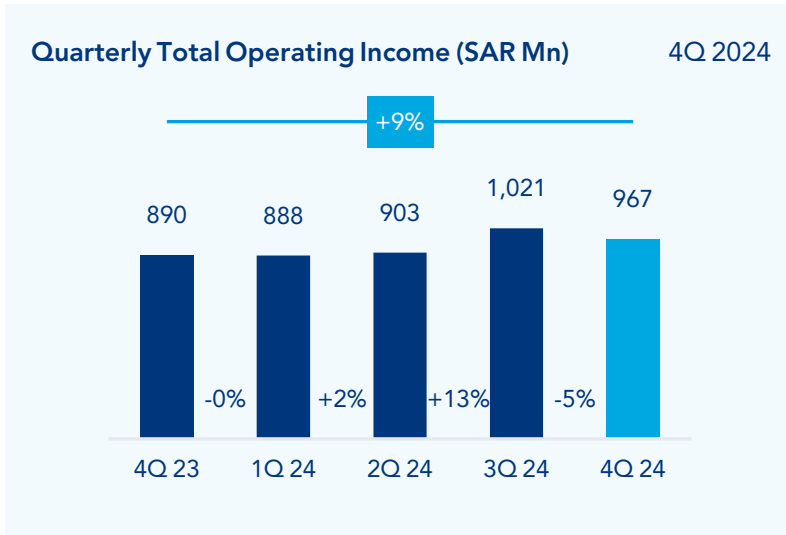


Fee & Other Income Share and Coverage** (%)

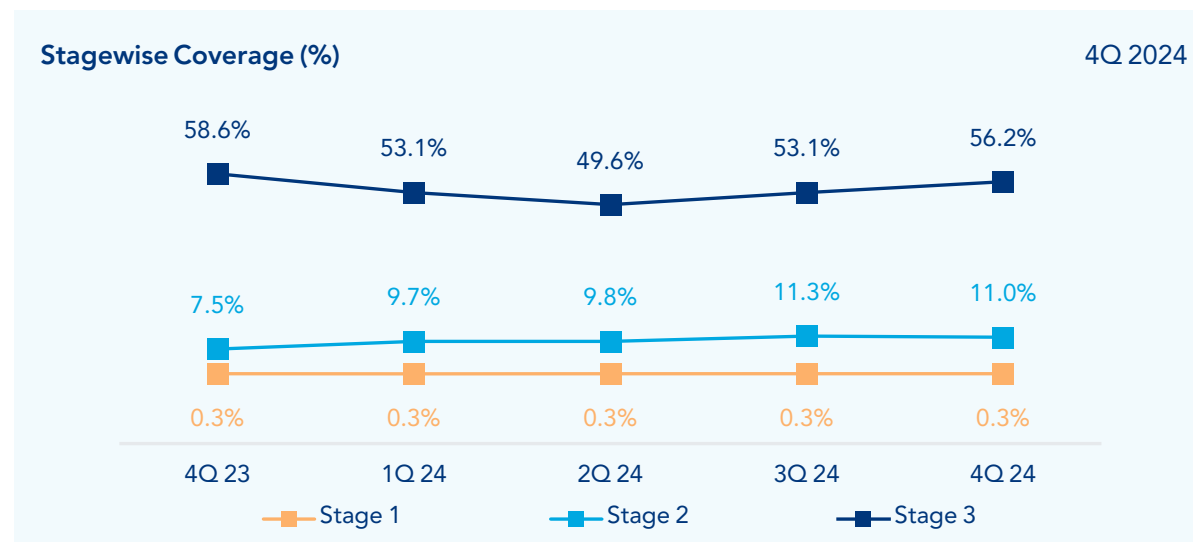
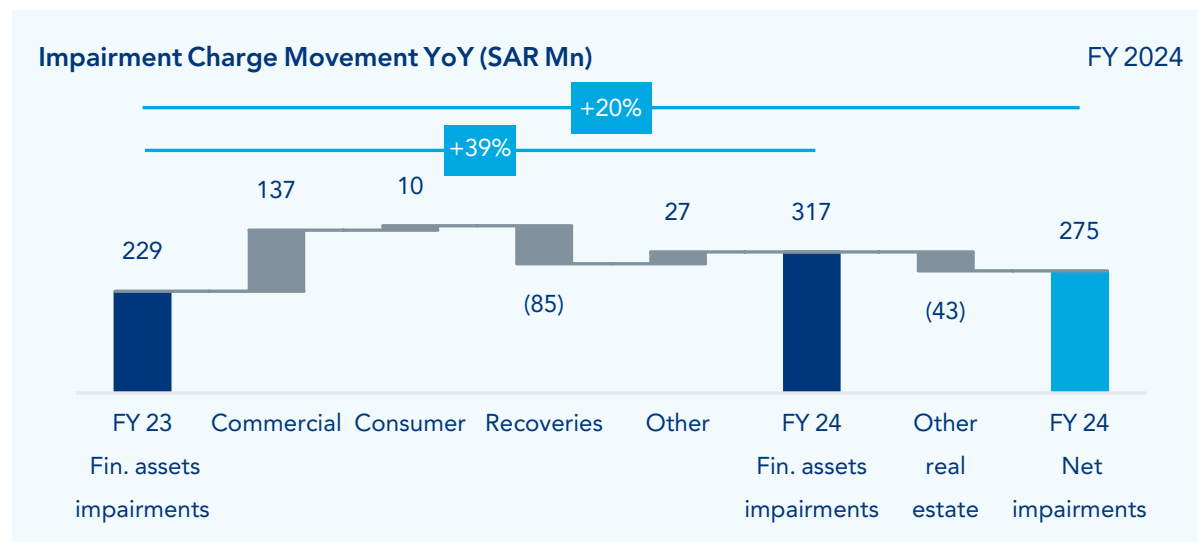
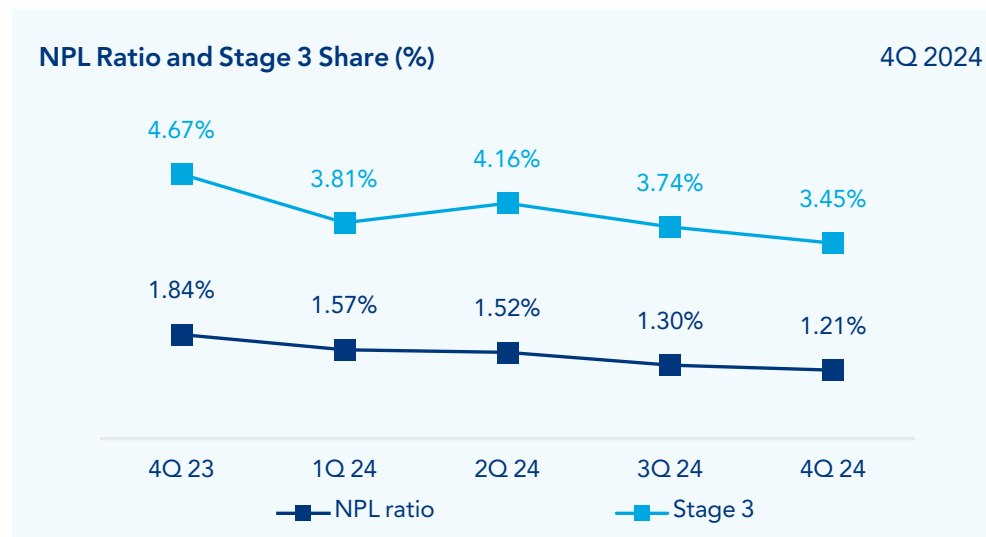
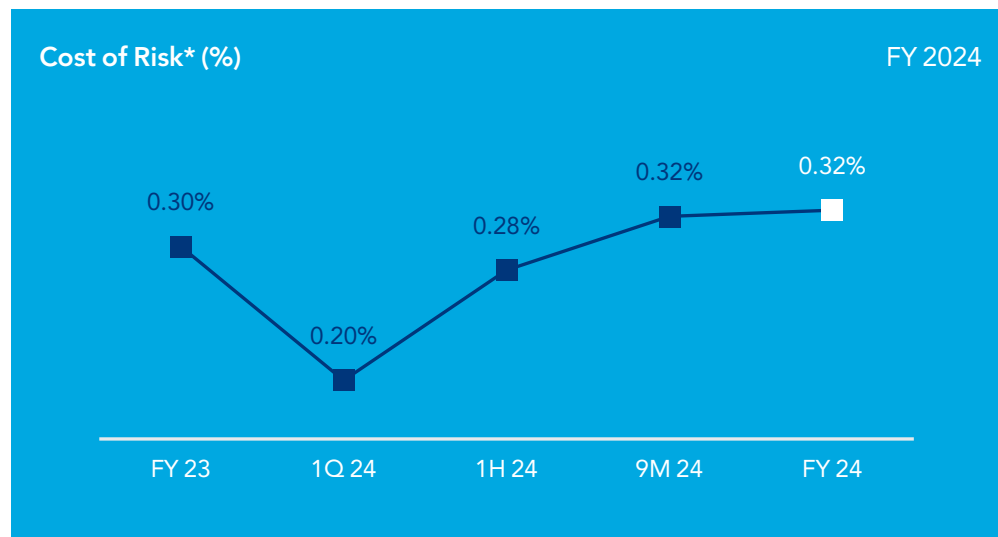
FY 2024



Operating Income | Cost-to-income ratio improving YoY from positive jaws



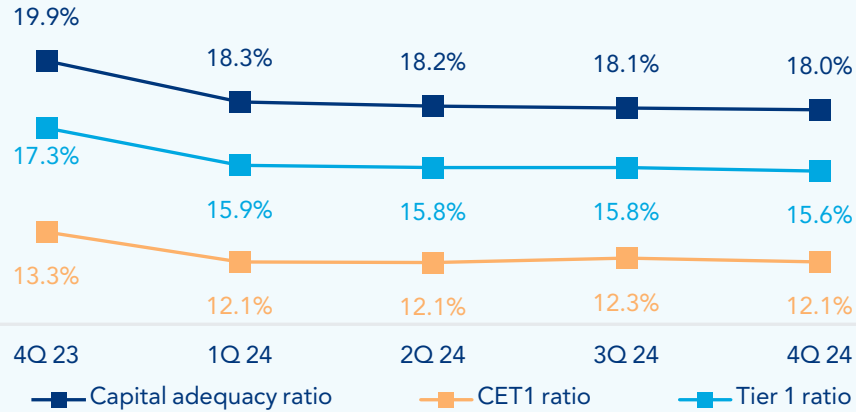
Credit quality | Portfolio quality remains healthy with improving NPL ratio



Capitalization | Stabilized capital ratios following pressure in 1Q 2024

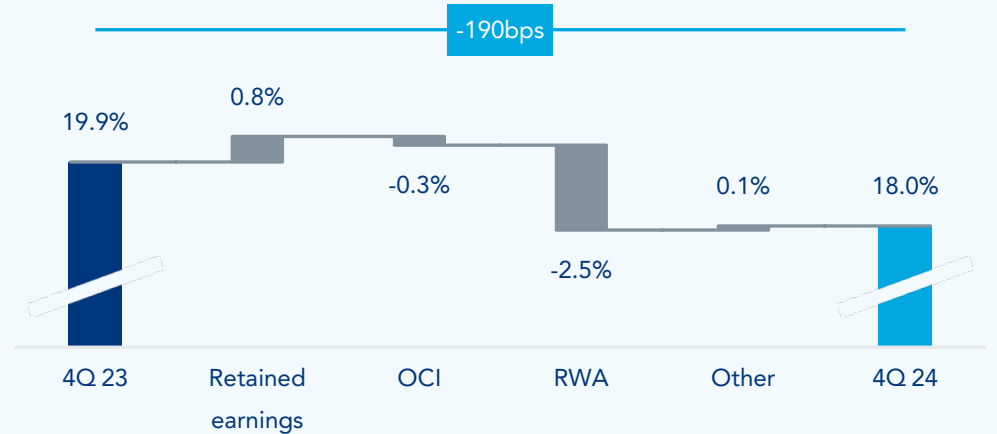
Capital Adequacy Ratio (%)

4Q 2024



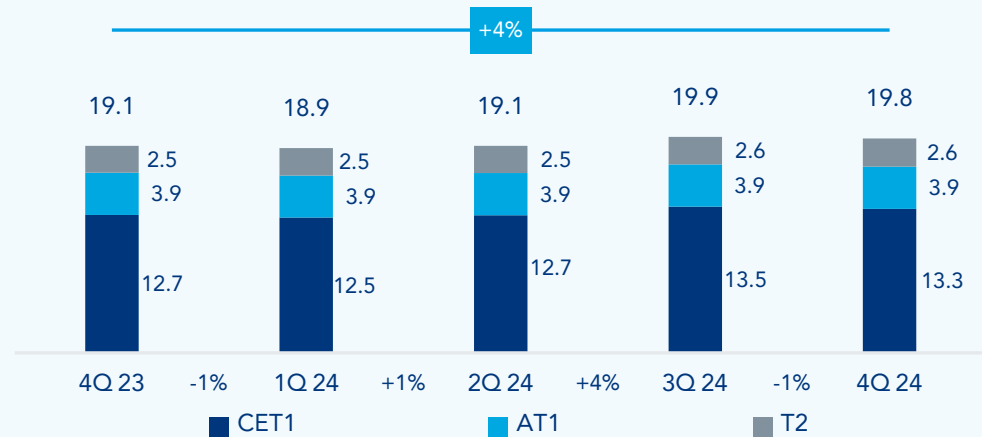
Capital Adequacy Ratio Movement YoY (%)

4Q 2024



Total Capital (SAR Bn)

4Q 2024

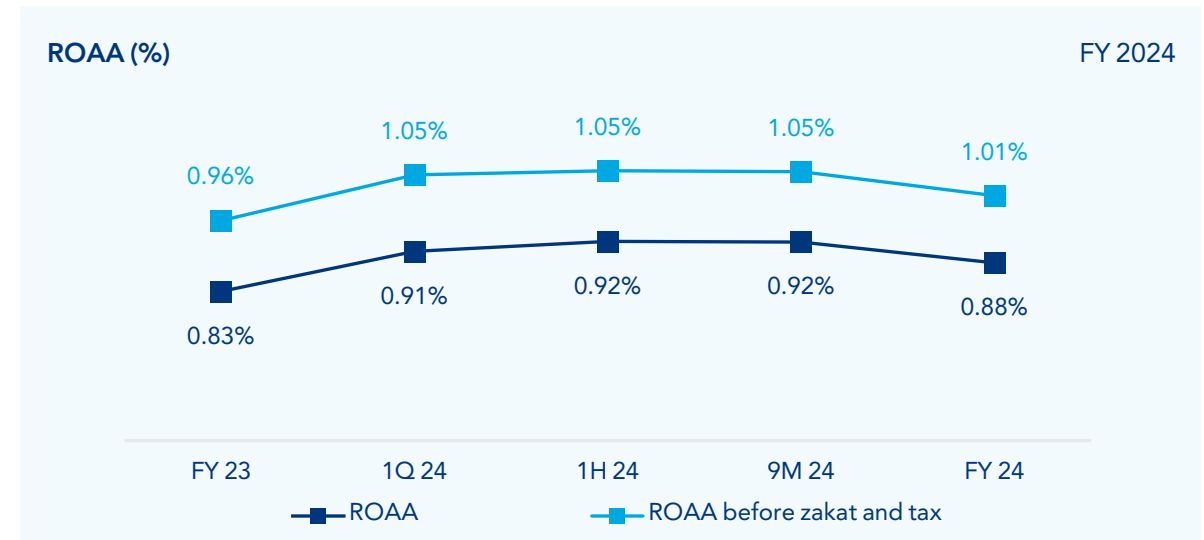
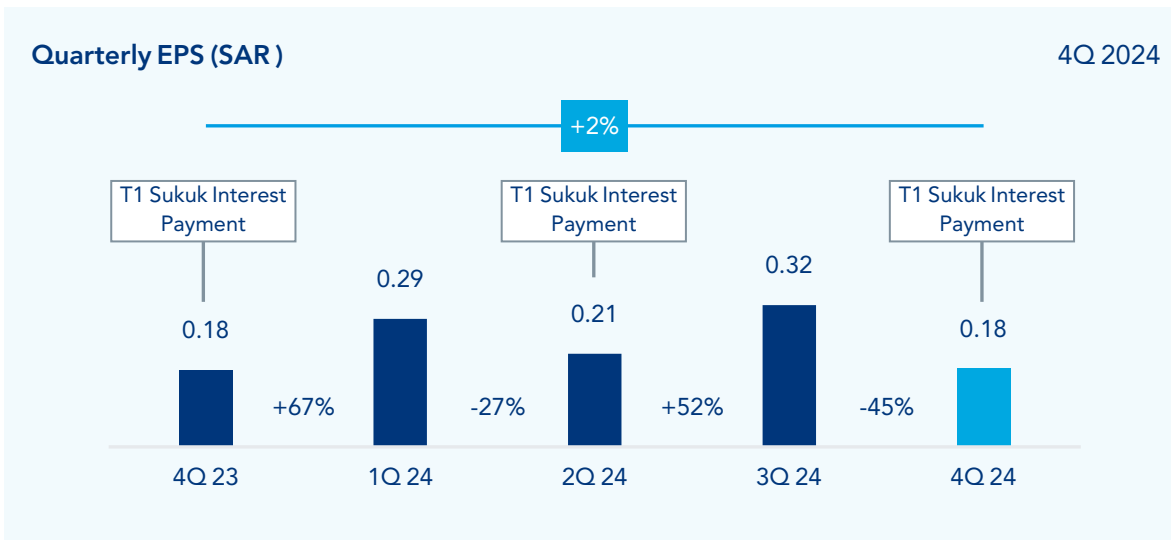
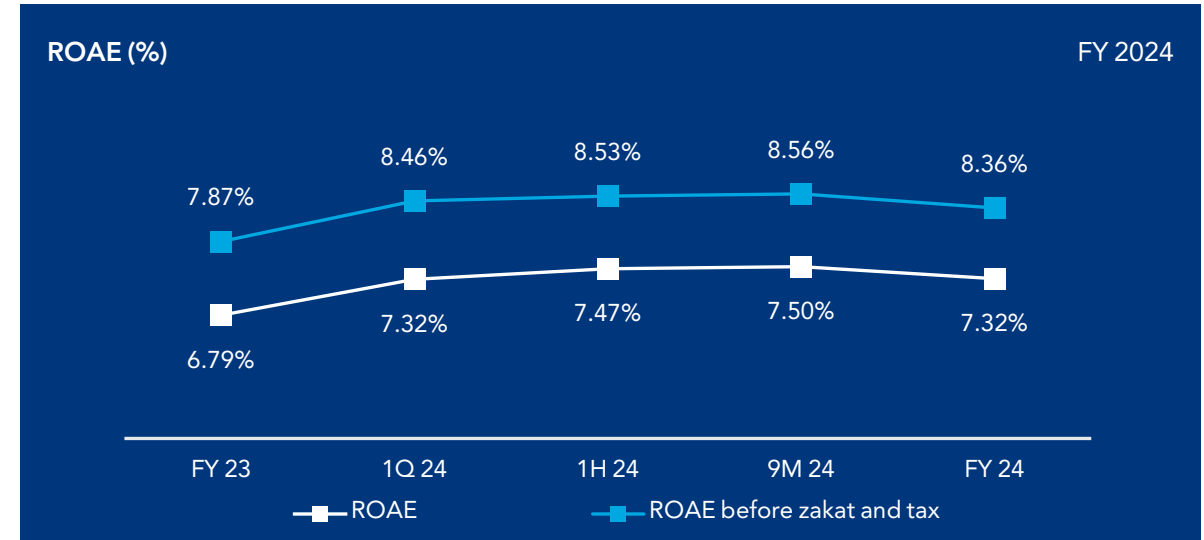
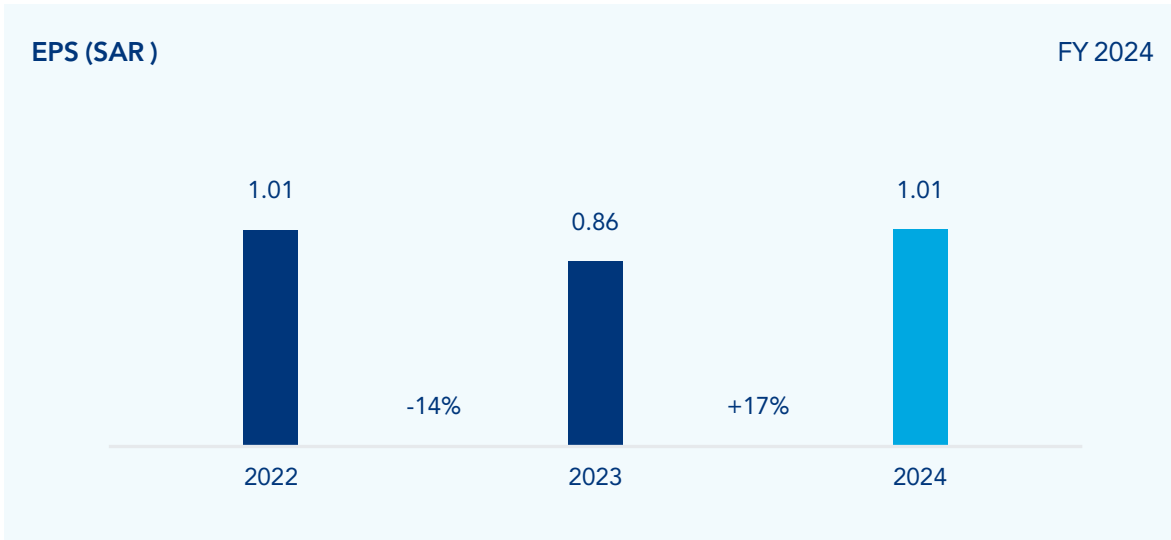


Risk Weighted Assets (SAR Bn)

4Q 2024



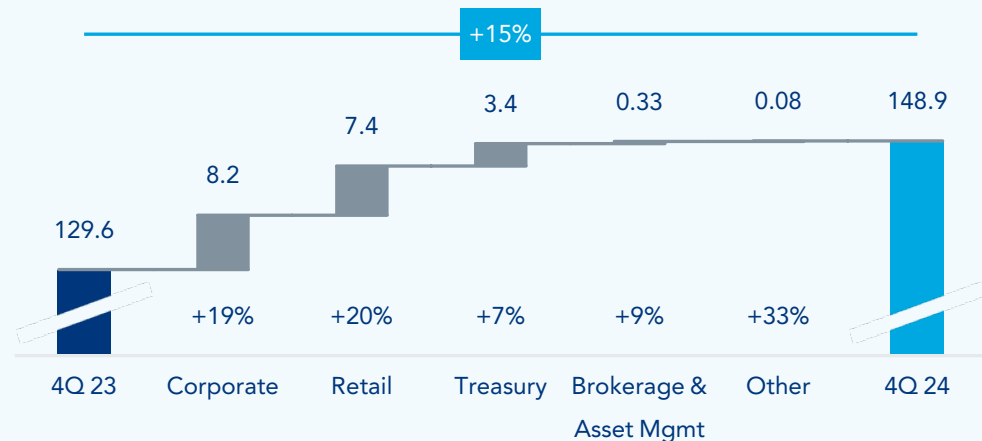
Profitability | Returns are improving YoY



Segments | Diverse mix, with strong contributions from corporate and brokerage in 2024

Total Assets Movement YoY (SAR Bn)

4Q 2024



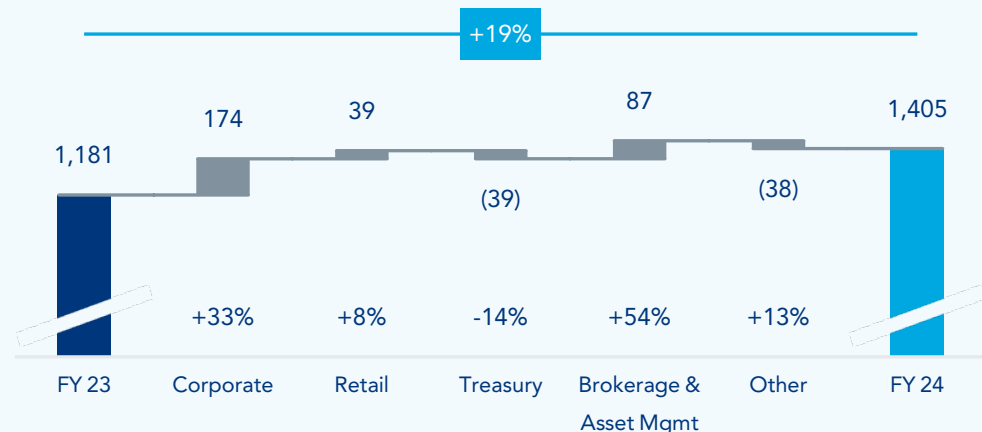
Total Assets Composition (%)

4Q 2024



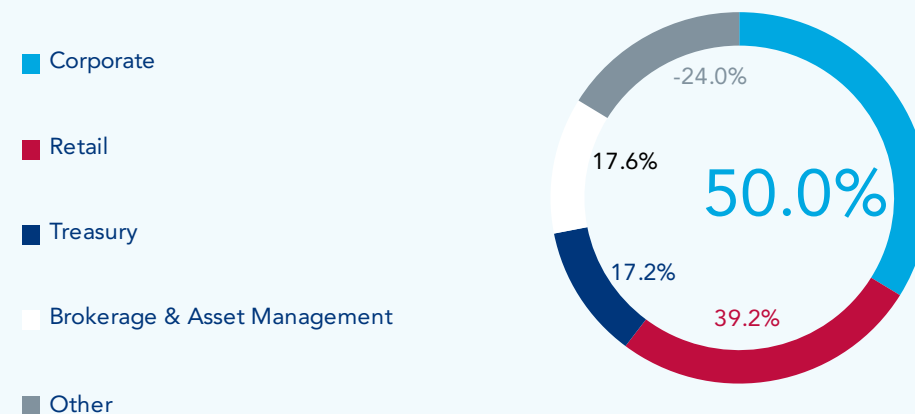
Net Income Before Zakat & Income Tax Movement YoY (SAR Mn)

FY 2024



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

FY 2024





Guidance



Guidance | We expect double-digit asset growth with improved efficiency and profitability in 2025

Guidance Metric	FY 2023 Actual	FY 2024 Actual	FY 2025 Guidance	Drivers
Financing growth	+14%	+20% YoY above guidance (mid-teens)	Lower teens	Anticipate the continuation of double-digit financing growth in 2025
Net Margin	2.04%	1.99% below guidance (maintain 2.04%)	+5-10bps	Expecting moderate NIM expansion, benefiting from rate cuts
Cost of Risk	0.30%	0.32% within guidance (0.30-0.35%)	0.35-0.40%	Continued favorable economic conditions and disciplined risk management underpinning a controlled cost of risk
Cost to Income	58.2%	56.0% within guidance (below 56%)	below 55%	Further improving the ratio to below 55% through revenue growth and diligent cost optimization, balanced against investments in strategic initiatives
Tier 1	17.3%	15.6% below guidance (16.0-16.5%)	16.0%+	Expecting the Tier 1 ratio to benefit from solid retained earnings generation, moderated RWA growth, and the Additional Tier 1 Sukuk issuance in January 2025
ROAE after zakat and tax	6.79%	7.32% within guidance (>8% before zakat)*	>8%	Targeting a gradual improvement aligned with the refreshed strategy *Guidance updated from ROAE pre-zakat and tax to ROAE post-zakat and tax



Q&A



Appendix



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