

بنك الجزيرة
BANK ALJAZIRA 

Bank AlJazira
Investor Presentation 1H 2024

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Bank AlJazira – At a glance



Bank AlJazira is a leading Shari'ah compliant financial group in KSA

بنك الجزيرة
BANK ALJAZIRA



Channels	11 46	Regions in KSA Fawri Centers	74 605	Branches ATMs
Affiliated Companies	4 Wholly owned subsidiaries	AlJazira Capital Co. AlJazira Securities Ltd. Aman Dev. & Real Estate Inv. Co. Aman Insurance Agency Co.	1 Associate	AlJazira Takaful Ta'awuni Co.
Profitability & Asset quality	SAR Mn 618 1H 24 Net Profits	1H 2024 Net Profits increased by +33% YoY	0.28% 1H 24 CoR	Broadly stable CoR YoY with improving NPL to 1.52%
Balance Sheet	SAR Bn 138.0 Total Assets	7% growth YTD	SAR Bn 87.2 Financing, net	8% YTD growth in financing, reflecting growth momentum in corporate lending
Awards and Recognitions	Mudad Award 2024 for payroll protection prog. Top 5 Saudi brands for Social responsibility by Middle East Forbes		Best Islamic Bank for Social Responsibility 2023 Best Automation Project Award 2023	
Credit Ratings	BAA1 Positive	Moody's	A- Stable	Fitch

Bank AlJazira's history began in 1975



Shari'ah compliant

+70 branches



<p>1975</p> <p>Incorporated pursuant to the Royal Decree</p>	<p>1992-94</p> <p>Restructuring process with 2 capital increases and new management team</p>	<p>1998</p> <p>Strategic shift from conventional banking to Shari'ah compliant</p>	<p>2007</p> <p>Full-conversion into a Shari'ah-compliant institution</p>	<p>2009</p> <p>From 24 to 94 branches in a year</p>	<p>2019</p> <p>New 2019-23 strategy focusing on high growth along with digitalization</p>	<p>2023</p> <p>Transformation of IT architecture; Strategy Refresh</p>
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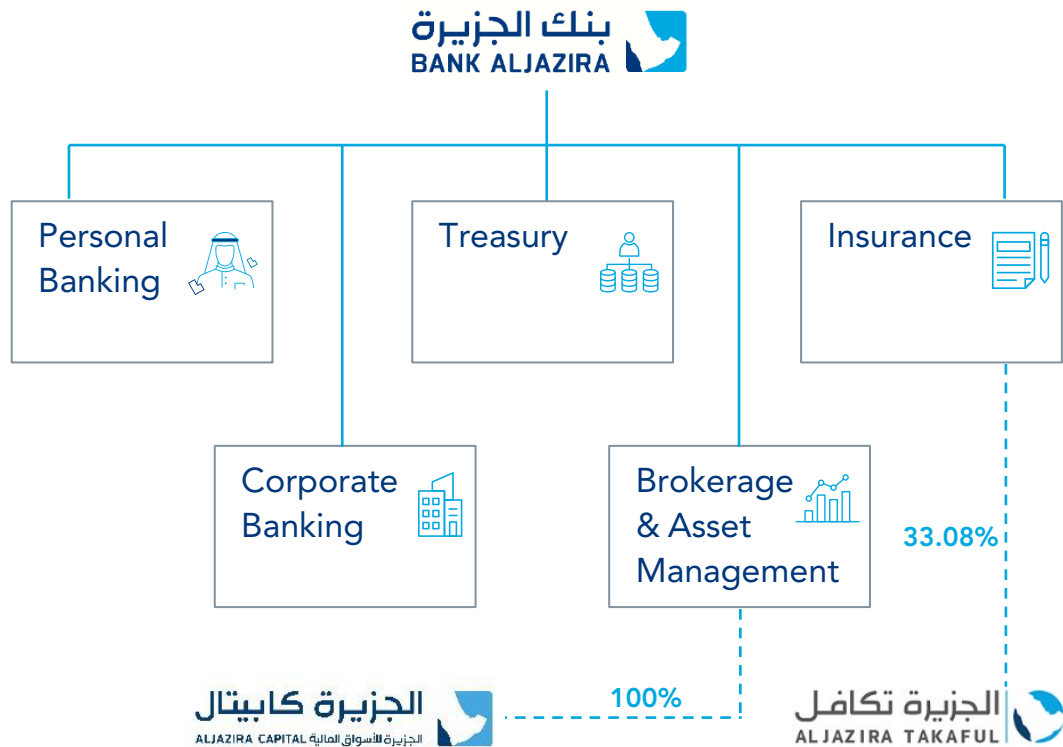
<p>1976</p> <p>Takeover of The National Bank of Pakistan's Saudi branches</p>	<p>1997</p> <p>Became profitable by introducing cutting-edge technologies and products</p>	<p>2002</p> <p>All branches operate as per Shari'ah rules and principles</p>	<p>2008</p> <p>4-year transformation plan into a "multi-specialist" Shari'ah-compliant bank; AlJazira Capital established</p>	<p>2017-18</p> <p>Capital doubled to SAR 8.2bn through bonus and rights issues</p>	<p>2021</p> <p>Successfully issued Tier I and II Sukuk in the global debt market.</p>
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x2

Bank AlJazira enjoys a well-diversified business mix

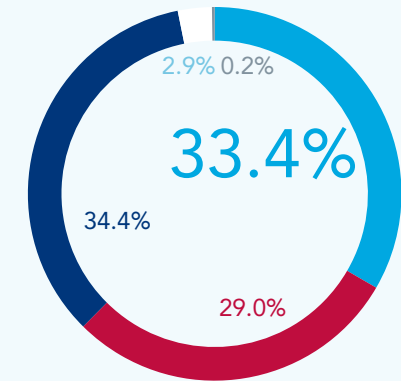
Group Structure



Total Assets Composition (%)

2Q 2024

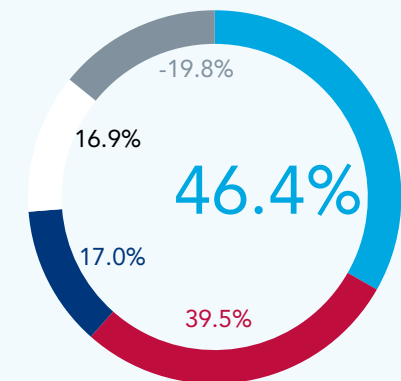
- Corporate
- Retail
- Treasury
- Brokerage & Asset Management
- Other



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

1H 2024

- Corporate
- Retail
- Treasury
- Brokerage & Asset Management
- Other



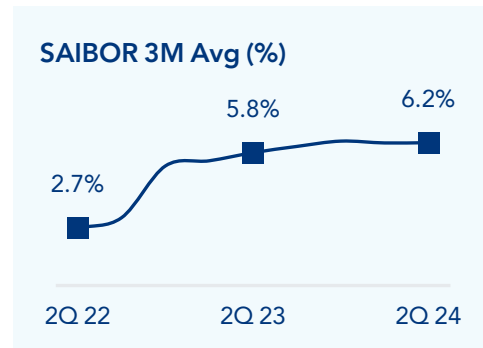
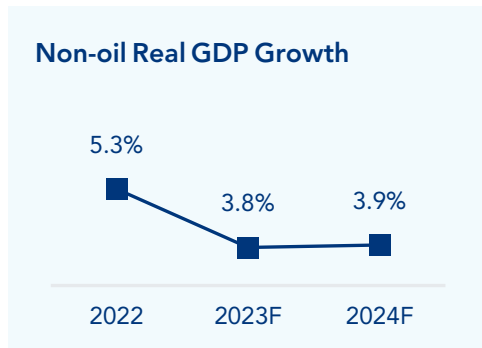
1H 2024: Continued growth of assets with gradually improving profitability and efficiency

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

Progressing on a 5-year plan in line with Refreshed Strategy

Increased the share in associate **AlJazira Takaful Taawuni** by 7.05%

Continue utilizing corporate growth momentum

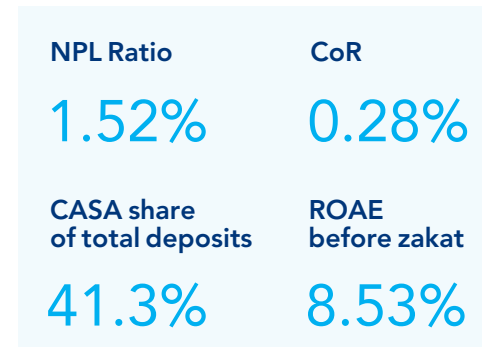
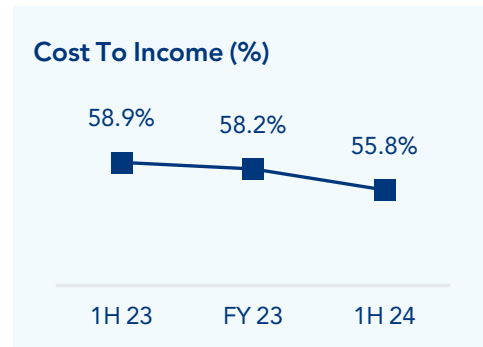
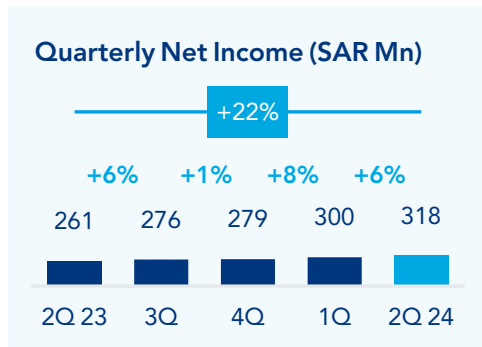


Financial Highlights

Increase in net income YoY from top-line growth

Consistent profit delivery throughout the quarters

Improving efficiency, profitability and asset quality

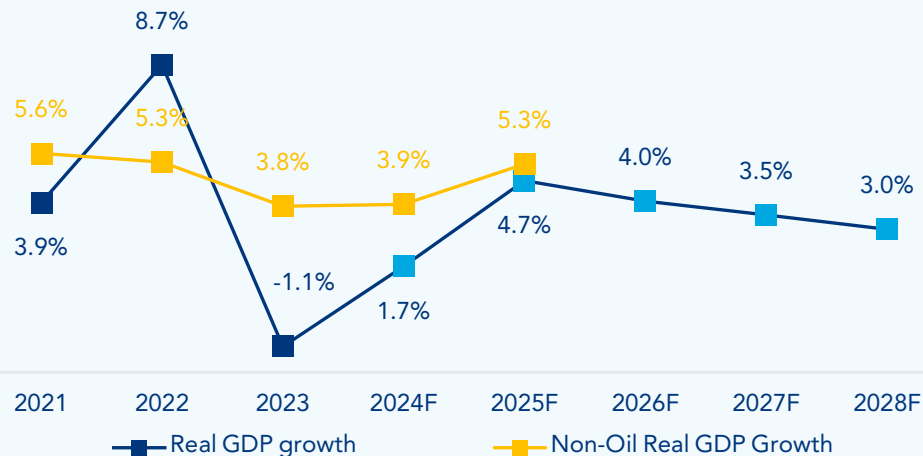


Market Trends

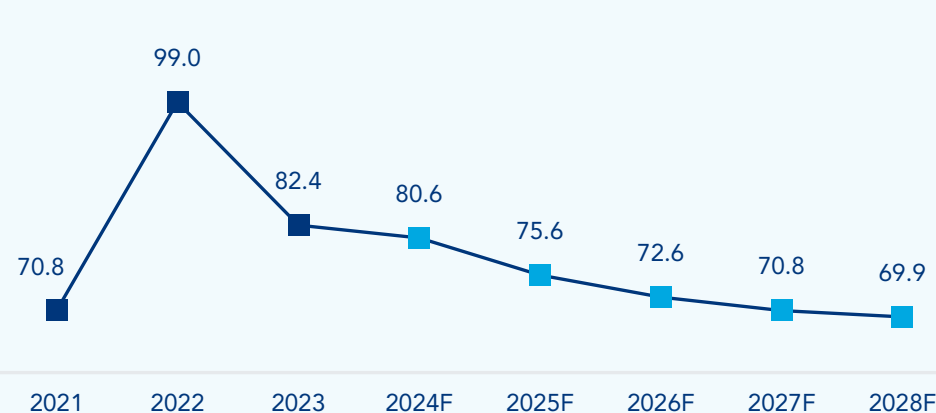


Saudi Arabia continues to benefit from a favorable operating environment...

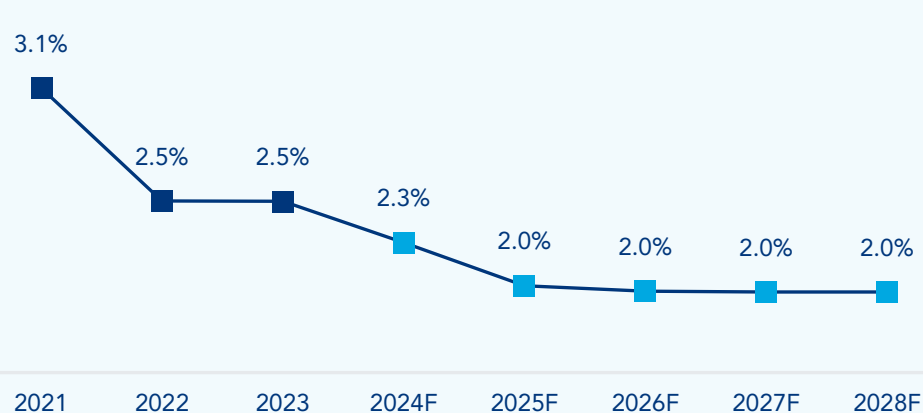
Real GDP Growth (%)



Brent Oil Price / Barrel (USD)



Inflation (%)

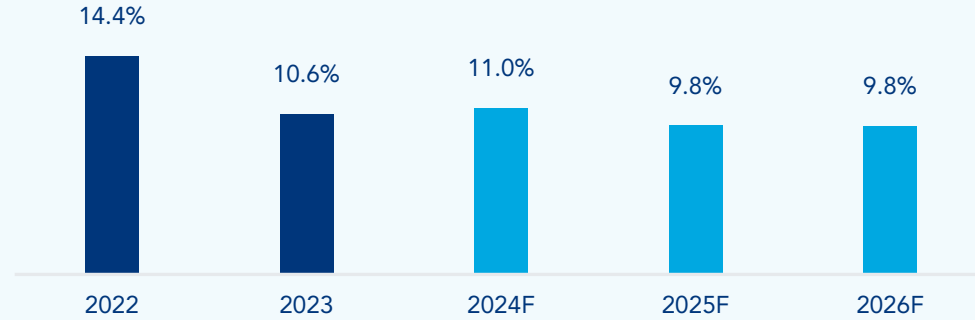


SAIBOR 3M Avg (%)

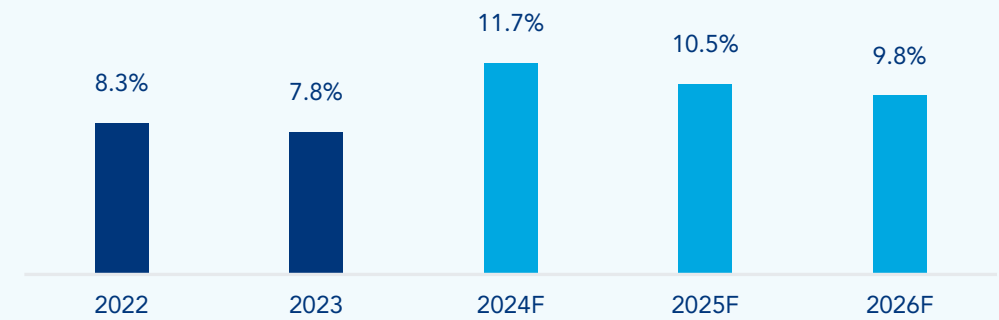


...with the banking industry well-positioned to capitalize on this momentum

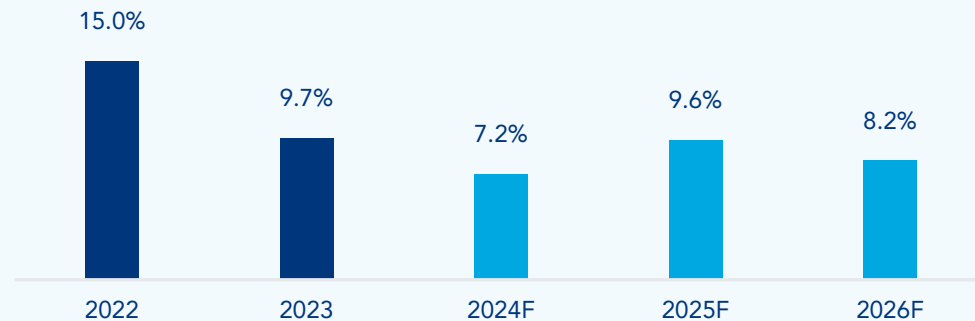
Total Loan Growth (%)



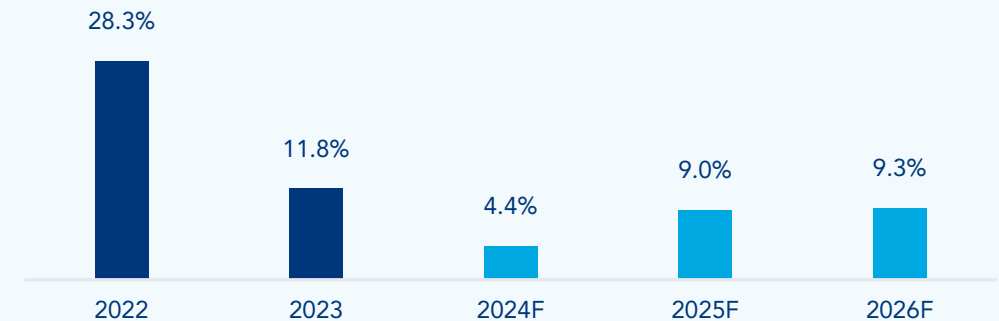
Total Deposits Growth (%)



Total Operating Income Growth (%)



Net Income Growth (%)



Strategy Refresh



Our purpose remains to Enhance Lives Through Financial Wellbeing

Our values: We innovate for the Future... We succeed through Partnership

Creating distinctive value proposition

- "Bank of choice" for Affluent customers in KSA
- Segment and sector focused Corporate and Investment Banking
- One Bank Aljazira

Growing digitally

- Digital Transformation "TechMal"
- Ecosystems
- FinTech IP

Building a thriving organization

- Operating with Excellence
- Positively impacting our planet & community
- Being the preferred employer of top talents

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

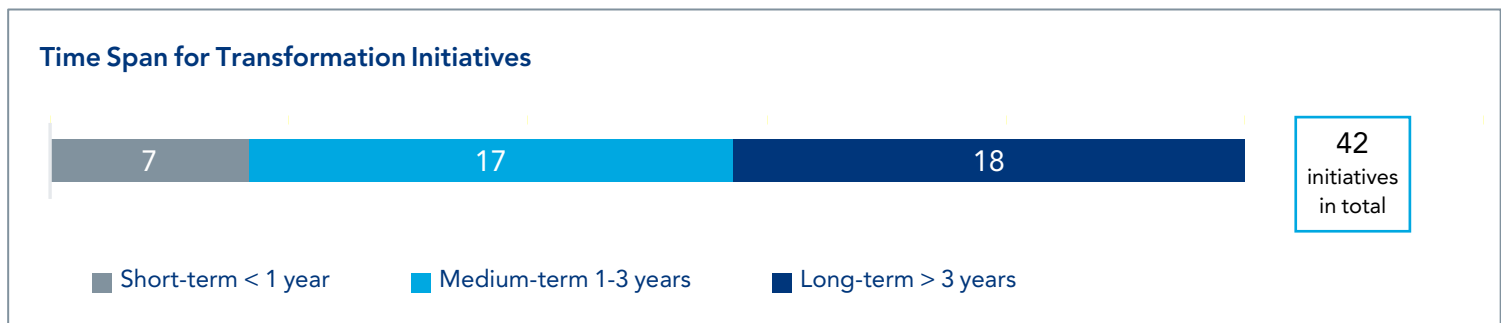
Bank-of-choice for affluent customers and high net worth individuals with a comprehensive value proposition that is digitally enabled

Brokerage & Asset Management

Leading wealth management house in Saudi Arabia

Treasury

Core partner for business growth and enablement



Notable progress and accomplishments in the refreshed strategy were realized in 1H 2024

Corporate	
Initiatives	Outcomes
<p>Focusing on SMEs: 5 new products launched</p>	<p>Enhanced value proposition and significant improvements to turnaround time (TAT)</p>
<p>Growing unfunded assets: 2 new trade finance and cash management products launched</p>	<p>Expansion of the product suite for income diversification</p>

Retail	
Initiatives	Outcomes
<p>Growing assets profitably: Non-REDF* off-plan product launched, enhanced TAT for real estate processes</p>	<p>Improved offerings and profitability</p>
<p>Building core digital capabilities: Achieved end-to-end digitalization of Personal Finance and Credit Card journeys</p>	<p>Improved customer fulfillment and faster turnaround times</p>

Brokerage & Asset Management	
Initiatives	Outcomes
<p>Digital propositions: New digital investment platform with enhanced brokerage features launched</p>	<p>Enhanced digital investment options and user experience</p>
<p>Growing proprietary book: Launched CLO fund in Q1 2024 and two RE funds in Q2 2024.</p>	<p>Expansion of the proprietary book for revenue diversification</p>

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

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

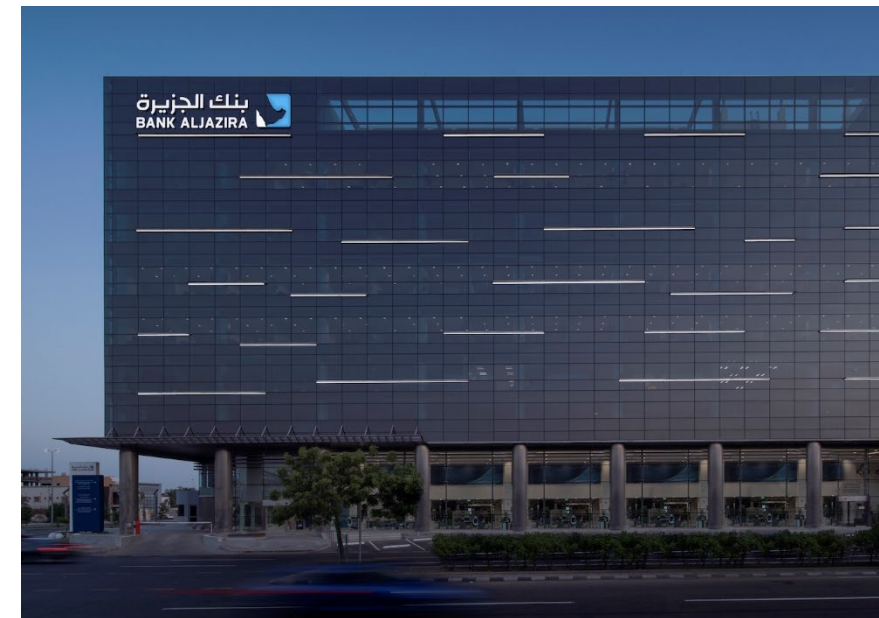
Enhance **SME service coverage model** and strengthen BAJ capabilities to acquire new customers

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:

Medium-term

2

1 – 3 years

Long-term

5

> 3 years

7 initiatives
In total

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:

Medium-term

1

1 – 3 years

Long-term

2

> 3 years

3 initiatives
In total

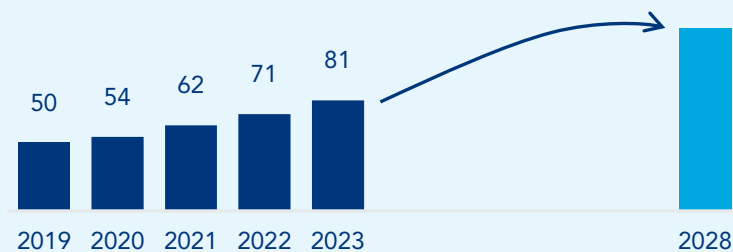
The ultimate goal of the refreshed strategy is to accelerate growth and boost profitability

We are focused on growing our financing,

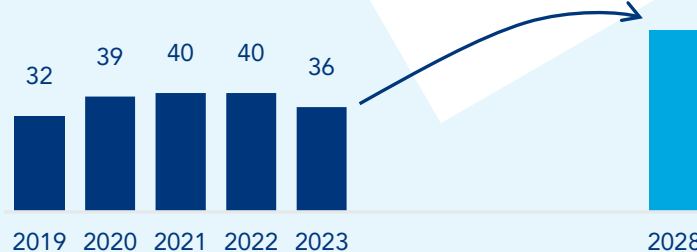
Funded with a better deposit mix,

While controlling our Cost of Risk,

Financing (SAR Bn)



NIB Deposits (SAR Bn)



Cost of Risk (%)

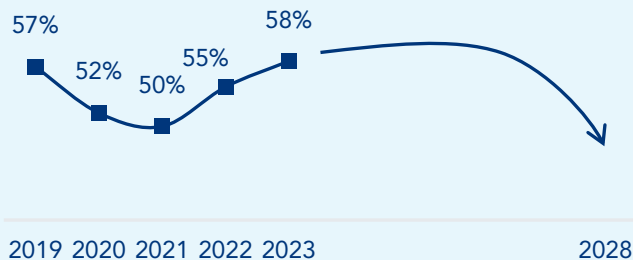


Improving our efficiency

To drive higher ROAA

and align ROAE with peers

Cost to Income (%)



ROAA before zakat and tax (%)



ROAE before zakat and tax (%)



Sustainability



Bank AlJazira's goal is to embed sustainability into our DNA

Sustainability Key Performance Indicators of Bank AlJazira:

Umbrella KPI

Introduce Sustainability Maturity Index

KPI 1

Improve **environmental footprint**

KPI 2

Incorporation of **ESG criteria** into **lending** and **investment** evaluation

KPI 3

Enhance **digital channels**

KPI 4

Develop two new **climate pledges**

KPI 5

Improve **financial literacy** among customers

KPI 6

Improve **sustainability awareness**

KPI 7

Improve **Islamic Banking and Shariah knowledge** amongst employees

KPI 8

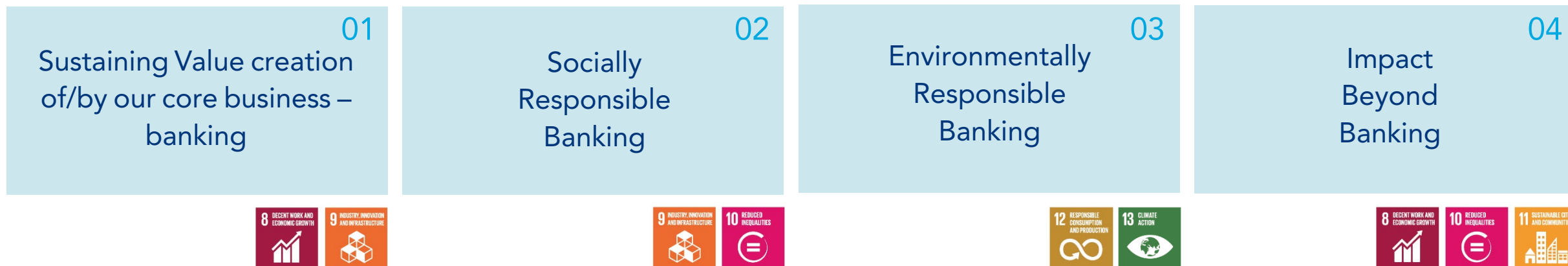
Improve **diversity, equity and inclusion**

Key Material Topics and Materiality Matrix:

Importance to Stakeholders	Highly Significant			2. Responsible Financing 5. Financial Inclusion
	Significant		4. Privacy Protection 6. Digital Transformation	3. Compliance and Transparency 8. Diversity, Inclusion and Equal Opportunity
		7. Responsible Communication		1. Direct Environmental Footprint
		Significant	Highly Significant	
		Importance to the Bank		

We identified 4 key sustainability pillars to create both business value and sustainable impact

Sustainability Pillars:



Strategic objectives:

- **Providing access to finance** through a growing portfolio, to increase economic participation and financial inclusion
- Leveraging **digital innovation** to promote digital financial inclusion and self-service banking
- Evolving as a **learning organization** by revamping work culture, providing training and development, accelerating digitalization, and enhancing employee experience
- Innovation and development of **Shariah compliant products** and increasing Shariah knowledge among employees and customers
- **Preventing financial crime** with zero-tolerance for bribery, corruption and fraud, and ensuring privacy protection for customers
- Promoting and exemplifying **diversity and equal opportunity** in employment
- **Sourcing from local vendors**
- Monitoring and **minimizing the Bank's carbon footprint** through responsible consumption and waste management
- Directing of capital flows and investments towards highly **impactful green projects**
- Incorporation of **environmental criteria** in credit evaluation
- Improve institutional knowledge on **climate change mitigation**, adaptation and impact reduction
- **Supporting social entrepreneurship** through advocacy, financial assistance and financial literacy to promote creativity, innovation and economic growth
- Stewardship of external **environmental and community initiatives**
- **Partnerships** with international and local organizations to achieve social and environmental objectives

BAJ is delivering impactful ESG initiatives across its operations

Environmental

Paper Usage

Reduced by digitalization

1.5 - 2

tons recycled in 2023

Water Consumption

Reduced by

✓ **22.2%**

YoY in 2023

Energy Consumption

Reduced by

✓ **10.1%**

YoY in 2023

Other Projects

- Participated in KSA's National Parks Program
- Initiation of a solid-waste recycling process
- Safe disposal of e-Waste
- Reduced use of plastic

Awards & Recognitions

TOP-5

among the most socially responsible brands in KSA

by Forbes Middle East



'Best Customer Service Practices for the Next Generation'

by Genesys



'Best Social Responsibility Program among Islamic Banks'

by the Global Islamic Finance Awards (GIFA)

Social

Employees

- **80%** of culture transformation agenda is completed: **55** sessions, **2,700** participants
- Trained **220** managers to implement the Culture Blueprint
- Launched cloud-based HR system & new Employee Handbook

Customers

- Launched techMAL garage (fintech lab) to foster innovations
- **140+** digital banking services
- Expanded MSME offerings

Communities

- **28%** increase of CSR expenditures YoY
- **122** community projects, benefiting **20,000+** people
- Launched 'AlJazira Tadawul' (digital investment platform)

Governance

Shariah Compliance

- **0%** exposure to tobacco, alcohol, gambling
- Enhanced Shariah Governance Framework (as per SAMA directives)
- Amended Shariah Committee Charter & Policies to separate Shariah Audit from Shariah Compliance

Data Governance & Operational Resilience

- Developed **new** policies for data governance & privacy
- **Zero** data breaches or privacy complaints in 2023
- Business Continuity Management function was integrated with IT Governance, enhancing operational resilience

Financial Performance



Balance sheet continues expanding by 7% YTD, driven by financing portfolio

Balance Sheet

Management commentary

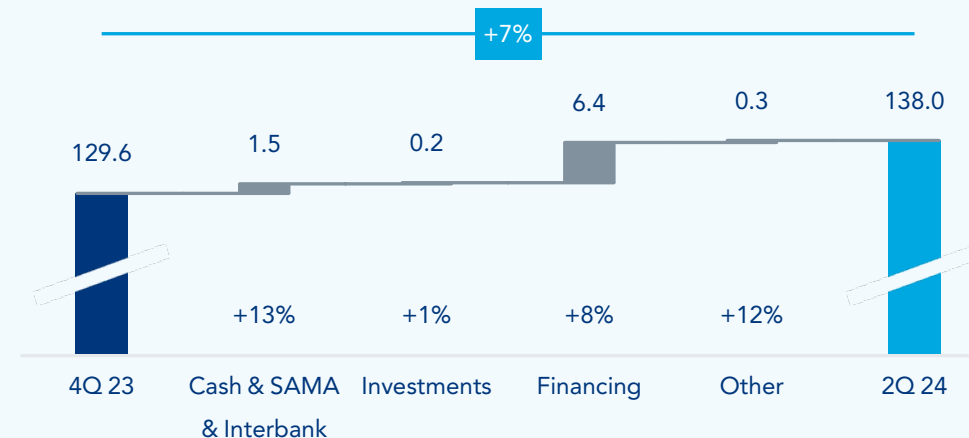
The balance sheet witnessed a 7% expansion during 1H 2024.

This was propelled by an 8% increase in net financing and funded by a 5% growth in customers' deposits and a 26% rise in interbank liabilities.

SAR Mn	2Q 2024	1Q 2024	QoQ % Change	4Q 2023	YoY % Change
Cash & Interbank	13,055	14,731	-11%	11,532	+13%
Investments	34,619	33,972	+2%	34,442	+1%
Financing	87,208	84,116	+4%	80,781	+8%
Other assets	3,119	3,001	+4%	2,795	+12%
Total assets	138,001	135,821	+2%	129,551	+7%
Due to banks & other FI	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	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%

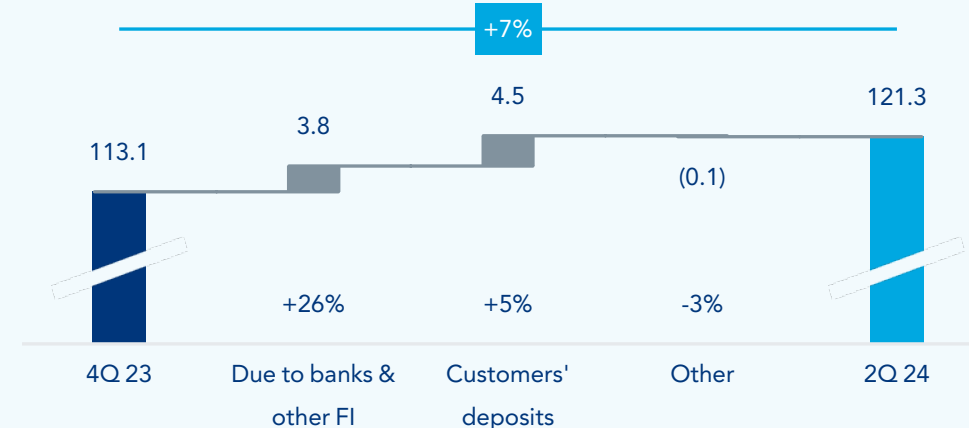
Total Assets Movement YTD (SAR Bn)

2Q 2024



Total Liabilities Movement YTD (SAR Bn)

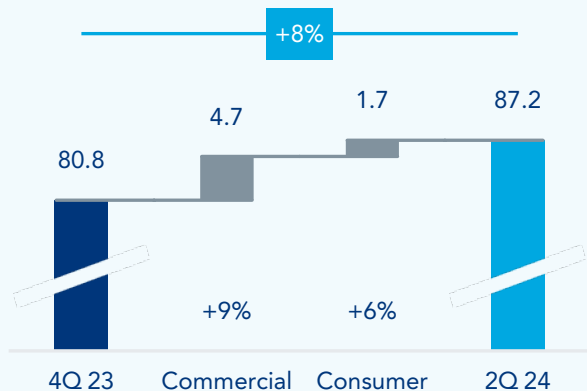
2Q 2024



Financing grows 8%, fueled by the commercial loans expanding by 9%

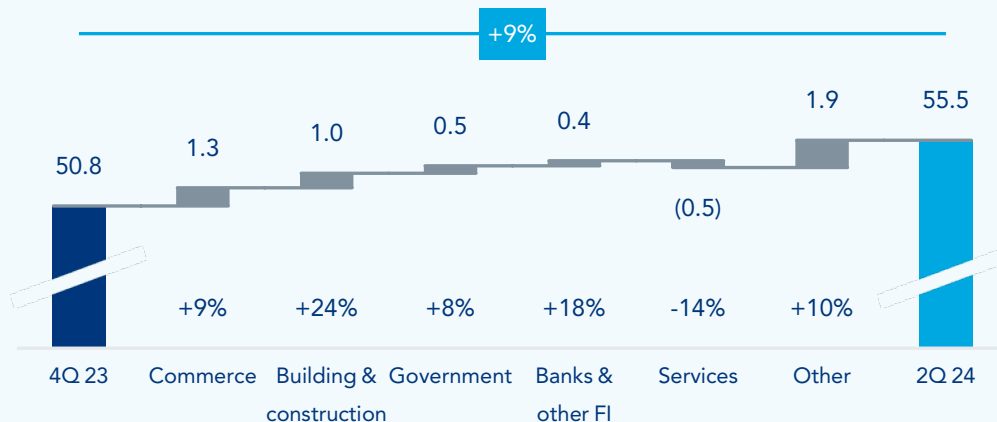
Financing Movement YTD (SAR Bn)

2Q 2024



Commercial Financing Movement YTD (SAR Bn)

2Q 2024



Commercial Financing Share

63%

Trade Finance SAR Bn

On-BS +26% YTD

2.4

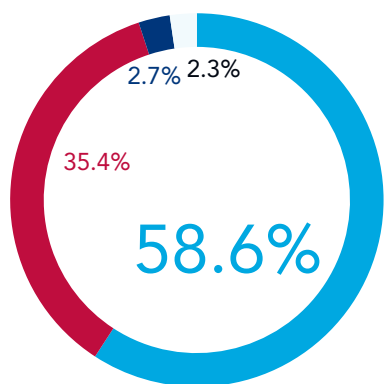
Off-BS +25% YTD

15.8

Consumer Composition (%)

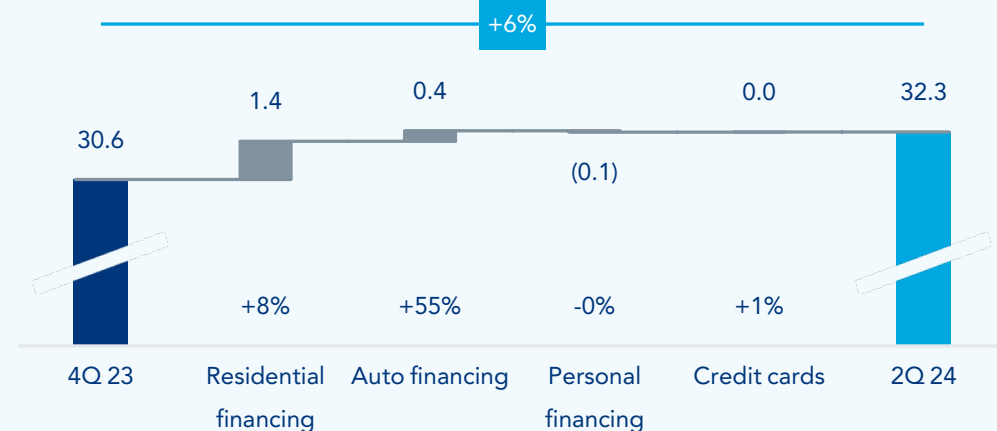
2Q 2024

- Residential financing
- Personal financing
- Credit cards
- Auto financing



Consumer Movement YTD (SAR Bn)

2Q 2024



Management Commentary

Commerce, building and construction emerged as key growth drivers in the portfolio. At the same time, consumer lending also posted a 6% increase YTD mainly from 8% growth in residential financing. It was also supported by the auto financing, delivering a notable increase of 55%, albeit from a low base.

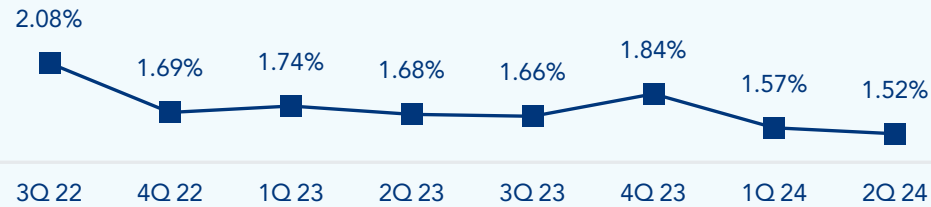
Credit quality remains healthy with improving NPL ratio

NPL Ratio (%)

2Q 2024

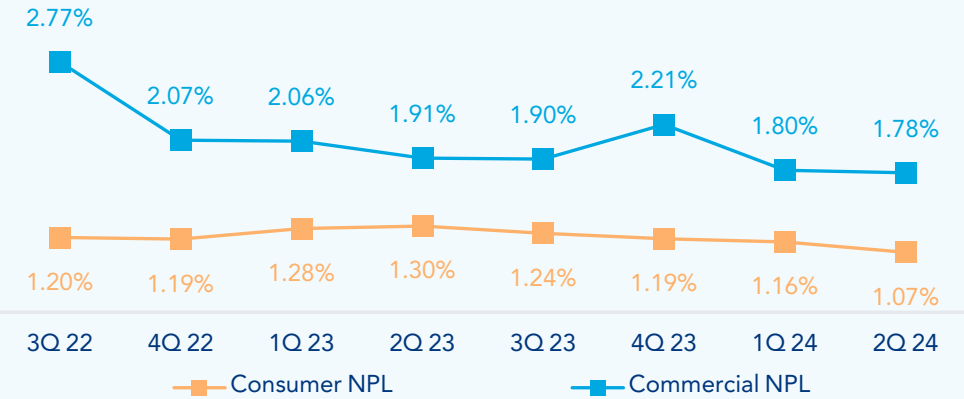
Management commentary

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 in 1Q 2024, while consumer NPLs also declined.



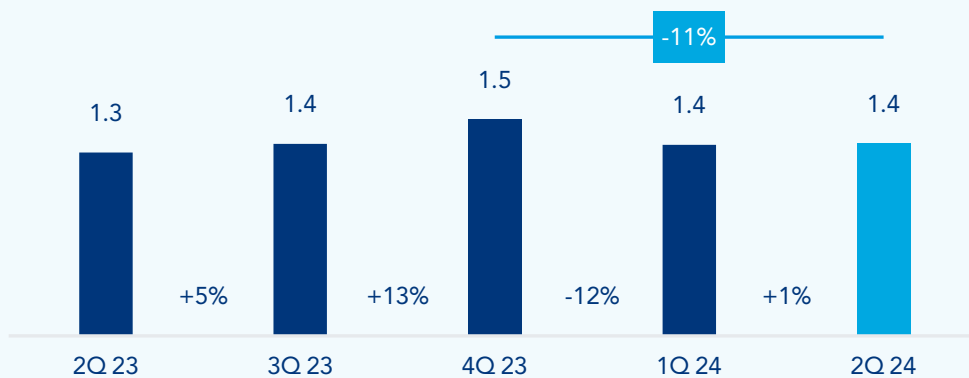
NPL Ratio by type (%)

2Q 2024



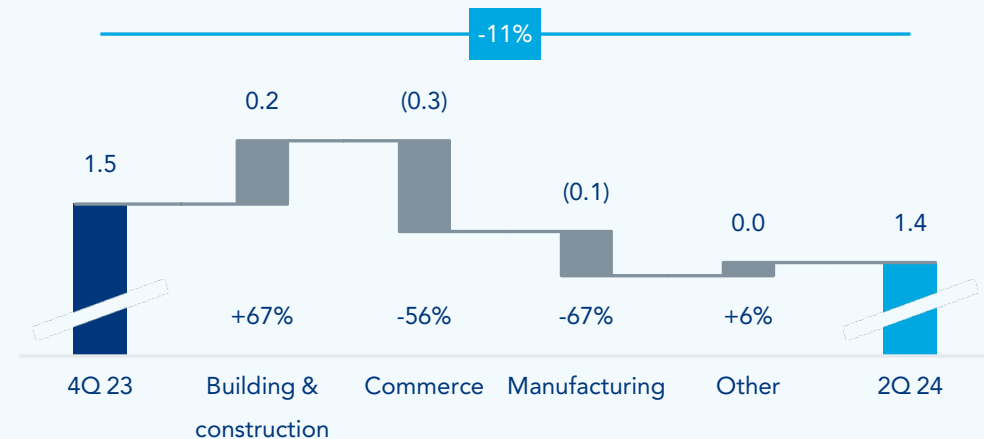
Total Non-performing Financing (SAR Bn)

2Q 2024



Total Non-performing Movement YTD (SAR Bn)

2Q 2024



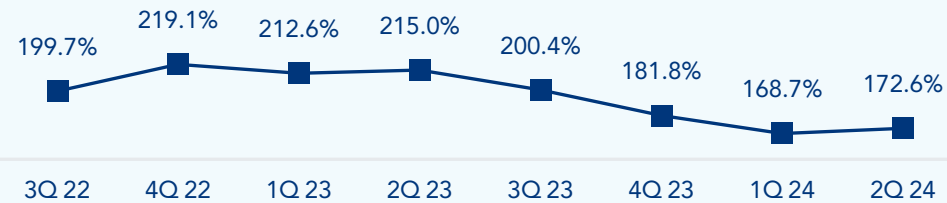
Despite reduced NPL coverage, a comfortable buffer against credit losses is maintained

NPL Coverage Ratio (%)

2Q 2024

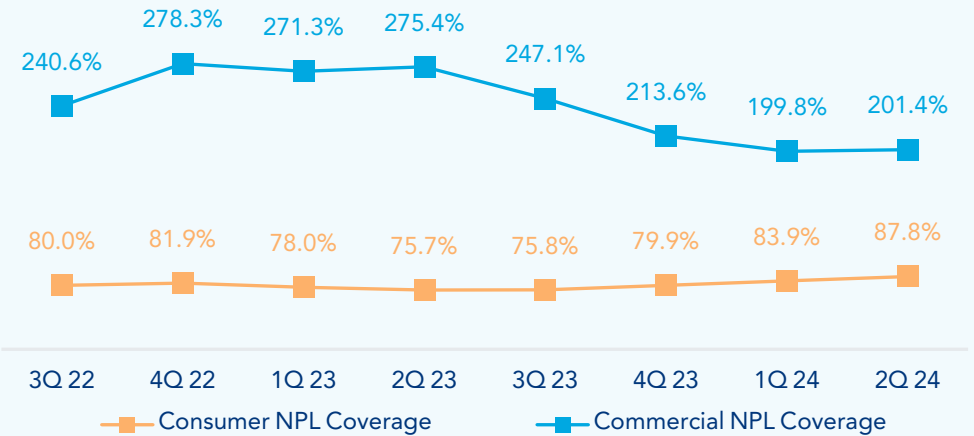
Management commentary

As a result of the write-offs of fully provided legacy accounts in the commercial sector, the coverage of non-performing financing moderated to 172.6% as of 30 June 2024. However, it remains at comfortable levels to provide buffers against potential credit losses.



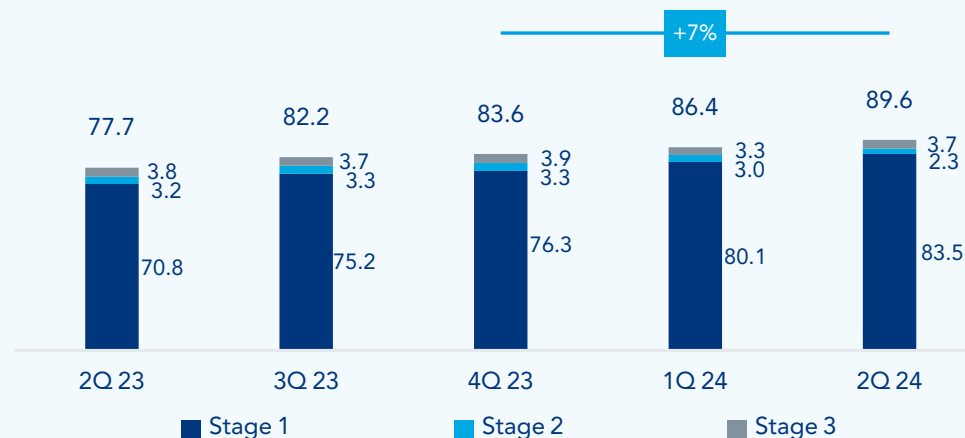
NPL Coverage Ratio by type (%)

2Q 2024



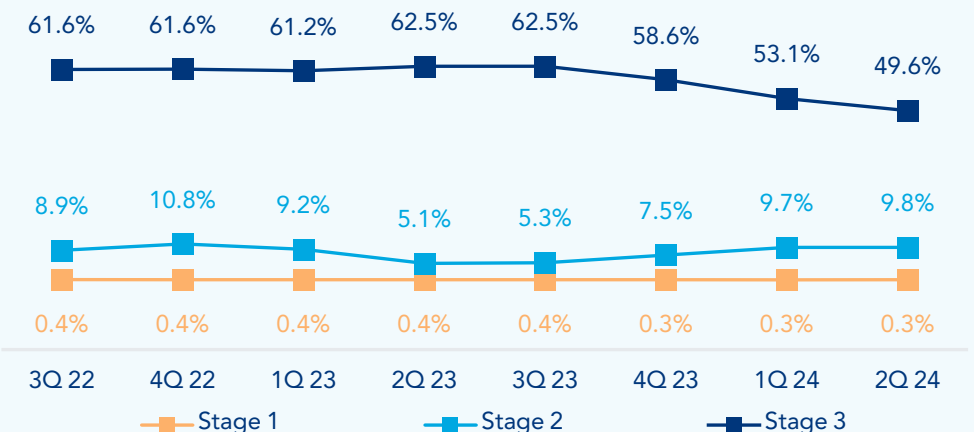
Gross Financing by stages (SAR Bn)

2Q 2024



Stagewise Coverage (%)

2Q 2024



Maintaining a broadly stable investment book to reduce its proportion of total assets

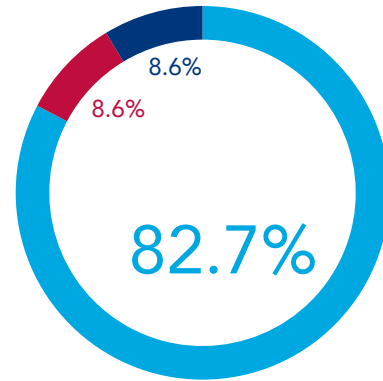
Investments Composition by Counterparty (%)

2Q 2024

Management commentary

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.

During 1H 2024, maturities in the floating rate portfolio were replaced by high-quality fixed-rate investments secured at favorable rates.

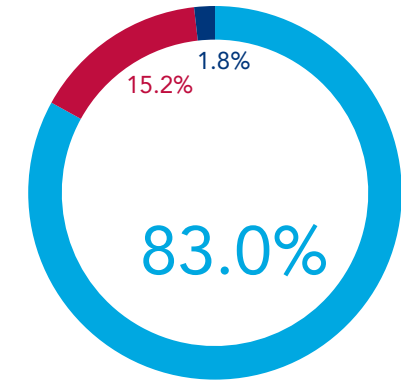


■ Government & quasi Government ■ Corporate ■ Banks & other FI

Investments Composition by Rate (%)

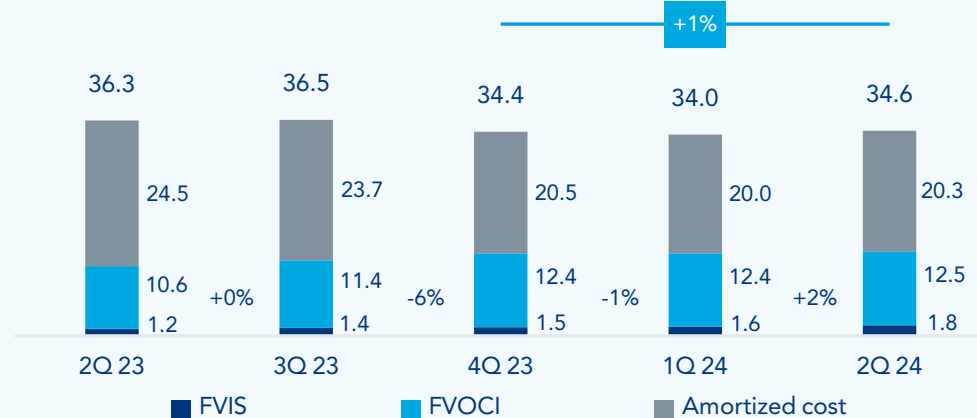
2Q 2024

■ Fixed rate
■ Floating rate
■ Other



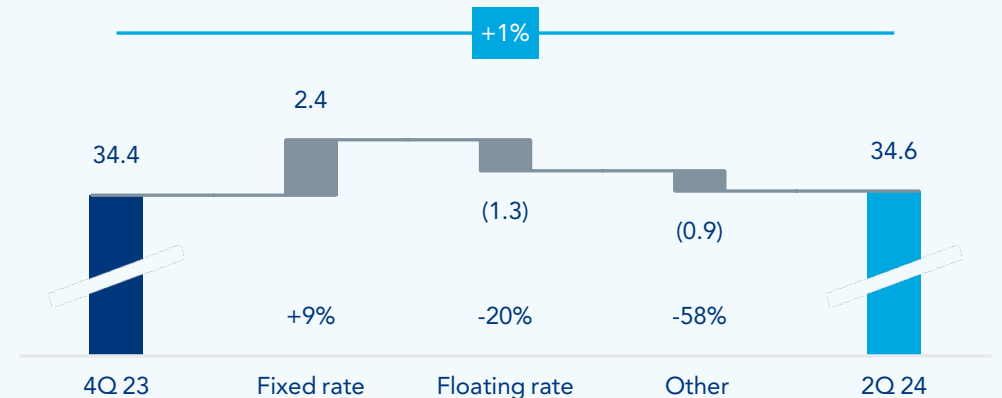
Investments (SAR Bn)

2Q 2024



Investments Movement YTD (SAR Bn)

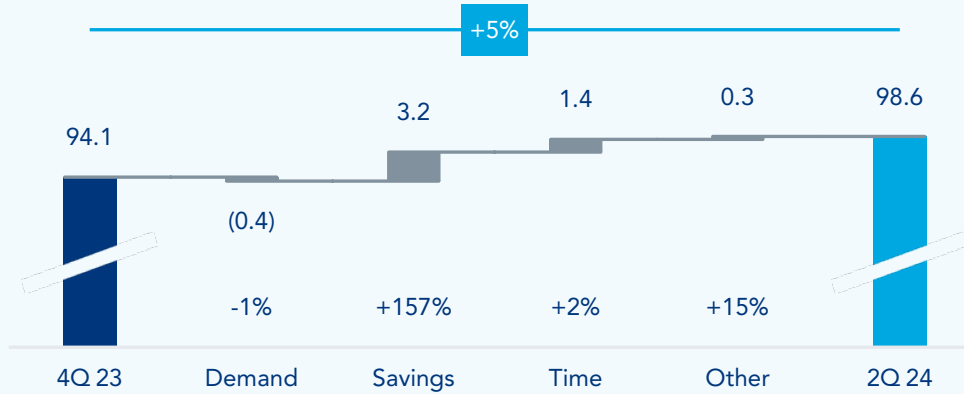
2Q 2024



CASA share remains above 40% supported by the growth in savings accounts

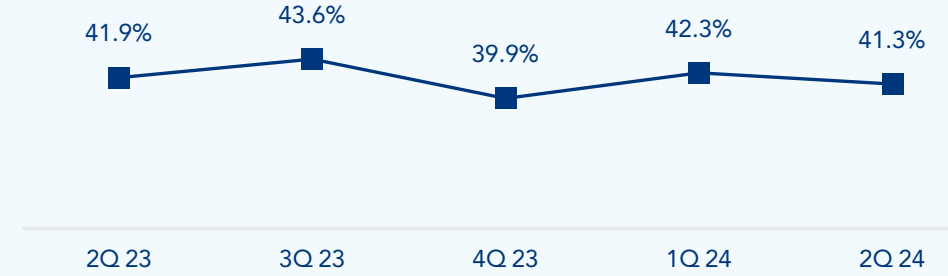
Customers' Deposits Movement YTD (SAR Bn)

2Q 2024



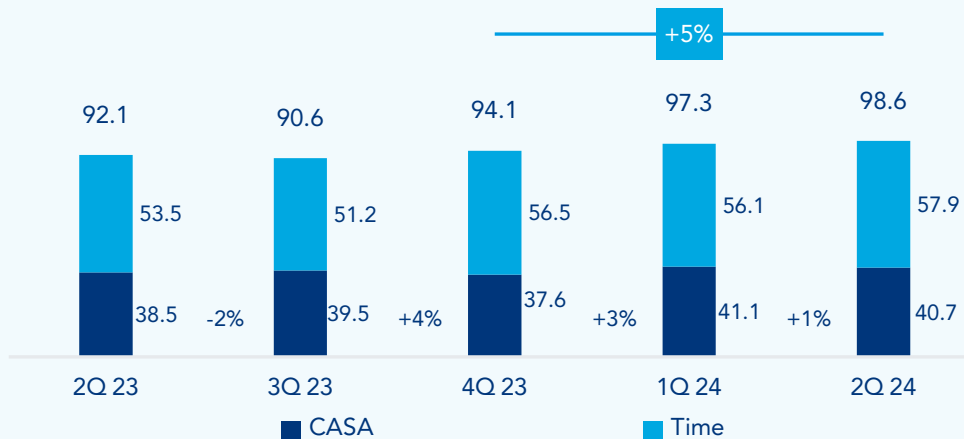
CASA % of Total (%)

2Q 2024



Customers' Deposits (SAR Bn)

2Q 2024



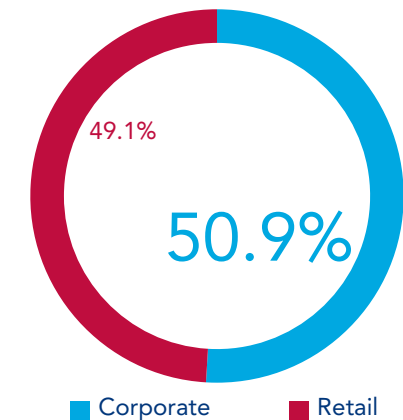
Customers' Deposits Composition (%)

2Q 2024

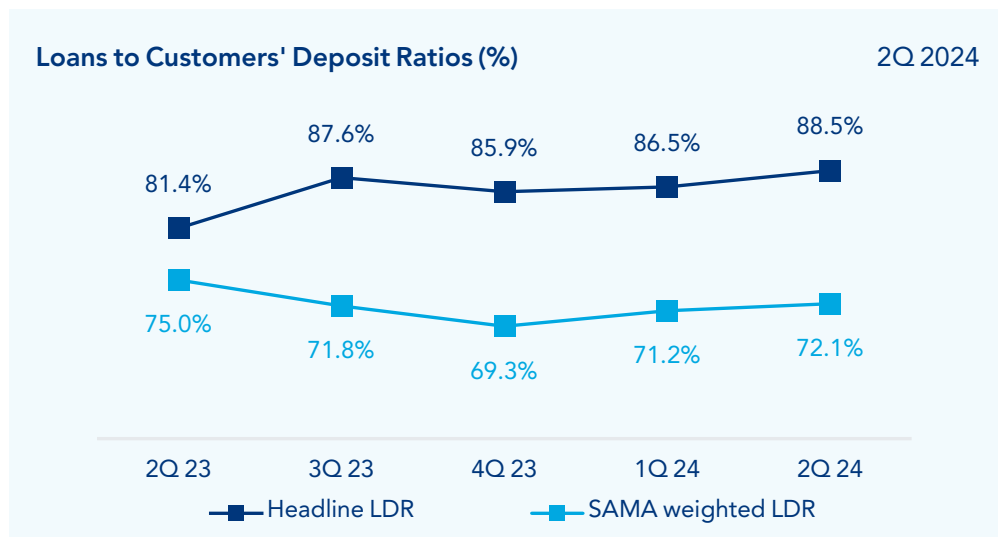
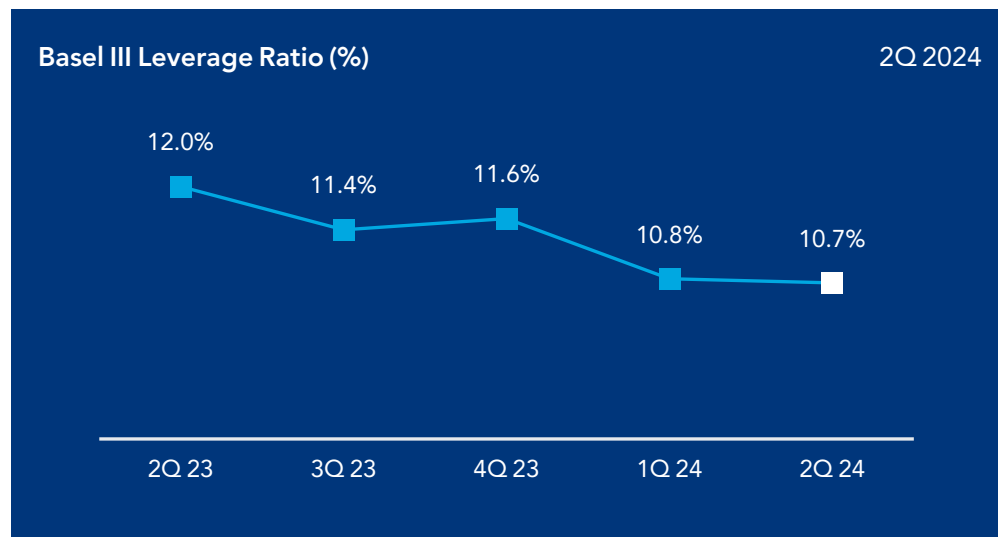
Management commentary

Customers' deposits saw a 5% YTD rise, driven by savings accounts while non-interest-bearing deposits demonstrated muted dynamics.

Deposit portfolio remains well-diversified, nearly equally distributed between retail and corporate segments.



Liquidity position provides substantial buffers to accommodate future growth

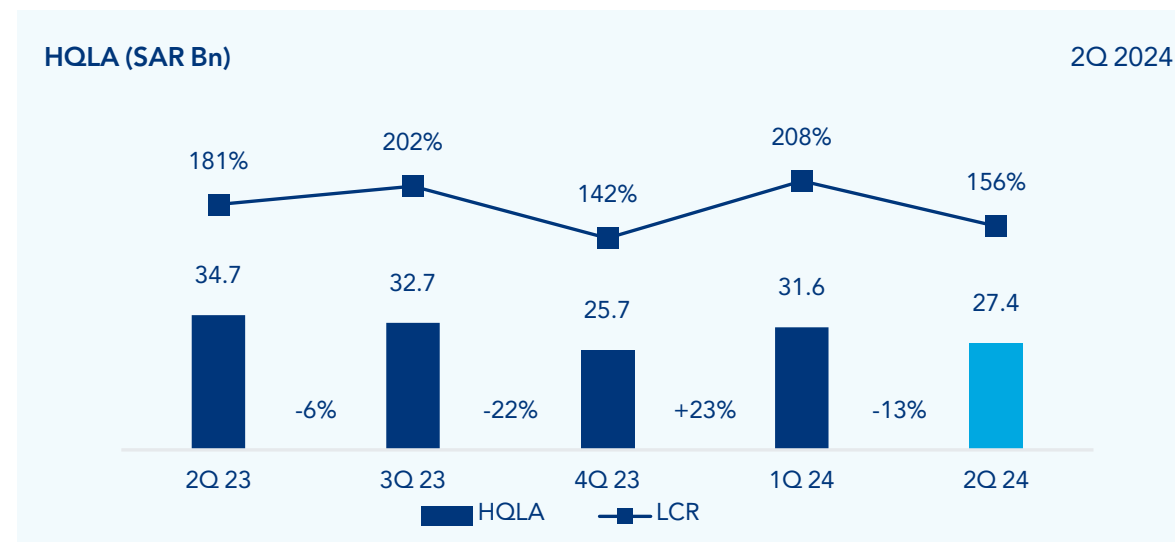
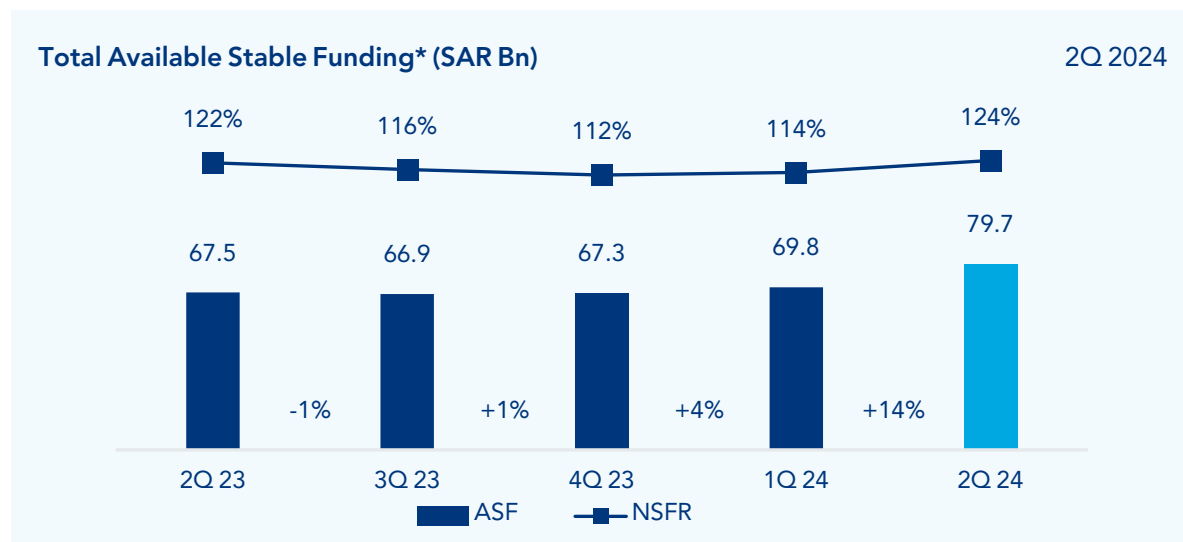


Management Commentary

Headline LDR increased, though leaving sufficient room for growth.

LCR decreased to 156% as it normalized from elevated levels in 1Q 2024 due to liquidity management activities.

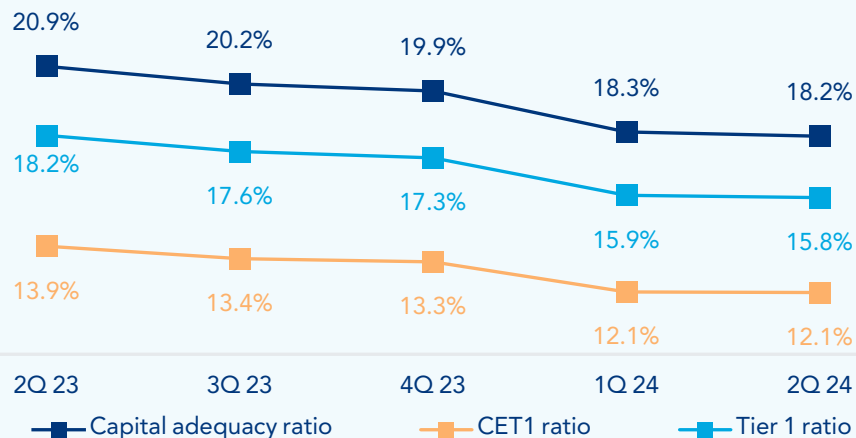
Liquidity indicators remain well above regulatory minimums and provide room to grow.



Capitalization stabilized in 2Q 2024 following pressure in 1Q 2024

Capital Adequacy Ratio (%)

2Q 2024



Management Commentary

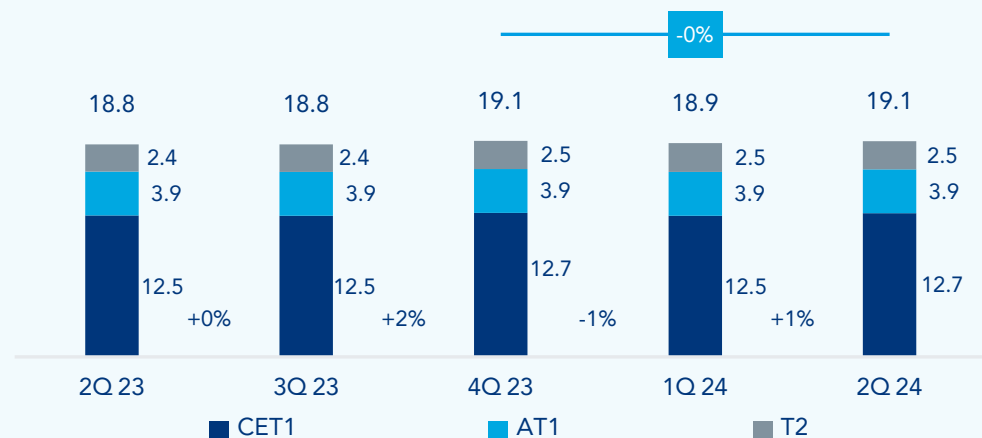
The total capital adequacy ratio experienced a drop of 1.8 pts in 1H 2024 to 18.2%, and the Tier 1 ratio was 15.8% as of 30 June 2024.

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 at the beginning of the year.

Capital ratios however remained stable sequentially.

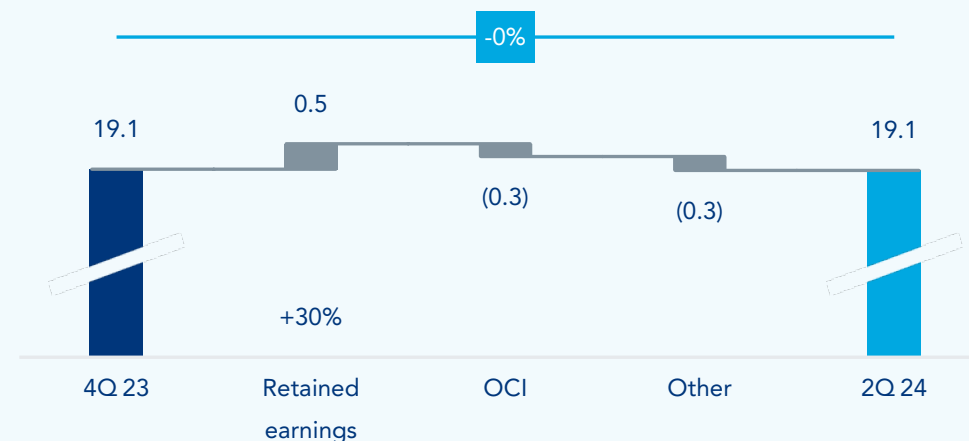
Total Capital (SAR Bn)

2Q 2024



Total Capital Movement YTD (SAR Bn)

2Q 2024



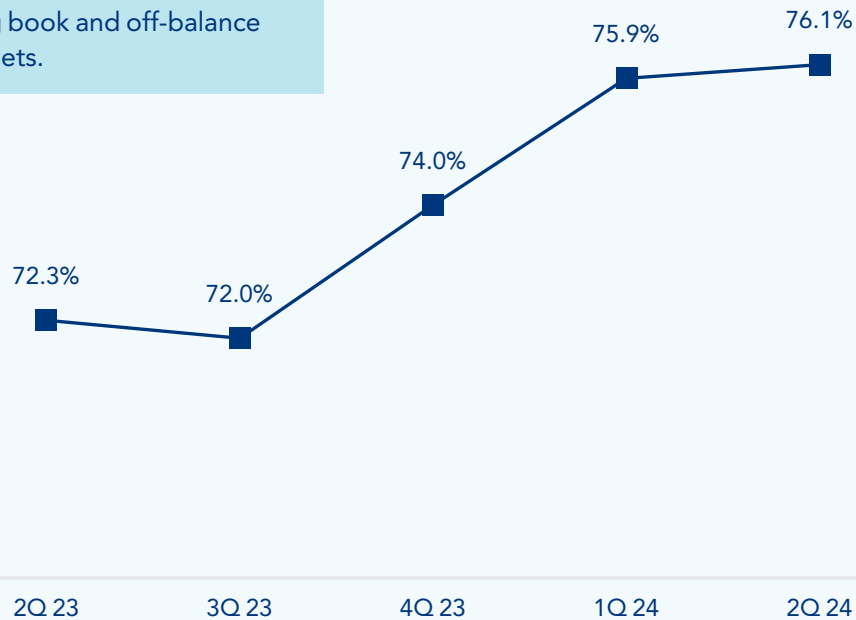
Rapid RWA growth impacted capital ratios in 1Q 2024, but stabilized in thereafter

RWA Density (%)

2Q 2024

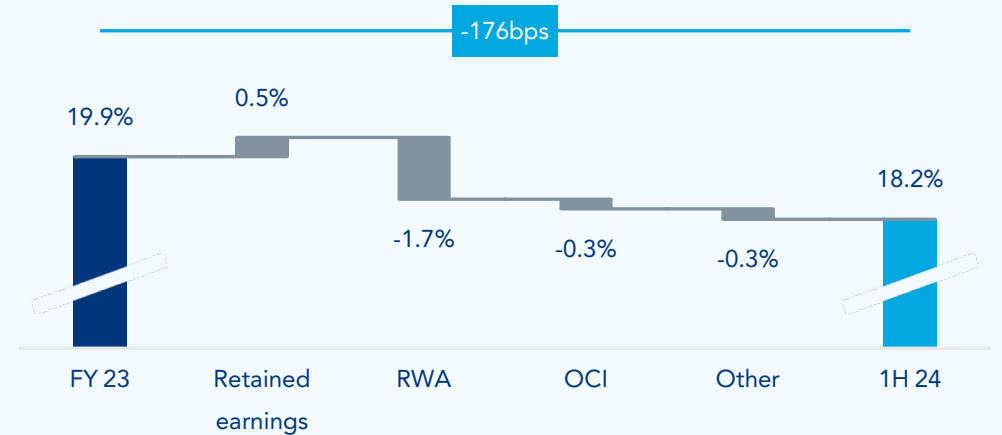
Management commentary

Risk-weighted assets (RWA) increased by 10% YTD to reach SAR 105.0 billion in 1H 2024, while 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.



Capital Adequacy Ratio Movement YTD (%)

2Q 2024



Risk Weighted Assets (SAR Bn)

2Q 2024



Boosted net income through top-line expansion

Income Statement

SAR Mn	1H 2024	1H 2023	YoY % Change	2Q 2024	2Q 2023	YoY % Change
Net financing & investment income	1,249	1,124	+11%	629	566	+11%
Fee & other income	542	467	+16%	274	242	+13%
Fees from banking services, net	309	260	+19%	152	130	+17%
Exchange income, net	96	105	-8%	47	54	-12%
Investment income	122	83	+47%	63	55	+16%
Other operating income	15	20	-26%	11	3	+261%
Total operating income	1,791	1,592	+13%	903	808	+12%
Operating expenses	(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 & income tax	706	548	+29%	358	298	+20%
Zakat & income tax	(88)	(83)	+5%	(41)	(37)	+9%
Net income for the period	618	465	+33%	318	261	+22%

Net Income for the Period Movement YoY (SAR Mn)

1H 2024

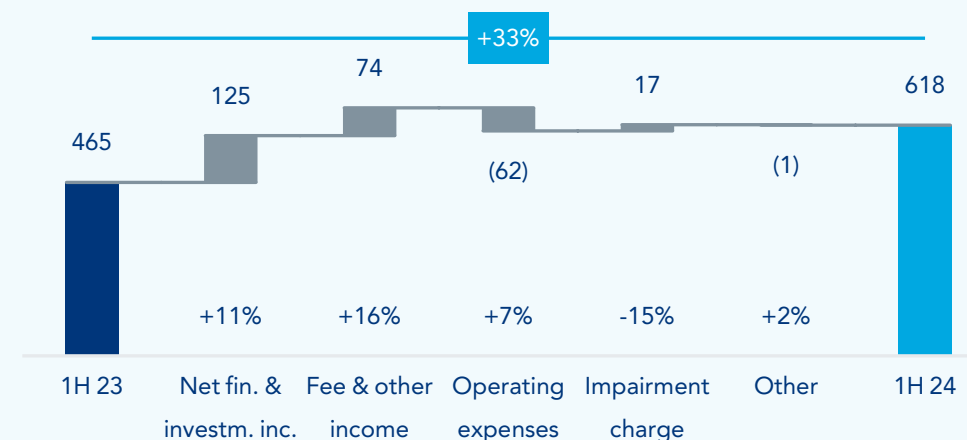
Management commentary

Net income up 33% YoY, from higher operating income, partly offset by rising expenses.

Net financing & investment income increased 11% YoY, supported by asset growth and broadly stable margins.

Fee & other income up 16% YoY, mainly from trade finance and investment-related fees.

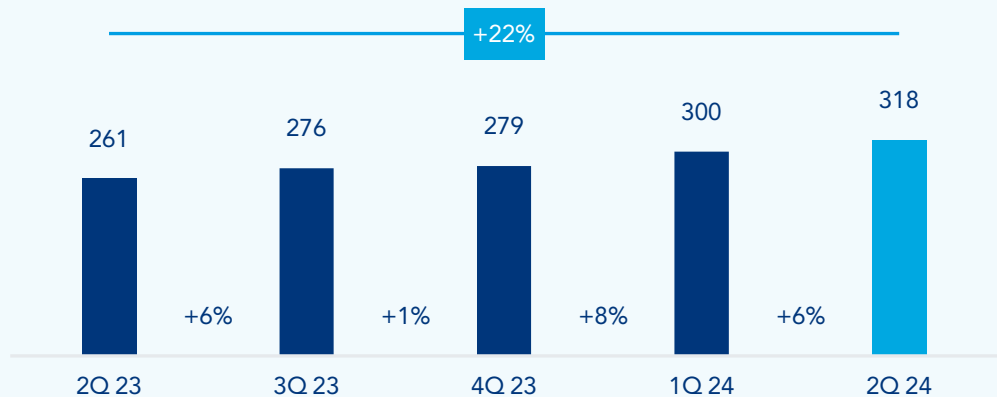
Operating expenses rose 7% YoY, due to higher employee and G&A costs.



Returns are gradually improving

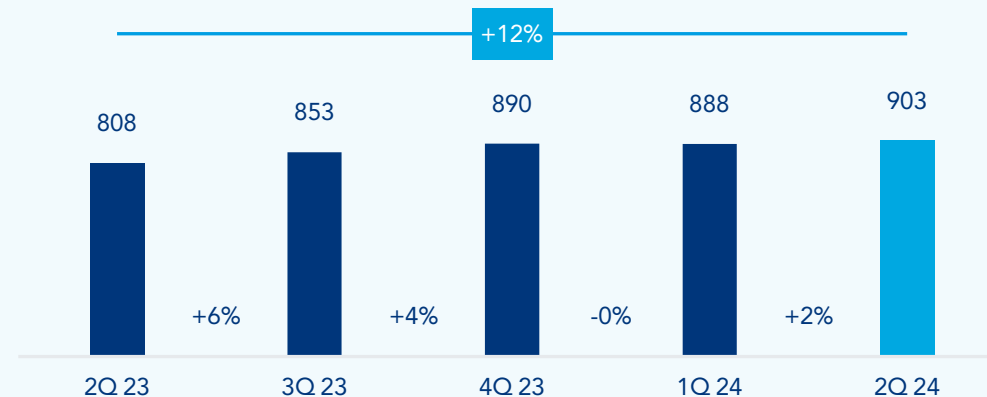
Quarterly Net Income (SAR Mn)

2Q 2024



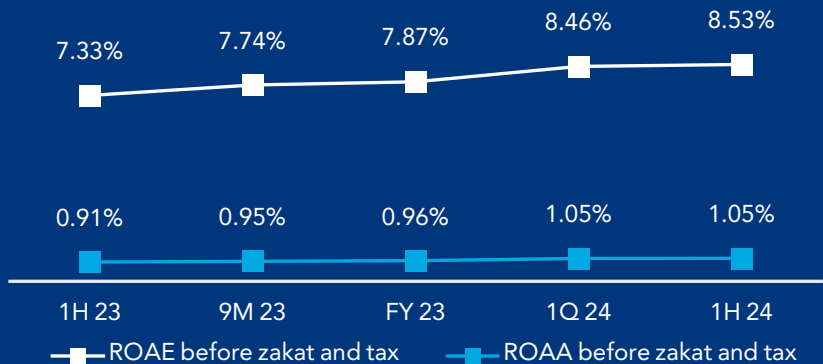
Quarterly Total Operating Income (SAR Mn)

2Q 2024



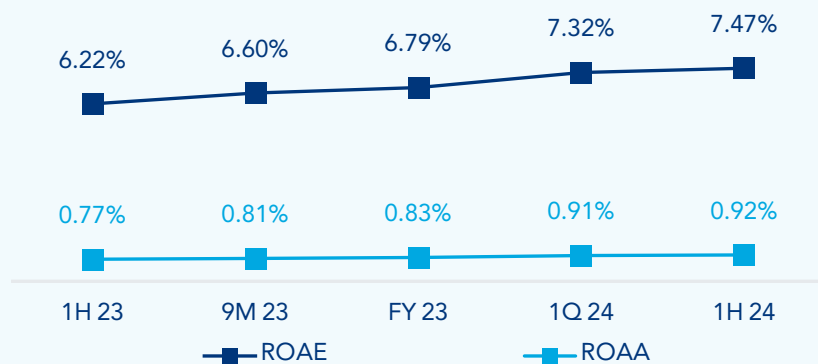
ROAE & ROAA before zakat and tax (%)

1H 2024



ROAE & ROAA (%)

1H 2024



Management Commentary

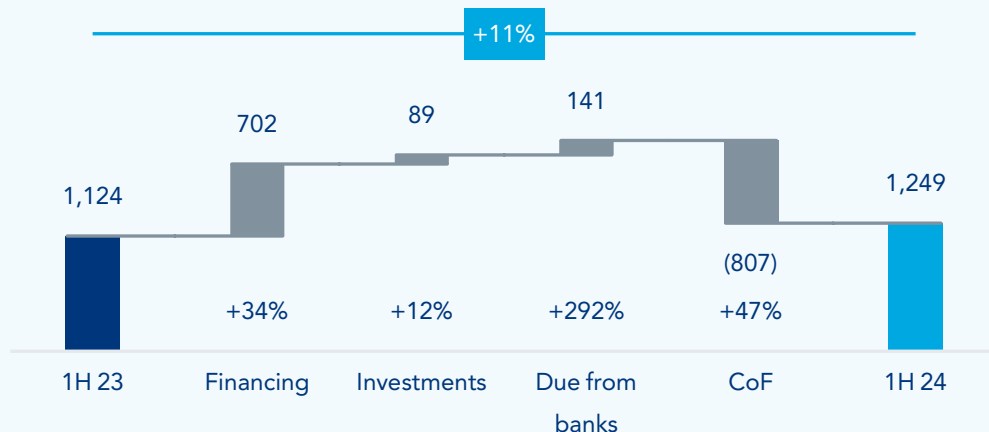
On a quarterly basis, the Bank maintained healthy profitability growth. In 2Q 2024, net income grew 22% year-on-year and 6% sequentially.

ROAE for 1H 2024 is gradually improving to 7.47%.

Net F&I income growing 11% from earning assets expansion

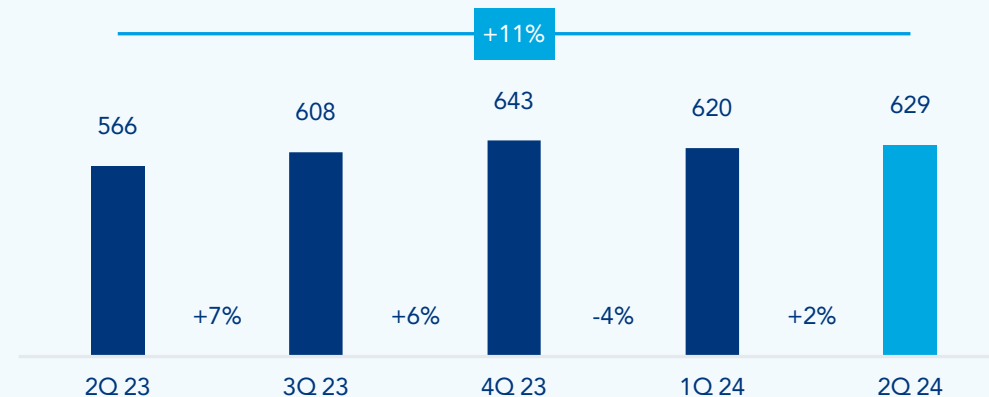
Net Financing & Investment Income Movement YoY (SAR Mn)

1H 2024



Net Financing & Investment Income (SAR Mn)

2Q 2024



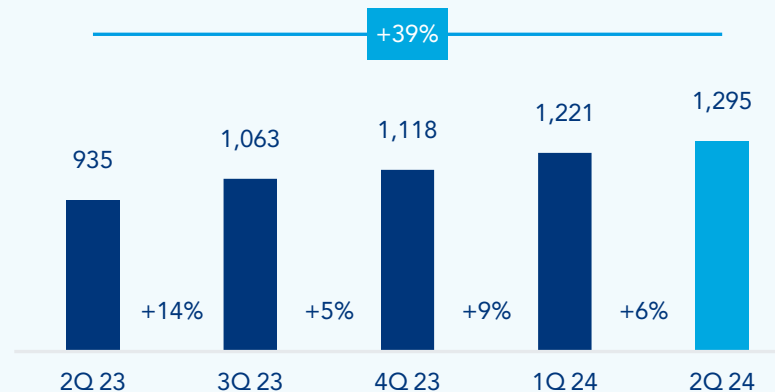
Income From Investments & Financing (SAR Mn)

2Q 2024



Return on Deposits & Financial Liabilities (SAR Mn)

2Q 2024



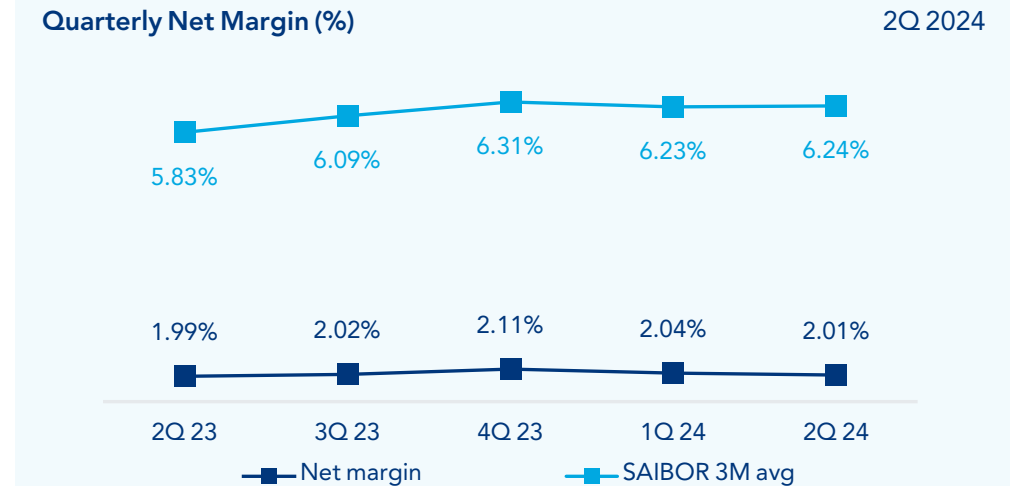
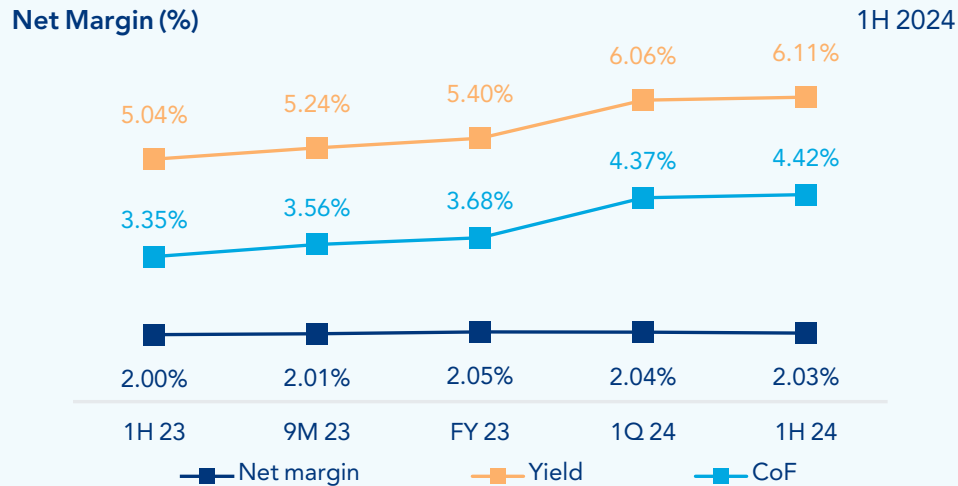
Management Commentary

Financing and investment income for 1H 2024 experienced 33% growth YOY 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.

Broadly stable net margin on increasing yields and CoF from the changing deposit mix

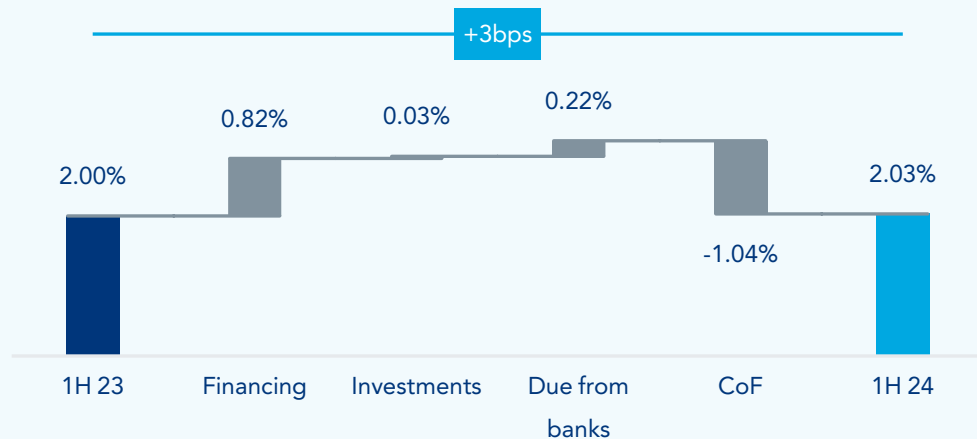
Management Commentary

The net margin for 1H 2024 increased by 3 bps YoY to 2.03%. Corporate financing and investments renewals at higher rates has positively impacted yields, although it has been counterbalanced by increases in funding costs due to the deposit mix change.

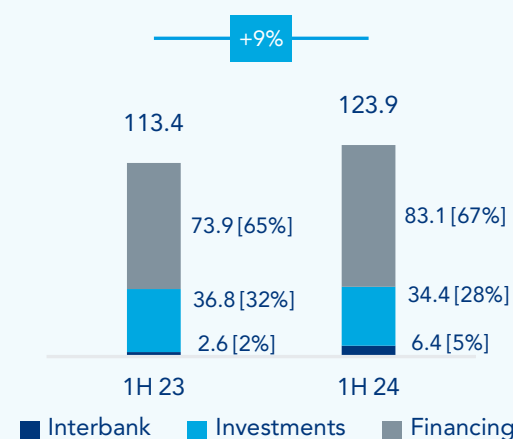


Net Margin Movement YoY (%)

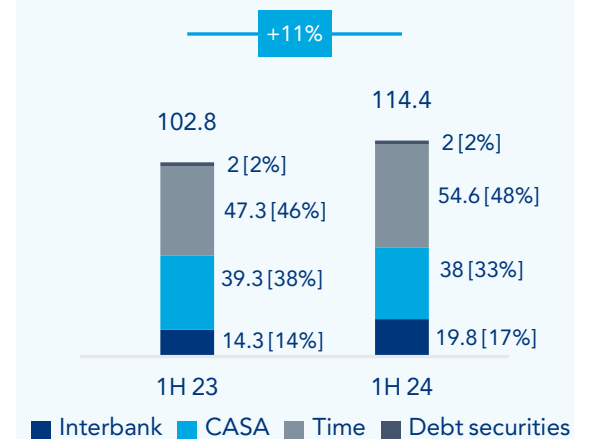
1H 2024



Total Average Earning Assets (SAR Bn)



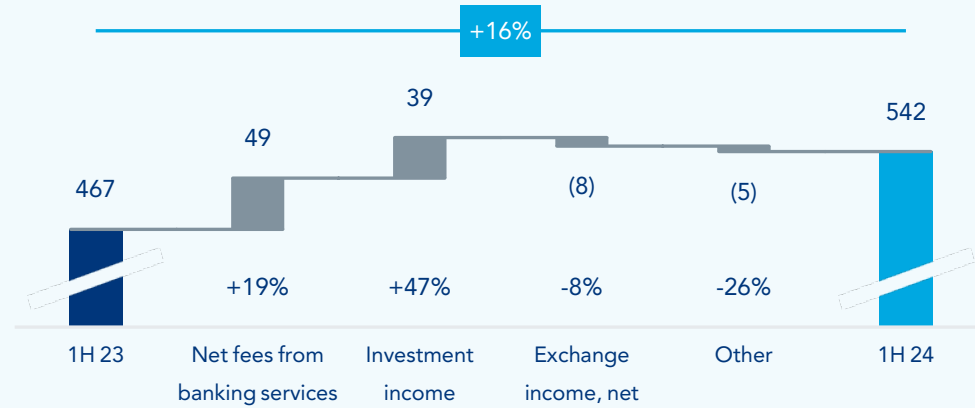
Total Average Bearing Liabilities (SAR Bn)



Over 30% of operating income is represented by well-diversified non-funded income

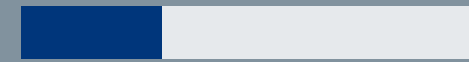
Fee & Other Income Movement YoY (SAR Mn)

1H 2024



Share of Fee & Other Income in Operating Income (%)

30.2%



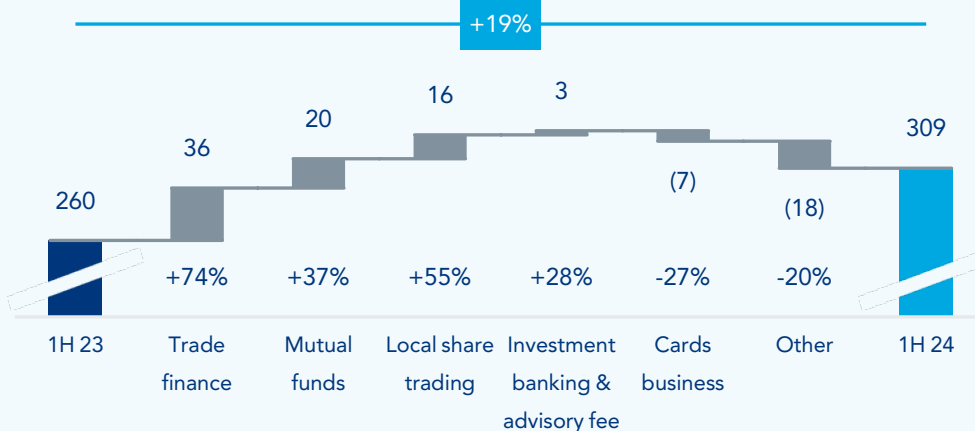
Management Commentary

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.

Fee income from banking services is well-diversified, with strong growth coming from trade finance, mutual funds, and local share trading.

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

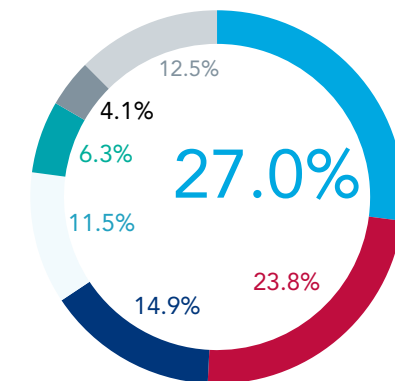
1H 2024



Net Fee Income From Banking Services Composition (%)

1H 2024

- Trade finance
- Mutual funds
- Local share trading
- Remittance business
- Cards business
- Investment banking & advisory fee
- Other



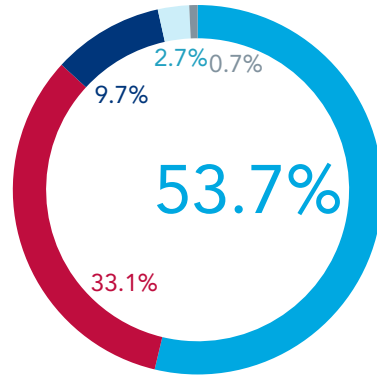
Cost-to-income ratio improving YoY from positive jaws

Operating Expenses Composition (%)

1H 2024

Management commentary

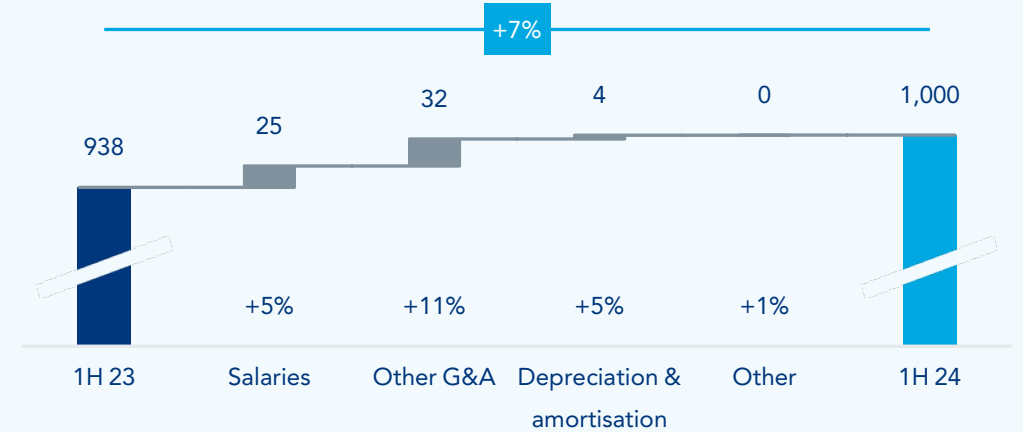
Operating expenses increased by 7% compared to the first half of 2023. Nevertheless, the cost-to-income ratio improved from positive operating leverage, showing a year-on-year improvement of 3.1 ppts to reach 55.8%.



■ Salaries ■ Other G&A ■ Depreciation & amortisation ■ Rent & premises-related ■ Other

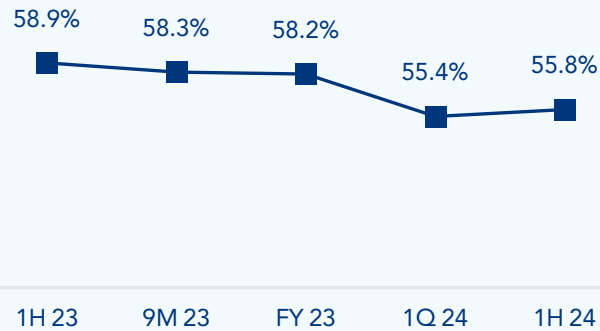
Operating Expenses Movement YoY (SAR Mn)

1H 2024



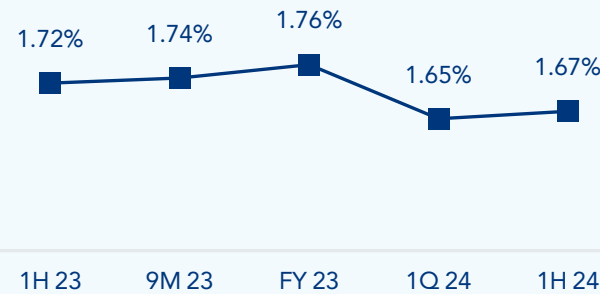
Cost to Income (%)

1H 2024



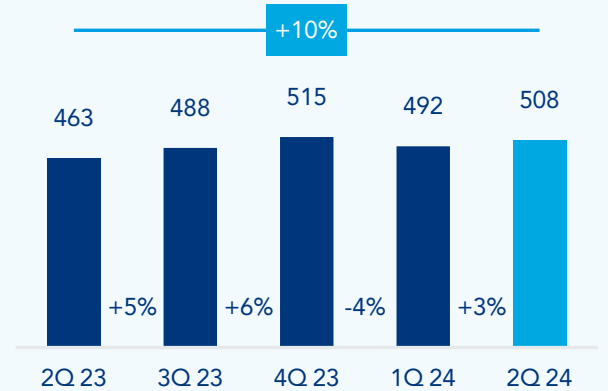
Cost to Average Earning Assets (%)

1H 2024



Operating Expenses (SAR Mn)

2Q 2024



Cost of risk stable YoY at 0.28% after high recoveries of 1Q 2024

Cost of Risk (%)

1H 2024

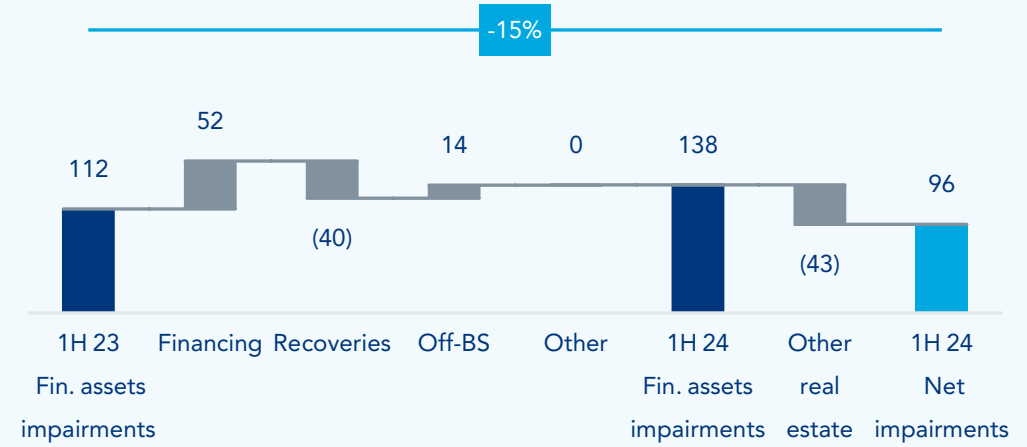
Management commentary

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.



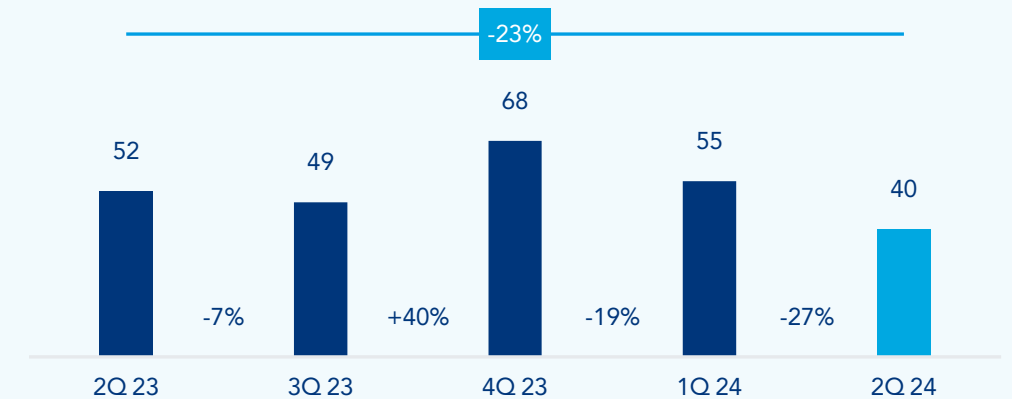
Impairment Charge Movement YoY (SAR Mn)

1H 2024



Impairment Charge (SAR Mn)

2Q 2024



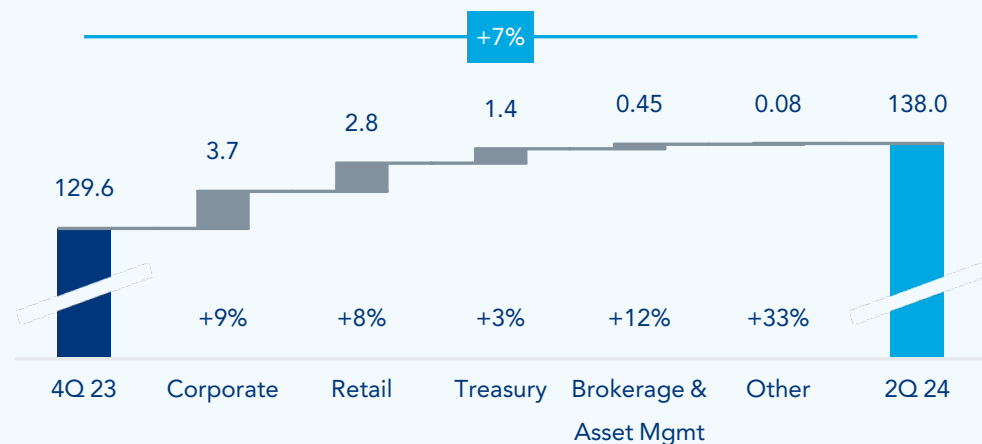
Segmental Performance



Diverse segment mix, with strong contributions from corporate and brokerage in 1H 2024

Total Assets Movement YTD (SAR Bn)

2Q 2024



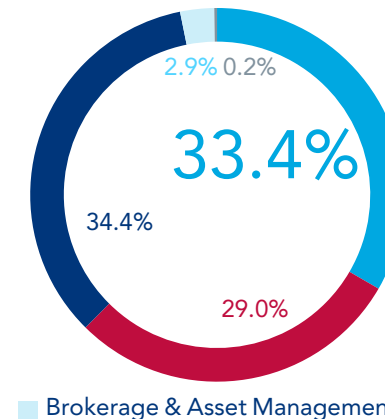
Total Assets Composition (%)

2Q 2024

Management commentary

The asset mix is almost equally split between main segments, with a growing contribution from the corporate segment.

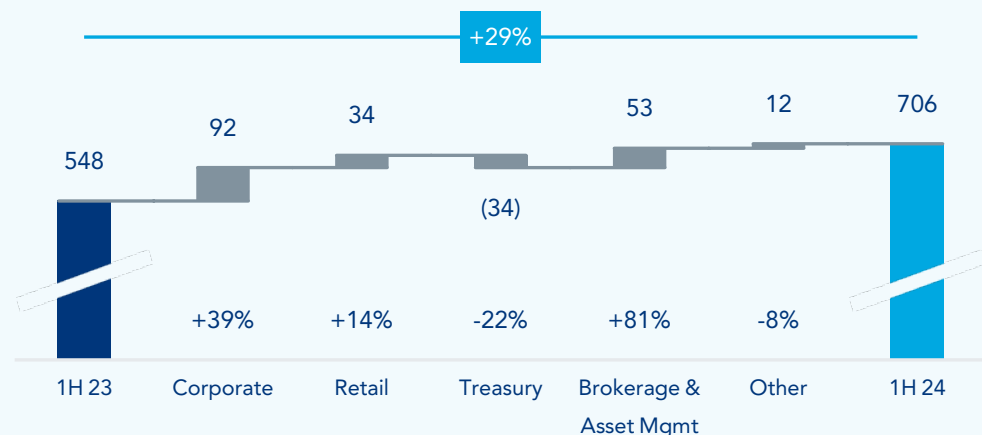
The corporate segment now accounts for 33% of assets and contributes 39% to the net income of the group.



■ Corporate ■ Retail ■ Treasury ■ Brokerage & Asset Management ■ Other

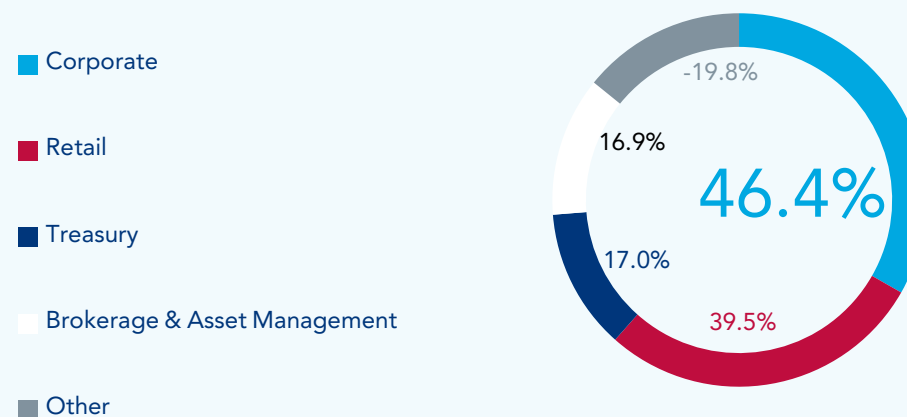
Net Income Before Zakat & Income Tax Movement YoY (SAR Mn)

1H 2024



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

1H 2024



■ Corporate ■ Retail ■ Treasury ■ Brokerage & Asset Management ■ Other

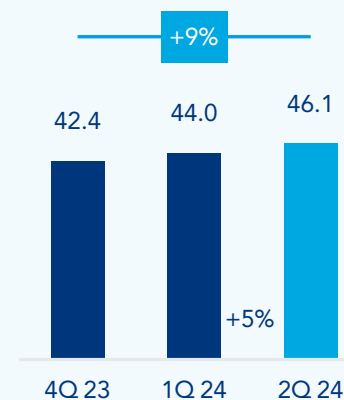
The corporate segment reports 39% growth in net income and 9% growth in assets

Management Commentary

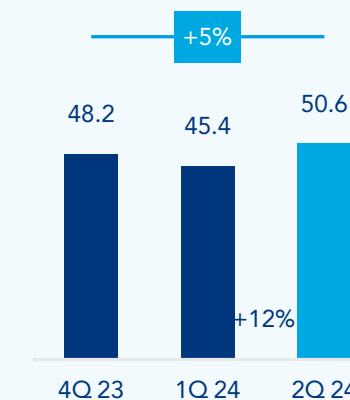
The corporate segment reported 39% growth in net income before zakat. This resulted from 17% operating income growth and a 40% reduction in the net impairment charge due to the impairment reversal of other real estate. Total corporate banking assets rose by 9% YTD.

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

Total Assets (SAR Bn)

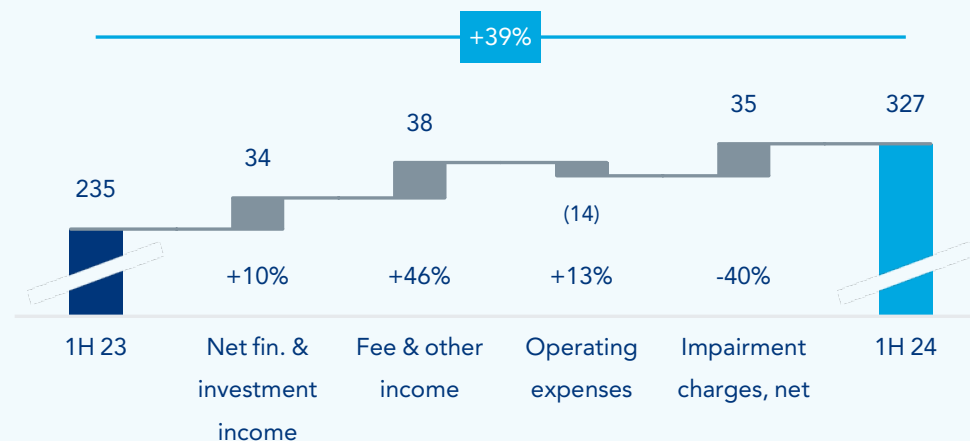


Total Liabilities (SAR Bn)

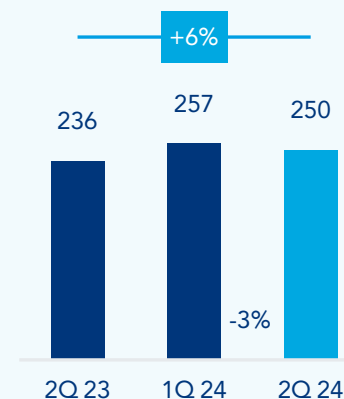


Net Income before zakat and tax Movement YoY (SAR Mn)

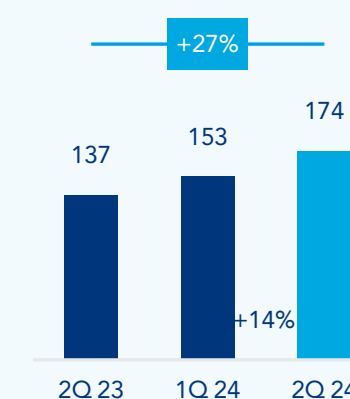
1H 2024



Total Operating Income (SAR Mn)



Net Income before zakat and tax (SAR Mn)



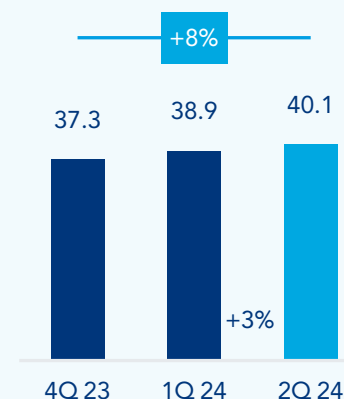
14% rise in retail net income from NFI income, offset by higher expenses and impairments

Management Commentary

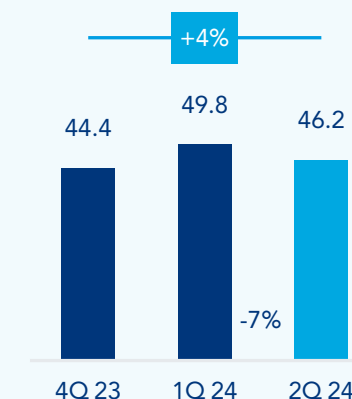
The retail segment experienced a 14% increase in net income before zakat YoY due to the growing net financing and investment income, partially offset by higher expenses and impairment charge. Total personal banking assets rose by 8% during 1H 2024.

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

Total Assets (SAR Bn)

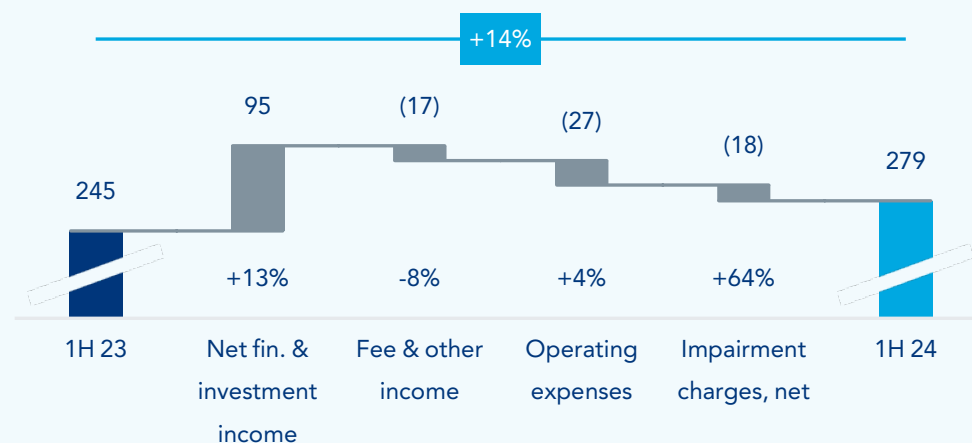


Total Liabilities (SAR Bn)

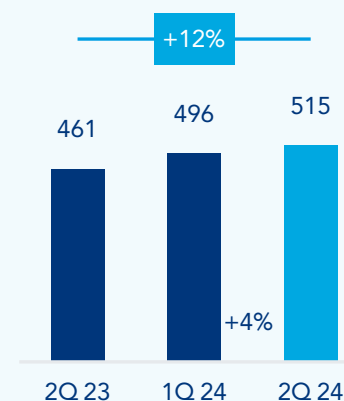


Net Income before zakat and tax Movement YoY (SAR Mn)

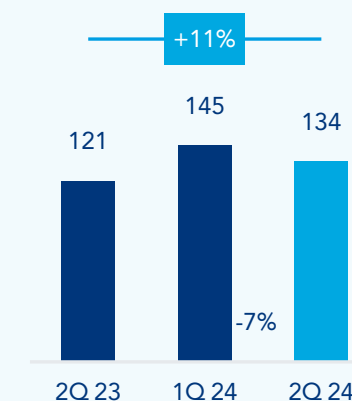
1H 2024



Total Operating Income (SAR Mn)



Net Income before zakat and tax (SAR Mn)



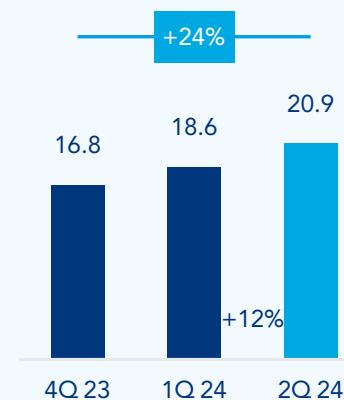
Brokerage and Asset Management income is rising on 47% growth of fee & other income

Management Commentary

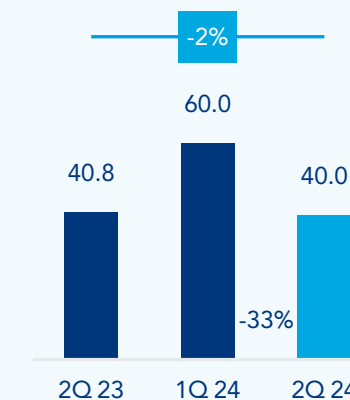
Brokerage and Asset management reported an 81% increase in net income before zakat, driven by robust growth in fee and other income of 47% YoY. The segment's contribution to the bank's net income before zakat is steadily growing and reached a significant 17% during 1H 2024.

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

Assets Under Management (SAR Bn)

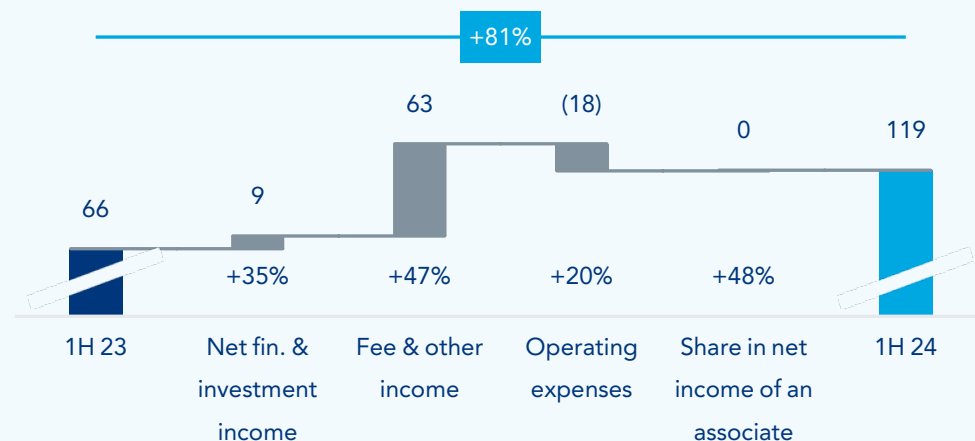


Traded Value (SAR Bn)

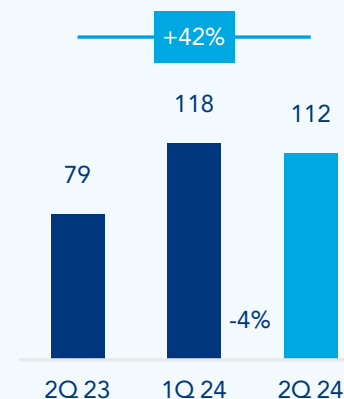


Net Income before zakat and tax Movement YoY (SAR Mn)

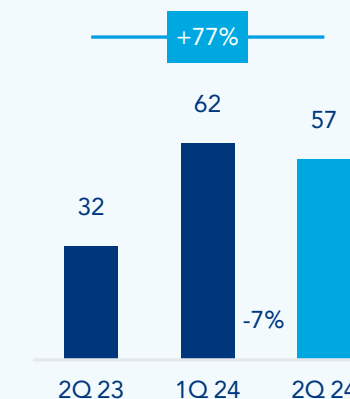
1H 2024



Total Operating Income (SAR Mn)



Net Income before zakat and tax (SAR Mn)



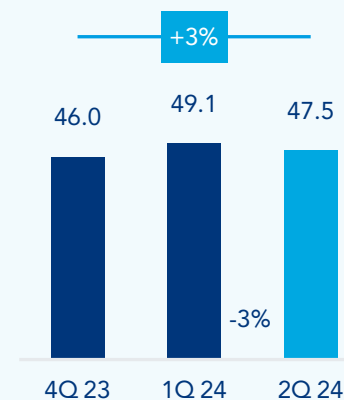
Declining net income from treasury on lower operating income

Management Commentary

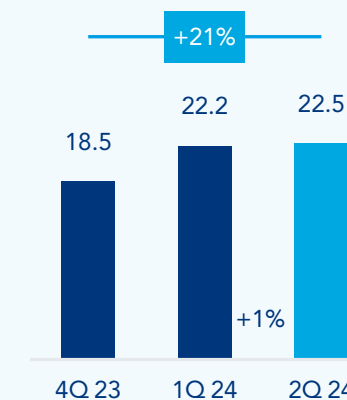
Treasury and investments net income before zakat decreased by 22% YoY for 1H 2024, resulting from a 40% drop in net financing and investment income, due to higher funding costs, and an 8% decline in fee and other income.

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

Total Assets (SAR Bn)

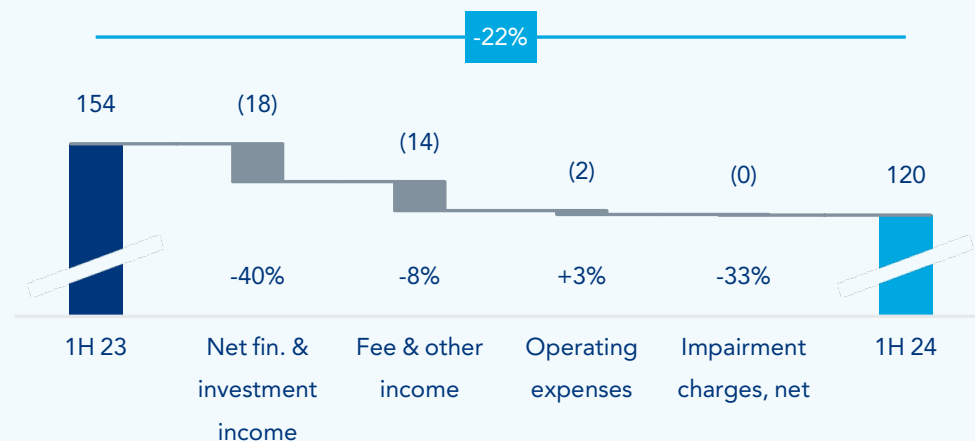


Total Liabilities (SAR Bn)

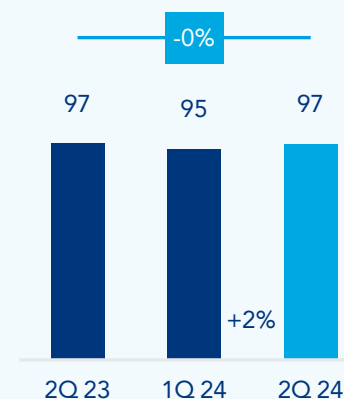


Net Income before zakat and tax Movement YoY (SAR Mn)

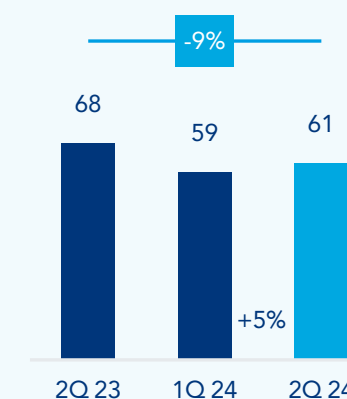
1H 2024



Total Operating Income (SAR Mn)



Net Income before zakat and tax (SAR Mn)

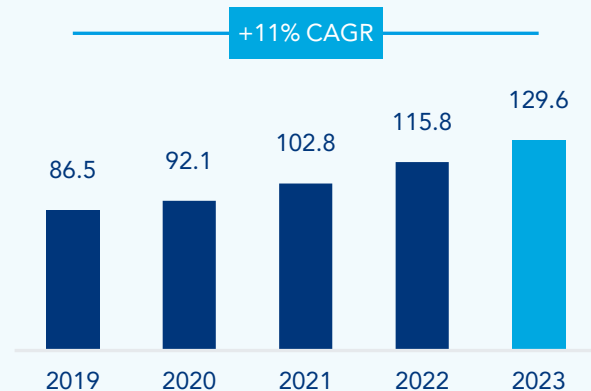


Historical trends

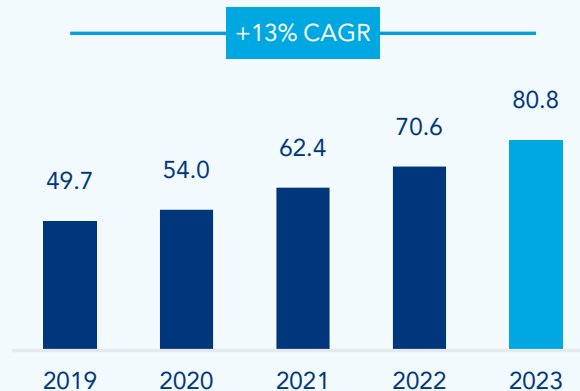


Historical Trends

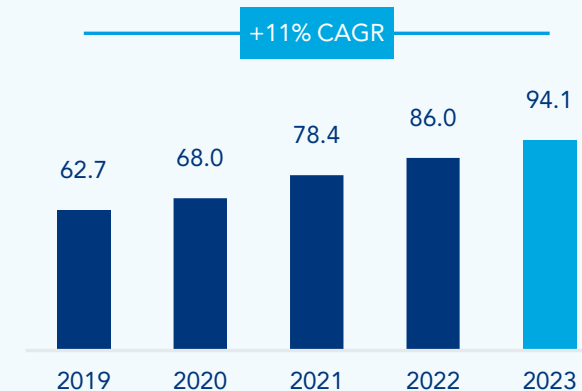
Total Assets (SAR Bn)



Financing (SAR Bn)



Customers' Deposits (SAR Bn)



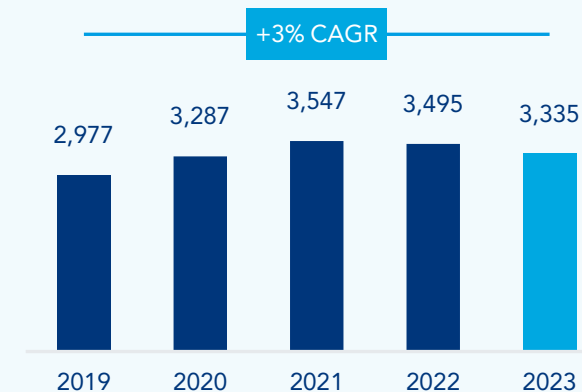
Total Equity (SAR Bn)



Net Income for the Period (SAR Mn)

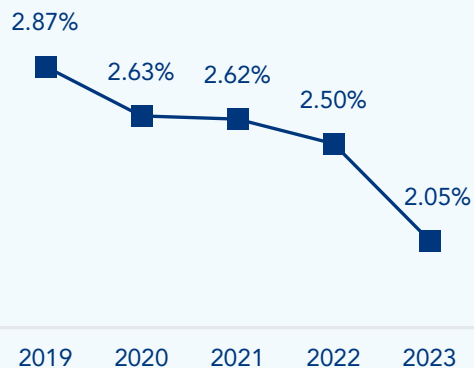


Total Operating Income (SAR Mn)

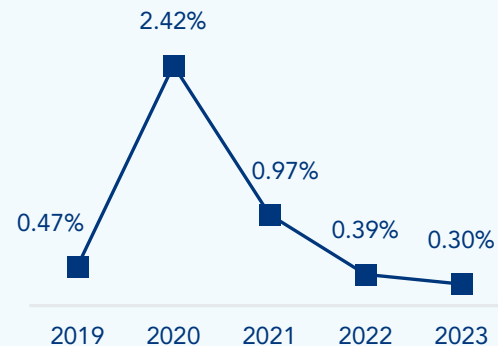


Key Ratios

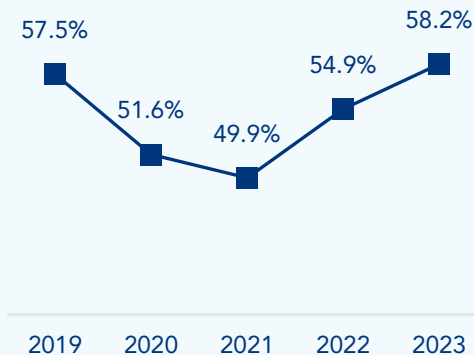
Net Margin (%)



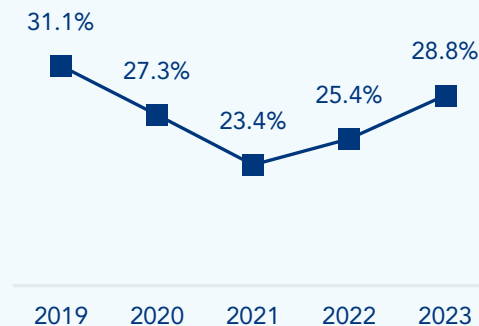
Cost of Risk (%)



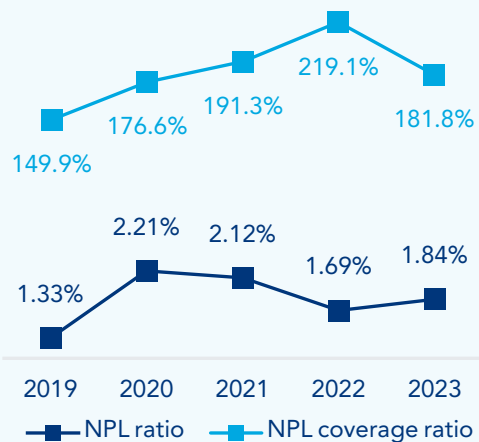
Cost to Income (%)



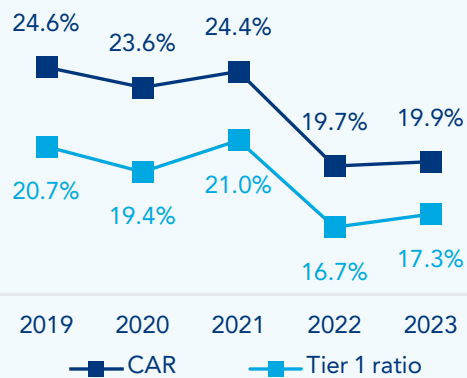
Share of Fee & Other Income in Operating Income (%)



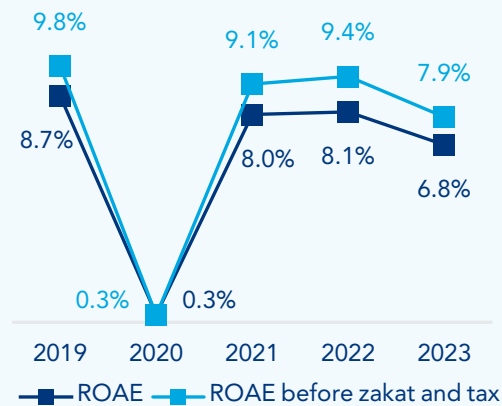
NPL Ratios (%)



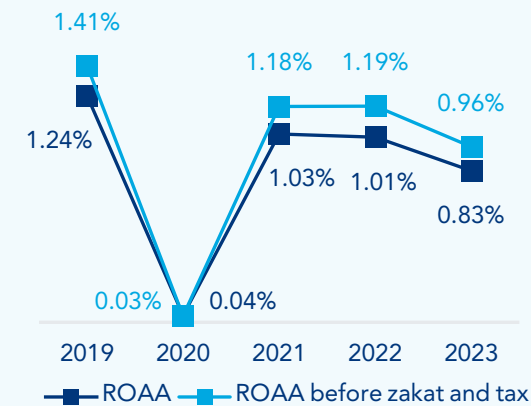
Capital Adequacy Ratios (%)



ROAE (%)



ROAA (%)



Guidance



The updated guidance for NIM and T1 is influenced by the rate environment

Guidance Metric	FY 2023 Actual	1H 2024 Actual	FY 2024 Guidance	Drivers
Financing growth	+14%	+8% YTD	Mid-teens unchanged	Anticipating sustained mid-teens growth predominantly fueled by corporate financing
Net Margin	2.05%	2.03%	Maintain revised from +5-10bps	We are revising the guidance to "maintain" the FY 2023 NIM due to delays in rate cuts. Future changes will, however, depend on evolving economic decisions.
Cost of Risk	0.30%	0.28%	0.30-0.35% unchanged	Continued favorable economic conditions and disciplined risk management underpinning a controlled cost of risk
Cost to Income	58.2%	55.8%	below 56% unchanged	Reducing the ratio to below 56% through diligent cost optimization, balanced against investments in strategic initiatives
Tier 1	17.3%	15.8%	16.0-16.5% revised from 16.5-17%	We are revising the Tier 1 guidance to 16%-16.5%, supported by retained earnings generation. However, it will also depend on the projected rate cuts.
ROAE before zakat and tax	7.87%	8.53%	>8% unchanged	Targeting a gradual improvement aligned with the refreshed strategy



Appendix



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