

## Bank AlJazira reports 28% growth in net income to SAR 951 million for 9M 2024

### 9M 2024 Financial Results Highlights:

- **Net income** for 9M 2024 amounted to SAR 951 million, up 28% compared to 9M 2023. Net income for 3Q 2024 amounted to SAR 333 million, up 21% YoY and 5% on a sequential basis.
- **Total operating income** for 9M 2024 reached SAR 2,812 million, demonstrating 15% YoY growth, driven by a 10% increase in net financing and investment income and a 28% expansion in fee and other income.
- **Operating expenses** increased by 9% compared to 9M 2023; however, positive operating leverage improved the cost-to-income ratio by 3.0 ppts YoY to 55.4%.
- **The bank's cost of risk** increased modestly to 0.32% for 9M 2024, compared to 0.26% in the previous year, while the NPL ratio improved YoY.
- **The balance sheet** demonstrated a solid 12% increase during 9M 2024, driven by continued growth momentum in commercial financing, further supported by increased consumer financing.
- **Customers' deposits** experienced 10% growth YTD, reaching SAR 103.3 billion, driven by increased savings accounts and further supported by time deposits.

Addressing the performance of Bank AlJazira, Mr. Naif A. Al Abdulkareem, Chief Executive Officer of Bank AlJazira, stated: "We are pleased to report a consistent improvement in our financial performance, with a SAR 333 million profit, representing a 21% increase compared to the previous year and 5% growth over the previous quarter. This success reflects the effective execution of our strategy. Bank AlJazira's strategic transformation initiatives are yielding significant progress as we advance our digital capabilities and enhance customer experience. We continue to focus on the disciplined execution of our five-year strategy approved last year, and while there is still more work to be done, we are encouraged by the progress we made so far. The upcoming launch of our new digital assets represents a key step in our commitment to innovation and enhancing the customer experience. By diversifying our revenue streams and focusing on customer-centric solutions, we are well-positioned to capitalize on growth opportunities while maintaining our dedication to strong asset quality and sustainable financial performance."

Riyad, 27 October 2024. Bank AlJazira's net income for the first nine months of 2024 reached SAR 951 million, reflecting a robust 28% year-on-year increase. This performance was driven by a 15% rise in total operating income, partially offset by a 9% increase in operating expenses. In 3Q 2024, net income amounted to SAR 333 million, marking a 21% increase compared to 3Q 2023 and a 5% rise sequentially.

Total operating income for 9M 2024 reached SAR 2,812 million, demonstrating a 15% year-on-year increase. This growth was driven by a 10% increase in net financing and investment income and an impressive 28% expansion in fee and other income. Notably, 32% of total operating income in 9M 2024 came from fee and other income, driven by banking services and investment-related revenues. In 3Q 2024, total operating income grew by 20% year-on-year and 13% QoQ to SAR 1,021 million.

Financing and investment income for 9M 2024 grew by 29%, while the cost of funds increased by 41%, leading to a 10% rise in net financing and investment income. The net margin for 9M 2024 remained broadly stable year-on-year at 2.00%.

The bank's segment mix remains well-diversified, with all segments contributing to both operating and net income, exemplifying the strength of the business model.

Operating expenses for 9M 2024 increased by 9% compared to 9M 2023, mainly due to higher spending on strategic initiatives, including digital transformation and staff-related costs. However, positive operating leverage led to a 3.0 ppt improvement in the cost-to-income ratio, which stood at 55.4% for 9M 2024.

The impairment charge for 9M 2024 totalled SAR 183 million, reflecting a 14% year-on-year increase. Excluding an impairment reversal of other real estate, the impairment charge for financial assets would have risen by 40%. The bank's cost of risk stood at 0.32% for 9M 2024, a 6 bps increase compared to the previous year.

The balance sheet expanded by 12% during 9M 2024, with total assets reaching SAR 145.2 billion. This growth was driven mainly by a 15% increase in the financing portfolio. Customer deposits grew by 10% year-to-date, reaching SAR 103.3 billion, supported by an increase in savings accounts.

## Income Statement Summary

For the period ending 30 September 2024

SAR Mn	9M 2024	9M 2023	YoY % Change	3Q 2024	3Q 2023	YoY % Change
Net financing and investment income	1,899	1,732	+10%	650	608	+7%
Fee and other income	913	713	+28%	371	245	+51%
<b>Total operating income</b>	<b>2,812</b>	<b>2,445</b>	<b>+15%</b>	<b>1,021</b>	<b>853</b>	<b>+20%</b>
Total operating expenses before impairment charge	(1,557)	(1,426)	+9%	(557)	(488)	+14%
Impairment charge	(183)	(161)	+14%	(88)	(49)	+80%
<b>Net operating income</b>	<b>1,072</b>	<b>858</b>	<b>+25%</b>	<b>376</b>	<b>317</b>	<b>+19%</b>
Share in net income of an associate	13	12	+12%	3	5	-35%
<b>Net income for the period before zakat and income tax</b>	<b>1,085</b>	<b>869</b>	<b>+25%</b>	<b>379</b>	<b>322</b>	<b>+18%</b>
Zakat and income tax	(134)	(129)	+4%	(47)	(46)	+3%
<b>Net income for the period</b>	<b>951</b>	<b>741</b>	<b>+28%</b>	<b>333</b>	<b>276</b>	<b>+21%</b>
Earnings per share	0.83	0.68	+21%	0.32	0.27	+21%
ROAE before zakat and tax	8.56%	7.74%	+82 bps	8.91%	7.89%	+102 bps
ROAE	7.50%	6.60%	+90 bps	7.81%	6.77%	+104 bps
Net margin	2.00%	2.01%	-2 bps	1.95%	2.02%	-7 bps
Cost of risk*	0.32%	0.26%	+6 bps	0.40%	0.21%	+19 bps
Cost to income ratio	55.4%	58.3%	-3.0 ppt	54.6%	57.2%	-2.6 pts

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

## Balance Sheet Summary

For the quarter as of 30 September 2024

SAR Mn	3Q 2024	2Q 2024	QoQ % Change	4Q 2023	YTD % Change
Total cash, interbank and balances with SAMA	13,310	13,055	+2%	11,532	+15%
Investments, net	36,060	34,619	+4%	34,442	+5%
Financing, net	92,710	87,208	+6%	80,781	+15%
Other assets, net	3,112	3,119	-0%	2,795	+11%
<b>Total assets</b>	<b>145,192</b>	<b>138,001</b>	<b>+5%</b>	<b>129,551</b>	<b>+12%</b>
Due to banks and other financial institutions	20,154	18,818	+7%	14,986	+34%
Customers' deposits	103,349	98,553	+5%	94,054	+10%
Subordinated Sukuk	2,045	2,005	+2%	2,004	+2%
Other liabilities, net	2,258	1,951	+16%	2,091	+8%
<b>Total liabilities</b>	<b>127,806</b>	<b>121,327</b>	<b>+5%</b>	<b>113,135</b>	<b>+13%</b>
<b>Total equity</b>	<b>17,386</b>	<b>16,674</b>	<b>+4%</b>	<b>16,415</b>	<b>+6%</b>

## Additional Information

Please contact BAJ for more information:

IR email: [IR@BankAlJazira.com](mailto:IR@BankAlJazira.com)