



بنك الجزيرة  
BANK ALJAZIRA

# Bank AlJazira

## Earnings Presentation 1Q 2025

# Strong momentum, driven by solid asset growth, margin and fee income improvement

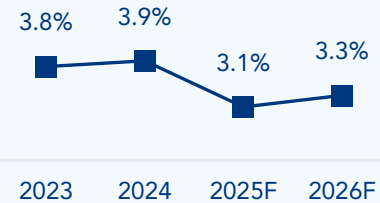
## Macro Background

**Non-oil GDP growth** is expected to moderate, though being supported by the Vision 2030

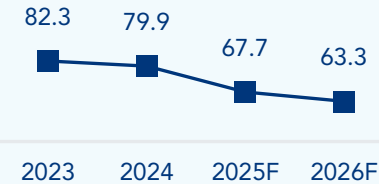
**Oil prices** trending lower, adding some fiscal uncertainty

**Banking sector growth** is driven by commercial momentum

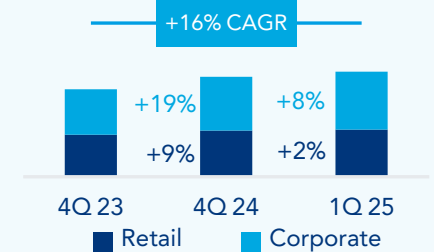
### Non-oil Real GDP Growth (%)



### Brent Oil Price / Barrel (\$)



### Banking Sector Loan Growth



## Operational & Strategic Progress

**Data and technology revamp program:**

- Digital SME Platform
- Corporate App & Web Portal

**New product offerings**

**Operational excellence initiatives**

### Total Assets

1Q 2025

+13% YoY  
+3% YTD

₹ Bn

153.2

### Financing

1Q 2025

+20% YoY  
+4% YTD

₹ Bn

100.6

### Customers' Deposits

1Q 2025

+13% YoY  
+1% YTD

₹ Bn

109.6

## Financial Highlights

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

**NII improving** from asset growth and margin improvement

Improving **efficiency and profitability**

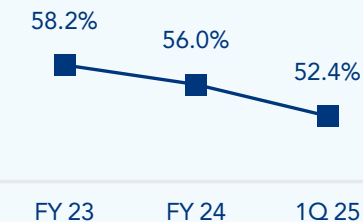
### Income Growth

YoY

Operating Income +21%

Net Income +20%

### Cost To Income (%)



### NPL Ratio

1.44%

### CoR

0.38%

CASA share of total deposits

44.3%

ROAE

8.01%



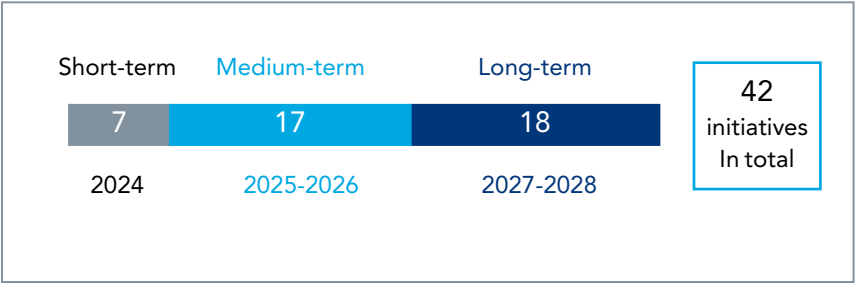
# Strategic Progress





# In 2025 we focus on segment growth, product expansion, and enhanced CX

## Time Span of Strategic Initiatives:



## 2025 Strategic Initiatives:

Initiatives:	Objectives:
1 Sector-focused growth in Large and Mid Corporate	Growing while keeping balance across all sectors
2 Introduce a new trade finance and cash management product suite	Offer the most in-demand and advanced products for Large & Mid Corporates
3 Expand SME product suite within AMAAL	Enhance SME value proposition through Kafalah facilities and other high-demand products
4 Develop RM workbench	Improve efficiency and CX by equipping RMs with a digital workbench
5 Expand our real estate value proposition	Strengthen the real estate offering by expanding to non-REDF products with improved bundling
6 Expand auto lease coverage in KSA	Broaden our coverage in KSA with enhanced product offerings and after-sales service
7 Build customer-centric digital journeys across the mobile app and website	Deliver seamless, personalized digital experiences that enhance user satisfaction and drive business growth

# Notable progress in 1Q 2025, with enhanced digital platforms and product offerings

## Corporate

### Initiatives

### Outcomes

#### Large & Mid corporate:

Launch of a comprehensive suite of Business-to-Business (B2B) services



Better alignment with evolving client needs and increased engagement

#### Digital Experience:

Rollout of fully revamped Corporate Mobile App & Corporate Web Portal



Enhanced digital experience and improved customer satisfaction

## Retail

### Initiatives

### Outcomes

#### Product Innovation:

Launched the Off-plan Cash Plan product



Strengthen BAJ's market position to drive customer acquisition and diversify revenue streams

#### Digital SME Account Opening:

Rollout of digital onboarding journey for SME clients



Streamline SME account opening to support scalable growth, boost acquisition, and reinforce market position

## Brokerage & Asset Management

### Initiatives

### Outcomes

#### Digital propositions:

Continue enhancement of digital investment platform with new user features launched



Enhanced digital investment options and user experience

#### Growing proprietary book:

Raised new equity through funds & DPMs with a NAV of ₪ 3.4 bn.



Expansion of the WAM proprietary book for revenue diversification

## Treasury

### Initiatives

### Outcomes

#### Optimize Balance Sheet:

Maintaining investment book size within targeted growth levels



Steady portfolio growth of investment portfolio and optimized returns

#### Fostering growth:

Active participation in several corporate sukuk transactions



Enhanced market reach, yield enhancement, and diversification of the investment book



# ESG Highlights



# BAJ is driving meaningful ESG outcomes enterprise-wide

## Environmental

### Green Financing

Surpassing

**ﷲ 4.1 Bn**

in total approved credit facilities for **green financing projects**

### Waste Management

Recycled

**655kg**

of plastics, cardboard and mixed recyclables from Riyadh and Jeddah offices

### Resource Optimization

Reduced electricity bills by

**3.2%** ✓

QoQ by utilizing energy saving technologies and energy efficient equipment

### Reduced Paper Usage

**1.5 tons** ✓

Enhanced efficiencies and reduced paper usage at Fawri Branches leading to expected annual saving of **ﷲ 2.5 Mn.**

## Awards & Recognitions



**CSR Award in Arab States (Banking Sector)**

from Regional Network for Social Responsibility in partnership with the United Nations Development Programme



**Excellence Award in the Corporate Governance Index (CGI) 2024 for third consecutive year**

from AlFaisal University



**Best Workplace Environment**

from International Finance Awards 2024

## Social

### Employees

- 180 courses, **15,000+ training hours**, with **92%** employee engagement
- Bank AlJazira leadership successfully completes the **ELEVATE** program with **INSEAD Business School**

### Customers

- Major enhancements to Ajwaa loyalty program with over **120 vouchers** and **600 hotels** added
- Launched **AlJazira Business Platform** and rolled out **B2B services**

### Communities

- Donated **ﷲ 1 Mn** through EHSAN, and implemented over **100+ more community development projects** and reached **23,000+** beneficiaries
- Directed 93.5% of **ﷲ 948 Mn** in procurement towards a growing network of **445 local suppliers**

## Governance

### Governance Best Practices

- Launched '**Automated Fraud Handling**' pilot project
- The Bank maintained a track record of **zero complaints** concerning breaches of customer privacy from regulatory bodies

### Raising Awareness on Islamic Banking

- Seminar organized by Shariah Group in partnership with the Association of Social Economics titled **Developments in the Islamic Finance Industry** inaugurated by Chairman of the Board and attended by scholars and dignitaries
- New Shariah Publication on **Social Investment Funds** launched in partnership with the Association of Social Economics





# Financial Performance





# Balance sheet | Assets expanding by 13% YoY and 3% YTD driven by financing growth

## Balance Sheet

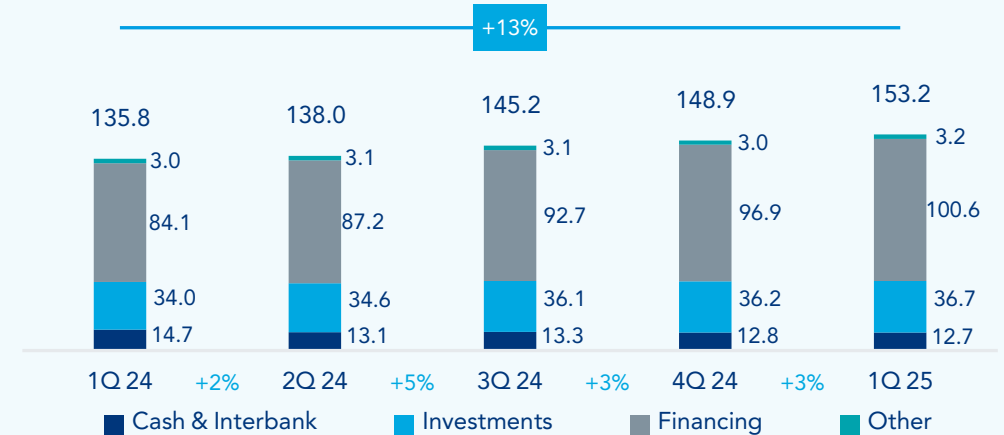
### Management commentary

- The balance sheet witnessed a 3% expansion during 1Q 2025 and a 13% growth YoY. This was driven by a 4% increase in net financing YTD (20% YoY) and funded by a 1% growth in customers' deposits YTD (13% YoY) and a 5% rise in interbank liabilities YTD (13% YoY).
- Total equity increased by 10% YTD and 15% YoY, driven by the issuance of ₪1 bn in Tier 1 Sukuk in January 2025, and further supported by retained earnings and positive OCI movements.

₪ Mn	1Q 2025	4Q 2024	YTD % Change	1Q 2024	YoY % Change
Cash & Interbank	12,704	12,815	-1%	14,731	-14%
Investments	36,711	36,194	+1%	33,972	+8%
Financing	100,571	96,912	+4%	84,116	+20%
Other assets	3,170	2,984	+6%	3,001	+6%
<b>Total assets</b>	<b>153,156</b>	<b>148,906</b>	<b>+3%</b>	<b>135,821</b>	<b>+13%</b>
Due to banks & other FI	20,246	19,309	+5%	17,996	+13%
Customers' deposits	109,644	108,187	+1%	97,268	+13%
Subordinated Sukuk	2,041	2,006	+2%	2,044	-0%
Other liabilities	2,356	2,203	+7%	2,077	+13%
<b>Total liabilities</b>	<b>134,288</b>	<b>131,704</b>	<b>+2%</b>	<b>119,384</b>	<b>+12%</b>
Equity attributable to shareholders of the Bank	13,993	13,327	+5%	12,562	+11%
Tier 1 sukuk	4,875	3,875	+26%	3,875	+26%
<b>Total equity</b>	<b>18,868</b>	<b>17,202</b>	<b>+10%</b>	<b>16,437</b>	<b>+15%</b>

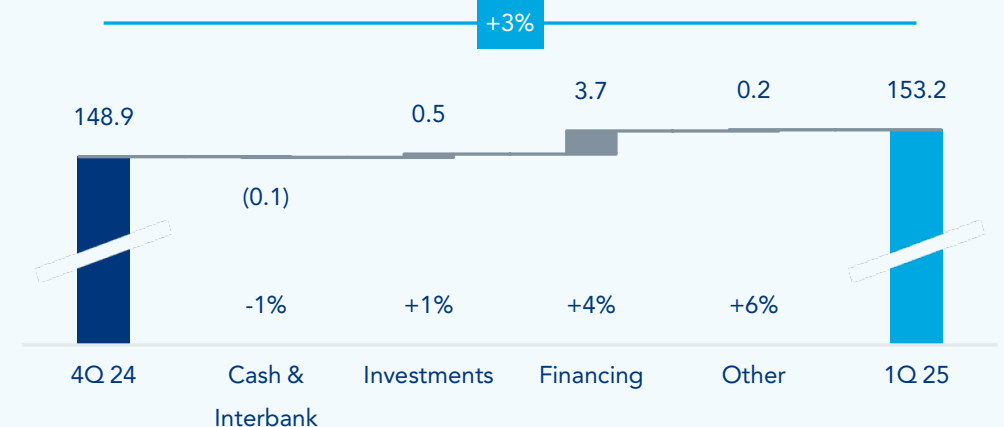
## Total Assets (₪ Bn)

1Q 2025



## Total Assets Movement YTD (₪ Bn)

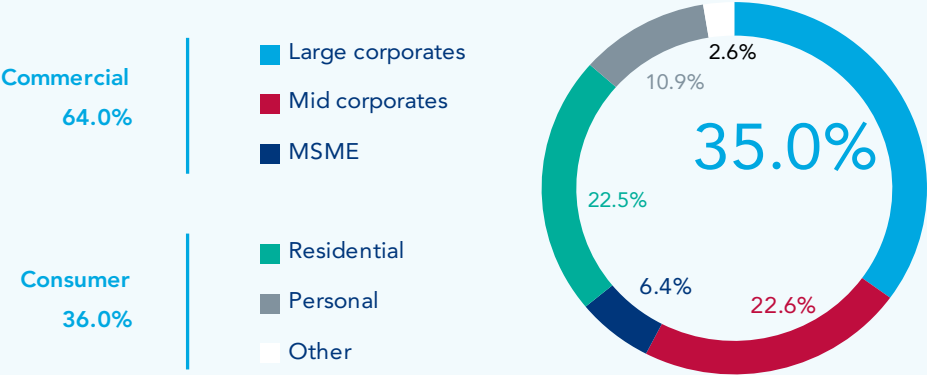
1Q 2025



# Financing | Financing increased 4% driven by both commercial and consumer loan growth

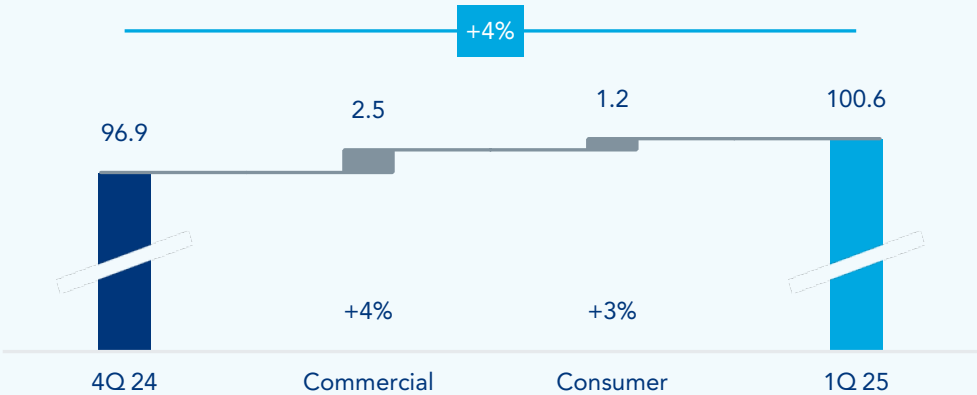
Financing Composition (%)

1Q 2025



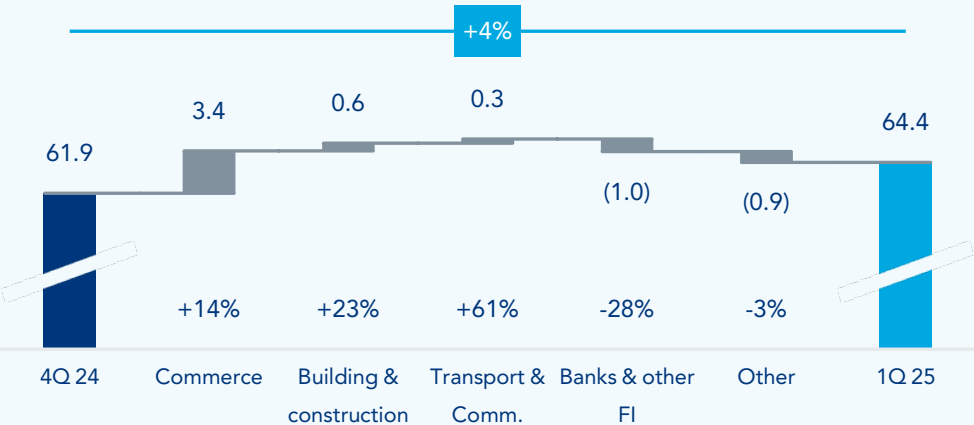
Financing Movement YTD (ﷲ Bn)

1Q 2025



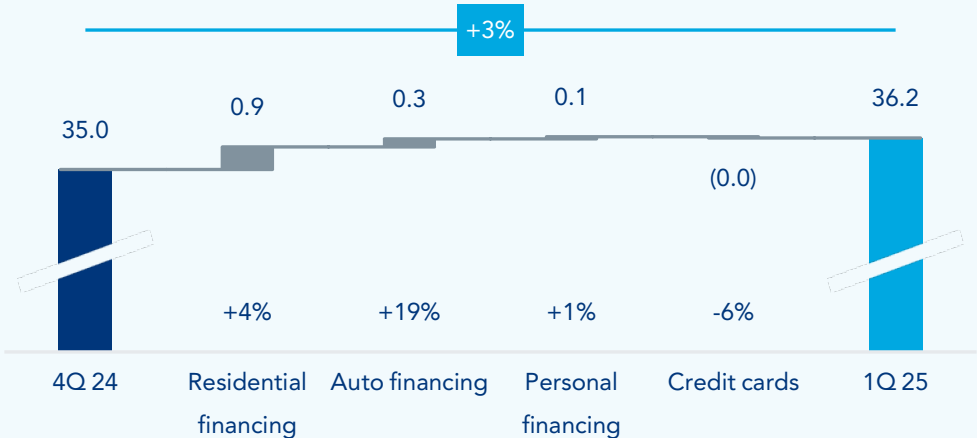
Commercial Financing Movement YTD (ﷲ Bn)

1Q 2025

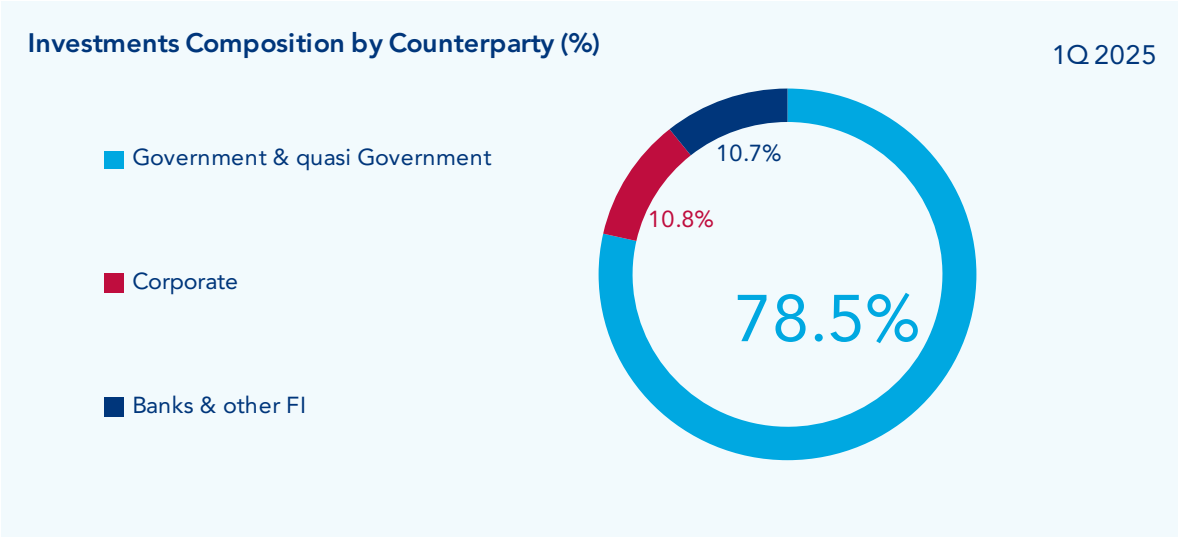
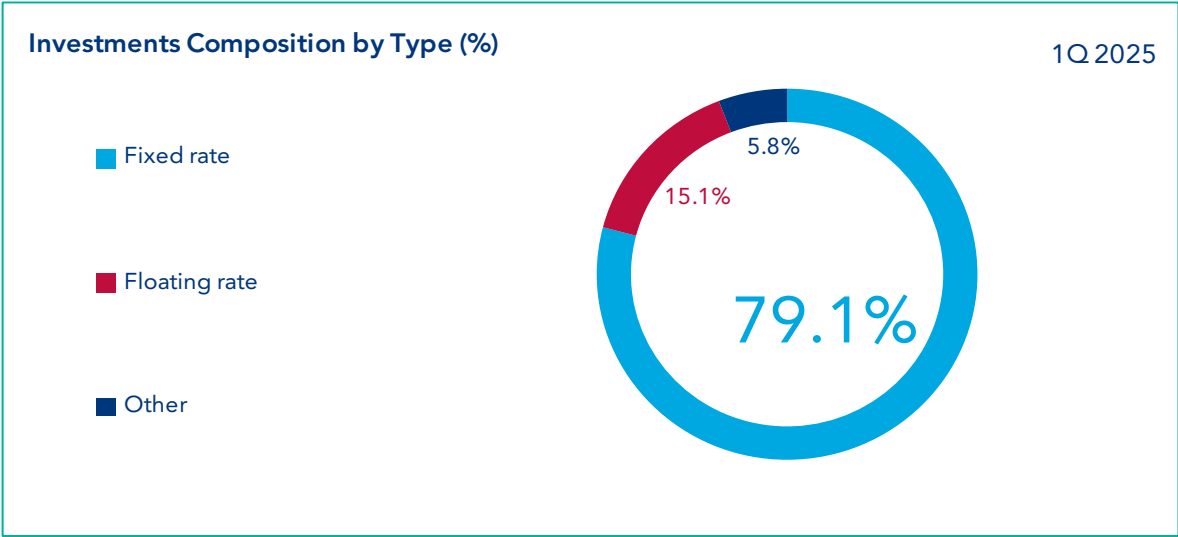
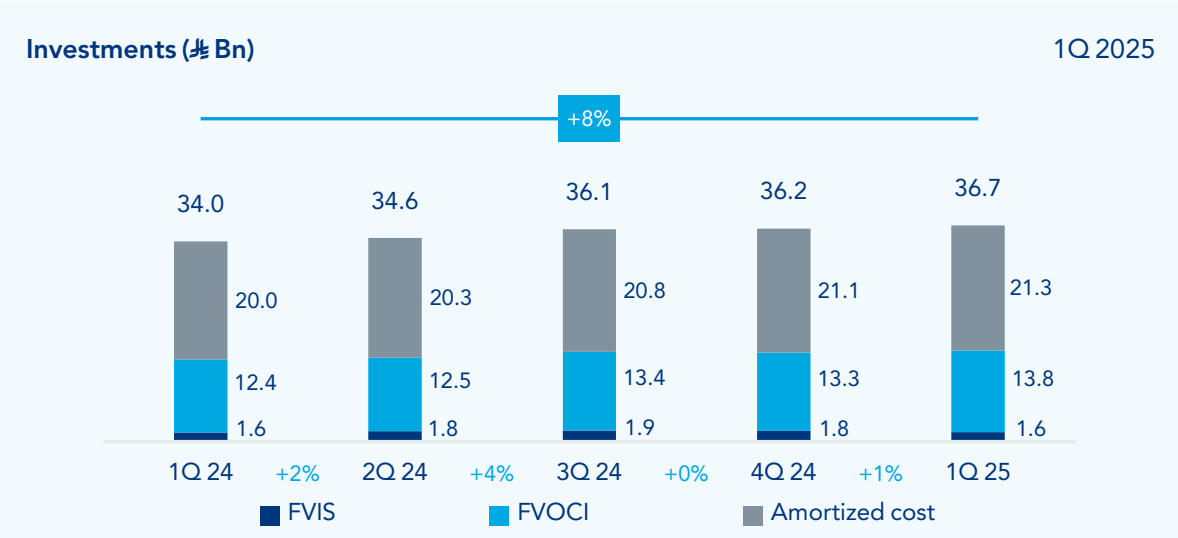
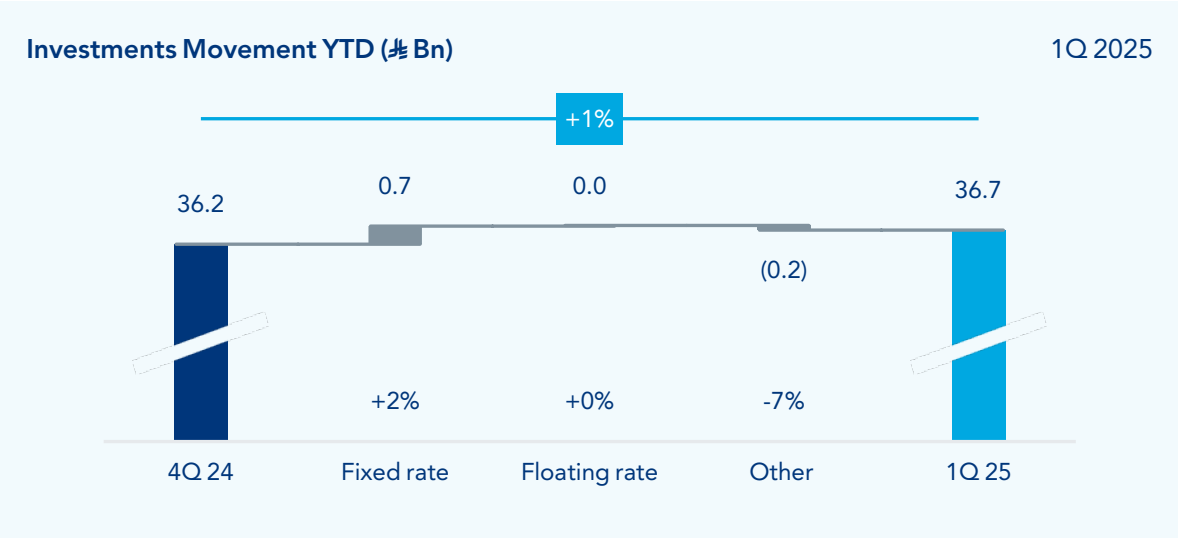


Consumer Financing Movement YTD (ﷲ Bn)

1Q 2025



# Investments | Maintaining a broadly stable portfolio while increasing share of fixed-rate assets

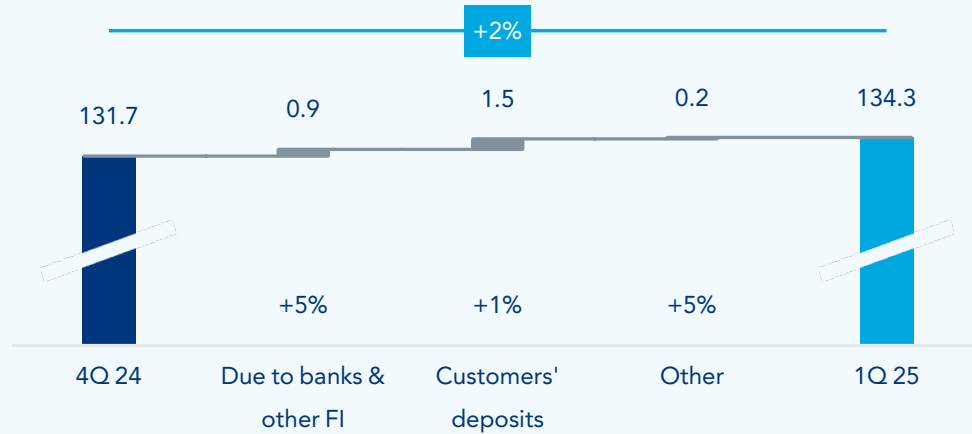




# Liquidity | Substantial buffers to accommodate future growth

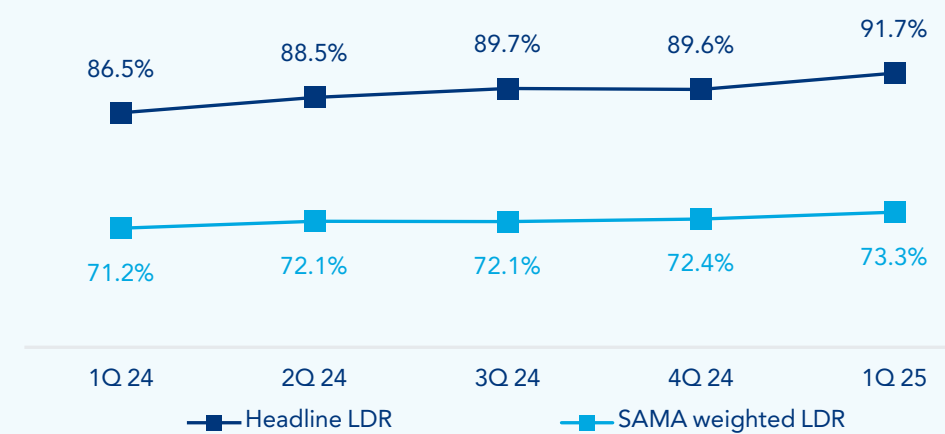
Total Liabilities Movement YTD (ﷲ Bn)

1Q 2025



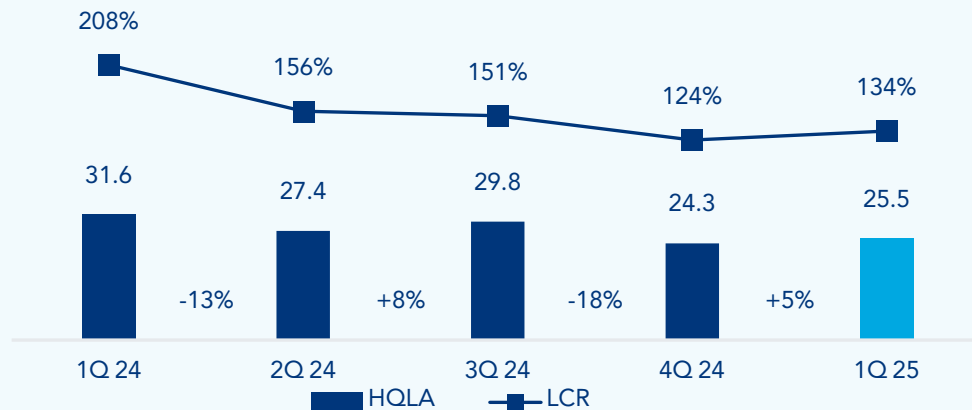
Loans to Customers' Deposit Ratios (%)

1Q 2025



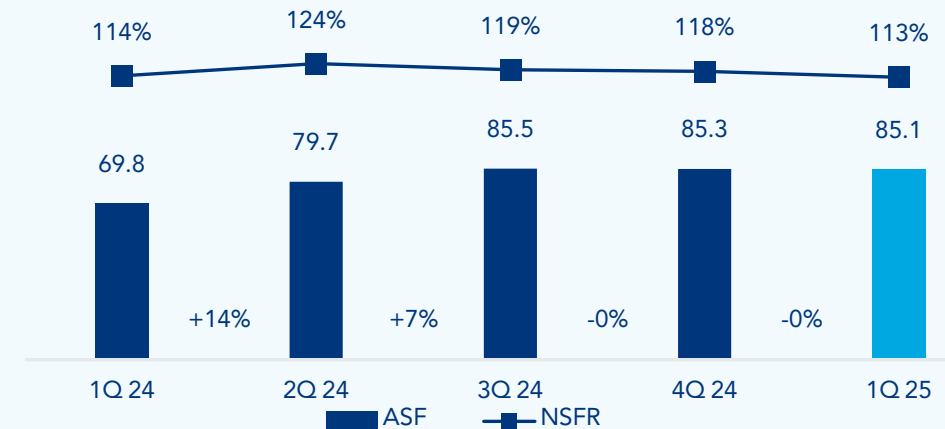
HQLA (ﷲ Bn)

1Q 2025



Total Available Stable Funding\* (ﷲ Bn)

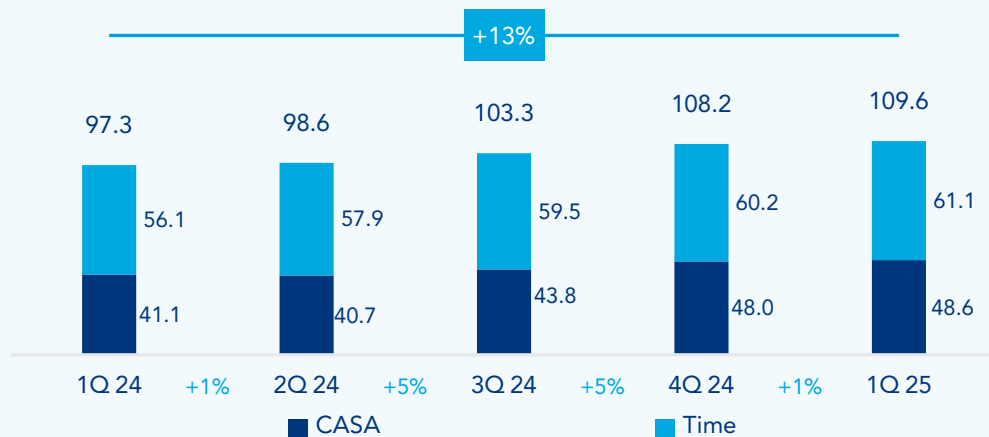
1Q 2025



# Deposits | Modest deposit growth of 1%; CASA share stays above 44%

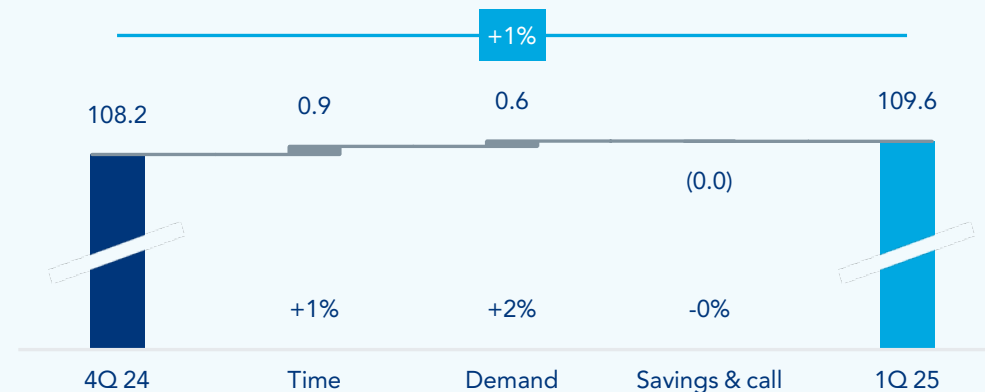
Customers' Deposits (₪ Bn)

1Q 2025



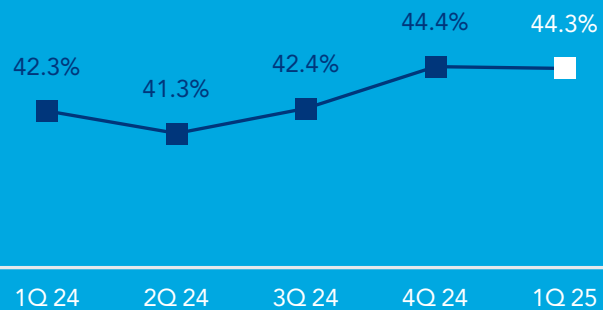
Customers' Deposits Movement YTD (₪ Bn)

1Q 2025



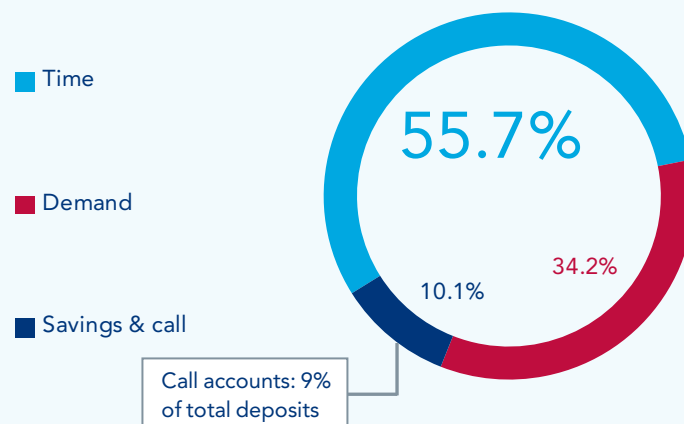
CASA % of Total (%)

1Q 2025



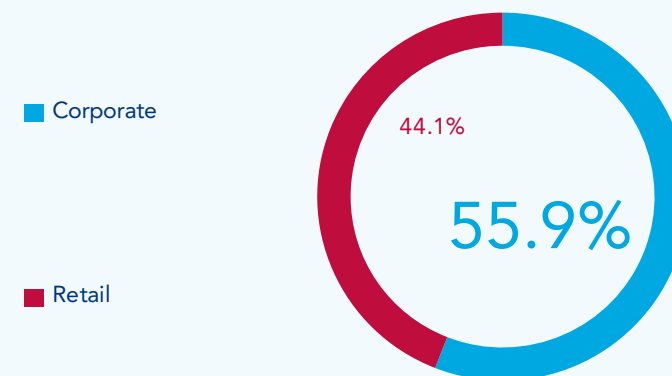
Customers' Deposits Composition by Type (%)

1Q 2025



Customers' Deposits Composition by Segment

1Q 2025



# Income Statement | 20% net income growth from top-line expansion

## Income Statement

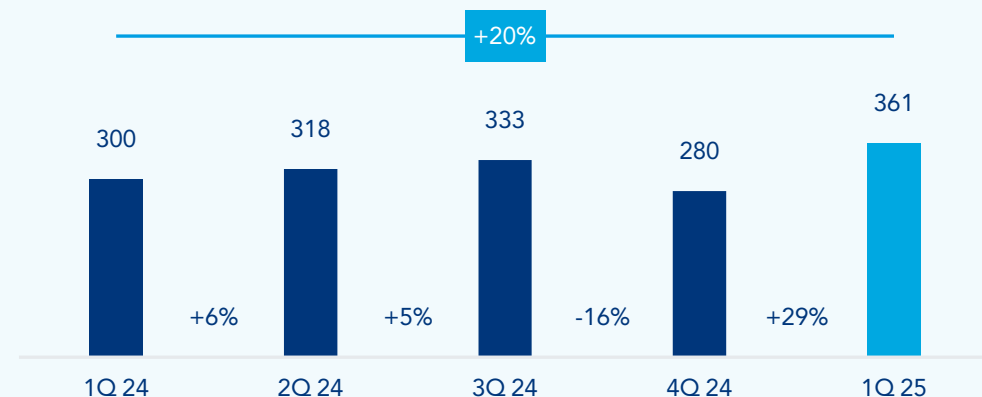
### Management commentary

- 1Q 2025 net income up 20% YoY, from higher operating income, partly offset by rising expenses and impairments.
- Net financing and investment income increased 22% YoY, driven mainly by asset growth and margin improvement, further aided by non-recurring factors.
- Fee & other income up 21% YoY, mainly from fees from banking services and exchange income.
- Operating expenses rose 15% YoY, due to higher G&A and employee costs.

₪ Mn	1Q 2025	4Q 2024	QoQ % Change	1Q 2024	YoY % Change
Net financing & investment income	754	735	+3%	620	+22%
Fee & other income	325	232	+40%	268	+21%
<b>Total operating income</b>	<b>1,079</b>	<b>967</b>	<b>+12%</b>	<b>888</b>	<b>+21%</b>
Operating expenses	(566)	(560)	+1%	(492)	+15%
Impairment charge	(103)	(92)	+12%	(55)	+86%
<b>Net operating income</b>	<b>411</b>	<b>316</b>	<b>+30%</b>	<b>341</b>	<b>+20%</b>
Share in net income of an associate	1	4	-66%	6	-78%
<b>Net income for the period before zakat &amp; income tax</b>	<b>412</b>	<b>320</b>	<b>+29%</b>	<b>347</b>	<b>+19%</b>
Zakat & income tax	(51)	(39)	+29%	(47)	+9%
<b>Net income for the period</b>	<b>361</b>	<b>280</b>	<b>+29%</b>	<b>300</b>	<b>+20%</b>

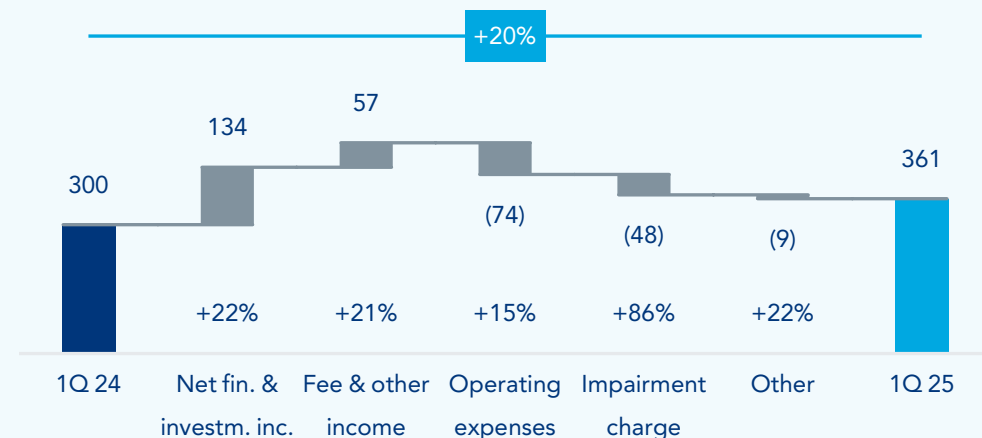
## Quarterly Net Income (₪ Mn)

1Q 2025



## Net Income for the Period Movement YoY (₪ Mn)

1Q 2025

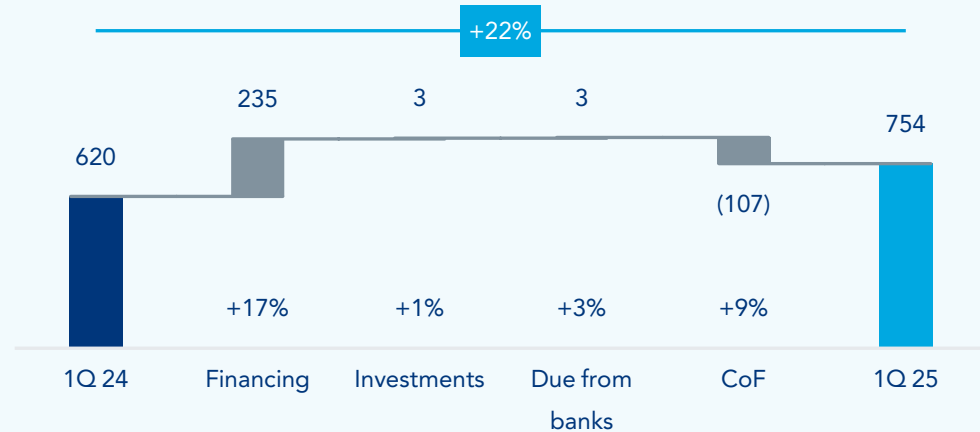




# Net financing & investment income | Up 22% from asset growth and margin improvement

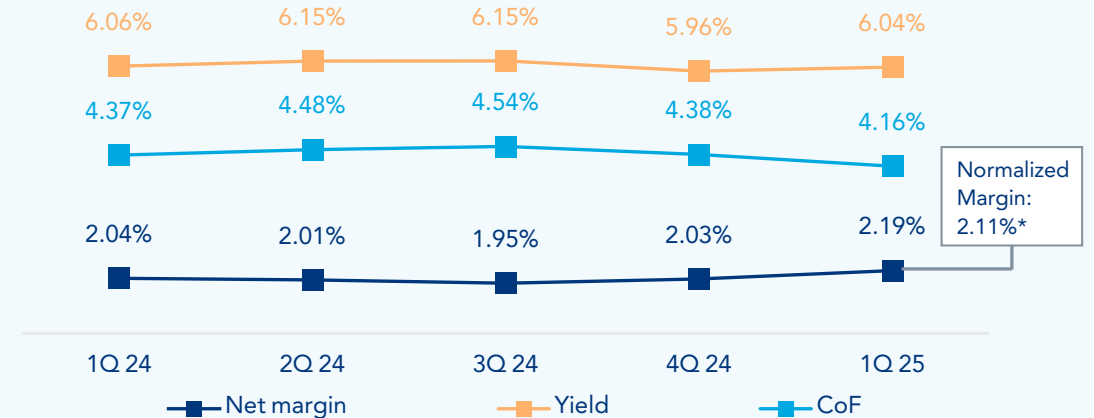
Net Financing &amp; Investment Income Movement YoY (E Mn)

1Q 2025



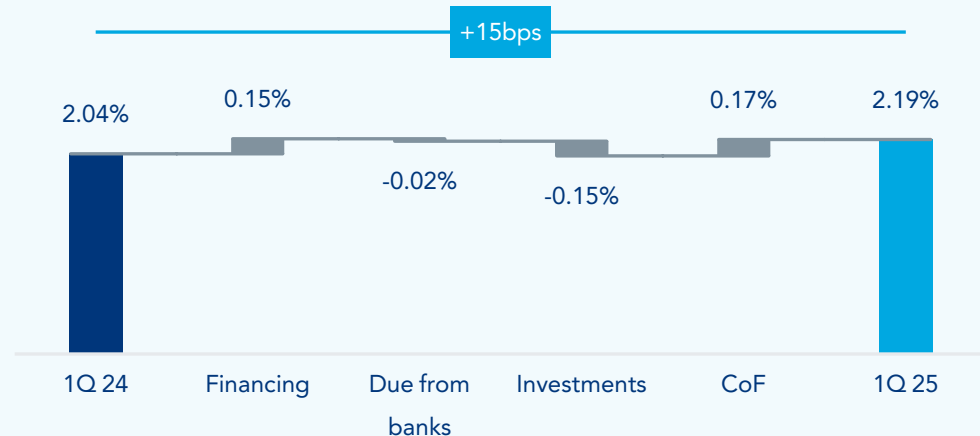
Quarterly Net Margin (%)

1Q 2025



Net Margin Movement YoY (%)

1Q 2025



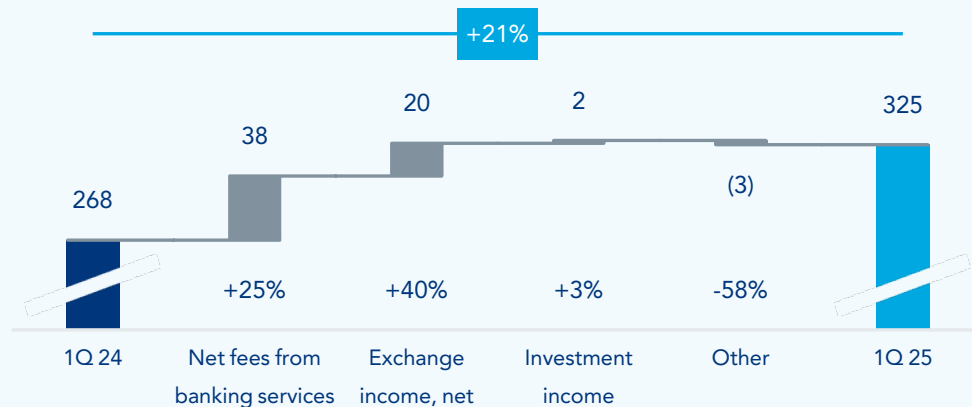
## Management commentary

- Financing and investment income for 1Q 2025 grew by 13%, while the cost of funds increased by 9%, leading to a 22% rise in net financing and investment income.
- Net margin for 1Q 2025 increased by 15bps YoY, rising from 2.04% to 2.19%. The reported margin benefited from a one-off recognition of profit in suspense from a cured stage 3 exposure.
- On a normalized basis, the margin stood at 2.11%, up 7bps compared to 1Q 2024, supported mainly by the decrease in cost of funds.

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

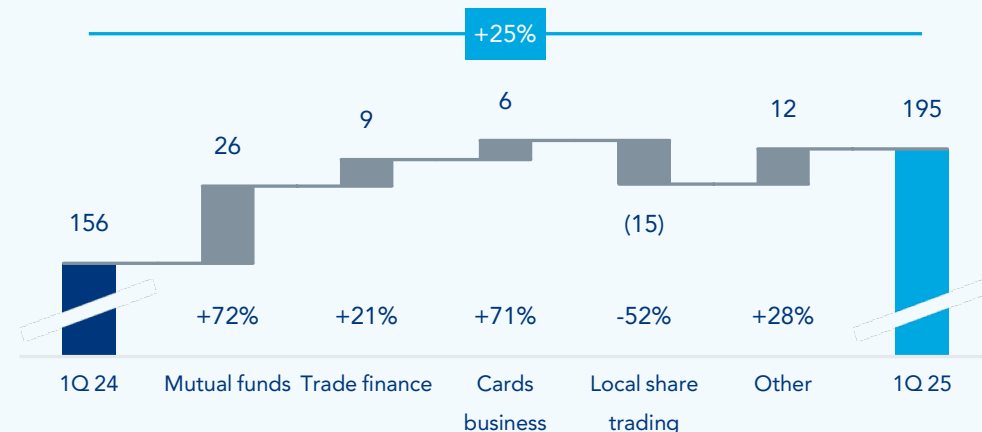
Fee &amp; Other Income Movement YoY (ﷲ Mn)

1Q 2025



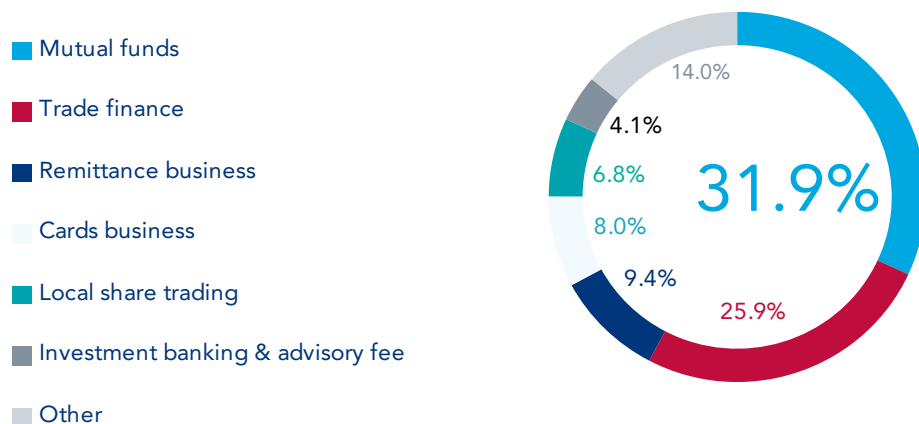
Net Fee Income From Banking Services Movement YoY (ﷲ Mn)

1Q 2025



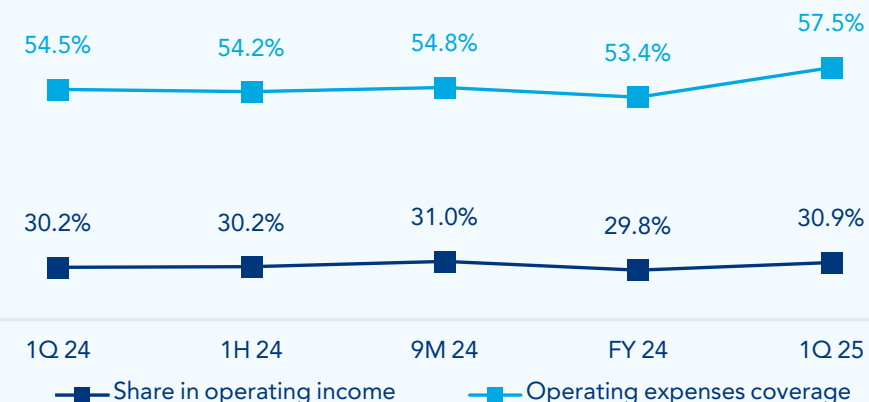
Net Fee Income From Banking Services Composition (%)

1Q 2025



Fee &amp; Other Income Share and Coverage\* (%)

1Q 2025



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

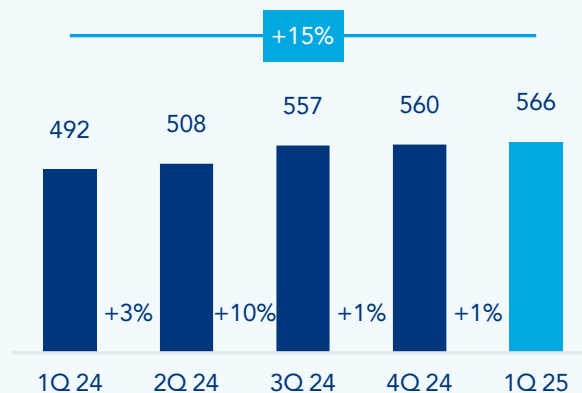
Quarterly Total Operating Income (ﷲ Mn)

1Q 2025



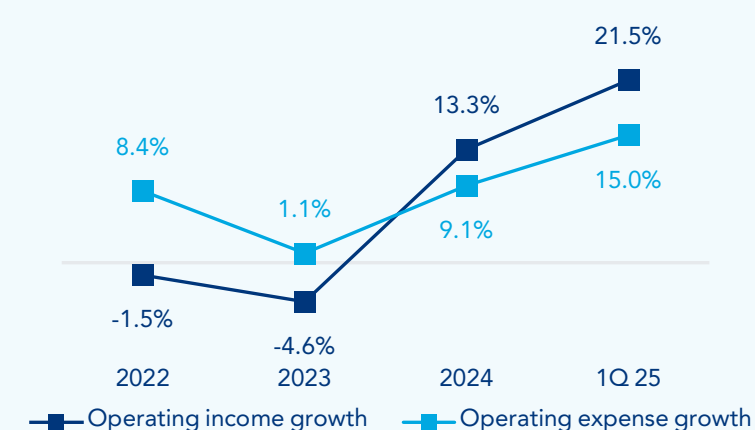
Quarterly Operating Expenses (ﷲ Mn)

1Q 2025



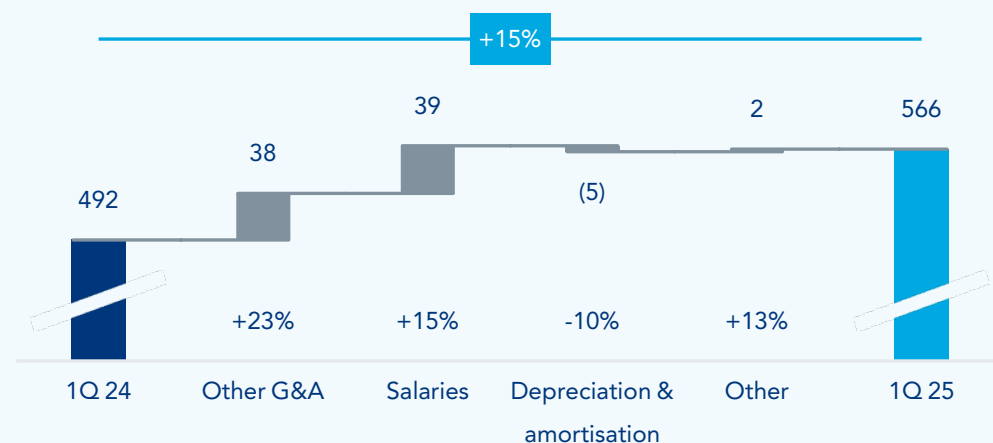
Operating Jaws

1Q 2025



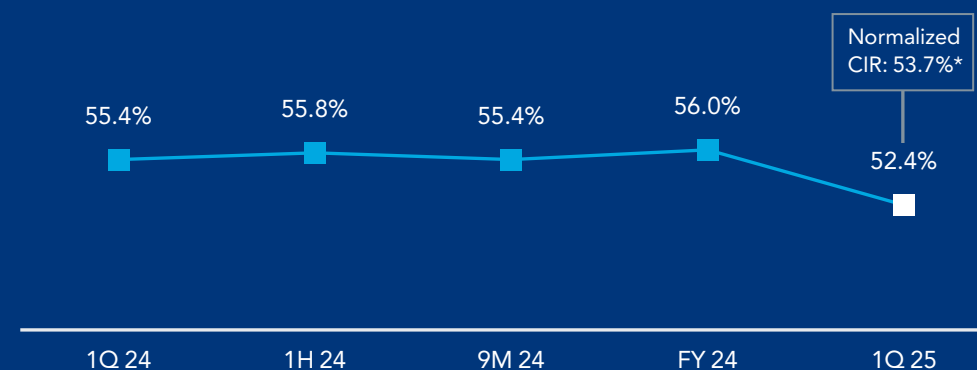
Operating Expenses Movement YoY (ﷲ Mn)

1Q 2025



Cost to Income (%)

1Q 2025

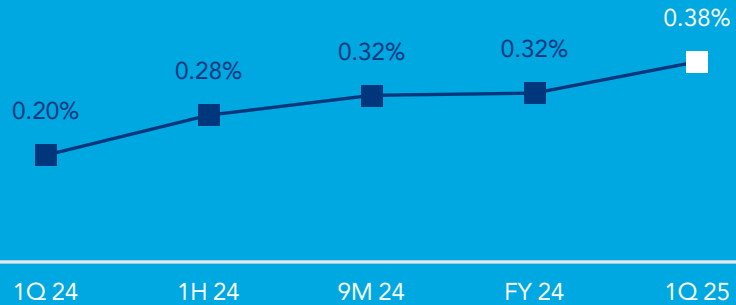




# Credit quality | Impairments rose on NPL formation in the commercial book

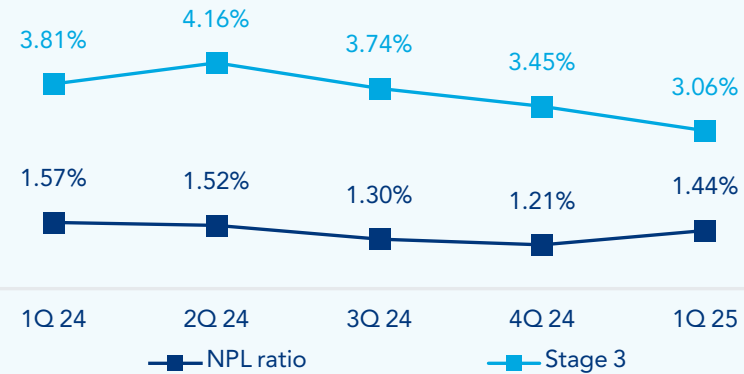
Cost of Risk\* (%)

1Q 2025



NPL Ratio and Stage 3 Share (%)

1Q 2025



NPL Coverage Ratio

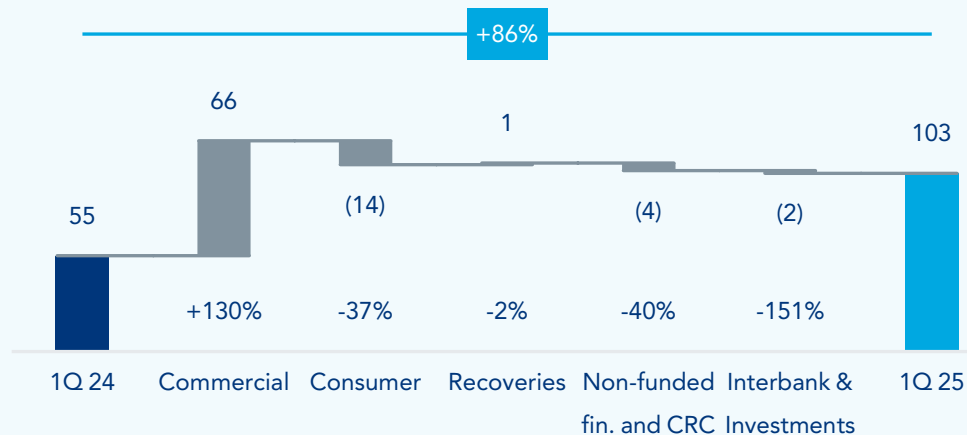
1Q 2025

-47ppts YTD

# 164%

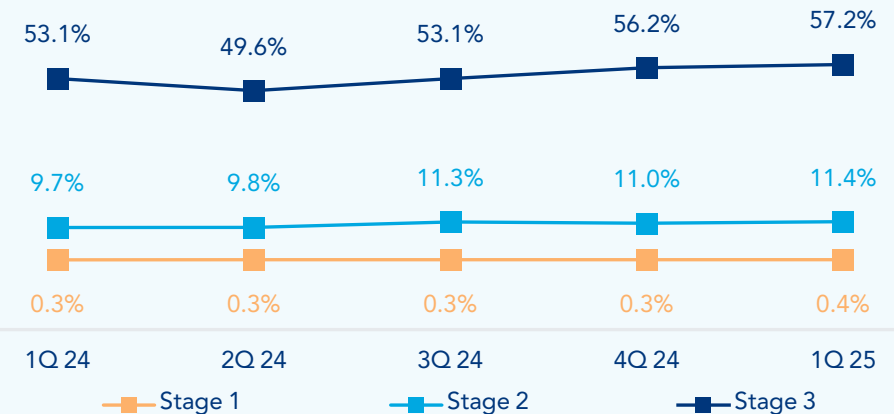
Impairment Charge Movement YoY (Mn)

1Q 2025



Stagewise Coverage (%)

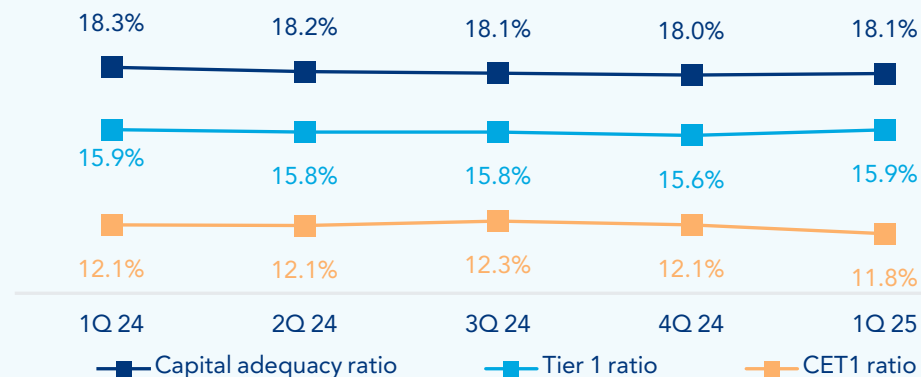
1Q 2025



# Capitalization | Capital ratios supported by Tier 1 issuance, but offset by RWA growth

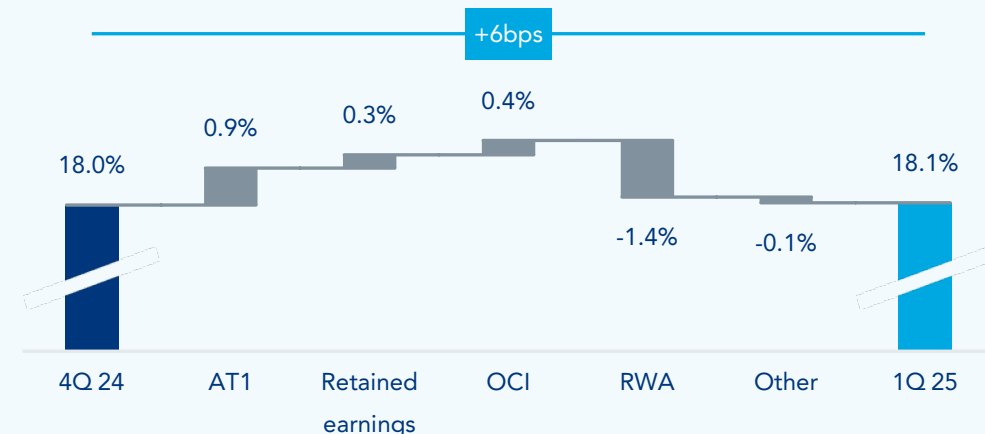
Capital Ratios (%)

1Q 2025



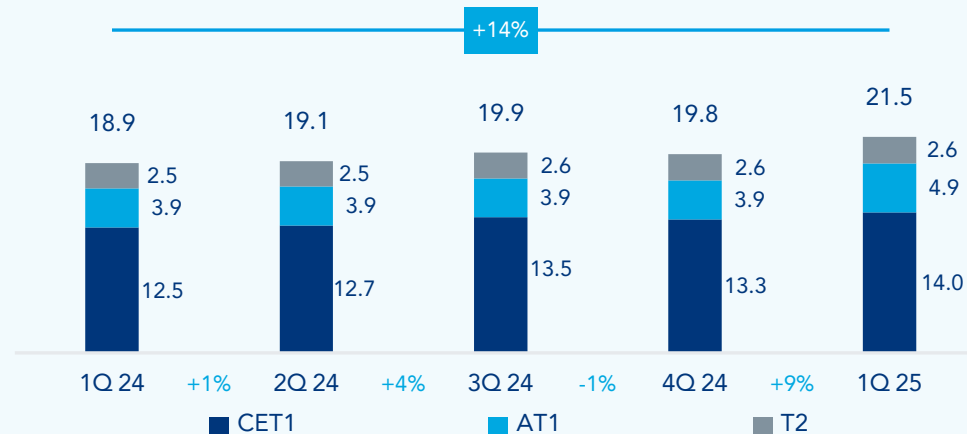
Capital Adequacy Ratio Movement YTD (%)

1Q 2025



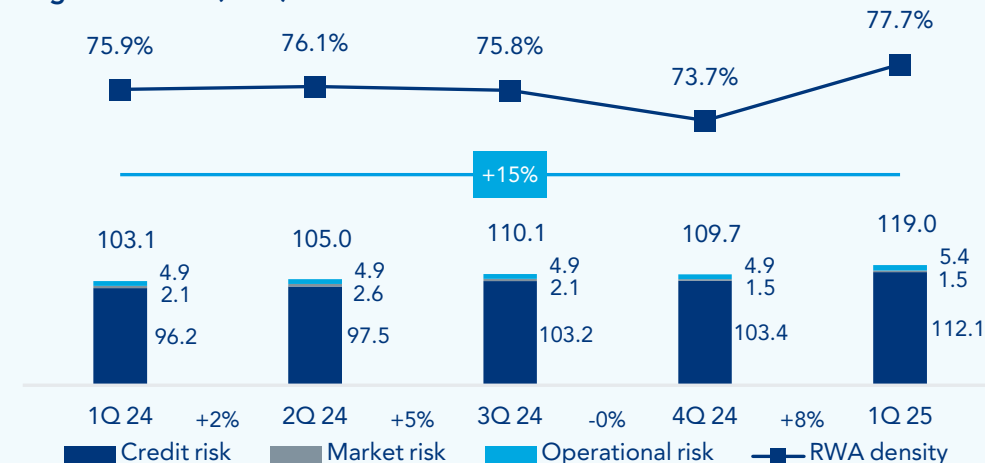
Total Capital (Bn)

1Q 2025



Risk Weighted Assets (Bn)

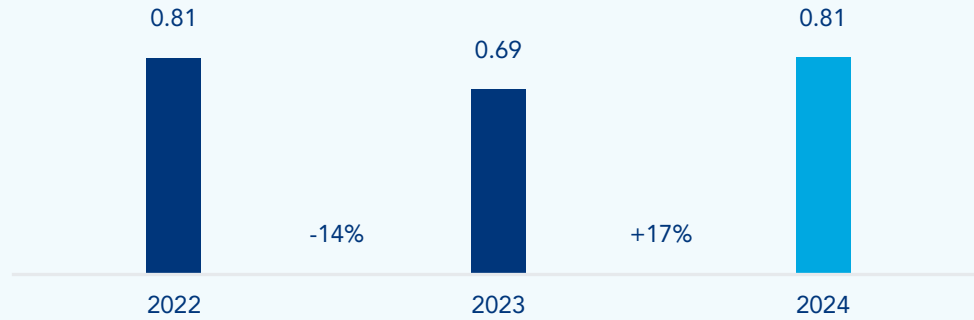
1Q 2025



# Profitability | Returns are improving

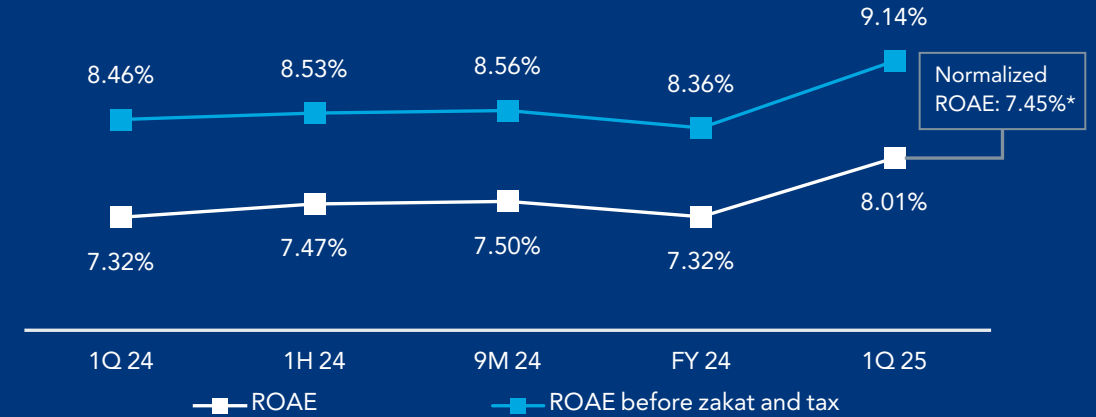
EPS (ﷲ)

FY 2024



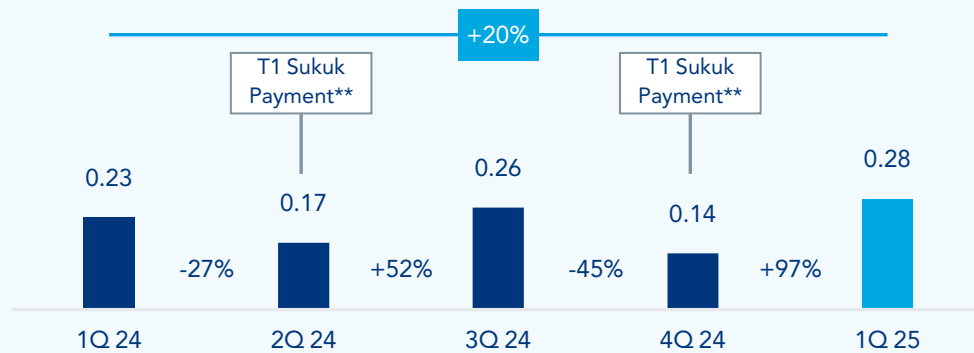
ROAE (%)

1Q 2025



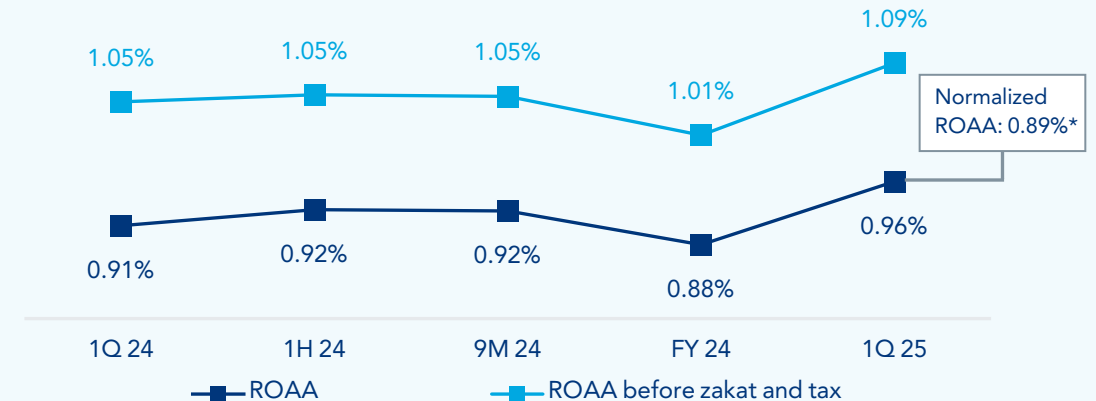
Quarterly EPS (ﷲ)

1Q 2025



ROAA (%)

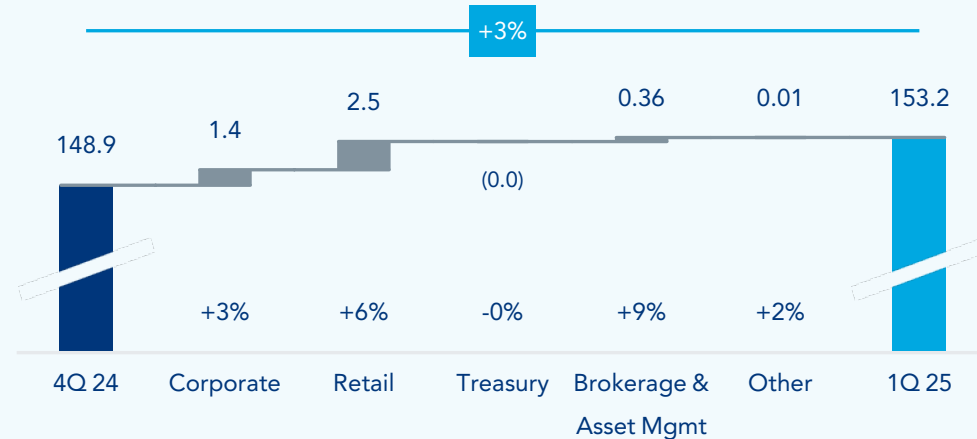
1Q 2025



# Segments | Diverse mix with well-balanced growth across segments

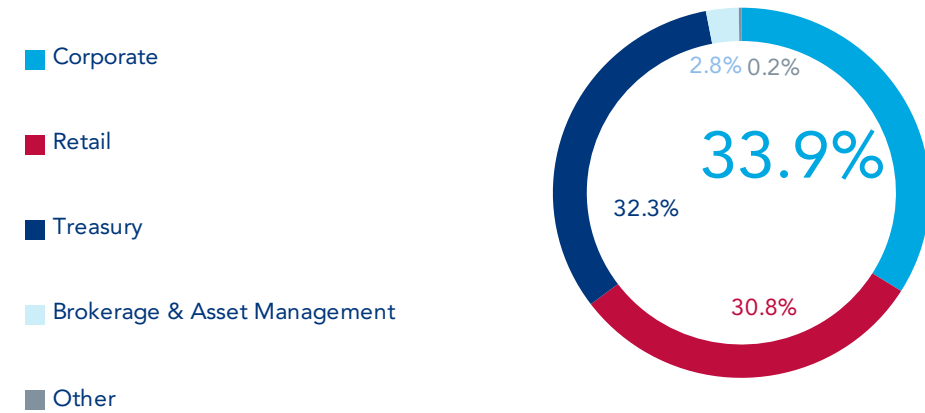
Total Assets Movement YTD (₪ Bn)

1Q 2025



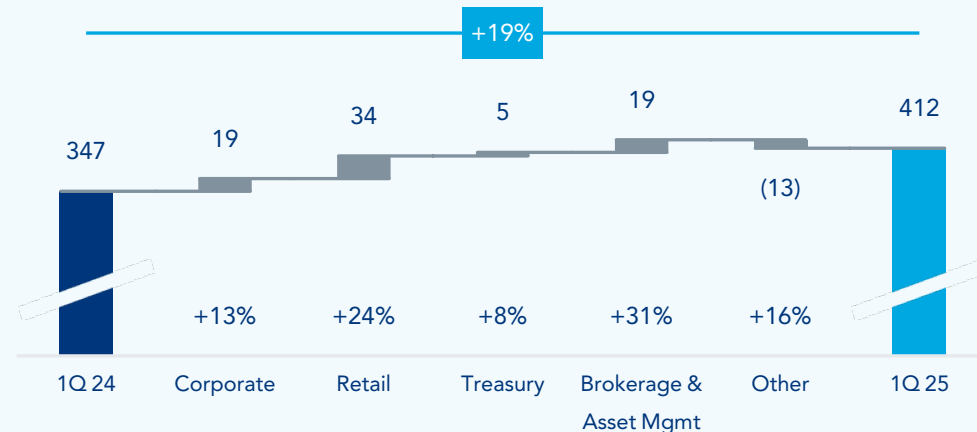
Total Assets Composition (%)

1Q 2025



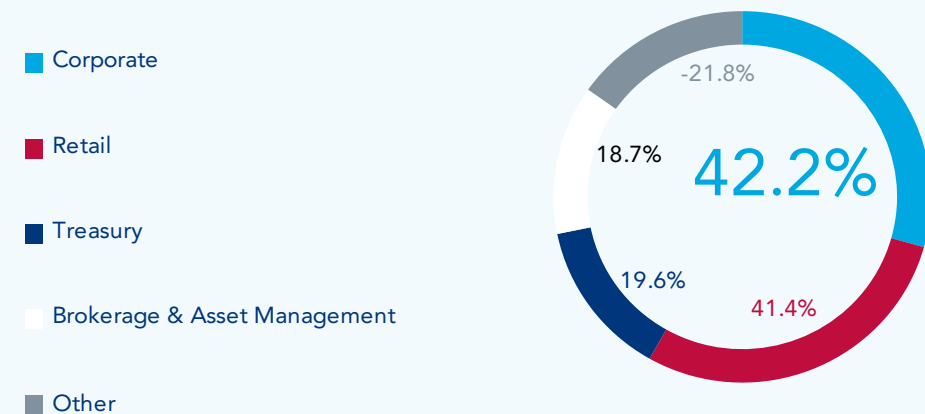
Net Income Before Zakat &amp; Income Tax Movement YoY (₪ Mn)

1Q 2025



Net Income Before Zakat &amp; Income Tax Composition\* (%)

1Q 2025





# Guidance



# Guidance | Solid start to the year in line with expectations, with 2025 guidance unchanged

Guidance Metric	FY 2024 Actual	1Q 2025 Actual	FY 2025 Guidance	Drivers
Financing growth	+20%	+4% YTD	Lower teens	Anticipate the continuation of double-digit financing growth in 2025
Net Margin	1.99%	2.19%	+5-10bps	Expecting moderate NIM expansion, benefiting from rate cuts. Normalized 1Q 2025 margin, adjusted for non-recurring income, is 2.11%.
Cost of Risk	0.32%	0.38%	0.35-0.40%	Continued favorable economic conditions and disciplined risk management underpinning a controlled cost of risk
Cost to Income	56.0%	52.4%	below 55%	Keeping the ratio to below 55% through revenue growth and diligent cost optimization, balanced against investments in strategic initiatives
Tier 1	15.6%	15.9%	16.0%+	Expecting the Tier 1 ratio to benefit from solid retained earnings generation and moderated RWA growth
ROAE after zakat and tax	7.32%	8.01%	>8%	Targeting a gradual improvement aligned with the refreshed strategy







Q&A





# Appendix



# Connect with us

## IR Contacts

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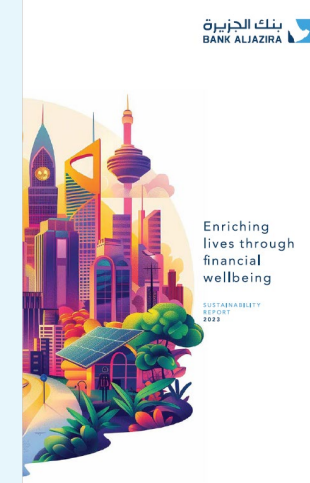
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