



بنك الجزيرة
BANK ALJAZIRA

Bank AlJazira

Earnings Presentation 1H 2025

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

1 Delivered strong financial results, with net income up 20% YoY to ₪ 743 Mn and operating income up 22%, driven by broad-based business growth, healthy margins, and an improved revenue mix.

2 Revenue momentum was driven by 21% growth in net financing and investment income and a 23% rise in fee and other income, supported by retail and corporate banking.

3 The balance sheet remains solid, with assets up 14% and customer deposits up 16% YoY, supported by growing customer trust and franchise strength.

4 Continued momentum on our transformation agenda, with AI-led efficiencies, digital onboarding and penetration enhancing customer experience and long-term value.

5 We remain committed to investing in our people, strengthening systems, and supporting the community, aligned with our long-term vision for inclusive and sustainable growth.

6 Our strategy remains on track, focused on delivering sustainable shareholder returns, aligned with our long-term transformation goals.

Income Growth
YoY



Operating Income **+22%**

Net Income **+20%**

Revenue Growth
YoY



Net financing and investment income **+21%**

Fee and other income **+23%**

Total Assets
2Q 2025



+14% YoY
+6% YTD

₪ Bn **157.6**

Customers' Deposits
2Q 2025



+16% YoY
+6% YTD

₪ Bn **114.2**

Net Margin (%)



Cost To Income (%)





Strategic Progress



Our transformation agenda continues to move forward in year two 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

Time Span for Transformation Initiatives

Short-term

Medium-term

Long-term

6

17

18

2024

2025-2026

2027-2028

41
initiatives
in total

Strategic execution progresses across business lines and technology enablers

Corporate segment

Initiatives	Achievements
Introduce a new trade finance and cash management product suite	Launched new trade finance products and achieved non funded assets growth of 37% YoY
Expand SME product suite	Enhanced SME Service model, shared KPIs across divisions, and digitized lending process to improve TAT Expanded SME product offering and digital enablement with AMAAL
Sector-focused growth in Large and Mid Corporate	Increase in MNCs account for lending and trade business and Product enhancement
Digital Transformation	Launch of new B2B platform, Ecorp and Digital banking App for Corporate customers: 4 new B2B products added to the suite, enhanced digitization in payments

Non-funded assets

growth
1H 2025



YoY

+37%

MSME portfolio growth

1H 2025



YoY

+35%

Off plan mortgage

sales growth
1H 2025



YoY

+24%

Retail segment

Initiatives	Achievements
Becoming the "bank-of choice" for affluent	Growth in the affluent segment, with Al Masi* affluent clients and Al Thahabi* clients increasing QoQ
Build customer-centric digital journeys across the mobile app and website	Digital penetration reaching 82% Completed operating model integration with AJC to foster cross sell 3 AI use cases for retail in production focusing on customer journey and insights Launched new loan origination system
Growing Core Assets & Deposits	TAT improvement in Real estate lending, enhancing efficiency Commenced auto lease regional expansion into the Eastern Province

Technology

Achievements

- Digital transformation program launched in 2024 yielding results
- Core banking platform upgrade - establishing a leaner and more agile foundation for digital innovation
- Enterprise CRM system rolled out - enabling 360° customer views

Looking Forward

- Next-generation payment hub
- Modern liquidity management system
- More AI use cases in production
- Adoption of Generative AI

Digitization driving business innovation

Key achievements

- Accelerated digital transformation across retail and corporate segments through new platform launches and an upgraded mobile app with enhanced UX/UI, resulting in stronger client engagement.
- Increased digital adoption, with penetration reaching 82%, a reduction in onboarding TAT, and 64% of new accounts opened via mobile—significantly enhancing customer convenience and speed.
- Expanded digital financial ecosystem, including multicurrency card issuance, redesigned debit cards, and an enhanced B2B platform—leading to a substantial rise in corporate transaction activity.
- Digitally enabled business growth, particularly in the SME and mid-corp segments, supported by digital trade finance, self-service tools, and seamless onboarding.

Corporate segment

SME online new A/C opening
1H 2025 YoY

+340%

Transactions via the new B2B platform
1H 2025 YoY

+44%

App Store rating
+1.4 YoY

4.6

Google Play rating
+1.2 YoY

4.3



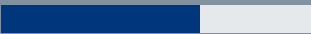
Retail segment

Digital Penetration
+6ppts YoY

82%

A/C opened through mobile (%)

64%



Retail online A/C opening
1H 2025 YoY

+25%

Digital deposits
1H 2025 YoY

+20%



ESG Highlights



BAJ is driving meaningful ESG outcomes across the business

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

Recycling Initiative

Formally launched under the patronage of Chairman of the BOD and the CEO, with the aim of promoting environmentally responsible practices within the workplace.

Reduced Paper Usage

Reduced usage of around

1.5 tons of paper.

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)

Awarded by the RNSR in partnership with the UNDP

'Excellence Award' in CGI for third consecutive year

by AlFaisal University

Best Workplace Environment

at the International Finance Awards

Best Islamic Finance Bank in the Kingdom – 2025

by Global Trade Review

Digital CX Awards 2025

for Account Opening and Customer Onboarding – KSA by the Digital Banker

Social

Employees

- BAJ leadership successfully completed the **INSEAD Leadership Program** and **ELEVATE Leadership Program** with **INSEAD Business School**

Customers

- Highest growth recorded for **Visa Infinite Privilege Cards** in the Kingdom for 2024
- Samsung Wallet** made available on Samsung Galaxy watches for convenience

Communities

- Donated **ﷲ 1 Mn** through EHSAN, and implemented over **100+ more community development projects** and reached **23,000+** beneficiaries

Governance

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

Governance / Compliance Best Practices

- Obtained **Payment Card Industry Data Security Standard (PCI DSS) Version 4.0 Certification** demonstrating benchmark levels of data security
- Created greater awareness of the Bank's **Anti-Money Laundering, Counter-Terrorism Financing and Anti-Commercial Concealment Reporting Platform** among employees through links and regular communications



Financial Performance



Balance sheet | Assets expanding by 6% YTD and 3% QoQ driven by financing growth

Balance Sheet

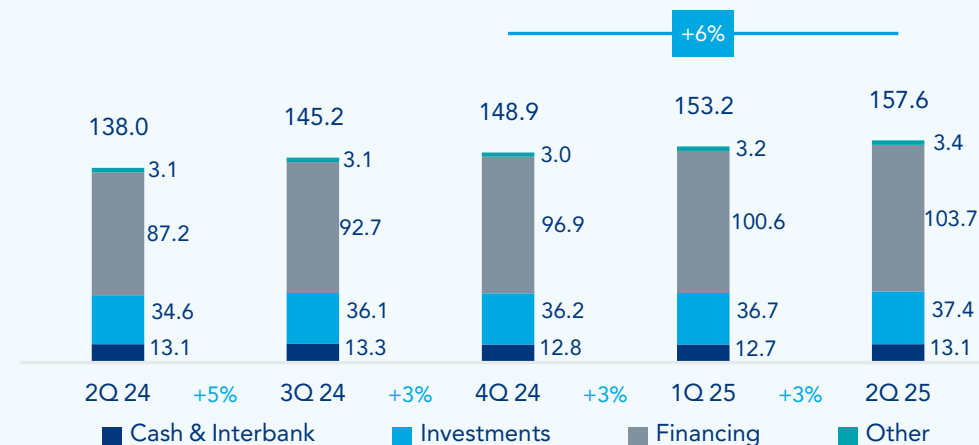
Management commentary

- The balance sheet witnessed a 6% expansion during 1H 2025 driven by a 7% increase in net financing YTD (3% QoQ) and funded by a 6% growth in customers' deposits YTD (4% QoQ).
- Total equity increased by 11% YTD, 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	2Q 2025	1Q 2025	QoQ % Change	4Q 2024	YTD % Change
Cash & Interbank	13,129	12,704	+3%	12,815	+2%
Investments	37,381	36,711	+2%	36,194	+3%
Financing	103,702	100,571	+3%	96,912	+7%
Other assets	3,361	3,170	+6%	2,984	+13%
Total assets	157,573	153,156	+3%	148,906	+6%
Due to banks & other FI	19,899	20,246	-2%	19,309	+3%
Customers' deposits	114,155	109,644	+4%	108,187	+6%
Subordinated Sukuk	2,006	2,041	-2%	2,006	+0%
Other liabilities	2,422	2,356	+3%	2,203	+10%
Total liabilities	138,482	134,288	+3%	131,704	+5%
Equity attributable to shareholders of the Bank	14,216	13,993	+2%	13,327	+7%
Tier 1 sukuk	4,875	4,875	+0%	3,875	+26%
Total equity	19,091	18,868	+1%	17,202	+11%

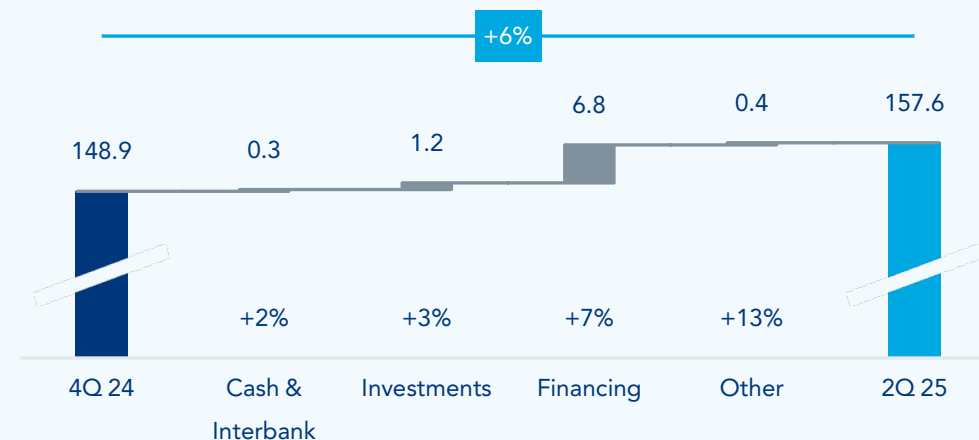
Total Assets (₪ Bn)

2Q 2025

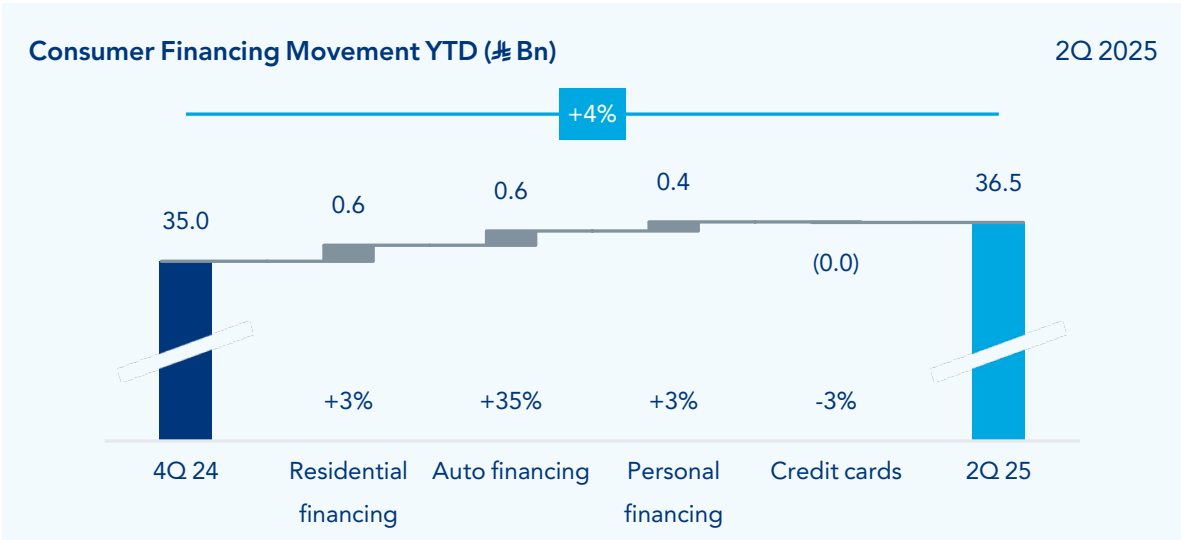
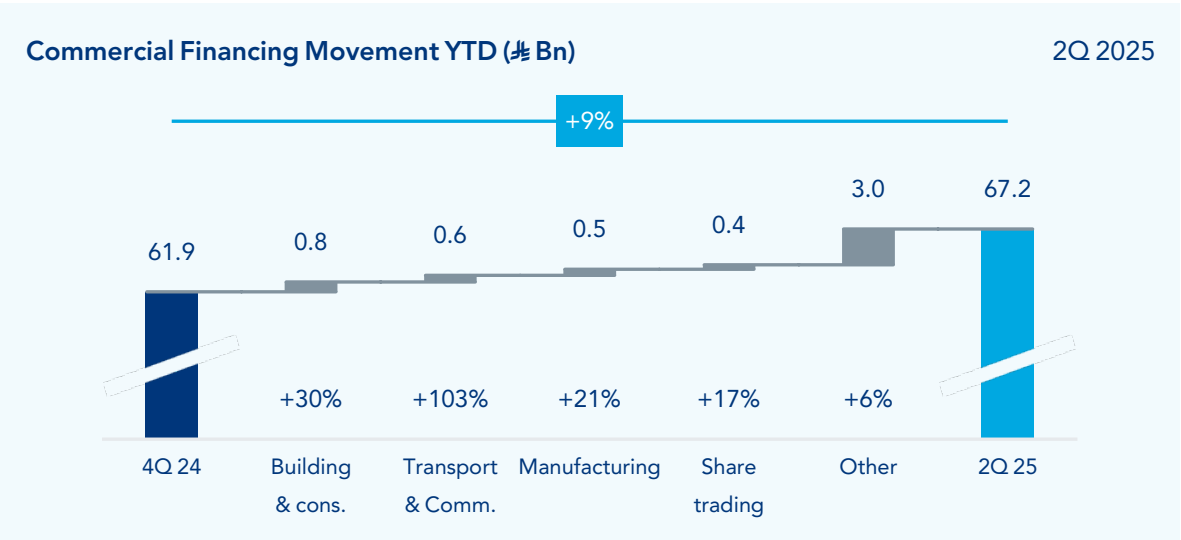
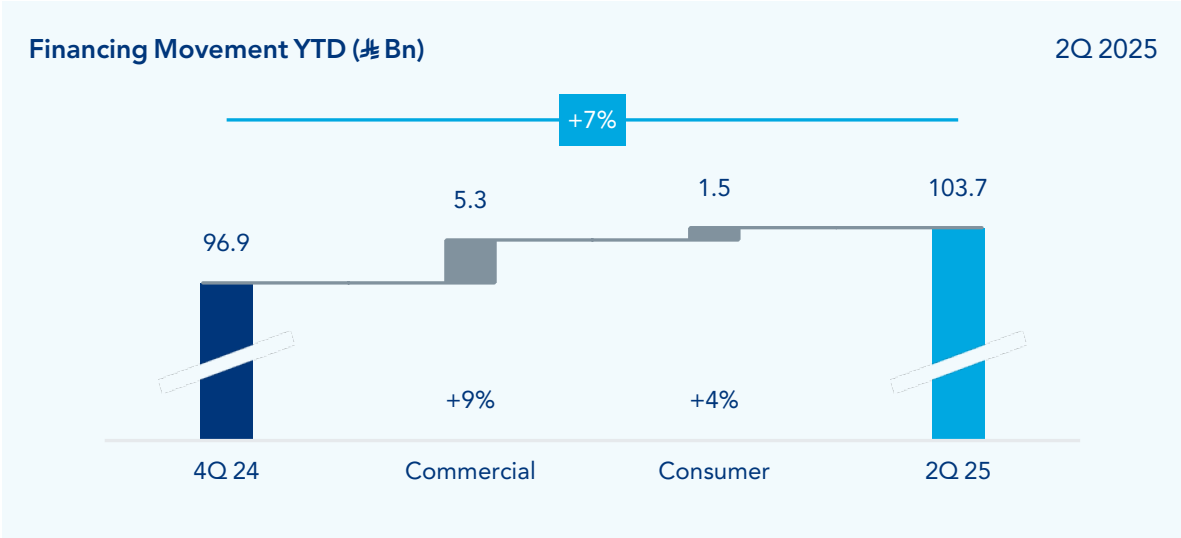
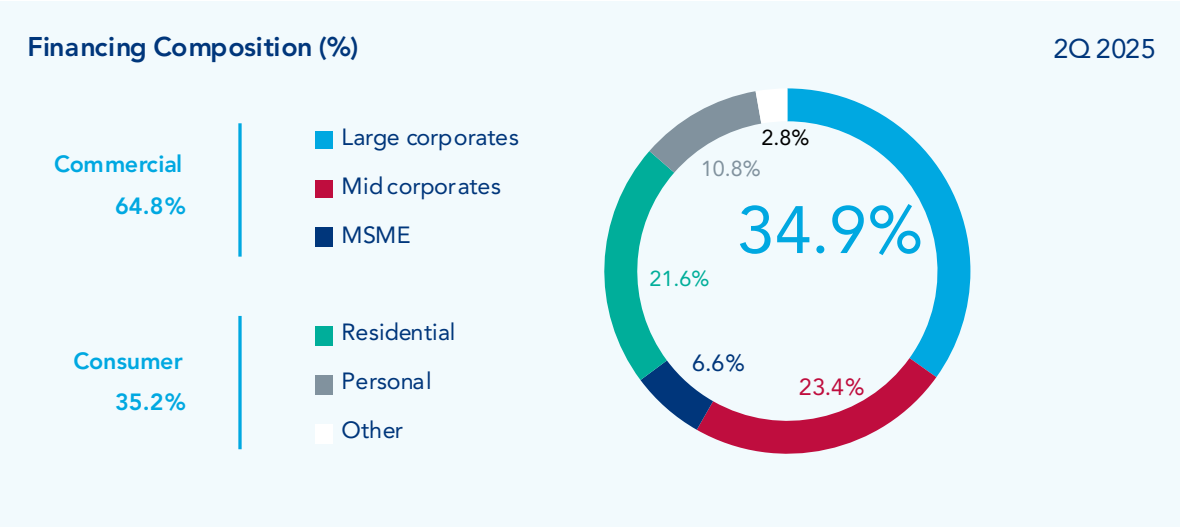


Total Assets Movement YTD (₪ Bn)

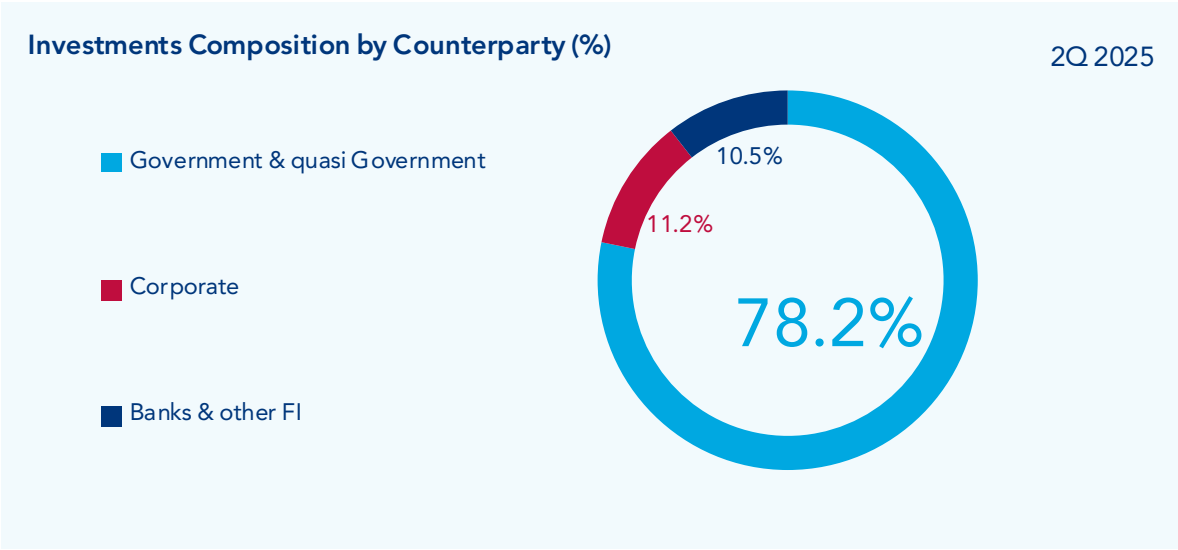
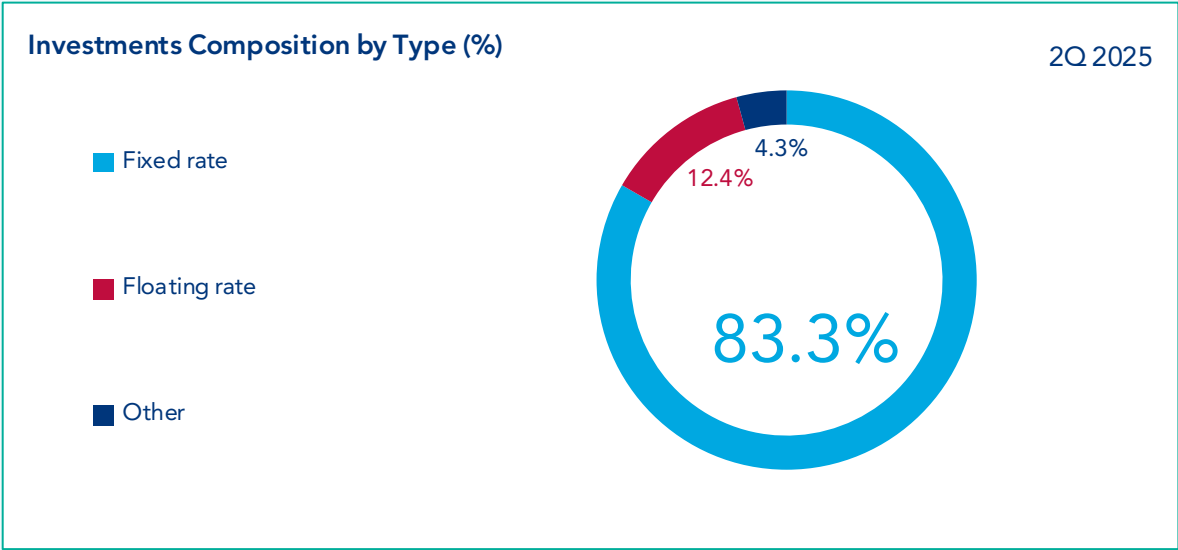
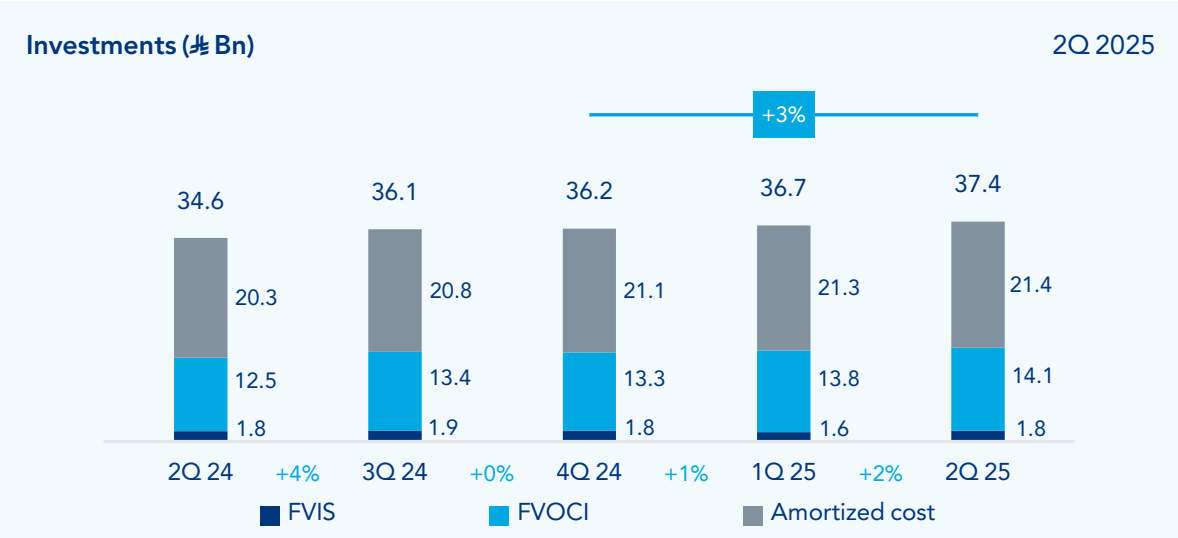
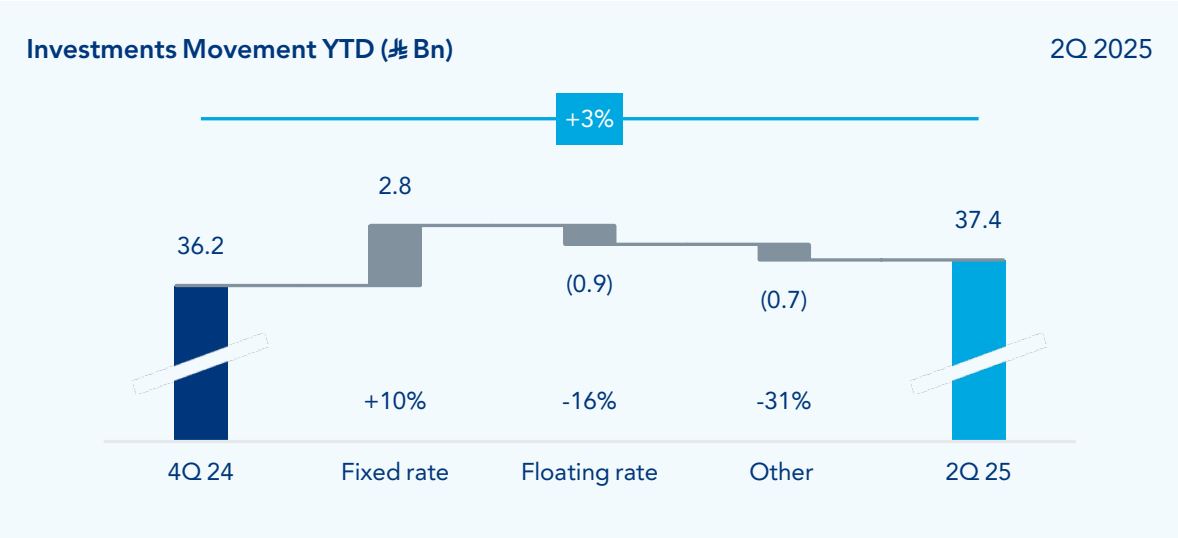
2Q 2025



Financing | Financing increased 7% driven by both commercial and consumer loan growth



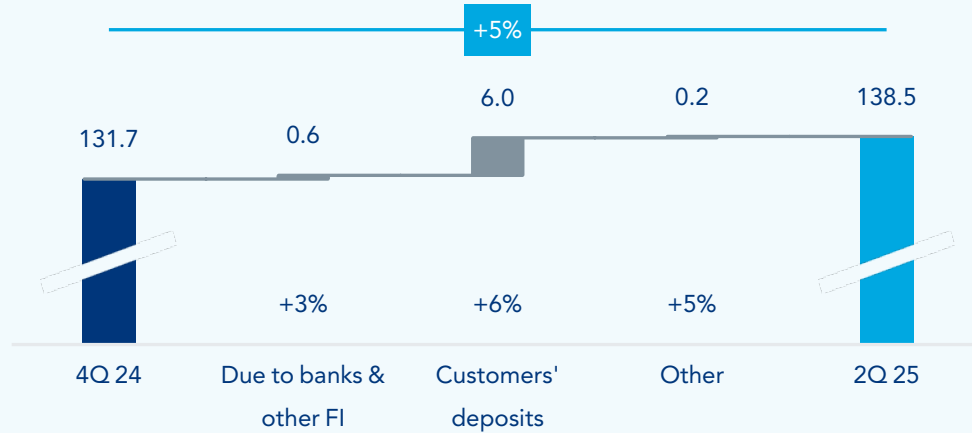
Investments | Modest growth in investments while increasing share of fixed-rate assets



Liquidity | Strong liquidity position to support future growth

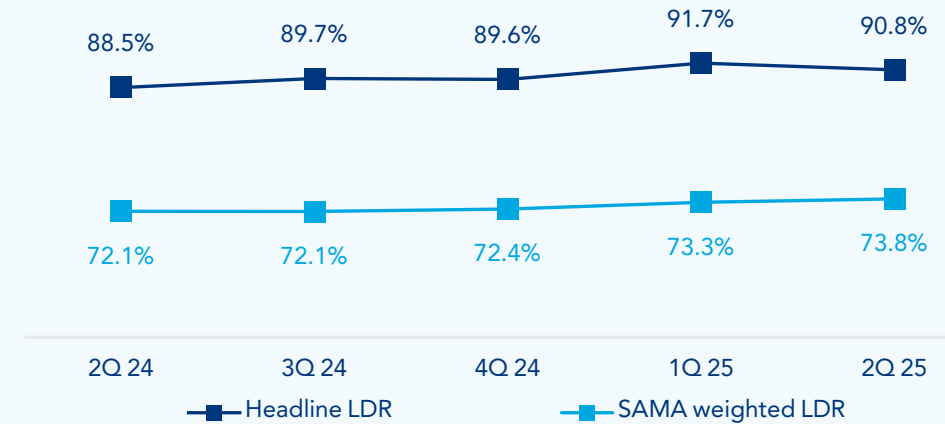
Total Liabilities Movement YTD (ﷲ Bn)

2Q 2025



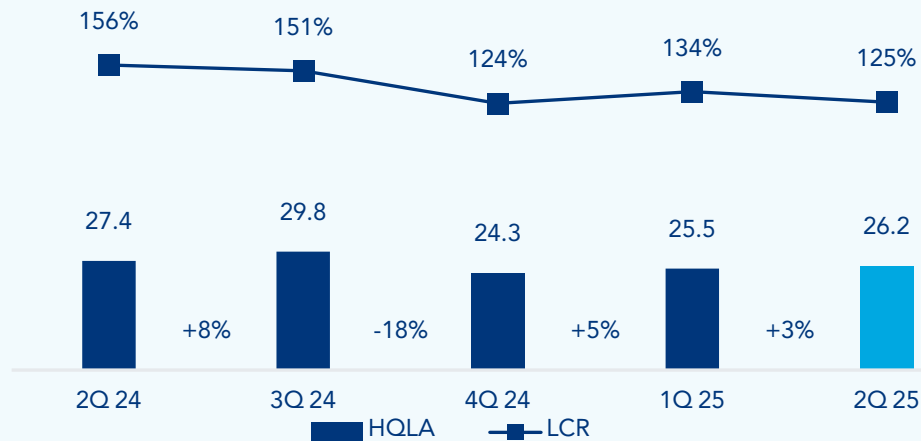
Loans to Customers' Deposit Ratios (%)

2Q 2025



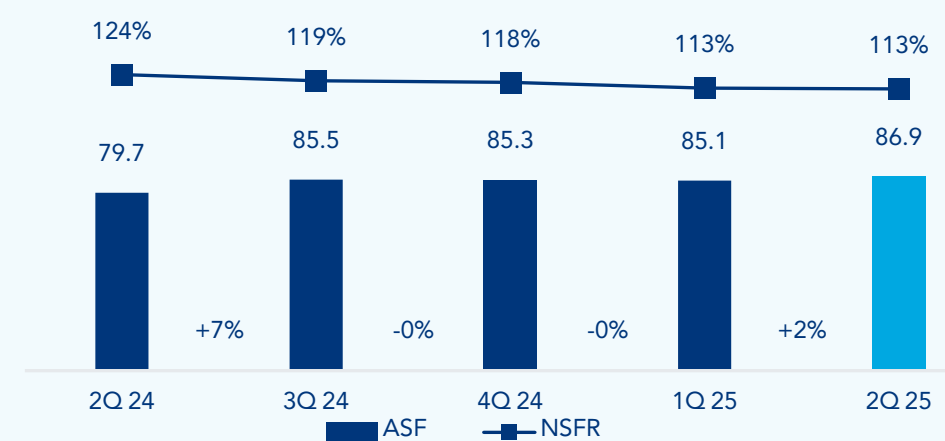
HQLA (ﷲ Bn)

2Q 2025



Total Available Stable Funding* (ﷲ Bn)

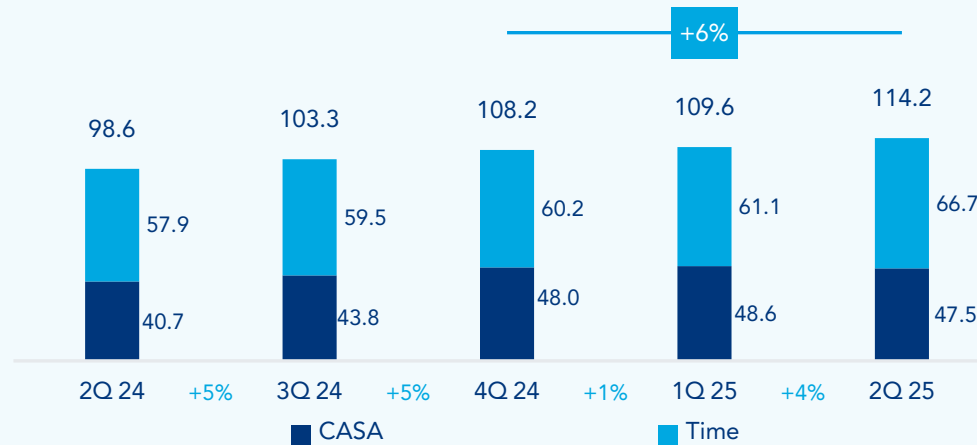
2Q 2025



Deposits | Deposit grew by 6% driven by time deposits

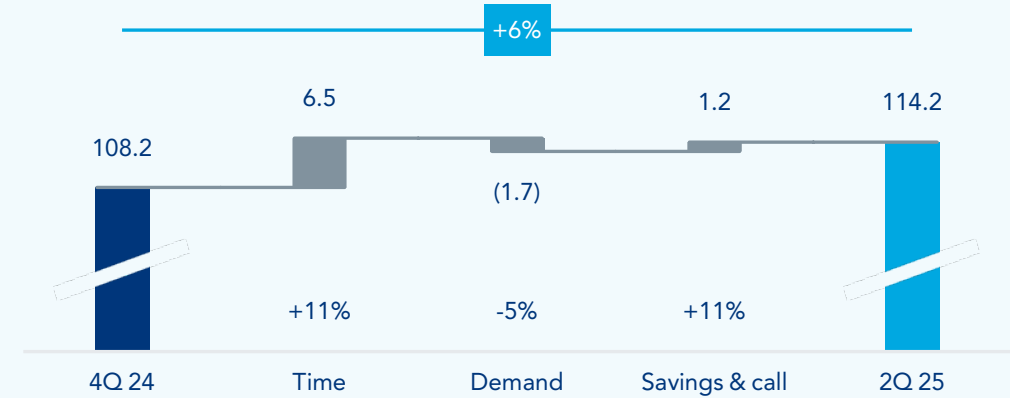
Customers' Deposits (₪ Bn)

2Q 2025



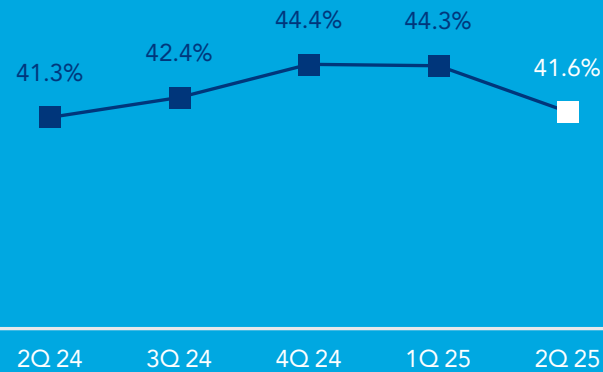
Customers' Deposits Movement YTD (₪ Bn)

2Q 2025



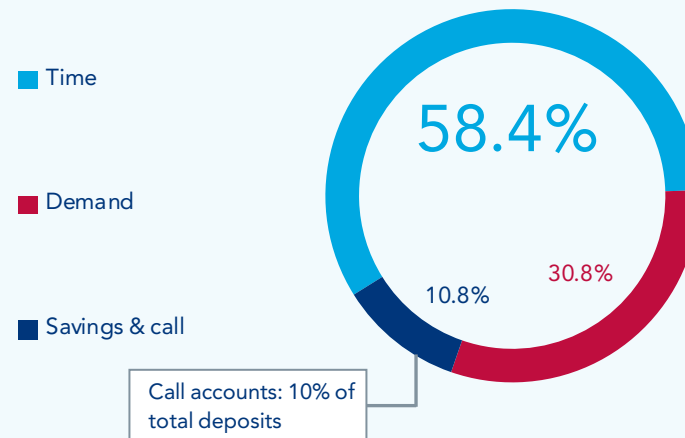
CASA % of Total (%)

2Q 2025



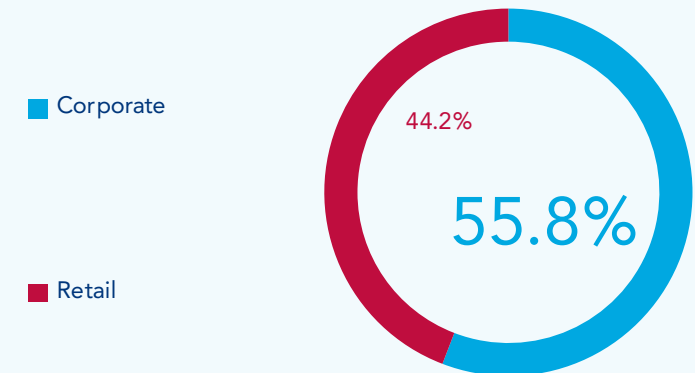
Customers' Deposits Composition by Type (%)

2Q 2025



Customers' Deposits Composition by Segment

2Q 2025



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

Income Statement

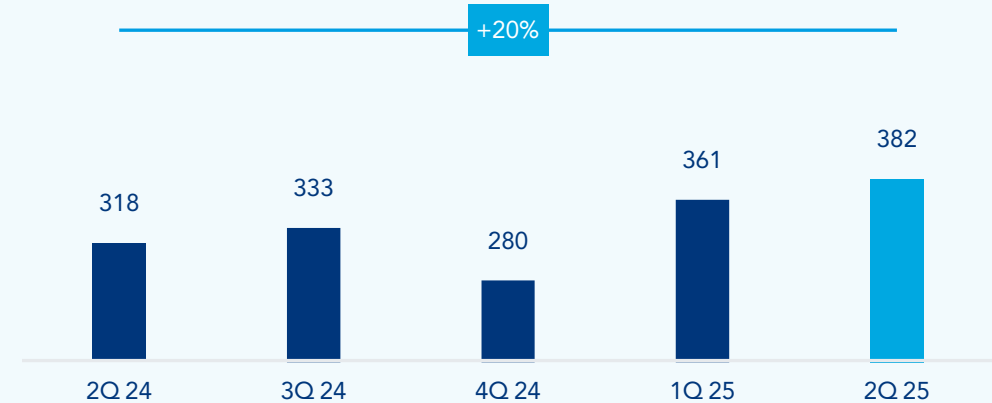
Management commentary

- Net income for 1H 2025 rose 20% YoY, from higher operating income, partly offset by increase in expenses and impairments.
- Net financing and investment income increased 21% YoY, driven by both asset growth and margin improvement.
- Fee & other income up 23% YoY, mainly from fees from banking services and exchange income.
- Operating expenses rose 14% YoY, due to higher G&A costs and employee expenses.

₹ Mn	1H 2025	1H 2024	YoY % Change	2Q 2025	2Q 2024	YoY % Change
Net financing & investment income	1,516	1,249	+21%	762	629	+21%
Fee & other income	665	542	+23%	340	274	+24%
Total operating income	2,181	1,791	+22%	1,102	903	+22%
Operating expenses	(1,140)	(1,000)	+14%	(574)	(508)	+13%
Impairment charge	(200)	(96)	+109%	(97)	(40)	+141%
Net operating income	841	696	+21%	431	355	+21%
Share in net income of an associate	7	10	-32%	5	4	+49%
Net income for the period before zakat & income tax	848	706	+20%	436	358	+22%
Zakat & income tax	(105)	(88)	+20%	(54)	(41)	+33%
Net income for the period	743	618	+20%	382	318	+20%

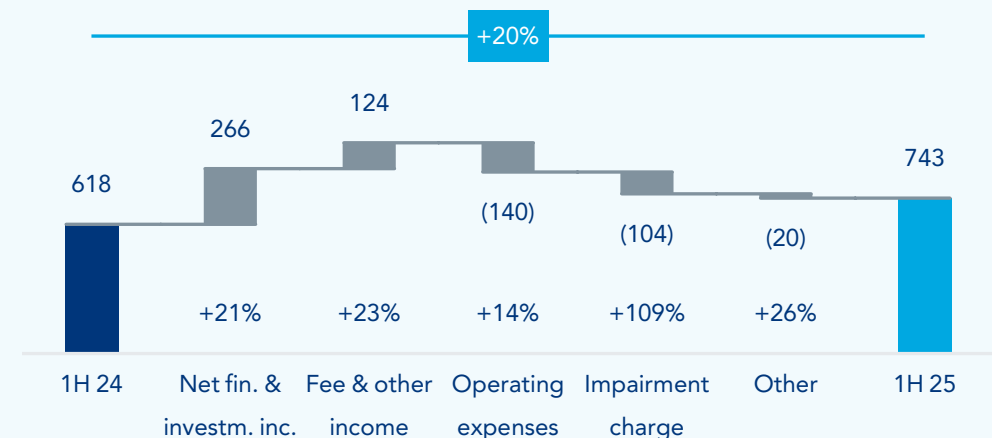
Quarterly Net Income (₹ Mn)

2Q 2025



Net Income for the Period Movement YoY (₹ Mn)

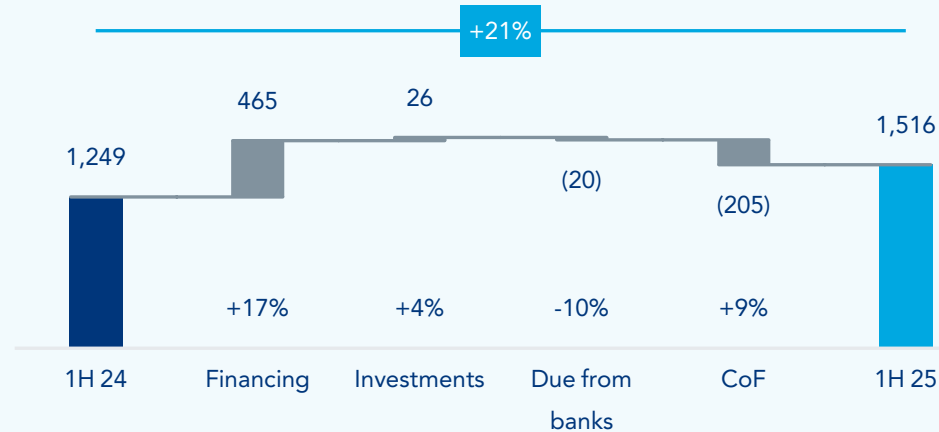
1H 2025



Net financing & investment income | Up 21% from asset growth and margin improvement

Net Financing & Investment Income Movement YoY (₪ Mn)

1H 2025



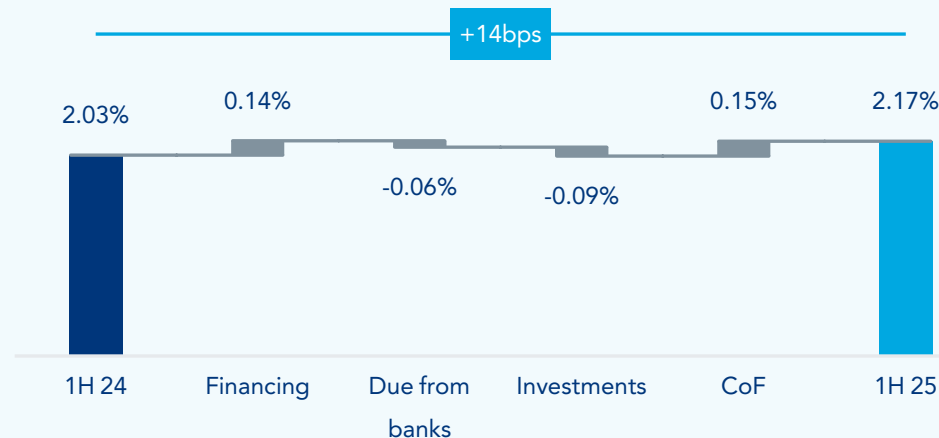
Quarterly Net Margin (%)

2Q 2025



Net Margin Movement YoY (%)

1H 2025



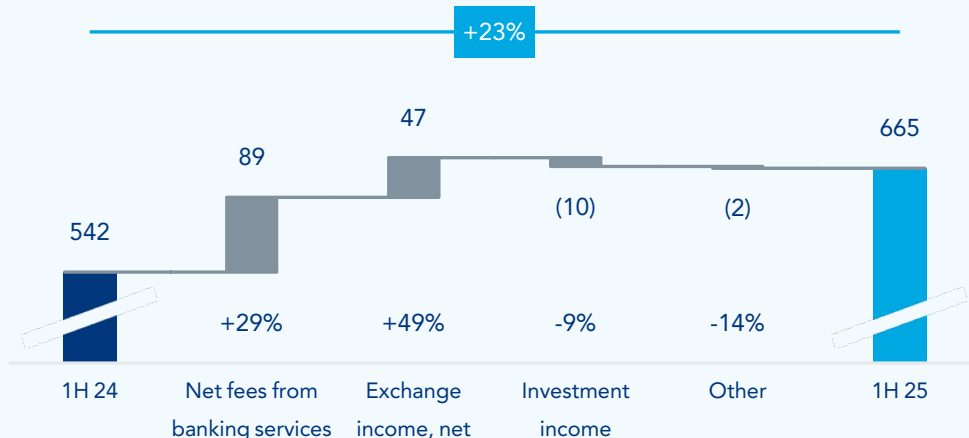
Management commentary

- Financing income in 1H 2025 grew by 17% YoY, while income from investments rose by 4%, partially offset by a 9% increase in the cost of funds.
- Net margin for 1H 2025 increased by 14bps YoY, improving from 2.03% to 2.17%. The reported margin benefited from a one-off recognition of profit in suspense from a cured stage 3 exposure. Normalized net margin for 1H 2025 is 2.14%.
- On a sequential basis, net margin improved by 2bps (2.13%) in comparison to the normalized margin of 1Q 2025 (2.11%).

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

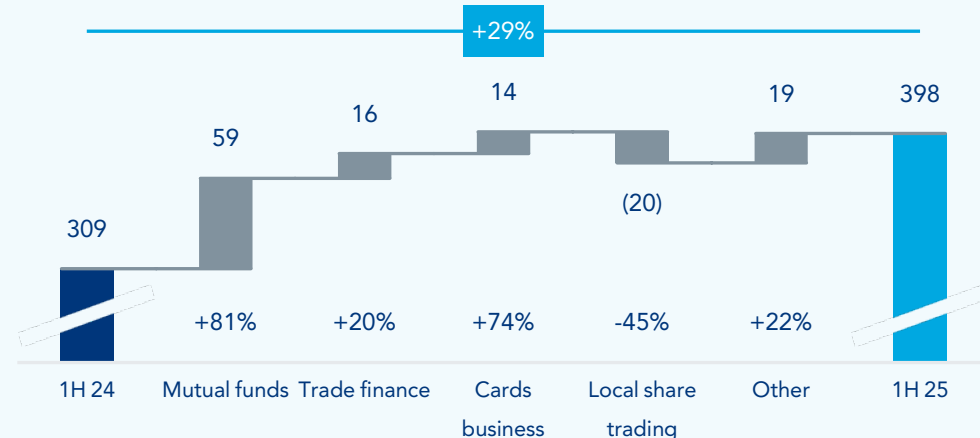
Fee & Other Income Movement YoY (ﷲ Mn)

1H 2025



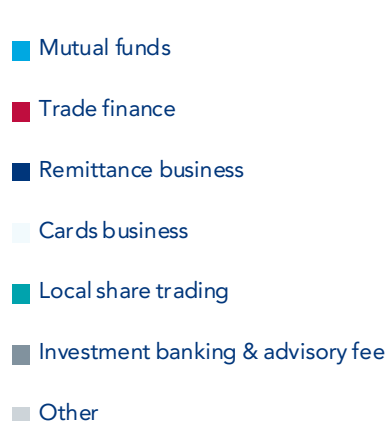
Net Fee Income From Banking Services Movement YoY (ﷲ Mn)

1H 2025



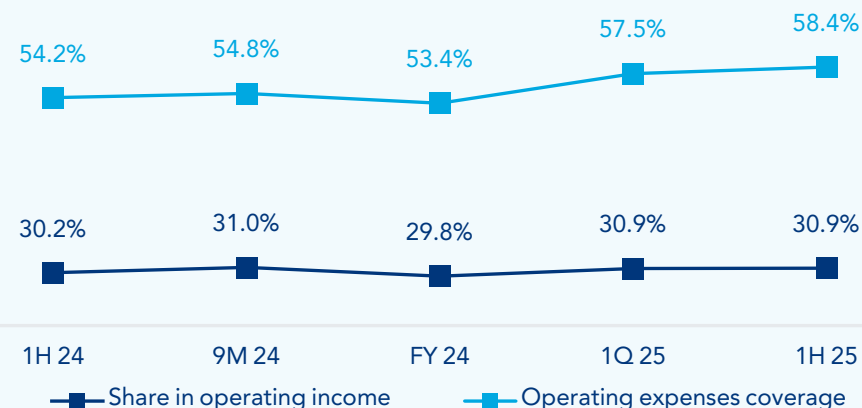
Net Fee Income From Banking Services Composition (%)

1H 2025



Fee & Other Income Share and Coverage* (%)

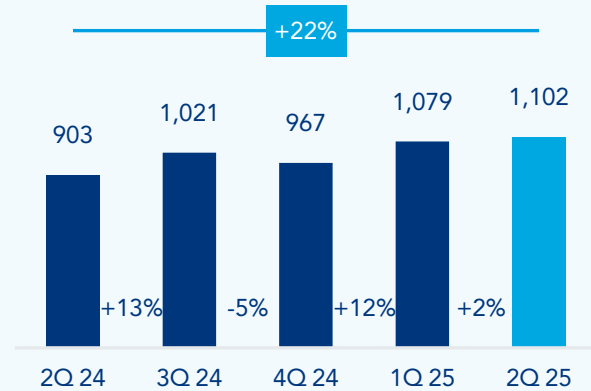
1H 2025



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

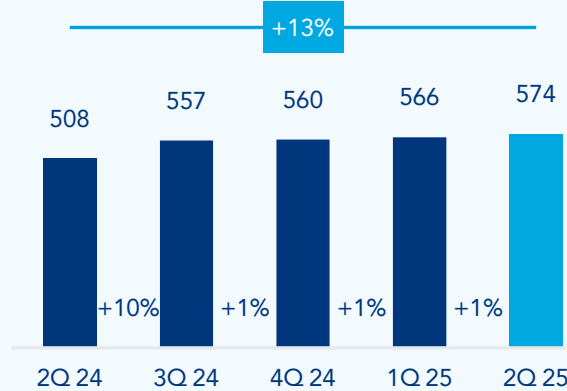
Quarterly Total Operating Income (ﷲ Mn)

2Q 2025



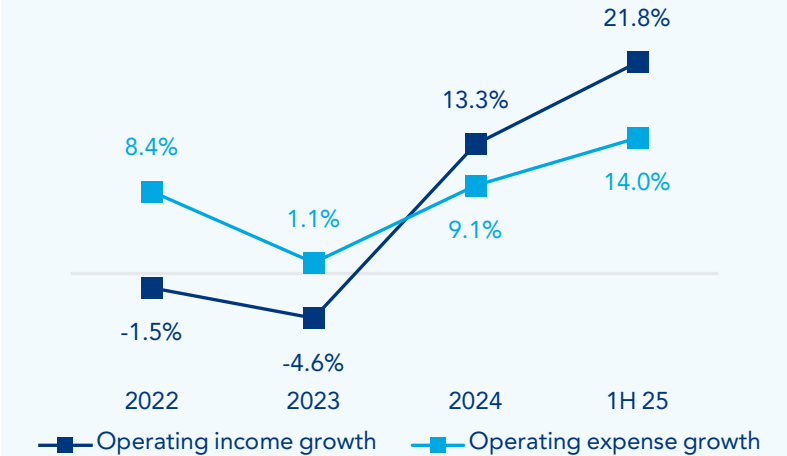
Quarterly Operating Expenses (ﷲ Mn)

2Q 2025



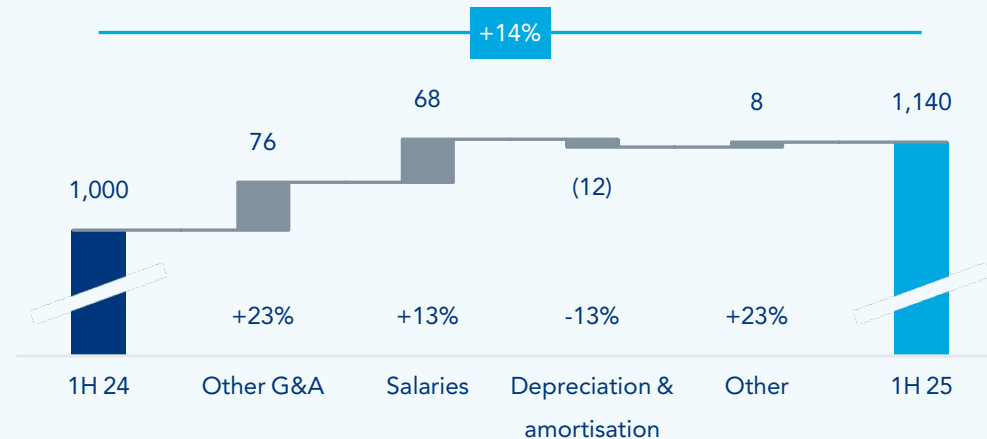
Operating Jaws

1H 2025



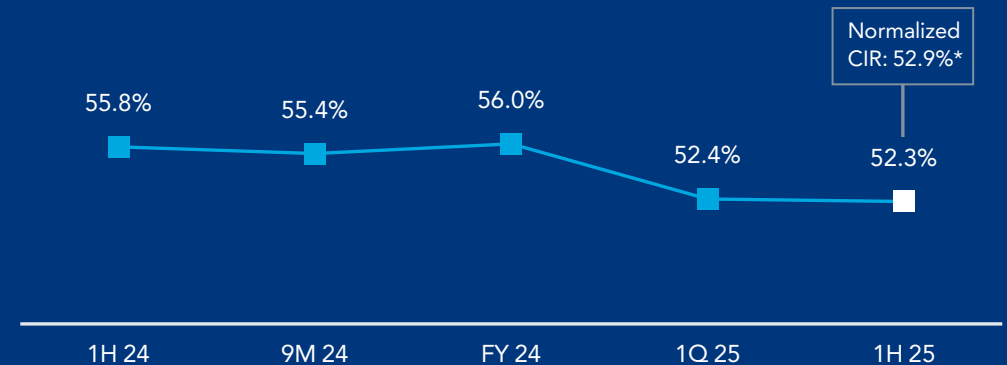
Operating Expenses Movement YoY (ﷲ Mn)

1H 2025



Cost to Income (%)

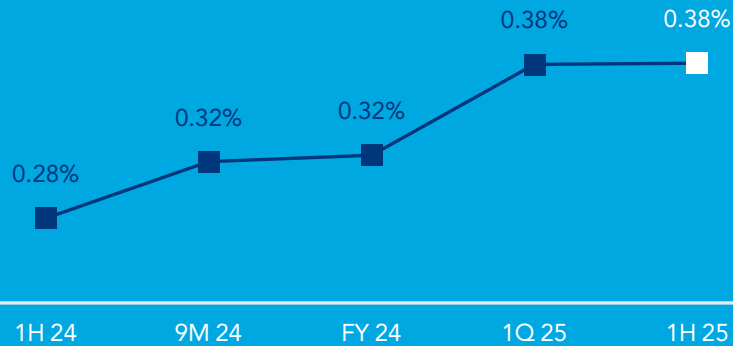
1H 2025



Credit quality | Credit impairments rose driven by the commercial portfolio

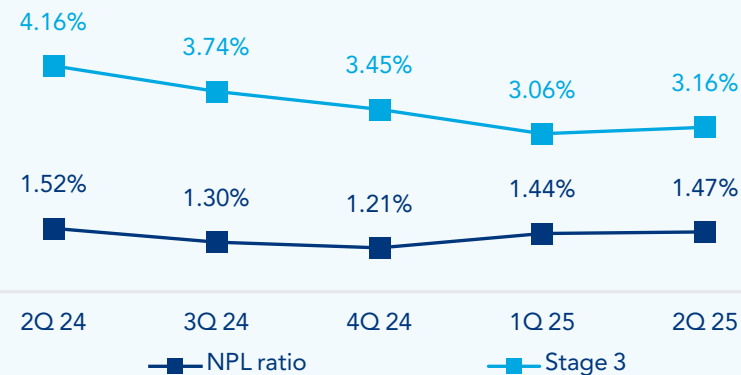
Cost of Risk* (%)

1H 2025



NPL Ratio and Stage 3 Share (%)

2Q 2025



NPL Coverage Ratio

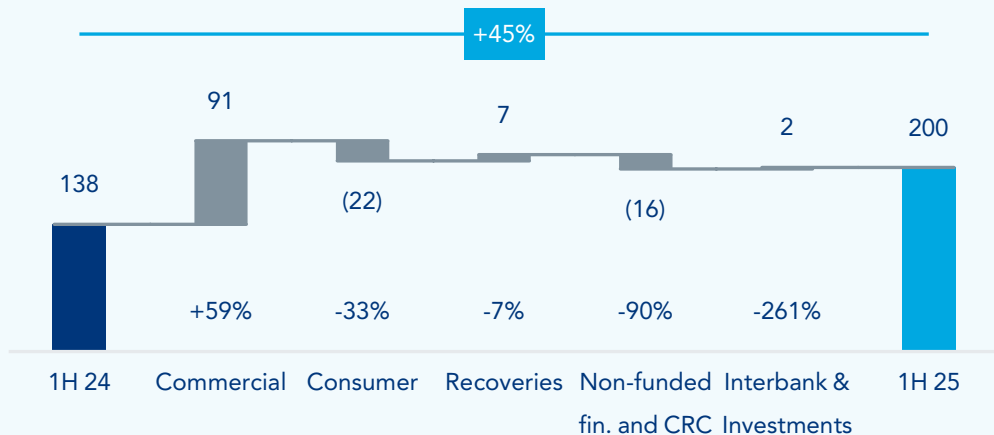
2Q 2025

-48pts YTD

162%

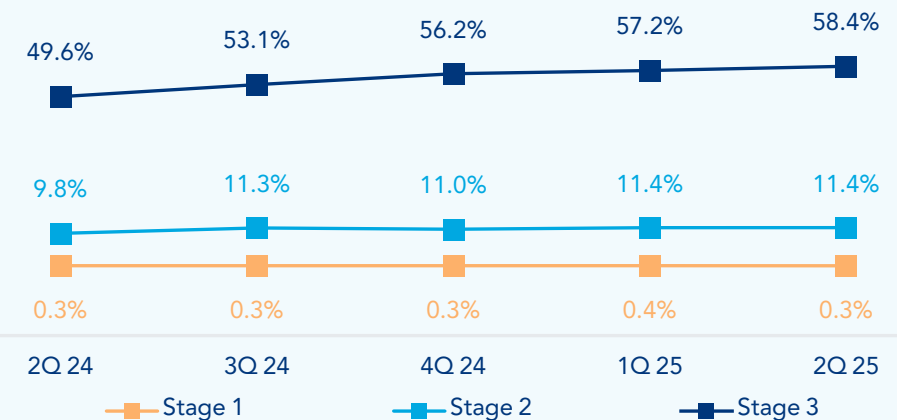
Impairment Charge Movement YoY (Mn)

1H 2025



Stagewise Coverage (%)

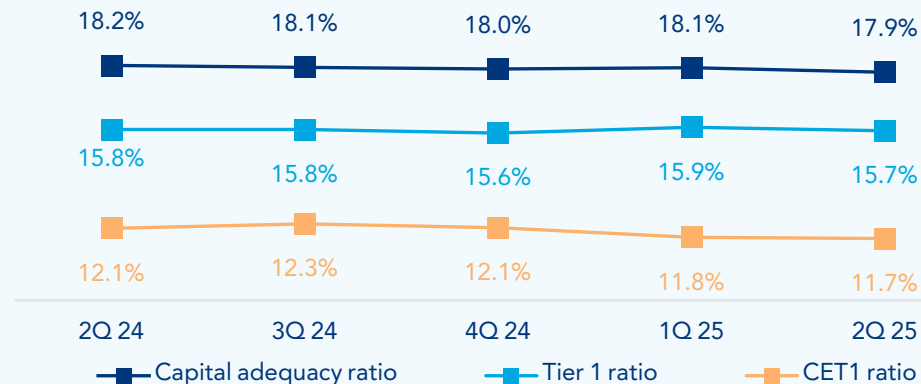
2Q 2025



Capitalization | Capital ratios supported by Tier 1 Sukuk issuance and net income, but offset by RWA growth

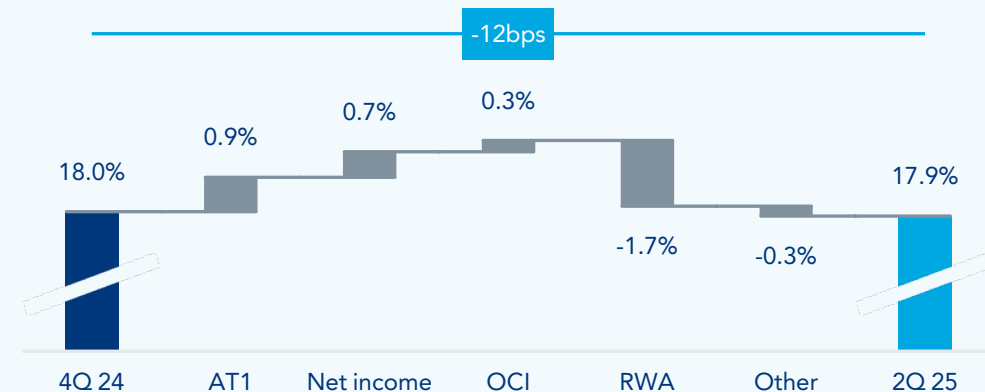
Capital Ratios (%)

2Q 2025



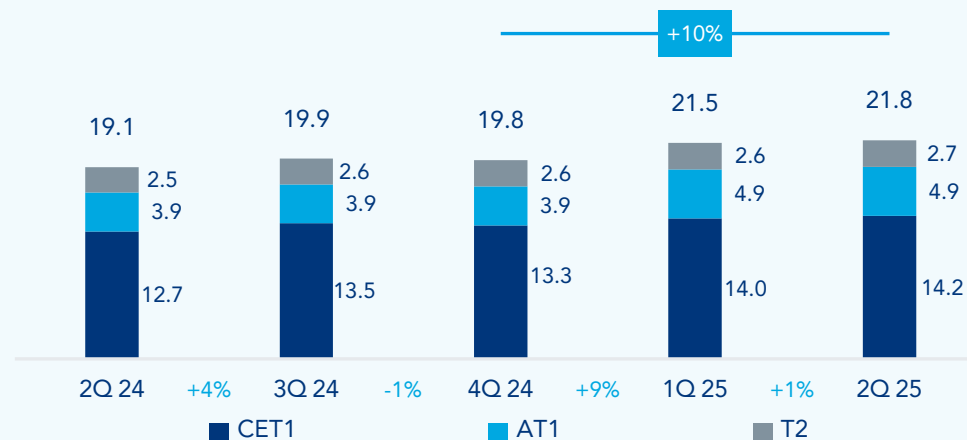
Capital Adequacy Ratio Movement YTD (%)

2Q 2025



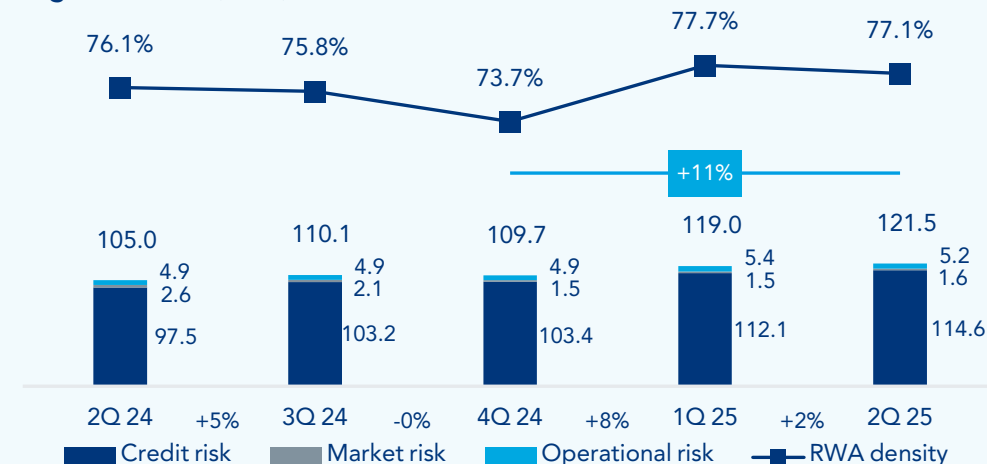
Total Capital (Bn)

2Q 2025



Risk Weighted Assets (Bn)

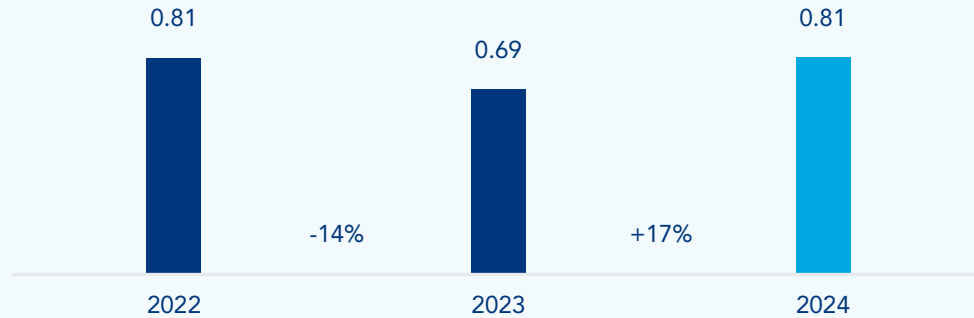
2Q 2025



Profitability | Returns are improving

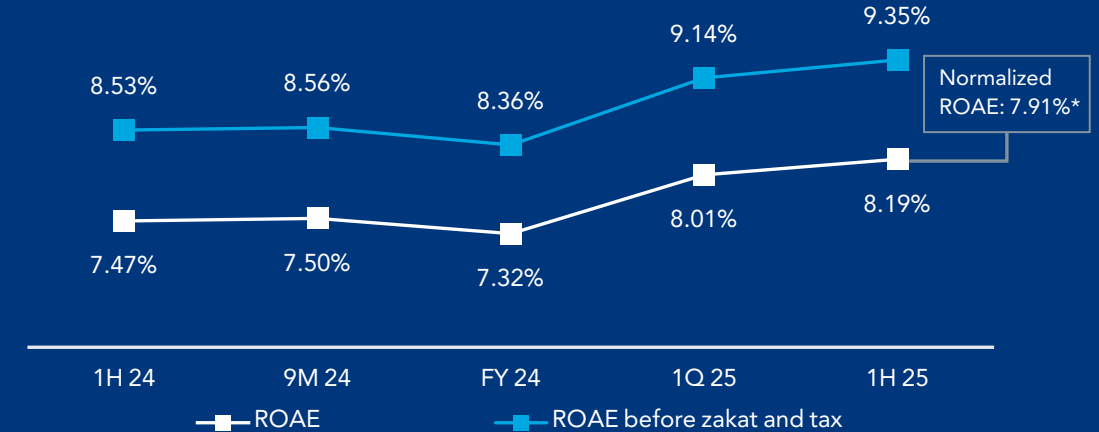
EPS (ﷲ)

FY 2024



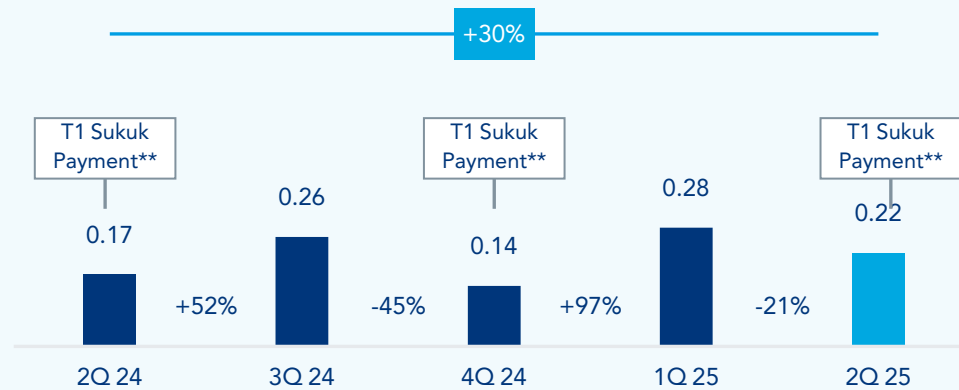
ROAE (%)

1H 2025



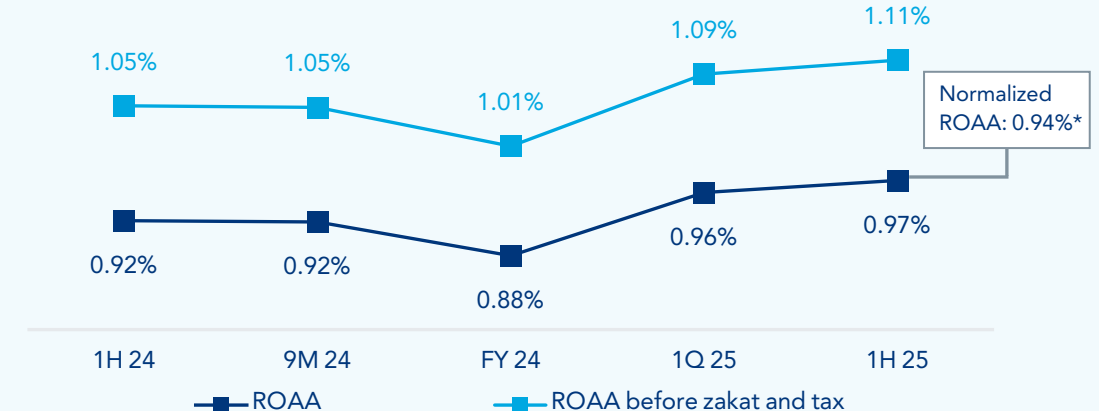
Quarterly EPS (ﷲ)

2Q 2025



ROAA (%)

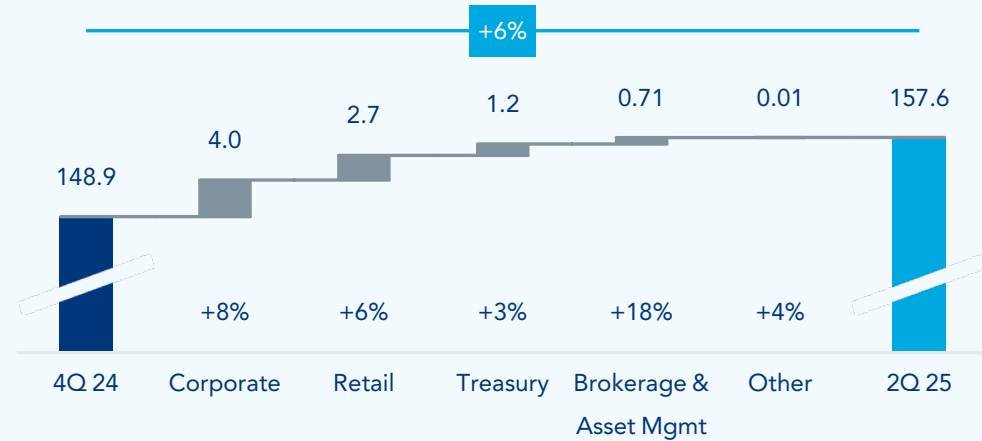
1H 2025



Segments | Diverse mix with well-balanced growth across segments

Total Assets Movement YTD (₪ Bn)

2Q 2025



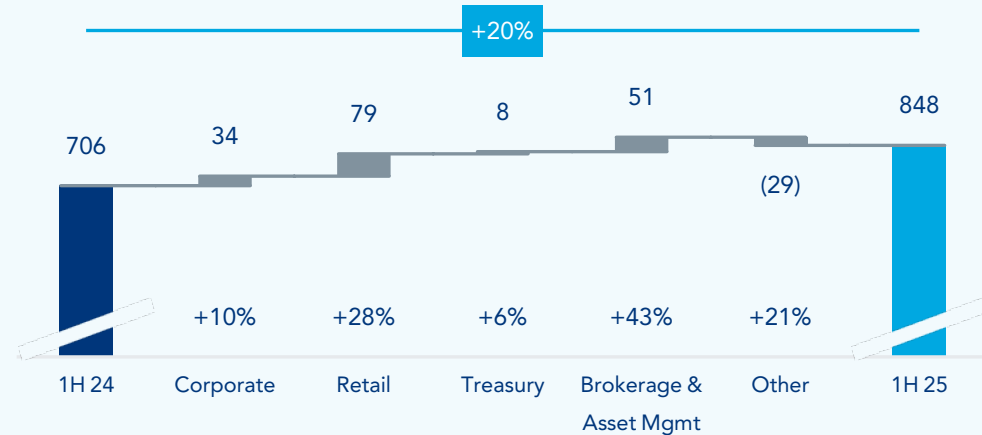
Total Assets Composition (%)

2Q 2025



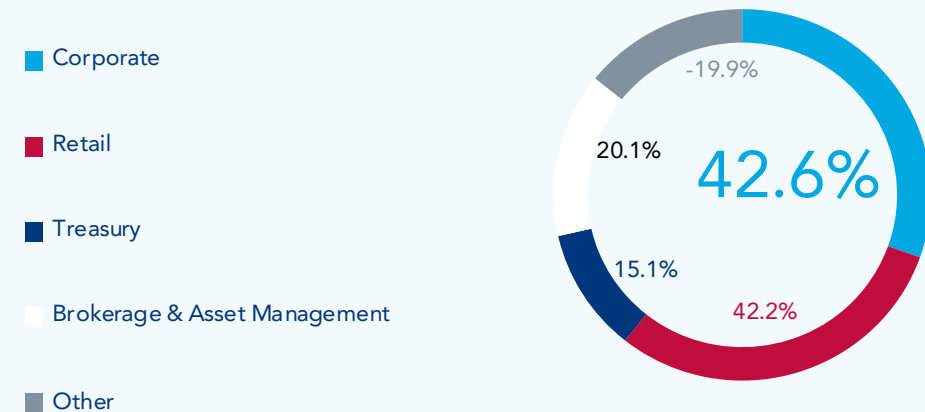
Net Income Before Zakat & Income Tax Movement YoY (₪ Mn)

1H 2025



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

1H 2025





Guidance



Guidance | 1H 2025 results aligned with expectations, FY25 guidance unchanged

Guidance Metric	FY 2024 Actual	1H 2025 Actual	FY 2025 Guidance	Drivers
Financing growth	+20%	+7% YTD	Lower teens	Anticipate the continuation of double-digit financing growth in 2025
Net Margin	1.99%	2.17%	+5-10bps	NIM is expanding, benefiting from rate cuts. Normalized 1H 2025 margin, adjusted for non-recurring income, is 2.14%.
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%	52.3%	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%	15.7%	16.0%+	Expecting the Tier 1 ratio to benefit from solid retained earnings generation, moderated RWA growth
ROAE after zakat and tax	7.32%	8.19%	>8%	Targeting a gradual improvement aligned with the refreshed strategy





Q&A





Appendix



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