

Bank AlJazira reports net income of SAR 618 million for 1H 2024

1H 2024 Financial Results Highlights:

- **Net income** for 1H 2024 amounted to SAR 618 million, up 33% compared to 1H 2023. Net income for 2Q 2024 amounted to SAR 318 million, up 22% YoY and 6% on a sequential basis.
- **Total operating income** for 1H 2024 reached SAR 1,791 million, demonstrating 13% YoY growth, driven by an 11% higher net financing and investment income and a 16% expansion in fee and other income.
- **Operating expenses** increased by 7% compared to 1H 2023, however, positive operating leverage improved the cost to income ratio by 3.1 ppts year-on-year to 55.8%.
- **The bank's cost of risk** was relatively stable year-on-year at 0.28% for 1H 2024, while the NPL ratio improved.
- **The balance sheet** demonstrated a solid 7% increase during 1H 2024, driven by continued growth momentum in commercial financing, further supported by increased consumer financing and interbank balances.
- **Customers' deposits** experienced 5% growth YTD, reaching SAR 98.6 billion, driven by increased savings accounts.

Addressing the first-half 2024 performance of Bank AlJazira, Mr. Naif A. Al Abdulkareem, Chief Executive Officer of Bank AlJazira, stated: "I am pleased to announce that Bank AlJazira has concluded the first half of 2024 with a net income of SAR 618 million, representing a significant 33% increase compared to the previous year. This impressive growth underscores our strategic emphasis on diversifying our revenue streams and maintaining disciplined cost management. Our balance sheet continues to grow robustly, with a 7% increase, reinforcing our dedication to addressing the financial needs of our clients while upholding strong asset quality. We remain steadfast in our commitment to enhancing our market position and delivering exceptional value to our stakeholders."

Riyadh, 5th of August 2024. In the first half of 2024, net income reached SAR 618 million, reflecting a 33% increase compared to the same period in 2023. This growth was driven by a 13% rise in total operating income, partially offset by a 7% growth in operating expenses. In the second quarter of 2024, net income reached SAR 318 million, experiencing a 22% rise year-on-year and 6% on a sequential basis.

Total operating income for 1H 2024 amounted to SAR 1,791 million, an increase of 13% compared to 1H 2023. Year-over-year growth in operating income was fueled by an 11% increase in net financing and investment income, coupled with a robust 16% expansion in fee and other income. 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. Total operating income for 2Q 2024 reached SAR 903 million, an increase of 12% compared to 2Q 2023 and 2% on a sequential basis.

Financing and investment income for 1H 2024 experienced 33% growth 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. The net margin for the first half of 2024 increased by 3 bps year-over-year to 2.03%.

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 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 pts to reach 55.8%.

The net impairment charge for 1H 2024 totalled SAR 96 million, reflecting a 15% year-on-year improvement. This improvement benefited from an impairment reversal of 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.

During the first half of 2024, the balance sheet expanded by 7%, propelled by sustained growth in commercial financing, particularly in the commerce, building and construction sectors, further supported by increasing consumer financing and interbank balances. Customers' deposits demonstrated a 5% increase during the first half of 2024, primarily driven by an increase in savings accounts.

Income Statement Summary

For the period ending 30 June 2024

SAR Mn	1H 2024	1H 2023	YoY % Change	2Q 2024	2Q 2023	YoY % Change
Net financing and investment income	1,249	1,124	+11%	629	566	+11%
Fee and other income	542	467	+16%	274	242	+13%
Total operating income	1,791	1,592	+13%	903	808	+12%
Total operating expenses before impairment charge	(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 and income tax	706	548	+29%	358	298	+20%
Zakat and income tax	(88)	(83)	+5%	(41)	(37)	+9%
Net income for the period	618	465	+33%	318	261	+22%
Earnings per share	0.51	0.42	+22%	0.21	0.22	-1%
ROAE before zakat and tax	8.53%	7.33%	+119 bps	8.66%	7.88%	+78 bps
Net margin	2.03%	2.00%	+3 bps	2.01%	1.99%	+2 bps
Cost of risk*	0.28%	0.29%	-1 bps	0.36%	0.29%	+7 bps
Cost to income ratio	55.8%	58.9%	-3.1 ppt	56.3%	57.4%	-1.1 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 June 2024

SAR Mn	2Q 2024	1Q 2024	QoQ % Change	4Q 2023	YTD % Change
Total cash, interbank and balances with SAMA	13,055	14,731	-11%	11,532	+13%
Investments, net	34,619	33,972	+2%	34,442	+1%
Financing, net	87,208	84,116	+4%	80,781	+8%
Other assets, net	3,119	3,001	+4%	2,795	+12%
Total assets	138,001	135,821	+2%	129,551	+7%
Due to banks and other financial institutions	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, net	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%

Additional Information

Please contact BAJ for more information:

IR email: IR@BankAljazira.com

Muhammad Majid Khan - Head of Investor Relations

Direct: +966 (12) 609 8997

Email: MMKhan@BankAljazira.com

Abdulaziz Nahas - Senior Manager - Investor Relations

Direct: +966 (12) 609 8557

Email: Aanahas@BankAljazira.com