

Bank AlJazira reports net income of SAR 300 million for 1Q 2024

1Q 2024 Financial Results Highlights:

- **Net income** for 1Q 2024 amounted to SAR 300 million, up 47% compared to 1Q 2023 and up 8% on a sequential basis.
- **Total operating income** for 1Q 2024 reached SAR 888 million, unchanged from the last quarter, demonstrating 13% growth versus 1Q 2023. Operating income growth year-on-year was driven by an 11% higher net financing and investment income and a 19% expansion in fee and other income.
- **Operating expenses** increased by 4% compared to 1Q 2023, however positive operating leverage improved the cost to income ratio by 5 ppts year-on-year to 55.4%.
- **The bank** reduced its **cost of risk** by 10 bps year-on-year to 0.20% for 1Q 2024, along with an improvement in credit quality compared to the previous year.
- **The balance sheet** demonstrated a solid 5% increase QonQ, driven by continued growth momentum in commercial financing, supported by increased cash and interbank balances.
- **Customers' deposits** experienced 3% growth QonQ, reaching SAR 97.3 billion, driven by increased demand deposits.

Addressing the first-quarter performance of Bank AlJazira, Mr. Naif A. Al Abdulkareem, Chief Executive Officer of Bank AlJazira, stated: "We are delighted to unveil our strong performance for the first quarter, which underscores our dedication to delivering sustainable growth and value to stakeholders. Our results showcase gradual enhancements in profitability, efficiency, and risk management metrics, reflecting our continued focus on strategic initiatives. Moreover, we are pleased to report that the rapid expansion of our balance sheet observed last year has been sustained in the first quarter. It aligns with the planned trajectory of our refreshed strategy, demonstrating our commitment to driving forward our strategic vision."

Jeddah, 02 May 2024. In the first quarter of 2024, net income reached SAR 300 million, reflecting a 47% increase compared to the same period in 2023. This growth was driven by a 13% rise in total operating income. On a sequential basis, net income increased by 8%, from lower operating expenses and impairment charges compared to 4Q 2023.

Total operating income for 1Q 2024 amounted to SAR 888 million, an increase of 13% compared to 1Q 2023, with a flat dynamic relative to 4Q 2023. Year-over-year growth in operating income was fueled by an 11% increase in net financing and investment income, coupled with a robust 19% expansion in fee and other income. Thirty percent of 1Q 2024 total operating income is represented by fee and other income, primarily driven by investment-related income and fees from banking services.

Financing and investment income for 1Q 2024 experienced 38% growth compared to 1Q 2023, balanced by a 58% increase in the cost of funds, resulting in an 11% increase in net financing and investment income.

The net margin for the first quarter of 2024 remained broadly flat, increasing by 2 bps year-over-year compared to 1Q 2023, reaching 2.04%, with a 7 bps decrease from 2.11% in 4Q 2023.

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 saw a modest uptick of 4% compared to the first quarter of 2023. Nevertheless, leveraging positive jaws, the cost-to-income ratio displayed a notable enhancement, showing a year-on-year improvement of 5 ppts to reach 55.4%. On a sequential basis, operating expenses decreased by 4% compared to 4Q 2023.

The impairment charge for 1Q 2024 totalled SAR 55 million, reflecting an 8% year-on-year improvement and lowering the cost of risk to 0.20%.

During the first quarter of 2024, the balance sheet exhibited a robust expansion of 5%, propelled by sustained growth in commercial financing, supported by increasing cash and interbank balances. Commercial loans primarily contributed to the growth in the loan portfolio, although consumer financing also sustained their upward trajectory. Customers' deposits demonstrated a 3% increase during the first quarter of 2024, primarily driven by an uptick in demand deposits.

Income Statement Summary

For the period ending 31 March 2024

SAR Mn	1Q 2024	4Q 2023	QoQ % Change	1Q 2023	YoY % Change
Net financing and investment income	620	643	-4%	559	+11%
Fee and other income	268	247	+9%	225	+19%
Total operating income	888	890	-0%	784	+13%
Total operating expenses before impairment charge	(492)	(515)	-4%	(475)	+4%
Impairment charge	(55)	(68)	-19%	(60)	-8%
Net operating income	341	307	+11%	249	+37%
Net income for the period before zakat and income tax	347	311	+11%	250	+39%
Zakat and income tax	(47)	(32)	+45%	(46)	+2%
Net income for the period	300	279	+8%	204	+47%
ROAE before zakat and tax	8.46%	7.61%	+85 bps	7.25%	+120 bps
Net margin	2.04%	2.11%	-7 bps	2.02%	+2 bps
Cost of risk*	0.20%	0.40%	-19 bps	0.30%	-10 bps
Cost to income ratio	55.4%	57.8%	-2.5 ppt	60.6%	-5.2 ppt

*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 31 March 2024

SAR Mn	1Q 2024	4Q 2023	QoQ % Change	1Q 2023	YoY % Change
Investments, net	33,972	34,442	-1%	36,040	-6%
Financing, net	84,116	80,781	+4%	72,030	+17%
Total assets	135,821	129,551	+5%	119,430	+14%
Customers' deposits	97,268	94,054	+3%	86,867	+12%
Total liabilities	119,384	113,135	+6%	105,462	+13%
Total equity	16,437	16,415	+0%	13,968	+18%

Additional Information

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