



Safwa Islamic Bank

Investor Report
Q4.2024

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011

Safwa Islamic Bank
Stronger Safwa





Operating Group

Retail

Corporate

SME

Treasury & Investment

Our Vision

To become the leading community bank in Jordan by offering integrated and comprehensive services through a "One-Group" that utilizes innovative methods and adheres to best practices

Our Value

- Innovation
- Knowledge
- Quality
- Added Value
- Services up to the highest global standards

Our Strategic Priorities

- Bank Transformation:** Change modes of operation and business execution
- Strategies for Growth:** Strengthen profitability
Fit for purpose approach in proposing solutions to customers needs
- Structural Reforms:** Ensure business resilience
Investment in organic growth while controlling expenses
- Efficiency & Effectiveness:** Implementation of business through a cohesive team that works in one spirit with the best solutions, at the lowest costs
- Risk Management:** Ensuring the application of the principles of the risk management plan, assessing risks and developing strategies to manage them

Culture

- Instill owners mindset
- We are ALL IN “One Safwa”
- Constantly Innovate
- Customer-centricity

Retail

- Expand Distribution channels
- Advance efficiency
- Customer-centricity
- Improve CX and Engagement
- Adapt Digital transformation to meet customer preferences
- Innovative products & services
- ESG initiatives
- Enhancing Credit card portfolio

Corporate

- ESG & Contracting Finance
- Land Development Finance
- Bonded Finance
- Transactional banking and Trade Finance
- Enhance CX & Engagement
- Seamless process, Increase Efficiency

Treasury

- Introduce new products
- Sukuk Issuance
- Wealth Management
- Expand dealers base

Function from a position of strength

- Utilize a robust capital foundation to promote balance sheet expansion
- Capitalize on opportunities to recruit skilled bankers

Revenue Generation

- Enhance quality facility growth while maintaining steady returns
- Enhance fee revenue

Robust Portfolio

- Uphold strict standards in extending credit
- Active portfolio management strategy

Manage Risk

- Adapt and respond actively to the rapid change in the interest/profit rate environment
- Implement strategies to respond to the changing regulatory/industry requirements

Track record

Track record of favorable growth



Return on Capital

Strong balance sheet optimization



Positioning

Well positioned in the market with flexibility to respond to emerging trends



Management/ Shareholder alignment

Stable returns, reduced earning volatility, and stronger shareholder value creation



Innovation

Leveraging technology to drive growth, competitive differentiation and increased efficiency



Retail

- Real Estate Ijarah
- Personal Murababaha
- Musawamah
- Yusur For Refinancing
- Auto Murababaha
- Salary in advance

Accounts

- | | | | | | | | |
|--------------------|----------------|------------------------|------------------|------------|-----------------|---------------|--------------|
| Basic Bank Account | Special Saving | | Current Accounts | | Saving Accounts | | |
| | Corporate | Offset | Regular | Salary | Regular | Harir (Women) | Kanzi (kids) |
| Investment Deposit | | Investment Certificate | | Hajj Sukuk | | Deposit Box | |

Corporate

- Facilities
- Cash Deposit Machines
- Cash Management System
- Corporate Savings Account
- Corporate Current Account

Cards

- Pre Paid Cards
- Murabaha Credit Card
- Debit Cards

Small Business

- Financing Goods
- Real Estate Financing
- Start-up Financing
- Financing for Renewable Energy
- Indirect Financing

E-Channels

- Safwa Mobile
- Safwa Online
- Safwa SMS
- Call Center

Treasury

- Safe Custody
- Management and issuance of Sukuk

Brokerage

- Financial Broker/ Dealer (ASE)
- Misc E-trade

E Channels



Safwa Mobile



Safwa Online



Safwa Call



Cards



ATM

“ Anytime, Anywhere ”

E Services



Apple Pay



Customer onboarding



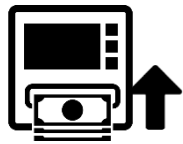
E-Pay Bills



Update Personal Data



Prepaid Cards



Cash Deposit



Cards Management



Accounts Management



New User Registration



Points & Loyalty



QR Payment



Biometric Authentication



“CliQ” Instant transfers

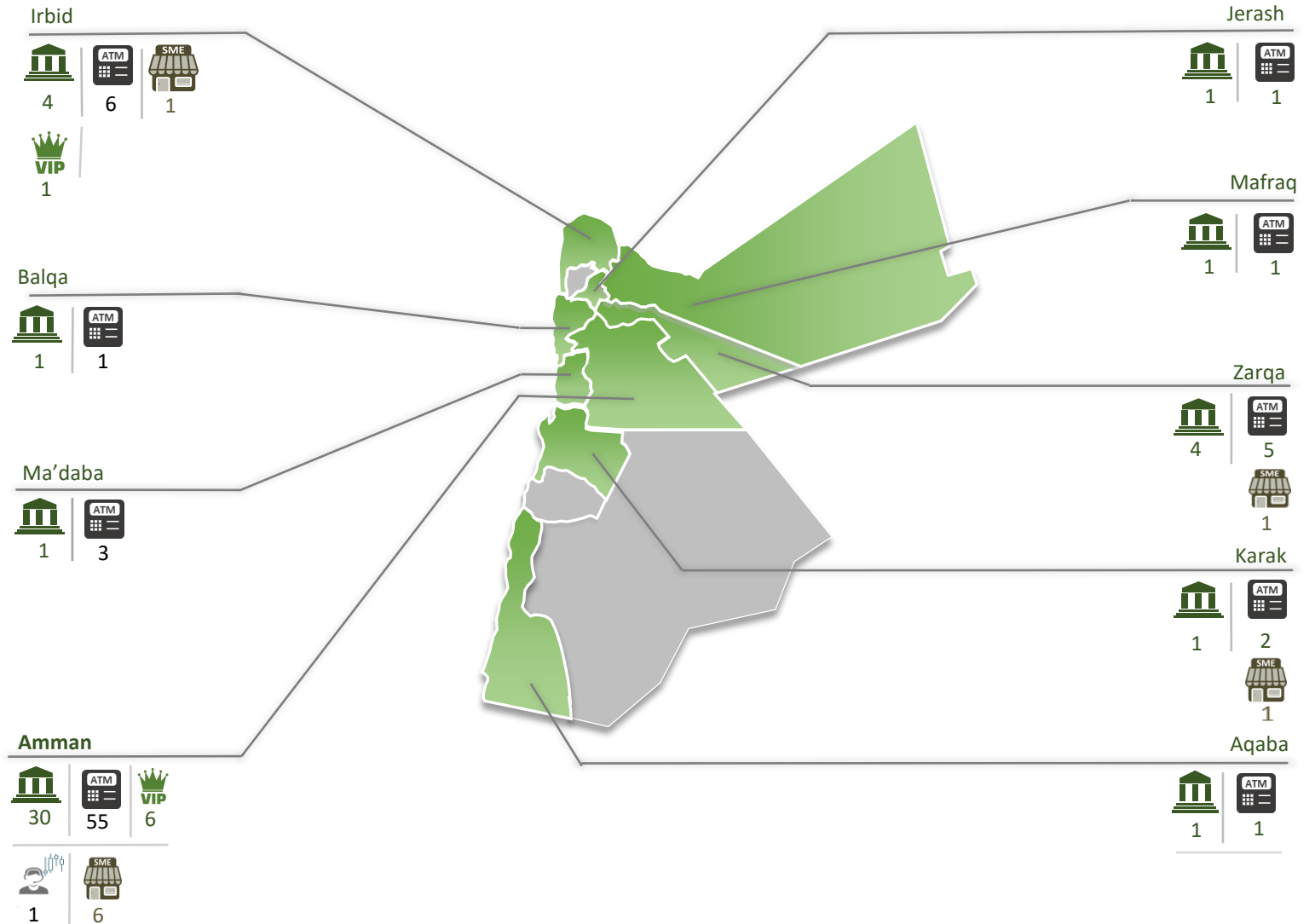


Contactless Card



Transfers

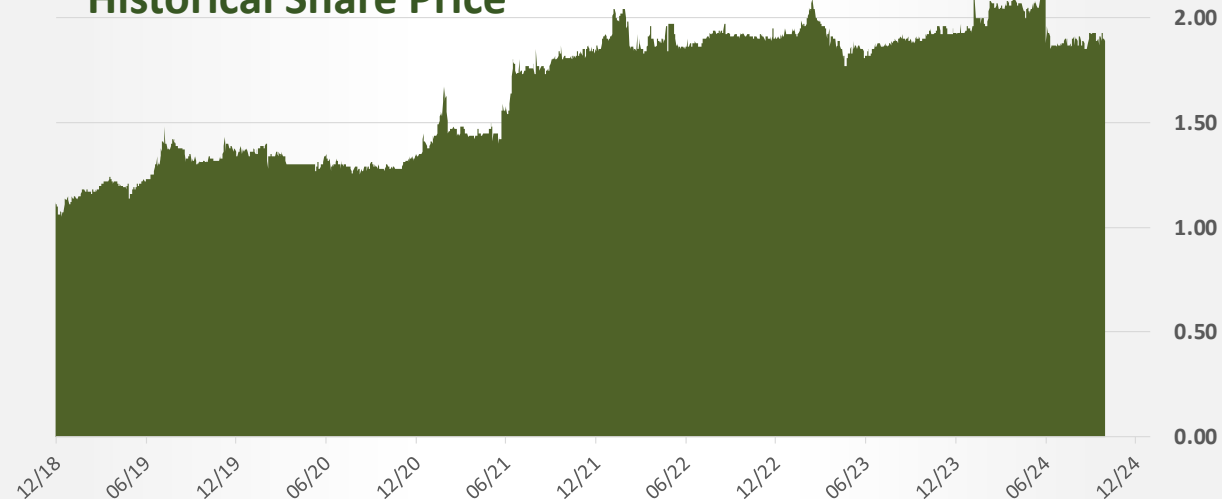




Basic Information and Ratios

- ▶ **Symbol:** SIBK
- ▶ **Exchange Market:** Amman Stock Exchange (www.ase.com.jo)
- ▶ **Free Float:** 14.2 %
- ▶ **Closing Price:** JOD 1.86
- ▶ **Market Value :** JOD 223.2mn

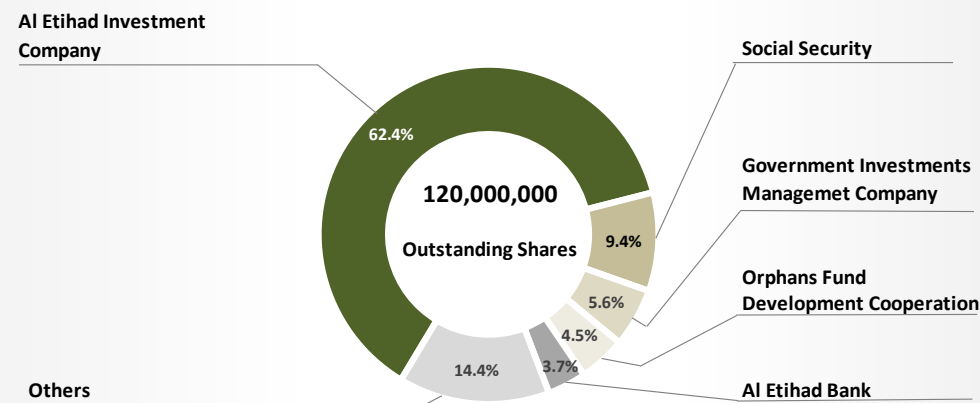
Historical Share Price



Share Key Ratios

- ▶ **Average Price (52 weeks):** JOD 1.96
- ▶ **Return (last 52 weeks)** 6.19%
- ▶ **PE Ratio** 11.07x
- ▶ **PB Ratio** 1.07x
- ▶ **Volatility** 0.09 JOD
- ▶ **Payout Ratio** -

Shareholders Composition





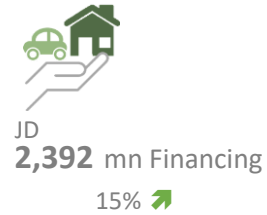
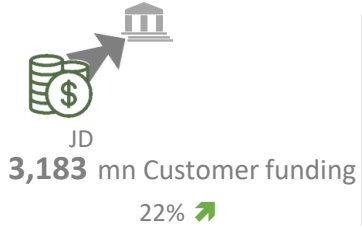
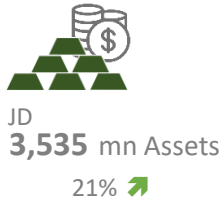
Q2

Safwa Islamic Bank

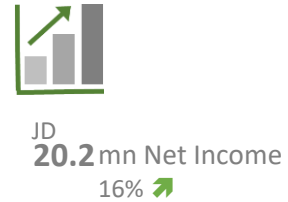
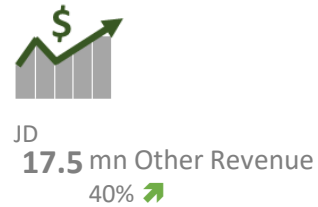
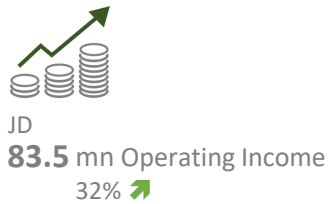
Financials



Organic Growth



Sustainable Profitability



Robust Credit & Capital Profile

NPL | 3.5%
Strong Credit Quality

CAR | 16.1%
Comfortable capital adequacy ratio

Coverage Ratio | 111%
Adequate Coverage

Key Ratios

ROC 16.8%

CTI 35%

Credit Rating

BB- ↑
July.2024

Employees

811

Strong Foundation for Growth

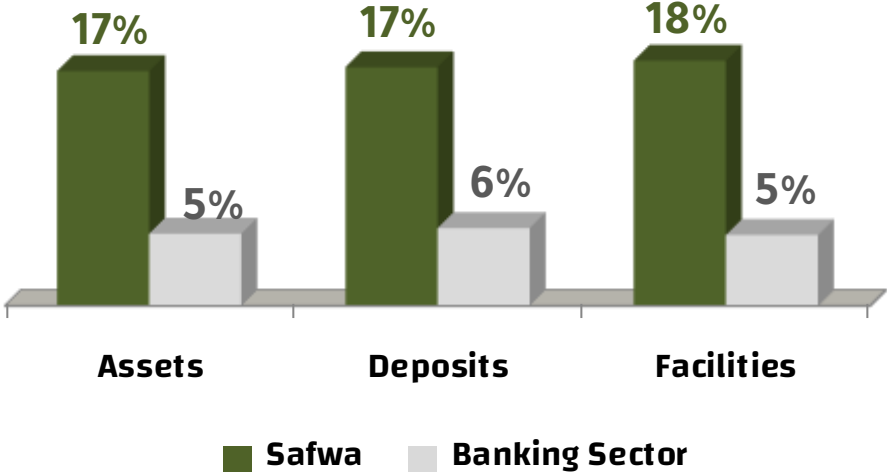
Balance sheet optimization

Disciplined expense management

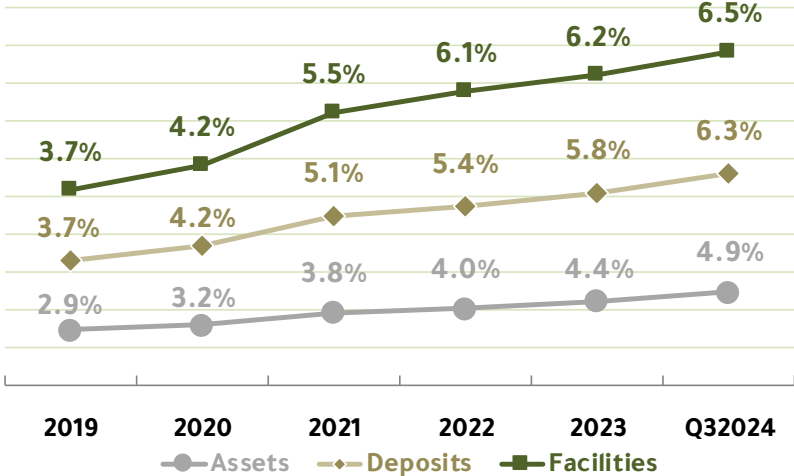
Diversification and scale

Strong Credit Quality

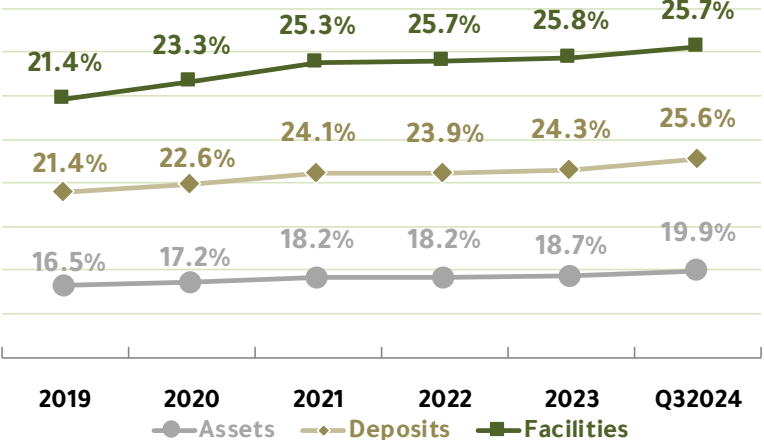
Safwa CAGR within 5 years Compared to Banking Sector



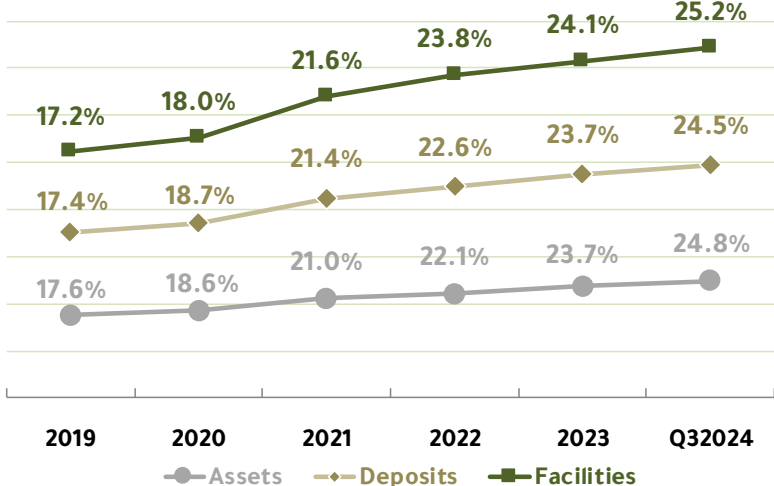
Safwa Market Share of Bank's Sector



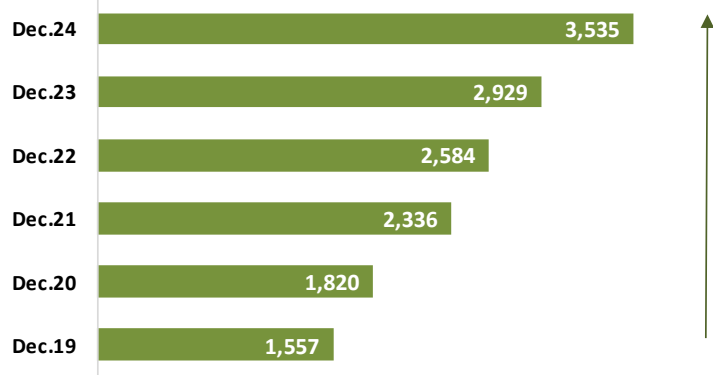
Islamic Market Share of Bank's Sector



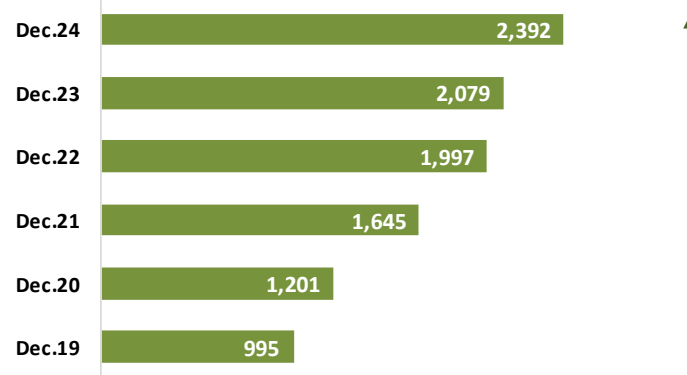
Safwa Market Share of Islamic Sector



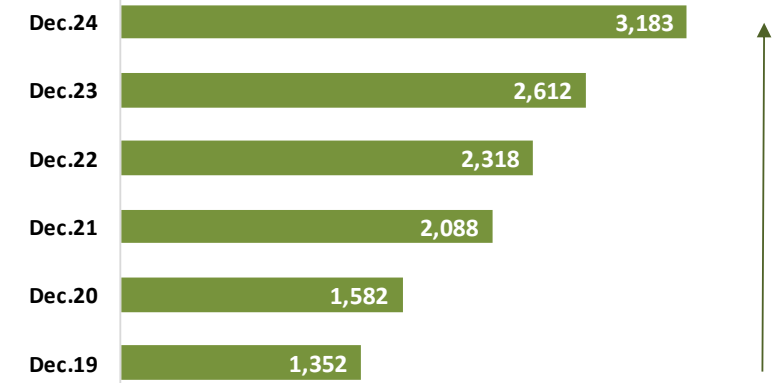
Total Assets (JOD mio)



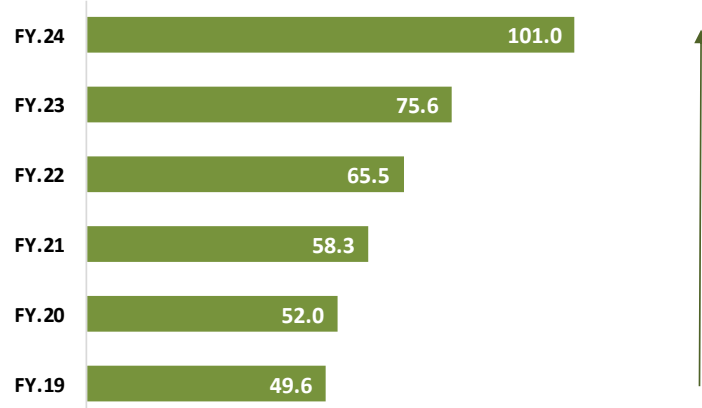
Total Facilities (JOD mio)



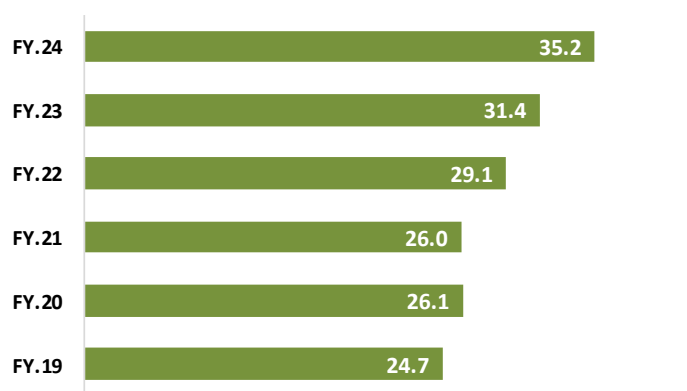
Total Customer funding (JOD mio)



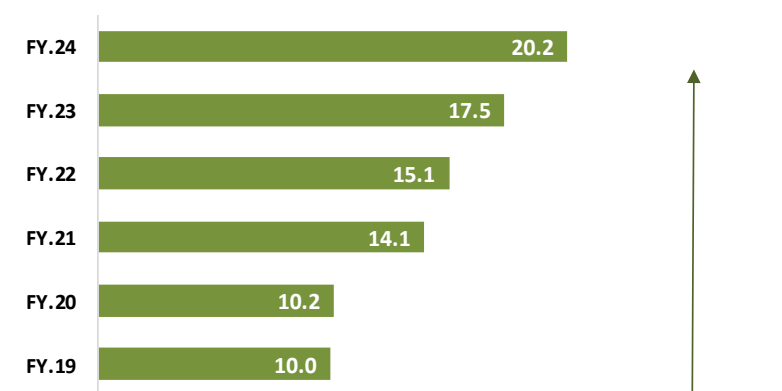
Gross Income & Other Fees (JOD mio)



Operating Expenses (JOD mio)



Net Income (JOD mio)



Safwa .. Key Ratios

15

Key Ratios

Consolidated

YTD

Q4.24

Q3.24

QoQ (bps)

YTD, Q4.24

YTD, Q4.23

YoY (bps)

Profitability

Return on Average Equity

13.0%

10.2%

288

10.2%

9.7%

44

Return on Average Assets

0.8%

0.6%

16

0.6%

0.6%

(3)

Return on Average Capital

22.4%

17.0%

546

16.8%

14.6%

222

Assets Quality and Capital

Non-Performing Loan Ratio

3.5%

3.6%

(8)

3.5%

2.4%

111

Provision Coverage

117%

110%

643

117%

128%

(1,161)

CAR

16.1%

16.9%

(76)

16.1%

16.4%

(26)

CET1

15.5%

16.2%

(69)

15.5%

16.0%

(51)

Efficiency

Cost to Income

34%

34%

(34)

35%

42%

(666)

Liquidity

LCR

491%

636%

(14,570)

491%

350%

14,060

Financing to Deposits (AVG)

74%

74%

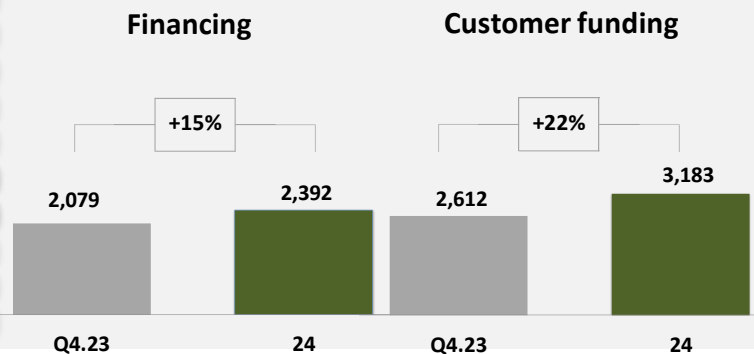
(2)

76%

84%

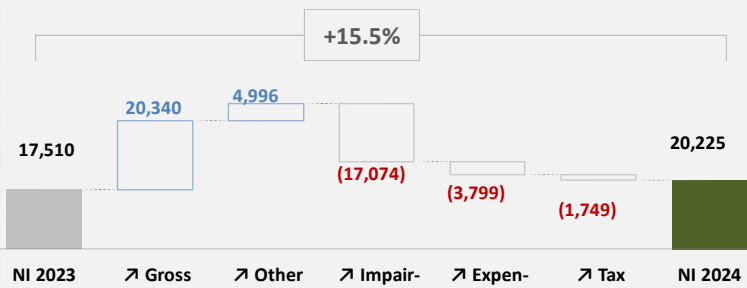
(792)

Financial Position



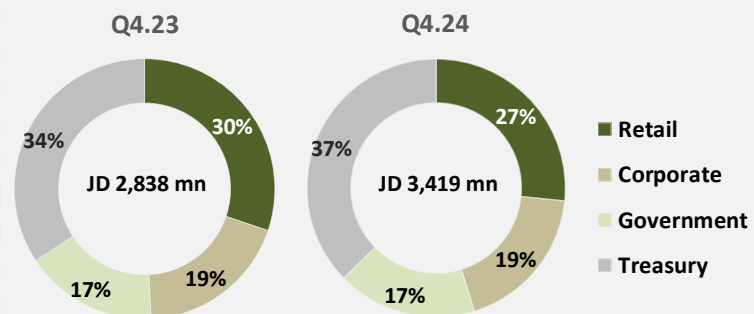
- Safwa continued with its growth momentum and increased financing by 15% JD 313 mn.
- On the other side, customer funding increased by JD 571 mn (22%).

Profit & Loss



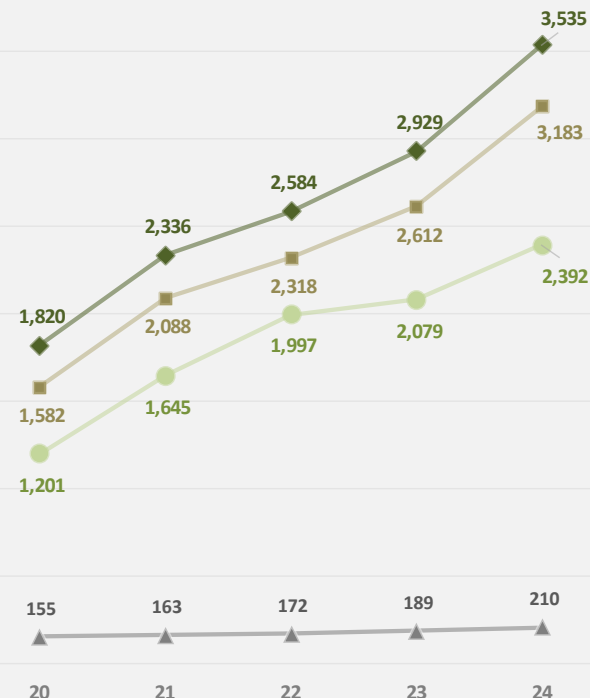
- NI Increased by 15.5% as of YE2024 compared to YE2023 (from JD 17.5 mn to JD 20.2 mn)
- The positive change is mainly a result of the increase of balance sheet volume average year over year

Credit Quality



- Well diversified financing & investment portfolio
- NPL% at 3.5%
- Coverage ratio of 111% without considering tangible collaterals
- Capital adequacy ratio at 16.1%

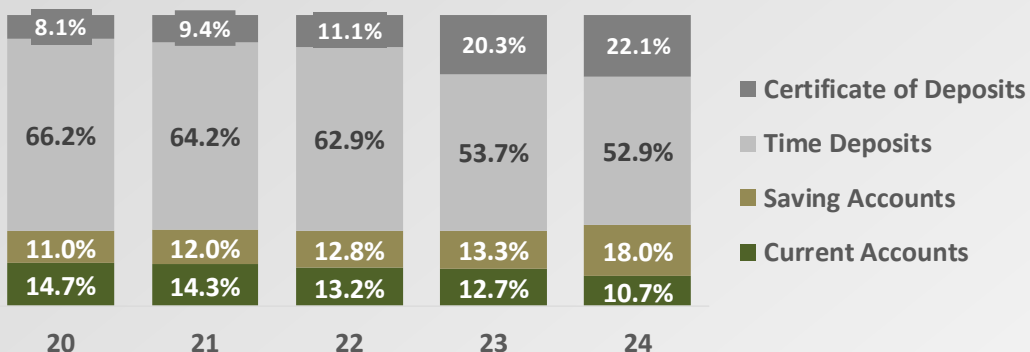
Trends (JD mn)



- ▲ Equity
- Financing
- Customer funding
- ◆ Assets

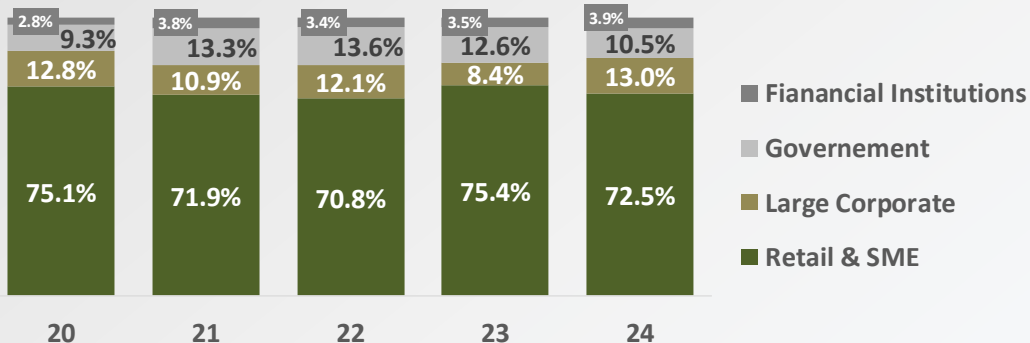
Deposits Structure

By Product



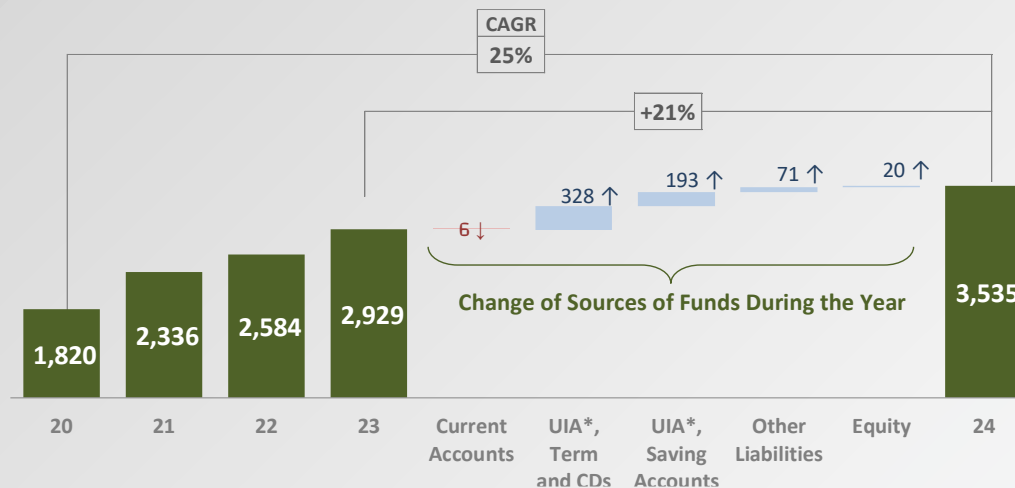
- Increasing trend of CDs contribution over the years, on behalf of time deposits. On other hand Q4 2024 witnessed an increase saving account which enhanced CASA

By Sector



- The trend in the contribution of large corporate and financial institutions increased compared to the decrease in other sectors.

Volume Trends and Movement During 2024 (JD mn)

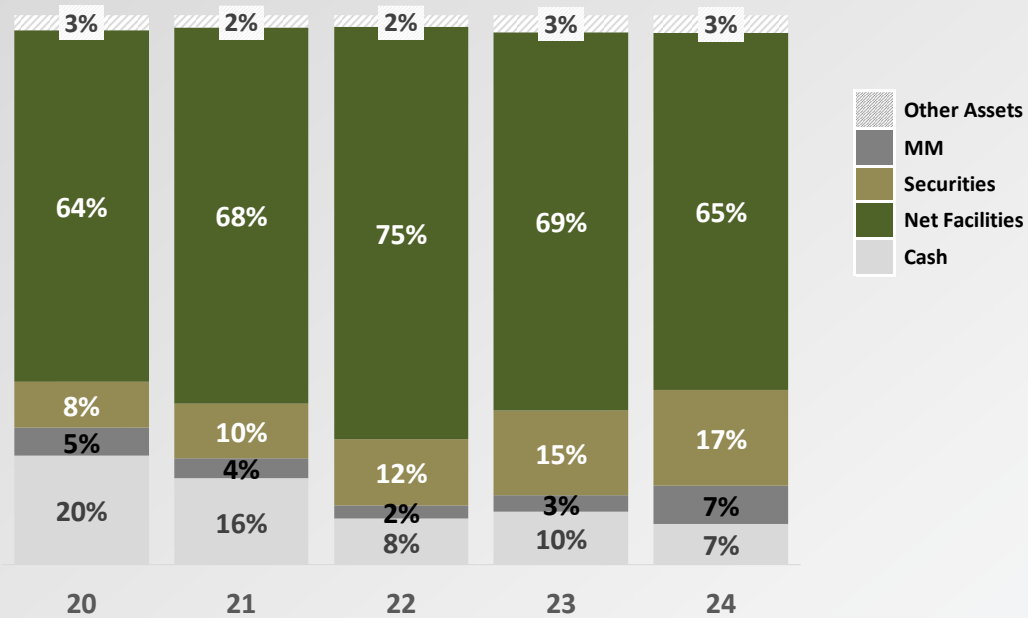


Management Commentary

- Ambitious growth with a CAGR of 25% since 2020
- Movement during 2024 witnessed an increase of 21%, increase of customer deposits by JOD 515 mn, while other liabilities and equity increased by JOD 91 mn.

* UIA: Unrestricted Investment Accounts

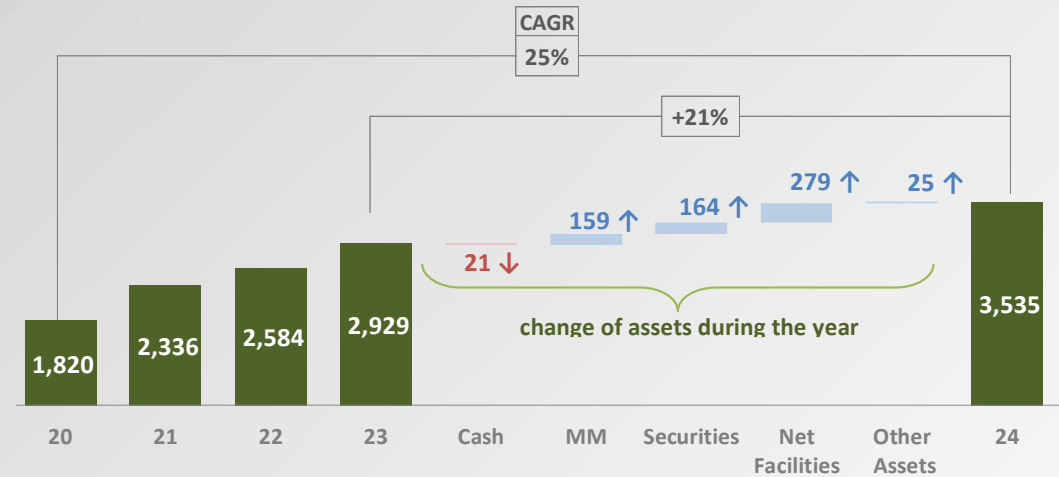
Assets Structure



Management Commentary

- Since 2020, asset structure changed mainly as a result of increased money market and securities versus a decreased contributions of cash and net facilities.

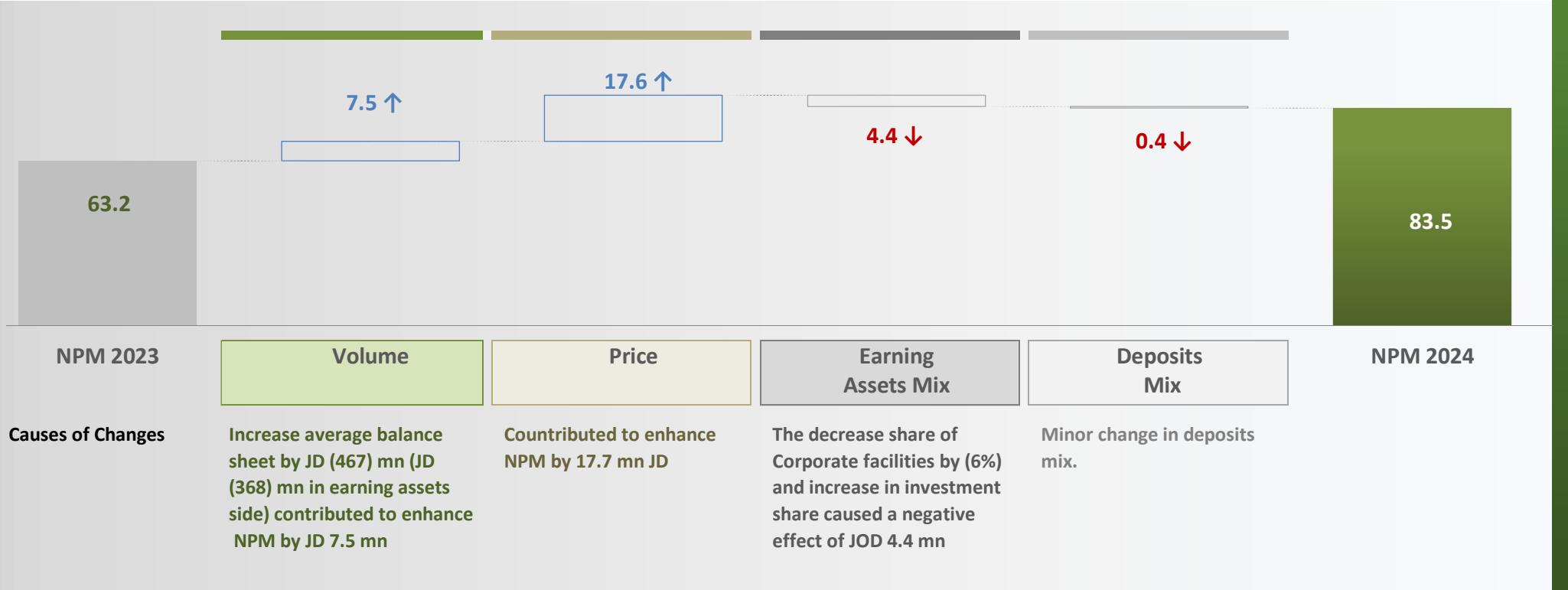
Volume Trends and Movement During 2024 (JD mn)



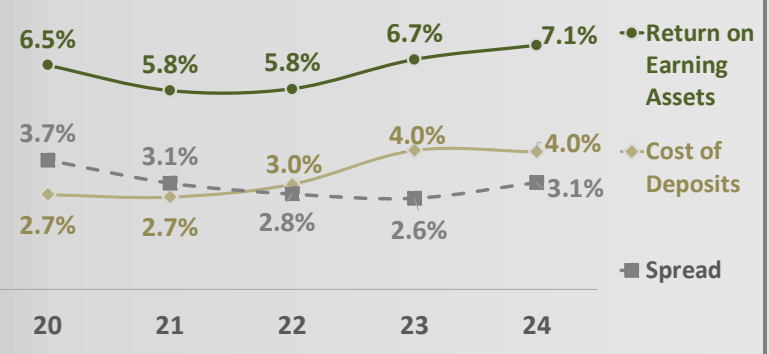
Management Commentary

- Ambitious growth with a CAGR of 25% since 2020
- Movement during 2024 witnessed an increase of 21%, Increase of earning assets by JOD 602 mn, and increase of non-earning assets by JOD 4 mn.

Net Profit Margin Analysis Causes of Change



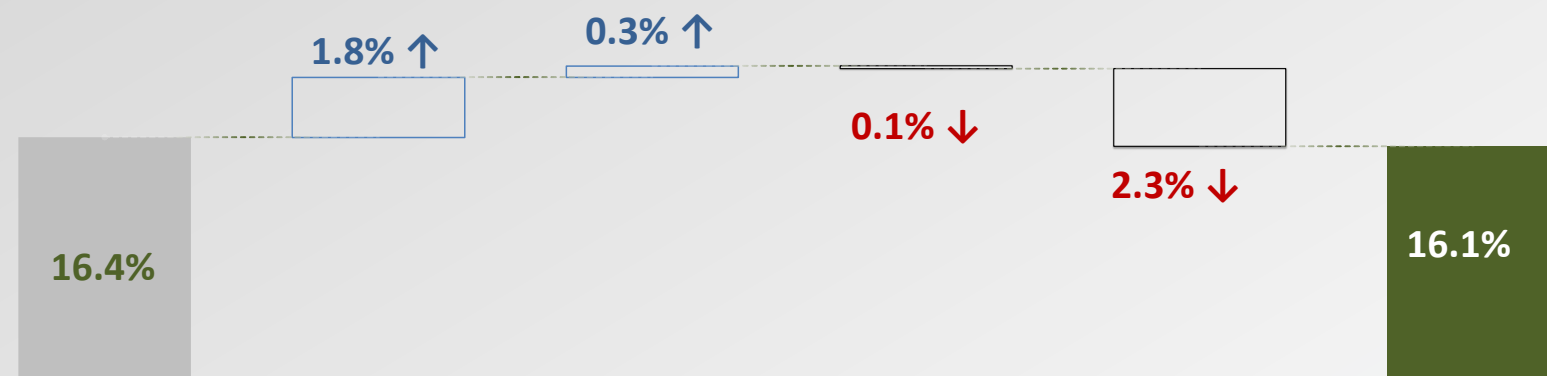
Return on Earning Assets, Cost of Deposits and Spread



Management Commentary

- Jordanian Dinar return is highly correlated with USD.
- Cost of fund increased as a normal result of consecutive increases of return on JOD and USD since early 2022 with stable return between 23 and 24.
- The bank managed to reprice the return on earning assets which had reflected an increase by 1.3% (from 5.8% in 2022 to 7.1% in 2024) to compensate the increased cost of deposits.
- As a result, the spread increased from 2.8% in 2022 to 3.1% as of 2024

Movement of Capital Adequacy Ratio during 2024



CAR, Q4.23

Change in Basic capital items

Change in Tier 2 (Supporting) Capital

Change in Other Factors (Intangible Assets, Def. Tax Assets, ..)

Change in RWA

CAR, Q4.24

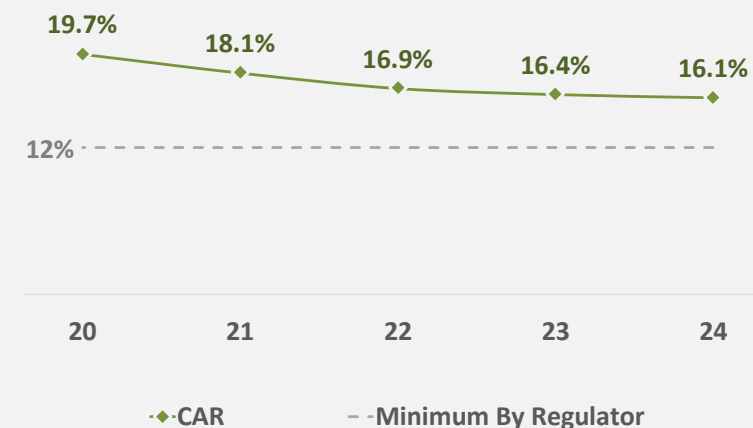
Basic capital increased by JD 20.2 mn had a positive effect on CAR by 1.8%

Change in tier 2 capital had a minor effect on CAR by 0.3%

Other factors had a minor effects on CAR by 0.1%

RWA increased by 14% causing CAR to decreased by 2.3%

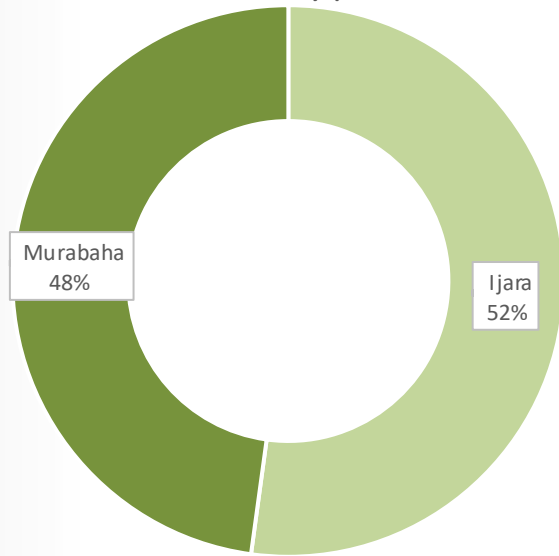
CAR Trend



Management Commentary

- CAR showed a minimal drop in 2024.
- The bank is in healthy position with a comfort zone of 3.6% above CBJ minimum requirement (12.5%).

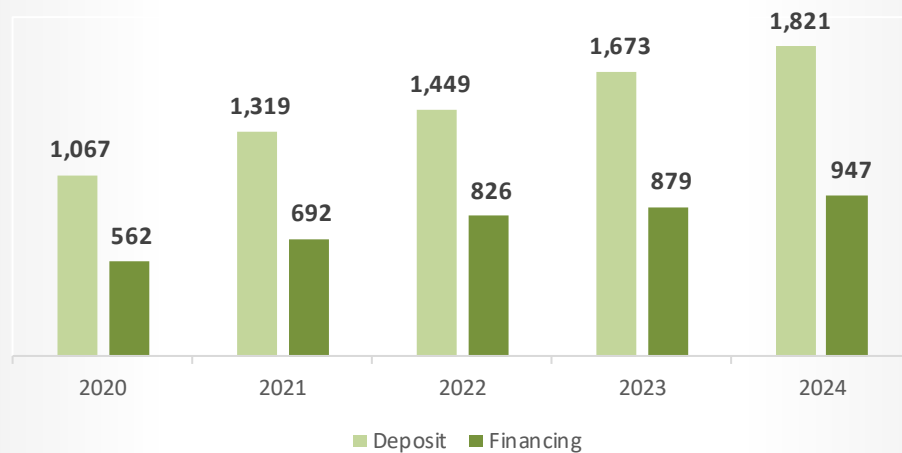
Breakdown by portfolio



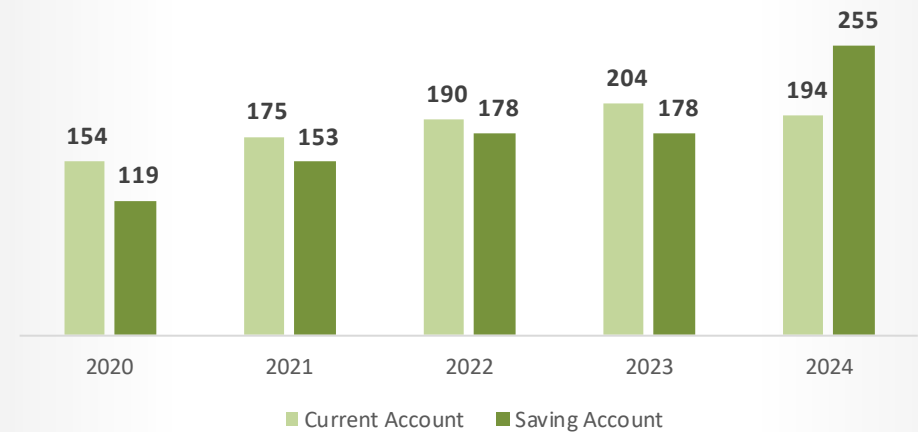
Management Commentary:

- ▶ Retail credit portfolio is up by 8% YTD to reach JOD 947mn.
- ▶ Retail CASA balance is up 17.5% YTD to reach JOD 449mn

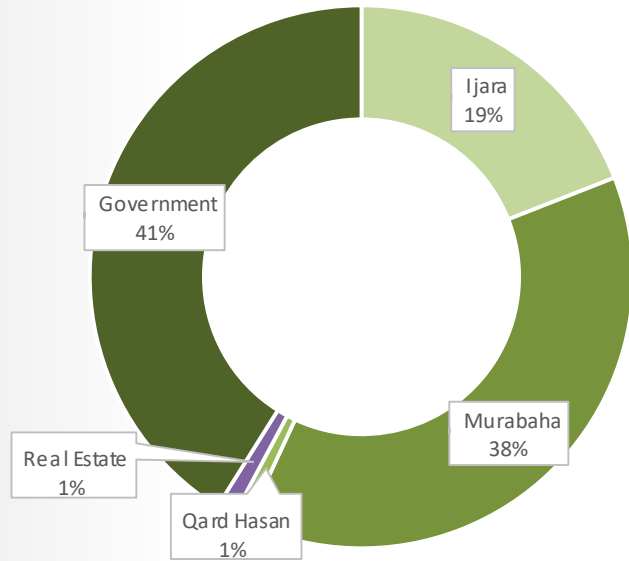
Segment Financing/Deposit(JOD mn)



CASA JOD mn



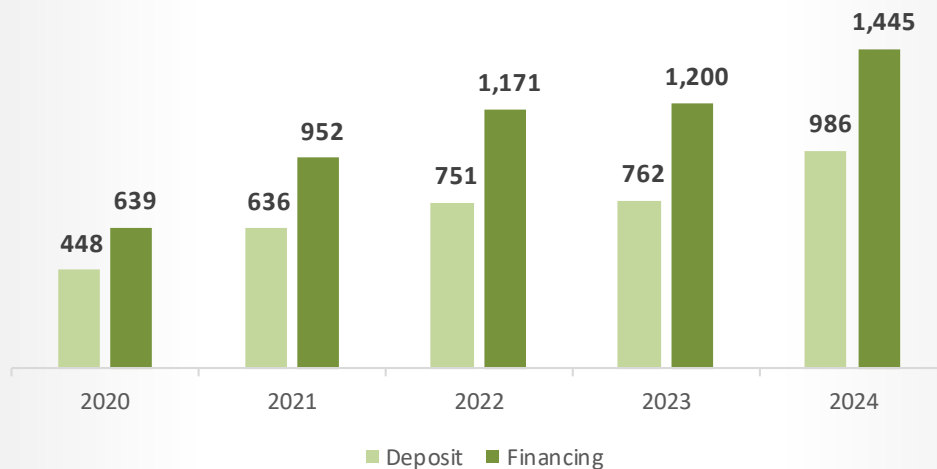
Breakdown by portfolio



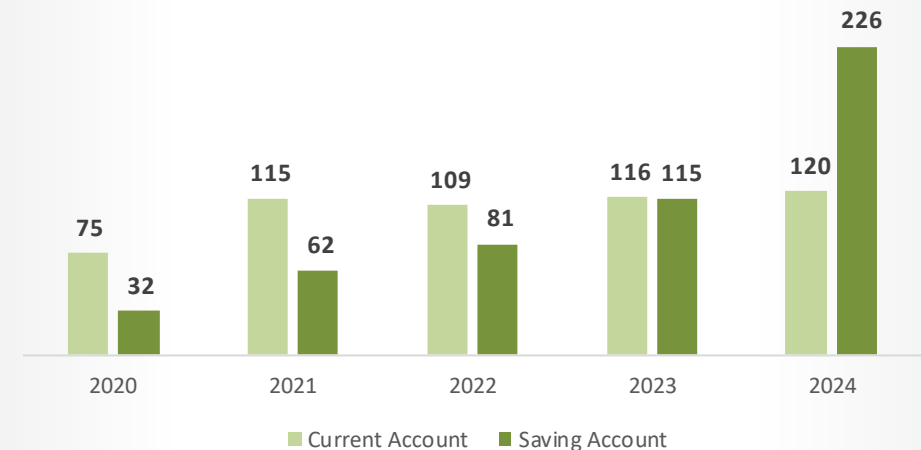
Management Commentary:

- ▶ Highly diversified portfolio now standing at JOD1.4 bn.
- ▶ Very healthy growth in corporate CASA (50%), backed by a 97% increase in Saving account.

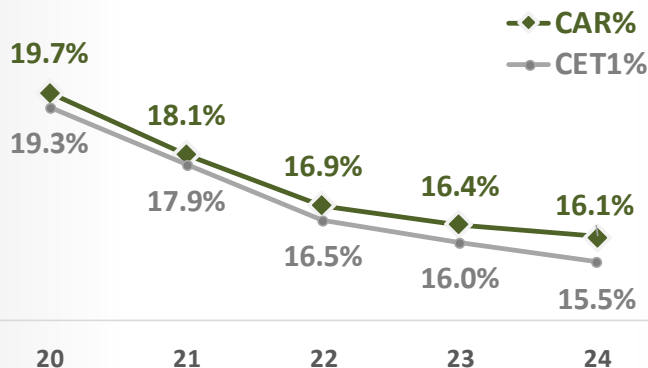
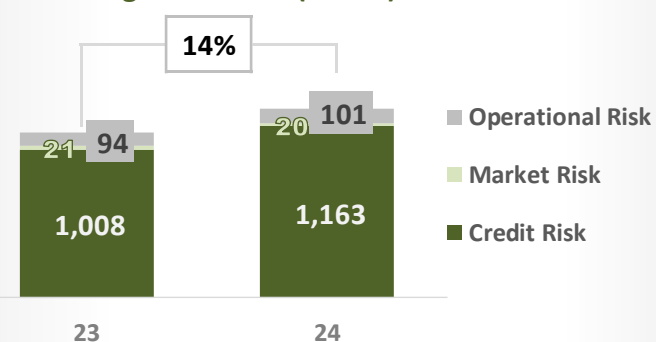
Segment Financing/Deposit(JOD mn)



CASA JOD mn



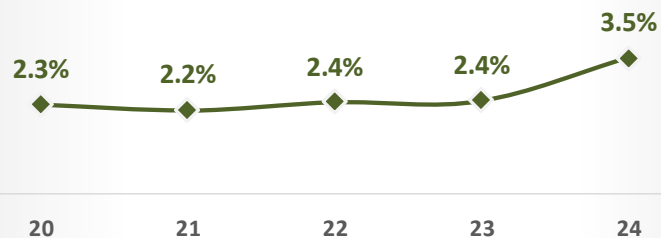
Risk Weighted Assets (JD mn)



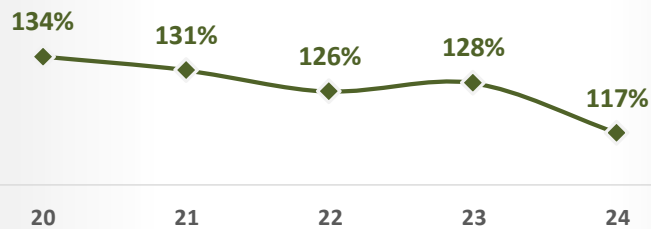
Management Commentary:

- ▶ Risk weighted assets increased during 2024 by 14%.
- ▶ Safwa NPL of 3.5% is below market average
- ▶ Coverage ratio reached 111% (Q4.24) without considering collaterals

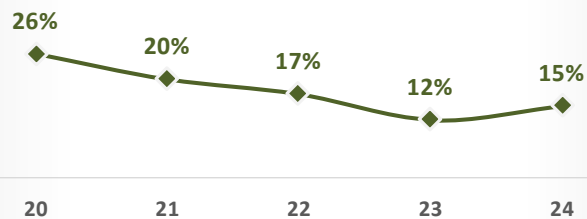
NPL%



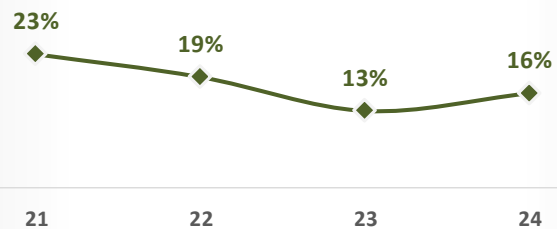
Coverage Ratio



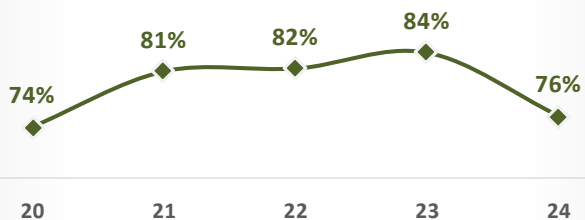
Liquid Assets / Assets



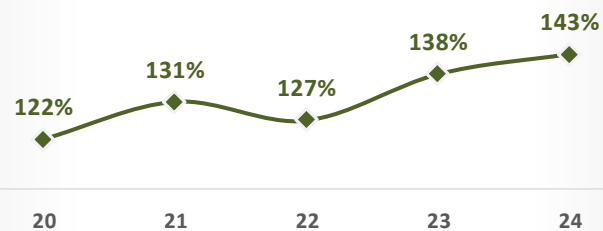
Liquid Assets / Deposits



Advances To Deposits (AD%)



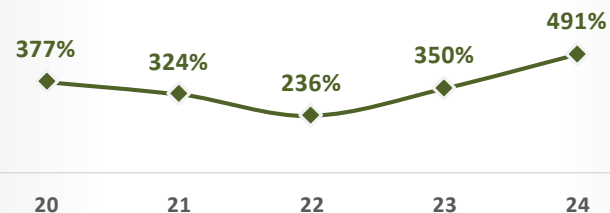
Regulatory Liquidity



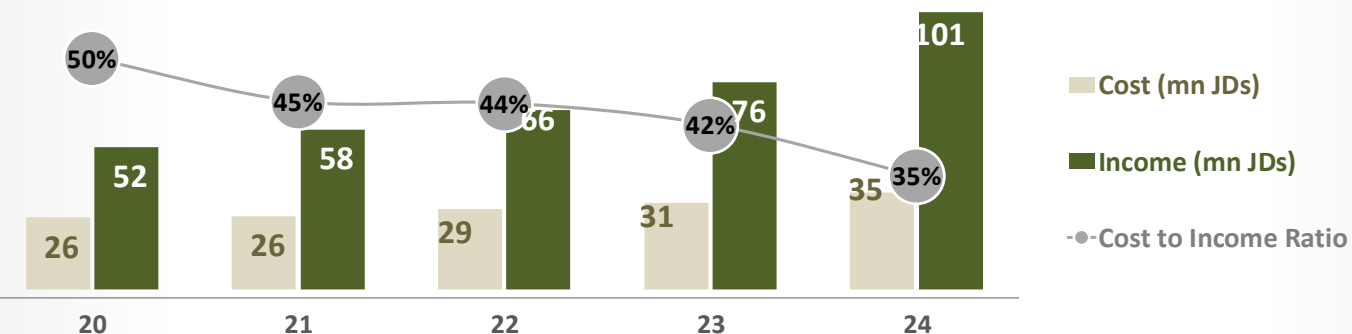
Management Commentary:

- ▶ LCR reached comfortable level of 491% ;(minimum regulatory level of 100%), in addition regulatory liquidity reached 143% (regulatory 100%)
- ▶ The liquidity ratios of liquid assets to assets and to deposits showed an increase during the 2024 driven by the increase of average balance of cash from JOD 240mn during 2023 to JOD287 mn during 2024.

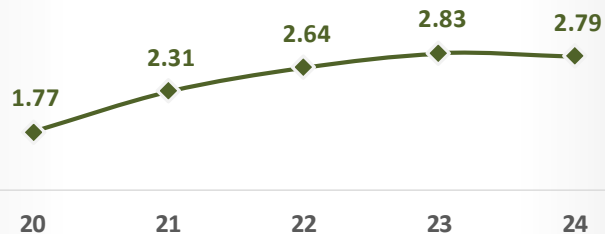
LCR



Cost & Income Trend



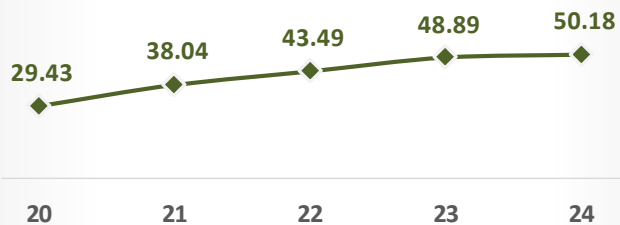
Financing / Employee (JD mn)



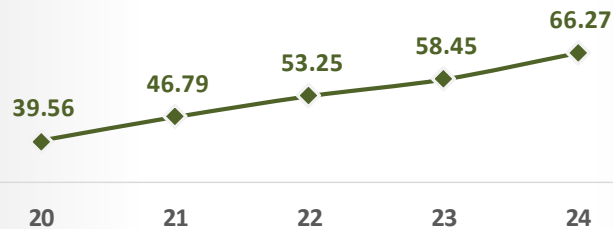
Deposits / Employee (JD mn)



Financing / Branch (JD mn)



Deposits / Branch (JD mn)



Management Commentary:

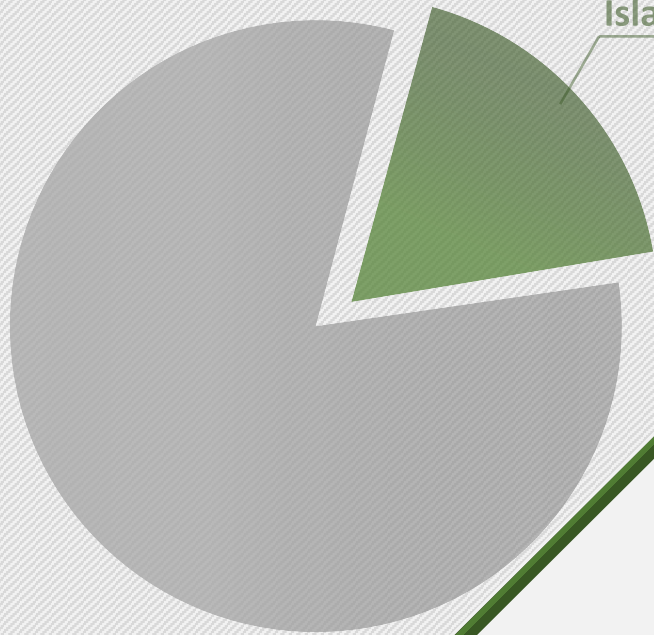
- ▶ Trend of cost to income ratio (CTI) showed continuous enhancement reflecting the bank's effective and efficient way to manage its resources, specially fixed costs
- ▶ Other efficiency indicators showed notable continuous improvement as Safwa bank continued to expand and grow with careful use of its resources, these indicators related to employees are one of the best in the market.

Safwa .. Supplementary Financials

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Summary Income Statement (Mn JDs)	Q4.24	Q3.24	QoQ	QoQ%	YTD, Q4.24	YoY	YoY%
Direct Revenues, Net of Cost of Deposits	26.0	20.2	5.9	29%	83.5	20.3	32%
Other Revenues	3.9	5.1	(1.2)	24%	17.5	5.0	40%
Net Revenues	29.9	25.3	4.6	18%	101.0	25.3	33%
Impairment Charges	(8.8)	(8.4)	(0.5)	5%	(33.0)	(17.1)	107%
G & A Expenses	(10.1)	(8.6)	(1.5)	17%	(35.2)	(3.8)	12%
Net Income Before Tax	11.0	8.3	2.7	32%	32.8	4.5	16%
Taxes	(4.2)	(3.2)	(1.0)	33%	(12.6)	(1.7)	16%
Net Income	6.8	5.1	1.7	32%	20.2	2.7	16%
Summary Balance Sheet (Mn JDs)	Q4.24	Q3.24	QoQ	QoQ%	EOY, Q4.23	YoY	YoY%
Financing	2,392	2,242	150	7%	2,079	313	15%
Investments	863	780	83	11%	540	323	60%
Deposits & Cash Collaterals	3,183	3,063	121	4%	2,612	572	22%
Total Assets	3,535	3,399	136	4%	2,929	606	21%
Total Equity	210	203	6	3%	189	20	11%

Islamic Banks share



QIB

Banking Sector

CBJ, Islamic Banks



Objectives

Verify the safety of the financial positions of banks

Monitor, and supervise the banks to ensure the soundness of their financial situations

Protecting the rights of depositors and shareholders in accordance with corporate governance set by CBJ

Works on the rules and regulations necessary to deal with customers fairly

Contribute in protecting the banks from the reputation risk

Ensure banks' positive contribution to the sustained economic development of the national economy

The preparation of plans and programs necessary to achieve its tasks

Tasks

Regulate credit and credit risks resulting from concentrations for bank's customers

Study banks licensing and branching requests inside and outside the Kingdom

Control the information and its accompanying technology in the banks

Prepare statistical and analytical studies and reports relating to the business of banks

Monitor the performance of banks , organize and evaluate their business

Analyze and follow- up banking and financial stability of banks

Study the related laws, regulations, and instructions

Modernize and develop methods of control and inspection

Working Banks In Jordan

Local Islamic Banks

- Safwa Islamic Bank
- Jordan Islamic Bank
- Islamic International Arab Bank

Foreign Islamic Banks

- Al-Rajhi Bank

Local Commercial Banks

- Arab Bank
- Housing Bank
- Cairo Amman Bank
- Ahli Bank
- Al Etihad Bank
- Commercial Bank
- Capital Bank
- Bank of Jordan
- Jordan Kuwait Bank
- Jordanian Arabic Investment Bank
- Invest Bank
- ABC Bank

Foreign Commercial Banks

- BLOM Bank
- Egyptian Arab Land
- Citibank
- Rafidain Bank

Financial Soundness Indicators (CBJ 06.2024)

17.6%

Capital Adequacy

139%

Regulatory Liquidity

5.6%

NPL Ratio

1.2%

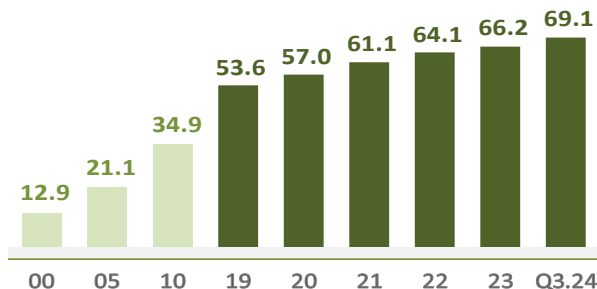
ROA

9.8%

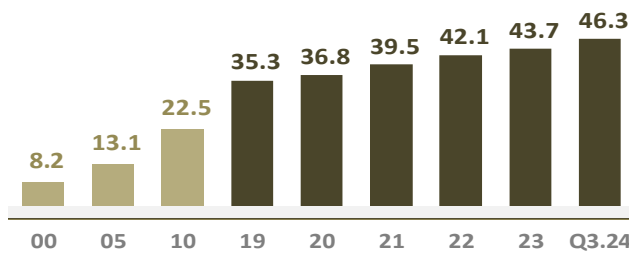
ROE

Sector Figures (bn JDs)

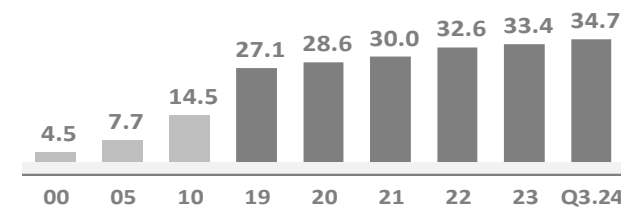
Assets

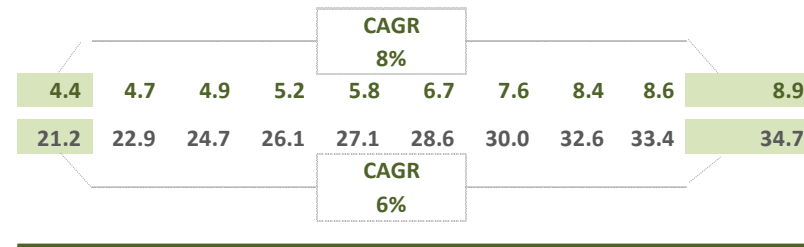
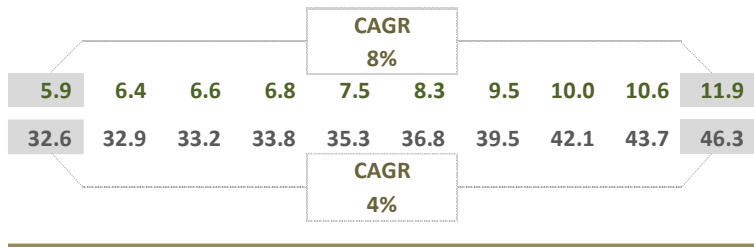
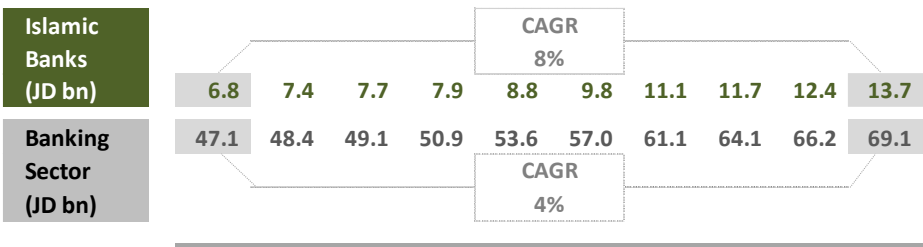
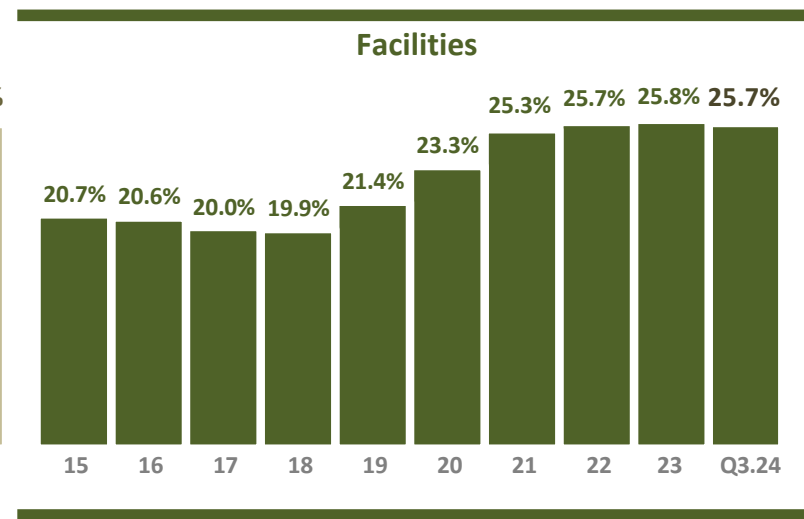
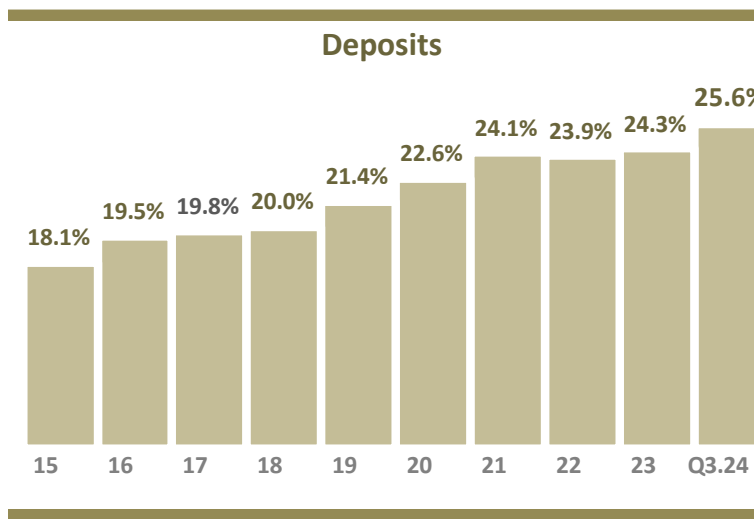
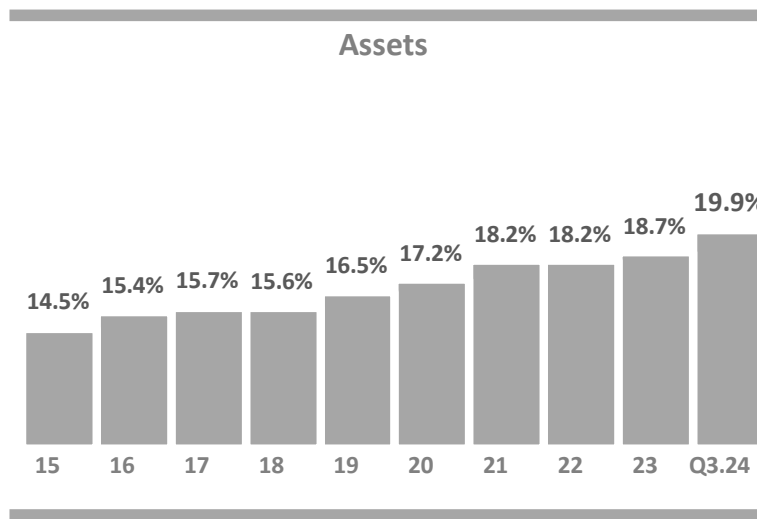


Deposits



Financing





Highlights

- Islamic banks' market share shows upward trend reflecting the increasing needs of Jordanian society for Sharia compliant products and services
- The CAGR growth ratios for Islamic banks since 2015 witnessed better ratios than banking sector, the assets' CAGR during this period was 8% for Islamic banks and 4% for the banking sector
- During 2024, the market share for Jordanian Islamic Banks in the banking sector showed increase in deposits market share to reach 25.6% (growth 1.3%).
- The increasing facilities trend was abruptly interrupted as Islamic Banks showed a decrease or slight increase in facilities

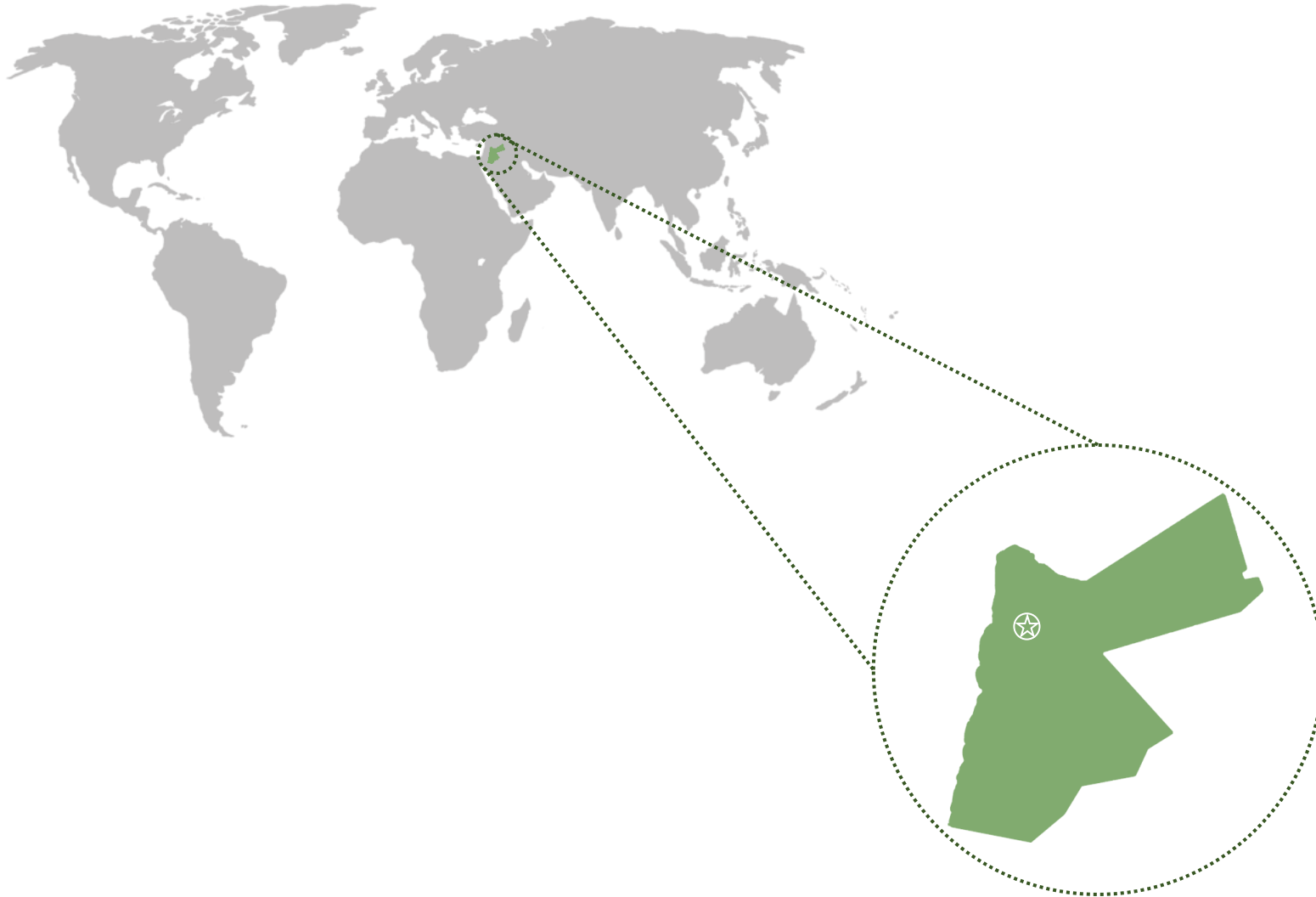


04

Jordan

Facts and Economy





Area : 89.3 thousand km²



Population : 11.8 million



Capital : Amman



Religion : Islam (95%)

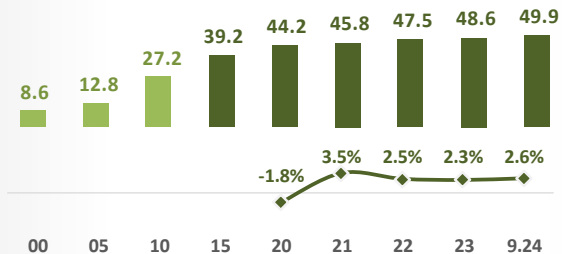


GDP : USD 49.9 billion

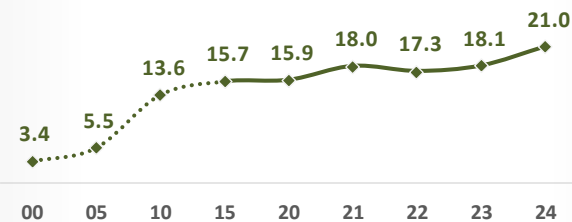


GDP Per Capita : USD 4,257

GDP (Bn USD)



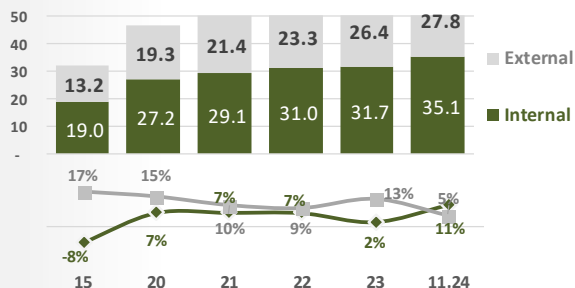
Foreign Reserves (Bn USD)



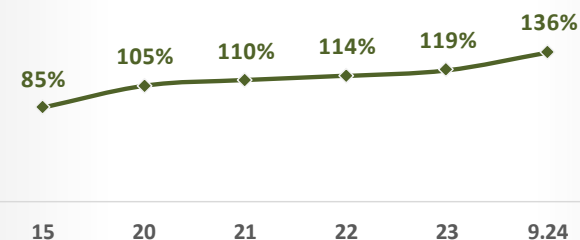
Highlights

- ◆ GDP showed slight increase over the last year, GDP growth in 2024 reached 2.6%.
- ◆ Foreign reserves increased at the end of 2024 reaching JD 21 bn (JD 18.1 bn at the beginning of the year); these reserves cover the imports needs for 8 months. Jordanian Dinar is pegged against USD since 1994 (USD 1 = JOD 0.709).
- ◆ Current public debt to GDP increased to 136% at the end of 2024.
- ◆ Unemployment rate had a minimal increase to reach 21.5%
- ◆ The inflation rate stabilized in the past two years at 1.6%.

Public Debt (USD bn)



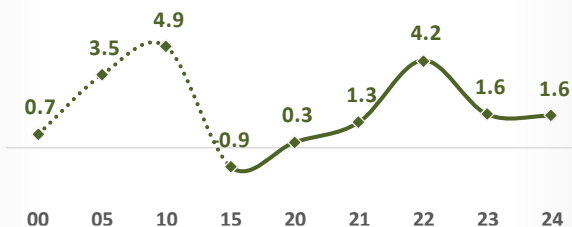
Public Debt / GDP



Unemployment Rate (%)



Inflation (%)



Why to Invest in Jordan



Security and stability



Investment incentives, tax exemptions, and ability to repatriate capital/profits



Growing tourism sector



Regionally advanced indicators for competitiveness and corruption indexes



Competitive Human Resources



Strong Financial Sector

Facilities (Financing)

Facilities appears in the Safwa Islamic Bank's financial statements (financial position) as the sum of:

- Deferred sales receivables and other receivables-net (excluding international Murabaha)
- Ijarah muntahia bittamleek assets-net.
- Qard Hasan

Money Market Instruments

Safwa Islamic Bank invests the extra funds in money market instruments, these instruments mainly consists of

- international Murabaha (appeared within "Deferred sales receivables and other receivables-net")
- international wakala

Cost of Deposits

The cost of deposits expense in Safwa's statement of income includes the following items:-

- Share of unrestricted investment accounts holders'
- Deposit Insurance corporation fees, jointly financed
- Deposit Insurance corporation fees, self financed
- Changes in PER (Profit equalizer reserve)

Impairment Charges

The concept of this provision includes the sum of :-

- Expected credit loss on jointly items
- Expected credit losses provision for facilities - self financed

Direct Income

The concept of direct revenues in Safwa's statement of income includes the following items:-

- Differed sales revenues
- Ijara muntahia bittamleek assets revenue
- Gains from International wakala investments
- Gains from all financial assets
- Share of Joint Funds from Profits of associate company
- Bank's self financed revenue
- Depreciation of Ijara muntahia bittamleek assets- self financed

ATM	Automated Teller Machine
ASE	Amman Stock Exchange
CAGR	Compound Annual Growth Rate
CAR	Capital Adequacy Ratio
CASA	Current Accounts and Saving Accounts
CBJ	Central Bank of Jordan
CDM	Cash Deposit Management
CET	Common Equity Tier
COSO	Corporate Service Office
COD	Cost of Deposits
CTI	Cost to Income Ratio
G&A	General and Administrative Expenses

GDP	Gross Domestic Products
MM	Money Market Instruments
MoF	Ministry of Finance
JD	Jordanian Dinar
NI	Net Income
NPL	Non Performing Financing
NPM	Net Profit Margin
PB %	Price to Book Ratio
PE %	Price to Earnings Ratio
ROAA	Return on Average Assets
ROAE	Return on Average Equity
RWA	Risk Weighted Assets

Advances to Deposits	AD%	The average of facilities divided by average sum of deposits and cash collaterals.
Capital Adequacy Ratio	CAR%	A measurement of a bank's available capital expressed as a percentage of a bank's risk weighted assets (RWA) exposures
Current and Saving Accounts %	CASA%	Sum of current and saving accounts divided by total deposits and cash collaterals
Compound Annual Growth Rate	CAGR	The mean annual growth rate of an financial figure over a specified period of time longer than one year
Cost of Deposits	COD	Annualizes profit expenses divided by deposits average (CASA and term deposits, and margins)
Cost to Income Ratio	CTI	G&A divided by (Gross Income + Non-funded Income)
Coverage Ratio		Sum of allowance of expected credit loss provisions and suspended profits divided by non performing financing
Liquid Assets		High liquid assets that can be converted to cash within reasonable cost and short time
Net Profit Margin (NPM)	NPM	The Direct Income of earning assets minus the cost of deposits
Non-Performing Financing		Financing that is in default or close to being in default, due to the fact that they have not made the scheduled payments for a specified period, most financing become non-performing after being default for 90 days
Payout Ratio		Proportion of earnings a company pays shareholders in the form of cash dividends
Per Capita Income		GDP divided by population
Price to Book Ratio	PB	Market value of outstanding shares to total equity
Price to Earnings Ratio	PE	Closing price to the annualized earning per share
Return on Average Assets	ROAA	Annualized net income after tax divided by average assets
Return on Average Equity	ROAE	Annualized net income after tax divided by average equity
Risk Weighted Assets	RWA	The banks' assets or off balance sheet exposures weighted according to risk used in deterring capital adequacy
Spread		Difference between return on earning assets and cost of deposits

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