

Investor Presentation

1Q 2023

May 2023

مصرف الإنماء
alinma bank



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Alinma Overview

1Q 2023

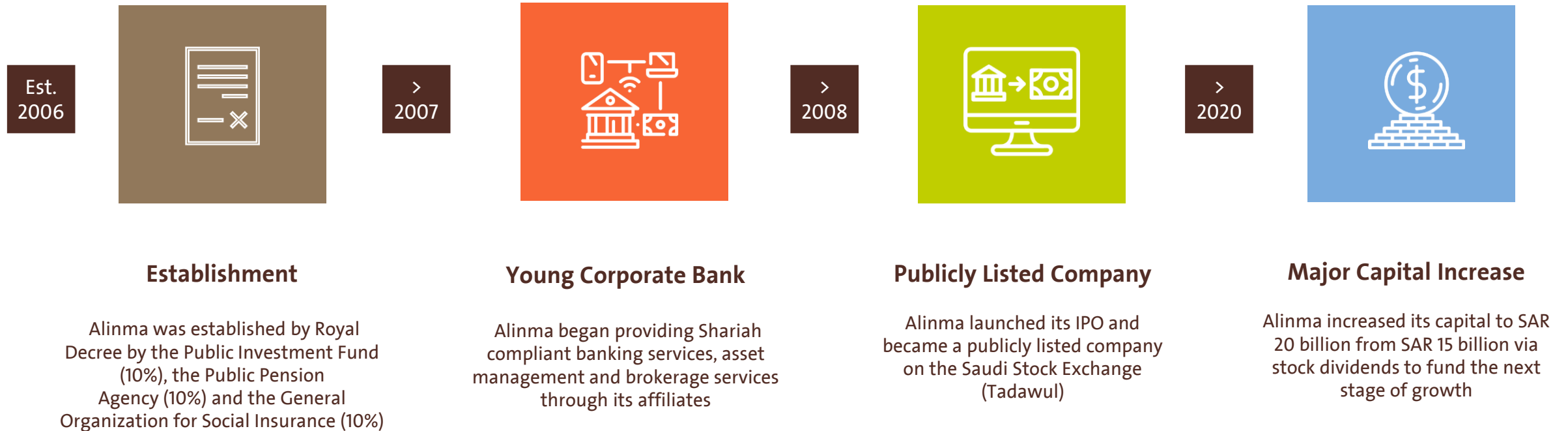
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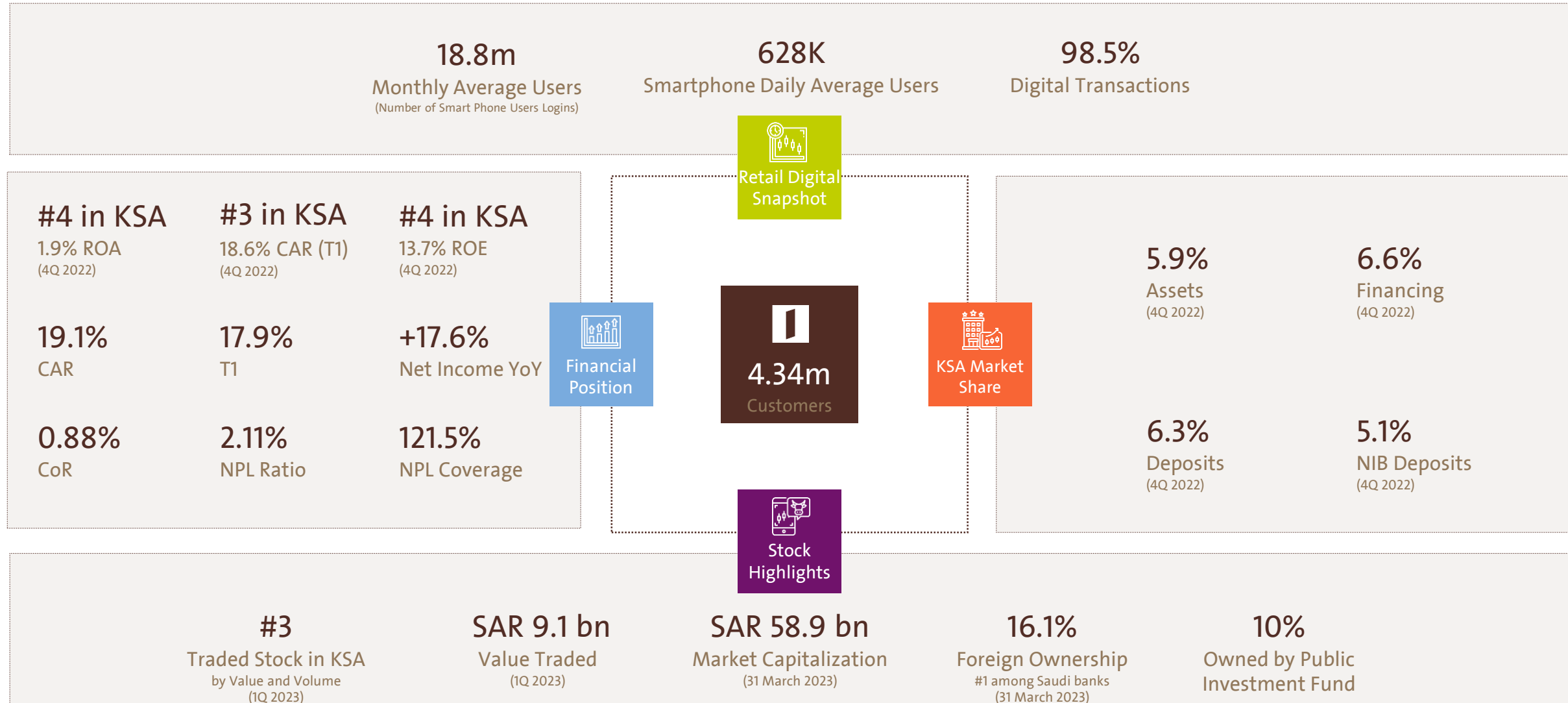
History

Alinma Bank was established in 2006 as full-fledged Islamic banking services provider.



Alinma Overview

Alinma is the youngest bank in KSA



Management Team

Alinma has built an experienced new management team poised to execute its strategy



Abdullah Ali Al Khalifa
Chief Executive Officer (CEO)



Saleh Abdullah Al Zumaie
Deputy CEO, Head of Retail
& Digital Banking



Jameel Naif Al Hamdan
Head of Corporate Banking



Abdullah Jamaan Al Zahrani
Head of Treasury



Meshary Abdulaziz Al Jubair
Chief Operating Officer (COO)



Mohammed Sultan Al Sehali
Chief Internal Audit Officer



Hamoud Abdulaziz Al Humaidan
Chief Compliance Officer (CCO)



Eyad Osama Al Othman
General Counsel & Board Secretary



Fahad Abdulaziz Al Mohaimeed
Head of Strategy & Business Excellence



Yaser Abdulaziz Al Marshde
Chief Sharia Officer (CSO)



Hisham Abdullah Al Turaigi
Chief Credit Officer (CCRO)



Abdullah Mohammed Al Salamah
Chief Human Capital Officer (CHCO)



Adel Saleh Abalkhail
Chief Financial Officer (CFO)



Meshal Hamad Al Rabiah
Chief Risk Officer (CRO)

Strategy Update

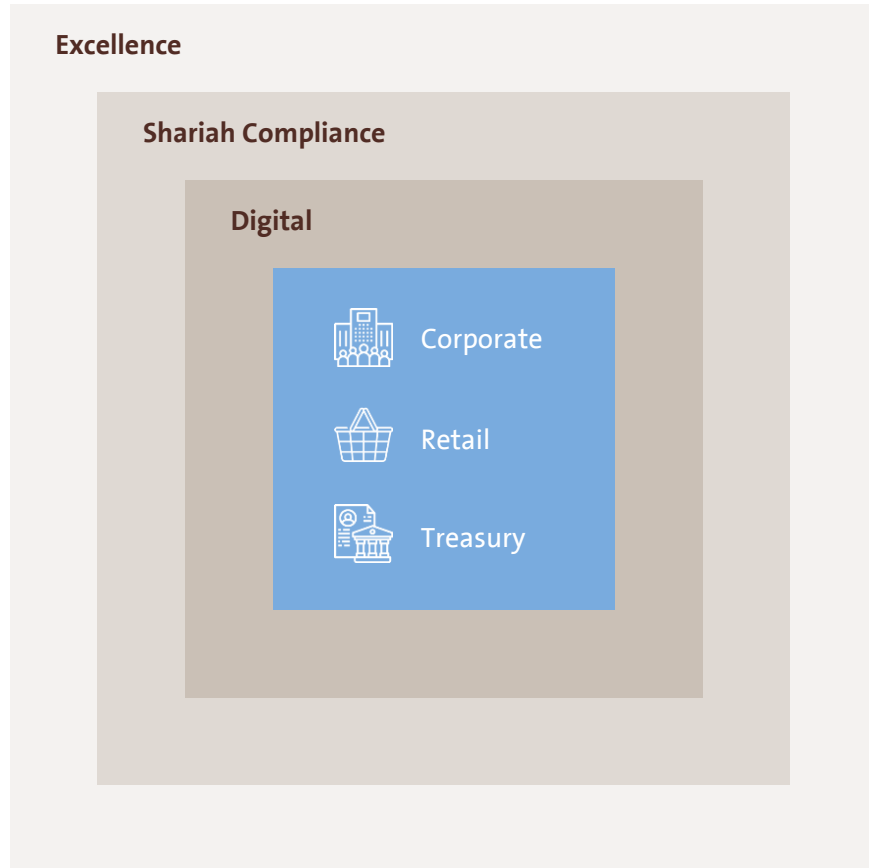
1Q 2023



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Strategic Positioning

Alinma Bank's strategic positioning cascades down into each business strategy

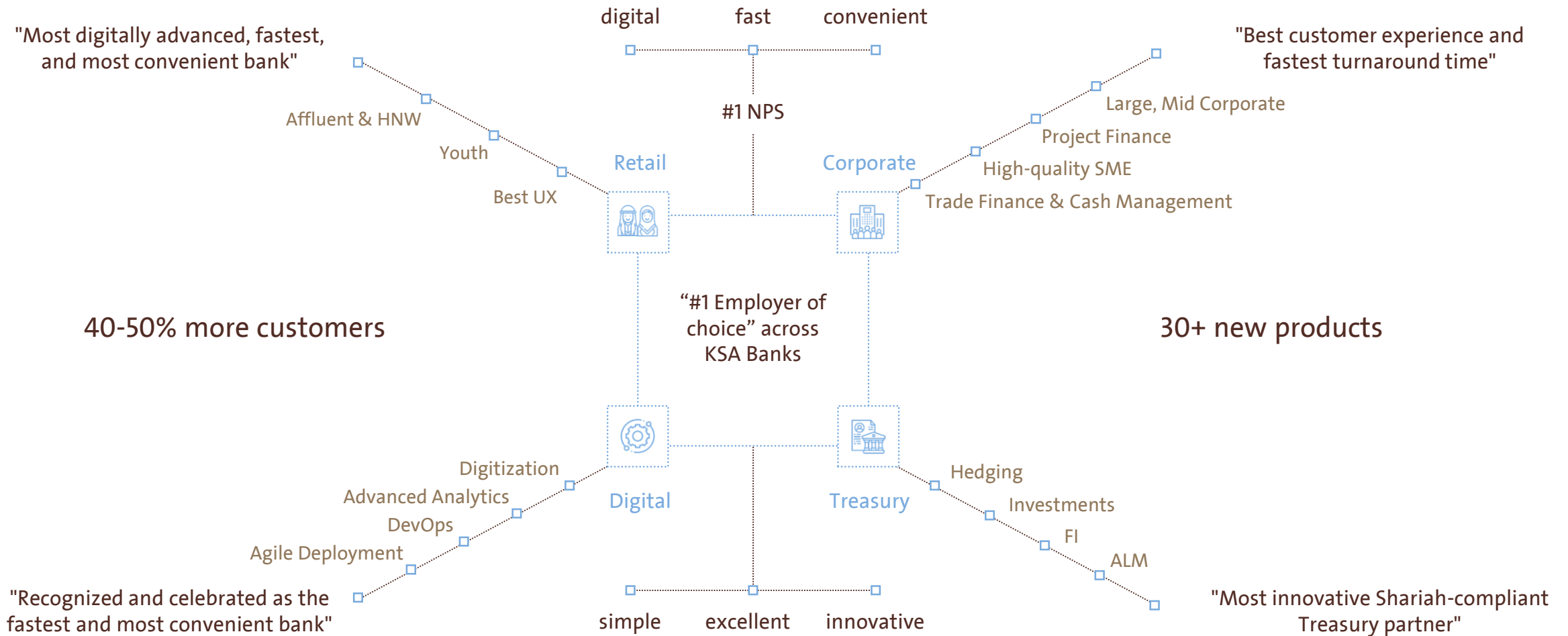


- Bank wide**
 - Be recognized and celebrated as the **fastest and most convenient bank in KSA**
 - Be the **#1 in Net Promoter Score (NPS)** across KSA Banks
 - Be the **#1 Employer of choice** across KSA Banks

- Segment wise**
 - Be the **most digitally advanced, fastest, and most convenient Retail bank in KSA**
 - Be the **Corporate bank** with the **best customer experience** (increasingly integrated) and offer the **fastest turnaround time in KSA**
 - Be the **most innovative Shariah compliant Treasury partner** across KSA

Strategy Overview

Key success factors for Alinma Bank's strategic positioning



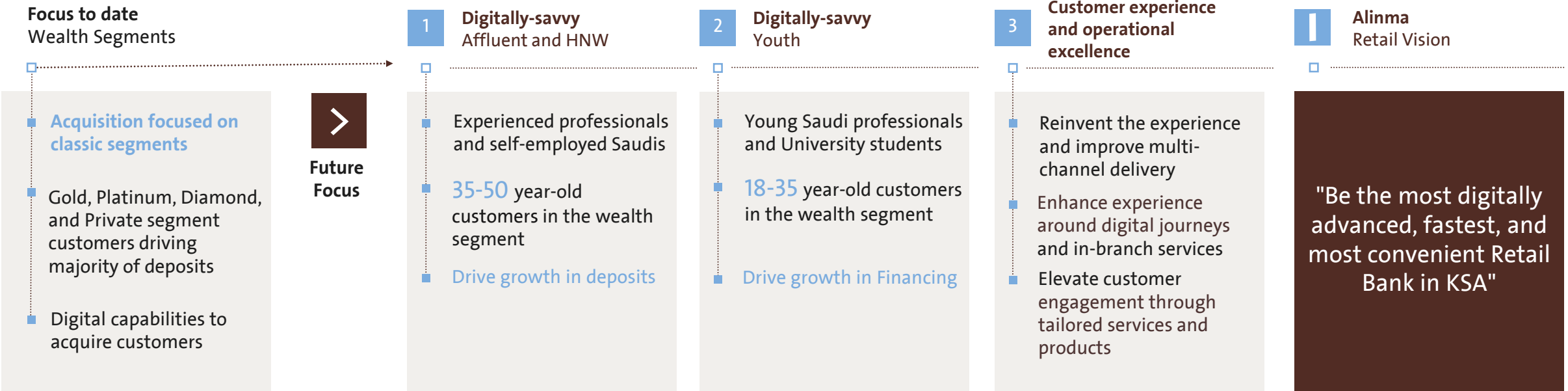
Strategy Progress Update

Driving changes across the businesses and bank-wide

| | 2021 - 2025 Strategic Ambitions | 1Q 2023 Achievements | 2023 Initiatives In-Progress |
|--|--|---|--|
|  Digital | Build digital factory and apply latest available technologies - Advanced Analytics (AA), AI and Big Data | <ul style="list-style-type: none"> Introduced Chat-bot service Launched new Alinma mobile app | <ul style="list-style-type: none"> Driving Agile delivery of IT projects Digital team being expanded with requisite skills Continuously improving new digital app |
|  Fast | Improve processes and speed to market | <ul style="list-style-type: none"> Expansion of TCR machine installations | <ul style="list-style-type: none"> Continue enhancement of digital journeys and app functionality, and increase cross-sell Continuous improvement in turn-around time for retail customers |
|  Convenient | Enhance customer convenience and experience | <ul style="list-style-type: none"> Launched new Personal Finance Product “Against Portfolio” Launched commodity based “Equity Release” Launch Off-plan commodity product Merged 10 branches | <ul style="list-style-type: none"> Client relationship models for Private and Affluent customers being improved Enhance ecosystems programs for customer convenience |
|  Total | 77 Initiatives* <small>*1 new initiative added in 1Q 2023</small> | 55_{/77} Initiatives Completed  71% | 22_{/77} Initiatives In Progress  29% |

Retail

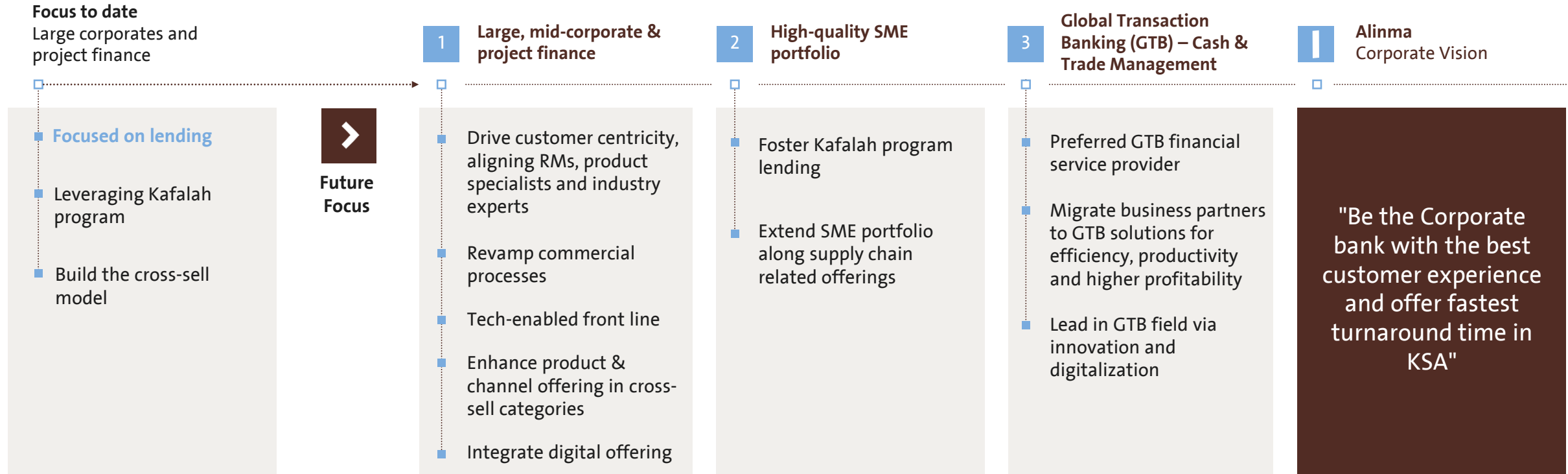
Focus on building two customer franchises



| | | | | | | | | | |
|---|--|--|--|--|---|---|---|-------------------------------|--------------------------|
| Initiatives Completed to Date: 12/18 initiatives completed 67% | Key Achievements 1Q 2023 | Launch of New Tailored Products | | | New Operating Models and Effective Processes | | | Distribution Expansion | |
| | | ✓ Launched new Personal Finance Product "Against Portfolio" | ✓ Launched commodity based "Equity Release" | ✓ Launched Off-plan commodity product | ✓ Continue Implementation of branches merger plans | ✓ Implemented a revamped loyalty program "Akthar" with many enhanced features & new redemption options | ✓ Expansion of TCR machine installations | 10 Merged branches | 2 New Private Centres |

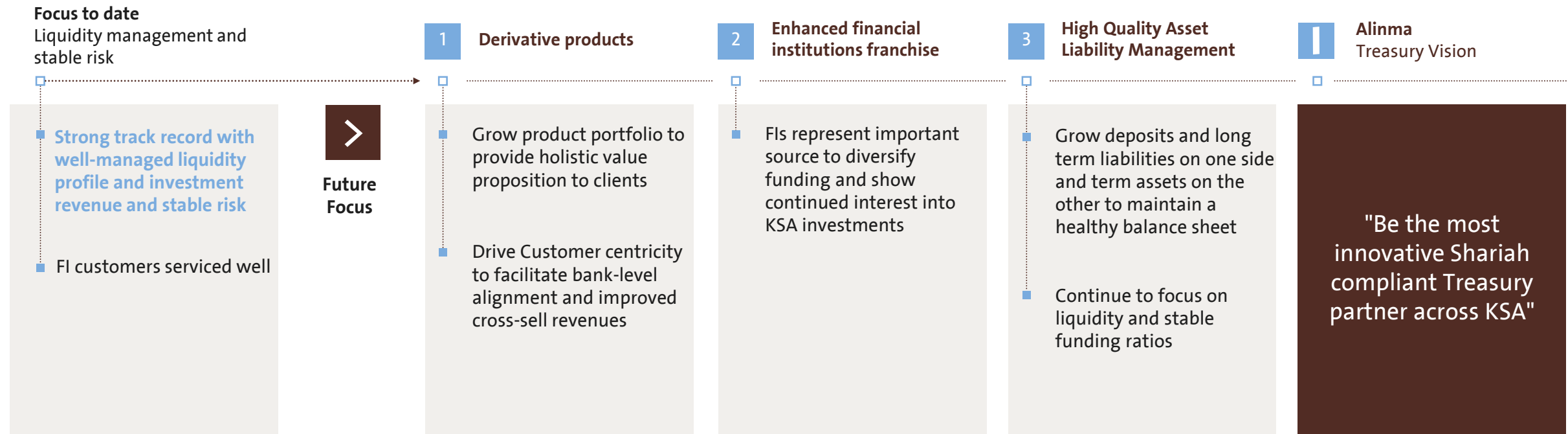
Corporate

Evolve the bank and diversify across sectors



| | | | | | |
|---|---|---|---|---|--|
| <p>Initiatives Completed to Date:</p> <p>9/19 initiatives completed</p> <p>47%</p> | <p>Key Achievements</p> <p>1Q 2023</p> | <p>Expanded Mid-Corp Segment</p> <p>+49% Growth in booked assets</p> <p>+44% Growth in Non-funded assets (LG & LC)</p> | <p>Growth in SME Portfolio</p> <p>+53% Program Based Lending</p> <p>+13% Kafalah financing</p> | <p>New Products & Centralization</p> <p>Developed Murabaha Overdraft product</p> | <p>Improved organisational efficiency</p> <p>Built Corporate Support Services team to organize and enhance corporate operational work</p> |
|---|---|---|---|---|--|

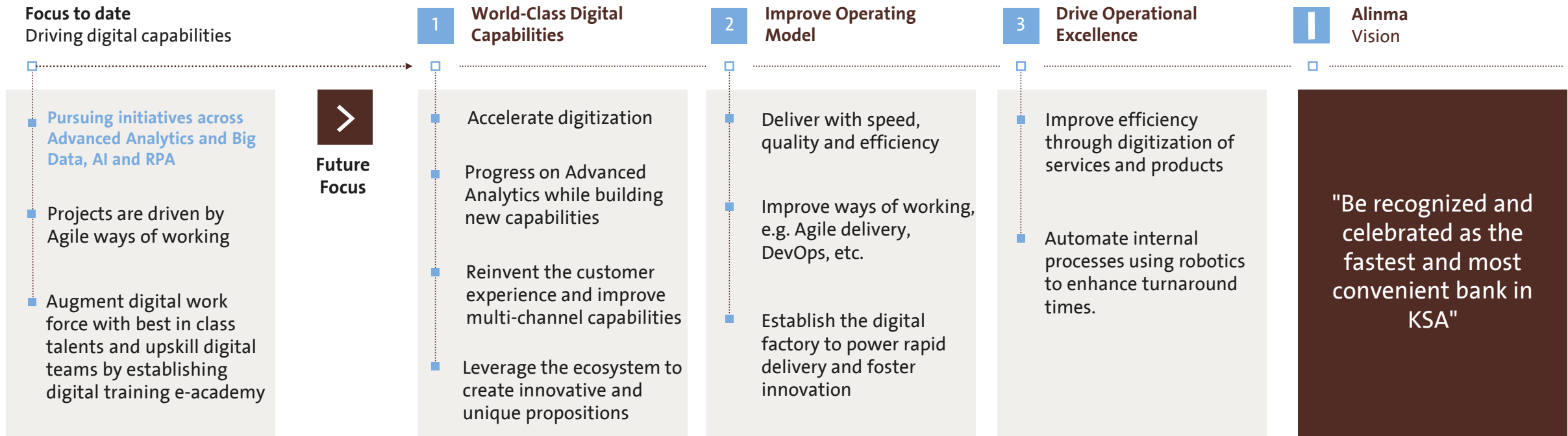
Become core partner for corporate clients and grow FI franchise



| | | | | | |
|---|---|--|---|---|---|
| <p>Initiatives Completed to Date:</p> <p>12/12 initiatives completed</p> <p>100%</p> | <p>Key Achievements</p> <p>1Q 2023</p> | <p>Expansion of Products and Volumes</p> <p>✓ Expanded Derivatives customer base</p> <p>+24bn FX business volumes</p> <p>+7.8bn PRS volumes</p> | <p>Increased FI Coverage</p> <p>+6 banks</p> <p>Correspondent FIs added globally</p> | <p>Investment Base Enhancement</p> <p>+1.1bn</p> <p>Enhanced investment book</p> | <p>New Products</p> <p>✓ Introduced Shariah compliant products in alignment with international players such as evergreen Repo and Profit Rate Cap and floor products</p> |
|---|---|--|---|---|---|

Digital

Build Digital to scale customer experience and operational excellence across the bank



| | | | | | | | |
|--|---|--|--|--|---|--|--|
| <p>Initiatives Completed to Date:</p> <p>13/17 initiatives completed</p> <p>76%</p> | <p>Key Achievements</p> <p>1Q 2023</p> | <p>New Models & Digital Factory Updates</p> <ul style="list-style-type: none"> Introduced Chat-bot service Launched new Alinma mobile app | | <p>IT Projects Delivery</p> <p>51%</p> <p>IT Projects Delivered through Agile</p> | <p>Technology Improvements</p> <ul style="list-style-type: none"> Health check automation script for testing environments Completed 2 Advanced Analytics (AA) use cases Implemented AI Anti-Fraud | | |
|--|---|--|--|--|---|--|--|

Human Capital

Fostering a great working environment and being the cultural transformation champions in the organization



| | | | | | |
|---|--|--|--|---|--|
| Initiatives Completed to Date: 8/9 initiatives completed  89% | Key Achievements 1Q 2023 | Increased Employee Engagement ✓ Kicked-off initiatives to increase the OHI score ✓ Alinma bank football championship ✓ Celebrated 246 employees honored by the CEO ▪ Mother's Day ▪ Founding Day | Increased Training & Key Placements ✓ In cooperation with GOSI, started trainees exchange program to develop fresh graduates | Continuous Improvement ✓ Enhanced Employee Voice portal with a new features and new look & feel | Workforce 95.15% Saudization rate 19.52% Female percentage of total workforce |
|---|--|--|--|---|--|

Historical Financial Performance

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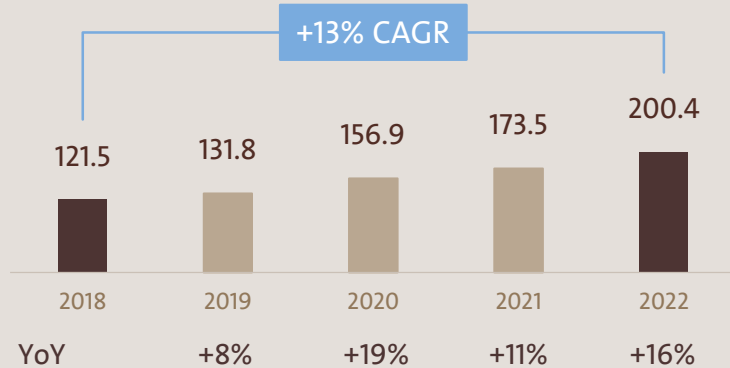


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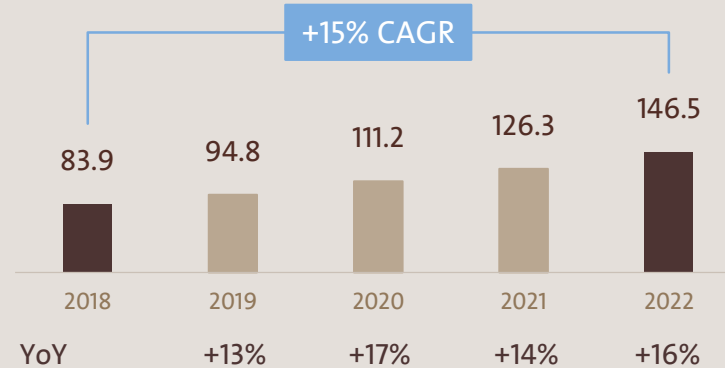
Balance Sheet Track Record

Solid history of strong balance sheet momentum...

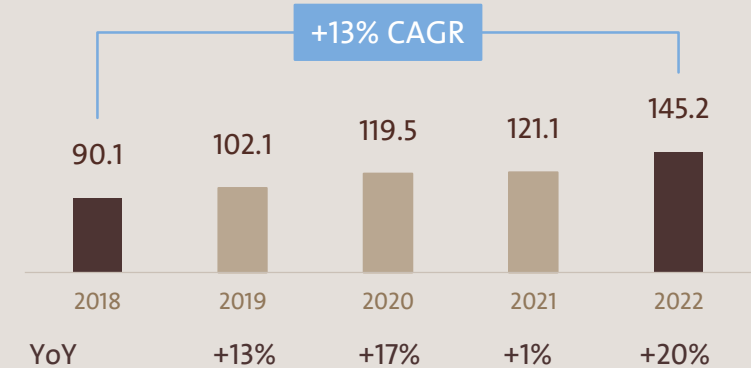
Total Assets (SARbn)



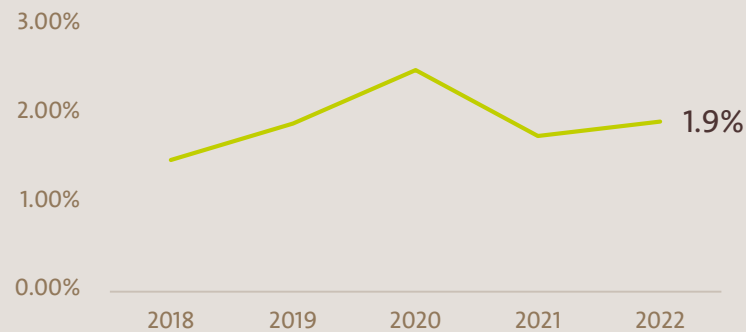
Financing (SARbn)



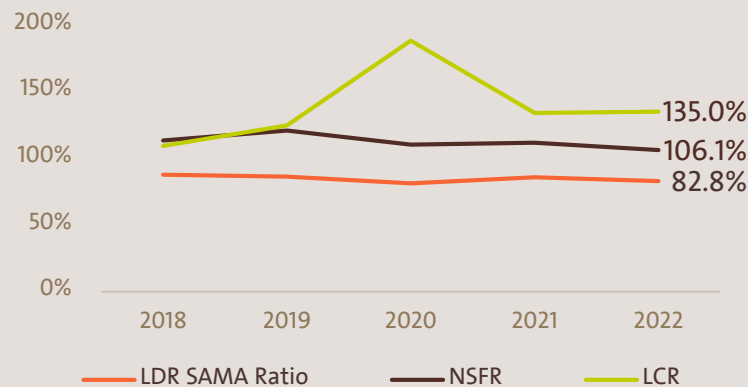
Customers' Deposits (SARbn)



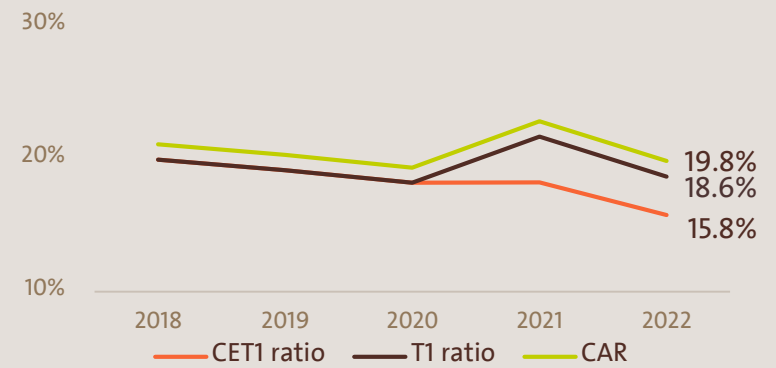
NPL Ratio (%)



Liquidity (%)



Capitalization (%)



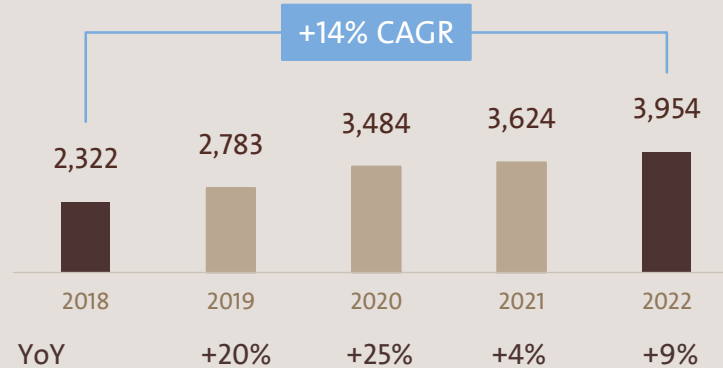
P&L Track Record

...translating to consistently strong top-line growth and solid profitability

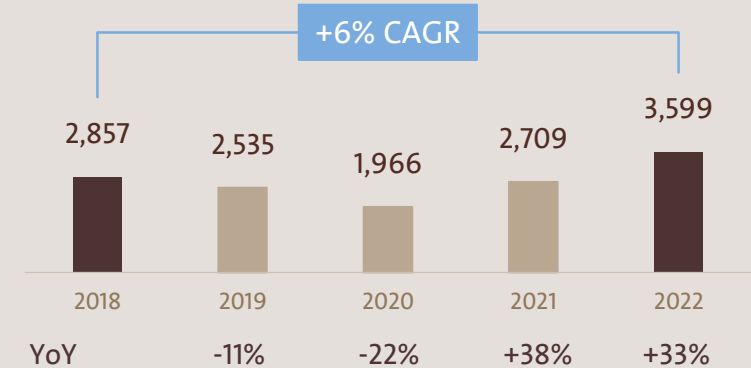
Total Operating Income (SARmn)



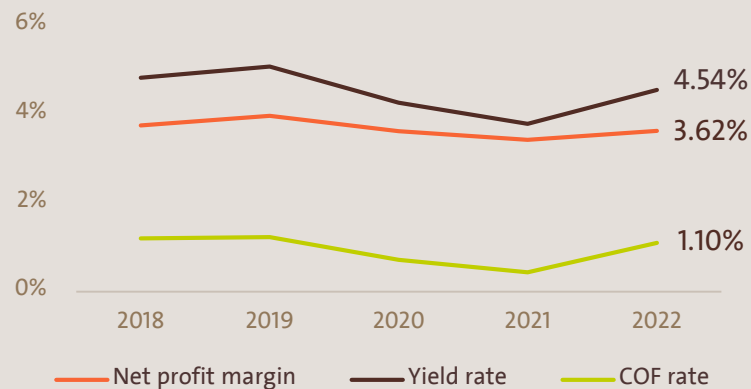
Total Operating Expenses (SARmn)



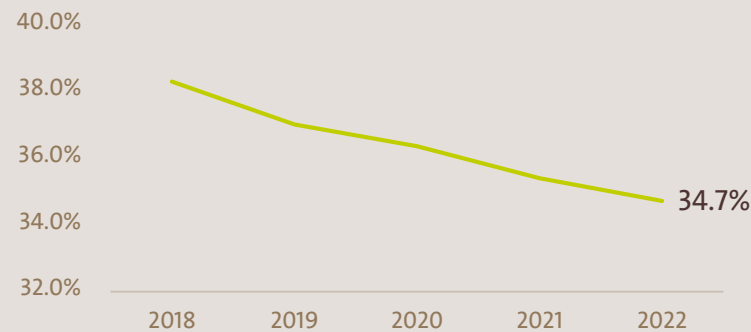
Net Income (SARmn)



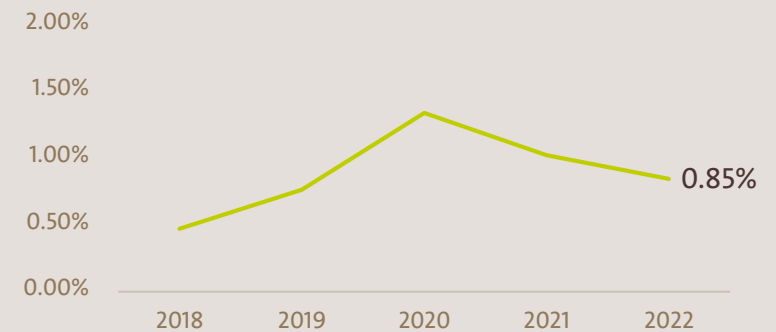
Net Profit Margin (%)



Cost To Income Ratio (%)



Cost of Risk (%)



*2021 income and expense number are adjusted to reflect certain classification taken place in 4Q 2022

1Q 2023 Financial Performance

1Q 2023

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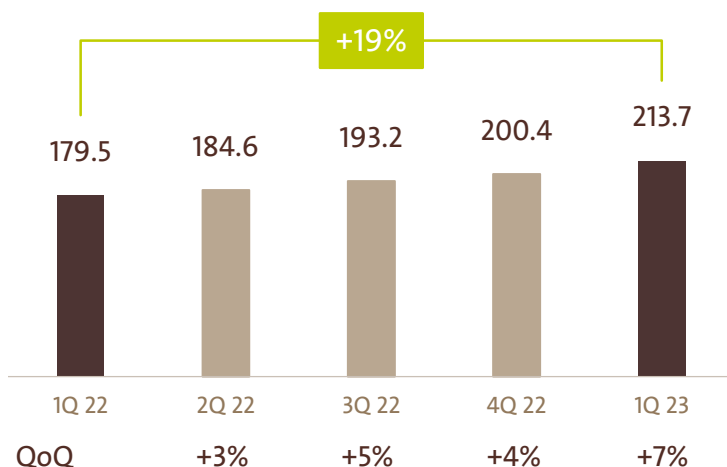


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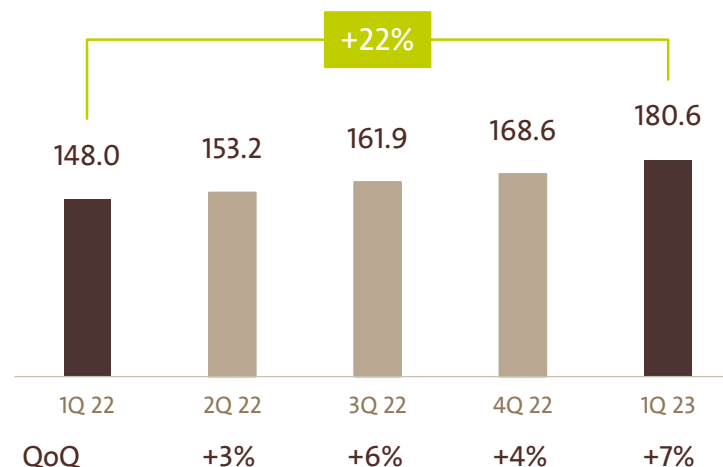
1Q 2023 Balance Sheet Highlights

Balance sheet growth from financing and investments growth funded mainly from customers' deposits

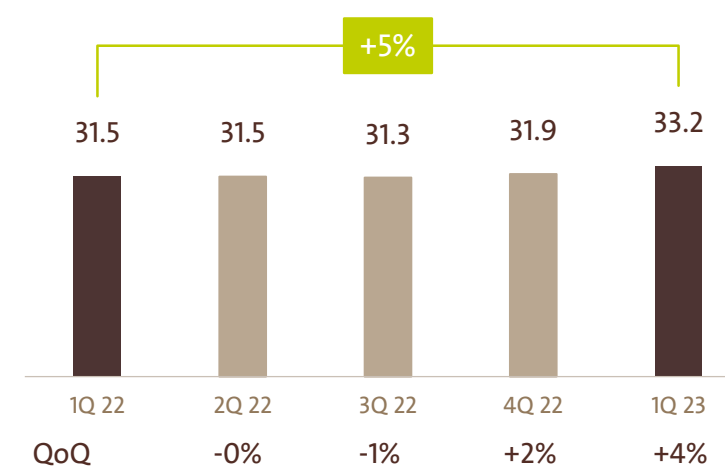
Total Assets (SARbn)



Total Liabilities (SARbn)



Total Equity (SARbn)



1Q 23 Financing

SARbn

153.2

+5% YTD

1Q 23 Customers' Deposits

SARbn

159.9

+10% YTD

1Q 23 CASA Deposits

SARbn

84.7

+3% YTD

1Q 23 CASA % of Total Deposits

53.0%

-3.9ppts YTD

1Q 23 LDR SAMA Ratio

79.9%

-2.9ppts YTD

1Q 23 CAR

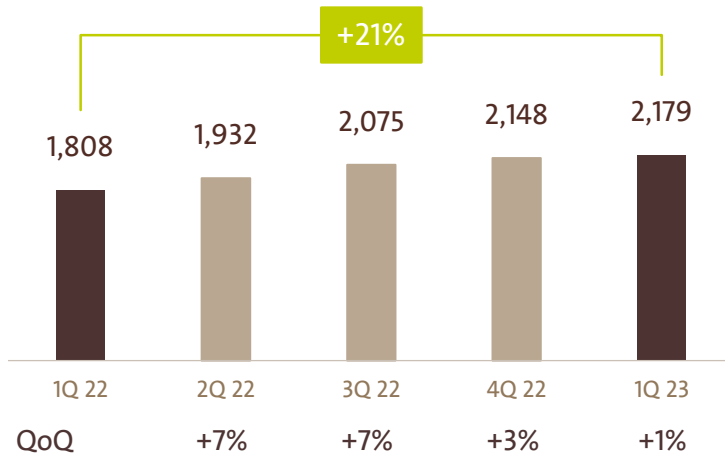
19.1%

-72bps YTD

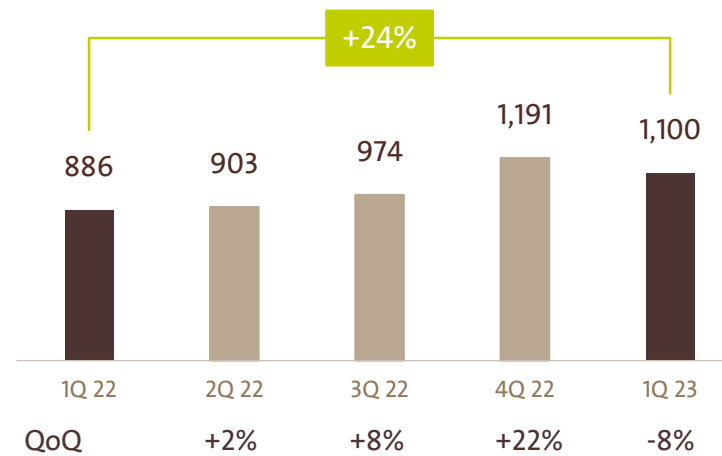
1Q 2023 P&L Highlights

Net income for 1Q 2023 grew by 18% YoY from 21% income growth

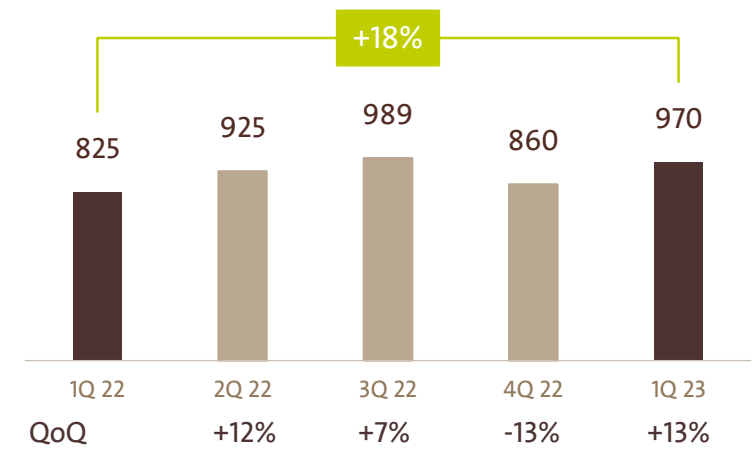
Total Operating Income (SARmn)



Total Operating Expenses (SARmn)



Net Income (SARmn)



1Q 23 Funded Income

SARmn **1,735**
+32% YoY

1Q 23 Non-Funded Income

SARmn **445**
-10% YoY

1Q 23 Net Income

SARmn **970**
+18% YoY

1Q 23 Net Profit Margin

3.80%
+49bps YoY

1Q 23 Cost to Income Ratio

34.8%
-0.7ppts YoY

1Q 23 ROE

14.1%
+146bps YoY

Balance Sheet Trends

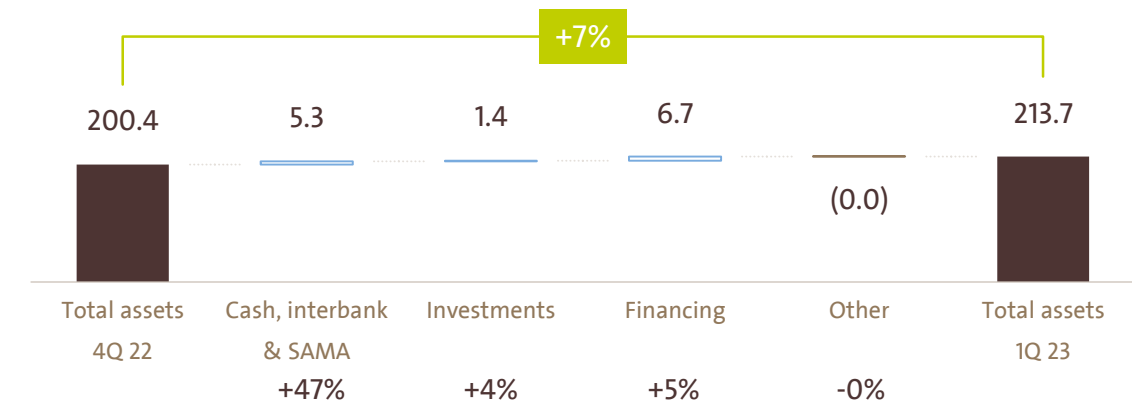
Balance sheet growth of 7% from increase in financing and investments

Management Commentary

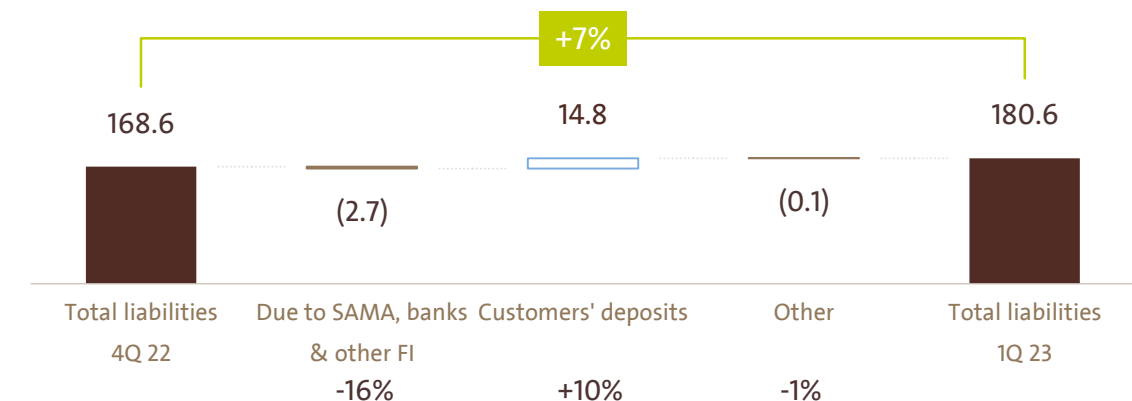
- Growth in total assets of 7% YTD mainly driven by 5% financing growth and 4% growth in investments and 47% growth in balances with SAMA.
- Total liabilities grew by 7% during 1Q 2023 mainly from a 10% rise in customers' deposits.

| SAR (mn) | 1Q 2023 | 4Q 2022 | Δ% | 1Q 2022 | Δ% |
|---------------------------------|----------------|----------------|------------|----------------|-------------|
| Cash, interbank & SAMA balances | 16,475 | 11,178 | +47% | 11,051 | +49% |
| Investments | 39,884 | 38,529 | +4% | 36,026 | +11% |
| Financing | 153,153 | 146,492 | +5% | 128,965 | +19% |
| Other assets | 4,237 | 4,238 | -0% | 3,477 | +22% |
| Total assets | 213,749 | 200,436 | +7% | 179,519 | +19% |
| Due to SAMA, banks & other FI | 13,805 | 16,483 | -16% | 13,245 | +4% |
| Customers' deposits | 159,948 | 145,168 | +10% | 128,035 | +25% |
| Other liabilities | 6,832 | 6,908 | -1% | 6,720 | +2% |
| Total liabilities | 180,586 | 168,560 | +7% | 148,001 | +22% |
| Share capital | 20,000 | 20,000 | +0% | 20,000 | +0% |
| Retained earnings | 5,215 | 4,285 | +22% | 4,449 | +17% |
| Other reserves | 2,949 | 2,591 | +14% | 2,069 | +42% |
| Tier 1 sukuk | 5,000 | 5,000 | +0% | 5,000 | +0% |
| Total equity | 33,164 | 31,876 | +4% | 31,518 | +5% |

Total Assets Movement YTD (SARbn)



Total Liabilities Movement YTD (SARbn)



P&L Trends

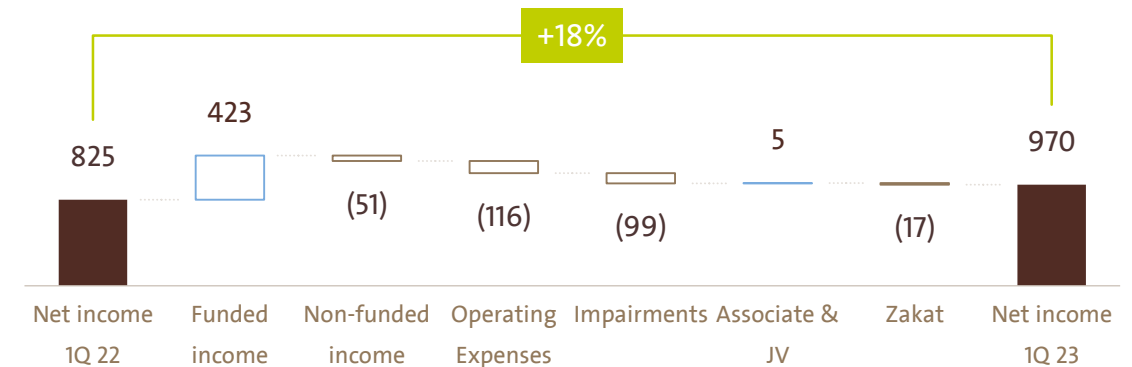
Net income for 1Q 2023 grew by 18% YoY due to 21% income growth

Management Commentary

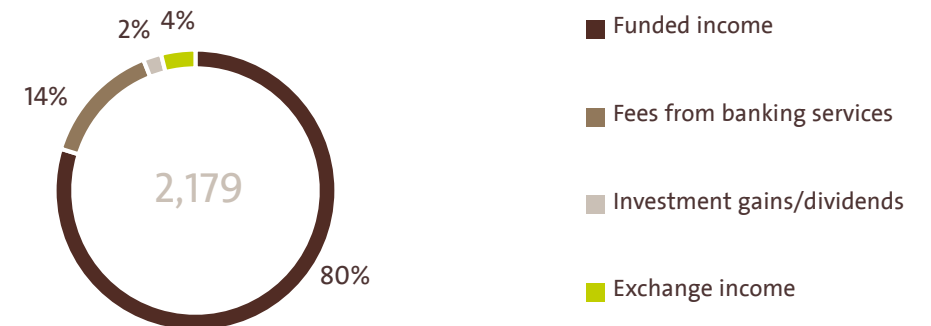
- Net income for 1Q 2023 grew 18% YoY to SAR 970mn from 21% income growth even with 18% higher operating expenses YoY.
- 1Q 2023 net income improved 13% QoQ driven by 1% increase in income and a 22% decrease in impairments.

| SAR (mn) | 1Q 2023 | 4Q 2022 | Δ% | 1Q 2022 | Δ% |
|--|--------------|--------------|-------------|--------------|-------------|
| Funded income | 1,735 | 1,668 | +4% | 1,312 | +32% |
| Non-Funded income | 445 | 480 | -7% | 496 | -10% |
| Total operating income | 2,179 | 2,148 | +1% | 1,808 | +21% |
| Operating Expenses | 758 | 750 | +1% | 642 | +18% |
| Net operating income before impairment charge | 1,422 | 1,398 | +2% | 1,165 | +22% |
| Impairments | 343 | 441 | -22% | 243 | +41% |
| Net operating income | 1,079 | 957 | +13% | 922 | +17% |
| Income before zakat & income tax | 1,081 | 959 | +13% | 920 | +18% |
| Zakat | 111 | 99 | +13% | 95 | +18% |
| Net income | 970 | 860 | +13% | 825 | +18% |

Net Income Movement YoY (SARmn)



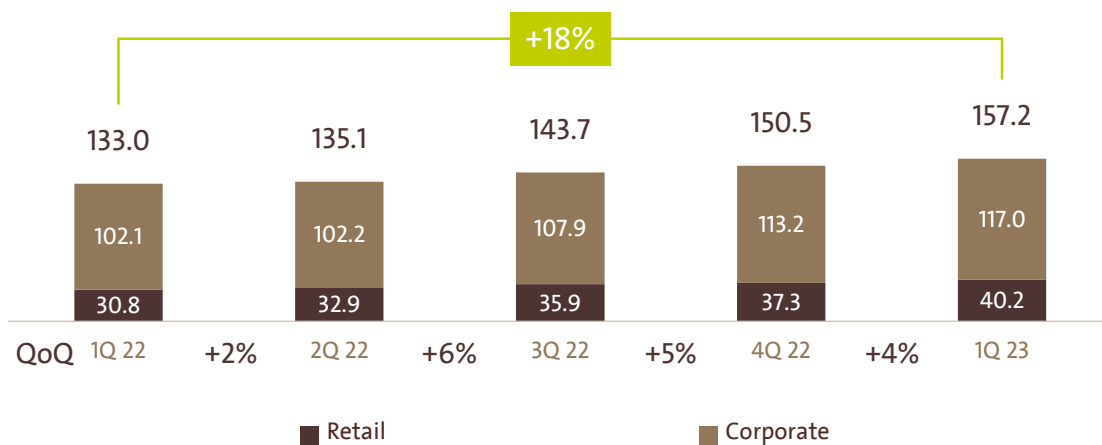
Operating Income Composition (SARmn)



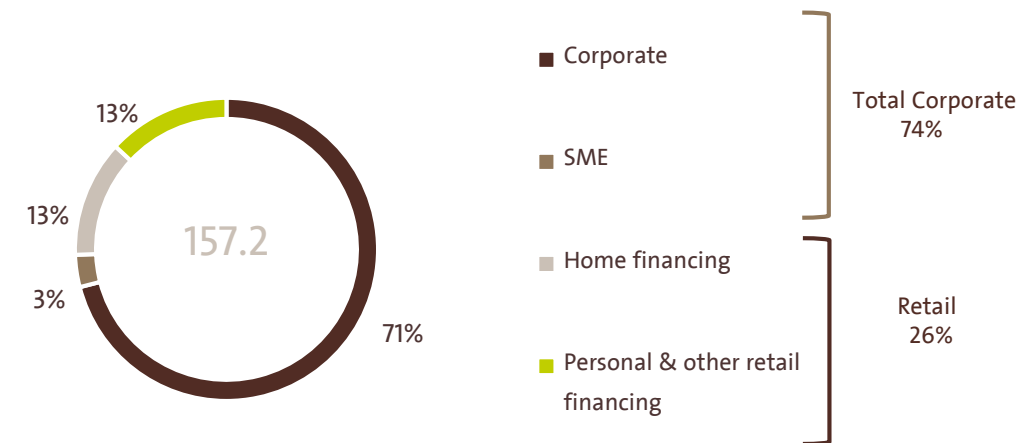
Financing

Increase in gross financing during 1Q 2023 from 8% growth in retail financing, and 3% in corporate financing

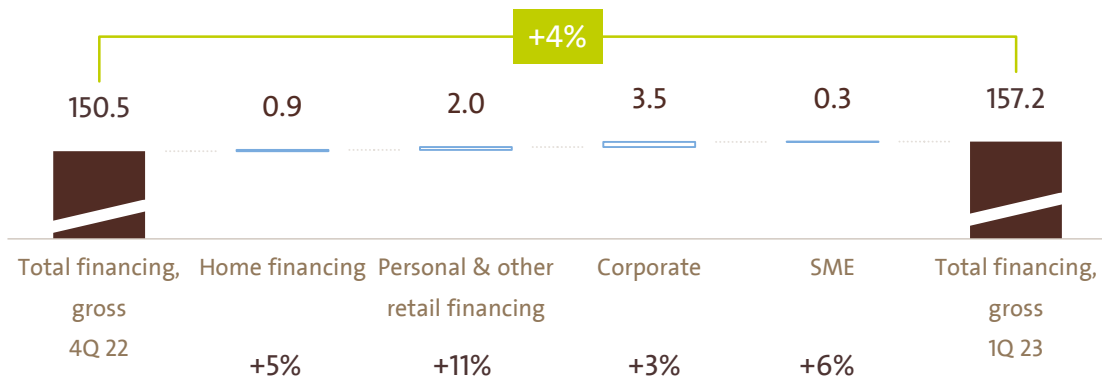
Financing, Gross (SARbn)



Financing, Gross Composition (SARbn)



Financing, Gross Movement YTD (SARbn)



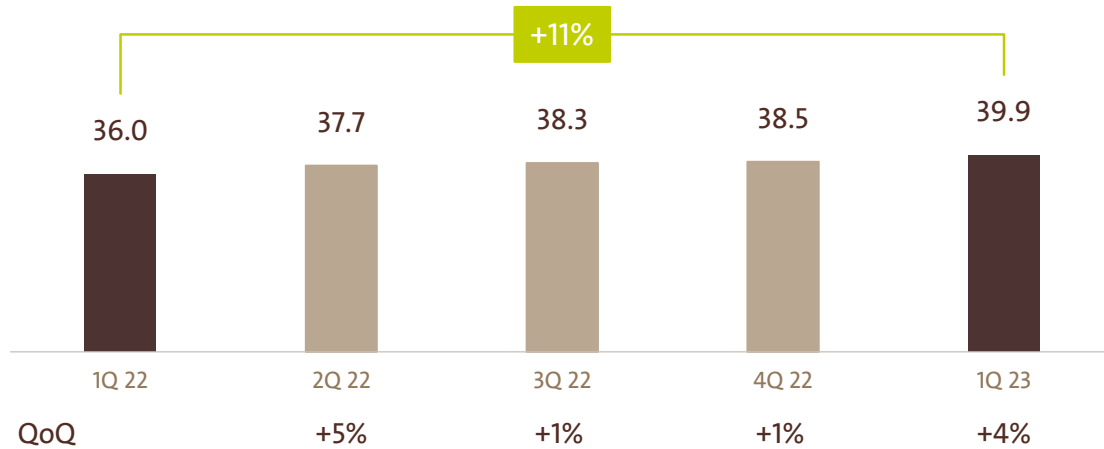
Management Commentary

- Gross financing grew 4% during 1Q 2023.
- Retail financing grew 8% YTD from strong momentum in personal & other financing (+11%).
- Total corporate financing grew 3% YTD, where mid-corporate rose 49%, and SME financing increased 6%.
- Gross financing comprises of 74% corporate and 26% retail as at 31 March 2022.

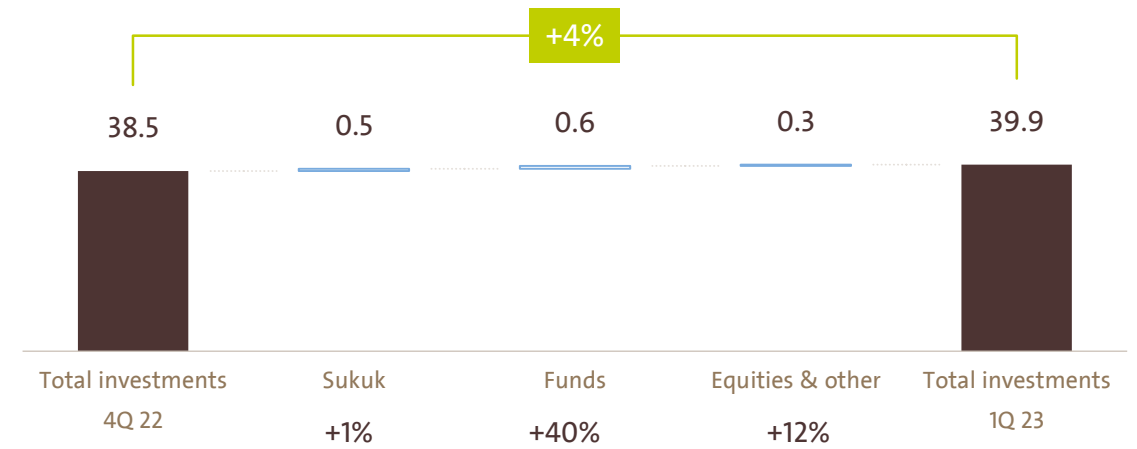
Investments

4% growth in investments YTD from additional investment grade securities

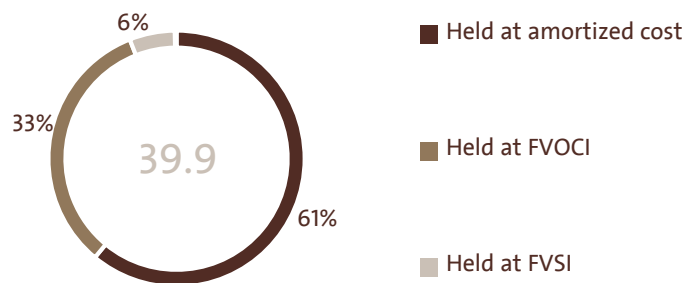
Investments (SARbn)



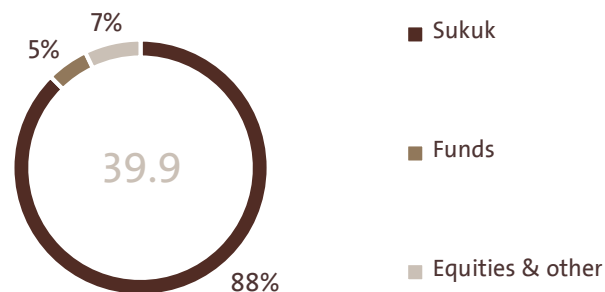
Investments Movement YTD (SARbn)



Investments Composition (SARbn)



Investments Composition (SARbn)



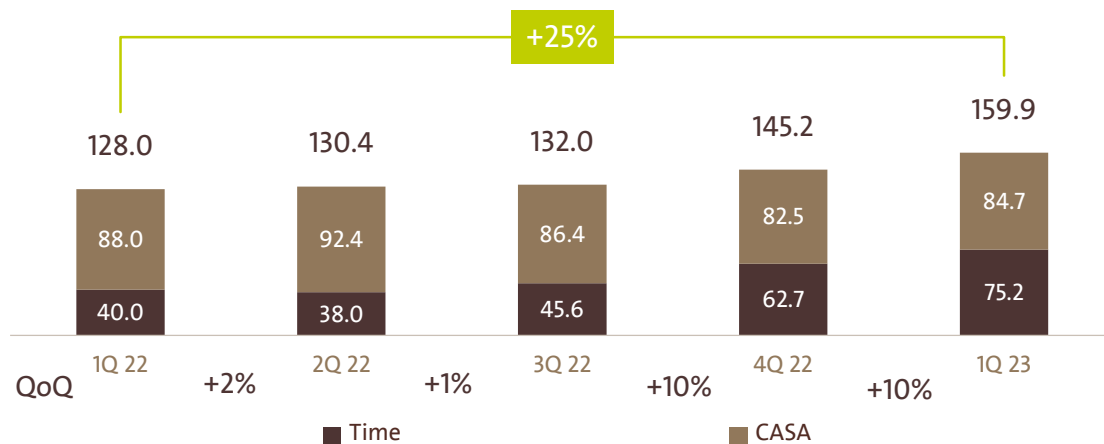
Management Commentary

- Investments growth of 4% during 1Q 2023 was mainly attributed to 40% increase of investments in funds.
- The investment portfolio as at 31 March 2023 comprised of 88% sukuk investments, 5% funds and 7% equities & other investments.

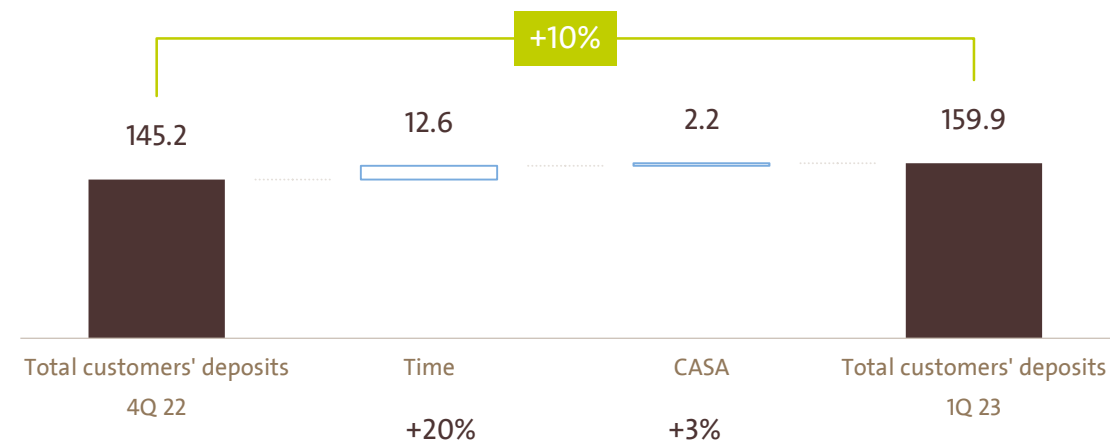
Deposits

Deposit growth of 10% driven by 3% CASA growth and 20% time deposits growth

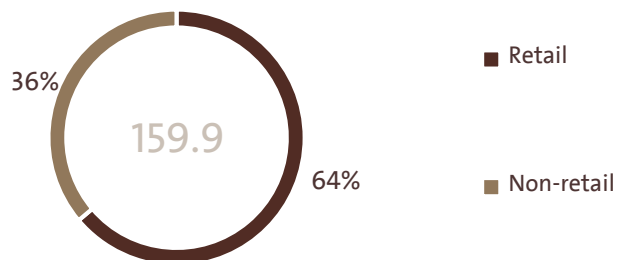
Customers' Deposits (SARbn)



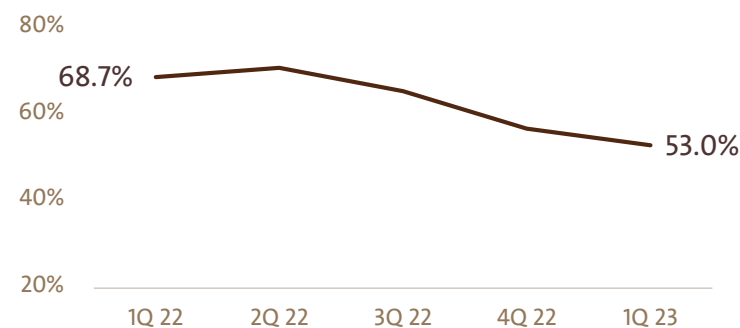
Customers' Deposits Movement YTD (SARbn)



Customers' Deposits Composition (SARbn)



CASA % of Total Deposits (%)



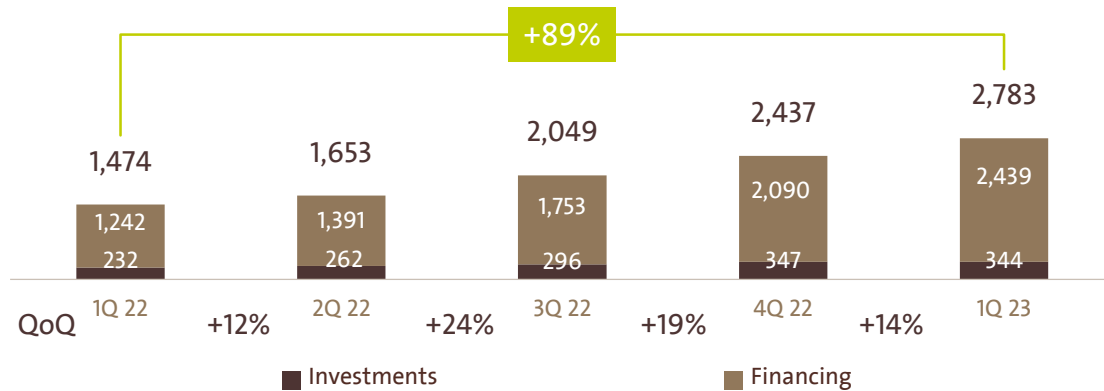
Management Commentary

- Deposits rose by 10% during 1Q 2023 from growth in CASA and Time deposits of 3% and 20% respectively.
- CASA deposits account for 53% of total deposits as at 1Q 2023.
- Total deposits comprise of 64% retail and 36% non-retail deposits as at 31 March 2023.

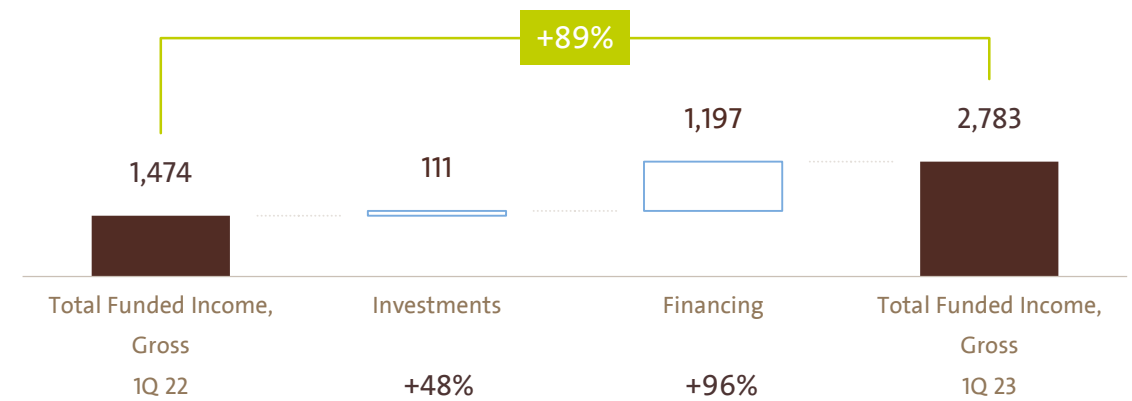
Income from Financing & Investments

Gross funded income grew 89% from 48% growth in investment income and 96% growth in financing income

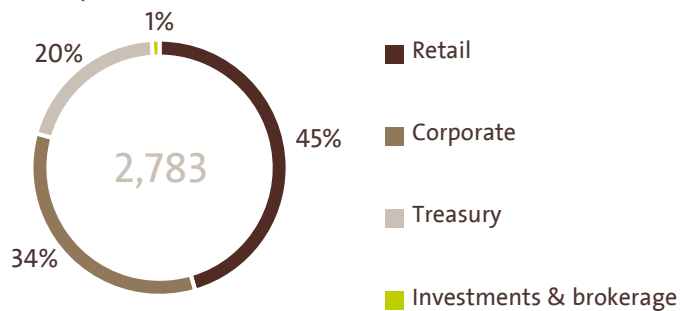
Funded Income, Gross (SARmn)



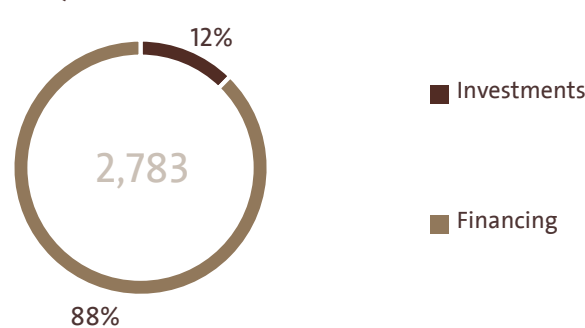
Total Funded Income, Gross Movement YoY (SARmn)



Funded Income, Gross Composition (SARmn)



Funded Income, Gross Composition (SARmn)



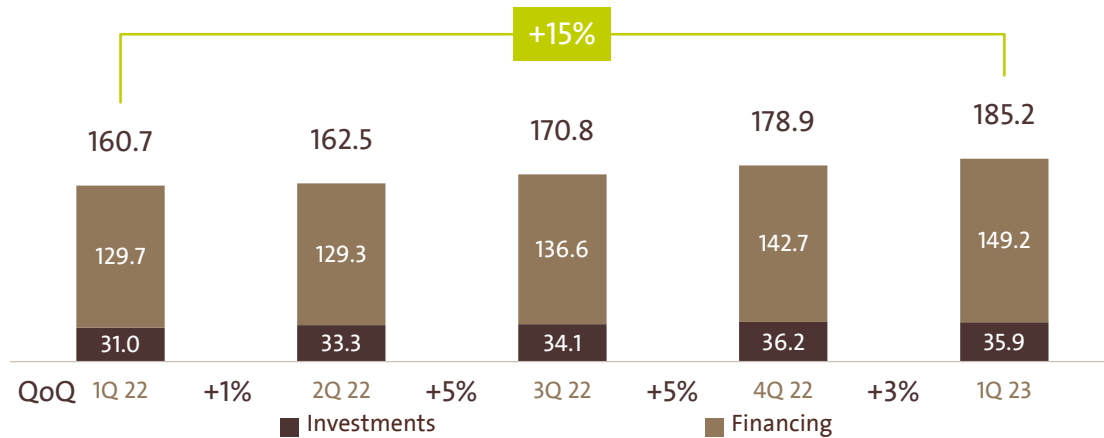
Management Commentary

- Gross funded income for 1Q 2023 increased by 89% YoY to SAR 2,783mn from a 48% increase in funded investment income and a 96% rise in financing income.
- Gross funded income is attributable to 45% retail, 34% corporate and 20% treasury segments.
- Income from financing makes up 88% of total gross funded income and income from investments comprises 12%.

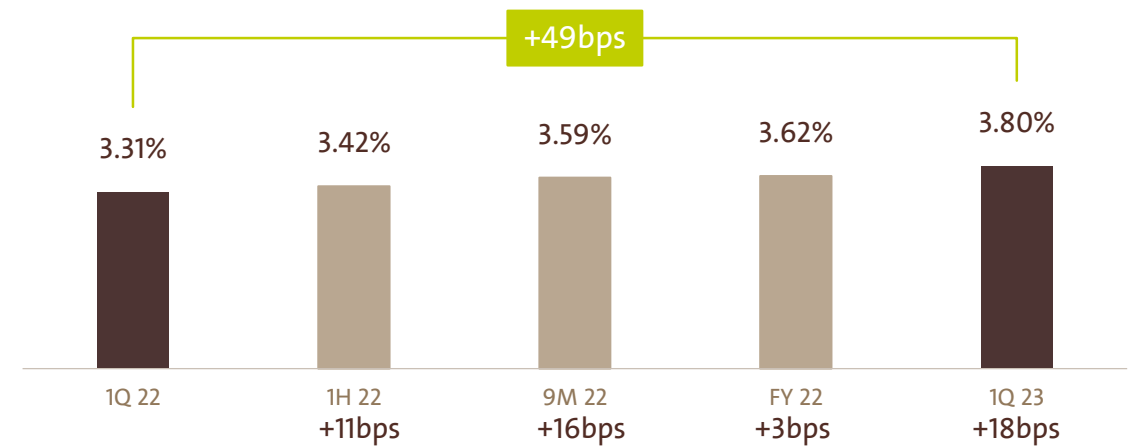
Net Profit Margin

Average balance of investments and financing grew 15%; while net profit margin saw an increase of 49bps YoY

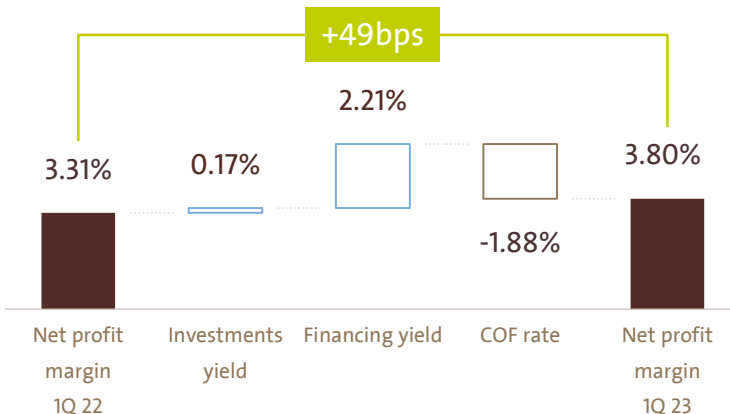
Average Balance of Investments & Financing (SARbn)



Net Profit Margin YTD (%)

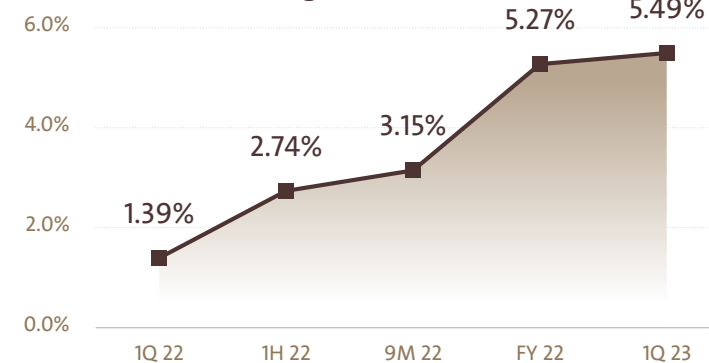


Net Profit Margin Movement YoY (%)



*Comparatives are reclassified to align with the 1Q 2023 financial statements

SAIBOR: 3M Average Trend (%)



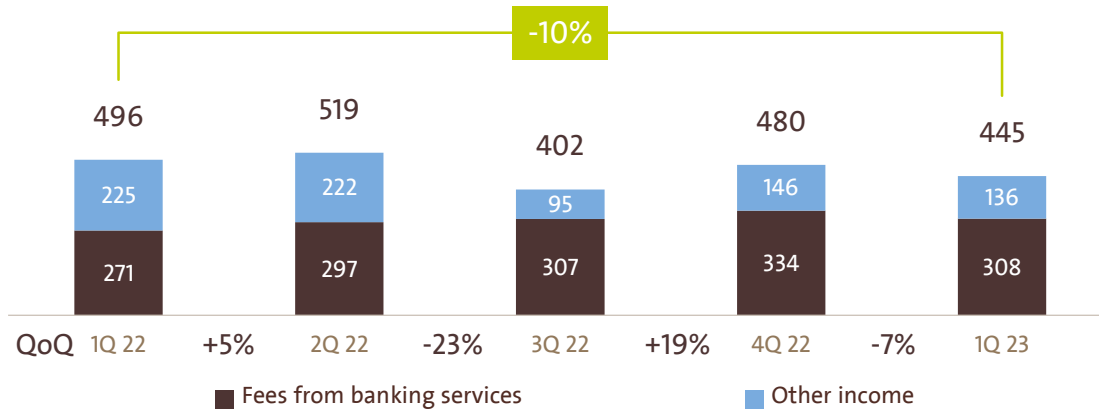
Management Commentary

- Average balance of investments and financing grew 15% YoY.
- The net profit margin increased by 49bps YoY to 3.80%.
- Average 3M SAIBOR increased 22bps during 1Q 2023 and 410bps YoY.

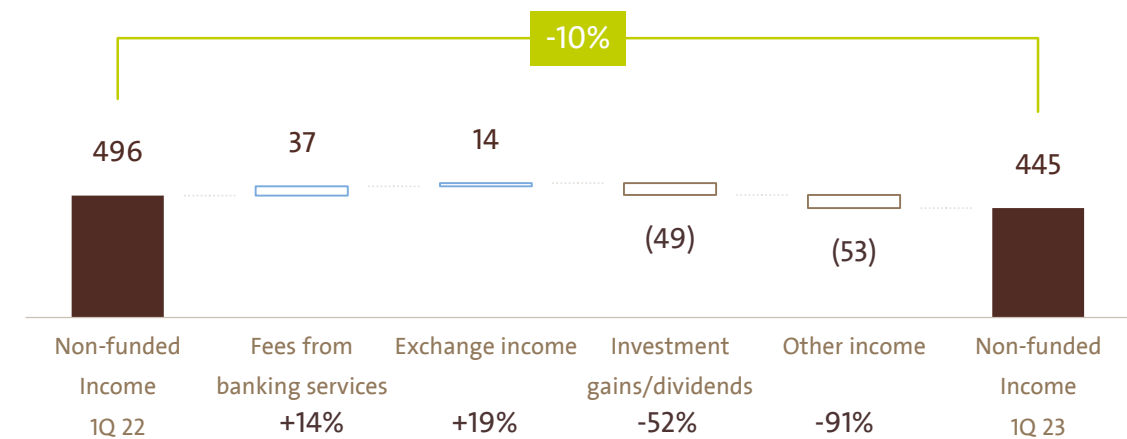
Fee and Other Income

Non-funded income for 1Q 2023 decreased by 10% YoY

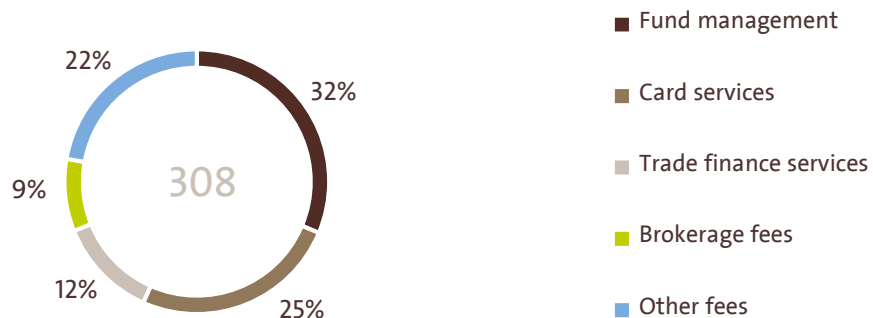
Non-Funded Income (SARmn)



Non-Funded Income Movement YoY (SARmn)



Fees from Banking Services Composition (SARmn)



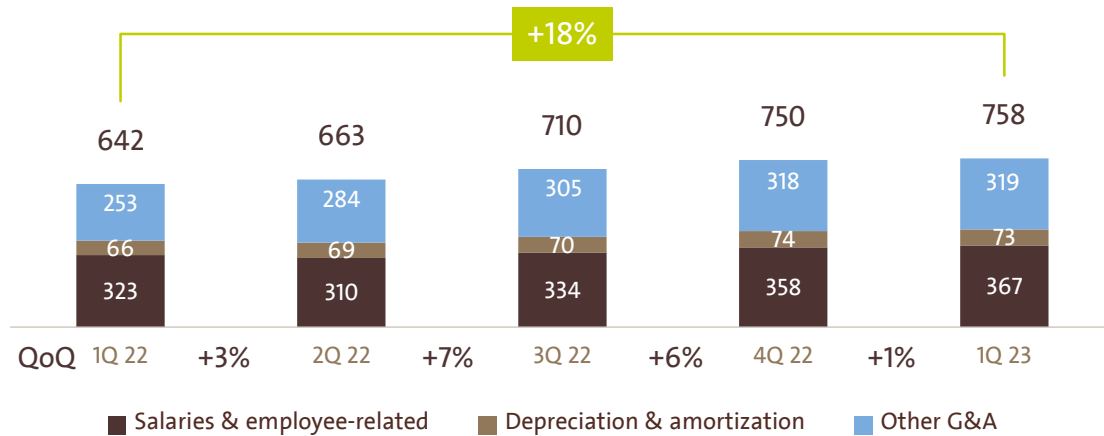
Management Commentary

- Non-funded income for 1Q 2023 decreased 10% YoY to SAR 445mn from decline in investment gains and other income, despite improved fees from banking services, and exchange income.
- Fund management fees comprise the majority of fees from banking services at 32%, while card services fees account for 25%, other fees for 22% and trade finance services and brokerage fees represent 12% and 9% respectively.

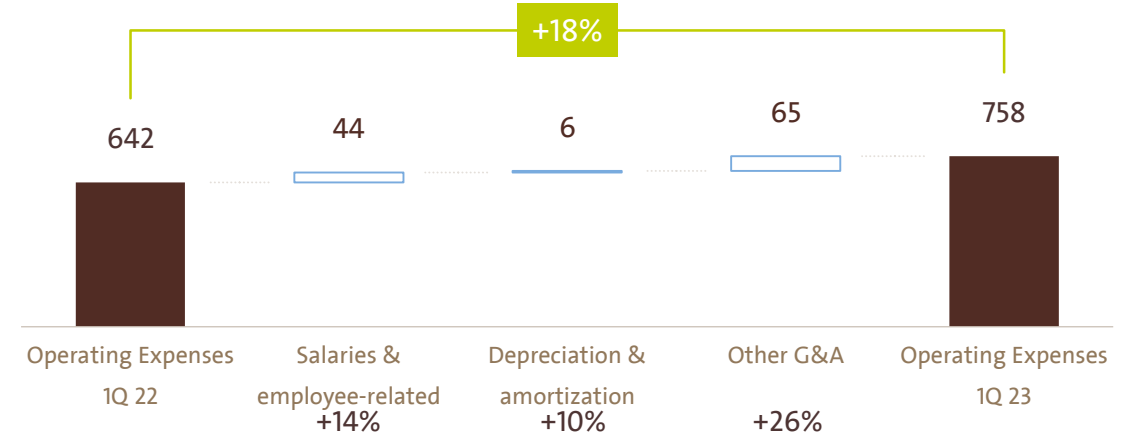
Operating Expenses

1Q 2023 saw 18% growth in operating expenses YoY mainly from higher employee and G&A costs

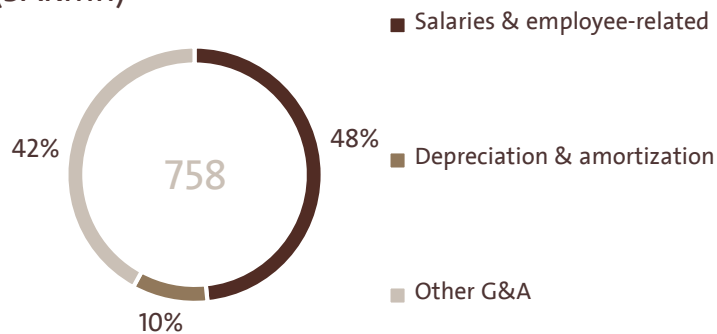
Operating Expenses (SARmn)



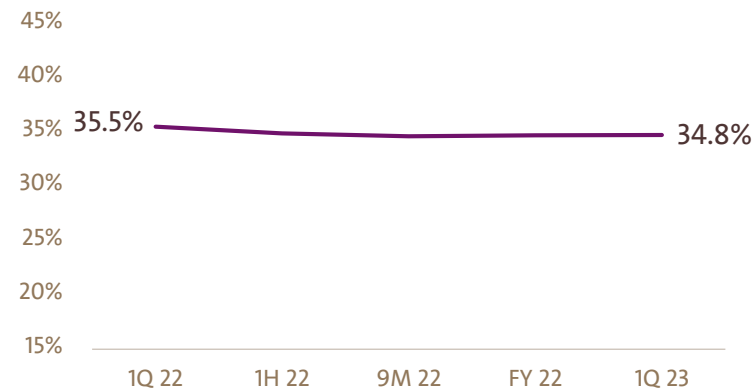
Operating Expenses Movement YoY (SARmn)



Operating Expenses Composition (SARmn)



Cost to Income Ratio (%)



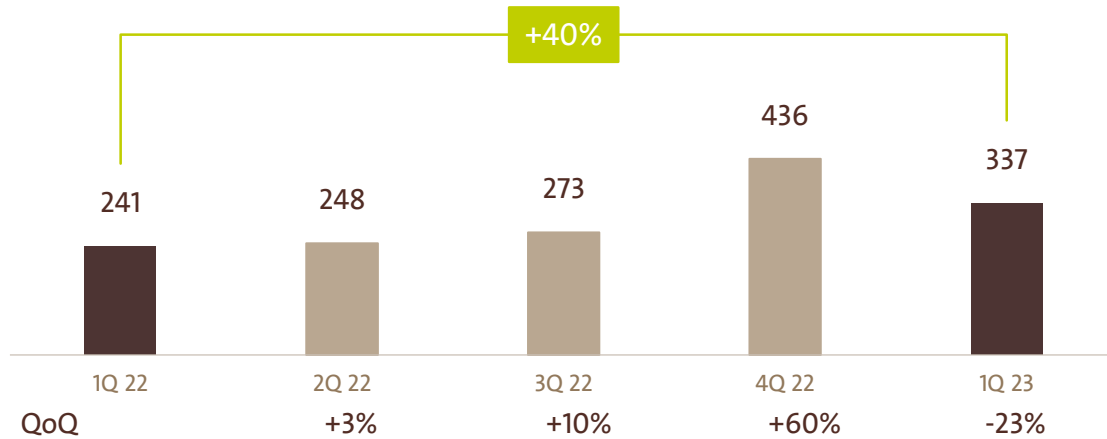
Management Commentary

- Operating expenses increased 18% YoY to SAR 758mn for 1Q 2023 mainly due to higher salaries, software maintenance expenses, POS terminal deployments, higher SMS communication, and marketing costs.
- +258bps positive Jaws contributed to a 0.7ppts decrease in the cost to income ratio from 35.5% to 34.8%.

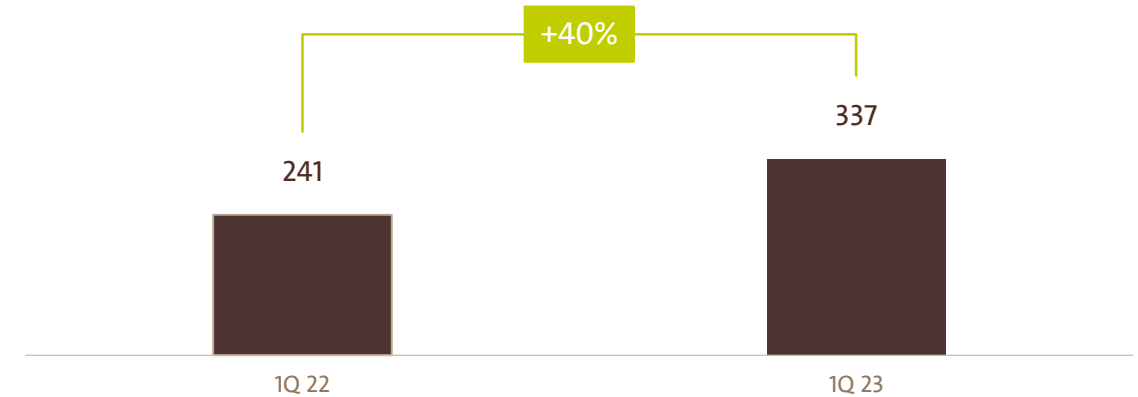
Impairments for Financing

Cost of risk for 1Q 2023 increased by 15bps from 40% higher credit impairment charges YoY

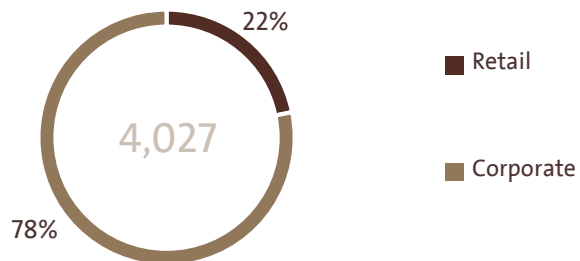
Impairments for Financing (SARmn)



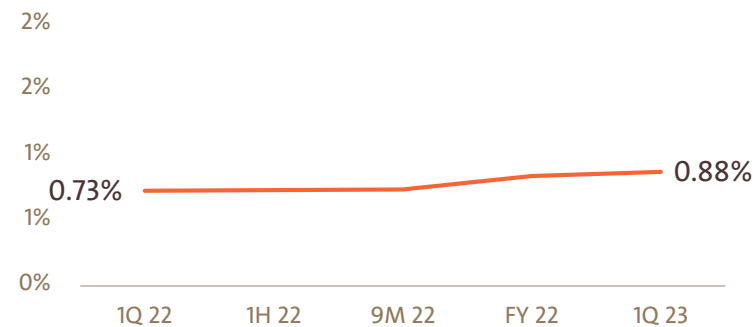
Impairments for Financing (SARmn)



Impairments Allowance Composition (SARmn)



Cost of Risk (%)



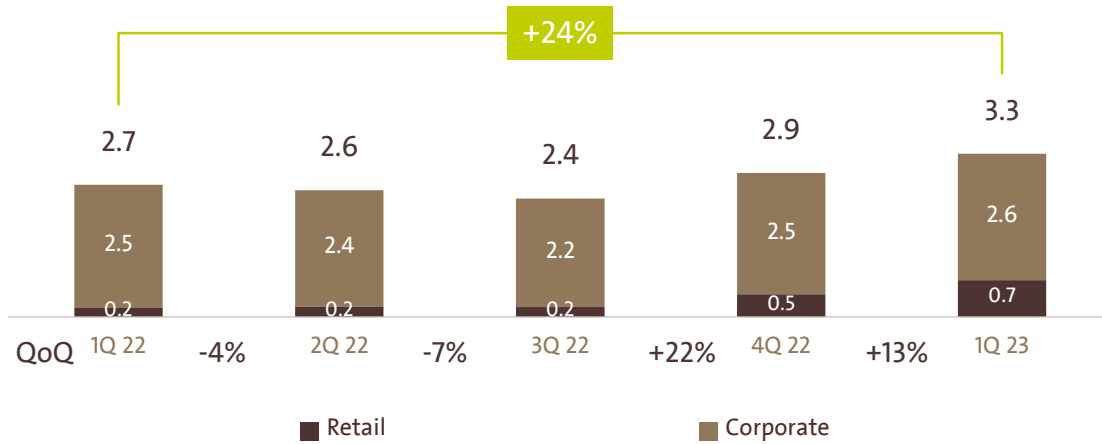
Management Commentary

- 1Q 2023 impairment charge for financing increased by 40% YoY to SAR 337mn.
- Cost of risk for 1Q 2023 increased by 15bps YoY to 0.88%.
- 78% of impairment allowance in 1Q 2023 pertains to corporate and 22% is for retail financing.

Non-Performing Loans

The NPL ratio increased YoY

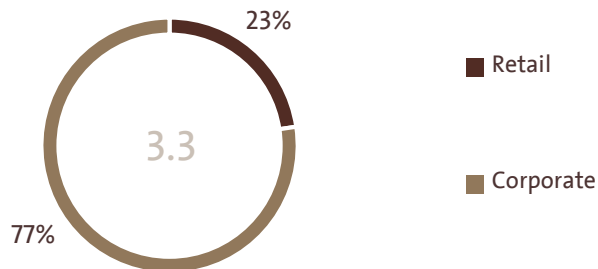
Non-Performing Loans, Gross (SARbn)



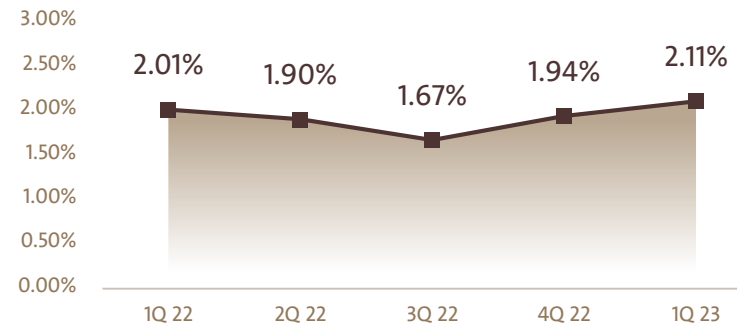
NPL, Gross Movement YTD (SARbn)



NPL Composition (SARbn)



NPL Ratio (%)



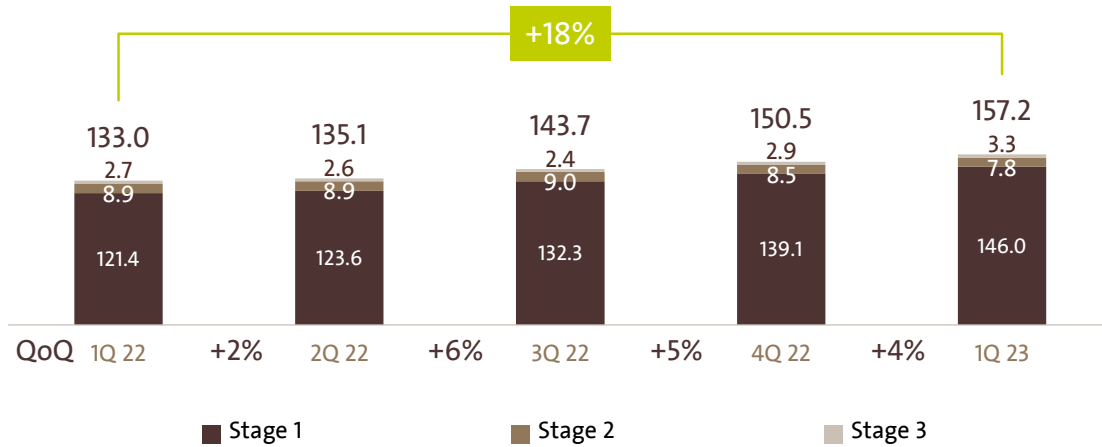
Management Commentary

- NPL ratio increased by 10bps YoY and 17bps QoQ to 2.11% in 1Q 2023.
- Retail financing, which account for the smaller proportion of NPLs, increased by 63%, while corporate NPLs increased by 4% YTD.
- The NPL ratio for retail stood at 1.9% while corporate stood at 2.2% as at 1Q 2023.

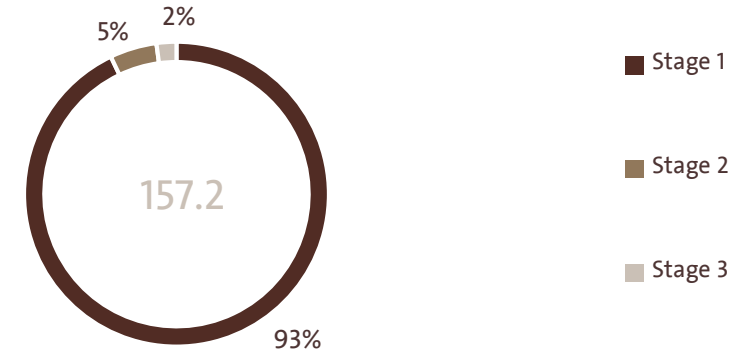
NPL Coverage

NPL coverage decreased YoY

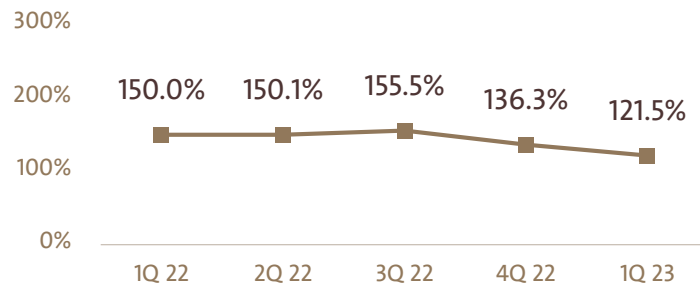
Stage-Wise Financing, Gross (SARbn)



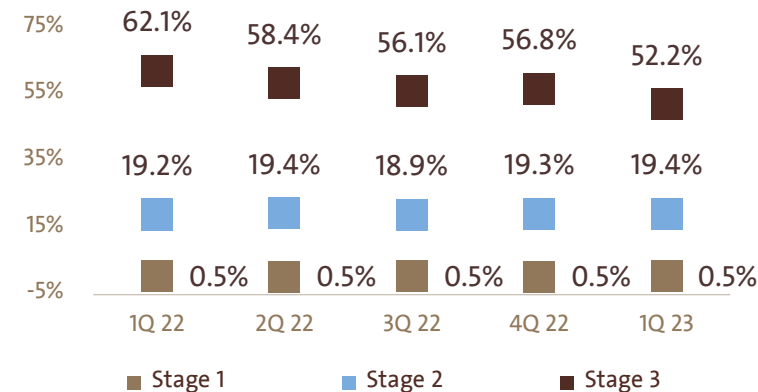
Stage-Wise Financing, Gross Composition (SARbn)



NPL Coverage Ratio (%)



Stage-Wise Coverage (%)



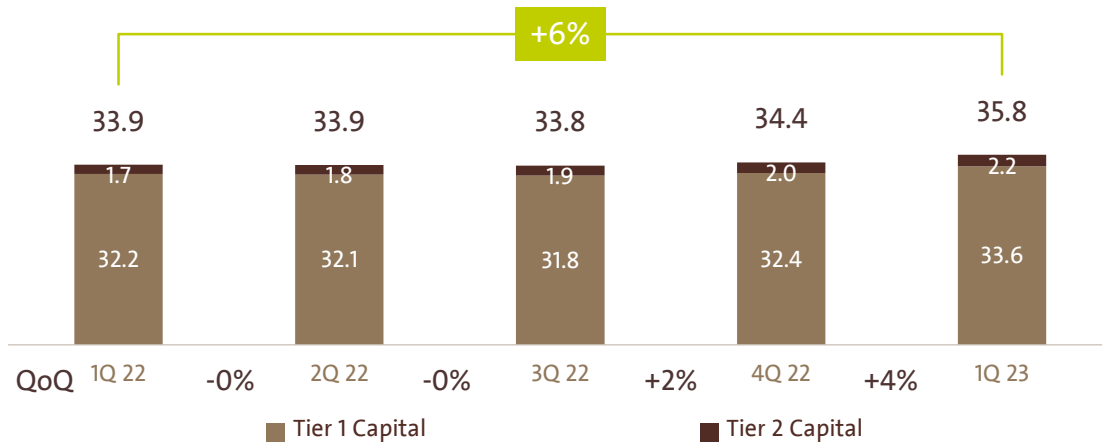
Management Commentary

- NPL coverage decreased by 28.5ppts YoY to 121.5%.
- Stage 1 coverage remained stable YoY at 0.5%. Stage 2 coverage slightly increased, while the stage 3 coverage trend was impacted by write-offs during 1Q 2023.

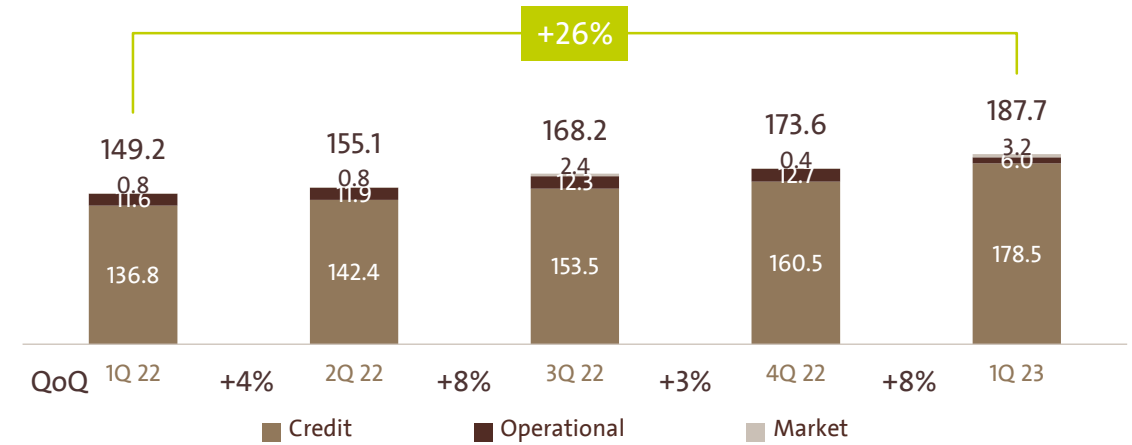
Capitalization

Capital grew 6% YoY while ROE saw an increase of 1.5ppts YoY

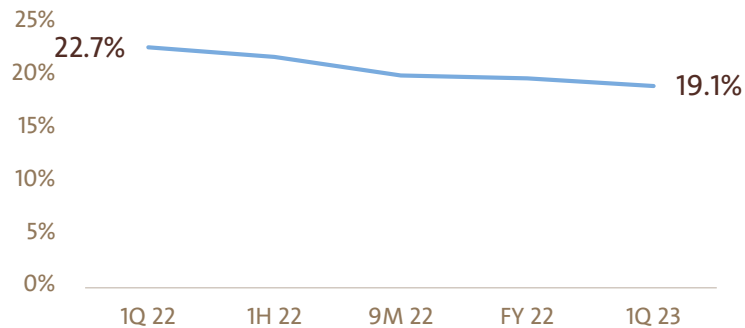
Total Capital (SARbn)



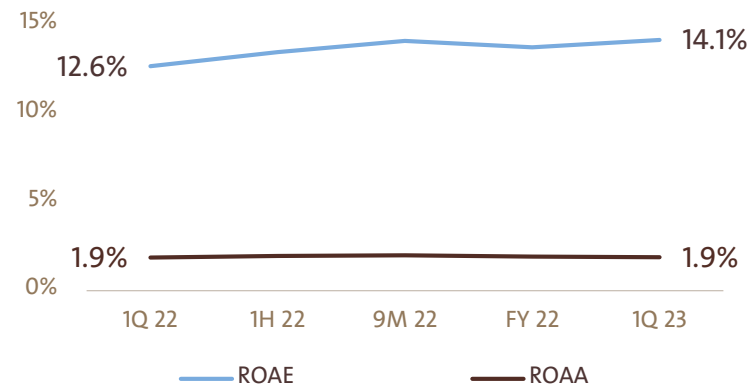
Risk Weighted Assets (SARbn)



CAR (%)



Profitability (%)



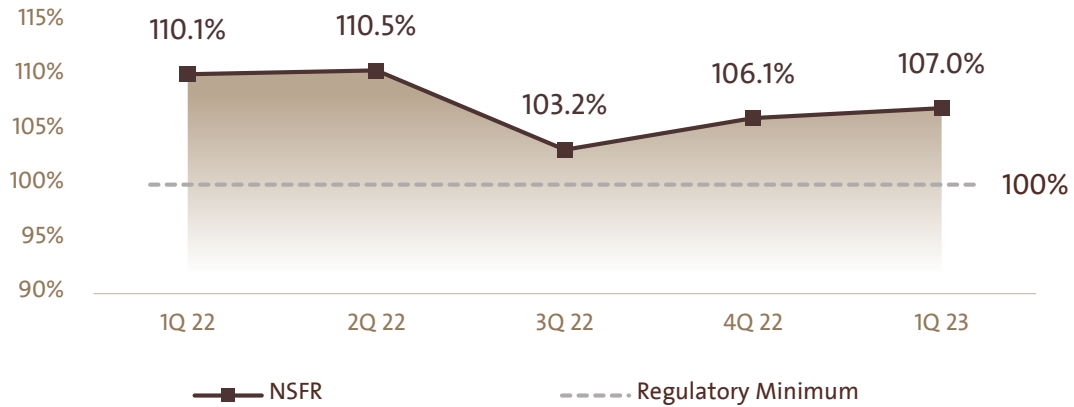
Management Commentary

- Total Capital grew 6% to SAR 35.8bn YoY while Risk Weighted Assets grew 26% YoY.
- CAR has declined 3.6ppts YoY to 19.1% due to increase in credit risk weighted assets and market risk weighted assets.
- ROE saw an increase of 1.5ppts while ROA remains at 1.9% YoY.

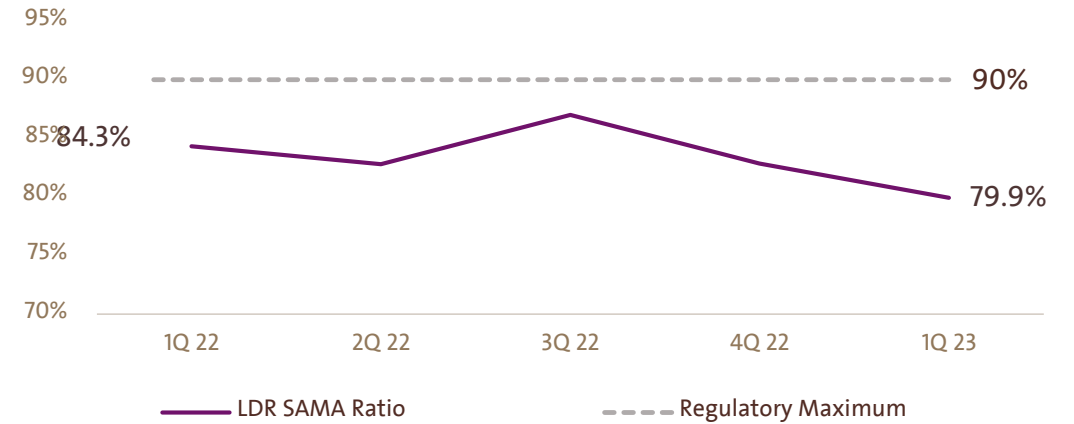
Liquidity

Alinma's liquidity position is healthy and comfortably within regulatory limits

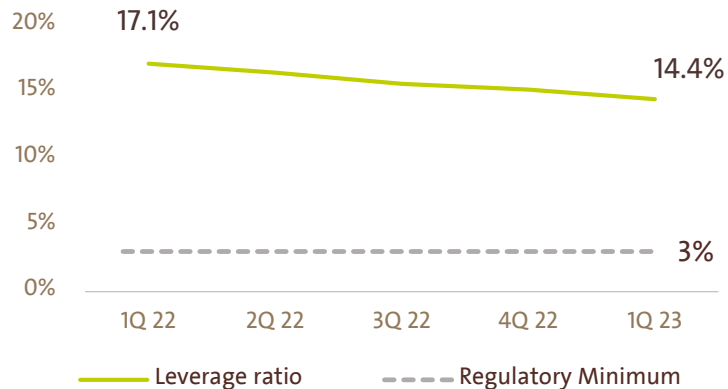
NSFR (%)



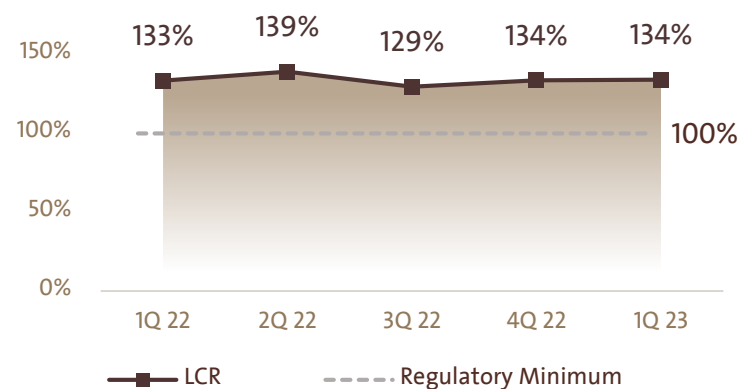
LDR SAMA Ratio (%)



Leverage Ratio (%)



LCR (%)



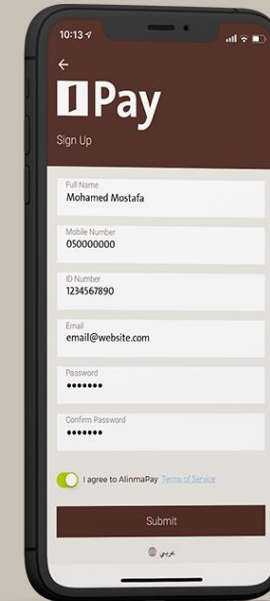
Management Commentary

- NSFR improved 0.9ppts QoQ to reach 107%.
- LDR ratio decreased 4.4ppts YoY to 79.9%.
- The leverage ratio decreased 270bps YoY to 14.4%.
- 1Q 2023 LCR increased 1ppts YoY to 134%.

Segmental Performance

1Q 2023

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alinma bank

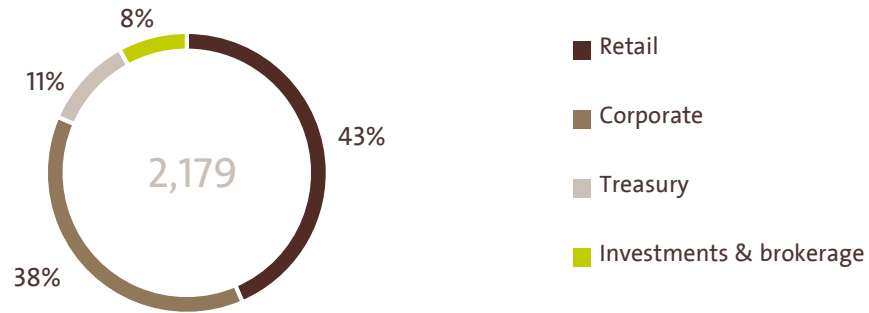


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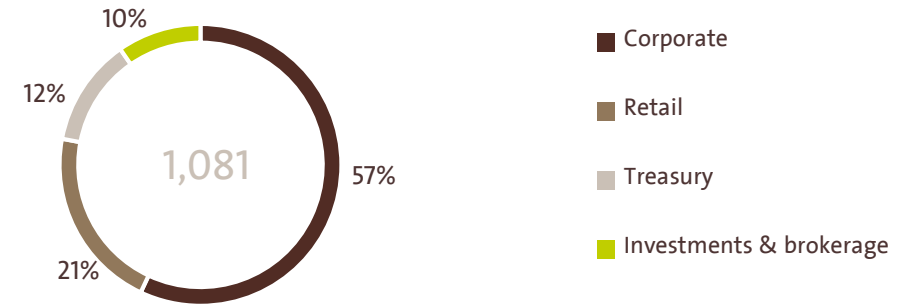
Segmental Performance Highlights

Retail and corporate comprise the majority of segmental income

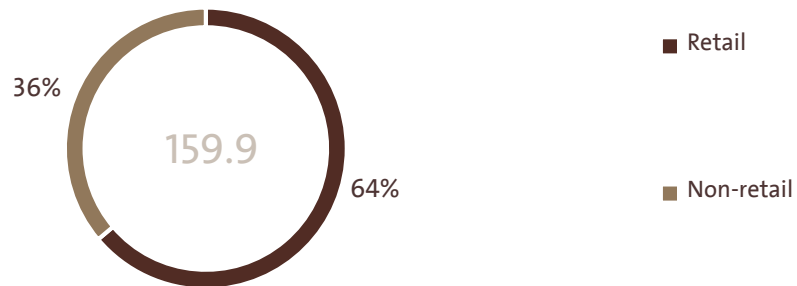
Operating Income Composition (SARmn)



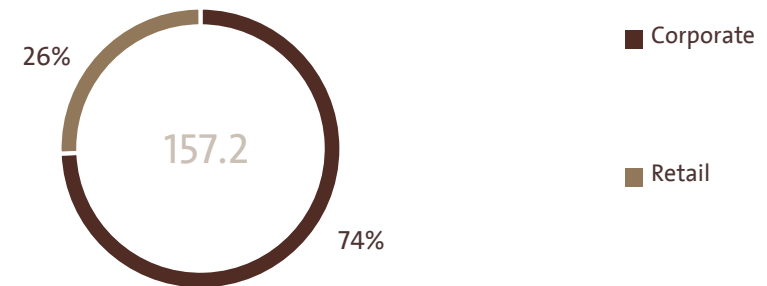
Net Profit Before Zakat Composition (SARmn)



Customers' Deposits Composition (SARbn)



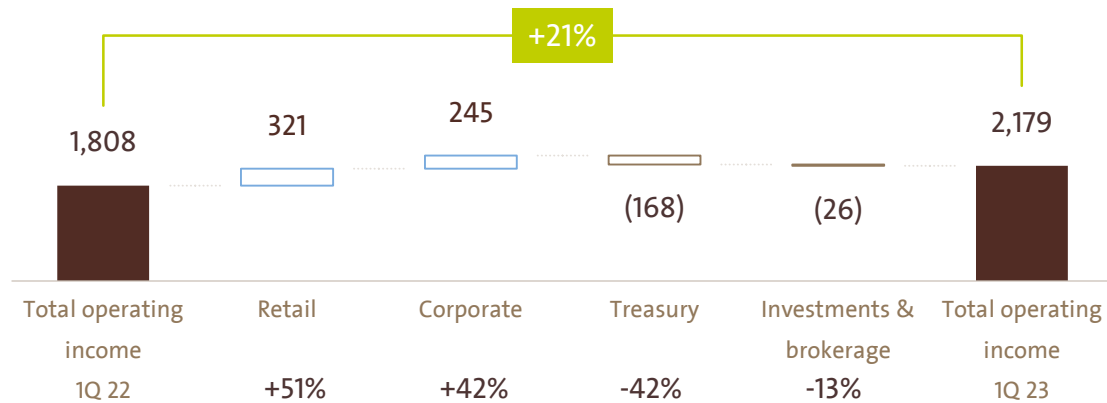
Financing, Gross Composition (SARbn)



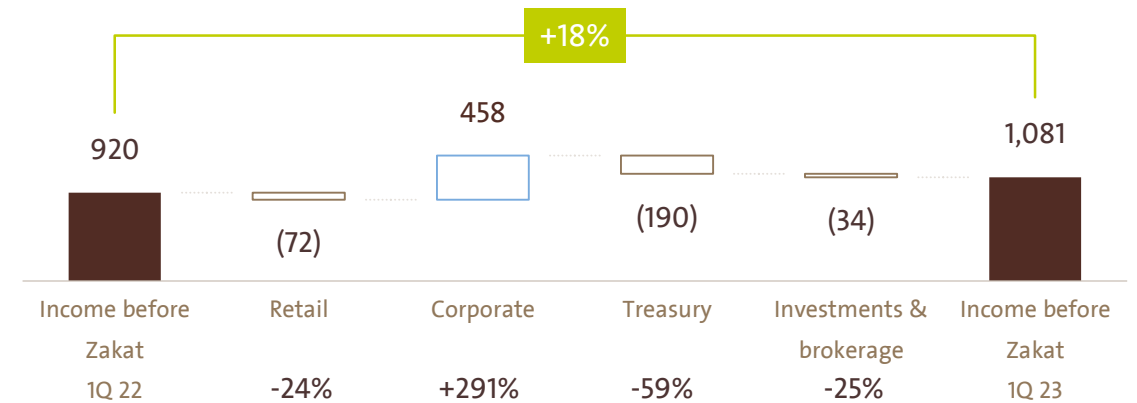
Segmental Performance Highlights

Retail and Corporate reported growth in operating income YoY

Operating Income Movement YoY (SARmn)



Net Income Before Zakat Movement YoY (SARmn)



Customers' Deposits Movement YTD (SARbn)



Financing, Gross Movement YTD (SARbn)

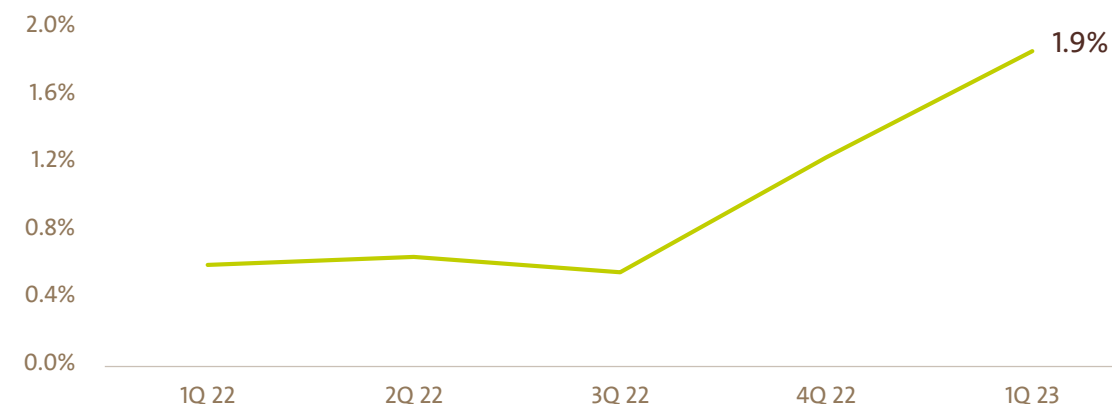


Segmental Performance - Retail

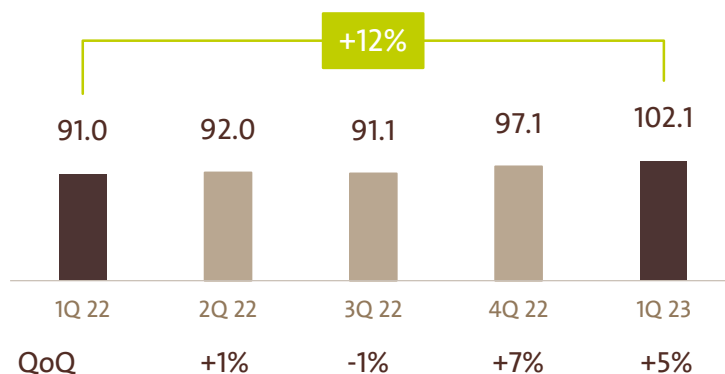
Strong financing and deposit growth driving operating income growth of 51% YoY

| SAR (mn) | 1Q 2023 | 4Q 2022 | Δ% | 1Q 2022 | Δ% |
|--|------------|------------|-------------|------------|-------------|
| Income from investments and financing, net | 885 | 859 | +3% | 569 | +55% |
| Fees from services & other income | 64 | 98 | -35% | 58 | +9% |
| Total operating income | 949 | 957 | -1% | 628 | +51% |
| Total operating expenses | 395 | 451 | -12% | 357 | +11% |
| Total charges/(reversals) for impairments | 326 | 226 | +45% | (29) | +1237% |
| Income for the period before zakat | 227 | 280 | -19% | 299 | -24% |

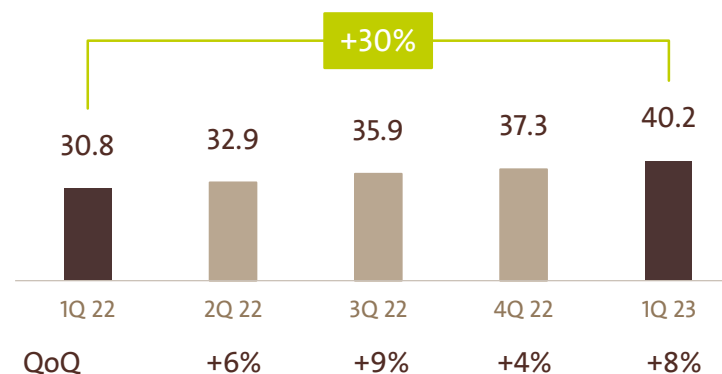
Retail NPL (%)



Retail Deposits (SARbn)



Retail Financing (SARbn)



Management Commentary

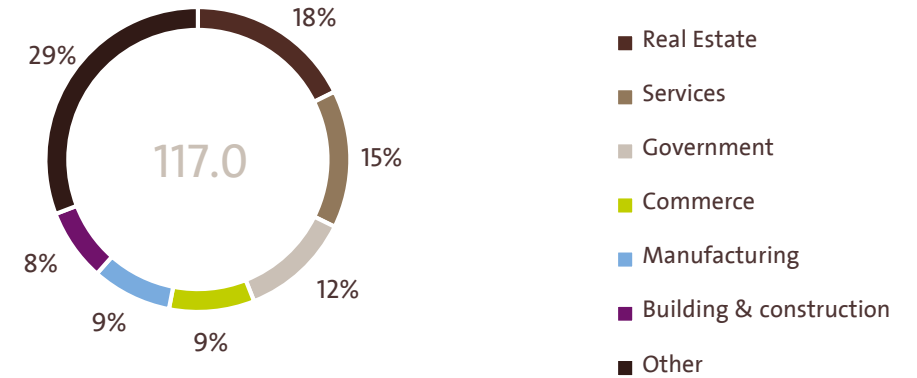
- Retail operating income rose by 51% YoY to SAR 949mn from 55% increase in funded income and a 9% increase in non-funded income.
- Retail net income fell by 24% YoY due to a significant increase in impairments and a 11% increase in operating expenses YoY.
- Retail deposits increased 5% while financing increased by 8% during 1Q 2023.
- The retail NPL ratio increased during 1Q 2023 to 1.9%.

Segmental Performance - Corporate

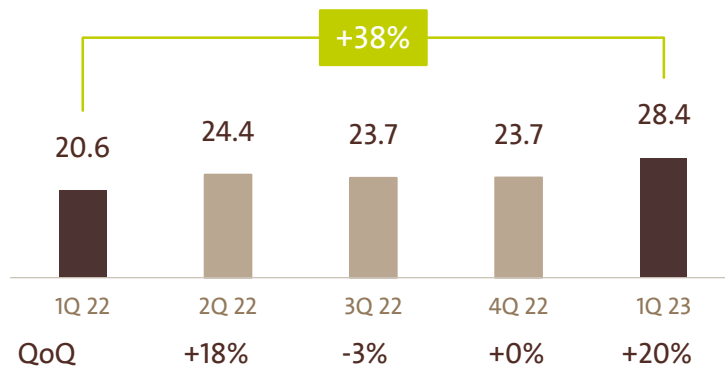
Strong income growth and lower impairments translate to significant net income growth YoY

| SAR (mn) | 1Q 2023 | 4Q 2022 | Δ% | 1Q 2022 | Δ% |
|--|------------|------------|-------------|------------|--------------|
| Income from investments and financing, net | 709 | 802 | -12% | 495 | +43% |
| Fees from services & other income | 119 | 116 | +3% | 87 | +36% |
| Total operating income | 828 | 917 | -10% | 583 | +42% |
| Total operating expenses | 201 | 157 | +28% | 155 | +30% |
| Total charges/(reversals) for impairments | 11 | 208 | -95% | 270 | -96% |
| Income for the period before zakat | 616 | 553 | +12% | 158 | +291% |

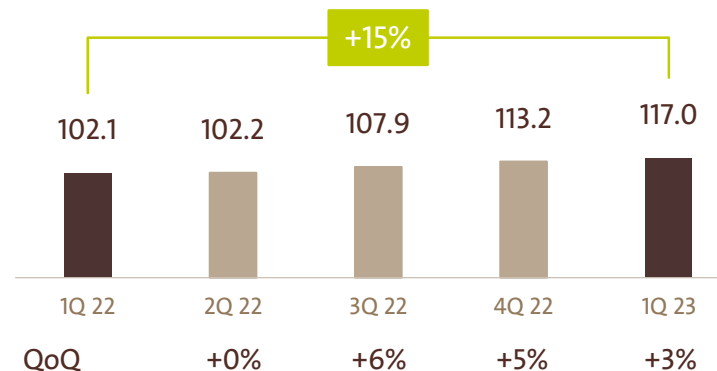
Financing, Gross Composition (SARbn)



Corporate Deposits (SARbn)



Corporate Financing (SARbn)



Management Commentary

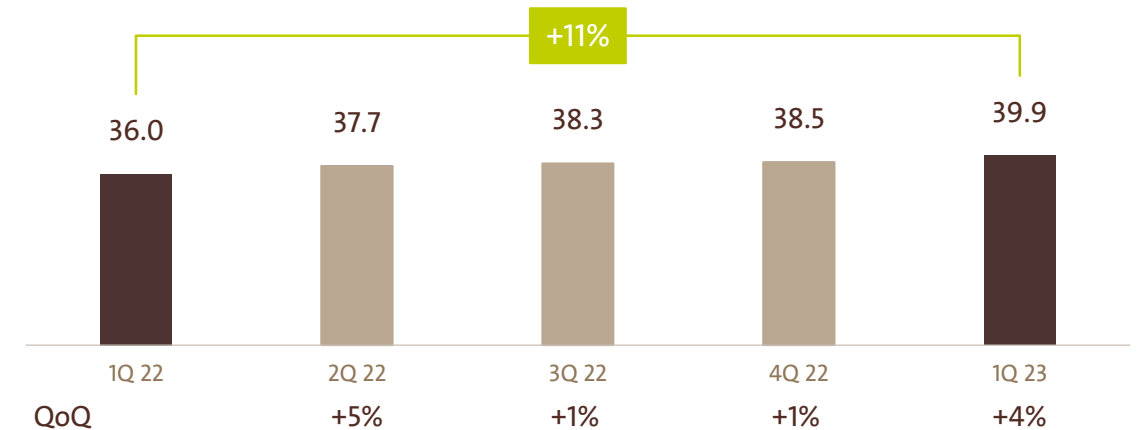
- Corporate operating income rose by 42% YoY to SAR 828mn from 43% increase in funded income and a 36% increase in non-funded income.
- This income growth, together with lower impairments, translated to 291% net income growth despite a 30% rise in operating costs.
- Corporate financing rose by 3% during 1Q 2023 while corporate deposits increased 20%.
- The corporate NPL ratio decreased 0.2ppts YoY to 2.2%.

Segmental Performance - Treasury

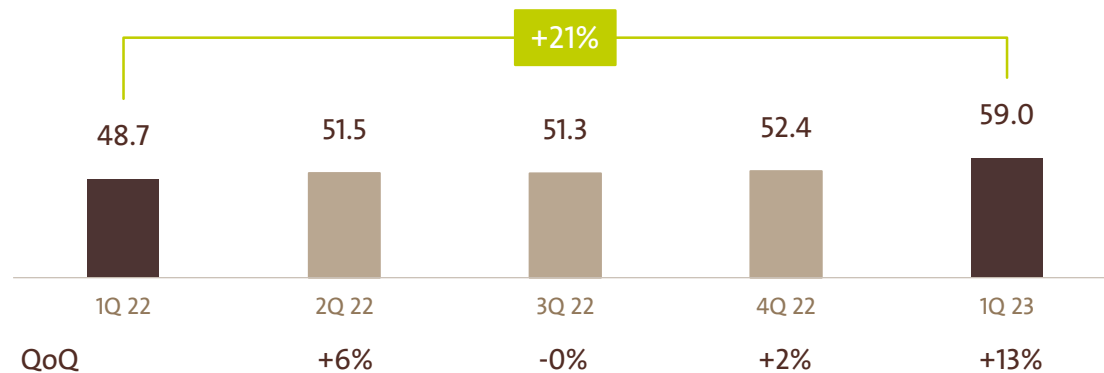
Income and net income decreased YoY

| SAR (mn) | 1Q 2023 | 4Q 2022 | Δ% | 1Q 2022 | Δ% |
|--|------------|-----------|--------------|------------|-------------|
| Income from investments and financing, net | 114 | (17) | -788% | 224 | -49% |
| Investment-related income | 45 | 50 | -10% | 95 | +52% |
| Fees from services & other income | 71 | 102 | -31% | 80 | -11% |
| Total operating income | 230 | 86 | +168% | 398 | -42% |
| Total operating expenses | 93 | 64 | +46% | 69 | +34% |
| Total charges/(reversals) for impairments | 5 | 4 | +37% | 2 | +131% |
| Net operating income | 132 | 18 | +618% | 326 | -60% |
| Share of income / (loss) from an associate and joint venture | 2 | 2 | -4% | (2) | +198% |
| Income before Zakat | 134 | 21 | +545% | 324 | -59% |

Investments (SARbn)



Treasury Assets (SARbn)



Management Commentary

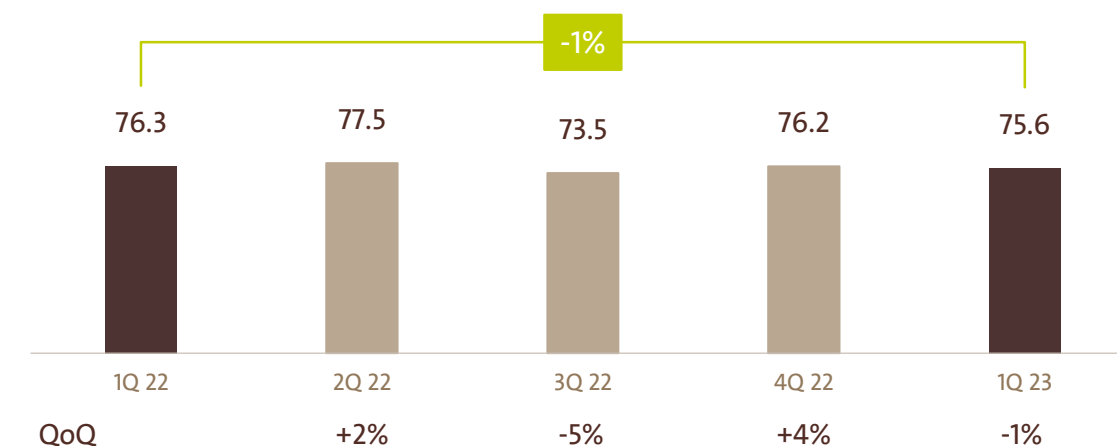
- Treasury operating income fell by 42% YoY to SAR 230mn in 1Q 2023 due to decrease in investment related income by 49%.
- Treasury assets rose by 13% during 1Q 2023 to SAR 59bn, driven by 4% growth in the investment portfolio to SAR 39.9bn.

Segmental Performance – Investments & Brokerage

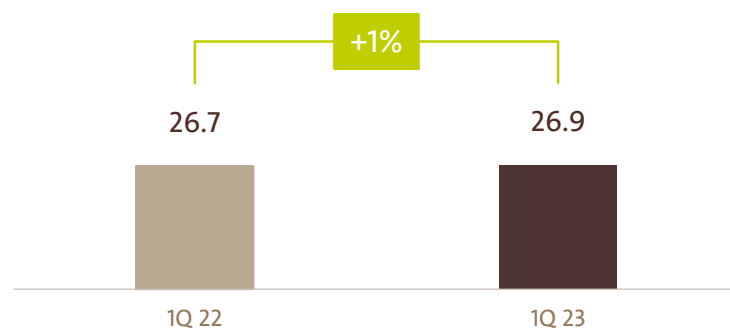
Modest funded income growth in 1Q 2023

| SAR (mn) | 1Q 2023 | 4Q 2022 | Δ% | 1Q 2022 | Δ% |
|--|------------|------------|------------|------------|-------------|
| Income from investments and financing, net | 27 | 24 | +13% | 23 | +17% |
| Fees from services & other income | 146 | 164 | -11% | 176 | -17% |
| Total operating income | 173 | 188 | -8% | 199 | -13% |
| Total operating expenses | 69 | 79 | -13% | 61 | +13% |
| Income before Zakat | 104 | 106 | -2% | 139 | -25% |

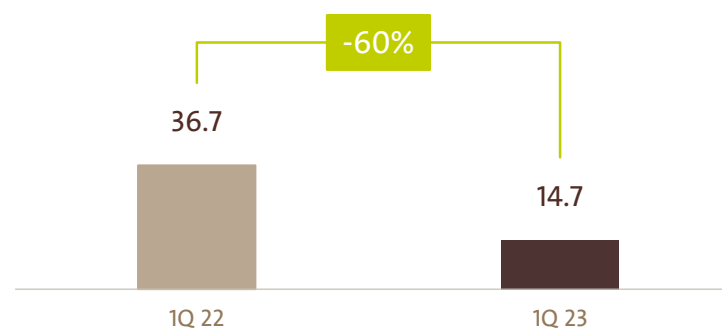
Assets Under Management (SARbn)



Brokerage Trading Income (SARmn)



Brokerage Trading Values (SARbn)



Management Commentary

- Investment and brokerage (I&B) operating income fell by 13% YoY to SAR 173mn from 17% decrease in non-funded income.
- I&B net income decreased 25% YoY from a decrease in income and a 13% increase in expenses.
- Brokerage trading income for 1Q 2023 increased by 1% while brokerage trading values decreased 60% YoY, and AUM decreased by 1% YoY.

Outlook & Guidance

1Q 2023



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Guidance

Acceleration of strategic execution drives a promising outlook for 2023

| | | 1Q 2023A | Drivers | 2023G |
|---|----------------------|----------------------------|--|------------------|
| Balance Sheet | Financing Growth | +19% YoY | Strong Mid-Corp, SME & Retail growth from strategic initiatives; pick up in corporate financing | Mid teens |
| | Net Profit Margin | 3.80% +49bps YoY | Rising rates and funding mix supportive of improving margin | +35bps to +45bps |
| Profitability | Cost to Income Ratio | 34.8% | Growth in income, digitization & process optimization driving efficiencies, partly offset by strategic investments | Below 32% |
| | Return on Equity | 14.1% | Improving NPM, efficiency and COR driving improving ROE | Above 17% |
| Asset Quality | Cost of Risk | 0.88% | Cautiously expecting stable credit quality and NPL coverage, leading to COR moderation | 60-70bps |
| Capital | CAR Pillar 1 | 19.1% | Increasing RWAs from strong expected financing growth | 17%-18% |
| Return on Equity Target for 2025 above 18% | | | | |

Appendix

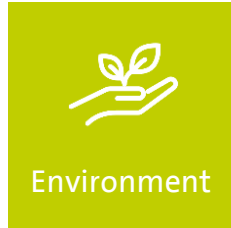
1Q 2023

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ESG in Action

Alinma is progressing on key initiatives to drive the ESG agenda and enhance its ratings



Environment



Deployment of **digital channels and digital signatures** to reduce paper; digital zones are available in all branches



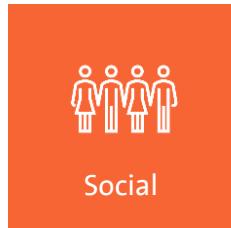
Energy efficient lighting are now in all branches. Planning to extend to Head Office



Air conditioning timers installed in 40 branches; 20% reduction in electricity usage



Renewable (solar) energy sources are now installed on 28 branches



Social



+26,745 **employee training hours** and +6 **employee townhalls**



1% of annual profit allocated to **CSR activities**; **Bank AGM approved new CSR policy** with more focus on **sustainable CSR**



1st KSA bank to sign the **Women's Empowerment Principles (WEPs)**; 31% **new women hires** in 1Q 23



Community focus with growth YoY in **SME financing** from Kafalah (+48%) and PoS (+131%) programs



Governance



Shariah compliance through regular internal audits and committee oversight



SAMA and CMA compliance in regulatory & financial disclosures and adoption of internal controls

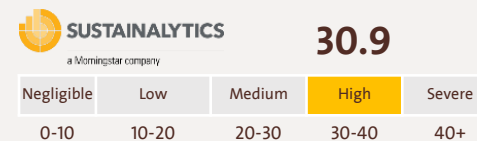
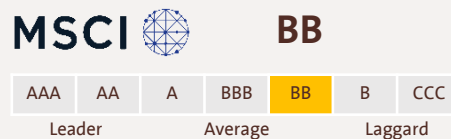


Institutionalization of the **investor relations function** with enhanced transparency & investor communication



Cybersecurity monitoring and initiatives which cover data governance and protection

Latest ESG Ratings



IR Contacts

Ahmed Sager
Head of Investor Relations

Mobile: +966-53-775-3352
Direct: +966-11-218-6364
Email: aosager@alinma.com

Ibrahim Al Khudair
Investor Relations Assistant Manager

Mobile: +966-55-788-5520
Direct: +966-11-218-6181
Email: iaalkhudair@alinma.com

Al Anoud Tower, King Fahad Road
P.O. Box 66674, Riyadh 11586
Kingdom of Saudi Arabia

Tel.: +966-11-218-5555
Fax: +966-11-218-5000
Website: www.alinma.com

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