

# Investor Presentation

1Q 2022

May 2022

مصرف الإنماء  
alinma bank



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# Alinma Overview

1Q 2022

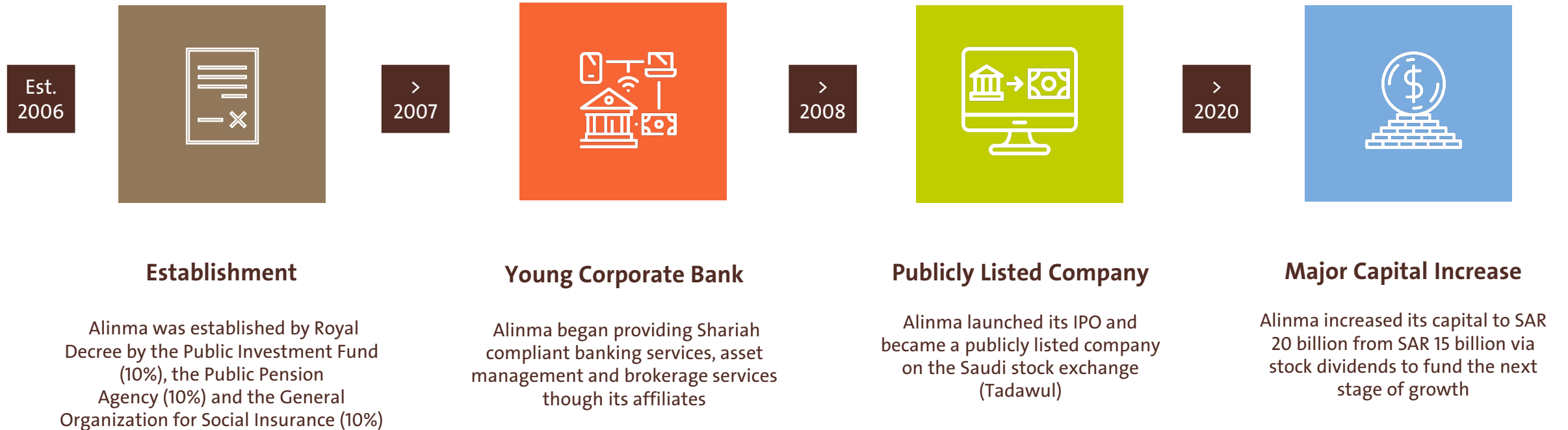
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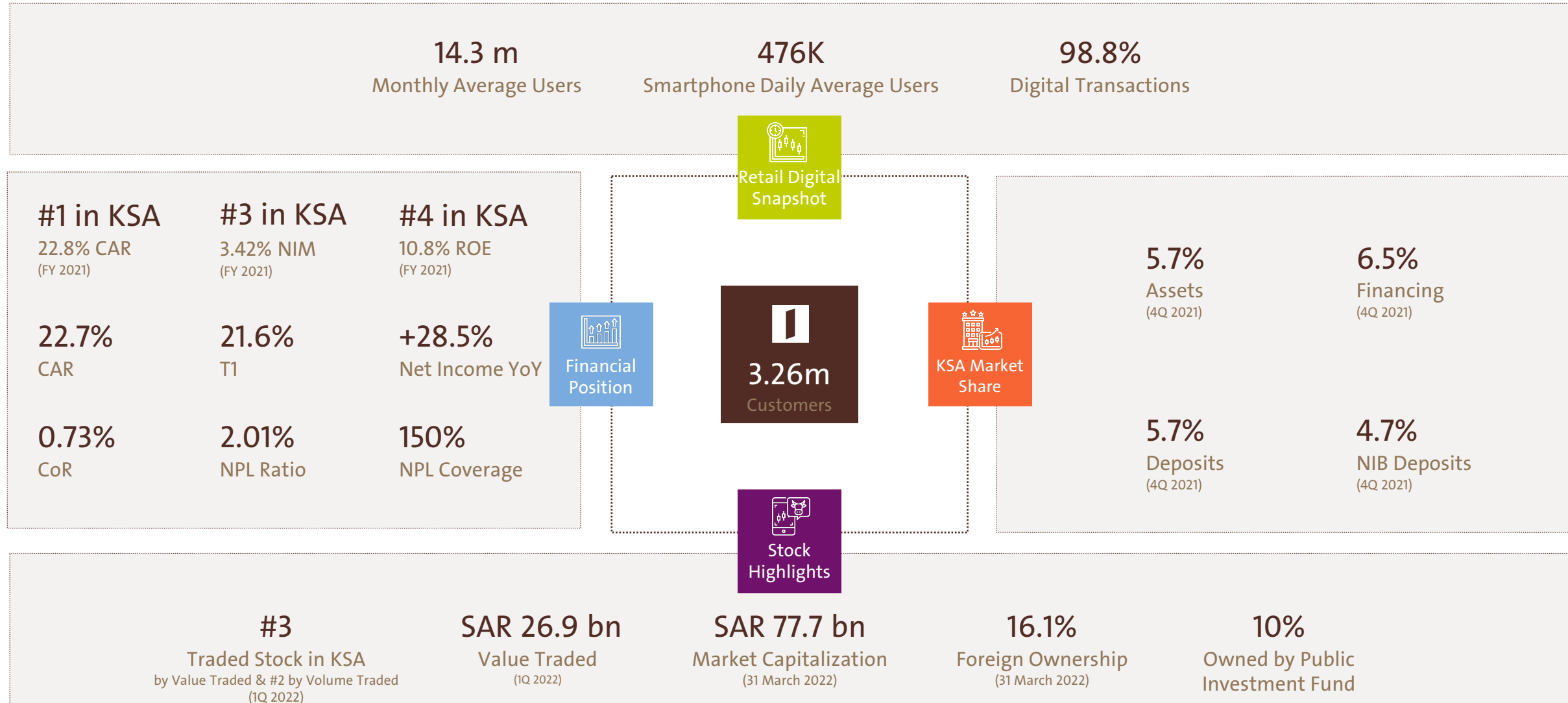
# History

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**  
SVP, Head of Retail & Digital Banking



**Emad Abdulrahman Al Butairi**  
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**  
Sharia General Secretary



**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

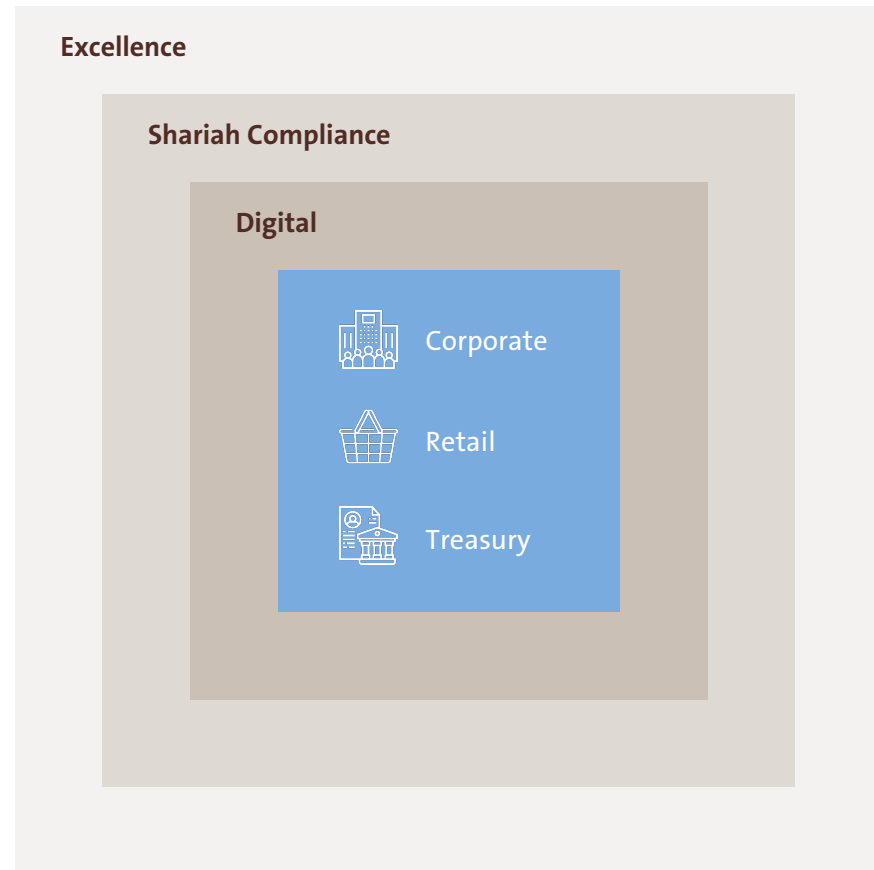
1Q 2022



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# Strategic Positioning

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

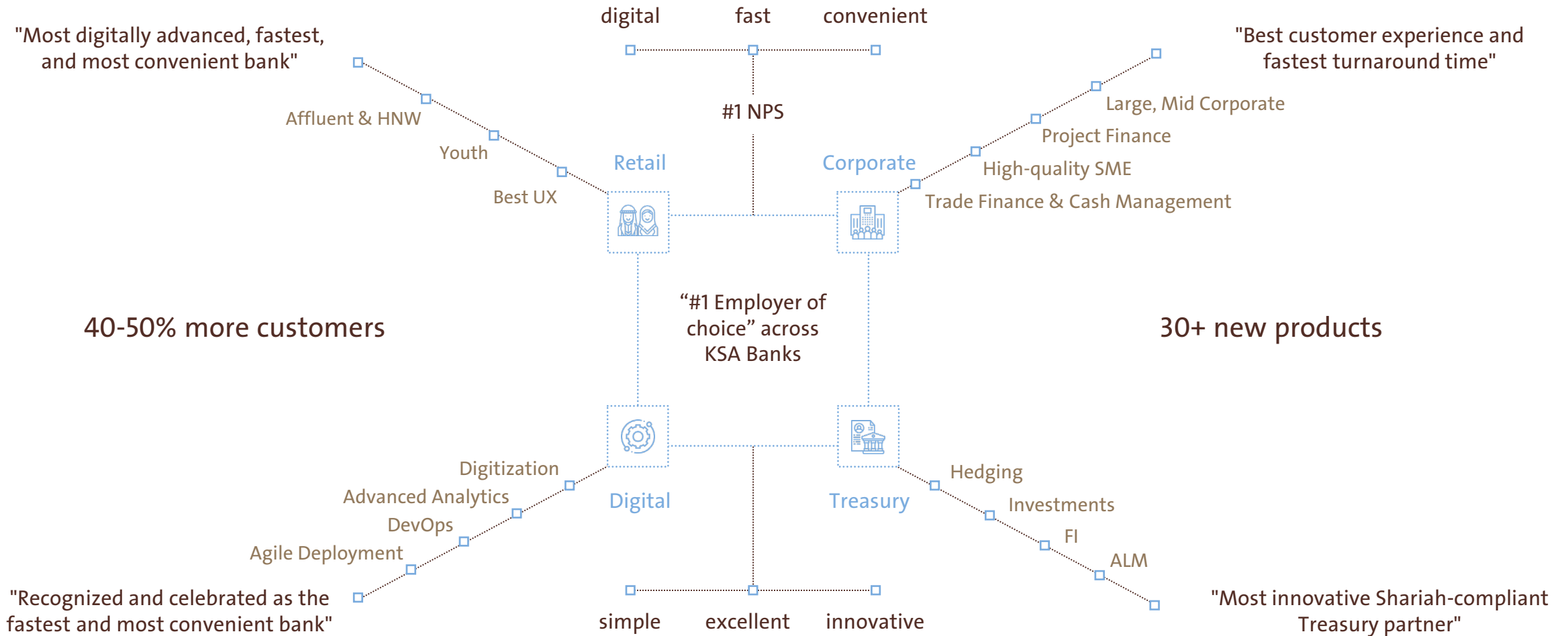


- Bank wide**
- Be recognized and celebrated as the **fastest and most convenient bank in KSA**
  - Be the **#1 in Net Promoter Score (NPS)** across KSA Banks
  - Be the **#1 Employer of choice** across KSA Banks
- 
- Segment wise**
- Be the **most digitally advanced, fastest, and most convenient Retail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



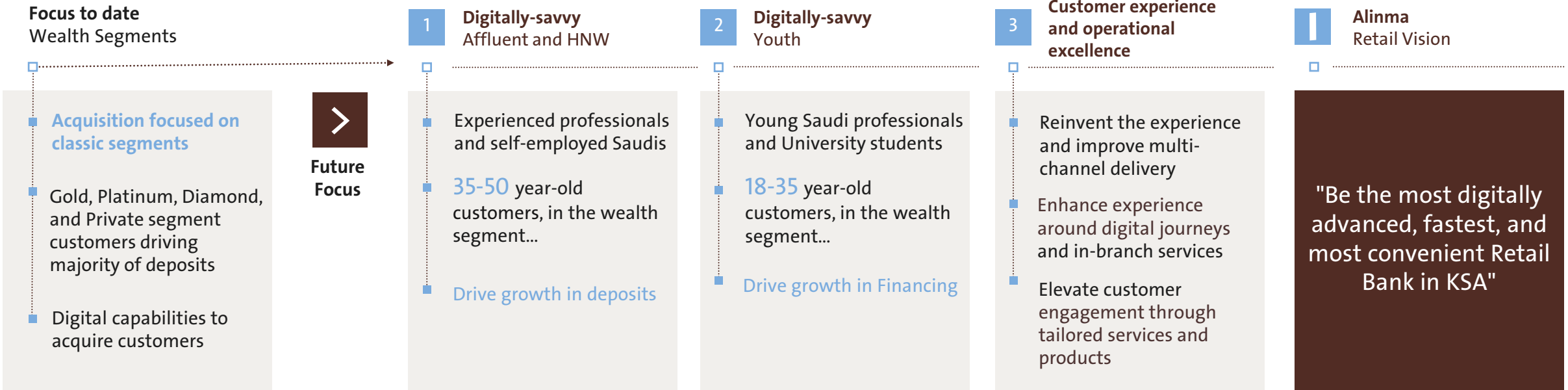
# Strategy Progress Update

Driving changes across the businesses and bank-wide

|              | 2021 - 2025<br>Strategic Ambitions   | 1Q 2022<br>Achievements   | 2022<br>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"> <li>Digital factory operating model completed &amp; operations kick-off</li> <li>+2 AA use cases in progress and +2 operations RPA completed; agile app enhancements every 2 weeks</li> <li>Completion of digital academy training curriculum</li> </ul>               | <ul style="list-style-type: none"> <li>Empower Digital Enablement team to accelerate digitalization</li> <li>Expand digital investment and savings products and cross-sell investment products</li> <li>Establish AA Centre of Excellence</li> </ul> |
| ➤ Fast       | Improve processes and speed to market  | <ul style="list-style-type: none"> <li>Reduced turnaround time on Personal Finance by 25% and by 22% for Home Finance</li> <li>+40% Agile IT Projects Delivery</li> <li>Simplified Corporate Credit process with improved turnaround by +30%</li> </ul>   | <ul style="list-style-type: none"> <li>Continue enhancement of digital journeys and app functionality, and increase cross-sell</li> <li>Upgrade systems support for new Treasury processes</li> </ul>  |
| ➤ Convenient | Enhance customer convenience and experience  | <ul style="list-style-type: none"> <li>Expanded network of correspondent banks by 5</li> <li>+7 new digital zones, +7 ATM sites</li> <li>New E-Trade product launched</li> <li>+2 new buyout products launched for retired segment</li> <li>SME: +14% PoS financing and +13% Kafalah financing</li> </ul> | <ul style="list-style-type: none"> <li>Strengthen customer acquisition partnerships</li> <li>Adjust client coverage models</li> <li>Enhance family account, Youth and Affluent ecosystems and programs</li> </ul>                                    |
| ➤ Total      | 73 Initiatives*<br><small>*additional 7 initiatives added in 1Q 2022</small>                             | 24/73 Initiatives Completed<br>33%  | 44/73 Initiatives In Progress<br>60%   |

# Retail

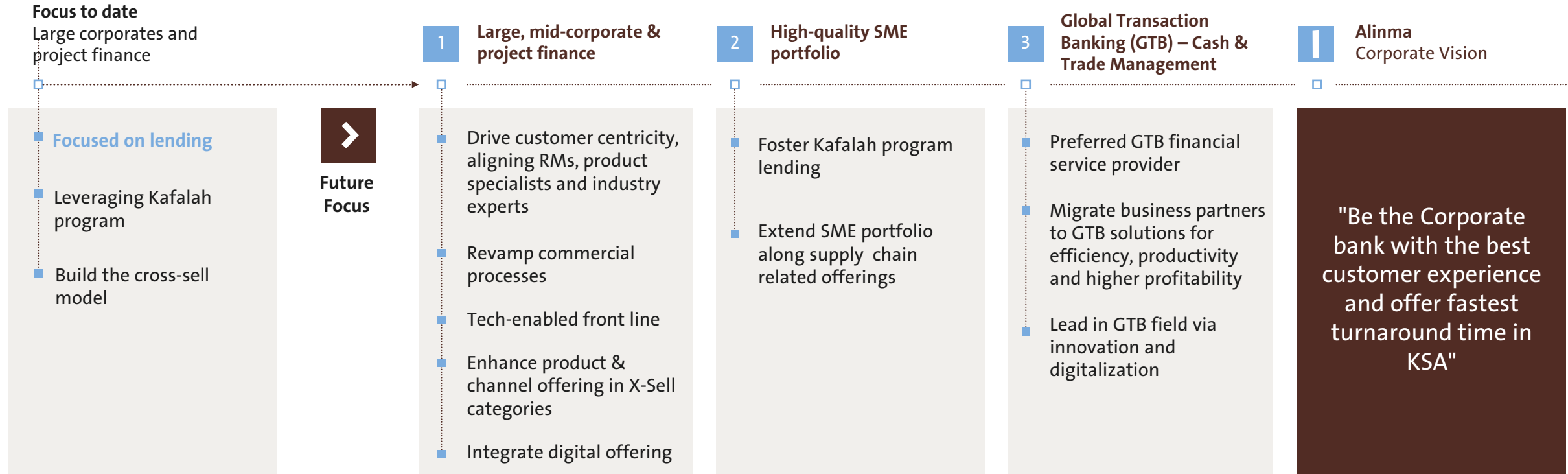
Focus on building two customer franchises



| Initiatives Completed to Date:   | Key Achievements | Launch of New Tailored Products |  | New Operating Models and Effective Processes |                           |                                   | Distribution Expansion |          | Improved Turnaround Time |              |
|----------------------------------|------------------|---------------------------------|--|--|---------------------------|-----------------------------------|------------------------|----------|--------------------------|--------------|
| 1/18 initiatives completed<br>6% | 1Q 2022          | ✓                               | ✓  | ✓  | ✓                         | ✓                                 | +7                     | +7       | -25%                     | -22%         |
|                                  |                  | Retired segment Buyout          | Mortgage Buyout                                | Dedicated self finance credit team           | Enhanced branch processes | Improved application stage for PF | Digital Zones          | New ATMs | Personal Finance         | Home Finance |
|                                  |                  |                                 | Land & Construction Non-REDF self construction |  |                           |                                   |                        |          |                          |              |

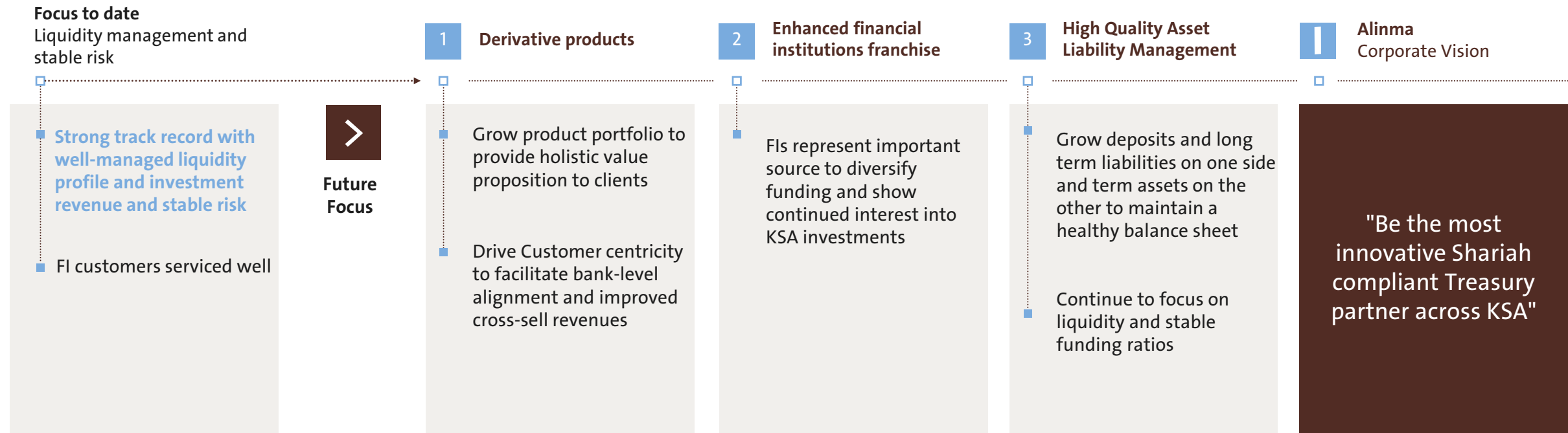
# Corporate

Evolve the bank and diversify across sectors



|   |   |   |  |  |  |
|---|---|---|--|--|--|
| <p><b>Initiatives Completed to Date:</b></p> <p>5/16 initiatives completed</p> <p>31%</p> | <p><b>Key Achievements</b></p> <p>1Q 2022</p> | <p><b>Expanded Mid-Corp Segment</b></p> <p>+48%</p> <p>Growth in booked assets</p> <p>Expanded teams' regional presence</p> | <p><b>Grow SME Portfolio</b></p> <p>+14%</p> <p>PoS financing</p> <p>+13%</p> <p>Kafalah financing</p> | <p><b>New Products &amp; Centralization</b></p> <p>Launched E-Trade</p> <p>Centralization of GTB call center</p> | <p><b>Improved Turnaround Time</b></p> <p>-30%</p> <p>Simplified corporate credit process</p> <p>New application forms</p> |
|---|---|---|--|--|--|

Become core partner for corporate clients and grow FI franchise



|   |   |   |   |   |   |
|---|---|---|---|---|---|
| <p><b>Initiatives Completed to Date:</b></p> <p>5/12 initiatives completed</p> <p>42%</p> | <p><b>Key Achievements</b></p> <p>1Q 2022</p> | <p><b>Expansion of Products and Volumes</b></p> <p>✓</p> <p>+20bn</p> <p>Expanded Derivatives customer base</p> <p>FX transaction volumes</p> | <p><b>Increased FI Coverage</b></p> <p>+5 banks</p> <p>Correspondent FIs added globally</p> | <p><b>Investment Base Enhancement</b></p> <p>+2.7bn</p> <p>Enhanced investment book</p> | <p><b>Upgrade Treasury system to add more products</b></p> <p>✓</p> <p>New Treasury system progressing well</p> |
|---|---|---|---|---|---|

# Digital

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



|   |   |   |   |  |   |
|---|---|---|---|--|---|
| <p><b>Initiatives Completed to Date:</b></p> <p>7/17 initiatives completed</p> <p>41%</p> | <p><b>Key Achievements</b></p> <p>1Q 2022</p> | <p><b>Project Delivery</b></p> <p>+40%</p> <p>+2</p> <p>Agile IT Projects Delivered</p> <p>Advanced Analytics use cases development in progress</p> | <p><b>New Models &amp; Digital Factory Established</b></p> <p>✓</p> <p>✓</p> <p>Digital factory operating model kick-off</p> <p>Completion of digital academy training curriculum</p> | <p><b>Igniting Operations</b></p> <p>+2</p> <p>Operations RPAs completed</p> | <p><b>Improved Ways of Working</b></p> <p>✓</p> <p>Agile release enhancements to mobile App every 2 weeks</p> |
|---|---|---|---|--|---|

# Human Capital

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



| Initiatives Completed to Date:              | Key Achievements | Increased Employee Engagement   | Increased Training & Key Placements   | Continuous Improvement   | Workplace Saudization                 |
|---|------------------|---|---|--|---------------------------------------|
| <p>6/9 initiatives completed</p> <p>67%</p> | <p>1Q 2022</p>   | <p>109 Employees awarded</p> <p>Conducted engagement focus groups</p> | <p>Launched new educational programs</p> <p>Key roles hired and future key roles identified</p> | <p>Rotational program for new hires</p> <p>Increased annual leave days</p> | <p>94.38%</p> <p>Saudization rate</p> |

# ESG in Action

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



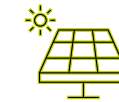
Deployment of **digital channels and digital signatures** to reduce paper; 77 new digital zones



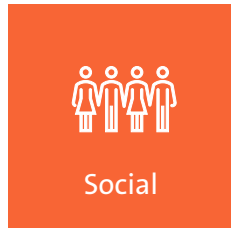
**Energy efficient lighting** are now in all branches



**Air conditioning timers** installed in few branches; 13% reduction in electricity usage



**Renewable (solar) energy sources** piloted across regions



+55,000 **employee training hours** and 6 **employee townhalls** conducted



1% of annual profits allocated to **CSR activities**



**Women's empowerment program** launched; 32% **new women hires** in 1Q 2022



**Community focus** with growth in **SME financing** from Kafalah (+48%) and PoS (+100%) programs



**Shariah compliance** through regular internal audits and committee oversight



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

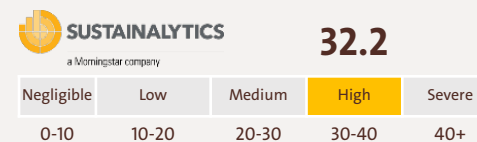
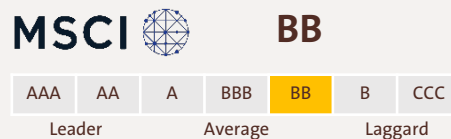


Institutionalization of the **investor relations function** with enhanced transparency & investor communication



**Cybersecurity** monitoring and initiatives which cover data governance and protection

## Latest ESG Ratings





# Historical Financial Performance

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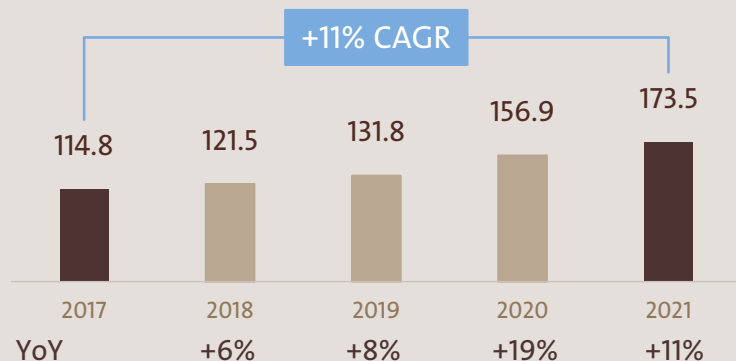


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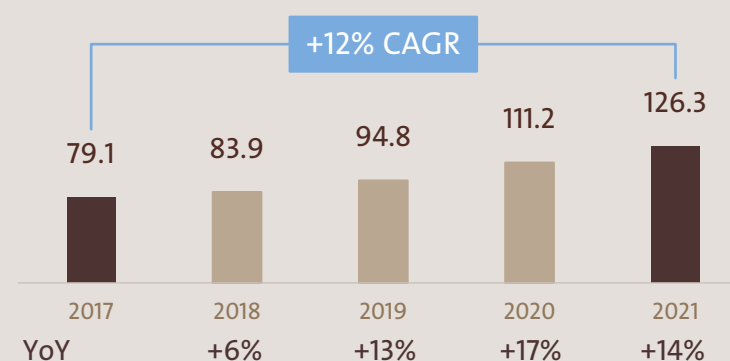
# Balance Sheet Track Record

Solid history of strong balance sheet momentum...

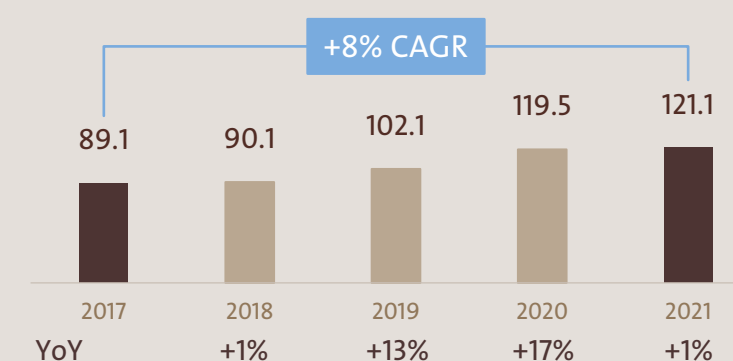
### Total Assets (SARbn)



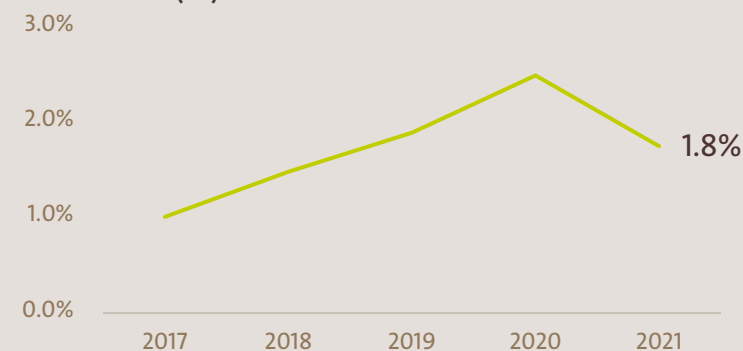
### Financing (SARbn)



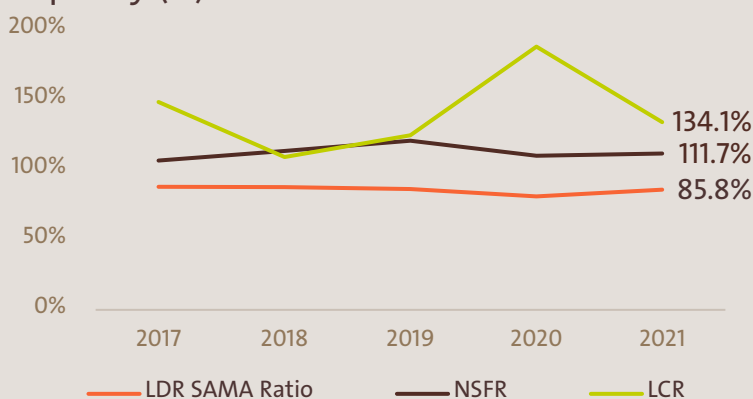
### Customers' Deposits (SARbn)



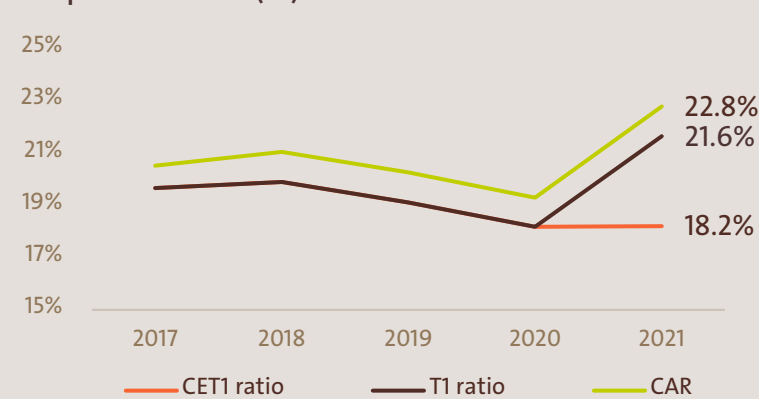
### NPL Ratio (%)



### Liquidity (%)



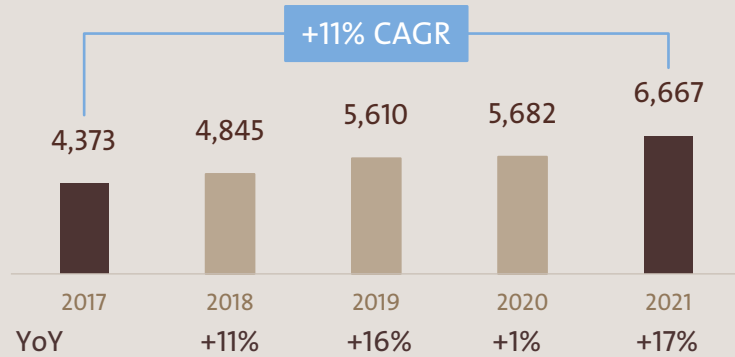
### Capitalization (%)



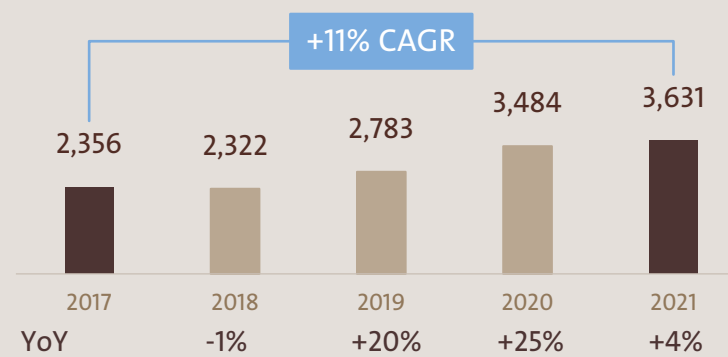
# P&L Track Record

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

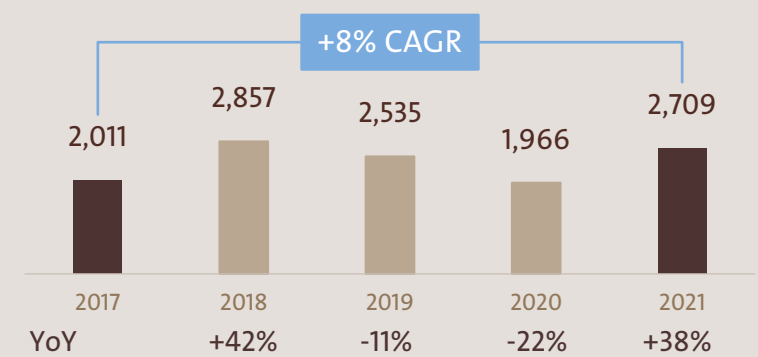
### Total Operating Income (SARmn)



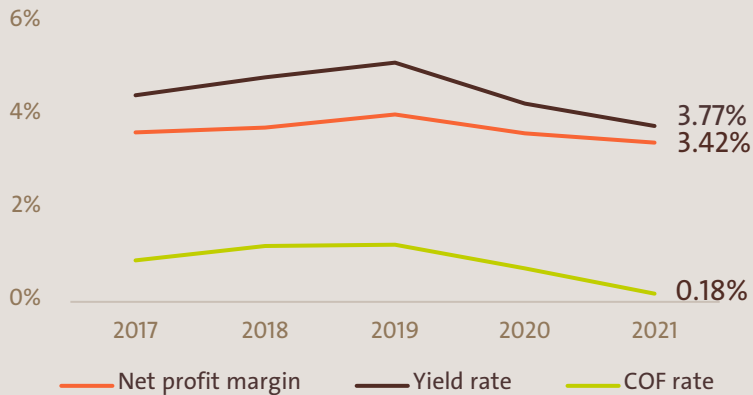
### Total Operating Expenses (SARmn)



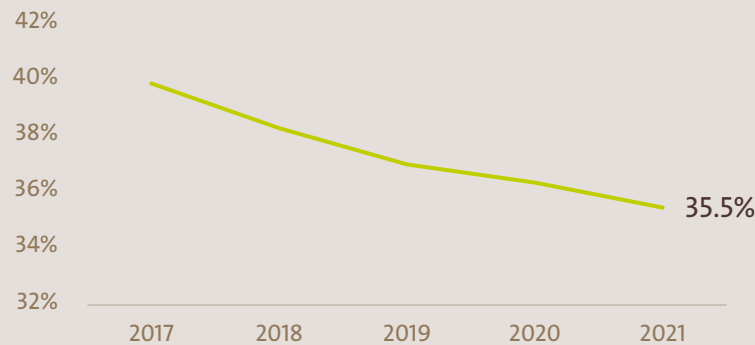
### Net Income (SARmn)



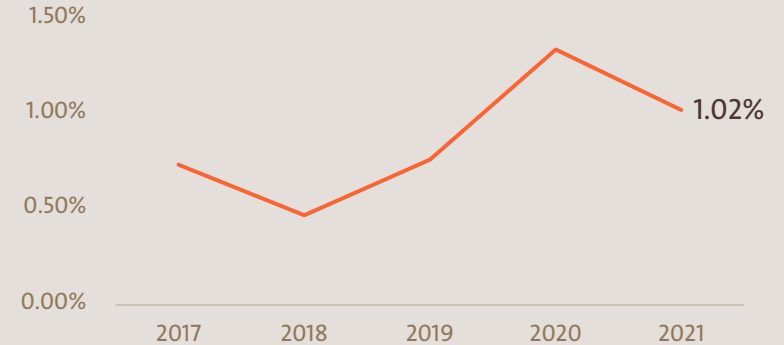
### Net Profit Margin (%)



### Cost To Income Ratio (%)



### Cost of Risk (%)



\*Comparatives are reclassified to align with the 4Q 2021 financial statements

# 1Q 2022 Financial Performance

1Q 2022

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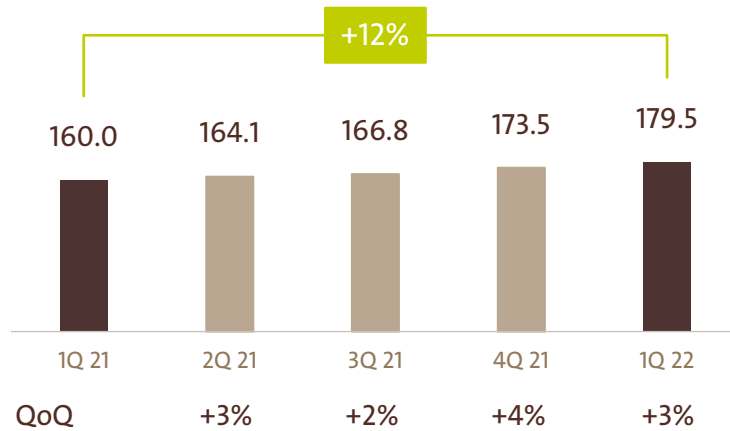


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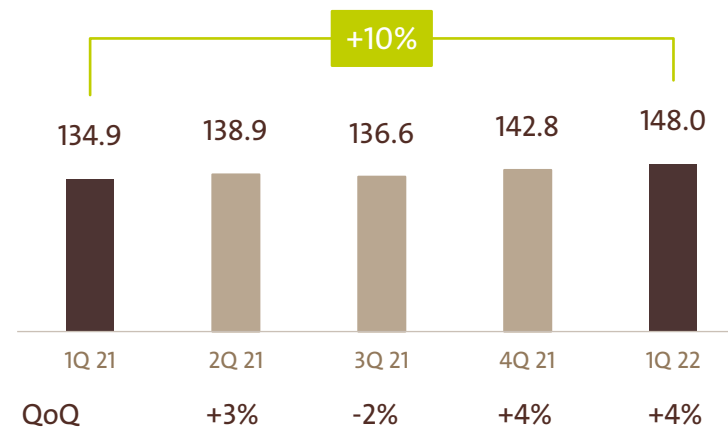
# 1Q 2022 Balance Sheet Highlights

Balance sheet growth from financing and investments growth funded mainly from CASA

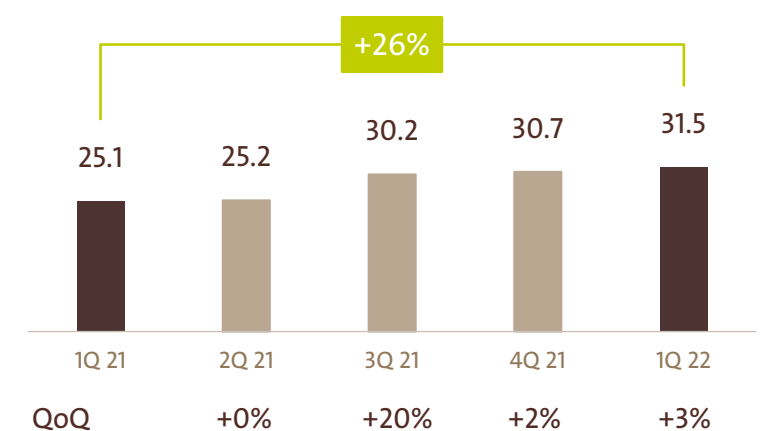
Total Assets (SARbn)



Total Liabilities (SARbn)



Total Equity (SARbn)



1Q 22 Financing

SARbn **129.0**  
+2% YTD

1Q 22 Customers' Deposits

SARbn **128.0**  
+6% YTD

1Q22 CASA Deposits

SARbn **88.0**  
+10% YTD

1Q 22 CASA % of Total Deposits

**68.7%**  
+2.9ppts YTD

1Q 22 LDR SAMA Ratio

**84.3%**  
-1.5ppts YTD

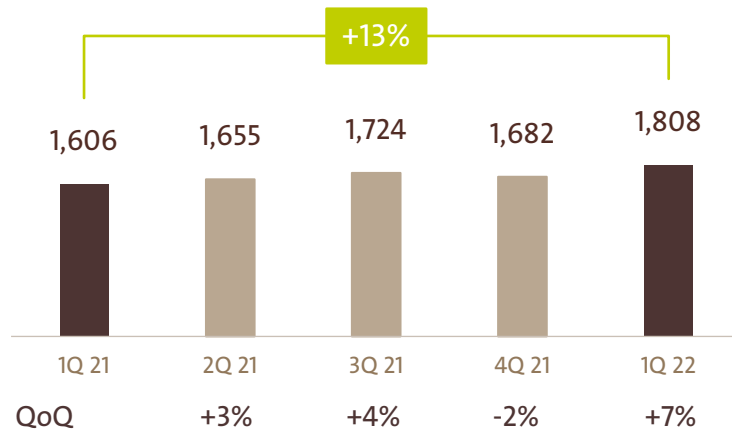
1Q 22 CAR

**22.7%**  
-0.1ppts YTD

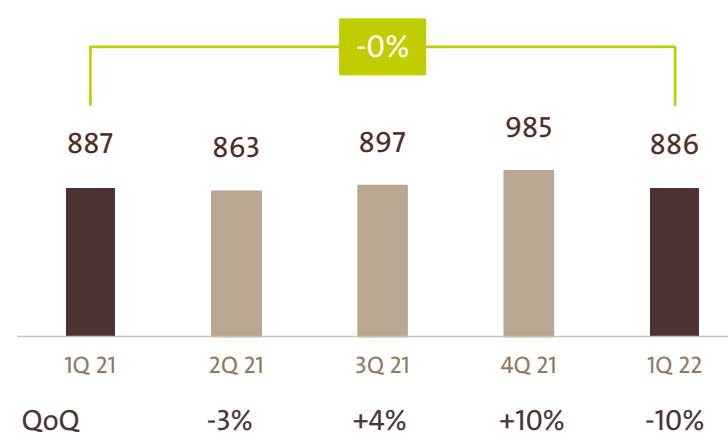
# 1Q 2022 P&L Highlights

Net income for 1Q 2022 grew by 28% YoY from 13% income growth and lower risk cost

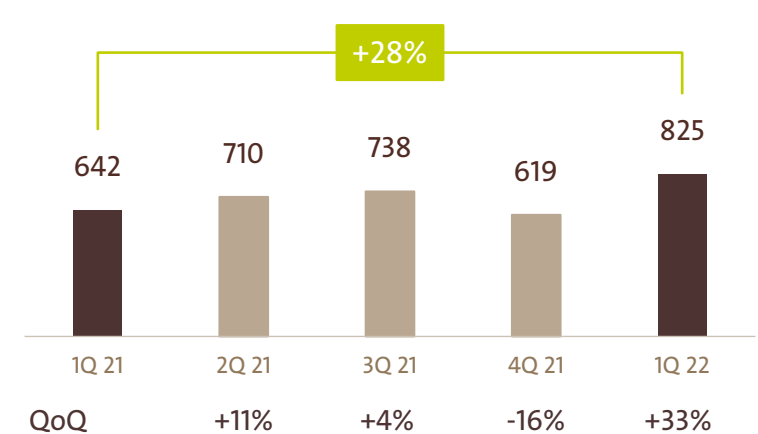
Total Operating Income (SARmn)



Total Operating Expenses (SARmn)



Net Income (SARmn)



1Q 22 Funded  
Income

SARmn  
**1,310**  
+9% YoY

1Q 22 Non-Funded  
Income

SARmn  
**498**  
+24% YoY

1Q 22 Net Income

SARmn  
**825**  
+28% YoY

1Q 22 Net Profit  
Margin

**3.31%**  
-10bps YoY

1Q 22 Cost to  
Income Ratio

**35.5%**  
+1.7ppts YoY

1Q 22 ROE

**12.6%**  
+226bps YoY

# Balance Sheet Trends

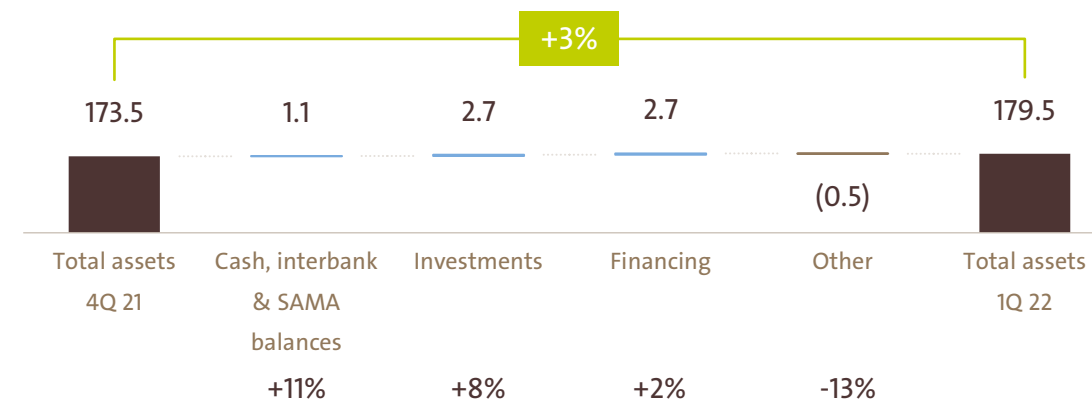
Balance sheet growth of 3% from increase in financing and investments

## Management Commentary

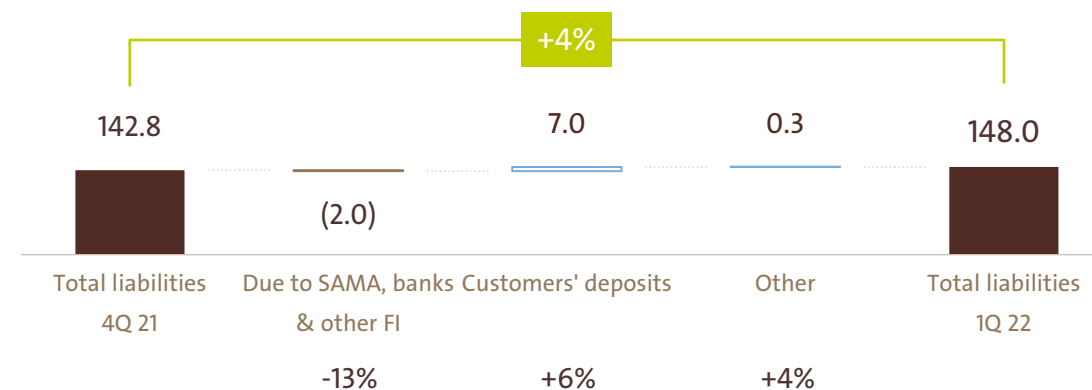
- Growth in total assets of 3% YTD driven by 2% financing growth and 8% growth in investments.
- Total liabilities grew by 4% during 1Q 2022 mainly from a 6% rise in customers' deposits.

| SAR (mn)                        | 1Q 2022        | 4Q 2021        | Δ%         | 1Q 2021        | Δ%          |
|---------------------------------|----------------|----------------|------------|----------------|-------------|
| Cash, interbank & SAMA balances | 11,051         | 9,915          | +11%       | 10,545         | +5%         |
| Investments                     | 36,026         | 33,278         | +8%        | 28,819         | +25%        |
| Financing                       | 128,965        | 126,271        | +2%        | 117,149        | +10%        |
| Other assets                    | 3,477          | 4,012          | -13%       | 3,438          | +1%         |
| <b>Total assets</b>             | <b>179,519</b> | <b>173,476</b> | <b>+3%</b> | <b>159,951</b> | <b>+12%</b> |
| Due to SAMA, banks & other FI   | 13,245         | 15,240         | -13%       | 8,863          | +49%        |
| Customers' deposits             | 128,035        | 121,061        | +6%        | 120,707        | +6%         |
| Other liabilities               | 6,720          | 6,465          | +4%        | 5,300          | +27%        |
| <b>Total liabilities</b>        | <b>148,001</b> | <b>142,765</b> | <b>+4%</b> | <b>134,870</b> | <b>+10%</b> |
| Share capital                   | 20,000         | 20,000         | +0%        | 20,000         | +0%         |
| Retained earnings               | 4,416          | 3,586          | +23%       | 3,819          | +16%        |
| Other reserves                  | 2,102          | 2,125          | -1%        | 1,262          | +67%        |
| Tier 1 sukuk                    | 5,000          | 5,000          | +0%        | -              | -           |
| <b>Total equity</b>             | <b>31,518</b>  | <b>30,711</b>  | <b>+3%</b> | <b>25,081</b>  | <b>+26%</b> |

## Total Assets Movement YTD (SARbn)



## Total Liabilities Movement YTD (SARbn)



# P&L Trends

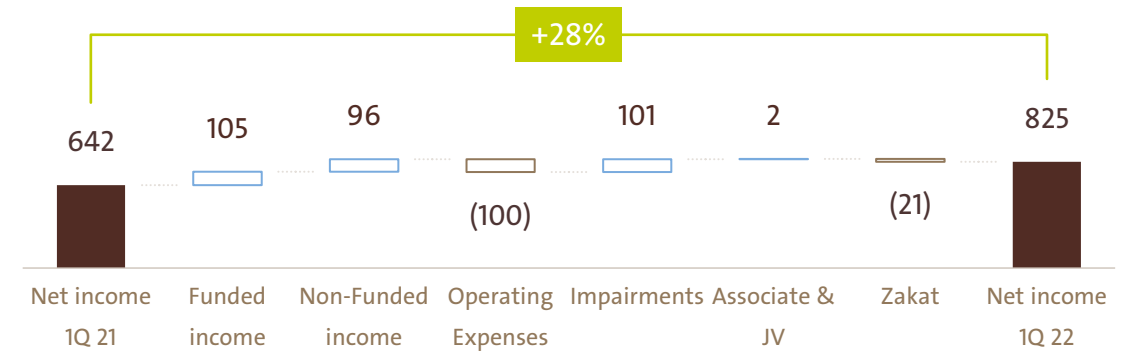
Net income for 1Q 2022 grew by 28% YoY due to 13% income growth and lower impairment charges

## Management Commentary

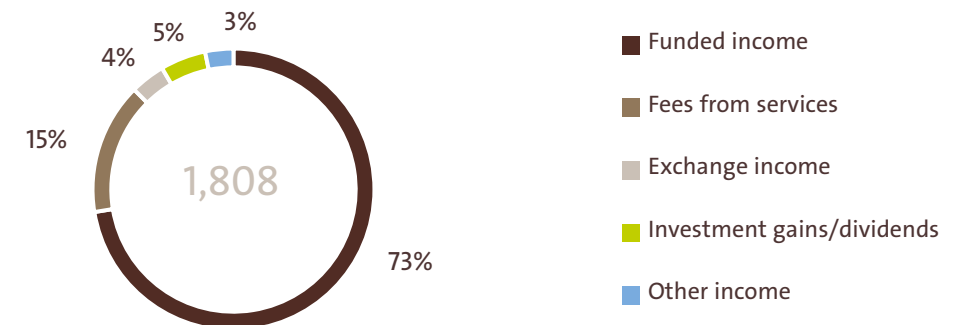
- Net income for 1Q 2022 grew 28% YoY to SAR 825mn from 13% income growth and a 29% decrease in impairments despite 18% higher operating expenses YoY.
- 1Q 2022 net income improved 33% QoQ driven by 7% increase in income and a 19% decrease in impairments.

| SAR (mn)   | 1Q 2022      | 4Q 2021      | Δ%          | 1Q 2021      | Δ%          |
|--|--------------|--------------|-------------|--------------|-------------|
| Funded income  | 1,310        | 1,309        | +0%         | 1,204        | +9%         |
| Non-Funded income                                    | 498          | 373          | +34%        | 402          | +24%        |
| <b>Total operating income</b>                        | <b>1,808</b> | <b>1,682</b> | <b>+7%</b>  | <b>1,606</b> | <b>+13%</b> |
| Operating Expenses                                   | 642          | 684          | -6%         | 543          | +18%        |
| <b>Net operating income before impairment charge</b> | <b>1,165</b> | <b>998</b>   | <b>+17%</b> | <b>1,064</b> | <b>+10%</b> |
| Impairments  | 243          | 301          | -19%        | 344          | -29%        |
| <b>Net operating income</b>                          | <b>922</b>   | <b>697</b>   | <b>+32%</b> | <b>720</b>   | <b>+28%</b> |
| <b>Income before zakat &amp; income tax</b>          | <b>920</b>   | <b>691</b>   | <b>+33%</b> | <b>716</b>   | <b>+28%</b> |
| Zakat  | 95           | 72           | +32%        | 74           | +29%        |
| <b>Net income</b>                                    | <b>825</b>   | <b>619</b>   | <b>+33%</b> | <b>642</b>   | <b>+28%</b> |

## Net Income Movement YoY (SARmn)



## Operating Income Composition (SARmn)

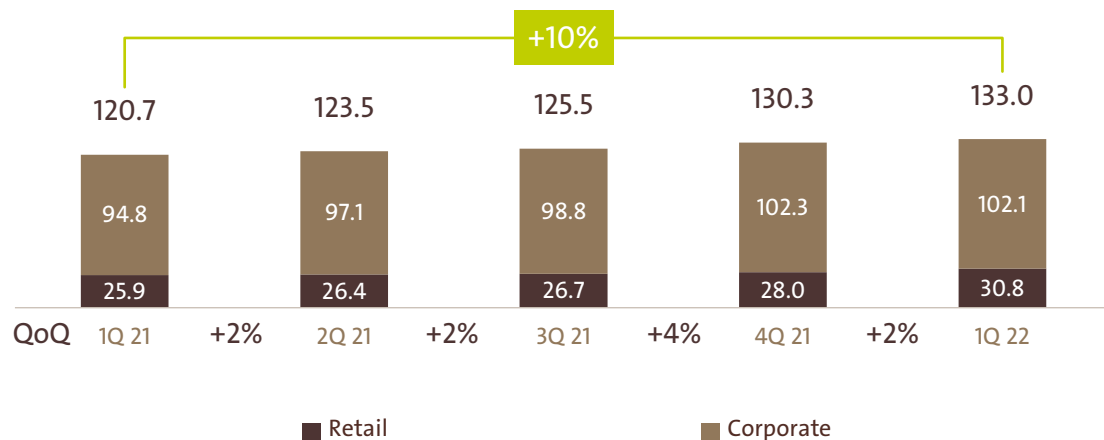




# Financing

Increase in gross financing of 2% during 1Q 2022 from 10% growth in retail financing

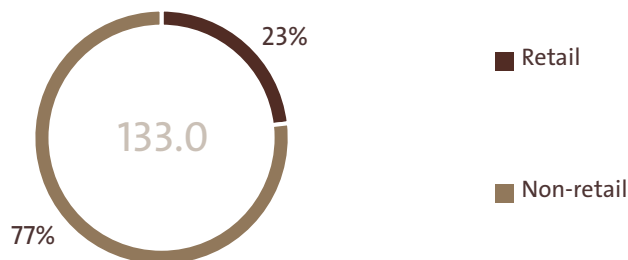
Financing, Gross (SARbn)



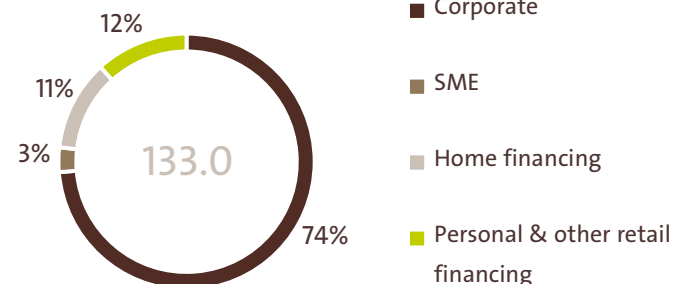
Financing, Gross Movement YTD (SARbn)



Financing, Gross Composition (SARbn)



Financing, Gross Composition (SARbn)



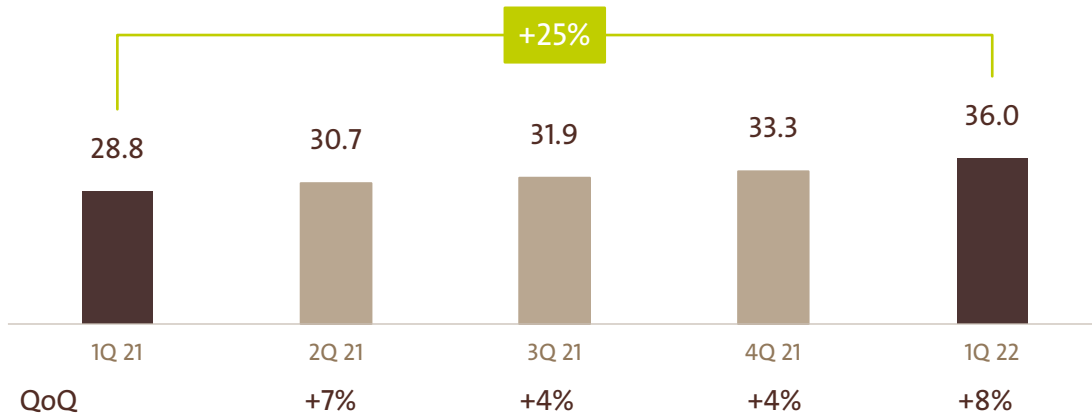
## Management Commentary

- Gross financing grew 2% during 1Q 2022.
- Retail financing grew 10% from strong momentum in home financing (+8%) and personal & other financing growth (+13%).
- Corporate financing fell 0.2% due to a fall in large corporate financing (0.3%), partly offset by a rise in Mid-Corporate (+48%) and SME financing (+2%) during 1Q 2022.

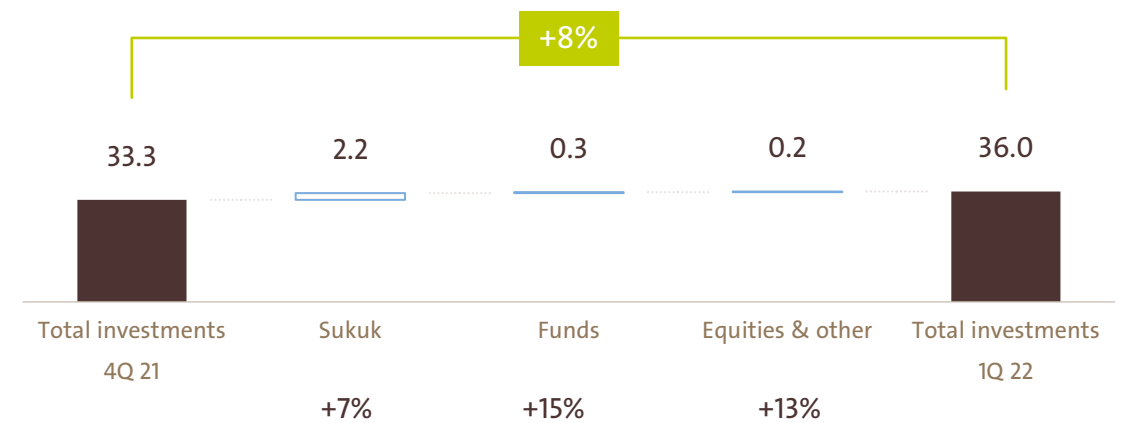
# Investments

8% growth in investments YTD from additional investment grade securities

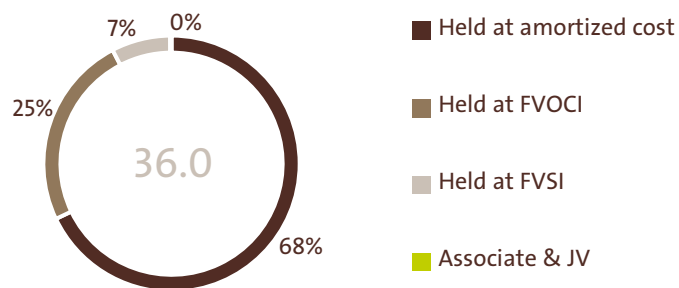
Investments (SARbn)



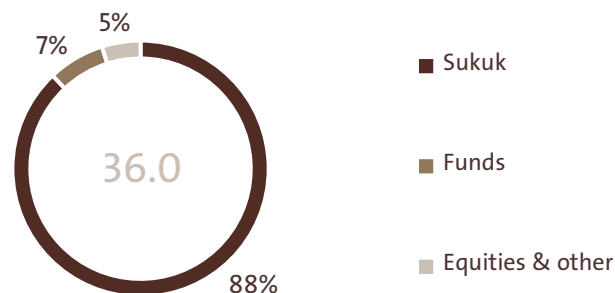
Investments Movement YTD (SARbn)



Investments Composition (SARbn)



Investments Composition (SARbn)



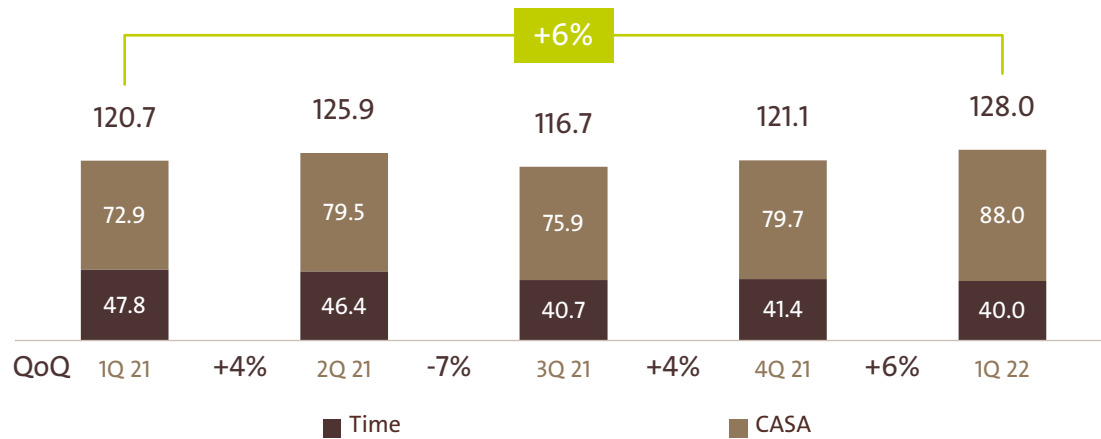
## Management Commentary

- Investments grew 8% during 1Q 2022 mainly attributed to additional SAR 2.2bn in corporate sukuk investments.
- The investment portfolio as at 31 March 2022 comprised of 88% sukuk investments, 7% funds and 5% equities & other investments

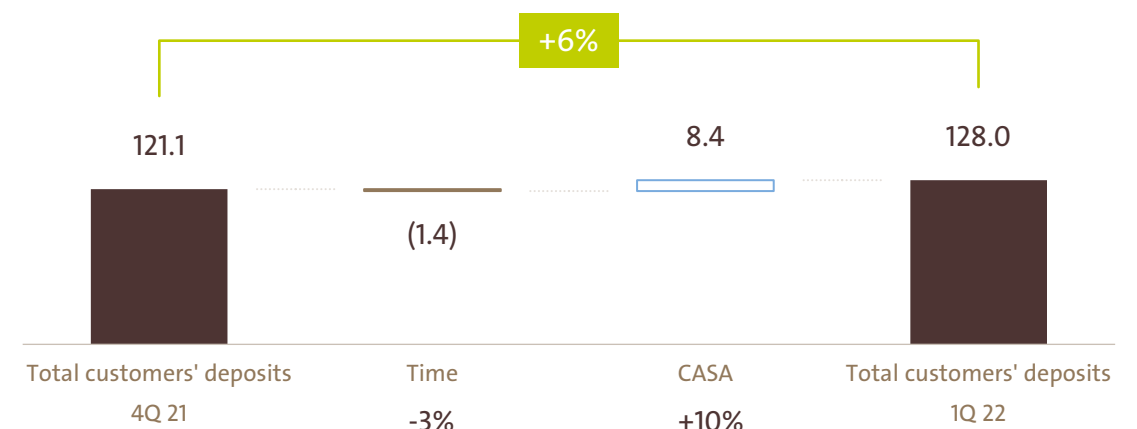
# Deposits

Deposit growth of 6% driven by 10% CASA growth

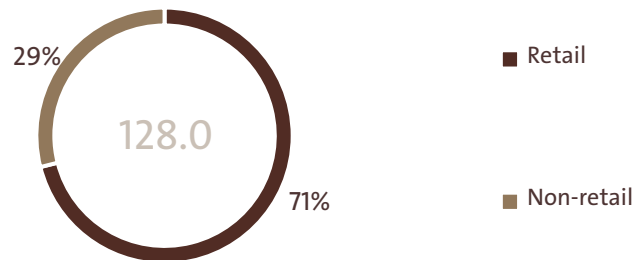
Customers' Deposits (SARbn)



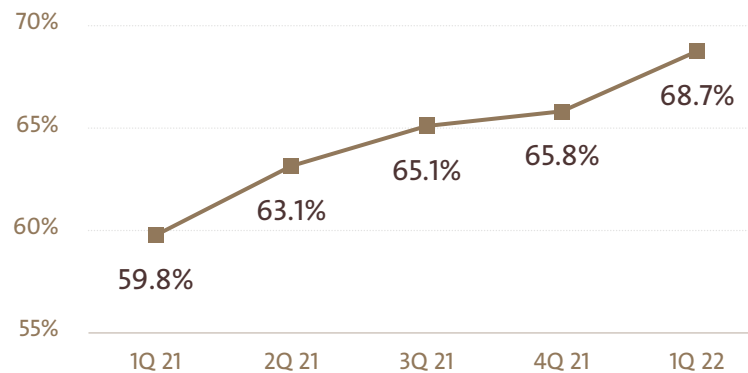
Customers' Deposits Movement YTD (SARbn)



Customers' Deposits Composition (SARbn)



CASA % of Total Deposits (%)



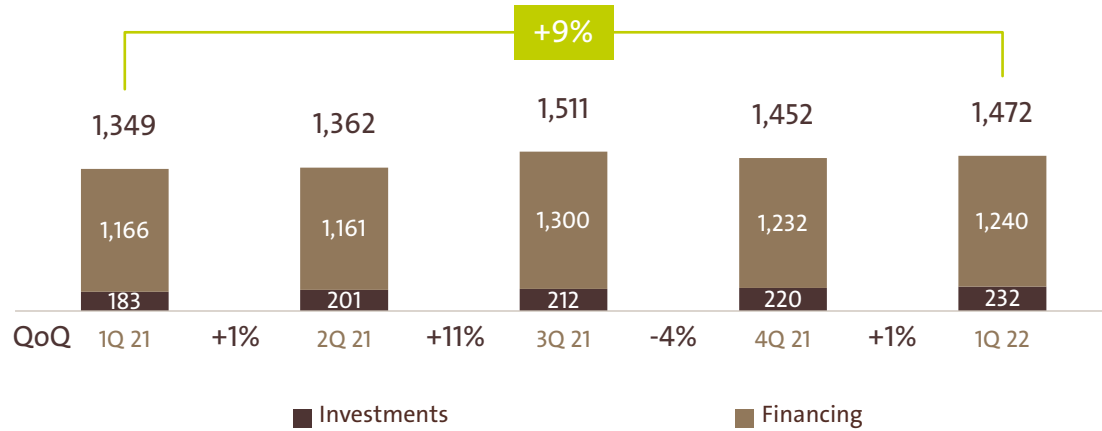
## Management Commentary

- Deposits rose by 6% during 1Q 2022 as growth in CASA deposits of 10% was partly offset by a 3% decline in time deposits.
- CASA deposits account for 68.7% of total deposits.
- Total deposits comprise of 71% retail and 29% non-retail deposits as at 31 March 2022.

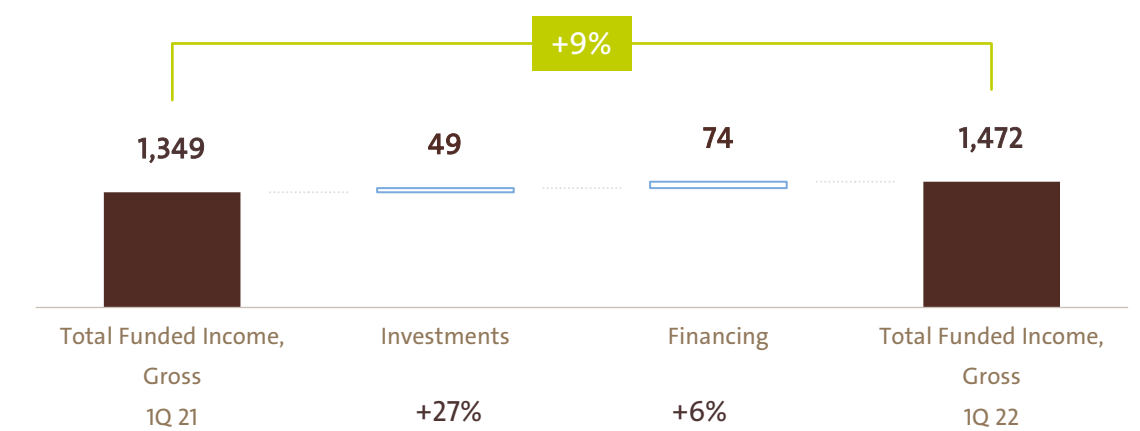
# Income from Financing & Investments

Gross funded income grew 9% from 27% growth in investment income and 6% growth in financing income

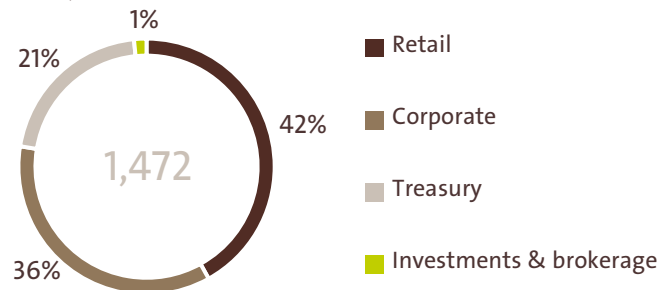
Funded Income, Gross (SARmn)



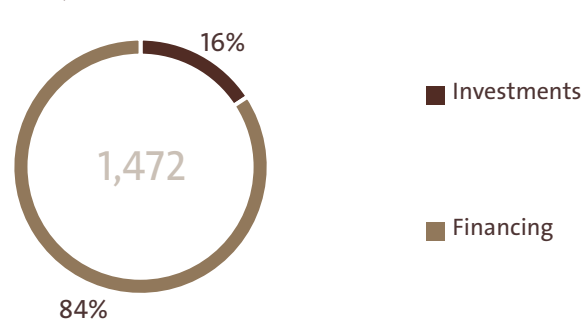
Total Funded Income, Gross Movement YoY (SARmn)



Funded Income, Gross Composition (SARmn)



Funded Income, Gross Composition (SARmn)



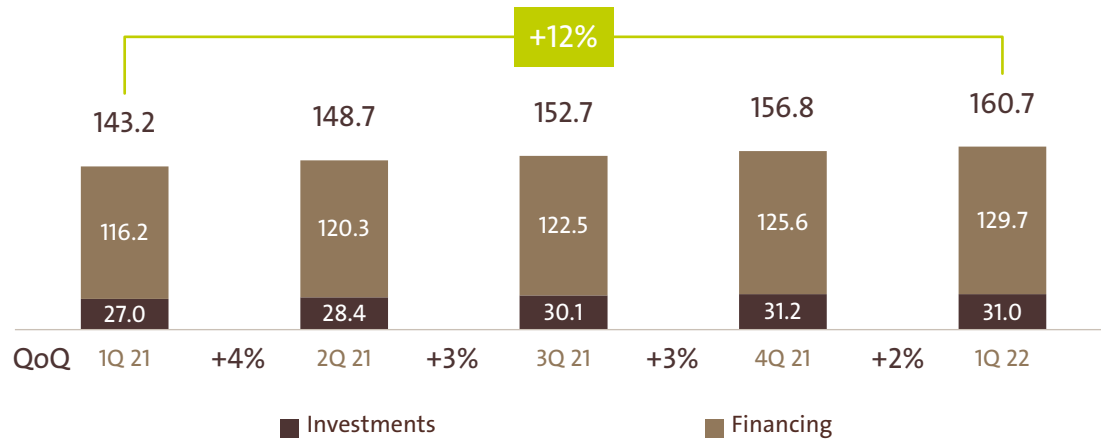
## Management Commentary

- Gross funded income for 1Q 2022 increased by 9% YoY to SAR 1,472mn from a 27% increase in funded investment income and a 6% rise in financing income.
- Gross funded income is attributable to 42% retail, 36% corporate and 21% treasury segments.
- Income from financing makes up 84% of total gross funded income and income from investments comprises 14%.

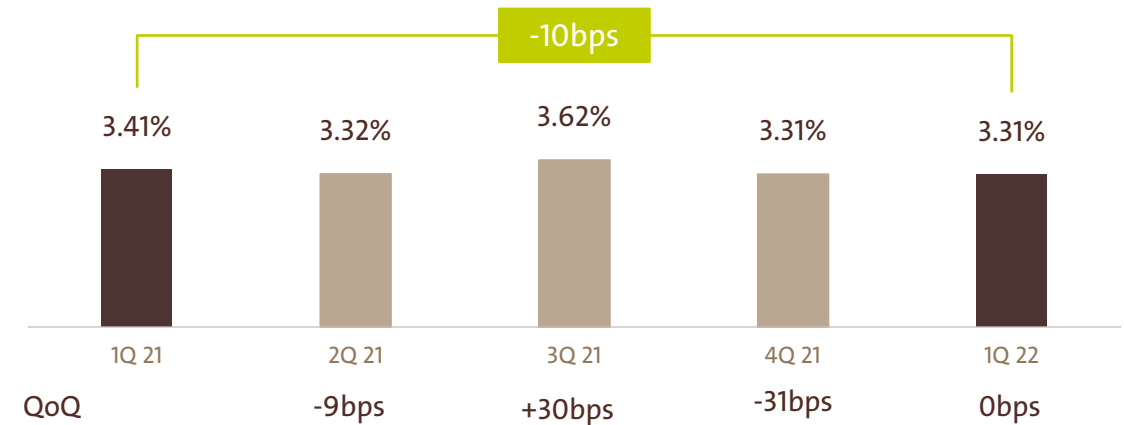
# Net Profit Margin

Average balance of investments and financing grew 12%; while net profit margin saw a modest decline of 10bps YoY

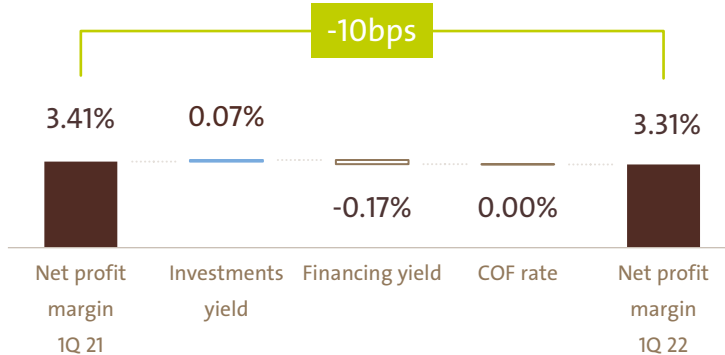
Average Balance of Investments & Financing (SARbn)



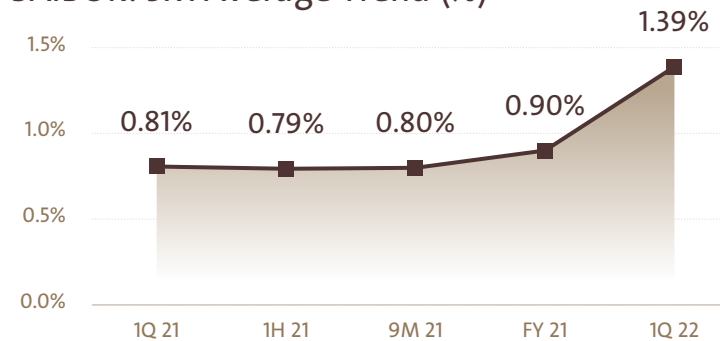
Net Profit Margin YoY (%)



Net Profit Margin Movement YoY (%)



SAIBOR: 3M Average Trend (%)



Management Commentary

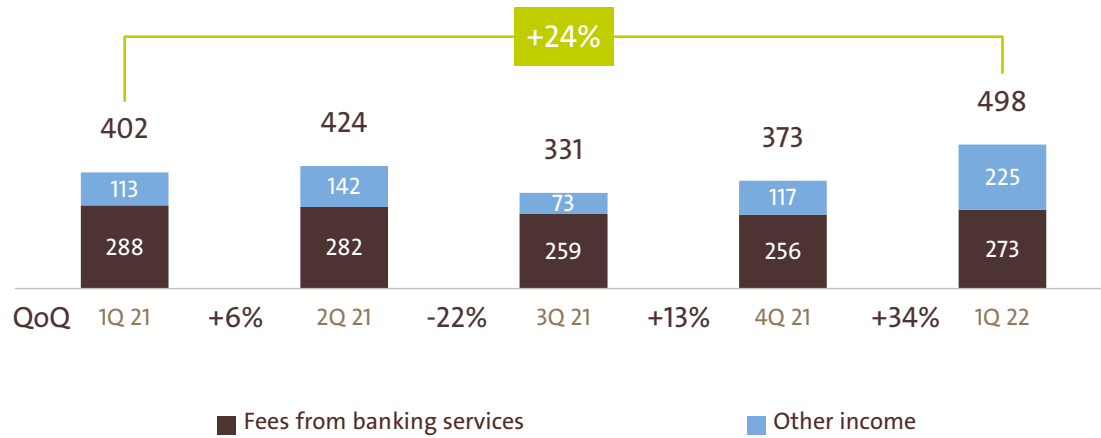
- Average balance of investments and financing grew 12% YoY.
- The net profit margin decreased modestly by 10bps YoY to 3.31% YoY.
- Average 3M SAIBOR increased 49bps during 1Q 2022 and 58bps YoY.

\*Comparatives are reclassified to align with the 1Q 2022 financial statements

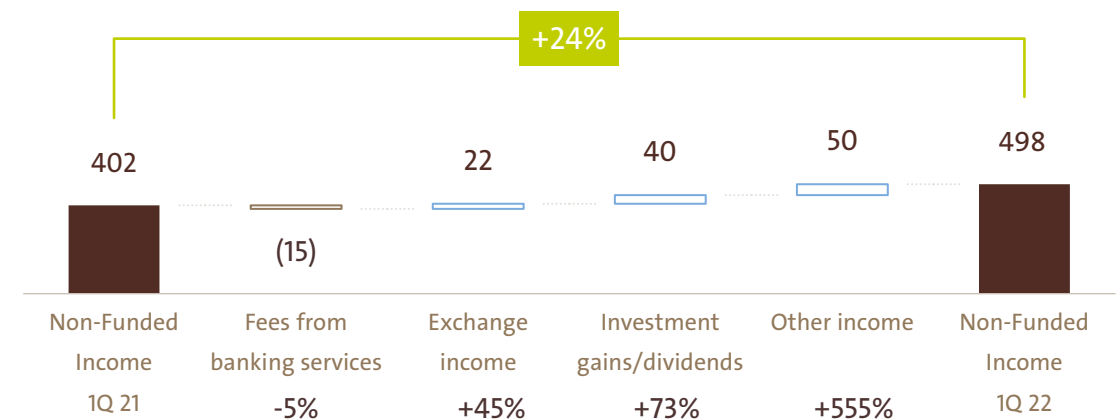
# Fee and Other Income

Non-funded income for 1Q 2022 increased by 24% YoY

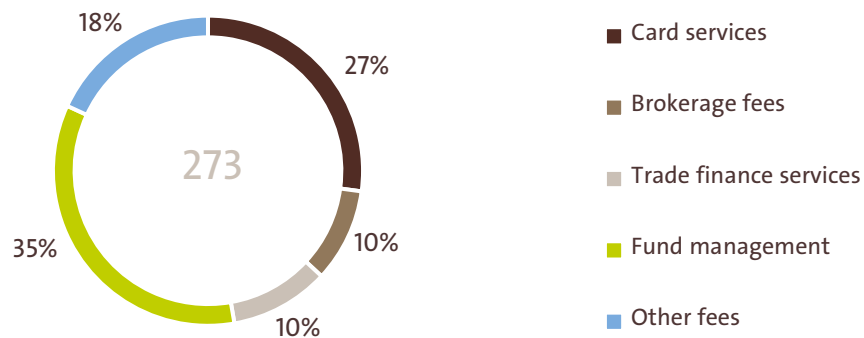
Non-Funded Income (SARmn)



Non-Funded Income Movement YoY (SARmn)



Fees from Banking Services Composition (SARmn)



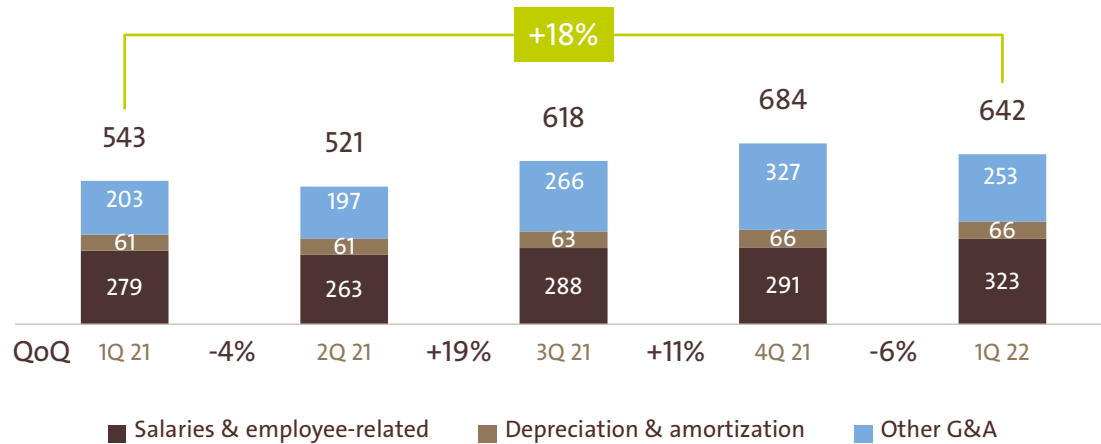
## Management Commentary

- Non-funded income for 1Q 2022 increased 24% YoY to SAR 498mn from improved exchange income, investment gains/dividends and other income, partly offset by 5% lower banking services fees.
- Fund management fees comprise the majority of fee from banking services at 35%, while card service fees account for 27%, other fees represent 18% and brokerage and trade finance services fees both represent 10%.

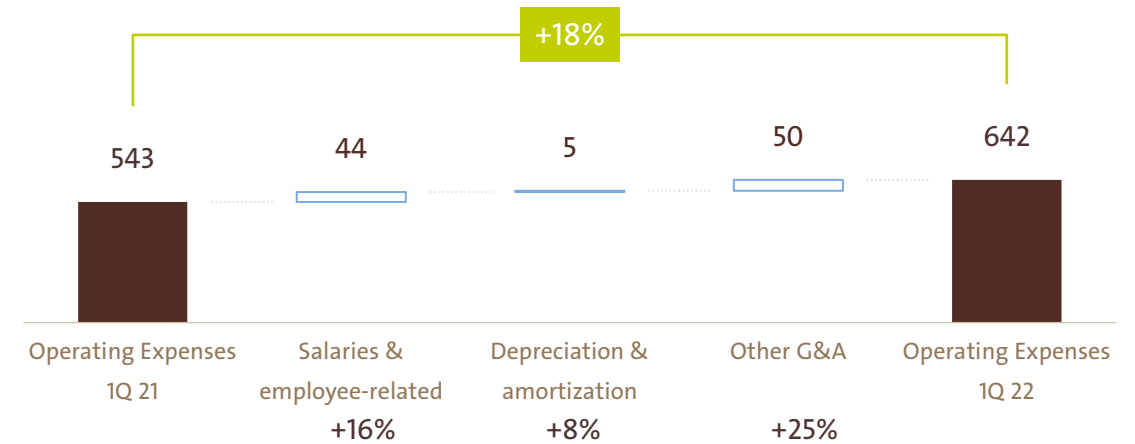
# Operating Expenses

1Q 2022 saw 18% growth in operating expenses YoY mainly from higher employee and G&A costs

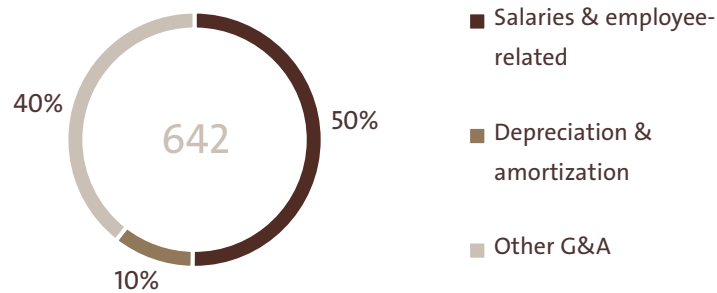
Operating Expenses (SARmn)



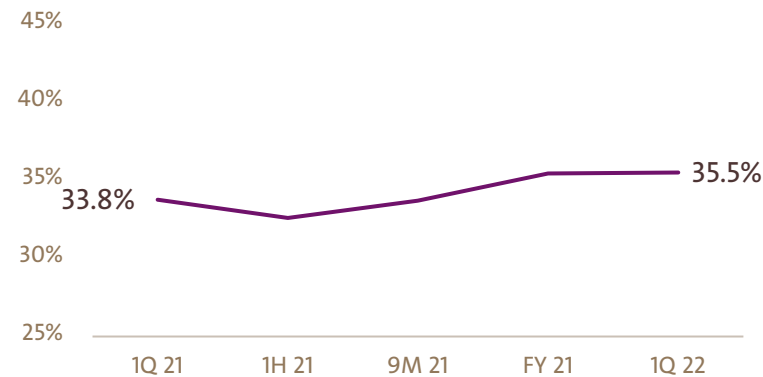
Operating Expenses Movement YoY (SARmn)



Operating Expenses Composition (SARmn)



Cost to Income Ratio (%)



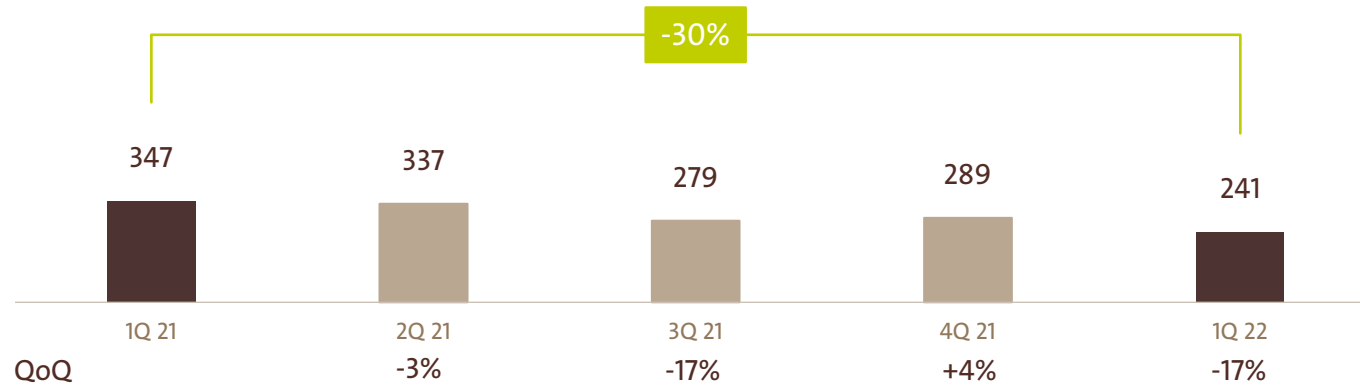
Management Commentary

- Operating expenses increased 18% YoY to SAR 642mn for 1Q 2022 mainly due to higher salaries, increased commercial expenses from POS terminal deployments, higher SMS communication costs and a decrease in the input VAT recoverability rate.
- Higher operating expenses YoY contributed to a 1.7ppt increase in the cost to income ratio from 33.8% to 35.5%.

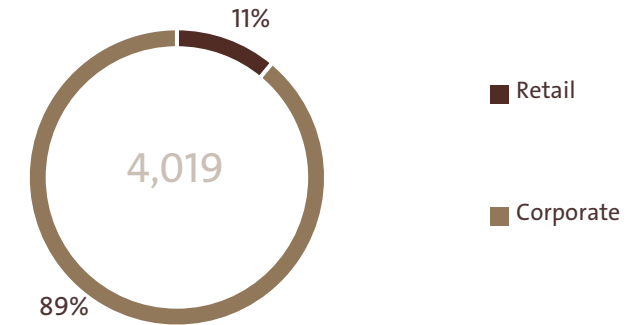
# Impairments for Financing

Cost of risk declined by 45bps from 30% lower impairment charges YoY

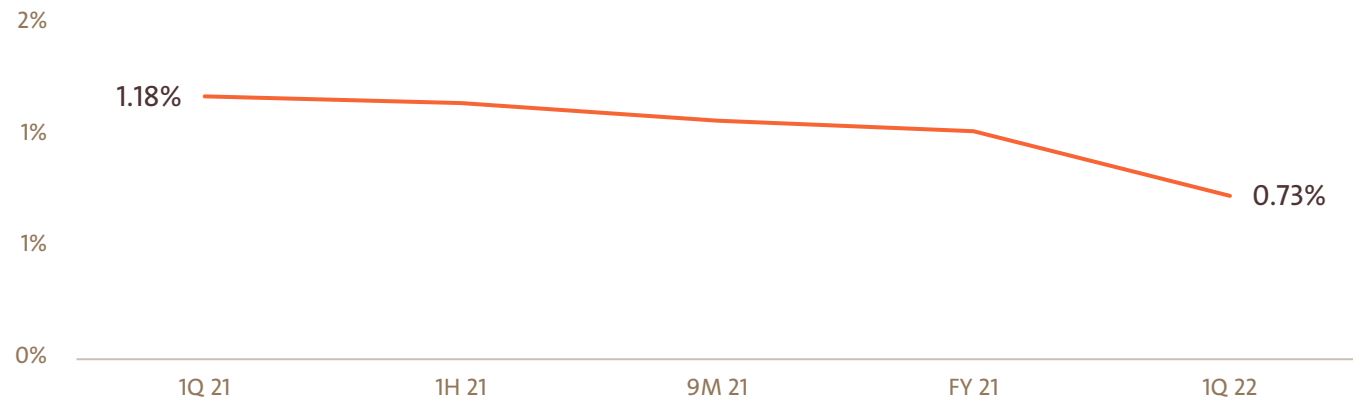
Impairments for Financing (SARmn)



Impairments Allowance Composition (SARmn)



Cost of Risk (%)



## Management Commentary

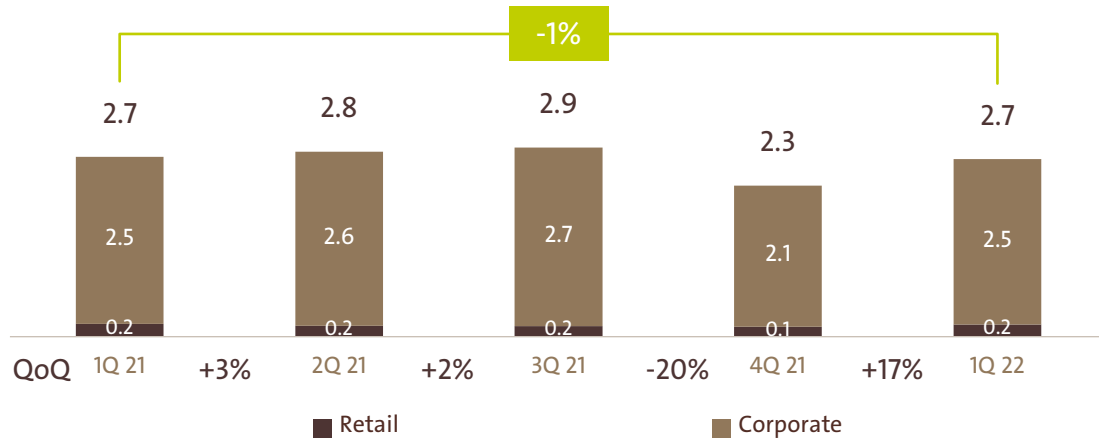
- 1Q 2022 impairment charge for financing decreased by 30% YoY to SAR 241mn.
- Cost of risk for 1Q 2022 improved by 45bps YoY to 0.73%.



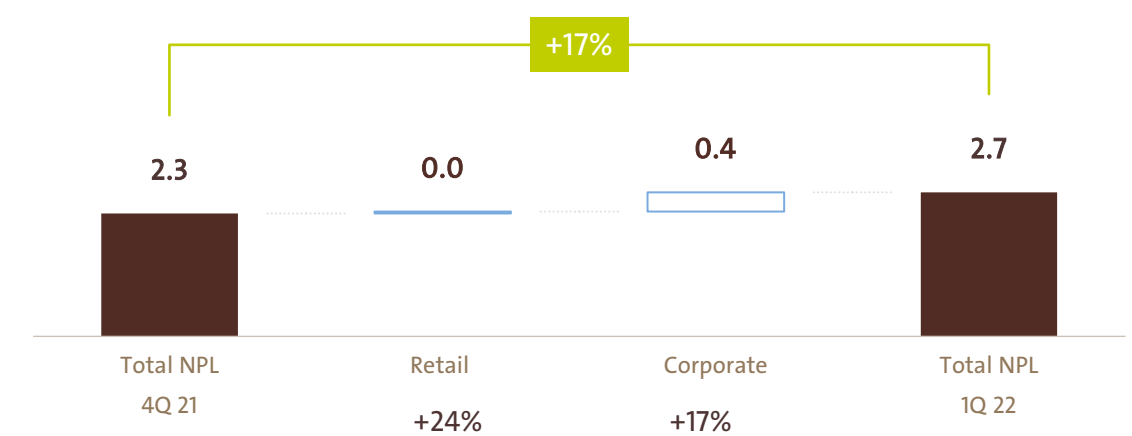
# Non-Performing Loans

The NPL ratio increased during 1Q 2022 by 26bps to 2.0% due to a 17% rise in NPLs YTD

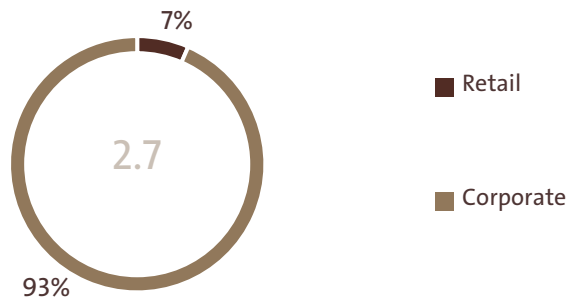
Non-Performing Loans, Gross (SARbn)



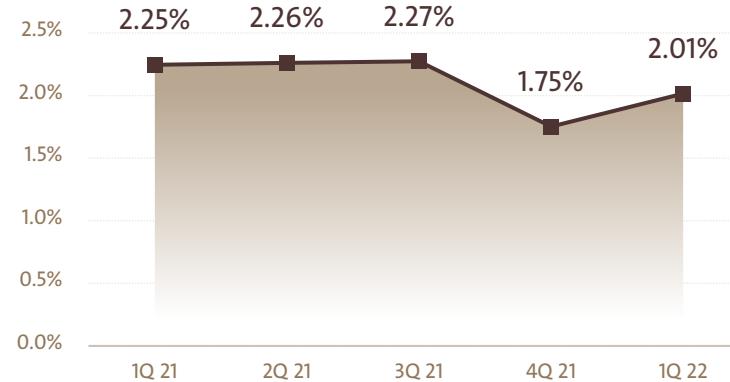
NPL, Gross Movement YTD (SARbn)



NPL Composition (SARbn)



NPL Ratio (%)



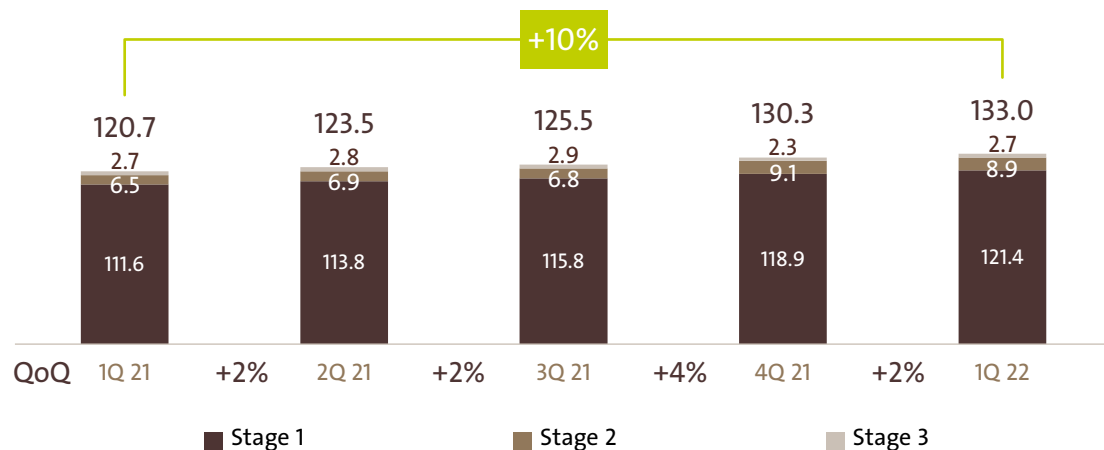
## Management Commentary

- NPL ratio rose by 26bps to 2.01% during 1Q 2022.
- Retail financing, which account for the smaller proportion of NPLs, increased by 24%, while corporate NPLs increased by 17% YTD.
- The NPL ratio for retail stood at 0.6% while corporate stood at 2.4% as at 1Q 2022.

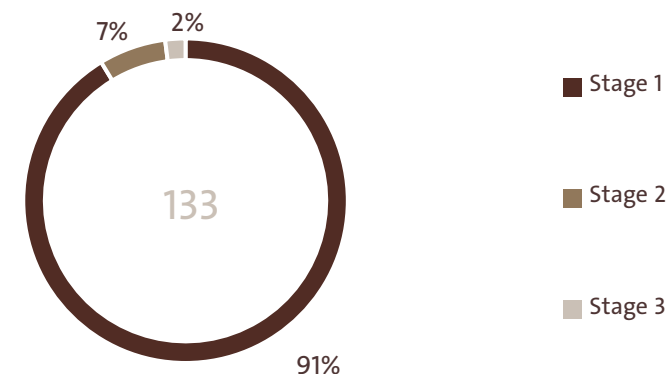
# NPL Coverage

NPL coverage improved YoY

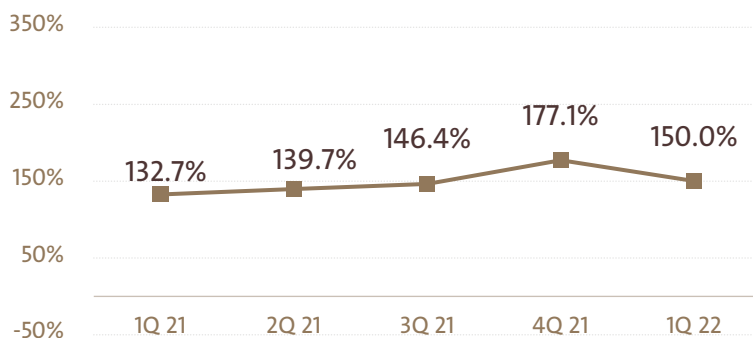
Stage-Wise Financing, Gross (SARbn)



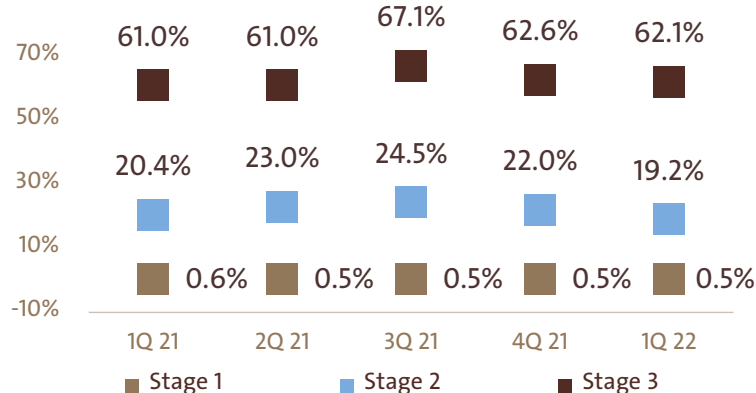
Stage-Wise Financing, Gross Composition (SARbn)



NPL Coverage Ratio (%)\*



Stage-Wise Coverage (%)



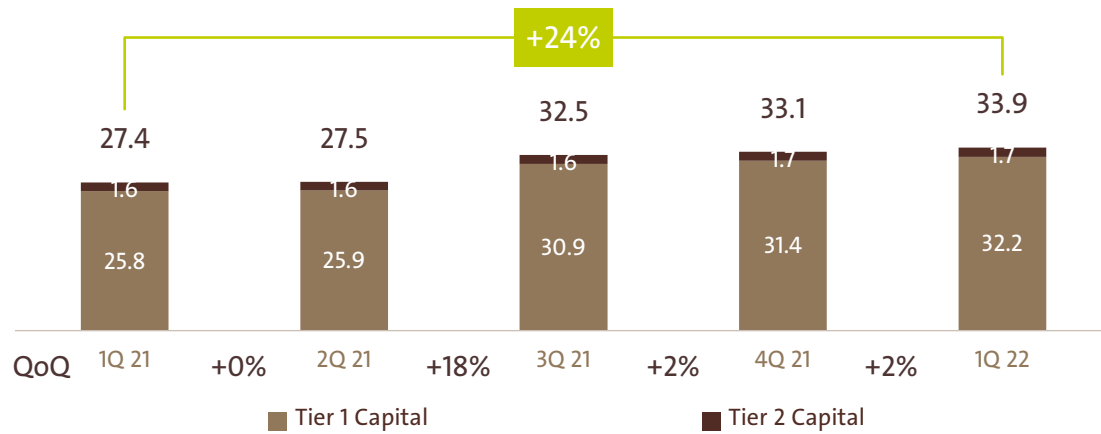
Management Commentary

- NPL coverage improved 17.3ppts YoY but declined 27.1ppts QoQ to 150.0%.
- Stage 1 and 3 coverage improved YTD to 0.5% and 62.1% respectively, while stage 2 coverage decreased to 19.2% due to movement of heavily provisioned obligors moved to Stage 3 during 1Q 2022.

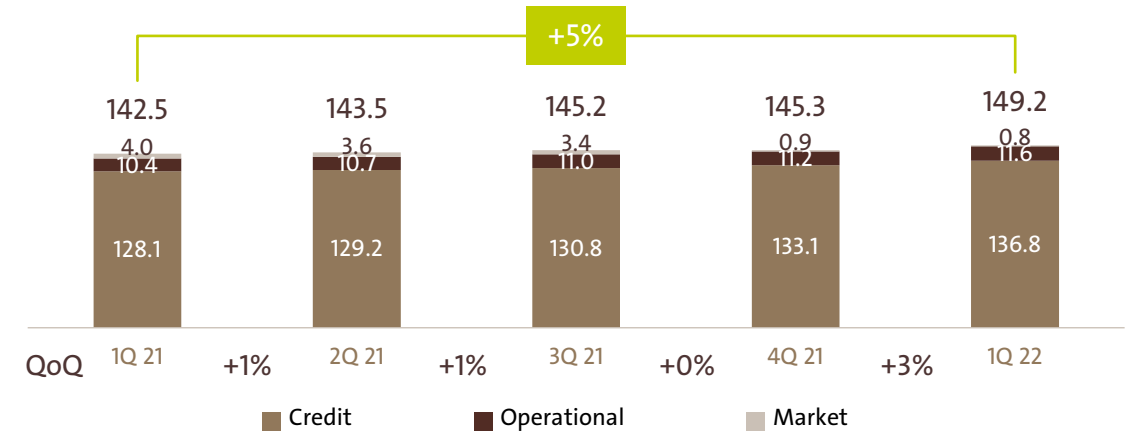
# Capitalization

Capital grew 24% and capital ratios remained stable while ROE saw an increase of 226bps YoY

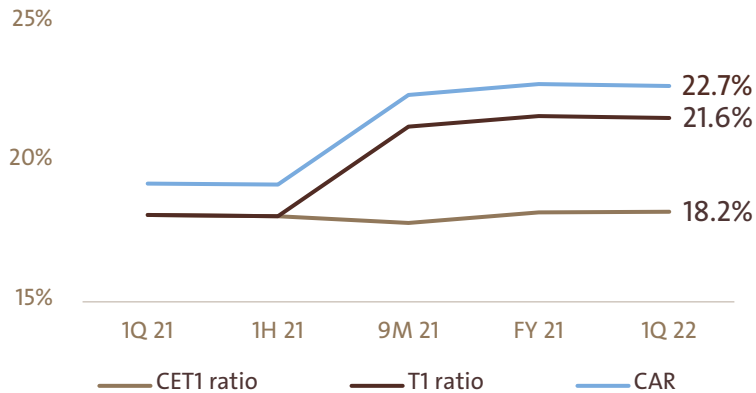
Total Capital (SARbn)



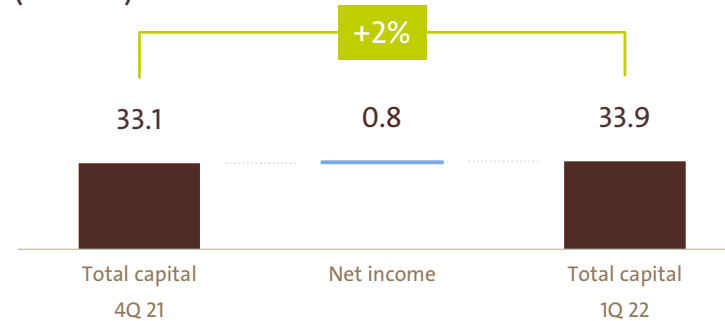
Risk Weighted Assets (SARbn)



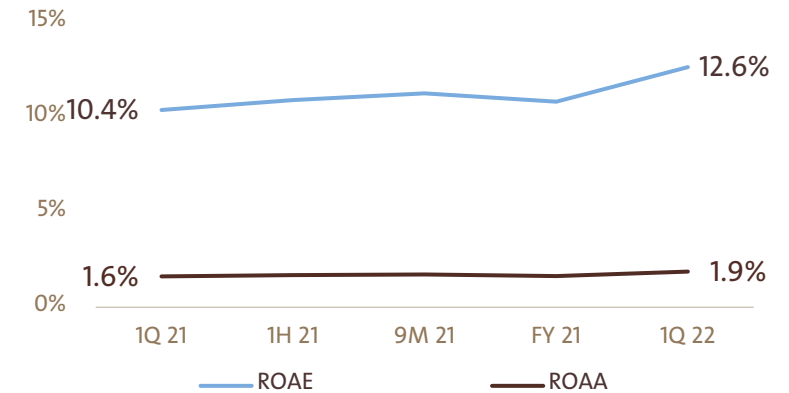
Capitalization (%)



Total Capital Movement YTD\* (SARbn)



Profitability (%)

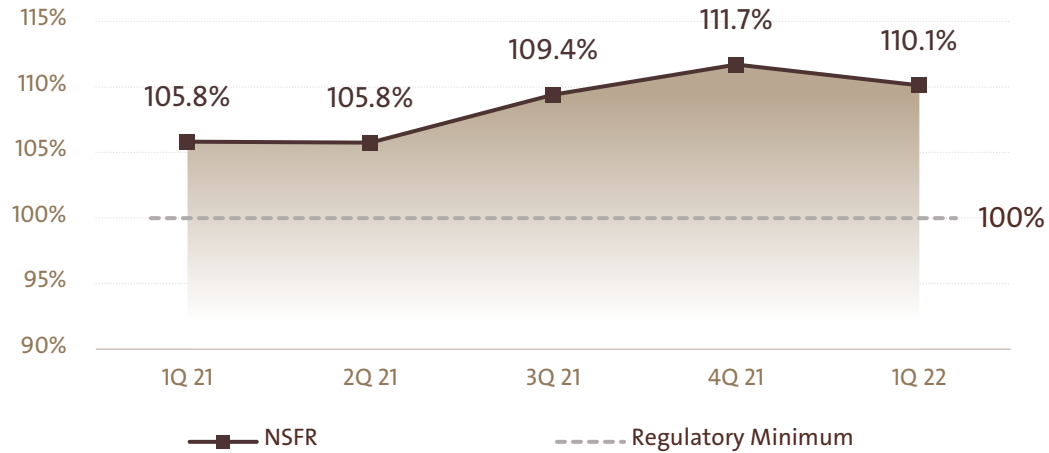


\*Net of treasury shares and other reserves movement

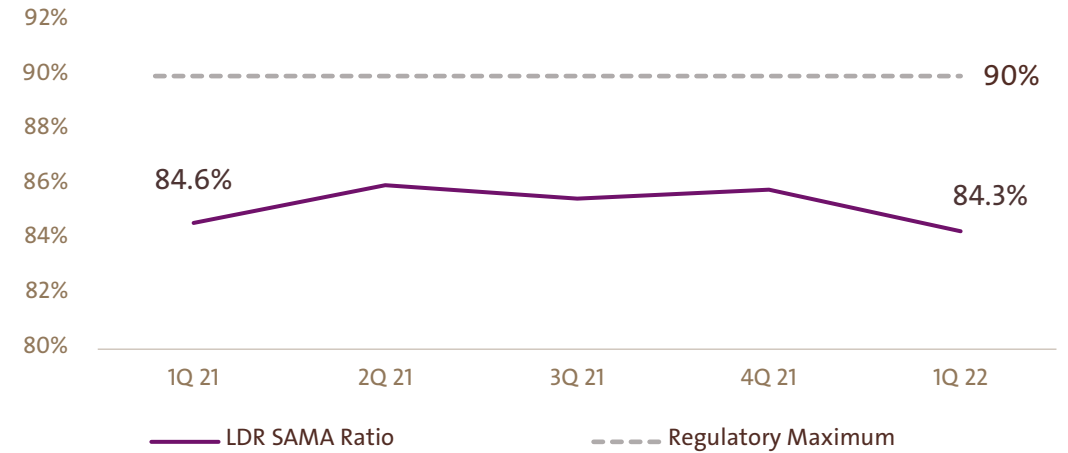
# Liquidity

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

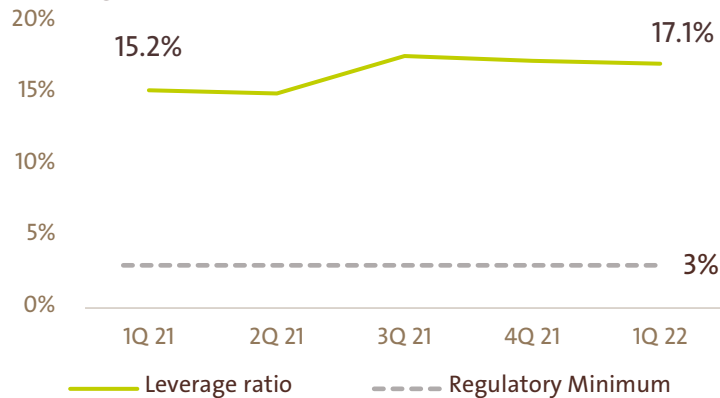
NSFR (%)



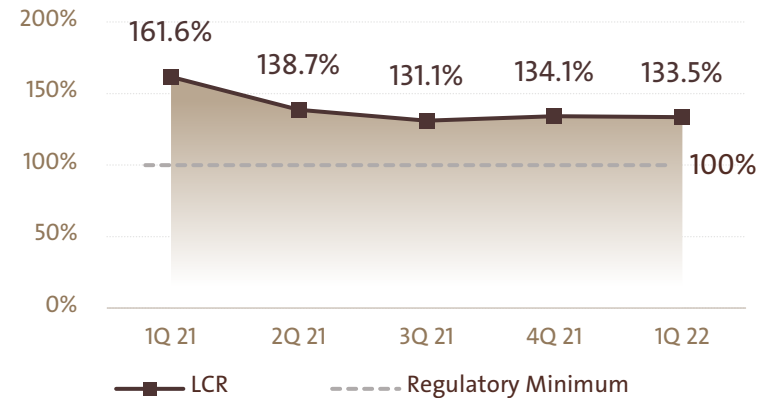
LDR SAMA Ratio (%)



Leverage Ratio (%)



LCR (%)



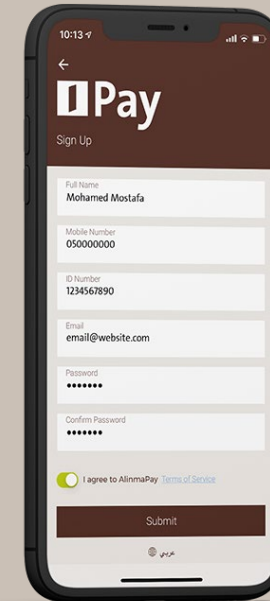
## Management Commentary

- NSFR has improved YoY to 110.1%, comfortably above the regulatory minima of 100%.
- The LTD SAMA ratio decreased 30bps YoY to 84.3%.
- The leverage ratio increased 190bps YoY to 17.1%.
- LCR has decreased YoY 28.1ppts from 1Q 2021 to a level of 133.5% at 1Q 2022.

# Segmental Performance

1Q 2022

مصرف الإنماء  
alinma bank

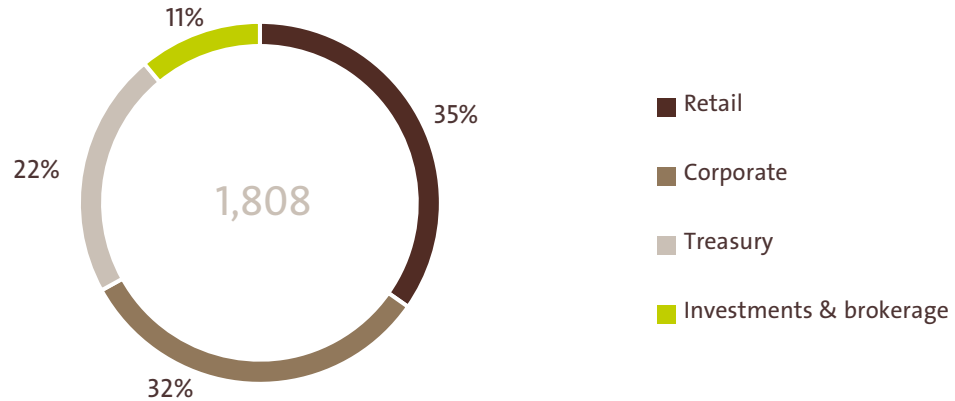


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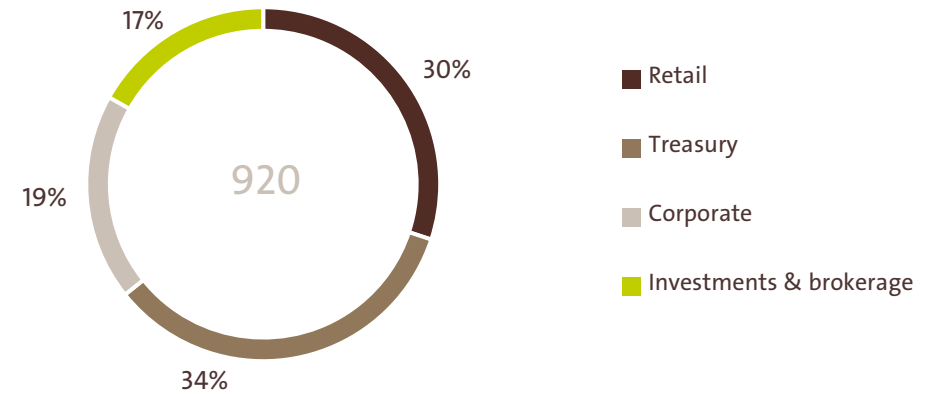
# Segmental Performance Highlights

Retail and corporate comprise the majority of segmental income and deposits

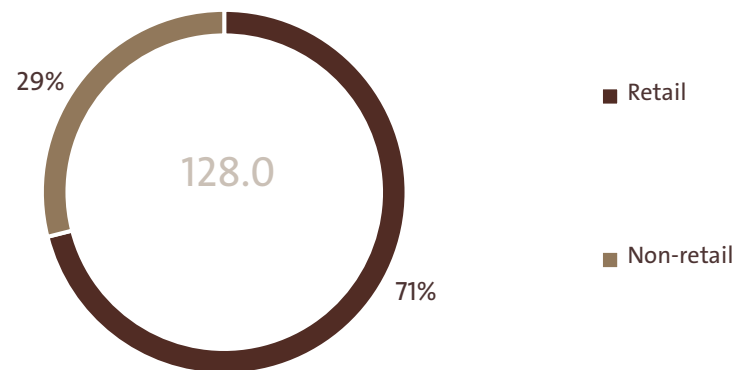
Operating Income Composition (SARmn)



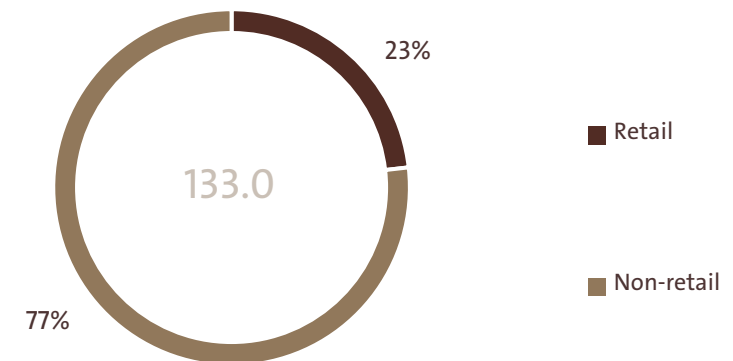
Net Profit Before Zakat Composition (SARmn)



Customers' Deposits Composition (SARbn)



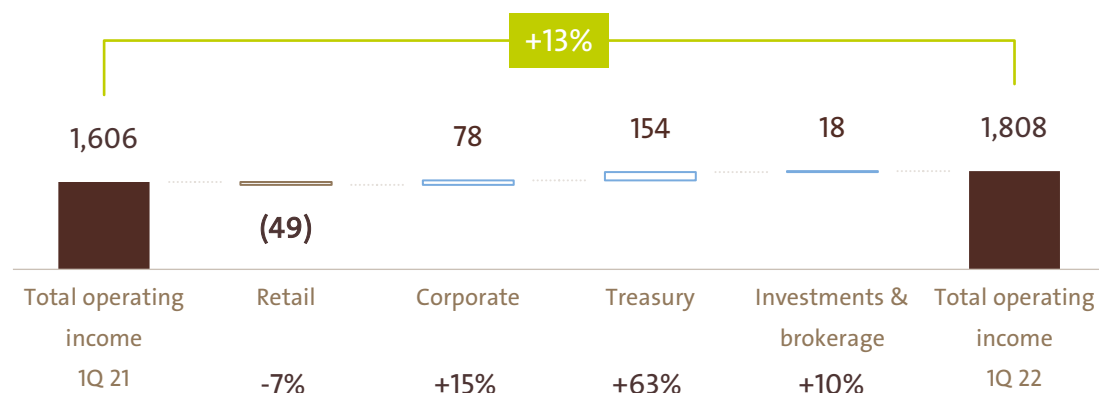
Financing, Gross Composition (SARbn)



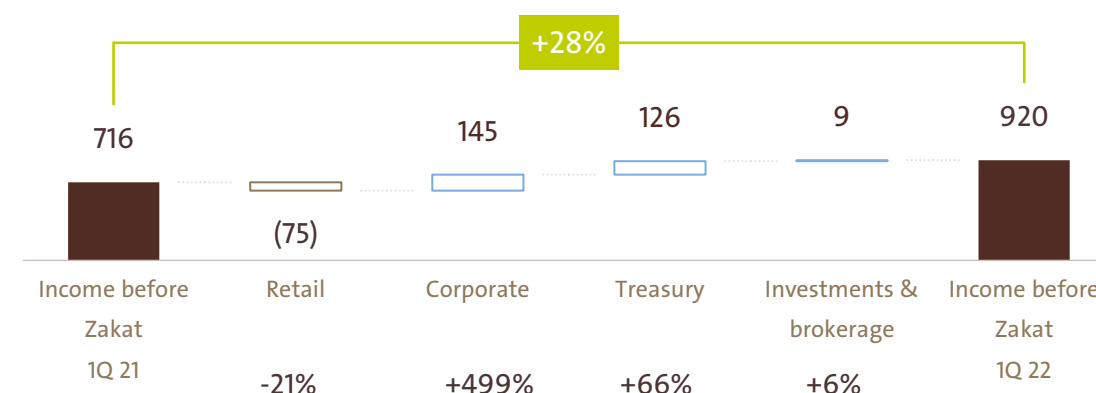
# Segmental Performance Highlights

Corporate, treasury and investment & brokerage segments all saw strong YoY income and profit growth for 1Q 2022

Operating Income Movement YoY (SARmn)



Net Income Before Zakat Movement YoY (SARmn)



Customers' Deposits Movement YTD (SARbn)



Financing, Gross Movement YTD (SARbn)

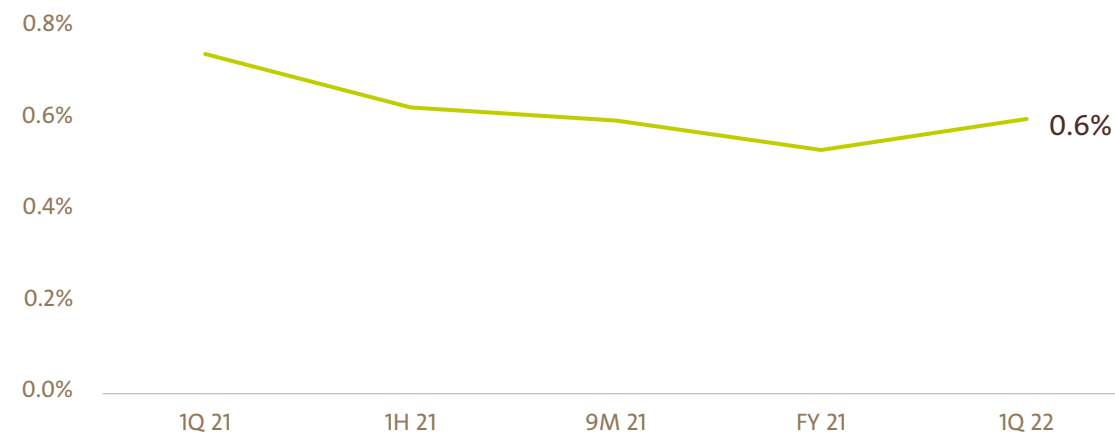


# Segmental Performance - Retail

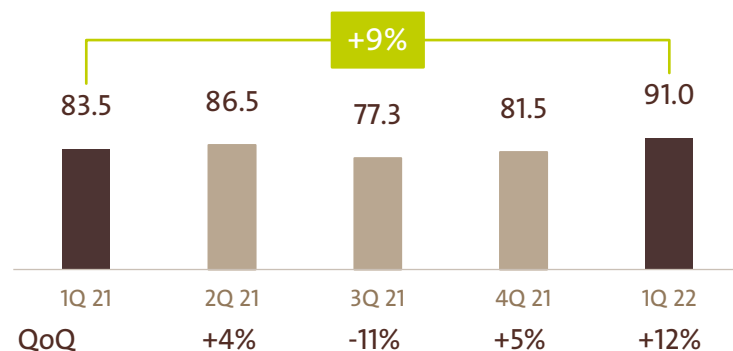
Strong financing and deposit growth while income saw a decline of 7%

| SAR (mn)                                   | 1Q 2022    | 4Q 2021    | Δ%          | 1Q 2021    | Δ%          |
|--|------------|------------|-------------|------------|-------------|
| Income from investments and financing, net | 570        | 539        | +6%         | 574        | -1%         |
| Fees from services & other income          | 57         | 126        | -55%        | 102        | -44%        |
| <b>Total operating income</b>              | <b>628</b> | <b>666</b> | <b>-6%</b>  | <b>677</b> | <b>-7%</b>  |
| Total operating expenses                   | 380        | 468        | -19%        | 381        | -0%         |
| Total charges/(reversals) for impairments  | (29)       | (4)        | +568%       | (55)       | -48%        |
| <b>Income for the period before zakat</b>  | <b>276</b> | <b>202</b> | <b>+37%</b> | <b>351</b> | <b>-21%</b> |

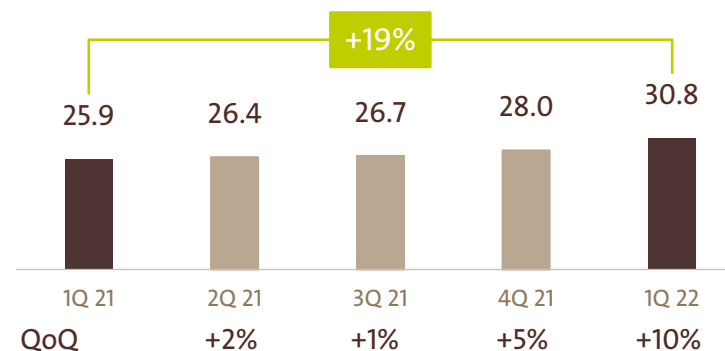
## Retail NPL (%)



## Retail Deposits (SARbn)



## Retail Financing (SARbn)



## Management Commentary

- Retail operating income decreased by 7% YoY to SAR 628mn from declines in both non-funded income of 44% and funded income by 1%.
- Retail net income fell by 21% YoY due to lower income.
- Retail deposits increased 9% while financing increased by 19% during 1Q 2022.
- The retail NPL ratio declined to 0.6%.

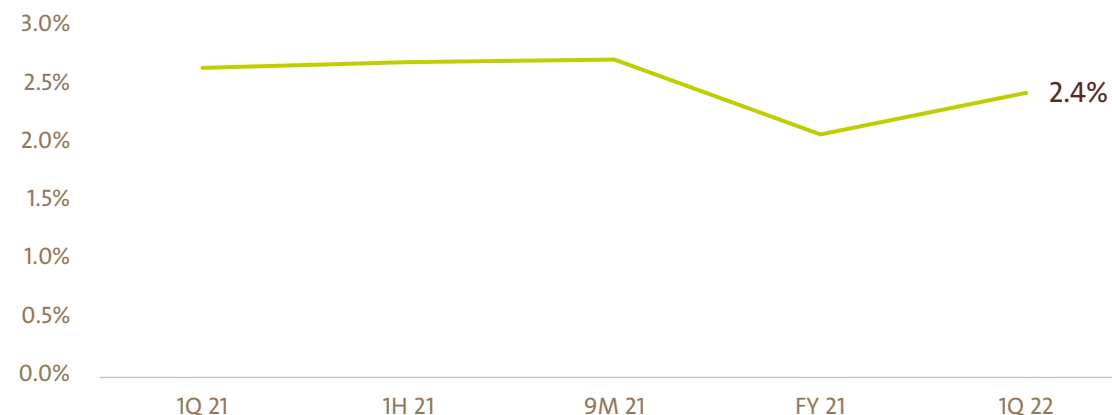


# Segmental Performance - Corporate

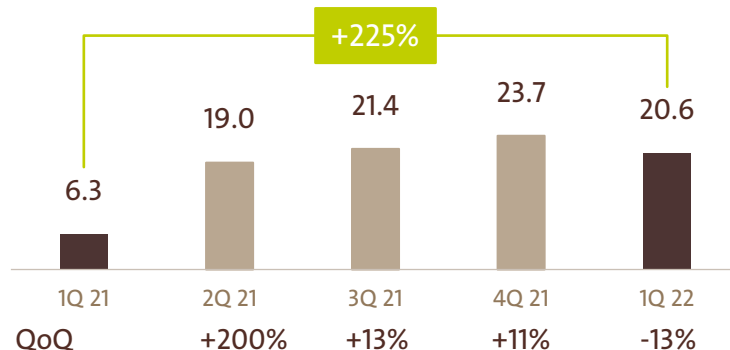
Strong income growth and lower impairments translate to significant net income growth

| SAR (mn)                                   | 1Q 2022    | 4Q 2021    | Δ%          | 1Q 2021    | Δ%           |
|--|------------|------------|-------------|------------|--------------|
| Income from investments and financing, net | 492        | 562        | -12%        | 459        | +7%          |
| Fees from services & other income          | 90         | 39         | +130%       | 46         | +98%         |
| <b>Total operating income</b>              | <b>583</b> | <b>601</b> | <b>-3%</b>  | <b>505</b> | <b>+15%</b>  |
| Total operating expenses                   | 139        | 103        | +36%        | 74         | +88%         |
| Total charges/(reversals) for impairments  | 270        | 293        | -8%         | 402        | -33%         |
| <b>Income for the period before zakat</b>  | <b>174</b> | <b>206</b> | <b>-15%</b> | <b>29</b>  | <b>+499%</b> |

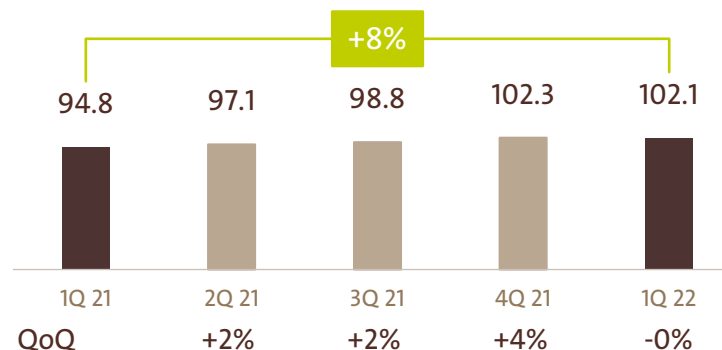
## Corporate NPL (%)



## Corporate Deposits (SARbn)



## Corporate Financing (SARbn)



## Management Commentary

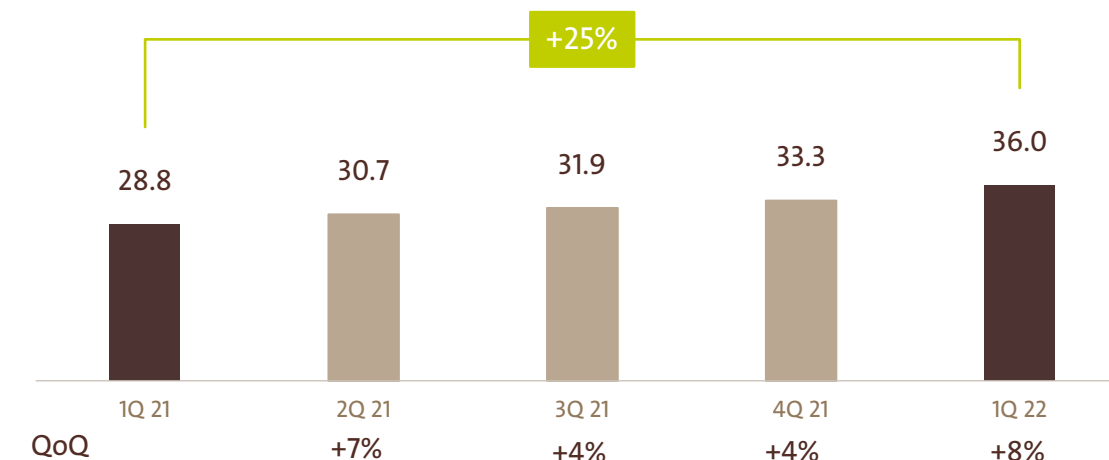
- Corporate operating income increased by 15% YoY from both funded and non-funded income.
- This income growth, together with lower impairments, translated to 6x net income growth.
- Corporate deposits declined 13% during 1Q 2022 from funding optimization (note that the 2Q 2021 QoQ increase was mainly from a re-allocation of accounts from Treasury).
- Corporate financing was stable QoQ.
- The corporate NPL ratio declined to 2.4%.

# Segmental Performance - Treasury

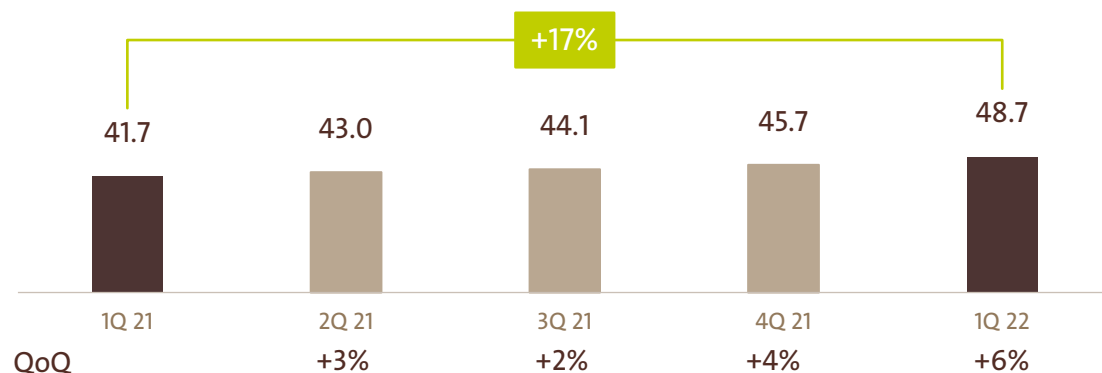
Strong income and net income growth from 25% growth in investments YoY

| SAR (mn)  | 1Q 2022    | 4Q 2021    | Δ%          | 1Q 2021    | Δ%          |
|---|------------|------------|-------------|------------|-------------|
| Income from investments and financing, net        | 224        | 184        | +22%        | 150        | +49%        |
| Investment-related income                         | 95         | (9)        | +1133%      | 55         | +73%        |
| Fees from services & other income                 | 80         | 96         | -17%        | 39         | +106%       |
| <b>Total operating income</b>                     | <b>398</b> | <b>280</b> | <b>+42%</b> | <b>244</b> | <b>+63%</b> |
| Total operating expenses                          | 78         | 72         | +9%         | 54         | +46%        |
| Total charges/(reversals) for impairments         | 2          | 0          | +554%       | (3)        | -186%       |
| <b>Net operating income</b>                       | <b>317</b> | <b>208</b> | <b>+52%</b> | <b>193</b> | <b>+64%</b> |
| Share of loss from an associate and joint venture | (2)        | (6)        | -60%        | (4)        | -39%        |
| <b>Income before Zakat</b>                        | <b>315</b> | <b>202</b> | <b>+56%</b> | <b>189</b> | <b>+66%</b> |

## Investments (SARbn)



## Treasury Assets (SARbn)



## Management Commentary

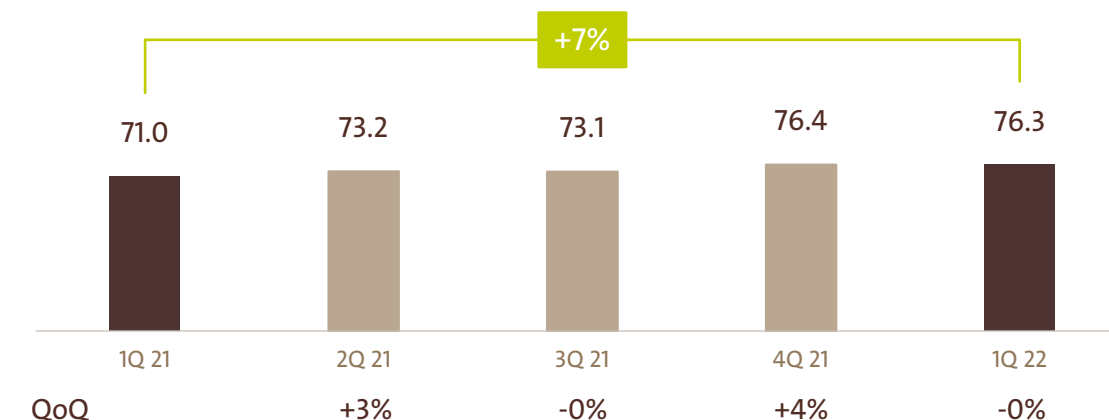
- Treasury operating income rose by 63% YoY to SAR 398mn in 1Q 2022 from strong rebounds in both funded (+49%) and fee income (+106%).
- This strong income growth drove a 66% improvement in net income YoY.
- Treasury assets rose by 6% during 1Q 2022 to SAR 48.7bn (+17% YoY), while the investment portfolio grew 8% to SAR 36.0bn (+25% YoY).

# Segmental Performance – Investments & Brokerage

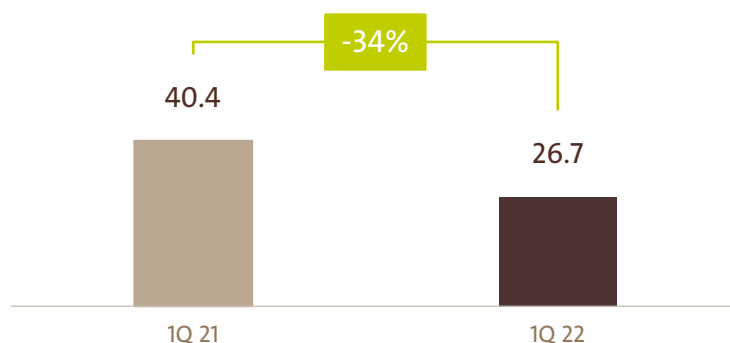
Solid income and net income growth in 1Q 2022

| SAR (mn)                                   | 1Q 2022    | 4Q 2021    | Δ%          | 1Q 2021    | Δ%          |
|--|------------|------------|-------------|------------|-------------|
| Income from investments and financing, net | 23         | 24         | -4%         | 20         | +13%        |
| Fees from services & other income          | 176        | 111        | +58%        | 160        | +10%        |
| <b>Total operating income</b>              | <b>199</b> | <b>135</b> | <b>+47%</b> | <b>181</b> | <b>+10%</b> |
| Total operating expenses                   | 45         | 42         | +5%         | 35         | +29%        |
| <b>Income before Zakat</b>                 | <b>155</b> | <b>81</b>  | <b>+92%</b> | <b>146</b> | <b>+6%</b>  |

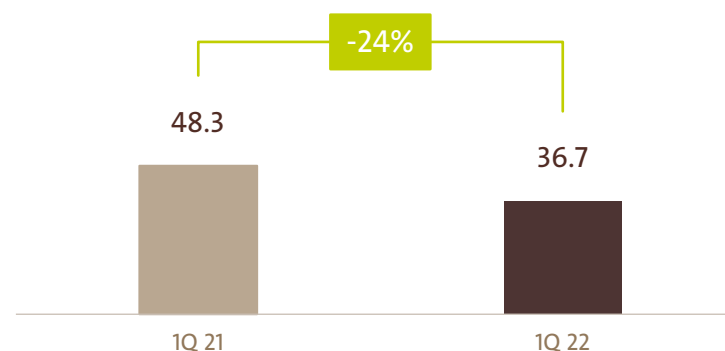
Assets Under Management (SARbn)



Brokerage Trading Income (SARmn)



Brokerage Trading Values (SARbn)



## Management Commentary

- Investment and brokerage (I&B) operating income rose by 10% YoY to SAR 199mn mainly from solid growth in non-funded income.
- I&B net income increased 6% YoY from higher income.
- Brokerage trading income for 1Q 2022 fell by 34% as a result of a 24% YoY reduction in brokerage trading values, while AUM increased by 7% YoY.

# Outlook & Guidance

1Q 2022

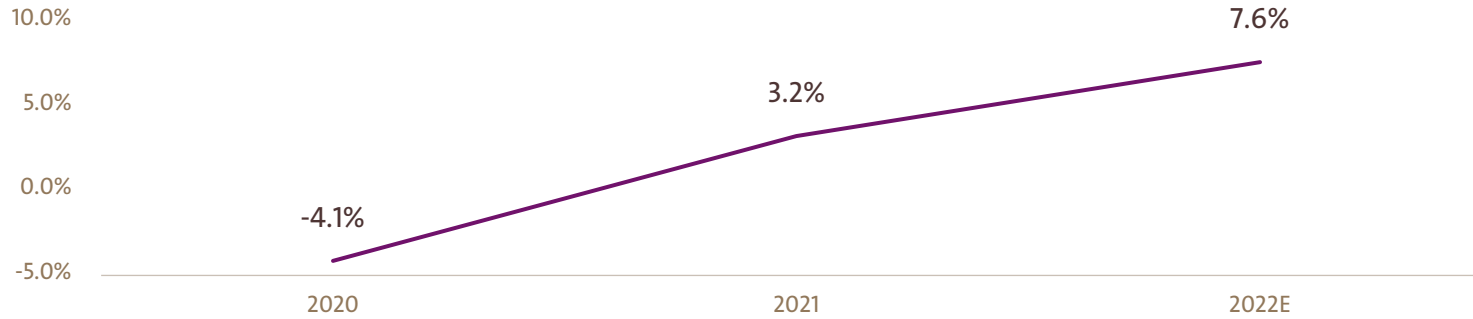


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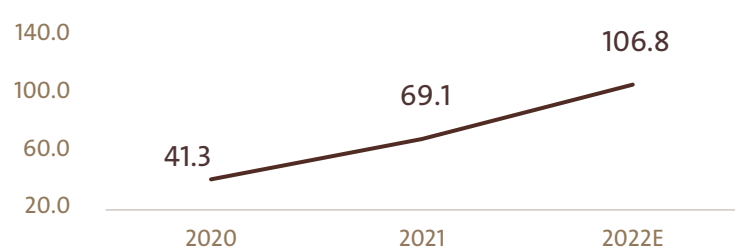
# Economic Outlook

Improving economic outlook supportive for the banking sector, despite the rise of political tensions and Covid risks remaining

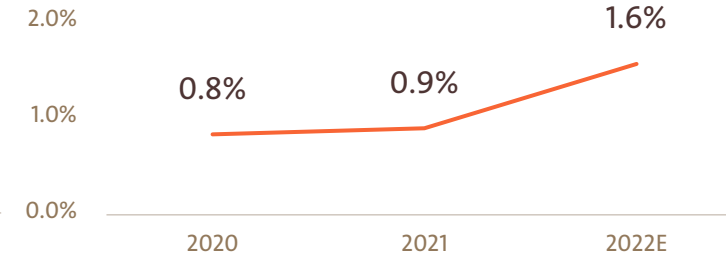
Real GDP Growth (%)



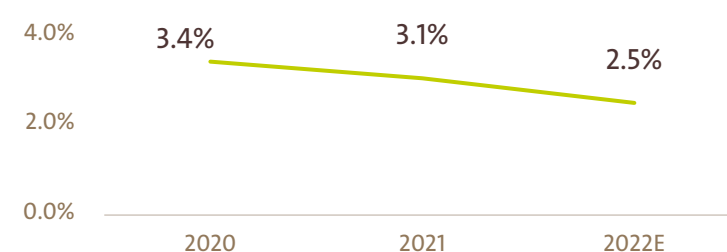
Composite\* Oil Price Avg / Barrel (USD)



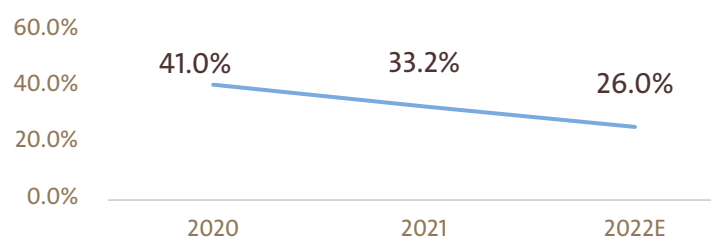
3M Average SAIBOR (%)



Inflation (%)



Government Expenditures % of GDP (%)



## Further rebound in real GDP growth

The KSA economy is expected to grow by 7.6% in 2022; this projection is however heavily reliant on the positive oil price outlook and the ability of the country to ramp up its expansion plans despite further outbreaks and rising political tensions.

## Vision 2030 expansion plans back on track

Alongside an economic recovery, Vision 2030 plans are expected to accelerate.

## Stabilization of oil prices

Following a year of strong recovery of oil prices, the average price for the composite index is expected to grow to ~\$106.8 / barrel due to the political tensions in 1Q 2022 that will support economic growth.

## Rise in SAIBOR rates

3M average SAIBOR rates are expected to see a rise to 1.6% in 2022 from 0.9% average in 2021.

## Declining inflation and government expenditures

Inflation is expected to decline to 2.5% in 2022 from the 3.1% level in 2021; government expenditures are expected to remain above 25% of GDP in 2022.

# Guidance

Guidance is unchanged and the 2022 outlook remains promising

|               |                      | 1Q 2022A                   | Drivers   | 2022G            | Unchanged |
|---------------|----------------------|----------------------------|---|------------------|-----------|
| Balance Sheet | Financing Growth     | <b>+10%</b><br>YoY         | Strong Mid-Corp, SME & Retail growth from strategic initiatives; solid corporate growth from expected credit demand | Mid-teens        | ✓         |
|               | Net Profit Margin    | <b>3.31%</b><br>-10bps YoY | Rising rates and strong funding mix supportive of improving margin  | +10bps to +15bps | ✓         |
| Profitability | Cost to Income Ratio | <b>35.5%</b>               | Growth in income, digitization & process optimization driving efficiencies, partly offset by strategic investments  | Below 35%        | ✓         |
|               | Return on Equity     | <b>12.6%</b>               | Improving NPM, efficiency and COR driving improving ROE   | Above 13%        | ✓         |
| Asset Quality | Cost of Risk         | <b>0.73%</b>               | Cautiously expecting stable credit quality and NPL coverage, leading to COR moderation                              | 65-75bps         | ✓         |
| Capital       | CET1                 | <b>18.2%</b>               | Increasing RWAs from strong expected financing growth   | 16%-17%          | ✓         |

# Appendix

1Q 2022

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