

Earnings Presentation

3Q 2021

Earnings Call

2 November 2021

مصرف الإنماء
alinma bank



digital. fast. convenient.

Table of Contents

1	Alinma Profile
2	Financial Performance Highlights
3	Strategy
4	9M 2021 Financial Performance
5	Appendix

Alinma Profile

3Q 2021

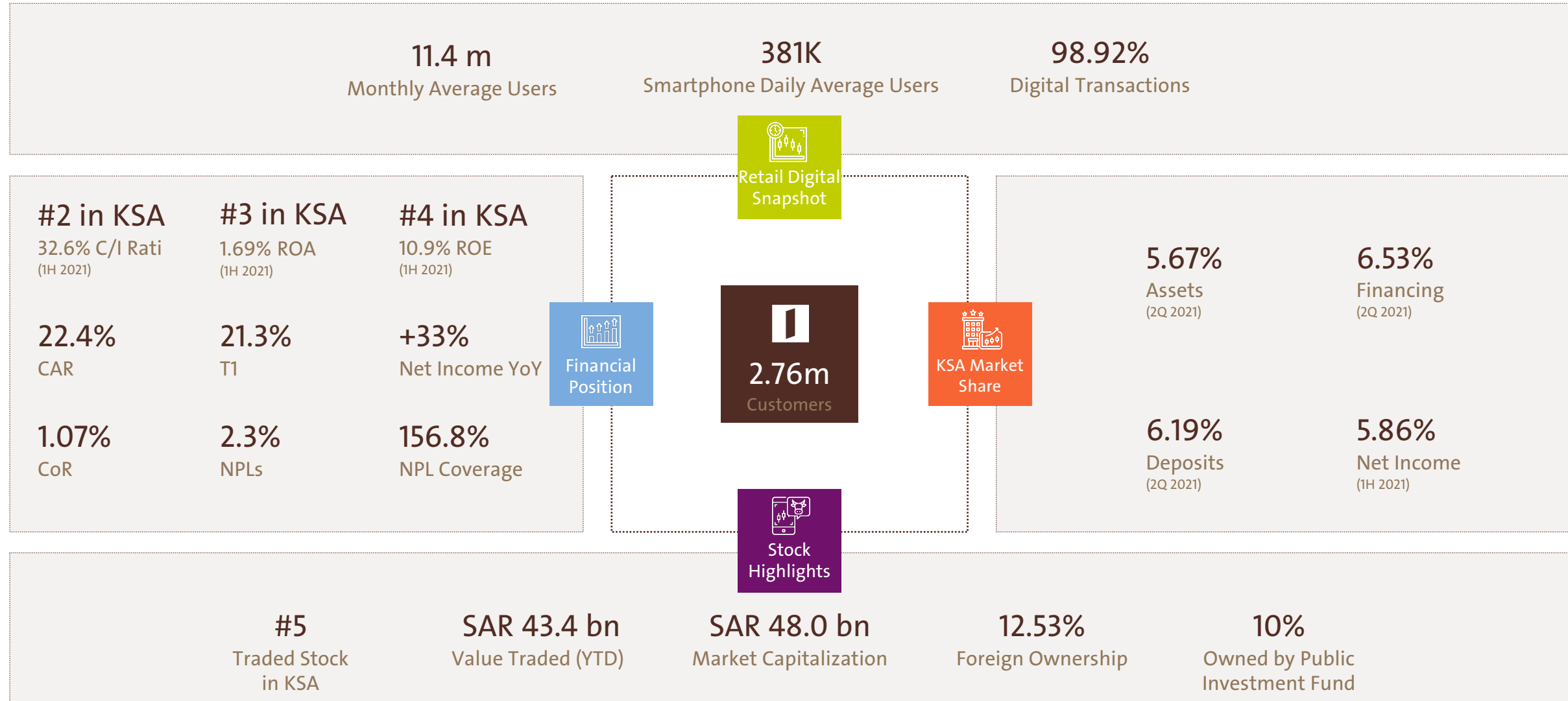
مصرف الإنماء
alinma bank



digital. fast. convenient.

At a Glance

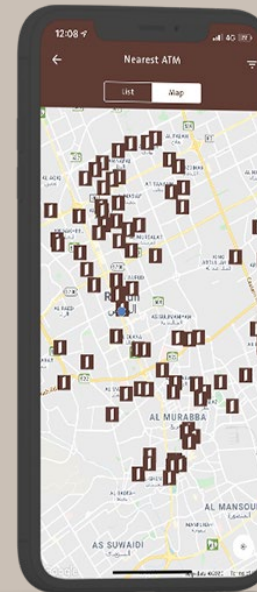
Alinma is the youngest bank in KSA



Financial Performance Highlights

3Q 2021

مصرف الإنماء
alinma bank



digital. fast. convenient.

Financial Performance Highlights

Solid balance sheet growth translating into 33% growth of net income in 9M 2021 and 11.2% ROE

Balance Sheet

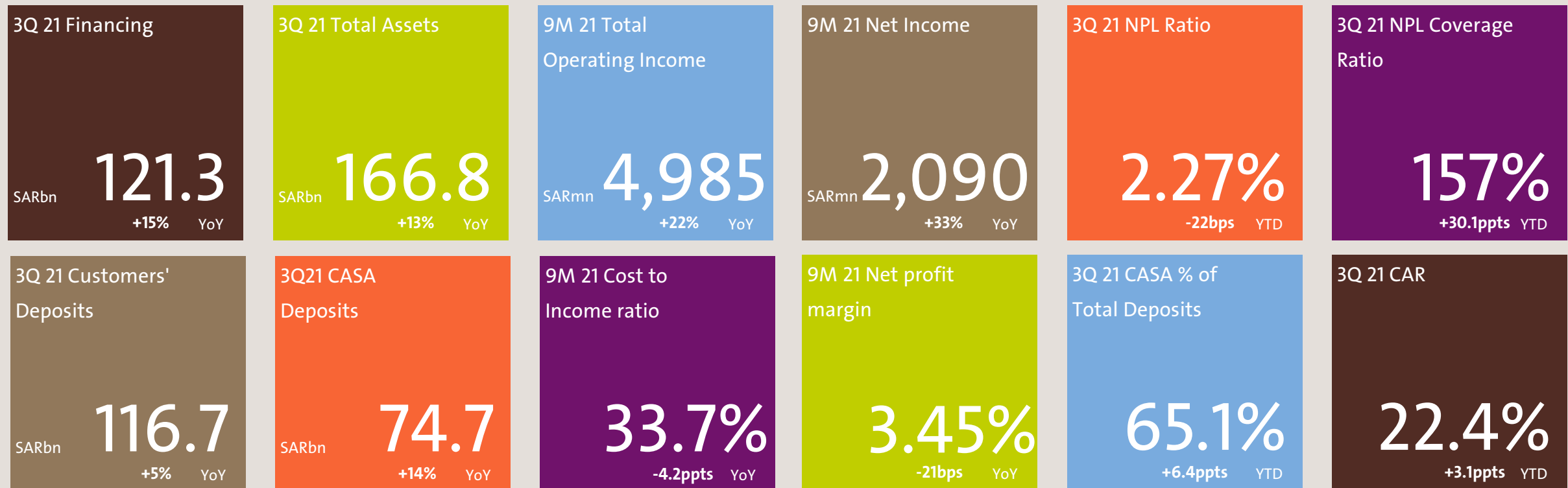
- Solid 15% increase in financing from growth in both retail and corporate lending YoY.
- Growth of 5% in customers' deposits YoY driven by strong growth of CASA deposits by 14% YoY.

Income Statement

- Operating income growth of 22% (+11% funded and +81% non-funded income growth) led to a 33% improvement in net income YoY.
- Lower financing and investing yields contributed to a 21bps lower profit margin YoY.

Credit Quality, Capital and Liquidity

- Credit quality was stable YTD and coverage improved.
- Capitalization improved on T1 Sukuk issuance and liquidity position remained comfortably within regulatory limits.



Strategy

3Q 2021

مصرف الإنماء
alinma bank



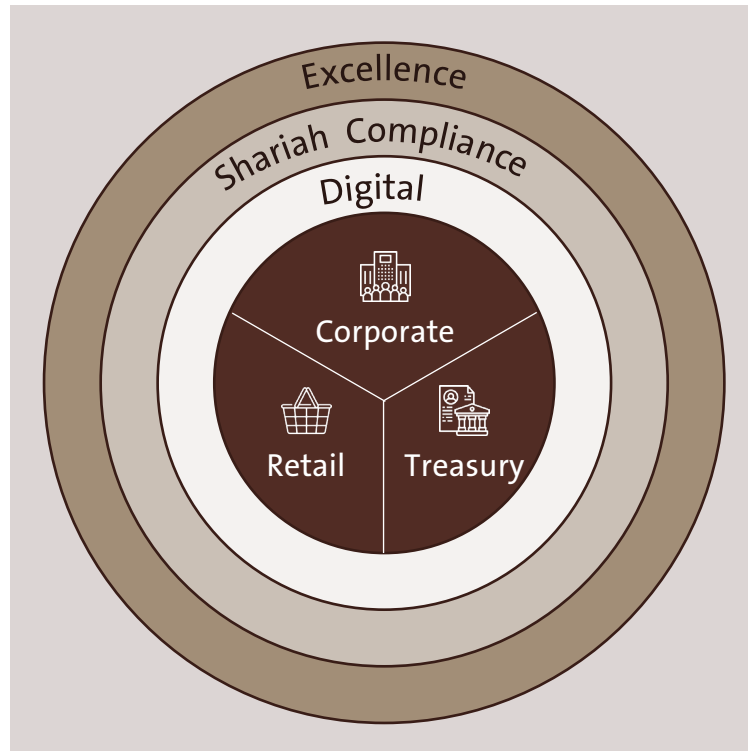
digital. fast. convenient.

Strategic Positioning

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

> 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 **most digitally advanced, fastest, and most convenient Retail bank in KSA**

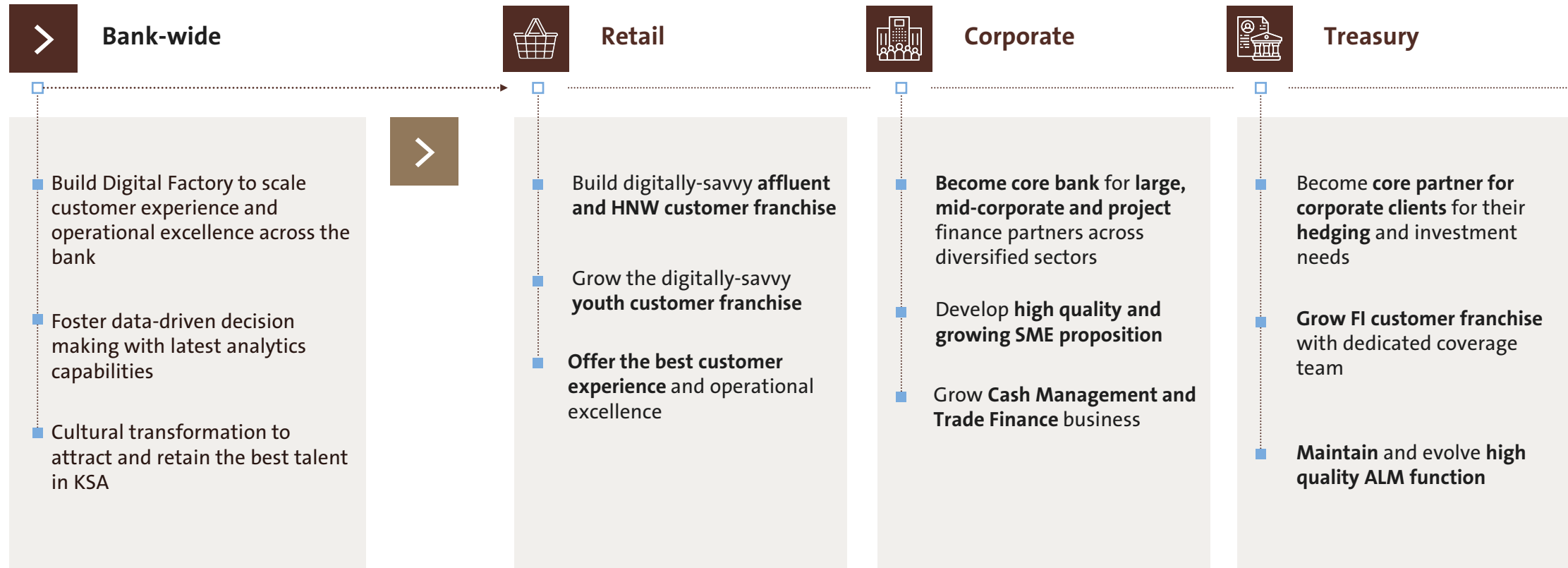
> Be the **Corporate bank** with the **best customer experience** (increasingly integrated) and offer the **fastest turnaround time in KSA**

> Be the **most innovative Shariah compliant Treasury partner** across KSA

> Be the **#1 Employer of choice** across KSA Banks

Strategic Ambitions

Driving changes across the businesses and bank-wide



9M 2021 Financial Performance

3Q 2021

مصرف الإنماء
alinma bank



digital. fast. convenient.

Balance Sheet Trends

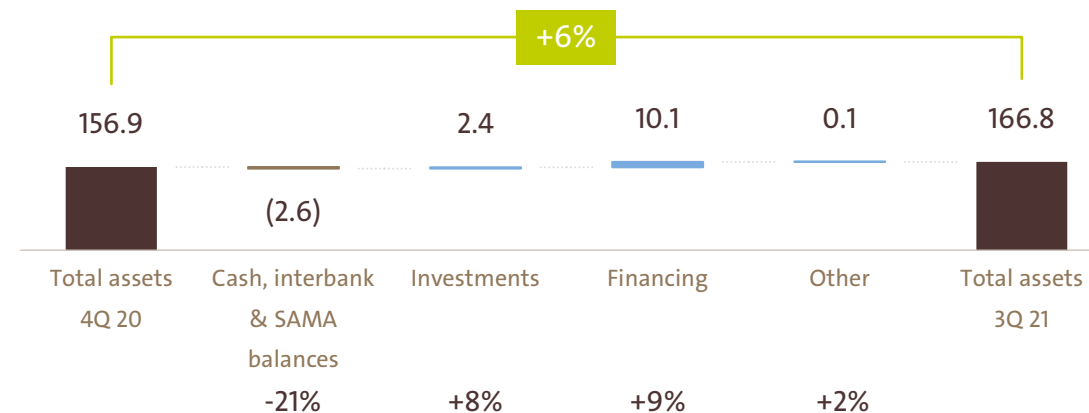
Solid balance sheet growth from growth in financing and investments

Management Commentary

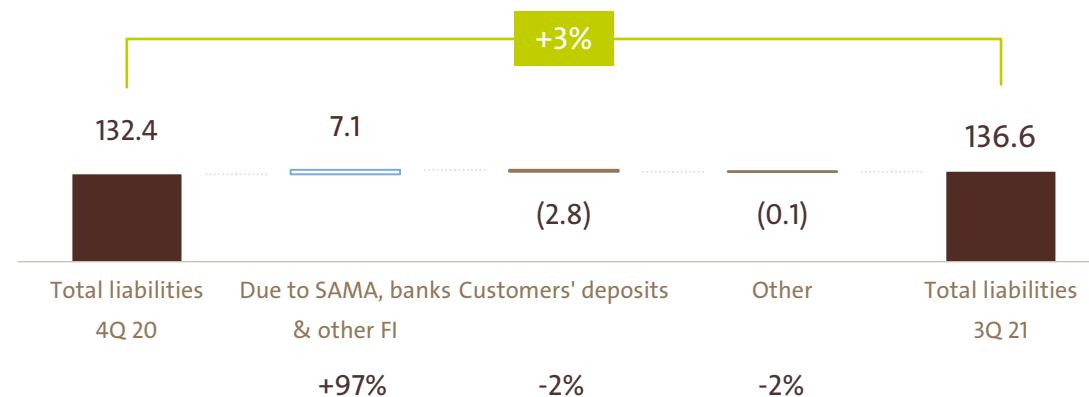
- Growth in total assets of 6% YTD driven by 9% financing growth and 8% growth in investments.
- Total liabilities grew by 3% during 9M 2021 YTD mainly from 97% growth in liabilities due to SAMA, banks and other FI offset by a 2% decline in customers' deposits.

SAR (mn)	3Q 2021	4Q 2020	Δ%	3Q 2020	Δ%
Cash, interbank & SAMA balances	10,019	12,651	-21%	12,539	-20%
Investments	31,886	29,526	+8%	26,460	+21%
Financing	121,318	111,196	+9%	105,325	+15%
Other assets	3,586	3,505	+2%	3,526	+2%
Total assets	166,808	156,877	+6%	147,850	+13%
Due to SAMA, banks & other FI	14,401	7,312	+97%	8,042	+79%
Customers' deposits	116,652	119,454	-2%	111,318	+5%
Other liabilities	5,591	5,682	-2%	4,451	+26%
Total liabilities	136,644	132,448	+3%	123,811	+10%
Share capital	20,000	20,000	+0%	20,000	+0%
Retained earnings	4,528	3,760	+20%	3,884	+17%
Other reserves	636	669	-5%	155	+310%
Tier 1 sukuk	5,000	-	100%	-	100%
Total equity	30,164	24,429	+23%	24,039	+25%

Total Assets Movement YTD (SARbn)



Total Liabilities Movement YTD (SARbn)



P&L Trends

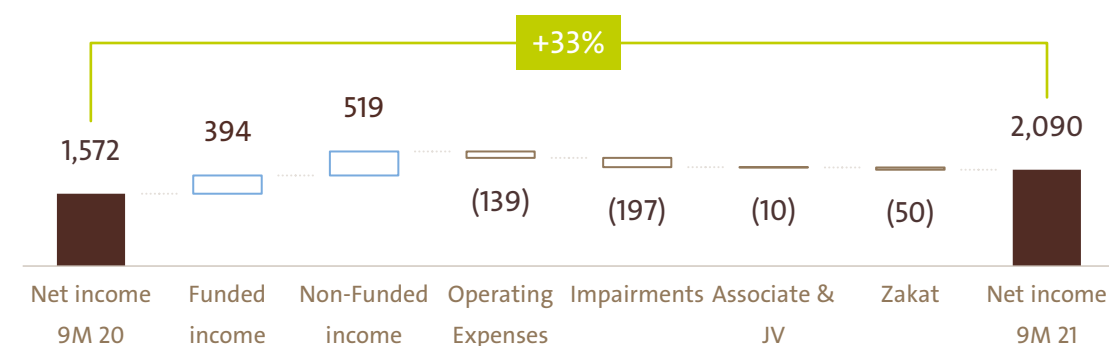
Net income for 9M 2021 grew by 33% YoY due to 22% income growth

Management Commentary

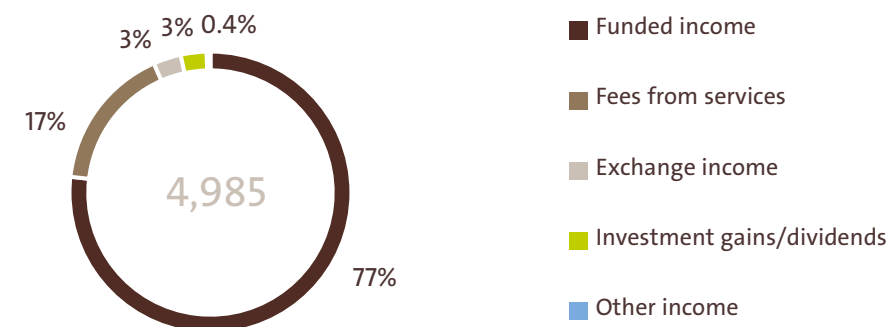
- Net income for 9M 2021 grew 33% YoY to SAR 2,090mn from 22% income growth despite a 26% increase in impairments and 9% higher operating expenses
- 3Q 2021 net income improved 17% YoY to SAR 738mn driven by 16% increase in income partially offset by a 19% increase in impairments.

SAR (mn)	9M 2021	9M 2020	Δ%	3Q 2021	3Q 2020	Δ%
Funded income	3,828	3,434	+11%	1,393	1,185	+17%
Non-Funded income	1,157	638	+81%	331	295	+12%
Total operating income	4,985	4,072	+22%	1,724	1,480	+16%
Operating Expenses	1,681	1,542	+9%	618	537	+15%
Net operating income before impairment charge	3,304	2,529	+31%	1,106	942	+17%
Impairments	965	768	+26%	279	234	+19%
Net operating income	2,339	1,761	+33%	827	709	+17%
Income before zakat & income tax	2,331	1,762	+32%	823	715	+15%
Zakat	240	190	+26%	85	86	-1%
Net income	2,090	1,572	+33%	738	629	+17%

Net Income Movement YoY (SARmn)



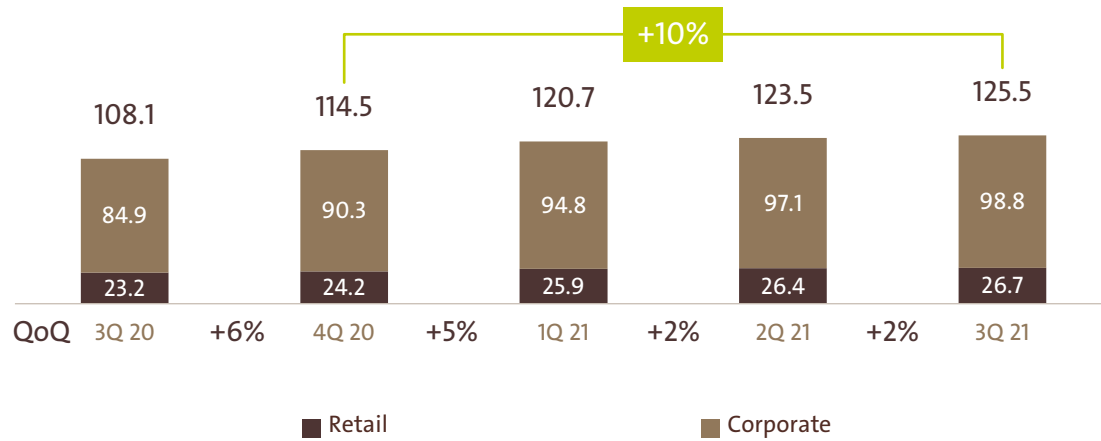
Operating Income Composition (SARmn)



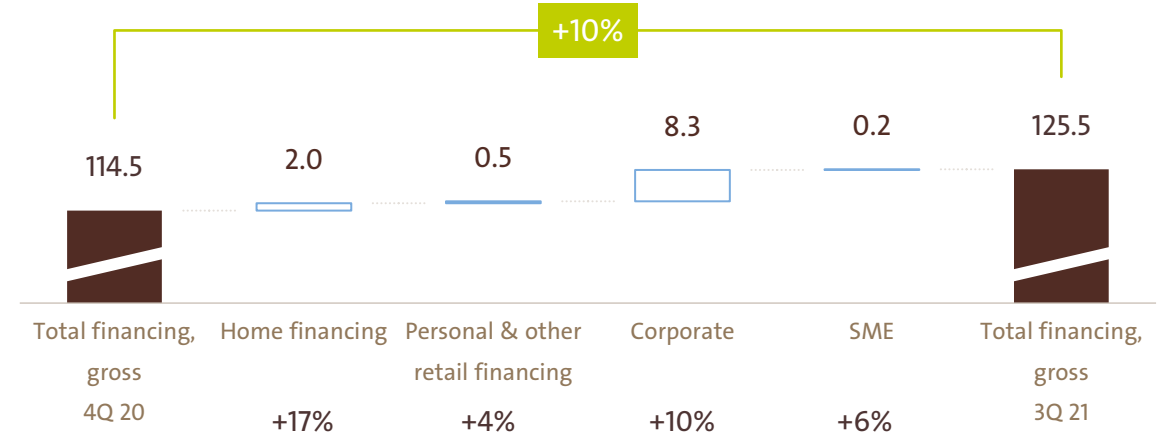
Financing

Solid 10% increase in gross financing mainly from growth in corporate

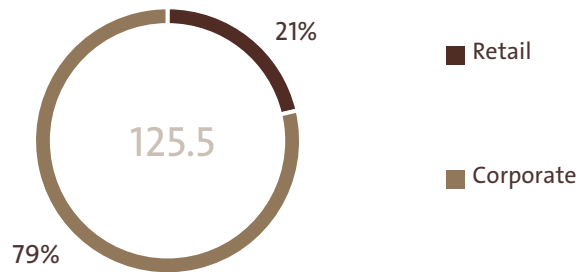
Financing, Gross (SARbn)



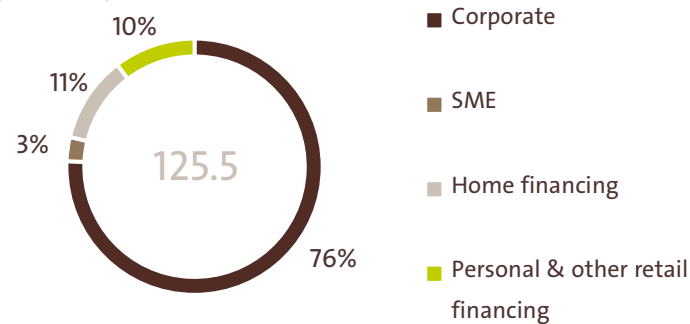
Financing, Gross Movement YTD (SARbn)



Financing, Gross Composition (SARbn)



Financing, Gross Composition (SARbn)



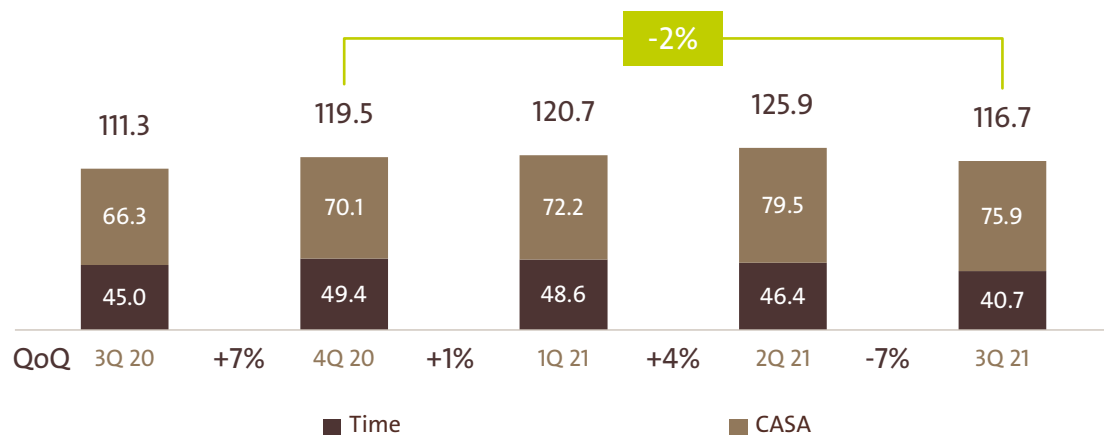
Management Commentary

- Gross financing grew 10% during 9M 2021.
- Retail financing grew 10% from a strong momentum in home financing (+17%) and robust personal & other financing growth (+4%).
- Corporate financing grew 9% across both large corporate (+10%) and SME financing (+6%) during 9M 2021.

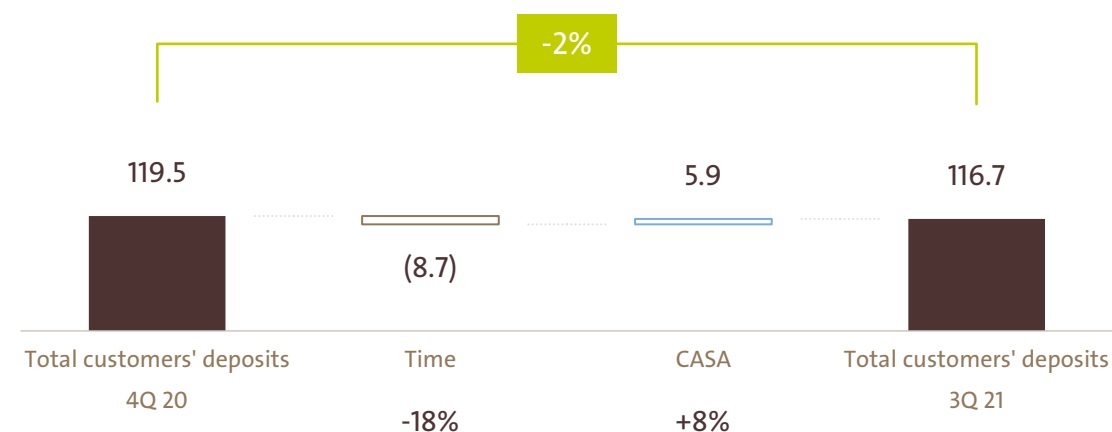
Deposits

Modest decline of 2% in deposits in 9M 2021 from balance sheet optimization

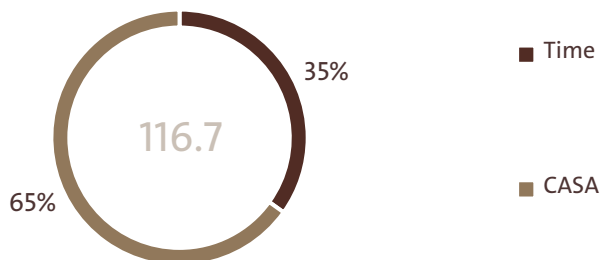
Customers' Deposits (SARbn)



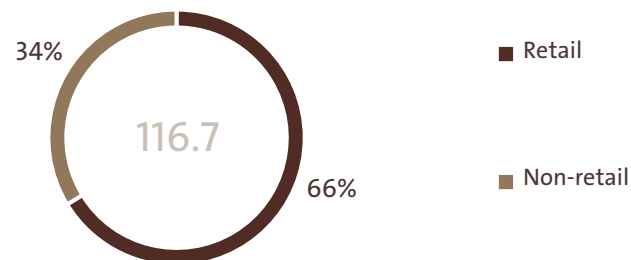
Customers' Deposits Movement YTD (SARbn)



Customers' Deposits Composition (SARbn)



Customers' Deposits Composition (SARbn)



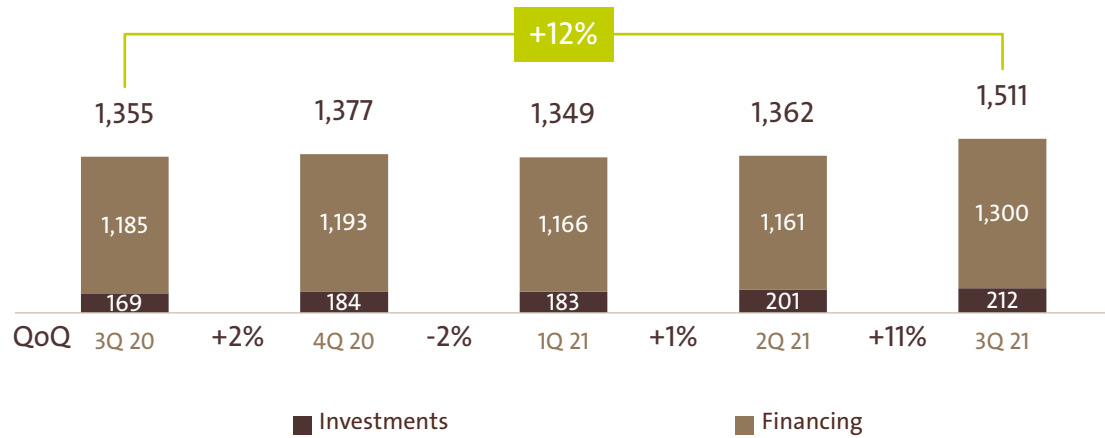
Management Commentary

- Deposits fell slightly by 2% during 9M 2021 as growth in CASA deposits of 8%, issuance of 5bn Tier 1 Sukuk and receipt of additional SAMA deposits allowed for a reduction in more expensive time deposits of 18%.
- CASA deposits account for 65% of total deposits Total deposits comprise of 66% retail and 34% non-retail deposits as at 30 September 2021.

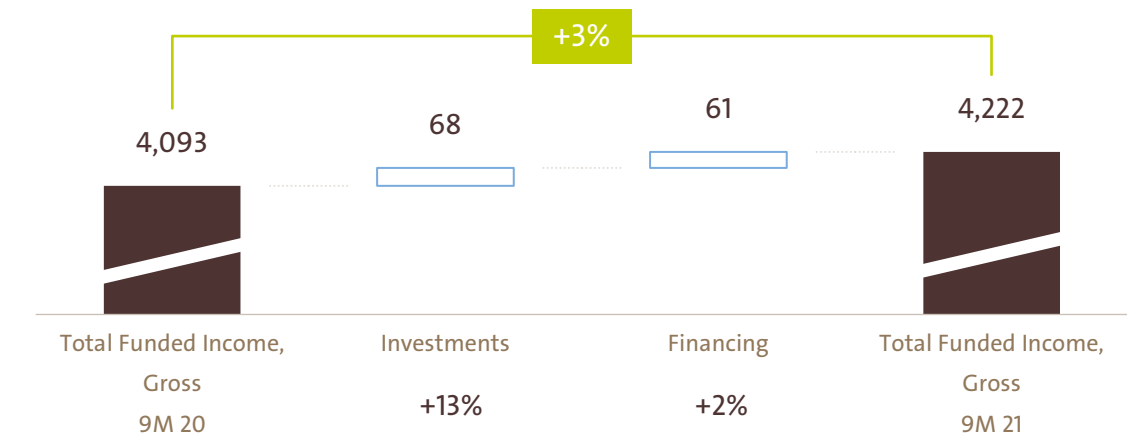
Income from Financing & Investments

Growth of 3% in gross funded income from growth in both investments and financing income

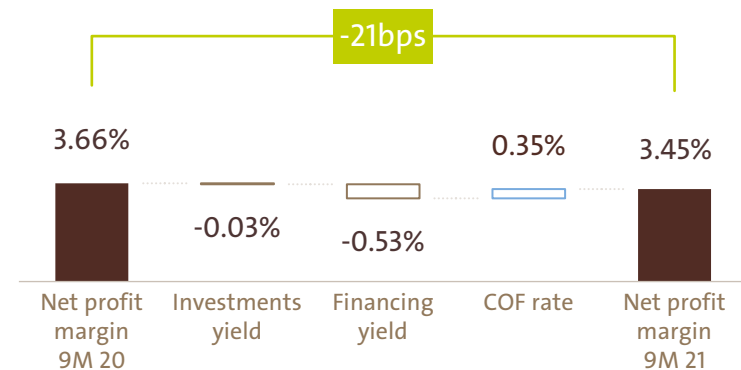
Funded Income, Gross (SARmn)



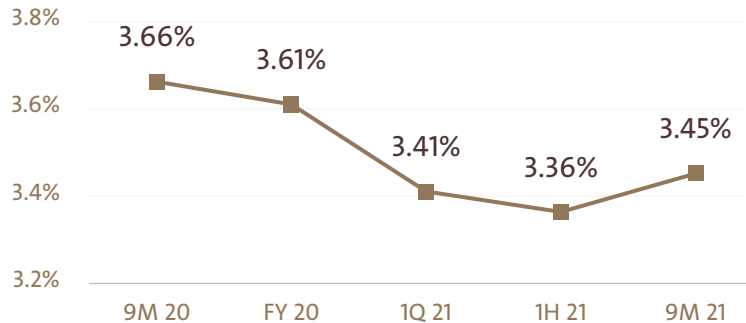
Funded Income, Gross Movement YoY (SARmn)



Net Profit Margin Movement YoY (%)



Net Profit Margin (%)



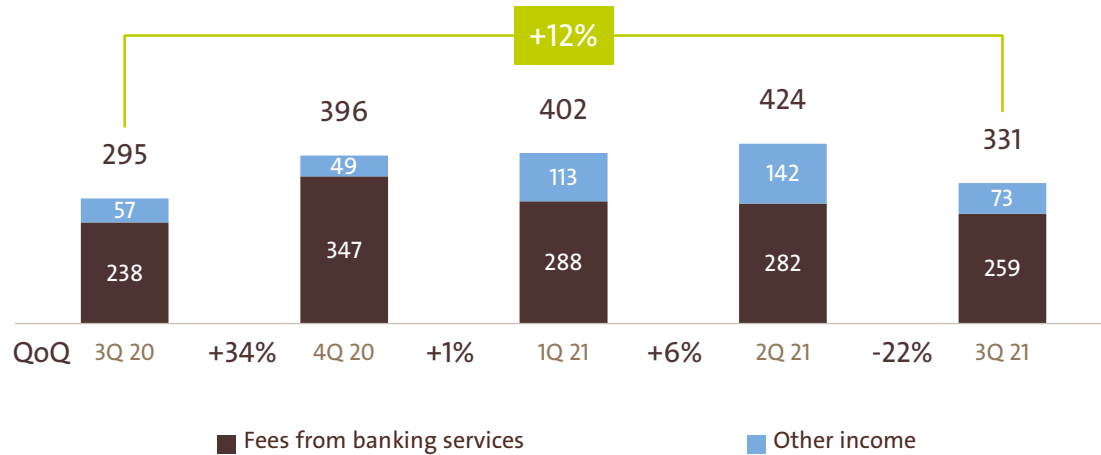
Management Commentary

- Gross funded income for 9M 2021 increased by 3% to SAR 4,222mn with a 13% increase in investment income and a 2% rise in financing income.
- The net profit margin decreased by 21bps YoY to 3.45% in 9M 2021 due to lower financing yields partly offset by a 34bps reduction in funding costs.

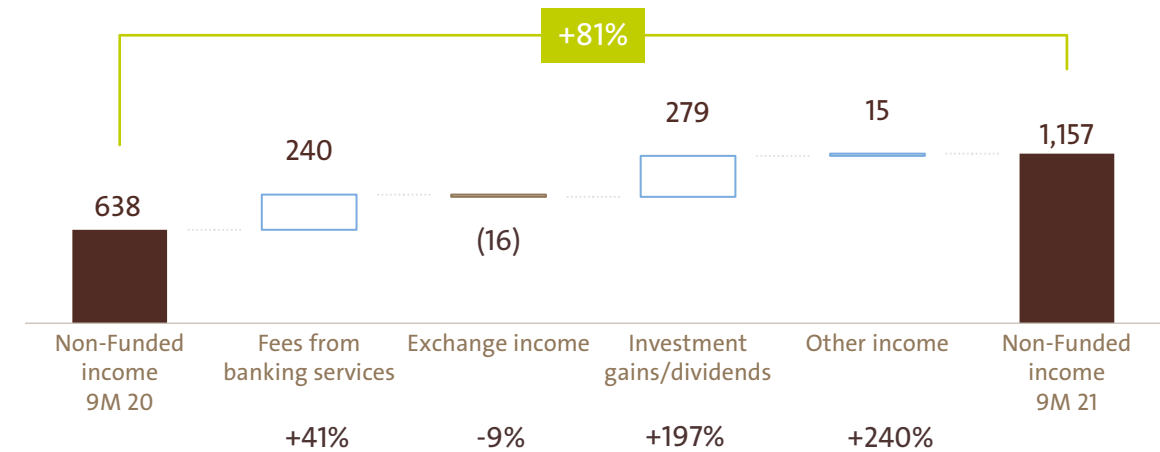
Fee and Other Income

Non-funded income for 9M 2021 grew strongly by 81% YoY from banking service fees and investment gains/dividends

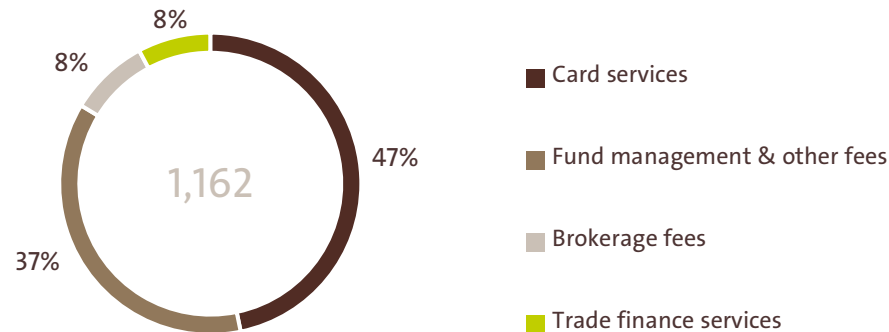
Non-Funded Income (SARmn)



Non-Funded Income, Movement (SARmn)



Fees from Banking Services, Gross Composition (SARmn)



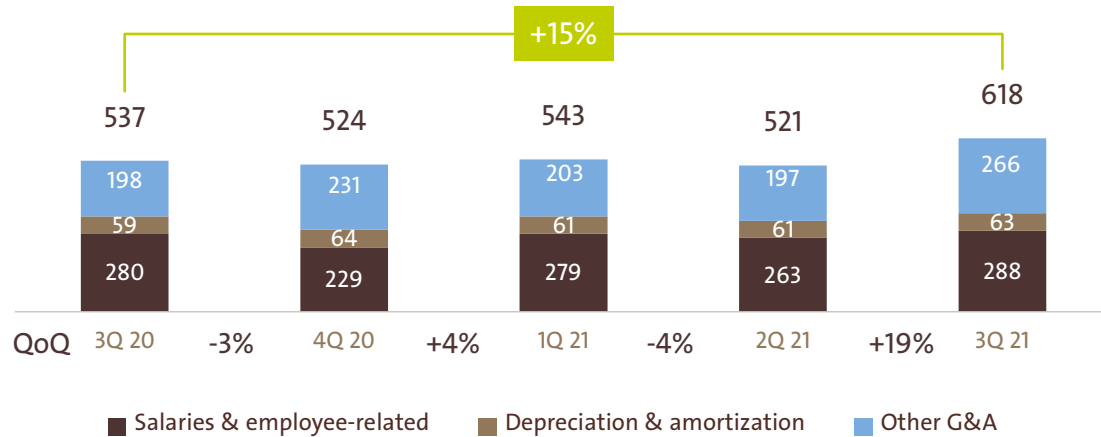
Management Commentary

- Non-funded income for 3Q 2021 increased 12% YoY to SAR 331mn from growth in fees from banking services and other income driven by higher investment gains/dividends.
- Non-funded income for 9M 2021 increased 81% YoY to SAR 1,157mn from strong growth in fees from banking services (+41% largely driven by higher fund management and card service fees) and higher investment gains/dividends (+197%).
- Gross fees from card services make up the majority of fee income at 47%, while 37% comprises of fund management & other fees, 8% brokerage fees and 8% trade finance service fees.

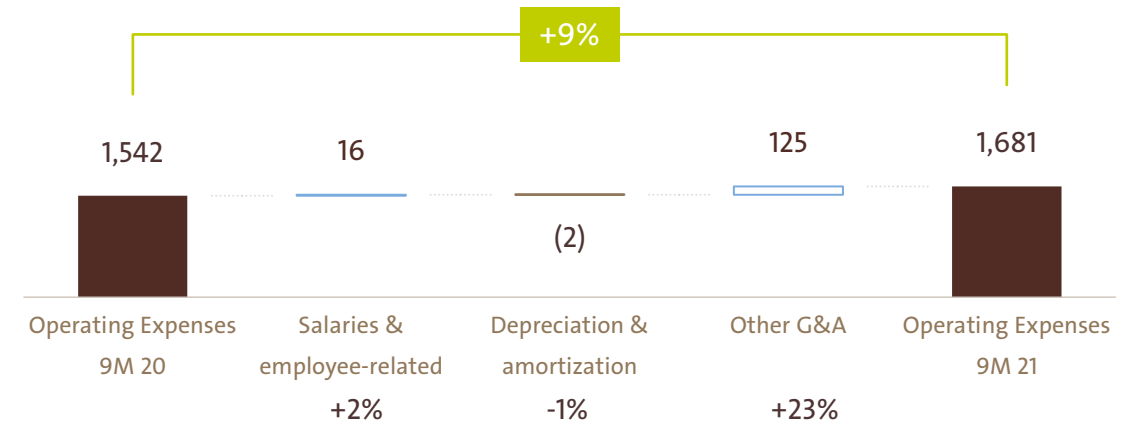
Operating Expenses

9M 2021 saw 9% growth in operating expenses YoY mainly from a rise in Government and other expenses

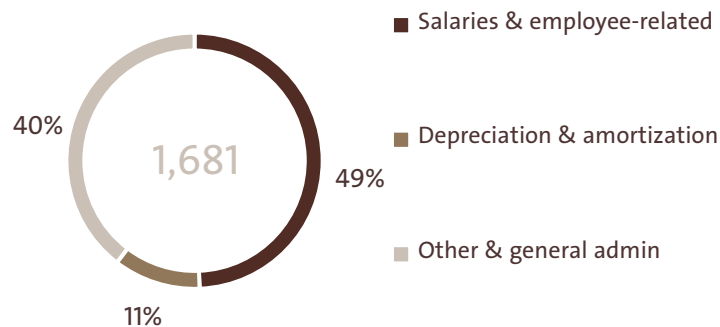
Operating Expenses (SARmn)



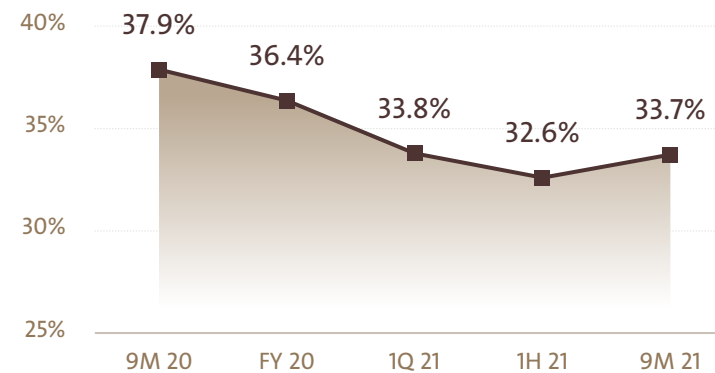
Operating Expenses Movement YoY (SARmn)



Operating Expenses Composition (SARmn)



Cost to Income Ratio (%)



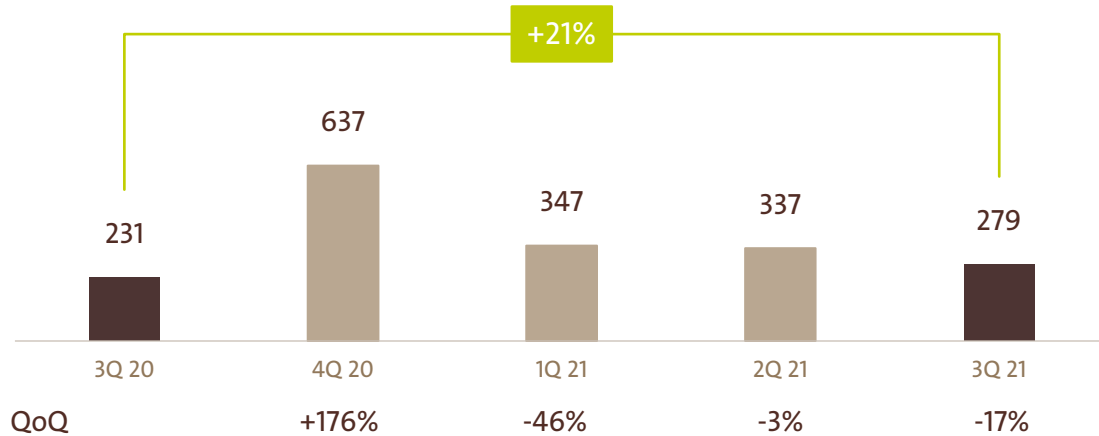
Management Commentary

- Operating expenses increased 9% YoY to SAR 1,681mn for 9M 2021 mainly due to the increased rate of VAT in KSA from 5% to 15% from 1 July 2020 as well as higher communication expenses, POS terminal costs, software maintenance and subscriptions.
- The cost to income ratio rose QoQ to 33.7% for 9M 2021 but is overall lower YoY from 37.9% in 9M 2020 despite this increase in operating expenses.

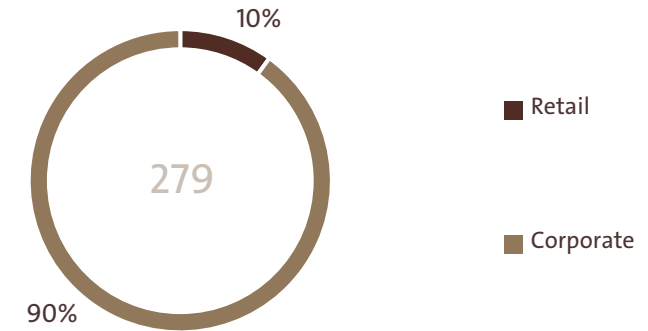
Impairments from Financing

The impairment charge for 3Q 2021 increased 21% YoY due to increased provision coverage

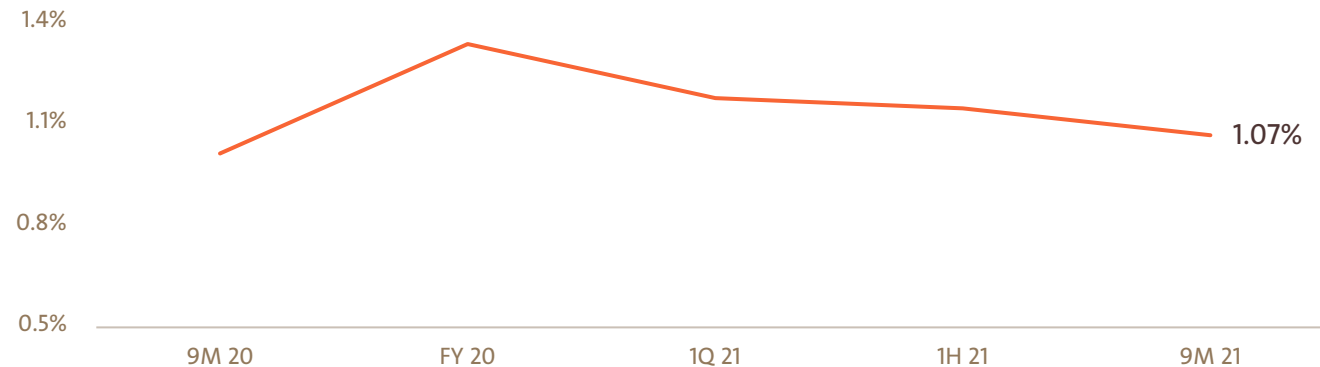
Impairments for Financing (SARmn)



Impairments Composition (SARmn)



Cost of Risk (%)



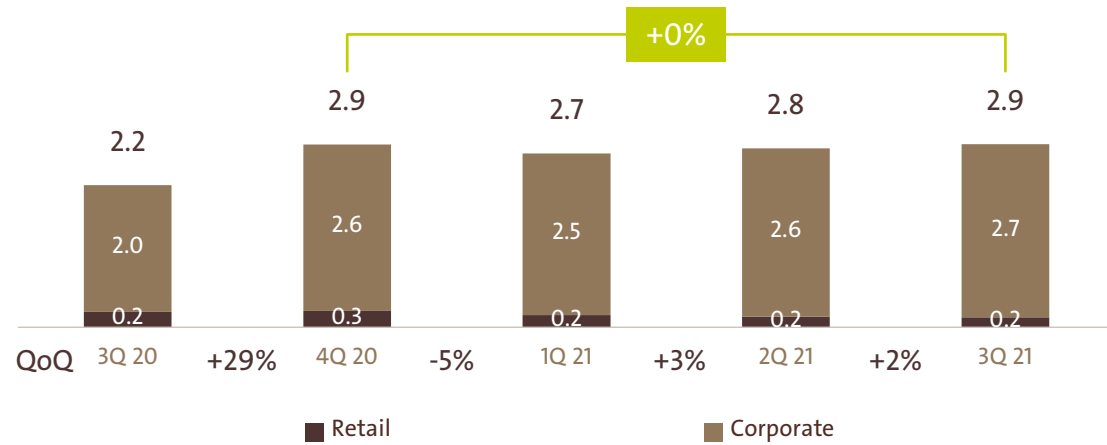
Management Commentary

- The total impairment charge for financing for 3Q 2021 increased by 21% YoY to SAR 279mn; it has however significantly declined from the 4Q 2020 level as coverage was enhanced during that quarter for selected corporate accounts.
- Cost of risk for 9M 2021 has declined back to similar levels as 9M 2020 at 1.07%.

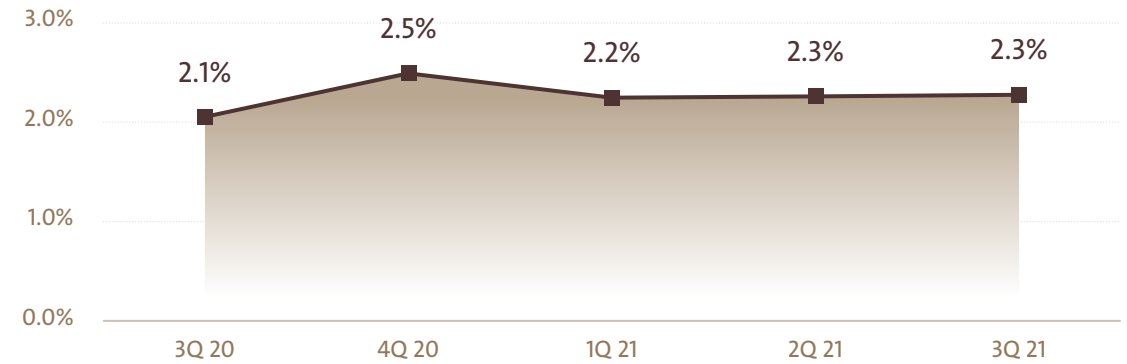
NPL & NPL Coverage

Credit quality has remained stable and NPL coverage was improved.

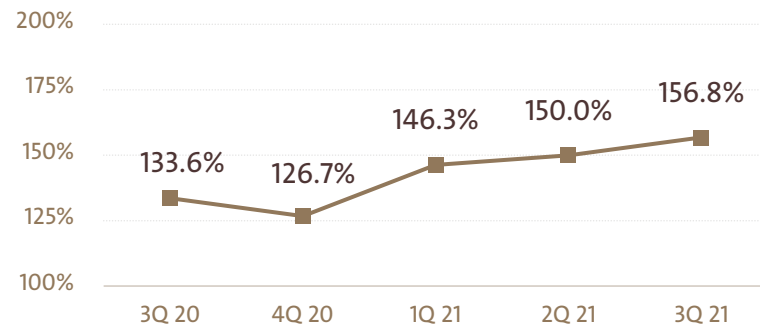
Non-Performing Loans, Gross (SARbn)



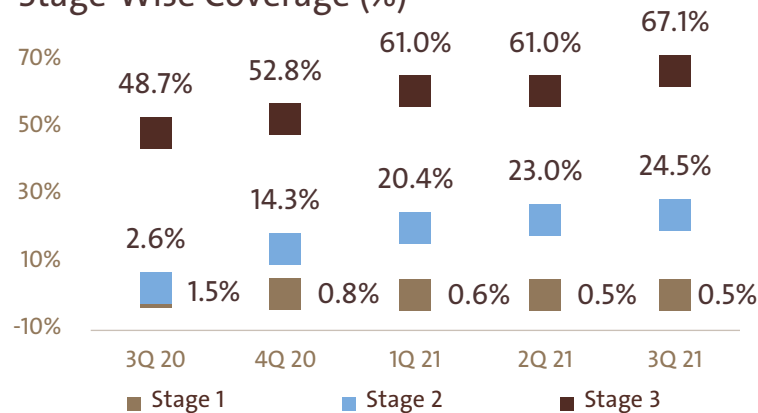
NPL Ratio (%)



NPL Coverage Ratio (%)



Stage-Wise Coverage (%)



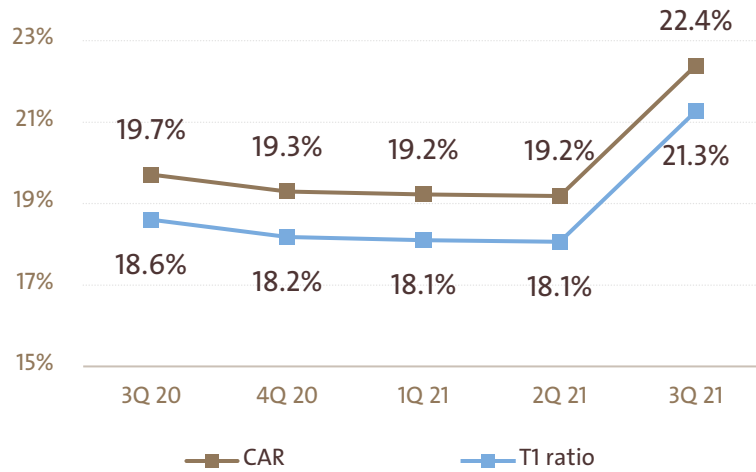
Management Commentary

- The NPL ratio stood at 2.3% at 3Q 2021 with non-performing loans remaining stable YTD.
- NPL coverage improved by 30ppts YTD to 156.8%.
- Stage-wise coverage has steadily increased during the year with Stage 1 at 0.5%, Stage 2 at 24.5% and Stage 3 at 67.1%.

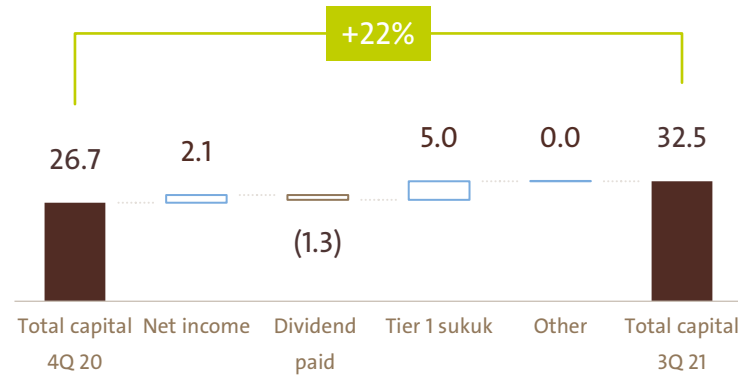
Capitalization & Liquidity

Capital and capital ratios remained stable while liquidity position is healthy and comfortably within regulatory limits

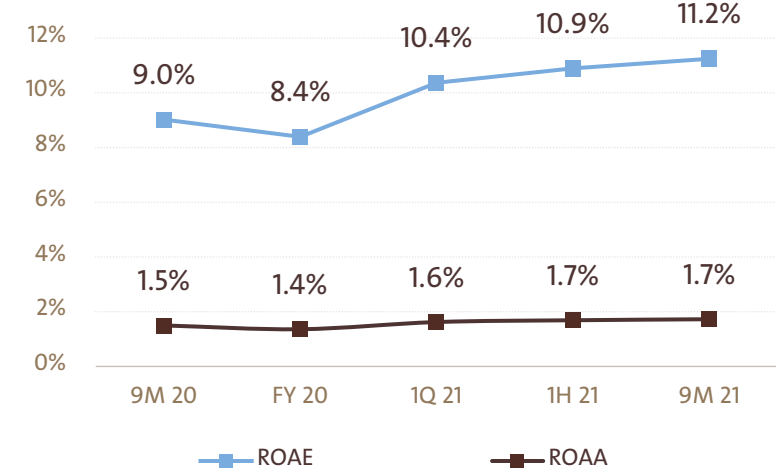
Capital Adequacy Ratio (%)



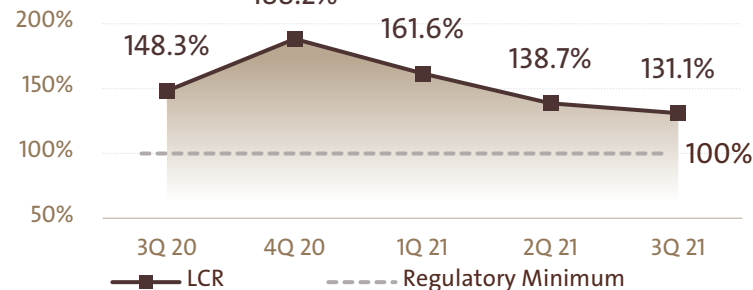
Total Capital Movement YTD (SARbn)



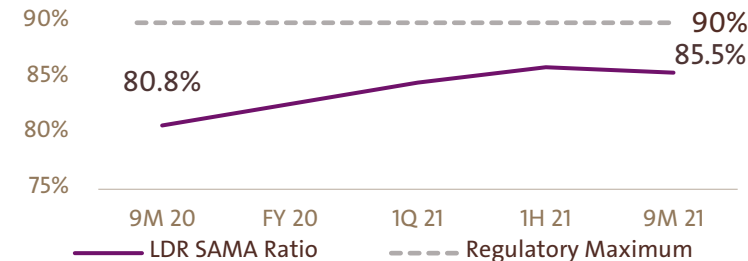
Profitability (%)



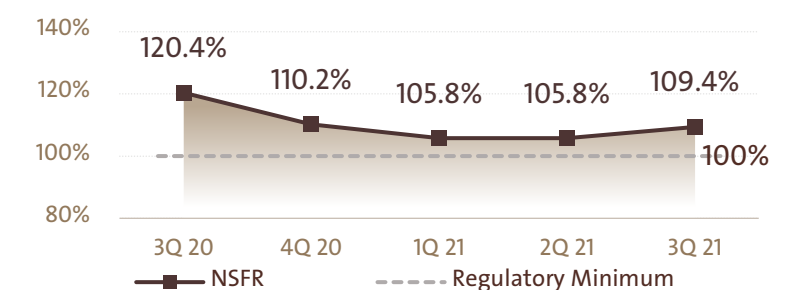
LCR (%)



LDR SAMA Ratio (%)



NSFR (%)



Q&A

3Q 2021

مصرف الإنماء
alinma bank 

digital. fast. convenient.

Appendix

3Q 2021

مصرف الإنماء
alinma bank 

digital. fast. convenient.

IR Contact

Ahmed Sager

Investor Relations Manager

Mobile: +966-53-775-3352

Direct: +966-11-218-86364

Email: aosager@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

مصرف الإنماء
alinma bank



digital. fast. convenient.

Disclaimer

This presentation is being provided to you for general information purposes only. The information contained in the presentation has been obtained from sources believed by Alinma Bank ("Alinma") to be up to date, correct and reliable, but Alinma does not make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reliability, reasonableness or completeness of the information so provided and/or the opinions or analyses drawn therefrom.

The information provided does not constitute or form part of any legal advice or legal opinion. No advisory, fiduciary or other relationship is created between Alinma and you or any person accessing or otherwise using any information so provided in the presentation, nor does the information constitute an offer or invitation to sell or issue, or a solicitation of any offer to purchase or subscribe for, securities, nor shall it or any part of it, nor the fact of its distribution, form the basis of, or be relied on in connection with, any contract or investment decision in relation thereto. It is not a recommendation by Alinma to purchase securities. Before using the information so provided, you must seek your own independent advice in relation to any investment, financial, legal, Shariah, tax, accounting or regulatory issues discussed and the presentation shall not be construed as constituting tax, investment or legal advice. Analyses and opinions contained herein may be based on assumptions that if altered can change the analyses or opinions so expressed. Nothing contained herein shall constitute any representation or warranty as to future performance or results of any financial instrument, credit, currency, rate or other market or economic measures. Furthermore, past performance is not necessarily, and shall not be deemed to be, indicative of future results. Alinma and its affiliates, and any of its directors, officers, employees, agents, advisors, contractors, and suppliers, disclaim liability and, thus, will not be liable for any loss, damages, actions or course of actions, of whatsoever nature, arising out of or in connection with the use of, or reliance on, this presentation.

Any opinion, estimate or projection in this presentation constitutes an opinion, estimate or projection as of the date of this presentation, and no assurance is hereby made that future results will be consistent with any such opinion, estimate or projection. Further, Alinma has no obligation to update, modify or amend either this presentation or the information therein provided or to otherwise notify any recipients of the presentation if any of the information, opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The information in this presentation is subject to change without notice, and it may be incomplete or condensed, and it may not contain all material information concerning Alinma.

This document has been furnished to you solely and exclusively for your information. It is not intended for distribution to the press or other media, or for any public distribution, and may not be reproduced or redistributed by mail, facsimile, electronic or computer transmission or by any other means to any other person without the express consent of Alinma. By accepting this document you agree to be bound by the limitations set out in this disclaimer.

The distribution of this document in other jurisdictions may be restricted by law and persons who come into possession this document must inform themselves about, and observe and obey, any such restrictions.

You understand that in order for you to be eligible to view the Information, you must be a "sophisticated investor" within the meaning of the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia, and either you must have the expertise, or you must consult a financial advisor, for you to evaluate the performance of securities under changing conditions. The costs of such an evaluation will be solely for your account.