alinma الإنماء

Arwa Good day, everyone. Welcome and thank you for taking the time to join us today. During the past five years, alinma has been working into achieving its 2025 strategic goal of being recognized and celebrated as the fastest and most convenient bank in Saudi Arabia with a focus on growth and customer acquisition, while making sure to communicate progress to the investment community throughout the journey.

Today, I'm glad and delighted to welcome you all to alinma's Strategy 2030 Reveal call. I hope you enjoyed the opening film and it gave you a flavor of what we will present today.

As of now, we have attached this strategy pack in a newly launched tab in alinma IR website for our strategy to provide easy access, continuous progress updates, and better transparency.

In today's call, our MD and CEO, Mr. Abdullah AlKhalifa will start by presenting some of the financial transformational growth achieved throughout the bank's previous strategy. He will also touch point on non-financial and ESG key accomplishments.
After that, he will take you through alinma's vison for the chapter, and detailing by business lines and beyond. The CEO will conclude by providing the bank's 2030 ambitions and aspired targets. We will definitely leave enough time to receive your questions during our Q&A session where our deputy CEO, Mr. Saleh Alzumaie, covering Retail, Private, and digital, our CFO, Mr. Adel Abalkhail, and our Chief Corporate Officer, Mr. Jameel Hamdan will be joining us.

With that, I'm pleased to pass the floor to you Abu Faisal to walk us through the journey.

Abdullah Thank you, Arwa. Hello, everyone, and thank you for joining our meeting today. As five years ago, we laid a clear plan to transform the bank from one level of maturity to a much higher level of maturity, and we did deliver on that. Some of you may remember from the earning calls and discussion we had on one-to-one and conference meetings that when we started this journey, we were missing a lot of products in retail, in corporate, in treasury. We were missing also focus on cross-sell, we were missing underserved lots of segments in the country. We were mainly focused on lending to large and project finance and just providing quality of service for retail without the sales efforts and the sales focus and the cross-selling, and we couldn't offer our clients any derivatives, for example, from treasury.
Now we've actually delivered, and we're going to see in the presentation, the bank has moved from low level of maturity to much higher level of maturity, and we will be talking about this in the next few minutes.

Today, we're here to talk about a new chapter of the bank, 2030 strategy. It's a plan that designed not just to navigate opportunity, the opportunities and challenges ahead, but to actually widen the gap between us and our competitors and provide or continue to create better value for our shareholders.

So in terms of achievement of the current strategy, as you see in the screen, slide four, we're more than doubled revenue from SAR 4.1 billion in the first nine months of 2020 compared to 8.7 billion of revenue in the first nine months of 2025, while profit increased more than three times from 1.6 billion to 4.7 billion in the same period. Cost to income, we started with 26.4% for the full year of 2020, and we managed to reduce this by 4.8 percentage points to 31.6% in September.
ROE, as mentioned in the introduction more than doubled during that period. So 8.4% was the ROE in 2020. As of September, the ROE is 18.4%, more than two times increase. Assets also almost increased by two times from 156.9 billion in 2020 to 307.2 billion in September this year, so 2025. Customer deposits also doubled from 119.5 billion in 2020 to 234.6 billion in September. CASA also 1.8 times increased from a level of 70.1 billion to 124 billion in September. And ROA also one and a half times increased from 1.4% to 2.1%.

On the digital side and non-financial achievements, digital NPS, which we started measuring this in 2022, at that time, the base was 54 points and now is 74 points in September, 20 points improvement. Digitally active customers was at 64% of our clients in 2021, now 76%. Credit card and personal finance sold digitally, absolutely nothing. In 2020, we didn't have that. And now we have 30% of sales coming through digital channels.

Financial transactions using the mobile app was 74% in 2020. In September, that reaches 86%, 12% increase. Straight through processing, another one that we were lacking in 2020, we had nothing, no straight through processing. STP now is offered through multiple products in the bank.

Mobile app, our mobile app has been highest ranked in mobile apps among the Saudi banks in 2024 and 2025. OHI, Organization Health Index, which we start measuring this in 2021, we improved this by 14 points to reach 78. As some of you know, the top quartile worldwide starts at 76. So we are in a top quartile in the whole world in terms of all industries.

In terms of AI, we've introduced 10 cases mainly on the lead management, marketing, risk, and cross-sell. On the next page on the ESG, between 2023 and 2024, we are 100% increase in sustainable financing, 18 times increase in employee volunteering hours, more than 6,000 solar panels installed, 65% increase in female workforce. The board established a board committee for governance and sustainability, and we improved our ranking in MSCI into ESG MSCI to A.
Let's talk now about 2030 vision. As most of you know, and the headlines in our previous strategy has been recognized, celebrated as the fastest and most convenient bank in the country. Our focus at that time was growing and customer

base and growing our balance sheet. Obviously, that has shown very good results. As mentioned, we're going to be seeing later on. We are the third-largest bank in the country in terms of retail customer base. That was a major achievement. Now we're going to shift to a new way of looking at the strategy.

So from being the fastest and most convenient bank as the main focus, to be the most innovative and customer-centric bank in the country. From being focused on growth and customer acquisition to more focus on profitability and building distinctive differentiation leveraging AI. And with the next page, we're going to talk about the main components of that. So obviously most customer-centric, as we mentioned, most innovative and underpinned by sharp focus. Let's talk about more customer or most customer-centric.

And that we aspire to privacy with every customer that we serve, through seamless AI power journeys, strengthening a trusted and inspirational brand. Most innovative, we disrupt with innovative offering, detects the value proposition to the next level, developing the best and most scalable AI-based operating model, underpinned by sharp focus on profitability, want to foster a monetization-driven mindset to becoming the choice of capital deployment in KSA banks.

Obviously as very important components of our strategy is the focus on data and AI. So as I mentioned, we currently have 10 use cases using AI. We are going to introduce more than 100 use cases in the next five years, build on a future-ready tech stack and data architecture with all the built-in governance and ethical standards. So data and AI is obviously for customers, for innovation, and for scalable operations.

And for customers, enabling customer privacy through proactive needs, anticipation and hyper-personalization journey or personalized journey.
On innovation, we're going to unlock the banking ecosystem to drive new revenue through data products and open APIs, data AI for scalable operations is to be posting productivity by leveraging AI to streamline and automate operations.
Through these investments, we estimate that anywhere between 600 million to 1 billion Riyal and back to the bottom line in the five years. And that is, would say 65% of that estimate is coming from revenue uplift and 35% on cost efficiency.
I'm going to now dive more into business. Currently we have our core business, which is going to talk about first. And then at the later section, we're going to talk about the new business built.

So in retail and private, as I mentioned before, we're more than doubled the customer base in the previous strategy, and we've achieved two and a half times growth in assets and about 80% increase in liability. Our focus on retail and private for the next strategy is to basically, as I mentioned, this primacy is going to be important for all the business. So obviously for retail, reimagine privacy-driven engagement model and scalable infrastructure, gen AI enabled daily companions and intelligent wealth advisory, smart tech powered offering elevating customer experience, and tailored segment level value proposition and service model, including next generation's wealth.

In Corporate Banking, found the achievement in the previous strategy has been two times in growth in total assets, eight times growth in total liability, 18 times growth in mid-corporate and financing, and that's important to show the results of the previous strategy. As I mentioned before, we're really focusing on serving or lending to large and the project finance. And we said that mid-corporate basically have revenue in excess of the SME benchmark of 200, up to 1 billion Riyal of revenue. This important segment was not really been served by the bank. So we really focused on building the right team and we managed to achieve this 18% growth in financing.
And also another important element of our previous strategy has been the growth on SME. So we introduced more program-based lending and more focus on cross-selling products to them, and we've achieved three times the growth in SME financing.

For 2030, again, aspire to primacy to all clients across segments and sectors with a distinctive edge in SME financing. We also have leading AI enabled digital platforms with personalized journey, want to enhance transactional banking proposition across key corridors. We want to develop structure investments, opportunities in KSA corporate credit.

On treasury, some of the achievements in the previous strategy has been 70% increase in total assets, 80% increase in yield on investments book. We also, part of our process to diversify funding, we've issued 4.4 billion of Sukuk, whether it's tier one or tier two or senior. In addition to that, we've done more than roughly $1.1 billion of CDs. We've done bilateral loans, we've done reboot to maturity as part of our effort to diversify our funding.

The focus for 2030 would be to expand on the level of diversification. So innovative funding instruments, targeting both our customer base and future customer base. Also, in addition to that, international funding partners. We want to accelerate the focus on sale of FX and derivatives growth through deeper cross-sell and deeper cooperation and partnership with the businesses, while optimizing investment portfolio structure with refined liquidity and focus on higher yield opportunities. On Digital Banking which also we consider it a core business for us, some of the achievement in previous strategy, about 95% of new customer onboarded digitally. NPS score for digital for internet banking and mobile has reached 74 and 76 respectively. More than three million customers were onboarded digitally. The focus for 2030 would be AI powered intelligence platform. Enable is very important to us, enable hyper-personalized customer journeys, expand beyond banking digital offering, leveraging strategic partnership and investments to drive innovation, enhance operating model, including monetization level driving accelerated value realization.

On alinma Capital, fully owned subsidiary and investment and brokerage, some of the achievements in previous strategy has been reaching number four in overall asset under management, with 40% growth in asset management revenue and eight times growth in principle investment revenue. The focus for 2030 would be leading wealth advisory services and disruptive offering, including new asset classes, distinctive brokerage-related engagement models and capability, elevate the investment banking brand through deeper global expertise and partnership through cooperation with them. And finally, revamp AI-powered operating model to instill intelligent decision making.

That has been the focus on our core activities today. But in addition to that, we're going to talk about new business builds. Unfortunately, because this is a work in progress, I can't really get deeper in details because a lot of that require, obviously regulatory approval. And I'm sure as always, we're going to be fully transparent as soon as we get the approval ready to launch this. We're going to come to the market and announce it. As you know, the country vision on the right side, you can see the investment arising foster innovation and empowering SME entrepreneurships and privatization, and deepen private sector partnership, and the whole idea is driving economic diversification. So we took that, we look at that, and that's where we fully operate. We operate 100% within Saudi Arabia. So the country vision is very critical and important to us.

So we're going to focus on delivering new businesses, including without a lot of details, I have to say, premium multi-asset financing, short-term credit solutions for underserved segments. Some of that, by the way, that second part has already launched, which is the iz business focusing on micro and very small SMEs. So that's one aspect of it, but we're looking to expand this further to other segments. Also, a comprehensive bank insurance suite. It's really important that insurance business is growing in the country. The outlook is very good, and I think we need to leverage our network, our staff to sell more of this insurance business, and to do it through omni channel delivery model. As I said, there's not a lot of details on the new business builds because as I mentioned before, I can only expand on this once we get the approval response, the approval is received.

Now, finally, we're going to give you some of the guidance on our 2030 strategy. So in terms of ROE, in September 2025, our ROE was 18.4. In our current strategy, we expect that to go beyond 22%. Cost of income in September was 31.6. We should expect to drop this by three percentage points. CAGR over this period, almost five years, was 15.2%. And the new strategy going low double-digit growth in terms of CAGR. On capital adequacy for capital for pillar one, including tier one and tier two, 19.2% was in September, and we expect it to be above 18% by 2030. With that, we're ready to open the floor for your questions. Thank you.

Moderator Thank you very much. As a reminder, any analyst or investors who would like to ask a question should do so by clicking the raise hand button in the bar at the bottom of your screen, and please ensure that you unmute your microphone only when you're introduced. And if you no longer wish to ask a question, please click the lower hand icon also at the same place in the bottom of your screen. We will now take our first question from Naresh at Jefferies. Please go ahead.

Naresh Bilandani Hi, thank you very much. It's Naresh Bilandani from Jefferies. Good luck with achieving these ambitious targets. I wish you the best. I have a few questions, please. One is, could you please delve a bit more into how you see the evolution of the regulatory landscape currently and over the medium term for achieving these objectives? We've been hearing about SAMA getting a lot more conservative on the capital outlook and also on the liquidity metrics for the banks. So if you can please elucidate on that, that would be extremely helpful. That's the first one.

My second question is, could you please elaborate a bit more on how you foresee your comfort on capital in order to achieve these objectives? Clearly, you've set up a strong growth path for yourselves in achieving a higher level of profitability, as we can see from your ROE metrics, but the current level of capital optically looks at the lower end of where the broader industry averages are. So if you can please talk about your comfort on capital and how do you intend to build up the capital base for achieving your growth targets, that would be super helpful.

And my third and final question is on, could you offer some more thoughts on what is the management accountability for achieving these targets? Are there any specific KPIs that you would put in place for the C-suite as well as for the business heads in order to align their incentives with achieving these ambitious targets? So if you can throw some more light there, that would be extremely helpful. Thanks a lot.

Abdullah Thank you, Naresh. Now, obviously true the central bank is becoming more conservative, and I think it's public news that came out about the countercyclical, 100 basis point additional countercyclical buffer as needed in May. I think starts in May 2026. However, for our case, the way we are going to support our growth is basically a combination of lower dividends payouts coupled with higher profits. Obviously on a yearly basis, that should give more internally-generated capital, as well as the efforts to continue to issue tier one and tier two, sukuk in the international market, and even in the local market if the opportunity is there. And that will continue to support us on that aspect.

I would say in your first question, second is similar. I think we've shown an improvement in CET1 recently in September. We used to be one of the lowest, now I think we're moving towards the mid, I guess, in terms of the banks. I look at it as a more efficient use of capital rather than excessive higher level of capital. In terms of management accountability, Naresh, of course one of the things that the board has introduced is a long-term incentive plans actually linking long-term incentive plan to the strategy. So when we first introduced the 2025 strategy, the board introduced a long-term incentive plan linked directly to the KPIs in that strategy. I would expect, obviously, there is discussion about the new LTIP, so that should be similar too. As management, all senior management will be subject to this long-term incentive plan, and it's actually conditional to achieving the financial targets that we mention in our strategy.

Naresh Bilandani Thank you very much. May I please just have a very quick follow-up, and please allow me to be a bit more direct on this question. I'm sure you've encountered from multiple investors and stakeholders with regards to an emerging risk being perceived by the market on a potential rights issue that should come for alinma in order to beef up the capital base to ensure that your future growth plans continue seamlessly. In the previous strategy, and you had mentioned this in investor meetings that you don't necessarily foresee a risk of rights. With a new strategy now in place over the medium-term, do you believe that is a risk that investors and analysts keeping context in order to see you achieving your growth targets?

Abdullah Well, as you mentioned, I've been very transparent. As I said, to support our growth, we need to generate more internal capital through higher profitability and lower payout ratio. That's one very important elements of supporting the capital, but as well issuing tier one and tier two instruments in the local and international markets, mainly really international markets. So if there is a situation in the next few years that suddenly there's not much appetite internationally for those capital instruments, or even locally, then certainly the first choice for us would be to cut dividends, even suspend dividends completely if we need to. Last option would be to actually think about rights issue.

Rights issue is not something that we plan to it. It's not in our current strategy. We don't foresee a scenario where we have to. And I would keep it that way. Obviously, there is certainly a risk we may have to slow down growth, coupled with suspension, even possible suspension of dividends, that will allow us to continue to grow maybe at a lower phase. But certainly in current strategy, we're relying on internally-generated capital plus capital instruments that we can issue.

Naresh Bilandani Thank you very much. I'll put myself back in the queue for the follow-up questions. Thanks a lot.

Moderator Thank you. We'll now take our next question from Olga at BofA. Please unmute yourself and ask your question.

Olga Vaselova Good day, and thank you so much for this presentation. I have several questions. The first one is if you can please add for us digitalization of components on your ROE improvement over the next five years. So how much can come from margin, how much can come from cost of risk, fee generation? You put some number for AI, but if you can help us to understand this, it's a big improvement, 3.6 percentage points. So that's question number one.

Question number two, I appreciate your preference to cut dividends over other capital management choices. So what is your dividend strategy? What shall we think is comfortable dividend payout ratio for you for the next five years? And my last question is your outlook on the risk management over these five years, what do you think you will do differently versus the previous five years in risk taking, in project financing, construction and real estate exposures? What would be comfortable coverage and cost of risk going forward? Thank you.

Abdullah Thank you. I think I missed the first point and maybe Adel will handle it, but in terms of on the level of dividends, we certainly, as I mentioned in our presentation, we are going to have to have lower payout ratio. Not necessarily the actual cash paid, but because our profitability is going up, that can reduce dividends payouts. Because our profitability is going up, that can reduce dividends payout. In terms of the risk, we continue to invest in our risk capabilities, whether it's human capital, whether it's on training, whether on certifications. And also as I mentioned in AI and the use of AI and risk on credits and others, we don't see specific area of risk. Obviously, every year we go with the board for risk appetite in terms of diversification, in terms of different industries. That's something that we do annually every time. And if there is a sector that showed up some unexpected risk, we would be proactive in terms of reducing the risk appetite for that sector.

Adel On the other question on digitalization and the breakup of the sources of either the revenue uplift or the efficiencies, as mentioned in slides by the CEO on the 600 to one billion cumulative throughout the next five years will be, of course, driven by the AI.

Now, talking about digitalization, digitalization is already embedded in our operations. It's not something that will completely start with the new strategy. It's a continuation of what we are doing already. But the revenue uplift and the efficiencies would be that was mentioned on a range specifically on how we will be utilizing the AI, either for the direct business use cases, or what we certainly already live as we speak, that is supporting the back office and credit as mentioned by CEO and also operation.

So, to break down the cumulative numerical impact of the digitalization the next five years between yield, non-yield, and cost and cost of risk even, I wouldn't go into those details as much as what really matters when it comes to the overall revenue uplift, which is the total operating income, and also what we will have as part of the efficiencies or operation efficiency.

Olga Vaselova Yes, thank you. So I appreciate it, you give a figure for improvement in digitalization and AI. My question is rather, digitalization or components of improvement in ROE over these five years. So what comes from where, from margin, from fees, from cost income ratio, from cost of risk? So if that is possible to digitalize, that would be very helpful.

Adel So yeah, sorry, I didn't mention that. You're specifically talking about the breakup of the components within the ROE that we are guiding for.

Olga Vaselova Yes.

Adel And just taking this back to the statement I was saying before, that the overall impact on the P&L as a bottom line would be the revenue uplift and the cost efficiency, that it will be all going into the ROE calculation. Breaking down in basis points the ROE, that is not something that we are going to disclosed today, but rather the overall P&L impact from the AI and the overall digitalization.

Olga Vaselova Yeah, apologies. I maybe asked this unclearly. I asked not about digitalization components, but ROE improvement from 18.4% to over 25%. So that improvement, if we can break down components. Not digital components, but this improvement.

Adel Yeah, that's, again, it would be distributed throughout the P&L. It's coming from all lines, not necessarily specific top line with the role and yield or specific clients related to the specific cost optimization, but it will be collectively a positive impact that would result eventually in this higher ROE.

Abdullah Olga, If I may add, Olga, with the guidance we gave in ROE, you mentioned 25, we said above 22%. Obviously, we were talking about the ability to... When we mentioned like primacy for customers, that means more balances, impacting the NIBS, because obviously NIBS have an impact on the cost of funding and more fees because of number of transactions, digital sales and cross-selling and so on will also lead to combination of NIBS if it's cash and trade, on fees if it's like credit card and remittances and others. Also, the new business builds that we mentioned that also have an impact on overall return equity. So, there are multiple components. Obviously, it is built in our financial model that we've developed for the five years, coming five years, but it's not something that we disclose. We don't give specific guidance on the level of revenues, components of revenues, or growth in fees and others.

	Also, NIMs, we were reluctant because NIMs is obviously so many moving aspects when you look at five-year outlook. So we didn't want prefer to issue a guidance on NIMs, but certainly on a yearly basis, every year we're going to give guidance on a yearly basis, and that guidance will be continuously updated on a quarterly basis. But given guidance for NIMs in the next five years, it's already built into it, but there's so many assumptions. And any change and different assumption may have an impact on NIMs.
Olga Vaselova	Thank you so much. And good luck from my side.
Abdullah	Thank you.
Moderator	Thank you. We'll take our next question from Rahul at Citi. If you unmute yourself and ask a question. Thank you.
Rahul Bajaj	Thank you. Thanks for taking my question and this very useful presentation, and best of luck with this new strategy. I have few questions, actually. The first one is on provisioning. So you've talked about how revenue accretion and cost normalization are the key components of ROE expansion to your 22% guidance. I just wanted to understand, is your base case guidance basically assumes, your strategy assumes cost of risk will remain flat or flattish to achieve the 22% ROE guidance? Or are you expecting a significant change in cost of risk over the horizon? So that's my first question. My second question is around the loan growth outlook that you've provided, which is low double-digit. I just wanted to understand, how are you thinking about market share trends on retail and corporate? And so what I'm trying to understand is when you say low double-digit growth for alinma, what are you baking in for the market? Are you expecting market to grow single digit and you're growing double-digit, so you are gaining market share, or you think you will grow in line with the market, or ahead of the market? How are you thinking about market trends over the next three to four years? That's my second question. And my third and final question is on ROEs, again. We've talked about ROEs going from this 18.5% handle to over 22% handle. Just trying to understand what the shape of that curve will be. Will it be a straight line from 2025 to 2030 incrementally moving higher every year? Or you think it will be more backend loaded, front-end loaded? We are moving into a phase where interest rates will be lower for the next few years, or maybe a year or so. So will we see lower ROEs for the first one to two years, and then it kind of takes a step-up when you start seeing the impact of AI-related investments? So, I'm just trying to understand how that curve will unfold roughly according to you. Those are my three questions. Thank you so much.
Abdullah	Thank you, Rahul. Now on the provision and cost of risk, we've always been conservative, prudent, in terms of cost of risk. We're not going aggressive in a very

low cost of risk. We're assessing the market and risk in the market, and we worked very closely with our risk management team to build this expected cost of risk. We will give guidance on a yearly basis. We didn't give guidance for the cost of risk throughout the period or by 2030, but it's something that will be given on an annual basis.

Now, you have to realize we also, as I mentioned, the new business built. There's certain, we mentioned financing to underserved segments, certainly that typically attracts higher cost of risk for that business. However, that is more than compensated by the pricing that we offer those products to. So I mean, obviously it will be small compared to the overall size of the bank, so it's not going to significantly shift the cost of risk, but you want to be conservative. As I said, we'll give guidance on a yearly basis. And that's exactly also the same in the ROE that you mentioned. Obviously, when you say a new business builds, when you look at significant investment in AI, it's certainly not going to show the very positive benefit from day one, it takes time.

So the new business build, in addition to building that business, and then possibly the first year or two on the last side, because obviously, you're building that business, you need the volume to scale. So naturally, the ROE cannot be a straight line. And certainly, we're giving guidance on 2030, but we also will be giving guidance on ROE on a yearly basis. And you can look at your own assessment in terms of how the ROE is moving.

Now, loan growth, I have no doubt that the loan growth is very strong in the next three to five years in the market, driven by the country vision, by the project finance, by the growth in SMEs, growth in multiple sectors and mining as today, I think there's a big conference about mining this significant economic activity in the next three to five years. The recent commitment to the country, whether it's Expo 2030, whether World Cup is, just to give examples, so that is not going to result in a lower demand on credit.

To be fair and transparent, I think it's on the supply side now, or the borrower side rather than the lending. So certainly liquidity, capital adequacy is a factor, but our plan, as I mentioned in terms of capital, in terms of diversifying liquidity, we have good assurance that we'd be achieving the growth that we anticipated in. We never put targets for market share. We certainly monitor it, we certainly review it, even in a monthly basis. The question is, if I put that as a main headline of our strategy, it may actually result, sometimes it may result in a negative through aggressive pricing to achieve the market share, which is not something we want to achieve. Or maybe you achieve a better ranking in the market share or increase in market share, just because ours didn't do well, or some of your competitors didn't do well, not necessarily your success.

	So, I will look at it, we monitor it, but we don't have targets for market share. So, I expect the market to show still, back to my first point, I think the market will show strong growth. Now, whether it's high single digit, or low double-digit, remains to be seen.
Rahul Bajaj	Understood. Thank you so much.
Moderator	Thank you. We'll take our next question from Jon Peace at UBS. Jon, please go ahead.
Jon Peace	Yeah, thank you. So first question is I appreciate that we'll get some detailed 2026 guidance with the full year results, but could you maybe just talk a little bit about how you're seeing the project finance market after the slowdown in government spending in 2025? Do you still expect that to be robust double-digit in the medium term? And are you seeing any margin pressure from competition from overseas perhaps? And then just a small point on the financial targets. For things like the CAGR and the cost income improvement, do you want us to use the nine-month 25 as the starting point, or should we apply it to the full year 25 when you report that? Thanks very much.
Abdullah	Thank you. On the second point, certainly, unfortunately, we came out to, the call today without actually yet announcing our Q4, so we had to use the latest public information, which is September. We couldn't use obviously December numbers because it's not public yet. So that's the reason why we use the September numbers. Now, in terms of project finance, we hear some of the news that came out. I hear it a lot from some of the investors when we meet them, analysts, but in reality, we haven't seen a decline in project finance. Actually, there's an acceleration on renewables, for example, as an example of that. The demand is strong, as I mentioned, and we don't expect to see decline. I mentioned also the recent commitment by the country commitment about World Cup and Expo and Asian Cup and Asian Winter Olympics among others. And the focus on different sectors that require more investment, continuous investments. So I don't expect to see a reduction in project finance. On the margin pressure, actually in the first half, if I look at only 2025, I think in the first half we've seen aggressive pricing on wholesale, especially on large corporate loans. I think unfortunately it was also coupled with a higher cost of funding, which is unusual to have both events happening at the same time. Typically, when cost of funding goes up, it's actually higher margin, higher pricing to pass some of that incremental cost to your client. And I have to say that I think in the second half this year, we see a lot less in terms of aggressive pricing. We're actually able to continue to increase our margin on new

proposals or some existing facilities. So I think that's good news. So yeah, that's what I can talk about in terms of the margin pressure.

Jon Peace Thank you.

Moderator Thank you very much. We'll now take our next question from Aybek at HSBC. If you unmute yourself and ask a question. Thank you.

Aybek Islamov Yeah, thank you for the strategy update, very useful as always. Well, I guess I'd like to ask three questions. The first one, I'm just curious to hear how you see alinma. Is it a price taker or a price leader in your opinion in the corporate market and also in the funding markets? And how fundamental is being a price taker or a price leader is it to achieving your long-term ROE targets? You're quoting 22% and higher. That's the first one.

Second one is we've seen your cost of funding over the last couple years. I think it's been a bit vulnerable in my personal view. As part of your strategy, what can you do to materially improve your cost of funds, especially your competitive position in the funding markets? What can be done on that front? And I think thirdly, are you having any disposals or spinoffs in mind over this period in order to improve your balance sheet position, release some capital?

Abdullah But can you repeat the first point because I think it wasn't clear to me. Sorry.

Aybek Islamov Yeah. The first point, do you see alinma as a price taker or a price leader in the market?

Abdullah Okay. Now obviously we do compete in the market, but we don't... Volume is important to us, but volume is not the only criteria. Volume, we only go and compete aggressively if it's profitable products or profitable segments. We mentioned that, for example, we've grown significantly in mid-corporate, which is much better margin than large corporate. We've expanded significantly in SME, which is again, better. We've grown aggressive on revolving credit card because it's a better yield. We actually not growing strongly in large corporate because of the pressure on pricing that we've seen, especially I would say late last year and the first half this year. But I think as now things improved, so we'll be able to grow that segment again. We focus on cross-selling so we no longer just look at pure lending facilities. We look at the ancillary business and the potential for cross-sell, the NIBS and so on.

That is something we are not actually competing on pricing. We've actually lost, I think we've seen in the first nine months we were, at least in the corporate side, we're lower than the market average growth because we did not go aggressive on pricing. I don't mind losing market share if it's a ridiculous pricing, that we've seen example of 50, 60 basis point, even 45 basis point. And even recently, I heard around 15 basis points, which is really crazy. Now, in terms of the cost of funding, now we have done a good job in growing our CASA business throughout the years through customer acquisition and through cross-selling of cash and trade. We're going to continue on that effort for sure.

We look at possible instruments. As I mentioned, the part of the diversification is the Sukuk issuance, CDs, bilateral loans. And these are not necessarily just looked at as just expensive. They actually have a longer term. So it reduces the pressure on us competing on customer deposits, customer time deposit, especially coming from institutional depositors. Those deposits are truly have a full digital, sorry, full treasury department talking to all banks and they really just move funds just because of 5 or 10 basis point. So the more we go with institutional depositor outside the country, medium term, long term, three or five years, or even the CDs themselves, even though typically around the fully one year, but it's better than taking a two-week deposit, three week deposits that continuously putting pressure on us and we've seen the higher level of competition on that. And in addition to that, I think the outlook for interest rate is going to go down, and that should help also in the cost of funding. Any spinoff for disposal, not in our current strategy. We have not built anything to do with spinoff or disposal for any businesses.

Aybek Islamov Can I ask one follow-up question? Is that okay?

Abdullah Yeah, sure.

Aybek Islamov You mentioned about the underserved segments of the economy, that's something that you'll be focusing at. Can you elaborate what you see as really underserved? Is there any particular opportunity left which can transform your business in terms of customer numbers? For example, if I refer to consumer finance, I think Saudi consumer finance is very much prime market and there are lots of opportunities there. But for you as a bank, what are the main underserved opportunities or segments in the economy that can transform your profitability? What do you see? Anything that is out of the box that we are not capturing?

Abdullah Yeah, as I mentioned, Aybek, that I will not try to expand on that business build, but I did mention the iz business, which is a digital application, all digital, even credit system, to serve basically the very micro and very small, the micro and very small SMEs, which is really underserved in the country. A lot of these business owners, if they wanted any funding, they have to actually apply for a personal finance rather than a business lending. So that's a segment that is, we believe there's a good opportunities. We just launched that product. Now there are certainly other segments, whether it's blue collar, whether it's low income and so on, but I can only talk about it once we get the right approval in place.

Aybek Islamov	Okay. Thank you.
Moderator	Thank you very much. When I take our next question from Mohammed at Hasana, please go ahead.
Mohammed	Thank you, gentlemen, for the call. Just one question from my side, which is regarding the mix of your capital. So you are guiding for a total capital equity ratio above 18%, but if I think about it from a common equity perspective, how much you are targeting when it comes to how much your common equity represent of your total capital by 2030, because as of now, I think 33% of your capital is tier one and tier two. And related to that, if it would be possible to share what is your targeted ROE after tier one expense, that would be very helpful. Thank you.
Adel	Thanks Mohammed. So on the first part, on how much the common equities would be as a percentage of the total equities, as mentioned earlier, that would be relevant to the previous question on how we are actively managing the capital to support the growth on a low double-digit CAGR on the total assets for next five years. As mentioned as earlier by the CEO, it's a combination really by what we can do when it comes to the increase in profitability as evidenced by the guidance on the ROE, and also what could be done towards the dividends. And also in parallel is the continuation of the support on the capital support when it comes to tier one and tier two instruments. Unfortunately, we don't guide for the CET1 by itself. So it's a combination as mentioned of how we're increasing CET1 through the lower dividends or, also the internal generated capital. But also in the meantime, the forecasted issuance is for the capital instrument. Again, as I mentioned, tier one and tier twos. We didn't disclose really the specific guidance on how common equities would be as part of the total equity, or indirectly guiding for the CET1 by itself.
Mohammed	Okay. What about the ROE after tier one expense, or let's say ROE return on common equity?
Adel	So obviously we guide actually, as we have been always communicating to investors in the ROE, which is the one also we are guiding on now, which is excluding the impact of the tier one, that's the shareholders' return on equity. And just the other side of the question, just saying what is the ROE based on the guidance without the tier ones which reflects how much the commerce equities is going to be by 2030. But this is how we have been reporting ROE and we will continue, as mentioned earlier, also to guide for every year separately in the same manner that the ROE would be the ROE return on shareholders' equity after excluding the tier ones.

Mohammed	Thank you.
Moderator	Okay. Thank you very much for that. I'm afraid that's all we've got time for in terms of questions, so I'd just like to hand it back to management for closing remarks.
Arwa	Thank you, everyone. Please refer to the strategy tab in the IR website for further information. Otherwise, please contact IR for any follow-up questions.
Abdullah	Just final comment also from my side. Obviously, soon we'll go for, once we announce our financial results, we'll go for the earnings call as usual, I think for early February, I would say. And that will be another chance also to talk about the new strategy for the bank. Thank you all. Appreciate it.