

Investor Presentation

4Q 2021

February 2022

مصرف الإنماء
alinma bank



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Table of Contents

1	Alinma Overview
2	Strategy Update
3	Historical Financial Performance
4	FY 2021 Financial Performance
5	Segmental Performance
6	Outlook & Guidance
7	Appendix

Alinma Overview

4Q 2021

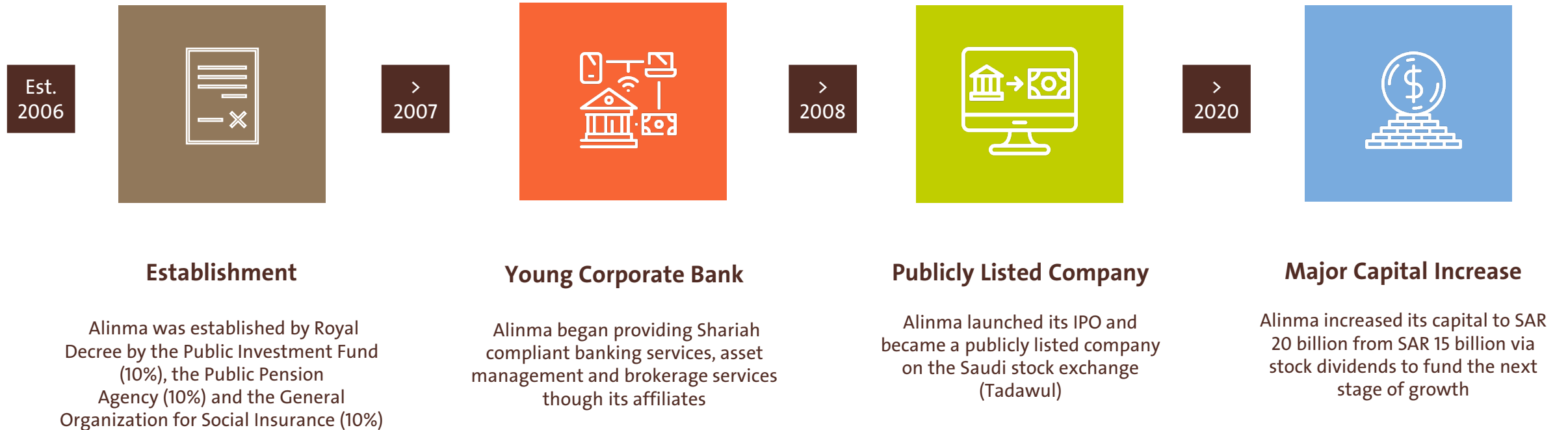
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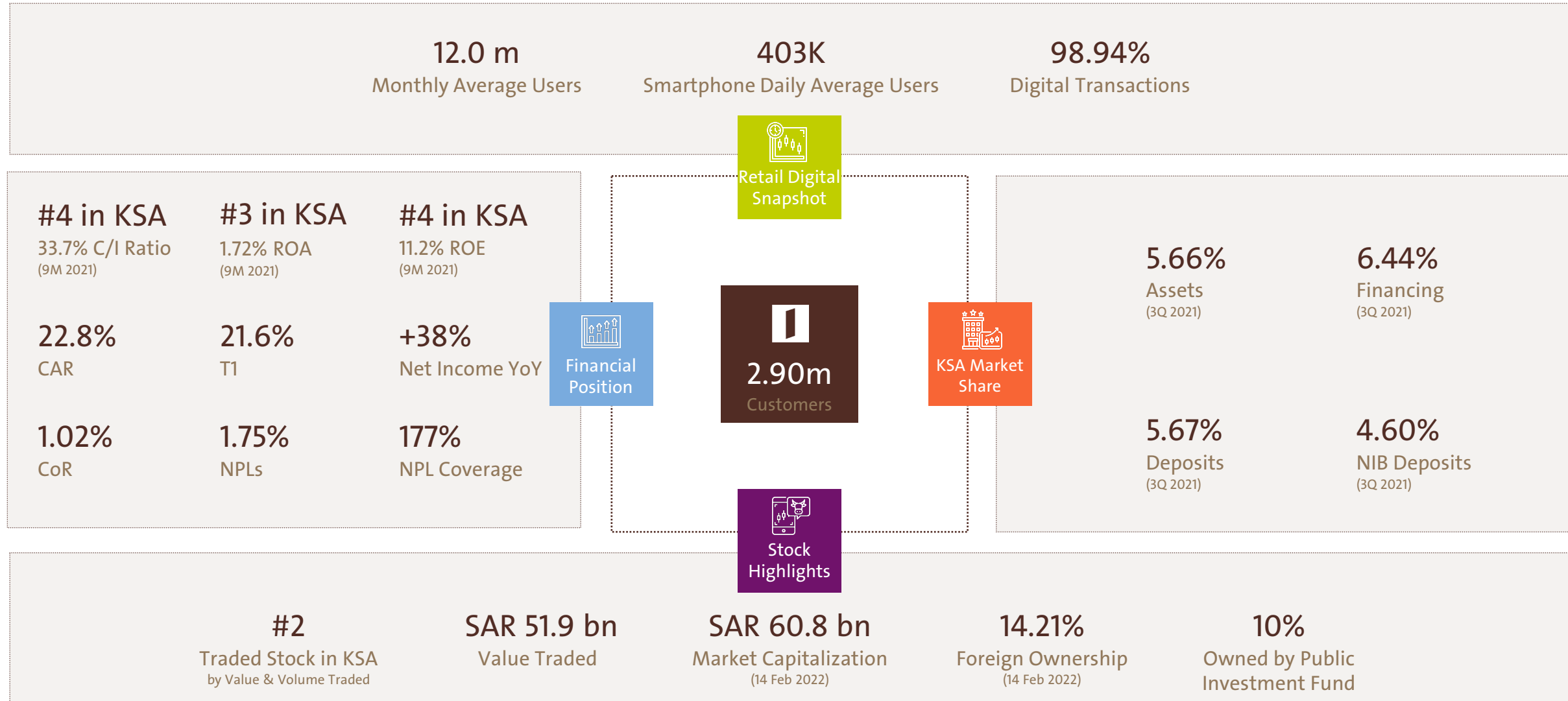
History

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



Sami Hameed Al Rowaithey
Chief Digitalization Officer (CDO)



Adel Saleh Abalkhail
Chief Financial Officer (CFO)



Meshal Hamad Al Rabiah
Chief Risk Officer (CRO)



Meshary Abdulaziz Al Jubair
Chief Operating Officer (COO)



Hisham Abdullah Al Turaigi
Chief Credit Officer (CCRO)



Abdullah Mohammed Al Salamah
Chief Human Capital Officer (CHCO)



Fahad Abdulaziz Al Mohaimeed
Head of Strategy & Business Excellence



Yaser Abdulaziz Al Marshde
Sharia General Secretary



Hamoud Abdulaziz Al Humaidan
Chief Compliance Officer (CCO)



Mohammed Sultan Al Sehali
Chief Internal Audit Officer



Eyad Osama Al Othman
General Counsel & Board Secretary

Strategy Update

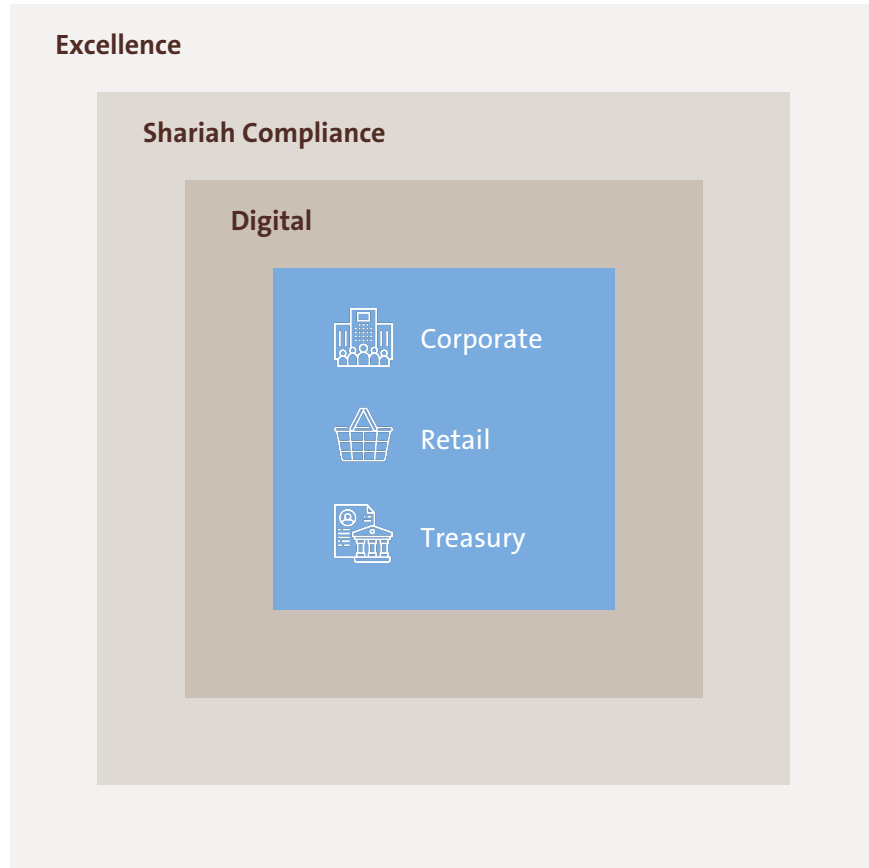
4Q 2021



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Strategic Positioning

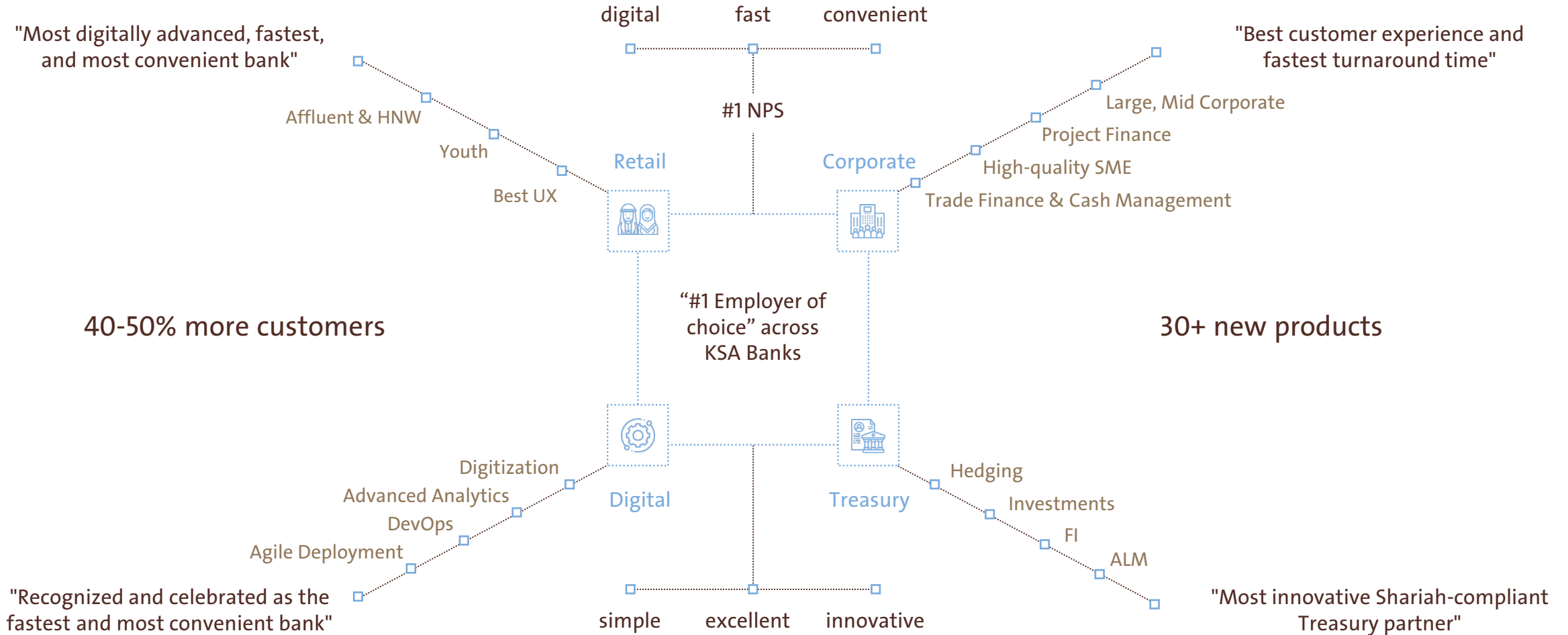
Alinma Bank's strategic positioning cascades down into each business strategy



- Bank wide**
- Be recognized and celebrated as the **fastest and most convenient bank in KSA**
 - Be the **#1 in Net Promoter Score (NPS)** across KSA Banks
 - Be the **#1 Employer of choice** across KSA Banks
-
- Segment wise**
- Be the **most digitally advanced, fastest, and most convenient Retail bank in KSA**
 - Be the **Corporate bank** with the **best customer experience** (increasingly integrated) and offer the **fastest turnaround time in KSA**
 - Be the **most innovative Shariah compliant Treasury partner** across KSA

Strategy Overview

Key success factors for Alinma Bank's strategic positioning



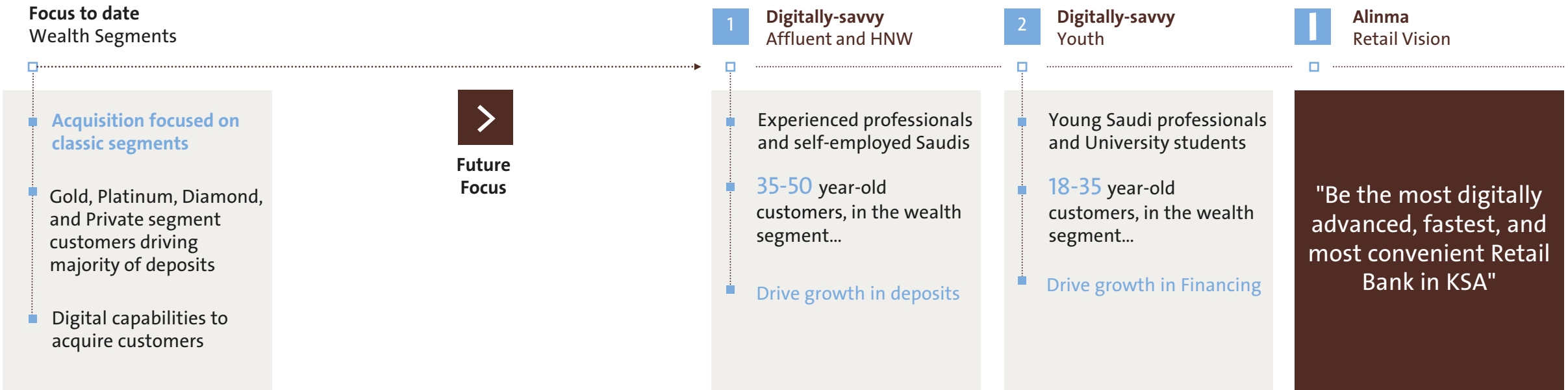
Strategy Progress Update

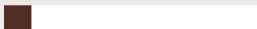





Driving changes across the businesses and bank-wide

	2021 - 2025 Strategic Ambitions	2021 Achievements	2022 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"> Digital function created; Chief Digital Officer hired +70 digital zones deployed Digital factory operating model finalized +8 new AA cases; +8 Ops RPAs 	<ul style="list-style-type: none"> Empower Digital Enablement team to accelerate digitalization Expand digital investment and savings products and cross-sell investment products Establish AA Centre of Excellence
➤ Fast	Improve processes and speed to market	<ul style="list-style-type: none"> Reduced turnaround time on Personal Finance by 50% and reduced to 9 days for Home 41% Agile IT Projects Delivery Simplified Corporate Credit process with improved turnaround by +30% 	<ul style="list-style-type: none"> Continue enhancement of digital journeys and app functionality, and increase cross-sell Upgrade systems support for new Treasury processes
➤ Convenient	Enhance customer convenience and experience	<ul style="list-style-type: none"> New operating model for PB & Affluent +13 new branches, +55 ATM sites Revolving credit card established Mid-Corp & GTB units established SME portfolio increased financing 	<ul style="list-style-type: none"> Strengthen customer acquisition partnerships Adjust client coverage models Enhance family account, Youth and Affluent ecosystems and programs
➤ Total	66 Initiatives	23 _{/66} Initiatives Completed 35%	39 _{/66} Planned to Complete 59%

Retail

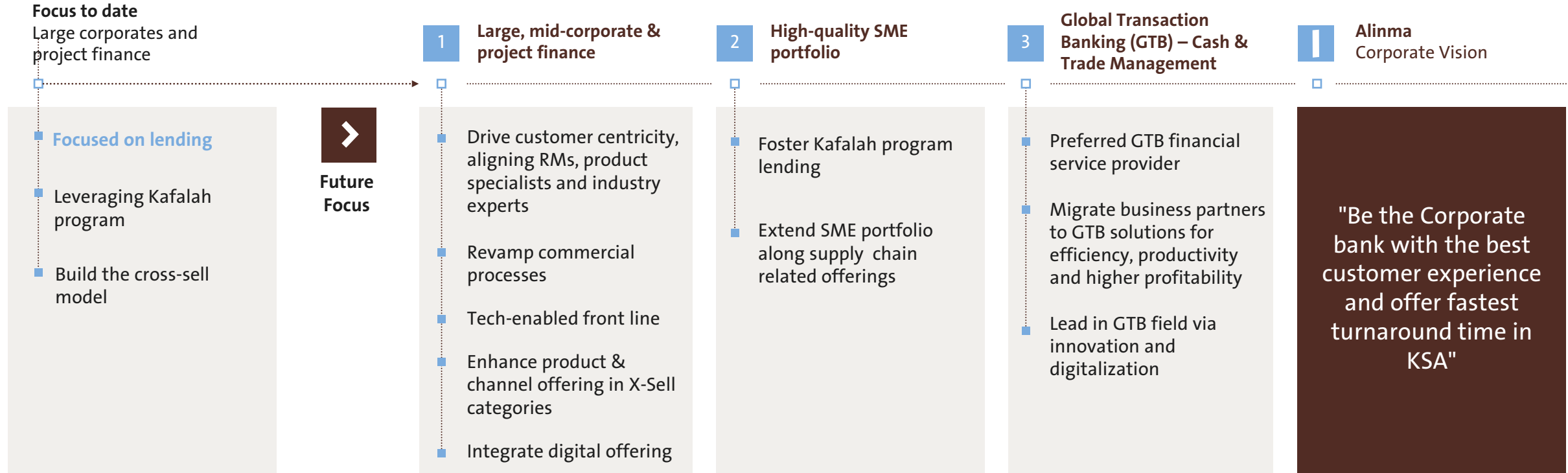
Focus on building two customer franchises



Key Achievements	Launch of New Tailored Products		New Operating Models and Effective Processes			Distribution Expansion			Improved Turnaround Time
2021 1/18 initiatives completed  6%	 Revolving Murabaha credit card	 Instant PF money transfer	 PB & Affluent customers	 Youth design started	 Sales & service metrics	+70 Digital Zones	+13 New Branches	+55 New ATMs	-50% Personal Finance

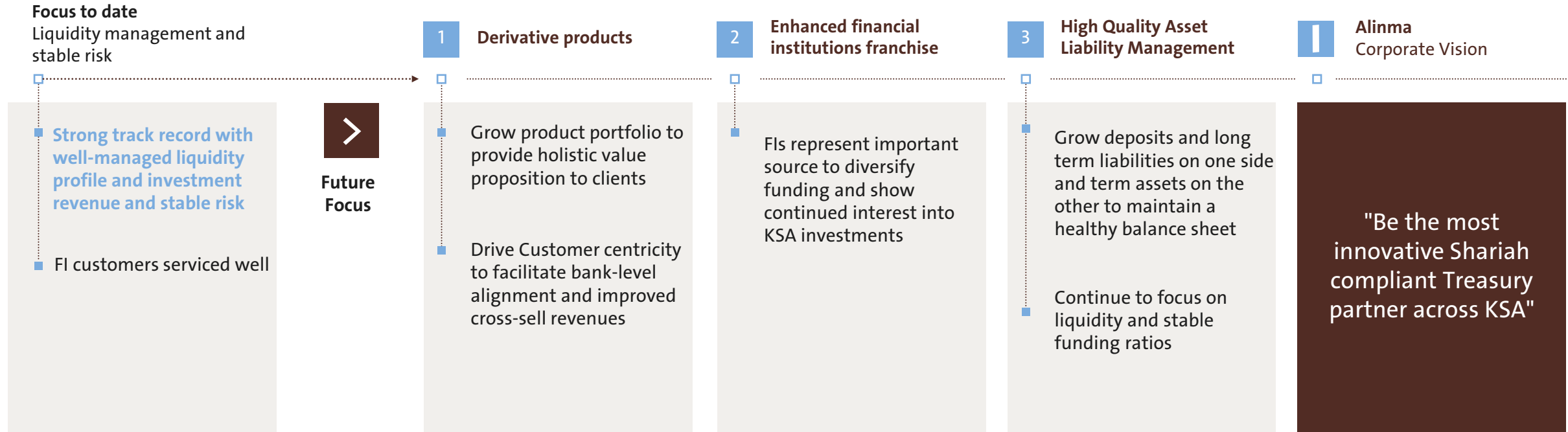
Corporate

Evolve the bank and diversify across sectors



Key Achievements	Established Mid-Corp Segment		Grow SME Portfolio		Established GTB Unit		Improved Turnaround Time	
2021	✓	✓	+160%	+64%	✓	✓	✓	-30%
5/16 initiatives completed 31%	Commercial corporate banking	Cross-sell committee established	PoS financing	Kafalah financing	Developed bill discounting product	Launched CM onboarding for SMEs	LG/LC process simplification	Simplified corporate credit process

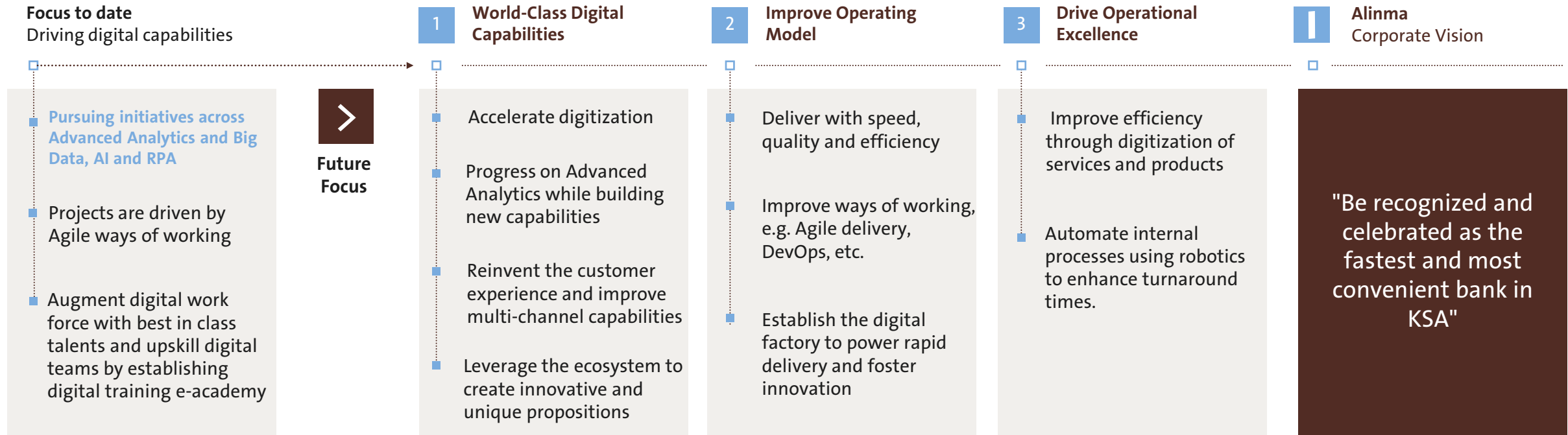
Become core partner for corporate clients and grow FI franchise



<p>Key Achievements</p> <p>2021</p> <p>5/12 initiatives completed</p> <p>42%</p>	<p>Improved Cross-Sell</p> <p>✓</p> <p>Evolved FX offerings</p>	<p>Expanded FI Coverage</p> <p>+7 banks</p> <p>Correspondent FIs added globally</p>	<p>Increased Investment & Diversified Funding Base</p> <p>+7bn</p> <p>Enhanced investment book</p> <p>+5bn</p> <p>Tier 1 Sukuk issuance</p>	<p>Product Expansion</p> <p>✓</p> <p>New Treasury system under implementation</p>
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Digital

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



Key Achievements	Project Delivery		New Models & Digital Factory Established		Igniting Operations		Improved Ways of Working
2021 7/10 initiatives completed 70%	+41%	+8	✓	✓	+8	7	✓
	Agile IT Projects Delivered	Advanced Analytics Use Cases	Finalized Operating Models	Digital function created, hired CDO and factory established	Operations RPAs	Operations teams centralized	Adopted cross functional squads for better collaboration in the product development lifecycle

Human Capital

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



Key Achievements	Increased Employee Engagement	Increased Training & Key Placements	Continuous Improvement	Workplace Saudization
2021 5/9 initiatives completed  56%	+32 Employees awarded ✓ Employee engagement survey launched	+500 E-courses and leadership trainings ✓ Key roles hired and future key roles identified	✓ Rotational program for new hires launched ✓ Employee On-boarding enhanced	94% Saudization rate

Historical Financial Performance

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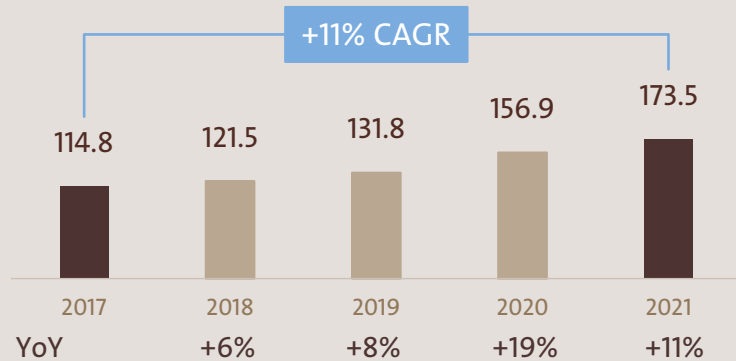


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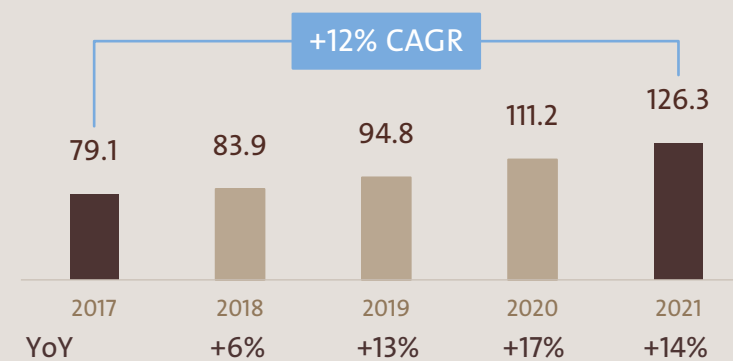
Balance Sheet Track Record

Solid history of strong balance sheet momentum...

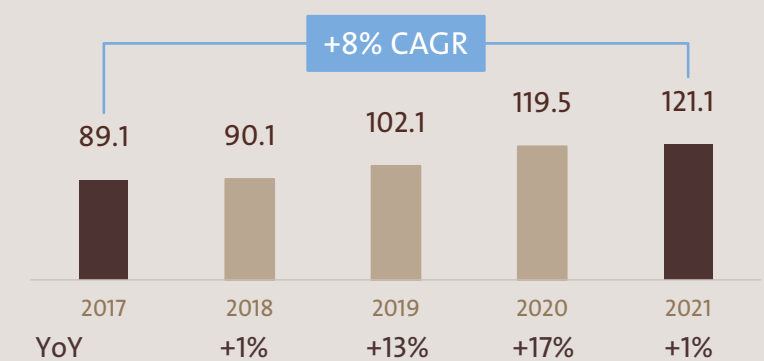
Total Assets (SARbn)



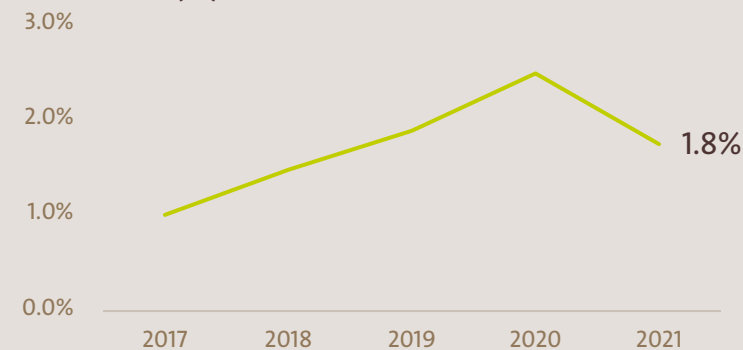
Financing (SARbn)



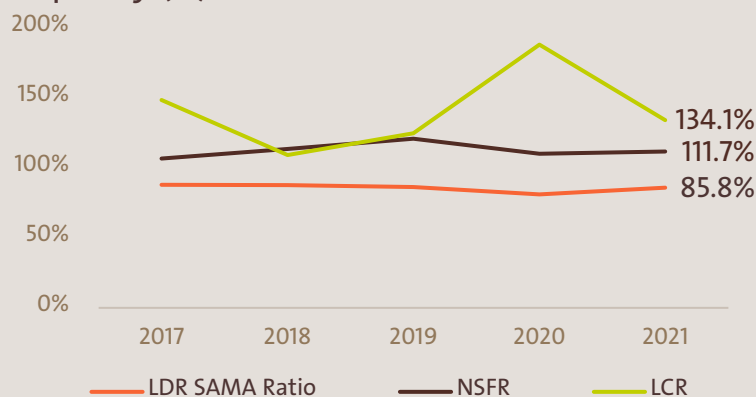
Customers' Deposits (SARbn)



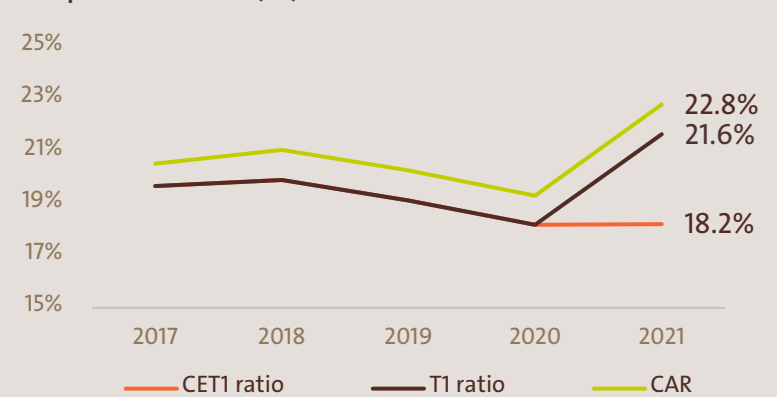
NPL Ratio (%)



Liquidity (%)



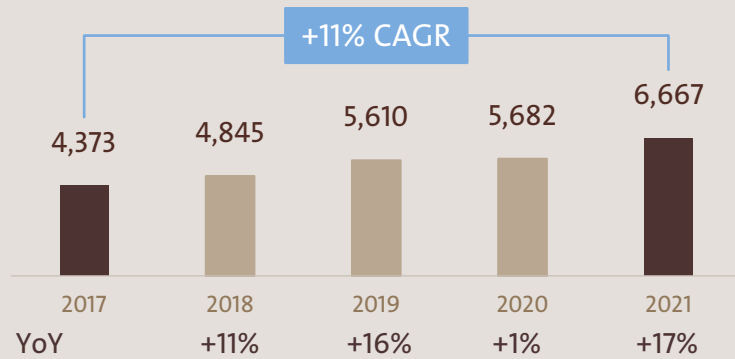
Capitalization (%)



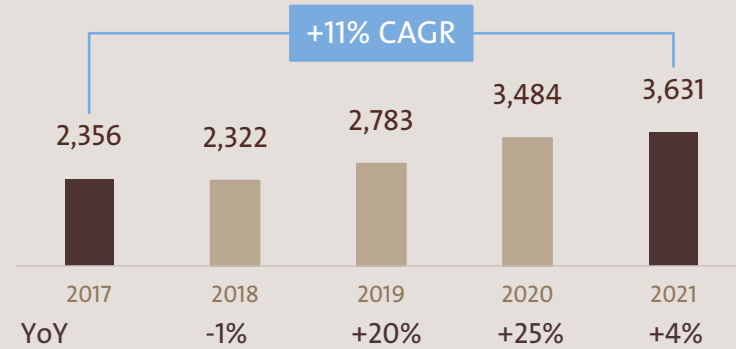
P&L Track Record

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

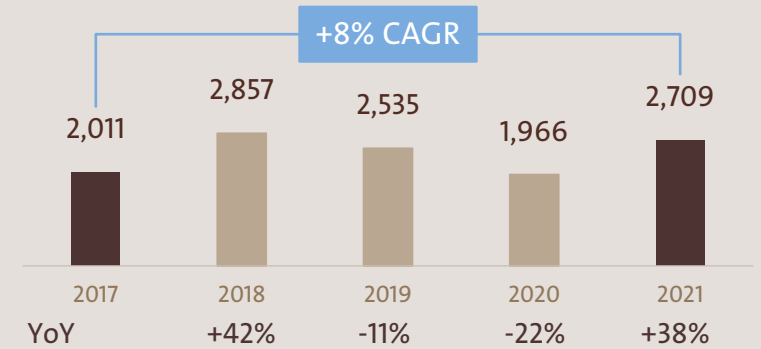
Total Operating Income (SARmn)



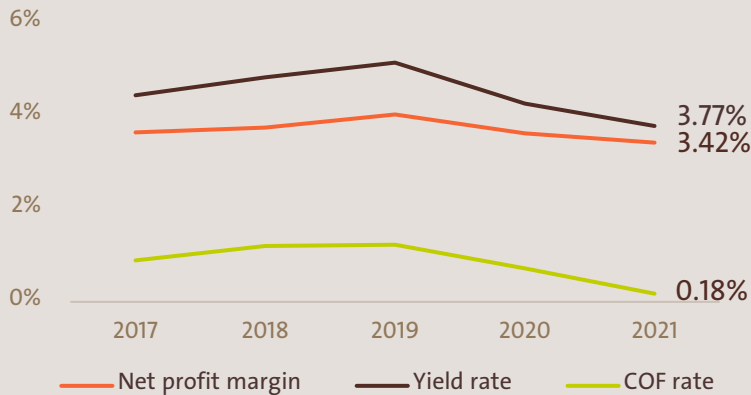
Total Operating Expenses (SARmn)



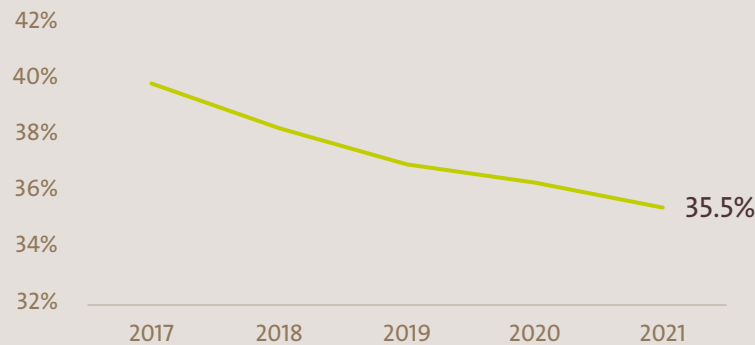
Net Income (SARmn)



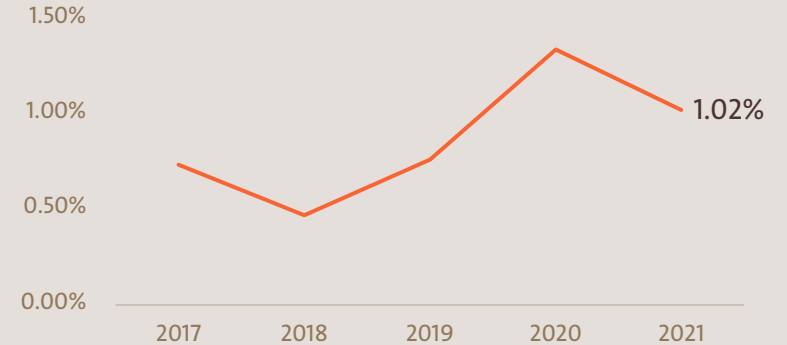
Net Profit Margin (%)



Cost To Income Ratio (%)



Cost of Risk (%)



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

FY 2021 Financial Performance

4Q 2021

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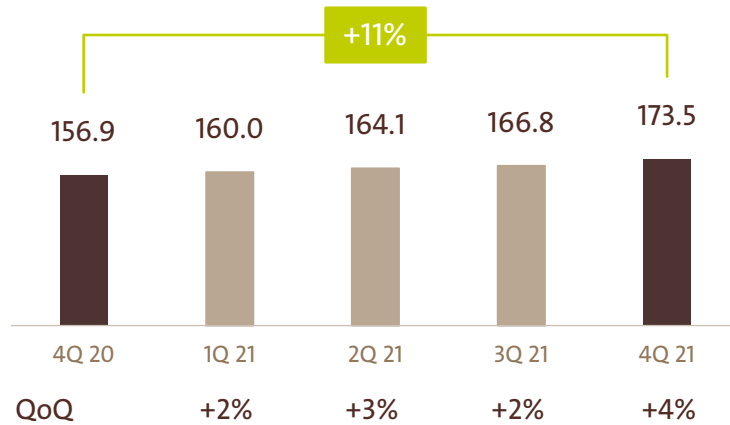


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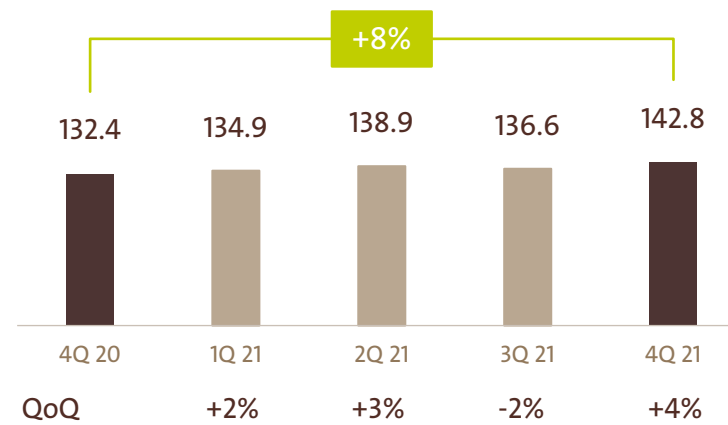
4Q 2021 Balance Sheet Highlights

Solid balance sheet growth in FY 2021 from 14% financing growth YoY

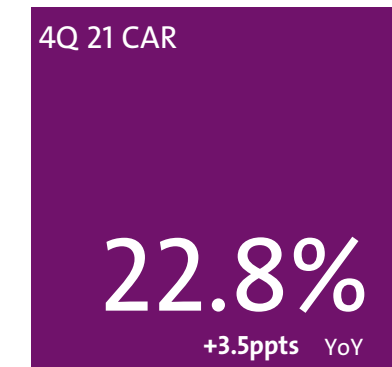
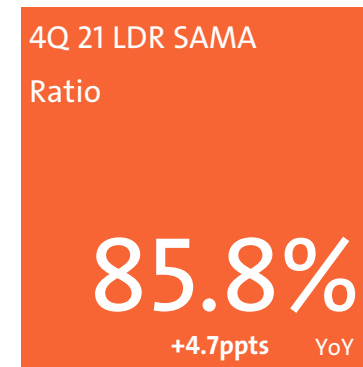
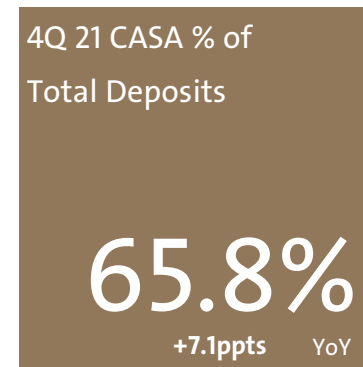
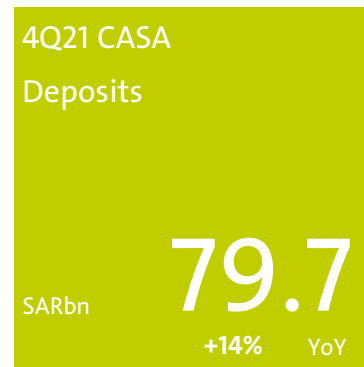
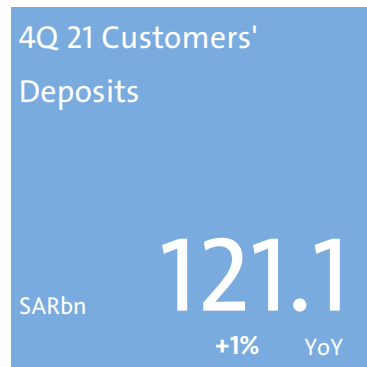
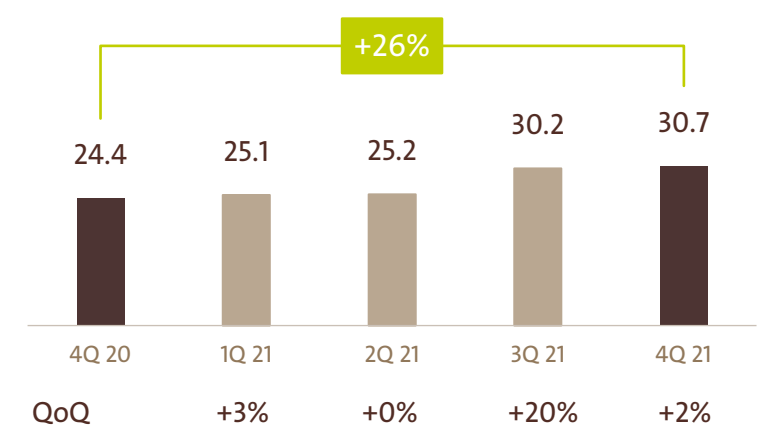
Total Assets (SARbn)



Total Liabilities (SARbn)



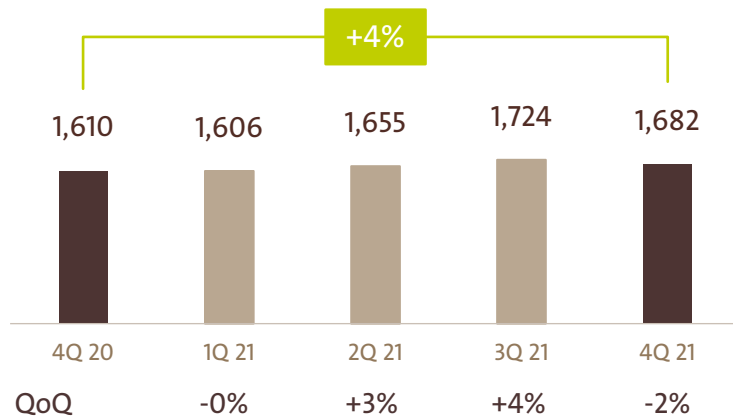
Total Equity (SARbn)



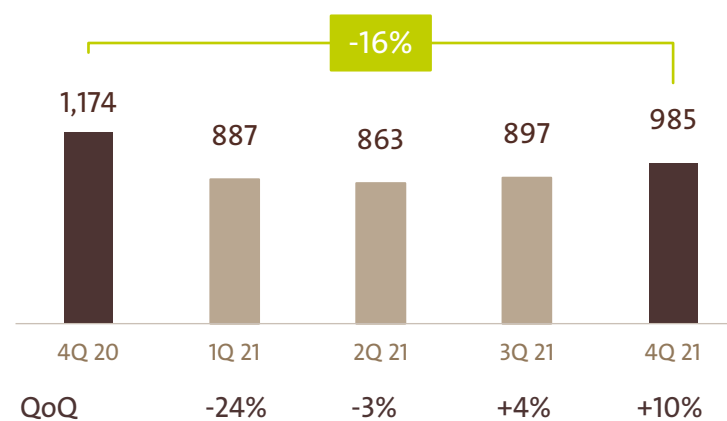
FY 2021 P&L Highlights

Net income for FY 2021 grew by 38% YoY due to 17% income growth

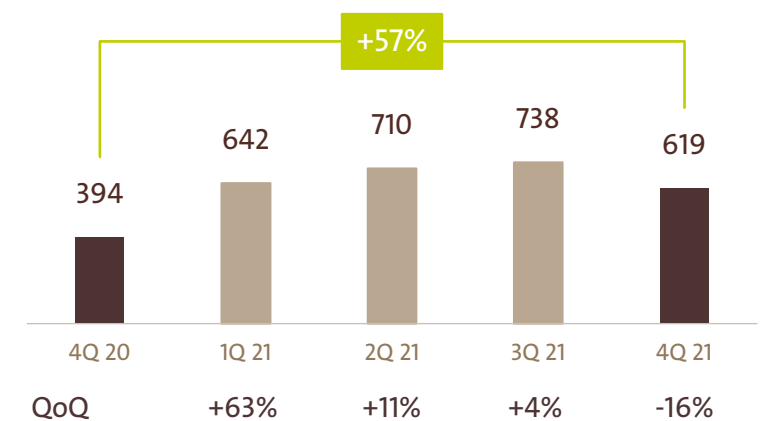
Total Operating Income (SARmn)



Total Operating Expenses (SARmn)



Net Income (SARmn)



FY 21 Funded
Income

SARmn **5,137**
+11% YoY

FY 21 Non-Funded
Income

SARmn **1,530**
+48% YoY

FY 21 Net Income

SARmn **2,709**
+38% YoY

FY 21 Net Profit
Margin

3.42%
-19bps YoY

FY 21 Cost to
Income ratio

35.5%
-0.9ppts YoY

FY 21 ROE

10.8%
+242bps YoY

Balance Sheet Trends

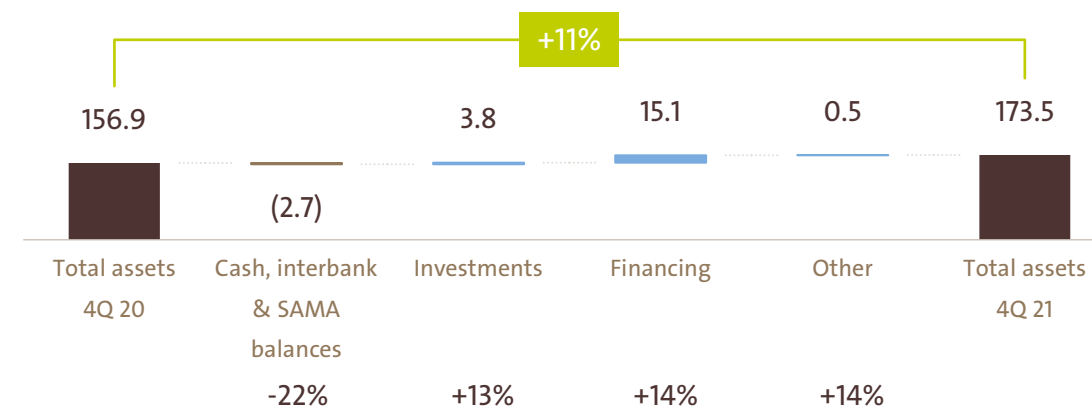
Solid balance sheet growth from growth in financing and investments

Management Commentary

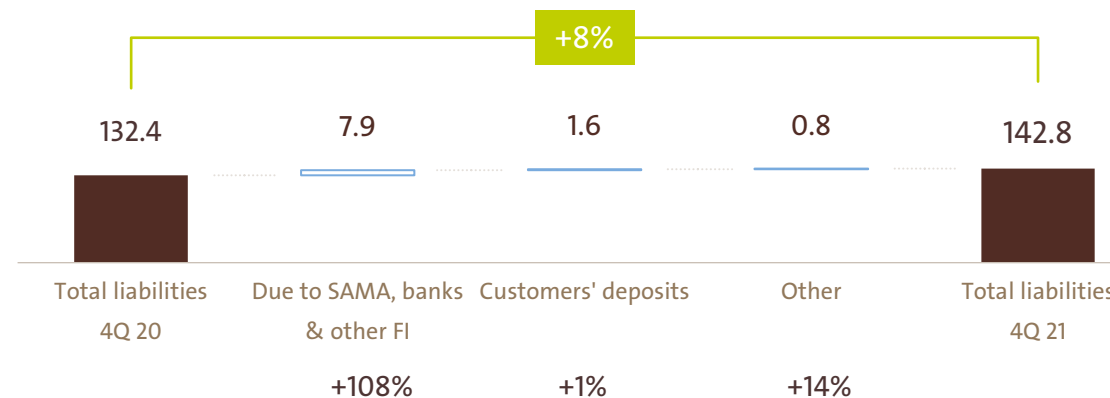
- Growth in total assets of 11% YoY driven by 14% financing growth and 13% growth in investments.
- Total liabilities grew by 8% during 2021 YoY mainly from 108% growth in balances due to SAMA, banks & other FI and a 1% rise in customers' deposits.

SAR (mn)	4Q 2021	4Q 2020	Δ%	3Q 2021	Δ%
Cash and Balances with SAMA, banks & other FI	9,915	12,651	-22%	10,019	-1%
Investments	33,278	29,526	+13%	31,886	+4%
Financing	126,271	111,196	+14%	121,318	+4%
Other assets	4,012	3,505	+14%	3,586	+12%
Total assets	173,476	156,877	+11%	166,808	+4%
Due to SAMA, banks & other FI	15,240	7,312	+108%	14,401	+6%
Customers' deposits	121,061	119,454	+1%	116,652	+4%
Other liabilities	6,465	5,682	+14%	5,591	+16%
Total liabilities	142,765	132,448	+8%	136,644	+4%
Share capital	20,000	20,000	+0%	20,000	+0%
Retained earnings	3,586	3,760	-5%	4,528	-21%
Other reserves	2,125	669	+218%	636	+234%
Tier 1 sukuk	5,000	-	-	5,000	+0%
Total equity	30,711	24,429	+26%	30,164	+2%

Total Assets Movement YoY (SARbn)



Total Liabilities Movement YoY (SARbn)



P&L Trends

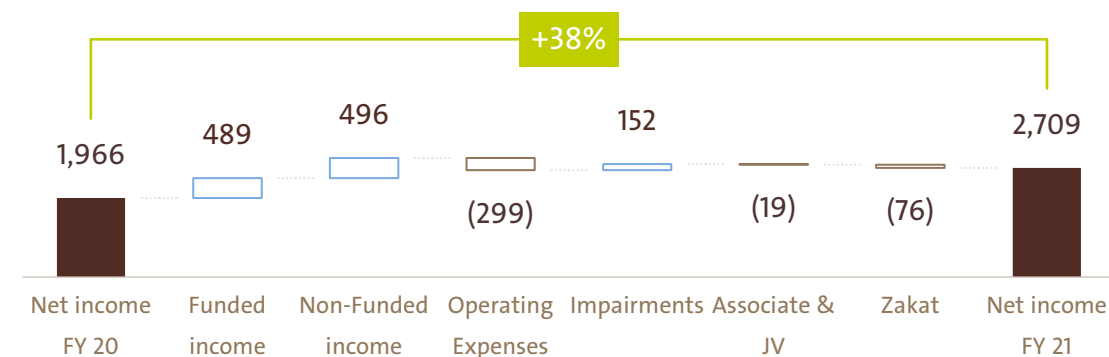
Net income for 2021 grew by 38% YoY due to 17% income growth

Management Commentary

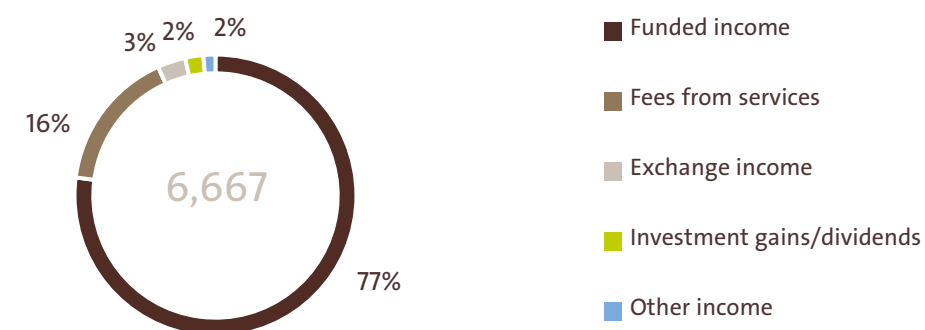
- Net income for 2021 grew 38% YoY to SAR 2,709mn from 17% income growth and an 11% decrease in impairments despite 14% higher operating expenses YoY.
- 4Q 2021 net income improved 57% YoY to SAR 619mn driven by 4% increase in income and a 54% decrease in impairments.

SAR (mn)	FY 2021	FY 2020	Δ%	4Q 2021	4Q 2020	Δ%
Funded income	5,137	4,648	+11%	1,309	1,214	+8%
Non-Funded income	1,530	1,034	+48%	373	396	-6%
Total operating income	6,667	5,682	+17%	1,682	1,610	+4%
Operating Expenses	2,365	2,066	+14%	684	524	+31%
Net operating income before impairment charge	4,302	3,616	+19%	998	1,086	-8%
Impairments	1,266	1,418	-11%	301	650	-54%
Net operating income	3,036	2,197	+38%	697	436	+60%
Income before zakat & income tax	3,022	2,202	+37%	691	439	+57%
Zakat	312	236	+32%	72	45	+59%
Net income	2,709	1,966	+38%	619	394	+57%

Net Income Movement YoY (SARmn)



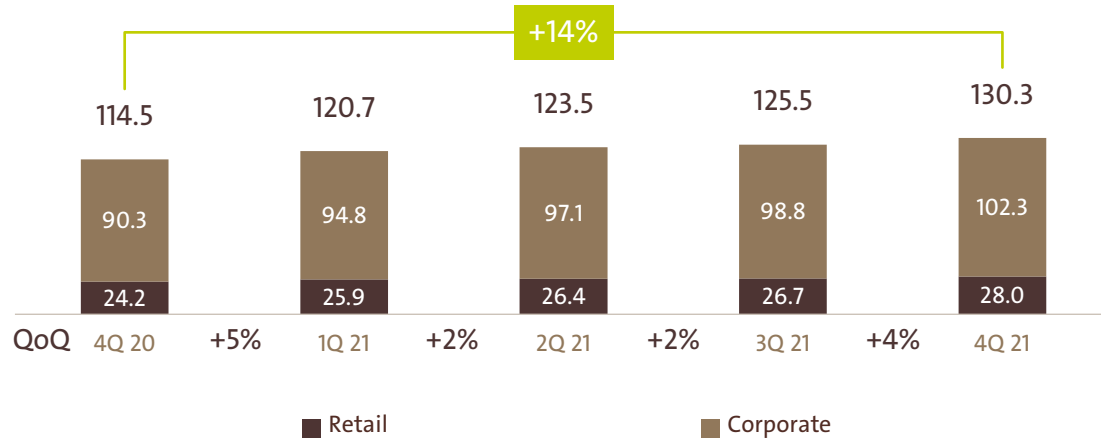
Operating Income Composition (SARmn)



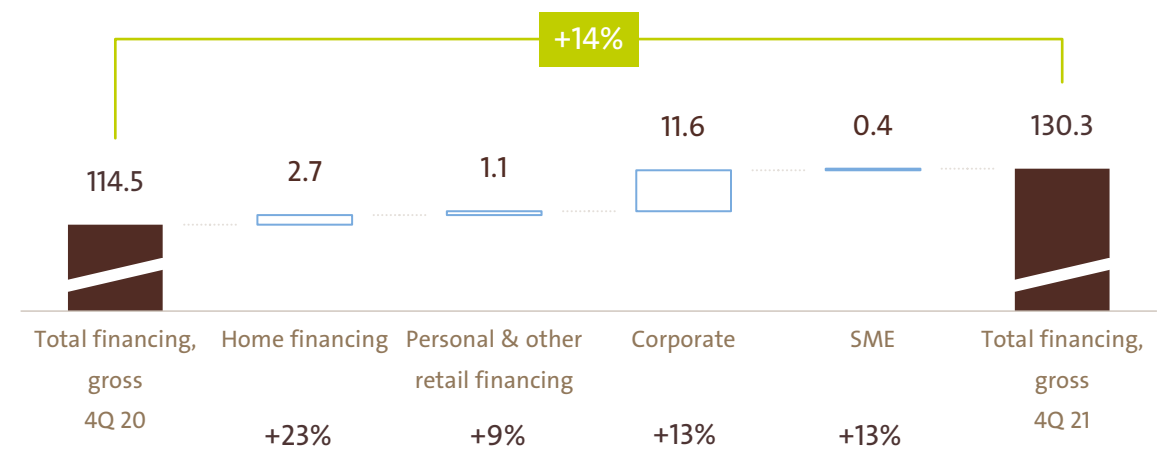
Financing

Solid 14% increase in gross financing from strong growth in both corporate and retail financing

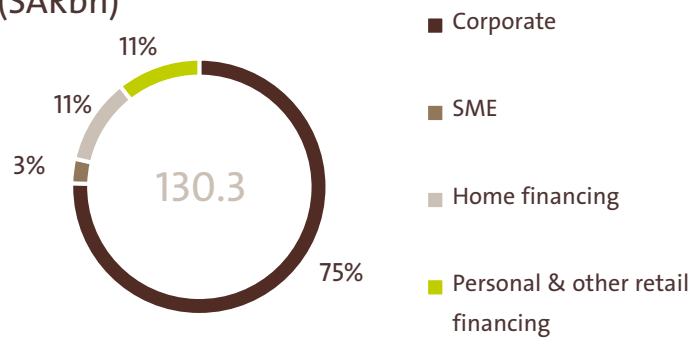
Financing, Gross (SARbn)



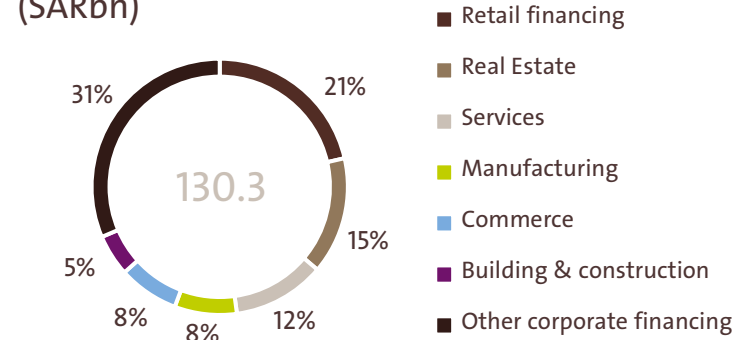
Financing, Gross Movement YoY (SARbn)



Financing, Gross Composition (SARbn)



Financing, Gross Composition (SARbn)



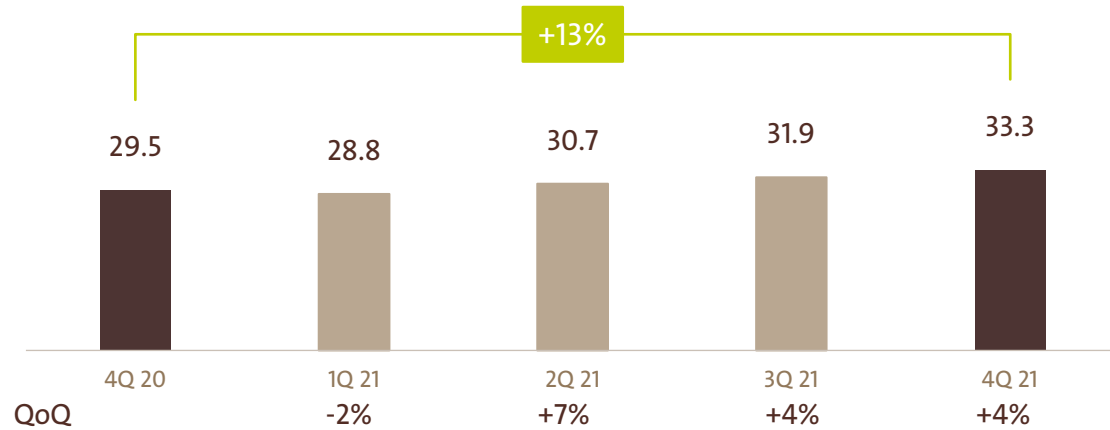
Management Commentary

- Gross financing grew 14% during 2021.
- Retail financing grew 16% from strong momentum in home financing (+23%) and personal & other financing growth (+9%).
- Corporate financing grew 13% across both large corporate (+13%) and SME financing (+13%) in 2021. Real estate financing makes up the majority of corporate financing (15%), followed by services (12%), manufacturing and commerce (8%) and building & construction (5%).

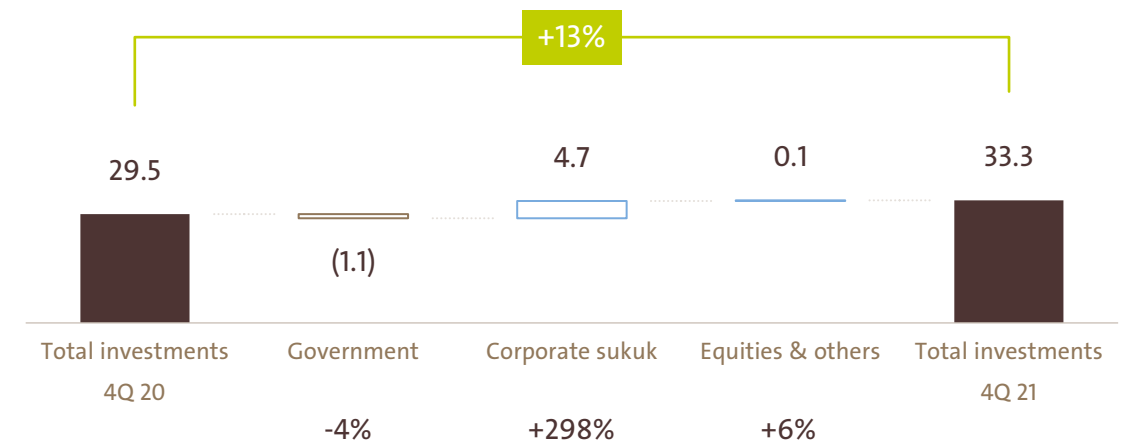
Investments

Healthy 13% growth in investments from additional investment grade securities

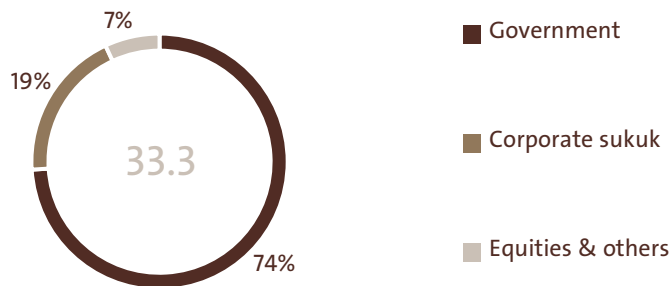
Investments (SARbn)



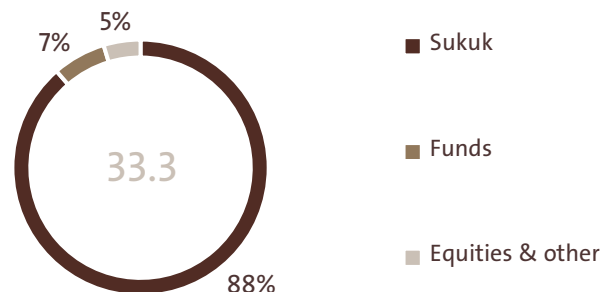
Investments Movement YoY (SARbn)



Investments Composition (SARbn)



Investments Composition (SARbn)



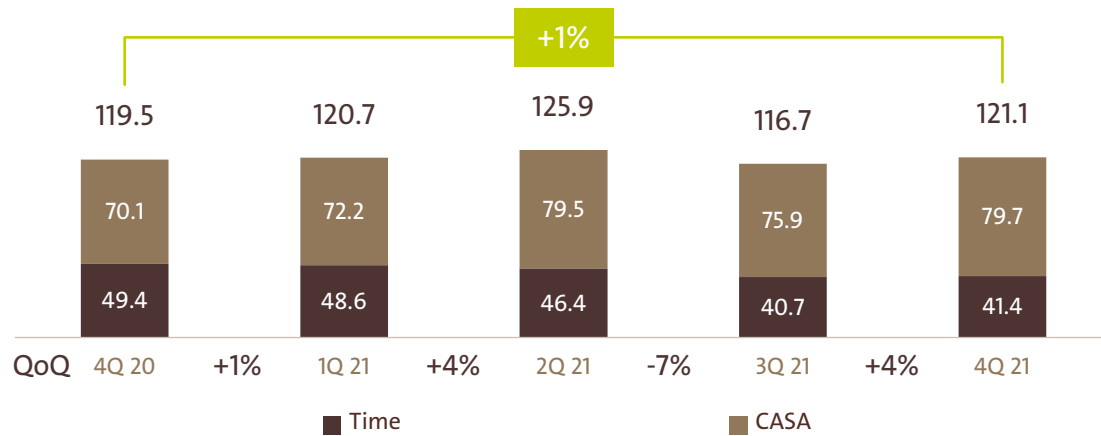
Management Commentary

- Investments grew 13% during 2021 mainly attributed to additional SAR 4.7bn in corporate sukuk investments, partly offset by a 4% decline in government securities.
- The investment portfolio as at 31 December 2021 comprised of 88% sukuk investments, 7% funds and 5% equities & other investments; 74% of investments are Government securities, 19% corporate sukuk and 7% equities & other.

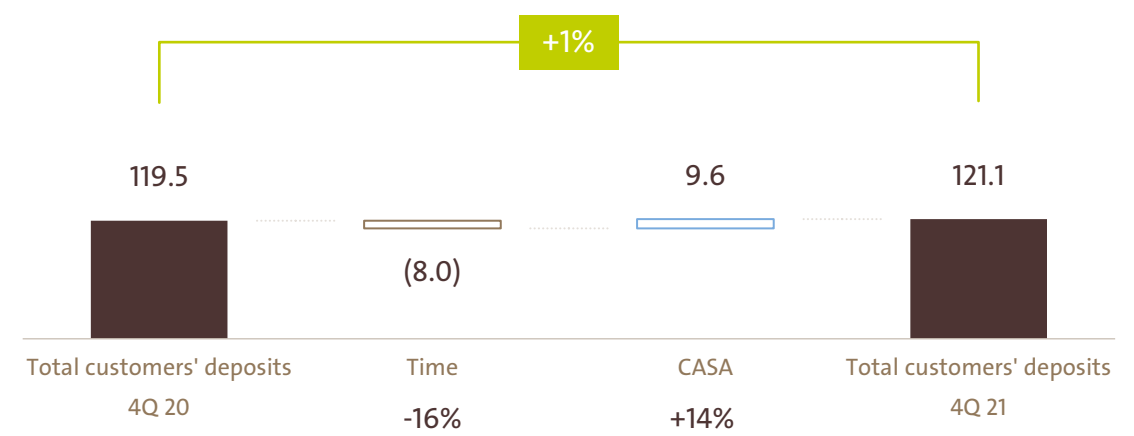
Deposits

Strong 14% CASA growth supported funding mix optimization

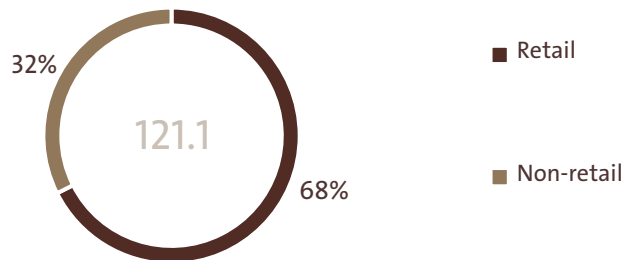
Customers' Deposits (SARbn)



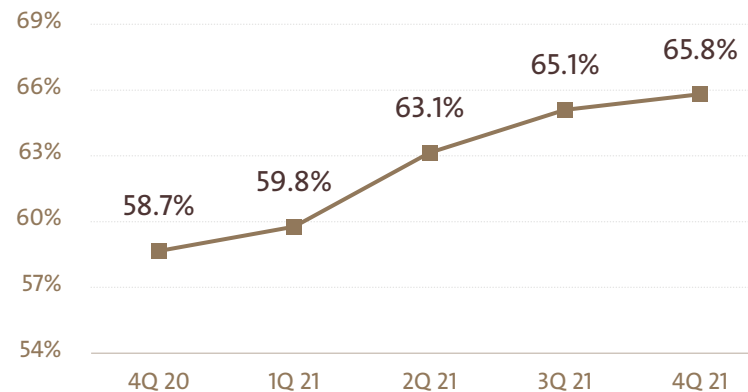
Customers' Deposits Movement YoY (SARbn)



Customers' Deposits Composition (SARbn)



CASA % of Total Deposits (%)



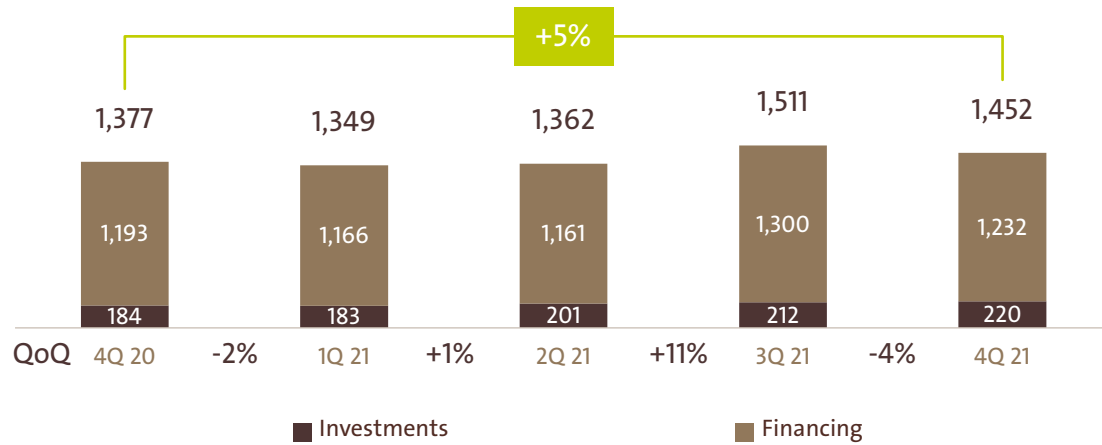
Management Commentary

- Deposits rose slightly by 1% during 2021 as growth in CASA deposits of 14% was partly offset by a 16% decline in time deposits.
- CASA deposits account for 66% of total deposits.
- Total deposits comprise of 68% retail and 32% non-retail deposits as at 31 December 2021.

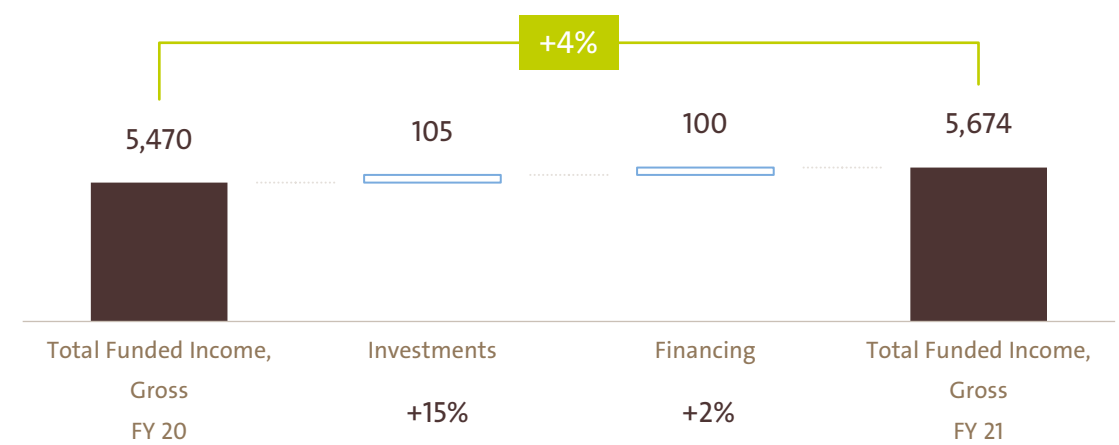
Income from Financing & Investments

Gross funded income grew 5% from 17% growth in average profit-earning assets; partly offset by a 19bps lower profit margin YoY

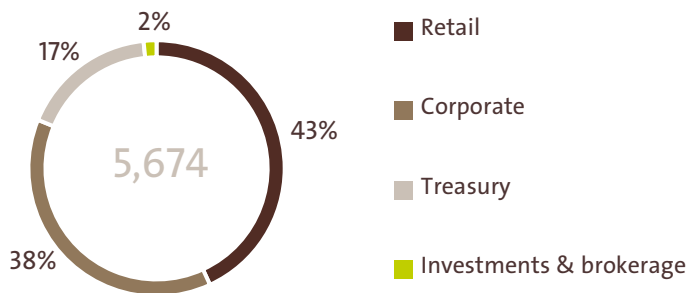
Funded Income, Gross (SARmn)



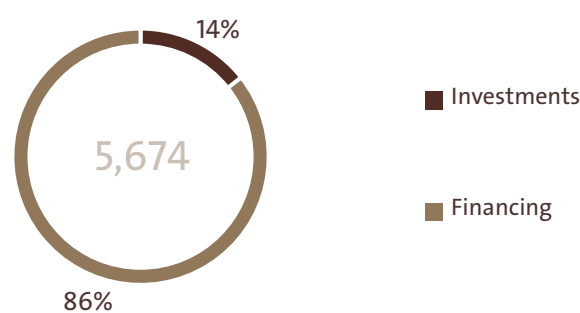
Funded Income, Gross Movement YoY (SARmn)



Funded Income, Gross Composition (SARmn)



Funded Income, Gross Composition (SARmn)



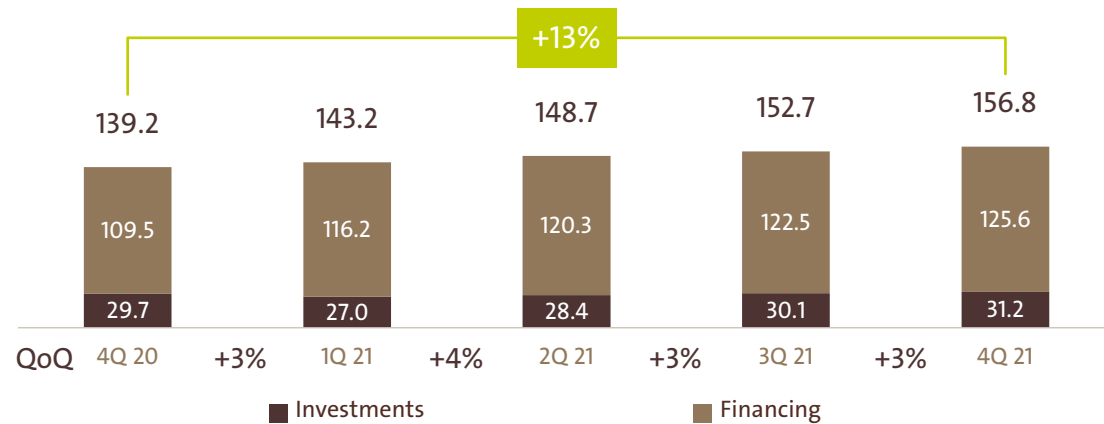
Management Commentary

- Gross funded income for 2021 increased by 4% to SAR 5,674mn with a 15% increase in investment income and a 2% rise in financing income.
- Gross funded income is attributable to 43% retail, 38% corporate and 17% treasury segments.
- Income from financing makes up 86% of total gross funded income and income from investments comprises 14%.

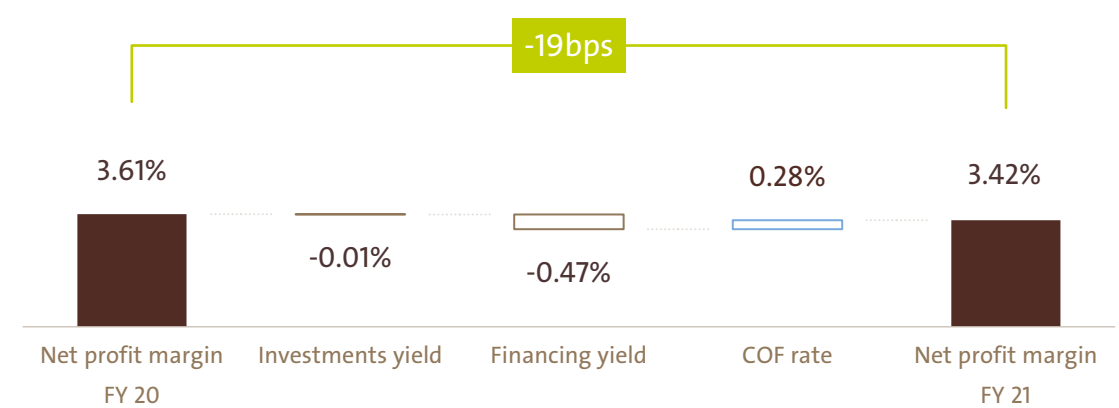
Net Profit Margin

Lower financing yields partly offset by lower funding costs contributed to a 19bps lower profit margin YoY

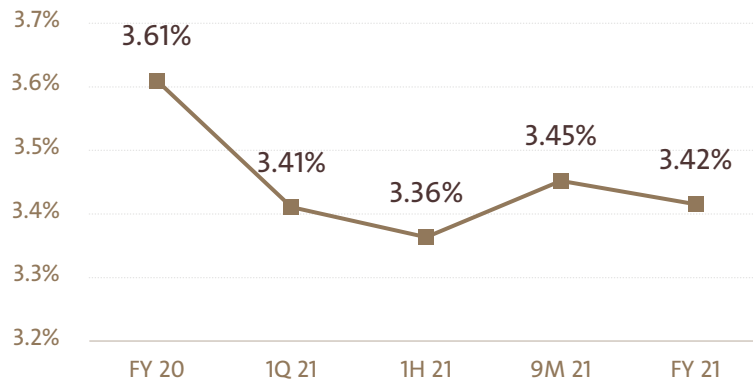
Average Balance of Investments & Financing (SARbn)



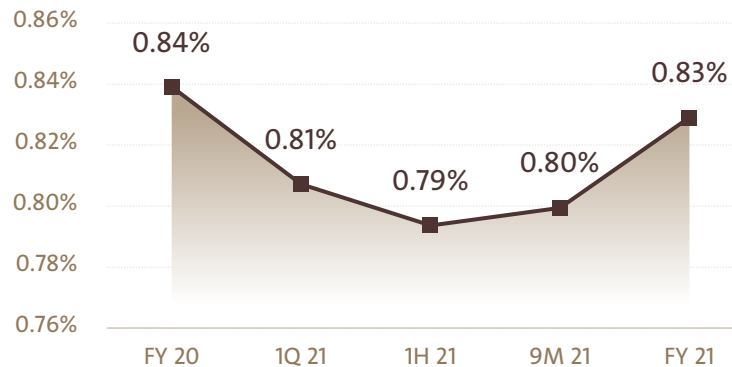
Net Profit Margin Movement YoY (%)



Net Profit Margin (%)



SAIBOR: 3M Average Trend (%)



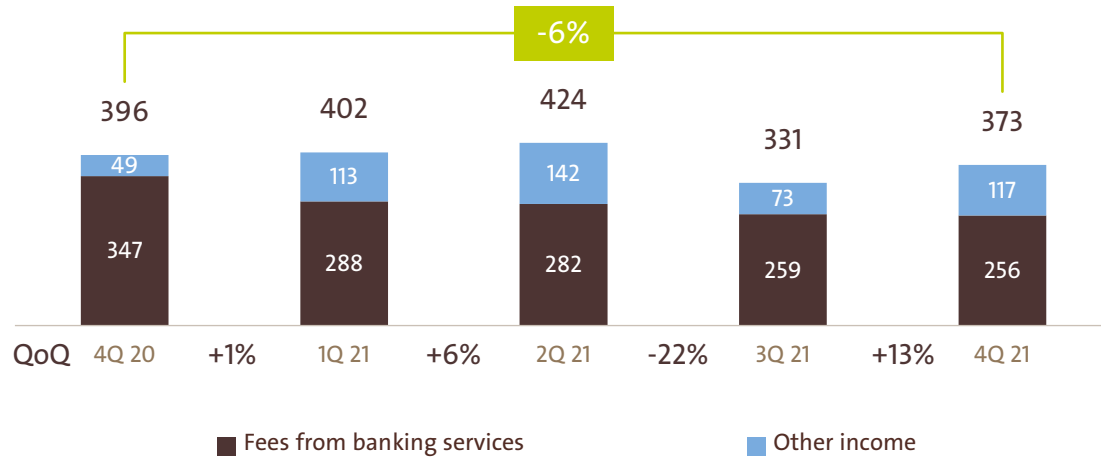
Management Commentary

- The net profit margin decreased by 19bps YoY to 3.42% in 2021 due to profit rates, partly offset by a 28bps reduction in funding costs.
- Average 3M SAIBOR dipped slightly during the year but by year-end returned to a similar level as 2020.

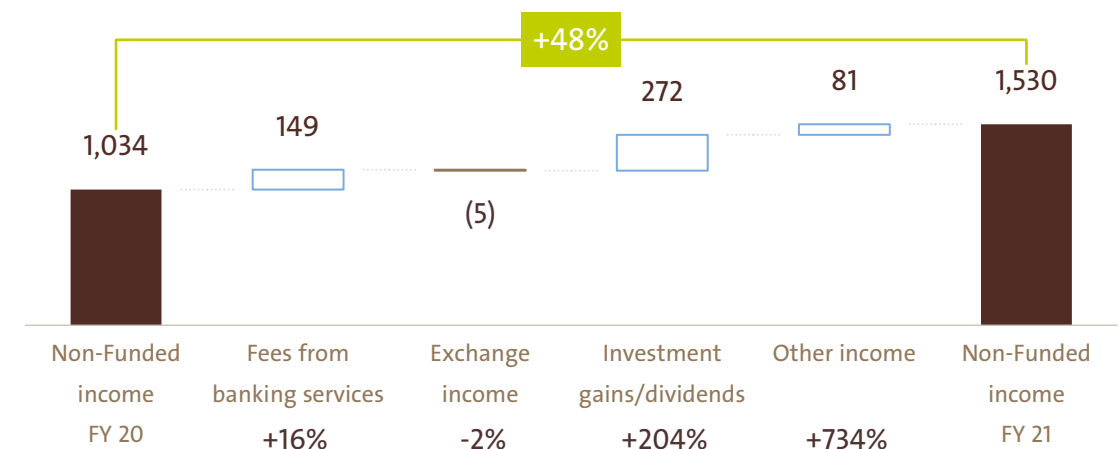
Fee and Other Income

Non-funded income for 2021 increased by 48% YoY

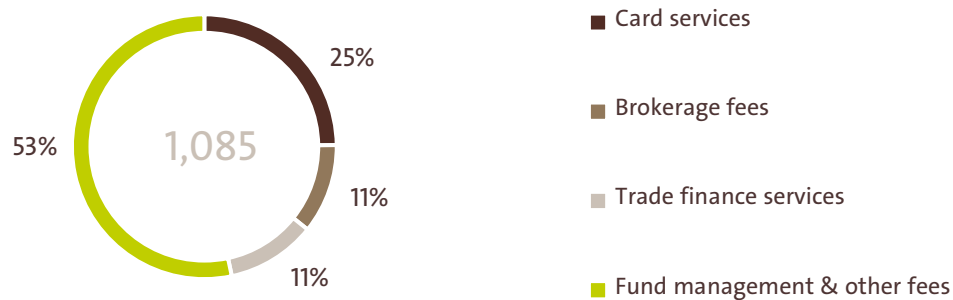
Non-Funded Income (SARmn)



Non-Funded Income Movement YoY (SARmn)



Fees from Banking Services Composition (SARmn)



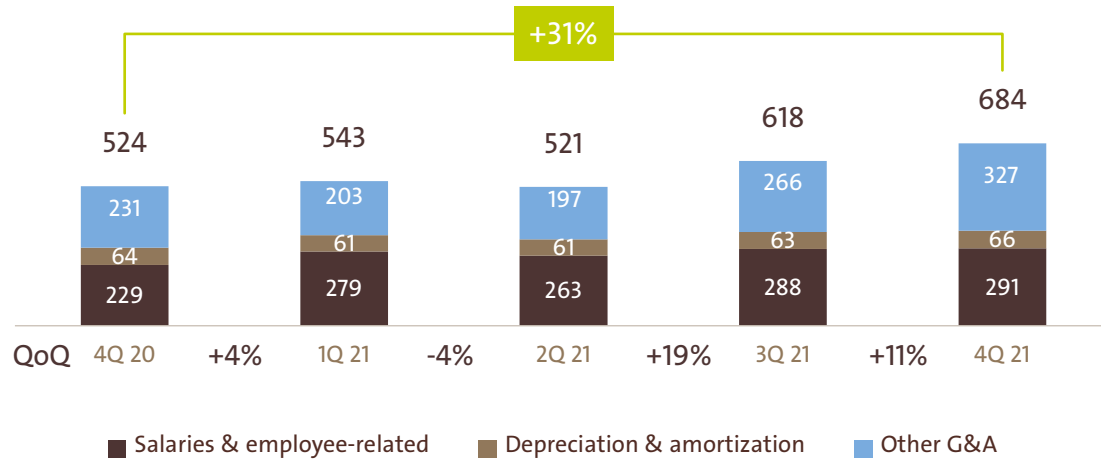
Management Commentary

- Non-funded income for 4Q 2021 decreased 6% YoY to SAR 373mn from a fall in fees from banking services and other income driven by higher investment gains/dividends.
- Non-funded income for 2021 increased 48% YoY to SAR 1,530mn from growth in fees from banking services (+16%) and higher investment gains/dividends (+204%).
- Fund management & other fees make up the majority of fee income at 53%, while 25% comprises of card service fees, 8% brokerage fees and 8% trade finance service fees.

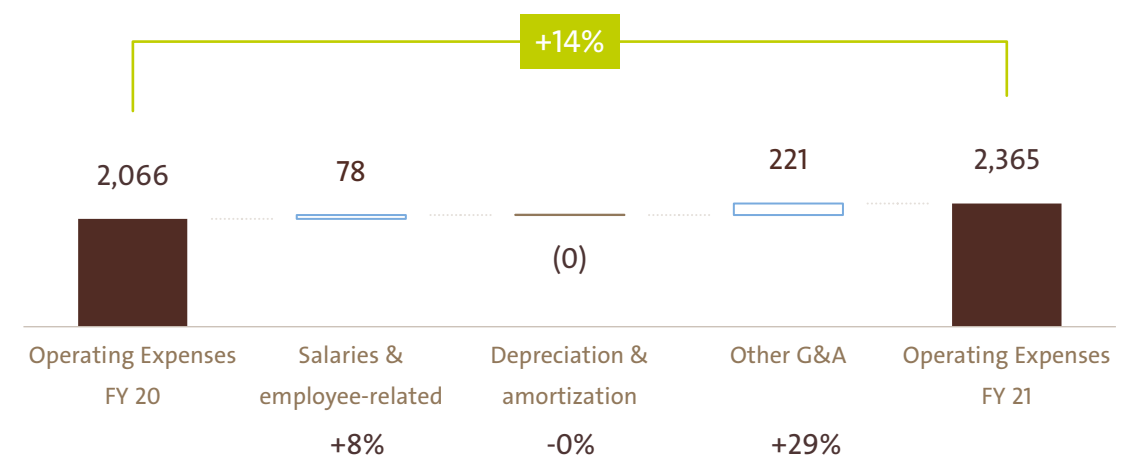
Operating Expenses

2021 saw 14% growth in operating expenses YoY mainly from a 29% increase in G&A mostly from VAT

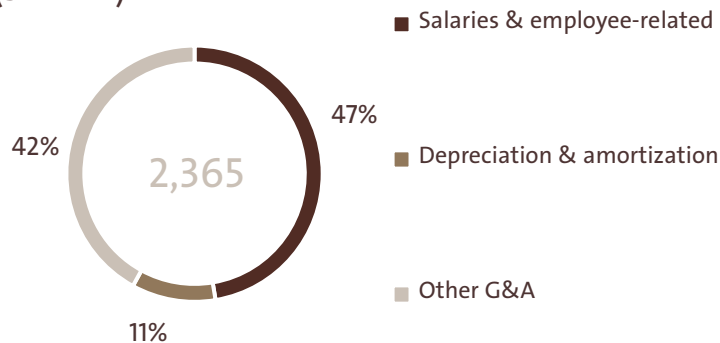
Operating Expenses (SARmn)



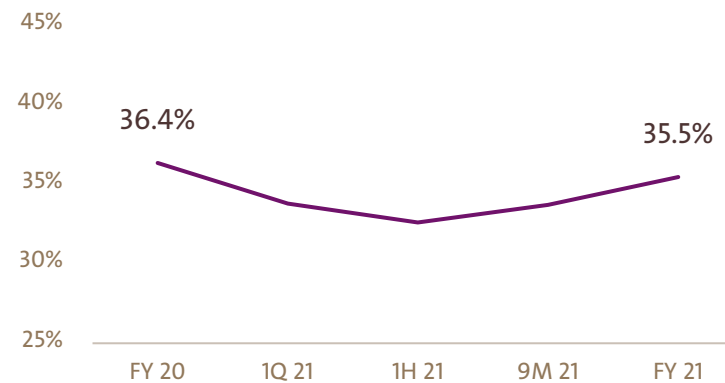
Operating Expenses Movement YoY (SARmn)



Operating Expenses Composition (SARmn)



Cost to Income Ratio (%)



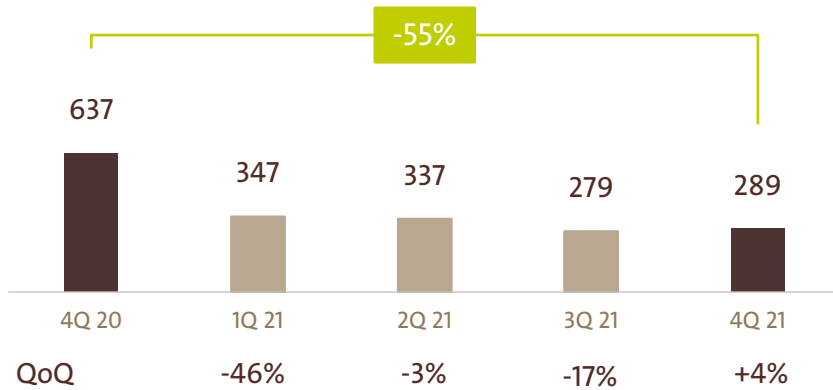
Management Commentary

- Operating expenses increased 14% YoY to SAR 2,365mn for 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.
- Despite this increase in operating expenses, higher income growth resulted in a 90bps YoY improvement in the cost to income ratio to 35.5%.

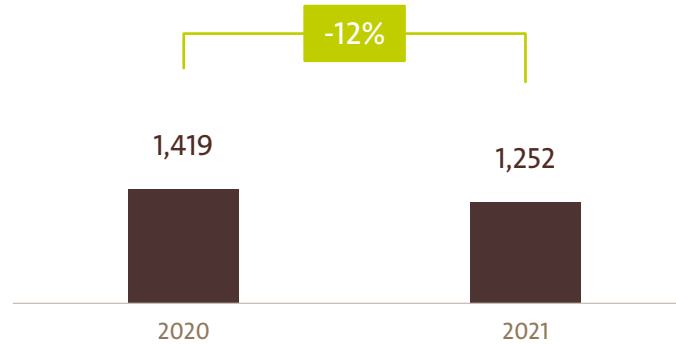
Impairments from Financing

The cost of risk has declined by 32bps mainly from 12% lower impairment charges YoY

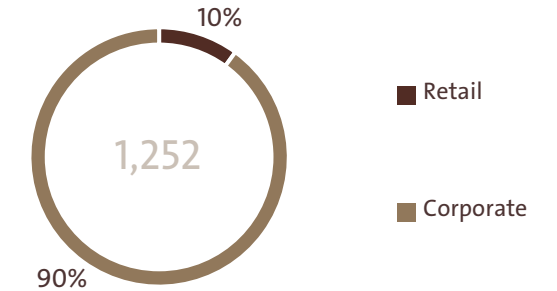
Impairments for Financing (SARmn)



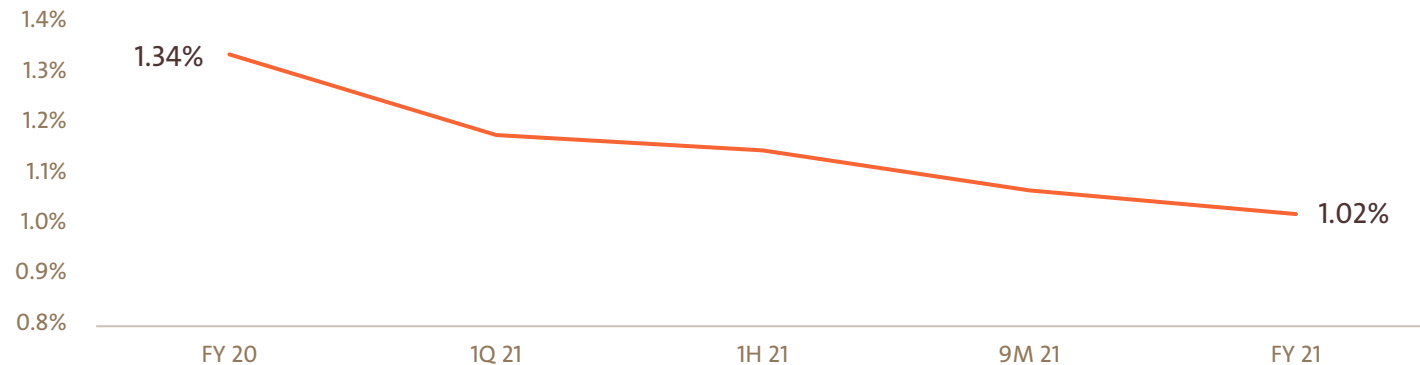
Impairments for Financing (SARmn)



Impairments Composition (SARmn)



Cost of Risk (%)



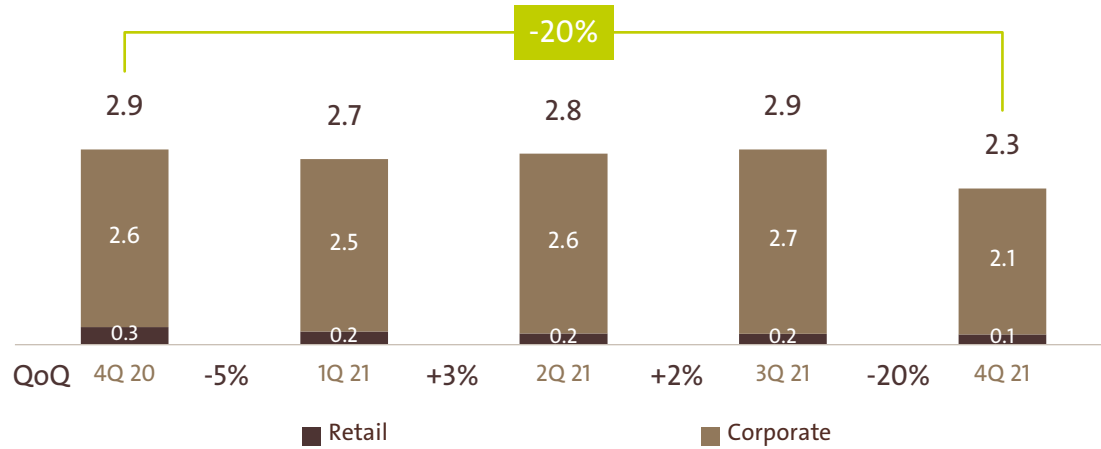
Management Commentary

- The impairment charge for financing for 2021 decreased by 12% YoY to SAR 1,252mn.
- 4Q 2021 impairments declined 55% YoY mainly because of migration in 4Q 2020 for selected corporate accounts.
- Cost of risk for 2021 declined by 32bps YoY to 1.02%.

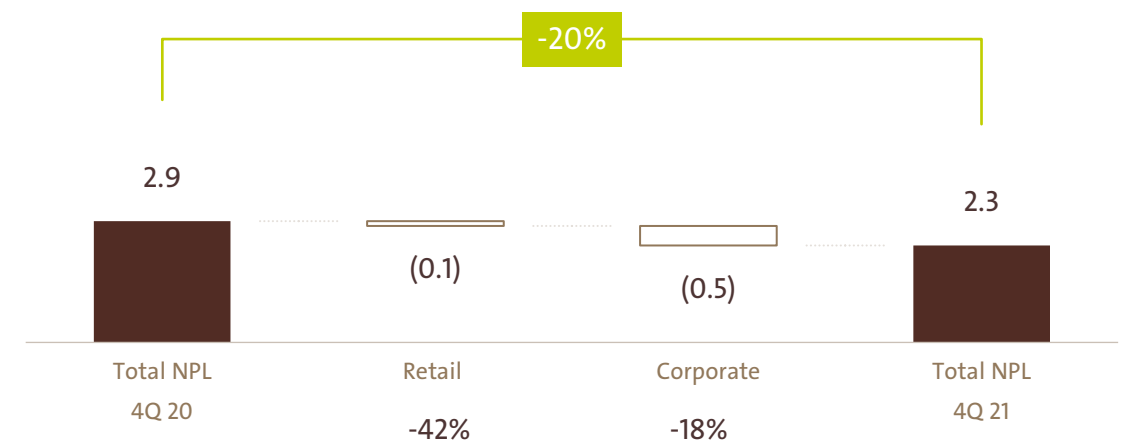
Non-Performing Loans

The NPL ratio has improved significantly to 1.8% due to a 20% decline in NPLs YoY

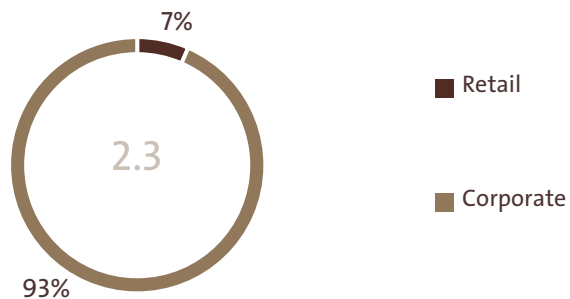
Non-Performing Loans, Gross (SARbn)



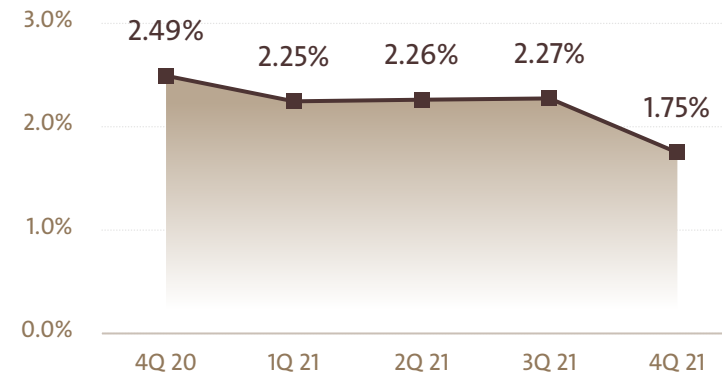
NPL, Gross Movement YoY (SARbn)



NPL Composition (SARbn)



NPL Ratio (%)



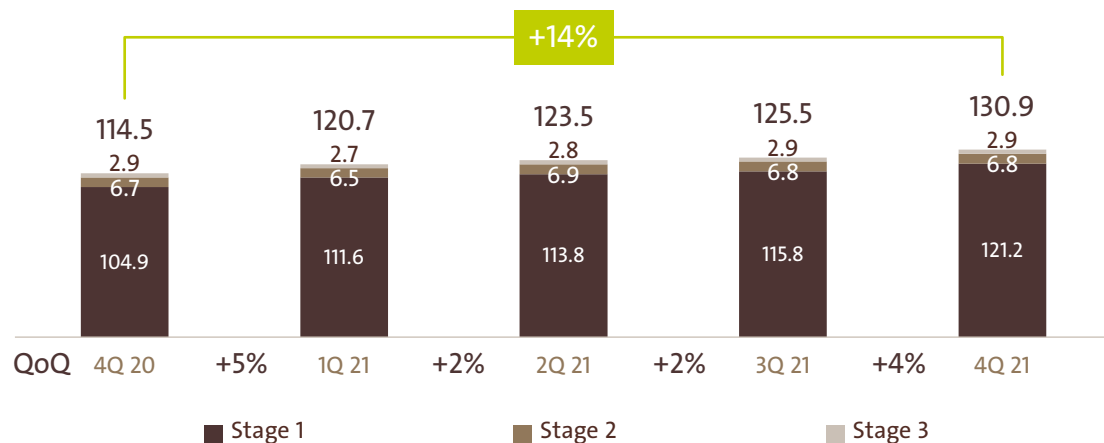
Management Commentary

- The NPL ratio declined by 74bps YoY to 1.75% at 4Q 2021
- Retail financing which account for the smaller proportion of NPLs declined by 42%, while corporate NPLs increased by 18% YoY.
- The NPL ratio for retail stood at 0.53% while corporate stood at 2.03% as at 4Q 2021.

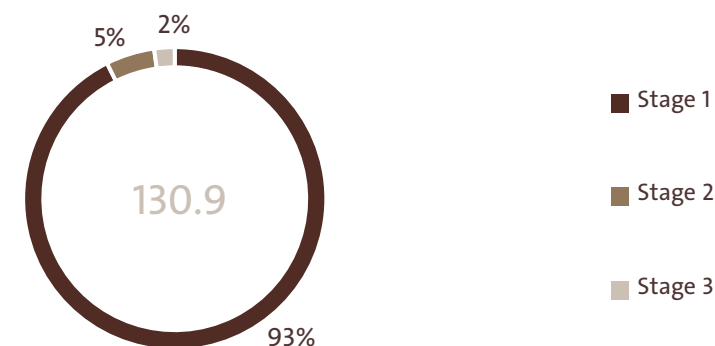
NPL Coverage

NPL coverage and overall stage wise financing coverage improved significantly during 2021

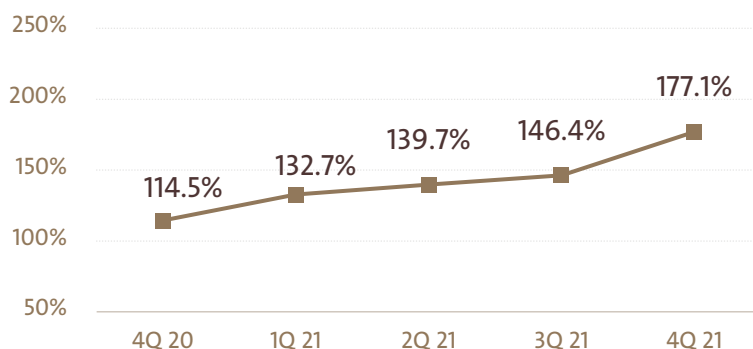
Stage-Wise Financing, Gross (SARbn)



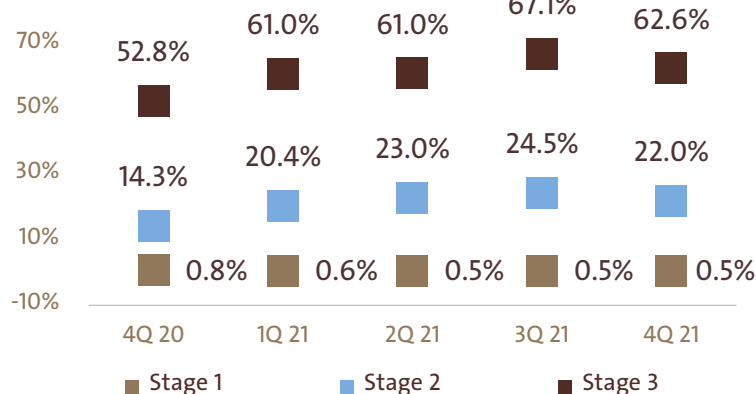
Stage-Wise Financing, Gross Composition (SARbn)



NPL Coverage Ratio (%)*



Stage-Wise Coverage (%)



Management Commentary

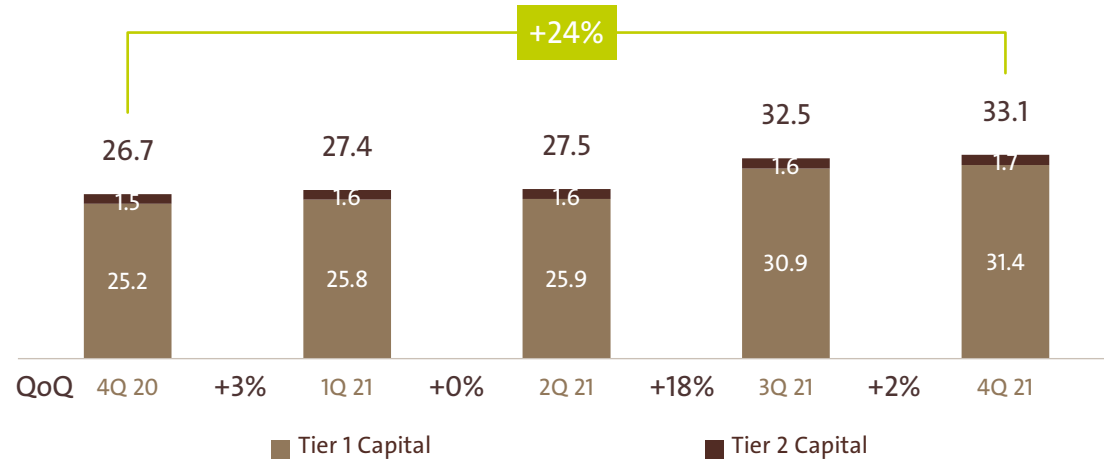
- NPL coverage improved by 63ppts YoY to 177.1%.
- Stage-wise coverage has improved during the year with Stage 1 at 0.5%, Stage 2 at 22.0% and Stage 3 at 62.6%.

*ECL included on non-funded expose

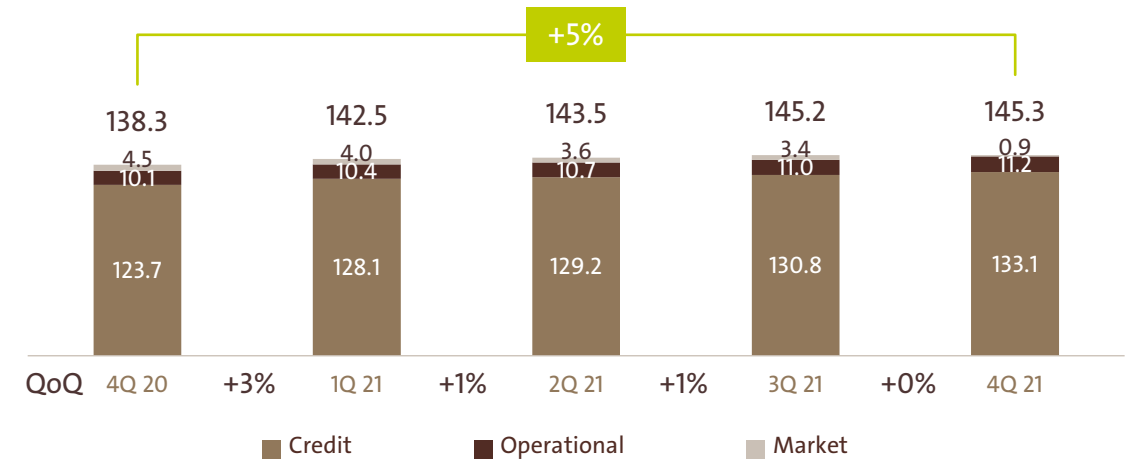
Capitalization

Capital and capital ratios increased due to T1 sukuk issuance and retained earnings generation

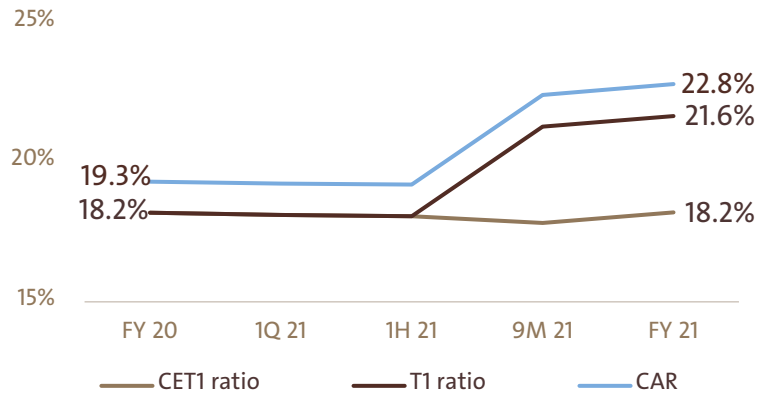
Total Capital (SARbn)



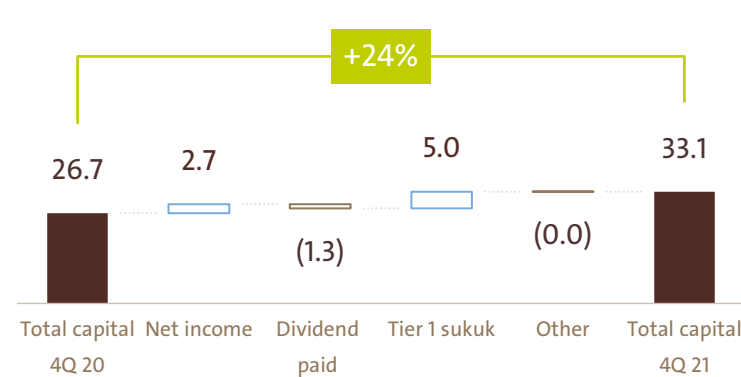
Risk Weighted Assets (SARbn)



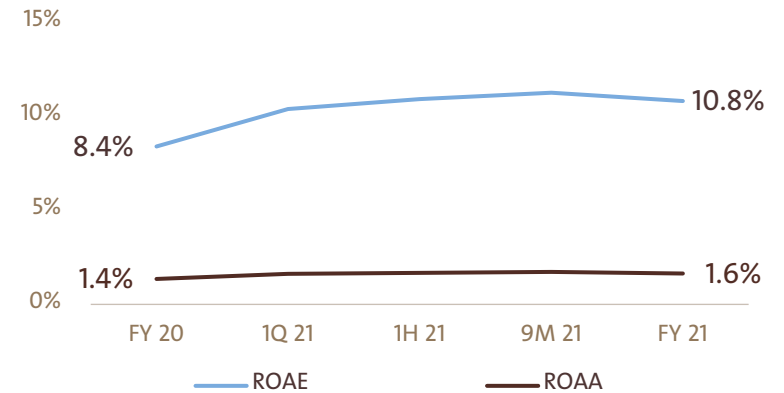
Capitalization (%)



Total Capital Movement YoY (SARbn)



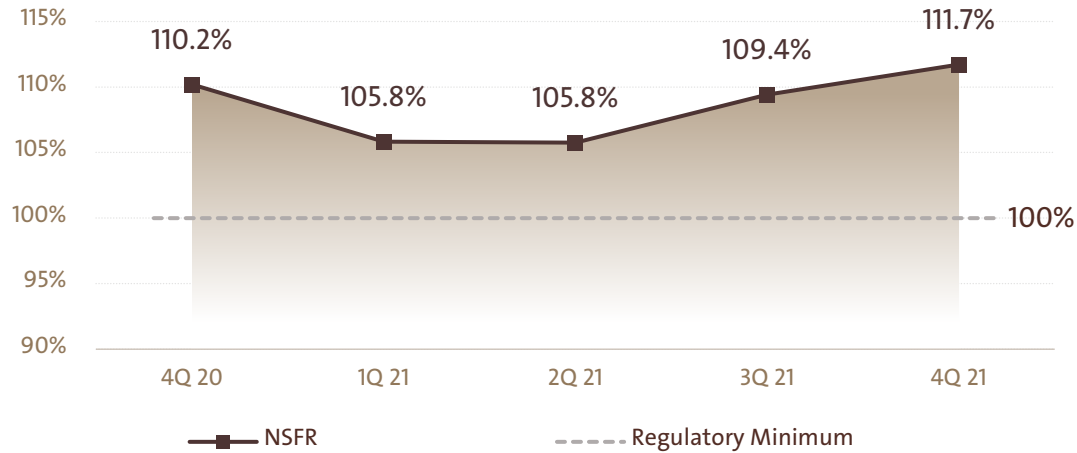
Profitability (%)



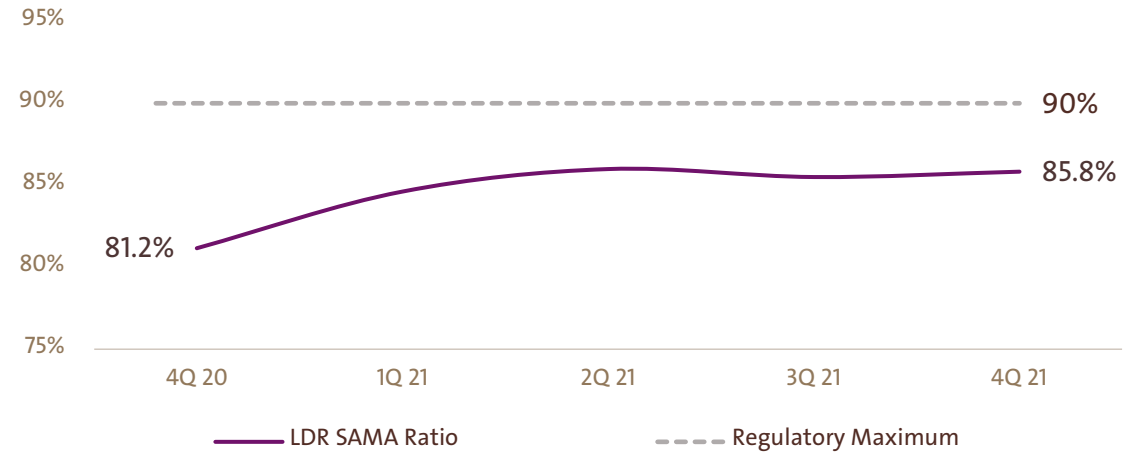
Liquidity

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

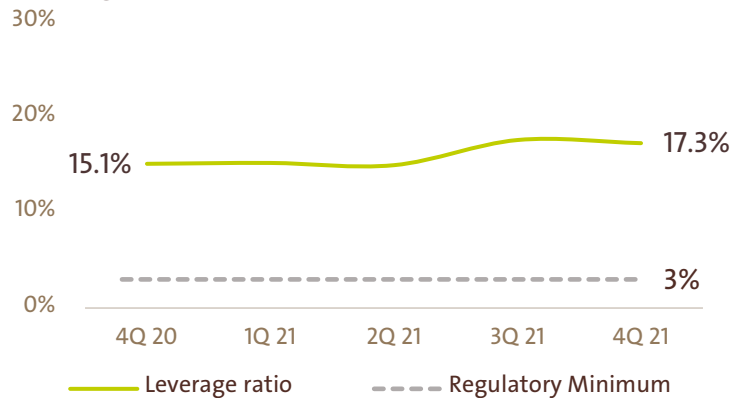
NSFR (%)



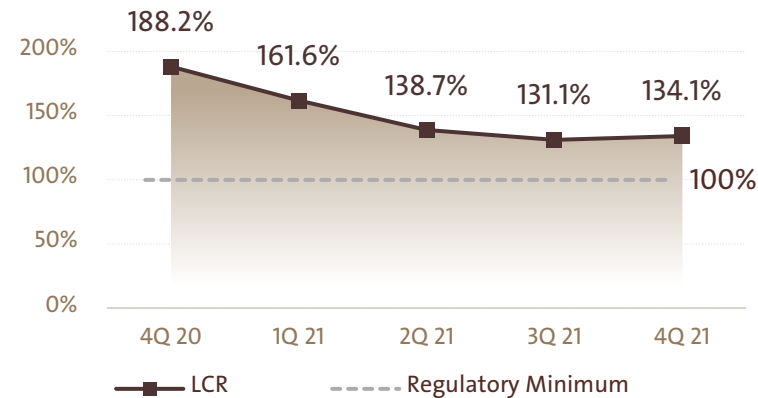
LDR SAMA Ratio (%)



Leverage Ratio (%)



LCR (%)



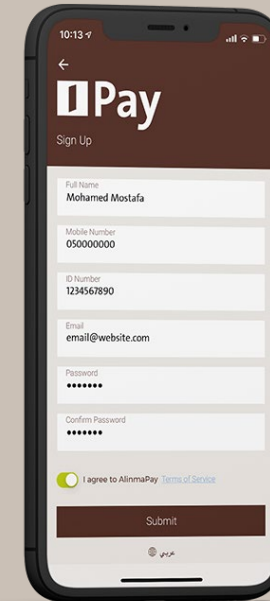
Management Commentary

- NSFR was stable YTD at 111.7%, comfortably above the regulatory minima of 100%.
- The LTD SAMA ratio increased 4.6ppts YoY to 85.8%.
- The leverage ratio increased 28bps YoY to 17.3%.
- LCR has decreased YTD 54.1ppts from 4Q 2020 to a level of 134.1% at 4Q 2021.

Segmental Performance

4Q 2021

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alinma bank

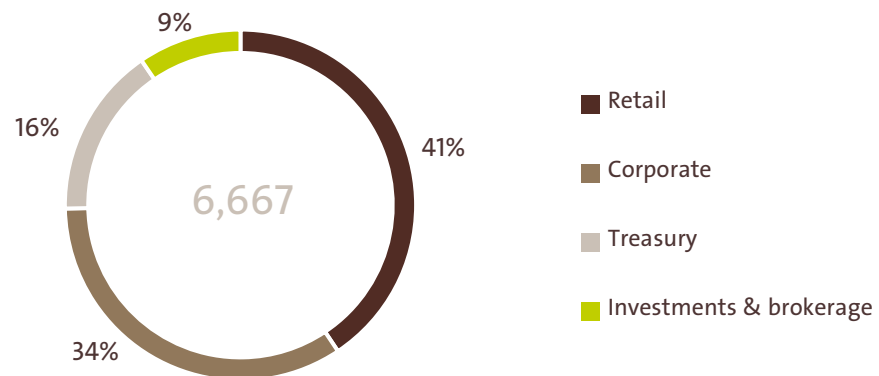


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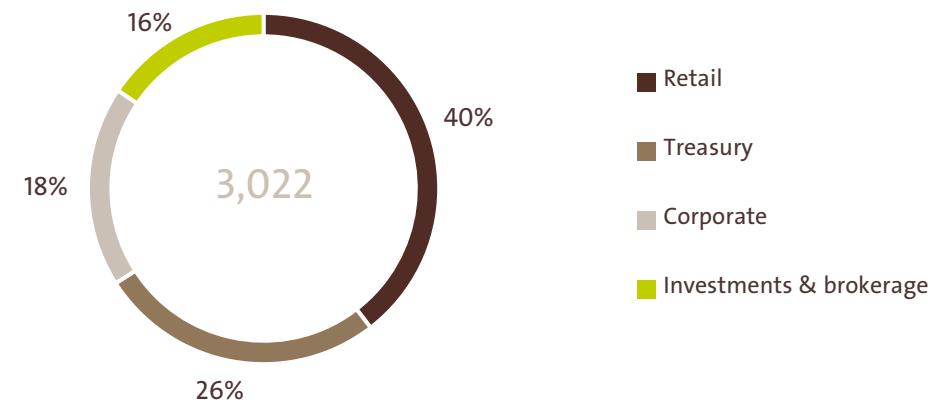
Segmental Performance Highlights

Retail comprises the majority of segmental income and deposit generation

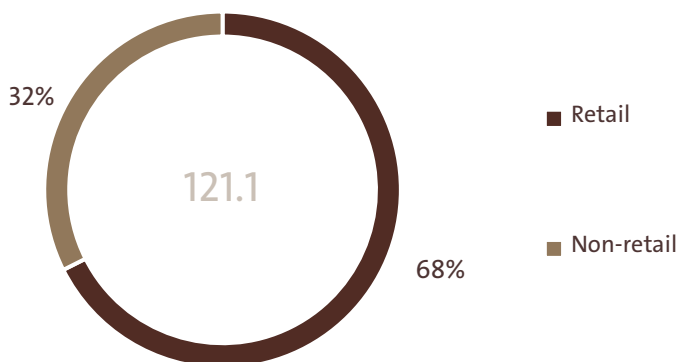
Operating Income Composition (SARmn)



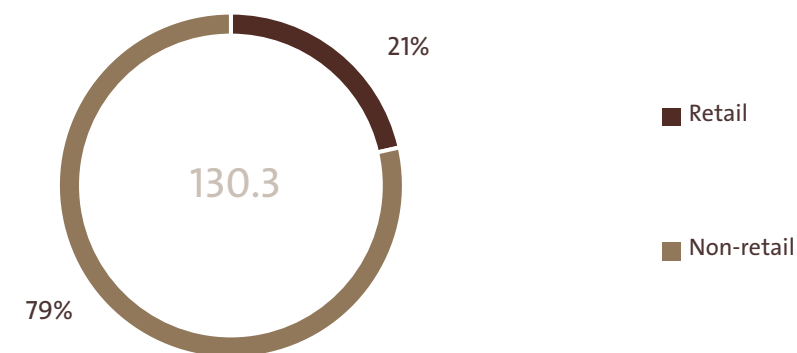
Net Profit Before Zakat Composition (SARmn)



Customers' Deposits Composition (SARbn)



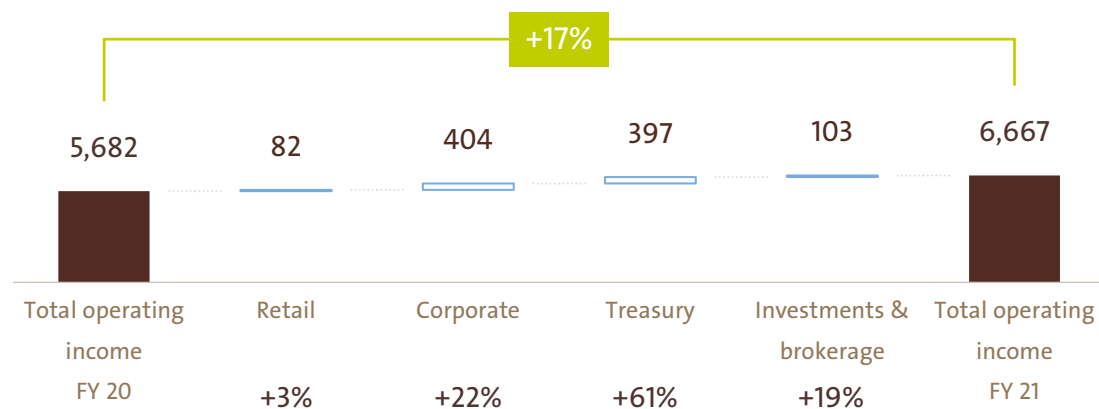
Financing, Gross Composition (SARbn)



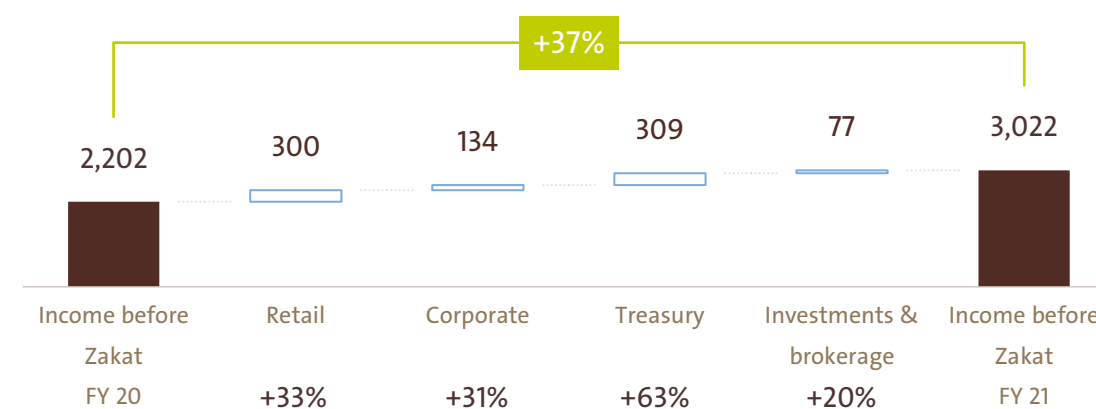
Segmental Performance Highlights

All segments saw strong income growth for FY 2021

Operating Income Movement YoY (SARmn)



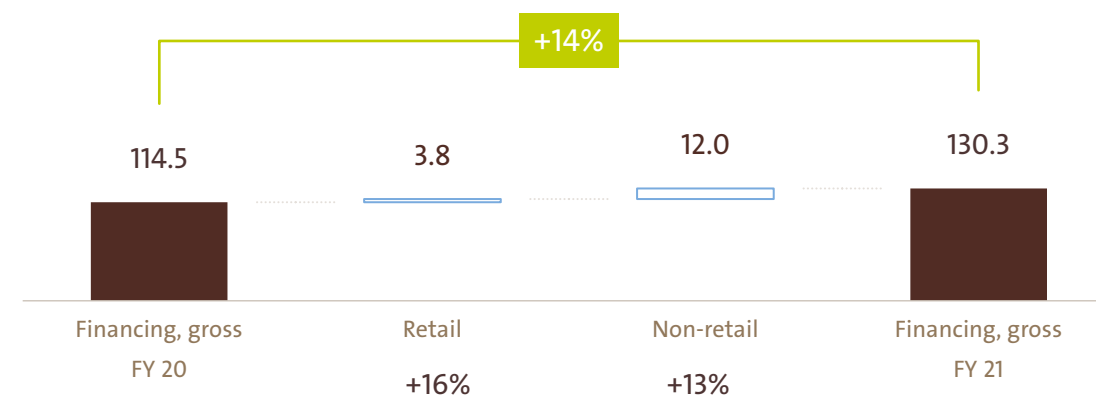
Net Income Before Zakat Movement YoY (SARmn)



Customers' Deposits Movement YoY (SARbn)



Financing, Gross Movement YoY (SARbn)

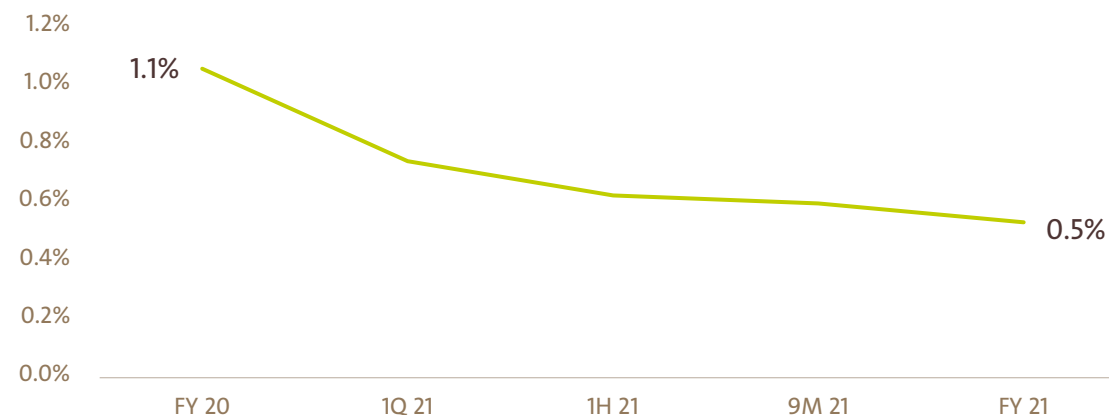


Segmental Performance - Retail

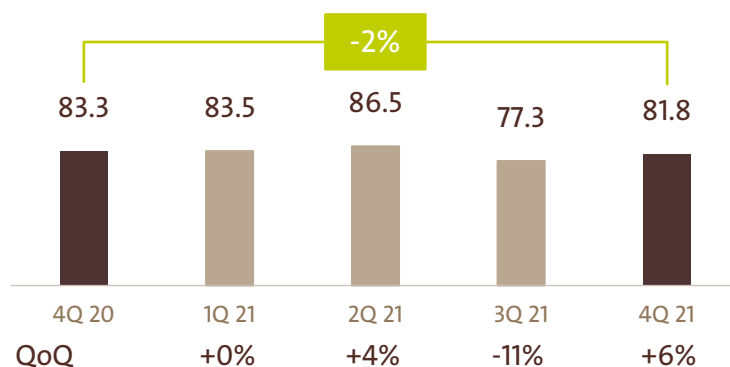
Income growth from significant increases in non-funded income along with solid financing growth

SAR (mn)	FY 2021	FY 2020	Δ%	4Q 2021	4Q 2020	Δ%
Income from investments and financing, net	2,265	2,323	-3%	539	563	-4%
Fees from services & other income	444	303	+46%	126	175	-28%
Total operating income	2,709	2,627	+3%	666	738	-10%
Total operating expenses	1,638	1,482	+11%	468	376	+24%
Total charges/(reversals) for impairments	(125)	250	-150%	(4)	139	-103%
Income for the period before zakat	1,195	895	+33%	202	222	-9%

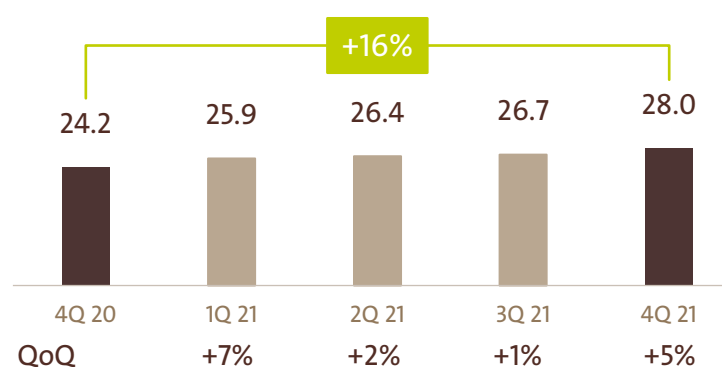
Retail NPL (%)



Retail Deposits (SARbn)



Retail Financing (SARbn)



Management Commentary

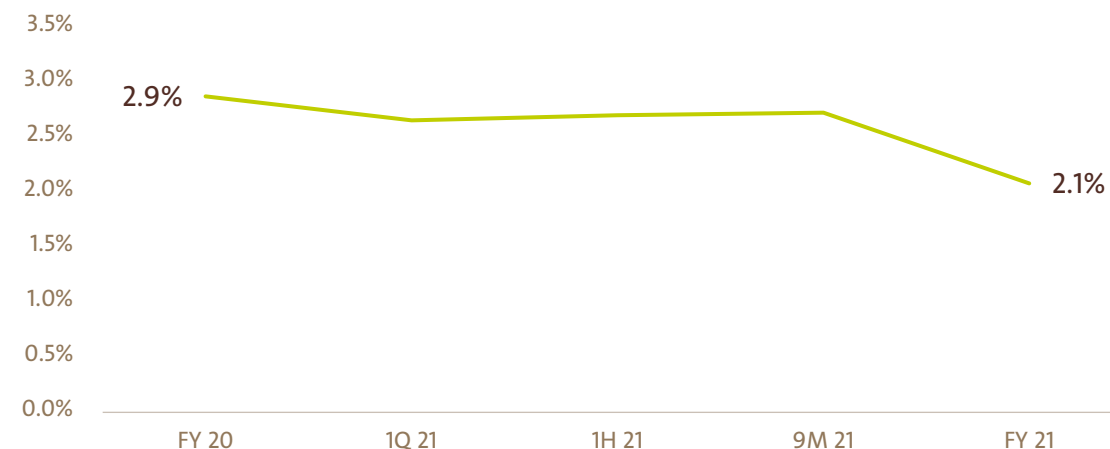
- Retail operating income increased by 3% to SAR 2,709mn in 2021 from a strong increase in non-funded income of 46%.
- Retail net income grew 33% due to higher non-funded income and an impairment reversal.
- Retail deposits declined 2% while financing increased by 16% during 2021.
- The retail NPL ratio declined to 0.5%.

Segmental Performance - Corporate

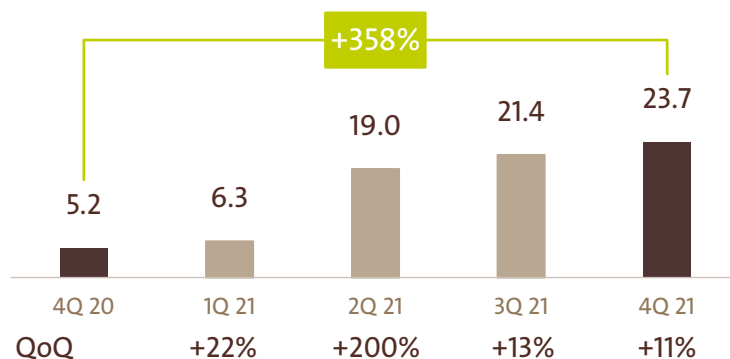
Strong income growth partly offset by rising impairments and expenses

SAR (mn)	FY 2021	FY 2020	Δ%	4Q 2021	4Q 2020	Δ%
Income from investments and financing, net	2,105	1,687	+25%	562	466	+21%
Fees from services & other income	166	180	-8%	39	40	-1%
Total operating income	2,271	1,867	+22%	601	505	+19%
Total operating expenses	336	273	+23%	103	67	+54%
Total charges/(reversals) for impairments	1,376	1,170	+18%	293	497	-41%
Income for the period before zakat	559	425	+31%	206	(58)	-452%

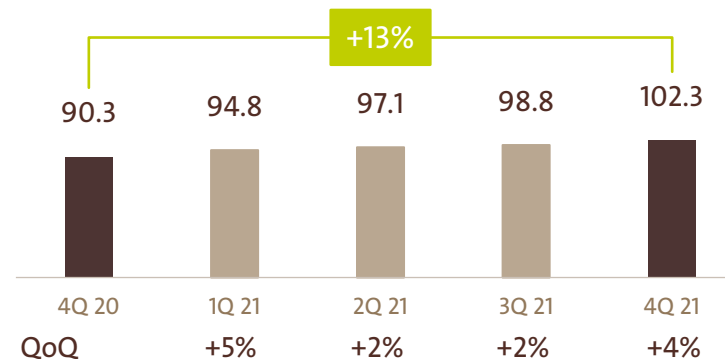
Corporate Ratios (%)



Corporate Deposits (SARbn)



Corporate Financing (SARbn)



Management Commentary

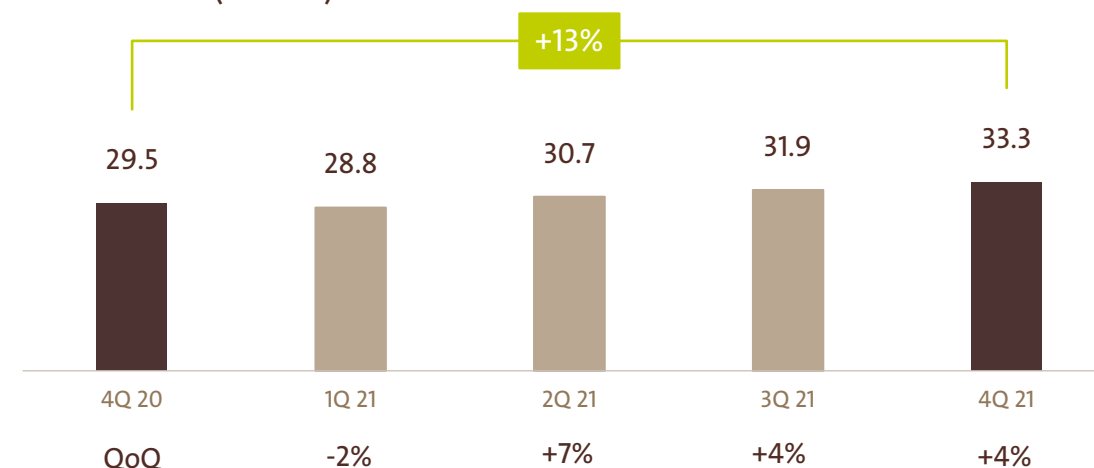
- Corporate operating income increased by 22% from a strong 25% increase in funded income.
- This operating income growth translated to 31% Corporate net income growth.
- Corporate deposits saw significant growth of 358% YoY, mainly from a re-allocation of accounts from the Treasury segment during 2Q 2021, while corporate financing increased 13% YoY.
- The corporate NPL ratio declined by 80bps YoY to 2.1%.

Segmental Performance - Treasury

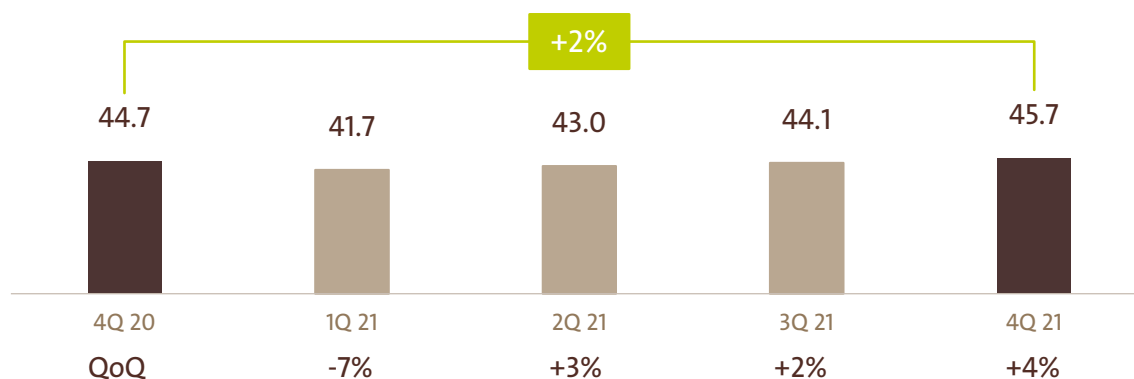
Significant income and net income growth and modest growth in assets YoY

SAR (mn)	FY 2021	FY 2020	Δ%	4Q 2021	4Q 2020	Δ%
Income from investments and financing, net	675	576	+17%	184	167	+10%
Investment-related income	138	(133)	+204%	(9)	(1)	-566%
Fees from services & other income	237	211	+13%	105	38	+179%
Total operating income	1,051	654	+61%	280	203	+38%
Total operating expenses	237	186	+27%	72	52	+38%
Total charges/(reversals) for impairments	3	(15)	+117%	0	(0)	-231%
Net operating income	811	483	+68%	208	152	+37%
Share of loss from an associate and joint venture	(14)	5	-412%	(6)	3	-306%
Income before Zakat	797	487	+63%	202	155	+31%

Investments (SARbn)



Treasury Assets (SARbn)



Management Commentary

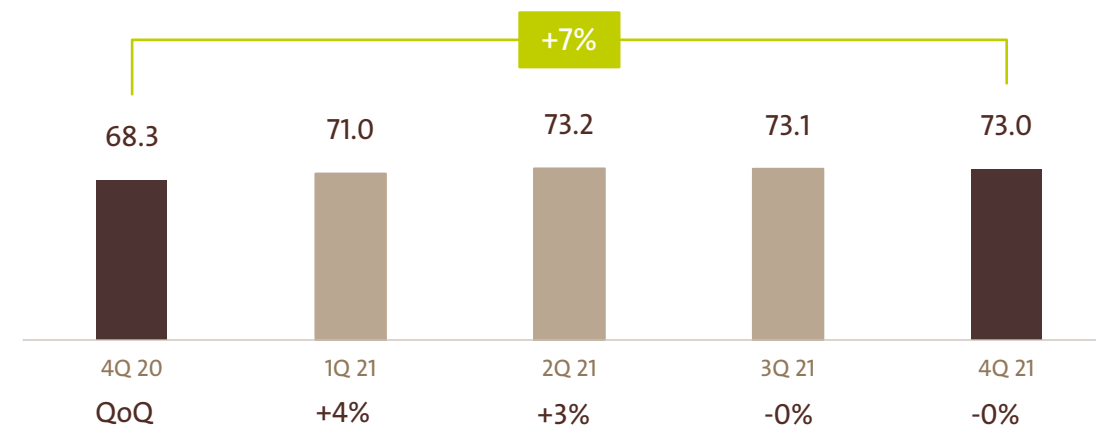
- Treasury operating income rose by 61% to SAR 1,051mn in 2021 from strong rebounds in both funded (+17%), investment-related (+204%) and non-funded income (+13%) YoY.
- This strong income growth drove a 63% improvement in net income YoY.
- Treasury assets rose modestly by 2% to SAR 45.7bn YoY, while the investment portfolio grew 13% YoY to SAR 33.3bn.

Segmental Performance – Investments & Brokerage

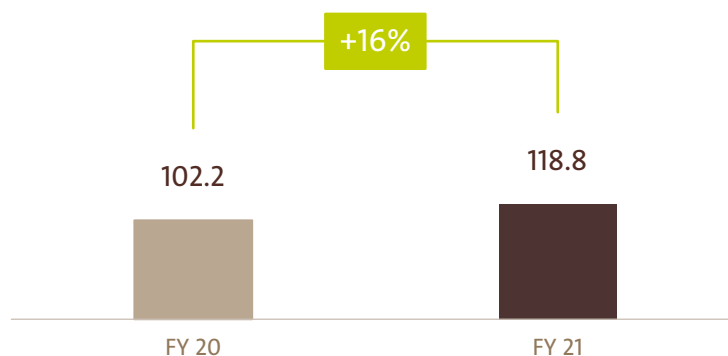
Strong income and net income growth in 2021

SAR (mn)	FY 2021	FY 2020	Δ%	4Q 2021	4Q 2020	Δ%
Income from investments and financing, net	92	61	+52%	24	18	+35%
Fees from services & other income	544	472	+15%	111	145	-24%
Total operating income	636	533	+19%	135	163	-17%
Total operating expenses	153	125	+22%	42	29	+45%
Income before Zakat	470	393	+20%	81	121	-33%

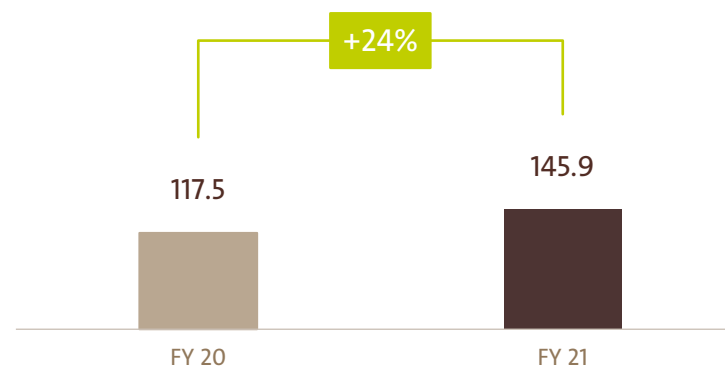
Assets Under Management (SARbn)



Brokerage Trading Income (SARmn)



Brokerage Trading Values (SARbn)



Management Commentary

- Investment and brokerage (I&B) operating income rose by 19% YoY to SAR 544mn from strong growth in both funded and non-funded income.
- I&B net income increased 20% YoY from higher income.
- Brokerage trading income for 2021 rose by 16% as a result of a 24% YoY increase in brokerage trading values, while AUM increased by 7% YoY.

Outlook & Guidance

4Q 2021

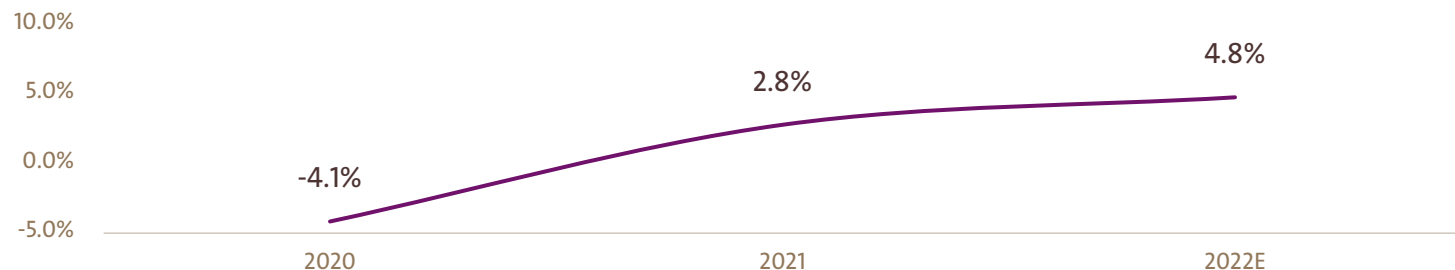


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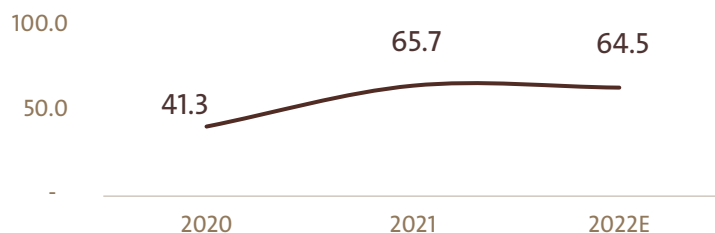
Economic Outlook

Improving economic outlook supportive for the banking sector, though Covid risks remain

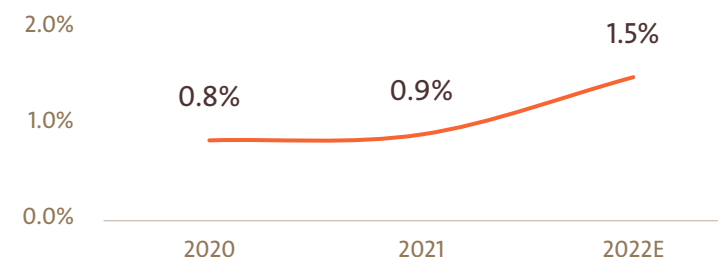
Real GDP Growth (%)



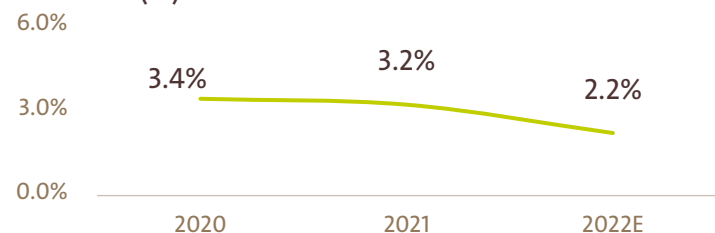
Composite* Oil Price Avg / Barrel (USD)



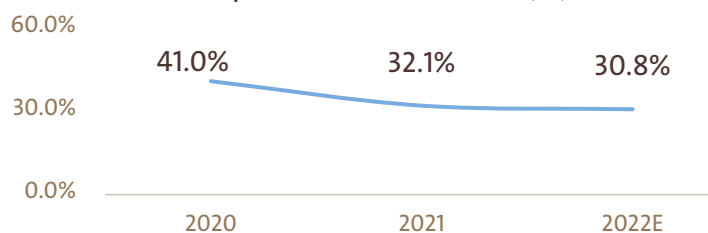
3M Average SAIBOR (%)



Inflation (%)



Government Expenditures % of GDP (%)



Further rebound in real GDP growth

The KSA economy is expected to see a solid rebound of 4.8% in 2022 following the 2020 contraction as a result of COVID-19; this projection is however heavily reliant on the ability of the country to contain further outbreaks caused by variants in 2022.

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 stabilize at ~\$65 / barrel in 2022 that will serve to support economic growth.

Rise in SAIBOR rates

3M average SAIBOR rates are expected to see a rise to 1.5% in 2022 from 0.8% average in 2021.

Declining inflation and government expenditures

Inflation is expected to decline to 2.2% in 2022 from the 3.2% level in 2021; government expenditures are expected to remain above 30% of GDP in 2022.

Guidance

Improving economic outlook and acceleration of strategic execution drive a promising outlook for 2022

		2021A	Drivers	2022G
Balance Sheet	Financing Growth	+14%	Strong Mid-Corp, SME & Retail growth from strategic initiatives; solid corporate growth from expected credit demand	Mid-teens
Profitability	Net Profit Margin	3.42%	Rising rates and strong funding mix supportive of improving margin	+10bps to +15bps
	Cost to Income Ratio	35.5%	Growth in income, digitization & process optimization driving efficiencies, partly offset by strategic investments	Below 35%
	Return on Equity	10.8%	Improving NPM, efficiency and COR driving improving ROE	Above 13%
Asset Quality	Cost of Risk	1.02%	Cautiously expecting stable credit quality and NPL coverage, leading to COR moderation	65-75bps
Capital	CET1	18.2%	Increasing RWAs from strong expected financing growth	16%-17%

Appendix

4Q 2021

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