

# Investor Presentation

4Q 2023

February 2024

مصرف الإنماء  
alinma bank



digital. fast. convenient.

# Table of Contents



1

Alinma Overview

2

Strategy Update

3

Historical Financial Performance

4

FY 2023 Financial Performance

5

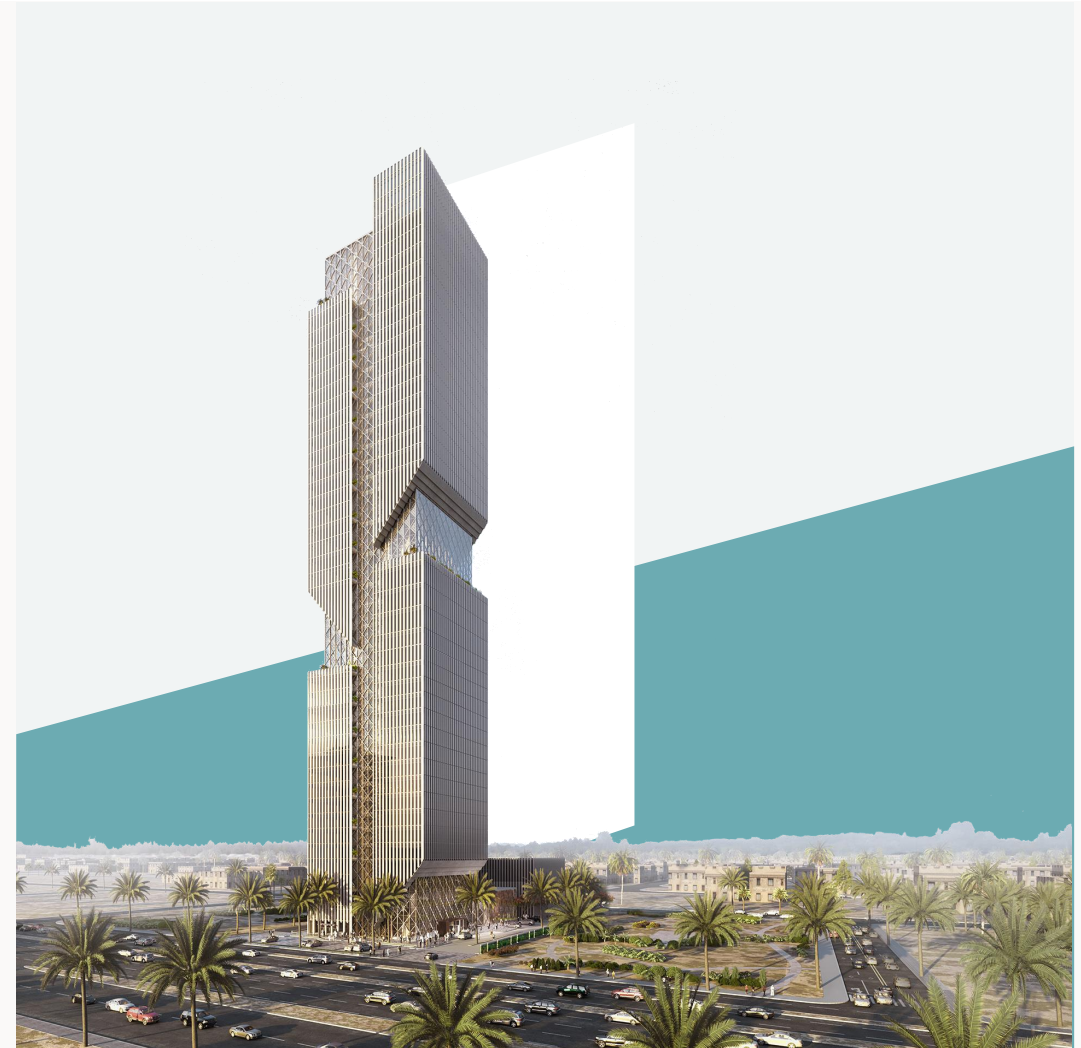
Segmental Performance

6

Outlook & Guidance

7

Appendix



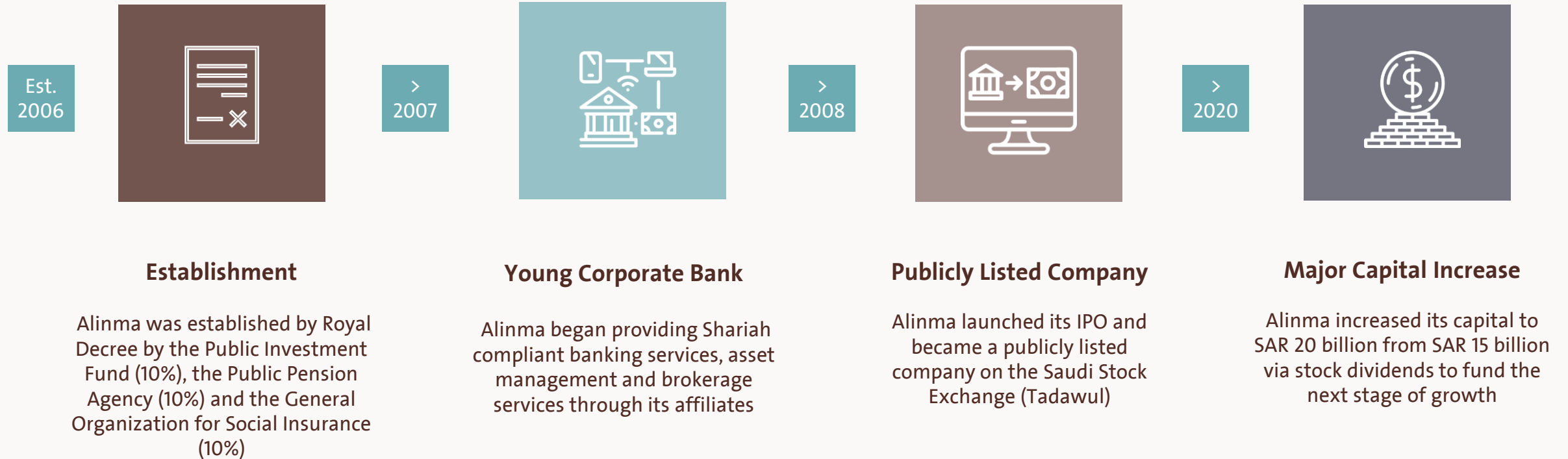
# Alinma Overview

Q4 2023

# History



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



The youngest bank in KSA

## Financial Position

**Net Profit Margin**  
**#2 in KSA**  
3.81%  
(3Q 2023)

**ROE**  
**#2 in KSA**  
16.96%  
(3Q 2023)

**ROA**  
**#2 in KSA**  
2.17%  
(3Q 2023)

## Retail Digital Snapshot

**19m**  
Monthly  
Average Users  
(Smart Phone Users Logins)

**631K**  
Daily Average  
Users  
(Smart Phone Users Logins)

**98.4%**  
Digital  
Transactions

## KSA Market Share

**6.4%**  
Assets  
(3Q 2023)



**7.0%**  
Financing  
(3Q 2023)



**7.3%**  
Deposits  
(3Q 2023)



**5.4%**  
NIB Deposits  
(3Q 2023)



## Rating Strength

**Fitch**  
**A-**  
Stable

**Moody's**  
**A3**  
Positive

**4.67m**  
Customers

## Stock Highlights

**#5**  
Traded Stock in KSA  
by Value and  
by number of trades  
(FY 2023)

**SAR 36bn**  
Value  
Traded  
(FY 2023)

**SAR 77.3bn**  
Market  
Capitalization  
(31 December 2023)

**15.7%**  
Foreign Ownership  
#1 among Saudi banks  
(31 December 2023)

**10%**  
Owned by  
Public Investment  
Fund

SOURCE: Bank Financial Statements, Tadawul

# Management Team

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



**Abdullah Ali Al Khalifa**  
Chief Executive Officer (CEO)



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



**Jameel Naif Al Hamdan**  
Head of Corporate Banking



**Abdullah Jamaan Al Zahrani**  
Head of Treasury



**Adel Saleh Abalkhail**  
Chief Financial Officer (CFO)



**Meshary Abdulaziz Al Jubair**  
Chief Operating Officer (COO)



**Mohammed Sultan Al Sehali**  
Chief Internal Audit Officer



**Eyad Osama Al Othman**  
Chief Legal & Corporate Governance



**Meshal Hamad Al Rabiah**  
Chief Risk Officer (CRO)



**Yaser Abdulaziz Al Marshde**  
Chief Sharia Officer (CSO)



**Hisham Abdullah Al Turaigi**  
Chief Credit Officer (CCRO)



**Abdullah Mohammed Al Salamah**  
Chief Human Capital Officer (CHCO)



**Saud Aied Al Mufaddaly**  
Chief Compliance Officer (CCO)



**Fahad Abdulaziz Al Mohaimeed**  
Chief Strategy & Sustainability Officer

# Strategy Update

Q4 2023

# 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 across KSA

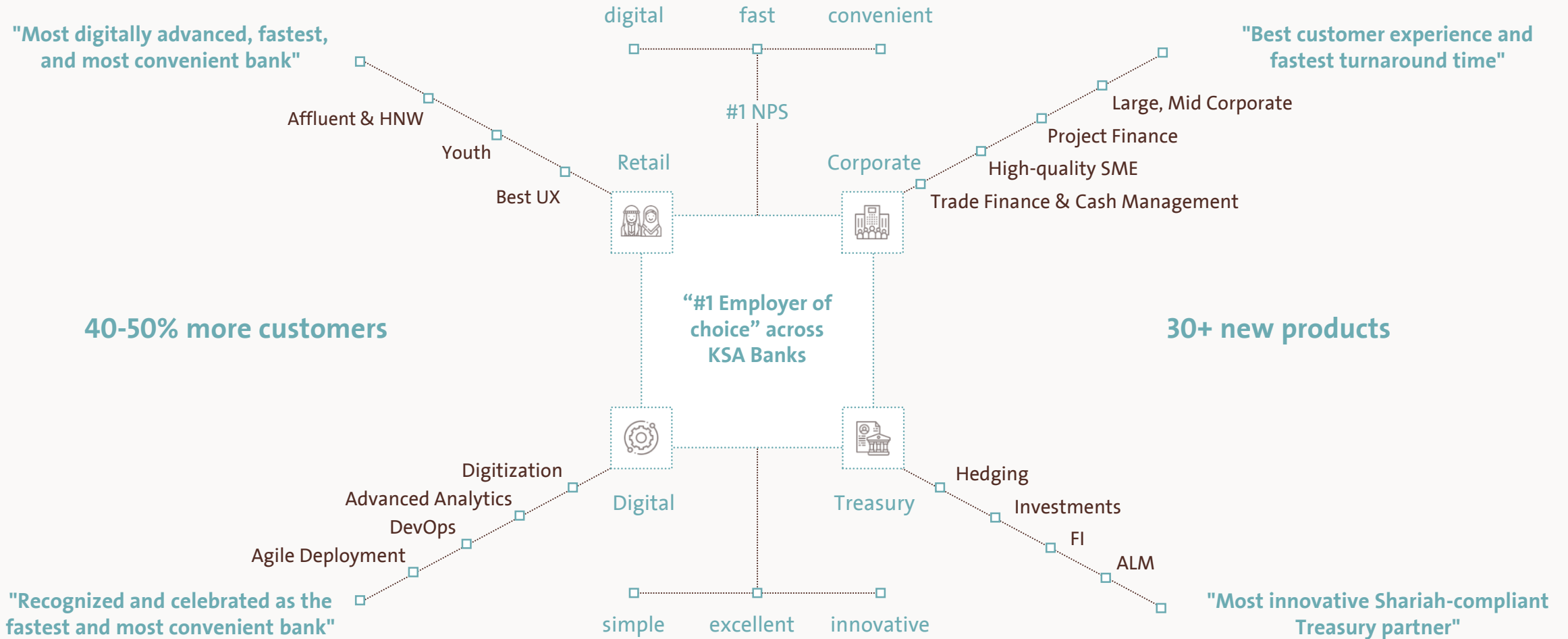




# Strategy Overview



Key success factors for Alinma Bank's strategic positioning



# Strategy Progress Update

Driving changes across the businesses and bank-wide



Digital



Fast



Convenient

## 2021 - 2025

Strategic Ambitions

Build digital factory and apply latest available technologies - Advanced Analytics (AA), AI and Big Data

Improve processes and speed to market

Enhance customer convenience and experience

## 4Q 2023

Achievements

- 24 TCR machines Implemented in Q4 reaching total of 108
- Online eligibility for POS Financing
- Launched digital subscription for payroll management
- Launched digital refinance for personal financing
- Implemented Phase 1 of OTP service to replace paper forms for branch customers
- Merged 15 branches (40 YTD)

## 2024

Initiatives In-Progress

- Driving Agile delivery of IT projects
- Continuously improving new digital app
- Continuous enhancement of digital journeys for key products and services to reduce turn around time
- Simplify customers' key journeys
- Continuous migration of products and services to digital channels



Total

77 Initiatives

62/77 Initiatives Completed



15/77 Initiatives In Progress





## Focus on building two customer franchises

**Focus to date**  
Wealth Segments

Acquisition focused on classic segments

Gold, Platinum, Diamond, and Private segment customers driving majority of deposits

Digital capabilities to acquire customers



Future Focus

**1** Digitally-savvy  
Affluent and HNW

- Experienced professionals and self-employed Saudis
- 35-50 year-old customers in the wealth segment
- Drive growth in deposits

**2** Digitally-savvy  
Youth

- Young Saudi professionals and University students
- 18-35 year-old customers in the wealth segment
- Drive growth in Financing

**3** Customer experience and operational excellence

- Reinvent the experience and improve multi-channel delivery
- Enhance experience around digital journeys and in-branch services
- Elevate customer engagement through tailored services and products

**Alinma**  
Retail Vision

"Be the most digitally advanced, fastest, and most convenient Retail Bank in KSA"

Initiatives Completed to Date:

16/18 initiatives completed  
89%

Key Achievements

4Q 2023

Launch of New Tailored Products



Launched personal finance top-up



Launched IZ credit card for youth

New Operating Models and Effective Processes



Integrated with the Chamber of Commerce to fully automate the process of Auto lease registration documents



Implemented Phase 1 of OTP service to replace paper forms for branch customers

24

TCR machines Implemented in Q4 reaching total of 108

Distribution Expansion

15

Merged branches (40 YTD)

# Corporate



Evolve the bank and diversify across sectors

**Focus to date**  
Large corporates and project finance

**1 Large, mid-corporate & project finance**

**2 High-quality SME portfolio**

**3 Global Transaction Banking (GTB) – Cash & Trade Management**

**Alinma Corporate Vision**

**Focused on lending**

Leveraging Kafalah program

Build the cross-sell model



**Future Focus**

- 1 Drive customer centricity, aligning RMs, product specialists and industry experts
- 1 Revamp commercial processes
- 1 Tech-enabled front line
- 1 Enhance product & channel offering in cross-sell categories
- 1 Integrate digital offering

- 1 Foster Kafalah program lending
- 1 Extend SME portfolio along supply chain related offerings

- 1 Preferred GTB financial service provider
- 1 Migrate business partners to GTB solutions for efficiency, productivity and higher profitability
- 1 Lead in GTB field via innovation and digitalization

"Be the Corporate bank with the best customer experience and offer fastest turnaround time in KSA"

**Initiatives Completed to Date:**

9/19 initiatives completed



**Key Achievements**

**4Q 2023**

**Expanded Mid-Corp Segment**

**+140%**  
(YoY)

Growth in booked assets

**+135%**  
(YoY)

Growth in Non-funded assets (LG & LC)

**Growth in SME Portfolio**

**+100%**  
(YoY)

Program Based Lending

**+20%**  
(YoY)

Kafalah financing

**Automation**

Launched first phase of the RM tech enabled sales tools



Become core partner for corporate clients and grow FI franchise

**Focus to date**  
Liquidity management and stable risk

**1 Derivative products**

**2 Enhanced financial institutions franchise**

**3 High Quality Asset Liability Management**

**Alinma**  
Treasury Vision

Strong track record with well-managed liquidity profile and investment revenue and stable risk

FI customers serviced well



Future Focus

- Grow product portfolio to provide holistic value proposition to clients
- Drive Customer centricity to facilitate bank-level alignment and improved cross-sell revenues

- FIs represent important source to diversify funding and show continued interest into KSA investments

- Grow deposits and long term liabilities on one side and term assets on the other to maintain a healthy balance sheet
- Continue to focus on liquidity and stable funding ratios

"Be the most innovative Shariah compliant Treasury partner across KSA"

**Initiatives Completed to Date:**

12/12 initiatives completed  
100%

**Key Achievements**

**4Q 2023**

**Expansion of Products and Volumes**



Grow Structured Deposits and Flexi Forward



Repo to Maturity Product

**+28bn**

FX business volumes

**Increased FI Coverage**

**+2 banks**

Correspondent FIs added globally

**Investment Yield Enhancement**



Continue to enhance investment portfolio yield



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

**Focus to date**  
Driving digital capabilities

**1 World-Class Digital Capabilities**

**2 Improve Operating Model**

**3 Drive Operational Excellence**

**Alinma Vision**

Pursuing initiatives across Advanced Analytics and Big Data, AI and RPA

Projects are driven by Agile ways of working

Augment digital work force with best in class talents and upskill digital teams by establishing digital training e-academy



**Future Focus**

- Accelerate digitization
- Progress on Advanced Analytics while building new capabilities
- Reinvent the customer experience and improve multi-channel capabilities
- Leverage the ecosystem to create innovative and unique propositions

- Deliver with speed, quality and efficiency
- Improve ways of working, e.g. Agile delivery, DevOps, etc.
- Establish the digital factory to power rapid delivery and foster innovation

- Improve efficiency through digitization of services and products
- Automate internal processes using robotics to enhance turnaround times.

"Be recognized and celebrated as the fastest and most convenient bank in KSA"

**Initiatives Completed to Date:**

15/17 initiatives completed



**Key Achievements**

**4Q 2023**

### Expansion of Products and Volumes



Implemented advanced analytics and smart targeting to enhance cross-selling capabilities



Online eligibility for POS Financing



Launched digital subscription for payroll management



Launched digital refinance for personal financing

### IT Projects Delivery

**53%**

IT Projects Delivered through Agile

# Human Capital



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

**Focus to date**  
Hiring and training activities

**1 Drive cultural change agenda**

**2 Grow capabilities across the bank**

**3 Organizing Alinma for success**

**Alinma Human Capital Vision**

Improve Work Environment

Female Empowerment

Hire Top Talent



Future Focus

- 1 Cascade new strategy to organization and embed in communication
- 1 Measure and improve employee engagement/organizational health
- 1 Regularly celebrate success stories

- 1 Hire top talent including new capabilities (i.e. data science)
- 1 Continuously develop capabilities through learning
- 1 Develop rotational programs, new career path to foster innovation

- 1 Adjust working model based on new requirements
- 1 Implement agile forms of organization in future
- 1 Digitalize and streamline HC processes

"Be the #1 Employer of choice across KSA Banks"

Initiatives Completed to Date:

9/9 initiatives completed



Key Achievements

4Q 2023

Increased Employee Engagement

#1

For Mowaamah award of work place for people with disabilities (Labor Award-Ministry of HRSD)

8

Activities conducted to Increase Employees' Engagement

Increased Training & Key Placements

75%

Bank employees have been trained in 2023

45

Future bankers have graduated and enrolled in 7 departments

17

Employees obtained professional certificates, reached to 337 in 2023

Workforce

96%

Saudization Rate

22%

Female percentage of total workforce

# Historical Financial Performance

Q4 2023

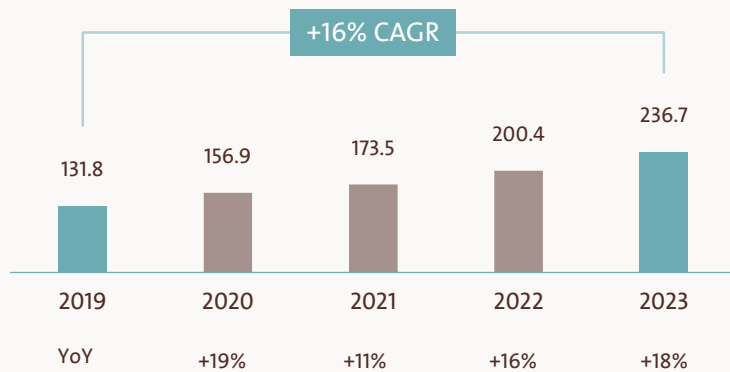


# Balance Sheet Track Record

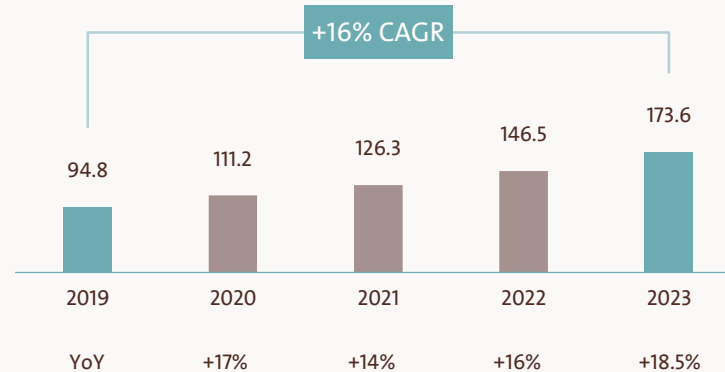


Solid history of strong balance sheet momentum...

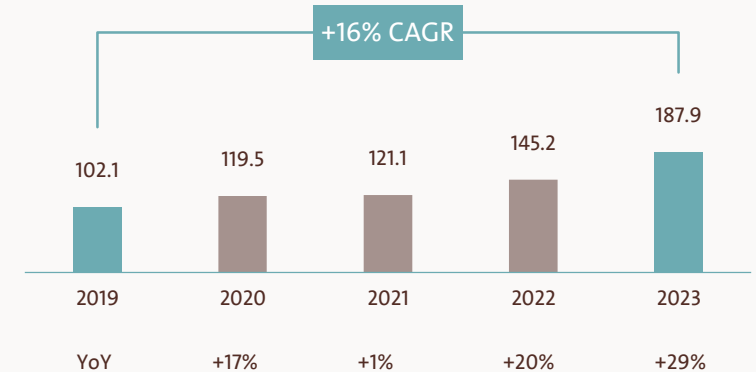
### Total Assets (SARbn)



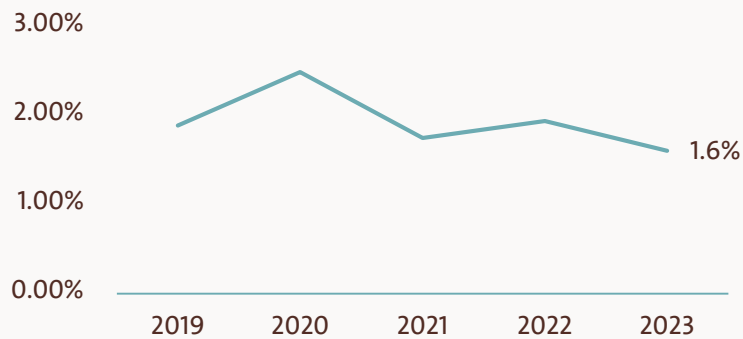
### Financing (SARbn)



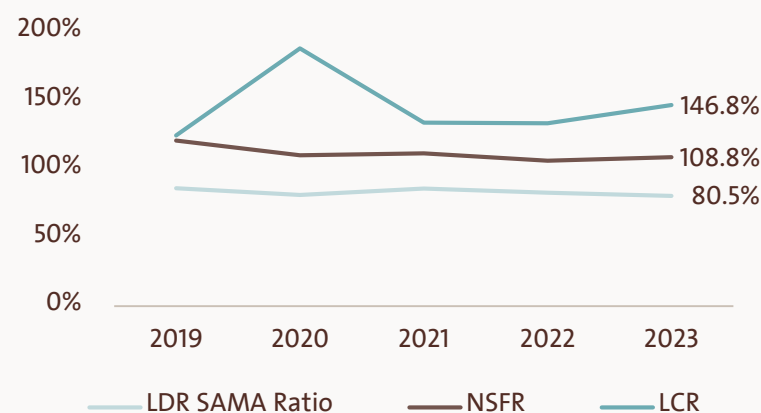
### Customers' Deposits (SARbn)



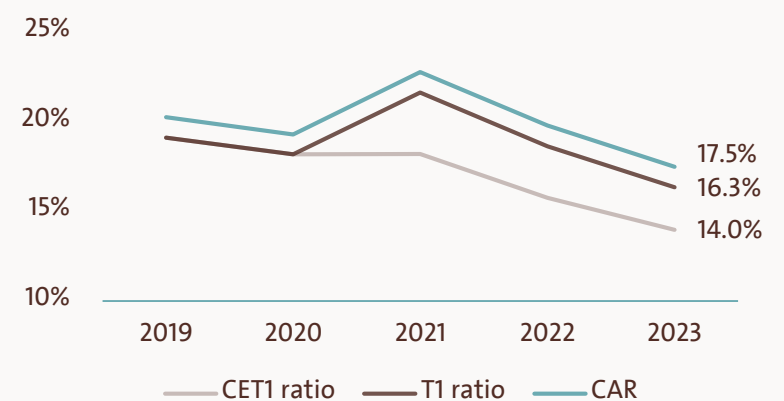
### NPL Ratio (%)



### Liquidity (%)



### Capitalization (%)

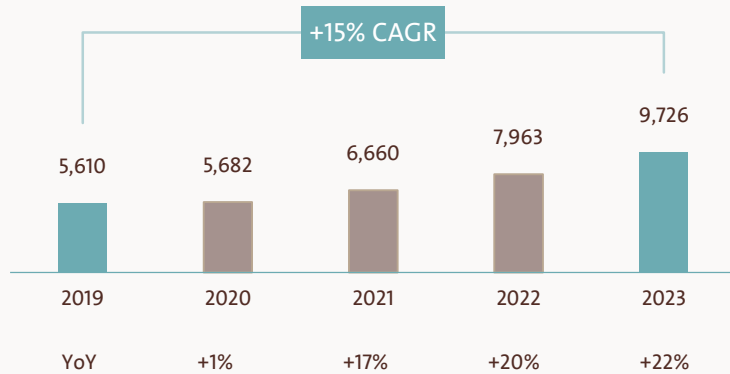


# P&L Track Record

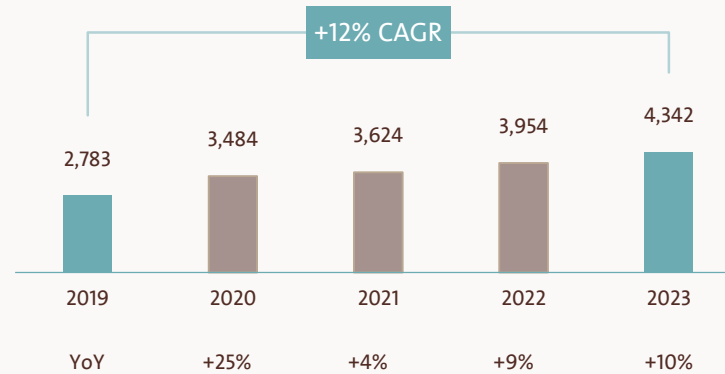


...translating to consistently strong top-line growth and solid profitability

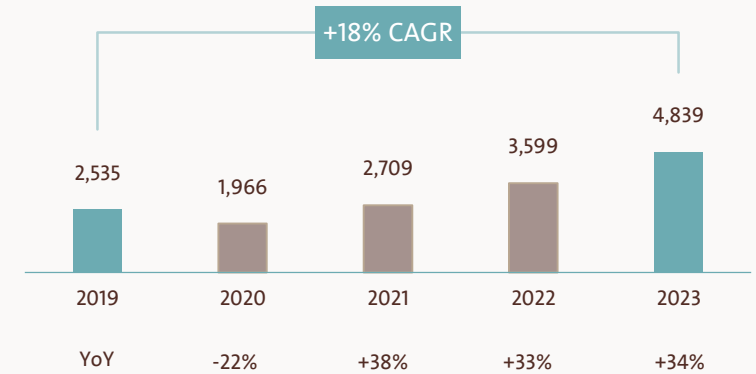
### Total Operating Income (SARmn)



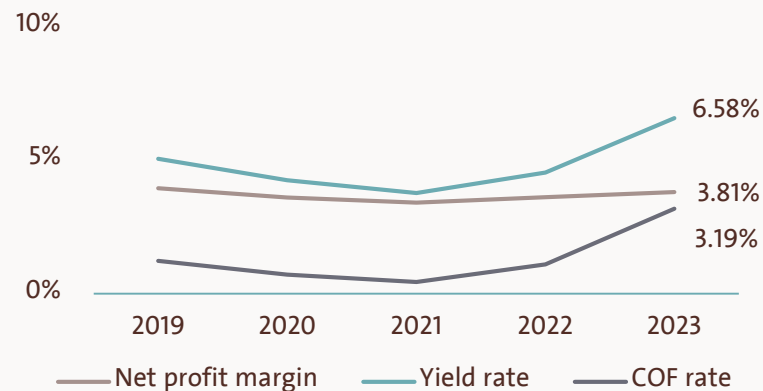
### Total Operating Expenses (SARmn)



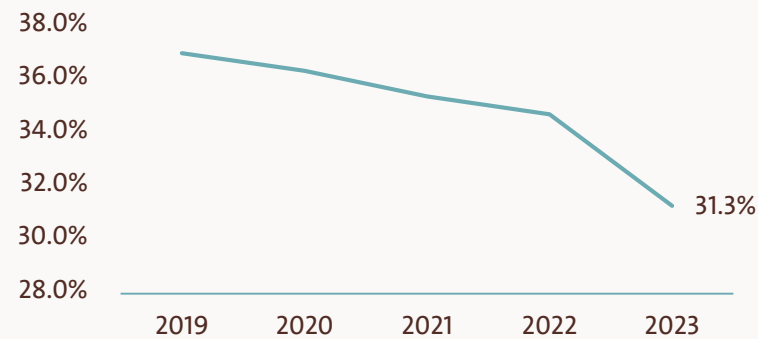
### Net Income (SARmn)



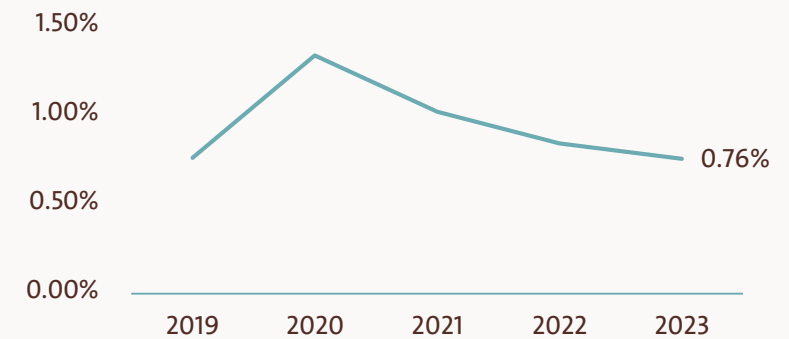
### Net Profit Margin (%)



### Cost To Income Ratio (%)



### Cost of Risk (%)



# FY 2023 Financial Performance

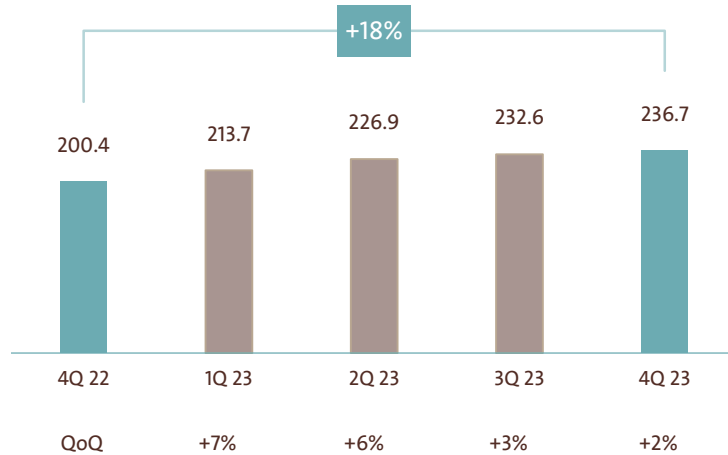
Q4 2023

# 4Q 2023 Balance Sheet Highlights

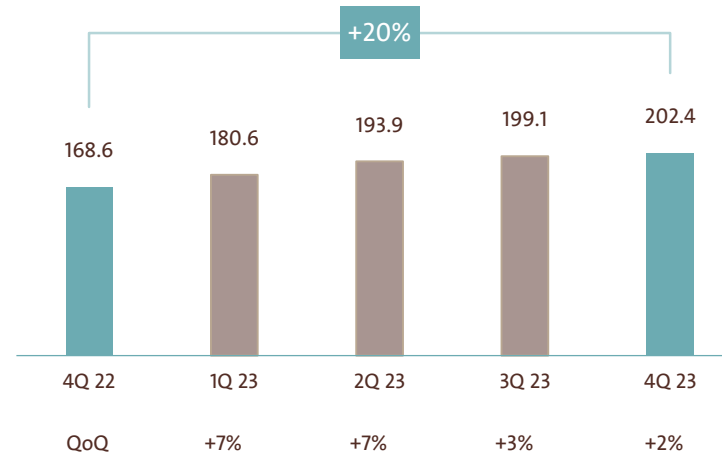


Balance sheet growth from financing and investments growth funded mainly from customers' deposits

Total Assets (SARbn)



Total Liabilities (SARbn)



Total Equity (SARbn)



4Q 23 Financing

SARbn **173.6**  
+18.5% YoY

4Q 23 Customers' Deposits

SARbn **187.9**  
+29% YoY

4Q 23 CASA Deposits

SARbn **90.6**  
+10% YoY

4Q 23 CASA % of Total Deposits

**48.2%**  
-8.6ppts YoY

4Q 23 LDR SAMA Ratio

**80.5%**  
-2.3ppts YoY

4Q 23 CAR

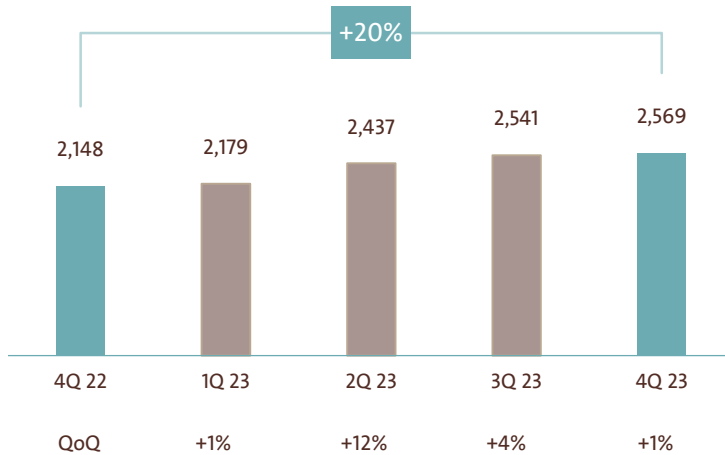
**17.5%**  
-231bps YoY

# FY 2023 P&L Highlights

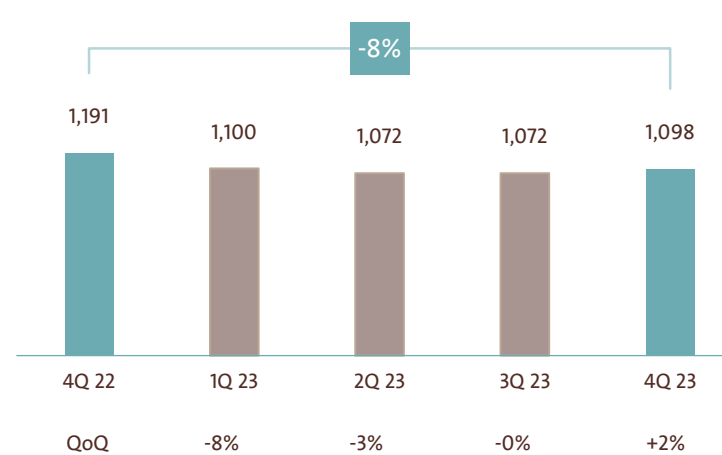


Net income for FY 2023 grew by 34% YoY from 22% operating income growth

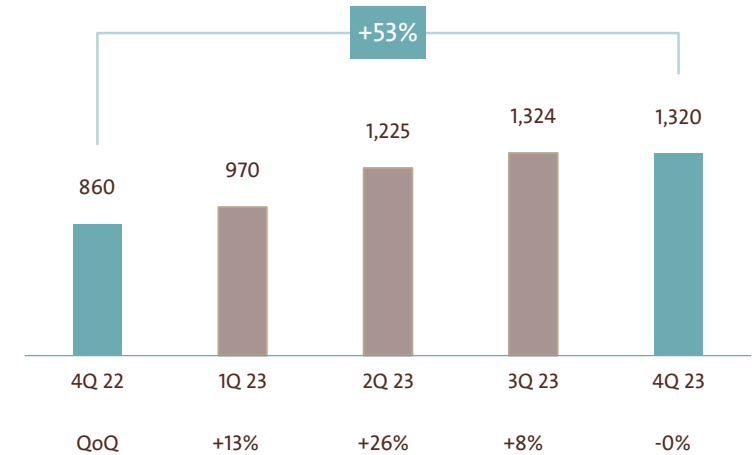
Total Operating Income (SARmn)



Total Operating Expenses (SARmn)



Net Income (SARmn)



FY 23 Funded Income

SARmn **7,655**

+26% YoY

FY 23 Non-Funded Income

SARmn **2,071**

+9% YoY

FY 23 Net Income

SARmn **4,839**

+34% YoY

FY 23 Net Profit Margin

**3.81%**

+19bps YoY

FY 23 Cost to Income Ratio

**31.3%**

-3.4ppts YoY

FY 23 ROE

**17.2%**

+353bps YoY

# Balance Sheet Trends



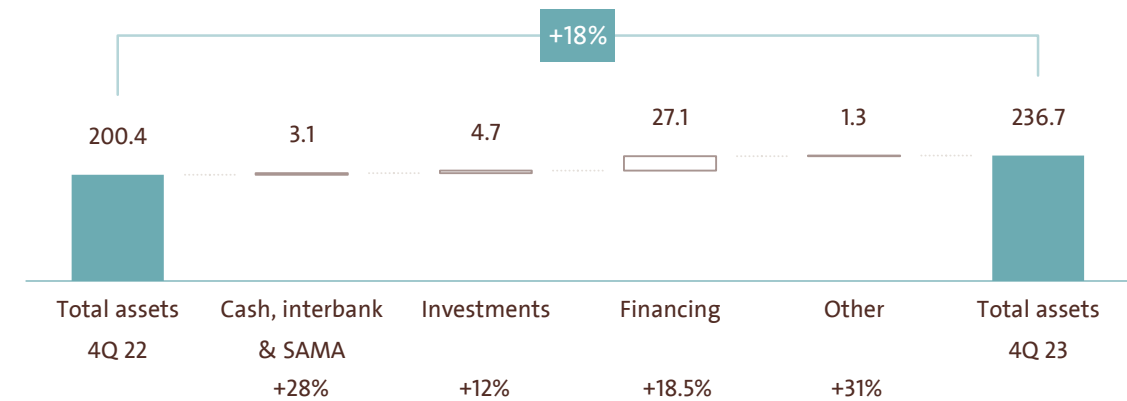
Balance sheet growth of 18% from increase in financing and investments

## Management Commentary

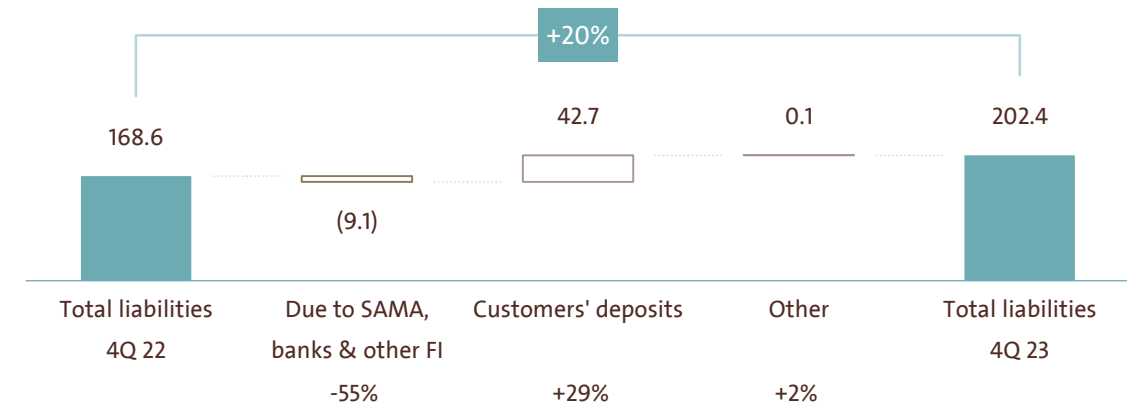
- Growth in total assets of 18% YoY mainly driven by 18.5% financing growth and 12% growth in investments and 28% growth in balances with SAMA and interbank.
- Total liabilities grew by 20% YoY mainly from a 29% rise in customers' deposits.

SAR (mn)	4Q 2023	4Q 2022	Δ%	3Q 2023	Δ%
Cash, interbank & SAMA balances	14,299	11,178	+28%	16,957	-16%
Investments	43,236	38,518	+12%	40,970	+6%
Financing	173,624	146,492	+18.5%	169,063	+3%
Other assets	5,555	4,249	+31%	5,595	-1%
<b>Total assets</b>	<b>236,715</b>	<b>200,436</b>	<b>+18%</b>	<b>232,585</b>	<b>+2%</b>
Due to SAMA, banks & other FI	7,431	16,483	-55%	10,123	-27%
Customers' deposits	187,901	145,168	+29%	180,233	+4%
Other liabilities	7,050	6,908	+2%	8,769	-20%
<b>Total liabilities</b>	<b>202,381</b>	<b>168,560</b>	<b>+20%</b>	<b>199,125</b>	<b>+2%</b>
Share capital	20,000	20,000	+0%	20,000	+0%
Retained earnings	1,118	4,285	-74%	6,675	-83%
Other reserves	8,215	2,591	+217%	1,785	+360%
Tier 1 sukuk	5,000	5,000	+0%	5,000	+0%
<b>Total equity</b>	<b>34,334</b>	<b>31,876</b>	<b>+8%</b>	<b>33,460</b>	<b>+3%</b>

## Total Assets Movement YoY (SARbn)



## Total Liabilities Movement YoY (SARbn)



# P&L Trends



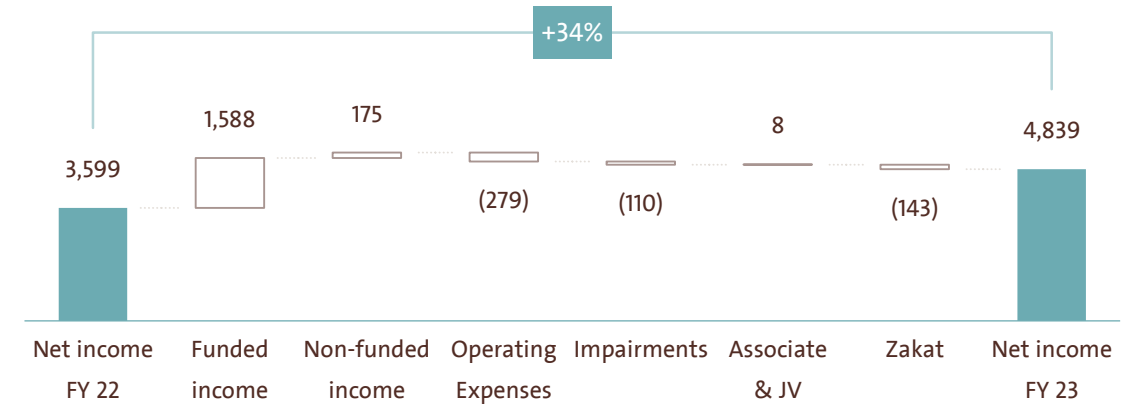
Net income for FY 2023 grew by 34% YoY mainly from 22% operating income growth

## Management Commentary

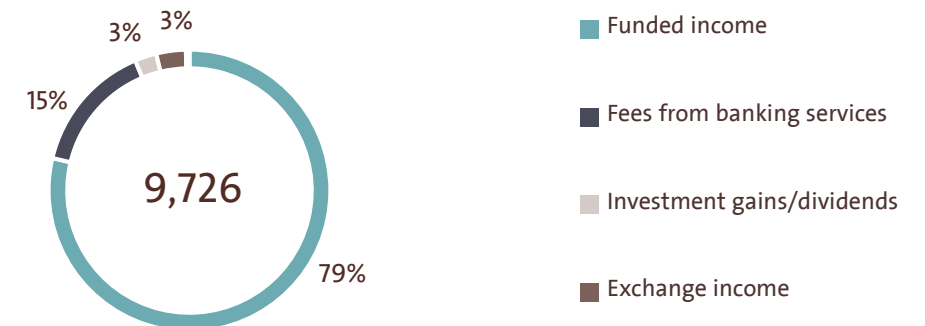
- Net income for FY 2023 grew 34% YoY to SAR 4,839mn from 22% operating income growth despite 10% higher operating expenses YoY.
- 4Q 2023 net income improved 53% YoY driven by 20% increase in operating income.

SAR (mn)	FY 2023	FY 2022	Δ%	4Q 2023	4Q 2022	Δ%
Funded income	7,655	6,066	+26%	2,054	1,668	+23%
Non-Funded income	2,071	1,897	+9%	515	480	+7%
<b>Total operating income</b>	<b>9,726</b>	<b>7,963</b>	<b>+22%</b>	<b>2,569</b>	<b>2,148</b>	<b>+20%</b>
Operating Expenses	3,044	2,765	+10%	774	750	+3%
<b>Net operating income before impairment charge</b>	<b>6,682</b>	<b>5,198</b>	<b>+29%</b>	<b>1,795</b>	<b>1,398</b>	<b>+28%</b>
Impairments	1,299	1,189	+9%	324	441	-26%
<b>Net operating income</b>	<b>5,384</b>	<b>4,009</b>	<b>+34%</b>	<b>1,471</b>	<b>957</b>	<b>+54%</b>
<b>Income before zakat &amp; income tax</b>	<b>5,396</b>	<b>4,013</b>	<b>+34%</b>	<b>1,472</b>	<b>959</b>	<b>+53%</b>
Zakat	556	414	+34%	152	99	+53%
<b>Net income</b>	<b>4,839</b>	<b>3,599</b>	<b>+34%</b>	<b>1,320</b>	<b>860</b>	<b>+53%</b>

## Net Income Movement YoY (SARmn)



## Operating Income Composition (SARmn)

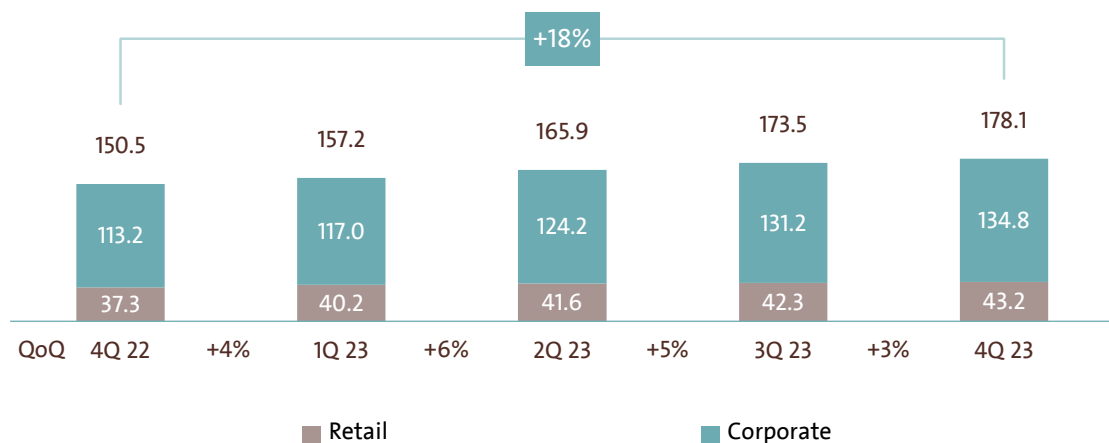


# Financing

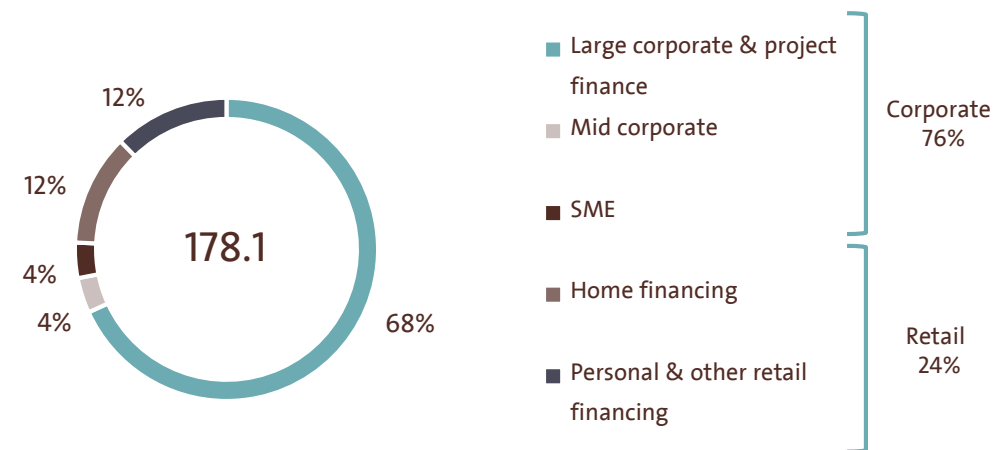


Solid increase in gross financing during FY 2023 from 16% growth in retail financing, and 19% in corporate financing

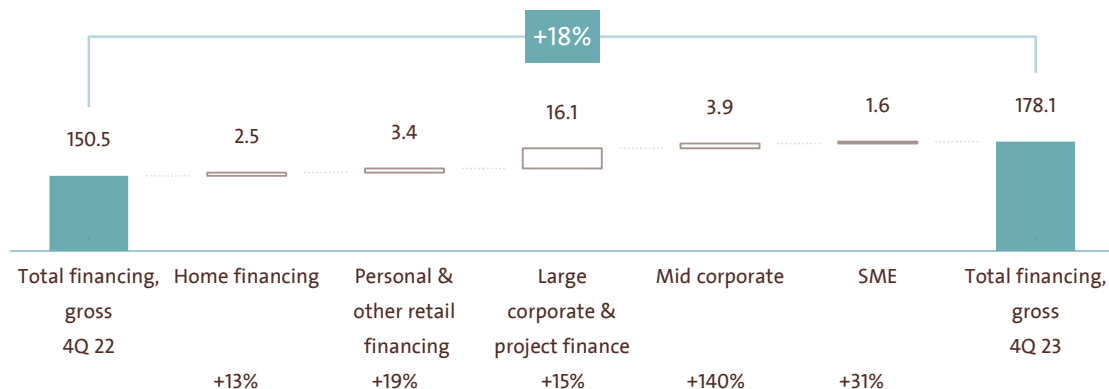
Financing, Gross (SARbn)



Financing, Gross Composition (SARbn)



Financing, Gross Movement YoY (SARbn)



## Management Commentary

- Gross financing grew 18% during FY 2023.
- Retail financing grew 16% YoY from strong momentum in home financing +13% and personal & other financing +19%.
- Total corporate financing grew 19% YoY, where mid-corporate rose 140%, and SME financing increased 31%.
- Gross financing comprises of 76% corporate and 24% retail as at 31 December 2023.

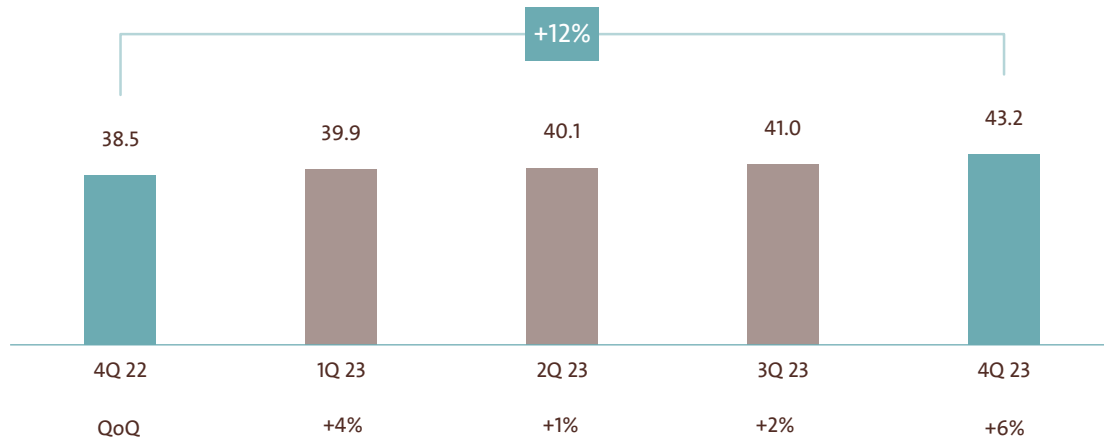


# Investments

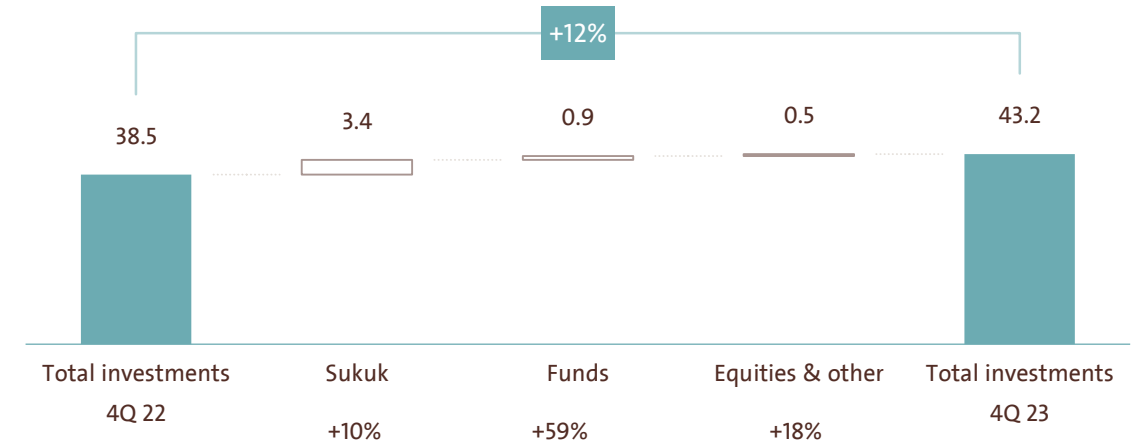


12% growth in investments YoY from additional investment grade securities

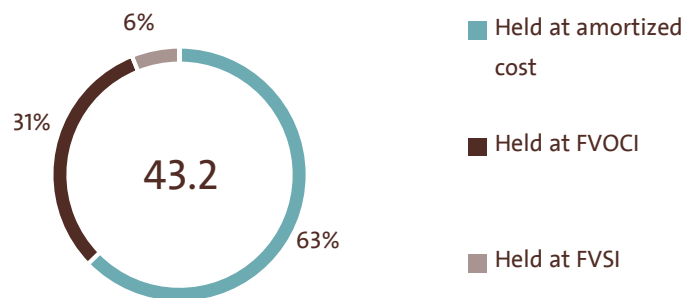
Investments (SARbn)



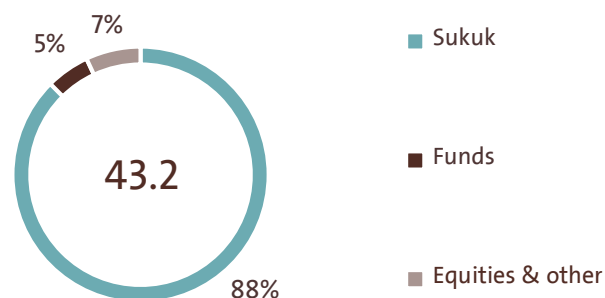
Investments Movement YTD (SARbn)



Investments Composition (SARbn)



Investments Composition (SARbn)



## Management Commentary

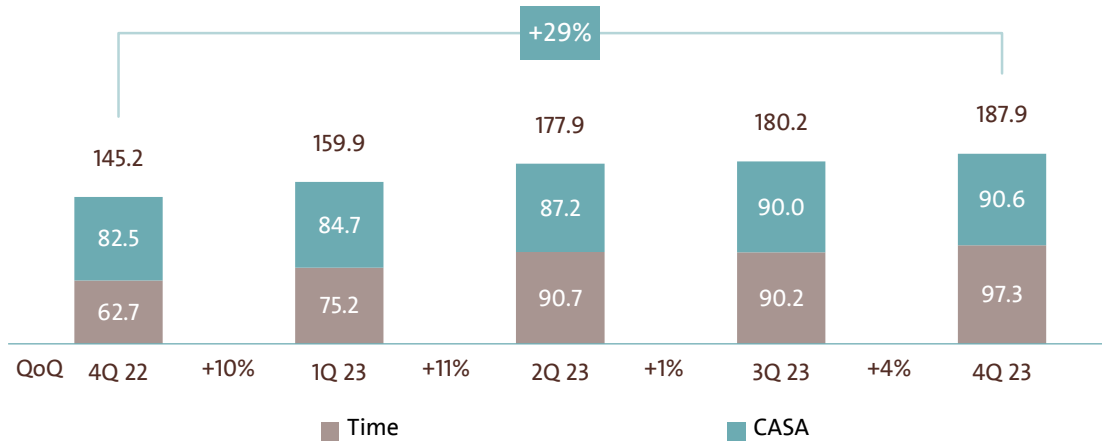
- Investments growth of 12% during FY 2023 was mainly attributed to 10% increase of investments in sukuk.
- The investment portfolio as at 31 December 2023 comprised of 88% sukuk investments, 5% funds and 7% equities & other investments.

# Deposits

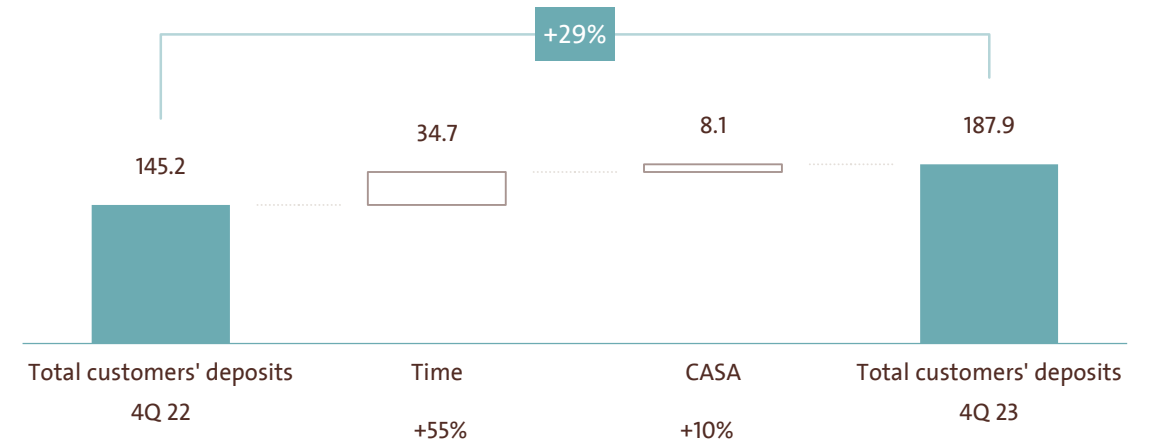


Deposit growth of 29% driven by 10% CASA growth and 55% time deposits growth

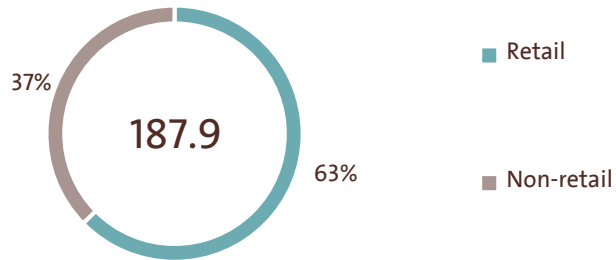
Customers' Deposits (SARbn)



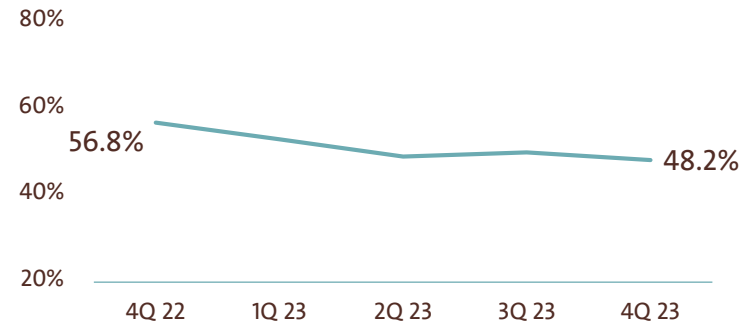
Customers' Deposits Movement YTD (SARbn)



Customers' Deposits Composition (SARbn)



CASA % of Total Deposits (%)



## Management Commentary

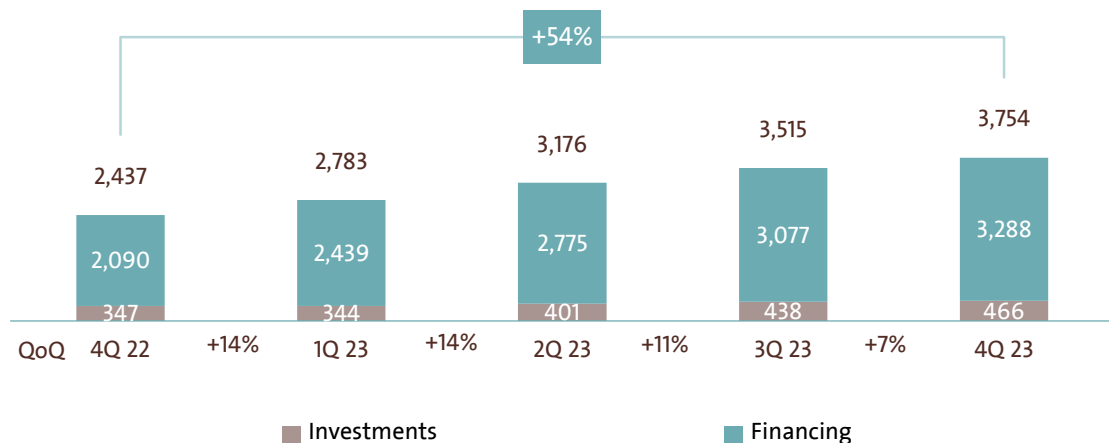
- Deposits rose by 29% during FY 2023 from growth in CASA and Time deposits of 10% and 55% respectively.
- CASA deposits account for 48.2% of total deposits as at 4Q 2023.
- Total deposits comprise of 63% retail and 37% non-retail deposits as at 31 December 2023.

# Income from Financing & Investments

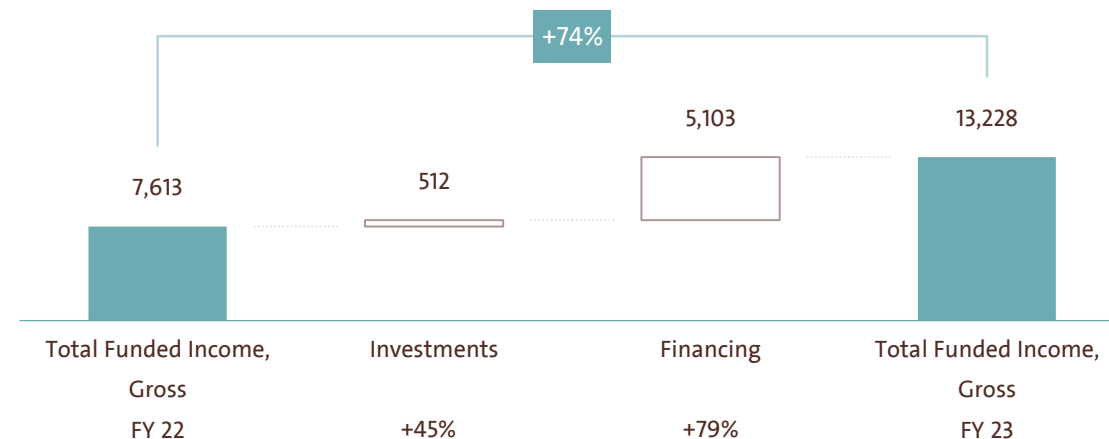


Gross funded income grew 74% from 45% growth in investment income and 79% growth in financing income

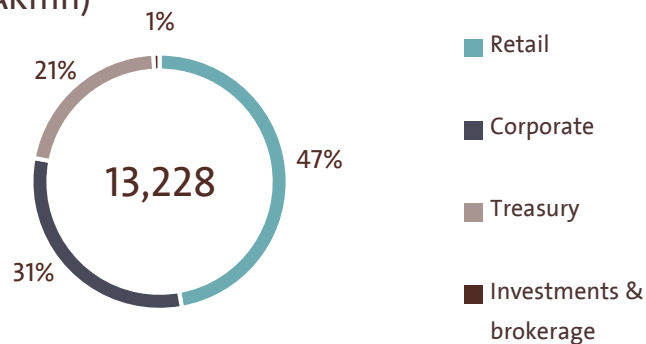
Funded Income, Gross (SARmn)



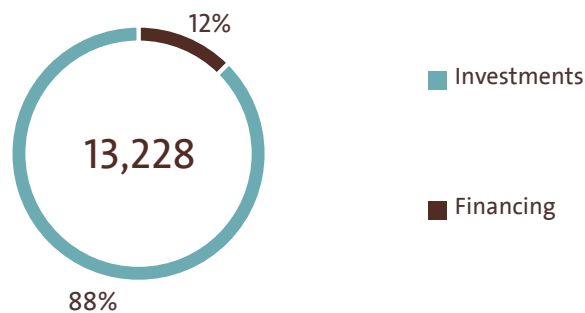
Total Funded Income, Gross Movement YoY (SARmn)



Funded Income, Gross Composition (SARmn)



Funded Income, Gross Composition (SARmn)



## Management Commentary

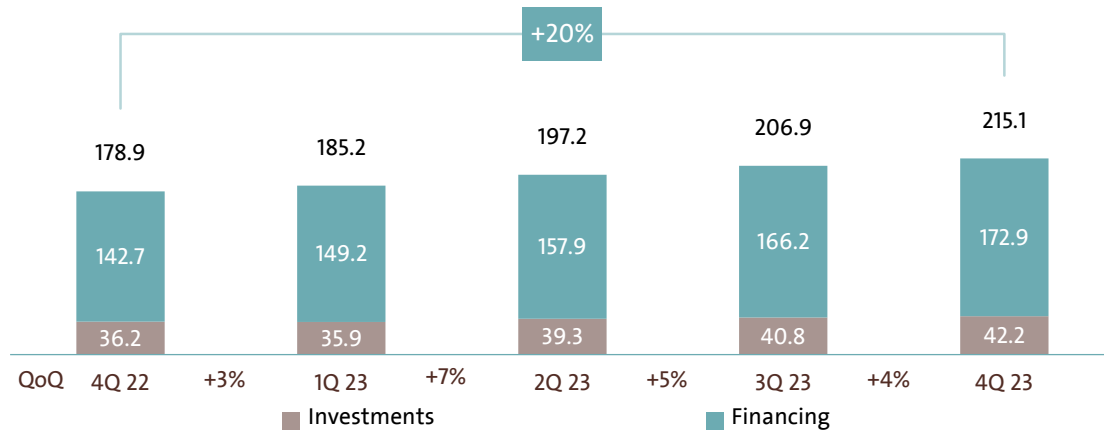
- Gross funded income for FY 2023 increased by 74% YoY to SAR 13,228mn from a 45% increase in investment income and a 79% rise in financing income.
- The expansion in gross funded income and net profit margin is reflective of the rising benchmark rates and increase in avg. balances.

# Net Profit Margin

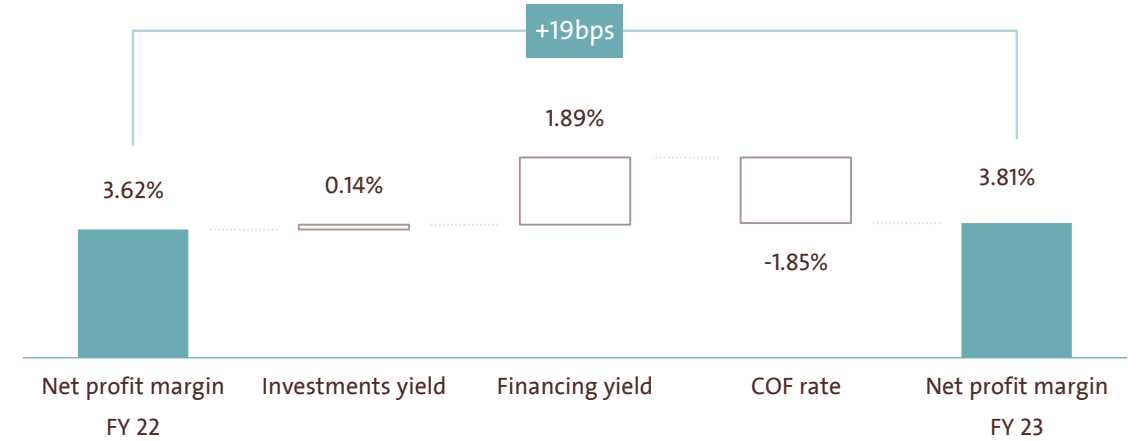


Average balance of investments and financing grew 20%; while net profit margin saw an increase of 19bps YoY

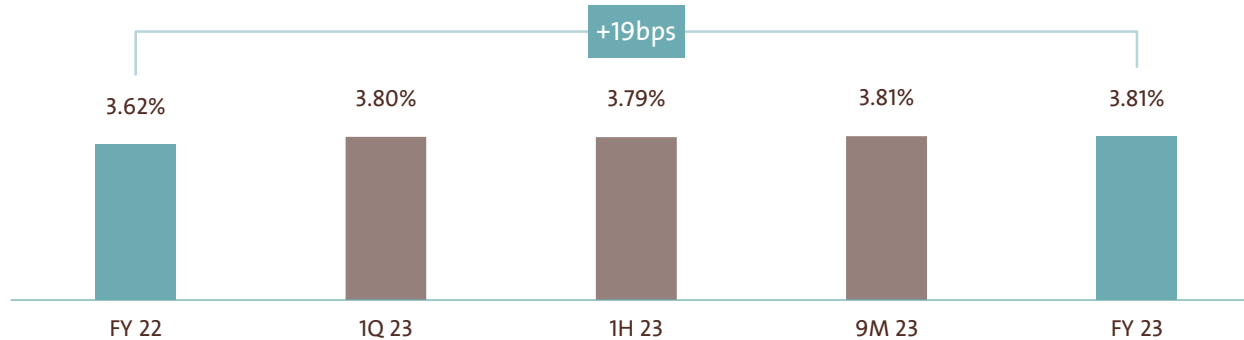
Average Balance of Investments & Financing (SARbn)



Net Profit Margin Movement YoY (%)



Net Profit Margin YTD (%)



## Management Commentary

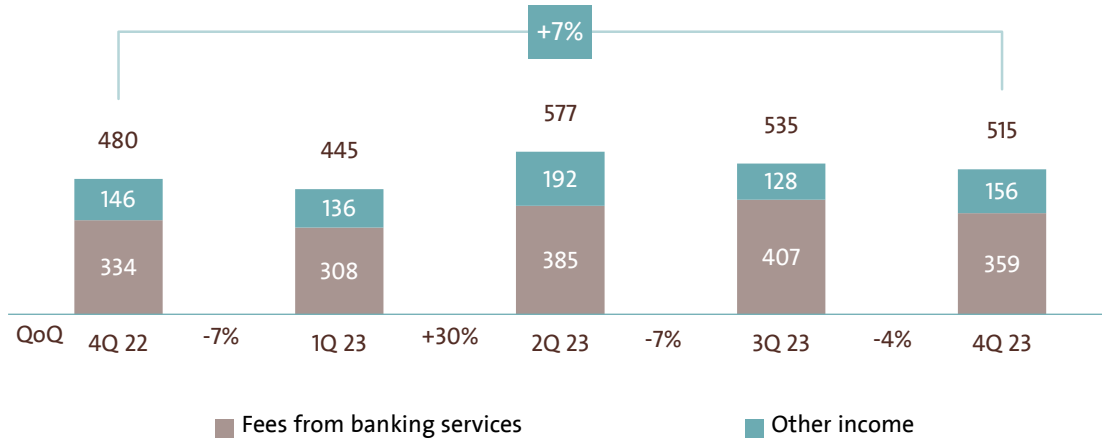
- 1 Average balance of investments and financing grew 20% YTD.
- 1 Net profit margin increased by 19bps YoY to 3.81% in FY 2023.
- 1 The YTD net profit margin increased by 19bps YoY to 3.85%.

# Fee and Other Income

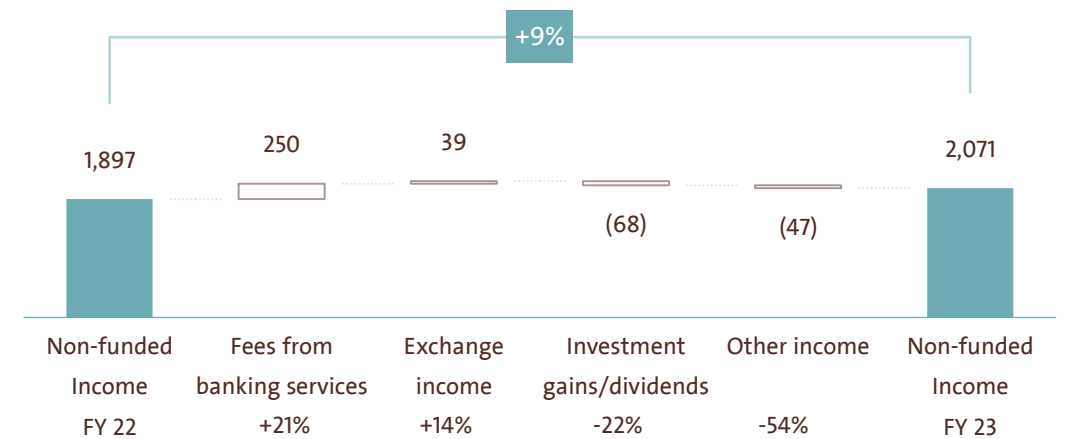


Non-funded income for FY 2023 increased by 9% YoY

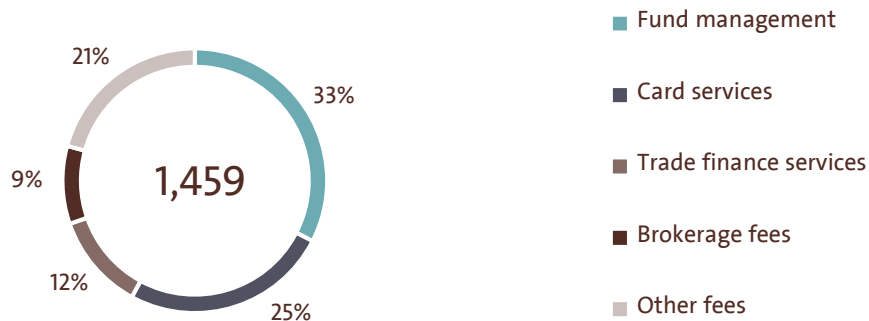
Non-Funded Income (SARmn)



Non-Funded Income Movement YoY (SARmn)



Fees from Banking Services Composition (SARmn)



## Management Commentary

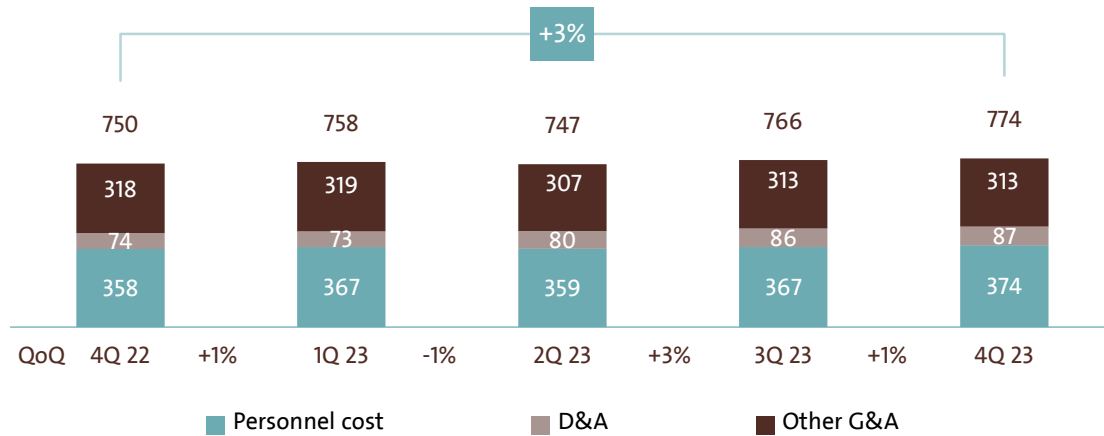
- Non-funded income for FY 2023 increased 9% YoY to SAR 2,071mn from improved fees from banking services and exchange income.
- Fund management fees comprise the majority of fees from banking services at 33%, while card services fees account for 25%, other fees for 21% and trade finance services and brokerage fees represent 12% and 9% respectively.

# Operating Expenses

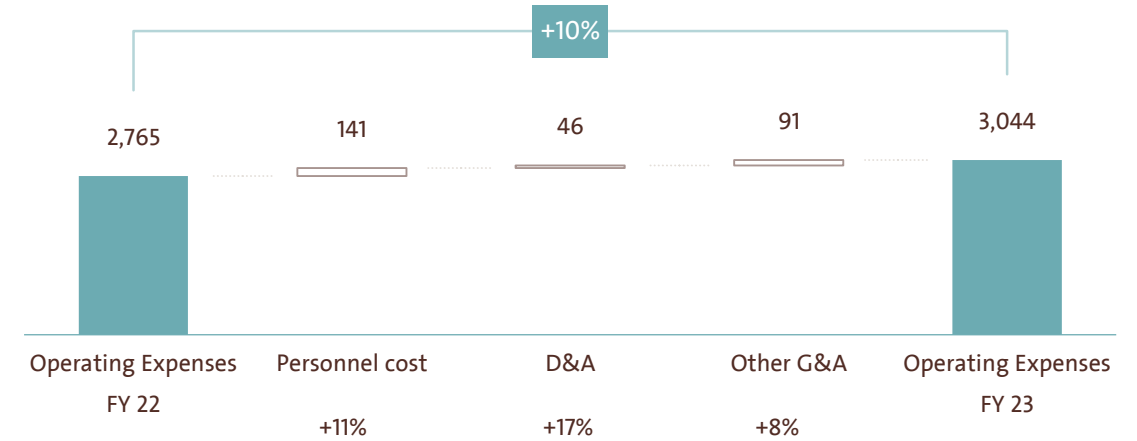


FY 2023 saw 10% growth in operating expenses YoY mainly from higher employee and G&A costs

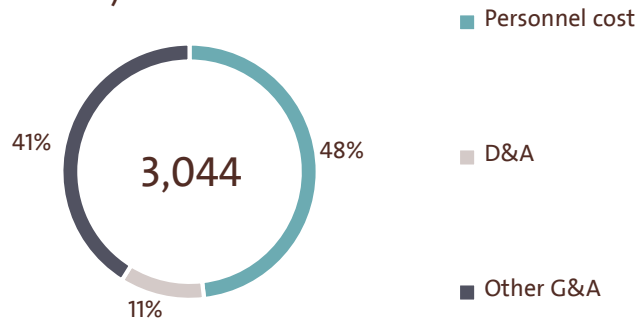
Operating Expenses (SARmn)



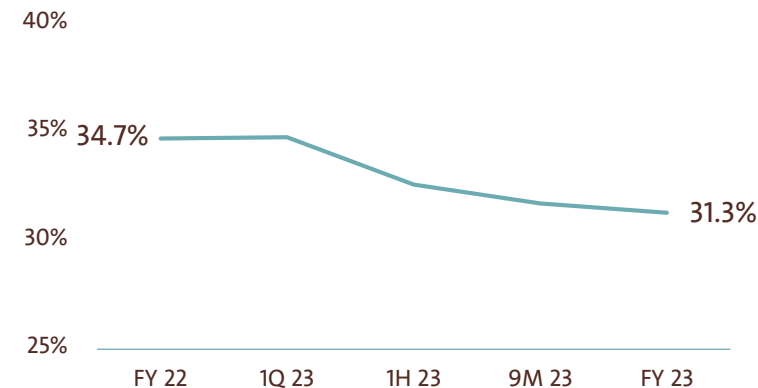
Operating Expenses Movement YoY (SARmn)



Operating Expenses Composition (SARmn)



Cost to Income Ratio (%)



Management Commentary

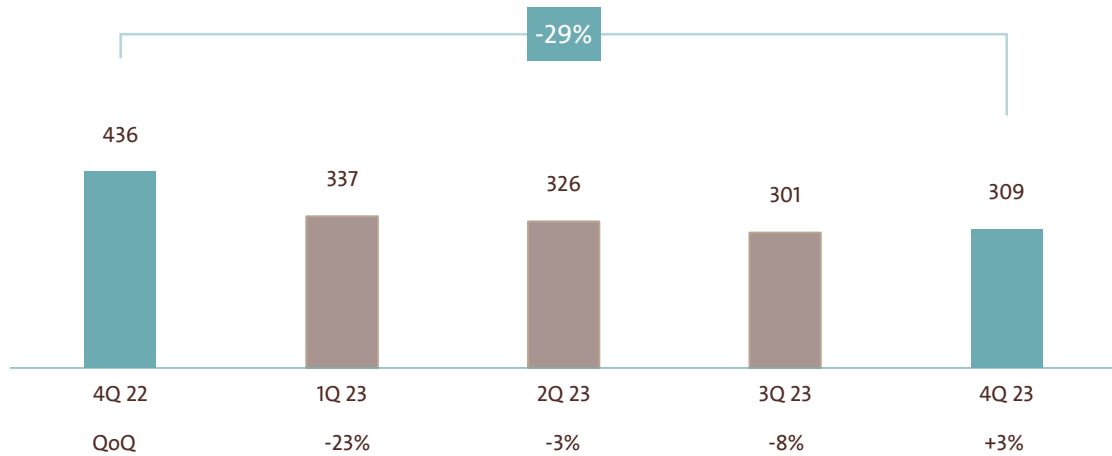
- Operating expenses increased 10% YoY to SAR 3,044mn for FY 2023
- Personnel cost comprise the majority of operating expenses at 48%, while other G&A account for 41%, and D&A represent 11%.
- +12.1ppts positive Jaws contributed to a 3.4ppts decrease in the cost to income ratio from 34.7% to 31.3%.

# Impairments for Financing

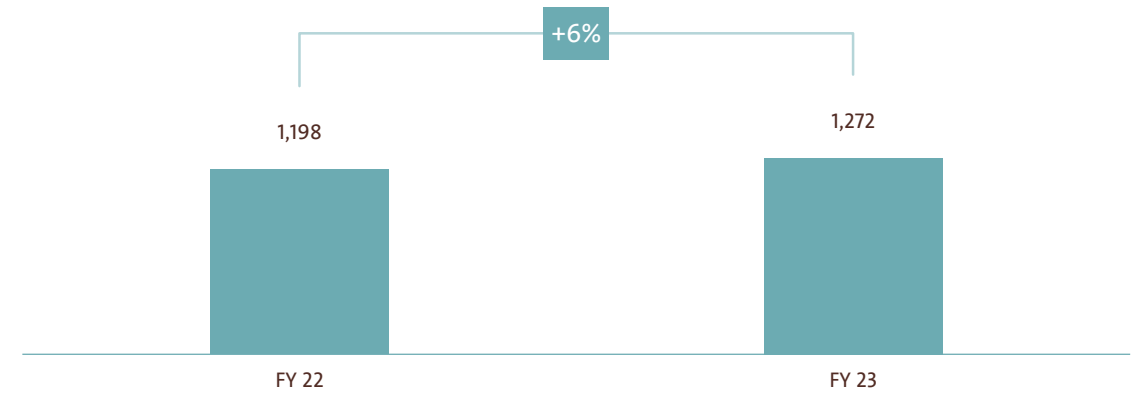


Cost of risk for FY 2023 declined by 8bps

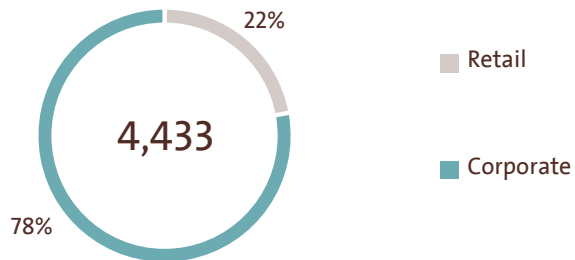
Impairments for Financing (SARmn)



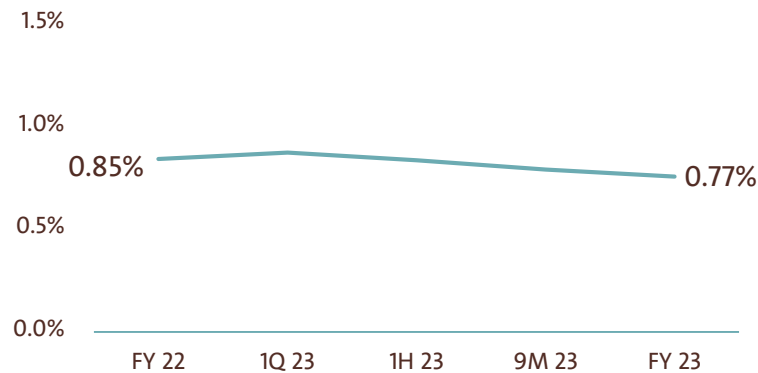
Impairments for Financing (SARmn)



Impairments Allowance Composition (SARmn)



Cost of Risk (%)



## Management Commentary

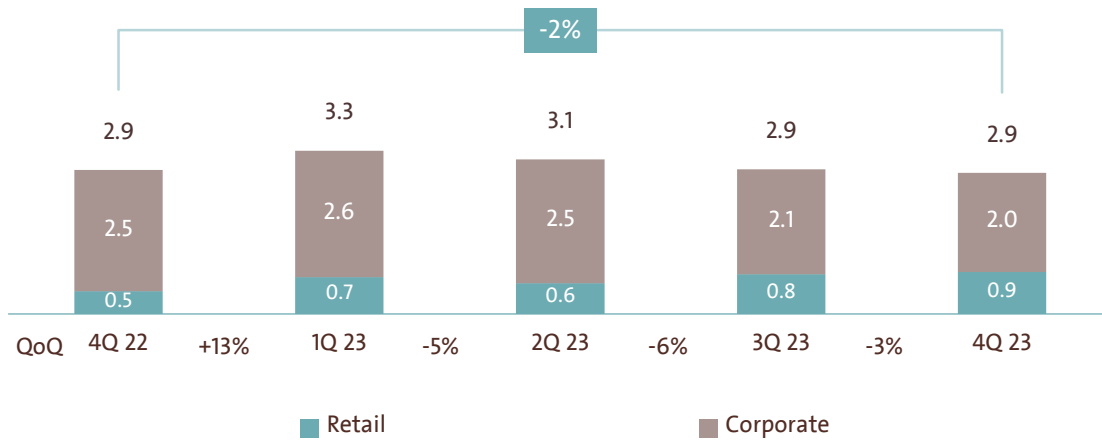
- FY 2023 impairment charge for financing increased by 6% YoY to SAR 1,272mn.
- Cost of risk for FY 2023 decreased by 8bps YoY to 0.77%.
- 78% of impairment allowance in FY 2023 pertains to corporate and 22% is for retail financing.

# Non-Performing Loans

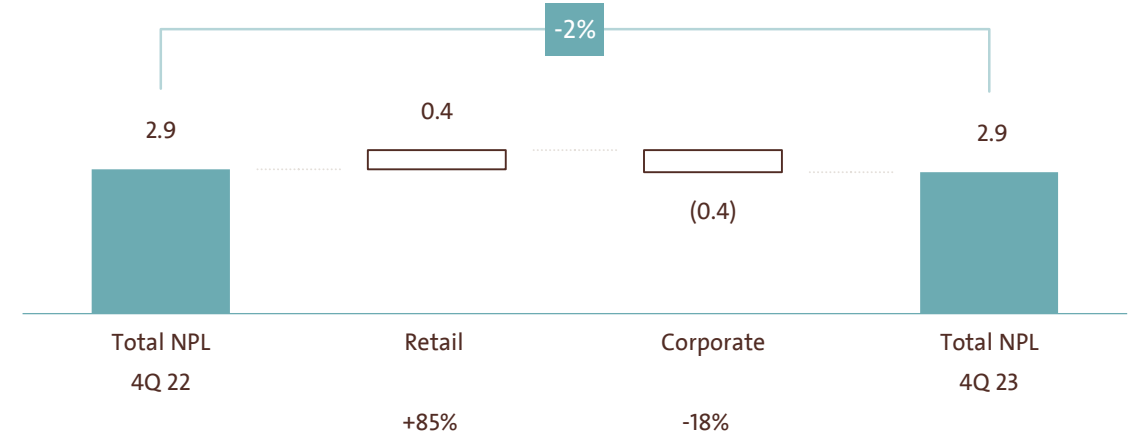


NPL ratio decreased YoY

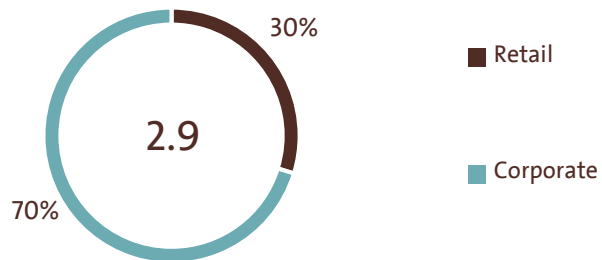
Non-Performing Loans, Gross (SARbn)



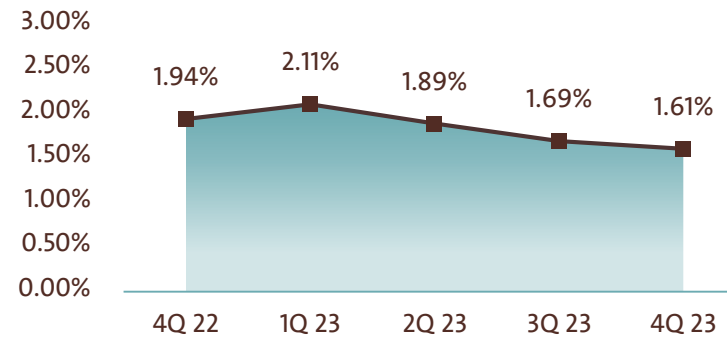
NPL, Gross Movement YTD (SARbn)



NPL Composition (SARbn)



NPL Ratio (%)



## Management Commentary

- 1 NPL ratio decreased by 33bps YoY and 8bps QoQ to 1.61% in 4Q 2023.
- 1 Retail financing, which account for the smaller proportion of NPLs, increased by 85%, while corporate NPLs decreased by 18% YoY.
- 1 The NPL ratio for retail stood at 2.0% while corporate stood at 1.5% as at 4Q 2023.

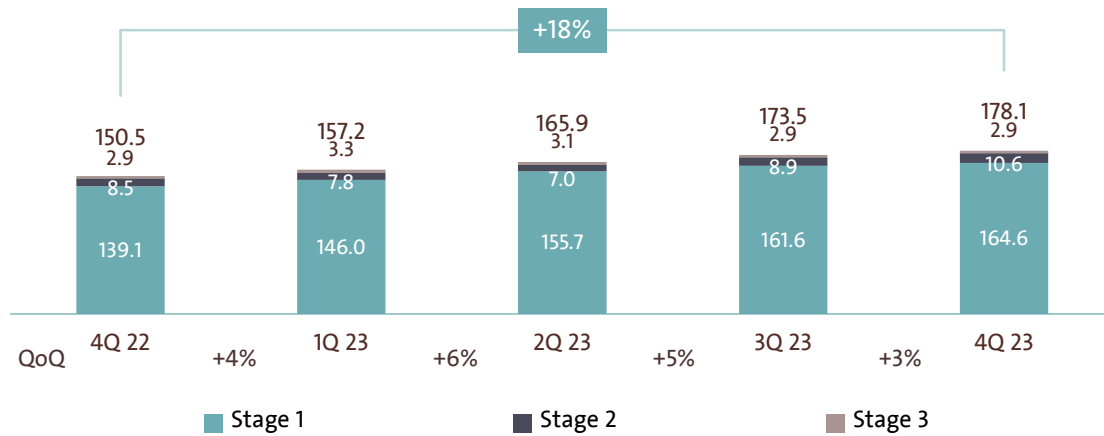


# NPL Coverage

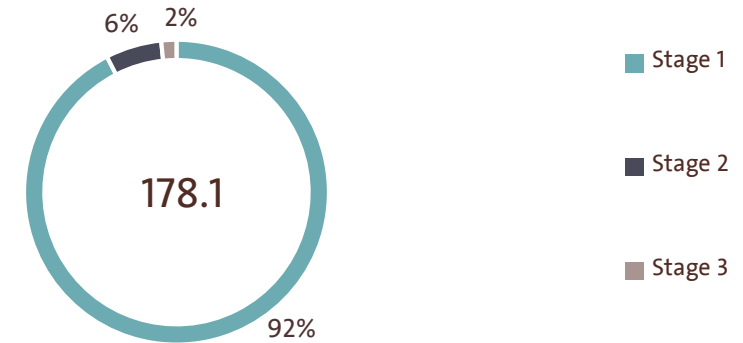


NPL coverage increased YoY

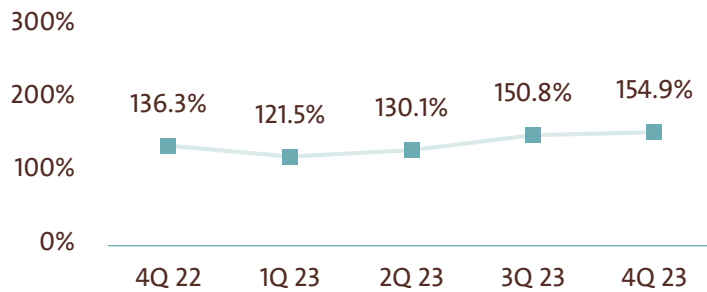
Stage-Wise Financing, Gross (SARbn)



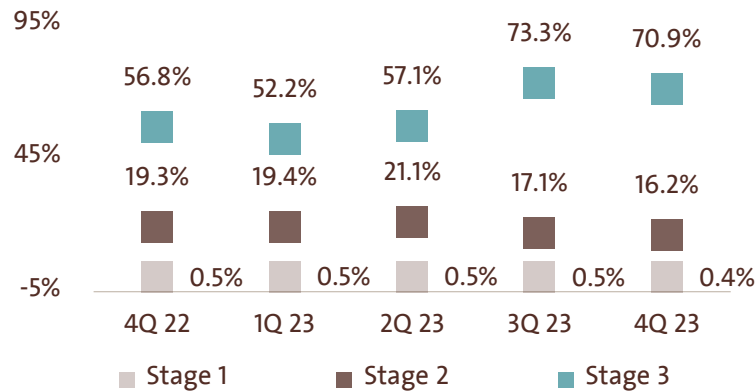
Stage-Wise Financing, Gross Composition (SARbn)



NPL Coverage Ratio (%)



Stage-Wise Coverage (%)



Management Commentary

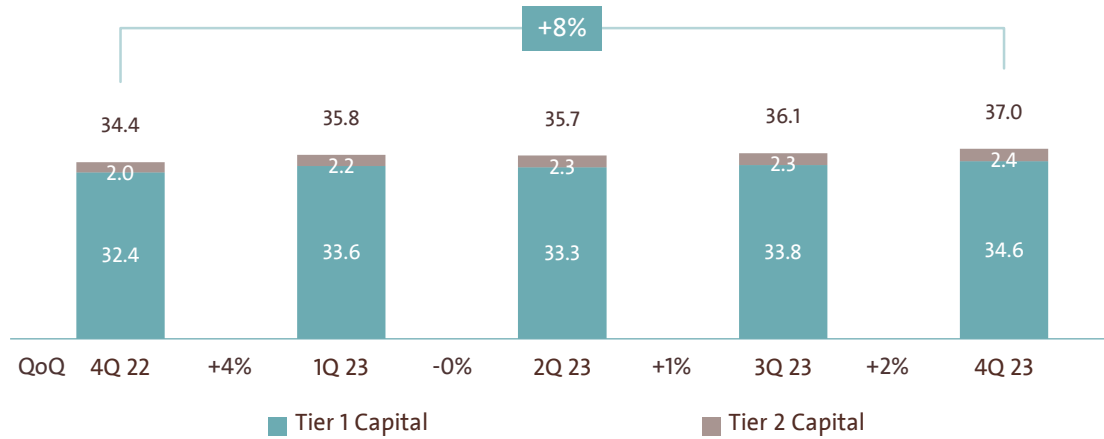
- NPL coverage increased by 18.5ppts YoY to 154.9%.
- Stage 1 coverage slightly declined due to the acquisition of higher-quality credit and the movement of some accounts to Stage 2. Stage 2 coverage fell as certain accounts moved to Stage 2 with lower coverage.

# Capitalization

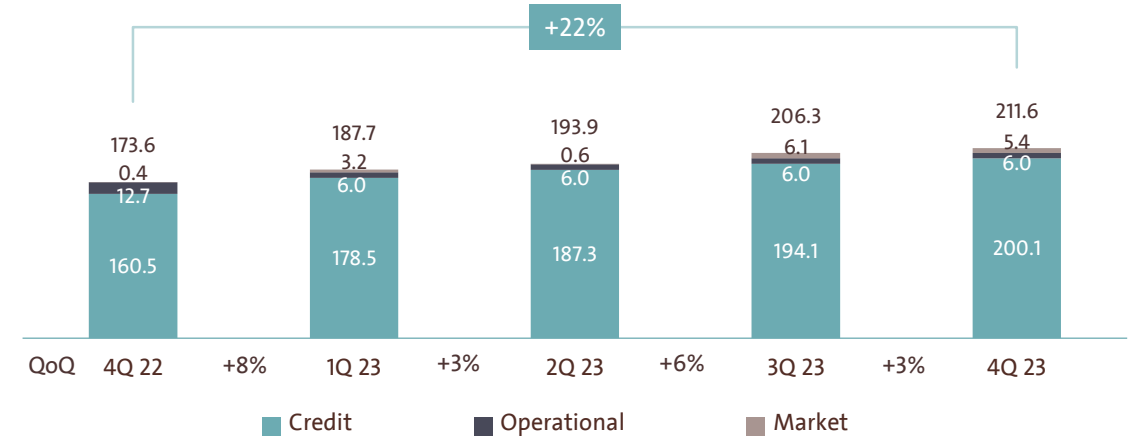


Capital grew 8% YTD while ROE saw an increase of 3.5 pts YoY

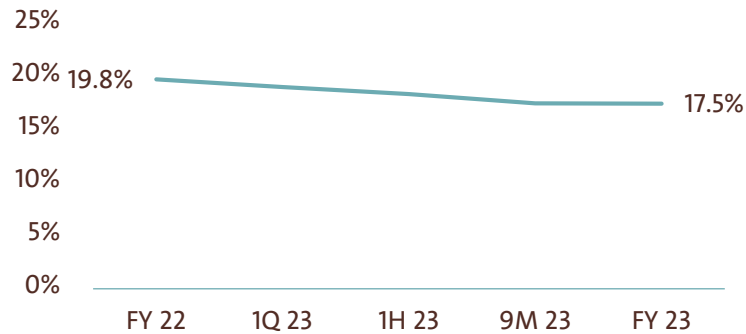
Total Capital (SARbn)



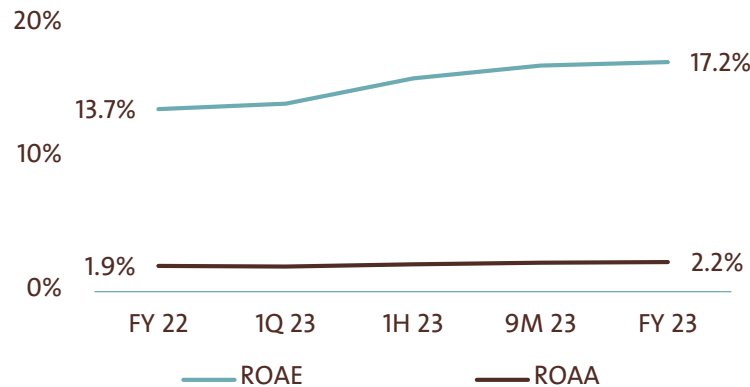
Risk Weighted Assets (SARbn)



Capitalization (%)



Profitability (%)



## Management Commentary

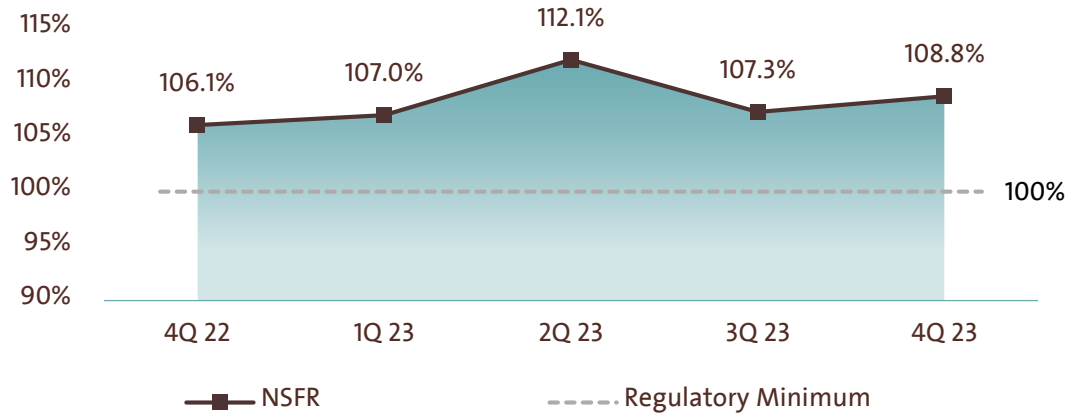
- Total Capital grew 8% to SAR 37bn YoY while Risk Weighted Assets grew 22% YoY.
- CAR has declined 2.3ppts YoY to 17.5% mainly due to increase in credit risk weighted assets.
- ROE saw an increase of 3.5 ppts and ROA increased 300bps YoY.

# Liquidity

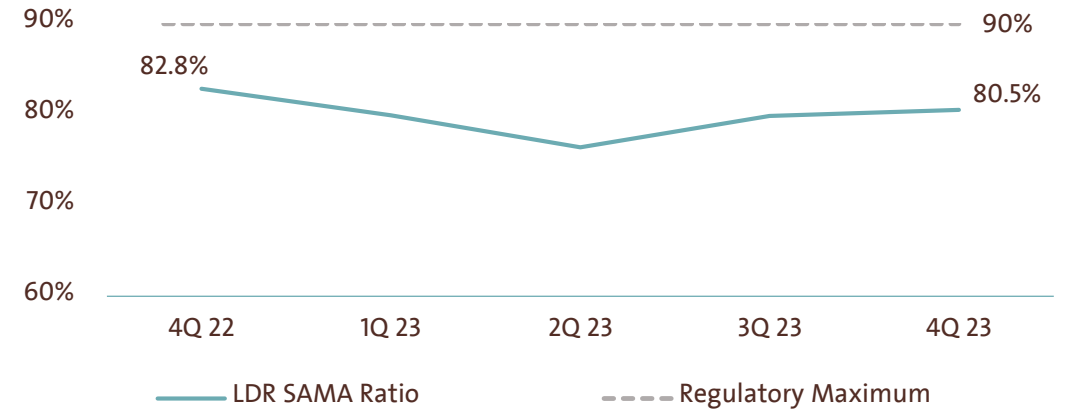


Alinma's liquidity position is healthy and comfortably within regulatory limits

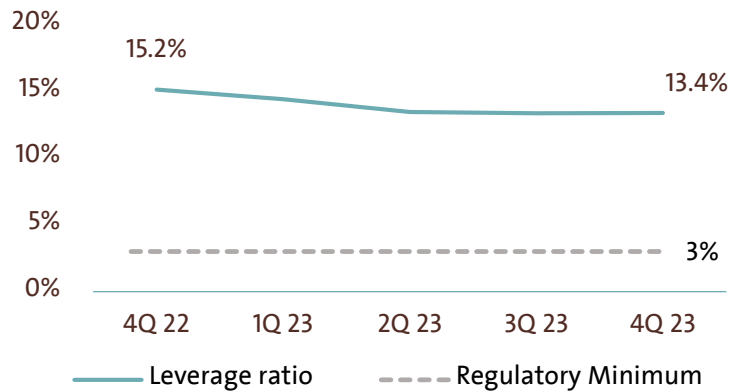
NSFR (%)



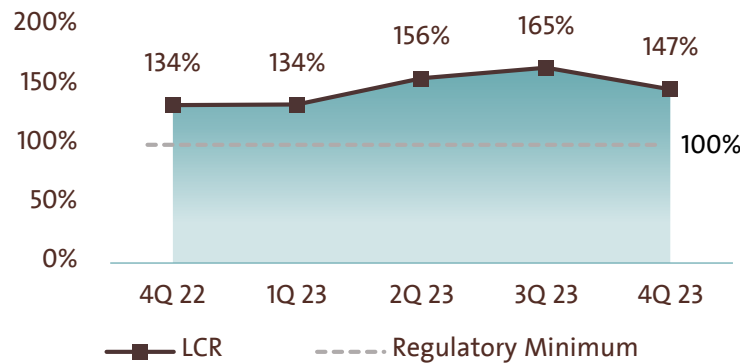
LDR SAMA Ratio (%)



Leverage Ratio (%)



LCR (%)



## Management Commentary

- NSFR improved 2.7ppts YoY to reach 108.8%.
- LDR ratio decreased 2.3ppts YoY to 80.5%.
- The leverage ratio decreased 1.8ppts YoY to 13.4%.
- 4Q 2023 LCR increased 13ppts YoY to 147%.

# Segmental Performance

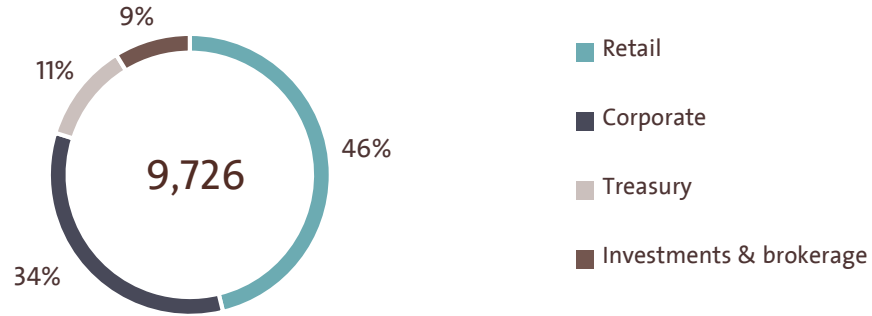
Q4 2023

# Segmental Performance Highlights

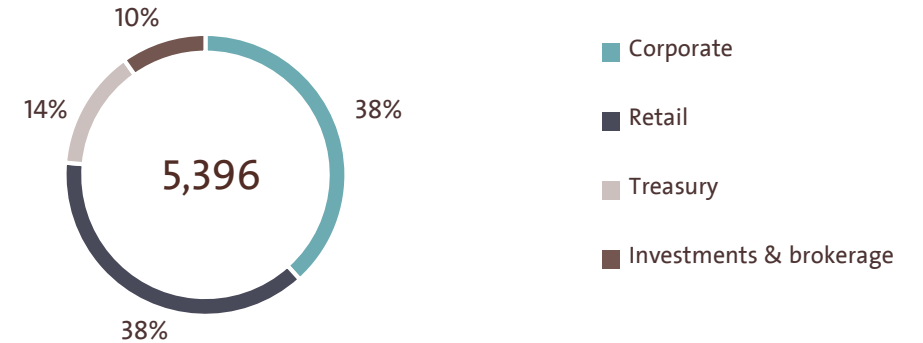


Retail and corporate comprise the majority of segmental income

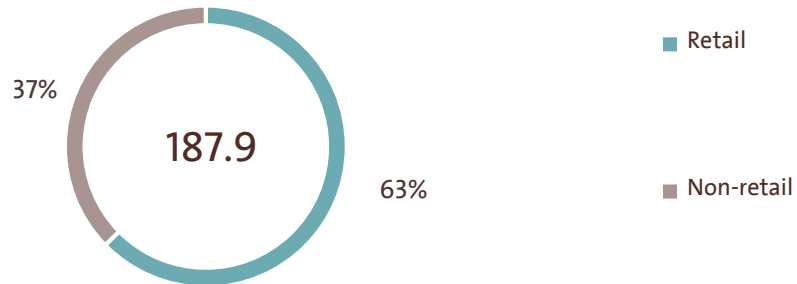
Operating Income Composition (SARmn)



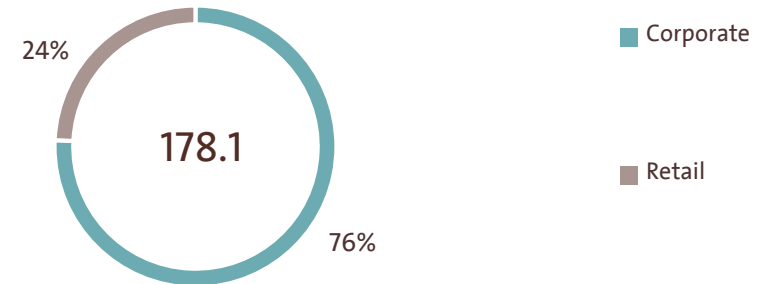
Net Profit Before Zakat Composition (SARmn)



Customers' Deposits Composition (SARbn)



Financing, Gross Composition (SARbn)

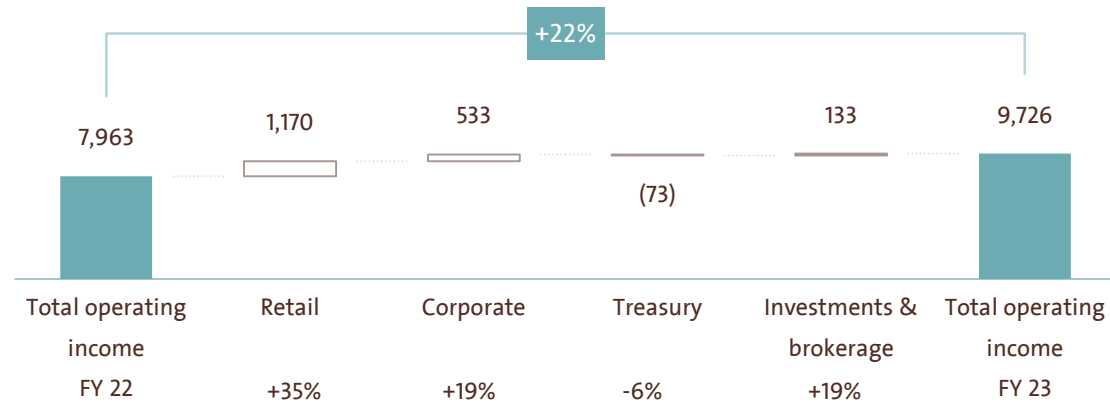


# Segmental Performance Highlights

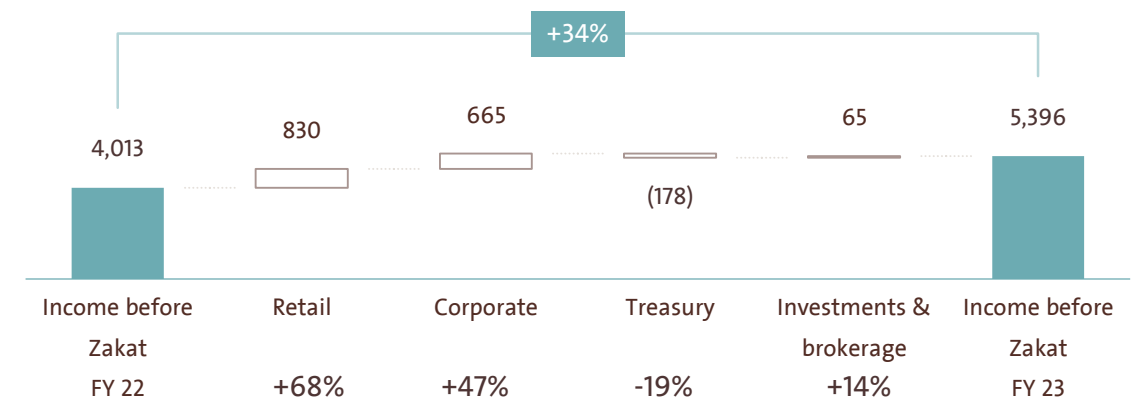


Retail and Corporate reported growth in operating income YoY

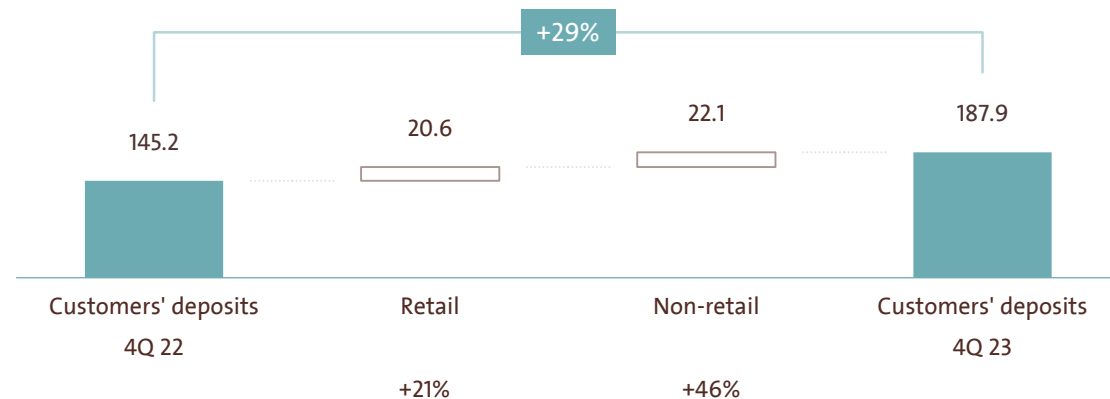
Operating Income Movement YoY (SARmn)



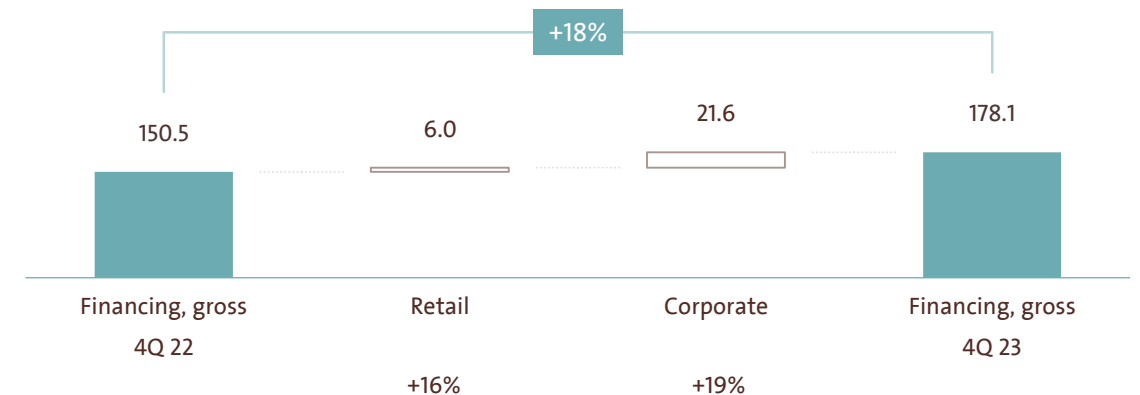
Net Income Before Zakat Movement YoY (SARmn)



Customers' Deposits Movement YoY (SARbn)



Financing, Gross Movement YoY (SARbn)



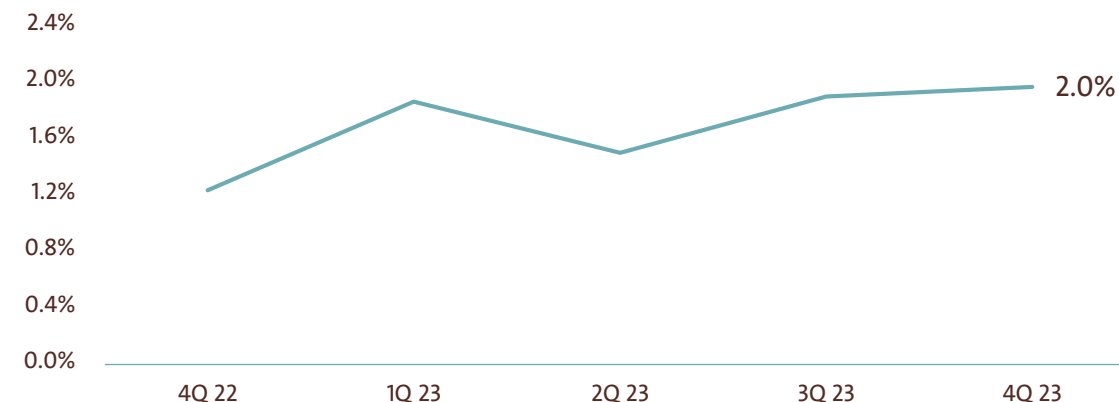
# Segmental Performance - Retail



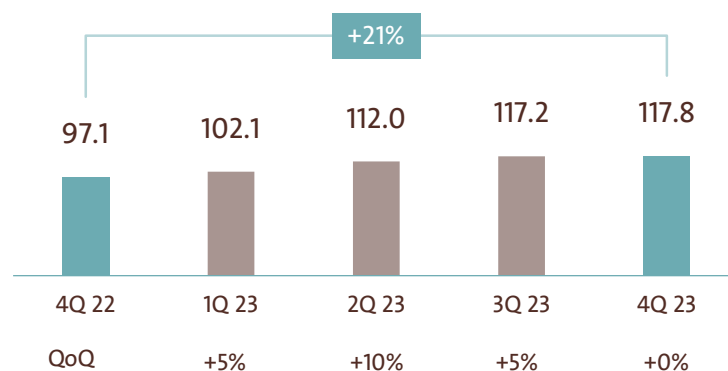
Strong financing and deposit growth driving operating income growth of 35% YoY

SAR (mn)	FY 2023	FY 2022	Δ%	4Q 2023	4Q 2022	Δ%
Income from investments and financing, net	4,030	2,881	+40%	1,142	859	+33%
Fees from services & other income	464	443	+5%	125	88	+42%
<b>Total operating income</b>	<b>4,494</b>	<b>3,324</b>	<b>+35%</b>	<b>1,267</b>	<b>947</b>	<b>+34%</b>
Total operating expenses	1,698	1,749	-3%	427	486	-12%
Total charges/(reversals) for impairments	742	351	+112%	(25)	226	-111%
<b>Income for the period before zakat</b>	<b>2,054</b>	<b>1,224</b>	<b>+68%</b>	<b>865</b>	<b>235</b>	<b>+267%</b>

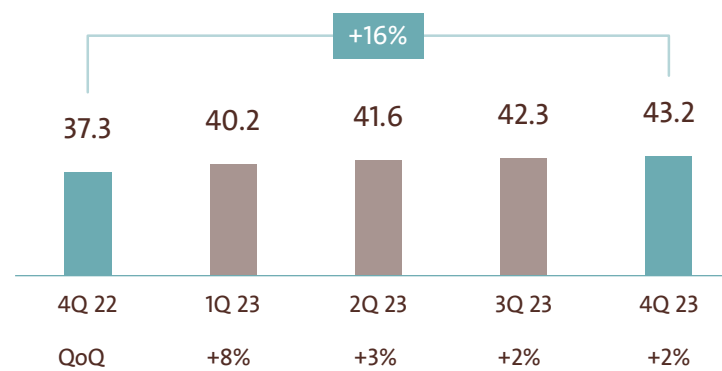
Retail NPL (%)



Retail Deposits (SARbn)



Retail Financing (SARbn)



## Management Commentary

- Retail operating income rose by 35% YoY to SAR 4,494mn from 40% increase in funded income.
- Retail net income rose by 68% YoY due to a significant increase in funded income.
- Retail deposits increased 21% while financing increased by 16% during FY 2023.
- The retail NPL ratio increased during FY 2023 to 2.0%.

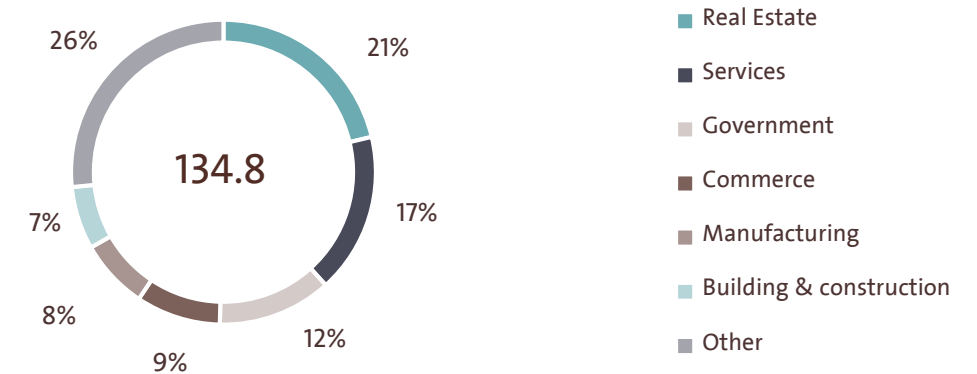
# Segmental Performance - Corporate



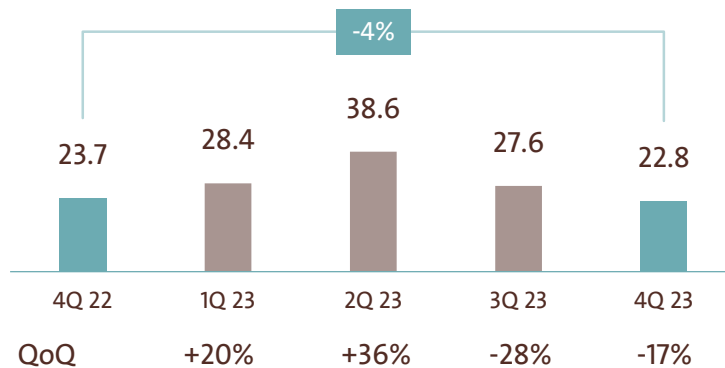
Strong income growth and lower impairments translate to significant net income growth YoY

SAR (mn)	FY 2023	FY 2022	Δ%	4Q 2023	4Q 2022	Δ%
Income from investments and financing, net	2,911	2,443	+19%	748	802	-7%
Fees from services & other income	358	293	+22%	93	126	-26%
<b>Total operating income</b>	<b>3,269</b>	<b>2,736</b>	<b>+19%</b>	<b>841</b>	<b>927</b>	<b>-9%</b>
Total operating expenses	661	490	+35%	165	122	+35%
Total charges/(reversals) for impairments	540	843	-36%	333	208	+60%
<b>Income for the period before zakat</b>	<b>2,067</b>	<b>1,402</b>	<b>+47%</b>	<b>344</b>	<b>597</b>	<b>-42%</b>

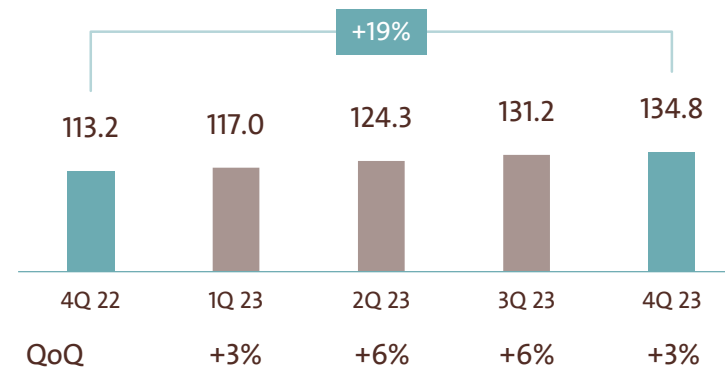
Financing, Gross Composition (SARbn)



Corporate Deposits (SARbn)



Corporate Financing (SARbn)



Management Commentary

- Corporate operating income increased by 19% YoY mainly from an increase of 19% in funded income.
- This income growth, together with lower impairments, translated to 47% net income growth despite a 35% rise in operating costs.
- Corporate financing rose by 19% during FY 2023 while corporate deposits decreased 4%.
- The corporate NPL ratio decreased 68bps YoY to 1.5%.



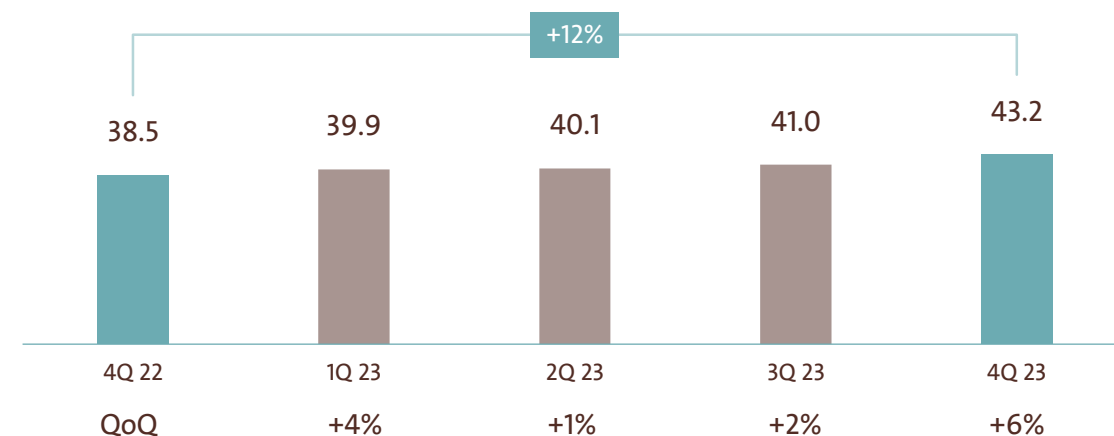
# Segmental Performance - Treasury



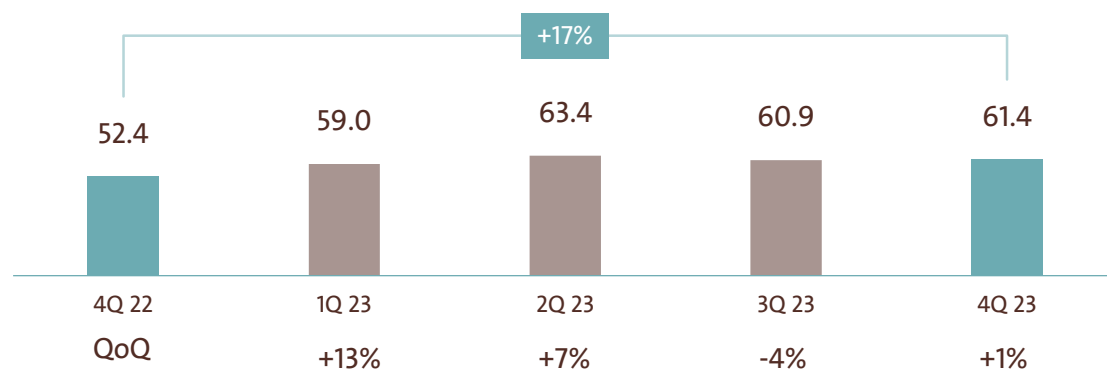
Operating income and net income decreased YoY

SAR (mn)	FY 2023	FY 2022	Δ%	4Q 2023	4Q 2022	Δ%
Income from investments and financing, net	612	651	-6%	141	(17)	+951%
Investment-related income	243	311	+22%	63	50	-26%
Fees from services & other income	257	224	+15%	65	52	+25%
<b>Total operating income</b>	<b>1,112</b>	<b>1,185</b>	<b>-6%</b>	<b>269</b>	<b>86</b>	<b>+214%</b>
Total operating expenses	372	252	+47%	94	64	+48%
Total charges/(reversals) for impairments	7	14	+49%	5	4	+30%
<b>Net operating income</b>	<b>733</b>	<b>919</b>	<b>-20%</b>	<b>170</b>	<b>18</b>	<b>+840%</b>
Share of loss from an associate and joint venture	12	4	+240%	1	2	-46%
<b>Income before Zakat</b>	<b>745</b>	<b>923</b>	<b>-19%</b>	<b>171</b>	<b>20</b>	<b>+736%</b>

## Investments (SARbn)



## Treasury Assets (SARbn)



## Management Commentary

- Treasury operating income fell by 6% YoY to SAR 1,112mn in FY 2023 due to decrease in income from investment by 6%.
- Treasury assets rose by 17% during FY 2023 to SAR 61.4bn, driven by 12% growth in the investment portfolio to SAR 43.2bn.

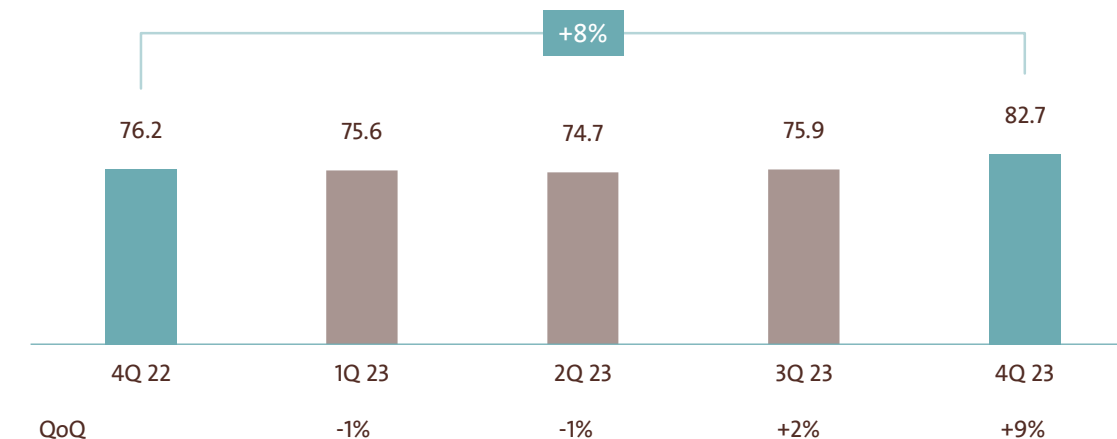
# Segmental Performance – Investments & Brokerage



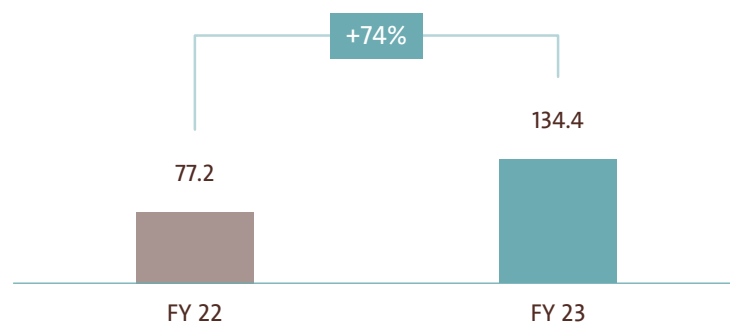
Modest operating income growth in 9M 2023

SAR (mn)	FY 2023	FY 2022	Δ%	4Q 2023	4Q 2022	Δ%
Income from investments and financing, net	101	92	+10%	23	24	-2%
Fees from services & other income	750	626	+20%	168	164	+2%
<b>Total operating income</b>	<b>851</b>	<b>718</b>	<b>+19%</b>	<b>192</b>	<b>188</b>	<b>+2%</b>
Total operating expenses	312	273	+14%	88	79	+12%
<b>Income before Zakat</b>	<b>529</b>	<b>463</b>	<b>+14%</b>	<b>92</b>	<b>106</b>	<b>-13%</b>

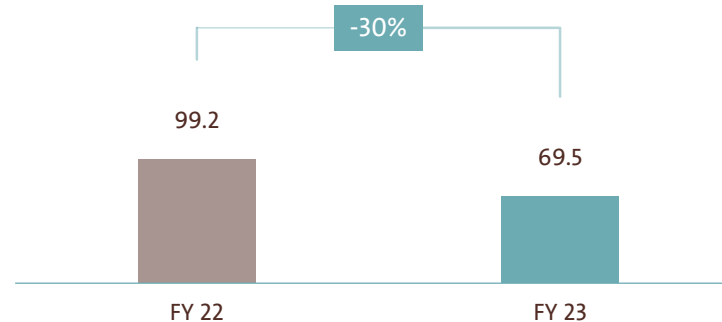
Assets Under Management (SARbn)



Brokerage Trading Income (SARmn)



Brokerage Trading Values (SARbn)



## Management Commentary

- Investment and brokerage (I&B) operating income rose by 19% YoY to SAR 851mn from 20% increase in non-funded income.
- I&B net income increased 14% YoY.
- Brokerage trading income for FY 2023 increased by 74% while brokerage trading values decreased 30% YoY, and AUM increased by 8% YoY.

# Outlook & Guidance

Q4 2023

# Guidance



Acceleration of strategic execution drives a promising outlook for 2024.

		FY 2023A	2023G	2024G	Drivers
Balance Sheet	Financing Growth	<b>+18.5%</b> YoY	High teens	Mid teens	Strong Mid-Corp, SME & Retail growth from strategic initiatives; continuing the growth in corporate financing
	Net Profit Margin	<b>3.81%</b> +19bps YoY	+20bps to +30bps	-5bps to +5bps	Declining rates mixed with improving margins guide for flat Net Profit Margin.
Profitability	Cost to Income Ratio	<b>31.3%</b>	Below 32%	≈ 30%	Growth in income, digitization & process optimization driving efficiencies, partly offset by strategic investments
	Return on Equity	<b>17.2%</b>	Above 17%	Above 18%	Improving top line and efficiency driving improving ROE
Asset Quality	Cost of Risk	<b>0.77%</b>	65-75bps	65-75bps	Cautiously expecting stable credit quality and NPL coverage, leading to COR moderation
Capital	CAR Pillar 1	<b>17.5%</b>	17%-18%	19%-20%	Improving top line with efficiencies in equity management

**Return on Equity Target for 2025 above 18%**

# Appendix

Q4 2023

# Sustainability



Alinma Bank released its 2022 ESG Investor Presentation



The first step for the Alinma journey to complete disclosure and reporting for all material factors to give investors and other stakeholders the complete picture on sustainability credentials and progress.

It has been prepared using a Materiality Matrix methodology which identifies the Environmental, Social and Governance elements of our business that carry the most importance for both the bank and for its stakeholders.

To view the Presentation, please visit: [ir.alinma.com](https://ir.alinma.com)



Ahmed Sager  
Head of Investor Relations

Mobile: +966-53-775-3352  
Direct: +966-11-218-6364  
Email: [aosager@alinma.com](mailto:aosager@alinma.com)

Ibrahim Al Khudair  
Investor Relations Assistant Manager

Mobile: +966-55-060-6368  
Direct: +966-11-218-6181  
Email: [iaalkhudair@alinma.com](mailto:iaalkhudair@alinma.com)

## Visit our new website for more investor disclosures:

- Financial statements
- Annual reports
- Sustainability reports
- Investor presentations
- Earnings call transcripts

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](http://www.alinma.com)

# 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.