

Inaugural ESG Investor Presentation

2022

Vision and Mission

Our Vision

To be your preferred financial partner

Our Mission

To provide our customers with total Shariah-compliant financial solutions through the best workplace that achieves sustainable development and participates in serving our community



Alinma Bank at a Glance



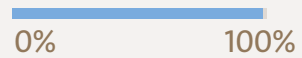
# Customers	# Staff
3.93 million	3,676

KPI	2019	2020	2021	2022	PROGRESS
Branches 	95	98	100	104	110 0
Sales Centres 	0	0	4	4	5 0
ATMs 	1,523	1,551	1,584	1,564	1.6K
POS 	43,933	74,277	100,764	125,247	130K
Remittances Center 	53	53	52	49	56 0
Digital Zones 	0	0	70	108	110 0
Online Channels Users (million) 	1.14	1.52	2.08	2.9	3 0

2019 2020 2021 2022

% Transactions executed digitally

98.6%



Total assets

SAR 200.4 billion

Customer financing and advances

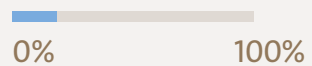
SAR 146.5 billion

Customer deposits

SAR 145.2 billion

Tier 1 capital ratio

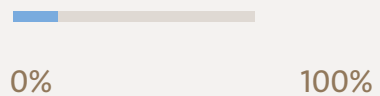
18.6%



Major shareholders

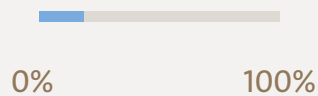
Foreign ownership

17.6%



PIF

10%



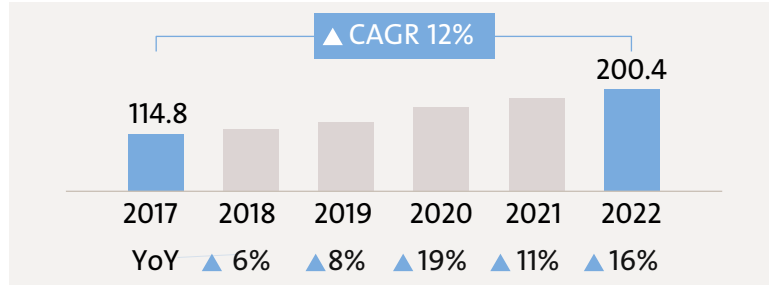
2022 Financial Performance and Strategy



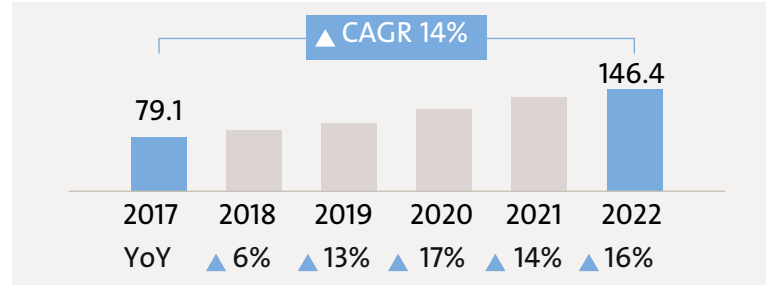
Stable global business

Financial highlights as at 31 December 2022

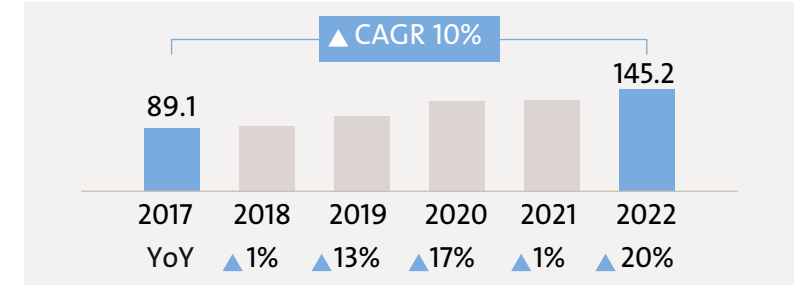
Total Assets (SARbn)



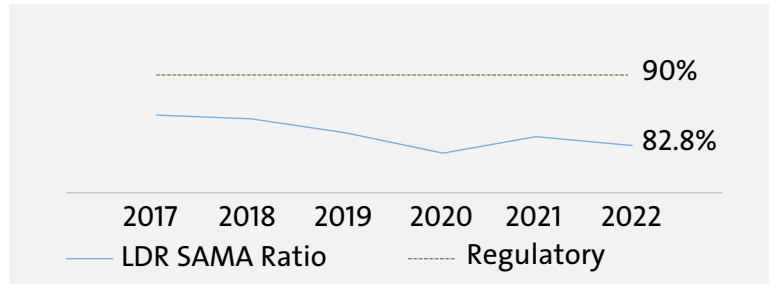
Financing (SARbn)



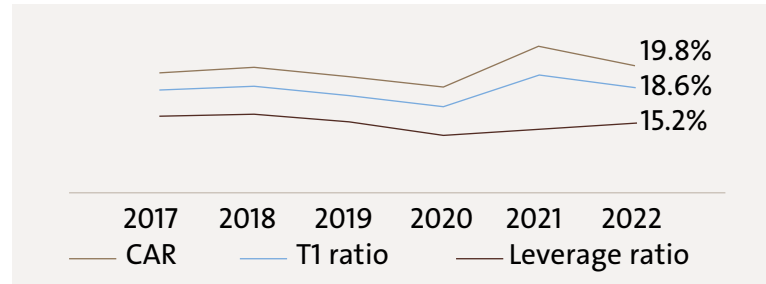
Customer Deposits (SARbn)



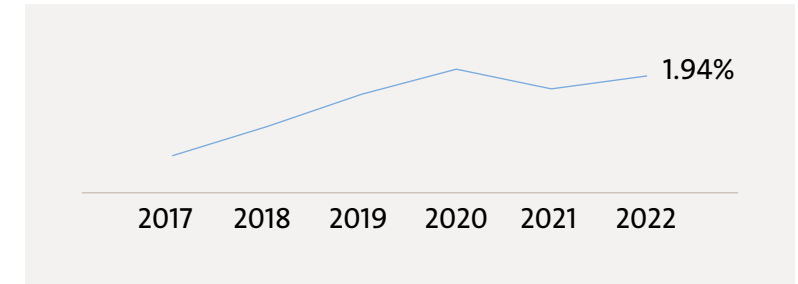
Liquidity (%)



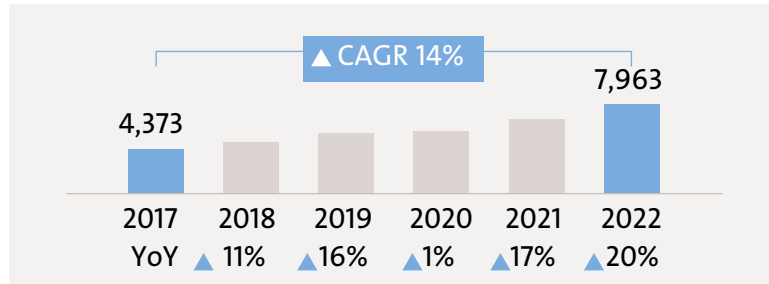
Capitalisation (%)



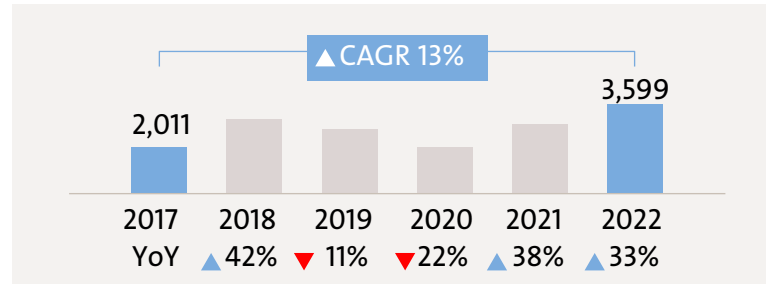
NPL Ratio (%)



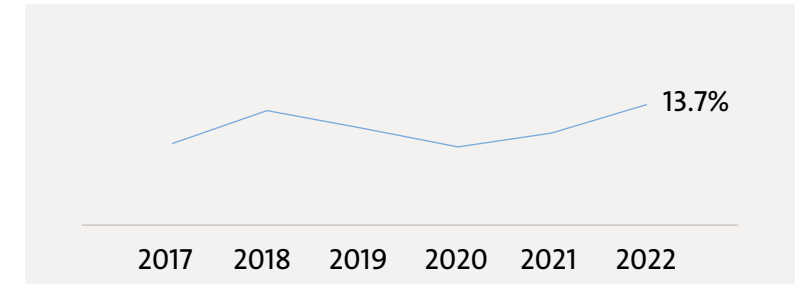
Operating Income (SARmn)



Net Income After Zakat (SARmn)

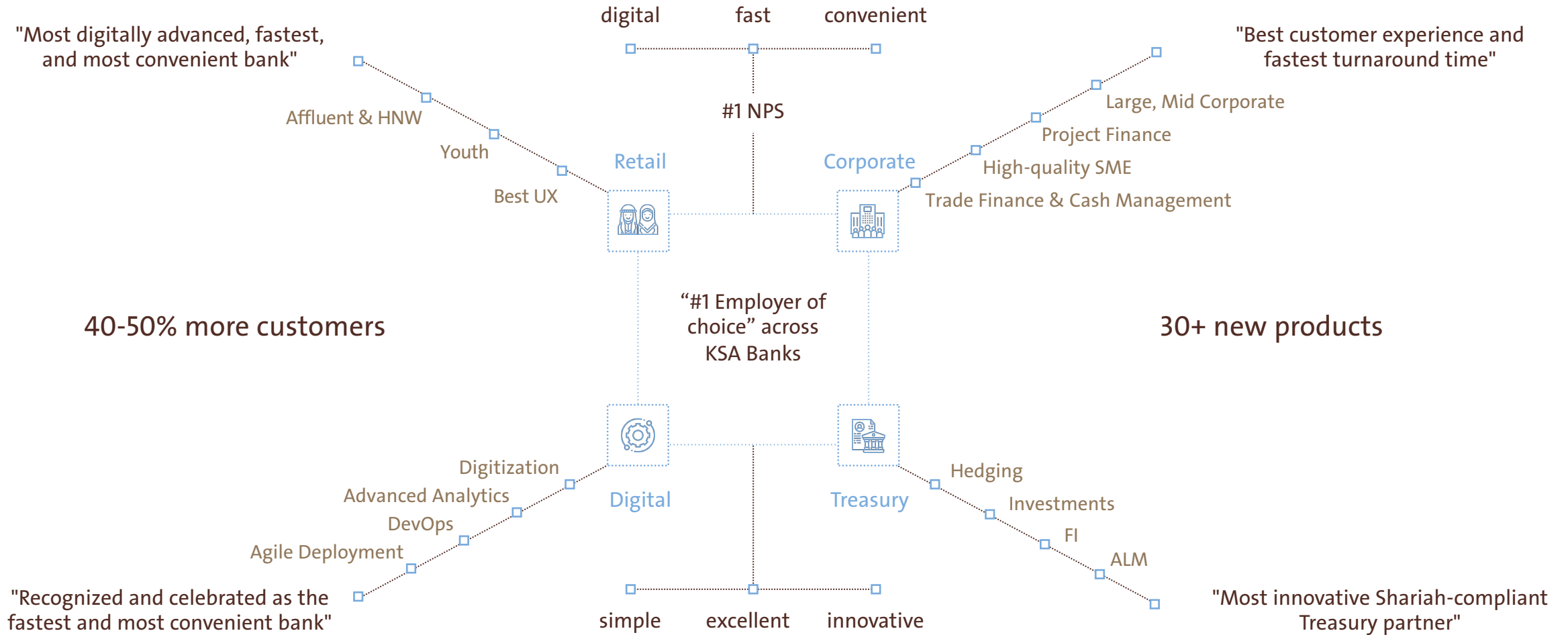


Return on Equity (%)



Strategy overview

Key success factors for Alinma Bank's strategic positioning



Materiality of Sustainable Issues



Materiality of Sustainable Issues

Global sustainability standards were applied to ensure a tailored materiality assessment

To commence our formal sustainability journey, Alinma Bank undertook a thorough and comprehensive analysis of the most material issues for both the bank and its stakeholders.

This assessment covered peer analysis, global best practice, along with ratings agency criteria and ESG standards and guidelines.

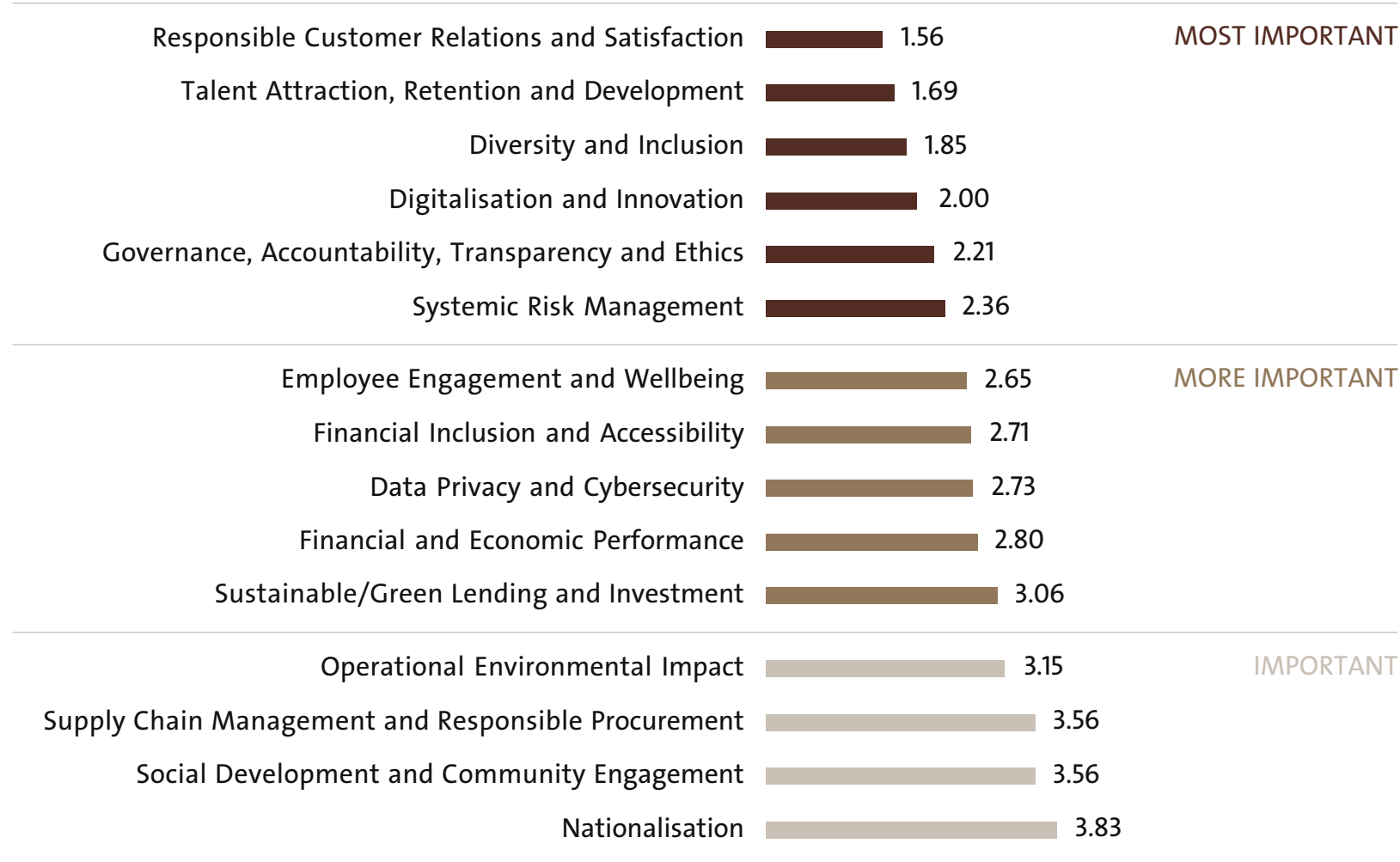


These material issues form the basis of our Sustainability Strategy

Alinma arrived at a Materiality Matrix by mapping the most important elements to the bank

Scale of 1-5

1 = Most Important 3 = Important 5 = Least Important

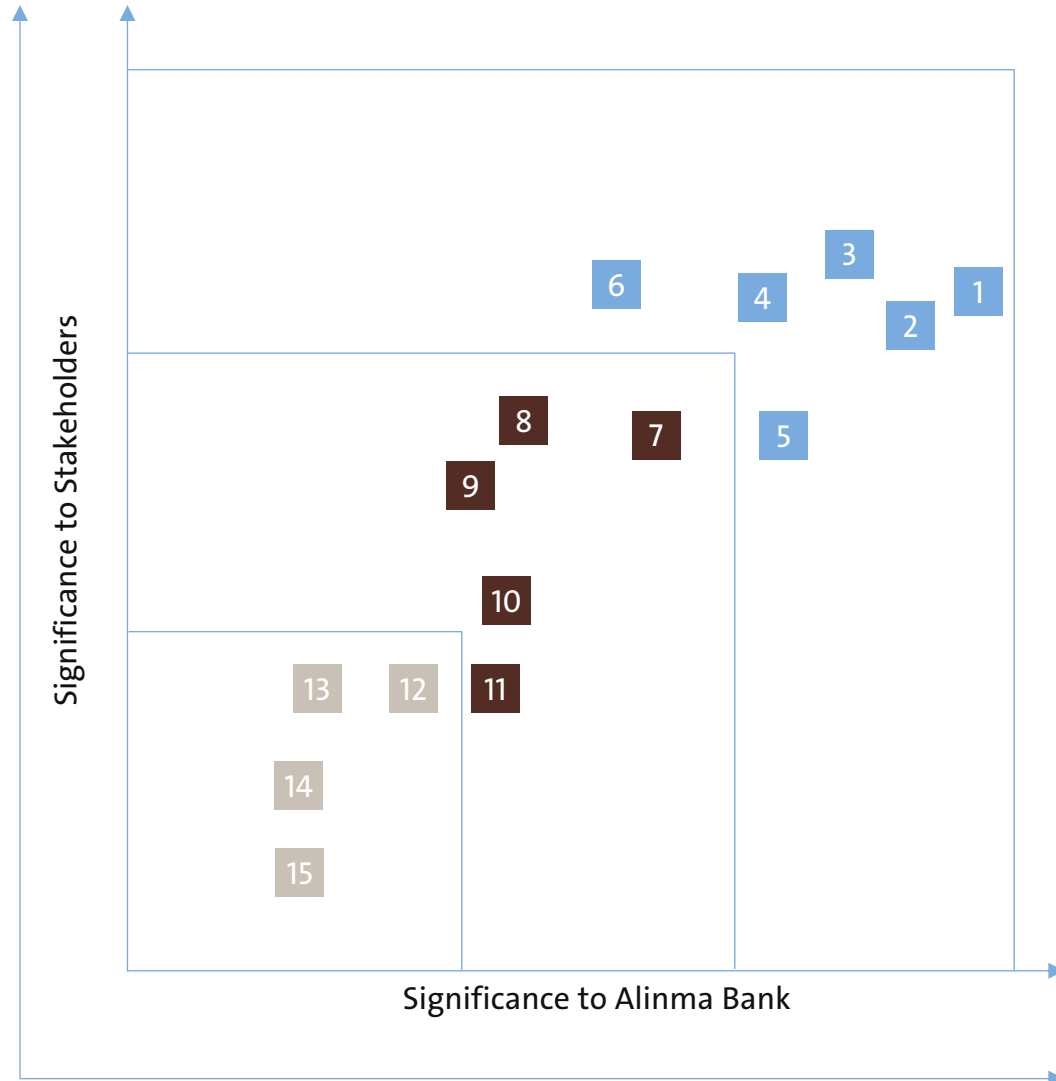


The criteria used to assess Alinma Bank's Materiality Matrix were:

- A thorough review of available ESG ratings and scoring was undertaken to understand Alinma's current position in terms of sustainability and ESG, and the required next steps to transition towards achieving our strategic aims and ambitions.
- The ratings sampled were provided by: Standard and Poor's, MSCI, ESG Invest, and Sustainalytics
- A sample of national and international peers were selected to review current trends in the industry as well as best practices to identify focus areas
- A review of the relevant ESG-related national and international standards, policies, commitments and visions was undertaken. The authorities consulted were:
 - International
 - Local

Materiality Matrix and Material Issues

15 ESG issues were identified to be of the highest relevance for Alinma Bank



Most important

- 1 Responsible Customer Relations and Satisfaction
- 2 Talent Attraction, Retention and Development
- 3 Diversity and Inclusion
- 4 Digitalisation and Innovation
- 5 Governance, Accountability, Transparency and Ethics
- 6 Systemic Risk Management

More important

- 7 Employee Engagement and Wellbeing
- 8 Financial Inclusion and Accessibility
- 9 Data Privacy and Cyber Security
- 10 Financial and Economic Performance
- 11 Sustainable/Green Lending and Investment

Important

- 12 Operational Environmental Impact
- 13 Supply Chain Management and Responsible Procurement
- 14 Social Development and Community Engagement
- 15 Nationalisation

High-level sustainability strategy

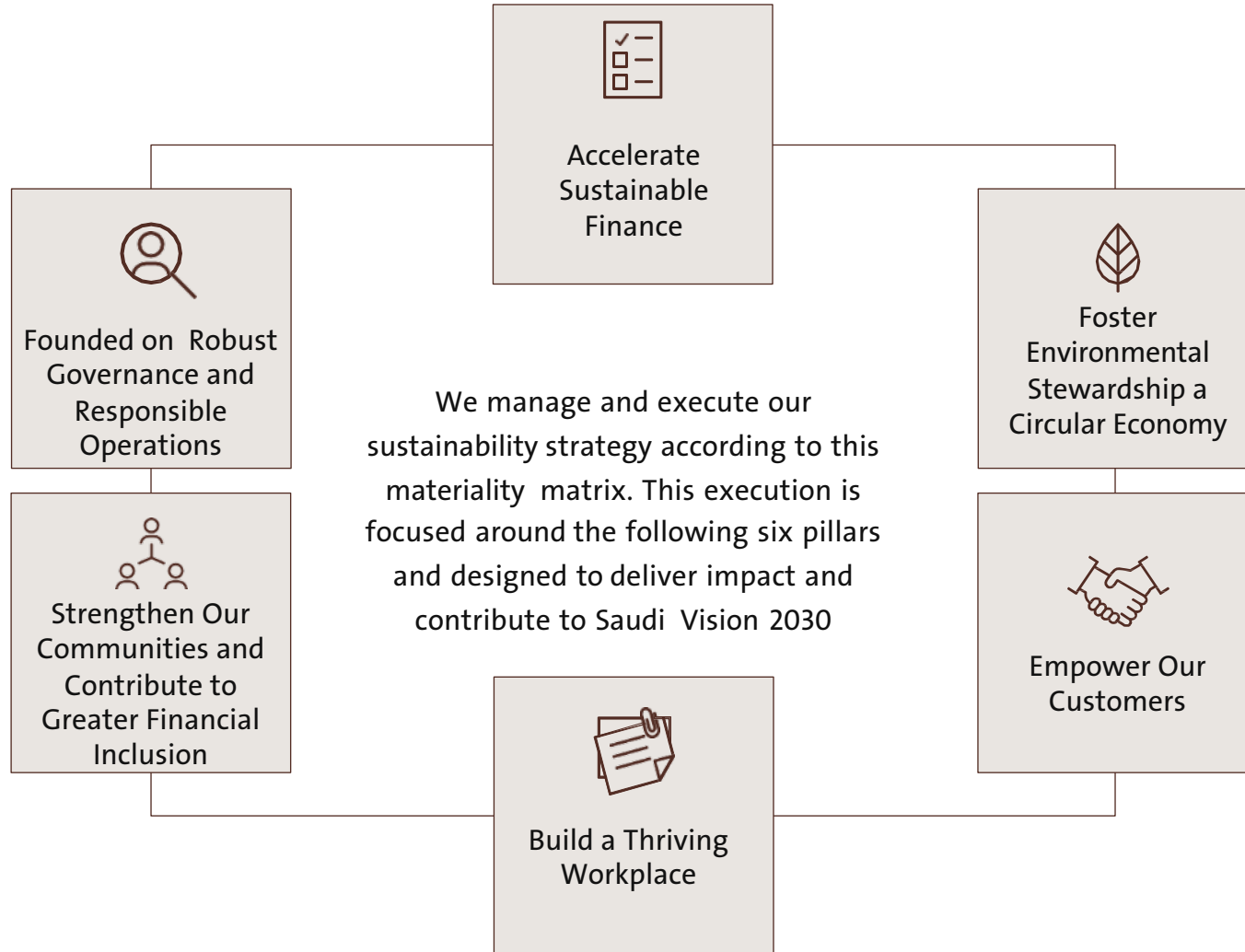
Key 3-year strategy targets: ESG ratings

ESG ratings affect access to borrowing, cost of borrowing, and other financial considerations. ESG ratings also provide investors with insights and guidance on the extent to which a company is likely to outperform as markets shift towards sustainability.

Alinma Bank's third party ESG ratings scores are therefore a good proxy for overall sustainability/ESG progress of Alinma Bank, as well as having direct financial importance. For this reason, they are proposed to be the highest level targets for Alinma Bank's sustainability strategy and action plan. The following table shows the 2022 ratings scores.

ESG Rating Entity	Scoring	2022
ESG Invest by Sustainability Excellence	100 is best	25
MSCI	AAA is best	BB
Sustainalytics	Lower is better	30.9
Dow Jones Sustainability Indexes	100 is best	17

Sustainability Strategy



Summary: Alinma Bank's sustainability strategy and roadmap

Roadmap to a Sustainable Future

- As part of the ongoing transformation, Alinma Bank will embed sustainability at the core of its business, as the Bank recognizes the increasing importance of sustainability and its value for investors and society.
- A strong sustainability management is essential for targeting the efforts and capabilities towards being the banking partner of choice in the high growth, high impact sectors that will shape the future economy and competitiveness of Saudi Arabia.
- The strategy will be essential for shifting markets towards sustainable development and to maximizing Alinma Bank's total positive impact in the Kingdom.
- For this reason, the bank has instigated a sustainability road map that charts our path towards this end over three phases.

PHASE 1	PHASE 2	PHASE 3
Send a clear message on intention to lead in both sustainability management and sustainable finance	Implement commitments to national and international initiatives	Benefit financially from recognized sustainability/ESG leadership
Integrate ESG into financing analysis	Accelerate sustainability oriented products, particularly in high growth, high sustainability impact sectors	
Launch sustainability oriented products	Begin demonstrating performance gains	
Strengthen sustainability governance foundations	Scale up successful efforts	Capture broader impact
Set up actions for key gaps or opportunities		

Sustainability Strategy in Action

Accelerate Sustainable Finance

As an Islamic bank, it is in our business culture and principles to treat the customers fairly, to share risk, to serve them with best efforts, and to prioritise sustainable and responsible endeavours in our financing and service delivery.

As we move towards an embedded and integrated sustainable business model, sustainability will become central to our offering, through products, services, partnerships and operations.

Foster Environmental Stewardship and Enable a Circular Carbon Economy

This pillar will see the bank fully align to the Kingdom's net zero carbon emissions by 2050 commitment. This will involve the bank being fully committed to and investing in a journey to net zero, as defined by scope 1 and 2 emissions.

Empower our Customers

Customer service is at the core of the Bank's strategy, exemplified by our ambition to drive and lead net promoter scores (NPS) in the banking sector. Among mortgage customers, the NPS is a market-leading 82%. We further recognize the importance of the Micro, Small and Medium Enterprise (MSME) sector to the Kingdom's economy and work to advance the sector through financing and banking services. The Bank's financing of SMEs had grown by 27% at the year end.

Sustainability Strategy in Action

Strengthen Our Communities and Contribute to Greater Financial Inclusion

We are an integral of the Kingdom of Saudi Arabia. As such, we bear a responsibility to participate in society.

Alinma donates 1% of its profit each year to social, community activities and donations. In 2023, the bank will issue a stand-alone CSR policy.

Robust Governance and Responsible Operations

Banking is a fundamental part of society.

Its role in the economic and social wellbeing of a nation is proven.

Our commitment to responsible banking operations means that we are constantly seeking to make life easier for customers, to deliver sustainable and responsible products, and to mitigate and manage risk in a prudent manner.

Creating a Thriving Workplace

Our people are the most important resource to ensure the execution of our sustainability strategy.

Our sustainability strategy involves a cultural change to ensure that it is delivered bottom up, as well as top down.

The bank is committed to listening to its people, addressing any issues in a pro-active and collaborative manner, and to providing a fair, nurturing and fulfilling working environment.

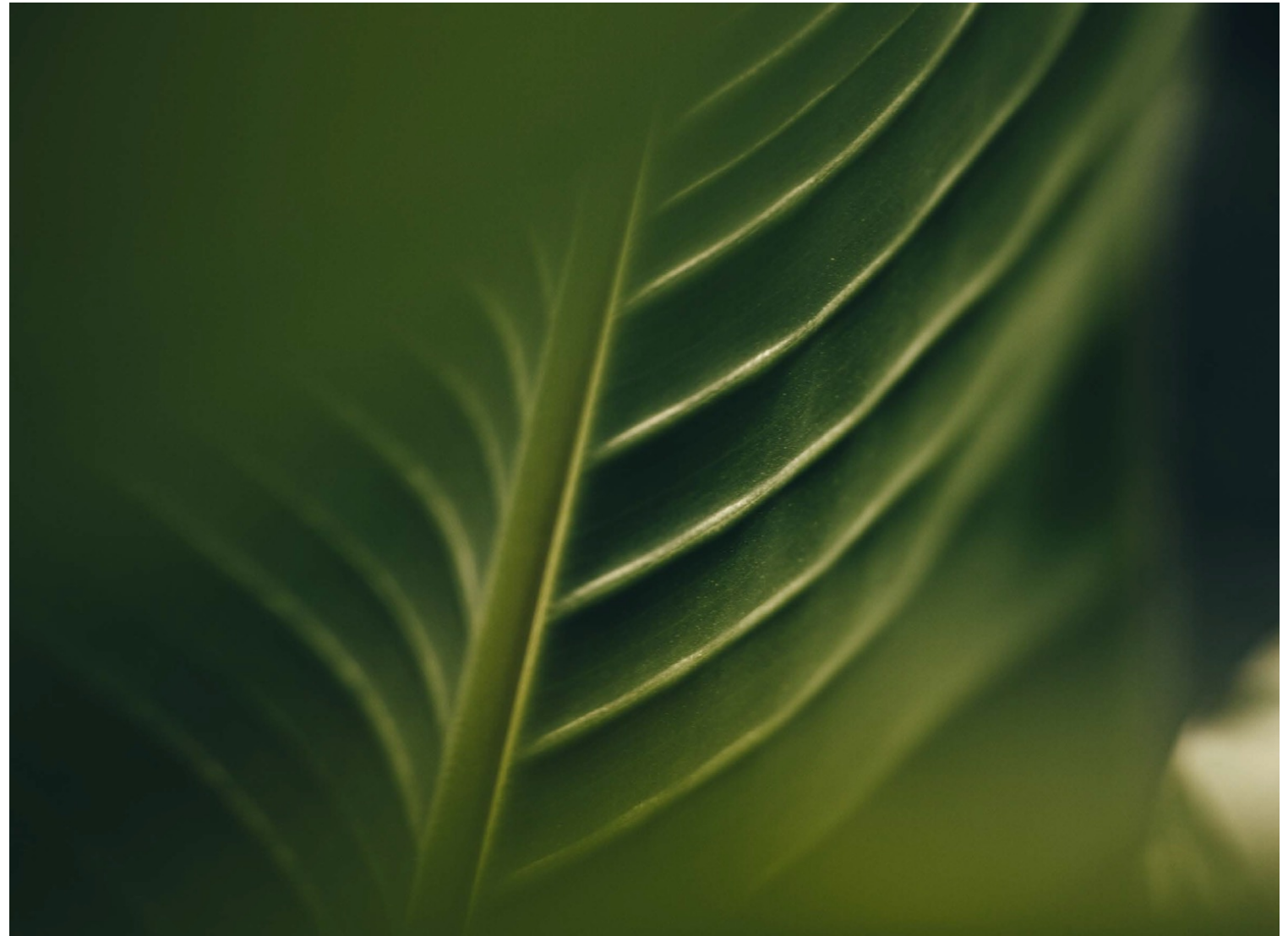
The Women's Empowerment Principles are a primary vehicle for corporate delivery on gender equality dimensions of the Vision 2030 agenda and the United Nations Sustainable Development Goals.

Alinma Bank will continue to make every effort to ensure equality of status and opportunity for men and women, for the bank, for its stakeholders, and for society.

Alinma bank became a signatory to the UN Women's Empowerment principles in cooperation with the UN Saudi Arabia Office.



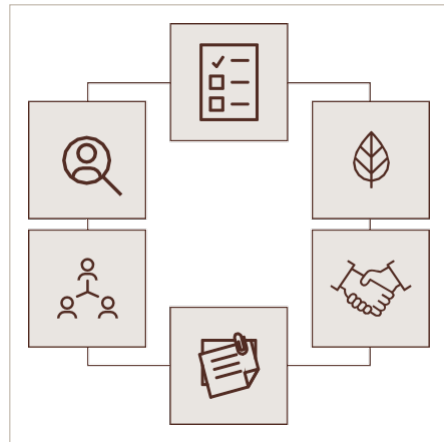
Sustainability Key Focus Areas



Sustainability pillars and alignment to UN SDGs

Our Sustainability Strategy is organized around six pillars, each designed to impact and contribute to Saudi Vision 2030 and the UN Sustainable Development Goals

6-pillar Framework



Alignment to UN SDGs:

- Accelerate sustainable finance
- Foster environmental stewardship and a circular carbon economy
- Empower our customers
- Build a thriving workplace
- Strengthen our communities and contribute to greater financial inclusion



Sustainability focus areas

In addition to ESG ratings, the following KPIs serve as the highest level/ most important KPIs in the strategy

Focus Area	Indicator/commitment	2022 Baseline
Accelerate Sustainable Finance	Launch of new sustainable finance products	None
	Green Financing	SAR 16 Billion
Robust Governance and Responsible Operations	Governance 'G' score on ESG Invest rating	46
	Women on the board of directors	0
	Create/updating of key policies to incorporate ESG	0
	ESG ratings scores	MSCI BB ESG Invest 25 Sustainalytics 30.9 S&P/DJSI 17
Build a Thriving Workplace	Achieve % of female employment consistent with Saudi Vision 2030 targets	19.22% female employees
Empower Our Customers	Net Promoter Score across KSA banks	#4
Foster Environmental Stewardship and Enable a Circular Carbon Economy	Commitment to Net Zero 2050 carbon emissions	Total absolute Scope (1) & Scope (2) - 31,330.15 CO2e (metric tonnes)
		Total intensity Scope (1) & Scope (2)- (FTE) 11.730 CO2e (metric tonnes/FTE)

Awards for sustainable finance

- EMEA Special Award Green Deal of Year and Green Deal of the Year – Neom Helios (Green Hydrogen)
- Social Infrastructure Finance Deal of the Year
- The total value of ESG project financing in 2022 exceeded SAR 3.2 billion. In addition, new funding for ESG projects approved during 2022 exceeded SAR 16 billion

Energy consumption and intensity

Areas covered

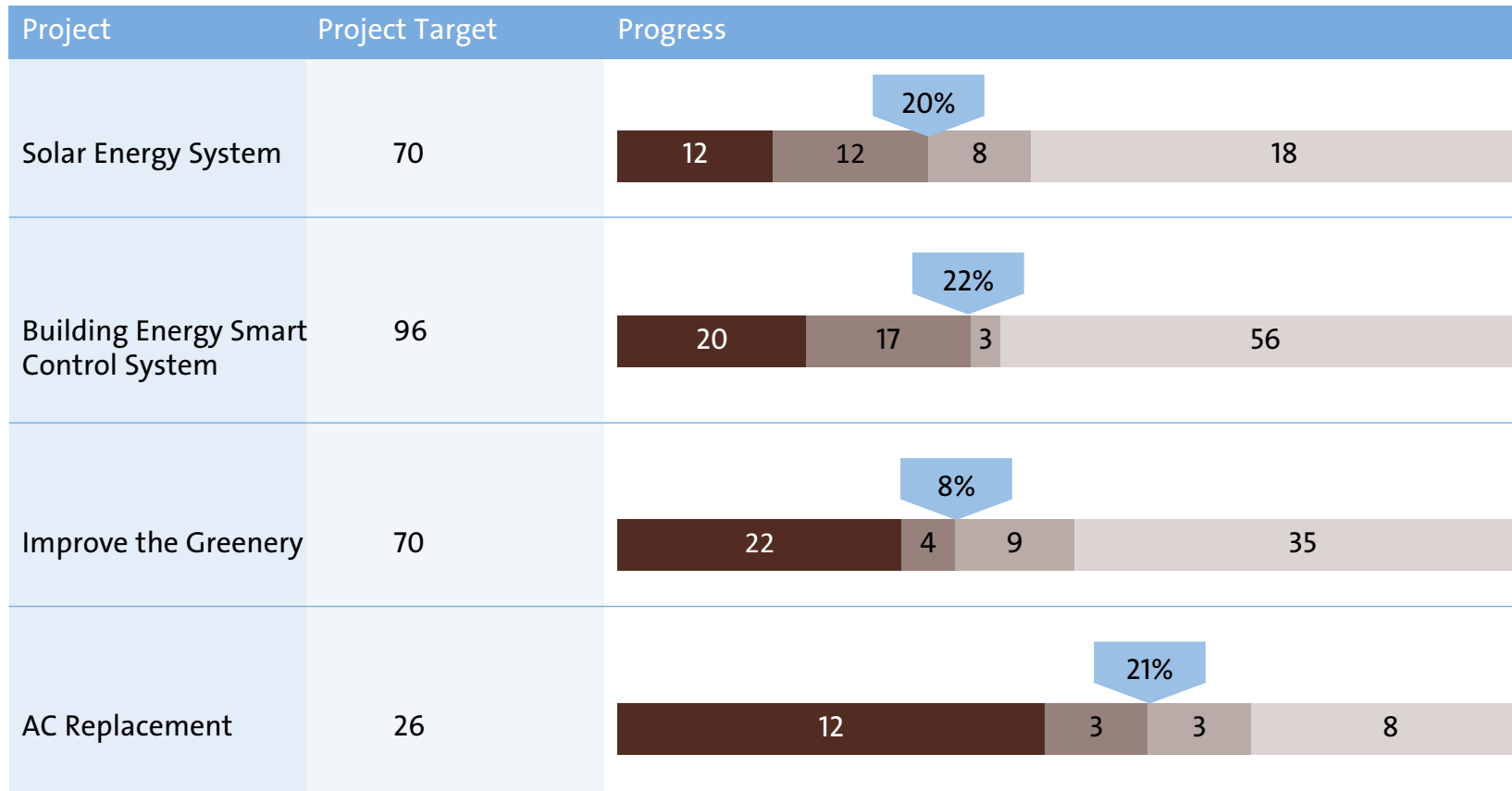
- Facilities Management
- Energy and Water Usage

Objectives

- Align to PIF's net zero carbon emissions by 2050 commitment
- Enable a circular carbon economy
- Reduce other environmental impacts

KPI	Unit	2022
Total Number of branches	#	104
Petrol consumption from operations and vehicles	litres	11,532.07
Diesel consumption from operations and vehicles	litres	3,600
Electricity consumption (office, storage, facilities, etc.)	kWh	50,665,693
Total energy consumption	kWh	50,665,693
Total absolute Scope 1 and Scope 2	CO ₂ e (metric tonnes)	31,330.15
Total intensity Scope 1 and Scope 2 (FTE)	CO ₂ e (metric tonnes/FTE)	11.730

Current projects for branches



Alinma has helped to green its branches by installing hundreds of plants and green displays.



Completed in 2022
 Completed in 2023
 In Progress
 Planned
 % of 2023 Target

Current projects for branches

KPIs and achievements

of branches in remote areas

2019	2020	2021	2022
15	6	7	7

Areas covered

- Responsible Customer Relations and Satisfaction
- Financial Inclusion and Accessibility
- Digitisation and Innovation

of ATM in remote areas

2019	2020	2021	2022
151	170	184	211

Objectives

- Achieve differentiation in customer acquisition, preference, loyalty and referrals through sustainability focus and products offerings
- Maximize customer happiness with attentive service
- Harness digital transformation to enhance customer experience (Digitalization)
- Support SMEs

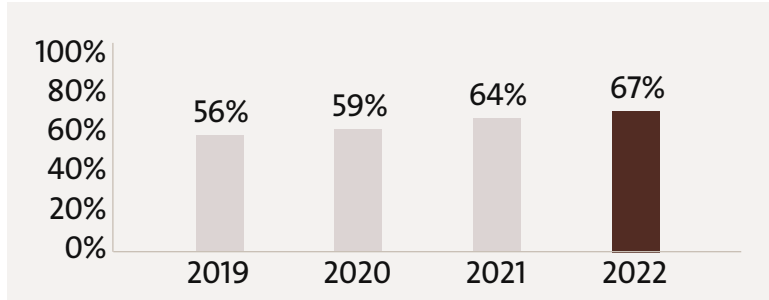
Loan default rates for overall domestic lending

Non-performing loan rate at year end 2022

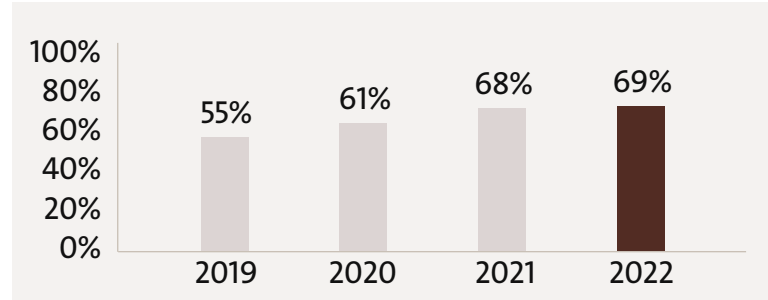
1.94%

Digital performance

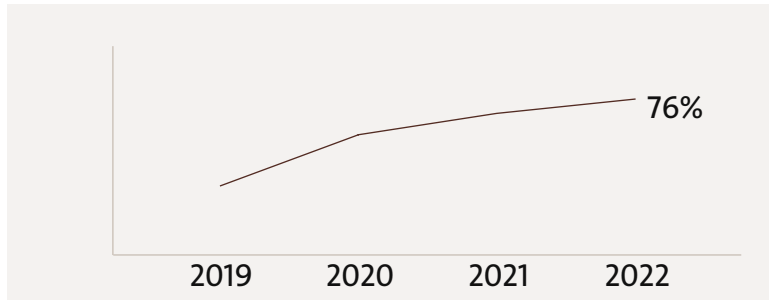
Digitally active customers (%)



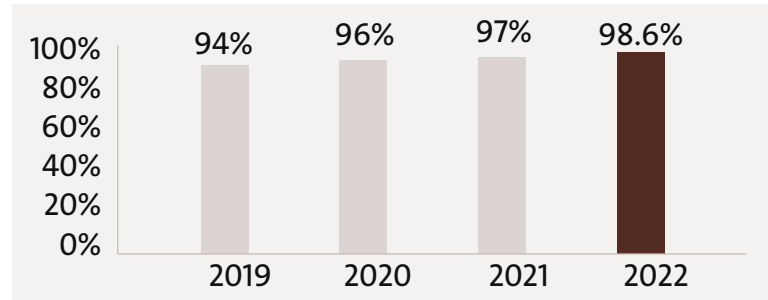
New accounts for existing customers opened digitally (%)



New customers onboarded digitally (%)



Retail transactions made through mobile app (%)



Retail end to end services offered digitally (%)

84%

Number of products offered digitally (%)

38%



“Small and medium enterprises are the lifeblood of any economy, and they have a critical part to play in the delivery of Saudi Vision 2030.”

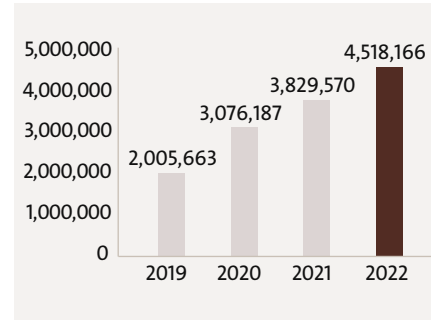
Abdullah bin Al-Khalifa, Chief Executive Officer

Micro, small and medium sized enterprises (MSME)

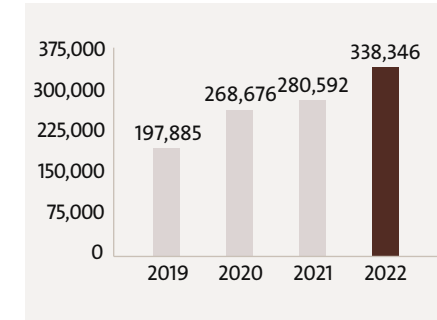
In 2022, Alinma more than doubled the number of SME customers

MSME Financing	2019	2020	2021	2022
MSME Financing – On Balance Sheet	2,005,663	3,076,187	3,829,570	4,518,166
MSME Financing – Off Balance Sheet	197,885	268,676	280,592	338,346
MSMEs Financing as a percentage of total financing – On Balance Sheet	2.05%	2.69%	3.03%	3.00%
MSMEs Financing as a percentage of total financing – Off Balance Sheet	1.40%	1.93%	2.01%	1.48%
Number of Financing transactions (on/off Balance Sheet)	942	1,673	1,744	2,401
Number of Financing customers (on/off Balance Sheet)	140	357	511	1,033
Number of Financing transactions guaranteed by Kafalah program	85	385	733	1,212
Total Financing amounts guaranteed by Kafalah program	148,773	466,886	798,958	1,124,025

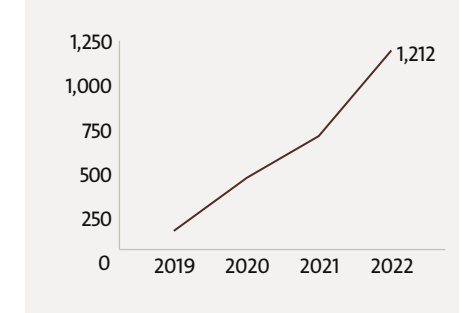
MSME Financing – On Balance Sheet



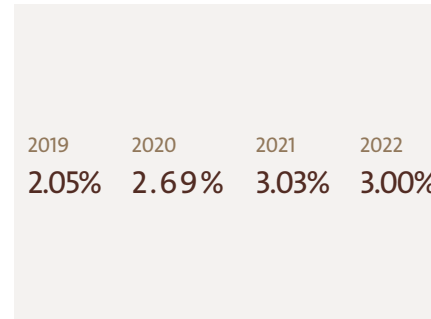
MSME Financing – Off Balance Sheet



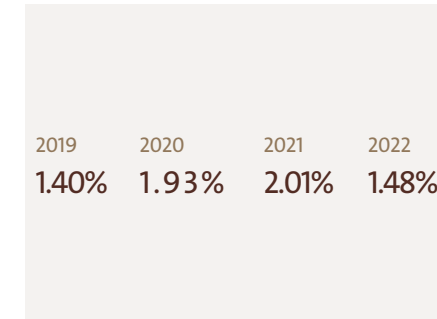
Number of Financing transactions guaranteed by Kafalah program



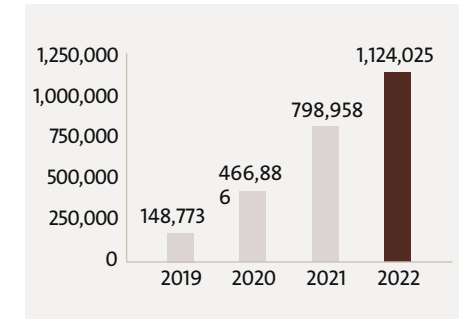
MSMEs Financing as a percentage of total financing – On Balance Sheet



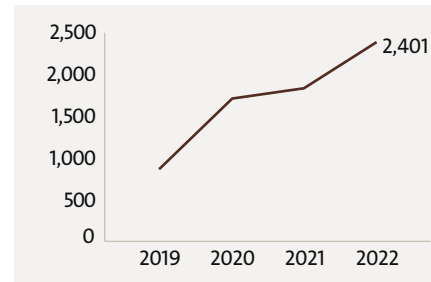
MSMEs Financing as a percentage of total financing – Off Balance Sheet



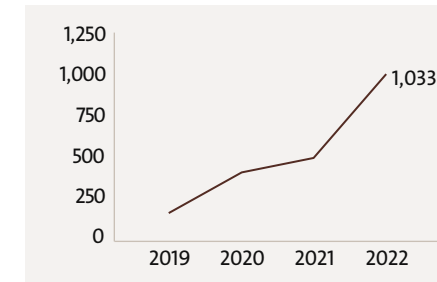
Total Financing amounts guaranteed by Kafalah program



Number of Financing transactions (on/off Balance Sheet)



Number of Financing customers (on/off Balance Sheet)



Areas covered

- Diversity and Inclusion
- Talent Attraction, Retention and Development
- Employee Engagement and Wellbeing

Objectives

- Reinforce desired cultural change and employee empowerment
- Develop ESG capacity building and employee capability
- Reinforce female empowerment Invest in Saudi's national workforce/ nationalization

KPIs and achievements

% of employee satisfaction
Employee Engagement Score

2022

70%

Total training hours delivered

Senior management employees

1,036

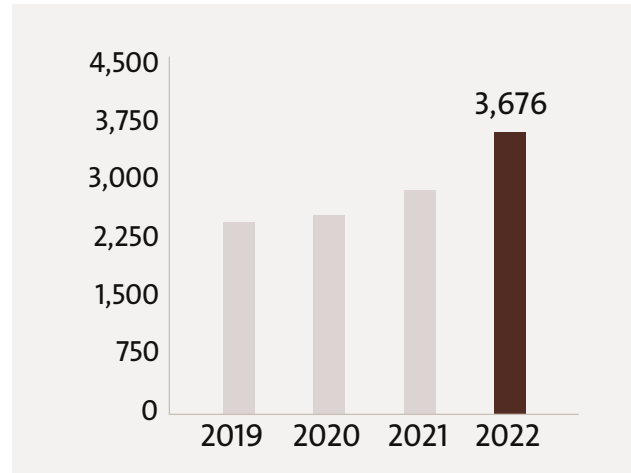
Middle management employees

2,648

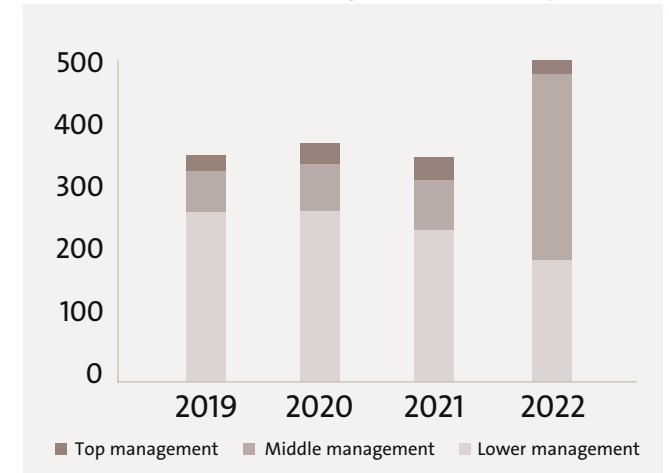
Lower management employees

85,186

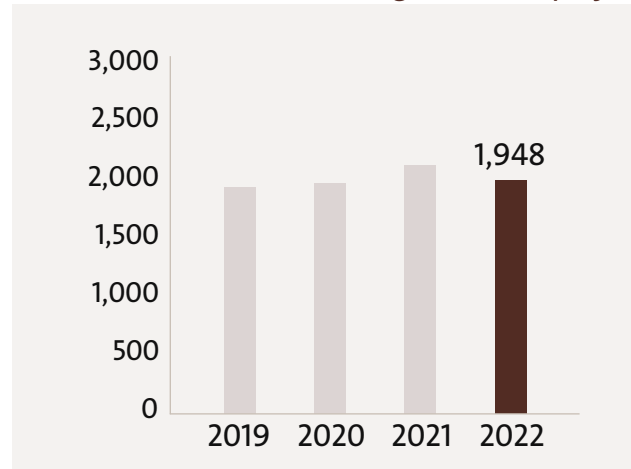
Total workforce (excluding trainees, students and outsourced staff)



Total workforce (management employees)



Total workforce (non-management employees)



Trainees and sponsored students

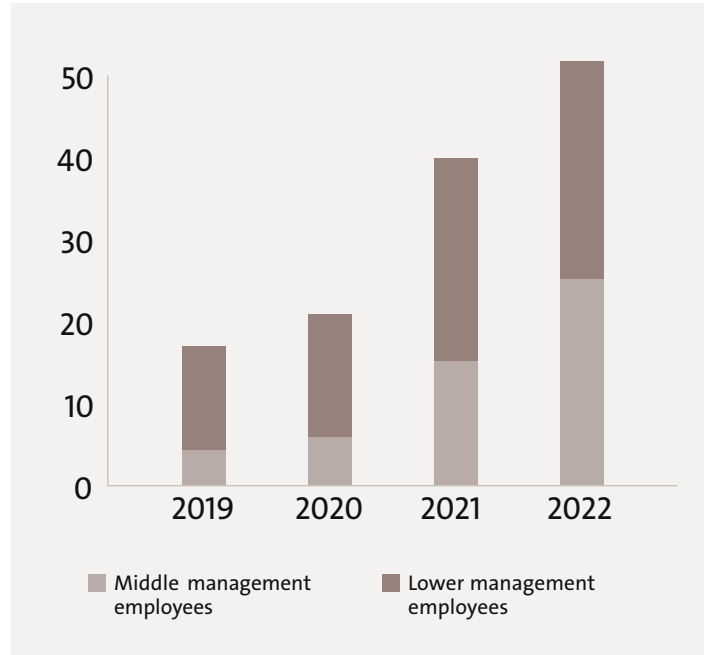
323

Number of nationalities

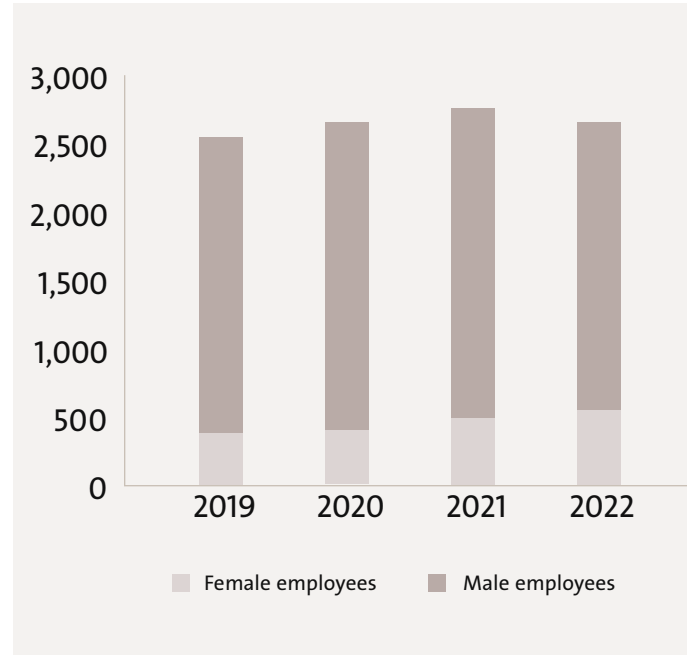
Year	2019	2020	2021	2022
Number of nationalities	21	20	18	18

UN Women's Empowerment Principles

Female workforce (management employees)



Male and female employees



Alinma Bank is one of the first Saudi companies, and the first Saudi bank, to become a signatory to the UN Women's Empowerment Principles.



Areas covered

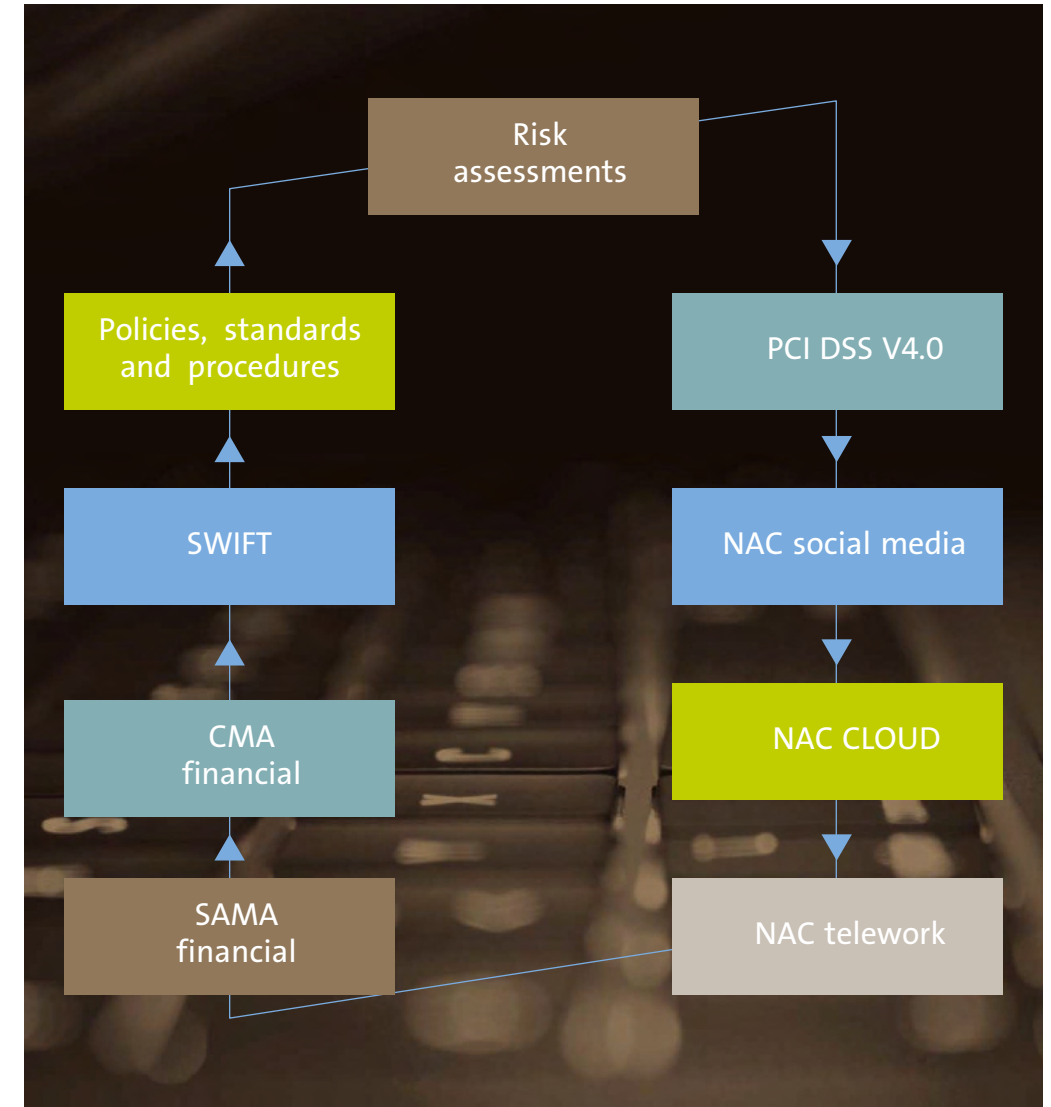
- Data Privacy and Cybersecurity Governance, Accountability, Transparency and Ethics
- Systemic Risk Management

Objectives

- Encourage good governance practices, integrity and transparency
- Set the bar for sustainability strategy and performance in Banking sector and in the region.
- Reduce lending and investment risks, and improve performance and returns, by better integrating ESG considerations into core banking policies and procedures.
- Protect user's privacy, as well as data security and usability.

Initiatives

- Cyber Security Risk assessments for both technical and business
- PCI DSS v4.0.
- NAC Organisations' Social Media Accounts Cybersecurity Controls
- NAC Cloud Cybersecurity Controls NAC Telework Cybersecurity Controls SAMA Financial Sector Cyber Threat Intelligence Principles
- CMA Cyber Security Guidelines for Financial Market Institutions SWIFT Customer Security Controls Framework v2022
- Alinma cyber security policies, standards and procedures (7 Policies, 8 Procedures and 17 Standards)



How we Govern Sustainability at Alinma Bank

Governance is arranged at three levels

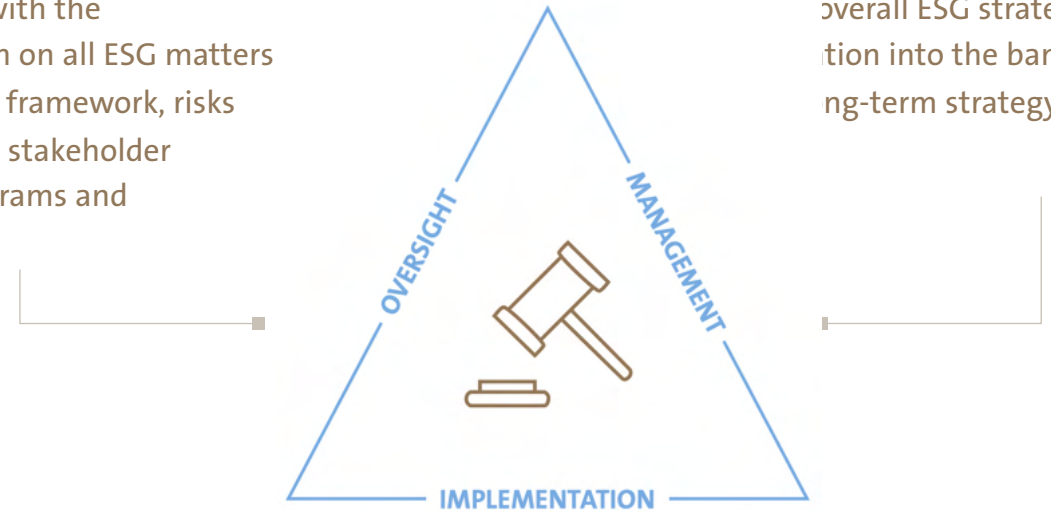
Governance and Sustainability Committee (Board committee), Sustainability Committee (management committee), and Sustainability Department. In 2Q 2022 Alinma's Board of Directors formed a Governance and Sustainability committee to oversee the ESG framework and progress. The committee members oversee the ESG strategy of the bank, including framework, risks and opportunities, stakeholder engagement, programs and sustainability initiatives.



ESG in action: Governance and sustainability committee objectives

The committee members are to be actively engaged in ESG initiatives and oversee progress with the management team on all ESG matters including strategy, framework, risks and opportunities, stakeholder engagement, programs and sustainability.

Alinma's management team manages the implementation of the overall ESG strategy and integrates it into the bank's long-term strategy.



Alinma's investor relations team is engaged in the ESG and sustainability framework, initiatives and external reporting.

We have a sustainability committee

Committee member	5-Juy-2022	31-Aug-2022	6-Dec-2022	Total
Saad Abdulaziz Al Kroud	■	■	■	3
Saud bin Mohammed Al Nemer	■	■	■	3
Ahmed Abdullah Al Alsheikh		■	■	2

Committee Members



Saad Abdulaziz Al Kroud
Committee Chairman



Ahmed Abdullah Al Alsheikh
Committee Member



Saud bin Mohammed Al Nemer
Committee Member



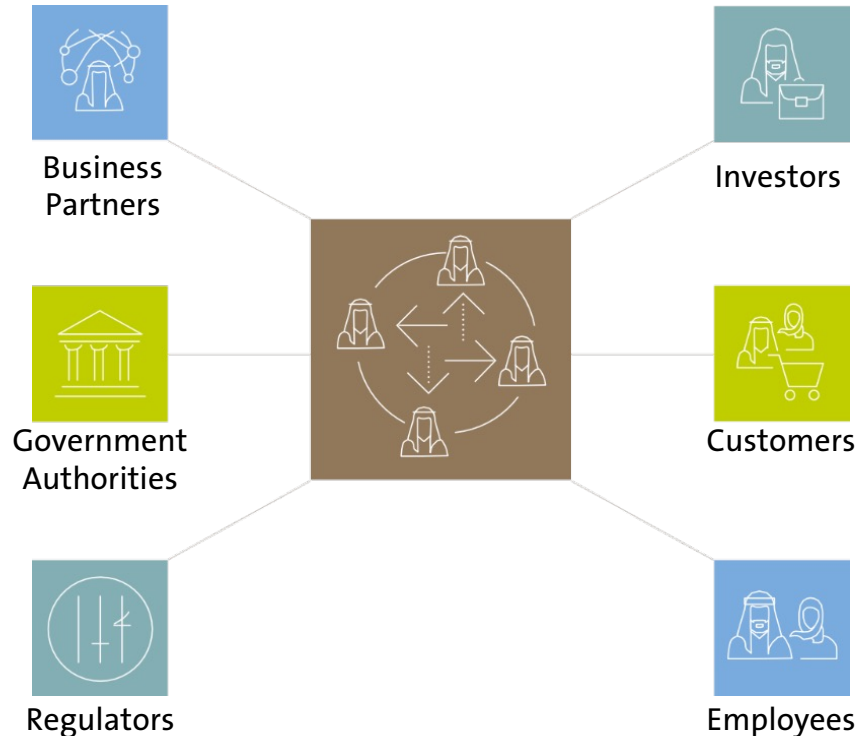
Ms. Dina Al Nahdy
Committee Member
Appointed in January 2023



Alinma Bank's Stakeholders

The Bank defines stakeholders as individuals or entities who potentially have the most significant impact on the Bank's value creation process, and those who are materially impacted by its activities.

There is an extensive range of stakeholders who, directly or indirectly impact or are impacted by the Bank. We focus on those that matter most to our operations, and categorized key stakeholder groups as illustrated below



Community service is central to our value system at Alinma Bank. Not only does our CSR program reflect the role we play in the communities in which we operate, it also enhances the engagement and professionalism of employees.

As the Bank is an integral part of Saudi society, we recognise our responsibility towards the communities we serve.

Alinma Bank allocates 1% of its annual profits for corporate social responsibility (CSR) projects.

The Bank allocates 1% of its net profits each year to a reserve account for corporate social responsibility, provided that the payments from the reserve will be made in accordance with the programs, with amounts and powers approved by the Board of Directors.

2022 community programs



Extended donations to public charities (For the Autism Centre in Riyadh)



Donated to the Ehsan platform
(This is a contribution from Alinma Bank as part of a public support campaign)



Numerous blood donation campaigns



Benefaction to the architectural exhibition of the two holy mosques in Makkah



Support for Productive Families in cooperation with Nine Tenths Project

Using leverage to drive impact

Given the leveraging effect of each of these opportunities, a successful differentiation strategy could be achieved with even a small number of them implemented. The combination of the six leveraging factors proposed in this strategy, if successfully executed, will position Alinma Bank among the very best companies in the Kingdom and in the region for CSR activities.

1. Leveraging Alinma Bank's key core business attributes
2. A clear thematic focus, on inclusive and sustainable finance
3. Clarity of targeted beneficiaries
4. Impact focus and performance
5. Scalability (including implications for the core business)
6. Leveraging partners

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