

Investor Presentation

2Q 2023

July 2023

مصرف الإنماء
alinma bank



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Alinma Overview

2Q 2023

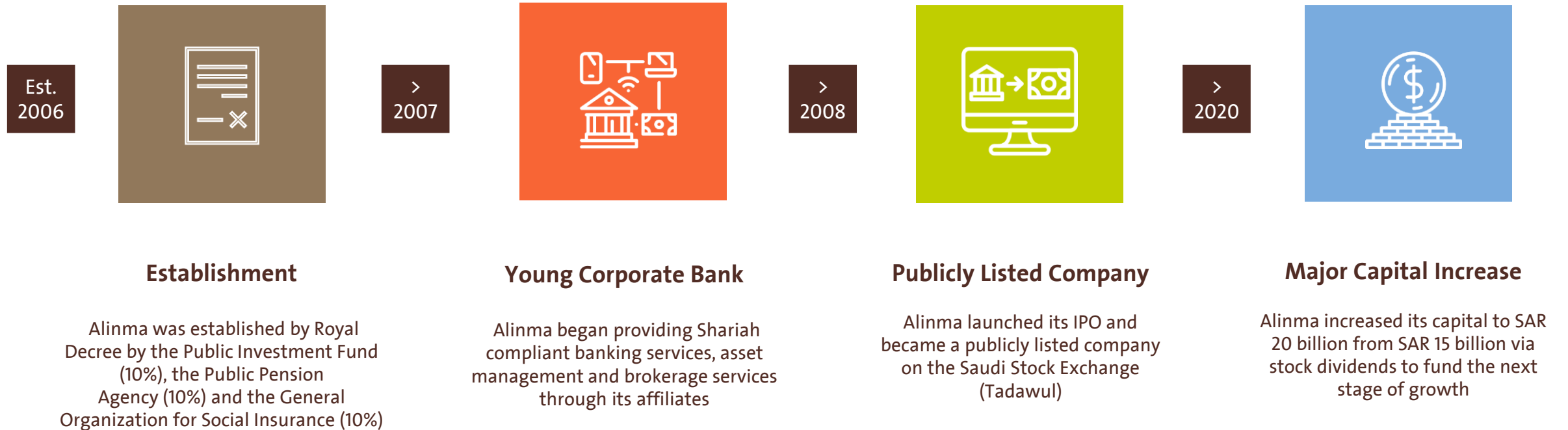
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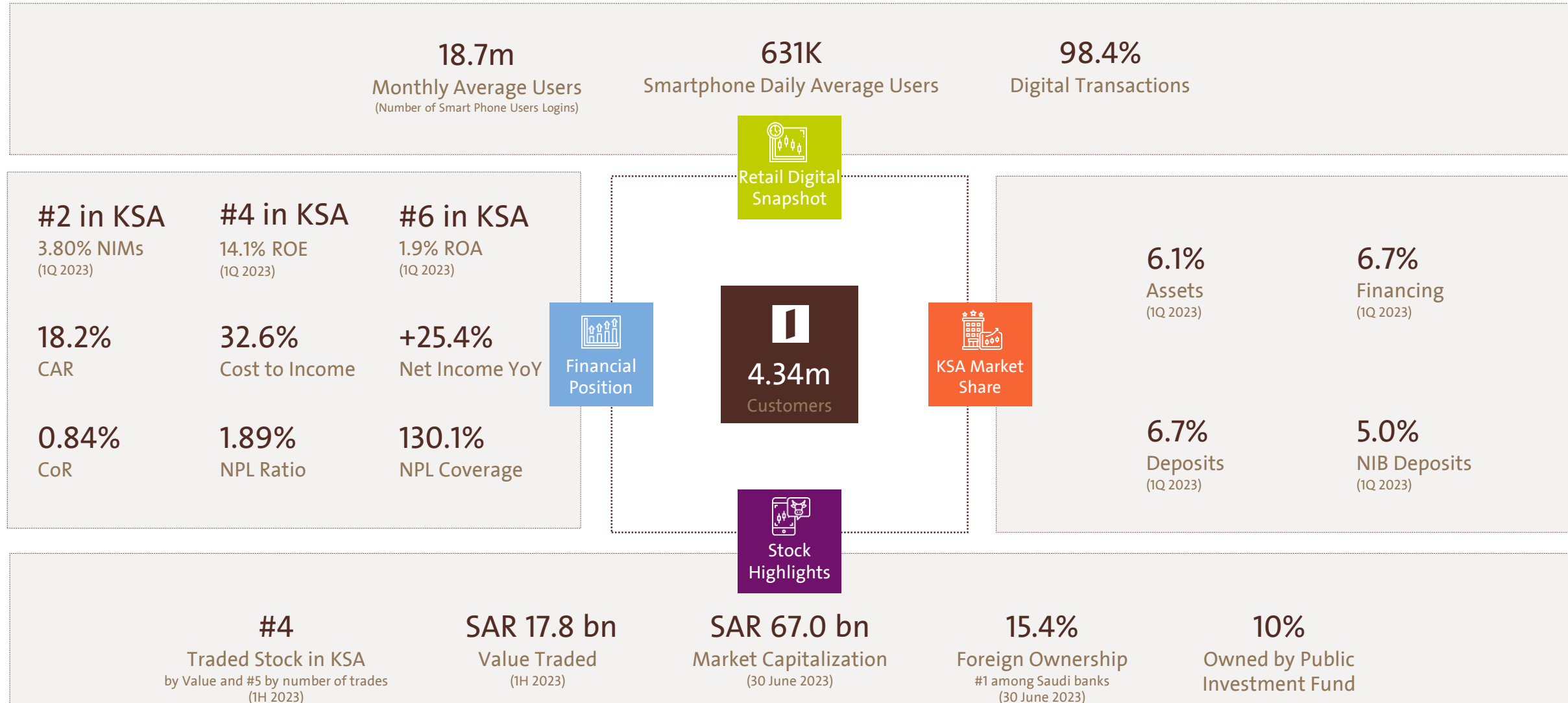
History

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
Deputy CEO, Head of Retail
& Digital Banking



Jameel Naif Al Hamdan
Head of Corporate Banking



Abdullah Jamaan Al Zahrani
Head of Treasury



Meshary Abdulaziz Al Jubair
Chief Operating Officer (COO)



Mohammed Sultan Al Sehali
Chief Internal Audit Officer



Hamoud Abdulaziz Al Humaidan
Chief Compliance Officer (CCO)



Eyad Osama Al Othman
General Counsel & Board Secretary



Fahad Abdulaziz Al Mohaimeed
Head of Strategy & Business Excellence



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)



Adel Saleh Abalkhail
Chief Financial Officer (CFO)



Meshal Hamad Al Rabiah
Chief Risk Officer (CRO)

Strategy Update

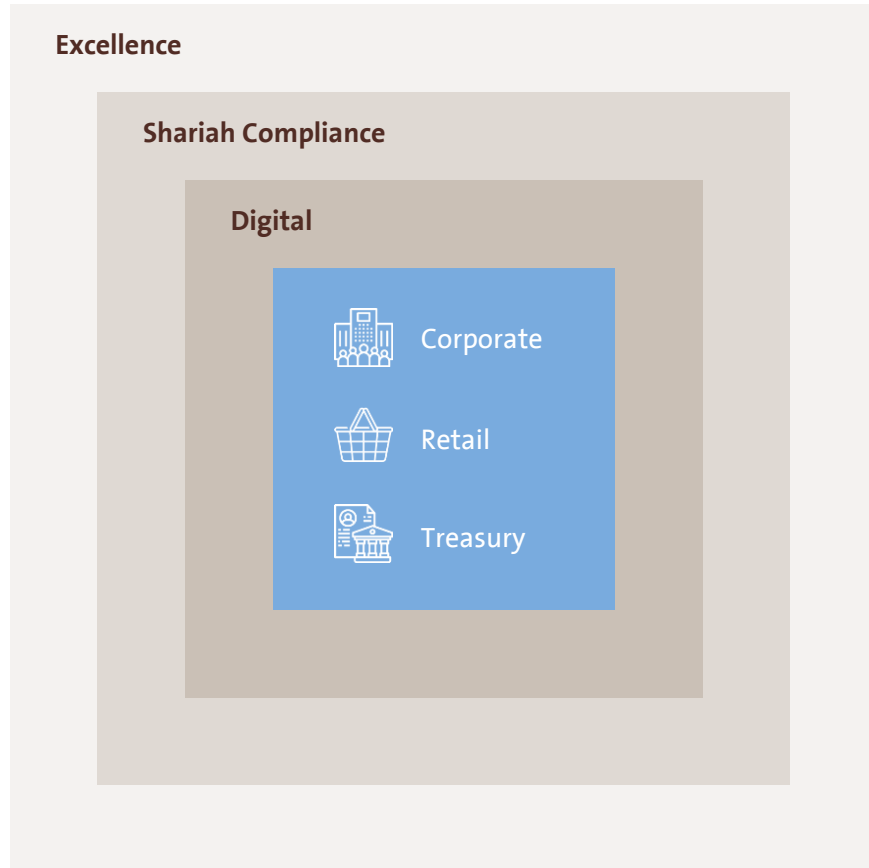
2Q 2023



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Strategic Positioning

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

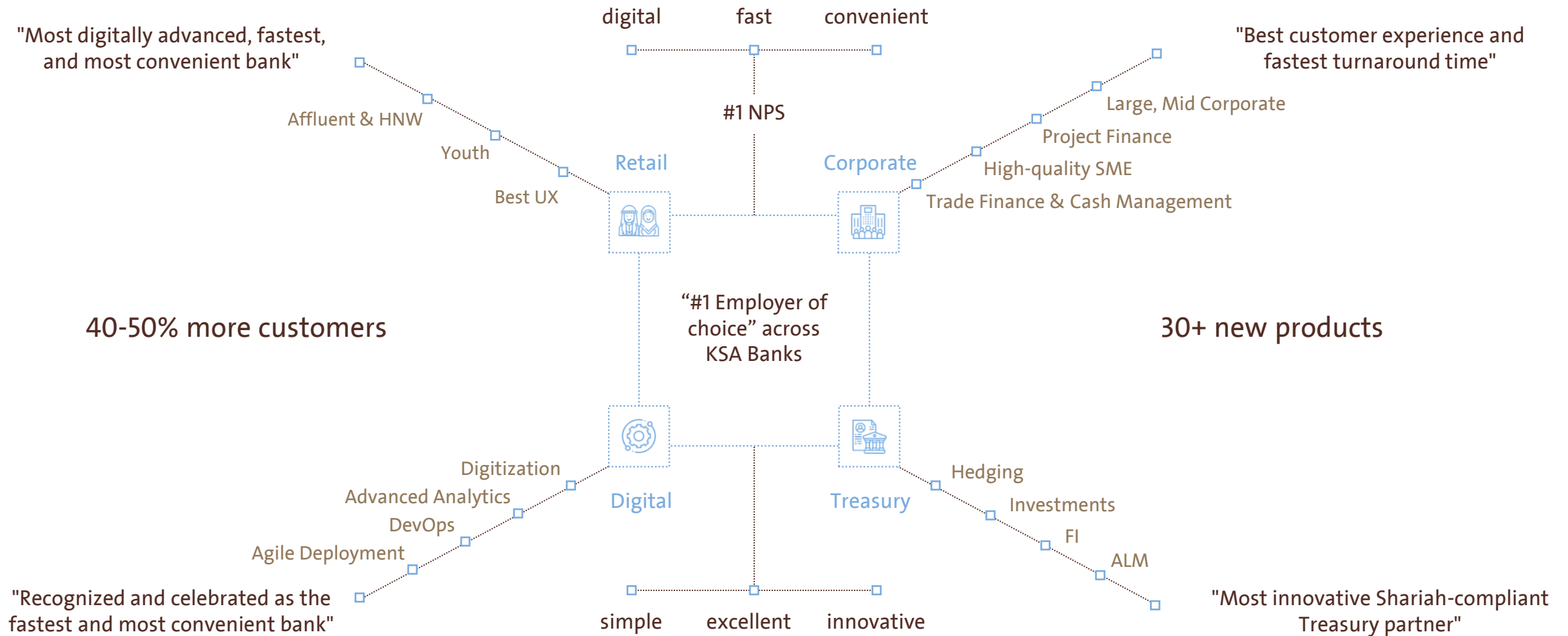


- Bank wide**
 - Be recognized and celebrated as the **fastest and most convenient bank in KSA**
 - Be the **#1 in Net Promoter Score (NPS)** across KSA Banks
 - Be the **#1 Employer of choice** across KSA Banks

- 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

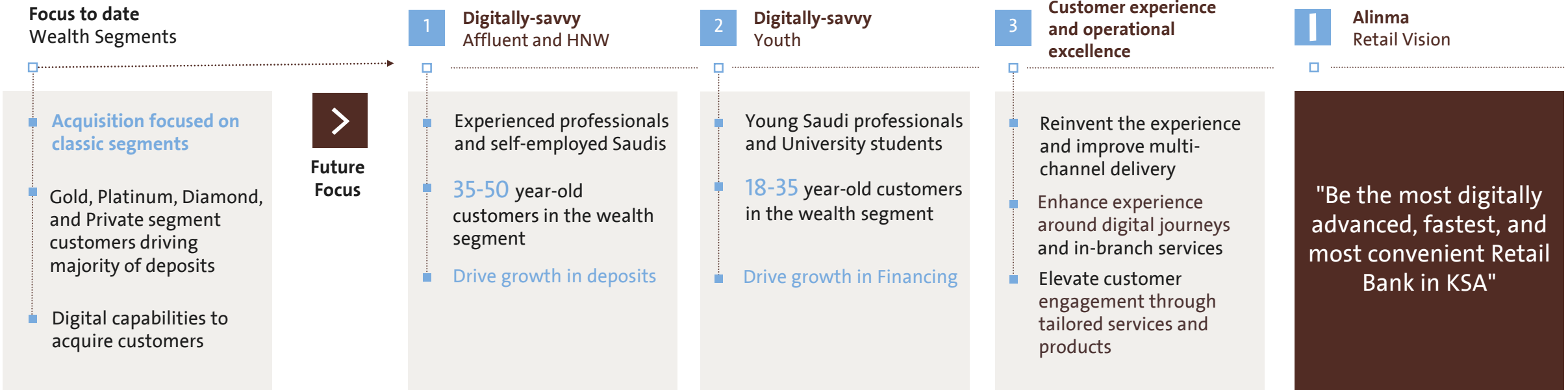


Strategy Progress Update

Driving changes across the businesses and bank-wide

	2021 - 2025 Strategic Ambitions	2Q 2023 Achievements	2023 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"> Launched Youth App for friends and family Launched Alinma Marketplace via Alinma App 	<ul style="list-style-type: none"> Driving Agile delivery of IT projects Digital team being expanded with requisite skills Continuously improving new digital app
 Fast	Improve processes and speed to market	<ul style="list-style-type: none"> 29 TCR machines Implemented in Q2 Implemented digital execution for credit cards (33%) and personal loans (24%) 	<ul style="list-style-type: none"> Continue enhancement of digital journeys and app functionality, and increase cross-sell Continuous improvement in turn-around time for retail customers
 Convenient	Enhance customer convenience and experience	<ul style="list-style-type: none"> Implemented Open Banking infrastructure and capabilities Added new Corresponding banks to Alinma Express Revamped THATI journeys Launched Alfursan miles Credit Card Merged 10 branches (20 YTD) 	<ul style="list-style-type: none"> Client relationship models for Private and Affluent customers being improved Enhance ecosystems programs for customer convenience
 Total	77 Initiatives	58 ^{/77} Initiatives Completed  75%	19 ^{/77} Initiatives In Progress  25%

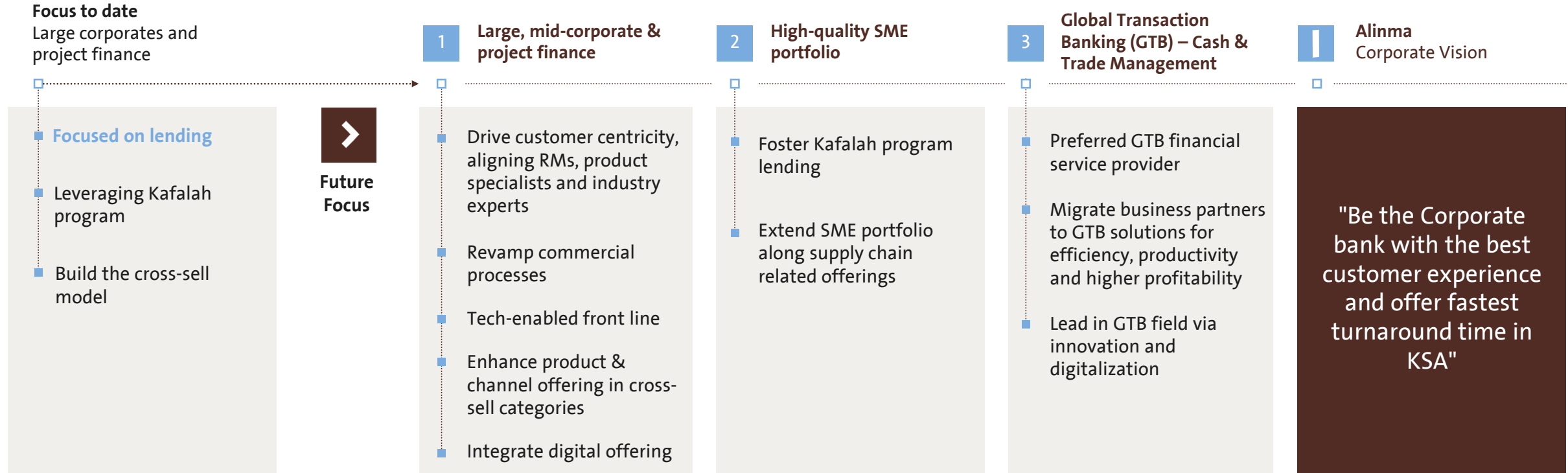
Focus on building two customer franchises



Initiatives Completed to Date: 13/18 initiatives completed 72%	Key Achievements 2Q 2023	Launch of New Tailored Products			New Operating Models and Effective Processes				Distribution Expansion	
		✓ Launched Alfursan miles Credit Card	✓ Launched real estate finance without Title deeds for selective RE developers	✓ Added new Corresponding banks to Alinma Express	✓ Revamped THATI (self-service) journey	✓ Implemented digital execution for credit cards (33%) and personal loans (24%)	✓ Aailed skip payments option for multiple installments for all Real Estate Products	29 TCR machines Implemented in Q2	10 Merged branches (20 YTD)	1 New Private Centre (3 YTD)

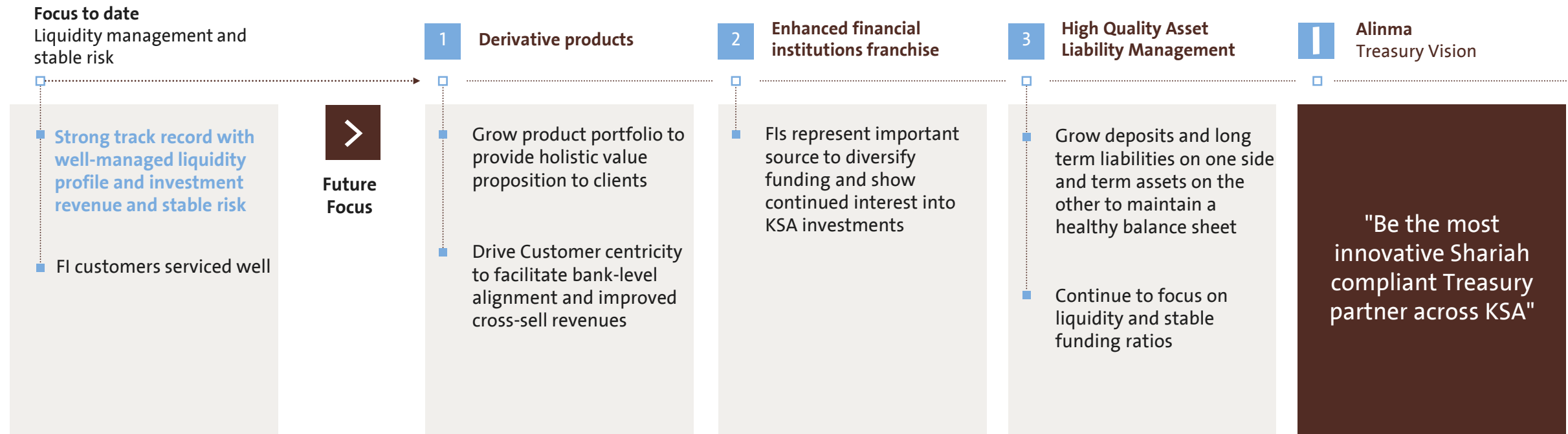
Corporate

Evolve the bank and diversify across sectors



<p>Initiatives Completed to Date:</p> <p>9/19 initiatives completed</p> <p>47%</p>	<p>Key Achievements</p> <p>2Q 2023</p>	<p>Expanded Mid-Corp Segment</p> <p>+72% Growth in booked assets</p> <p>+73% Growth in Non-funded assets (LG & LC)</p>	<p>Growth in SME Portfolio</p> <p>+17% Growth in assets</p> <p>+70% Program Based Lending</p> <p>+20% Kafalah financing</p>	<p>New Products</p> <p>Lunched bundle with Saudi Fintech Technology Company to promote products with focus on ClickPay as 1st choice of eCommerce</p>	<p>Improved organisational efficiency</p> <p>3 Processes streamline design completed</p>
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Become core partner for corporate clients and grow FI franchise



<p>Initiatives Completed to Date:</p> <p>12/12 initiatives completed</p> <p>100%</p>	<p>Key Achievements</p> <p>2Q 2023</p>	<p>Expansion of Products and Volumes</p> <p>Expanded Derivatives customer base</p> <p>+20bn FX business volumes</p> <p>+7.9bn PRS volumes</p>	<p>Increased FI Coverage</p> <p>+3 banks</p> <p>Correspondent FIs added globally</p>	<p>Portfolio Yield Enhancement</p> <p>Continue to enhance investment portfolio yield</p>	<p>New Products</p> <p>Introduced Shariah compliant products in alignment with international players such as Repos to Maturity and developed new derivatives products such as Collared PRS</p>
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Build Digital to scale customer experience and operational excellence across the bank



<p>Initiatives Completed to Date:</p> <p>14/17 initiatives completed</p> <p>82%</p>	<p>Key Achievements</p> <p>2Q 2023</p>	<p>New Models & Digital Factory Updates</p> <ul style="list-style-type: none"> Launched Alınma Marketplace via Alınma App Launched Youth App for friends and family Developed the first AI cross-sell model for the Youth App Implemented Open Banking Infrastructure and capabilities 				<p>IT Projects Delivery</p> <p>52%</p> <p>IT Projects Delivered through Agile</p>	<p>Technology Improvements</p> <ul style="list-style-type: none"> THATI UX/UI revamped Implemented Anti-Fraud system
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Human Capital

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



<p>Initiatives Completed to Date:</p> <p>9/9 initiatives completed</p> <p>100%</p>	<p>Key Achievements</p> <p>2Q 2023</p>	<p>Increased Employee Engagement</p> <ul style="list-style-type: none"> Established new unit for occupational health Established medical clinic in HQ 	<p>Increased Training & Key Placements</p> <ul style="list-style-type: none"> In cooperation with GOSI and as part of an exchange program, completed training for fresh graduates from both sides + 32 employees have utilized benefits of Professional Certifications Support Program 	<p>Continuous Improvement</p> <p>+15</p> <p>Workshops conducted with bank groups & divisions for Organizational Health Index (OHI) improvements</p>	<p>Workforce YTD</p> <p>95.53% Saudization rate</p> <p>20.50% Female percentage of total workforce</p>
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Historical Financial Performance

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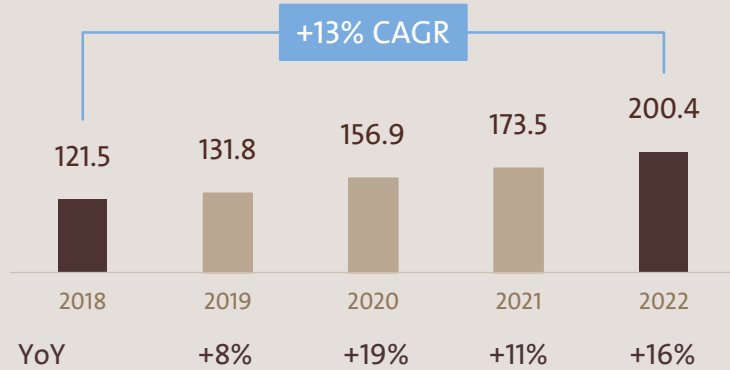


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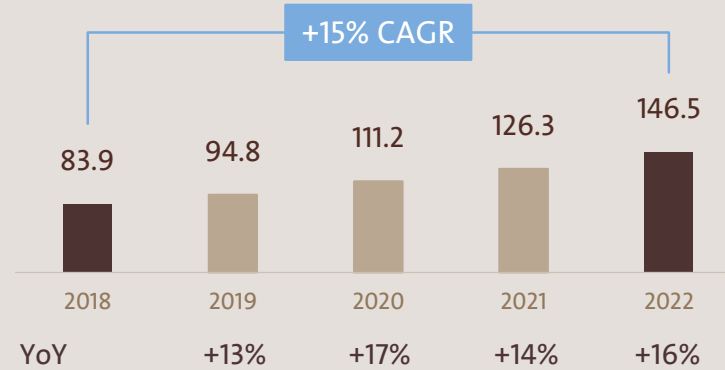
Balance Sheet Track Record

Solid history of strong balance sheet momentum...

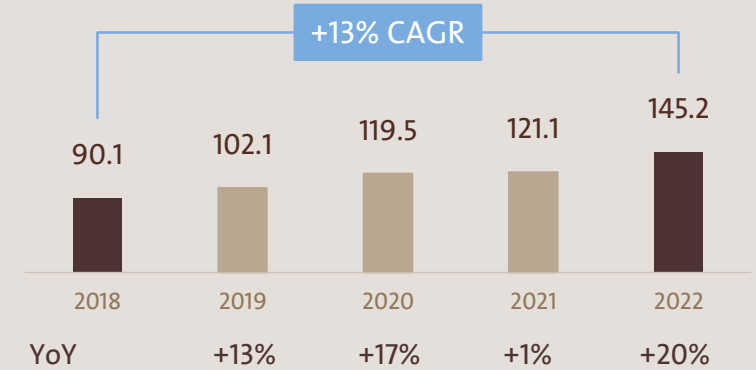
Total Assets (SARbn)



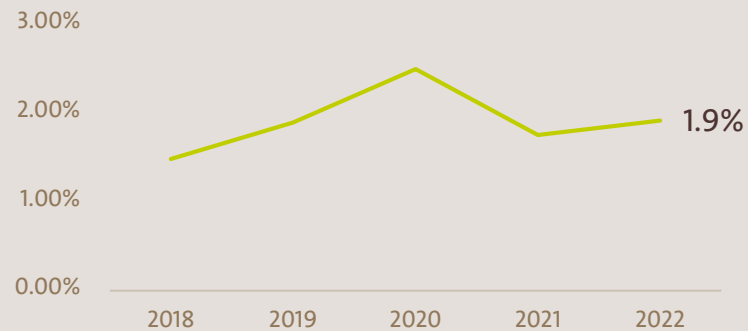
Financing (SARbn)



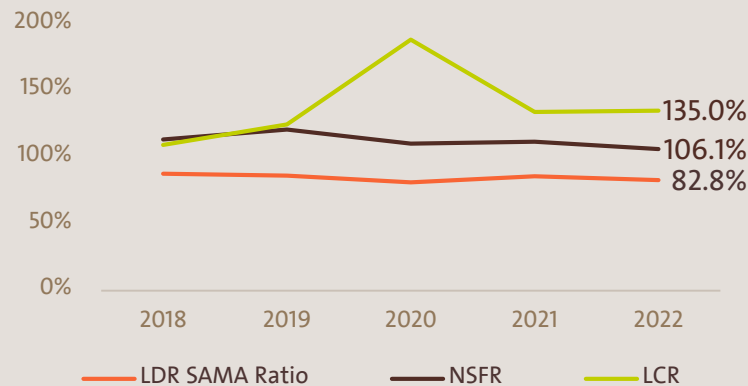
Customers' Deposits (SARbn)



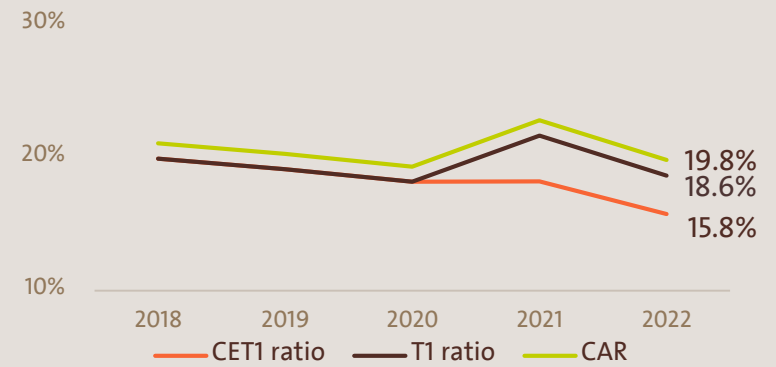
NPL Ratio (%)



Liquidity (%)



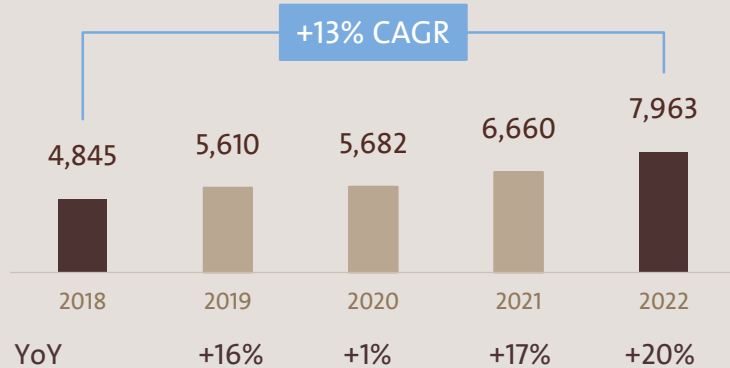
Capitalization (%)



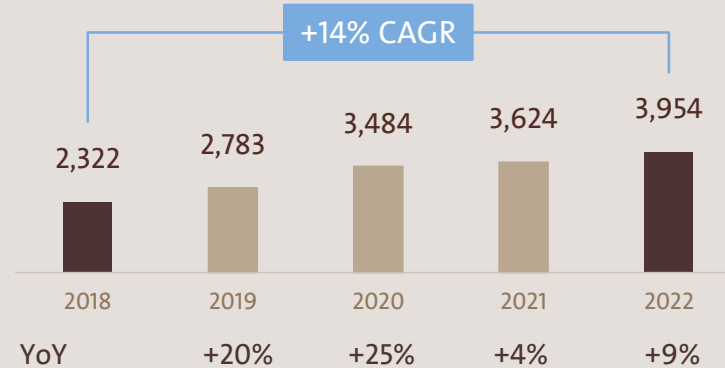
P&L Track Record

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

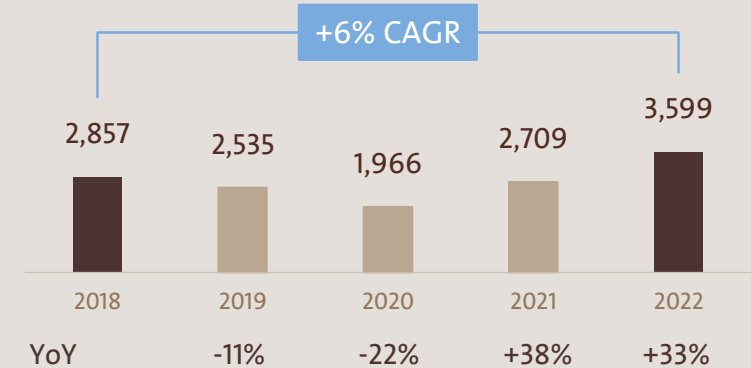
Total Operating Income (SARmn)



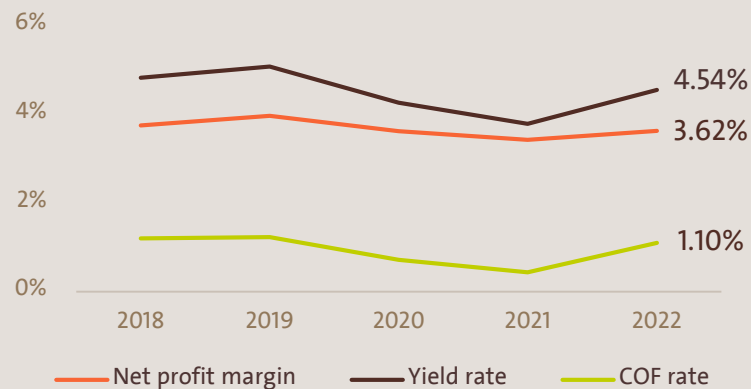
Total Operating Expenses (SARmn)



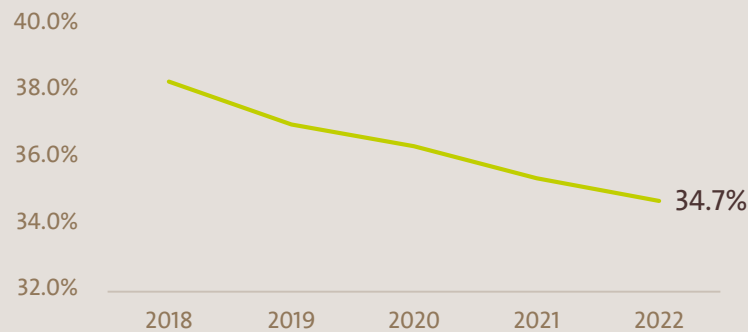
Net Income (SARmn)



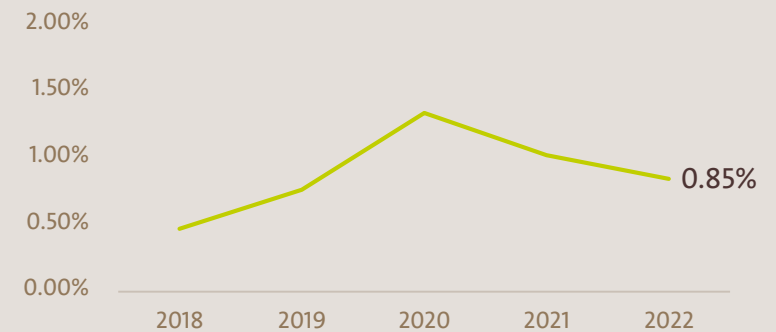
Net Profit Margin (%)



Cost To Income Ratio (%)



Cost of Risk (%)



1H 2023 Financial Performance

2Q 2023

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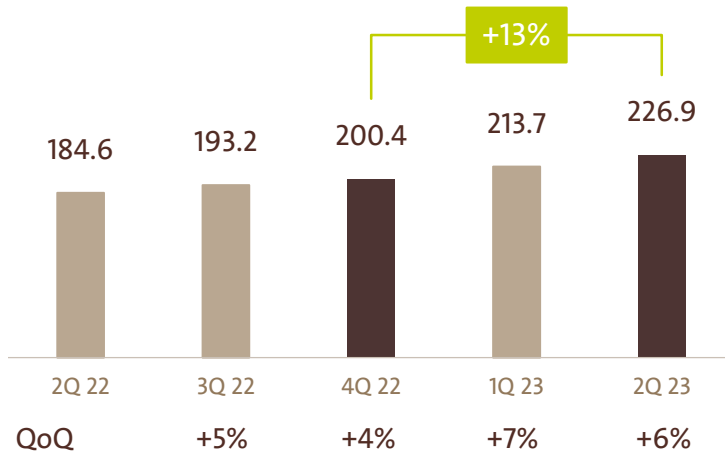


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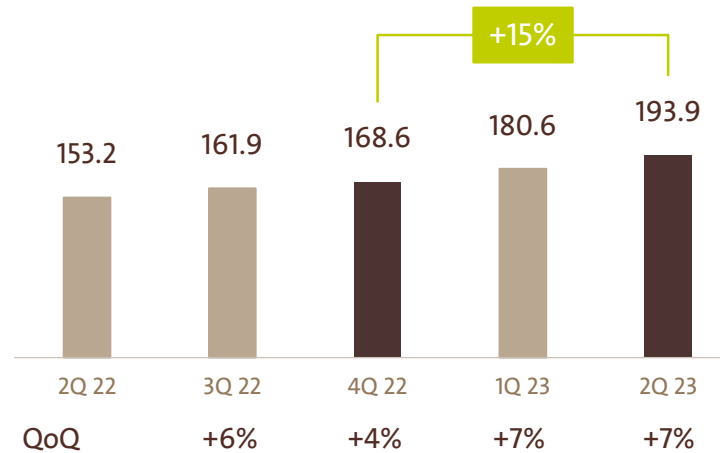
2Q 2023 Balance Sheet Highlights

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

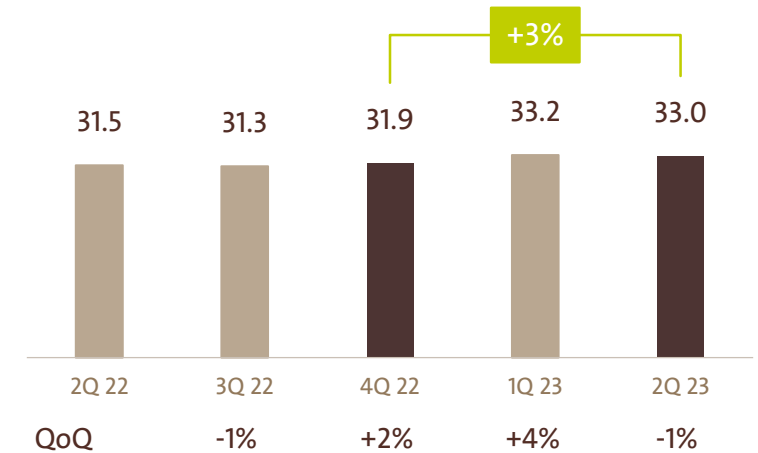
Total Assets (SARbn)



Total Liabilities (SARbn)



Total Equity (SARbn)



2Q 23 Financing

SARbn **161.8**
+10% YTD

2Q 23 Customers' Deposits

SARbn **177.9**
+23% YTD

2Q 23 CASA Deposits

SARbn **87.2**
+6% YTD

2Q 23 CASA % of Total Deposits

49.0%
-7.8ppts YTD

2Q 23 LDR SAMA Ratio

76.4%
-6.5ppts YTD

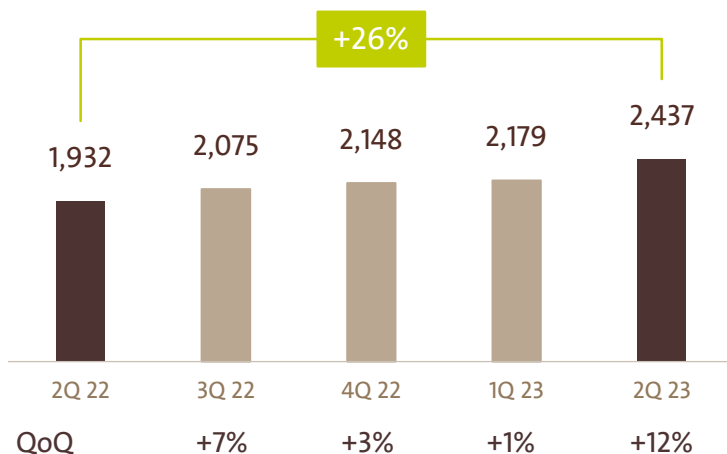
2Q 23 CAR

18.2%
-163bps YTD

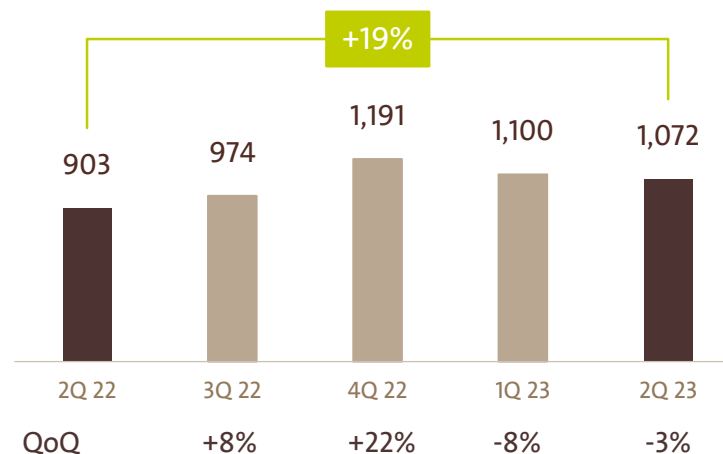
1H 2023 P&L Highlights

Net income for 1H 2023 grew by 25% YoY from 32% funded income growth

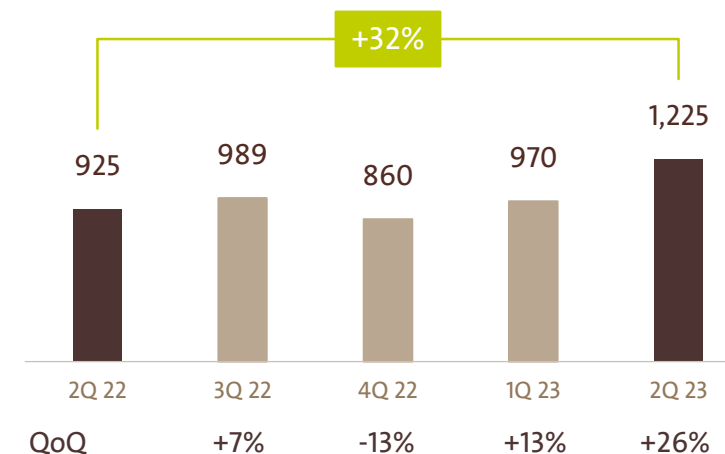
Total Operating Income (SARmn)



Total Operating Expenses (SARmn)



Net Income (SARmn)



1H 23 Funded
Income

SARmn **3,594**
+32% YoY

1H 23 Non-Funded
Income

SARmn **1,022**
+1% YoY

1H 23 Net Income

SARmn **2,195**
+25% YoY

1H 23 Net Profit
Margin

3.79%
+37bps YoY

1H 23 Cost to
Income Ratio

32.6%
-2.3ppts YoY

1H 23 ROE

16.0%
+259bps YoY

Balance Sheet Trends

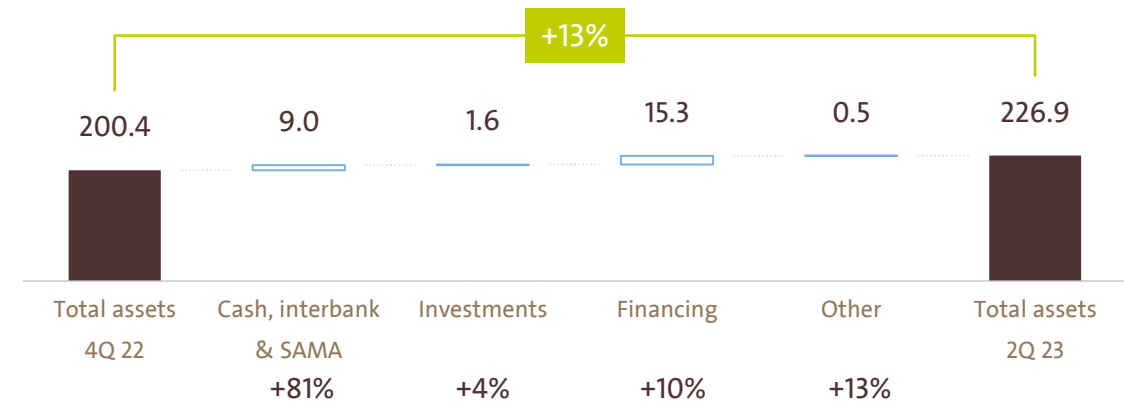
Balance sheet growth of 13% from increase in financing and investments

Management Commentary

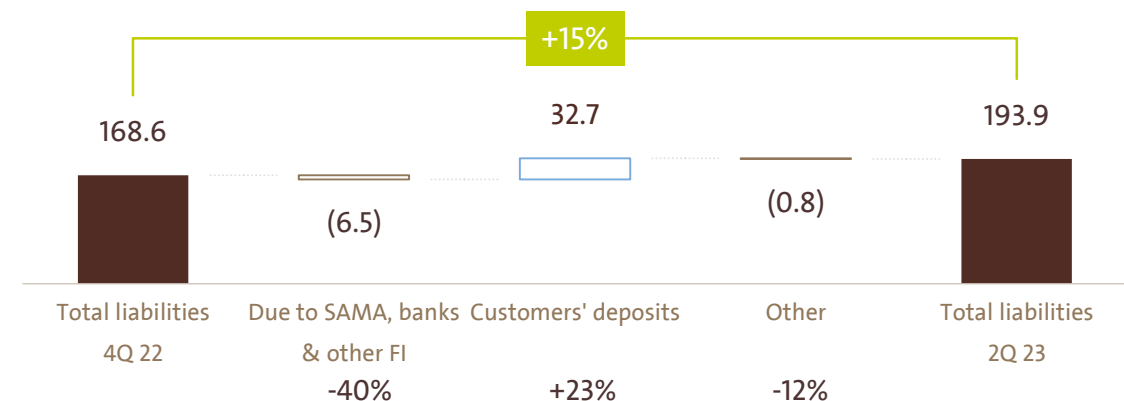
- Growth in total assets of 13% YTD mainly driven by 10% financing growth and 4% growth in investments and 81% growth in balances with SAMA and interbank.
- Total liabilities grew by 15% during 1H 2023 mainly from a 23% rise in customers' deposits.

SAR (mn)	2Q 2023	4Q 2022	Δ%	2Q 2022	Δ%
Cash, interbank & SAMA balances	20,219	11,178	+81%	11,803	+71%
Investments	40,117	38,518	+4%	37,720	+6%
Financing	161,773	146,492	+10%	131,193	+23%
Other assets	4,792	4,249	+13%	3,906	+23%
Total assets	226,900	200,436	+13%	184,622	+23%
Due to SAMA, banks & other FI	9,959	16,483	-40%	15,452	-36%
Customers' deposits	177,874	145,168	+23%	130,376	+36%
Other liabilities	6,091	6,908	-12%	7,327	-17%
Total liabilities	193,924	168,560	+15%	153,155	+27%
Share capital	20,000	20,000	+0%	20,000	+0%
Retained earnings	5,975	4,285	+39%	5,362	+11%
Other reserves	2,001	2,591	-23%	1,105	+81%
Tier 1 sukuk	5,000	5,000	+0%	5,000	+0%
Total equity	32,977	31,876	+3%	31,467	+5%

Total Assets Movement YTD (SARbn)



Total Liabilities Movement YTD (SARbn)



P&L Trends

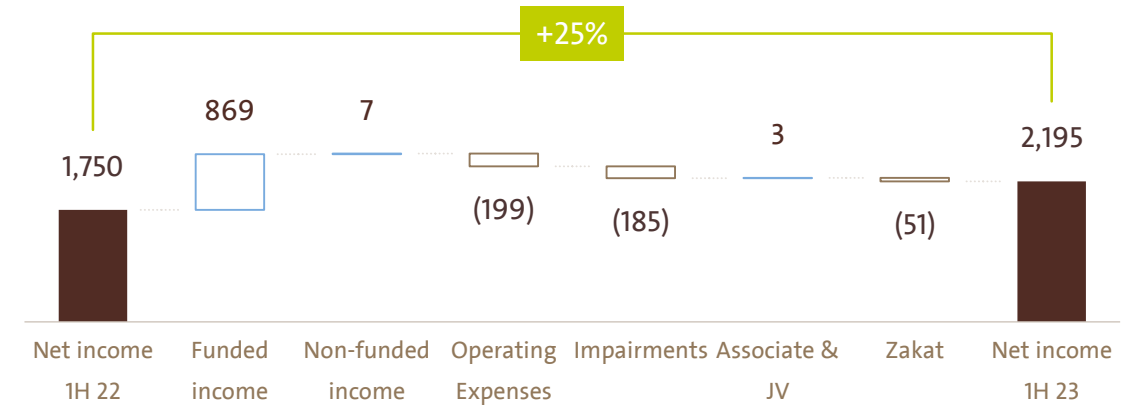
Net income for 1H 2023 grew by 25% YoY due to 23% income growth

Management Commentary

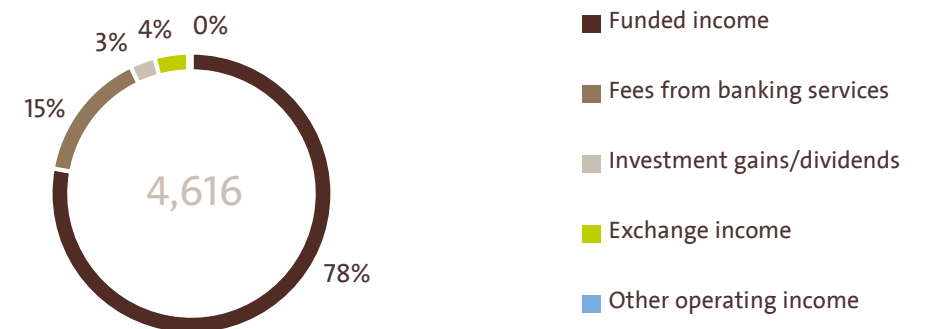
- Net income for 1H 2023 grew 25% YoY to SAR 2,195mn from 23% income growth. 15% higher operating expenses YoY.
- 2Q 2023 net income improved 32% YoY driven by 26% increase in income.

SAR (mn)	1H 2023	1H 2022	Δ%	2Q 2023	2Q 2022	Δ%
Funded income	3,594	2,725	+32%	1,860	1,413	+32%
Non-Funded income	1,022	1,015	+1%	577	519	+11%
Total operating income	4,616	3,740	+23%	2,437	1,932	+26%
Operating Expenses	1,504	1,306	+15%	747	663	+13%
Net operating income before impairment charge	3,112	2,434	+28%	1,690	1,269	+33%
Impairments	668	483	+38%	325	240	+36%
Net operating income	2,444	1,951	+25%	1,365	1,029	+33%
Income before zakat & income tax	2,447	1,951	+25%	1,366	1,031	+32%
Zakat	252	201	+25%	141	106	+32%
Net income	2,195	1,750	+25%	1,225	925	+32%

Net Income Movement YoY (SARmn)



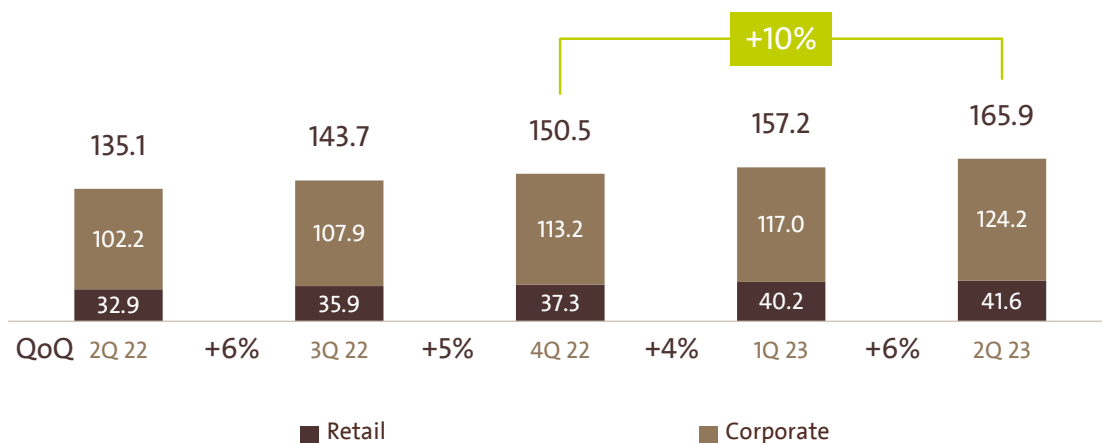
Operating Income Composition (SARmn)



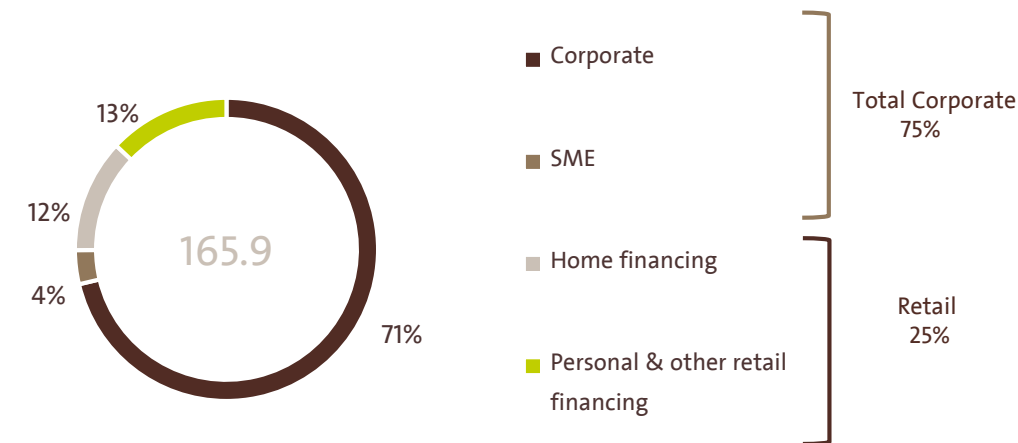
Financing

Increase in gross financing during 1H 2023 from 12% growth in retail financing, and 10% in corporate financing

Financing, Gross (SARbn)



Financing, Gross Composition (SARbn)



Financing, Gross Movement YTD (SARbn)



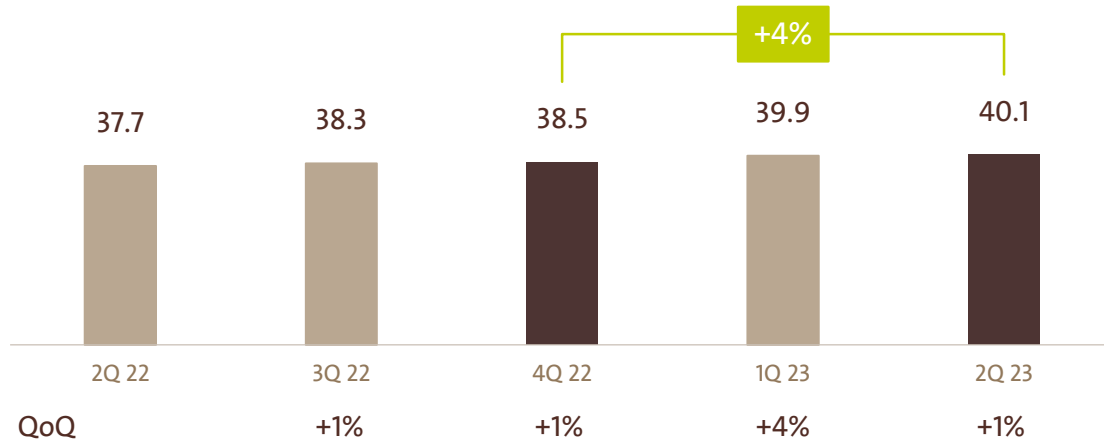
Management Commentary

- Gross financing grew 10% during 1H 2023.
- Retail financing grew 12% YTD from strong momentum in personal & other financing +16%.
- Total corporate financing grew 10% YTD, where mid-corporate rose 72%, and SME financing increased 17%.
- Gross financing comprises of 75% corporate and 25% retail as at 30 June 2023.

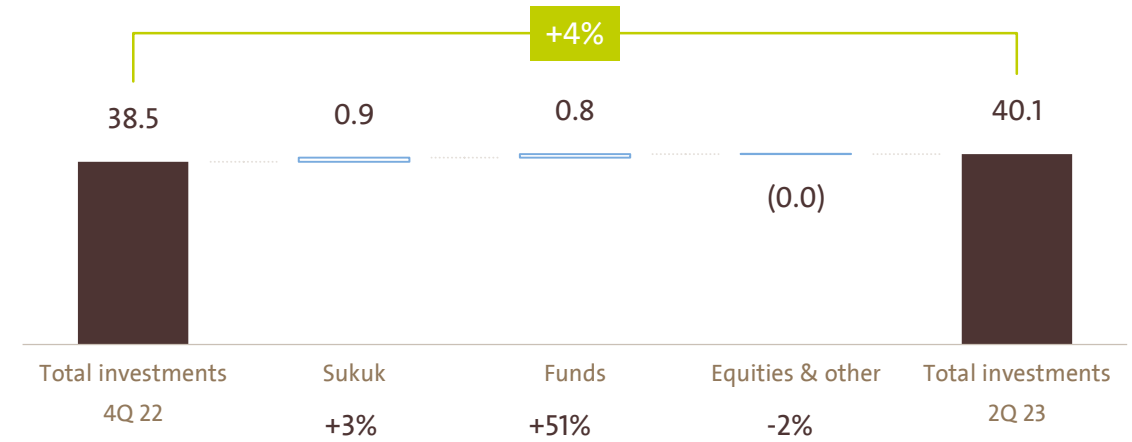
Investments

4% growth in investments YTD from additional investment grade securities

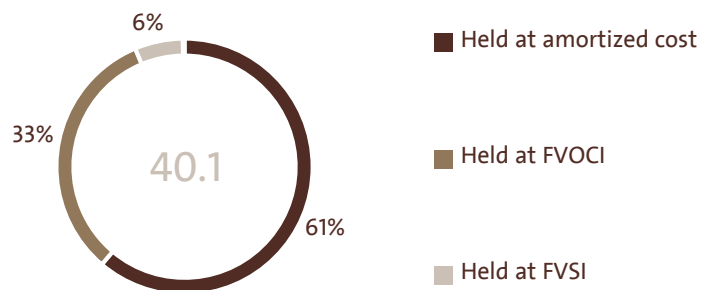
Investments (SARbn)



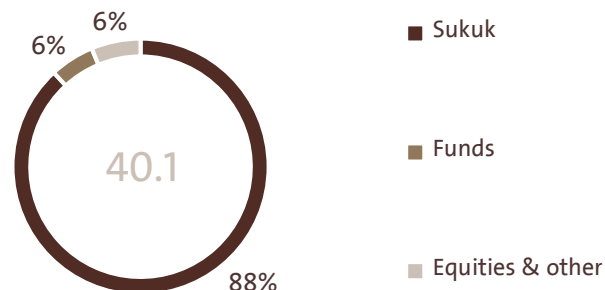
Investments Movement YTD (SARbn)



Investments Composition (SARbn)



Investments Composition (SARbn)



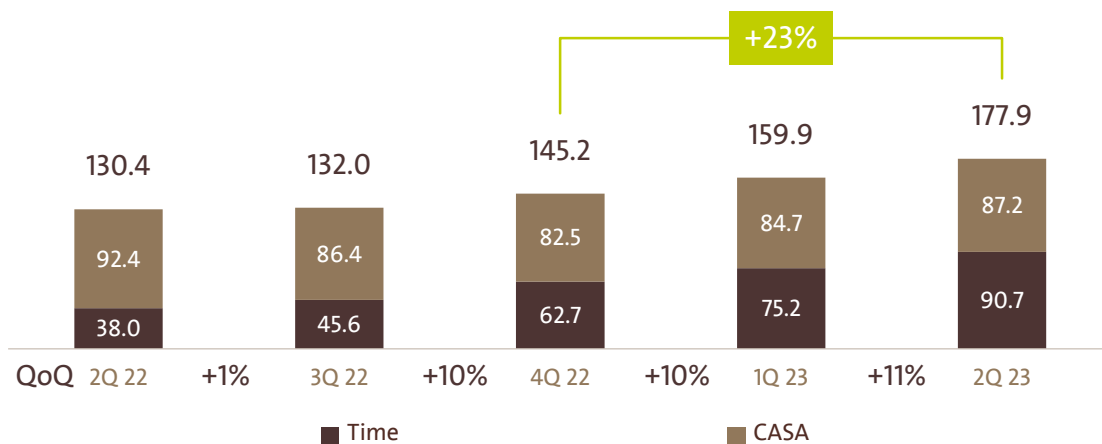
Management Commentary

- Investments growth of 4% during 1H 2023 was mainly attributed to 3% increase of investments in sukuk.
- The investment portfolio as at 30 June 2023 comprised of 88% sukuk investments, 6% funds and 6% equities & other investments.

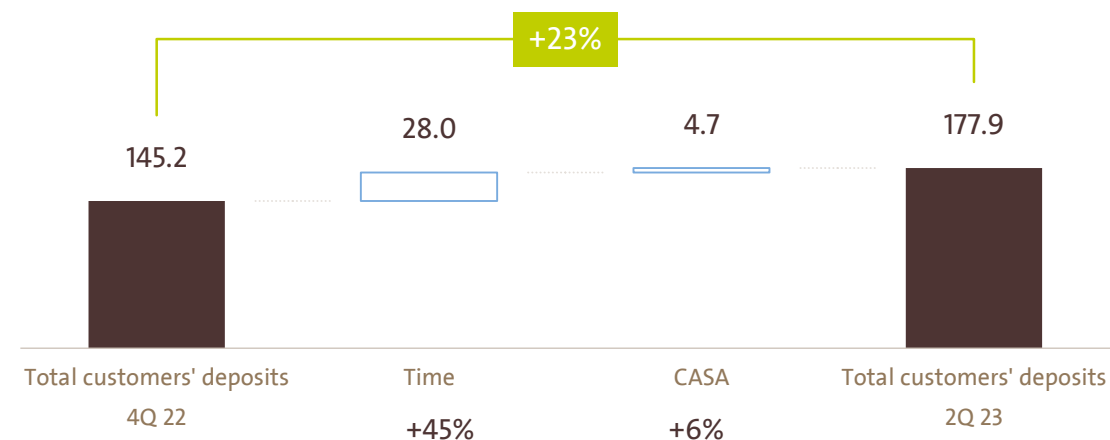
Deposits

Deposit growth of 23% driven by 6% CASA growth and 45% time deposits growth

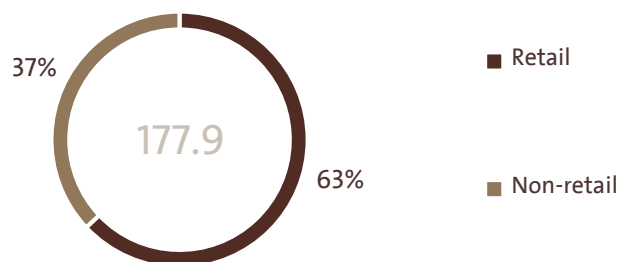
Customers' Deposits (SARbn)



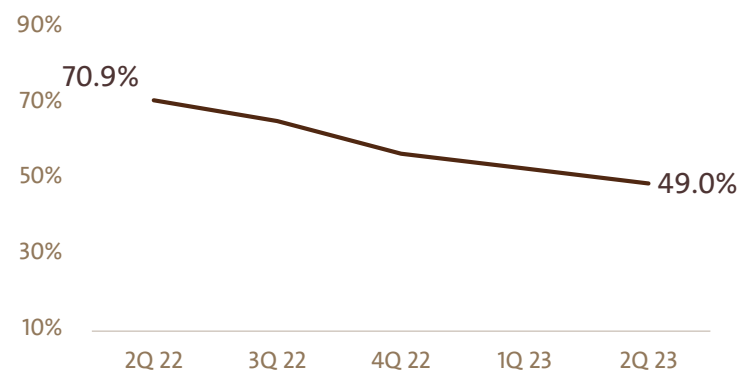
Customers' Deposits Movement YTD (SARbn)



Customers' Deposits Composition (SARbn)



CASA % of Total Deposits (%)



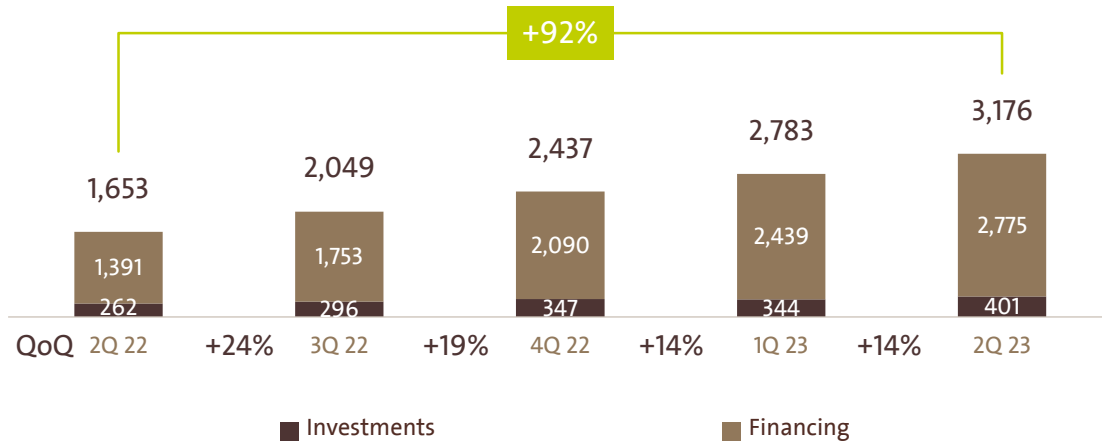
Management Commentary

- Deposits rose by 23% during 1H 2023 from growth in CASA and Time deposits of 6% and 45% respectively.
- CASA deposits account for 49% of total deposits as at 2Q 2023.
- Total deposits comprise of 63% retail and 37% non-retail deposits as at 30 June 2023.

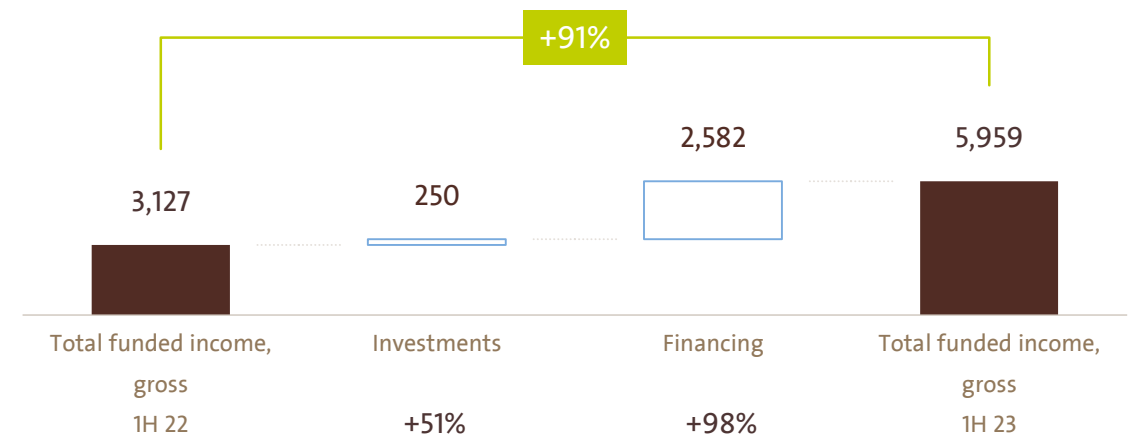
Income from Financing & Investments

Gross funded income grew 91% from 51% growth in investment income and 98% growth in financing income

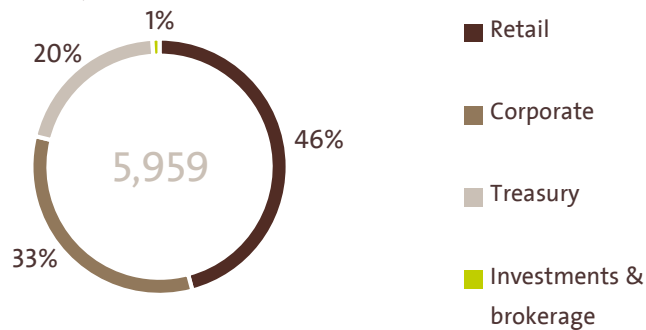
Funded Income, Gross (SARmn)



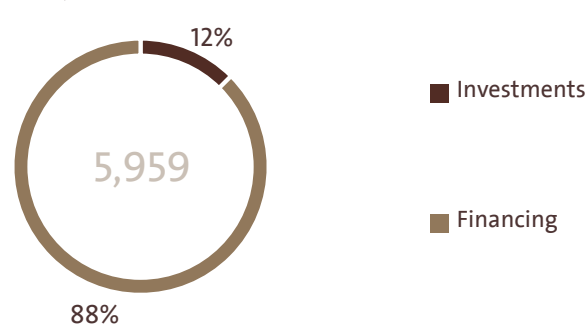
Funded Income, Gross Movement (SARmn)



Funded Income, Gross Composition (SARmn)



Funded Income, Gross Composition (SARmn)



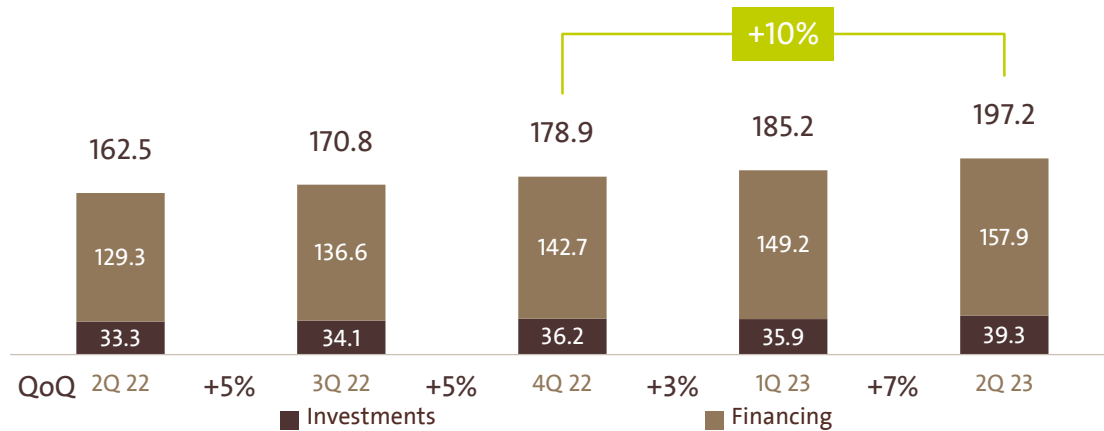
Management Commentary

- Gross funded income for 1H 2023 increased by 91% YoY to SAR 5,959mn from a 51% increase in funded investment income and a 98% rise in financing income.
- Net profit margin increased by 37bps YoY to 3.79% in 1H 2023.
- The expansion in gross funded income and net profit margin is largely reflective of the rising benchmark rates.

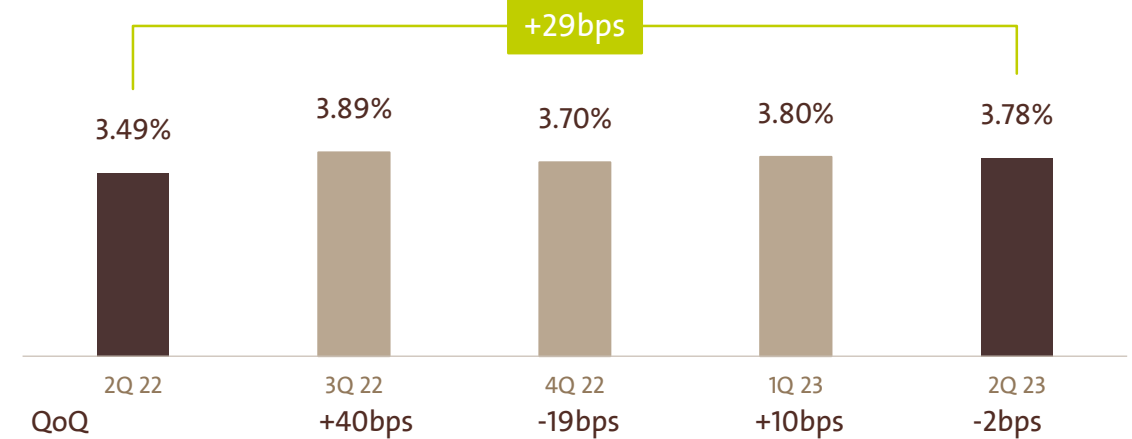
Net Profit Margin

Average balance of investments and financing grew 10%; while net profit margin saw an increase of 37bps YoY

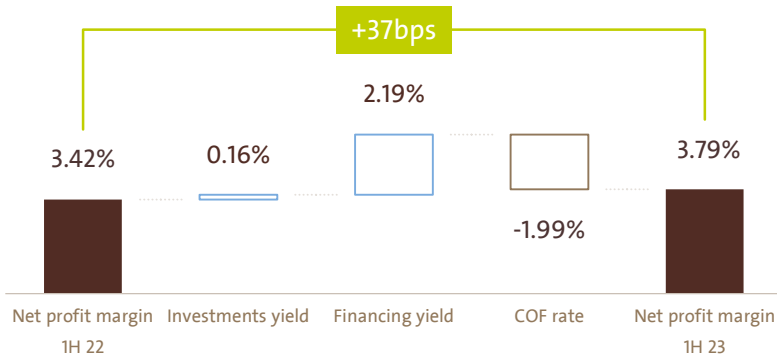
Average Balance of Investments & Financing (SARbn)



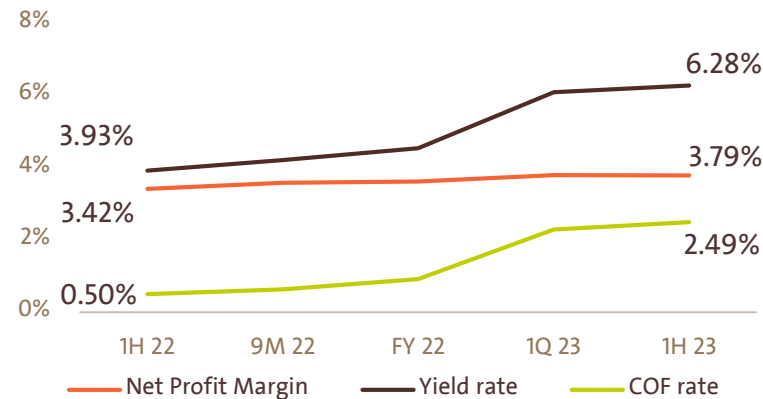
Net Profit Margin QTR (%)



Net Profit Margin Movement YoY (%)



Net Profit Margin (%)



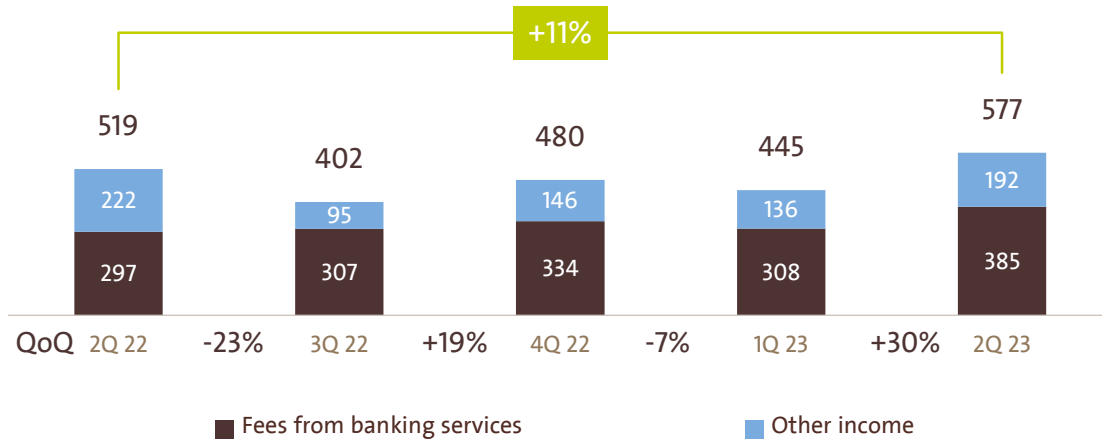
Management Commentary

- Average balance of investments and financing grew 10% YTD.
- The QTR net profit margin increased by 29bps YoY to 3.78%.

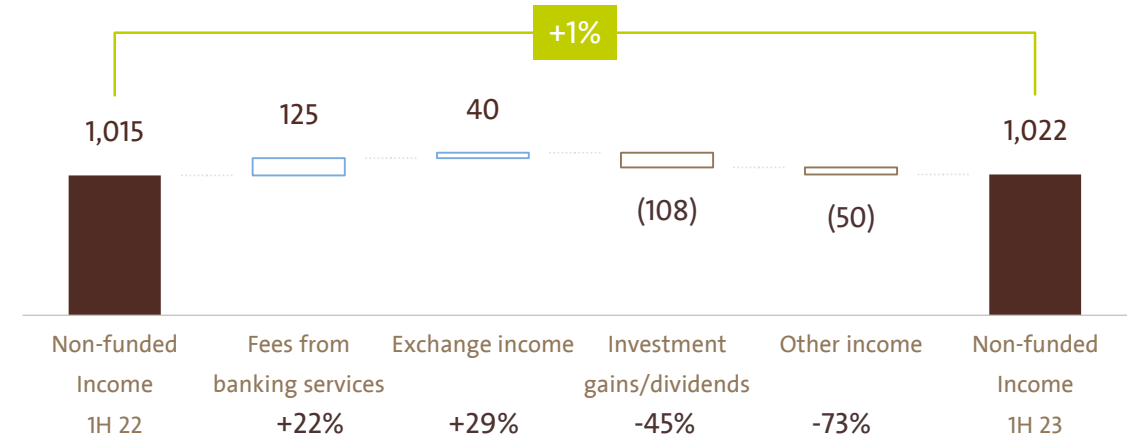
Fee and Other Income

Non-funded income for 1H 2023 increased by 1% YoY

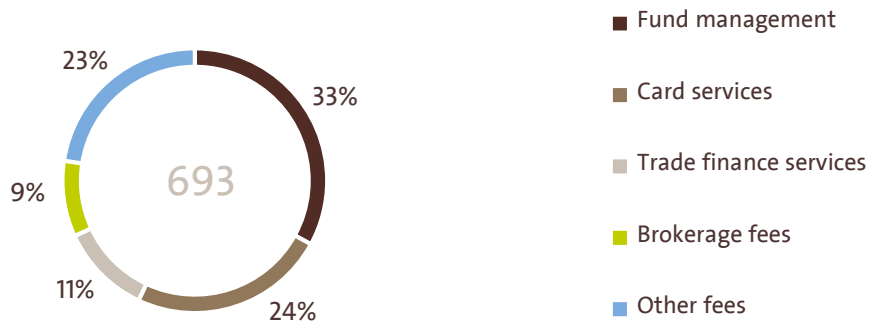
Non-Funded Income (SARmn)



Non-Funded Income Movement YoY (SARmn)



Fees from Banking Services Composition (SARmn)



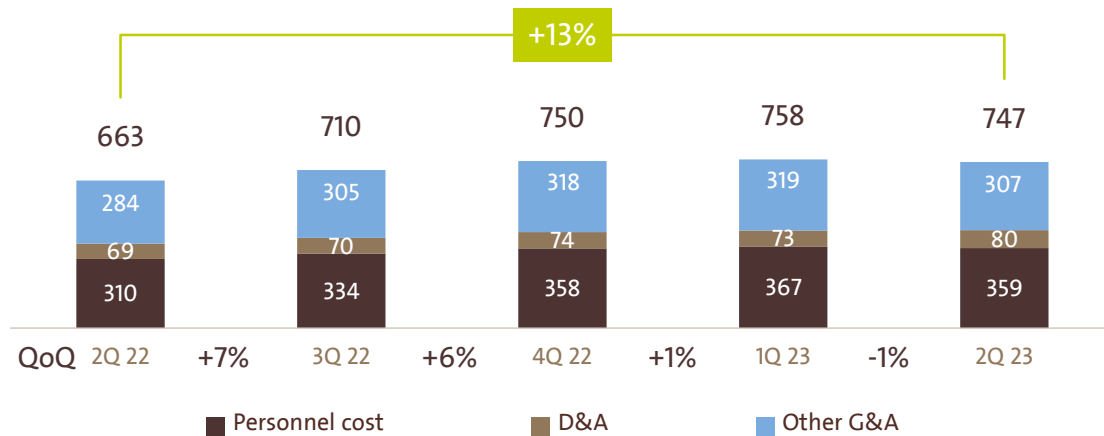
Management Commentary

- Non-funded income for 1H 2023 increased 1% YoY to SAR 1,022mn 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 24%, other fees for 23% and trade finance services and brokerage fees represent 11% and 9% respectively.

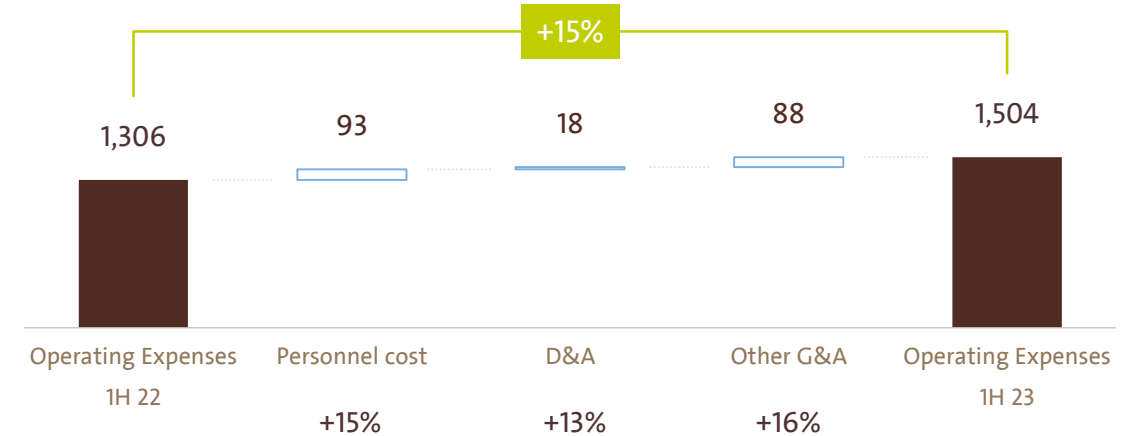
Operating Expenses

1H 2023 saw 15% growth in operating expenses YoY mainly from higher employee and G&A costs

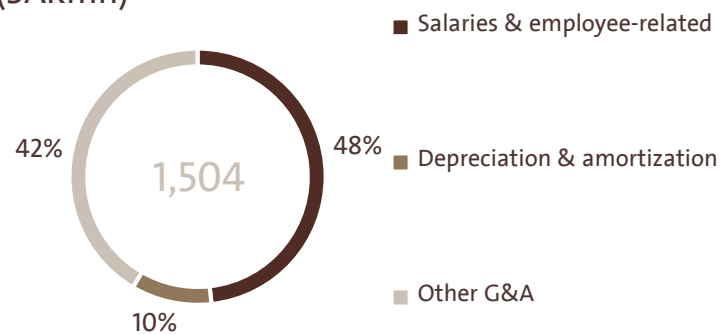
Operating Expenses (SARmn)



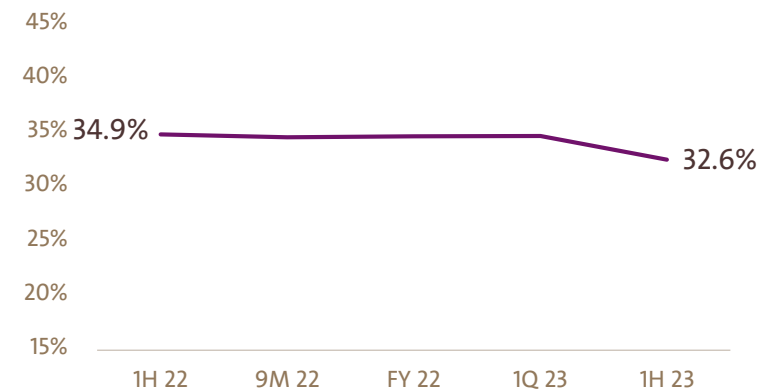
Operating Expenses Movement YoY (SARmn)



Operating Expenses Composition (SARmn)



Cost to Income Ratio (%)



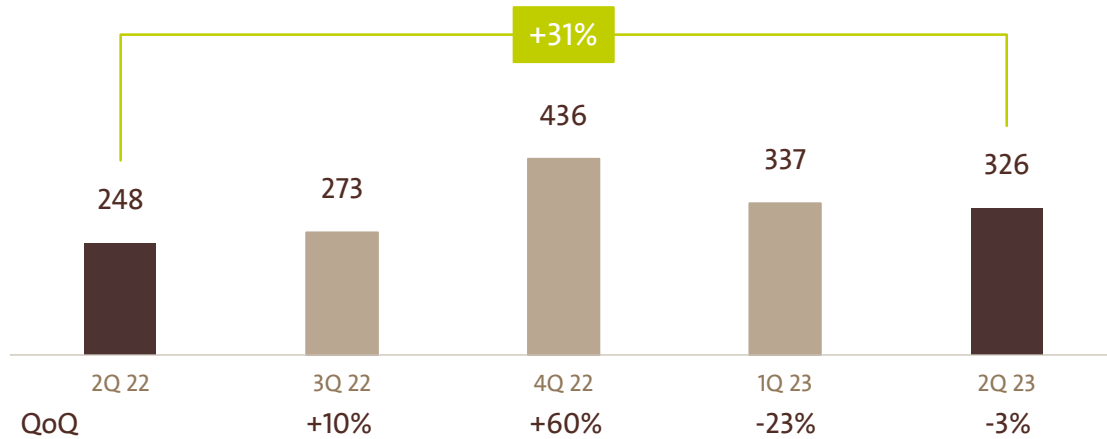
Management Commentary

- Operating expenses increased 15% YoY to SAR 1,504mn for 1H 2023 mainly due to higher salaries, software maintenance expenses, POS terminal deployments, higher SMS communication, and marketing costs.
- +820bps positive Jaws contributed to a 2.3ppts decrease in the cost to income ratio from 34.9% to 32.6%.

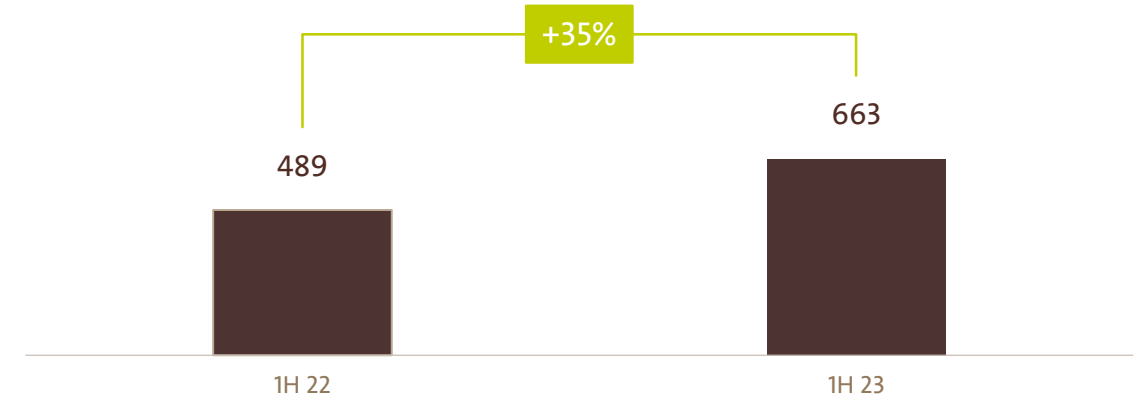
Impairments for Financing

Cost of risk for 1H 2023 increased by 10bps from 35% higher credit impairment charges YoY

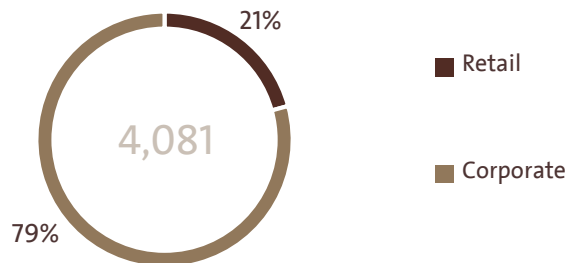
Impairments for Financing (SARmn)



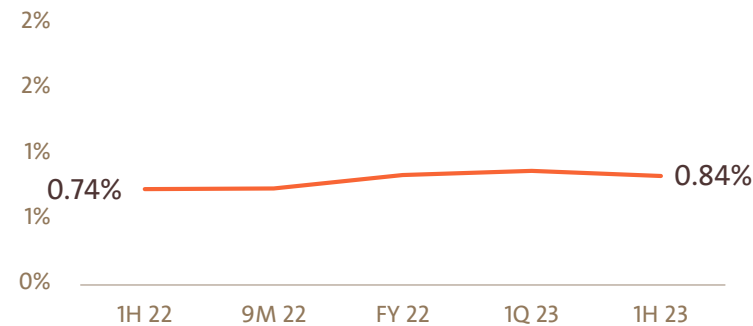
Impairments for Financing (SARmn)



Impairments Allowance Composition (SARmn)



Cost of Risk (%)



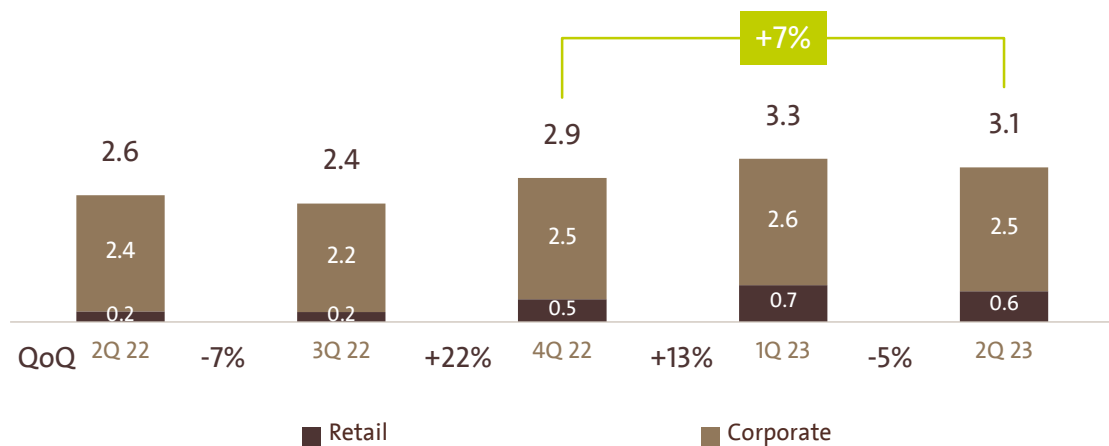
Management Commentary

- 1H 2023 impairment charge for financing increased by 35% YoY to SAR 663mn.
- Cost of risk for 1H 2023 increased by 10bps YoY to 0.84%.
- 79% of impairment allowance in 1H 2023 pertains to corporate and 21% is for retail financing.

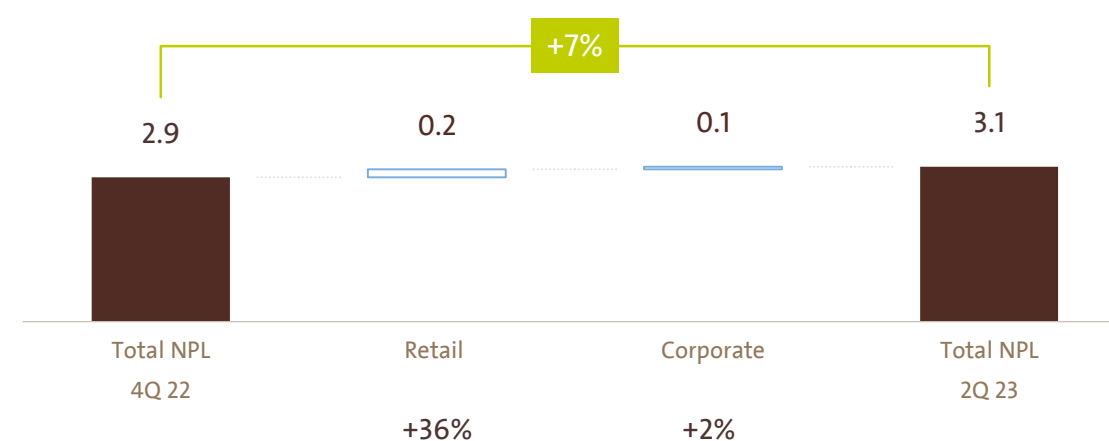
Non-Performing Loans

NPL ratio decreased YoY

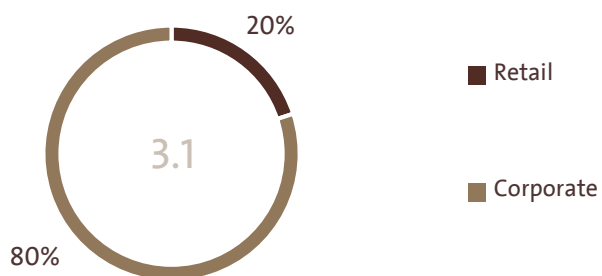
Non-Performing Loans, Gross (SARbn)



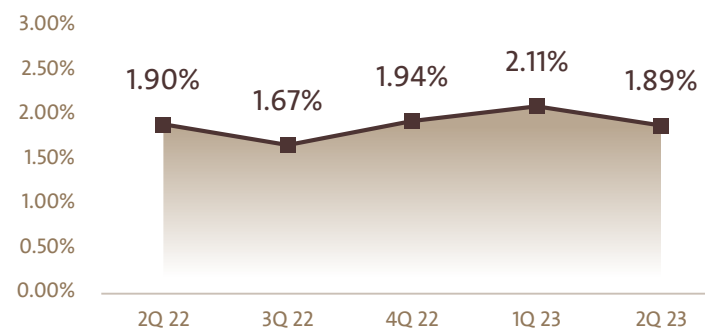
NPL, Gross Movement YTD (SARbn)



NPL Composition (SARbn)



NPL Ratio (%)



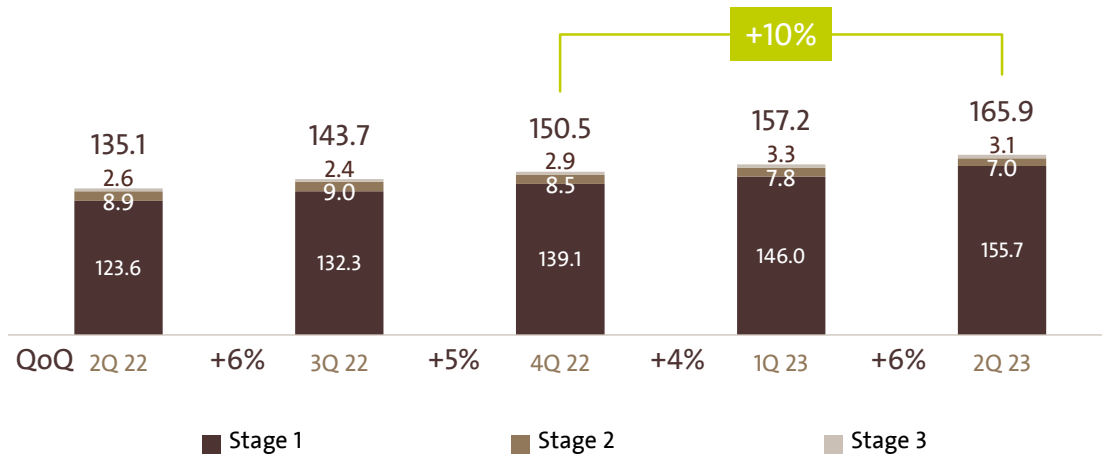
Management Commentary

- NPL ratio decreased by 1bps YoY and 22bps QoQ to 1.89% in 2Q 2023.
- Retail financing, which account for the smaller proportion of NPLs, increased by 36%, while corporate NPLs increased by 2% YTD.
- The NPL ratio for retail stood at 1.5% while corporate stood at 2.0% as at 2Q 2023.

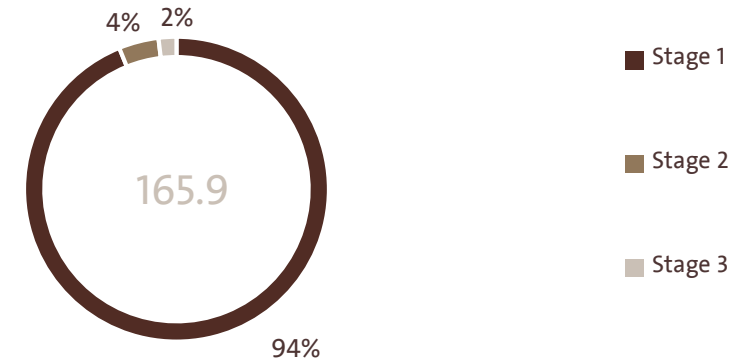
NPL Coverage

NPL coverage decreased YoY

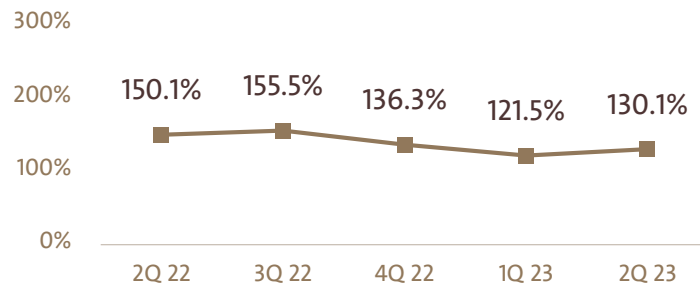
Stage-Wise Financing, Gross (SARbn)



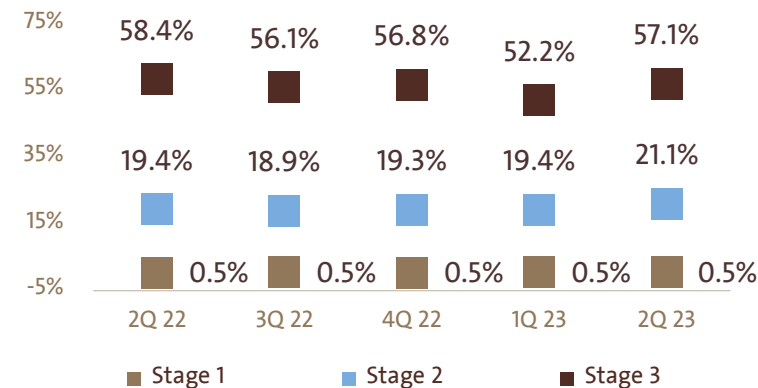
Stage-Wise Financing, Gross Composition (SARbn)



NPL Coverage Ratio (%)



Stage-Wise Coverage (%)



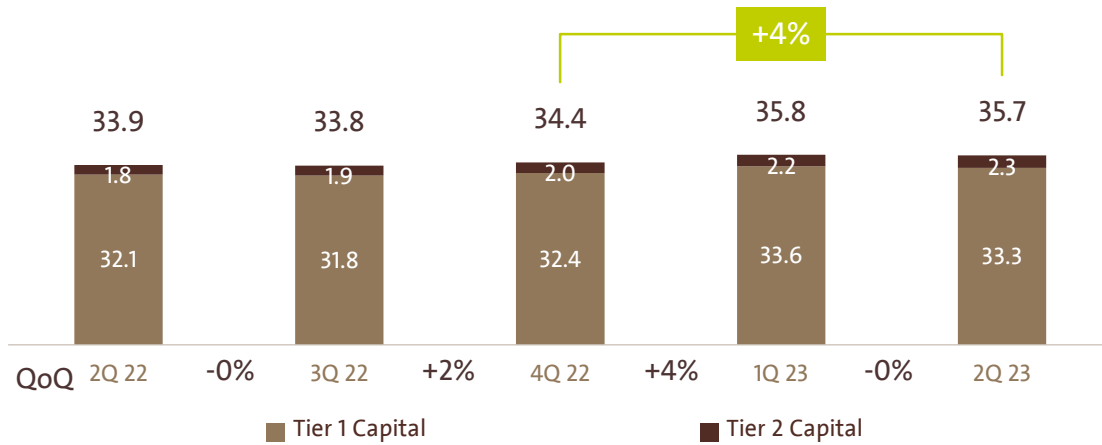
Management Commentary

- NPL coverage decreased by 20ppts YoY to 130.1%.
- Stage 1 coverage remained stable YoY at 0.5%. Stage 2 coverage increased, while the stage 3 coverage trend was impacted by write-offs during 1H 2023.

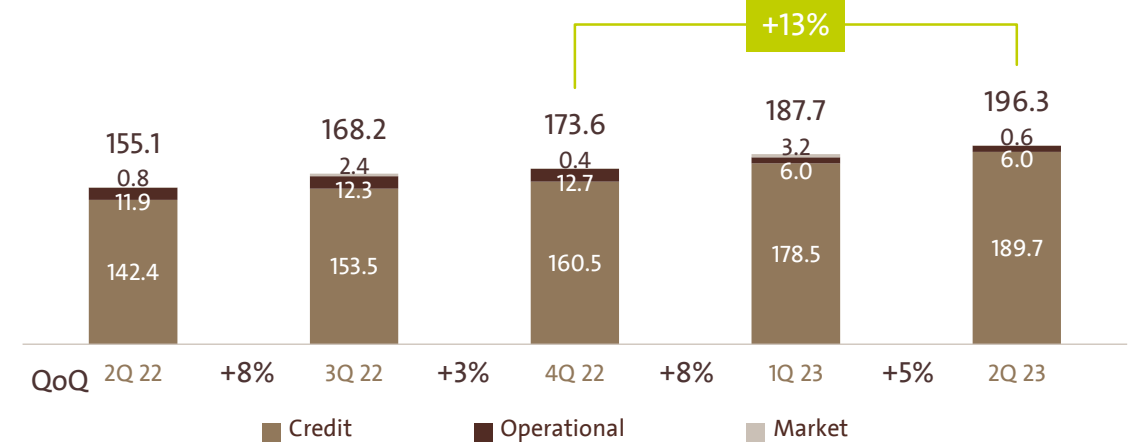
Capitalization

Capital grew 4% YTD while ROE saw an increase of 2.6ppts YoY

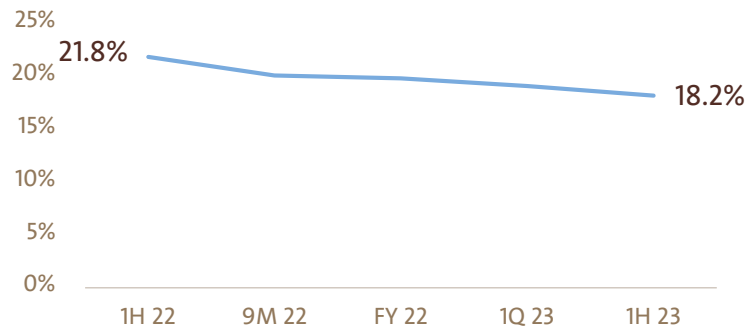
Total Capital (SARbn)



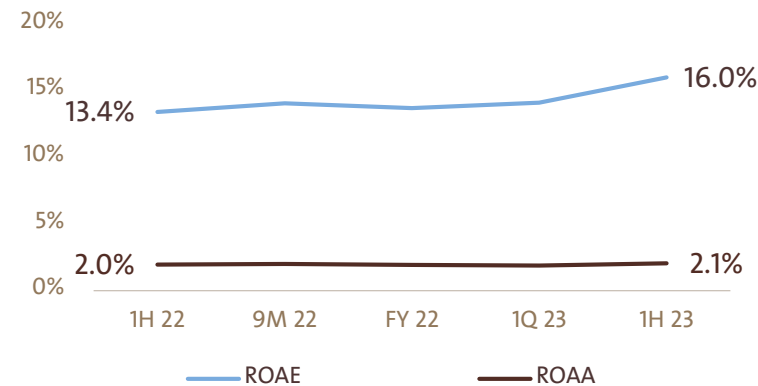
Risk Weighted Assets (SARbn)



Capitalization (%)



Profitability (%)



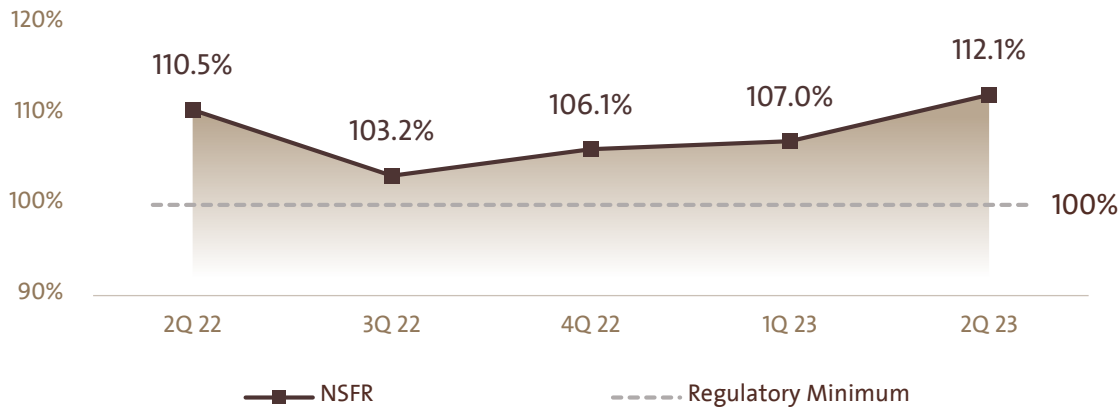
Management Commentary

- Total Capital grew 4% to SAR 35.7bn YTD while Risk Weighted Assets grew 13% YTD.
- CAR has declined 3.6ppts YoY to 18.2% due to increase in credit risk weighted assets.
- ROE saw an increase of 2.6ppts while ROA remains at 2.1% YoY.

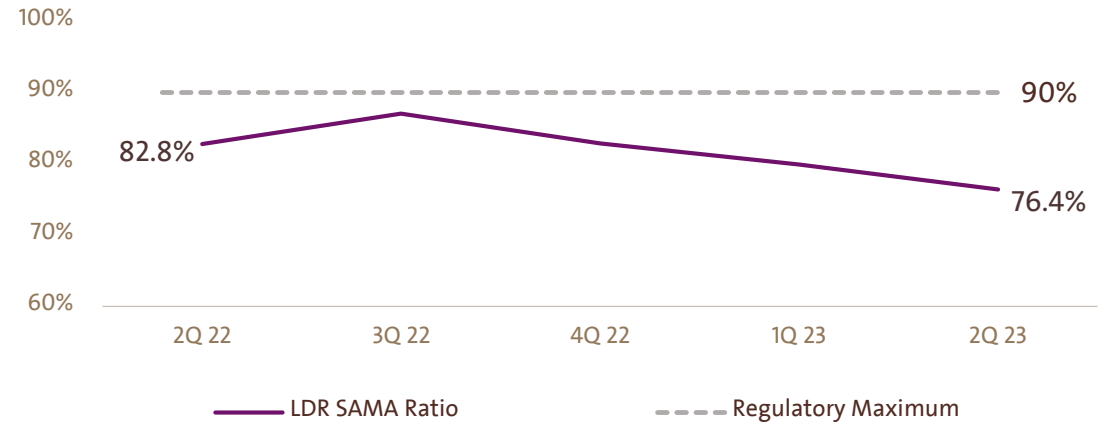
Liquidity

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

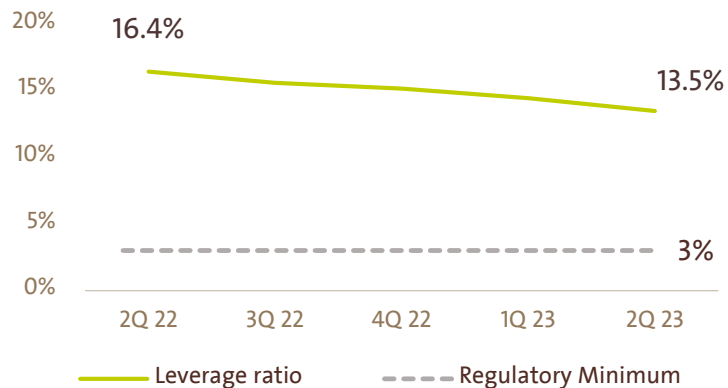
NSFR (%)



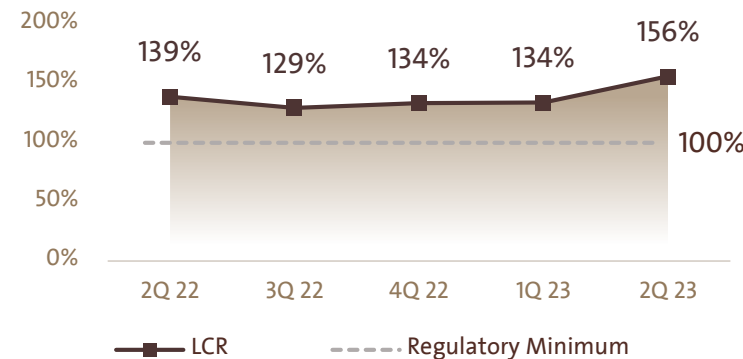
LDR SAMA Ratio (%)



Leverage Ratio (%)



LCR (%)



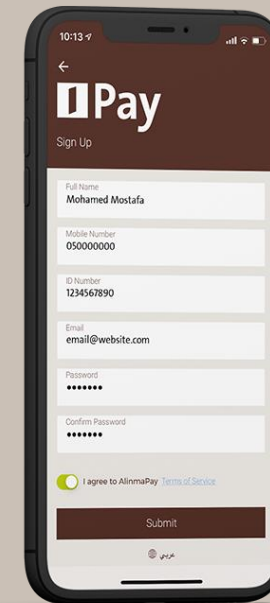
Management Commentary

- NSFR improved 5.1ppts QoQ to reach 112.1%.
- LDR ratio decreased 6.4ppts YoY to 76.4%.
- The leverage ratio decreased 295bps YoY to 13.5%.
- 2Q 2023 LCR increased 17ppts YoY to 156%.

Segmental Performance

2Q 2023

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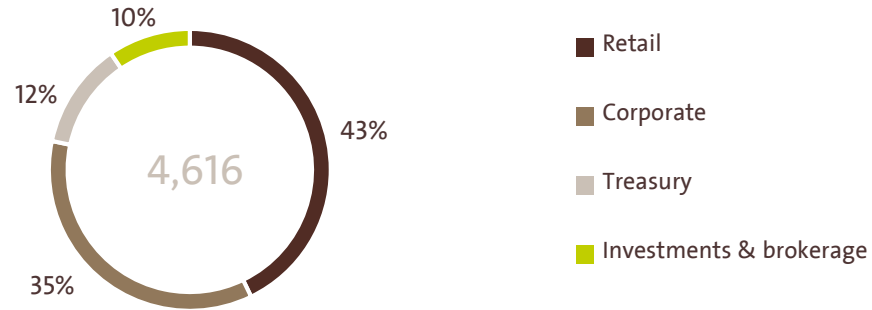


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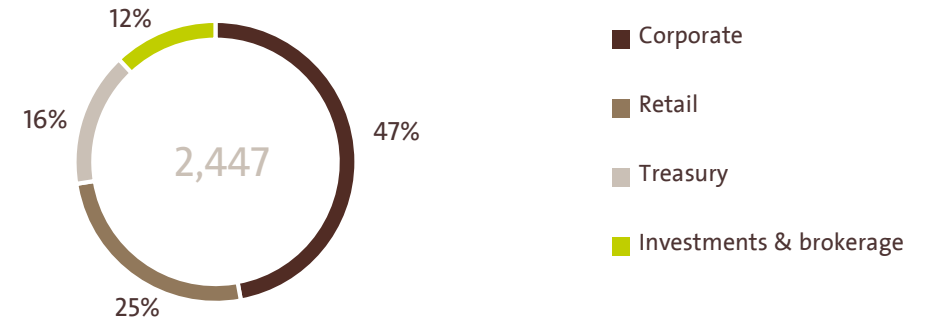
Segmental Performance Highlights

Retail and corporate comprise the majority of segmental income

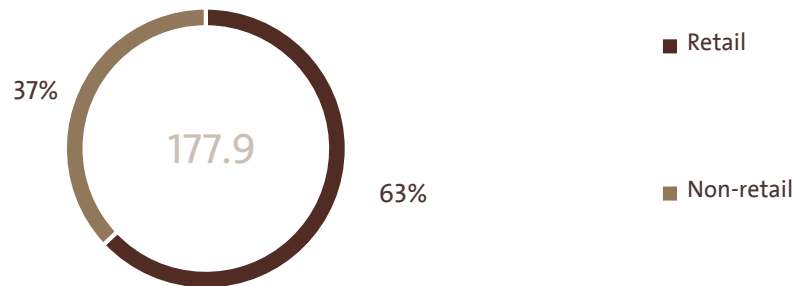
Operating Income Composition (SARmn)



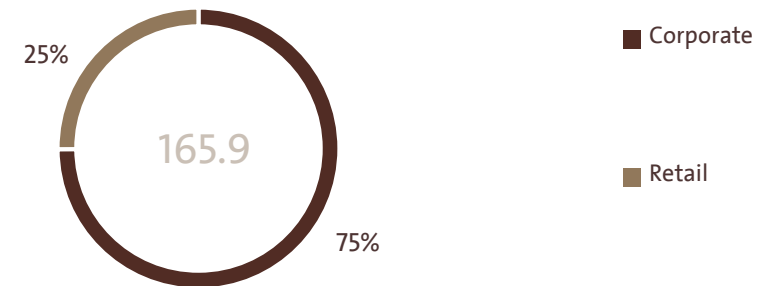
Net Profit Before Zakat Composition (SARmn)



Customers' Deposits Composition (SARbn)



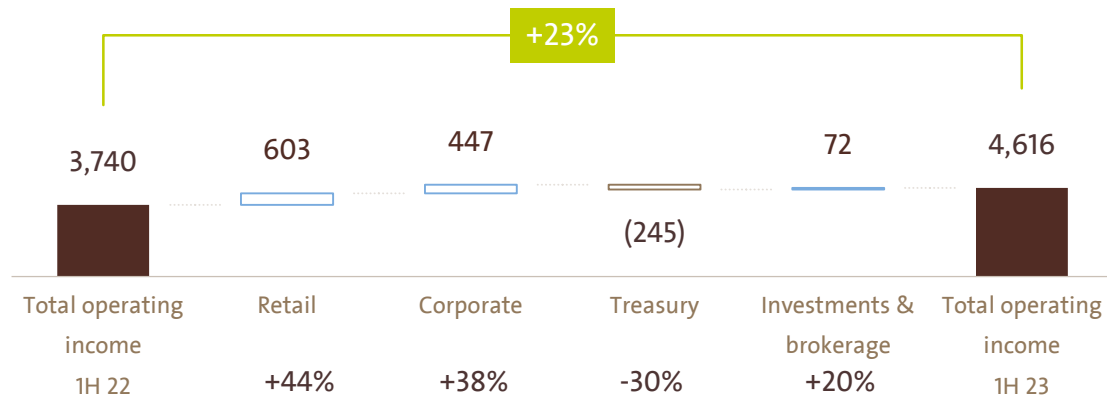
Financing, Gross Composition (SARbn)



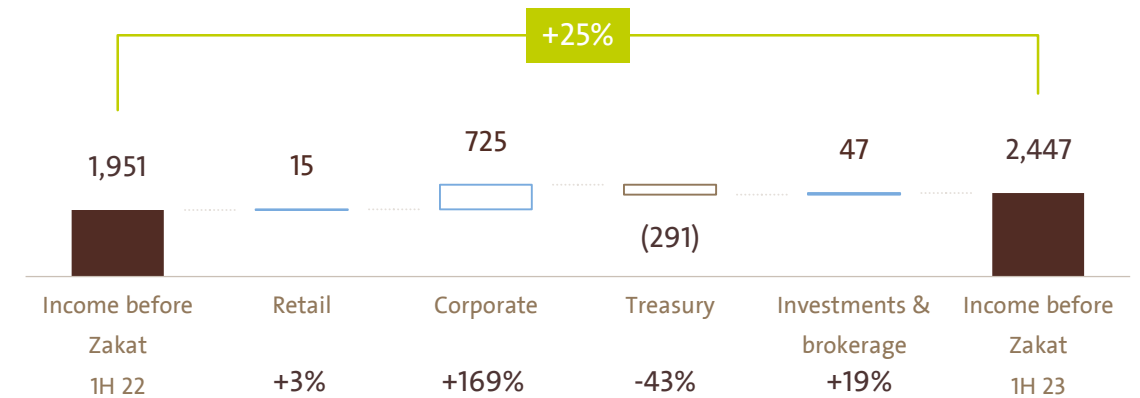
Segmental Performance Highlights

Retail and Corporate reported growth in operating income YoY

Operating Income Movement YoY (SARmn)



Net Income Before Zakat Movement YoY (SARmn)



Customers' Deposits Movement YTD (SARbn)



Financing, Gross Movement YTD (SARbn)

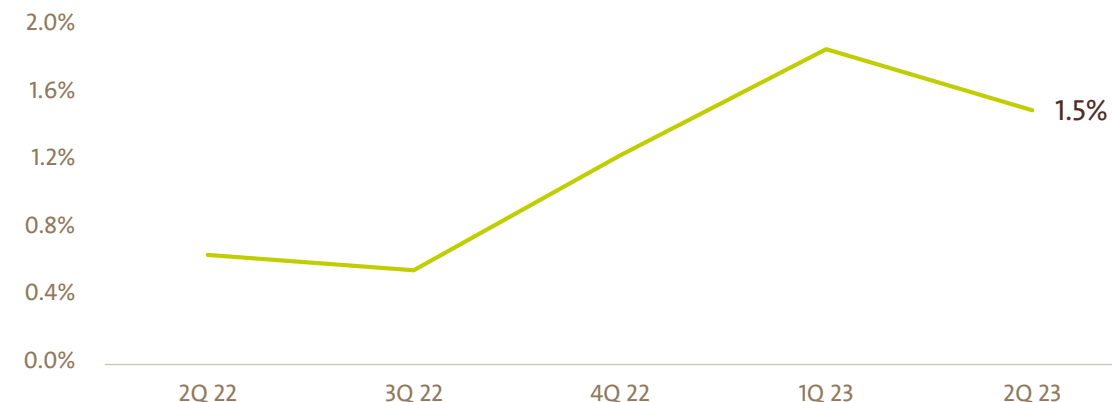


Segmental Performance - Retail

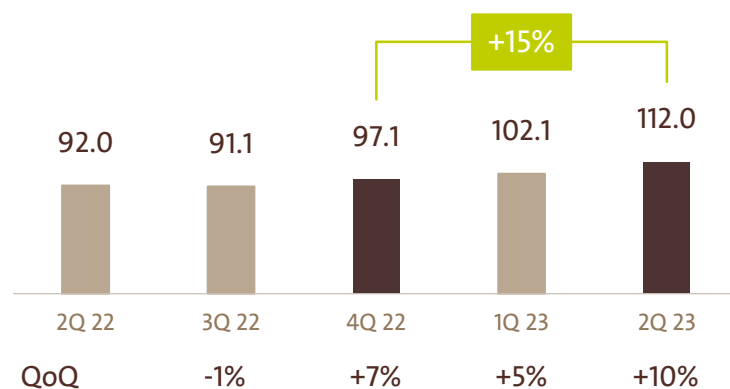
Strong financing and deposit growth driving operating income growth of 44% YoY

SAR (mn)	1H 2023	1H 2022	Δ%	2Q 2023	2Q 2022	Δ%
Income from investments and financing, net	1,830	1,222	+50%	945	652	+45%
Fees from services & other income	147	153	-4%	83	94	-12%
Total operating income	1,977	1,375	+44%	1,029	747	+38%
Total operating expenses	774	724	+7%	379	367	+3%
Total charges/(reversals) for impairments	581	44	+1213%	255	73	+249%
Income for the period before zakat	621	606	+3%	394	307	+29%

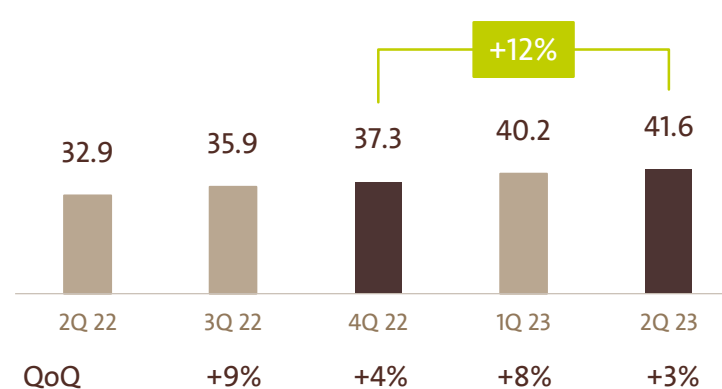
Retail NPL (%)



Retail Deposits (SARbn)



Retail Financing (SARbn)



Management Commentary

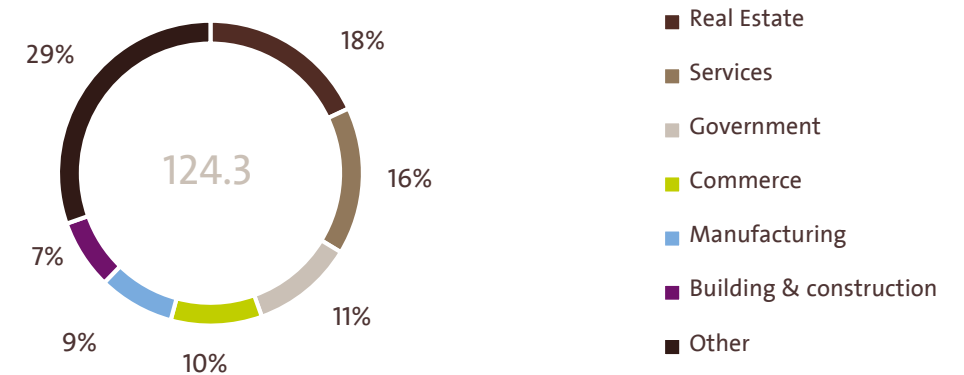
- Retail operating income rose by 44% YoY to SAR 1,977mn from 50% increase in funded income.
- Retail net income rose by 3% YoY due to a significant increase in funded income.
- Retail deposits increased 15% while financing increased by 12% during 1H 2023.
- The retail NPL ratio increased during 1H 2023 to 1.5%.

Segmental Performance - Corporate

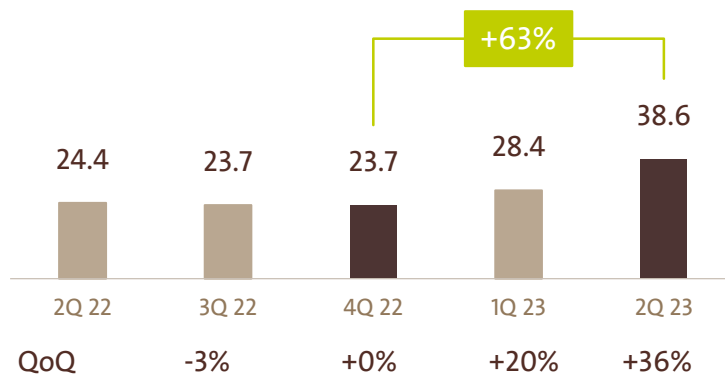
Strong income growth and lower impairments translate to significant net income growth YoY

SAR (mn)	1H 2023	1H 2022	Δ%	2Q 2023	2Q 2022	Δ%
Income from investments and financing, net	1,402	1,020	+37%	693	524	+32%
Fees from services & other income	235	171	+38%	116	83	+39%
Total operating income	1,637	1,190	+38%	809	607	+33%
Total operating expenses	398	319	+25%	196	163	+20%
Total charges/(reversals) for impairments	86	443	-81%	76	174	-56%
Income for the period before zakat	1,153	428	+169%	537	270	+99%

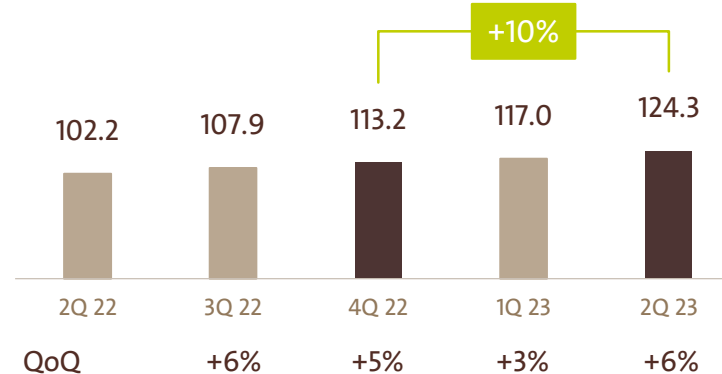
Financing, Gross Composition (SARbn)



Corporate Deposits (SARbn)



Corporate Financing (SARbn)



Management Commentary

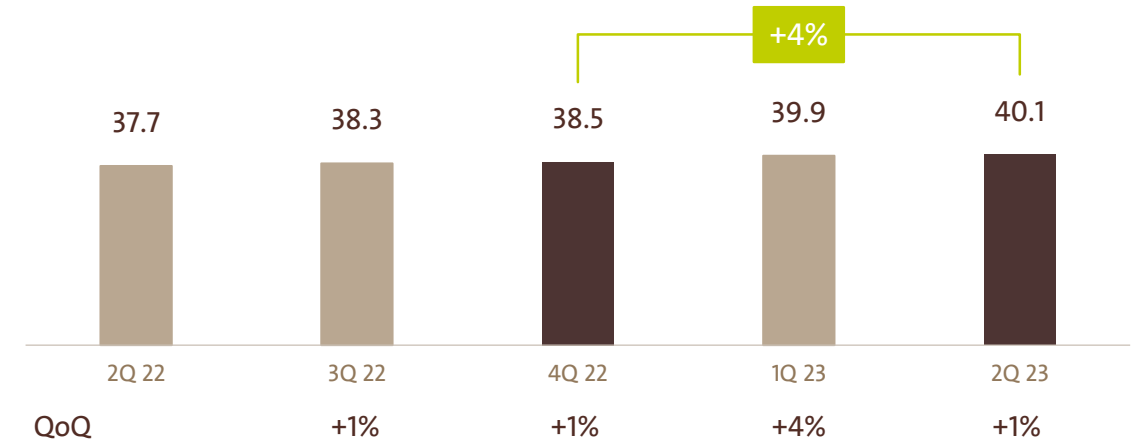
- Corporate operating income increased by 38% YoY mainly from an increase of 37% in funded income.
- This income growth, together with lower impairments, translated to 169% net income growth despite a 25% rise in operating costs.
- Corporate financing rose by 10% during 1H 2023 while corporate deposits increased 63%.
- The corporate NPL ratio decreased 29bps YoY to 2.02%.

Segmental Performance - Treasury

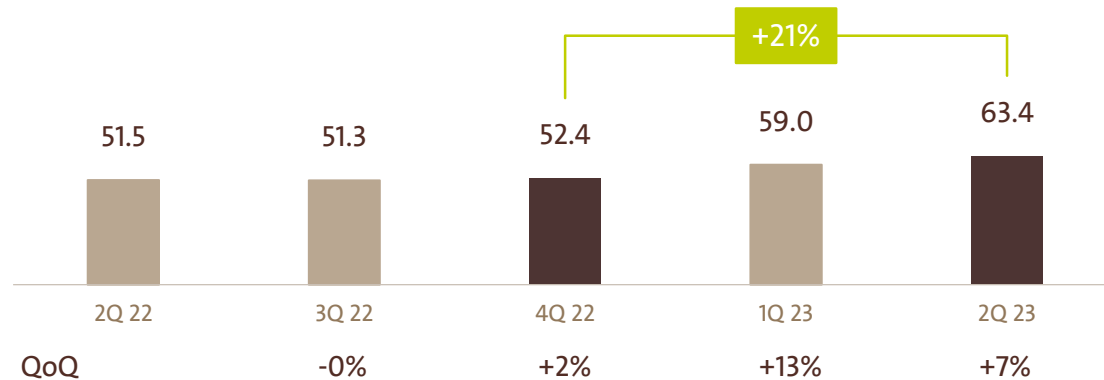
Income and net income decreased YoY

SAR (mn)	1H 2023	1H 2022	Δ%	2Q 2023	2Q 2022	Δ%
Income from investments and financing, net	309	438	-29%	195	214	-9%
Investment-related income	134	241	+45%	88	147	+40%
Fees from services & other income	122	130	-6%	52	50	+3%
Total operating income	565	809	-30%	335	411	-19%
Total operating expenses	187	138	+35%	95	69	+37%
Total charges/(reversals) for impairments	2	1	+94%	(3)	(1)	+160%
Net operating income	375	670	-44%	244	344	-29%
Share of loss from an associate and joint venture	3	0	-	1	2	-58%
Income before Zakat	379	670	-43%	245	346	-29%

Investments (SARbn)



Treasury Assets (SARbn)



Management Commentary

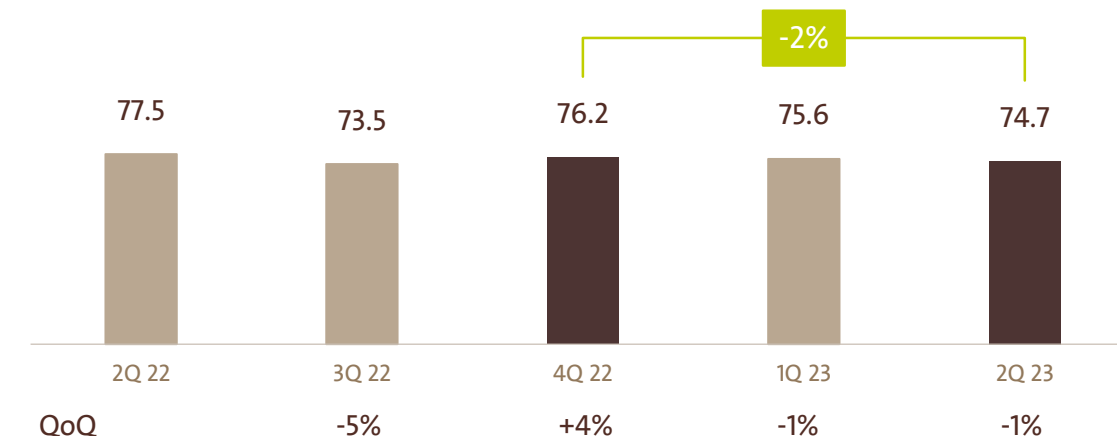
- Treasury operating income fell by 30% YoY to SAR 565mn in 1H 2023 due to decrease in income from investment by 29%.
- Treasury assets rose by 21% during 1H 2023 to SAR 63.4bn, driven by 4% growth in the investment portfolio to SAR 40.1bn.

Segmental Performance – Investments & Brokerage

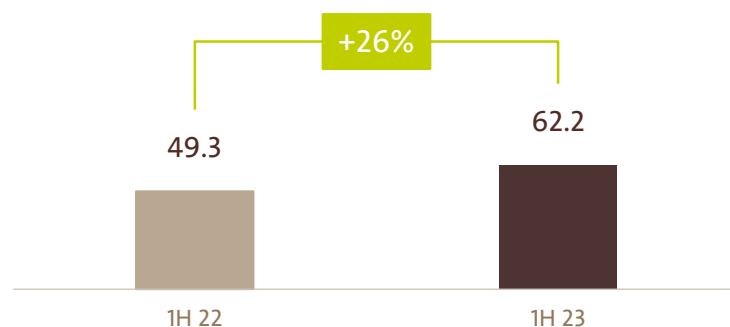
Modest operating income growth in 1H 2023

SAR (mn)	1H 2023	1H 2022	Δ%	2Q 2023	2Q 2022	Δ%
Income from investments and financing, net	53	46	+16%	26	23	+16%
Fees from services & other income	384	320	+20%	238	144	+66%
Total operating income	438	366	+20%	265	167	+59%
Total operating expenses	145	124	+17%	76	64	+20%
Income before Zakat	294	247	+19%	190	108	+76%

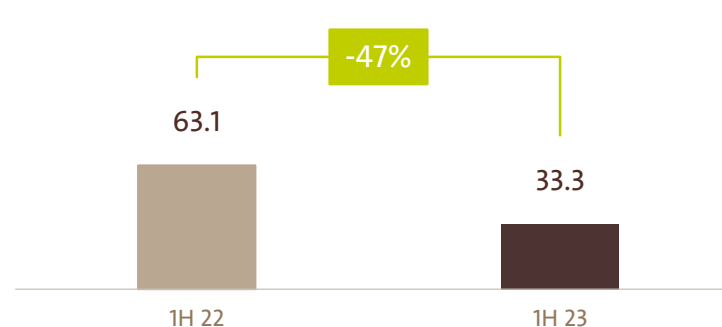
Assets Under Management (SARbn)



Brokerage Trading Income (SARmn)



Brokerage Trading Values (SARbn)



Management Commentary

- Investment and brokerage (I&B) operating income rose by 20% YoY to SAR 438mn from 20% increase in non-funded income.
- I&B net income increased 19% YoY.
- Brokerage trading income for 1H 2023 increased by 26% while brokerage trading values decreased 47% YoY, and AUM decreased by 2% YoY.

Outlook & Guidance

2Q 2023



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Guidance

Acceleration of strategic execution drives a promising outlook for 2023. Revised guidance for financing growth, NPM and CoR

		2Q 2023A	Drivers	2023G	
Balance Sheet	Financing Growth	+10% YTD	Strong Mid-Corp, SME & Retail growth from strategic initiatives; pick up in corporate financing	High teens <i>(Revised from Mid teens)</i>	↑
	Net Profit Margin	3.79% +37bps YoY	Rising rates and funding mix supportive of improving margin	+30bps to +40bps <i>(Revised from +35bps to +45bps)</i>	↓
Profitability	Cost to Income Ratio	32.6%	Growth in income, digitization & process optimization driving efficiencies, partly offset by strategic investments	Below 32%	-
	Return on Equity	16.0%	Improving NPM, efficiency and COR driving improving ROE	Above 17%	-
Asset Quality	Cost of Risk	0.84%	Cautiously expecting stable credit quality and NPL coverage, leading to COR moderation	65-75bps <i>(Revised from 60-70bps)</i>	↑
Capital	CAR Pillar 1	18.2%	Increasing RWAs from strong expected financing growth	17%-18%	-
Return on Equity Target for 2025 above 18%					

Appendix

2Q 2023

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Sustainability

Alinma Bank released its 2022 Sustainability Report



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 report, please visit: ir.alinma.com

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