

Investor Presentation

2Q 2022

August 2022

مصرف الإنماء
alinma bank



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Alinma Overview

2Q 2022

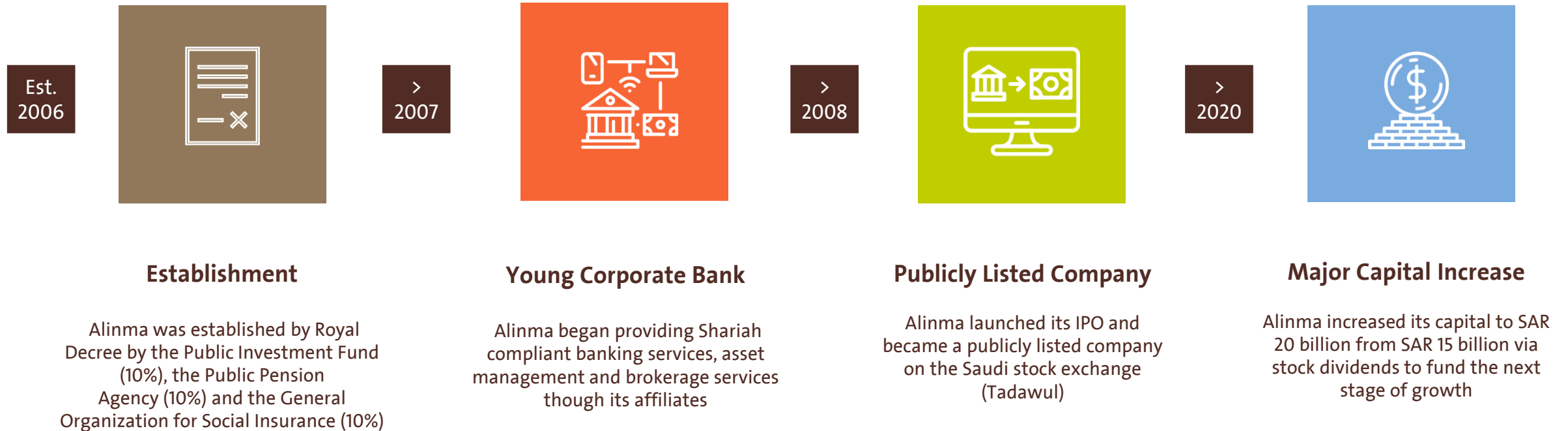
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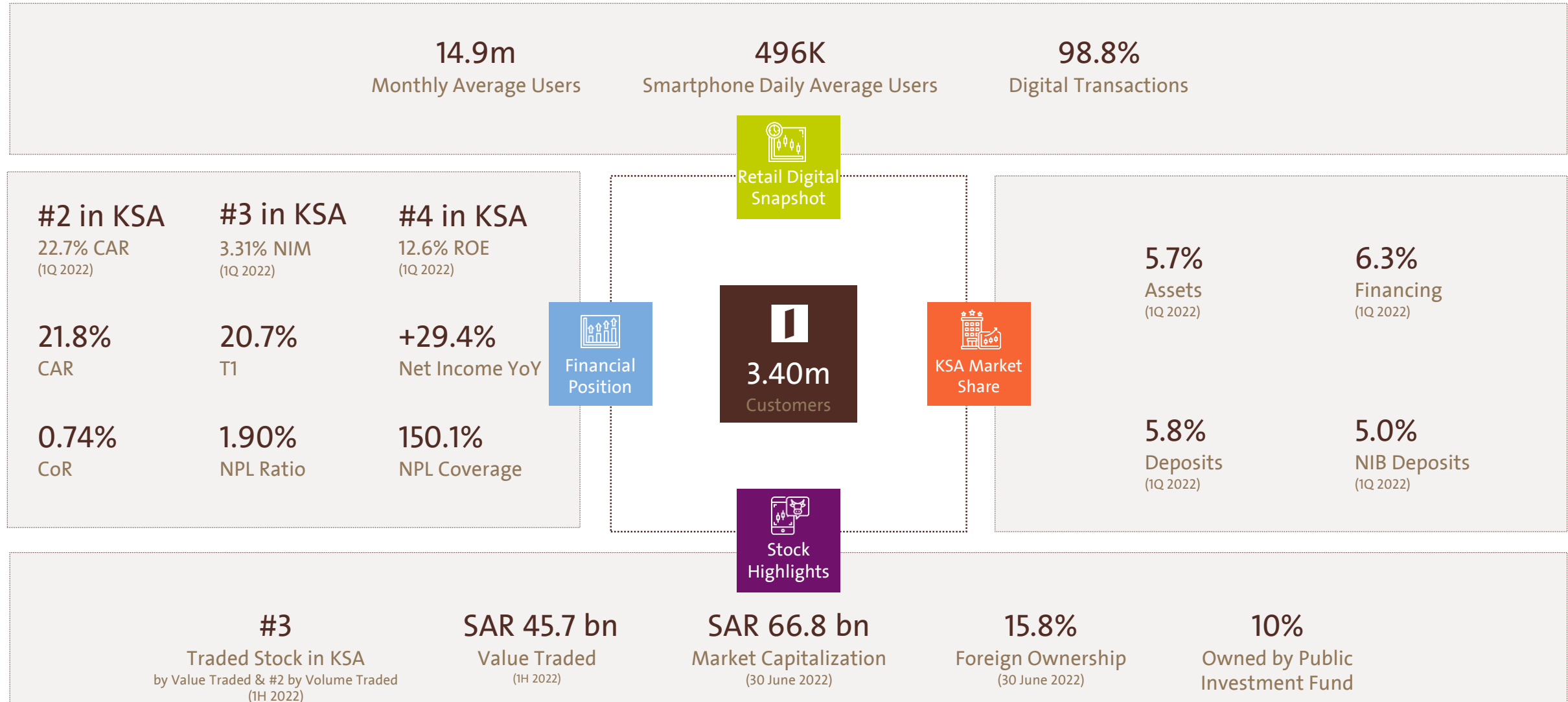
History

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



Alinma Overview

Alinma is the youngest bank in KSA



Management Team

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



Abdullah Ali Al Khalifa
Chief Executive Officer (CEO)



Saleh Abdullah Al Zumaie
SVP, Head of Retail & Digital Banking



Emad Abdulrahman Al Butairi
Head of Corporate Banking



Abdullah Jamaan Al Zahrani
Head of Treasury



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
Sharia General Secretary



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 2022

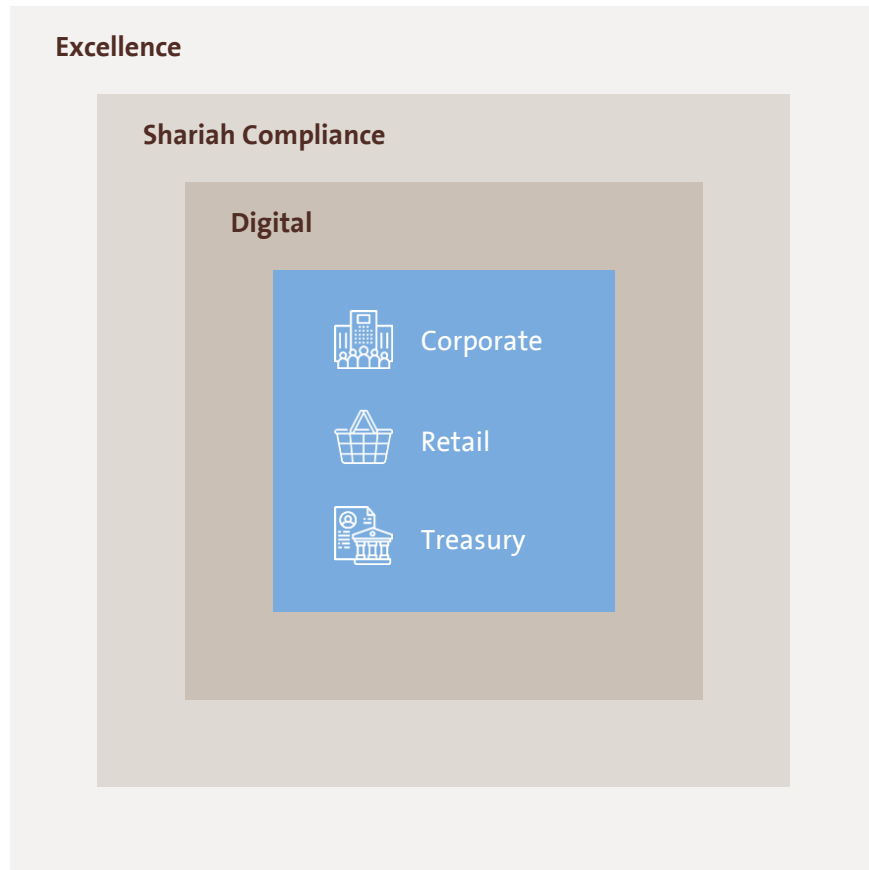
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Strategic Positioning

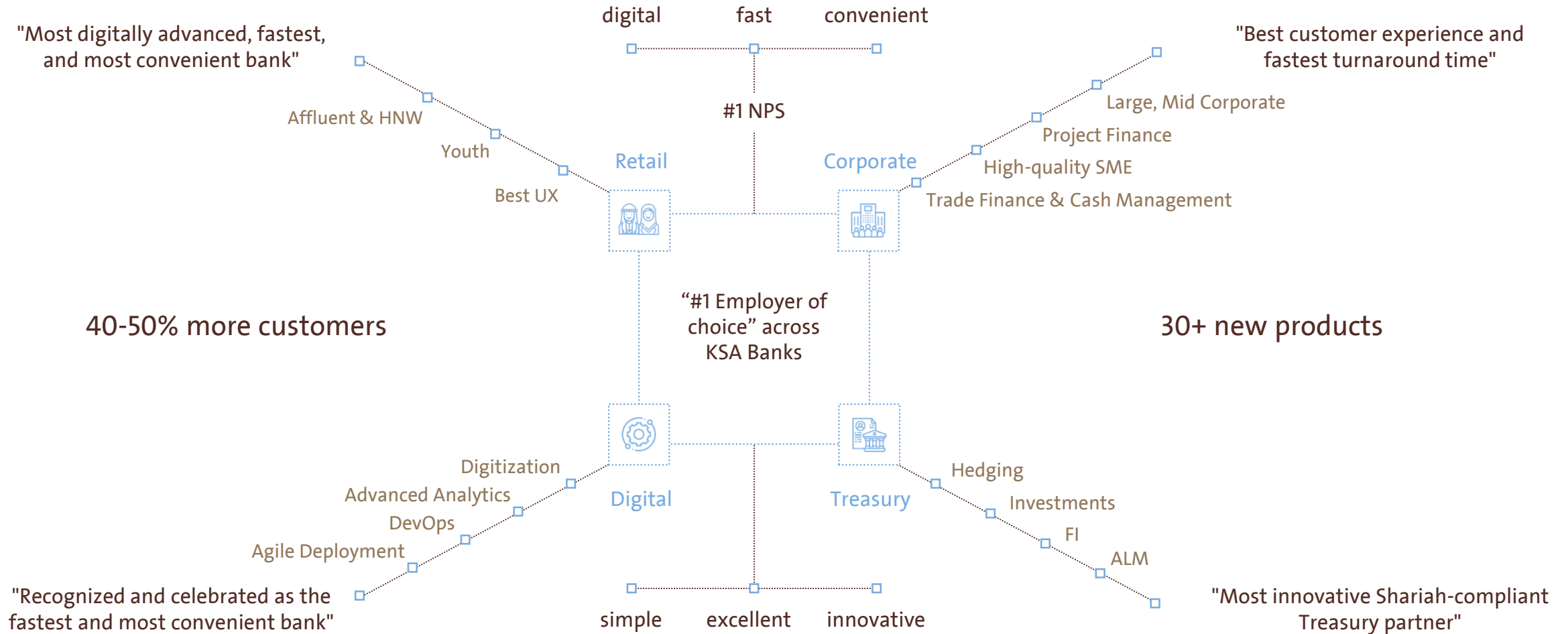
Alinma Bank's strategic positioning cascades down into each business strategy



- 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



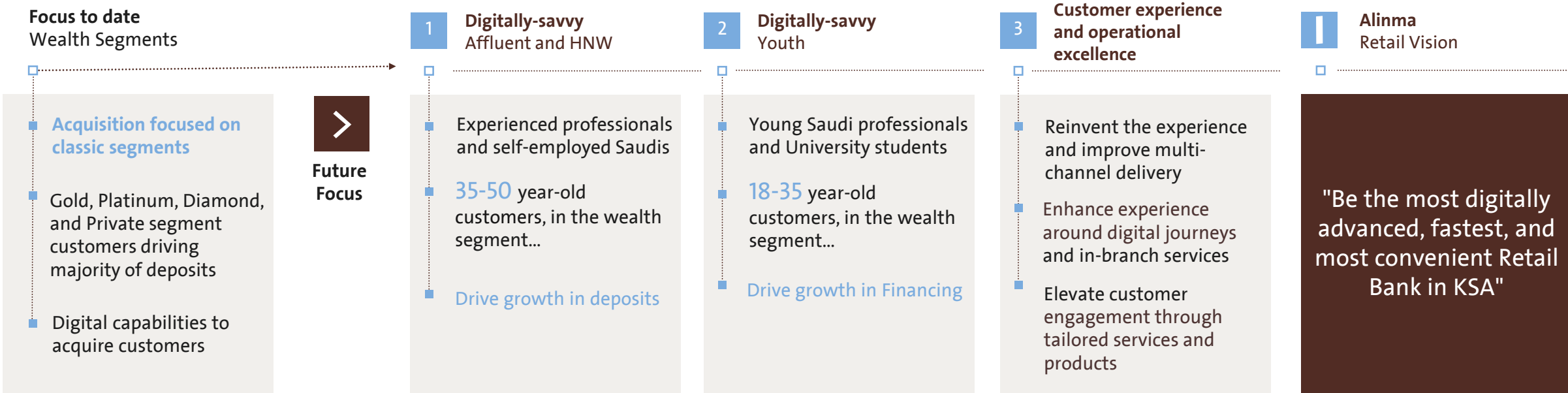
Strategy Progress Update

Driving changes across the businesses and bank-wide

	2021 - 2025 Strategic Ambitions	2Q 2022 Achievements	2022 Initiatives In-Progress
➤ Digital	Build digital factory and apply latest available technologies - Advanced Analytics (AA), AI and Big Data	<ul style="list-style-type: none"> UX Lab was introduced as a best-in-class enabler to empower UX driven approach Digital team co-located to a dedicated digital floor to support all digital activities for seamless working and enhanced collaborative environment Completed 2 additional RPAs 	<ul style="list-style-type: none"> Driving Agile delivery of IT projects Digital team being expanded with requisite skills Improving new digital app under alpha release
➤ Fast	Improve processes and speed to market	<ul style="list-style-type: none"> Reduced turnaround time on Personal Finance by 40% and by 22% for Home Finance YTD For corporate banking, established an excellence team to enhance the efficiency and productivity of business processes 	<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"> Musawama for services & retail sectors launched Mortgage -introduced flexible instalment facility and Sakani platform to avail digital mortgage Launched PoS with OTP for corporate customers 	<ul style="list-style-type: none"> Client relationship models for Private and Affluent customers being improved Enhance ecosystems programs for customer convenience
➤ Total	74 Initiatives* <small>*1 new initiative added in 2Q 2022</small>	30/74 Initiatives Completed 41%	39/74 Initiatives In Progress 53%

Retail

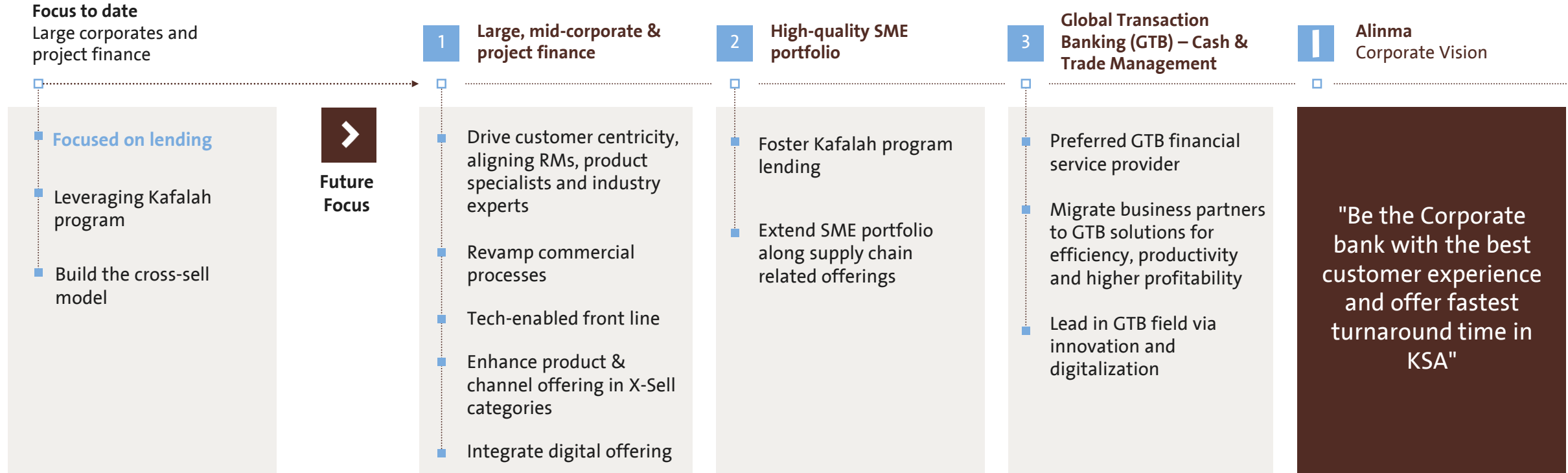
Focus on building two customer franchises



Initiatives Completed to Date:	Key Achievements	Launch of New Tailored Products	New Operating Models and Effective Processes	Distribution Expansion	Improved Turnaround Time (YTD)
<p>3/18 initiatives completed</p> <p>17%</p>	<p>2Q 2022</p>	<p>✓ Musawama for services & retail sectors</p> <p>✓ NST for Buyout & Musawama</p> <p>✓ Revamped self construction</p> <p>✓ Off-plan Murabaha REDF & Non REDF</p>	<p>✓ Commodity Financing for PF & buyout</p> <p>✓ Mortgage flexible installments</p> <p>✓ Sakani platform to avail digital mortgage</p>	<p>+10 Digital Zones</p> <p>+17 New ATMs</p>	<p>-40% Personal Finance</p> <p>-22% Home Finance</p>

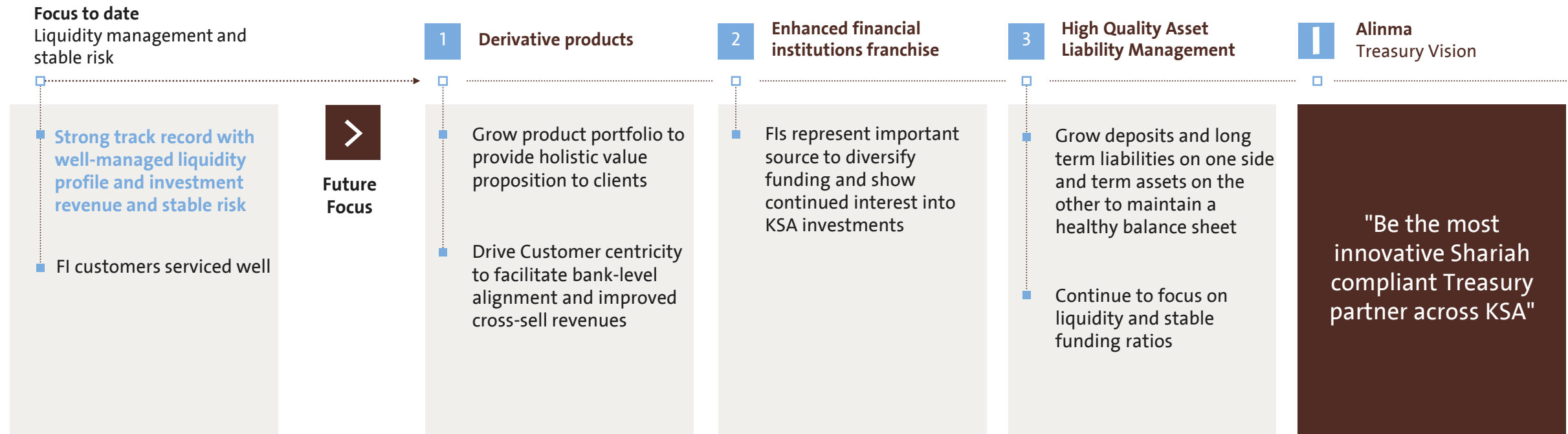
Corporate

Evolve the bank and diversify across sectors



<p>Initiatives Completed to Date:</p> <p>6/17 initiatives completed</p> <p>35%</p>	<p>Key Achievements</p> <p>2Q 2022</p>	<p>Expanded Mid-Corp Segment</p> <p>+88%</p> <p>Growth in booked assets</p> <p>+153%</p> <p>Growth in Non-funded assets (LG & LC)</p>	<p>Grow SME Portfolio YTD</p> <p>+42%</p> <p>PoS financing</p> <p>+20%</p> <p>Kafalah financing</p>	<p>New Products & Centralization</p> <p>✓</p> <p>Signed with aggregator on E-commerce /PoS</p> <p>✓</p> <p>Launched PoS with OTP</p>	<p>Improved organisational efficiency</p> <p>✓</p> <p>Established excellence team to enhance the efficiency and productivity of the business processes</p>
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Become core partner for corporate clients and grow FI franchise



<p>Initiatives Completed to Date:</p> <p>7/12 initiatives completed</p> <p>58%</p>	<p>Key Achievements</p> <p>2Q 2022</p>	<p>Expansion of Products and Volumes</p> <p>✓</p> <p>+18bn</p> <p>Expanded Derivatives customer base</p> <p>FX transaction volumes</p>	<p>Increased FI Coverage</p> <p>+3 banks</p> <p>Correspondent FIs added globally</p>	<p>Investment Base Enhancement</p> <p>+1.9bn</p> <p>Enhanced investment book</p>	<p>Upgrade Treasury system to add more products</p> <p>✓</p> <p>New Treasury system Design completed, build stage progressing well</p>
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Digital

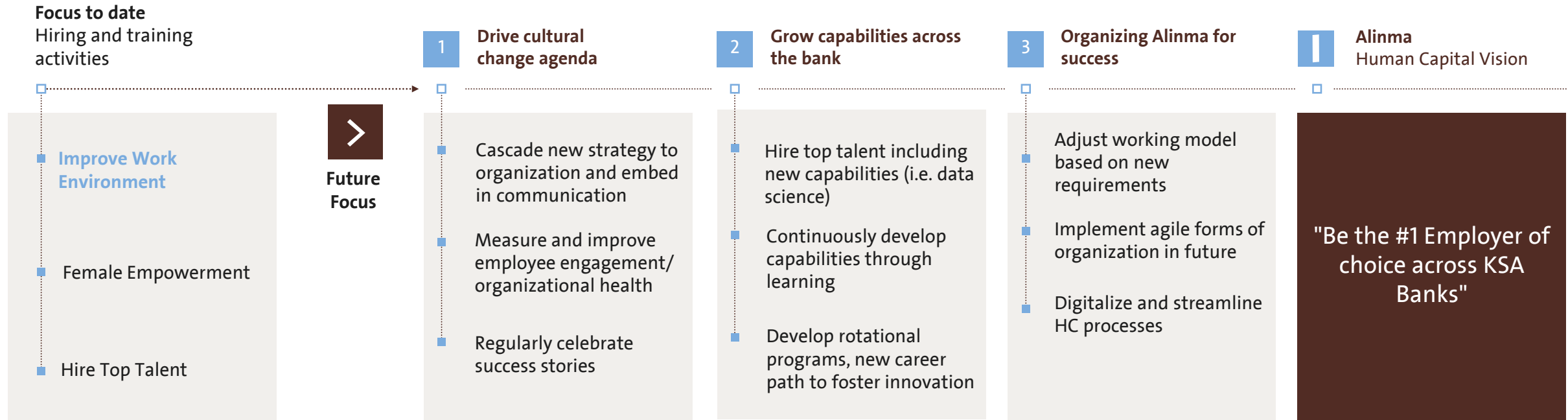
Build Digital to scale customer experience and operational excellence across the bank



<p>Initiatives Completed to Date:</p> <p>7/17 initiatives completed</p> <p>41%</p>	<p>Key Achievements</p> <p>2Q 2022</p>	<p>Project Delivery</p> <p>+45%</p> <p>Agile IT Projects Delivered</p>	<p>New Models & Digital Factory Updates</p> <p>Opening of Digital floor</p> <p>Alpha release for new app</p>	<p>Operations efficiency improvement</p> <p>+2</p> <p>Operations RPAs completed</p>	<p>UX & UI Improvements</p> <p>UX Lab was introduced as a best-in-class enabler to empower UX driven approach</p>
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Human Capital

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



Initiatives Completed to Date:	Key Achievements	Increased Employee Engagement		Increased Training & Key Placements		Continuous Improvement		Workforce	
7/9 initiatives completed 78%	2Q 2022	209 Employees awarded	+3 Conducted social initiatives	✓ Provided 4,460 training days To date	✓ All strategic positions placed	+4 Organizational structures redesigned	✓ Appreciation from Ministry of HRSD for Saudization	94.38% Saudization rate	+2% Female hiring

Historical Financial Performance

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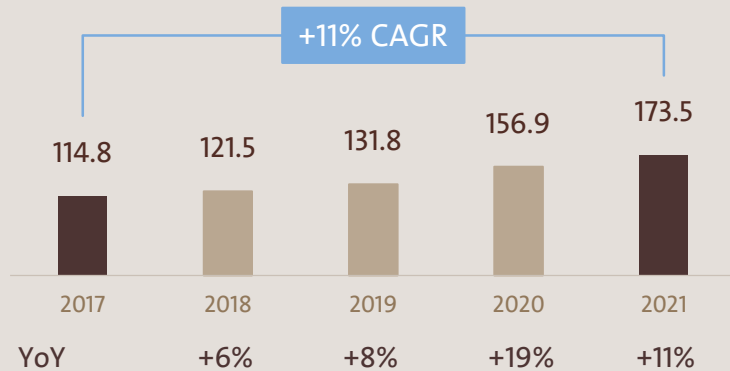


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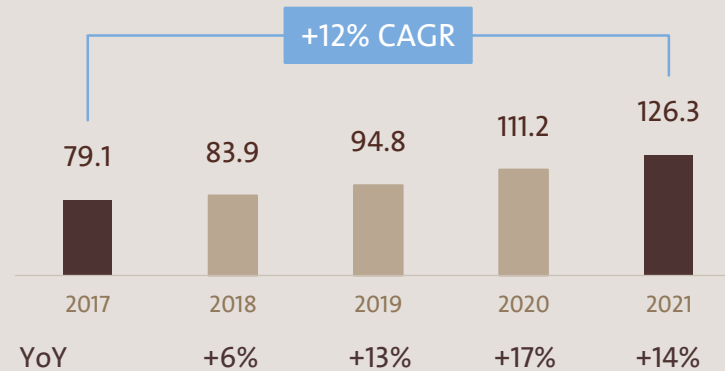
Balance Sheet Track Record

Solid history of strong balance sheet momentum...

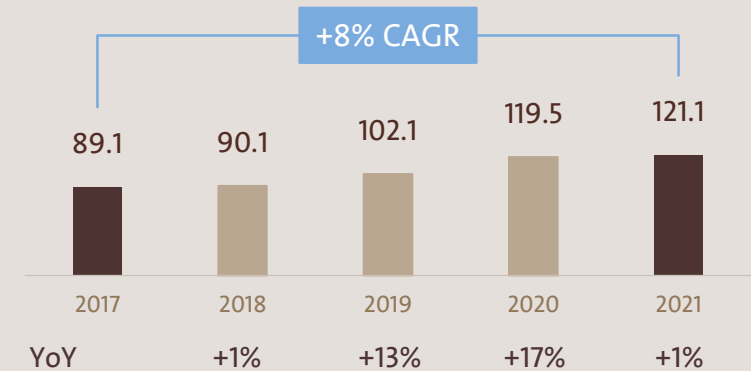
Total Assets (SARbn)



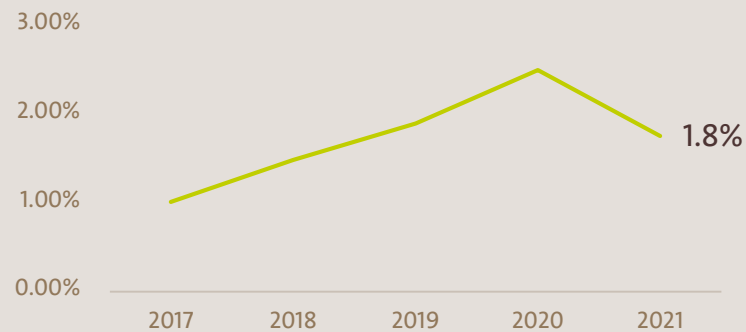
Financing (SARbn)



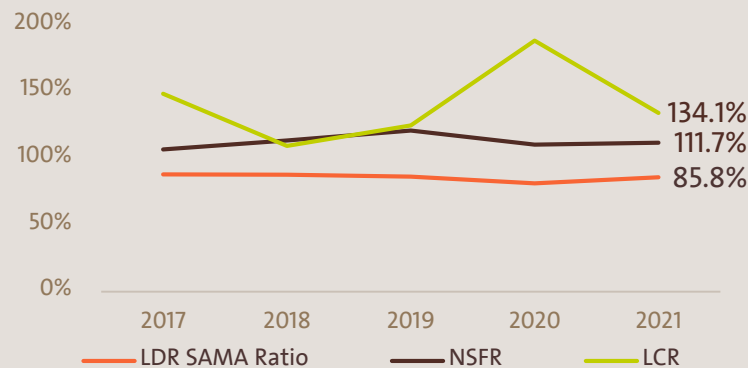
Customers' Deposits (SARbn)



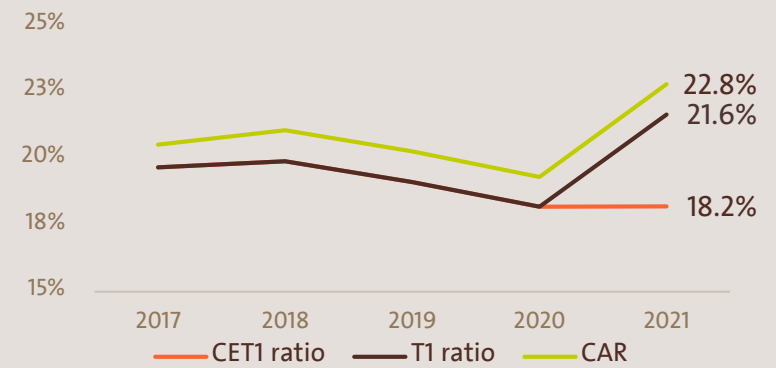
NPL Ratio (%)



Liquidity (%)



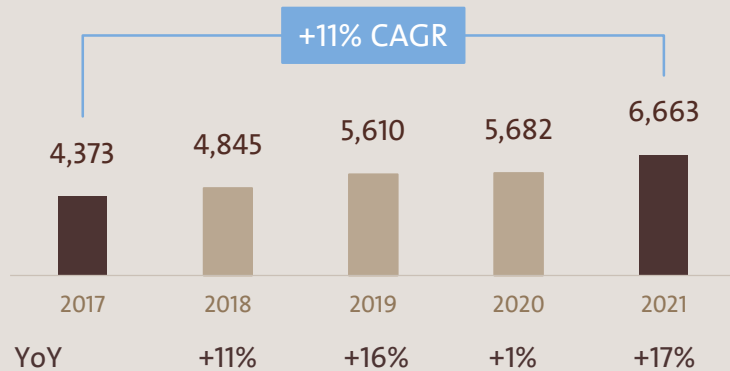
Capitalization (%)



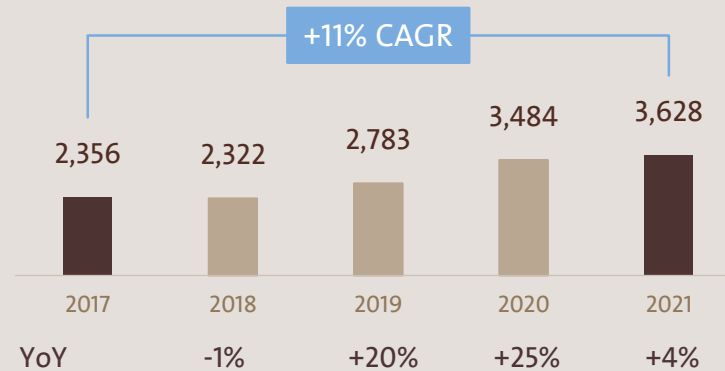
P&L Track Record

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

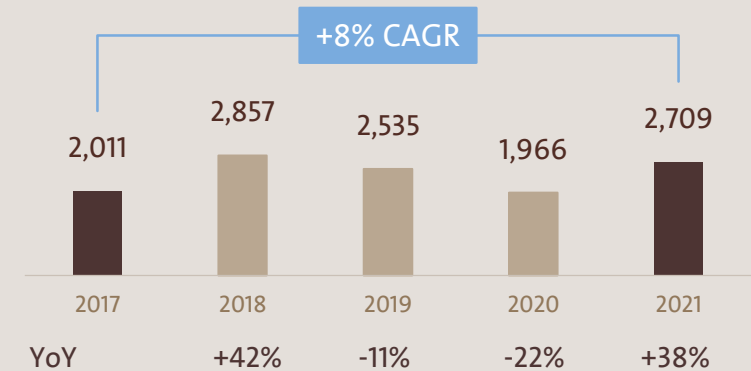
Total Operating Income (SARmn)



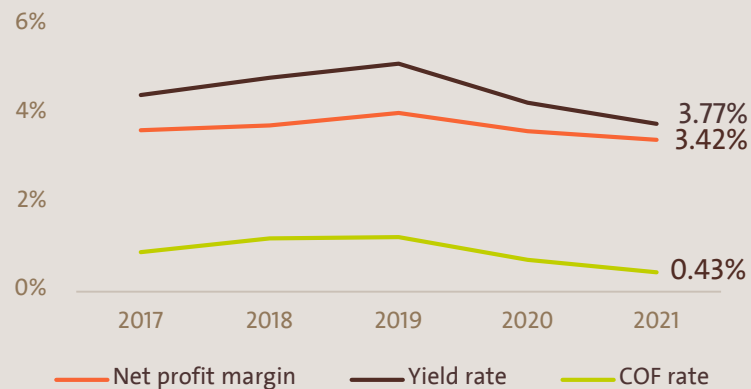
Total Operating Expenses (SARmn)



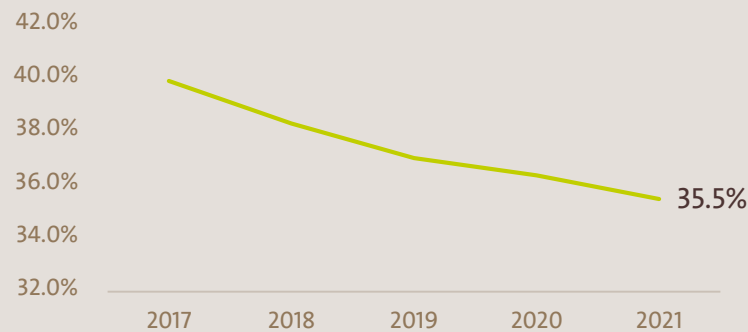
Net Income (SARmn)



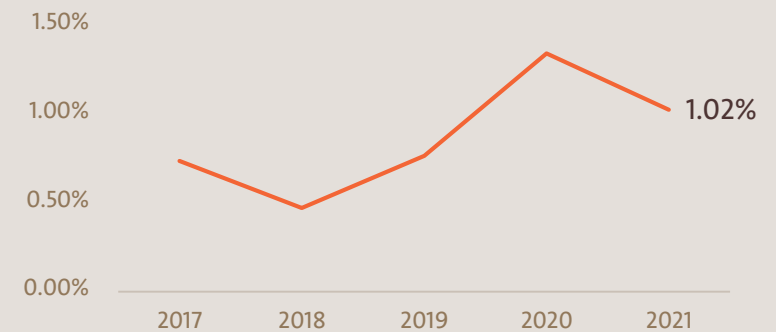
Net Profit Margin (%)



Cost To Income Ratio (%)



Cost of Risk (%)



*2021 income and expense number are adjusted to reflect certain classification taken place in 2Q 2022

1H 2022 Financial Performance

2Q 2022

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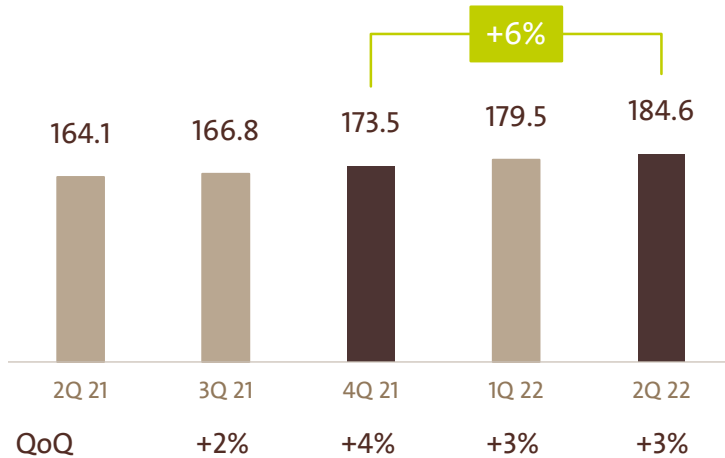


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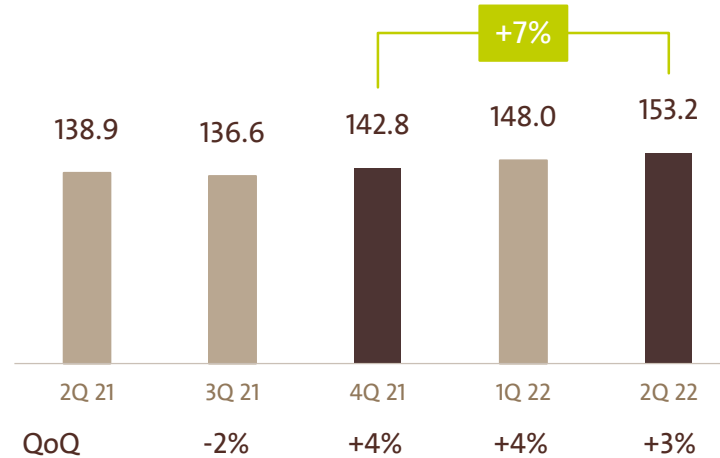
2Q 2022 Balance Sheet Highlights

Balance sheet growth from financing and investments growth funded mainly from CASA

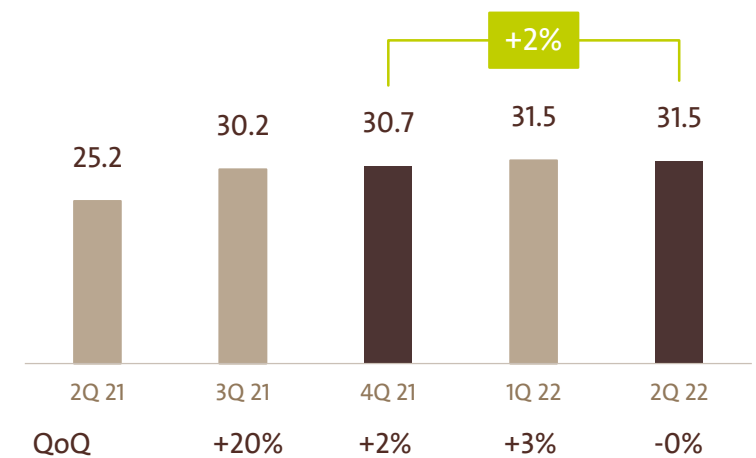
Total Assets (SARbn)



Total Liabilities (SARbn)



Total Equity (SARbn)



2Q 22 Financing

SARbn

131.2

+4% YTD

2Q 22 Customers' Deposits

SARbn

130.4

+8% YTD

2Q 22 CASA Deposits

SARbn

92.4

+16% YTD

2Q 22 CASA % of Total Deposits

70.9%

+5.1ppts YTD

2Q 22 LDR SAMA Ratio

82.8%

-3.1ppts YTD

2Q 22 CAR

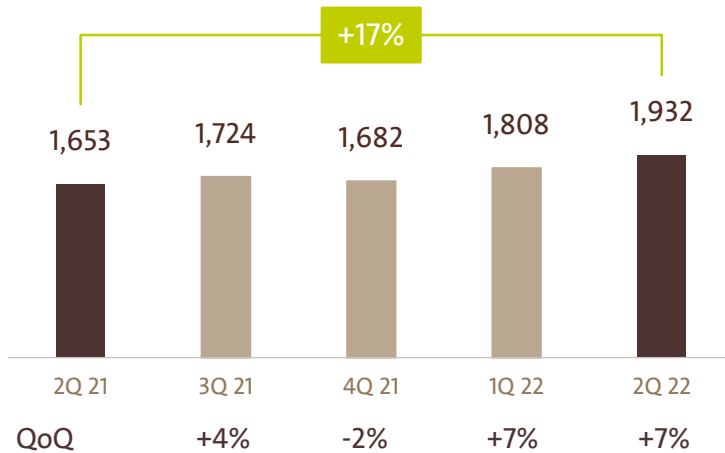
21.8%

-1.0ppts YTD

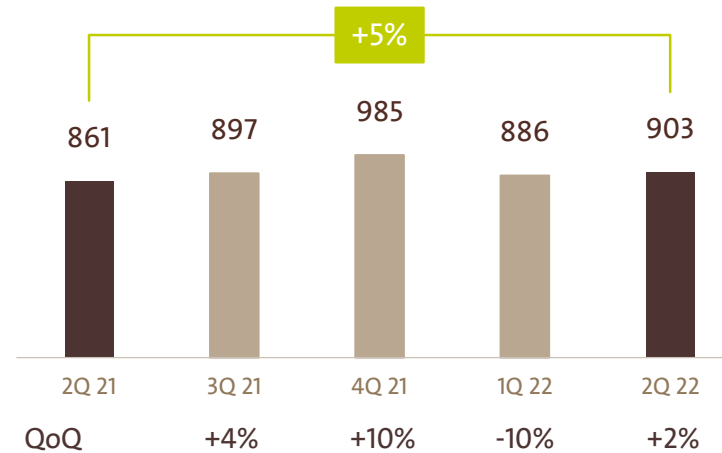
2Q 2022 P&L Highlights

Net income for 1H 2022 grew by 29% YoY from 15% income growth and lower risk cost

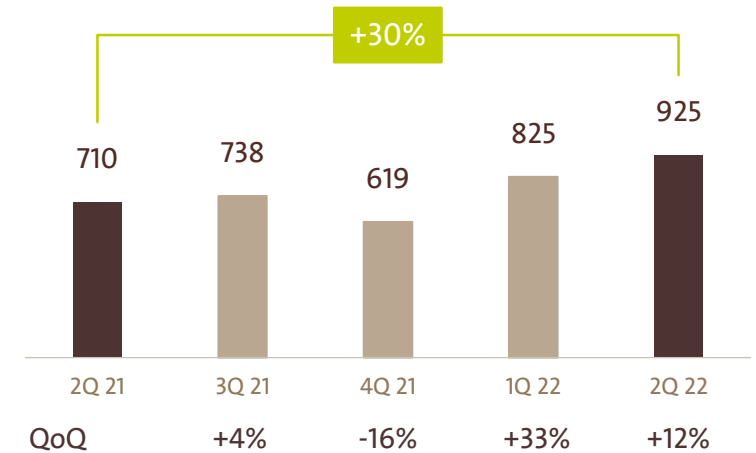
Total Operating Income (SARmn)



Total Operating Expenses (SARmn)



Net Income (SARmn)



1H 22 Funded Income

SARmn **2,725**

+12% YoY

1H 22 Non-Funded Income

SARmn **1,015**

+24% YoY

1H 22 Net Income

SARmn **1,750**

+29% YoY

1H 22 Net Profit Margin

3.42%

+5bps YoY

1H 22 Cost to Income Ratio

34.9%

+2.4ppts YoY

1H 22 ROE

13.4%

+252bps YoY

Balance Sheet Trends

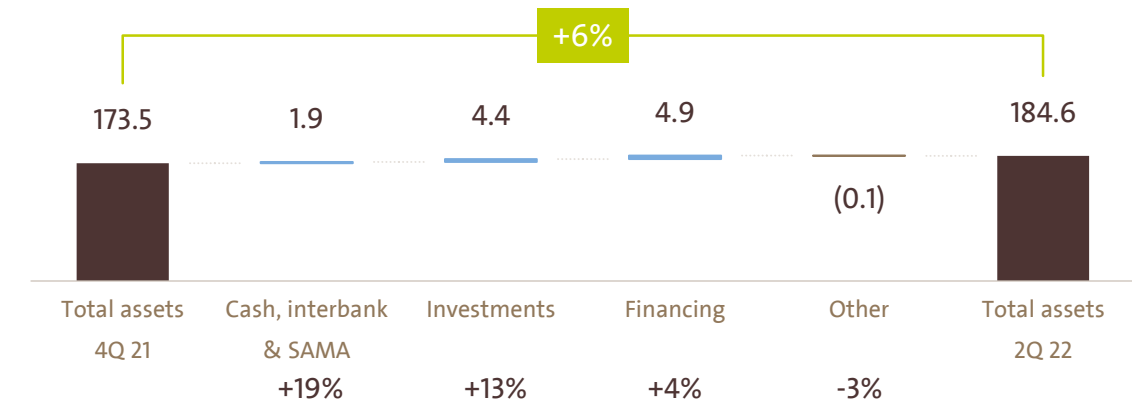
Balance sheet growth of 6% from increase in financing and investments

Management Commentary

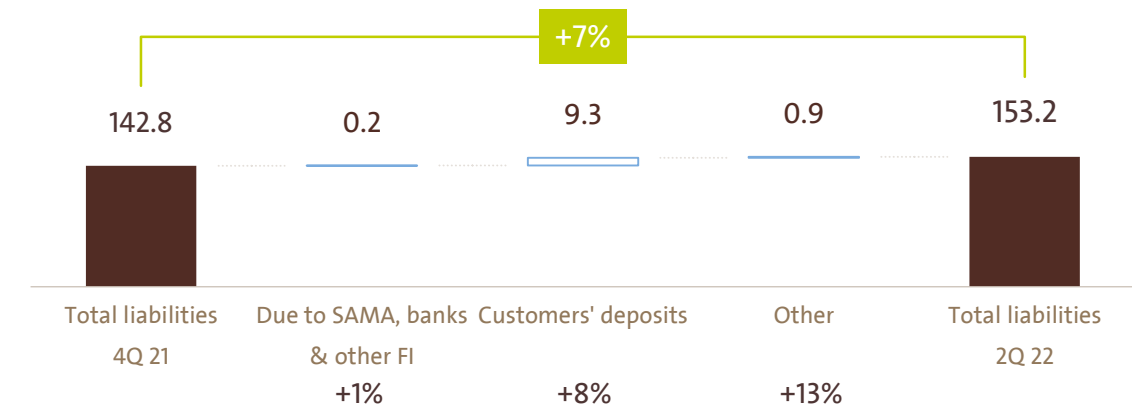
- Growth in total assets of 6% YTD mainly driven by 4% financing growth and 13% growth in investments.
- Total liabilities grew by 7% during 1H 2022 mainly from a 8% rise in customers' deposits.

SAR (mn)	2Q 2022	4Q 2021	Δ%	2Q 2021	Δ%
Cash, interbank & SAMA balances	11,803	9,915	+19%	10,318	+14%
Investments	37,723	33,278	+13%	30,699	+23%
Financing	131,193	126,271	+4%	119,623	+10%
Other assets	3,903	4,012	-3%	3,417	+14%
Total assets	184,622	173,476	+6%	164,057	+13%
Due to SAMA, banks & other FI	15,452	15,240	+1%	7,625	+103%
Customers' deposits	130,376	121,061	+8%	125,878	+4%
Other liabilities	7,327	6,465	+13%	5,355	+37%
Total liabilities	153,155	142,765	+7%	138,858	+10%
Share capital	20,000	20,000	+0%	20,000	+0%
Retained earnings	5,329	3,586	+49%	4,536	+17%
Other reserves	1,138	2,125	-46%	663	+72%
Tier 1 sukuk	5,000	5,000	+0%	-	-
Total equity	31,467	30,711	+2%	25,199	+25%

Total Assets Movement YTD (SARbn)



Total Liabilities Movement YTD (SARbn)



P&L Trends

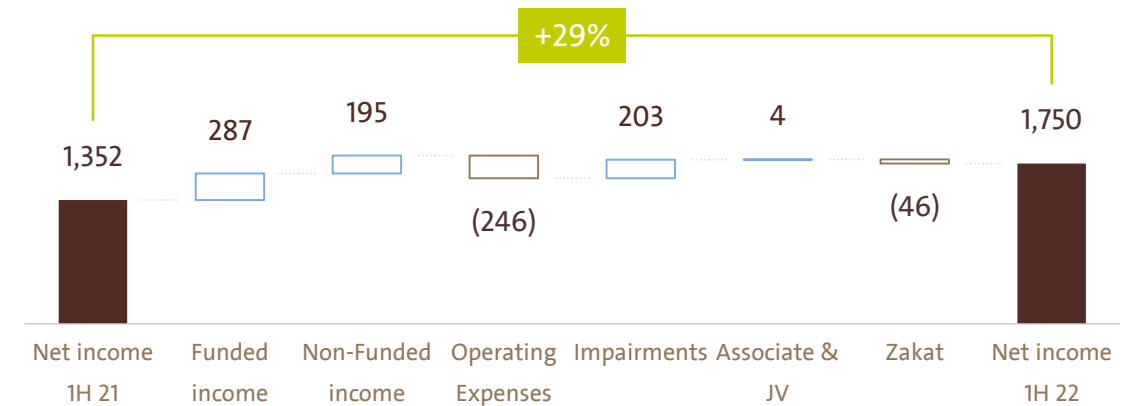
Net income for 1H 2022 grew by 29% YoY due to 15% income growth and lower impairment charges

Management Commentary

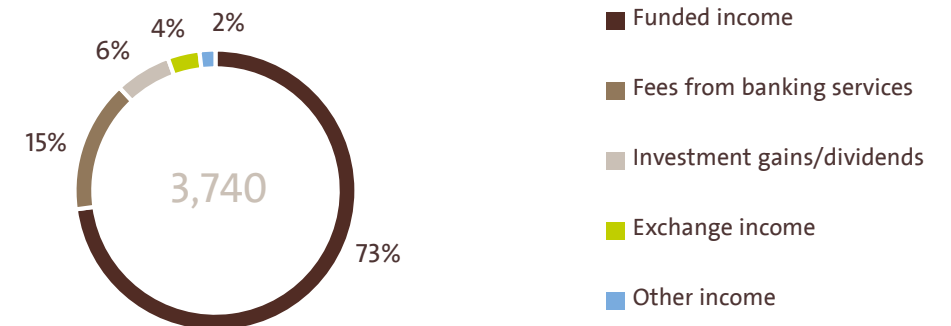
- Net income for 1H 2022 grew 29% YoY to SAR 1,750mn from 15% income growth and a 30% decrease in impairments despite 23% higher operating expenses YoY.
- 2Q 2022 net income improved 30% YoY driven by 17% increase in income and a 30% decrease in impairments.

SAR (mn)	1H 2022	1H 2021	Δ%	2Q 2022	2Q 2021	Δ%
Funded income	2,725	2,438	+12%	1,413	1,231	+15%
Non-Funded income	1,015	819	+24%	519	422	+23%
Total operating income	3,740	3,257	+15%	1,932	1,653	+17%
Operating Expenses	1,306	1,060	+23%	663	519	+28%
Net operating income before impairment charge	2,434	2,198	+11%	1,269	1,134	+12%
Impairments	483	686	-30%	240	342	-30%
Net operating income	1,951	1,512	+29%	1,029	792	+30%
Income before zakat & income tax	1,951	1,508	+29%	1,031	792	+30%
Zakat	201	155	+29%	106	82	+30%
Net income	1,750	1,352	+29%	925	710	+30%

Net Income Movement YoY (SARmn)



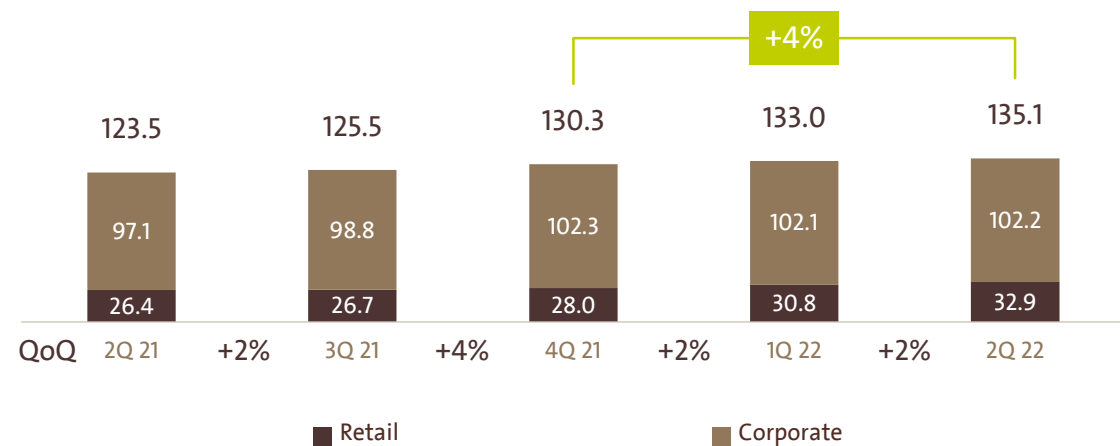
Operating Income Composition (SARmn)



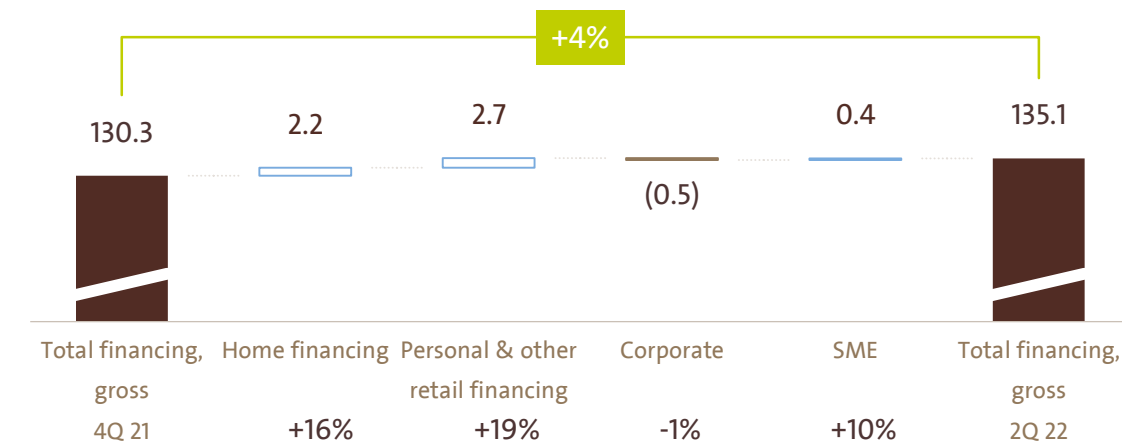
Financing

Increase in gross financing of 4% during 1H 2022 from 17% growth in retail financing

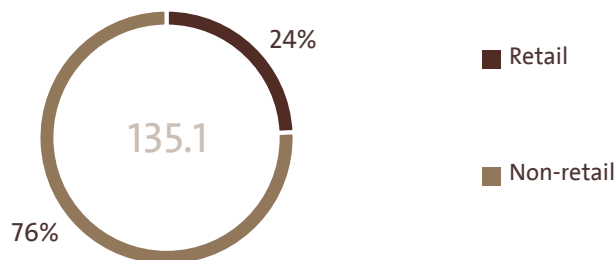
Financing, Gross (SARbn)



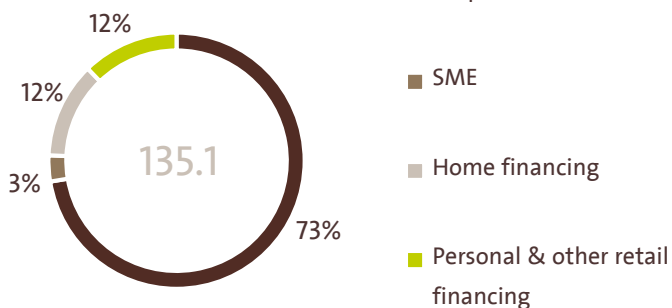
Financing, Gross Movement YTD (SARbn)



Financing, Gross Composition (SARbn)



Financing, Gross Composition (SARbn)



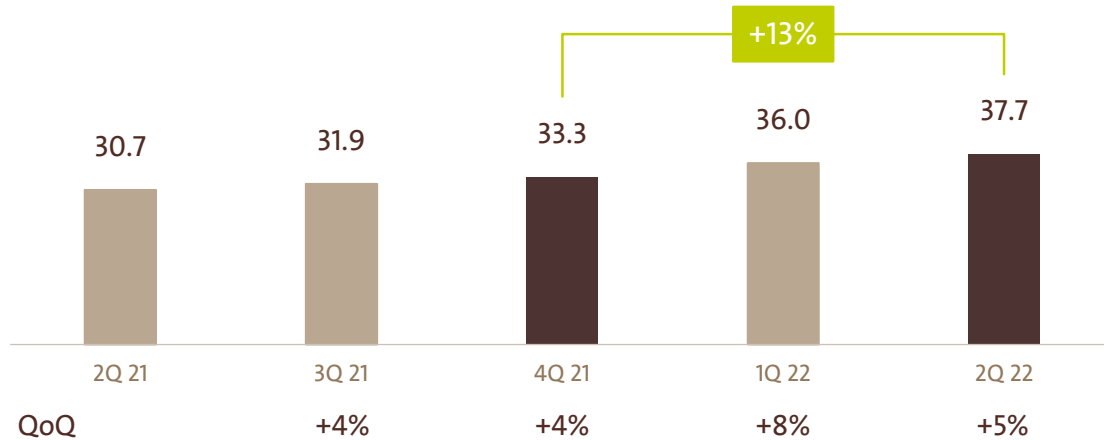
Management Commentary

- Gross financing grew 4% during 1H 2022.
- Retail financing grew 17% YTD from strong momentum in home financing (+16%) and personal & other financing growth (+19%).
- Corporate financing was stable YTD as a 1% decline in large corporate financing was offset by an 88% rise in mid-corporate and a 10% increase in SME financing.

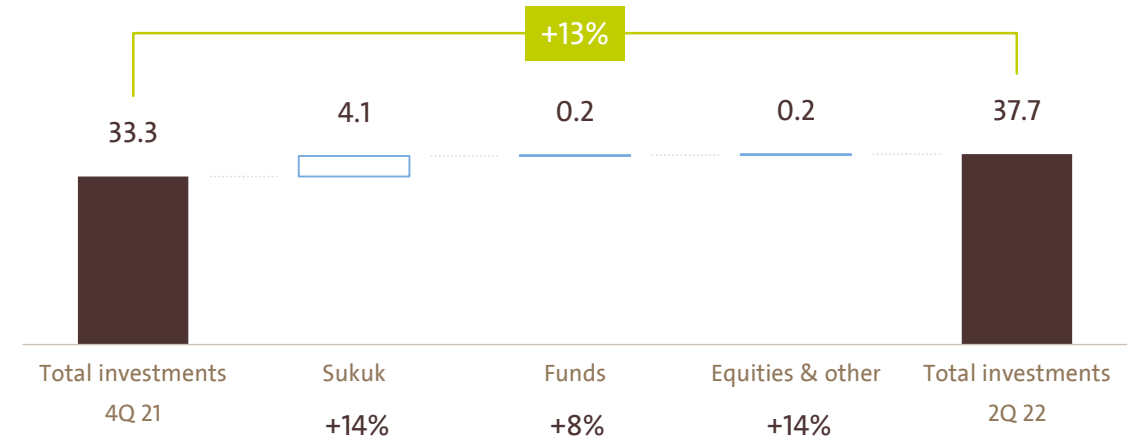
Investments

13% growth in investments YTD from additional investment grade securities

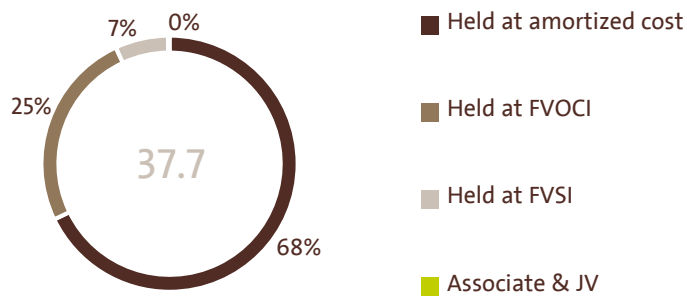
Investments (SARbn)



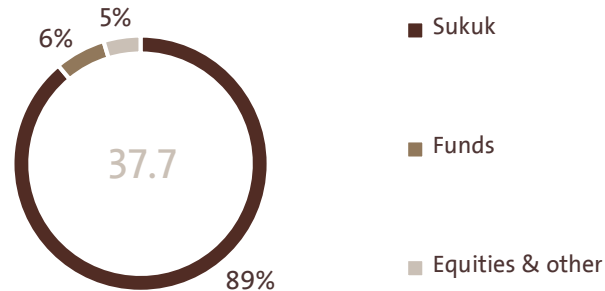
Investments Movement YTD (SARbn)



Investments Composition (SARbn)



Investments Composition (SARbn)



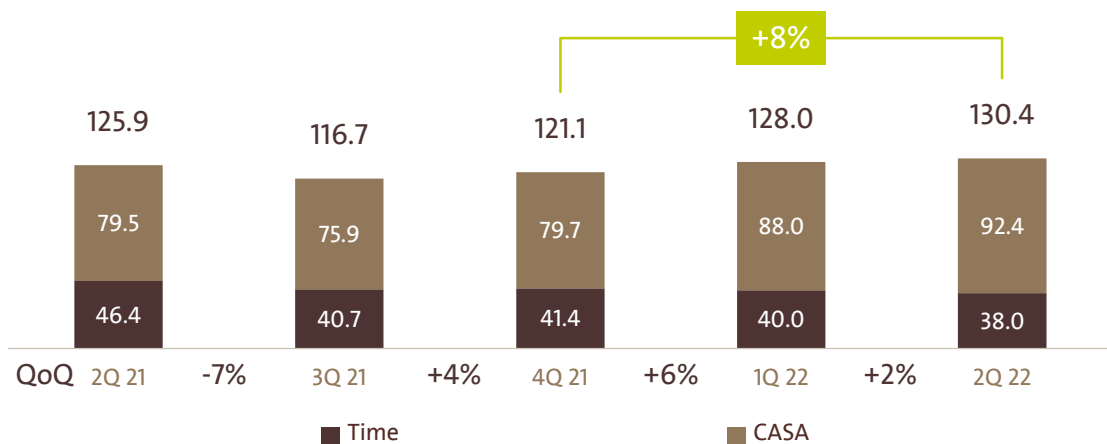
Management Commentary

- Investments grew 13% during 1H 2022 mainly attributed to additional SAR 4.1bn in corporate sukuk investments.
- The investment portfolio as at 30 June 2022 comprised of 89% sukuk investments, 6% funds and 5% equities & other investments

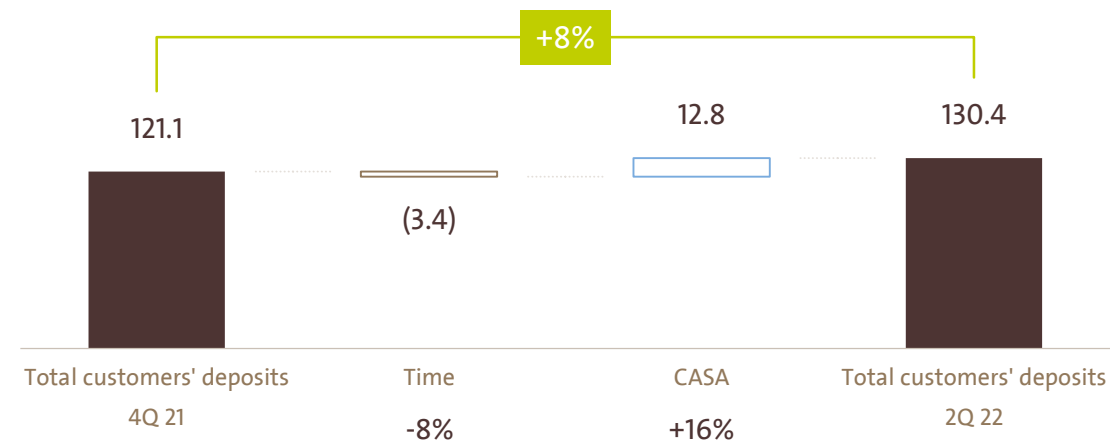
Deposits

Deposit growth of 8% driven by 16% CASA growth

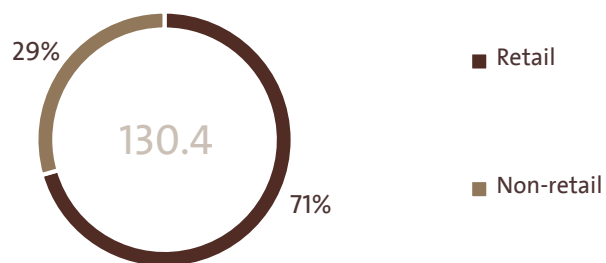
Customers' Deposits (SARbn)



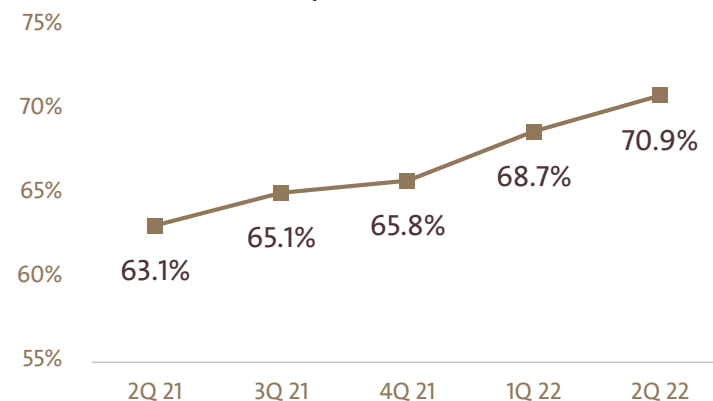
Customers' Deposits Movement YTD (SARbn)



Customers' Deposits Composition (SARbn)



CASA % of Total Deposits (%)



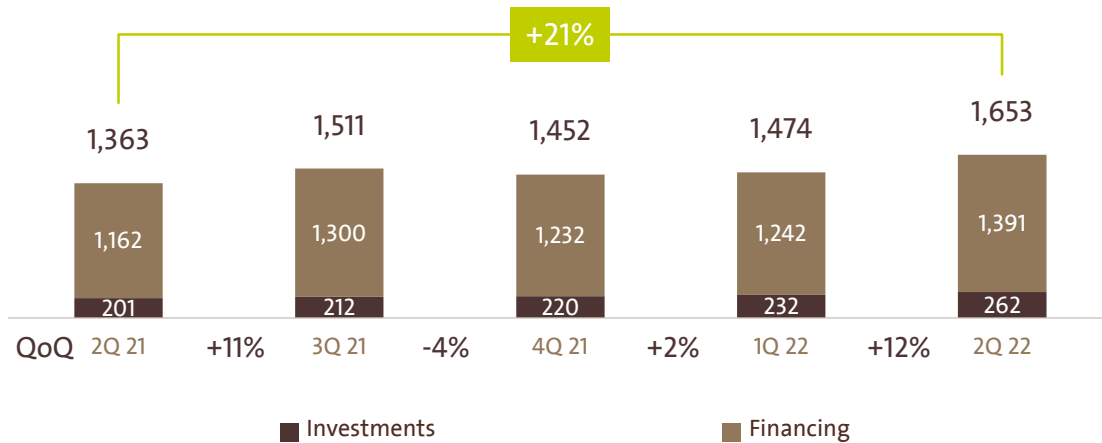
Management Commentary

- Deposits rose by 8% during 1H 2022 as growth in CASA deposits of 16% was partly offset by an 8% decline in time deposits.
- CASA deposits account for 70.9% of total deposits.
- Total deposits comprise of 71% retail and 29% non-retail deposits as at 30 June 2022.

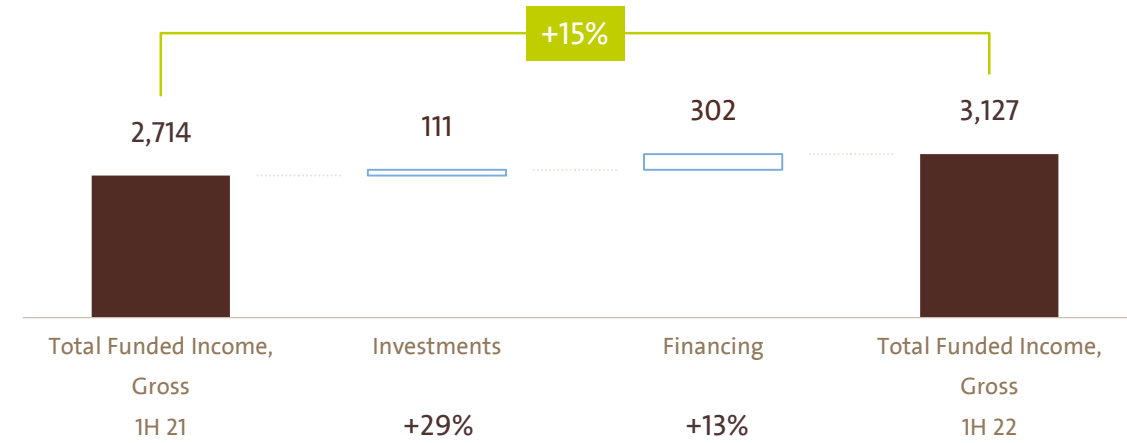
Income from Financing & Investments

Gross funded income grew 15% from 29% growth in investment income and 13% growth in financing income

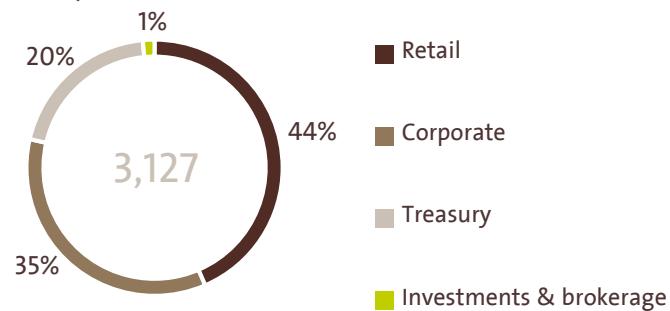
Funded Income, Gross (SARmn)



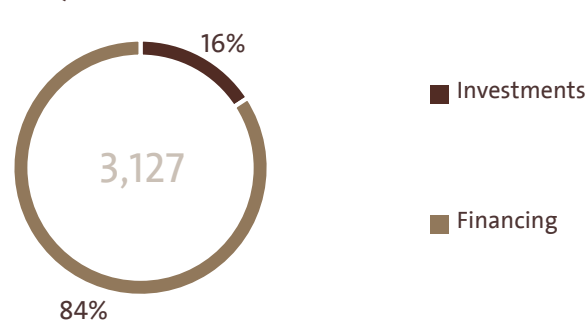
Total Funded Income, Gross Movement YoY (SARmn)



Funded Income, Gross Composition (SARmn)



Funded Income, Gross Composition (SARmn)



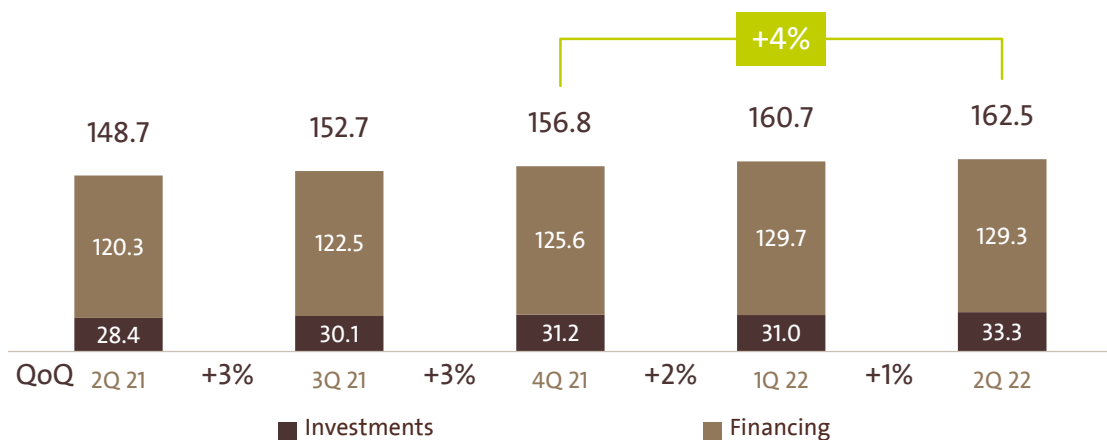
Management Commentary

- Gross funded income for 1H 2022 increased by 15% YoY to SAR 3,127mn from a 29% increase in funded investment income and a 13% rise in financing income.
- Gross funded income is attributable to 44% retail, 35% corporate and 20% treasury segments.
- Income from financing makes up 84% of total gross funded income and income from investments comprises 16%.

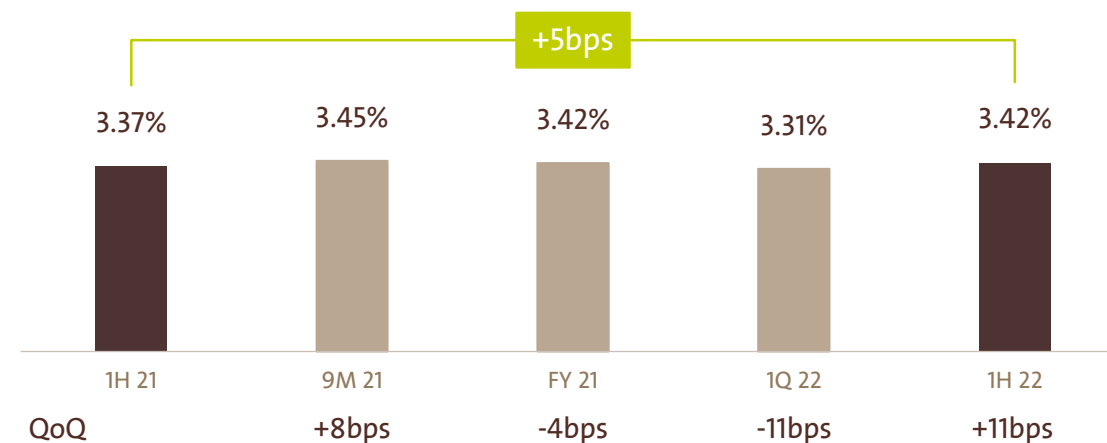
Net Profit Margin

Average balance of investments and financing grew 4%; while net profit margin saw an increase of 5bps YoY

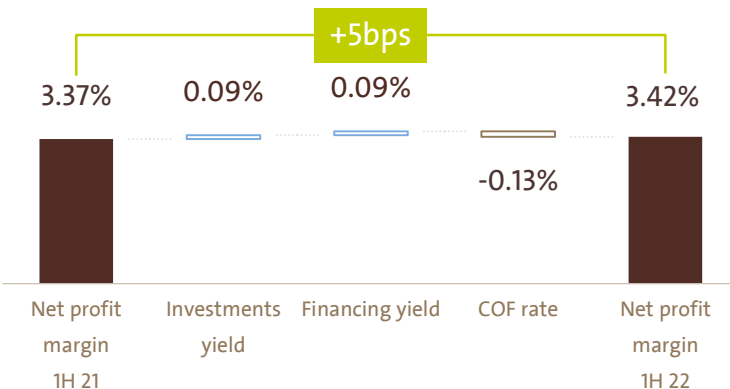
Average Balance of Investments & Financing (SARbn)



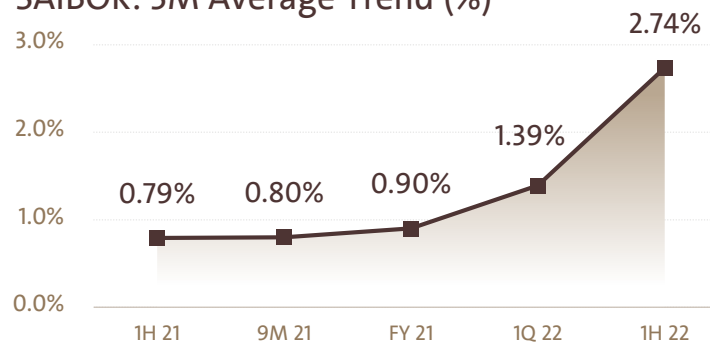
Net Profit Margin (%)



Net Profit Margin Movement YoY (%)



SAIBOR: 3M Average Trend (%)



Management Commentary

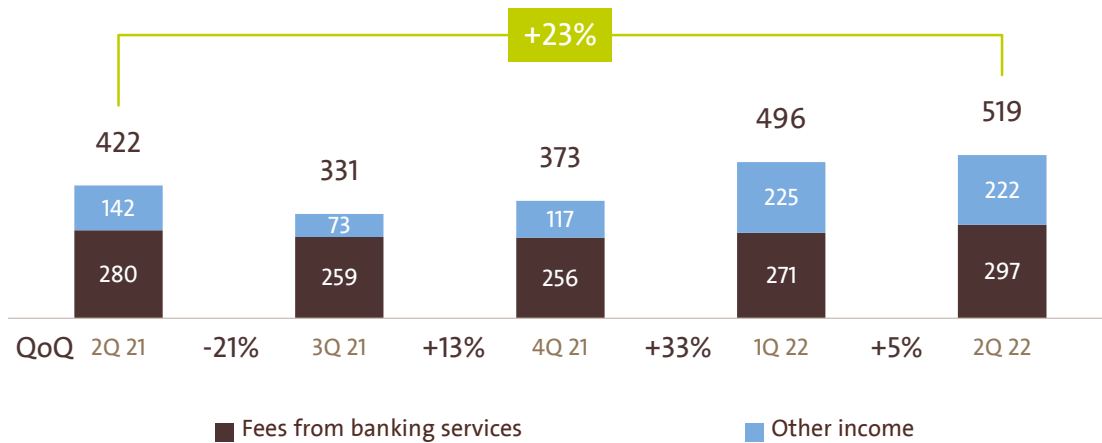
- Average balance of investments and financing grew 4% YTD.
- The net profit margin increased by 5bps YoY to 3.42%.
- Average 3M SAIBOR increased 135bps during 2Q 2022 and 195bps YoY as a result of rate hikes during the quarter.

*Comparatives are reclassified to align with the 1H 2022 financial statements

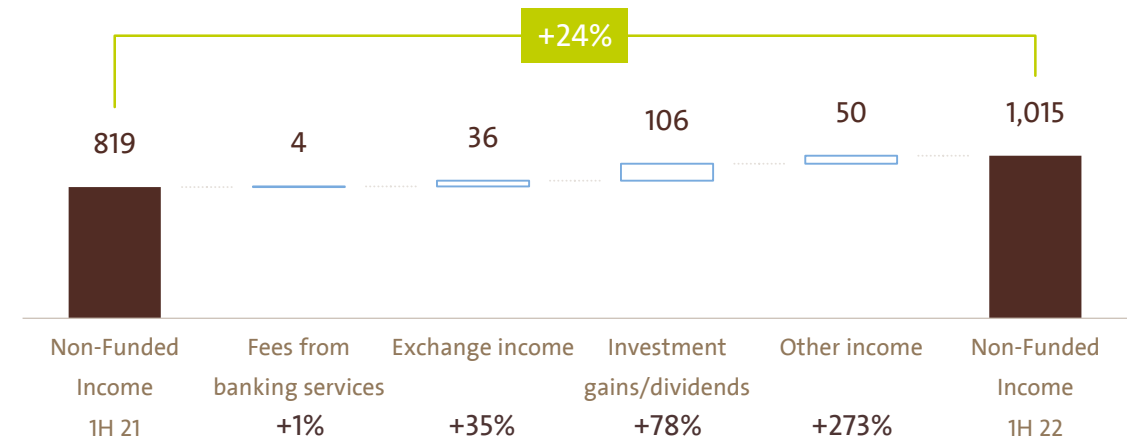
Fee and Other Income

Non-funded income for 1H 2022 increased by 24% YoY

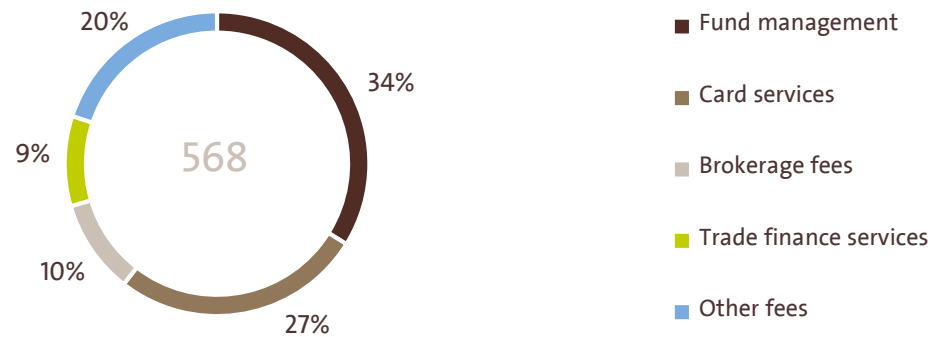
Non-Funded Income (SARmn)



Non-Funded Income Movement YoY (SARmn)



Fees from Banking Services Composition (SARmn)



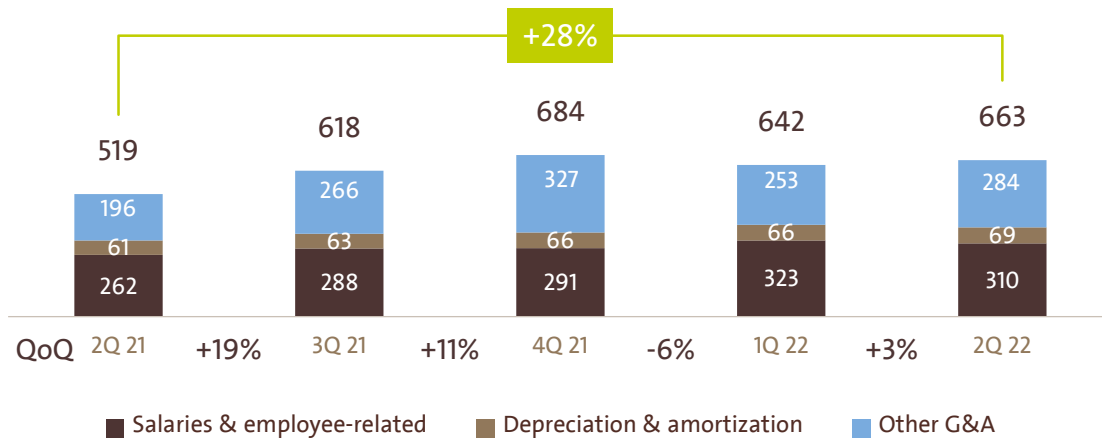
Management Commentary

- Non-funded income for 1H 2022 increased 24% YoY to SAR 1,015mn from improved exchange income, investment gains/dividends and other income.
- Fund management fees comprise the majority of fee from banking services at 34%, while card service fees account for 27%, other fees for 20% and brokerage and trade finance services fees represent 10% and 9% respectively.

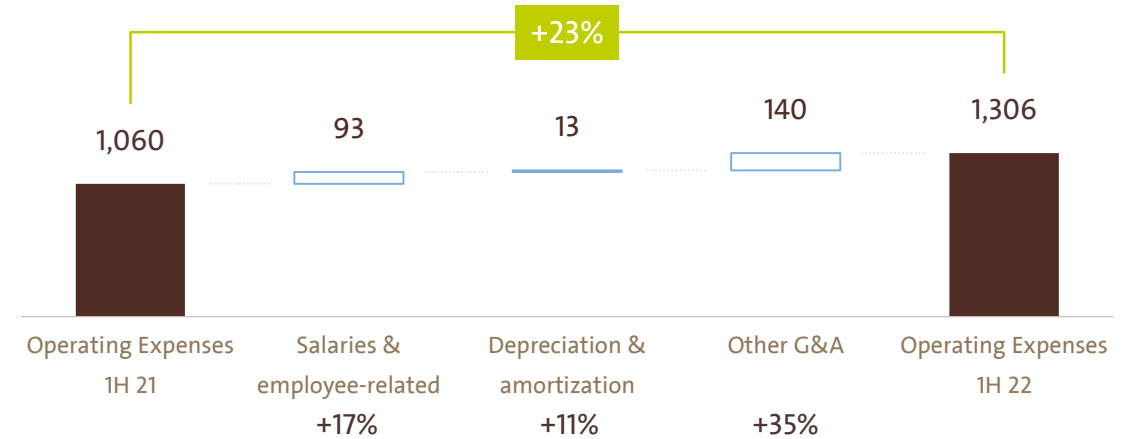
Operating Expenses

1H 2022 saw 23% growth in operating expenses YoY mainly from higher employee and G&A costs

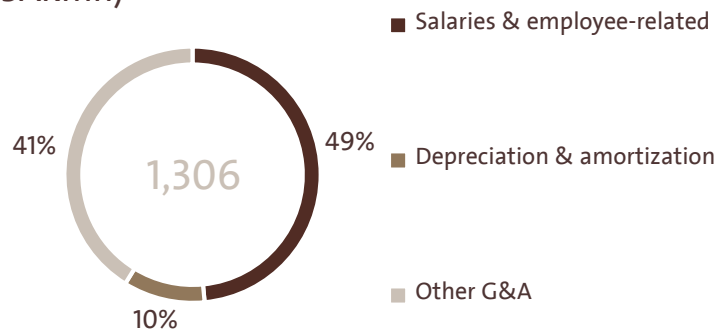
Operating Expenses (SARmn)



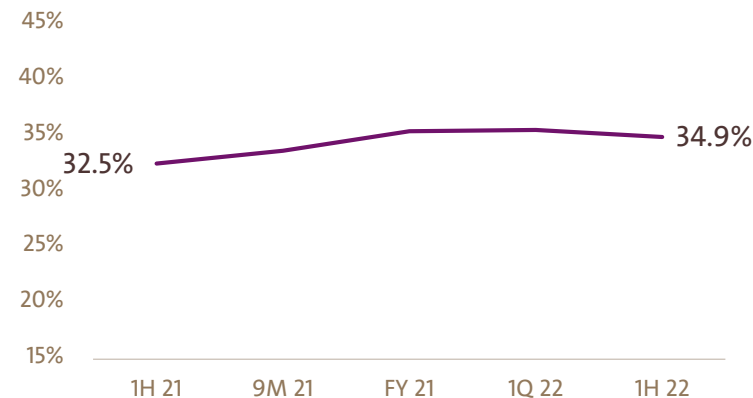
Operating Expenses Movement YoY (SARmn)



Operating Expenses Composition (SARmn)



Cost to Income Ratio (%)



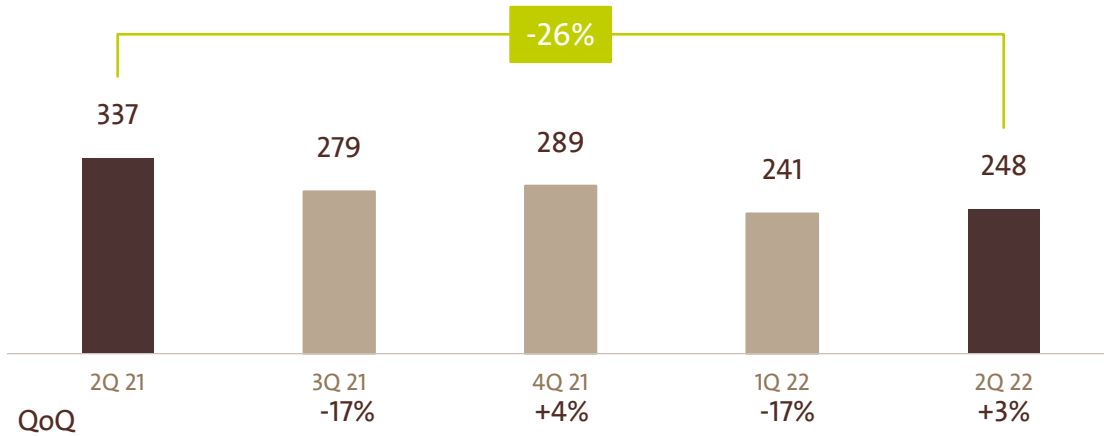
Management Commentary

- Operating expenses increased 23% YoY to SAR 1,306mn for 1H 2022 mainly due to higher salaries, increased commercial expenses from POS terminal deployments, higher SMS communication costs and a decrease in the input VAT recoverability rate.
- Higher operating expenses YoY contributed to a 2.4ppt increase in the cost to income ratio from 32.5% to 34.9%.

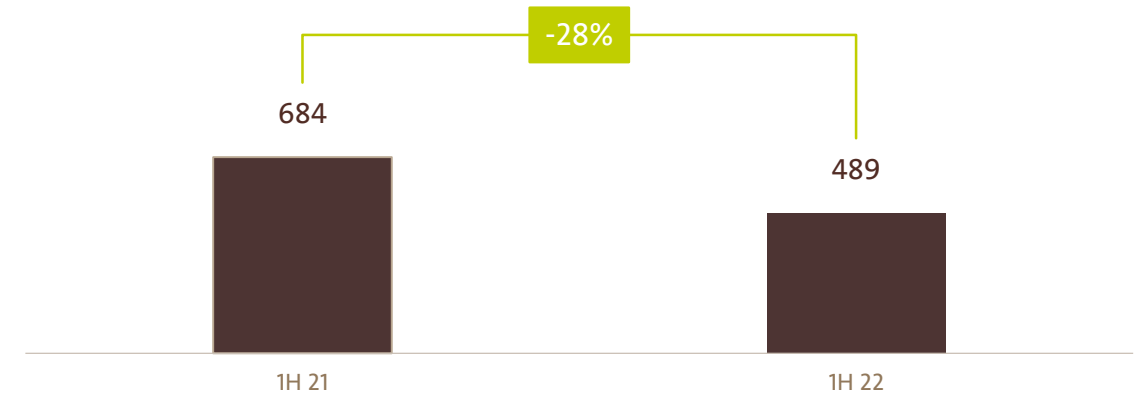
Impairments for Financing

Cost of risk for 1H 2022 declined by 41bps from 28% lower credit impairment charges YoY

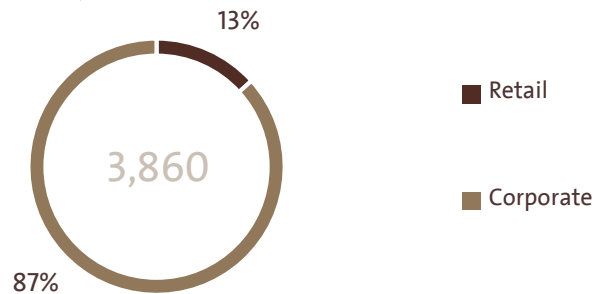
Impairments for Financing (SARmn)



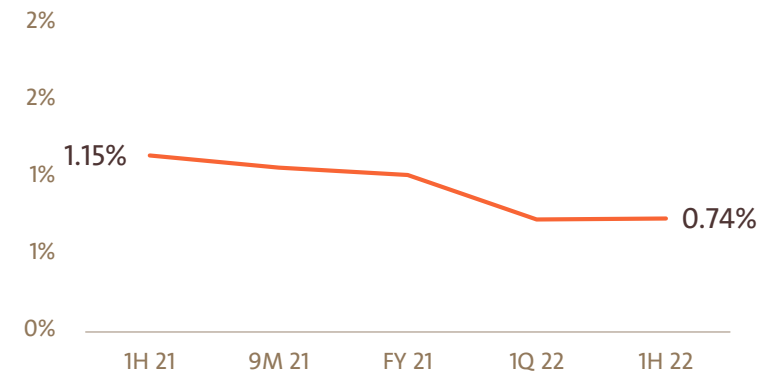
Impairments for Financing (SARmn)



Impairments Allowance Composition (SARmn)



Cost of Risk (%)



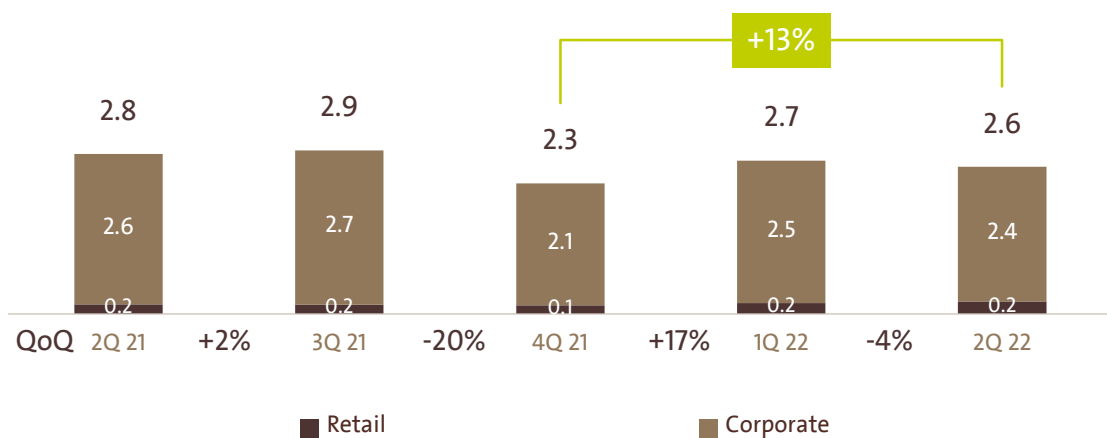
Management Commentary

- 1H 2022 impairment charge for financing decreased by 28% YoY to SAR 489mn.
- Cost of risk for 1H 2022 improved by 41bps YoY to 0.74%.

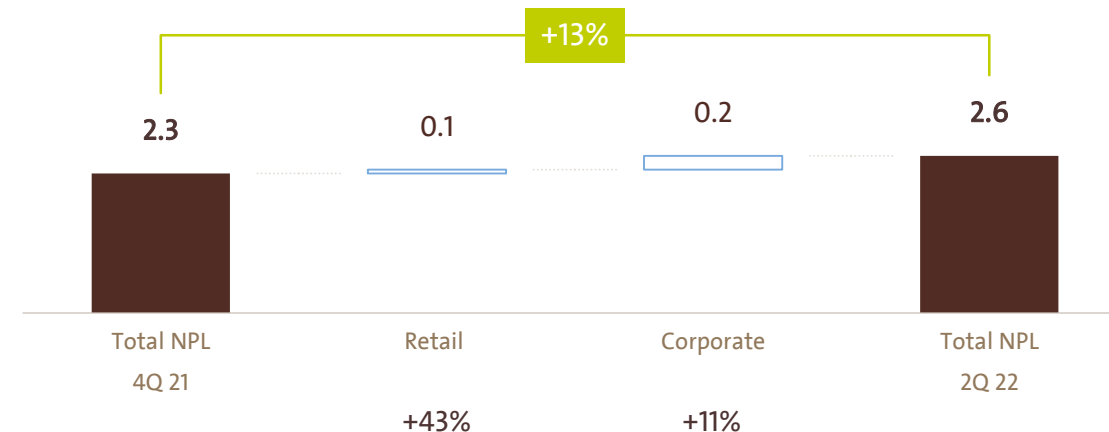
Non-Performing Loans

The NPL ratio has improved by 36bps YoY

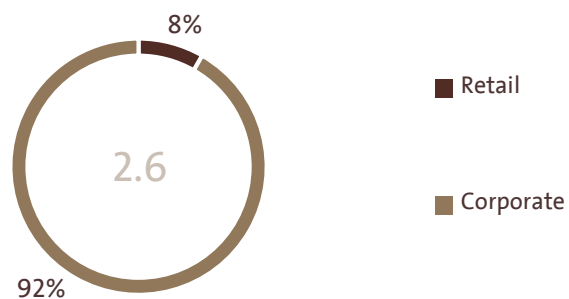
Non-Performing Loans, Gross (SARbn)



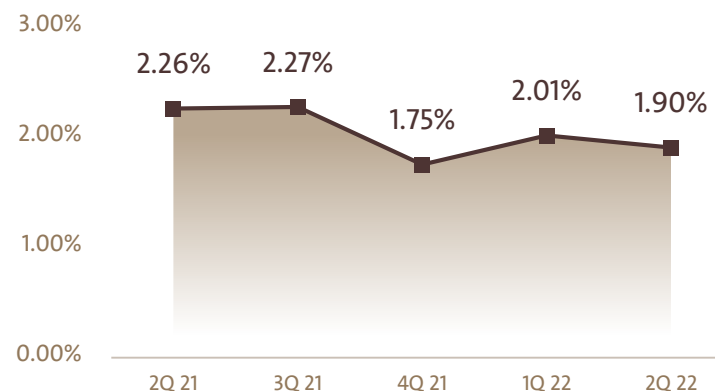
NPL, Gross Movement YTD (SARbn)



NPL Composition (SARbn)



NPL Ratio (%)



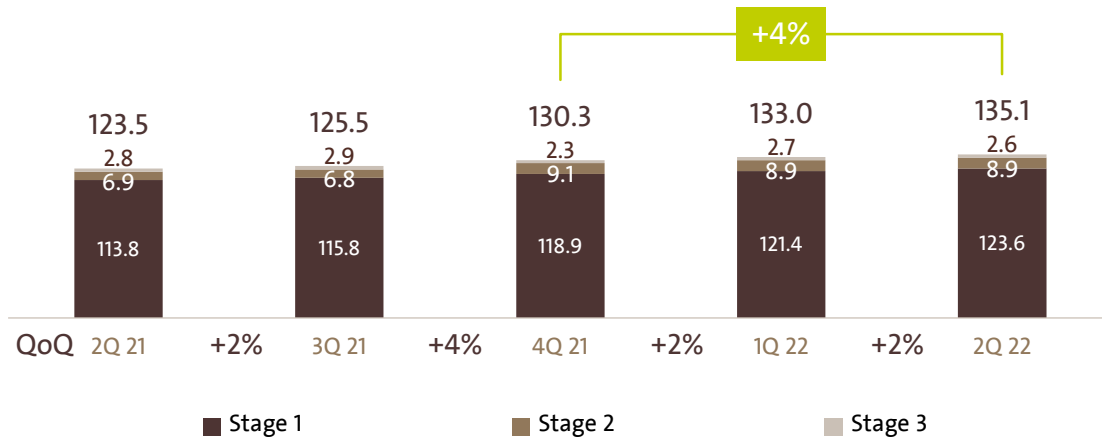
Management Commentary

- NPL ratio rose slightly by 15bps to 1.90% during 1H 2022 but has decreased by 36bps YoY.
- Retail financing, which account for the smaller proportion of NPLs, increased by 43%, while corporate NPLs increased by 11% YTD.
- The NPL ratio for retail stood at 0.6% while corporate stood at 2.3% as at 2Q 2022.

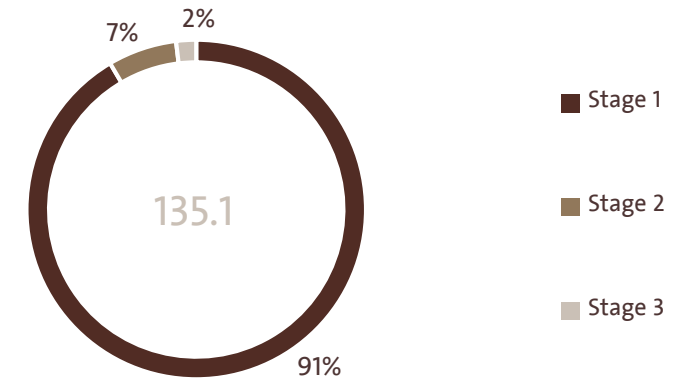
NPL Coverage

NPL coverage improved YoY

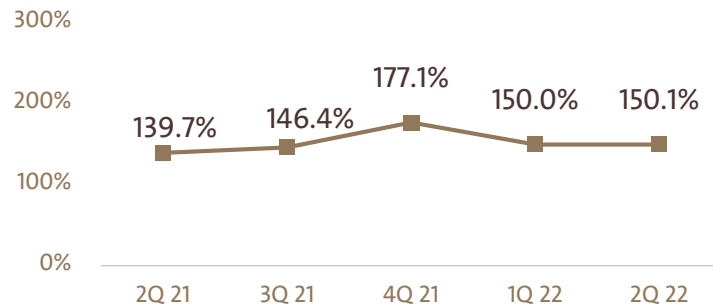
Stage-Wise Financing, Gross (SARbn)



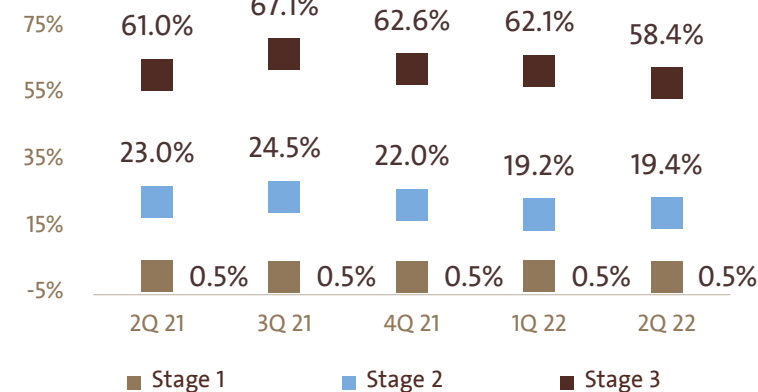
Stage-Wise Financing, Gross Composition (SARbn)



NPL Coverage Ratio (%)



Stage-Wise Coverage (%)



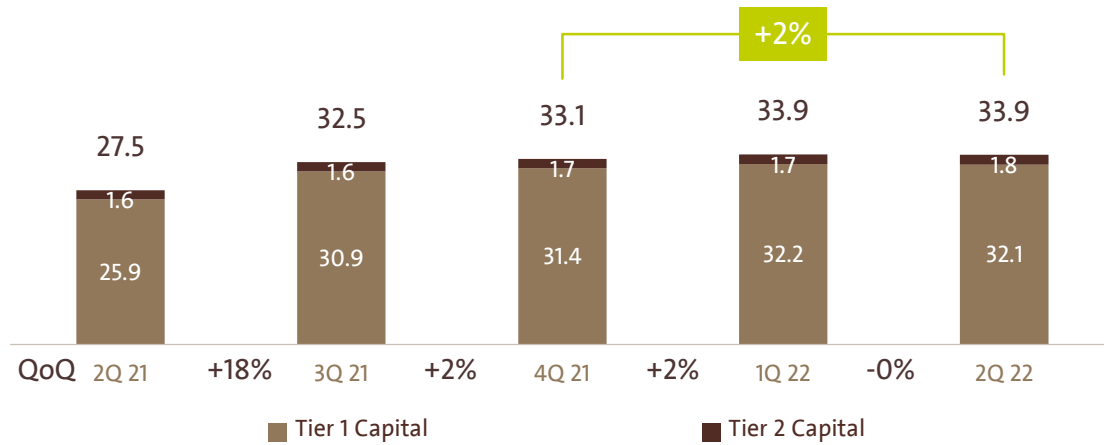
Management Commentary

- NPL coverage improved 10.4ppts YoY but declined 27.0ppts YTD to 150.1%.
- Stage 1 coverage remained stable YTD at 0.5%. Stage 3 coverage decreased due to recent movement of some accounts from stage 2 with lower coverage.

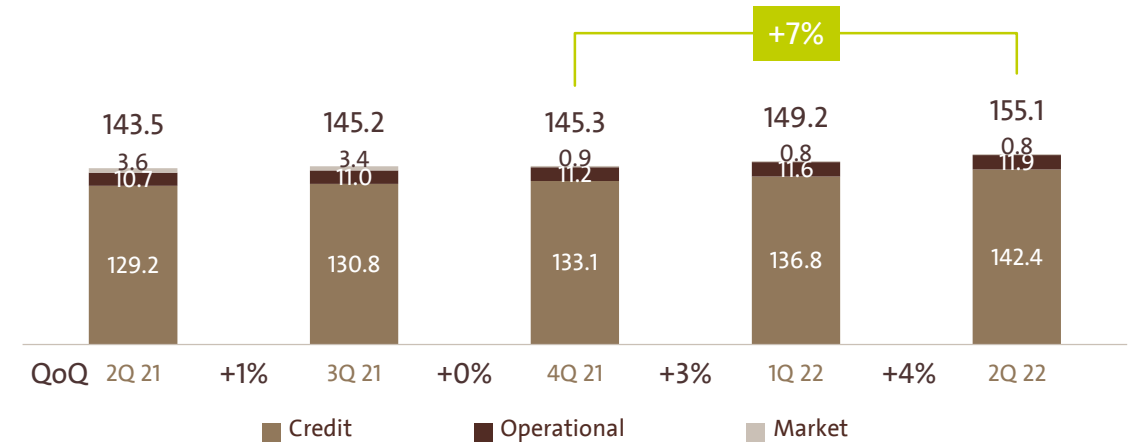
Capitalization

Capital grew 2% YTD and capital ratios remained stable while ROE saw an increase of 2.5ppts YoY

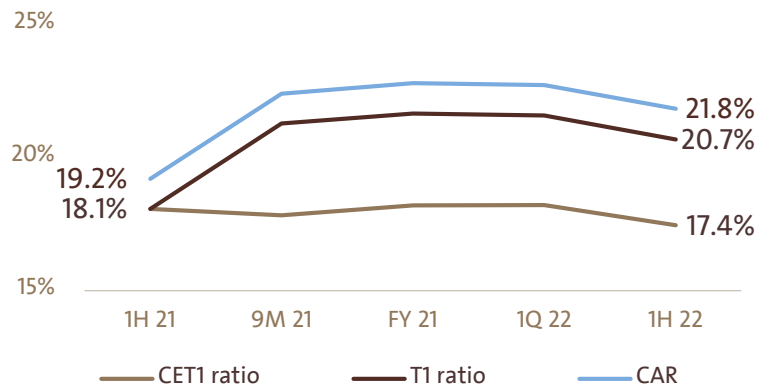
Total Capital (SARbn)



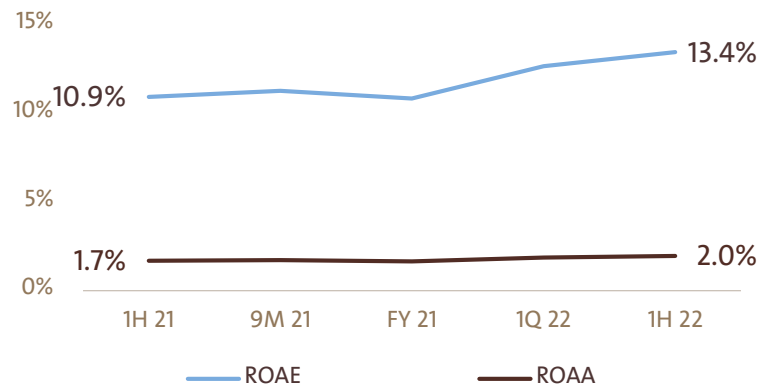
Risk Weighted Assets (SARbn)



Capitalization (%)



Profitability (%)



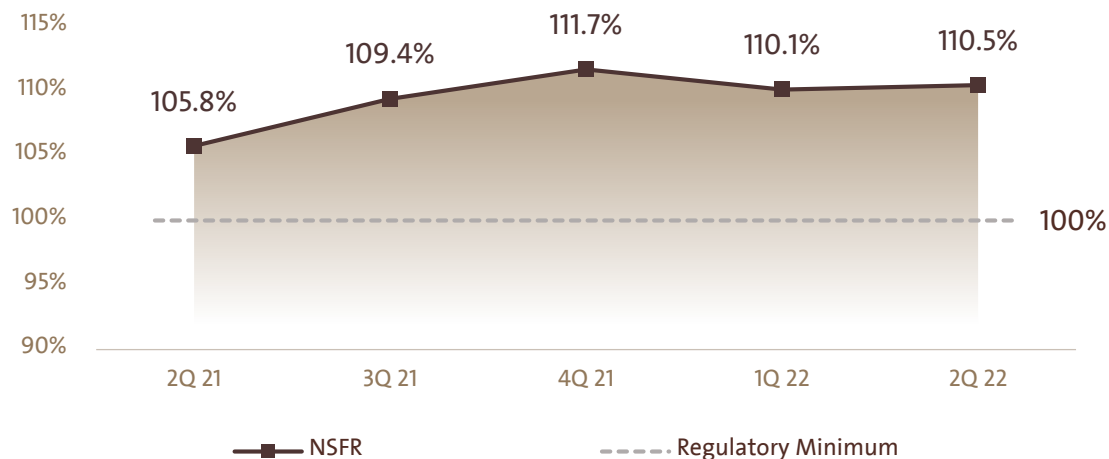
Management Commentary

- Total Capital grew 2% to 33.9bn YTD while Risk Weighted Assets grew 7% YTD
- Capitalization ratios fell slightly YTD but still remain higher than levels as at 1H 2021
- ROE and ROAA saw an increase of 2.5ppts and 30bps respectively YoY

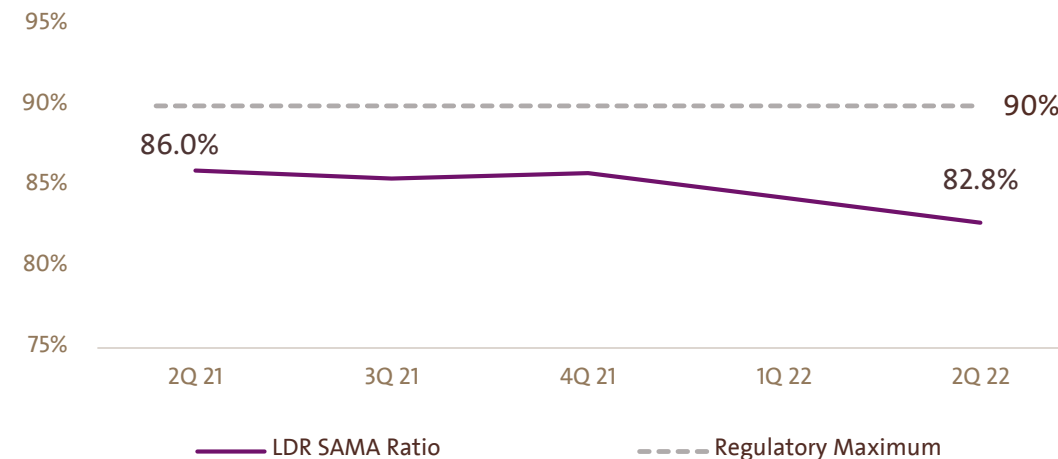
Liquidity

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

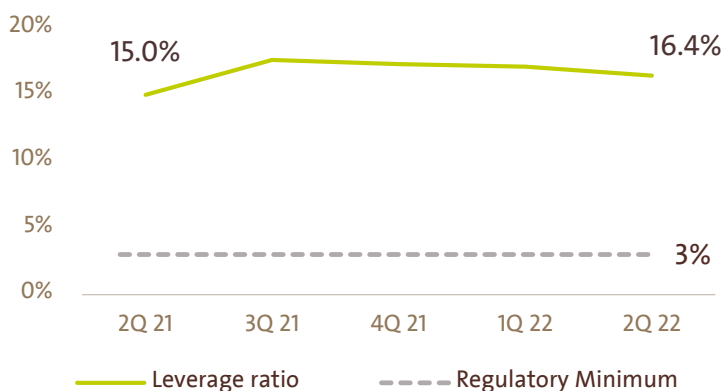
NSFR (%)



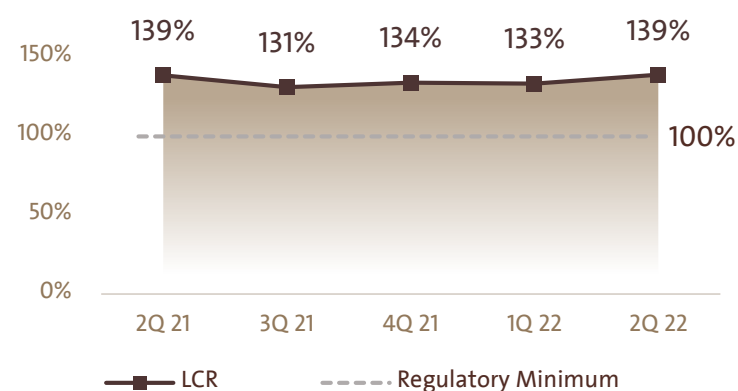
LDR SAMA Ratio (%)



Leverage Ratio (%)



LCR (%)



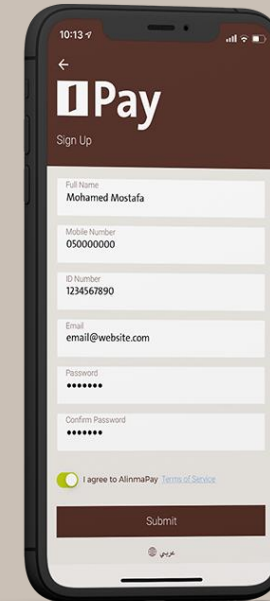
Management Commentary

- NSFR has improved YoY to 110.5%, comfortably above the regulatory minima of 100%.
- The LTD SAMA ratio decreased 3.2ppts YoY to 82.8%.
- The leverage ratio increased 140bps YoY to 16.4%.
- LCR has remained stable YoY from 2Q 2021 at a level of 139% at 2Q 2022.

Segmental Performance

2Q 2022

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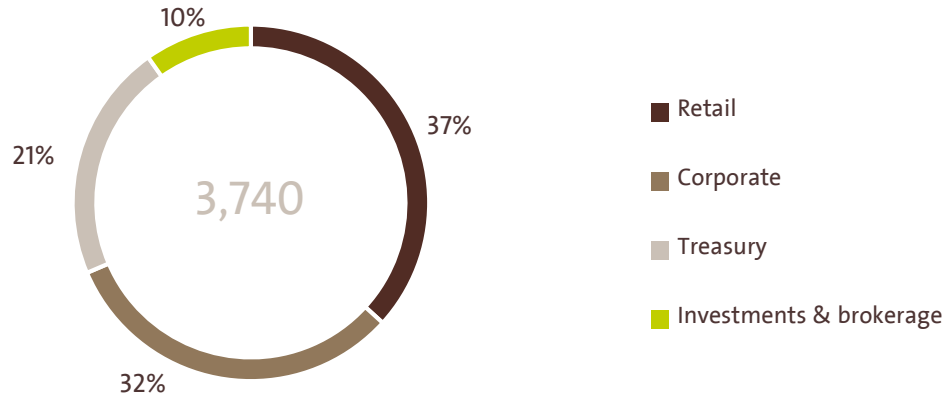


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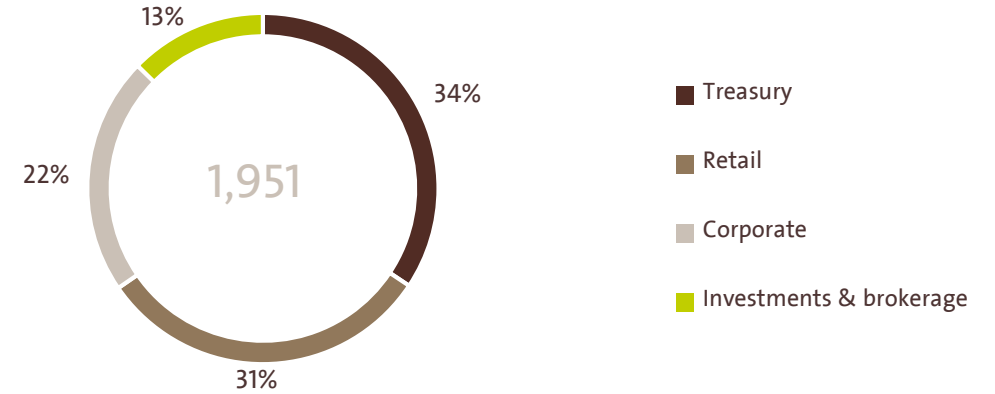
Segmental Performance Highlights

Retail and corporate comprise the majority of segmental income

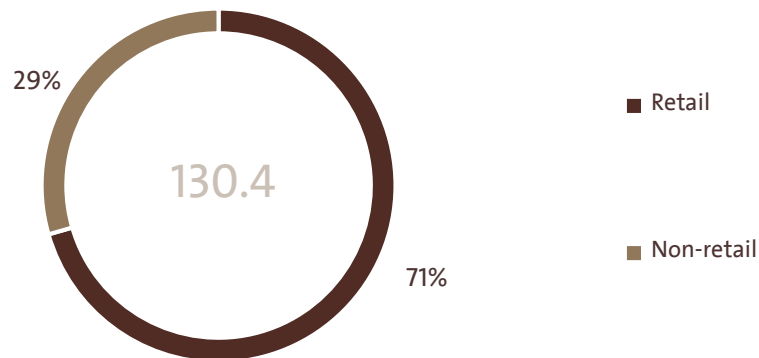
Operating Income Composition (SARmn)



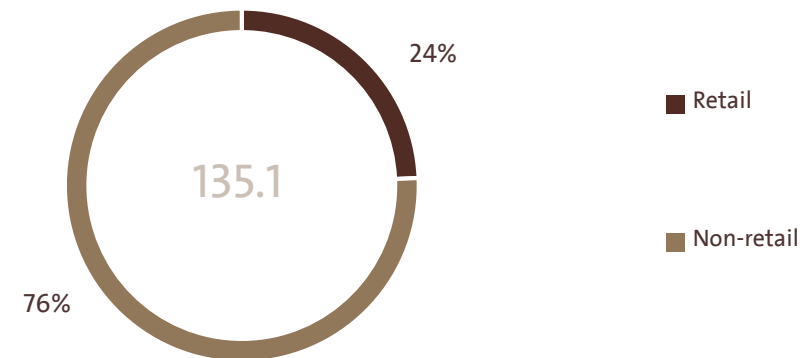
Net Profit Before Zakat Composition (SARmn)



Customers' Deposits Composition (SARbn)



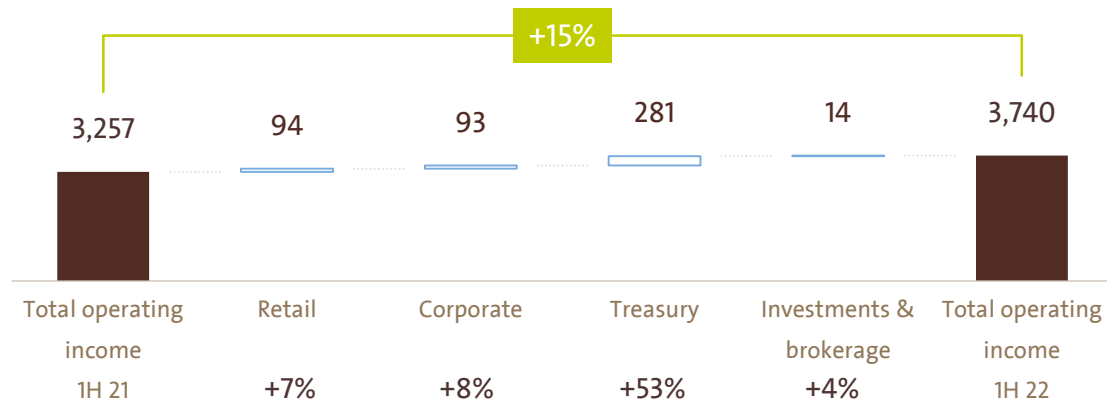
Financing, Gross Composition (SARbn)



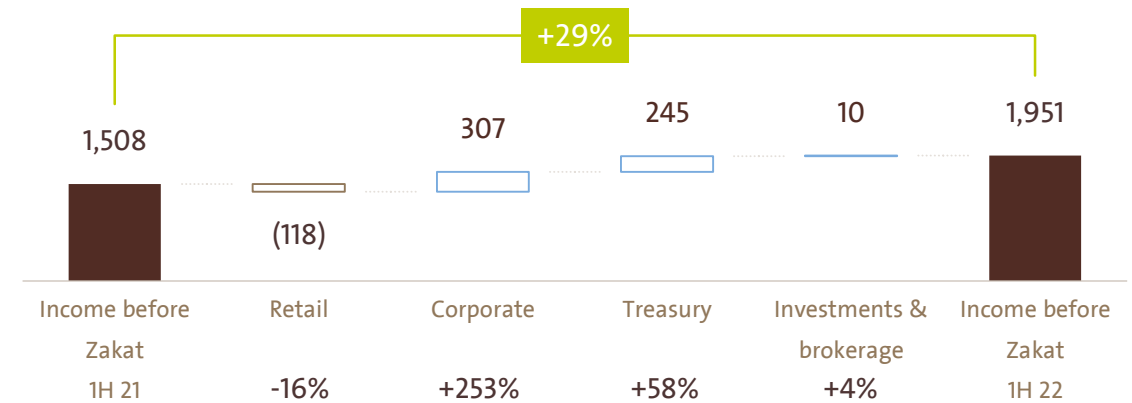
Segmental Performance Highlights

All segments reported growth in operating income YoY

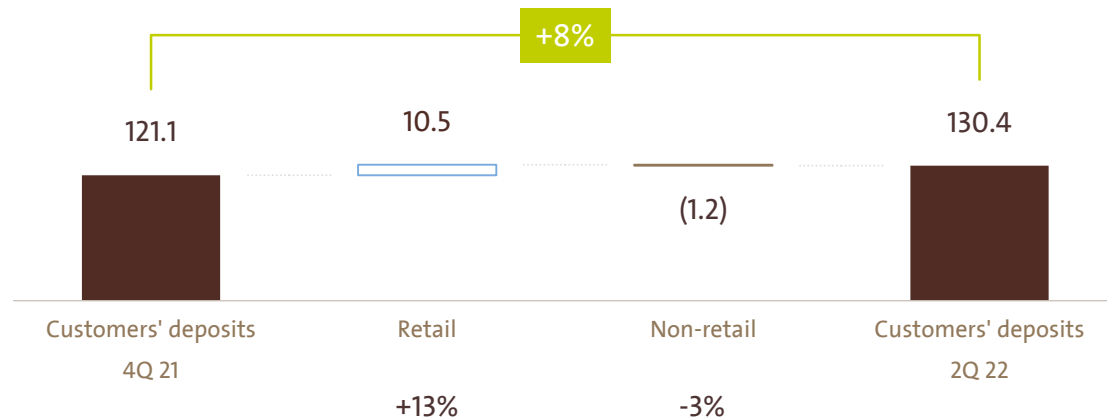
Operating Income Movement YoY (SARmn)



Net Income Before Zakat Movement YoY (SARmn)



Customers' Deposits Movement YTD (SARbn)



Financing, Gross Movement YTD (SARbn)

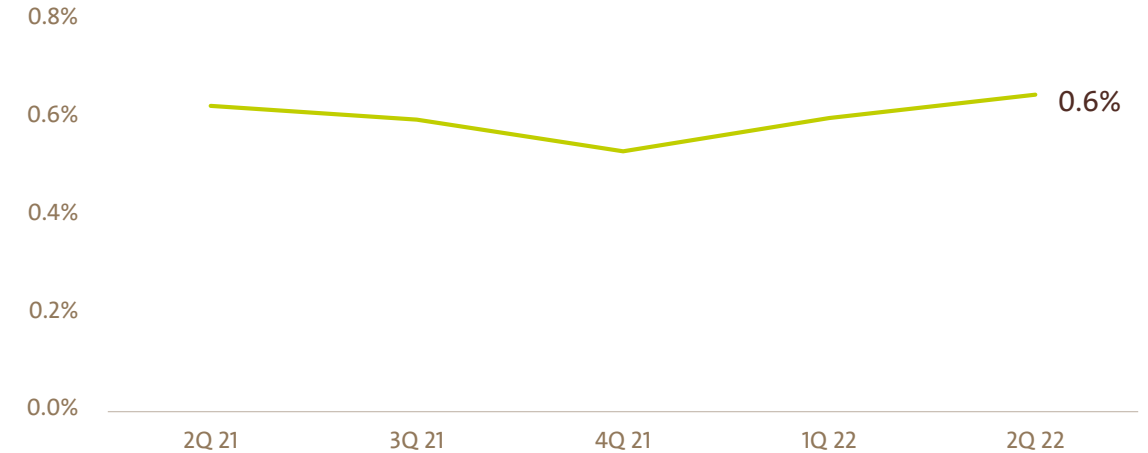


Segmental Performance - Retail

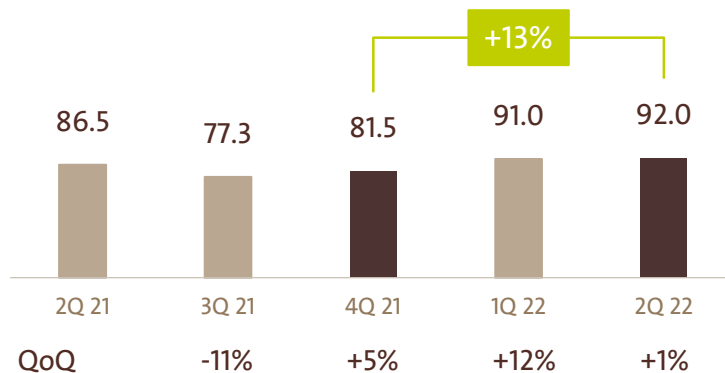
Strong financing and deposit growth driving operating income growth of 7% YoY

SAR (mn)	1H 2022	1H 2021	Δ%	2Q 2022	2Q 2021	Δ%
Income from investments and financing, net	1,222	1,158	+6%	652	584	+12%
Fees from services & other income	153	123	+24%	94	21	+342%
Total operating income	1,375	1,281	+7%	747	605	+23%
Total operating expenses	724	645	+12%	344	266	+29%
Total charges/(reversals) for impairments	44	(88)	+150%	73	(33)	+323%
Income for the period before zakat	606	724	-16%	330	372	-11%

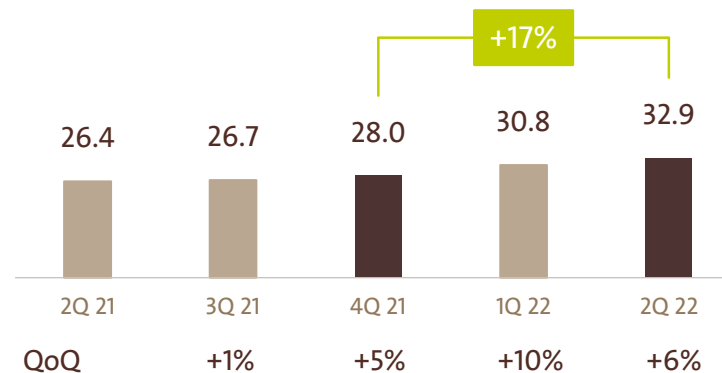
Retail NPL (%)



Retail Deposits (SARbn)



Retail Financing (SARbn)



Management Commentary

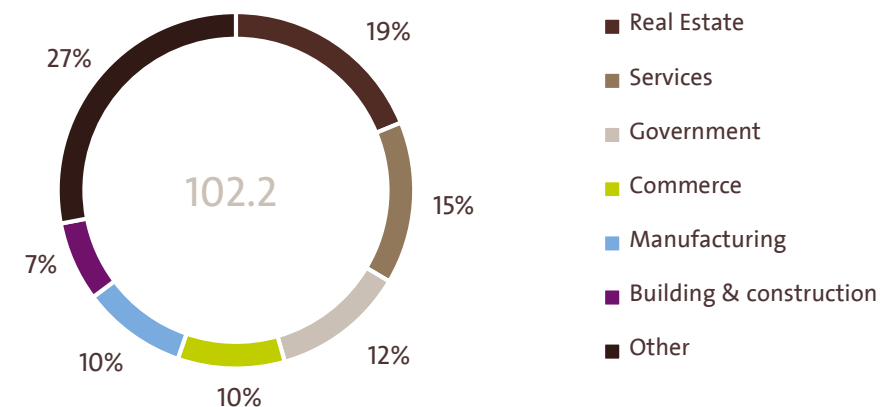
- Retail operating income rose by 7% YoY to SAR 1,375mn from 6% increase in funded income and a 24% increase in non-funded income.
- Retail net income fell by 16% YoY due to a 150% rise in impairments and a 12% increase in operating expenses YoY.
- Retail deposits increased 13% while financing increased by 17% during 1H 2022.
- The retail NPL ratio rose during 1H 2022 to 0.6%.

Segmental Performance - Corporate

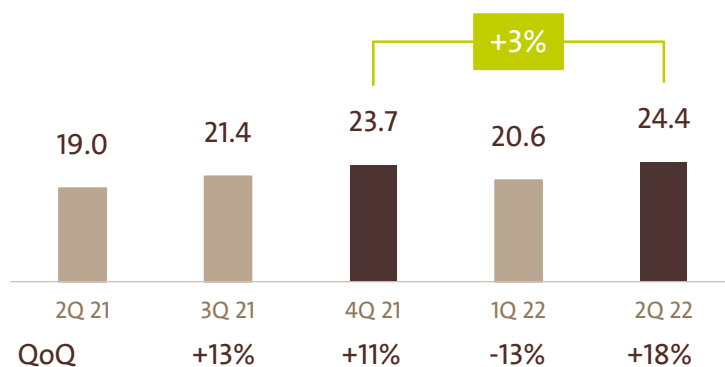
Strong income growth and lower impairments translate to significant net income growth

SAR (mn)	1H 2022	1H 2021	Δ%	2Q 2022	2Q 2021	Δ%
Income from investments and financing, net	1,020	923	+10%	524	461	+14%
Fees from services & other income	171	174	-2%	83	131	-36%
Total operating income	1,190	1,097	+8%	607	592	+3%
Total operating expenses	319	204	+56%	180	130	+38%
Total charges/(reversals) for impairments	443	772	-43%	174	370	-53%
Income for the period before zakat	428	121	+253%	254	92	+176%

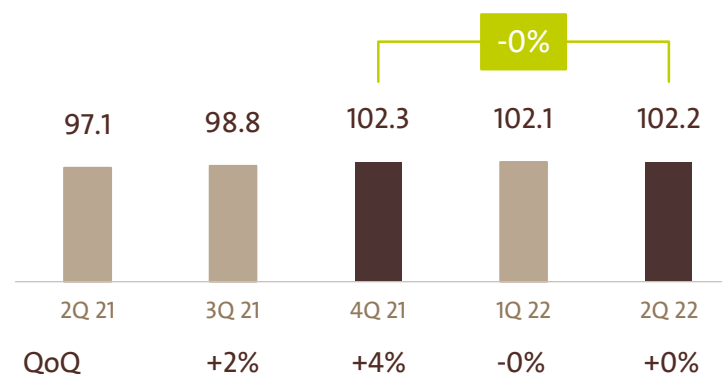
Financing, Gross Composition (SARbn)



Corporate Deposits (SARbn)



Corporate Financing (SARbn)



Management Commentary

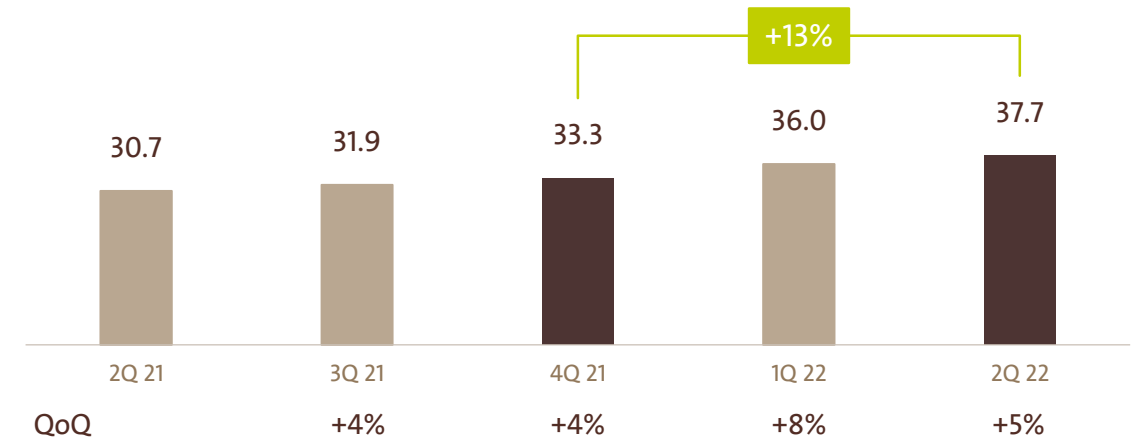
- Corporate operating income increased by 8% YoY mainly from an increase of 10% in funded income.
- This income growth, together with lower impairments, translated to 2.5x net income growth despite a 56% rise in operating costs.
- Corporate deposits rose by 3% during 1H 2022 from funding optimization while corporate financing was stable YTD.
- The corporate NPL ratio rose modestly during 1H 2022 to 2.3%.

Segmental Performance - Treasury

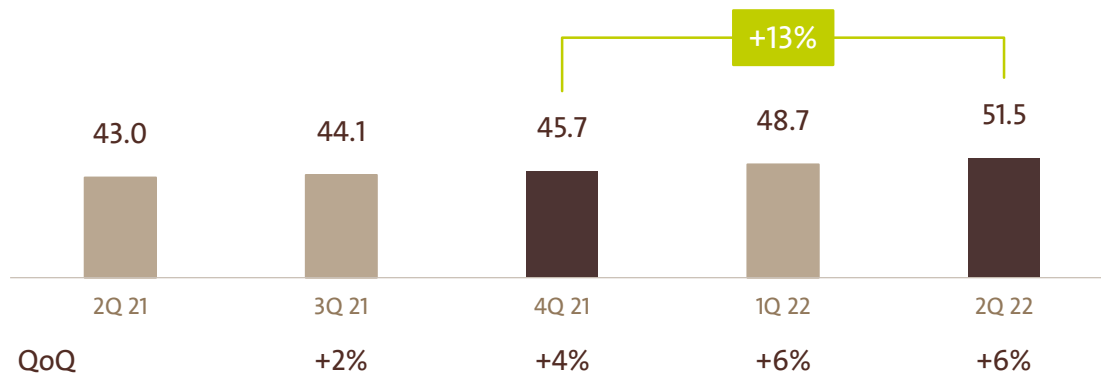
Strong income and net income growth

SAR (mn)	1H 2022	1H 2021	Δ%	2Q 2022	2Q 2021	Δ%
Income from investments and financing, net	438	314	+40%	214	163	+31%
Investment-related income	241	135	-78%	147	81	-82%
Fees from services & other income	130	79	+64%	50	40	+24%
Total operating income	809	528	+53%	411	284	+45%
Total operating expenses	138	96	+43%	60	43	+40%
Total charges/(reversals) for impairments	1	2	+54%	(1)	5	-127%
Net operating income	670	430	+56%	353	237	+49%
Share of loss from an associate and joint venture	0	(4)	-101%	2	(0)	-978%
Income before Zakat	670	425	+58%	355	236	+50%

Investments (SARbn)



Treasury Assets (SARbn)



Management Commentary

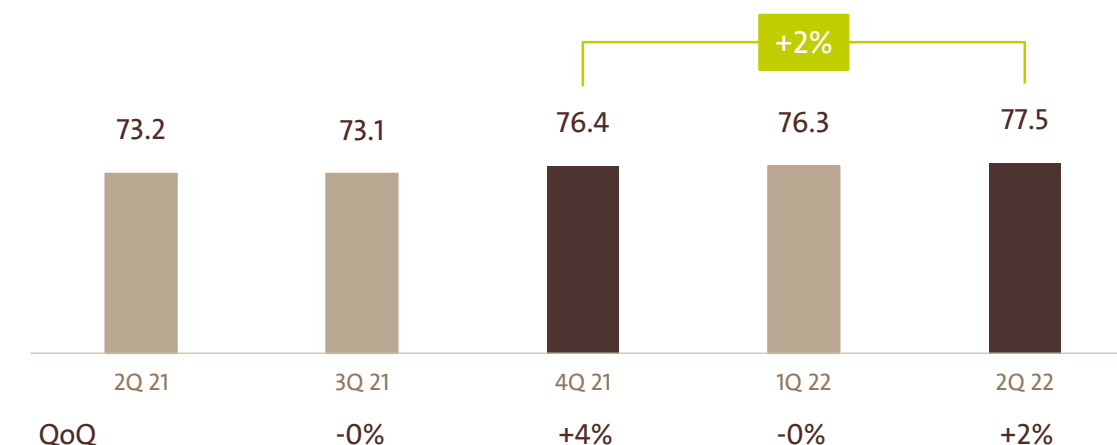
- Treasury operating income rose by 53% YoY to SAR 809mn in 1H 2022 from strong improvements in both funded (+40%) and fee income (+64%).
- This strong income growth drove a 58% improvement in net income YoY.
- Treasury assets rose by 13% during 1H 2022 to SAR 51.5bn, driven by 13% growth in the investment portfolio to SAR 37.7bn.

Segmental Performance – Investments & Brokerage

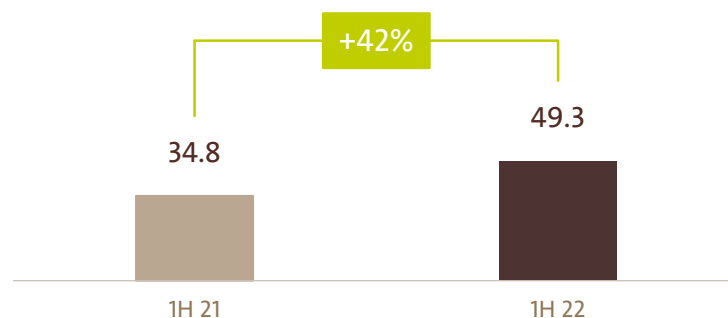
Modest income growth and lower expenses driving strong net income growth in 1H 2022

SAR (mn)	1H 2022	1H 2021	Δ%	2Q 2022	2Q 2021	Δ%
Income from investments and financing, net	46	44	+5%	23	23	-2%
Fees from services & other income	320	308	+4%	144	148	-3%
Total operating income	366	351	+4%	167	171	-3%
Total operating expenses	124	114	+9%	80	80	-0%
Income before Zakat	247	237	+4%	92	91	+1%

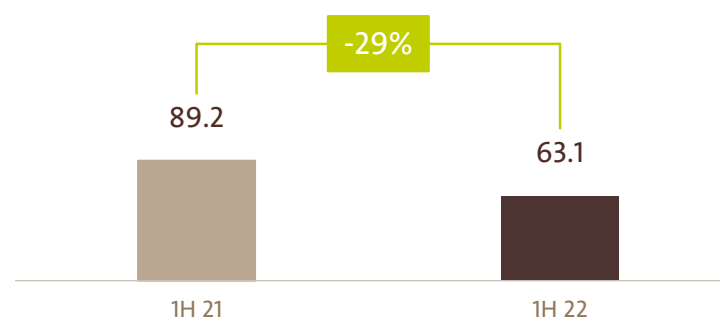
Assets Under Management (SARbn)



Brokerage Trading Income (SARmn)



Brokerage Trading Values (SARbn)



Management Commentary

- Investment and brokerage (I&B) operating income rose by 4% YoY to SAR 366mn from modest growth in both funded and non-funded income.
- I&B net income increased 4% YoY from higher income despite a 9% increase in expenses.
- Brokerage trading income for 1H 2022 rose by 42% despite a 29% reduction in brokerage trading values YoY, while AUM increased by 6% YoY.

Outlook & Guidance

2Q 2022

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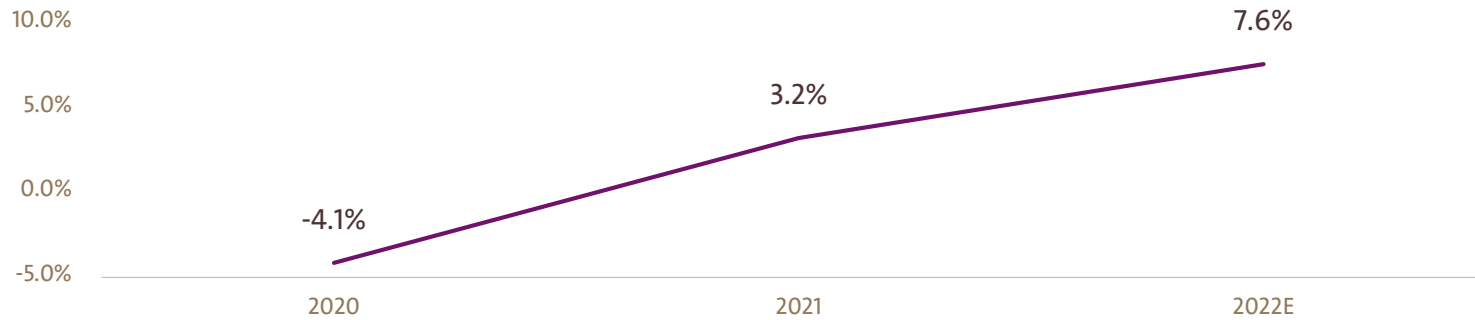


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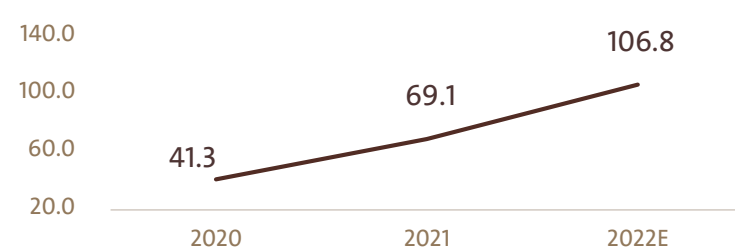
Economic Outlook

Improving economic outlook supportive for the banking sector, despite the rise of political tensions and Covid risks remaining

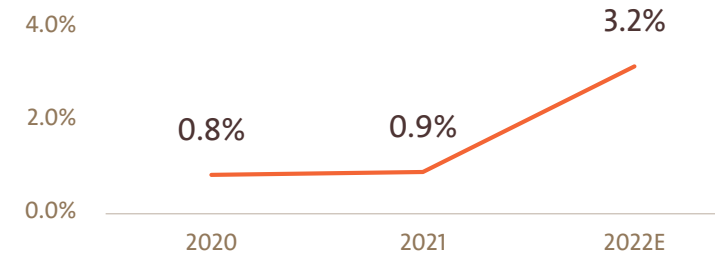
Real GDP Growth (%)



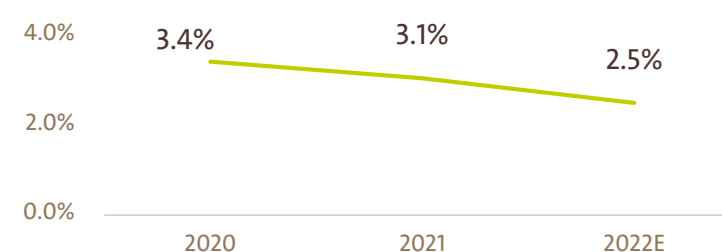
Composite* Oil Price Avg / Barrel (USD)



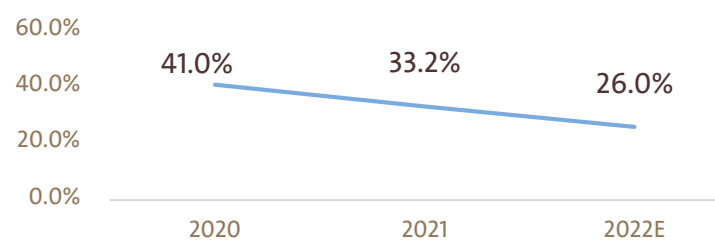
3M Average SAIBOR (%)



Inflation (%)



Government Expenditures % of GDP (%)



Further rebound in real GDP growth

The KSA economy is expected to grow by 7.6% in 2022; this projection is however heavily reliant on the positive oil price outlook and the ability of the country to ramp up its expansion plans despite further outbreaks and rising political tensions.

Vision 2030 expansion plans back on track

Alongside an economic recovery, Vision 2030 plans are expected to accelerate.

Stabilization of oil prices

Following a year of strong recovery of oil prices, the average price for the composite index is expected to grow to ~\$106.8 / barrel due to the political tensions in 1Q 2022 that will support economic growth.

Rise in SAIBOR rates

3M average SAIBOR rates are expected to see a major rise to 3.2% in 2022 from 0.9% average in 2021.

Declining inflation and government expenditures

Inflation is expected to decline to 2.5% in 2022 from the 3.1% level in 2021; government expenditures are expected to remain above 25% of GDP in 2022.

Guidance

2022 outlook remains promising. Revised guidance for NPM and financing growth

		1H 2022A	Drivers	2022G	
Balance Sheet	Financing Growth	+10% YoY	Strong Mid-Corp, SME & Retail growth from strategic initiatives; modest growth on large corporate given expected pricing competition	Low teens	↓
	Net Profit Margin	3.42% +5bps YoY	Rising rates and strong funding mix supportive of improving margin	+20bps to +25bps	↑
Profitability	Cost to Income Ratio	34.9%	Growth in income, digitization & process optimization driving efficiencies, partly offset by strategic investments	Below 35%	-
	Return on Equity	13.4%	Improving NPM, efficiency and COR driving improving ROE	Above 13%	-
Asset Quality	Cost of Risk	0.74%	Cautiously expecting stable credit quality and NPL coverage, leading to COR moderation	65-75bps	-
Capital	CET1	17.4%	Increasing RWAs from strong expected financing growth	16%-17%	-

Appendix

2Q 2022

ESG in Action

Alinma is progressing on key initiatives to drive the ESG agenda and enhance its ratings



Deployment of **digital channels and digital signatures** to reduce paper; 87 new digital zones



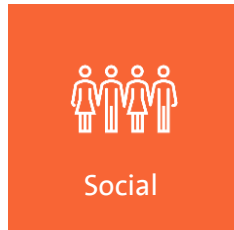
Energy efficient lighting are now in all branches. Planning to extend to Head Office



Air conditioning timers installed in few branches; 20% reduction in electricity usage



Renewable (solar) energy sources piloted across regions



+38,000 **employee training hours** and +4 **employee townhalls** conducted YTD



1% of annual profit allocated to **CSR activities**



1st KSA bank to sign the **Women's Empowerment Principles (WEPs)**; 39% **new women hires** in 2Q 22



Community focus with growth YoY in **SME financing** from Kafalah (+37%) and PoS (+148%) programs



Shariah compliance through regular internal audits and committee oversight



SAMA and CMA compliance in regulatory & financial disclosures and adoption of internal controls

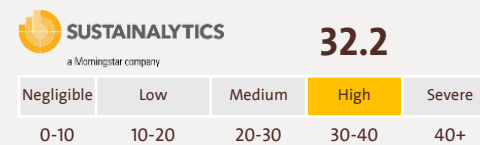
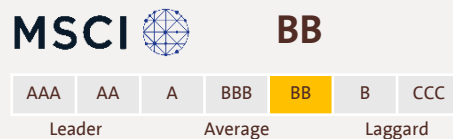


Institutionalization of the **investor relations function** with enhanced transparency & investor communication



Cybersecurity monitoring and initiatives which cover data governance and protection

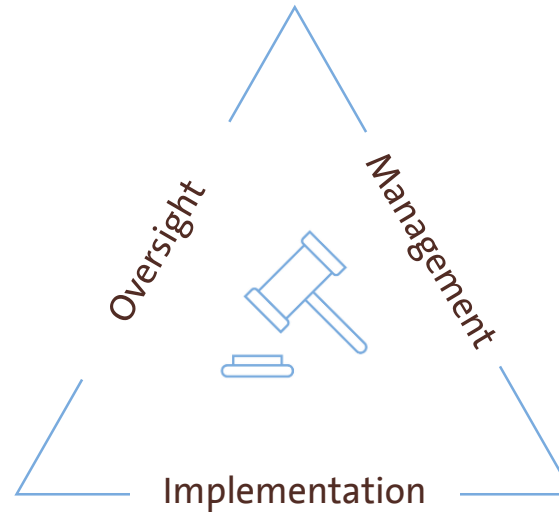
Latest ESG Ratings



In 2Q 2022 Alinma BoD formed a Governance and Sustainability committee to oversee the ESG framework and progress

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 & opportunities, stakeholder engagement, programs & sustainability



Alinma's management team manages the implementation of the overall ESG strategy and integration into the bank's 2025 long-term strategy

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

Committee Members



Saad Abdulaziz Al Kroud
Committee Chairman



Ahmed Abdullah Al Alsheikh
Committee Member



Saud bin Mohammad Al Nemer
Committee Member

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