

Operating Review
Treasury Group



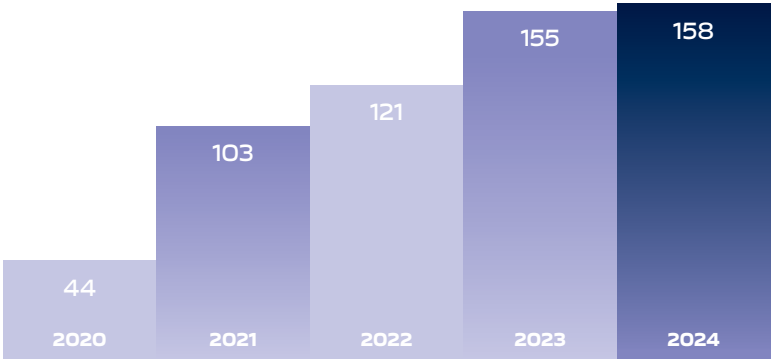
Treasury team successfully arranged alinma's first-ever USD-denominated AT1 issuance of USD 1 billion.



alinma's Treasury division has emerged as a cornerstone of innovation and growth, driving the Bank's strategic vision and reinforcing its leadership in Saudi Arabia's financial landscape. Since the commencement of the Bank's 2025 Strategy, Treasury has consistently delivered transformative solutions, advanced operational capabilities and expanded its product offerings to meet the evolving needs of its clients. Guided by a commitment to excellence and powered by cutting-edge technologies, the division has solidified its position as a trusted partner for corporate clients and financial institutions while achieving significant milestones that reflect its contribution to alinma's overall success.

Over the past four years of the 2025 Strategy, the Treasury division of alinma has demonstrated its commitment to innovation, growth and excellence in financial services, implementing the Bank's strategic vision in line with Saudi Arabia's economic objectives, encapsulated in Vision 2030. Underpinning the performance over this period was the adoption and implementation of the first phase of MUREX, a leading treasury system renowned for its robust capabilities and industry reputation.

Total agreements tailored to the Bank and clients



MUREX has had a transformative impact on alinma's Treasury division, enabling it to significantly enhance its product infrastructure and operational capabilities. It facilitated comprehensive coverage of complex products while also enhanced its risk management monitoring. In the fast-moving environment of treasury operations, it was also fundamental to the division's roll out of real-time processing. This advanced system delivered seamless scalability, allowing Treasury to handle high transaction volumes efficiently while minimizing operational challenges.

The chosen Treasury partner for Saudi corporate clients

Treasury's strategic focus in 2024 encompassed several key areas, including positioning itself as a core partner for corporate clients for their hedging and investment needs; growing the product range to offer a comprehensive value proposition; and achieving ₪ 21 billion in hedging products traded.

The division also focused on expanding the financial institution (FI) customer franchise with dedicated coverage teams and maintaining and evolving a high-quality asset and liability management function. It concentrated on optimizing the

balance sheet by growing quality liquid assets and diversifying funding sources, and continuously innovating treasury products to meet evolving market demands.

Delivering key milestones

During 2024, the Treasury team successfully arranged alinma's first-ever USD-denominated AT1 issuance of USD 1 billion, which was oversubscribed, reflecting strong investor confidence in the Bank.

Treasury executed bilateral financing with domestic and international banks of USD 300 million, and it established and activated a fully-fledged derivatives desk in line with its strategic growth initiatives. Additionally, the division arranged a cashflow hedge of ₪ 4.5 billion in anticipation of interest rate cuts and concluded structured deposit transactions amounting to ₪ 2 billion.

Treasury continued to diversify its product offerings, introducing new solutions such as unfunded cover for structured deposits. These innovations, coupled with the cross-sell initiative launched in 2022, resulted in a substantial increase in profitability and client base.

(YoY) growth

+15%

Deposits

+75%

Trade finance income

+25%

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Operating Review
Treasury Group continued

Treasury successes during the year yielded impressive results in market performance. alinma's ranking as a Primary Dealer by the National Debt Management Center improved to second place from fifth in 2023. The Bank's FX market share increased to 9% from 6.5%, despite the country's overall lower volumes of FX trades in 2024, and Treasury executed ٢٤.5 billion in FX Wa'ad and ٢٤.17 billion in profit rate swaps.

Growing customer base through cross-selling and new products

In 2022, Treasury established a cross-sell initiative with alinma's Corporate and Retail divisions, using dedicated joint visits to clients to introduce new derivatives products. As a result, the volume of products sold increased, leading to a substantial increase in profitability and the expansion of the Bank's client base.

Treasury also expanded its foreign exchange offering by introducing FX Forward and Flexi Forward products in 2022, enabling clients to hedge their FX risk and exposures in foreign currencies.

The Bank's funding base solutions were expanded with the introduction of new liquidity management products such as FX Swap, Plain Vanilla Repo and Evergreen Repo based on the innovative double Wa'ad concept in 2021. Additionally, in 2023 a senior unsecured USD-denominated SUKUK program was established, to be used when market conditions are suitable and to diversify Treasury's sources of funding.

Furthermore, Treasury incorporated tailored solutions into template agreements to attract clients and banks, resulting in a growing corporate and banking client base and higher volumes in products sold. alinma is considered a leader in Shariah-compliant variations of typically conventional products into the Saudi market in collaboration with international banks. Typical products and solutions include evergreen REPOs; REPOs to maturity; direct lending investment, and collateral investment without commodity.

Treasury's tailored in-house solutions were successful in overcoming transactional challenges that arose as a result of expanding its product offering. These included the late payments solution, which compensated the Bank for costs arising from late payments, as well as collateral investment to permit the Bank to earn returns on cash collateral balances.

The adoption of an enhanced confirmation and communication process this year minimized the effort associated with deal execution. Furthermore, alinma introduced benchmark optionality, by adding caps, floors and ranges on the benchmark to enhance yields and attract more long-term deposits. Treasury also added periodic and floating payment options last year to the repo double Wa'ad product to avail new funding mechanisms and attract new international banks.

Raising the bar with MUREX 2

During 2024, Treasury successfully implemented and deployed the second phase of MUREX, further consolidating its position as an innovator in the Kingdom's sophisticated financial sector.

The functionality offered by the new MUREX phase allowed Treasury to enhance the complexity and variety of its current products as well as providing the opportunity to offer 11 new Over the Counter derivatives solutions that have been successful in meeting the evolving needs of the Bank's clients.



New Over the Counter Treasury solutions

- 1. Cross Currency SWAP
- 2. Structured Deposit Collared rate
- 3. Structure Deposit Range accrual
- 4. PRS Collared rate
- 5. PRS Range accrual to cover float vs. float
- 6. PRS CapFloor
- 7. TRF FX
- 8. TRF FX EKI
- 9. TRF FX KO Barrier
- 10. Equity-linked Structured Deposit
- 11. Commodity-linked Structured Deposit

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Maintaining momentum in 2025

Looking ahead to next year, Treasury has several ambitious objectives and initiatives. These include offering a full suite of customized derivatives products to the Bank's customers, including commodities hedging, FX options, commodities and equities options.

Treasury also intends to finalize the development and deployment of several products, including target redemption forward in FX, cross-currency swap for hedging and deposits linked to indices.

Additionally, the Bank plans to become a member of Muqassa, the clearing house of the Saudi Tadawul Group, to enhance available funding sources.

These strategic initiatives underscore Treasury's commitment to maintaining its position as a leader in financial innovation and service excellence in Saudi Arabia and beyond. With its continued focus on technological advancement, product innovation and market expansion, alinma's Treasury division is well-positioned to meet the evolving needs of its clients and contribute to the Bank's overall growth and success in the coming years.