2Q 2026 FIRST TAKE

Alinma Bank

July 22, 2026

Strong lending momentum, but higher provisions weigh on earnings

Last Price: SAR 23.5 | YoY Performance: 9.0%

KEY TAKEAWAYS

- Alinma Bank (ALINMA) posted a net profit of SAR 1,595.2 mn for 2Q26 (+1.4% YoY, -5.0% QoQ), 4.4% below our estimate, driven by higher than expected provisioning (33.1% above our estimate). The modest headline growth masks strong operating momentum, as a 6.2% YoY rise in operating income was largely absorbed by a 42.2% YoY increase in impairment provisioning.
- Alinma Bank also announced a cash dividend of SAR 0.25/share for 2Q26, take the 1H26 payout ratio to 50.9%.
- Net interest income grew 12.2% to SAR 2,549.9 mn, in line with our estimate (-0.4% variance), driven mainly by 11.6% YoY loan growth. NIMs held broadly stable at 3.4% (+4 bps YoY).
- Non-interest income of SAR 578.5 mn was in line with our estimate (+0.2% variance), but fell 14.3% YoY (+8.2% QoQ).
- Impairment charges jumped 42.2% YoY and 156.9% QoQ to SAR 400 mn, running 33.1% above our estimate and lifting cost of risk to 66 bps. We read this as a potentially prudent provisioning stance amid regional uncertainty.
- Opex growth of 3.5% YoY to SAR 949.8 mn lagged the 6.2% rise in operating income during 2Q26. Cost-to-income ratio declined by 77 bps YoY to 30.4%. Notably, cost-to-income ratio came in 78 bps below our estimate of 31.1%.
- Loans grew 11.6% YoY to SAR 243.9 bn (1.4% below our estimate) while deposits rose a slower 6.7% YoY to SAR 245.3 bn, pushing the headline LDR 439 bps higher YoY to 99.5%.
- Based on our last update, we maintain a 'Neutral' stance on the stock, with a target price of SAR 27.9/share. The stock is currently trading at a 2026e P/E and P/B of 11.9x and 1.8x, respectively.

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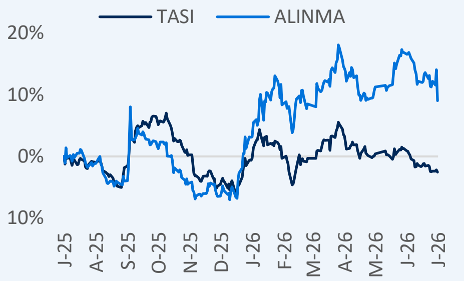
Issuer Information

Bloomberg Code	**ALINMA AB**
Last Price (SAR)	**23.5**
No of Shares (mn)	**3,000**
Market Cap bn (SAR/USD)	**70.5 / 18.8**
52-week High / Low (SAR)	**25.5 / 20.0**
12-month ADTV (mn) (SAR/USD)	**144.5 / 38.5**
Free Float (%)	**90.0**
Foreign Holdings (%)	**13.5**

Last price as of July 21st, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	2Q26A	2Q26E*	Var (%)	2Q25A	YoY (%)	1Q26A	QoQ (%)
Net Interest Income	2,550	2,561	-0.4	2,272	12.2	2,475	3.0
Non-Interest Income	579	577	0.2	675	-14.3	535	8.2
Total Income	3,128	3,138	-0.3	2,947	6.2	3,010	3.9
Operating expenses	(950)	(977)	-2.8	(917)	3.5	(982)	-3.3
Impairment provisions	(400)	(300)	33.1	(281)	42.2	(156)	156.9
Net Income	1,595	1,668	-4.4	1,573	1.4	1,679	-5.0
Adj. EPS	***0.50***	***0.50***		***0.51***		***0.48***	
Assets	329,287	330,779	-0.5	297,216	10.8	324,291	1.5
Investments	56,617	54,061	4.7	51,640	9.6	52,150	8.6
Loans & Advances	243,911	247,402	-1.4	218,596	11.6	238,325	2.3
Deposits	245,254	241,405	1.6	229,944	6.7	239,604	2.4
Total Equity	50,125	55,224	-9.2	44,775	11.9	49,603	1.1
NIM (%) - annualized	3.4	3.4	1 bps	3.4	4 bps	3.4	1 bps
Operating cost to income (%)	30.4	31.1	-78 bps	31.1	-77 bps	32.6	-228 bps
Provision/Loans (bps)	66.4	49.5	17 bps	52.6	14 bps	26.6	40 bps
Simple LDR (%)	99.5	102.5	-303 bps	95.1	439 bps	99.5	-1 bps
Assets to Equity (x)	6.6	6.0	9.7	6.6	-1.0	6.5	0.5

**anbc estimates*
Source: Company Financials, anbc research

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