



Profitability supported by balance sheet expansion

Rating: Overweight | Target Price: SAR 33

October 21, 2025

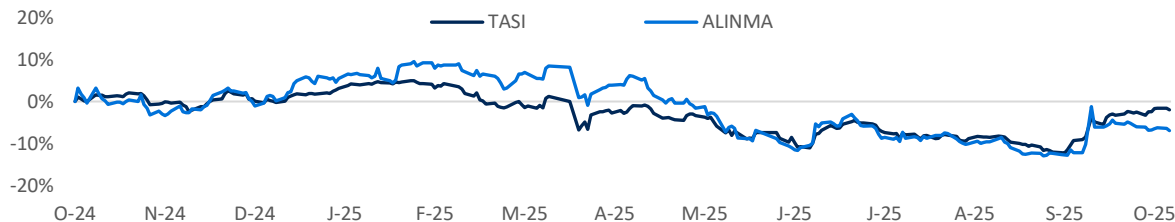
Market Data		Valuations	2024A	2025E	2026E	2027E
Last Price (SAR)*	26.2	Net Income (SAR bn)	5.5	5.8	6.1	6.4
Target Price (SAR)	33	Adj. EPS (SAR)	2.2	2.3	2.4	2.6
Upside / Downside (%)	25%	PER (x)	11.9	11.3	10.7	10.2
Market Cap (bn) (SAR/USD)	66/18	P/BV (x)	2.0	1.8	1.7	1.6
52 week High / Low (SAR)	31/25	DPS (SAR)	1.1	1.2	1.2	1.3
12-month ADTV (mn) (SAR/USD)	168/45	Div. Yield (%)	4.0	4.5	4.6	4.9
YTD Return (%)	-9.5%	RoAE (%)	18.8	18.4	18.3	17.7
Bloomberg Code	ALINMA AB	RoAA (%)	2.1	1.9	1.9	1.8

*last price as of 21 Oct 2025

Financials (SAR mn)	3Q25A	3Q25E*	Var (%)	3Q24A	YoY (%)	2Q25A	QoQ (%)
Net Interest Income	2,365	2,363	0	2,220	7	2,272	4
Non-Interest Income	600	623	-4	595	1	675	-11
Total Income	2,965	2,987	-1	2,815	5	2,947	1
Operating expenses	(932)	(900)	4	(852)	9	(917)	2
Impairment provisions	(256)	(315)	-19	(209)	23	(281)	-9
Net Income	1,592	1,596	-0	1,571	1	1,573	1
Adj. EPS	0.57	0.58		0.56		0.61	
Assets	307,214	306,907	0	266,983	15	297,216	3
Investments	52,150	52,444	-1	46,938	11	51,639	1
Loans & Advances	225,684	226,290	0	195,895	15	218,596	3
Deposits	234,623	238,643	-2	209,140	12	229,944	2
Total Equity	47,469	49,225	-4	41,158	15	44,775	6
NIM (%) - annualized	3.4	3.4	1 bps	3.6	-26 bps	3.4	1 bps
Operating cost to income (%)	31	30	132 bps	30	117 bps	31	32 bps
Provision/Loans (bps)	37	45	-8 bps	34	2 bps	42	-5 bps
Simple LDR (%)	96	95	137 bps	94	252 bps	95	113 bps
Assets to Equity (x)	6.5	6.2	4	6.5	0	6.6	-3

*anbc estimates

Price Performance



Source: Tadawul, Bloomberg and anbc research

Alinma Bank (ALINMA AB) reported a net profit of SAR 1.6 bn (Adj. EPS: SAR 0.57) in 3Q25, up 1% YoY and QoQ. Total operating income rose by 5% YoY, driven by a 7% YoY growth in net interest income, despite a 26 bps YoY decline in NIM. However, net profit remained flat on YoY basis due to 9% YoY growth in operating expenses and 23% YoY increase in impairment provision during the quarter. Importantly, net income aligned with our projections. We continue to hold an Overweight rating on the stock.

- Net interest income for 3Q25 arrived at SAR 2.4 bn, up 6.5% YoY and 4.1% QoQ, due to volumetric growth in financing and investments. The growth in net interest income was led by a 5.0% YoY growth in net interest income from financing to SAR 2.0 bn and 17.0% YoY increase in net interest income from investments to SAR 328.4 mn. NIM declined 26 bps YoY to 3.4% during the quarter, while it remained flat on a sequential basis (+1 bp QoQ).
- Non-interest income remained flat YoY at SAR 600.1 mn during 3Q25, with a meagre increase of 0.9% YoY. However, non-interest income declined 11.1% QoQ from SAR 674.8 mn, due to lower fee, exchange, and FVIS income.
- Operating expenses during the quarter were recorded at SAR 932.4 mn, up 9.4% YoY. Operating cost to income ratio rose 117 bps YoY to 31.5% in 3Q25. On a sequential basis, operating expenses rose 1.7% QoQ, resulting in 32 bps QoQ increase in operating cost to income ratio from 31.1% in 2Q25.
- Impairment provisions increased 22.8% YoY to SAR 256.3 mn for 3Q25 mainly due to a growth in financing and investment portfolios. However, impairment provision declined 8.9% QoQ from SAR 281.3 mn in 2Q25 due to on-boarding of better-quality assets.
- Total assets at the end of 3Q25 amounted to SAR 307.2 bn, up 15.1% YoY and 3.4% QoQ. This growth in assets was driven by 15.2% YoY growth in loans to SAR 225.7 bn and 11.1% YoY increase in investments to SAR 52.2 bn. NPL ratio at the quarter end stood at 1.2%, up 42 bps YoY, while NPL coverage declined to 158.2% in 3Q25 compared to 245.2% in 3Q24.
- Deposits for 3Q25 arrived at SAR 234.6 mn, up 12.2% YoY and 2.0% QoQ. LDR rose 252 bps YoY (+113 bps QoQ) to 96.2% in 3Q25 from 93.7% in 3Q24.
- The bank is pursuing a high growth strategy due to a relatively low LDR levels. We expect the bank's balance sheet expansion to continue on the back of elevated corporate loan appetite. Moreover, the aggressive growth strategy would push the opex requirements upward. We have an Overweight rating with a target price of SAR 33/share. The stock is currently trading at 2025e PER 11.3x and PBV of 1.8x.

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