

Alinma Bank

Balance sheet growth continues to support profitability

Rating: Overweight | Target Price: SAR 33

January 29, 2026

Market Data		Valuations	2025A	2026F	2027F	2028F
Last Price (SAR)*	28.5	Net Income (SAR bn)	6.4	6.9	7.4	7.8
Target Price (SAR)	33	Adj. EPS (SAR)	2.4	2.5	2.7	2.8
Upside / Downside (%)	16.3	PER (x)	12.0	11.4	10.7	10.0
Market Cap (bn) (SAR/USD)	71.2/19.0	P/BV (x)*	1.5	1.3	1.2	1.1
52 week High / Low (SAR)	31.3/23.9	DPS (SAR)**	1.2	1.3	1.4	1.5
12-month ADTV (mn) (SAR/USD)	161.0/42.9	Div. Yield (%)**	4.3	4.6	4.9	5.2
YTD Return (%)	16.8	RoAE (%)	14.3	13.5	13.2	13.0
Bloomberg Code	ALINMA AB	RoAA (%)*	2.2	2.0	2.0	1.9

*last price as of 29 Jan 26

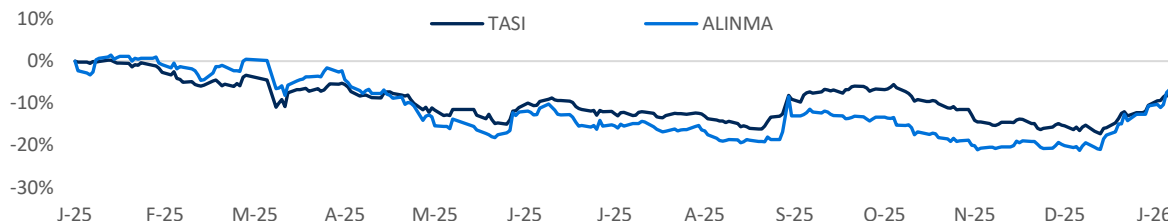
*Calculated using total equity

**DPS for 2025 is expected as 4Q dividend hasn't been announced yet

Financials (SAR mn)	4Q25A	4Q25E*	Var (%)	4Q24A	YoY (%)	3Q25A	QoQ (%)
Net Interest Income	2,457	2,429	1.2	2,266	8.5	2,365	3.9
Non-Interest Income	723	605	19.6	549	31.7	600	20.5
Total Income	3,180	3,034	4.8	2,815	13.0	2,965	7.3
Operating expenses	(960)	(901)	6.5	(864)	11.2	(932)	3.0
Impairment provisions	(296)	(264)	12.2	(249)	18.7	(256)	15.5
Net Income	1,724	1,676	2.8	1,529	12.7	1,592	8.3
Adj. EPS	0.65	0.62		0.47		0.57	
Assets	311,067	322,839	-3.6	276,827	12.4	307,214	1.3
Investments	56,623	59,490	-4.8	48,625	16.4	52,150	8.6
Loans & Advances	229,747	233,122	-1.4	202,308	13.6	225,684	1.8
Deposits	227,374	242,126	-6.1	210,545	8.0	234,623	-3.1
Total Equity	48,241	48,267	-0.1	41,442	16.4	47,468	1.6
NIM (%) - annualized	3.5	3.4	9 bps	3.6	-16 bps	3.4	5 bps
Operating cost to income (%)	30.2	29.7	49 bps	30.7	-49 bps	31.4	-126 bps
Provision/Loans (bps)	52.0	46.0	6 bps	50.1	2 bps	46.2	6 bps
Simple LDR (%)	101.0	96.3	476 bps	96.1	496 bps	96.2	485 bps
Assets to Equity (x)	6.4	6.7	-3.6	6.7	-3.5	6.5	-0.4

*anbc estimates

Price Performance



Source: Tadawul, Bloomberg and anbc research

Alinma Bank (ALINMA AB) reported a net profit of SAR 1.7 bn (Adj. EPS: SAR 0.65) in 4Q25, up 13% YoY and 8% QoQ. The growth was driven by an 8% YoY rise in net interest income and 32% YoY growth in non-interest income. Profitability was further supported by improving cost efficiency, with cost to income ratio declining 49 bps YoY to 30.2% during 4Q25. Along with result, bank has announced a bonus issue of 1:5, which will increase the bank's total outstanding shares to 3.0 bn. We maintain an Overweight stance on the stock.

- Net interest income for 4Q25 arrived at SAR 2.5 bn, up 8.5% YoY and 3.9% QoQ, taking the 2025 net interest income to SAR 9.4 bn, up 8.4% YoY. The growth during the year was driven by a 6.9% YoY increase in net interest income from financing to SAR 8.1 bn, while net interest income from investments rose by 19.2% to SAR 1.3 bn. NIM during 4Q25 recorded a 5 bps QoQ increase to 3.5%, though they declined 16 bps YoY, given the decline in interest rates. For the full year, NIM arrived at 3.4%, down 20 bps YoY, in line with the bank's guidance of 10 to 20 bps YoY decline in NIM.
- Non-interest income during the quarter was recorded at SAR 723.1 mn, up 31.7% YoY (+20.5% QoQ). For 2025, non-interest income rose to SAR 2.5 bn, up 10.4% YoY, led by growth in fee income, FVIS and other operating income.
- During 4Q25 operating expenses amounted to SAR 960.1 mn, up 11.2% YoY and 3.0% QoQ. Operating cost to income ratio improved to 30.2% during the quarter, compared to 30.7% in 4Q24 and 31.4% in 3Q25. For 2025, operating expenses rose 9.8% YoY to SAR 3.7 bn, with operating cost to income ratio arriving at 31.2% (+27 bps YoY). Operating cost to income came in slightly above the bank's 2025 guidance of below 31.0%.
- Impairment provisions increased 18.7% YoY to SAR 296.2 mn (+15.5% QoQ) mainly due to a growth in financing and investment portfolios. For the full year, impairment provisions amounted to SAR 1,060.1 mn (+1.0% YoY), with cost of risk at 49 bps, in line with management guidance of 40-50 bps.
- As of Dec-25, the bank recorded total assets of SAR 311.1 bn, up 12.4% YoY, supported by 16.4% increase in investments to SAR 56.6 bn. Furthermore, financing grew to SAR 229.7 bn (+13.6% YoY) driven primarily by growth in corporate loans. Financing growth was in line with the guidance of mid-teens. Deposits for 2025 arrived at SAR 227.4 bn, up 8.0% YoY, driven by 15.5% YoY growth in time deposits. Headline LDR rose 496 bps YoY to 101.0% as of Dec-25 from 96.1% in 2024.
- Given the bank's high growth strategy, we expect the bank's balance sheet expansion to continue on the back of elevated corporate loan appetite, particularly from SMEs. We have an Overweight rating with a target price of SAR 33/share. The stock is currently trading at 2026f P/E 11.4x and P/BV of 1.3x.

Abdulah M. Alotaibi

Abdulah.Alotaibi@anbcapital.com.sa

+966 11 4062500 Ext. 8851

anbcapital

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Contact

ANB Capital Head Office

3581 Al Mouyyad Al Jadid, Al Murabba, Riyadh 11311,

PO Box 22009, Kingdom of Saudi Arabia

Tel: +966 11 406 2500, 800 124 0055

Email: research@anbcapital.com.sa

Web: www.anbcapital.com.sa