1Q26 RESULT REVIEW

Alinma Bank

27 April 2026

Alinma Bank (ALINMA AB) posted a net profit of SAR 1,678.5 mn (Adj. EPS: SAR 0.48) in 1Q26, up 11.3% YoY (-2.6% QoQ). The result came in line with our estimates of SAR 1,685.7 mn (variance of -0.4%). The bank reported an 8.4% YoY uptick in net-interest income, while impairment provisions declined by 31.2% YoY, contributing to profitability growth. However, non-interest income remained flattish YoY (+0.7% YoY). The bank continues to post double-digit credit growth (+13.8% YoY in 1Q26). Along with its result, Alinma also announced a dividend of SAR 0.25/share for 1Q26. We revise our stance from 'Overweight' to 'Neutral' on the stock with a target price of SAR 27.9/share, implying a 14.1% upside from last close of SAR 24.5/share.

For 1Q26, net interest income arrived at SAR 2.5 bn, up 8.4% YoY (+0.7% QoQ). The annual growth was primarily due to double digit growth across investment and loan portfolios (increasing 16.5% YoY and 13.8% YoY, respectively). The increase in net interest income was partially offset by decline in asset yields from 6.4% in 1Q25 to 6.1% in 1Q26. Resultantly, NIMs fell 12 bps YoY to 3.4% during the quarter.

Non-interest income stood at SAR 534.6 mn in 1Q26, down 26.1% QoQ and flattish YoY (+0.7%). The sequential drop was due to lower fee, FVIS, exchange, and other operating income. Resultantly, total operating income fell 5.4% QoQ to SAR 3.0 bn. On an annual basis, the flattish trend in non-interest income reflected a decline in fee, exchange, and other operating income, though partially offset by higher FVIS income.

Operating expenses during 1Q26 rose by 8.6% YoY to SAR 982.5 mn (+2.3% QoQ). The higher growth in opex as compared to operating income resulted in a 48 bps YoY and 246 bps QoQ uptick in cost to income ratio to 32.6% during the quarter. However, impairment provisions during 1Q26 declined by 31.2% YoY and 47.4% QoQ to SAR 155.7 mn, due to better-quality assets acquired during the quarter and collection of recoveries from previously written-off accounts.

Alinma posted double digit YoY growth in loans and investments. Loan book increased by 13.8% YoY (+3.7% QoQ) to SAR 238.3 bn, while investments rose by 16.5% YoY (+10.5% QoQ) to SAR 57.6 bn. Deposits grew at a relatively slower pace of 9.5% YoY to SAR 239.6 bn, pushing headline LDR up 376 bps YoY to 99.5%.

Alinma's focus on balance sheet expansion, with concentration on expanding SME and corporate lending is expected to support profitability. With a 2026e P/E and P/B of 11.6x and 1.8x, respectively, we have a 'Neutral' stance on the stock.

Financials (SAR mn)	1Q26A	1Q26E*	Var (%)	1Q25A	YoY	4Q25A	QoQ
Net Interest Income	2,475	2,549	-2.9	2,283	8.4	2,457	0.7
Non-Interest Income	535	579	-7.6	531	0.7	723	-26.1
Total Income	3,010	3,127	-3.8	2,814	7.0	3,180	-5.4
Operating expenses	-983	-944	4.1	-905	8.6	-960	2.3
Impairment prov.	-156	-302	-48.4	-226	-31.2	-296	-47.4
Net Income	1,679	1,686	-0.4	1,508	11.3	1,724	-2.6
Adj. EPS	***0.48***	***0.52***		***0.45***		***0.54***	
Assets	324,291	315,680	2.7	287,222	12.9	311,067	4.3
Investments	57,604	57,449	0.3	49,457	16.5	52,150	10.5
Loans & Advances	238,325	233,934	1.9	209,435	13.8	229,747	3.7
Deposits	239,605	230,035	4.2	218,839	9.5	227,374	5.4
Total Equity	49,603	51,288	-3.3	42,952	15.5	48,241	2.8
NIM (%) - annualized	3.4	3.5	-12 bps	3.5	-12 bps	3.5	-8 bps
Op. cost to inc. (%)	32.6	30.2	246 bps	32.2	48 bps	30.2	246 bps
Provision/Loans (bps)	26.6	52.1	-25 bps	44.0	-17 bps	52.0	-25 bps
Simple LDR (%)	99.5	101.7	-223 bps	95.7	376 bps	101.0	-158 bps
Assets to Equity (x)	6.5	6.2	6.2	6.7	-2.2	6.4	1.4

*anbc estimates

Source: Tadawul, anbc research

RATING SUMMARY — NEUTRAL

Target Price (SAR)	27.9
Upside/Downside (%)	14.1
Div. Yield (%)	4.2
Total Exp. Return (%)	18.3

Source: Company financials, anbc research

ISSUER INFORMATION

Bloomberg Code	ALINMA AB
Last Price (SAR)	24.5
No of Shares (mn)	3,000
Market Cap bn (SAR/USD)	73.5/19.6
52-week High / Low (SAR)	25.5/20.0
12-month ADTV (mn) (SAR/USD)	156.0/41.6

Close of 26th April, 2026

VALUATIONS

	2025	2026e	2027f	2028f
EPS (SAR)	2.0	2.1	2.2	2.4
PER (x)	12.5	11.6	10.9	10.0
PBV (x)	2.1	1.8	1.7	1.6
DPS (SAR)	0.7	1.0	1.1	1.2
Div. Yield (%)	3.1	4.2	4.6	5.0
RoAE (%)	17.2	16.8	16.2	16.3
RoAA (%)	2.2	2.1	2.1	2.0

Source: Company financials, anbc research

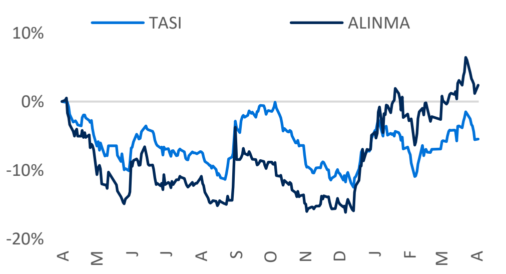
FINANCIALS (SAR bn)

	2025	2026e	2027f	2028f
Oper. Income	11.9	13.0	13.7	14.8
Provisions	1.1	1.3	1.4	1.5
Net Income*	5.9	6.3	6.7	7.3
Investments	56.6	59.5	63.7	66.6
Loans	229.7	255.2	282.5	310.8
Deposits	227.4	249.9	275.5	301.7
NIM (%)	3.5	3.4	3.3	3.3

*After Sukuk cost

Source: Company financials, anbc research

RELATIVE PRICE PERFORMANCE



Source: Bloomberg, anbc research

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Expected return is more than +15%	Expected return is between +15% & -10%	Expected return is lower than -10%

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