

Results came in slightly above expectations on stronger non-yield income; trades at attractive 2026e PB of 1.8x

Alinma posted earnings of SAR 1,724mn in Q4-25, up 12.7% Y/Y, Q4-25 net income was slightly above AJBC and consensus estimate of SAR 1,617/1,621mn +6.6/6.3%, respectively. The deviation is mainly owed to above expected increase in non-funded income. Along with the result bank announced 20% increase in capital through bonus shares. The Y/Y improvement in earnings is driven by 8.5% Y/Y growth in Net Special Commission Income (NSCI) and 31.7% Y/Y expansion in non-yield income. The cost-to-income ratio increased to 30.2% in Q4-25 as compared to 29.6% in Q4-24. Cost of risk stood at 52bps in Q4-25 as compared to 50bps in Q4-24. NPL ratio stood at 0.92% in Q4-25 as compared to 1.06% in same period last year with a coverage ratio of 150.3%. Net loans were up 13.6% Y/Y (+1.8% Q/Q) to SAR 229.7bn, driven primarily by growth in corporate financing. After stock price declined by 13.2% from recent highs Alinma trades at 2026E PB of 1.8x compared to a three-year average of 2.4x. We reiterate that the reduction in NIMs would be more than compensated for by the robust loan growth. Over the medium term, Alinma is expected to deliver 2025-29 earnings CAGR of 10.2% and average ROE of 17.7%. We maintain our **"Overweight"** recommendation with TP of **SAR 32.7/share**.

- **Alinma Bank posted earnings** of SAR 1,724mn in Q4-25, up 12.7% Y/Y (up 8.3% sequentially). Q4-25 net income was slightly above AJBC and consensus estimate of SAR 1,617/1,621mn +6.6/6.3% deviation, respectively. The deviation is mainly owed to above expected increase in non-funded income (+20.6% deviation to AJBC estimates). The bank announced 20% increase in capital through bonus shares.
- The Y/Y improvement in earnings is driven by 8.5% Y/Y growth in NSCI and 31.7% Y/Y expansion in non-yield income. Overall, operating income grew by 13.0% Y/Y (+7.3% Q/Q) in Q4-25. Despite the decrease in interest rates NIMs were up 4bps Y/Y to 3.64% in Q4-25.
- **Operating expenses** (excluding debt provisions) totaled SAR 960mn up 11.2% Y/Y (+3.0% on Q/Q basis), in line with our estimates (+1.6% deviation). The cost-to-income ratio increased to 30.2% in Q4-25 as compared to 29.6% in Q4-24 (AJBC estimate 31.3%).
- **Provision expenses** increased by 17.4% Y/Y to SAR 296mn (+19.9% on a sequential basis), 9.7% above our estimate of SAR 270mn. **Cost of risk** stood at 52bps in Q4-25 as compared to 50bps in Q4-24 (deviation of +4bps to our estimate). NPL ratio stood at 0.92% in Q4-25 as compared to 1.06% in same period last year with a coverage ratio of 150.3% vs 172.2% in Q4-24.
- **Net loans** were up 13.6% Y/Y (+1.8% Q/Q) to SAR 229.7bn (+0.8% deviation), driven primarily by growth in corporate financing. Investments expanded by 16.4% Y/Y (8.6% sequentially) to SAR 56.6mn (+7.5% deviation).
- **Deposits grew** by 8.0% Y/Y (-3.1% Q/Q) to SAR 227.4bn (-4.0% deviation), driven by growth in time deposits. **The SAMA LDR** ratio stood at 82.12% in Q4-25 from 83.35% in Q4-24. Normal LDR grew to 101.0% in Q4-25 vs 96.1% in Q4-24.

AJBC view and valuation: After declining by 13.2% from recent highs Alinma trades at 2026E PB of 1.8x compared to a three-year average of 2.4x. We reiterate that the reduction in NIMs would be more than compensated for by the robust loan growth and improvement in operating efficiencies. Over the medium term, Alinma is expected to deliver 2025-29 earnings CAGR of 10.2% and average ROE of 17.7%. We maintain our **"Overweight"** recommendation with TP of **SAR 32.7/share**.

Results Summary

SAR mn	Q4-24	Q3-25	Q4-25	Change Y/Y	Change Q/Q	Deviation from AJC Estimates
Net financing & investment income	2,266	2,365	2,457	8.5%	3.9%	1.6%
Total Operating income	2,815	2,965	3,180	13.0%	7.3%	5.3%
Net Profit	1,529	1,592	1,724	12.7%	8.3%	6.6%
EPS	0.60	0.57	0.65	-	-	-

Source: Tadawul, Aljazira Capital Research, EPS adjusted for Sukuk

Recommendation	Overweight
Target Price (SAR)	32.7
Upside / (Downside)*	19.4%

Source: Tadawul *prices as of 27th January 2026

Key Financials

SARmn (unless specified)	FY23	FY24	FY25	FY26E
NSCI	7,655	8,649	9,377	10,355
Growth %	26.2%	13.0%	8.4%	10.4%
Oper. income	9,726	10,940	11,905	13,041
Growth %	22.1%	12.5%	8.8%	9.5%
Net profit	4,839	5,832	6,397	7,040
Net profit (adj for Tier 1)	4,639	5,516	5,894	6,540
Growth %	34.8%	18.9%	6.9%	11.0%
EPS (adj for Tier 1)	1.86	2.22	2.37	2.63
DPS	0.75	1.10	0.90	1.00

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25	FY26E
NIMs	3.8%	3.6%	3.5%	3.4%
P/E (x)	14.4	12.1	10.3	10.4
P/B (x)	2.6	2.0	1.7	1.8
Dividend Yield	2.8%	4.1%	3.7%	3.7%
ROA	2.1%	2.1%	2.0%	2.0%
ROE	16.5%	17.7%	17.4%	17.7%
Loans growth	18.5%	16.5%	13.6%	10.9%
Deposit growth	29.4%	12.1%	8.0%	10.7%

Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	68.5
YTD%	12.31%
52 week (High)/(Low)	31.3/23.9
Share Outstanding (mn)	2,500.0

Source: Company reports, Bloomberg, Aljazira Capital

Price Performance



Source: Bloomberg, AJBC Research

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RATING
TERMINOLOGY

1. **Overweight:** This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. **Underweight:** This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. **Neutral:** The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. **Suspension of rating or rating on hold (SR/RH):** This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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