

Alinma Bank 1Q26 Earnings Summary

Alinma delivered largely outperformed peers (who have reported) on loan growth at 4% Q/Q in 1Q26. However, it also has a higher FY26 target (low teens) than the sector. Like other banks, saw its headline LDR easing sequentially. NIM in 1Q26 came in at 4Q25 levels indicating that repricing of loans has become easier on even the corporate side.

NSCI growth of 8% was aided by volume growth, which continues to be a key Alinma story. However, the 1% increase in NII is what is the biggest outperformance vs. the sector. This was in line with the management's view that other avenues to generate additional fees, especially bank assurances and other fees, will offset the impact of the new fee regulations. While opex growth was higher than anticipated, it would likely be from investments in building AI capacities into different parts of the business.

Rating and Target Price:

We are Hold rated on Alinma with a target price of SAR 22.2 (9.5% downside).

Results vs. Consensus:

- Total income came in line with estimates.
- Net income came in line with estimates.

Key highlights

- NSCI was up 8% Y/Y and 1% Q/Q to SAR 2.48bn in 1Q26, driven by an increase of 8% Y/Y (flat Q/Q) in net financing income, and 11% Y/Y (+6% Q/Q) in net investment income.
- Reported NIM fell 16bps Y/Y but was flat Q/Q at 3.47% in 1Q26.
- NII was up 1% Y/Y to SAR 535mn led by higher trading income and lower loss on non-trading investments, partly offset by decrease in fee, other operating, dividend, and exchange income. Q/Q, NII fell 26% led by lower fee and dividend income and higher loss on non-trading investments, partially offset by increase in trading, exchange, and other operating income.
- Consequently, total operating income was 7% higher Y/Y but down 5% Q/Q to SAR 3.01bn.
- Operating expenses, ex provisions, were higher by 9% Y/Y to SAR 983mn in 1Q26 led by D&A and employee expenses, partly offset by lower premises, G&A, and other operating expenses. They were up 2% Q/Q on an increase in employee and D&A expenses, partly offset by lower premises, G&A, and other operating expenses.
- Consequently, the cost-to-income ratio (CIR), ex provisions, widened 48bps Y/Y and 246bps Q/Q to 32.6% in the quarter.
- Total provisions fell 31% Y/Y and 47% Q/Q to SAR 156mn, leading to an impairment/loans ratio of 7bps vs. 13bps in 4Q25 and 11bps in 1Q25.
- Net income was up 11% Y/Y but down 3% Q/Q to SAR 1.68bn in 1Q26.
- Lending assets increased 14% Y/Y (+4% Q/Q) to SAR 238.33bn, while customer deposits rose 9% Y/Y and 5% Q/Q to SAR 239.61bn, resulting in headline LDR widening by 376 Y/Y but easing 158bps Q/Q to 99.5%.
- Total assets were up 13% Y/Y (+4% Q/Q) to SAR 324.29bn, mainly attributed to the growth in financing and investment (+16% Y/Y, +2% Q/Q) assets.
- Core interest-earning assets accounted for 91.3% of total assets in 1Q26, up 112bps Y/Y but down 81bps Q/Q.
- Annualized RoE fell 51bps Y/Y (-76bps Q/Q) to 13.5%, while annualized RoA stood at 2.1%, down 3bps Y/Y and 15bps Q/Q in the quarter.
- Balance sheet leveraging stood at 6.5x in 1Q26 vs. 6.4x in 4Q25 and 6.7x in 1Q25.



1Q26 Snapshot:

SAR mln	1Q26	4Q25	1Q25	1Q23	Q/Q %	Y/Y %	3-yr CAGR/bps
Net income from Financing	2,125	2,128	1,969	1,521	0%	8%	12%
Net income from Investments	350	329	314	214	6%	11%	18%
Net Interest Income	2,475	2,457	2,283	1,735	1%	8%	13%
Non-Interest Income	535	723	531	445	-26%	1%	6%
Total Income	3,010	3,180	2,814	2,179	-5%	7%	11%
Operating Expenses	983	960	905	758	2%	9%	9%
Total provisions	156	296	226	343	-47%	-31%	-23%
Income before Zakat	1,872	1,922	1,681	1,081	-3%	11%	20%
Net Income	1,679	1,724	1,508	970	-3%	11%	20%
EPS	0.56	0.57	0.50	0.32	-3%	11%	20%
Assets	324,291	311,067	287,222	213,749	4%	13%	15%
Investments	57,604	56,623	49,457	39,800	2%	16%	13%
Loans & Advances	238,325	229,747	209,435	153,153	4%	14%	16%
Deposits	239,605	227,374	218,839	159,949	5%	9%	14%
Shareholders' Equity	49,603	48,241	42,952	33,164	3%	15%	14%
Annualized RoE (%)	13.54	14.29	14.04	11.70	-76 bps	-51 bps	NA
Annualized RoA (%)	2.07	2.22	2.10	1.82	-15 bps	-03 bps	26 bps
Simple LDR (%)	99.5	101.0	95.7	95.8	-158 bps	376 bps	371 bps
Assets to Equity (x)	6.5	6.4	6.7	6.4	1%	-2%	0%
Impairments to loans (%)	0.07	0.13	0.11	0.22	-6 bps	-4 bps	NA

SAR mln unless otherwise specified	1Q26	4Q25	1Q25	1Q23	Q/Q %	Y/Y %	3-yr CAGR/bps
Core Interest Earning Assets (CIEA)	295,929	286,369	258,892	192,953	3%	14%	5%
Average CIEA	291,149	282,102	254,912	188,982	3%	14%	5%
BSFC Estimated NIM (%)	3.40	3.48	3.58	3.67	-08 bps	-18 bps	-27 bps
Cost/Income (%)	32.6	30.2	32.2	34.8	246 bps	48 bps	-213 bps
CIEA to total Assets (%)	91.3	92.1	90.1	90.3	-81 bps	112 bps	98 bps

* BSFC estimate based on limited data available in results announcement

Source: Company Announcement



Rating Framework

Buy

Shares of the companies under coverage in this report are expected to outperform relative to the sector or the broader market.

Hold

Shares of the companies under coverage in this report are expected to perform in line with the sector or the broader market.

Sell

Shares of the companies under coverage in this report are expected to underperform relative to the sector or the broader market.

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(Closed Joint Stock Company Owned by Banque Saudi Fransi)

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