

■ Lower Provisions Leads Profitability Q/Q

April 22, 2021

Upside to Target Price	5.1%	Rating	Neutral
Expected Dividend Yield	2.8%	Last Price	SAR 18.08
Expected Total Return	7.9%	12-mth target	SAR 19.00

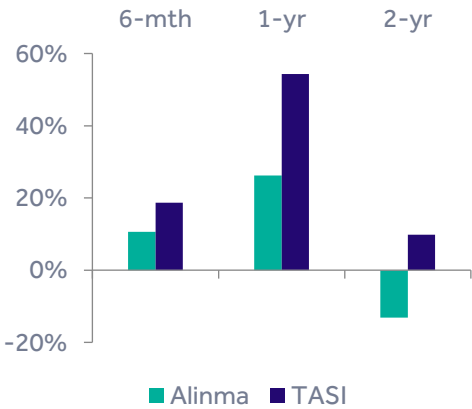
Market Data	
52-week high/low	SAR 18.42/14.04
Market Cap	SAR 36,160 mln
Shares Outstanding	2,000 mln
Free-float	99.89%
12-month ADTV	13,663,959
Bloomberg Code	ALINMA AB

Alinma Bank	1Q2021	1Q2020	Y/Y	4Q2020	Q/Q	RC Estimate
Net Financing Income	1,204	1,121	7%	1,237	(3%)	1,258
Total Operating Income	1,619	1,268	28%	1,631	(1%)	1,587
Net Income	642	370	74%	394	63%	442
Net Financing	117,149	97,784	20%	111,196	5%	114,407
Deposits	120,707	103,874	16%	119,454	1%	122,052

(All figures are in SAR mln)

- Net financing and deposits continued their uptrend, growing by 6.0 bln and SAR 1.3 bln Q/Q, respectively. Given the larger increase in net financing, LDR went up from 93% last quarter to 97%.
- Net financing and investment income declined by -3% Q/Q but up by +7% Y/Y to reach SAR 1.2 bln, matching our estimates due to a decline in financing and investment income by -4% Q/Q, although return on time investments were also lower. Non-core income jumped by +182% Y/Y and +5% Q/Q to SAR 415 mln.
- Operating income decreased by -1% Q/Q, primarily due to a decline in net financing and investment income, which was partly offset by an increase in income from FVIS investment, foreign exchange income, and other operating income.
- Provisions were flat on yearly basis, but came in lower by -47% Q/Q to reach SAR 344 mln in this quarter.
- Net income came in at SAR 642 mln (+63% Q/Q, +74% Y/Y), beating both our forecast of SAR 442 mln and market consensus of SAR 509 mln. We increase our target price to SAR 19.00 but maintain a Neutral rating.

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■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
For any feedback on our reports, please contact research@riyadcapital.com

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