

Result update

Alinma Bank

Sector : Banking

- Operating income rose 5% YoY, missing our estimate by 6%, driven by a 7% YoY increase in NII and a modest 1% YoY rise in non-interest income.
- PAT increased by a mild 1.3% YoY to SAR 1.6bn, beating our estimate by 3%, as provisions rose 23% YoY.
- YTD loans grew 11.6% YoY, with retail and corporate segments up 10% and 12%, respectively. Deposits grew 11% YoY, keeping pace with loan growth.
- We maintain our target price at SAR 30/share and a BUY rating; as the bank reiterated its guidance.

Alinma Bank reported 5% YoY growth in operating income, supported by higher NII, partially offset by subdued non-interest income. Growth in average interest-bearing assets (+16% YoY) mitigated a 27bps YoY NIM compression. Retail NII rose 5% YoY, and corporate NII grew 11% YoY, while treasury NII remained flat. The weak non-interest income performance stemmed from lower treasury income, offset by gains in other business segments. The investment and brokerage segment maintained a dominant 39% share of total non-interest income. Operating expenses grew 9% YoY, outpacing income growth and limiting operating profit growth to 4% YoY. The cost-to-income ratio (CIR) increased by 110bps QoQ to 31.4%, reflecting higher operating costs in the retail and corporate segments.

Provision expenses rose 23% YoY but declined 9% QoQ. The main contributor to higher provisions was a 21% YoY increase in corporate impairment charges, partially offset by lower retail impairments. For 9M25, 88% of total impairment charges came from the corporate segment. The cost of risk stood at 0.46%, improving 10bps YoY, and remained within the bank's guided range of 40–50bps. Despite softer operating results, PAT of SAR 1.6bn exceeded our expectations due to lower-than-anticipated provisions.

Gross loans grew 12% YTD, driven by retail lending, +10% (mainly auto and home financing) and corporate book, +12% (boosted by 32% growth in mid-corporate and 5% growth in SME segments). NPL ratio increased to 1.20% in 3Q25 (from 0.78% in 3Q24) due to higher delinquencies in the corporate book, which now represents 86% of total NPLs, a key area to monitor going forward. Deposits rose 11% YTD, supported by CASA (+14%) and time deposits (+9%). CASA now accounts for 52.8% of total deposits as of 3Q25.

Valuation: Alinma delivered a mixed quarter, with operating income below expectations but PAT ahead of estimates. The bank's guidance remains unchanged, and double-digit growth in loans and deposits signals continued momentum. We maintain our target price at SAR 32/share with a BUY rating. The stock currently trades at a 2026e P/E of 10.1x, P/B of 1.6x, and offers a dividend yield of 4.9%.

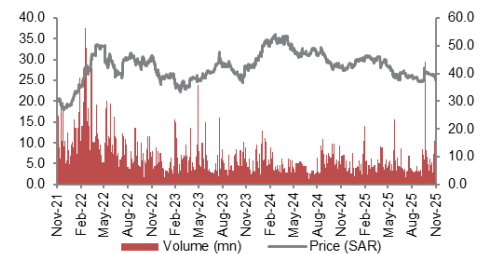
BUY

09 November 2025

Target price (SAR) 30.0

Current price (SAR) 25.4

Return 18.1%



Exchange Saudi Arabia
Index weight (%) 2%

(mn)	SAR	USD
Market Cap	63,500	16,931
Total Assets	307,214	81,913

Major shareholders

Public Investment Fund	10.0%
Vanguard Group Inc/T	2.2%
Blackrock Inc	1.6%
Others	86.2%

Valuation Summary

PER TTM (x)	11.0
P/Book (x)	1.8
Dividend Yield (%)	4.7
Free Float (%)	86%
Shares O/S (mn)	2,500
YTD Return (%)	-12%
Beta	1.71

Key ratios	2022	2023	2024
EPS (SAR)	1.38	1.87	2.22
BVPS (SAR)	10.75	11.73	13.08
DPS (SAR)	0.76	0.68	0.80
Payout ratio (%)	55%	36%	36%

Price performance (%)	1M	3M	12M
Alinma Bank	-5%	-3%	-11%
Tadawul All Share Index	-2%	3%	-7%

52 week	High	Low	CTL*
Price (SAR)	31.30	24.47	3.8

* CTL is % change in CMP to 52wk low

in SAR mn	3Q25	2Q25	QoQ (%)	3Q24	YoY (%)	9M25	9M24	YoY (%)	2025e	2024
Operating Income	2,965	2,947	0.6%	2,815	5.3%	8,725	8,125	7.4%	11,640	10,940
Operating Expenses	-932	-917	1.6%	-852	9.4%	-2,755	-2,520	9.3%	-3,660	-3,384
Operating Profit	2,032	2,029	0.1%	1,963	3.5%	5,970	5,605	6.5%	7,980	7,556
Provision Expenses	-256	-281	-8.9%	-209	22.8%	-764	-800	-4.5%	-1,004	-1,049
Profit before tax	1,775	1,747	1.6%	1,752	1.3%	5,204	4,797	8.5%	6,971	6,502
Zakat & Tax	-183	-174	5.0%	-181	1.3%	-531	-495	7.3%	-719	-670
Profit after tax	1,592	1,573	1.2%	1,571	1.3%	4,673	4,303	8.6%	6,252	5,832
Loan Book	225,684	218,596	3.2%	195,895	15.2%	225,684	195,895	15.2%	231,174	202,308
Deposits	234,623	229,944	2.0%	209,140	12.2%	234,623	209,140	12.2%	240,600	210,545
Total Equity (Excl tier 1 bond)	34,966	34,149	2.4%	32,406	7.9%	34,966	32,406	7.9%	35,642	32,691
Cost to Income ratio	31.4%	31.1%		30.3%		31.6%	31.0%		31.4%	30.9%
NPL Ratio	1.20%	1.25%		0.78%		1.20%	0.78%		1.06%	1.06%
Net Loan to deposits	96.2%	95.1%		93.7%		96.2%	93.7%		96.1%	96.1%

Income Statement (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Net income from loans and investment	5,140	6,066	7,655	8,649	9,309	10,260	10,988	11,892
Net fee income	1,074	1,209	1,459	1,608	1,624	1,922	2,121	2,297
Other income	445	688	612	683	707	728	750	773
Total income	6,660	7,963	9,726	10,940	11,640	12,911	13,859	14,962
Operating expenses	(2,358)	(2,765)	(3,044)	(3,384)	(3,660)	(4,097)	(4,521)	(4,895)
Profit before impairments	4,302	5,198	6,682	7,556	7,980	8,814	9,338	10,066
Impairments	(1,266)	(1,189)	(1,299)	(1,049)	(1,004)	(1,410)	(1,508)	(1,646)
Income from JV/Associates	(14)	4	12	(5)	(5)	(5)	(5)	(5)
Profit before tax	3,022	4,013	5,396	6,502	6,971	7,398	7,824	8,415
Tax	(312)	(414)	(556)	(670)	(719)	(763)	(807)	(1,262)
Profit after tax before Sukuk cost	2,709	3,599	4,839	5,832	6,252	6,635	7,018	7,153
Tier 1 Sukuk cost	(107)	(150)	(200)	(200)	(350)	(350)	(350)	(350)
Net profit after tax	2,603	3,449	4,639	5,632	5,902	6,285	6,668	6,803

Balance Sheet (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash and statutory deposits	9,177	9,723	12,598	13,850	13,274	12,967	12,919	13,349
Due from financial institutions	738	1,454	1,701	4,510	5,154	5,789	6,415	6,960
Investments - Net	33,278	38,518	43,236	48,625	55,554	62,385	69,122	74,989
Financing - Net	126,271	146,492	173,624	202,308	231,174	259,630	287,695	312,149
PP&E and right to use assets	2,383	2,633	2,888	3,401	3,851	4,271	4,665	5,036
Other assets	1,629	1,616	2,667	4,133	4,175	4,217	4,259	4,301
Total Assets	173,476	200,436	236,715	276,827	313,182	349,259	385,074	416,784
Liabilities								
Due to banks and other FI	15,240	16,483	7,431	13,936	17,175	20,368	23,516	26,259
Customer deposits	121,061	145,168	187,901	210,545	240,600	270,232	299,453	324,907
Other liabilities	6,465	6,908	7,050	10,905	11,014	11,124	11,235	11,348
Total liabilities	142,765	168,560	202,381	235,386	268,789	301,723	334,205	362,513
Equity								
Share capital	20,000	20,000	20,000	25,000	25,000	25,000	25,000	25,000
Reserves	5,711	6,876	9,334	7,691	10,642	13,785	17,119	20,520
Total shareholders' equity	25,711	26,876	29,334	32,691	35,642	38,785	42,119	45,520
Tier 1 Sukuk	5,000	5,000	5,000	8,751	8,751	8,751	8,751	8,751
Total Equity	30,711	31,876	34,334	41,442	44,393	47,536	50,869	54,271
Total liabilities and equity	173,476	200,436	236,715	276,827	313,182	349,259	385,074	416,784

Cash Flows (SAR mn)	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Cash from operations	(2,839)	8,203	8,360	5,729	11,733	10,621	10,417	9,402
Cash from investments	(3,783)	(5,859)	(3,614)	(5,809)	(7,818)	(7,738)	(7,661)	(6,810)
Cash from financing	3,564	(1,982)	(3,147)	1,316	(2,951)	(3,143)	(3,334)	(3,401)
Net changes in cash	(3,058)	362	1,600	1,236	964	(260)	(578)	(810)
Cash balance	3,211	3,573	5,173	6,409	7,373	7,113	6,535	5,726

Ratios	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Operating performance								
NFIM	3.1%	3.1%	3.3%	3.2%	3.1%	3.0%	2.9%	2.9%
NFIM to total income	77.2%	76.2%	78.7%	79.1%	80.0%	79.5%	79.3%	79.5%
Fee income to total income	16.1%	15.2%	15.0%	14.7%	13.9%	14.9%	15.3%	15.4%
Other income to total income	6.7%	8.6%	6.3%	6.2%	6.1%	5.6%	5.4%	5.2%
Cost to income ratio	35.4%	34.7%	31.3%	30.9%	31.4%	31.7%	32.6%	32.7%
Liquidity								
Deposits to total funding	69.8%	72.4%	79.4%	76.1%	76.8%	77.4%	77.8%	78.0%
Market funds to total funding	8.8%	8.2%	3.1%	5.0%	5.5%	5.8%	6.1%	6.3%
Loans to deposits	104.3%	100.9%	92.4%	96.1%	96.1%	96.1%	96.1%	96.1%
Investments and cash to total assets	24.5%	24.1%	23.6%	22.6%	22.0%	21.6%	21.3%	21.2%
Asset quality								
Cost of risk	1.0%	0.7%	0.7%	0.4%	0.4%	0.5%	0.5%	0.5%
NPL	1.8%	1.9%	1.6%	1.1%	1.1%	1.1%	1.1%	1.1%
NPL coverage	177.1%	136.3%	154.9%	172.3%	172.7%	173.1%	173.4%	173.4%
Stage 1 ratio	91.2%	92.4%	92.5%	93.5%	93.4%	93.4%	93.4%	93.4%
Stage 2 ratio	7.0%	5.6%	5.9%	5.5%	5.5%	5.5%	5.6%	5.6%
Stage 3 ratio	1.8%	1.9%	1.6%	1.1%	1.1%	1.1%	1.1%	1.1%
Stage 1 coverage	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Stage 2 coverage	22.0%	19.3%	16.2%	15.6%	15.6%	15.7%	15.7%	15.7%
Stage 3 coverage	62.6%	56.8%	70.9%	55.0%	54.9%	54.7%	54.7%	54.7%
Impairment coverage	3.4	4.4	5.1	7.2	7.9	6.2	6.2	6.1
Provisions to gross loans	3.1%	2.6%	2.5%	1.8%	1.8%	1.8%	1.8%	1.8%
Capital adequacy								
Equity to total assets	14.8%	13.4%	12.4%	11.8%	11.4%	11.1%	10.9%	10.9%
Core Tier 1	18.2%	15.8%	14.0%	13.2%	13.8%	13.5%	13.3%	13.2%
Tier 1	21.6%	18.6%	16.3%	16.7%	17.2%	16.5%	16.0%	15.8%
Total capital	22.8%	19.8%	17.5%	17.7%	18.2%	17.4%	16.8%	16.5%
Return ratios								
ROA	1.5%	1.7%	2.0%	2.0%	1.9%	1.8%	1.7%	1.6%
ROE	10.1%	12.8%	15.8%	17.2%	16.6%	16.2%	15.8%	14.9%
Return on RWA	1.8%	2.0%	2.2%	2.3%	2.3%	2.2%	2.1%	2.0%
Per share ratios								
EPS	1.0	1.4	1.9	2.3	2.4	2.5	2.7	2.7
BVPS	10.3	10.8	11.7	13.1	14.3	15.5	16.8	18.2
DPS	0.6	0.7	0.7	1.1	1.2	1.3	1.3	1.4
Valuation								
M.Cap (SAR mn)	51,923	88,328	83,568	72,375	63,500	63,500	63,500	63,500
P/E	19.9	25.6	18.0	12.9	10.8	10.1	9.5	9.3
P/BV	2.0	3.3	2.8	2.2	1.8	1.6	1.5	1.4
Div. yield	2.9%	2.0%	2.0%	3.8%	4.6%	4.9%	5.3%	5.4%

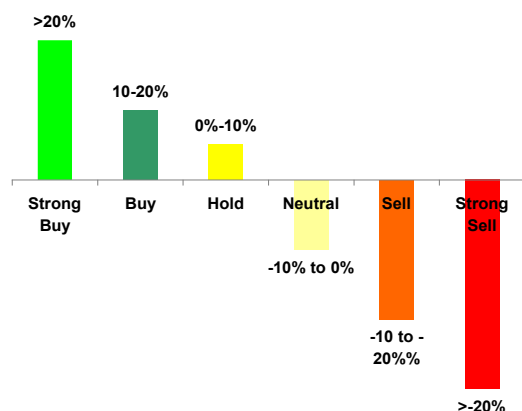
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Rating Criteria and Definitions

Rating



Rating Definitions

Strong Buy	This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
Buy	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
Hold	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
Neutral	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
Sell	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
Strong Sell	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
Not rated	This recommendation used for stocks which does not form part of Coverage Universe

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