

# Result update

## Alinma Bank

Sector : Banking

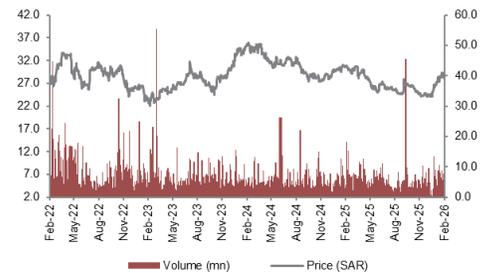
# BUY

22 February 2026

**Target price (SAR) 31.00**

**Current price (SAR) 28.04**

**Return 10.06%**



Exchange Saudi Arabia  
Index weight (%) 2.7%

(mn)	SAR	USD
Market Cap	70,100	18,687
Total Assets	311,067	82,925

### Major shareholders

Public Investment Fund	10.00%
Vanguard Group Inc/T	2.20%
Blackrock Inc	1.62%
Others	86.18%

### Valuation Summary (TTM)

Price (SAR)	28.04
PER TTM (x)	11.8
P/Book (x)	2.0
Dividend Yield (%)	4.3
Free Float (%)	86%
Shares O/S (mn)	2,500
YTD Return (%)	15%
Beta	1.0

Key ratios	2023	2024	2025
EPS (SAR)	1.87	2.22	2.37
BVPS (SAR)	11.73	13.08	14.30
DPS (SAR)	0.68	0.80	0.90
Payout ratio (%)	36%	36%	38%

Price performance (%)	1M	3M	12M
Alinma Bank	5%	13%	-9%
Tadawul All Share Index	-2%	-1%	-12%

52 week	High	Low	CTL*
Price (SAR)	31.30	23.94	17.1

\* CTL is % change in CMP to 52wk low

- 4Q25 operating income increased 13% YoY, exceeding our estimate by 9.1%, driven by 8.5% YoY growth in NII and stronger-than-expected non-interest income growth of 31.7% YoY. For 2025, operating income rose 8.8% YoY.
- Net income grew 13% YoY to SAR 1.7bn, above our estimate of SAR 1.6bn. For 2025, net income increased 9% YoY.
- Net loans and deposits expanded 14% and 8% YoY, respectively. Management has guided for low-teens loan growth in 2026.
- We revise our target price to SAR 31/share and maintain a BUY rating, supported by the earnings beat and a positive outlook.

Alinma Bank reported 13% YoY growth in 4Q25 operating income, supported by expansion in both NII and non-interest income. NII increased 9% YoY, primarily driven by volume growth, with funded income rising 7% YoY. Non-interest income grew 32% YoY, reflecting higher investment income and other income, alongside solid growth in core net fee and commission income.

For the full year 2025 NIM declined to 3.5%, a compression of 23bps YoY, although it remains amongst the highest in KSA. The 4Q25 operating income beat was largely attributable to stronger-than-expected non-interest income. For 2026, management guides for further NIM compression of 5-10bps due to elevated funding costs and declining rates. 4Q25 operating expenses totalled SAR 960mn, up 11% YoY, resulting in a cost-to-income ratio of 30.2%, an improvement of 50bps YoY. Management expects the cost-to-income ratio to remain below 30.5% in 2026, supported by efficiency gains from digital and AI investments.

4Q25 operating profit grew 14% YoY but was partially offset by a 19% YoY increase in provision expenses, which also rose 16% QoQ. For 2025, provisions increased modestly by 1% YoY, resulting in a full-year cost of risk of 47bps, improving 8bps YoY. Management has guided for a cost of risk of 35-45bps, supported by stable asset quality and improved collections. The 4Q25 net income beat was primarily driven by stronger operating income flowing through to the bottom line.

Gross loans grew 13% YoY, led by 17% growth in retail lending (primarily auto and home financing) and 12% YoY growth in the corporate portfolio, including 40% growth in mid-corporate and 29% growth in SME segments. The corporate portfolio accounts for 75% of total loans, while the retail portfolio is predominantly home financing. Management reiterated low-teens loan growth guidance for 2026. The NPL ratio improved to 0.92% in 2025 (1.06% in 2024), with a coverage ratio of 150%. Deposits increased 8% YoY, driven by a 16% rise in time deposits, while CASA grew only 1% YoY. The faster growth in time deposits led to a 330bps decline in the CASA ratio to 48.3%.

**Valuation:** Alinma's 4Q25 performance exceeded our expectations at both the operating income and net income levels. Management's 2026 guidance suggests sustained momentum, and the bank reiterated its target of achieving ROE above 22% by 2030. We revise our target price to SAR 31/share and maintain our BUY rating. The stock currently trades at 11.3x 2026e P/E and 1.8x P/B, offering a dividend yield of 3.1%.



in SAR mn	4Q25	3Q25	QoQ (%)	4Q24	YoY (%)	2025	2024	YoY (%)
Operating Income	3,180	2,965	7.3%	2,815	13.0%	11,905	10,940	8.8%
Operating Expenses	-960	-932	3.0%	-864	11.2%	-3,715	-3,384	9.8%
Operating Profit	2,220	2,032	9.3%	1,951	13.8%	8,191	7,556	8.4%
Provision Expenses	-296	-256	15.5%	-249	18.7%	-1,060	-1,049	1.0%
Profit before tax	1,922	1,775	8.3%	1,705	12.8%	7,126	6,502	9.6%
Zakat & Tax	-198	-183	8.3%	-176	12.8%	-729	-670	8.7%
Profit after tax	1,724	1,592	8.3%	1,529	12.8%	6,397	5,832	9.7%
Loan Book	229,747	225,684	1.8%	202,308	13.6%	229,747	202,308	13.6%
Deposits	227,374	234,623	-3.1%	210,545	8.0%	227,374	210,545	8.0%
Total Equity (Excl tier 1 bond)	35,739	34,966	2.2%	32,691	9.3%	35,739	32,691	9.3%
Cost to Income ratio	30.2%	31.4%		30.7%		31.2%	30.9%	
NPL Ratio	0.92%	1.20%		1.06%		0.92%	1.06%	
Net Loan to deposits	101.0%	96.2%		96.1%		101.0%	96.1%	

Income Statement (SAR mn)	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Net income from loans and investment	6,066	7,655	8,649	9,377	10,393	11,088	12,322	13,233
Net fee income	1,209	1,459	1,608	1,732	1,551	1,728	1,876	2,036
Other income	688	612	683	796	820	845	870	896
<b>Total income</b>	<b>7,963</b>	<b>9,726</b>	<b>10,940</b>	<b>11,905</b>	<b>12,764</b>	<b>13,661</b>	<b>15,069</b>	<b>16,166</b>
Operating expenses	-2,765	-3,044	-3,384	-3,715	-3,895	-4,339	-4,712	-5,114
<b>Profit before impairments</b>	<b>5,198</b>	<b>6,682</b>	<b>7,556</b>	<b>8,191</b>	<b>8,869</b>	<b>9,322</b>	<b>10,357</b>	<b>11,052</b>
Impairments	-1,189	-1,299	-1,049	-1,060	-1,367	-1,493	-1,761	-2,134
Income from JV/Associates	4	12	-5	-5	-5	-5	-5	-5
<b>Profit before tax</b>	<b>4,013</b>	<b>5,396</b>	<b>6,502</b>	<b>7,126</b>	<b>7,497</b>	<b>7,824</b>	<b>8,591</b>	<b>8,914</b>
Tax	-414	-556	-670	-729	-767	-800	-1,289	-1,337
<b>Profit after tax before Sukuk cost</b>	<b>3,599</b>	<b>4,839</b>	<b>5,832</b>	<b>6,397</b>	<b>6,730</b>	<b>7,024</b>	<b>7,302</b>	<b>7,577</b>
Tier 1 Sukuk cost	-150	-200	-322	-505	-500	-500	-500	-500
<b>Net profit after tax</b>	<b>3,449</b>	<b>4,639</b>	<b>5,510</b>	<b>5,893</b>	<b>6,230</b>	<b>6,524</b>	<b>6,802</b>	<b>7,077</b>
<b>Balance Sheet (SAR mn)</b>								
Cash and statutory deposits	9,723	12,598	13,850	14,942	14,367	13,965	14,248	14,447
Due from financial institutions	1,454	1,701	4,510	1,720	1,931	2,146	2,336	2,543
Investments - Net	38,518	43,236	48,625	56,623	63,531	70,580	76,825	83,627
Financing - Net	146,492	173,624	202,308	229,747	257,854	286,539	311,960	339,648
PP&E and right to use assets	2,633	2,888	3,401	4,523	5,418	6,249	7,024	7,749
Other assets	1,616	2,667	4,133	3,512	3,547	3,583	3,619	3,655
<b>Total Assets</b>	<b>200,436</b>	<b>236,715</b>	<b>276,827</b>	<b>311,067</b>	<b>346,647</b>	<b>383,062</b>	<b>416,012</b>	<b>451,668</b>
<b>Liabilities</b>								
Due to banks and other FI	16,483	7,431	13,936	16,213	30,612	35,409	39,659	44,287
Customer deposits	145,168	187,901	210,545	227,374	244,313	271,495	295,577	321,806
Other liabilities	6,908	7,050	10,905	19,239	19,432	19,626	19,822	20,020
<b>Total liabilities</b>	<b>168,560</b>	<b>202,381</b>	<b>235,386</b>	<b>262,826</b>	<b>294,356</b>	<b>326,530</b>	<b>355,058</b>	<b>386,114</b>
<b>Equity</b>								
Share capital	20,000	20,000	25,000	25,000	25,000	25,000	25,000	25,000
Reserves	6,876	9,334	7,691	10,739	14,789	19,030	23,452	28,052
<b>Total shareholders' equity</b>	<b>26,876</b>	<b>29,334</b>	<b>32,691</b>	<b>35,739</b>	<b>39,789</b>	<b>44,030</b>	<b>48,452</b>	<b>53,052</b>
Tier 1 Sukuk	5,000	5,000	8,751	12,502	12,502	12,502	12,502	12,502
<b>Total Equity</b>	<b>31,876</b>	<b>34,334</b>	<b>41,442</b>	<b>48,241</b>	<b>52,291</b>	<b>56,532</b>	<b>60,954</b>	<b>65,555</b>
<b>Total liabilities and equity</b>	<b>200,436</b>	<b>236,715</b>	<b>276,827</b>	<b>311,067</b>	<b>346,647</b>	<b>383,062</b>	<b>416,012</b>	<b>451,668</b>
<b>Cash Flows (SAR mn)</b>								
Cash from operations	8,203	8,360	5,729	(2,160)	12,528	9,917	9,209	10,012
Cash from investments	(5,859)	(3,614)	(5,809)	(8,371)	(8,418)	(8,590)	(7,816)	(8,404)
Cash from financing	(1,982)	(3,147)	1,316	7,667	(2,180)	(2,283)	(2,380)	(2,476)
Net changes in cash	362	1,600	1,236	(2,864)	1,930	(955)	(987)	(868)
<b>Cash balance</b>	<b>3,573</b>	<b>5,173</b>	<b>6,409</b>	<b>3,544</b>	<b>5,475</b>	<b>4,519</b>	<b>3,533</b>	<b>2,664</b>

Ratios	2022	2023	2024	2025	2026e	2027e	2028e	2029e
<b>Operating performance</b>								
NFIM	3.1%	3.3%	3.2%	3.1%	3.1%	3.0%	3.1%	3.0%
NFIM to total income	76.2%	78.7%	79.1%	78.8%	81.4%	81.2%	81.8%	81.9%
Fee income to total income	15.2%	15.0%	14.7%	14.6%	12.2%	12.6%	12.5%	12.6%
Other income to total income	8.6%	6.3%	6.2%	6.7%	6.4%	6.2%	5.8%	5.5%
Cost to income ratio	34.7%	31.3%	30.9%	31.2%	30.5%	31.8%	31.3%	31.6%
<b>Liquidity</b>								
Deposits to total funding	72.4%	79.4%	76.1%	73.1%	70.5%	70.9%	71.1%	71.2%
Market funds to total funding	8.2%	3.1%	5.0%	5.2%	8.8%	9.2%	9.5%	9.8%
Loans to deposits	100.9%	92.4%	96.1%	101.0%	105.5%	105.5%	105.5%	105.5%
Investments and cash to total assets	24.1%	23.6%	22.6%	23.0%	22.5%	22.1%	21.9%	21.7%
<b>Asset quality</b>								
Cost of risk	0.6%	0.6%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%
NPL	1.9%	1.6%	1.1%	0.9%	0.9%	0.9%	0.9%	0.9%
NPL coverage	136.3%	154.9%	172.3%	150.3%	150.3%	150.3%	150.3%	150.3%
Stage 1 ratio	92.4%	92.5%	93.5%	94.4%	94.3%	94.3%	94.3%	94.3%
Stage 2 ratio	5.6%	5.9%	5.5%	4.7%	4.7%	4.8%	4.7%	4.7%
Stage 3 ratio	1.9%	1.6%	1.1%	0.9%	0.9%	0.9%	0.9%	0.9%
Stage 1 coverage	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Stage 2 coverage	19.3%	16.2%	15.6%	12.4%	12.4%	12.5%	12.4%	12.4%
Stage 3 coverage	56.8%	70.9%	55.0%	45.6%	45.6%	45.5%	45.6%	45.6%
Impairment coverage	4.4	5.1	7.2	7.7	6.5	6.2	5.9	5.2
Provisions to gross loans	2.6%	2.5%	1.8%	1.4%	1.4%	1.4%	1.4%	1.4%
<b>Capital adequacy</b>								
Equity to total assets	13.4%	12.4%	11.8%	11.5%	11.5%	11.5%	11.6%	11.7%
Core Tier 1	15.8%	14.0%	13.2%	13.5%	13.0%	13.0%	13.2%	13.3%
Tier 1	18.6%	16.3%	16.7%	18.3%	17.1%	16.7%	16.6%	16.4%
Total capital	19.8%	17.5%	17.7%	19.9%	18.4%	17.9%	17.7%	17.5%
<b>Return ratios</b>								
ROA	1.7%	2.0%	2.0%	1.9%	1.8%	1.7%	1.6%	1.6%
ROE	12.8%	15.8%	16.9%	16.5%	15.7%	14.8%	14.0%	13.3%
Return on RWA	2.0%	2.2%	2.2%	2.2%	2.0%	1.9%	1.8%	1.8%
<b>Per share ratios</b>								
EPS	1.4	1.9	2.2	2.4	2.5	2.6	2.7	2.8
BVPS	10.8	11.7	13.1	14.3	15.9	17.6	19.4	21.2
DPS	0.7	0.7	1.1	0.9	0.9	0.9	1.0	1.0
<b>Valuation</b>								
M.Cap (SAR mn)	88,328	83,568	72,375	60,950	70,100	70,100	70,100	70,100
P/E	25.6	18.0	13.1	10.3	11.3	10.7	10.3	9.9
P/BV	3.3	2.8	2.2	1.7	1.8	1.6	1.4	1.3
Div. yield	2.0%	2.0%	3.8%	3.7%	3.1%	3.3%	3.4%	3.5%

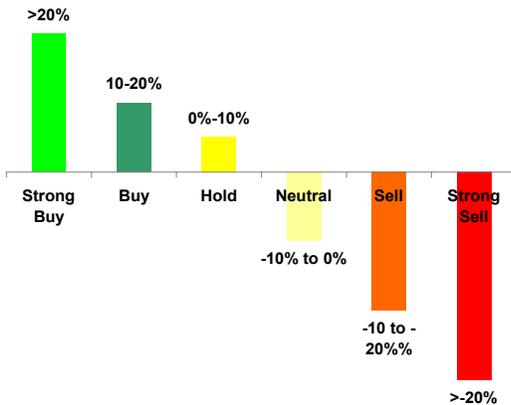
## Key contacts

### Research Team

Joice Mathew Sr. Manager - Research E-Mail: joice@usoman.com Tel: +968 2476 3311	Manna Thomas ACCA Research Associate Email: manna.t@usoman.com Tel: +968 2476 3347	Contact Address P. O Box: 2566; P C 112 Sultanate of Oman Tel: +968 2476 3300
---	---	--

### Rating Criteria and Definitions

Rating	Rating Definitions
<b>Strong Buy</b>	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%
<b>Buy</b>	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%
<b>Hold</b>	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%
<b>Neutral</b>	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%
<b>Sell</b>	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%
<b>Strong Sell</b>	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%
<b>Not rated</b>	This recommendation used for stocks which does not form part of Coverage Universe



### Disclaimer

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions. Opinion expressed is our current opinion as of the date appearing on this material only. We do not undertake to advise you as to any change of our views expressed in this document. While we endeavor to update on a reasonable basis the information discussed in this material, United Securities, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and are for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action.

Recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. United Securities LLC, and affiliates, including the analyst who has issued this report, may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the companies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to company/ies mentioned herein or inconsistent with any recommendation and related information and opinions. United Securities LLC and affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.