

## Alinma delivered double-digit earnings growth, supported by lower provisions, despite weak non-funded income

Alinma bank reported net profit of SAR 1,679mn up 11.3% Y/Y (down 2.6% Q/Q), the net income was in line with AJBC & consensus earnings estimate of SAR 1,685mn & SAR 1,674mn, respectively. EPS adjusted for Tier-1 sukuk costs was up just 6.7% Y/Y to SAR 0.48. Though net income is in line with AJBC forecast we highlight that non-funded income & provisions had notable deviations of -22.5% & -46.3% to our estimates, respectively; the latter offset the negative earnings impact of lower non-commission income. NSCI grew by 8.4% Y/Y to SAR 2,475mn in Q1-26, while non-commission income was recorded at SAR 535mn up 0.7% Y/Y. Cost-to-income ratio increased by 48bps Y/Y to 32.6% in Q1-26, while Cost-of-risk stood at 26bps in Q1-26 as compared to 43bps in Q1-25.

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- **NSCI** grew by 8.4% Y/Y and 0.7% Q/Q to SAR 2,475mn in Q1-26 (+0.3% deviation to AJBC estimate of SAR 2,467mn). While non-commission income was recorded at SAR 535mn up 0.7% Y/Y (down 26.1% Q/Q) and 22.5% below AJBC estimate of SAR 690mn. Total operating income was recorded at SAR 3,010mn (up 7.0% Y/Y and down 5.4% Q/Q); -4.7% deviation to AJBC estimate.
- **Operating expenses** (excluding debt provisions) totaled SAR 983mn up 8.6% Y/Y (+2.3% on Q/Q basis), in line with AJBC estimate of SAR 976mn. Cost-to-income ratio increased by 48bps Y/Y (+246bps Q/Q) to 32.6% in Q1-26 (AJBC estimate 30.9%).
- **Provision expenses** dropped by 31.2% Y/Y to SAR 156mn (-47.4% on a sequential basis), 46.3% below AJBC estimate of SAR 290mn. Cost-of-risk stood at 26bps in Q1-26 as compared to 43bps in Q1-25 and AJBC estimate of 49bps.
- **Loan book** expanded by 13.8% Y/Y (+3.7% Q/Q) to SAR 238bn in Q1-26, 1.2% above our estimate of SAR 235bn. Meanwhile, deposits grew 9.5% Y/Y (+5.4% Q/Q) to SAR 239bn, as compared to our estimate of SAR 233bn. Investments saw a healthy increase of 16.5% Y/Y and 1.7% Q/Q (-0.7% deviation to AJBC estimate).

**AJBC view and valuation:** Alinma Bank posted a net income of SAR 1,679mn in Q1-26, up 11.3% Y/Y (down 2.6% Q/Q), the result was supported by a 31.2% Y/Y decline in provision expense to SAR 156mn. We believe interest rate outlook has changed in favor of Alinma as we now expect no more rate cuts in 2026, which will result in smaller NIM compression for Alinma. The bank trades at 2026E PB of 1.85x while it offers an attractive 2026E ROE of 17.7%. Overall, we reiterate our **"Overweight"** recommendation on the stock with unchanged TP of **SAR 27.3/share**.

### Results Summary

SAR mn	Q1-25	Q4-25	Q1-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
<b>Net financing &amp; investment income</b>	<b>2,283</b>	<b>2,457</b>	<b>2,475</b>	<b>8.4%</b>	<b>0.7%</b>	<b>0.3%</b>
<b>Non-commission income</b>	531	723	535	0.7%	-26.1%	-22.5%
<b>Total Operating income</b>	2,814	3,180	3,010	7.0%	-5.4%	-4.7%
<b>Net Profit</b>	1,508	1,724	1,679	11.3%	-2.6%	-0.4%
<b>EPS</b>	0.45	0.54	0.48	6.7%	-11.1%	-26.6%
<b>Deposits</b>	218,839	227,374	239,605	9.5%	5.4%	2.8%
<b>Loans</b>	209,435	229,747	238,325	13.8%	3.7%	1.2%
<b>Investments</b>	49,457	56,623	57,604	16.5%	1.7%	-0.7%

Source: Company Reports, Aljazeera Capital Research

**Recommendation** **Overweight**

**Target Price (SAR)** **27.3**

**Upside / (Downside)\*** **11.2%**

Source: Tadawul \*prices as of 22<sup>nd</sup> of April 2026

### Key Financials

SARmn (unless specified)	FY23	FY24	FY25
NSCI	7,655	8,649	9,377
Growth %	26.2%	13.0%	8.4%
Oper. Income	9,726	10,940	11,905
Growth %	22.1%	12.5%	8.8%
Net Income	4,839	5,832	6,397
Net Income (post sukuk)	4,639	5,516	5,940
Growth %	34.8%	18.9%	7.7%
EPS (post sukuk)	1.55	1.84	1.98
DPS	0.56	0.91	0.75

Source: Company reports, Aljazeera Capital Research

### Key Ratios

	FY23	FY24	FY25
NIMs	3.8%	3.6%	3.5%
P/E (x)	16.0x	12.2x	9.4x
P/B (x)	2.6x	2.2x	1.7x
Dividend Yield	2.2%	3.8%	3.7%
ROA	2.1%	2.1%	2.0%
ROE	16.5%	17.7%	17.4%
Loans growth	18.5%	16.5%	13.6%
Deposit growth	29.4%	12.1%	8.0%

Source: Company reports, Aljazeera Capital Research

### Key Market Data

Market Cap(bn)	73.6
YTD%	9.8%
52 week (High)/(Low)	25.5/19.9
Share Outstanding (mn)	3,000

Source: Company reports, Aljazeera Capital Research

### Price Performance



Source: Tadawul, Aljazeera Capital Research

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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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