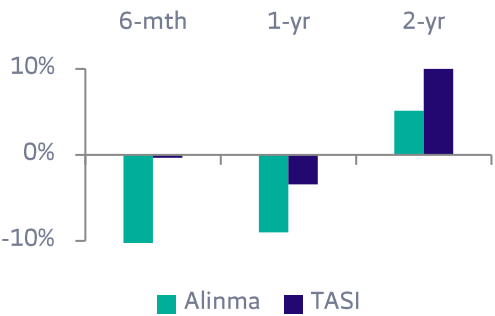


Market Data	
52-week high/low	SAR 31.30/24.47
Market Cap	SAR 65.500 mln
Shares Outstanding	2,500 mln
Free-float	89.90%
12-month ADTV	6,083,738
Bloomberg Code	ALINMA AB



■ Margins Under Pressure, Growth Intact

October 22, 2025

Upside to Target Price 37.4%
Expected Dividend Yield 4.5%
Expected Total Return 41.9%

Rating Buy
Last Price SAR 26.20
12-mth target SAR 36.00

Alinma	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Net Fin. & Invest. Income	2,365	2,220	7%	2,272	4%	2,300
Total Operating Income	2,965	2,815	5%	2,947	1%	3,045
Net Income	1,592	1,572	1%	1,573	1%	1,630
Net Financing	225,684	195,895	15%	218,596	3%	227,340
Deposits	234,623	209,140	12%	229,944	2%	237,992

(All figures are in SAR mln)

- Alinma reported resilient 3Q25 results, with loans growing by +15% Y/Y and +3% Q/Q to SAR 226 bln, broadly in-line with our forecast of SAR 227 bln. Deposits also rose by +12% Y/Y and +2% Q/Q to SAR 235 bln. Alinma added SAR 7.1 bln to its financing portfolio, while deposits increased by SAR 4.7 bln during the quarter, keeping the LDR broadly stable at 96% in 3Q2025 versus 95% in 2Q2025.
- Net Financing and Investment Income rose +7% Y/Y and +4% Q/Q to SAR 2.4 bln, supported by strong growth in financing and investments volume. NIMs stood at 3.38%, reflecting a 32bps contraction Y/Y and 4bps Q/Q. Despite decline in the 3M average SIBOR versus last year, the benefit to funding costs has been limited due to tight liquidity conditions and strong competition for deposits. Management noted that bank continues to pay well above SIBOR levels to attract funding, particularly amid solid loan growth. As a result, the decline in benchmark rates has not fully translated into lower funding costs, leading to continued pressure on NIMs.
- Total Operating Income increased +5% Y/Y and +1% Q/Q, supported by rise in funded income and other operating income partly offset with the lower fee income, exchange income and FVIS income. Operating expenses (ex-provisioning) increased +9% Y/Y and +2% Q/Q to SAR 932 mln, matching our estimates. Consequently, Cost-to Income ratio has increased slightly to 31.5% (from 31.1% in 2Q2025). Impairment charges rose +23% Y/Y but declined -9% Q/Q to SAR 256 mln. The decrease in impairment on sequential basis is attributed to onboarding of better-quality new assets.
- The bank reported a bottom-line of SAR 1.6 bln, up +1% Y/Y and +1% Q/Q, broadly in line with our estimates. The sequential growth was supported by higher net financing and investment income and lower impairment chargers. Alinma declared a cash dividend of SAR 0.30 per share for the quarter. We maintain our Buy rating and target price, as the bank remains well-positioned to capture growth from the strong project pipeline and supportive macro trends. However, the relatively lower CET1 ratio versus peers could act as a near-term constraint on capital deployment. Management highlighted flexibility to address this through moderating dividend payouts or, if needed, a potential rights issue, which should help sustain balance-sheet strength while supporting long-term growth.

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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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