

## ■ Easing Funding Costs Support Margins and Earnings

February 01, 2026

Upside to Target Price	12.4%
Expected Dividend Yield	4.0%
Expected Total Return	16.4%

Rating	Buy
Last Price	SAR 28.48
12-mth target	SAR 32.00

Market Data	
52-week high/low	SAR 31.30/23.94
Market Cap	SAR 71,200 mln
Shares Outstanding	2,500 mln
Free-float	89.90%
12-month ADTV	5,930,716
Bloomberg Code	ALINMA AB

Alinma	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Net Fin. & Invest. Income	2,457	2,266	8%	2,365	4%	2,456
Total Operating Income	3,180	2,815	13%	2,965	7%	3,057
Net Income	1,724	1,529	13%	1,592	8%	1,630
Net Financing	229,747	202,308	14%	225,684	2%	232,162
Deposits	227,374	210,545	8%	234,623	(3%)	240,489

(All figures are in SAR mln)



- Alinma reported solid 4Q25 results, with loans growing by +14% Y/Y and +2% Q/Q to SAR 230 bln, broadly in-line with our forecast of SAR 232 bln. Deposits also rose by +8% Y/Y, however, they declined by -3% Q/Q to SAR 227 bln. During the quarter, Alinma added SAR 4.1 bln to its financing portfolio, while deposits declined by SAR 7.2 bln, resulting in the LDR rising to 101% in 4Q25 versus 96% in 3Q2025.
- Net Financing and Investment Income grew by +8% Y/Y and +4% Q/Q to SAR 2.5 bln, in line with our estimate, supported by decline in cost of funding. Accordingly, NIMs improved to 3.64%, reflecting a 4 bps Y/Y and 26 bps Q/Q expansion. However, for FY25, Alinma recorded NIMs of 3.47% compared to 3.70% in FY24.
- Total Operating Income increased by +13% Y/Y and +7% Q/Q, driven by healthy growth in Net Fin. & Invest. Income alongside a strong rise in non-funded income, which increased by +32% Y/Y and +20% Q/Q. Operating expenses (ex-provisioning) rose by +11% Y/Y and +3% Q/Q to SAR 960 mln, broadly in line with our estimates of SAR 950 mln. Consequently, Cost-to Income ratio improved to 30.2% (from 31.5% in 3Q2025). Impairment charges rose by +19% Y/Y and +15% Q/Q to SAR 296 mln, above our estimate of SAR 279 mln.
- The bank reported a bottom-line of SAR 1.7 bln, up by +13% Y/Y and +8% Q/Q, in line with our estimates. Sequential earning growth was supported by higher net financing and investment income and strong non-funded income. Alinma BOD recommended a 20% capital increase through the issuance of bonus shares, granting one bonus share for every five shares.
- We reiterate our Buy recommendation while revising our target price down to SAR 32.00 (from SAR 36.00). A relatively lower CET1 buffer versus peers suggests a more measured capital deployment path which may limit balance-sheet expansion in the near term. That said, management's commitment to moderating dividend payouts should help preserve capital strength, allowing the bank to gradually rebuild buffers and support longer-term growth prospects.

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# Disclaimer

## 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](mailto:research@riyadcapital.com)

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