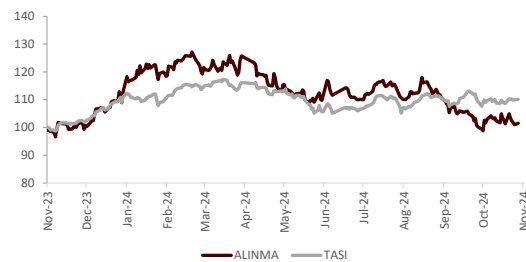


Alinma Bank (ALINMA)

Recommendation	Buy
Current Market Price (SAR)	28.25
52wk High / Low (SAR)	36.0/27.3
Mkt. Cap. (USD/SAR Mn)	18,888/70,875
Shares Outstanding (mn)	2,500
Free Float (%)	90.0%
3m Average Vol. (000)	7,159.4
3m Avg Daily Turnover (SAR'000)	213,459
Dividend Yield '24e (%)	4.0%
P/E'24e (x)	13.4
P/B'24e (x)	1.8

Source: Bloomberg

Relative Price Performance



Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Net yield income	6,066	7,655	8,136	9,250
Non yield income	1,897	2,071	2,282	2,343
Operating income	7,963	9,726	10,418	11,593
Impairment charge	1,198	1,272	1,369	1,501
Net income	3,599	4,839	5,279	6,132
Cost to income (%)	35%	31%	31%	28%
EPS (SAR)	1.44	1.94	2.11	2.45
Adjusted EPS (SAR)	1.38	1.86	2.03	2.37
RoE (%)	13%	17%	16%	16%
Financing	146,492	173,624	191,681	210,201
Customers' deposits	145,168	187,901	195,259	210,004

Source: Company Reports, Yaqeen Capital

Major Shareholders (%)

Public Investment Fund	10.00%
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Source: Bloomberg, Yaqeen Capital

Bottom line boosted by higher financing and investment gains

- ALINMA's net income grew by 18.7% YoY and 11.0% QoQ to SAR 1,571mn in 3Q2024, driven by higher total operating income. The net income margin fell by 0.1ppts YoY but rose by 1.8ppts QoQ to 37.5%.
- Net income from investments and financing increased by 10.7% YoY and 3.2% QoQ to SAR 2,220mn in 3Q2024, supported by higher volumes in financing and investments and rising profit rates.
- Operating income in 3Q2024 grew 10.8% YoY and 2.6% QoQ to SAR 2,815mn, attributed to gains in financing, investment, exchange, and FVSI income, partly offset by declines in fee and other operating income. Operating income margin fell 5.1ppts YoY and 2.1ppts QoQ to 67.2%.
- Total operating expenses decreased by 1.0% YoY and 8.6% QoQ to SAR 1,061mn in 3Q2024, with the YoY decrease driven by lower impairment charges on financing due to reduced non-performing financing from settlements and onboarding higher-quality assets; QoQ decrease is due to stable financing portfolios and continued onboarding of better-quality assets.
- Gross financing portfolio grew by 15.1% YoY (+12.2% YTD) to SAR 200bn in 3Q2024, led by growth in the corporate segment (~76% of loan book, +15.7% YoY) and the retail segment (~24%, +13.2% YoY).
- Customer deposits increased by 16.0% YoY (+11.3% YTD) to SAR 209bn in 3Q2024, primarily due to significant growth in time deposits (+12.7% YoY) and demand deposits (+19.1% YoY).
- For 9M2024, net income rose by 22.3% YoY to SAR 4,302mn, driven by higher total operating income from financing, investment, fee income, FVSI, and exchange income, partially offset by a decline in other operating income. Net income margin fell 1.1ppts YoY to 36.0%.
- Net income from investments and financing grew 14.0% YoY to SAR 6,383mn for 9M2024, mainly due to increased financing and investments volume and higher profit rates.

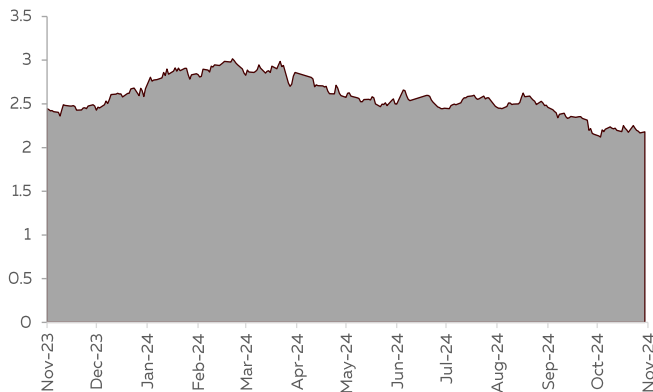
Outlook & Valuation: The domestic banking sector is well positioned to capitalize on strong credit growth, fueled by increasing government spending, potential private sector investments, and gradually easing interest rates. Supported by strong asset quality, solid capitalization, and healthy net interest margins, the sector, including banks like ALINMA, is set for growth and demonstrates a resilient and positive outlook. The stock is currently trading at a P/B of 1.8x (based on FY2024e BVPS). Based on equal weighted valuation using Residual Income and P/B methodologies, we arrive at a fair value of SAR 35.2/share (+24.6% upside from current level), implying Buy recommendation on the stock.

Financial Summary

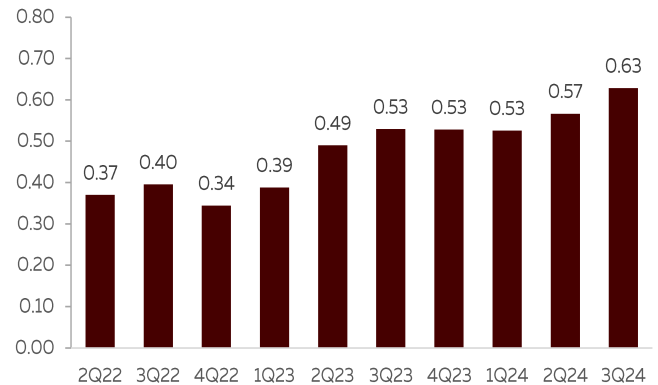
SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Net yield income	2,220	2,006	11%	2,151	3%
Non yield income	595	535	11%	594	0%
Operating income	2,815	2,541	11%	2,745	3%
Impairment charge	212	301	-30%	320	-34%
Net income	1,571	1,324	19%	1,416	11%
Cost to income (%)	30%	30%		30%	
EPS (SAR)	0.63	0.53	19%	0.57	11%
Adjusted EPS (SAR)	0.56	0.51	10%	0.55	2%

Source: Company Reports, Yaqeen Capital

Price to Book Ratio Trend



EPS (SAR) Trend



Rating Methodology

Buy: The Target share price exceeds the current share price by $\geq 10\%$

Hold: The Target share price is either more or less than the current share price by 10%

Sell: The Target share price is less than the current share price by $\geq 10\%$

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