

Result update

Bank Albilad

Sector : Banking

- Operating income rose 6.1% YoY, missing our estimates by 1.5%. Growth was driven by a 3% increase in NII and an 18.7% rise in non-interest income.
- PAT increased 9.1% YoY to SAR 766mn, surpassing our forecast by 5.6%, supported by lower loan impairment charges and stronger operating profits.
- Loans grew 12% YoY, led by the commercial segment (+14.9% YoY), while retail loans rose 8.3% YoY. Deposits increased at a more moderate pace of 5.5% YoY, with CASA at 66.5%.
- We reduce our target price to SAR 30/share while maintaining our BUY rating, reflecting lower-than-expected operating income growth and unsustainably low provision levels.

Bank Albilad's operating income grew 6.1% YoY, driven by moderate NII growth and an 18.7% increase in non-interest income. NII benefitted from higher volumes of interest-bearing assets, despite a 22bps YoY compression in NIMs. Loans and investments rose 11.7% and 32.4% YoY, respectively. Non-interest income expanded on the back of a 10.2% YoY increase in core fee and commission income, supported by higher dividend and other operating income. Exchange income, however, declined 13.7% YoY. As a result, non-interest income accounted for 22.2% of operating income, up 235bps YoY. Operating expenses rose in line with revenue, resulting in 6.0% YoY growth in operating profit. Expense growth was driven by higher general and administrative costs and depreciation, while employee expenses increased a modest 1.8% YoY. The cost-to-income ratio stood at 42.4% in 3Q25, up 30bps YoY.

Operating profit growth of 6.0% YoY, combined with a 38.5% YoY reduction in provision expenses, supported a 9.1% YoY increase in net income. The decline in provisions was led by a 19.3% YoY reduction in the retail segment, with improvements across all other segments as well. The cost of risk for 3Q25 remained low at 11bps and has shown a decreasing trend through the first two quarters. PAT came in at SAR 766mn, up 9.1% YoY and broadly flat QoQ, with the beat driven primarily by lower-than-expected provision expenses.

Loans increased 11.7% YoY, with the commercial segment rising 14.9% YoY. Retail loans accounted for 47.7% of the loan book in 3Q25, down from 49.2% a year earlier. Deposits grew 5.5% YoY, while CASA improved by 221bps YoY as demand deposits rose 3.3% YoY. NPLs declined to 1.08% in 3Q25, a 17bps improvement YoY.

Valuation: Bank Albilad delivered mixed results, with operating income below expectations but PAT outperforming due to lower impairments. We reaffirm our BUY rating and revise our target price to SAR 30/share, as the improvement in bottom-line performance appears largely driven by unusually low provision expenses, which may not be sustainable. The stock trades at a 2026e P/E of 12.5x, P/B of 1.9x, and offers a dividend yield of 2.4%

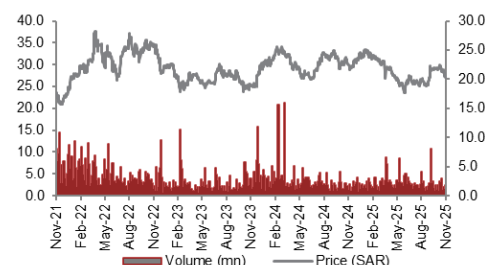
BUY

23 November 2025

Target price (SAR) 30.00

Current price (SAR) 27.16

Return 10.5%



Exchange Saudi Arabia
Index weight (%) 2%

(mn)	SAR	USD
Market Cap	40,740	10,862
Total Assets	167,929	44,774

Major shareholders

MOH I. ALSUBEAEI & S	19.4%
ABDULRAHMAN BIN ABDU	6.7%
ABDULLAH IBRAHIM ALS	6.4%
Others	67.6%

Valuation Summary

PER TTM (x)	13.4
P/Book (x)	2.2
Dividend Yield (%)	1.7
Free Float (%)	68%
Shares O/S (mn)	1,500
YTD Return (%)	-17%
Beta	1.3

Key ratios	2022	2023	2024
EPS (SAR)	1.39	1.59	1.88
BVPS (SAR)	8.93	10.17	11.13
DPS (SAR)	0.33	0.33	0.42
Payout ratio (%)	24%	21%	22%

Price performance (%)	1M	3M	12M
Bank Albilad	-6%	2%	-9%
Tadawul All Share Index	-5%	1%	-7%

52 week	High	Low	CTL*
Price (SAR)	33.88	23.38	16.2

* CTL is % change in CMP to 52wk low



in SAR mn	3Q25	2Q25	QoQ (%)	3Q24	YoY (%)	9M25	9M24	YoY (%)	2025E	2024A
Operating Income	1,535	1,541	-0.4%	1,446	6.1%	4,539	4,195	8.2%	6,143	5,672
Operating Expenses	-647	-638	1.4%	-609	6.3%	-1,916	-1,760	8.9%	-2,519	-2,413
Operating Profit	887	903	-1.7%	837	6.0%	2,624	2,436	7.7%	3,624	3,258
Provision Expenses - Loan	-33	-49	-32.5%	-54	-38.5%	-135	-187	-28.1%	-291	-130
Profit before tax	855	854	0.1%	783	9.1%	2,489	2,248	10.7%	3,334	3,129
Zakat & Tax	-88	-88	0.1%	-81	9.1%	-256	-232	10.7%	-343	-322
Profit after tax	766	766	0.1%	703	9.1%	2,233	2,017	10.7%	2,990	2,807
Loan Book	119,135	115,689	3.0%	106,695	11.7%	119,135	106,695	11.7%	122,319	109,304
Deposits	129,023	123,929	4.1%	122,342	5.5%	129,023	122,342	5.5%	133,954	121,776
Total Equity (Excl tier 1 bond)	18,472	18,319	0.8%	16,132	14.5%	18,472	16,132	14.5%	18,864	16,693
Cost to Income ratio	42.2%	41.4%		42.1%		42.2%	41.9%		41.0%	42.6%
NPL Ratio	1.08%	1.18%		1.25%		1.08%	1.25%		1.05%	1.19%
Net Loan to deposits	92.3%	93.4%		87.2%		92.3%	87.2%		91.3%	89.8%

Income Statement (SAR Mn)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Interest Income	3,761	4,972	7,544	8,559	9,157	9,591	9,910	10,392
Interest Expense	-272	-1,085	-3,434	-4,126	-4,385	-4,536	-4,526	-4,638
Net Interest Income	3,489	3,887	4,110	4,434	4,772	5,055	5,384	5,754
Non Interest Income	1,094	1,305	1,193	1,238	1,371	1,486	1,614	1,736
Total Operating Income	4,584	5,191	5,303	5,672	6,143	6,541	6,998	7,490
Operating Expenses	-2,134	-2,320	-2,338	-2,413	-2,519	-2,649	-2,834	-2,996
Impairment charge	-570	-551	-324	-130	-291	-280	-293	-382
Profit Before Taxation	1,880	2,321	2,641	3,129	3,334	3,612	3,871	4,112
Zakat & Income Tax	-194	-239	-272	-322	-343	-372	-399	-424
Profit After Taxation	1,687	2,082	2,369	2,807	2,990	3,240	3,472	3,689

Balance sheet (SAR Mn)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Cash and balances with central bank	6,097	8,711	6,983	11,248	8,603	9,922	7,715	4,050
Due from banks and other Fis	2,137	6,067	8,170	5,099	6,374	6,693	7,028	7,379
Investments, net	17,092	20,600	22,080	25,032	31,290	32,855	34,497	36,222
Financing, net	82,933	91,179	102,080	109,304	122,319	131,431	138,710	145,646
Other assets	1,925	881	1,635	1,910	2,101	2,311	2,427	2,548
Property, equipment and RUA, net	669	2,105	2,158	2,371	2,555	2,751	2,961	3,186
Total Assets	110,854	129,543	143,106	154,965	173,242	185,962	193,338	199,030

LIABILITIES AND SHAREHOLDER'S EQUITY

Due to banks, Central bank and Fis	8,777	10,621	4,274	5,493	6,591	7,250	7,613	7,765
Customers' deposits	81,110	94,843	112,831	121,776	133,954	143,331	147,631	150,583
Sukuk	3,015	3,040	3,052	3,147	3,147	3,147	3,147	3,147
Other liabilities	5,970	7,639	7,691	7,855	8,248	8,660	9,094	9,184
Total Liabilities	98,874	116,144	127,848	138,271	151,940	162,389	167,484	170,680
Paid-up Capital	7,500	10,000	10,000	12,500	15,000	15,000	15,000	15,000
Other Reserves	3,958	1,809	1,887	2,324	1,324	1,324	1,324	1,324
Retained earnings	522	1,590	3,371	1,869	2,540	4,812	7,092	9,589
Total Equity	11,980	13,399	15,258	16,693	18,864	21,136	23,416	25,913
Tier 1 Sukuk		0	0	0	2,438	2,438	2,438	2,438
Total Liabilities and Equity	110,854	129,543	143,106	154,965	173,242	185,962	193,338	199,030

Cash Flow Statement (SAR Mn)	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Cash flow from operating activities	2,599	8,836	1,293	7,712	2,485	4,375	1,188	-149
Cash flow from investing activities	-2,849	-3,046	-2,439	-4,394	-6,749	-2,088	-2,203	-2,324
Cash flow from financing activities	813	-236	-1,008	-1,461	1,618	-969	-1,192	-1,192
Net change in cash	563	5,554	-2,154	1,858	-2,646	1,319	-2,207	-3,665
Cash at the end of period	3,470	9,024	6,869	8,727	8,603	9,922	7,715	4,050

Key ratios	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Operating performance								
NIM	3.5%	3.3%	3.1%	3.1%	3.0%	3.0%	3.0%	3.0%
Interest income/operating income	82.1%	95.8%	142.3%	150.9%	149.1%	146.6%	141.6%	138.7%
Net interest income/operating income	76.1%	74.9%	77.5%	78.2%	77.7%	77.3%	76.9%	76.8%
Non interest income/operating income	23.9%	25.1%	22.5%	21.8%	22.3%	22.7%	23.1%	23.2%
Cost to income ratio	46.6%	44.7%	44.1%	42.6%	41.0%	40.5%	40.5%	40.0%
Liquidity								
Net Loan to Deposit Ratio	92.3%	86.5%	87.2%	85.9%	87.0%	87.3%	89.4%	92.0%
Customer deposits/total deposits	90.2%	89.9%	96.4%	95.7%	95.3%	95.2%	95.1%	95.1%
Net loans to customer deposits	102.2%	96.1%	90.5%	89.8%	91.3%	91.7%	94.0%	96.7%
Investments/total assets	15.4%	15.9%	15.4%	16.2%	18.1%	17.7%	17.8%	18.2%
Asset quality								
Stage 1 loan ratio	88.1%	90.0%	90.5%	91.2%	92.0%	92.0%	93.0%	93.0%
Stage 2 loan ratio	10.8%	8.7%	8.1%	7.6%	7.0%	7.0%	6.0%	6.0%
Gross NPL ratio	1.1%	1.3%	1.4%	1.2%	1.1%	1.0%	1.0%	1.0%
Provision as a % of gross loans	3.1%	3.0%	2.8%	2.4%	2.0%	2.5%	2.0%	2.0%
NPL Coverage	280.2%	228.3%	202.1%	198.4%	190.5%	250.0%	200.0%	200.0%
Cost of credit	0.7%	0.6%	0.3%	0.1%	0.2%	0.2%	0.2%	0.3%
Stage 1 coverage	0.4%	0.5%	0.4%	0.3%	0.5%	0.5%	0.5%	0.5%
Stage 2 coverage	15.7%	18.3%	17.1%	15.0%	11.6%	18.4%	13.1%	13.1%
Stage 3 coverage	92.8%	71.7%	76.4%	78.5%	70.0%	75.0%	75.0%	75.0%
Capital adequacy								
Tier I ratio	14.1%	13.6%	13.9%	14.6%	14.5%	15.2%	15.1%	16.3%
Tier II ratio	4.6%	4.1%	3.9%	3.8%	3.3%	3.1%	2.8%	2.7%
CAR	18.7%	17.7%	17.8%	18.3%	17.8%	18.3%	17.9%	19.0%
Net Equity to Gross Loans	14.0%	14.3%	14.5%	14.9%	15.1%	15.7%	16.5%	17.4%
Net Equity to Total Assets	10.8%	10.3%	10.7%	10.8%	10.9%	11.4%	12.1%	13.0%
Return ratios								
Reported ROE	14.8%	16.4%	16.5%	17.6%	16.8%	16.2%	15.6%	15.0%
ROA	1.6%	1.7%	1.7%	1.9%	1.8%	1.8%	1.8%	1.9%
RoRWA	2.1%	2.3%	2.3%	2.5%	2.4%	2.4%	2.4%	2.4%
Per share ratios								
EPS	2.26	2.09	1.91	1.88	2.01	2.17	2.33	2.48
BVPS	16.06	13.47	12.29	11.20	12.66	14.19	15.72	17.39
DPS	-	0.50	0.50	0.34	0.55	0.65	0.80	0.80
Valuation								
Price	37.08	35.56	36.36	32.54	27.16	27.16	27.16	27.16
P/E	16.4	17.0	19.1	17.3	13.5	12.5	11.7	11.0
P/B	2.3	2.6	3.0	2.9	2.1	1.9	1.7	1.6
Dividend Yield	0.0%	1.4%	1.4%	1.0%	2.0%	2.4%	2.9%	2.9%

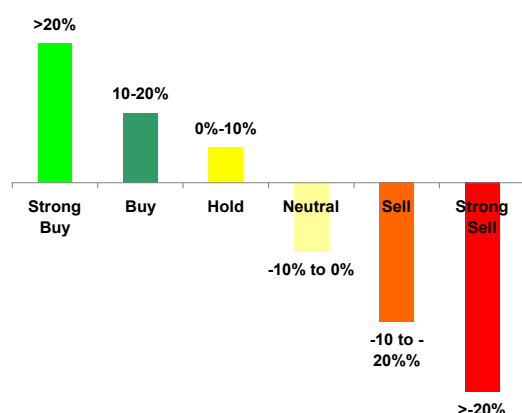
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Rating Criteria and Definitions

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



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