

## Bank Albilad

Sector : Banking

# BUY

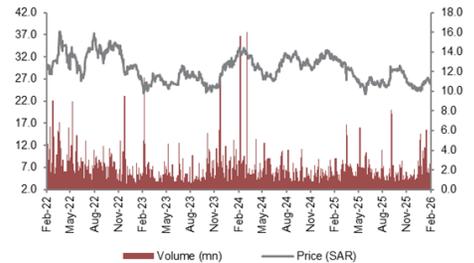
26 February 2026

- Bank Albilad's 4Q25 operating income increased 12% YoY to SAR 1.7bn, exceeding our estimates by 3%, driven by a 6% rise in net interest income and a 31% surge in non-interest income.
- Net income rose 3% YoY to SAR 817mn, 8% above our estimates, supported by stronger operating profit but partially offset by higher impairment charges.
- Loans and deposits grew 12% and 9% YoY, respectively, with sequential growth of 3% each, reflecting sustained business momentum.
- We maintain our BUY rating and target price of SAR 30/share following the earnings beat.

Target price (SAR) **30.00**

Current price (SAR) **25.86**

Return **16.0%**



Bank Albilad's operating income grew 12% YoY to SAR 1.7bn, primarily driven by non-interest income. Of the SAR 176mn increase in operating income, SAR 102mn came from non-interest income, while NII contributed SAR 74mn. Non-interest income growth was largely attributable to a twelvefold increase in other operating income, partially offset by declines in core net fee and commission income and FX income. NII growth was volume-driven, as net interest margins compressed by 11bps YoY to 3.0%. On a sequential basis, operating income rose 7%, significantly above our expectations, supported by higher other operating income. Operating expenses increased at a relatively moderate 6.4% YoY, resulting in a CI ratio of 42.1%, improving by 220bps YoY. For 2025, operating income grew 9%, with the CI ratio improving 40bps YoY to 42.2%.

Reported 4Q25 operating profit reached SAR 957mn, up 16% YoY. However, this was partially offset by higher provisions of SAR 47mn, compared to a SAR 58mn write-back in the prior year. Net income stood at SAR 817mn, up 3% YoY and 7% QoQ, with the beat primarily driven by stronger operating performance. For 2025, operating profit increased 10% YoY but was offset by a 40% YoY rise in provision expenses. The increase in provisions was largely driven by the retail segment (+30% YoY), despite a write-back in the corporate segment. The cost of risk rose to 0.17% in 2025, compared to 0.11% in 2024. Net income for FY2025 grew 9% YoY.

Loans expanded 11.8% YoY, with commercial lending up 12.3% and retail lending up 11.3%. Retail loans accounted for 48% of the total loan book in 2025, broadly unchanged from 2024. Corporate loan growth was driven by the real estate & rental, services, and industrial sectors. Deposits increased 9.1% YoY, although CASA declined by 356bps YoY, as demand deposits grew modestly by 2.7% YoY. The NPL ratio improved by 9bps to 1.09%, with Stage 3 coverage at 80%. The bank plans to raise USD 2bn in Tier 1 sukuk. As part of the first tranche, it raised an amount equivalent to SAR 2.4bn in May 2025, followed by an additional SAR 1.9bn in January 2026.

**Valuation:** Bank Albilad delivered results above expectations, with both operating and net income surpassing our estimates despite higher provisions. We reiterate our BUY rating and maintain our target price of SAR 30/share, supported by solid growth prospects. The stock trades at 12.6x 2026e P/E and 2.0x P/B, offering a dividend yield of 4%.

Exchange Saudi Arabia  
Index weight (%) 1.6%

(mn)	SAR	USD
Market Cap	38,790	10,342
Total Assets	172,972	46,115

### Major shareholders

MOH I. ALSUBEAIE	19.35%
ABDULRAHMAN BIN ABDUL	6.71%
ABDULLAH IBRAHIM ALS	6.36%
Others	67.58%

### Valuation Summary (TTM)

Price (SAR)	25.86
PER TTM (x)	12.8
P/Book (x)	2.1
Dividend Yield (%)	3.9
Free Float (%)	68%
Shares O/S (mn)	1,500
YTD Return (%)	4%
Beta	1.2

Key ratios	2023	2024	2025
EPS (SAR)	1.59	1.88	2.03
BVPS (SAR)	10.17	11.13	12.61
DPS (SAR)	0.33	0.42	1.00
Payout ratio (%)	21%	22%	49%

Price performance (%)	1M	3M	12M
Bank AlBilad	-1%	-2%	-19%
Tadawul All Share Index	-4%	2%	-12%

52 week	High	Low	CTL*
Price (SAR)	32.50	23.38	10.6

\* CTL is % change in CMP to 52wk low



in SAR mn	4Q25	3Q25	QoQ (%)	4Q24	YoY (%)	2025	2024	YoY (%)
Operating Income	1,652	1,535	7.7%	1,477	11.9%	6,192	5,672	9.2%
Operating Expenses	-695	-647	7.4%	-654	6.4%	-2,611	-2,413	8.2%
Operating Profit	957	887	7.8%	823	16.3%	3,581	3,258	9.9%
Provision Expenses - Loan	-47	-33	41.4%	58	-180.8%	-181	-130	39.8%
Profit before tax	910	855	6.6%	881	3.4%	3,400	3,129	8.7%
Zakat & Tax	-94	-88	6.6%	-91	3.4%	-350	-322	8.7%
Profit after tax	817	766	6.6%	790	3.4%	3,049	2,807	8.7%
Loan Book	122,188	119,135	2.6%	109,304	11.8%	122,188	109,304	11.8%
Deposits	132,879	129,023	3.0%	121,776	9.1%	132,879	121,776	9.1%
Total Equity (Excl tier 1 bond)	18,918	18,472	2.4%	16,693	13.3%	18,918	16,693	13.3%
Cost to Income ratio	42.1%	42.2%		44.3%		42.2%	42.6%	
NPL Ratio	1.09%	1.08%		1.19%		1.09%	1.19%	
Net Loan to deposits	92.0%	92.3%		89.8%		92.0%	89.8%	

Income Statement (SAR Mn)	2022	2023	2024	2025	2026E	2027E	2028E	2029E
Interest Income	4,972	7,544	8,559	9,143	9,540	9,858	10,319	10,803
Interest Expense	-1,085	-3,434	-4,126	-4,392	-4,514	-4,505	-4,659	-4,837
<b>Net Interest Income</b>	<b>3,887</b>	<b>4,110</b>	<b>4,434</b>	<b>4,752</b>	<b>5,026</b>	<b>5,353</b>	<b>5,660</b>	<b>5,965</b>
Non Interest Income	1,305	1,193	1,238	1,440	1,602	1,738	1,868	2,009
<b>Total Operating Income</b>	<b>5,191</b>	<b>5,303</b>	<b>5,672</b>	<b>6,192</b>	<b>6,628</b>	<b>7,091</b>	<b>7,528</b>	<b>7,974</b>
Operating Expenses	-2,320	-2,338	-2,413	-2,611	-2,751	-2,943	-3,124	-3,309
Impairment charge	-551	-324	-130	-181	-279	-293	-381	-399
<b>Profit Before Taxation</b>	<b>2,321</b>	<b>2,641</b>	<b>3,129</b>	<b>3,400</b>	<b>3,598</b>	<b>3,856</b>	<b>4,023</b>	<b>4,266</b>
Zakat & Income Tax	-239	-272	-322	-350	-371	-397	-414	-439
<b>Profit After Taxation</b>	<b>2,082</b>	<b>2,369</b>	<b>2,807</b>	<b>3,049</b>	<b>3,228</b>	<b>3,459</b>	<b>3,609</b>	<b>3,826</b>

Balance sheet (SAR Mn)	2022	2023	2024	2025	2026E	2027E	2028E	2029E
Cash and balances with central bank	8,711	6,983	11,248	9,617	12,456	9,944	9,167	8,337
Due from banks and other Fis	6,067	8,170	5,099	5,883	6,177	6,486	6,810	7,151
Investments, net	20,600	22,080	25,032	31,123	32,679	34,313	35,686	37,113
Financing, net	91,179	102,080	109,304	122,188	131,197	138,463	145,386	152,655
Other assets	881	1,635	1,910	1,364	1,501	1,576	1,654	1,737
Property, equipment and RUA, net	2,105	2,158	2,371	2,797	2,995	3,208	3,434	3,673
<b>Total Assets</b>	<b>129,543</b>	<b>143,106</b>	<b>154,965</b>	<b>172,972</b>	<b>187,005</b>	<b>193,990</b>	<b>202,138</b>	<b>210,667</b>

#### LIABILITIES AND SHAREHOLDER'S EQUITY

Due to banks, Central bank and Fis	10,621	4,274	5,493	6,983	7,681	8,065	8,226	8,391
Customers' deposits	94,843	112,831	121,776	132,879	142,181	146,446	152,304	158,396
Sukuk	3,040	3,052	3,147	3,144	3,144	3,144	3,144	3,144
Other liabilities	7,639	7,691	7,855	8,610	9,040	9,492	9,587	9,683
<b>Total Liabilities</b>	<b>116,144</b>	<b>127,848</b>	<b>138,271</b>	<b>151,616</b>	<b>162,046</b>	<b>167,148</b>	<b>173,262</b>	<b>179,615</b>
Paid-up Capital	10,000	10,000	12,500	15,000	15,000	15,000	15,000	15,000
Other Reserves	1,809	1,887	2,324	2,022	2,022	2,022	2,022	2,022
Retained earnings	1,590	3,371	1,869	1,896	3,624	5,507	7,541	9,717
<b>Total Equity</b>	<b>13,399</b>	<b>15,258</b>	<b>16,693</b>	<b>18,918</b>	<b>20,646</b>	<b>22,529</b>	<b>24,563</b>	<b>26,739</b>
<b>Tier 1 Sukuk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,438</b>	<b>4,313</b>	<b>4,313</b>	<b>4,313</b>	<b>4,313</b>
<b>Total Liabilities and Equity</b>	<b>129,543</b>	<b>143,106</b>	<b>154,965</b>	<b>172,972</b>	<b>187,005</b>	<b>193,990</b>	<b>202,138</b>	<b>210,667</b>

Cash Flow Statement (SAR Mn)	2022	2023	2024	2025	2026E	2027E	2028E	2029E
Cash flow from operating activities	8,836	1,293	7,712	4,662	4,551	1,264	2,773	2,885
Cash flow from investing activities	-3,046	-2,439	-4,394	-7,286	-2,086	-2,201	-1,975	-2,065
Cash flow from financing activities	-236	-1,008	-1,461	1,332	375	-1,575	-1,575	-1,650
Net change in cash	5,554	-2,154	1,858	-1,292	2,839	-2,512	-777	-830
<b>Cash at the end of period</b>	<b>9,024</b>	<b>6,869</b>	<b>8,727</b>	<b>7,435</b>	<b>12,456</b>	<b>9,944</b>	<b>9,167</b>	<b>8,337</b>

Key ratios	2022	2023	2024	2025	2026E	2027E	2028E	2029E
<b>Operating performance</b>								
NIM	3.3%	3.1%	3.1%	3.0%	2.9%	3.0%	3.0%	3.0%
Interest income/operating income	95.8%	142.3%	150.9%	147.7%	143.9%	139.0%	137.1%	135.5%
Net interest income/operating income	74.9%	77.5%	78.2%	76.7%	75.8%	75.5%	75.2%	74.8%
Non interest income/operating income	25.1%	22.5%	21.8%	23.3%	24.2%	24.5%	24.8%	25.2%
Cost to income ratio	44.7%	44.1%	42.6%	42.2%	41.5%	41.5%	41.5%	41.5%
<b>Liquidity</b>								
Net Loan to Deposit Ratio	86.5%	87.2%	85.9%	87.4%	87.5%	89.6%	90.6%	91.5%
Customer deposits/total deposits	89.9%	96.4%	95.7%	95.0%	94.9%	94.8%	94.9%	95.0%
Net loans to customer deposits	96.1%	90.5%	89.8%	92.0%	92.3%	94.5%	95.5%	96.4%
Investments/total assets	15.9%	15.4%	16.2%	18.0%	17.5%	17.7%	17.7%	17.6%
<b>Asset quality</b>								
Stage 1 loan ratio	90.0%	90.5%	91.2%	93.0%	92.0%	93.0%	93.0%	93.0%
Stage 2 loan ratio	8.7%	8.1%	7.6%	6.0%	7.0%	6.0%	6.0%	6.0%
Gross NPL ratio	1.3%	1.4%	1.2%	1.1%	1.0%	1.0%	1.0%	1.0%
Provision as a % of gross loans	3.0%	2.8%	2.4%	1.9%	2.5%	2.0%	2.0%	2.0%
NPL Coverage	228.3%	202.1%	198.4%	176.3%	250.0%	200.0%	200.0%	200.0%
Cost of credit	0.6%	0.3%	0.1%	0.2%	0.2%	0.2%	0.3%	0.3%
Stage 1 coverage	0.5%	0.4%	0.3%	0.3%	0.5%	0.5%	0.5%	0.5%
Stage 2 coverage	18.3%	17.1%	15.0%	13.0%	18.4%	13.1%	13.1%	13.1%
Stage 3 coverage	71.7%	76.4%	78.5%	79.8%	75.0%	75.0%	75.0%	75.0%
<b>Capital adequacy</b>								
Tier I ratio	13.6%	13.9%	14.6%	16.8%	16.5%	16.1%	16.7%	17.3%
Tier II ratio	4.1%	3.9%	3.8%	3.4%	3.1%	2.8%	2.7%	2.6%
CAR	17.7%	17.8%	18.3%	20.2%	19.6%	18.9%	19.4%	19.9%
Net Equity to Gross Loans	14.3%	14.5%	14.9%	15.2%	15.3%	15.9%	16.6%	17.2%
Net Equity to Total Assets	10.3%	10.7%	10.8%	10.9%	11.0%	11.6%	12.2%	12.7%
<b>Return ratios</b>								
Reported ROE	16.4%	16.5%	17.6%	17.1%	16.3%	16.0%	15.3%	14.9%
ROA	1.7%	1.7%	1.9%	1.9%	1.8%	1.8%	1.8%	1.9%
RoRWA	2.3%	2.3%	2.5%	2.5%	2.4%	2.3%	2.3%	2.3%
<b>Per share ratios</b>								
EPS	2.09	1.91	1.87	1.98	1.97	2.12	2.22	2.37
BVPS	13.47	12.29	11.13	12.61	13.76	15.02	16.38	17.83
DPS	0.50	0.50	0.33	1.00	1.00	1.05	1.05	1.10
<b>Valuation</b>								
Price	35.56	36.36	32.54	24.82	25.86	25.86	25.86	25.86
P/E	17.0	19.1	17.4	12.6	13.2	12.2	11.6	10.9
P/B	2.6	3.0	2.9	2.0	1.9	1.7	1.6	1.5
Dividend Yield	1.4%	1.4%	1.0%	4.0%	3.9%	4.1%	4.1%	4.3%

## Key contacts

### Research Team

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### Rating Criteria and Definitions

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

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