



Growth in interest earning assets and fee income supports profitability

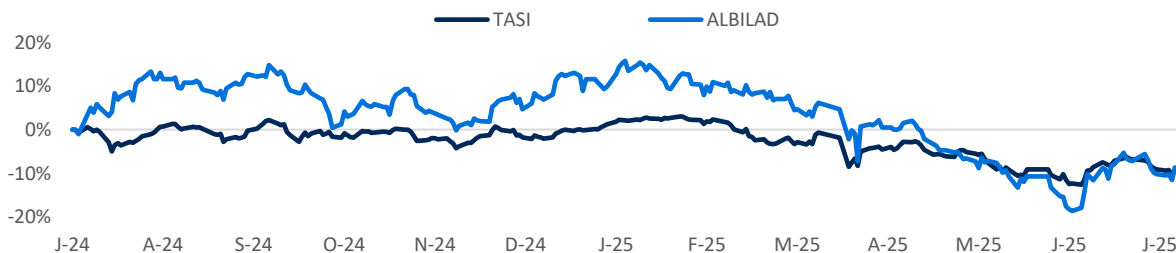
Market Data		Valuation	2024A	2025E	2026E	2027E
Last Price (SAR)	25.8	Net Income (SAR bn)	2.8	3.0	3.2	3.6
Target Price	32	EPS (SAR)	1.9	2.0	2.1	2.4
Upside / Downside (%)	25%	PER (x)	13.8	13.0	12.1	10.8
Market Cap bn (SAR/USD)	39/10	P/BV (x)	2.3	2.0	1.8	1.6
52-week High / Low (SAR)	34/23	DPS (SAR)	0.4	0.5	0.5	0.6
12-month ADTV (mn) (SAR/USD)	49/13	Div. Yield (%)	1.6	1.7	2.1	2.3
YTD Return (%)	-20.6%	RoAE (%)	17.6	16.6	15.5	15.4
Bloomberg Code	ALBI AB	RoAA (%)	1.9	1.8	1.7	1.7

\*last price as of 27 July 2025

Financials (SAR mn)	2Q25A	2Q25E*	Var (%)	2Q24A	YoY (%)	1Q25A	QoQ (%)
Net Interest Income	1,177	1,213	-3	1,085	8	1,162	1
Non-Interest Income	364	339	7	323	13	302	21
Total Income	1,541	1,552	-1	1,408	9	1,464	5
Operating expenses	(638)	(645)	-1	(578)	10	(630)	1
Impairment provisions	(49)	(77)	-37	(82)	-41	(53)	-8
Net Income	766	745	3	671	14	700	9
<b>Adj. EPS</b>	<b>0.51</b>	<b>0.50</b>	<b>3</b>	<b>0.45</b>	<b>14</b>	<b>0.47</b>	<b>9</b>
Assets	161,902	162,905	-1	145,291	11	159,103	2
Investments	28,637	24,381	17	22,891	25	26,389	9
Loans & Advances	115,689	118,113	-2	104,310	11	112,427	3
Deposits	123,929	129,147	-4	114,530	8	124,018	0
Total Equity	20,756	18,337	13	15,806	31	17,592	18
NIM (%) - annualized	3.2	3.3	-11 bps	3.3	-11 bps	3.3	-9 bps
Operating cost to income (%)	41	42	-12 bps	41	39 bps	43	-162 bps
Provision/Loans (bps)	17	27	-10 bps	32	-15 bps	19	-2 bps
Simple LDR (%)	93	91	190 bps	91	227 bps	91	270 bps
Assets to Equity (x)	7.8	8.9	-12	9.2	-15	9.0	-14

\*anbc estimates

### Price Performance



Source: Tadawul, Bloomberg and anbc research

Rating: Overweight | 12M Target Price: SAR 32

July 28, 2025

**Bank Albilad (ALBI AB) reported a net profit of SAR 766 mn (Adj. EPS: SAR 0.51) in 2Q25, up 14% YoY and 9% QoQ. Profitability expansion resulted from the growth in operating income and decline in impairment provisions, though partially offset by higher operating expenses. The BoD recommended a dividend payout of SAR 0.45/sh for 1H25.**

- Net interest income grew by 8.5% YoY to SAR 1.2 bn, due to a 6.8% YoY increase in income from investing and financial assets which was partially offset by a 5.1% YoY increase in return on deposits and financial liabilities. NIM arrived at 3.2% during 2Q25, down 10.9 bps YoY and 9.2 bps QoQ.
- Non-interest income was recorded at SAR 364.1 mn in 2Q25, up 12.7% YoY (+20.6% QoQ), mainly driven by a rise in fee and commission income, dividend income, and net gain on FVSI. The operating income of the bank increased by 9.4% YoY and 5.3% QoQ, to SAR 1.5 bn.
- Operating expenses increased 10.5% YoY to SAR 638.2 mn, driven by an increase in expenses across all broader categories. This translated into a cost to income ratio of 41.4% vs 41.0% in 2Q24. On a QoQ basis, operating expenses remained flattish (+1.3%).
- Impairment provisions in 2Q25 declined 40.6% YoY (-7.7% QoQ) to SAR 48.8 mn, reportedly due to better quality financing portfolio.
- Total assets increased by 11.4% YoY to SAR 161.9 bn during 2Q25, with 25.1% YoY growth in investment portfolio and 10.9% YoY increase in lending portfolio. Deposits for 2Q25 were up 8.2% YoY reaching SAR 123.9 bn. As lending activity outpaced deposit growth in the quarter, loan to deposit ratio increased to 93% at end of 2Q25 compared to 91% in the previous quarter.
- Albilad's performance came inline with our estimates with net profitability supported by both core and non-core income. However, the impairment provisions were lower than anticipated due to better quality of the financing portfolio. With a balanced positioning in the corporate and retail sector, bank is well-positioned to capitalize on increasing capital demand. We have a target price of SAR 32/share. With 2025E PER of 13.0x and PBV of 2.0x. Since initiating our coverage, the stock has declined by 11.1%, notably underperforming the broader TASI index by 5.1%. In light of the recent price movement, we upgrade our rating to Overweight.*

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