Bank Albilad

Profitability supported by lower impairment provisions

Rating: Neutral | Target Price: SAR 32

October 26, 2025

Market Data	
Last Price (SAR)	29.1
Target Price	32
Upside / Downside (%)	10
Market Cap bn (SAR/USD)	44/12
52-week High / Low (SAR)	34/23
12-month ADTV (mn) (SAR/USD)	47/13
YTD Return (%)	-11
Bloomberg Code	ALBI AB

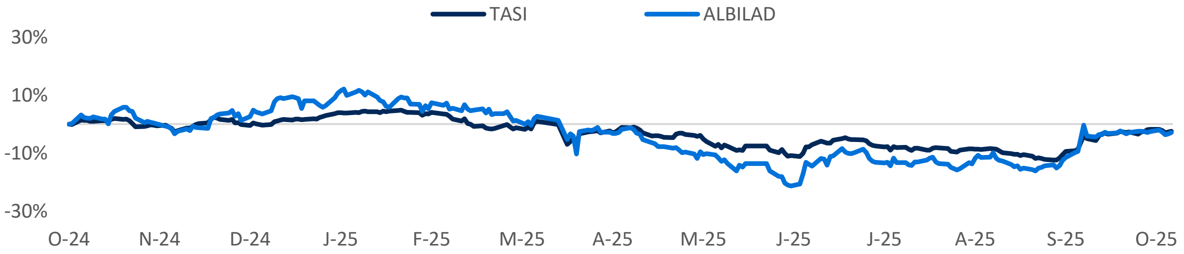
**Last Close of 23 Oct 25*

Valuation	2024A	2025E	2026F	2027F
Net Income (SAR bn)	2.8	2.9	3.1	3.3
EPS (SAR)	1.9	1.9	2.1	2.2
PER (x)	15.5	14.9	14.1	13.1
P/BV (x)	2.6	2.3	2.0	1.8
DPS (SAR)	0.4	0.5	0.5	0.6
Div. Yield (%)	1.4	1.5	1.8	1.9
RoAE (%)	17.6	16.9	17.1	16.5
RoAA (%)	1.9	1.8	1.9	1.8

Financials (SAR mn)	3Q25A	3Q25E*	Var (%)	3Q24A	YoY (%)	2Q25A	QoQ (%)
Net Interest Income	1,195	1,178	1	1,160	3	1,177	2
Non-Interest Income	340	342	-1	286	19	364	-7
Total Income	1,535	1,521	1	1,446	6	1,541	0
Operating expenses	(647)	(632)	2	(609)	6	(638)	1
Impairment provisions	(33)	(51)	-35	(54)	-39	(49)	-32
Net Income	767	752	2	703	9	766	0
Adj. EPS	***0.52***	***0.47***		***0.47***		***0.51***	
Assets	167,929	165,579	1	153,722	9	161,902	4
Investments	30,440	18,796	62	23,000	32	28,637	6
Loans & Advances	119,135	121,046	-2	106,695	12	115,689	3
Deposits	129,023	129,573	0	122,342	5	123,929	4
Total Equity	20,910	20,793	1	16,132	30	20,756	1
NIM (%) - annualized	3.2	3.2	1 bps	3.4	-22 bps	3.2	-2 bps
Operating cost to income (%)	42	42	63 bps	42	5 bps	41	76 bps
Provision/Loans (bps)	11	17	-6 bps	20	-9 bps	17	-6 bps
Simple LDR (%)	92	93	-108 bps	87	513 bps	93	-102 bps
Assets to Equity (x)	8.0	8.0	1	9.5	-16	7.8	3

**anbc estimates*

Price Performance



Source: Tadawul, Bloomberg and anbc research

Bank Albilad (ALBI AB) reported a net profit of SAR 767 mn (Adj. EPS: SAR 0.52) in 3Q25, up 9% YoY and flat sequentially. The increase in net profit was due to a 19% YoY growth in non-interest income and 39% YoY decline in impairment provisions, partially offset by a 6% YoY increase in operating expenses. Importantly, net income aligned with our projections.

- Net interest income for the quarter arrived at SAR 1.2 bn, up 3.0% YoY, driven by 5.3% YoY increase in gross interest income to SAR 2.3 bn. However, the increase in net interest income was partially offset by a 7.8% YoY increase in return on deposits and financial liabilities to SAR 1.1 bn. NIM arrived at 3.2% down 22 bps YoY (-2 bps QoQ).
- Non-interest income for 3Q25 amounted to SAR 340 mn, up 18.7% YoY, due to a net gain on FVSI instruments, fee and commission income and dividend income. However, the increase was partially offset by a decline in net exchange income. On a sequential basis, non-interest income declined 6.5% QoQ driven by a decrease in net exchange, dividend, and other operating income.
- Operating expenses increased 6.3% YoY in 3Q25 to SAR 647.4 mn. The increase was driven by a rise in depreciation, salaries, and general & admin expenses. On a QoQ basis, operating expenses were flat, with a meagre increase of 1.4% from SAR 638.2 mn in 2Q25. Cost to income ratio increased 5 bps YoY and 76 bps QoQ to 42.2%.
- Impairment provisions for 3Q25 were recorded at SAR 33 mn, down 38.5% YoY and 32.4% QoQ. The decline in provisions was due to a decrease in impairment charge for expected credit losses due to better quality of the financing portfolio.
- Total assets rose 9.2% YoY arriving at SAR 167.9 bn at the end of the quarter, driven by 11.7% YoY growth in loans to SAR 119.1 bn. Investments for 3Q25 arrived at SAR 30.4 bn, up 32.4% YoY. Deposits at the end Sep-25 amounted to SAR 129.0 bn, up 5.5% YoY and 4.1% QoQ.
- At 3Q25 end, bank's LDR stood at 92.3%, up 513 bps YoY from 87.2% in 3Q24. On a sequential basis, LDR declined 102 bps from 93.4% in 2Q25.
- *Albilad's profitability was supported by lower impairment provisions due to better quality of the financing portfolio. With a balanced positioning in the corporate and retail sector and low LDR level, bank is well-positioned to capitalize on increasing capital demand. We have a Neutral stance on the stock with a 2025E P/E and P/B of 14.9x and 2.3x.*

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