



Earnings came in slightly above expectations, supported by lower provisions; Maintain 'Neutral'

Bank Albilad posted earnings of SAR 766.5mn in Q3-25, up 9.1% Y/Y (up 0.1% sequentially). The Q3-25 net income was slightly above AJC estimate due to lower provisioning. We highlight that Pre-Provision Operating Profit stood at SAR 888mn up 6.0% Y/Y (+1.0% deviation to AJC estimate of SAR 879mn). The Net Special Commission Income grew by 3.0% Y/Y to SAR 1,195mn (+0.6% deviation to AJC estimate). Our back of the envelope calculation shows a 38bps Y/Y and 7bps Q/Q decline in NIMs. Operating expenses (excluding debt provisions) totaled SAR 647mn up 6.3% Y/Y, in line with our estimates. Cost-to-income ratio increased to 42.4% in Q3-25 as compared to 42.1% in Q3-24 (AJC estimate 42.6%). Provision expenses declined by 38.5% Y/Y to SAR 33mn, 45.0% below our estimate of SAR 60mn. Cost-of-risk stood at 11bps in Q3-25 as compared to 20bps in Q3-24. Due to likely normalization of impairment charges, we see ROE declining from 2024 levels. In this backdrop, we believe all the positives are priced in at 2025e PB of 2.2x, hence we maintain our "Neutral" recommendation on the stock with a TP of SAR 29.0 per share.

- Bank Albilad posted earnings of SAR 766.5mn in Q3-25, up 9.1% Y/Y (up 0.1% sequentially). The Q3-25 net income was 0.2% below consensus estimate and 4.4% above AJC estimate. The deviation to AJC estimate is mainly owed to lower provision expenses of SAR 33mn, down 38.5% and 32.4% Y/Y and Q/Q, respectively (-45% deviation to AJC estimate of SAR 60mn). We highlight that Pre-Provision Operating Profit stood at SAR 888mn up 6.0% Y/Y (+1.0% deviation to AJC estimate of SAR 879mn).
- The Net Special Commission Income grew by 3.0% Y/Y and 1.5% Q/Q to SAR 1,195mn (+0.6% deviation to AJC estimate). Our back of the envelope calculation shows a 38bps Y/Y and 7bps Q/Q decline in NIMs. Non-yield income expanded by 18.7% Y/Y to SAR 340mn (-1.0% deviation to AJC estimate of SAR 344mn). Overall, operating income grew by 6.1% Y/Y (-0.4% Q/Q) in Q3-25 (+0.2% deviation to AJC estimate).
- Operating expenses (excluding debt provisions) totaled SAR 647mn up 6.3% Y/Y (+1.4% on Q/Q basis), in line with our estimates (-0.8% deviation). Cost-to-income ratio increased to 42.4% in Q3-25 as compared to 42.1% in Q3-24 (AJC estimate 42.6%).
- Provision expenses declined by 38.5% Y/Y to SAR 33mn (-32.4% on equential basis), 45.0% below our estimate of SAR 60mn. Cost-of-risk stood at 11bps in Q3-25 as compared to 20bps in Q3-24 (deviation of -9bps to our estimate).
- Loan book grew by 11.7% Y/Y and 3.0% Q/Q to SAR 119bn (+0.4% deviation to AJC estimate of SAR 118.6bn). Deposits grew by 5.5% Y/Y and 4.1% Q/Q to SAR 129bn (+2.6% deviation to AJC estimate of SAR 125.7bn). The ADR ratio increased by 5.9ppts Y/Y to 92.3% in Q3-25 from 87.2% in Q3-24 (93.4% in Q2-25). Moreover, the bank increased its investments by 32.4% Y/Y (+6.3% on a Q/Q basis) to SAR 30.4bn.

AJC view and valuation: Albilad is set to benefit from lower rates and improving operating efficiencies. However, bank's recent performance on deposit, loans and NIMs front has undershot our expectations. Moreover, we highlight increase in cost-of-risk to normalized levels (CoR stood at 12bps in 2024 vs 5-year average of 54bps) as a key risk. Due to likely normalization of impairment charges, we see ROE to decline from 2024 levels. In this backdrop, we believe all the positives are priced in at 2025e PB of 2.2x, hence we maintain our "Neutral" recommendation on the stock with a TP of SAR 29.0 per share.

Results Summary

SAR mn	Q3-24	Q2-25	Q3-25	Change Y/Y	Change Q/Q	Deviation from AJC Estimates
Net financing & investment income	1,160	1,177	1,195	3.0%	1.5%	0.6%
Total Operating income	1,446	1,541	1,532	6.1%	-0.4%	0.2%
Net Profit	703	766	767	9.1%	0.1%	4.4%
EPS	0.47	0.51	0.51			

Source: Tadawul, Aljazira Capital Research

Recommendation

Neutral

Target Price (SAR)

29.0

Upside / (Downside)*

-0.2%

Source: Tadawul *prices as of 23rd October 2025

Key Financials

SARmn (unless specified)	FY22	FY23	FY24	FY25E
NSCI	3,887	4,110	4,434	4,906
Growth %	11.38%	5.74%	7.88%	10.66%
Oper. Income	5,191	5,303	5,672	6,205
Growth %	13.25%	2.14%	6.96%	9.41%
Net Profit	2,082	2,369	2,807	2,936
Growth %	23.4%	13.7%	18.47%	4.62%
EPS	1.39	1.58	1.87	1.96
DPS	0.50	0.50	0.50	0.50

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY22	FY23	FY24	FY25E
NIMs	3.53%	3.29%	3.26%	3.37%
P/E (X)	21.47	19.19	17.22	14.81
P/B (X)	3.34	2.85	2.61	2.25
Dividend Yield	1.68%	1.65%	1.72%	1.71%
ROA	1.73%	1.74%	1.88%	1.81%
ROE	16.40%	16.5%	17.7%	16.3%
Net loan growth	9.94%	12.0%	7.1%	8.4%
Deposit growth	16.93%	19.0%	7.9%	8.2%

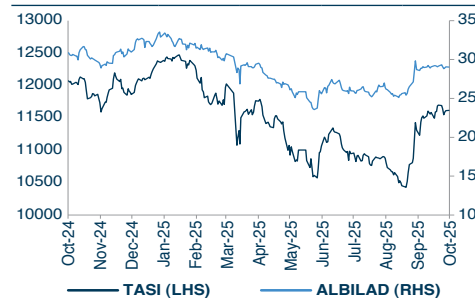
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	43.5
YTD%	-10.7%
52 week (High)/(Low)	33.9/23.4
Share Outstanding (mn)	1,500.0

Source: Company reports, Bloomberg, Aljazira Capital

Price Performance



Source: Bloomberg, AJC Research

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RESEARCH
DIVISION

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RATING
TERMINOLOGY

1. **Overweight:** This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. **Underweight:** This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. **Neutral:** The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. **Suspension of rating or rating on hold (SR/RH):** This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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