

Bank Albilad (ALBI)

Solid growth in non-funded income and lending activities drove the bottom line

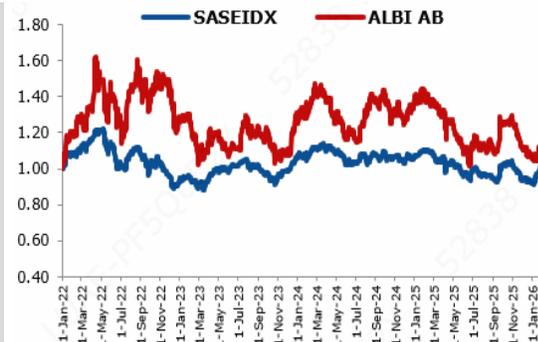
Current Price
SAR 25.60

Target Price
SAR 31.70

Upside/Downside (%)
+24%

Rating
BUY

- ALBI's loan-to-deposit ratio declined from 92.3% in 3Q25 to 92.0% in 4Q25.
- Funded income increased 8.7% YOY to SAR 2,381 Mn in 4Q25, supported by rise in net advances and investments, partially offset by a decline in asset yield.
- Bank's non-funded income rose 30.8% YOY to SAR 434 Mn in 4Q25, due to a substantial rise in other non-funded income, partially offset by decline in fees and commissions, and exchange income.
- Cost-to-income ratio declined from 44.3% in 4Q24 to 42.1% in 4Q25.
- Bank Albilad's board proposed a cash dividend distribution of SAR 825 Mn for 2H25, representing SAR 0.55 per share.



4Q25 net profit slightly higher than our estimate

Albilad Bank's ("ALBI", "The Bank") net profit grew 3.4% YOY to SAR 817 Mn in 4Q25, slightly higher than our estimate of SAR 789 Mn. The growth in net profit is mainly attributable to the increase in net funded and non-funded income, partially offset by higher operating expenses, zakat charge, and impairment charges recorded during the quarter.

P&L Highlights

ALBI's funded income grew 8.7% YOY to SAR 2,381 Mn in 4Q25, driven by growth in net advances and investments, partially offset by decline in asset yield. On the other hand, funded expenses increased 11.3% YOY to SAR 1,163 Mn in 4Q25, due to a rise in customer deposits, and cost of funds. Thus, net funded income expanded 6.4% YOY to SAR 1,218 Mn in 4Q25. The Bank's non-funded income increased 30.8% YOY to SAR 434 Mn in 4Q25, attributed to a substantial rise in other non-funded income, partially offset by decline in fees and commissions, and exchange income. Fees and commissions fell 22.4% YOY to SAR 160 Mn in 4Q25. Similarly, exchange income declined 47.1% YOY to SAR 56 Mn in 4Q25. However, other non-funded income surged SAR 21 Mn in 4Q24 to SAR 219 Mn in 4Q25. Thus, the Bank's total operating income rose 11.9% YOY to SAR 1,652 Mn in 4Q25. Furthermore, the Bank's G&A expenses increased 6.4% YOY to SAR 695 Mn in 4Q25 mainly due to an increase in salaries & employee-related benefits, D&A expenses, and other G&A expenses. As a result, the Bank's cost-to-income ratio declined from 44.3% in 4Q24 to 42.1% in 4Q25. The Bank recorded an impairment charged of SAR 47 Mn in 4Q25, compared to reversal of SAR 58 Mn in 4Q24. Bank's zakat expenses increased 3.4% YOY to SAR 94 Mn in 4Q25, in line with the growth of net profit.

Stock Information

Market Cap (SAR, Mn)	38,400.00
Paid Up Capital (Mn)	15,000.00
52 Week High	32.92
52 Week Low	23.38
3M Avg. daily value(SAR)	45,734,390

4Q25 Result Review (SAR, Mn)

Total Assets	172,972
Total liabilities	151,616
Total Equity	21,356
Total Deposits	132,879
Net Profit	817

Financial Ratios

Dividend Yield (12m)	1.73
Dividend Pay-out (%)	49.19
Price-Earnings Ratio(x)	12.64
Price-to-Book Ratio (x)	2.03
Book Value (SAR)	12.61
Return-on Equity (%)	17.13

Stock Performance

5 Days	-4.97%
1 Months	-1.01%
3 Months	-5.26%
6 Months	-3.40%
1 Year	-20.31%
Month to Date (MTD%)	-3.69%
Quarter to Date (QTD%)	3.14%
Year to Date (YTD%)	3.14%

Balance sheet highlights

The Bank's total assets grew 11.6% YOY and 3.0% QOQ to SAR 173.0 Bn in 4Q25, driven by growth in advances and investments. Net advances increased 11.8% YOY and 2.6% QOQ to SAR 122.2 Bn in 4Q25. The Bank's investment portfolio rose 24.3% YOY and 2.2% QOQ to SAR 31.1 Bn in 4Q25. Moreover, ALBI's customer deposits expanded 9.1% YOY and 3.0% QOQ to SAR 132.9 Bn in 4Q25. Thus, the headline loan-to-deposit ratio grew from 89.8% in 4Q24 to 92.0% in 4Q25. Total shareholders' equity increased 27.9% YOY and 2.1% QOQ to SAR 21.4 Bn in 4Q25.

Target Price and Rating

We maintain our BUY rating on Bank Albilad with a target price of SAR 31.70. ALBI's recorded net profit growth of 3.4% YOY in 4Q25, driven by a strong growth in funded income and non-funded income, indicating resilient core operating performance and diversified revenue. The Bank's investment portfolio rose 24.3% YOY and 2.2% QOQ to SAR 31.1 Bn in 4Q25, demonstrating active portfolio build-up and higher deployment into income-generating securities. Out of which, 88% of the investment is deployed in the fixed rate instruments, which will benefit the profitability in a declining interest rate scenario. Further, net advances increased 11.8% YOY and 2.6% QOQ to SAR 122.2 Bn in 4Q25, due to growth across retail and commercial lending, reflecting sustained credit demand. Albilad 47.5% exposure to the retail segment of gross financing portfolio in 4Q25 positions the bank favorably in a declining interest rate environment. Asset quality remained largely flat with a NPL ratio of 1.0% in 4Q25 compared to 3Q25. Furthermore, the Bank's stage 2 gross financing declined from SAR 8.6 Bn in 4Q24 to SAR 7.4 Bn in 4Q25, demonstrating improved asset quality and a reduced migration of exposures into higher-risk categories. Similarly, customer deposits rose 9.1% YOY and 3.0% QOQ to SAR 132.9 Bn in 4Q25, primarily due to a rise in direct investment. The headline loan-to-deposit ratio declined from 92.3% in 3Q25 to 92.0% in 4Q25, indicating higher credit deployment and tighter liquidity buffers. CASA deposits accounted for 59.8% of total deposits in 4Q25, compared to 66.5% in 3Q25, which may impact the NIMs negatively owing to higher funding costs. However, overall deposit growth remains supportive, particularly amid tight liquidity conditions in the KSA banking sector. The coverage ratio declined from 204.7% in 3Q25 to 197.9% in 4Q25, reflecting a marginal normalization of provisioning buffers amid steady asset performance. The Bank's CAR stood strong at 20.2% in 4Q25, indicating a strong capital position that enhances the Bank's capacity to support future growth and absorb potential risks. The Bank maintained LCR and NSFR at 120.3% and 109.7%, respectively, in 3Q25, well above the regulatory requirement. Bank Albilad's board recommended distributing SAR 825 Mn in cash dividends equivalent to SAR 0.55 per share (5.5% of par value) for 2H25. Thus, based on our analysis, we assign a BUY rating on the stock.

Albilad Bank - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	23.82	19.30	16.86	14.23	13.47	12.22
PB	3.35	3.11	2.62	2.39	1.87	1.62
BVPS	7.987	8.599	10.233	11.196	14.323	16.526
EPS	1.124	1.388	1.589	1.882	1.988	2.191
DPS	NA	0.333	0.333	0.417	1.000	1.100
Dividend Yield	NA	1.3%	1.3%	1.6%	3.9%	4.3%

FABS Estimates & Co Data

Albilad Bank – P&L

SAR Mn	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch	2024	2025	YOY Ch
Income from invest & fin.	2,190	2,321	2,381	2,383	-0.1%	8.7%	2.6%	8,559	9,143	6.8%
Return on deposits & fin. liab.	-1,045	-1,126	-1,163	-1,065	9.2%	11.3%	3.3%	-4,126	-4,392	6.5%
Net funded income	1,144	1,195	1,218	1,318	-7.6%	6.4%	1.9%	4,434	4,752	7.2%
Fees and commissions	206	200	160	187	-14.2%	-22.4%	-20.0%	701	723	3.2%
Exchange income	105	73	56	85	-34.9%	-47.1%	-24.0%	316	296	-6.4%
Other non-funded income	21	67	219	54	NM	NM	NM	221	421	90.4%
Total non-funded income	332	340	434	326	33.3%	30.8%	27.7%	1,238	1,440	16.3%
Total operating income	1,477	1,535	1,652	1,644	0.5%	11.9%	7.7%	5,672	6,192	9.2%
General & admin. Expenses	-654	-647	-695	-650	6.9%	6.4%	7.4%	-2,413	-2,611	8.2%
Pre provision profit	823	887	957	994	-3.7%	16.3%	7.8%	3,258	3,581	9.9%
Impairment	58	-33	-47	-114	-59.2%	NM	NM	-130	-181	39.8%
Profit before zakat	881	855	910	879	3.6%	3.4%	6.6%	3,129	3,400	8.7%
Zakat expenses	-91	-88	-94	-91	3.6%	3.4%	6.6%	-322	-350	8.7%
Net profit	790	766	817	789	3.6%	3.4%	6.6%	2,807	3,049	8.7%

FABS estimate & Co Data

Albilad Bank - KPI

	4Q24	3Q25	4Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Net FI/OI	77.5%	77.8%	73.7%	-379	-413	78.2%	76.7%	-143
NIMs - Trailing 12M	3.2%	3.1%	3.1%	-7	0	3.2%	3.1%	-7
NIMs - Annulized	3.3%	3.2%	3.2%	-9	1	3.2%	3.1%	-7
NIS	3.0%	2.8%	2.7%	-26	-12	2.9%	2.8%	-7
Fees & comms/OI	14.0%	13.1%	9.7%	-428	-336	12.4%	11.7%	-67
Other opert inc./OI	8.5%	9.1%	16.6%	807	749	9.5%	11.6%	210
Cost to income	44.3%	42.2%	42.1%	-219	-10	42.6%	42.2%	-38
Impairment/PPP	-7.0%	3.7%	4.9%	1189	116	4.0%	5.1%	108
NP/OI	53.5%	49.9%	49.4%	-408	-52	49.5%	49.2%	-23
Cost of risk	-0.2%	0.1%	0.2%	37	4	0.1%	0.2%	3
Loan-to-deposit (headline)	89.8%	92.3%	92.0%	220	-38	89.8%	92.0%	220
NPL calculated	1.2%	1.0%	1.0%	-21	2	1.2%	1.0%	-21
Coverage excluding collateral	198.4%	204.7%	197.9%	-50	-677	198.4%	197.9%	-50
CET 1	14.6%	14.8%	14.8%	29	5	14.6%	14.8%	29
Capital adequacy	18.3%	20.3%	20.2%	188	-12	18.3%	20.2%	188
ROAE	17.6%	16.3%	16.0%	-154	-29	17.6%	16.0%	-154
ROAA	1.9%	1.9%	1.9%	-2	-2	1.9%	1.9%	-2

FABS estimate & Co Data

Albilad Bank - Key B/S items

SAR Mn	4Q24	1Q25	2Q25	3Q25	4Q25	Change
Net advances	109,304	112,427	115,689	119,135	122,188	11.8%
QOQ change	2.4%	2.9%	2.9%	3.0%	2.6%	
Total assets	154,965	159,103	161,902	167,929	172,972	11.6%
QOQ change	0.8%	2.7%	1.8%	3.7%	3.0%	
Customer deposits	121,776	124,018	123,929	129,023	132,879	9.1%
QOQ change	-0.5%	1.8%	-0.1%	4.1%	3.0%	
Total equity	16,693	17,592	20,756	20,910	21,356	27.9%
QOQ change	3.5%	5.4%	18.0%	0.7%	2.1%	

FABS estimate & Co Data

Valuation:

We use Residual Income and Relative Valuation (RV) method to value ALBI. We have assigned 70% weight to Residual Income, and 30% to RV method.

Valuation Method	Target	Weight	Weighted Value
Residual Income	31.94	70.0%	22.36
Relative Valuation (RV)	31.15	30.0%	9.34
Weighted Average Valuation (SAR)			31.70
Current market price (SAR)			25.60
Upside/Downside (%)			+24%

1) Residual Income Method:

We have discounted the economic profit/excess equity using the cost of equity of 8.9%. The cost of equity is calculated by using a 10-year government bond yield of 5.5%, a beta of 0.90, and an equity risk premium of 3.8%. Government bond yield is calculated after adding KSA 10-year CDS spread over 10-year US risk free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (SAR, Mn)	6,823
Terminal value (SAR, Mn)	21,880
Book Value of Equity (as of DEC 2025)	18,918
FV to Common shareholders (SAR, Mn)	47,522
No. of share (Mn)	1,491
Current Market Price (SAR)	25.60
Fair Value per share (SAR)	31.94

Residual Income Method

(All Figures in SAR Mn)	2026F	2027F	2028F	2029F	2030F
Net Profit	3,049	3,325	3,675	4,096	4,490
(-) Equity Charge	-1,676	-1,801	-1,937	-2,091	-2,269
Excess Equity	1,373	1,524	1,738	2,005	2,222
Discounting Factor	0.93	0.85	0.78	0.72	0.66
Present Value of Excess Equity	1,270	1,295	1,357	1,438	1,464

2) Relative Valuation:

We have used local peers to value ALBI and it is valued using the P/B multiple. We have applied a premium as ALBI trades at a premium to its peers and is valued at a 2026 P/B multiple of 1.2x.

BANK	Market (USD Mn)	P/E (x)		P/B (x)		Dividend Yield (%)	
		2026F	2027F	2026F	2027F	2026F	2027F
Riyad Bank	21,574	8.2	7.7	1.2	1.1	6.3%	6.7%
Alinma Bank	17,800	10.7	9.9	1.7	1.5	4.3%	4.9%
Al Rajhi Bank	109,547	16.7	14.9	3.5	3.1	3.5%	3.9%
Saudi National Bank	61,017	10.2	9.5	1.2	1.2	5.4%	5.8%
Banque Saudi Fransi	11,648	9.1	8.7	1.0	1.0	6.3%	6.5%
Arab National Bank	11,504	9.1	8.7	1.1	1.0	6.4%	6.6%
Average		10.6x	9.9x	1.6x	1.5x	5.4%	5.7%
Median		9.7x	9.1x	1.2x	1.1x	5.8%	6.2%
Max		10.6x	9.8x	1.5x	1.4x	6.3%	6.6%
Min		9.1x	8.7x	1.1x	1.0x	4.6%	5.1%

Source: FAB Securities

