

Ahli Bank (ABQK)

Recommendation	Market Perform	Risk Rating	R-4
Share Price	QR3.600	Target Price	QR3.573
Implied Upside	(0.8%)		

1Q2025 Earnings In-Line; Net Profit Aided By Lower CoR; Market Perform

ABQK's 1Q2025 comes in-line with estimates. Ahli Bank's (ABQK) net profit increased by 5.1% YoY (decreased by 6.2% QoQ) to QR229.3mn, in-line with our estimate of QR229.9mn (variation of -0.3%). A substantial drop in provisions & impairments drove the bottom-line as ABQK faced significant margin pressure and an increase in opex. Sequentially, the bottom-line dropped by 6.2% on the back of margin pressure and lower non-funded income, which more than offset a 50.8% decline in provisions and impairments.

Highlights

- **Margins compressed significantly both YoY and sequentially.** NIM decreased by 75/32bps YoY/QoQ to ~2.28%.
- **1Q2025 annualized RoE was flat vs. 1Q2024.** ABQK generated 1Q2025 RoE of 12.5% vs. 12.2% in 1Q2024.
- **ABQK generally is a cost-efficient bank, although the C/I ratio increased YoY/QoQ.** The bank's C/I ratio increased from 20.6% in 1Q2024 to 27.7% in 1Q2025 (24.3% in 4Q2024). The YoY/QoQ increase in the C/I ratio was a result of growth in opex vs. large a drop in revenue.
- **Asset quality remained stable and is manageable for now; majority of provisions were booked to Stage 2 loans.** NPLs remained flat QoQ. Hence, the NPL ratio decreased from FY2024's 2.87% to 2.77% in 1Q2025 (FY2023: 2.48%). Coverage of Stage 3 loans inched up from 78% in FY2024 to 79% in 1Q2024 (FY2023: 86%). Moreover, ABQK increased its buffers for Stage 2 loans by 4.7% sequentially and Stage 2 ECLs contribute 60% to total ECLs; coverage of Stage 2 loans is a significant 19%.
- **Credit provisions materially declined YoY and sequentially, leading the growth in the bottom-line.** ABQK's credit provisions in 1Q2025 declined by 65.8% YoY (-53.3% sequentially) to QR47.5mn. If we include other impairments/reversals, net provisions and impairments dropped by 76.1%/50.8% YoY/QoQ. This drop moved the bottom-line up YoY. Moreover annualized 1Q2025 CoR dropped to 48bps vs. 152bps in 1Q2024.
- **Net loans and deposits expanded sequentially.** Net loans sequentially increased by 4.1% to QR37.1bn. Moreover, deposits expanded by 4.6% to Q33.6bn.
- **Capitalization remains strong and well above the QCB limits.** ABQK ended 1Q2025 with CET1 & Tier-1 ratios of 16.9%/19.5%, respectively.

Catalysts

- 1) Improvement in the stock's trading liquidity.

Recommendation, Valuation and Risks

- **Recommendation and valuation: we maintain our target price of QR3.573/sh. and our Market Perform rating.** ABQK trades at FY2025e P/B and P/E of 1.2x and 10.4x, respectively.
- **Risks:** 1) Oil price volatility and 2) stale stock price due to lack of liquidity.

Key Financial Data and Estimates

(In QR mn)	2024	2025e	2026e	2027e
EPS Attributable (QR)	0.324	0.347	0.371	0.396
Growth (%)	7.0	7.1	6.9	6.9
P/E (x)	11.1	10.4	9.7	9.1
BVPS (QR)	2.9	3.0	3.1	3.2
P/B (x)	1.2	1.2	1.2	1.1
RoE (%)	11.5	12.0	12.4	12.9
DPS (QR)	0.250	0.275	0.300	0.325
Dividend Yield (%)	6.9	7.6	8.3	9.0

Source: Company data; Note: All data is based on current number of shares

Key Data

Current Market Price (QR)	3.600
Dividend Yield (%)	6.9
Bloomberg Ticker	ABQK QD
Reuters Ticker	AABQ.QA
ISIN	QA0001200748
Sector	Banks & Fin. Svc
52wk High/52wk Low (QR)	3.989/3.051
3-m Average Volume	205,678
Mkt. Cap. (\$ bn/QR bn)	2.5/9.2
Shares Outstanding (mn)	2,551.15
FO Limit* (%)	49.0
Current FO* (%)	0.0
1-Year Total Return (%)	4.5
Fiscal Year End	December 31

Source: Bloomberg (as of April 23, 2025), *Qatar Exchange (as of April 23, 2025); Note: FO is foreign ownership

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Detailed Financial Statements

(In QR mn)	2022	2023	2024	2025e	2026e	2027e
Net Interest Income	1,277	1,401	1,644	1,770	1,885	2,002
Fees & Commissions	167	147	135	128	135	139
FX Income	60	34	48	56	62	68
Other Income	(5)	7	13	38	40	42
Non-Interest Income	222	188	196	222	237	248
Total Revenue	1,498	1,589	1,840	1,991	2,122	2,251
Operating Expenses	(336)	(362)	(387)	(414)	(446)	(474)
Net Operating Income	1,162	1,227	1,453	1,577	1,676	1,777
Net Provisions & Impairments	(390)	(391)	(562)	(626)	(662)	(695)
Net Profit (Reported)	772	837	892	952	1,014	1,082
Interest Expense on AT1 Perp. Security	(44)	(44)	(44)	(44)	(44)	(44)
Social & Sports Contribution Fund	(19)	(21)	(22)	(24)	(25)	(27)
Net Profit (Attributable)	709	772	826	884	945	1,011
EPS (Attributable)	0.278	0.303	0.324	0.347	0.371	0.396

Source: Company data, QNB FS Research

(In QR mn)	2022	2023	2024	2025e	2026e	2027e
Cash & Balances with Central Bank	1,807	1,855	2,180	2,386	2,553	2,706
Interbank Loans	3,768	14,760	11,731	3,769	4,398	3,403
Net Investments	8,339	8,382	9,445	10,383	10,493	10,178
Net Loans	34,032	34,754	35,663	37,687	39,979	42,543
Other Assets	398	490	239	252	268	285
Net PP&E	230	223	333	324	329	334
Total Assets	48,575	60,464	59,591	54,801	58,018	59,450
Liabilities						
Interbank Deposits	3,988	15,001	12,829	5,826	6,601	5,706
Customer Deposits	28,954	29,645	32,154	34,083	36,469	38,657
Term Loans	6,941	6,951	5,122	5,481	5,207	5,207
Other Liabilities	718	622	1,033	716	802	696
AT1 Perpetual Securities	1,092	1,092	1,092	1,092	1,092	1,092
Total Liabilities	41,693	53,311	52,230	47,197	50,171	51,357
Total Shareholders' Equity	6,883	7,153	7,361	7,604	7,847	8,093
Total Liabilities & Shareholders' Equity	48,575	60,464	59,591	54,801	58,018	59,450
RWAs	38,337	37,961	38,766	41,364	44,342	46,781
BVPS	2.70	2.80	2.89	2.98	3.08	3.17

Source: Company data, QNB FS Research

Ratios	2022	2023	2024	2025e	2026e	2027e
Profitability (%)						
RoE	10.8	11.2	11.5	12.0	12.4	12.9
RoRWA	1.9	2.0	2.2	2.2	2.2	2.2
RoA	1.5	1.4	1.4	1.5	1.7	1.7
NIM (% of IEAs)	2.8	2.7	2.9	3.3	3.6	3.6
NIM (% of RWAs)	3.4	3.7	4.3	4.4	4.4	4.4
NIM (Risk-Adjusted)	1.7	1.7	1.4	1.7	2.1	2.2
Yield on IEAs	4.5	6.2	6.2	5.7	6.3	6.5
CoFs	2.1	4.9	5.2	3.6	3.8	3.9
Spread	2.4	1.3	1.0	2.1	2.5	2.5
NPM	31.1	22.7	22.1	26.7	26.4	26.4
JAWs	11.5	-1.5	8.9	1.2	-1.1	-0.2
Efficiency (%)						
Cost-to-Income (Headline)	22.4	22.8	21.0	20.8	21.0	21.1
Cost-to-Income (Core)	22.3	22.8	21.1	21.2	21.4	21.4
Liquidity (%)						
LDR (Headline)	118	117	111	111	110	110
LDR (Stable Sources of Funds)	95	95	96	95	96	97
Loans to Assets	70	57	60	69	69	72
Liquid Assets Ratio	20	34	31	20	21	19
Cash & Interbank Loans-to-Total Assets	11	27	23	11	12	10
Wholesale Funding to Loans	32	63	50	30	30	26
Asset Quality (%)						
NPL Ratio	2.55	2.48	2.87	2.61	2.45	2.50
Coverage Ratio	199	234	238	287	338	359
Cost of Risk	110	100	146	158	148	141
Capitalization (%)						
CET1 Ratio	16.0	16.7	17.3	16.9	16.3	15.9
AT1 Ratio	2.8	2.9	2.8	2.6	2.5	2.3
Tier-1 Ratio	18.8	19.6	20.2	19.5	18.7	18.3
CAR	20.0	20.8	21.3	20.7	19.9	19.5
Growth (%)						
Net Interest Income	18.3	9.7	17.4	7.6	6.5	6.2
Non-Interest Income	-17.4	-15.1	4.2	13.1	6.8	4.9
Revenue	11.2	6.1	15.8	8.2	6.5	6.1
OPEX	-0.3	7.6	6.9	7.1	7.6	6.3
Net Operating Income	15.0	5.6	18.4	8.5	6.3	6.0
Net Income (Attributable)	5.2	8.9	7.0	7.1	6.9	6.9
Loans	1.4	2.1	2.6	5.7	6.1	6.4
Deposits	3.7	2.4	8.5	6.0	7.0	6.0
Assets	1.0	24.5	-1.4	-8.0	5.9	2.5
Net Investments	-3.2	0.5	12.7	9.9	1.1	-3.0
RWAs	2.1	-1.0	2.1	6.7	7.2	5.5

Source: Company data, QNB FS Research

Recommendations		Risk Ratings	
<i>Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price</i>		<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
OUTPERFORM	Greater than +20%	R-1	Significantly lower than average
ACCUMULATE	Between +10% to +20%	R-2	Lower than average
MARKET PERFORM	Between -10% to +10%	R-3	Medium / In-line with the average
REDUCE	Between -10% to -20%	R-4	Above average
UNDERPERFORM	Lower than -20%	R-5	Significantly above average

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