Ahli Bank (ABQK)

Recommendation	Market Perform	Risk Rating	R-4
Share Price	QR3.551	Target Price	QR3.573
Implied Upside	0.6%		

3Q2025 Moderately Misses Estimates; Large Drop In CoR Aided Earnings

ABQK's 3Q2025 moderately misses our estimates. Ahli Bank's (ABQK) net profit increased by 3.6% YoY (surged by 58.1% QoQ) to QR273.8mn, below our estimate of QR280.5mn (variation of -2.4%). A significant drop in provisions & impairments drove the bottom-line as ABQK faced significant margin pressure and weak non-funded income. Sequentially, the bottom-line surged by 58.1% due to a 90.3% drop in provisions, which more than offset a 15.8% decline in net operating income.

Highlights

- **Margins compressed significantly YoY but remained flat sequentially.** NIM decreased by 84bps YoY to ~2.31% due to the compression of yields outweighing the repricing of CoFs.
- **9M2025 annualized RoE was flat vs. 9M2024.** ABQK generated 9M2025 RoE of 12.2% vs. 12.1% in 9M2024.
- **ABQK generally is a cost-efficient bank, although the C/I ratio increased YoY/QoQ on weak revenue.** The bank's C/I ratio increased from 17.9% in 3Q2024 to 26.3% in 3Q2025 (23.4% in 2Q2025). The YoY/QoQ increase in the C/I ratio was a result of growth in opex vs. large a drop in revenue.
- **Asset quality came under pressure; majority of provisions were booked to Stage 2 loans.** NPLs increased by 11.6%/11.7% QoQ/YTD to QR1.2bn. Hence, the NPL ratio increased from 2Q2025's 2.72% to 3.02% in 3Q2025 (FY2024: 2.87%). Coverage of Stage 3 loans declined from 87% in 2Q2025 to 80% in 3Q2025 (FY2024: 78%). Stage 2 ECLs contribute 59% to total ECLs; coverage of Stage 2 loans is a significant 20%.
- **Credit provisions materially declined YoY and sequentially, leading the growth in the bottom-line.** ABQK booked credit provisions of only QR15.9mn in 3Q2025 vs. QR133.5mn in 3Q2024 (2Q2025: QR179.9mn); excluding this sharp drop in provisions, net operating income was down 31.6%/15.8% YoY/QoQ. Moreover, annualized 9M2025 CoR dropped to 79bps vs. 157bps in 9M2024.
- **Net loans remained flat sequentially by expanded YTD.** Net loans sequentially remained flat QR38.2bn (+7.2% YTD). On the other hand, deposits expanded by 7.2% QoQ (+9.8% YTD) to Q35.3bn.
- **Capitalization remains strong and well above the QCB limits.** ABQK ended 2Q2025 with CET1 & Tier-1 ratios of 17.0%/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 10.2x, respectively.
- **Risks:** 1) Oil price volatility and 2) stale stock price due to lack of liquidity.

Key Data

Current Market Price (QR)	3.551
Dividend Yield (%)	7.0
Bloomberg Ticker	ABQK QD
Reuters Ticker	AABQ.QA
ISIN	QA0001200748
Sector	Banks & Fin. Svc
52wk High/52wk Low (QR)	3.992/3.051
3-m Average Volume	158,197
Mkt. Cap. ($ bn/QR bn)	2.5/9.1
Shares Outstanding (mn)	2,551.15
FO Limit* (%)	100
Current FO* (%)	0.1
1-Year Total Return (%)	2.8
Fiscal Year End	December 31

Source: Bloomberg (as of October 15, 2025), *Qatar Exchange (as of October 15, 2025); Note: FO is foreign ownership

Key Financial Data and Estimates

(In QR mn)	2024	2025e	2026e
EPS Attributable (QR)	0.324	0.347	0.371
Growth (%)	7.0	7.1	6.9
P/E (x)	11.0	10.2	9.6
BVPS (QR)	2.9	3.0	3.1
P/B (x)	1.2	1.2	1.2
RoE (%)	11.5	12.0	12.4
DPS (QR)	0.250	0.275	0.300
Dividend Yield (%)	7.0	7.7	8.4

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

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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 *Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price*		Risk Ratings *Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals*	
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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