2Q 2026 FIRST TAKE

Bank Albilad

July 20, 2026

Balance sheet growth offsets fee decline and margin pressure

Last Price: SAR 24.0 | YoY Performance: -3.3%

KEY TAKEAWAYS

- Bank Albilad delivered SAR 791.6 mn in 2Q26 net profit, 2.5% ahead of our SAR 772.5 mn estimate, and up 3.4% YoY, as balance sheet growth offset margin pressure.
- Net interest income rose 8.1% YoY to SAR 1,272.1 mn on strong balance sheet growth, but a 6.3% YoY decline in non-interest income to SAR 341.1 mn - a softer drop than we expected, 6.6% ahead of our estimate - diluted the mix, leaving total income up a more modest 4.7% YoY at SAR 1,613.2 mn.
- Impairment provisions rose 14.3% YoY to SAR 55.8 mn, outpacing total income growth (4.7% YoY), though the increase was still 24.2% lighter than we had modeled and potentially reflecting normalization following higher provisions of SAR 71.5 mn booked in 1Q26.
- Balance sheet momentum remains the key profit driver: loans rose 15.3% YoY to SAR 133.4 bn, while deposits outgrew loans at 18.8% YoY to SAR 147.2 bn, pulling the LDR down 271 bps YoY to 90.6%.
- NIMs compressed 20 bps YoY to 3.0% in 2Q26 (7 bps below our estimate), a trend worth watching if funding costs stay elevated. Additionally, cost-to-income ratio widened 41 bps YoY to 41.8% in 2Q26.
- Based on our last review, we maintain a 'Neutral' stance on the stock, with a target price of SAR 28/share. The stock is currently trading at a 2026e P/E and P/B of 12.2x and 1.7x, respectively.

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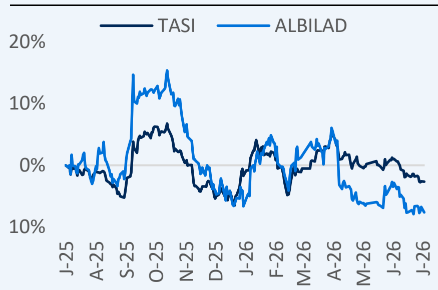
Issuer Information

Bloomberg Code	**ALBI AB**
Last Price (SAR)	**24.0**
No of Shares (mn)	**1,500**
Market Cap bn (SAR/USD)	**36.0 / 9.6**
52-week High / Low (SAR)	**30.2 / 23.7**
12-month ADTV (mn) (SAR/USD)	**44.8 / 11.9**
Free Float (%)	**64.5**
Foreign Holdings (%)	**9.6**

Last price as of July 19th, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials	2Q26A	2Q26E*	Var (%)	2Q25A	YoY (%)	1Q26A	QoQ (%)
Net Interest Income	1,272	1,283	-0.9	1,177	8.1	1,259	1.0
Non-Interest Income	341	320	6.6	364	-6.3	270	26.2
Total Income	1,613	1,603	0.6	1,541	4.7	1,529	5.5
Operating expenses	(675)	(668)	1.0	(638)	5.7	(637)	5.9
Impairment provisions	(56)	(74)	-24.2	(49)	14.3	(72)	-22.0
Net Income	792	772	2.5	766	3.4	736	7.6
Adj. EPS	***0.48***	***0.47***		***0.51***		***0.49***	
Assets	186,478	182,352	2.3	161,902	15.2	179,959	3.6
Investments	32,113	31,774	1.1	28,637	12.1	31,339	2.5
Loans & Advances	133,419	130,902	1.9	115,689	15.3	129,803	2.8
Deposits	147,188	139,539	5.5	123,929	18.8	140,294	4.9
Total Equity	23,770	24,857	-4.4	20,756	14.5	23,657	0.5
NIM (%) - annualized	3.0	3.1	-7 bps	3.2	-20 bps	3.1	-8 bps
Operating cost to income (%)	41.8	41.7	15 bps	41.4	41 bps	41.7	15 bps
Provision/Loans (bps)	17.0	22.6	-6 bps	17.1	0 bps	22.7	-6 bps
Simple LDR (%)	90.6	93.8	-316 bps	93.4	-271 bps	92.5	-188 bps
Assets to Equity (x)	7.8	7.3	6.9	7.8	0.6	7.6	3.1

**anbc estimates*
Source: Company Financials, anbc research

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