Bank Albilad

27 April 2026

1Q26 RESULT REVIEW

Bank Albilad (ALBI AB) reported a net profit of SAR 735.8 mn (Adj. EPS: SAR 0.49) in 1Q26, up 5.1% YoY (-9.9% QoQ). The result came broadly in line with our estimates of SAR 749.6 mn, down by 1.8%. The increase in profitability was due to an 8.3% YoY growth in net-interest income. However, earnings growth was offset by a 10.5% YoY decline in non-interest income and a 35.2% YoY uptick in impairment provisions. The bank's cost efficiency continues to lag peers, with the bank's cost-to-income ratio remaining the highest (at 41.7% in 1Q26) within our banking universe. Hence, we revise our target price to SAR 28.3/share (previous TP of SAR 32.0/share). Based on the updated valuation, we downgrade our rating from 'Overweight' to 'Neutral' for the bank with an upside of 13.2% from last close of SAR 25.0/share.

Net interest income for 1Q26 amounted to SAR 1.3 bn, up 8.3% YoY (+3.3% QoQ). The growth in net interest income during the quarter was driven by 9.3% YoY increase in gross interest income to SAR 2.4 bn. During 1Q26, Bank Albilad's asset yields declined by 27 bps YoY to 5.9%, resulting in a downtick in NIMs to 3.1% from 3.3% in 1Q25.

Non-interest income for 1Q26 amounted to SAR 270.3 mn, down 10.5% YoY (-37.8% QoQ), due to decrease in net exchange, fee & commission, dividend, and other operating income. We expect non-interest income growth to remain subdued in 2026e following implementation of SAMA's revised service fees and credit regulations.

Operating expenses for 1Q26 rose marginally by 1.2% YoY to SAR 637.4 mn (-8.3% QoQ), resulting in cost to income ratio declining to 41.7%, down 137 bps YoY and 39 bps QoQ. Impairment provisions for 1Q26 increased 35.2% YoY to SAR 71.5 mn (+53.2% QoQ) due to increase in net impairment charge for expected credit losses on financing. Cost of risk for 1Q26 arrived at 22 bps, up 7 bps QoQ and 4 bps YoY.

Within our banking universe, Bank Albilad reported the highest growth in its loan portfolio of 15.5% YoY to SAR 129.8 bn. However, deposits growth lagged behind at 13.1% YoY to SAR 140.3 bn, resulting in increased liquidity pressures, with headline LDR rising 187 bps YoY to 92.5% at the end of 1Q26 (+57 bps QoQ). However, the bank's LDR still remains one of the lowest in the sector.

Bank Albilad's high cost to income presents a significant headwind to profitability. With a TP of SAR 28.3/share, we have revised our stance to 'Neutral' on the bank. The stock is currently trading at a 2026e P/E and P/B of 12.6x and 1.8x, respectively.

Financials (SAR mn)	1Q26A	1Q26E*	Var (%)	1Q25A	YoY	4Q25A	QoQ
Net Interest Income	1,259	1,227	2.6	1,162	8.3	1,218	3.3
Non-Interest Income	270.3	314	-13.8	302	-10	434	-37.8
Total Income	1,529	1,540	-0.7	1,464	4.5	1,653	-7.5
Operating expenses	-637	-648	-1.6	-630	1.2	-695	-8.3
Impairment prov.	-72	-57	26.1	-53	35.2	-47	53.2
Net Income	736	750	-1.8	700	5.1	817	-9.9
Adj. EPS	***0.49***	***0.47***		***0.47***		***0.49***	
Assets	179,959	175,166	2.7	159,103	13.1	172,972	4.0
Investments	31,339	28,592	9.6	26,389	18.8	31,123	0.7
Loans & Advances	129,803	124,130	4.6	112,427	15.5	122,188	6.2
Deposits	140,294	136,420	2.8	124,018	13.1	132,879	5.6
Total Equity	23,657	21,241	11.4	17,592	34.5	21,356	10.8
NIM (%) - annualized	3.1	3.1	2 bps	3.3	-17 bps	3.1	-1 bps
Op. cost to inc. (%)	41.7	42.1	-39 bps	43.0	-137 bps	42.1	-39 bps
Provision/Loans (bps)	22.7	18.4	4 bps	19.1	4 bps	15.5	7 bps
Simple LDR (%)	92.5	91.0	153 bps	90.7	187 bps	92.0	57 bps
Assets to Equity (x)	7.6	8.2	-7.8	9.0	-15.9	8.1	-6.1

*anbc estimates

Source: Tadawul, anbc research

RATING SUMMARY — **NEUTRAL**

Target Price (SAR)	28.3
Upside/Downside (%)	13.2
Div. Yield (%)	4.0
Total Exp. Return (%)	17.1

Source: Company financials, anbc research

ISSUER INFORMATION

Bloomberg Code	ALBI AB
Last Price (SAR)	25.0
No of Shares (mn)	1,500
Market Cap bn (SAR/USD)	37.5/10.0
52-week High / Low (SAR)	30.2/23.4
12-month ADTV (mn) (SAR/USD)	47.4/12.6

Close of 26th April, 2026

VALUATIONS

	2025	2026e	2027f	2028f
EPS (SAR)	2.0	2.0	2.1	2.4
PER (x)	12.7	12.6	11.8	10.6
PBV (x)	2.0	1.8	1.7	1.6
DPS (SAR)	1.0	1.0	1.1	1.2
Div. Yield (%)	4.0	4.0	4.2	4.7
RoAE (%)	16.6	15.1	15.0	15.5
RoAA (%)	1.9	1.8	1.7	1.8

Source: Company financials, anbc research

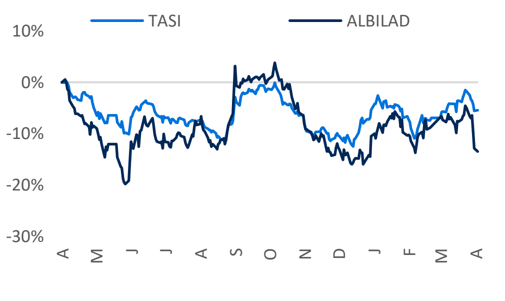
FINANCIALS (SAR bn)

	2025	2026e	2027f	2028f
Oper. Income	6.2	6.5	6.8	7.6
Provisions	0.2	0.2	0.2	0.2
Net Income*	3.0	3.0	3.2	3.5
Investments	31.1	32.7	36.9	41.5
Loans	122.2	134.2	149.1	164.2
Deposits	132.9	145.8	161.9	178.2
NIM (%)	3.2	3.0	2.9	2.9

*After Sukuk cost

Source: Company financials, anbc research

RELATIVE PRICE PERFORMANCE



Source: Bloomberg, anbc research

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Expected return is more than +15%	Expected return is between +15% & -10%	Expected return is lower than -10%

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