UNITED SECURITIES LLC.

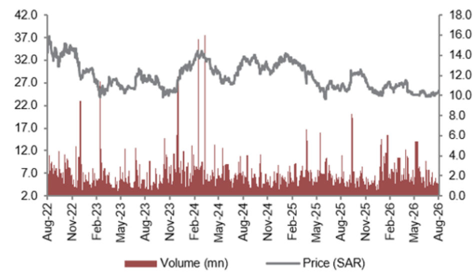
Bank Albilad

Sector : Banking

BUY

18 August 2026

Target price (SAR)	28.00
Current price (SAR)	25.32
Return	10.6%



Exchange	Saudi Arabia
Index weight (%)	1.6%

(mn)	SAR	USD
Market Cap	37,980	10,116
Total Assets	172,972	46,072

Major shareholders	
Mohammed Ibrahim	19.35%
ABDULRAHMAN BIN	6.75%
ABDULLAH IBRAHIM	6.36%
Others	67.54%

Valuation Summary (TTM)	
Price (SAR)	25.32
PER TTM (x)	12.2
P/Book (x)	2.0
Dividend Yield (%)	4.1
Free Float (%)	68%
Shares O/S (mn)	1,500
YTD Return (%)	2%
Beta	1.3

Key ratios	2023	2024	2025
EPS (SAR)	1.59	1.88	2.03
BVPS (SAR)	10.17	11.13	12.61
DPS (SAR)	0.33	0.42	1.00
Payout ratio (%)	21%	22%	49%

Price performance (%)	1M	3M	12M
Bank AlBilad	4%	4%	-2%
Tadawul All Share Index	2%	0%	0%

52 week	High	Low	CTL*
Price (SAR)	30.16	23.72	6.7

* CTL is % change in CMP to 52wk low

- **Bank Albilad's reported 2Q26 operating income was SAR 1.6bn, higher by 4.7% YoY, below our estimates by 4.3%. This was driven by 8% YoY growth in NII, offsetting decline in non-interest income by 6.3%.**
- **Net income rose 3.4% YoY to SAR 792mn, missing our estimates by 3%, driven by higher provisions of 14.2% YoY.**
- **YTD net loans and deposits grew 9.2% and 10.8%, respectively. The LD ratio stood at 90.6%, driven by faster deposit growth.**
- **We maintain our BUY rating, with a target price of SAR 28/share, despite lower-than-expected results, as core NII improved, driven by volume-led growth.**

Bank Albilad's operating income grew 4.7% YoY, mainly supported by an 8.1% increase in net interest income, which compensated for a 6.3% YoY decline in non-interest income. This is the second consecutive quarter of 8%+ YoY growth in NII, despite compression in NIMs. NII improvement was volume-driven, even as NIM declined by 21 bps YoY to 3.01%. On a sequential basis, NIMs contracted by 4bps. The growth in NII was offset by a 6.3% YoY decline in non-interest income. Net fee and commission income declined by 21% YoY, as the pace of fee and commission income growth was muted. FX income and dividend income both declined by 6% YoY each. The share of non-interest income to total income declined 248bps YoY to 21.1%. Operating expenses increased by 5.7% YoY, resulting in a cost-to-income ratio of 41.8%, stable on a QoQ basis.

Operating profit growth of 4% YoY was offset by a 14% YoY increase in provisioning expenses. The rise in provisions resulted in a cost of risk of 0.18%. Sequentially, however, provision expenses declined by 22% QoQ, with cost of risk remaining stable on a QoQ basis. The key driver of the increase in provisions in 2Q26 was the corporate segment, which witnessed a charge of SAR 43.0mn, vs a write-back last year of SAR 40.0mn. Retail impairment charge witnessed a decline of 84% to SAR 13.0mn, providing a cushion to the increase in provisions in the corporate segment. Higher provisioning expenses resulted in a 3% miss versus our net income estimates.

Net loans expanded 9.2% YTD, while deposits grew at a relatively faster pace of 10.8% YTD. This was driven by the commercial segment, which increased by 12% YTD, even as retail loans increased by 6% YTD. Deposit growth was driven by time deposits, which increased by 17.4%, while CASA deposits grew 6.3%. CASA's share of total deposits declined to 57% from 60% as of Dec'24. The NPL ratio remained stable at 1.2%.

Valuation: ALBI's loan and deposit growth remained strong, even as operating income growth was driven by NII growth, which we view as positive. The results were below our expectations, with the operating income miss driven by weaker non-interest income. The net income shortfall was mainly due to higher provisioning expenses. Despite the miss, we continue to be positive on the outlook in the context of growth. We reiterate our BUY rating and maintain our target price at SAR 28/share. The stock currently trades at 13.1x 2026e P/E and 1.8x P/B, offering a dividend yield of 3.9%.

in SAR mn	2Q26	1Q26	QoQ (%)	2Q25	YoY (%)	1H26	1H25	YoY (%)
Operating Income	1,613	1,529	5.5%	1,541	4.7%	3,142	3,005	4.6%
Operating Expenses	-675	-637	5.9%	-638	5.7%	-1,312	-1,268	3.5%
Operating Profit	938	892	5.2%	903	4.0%	1,830	1,736	5.4%
Provision Expenses - Loan	-56	-72	-22.0%	-49	14.2%	-127	-102	25.2%
Profit before tax	883	820	7.6%	854	3.4%	1,703	1,635	4.2%
Zakat & Tax	-91	-84	7.6%	-88	3.4%	-175	-168	4.2%
Profit after tax	792	736	7.6%	766	3.4%	1,527	1,466	4.2%
Loan Book	133,418	129,803	2.8%	115,689	15.3%	133,418	115,689	15.3%
Deposits	147,188	140,294	4.9%	123,929	18.8%	147,188	123,929	18.8%
Total Equity (Excl tier 1 bor	19,457	19,344	0.6%	18,319	6.2%	19,457	18,319	6.2%
Cost to Income ratio	41.8%	41.7%		41.4%		41.8%	42.2%	
NPL Ratio	1.23%	1.31%		1.18%		1.23%	1.18%	
Net Loan to deposits	90.6%	92.5%		93.4%		90.6%	93.4%	

Income Statement (SAR Mn)	2023	2024	2025	2026E	2027E	2028E	2029E
Interest Income	7,544	8,559	9,143	9,816	10,363	11,084	11,499
Interest Expense	-3,434	-4,126	-4,392	-4,568	-4,617	-4,881	-5,090
Net Interest Income	**4,110**	**4,434**	**4,752**	**5,248**	**5,747**	**6,203**	**6,408**
Non Interest Income	1,193	1,238	1,440	1,463	1,536	1,613	1,694
Total Operating Income	**5,303**	**5,672**	**6,192**	**6,711**	**7,283**	**7,816**	**8,102**
Operating Expenses	-2,338	-2,413	-2,611	-2,819	-3,059	-3,283	-3,403
Impairment charge	-324	-130	-181	-350	-377	-406	-426
Profit Before Taxation	**2,641**	**3,129**	**3,400**	**3,543**	**3,848**	**4,128**	**4,274**
Zakat & Income Tax	-272	-322	-350	-365	-396	-425	-440
Profit After Taxation	**2,369**	**2,807**	**3,049**	**3,178**	**3,451**	**3,702**	**3,833**

Balance sheet (SAR Mn)	2023	2024	2025	2026E	2027E	2028E	2029E
Cash and balances with central bank	6,983	11,248	9,617	11,682	10,870	7,427	6,469
Due from banks and other Fis	8,170	5,099	5,883	6,765	7,104	7,459	7,832
Investments, net	22,080	25,032	31,123	32,679	34,313	35,686	37,113
Financing, net	102,080	109,304	122,188	132,411	143,738	155,237	162,999
Other assets	1,635	1,910	1,364	1,432	1,504	1,579	1,658
Property, equipment and RUA, net	2,158	2,371	2,797	2,964	3,146	3,342	3,544
Total Assets	**143,106**	**154,965**	**172,972**	**187,935**	**200,676**	**210,730**	**219,615**
LIABILITIES AND SHAREHOLDER'S EQUITY							
Due to banks, Central bank and Fis	4,274	5,493	6,983	7,332	7,699	7,853	8,010
Customers' deposits	112,831	121,776	132,879	143,509	153,555	161,233	167,682
Sukuk	3,052	3,147	3,144	3,144	3,144	3,144	3,144
Other liabilities	7,691	7,855	8,610	9,040	9,492	9,587	9,683
Total Liabilities	**127,848**	**138,271**	**151,616**	**163,026**	**173,890**	**181,817**	**188,519**
Paid-up Capital	10,000	12,500	15,000	15,000	15,000	15,000	15,000
Other Reserves	1,887	2,324	2,022	2,022	2,022	2,022	2,022
Retained earnings	3,371	1,869	1,896	3,574	5,450	7,578	9,761
Total Equity	**15,258**	**16,693**	**18,918**	**20,596**	**22,472**	**24,600**	**26,783**
Tier 1 Sukuk	**0**	**0**	**2,438**	**4,313**	**4,313**	**4,313**	**4,313**
Total Liabilities and Equity	**143,106**	**154,965**	**172,972**	**187,935**	**200,676**	**210,730**	**219,615**

Cash Flow Statement (SAR Mn)	2023	2024	2025	2026E	2027E	2028E	2029E
Cash flow from operating activities	1,293	7,712	4,662	3,783	2,980	130	2,768
Cash flow from investing activities	-2,439	-4,394	-7,286	-2,093	-2,217	-1,998	-2,076
Cash flow from financing activities	-1,008	-1,461	1,332	375	-1,575	-1,575	-1,650
Net change in cash	-2,154	1,858	-1,292	2,065	-812	-3,443	-958
Cash at the end of period	**6,869**	**8,727**	**7,435**	**11,682**	**10,870**	**7,427**	**6,469**

Key ratios	2023	2024	2025	2026E	2027E	2028E	2029E
Operating performance							
NIM	3.1%	3.1%	3.0%	3.0%	3.1%	3.2%	3.1%
Interest income/operating income	142.3%	150.9%	147.7%	146.3%	142.3%	141.8%	141.9%
Net interest income/operating income	77.5%	78.2%	76.7%	78.2%	78.9%	79.4%	79.1%
Non interest income/operating income	22.5%	21.8%	23.3%	21.8%	21.1%	20.6%	20.9%
Cost to income ratio	44.1%	42.6%	42.2%	42.0%	42.0%	42.0%	42.0%
Liquidity							
Net Loan to Deposit Ratio	87.2%	85.9%	87.4%	87.8%	89.1%	91.8%	92.8%
Customer deposits/total deposits	96.4%	95.7%	95.0%	95.1%	95.2%	95.4%	95.4%
Net loans to customer deposits	90.5%	89.8%	92.0%	92.3%	93.6%	96.3%	97.2%
Investments/total assets	15.4%	16.2%	18.0%	17.4%	17.1%	16.9%	16.9%
Asset quality							
Stage 1 loan ratio	90.5%	91.2%	93.0%	92.0%	93.0%	93.0%	93.0%
Stage 2 loan ratio	8.1%	7.6%	6.0%	7.0%	6.0%	6.0%	6.0%
Gross NPL ratio	1.4%	1.2%	1.1%	1.0%	1.0%	1.0%	1.0%
Provision as a % of gross loans	2.8%	2.4%	1.9%	2.5%	2.0%	2.0%	2.0%
NPL Coverage	202.1%	198.4%	176.3%	250.0%	200.0%	200.0%	200.0%
Cost of credit	0.3%	0.11%	0.17%	0.3%	0.3%	0.3%	0.3%
Stage 1 coverage	0.4%	0.3%	0.3%	0.5%	0.5%	0.5%	0.5%
Stage 2 coverage	17.1%	15.0%	13.0%	18.4%	13.1%	13.1%	13.1%
Stage 3 coverage	76.4%	78.5%	79.8%	75.0%	75.0%	75.0%	75.0%
Capital adequacy							
Tier I ratio	13.9%	14.6%	16.8%	16.3%	15.5%	16.0%	16.6%
Tier II ratio	3.9%	3.8%	3.4%	3.1%	2.7%	2.6%	2.5%
CAR	17.8%	18.3%	20.2%	19.5%	18.2%	18.6%	19.1%
Net Equity to Gross Loans	14.5%	14.9%	15.2%	15.2%	15.3%	15.5%	16.1%
Net Equity to Total Assets	10.7%	10.8%	10.9%	11.0%	11.2%	11.7%	12.2%
Return ratios							
Reported ROE	16.5%	17.6%	17.1%	16.1%	16.0%	15.7%	14.9%
ROA	1.7%	1.9%	1.9%	1.8%	1.8%	1.8%	1.8%
RoRWA	2.3%	2.5%	2.5%	2.4%	2.3%	2.2%	2.2%
Per share ratios							
EPS	1.91	1.87	1.98	1.93	2.12	2.28	2.37
BVPS	12.29	11.13	12.61	13.73	14.98	16.40	17.86
DPS	0.50	0.33	1.00	1.00	1.05	1.05	1.10
Valuation							
Price	36.36	32.54	24.82	25.32	25.32	25.32	25.32
P/E	19.1	17.4	12.6	13.1	12.0	11.1	10.7
P/B	3.0	2.9	2.0	1.8	1.7	1.5	1.4
Dividend Yield	1.4%	1.0%	4.0%	3.9%	4.1%	4.1%	4.3%

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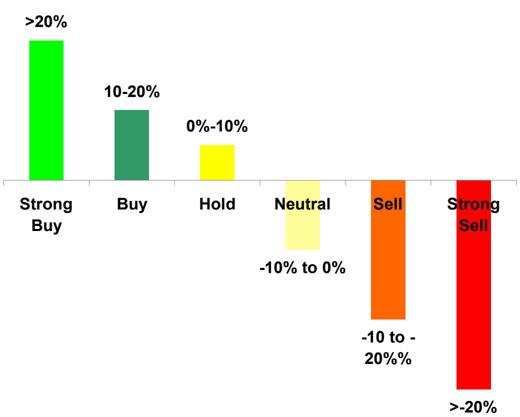
Rating Criteria and Definitions

Rating



Rating Definitions

Strong Buy	This recommendation is used for stocks whose current market price offers a deep discount to our 12-Month target price and has an upside potential in excess of 20%
Buy	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 10% to 20%
Hold	This recommendation is used for stocks whose current market price offers a discount to our 12-Month target price and has an upside potential between 0% to 10%
Neutral	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between 0% to -10%
Sell	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential between -10% to -20%
Strong Sell	This recommendation is used for stocks whose current market price offers a premium to our 12-Month target price and has a downside side potential in excess of 20%
Not rated	This recommendation used for stocks which does not form part of Coverage Universe

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