

Bank Albilad

Sector : Banking

BUY

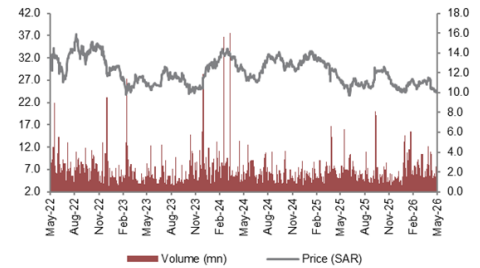
18 May 2026

- Bank Albilad's 1Q26 operating income increased 5% YoY to SAR 1.5bn, coming in 5% below our estimates. Growth was primarily driven by an 8% increase in net interest income, while non-interest income declined by 10%.
- Net income rose 5% YoY to SAR 736mn, missing our estimates by 6%, as higher operating profits were offset by increased provisioning expenses.
- Loans and deposits grew 16% and 13% YoY, respectively, with both expanding 6% sequentially, reflecting continued business momentum.
- We maintain our BUY rating and revise our target price to SAR 28/share due to the weaker-than-expected quarterly performance.

Target price (SAR) **28.00**

Current price (SAR) **24.39**

Return **14.8%**



Bank Albilad's operating income grew 5% YoY, mainly supported by an 8% increase in net interest income, while non-interest income declined 10% YoY. The increase in NII was primarily volume-driven, supported by loan growth, despite a 17bps YoY compression in net interest margins to 3.05%. On a sequential basis, NII increased 3%, while NIMs compressed by 4bps QoQ. Non-interest income declined 10% YoY, with core net fee and commission income falling 6%, while exchange income dropped sharply by 32% YoY. The decline in non-interest income was broad-based across all four key business segments. Treasury income fell 23%, while investment banking and brokerage income declined 13%. Meanwhile, retail and corporate segment income decreased by 4% and 3%, respectively. Consequently, the share of non-interest income in total income declined by 290bps to 17.7%. Operating expenses increased at a moderate pace of 1% YoY, resulting in a 140bps improvement in the cost-to-income ratio to 41.7%.

Exchange Saudi Arabia
 Index weight (%) 1.5%

| (mn) | SAR | USD |
|--------------|---------|--------|
| Market Cap | 36,585 | 9,749 |
| Total Assets | 172,972 | 46,093 |

Major shareholders

| | |
|----------------------|--------|
| Mohammed Ibrahim Als | 19.35% |
| ABDULRAHMAN BIN | 6.72% |
| ABDULLAH IBRAHIM | 6.36% |
| Others | 67.57% |

Valuation Summary (TTM)

| | |
|--------------------|-------|
| Price (SAR) | 24.39 |
| PER TTM (x) | 11.9 |
| P/Book (x) | 1.9 |
| Dividend Yield (%) | 4.1 |
| Free Float (%) | 68% |
| Shares O/S (mn) | 1,500 |
| YTD Return (%) | -2% |
| Beta | 1.2 |

| 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 | -11% | -9% | -9% |
| Tadawul All Share Index | -5% | -1% | -5% |

| 52 week | High | Low | CTL* |
|-------------|-------|-------|------|
| Price (SAR) | 30.16 | 23.38 | 4.3 |

* CTL is % change in CMP to 52wk low

Operating profit growth of 7% YoY was offset by a 35% YoY increase in provisioning expenses. The rise in provisions resulted in a cost of risk of 0.19%. Provisions in the retail segment increased 12% YoY, while provision write-backs in the corporate segment declined to SAR 6mn in 1Q26 from SAR 19mn in 1Q25. On a sequential basis, provisioning expenses surged 53% QoQ, contributing to a 10% QoQ decline in net income. Higher provisioning expenses resulted in a 6% miss versus our net income estimates. We expect CoR to be at 0.20% in 2026.

Loans expanded 16% YoY, while deposits increased 13% YoY. On a YTD basis, both loans and deposits grew 6%, indicating sustained business momentum. Loan growth was driven primarily by the commercial segment, which expanded 7.7% YTD, while the retail segment recorded a more moderate increase of 4.6%. Within the commercial segment, corporate lending drove growth, rising 9% YTD, while MSME financing remained flat. On the retail side, personal financing and auto financing increased 8.6% and 4.3% YTD, respectively. Deposit growth of 6% YTD was driven by time deposits, which increased 7.5%, while CASA deposits grew 4.3%. CASA's share of total deposits declined slightly to 59% from 60% in the previous quarter. The NPL ratio remained stable at 1.3%. In January 2026, the bank raised USD 500mn through a Tier 1 Sukuk issuance at a profit rate of 6.375%, supporting a CAR of 20.66% as of 1Q26.

Valuation: Bank Albilad's 1Q26 results came in below expectations, with the operating income miss driven by weaker non-interest income, while the net income shortfall was mainly due to higher provisioning expenses. Nevertheless, loan growth momentum remained strong. We reiterate our BUY rating and revise our target price to SAR 28/share. The stock currently trades at 11.3x 2026e P/E and 1.6x P/B, offering a dividend yield of 4%.



| in SAR mn | 1Q26 | 4Q25 | QoQ (%) | 1Q25 | YoY (%) | 2025 | 2024 | YoY (%) |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Operating Income | 1,529 | 1,652 | -7.5% | 1,464 | 4.5% | 6,192 | 5,672 | 9.2% |
| Operating Expenses | -637 | -695 | -8.3% | -630 | 1.2% | -2,611 | -2,413 | 8.2% |
| Operating Profit | 892 | 957 | -6.8% | 834 | 7.0% | 3,581 | 3,258 | 9.9% |
| Provision Expenses - Loan | -72 | -47 | 53.3% | -53 | 35.2% | -181 | -130 | 39.8% |
| Profit before tax | 820 | 910 | -9.9% | 781 | 5.0% | 3,400 | 3,129 | 8.7% |
| Zakat & Tax | -84 | -94 | -9.9% | -80 | 5.0% | -350 | -322 | 8.7% |
| Profit after tax | 736 | 817 | -9.9% | 700 | 5.0% | 3,049 | 2,807 | 8.7% |
| Loan Book | 129,803 | 122,188 | 6.2% | 112,427 | 15.5% | 122,188 | 109,304 | 11.8% |
| Deposits | 140,294 | 132,879 | 5.6% | 124,018 | 13.1% | 132,879 | 121,776 | 9.1% |
| Total Equity (Excl tier 1 bor | 19,344 | 18,918 | 2.3% | 17,592 | 10.0% | 18,918 | 16,693 | 13.3% |
| Cost to Income ratio | 41.7% | 42.1% | | 43.0% | | 42.2% | 42.6% | |
| NPL Ratio | 1.3% | 1.1% | | 1.2% | | 1.1% | 1.2% | |
| Net Loan to deposits | 92.5% | 92.0% | | 90.7% | | 92.0% | 89.8% | |



| Income Statement (SAR Mn) | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Interest Income | 4,972 | 7,544 | 8,559 | 9,143 | 9,705 | 10,028 | 10,498 | 10,990 |
| Interest Expense | -1,085 | -3,434 | -4,126 | -4,392 | -4,501 | -4,535 | -4,733 | -4,914 |
| Net Interest Income | 3,887 | 4,110 | 4,434 | 4,752 | 5,203 | 5,493 | 5,765 | 6,077 |
| Non Interest Income | 1,305 | 1,193 | 1,238 | 1,440 | 1,602 | 1,738 | 1,868 | 2,009 |
| Total Operating Income | 5,191 | 5,303 | 5,672 | 6,192 | 6,805 | 7,230 | 7,634 | 8,086 |
| Operating Expenses | -2,320 | -2,338 | -2,413 | -2,611 | -2,824 | -3,001 | -3,168 | -3,355 |
| Impairment charge | -551 | -324 | -130 | -181 | -284 | -298 | -388 | -407 |
| Profit Before Taxation | 2,321 | 2,641 | 3,129 | 3,400 | 3,697 | 3,932 | 4,078 | 4,323 |
| Zakat & Income Tax | -239 | -272 | -322 | -350 | -381 | -405 | -420 | -445 |
| Profit After Taxation | 2,082 | 2,369 | 2,807 | 3,049 | 3,316 | 3,527 | 3,658 | 3,878 |

| Balance sheet (SAR Mn) | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Cash and balances with central bank | 8,711 | 6,983 | 11,248 | 9,617 | 9,240 | 9,458 | 8,678 | 7,844 |
| Due from banks and other Fis | 6,067 | 8,170 | 5,099 | 5,883 | 6,765 | 7,104 | 7,459 | 7,832 |
| Investments, net | 20,600 | 22,080 | 25,032 | 31,123 | 32,679 | 34,313 | 35,686 | 37,113 |
| Financing, net | 91,179 | 102,080 | 109,304 | 122,188 | 133,626 | 141,027 | 148,078 | 155,482 |
| Other assets | 881 | 1,635 | 1,910 | 1,364 | 1,432 | 1,504 | 1,579 | 1,658 |
| Property, equipment and RUA, net | 2,105 | 2,158 | 2,371 | 2,797 | 3,001 | 3,218 | 3,447 | 3,689 |
| Total Assets | 129,543 | 143,106 | 154,965 | 172,972 | 186,744 | 196,624 | 204,927 | 213,619 |

LIABILITIES AND SHAREHOLDER'S EQUITY

| | | | | | | | | |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Due to banks, Central bank and Fis | 10,621 | 4,274 | 5,493 | 6,983 | 7,332 | 7,699 | 7,853 | 8,010 |
| Customers' deposits | 94,843 | 112,831 | 121,776 | 132,879 | 142,181 | 149,290 | 155,261 | 161,472 |
| Sukuk | 3,040 | 3,052 | 3,147 | 3,144 | 3,144 | 3,144 | 3,144 | 3,144 |
| Other liabilities | 7,639 | 7,691 | 7,855 | 8,610 | 9,040 | 9,492 | 9,587 | 9,683 |
| Total Liabilities | 116,144 | 127,848 | 138,271 | 151,616 | 161,697 | 169,625 | 175,845 | 182,309 |
| Paid-up Capital | 10,000 | 10,000 | 12,500 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Other Reserves | 1,809 | 1,887 | 2,324 | 2,022 | 2,022 | 2,022 | 2,022 | 2,022 |
| Retained earnings | 1,590 | 3,371 | 1,869 | 1,896 | 3,712 | 5,664 | 7,747 | 9,975 |
| Total Equity | 13,399 | 15,258 | 16,693 | 18,918 | 20,734 | 22,686 | 24,769 | 26,997 |
| Tier 1 Sukuk | 0 | 0 | 0 | 2,438 | 4,313 | 4,313 | 4,313 | 4,313 |
| Total Liabilities and Equity | 129,543 | 143,106 | 154,965 | 172,972 | 186,744 | 196,624 | 204,927 | 213,619 |

| Cash Flow Statement (SAR Mn) | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Cash flow from operating activities | 8,836 | 1,293 | 7,712 | 4,662 | 1,349 | 4,005 | 2,778 | 2,890 |
| Cash flow from investing activities | -3,046 | -2,439 | -4,394 | -7,286 | -2,101 | -2,212 | -1,983 | -2,074 |
| Cash flow from financing activities | -236 | -1,008 | -1,461 | 1,332 | 375 | -1,575 | -1,575 | -1,650 |
| Net change in cash | 5,554 | -2,154 | 1,858 | -1,292 | -376 | 218 | -780 | -834 |
| Cash at the end of period | 9,024 | 6,869 | 8,727 | 7,435 | 9,240 | 9,458 | 8,678 | 7,844 |

| Key ratios | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E | 2029E |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Operating performance | | | | | | | | |
| NIM | 3.3% | 3.1% | 3.1% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Interest income/operating income | 95.8% | 142.3% | 150.9% | 147.7% | 142.6% | 138.7% | 137.5% | 135.9% |
| Net interest income/operating income | 74.9% | 77.5% | 78.2% | 76.7% | 76.5% | 76.0% | 75.5% | 75.2% |
| Non interest income/operating income | 25.1% | 22.5% | 21.8% | 23.3% | 23.5% | 24.0% | 24.5% | 24.8% |
| Cost to income ratio | 44.7% | 44.1% | 42.6% | 42.2% | 41.5% | 41.5% | 41.5% | 41.5% |
| Liquidity | | | | | | | | |
| Net Loan to Deposit Ratio | 86.5% | 87.2% | 85.9% | 87.4% | 89.4% | 89.8% | 90.8% | 91.7% |
| Customer deposits/total deposits | 89.9% | 96.4% | 95.7% | 95.0% | 95.1% | 95.1% | 95.2% | 95.3% |
| Net loans to customer deposits | 96.1% | 90.5% | 89.8% | 92.0% | 94.0% | 94.5% | 95.4% | 96.3% |
| Investments/total assets | 15.9% | 15.4% | 16.2% | 18.0% | 17.5% | 17.5% | 17.4% | 17.4% |
| Asset quality | | | | | | | | |
| Stage 1 loan ratio | 90.0% | 90.5% | 91.2% | 93.0% | 92.0% | 93.0% | 93.0% | 93.0% |
| Stage 2 loan ratio | 8.7% | 8.1% | 7.6% | 6.0% | 7.0% | 6.0% | 6.0% | 6.0% |
| Gross NPL ratio | 1.3% | 1.4% | 1.2% | 1.1% | 1.0% | 1.0% | 1.0% | 1.0% |
| Provision as a % of gross loans | 3.0% | 2.8% | 2.4% | 1.9% | 2.5% | 2.0% | 2.0% | 2.0% |
| NPL Coverage | 228.3% | 202.1% | 198.4% | 176.3% | 250.0% | 200.0% | 200.0% | 200.0% |
| Cost of credit | 0.6% | 0.3% | 0.11% | 0.17% | 0.2% | 0.2% | 0.3% | 0.3% |
| Stage 1 coverage | 0.5% | 0.4% | 0.3% | 0.3% | 0.5% | 0.5% | 0.5% | 0.5% |
| Stage 2 coverage | 18.3% | 17.1% | 15.0% | 13.0% | 18.4% | 13.1% | 13.1% | 13.1% |
| Stage 3 coverage | 71.7% | 76.4% | 78.5% | 79.8% | 75.0% | 75.0% | 75.0% | 75.0% |
| Capital adequacy | | | | | | | | |
| Tier I ratio | 13.6% | 13.9% | 14.6% | 16.8% | 16.5% | 16.0% | 16.6% | 17.2% |
| Tier II ratio | 4.1% | 3.9% | 3.8% | 3.4% | 3.1% | 2.8% | 2.7% | 2.6% |
| CAR | 17.7% | 17.8% | 18.3% | 20.2% | 19.7% | 18.8% | 19.3% | 19.8% |
| Net Equity to Gross Loans | 14.3% | 14.5% | 14.9% | 15.2% | 15.1% | 15.8% | 16.4% | 17.0% |
| Net Equity to Total Assets | 10.3% | 10.7% | 10.8% | 10.9% | 11.1% | 11.5% | 12.1% | 12.6% |
| Return ratios | | | | | | | | |
| Reported ROE | 16.4% | 16.5% | 17.6% | 17.1% | 16.7% | 16.2% | 15.4% | 15.0% |
| ROA | 1.7% | 1.7% | 1.9% | 1.9% | 1.8% | 1.8% | 1.8% | 1.9% |
| RoRWA | 2.3% | 2.3% | 2.5% | 2.5% | 2.5% | 2.4% | 2.3% | 2.3% |
| Per share ratios | | | | | | | | |
| EPS | 2.09 | 1.91 | 1.87 | 1.98 | 2.03 | 2.17 | 2.25 | 2.40 |
| BVPS | 13.47 | 12.29 | 11.13 | 12.61 | 13.82 | 15.12 | 16.51 | 18.00 |
| DPS | 0.50 | 0.50 | 0.33 | 1.00 | 1.00 | 1.05 | 1.05 | 1.10 |
| Valuation | | | | | | | | |
| Price | 35.56 | 36.36 | 32.54 | 24.82 | 24.39 | 24.39 | 24.39 | 24.39 |
| P/E | 17.0 | 19.1 | 17.4 | 12.6 | 12.0 | 11.3 | 10.8 | 10.2 |
| P/B | 2.6 | 3.0 | 2.9 | 2.0 | 1.8 | 1.6 | 1.5 | 1.4 |
| Dividend Yield | 1.4% | 1.4% | 1.0% | 4.0% | 4.1% | 4.3% | 4.3% | 4.5% |

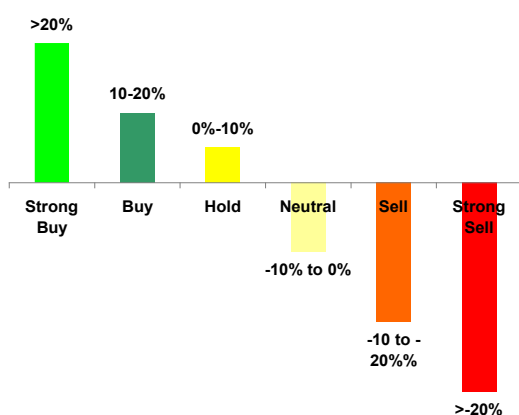
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|---|---|--|

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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