July 2026

Bank Albilad

Results Flash Note Q2-26

aljazira capital الجزيرة كابيتال

Earnings intact; share price correction creates an attractive entry point; Upgrade to "Overweight"

Albilad bank reported net profit of SAR 792mn in Q2-26 up 3.4% Y/Y (up 7.6% Q/Q), the result was in line with AJBC estimate and market consensus. Though net income aligns with AJBC forecast, provision expense had notable deviation of -30.3% to our estimates; above expected OPEX, however, offset the bottom-line impact. NSCI grew by 8.1% Y/Y to SAR 1,272mn in Q2-26 (-1.3% deviation). Non-commission income was recorded at SAR 341mn down 6.3% Y/Y, and 8.5% above AJBC estimate. Provision expenses increased by 14.3% Y/Y to SAR 56mn. We forecast normalized earnings CAGR of 7.5% over 2025-28. The stock trades at 2026E PB of 1.8x, as compared to past 5 year average of 2.2x, while it offers ROE of 14.9%.

- **Albilad bank** reported net profit of SAR 792mn in Q2-26 up 3.4% Y/Y (up 7.6% Q/Q), the result was in line with AJBC estimate and market consensus, with deviation of +0.8% and +1.0% to AJBC and consensus earnings estimate of SAR 786mn and SAR 784mn, respectively. Though net income aligns with AJBC forecast, provision expense had notable deviation to our estimate; above expected operating expenses, however, offset the bottom-line impact.
- **NSCI** grew by 8.1% Y/Y and 1.0% Q/Q to SAR 1,272mn in Q2-26 (-1.3% deviation to AJBC estimate of SAR 1,289mn). While non-commission income was recorded at SAR 341mn down 6.3% Y/Y (up 26.2% Q/Q) and 8.5% above AJBC estimate of SAR 315mn. Total operating income was recorded at SAR 1,613mn (up 4.7% Y/Y and +5.5% Q/Q); +0.6% deviation to AJBC estimate.
- **Operating expenses** (excluding debt provisions) totaled SAR 675mn up 5.8% Y/Y (+5.9% on Q/Q basis), +4.3% deviation to AJBC estimate of SAR 647mn. Cost-to-income ratio increased by 41bps Y/Y (+ 15bps Q/Q) to 41.8% in Q2-26 (AJBC estimate 40.4%).
- **Provision expenses** increased by 14.3% Y/Y to SAR 56mn (-22.0% on a sequential basis), 30.3% below AJBC estimate of SAR 80mn. Cost-of-risk stood at 17bps in Q2-26 as compared to 22bps in Q1-26.
- **Loan book** expanded by 15.3% Y/Y (+2.8% Q/Q) to SAR 133.4bn in Q2-26, 1.4% above our estimate of SAR 131.6bn. Meanwhile, deposits grew 18.8% Y/Y (+4.9% Q/Q) to SAR 147.2bn, as compared to our estimate of SAR 142.2bn. Investment book expanded by 12.1% Y/Y (+2.5% Q/Q) to SAR 32.1bn, as compared to our estimate of SAR 31.8bn.

AJBC view and valuation: Albilad reported net profit of SAR 792mn in Q2-26 up 3.4% Y/Y (up 7.6% Q/Q), the result was in line with AJBC estimate and market consensus. We expect Bank Albilad's operating income growth to strengthen over 2025-28 compared with 2022-25, however, stronger operating momentum is unlikely to fully translate into earnings growth as credit costs normalize from unusually low levels. We forecast normalized earnings (post-sukuk) CAGR of 7.5% over 2025-28. The stock trades at 2026E PB of 1.8x, as compared to last 5 year average of 2.2x, while it offers ROE of 14.9%. We upgrade our rating to "**Overweight**" with a TP of **SAR 28.8 per share**, implying total return of 24.4%.

Results Summary

SAR mn	Q2-25	Q1-26	Q2-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Net financing & investment income	1,177	1,259	1,272	8.1%	1.0%	-1.3%
Non-commission income	364	270	341	-6.3%	26.2%	8.5%
Total Operating income	1,541	1,529	1,613	4.7%	5.5%	0.6%
Net Profit	766	736	792	3.4%	7.6%	0.8%
EPS	0.51	0.49	0.53			
Deposits	123,929	140,294	147,188	18.8%	4.9%	3.5%
Loans	115,689	129,803	133,419	15.3%	2.8%	1.4%
Investments	28,637	31,339	32,113	12.1%	2.5%	1.1%

Source: Company Reports, AlJazira Capital Research

Recommendation	Overweight
Target Price (SAR)	28.8
Upside / (Downside)*	+20.0%

Source: Tadawul *prices as of 19th of July 2026

Key Financials

SARmn (unless specified)	FY23	FY24	FY25
NSCI	4,110	4,434	4,752
Growth %	5.74%	7.88%	7.17%
Oper. Income	5,303	5,672	6,192
Growth %	2.14%	6.96%	9.17%
Net Profit	2,369	2,807	3,049
Growth %	13.80%	18.47%	8.65%
EPS	1.58	1.87	2.03
DPS	0.33	0.42	1.00

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25
NIM	3.23%	3.16%	3.09%
P/E	19.19	17.37	12.22
P/B	2.85	2.61	2.25
Dividend Yield	1.10%	1.28%	4.03%
ROA	1.74%	1.88%	1.86%
ROE	16.5%	17.6%	17.1%
Net loan growth	12.0%	7.1%	11.8%
Deposit growth	19.0%	7.9%	9.1%

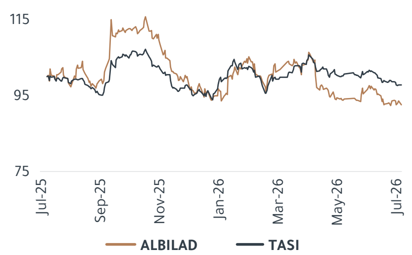
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	36.3
YTD%	-7.6%
52 week (High)/(Low)	30.2/23.7
Share Outstanding (mn)	1,500

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Tadwaul, Aljazira Capital Research

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RESEARCH DIVISION

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RATING TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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