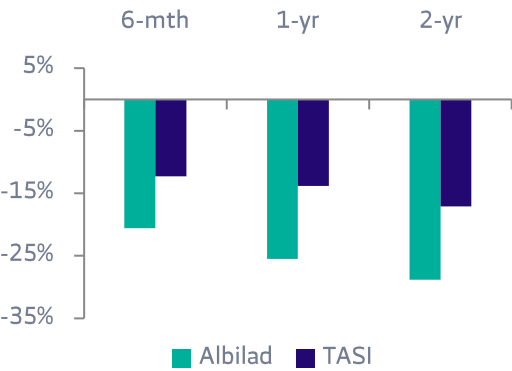


Market Data	
52-week high/low	SAR 30.16/21.04
Market Cap	SAR 32,205 mln
Shares Outstanding	1,500 mln
Free-float	64.45%
12-month ADTV	1,635,875
Bloomberg Code	ALBI AB



Higher Costs and Credit Charges Weigh on Earnings

October 21, 2026

Upside to Target Price 30.0%
Expected Dividend Yield 4.8%
Expected Total Return 34.8%

Rating Buy
Last Price SAR 20.77
12-mth target SAR 27.00

Albilad	3Q2026	3Q2025	Y/Y	2Q2026	Q/Q	RC Estimate
Net Fin. & Invest. Income	1,272	1,195	7%	1,272	0%	1,283
Total Operating Income	1,616	1,535	5%	1,613	0%	1,610
Net Income	740	767	(3%)	792	(6%)	762
Net Financing	132,761	119,135	11%	133,419	(0%)	134,753
Deposits	145,366	129,023	13%	147,188	(1%)	150,132

(All figures are in SAR mln)

- Net financing declined marginally to SAR 133 bln (+11% Y/Y, -0.5% Q/Q), broadly in line with our estimate. Deposits decreased to SAR 145 bln (+13% Y/Y, -1% Q/Q), coming in 3% below our estimate of SAR 150 bln. Net Financing and Investment Income stood at SAR 1.27 bln (+7% Y/Y, broadly flat Q/Q), in line with our estimate of SAR 1.28 bln. The stable sequential performance reflects a slight increase in income from investing and financing assets, offset by a 1% increase in returns on deposits and financial liabilities.
- Total operating income increased slightly to SAR 1.62 bln (+5% Y/Y, broadly flat Q/Q), in line with our estimate. The sequential increase was mainly driven by higher net fee and commission income, net exchange income, and net income from investing and financing assets. This was partly offset by lower other operating income, dividend income, and net gains on FVSI instruments.
- Operating expenses (excluding provisions) increased to SAR 709 mln (+9% Y/Y, +5% Q/Q) vs. our estimate of SAR 688 mln, mainly driven by higher G&A, D&A and employee related benefits, partially offset by lower salaries and employee-related benefits. Meanwhile, net impairment charges increased to SAR 82 mln (+48% Q/Q) vs. our estimate of SAR 75 mln, mainly reflecting higher expected credit losses on financing. Consequently, the cost to income ratio increased to 43.9% in 3Q26 (vs. to 41.8% in 2Q26) compared with our estimate of 42.7%.
- Net profit came in at SAR 740 mln (-3% Y/Y, -6% Q/Q), 3% below our estimate of SAR 762 mln, mainly due to higher operating expenses and impairment charges, while muted sequential top-line growth provided only a limited offset.
- At the current market price, Bank Albilad trades at 1.3x 2027E P/BV, representing an 11% premium to the sector average of around 1.2x, well below its two-year historical average premium of 33%. However, a higher-for-longer interest-rate environment may limit the pace of re-rating, given the bank’s relatively high fixed-rate asset exposure, potentially keeping funding costs elevated and creating further pressure on OCI, book-value growth and capital flexibility. Nevertheless, the bank’s gradual shift toward floating-rate corporate financing should partly mitigate these pressures over time. Against this backdrop, we trim our target price to SAR 27.00 from SAR 29.00, while maintaining our Buy recommendation.

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Disclaimer

■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact research@riyadcapital.com

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