Albilad Bank

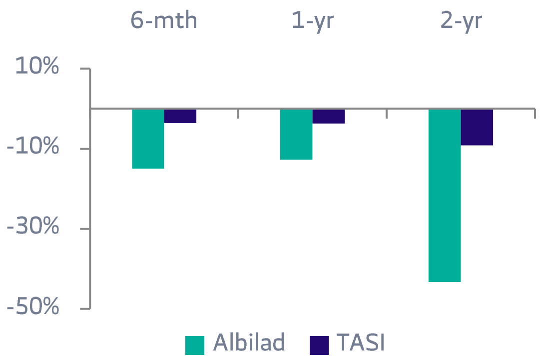
1Q2026 First Look

Earnings Under Pressure Due to Weak Non-Funded Income

April 30, 2026

Upside to Target Price	15.0%	Rating	Buy
Expected Dividend Yield	4.4%	Last Price	SAR 25.22
Expected Total Return	19.3%	12-mth target	SAR 29.00

Market Data	
52-week high/low	SAR 30.16/23.38
Market Cap	SAR 37,830 mln
Shares Outstanding	1,500 mln
Free-float	64.50%
12-month ADTV	1,790,127
Bloomberg Code	ALBI AB



Albilad	1Q2026	1Q2025	Y/Y	4Q2025	Q/Q	RC Estimate
Net Fin. & Invest. Income	1,259	1,162	8%	1,218	3%	1,251
Total Operating Income	1,529	1,464	4%	1,653	(7%)	1,542
Net Income	736	700	5%	817	(10%)	719
Net Financing	129,803	112,427	15%	122,188	6%	124,632
Deposits	140,294	124,018	13%	132,879	6%	135,537

(All figures are in SAR mln)

- Net financing grew +15% Y/Y (+6% Q/Q) to SAR 130 bln, broadly in line with our estimate of SAR 125 bln. Deposits increased +13% Y/Y (+6% Q/Q) to SAR 140 bln, resulting in a stable loan-to-deposit ratio (LDR) at 93%, in 1Q26.
- Net Financing and Investment Income rose +8% Y/Y (+3% Q/Q) to SAR 1.26 bln, in line with our expectations, supported by lower funding costs, maintaining margin stability on sequential basis.
- Operating income increased +4% Y/Y but declined -7% Q/Q to SAR 1.53 bln, in line with our estimate of SAR 1.54 bln. The sequential weakness was entirely driven by non-funded income (-38% Q/Q), masking otherwise healthy core income growth.
- Cost discipline remains evident, with opex down -8% Q/Q to SAR 637 mln, albeit above our estimate of SAR 532 mln, driven by lower G&A and D&A. This translated into cost to income ratio of 41.7% in 1Q26, compared to 43.0% in 1Q25 and 42.1% in 4Q25. Meanwhile, impairment charges for expected credit losses increased +35% Y/Y (+53% Q/Q) to SAR 72 mln, reflecting a normalization in credit costs.
- Net profit came in at SAR 736mn (+5% Y/Y, -10% Q/Q), in line with estimate, with earnings pressure fully attributable to weaker non-funded income and higher credit costs.
- Normalization in credit costs—previously flagged—has materialized, following an extended period of unusually low levels (~0.13% on average in 2024–2025). While we had anticipated a return toward historical norms, the magnitude of the increase has exceeded our assumptions, prompting a downward revision to our target price to SAR 29.00 (from SAR 31.00). We maintain our Buy rating.

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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

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