

High single digit NSCI growth could not seep into the bottom-line due to decline in non-funded income and sizable increase in provisions

Albilad bank (ALBILAD) reported net profit of SAR 736mn up 5.1% Y/Y, the net income was 0.4% & 4.0% below AJBC & consensus earnings estimate of SAR 739mn & SAR 766mn, respectively. The EPS post Tier-1 sukuk costs was up 4.3% Y/Y in Q1-26 to SAR 0.49. Though net income aligns with AJBC forecast we highlight that provisions & non-funded income had notable deviations of +43% and -17.2% to our estimates, respectively; lower than expected OPEX, however, offset the bottom-line impact. NSCI grew by 8.3% Y/Y to SAR 1,258mn in Q1-26, while non-commission income was recorded at SAR 271mn, down 10.2% Y/Y. Cost-to-income ratio declined by 136bps Y/Y to 41.7% in Q1-26, while Cost-of-risk stood at 22bps in Q1-26 as compared to 19bps in Q1-25.

- **Albilad bank** reported net profit of SAR 736mn up 5.1% Y/Y (down 9.9% Q/Q), the net income was 0.4% and 4.0% below AJBC and consensus earnings estimate of SAR 739mn and SAR 766mn, respectively. The EPS post Tier-1 sukuk costs was up 4.3% Y/Y in Q1-26 to SAR 0.49. Though net income aligns with AJBC forecast we highlight that provisions and non-funded income had notable deviations of +43% and -17.2% to our estimates, respectively; lower than expected operating expenses, however, offset the bottom-line impact.
- **NSCI** grew by 8.3% Y/Y and 3.3% Q/Q to SAR 1,258mn in Q1-26 (+2.8% deviation to AJBC estimate of SAR 1,223mn). While non-commission income was recorded at SAR 271mn down 10.2% Y/Y (down 37.6% Q/Q) and 17.2% below AJBC estimate of SAR 327mn. Total operating income was recorded at SAR 1,529mn (up 4.5% Y/Y and -7.5% Q/Q); -1.4% deviation to AJBC estimate.
- **Operating expenses** (excluding debt provisions) totaled SAR 638mn up 1.2% Y/Y (down 8.3% on Q/Q basis), -5.9% deviation to AJBC estimate of SAR 677mn. Cost-to-income ratio declined by 136bps Y/Y (down 39bps Q/Q) to 41.7% in Q1-26 (AJBC estimate 43.7%).
- **Provision expenses** increased by 35.2% Y/Y to SAR 72mn (+53.2% on a sequential basis), 43.0% above AJBC estimate of SAR 50mn. Cost-of-risk stood at 22bps in Q1-26 as compared to 19bps in Q1-25.
- **Loan book** expanded by 15.5% Y/Y (+6.2% Q/Q) to SAR 129.8bn in Q1-26, 4.2% above our estimate of SAR 124.5bn. Meanwhile, deposits grew 13.1% Y/Y (+5.6% Q/Q) to SAR 140.3bn, as compared to our estimate of SAR 136.2bn. Investment book expanded by 18.8% Y/Y (+0.7% Q/Q) to SAR 31.3bn, as compared to our estimate of SAR 31.6bn.

AJBC view and valuation: Albilad recorded net income of SAR 736mn in Q1-26, up 5.1% Y/Y, the bank saw a notable increase in provisions (up 35.2% Y/Y), a risk we had highlighted in our previous investment updates. The bank is set to benefit from lower rates and improving operating efficiencies, however, we reiterate potential increase in cost-of-risk to normalized levels (CoR stood at 17bps in 2025 vs 5-year average of 56bps) as a key risk. In this backdrop, we believe all the positives are priced in at 2026e PB of 2.1x, hence we maintain our **“Neutral”** recommendation on the stock with a TP of **SAR 29.0 per share**.

Results Summary

SAR mn	Q1-25	Q4-25	Q1-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Net financing & investment income	1,162	1,218	1,258	8.3%	3.3%	2.8%
Non-commission income	302	434	271	-10.2%	-37.6%	-17.2%
Total Operating income	1,464	1,652	1,529	4.5%	-7.5%	-1.4%
Net Profit	700	817	736	5.1%	-9.9%	-0.4%
EPS	0.47	0.50	0.49	4.3%	-2.0%	-0.5%
Deposits	124,018	132,879	140,294	13.1%	5.6%	3.0%
Loans	112,427	122,188	129,803	15.5%	6.2%	4.2%
Investments	26,389	31,123	31,339	18.8%	0.7%	-0.9%

Source: Company Reports, Aljazira Capital Research

Recommendation	Neutral
Target Price (SAR)	29.0
Upside / (Downside)*	+7.3%

Source: Tadawul *prices as of 21st of April 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
NPM	3.23%	3.16%	3.09%
P/E (x)	19.19	17.37	12.22
P/B (x)	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%

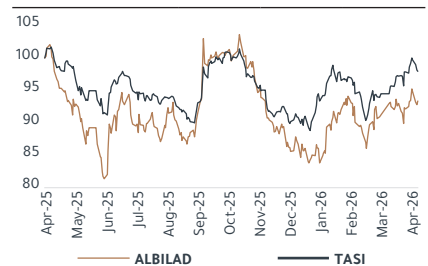
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	39.8
YTD%	8.9%
52 week (High)/(Low)	30.2/23.4
Share Outstanding (mn)	1,500

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Tadawul, Aljazira Capital Research

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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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