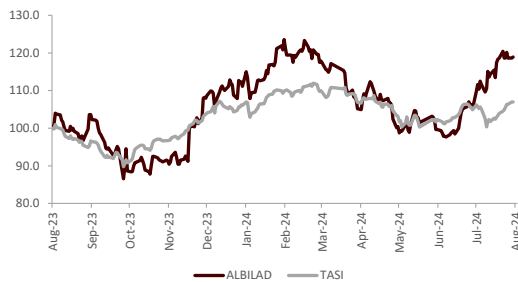


Bank Albilad (ALBILAD)

Recommendation	Hold
Current Market Price (SAR)	36.15
52wk High / Low (SAR)	41.4/28.6
Mkt. Cap. (USD/SAR Mn)	12,759/47,875
Shares Outstanding (mn)	1,250.0
Free Float (%)	90%
3m Average Vol. (000)	1,576.0
3m Avg Daily Turnover (SAR'000)	54,962.1
Dividend Yield '24e (%)	1.2%
P/E'24e (x)	17.0
P/B'24e (x)	2.5

Source: Bloomberg

Relative Price Performance



Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Net yield income	3,887	4,110	4,146	5,549
Non yield income	1,305	1,193	1,180	1,209
Operating income	5,191	5,303	5,326	6,758
Impairment charge	551	324	582	699
Net income	2,082	2,369	2,112	3,252
Cost to income (%)	45%	44%	45%	36%
EPS (SAR)	2.09	2.38	2.12	3.27
RoE (%)	16%	17%	13%	16%
Financing	91,179	102,080	111,414	120,458
Customers' deposits	94,843	112,831	115,194	120,788

Source: Company Reports, Yaqeen Capital

Major Shareholders (%)

Mohammad Ibrahim Al Subaei & Sons Co.	19.35%
Khaled Abdulrahman Saleh Al Rajhi	8.76%
Abdulrahman Abdulaziz Saleh Al Rajhi	6.69%
Abdullah Ibrahim Al Subaei Investment Co.	6.36%

Source: Bloomberg, Yaqeen Capital

Earnings improved amid higher operating income

- In 2Q2024, ALBILAD's net income surged 14.5% YoY and 4.3% QoQ to SAR 671mn, driven by a rise in total operating income. The net income margin remained unchanged YoY but increased by 0.7% QoQ to 31.9%.
- Net income from investing and financing assets increased by 6.8% YoY and 3.8% QoQ to SAR 1,085mn in 2Q2024, primarily due to a 14.4% YoY and 2.2% QoQ rise in income from these assets.
- Operating income grew 8.8% YoY (+4.9% QoQ) to SAR 1,408mn in 2Q2024. The YoY increase was fueled by higher investing and financing income, gains on FVSI instruments, and other operating income, despite lower dividend and fee income. QoQ growth was supported by higher investing and financing income and dividend income, although net exchange income and FVSI gains declined.
- Operating expenses before impairment rose 2.2% YoY and 0.8% QoQ to SAR 578mn in 2Q2024. The YoY increase was due to higher impairment charges, salaries, and depreciation, with lower administrative expenses partially offsetting these rises. QoQ growth was mainly due to increased salaries, while impairment charges, administrative expenses, and depreciation decreased.
- Net impairment charges in 2Q2024 rose 9.0% YoY and 59.4% QoQ to SAR 82mn, mainly due to higher charges for expected credit losses on financing.
- For 1H2024, net income increased by 28.1% YoY to SAR 1,468mn, with the margin improving by 2.9ppts YoY to 35.2%.
- Net income from investing and financing assets in 1H2024 rose 3.7% to SAR 2,130mn, driven by increased income from these assets, although returns on deposits and financial liabilities also rose.
- As of 2Q2024, the net financing portfolio expanded by 5.5% YoY and 1.0% QoQ to SAR 104bn, supported by growth in both commercial and retail segments.
- As of 2Q2024, Customer deposits grew by 7.8% YoY and 0.7% QoQ to SAR 115bn, driven by higher demand deposits, although direct investments declined.

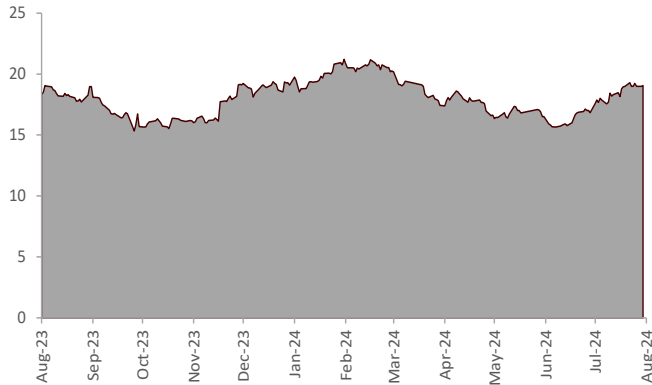
Outlook & Valuation: We maintain a positive outlook on the local banking sector, expecting ongoing strong credit growth, reduced provisioning, solid capitalization, and healthy net interest margin (NIM) levels. The anticipated drop-in interest rates for FY2024, driven by easing inflationary pressures, is likely to increase credit demand and lower funding costs. This reinforces our favorable view of domestic banks, including ALBILAD. The stock is currently trading at a P/B of 2.5x (based on FY2024e BVPS). Based on equal weighted valuation using Residual Income and P/B methodologies, we arrive at a fair value of SAR 38.2/share (+5.7% upside from current level), implying hold recommendation on the stock.

Financial Summary

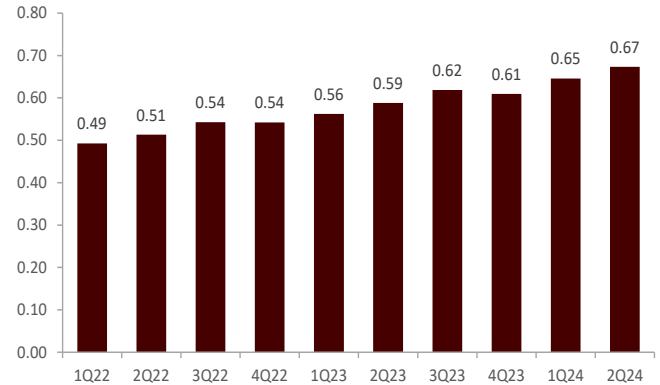
SAR (mn)	2Q2024	2Q2023	YoY	1Q2024	QoQ
Net yield income	1,085	1,016	7%	1,045	4%
Non yield income	323	278	16%	297	9%
Operating income	1,408	1,294	9%	1,341	5%
Impairment charge	82	75	9%	52	59%
Net income	671	586	14%	643	4%
Cost to income (%)	41%	44%		43%	
EPS (SAR)	0.67	0.59	14%	0.65	4%

Source: Company Reports, Yaqeen Capital

Price to Book Ratio Trend



EPS (SAR) Trend



Rating Methodology

Buy: The Target share price exceeds the current share price by $\geq 10\%$

Hold: The Target share price is either more or less than the current share price by 10%

Sell: The Target share price is less than the current share price by $\geq 10\%$

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