

Bank Albilad (ALBILAD)

Recommendation	Hold
Current Market Price (SAR)	36.55
52wk High / Low (SAR)	41.4/28.8
Mkt. Cap. (USD/SAR Mn)	12,176/45,688
Shares Outstanding (mn)	1,250.0
Free Float (%)	90%
3m Average Vol. (000)	1,271.3
3m Avg Daily Turnover (SAR'000)	47,752.4
Dividend Yield '24e (%)	1.4%
P/E'24e (x)	14.3
P/B'24e (x)	2.3
Source: Bloomberg	

Earnings surge on higher operating income

- ALBILAD's 3Q2024 net income rose by 14.0% YoY and 4.7% QoQ to SAR 703mn, fueled by higher total operating income. The net income margin improved by 0.7ppts YoY but remained flat QoQ, reaching 31.9%.
- Net income from investing and financing assets increased by 10.2% YoY to SAR 1,160mn in 3Q2024, primarily driven by a 11.6% rise in income from these assets, although returns on deposits and financial liabilities also grew by 13.2%. QoQ rose 6.9%, with asset income up 4.7% and liability returns up 2.4%.
- Operating income grew 8.3% YoY (+2.7% QoQ) to SAR 1,446mn in 3Q2024, largely due to higher net income from investing and financing assets, fee and commission income, exchange income, and other operating income. However, FVSI instrument gains and dividend income declined. QoQ growth reflected similar trends.
- Total operating expenses rose 2.2% YoY to SAR 663mn in 3Q2024 due to higher salaries and employee benefits. Yet, impairments, general expenses, and depreciation declined. QoQ expenses increased 0.5% due to higher general expenses, employee costs, and depreciation, though impairments decreased.
- Net impairment charges in 3Q2024 dropped 26.1% YoY and 34.7% QoQ to SAR 54mn, reflecting improved asset quality.
- For 9M2024, net income grew 14.5% YoY to SAR 2,017mn due to higher total operating income, notably from investing and financing income, fee income, and dividends, while FVSI gains and exchange income dropped, and margin declined by 0.3ppts to 31.7%.
- Net income from investing and financing assets in 9M2024 rose 5.9% to SAR 2,178mn due to a 15.5% increase in asset income, though liability returns rose 27.9%.
- As of 9M2024, the financing portfolio expanded by 5.0% YoY and 4.5% YTD to SAR 107bn, driven by both commercial and retail growth.
- Customer deposits increased 12.3% YoY and 8.4% YTD to SAR 122bn by 9M2024, supported by demand deposits and direct investments.

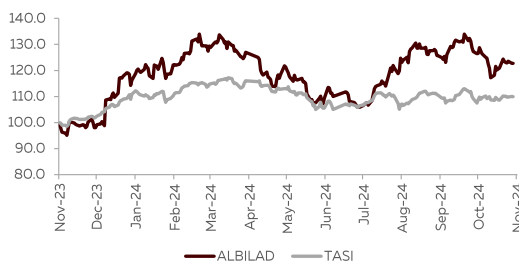
Outlook & Valuation: We maintain a positive outlook on the local banking sector, expecting robust credit growth, lower provisioning, strong capitalization, and steady net interest margins (NIM). The expected interest rate decline in FY2024, due to easing inflation, should boost credit demand and reduce funding costs, further supporting our favorable view of domestic banks, including ALBILAD. The stock is currently trading at a P/B of 2.3x (based on FY2024e BVPS). Based on equal weighted valuation using Residual Income and P/B methodologies, we arrive at a fair value of SAR 39.2/share (+7.4% upside from current level), implying hold recommendation on the stock.

Financial Summary

SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Net yield income	1,160	1,052	10%	1,085	7%
Non yield income	286	284	1%	323	-11%
Operating income	1,446	1,336	8%	1,408	3%
Impairment charge	54	73	-26%	82	-35%
Net income	703	616	14%	671	5%
Cost to income (%)	42%	43%		41%	
EPS (SAR)	0.71	0.62	14%	0.67	5%

Source: Company Reports, Yaqeen Capital

Relative Price Performance



Key Indicators

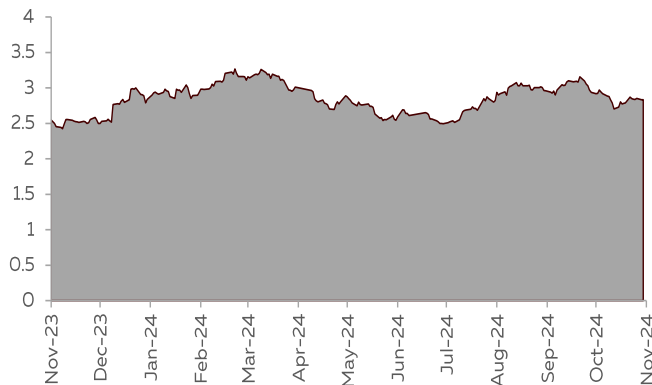
SAR (mn)	2022	2023	2024e	2025e
Net yield income	3,887	4,110	4,146	5,549
Non yield income	1,305	1,193	1,222	1,254
Operating income	5,191	5,303	5,369	6,802
Impairment charge	551	324	226	524
Net income	2,082	2,369	2,550	3,531
Cost to income (%)	45%	44%	43%	35%
EPS (SAR)	2.09	2.38	2.56	3.55
RoE (%)	16%	17%	15%	17%
Financing	91,179	102,080	111,414	120,458
Customers' deposits	94,843	112,831	115,194	120,788

Source: Company Reports, Yaqeen Capital

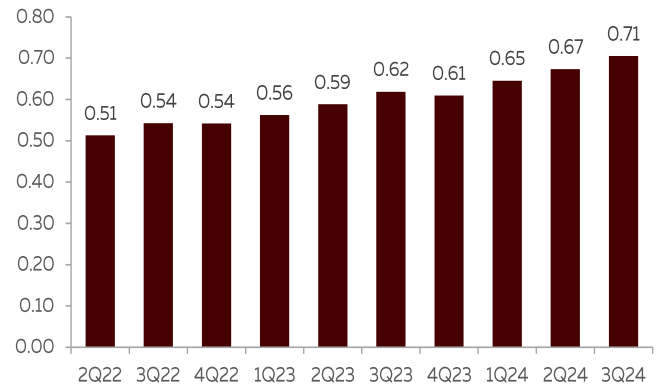
Major Shareholders (%)

Mohammad Ibrahim Al Subaei & Sons Co.	19.35%
Khaled Abdulrahman Saleh Al Rajhi	8.30%
Abdulrahman Abdulaziz Saleh Al Rajhi	6.69%
Abdullah Ibrahim Al Subaei Investment Co.	6.36%
Source: Bloomberg, 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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