

## BANK ALBILAD



## EVENT FLASH

## Strong performance led by non-interest income

Albilad's net income grew by 87.9% YoY in 2Q12 to SR154mn, 7.6% higher than our estimate. Non-interest income that contributes more than 50% of total operating income grew 50% YoY driving significant increase in total operating income and net income.

- **Net special comm. income:** 2Q12 came in at SR206mn, in-line with NCBC's estimate of SR205mn. 2Q12 was an increase of 15.2% YoY (SR178mn in 2Q11).
- **Total operating income:** 2Q12 came in at SR445mn vs. NCBC estimate of SR415mn. 2Q12 was an increase of 31.5% YoY (SR338mn in 2Q11).
- **Net Income:** 2Q12 came in at SR154mn vs. NCBC's estimate of SR143mn. 2Q12 was a significant increase over 2Q11 net income of SR82mn.
- Albilad reported a strong set of results for 2Q12 with net income up by 87.9% YoY to SR154mn, 7.6% higher than our estimate of SR143mn. According to the management, increased lending activity together with strong fee income led to bottom-line growth.
- Albilad's NSCI came in-line with our expectations at SR206mn, up 15.2% YoY. This is mainly due to expanded credit book that grew significantly by 24.6% YoY and 7.6% QoQ. On the other hand its investments declined 81.7%, highlighting the bank's focus on growing its credit portfolio. Non-interest income increased 49.8% YoY resulting in 31.5% YoY increase in total operating income.
- The bank's total operating expenses grew 13.5% YoY. However, the increase in operating expenses was negated by strong top-line growth leading to 87.9% YoY growth in net income. From the preliminary numbers, we assume the bank's provisions increased 24.5% YoY to SR63mn.
- Although Albilad's YoY growth rates are expected to remain strong due to the low base effect, we do not believe this justifies the CMP. Moreover, we believe the bank's growth is being bought at a premium at the current price; hence, we are currently Underweight on the stock with a PT of SR21.6.

## 2Q12 Results Summary

SR mn	2Q12A	2Q11A	% Y O Y	2Q12E	% VAR <sup>^</sup>
Net sp comm income	206	178	15.2	205	0.4
Non-interest income	239	160	49.8	211	13.5
Total operating income	445	338	31.5	415	7.0
Net income	154	82	87.9	143	7.6
Loans (bn)	16	13	24.6	16	2.5
Deposits (bn)	24	17	36.5	24	(0.9)
Investments (bn)	0	2	(81.7)	1	(60.6)
Assets (bn)	29	22	29.4	30	(1.9)
EPS	0.51	0.27	87.9	0.48	7.6

Source: Company, NCBC Research <sup>^</sup> % Var indicates variance from NCBC forecasts

## UNDERWEIGHT

**Target price (SR)** 21.6

**Current price (SR)** 28.2

## STOCK DETAILS

M52-week range H/L (SR)	32.2/17.2
Market cap (\$mn)	2,256
Shares outstanding (mn)	300
Listed on exchanges	TADAWUL

Price perform (%)	1M	3M	12M
Absolute	4.8	(12.4)	51.2
Rel. to market	3.4	(0.2)	49.3

Avg daily turnover (mn)	SR	US\$
3M	36.6	9.8
12M	19.2	5.1

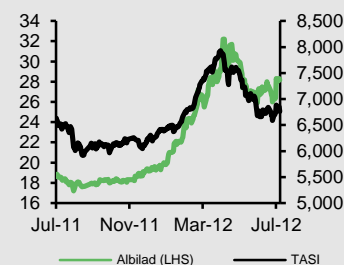
Reuters code	1140.SE
Bloomberg code	ALBI AB
	<a href="http://www.bankalbilad.com">www.bankalbilad.com</a>

## VALUATION MULTIPLES

	11A	12E	13E
P/E (x)	26.5	14.9	11.8
P/BV (x)	2.5	2.1	1.8
P/ABV (x)	2.3	1.9	1.6
Div Yield (%)	-	-	1.7

Source: NCBC Research estimates

## SHARE PRICE PERFORMANCE



Source: Tadawul

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NEUTRAL:	Target price represents expected returns between -10% and +15% in the next 12 months
UNDERWEIGHT:	Target price represents a fall in share price exceeding 10% in the next 12 months
PRICE TARGET:	Analysts set share price targets for individual companies based on a 12 month horizon. These share price targets are subject to a range of company specific and market risks. Target prices are based on a methodology chosen by the analyst as the best predictor of the share price over the 12 month horizon

**Other Definitions**

NR: Not Rated. The investment rating has been suspended temporarily. Such suspension is in compliance with applicable regulations and/or in circumstances when NCB Capital is acting in an advisory capacity in a merger or strategic transaction involving the company and in certain other situations

CS: Coverage Suspended. NCBC has suspended coverage of this company

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