

BANK ALBILAD



EVENT FLASH

Net income above expectations

Albilad reported a significant increase in net income to SR107mn for 4Q11, higher than our expected SR85mn. Although NSCI came in line with our numbers, strong growth in non-interest income remained the main driver behind bottom-line performance.

- **Net special commission income:** 4Q11 came in at SR183mn, broadly in-line with our estimate of SR179mn. 4Q11 was an increase of 13.5% YoY (SR161mn in 4Q10).
- **Total operating income:** 4Q11 came in at SR393mn vs. our estimate of SR341mn. 4Q11 was an increase of 41.4% YoY (SR278mn in 4Q10).
- **Net Income:** 4Q11 came in at SR107mn vs. our estimate of SR85mn. 4Q11 shows a significant increase compared to the 4Q10 net income of SR45mn.
- **EPS:** 4Q11 came in at SR0.36 vs. our estimate of SR0.28. 4Q11 was a significant increase compared to the 4Q10 EPS of SR0.02.
- In summary Albilad reported a strong set of results for 4Q11 with net income up significantly YoY. The bank's results came in higher than our estimates, mainly due to higher than expected non-interest income which grew 89% YoY against our estimate of a 30% growth. On an annual basis, Albilad's net income grew 259% YoY to SR330mn. The management attributed the growth in net income to the increase in NSCI and non-interest income.
- Albilad's NSCI grew 13.5% YoY due to strong growth in its credit portfolio which expanded 12.3% YoY and 5.9% QoQ. In addition, non-interest income increased 89%YoY and 32.6% QoQ, resulting in a 41.4% YoY increase in total operating income.
- The bank's operating expenses increased 4.6% YoY and 11.9% above our expectations. However, the increase in operating expenses was negated by strong top-line growth.
- Although the bank's loans and total operating income has increased, its cost efficiency has remained lower than the industry average, resulting in lower ROE. Lower cost efficiency and relatively poor asset quality keeps us cautious on the stock. We are currently Neutral on the stock with a PT of SR17.4.

4Q11 Results Summary

SR mn	4Q11A	4Q10A	% Y O Y	4Q11E	% VAR [^]
Net sp comm income	183.0	161.2	13.5	179.4	2.0
Non-interest income	210.0	111.1	79.8	161.6	30.0
Total operating income	393.0	278	41.4	341.0	15.3
Net income	107.0	4.5	2,257.9	85.4	25.3
Loans (bn)	13.8	12.3	12.1	13.5	1.8
Deposits (bn)	23.0	16.9	36.1	18.4	25.5
Investments (bn)	1.0	1.6	(41.0)	1.7	(44.1)
Assets (bn)	27.7	21.1	31.3	23.3	19.2
EPS (SR)	0.36	0.02	2,257.9	0.28	25.3

Source: Company, NCBC Research [^] % Var indicates variance from NCBC forecasts

NEUTRAL

Target price	17.4
Current price (SR)	20.0

STOCK DETAILS

M52-week range H/L (SR)	20.2/16.6
Market cap (\$mn)	1,600
Shares outstanding (mn)	300
Listed on exchanges	TADAWUL

Price perform (%)	1M	3M	12M
Absolute	4.4	11.1	2.6
Rel. to market	1.2	3.6	6.2

Avg daily turnover (mn)	SR	US\$
3M	3.9	1.0
12M	3.9	1.0

Reuters code	1140.SE
Bloomberg code	ALBI AB
	www.bankalbilad.com

VALUATION MULTIPLES

	10A	11E	12E
P/E (x)	NA	19.9	14.9
P/BV (x)	1.9	1.8	1.6
P/ABV (x)	2.0	1.7	1.5
Div Yield (%)	-	-	-

Source: NCBC Research estimates

SHARE PRICE PERFORMANCE



Source: Bloomberg, Tadawul

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OVERWEIGHT:	Target price represents expected returns in excess of 15% in the next 12 months
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

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