December 28, 2017

الرياض المالية
riyad capital

Rating	Buy
12- Month Target Price	SAR 62.00

National Commercial Bank

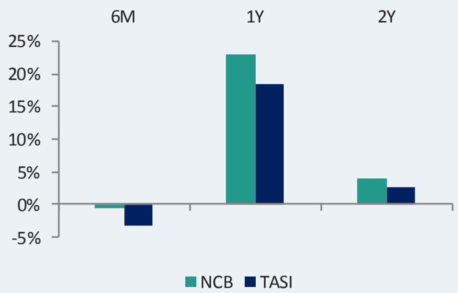
Initiating Coverage Report

Expected Total Return	
Price as on Dec-27, 2017	SAR 52.80
Upside to Target Price	17.4%
Expected Dividend Yield	4.2%
Expected Total Return	21.6%

Market Data	
52 Week H/L	SAR 58.00 /37.00
Market Capitalization	SAR 105,600 mln
Shares Outstanding	2,000 mln
Free Float	35.5%
12-Month ADTV	820,871
Bloomberg Code	NCB AB

1-Year Price Performance

Source: Bloomberg



FY2017E (SAR mln)	
Net Sp. Comm. Income	13,796
Total Op Income	18,417
Net Income	9,821
Net Financing	257,151
Deposits	307,727

Best Play on Saudi Banks

Established in 1953, the National Commercial Bank (NCB) is considered the first Saudi Bank in the Kingdom. Popularly known as "Al Ahli", NCB is the largest bank in the country in terms of key financial metrics boasting a capital base of SAR 20 billion, employing over 8,000 people with a network of 383 branches. Despite challenging economic conditions over the past couple of years, NCB has fared well, growing its net income Y/Y (although the growth rates have moderated). Net loans continue to swell but a shrinking deposit base since 2014 is a concern. Going forward, we anticipate NIMs to stabilize at 3.2%, net income growth rate to improve and deposits to trend up while net loans grow at a slower rate. Our justified P/B valuation implies a target price of SAR 62.00. We initiate coverage on NCB with a Buy recommendation as the stock offers +17.4% upside to target plus a 4.2% expected dividend yield.

Loan growth with prudent risk management

Despite commanding a large loan book, NCB has managed to grow its loans by double digits in recent years from SAR 188 billion in 2013 to SAR 254 billion in 2016 (the largest in the sector), fueled primarily by retail lending and accompanied by capital adequacy consistently above 15%. We expect steady growth through 2020, reaching SAR 277 billion. Coupled with loan growth, NCB managed to reduce its NPL ratio while maintaining high coverage levels. NPL ratio of gross loans retracted from 3.0% in 2011 to 1.5% in 2016. NPLs have witnessed a rise this year; anticipate reaching SAR 4.9 billion by year-end. With expectations of a decline in NPLs and a steady increase in provisions going forward; we predict coverage to exceed 200% through 2020.

Deposits depleted but tilt towards NIBs remains strong

Deposits have followed a declining trend after peaking at SAR 333 billion in 2014, expected to end 2017 at SAR 308 billion. We forecast this to be the trough. Despite the recent fall, deposit mix remains intact with NIBs forming 71% of total deposits by 2016-end compared with 61% for the sector and ranked 2nd after Al-Rajhi's 90%. We expect deposits to steadily rise at a 4 year CAGR of 2.0% reaching SAR 327 billion by 2020. LDR has been on an uptrend from 60% in 2012 and likely to end 2017 at 81%. We believe it will stabilize in the 81% to 82% range for the next few years.

NIMs to peak at 3.2% for the short-term

Net Interest Margins (NIMs) were almost flat between 2012 and 2014, touching 2.9%. Thereafter, they crossed 2.9% in 2015 and expanded to 3.1% last year. This expansion was led by a greater rise in average asset yields as compared to funding costs. We expect a further expansion to 3.2% in 2017, this time pushed largely by softer funding costs. Expect NIMs to stay flat at a healthy 3.2% through 2020.

Initiating coverage with a Buy

While cost-to-income ratio is close to the sector median at 35%, it has improved over the last five years. We expect net income growth to rebound from 2018 and nominal bottomline to exceed SAR 11 billion by 2020. Increasing dividend payout ratio, offering dividend yield above 4% and an upside in excess of 17% to our SAR 62.00 target price, we initiate coverage on NCB with a Buy rating.

Key Financial Figures

FY Dec31 (SAR mln)	2016A	2017E	2018E
Net Sp Comm Inc	13,551	13,796	14,372
Provisions	1,931	2,108	2,171
Net Income	9,416	9,821	10,226
EPS (SAR)	4.71	4.91	5.11
DPS (SAR)	1.60	2.20	2.20

Key Financial Ratios

FY Dec31	2016A	2017E	2018E
NIM	3.1%	3.2%	3.2%
ROAE	16.7%	16.1%	15.1%
ROAA	2.1%	2.2%	2.2%
CAR	19.2%	17.8%	18.5%
P/B	2.7x	2.5x	2.4x

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Initiating Coverage

We expand our banking coverage universe by initiating coverage on National Commercial Bank with a Buy rating and a SAR 62.00 target price.

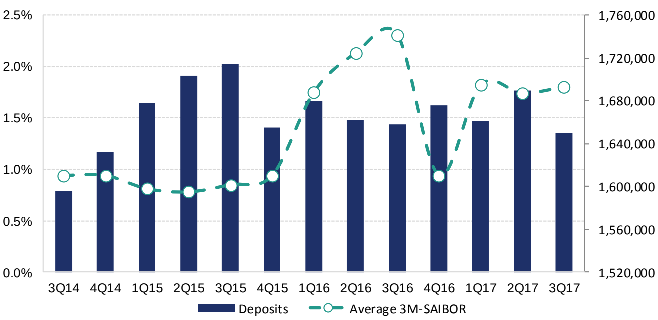
Sector Update

Long on Government bonds

Banks ended 3Q with an improvement in profitability by +14% Y/Y though that could be attributed to the significant provisions that were booked last year. The Saudi banking sector has been able to control its expenses relatively while widening spreads helped boost total income. Liquidity has been stabilizing in 2017 indicated by the barely changed 3 month SAIBOR as well as the somewhat intact deposit base. As a result, the appetite for borrowing has been subdued. The loan portfolio was flat by 3Q-end, leading banks to seek other sources of return. Government bonds and sukuk provided the suitable alternative this year with the government issuing sukuk worth SAR 47 billion in July, August, September and October.

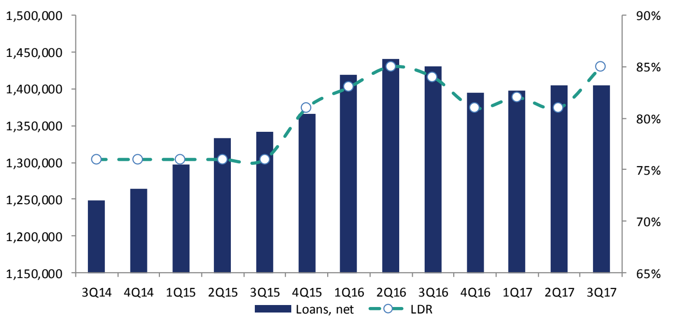
With 3Q2017 ending, the picture is clearer for 2017. Liquidity proved to be more or less stable. Deposits have been fluctuating in a narrow range while interest rates have been stable, pointing to the sufficient liquidity in the system despite the sequential decline in 3Q where banks lost about SAR 40 billion. SAMA's monthly data suggests that the decline took place on all fronts (NIBs and IBs), keeping the deposit mix intact with NIBs standing at 61% of total deposits. It is worth noting that banks' funding cost has dropped during the quarter while 3 month SAIBOR remained flat, indicating the unloading of costly funds. On the other hand, the loan portfolio remained flat amid the economic slowdown and the sufficient liquidity in the system leading to a subdued appetite for credit in the economy overall. As a result, LDR increased to 85% from 81% last quarter. There is still room until the 90% regulatory level, and in light of the current environment, LDR challenges do not seem to be a concern.

Exhibit 1: Average 3-Month SAIBOR (%) & Banking Sector Deposits (SAR ml



Source: Bloomberg, Company financials

Exhibit 2: LDR (%) & Banking Sector Loans (SAR mln)



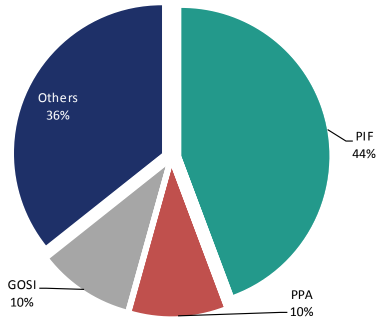
Source: Company financials

It seems that write offs took place in the third quarter given the decline in provisions by almost SAR 1.3 billion despite recording impairments. Provisioning continues to be elevated relative to historical averages due to the economic slowdown. On the other hand, NPLs increased by around SAR 953 million, pulling the coverage ratio down to 166% for the sector. NPL ratio increased over the last few quarter but remained unchanged in 3Q at 1.3%, which is still considered to be low.

As lending activity slowed down, banks have turned to government instrument as an alternative. Bank's holding of government bonds jumped by SAR 31.5 billion in 3Q and SAR 53.5 billion so far this year. Government sukuk provided an attractive option, especially for sharia-compliant banks, to direct the available liquidity to suitable channels other than lending. Strong balance sheet (adequate capital) as well as the room in LDR put the banking sector in a favorable position to take advantage of potential growth opportunities going forward.

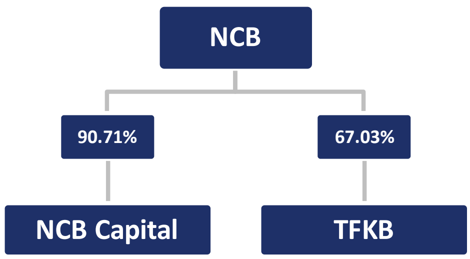
History At a Glance

NCB Shareholding



The National Commercial Bank (NCB) is considered one of the first Saudi banks in the Kingdom. It was established in 1953 as two currency exchange houses (Saleh & Abdulaziz Alkaki and Salem bin Mahfouz Company) joined forces to create the general partnership that is today NCB. By 1997 the partnership converted into a joint stock company and two years later a major shareholding change took place. The Public Investment Fund (PIF) and the General Organization for Social Insurance (GOSI) acquired a share in NCB at the time and still remain major shareholders to this day, in addition to the Public Pension Agency (PPA) that joined after the IPO. The bank currently has a network of 383 branches, 148 remittance centers and more than 8,000 employees. It also commands the largest market share in the country at 18% of the sector's loan portfolio.
NCB diversifies its businesses on different ends. In line with peers, the bank established its investment arm (NCB Capital) in 2007, offering investment solutions to its clients. In the same year NCB acquired a majority stake in Türkiye Finans Katılım Bankası (TFKB), one of the participation banks in Turkey, in order to diversify geographically.

Exhibit 3: NCB's Subsidiaries

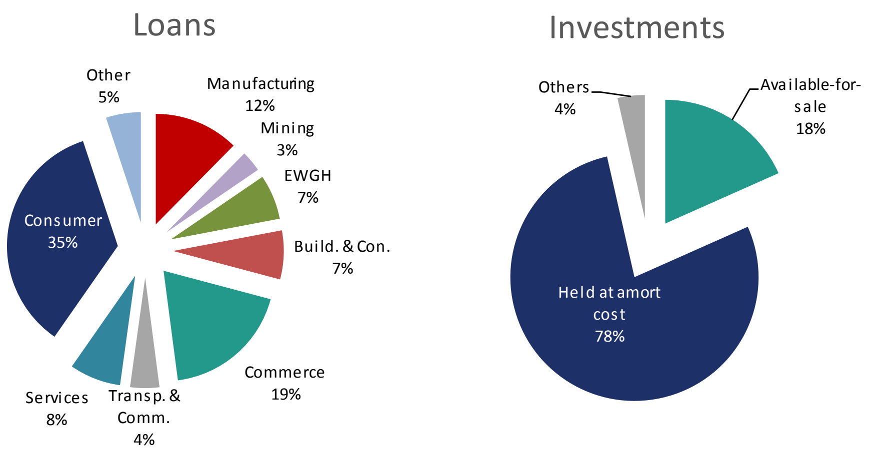


Source: NCB's Website

Diversified Portfolio

NCB's loan portfolio mirrors the sectors to a large extent, which is well diversified. Largest exposures are to consumers and commercial businesses (including SMEs). It is worth noting that this picture is quite similar to the loan mix in 2010, as the bank managed to double the size of its loan portfolio. On the other hand, NCB's investments have witnessed a shift in its nature since then. Banks focused more on investments that are held at amortized cost, especially floating rate investments. It was further supported during 2016 and 2017 where the overall sector directed liquidity towards Government bonds and sukuk and so did NCB.

Exhibit 4: Loans & Investments Portfolio



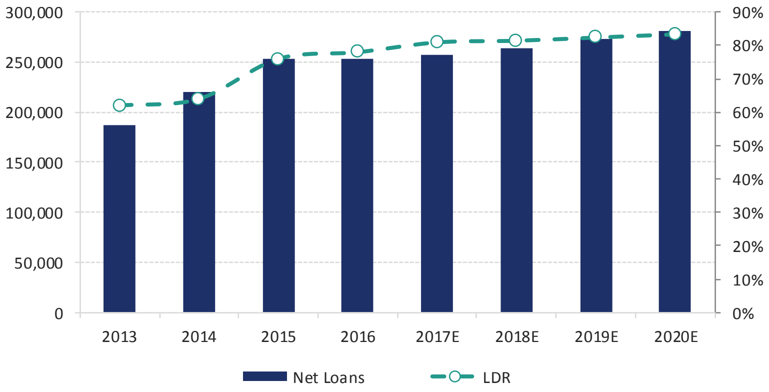
Source: Company reports

NCB's Key Trends and Future Outlook

Impressive growth rate despite its size

Despite commanding a large loan portfolio, NCB managed to grow its loans by double digits in recent years, excluding 2016. It grew its net loans from around SAR 188 billion in 2013 to SAR 254 billion in 2016 (the largest in the sector). The growth was fueled mostly by retail lending that gained more share in the loan mix. The robust growth was supported by economic growth as well as the strength of NCB's capital with an adequacy that is consistently above 15%. In 2016, a different scenario played out amid shifts in the economy, the bank followed the sector trend of a slowdown in lending, recording only a +0.4% Y/Y growth in loans. During 2017, the loan portfolio has been more or less stable amid subdued growth in the economy overall where banks chose to direct liquidity towards investments. We expect NCB to add SAR 5.7 billion to gross loans this year (NCB already added about SAR 4.0 billion in 9M2017). We also expect a slight pick-up in lending growth going forward due to the base effect, taking net loans to SAR 277 billion in 2020. This comes on the back of expectations for better economic growth as well as NCB's strong balance sheet and relatively low LDR.

Exhibit 5: Net Loans (SAR mln) & LDR (%)

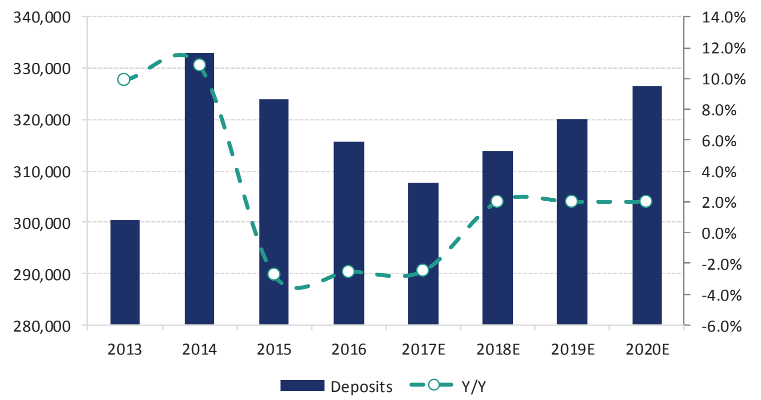


Source: Company financials, Riyad Capital

Maintaining solid deposit mix

On the other hand, deposits followed a somewhat different trend with depletion in deposits since 2015 until its latest filing in 3Q2017. Prior to that, NCB recorded a low single digit growth versus higher growth rates in net loans. Currently, deposits are around 2013 levels at SAR 303 billion after jumping as high as SAR 333 billion in 2014. This depletion in deposits could be partially attributed to the fact that LDR was well below 80%, giving NCB a comfortable cushion when losing funds. Despite the recent decline, the deposit mix remains intact with NIBs forming 71% of total deposits by 2016-end compared with 61% for the sector and ranked 2nd after Al-Rajhi's 90%, giving NCB a competitive advantage versus peers. It is worth noting that NIBs base jumped to 77% of total deposits by 3Q2017-end. We anticipate NCB to regain some of the SAR 13.0 billion it has lost in deposits during 9M2017 to end the year with an annual decline of SAR 7.9 billion to SAR 308 billion and bottom at this level for the short-term. We also expect deposits to steadily rise afterwards at a 4 year CAGR of 2.0% reaching SAR 327 billion by 2020.

Exhibit 6: Deposits (SAR mln) & Growth (%)

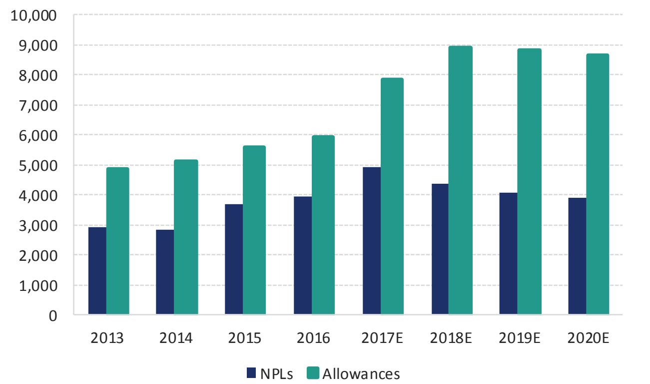


Source: Company financials, Riyad Capital

Portfolio diversification capped NPLs

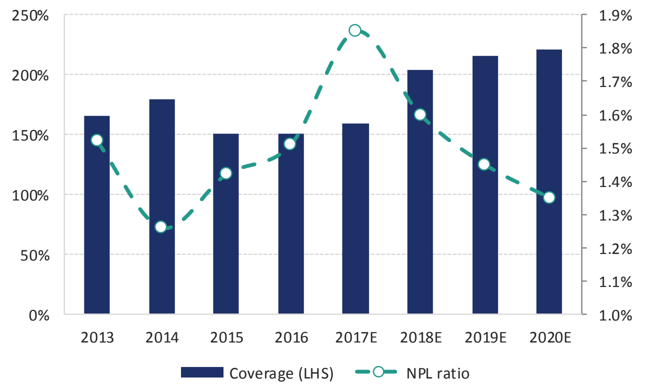
Along with loan growth, NCB managed to reduce its NPL ratio while maintaining high coverage levels. NPL ratio of gross loans retracted from 3.0% in 2011 to 1.5% in 2016. Despite the concerns regarding asset quality in the sector, NPLs witnessed a relatively lower increase of about +7% Y/Y for the bank versus +12% for the sector. This led to the slight uptick in the NPL ratio from 1.4% in 2015. The diversity of NCB's loan portfolio plays a key role in this, as there is no concentration in sectors affected largely by oil price decline. However, NPLs witnessed a notable jump so far this year, increasing from SAR 3.9 billion in 2016 to SAR 4.7 billion during 9M2017 while coverage has been somewhat stable. We see NPLs reaching SAR 4.9 billion by year end, taking the NPL ratio to 1.9% only to gradually decline afterwards to 1.4% in 2020. Asset quality concerns are expected to ease off in the near future. In addition we expect NCB to record write-offs similar to previous levels contributing to the expected decline in NPLs.

Exhibit 7: NPLs and Allowances (SAR mln)



Source: Company financials, Riyad Capital

Exhibit 8: NPL Ratio and Coverage



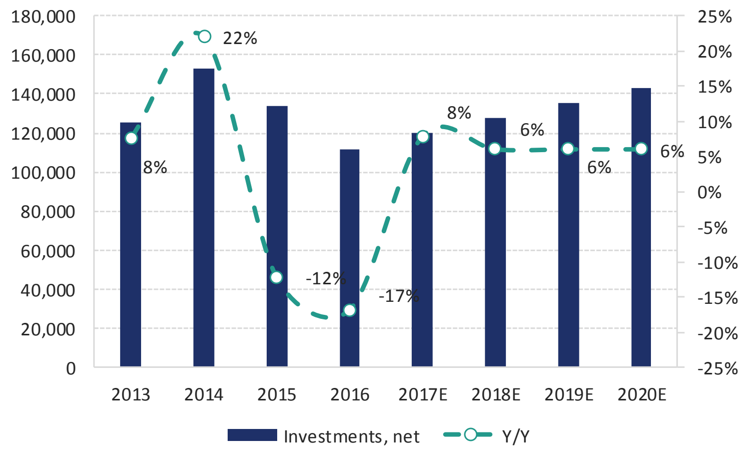
Source: Company financials, Riyad Capital

NCB's provisioning process was sufficient to meet NPL accumulation. Coverage ratio has been at higher levels for a while and continues to be close to 2015 levels so far this year. We expect the bank to record higher provisions in 4Q2017 taking the coverage close to 160%. With the expectations of a decline in NPLs and a steady increase in provisions going forward; we anticipate coverage to exceed 200% through 2020.

Investments rebound on government bonds

Investments have witnessed fluctuating levels, jumping from SAR 120 billion in 2011 to SAR 153 billion in 2014 on the back of growth in investments held at amortized cost. However, the investment base witnessed a significant decline as the bank let go of fixed rate investments held at amortized cost. Investments dropped to SAR 112 billion by 2016-end and has been stabilizing during 2017. This could be attributed to the muted growth in loans overall and the availability of government paper as it issued local debt multiple times to plug its deficit. We forecast investments to grow to SAR 120 billion this year and increase afterwards to around SAR 143 billion in 2020 amid expectations of further domestic debt issuance.

Exhibit 9: Net Investment (SAR mln) and Growth (%)

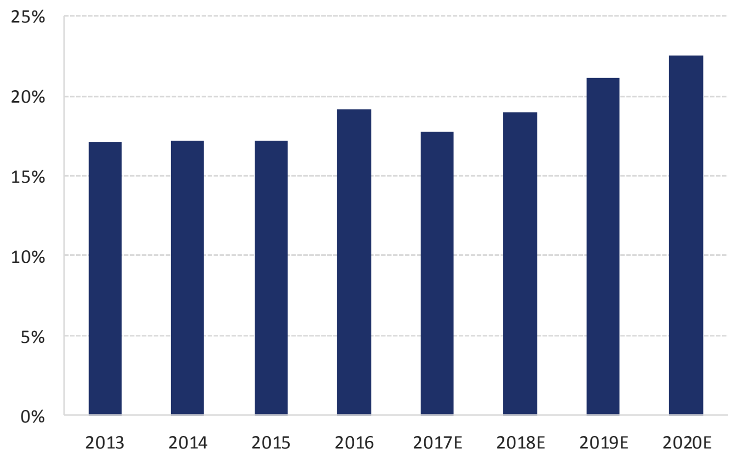


Source: Company financials, Riyad Capital

Comfortable CAR

Capital Adequacy Ratio (CAR) has been at a very comfortable level for NCB ranging between 17% and 19% for the last five years. This has been a result of managing Risk Weighted Assets (RWA) well in relation to Tier I and Tier II Capital. For 2017, we witnessed a 100bps decline in CAR in 1Q to 18.2% as RWA jumped from SAR 353 billion as of 2016-end to SAR 382 billion at 1Q-end, which could possibly reflect some off balance sheet exposure. However, there has been a sequential improvement since, with CAR at 18.5% by 3Q-end. We expect a further rise to 18.8% by year end and then to over 20.0% going forward.

Exhibit 10: Capital Adequacy

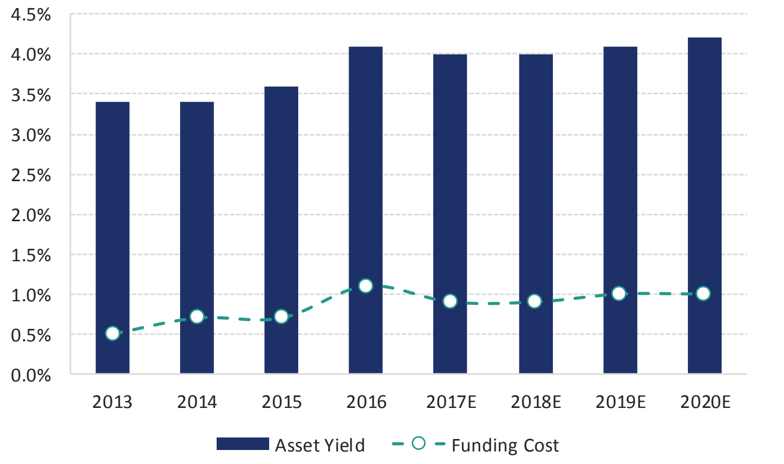


Source: Company financials, Riyad Capital

Asset yields to stabilize

Asset yields for NCB have been steadily growing over the past five years, having increased from 3.5% in 2012 and peaking to 4.1% last year. For the ongoing year, however, we expect a minor decline to 4.0%. In 2018, we expect the bank to maintain this yield before growing it again to 4.1% in 2019 and further to 4.2% in 2020. The major component of the asset yield accrues from loans and advances in the form of special commission income followed by income from investments. Special commission income from loans typically has the highest yield, stood at 5.1% in 2016 while the other assets tend to take the average lower such as the 2.9% yield on investments.

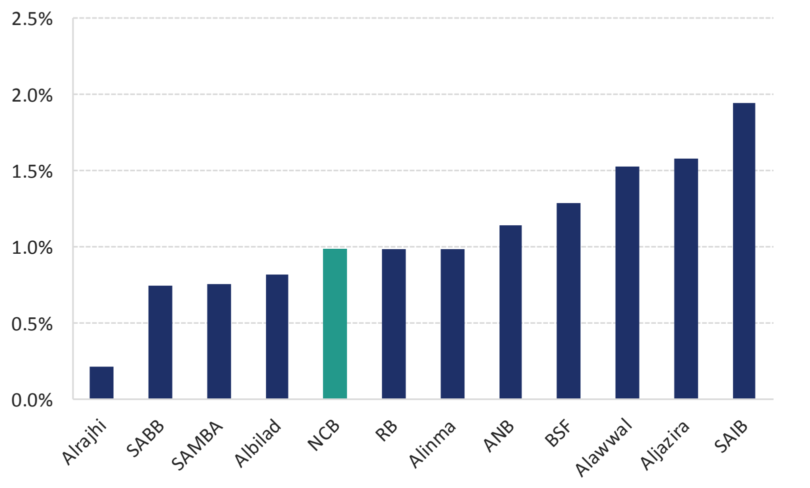
Exhibit 11: Asset Yields and Funding Cost



Source: Company financials, Riyad Capital

In terms of funding costs, we have witnessed a rise from 0.8% in 2012 to 1.1% last year. 2016 was not a typical year as liquidity constraints within the banking sector pushed SAIBOR higher and resulted in banks borrowing at elevated rates. Thus, for 2017, we expect a moderation in the funding costs to 0.9% before rising to 1.0% in 2019 and 2020. Special commission paid on deposits is the biggest component, more than half of the total special commission expense. Helped by non-interest bearing deposits (NIBs), we expect profit paid to depositors to stand at 0.28% in 2017 but rise a few basis points in the years ahead as interest rates rise globally.

Exhibit 12: Funding Cost Across The Sector in 3Q



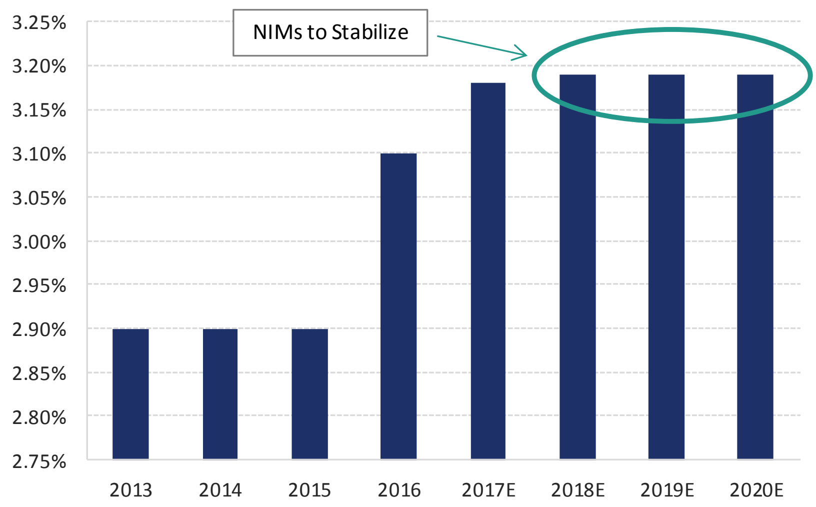
Source: Company financials

With 77% of its deposits being NIBs, NCB stands in the lower half amongst all banks in the country in terms of funding costs, which is a key expense item in the income statement. As a matter of fact, exhibit 12 clearly shows that NCB's funding costs of close to 1% in 3Q2017, were half of SAIB, which stood at almost 2%.

NIMs to peak in 2017

Net Interest Margins (NIMs) were almost flat between 2012 and 2014, touching 2.9%. Thereafter, they crossed 2.9% in 2015 and expanded to 3.1% last year. This expansion was led by a greater rise in average asset yields as compared to funding costs. We expect a further rise to 3.2% in 2017, but this would be driven largely by lower funding costs. Post 2017 and going into the next three years we do not anticipate further widening of the NIMs but rather stabilization at this year's levels as rising interest rates impact both asset yields and funding costs uniformly. We believe NIM levels of around 3.2% are quite healthy within the sector and it would be difficult to expand them too much from here unless NCB were to switch to a complete Shariah-compliant structure, where spreads for banks such as Alrajhi are higher.

Exhibit 13: Net Interest Margin

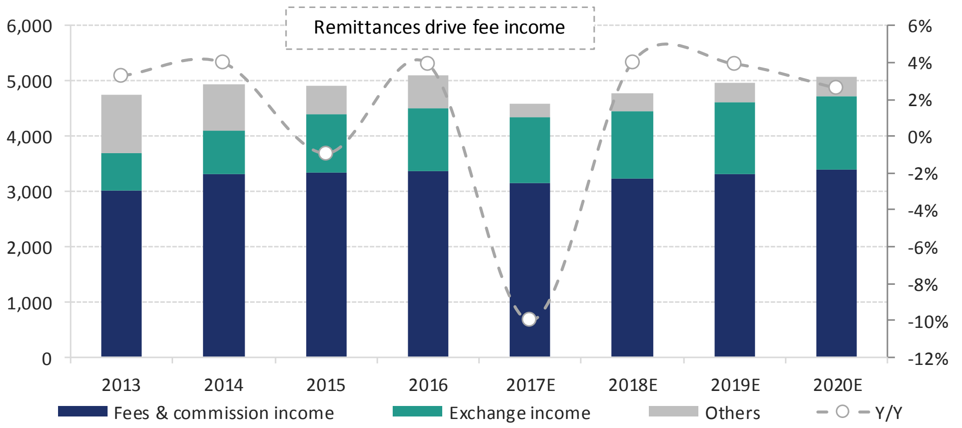


Source: Company financials, Riyad Capital

Non-core income declines in 2017

Non-core income has historically followed a volatile pattern, mostly mirroring the economic activity in the country. Since 2013, there was a dip in 2015 (-1% Y/Y), which was the first full year in which international oil prices were lower, impacting oil revenues of the Kingdom. In 2017, we expect a decline in non-core income by -9% Y/Y to SAR 4.6 billion as illustrated in the chart below. The decrease this time around, in our view, reflects the slowdown in economic activity as businesses adjust to the new operating environment. As a result, we can expect an almost SAR 200 million dip in fee-based income this year although exchange income may end up higher Y/Y. Going forward, we are more optimistic. Coming off a low base and expectations of better economic performance in the next three years, we are hopeful of a +3% Y/Y growth to SAR 4.8 billion in 2018 rising to SAR 5.1 billion by 2020.

Exhibit 14: Fee Income Leads Non-Core Income (SAR mln)

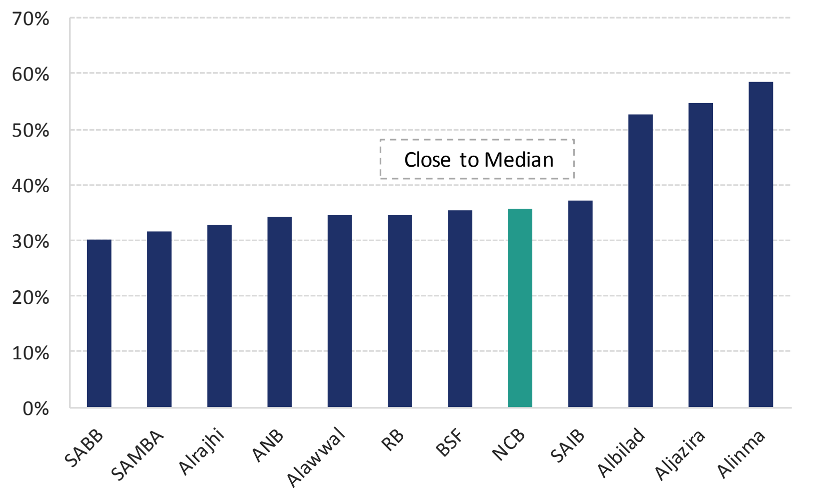


Source: Company financials, Riyad Capital

Cost to income ratio could be better

The cost to income ratio (pre-provisioning) is not the best for NCB within the banking sector. As of 3Q-end, the ratio stood at 36%, the 5th highest in the sector. Although this is a snapshot data point, it does represent the most recent data set. However, it is pertinent to point out that NCB is 6% above the lowest (SABB) while the top three are at very high levels of between 50% and 60%. Thus, NCB is close to the median 35% range. It is also important to state that NCB has made tangible improvements to the ratio over the last five years going from 39% in 2012 to 38% last year and expected to end 2017 at around 35%. We believe the best case for NCB in terms of cost control will arise in 2020 as cost to income declines to 34%.

Exhibit 15: Cost to Income Ratio Across the Sector in 3Q

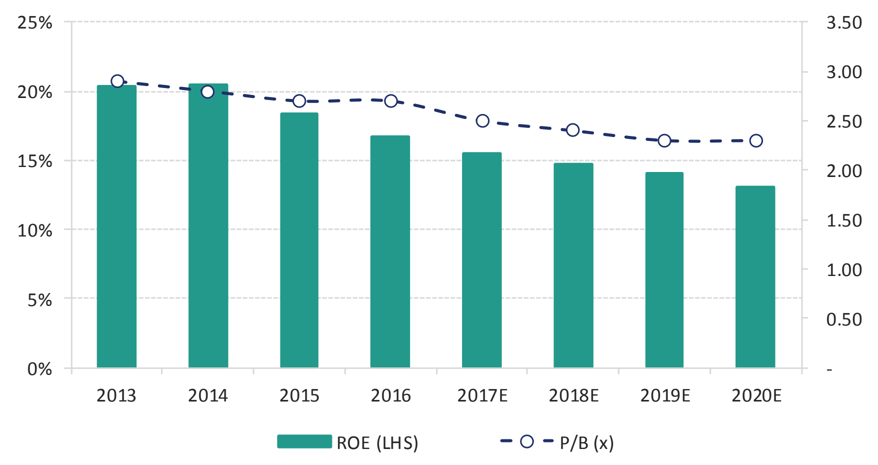


Source: Company financials

ROE depicts a falling trend

Return on average equity (ROE) has been following a declining trend since 2012, falling from 18% to 16.7% last year, although there was a rise to 20.4% in 2014. It appears that although net income has been growing for the bank year on year, equity has increased at a faster pace as retained earnings augment. With an average dividend payout of 35% over the last five years, the retained earnings have not been able to generate higher returns. Going forward, we expect the ROE to decrease further, falling to 13% by 2020. However, the bank has increased its dividend payout this year and if this continues in the future, there could be a positive impact on ROE. The Price to Book (P/B) ratio for NCB of 2.5x for 2017E is somewhat higher than peers.

Exhibit 16: ROE (%) and Price-to-Book (x)

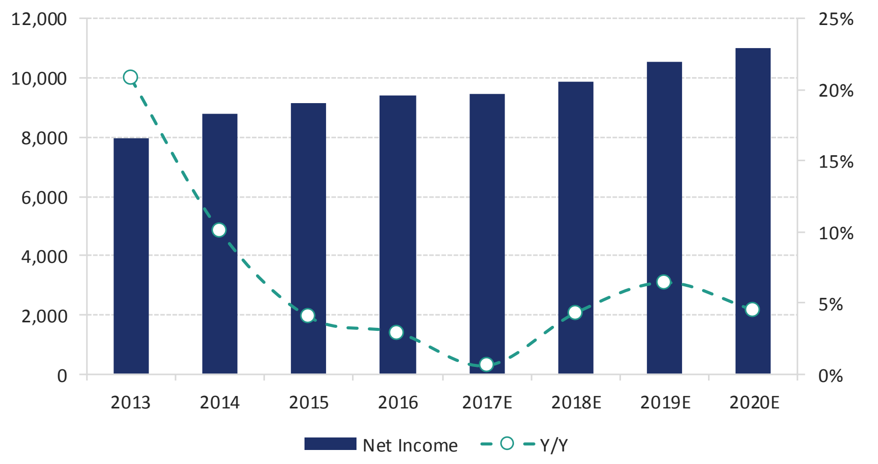


Source: Company financials, Riyad Capital

Net income to rebound

As the chart below illustrates, net income growth has been declining since 2013 from 21% to 3% in 2016. While the rate has been lower due to declining economic growth, particularly since 2014, nominal net income has been growing; a good sign for investors in difficult times. We expect a net income of SAR 9.8 billion in 2017, a +4% Y/Y growth. 2018 may be challenging with a minor +1% Y/Y rise in bottomline as NIMs stabilize, provisioning remains elevated and non-core income benign. We expect net income growth to pick up from 2019 at +6% Y/Y.

Exhibit 17: Net Income (SAR mln) to Rebound from 2018

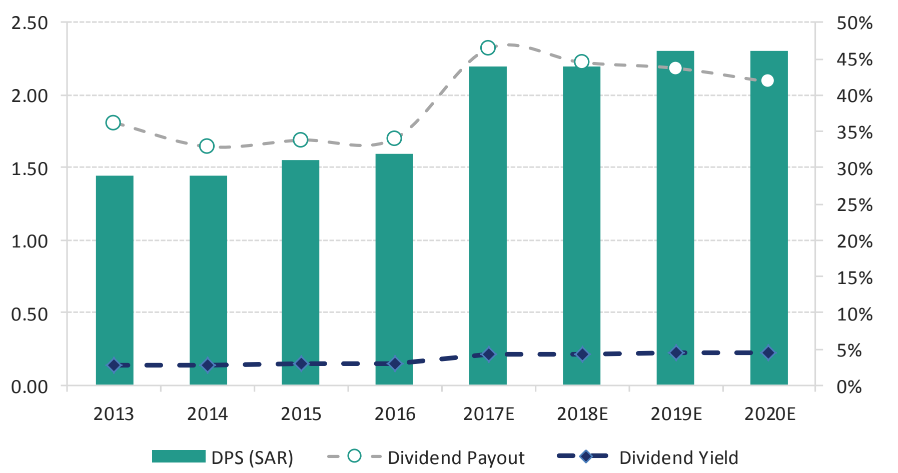


Source: Company financials, Riyad Capital

Dividends rise in 2017

Over the past 5 years, nominal dividends have been in the range of SAR 1.35 to SAR 1.60 with a payout ratio of between 33% and 41%. A first half 2017 dividend of SAR 1.10 has surprised, leading to expectations of a similar payout for second half, implying a 2017 DPS of SAR 2.20 (45% payout). NCB is not the only one in the banking sector increasing payouts. Peers such as Rajhi, BSF and SABB have also raised payouts to investors. The rational being that sitting on huge cash piles in an economic slowdown with limited higher yielding assets, it is better to pay back investors. We have conservatively assumed an average 44% dividend payout through 2020, which also suggests that dividend yields are expected to be higher (in the 4.5% to 5.0% range) at current prices versus close to 3.0% in the past. For one of the biggest banks in the country, we feel this is a good icing for investors.

Exhibit 18: Dividend Payout and Yield Rising



Source: Company financials, Riyad Capital

Valuation and Recommendation

We prefer the P/B valuation methodology for banks under our coverage as we believe this a stable metric that appropriately captures value. We use a long-term ROE of 14.5% for NCB, a cost of equity of 11.8% and a long-term growth rate of 8.0% to calculate justified P/B multiple. We arrive at our growth rate using a 14.5% ROE and an assumed long-term retention rate of 55%. NCB has raised payout rates from this year, which is expected to continue in the short to medium term.

Table 1: P/B Valuation

Assumptions	
Risk-free rate	3.70%
Equity risk premium	7.00%
Beta	1.15
CoE	11.8%
LT retention rate	55.0%

	2016	2017E	2018E	2019E	2020E
Book Value per share (SAR)	29.37	31.78	35.69	39.91	44.35
LT ROE					14.5%
LT growth rate					8.0%
Cost of Equity					11.8%
Justified P/B					1.73x
Per Share Fair Value					**61.69**

Source: Riyad Capital

The justified P/B multiple for NCB is 1.7x. Applying this to our 2018-end book value per share of SAR 35.69 leads to a fair value of **SAR 61.69** for NCB.

To cross check valuations, we also use the justified P/E approach. We have assumed a target P/E of 11.5x, which is the four year average P/E for the stock. The average EPS forecast for the period between 2018-2020 stands at SAR 5.26. Thus, applying the target P/E to our average EPS forecast, we arrive at a fair value of **SAR 60.49.**

Table 2: P/E Valuation

	2017E	2018E	2019E	2020E
EPS	4.91	4.98	5.28	5.52
Target P/E multiple				11.5x
Avg EPS (2018E-2020E)				5.26
Fair value per share				**60.49**

Source: Riyad Capital

We initiate coverage on NCB with a target price of **SAR 62.00**, which represents 2.9x P/B and 12.1x P/E on 2018E book value and EPS respectively. As the stock offers an upside potential of 17.4% plus an expected dividend yield of 4.2%, we recommend a Buy.

Summary Financials

Table 3: NCB Summary Financials

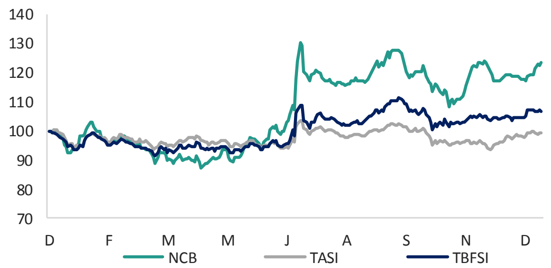
Income Statement (SAR mln)	2016	2017E	2018E	2019E
Special comm income	17,521	17,134	17,945	18,613
Special comm expense	3,969	3,338	3,572	3,678
Net special comm income	**13,551**	**13,796**	**14,372**	**14,935**
Other Income	5,096	4,620	4,838	4,965
Total Income	**18,647**	**18,417**	**19,210**	**19,900**
Operating Expense	9,175	8,539	8,927	9,044
Net Income	**9,416**	**9,821**	**10,226**	**10,798**
Shares Outstanding (mln)	600	600	600	600
EPS (on current shares)	**4.71**	**4.91**	**5.11**	**5.40**
DPS (SAR)	1.60	2.20	2.20	2.30

Balance Sheet (SAR mln)	2016	2017E	2018E	2019E
Assets				
Cash & Bank Bal. with SAMA	43,441	40,992	41,568	54,297
Due from Banks	19,213	20,174	21,182	22,242
Investments, net	111,509	120,281	127,497	123,040
Loans and advances, net	253,592	257,151	263,593	270,198
Fixed Assets, net	4,363	4,562	4,727	4,904
Other real estate, net	849	866	883	901
Other Assets	8,524	8,772	9,029	9,296
Total Assets	**441,491**	**449,998**	**465,541**	**481,791**
Liabilities & Equity				
Customer Deposits	315,618	307,727	313,882	320,160
Due to Banks	45,474	56,843	57,980	59,139
Subordinated debt	9,918	10,017	10,067	10,117
Other Liabilities	10,556	10,661	10,768	10,876
Total Liabilities	**381,566**	**385,248**	**392,697**	**400,292**
Share Capital	20,000	20,000	20,000	20,000
Statutory Reserves	20,230	22,686	25,242	27,942
Retained Earnings	13,549	16,613	22,171	28,153
Total Shareholders Equity	58,738	63,561	71,656	80,312
Total Liab. & Equity	**441,491**	**449,998**	**465,541**	**481,791**

Source: Company financials, Riyad Capital

Ratios	2016	2017E	2018E	2019E
Growth (YoY)				
Net special comm incom	8%	2%	4%	4%
Total Income	7%	-1%	4%	4%
Net Income	3%	4%	4%	6%
Gross Financing	0%	1%	3%	3%
Gross Investments	-17%	7%	7%	6%
Customer Deposits	-3%	-3%	2%	2%
Earning Assets	-2%	2%	4%	4%
Total Assets	-2%	2%	4%	4%
Total Equity	8%	8%	13%	12%
Profitability				
RoAA	2.1%	2.2%	2.2%	2.3%
RoAE	17%	16%	15%	14%
C/I (Pre-provisioning)	38%	35%	35%	34%
NIMs	3.1%	3.2%	3.2%	3.2%
Others				
LDR	78%	81%	81%	82%
CAR	19.2%	17.7%	18.4%	20.1%
NPL Coverage	151%	165%	219%	284%
P/E	10.7x	10.3x	9.9x	9.4x
P/B	2.7x	2.5x	2.4x	2.3x
Dividend Payout	34%	45%	43%	43%

Relative Stock Price Performance



Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than 15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

** The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors*

For any feedback on our reports, please contact research@riyadcapital.com

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