

Advances Rise +6% Q/Q

May 20, 2020

Upside to Target Price	17.2%	Rating	Buy
Expected Dividend Yield	6.3%	Last Price	SAR 36.70
Expected Total Return	23.5%	12-mth target	SAR 43.00

Market Data	
52-week high/low	SAR 61.50/30.50
Market Cap	SAR 110,100 mln
Shares Outstanding	3,000 mln
Free-float	45.2%
12-month ADTV	2,632,897
Bloomberg Code	NCB AB

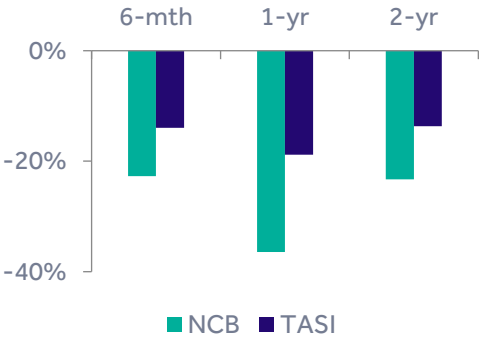
NCB	1Q2020	1Q2019	Y/Y	4Q2019	Q/Q	RC Estimate
Net Commission Income	4,013	3,754	7%	4,894	(18%)	3,796
Total Operating Income	5,305	4,951	7%	5,590	(5%)	5,002
Net Income	2,834	2,776	2%	3,390	(16%)	2,720
Loans & Advances	305,214	267,215	14%	282,289	8%	284,160
Deposits	375,241	309,676	21%	353,389	6%	356,110

(All figures are in SAR mln)

- NCB grew its loans portfolio at a higher pace of +8% Q/Q compared to the previous quarters, adding SAR 22.9 bln, while deposits continued their uptrend, growing by SAR 21.9 bln Q/Q. Thus, LDR rose from 80% to 81%.
- On a quarterly basis, the drop in Special Commission Income more than offset the decline in Special commission expense; hence, NSCI fell by -18% to SAR 4,013 mln. Non-core income jumped by +86% Q/Q to reach SAR 1,292 mln due to an increase in investment-related income, fees from banking and services, and foreign exchange income.
- On the back of rising lending activity as well as cautious general sector trend, provisions were higher at SAR 396 mln compared to SAR 145 mln in 1Q19 and SAR 287 mln in 4Q19.
- Net income reached SAR 2.8 bln, up +2% Y/Y but declined -16% Q/Q, almost matching our estimate of SAR 2.7 bln. We recommend a target price of SAR 43.00 and a Buy recommendation.

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■ 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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