

Market Data	
52-week high/low	SAR 55.00/30.50
Market Cap	SAR 108,000 mln
Shares Outstanding	3,000 mln
Free-float	45.2%
12-month ADTV	2,414,361
Bloomberg Code	NCB AB

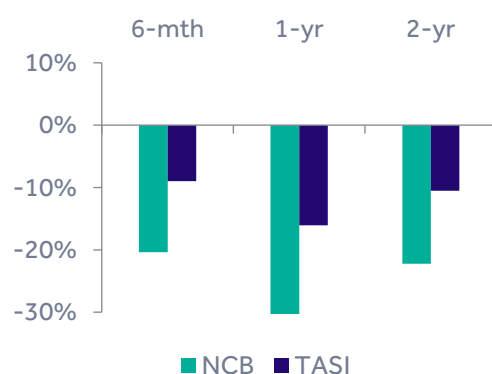
Higher Provisions Q/Q and Y/Y

July 28, 2020

Upside to Target Price	13.9%	Rating	Buy
Expected Dividend Yield	5.0%	Last Price	SAR 36.00
Expected Total Return	18.9%	12-mth target	SAR 41.00

NCB	2Q2020	2Q2019	Y/Y	1Q2020	Q/Q	RC Estimate
Net Commission Income	3,882	3,907	(1%)	4,013	(3%)	3,401
Total Operating Income	4,766	5,050	(6%)	5,305	(10%)	4,690
Net Income	2,088	2,686	(22%)	2,834	(26%)	2,221
Loans & Advances	316,299	274,830	15%	305,214	4%	319,849
Deposits	380,398	327,438	16%	375,241	1%	396,199

(All figures are in SAR mln)



- Both loans portfolio and deposits continued their uptrend, growing by SAR 11.1 bln and SAR 5.2 bln Q/Q respectively. Given the larger increase in loans, LDR edged up from 81% last quarter to 83%.
- NSCI dropped by -3% Q/Q and -1% Y/Y to SAR 3.9 bln (due to a drop in Special Commission Income by -5% Q/Q and -8% Y/Y). Non-core income declined by -32% Q/Q and -23% Y/Y to SAR 884 mln.
- Provisions jumped to SAR 828 mln compared to SAR 328 mln in 2Q19 and SAR 396 mln in 1Q20.
- Operating expenses rose +13% Q/Q to reach SAR 2.8 bln, primarily due to higher provisions, which were partially offset by a decline in salaries, rent, depreciation and others.
- Net income at SAR 2.1 bln was in line with our SAR 2.2 bln estimate but missed market consensus of SAR 2.3 bln. We reduce our target price to SAR 41.00 from SAR 43.00 but maintain Buy.

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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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