National Commercial Bank

Investor Presentation

1Q 2018 Results

NCB الأهلي

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National Commercial Bank

The Leading KSA Bank

1Q 2018 Results

NCB الأهلي

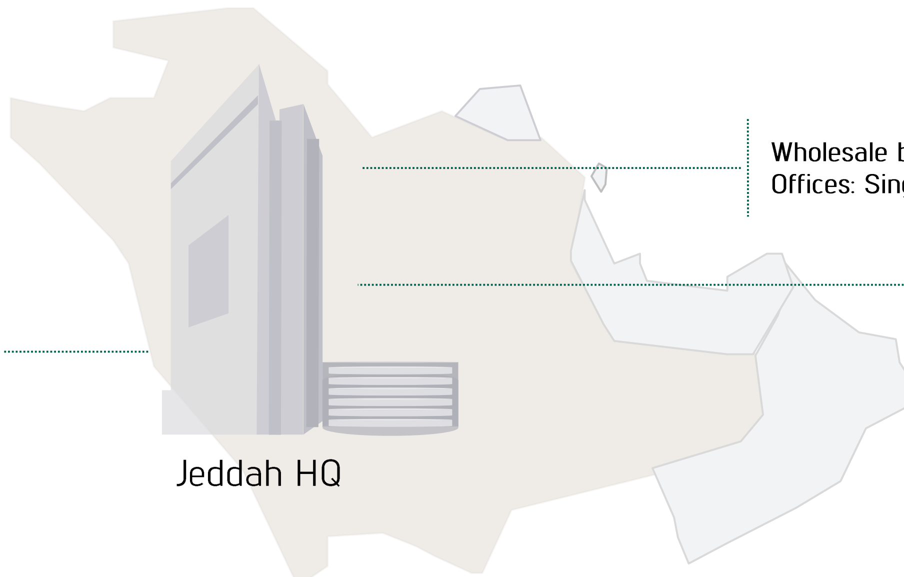
NCB is the leading banking group in Saudi Arabia (1)

Established in 1953; IPO in 2014

NCB Snapshot (FY 2017)

- >8m Clients
- 13,436 Employees*
- SAR 444bn Assets
- SAR 309bn Deposits
- SAR >100bn Market Cap

Subsidiary in Turkey:
Türkiye Finans Katılım Bankası



Wholesale branch in Bahrain
Offices: Singapore, Seoul, Shanghai

Subsidiary in KSA:
NCB Capital

*Includes Alahli Esnad (1,381 employees) – fully owned subsidiary engaged in recruitment services within KSA

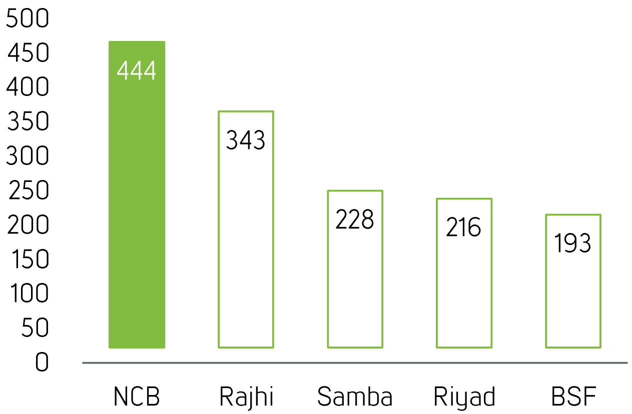
NCB is the leading banking group in Saudi Arabia (2)

NCB has a strong market and financial position (FY 2017)

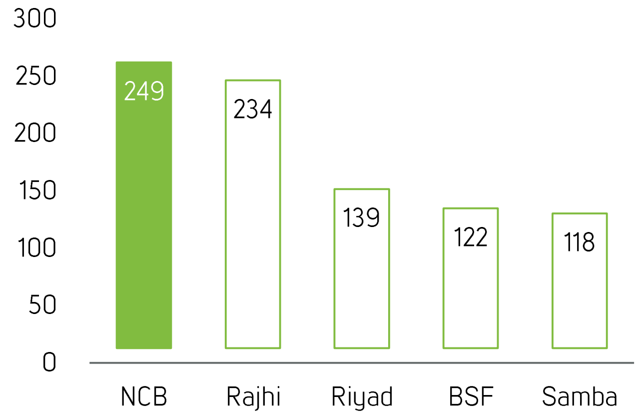
Market Position	by	KSA
Overall banking	Assets	#1
Corporate banking	Financing	#1
Retail banking	Financing	#2
Treasury	Investments	#1
Asset Management	AUMs	#1
Brokerage	Value Traded	#3

Financial Position	KSA	GCC
Assets	#1	#4
Financing	#1	#4
Deposits	#1	#3
Investments	#1	#1
Total Operating Income	#1	#3
Net Income	#1	#3

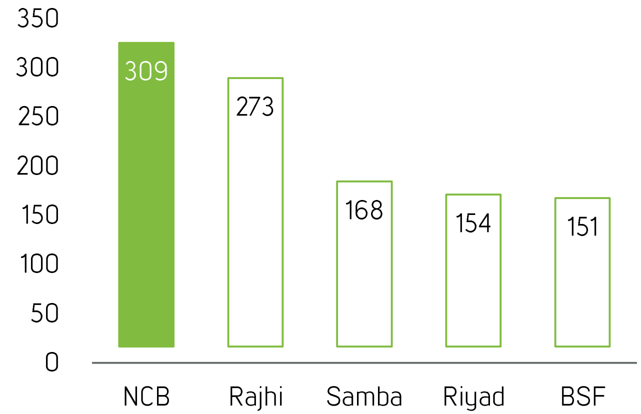
Assets (SARbn)



Financing (SARbn)



Deposits (SARbn)



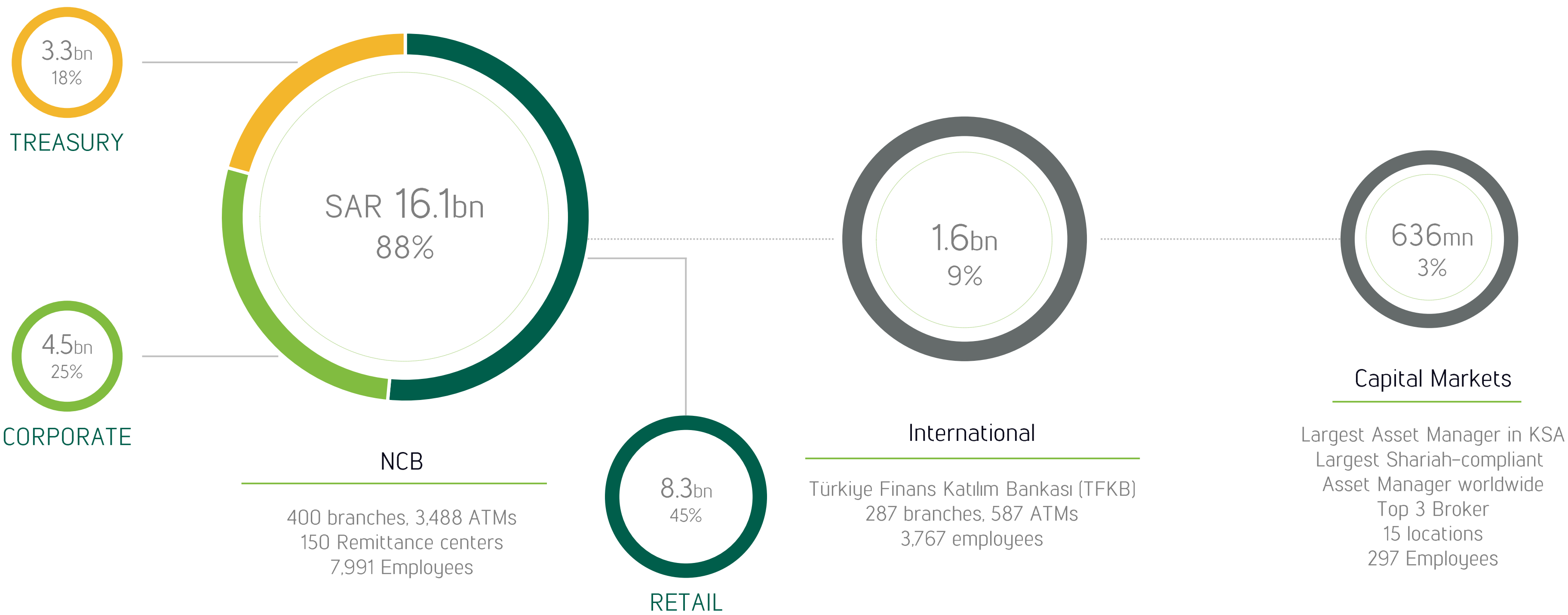
NCB is the leading banking group in Saudi Arabia (3)

Key KPIs compared to Saudi Arabian banking peers (FY 2017)

SR (bn)		NCB الأهلي	مصرف الراجحي Al Rajhi Bank	بنك الرياض riyad bank		samba سامبا	Industry Peers (ex NCB)
Financing and advances, net	2014	221	206	133	117	124	1,045
	2017	249	234	139	122	118	1,129
	CAGR	+4%	+4%	+1%	+2%	-2%	+3%
Total operating income	2014	16	14	8	6	14	60
	2017	18	16	8	7	8	68
	CAGR	+4%	+5%	+0%	+4%	-17%	+5%
Net income attributable to equity holders	2014	8.7	6.8	4.4	3.5	5.0	32.8
	2017	9.8	9.1	3.9	3.5	5.0	35.2
	CAGR	+4%	+10%	-3%	+0%	+0%	+2%

NCB has a well-diversified business model

Total operating income contribution (FY 2017)

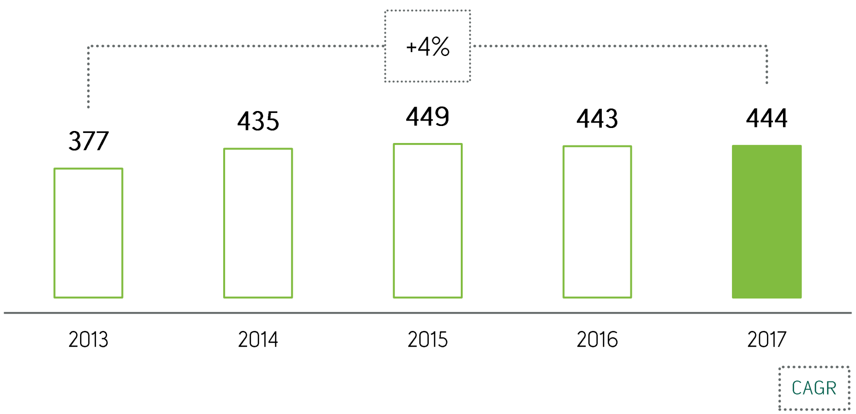


Note: KSA based recruitment services firm Alahli Esnad (fully owned subsidiary) employs 1,381 persons

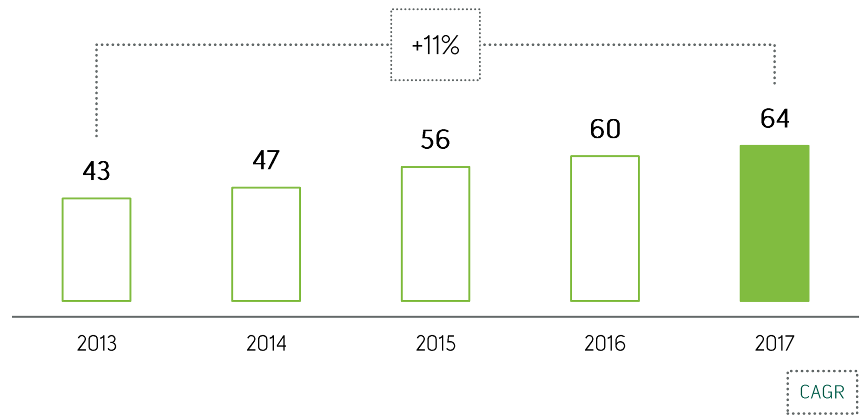
NCB has a strong financial position

Key KPIs

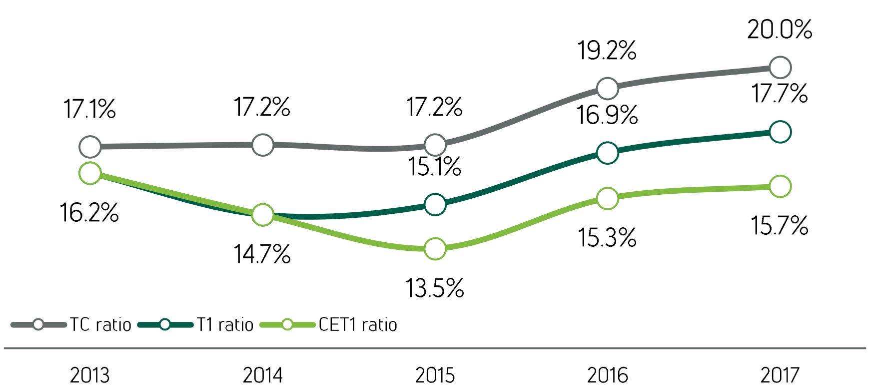
Total Assets (SARbn)



Total Equity (SARbn)

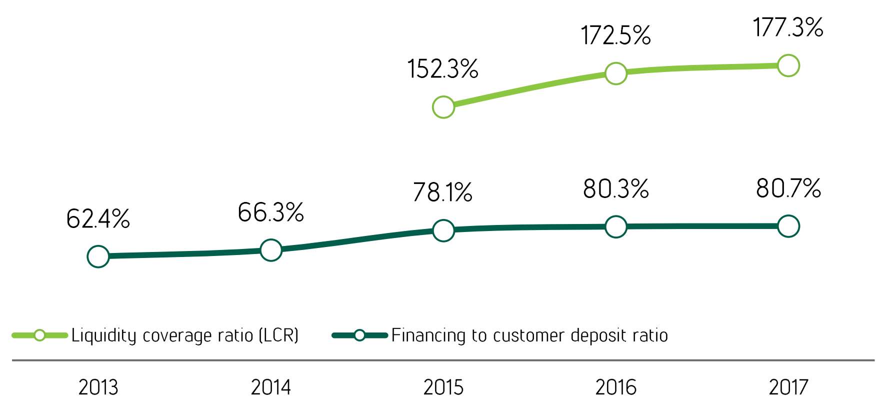


Capital Ratios (%)



Capital ratios are based on Pillar I RWA

Liquidity Ratios (%)

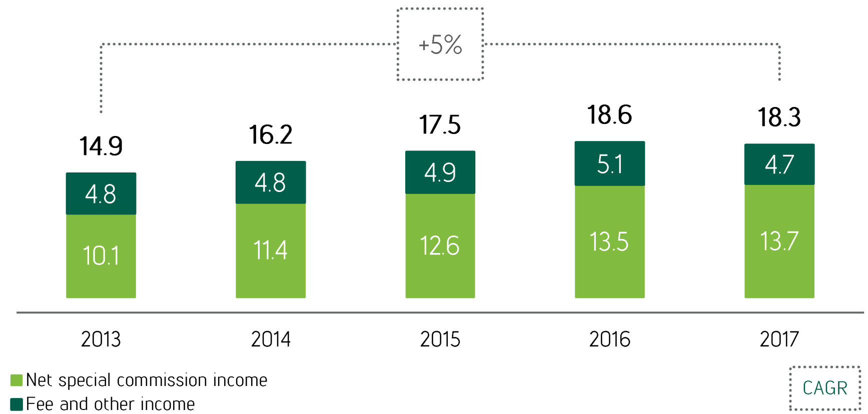


LCR is based on 4Q average numbers
LCR was not reported before 2015

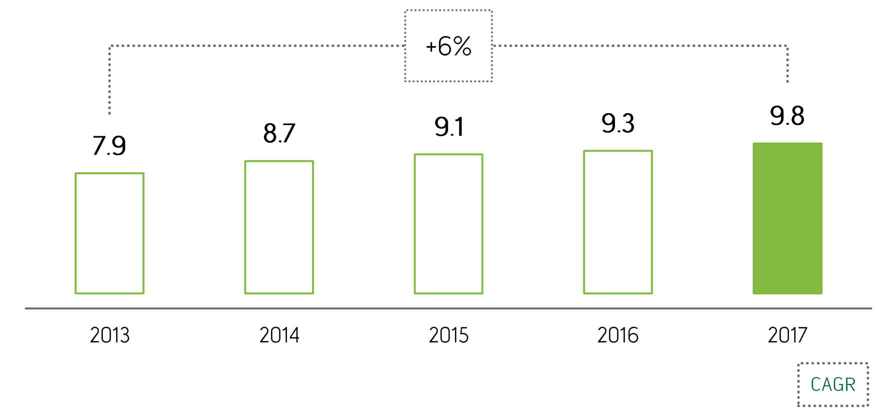
NCB has a strong performance track record

Key KPIs

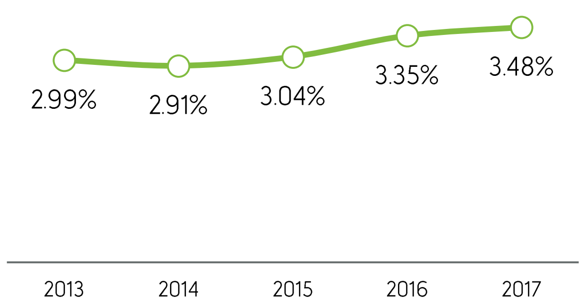
Total Operating Income (SARbn)



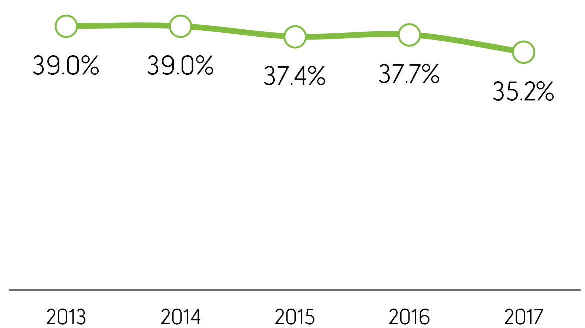
Net Income Attributed To Equity Holders (SARbn)



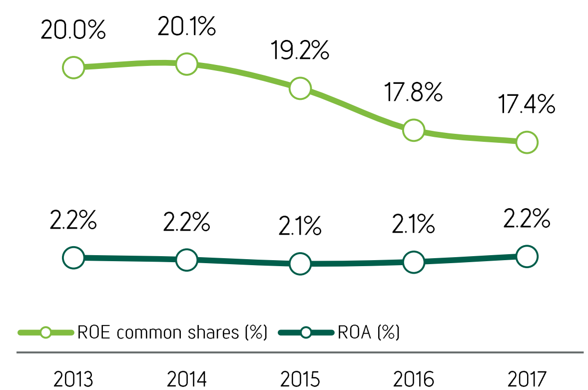
Net Special Commission Margin (%)



Cost to Income Ratio (%)



Returns (%)



NCB Group listed on Tadawul in November 2014

Ranked third in Tadawul, S&P Pan Arab and MSCI Indices with significant weightings

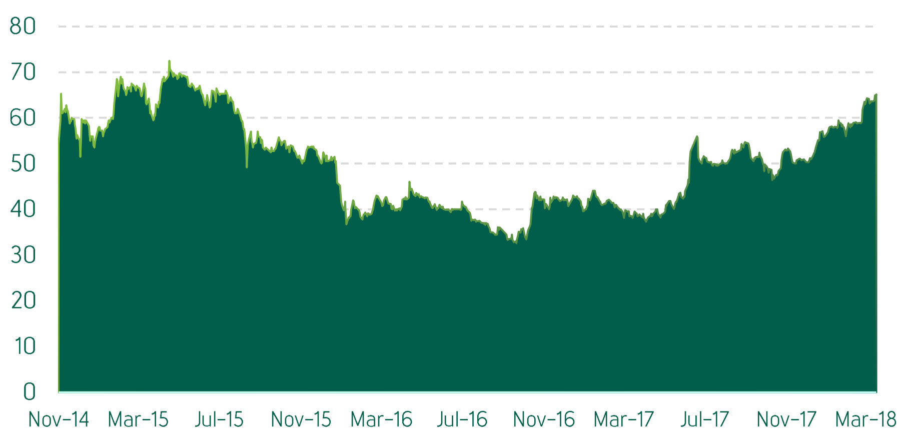
Share parameters	31 Mar 2018
Closing Price (SAR)	65.14
52 week range (SAR)	37-65
Free Float	36%
Shares issued (mn)	2,000
Tangible Book Value (SARmn)	56.393
Tangible BVPS	28.20
P/TBV Ratio	2.3x
P/E Ratio (FY 2017 earnings)	13.74x
Div Yield (FY 2017 dividends)	2.60%
3m Avg Daily Volume (shares)	656.155

Source: NCB, Bloomberg

MSCI GCC Index	Float Adj. Mcap (USDb)	Weighting (%)
Al Rajhi Bank	24.53	9.45
SABIC	23.28	8.97
National Commercial Bank	**13.90**	**5.35**
Saudi Telecom	8.84	3.40
Etisalat	8.36	3.22
Qatar National Bank	8.24	3.17
Samba Financial Group	7.84	3.02
National Bank of Kuwait	7.62	2.94
Almarai	6.65	2.56
Al Inma Bank	6.18	2.38

[Source: MSCI, 30 March 2018]

Share price performance since IPO (SR)



Source: Bloomberg

Ratings	LT	ST	Outlook
National Commercial Bank			
S&P	BBB+	A-2	Stable
Fitch	A-	F1	Stable
Moody's*	A1	P-1	Stable
Capital Intelligence	A+	A1	Negative
Government of Saudi Arabia			
S&P	A-		Stable
Fitch	A+		Stable
Moody's	A1		Stable
Capital Intelligence	A+		Negative

*Moody's rating is unsolicited

National Commercial Bank

Grow with KSA. Grow with NCB.

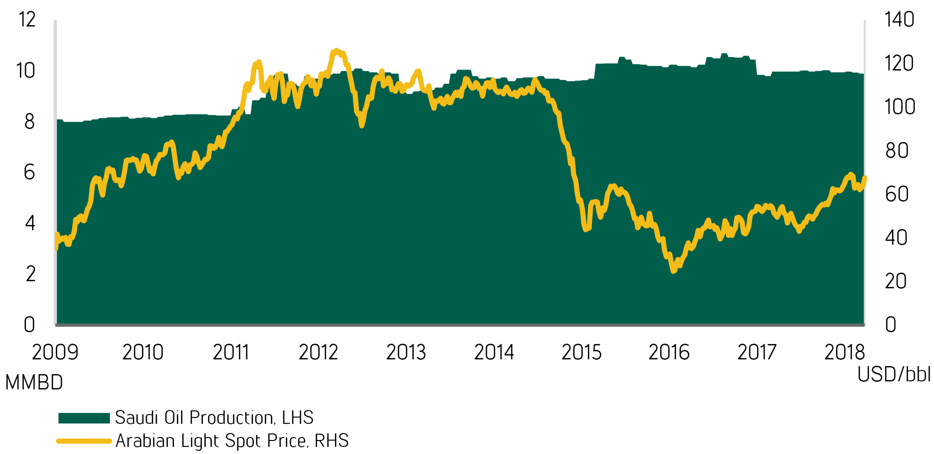
1Q 2018 Results

NCB الأهلي

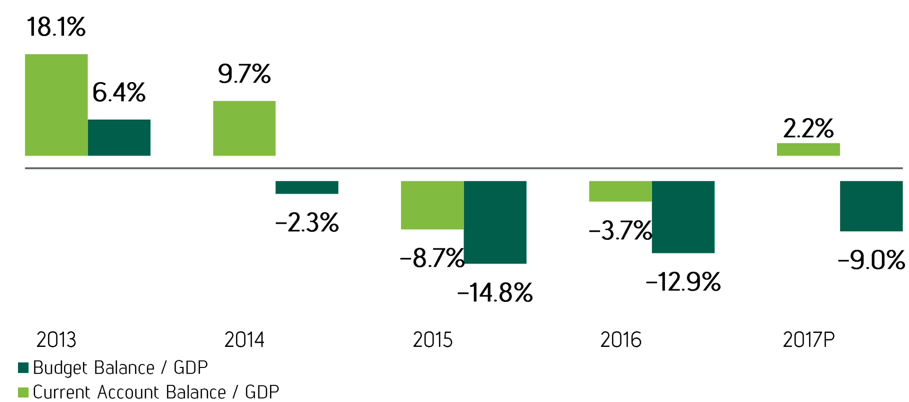
Economic headwinds

Elevated oil prices and rising non-oil revenues will reduce fiscal deficits during the medium-term

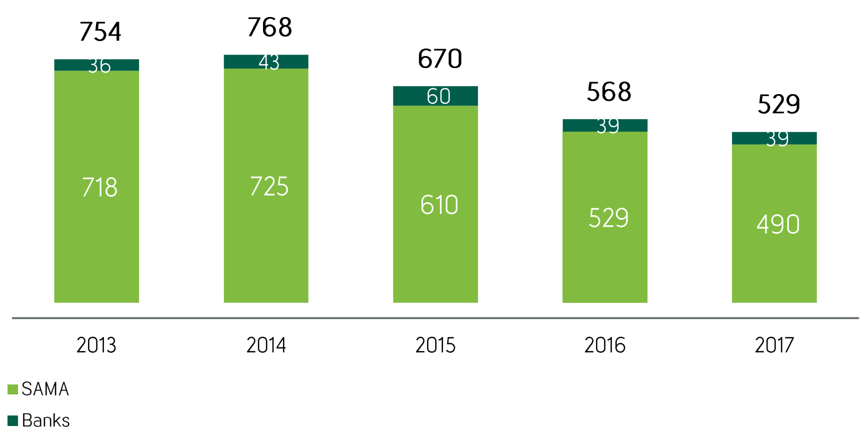
Oil Market



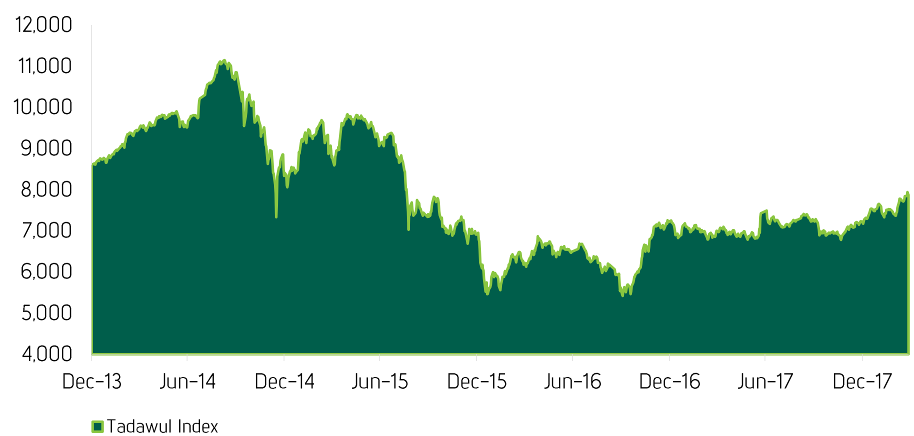
Twin Balances (%)



Foreign Reserves (USDbn)



Stock Market

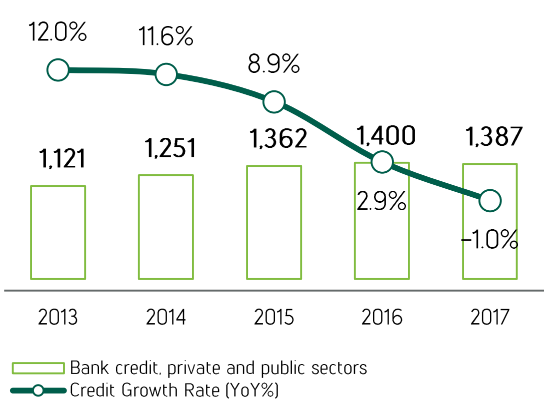


Source: Thomson Reuters, Ministry of Finance, SAMA, Tadawul, and NCB Economics Forecasts

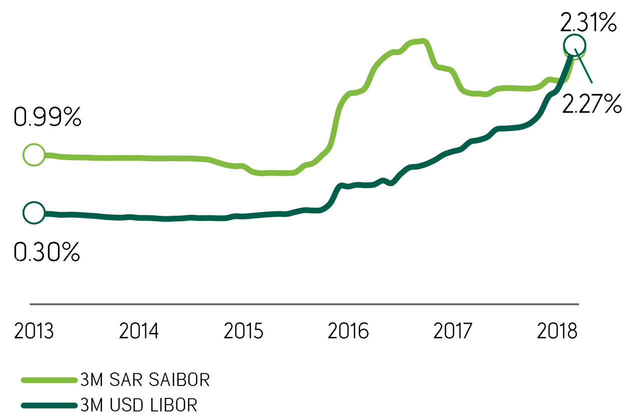
Saudi banking sector

Banking profitability will remain resilient on the back of the ongoing government stimuli in support of private sector and individuals

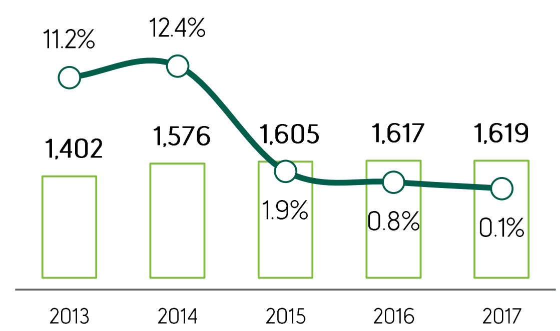
Bank Lending (SARbn)



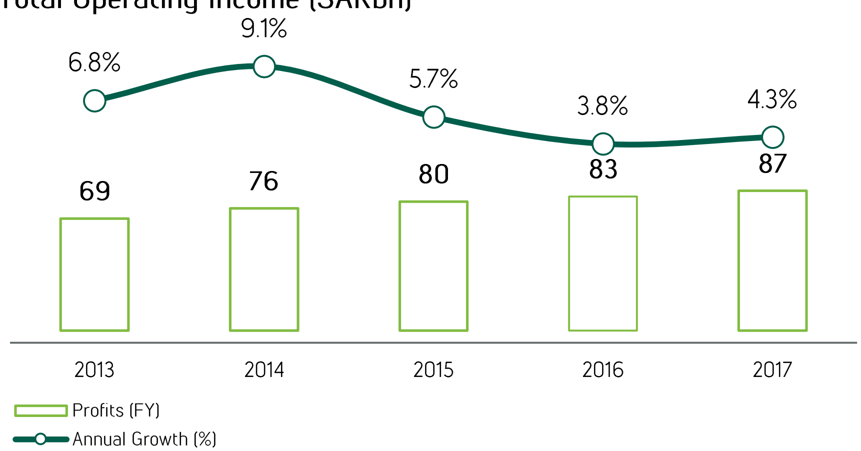
Interbank Rates (%)



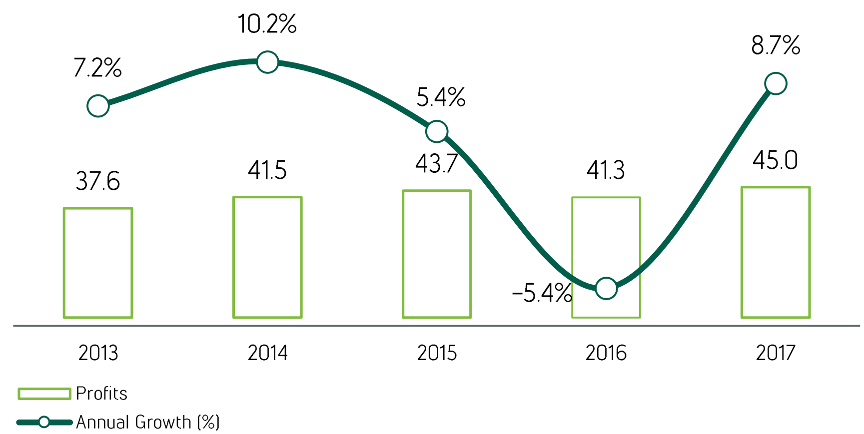
Bank Deposits (SARbn)



Total Operating Income (SARbn)



Profits (SARbn)



Source: Thomson Reuters, SAMA, Banks' Annual Reports, and NCB Economics Estimates

Vision 2030

The Kingdom of Saudi Arabia established a clear direction to accelerate economic growth through vision 2030 and its programs

VISION رؤية 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Pillars	Objectives
A Thriving Economy	Grow & diversify the economy Increase employment
A Vibrant Society	Strengthen Islamic values & national identity Offer a fulfilling & healthy life
An Ambitious Nation	Enhance government effectiveness Enable social responsibility

Selected Goals & KPIs

- Lower the **rate of unemployment** from 11.6% to 7%
- Increase the **Public Investment Fund's assets** to over SAR 7 trillion
- Increase the **private sector's contribution** from 40% to 65% of GDP
- Raise the **share of non-oil exports** in non-oil GDP from 16% to 50%
- Increase the **localization of oil and gas sectors** from 40% to 75%
- Increase **SME contribution to GDP** from 20% to 35%
- Increase **FDI** from 3.8% to the international level of 5.7% of GDP
- Raise **non-oil government revenue** from SAR 163 billion to SAR 1 trillion
- Increase **women's participation** in the workforce from 22% to 30%

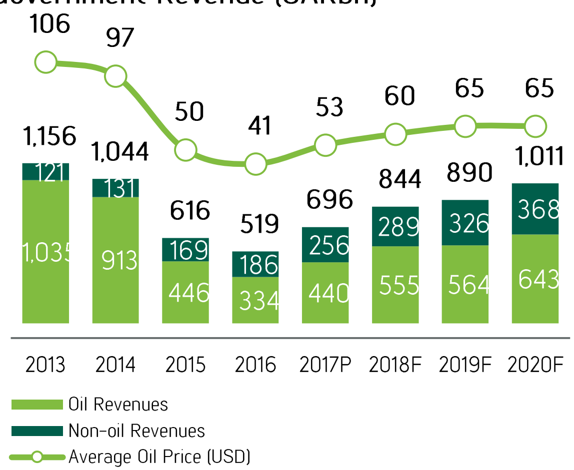
Vision Realization Programs

- Enriching the Hajj and Umrah Experience
- National Transformation Program
- PIF Program
- National Industrial Development and Development and Logistics Program
- Financial Sector Development Program
- Quality of Life Improvement Program
- National Companies Promotion Program
- Strategic Partnerships Program
- The Housing Program
- Privatization Program
- Saudi Character Enrichment Program
- Fiscal Balance Program

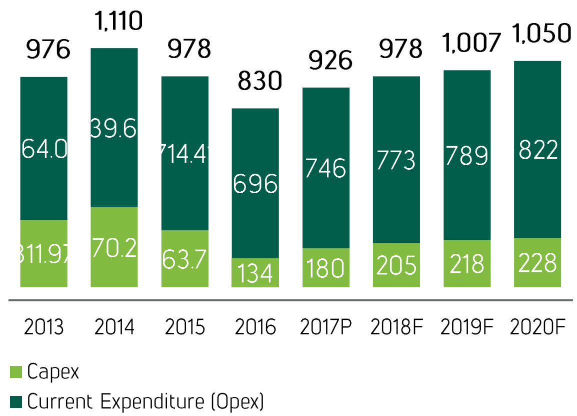
Economic upturn

Budgetary pro-growth measures, growing CAPEX, and additional stimuli point to continuing economic and banking growth despite the non-oil private sector adjusting to structural shifts

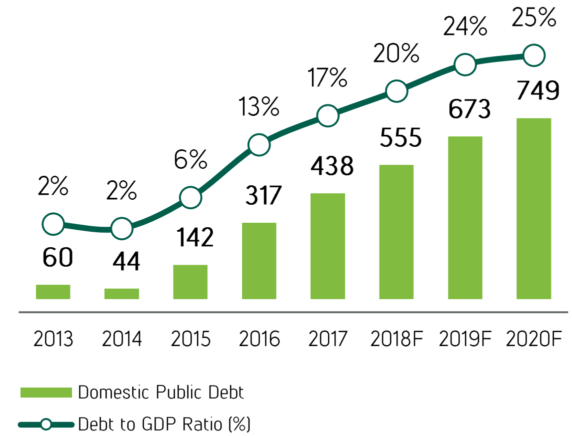
Government Revenue (SARbn)



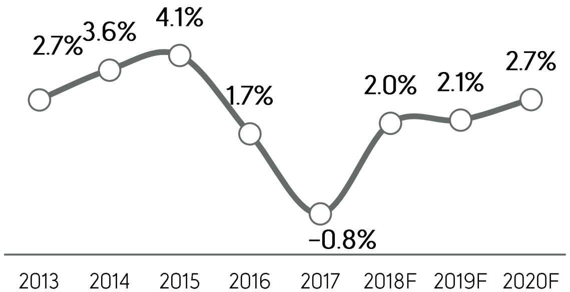
Government Expenditure (SARbn)



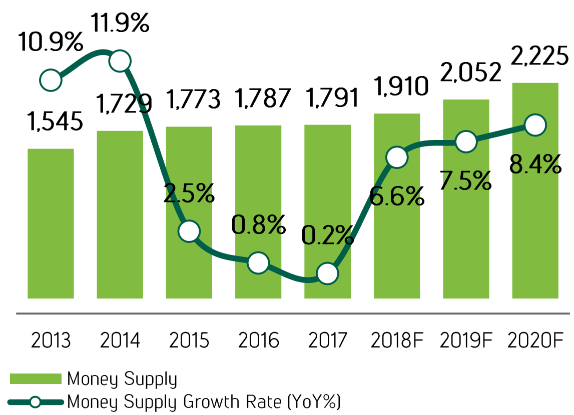
Government Debt (SARbn)



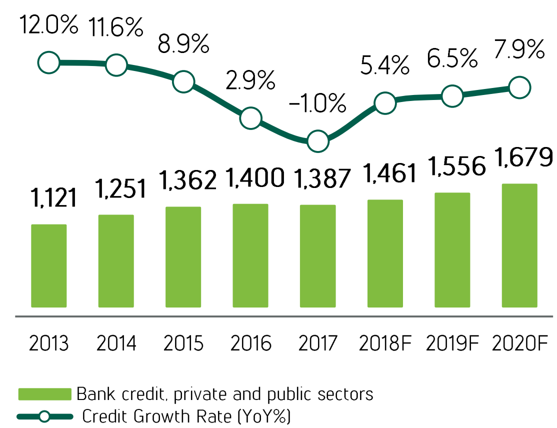
Real GDP Growth (%)



Money Supply (SARbn)



Bank Lending (SARbn)



Source: Ministry of Finance, Fiscal Balance Program, and NCB Economics Forecasts

NCB is aligned with Government priorities

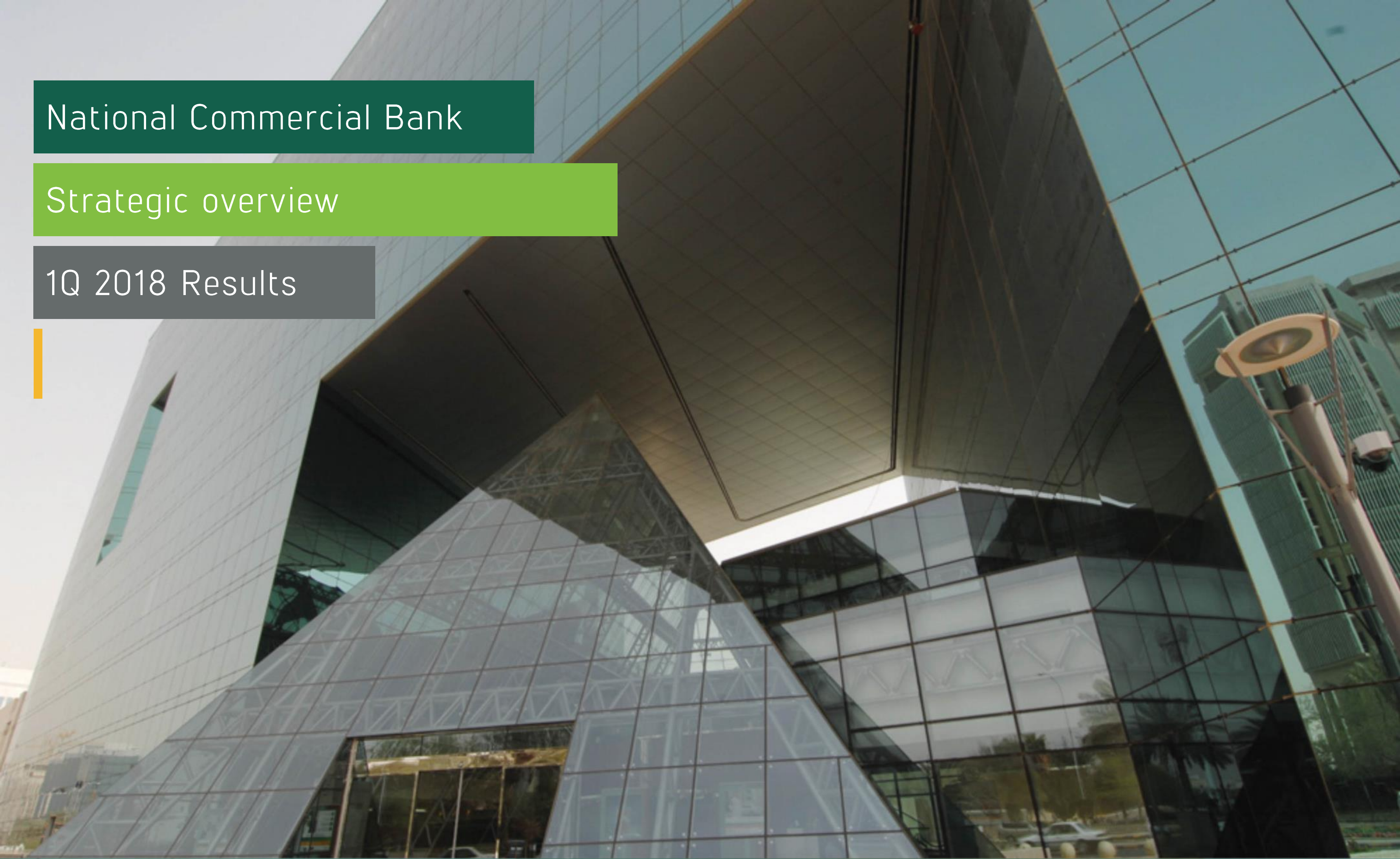
NCB has already made significant contributions to the economic welfare of Saudi Arabia

Government aims to mobilize capital and channel to target sectors

VISION رؤيـــة 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

NCB plans to target sectors where we have competitiveness and scale

NCB contribution	Vision 2030 priority
NCB has provided home financing for more than 29,000 Saudi families with a portfolio of SAR 21bn	Increase home ownership
NCB supports +70,000 SME across Saudi Arabia with leading market share	Increase SME contribution to GDP
NCB is the leading lender for KSA companies with a portfolio of SAR 126bn; 14% market share	Diversify economy
NCB is a large investor in Saudi Government Bonds with a portfolio SAR 46bn.	Achieving fiscal sustainability
Preferred local partner for Government and GRE sukuk issuances (KSA Government, Aramco, Ma'aden Aluminum refinancing and SEC Sukuk extension)	Opening up the Saudi economy
NCB is the leading financial institution in Saudization 96% and has a 100% Saudi top management team	Reduce Saudi unemployment



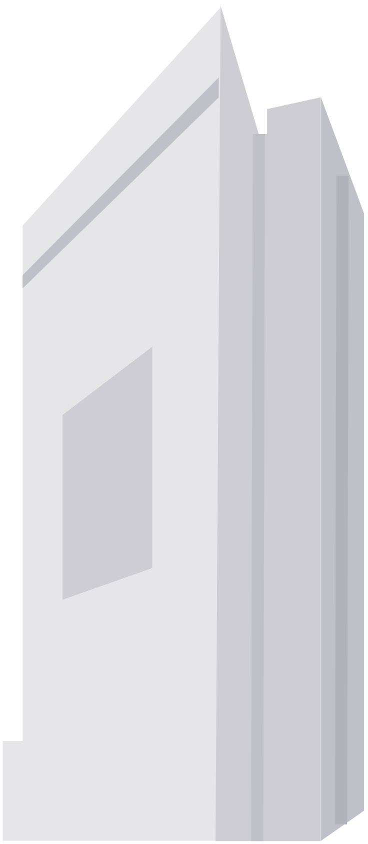
National Commercial Bank

Strategic overview

1Q 2018 Results

NCB's strategic plan is about execution

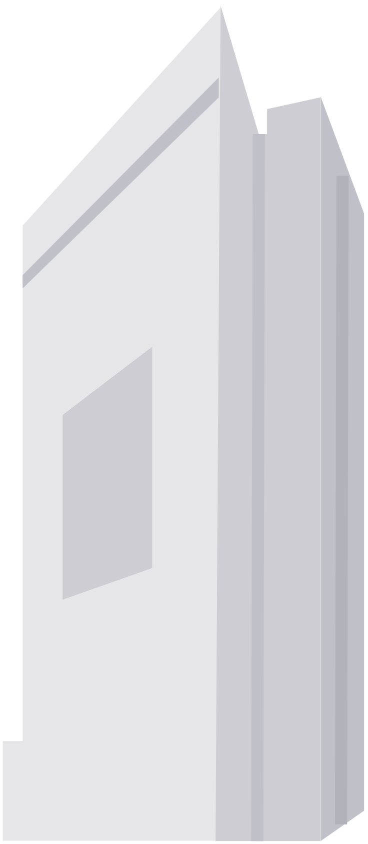
Our strategic objectives are supported by productivity enablers



Strategic enablers	Lean Distribution	Expand reach with lean branches
	Digitization	Anywhere, anytime, instant banking
Strategic objectives	Retail Banking	Expand share of retail profits
	Corporate Banking	Grow in Vision 2030 targeted sectors and resilient SME's
	Treasury	Diversify funding, sustain investment returns and cross-sell
	NCBC	Generate AUMs and cater to GRE's growing needs
	TFKB	Increase profit contribution

NCB continued to deliver on its strategic plan

2017 Achievements



2017 Achievements

Lean Distribution	Expanded our branch network by 26 with no increment in head count driven by digital migration
Digitization	Deployed digital functionality which enabled a 20% decline in branch financial transactions
Retail Banking	Continued growing market share across majority of consumer lending products
Corporate Banking	Sustained our leadership position in corporate lending and continued growing revenues
Treasury	Completed issuance of Tier I Sukuk program (totaling SAR 7bn) and expanded suite of liability products including Shariah compliant CD's and call accounts
NCBC	Delivered net income growth by increasing AUMs and maintaining cost discipline
TFKB	Delivered improvement in net income through effective cost and recoveries management

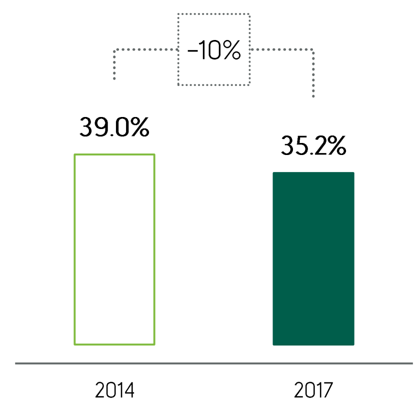
Lean distribution

We accelerated expansion of our distribution platform in Saudi Arabia and are streamlining branch formats to enhance productivity gains

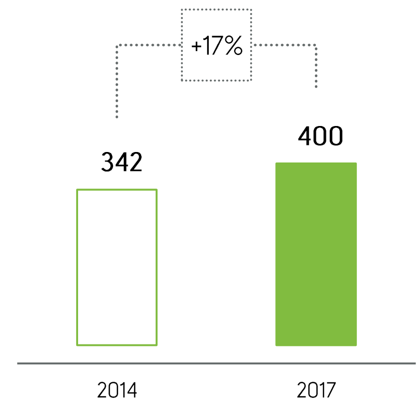
Strategic Imperatives

- Continue expanding our distribution reach to acquire customers and grow market share
- Expand with smaller branches that are headcount efficient
- Optimize costs of existing branch network
- Equip branches with self-service/assisted-service technologies
- Enhance the in-branch sales and service model to improve customer experience

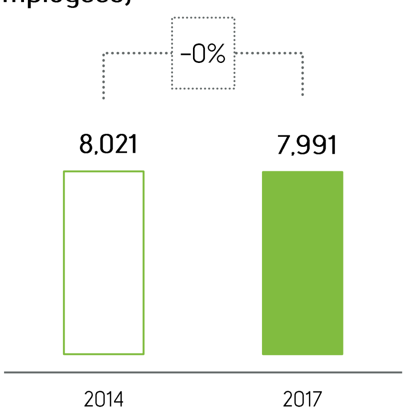
Cost to Income Ratio (%)



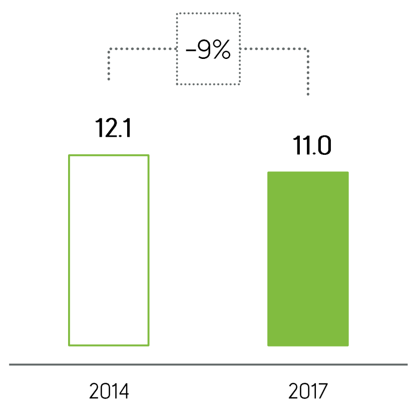
Number of Branches



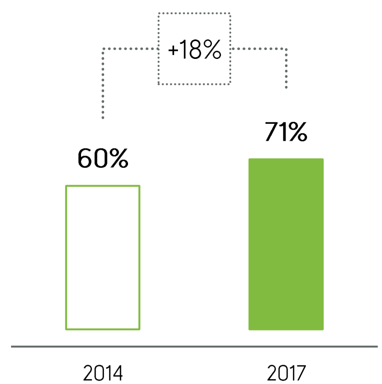
Bank Headcount (NCB employees)



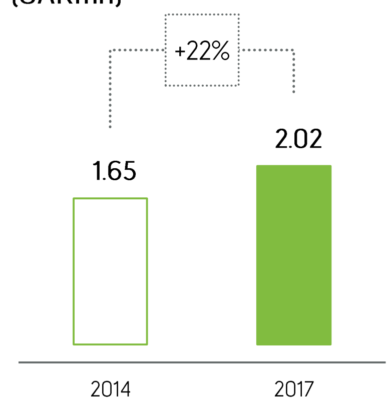
FTE / branch



Front / Back Office Ratio (%)



Operating Income / FTE (SARmn)



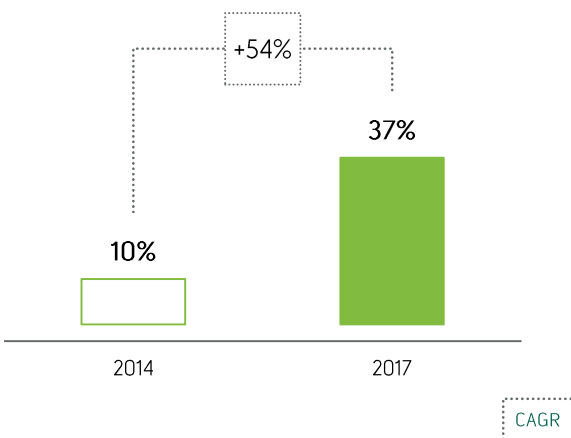
Digitization

Migrate customers to digital through superior user experiences

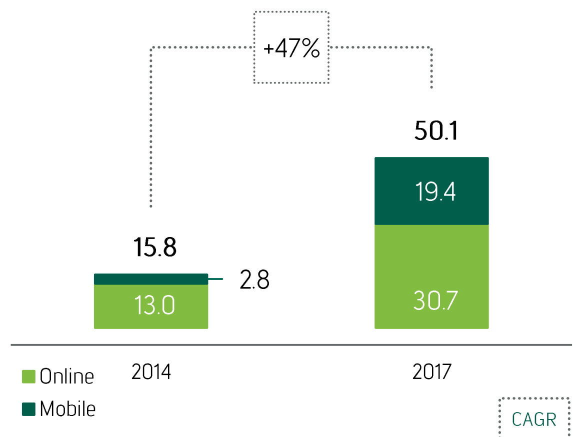
Strategic Focus Areas

- Mobile first - anytime, anywhere
- Consistently lead KSA banks in functionality and user-experience
- Expand end-to-end digital sales capability
- Expand subscription base and incentivize usage
- Leverage data and analytics to drive sales effectiveness

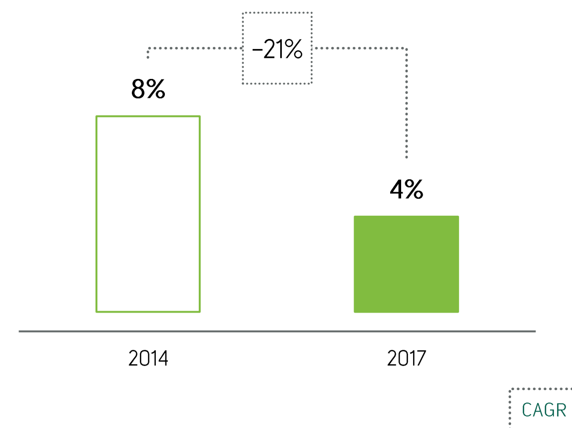
Digital Transactors (% of total base)



Digital Transactions (mn)



Branch Financial Transactions (% of total)



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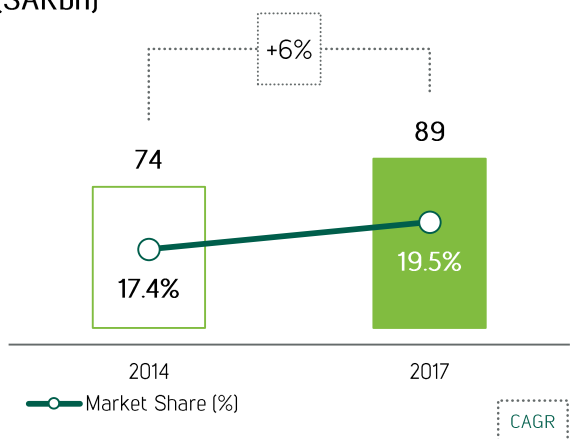
Retail Banking

We are transforming retail distribution to increase share of profits

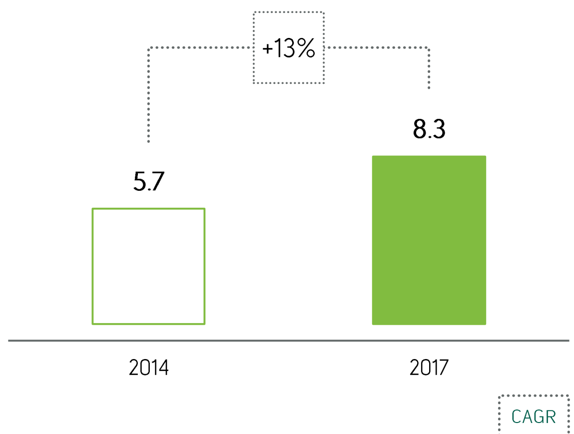
Strategic Focus Areas

- Grow market share in consumer finance
- Grow deposits in key segments (Mass/ Affluent/ GRE)
- Expand and optimize branch network
- Drive digital migration
- Continue improving customer satisfaction

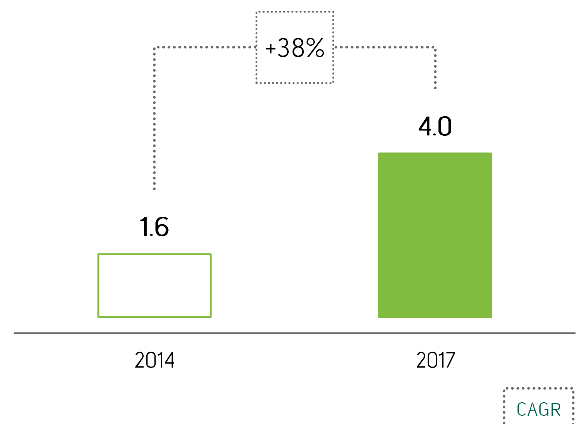
Consumer Financing & Advances, net (SARbn)



Operating Income (SARbn)



Net Income (SARbn)



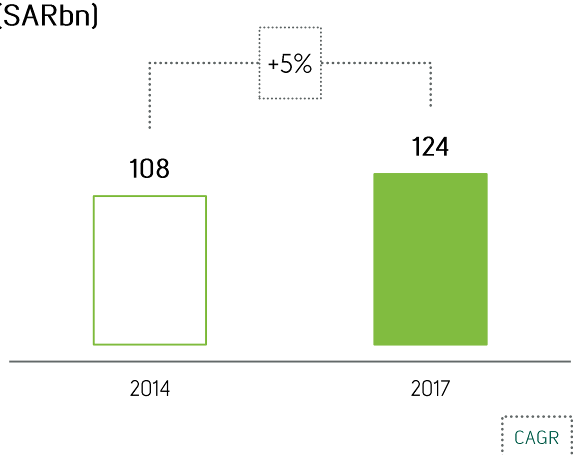
Corporate Banking

Grow selectively and increase risk-adjusted returns

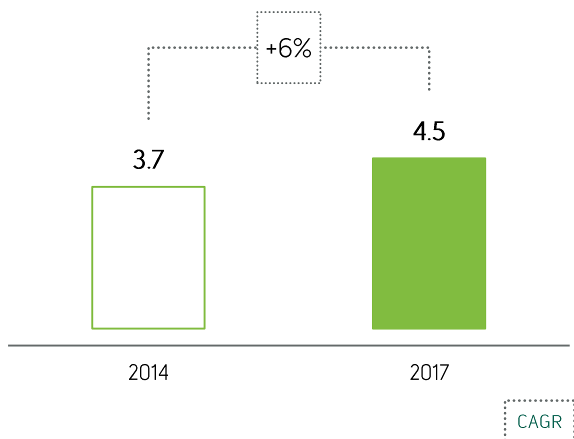
Strategic Focus Areas

- Build a deal pipeline in V2030 target sectors
- Cross sell treasury and cash management
- Focus on portfolio quality and proactively manage risk
- Drive migration to digital channels
- Expand collection capacity and increase recoveries

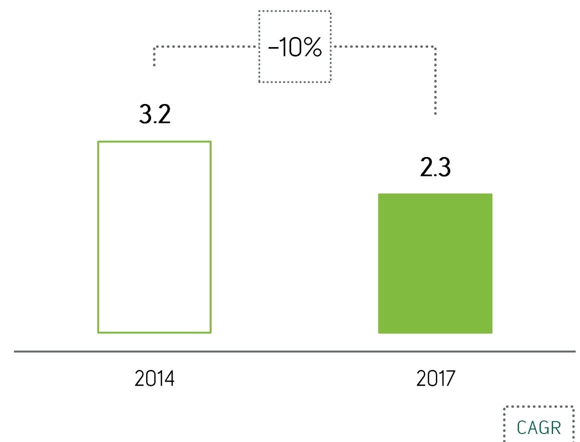
Corporate Financing & Advances, net (SARbn)



Total Operating Income (SARbn)

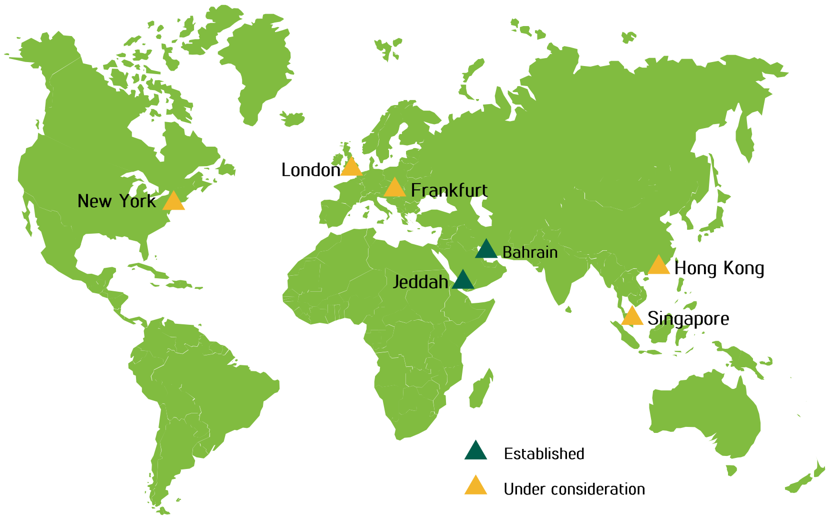


Net Income (SARbn)



Treasury

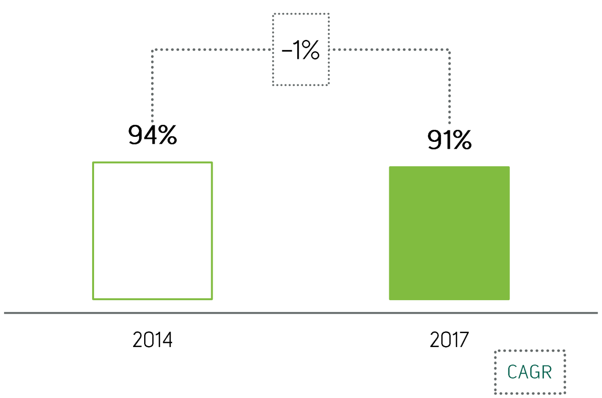
Broaden and deepen liquidity access while sustaining investment returns and cross-sell



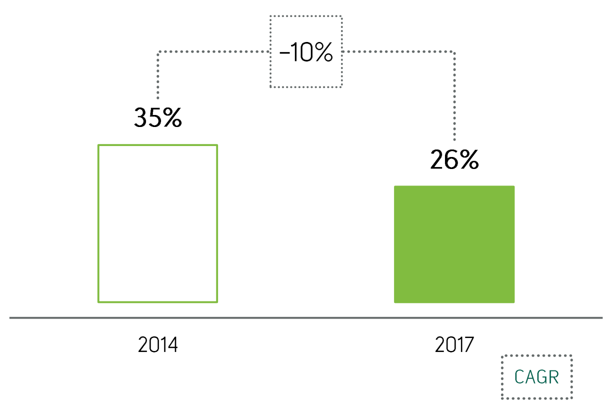
Strategic Focus Areas

- Execute international hubs strategy
- Expand wholesale funding program
- Maintain the high quality/liquidity and profitability of the investment book
- Support the development of the sukuk capital markets
- Underpin Islamic product innovation

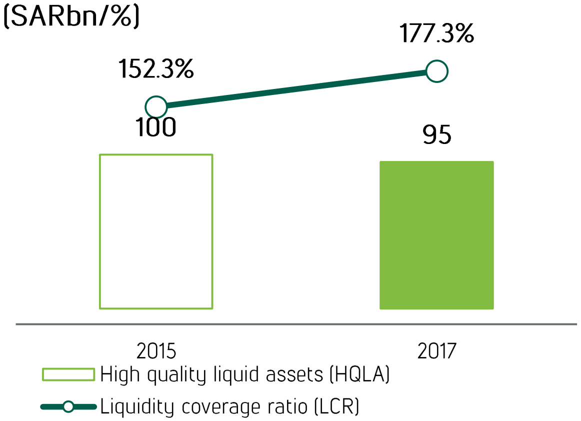
Saudi Government and Investment Grade Investments as % of Total



Investments as % of Total Assets



HQLA and Liquidity Coverage (SARbn/%)



HQLA is group-wide 4Q average
LCR shows 4Q average

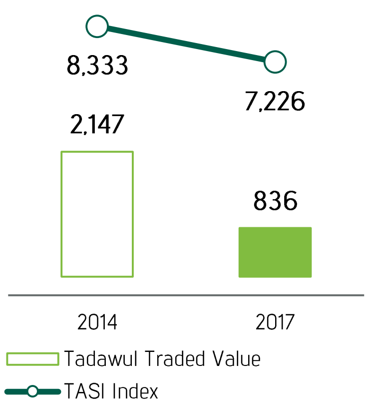
NCB Capital

KSA's leading investment bank and asset manager; well positioned to capture future growth

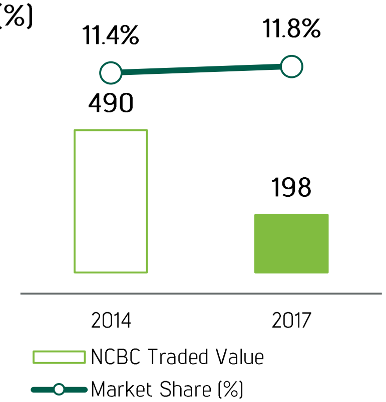
Strategic Focus Areas

- Grow recurring revenues by gathering more AUMs, launching new products, growing Corporate Savings business
- Set the stage for future market upturn by growing brokerage market share and continuing to invest in NCBC capabilities
- Build on market leadership, landmark IB mandates to support GREs as well as local and foreign institutional clients
- Continue to focus on increasing efficiency, improving productivity to bolster resilience

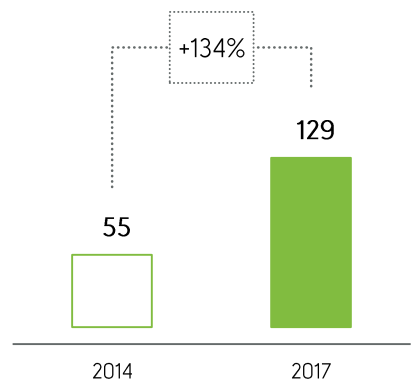
Tadawul Traded Value (SARbn) & TASI Index



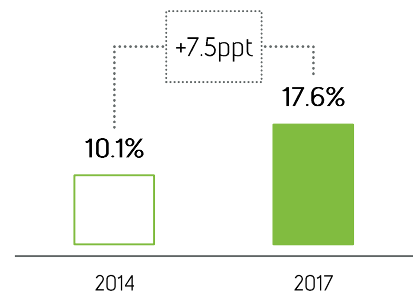
NCBC Traded Value (SARbn) & Market Share (%)



NCBC Assets under Management (SARbn)



NCBC Share of Sector Net Income (%) (SARbn)



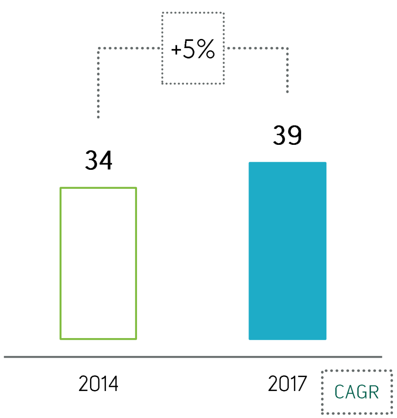
Türkiye Finans Katılım Bankası

We are executing a transformation program to grow TFKB's net income

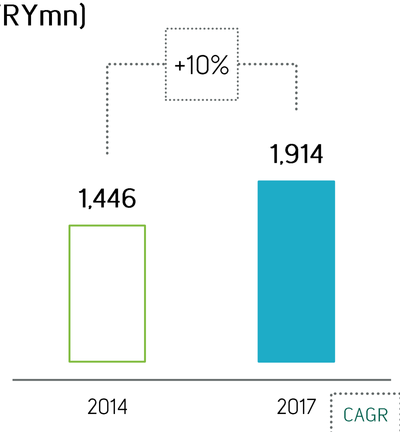
Strategic Focus Areas

- Resume branch expansion and expand digital channels to drive customer acquisition
- Strengthen underwriting and improve collections
- Increase automation and drive capacity optimization
- Instill NCB's principles (Customer excellence, robust governance, best-in-class technology)

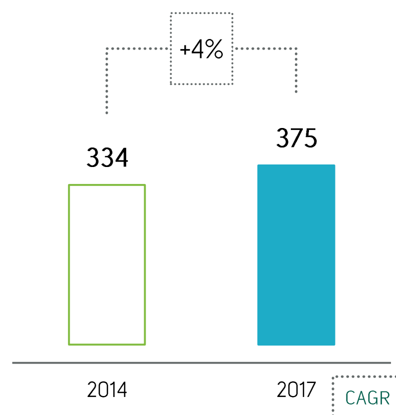
Total Assets (TRYbn)



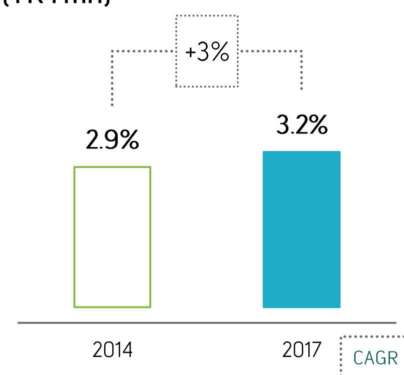
Total Operating Income (TRYmn)



Net Income (TRYmn)



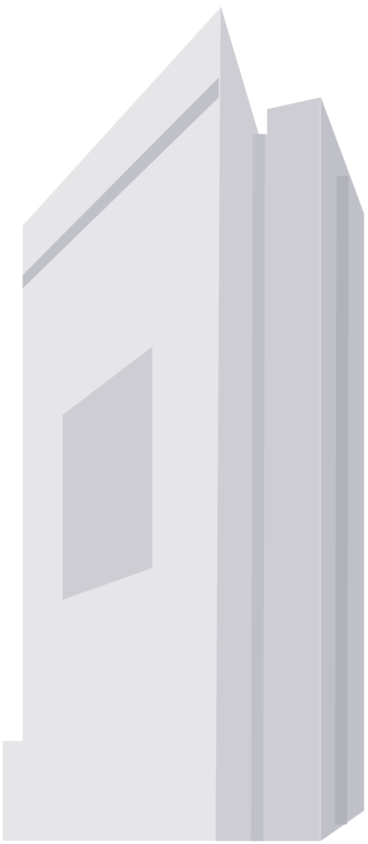
TFKB Contribution to NCB Net Income (%) (TRYmn)



Note: Figures according to BRSA accounting standards

Three Strategic Priorities for 2018

NCB's strategy continues to be about execution



1.	Position Corporate Banking for growth	▪ Win mandates in vision 2030 targeted sectors ▪ Resume growth in SMEs by targeting resilient sectors ▪ Optimize operating model to improve platform productivity ▪ Reduce cost of credit through proactive remedial management and recoveries
2.	Grow Residential Finance	▪ Position NCB as the preferred funding partner ▪ Leverage National housing initiatives
3.	Current Account and Capital Base Focus	▪ Leverage branch expansion for customer acquisition ▪ Drive focus on current account growth to maintain funding advantage ▪ Sustain capital base to support credit growth

National Commercial Bank

Financial Results Highlights

1Q 2018 Results

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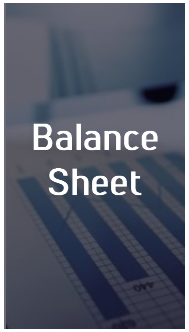
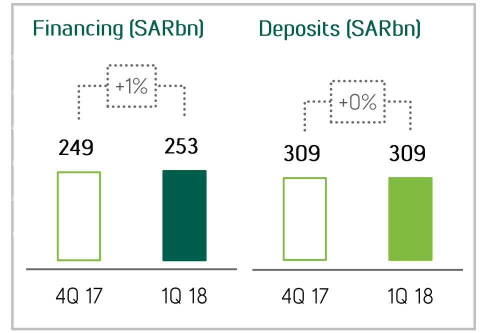
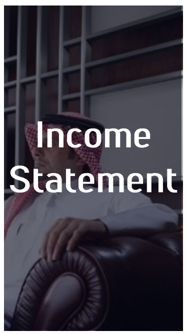
Key messages

1Q 2018 Results

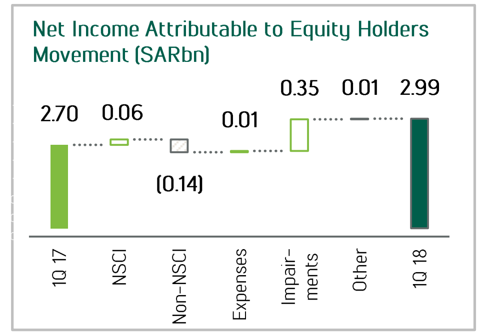


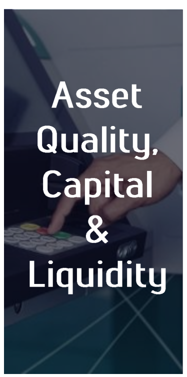
- 1% total assets decline due to optimization of balance sheet mix
- 1% financing increase mainly on 2% increase in domestic financing, partially offset by 5% decline in international financing driven by 4% Turkish Lira depreciation
- 1% investments decline due to portfolio re-balancing while participation in Saudi Government debt issuance continued
- Stable customers' deposits and CASA ratio 77% remained at same level



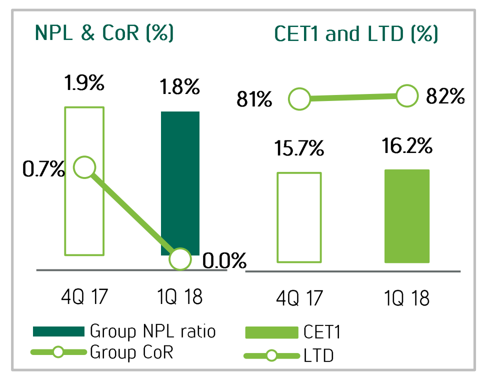


- 10.5% year-on-year growth of net income in 1Q 2018
- 2% NSCI growth in 1Q 2018 as NSCI margin improved by 7bps
- 9% decline in fee and other income in 1Q 2018 due to lower investment-related income and FX income partially offset by higher fees from banking services
- 1Q 2018 Operating Expenses improved 1%, despite cost of living adjustments and VAT
- 82% less impairment charges and CoR 1bps, lower on one-off Corporate recovery, continued retail collection efforts and minimal rise in corporate impairment charge





- Group NPL ratio at 1.8% at 1Q 2018 and higher NPL coverage at 164.5%
- Capital position comfortably above regulatory minima with CET1 of 16.2% and T1 of 18.2% at 1Q 2018
- Strong liquidity with LTD ratio of 82%, average 1Q 2018 LCR of 198.6% and Leverage Ratio of 13.5% at 1Q 2018



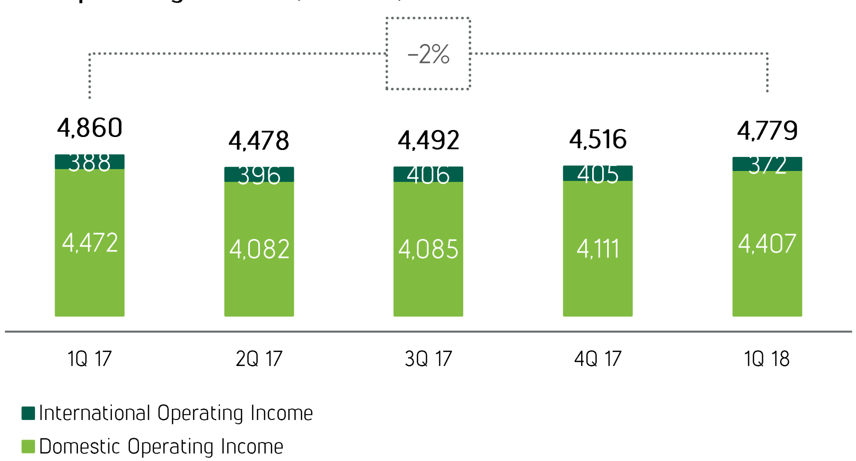
Profitability

1Q 2018 Net income growth from lower impairments and efficiency, partly offset by lower fee and other income

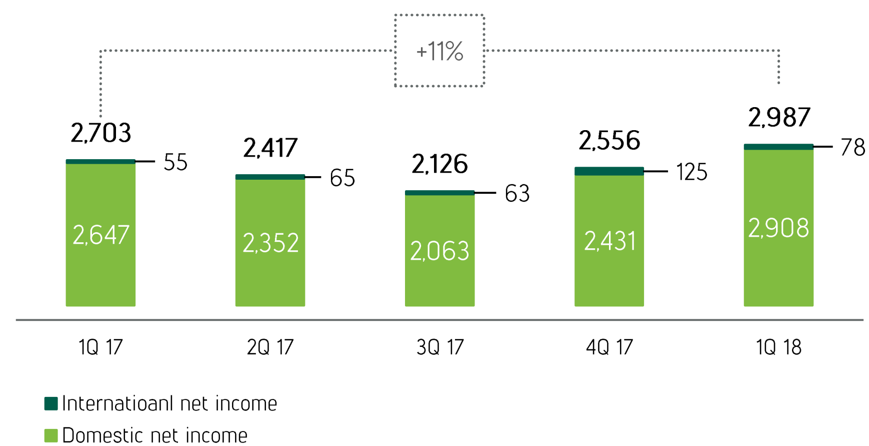
Profitability Trends

SAR (mn)	1Q 2018	4Q 2017	1Q 2017	YoY % change
Net special commission income	3,419	3,378	3,359	+2%
Fee and other income	1,361	1,138	1,500	-9%
Total operating income	**4,779**	**4,516**	**4,860**	**-2%**
Operating expenses	(1,673)	(1,642)	(1,688)	-1%
Total impairment charge	(78)	(347)	(423)	-82%
Income from operations, net	**3,028**	**2,526**	**2,749**	**+10%**
Net income attributed to equity holders	**2,987**	**2,556**	**2,703**	**+11%**

Total operating income (SARmn)



Net income attributed to equity holders (SARmn)



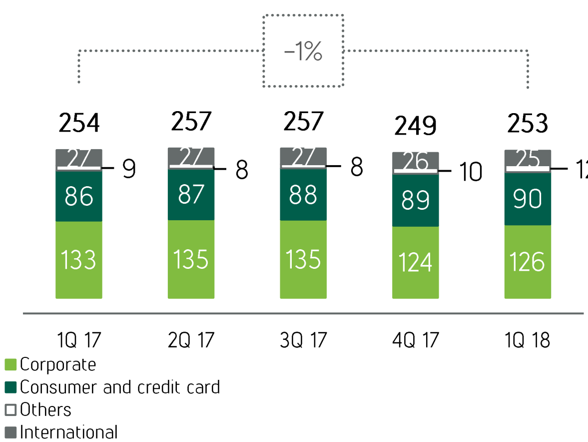
Balance Sheet

Growth constrained by economic environment

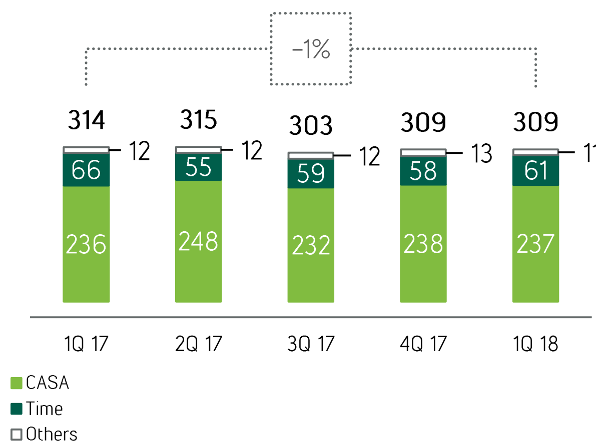
Balance Sheet Trends

SAR (mn)	1Q 2018	4Q 2017	1Q 2017	YoY % change
Investments, net	113,555	114,578	107,977	+5%
Financing & advances, net	252,777	249,234	254,202	-1%
Total assets	**437,506**	**443,866**	**448,996**	**-3%**
Due to banks & other financial institutions	37,968	48,558	50,587	-25%
Customers' deposits	309,001	308,942	313,646	-1%
Debt securities issued	10,528	10,250	9,859	+7%
Total liabilities	**372,645**	**379,590**	**387,133**	**-4%**
Equity attributable to shareholders	**56,684**	**56,041**	**54,970**	**+3%**
Total equity	**64,861**	**64,276**	**61,862**	**+5%**

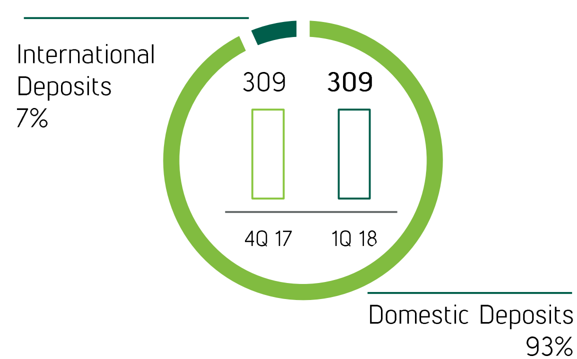
Financing & Advances, net (SARbn)



Customers' Deposits (SARbn)



Customers' Deposits Mix (SARbn)



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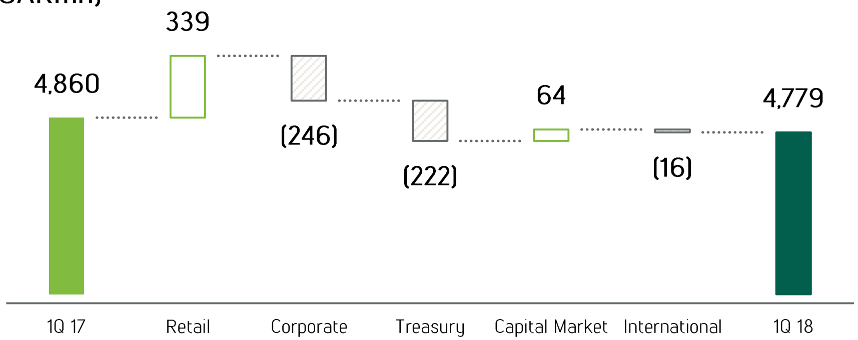
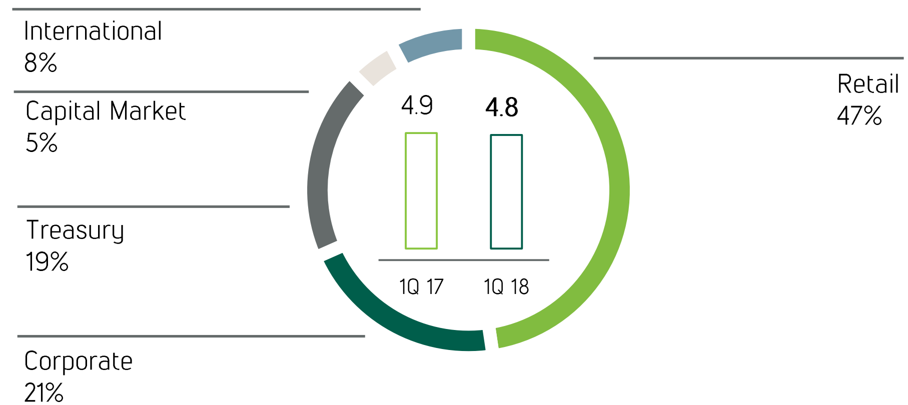
Segmental Information

1Q 2018 Total operating income lower due to lower Corporate and Treasury incomes, partly offset by higher Retail income

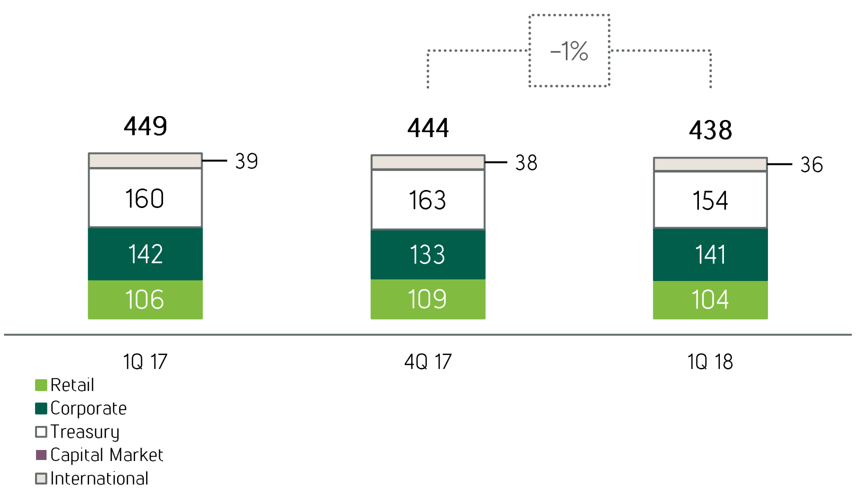
1Q 18 Total Operating Income Movement by Segment (SARmn)



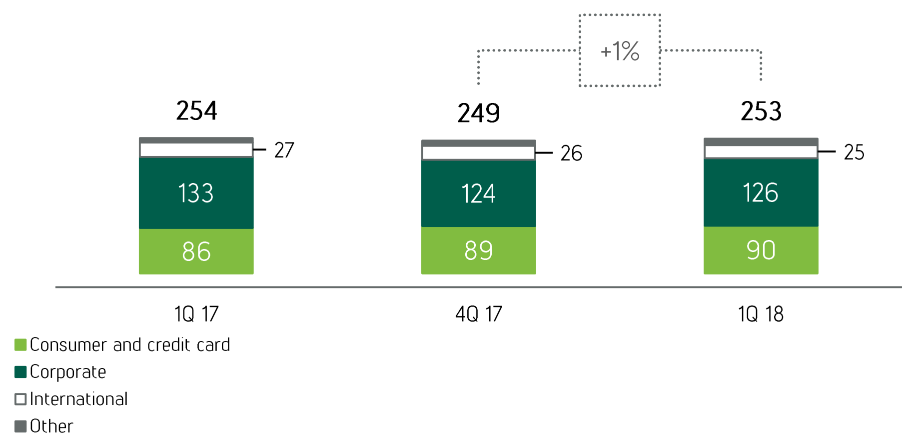
Total Operating Income by Segment (SARbn)



Total Assets by Segment (SARbn)



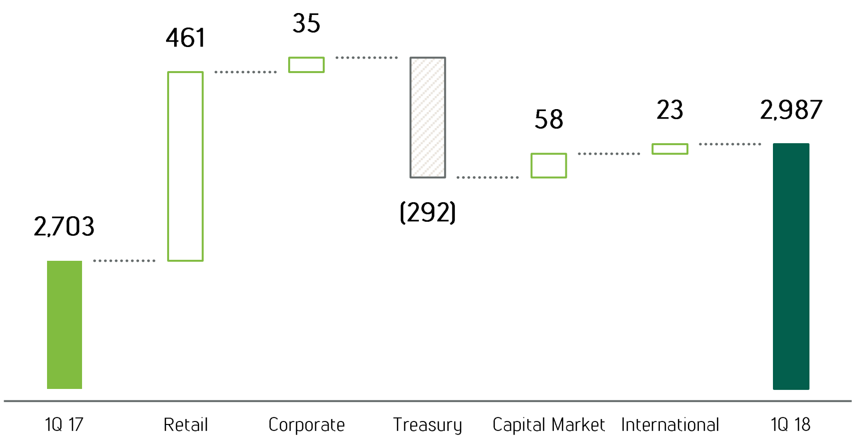
Financing and Advances, net by product (SARbn)



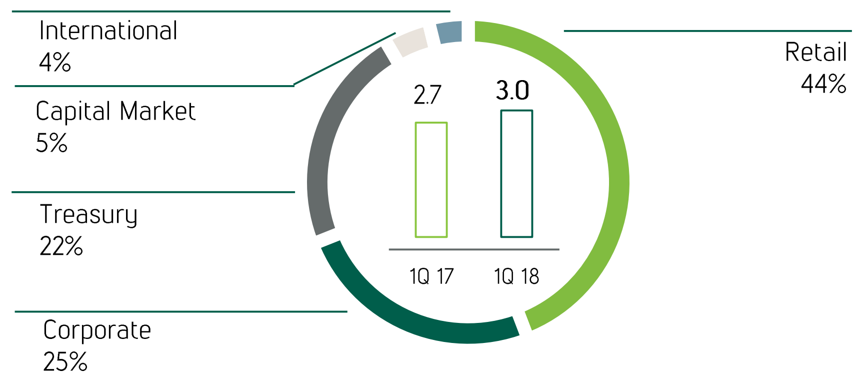
Segmental Information

1Q 2018 net income growth mainly driven by Retail segment, partly offset by Treasury decline

1Q 18 Net Income Movement by Segment (SARmn)



Net Income by Segment (SARbn)



Management Commentary

- 1Q 2018 Total operating income declined 2% due to lower Corporate (-20%) and Treasury (-20%), partly offset by growth in Retail (+18%) and Capital Market (+39%) income.
- 1Q 2018 Net income improved 10.5% due to growth in Retail (+52%) and Capital Market (+75%), partly offset by a decline in Treasury (-30%) from lower operating income.

Outlook

Improved macroeconomic environment expected to drive growth

2018 Macroeconomic Outlook

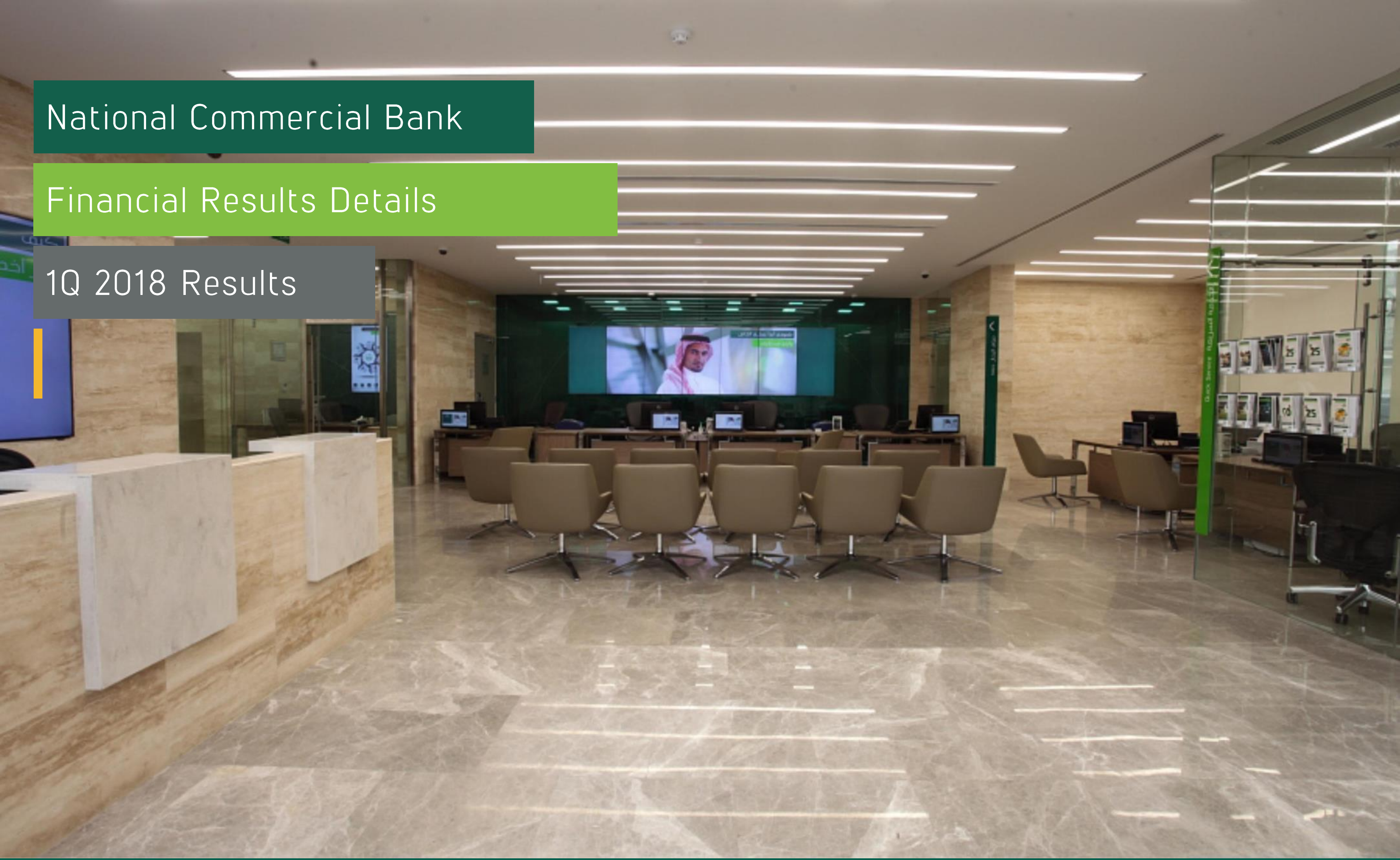
- Average Arabian light **oil price of USD 60** per barrel
- **Three US Fed rate hikes of 25bps** each in March, June and December.
- Government's **expansionary budget** for 2018 **drives corporate lending** activity
- **Residential financing drives consumer lending** growth
- **Budget deficit narrows** to SAR 180bn
- Real **GDP growth of 2.0%**
- VAT and increased tariffs on utilities increases **inflation** to **around 3%**

	FY 2017 Reported	1Q 2018 Reported	FY 2018 Guidance
Financing growth	-2%	+1.4%	+5% to 8%
NSCI margin	3.48%	3.59%	+5 to 15bps
Cost to income	35.2%	35.0%	Below 35%
Tier 1 CAR	17.7%	18.2%	16% to 18%
Group Cost of Risk	0.7%	0.0%	0.6% to 0.8%

National Commercial Bank

Financial Results Details

1Q 2018 Results



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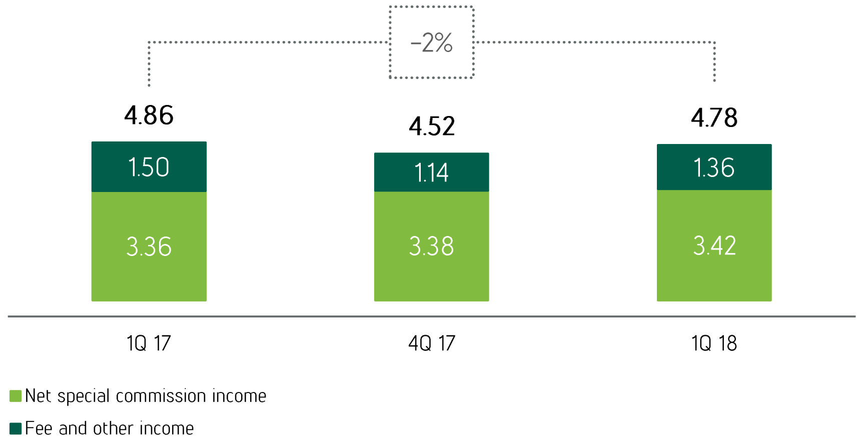
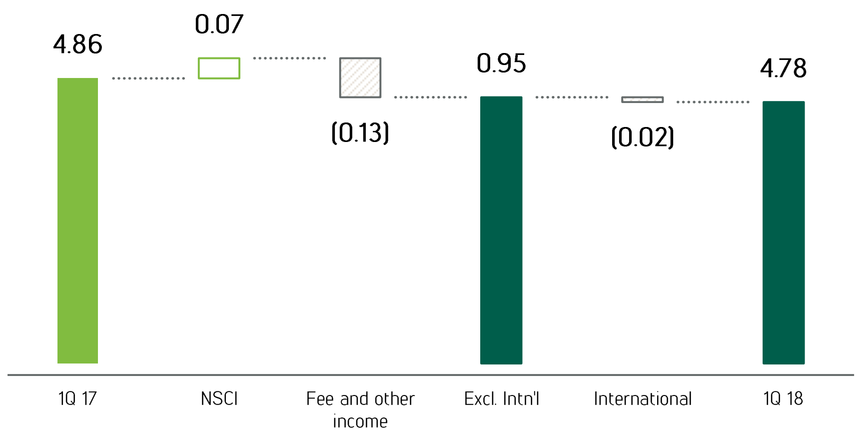
Income Highlights

Lower 1Q 2018 total operating income largely attributable to lower fee and other income

Total Operating Income (SARbn)



1Q 18 Total Operating Income Movement (SARbn)



Management Commentary

- 1Q 2018 total operating income declined 2% YoY despite a 2% improvement in net special commission income due mainly to lower investment-related income (-22%) and FX revenue (-19%), partly offset by higher fees from banking services income (+6%).
- Excluding the International business, 1Q 2018 total operating income was 1% lower YoY.
- International operating income was affected by 3% depreciation of average Turkish Lira rate as compared with 1Q 2017.

Net special commission income trends

1Q 2018 net special commission income growth of 2% partly limited by Turkish Lira depreciation

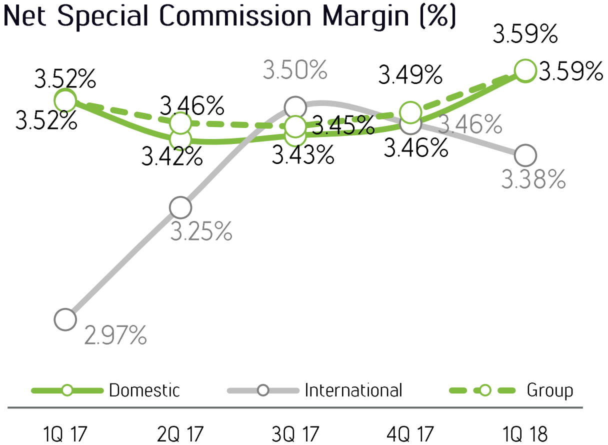
Management Commentary

- The 1Q 2018 net special commission margin increased by 7bps YoY to 3.59% due to improved yields (+12bps).
- Special commission expense for 1Q 2018 was 7% higher due to higher SAIBOR/LIBOR rates.
- Excluding the International business, domestic NSCI grew by 2% in 1Q 2018.

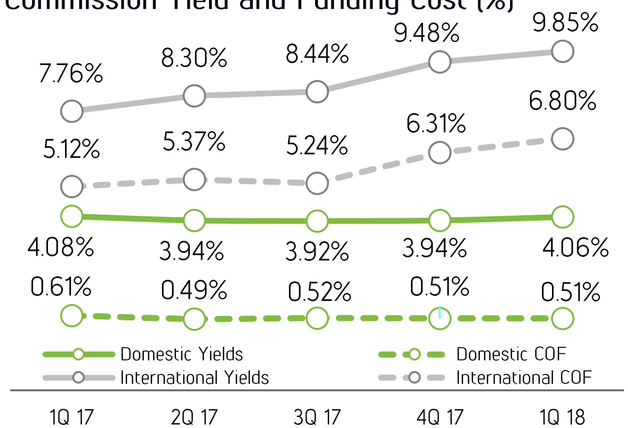
Net Special Commission Income

SAR (mn)	1Q 2018	4Q 2017	1Q 2017	YoY % change
Special commission income	4,342	4,373	4,221	+3%
Special commission expense	(924)	(996)	(861)	+7%
Net special commission income	**3,419**	**3,378**	**3,359**	**+2%**
Commission yield (%)	4.56%	4.41%	4.42%	+3%
Funding cost (%)	1.04%	0.99%	0.98%	+6%
Net special commission margin (%)	**3.59%**	**3.49%**	**3.52%**	**+2%**

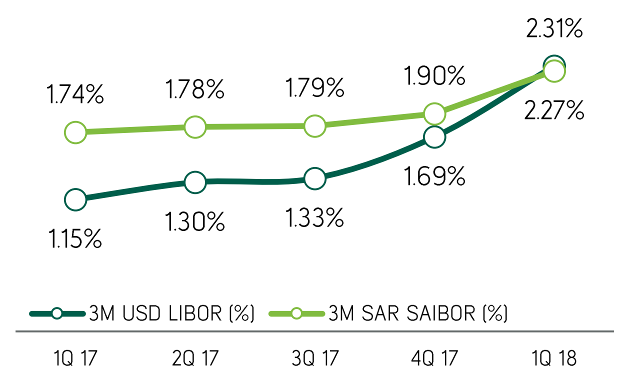
Net Special Commission Margin (%)



Commission Yield and Funding Cost (%)



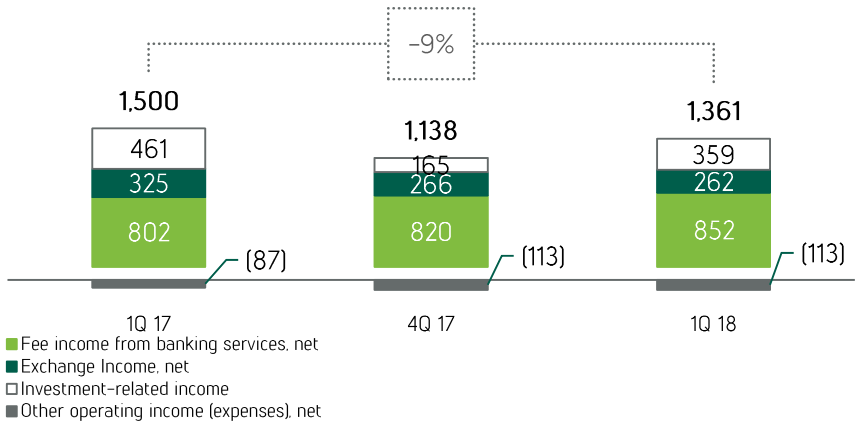
SAIBOR and LIBOR Rates (%)



Fee and other income trends

Lower 1Q 2018 investment related income and FX revenue

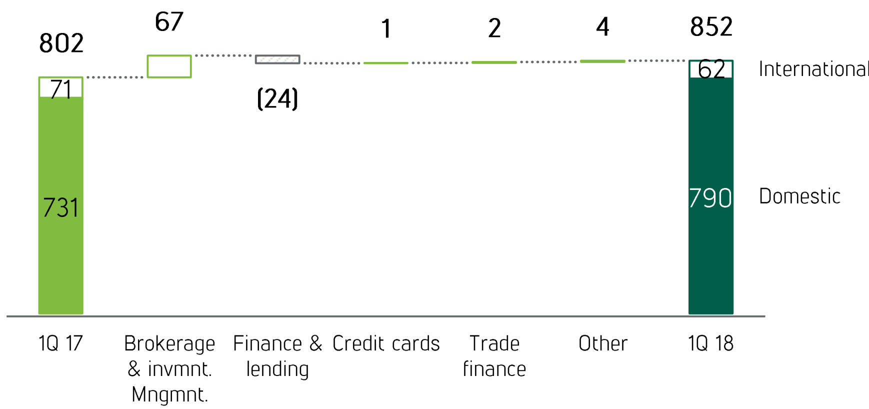
Fee and Other Income (SARmn)



Management Commentary

- 1Q 2018 fee and other income declined 9% YoY as 6% growth in fees from banking services was more than offset by a 22% decline in investment-related income and 19% lower FX revenue.
- The higher fees from banking services in 1Q 2018 were mainly driven by higher fees from investment management services, partly offset by lower financing and lending fees.

1Q 18 Drivers of Fee Income from Banking Services Movement (SARmn)



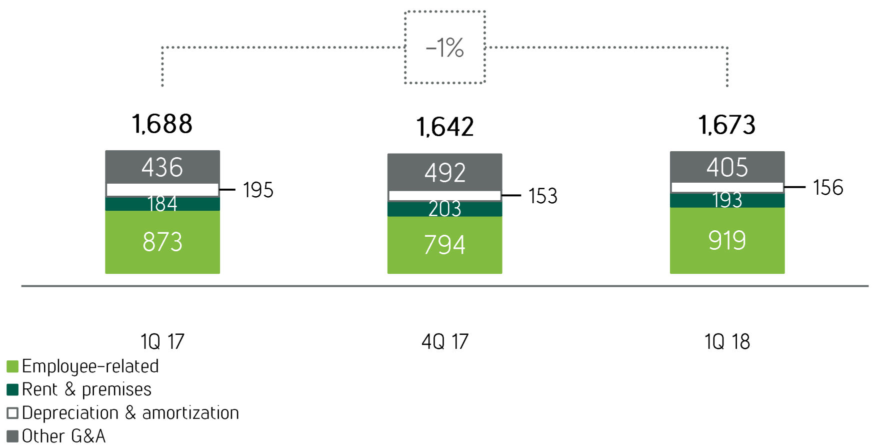
Fee & Other Income

SAR (mn)	1Q 2018	4Q 2017	1Q 2017	YoY % change
Shares brokerage	60	50	69	-13%
Investment management services	164	128	88	+86%
Finance and lending	358	409	382	-6%
Credit cards	38	8	36	+4%
Trade finance	137	137	135	+2%
Others	96	89	92	+5%
Fee income from banking services, net	**852**	**820**	**802**	**+6%**
Exchange Income, net	262	266	325	-19%
Other operating income (expenses), net	(113)	(113)	(87)	+29%
Fee income, excl. investment-related income	**1,002**	**973**	**1,039**	**-4%**
Investment-related income	359	165	461	-22%
Fee and other income	**1,361**	**1,138**	**1,500**	**-9%**

Expense highlights

Digitization and productivity enhancement delivered expense savings in 1Q 2018

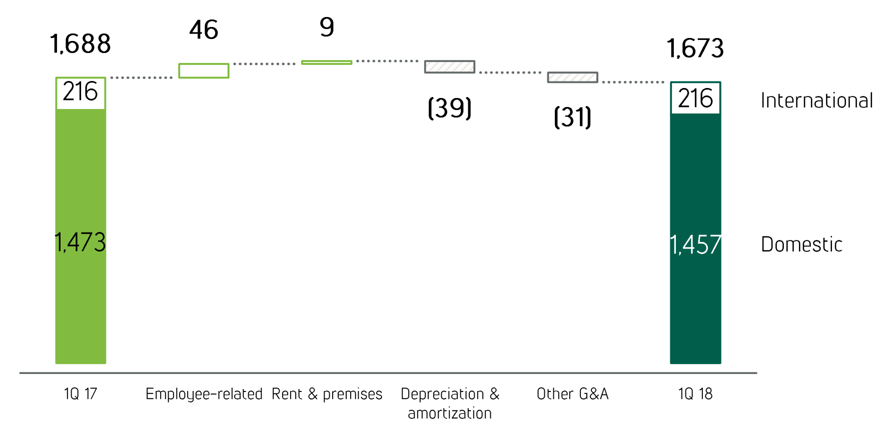
Operating Expenses (SARmn)



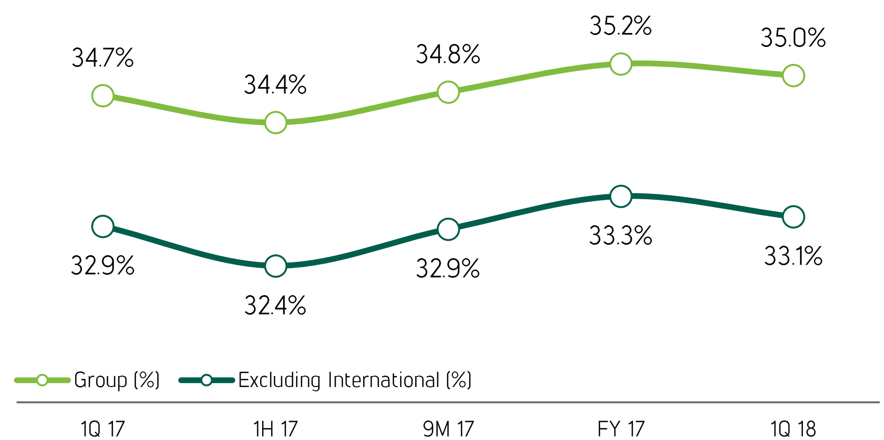
Management Commentary

- 1Q 2018 operating expenses improved by 1% YoY.
- The cost to income ratio for 1Q 2018 was 35.0%, higher by 28bps compared to 1Q 2017.
- The cost base improvement was relatively broad-based, reflecting the continued strides made in digitization and productivity initiatives, lower depreciation as well as currency depreciation in the Turkish subsidiary. This was partly offset by VAT and cost of living allowance to employees announced this year.

1Q 18 Operating Expenses Movement Drivers (SARmn)



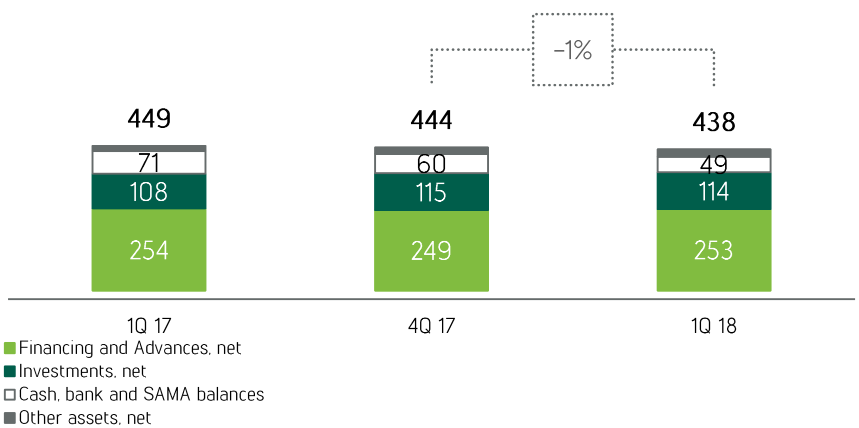
Cost to Income Ratio (YTD %)



Asset highlights and composition

1% decline in Balance sheet as a result of optimization as well as Turkish Lira depreciation

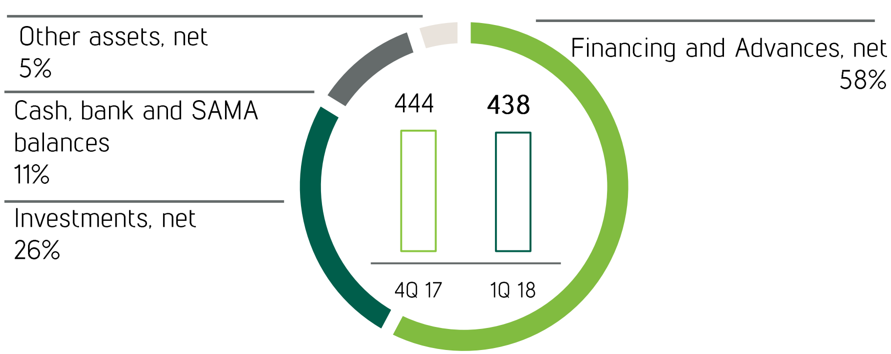
Total Assets (SARbn)



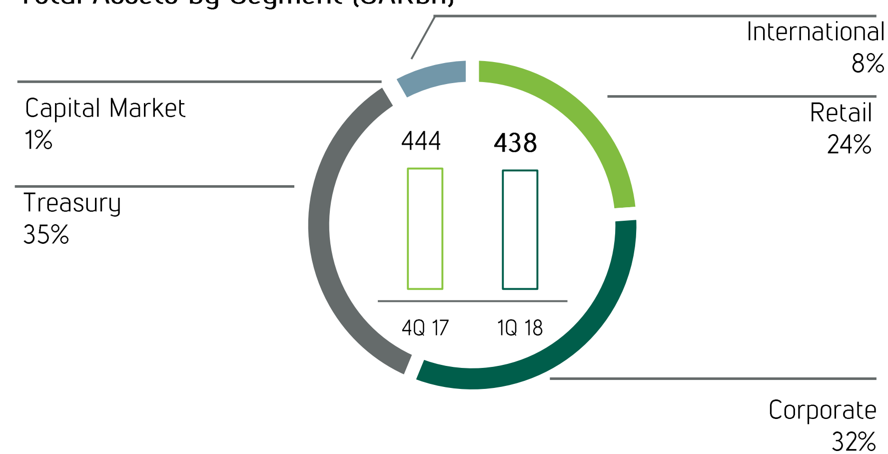
Management Commentary

- Total assets declined 1% due to optimization of assets and funding mix.
- 1% financing increase mainly due to 2% increase in domestic financing partially offset by 5% decline in international financing impacted by 4% Turkish Lira depreciation.
- Overall financing trends were reflective of early signs of economic recovery but further muted by Turkish Lira depreciation.
- Investments declined 1% as a result of portfolio re-balancing.

Total Assets Mix (SARbn)



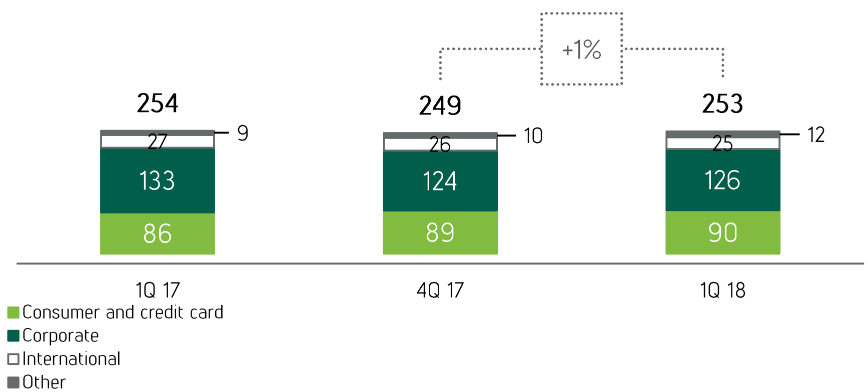
Total Assets by Segment (SARbn)



Financing and advances

Financing growth driven by Corporate and Retail segments

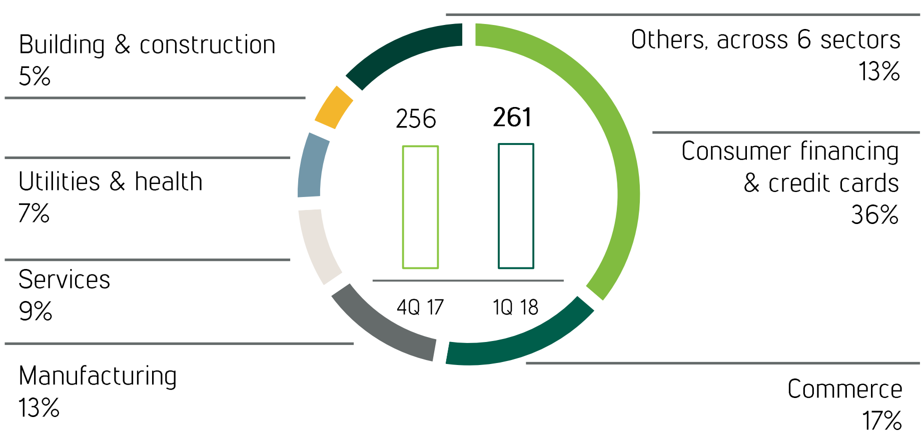
Financing and Advances, net (SARbn)



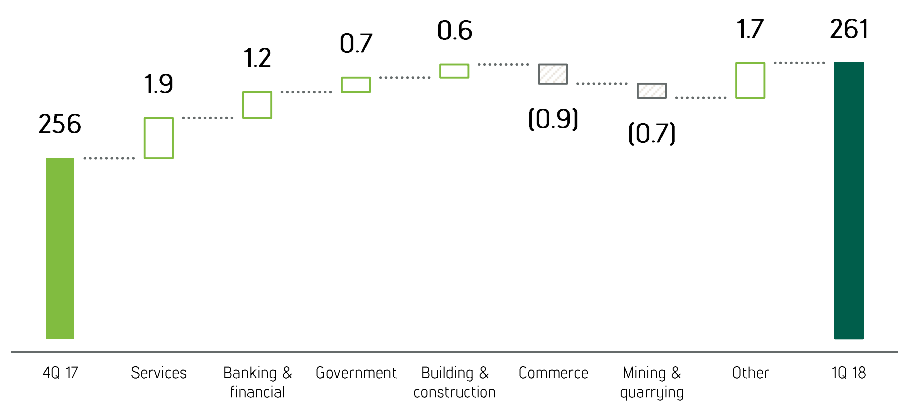
Management Commentary

- Domestically, financing grew for the Corporate Segment (+2%) and Consumer segment (+1%) since 4Q 2017.
- Growth in Corporate segment comes from Services and Banking & financial sectors
- International financing declined 5% in 1Q 2018 due principally to weakened Turkish Lira.

Financing and Advances, gross by Economic Sector (SARbn)



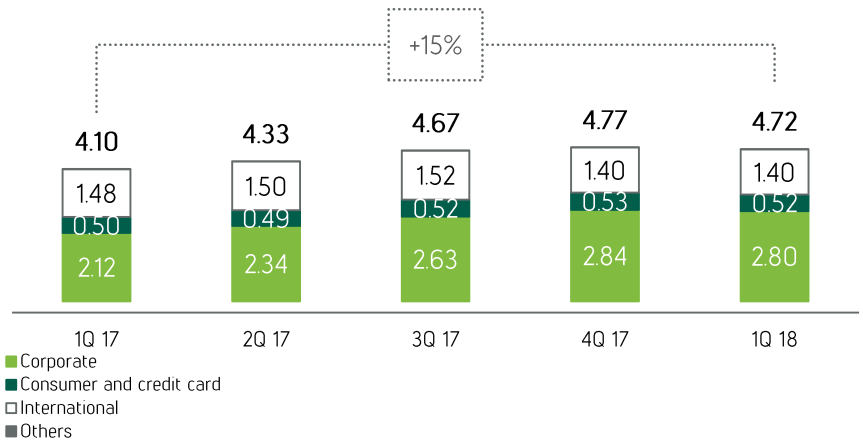
Movement Financing, gross by Economic Sector (SARbn)



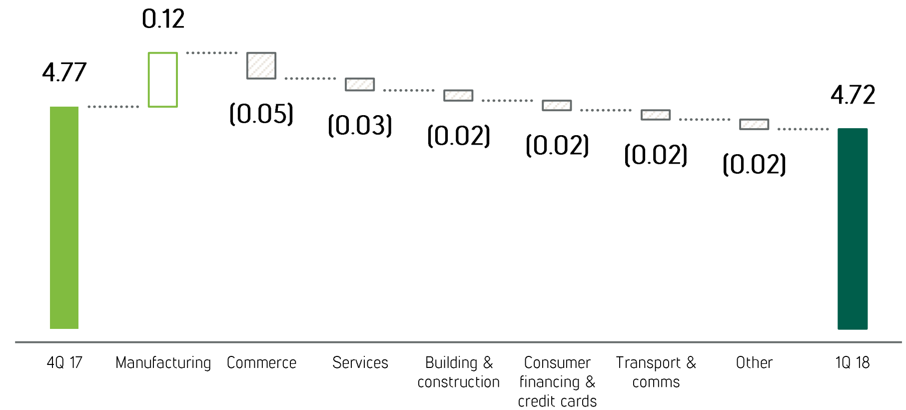
Financing and advances credit quality (1)

Stable credit quality across the board

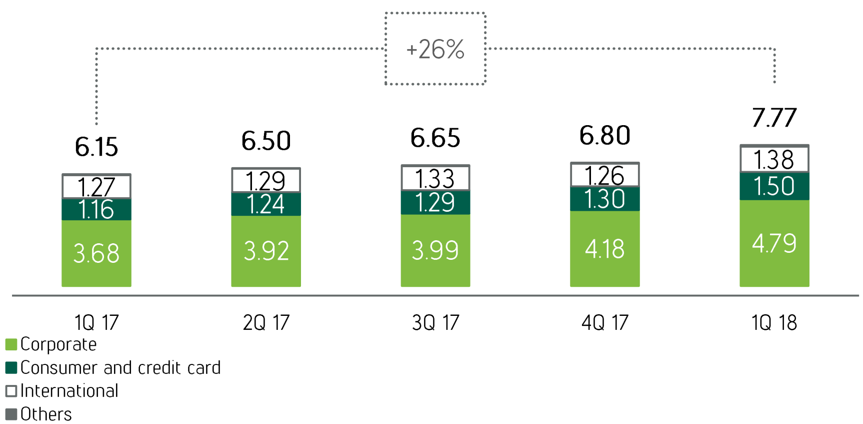
NPL (SARbn)



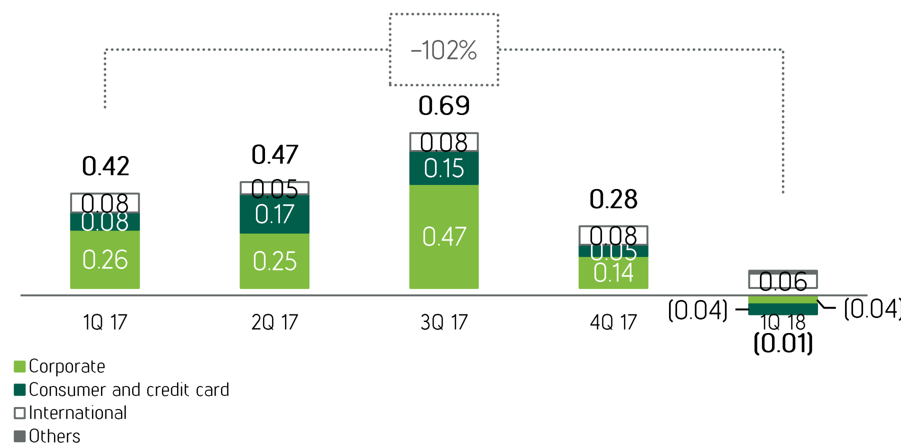
Movement NPLs by Economic Sector (SARbn)



Impairment Allowances (SARbn)



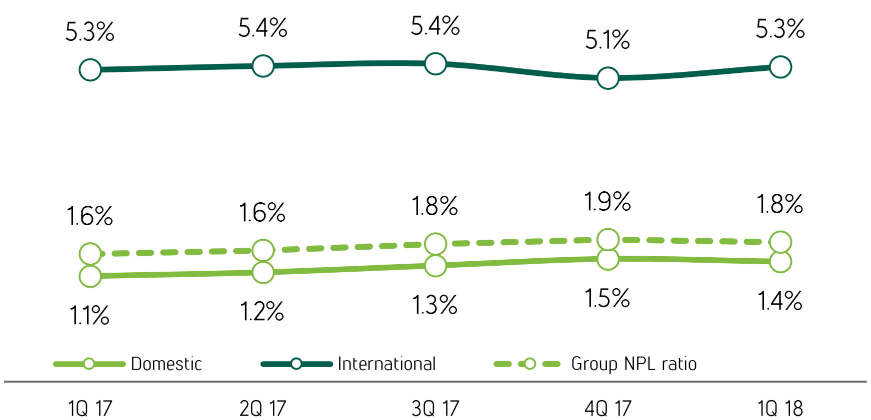
Impairment Charge (SARbn)



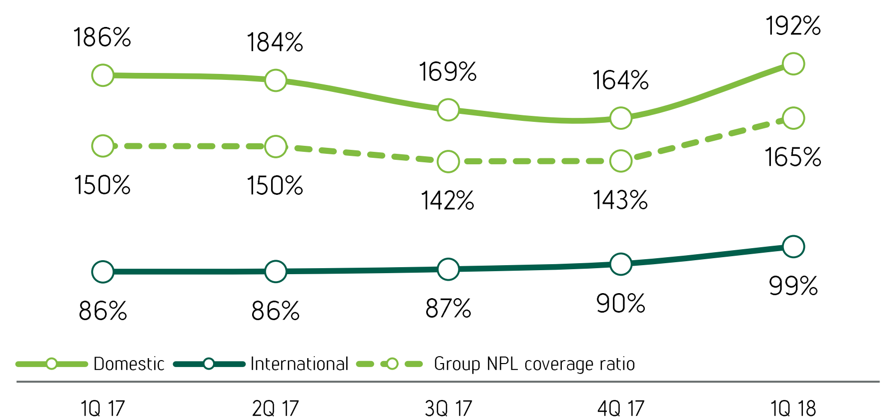
Financing and advances credit quality (2)

Improved NPL ratio and higher NPL coverage

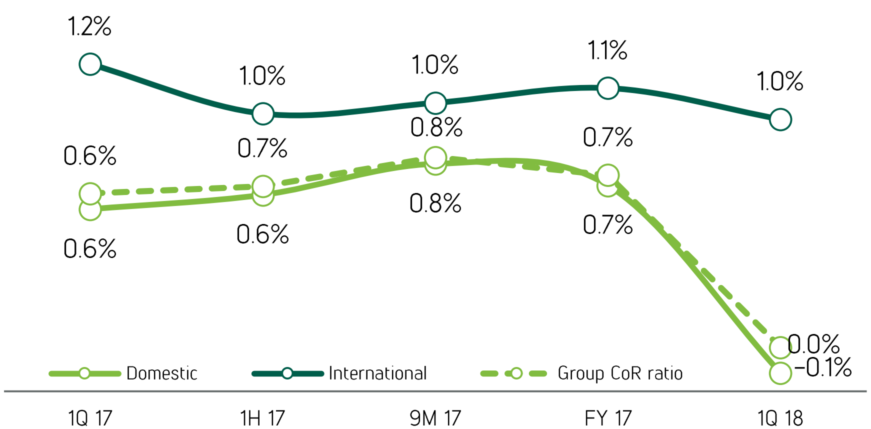
NPL Ratios (%)



NPL Coverage Ratios (%)



CoR Ratios (YTD %)



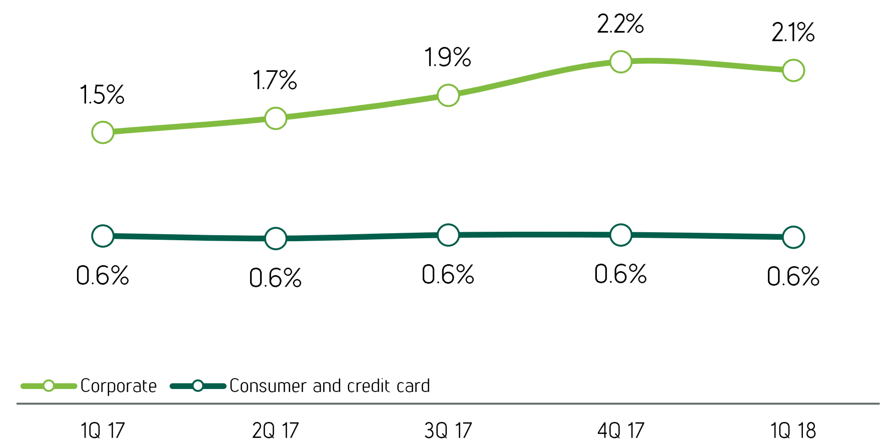
Management Commentary

- NPL ratio declined in 1Q 2018 driven by proactive remedial management and write offs of fully provided loans.
- NPL coverage was higher at 165% as at 1Q 2018 because of the write offs as well as higher provision stock as a result of IFRS 9 adoption adjustments.
- Domestic CoR ratio significantly improved due to higher recoveries in both Corporate and Retail.
- International credit quality remained stable during 1Q 2018.

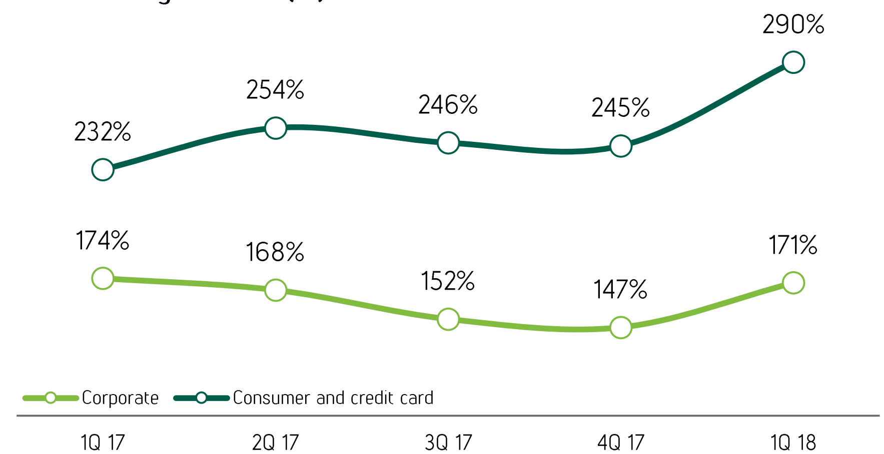
Financing and advances credit quality (3)

Consumer NPLs stable while Corporate NPLs decreased

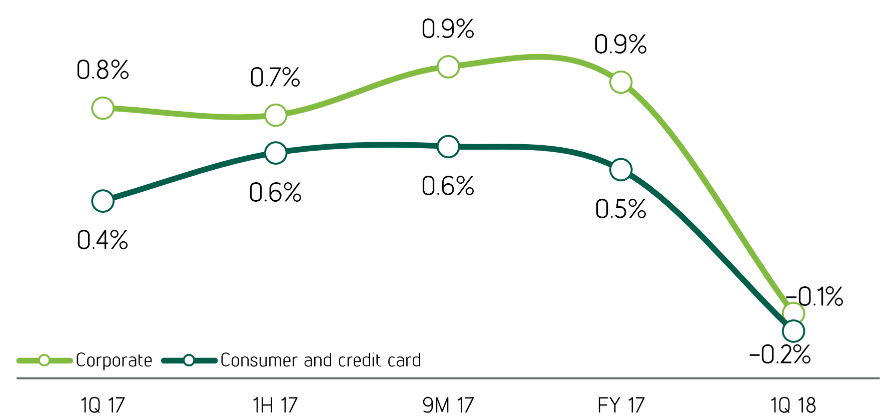
NPL Ratios (%)



NPL Coverage Ratios (%)



CoR Ratios (YTD %)



Management Commentary

- Corporate NPL ratio declined in 1Q 2018, in part due to write offs and proactive remedial management.
- Corporate NPL coverage ratio improved due to the above as well as higher provision stock as a result of IFRS 9 adoption adjustments.
- Consumer NPL ratio and coverage remain stable.

IFRS 9

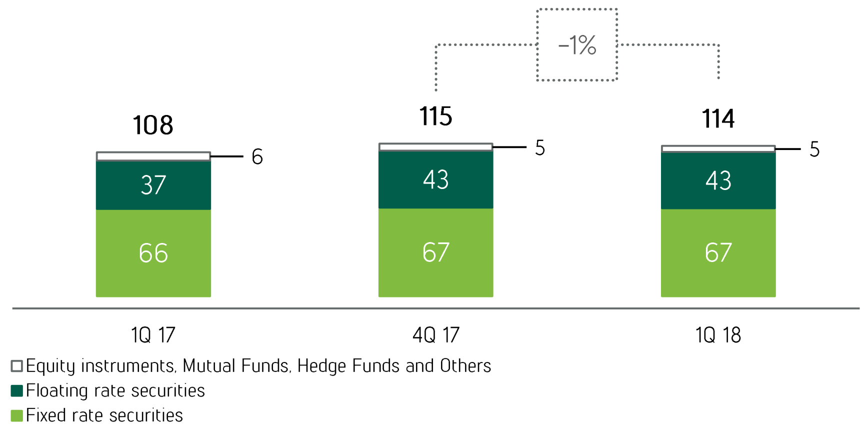
The implementation of IFRS 9 on 1 January 2018 had no material impact on NCB's capital position; SAR 1.31 billion was charged to retained earnings and other reserves

Background	NCB implemented the expected credit loss (ECL) computation framework in accordance with the International Financial Reporting Standards (IFRS) 9 and as per the guidance provided by the Saudi Arabian Monetary Authority (SAMA) Significant components of the IFRS 9 ECL implementation included the following: ▪ Staging criteria to assess significant increase in credit risk ▪ Risk models and scorecards – Probability of default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) models ▪ Macroeconomic models and scenarios ▪ ECL IT system implementation
IFRS 9 Adoption Impact	▪ First time adoption impact of IFRS 9 on equity due to the ECL and the classification & measurement is SAR 1.31 billion, i.e. 2% of equity as of January 1, 2018, of which the major impacts are: • Retained earnings (SAR 1.71 billion) • AFS Reserve (SAR 0.13 billion) • FVOCI Reserve SAR 0.57 billion ▪ The Allowance for financing increased by SAR 1.4 billion after IFRS 9 implementation and NPL coverage ratio raised to 173% from reported 142.6% as of 31 December 2017 ▪ The Resulting impact on capital adequacy ratios due to FTA impact of IFRS 9 is marginal; Post IFRS 9 CAR 17.9% vs reported CAR 17.8% as of December 31, 2017

Investments trends and composition

Investments declined 1% due to portfolio re-balancing and quality remains strong; ~91% of the investment portfolio remains Saudi Government or investment grade

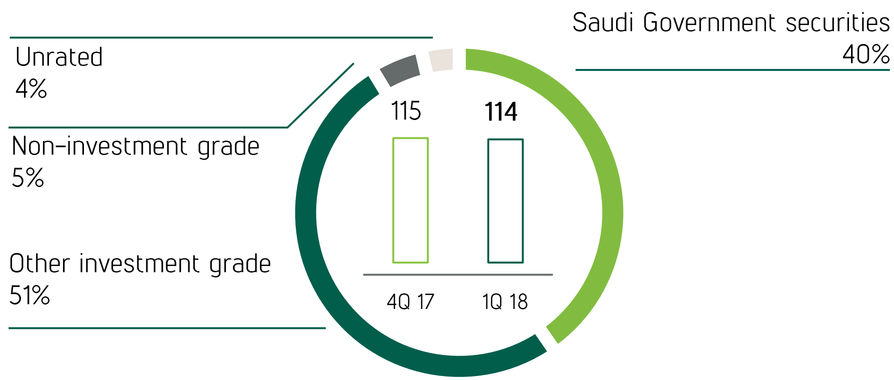
Investments (SARbn)



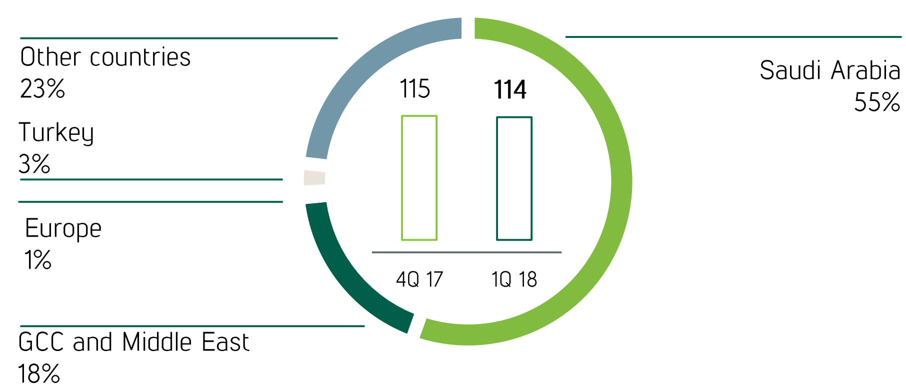
Management Commentary

- The investment portfolio is built on high quality securities with ~91% being investment grade.
- Since the resumption of KSA government debt issuance, NCB has actively participated in issues of longer term debt securities.
- The portfolio has been re-balancing towards floating rate securities in light of the rising interest-rate environment.

Investments by Credit Grade (SARbn)



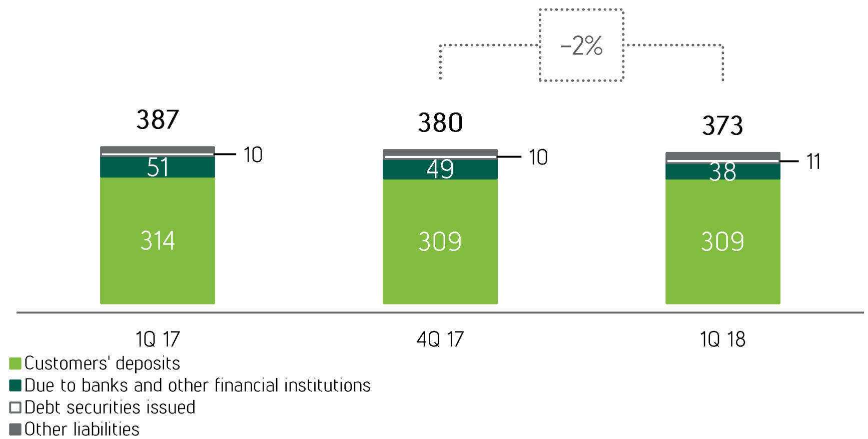
Investments by Geography (SARbn)



Liabilities trends and composition

Stable total liability base and a high deposit mix towards CASA balances (77%)

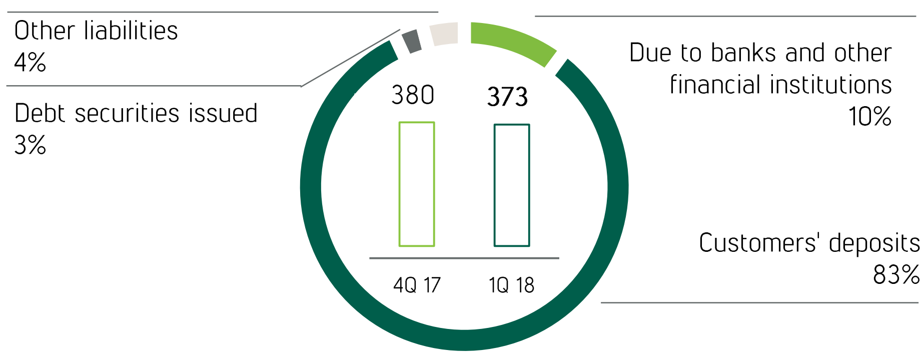
Total Liabilities (SARbn)



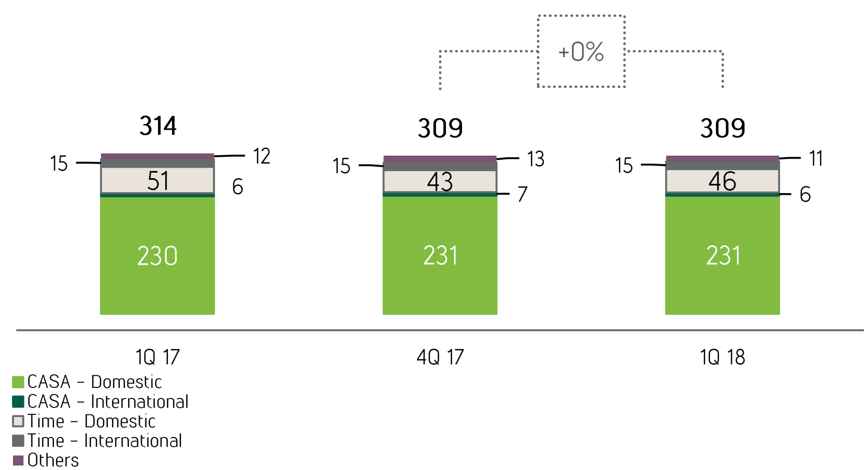
Management Commentary

- Customers' deposits are the main source of funding and remained stable in 1Q 2018.
- CASA balances account for 77% of customers' deposits.

Total Liabilities Mix (SARbn)



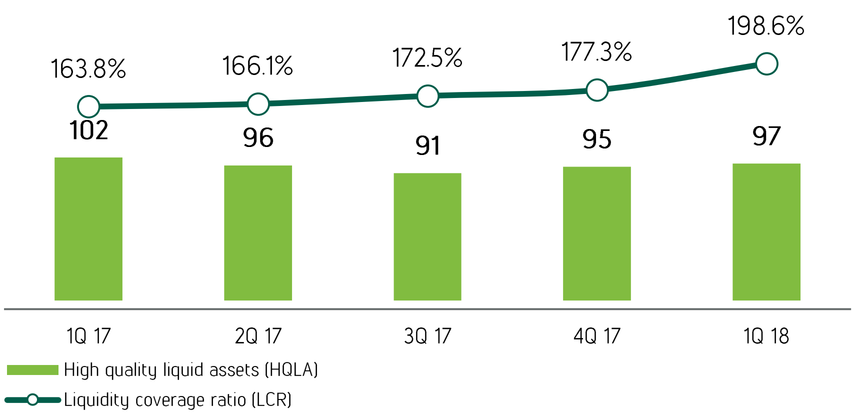
Customers' Deposits (SARbn)



Liquidity

NCB maintained a strong liquidity profile

HQLA and Average Liquidity Coverage (SARbn/%)

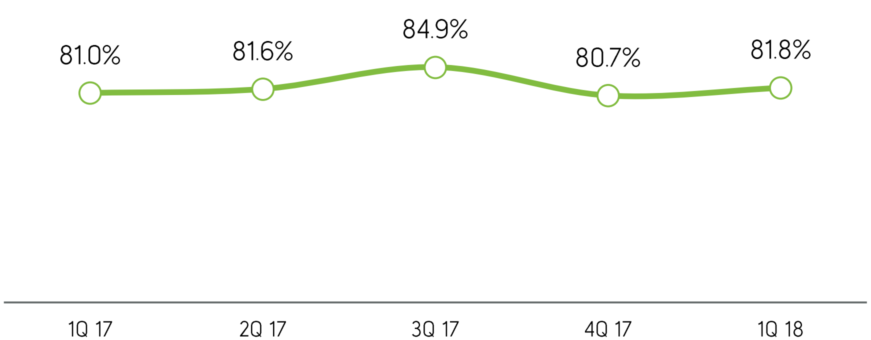


Quarterly averages

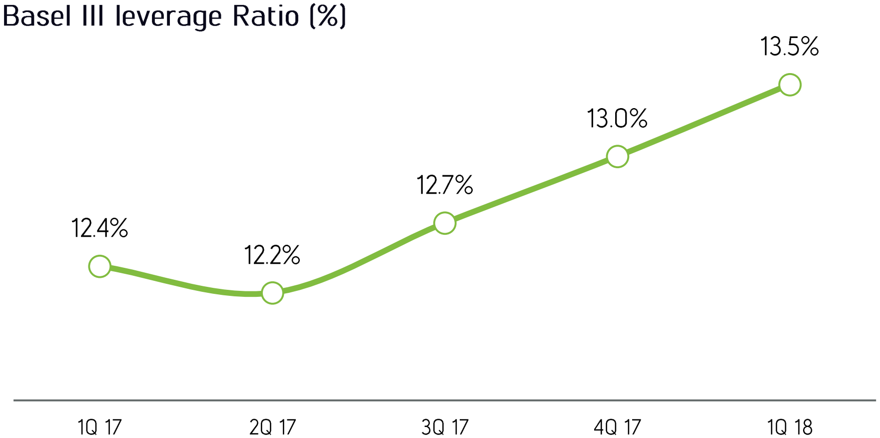
Management Commentary

- As at 1Q 2018, the financing to customers' deposit ratio was 81.8% and comfortably below the regulatory guidelines.
- HQLA balances risen by 2% compared to 4Q 2017.
- The average quarterly LCR improved to 198.6% from 177.3% in 4Q 2017.
- Basel III leverage ratio improved to 13.5% from 13.0% in 4Q 2017.

Financing to Customer Deposit Ratio (%)



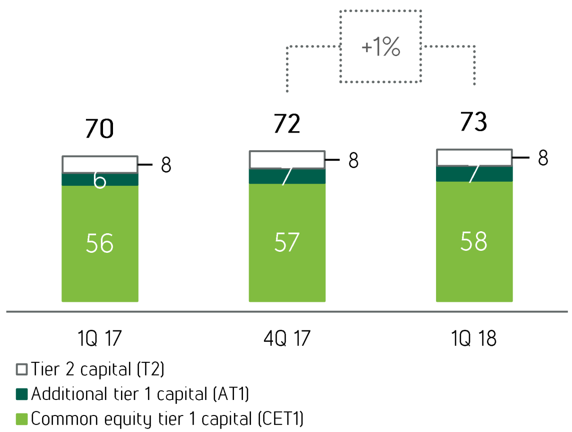
Basel III leverage Ratio (%)



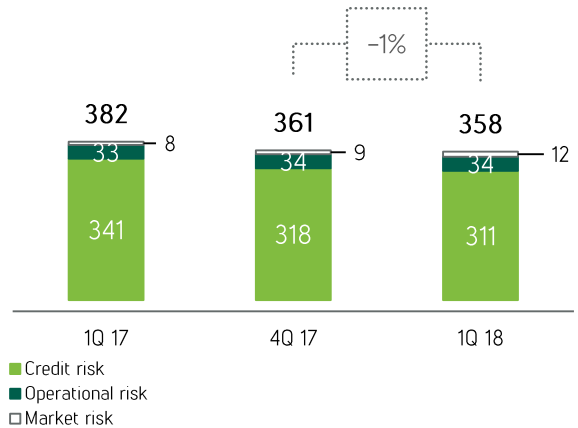
Capital

Capital position comfortably above regulatory minima

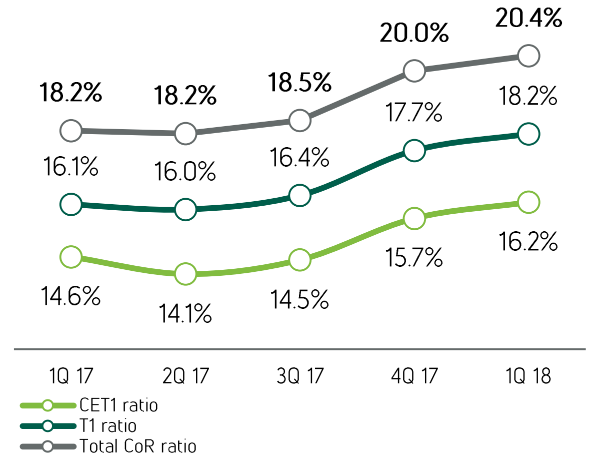
Capitalisation (SARbn)



Risk Weighted Assets (SARbn)

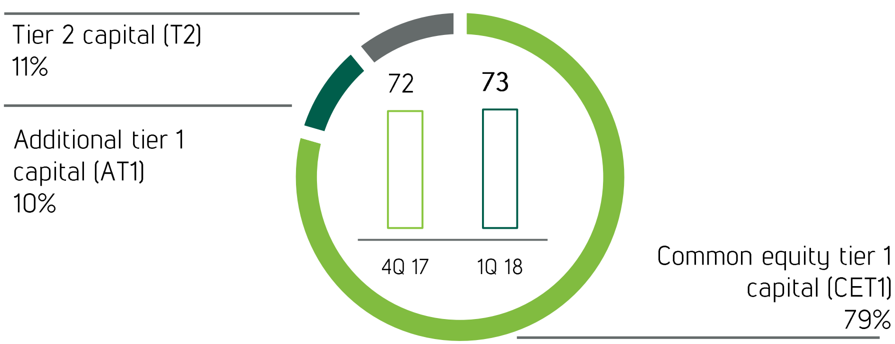


Capital Ratios (%)



Capital ratios are based on Pillar I RWA

Total Capital Composition (SARbn)



Management Commentary

- Capitalization remained strong and comfortably above the regulatory minima.
- Pillar I risk weighted assets decreased by 1% in 1Q 2018 principally by lower charge on residential real estate financing as recently allowed by SAMA.
- Common equity Tier 1 capital (CET1) is impacted by one time IFRS9 adjustment adoption – *please refer to page (46) for more details.*

National Commercial Bank

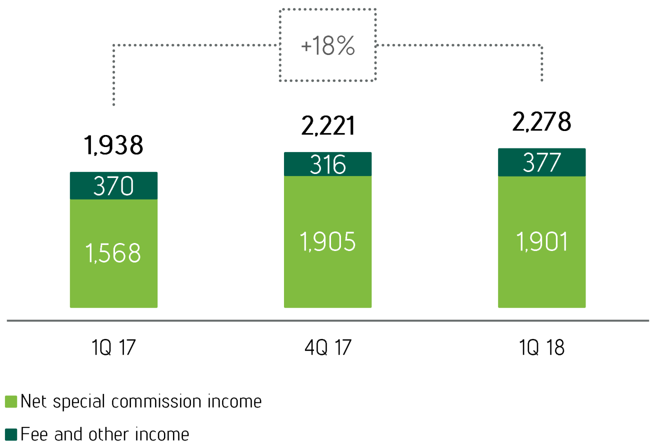
Segmental Review

1Q 2018 Results

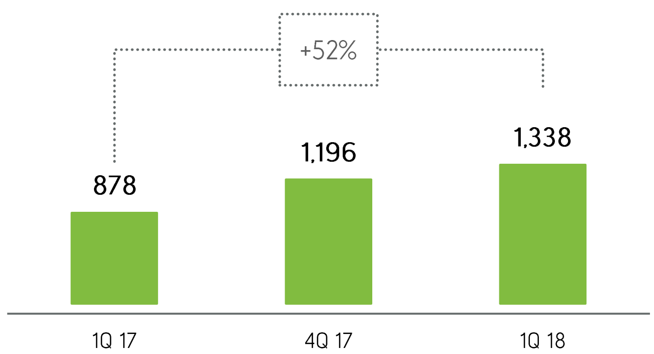
Retail Banking

Strong 1Q 2018 net profit growth resulting from operating income growth and net recovery of credit losses

Total Operating Income (SARmn)



Net Income (SARmn)



Summary Financial Performance

SAR (mn)	1Q 2018	4Q 2017	1Q 2017	YoY % change
Total assets	104,445	108,503	105,663	-1%
Total operating income	**2,278**	**2,221**	**1,938**	**+18%**
Net special commission income	1,901	1,905	1,568	+21%
Fee income from banking services, net	310	265	279	+11%
Operating expenses	(978)	(973)	(980)	-0%
Impairment charge	45	(50)	(78)	-158%
Other income (expenses)	(7)	(2)	(3)	+151%
Net income	**1,338**	**1,196**	**878**	**+52%**
Cost to income (%)	42.9%	43.8%	50.5%	-15%
% of total assets	23.9%	24.4%	23.5%	+1%
ROA (%)	5.0%	4.4%	3.3%	+51%

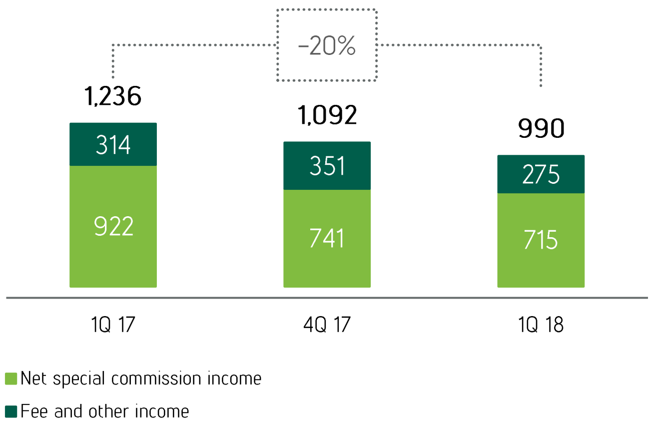
Management Commentary

- 1Q 2018 net income rose 52% YoY driven principally by 18% operating income growth and a 158% improvement in impairment charge.
- NSCI for 1Q 2018 improved by 21% YoY due to a 5% increase in retail financing, better margins and higher current account growth.
- Fee income increased by 11% in 1Q 2018 YoY, mainly from financing-related activity.
- 1Q 2018 operating expenses remained flat YoY and the cost to income ratio improved to 43% from 51% a year earlier, reflecting continued digitization and productivity initiatives.

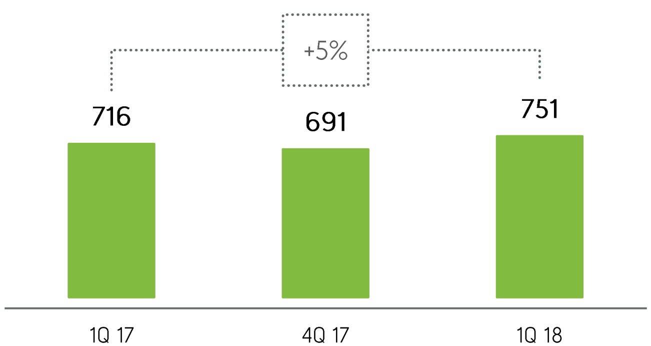
Corporate Banking

1Q 2018 net profits grew by 5% due to lower impairment charge; operating income 20% lower

Total Operating Income (SARmn)



Net Income (SARmn)



Summary Financial Performance

SAR (mn)	1Q 2018	4Q 2017	1Q 2017	YoY % change
Total assets	141,465	133,051	142,027	-0%
Total operating income	**990**	**1,092**	**1,236**	**-20%**
Net special commission income	715	741	922	-22%
Fee income from banking services, net	222	293	267	-17%
Operating expenses	(271)	(257)	(257)	+6%
Impairment charge	40	(143)	(260)	-115%
Other income (expenses)	(7)	(1)	(3)	+128%
Net income	**751**	**691**	**716**	**+5%**
Cost to income (%)	27.4%	23.5%	20.8%	+32%
% of total assets	32.3%	30.0%	31.6%	+2%
ROA (%)	2.2%	2.0%	2.0%	+7%

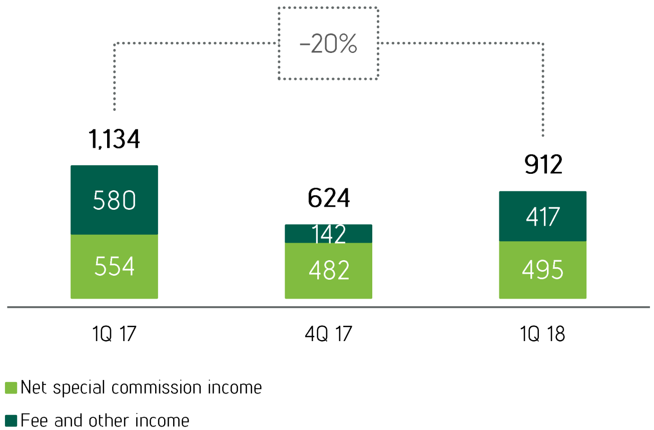
Management Commentary

- 1Q 2018 net income increased 5% YoY as lower operating income (-20%) were more than offset by improvements in impairments (-115%).
- NSCI for 1Q 2018 declined 22% YoY as a result of repayments in 4Q 2017 that reduced the average balance by 8% compared with 1Q 2017.
- Fee income decreased by 17% YoY mainly lower lending and trade fees.
- 1Q 2018 operating expenses higher by 6% and the cost to income ratio increased by 32% YoY to 27.4%.
- The 1Q 2018 impairment charge declined 115% YoY due mainly to a significant recovery and one-time IFRS 9 adoption adjustment to retained earnings permissible by IFRS 9.

Treasury

Lower NSCI and investment income impacted profitability

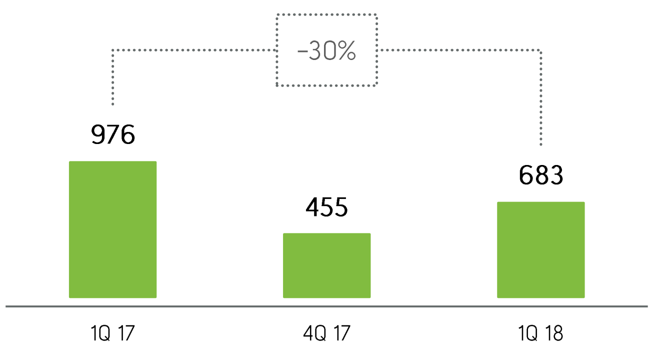
Total Operating Income (SARmn)



Summary Financial Performance

SAR (mn)	1Q 2018	4Q 2017	1Q 2017	YoY % change
Total assets	153,884	162,709	160,486	-4%
Total operating income	**912**	**624**	**1,134**	**-20%**
Net special commission income	495	482	554	-11%
Fee income from banking services, net	37	24	25	+46%
Other operating income	380	118	555	-32%
Operating expenses	(119)	(108)	(153)	-22%
Impairment charge	(99)	(71)	(1)	+13005%
Other income (expenses)	(10)	10	(5)	+123%
Net income	**683**	**455**	**976**	**-30%**
Cost to income (%)	13.0%	17.3%	13.5%	-3%
% of total assets	35.2%	36.7%	35.7%	-2%
ROA (%)	1.7%	1.1%	2.5%	-30%

Net Income (SARmn)



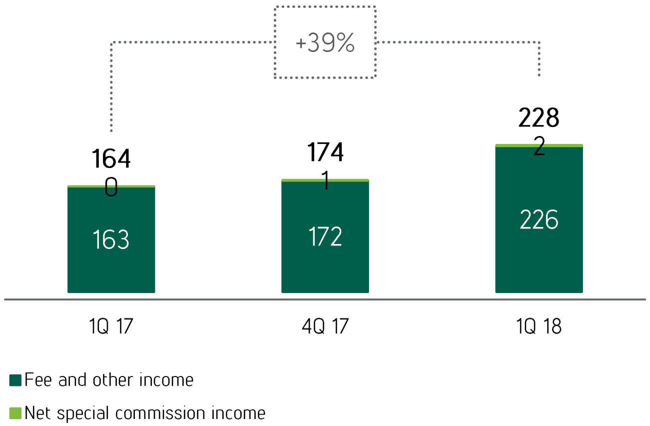
Management Commentary

- 30% YoY drop in net income in 1Q 2018 due to a 20% reduction in operating income and higher impairments partly offset by a 22% improvement in operating expenses.
- Operating income in 1Q 2018 declined 20% YoY mainly due to lower NSCI and a reduction in investment income.
- Investment impairments were higher at SAR 99mn.

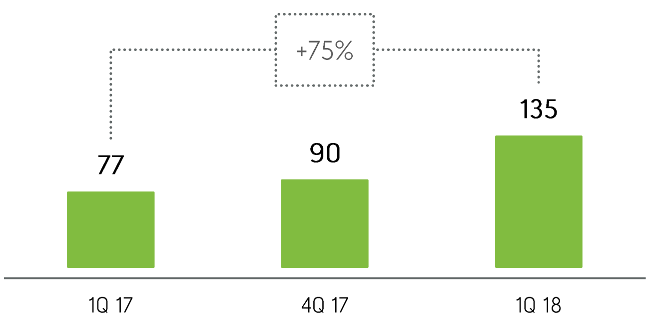
Capital Markets

Growth driven by asset management

Total Operating Income (SARmn)



Net Income Attributed To Equity Holders (SARmn)



Summary Financial Performance

SAR (mn)	1Q 2018	4Q 2017	1Q 2017	YoY % change
Total assets	1,513	1,388	1,394	+9%
Total operating income	**228**	**174**	**164**	**+39%**
Net special commission income	2	1	0	+330%
Fee income, net	222	172	160	+39%
Operating expenses	(89)	(90)	(83)	+6%
Impairment charge	0	0	0	
Other income (expenses)	0	8	(1)	-100%
Net income	**139**	**92**	**80**	**+74%**
Non-controlling interests	(4)	(3)	(2)	+59%
Net income attributed to equity holders	**135**	**90**	**77**	**+75%**
Cost to income (%)	39.0%	51.7%	51.0%	-23%
% of total assets	0.3%	0.3%	0.3%	+11%
ROA (%)	38.3%	25.0%	23.5%	+63%

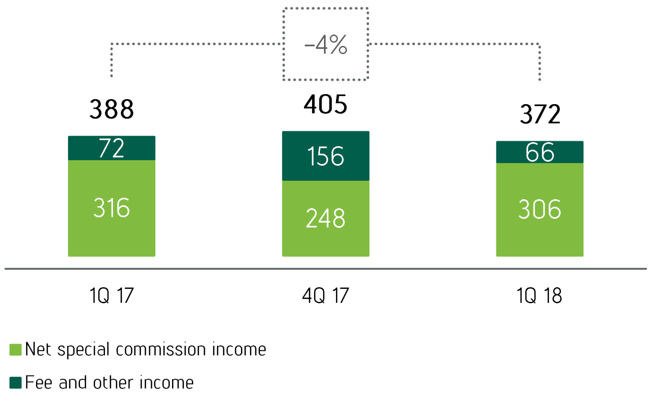
Management Commentary

- 1Q 2018 net income increased by 75% YoY due to higher operating income (+39%) and improved operating efficiency.
- Operating income in 1Q 2018 rose 39% YoY due to higher fee and other income, mainly resulting from asset management.
- Cost to income improved to 39% in 1Q 2018 from 51% in 1Q 2017.

International (in SAR)

1Q 2018 Operating income impacted by depreciating Turkish Lira but strong net income growth from lower impairment charges

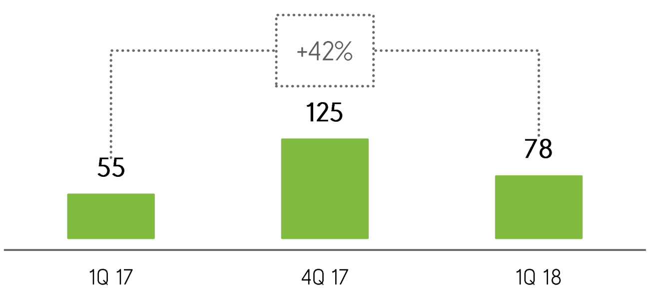
Total Operating Income (SARmn)



Summary Financial Performance

SAR (mn)	1Q 2018	4Q 2017	1Q 2017	YoY % change
Total assets	36,199	38,214	39,425	-8%
Total operating income	**372**	**405**	**388**	**-4%**
Net special commission income	306	248	316	-3%
Fee income from banking services, net	62	67	71	-12%
Operating expenses	(216)	(214)	(216)	+0%
Impairment charge	(63)	(83)	(84)	-25%
Other income (expenses)	24	79	(5)	-633%
Net income	**117**	**187**	**84**	**+39%**
Non-controlling interests	(38)	(62)	(29)	+34%
Net income attributed to equity holders	**78**	**125**	**55**	**+42%**
Cost to income (%)	58.1%	52.9%	55.5%	+5%
% of total assets	5.7%	5.9%	5.9%	-5%
ROA (%)	1.3%	1.9%	0.8%	+50%

Net Income Attributed To Equity Holders (SARmn)



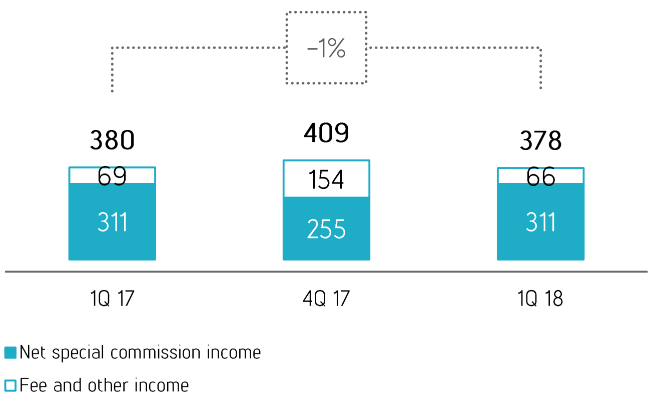
Management Commentary

- 1Q 2018 net income increased 42% YoY on improving credit quality, despite declining operating income.
- 1Q 2018 operating expenses remains flat despite legislative inflationary increases in staff costs which was offset by the ongoing progress made in cost-optimization initiatives.
- The impairment charge for 1Q 2018 declined 25% due to limited new NPL formation, further aided by the Turkish Lira depreciation.

International (in TRY)

1Q 2018 Operating income growth attributable to lower impairment charges

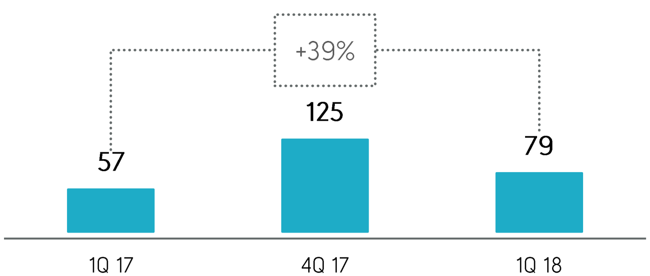
Total Operating Income (TRYmn)



Summary Financial Performance

TRY (mn)	1Q 2018	4Q 2017	1Q 2017	YoY % change
Total assets	38,202	38,589	38,260	-0%
Total operating income	**378**	**409**	**380**	**-1%**
Net special commission income	311	255	311	+0%
Fee income from banking services, net	63	68	69	-8%
Operating expenses	(220)	(216)	(210)	+5%
Impairment charge	(64)	(83)	(83)	-22%
Other income (expenses)	25	77	(1)	-1956%
Net income	**118**	**186**	**85**	**+39%**
Non-controlling interests	(39)	(61)	(28)	+39%
Net income attributed to equity holders	**79**	**125**	**57**	**+39%**
Cost to income (%)	58.2%	52.9%	55.3%	+5%
ROA (%)	1.2%	2.0%	0.9%	+38%

Net Income Attributed To Equity Holders (TRYmn)



Note: Figures according to IFRS accounting standards

Management Commentary

- 1Q 2018 net income increased 39% YoY on improving credit quality, despite declining operating income.
- 1Q 2018 operating expenses higher by 5% due to legislative inflationary increases in staff costs which was partly offset by the ongoing progress made in cost-optimization initiatives.
- The impairment charge for 1Q 2018 declined 22% due to limited new NPL formation.

National Commercial Bank

Additional Information

1Q 2018 Results

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Additional Information

Please don't hesitate to contact NCB Group Investor Relations

Mr. Abdulbadie Alyafi

Head, Investor Relations

P: +966 12 646 3988

E: investorrelations@alahli.com

National Commercial Bank

P.O. Box 3555

21481 Jeddah, Kingdom of Saudi Arabia

More information

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