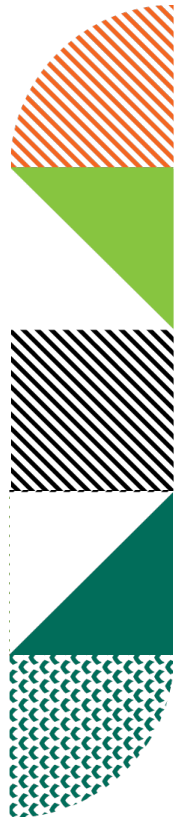




# The National Commercial Bank Investor Presentation

4Q & FY 2019 Results

# Investor Presentation Content



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NCB at a glance

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Financial Results Highlights

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Financial Results Details



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Segmental Review

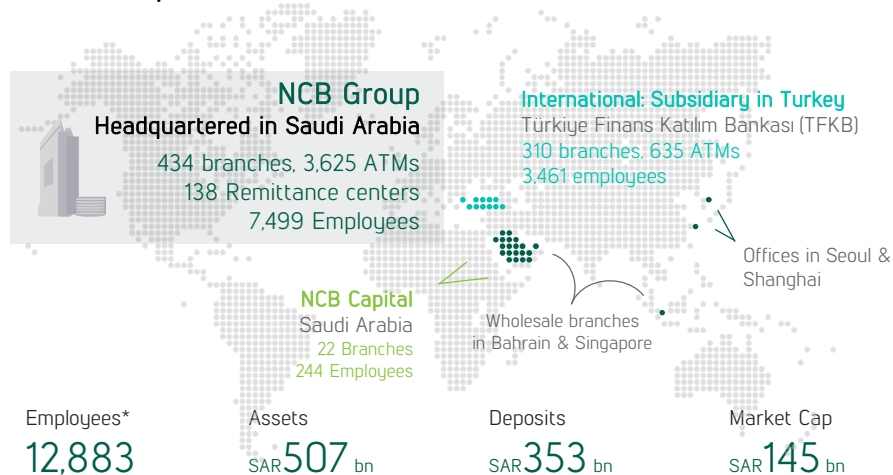
Page 49

Additional Information

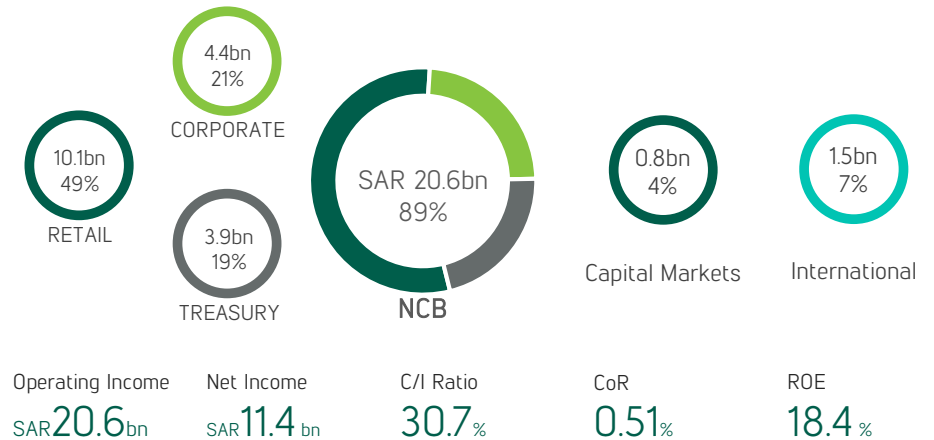
# NCB at a glance

NCB is the leading bank in Saudi Arabia

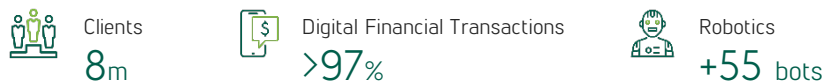
## NCB Group Presence



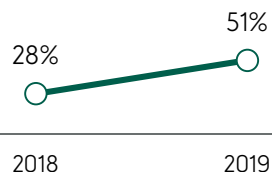
## NCB's business model delivers diversified operating income



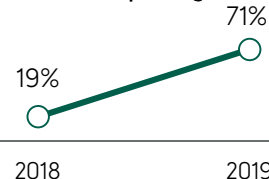
## Customers & Digitization



### Digital Sales Penetration



### Digital Account Opening



## Strong & Stable Credit Ratings

NCB	Long term	Short Term	Outlook
S&P	BBB+	A-2	Stable
Fitch	A-	F1	Stable
Moody's*	A1	P-1	Stable
Capital Intelligence	A+	A1	Stable

Government of Saudi Arabia			
S&P	A-		Stable
Fitch	A		Stable
Moody's	A1		Stable
Capital Intelligence	A+		Stable

\*Includes Alahli Esnad (1,679 employees) - fully owned subsidiary engaged in outsourcing and manpower services in KSA



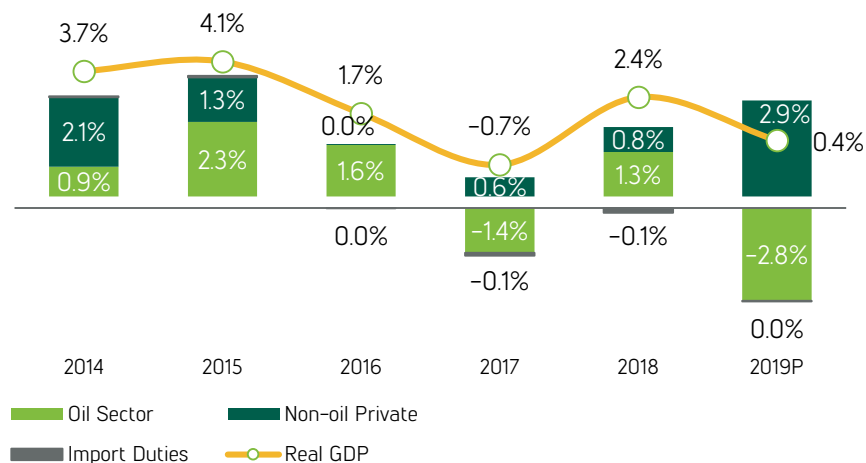
## NCB INVESTMENT CASE

- Supportive macro environment
- Attractive banking market
- Leading, diversified franchise
- Strong execution track record

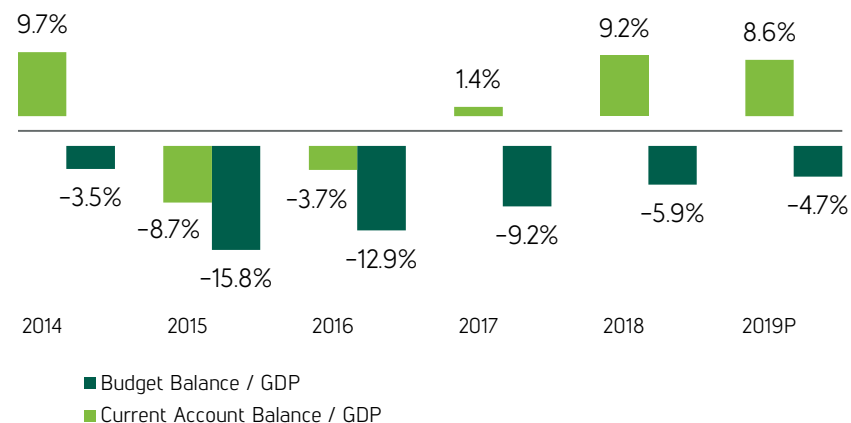
# Supportive macro environment (1/4)

Non-Oil GDP pickup expected, supported by progress of ongoing Vision Realization Programs

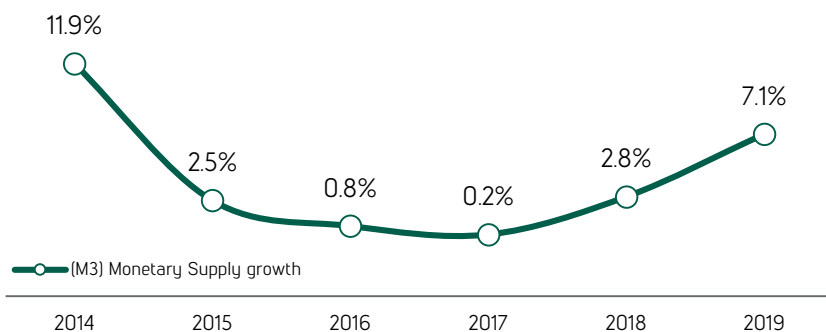
## Real GDP



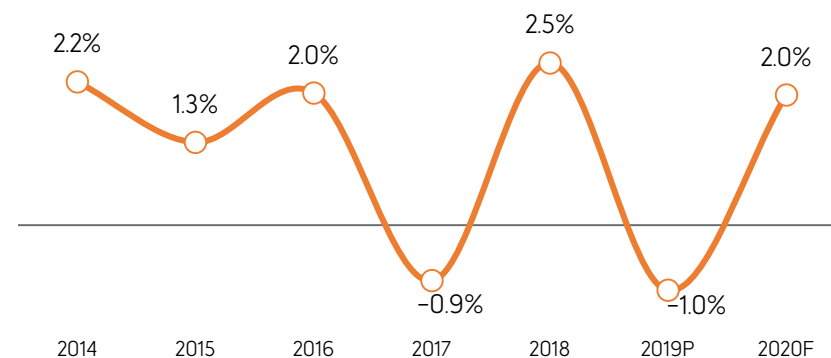
## Twin Balances (%)



## Monetary Supply growth



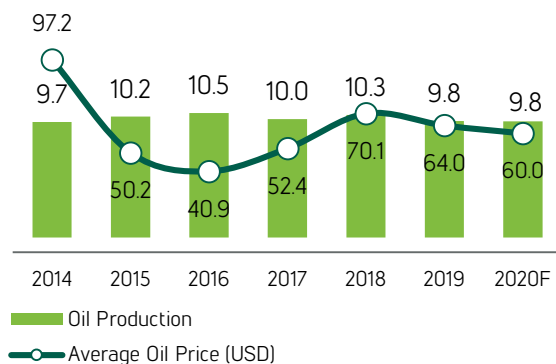
## Inflation Rate (%)



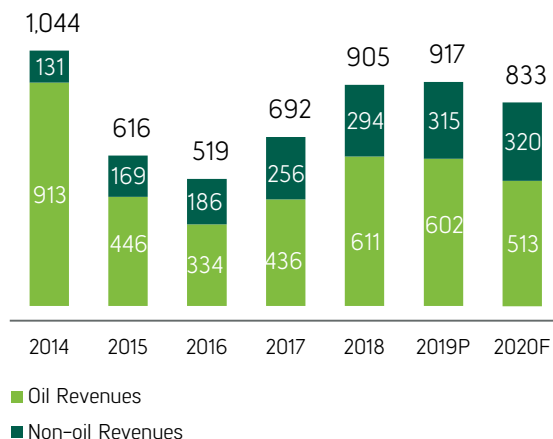
# Supportive macro environment (2/4)

## Fiscal policy to underpin economic growth

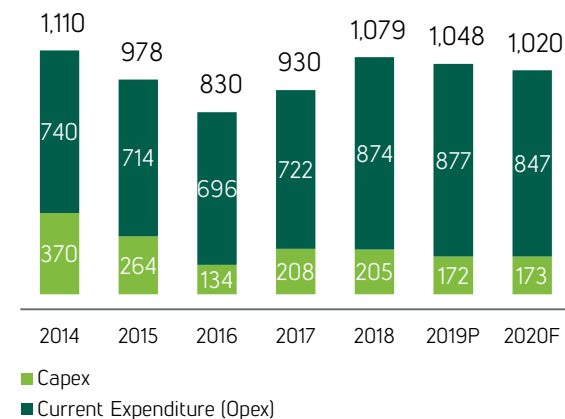
### Oil Production



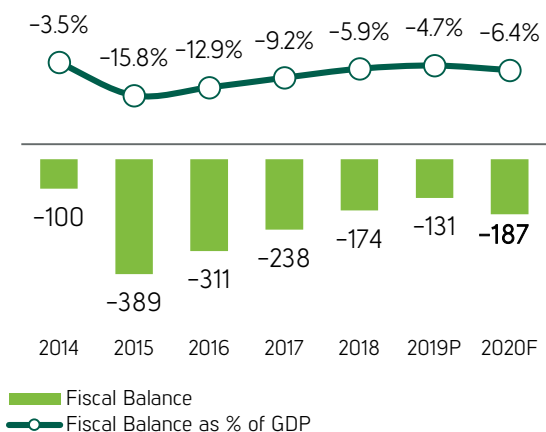
### Government Revenue (SARbn)



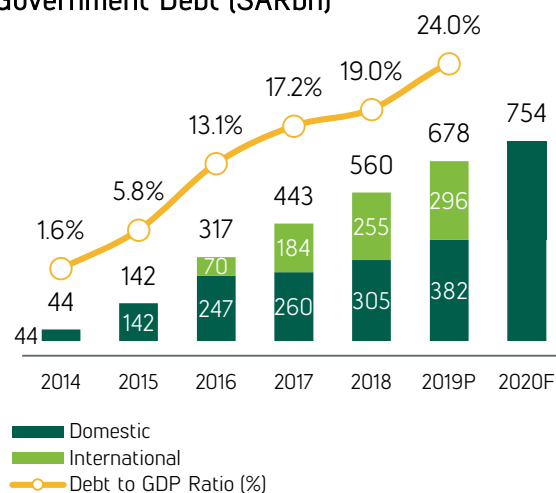
### Government Expenditure (SARbn)



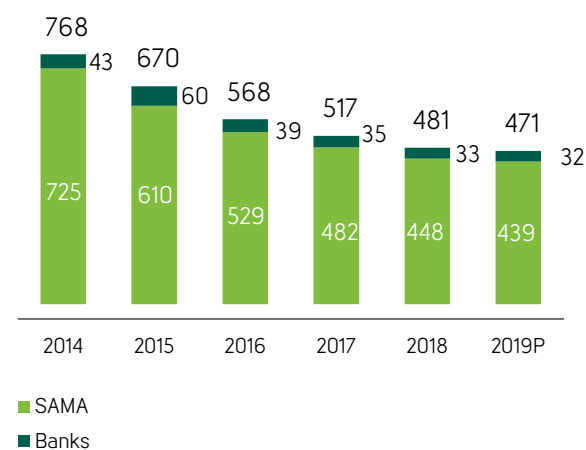
### Fiscal Balance



### Government Debt (SARbn)



### Foreign Reserves (USDbn)



Source: Thomson Reuters, Ministry of Finance, SAMA and Tadawul



# Supportive macro environment (3/4)

Vision 2030 continues to drive economic growth and progress. NCB is fully committed to the success of The National Agenda



## Vision Realization Programs

Pillars	A Thriving Economy	A Vibrant Society	An Ambitious Nation
<ul style="list-style-type: none"><li>▪ National Transformation Program</li><li>▪ Fiscal Balance Program</li><li>▪ PIF Program</li><li>▪ Financial Sector Development Program</li><li>▪ Privatization Program</li></ul>	<ul style="list-style-type: none"><li>▪ Quality of Life Program</li><li>▪ Housing Program</li><li>▪ National Industrial Development and Logistics Program</li><li>▪ Strategic Partnerships Program</li></ul>	<ul style="list-style-type: none"><li>▪ National Companies Promotion Program</li><li>▪ Saudi Character Enrichment Program</li><li>▪ Enriching the Hajj and Umrah Experience Program</li></ul>	

## Vision 2030 Key Milestones

<b>65%</b> Private Sector Contribution  Private sector contribution to GDP to reach 65% by 2030	<b>0%</b> Fiscal Deficit  Balancing the budget and eliminating the fiscal deficit by 2023	<b>&lt;30%</b> Debt to GDP  Public debt to GDP to remain below 30%	<b>70%</b> Home Ownership  Raise Saudi home ownership to 70% by 2030	<b>35%</b> SME GDP Contribution  SME Contribution to GDP targeted to reach 35% by 2030
<b>45%</b> Capital Market Assets  Increase share of capital markets assets to 45% by 2020	<b>45bn</b> Foreign Direct Investment  FDI to reach 1.46% of GDP by 2020 (~SAR45 billion)	<b>30%</b> Female Workforce Participation  Women economic participation rate to reach 30% by 2030	<b>28%</b> Non-Cash Transactions  Increase share (in absolute number) of non-cash transactions to 28%	<b>7%</b> Unemployment Rate  Lower the rate of unemployment to 7%

# Supportive Macro Environment (4/4)

NCB Is a key contributor to economic transformation and the FSDP



## NCB Contributions to the Saudi Vision 2030 Financial Sector Development Program



Enabling financial institutions to support private sector growth

Developing an advanced capital market

Promoting and enabling financial planning



NCB leverages competitiveness and scale to unlock opportunities in the national agenda and deliver value to stakeholders

129bn Corporate lending

Leading provider of financing to the full spectrum of KSA businesses; 15.1% Corporate market share (3Q 2019) and SAR 129bn portfolio

69bn KSA bonds

Primary Dealer in local government securities with a SAR 69bn KSA Government Bond investment portfolio

37bn Home finance

Provided home financing for 58,000 Saudi families with a portfolio of SAR 37bn

6mn Customers in KSA

Expanding participation in the financial services sector with 6 million KSA based customers through a comprehensive physical and digital distribution network

23bn SME credit

A leader in the SME segment, with SAR 23bn of credit extended to SMEs across KSA (2018)

Capital Markets Advisor

**Aramco IPO** joint global coordinator, book runner and underwriter  
USD 7.5bn KSA Sovereign bond  
USD 12bn Saudi Aramco bond

Corporate Savings Advisor

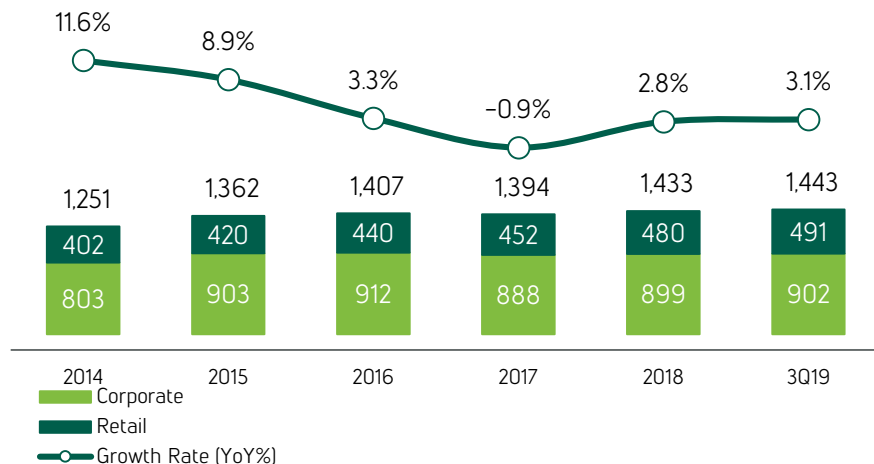
Largest Asset Manager and Corporate Savings Advisor, with more than 50,000 individual participants and full suite of Takaful protection and savings products



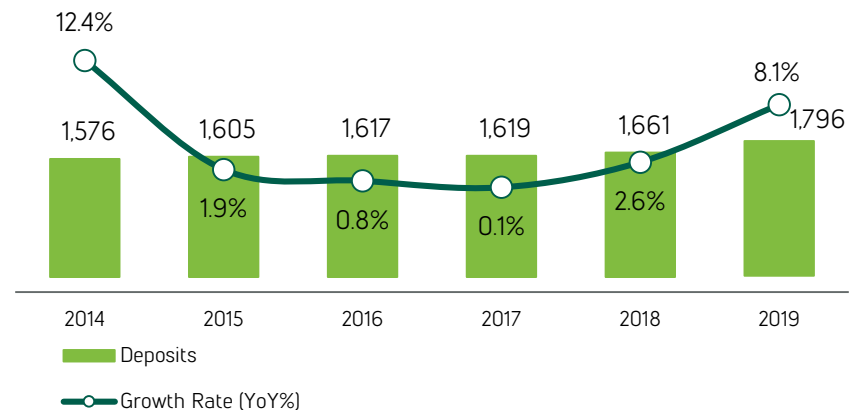
# Attractive Banking Market (1/3)

Lending capacity enables KSA banks to capture opportunities emerging from the national transformation initiatives

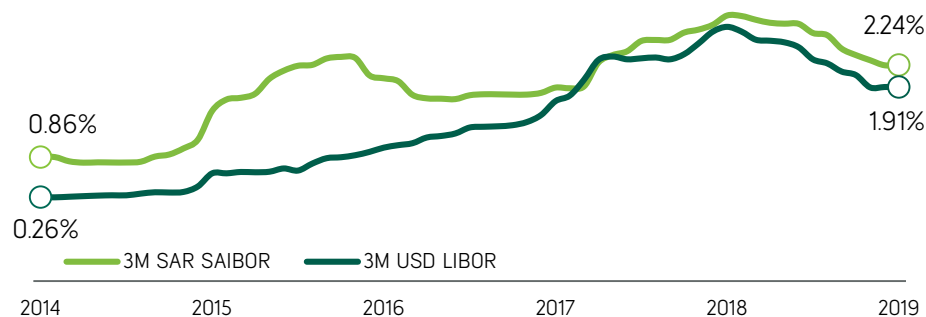
## Bank Lending (SARbn)



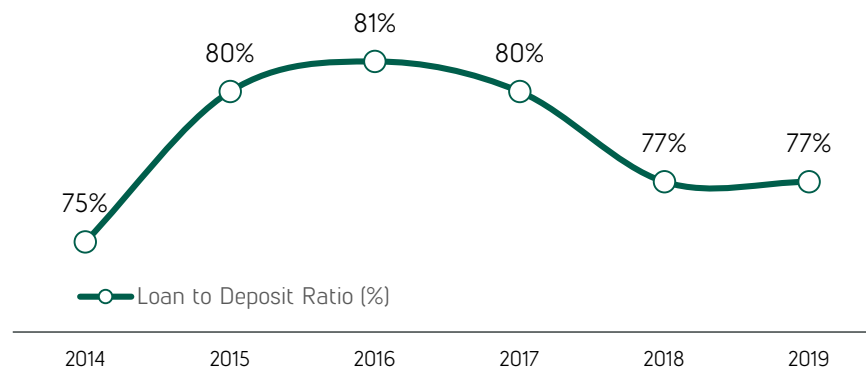
## Bank Deposits (SARbn)



## Interbank Rates (%)



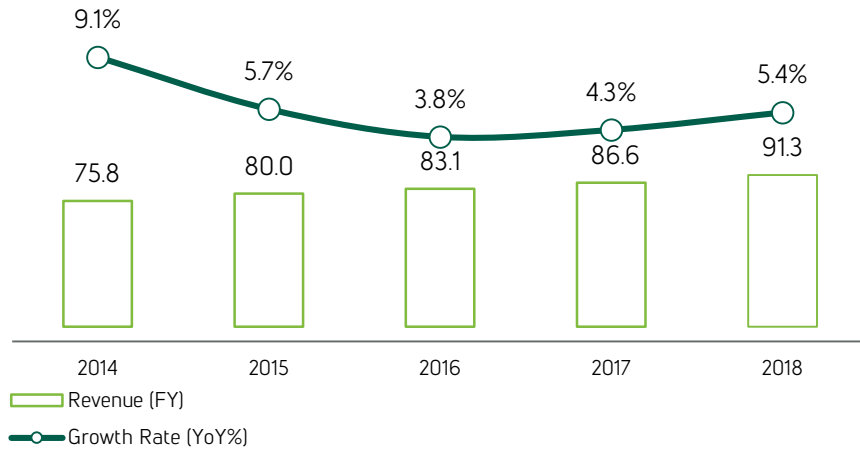
## Loan to Deposit Ratio (%)



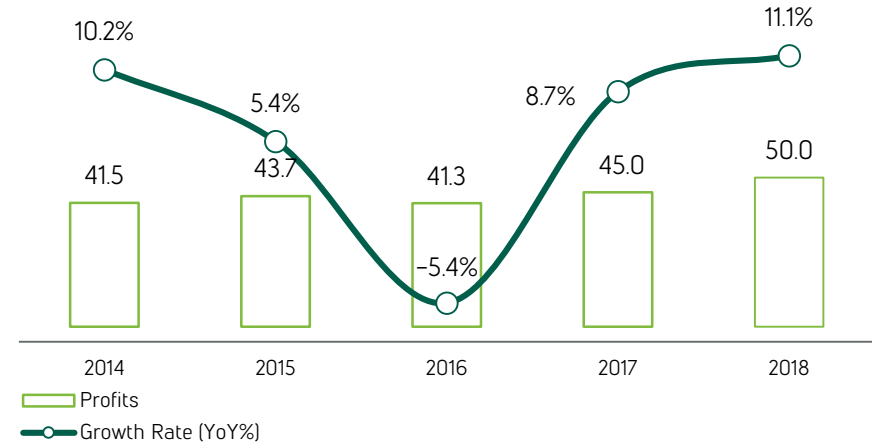
# Attractive Banking Market (2/3)

Strong capitalization, high credit quality, adequate coverage and a prudent regulatory environment expected to sustain banking sector profitability

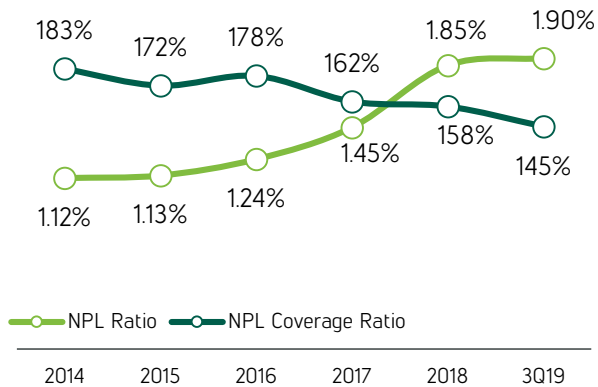
Total Operating Income (SARbn)



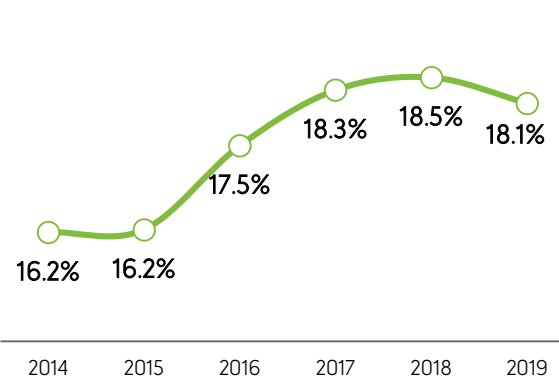
Profits (SARbn)



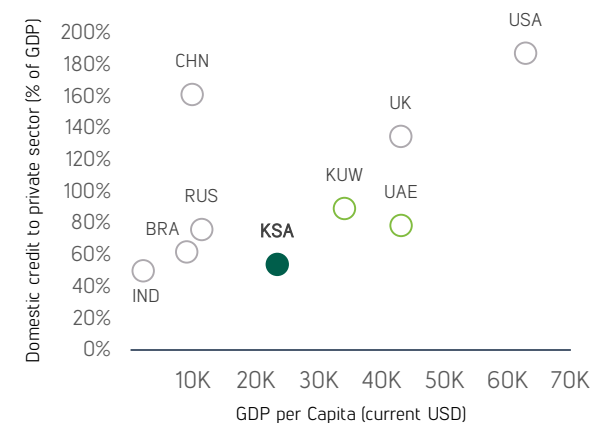
NPL & Coverage Ratios (%)



Tier 1 Capital Adequacy Ratio (%)



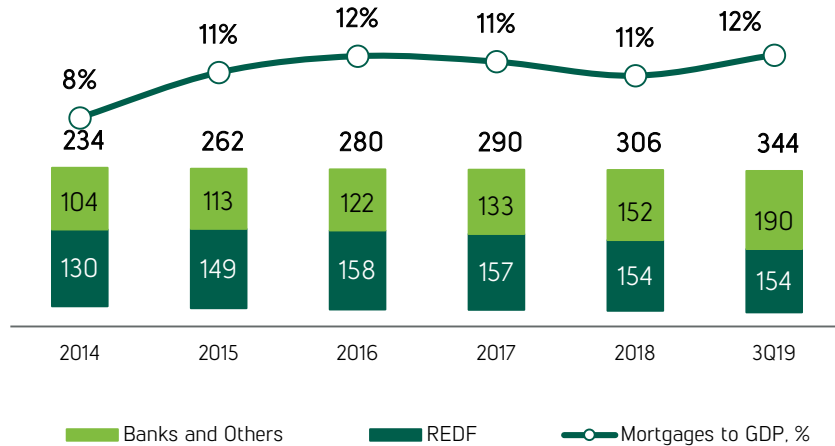
KSA is an underbanked market



# Attractive Banking Market (3/3)

The mortgage market has ample room to grow. NCB is well positioned to leverage this opportunity in 2020

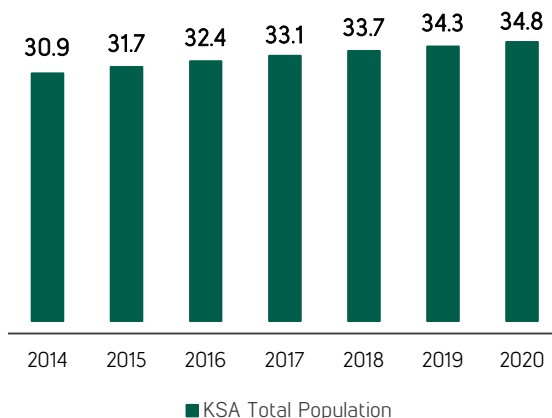
Retail Mortgages (SARbn)



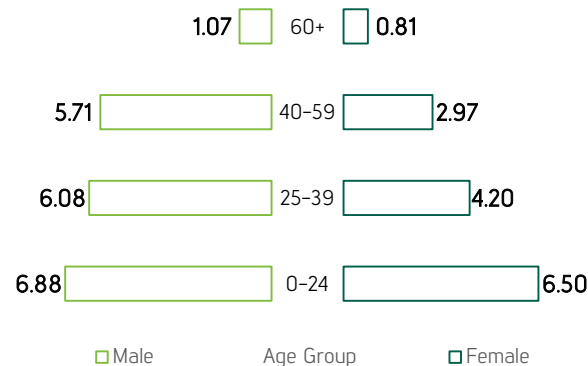
## Positive environment conducive to continued mortgage growth

- Saudi Vision 2030 Housing Program home ownership goals:
  - 60% by 2020
  - 70% by 2030
 (Baseline: 50% home ownership in 2016, 62% at 2019)
- Supportive regulatory environment (90-95% LTV, 50% Risk Weight on Residential Real Estate)
- Real Estate Development Fund (REDF) subsidization for qualifying Saudi households; increasing awareness and demand
- Ministry of Housing and related Government entities stimulating supply of affordable housing

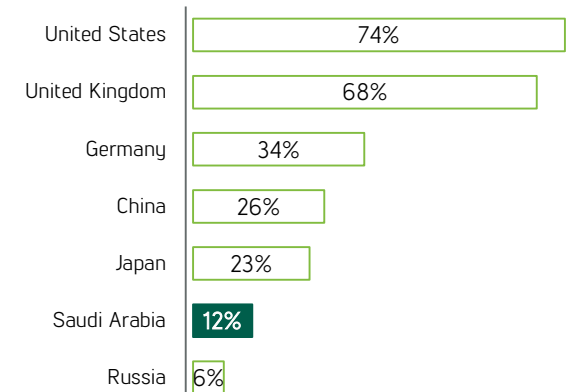
KSA Population\* (mn)



KSA Demographics 2019\* (mn)



Mortgage Depth\* (%)



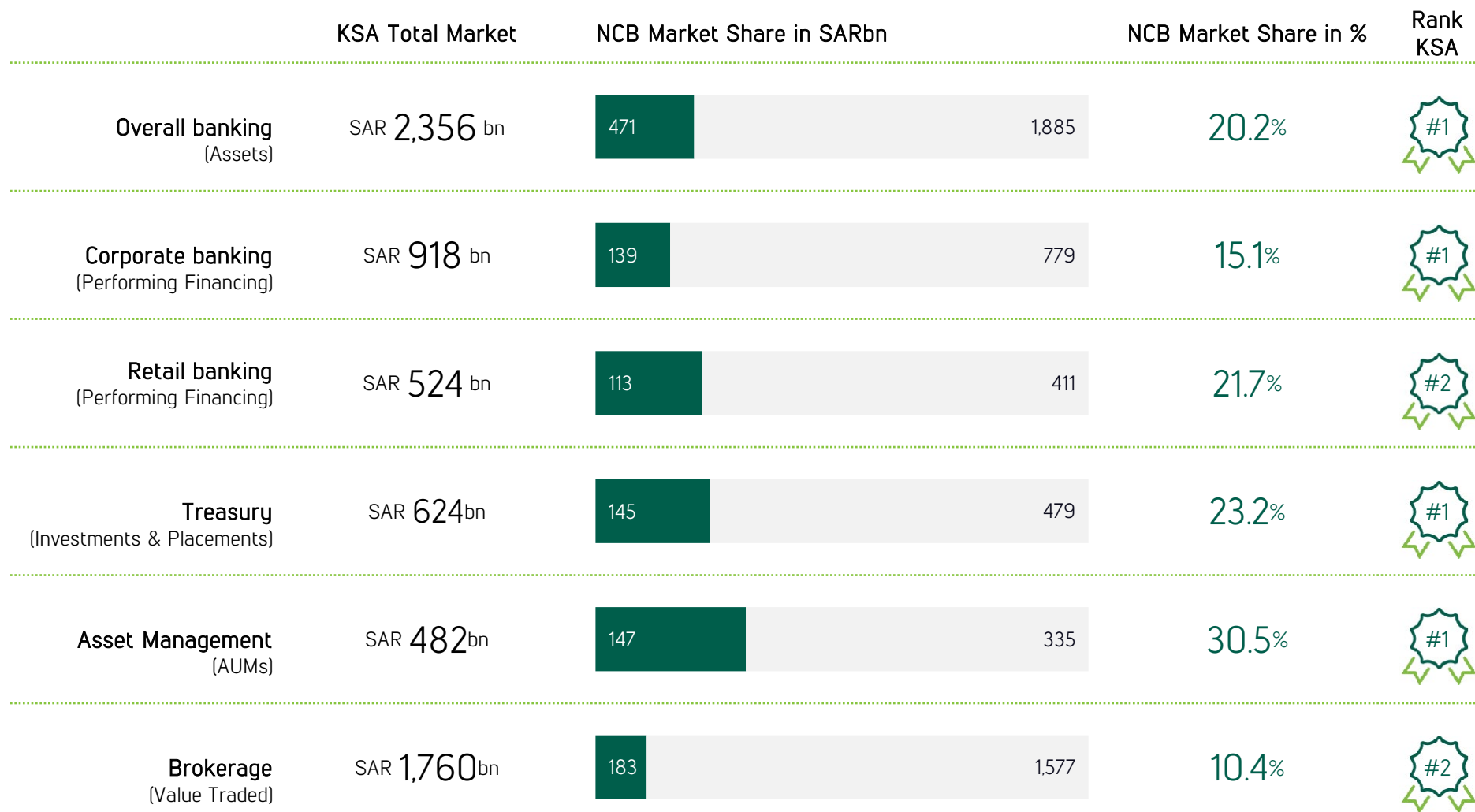
Source: United Nations (\*Estimates)

Source: Gastat (\*middle of the year estimates based on demographic survey 2016)

Source: Central Banks, IMF (\*Latest available dates, ranging from 31 December 2018 to 2019)

# Leading, diversified franchise

## NCB Market Position as of 3Q 2019



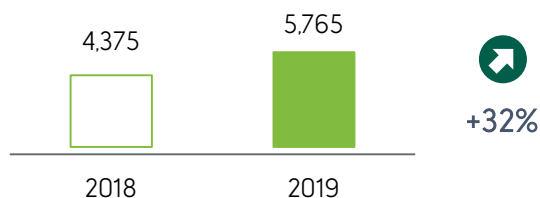
# Strong Execution Track Record    Delivery Against Strategic Priorities

## (1/5)



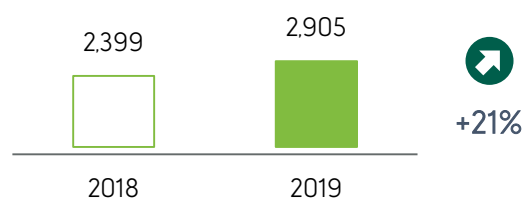
### Retail

Net Income (SARmn)



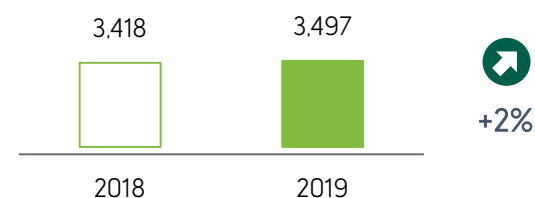
### Corporate

Net Income

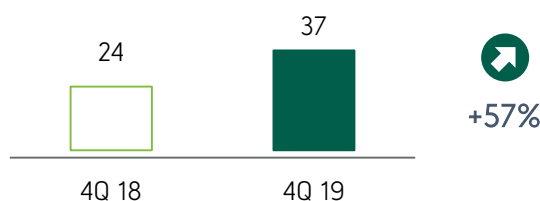


### Treasury

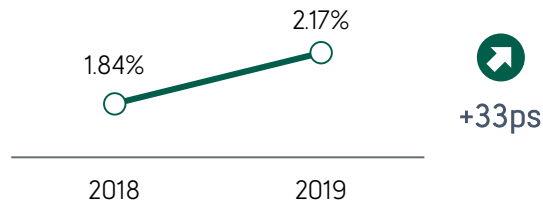
Net Income (SARmn)



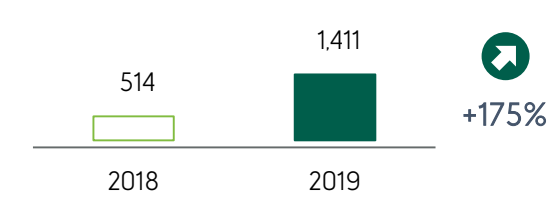
Mortgage Financing Growth (SARbn)



Return on Assets

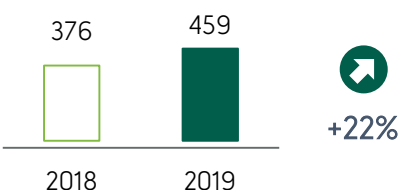


Investment Income (SARmn)



### NCB Capital

Net Income (SARmn)



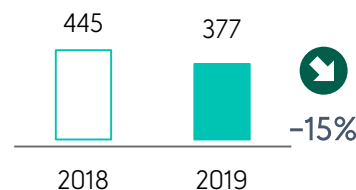
AUM

SAR 156bn +8%



### Türkiye Finans Katılım Bankası (TFKB)

Net Income (TRYmn)



Cost of Risk

2.21% +76bps

LDR

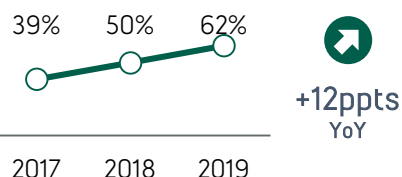
76% -31bps

# Strong Execution Track Record (2/5)

## Delivery Against Strategic Enablers

### Digitization

Digital Transactors (% of Total)

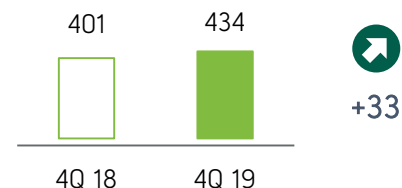


Digital Sales (% of Total)

51%  +23ppts

### Lean Distribution

Branches



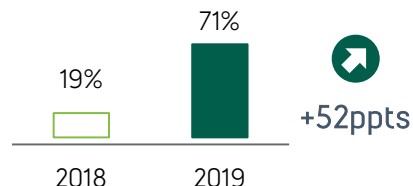
Self-Service Kiosks

315  +210

Branch Transactions

2.2%  -75bps

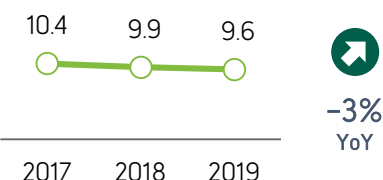
Digital Account Opening



Average FTE / new Branch

6

FTE / Branch

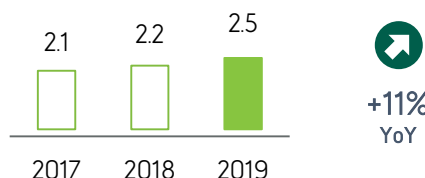


### Productivity

Front to Back Office Ratio

72% to 28%  +30bps

NOR per Employee (SARmn)



Cost to Income Ratio, excl. International

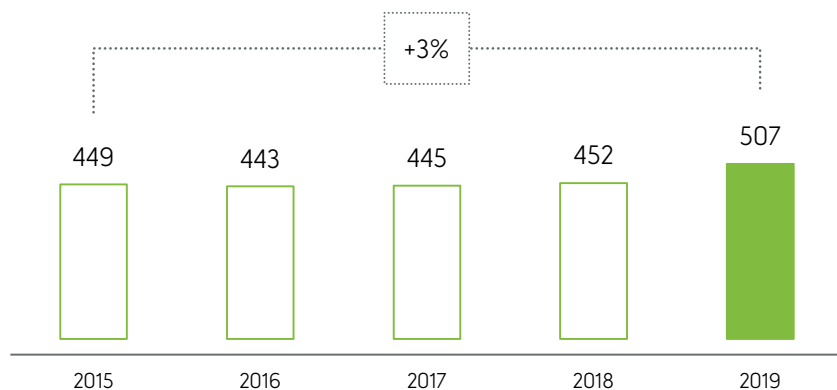
29.3%  -237bps



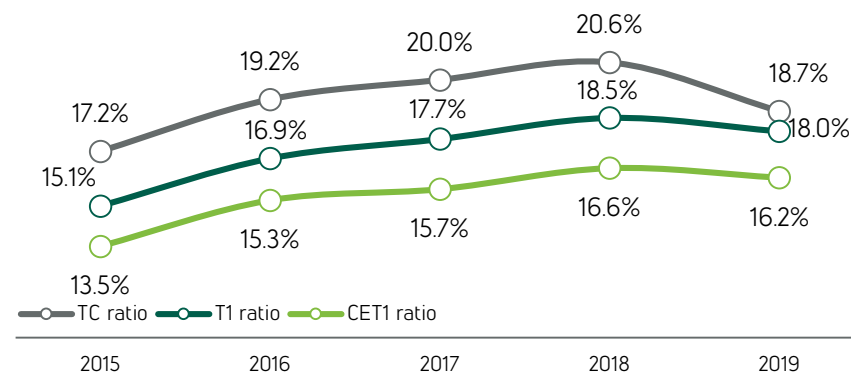
# Strong Execution Track Record (3/5)

## Maintaining Balance Sheet Strength

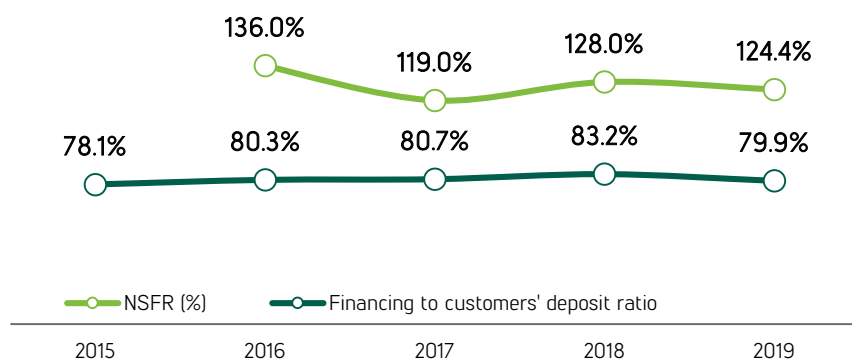
Total Assets (SARbn)



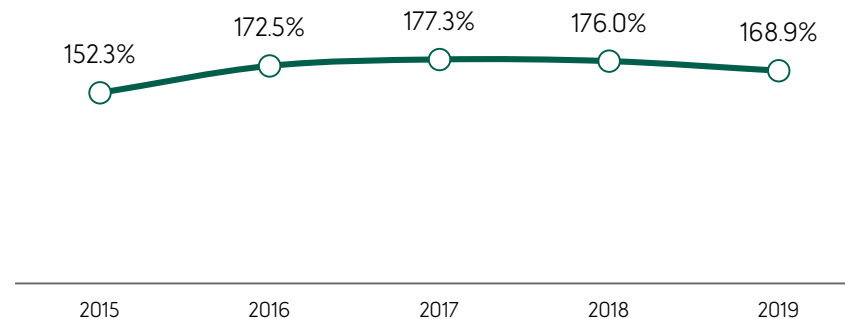
Capital Ratios (%)



LTD and NSFR Ratios (%)



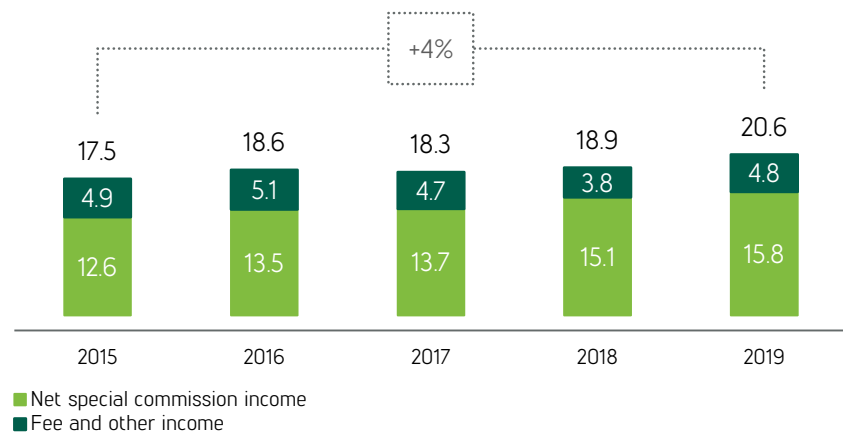
LCR Ratio (%)



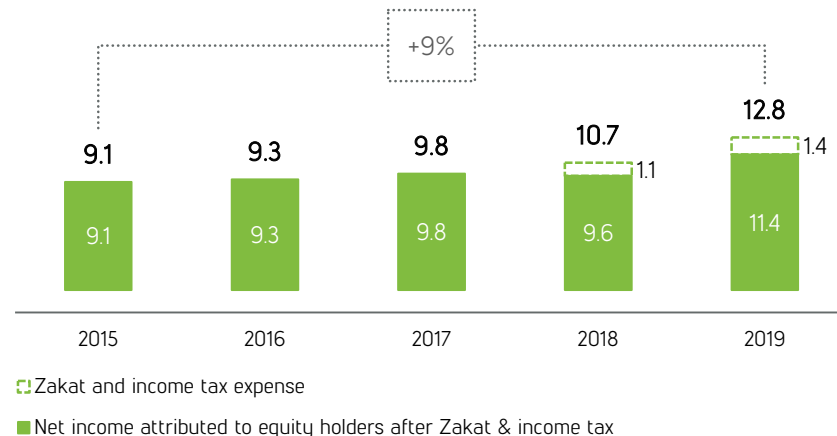
# Strong Execution Track Record (4/5)

Steady medium-term financial performance

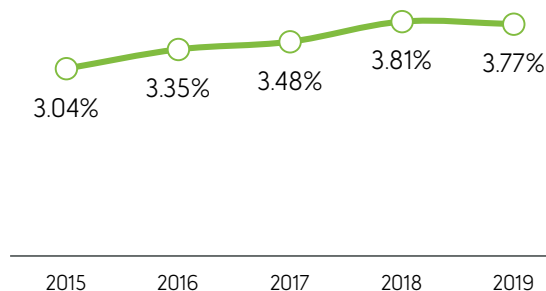
Total Operating Income (SARbn)



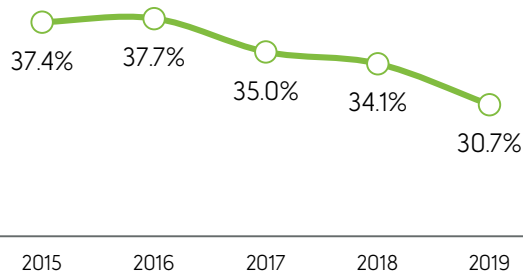
Net Income Attributed to Equity Holders before Zakat & Income Tax (SARbn)



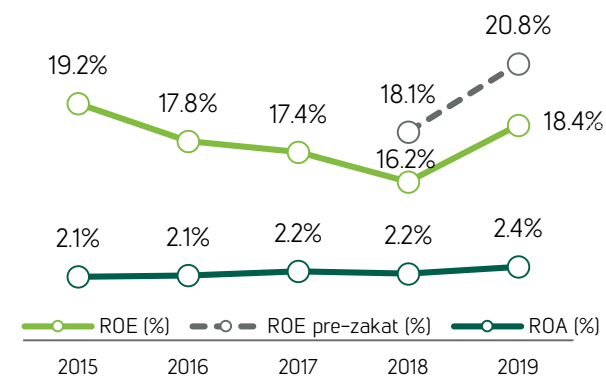
Net Special Commission Margin (%)



Cost to Income Ratio (%)



Returns\* (%)

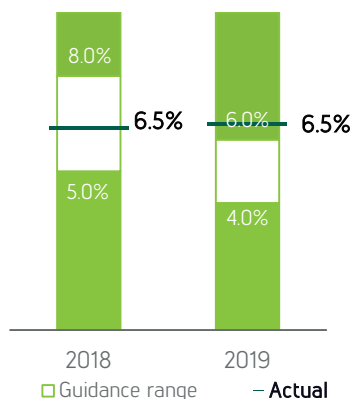


\* Net income attributable to equity holders and returns restated for 2018 only, to reflect the change in classification of zakat & income tax from comprehensive income to the income statement during 2019.

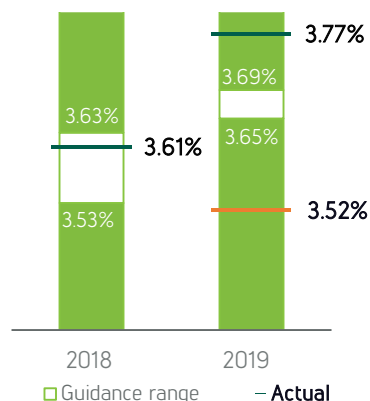
# Strong Execution Track Record (5/5)

Delivery against guidance

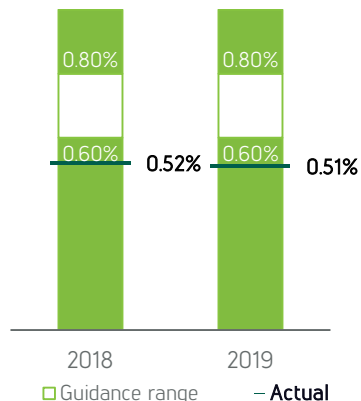
Financing Growth



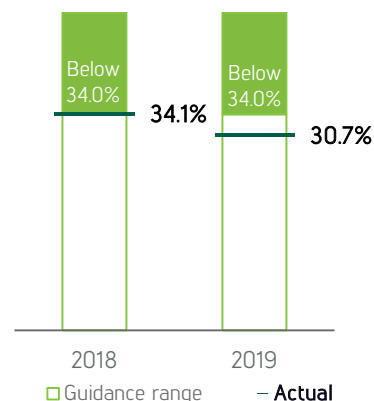
NSCI Margin



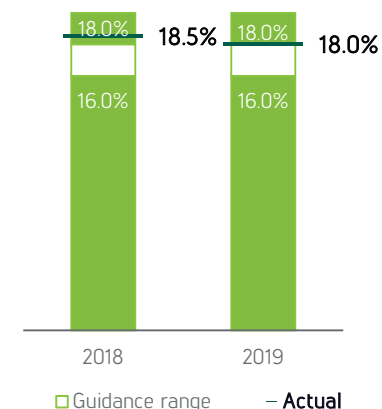
Cost of Risk



Cost to Income



Tier 1 CAR



Financing Growth

NSCI Margin

Cost to Income

Cost of Risk

Tier 1 CAR

FY 2018  
Guidance\*

+5-8%

3.53% - 3.63%

Below 35%

0.6% - 0.8%

16% - 18%

FY 2018  
Reported

+6.5%

3.61%

34.1%

0.52%

18.5%

FY 2019  
Guidance

+4-6%

3.65% - 3.69%\*\*

Below 34%

0.6% - 0.8%

16% - 18%

FY 2019  
Reported

+6.5%

3.77%

30.7%

0.51%

18.0%

\* NCB started providing guidance in 2018

\*\* FY 2019 outlook provided in 2Q and 3Q 2019 were at similar levels of ~3.5%

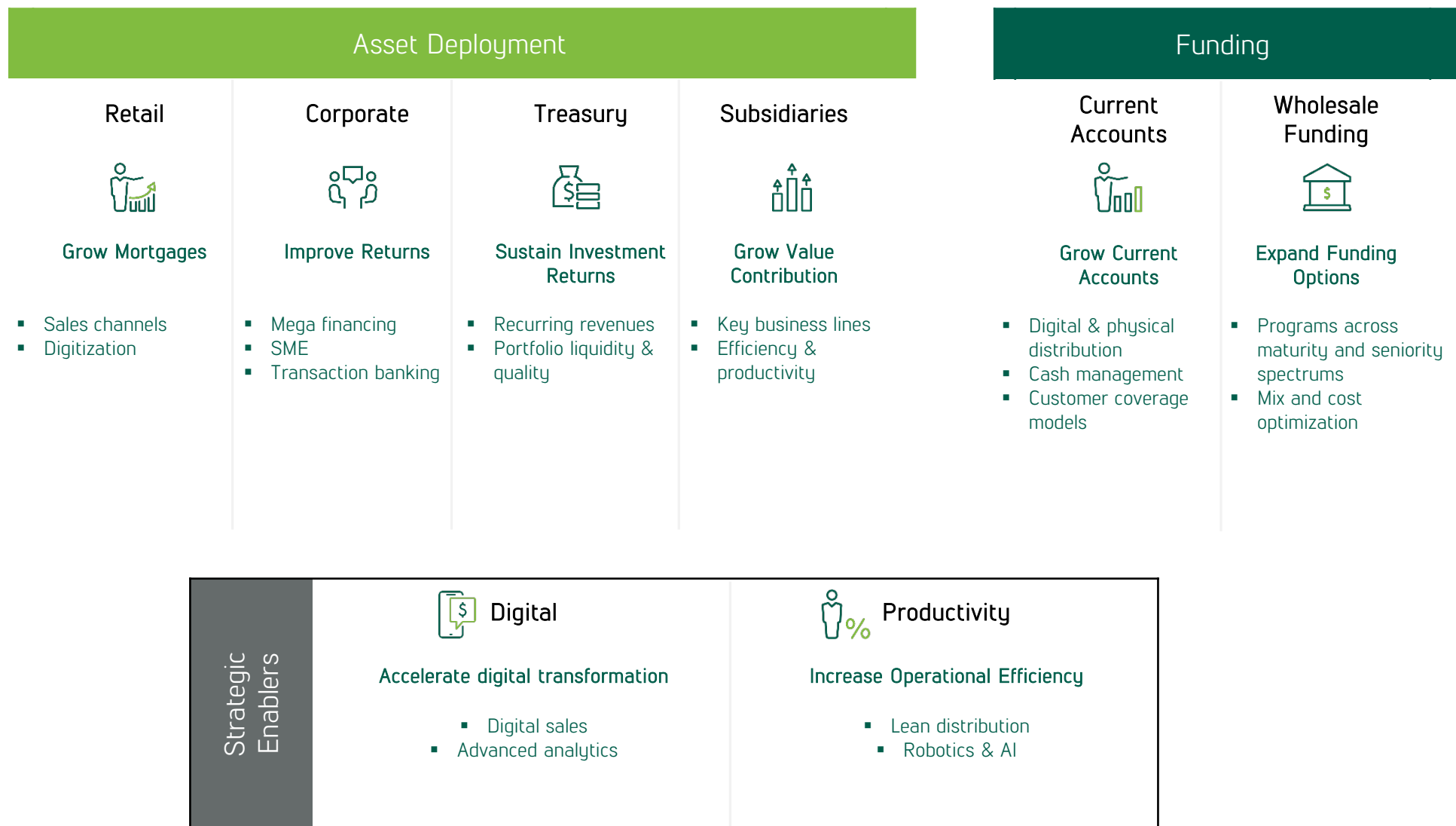
Excluding the restatement impact of fee amortization, NSCI margin would have been 3.52%



# STRATEGY OVERVIEW

# 2020 Strategy Overview

Strategic agenda for 2020 positions NCB for continued growth



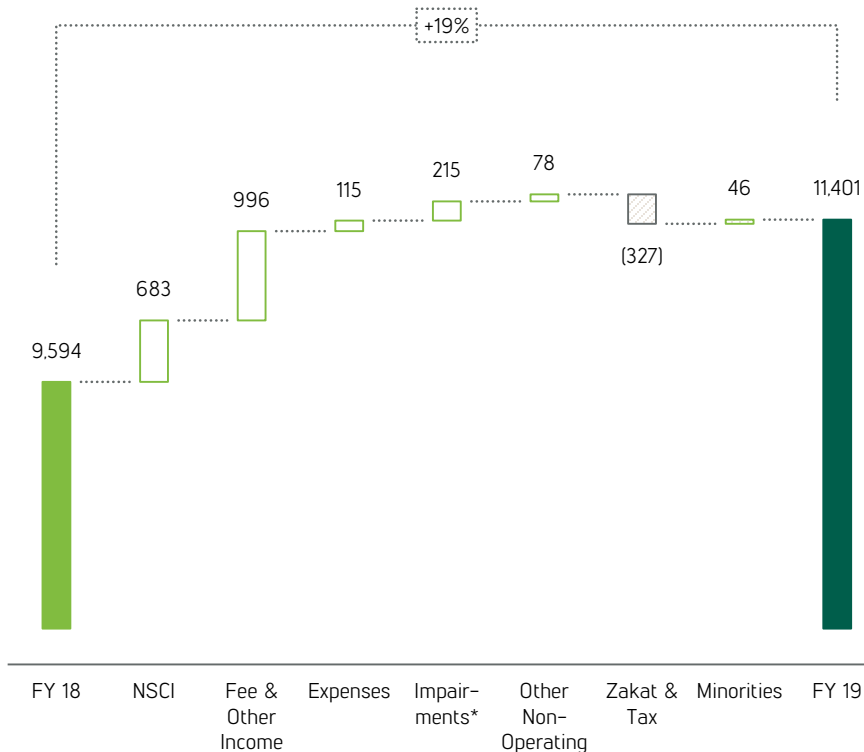


# FINANCIAL RESULTS HIGHLIGHTS

4Q & FY 2019 Results



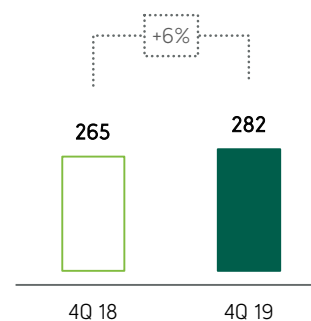
### Net Income after Zakat and Income Tax attributed to Equity Holders (SARmn)



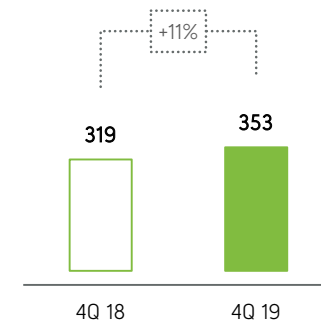
\* Impairments include impairment charges for financing, investments and goodwill

### Balance Sheet

#### Financing (SARbn)

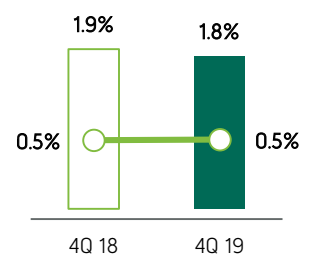


#### Deposits (SARbn)



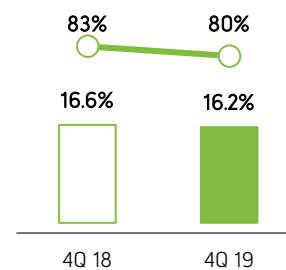
### Asset Quality, Capital & Liquidity

#### NPL & CoR (%)



■ NPL ratio — CoR YTD

#### CET1 and LTD (%)



■ CET1 — LTD

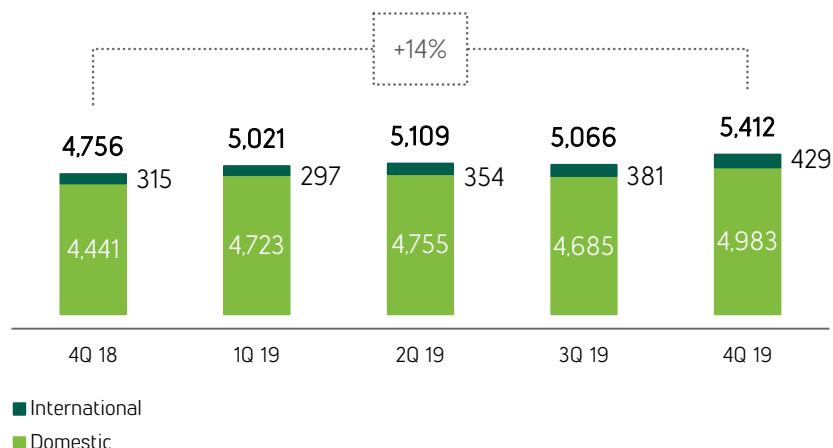
# Income Statement

2019 Net income after Zakat and income tax growth from improved NSCI and investment income, improved operating efficiency and stable cost of risk

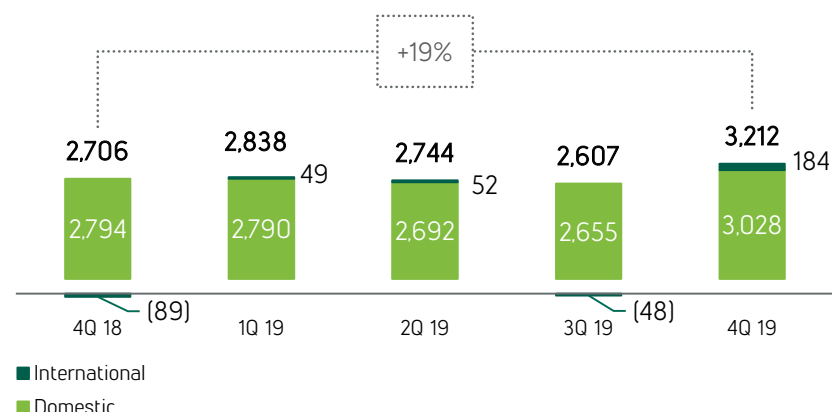
## Profitability Trends

SAR (mn)	4Q 2019	3Q 2019	4Q 2018	YoY % change	FY 2019	FY 2018	YoY % change
Net special commission income	4,152	3,929	4,036	+3%	15,807	15,123	+5%
Fee and other income	1,260	1,136	719	+75%	4,801	3,804	+26%
<b>Total operating income</b>	<b>5,412</b>	<b>5,066</b>	<b>4,756</b>	<b>+14%</b>	<b>20,607</b>	<b>18,927</b>	<b>+9%</b>
Operating expenses	(1,453)	(1,590)	(1,475)	-1%	(6,331)	(6,446)	-2%
Total impairment charge	(287)	(663)	(601)	-52%	(1,420)	(1,635)	-13%
<b>Income from operations, net</b>	<b>3,672</b>	<b>2,813</b>	<b>2,680</b>	<b>+37%</b>	<b>12,856</b>	<b>10,846</b>	<b>+19%</b>
<b>Net income before Zakat and income tax</b>	<b>3,673</b>	<b>2,885</b>	<b>2,689</b>	<b>+37%</b>	<b>12,919</b>	<b>10,830</b>	<b>+19%</b>
Zakat and Income Tax	(414)	(288)	50	-935%	(1,435)	(1,108)	+29%
<b>Net income for the period after Zakat and income tax attributable to equity holders</b>	<b>3,212</b>	<b>2,607</b>	<b>2,706</b>	<b>+19%</b>	<b>11,401</b>	<b>9,594</b>	<b>+19%</b>

## Total Operating Income (SARmn)



## Net income for the period after Zakat and income tax attributable to equity holders (SARmn)



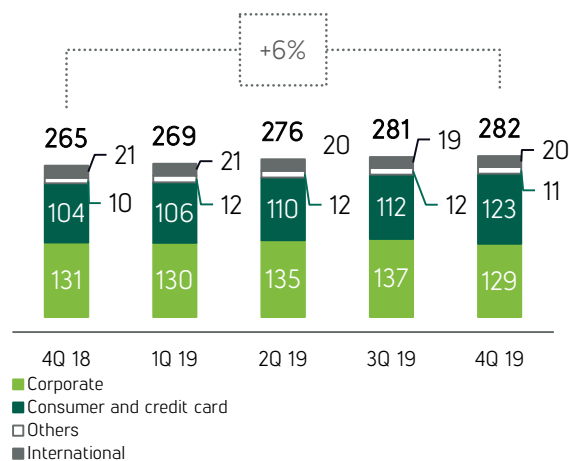
# Balance Sheet

12% Increase in total assets on the back of growth in financing and investments

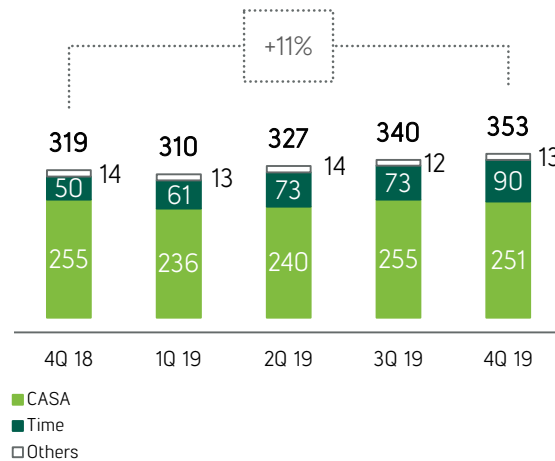
## Balance Sheet

SAR (mn)	4Q 2019	3Q 2019	4Q 2018	YoY % change
Cash & due from banks	61,948	52,521	48,479	+28%
Investments, net	134,077	132,467	118,090	+14%
Financing and advances, net	282,289	280,535	265,062	+6%
<b>Total assets</b>	<b>507,264</b>	<b>498,045</b>	<b>452,177</b>	<b>+12%</b>
Due to banks and other financial institutions	62,186	66,927	45,963	+35%
Customers' deposits	353,389	340,382	318,701	+11%
Debt securities issued	1,016	1,664	9,431	-89%
<b>Total liabilities</b>	<b>437,476</b>	<b>430,169</b>	<b>386,508</b>	<b>+13%</b>
<b>Common equity</b>	<b>61,888</b>	<b>59,979</b>	<b>57,737</b>	<b>+7%</b>
<b>Total equity</b>	<b>69,788</b>	<b>67,876</b>	<b>65,669</b>	<b>+6%</b>

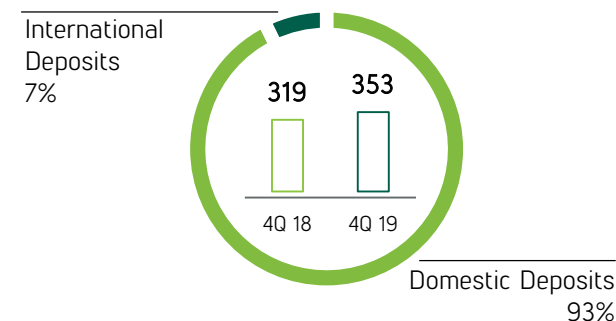
## Financing & Advances, net (SARbn)



## Customers' Deposits (SARbn)



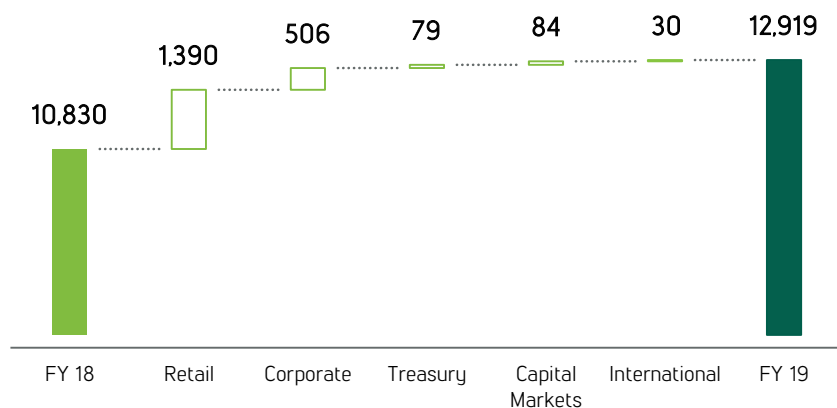
## Customers' Deposits Mix (SARbn)



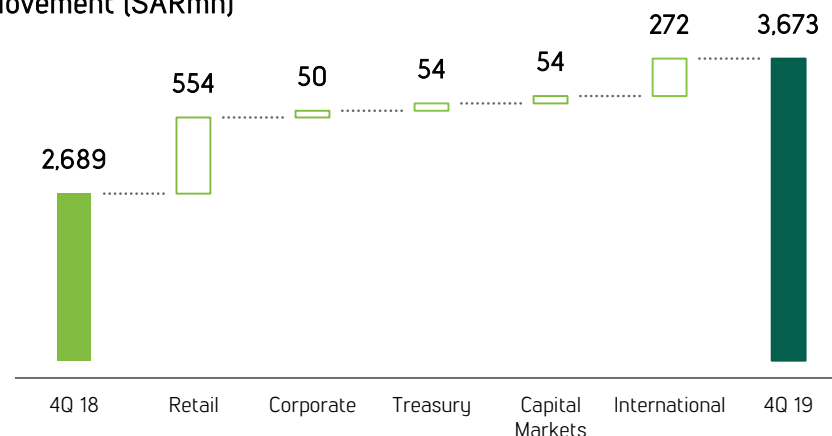
# Segmental Information (1/3)

FY 2019 Net income before Zakat and income tax growth in all segments

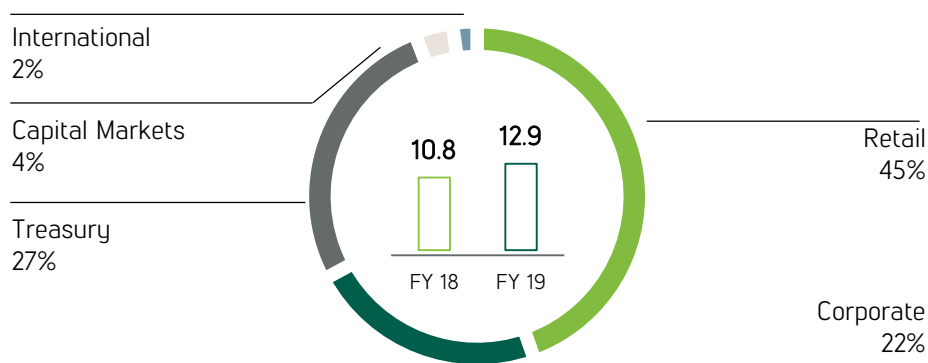
FY 19 Net Income Before Zakat & Income Tax Movement (SARmn)



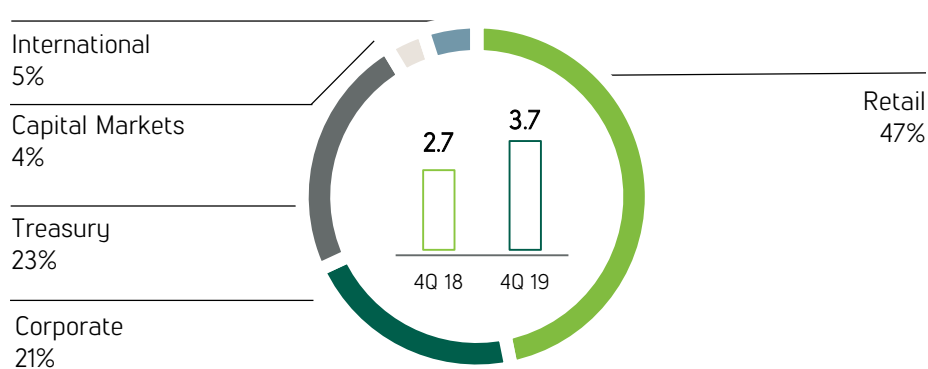
4Q 19 Net Income Before Zakat & Income Tax Movement (SARmn)



FY 19 Net Income Before Zakat & Income Tax (SARbn)



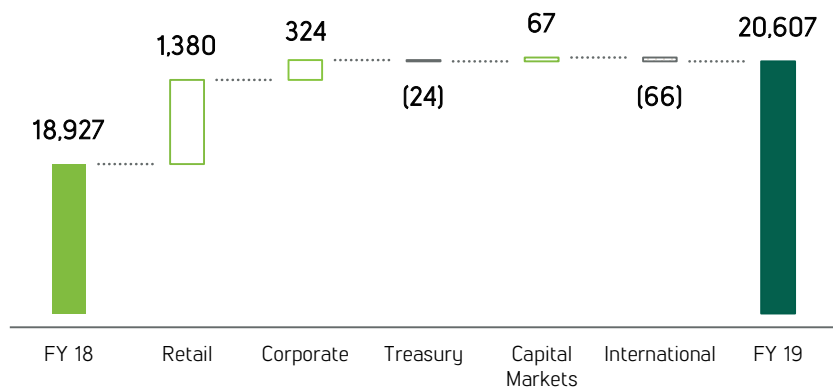
4Q 19 Net Income Before Zakat & Income Tax (SARbn)



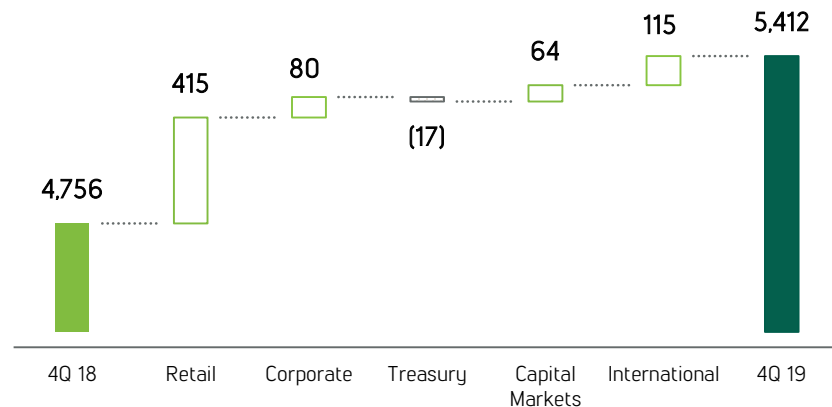
# Segmental Information (2/3)

FY 2019 Total operating income growth mainly from Retail and Corporate

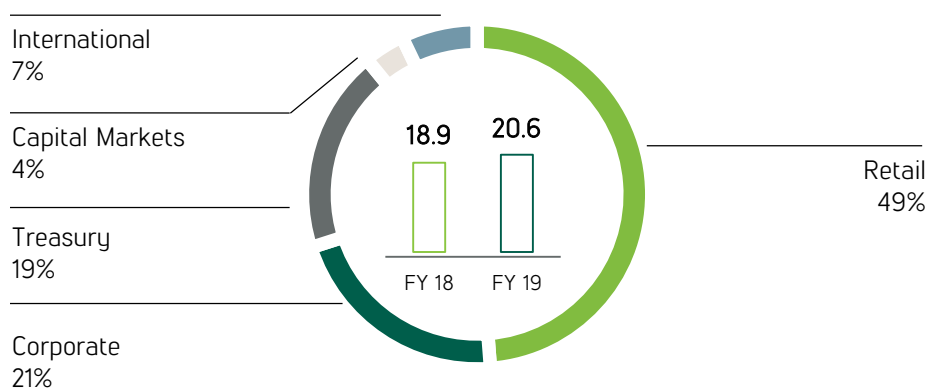
FY 19 Total Operating Income Movement (SARmn)



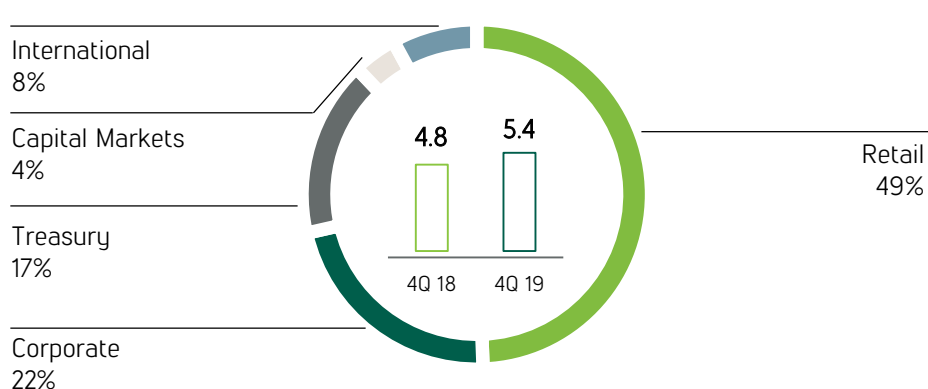
4Q 19 Total Operating Income Movement (SARmn)



FY 19 Total Operating Income (SARbn)



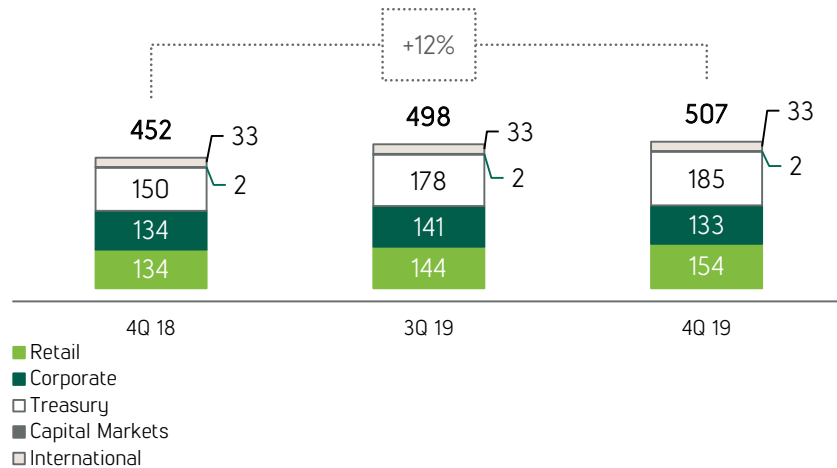
4Q 19 Total Operating Income (SARbn)



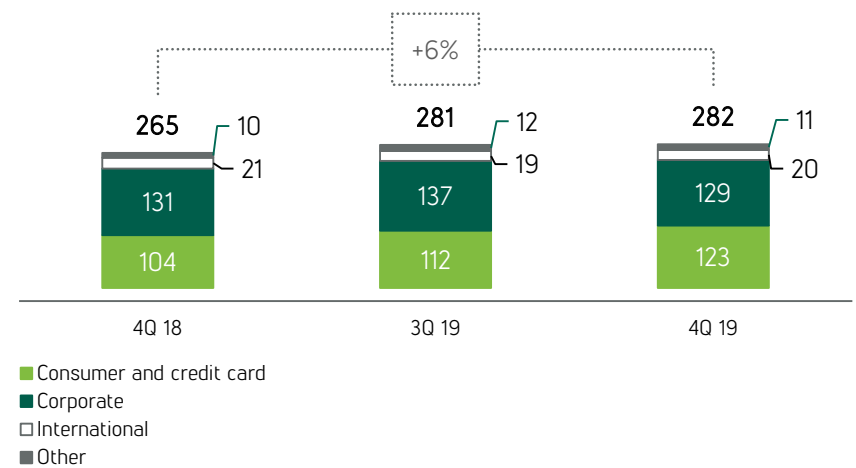
# Segmental Information (3/3)

FY 2019 Asset growth mainly driven by Retail and Treasury segments

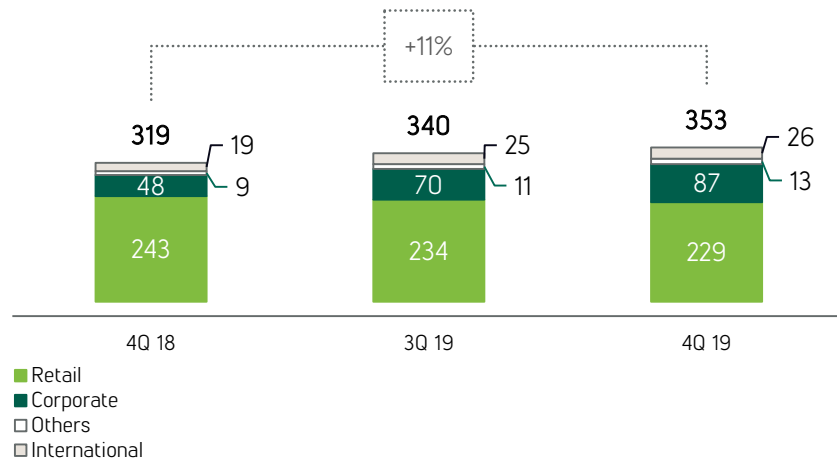
Total Assets (SARbn)



Financing and Advances, net (SARbn)



Customers' Deposits (SARbn)



## Management Commentary

- 2019 Total Assets increased by 12% due to higher financing (+6%) and investments (+14%).
- Total Financing increased by 6%: Retail increased by 18% while Corporate declined by 1%.
- Customers' deposits increased by 11% from Corporate, International and Others (Treasury) segments offsetting the fall in Retail segment.
- CASA balances at 71% of total deposits at 4Q 2019 compared with 80% at 4Q 2018.



# 2020 Guidance



## Macro-Economic Outlook

2020 Outlook	
Oil Price	USD 60 / bbl
US Fed Rates	Stable
GDP Growth	Real GDP 2.3%
Budget	<ul style="list-style-type: none"> <li>Revenue SAR 833 bn</li> <li>Expenditure SAR 1.0 tr</li> <li>Deficit 6.4% of GDP</li> </ul>
Inflation	2.0%

# Economic outlook provides opportunities



## NCB Financial Guidance

	2019 Reported	2020 Guidance
Financing Growth	6%	10% - 12%
NSCI Margin	3.77%	3.60% - 3.80%
Cost to Income	30.7%	Below 32%
Cost of Risk	0.51%	0.6% - 0.8%
Tier 1 CAR	18.0%	16% - 18%



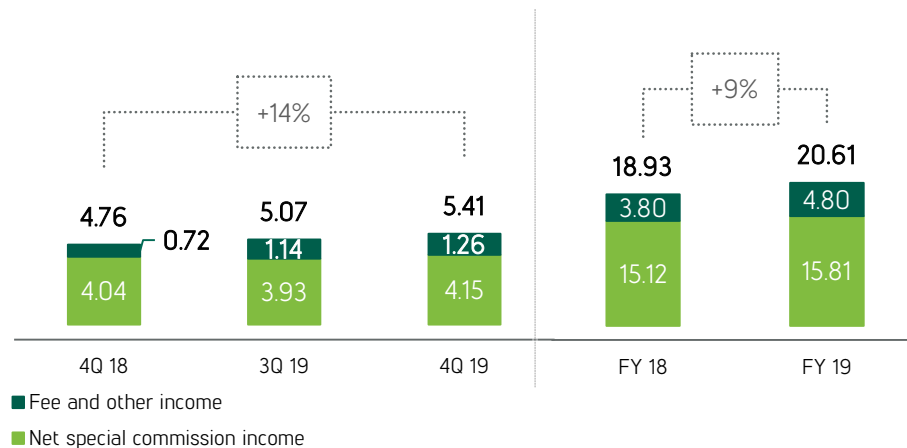
# FINANCIAL RESULTS DETAILS

4Q & FY 2019 Results

# Operating Income Highlights

Higher FY 2019 total operating income driven by higher NSCI and fee & other income

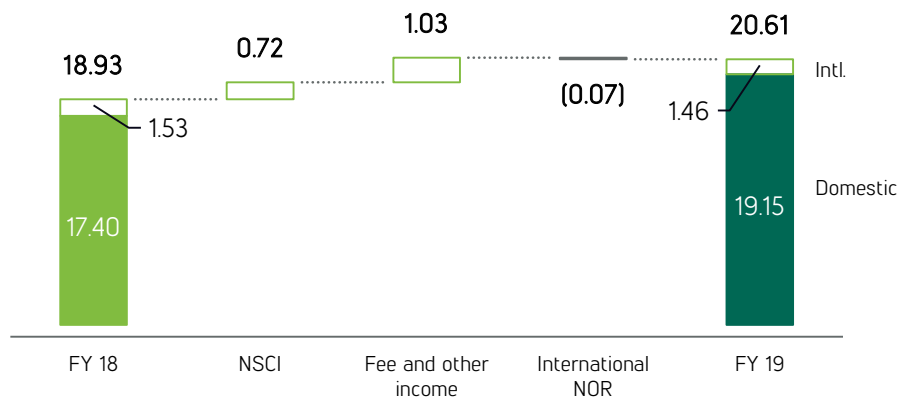
## Total Operating Income (SARbn)



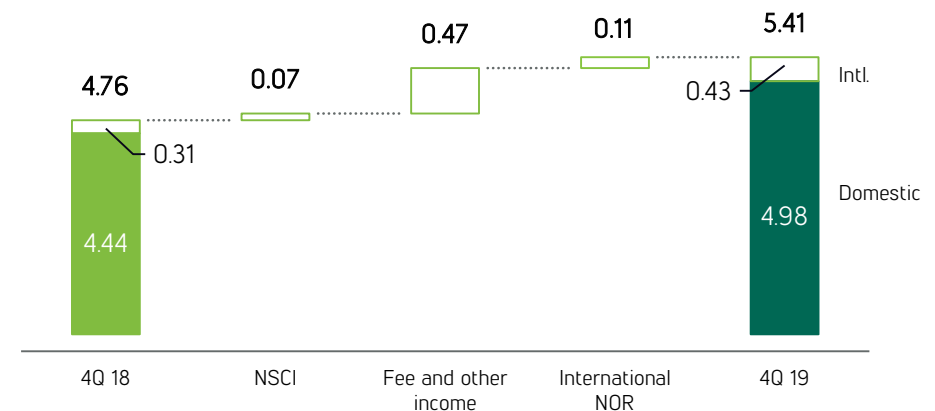
## Management Commentary

- FY 2019 total operating income increased 9% YoY from a 5% improvement in net special commission income and 175% higher investment-related income, partly offset by a decrease in FX revenue by 9%
- FY 2019 international operating income decreased by 4% mainly due to 17% depreciation of the average Turkish lira rate as compared with 2018, and higher risk cost by 31%.
- 4Q 2019 total operating income increased by 14% from 3% growth in NSCI and 75% growth in fee and other income, driven by investment income.

## FY 19 Total Operating Income Movement (SARbn)



## 4Q 19 Total Operating Income Movement (SARbn)



# Net special commission income

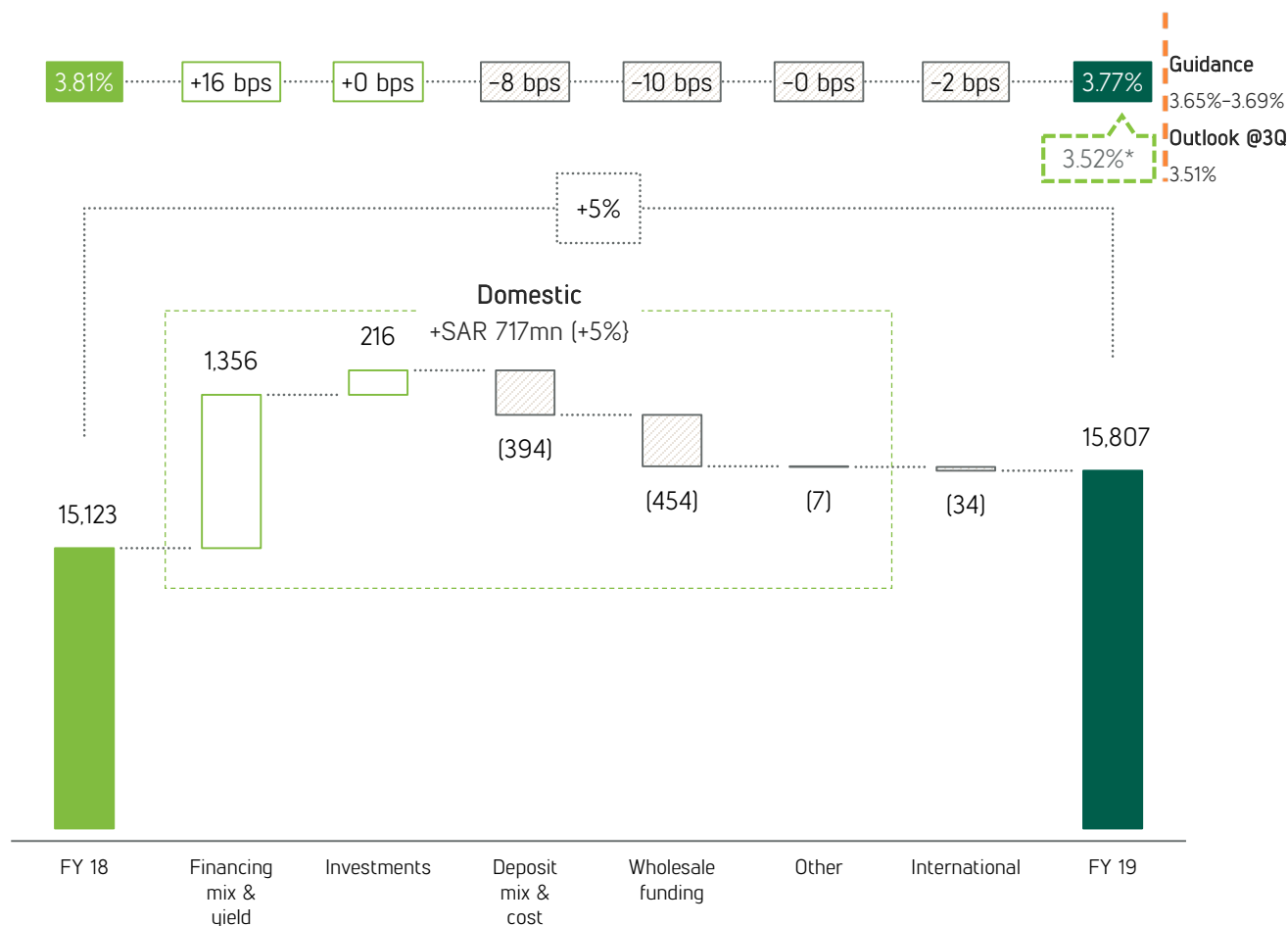
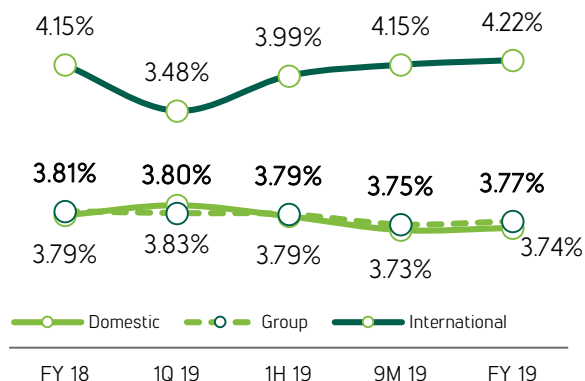
FY 2019 net special commission income grew by 5% YoY

## Management Commentary

- FY 2019 NSCI improved by 5% on higher asset mix yield partly offset by increase in cost of funds.
- FY 2019 Net special commission margin decreased by 4bps YoY to 3.77%.
- NSCI margin improvement by 16bps due to increase in financing portfolio, supported by high-yield mortgages and improved corporate yields; offset by 18 bps decline due to change in deposit mix and increase in cost of funds.

## Movement in Net Special Commission Income (SARmn) & NSCI Margin (%)

### Net Special Commission Margin (%)



\* Excluding the restatement impact of fee amortization

# Fee and other income

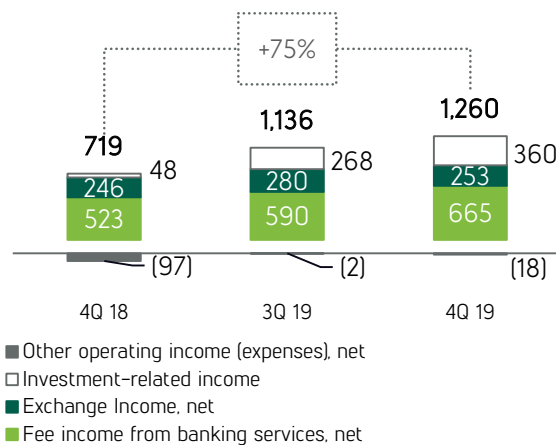
FY 2019 fee and other income grew by 26% YoY due to higher investment income and lower other operating expenses

## Management Commentary

- FY 2019 Fee and other income increased by 26% YoY due to 175% growth in investment-related income and 51% lower other operating expenses.
- 4Q 2019 Fees and other income increased by 75% YoY mainly due to higher investment income, trade and investment management fees.

## FY 19 Fee and other Income Movement (SARmn)

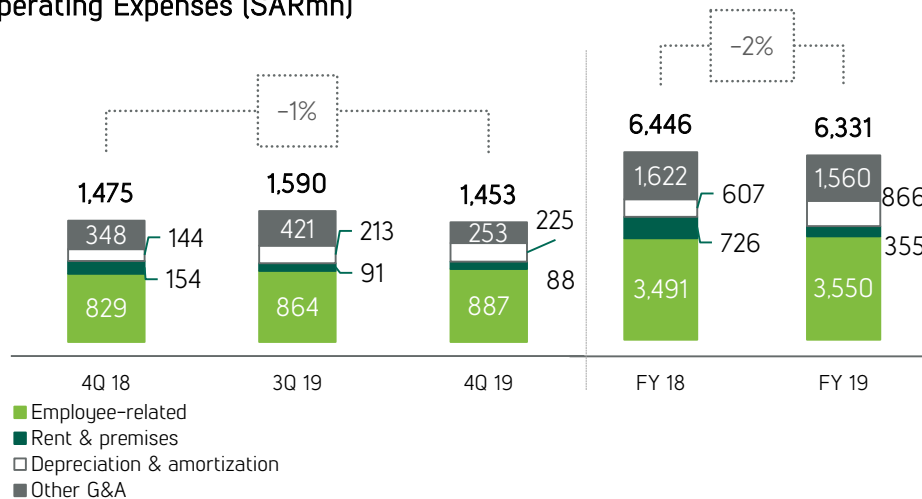
### Fee and Other Income (SARmn)



# Expense Highlights

Digitization, productivity enhancement and optimization delivered further expense savings in 2019

## Operating Expenses (SARmn)



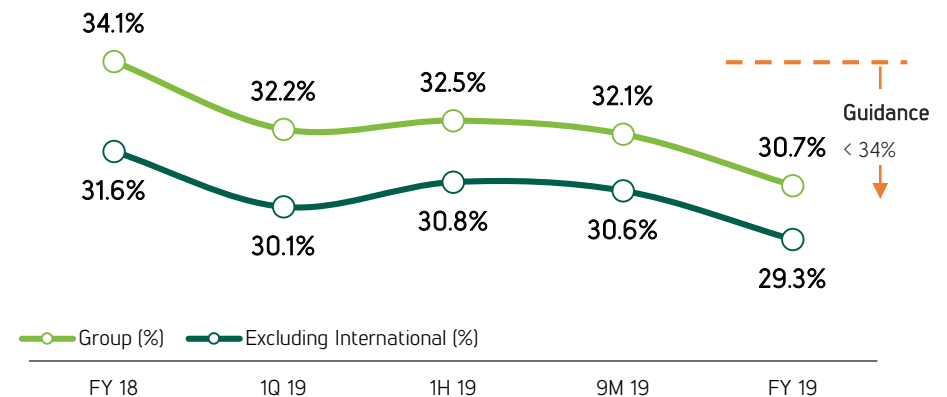
## Management Commentary

- FY 2019 Expenses declined by 2% YoY.
- FY 2019 Cost to income ratio was 30.7%, lower by 334bps compared to FY 2018.
- The cost base improvement was driven by lower rent and premises expenses and other G&A expenses, partly offset by higher depreciation and amortization.
- 4Q 2019 Expenses declined by 1% YoY.

## FY 19 Operating Expenses Movement (SARmn)



## Cost to Income Ratio (YTD %)

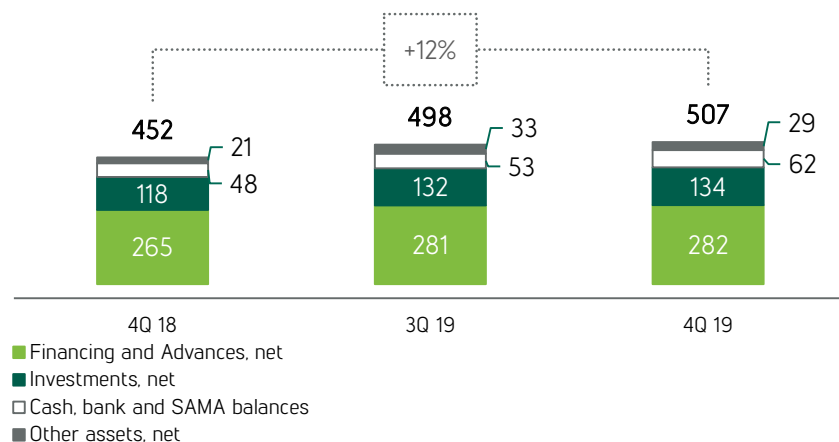




# Asset Highlights and Composition

12% growth in balance sheet as a result of increase in financing and investments

## Total Assets (SARbn)



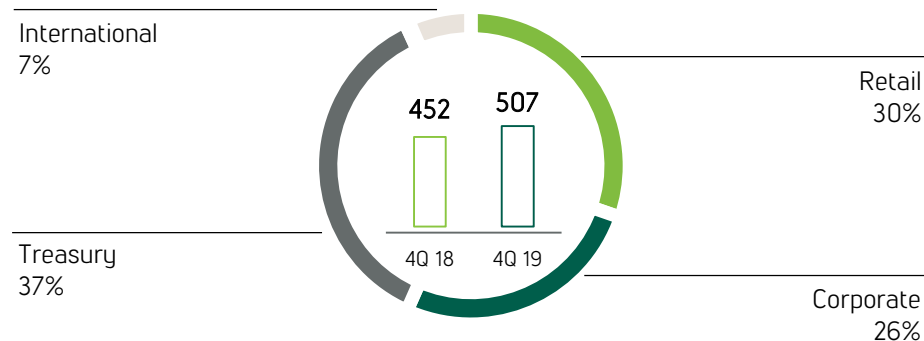
## Movement in Total Assets (SARbn)



## Management Commentary

- Total assets increased 12% due to increase in financing and investments as well as reverse repo with SAMA for liquidity management.
- 6% Financing increase driven by 8% increase in domestic financing, despite 8% decline in International financing impacted by Turkish Lira depreciation.
- Investments increased by 14% due to continued participation in Saudi Government debt issuance.

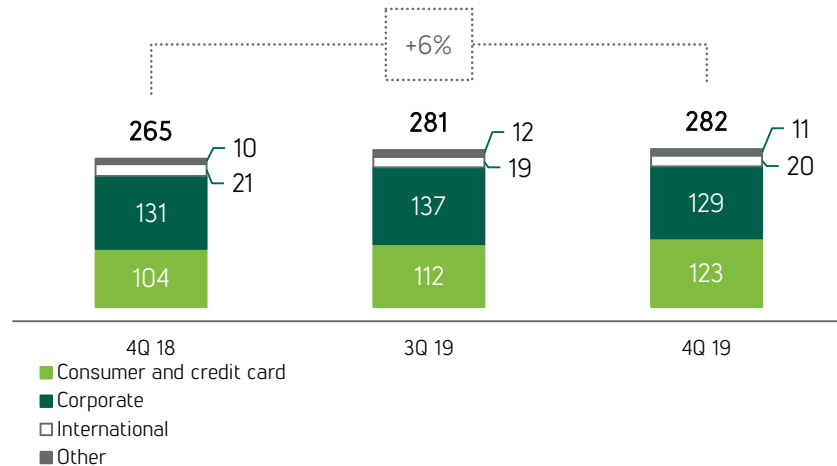
## Total Assets by Segment (SARbn)



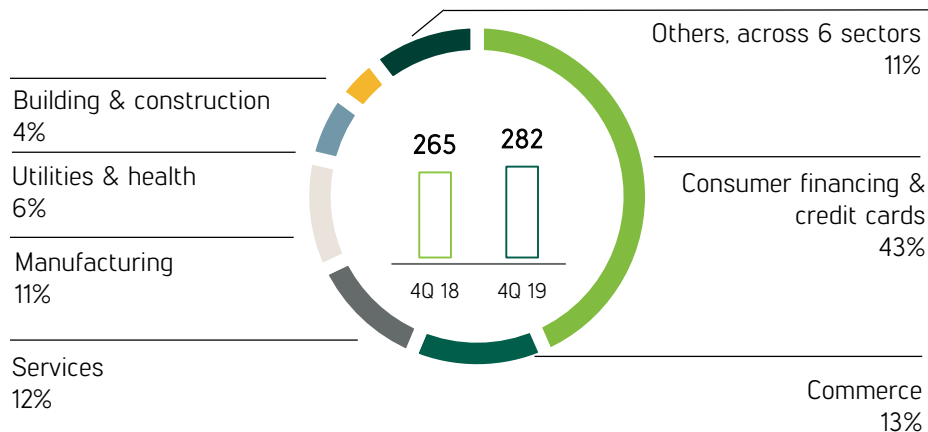
# Financing and Advances

6% Financing growth driven by Retail

## Financing and Advances, net (SARbn)



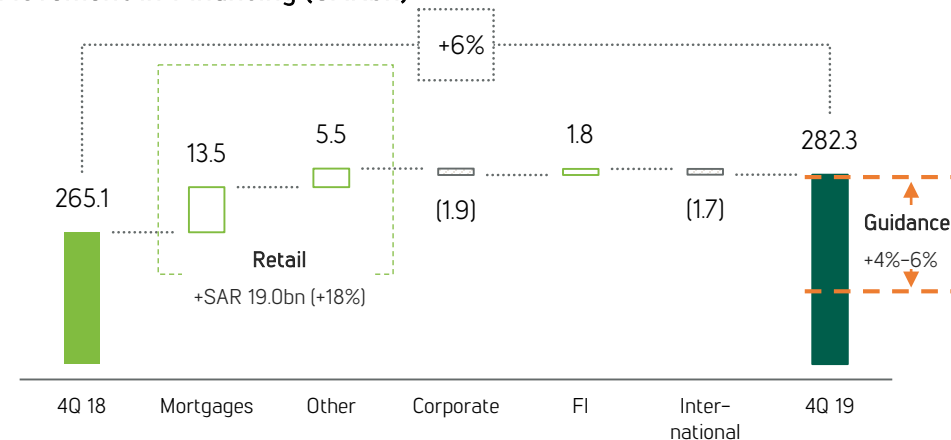
## Financing and Advances, net by Economic Sector (SARbn)



## Management Commentary

- Domestically, financing grew for Retail (+18%) on the back of mortgages and FI (+19%) portfolios from 4Q 2018.
- Corporate segment declined by 1% from 4Q 2018 due to elevated corporate repayments during 4Q 2019.
- International financing declined 8% due principally to the weakened Turkish Lira -11%.

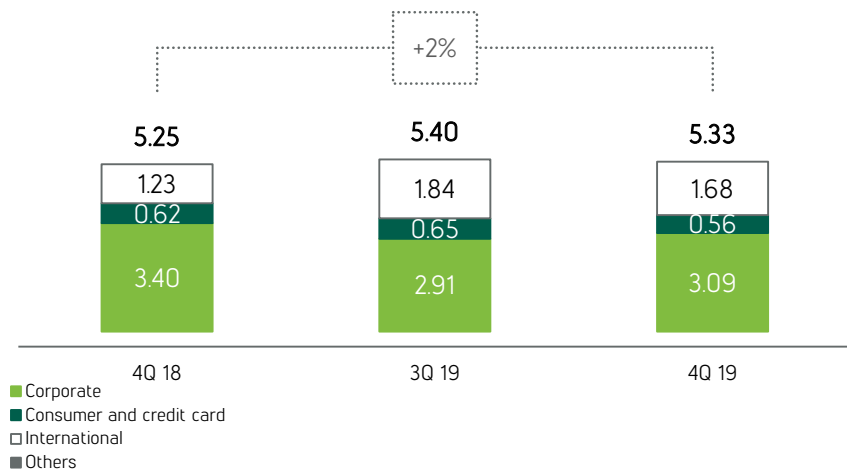
## Movement in Financing (SARbn)



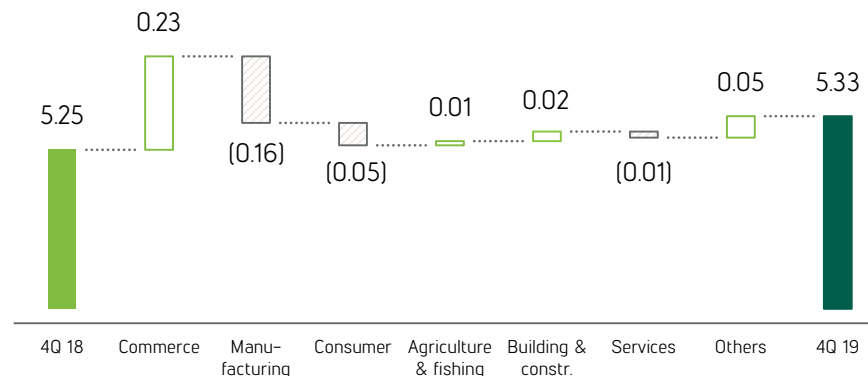
# Financing and Advances Credit Quality (1/2)

2019 NPLs rose moderately by 2%, though 2% decline in NPL coverage driven by International segment.

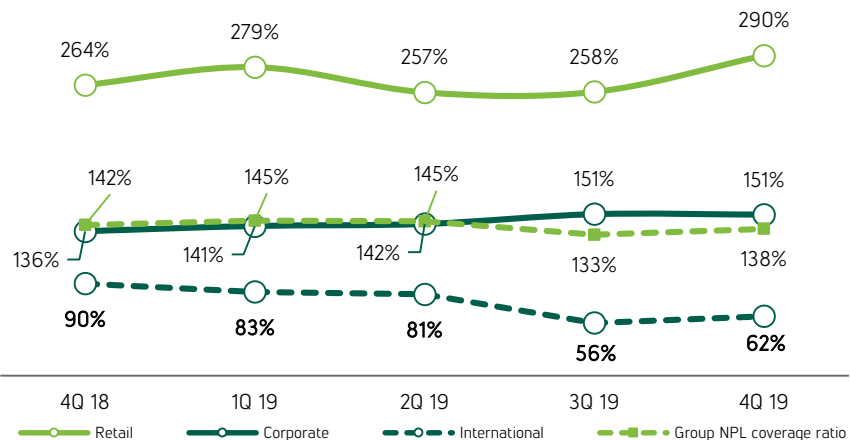
NPL (SARbn)



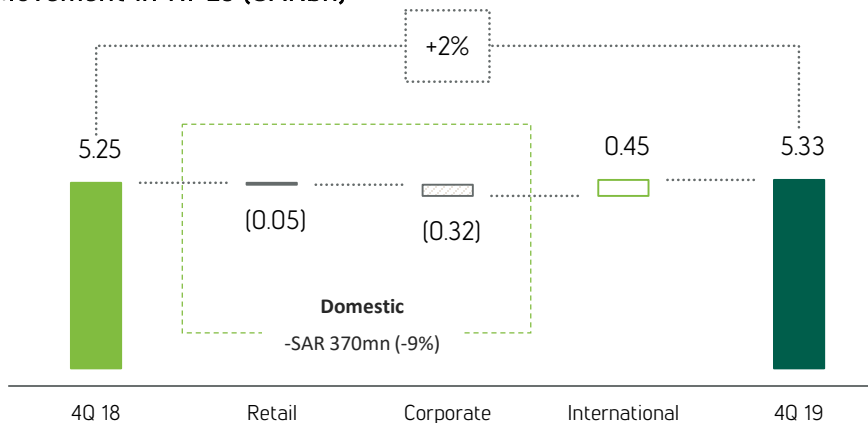
Movement NPLs by Economic Sector (SARbn)



NPL Coverage Ratios (%)



Movement in NPLs (SARbn)



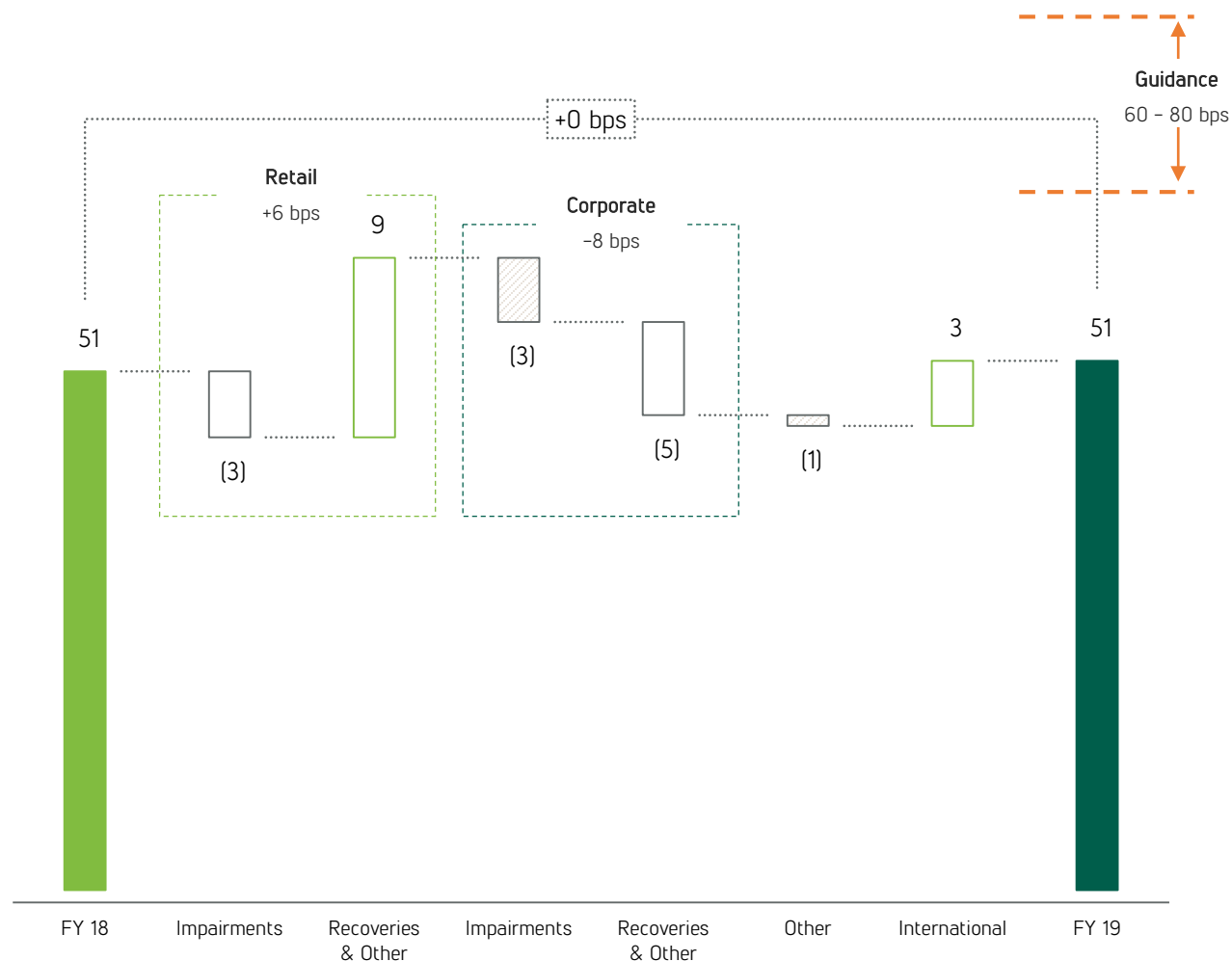
# Financing and Advances Credit Quality (2/2)

Overall cost of risk remained stable at 51bps

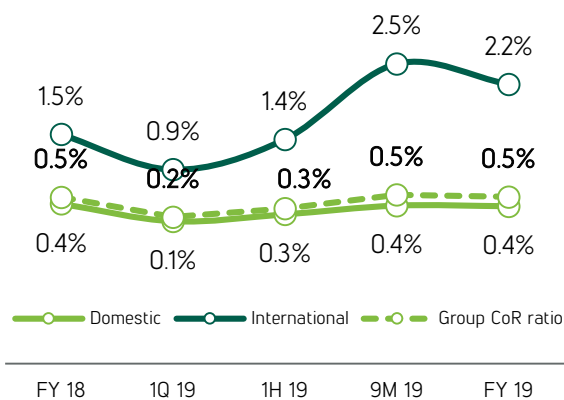
## Management Commentary

- Cost of risk remained stable due to lower domestic NPL flow, offset by 3bps international cost of risk increase.
- In International, cost of risk increase includes impact of Turkish bank regulator's directives to classify certain exposures to NPL in previous quarter.

## Movement in Cost of Risk (bps)



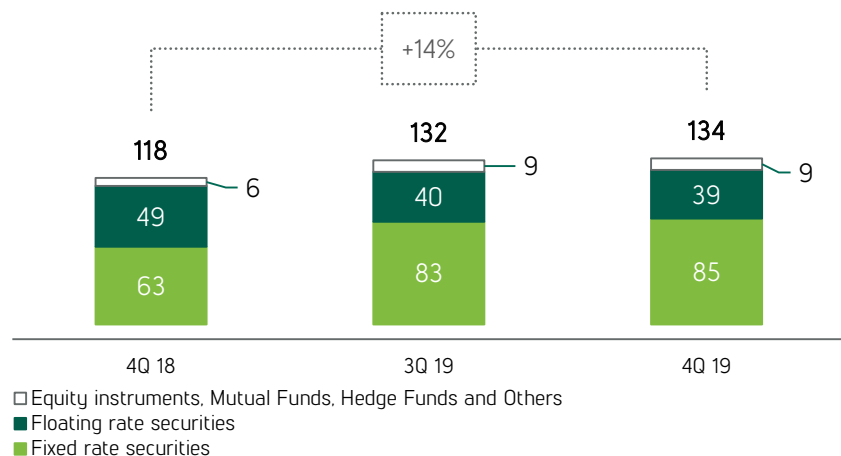
## CoR Ratios (YTD %)



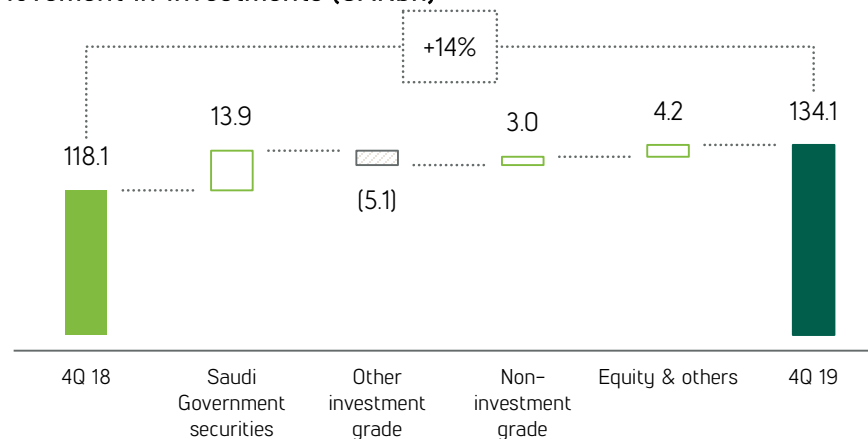
# Investments

Investments increased 14% and quality remains strong, ~87% of the investment portfolio is investment grade including Saudi Government securities

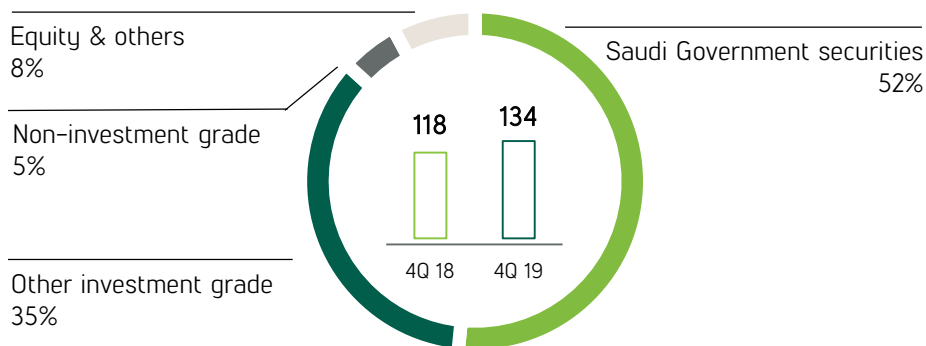
## Investments (SARbn)



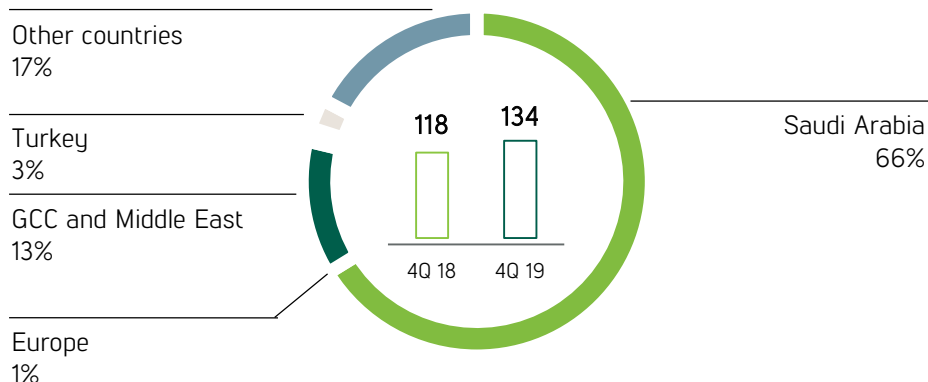
## Movement in Investments (SARbn)



## Investments by Credit Grade (SARbn)



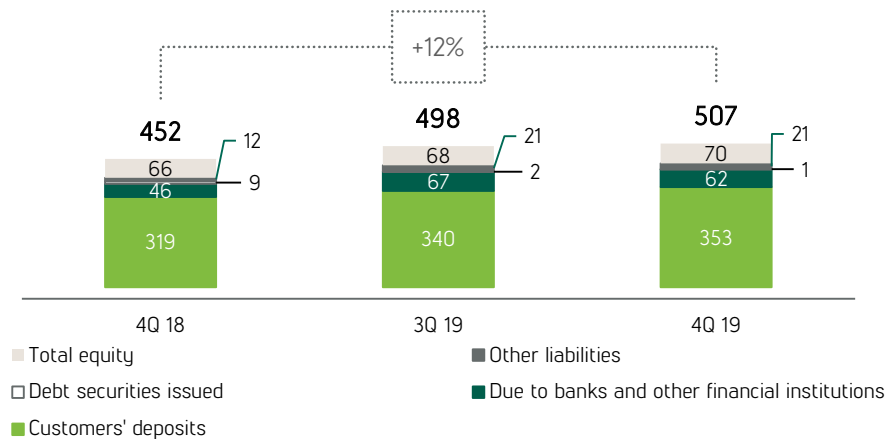
## Investments by Geography (SARbn)



# Funding

Balance sheet growth funded by growth in time deposits and utilization of inter-bank markets

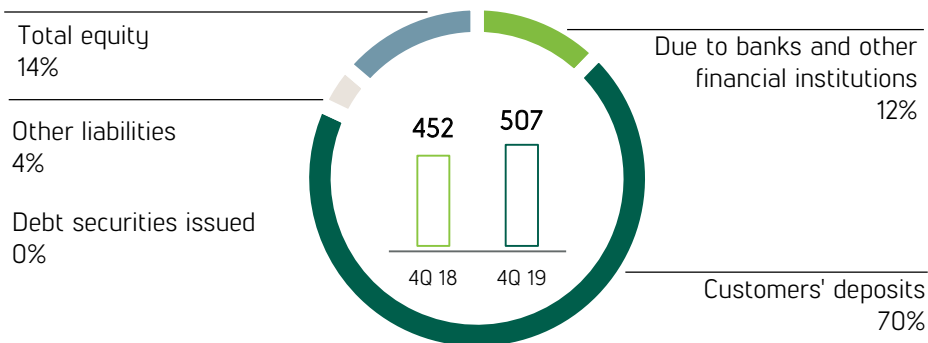
## Funding (SARbn)



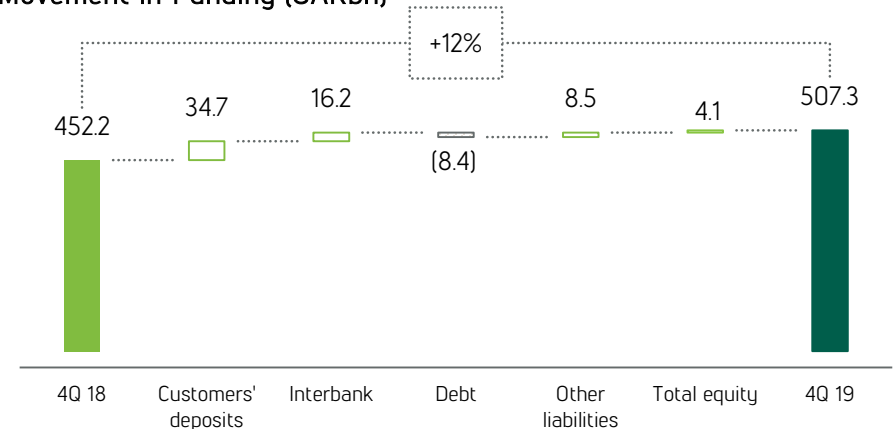
## Management Commentary

- 12% increase in funding mainly from growth in time deposits and inter-bank balances.
- Customers' deposits increased by 11%.
- T2 Sukuk of SAR 5bn was called in during 1Q 2019.

## Funding Mix (SARbn)



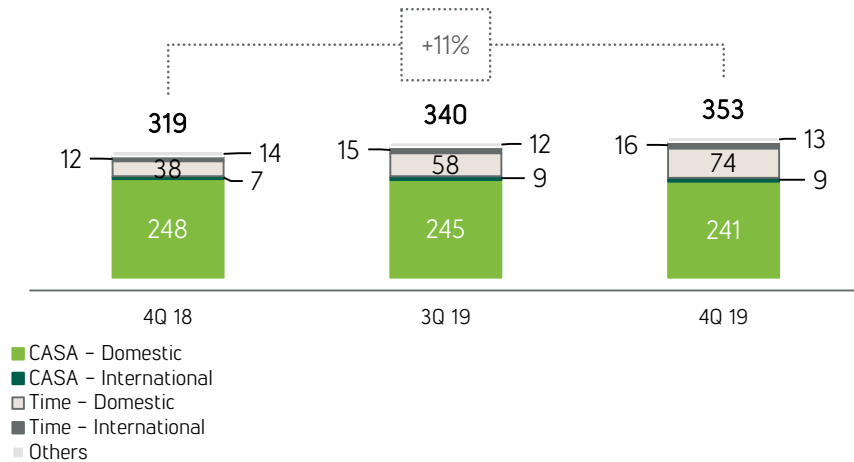
## Movement in Funding (SARbn)



# Deposits

9% increase in domestic customers' deposits,  
33% increase internationally

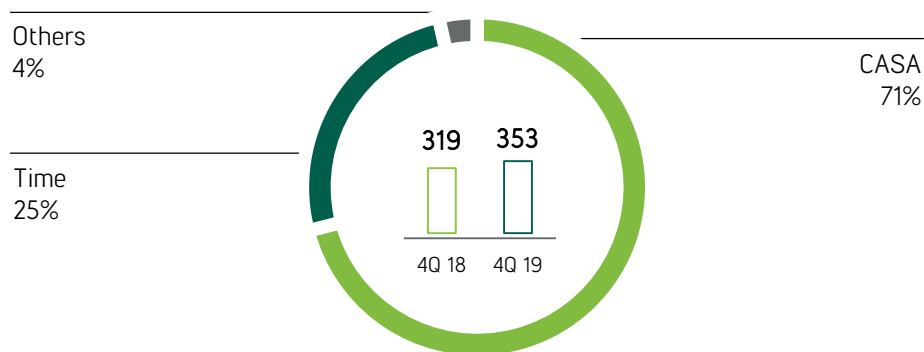
## Customers' Deposits (SARbn)



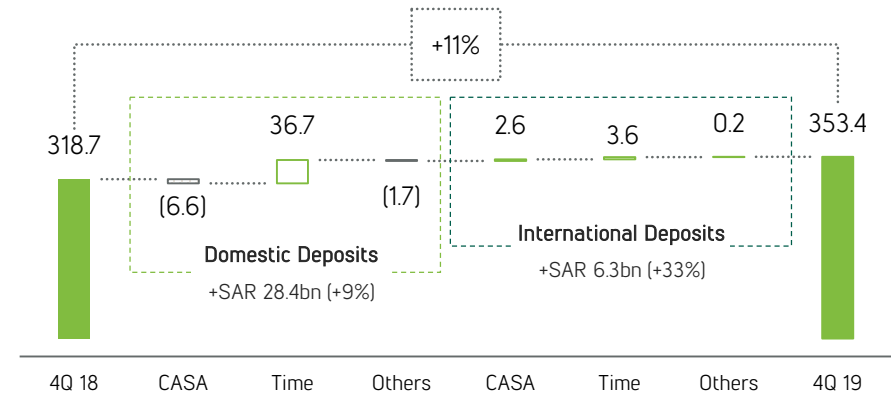
## Management Commentary

- Customers' deposits increased by 11% during 2019, mainly from 81% increase in time deposits.
- CASA balances account for 71% of customers' deposits compared to 80% at 4Q 2018.

## Customers' Deposits Mix (SARbn)



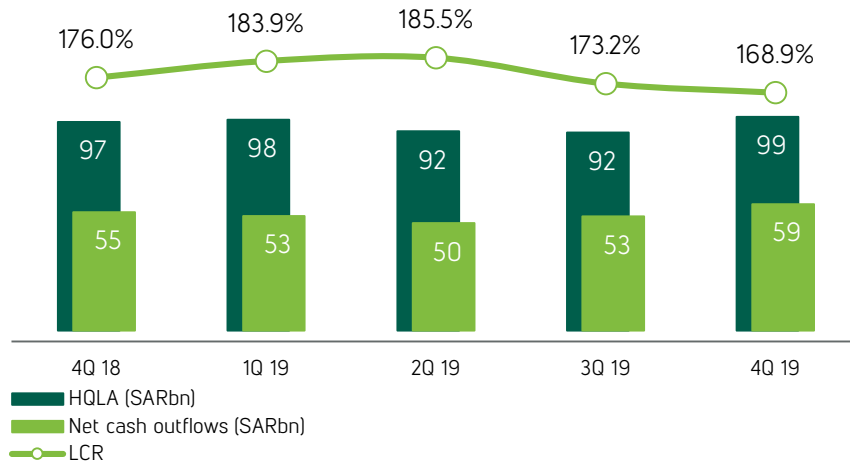
## Movement in Customers' Deposits (SARbn)



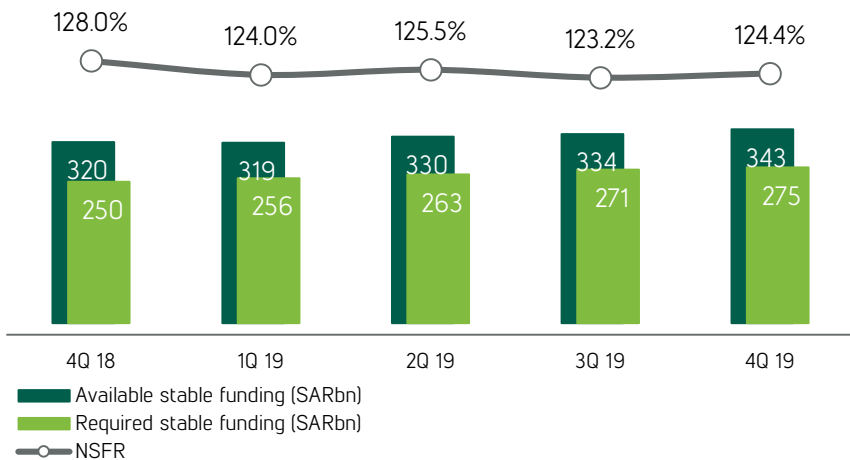
# Liquidity

NCB maintained a strong liquidity profile

## LCR Ratio (%)



## NSFR Ratio (%)

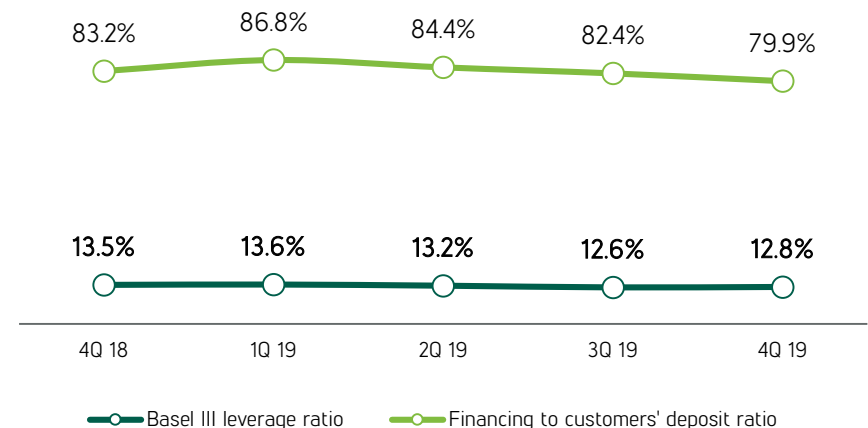


\* Headline ratio, which does not equate to SAMA regulatory LDR ratio

## Management Commentary

- As at 4Q 2019, the financing to customers' deposit ratio was 79.9% and comfortably below the regulatory guidelines.
- NSFR was 124.4% at 4Q 2019 relative to 128.0% at 4Q 2018.
- The average quarterly LCR marginally declined to 168.9% in 4Q 2019 from 176.0% in 4Q 2018.
- Basel III leverage ratio was 12.8% as at 4Q 2019 relative to 13.5% at 4Q 2018.

## LDR\* and Basel III leverage Ratios (%)

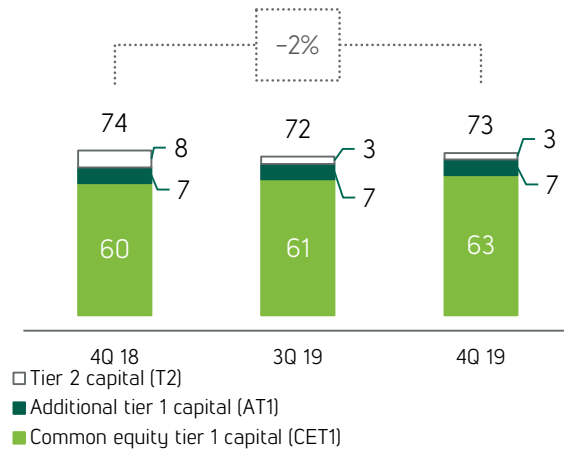




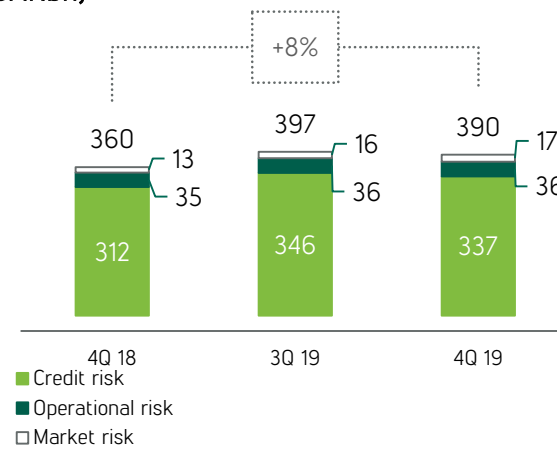
# Capital

Capital position comfortably above regulatory minima

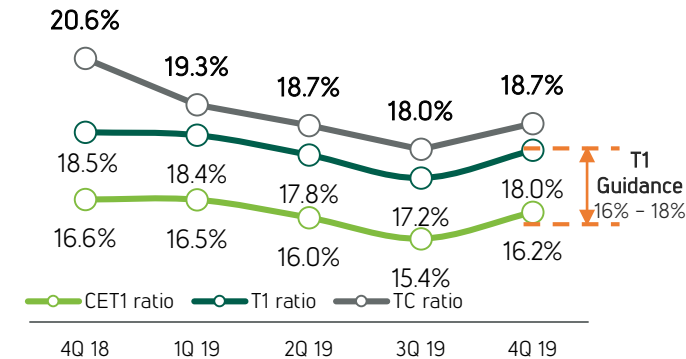
## Capitalisation (SARbn)



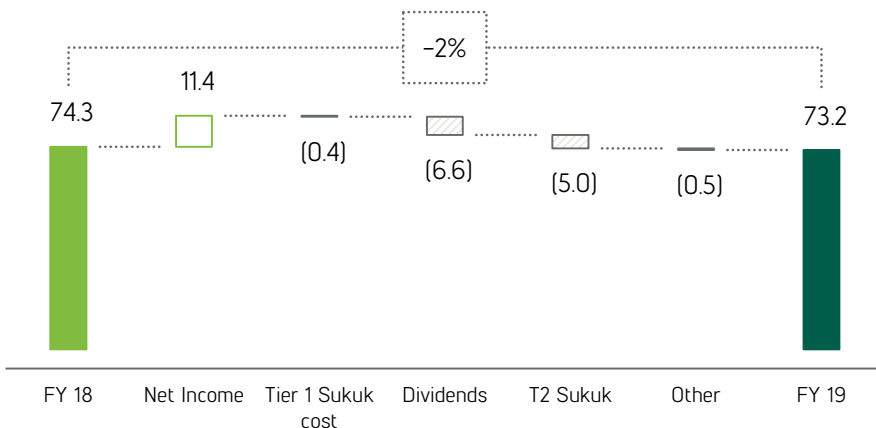
## Pillar I Risk Weighted Assets (SARbn)



## Capital Ratios (%)



## Movement in Total Capital (SARbn)



## Management Commentary

- Capitalization remained strong and comfortably above the regulatory minima with CET1 at 16.2% and T1 at 18.0%.
- Common equity tier 1 capital (CET1) is impacted by one-time IFRS adjustments of SAR 1.5 billion.
- During 1Q 2019, T2 sukuk of SAR 5bn was redeemed, leading to a drop in the total capital ratio.
- 2019 RWA growth is attributable to the growth in financing as well as right of use assets resulting from adoption of IFRS16.



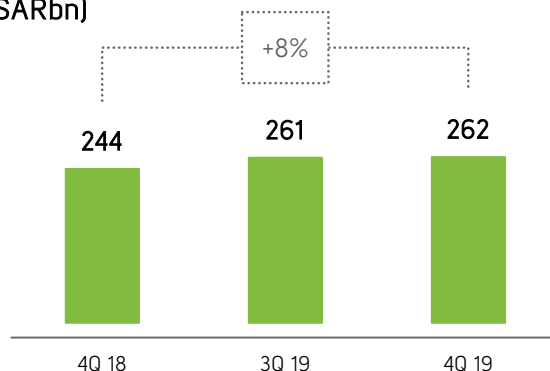
# SEGMENTAL REVIEW

4Q & FY 2019 Results

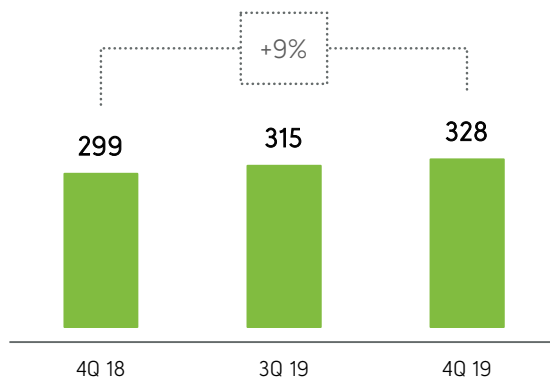
# NCB Bank (standalone)

Strong 17% FY 2019 net income after Zakat growth resulting from operating income growth

Financing and Advances, net (SARbn)



Customers' Deposits (SARbn)



## Summary Financial Performance

SAR (mn)	4Q 2019	3Q 2019	4Q 2018	YoY % change	FY 2019	FY 2018	YoY % change
Total assets	480,079	470,486	425,652	+13%	480,079	425,652	+13%
<b>Total operating income</b>	<b>4,936</b>	<b>4,456</b>	<b>4,315</b>	<b>+14%</b>	<b>18,338</b>	<b>16,693</b>	<b>+10%</b>
Net special commission income	3,937	3,541	3,753	+5%	14,564	13,855	+5%
Fee income from banking services, net	472	407	355	+33%	1,636	1,622	+1%
Operating expenses	(1,181)	(1,328)	(1,230)	-4%	(5,277)	(5,367)	-2%
Total impairment charge	(214)	(412)	(351)	-39%	(945)	(1,067)	-11%
Other non-operating income (expenses), net	(7)	71	(0)	+2497%	29	(54)	-153%
<b>Net income for the period before Zakat</b>	<b>3,534</b>	<b>2,787</b>	<b>2,734</b>	<b>+29%</b>	<b>12,145</b>	<b>10,204</b>	<b>+19%</b>
Zakat	(365)	(287)	87	-519%	(1,329)	(958)	+39%
<b>Net income for the period after Zakat</b>	<b>3,170</b>	<b>2,500</b>	<b>2,821</b>	<b>+12%</b>	<b>10,816</b>	<b>9,245</b>	<b>+17%</b>
% of total assets	94.6%	94.5%	94.1%	+1%	94.6%	94.1%	+1%
Cost to income (%)	23.9%	29.8%	28.5%	-16%	28.8%	32.2%	-11%
NCL (%)	-0.5%	0.6%	-0.6%	-16%	0.4%	0.4%	-9%
ROA (%)	2.9%	2.2%	2.7%	+8%	2.4%	2.2%	+8%

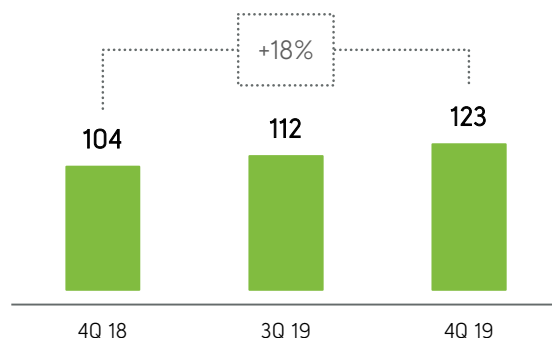
## Management Commentary

- FY 2019 Net income after zakat rose 17% YoY driven principally by 10% operating income growth.
- FY 2019 NSCI improved by 5% YoY due to an increase in average earning assets.
- 4Q 2019 Net income after zakat rose 12% YoY driven principally by 14% operating income growth, partly offset by higher zakat.

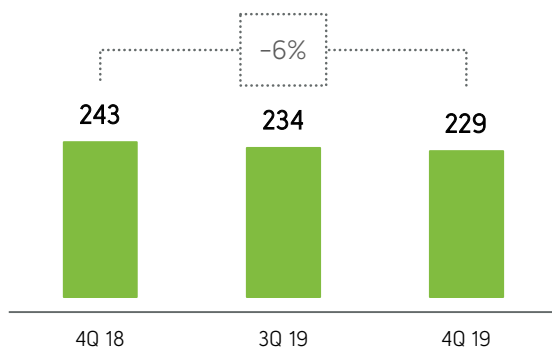
# Retail Banking

Higher FY 2019 net income before Zakat from higher operating income

## Financing & Advances, net (SARbn)



## Customers' Deposits (SARbn)



## Summary Financial Performance

SAR (mn)	4Q 2019	3Q 2019	4Q 2018	YoY % change	FY 2019	FY 2018	YoY % change
Total assets	153,735	143,798	134,021	+15%	153,735	134,021	+15%
<b>Total operating income</b>	<b>2,675</b>	<b>2,640</b>	<b>2,260</b>	<b>+18%</b>	<b>10,052</b>	<b>8,672</b>	<b>+16%</b>
Net special commission income	2,297	2,221	2,234	+3%	8,711	7,500	+16%
Fee income from banking services, net	273	281	30	+801%	1,036	1,073	-4%
Operating expenses	(879)	(980)	(919)	-4%	(3,909)	(4,005)	-2%
Impairment charge	(72)	(114)	(175)	-59%	(446)	(274)	+63%
Other income (expenses)	(3)	84	(0)	+1892%	69	(18)	-473%
<b>Net income for the period before Zakat</b>	<b>1,720</b>	<b>1,631</b>	<b>1,166</b>	<b>+47%</b>	<b>5,765</b>	<b>4,375</b>	<b>+32%</b>
% of total assets	30.3%	28.9%	29.6%	+2%	30.3%	29.6%	+2%
Cost to income (%)	32.9%	37.1%	40.7%	-19%	38.9%	46.2%	-16%
CoR	1.5%	0.4%	0.7%	+125%	0.4%	0.3%	+42%
ROA (% before zakat)	4.6%	4.6%	3.5%	+33%	4.0%	3.5%	+15%

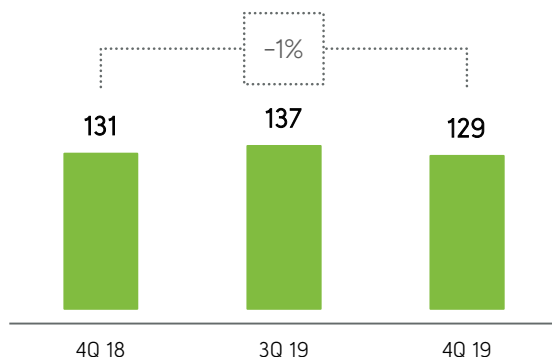
## Management Commentary

- FY 2019 NSCI improved by 16% YoY due to an increase in retail financing and margin improvement
- FY 2019 Net income before zakat increased by 32% YoY driven principally by 16% higher operating income.
- FY 2019 Operating expenses improved 2% YoY and the cost to income ratio came down to at 38.9% from 46.2% a year earlier supported by digitization, and productivity enhancements.
- 4Q 2019 Net income before zakat increased by 47% YoY driven principally by 18% higher operating income and lower impairments.

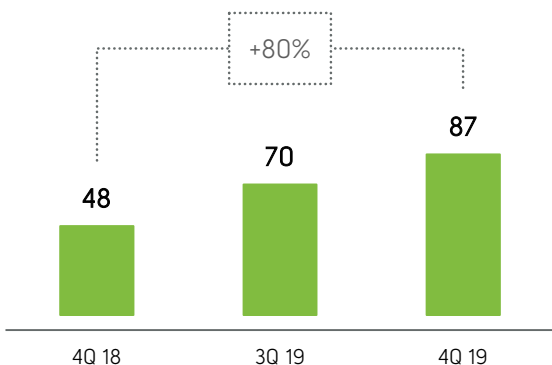
# Corporate Banking

FY 2019 growth in net income before Zakat from higher operating income and lower impairments

## Financing & Advances, net (SARbn)



## Customers' Deposits (SARbn)



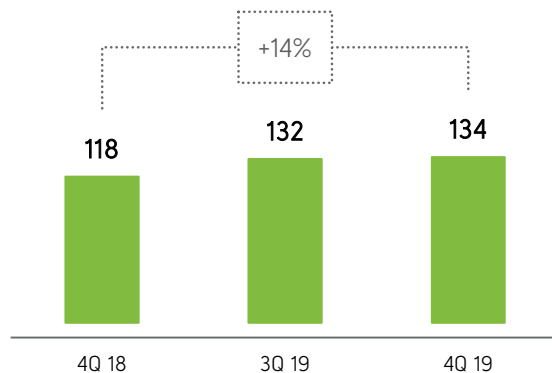
## Summary Financial Performance

SAR (mn)	4Q 2019	3Q 2019	4Q 2018	YoY % change	FY 2019	FY 2018	YoY % change
Total assets	133,425	140,700	134,128	-1%	133,425	134,128	-1%
<b>Total operating income</b>	<b>1,191</b>	<b>1,055</b>	<b>1,111</b>	<b>+7%</b>	<b>4,385</b>	<b>4,061</b>	<b>+8%</b>
Net special commission income	1,019	942	1,295	-21%	3,817	3,623	+5%
Fee income from banking services, net	122	112	(184)	-166%	514	440	+17%
Operating expenses	(202)	(232)	(219)	-8%	(909)	(922)	-1%
Impairment charge	(208)	(304)	(160)	+30%	(555)	(724)	-23%
Other income (expenses)	(1)	(5)	(0)	+107%	(17)	(17)	-1%
<b>Net income for the period before Zakat</b>	<b>781</b>	<b>513</b>	<b>731</b>	<b>+7%</b>	<b>2,905</b>	<b>2,399</b>	<b>+21%</b>
% of total assets	26.3%	28.3%	29.7%	-11%	26.3%	29.7%	-11%
Cost to income (%)	16.9%	22.0%	19.7%	-14%	20.7%	22.7%	-9%
CoR	1.6%	0.9%	0.5%	+245%	0.4%	0.6%	-26%
ROA (% before zakat)	2.3%	1.5%	2.2%	+5%	2.2%	1.8%	+18%

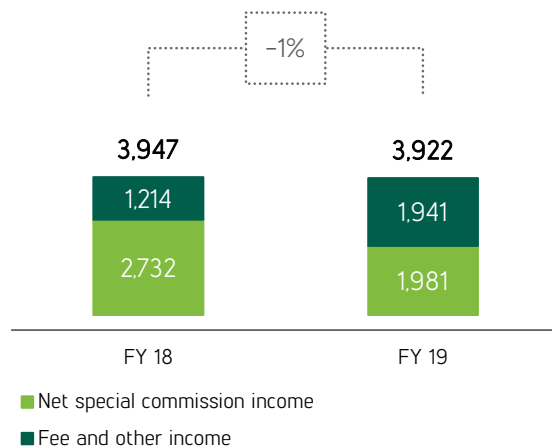
## Management Commentary

- FY 2019 Operating income grew 8% YoY; NSCI grew by 5% on improved margining and fee income rose 17% on higher lending fees.
- FY 2019 Net income before zakat increased 21% YoY due to 8% higher operating income and 23% lower impairments.
- FY 2019 impairments declined by 23% YoY from lower NPL inflow and higher recoveries.
- 4Q 2019 Net income before zakat increased 7% YoY due to 7% operating income growth.

### Investments, net (SARbn)



### Total Operating Income (SARmn)



### Summary Financial Performance

SAR (mn)	4Q 2019	3Q 2019	4Q 2018	YoY % change	FY 2019	FY 2018	YoY % change
Total assets	185,235	178,300	149,511	+24%	185,235	149,511	+24%
<b>Total operating income</b>	<b>891</b>	<b>826</b>	<b>908</b>	<b>-2%</b>	<b>3,922</b>	<b>3,947</b>	<b>-1%</b>
Net special commission income	456	432	681	-33%	1,981	2,732	-27%
Fee income from banking services, net	15	16	15	-2%	86	109	-21%
Other operating income	420	378	212	+99%	1,855	1,105	+68%
Operating expenses	(100)	(117)	(92)	+9%	(458)	(440)	+4%
Impairment charge	80	7	(16)	-603%	56	(70)	-181%
Other income (expenses)	(17)	(8)	0	-6485%	(23)	(19)	+22%
<b>Net income for the period before Zakat</b>	<b>855</b>	<b>709</b>	<b>801</b>	<b>+7%</b>	<b>3,497</b>	<b>3,418</b>	<b>+2%</b>
% of total assets	36.5%	35.8%	33.1%	+10%	36.5%	33.1%	+10%
Cost to income (%)	11.2%	14.1%	10.1%	+11%	11.7%	11.2%	+5%
ROA (% before zakat)	1.9%	1.7%	2.1%	-10%	2.1%	2.2%	-5%

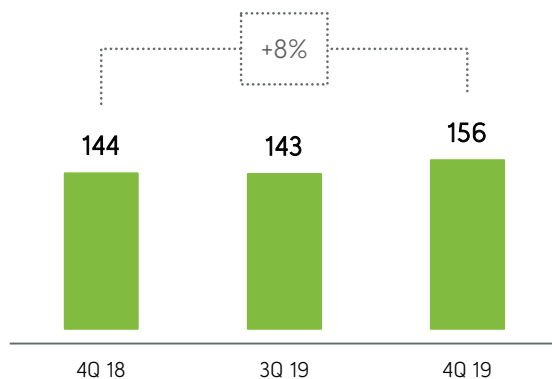
### Management Commentary

- FY 2019 Net income before Zakat improved by 2% YoY driven by lower impairment charges, partly offset by 4% higher operating expenses and marginally lower operating income.
- FY 2019 Operating income declined by 1% as higher investment income and client revenues were offset by lower NSCI and fee income.
- 4Q 2019 Net income before zakat increased by 7% YoY driven by lower impairment charges.

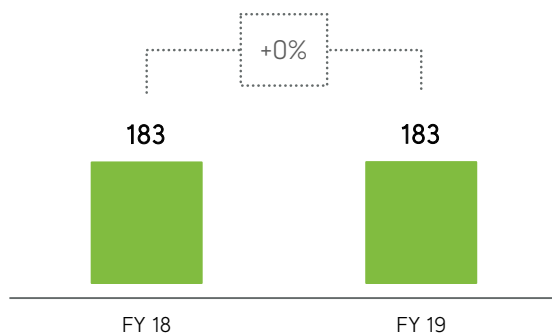
# Capital Markets

Higher FY 2019 net income growth, driven by higher operating income

## Assets Under Management (SARbn)



## Brokerages Volume (SARbn)



## Summary Financial Performance

SAR (mn)	4Q 2019	3Q 2019	4Q 2018	YoY % change	FY 2019	FY 2018	YoY % change
Client assets under management	156,027	143,400	144,096	+8%	156,027	144,096	+8%
Brokerages Volume	54,244	36,716	57,580	-6%	183,375	182,949	+0%
<b>Total operating income</b>	<b>225</b>	<b>164</b>	<b>162</b>	<b>+39%</b>	<b>787</b>	<b>720</b>	<b>+9%</b>
Net special commission income	5	5	3	+55%	18	10	+82%
Fee income from banking services, net	210	144	158	+33%	715	695	+3%
AUM Related Fee Income	127	115	115	+11%	500	512	-2%
Brokerage Related Fee Income	36	23	37	-3%	124	135	-9%
Other operating income (expenses)	10	15	0	+3120%	53	15	+249%
Operating expenses	(92)	(82)	(81)	+13%	(328)	(344)	-5%
<b>Net income before Zakat</b>	<b>134</b>	<b>81</b>	<b>79</b>	<b>+68%</b>	<b>459</b>	<b>376</b>	<b>+22%</b>
Cost to income (%)	40.8%	50.3%	50.4%	-19%	41.6%	47.7%	-13%

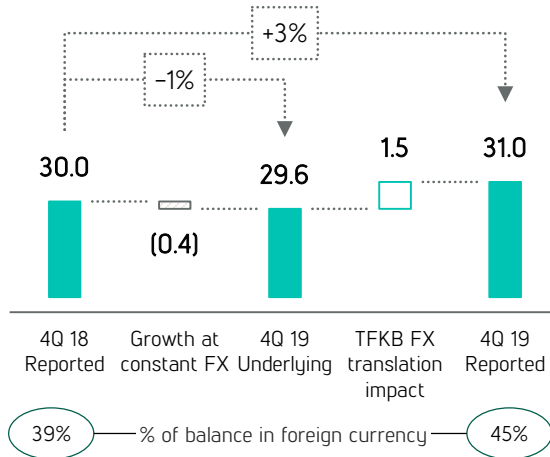
## Management Commentary

- FY 2019 Net income before Zakat increased by 22% YoY due to increased operating income (+9%) and lower operating expenses (-5%).
- 4Q 2019 Net income before Zakat increased by 68% YoY due to higher operating income (+39%).

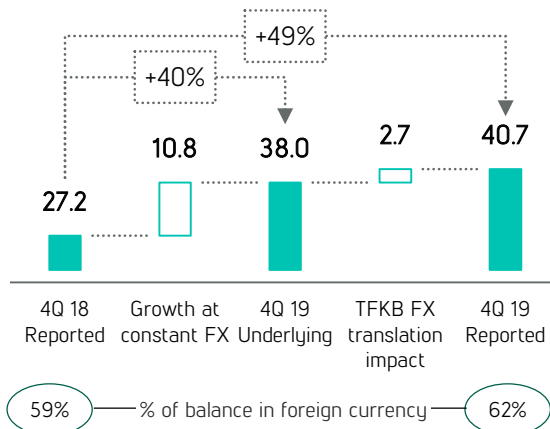
# International (in TRY)

FY 2019 net income decreased 15% YoY on higher impairment charges and operating expenses

## Financing & Advances, net (TRYbn)



## Customers' Deposits (TRYbn)



## Summary Financial Performance

TRY (mn)	4Q 2019	3Q 2019	4Q 2018	YoY % change	FY 2019	FY 2018	YoY % change
Total assets	52,051	50,203	46,486	+12%	52,051	46,486	+12%
<b>Total operating income</b>	<b>659</b>	<b>590</b>	<b>464</b>	<b>+42%</b>	<b>2,246</b>	<b>1,894</b>	<b>+19%</b>
Net special commission income	501	498	408	+23%	1,854	1,573	+18%
Fee income from banking services, net	70	55	67	+4%	267	266	+0%
Operating expenses	(278)	(272)	(238)	+17%	(1,101)	(920)	+20%
Impairment charge	(116)	(378)	(75)	+54%	(720)	(454)	+59%
Other income (expenses)	101	38	3	+3267%	176	105	+68%
<b>Net income for the period before tax</b>	<b>279</b>	<b>(59)</b>	<b>165</b>	<b>+69%</b>	<b>477</b>	<b>570</b>	<b>-16%</b>
Tax	(61)	14	(36)	+69%	(99)	(125)	-21%
<b>Net income after tax</b>	<b>217</b>	<b>(45)</b>	<b>129</b>	<b>+69%</b>	<b>377</b>	<b>445</b>	<b>-15%</b>
Cost to income (%)	48.7%	49.2%	50.1%	-3%	51.9%	50.0%	+4%
CAR (%)	17.5%	17.7%	16.8%	+4%	17.5%	16.8%	+4%
Tier 1 CAR %	12.9%	13.4%	12.0%	+8%	12.9%	12.0%	+8%
LTD ratio (%)	76.2%	76.0%	110.0%	-31%	76.2%	110.0%	-31%

## Management Commentary

- Operating income for FY 2019 increased by 19% YoY boosted by core banking activity, improving financing yields and reduced funding costs.
- BRSA (Turkish Banking Authority) required Banking sector to classify certain exposures to NPL in 3Q 2019, which led to elevated levels of impairments and decrease in FY 2019 net income.
- FY 2019 operating expenses rose 20% YoY from inflationary pressures.
- Net income after tax declined 15% due to higher risk cost and operating expenses.
- 4Q 2019 Net income after tax increased by 69% due to decrease in funding cost, normalization in impairment charges and collections from NPLs.





# ADDITIONAL INFORMATION

4Q & FY 2019 Results

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