

National Commercial Bank

Investor Presentation

3Q 2017 Results



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Investor Presentation

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National Commercial Bank

The Leading KSA Bank

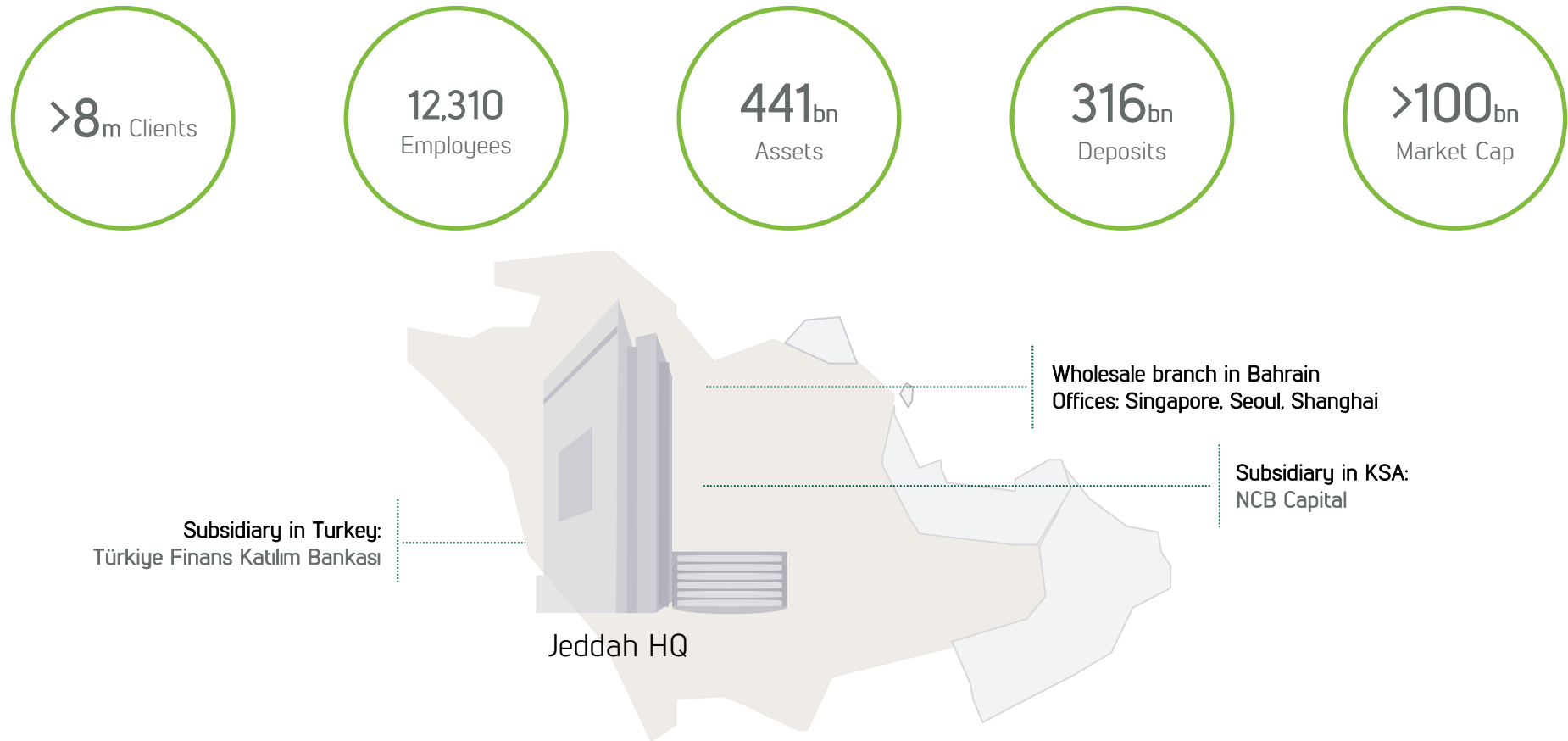
3Q 2017 Results



NCB is the leading banking group in Saudi Arabia

Established in 1953; IPO in 2014

NCB Snapshot



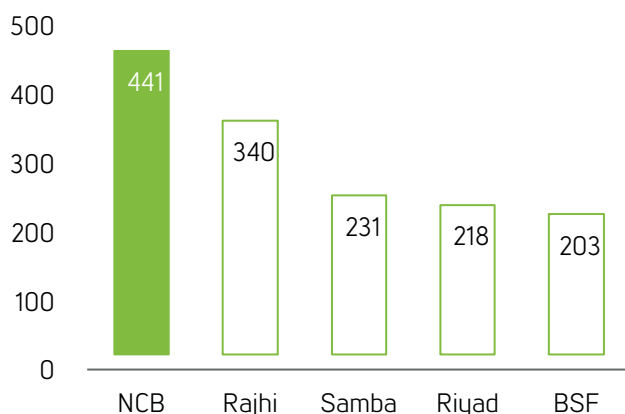
NCB is the leading banking group in Saudi Arabia

NCB has a strong market and financial position (FY2016)

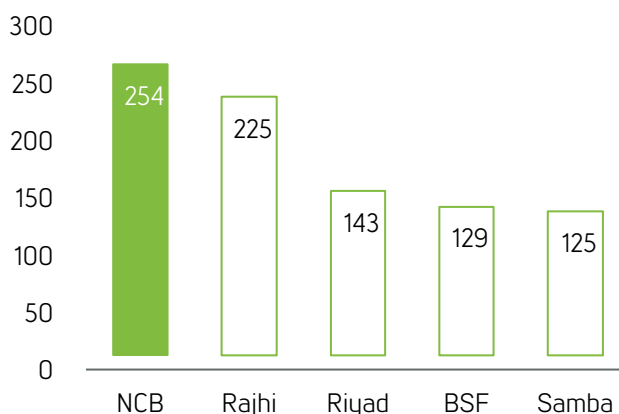
Market Position	by	KSA
Overall banking	Assets	#1
Corporate banking	Financing	#1
Retail banking	Financing	#2
Treasury	Investments	#1
Asset Management	AUMs	#1
Brokerage	Value Traded	#3

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

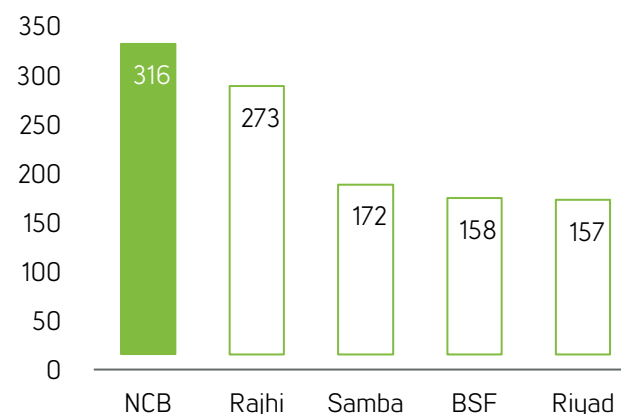
Assets (SRbn)



Financing (SRbn)

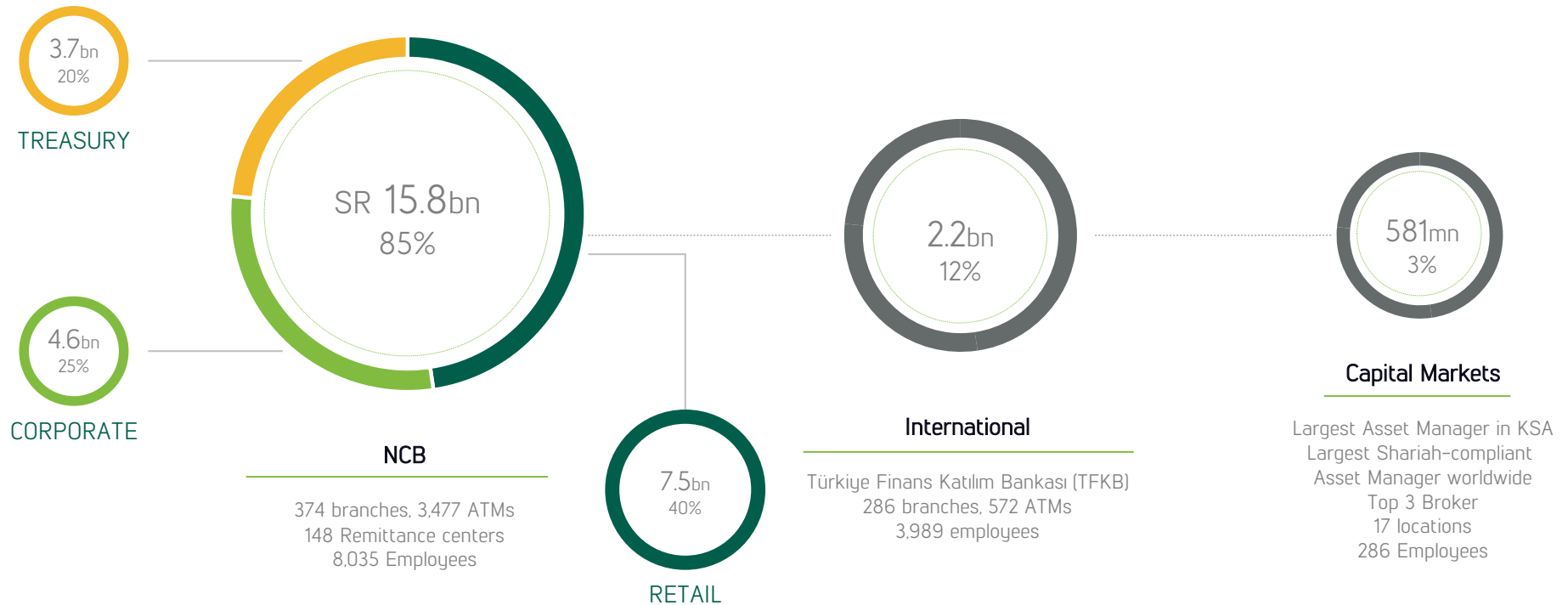


Deposits (SRbn)



NCB has a well-diversified business model

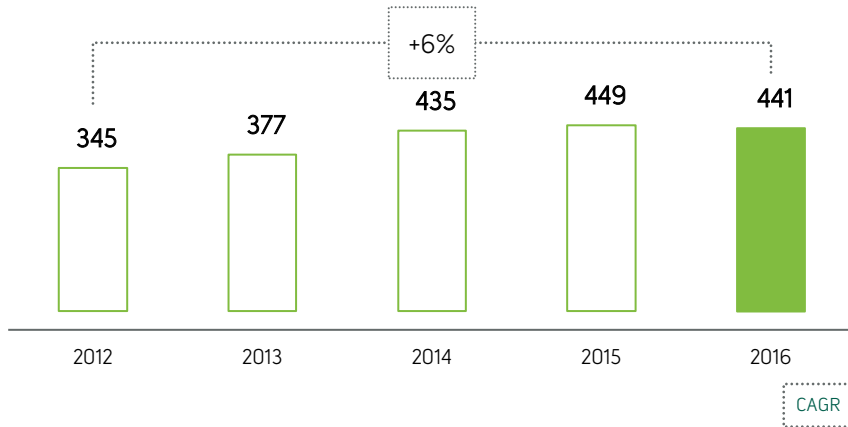
Total operating income contribution FY2016



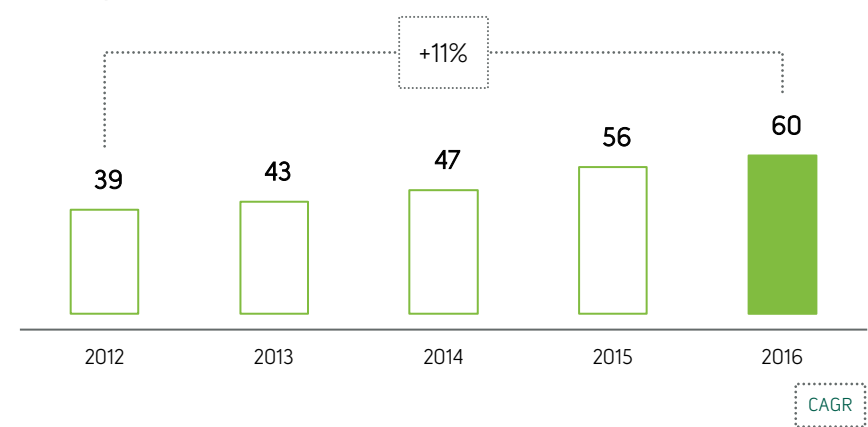
NCB has a strong financial position

Key KPIs

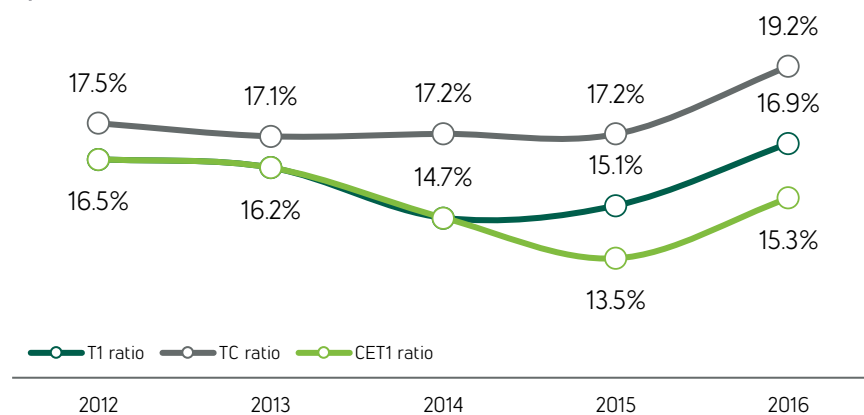
Total Assets (SRbn)



Total Equity (SRbn)

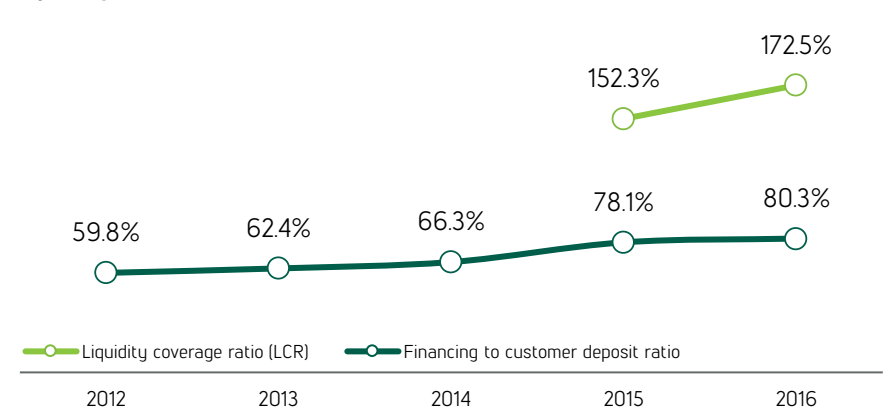


Capital Ratios (%)



Capital ratios are based on Pillar I RWA

Liquidity Ratios (%)

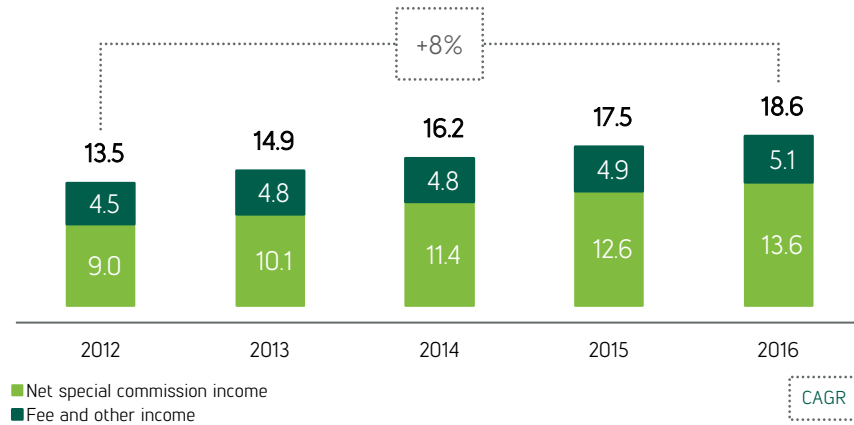


LCR is based on 4Q average numbers
LCR was not reported before 2015

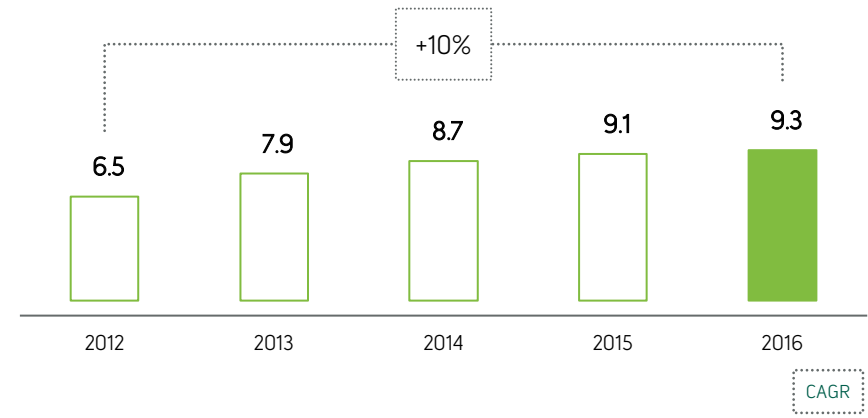
NCB has a strong performance track record

Key KPIs

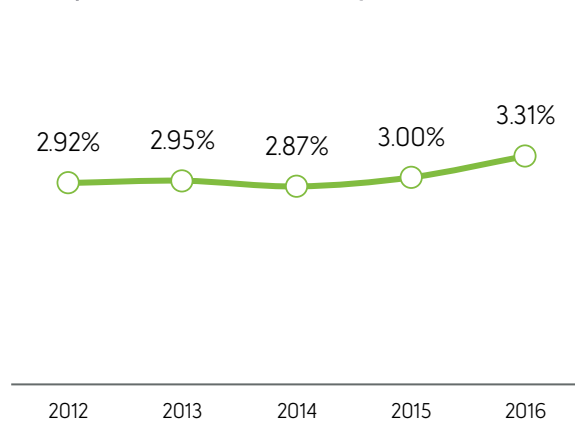
Total Operating Income (SRbn)



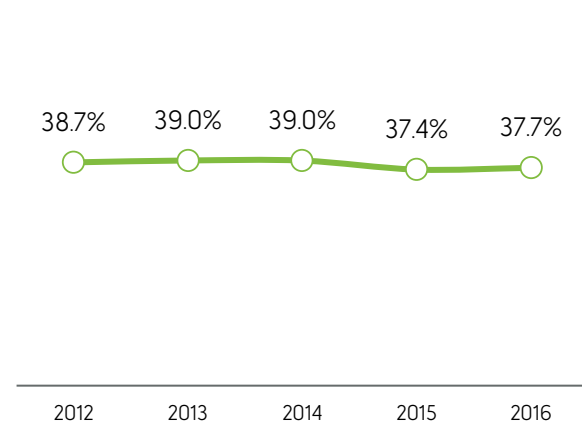
Net Income attributable to equity holders (SRbn)



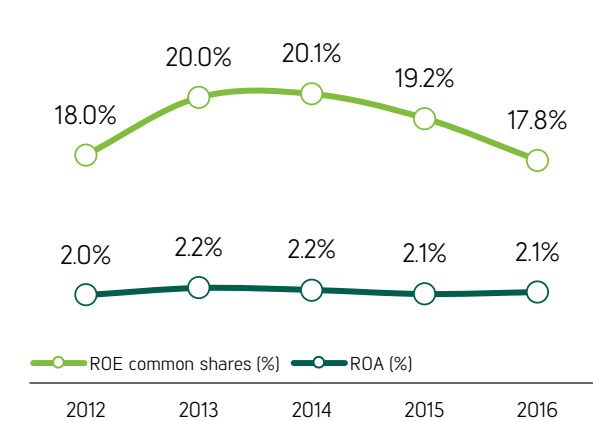
Net Special Commission Margin (%)



Cost to Income Ratio (%)



Returns (%)



NCB has outperformed the Saudi banking sector

Key KPIs compared to Saudi Arabian banking peers



Source: Company financials

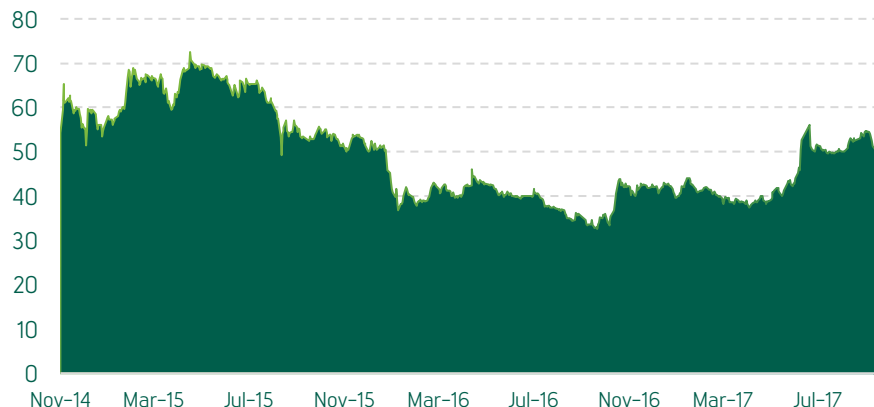
NCB Group listed on Tadawul in November 2014

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

Share parameters	30 Sept 2017
Closing Price	51.42
52 week range (SR)	32-58
Free Float	36%
Shares issued (m)	2,000
Tangible Book Value (SRm)	54,109
Tangible BVPS	27.05
P/TBV Ratio	1.9 x
P/E Ratio	10.97x
Div Yield	3.11%
3m Avg Daily Volume (Shares)	600,220

Source: NCB, Bloomberg

Share Price Performance since IPO (SR)



Source: Bloomberg

MSCI GCC Index	Float Adj. Mcap (USD)	Weighting (%)
Al Rajhi Bank	21.42	8.80
SABIC	20.56	8.44
National Commercial Bank	10.97	4.50
Etisalat	8.19	3.36
Emaar Properties	8.11	3.33
Qatar National Bank	7.74	3.18
Saudi Telecom	7.55	3.10
National Bank of Kuwait	7.31	3.00
Samba Financial Group	7.04	2.89
Almarai	6.85	2.81

[Source: MSCI, 6 July 2017]

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

*Moody's rating is unsolicited

National Commercial Bank

Grow with KSA. Grow with NCB.

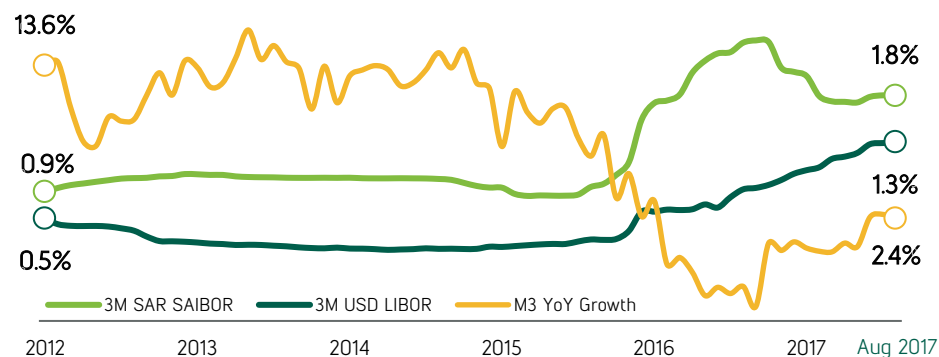
3Q 2017 Results



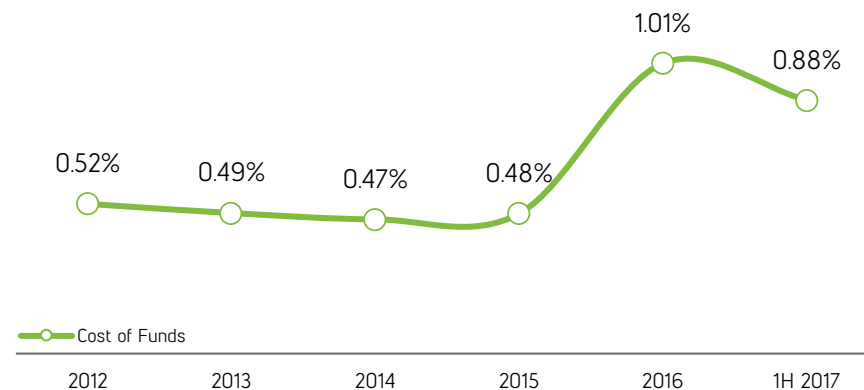
Saudi banking sector

The Saudi banking sector has been maneuvering challenges

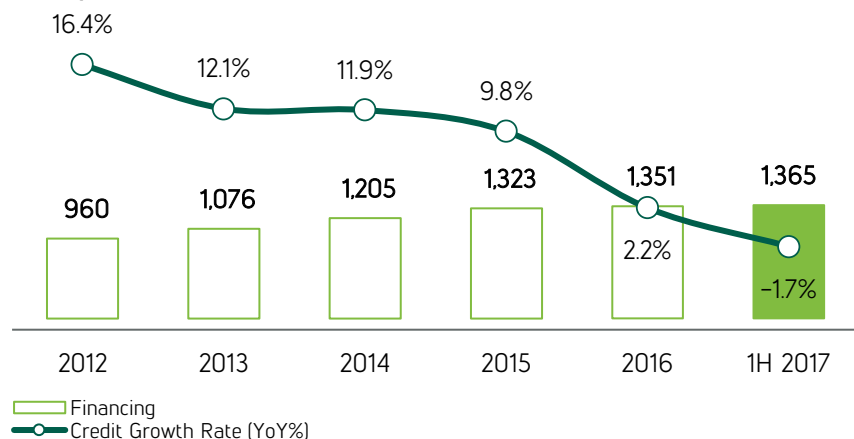
Liquidity (%)



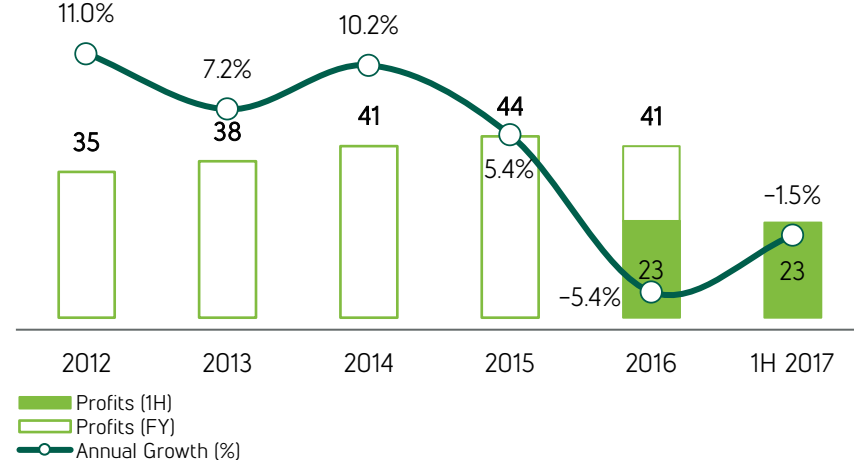
Cost of Funds (%)



Lending Market (SRbn)



Profits (SRbn)

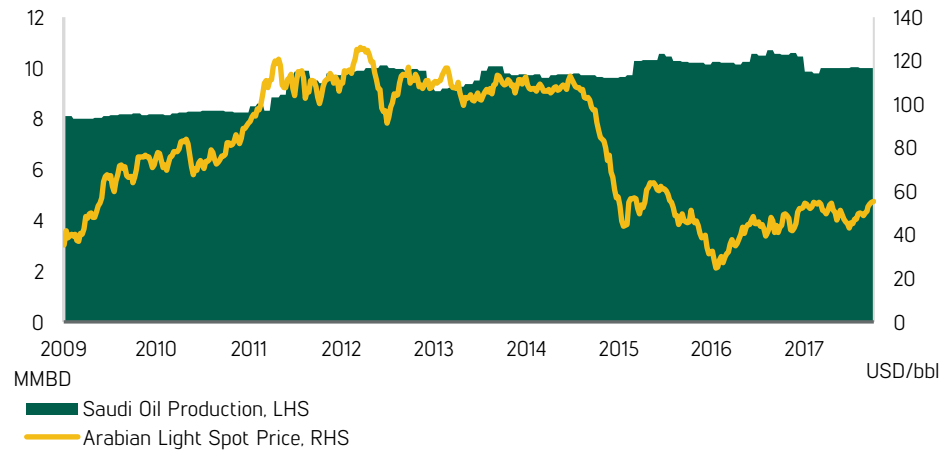


Source: Thomson Reuters, SAMA, Banks' Annual Reports, and NCB Economics Estimates

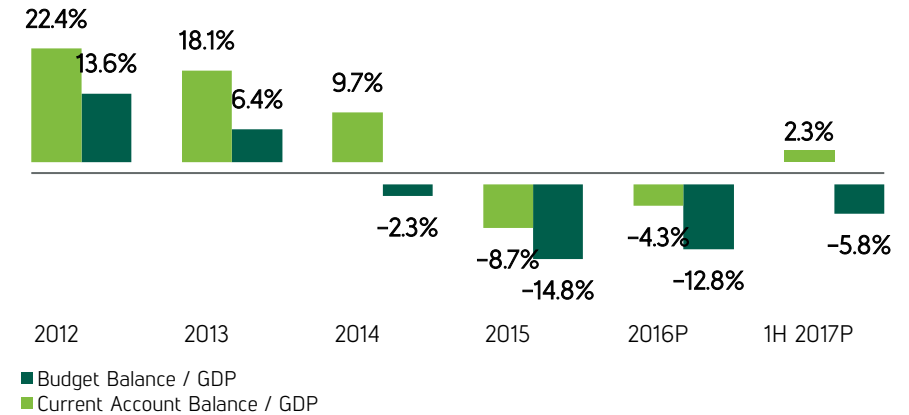
Economic headwinds

The oil market decline impacted the Kingdom financially

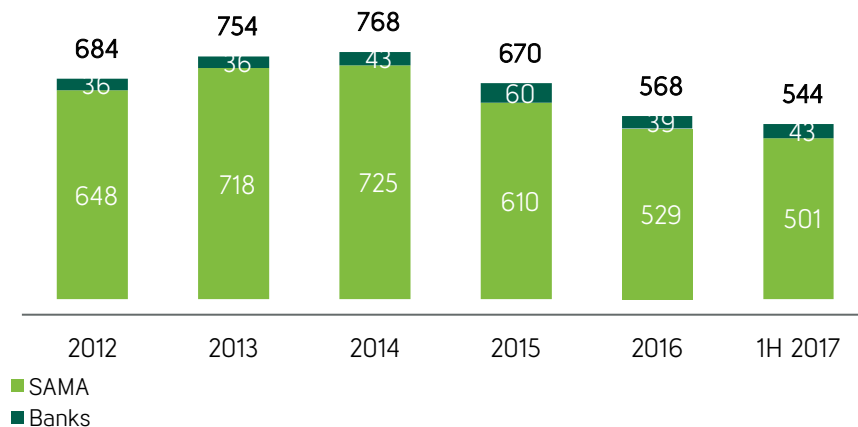
Oil Market



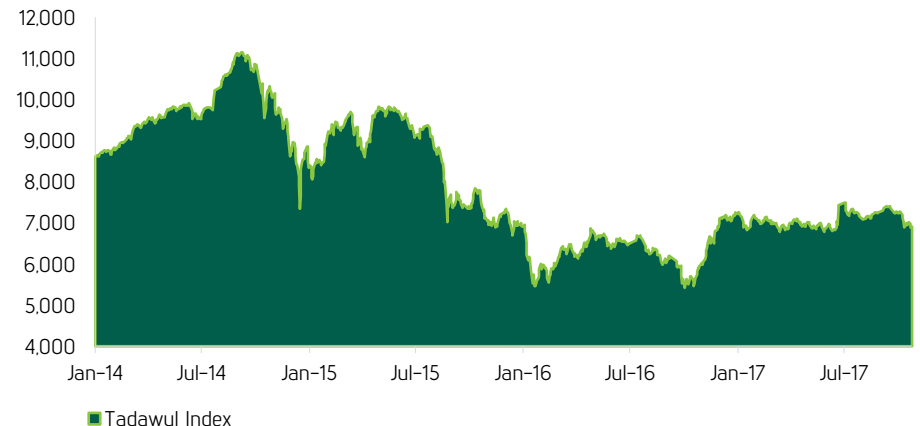
Twin Balances (%)



Foreign Reserves (USDbn)



Stock Market



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

Vision 2030

The Kingdom of Saudi Arabia has responded with a bold vision to reduce oil dependency...



Areas of Focus

Productivity

Leverage our young population,
50% being younger than 25

Economic reform

Move from a government
driven economy to one that is
market based

Fiscal sustainability

Creating sustainable fiscal
management

Selected Commitments / KPIs

- Lower the **rate of unemployment** from 11.6% to 7%
- Increase **SME contribution to GDP** from 20% to 35%
- Increase **women's participation** in the workforce from 22% to 30%
- **Improve education** with an uplift of 15% on Math and English attainment

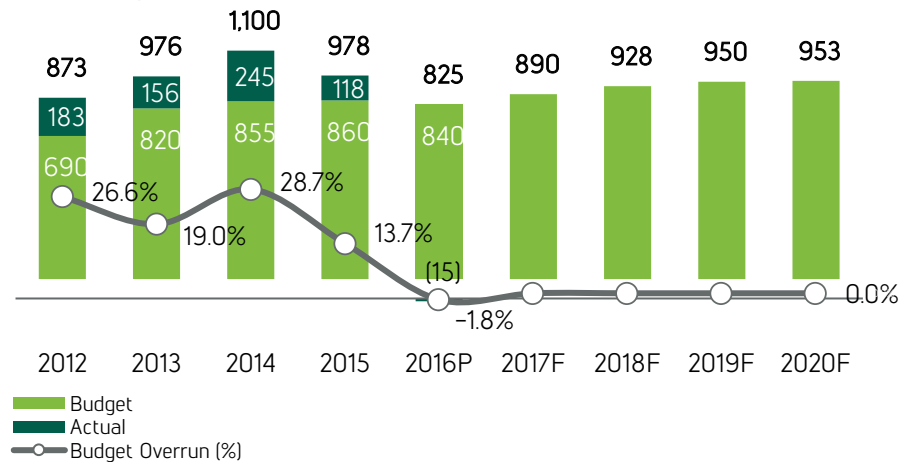
- Increase the **private sector's contribution** from 40% to 65% of GDP
- Raise the **share of non-oil exports** in non-oil GDP from 16% to 50%
- **Increase FDI** from 3.8% to the international level of 5.7% of GDP
- **Focus on strategic sectors:** Mining and Minerals, Petrochemicals, Manufacturing, Retail and Trade, Tourism, Finance and Healthcare

- Raise **non-oil revenue** to SAR 530bn by 2020
- Reduce **public wages** to 40% of Budget
- Create USD 2trn **Public Investment Fund**

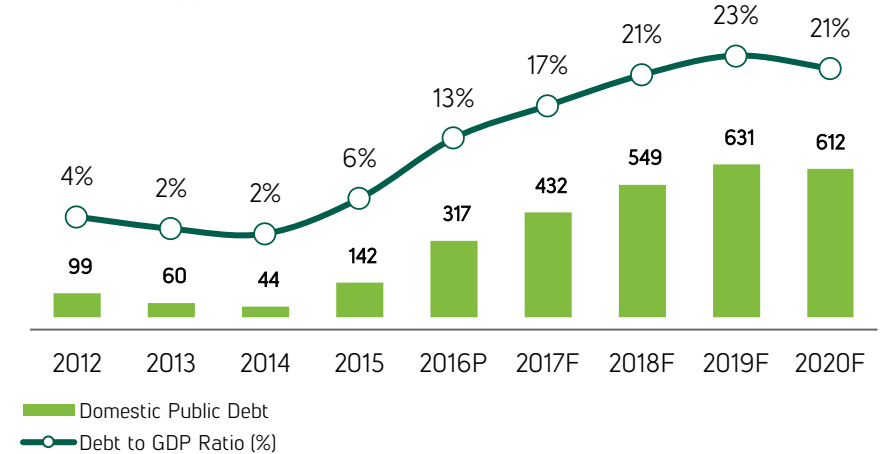
Economic upturn

...leading to an expected economic rebound in 2018F

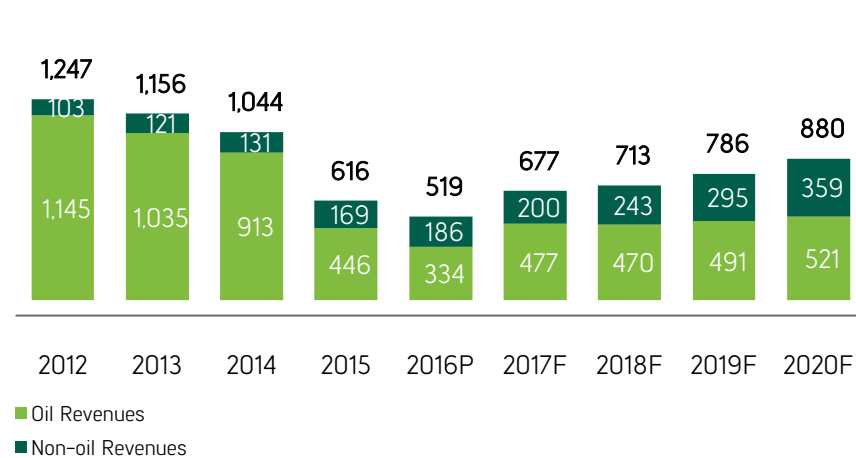
Fiscal Discipline (SRbn)



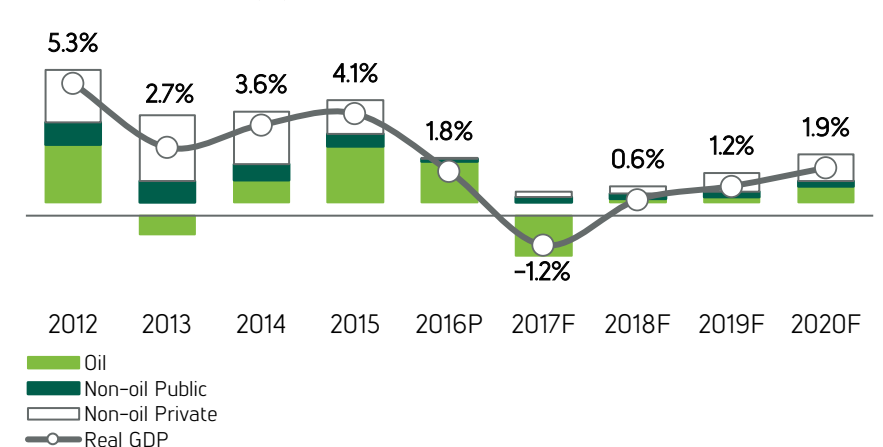
Utilizing Untapped Debt Markets (SRbn)



Revenue Diversification (SRbn)



Economic Rebound (%)



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

NCB Investor Relations
3Q 2017 Investor Presentation

NCB is aligned with Government priorities

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





National Commercial Bank

Strategic overview

3Q 2017 Results

NCB's strategic plan is about execution

Domestic leadership position drives strategic priorities

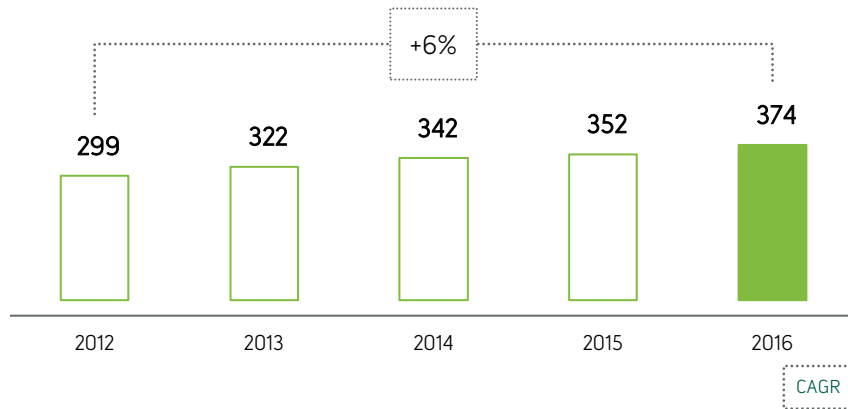


Lean Distribution	Expand reach with lean branches
Digitization	Anywhere, anytime, instant banking
Retail Banking	Expand share of retail profits
Corporate Banking	Grow selectively and increase risk-adjusted returns
Treasury	Diversify funding, sustain investment returns and cross-sell
NCBC	Generate AUMs and cater to GRE's growing needs
TFKB	Increase profit contribution

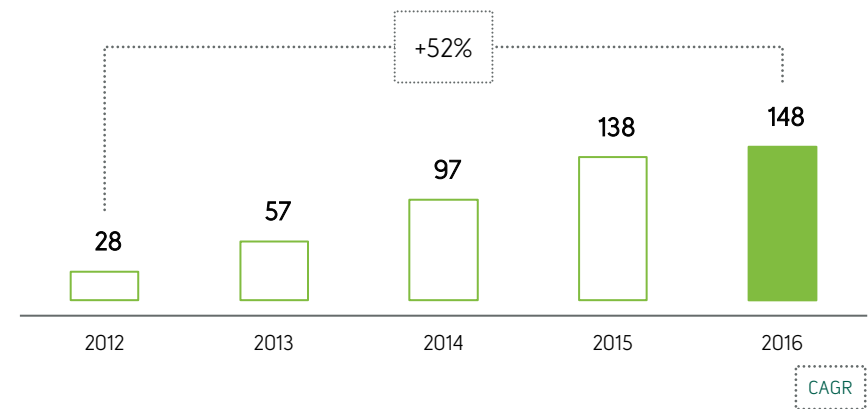
Distribution expansion

We accelerated expansion of our distribution platform in Saudi Arabia...

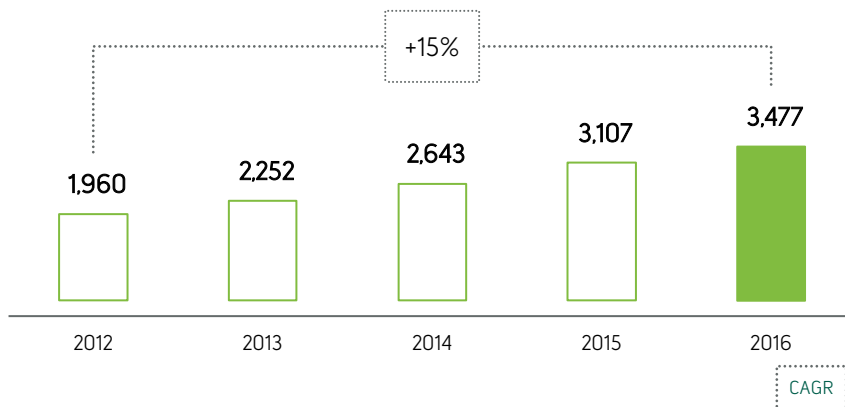
Number of branches



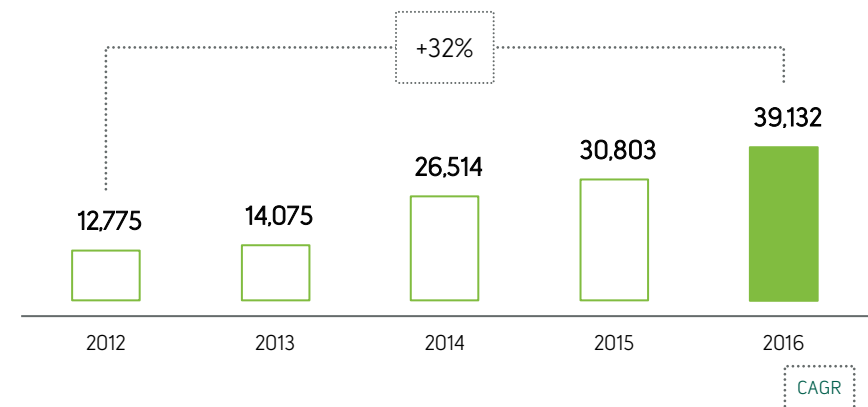
Remittance Centers



Number of ATMs



Point of Sale



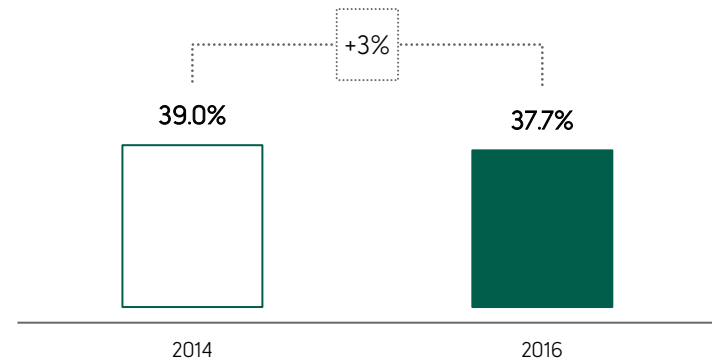
Lean distribution

...and are streamlining branch formats to enhance productivity gains

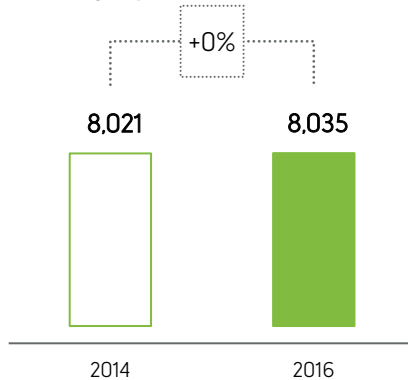
Strategic Imperatives

- 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

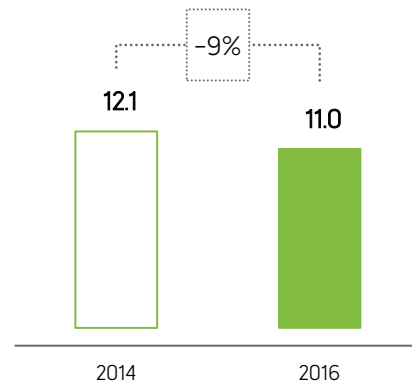
Cost / Income Ratio (%)



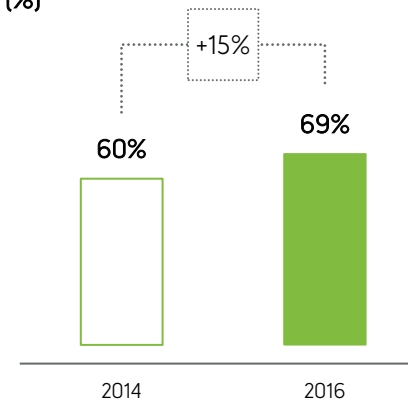
Bank Headcount (NCB employees)



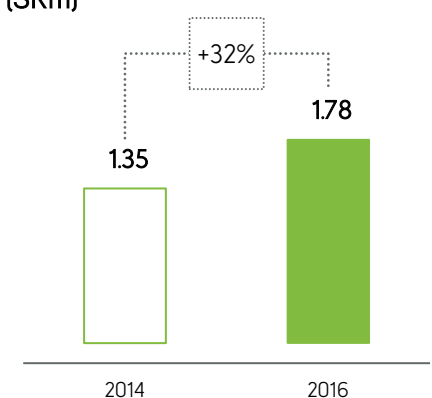
FTE / Branch



Front / Back Office Ratio (%)



Operating Income / FTE (SRm)



Digitization

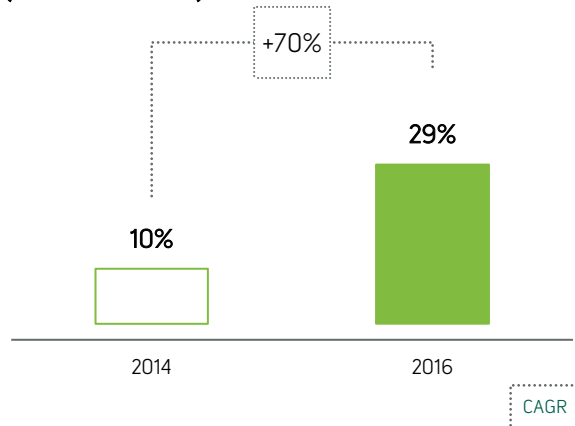
Migrate customers to digital through superior user experiences



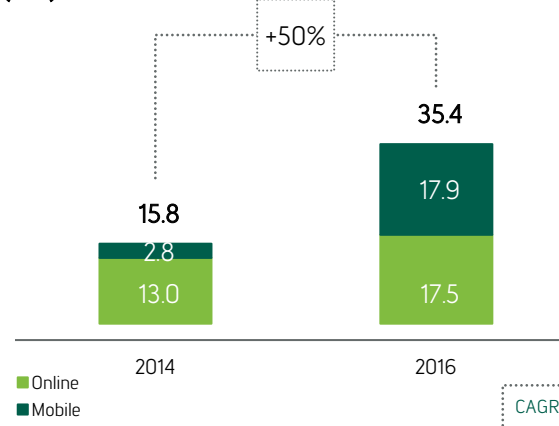
Strategic Focus Areas

- 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

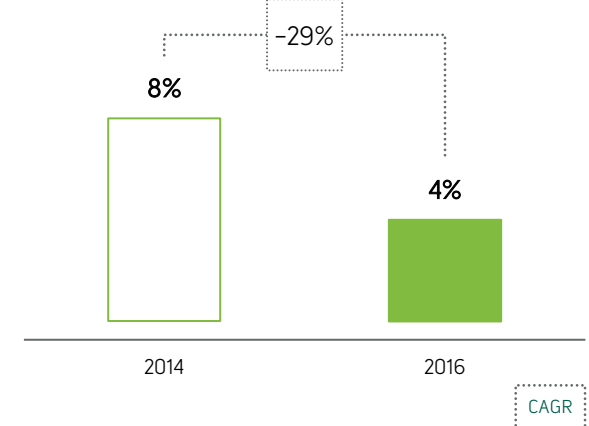
Digital Transactors
(% of total base)



Digital Transactions
(mn)



Branch Financial Transactions
(% of total)



Retail Banking

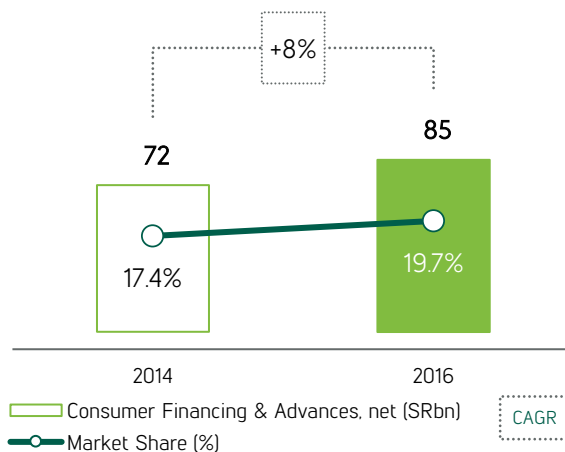
We are transforming retail distribution to increase share of profits



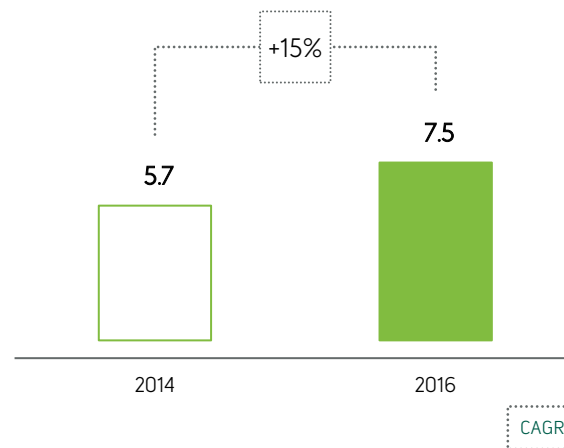
Strategic Focus Areas

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

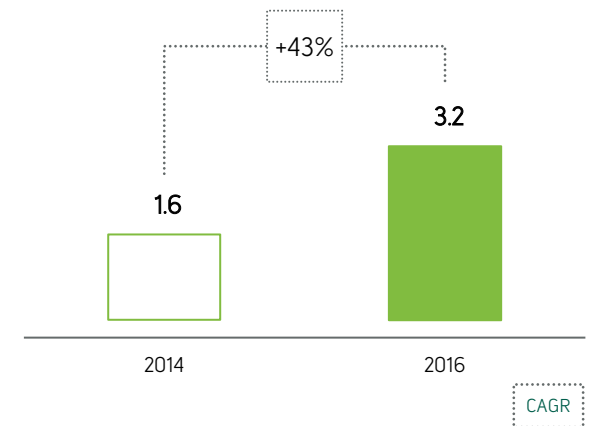
Consumer Financing & Advances, net (SRbn)



Total Operating Income (SRbn)



Net Income (SRbn)



Corporate Banking

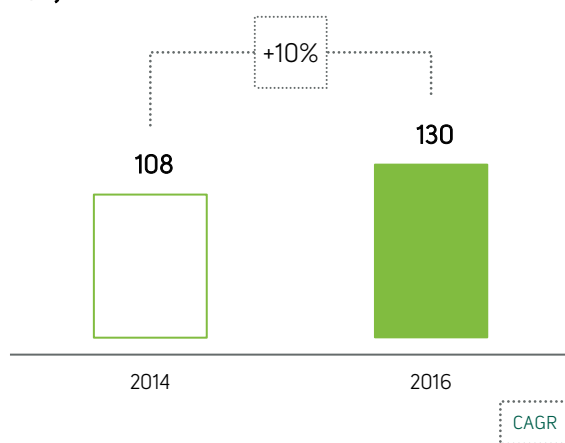
Grow selectively and increase risk-adjusted returns



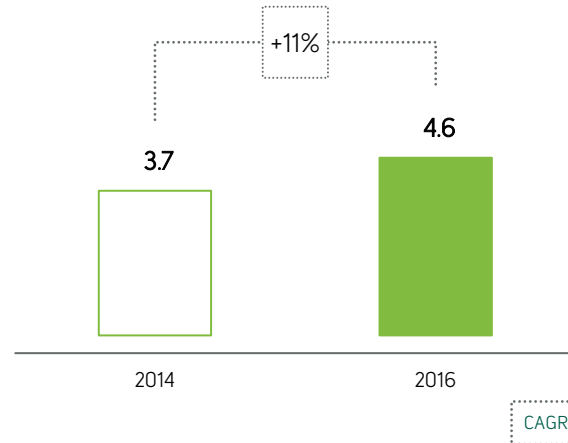
Strategic Focus Areas

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

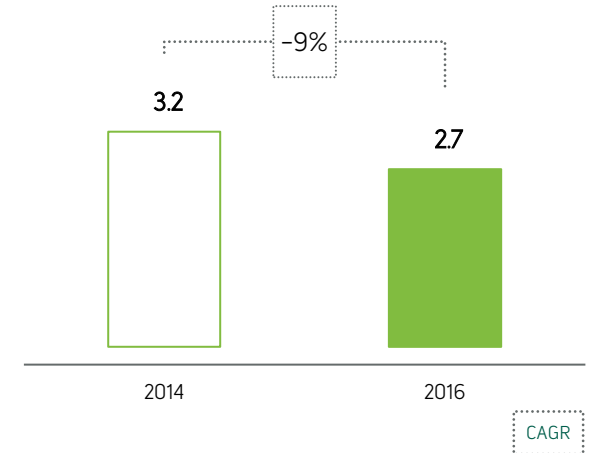
Corporate Financing & Advances, net (SRbn)



Total Operating Income (SRbn)

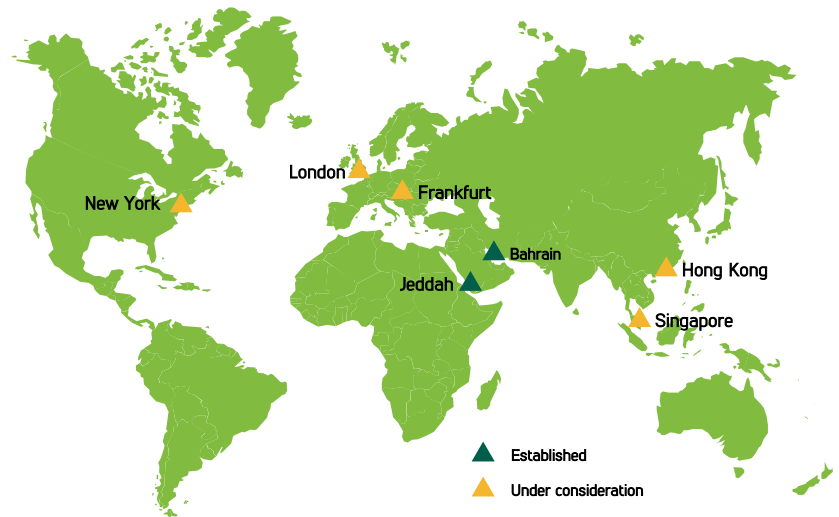


Net Income (SRbn)



Treasury

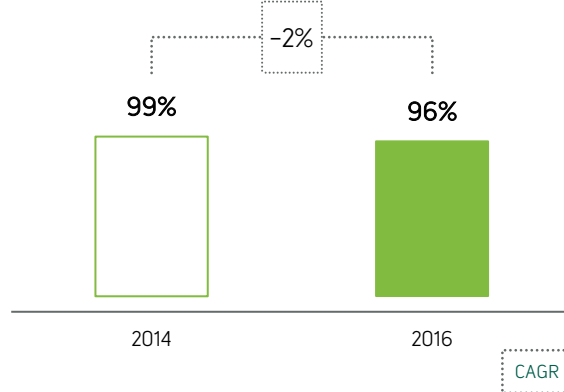
Broaden and deepen liquidity access while sustaining investment returns and cross-sell



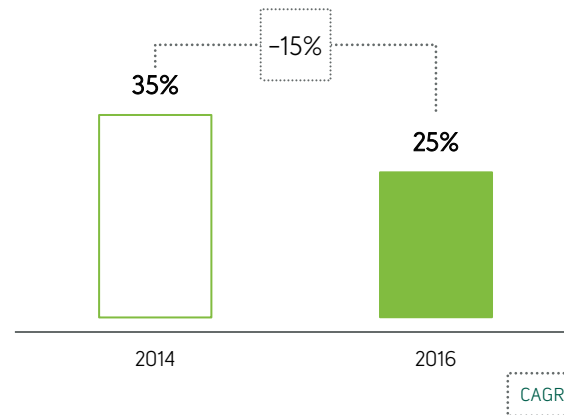
Strategic Focus Areas

- 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

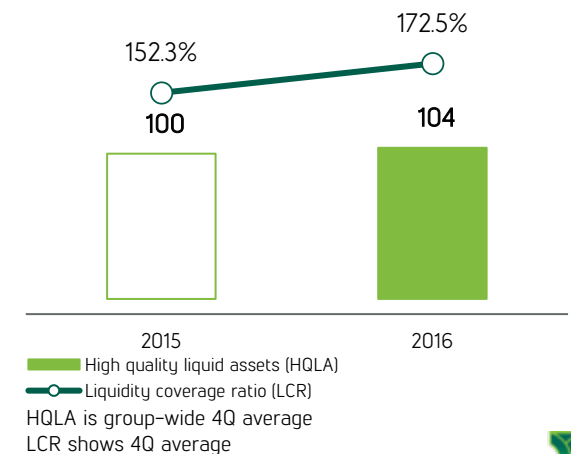
Saudi Government and Investment Grade Investments as % of Total



Investments as % of Total Assets



HQLA and Liquidity Coverage (SRbn/%)



NCB Capital

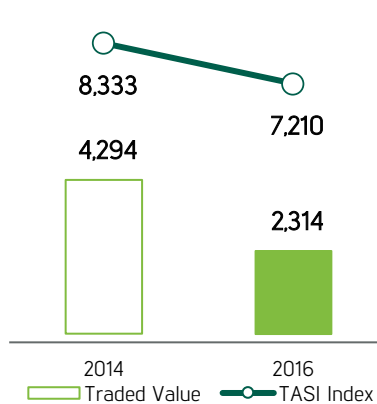
KSA's leading investment bank and asset manager; well positioned to capture future growth



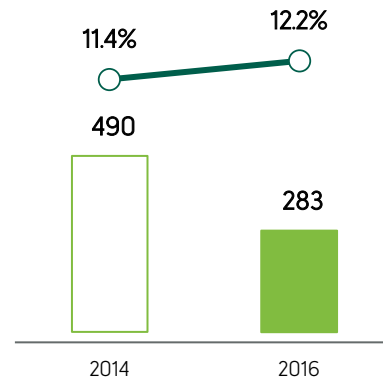
Strategic Focus Areas

- 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

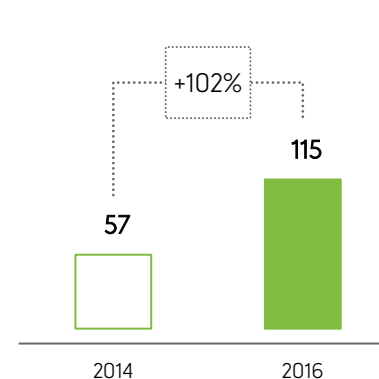
Tadawul Traded Value (SRbn) & TASI Index



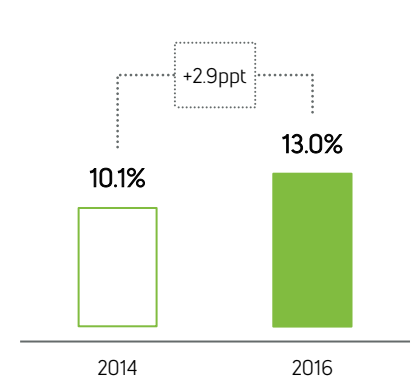
NCBC Traded Value (SRbn) & Market Share (%)



NCBC Assets under Management (SRbn)



NCBC Share of Sector Net Income (%)



Türkiye Finans Katılım Bankası

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



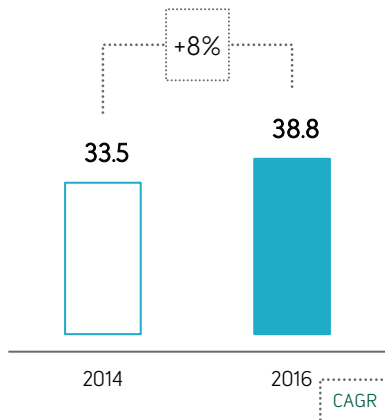
Long-term strategic investment in TFKB

- High-growth and profitable banking sector
- Strong position in participation banking and scalable platform
- Large, young and skilled workforce

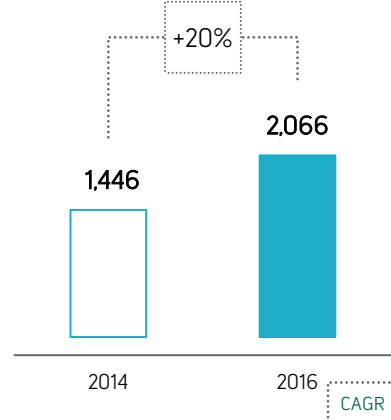
Strategic Focus Areas

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

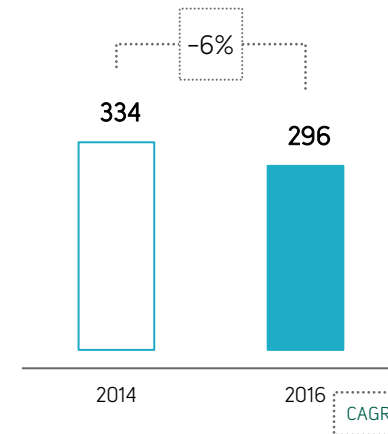
Total Assets (TRYbn)



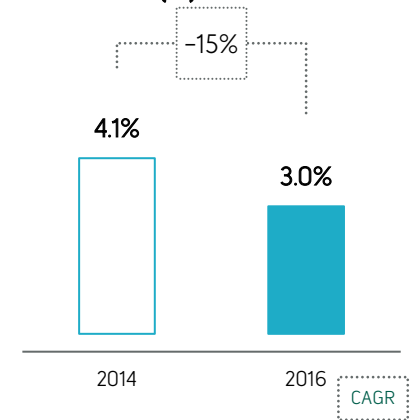
Total Operating Income (TRYmn)



Net Income (TRYmn)



TFKB Contribution to NCB Net Income (%)





National Commercial Bank

Financial Results Highlights

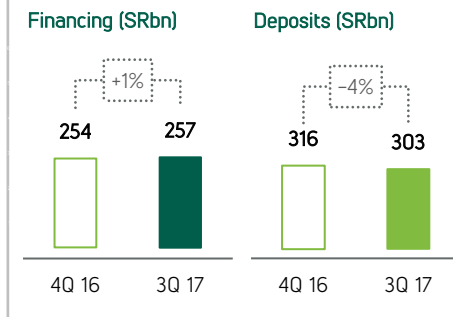
3Q 2017 Results

Key messages

3Q 2017 Results

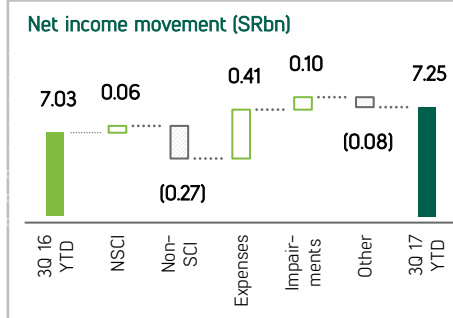
Balance Sheet

- 1% total assets and financing growth YTD reflective of subdued environment (domestic financing +2%; international -6%)
- 5% YTD investments growth through Saudi Government debt issuance participation and portfolio re-balancing
- 4% YTD decline in deposits as the funding mix was optimized by reducing time deposits, but CASA growth of 4%



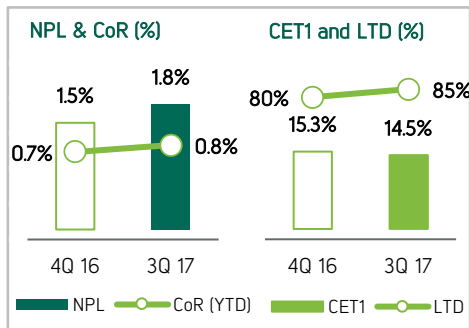
Profitability

- 1% NSCI growth in 3Q YTD as NSCI margin improved by 13bps while average earning assets declined by 3% attributable to international
- 7% decline in fee and other income in 3Q YTD due to lower fees primarily from financing, credit cards and trade finance
- Expenses for 3Q YTD improved 8% due to ongoing digitization and productivity initiatives
- 3% growth in 3Q YTD net income



Asset Quality, Capitalisation and Liquidity

- Impairment charge for 3Q YTD improved 6% on lower retail & international credit charges
- Group NPL ratio at 1.8% at 3Q 2017 vs. 1.5% at beginning of year and adequate NPL coverage at 142%
- Capital position comfortably above regulatory minima with CET1 of 14.5% and T1 of 16.4% at 3Q 2017
- Strong liquidity with LTD ratio of 85%, average 3Q LCR of 172% and Leverage Ratio of 12.7% at 3Q 2017



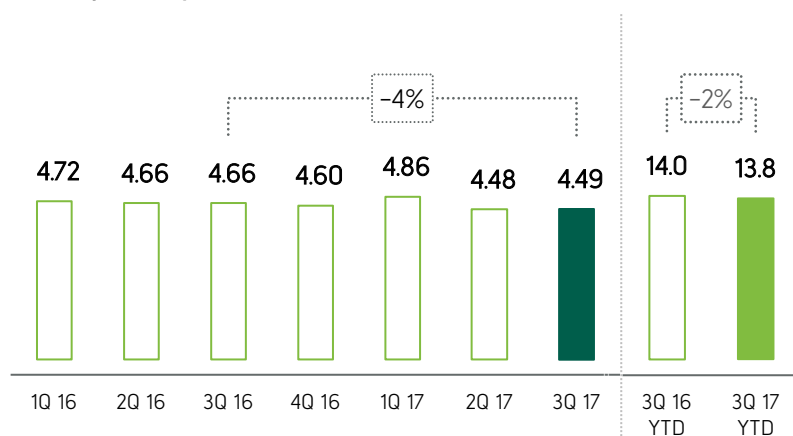
Profitability

YTD Net income growth from improved impairments and efficiency, partly offset by lower fee and other income

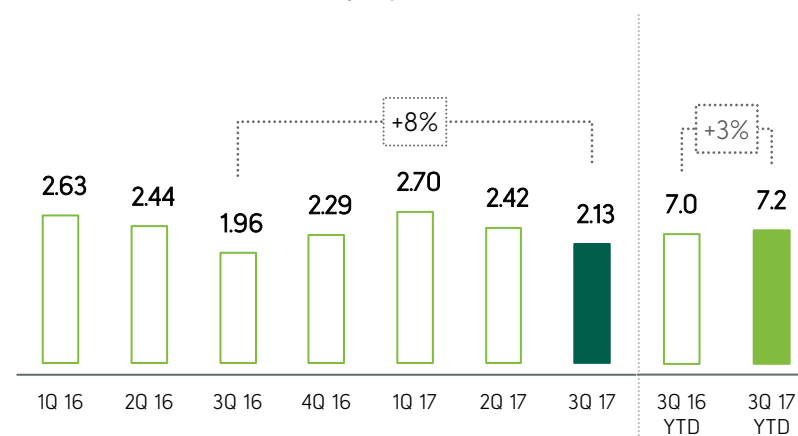
Profitability Trends

SR (mn)	3Q 2017	2Q 2017	3Q 2016	YoY % change	3Q 2017 YTD	3Q 2016 YTD	YoY % change
Net special commission income	3,449	3,473	3,442	+0%	10,283	10,226	+1%
Fee and other income	1,042	1,005	1,221	-15%	3,546	3,821	-7%
Total operating income	4,492	4,478	4,663	-4%	13,830	14,047	-2%
Operating expenses	(1,602)	(1,521)	(1,702)	-6%	(4,811)	(5,222)	-8%
Total impairment charge	(695)	(475)	(956)	-27%	(1,593)	(1,698)	-6%
Income from operations, net	2,195	2,483	2,005	+9%	7,426	7,127	+4%
Net income attributed to equity holders	2,126	2,417	1,962	+8%	7,246	7,030	+3%

Total Operating Income (SRbn)



Net Income Attributed to Equity Holders (SRbn)



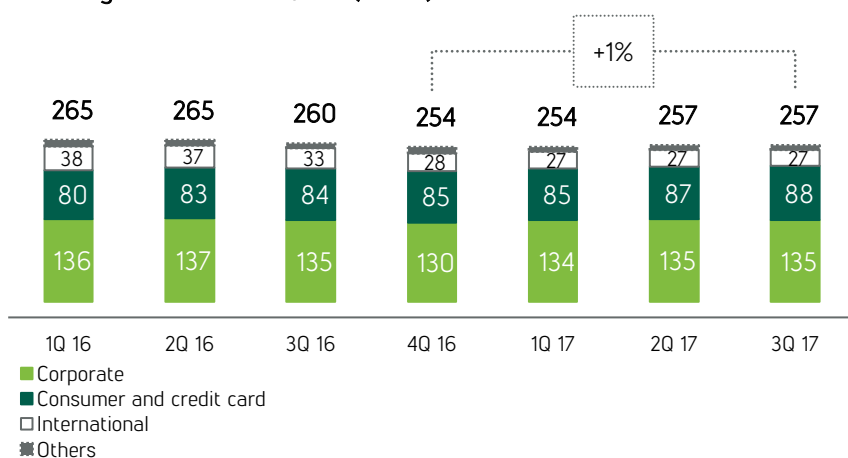
Balance Sheet

Growth constrained by economic environment

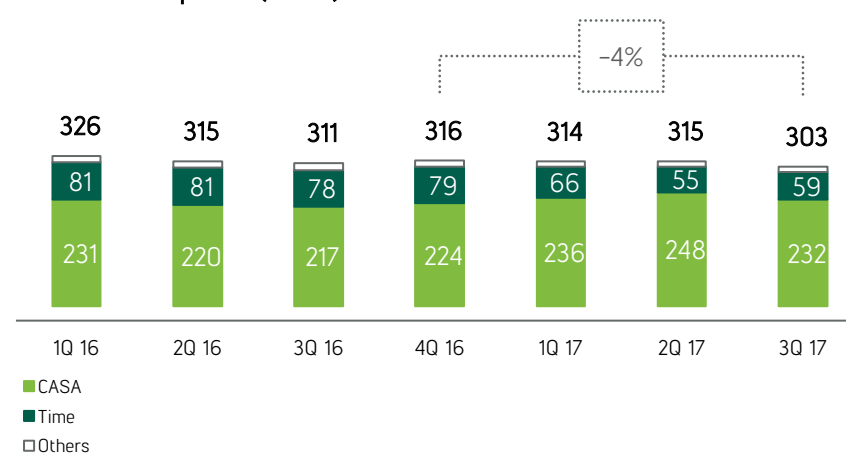
Balance Sheet Trends

SR (mn)	3Q 2017	2Q 2017	3Q 2016	YoY % change	FY 2016	YTD % change
Investments, net	116,900	114,634	111,487	+5%	111,509	+5%
Financing and advances, net	256,852	256,901	259,915	-1%	253,592	+1%
Total assets	444,679	449,776	438,765	+1%	441,491	+1%
Customers' deposits	302,593	314,690	311,225	-3%	315,618	-4%
Debt securities issued	10,166	9,926	10,204	-0%	9,918	+3%
Total liabilities	381,944	388,623	379,696	+1%	381,566	+0%
Equity attributable to shareholders	54,433	52,876	51,954	+5%	53,038	+3%
Total equity	62,736	61,152	59,069	+6%	59,926	+5%

Financing and Advances, net (SRbn)



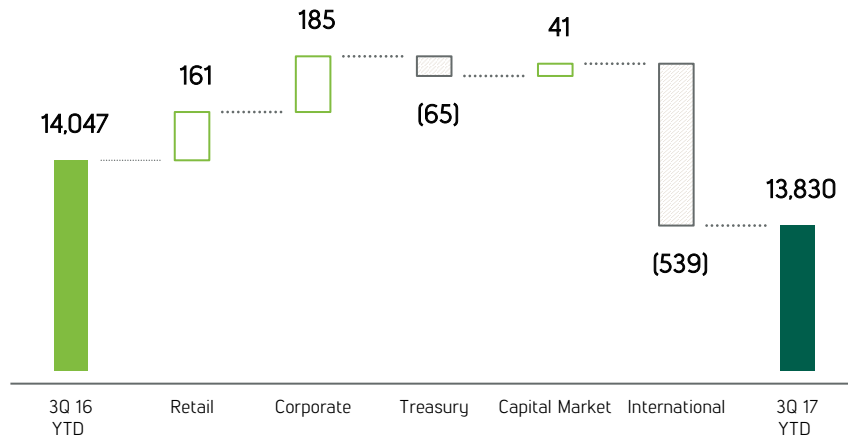
Customers' Deposits (SRbn)



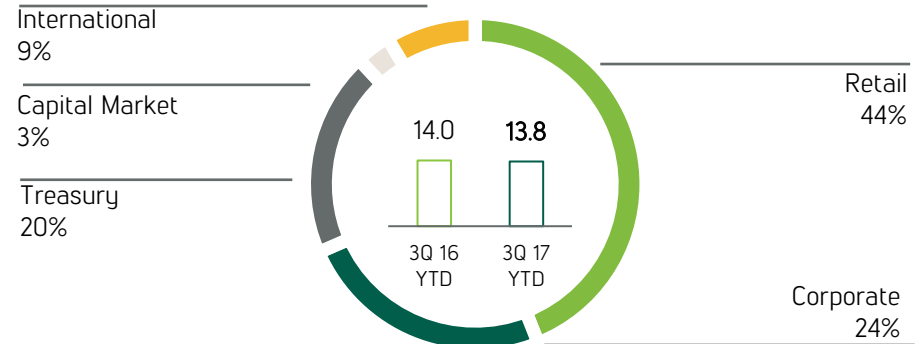
Segmental Information

YTD Total operating income lower due to depreciation of Turkish Lira, partly offset by higher Retail and Corporate operating income

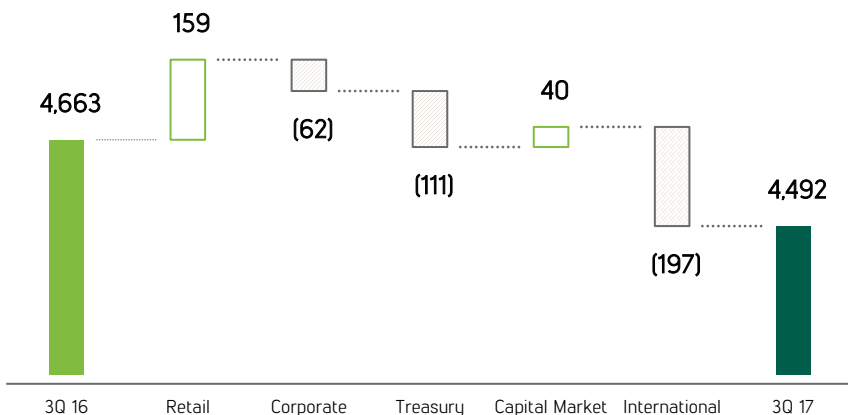
YTD Total Operating Income Growth by Segment (SRbn)



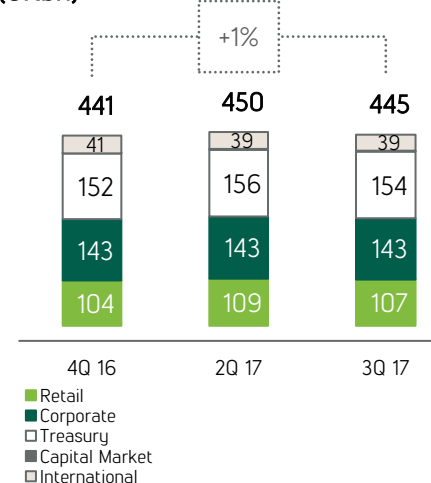
Total Operating Income by Segment (SRbn)



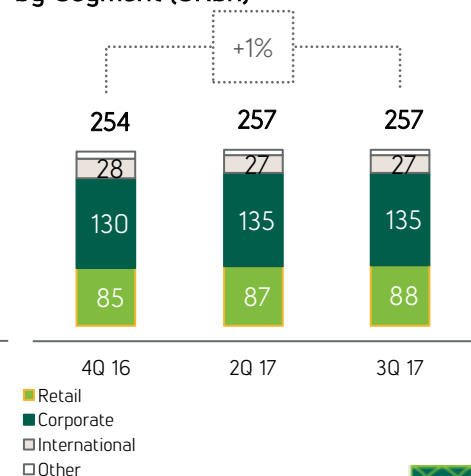
QTR Total Operating Income Growth by Segment (SRbn)



Total Assets by Segment (SRbn)



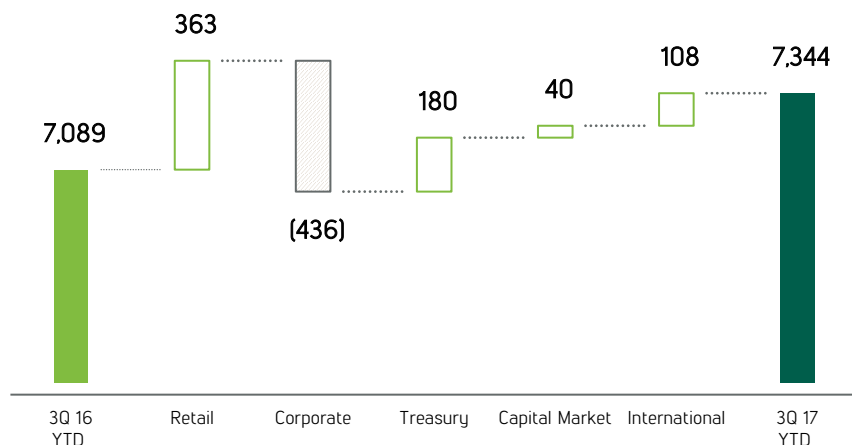
Financing and Advances, net by Segment (SRbn)



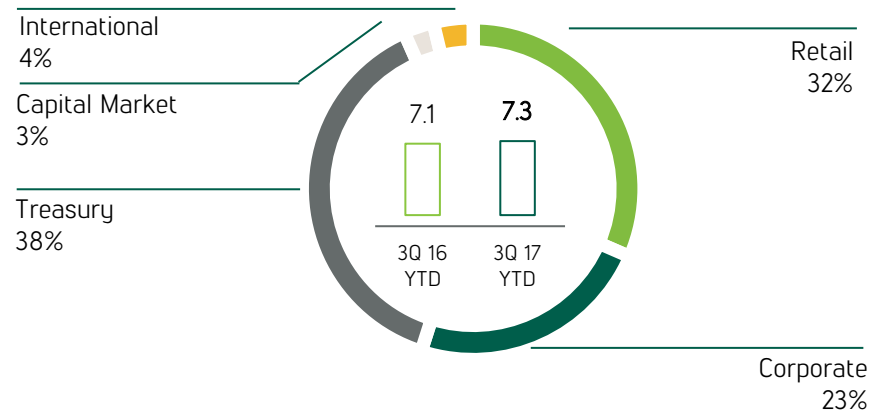
Segmental Information

3Q YoY and YTD net income growth in most segments, except Corporate which was impacted by rising impairments

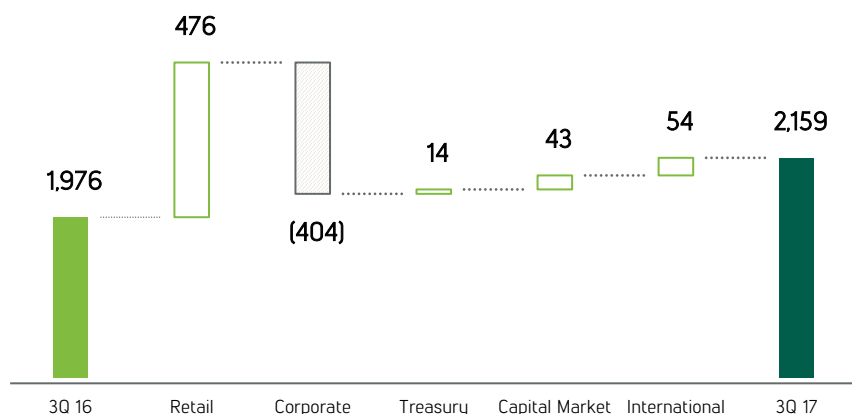
YTD Net Income Growth by Segment (SRmn)



Net Income by Segment (SRbn)



QTR Net Income Growth by Segment (SRmn)



Management Commentary

- YTD Total operating income declined 2% YoY due to depreciation of the Turkish Lira impacting International income (-31%), partly offset by growth in Retail (+3%) and Corporate (+6%).
- YTD Net income improved 3% YoY respectively due to growth in Retail (+19%) and Treasury (+7%), partly offset by a decline in Corporate net income (-20%) as a result of higher impairments.



National Commercial Bank

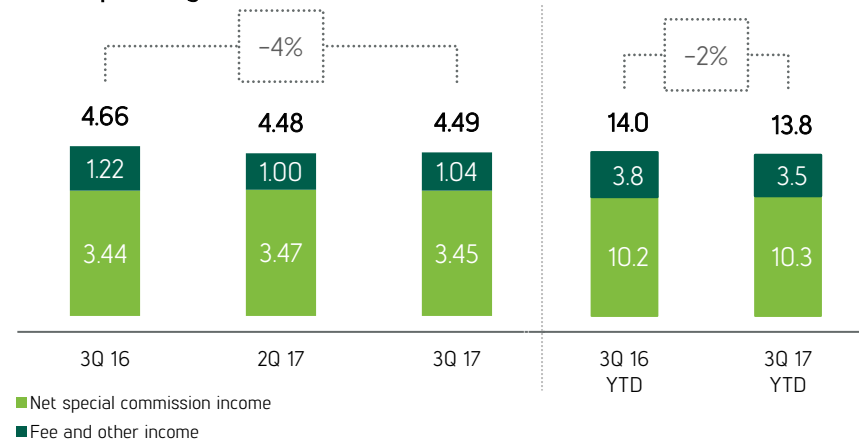
Financial Results Details

3Q 2017 Results

Income Highlights

Lower YTD and QTR total operating income largely attributable to lower fee and other income and Turkish Lira depreciation

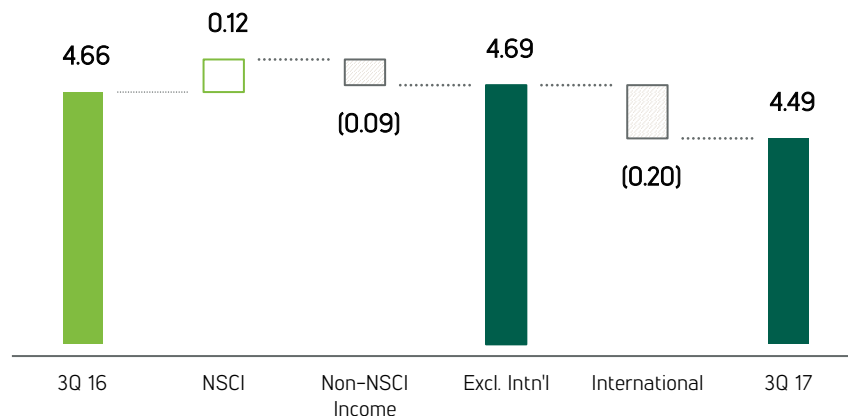
Total Operating Income (SRbn)



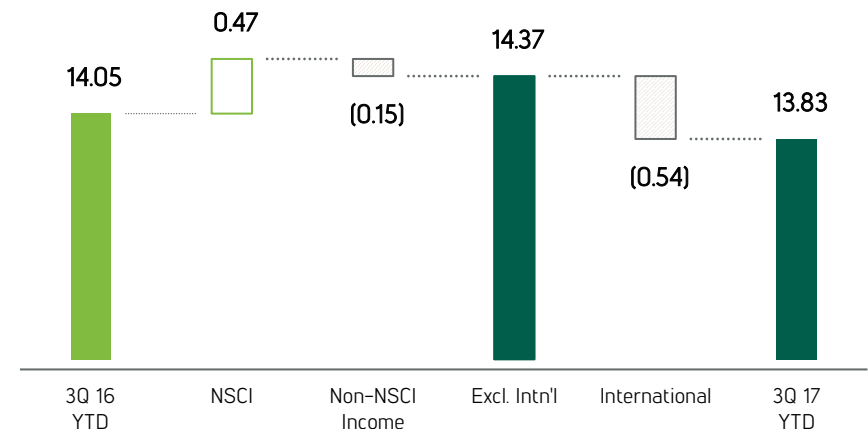
Management Commentary

- 3Q 2017 total operating income declined 4% YoY despite stable net special commission income due to lower investment-related income and Turkish Lira depreciation.
- 3Q 2017 YTD total operating income declined 2% YoY despite 1% growth in net special commission income due to lower fees from banking services and Turkish Lira depreciation.
- Excluding the International business, 3Q 2017 total operating income grew 1% YoY (+3% 3Q 2017 YTD YoY).

QTR Total Operating Income Movement (SRbn)



YTD Total Operating Income Movement (SRbn)



Net special commission income trends

YTD and QTR commission income stable as domestic margin improvement offset by Turkish Lira depreciation

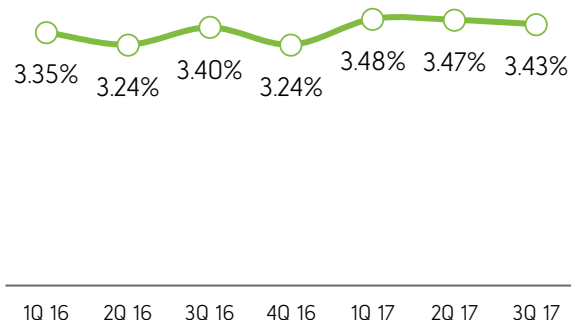
Management Commentary

- The 3Q 2017 net special commission margin was stable at 3.43% as improved funding costs were offset by lower commission yields.
- Special commission expense for 3Q 2017 was 11% lower YoY due to lower SAIBOR rates and a more optimal funding mix.
- Excluding the International business, where NSCI was impacted by currency depreciation, domestic NSCI grew by 4% in 3Q 2017.

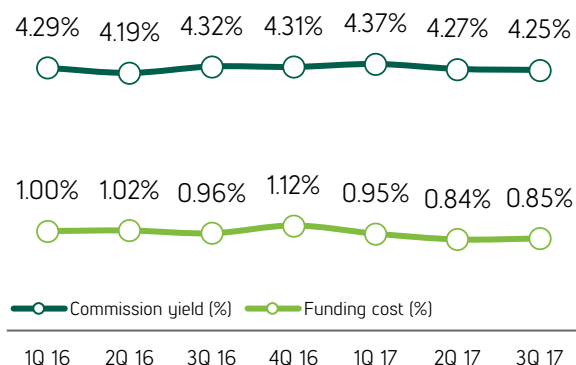
Net Special Commission Income

SR (mn)	3Q 2017	2Q 2017	3Q 2016	YoY % change	3Q 2017 YTD	3Q 2016 YTD	YoY % change
Special commission income	4,282	4,268	4,377	-2%	12,771	13,103	-3%
Special commission expense	(833)	(794)	(935)	-11%	(2,488)	(2,877)	-14%
Net special commission income	3,449	3,473	3,442	+0%	10,283	10,226	+1%
Net special commission margin (%)	3.43%	3.47%	3.40%	+1%	3.46%	3.33%	+4%

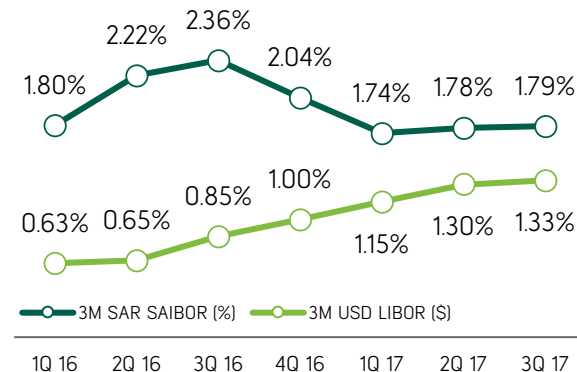
Net Special Commission Margin (%)



Commission Yield and Funding Cost (%)



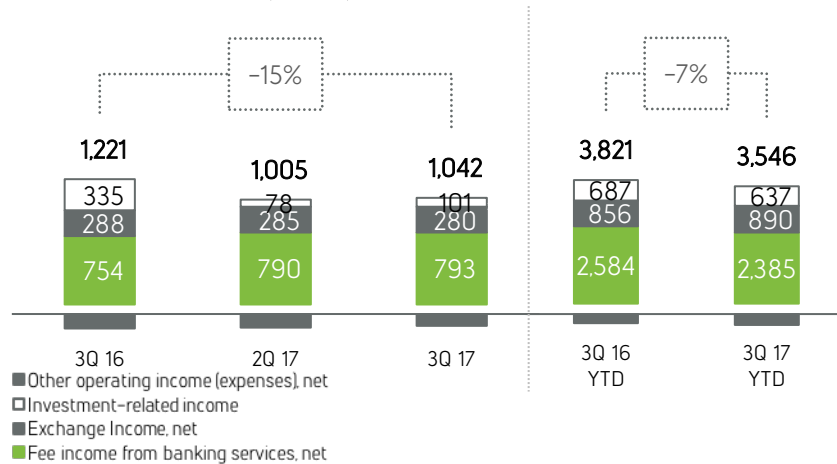
SAIBOR and LIBOR Rates (%)



Fee and other income trends

Lower YTD and QTR fees and investment related income

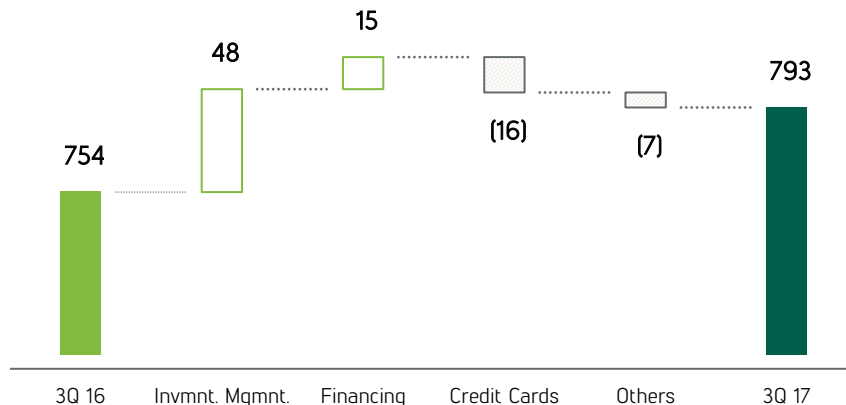
Fee and Other Income (SRmn)



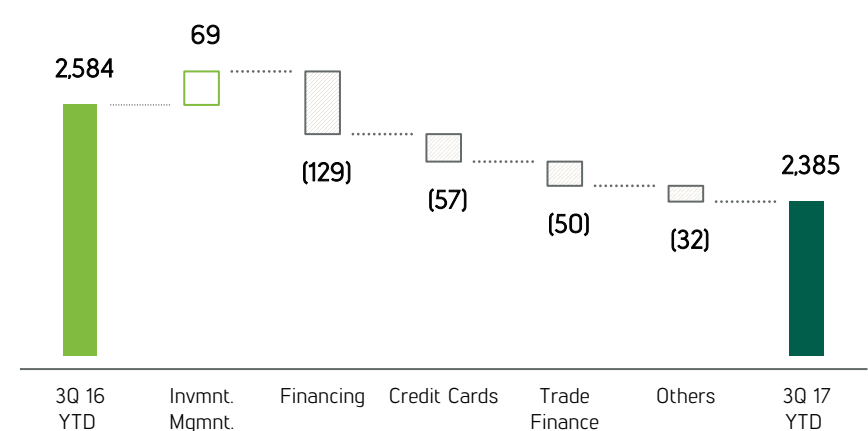
Management Commentary

- 3Q 2017 fee and other income declined 15% YoY as 5% growth in fees from banking services was more than offset by a 70% decline in investment-related income.
- The higher fees from banking services in 3Q 2017 were mainly driven by higher fees from investment management services.
- 3Q 2017 YTD fee and other income declined 7% YoY mainly resulting from an 8% reduction in fees from banking services.
- The lower fees from banking services in 3Q 2017 YTD were mainly driven by lower financing, credit card and trade finance fees, partly offset by higher fees from investment management services.

QTR Key Drivers of Fee Income from Banking Services Movement (SRmn)



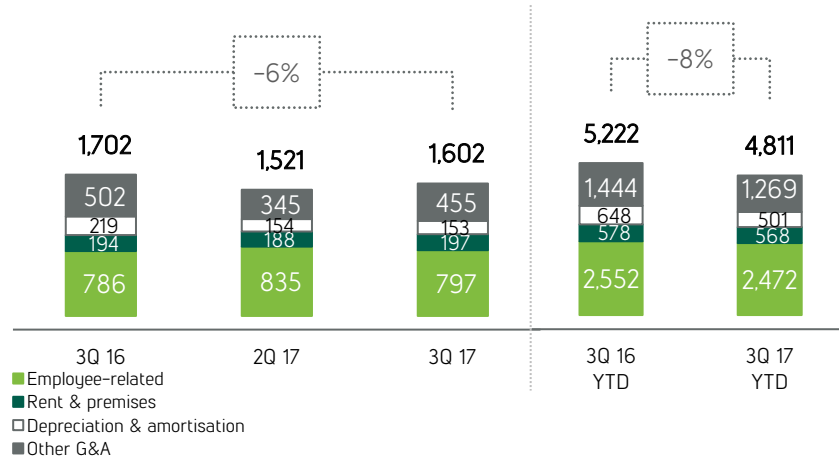
YTD Key Drivers of Fee Income from Banking Services Movement (SRmn)



Expense highlights

Digitization and productivity enhancement delivered expense savings in 3Q 2017 YTD

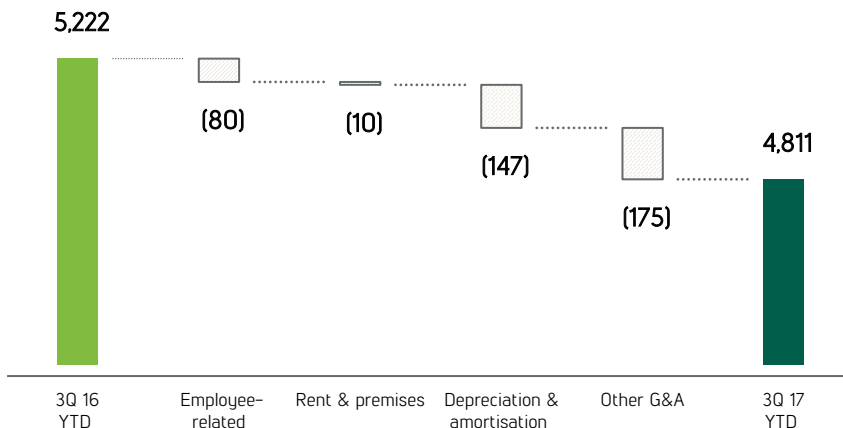
Operating Expenses (SRmn)



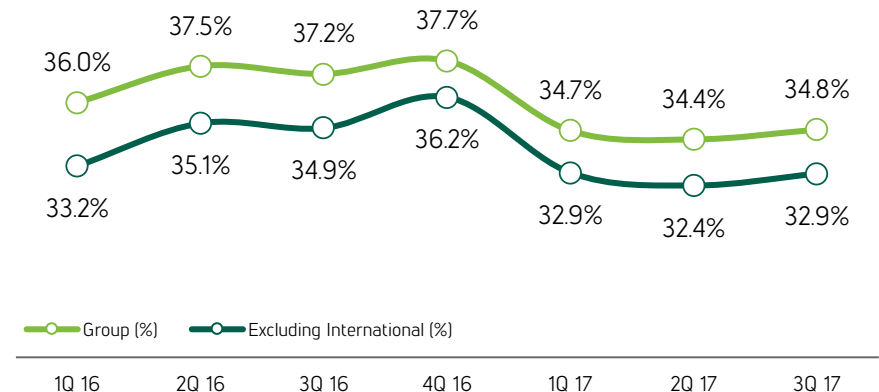
Management Commentary

- 3Q YTD operating expenses improved by 8% YoY.
- The YTD cost to income ratio improved by 2.4% YoY to 34.8%.
- The cost base improvement was relatively broad-based, reflecting the continued strides made in digitisation and productivity initiatives, and further benefited from the cessation of intangible assets amortisation as well as currency depreciation in the Turkish subsidiary.

Operating Expenses Movement Drivers (SRmn)



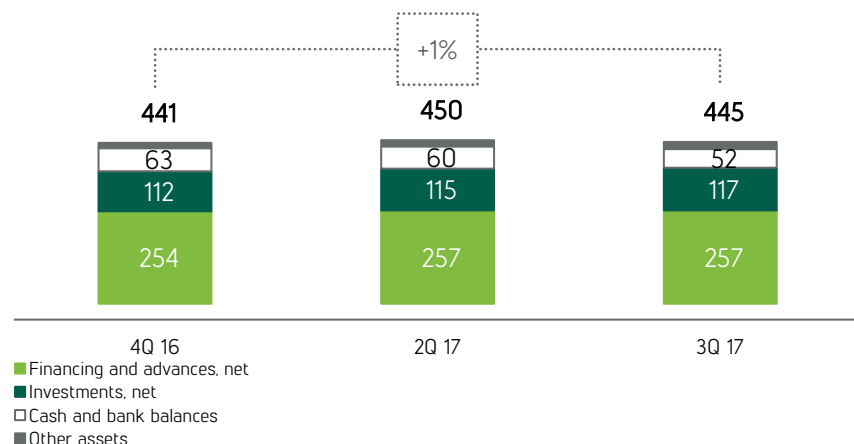
Cost to Income Ratio (YTD %)



Asset highlights and composition

Balance sheet growth reflective of a more subdued economic environment and Turkish Lira depreciation

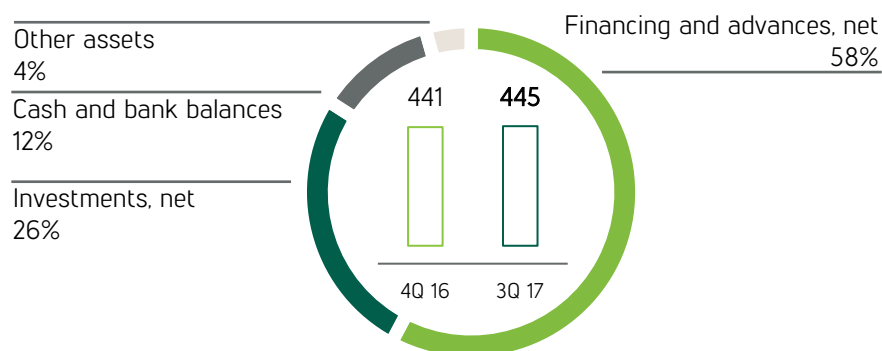
Total Assets (SRbn)



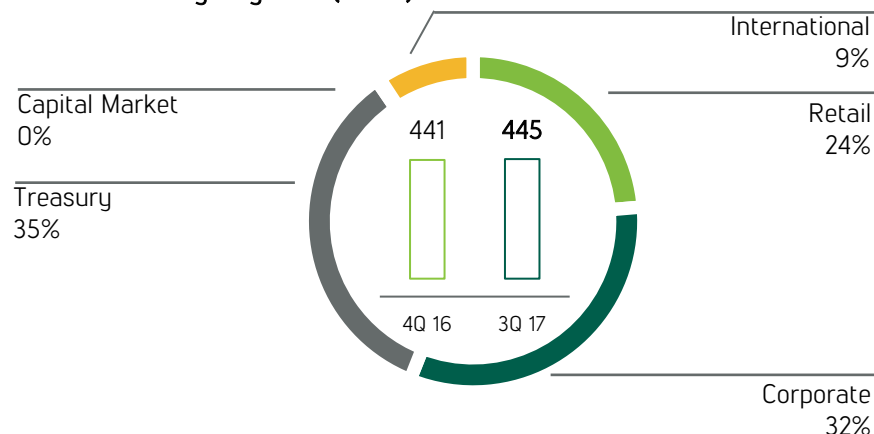
Management Commentary

- Total assets grew by 1% during 3Q 2017 YTD due to limited growth in financing (+1%) and moderate growth in investments (+5%).
- Overall balance sheet and financing growth was reflective of a more subdued economic environment domestically, and further muted by Turkish Lira depreciation and de-risking at TFKB.

Total Assets Mix (SRbn)



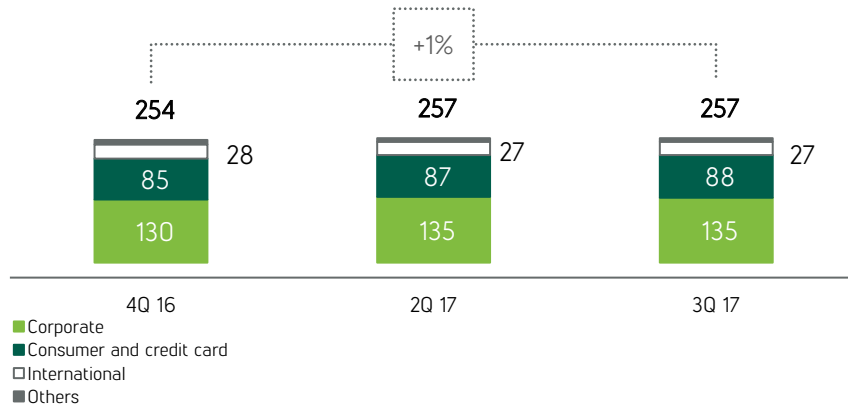
Total Assets by Segment (SRbn)



Financing and advances

Financing growth diluted by decline in Turkish subsidiary

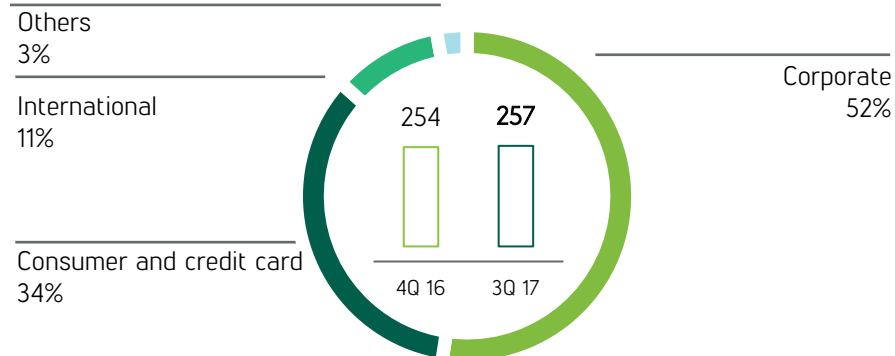
Financing and Advances, net (SRbn)



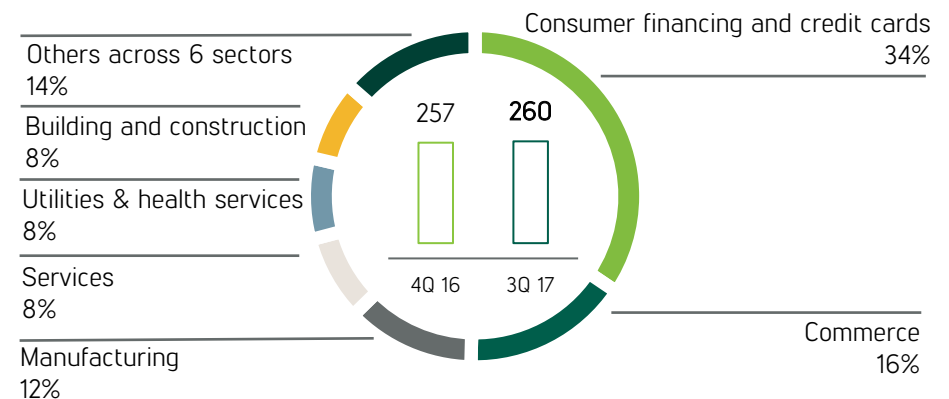
Management Commentary

- Domestically, financing grew for the Corporate (+3%) and Consumer (+4%) segments during 3Q 2017 YTD.
- International financing declined 6% YTD due to both organic decline and weakened Turkish Lira.

Financing and Advances, net by Type (SRbn)



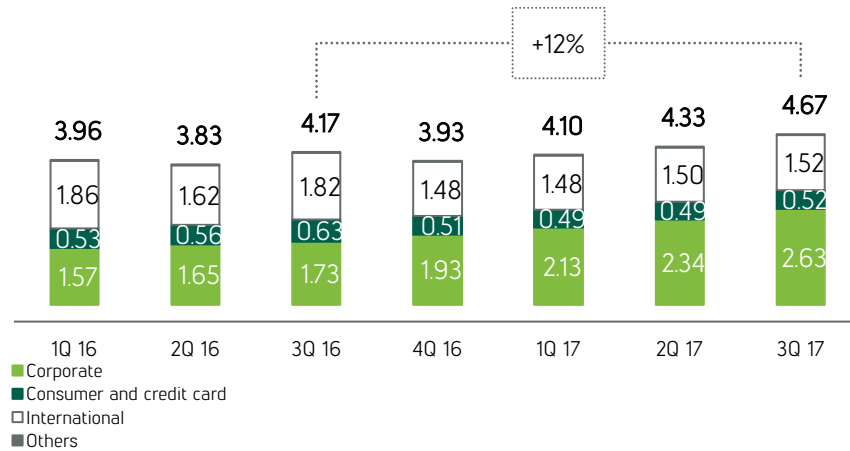
Financing and Advances, gross by Economic Sector) (SRbn)



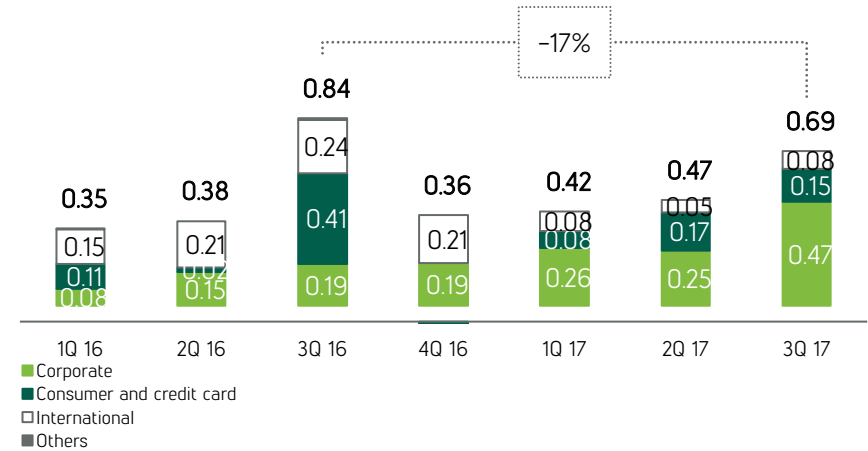
Financing and advances credit quality (1)

Rise in Corporate NPLs and impairment allowances partly offset by Retail and International

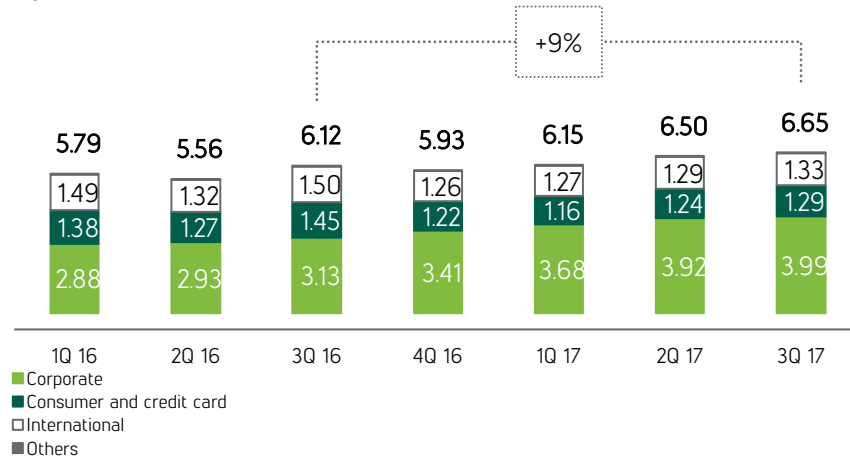
NPL (SRbn)



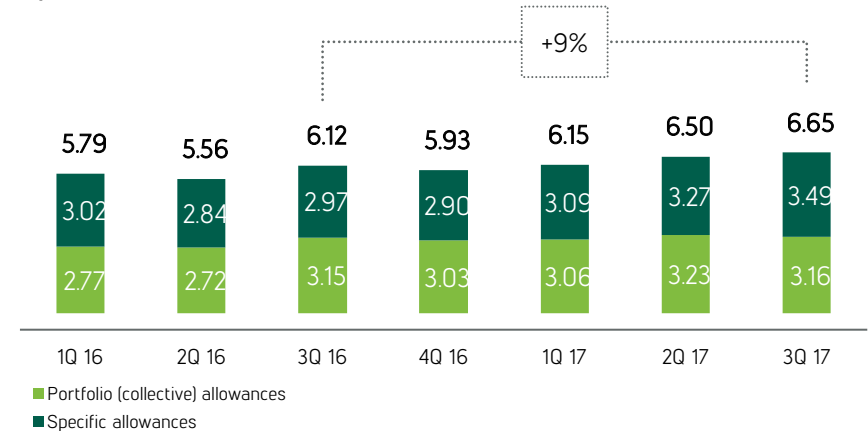
Impairment Charge (SRbn)



Impairment Allowances (SRbn)



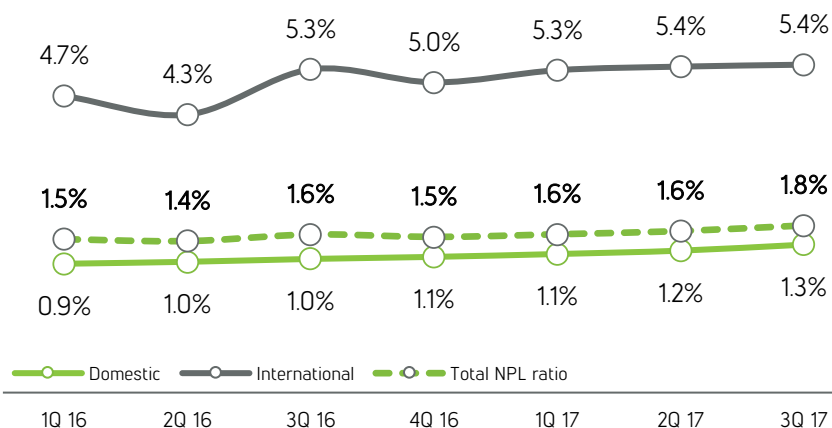
Impairment Allowances (SRbn)



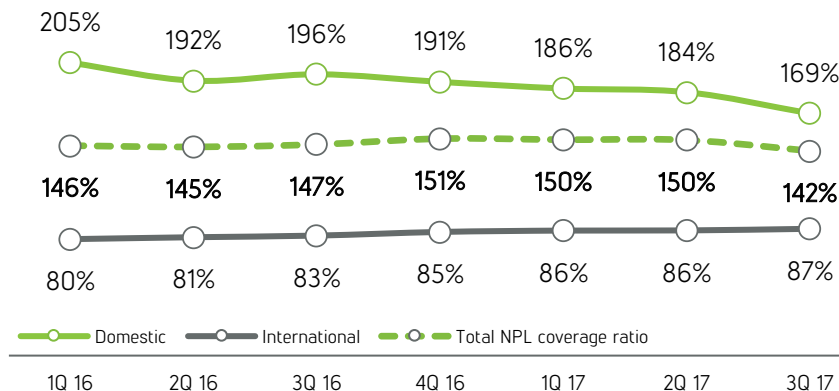
Financing and advances credit quality (2)

Rise in NPL ratio but continued strong NPL coverage

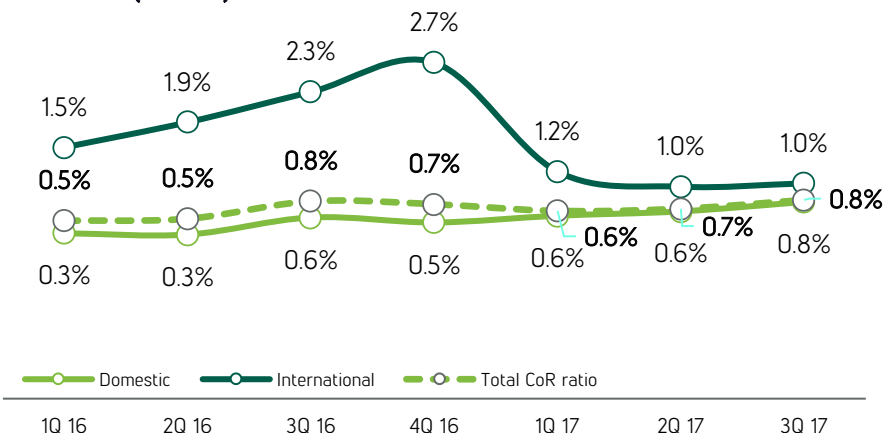
NPL Ratios (%)



NPL Coverage Ratios (%)



CoR Ratios (YTD %)



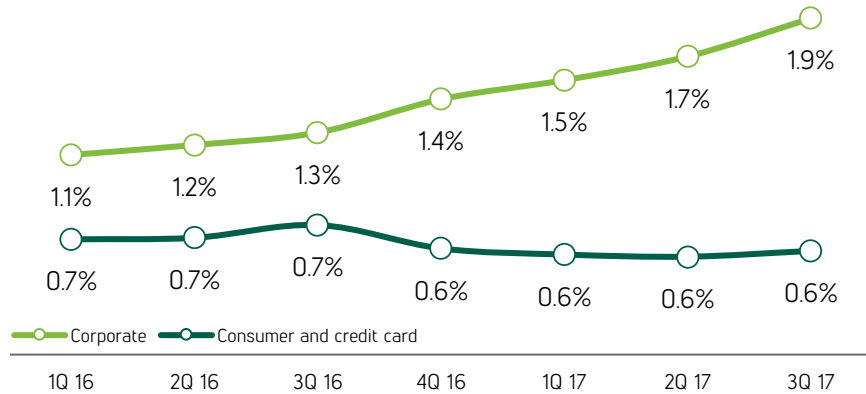
Management Commentary

- Rising NPL ratio driven by the Corporate segment.
- Consumer credit quality remains stable.
- International NPL ratio deteriorated over last year, but has been stable since 3Q 2016.
- Provision coverage was comfortable at 142% as at 3Q 2017.

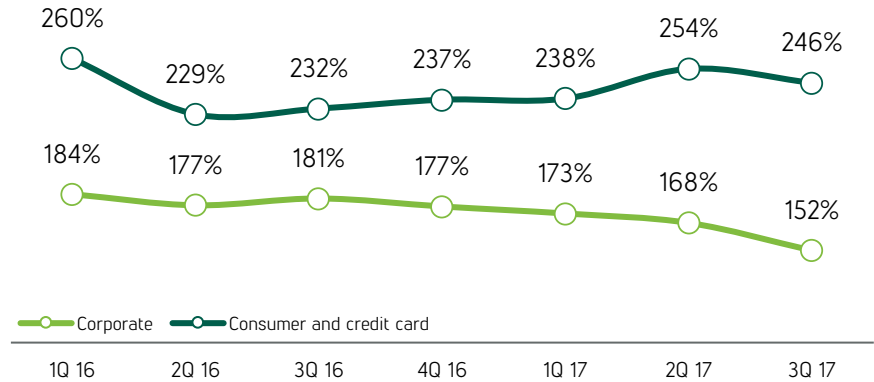
Financing and advances credit quality (3)

Consumer NPLs declined while Corporate NPLs increased

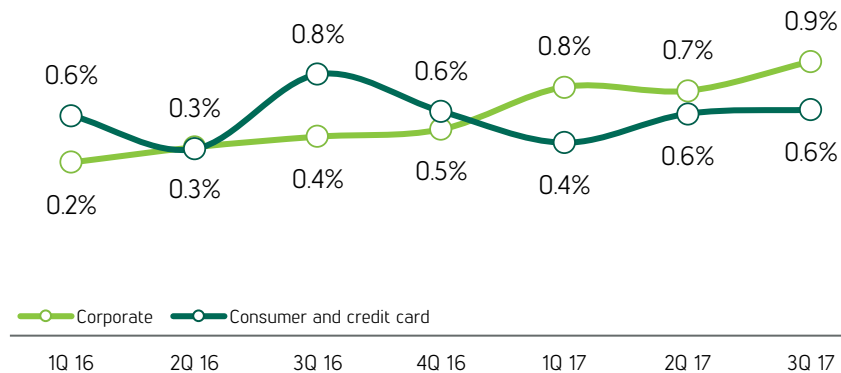
NPL Ratios (%)



NPL Coverage Ratios (%)



CoR Ratios (YTD %)



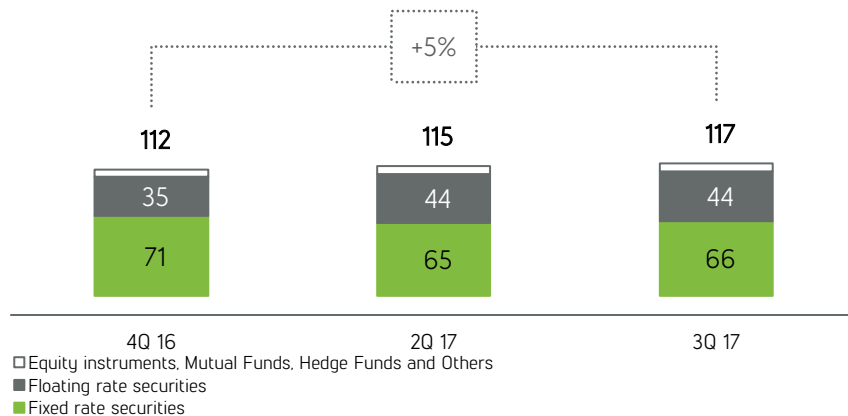
Management Commentary

- Rising Corporate NPL ratio but coverage remains strong at 152% as at 30 September 2017.
- Consumer NPL ratio and coverage remain stable.

Investments trends and composition

Investments rose through participation in Saudi Government debt issuance and ~90% of the investment portfolio remains Saudi Government or investment grade

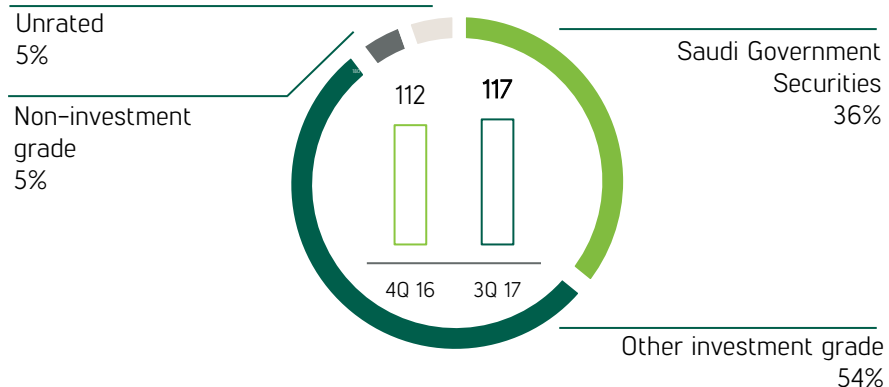
Investments (SRbn)



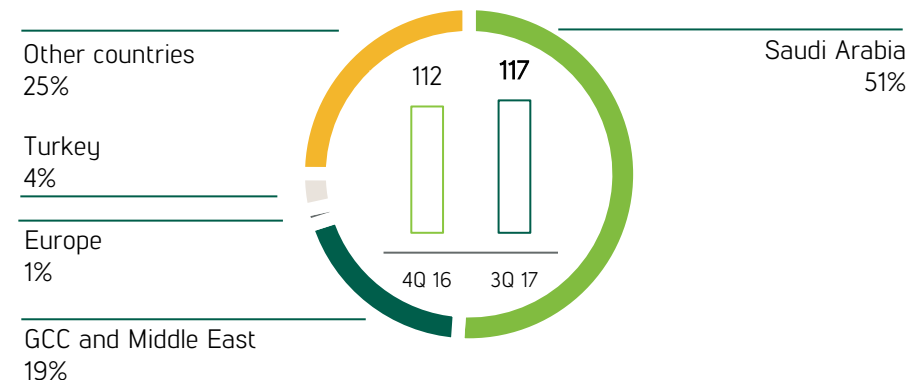
Management Commentary

- The investment portfolio is built on high quality securities with ~90% 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 during the year in light of the rising interest-rate environment.

Investments by Credit Grade (SRbn)



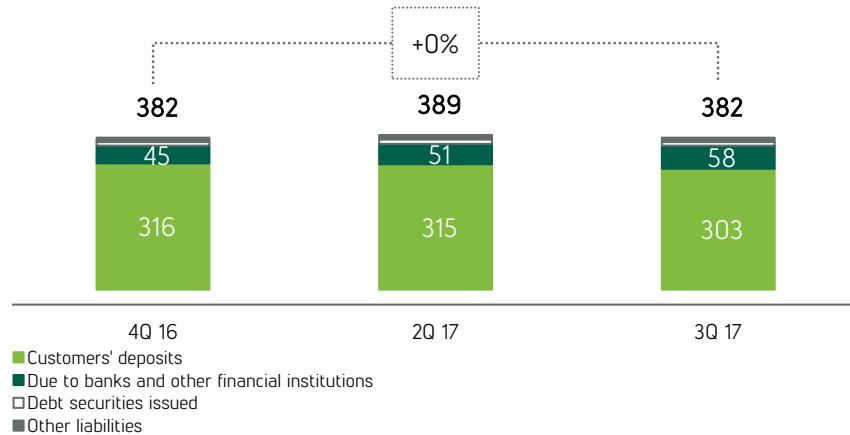
Investments by Geography (SRbn)



Liabilities trends and composition

Stable total liability base and improving deposit mix towards CASA balances

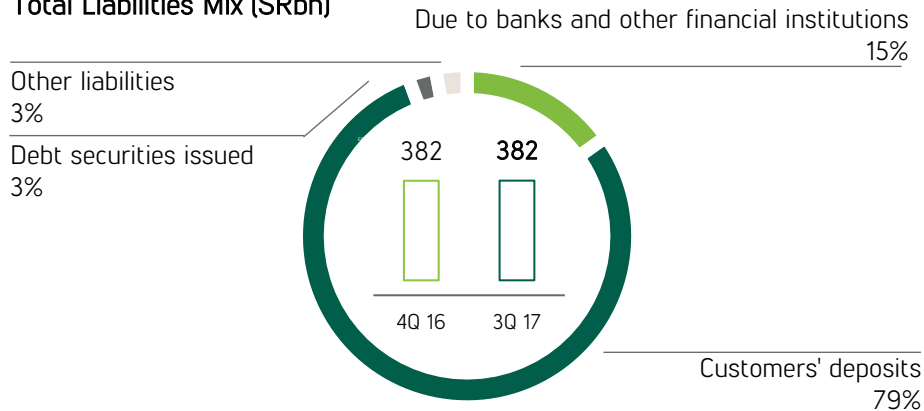
Total Liabilities (SRbn)



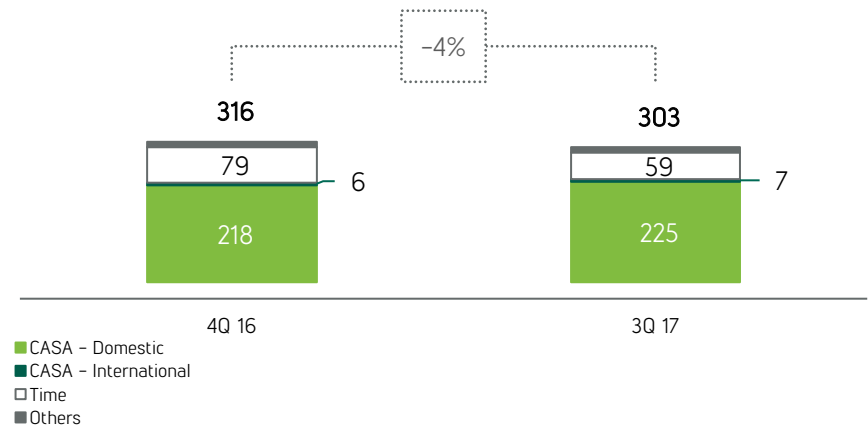
Management Commentary

- Customers' deposits are the main source of funding and remained stable during 1H 2017 but declined by 4% during 3Q 2017 as the funding mix was optimized by reducing time deposits.
- CASA balances grew by 4% YTD and account for 77% of customers' deposits.

Total Liabilities Mix (SRbn)



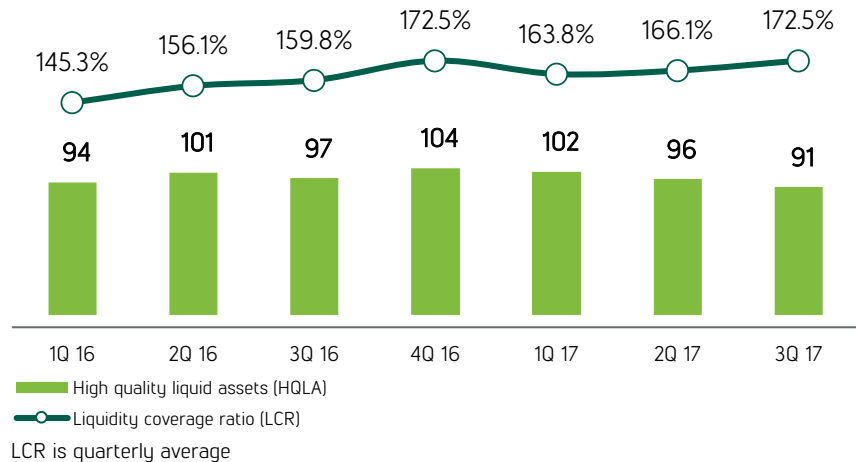
Customers' Deposits (SRbn)



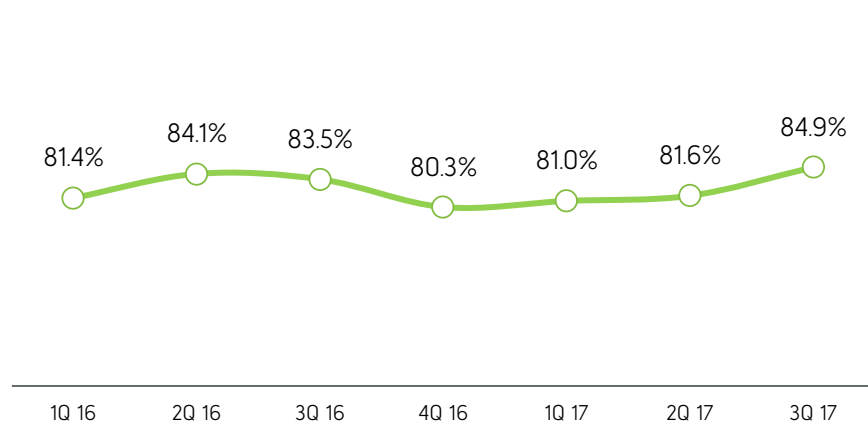
Liquidity

NCB maintained a strong liquidity profile

HQLA and Liquidity Coverage (SRbn/%)



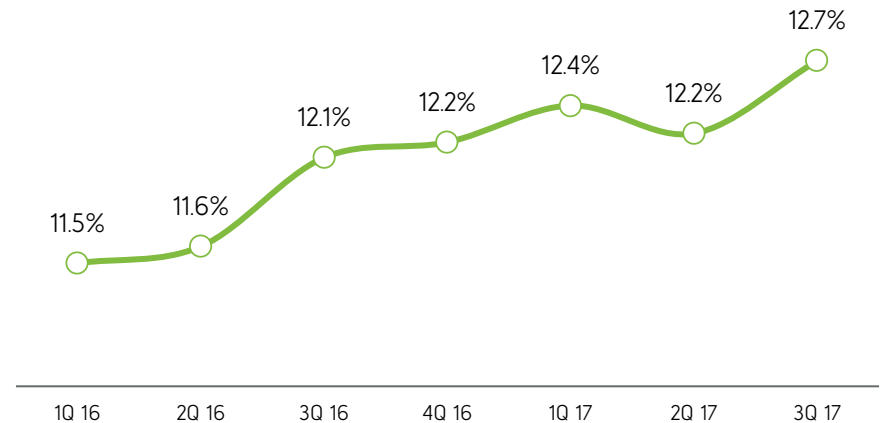
Financing to Customer Deposits Ratio (%)



Management Commentary

- As at 3Q 2017, the financing to customer deposits ratio was 84.9% and comfortably below the regulatory guidelines.
- HQLA balances declined compared to 2Q 2016, but average quarterly LCR improved to 172.5% from 159.8% in 3Q 2016.
- Basel III leverage ratio improved to 12.7% from 12.1% in 3Q 2016.

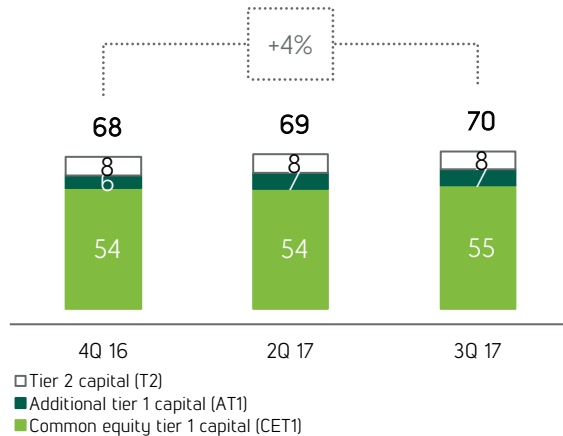
Basel III Leverage Ratio (%)



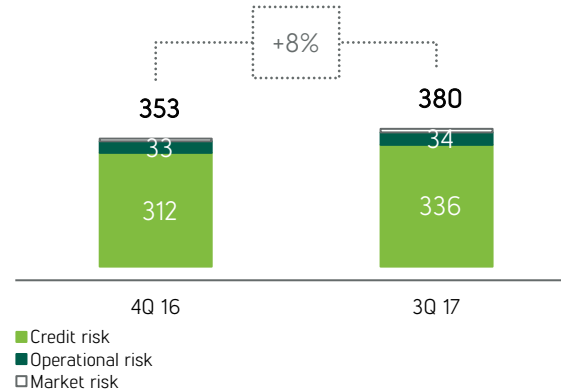
Capital

Capital position comfortably above regulatory minima

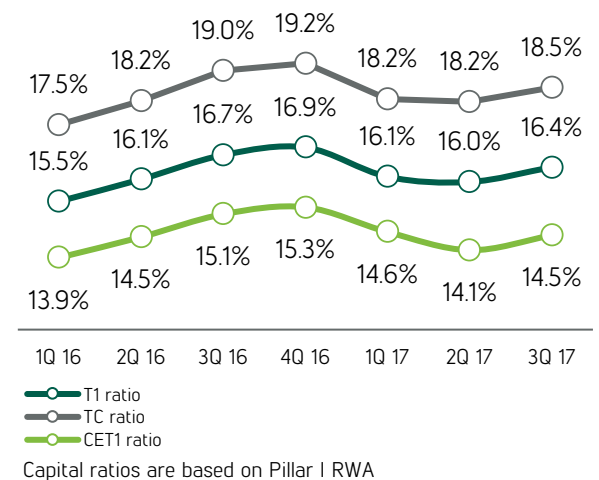
Capitalisation (SRbn)



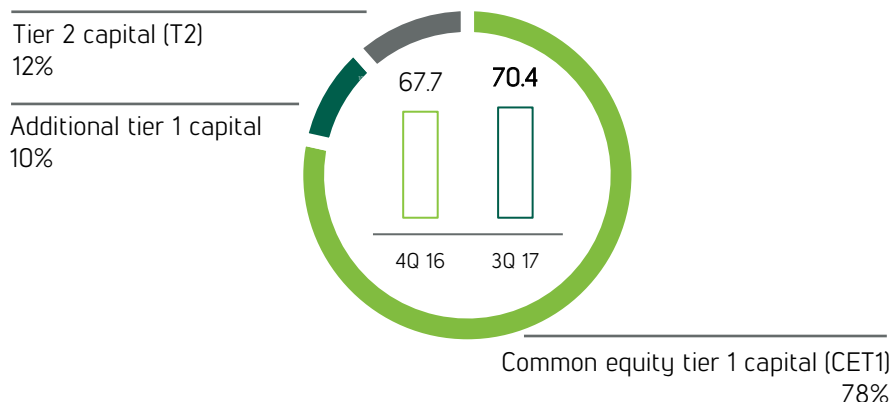
Pillar I Risk Weighted Assets (SRbn)



Capital Ratios (%)



Total Capital Composition (SRbn)



Management Commentary

- As at 3Q 2017, capitalization remained strong and comfortably above the regulatory minima.
- Pillar I risk weighted assets increased by 8% YTD as revised regulatory requirements for the calculation of certain credit risk weighted assets came into effect during 1Q 2017.
- During 2Q 2017, additional Tier 1 Sukuk of SR 1.3bn were issued, taking the total to SR 7bn as at 30 September 2017.

National Commercial Bank

Segmental Review

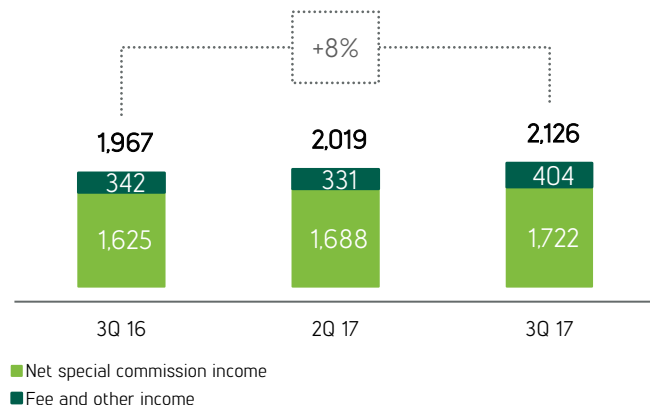
3Q 2017 Results



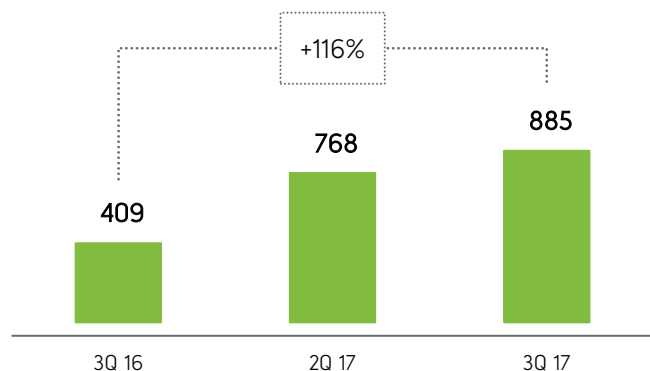
Retail Banking

Strong YTD and QTR net profit growth resulting from operating income growth, improved efficiency and lower impairments

Total Operating Income (SRmn)



Net Income (SRmn)



Summary Financial Performance

SR (mn)	3Q 2017	2Q 2017	3Q 2016	YoY % change	3Q 2017 YTD	3Q 2016 YTD	YoY % change
Total assets	106,939	109,354	109,687	-3%	106,939	109,687	-3%
Total operating income	2,126	2,019	1,967	+8%	6,083	5,923	+3%
Net special commission income	1,722	1,688	1,625	+6%	4,979	4,684	+6%
Fee income from banking services, net	307	311	288	+7%	897	1,039	-14%
Operating expenses	(950)	(911)	(1,013)	-6%	(2,825)	(3,041)	-7%
Impairment charge	(148)	(171)	(408)	-64%	(397)	(542)	-27%
Other income (expenses)	(142)	(168)	(136)	+5%	(546)	(387)	+41%
Net income	885	768	409	+116%	2,315	1,952	+19%
Cost to income (%)	44.7%	45.1%	51.5%	-13%	46.4%	51.3%	-10%
% of total assets	24.0%	24.3%	25.0%	-4%	24.0%	25.0%	-4%
ROA (%)	3.3%	2.9%	1.5%	+120%	2.9%	2.5%	+18%

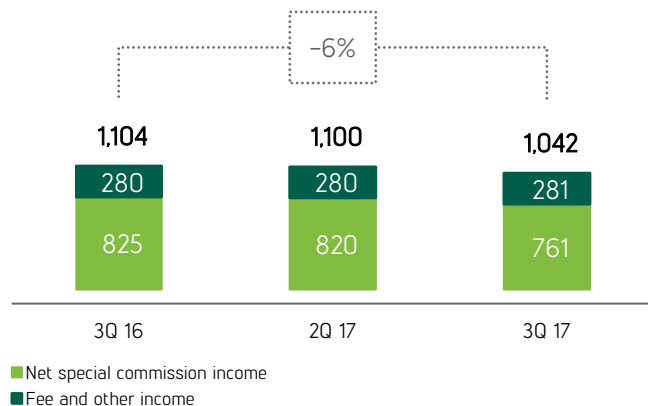
Management Commentary

- 3Q 2017 net income rose 116% YoY driven principally by 8% operating income growth, a 6% improvement in operating efficiency and 64% lower impairments.
- NSCI for 3Q 2017 improved by 6% YoY due to a 4% increase in retail financing.
- Fee income increased by 7% in 3Q 2017 YoY, mainly resulting from financing-related activity.
- 3Q 2017 operating expenses improved by 6% and the cost to income ratio improved 13% YoY to 44.7%. This improvement was relatively broad-based across most expense categories, reflecting the continued strides made in digitisation and productivity initiatives.
- 3Q 2017 impairments improved by 64% YoY due higher recoveries and improved risk management.

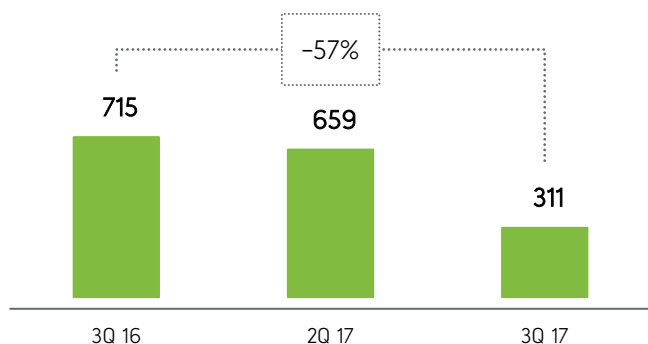


YTD and QTR Net profit impacted by higher impairments

Total Operating Income (SRmn)



Net Income (SRmn)



Summary Financial Performance

SR (mn)	3Q 2017	2Q 2017	3Q 2016	YoY % change	3Q 2017 YTD	3Q 2016 YTD	YoY % change
Total assets	143,378	143,320	141,459	+1%	143,378	141,459	+1%
Total operating income	1,042	1,100	1,104	-6%	3,385	3,200	+6%
Net special commission income	761	820	825	-8%	2,510	2,348	+7%
Fee income from banking services, net	243	243	245	-1%	752	753	-0%
Operating expenses	(260)	(209)	(243)	+7%	(741)	(724)	+2%
Impairment charge	(465)	(247)	(188)	+148%	(972)	(418)	+133%
Other income (expenses)	(6)	16	41	-114%	46	97	-52%
Net income	311	659	715	-57%	1,719	2,154	-20%
Cost to income (%)	25.0%	19.0%	22.0%	+14%	21.9%	22.6%	-3%
% of total assets	32.2%	31.9%	32.2%	+0%	32.2%	32.2%	+0%
ROA (%)	0.9%	1.8%	2.0%	-57%	1.6%	2.0%	-21%

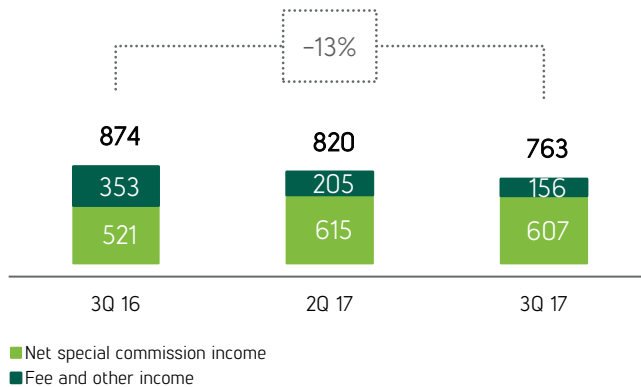
Management Commentary

- 3Q 2017 net income dropped 57% YoY due to a 6% decline in total operating income and a 148% rise in impairments.
- NSCI for 3Q 2017 declined 8% YoY despite stable corporate financing balances due to lower commission margins resulting from a drop in SAIBOR in 2Q and 3Q 2017 compared with 2016.
- Fee income remained stable YoY and QoQ.
- 3Q 2017 operating expenses rose by 7% and the cost to income ratio increased 14% YoY to 25.0%.
- The 3Q 2017 impairment charge rose 148% YoY due to adequate provision coverage for non-performing corporate financing formation.

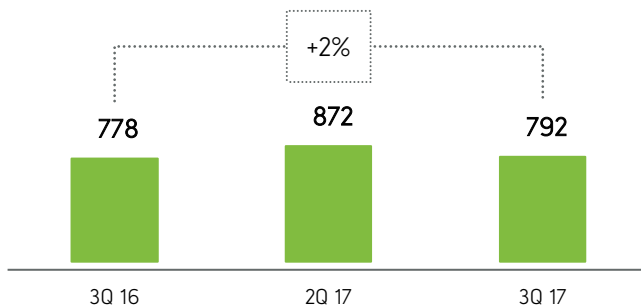


Higher NSCI and lower investment impairments partly offset by lower investment gains

Total Operating Income (SRmn)



Net Income (SRmn)



Summary Financial Performance

SR (mn)	3Q 2017	2Q 2017	3Q 2016	YoY % change	3Q 2017 YTD	3Q 2016 YTD	YoY % change
Total assets	153,802	156,203	139,529	+10%	153,802	139,529	+10%
Total operating income	763	820	874	-13%	2,709	2,774	-2%
Net special commission income	607	615	521	+16%	1,768	1,758	+1%
Fee income from banking services, net	26	22	22	+19%	73	80	-9%
Other operating income	130	183	331	-61%	867	936	-7%
Operating expenses	(97)	(86)	(61)	+60%	(338)	(275)	+23%
Impairment charge	(2)	(2)	(122)	-98%	(5)	(139)	-97%
Other income (expenses)	128	140	88	+47%	457	283	+61%
Net income	792	872	778	+2%	2,824	2,644	+7%
Cost to income (%)	12.7%	10.5%	7.0%	+83%	12.5%	9.9%	+26%
% of total assets	34.6%	34.7%	31.8%	+9%	34.6%	31.8%	+9%
ROA (%)	2.0%	2.2%	2.2%	-6%	2.5%	2.4%	+3%

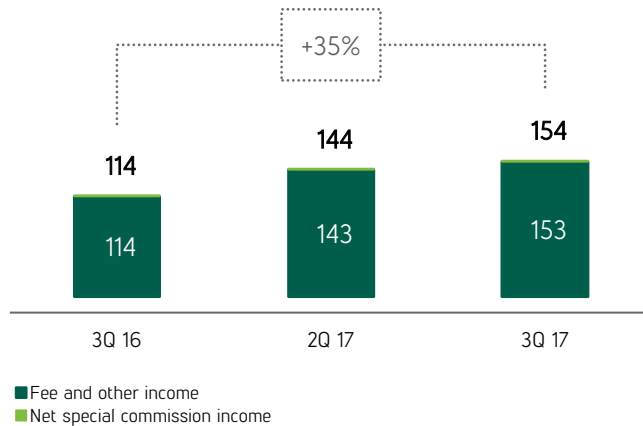
Management Commentary

- 3Q 2017 net income improved 2% YoY from a 16% improvement in NSCI and lower investment impairments, partly offset by lower investment gains.
- Operating income in 3Q 2017 declined 13% YoY due to lower gains on non-trading investments from repositioning the investment portfolio.
- Investment impairments were negligible during 3Q 2017, while the comparative quarter was impacted by SR 122mn relating to impairments of certain investments of a non-recurring nature.

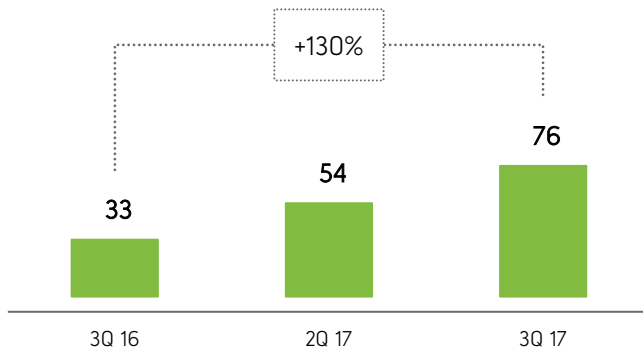


Growth driven by asset management

Total Operating Income (SRmn)



Net Income (SRmn)



Summary Financial Performance

SR (mn)	3Q 2017	2Q 2017	3Q 2016	YoY % change	3Q 2017 YTD	3Q 2016 YTD	YoY % change
Total assets	1,562	1,465	1,568	-0%	1,562	1,568	-0%
Total operating income	154	144	114	+35%	462	421	+10%
Net special commission income	1	1	0	+125%	2	1	+240%
Fee income, net	148	140	108	+37%	447	412	+9%
Operating expenses	(79)	(91)	(81)	-2%	(254)	(253)	+0%
Impairment charge	0	0	0		0	0	
Other income (expenses)	1	1	(0)	-1115%	2	3	-15%
Net income	76	54	33	+130%	210	171	+23%
Cost to income (%)	51.4%	63.2%	70.9%	-28%	54.9%	60.1%	-9%
% of total assets	0.4%	0.3%	0.4%	-2%	0.4%	0.4%	-2%
ROA (%)	20.2%	15.2%	8.6%	+136%	19.5%	13.3%	+47%

Management Commentary

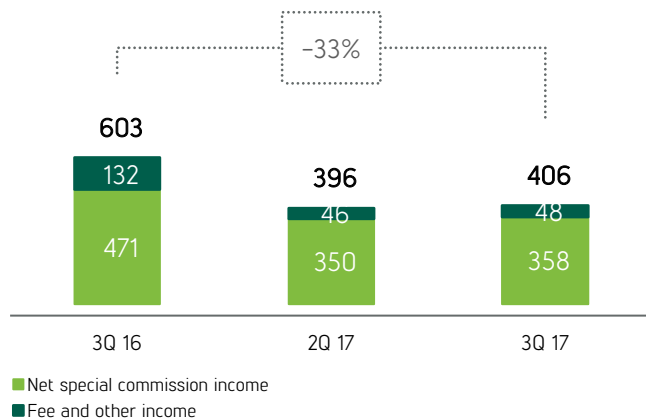
- 3Q 2017 net income increased by 130% (SR 43mn) YoY due to higher operating income and improved operating efficiency.
- Operating income in 3Q 2017 rose 35% (SR 40mn) YoY due to higher fee and other income, mainly resulting from asset management.

International

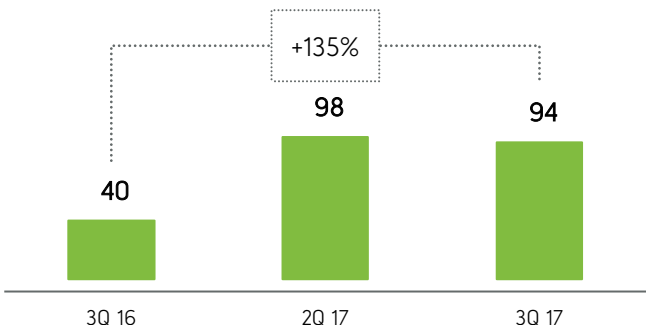


Operating income impacted by depreciating Turkish currency but strong net income growth from declining expenses and lower impairment charges

Total Operating Income (SRmn)



Net Income (SRmn)



Summary Financial Performance

SR (mn)	3Q 2017	2Q 2017	3Q 2016	YoY % change	3Q 2017 YTD	3Q 2016 YTD	YoY % change
Total assets	38,998	39,433	46,522	-16%	38,998	46,522	-16%
Total operating income	406	396	603	-33%	1,190	1,729	-31%
Net special commission income	358	350	471	-24%	1,024	1,435	-29%
Fee income from banking services, net	70	73	92	-24%	214	299	-28%
Operating expenses	(214)	(223)	(304)	-29%	(653)	(929)	-30%
Impairment charge	(80)	(54)	(238)	-66%	(219)	(599)	-64%
Other income (expenses)	(17)	(20)	(21)	-17%	(42)	(33)	+27%
Net Income	94	98	40	+135%	276	168	+65%
Cost to income (%)	52.8%	56.4%	50.4%	+5%	54.9%	53.7%	+2%
% of total assets	8.8%	8.8%	10.6%	-17%	8.8%	10.6%	-17%
ROA (%)	10%	10%	0.3%	+195%	0.9%	0.5%	+98%

Management Commentary

- 3Q 2017 net income improved 135% YoY as a significant reduction in the cost base and improving credit quality more than offset declining operating income.
- 3Q 2017 operating expenses fell 29%. This improvement resulted from the ongoing progress made in cost-optimisation initiatives as well as the cessation of intangible assets amortisation from the start of 2017.
- The impairment charge for 3Q 2017 declined 66% due to limited new NPL formation in the Turkish subsidiary over the period, further aided by the Turkish Lira depreciation.

National Commercial Bank

Additional Information

3Q 2017 Results



Additional Information

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