



The National
Commercial
Bank

Earnings Presentation

3Q 2019 Results

Disclaimer

The National Commercial Bank (NCB) prepared this presentation on a proprietary basis as general background information about the activities of NCB. The information contained herein is given in summary form and for discussion purposes only. Some of the information that is relied upon by NCB is obtained from sources believed to be reliable, but NCB (nor any of its directors, officers, employees, agents, affiliates or subsidiaries) does not guarantee the accuracy or completeness of such information, and disclaims all liability or responsibility for any loss or damage caused by any act taken as a result of the information. This presentation including the information covered therein is not intended either to be relied upon or construed as an advertisement for, or an offer, solicitation or invitation to sell or issue, or to subscribe, underwrite or otherwise acquire any securities in any jurisdiction. It should and must not be treated as giving tax, legal, investment or other specialist advice or a recommendation to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Neither shall any part of this information nor the fact of its distribution form part of or be relied on in connection with any contract or investment decision or commitment relating thereto, nor does it constitute a recommendation regarding the subject of this presentation.

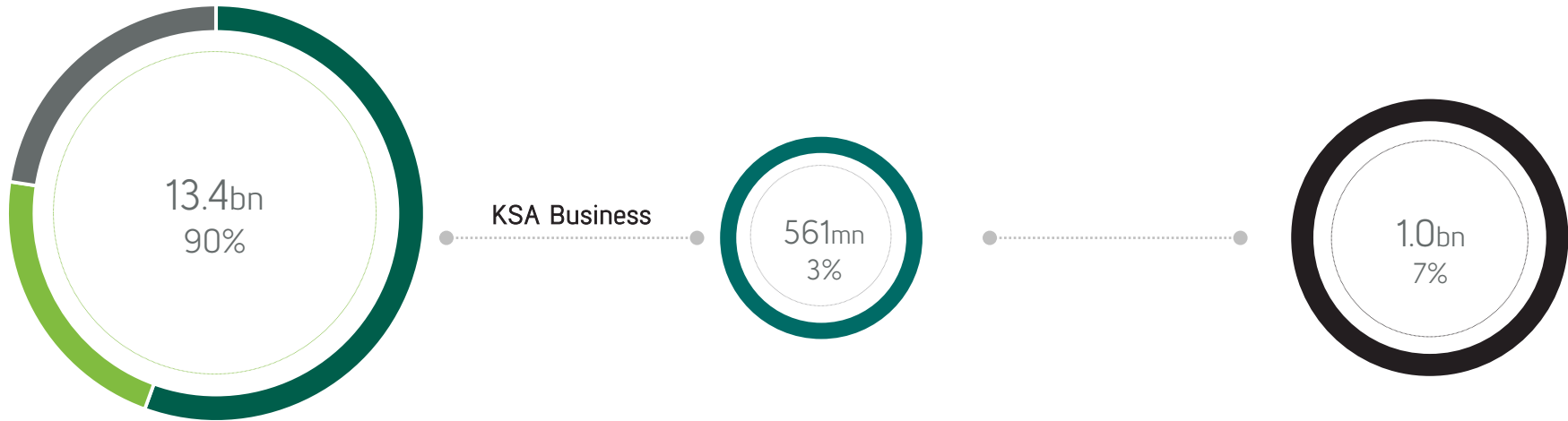
All statements included in this presentation other than statements of historical facts, including, without limitation, those regarding financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives) are forward-looking statements and may thus include words like "anticipate", "believe", "intend", "estimate", "expect", "will", "may", "project", "plan" and such other words of similar meaning. Such forward-looking statements are based on numerous assumptions regarding present and future business strategies and the relevant future business environment. Any forward-looking statements speak only as of the date of this presentation and NCB expressly disclaims to the fullest extent permitted by law any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Nothing in the foregoing is intended to or shall exclude any liability for, or remedy in respect of, fraudulent misrepresentation. Due to rounding, numbers and percentages presented throughout this presentation may not add up precisely to the totals provided.

NCB is not under any obligation to update, complete, amend, revise or keep current the information contained herein, and any opinions expressed herein are subject to change materially without notice. Accordingly, no representation or warranty, express or implied, is or will be made by NCB, their respective advisors or any such persons' directors, officers or employees, or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this presentation, and any reliance you place on them will be at your sole risk. Investors must rely solely on their own examinations of the Offering and relevant documentation in making a determination as to whether to invest in the securities described. An investor should seek independent professional advice when deciding if an investment is appropriate. Securities that may be discussed herein may not be suitable for all investors. Investors are required to make their own independent investigation and appraisal of the business and financial condition of NCB and its subsidiaries, the nature of the securities and the merits or suitability of the securities or any transaction to any investor's particular situation and objectives, including the possible risks and benefits of purchasing any securities. Any such determination should involve an assessment of the legal, tax, accounting, regulatory, financial, credit or other related aspects of the offering or the securities. Without prejudice to the foregoing, NCB, their advisors and any such persons' directors, officers or employees expressly disclaim any liability whatsoever, in negligence or otherwise, for any loss howsoever arising, directly or indirectly, from use of, or reliance on, this presentation or its contents or otherwise arising in connection therewith.

CEO Key Messages

NCB reported 16% net income growth* of SAR 8.0 billion on strong operating performance in Saudi Arabia with a return on equity of 17.5%

Operating Income Contribution (SAR)



NCB Domestic Banking

- Solid Retail performance, driven principally by growing mortgage book
- Strong origination in Corporate loans
- Growth in Treasury commission and investment income
- Digitization, lean branch and cost saving initiatives further improved C/I Ratio

Capital Markets (NCBC)

- Continued growth in net profit, mainly due to improved operating efficiency
- Stable assets under management
- Modest growth in brokerage volumes

International (TFKB)

- Turkish Banking Authority (BRSA) required banking sector to classify certain exposures to NPL, which led to elevated impairments
- Group results impacted by TRY depreciation

*Net income after zakat and income tax

Progress update on Strategy (1)

Year to date achievements



Retail

Expand Market Share

- Growing market share
- Financing market share up 110bps in 2Q 2019 to reach 21.8%

- Financing up 9% at SAR 112bn
- 34% Mortgage growth at SAR 32bn
- >95% REDF Origination in 3Q 2019



Corporate

Consolidate Leadership

- No. 1 in Corporate
- Financing market share up 40bps to 15%
- Largest SME Lender

- Financing up 5% at SAR 137bn
- Cost of Risk improved to 33bps for 9M 2019 vs. 57bps at 9M 2018



Treasury

Sustain Revenue and Diversify Funding

- No. 1 in Treasury
- Leading global markets platform
- Largest investment portfolio

- Commission income up 14% YoY
- Investment Income up 125% YoY
- Singapore office fully operational



Digital Transformation

- 19 new branches (420 total) at no increase in headcount
- 174 Self-service kiosks deployed, converting 74% of service transactions to digital where installed
- 2.2 Million active customers. 58% active digital user penetration up from 50% at FY 2018
- Retail digital sales at 48% up from 28% at FY 2018



Subsidiaries

Grow Value Contribution



Capital Markets

- NCB Capital is the largest Investment Bank & Asset Manager in KSA

- Higher net income (+10%) driven by stable operating income (+1%) and improvement in operating expenses (-10%)



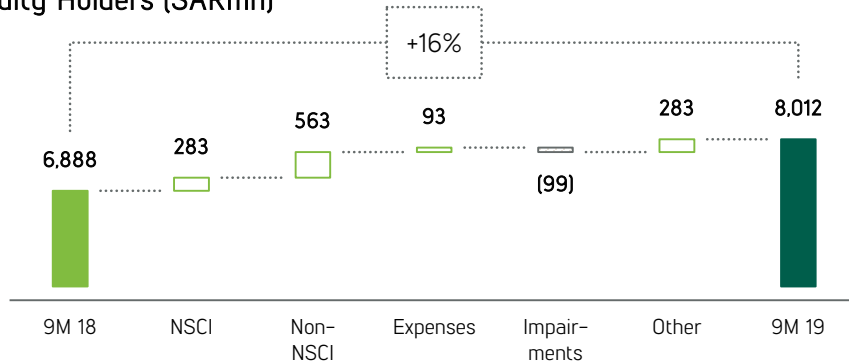
International

- TFKB is an efficient, resilient franchise in a large regional market

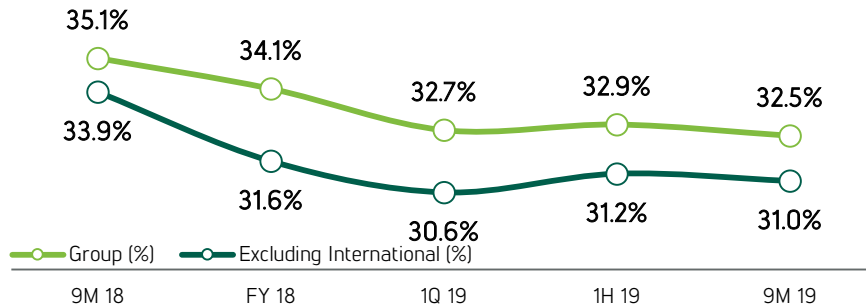
- 37% growth in customer deposits YTD
- 4 branches YTD to 310, headcount reduction of 5%
- Continued focus on efficiency

Income Statement Highlights

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

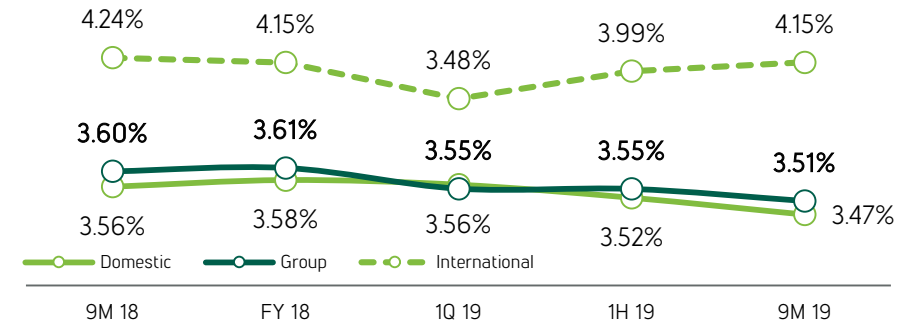


Cost to Income Ratio (YTD %)

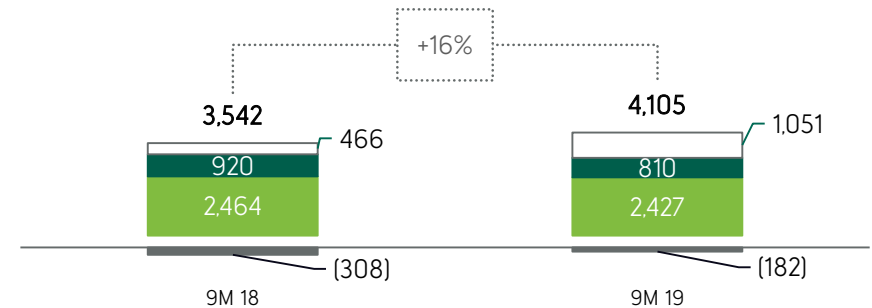


9M 2019 net income after Zakat & income tax growth of 16% YoY, derived from higher operating income and lower Zakat and tax

Net Special Commission Margin (YTD %)



Fee and Other Income (SARmn)

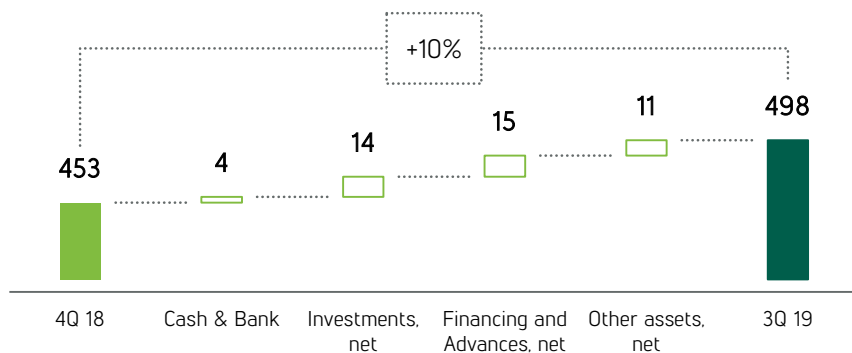


■ Fee income from banking services, net
 ■ Exchange Income, net
 □ Investment-related income
 ■ Other operating income (expenses), net

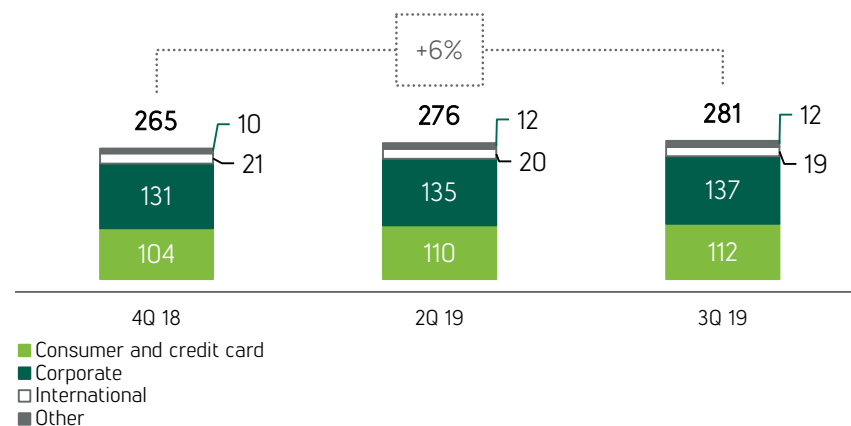
Balance Sheet Highlights

10% YTD increase in total assets on the back of growth in Financing and Investments

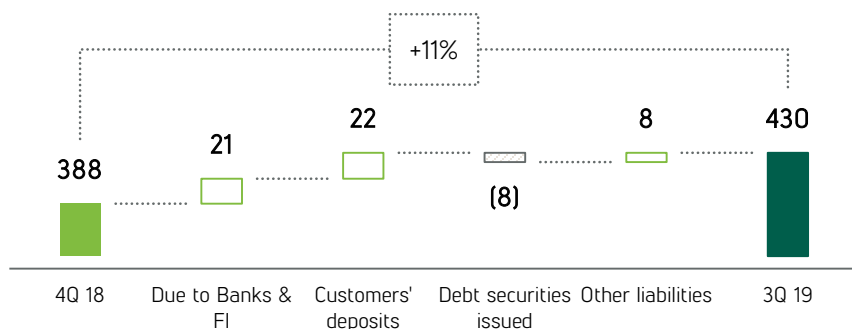
3Q 19 Total Assets Movement (SARbn)



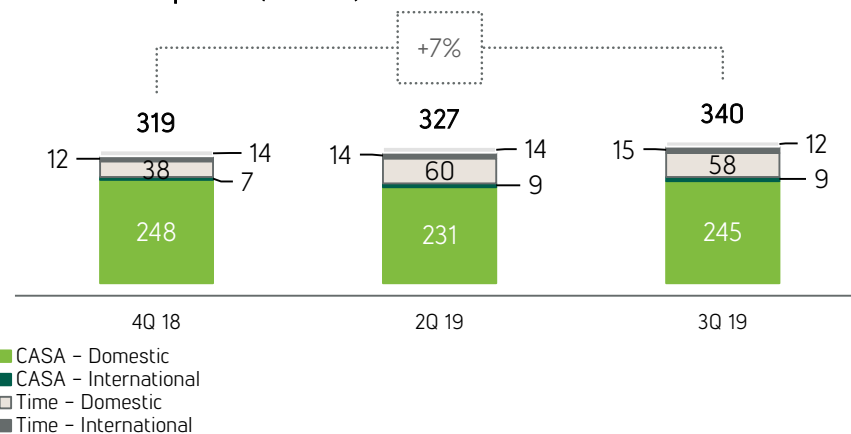
Financing and Advances, net (SARbn)



3Q 19 Total Liabilities Movement (SARbn)

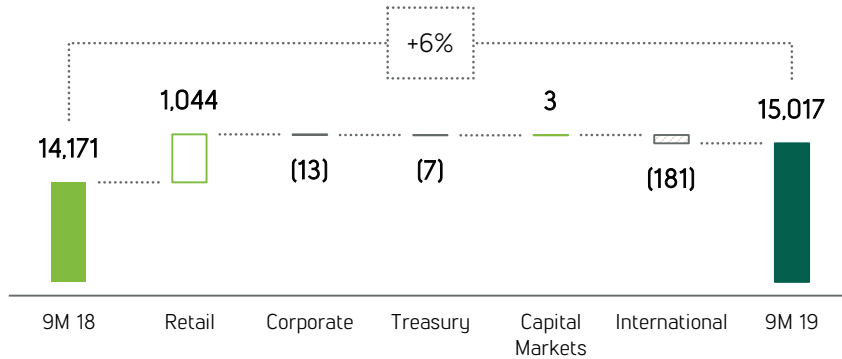


Customers' Deposits (SARbn)



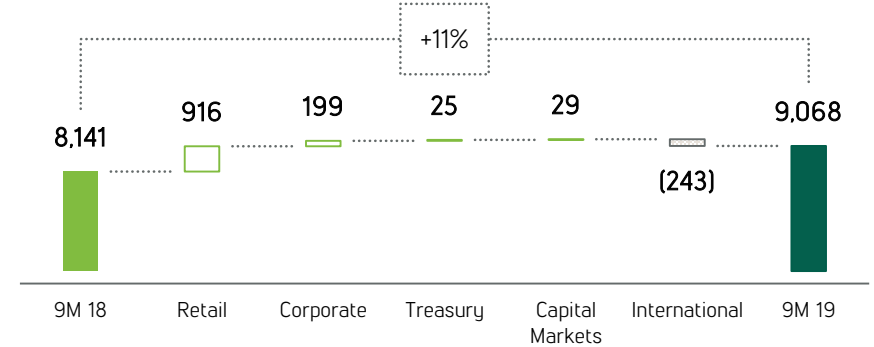
Segmental Highlights

9M 19 Total Operating Income Movement (SARmn)

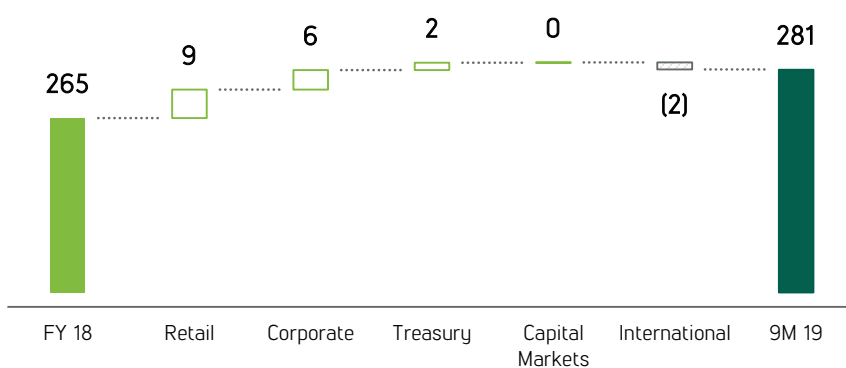


9M 2019 Income and profit growth led by strong Retail performance, while International was impacted by lower TRL / SAR FX rate and higher risk cost

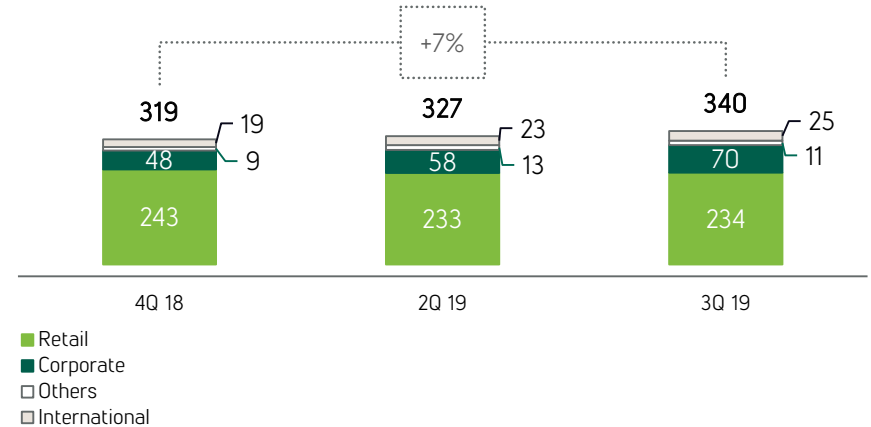
9M 19 Net Income Before Zakat & Income Tax Movement (SARmn)



9M 19 Financing and Advances, net Movement (SARbn)

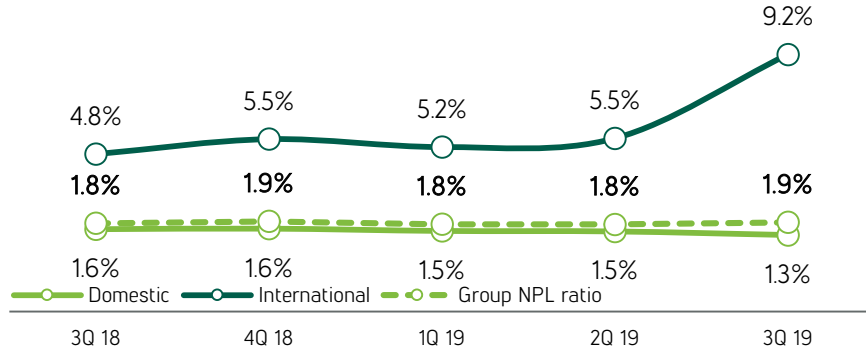


Customers' Deposits (SARbn)

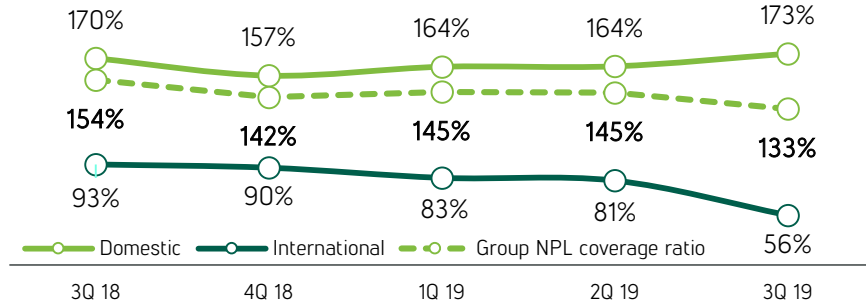


Asset Quality

NPL Ratios (%)

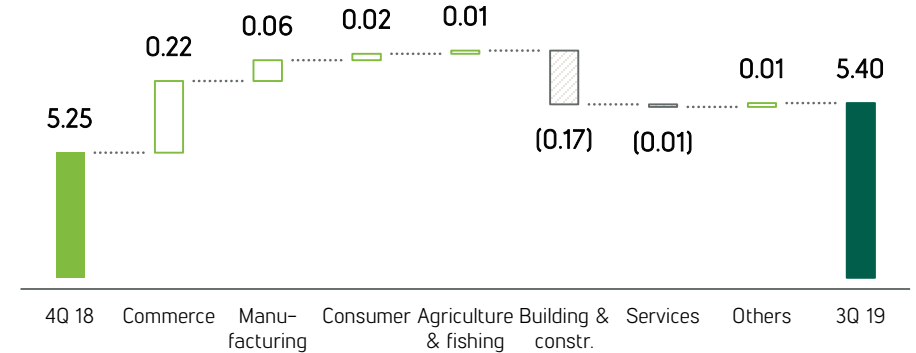


NPL Coverage Ratios (%)

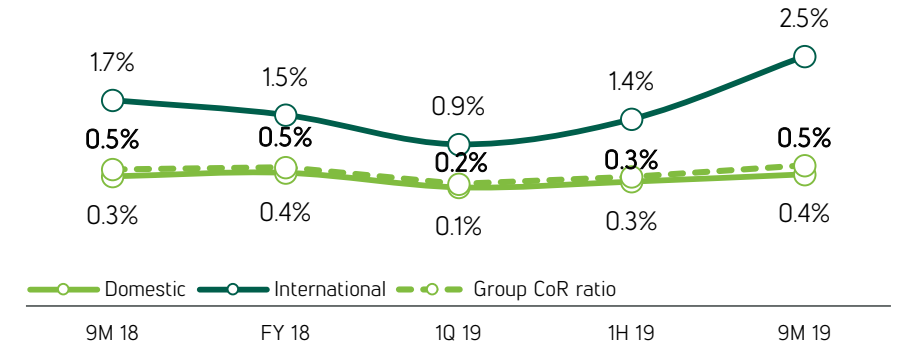


Stable Group NPL ratio and CoR, though 9% decline in NPL coverage driven by International segment

Movement NPLs by Economic Sector (SARbn)



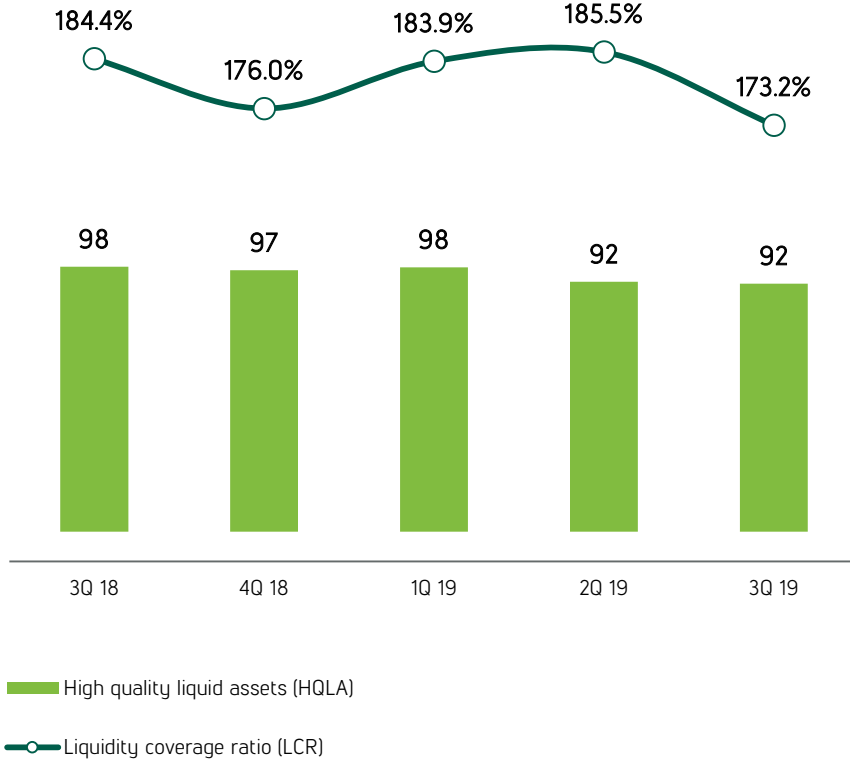
CoR Ratios (YTD %)



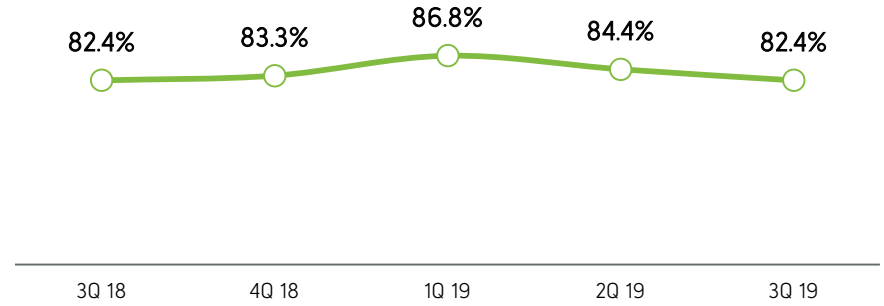
Liquidity

NCB maintained a strong liquidity profile

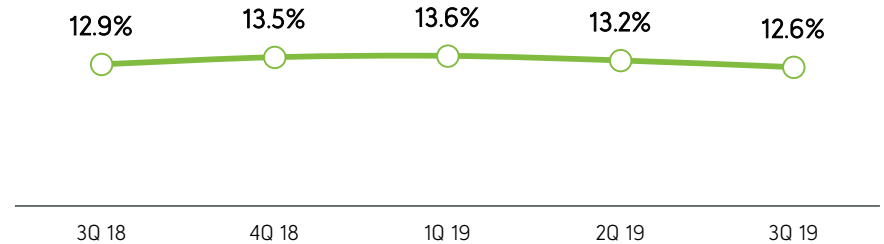
HQLA and Average Liquidity Coverage (SARbn/%)



Financing to Customer Deposit Ratio (%)

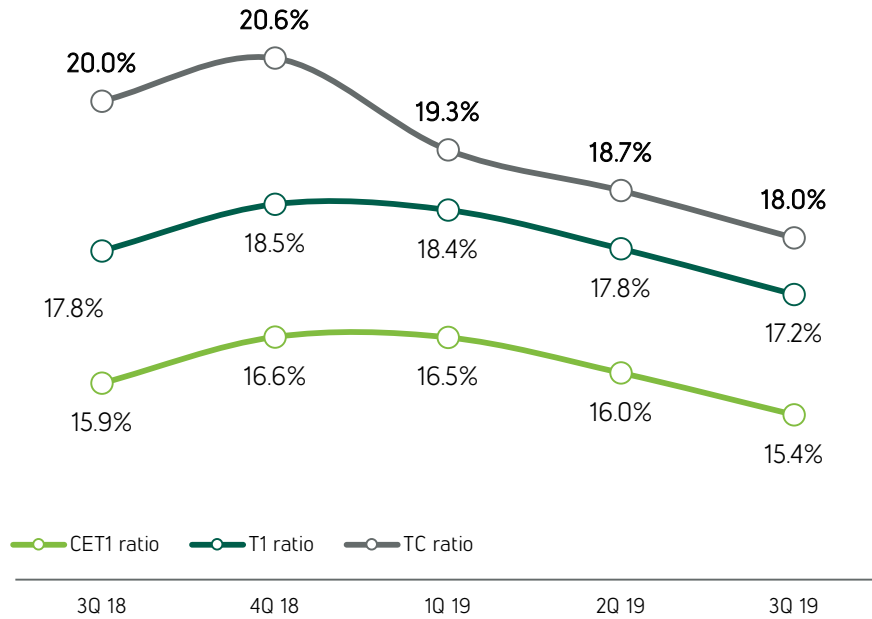


Basel III leverage Ratio (%)



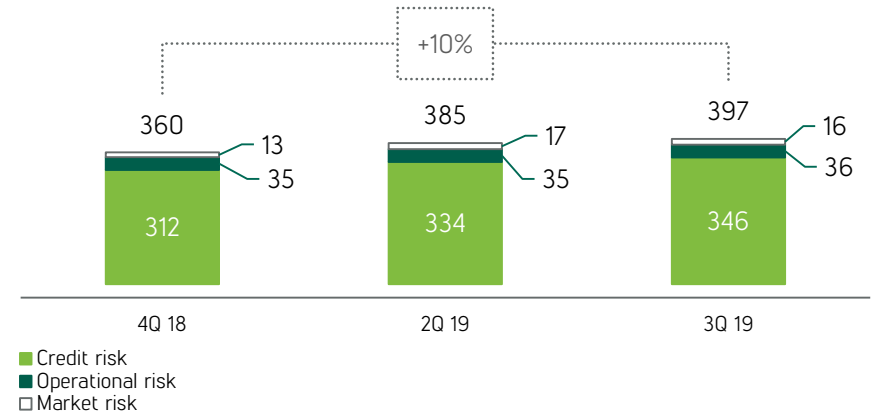
Capital

Capital Ratios (%)

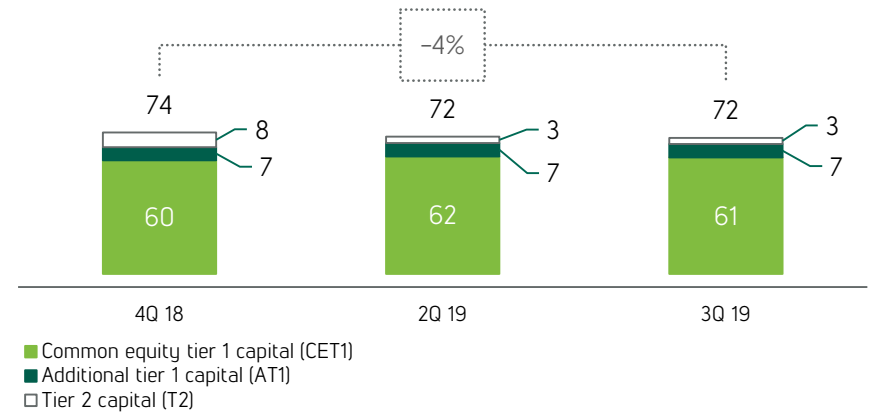


Capital position comfortably above regulatory minima

Pillar I Risk Weighted Assets (SARbn)



Capitalisation (SARbn)



Outlook

FY 2019 Outlook mostly within guidance

2019 Macroeconomic Outlook

- Average Arabian light oil price of USD 65 per barrel
- 3-4 25bps US Fed rate cuts in 2019
- 2019's expansionary fiscal policy is expected to underpin GDP and Credit growth

2019 KSA Government Projections

- Real GDP growth is estimated to reach 2.6%
- The budget deficit projected to narrow to 4.2% of GDP
- Inflation to ease to 2.3% as energy price subsidies remain unchanged

Balance Sheet

Profitability

Capitalization and Asset Quality

	FY 2018 Reported	9M 2019 Reported	FY 2019 Guidance	FY 2019 Outlook
Financing growth	+6%	+6%	4% - 6%	Within guidance
NSCI margin	3.61%	3.51%	3.65% - 3.69%	At 9M 2019 levels
Cost to income	34.1%	32.48%	Below 34%	Within guidance
Tier 1 CAR	18.5%	17.2%	16% - 18%	Within guidance
Group Cost of Risk	0.52%	0.55%	0.6% - 0.8%	Within guidance

Additional Information

3Q 2019 Results



Income Statement

20% Higher 3Q 2019 net income after Zakat & income tax YoY, derived from higher operating income and lower Zakat and tax

Profitability Trends

SAR (mn)	3Q 2019	2Q 2019	3Q 2018	YoY % change	9M 2019	9M 2018	YoY % change
Net special commission income	3,682	3,669	3,637	+1%	10,912	10,629	+3%
Fee and other income	1,328	1,386	1,094	+21%	4,105	3,542	+16%
Total operating income	5,009	5,055	4,732	+6%	15,017	14,171	+6%
Operating expenses	(1,590)	(1,670)	(1,606)	-1%	(4,878)	(4,972)	-2%
Total impairment charge	(663)	(325)	(616)	+8%	(1,133)	(1,034)	+10%
Income from operations, net	2,757	3,060	2,510	+10%	9,006	8,166	+10%
Net income before Zakat and tax	2,829	3,047	2,488	+14%	9,068	8,141	+11%
Zakat and Tax	(288)	(338)	(341)	-15%	(1,020)	(1,158)	-12%
Net income for the period after Zakat and income tax attributable to equity holders	2,551	2,686	2,120	+20%	8,012	6,888	+16%
EPS	0.82	0.86	0.68	+21%	2.58	2.21	+17%
ROE common shares (%)	16.3%	17.1%	14.4%	+13%	17.5%	15.8%	+11%
Net special commission margin (%)	3.44%	3.55%	3.60%	-4%	3.51%	3.60%	-3%
Cost to Income Ratio (%)	31.7%	33.0%	33.9%	-7%	32.48%	35.1%	-7%
CoR (%)	0.9%	0.5%	0.9%	+6%	0.5%	0.5%	+15%

Balance Sheet

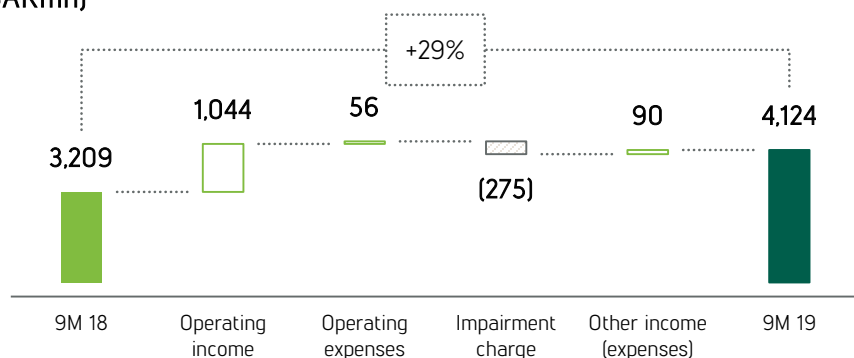
10% YTD increase in total assets on the back of growth in Financing and Investments

Balance Sheet

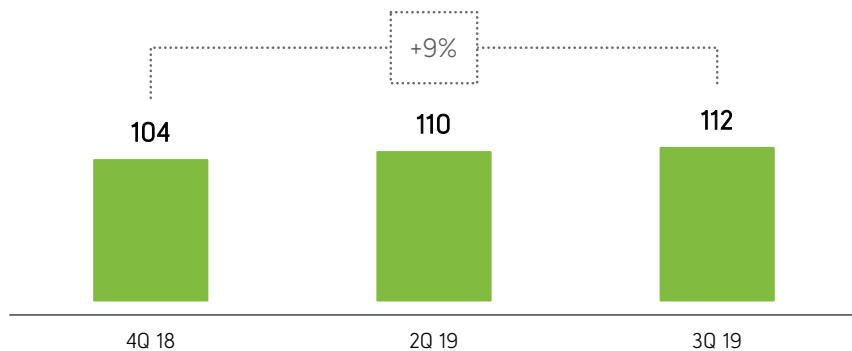
SAR (mn)	3Q 2019	2Q 2019	3Q 2018	YoY % change	FY 2018	YTD % change
Cash & banks	52,521	45,621	54,714	-4%	48,479	+8%
Investments, net	132,467	126,630	116,504	+14%	118,090	+12%
Financing and advances, net	280,535	276,267	268,245	+5%	265,317	+6%
Total assets	498,045	478,643	460,826	+8%	453,390	+10%
Due to banks and other financial institutions	66,927	61,594	48,130	+39%	45,963	+46%
Customers' deposits	340,382	327,437	325,461	+5%	318,699	+7%
Debt securities issued	1,664	1,865	8,636	-81%	9,431	-82%
Total liabilities	430,169	410,354	397,552	+8%	387,721	+11%
Common equity	59,979	60,425	55,504	+8%	57,737	+4%
Total equity	67,876	68,289	63,274	+7%	65,669	+3%
Risk weighted assets	397,209	385,372	361,091	+10%	360,189	+10%
CET1 ratio (%)	15.4%	16.0%	15.9%	-3%	16.6%	-7%
Tier 1 ratio (%)	17.2%	17.8%	17.8%	-4%	18.5%	-7%
Total CAR (%)	18.0%	18.7%	20.0%	-10%	20.6%	-13%
Liquidity coverage ratio (LCR %)	173.2%	185.5%	184.4%	-6%	176.0%	-2%
Basel III leverage ratio (%)	12.6%	13.2%	12.9%	-2%	13.5%	-6%
Financing to customer deposit ratio (%)	82.4%	84.4%	82.4%	-0%	83.3%	-1%
NPL ratio (%)	1.9%	1.8%	1.8%	+2%	1.9%	-2%
NPL coverage ratio (%)	133.1%	144.7%	154.0%	-14%	141.5%	-6%

Retail

9M 19 Net Income Before Zakat & Income Tax Movement (SARmn)



Financing & Advances, net (SARbn)

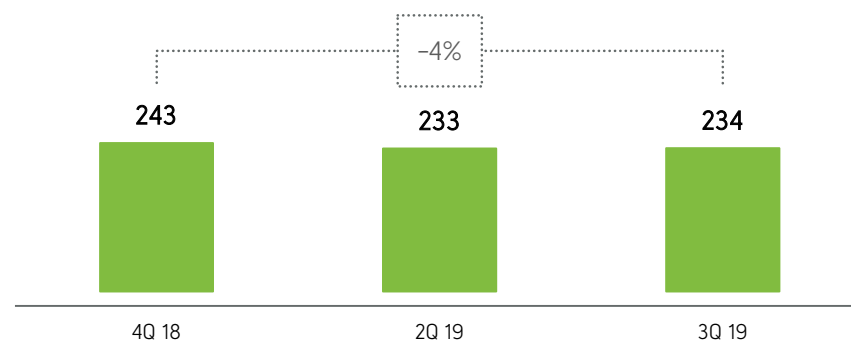


Higher 9M 2019 net income before Zakat from higher operating income

Management Commentary

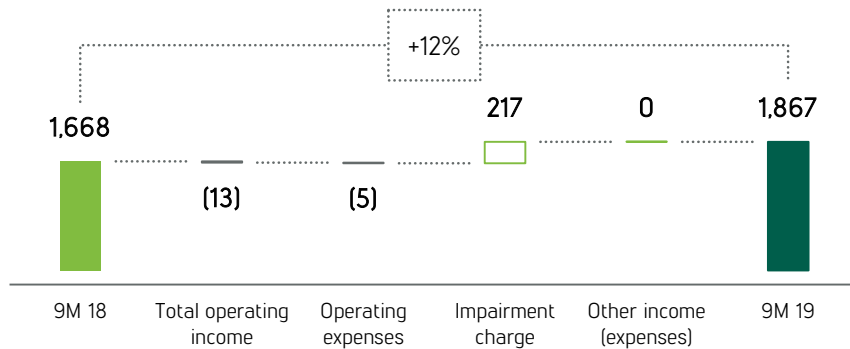
- Net income before zakat for 9M 2019 increased by 29% YoY driven principally by 16% higher operating income.
- NSCI improved by 17% in 9M 2019 YoY due to an increase in retail financing.
- 9M 2019 Fee income increased by 4% YoY, mainly from financing-related activity.
- 9M 2019 Operating expenses improved 2% YoY and the cost to income ratio stood at 40.6% from 48.1% a year earlier due to digitization, productivity enhancement and optimization.

Customers' Deposits (SARbn)

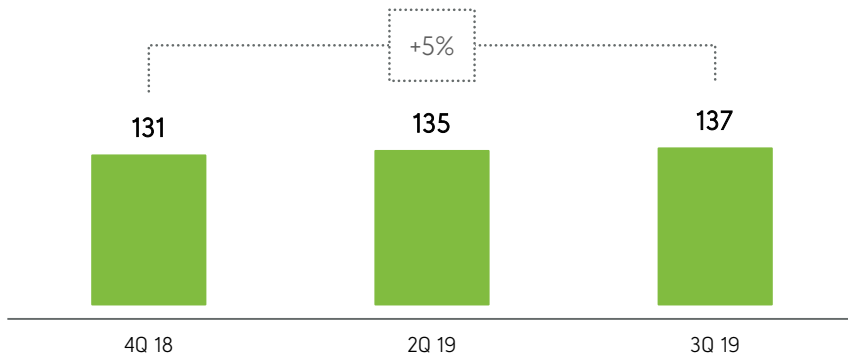


Corporate

9M 19 Net Income Before Zakat & Income Tax Movement (SARmn)



Financing & Advances, net (SARbn)

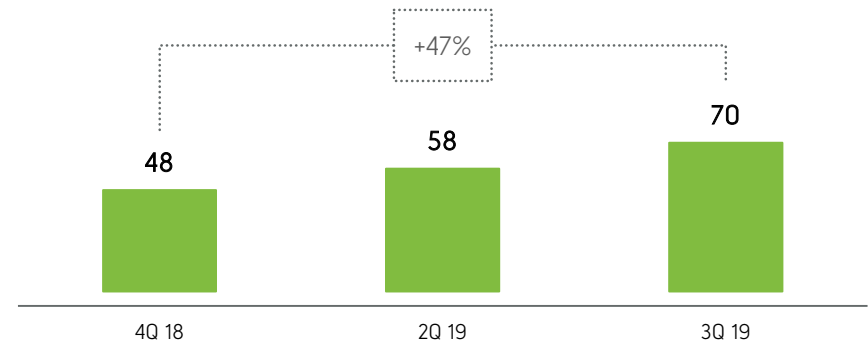


9M 2019 growth in net income before Zakat from lower impairment charge

Management Commentary

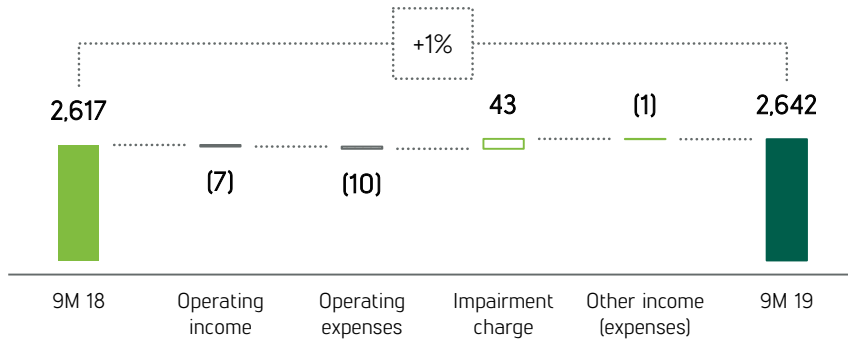
- 9M 2019 Net income before zakat increased 12% YoY due to 38% lower impairment charges.
- 9M 2019 Operating income remained flat YoY. 9M 2019 NSCI declined marginally by 1% on repayments and shifting to larger borrower segments. Fee income rose 2% YoY from higher lending fees partly offset by lower trade fees.
- 9M 2019 Operating expenses increased 1% YoY, and cost to income reached 24.1% compared to 23.8% in 9M 2018.

Customers' Deposits (SARbn)

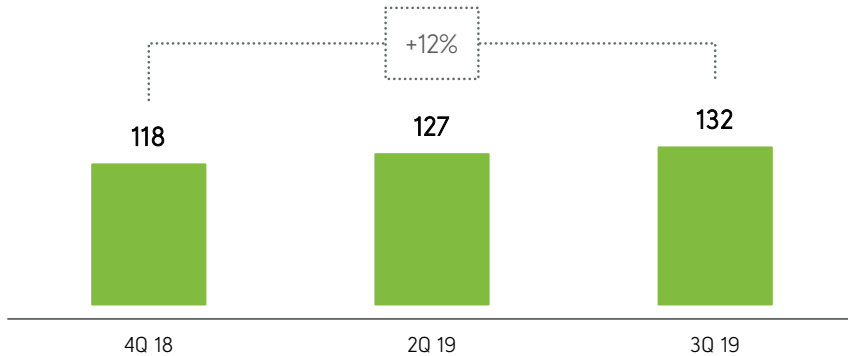


Treasury

9M 19 Net Income Before Zakat & Income Tax Movement (SARmn)



Investments, net (SARbn)

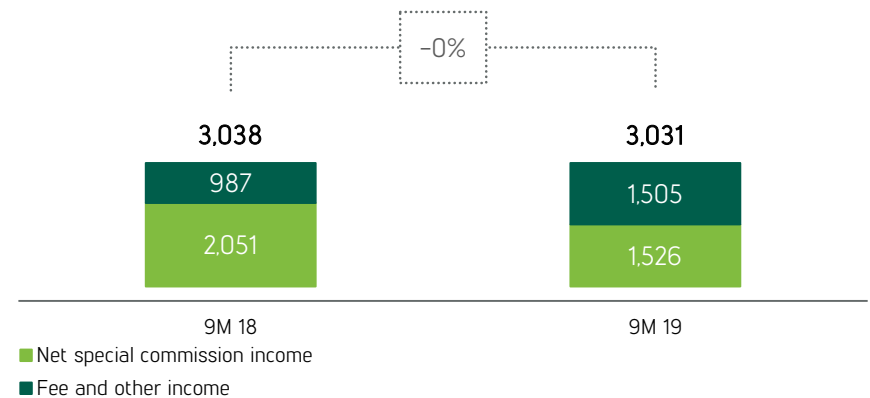


Net income before Zakat in 9M 2019 relatively stable YoY

Management Commentary

- 9M 2019 Net income before Zakat improved modestly by 1% YoY driven by 81% lower impairment charges, partly offset by 3% higher operating expenses.
- Operating income for 9M 2019 was relatively stable as higher investment income was offset by lower NSCI and fee income.

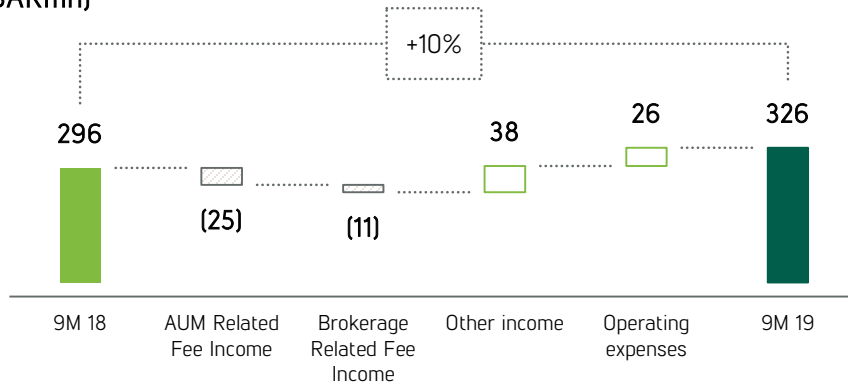
Total Operating Income (SARmn)



Capital Markets

10% YoY growth in 9M 2019 net income, driven by higher other income and lower operating expenses

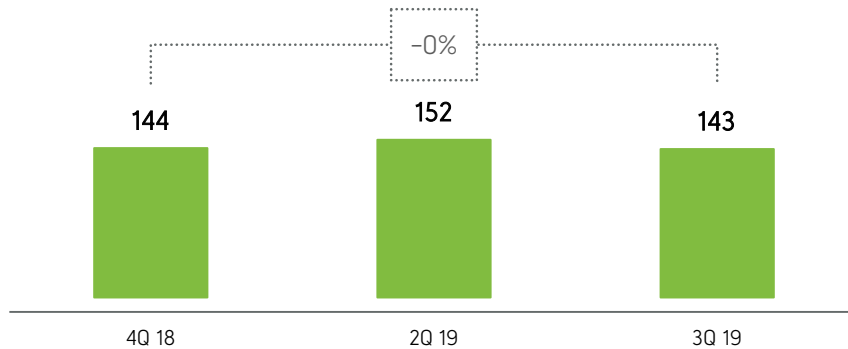
9M 19 Net Income Before Zakat & Income Tax Movement (SARmn)



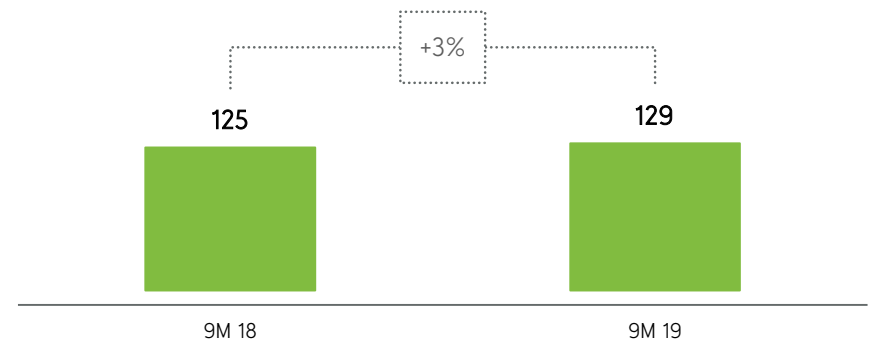
Management Commentary

- 9M 2019 Net income before zakat increased by 10% YoY due to lower operating expenses (-10%) and relatively stable operating income.
- Total operating income rose by 1% due to higher other operating income which was partially offset by lower fee income.

Assets Under Management (SARbn)



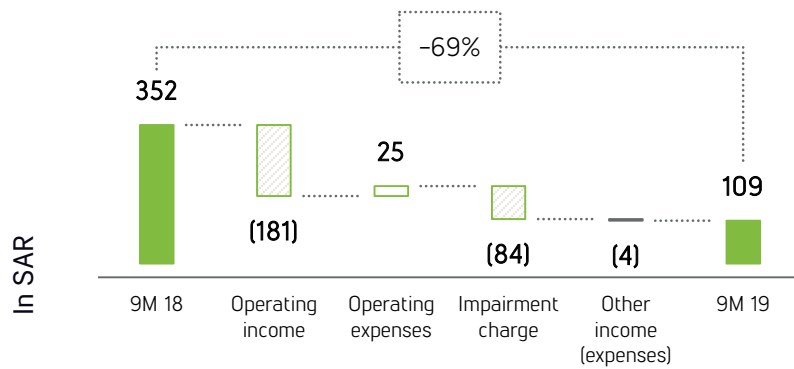
Brokerages Volume (SARbn)



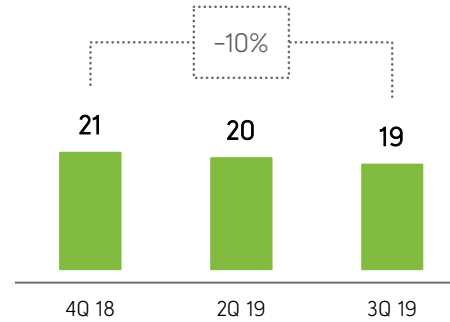
International

9M 2019 TRY net income before Zakat decreased by 51% YoY, due to NPL inflows and impairment charges, and inflationary pressure on operating expenses

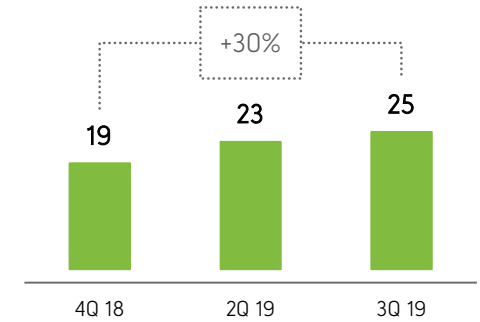
9M 19 Net Income Before Zakat & Income Tax Movement (SARmn)



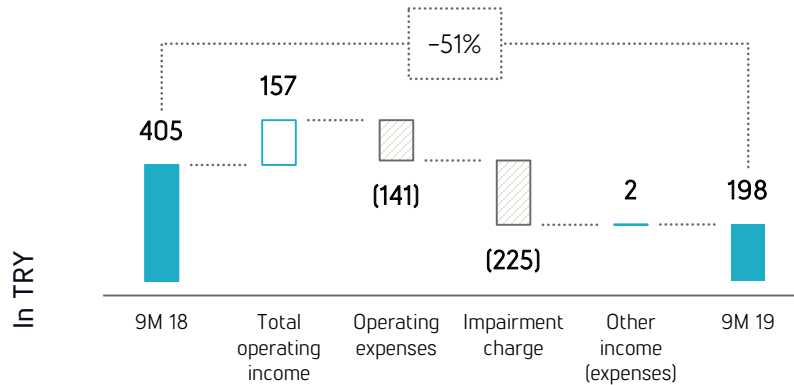
Financing & Advances, net (SARbn)



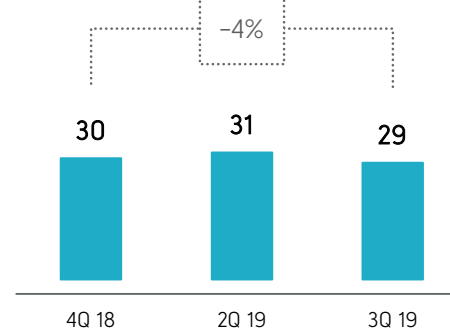
Customers' Deposits (SARbn)



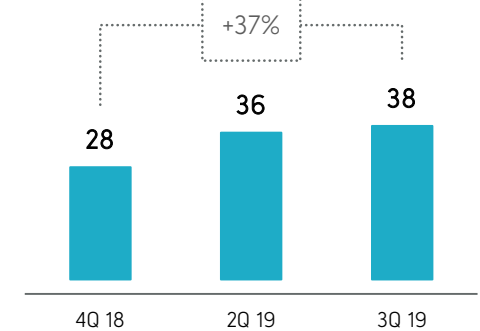
9M 19 Net Income Before Zakat & Income Tax Movement (TRYmn)



Financing & Advances, net (TRYbn)



Customers' Deposits (TRYbn)



Additional Information

Contact Us

The National Commercial Bank

P.O. Box 3555

21481 Jeddah, Kingdom of Saudi Arabia

Mr. Abdulbadie Alyafi

Head Of Investor Relations

+966 12 646 3988

investorrelations@alahli.com

NCB welcomes your feedback and inquiries

More Information

Visit: http://www.alahli.com/en-us/Investor_Relation

to access NCB's current and previous Investor Publications including:

- Financial statements
- Earnings releases
- Investor presentations
- Financial data packs (in Excel)