



# The National Commercial Bank Earnings Presentation

4Q & FY 2019 Results

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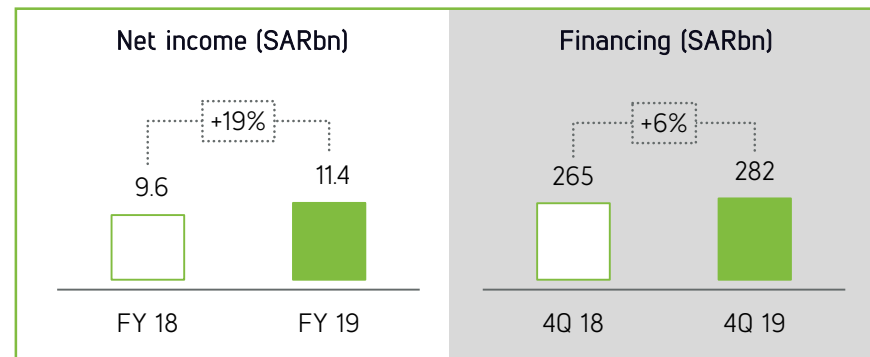
### 1. Tangible progress against strategic agenda

✓ Business Segments
 
✓ Strategic Enablers

### 2. Strong financial performance

### 3. Exceeded original guidance expectations

### 4. Positive momentum and outlook for 2020



	FY 2019 Guidance	FY 2019 Reported	
Financing Growth	+4-6%	+6.5%	✓
NSCI Margin	3.65% - 3.69%*	3.77%	i
Cost to Income	Below 34%	30.7%	✓
Cost of Risk	0.6% - 0.8%	0.51%	✓
Tier 1 CAR	16% - 18%	18.0%	✓

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

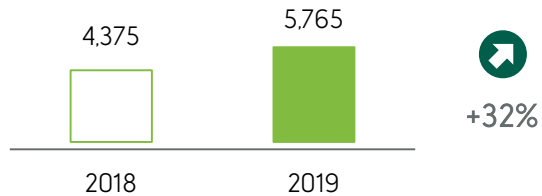
i Excluding the restatement impact of fee amortization, NSCI margin would have been 3.52%

# 2019 Strategy Highlights

## Strategic Priorities

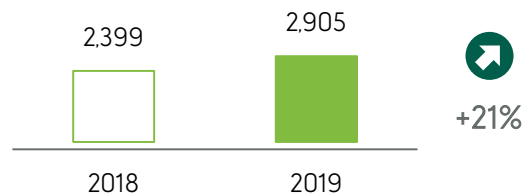
### RETAIL

Net Income (SARmn)



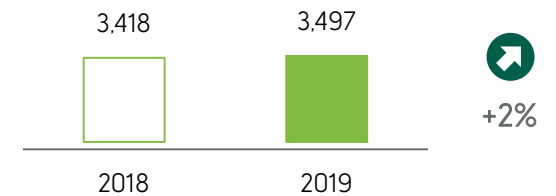
### CORPORATE

Net Income

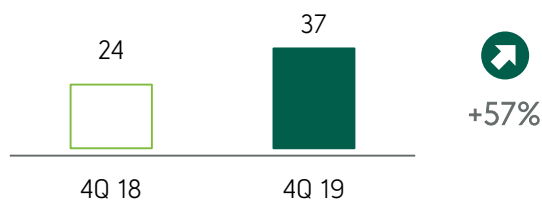


### TREASURY

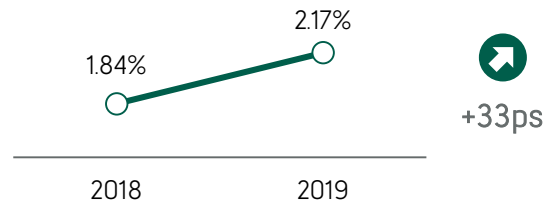
Net Income (SARmn)



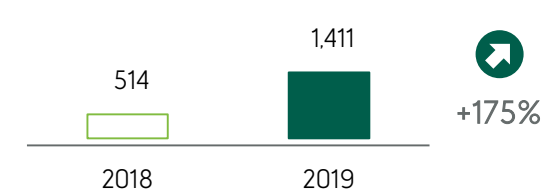
Mortgage Financing Growth (SARbn)



Return on Assets

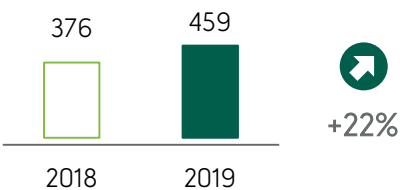


Investment Income (SARmn)




### NCB CAPITAL

Net Income (SARmn)

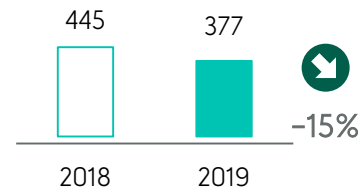


AUM


SAR 156bn  +8%

### TÜRKİYE FINANS KATILIM BANKASI (TFKB)


Net Income (TRYmn)



Cost of Risk

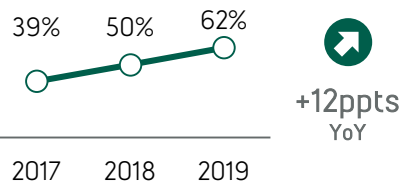
2.21%  +76bps

LDR

76%  -31bps

### DIGITIZATION

Digital Transactors (% of Total)

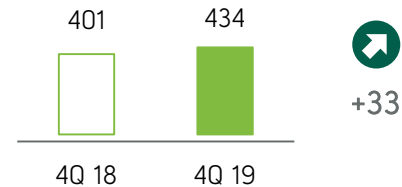


Digital Sales (% of Total)



### LEAN DISTRIBUTION

Branches



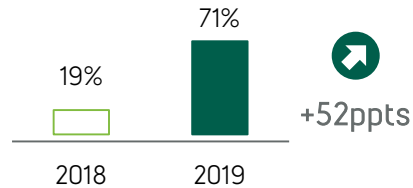
Self-Service Kiosks



Branch Transactions



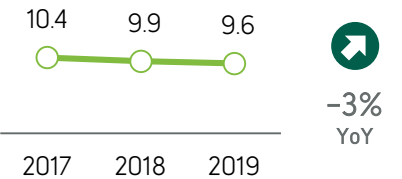
Digital Account Opening



Average FTE / new Branch

6

FTE / Branch

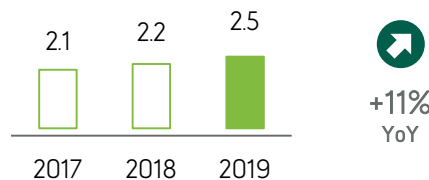


### PRODUCTIVITY

Front to Back Office Ratio



NOR per Employee (SARmn)

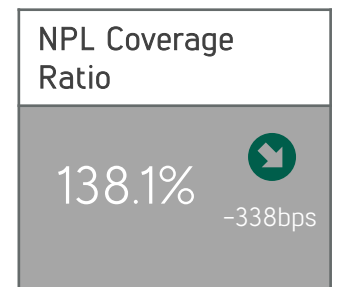
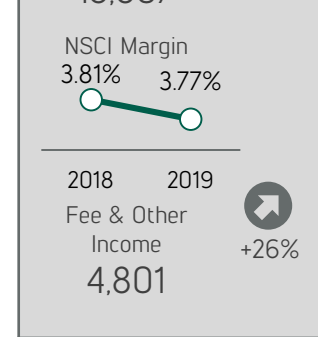
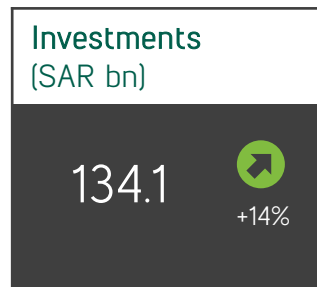
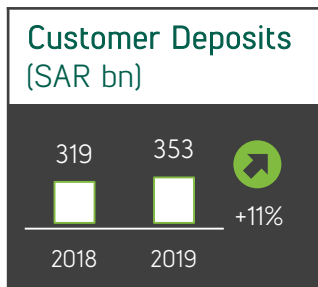
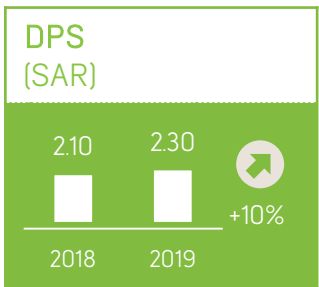
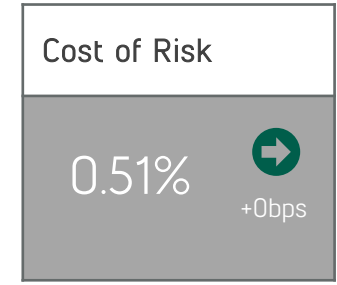
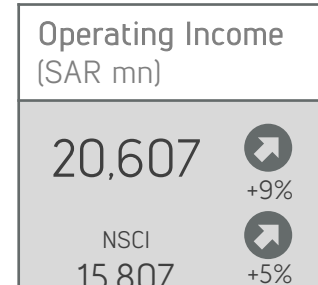
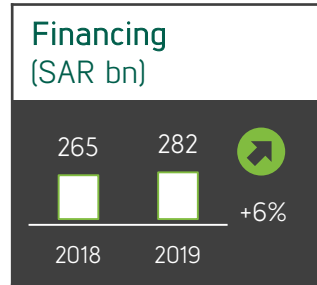
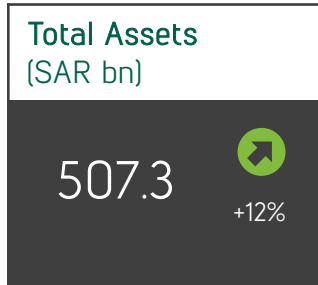
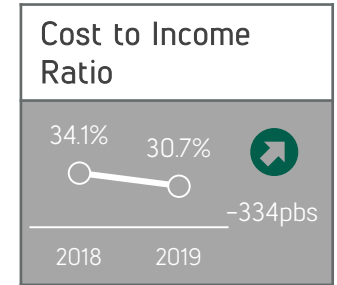
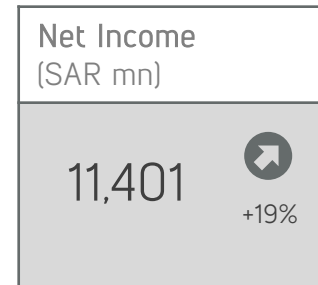
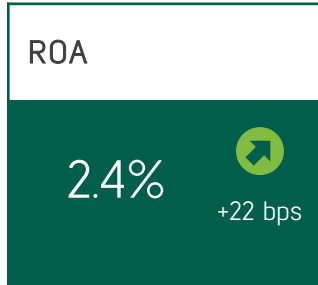
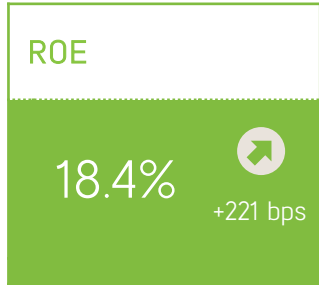


Cost to Income Ratio, excl. International



# 2019 Financial Highlights

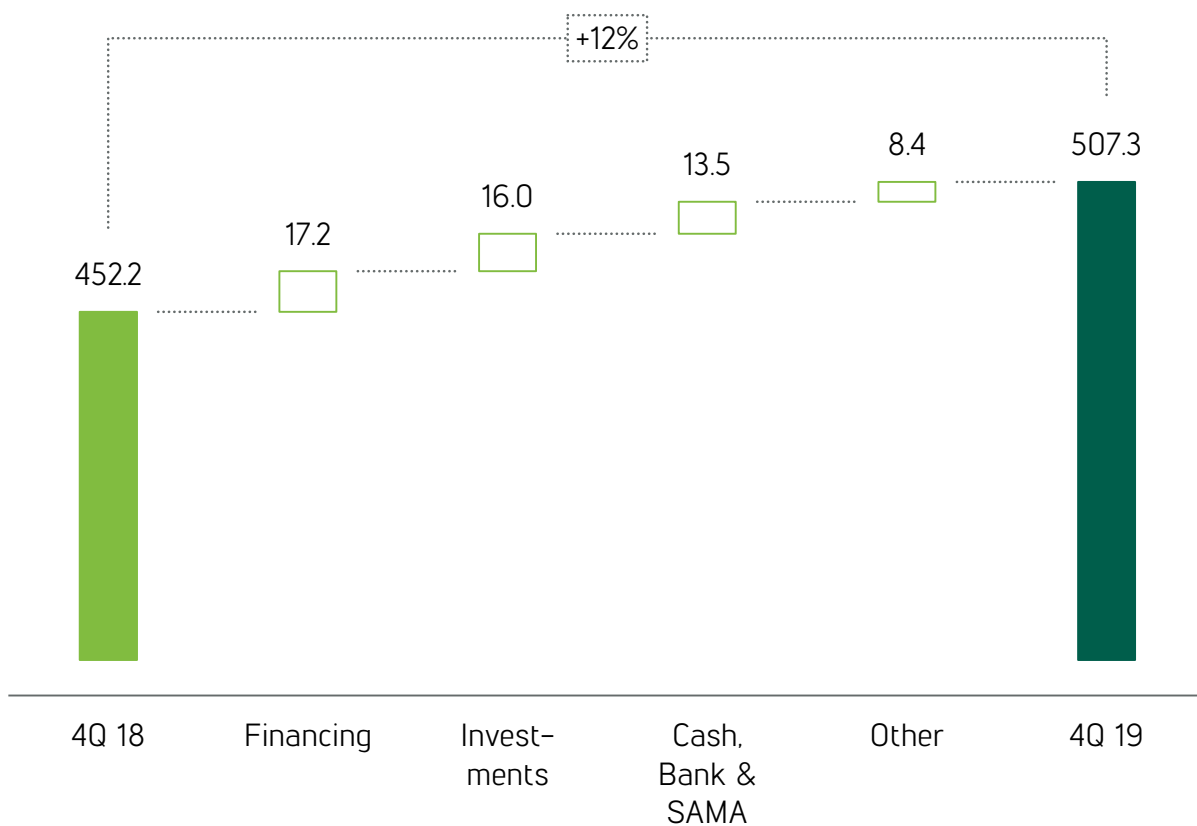
Strong financial performance from positive trends in key driver metrics



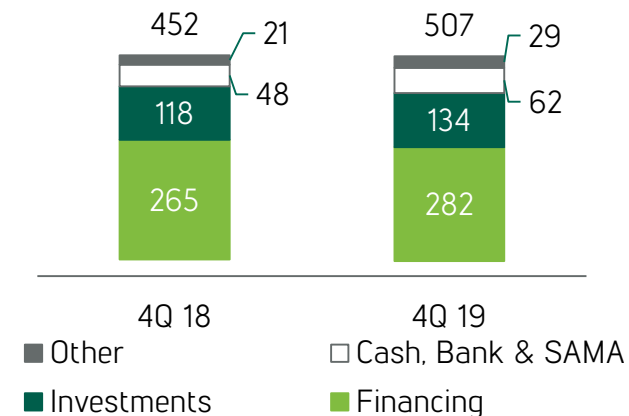
# Asset Deployment

Healthy balance sheet growth from financing and Investments

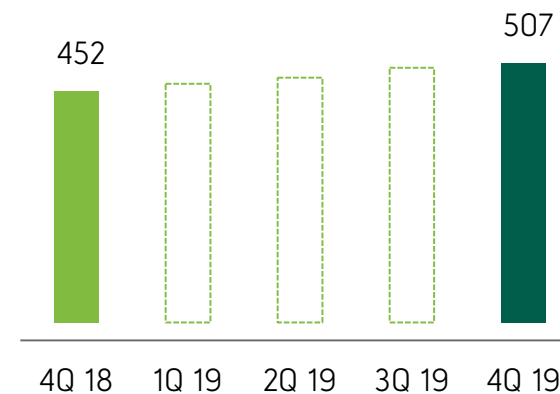
Movement in Total Assets (SARbn)



Total Assets Composition (SARbn)



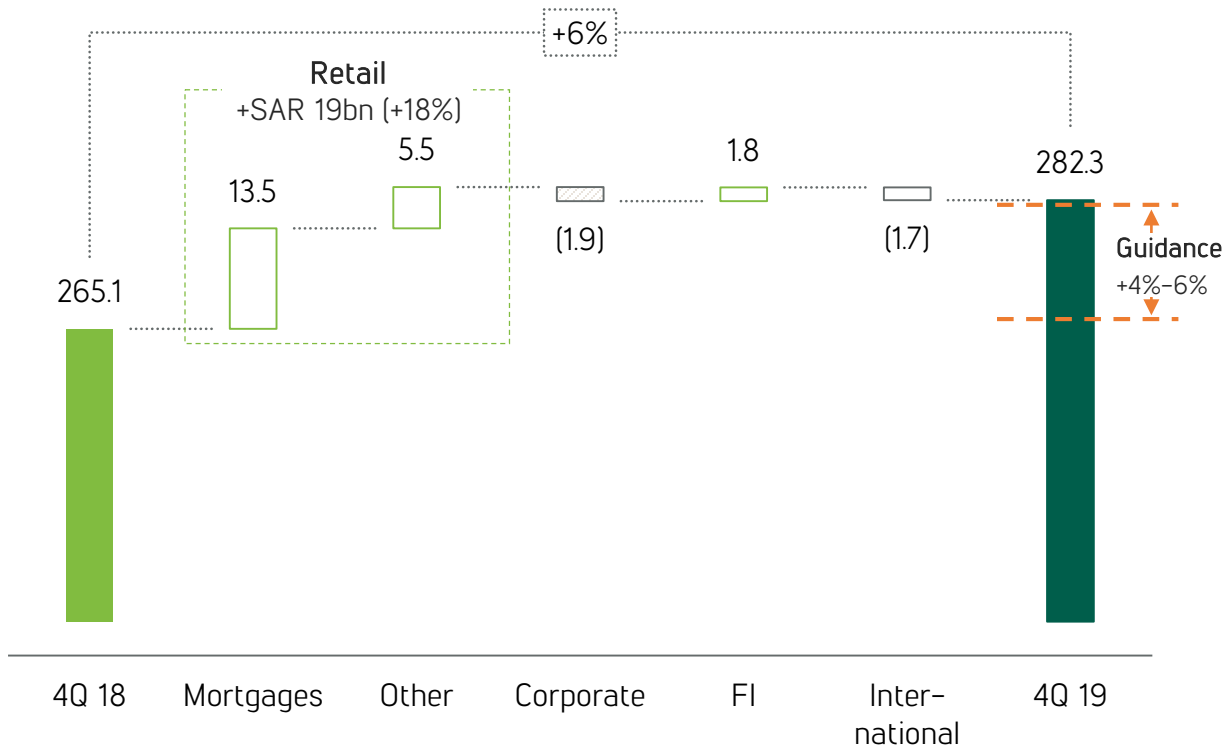
Total Assets Trend (SARbn)



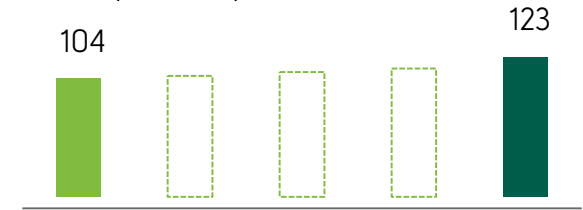
# Financing

Financing growth of 6% mainly from strong Retail mortgage origination

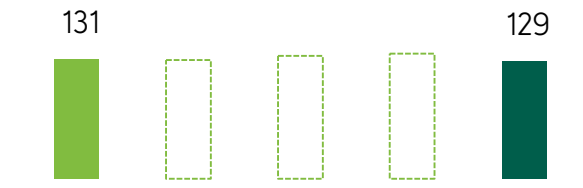
Movement in Financing (SARbn)



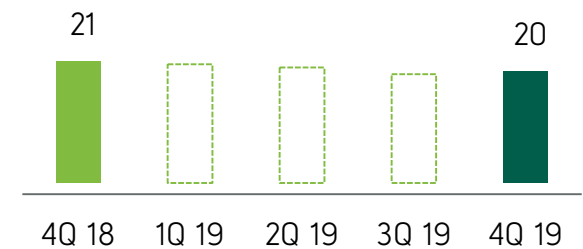
Retail (SARbn)



Corporate (SARbn)



International (SARbn)





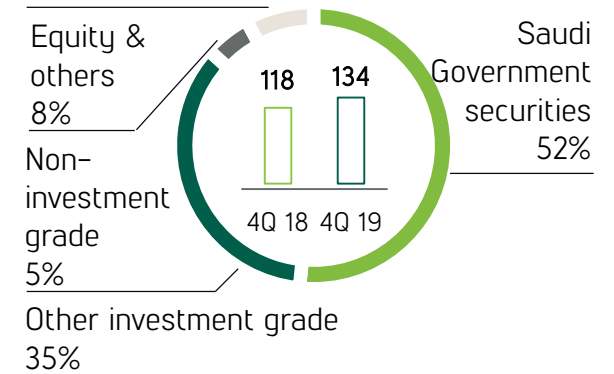
# Investments

Continued participation in Saudi Government Issuance drives investment portfolio growth

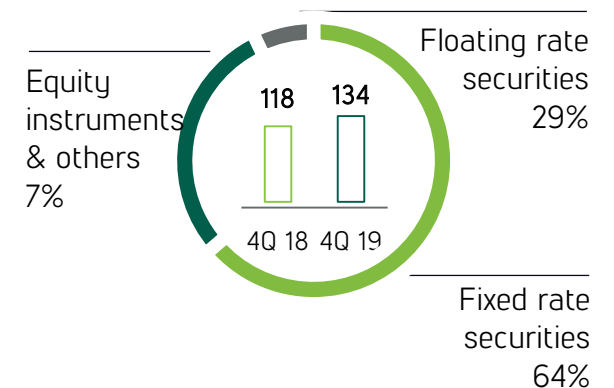
Movement in Investments (SARbn)



Investments by Credit Grade (SARbn)



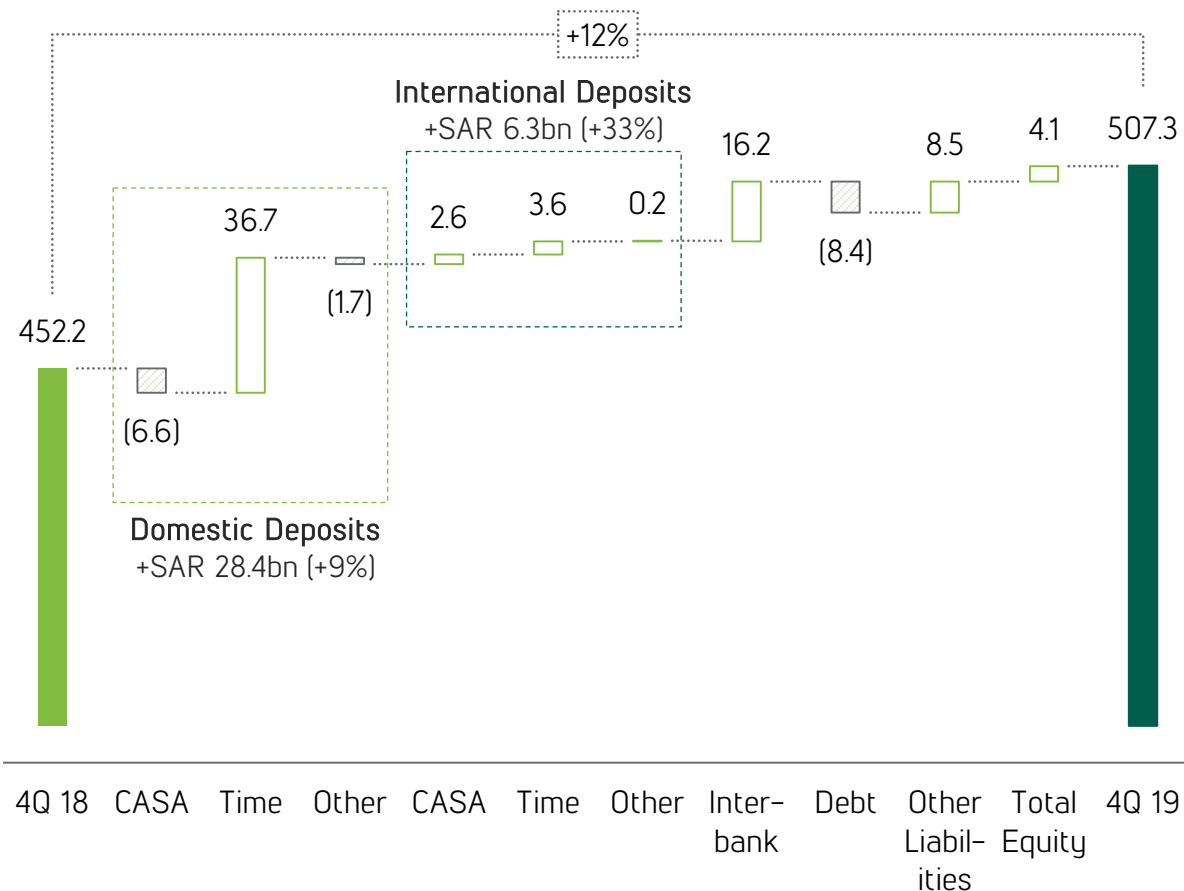
Investments by Type (SARbn)



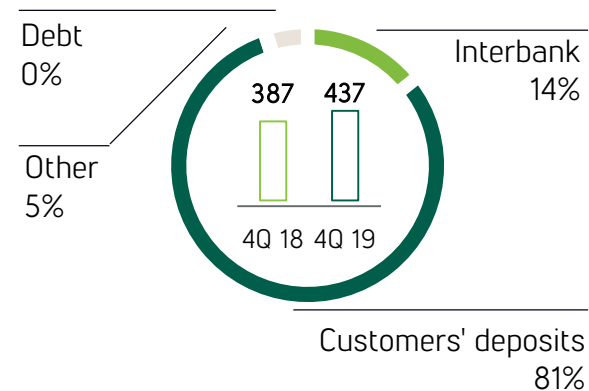
# Funding

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

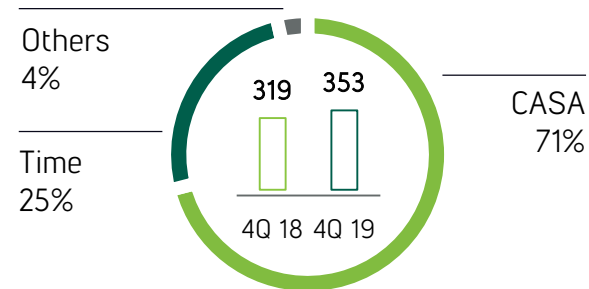
## Movement in Funding (SARbn)



## Total Liabilities Mix (SARbn)



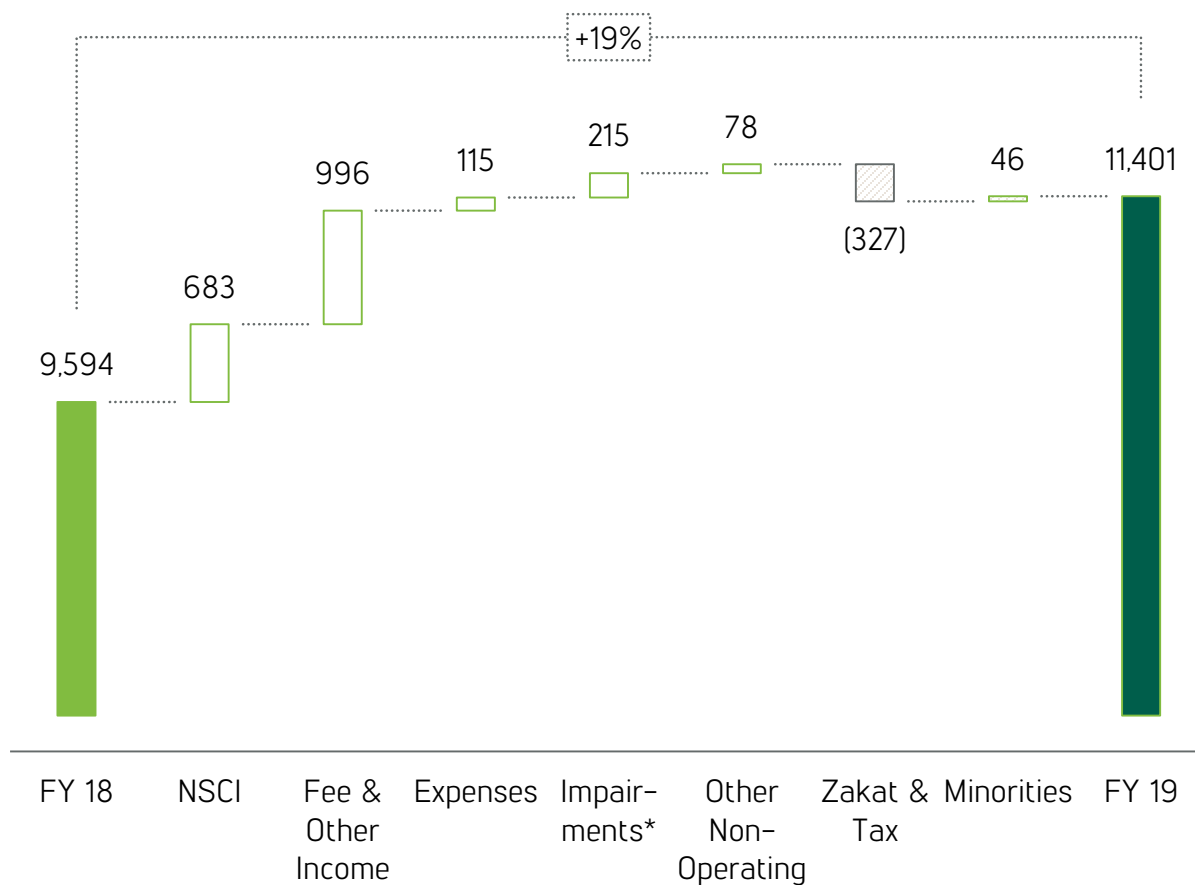
## Customers' Deposits Mix (SARbn)



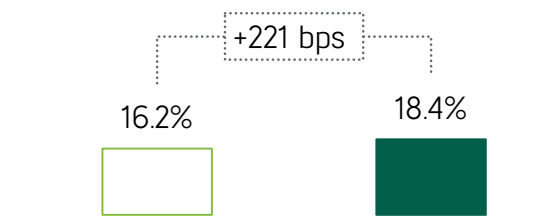
# Net Income

Strong growth in net income, driven by NSCI and Investment income, combined with controlled operating and credit costs

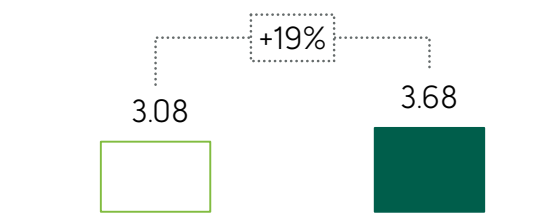
## Net Income after Zakat and Income Tax attributed to Equity Holders (SARmn)



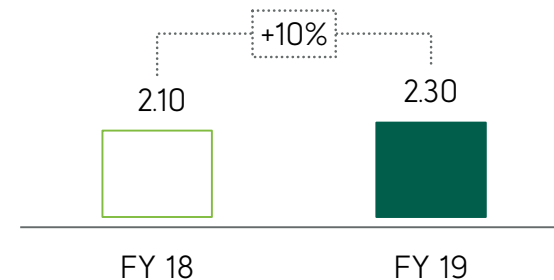
## ROE (%)



## EPS (SAR)



## DPS (SAR)

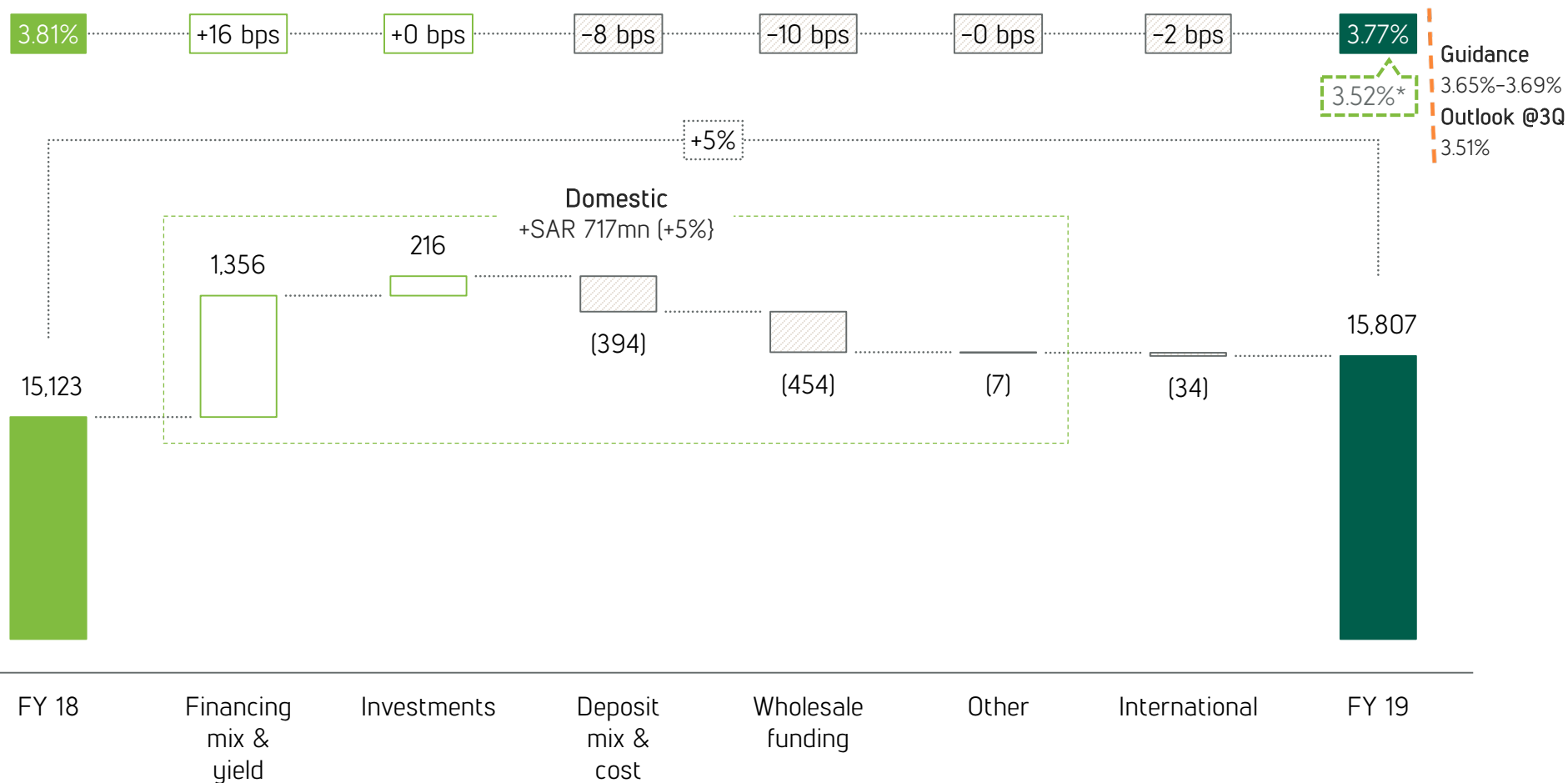


\* Impairments include impairment charges for financing, investments and goodwill

# NSCI and Margin

Margin negatively impacted by change in funding mix, partly offset by positive retail mix impact

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

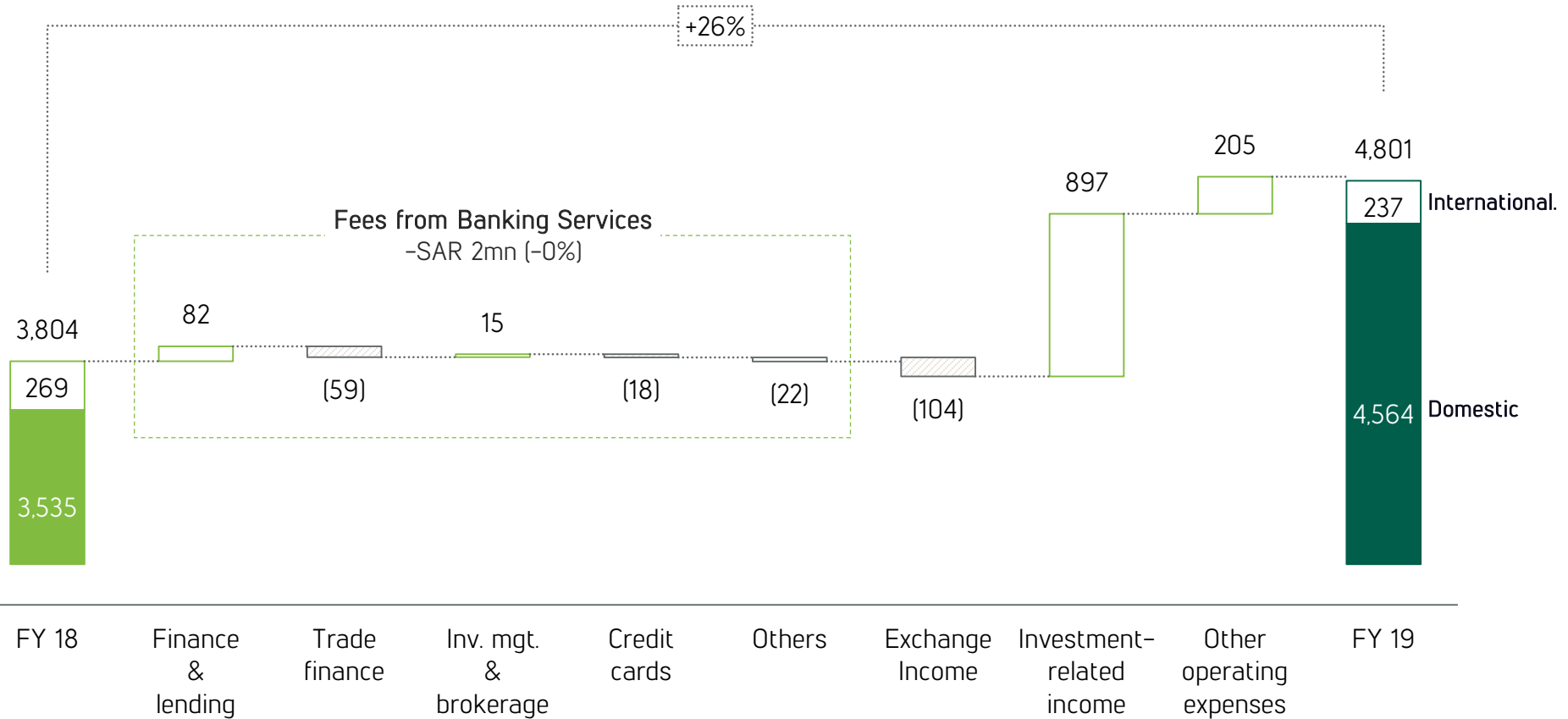


\* Excluding the restatement impact of fee amortization

# Fee & Other Income

Fee and other income grew by 26% YoY due to higher investment income and lower other operating expenses

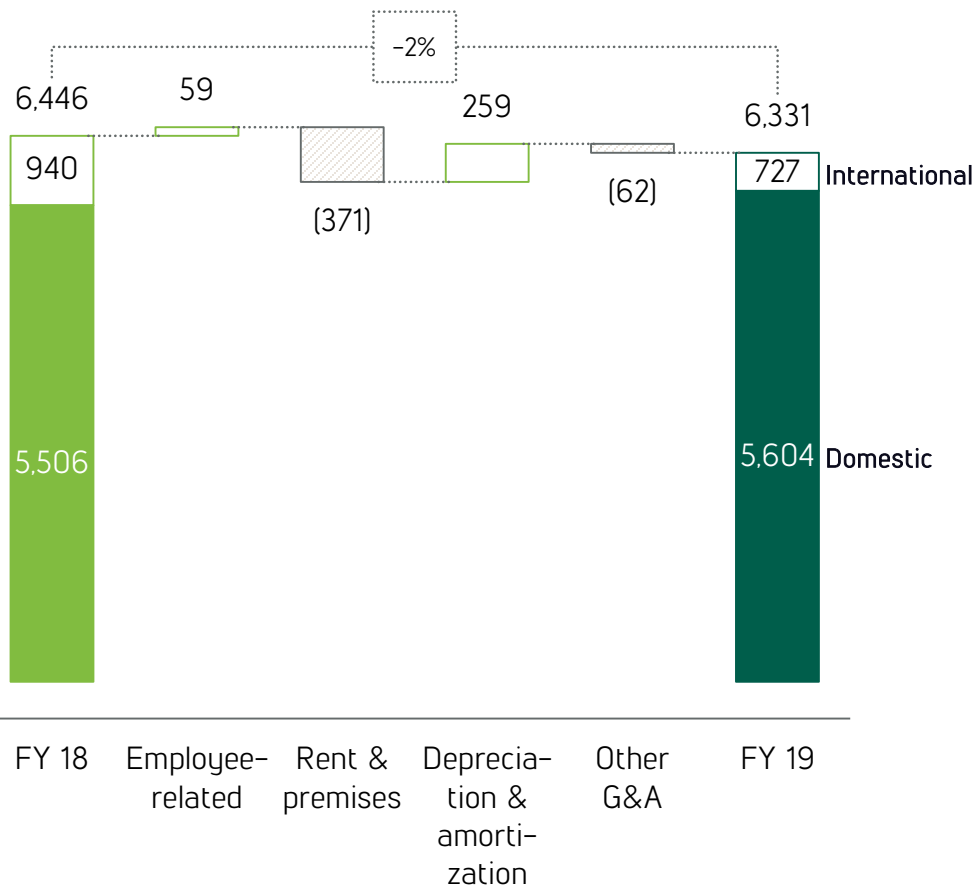
## FY 19 Fee and other Income Movement (SARmn)



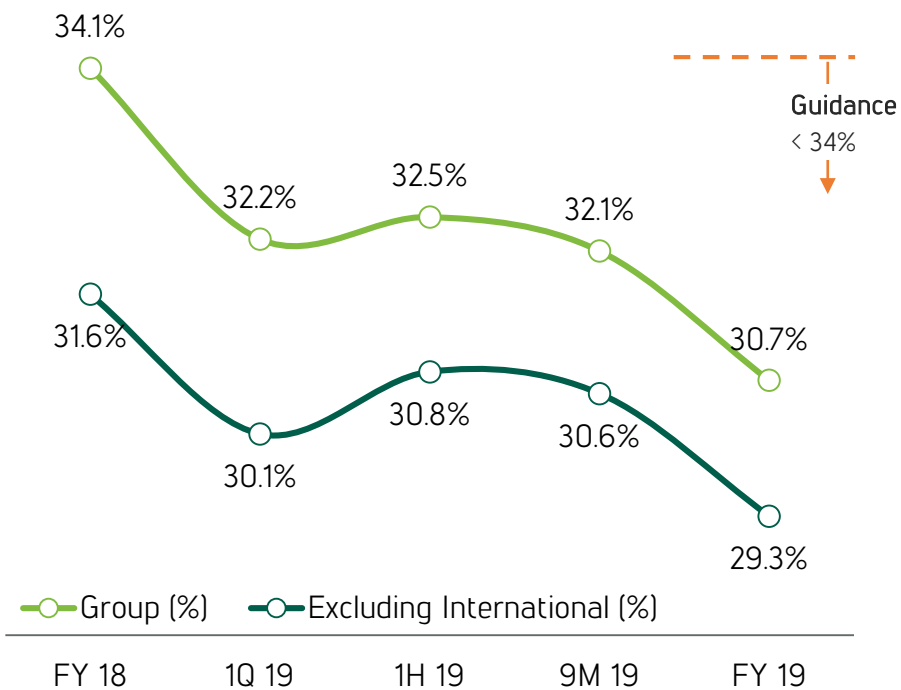
# Operating Expenses

Digitization, productivity enhancement and optimization delivered further expense savings

## FY 19 Operating Expenses Movement (SARmn)



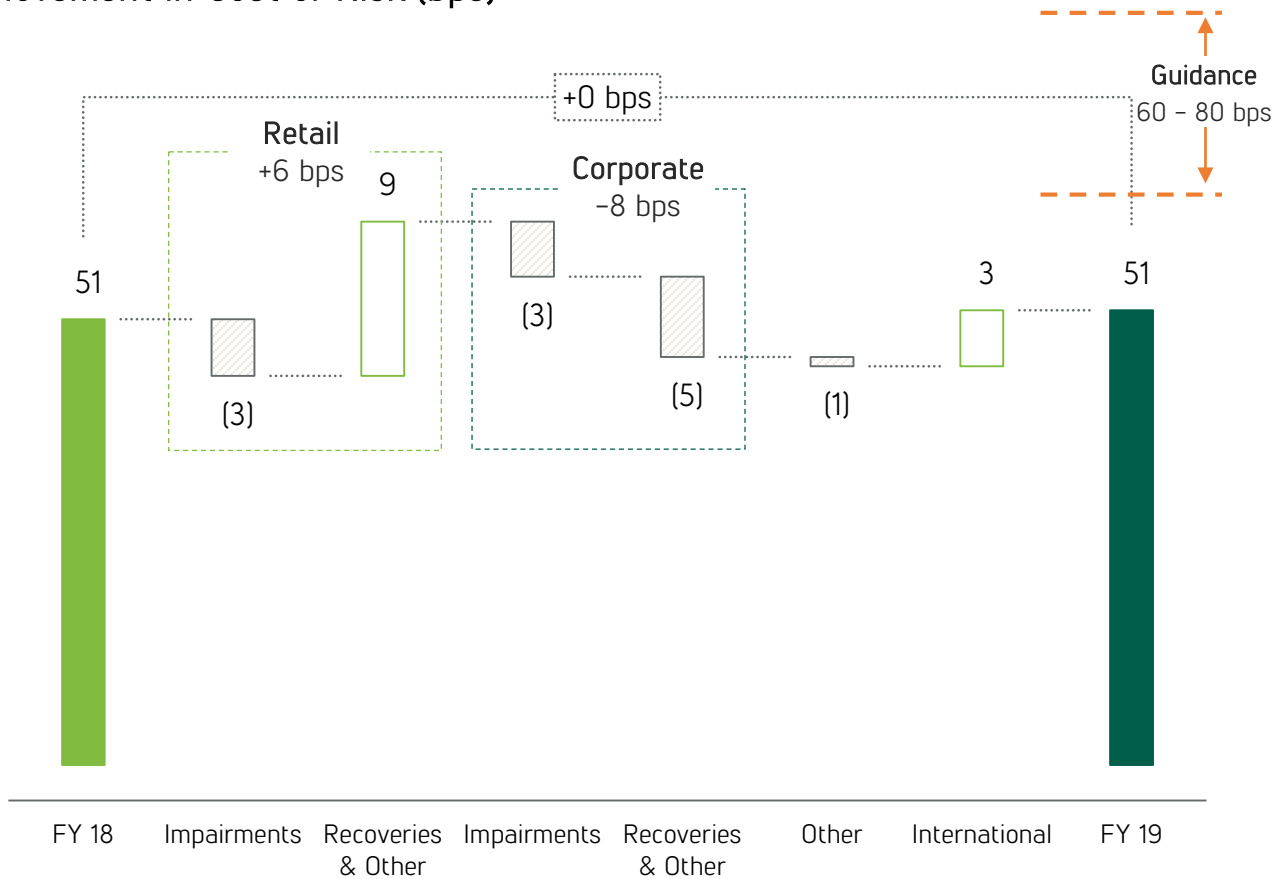
## Cost to Income Ratio (YTD %)



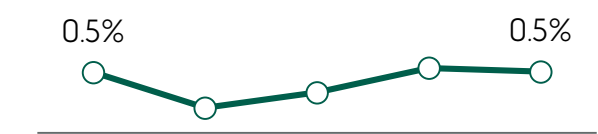
# Cost of Risk for Financing

Overall stability in cost of risk

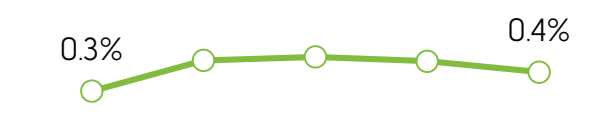
## Movement in Cost of Risk (bps)



## Group



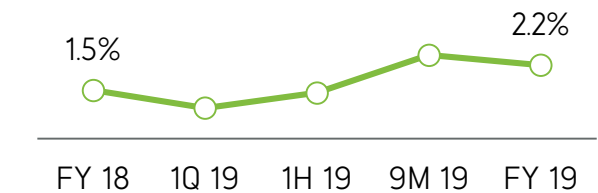
## Retail



## Corporate



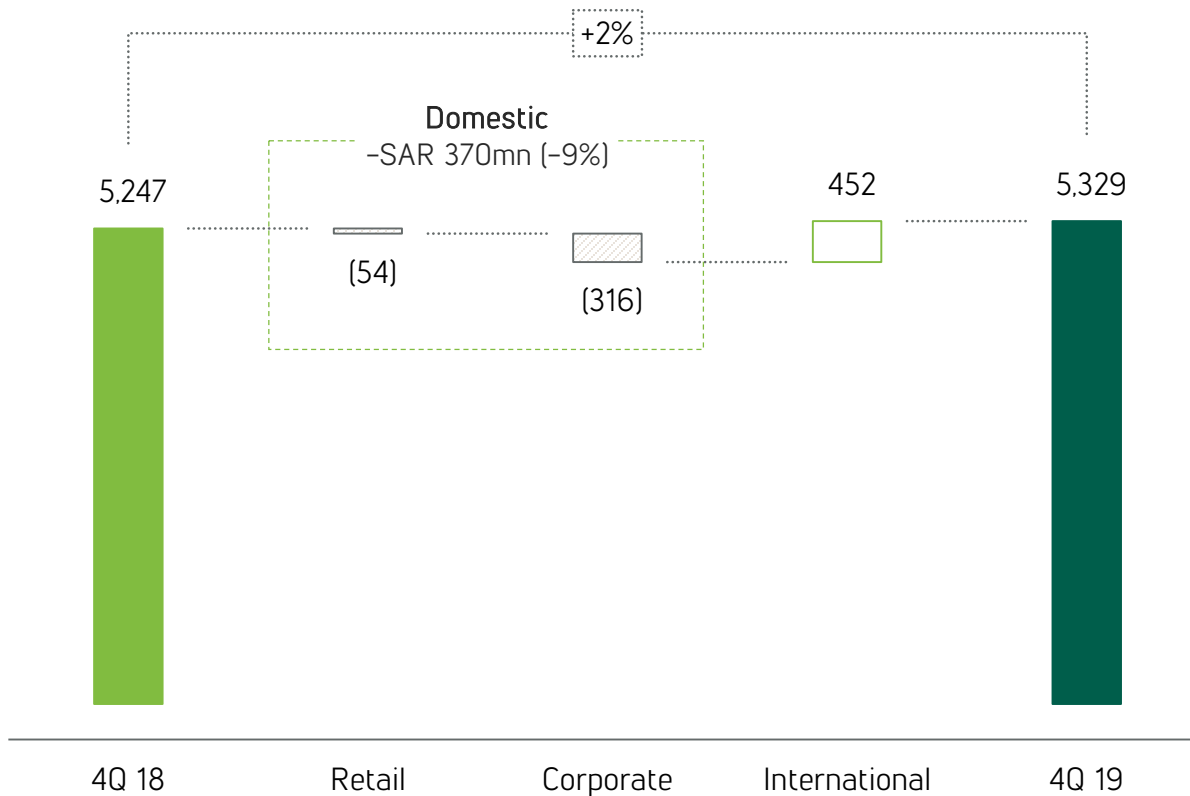
## International



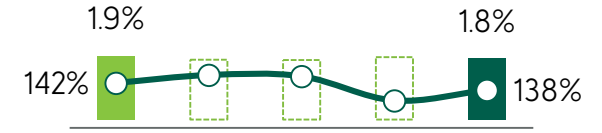
# Credit Quality

Credit Quality remains stable, albeit impacted by International segment

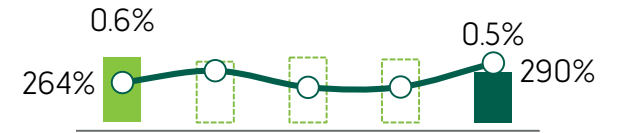
## Movement in NPLs (SARmn)



## Group



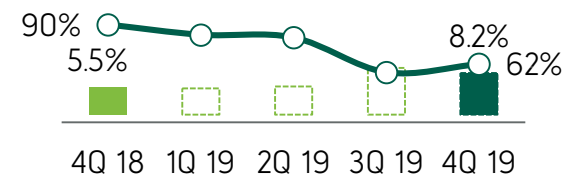
## Retail



## Corporate



## International



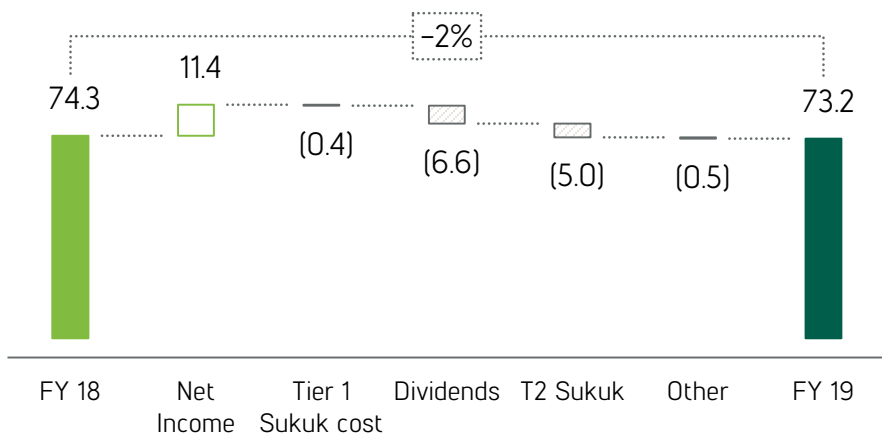
■ NPL Ratio    ● NPL Coverage



# Capital

Capital position comfortably above regulatory minima

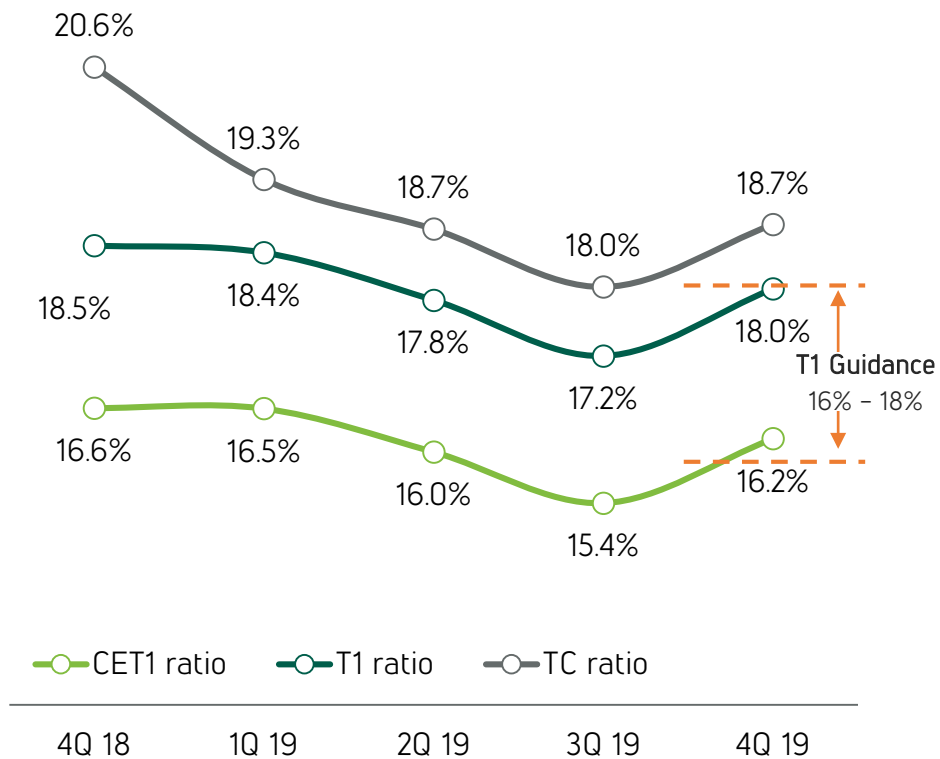
## Movement in Total Capital (SARbn)



## Movement in RWA (SARbn)



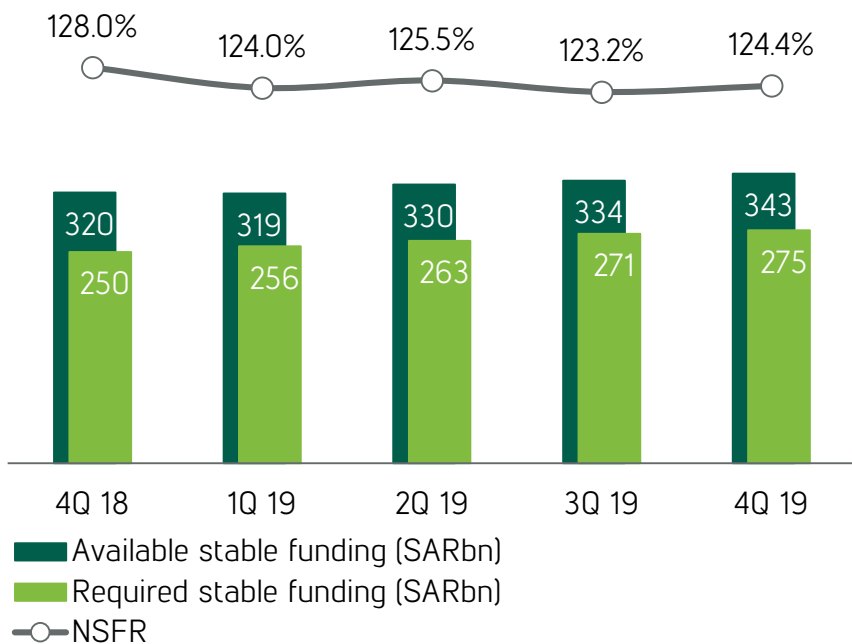
## Capital Ratios (%)



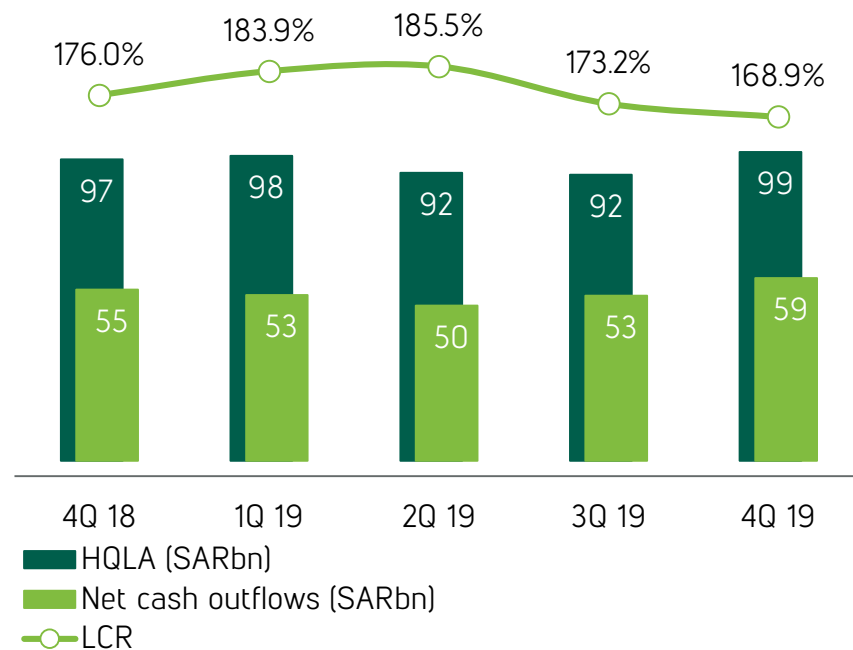
# Liquidity

Strong and stable liquidity profile maintained

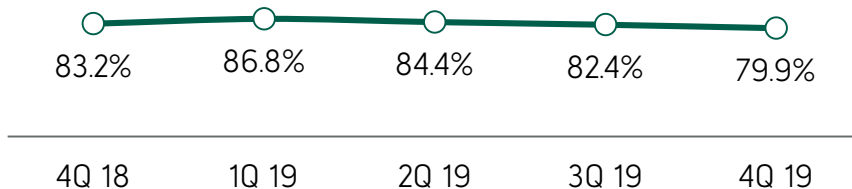
### NSFR Ratio (%)



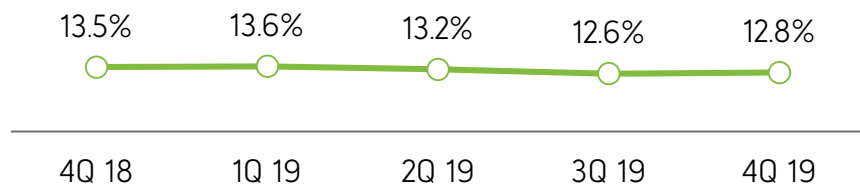
### LCR Ratio (%)



### LDR Ratio\* (%)



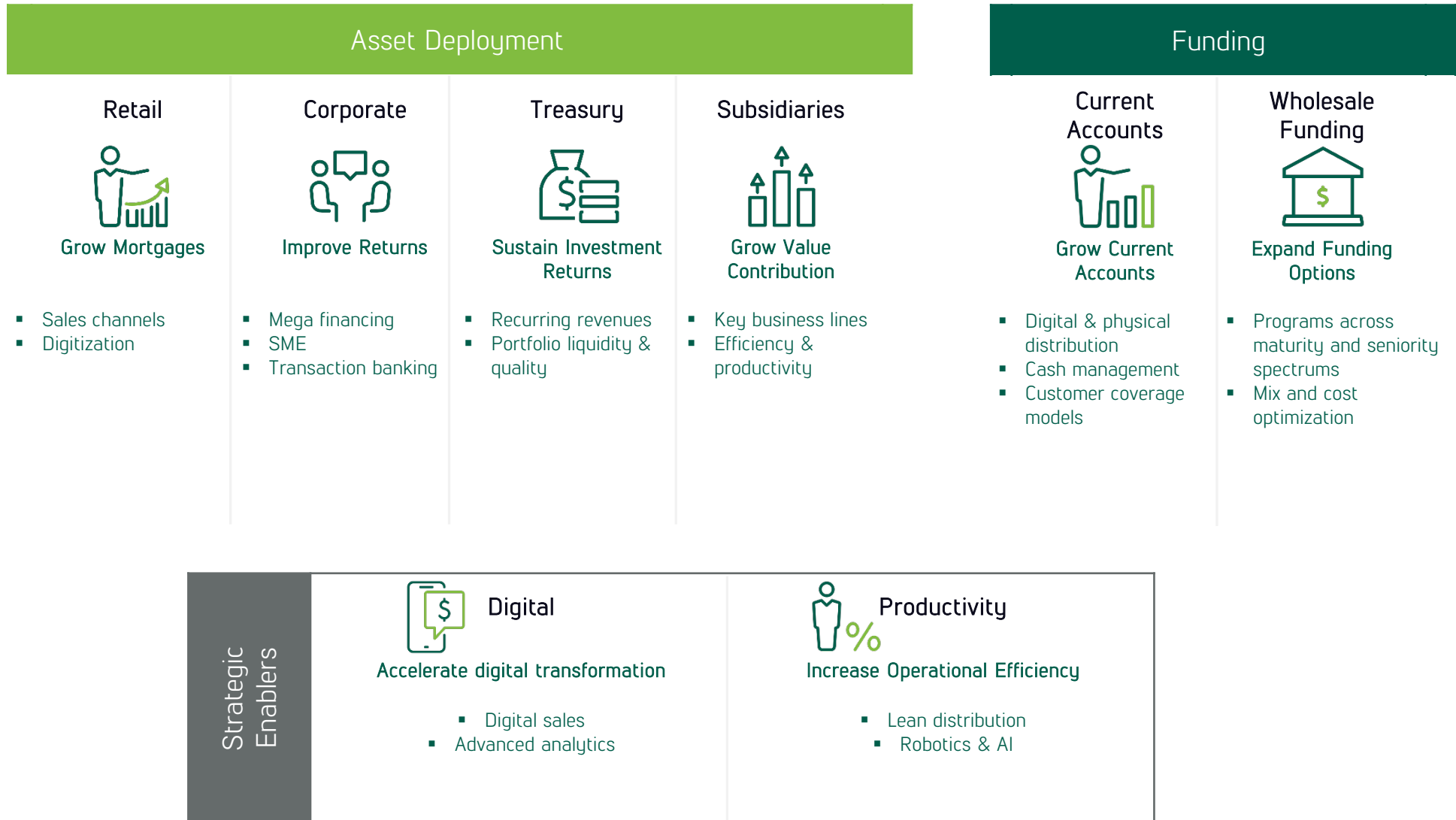
### Basel III Leverage Ratio (%)



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

# 2020 Strategy Overview

Strategic agenda for 2020 positions NCB for continued growth



# 2020 Guidance

Economic outlook provides opportunities



## 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%



## Financial Guidance

	FY 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%



# Q&A SESSION

4Q & FY 2019 Results



# ADDITIONAL INFORMATION

4Q & FY 2019 Results



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## More Information

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