



The National Commercial Bank  
Earnings  
Presentation

4Q & FY 2020 Results

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# Key Messages

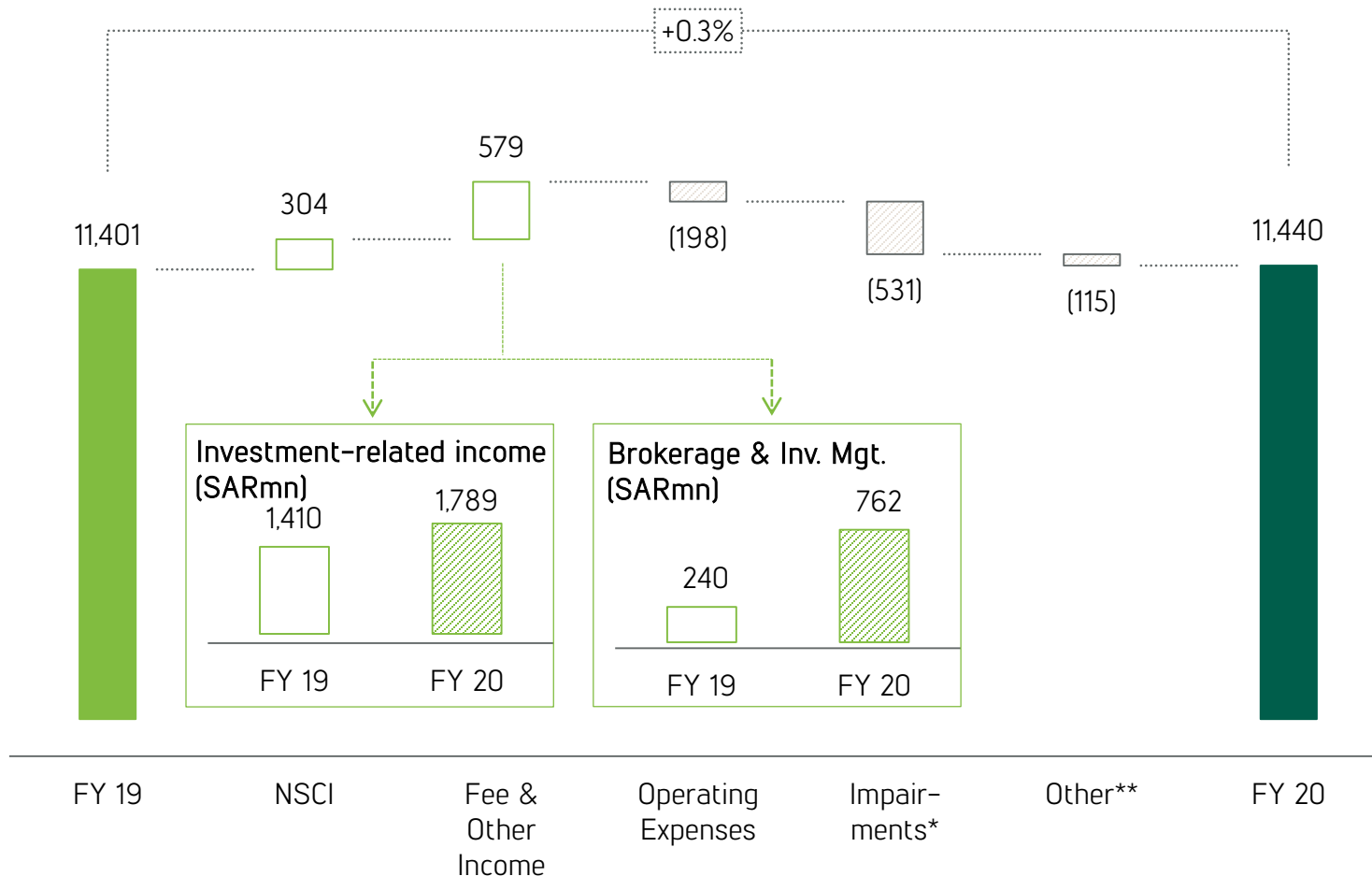
Solid financial performance within guidance; effective Covid-19 response and rigorous focus on strategic execution

2020 Performance	<p>Operating Income (SAR bn)</p> <p>21,458  +4%</p>	<p>Net Income (SAR bn)</p> <p>11,440  +0.3%</p>	<p>Financing, net (SAR bn)</p> <p>282  347  +23%</p> <p>2019 2020</p>	<p>Current Accounts (SAR bn)</p> <p>251  319  +27%</p> <p>2019 2020</p>
Strategy	<p>One NCB</p> <p>One Bank Collaboration Initiative: Transforming Client Business with specific focus on non-lending revenues across multiple touchpoints</p>	<p>Mortgage Balances (SAR bn)</p> <p>37  74  +99%</p> <p>2019 2020</p>	<p>Digital Sales Penetration</p> <p>65%  +13.5ppts</p>	<p>Digital Account Opening</p> <p>88%  +16.9ppts</p>
NCB & Samba Merger	<p>Timeline</p> <p>Ahead of schedule: effective merger date planned for 1<sup>st</sup> April 2021</p>	<p>Approvals</p> <p>All requisite local &amp; foreign regulatory approvals received</p>	<p>New Bank Name</p> <p>Saudi National Bank</p>	<p>Progress to Date</p> <p>IMO established &amp; detailed integration masterplans prepared</p>

# 2020 Financial Performance

Stable net profit despite Covid-19 impacts

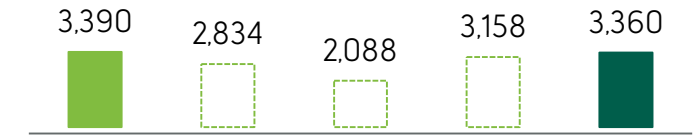
## Net Income after Zakat and Income Tax attributed to Equity Holders (SARmn)



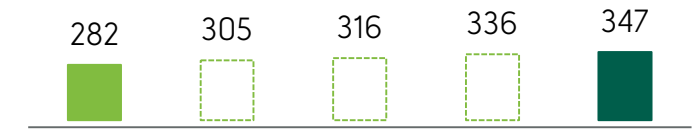
## Operating Income (SARmn)



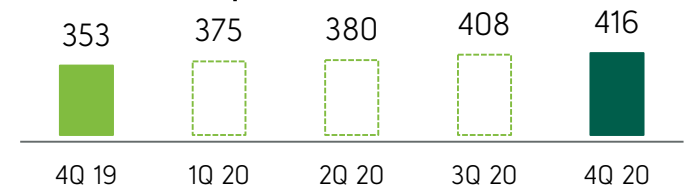
## Net income (SARmn)



## Financing, net (SARbn)







## Customers' Deposits (SARbn)





\* Impairments include impairment charges for financing and investments. \*\* Includes other non-operating income, zakat & income tax and non-controlling interest.



### Asset Deployment

 <b>Retail</b> <i>Grow Mortgages</i>	 <b>Corporate</b> <i>Improve Returns</i>	 <b>Treasury</b> <i>Sustain Investment Returns</i>	 <b>Subsidiaries</b> <i>Grow Value Contribution</i>
Mortgage Growth	Financing Growth (Corporate)	NSCI (Treasury)	TFKB NI & C/I (TRY)
<b>+99%</b>	<b>+3%</b>	<b>+16%</b>	<b>+79% &amp; 45.0%</b>
Mortgage Balance	POS Market Share	Investment Related Income	NCBC NI & C/I
<b>SAR 74bn</b>	<b>+2.6 ppts</b>	<b>+27%</b>	<b>+78% &amp; 27.9%</b>

### Funding

 <b>Current Accounts</b> <i>Grow Current Accounts</i>	 <b>Wholesale Funding</b> <i>Expand Funding Options</i>
CASA (SAR)	LT Diversified Funding
<b>+27%</b>	USD 1.05bn Murabaha SAR 4.2bn T1 Sukuk Issued
Affluent Banking	LCR
Proposition enhancements	<b>172%</b>

### Strategic Enablers

 <b>Digital</b> <i>Accelerate Digital Transformation</i>	 <b>Productivity</b> <i>Increase Operational Efficiency</i>
Digital Transactors	Bots
<b>+77%</b>	<b>300 (+245)</b>
Digital Account Opening	Self-Service Kiosks
<b>88%</b>	<b>406 (+91)</b>

# NCB and Samba Merger

## Forming a New Saudi Banking Champion & Regional Powerhouse

Two leading banks with complementary strengths and leading market positions across all key metrics, enabling social and economic prosperity and propelling the Kingdom towards achieving Vision 2030.

### The largest bank in Saudi Arabia

### A new Saudi banking champion

### Significant value for all shareholders

NCB  
Shareholders to own **67.4%**



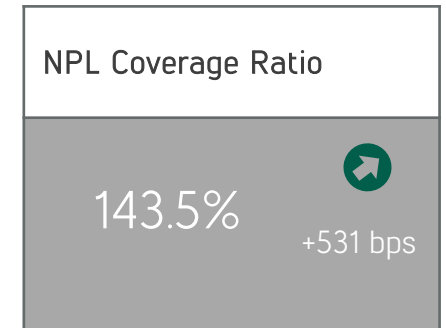
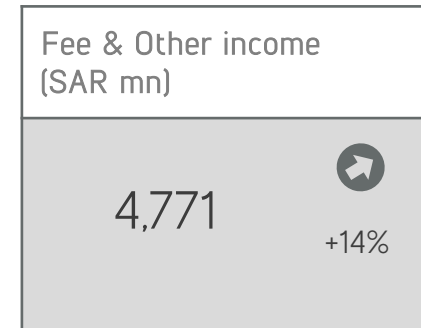
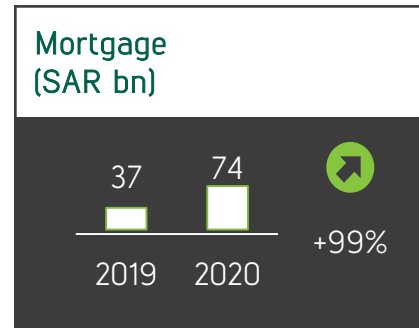
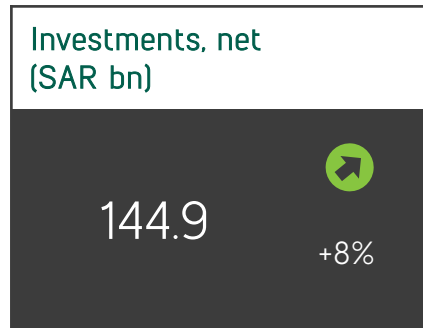
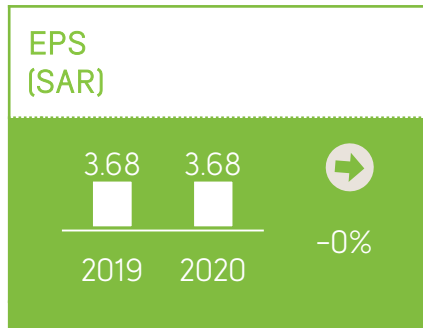
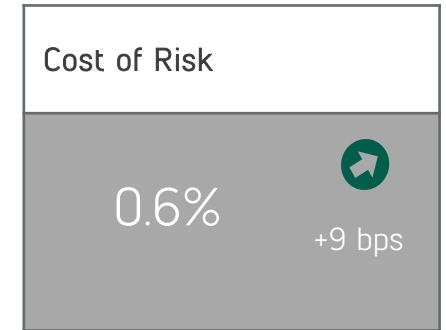
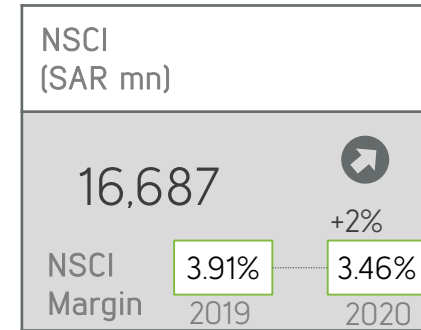
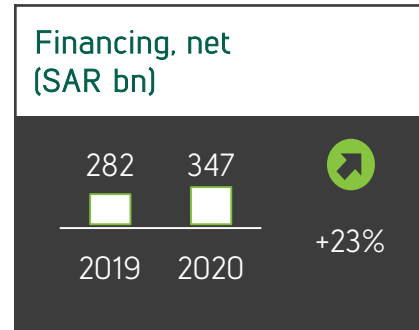
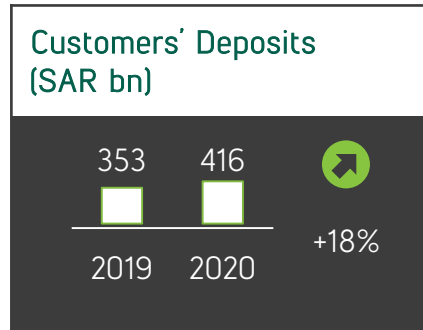
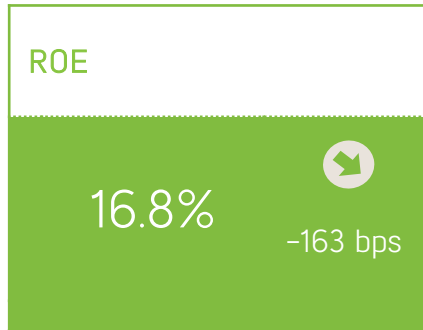
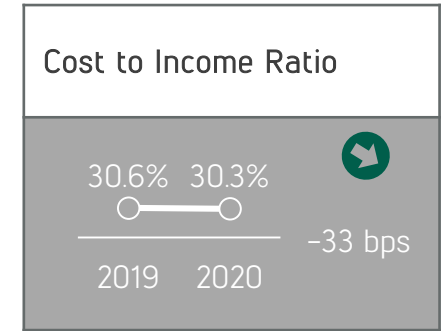
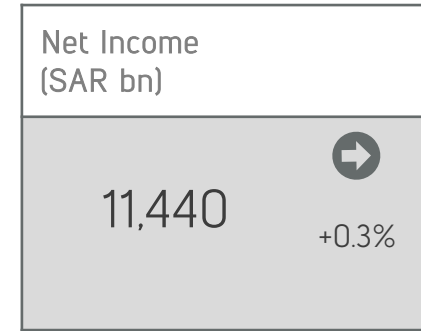
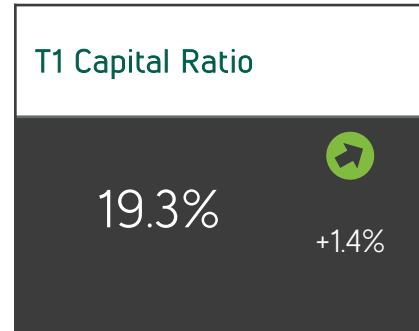
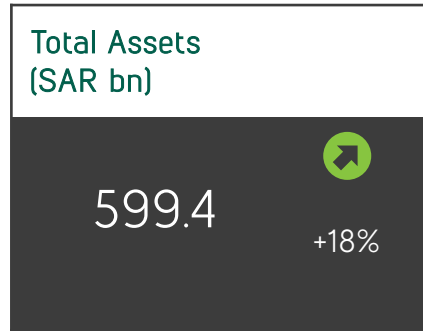
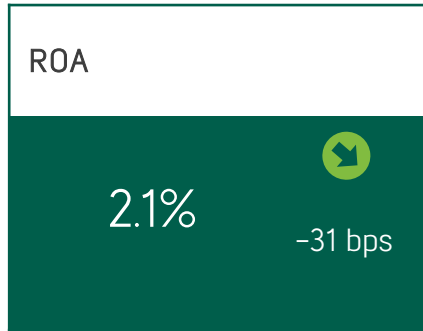
Samba  
Shareholders to own **32.6%**

#### Key milestones

- 1 Approvals** – All local regulatory approvals now received – Saudi Central Bank, CMA, Tadawul, GAC. Foreign regulatory requirements completed
- 2 Timing** – Merger originally expected to take up to 9 months to close but progress has been made ahead of plan. The effective date of the merger is now planned for **1<sup>st</sup> April 2021**.  
Key dates:
  - **EGM Invitation:** 8<sup>th</sup> February 2021
  - **EGM date:** 1<sup>st</sup> March 2021
  - **Creditor Objection period:** 1<sup>st</sup> March – 31<sup>st</sup> March 2021
  - **Legal day 1:** 1<sup>st</sup> April 2021
- 3 Name** – **Saudi National Bank** will be the new name of the Merged Bank upon the Merger effective date
- 4 Integration** – IMO established and detailed integration masterplans prepared; the integration execution is expected to commence by April 2021

# 2020 Financial Highlights

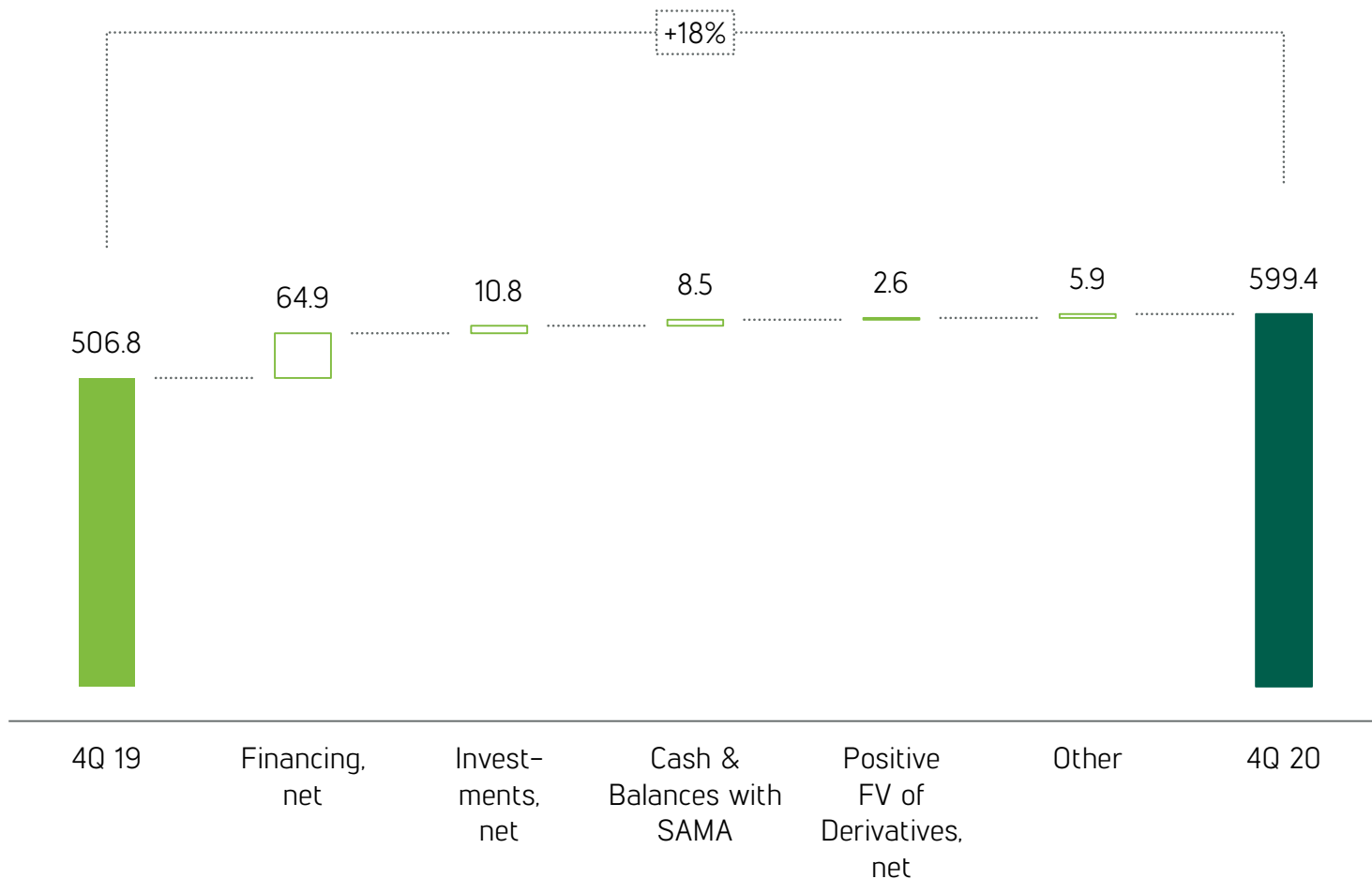
Resilient performance; healthy returns; strong asset growth, capitalization & liquidity; stable credit quality



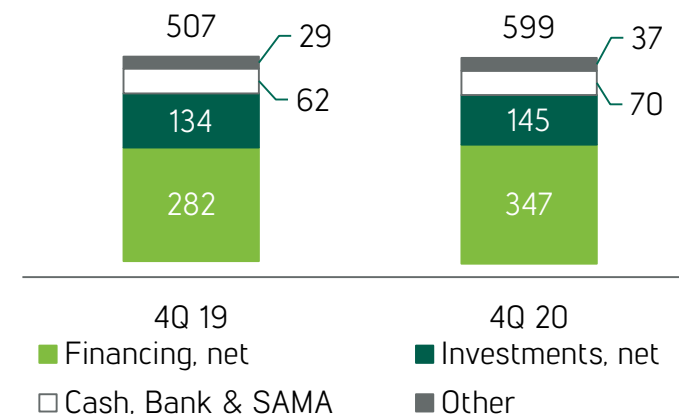
# Asset Deployment

Strong balance sheet growth from financing and investments

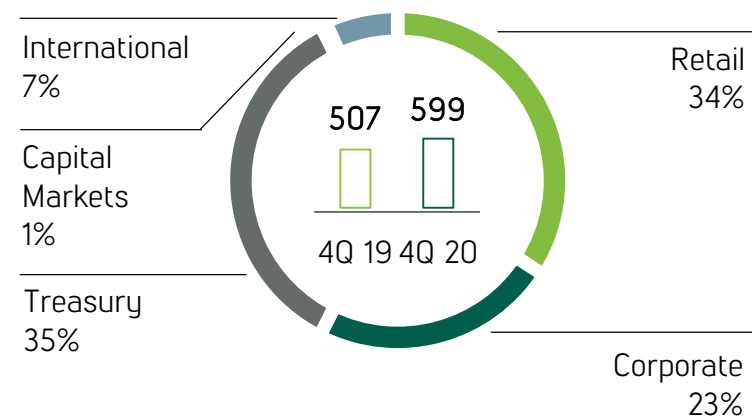
### Movement in Assets (SARbn)



### Total Assets Composition (SARbn)



### Total Assets Mix (SARbn)

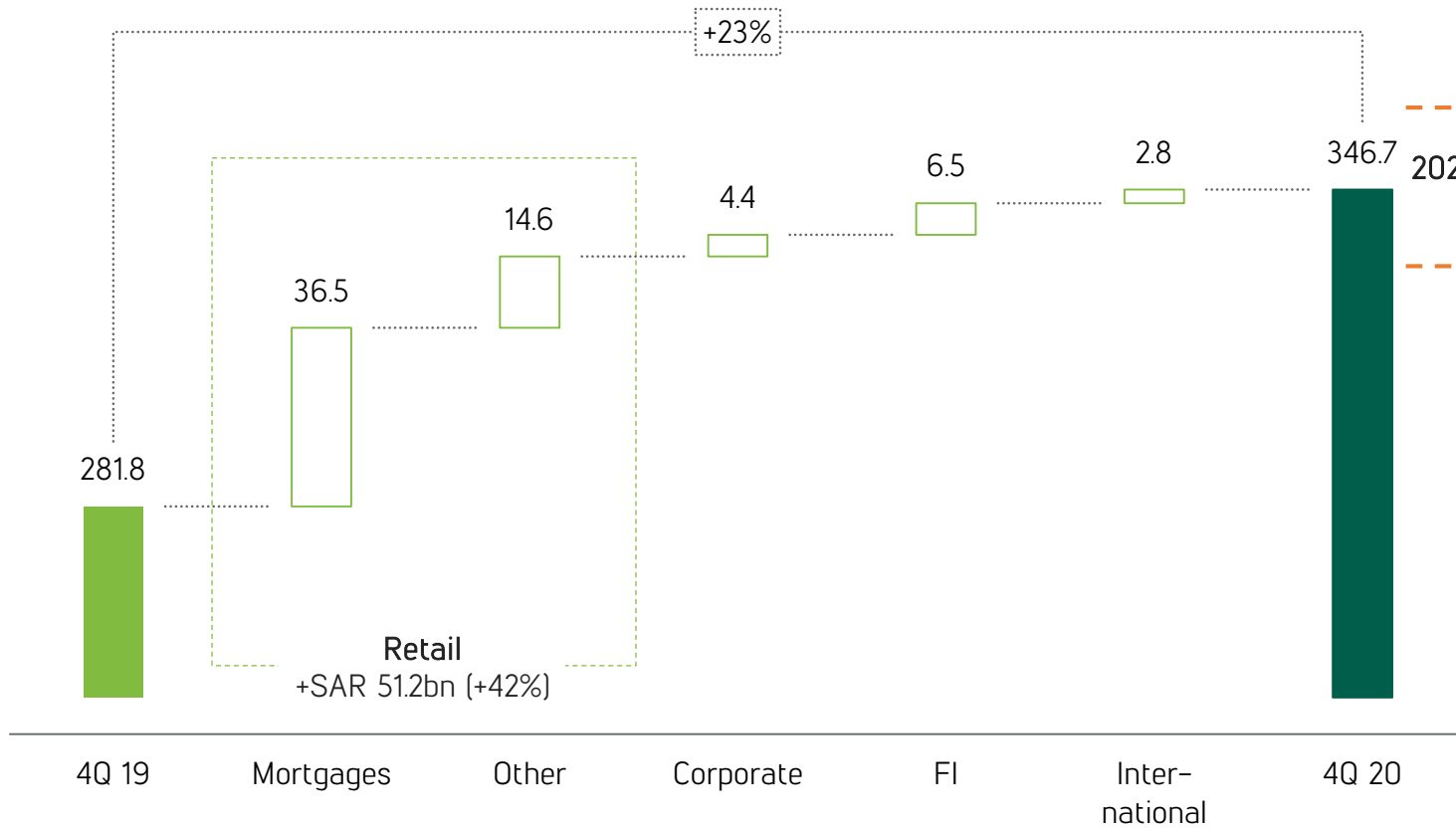




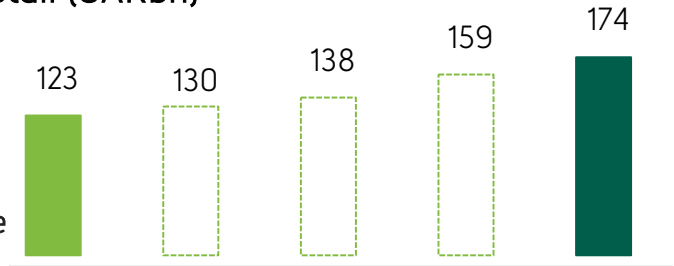
# Financing, net

Strong mortgage growth leads broad based 23% financing expansion

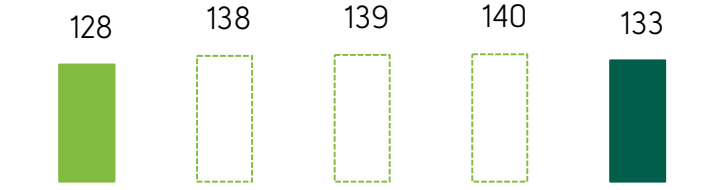
Movement in Financing (SARbn)



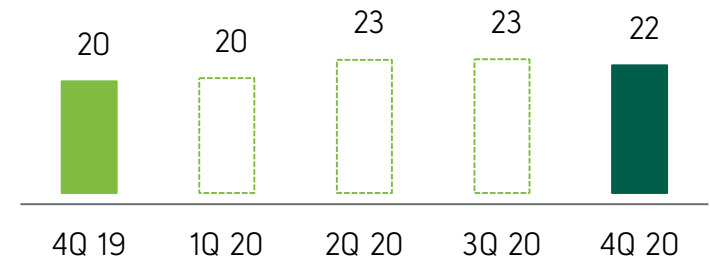
Retail (SARbn)



Corporate (SARbn)



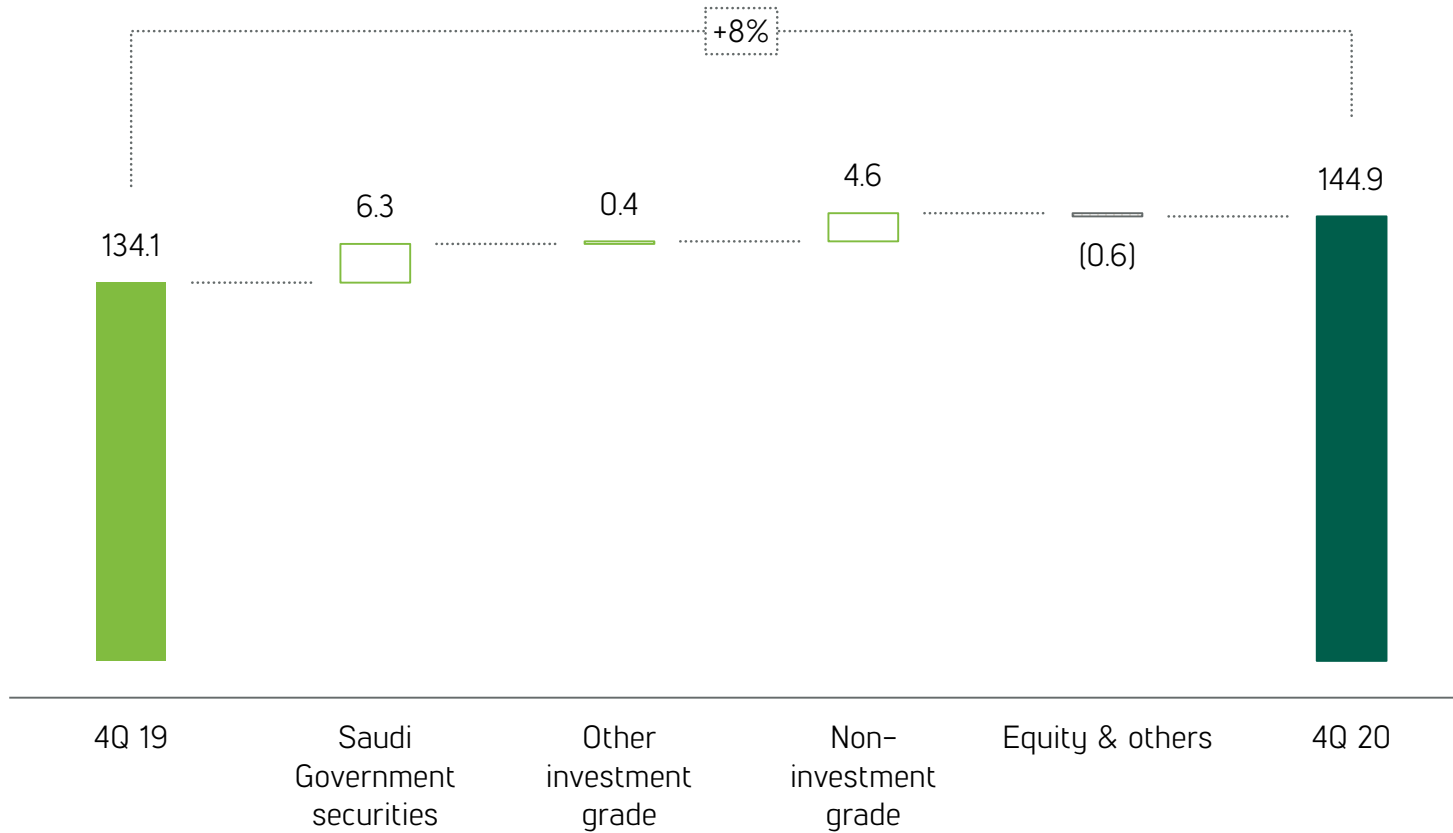
International (SARbn)



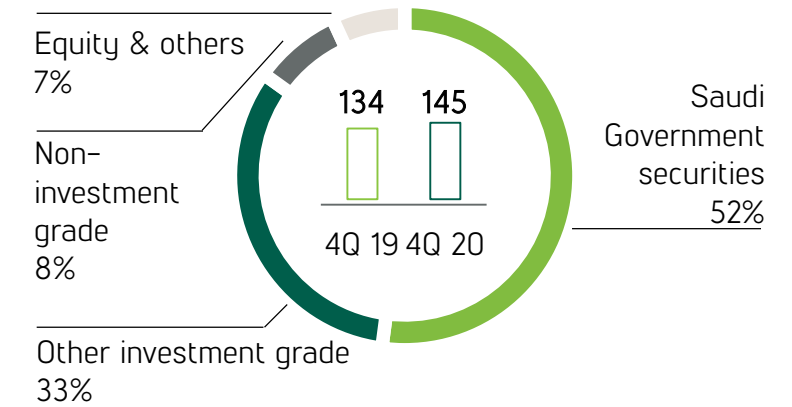
# Investments

Investment portfolio increased 8% from continued participation in SGSs; portfolio is 85% investment grade

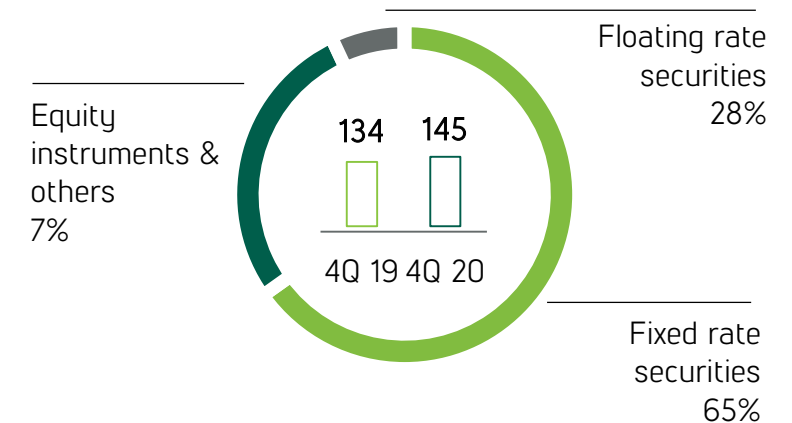
Movement in Investments (SARbn)



Investments by Credit Grade (SARbn)



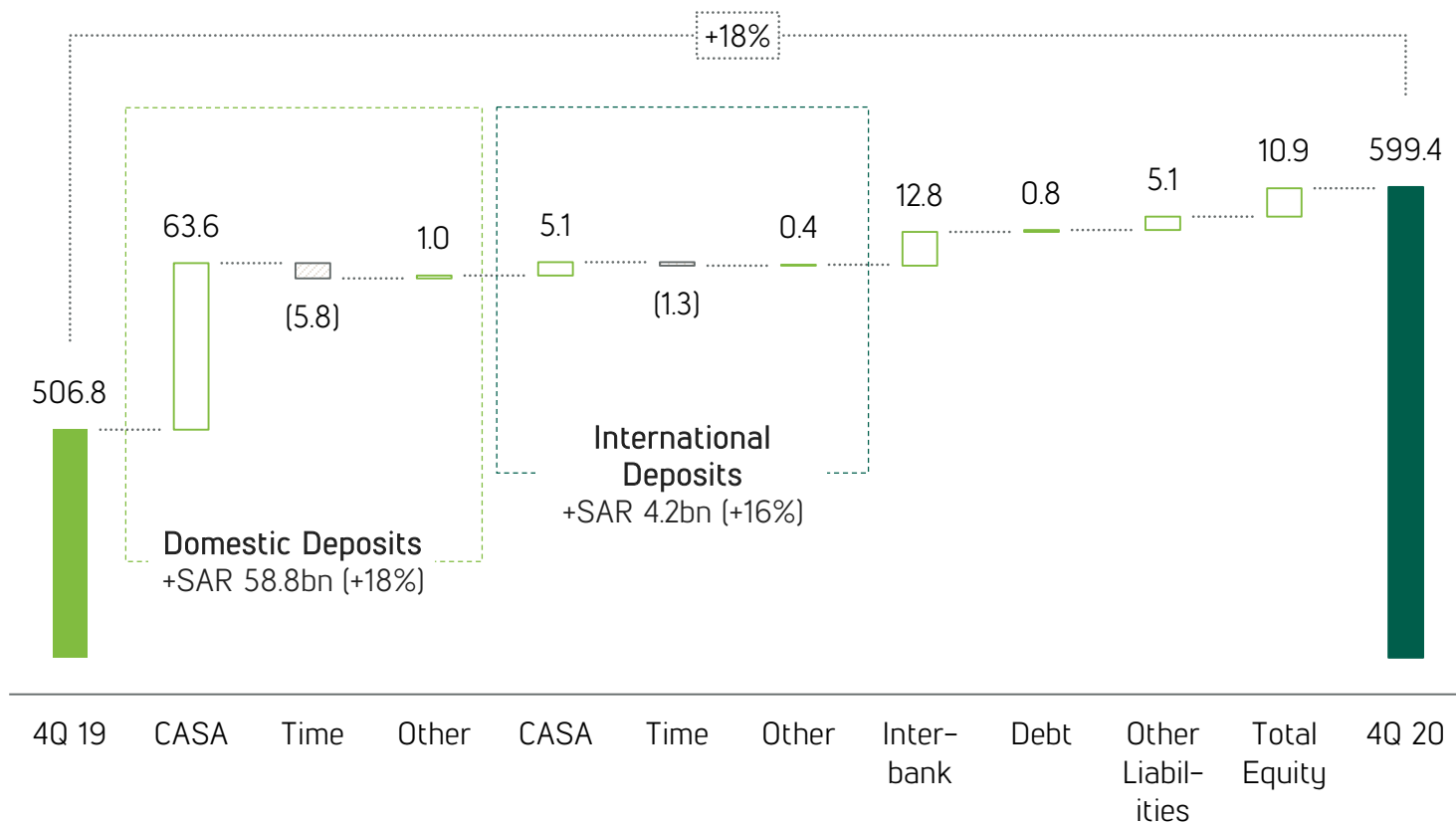
Investments by Type (SARbn)



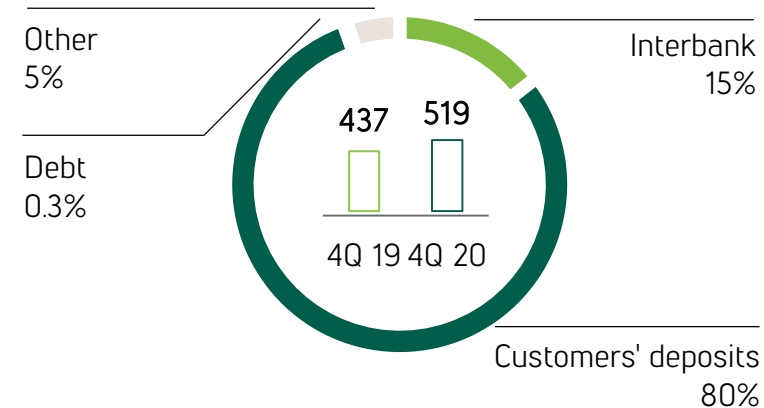
# Funding

Balance sheet growth funded mainly by strong 18% domestic deposit growth

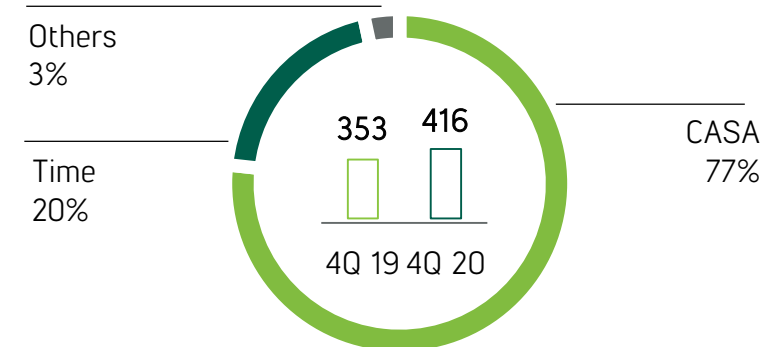
### Movement in Funding (SARbn)



### Total Liabilities Mix (SARbn)



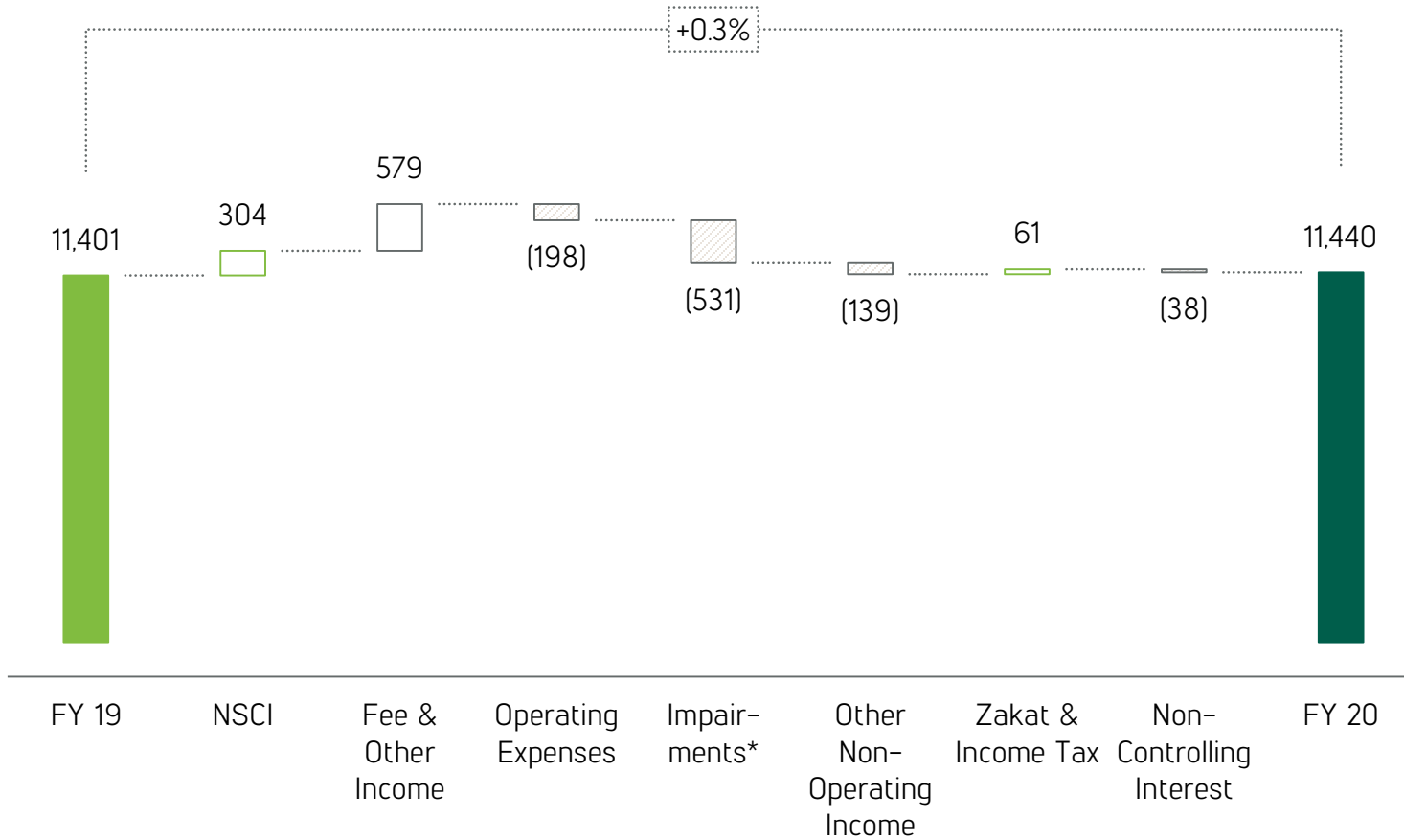
### Customers' Deposits Mix (SARbn)



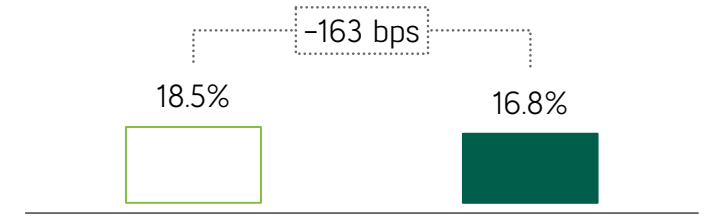
# Net Income

Net income stable; healthy ROE and ROA on profitable deployment of equity and assets

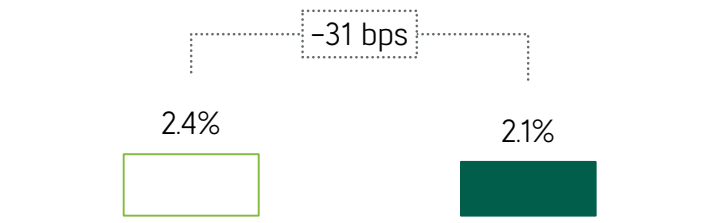
Net Income after Zakat and Income Tax attributed to Equity Holders (SARmn)



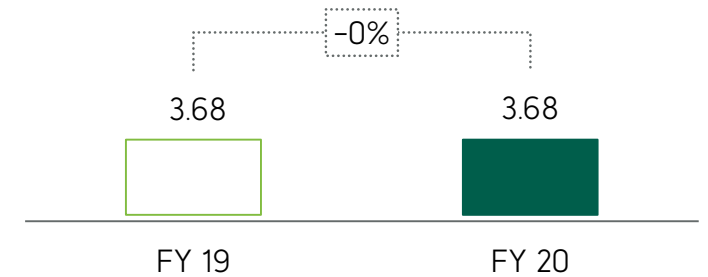
ROE (%)



ROA (%)



EPS (SAR)

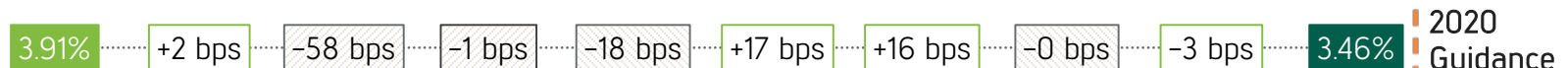


\* Impairments include impairment charges for financing and investments

# NSCI and Margin

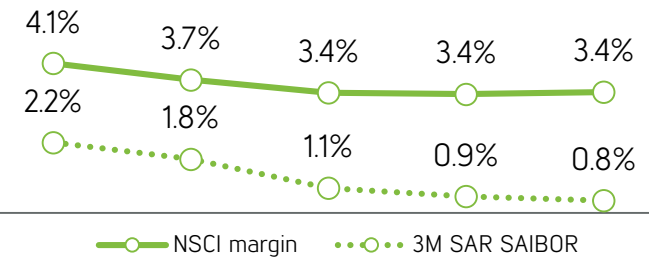
Net special commission income grew 2% YOY

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

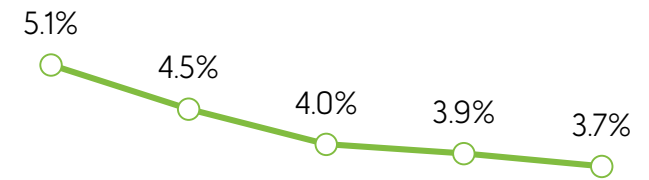


## NSCI margin

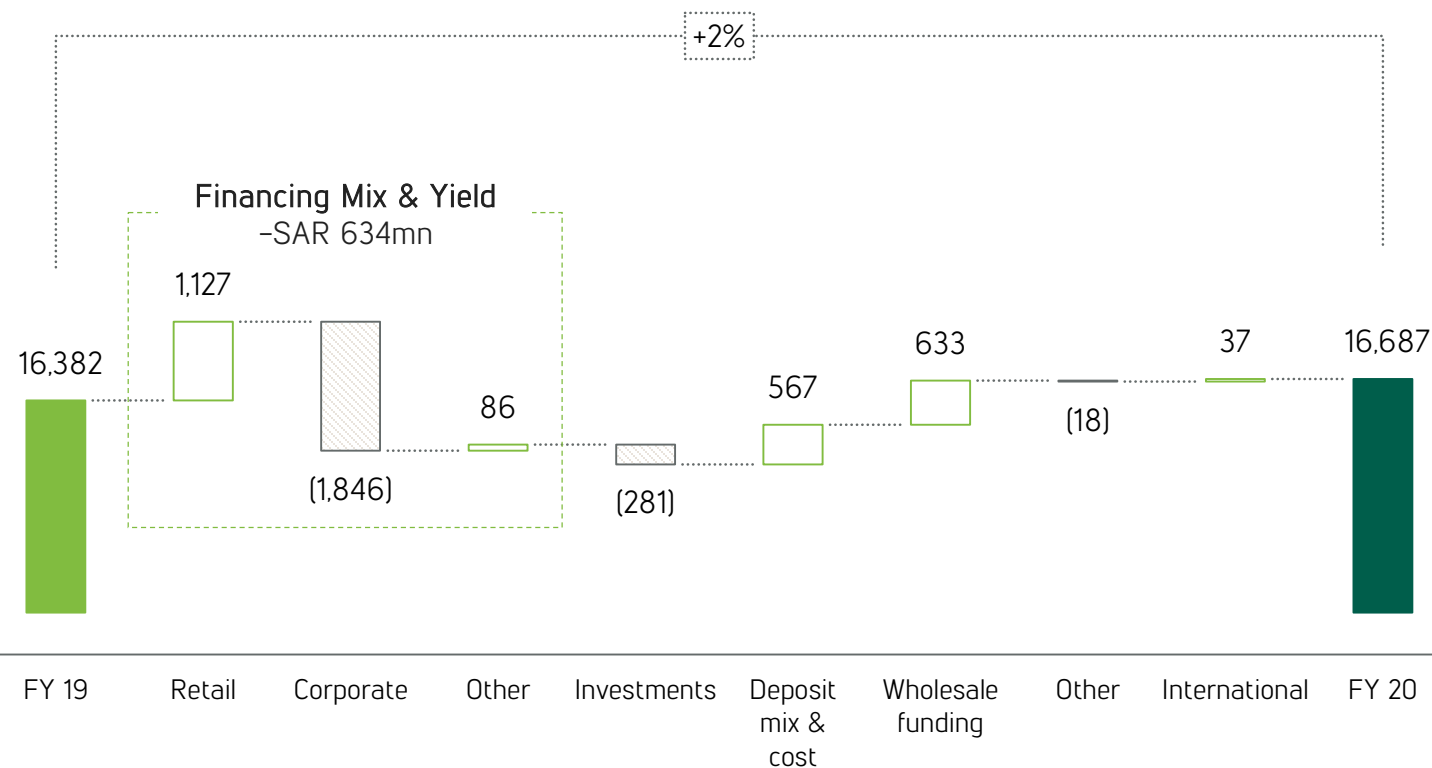
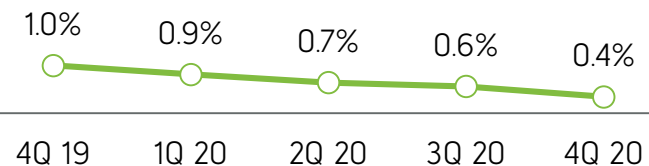
2020 Guidance  
3.4%-3.6%



## Commission yield (%)



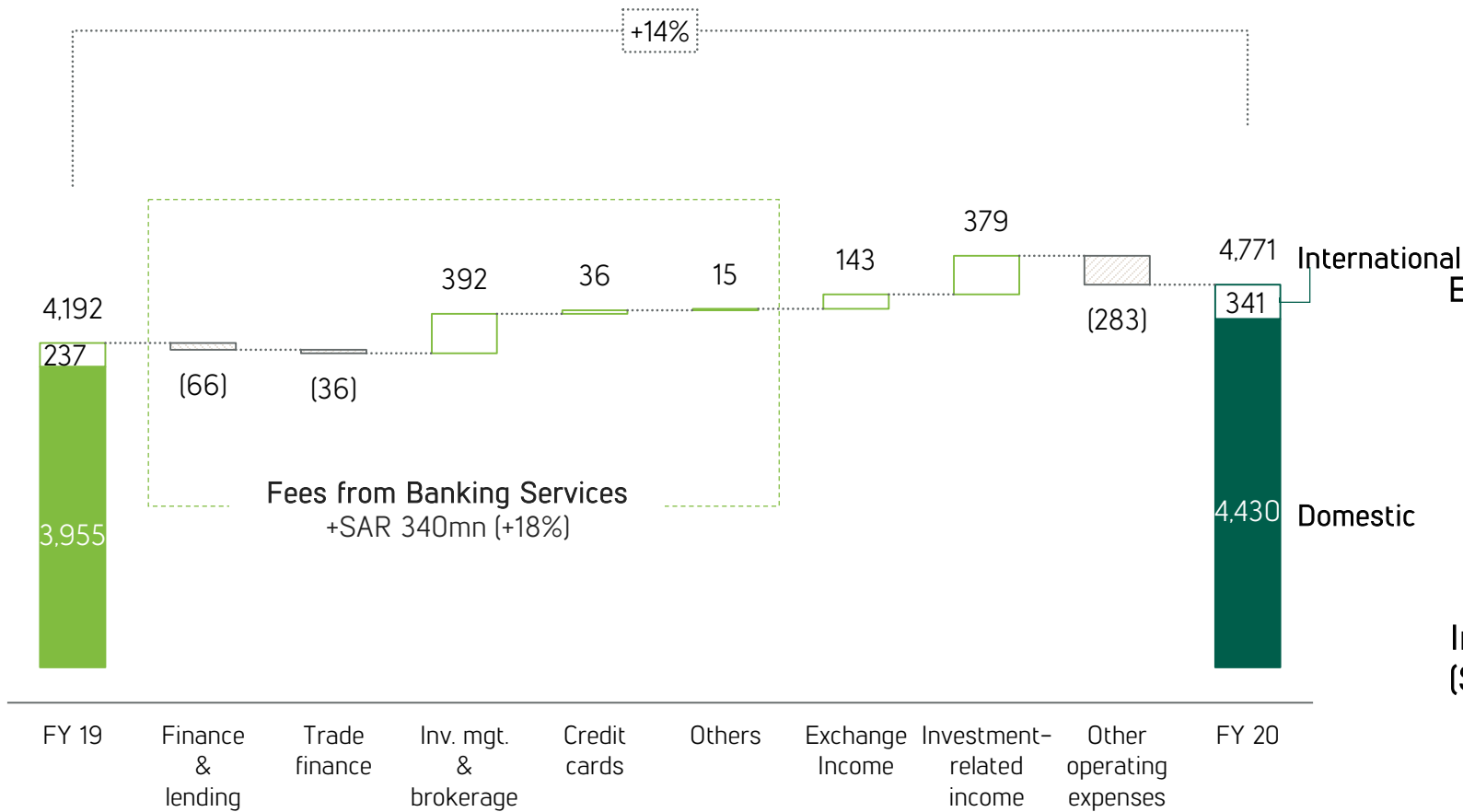
## Funding cost (%)



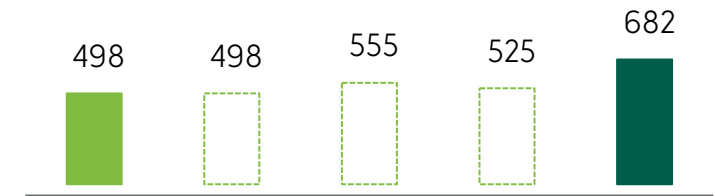
# Fee & Other Income

Fee and other income increased from improved investment management and brokerage income, and increase in exchange income and investment-related income

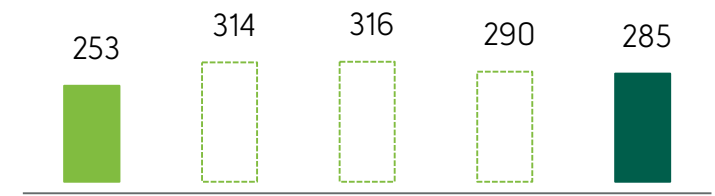
## Fee and Other Income Movement (SARmn)



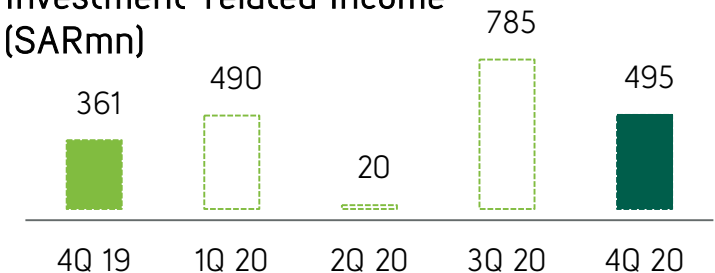
## Fee from banking services (SARmn)\*



## Exchange Income (SARmn)



## Investment-related Income (SARmn)

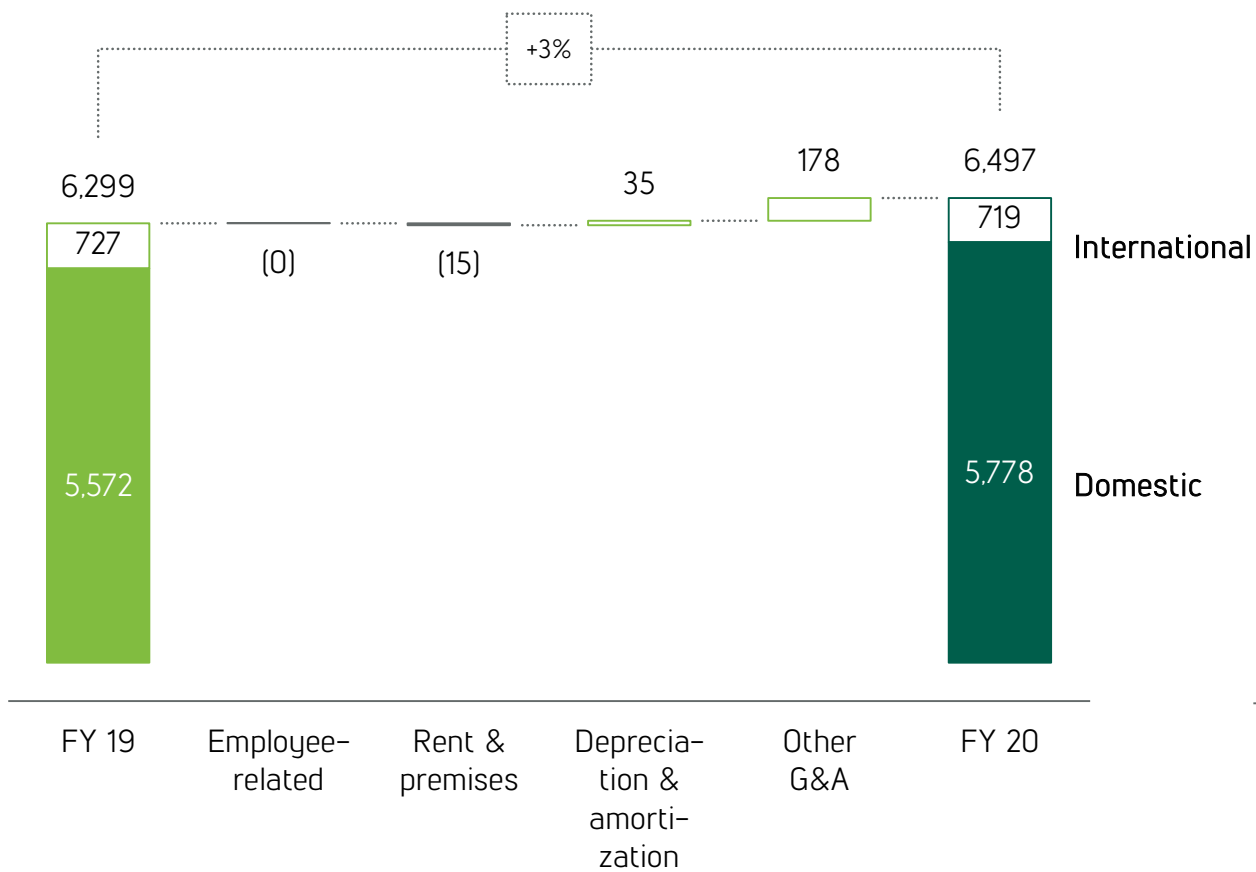


\* Includes adjustments for adoption IFRS 9/15 relating to fees amortization

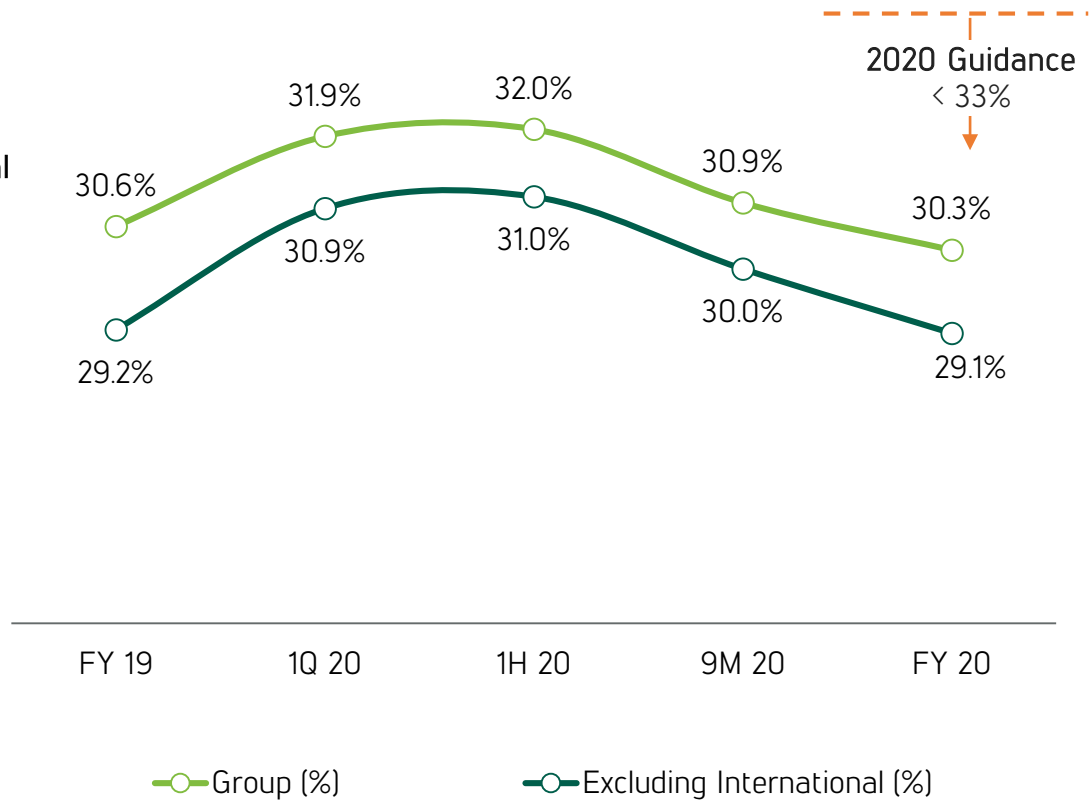
# Operating Expenses

Modest increase in operating expenses; improved cost to income ratio back at 2019 levels

Operating Expenses Movement (SARmn)



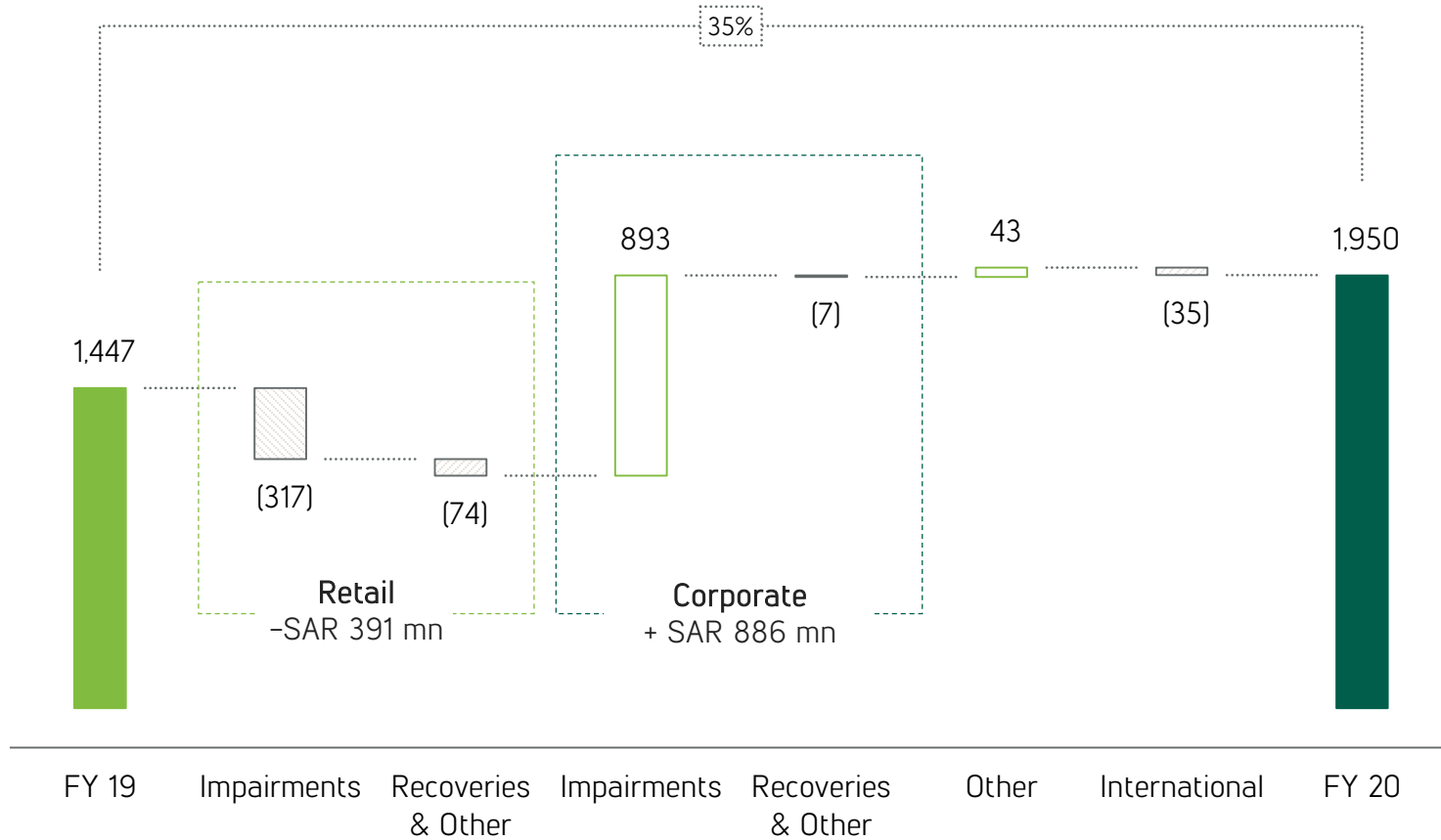
Cost to Income Ratio (YTD %)



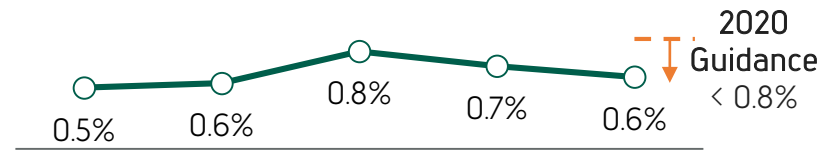
# Cost of Risk for Financing

Increase in impairments from Covid-19 related adjustments and impacts

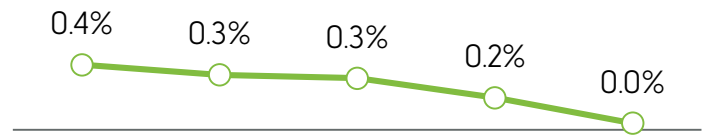
## Movement in Impairments (SARmn)



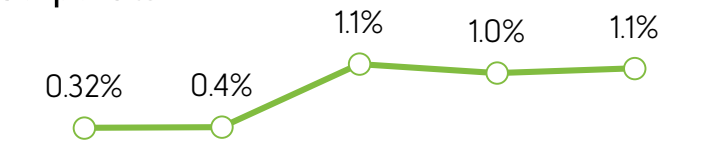
## Group



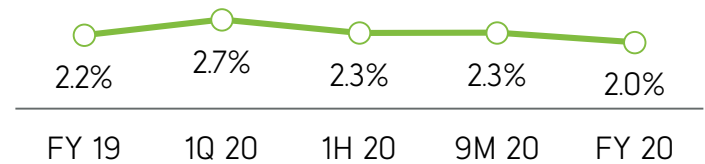
## Retail



## Corporate



## International



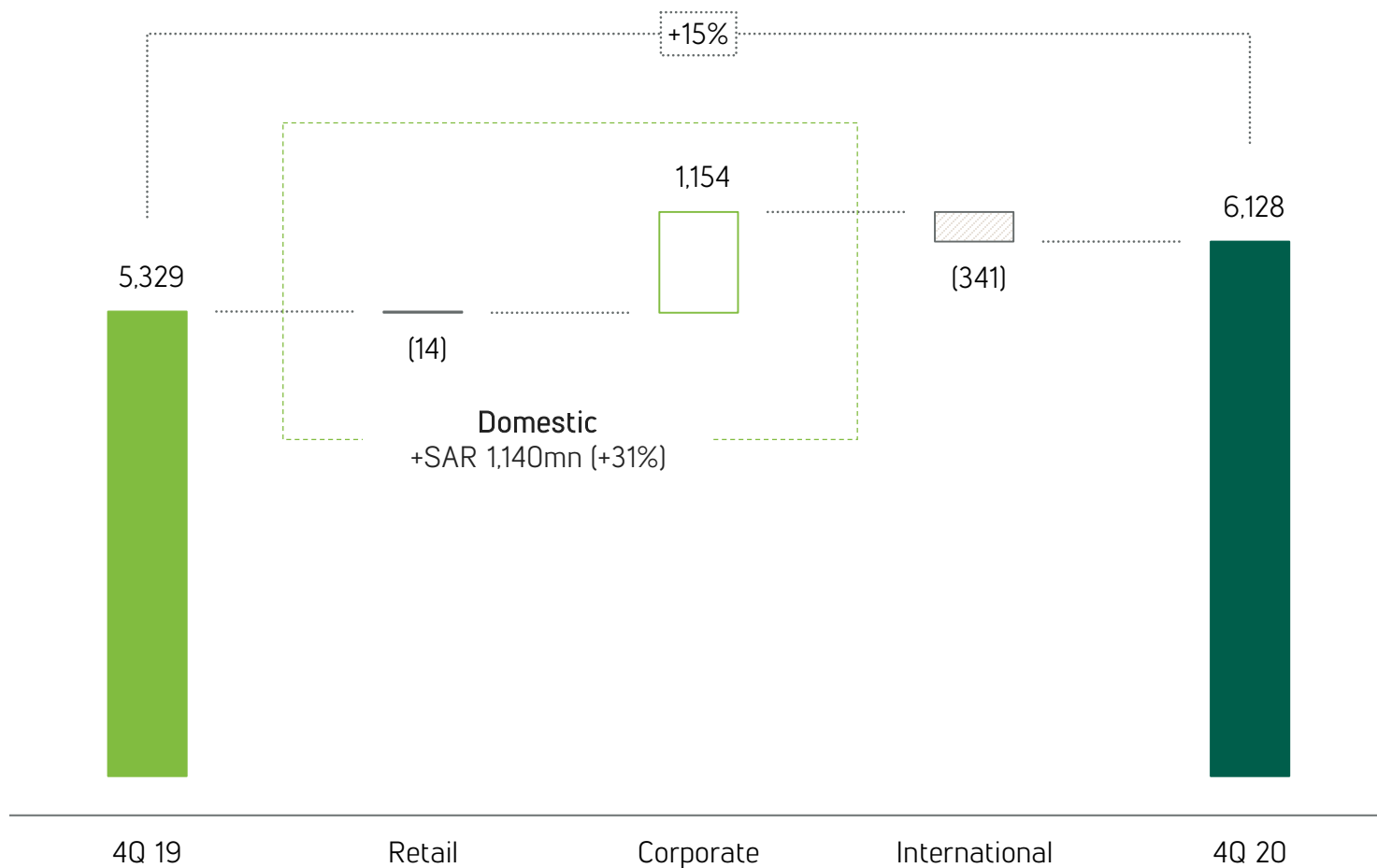
CoR (%)



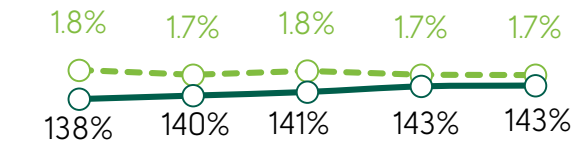
# Credit Quality

Healthy credit quality despite Covid-19 impacts in corporate; stable coverage including sustained improvement in international

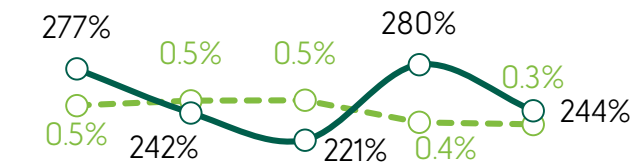
## Movement in NPLs (SARmn)



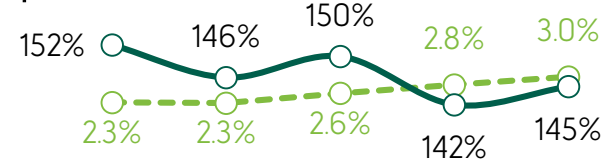
## Group



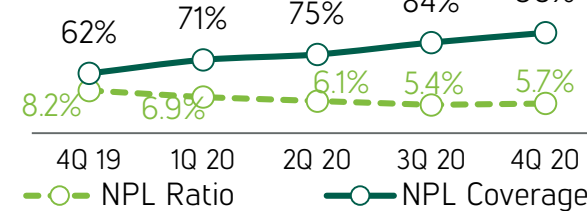
## Retail



## Corporate



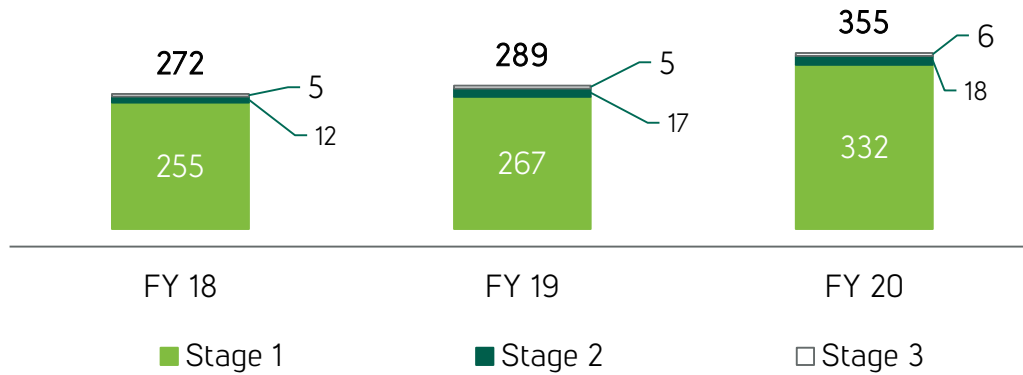
## International



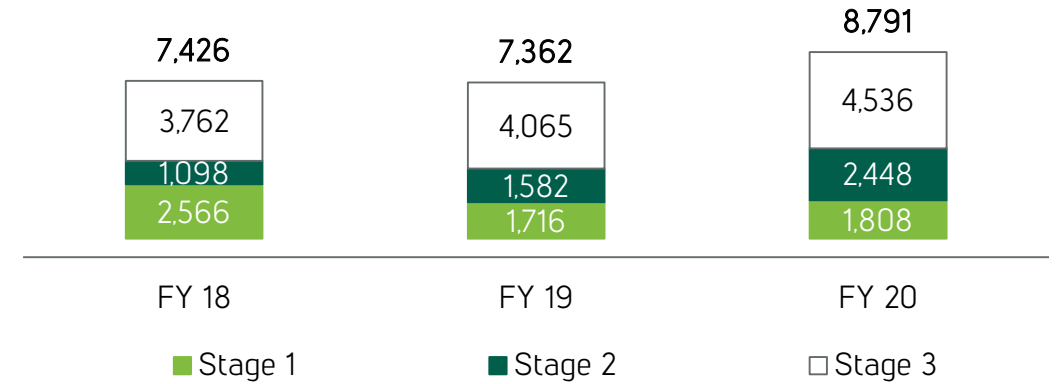
# Financing and Advances Credit Quality

Healthy and stable stage-wise NPL coverage

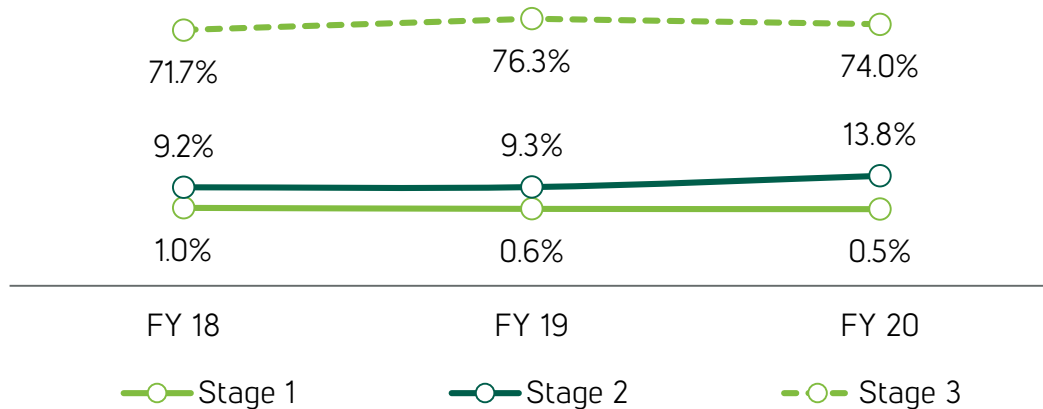
Financing & Advances, Gross (SARbn)



Loss Allowance for Financing & Advances (SARmn)



Coverage Ratios (%)



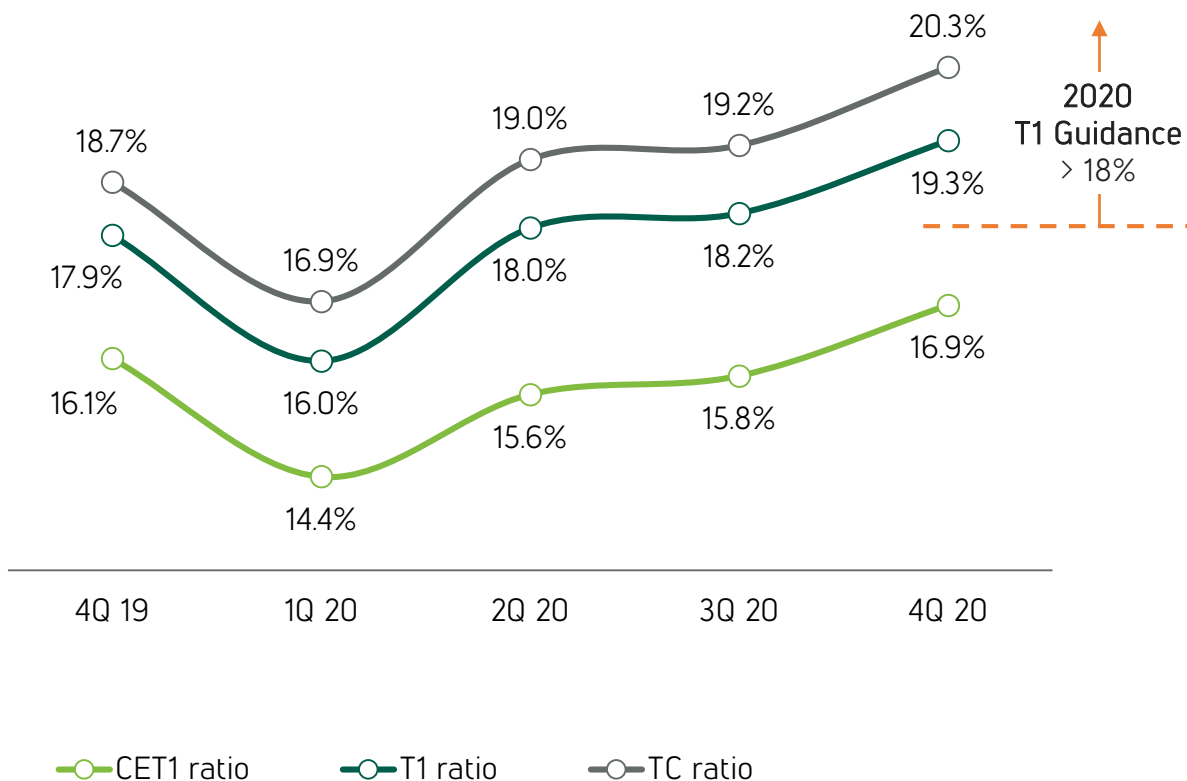
Loss Allowance for Financing & Advances by Segment (SARmn)

	2019			2020		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Consumer & Credit Card	1,234	166	258	856	286	286
Corporate	397	1,330	2,896	838	1,966	3,294
International	51	78	911	59	195	955
Others	34	7	-	54	0.02	-

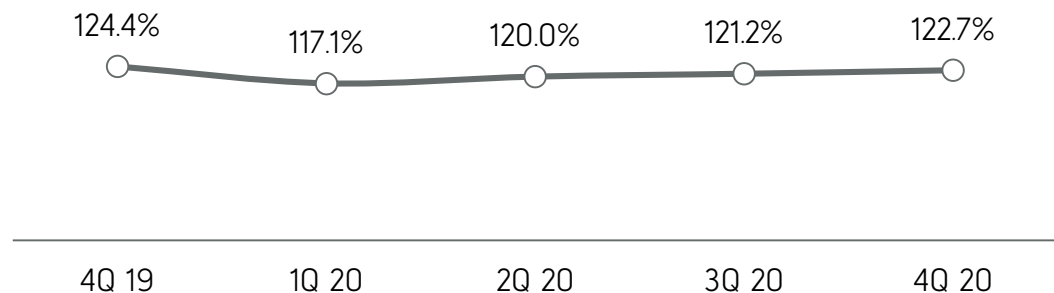
# Capital & Liquidity

Capital position comfortably above regulatory minima;  
strong liquidity profile maintained

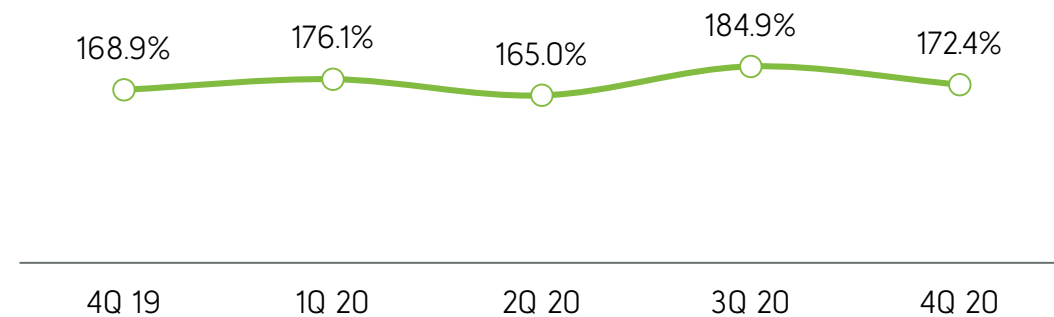
### Capital Ratios (%)



### NSFR Ratio (%)



### LCR Ratio (%)



# Strategy Dashboard

2021 strategy – rigorous execution and focus on mortgage, digitization, non-financing revenues and merger

## NCB-SAMBA Merger



### New Saudi Banking Champion

*Create Regional Financial Powerhouse*

Best in class value proposition

Accelerated growth

Value creation for all stakeholders

## Asset Deployment



### Retail

*Grow Financing*

Mortgage

Digitization



### Corporate

*Manage for Value*

Transaction banking

V2030 opportunities



### Treasury

*Sustain Recurring Revenues*

Asset returns

Portfolio quality & liquidity



### Subsidiaries

*Grow Value Contribution*

Key business lines

Efficiency

Productivity

## One Bank Collaboration Initiative

## Funding



### Current Accounts

*Grow Current Accounts*

Affluent

Customer coverage & experience

Cash management



### Wholesale Funding

*Expand Funding Options*

Programs across maturity & seniority

Mix and cost optimization

## Strategic Enablers



### Digital

*Accelerate Digital Transformation*

Digital product journeys

Predictive analytics

Mobile First



### Productivity

*Increase Operational Efficiency*

Leverage Robotics & AI

Automate back-office processes

Lean distribution

# 2021 Guidance

Economic recovery provides opportunities; mortgage momentum partially offset by expected corporate repayments

## Macro-Economic Outlook\*

	2021 Outlook
Oil Price	USD 50 / bbl
US Fed Rates	Stable 2021
GDP Growth	Real GDP 3.2%
Fiscal Balance	Deficit 4.9% of GDP
Inflation	2.9%

## NCB Financial Guidance\*\*

	FY 2020 Reported	2021 Guidance
Financing Growth	+23%	High Single Digit
NSCI Margin	3.5%	3.5% - 3.6%
Cost to Income	30.3%	Below 32%
Cost of Risk	0.6%	0.6% - 0.8%
Tier 1 CAR	19.3%	17% - 19%

\*Macroeconomic Indicator Sources: NCB Economics, US Federal Reserve, IMF, KSA MoF. \*\*For NCB only. Guidance will be revisited upon legal completion of merger



# Q&A SESSION

## 4Q 2020 Results



# ADDITIONAL INFORMATION

4Q 2020 Results

# NCB Contacts

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NCB welcomes your feedback and inquiries

## More Information

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