



# Building a new Saudi Banking Champion & Regional Powerhouse, in line with Vision 2030

Investor Presentation

October 2020



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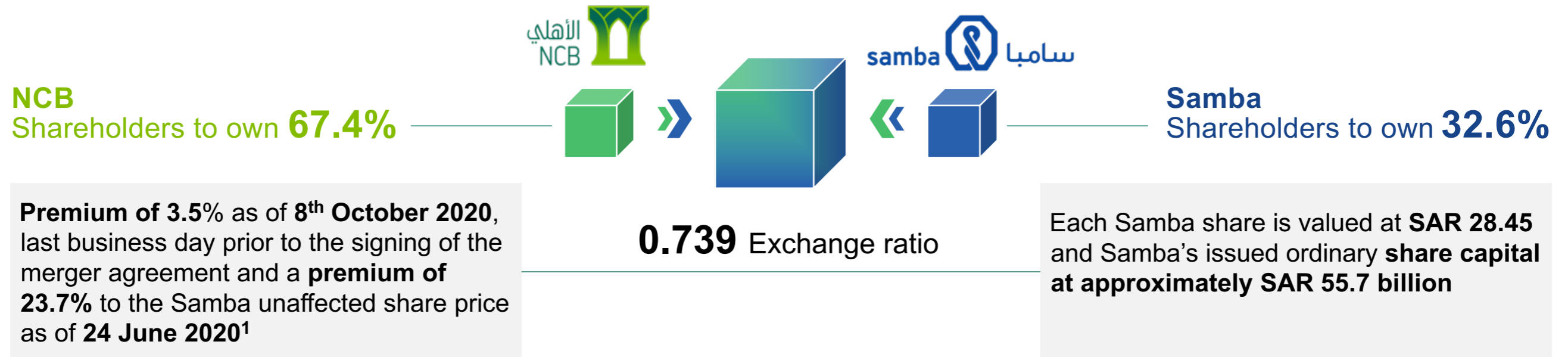
- ① **Key transaction highlights**
- ② **Transaction structure**
- ③ **Strategic rationale**
- ④ **Ambition for the merged bank**
- ⑤ **Corporate governance and leadership**
- ⑥ **Integration plan**
- ⑦ **Key highlights**

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- ▶ ① **Key transaction highlights**
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# National Commercial Bank (“NCB”) and Samba Financial Group (“Samba”) – a highly compelling merger of two pioneering banks in KSA, creating a new Saudi Banking Champion...

Merger combines two leading banks with complementary portfolios and strong market positions to enable social and economic prosperity and propel KSA towards Vision 2030, while creating significant value for all shareholders



## Other transaction highlights

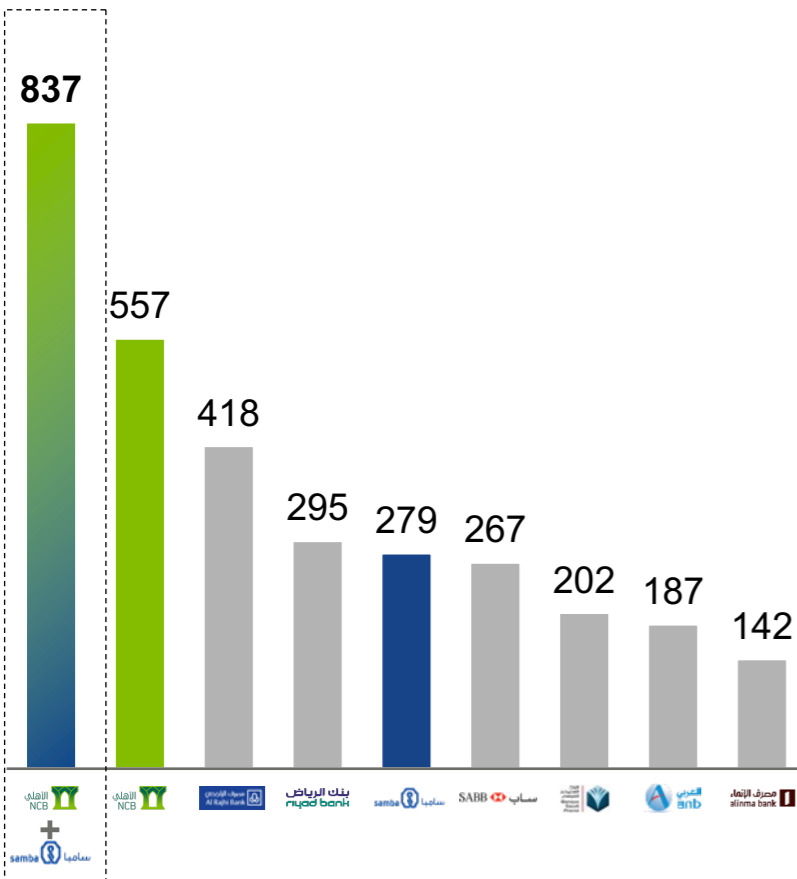
- EPS accretive for NCB and Samba shareholders<sup>2</sup>
- The new bank will be headquartered in Riyadh
- No involuntary redundancies expected as part of the transaction
- Both banks will work with a branding consultant to advise on name, logo and branding of the merged bank
- Integration planning to be completed over next months until completion of the merger, after which, integration execution will be expedited over the coming 3 years

1. the last business day prior to the signing of the Framework Agreement | 2. Based on the annualised H1 2020 results for NCB and Samba (including fully phased in synergies and excluding one-time integration costs)

...with the scale and coverage across business lines to become the number one bank in the Kingdom and a leading bank in the Middle East

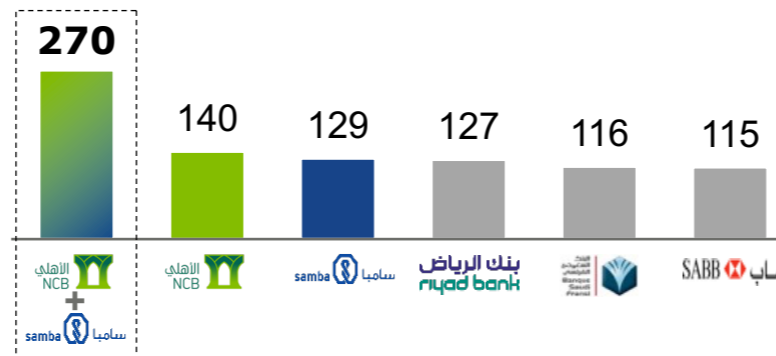


**A** #1 Bank in KSA, Total Assets, SAR bn

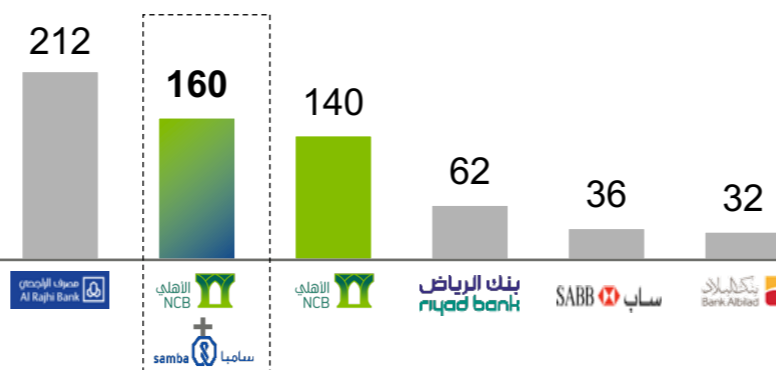


**B** #1 Corporate and #2 Retail business in KSA, Performing loans, SAR bn

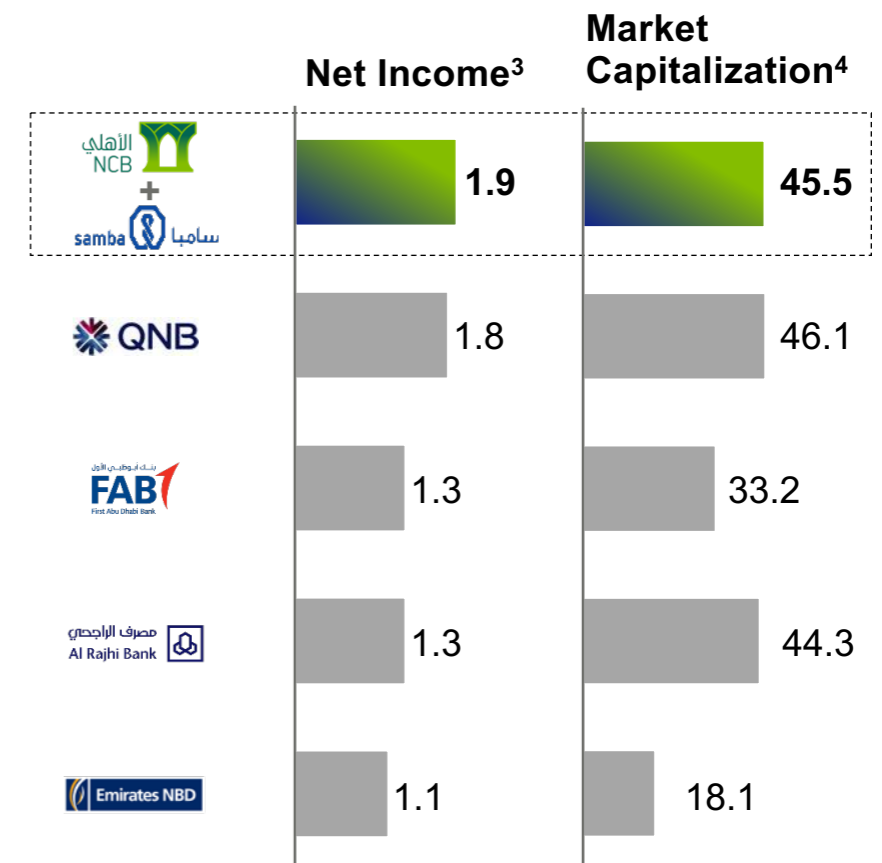
#1 Corporate Bank<sup>1</sup> in KSA



#2 Retail Bank<sup>2</sup> in KSA



**C** A leading bank in the Middle East, USD bn



1. By Corporate performing loans balances as of H1'20, includes overdraft wherever such delineation was provided in publicly available financial statements | 2. By Retail performing loans balances as of H1'20 | 3. H1'20 results | 4. Market Cap and exchange rates from local currencies to USD as of 08 October 2020

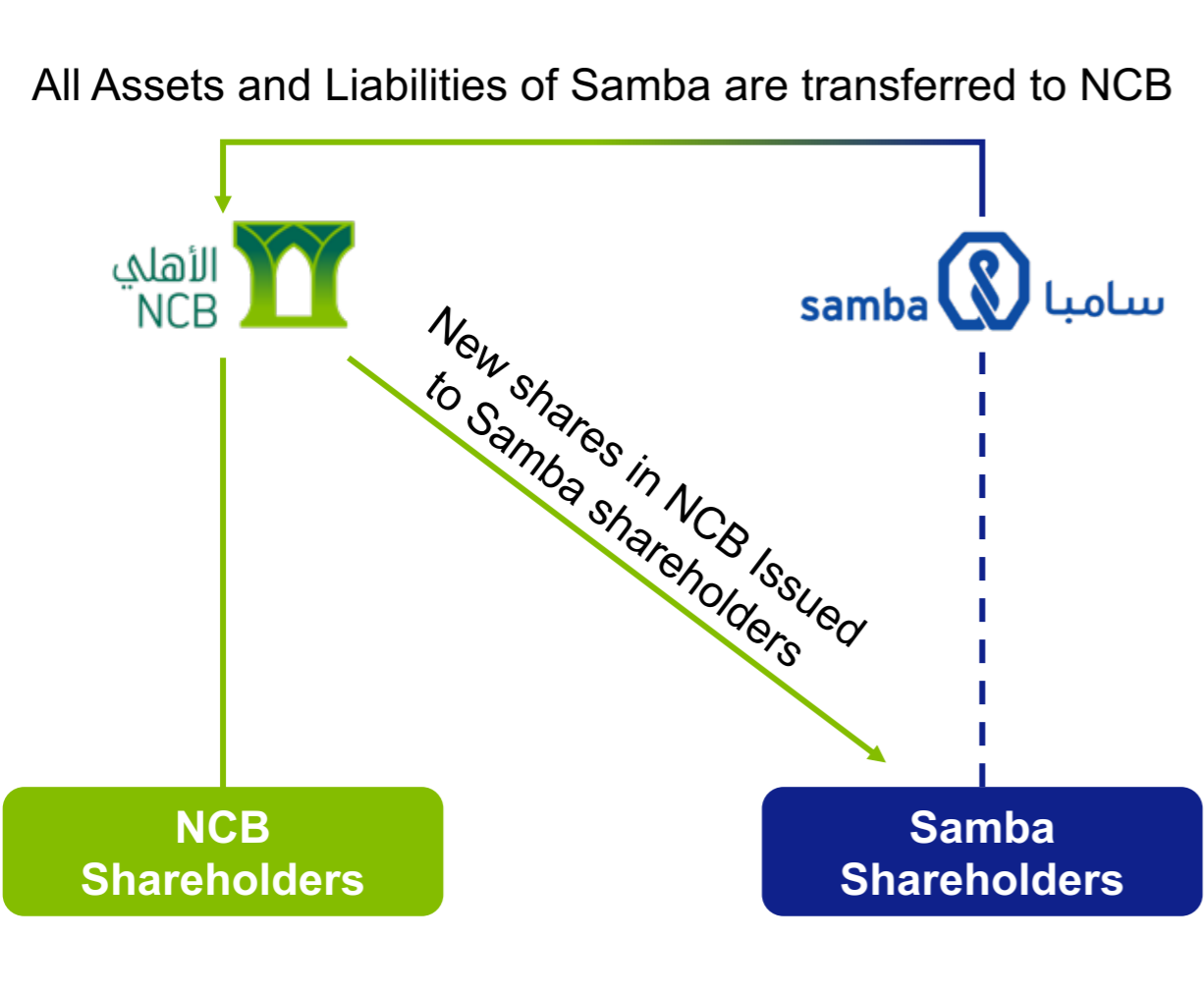
Note: Financial information available is based on the aggregation of reported half year financial information of NCB and Samba rather than audited pro forma financial information

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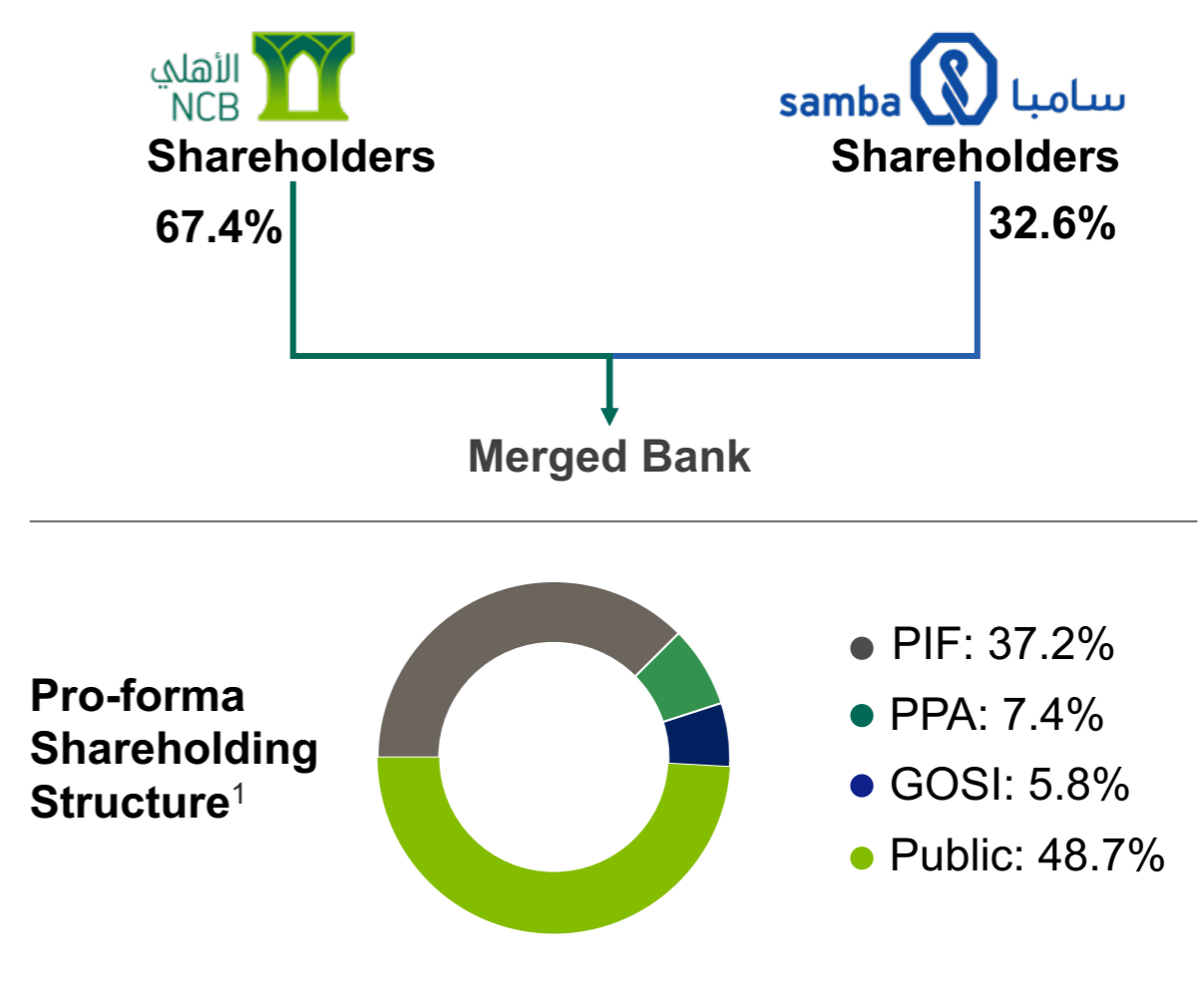
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# NCB and Samba to merge through a statutory merger process

## Overview of merger process



## Post-merger shareholding structure



1. Treasury shares form 0.9% of combined ownership

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## There is a solid strategic rationale for the envisaged transaction

### 1 New Saudi banking champion and regional powerhouse

- **#1 bank in the Kingdom**, with ~30% market share and SAR 837 bn assets
- **A leading bank in the Middle East**, #1 by net income
- **Industry-leading returns and productivity**, unlocked by scale and efficiency gains

### 2 Best in class complementary proposition and reach

- **High complementarity across segments and products**, resulting in a strengthened competitive position
- **Enhanced multi-channel distribution and reach** in the Kingdom
- **Increasing international presence**, enhancing trade and capital flows in and out of KSA

### 3 Well diversified franchise and robust balance sheet to pursue accelerated growth

- **Balanced business model**, with Retail, Corporate, Treasury, Capital Markets and International income
- **Improved liquidity and solid capital position** to pursue accelerated growth
- **Increased ability to drive vision 2030 agenda and invest in digital and innovation**

### 4 Significant value creation potential

- **SAR 800 mn cost synergies** and **SAR 1.1 bn one-time cash integration costs**
- **Potential for revenue synergies**, leveraging best practices across both organizations
- **EPS accretive** for NCB and Samba shareholders<sup>1</sup>

1. On a fully phased synergies and excluding one-off integration costs

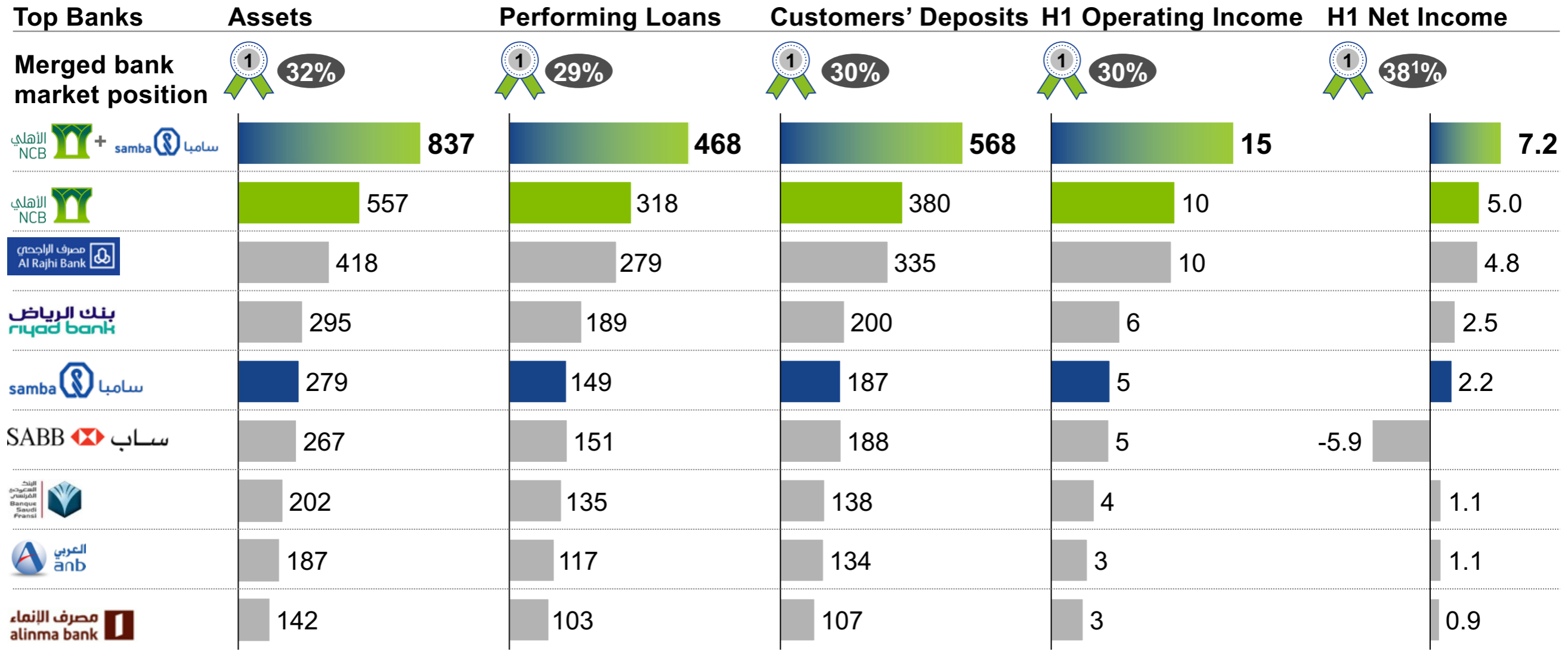
Note: Financial information available is based on the aggregation of reported half year financial information of NCB and Samba rather than audited pro forma financial information

Source: Interim H1 2020 banks financial results and company websites

# 1. #1 KSA bank with ~30% market share across all metrics

2020 H1 SAR bn

● Market share



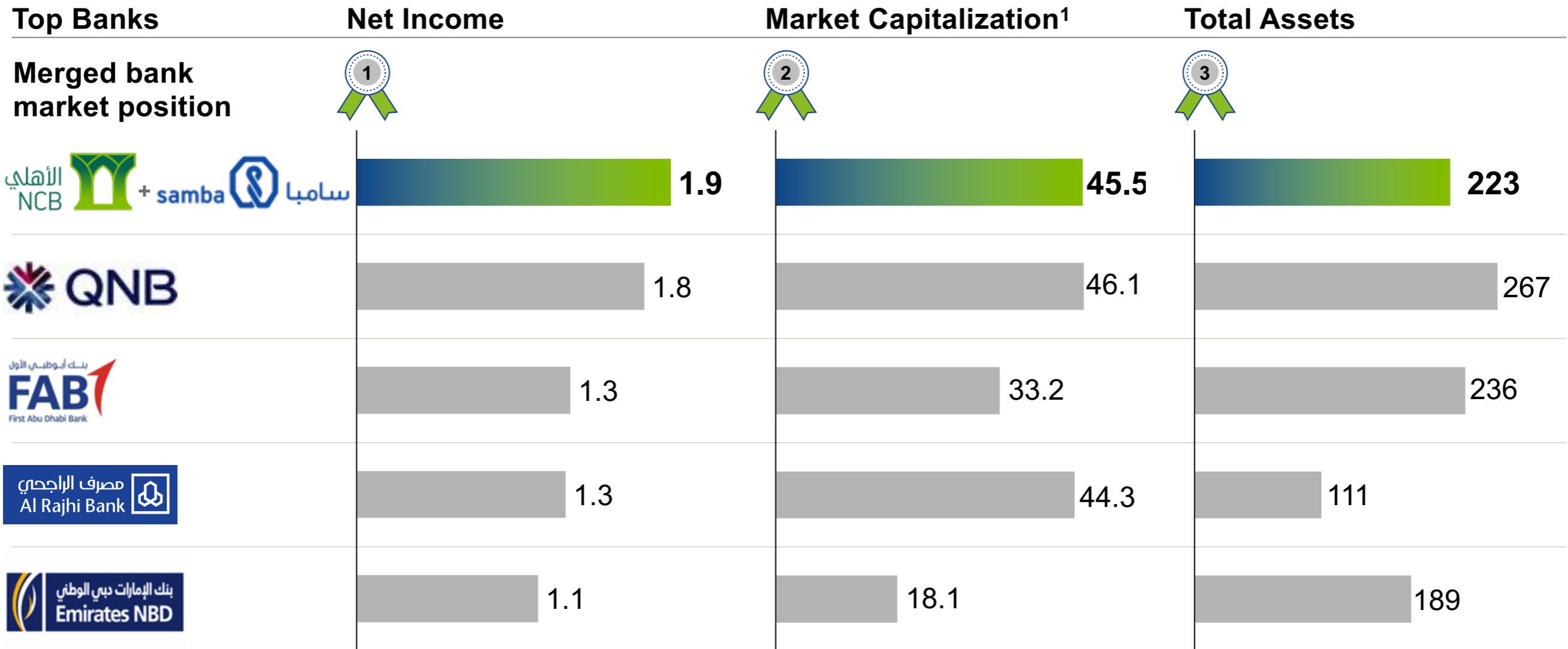
1. Excludes SABB results

Note: Financial information available is based on the aggregation of reported half year financial information of NCB and Samba rather than audited pro forma financial information

Source: Interim H1 2020 banks financial results and company websites

## 1. A leading bank in the Middle East, #1 by net income

2020 H1, USD bn









1. Market Cap and exchange rates from local currencies to USD as of 08 October 2020

Note: Financial information available is based on the aggregation of reported half year financial information of NCB and Samba rather than audited pro forma financial information

Source: Interim H1 2020 banks financial results and company websites, Bloomberg

## 2. Merger brings together two highly complementary banks



	Retail	Corporate	Treasury	Asset management & Investment Banking
	Leading Retail bank across segments and products with broad physical and digital reach	#1 Corporate bank across all key segments and products including specialized finance	Best-in-class Treasury and Capital Markets business with market leading capabilities	Largest Asset manager with leading position in Investment Banking through NCB Capital
	Strong proposition for affluent and private banking segments	Competitive position in Corporate, with market leading Corporate Finance and Transaction Banking capabilities	Diversified Treasury offering products across asset classes and covering key GCC & International markets	Leading Loan syndication and structure finance business, offering bespoke solutions to large Corporates and government institutions
	<b>Leading Retail banking franchise, with 26% Retail performing loans<sup>1</sup> and 29% Retail liabilities market share</b> 	<b>Superior Corporate banking proposition; #1 bank in Institutional banking and specialized finance, with 27% Corporate loans<sup>2</sup> market share</b> 	<b>Pre-eminent Treasury and Global Markets platform, with ~36% Treasury assets market share as of H1 2020 and strong cross-sell capabilities</b> 	<b>NCB Capital and Samba Capital would form the biggest asset manager, brokerage and investment bank in Saudi Arabia</b> 

1. By Retail performing loans balances as of H1'20 | 2. By Corporate performing loans balances as of H1'20, includes overdraft wherever provided in financial statements

Note: Financial information available is based on the aggregation of reported half year financial information of NCB and Samba rather than audited pro forma financial information

Source: Interim H1 2020 banks financial results and company websites

## 2. Enhanced multi-channel distribution and reach in the Kingdom

### Distribution<sup>1</sup>

**501** Branches, ~24% of market

**4,136** ATMs, ~22% of market

**126,831** POS, 22% of market

### Digital

**Increasing** digital penetration  
and digital financial transactions

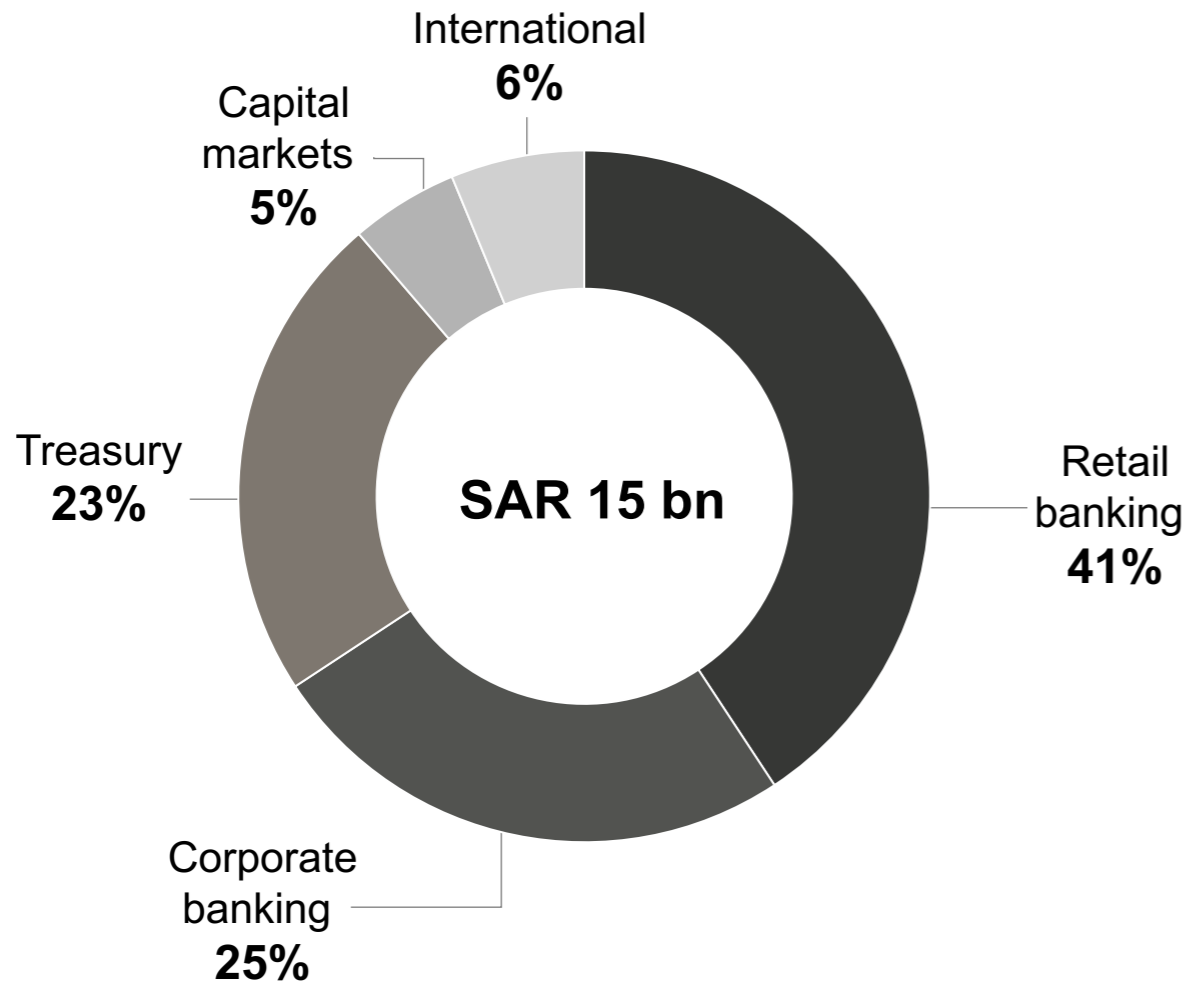
**Awarded** best mobile banking app in  
KSA from 2016-19  
(NCB) and 2019's best online cash management and  
Treasury (SAMBA)

1. As of August 2020

Source: SAMA Aug 2020 Bulletin for NCB and SAMBA, Press release

### 3. Balanced business model, enhanced liquidity and solid capital position to pursue growth

#### H1 Operating Income<sup>1</sup>



#### Capital and liquidity positions<sup>1</sup>

**Solid capital position,** with a large equity base of SAR 120 bn

**Well-funded balance sheet,** with 82% LDR

1. As of H1 2020

Note: Financial information available is based on the aggregation of reported half year financial information of NCB and Samba rather than audited pro forma financial information

Source: Interim H1 2020 banks financial results and company websites

### 3. Uniquely positioned to capture value creating opportunities unlocked by vision 2030

#### Key growth vectors unlocked by Vision 2030

#### Merged bank competitive advantage



Investments in “**local content**” industries & **logistics infrastructure**



Investments in **tourism, hospitality & entertainment**



Acceleration in **SME growth**



Growth in **housing stock** and acceleration in **residential financing**



Acceleration in the **growth of digital economy**



Growth acceleration in **International Markets**



Promoting a **savings culture** and **financial literacy**



Strong **funding and capital base**  
Market leading **Specialized Finance capabilities**



Leadership position and **track-record in serving SMEs**



**Top position** with strong **product and multichannel capabilities**



**Modern technology platform** with **distinctive digital capabilities**



**Leadership position** in Treasury and Capital markets



**Extended accessibility and reach** throughout the kingdom

## 4. Significant efficiency and revenue synergies drive value creation

### Cost Synergies

- Review of overlapping physical network
- Decommissioning of legacy technology
- Economies of scale and enhanced productivity

### Revenue synergies

- Product cross-sell across Retail and Wholesale
- Improved operating model

**SAR 800 mn annual cost synergies** and

**SAR 1.1 bn one-time cash integration costs**

Cost benefit represent

**~9% of combined cost base<sup>1</sup>**

Fully phased-in cost synergies unlocked  
**after integration is completed**

**Potential for revenue synergies,**

leveraging best practices across both banks

1. Based on 2019 aggregated operating expenses before impairment for NCB and SAMBA

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Bold ambition to be a catalyst for KSA financial sector vision 2030 and deliver value

← New Saudi Banking Champion & Regional Powerhouse, in line with Vision 2030 →

Accelerate growth in Retail & SME



- Deliver best-in-class innovative propositions
- Drive home-ownership through growth in residential finance
- Promote financial literacy and a culture of saving
- Foster SMEs development & lending

Strengthen leadership in Wholesale



- Be the trusted partner for top-tiered Saudi corporates
- Support the Kingdom's landmark deals and mega projects
- Strengthen leadership in Treasury and Capital Markets
- Lead capital and trade flows in and out of the Kingdom

Invest in digital innovation & analytics



- Digitize end-to-end all products and services
- Invest in innovation through new propositions
- Invest in big data and analytics to drive value

Become the prominent talent hub



- Be the employer of choice in the Kingdom
- Grow and nurture the future banking leaders of KSA
- Develop new age capabilities and evolve towards an agile operating model

Drive international growth



- Selectively explore opportunities to expand internationally into new strategic markets
- Fuel expansion of KSA businesses

Drive forward the Kingdom's vision 2030 agenda and spearhead financial sector development ▶▶▶▶▶

In summary: a win-win for all key stakeholders

## Customers

Deliver an **exceptional customer experience** through digital and innovative propositions, extended reach and data-driven customized offerings

## Employees

Cultivate a **distinctive growth platform for Saudi talent** through tailored development programs and integrated merit-based culture

## Shareholders

Generate **additional value** through significant cost synergies, a stronger capital base and an enhanced access to Capital Markets

## Regulators

Establish a **stronger, more resilient and sustainable institution**

Create a new Saudi banking champion that will be a catalyst to deliver the Kingdom's vision 2030

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## Best-in-Class Leadership and Governance Model

### Overview of Key Leadership

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**Chairman**

Ammar Alkhudairy



**Managing Director and  
Group CEO**

Saeed Al-Ghamdi



### Proposed Governance

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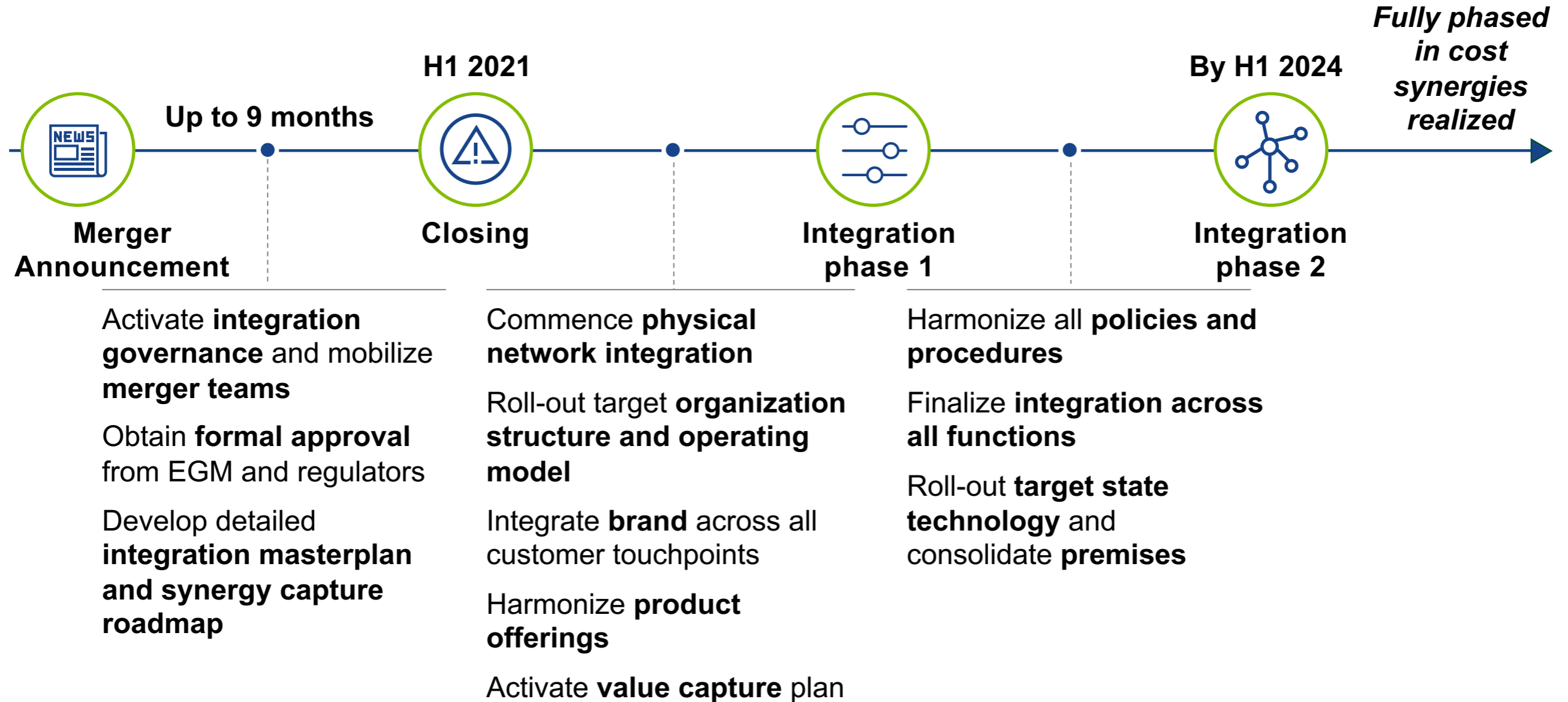
Board of Directors of the new merged entity will expand by 2, to 11 members with:

- 4 representatives from PIF, 1 from PPA and 1 from GOSI
- 3 members from existing NCB board
- 2 members to be nominated by Samba

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## High-level integration timelines and milestones



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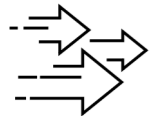
## Key highlights



**New Saudi Banking Champion and preeminent regional financial institution**



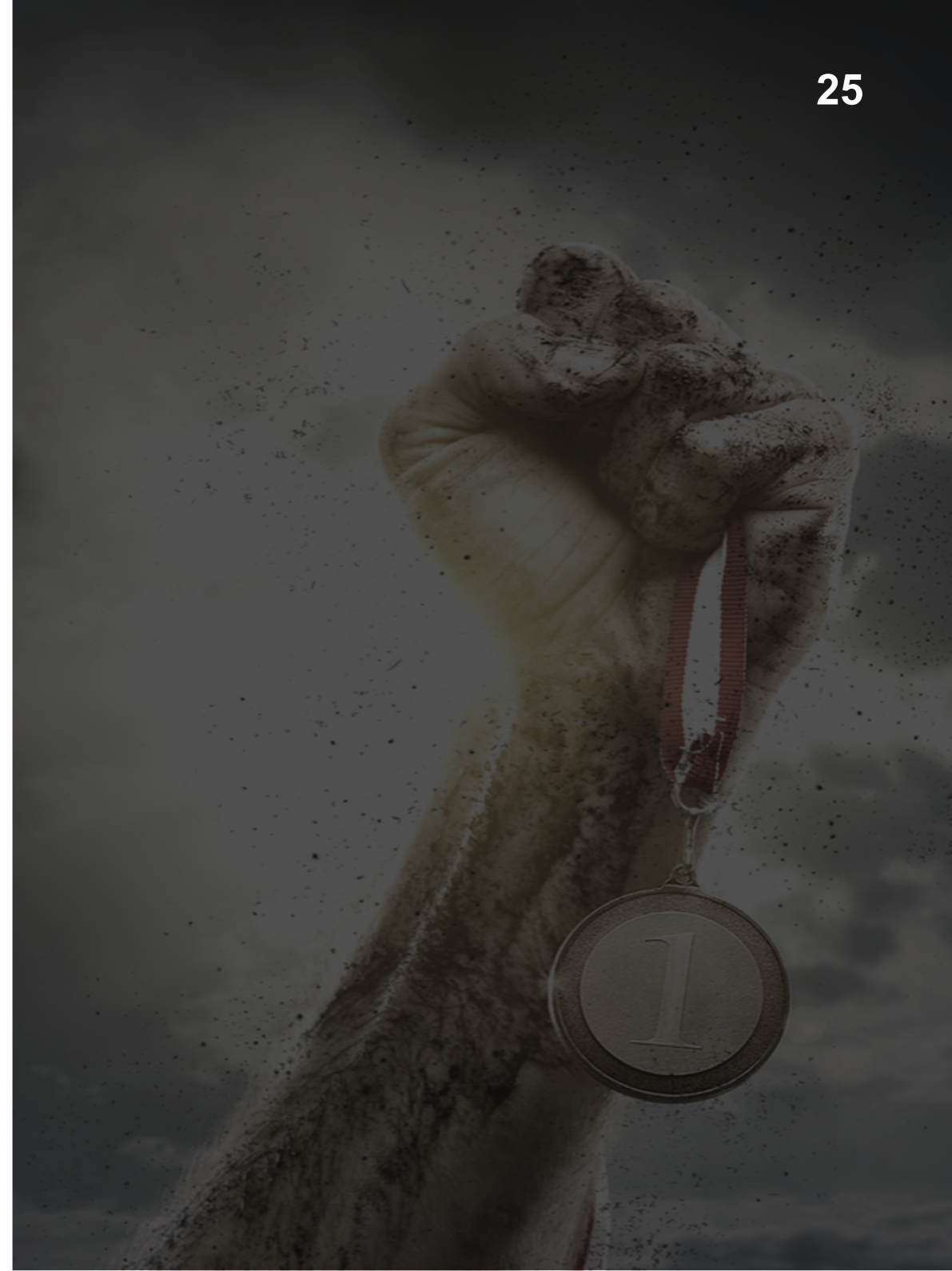
**Significant value creation potential**



**Ambition to be a catalyst for financial sector development as part of Vision 2030**



**Win-win for all stakeholders**





## **Building a new Saudi Banking Champion & Regional Powerhouse, in line with Vision 2030**

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