1) Why are the banks merging?

The proposed merger will unlock considerable synergies and growth potential to maximize value for all stakeholders:

It will create a new Saudi banking champion which will be a regional powerhouse in the consolidating Saudi and MENA banking landscape. It will be the number one bank in Saudi Arabia serving approximately 25% of the retail and wholesale banking market with aggregated SAR 837 billion ($223 billion) assets.

The number one bank in the Middle East region by net income, SAR 7.2 billion (U.S.$ 1.9 billion) with a combined equity base of SAR 120 billion ($32 billion).

The combined business will offer industry-leading returns and productivity, unlocked by scale and efficiency gains and an increased ability to invest in innovative technology solutions

Customers will experience new banking standards driven by pooled talent and expertise from two of the Kingdom's leading banks and gain access to a wider suite of complementary innovative products and, services and an enhanced multi-channel distribution and reach.

Well diversified franchise and robust balance sheet to pursue accelerated growth, improved liquidity and solid capital position backed by a balanced and diversified business model.

Shareholders will benefit from the deal as it is EPS accretive on a fully-in phased basis, ~SAR 800 million in synergies, and a bank that has a strong capital base and an enhanced access to Capital Markets, driving long-term shareholder value.

2) What is your outlook and strategy for the combined bank?

Accelerate growth in retail by increasing the product penetration across the combined client base through delivering best-in-class innovative propositions, foster SMEs development and lending, growing residential financing and promoting financial literacy.

Strengthen leadership in wholesale by supporting the Kingdom's landmark deals and mega projects, increase presence in treasury and capital markets, as well as facilitating trade and capital flows in and out of Saudi Arabia into global markets.

The new Saudi banking champion plans to double down on digital and data analytics and continuing to enhance its artificial intelligence tools. It will aim at digitalizing all products and services end-to-end and introduce cutting-edge technologies to its customers. It plans to invest in innovation through new ventures and partnerships as well as data and analytics to create exceptional and personalized customer experiences.

Merge both banks' talent pools and become a talent hub for the financial sector, with no involuntary job losses. Talent development will be a priority for the merged bank, as it aspires to groom future leaders of the industry through world-class training and development programs and offer rewarding career opportunities.

The Merged Bank will have an expanded network, enabling it to facilitate international trade and capital flows, as well as being better placed to pursue strategic expansion opportunities to better connect with global markets.

Furthermore, the merged bank will be well positioned for a trading multiple rerating given its improved strategic position, compelling outlook and significant upside potential.

3) How does this merger align with the objectives of Vision 2030?

Saudi Arabia's economic reforms are beginning to bear fruit and with mega-projects starting to come to life, the need for a new Saudi banking champion, with reach and innovation is necessary for Saudi Arabia's private sector to enable the next phase towards Vision 2030. The Saudi banking sector has long been ripe for consolidation and with exceptional performance and efficiency from both banks, now is the perfect time to merge.

- With an unprecedented service offering to customers across the Kingdom, it will elevate retail banking standards, with an ability to serve the people of Saudi Arabia – and beyond – more directly.

- A joint, larger, bank would have sustained leadership in wholesale banking and be uniquely placed to support the Kingdom's landmark and mega projects and fuel global expansion of KSA businesses.

- The new Saudi banking champion plans to double down on digital and data analytics and continuing to enhance its artificial intelligence tools, aligning with the goals of Vision 2030 to future-proof the Kingdom's banking sector.

- Increased capital would enable the merged entity to grow its corporate and social responsibility and allocate more time and funding to improving the quality of life and financial literacy for the people of Saudi Arabia. It will be able to engage in community activities and provide financial support to local causes on a whole new scale

- With a bigger team, it can expand dedication to national talent development and scale up partnerships with academic institutions to provide opportunities for fresh graduates who wish to enter the financial sector, preparing the next generation of Saudi leaders

4) What are the expected synergies from the merger?

The merger is expected to result is SAR 800 million ($213 million) cost synergies through economies of scale and enhanced productivity and sharing of best practices.

Cost synergies would represent ~9% of the combined banks. Additionally, there exists a high potential for revenue synergies through leveraging best practices across both organizations to boost product cross-sell in Retail and Wholesale, improve operating model and sales and optimize investment portfolio.

5) With all the economic uncertainty and slow growth, was this a wise decision?

Saudi Arabia's banking sector is at a turning point that would result in the emergence of a new Saudi banking champion that can propel the Kingdom towards its Vision2030 goals. It is an opportune time to form a hub

for banking innovation that will leverage scale, reach and digital capabilities to drive the future of banking with enhanced products and exceptional customer experience.

Furthermore, there is a strong correlation between scale, and efficiency and profitability, demonstrated by the study of leading banks in the world.

Shareholder value creation via synergies, enhancing diversification, optimizing capital structure and improving the liquidity position are crucial elements for the success of any financial firm.

6) What will be the Board Composition of the combined entity?

The following appointments will be proposed (and are subject to approval by the new board of the combined bank):

- Ammar Abdulwahid Alkhudairy will be proposed as the Chairman
- Saeed Mohammed Al-Ghamdi as Managing Director and Group CEO

The board of new bank will be expanded from 9 to 11 and the additional 2 seats will be taken by Samba appointees. The remaining seats are for the significant shareholders (PIF (4), GOSI (1), PPA (1)) and the existing directors of NCB (3).

The new leadership will assume their new roles after Legal Day 1, subject to approval of the nominations by the new board; until then Samba and NCB will continue to operate as independent entities with their current organization structure.

7) What is the financial guidance of the new entity?

It would be premature to provide financial guidance at this stage. However, The Merger is expected to unlock approximately SAR 800 million (U.S.$ 213 million) in annual fully-in phased in cost synergies after integration is complete, representing 9% of the combined cost base (based on 2019 financials), through economies of scale and enhanced efficiency to maximize value for all stakeholders. There is also potential for revenue synergies between the two banks.

One-time cash integration costs are expected to be approximately SAR 1.1 billion (U.S.$ 293 million).

As a result of these synergies, the Merger is expected to be accretive to earnings per share for NCB and Samba shareholders, based on the annualized H1 2020 results for NCB and Samba (including fully-in phased in synergies and excluding one-time integration costs), and will create a bank that has a strong capital base, improved liquidity and an enhanced access to Capital Markets, driving long-term shareholder value.

8) Will you become a fully shariah compliant bank?

This is an ongoing journey whereby both banks continue to execute on their strategy of progressing in their transformation to Islamic banking. This includes the developing and improving Islamic alternatives to the remaining conventional products to cover a wider segment of customers in response to their needs and preferences.

Both banks have achieved a high level of compliance with the Islamic Shariah and application of the Shariah standards set by the Shariah Board to different businesses. Both banks will continue to make progress on their strategy to grow Islamic banking, giving priority to Shariah-compliant products and solutions, as well as building and supporting the Islamic banking systems.

9) Will the merger lead to less competition in the banking sector?

We believe that the proposed merger will allow Saudi banks to compete regionally and globally. This is an opportune time to form a national sector leader that will leverage scale, reach and digital capabilities to drive the future of banking with enhanced products and unparalleled customer experience. The Saudi banking sector has long been ripe for consolidation, and it has an important role to play in supporting several Vision 2030 Vision Realization Programs.

- The bank's increased ability to invest in digital and technology would enable it to launch state of the art digital solution and ventures, infusing innovation within the sector and incentivizing global players to enter the market and local players to raise the bar on customer experience

10) What impact will it have on the Saudi economy?

The Saudi banking sector has long been ripe for consolidation and with exceptional performance and efficiency from both banks, now is the perfect time to merge. Saudi Arabia's economic reforms are beginning to bear fruit and with mega-projects starting to come to life, the need for a financial institution with scale, reach and innovation is necessary to enable the next phase of growth and expansion for Saudi Arabia's private sector.

- With an unprecedented service offering to customers across the Kingdom, it will elevate retail banking standards, with an ability to serve the people of Saudi Arabia – and beyond – more directly
- A joint, larger, bank would have sustained leadership in wholesale banking and be uniquely placed to support the Kingdom's landmark and mega projects and fuel global expansion of KSA businesses.
- The new Saudi banking champion plans to double down on digital and data analytics and continuing to enhance its artificial intelligence tools, aligning with the goals of Vision 2030 to future-proof the Kingdom's banking sector.
- Increased capital would enable the merged entity to grow its corporate and social responsibility and allocate more time and funding to improving the quality of life and financial literacy for the people of Saudi Arabia. It will be able to engage in community activities and provide financial support to local causes on a whole new scale
- With a bigger team, it can expand dedication to national talent development and scale up partnerships with academic institutions to provide opportunities for fresh graduates who wish to enter the financial sector, preparing the next generation of Saudi leaders