



NCB Offer Document



OFFER DOCUMENT

This document is issued by the National Commercial Bank (“NCB”) and addressed to Samba Financial Group’s (“Samba Group”) Shareholders in respect of the Offer to Merge made by NCB to Samba Group Shareholders in consideration for new shares in NCB pursuant to Articles 191-193 of the Companies Law and Article 49 (a)(1) of the Merger and Acquisitions Regulations (the “Offer Document”)

THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. This Offer Document should be read in full (in particular “Important Notice” and Section (1) “Risk Factors”), before you make a decision in relation to the Merger Resolutions. If you are in any doubt as to the action you should take at the EGM in connection with the Merger, it is recommended that you seek your own independent financial advice from an independent financial advisor authorised by the Saudi Arabian Capital Market Authority.

NCB has entered into a merger agreement with Samba Group on 24/2/1442H (corresponding to 11 October 2020G) (the “**Merger Agreement**”) for the purpose of merging the two entities by way of a merger whereby all of the assets and liabilities of Samba Group will be transferred to NCB (the “**Merger**”), in consideration for NCB issuing 1,478,000,000 ordinary shares with a nominal value of SAR 10 per share in NCB in favour of Samba Group Shareholders (the “**Consideration Shares**”) by way of increasing the paid-up capital of NCB from SAR 30,000,000,000 to SAR 44,780,000,000 which represents an increase in the number of shares of NCB from 3,000,000,000 shares to 4,478,000,000 fully paid shares, which represents an increase of 49.3% of NCB current capital subject to satisfying the conditions to the Merger as specified in the Merger Agreement which are summarized in Section (2.3.1) (“*Merger Agreement*”) of this Offer Document (noting that such conditions may not be amended or waived without the approval of both Banks). NCB made an announcement on 24/2/1442H (corresponding to 11 October 2020G) confirming signing the Merger Agreement and its firm intention to proceed with making an Offer to Merge to Samba Group Shareholders in consideration for the Consideration Shares.

NCB has only one class of shares and no shareholder benefits from any preferential voting rights. All Consideration Shares will be of the same class and will have the same rights as the existing NCB shares. Pursuant to the Merger, the assets and liabilities of Samba Group will be transferred to NCB in consideration for the issue of the Consideration Shares to Samba Group Shareholders who are registered in the shareholders’ register of Samba Group at the end of the second trading period following the Effective Date. For every Samba Group Share held, NCB will issue 0.739 NCB shares as consideration (the “**Exchange Ratio**”). Following the Effective Date, all Samba Group Shares will be delisted from Tadawul and Samba Group will cease to exist pursuant to the provisions of Articles 191-193 of the Companies Law and Article 49 (a) (1) of the Merger and Acquisition Regulations (the “**MARs**”). Reference to the “**Combined Bank**” in this Offer Document means NCB following the Effective Date (for further information, see Section (2.4) (“*Procedures Required to Effect The Merger*”).

The total value of the Merger is determined on the basis of the value of the Consideration Shares. The total nominal value of the Consideration Shares is SAR 14,780,000,000. The total market value of the Consideration Shares as determined on the basis of the Exchange Ratio and the closing price of SAR 38.50 per NCB share on 8 October 2020G (which is the last trading day prior to the parties’ initial agreement on the Exchange Ratio) is SAR 56,903,000,000. The total value of the Consideration Shares (as will be recorded on the financial accounts of NCB) will be determined at a later stage on the basis of the closing price of NCB shares on the last trading day prior to the Effective Date of the Merger (for more details on goodwill impairment following the Merger, please see Section (1.1.18) (“*Risks relating to goodwill impairment following the Merger*”) of this Offer Document).

Implementation of the Merger is conditional upon, amongst other things, obtaining the approval of the NCB EGM and Samba Group EGM. For more details of the conditions to, and process for, implementing the Merger, see Section (2.3.1) (“*Merger Agreement*”) and Section (2.4) (“*Procedures Required to Effect The Merger*”) of this Offer Document. For the avoidance of doubt, and subject to satisfying all of the

other Merger conditions, if the Merger Resolutions are approved by the requisite number of Samba Group Shares (at least three-fourths of the shares represented at the meeting) at the Samba Group EGM, Samba Group will dissolve and the assets and liabilities of Samba Group will be transferred to NCB. Upon Completion, all of Samba Group Shareholders (including those who voted against or did not vote on the Merger Resolutions) will receive the Consideration Shares in the Combined Bank in accordance with the Exchange Ratio.

If the offer is fully accepted by Samba Group Shareholders (through the approval of the Extraordinary General Assembly of Samba Group on the Merger) and all other conditions of the Merger are satisfied, Samba Group Shareholders will own 32.6% of the Combined Bank's capital (excluding treasury shares for both Banks), and the Consideration Shares will entitle its holders to receive dividends declared by the Combined Bank following the Effective Date. In addition, this will result in a number of changes in the composition of the Combined Bank's Board from the Effective Date of the Merger (for further information on proposed changes to the Combined Bank's Board composition, see Section (2.3.1) ("*Merger Agreement*"). The Merger will result in NCB's capital increasing from SAR thirty billion (30,000,000,000) to SAR forty-four billion seven hundred and eighty million (44,780,000,000). For more details on the effects of the Merger on NCB and Samba Group and its rationale, please refer to Section (2.2) ("*Rationale of the Merger*") of this Offer Document.

NCB was converted into a joint stock company pursuant to Royal Decree No. M/19 dated 23/11/1417H (corresponding to 31/3/1997G) and is a licensed bank by SAMA to engage in banking and financing activities and subject to its supervision holding commercial registration number 4030001588 dated 27/12/1376H (corresponding to 24/7/1957G) issued from Jeddah. NCB has a share capital of SAR 30,000,000,000, consisting of 3,000,000,000 shares with a nominal value of SAR 10 per share, all of which are fully paid and listed on Tadawul.

As of the date of this Offer Document, the Substantial Shareholders of NCB are as follows: Public Investment Fund ("**PIF**") owning 44.29%, Public Pension Agency ("**PPA**") owning 5.36%, and General Organization for Social Insurance ("**GOSI**") owning 5.18%. The Substantial Shareholders of Samba Group are PIF owning 22.9%, PPA owning 11.5%, and GOSI owning 7.1%.

The Merger involves a Related Party transaction as PIF, PPA, and GOSI are Substantial Shareholders in NCB and Samba Group, and they have representation on the boards of both NCB and Samba Group. Pursuant to Article 191(4) of the Companies Law, a shareholder that holds shares in both NCB and Samba Group, including shareholders that are Related Parties, can only vote on the Merger Resolutions in the EGM of one of the companies (for further information, see Section (2.5) ("*Related Parties and Conflicted Directors*").

A number of NCB's directors have a conflict of interest in the Merger whereby Mr. Saeed Mohammed Al Ghamdi, Mr. Rashid Ibrahim Sharif, Mr. David Jeffrey Meek and Mr. Marshall Charles Bailey (in their capacity as the board representatives of the PIF in the NCB board), Mr. Anees Ahmed Moumina (in his capacity as the board representative of GOSI in the NCB board and due to his direct and indirect ownership in Samba Group) and Mr. Saud Sulaiman Al Juhani (in his capacity as the board representative of PPA in the NCB board) have declared their interest to the NCB Board in the Merger and therefore did not vote on the NCB board resolution approving NCB's entry into the Merger Agreement.

A number of Samba Group's directors have a conflict of interest in the Merger whereby Mr. Yazed Abdulrahman Al Humaid (in his capacity as the board representative of PIF in the Samba Group board), Dr. Ibrahim Saad Al Mojail (in his capacity as the board representative of PIF in the Samba Group board and due to his direct ownership in NCB), Mr. Eyad Abdulrahman Al Husain (in his capacity as the board representative of GOSI in the Samba Group board), Mr. Ali Hussain Ali Reda (in his capacity as the board representative of PPA in the Samba Group board and due to his direct ownership in NCB) and Dr. Walid Sulaiman Abanumay (due to his direct ownership in NCB) have declared their conflict of interest to the Samba Group Board and therefore did not vote on the Samba Group board resolution approving Samba Group's entry into the Merger Agreement. For further information see Section (2.5) ("*Related Parties and Conflicted Directors*") of this Offer Document.



In the event that the calculation of the number of shares owned by any Samba Group shareholders based on the Exchange Ratio resulted in fractional shares, the resulting figure will be rounded down to the nearest share. For example, if a Samba Group Shareholder holds 100 Samba Group Shares, he or she will receive 73 Consideration Shares on the Effective Date (and not 74 Consideration Shares). NCB shall aggregate all fractional entitlements and sell the corresponding NCB shares on behalf of all Samba Group Shareholders who would otherwise have been entitled to receive a fractional NCB share in the market for cash, and subsequently distribute the net cash proceeds to such Samba Group Shareholders proportionate to their respective fractional entitlements. Any expenses in relation to the sale of fractional shares, will be paid from the proceeds of such sale.

Following the Consideration Shares issuance, the ownership of NCB's existing shareholders will constitute 67.4% of the issued share capital of the Combined Bank (excluding treasury shares for both Banks) whereas the ownership of Samba Group Shareholders will constitute 32.6% of the total issued share capital of the Combined Bank (excluding treasury shares for both Banks). The Consideration Shares shall be entitled to any distributed dividends that are declared by the Combined Bank following the Effective Date.

An application has been made to the CMA for the Consideration Shares to be registered and offered, in addition to an application made to the Saudi Stock Exchange (Tadawul) for the Consideration Shares to be listed on Tadawul. This Offer Document has been submitted to and approved by the CMA for publication, and all requirements of the CMA have been supplied and, subject to the required EGM resolutions being passed at the NCB EGM and the Samba Group EGM, all relevant regulatory approvals pertaining to the Merger and the Capital Increase have been granted (for further information, see Section (2.4.1) ("*Government Approvals*") of this Offer Document.

This Offer Document has been issued by NCB to Samba Group Shareholders pursuant to Article (38) of the MARs without accepting any liability in relation to Samba Group information contained in this Offer Document. All information contained in this Offer Document in relation to Samba Group and its subsidiaries has been included on the basis of the information provided by Samba Group and information obtained during the due diligence exercise conducted by NCB and its advisers on Samba Group. Samba Group has an obligation under the Merger Agreement to provide NCB with all information required to prepare this Offer Document. Samba Group has also provided a warranty in favour of NCB, under the Merger Agreement, that all information in connection with the Merger provided to NCB including information that was provided during the course of the due diligence process and during the preparation of the Merger documents, including this Offer Document, was as at the date as to which it speaks true and accurate in all material respects and not misleading in a material respect. Samba Group also warranted that, save for information which it has redacted from the due diligence materials during the due diligence investigation, due to their commercial sensitivity, contractual or regulatory restrictions, it has not knowingly withheld any material information in connection with the Merger from NCB.

This Offer Document (in particular the "*Important Notice*" and Section (1) ("*Risk Factors*") and Samba Group Board Circular should be read in full and be considered carefully prior to making a decision whether to vote in favour of the Merger Resolutions to be considered at the Samba Group EGM.

NCB has appointed JPM as its financial advisor in connection with the Merger.

Financial Advisor

J.P.Morgan

The CMA and the Saudi Stock Exchange (Tadawul) do not assume any responsibility for the contents of this Offer Document and make no assurances as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from this Offer Document or reliance on any part thereof.



This Offer Document was published on 27/6/1442H (corresponding to 9/2/2021G).

This is an unofficial English translation of the official Arabic language of the Offer Document. No reliance should be placed on this English translation, which may not entirely reflect the official Arabic language Offer Document. In case of any differences between the two, the Arabic version shall prevail.



IMPORTANT NOTICE

This Offer Document contains detailed information relating to the Merger and relevant information thereto. The purpose of this Offer Document is to provide the shareholders of Samba Group with information on the Merger in order to assist them in deciding whether or not to vote in favour of the Merger at the Samba Group EGM, which is a necessary step to complete the Merger. The vote of the shareholders of Samba Group will be deemed to have been made solely on the basis of the information contained in this Offer Document and the Samba Group Board Circular.

The CMA and the Saudi Stock Exchange (Tadawul) do not assume any responsibility for the contents of this Offer Document and make no assurances as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from this Offer Document or reliance on any part thereof.

Statements and information contained in this Offer Document are made as at the date of this Offer Document, unless some other date is specified in relation to them, and the publication of this Offer Document (or any action taken pursuant to it) shall not give rise to any implication that there has been no change in the facts or affairs of NCB, Samba Group or any members of their respective groups as set out in this Offer Document since such date. Nothing contained in this Offer Document is intended to be or shall be deemed to be a forecast, projection or estimate of the future financial performance of the Combined Bank or any members of its group and no statement in this Offer Document should be interpreted to mean that earnings per share for current or future financial periods of the Combined Bank post the Merger will necessarily match or exceed historical published earnings per share of NCB shares (for further information, see Section (1) (“*Risk Factors*”) of this Offer Document).

No person has been authorised to give any information or to make any representations on behalf of the NCB board of directors other than those contained in this Offer Document and, if given or made, such information or representations must not be relied on as having been authorised by NCB, JPM or any of the other advisers in connection with the Merger.

Copies of this Offer Document can be obtained from the offices of NCB or through NCB’s website at: www.alahli.com, from the CMA’s website at: www.cma.org.sa, or from the website of the Saudi Stock Exchange (Tadawul) at: www.tadawul.com.sa. Except in respect of the foregoing, neither the content of any website of NCB nor the content of any website accessible from hyperlinks on any of such websites is incorporated into, or forms part of, this Offer Document and no person accepts any responsibility for the contents of such websites.

JPM is acting exclusively as financial adviser to NCB and for no one else in connection with the Merger and will not be responsible to anyone other than NCB for providing the protections afforded to clients of JPM or for providing advice in relation to the Merger, the content of this Offer Document or matters referred to in this Offer Document. JPM is licensed and regulated in Saudi Arabia by the CMA.

JPM has not verified the information contained in this Offer Document. Accordingly, no representation or warranty is made or implied by JPM or any of its respective affiliates and neither JPM or any of its respective affiliates make any representation or warranty or accept any responsibility as to the accuracy or completeness of the information contained in this Offer Document.



CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offer Document contains certain forward-looking statements with respect to NCB. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as – but not limited to - “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “will”, “goal”, “believe”, “aim”, “may”, “would”, “could” or “should” or other words of similar meaning or the negative thereof. Forward-looking statements in this Offer Document include, without limitation, statements relating to the following: (i) preliminary synergy estimates, future capital expenditures, expenses, revenues, economic performance, financial conditions, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the operations of the Combined Bank; and (iii) the Merger and the dates on which events are expected to occur. The advisors of NCB, those whose names appear in the “*Corporate Directory*” Section of this Offer Document, or any of their managers or employees shall not be liable for any direct or indirect loss or damage that any person may incur due to their reliance on any information included in the Offer Document, or the omission of any information not included in this Offer Document.

These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, industry results, strategies or events, to be materially different from any results, performance, achievements or other events or factors expressed or implied by such forward-looking statements. Many of the risks and uncertainties relating to forward-looking statements are beyond the NCB’s abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants, and therefore undue reliance should not be placed on such statements. Forward-looking statements are not guarantees of future performance. They have not, unless otherwise indicated, been reviewed by the auditors of NCB. Forward-looking statements are based on numerous assumptions, including assumptions regarding the present and future business strategies of NCB and the environment in which each will operate in the future. All subsequent oral or written forward-looking statements made by or attributable to NCB or Samba Group or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above.

The risks and uncertainties include, but are not limited to:

- any synergy estimates included in this Offer Document, which are highly preliminary estimates of the board of directors of NCB, which have not been subject to an independent verification process and may be revised following more detailed integration planning of the businesses of NCB and Samba Group;
- the economic and financial markets conditions in KSA generally;
- the performance of the banking sector in KSA and the wider region;
- the Banks’ ability to obtain requisite governmental or regulatory approvals and permits to undertake banking activities;
- the Combined Bank’s ability to achieve and manage the growth of the businesses;
- the Combined Bank’s ability to conduct and grow its operations;
- the Combined Bank’s ability to obtain financing or maintain sufficient capital to fund its existing and future operations;
- changes in political, social, regulatory or economic conditions in the markets in which Combined Bank operates;
- changes in the competitive environment in the KSA banking sector;
- failure to comply with regulations applicable to the Combined Bank’s business; and
- removal or adjustment of the fixed exchange rate between the US dollar and the KSA Riyal.

For further details about these risks and uncertainties, see Section (1) (“*Risk Factors*”) of this Offer Document.

NCB assumes no obligation to, and does not intend to, update any forward-looking statements, except as required pursuant to applicable law and regulation.



No person should construe the contents of this Offer Document as legal, financial or tax advice. If you are in any doubt as to the action you should take at the Samba Group EGM, NCB recommends that you seek your own independent financial advice from an independent financial adviser authorised by the CMA.

PUBLICATION AND DISTRIBUTION RESTRICTIONS

This Offer Document is addressed to all Samba Group Shareholders, subject to any restriction in the rules of any Restricted Jurisdiction.

NOTICE TO SAMBA GROUP SHAREHOLDERS RESIDING OUTSIDE OF SAUDI ARABIA

Please note that, although all shareholders have the right to vote on the resolutions proposed at the Samba Group EGM to approve the Merger (unless they are restricted due to a conflict of interest or any other restriction imposed by the relevant Saudi laws and regulations), shareholders residing outside of Saudi Arabia are hereby made aware that this Offer Document was not filed, notified or registered with any regulatory authority outside Saudi Arabia. Therefore, if a shareholder is based in a jurisdiction where voting on the Merger based on this Offer Document requires any steps to be taken by NCB to lawfully enable such shareholder to vote on the Merger Resolutions then that shareholder should not vote on the resolutions to be proposed at the Samba Group EGM. If such shareholder has nevertheless voted on the Merger Resolutions then NCB reserves the right, after it agrees the same with Samba Group, to not proceed with the Merger unless the relevant resolutions are approved by the requisite majorities without counting the vote of that shareholder.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

NCB's financial statements for the financial years ended 31 December 2017G and 31 December 2018G and 31 December 2019G and the six-month period ended 30 June 2020G are prepared in accordance with IFRS as adopted in KSA and other mandatory reporting requirements applicable in KSA. Save where expressly stated otherwise, financial information contained in this Offer Document is based on management estimates and has not been independently verified by auditors or otherwise. Save as disclosed otherwise, all financial information is set out in SAR.

This Offer Document has been prepared for the purpose of complying with applicable laws and regulations of KSA and the information disclosed may not be the same as that which would have been disclosed if this Offer Document had been prepared in accordance with the laws and/or regulations of jurisdictions outside KSA. The Consideration Shares constitute securities of a Saudi Arabian company and you should be aware that this Offer Document and any other documents relating to the Merger and the Consideration Shares have been or will be prepared in accordance with Saudi Arabian disclosure requirements, format and style, all of which may differ from those applicable in other jurisdictions.

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Note: The above advisors have given and, as at the date of this Offer Document, have not withdrawn their written consent to the publication of their names, addresses, logos and the statements attributed to each of them in the context in which they appear in this Offer Document. The above advisors do not have any shareholding or interest of any kind in NCB or of their subsidiaries.



KEY DATES AND MILESTONES

The following dates are indicative only and will depend, among other things, on whether (and the dates on which of) the conditions of the Merger (including, without limitation, NCB Shareholders and Samba Group Shareholders approving the Merger at the NCB EGM and the Samba Group EGM, respectively) are satisfied. The conditions to the Merger are summarised in Section (2.3.1) (“*Merger Agreement*”) of this Offer Document. NCB will announce any changes to the timeframe and expected dates set out in the table below on the Tadawul website.

Event	Timeline/Date
(1) Actions required in relation to EGM	
Submission of the final draft of the Offer Document to the CMA.	The final draft of the Offer document was submitted to the CMA on 21/06/1442H (corresponding to 03/02/2021G).
CMA’s approval of NCB’s capital increase and the publication of the Offer Document.	26/6/1442H (corresponding to 8/2/2021G).
CMA approval to convene the NCB EGM and the Samba Group EGM.	26/6/1442H (corresponding to 8/2/2021G).
Publication of the invitation to the NCB EGM on the Tadawul website (to refer to the possibility of holding a second meeting within an hour after the end of the first meeting if the first meeting was not quorate).	26/6/1442H (corresponding to 8/2/2021G).
Publication of the invitation to the Samba Group EGM on the Tadawul website (to refer to the possibility of holding a second meeting within an hour after the end of the first meeting if the first meeting was not quorate).	26/6/1442H (corresponding to 8/2/2021G).
Publication of the Shareholders Circular, the Offer Document and the Samba Group Board Circular.	27/6/1442H (corresponding to 9/2/2021G).
Documentation available for inspection.	27/6/1442H (corresponding to 9/2/2021G).
Electronic voting period for the NCB EGM.	13/7/1442H (corresponding to 25/2/2021G).
Electronic voting period for the Samba Group EGM.	13/7/1442H (corresponding to 25/2/2021G).
NCB EGM (first meeting) – quorum required is shareholders representing at least 50% of the share capital.	17/7/1442H (corresponding to 1/3/2021G).
NCB EGM (second meeting) (if quorum for first meeting is not attained) – quorum required for the second meeting is shareholders representing at least 25% of the share capital.	(After one hour from the end of the first inquorate NCB EGM meeting).
Samba EGM (first meeting) – quorum required is at least 50% of the share capital.	17/7/1442H (corresponding to 1/3/2021G).



Event	Timeline/Date
Samba Group EGM (second meeting) if quorum for first meeting is not attained) – quorum required for the second meeting is shareholders representing at least 25% of the share capital.	After one hour from the end of the first inquorate Samba Group EGM meeting.
Announcement on the Tadawul website of the Merger Resolutions passed at the NCB EGM (first or second meeting) (or, if the EGM was not quorate, the announcement of such fact).	17/7/1442H (corresponding to 1/3/2021G).
Announcement on the Tadawul website of the Merger Resolutions passed at the Samba Group EGM (first or second meeting) (or, if the EGM was not quorate, the announcement of such fact).	17/7/1442H (corresponding to 1/3/2021G).
(2) Actions Required in the event that the first and second EGM are not quorate	
CMA approval to convene a third NCB EGM and/or Samba Group EGM.	19/7/1442H (corresponding to 3/3/2021G) (in the event that the first or second meeting of the EGM is not held for either Banks).
Publication of the invitation to the NCB EGM (third meeting) and/or the Samba Group EGM on the Tadawul website (third meeting).	20/7/1442H (corresponding to 4/3/2021G).
Electronic voting period for the NCB EGM (third meeting) and/or the Samba Group EGM (third meeting).	9/8/1442H (corresponding to 22/3/2021G).
Third NCB EGM and/or the Samba Group EGM – the third meeting will be valid irrespective of the number of shares represented in the meeting.	12/8/1442H (corresponding to 25/3/2021G).
Publication and Announcement on the Tadawul website by NCB and/or Samba Group of the Merger Resolutions passed at the third EGM (as applicable).	15/8/1442H (corresponding to 28/3/2021G).
(3) Creditor Objection Period	
Commencement of creditor objection period.	17/7/1442H (corresponding to 1/3/2021G) (if approval is obtained in the first or second meeting of the NCB EGM and the Samba Group EGM).
	15/8/1442H (corresponding to 28/3/2021G) (if approval is obtained in the third meeting of the NCB EGM and the Samba Group EGM).
	The creditor objection period shall continue for thirty (30) days.
Samba Group to publish a reminder announcement at the end of the creditor objection period.	16/8/1442H (corresponding to 29/3/2021G) (if approval is obtained in the first or second meeting of the NCB EGM and the Samba Group EGM).
	13/9/1442H (corresponding to 25/4/2021G) (if approval is obtained in the third meeting of the NCB EGM and the Samba Group EGM, as applicable).



Event	Timeline/Date
Expiry of creditor objection period.	18/8/1442H (corresponding to 31/3/2021G) (if approval is obtained in the first or second meeting of NCB EGM and Samba Group EGM). 15/9/1442H (corresponding to 27/4/2021G) (if approval is obtained in the third meeting of the NCB EGM and the Samba Group EGM, as applicable).
Samba Group to announce that no unsatisfied creditor objections are still outstanding or the details of any unsatisfied outstanding objections.	19/8/1442H (corresponding to 1/4/2021G) (if approval is obtained in the first or second meeting of the NCB EGM and the Samba Group EGM). 16/9/1442H (corresponding to 28/4/2021G) (if approval is obtained in the third meeting of the NCB EGM and the Samba Group EGM, as applicable).

(4) Effectiveness of the Merger

Effective Date of the Merger.	The later of (i) the expiry of the creditor objection period; or (ii) the resolution of all objections that have been raised during the creditor objection period in accordance with the applicable process and the Effective Date is expected to occur on: 19/8/1442H (corresponding to 1/4/2021G) (if approval is obtained in the first or second meeting of the NCB EGM and the Samba Group EGM). 16/9/1442H (corresponding to 28/4/2021G) (if approval is obtained in the third meeting of the NCB EGM and the Samba Group EGM, as applicable).
Samba Group Shares Suspension.	The first trading period following the Effective Date which is expected to occur on: 19/8/1442H (corresponding to 1/4/2021G) (if approval is obtained in the first or second meeting of the NCB EGM and the Samba Group EGM). 16/9/1442H (corresponding to 28/4/2021G) (if approval is obtained in the third meeting of the NCB EGM and the Samba Group EGM, as applicable).
NCB and Samba Group to announce the Effective Date.	19/8/1442H (corresponding to 1/4/2021G) (if approval is obtained in the first or second meeting of the NCB EGM and the Samba Group EGM). 16/9/1442H (corresponding to 28/4/2021G) (if approval is obtained in the third meeting of the NCB EGM and the Samba Group EGM, as applicable).
Cancellation of the listing of Samba Group's shares on Tadawul.	Within a period of not less than the third trading period and not exceeding the sixth trading period after the Effective Date.



Event	Timeline/Date
Listing of the Consideration Shares and deposit of the same in the accounts of Samba Group Shareholders who appear in the shareholder register of Samba Group by the end of the second trading period after the Effective Date.	Within a period of not less than the third trading period and not exceeding the sixth trading period after the Effective Date.
Amendment of NCB's commercial registration certificate.	25/8/1442H (corresponding to 7/4/2021G) (if approval is obtained in the first or second meeting of the NCB EGM and the Samba Group EGM). 22/9/1442H (corresponding to 4/5/2021G) (if approval is obtained in the third meeting of the NCB EGM and the Samba Group EGM, as applicable).
Cancellation of Samba Group's commercial registration certificate.	Within a period not exceeding thirty (30) days from the Effective Date. This is expected to occur on: 17/9/1442H (corresponding to 29/4/2021G) (if approval is obtained in the first or second meeting of the NCB EGM and the Samba Group EGM). 15/10/1442H (corresponding to 27/5/2021G) (if approval is obtained in the third meeting of the NCB EGM and the Samba Group EGM, as applicable).
Deadline for distribution of proceeds of fractional shares which have been sold.	Within thirty (30) days from the Effective Date which is expected to occur on: 17/9/1442H (corresponding to 29/4/2021G) (if approval is obtained in the first or second meeting of the NCB EGM and the Samba Group EGM). 15/10/1442H (corresponding to 27/5/2021G) (if approval is obtained in the third meeting of the NCB EGM and the Samba Group EGM, as applicable).



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TERMS AND DEFINITIONS

The following definitions apply throughout this Offer Document unless the context requires otherwise:

<i>Acting in Concert</i>	means, at the sole discretion of the CMA, actively cooperating, pursuant to an agreement (whether binding or non-binding) or an understanding (whether formal or informal) between persons, to be controllers (whether directly or indirectly, excluding indirect ownership of shares through swap agreements or through an investment fund whose unit owner have no discretion in its investment decisions) of a company, through the acquisition by any of them (through direct or indirect ownership) of voting shares in that company. The term “Person acting In Concert” shall be implemented pursuant to this. Without prejudice to the general application of this definition, the following persons, shall be presumed to be acting in concert with other persons of the same class unless the contrary is established, including but not be limited to: (i) members of the same group; (ii) a person's relatives; (iii) person(s) who provided financial assistance to NCB or members of their respective groups (other than a bank in the ordinary course of business) in order to purchase shares that carry voting rights or convertible debt instruments
<i>Affiliate</i>	a person who Controls another person or is Controlled by that other person, or who is under common Control with that person by a third person. In any of the preceding, Control could be direct or indirect
<i>“Samba Group” or “Samba”</i>	Samba Financial Group is a Saudi listed company established by Royal Decree No. M/3 dated 26/3/1400H (corresponding to 13/2/1980G), licensed and supervised by SAMA to engage in banking and financing activities, and headquartered in Riyadh holding commercial registration number 1010035319 dated 6/2/1401H (corresponding to 13/12/1980G)
<i>Samba Group Board Circular</i>	The circular prepared by Samba Group in response to this Offer Document relating to the Merger which provides the views of the Samba Group board of directors on the offer to Samba Group Shareholders and NCB’s plans for Samba Group and its employees
<i>Samba Group EGM</i>	the extraordinary general assembly meeting of Samba Group convened for the purpose of voting on the Merger Resolutions.
<i>Banks</i>	NCB and Samba Group
<i>Banking Control Law</i>	the Banking Control Law issued pursuant to Royal Decree No. M/5 dated 22/2/1386H (corresponding to 12 June 1966G) as amended pursuant to the Royal Decree No. M/2 dated 6/1/1391H (corresponding to 4/3/1971G)
<i>Business Day</i>	any day, other than a Friday, Saturday or a public holiday in KSA
<i>Capital Increase</i>	the proposed increase in NCB’s share capital by issuing 1,478,000,000 Consideration Shares in favour of Samba Group shareholders.
<i>CMA</i>	the Capital Market Authority of Saudi Arabia.



Combined Bank	NCB following the Effective Date.
Companies Law	the Companies Law issued pursuant to Royal Decree No. M/3 dated 28/01/1437H (corresponding to 11/11/2015G) as amended pursuant to the Royal Decree No. M/79 dated 25/07/1439H (corresponding to 11 April 2018G).
Consideration Shares	the new NCB shares to be issued, credited as fully paid, to Samba Group Shareholders pursuant to the Merger. The Consideration Shares will be ordinary shares with a nominal value of ten (10) riyals per share, with a total number of (1,478,000,000) ordinary shares.
Control	the ability to influence the actions or decisions of another person through, whether directly or indirectly (except the indirect ownership through a swap agreement or through an investment fund if the owner of the units of the fund does not have any investment decisions rights), alone or with one or more person acting in concert with that person, through holding (directly or indirectly) 30% or more of the voting rights in a company. “Controller” shall be interpreted pursuant to the aforementioned.
Effective Date	after the expiry of the Creditor Objection Period or the resolution of all objections that have been raised during the creditor objection period (whichever occurs later) according to provisions of the Company Law. (for more details on the terms of the Merger, see Section (2.4.3) (“Creditor Objection Period”) of this Offer Document
Completion	After listing the Consideration shares on Tadawul and allocating such shares to the benefit of the respective Samba Group shareholders registered in the Samba Group shareholders’ registry at the end of the second trading period following the Effective Date
Merger Resolutions	Resolutions in relation to the Merger, which will be presented to NCB and Samba Group shareholders, as follows: with respect to NCB: the approval of the Merger of Samba Group into NCB pursuant to Articles 190 to 193 of the Companies Law, through the issuance of 1,478,000,000 new NCB shares based on the issuance of (0.739) shares in NCB against each share in Samba Group, and subject to the terms and conditions of the Merger Agreement including the approval of the following matters relating to the Merger: <ul style="list-style-type: none"> a) The approval of the terms of the Merger Agreement entered into between NCB and Samba Group on 24/2/1442G (corresponding to 11/10/2020G). b) Approval of the increase in the share capital of NCB from SAR 30,000,000,000 to SAR44,780,000,000, subject to the terms and conditions of the Merger Agreement and with effect from the Effective Date in accordance with the Companies Law and the Merger Agreement. c) Approval of the amendments to NCB’s bylaws in the form set out in Annex (1) with effect from the effective Date. d) The authorisation of the NCB Board of Directors, or any person authorised by the Board of Directors, to adopt



any resolution or take any action as may be necessary to implement any of the above resolutions.

with respect to Samba Group: the approval of NCB's Offer to merge Samba Group into NCB to be effected pursuant to Articles 190 to 193 of the Companies Law, through the issuance of 0.739 new NCB shares for every share in Samba Group and the dissolution of Samba Group accordingly, and in accordance with the relevant regulatory requirements and the terms and conditions of the Merger Agreement. In addition, the approval of the following matters relating to the Merger:

- a) Approval of the terms of the Merger Agreement entered into between NCB and Samba Group on 24/2/1442G (corresponding to 11/10/2020G).
- b) The authorisation of Samba Group Board of Directors, or any person so authorised by the Board of Directors, to adopt any resolution or take any action as may be necessary to implement any of the above resolutions.

<i>EGM</i>	extraordinary general assembly meeting of the shareholders of the relevant Bank convened in accordance with the provisions of the bylaws of the relevant Bank.
<i>Exchange Ratio</i>	It is the basis on which the number of consideration shares owed to Samba Group shareholders will be determined in respect of the Merger, which will result in 0.739 NCB shares for every Samba Group share.
<i>GAC</i>	the General Authority for Competition.
<i>GCC</i>	the Gulf Co-operation Council.
<i>Government</i>	the Government of Saudi Arabia.
<i>Financial Advisor</i>	JPM.
<i>IFRS</i>	International Financial Reporting Standards.
<i>KSA / the Kingdom/ Saudi Arabia ..</i>	the Kingdom of Saudi Arabia.
<i>Labour Law</i>	the Labour Law issued pursuant to Royal Decree No. M/51 dated 23/08/1426H (corresponding to 26/9/2009G) as amended pursuant to the Royal Decree No. M/5 dated 7/1/1442H (corresponding to 26/8/2020G).
<i>“MARs” or “the Merger and Acquisition Regulations”</i>	the Merger and Acquisition Regulations issued by the board of the CMA pursuant to its resolution no. 1-50-2007, dated 21/9/1428H (corresponding to 3/10/2007G), amended by resolution no. 3-45-2018, dated 7/8/1439H (corresponding to 23/4/2018G).
<i>Merger Agreement</i>	the agreement dated 24/2/1442H (corresponding to 11/10/2020G) between NCB and Samba Group setting out the terms and conditions of, and the parties' rights and obligations in connection with, the implementation of the Merger.
<i>MOC</i>	the Ministry of Commerce of Saudi Arabia.



“OSCO” or “OSCOs:	the Rules on the Offer of Securities and Continuing Obligations issued by the board of the CMA pursuant to its resolution no. 3-123-2017, dated 9/4/1439H (corresponding to 27/12/2017G) as amended by the board of the CMA pursuant to its resolution no. 1-7-2021, dated 1/6/1442H (corresponding to 14/1/2021G).
Regulatory Rules and Procedures ...	the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies issued pursuant to the CMA board resolution number 8-127-2016 dated 16/1/1438H corresponding to 17/10/2016G, as amended by CMA board resolution number 3-57-2019 dated 15/9/1440H (corresponding to 20/5/2019G).
Related Party	<p>a person (whether or not Acting in Concert with NCB, Samba Group, or with any of their respective Subsidiaries) who directly or indirectly owns, or deals in, the shares of the Samba Group or NCB in an acquisition (whether through a private sale and purchase transaction or an offer) or any person who have (in addition to their normal interests as shareholders) an interest or potential interest, whether commercial, financial or personal, in the outcome of the Merger or a person who is a Related Party with in respect of both the Samba Group and NCB. Without prejudice to the general application of this definition, the term "Related Party" includes - but shall not be limited to - the following:</p> <p>(1) any person who has provided financial assistance (other than a bank in the ordinary course of business) to NCB or Samba Group;</p> <p>(2) the board members of NCB or Samba Group or any of their respective Affiliates;</p> <p>(3) a person owning 20 % or more of NCB or Samba Group (whether individually or by Acting in Concert with other(s)); and</p> <p>(4) a Substantial Shareholder of NCB who at the same time is a board member of Samba Group, or vice versa.</p>
Relative	a husband, wife, children and parents.
Restricted Jurisdiction	any jurisdiction where the offer of the Consideration Shares would or may violate the law of, or regulation applicable to, that jurisdiction.
“NCB” or the “Offeror”	the National Commercial Bank, a Saudi listed company, established by Royal Decree No. M/19 dated 23/11/1417H (corresponding to 31/3/1997G), which is licensed and supervised by SAMA to engage in banking and financing activities and headquartered in Jeddah holding commercial registration number 4030001588 dated 27/12/1376H (corresponding to 24/7/1957G).
NCB EGM	the extraordinary general assembly meeting of NCB convened for the purpose of voting on the Merger Resolutions.
MISA	Ministry of Investment.
SAMA	the Saudi Central Bank.
SAR	Saudi Arabian Riyals, the official currency of KSA.



Subsidiary	in relation to a company, another company which it Controls.
Substantial Shareholder	a shareholder owning five per cent. or more of the shares in NCB or in Samba Group (as applicable).
Tadawul	the Saudi Stock Exchange (Tadawul).
“Offer to Merge” or “Offer”	the offer from NCB to Samba Group Shareholders for the purpose of merging Samba Group into NCB in exchange for the Consideration Shares pursuant to Articles 191-193 of the Companies Law and Article 49 (a) (1) of the MARs.
Offer Document	this document, which is prepared by NCB pursuant to Article (38) of the MARs in relation to the Offer made by NCB to Samba Group Shareholders.
Merger	The Merger of NCB and Samba Group by way of a statutory merger pursuant to Articles 191-193 of the Companies Law and Article 49(a)(1) of the MARs, which shall result in all of the assets and liabilities of Samba Group to be transferred to NCB in exchange for NCB issuing the Consideration Shares to Samba Group shareholders by way of increasing NCB’s paid-up capital from SAR 30,000,000,000 to SAR 44,780,000,000.
Creditor Objection Period	The period during which Samba Group creditors may submit their objections on the Merger pursuant to Article (193) of the Companies Law, which will commence from publishing the approval by NCB EGM and Samba Group EGM of the Merger Resolutions and continue for (30) days.
Conflict of Interests	a conflict-of-interest situation arises when any of the following occurs: <ol style="list-style-type: none"> 1. the director has a direct or an indirect interest in the Offer 2. the director is a shareholder in Samba Group and at the same time a director of the NCB board, or vice versa 3. the director is a director of the NCB board and at the same time he/she is a board member of or a senior executive in Samba Group, or vice versa 4. The director is a representative of a shareholder owning shares in NCB and Samba Group at the same time <p>An interest of a person who is a Relative or an Affiliate of a director shall be treated as an interest of that director</p>
JPM	J.P. Morgan Saudi Arabia Company.
MHRSD	Ministry of Human Resources and Social Development.



Material Adverse Event means any event, occurrence or change in circumstances which individually, or when aggregated with all such other events, occurrences or changes, has or could reasonably be expected to have a material adverse effect on the business, assets, liabilities, financial position, profitability or prospects of either of NCB (or any of its subsidiaries) or Samba Group (or any of its subsidiaries) (in each case taken as a whole) or on the Merger or its implementation; provided that the following shall not be considered in determining whether a Material Adverse Event has occurred:

- a) any deterioration of the economic, political or market conditions or securities, credit, financial or other capital markets conditions in the financial services industry globally, in the Middle East, in KSA or in general except to the extent that such effect adversely affects NCB (or any of its subsidiaries) or Samba Group (or any of its subsidiaries) (as the case may be) in a materially disproportionate manner compared to each other or to other businesses or participants in the industry in which NCB (or any of its subsidiaries) or Samba Group (or any of its subsidiaries) (as the case may be) operates;
- b) any change, event or development to the extent resulting from the execution and delivery of the Merger Agreement or the public announcement, pendency or consummation of the Merger or any of the other transactions contemplated by the Merger Agreement, including the impact of such changes or developments on the relationships, contractual or otherwise, of such Party or any member of its Group with employees, clients, customers, suppliers or partners;
- c) any change, event or development to the extent resulting from any failure of NCB (or any of its subsidiaries) or Samba Group (or any of its subsidiaries) (as the case may be) to meet any internal or published projections, forecasts, estimates or predictions in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the facts and circumstances giving rise to such failure may be deemed to constitute, and may be taken into account in determining whether there has been, a Material Adverse Event if such facts and circumstances are not otherwise described in paragraphs (a) or (d) through (h) of this definition);
- d) any change, in and of itself, in the market price, credit rating (with respect to NCB or Samba Group or its securities) or trading volume of NCB's or Samba Group's securities (it being understood that the facts and circumstances giving rise to such change may be deemed to constitute, and may be taken into account in determining whether there has been, a Material Adverse Event if such facts and circumstances are not otherwise described in paragraphs (a), (c) or (e) through (h) of this definition);
- e) any change or proposed change, after the date of the Merger Agreement, in applicable law (or, in each case, an authoritative interpretation thereof), except where



the change in applicable law has an adverse effect on NCB (or any of its subsidiaries) or Samba Group (or any of its subsidiaries) (as the case may be) in a materially disproportionate manner compared to each other or to other businesses or participants in the industry in which NCB (or any of its subsidiaries) or Samba Group (or any of its subsidiaries), (as the case may be), operates;

- f) geopolitical conditions, the outbreak or escalation of hostilities, any acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism threatened or underway as of the date of the Merger Agreement, except to the extent that such change, event or development affects NCB (or any of its subsidiaries) or Samba Group (or any of its subsidiaries), (as the case may be), in a materially disproportionate manner compared to each other or other businesses or participants in the industry in which the Banks (as the case may be), operates;
- g) any flood, earthquake or other natural disaster, except to the extent that such change, event or development affects NCB (or any of its subsidiaries) or Samba Group (or any of its subsidiaries), (as the case may be), in a materially disproportionate manner compared to each other or other businesses or participants in the industry in which the Banks, (as the case may be), operates; or
- h) any change, event or development to the extent resulting from any action by any member of NCB (or any of its subsidiaries) or Samba Group (or any of its subsidiaries), (as the case may be), that is expressly required to be taken by the Merger.

<i>Closing Price</i>	Last trading price for the shares, according to the mechanism set by Tadawul.
<i>Offer Period</i>	The period from NCB’s firm intention announcement to make an Offer to Samba Group Shareholders until the publication of NCB and Samba Group EGM resolutions or until the Merger Agreement is terminated in accordance with its provisions (whichever comes first). For more details on the termination of the Merger Agreement, see Section (2.3.1) (“ <i>Merger Agreement</i> ”) of this Offer Document.
<i>Integration</i>	Integrating Samba Group and NCB businesses (including the integration of administrative functions, organizational structure, IT systems, and other aspects of the business) to ensure smooth and robust operation of the Combined Bank following Completion.
<i>Shareholders Circular</i>	The shareholders circular issued by NCB pursuant to the provisions of Article (57) of OSCOs.



1. RISK FACTORS

In deciding whether to vote in favour of the resolutions to be proposed at the Samba Group EGM, Samba Group Shareholders should carefully read this Offer Document and consider the risk factors set out in this Section, in addition to all the other Sections of this Offer Document and the information set out herein as of the date of this Offer Document. Additional risks, other than those provided herein, and uncertainties not presently known to the NCB board, or which the NCB board currently considers to be immaterial, may also have an adverse effect on the Combined Bank.

The Combined Bank's activity, financial position, results of operations, cash flows, future prospects and profitability will be adversely affected should any of the risks referred to herein materialize. Further, if any other risk materializes (i.e. other than the risks described below, which have not been provided herein either because the NCB Board is not aware of such risks, or because the NCB Board did not classify them as material risks but otherwise turned to be material) then such risk will negatively impact the Combined Bank's activities, financial position, results of operations, cash flows, future prospects and profitability.

Any Samba Group Shareholder in doubt about the content of this Offer Document or in relation to voting in favour of or against the Merger Resolutions should consult an independent financial adviser authorised by the CMA in this regard.

The order in which the risks are listed under this Section below is not intended to reflect their significance or likely eventuality.

1.1 RISKS RELATING TO THE MERGER AND THE COMBINED BANK'S BUSINESS FOLLOWING COMPLETION

1.1.1 Risks related to any potential disruption to the businesses of NCB and Samba Group as a result of the announcement of the proposed Merger

Whether or not the Merger takes place, the announcement of the proposed Merger could cause disruption in the respective businesses of NCB and Samba Group, specifically:

- the attention of the respective management teams of NCB and Samba Group may be diverted from the operations of the businesses as both banks work towards finalising the Merger;
- current and prospective employees may experience uncertainty about their future roles in the Combined Bank, following the Merger, which may adversely affect NCB's or Samba Group's ability to retain or recruit key managers and other employees; and
- existing and prospective clients and customers may experience a change in service levels and so may choose not to do business with NCB and Samba Group until such time as the Merger is implemented.

If NCB or Samba Group fail to manage these risks effectively, their respective businesses and financial results could be adversely affected.



1.1.2 Risks related to integrating the existing businesses carried on by NCB and Samba Group after the Merger

The Merger involves the integration of the businesses of NCB and Samba Group which may give rise to certain difficulties in combining the respective businesses, which may include but shall not be limited to:

- the necessity of co-ordinating and consolidating management functions, optimising organisational structures, combining IT systems and distribution networks and consolidation of all facilities and infrastructure;
- the task of integrating the management teams and personnel of NCB and Samba Group, maintaining employee morale including but not limited to the retention and incentivisation of employees;
- accurately evaluating the contractual, financial, regulatory, environmental and other obligations and liabilities associated with both NCB's and Samba Group's investments, including the appropriate implementation of financial oversight and internal controls and the timely preparation of financial statements that are in conformity with the Combined Bank's accounting policies;
- the necessity of accurately judging market dynamics, demographics, growth potential and competitive environment; and
- maintaining and obtaining all necessary licences and approvals from relevant governmental and regulatory authorities such as SAMA, CMA, MOC and other authorities.

The process of integrating operations may present financial, managerial, legal and operational risks, including an interruption of, or loss of momentum in, the activities of one or more of NCB's and/or Samba Group's businesses and the loss of key personnel.

In addition, some of NCB's contracts may be affected by the Merger, which includes contracts related to the bank's business and the services it provides to its customers, for example, such contracts may contain exclusivity clauses, which may result in terminating such contracts or demanding certain amounts of money from third parties pursuant to these contracts (which include compensation for damages) as a result of the Merger. In the event that NCB is unable to determine those contracts or does not obtain the approval of the other parties therein on the Merger (which may lead to the termination of those contracts or the demand for certain amounts of money by the other parties to those contracts), this may affect the Combined Bank's business or its liquidity. It may also lead to the Combined Bank bearing unexpected amounts, which negatively affects its business, its financial position, the results of its operations and its future prospects. The same applies to Samba Group contracts, and for further details on the same, please refer to Section (1.1.6) ("*Risks relating to the transfer of Samba Group business, assets and liabilities to NCB*") of this Offer Document.

Any difficulties encountered in connection with the Merger and the integration of the operations of the businesses may have an adverse effect on the business, financial results, financial condition or prospects of the Combined Bank.

If the Combined Bank fails to manage the integration of the businesses effectively, the growth strategy and future profitability of the Combined Bank will be negatively affected, the anticipated benefits of the Merger may not be achieved, in particular those benefits set out in Section (2.2) ("*Rationale of The Merger*") of this Offer Document and the reputation of the Combined Bank will be harmed, which may result in loss of customers, employees or 'brand equity' and impact the Combined Bank's financial position, results of operations and cash flows.



1.1.3 Risks related to satisfying the Merger conditions

The Merger is conditional on a number of conditions as summarised in Section (2) (“*Overview of the Merger*”) of this Offer Document. Failure to satisfy any of the conditions or the delay in satisfying such conditions will result in the Merger not being completed or being delayed. The most important conditions which have not yet been satisfied are: (1) the expiry of the Creditor Objection Period (for further information on the risks relating to the Creditor Objection Period, see Section (1.1.5) (*Risks related to the delaying or not completing the Merger as a result of the Creditors objection process*) of this Offer Document); and (2) the terms and conditions of the Merger Agreement which the parties must comply with up until the Effective Date, including not breaching any of the warranties provided or the Conduct of Business Requirements. The terms of Merger Agreement are summarized in Section (2.3.1) (“*Merger Agreement*”) of this Offer Document.

Any delay to Completion due to a failure of satisfying the Merger conditions may diminish and/or delay the anticipated benefits or may result in additional transaction costs, loss of revenue or other unquantifiable effects associated with the delay of the Merger.

1.1.4 Risks relating to the Combined Bank’s international operations

Both NCB and Samba Group have international operations in several jurisdictions, whether through branches, representative offices or subsidiaries, which includes but not limited to the Republic of Singapore, the Islamic Republic of Pakistan and the Republic of Turkey. Such international operations may be adversely affected by political, economic, regulatory or other events in the relevant jurisdictions, which as a result may have a negative adverse impact on the business, operations, financial position and future prospects of the Combined Bank.

1.1.5 Risks related to delaying or not completing the Merger as a result of the Creditors objection process

The Merger is subject to a creditor objection period in respect of Samba Group’s creditors, and the settlement of any objections submitted during such period, pursuant to Article 193 of the Companies Law. The duration of the creditor objection period is thirty (30) days after the publication of the approval by the Samba Group EGM and the NCB EGM of the Merger Resolutions. If a Samba Group creditor, such as depositors, suppliers, or hedging and loan counterparties, objects to the Merger, the Merger shall be suspended until the objecting creditor waives its objection or until Samba Group has paid the debt if such debt was payable or either Samba Group or NCB submit adequate collateral for the repayment of such debt if such debt has not yet matured. For more information on the creditor objection process, see Section (2.4.3) (“*Creditors objection period*”) of this Offer Document. For more details on the implications associated with the delays due to objections made on the Creditors Objection Period on the Exchange Ratio, see Section (1.1.8) (“*Risks relating to the Exchange Ratio for the Merger*”) of this Offer Document. Any delay to Completion due to the Creditor Objection Period may diminish or delay anticipated benefits or may result in additional transaction costs, loss of revenue or other unquantifiable effects associated with uncertainty with the delay of the Merger.

1.1.6 Risks relating to the transfer of Samba Group’s business, assets and liabilities to NCB

The Merger shall be effected by way of a statutory merger pursuant to the Companies Law and the MARs whereby the business of Samba Group (including its assets and liabilities) will be transferred to NCB. NCB has conducted due diligence exercises (together with its advisors, as it sees appropriate under the circumstances) on Samba Group’s business and has negotiated the Exchange Ratio with Samba Group on the basis of, among other things, information obtained through such exercise. The quality of such due diligence exercises may be impacted by the level and quality of disclosure by Samba Group and the effectiveness of its financial controls and systems which may not be to the same standard as those of NCB. If any material operational, legal, regulatory and financial risks associated with Samba Group’s business, assets or liabilities materializes which were not expected by, disclosed to or



discovered by NCB and its advisors during the due diligence exercise, including information that has been redacted from the due diligence materials during the due diligence investigation (which was withheld due to their commercial sensitivity, contractual or regulatory restrictions), such risks may have a material adverse effect on the Combined Bank's business, financial condition and results.

Some of the agreements to which Samba Group is a party provide its counterparties the right to terminate such agreements, demand prepayment or claim monetary amounts (including compensation for damages) as a result of the Merger (including agreements related to loans, debt instruments, IT systems, electronic payments and other agreements entered into by Samba Group). If Samba Group is not able to obtain the consent of such counterparties and as a result, any material agreement is terminated, or monetary amounts are claimed, this may adversely affect the Combined Bank's business or liquidity or may result in the Combined Bank incurring unexpected costs, this will have a negative effect on the Combined Bank's business, financial position, results of operations, and future prospects.

1.1.7 Risks relating to realising the anticipated cost savings, growth opportunities, synergies and other benefits anticipated from the Merger

The success of the Merger will largely depend on the Combined Bank's ability to realise anticipated cost savings, revenue synergies and growth opportunities from integrating the businesses of NCB and Samba Group. For more details on the anticipated benefits of the Merger, see Section (2.2) ("*Rationale of the Merger*") of this Offer Document. In particular, the Combined Bank's ability to realise anticipated synergies, after the incurring of any associated integration costs, and the timing of this realisation may be affected by a variety of factors, including but not limited to:

- the resulting potential complexity of integrating NCB's and Samba Group's combined administrative and business operations across the entirety of the KSA, including regional offices;
- the difficulty of implementing any cost efficiency plans, fully or partially, including the optimisation of the combined branch network, IT, front and back-office infrastructure in a timely and effective manner;
- the challenges associated with the combination of NCB's and Samba Group's businesses and operations, and, in particular, its ability to integrate new operations with existing operations in a timely and effective manner and to manage an increasingly larger business post Completion;
- difficulties or delays in achieving any revenue synergies via enhanced cross-selling of products and services across the combined client base and any savings in consolidating the funding base of the Combined Bank;
- difficulties or delays in obtaining any approvals that may be required to implement certain actions that aim to realize any of the synergies; and
- unforeseeable events, including major changes in the markets and operating environment in which both NCB and Samba Group operate.

The projected cost savings from integrating the businesses of NCB and Samba Group are based on preliminary estimates and may be revised following more detailed integration planning. Therefore, there is a risk that the estimated savings will not be realised due to unforeseen inaccuracies in such estimates. No responsibility for the outcome in respect of such preliminary estimates has been assumed by NCB, its board, its executive management or any other person in this regard and there is no intention to update the cost saving and synergy statements or other such forward-looking statements in this Offer Document except as required pursuant to applicable law and regulation.



There is a risk that these cost savings expected from the Merger are not realised in the time, manner or amounts currently expected, if at all, as a result of various external and internal factors.

The Combined Bank may incur higher than expected non-recurring integration, transaction and Merger-related costs, including the costs of the employees and personnel, IT, re-branding and consultants fee, which will reduce the net benefits of the Merger and impact the Combined Bank's financial condition and results of operations. It is expected that the non-recurring integration costs will be one billion and one hundred million (1,100,000,000) Saudi riyals, which is equivalent to (1.4) times expected annual run-rate cost synergies in order to deliver the anticipated operating synergies. In addition, NCB and Samba Group will incur transaction fees and other costs related to the Merger. Some of these costs are payable irrespective of whether the Merger is completed.

If the Combined Bank is unable to successfully complete the integration within the expected timeframe (within three years post the Effective Date), some or all of the anticipated benefits of the Merger will not be realised fully, if at all, or may take longer to realise than expected.

1.1.8 Risks relating to the Exchange Ratio for the Merger

If the Merger is implemented, Samba Group Shareholders will receive NCB shares on the basis of a fixed exchange ratio of (0.739) shares in the Combined Bank for each share in Samba Group (for further details about the Exchange Ratio, see Section (2.1) ("*Valuation of Samba Group*") of this Offer Document).

The Exchange Ratio has been calculated on the basis of, amongst other things, the share price of the Banks, certain internal financial information and other data relating to the business and financial prospects of the Banks, including estimates and financial forecasts for the performance of the Combined Bank and transaction benefits prepared by the respective management of the Banks.

In determining the Exchange Ratio, it has been assumed that such financial forecasts, estimates, pro forma effects and calculations of synergies have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the respective management of the Banks and assuming that they will be realised in the amounts and time periods contemplated thereby. For further details about the Exchange Ratio, see Section (2.1) ("*Valuation of Samba Group*") of this Offer Document.

If all or any of these assumptions prove to be materially incorrect, or the share price of the Banks materially change after the Exchange Ratio has been agreed upon Completion, as a result of market volatility or the operations of the Banks, or due to delays in completing the Merger for any reason (including any delays due to the extension of the expiration of the Creditors Objection Period) or due to any political or economic changes or any reasons that may affect the share price, this would materially affect the valuations of the Banks and the Exchange Ratio would not accurately reflect the fair values of the Banks at Completion.

1.1.9 Risks relating to the reduction in Samba Group Shareholders voting powers and their share in the total net profit following the Effective Date

Upon the Effective Date, NCB will issue the Consideration Shares to Samba Group Shareholders in accordance with the Exchange Ratio (a fixed ratio of (0.739) shares in NCB for each share in Samba Group (for further details about the Exchange Ratio, see Section (2.1) ("*Valuation of Samba Group*") of this Offer Document), Samba Group Shareholders will own 32.6% and NCB Shareholders will own 67.4% of the share capital of the Combined Bank (excluding treasury shares for both Banks). As a result, the ownership percentage and the number of shares that will be owned by each Samba Group Shareholder in the Combined Bank (save for those shareholders who own shares in NCB) will be reduced compared



to the ownership percentage and the number of shares currently owned by Samba Group Shareholders in Samba Group).

The reduction in the ownership percentage and the number of shares owned by Samba Group Shareholders in the Combined Bank will result in them having less voting power and will reduce their share in the total net profit of the Combined Bank.

1.1.10 Risk appetite of the Combined Bank

The Combined Bank may have a different risk appetite than either NCB or Samba Group possessed on a stand-alone basis prior to the Merger. This may result in the Combined Bank taking a different approach to the targeting of specific customer segments and overall strategy within any customer segment, including a reduction in product and service delivery and reduced credit risk appetite on a consolidated basis. As a consequence, it is possible that the Combined Bank may, if overall tolerance for risk is reduced, exit or place less emphasis on customer relationships in certain segments which no longer fit the Combined Bank's risk appetite for whatever reason. This may have an impact on the Combined Bank's business, revenues, costs, net income, asset and liability profile or future prospects.

1.1.11 Risks relating to credit deterioration

Risks arising from adverse changes and recoverability of loans, securities and amounts due from counterparties are inherent across a wide range of the Combined Bank's activities principally in its lending and investment activities. Adverse changes in global economic conditions and increased systemic risks in the financial systems, will affect the recovery and value of the Combined Bank's assets and require an increase in the Combined Bank's provisioning levels. Credit risks will arise from a deterioration in the credit quality of specific borrowers, issuers and counterparties of the Combined Bank, or from a general deterioration in local or global economic conditions which would negatively affect the recoverability and value of the Combined Bank's assets and require an increase in the Combined Bank's provisions for the impairment of loans, securities and other credit exposures. Further, the integration of the loan books between the Banks may result in additional provisions being drawn up due to the quality and provisioning policies being inconsistent.

There can be no guarantee that the various credit risk mitigation strategies that will be employed by the Combined Bank to minimise credit risk and reduce it to a level within the Combined Bank respective strategy and risk appetite, including securities, collateral and insurance will eliminate or reduce such risks of the Combined Bank.

Samba Group's retail portfolio as at 30 June 2020 was c. SAR 20 billion, and primarily comprised of personal loans and mortgages. The portfolio is relatively unseasoned as the majority of the portfolio (c. 58% of the total portfolio) was originated in FY19 and YTD20. As a result, the impact on expected credit losses may only be determined over the fullness of time as the portfolio seasons.

Samba Group's corporate loan portfolio was c. SAR 131 billion as at 30 June 2020; the portfolio has grown relatively significantly in FY19 and YTD20. The potential credit risks associated with such borrowers may only be identified over the fullness of time, and may not be currently captured, given the lack of history with certain borrowers.

1.1.12 Risks relating to IFRS 9 provisioning models and methodologies

IFRS 9 was introduced for financial reporting periods from 1 January 2018, replacing IAS 39, which requires the adoption of the 'expected credit loss' model for measuring the impairment of financial assets, such that it is no longer necessary for a credit event to have occurred before a credit loss is recognised. Following the adoption of IFRS 9 on 1 January 2018 in KSA, each bank implemented its own internal model to estimate the expected credit losses.



The expected credit loss model relies on several assumptions to determine the following: (1) probability of default (PD); (2) loss given default (LGD); and (3) exposure at default (EAD). These assumptions include but are not limited to assessment of the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors.

The integration of the IFRS 9 models and methodology may result in a different impact on the Combined Bank's expected credit loss provisions versus having two independent IFRS 9 models and methodologies.

Any significant increase in impairment allowances for loan losses resulting from the integration of both banks' IFRS 9 models would have a negative adverse effect on the Combined Bank's business, results of operations and financial condition which could be material.

1.1.13 Risks relating to liquidity

The Combined Bank is exposed to liquidity risk due to the maturity mismatches between its assets and liabilities. This risk is inherent in banking operations and the consequences of such risk can increase due to number of factors, including over-reliance on a particular source of funding (including, for example, concentration on top depositors), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters. If the Combined Bank's liquidity risk management policies do not have the desired effect or fail, and such failure leads to the Combined Bank becoming unable to fund its asset base, it may have an adverse effect that may be material, on the Combined Bank's business, financial condition, results or prospects.

1.1.14 Risks relating to cost of funding and lenders acceptance to fund the Combined Bank

Funding risk could arise from the inability of the Combined Bank to raise short and/or long-term funding at a commercially acceptable cost in the retail and wholesale markets to support ongoing operations, strategic plans and objectives. Funding risk could also arise from the inability of the Combined Bank to access domestic and global capital markets to help fund its businesses. Any dislocation in these funding markets or a reduction in depositor confidence for holding their securities or other credit exposures in the Combined Bank may jeopardise the Combined Bank's ability to access funds or require them to access funds at a higher cost, or on unfavourable terms.

1.1.15 Risks relating to lending and borrowing rates

The special commission rates (which is the income from loans interests and other income) NCB or Samba Group earn on their assets and the special commission rates they pay for their liabilities could be affected differently by changes in market interest rates. This difference could result in an increase in special commission expense relative to special commission income, which would reduce NCB's or Samba Group's current net special commission income. Furthermore, an increase in lending rates may reduce the demand for loans from the Combined Bank and its ability to originate loans.

Special commission rates are highly sensitive to many factors beyond the Combined Bank's control, including monetary policies and domestic and international economic and political conditions. A decrease in the general level of special commission rates could negatively affect the Combined Bank through, amongst other things, increased pre-payments on its loan portfolio and increased competition for deposits.

If the Combined Bank is unable for any reasons to re-price or adjust its deposit rates in an expedited or an effective manner or if special commission rates rise as a result of economic or other reasons, the Combined Bank's net special commission income margins may be affected, which could have a material adverse effect on its business, financial condition and results of operations.



1.1.16 Risks relating to Zakat matters

NCB, Samba Financial Group and the majority of KSA banks entered into a Zakat settlement agreement with the GAZT in 2018 to close open Zakat disputes for the Banks relating to financial years from 2006 to 2018. Pursuant to the settlement agreement, NCB agreed to pay GAZT an amount of SAR (182,684,611) in respect of the Zakat dues for the years from 2006 to 2017 and close out accordingly the Zakat dues for these years. Under the Zakat settlement agreement, NCB has calculated and paid the Zakat due for the financial year ending on 31 December 2018G, based on the mathematical formula and instructions stipulated in the Minister of Finance Resolution No. (1260) dated 05/04/1440H (corresponding to 14 December 2018G). Accordingly, the Zakat status for the financial year 2018 is considered closed. Additionally, pursuant to this settlement, it was agreed that NCB would pay the Zakat dues in respect of the financial years from 2006G to 2017G in the form of annual payments to be paid over a period of five (5) years until 01 December 2023G starting with a down-payment of 20% of the amount due. NCB has booked a provision of around SAR 117,000,000 to cover the four remaining instalment payments due under this settlement. Further, NCB has paid the Zakat due for the financial year ending on 31 December 2019G, based on the Calculation Rules of Zakat Levied upon Financing Activities stipulated in the Minister of Finance Resolution No. (2215) dated 07/07/1440H (corresponding to 14 March 2019G).

With regard to the Zakat status of the Samba Group, Samba Group had entered into a similar settlement agreement with GAZT on terms similar to NCB's settlement agreement in order to settle the Zakat dues for the financial years from 2006 to 2017G). It was agreed pursuant to this settlement agreement that Samba Group would pay an amount of SAR 2,316,059,593 for the Zakat due in respect of the financial years from over a period of five (5) years until 01 December 2023G. Samba Group has calculated and paid the Zakat due for the financial year ending on 31 December 2018G based on the mathematical formula and instructions stipulated in the Minister of Finance Resolution. Samba Group has booked a provision of around SAR 1,482,278,140 to cover the four remaining instalment payments due under the settlement.

Further, Samba Group has paid the Zakat due for the financial year ending on 31 December 2019G, based on the Calculation Rules of Zakat Levied upon Financing Activities stipulated in the Minister of Finance Resolution No. (2215) dated 07/07/1440H (corresponding to 14 March 2019G) for which it has received a Zakat certificate in respect of the aforesaid year.

The Combined Bank shall be liable for the payments due by NCB and Samba Group under the settlement agreement, as per the settlement agreement entered into by the respective Banks.

Samba Group continues to contest the Zakat claims raised against it by GAZT for the financial years from 2004G to 2005G, whereby the contest was appealed before the Tax Committees for Resolution of Tax Violations and Disputes. The Samba Group continues to contest the income tax claims raised against it by GAZT for the financial years from 2004G to 2009G, whereby the contest was appealed before the Tax Committees for Resolution of Tax Violations and Disputes. Any liability that would arise on Samba Group as a result of these appeals (which is estimated at to be around SAR 80,000,000), the Combined Bank will assume and be required to pay them given that Samba Group will dissolve as result of the Merger.

1.1.17 Risks relating to the Combined Bank's income and dividend paying capacity

The businesses and revenues of the Combined Bank are subject to change and may be impacted by a number of operational, financial, economic and general market-based factors, some of which may be outside of the control of the Combined Bank. This may affect the profitability of the Combined Bank, its distributable reserves and consequently any dividends payable to shareholders. In addition, the capacity of the Combined Bank to pay dividends may also be constrained by prevailing regulatory capital requirements and rules imposed on the Combined Bank from time to time by SAMA or other regulators, together with any relevant rating agency considerations taken into account by the management team of the Combined Bank.



1.1.18 Risks relating to goodwill impairment following the Merger

The Merger will be accounted for using the acquisition method under IFRS 3 – Business Combinations with NCB being the acquirer and Samba being the acquiree. The acquirer is required to fair value the assets, liabilities and contingent liabilities acquired at the date of the Merger and to reflect the difference between their fair value and the purchase consideration as goodwill or gain on merger (PPA exercise). The Combined Bank will have a 12-month period post-Completion of the merger to finalize the PPA exercise in accordance with IFRS 3. The purchase consideration will be the NCB shares that Samba Group shareholders receive at the closing of NCB share price on the last trading date prior to the Effective Date. Hence, if NCB's share price materially changes at the Effective Date this will have a significant impact on the calculation of goodwill versus what it may be today at the publication date of this Circular meaning that the goodwill value will materially increase in the event that NCB's share price increases materially (subject to the PPA exercise) (For more details on this refer to section (1.1.8) "*Risks relating to the Exchange Ratio for the Merger*" of this Offer Document).

If goodwill was recognised as part of the merger there is a risk that goodwill impairment may arise at any point in the future if the board-approved projected cash flows through a five-year period of projections (into perpetuity), discounted at the cost of capital, are less than the total operating assets and liabilities of each cash generating unit.

1.1.19 Risks relating to potential impact on capital adequacy of the Combined Bank

There are a number of factors that could affect the Combined Bank's capital adequacy levels. These include, for example but not limited to, the following: (1) the results of completing the fair value assessment of Samba Group (for further information on the fair value assessment of Samba Group, refer to (1.1.18) "*Risks relating to goodwill impairment following the Merger*"), (2) the Combined Bank's changes in risk weighted assets and profitability from time to time; (3) the increase in future financing which may likely reduce the Combined Bank's capital adequacy ratios; and (4) any losses experienced by the Combined Bank that would result in the decrease of the Combined Bank's capital adequacy ratio.

The regulatory requirements in relation to the calculation of capital adequacy and required levels of capital adequacy might change from time to time. Therefore, the Combined Bank will need to determine these requirements, which may differ from the current requirements applicable to the Banks, and agree with SAMA on such requirements. The Combined Bank may also need to increase its capital as a result of market perceptions of adequate capitalisation levels and the perceptions of rating agencies.

As a result, the Combined Bank may need to obtain additional capital in the future. Such capital, whether in the form of financing or additional capital contributions from its shareholders, may not be available on commercially favourable terms, or at all. Moreover, should the Combined Bank's capital ratios fall close to regulatory minimum levels, the Combined Bank's own internal minimum levels or the levels required to maintain its ratings at the desired level, the Combined Bank may need to adjust its business practices, including reducing the risk and leverage of certain activities. If the Combined Bank is unable to maintain satisfactory capital adequacy ratios, its credit ratings may be lowered and its cost of funding may therefore increase which will affect its business, financial condition, results and future prospects.

1.1.20 Risks relating to employees

The Combined Bank's future success depends, in large part, upon its ability to attract and retain highly qualified professional personnel. Competition for employees across the various localities and business segments in which the Combined Bank will operate is intense. The Combined Bank's ability to attract and retain key personnel, in particular senior officers, will be dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. There is no guarantee that the Combined Bank will have the continued service of key



employees currently employed by NCB or Samba Group who will be relied upon to execute its business strategy and identify and pursue strategic opportunities and initiatives. In particular, the Combined Bank may have to incur costs to replace senior executive officers or other key employees who leave, and the Combined Bank's ability to execute its business strategy could be impaired if it is unable to replace such persons in a timely manner, which will adversely affect the Combined Bank's results of operations, and future prospects.

If the Combined Bank's employees decide to resign from the Combined Bank as a result of the Merger and the Combined Bank fails to retain such employees, the Combined Bank may have to make substantial end of service and other payments (such as deferred bonuses) to those employees, which may adversely affect the Bank and the results of its operations and future prospects.

Additionally, the Combined Bank is required to comply with the Labor Law in respect of its employees and their contracts. If the Combined Bank fails to comply with the Labor Law, the Combined Bank will be exposed to subsequent legal implications and lawsuits which may result in judgements being made against the Combined Bank requiring it to make significant payments in compensation, which will adversely affect the Combined Bank and the results of its operations and future prospects.

1.1.21 Risks relating to employee misconduct and the detection of the same

Misconduct by employees of the Combined Bank could result in binding the Combined Bank to transactions that exceed authorised limits or present unacceptable risks or concealing from the Combined Bank unauthorised or unsuccessful activities which, in each case, may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use or disclosure of confidential information which could result in regulatory and legal sanctions and significant reputational and/or financial harm which will have a material adverse effect on the Combined Bank's results, operations or financial condition. It is not always possible to deter employee misconduct, and the precautions the Combined Bank will take to prevent and deter any such activity may not be effective in all cases.

1.1.22 Risks relating to the Combined Bank's information and technology systems

Cyber-security has become an increasingly important consideration for financial institutions. The quantity of sensitive information stored by financial institutions makes them potential targets of cyber-attacks. Risks to technology and cyber-security change rapidly and require continued focus and investment and the Combined Bank will need to act accordingly and take appropriate steps on an ongoing basis to combat such threats and minimise such risks. Given the increasing sophistication and scope of potential cyber-attacks, it is possible that future attacks may lead to significant breaches of security. Failure to adequately manage cyber-security risk and continually review and update current processes in response to new threats could adversely affect the Combined Bank's reputation, business, results of operations, financial condition and prospects.

1.1.23 Risks relating to taxation

Samba Group Shareholders and NCB shareholders may have Zakat and tax obligations in KSA and/or the jurisdictions in which the shareholders are resident for tax purposes with respect to the Merger, the disposal of interests in NCB or Samba Group, or other matters, subject to any available exemptions or reliefs (including the obligation to disclose the Merger to the relevant tax and Zakat authorities inside or outside the Kingdom or to pay any tax or Zakat obligations that may arise in connection with the Merger).

The issue of Consideration Shares to Samba Group shareholders should not give rise to stamp duty or similar taxes or duties in the Kingdom (this refers to certain fees collected from the relevant authorities in some states upon the issuance of new shares).



NCB is currently only subject to Zakat in KSA, however, Samba is subject to Zakat and income tax, whereby the income tax at 20% is applied on the income attributed to Samba's founding non-GCC shareholder which currently holds 1.22% of Samba's shares (as of 30 September 2020G). The issuance of Consideration shares to this non-GCC shareholder by the Combined Bank would entail that the Combined Bank would be subject to corporate tax at 20% on the income attributed to such non-GCC shareholder. Accordingly, the Combined Bank would be required to comply with the Income Tax Law and its implementing regulations which will result in the Combined Banks's inability to file consolidated Zakat declarations for the Combined Bank Group given that consolidation for Zakat purposes does not apply to companies that are subject to income tax.

KSA Zakat and tax rules do not contain provisions providing roll-over relief or deferment of taxation for mergers. While we understand that the GAZT has, in certain circumstances, previously accepted that mergers could be effected on a Zakat/tax neutral basis, there is no guarantee that they will take this position for the Merger. Given that Samba Group will dissolve upon Completion, the Combined Bank will be required to pay any tax liability that may arise upon Completion. It is expected that the Merger will be completed in accordance with 'the business continuity principle' for VAT purposes as per the definition set out in the VAT implementing regulations. Accordingly, although the transfer of liability and asset in accordance with 'the business continuity principle' is considered outside the scope of VAT, there is no clarity whether such transfer in the context of the Merger would also be considered outside the VAT scope.

As tax laws are dynamic and change from time to time, the Combined Bank shareholders may be exposed to higher taxation which could arise due to: (a) the introduction of new tax laws; (b) any change to existing tax laws and regulations; (c) a result of the disclosed or undisclosed practice of, or interpretation by, the relevant authorities in the relevant taxing jurisdiction outside KSA; and (d) case law determined by the courts which apply to the relevant taxing jurisdiction.

If Samba Group Shareholders are in any doubt as to their own tax position they should consult their own tax advisers.

1.1.24 Risks related to the operations of the Combined Bank

The Combined Bank will be exposed to operational risks, which is the risk of loss resulting from inadequacy or failure of internal processes or systems or from external events. The Combined Bank will be susceptible to, amongst other things, fraud by employees or outsiders including unauthorised transactions, operational errors and clerical and record keeping errors resulting from faulty computer or telecommunications systems. There is no guarantee that the Combined Bank will not suffer losses from any failure of its system of controls to detect or contain operational risk in the future. Consequently, any inadequacy of the Combined Bank's internal processes or systems in detecting or containing such risks could result in unauthorised transactions and errors, which may have a material adverse effect on the Combined Bank's business, financial condition and results of operations.

1.1.25 Risks relating to interpreting Shariah rules

The Combined Bank may offer Sharia-compliant products after obtaining the approval of its Shariah committee. Shariah rules are open to different interpretations; hence there are potential risks that the Combined Bank products can be interpreted as Shariah non-compliant by certain Shariah scholars. In the event of a judicial dispute related to their legality, judges in KSA will determine the level of such products' compliance with Shariah law provisions.

Should a number of Islamic scholars (including judges in the event of a legal dispute over the legality of some of the products offered by the Combined Bank) conclude that the Combined Bank's services, fully or partially, are non-Sharia compliant, this will have a material adverse effect on the Combined Bank's reputation, business, financial condition and results of operations.



1.1.26 Risks relating to financing projects

The Combined Bank's financing portfolio includes financing of long-term projects, such as infrastructure and industrial projects. This type of financing is subject to a range of risks that are slightly different from those of general financing. Such risks are related to funded projects, and the repayment depends on the success of the project in achieving expected returns. These risks include delays in obtaining necessary regulatory approvals, environmental and social issues related to funded projects, and project completion risks, which may affect the project's ability to generate returns. There is no assurance that the performance of the funded project will be achieved as expected. Any losses in future project financing or high levels of financing restructuring will have an adverse effect on the Combined Bank's business, financial position, results of operations, and future prospects.

1.1.27 Risks relating to real estate financing

As part of NCB and Samba Group's financing activities, the Banks provide real estate financing services to its individual and corporate clients. For the purpose of obtaining financing, customers will pledge the property to be purchased in favor of the Banks as collateral for the financing granted to them. The value of such mortgaged properties is affected by economic fluctuations or regulatory changes that may result in a decline in the value of those mortgaged properties. If the value of the properties mortgaged as collateral is reduced, it may result in the Combined Bank being unable to recover the value of the real estate financing if the customer fails to pay, which may adversely affect the Combined Bank's business, financial position, results of operations and future prospects.

1.1.28 Risks relating to credit ratings

Credit rating agencies will assess the Combined Bank's creditworthiness to evaluate the Combined Bank's ability to fulfill its financial obligations when they fall due. The Combined Bank's credit rating is an important factor in determining the cost of financing for the Combined Bank. Interest rates resulting from financing obtained by the Combined Bank are affected by the Combined Bank's credit rating. Credit rating is reviewed by the relevant rating agency from time to time. Accordingly, credit rating may change either downward or upward, or may be fully withdrawn. In case the Combined Bank's credit rating is reviewed downward, this will lead to an increase in the Combined Bank's financing costs, which will adversely affect the Combined Bank's liquidity, business, financial position, results of operations, and future prospects.

1.1.29 Risks relating to the Combined Bank's reputation

The Combined Bank's reputation is critical for attracting and retaining new customers and establishing strong relationships with counterparts. The Combined Bank's reputation could be damaged in the future by various factors, including, but not limited to, a decline, restatement, or other corrections to its financial results, legal or regulatory actions against the Combined Bank or employee misconduct which caused the Combined Bank to breach applicable legal requirements. The damage to the Combined Bank's reputation will have a negative effect on its business, financial position, results of operations, and future prospects.

1.1.30 Risks relating to related party transactions

In the ordinary course of business, NCB and Samba Group deal with related parties such as directors, executives, their Relatives, Substantial Shareholders and their Subsidiaries. These transactions and balances mainly relate to the provision of customer deposits and loans and advances, as well as other banking and investment services. The net asset value of these balances amounted to SAR 22,949,000,000 in relation to NCB (with assets of SAR 11,161,000,000 less liabilities of SAR 34,110,000,000), and amounted to SAR 21,991,392,000 in relation to Samba Group (with assets of SAR 5,932,186,000 less liabilities of SAR 27,923,578,000), for the financial year ended on 31 December 2019G. Pursuant to Article (71) of the Companies Law, no director may have a direct or indirect interest



in the businesses and contracts executed for the benefit of the company unless authorized by the general assembly. As some NCB or Samba Group directors have a direct or indirect interest in the agreements entered into by either NCB or Samba Group, which were entered into on a commercial basis, the approval of the general assembly on such transactions is required, as applicable. In the event that transactions and agreements with related parties are not conducted in the future on an arm's length basis, or if such transactions are not conducted in accordance with applicable rules and regulations, this may adversely affect the Combined Bank's operations and results.

1.1.31 Risks of the Combined Bank being materially adversely affected by a loss of business from key customers that represent a significant portion of its loans and deposits

Both NCB and Samba Group have business with major clients who represent a large portion of the Banks' loans, deposits and products, which will be transferred to the Combined Bank after the Effective Date. The loss of all or a substantial portion of the business provided by one or more of the Combined Bank's key customers to other banks could have an effect on the Combined Bank's business, results of operations and financial condition.

1.1.32 Risks related to single obligor/group limits for common borrowers

Although the Combined Bank will have access to higher single obligor/group limits under applicable SAMA regulations compared to the current limits adhered by each bank, there is a risk that customers that are common between both banks in aggregate may breach the Combined Bank's single obligor / group limits (whether regulatory or internally determined limits), which would adversely affect the Combined Bank's business, the results of its operations and its financial conditions.

1.1.33 The Combined Bank has credit-related contingent liabilities and commitments that may lead to potential losses

As part of its normal banking business, the Banks issue guarantees and letters of credit which will be accounted for off the Combined Bank's statement of financial position until such time as they are actually funded or cancelled. In addition, the Banks make revocable and irrevocable commitments to advance credit to their customers. Although these commitments are contingent, they nonetheless subject the Combined Bank to both credit and liquidity risks. Although it is anticipated that only a portion of its obligations in respect of these commitments will be triggered, the Combined Bank may need to make payments in respect of a greater portion of such commitments, particularly in cases where there has been a general deterioration in market conditions. This would result in the Combined Bank needing to obtain additional funding, potentially at relatively short notice, which may not be readily available or may be significantly more expensive. This would reduce the Combined Bank's margins and adversely impact its operating income and profitability.

1.1.34 Risks related to restructuring or rescheduling loans

Both Banks have historically rescheduled or restructured portion of their loans with debtors in financial distress. Rescheduled loans represent loans whose terms have been rescheduled resulting in certain loan repayment concessions (such as re-scheduling principal payments until later periods and/or to set interest payments at a relatively low level for a certain time frame followed by larger interest payments in later periods) but where the new terms do not result in a present value loss to a Bank. Restructured loans represent loans which have been renewed entirely or materially altered (to a greater degree than loans which have simply been rescheduled) and causes a loss to a Bank as a result of reduced profit rate and/or principal amount. However, there is no guarantee that such rescheduling or restructuring will be successful in mitigating the Combined Bank's credit risk.

If the Combined Bank fails to appropriately reschedule or restructure loans or any assumptions made in order to effect such rescheduling or restructurings fail to materialise or a debtor counterparty defaults on the terms of the rescheduled or restructured loan, such loans may need to be rescheduled or restructured again or the Combined Bank may need to make further impairment charges.



1.1.35 Risks relating to the ownership of the Samba Group building in the King Abdullah Financial District (KAFD)

Samba Group constructed its principal building in the King Abdullah Financial District (KAFD) upon its initial agreement with the owner to purchase the land on which the building is constructed. However, Samba Group has not yet completed the land purchase procedures given that it has not signed a final agreement to purchase the relevant land nor has it (to date) made the payment thereon. The land purchase amount (that was previously agreed upon) is SAR 153,902,080 and the construction cost amounted to SAR 1,954,754,770.82.

It should be noted that Samba Group has received a letter dated 19/06/1442H (corresponding to 01/02/2021G) from the authority that owns the land on which the Samba Group building is located in the King Abdullah Financial District (KAFD), which includes an acknowledgment by that authority of Samba Group's entitlement to its building located in the King Abdullah Financial District (KAFD) and the desire of that authority to complete the process of purchasing the land pursuant to a final contract that includes all matters that Samba Group and the authority owning the land wish to agree upon in a manner that guarantees the transfer of the land ownership to Samba Group or the Combined Bank upon the Effective Date of the Merger, noting that negotiations are considered to be in their final stages and it is expected that the final version of the written contract between the two parties will be completed in the near future.

In the event that Samba Group or the Combined Bank (following the Effective Date) was not able within a reasonable period of time to complete the land purchase process at the price, terms and conditions previously agreed upon by Samba Group, this could have a material adverse effect on the operations and financial condition of the Combined Bank.

1.1.36 Risks relating to legal disputes

NCB and Samba Group are parties to several different lawsuits, and are subject, from time to time, to governmental and regulatory investigations or similar matters arising from their current or future businesses. Therefore, any lawsuits brought against them may harm the reputation of NCB or Samba Group (as applicable), regardless of their final results. There is no assurance that NCB or Samba Group will succeed in addressing any potential or future lawsuits or similar issues under different regulations.

Samba Group has around 330 cases filed against it as of the end of the third quarter of 2020G noting that the claims for some of these cases are undetermined. NCB has, based on the information provided by Samba Group, assessed the risks associated with these cases and concluded that a number of cases may result in an adverse financial impact on the Combined Bank if judgements were passed in favor of the plaintiffs. The value of the claims under these cases exceeds the amount of SAR 6,000,000,000. As these cases have not been provisioned for in the financial statements of Samba Group, NCB has taken these risks into account when agreeing on the Exchange Ratio, noting that the level of damage that was assumed based on the risks that were assessed may be less or greater than the actual damages which may affect the Combined Bank if the courts rule out in favor of the plaintiffs.

It has also become clear to NCB that there is a claim outside the Kingdom that may have an adverse effect on the Combined Bank and its reputation in the event that the court rules in favor of the plaintiffs, noting that the value of this claim is not specified and noting that Samba Group has confirmed (based on the consultations of its advisors outside the Kingdom) that this case is considered to be low risk.

NCB is a party to several different lawsuits brought against it in the course of its regular business. In the event that court rulings are issued against NCB obliging it to pay amounts that exceed the allocations allocated to it, this will have a material negative impact on NCB, which will affect the Combined Bank's business, results and future expectations.

Given that the Combined Bank will incur all litigation liabilities related to NCB and Samba Group upon



the Effective Date, the Combined Bank's loss in any legal dispute or if a court ruling obliged the Combined Bank to pay an amount higher than expected or provisioned for, or if the Combined Bank fails to accurately and sufficiently provision for such an amount, then this will negatively affect the Combined Bank, its financial position, results and future prospects.

1.2 RISKS RELATING TO THE SHARES

1.2.1 Risks related to the volatility of the NCB share price until Completion

The announcement of the Merger to the market, the management of the two Banks or their business, the delay in completing the Merger for any reason (including for the extension of the expiration of the Creditor Objection Period) or any other political, economic or any other reason may impact the market price of NCB and Samba Group shares through increased volatility until the Merger is finalised. The market price of NCB shares during the period between the date of this Circular and the Completion may decrease significantly, which may impact the market value of NCB's share price and the value of the investment of NCB's investors in NCB.

1.2.2 Risks relating to the decline of the market price of the Combined Bank's shares as a result of the Merger

The market price of the Combined Bank shares (including the Consideration Shares) may decline in the event of occurring multiple factors, including:

- the integration of NCB and Samba Group businesses is unsuccessful or delayed beyond management's initial expectations (within three years upon the Effective Date);
- The Combined Bank does not achieve the expected benefits of the Merger as rapidly or to the extent anticipated by financial analysts or investors or the Combined Bank's board; or
- the effect of the Merger on financial results is not consistent with the expectations of financial analysts or investors or the Combined Bank's Board.

1.2.3 Risks relating to the general volatility of the Combined Bank's share price

The trading price of the Combined Bank's shares may be subject to fluctuation in response to a number of factors, specific to the Combined Bank or otherwise, such as general market volatility related to general economic conditions and other macro factors outside of the banks performance as well as variations in financial results, changes in financial estimates, changes in credit ratings, recommendations by securities analysts, and any market speculation relating to trends in the Combined Bank's customer markets. These factors may adversely affect the trading price of the Combined Bank shares regardless of the Combined Bank's operating performance. NCB shareholders should be aware that the value of the Combined Bank shares (including the Consideration Shares) and the income from them can increase or decrease as is the case with any other investment in listed securities.

1.2.4 Risks relating to the trading patterns of the Combined Bank's shares relative to the historic trends related to NCB Shares

NCB Shareholders should be aware that the historic trading patterns of NCB shares are independent of, and may bear no resemblance whatsoever to, the trading patterns of the Combined Bank shares following implementation of the Merger. Sales, or the possibility of sales, of substantial numbers of the Combined Bank shares owned by Substantial Shareholders in the Combined Bank could have an adverse effect on the market price of the Combined Bank shares.



1.3 RISKS RELATING TO THE MARKET AND THE SECTOR, AND THE REGULATORY FRAMEWORK IN GENERAL

1.3.1 Risks relating to competition in the corporate and retail banking business

The banking business is highly competitive. The Combined Bank is expected to face fierce competition from various local and multinational banks and financial institutions operating in the Kingdom or the region. The total number of banks operating in the Kingdom is 25 licensed commercial banks, of which 12 are Saudi commercial banks established in the Kingdom. The other 13 banks are branches of international banks. Further, local or foreign banks may be licensed in the future, which will increase competition.

The Combined Bank will compete with other banks and financial institutions to attract and retain customers, whether private customers or public sector customers, for the provision of banking services in general and for geographical expansion. Therefore, if the Combined Bank is unable to keep pace with its competitors in terms of price and quality of its products and services, this will affect the Combined Bank's business and operating results, reduce its profit margin, reduce the chances of expanding its business, increase the cost of its employees and increase its spending on advertising or loss to customers.

1.3.2 Risks relating to KSA and global economy

Each of NCB and Samba Group currently has a significant proportion of their operations and interests in KSA (the geographic concentration of NCB assets in Saudi Arabia is 79.1% and 83.4% for Samba Group as at end of 2019G). Accordingly, their businesses, operations and financial performance will continue to be generally affected by the financial, political and general economic conditions prevailing from time to time in the KSA and/or the Middle East generally.

These markets are subject to risks similar to other developed and developing markets, including in some cases significant legal, economic and political risks. Whilst KSA aims to diversify its economy away from depending on the natural resources by attracting foreign investment, reducing spending and gradually lifting the government subsidies, the oil and gas industry continues to dominate the KSA's economy.

Declines in international prices for hydrocarbon products, would adversely affect KSA's economy which, in turn, will have an adverse effect on the Combined Bank's business, financial condition and results of operations.

1.3.3 Risks relating to prudential regulations

Each of NCB and Samba Group are subject to a number of prudential and regulatory controls imposed by SAMA and CMA (including but not limited to large exposure limits, reserves, provisions, impairment allowances and other applicable ratios) designed to maintain the safety and the soundness of each bank, ensure its compliance with economic, social and other objectives and limit their exposure to risk. Such regulations, or any amendments thereto, may, following the Merger, limit the Combined Bank's ability to lend to a single borrower or group of related borrowers, increase its loan/financing receivable portfolios or raise capital or may increase its cost of doing business.

Any changes in such laws and regulations and/or the manner in which they are interpreted or enforced could have a material adverse effect on the Combined Bank's businesses, results of operations, financial condition and prospects. In particular, changes in SAMA regulations or policy could affect the Combined Banks' large exposure limits, reserves, provisions, impairment allowances and other applicable ratios.



1.3.4 Risks relating to the interpretations and application of laws and regulations

The Merger is subject to several laws and regulations issued by, or implemented by, different regulators in KSA. Many of these laws and regulations (including the Companies Law, the Capital Market Law and its implementing regulations, including MARs and OSCO) are recent and not many statutory mergers between two public companies have taken place pursuant to them as of the publication date of this Circular.

Both NCB and Samba Group have domestic as well as international operations and both banks have determined, taking into consideration relevant advice, which regulatory approvals are required in connection with the Merger. NCB and Samba Group have applied and interpreted the laws and regulations (whether applied inside or outside KSA) based on their best judgement having consulted with their respective advisers. For more information about the approvals that will be obtained from the relevant regulatory authorities or the notifications that will be submitted to these authorities, please refer to Section (2.4.1) (“*Government Approvals*”) of this Offer Document.

If any regulator or judicial body (including in any foreign jurisdiction) in KSA were to decide to apply and interpret the relevant laws and regulations in a way that is different from the way NCB and Samba Group have interpreted and applied such laws and regulations or in the event that one of the regulators has not granted its approval, or if such regulator objects to the Merger (including not accepting the notification of one of the regulators regarding a change in control or a change in ownership related to the Merger), this could have a material adverse effect on NCB, Samba Group and/or the Combined Bank (e.g. by imposing financial penalties), and could also result in unanticipated delays to, or suspension of, the Merger.

It should be noted that the two banks have applied for the approval of the State Bank of Pakistan and the Competition Commission of the Islamic Republic of Pakistan in relation to the transfer of the ownership of Samba Group in its subsidiary to the Combined Bank as part of the Merger. The approval of the Competition Commission of the Islamic Republic of Pakistan in this regard has been obtained. The initial approval has also been obtained from the State Bank of Pakistan and a final approval is expected to be obtained at a later stage.

1.3.5 Risks relating to regulatory compliance

The Combined Bank will be subject to several legal requirements imposed by SAMA, CMA, MOC, and other authorities, that may be changed from time to time.

The Combined Bank will fall under the supervision of SAMA, which regulates the banking and financing sector in the Kingdom. The Combined Bank will operate in accordance with SAMA’s rules, regulations and requirements issued under the relevant laws. When formulating such legal requirements, SAMA takes into consideration the relevant international standards, including the Basel Committee requirements. The Combined Bank’s business may be directly affected by any change in the imposed legal requirements, particularly in the event of imposing requirements restricting the Combined Bank from conducting specific business or activities, or imposing conditions that cannot be fulfilled by the Combined Bank. Therefore, any future changes in the legal requirements may have a negative effect on the Combined Bank’s business, financial condition or financial results.

The procedures and regulatory requirements imposed on banks operating in the Kingdom include procedures related to the registration of real estate mortgages, as SAMA obligated all banks operating in the Kingdom (pursuant to its circular No. 381000089828 dated 26/8/1438H (corresponding to 23/5/2017G) to register real estate mortgages according to the provisions of the relevant contracts instead of applying the transfer of ownership procedures. SAMA also obligated all banks operating in the Kingdom to rectify the conditions of real estate registered under the bank’s name within a period not exceeding three years. This period has been extended until 8/26/1442H, according to SAMA circular No. 99/32515 and dated 12/3/1442H (corresponding to 29/10/2020G) noting that Samba Group



still has approximately (1188) real estate deeds registered as collateral under its name as of 15/06/1442H (corresponding to 28/01/2021G). NCB also still has a limited number of real estate deeds registered as collateral under its name. In the event that the statuses of these mortgages are not rectified during the period granted by SAMA, this may expose the two Banks (as applicable) to regulatory penalties, including financial penalties, which will have a negative impact that may be material on the Combined Bank upon the Effective Date, upon which the Combined Bank shall also incur any unpaid financial penalties.

The Combined Bank, as a listed company, is also subject to the CMA's legal requirements, which are imposed on companies listed on Tadawul, including disclosure and governance requirements and other continuing obligations. Therefore, the Combined Bank's operations may be affected by any change in these requirements.

The Companies Law, the Regulatory Rules and Procedures issued pursuant to the Companies Law and the Corporate Governance Regulations include a number of additional requirements for listed companies, particularly with respect to disclosure and governance. The Combined Bank may not be able to monitor its compliance with the new requirements effectively. Any violation of the applicable laws and regulations will expose the Combined Bank to procedures and sanctions that may be taken against it by the concerned bodies, including fines and other sanctions in specific cases, such as the suspension or withdrawal of its banking license, or suspension of the Combined Bank from exercising its business.

Therefore, the Combined Bank's non-compliance with the legal requirements would have an adverse effect on the Combined Bank's business, financial position, results of operations, and future prospects. These violations or financial penalties may affect the reputation of the Combined Bank, including the reputation of its Subsidiaries. The Combined Bank will also incur, following the Effective Date, any fines or penalties for violations committed in relation to the business of Samba Group and NCB prior to the Effective Date.

The Combined Bank's subsidiaries will also be subject to various strict legal requirements, the violation of which will have an adverse effect on the Combined Bank's business results.

1.3.6 Risks relating to licenses

In order to implement and expand the Combined Bank's business, the Combined Bank (along with its Subsidiaries) needs to keep and obtain a diversified set of licenses, permits and approvals from regulatory, administrative and tax bodies and other authorities in the KSA or any other country in which the Combined Bank would like to operate, including any licenses or approvals necessary to transfer any of Samba Group's Subsidiaries to the Combined Bank, such as licenses and approvals to be obtained from SAMA or CMA. The process for obtaining these permits and approvals may take time and cannot be predicted. If the Combined Bank is unable to maintain or obtain the relevant permits, its ability to achieve its strategic objectives could be impaired, with a consequent negative effect on the Combined Bank's businesses, financial position, results of operations, or future prospects. In particular, if any of the material licenses or permits granted to the Combined Bank (or its Subsidiaries) are withdrawn or revoked, this would have an adverse effect on the Combined Bank's businesses, financial position, results of operations, or future prospects.

1.3.7 Risks relating to Saudization and labour laws and regulations

The Ministry of Human Resources and Social Development, and SAMA require the Combined Bank to recruit a specific percentage of Saudi nationals and to 'saudize' certain positions. The Combined Bank may face, from time to time, difficulties in relation to recruitment and retention of qualified Saudi nationals. If the Combined Bank fails to recruit a sufficient number of Saudi nationals, or if the Saudization rate decreases due to the transfer of Samba Group's employees to the Combined Bank upon Completion, the Combined Bank may be penalized by the Ministry of Human Resources and Social



Development or SAMA for failure to comply with such requirements, which will have an adverse effect on the Combined Bank's businesses, financial position, results of operations and future prospects.

If the Combined Bank fails to comply with the Saudization rates (noting that the current Saudization rate of NCB is 98%, achieving the platinum classification in the Nitaqat program as approved by MHRSD, and in contrast, the current Saudization rate of Samba Financial Group is 95.75% achieving the platinum classification in the Nitaqat program as approved by MHRSD), a restriction will be imposed on its recruitment of non-Saudi employees, which may impact the Combined Bank's ability to engage in business as usual.

There can also be no assurance that such changes will not have a significant effect on the Combined Bank's customers, or a particular industry segment thereof (such as contracting companies, which rely on a significant number of expatriate workforce to sustain their operations). If the changes in the Labor Laws adversely affect one or more of the Combined Bank's major borrowers, this will in turn affect such borrowers' ability to meet their respective payment obligations to the Combined Bank under those borrowings which will have an adverse effect on the Combined Bank's business, financial position, results of operations, and future prospects.

1.3.8 Risks relating to sanctions, anti-money laundering and anti-terrorism regulations

The Combined Bank must comply with the anti-money laundering and anti-terrorism laws and other related regulations. These laws and regulations require the Combined Bank, inter alia, to adopt and implement certain know-your-customer ("KYC") policies and procedures and to report suspicious transactions to the relevant authorities. The Combined Bank cannot guarantee that its systems and policies to detect and prevent the use of its banking network for money laundering activities by terrorists and terrorism-related organizations will be adequate to ensure that the Combined Bank is always in absolute compliance with all such laws and regulations in every relevant jurisdiction, especially after transferring Samba Group's assets and liabilities, and employees to the Combined Bank after the Effective Date. Future litigation in connection with breaches of such laws or regulations may result in the imposition of fines and other sanctions. Similarly, breaches or even allegations thereof will negatively impact the Combined Bank's reputation. Any of these factors will have a material adverse effect on the Combined Bank's business, financial position, results of operations and future prospects.

In addition, the Combined Bank's operations may be restricted due to limitations, bans on transactions or other sanctions imposed by the United Nations, the United States, the European Union and other states and international organisations. The Combined Bank may be subject to liability burdens under such sanctions and limitations.

Samba Group has a foreign shareholder (whose shareholding resulted from a previous merger) that owns 1.22% of Samba Group as of 30 September 2020G. This shareholder is subject to international sanctions, which means that following the Effective Date, a shareholder in the Combined Bank (with their shareholding being less than 0.5% of Combined Bank's shares) shall be subject to international sanctions.

The Combined Bank cannot give any assurance that its compliance, audit and reporting systems, and procedures that it maintains in order to comply with SAMA regulations and legal requirements (which are subject to extensive oversight by applicable regulatory authorities) will at all times be fully effective. Compliance with these laws depends on the Combined Bank's ability to attract and retain qualified personnel to manage and monitor such systems and procedures and the Combined Bank cannot give any assurance that it will attract and retain such qualified personnel for that purpose. In case of actual or alleged non-compliance with regulations, the Combined Bank may be subject to investigations and judicial or administrative proceedings that may result in penalties or civil lawsuits, including, but not limited to, claims by customers for damages and/or even the loss of the Combined Bank's general banking license. Any of these factors will have an adverse effect on the Combined Bank's business, financial position, results of operations and future prospects.



1.3.9 Foreign exchange movements may adversely affect the Combined Bank's profitability

The Combined Bank will maintain its accounts, and report its results, in SAR. The SAR is pegged at a fixed exchange rate to the US dollar, however, there can be no assurance that the SAR will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that adversely affects the Combined Bank's results of operations and financial condition. The Combined Bank will have among its portfolio US dollar- denominated assets and liabilities and any alteration to, or abolition of, this foreign exchange peg, particularly if the SAR weakens against the US dollar, will expose the Combined Bank to US dollar foreign exchange movements against the SAR and may result in capital outflow from KSA which could have a material adverse effect on the Combined Bank's businesses, results of operations, financial condition and prospects, and thereby affect the Combined Bank's ability to perform its obligations.

1.4 RISKS RELATING TO THE COVID-19 PANDEMIC

The COVID-19 pandemic may have material adverse impacts on the Combined Bank's business, financial position, results of operations, and prospects.

COVID-19 was first reported in December 2019G and has subsequently spread throughout the world to countries and jurisdictions in which both NCB and Samba Group operate. On 30 January 2020G, the World Health Organisation ("WHO") declared COVID-19 a public health emergency of international concern and on 11 March 2020G, the WHO declared the outbreak a pandemic. The COVID-19 pandemic has had and continues to have adverse repercussions across regional and global economies and financial markets which adversely affect the jurisdictions in which both NCB and Samba Group operate. Governments, businesses, and the public are taking unprecedented actions to contain the spread of COVID-19 and to mitigate its effects, including quarantines, travel bans, shelter-in-place orders, closures of businesses and schools, fiscal stimulus, and other regulatory changes. A number of governments and organizations have revised Gross Domestic Product ("GDP") growth forecasts for 2020G downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the COVID-19 outbreak could result in a prolonged global economic crisis or recession. While the scope, duration and full effects of COVID-19 are rapidly evolving and not fully known, the pandemic and related efforts to contain it have disrupted global economic activity, adversely affected the functioning of financial markets, impacted interest rates, increased economic and market uncertainty, and disrupted trade and supply chains. If these effects continue for a prolonged period or result in sustained economic stress or recession, many of the risk factors identified in this Offer Document could be exacerbated and such effects could have a material adverse impact on the Combined Bank in a number of ways related to liquidity, operations, customer demand, interest rate risk, and human capital, as described in more detail below.

1.4.1 Economic and financial risks

The Combined Bank's operations, financial condition and results may be affected by a variety of external factors that may affect the marketability or the market price of the Combined Bank's shares, including disruptions in the capital markets, changes in interest rates that may increase the Combined Bank's funding costs due to economic conditions and the various response of governmental and nongovernmental authorities. During the year 2020G, the COVID-19 pandemic has significantly increased economic and demand uncertainty and has led to disruption and volatility in the global capital markets, which increases the cost of capital and adversely impacts access to capital. A prolonged period of volatile and unstable market conditions may increase the Combined Bank's funding costs and negatively affect market risk mitigation strategies. Furthermore, the volatility in global capital markets since March 2020 has also resulted in increased volatile currency exchange rate risks, which may also negatively affect the Combined Bank's business.

Additionally, whilst SAMA has provided support to local banks (including NCB and Samba Group) in light of the COVID-19 pandemic which the Combined Bank may continue to benefit from, the removal of such support may adversely affect the Combined Bank.



1.4.2 Strategic risk

As a result of the business shutdown and facilities closures, the global economy has significantly slowed down, resulting in reduced customer demand across the markets where the banks operate in or is contemplating to operate in. In particular, reduced demand may impact the development and success of the Combined Bank's business. The reduced customer demand may not swiftly increase to pre-COVID-19 level or at all, due to the potential prolonged global economic crisis or recession. An economic downturn may alter the priorities of governments to subsidize and/or incentivize participation in the Combined Bank's markets in which it operates, which could have an adverse impact on the Combined Bank's financial condition, results of operations, and cash flows.

1.4.3 Operational risk

Current and possible future restrictions imposed on the ability of each of NCB's and Samba Group's employees to access the banks' facilities due to the COVID-19 pandemic could limit the employees' ability to meet customers' expectations, which as a result may have a material adverse effect on each of NCB and Samba Group's operations that could in turn have a material adverse effect on the Combined Bank's operations. Further, in response to the COVID-19 pandemic, both NCB and Samba Group have temporarily modified their business practices whereby both banks have arranged that all employees in non-essential jobs would be required to work remotely on a rotational basis in order to ensure that the operations of each bank is uninterrupted. The continuation of these 'work-from-home' measures could result in additional operational risk including increased cybersecurity risk such as phishing, malware, cybersecurity attacks, vulnerability to disruptions of the banks' information technology infrastructure and telecommunications systems which could have a material adverse effect on each of NCB and Samba Group that could in turn have a similar effect on the Combined Bank.

Furthermore, given that there have been no comparable recent global pandemics that resulted in a similar global impact, there is still significant uncertainty relating to the severity of the near- and long-term adverse impact of the COVID-19 pandemic on the global economy, global financial markets, the Saudi Arabian economy and the economies of the jurisdictions in which the Combined Bank operates. As a result, the Combined Bank may not be able to accurately predict the near-term or long-term impact of the COVID-19 pandemic on the Combined Bank's business, financial condition and results of operations. It is possible that the current COVID-19 pandemic will cause a prolonged global economic crisis or recession, which could have a negative impact on the Saudi Arabian economy in general and the banks industry and business in particular. The extent to which the COVID-19 outbreak impacts the Combined Bank's business, results of operations and financial condition will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in Saudi Arabia and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals, which are highly uncertain and cannot be predicted. The uncertain future development of this crisis could materially and adversely affect the Combined Bank's business, operations, operating results, financial condition, liquidity or capital levels.



2. OVERVIEW OF THE MERGER

On 04/11/1441H (corresponding to 25/6/2020G), NCB and Samba Group announced the signing of a framework agreement concerning the Merger between the Banks (the “**Framework Agreement**”) in order to begin a reciprocal due diligence process and to negotiate definitive and binding terms in relation to the Merger. The Framework Agreement included the non-binding agreement between the Banks that the proposed transaction, should it proceed, will be completed by way of a merger with NCB being the merging bank and Samba Group being the merged bank. The Framework Agreement also determined a non-binding Exchange Ratio range, whereby Samba Group shareholders would receive between (0.736) and (0.787) newly issued shares in NCB for every share they hold in Samba Group. Based on the non-binding Exchange Ratio range, the total consideration payable by NCB to Samba Group shareholders ranged between 1,441,000,000 and 1,540,000,000 shares in NCB. Pursuant to the Framework Agreement, NCB and Samba Group agreed to negotiate definitive agreements for the Merger, which included the commercial terms related to the Merger and a number of other provisions that are customary in such agreements.

On 24/02/1442H (corresponding to 11/10/2020G), NCB announced that it had entered into the Merger Agreement, which also included the announcement of its firm intention to proceed with the Merger and to make an offer to Samba Group shareholders for this purpose. The Merger Agreement included all the terms and steps necessary to implement and complete the Merger between the Banks in accordance with Articles 191-193 of the Companies Law and Article 49(a)(1) of the MARs. For further details about the Merger Agreement, see Section (2.3.1) (“*Merger Agreement*”) of this Offer Document.

The Merger will be effected by way of a statutory merger pursuant to Articles 191-193 of the Companies Law and Article 49(a)(1) of the MARs whereby the assets and liabilities of Samba Group will be transferred to NCB. Upon the Effective Date, NCB will continue to exist, and Samba Group will cease to exist as a legal entity pursuant to the law and its shares will be cancelled from the Saudi stock exchange and the Consideration Shares will be issued to Samba Group shareholders that appear on the share register of Samba Group upon closing of the second trading period following the Effective Date.

Pursuant to the Merger Agreement, the two Banks have agreed the final Exchange Ratio to be 0.739 shares in NCB for every share that Samba Group shareholders hold in Samba Group. This implies a total number of 1,478,000,000 Consideration Shares to be issued with a nominal value of SAR 10 per share, all of which are fully paid. The total nominal value of the Consideration Shares is SAR 14,780,000,000. The Consideration Shares will be issued by way of a capital increase, which will increase NCB’s fully paid-up capital by 49.3% from SAR 30,000,000,000 to SAR 44,780,000,000 whereby the number of issued shares will increase from 3,000,000,000 to 4,478,000,000 fully paid-up shares. Upon the Effective Date, NCB’s existing shareholders would own 67.4% of the Combined Bank share capital (excluding treasury shares for both Banks) and Samba Group’s existing shareholders would own 32.6% of the Combined Bank share capital (excluding treasury shares for both Banks).

The total value of the Merger is determined on the basis of the value of the Consideration Shares. The total nominal value of the Consideration Shares is SAR 14,780,000,000. The total market value of the Consideration Shares as determined on the basis of the Exchange Ratio and the closing price of SAR 38.50 per NCB share on 21/02/1442H (corresponding to 08/10/2020G) (which is the last trading day prior to the Merger Agreement date) is SAR 56,903,000,000. The total value of the Consideration Shares (as will be recorded on the financial accounts of NCB) will be determined at a later stage on the basis of the closing price of NCB share on the last trading day prior to the Execution Date. It should be noted that determining the total value of the Consideration Shares may affect the determination of the goodwill value. For further information relating to goodwill impairment following the Merger, see Section (1.1.18) “*Risks relating to goodwill impairment following the Merger*” of this Offer Document.

In the event that the Exchange Ratio calculation produces a fractional share, the resulting figure will be rounded down to the nearest share. For example, if a Samba Group shareholder holds 100 Samba Group shares, he/she will receive 73 Consideration Shares on the Effective Date (and not 74 Consideration Shares). NCB shall aggregate all fractional entitlements and sell, based on the shares’ market price at the



time, the corresponding NCB shares on behalf of all Samba Group shareholders who would otherwise have been entitled to receive a fractional NCB share in the market for cash, and subsequently distribute the net cash proceeds to such Samba Group shareholders proportionate to their respective fractional entitlements within a period not exceeding thirty (30) days from the Effective Date. Any expenses in relation to the sale of fractional shares, will be paid from the proceeds of such sale.

Pursuant to the Merger Agreement, the two Banks agreed to appoint a specialized consulting firm to provide its advice in relation to the name, logo and identity of the Combined Bank. Accordingly, the committee responsible for preparing the integration plan resolved that the proposed name (Saudi National Bank) shall be the new name of the Combined Bank upon the Effective Date of the Merger.

It should be noted that NCB's arrangements towards Samba Group's employees involve the Combined Bank setting new standards in training and talent development and offer unique career opportunities in a much larger organisation. No involuntary staff redundancies are expected as a result of the Merger.

The following table shows details of ownership in NCB of each of the public and the Substantial Shareholders of NCB and Samba Group prior to and following the Completion as of 15/06/1442H (corresponding to 28/01/2021G):

Shareholder	Pre- Completion		Post- Completion	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %
PIF	1,328,839,999	44,29%	1,667,501,160	37,2%
GOSI	155,400,000	5,18%	260,311,263	5,8%
PPA	160,826,298	5,36%	331,430,753	7,4%
NCB directors*	766,878	0,03%	766,878	0,02%
NCB senior executives**	904,314	0,03%	904,314	0,02%
Treasury Shares	7,030,787	0,2%	43,424,213***	1,0%
The Public	1,346,231,724	44,9%	2,173,661,419	48,5%
Total	3,000,000,000	100 %	4,478,000,000	100%

*pursuant to the shares owned by NCB directors in NCB only, which include the shares they own directly and the shares in which they have an indirect interest.

** pursuant to the shares owned directly by NCB senior executives in NCB only.

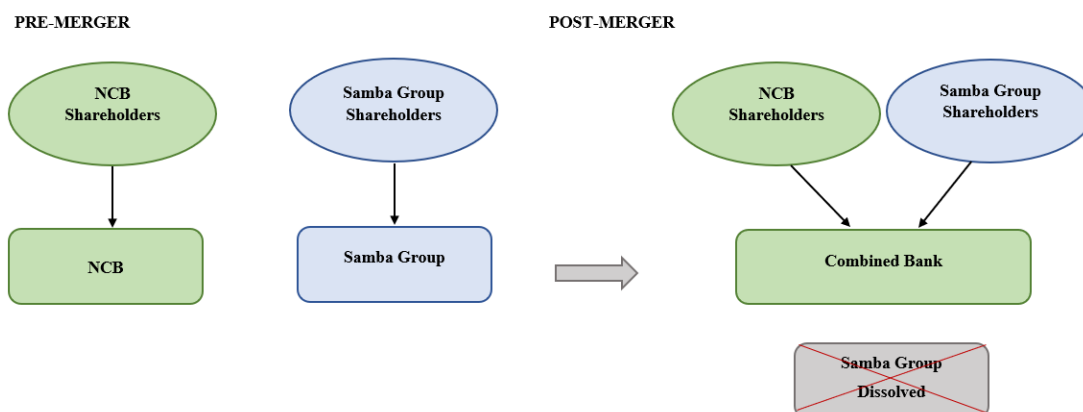
*** represents the Combined Bank treasury shares which shall consist of the following: 1) NCB treasury shares on the Effective Date; 2) the Consideration Shares that will be issued against Samba Group treasury shares; and 3) NCB shares owned by Samba Group on the Effective Date.

It should be noted that on the Effective Date the treasury shares of the Combined Bank will consist of the following: (1) treasury shares owned by NCB on the Effective Date (a total of 7,030,787 shares), (2) the Consideration Shares that will be issued against Samba Group treasury shares on the Effective Date (a total of 30,952,053 shares), (3) NCB shares owned by Samba Group on the Effective Date (a total of 5,441,373 shares). Accordingly, the Merger will result in an increase in the number of treasury shares of the Combined Bank (compared to the treasury shares of NCB prior to the Effective Date). This increase will come as a result of the shares referred to in items (2) and (3) above (the "New Treasury Shares").

The objectives for the New Treasury Shares will be determined later by the Combined Bank's board of directors, who in turn will obtain any required approvals in this regard.



The below diagram is a simplified description of the Merger structure:



2.1. VALUATION OF SAMBA GROUP

The Exchange Ratio (which determines the number of shares that will be issued to Samba Group shareholders in the Combined Bank as a result of the Merger) was agreed between NCB and Samba Group following detailed commercial negotiations between the two Banks. The following table summarises the results of the agreed valuation:

Agreed Exchange Ratio	0.739 Consideration Shares in NCB for each Samba Group share.
Total Number of the Consideration Shares	1,478,000,000 Consideration Shares, fully paid-up
Total Nominal Value of the Consideration Shares	SAR 14,478,000,000, with a nominal value of SAR 10 per share
Total Market Value of the Consideration Shares	SAR 56,903,000,000 based on the closing price of NCB share on the Saudi Stock Exchange on 08/10/2020G being SAR 38.50 (which is the last trading day prior to announcing the execution of the Merger Agreement), implying per share value of SAR 28.45, representing: <ul style="list-style-type: none"> a premium of 3.5% compared to the closing share price of Samba Group of SAR 27.50 as of 08/10/2020G (which is the last trading day prior to the execution of the Merger Agreement). a premium of 23.7% compared to the closing share price of Samba Group of SAR 23.00 as of 24/6/2020G (which is the last trading day prior to the execution of the Framework Agreement).



The total value of the Consideration Shares (as will be recorded on the financial accounts of NCB) will be determined at a later stage on the basis of the closing price of NCB shares on the last trading day prior to the Effective Date. It should be noted that determining the total value of the Consideration Shares may affect the determination of the goodwill value. For further information relating to goodwill impairment following the Merger, see Section (1.1.18) "*Risks relating to goodwill impairment following the Merger*" of this Offer Document.

2.2. RATIONALE OF THE MERGER¹

The Merger will create the Kingdom's largest bank and a leading bank in the Middle East region by market value². The Merger will enable the Combined Bank to finance economic development and support Saudi Arabia's trade and capital flows with the region and the rest of the world. The Merger will also enable the Combined Bank to take advantage of the high integration between the two Banks to enhance its competitive position, improve and develop its service centres, and provide the best modern technology to its customers through digital transformation. The Merger will contribute to deliver progress towards Vision 2030, achieving cost synergies and enhancing the international presence of the Merging Bank, in addition to contributing to preparing future leaders in the banking sector. The main rationale of the Merger are as follows:

2.2.1. Strengthened competitive position

The Combined Bank will become the largest bank in the Kingdom³ and a leading bank in the Middle East region with SAR 171 billion (U.S.\$ 46 billion)⁴ in market capitalisation. At a local level, the Combined Bank will become the Kingdom's largest bank⁵ serving approximately 25% of the retail and wholesale banking market⁶.

The Combined Bank would have SAR 837 billion (\$223 billion)⁷ in assets (this represents a market share of 32%)^{8 9}, SAR 468 billion (U.S.\$ 125 billion)¹⁰ in performing loans (this represents a market share of 29%)^{11 12}, around SAR 568 billion (U.S.\$ 151 billion)¹³ in customer deposits (this represents a market share of 30%)^{14 15}, a half year operating income of around SAR 15 billion (U.S.\$ 4 billion)¹⁶ (this represents a market share of 30%)^{17 18} and net income of around SAR 7 billion (U.S.\$ 2 billion)¹⁹ (this

¹ Some of the information mentioned in this section was included based on aggregated financials as shown in the indicated dates, however such information will be updated at a later stage to reflect the pro forma financials.

² Based on aggregated financials as at 30 June 2020 and data available on relevant banks' websites

³ Based on aggregated financials as at 30 June 2020 and data available on relevant banks' websites.

⁴ Based on market capitalisation as of 8 October 2020.

⁵ Based on aggregated financials as at 30 June 2020 and data available on relevant banks' websites.

⁶ Based on aggregated financials as at 30 June 2020 and data available on relevant banks' websites.

⁷ Based on market capitalisation as of 8 October 2020.

⁸ Based on aggregated financials as at 30 June 2020 and data available on relevant banks' websites.

⁹ Total market share calculations assume total market is formed of top 11 banks. If one of these banks has a negative value for any of the metrics, it is excluded from the market share calculations of that specific metric.

¹⁰ Based on market capitalisation as of 8 October 2020.

¹¹ Based on aggregated financials as at 30 June 2020 and data available on relevant banks' websites.

¹² Total market share calculations assume total market is formed of top 11 banks. If one of these banks has a negative value for any of the metrics, it is excluded from the market share calculations of that specific metric

¹³ Based on market capitalisation as of 8 October 2020.

¹⁴ Based on aggregated financials as at 30 June 2020 and data available on relevant banks' websites.

¹⁵ Total market share calculations assume total market is formed of top 11 banks. If one of these banks has a negative value for any of the metrics, it is excluded from the market share calculations of that specific metric

¹⁶ Based on market capitalisation as of 8 October 2020

¹⁷ Based on aggregated financials as at 30 June 2020 and data available on relevant banks' websites.

¹⁸ Total market share calculations assume total market is formed of top 11 banks. If one of these banks has a negative value for any of the metrics, it is excluded from the market share calculations of that specific metric

¹⁹ Based on market capitalisation as of 8 October 2020.



represents a market share of 38%)^{20 21} and a combined equity base of SAR 120 billion (U.S.\$ 32 billion)²². The Combined Bank will also become the number one bank in the Middle East by net income²³.

The Combined Bank will have a universal and balanced banking platform across all business lines. Operating income²⁴ for the Combined Bank is broken down into the following segments: 41% retail banking, 25% corporate banking, 23% treasury, 6% international and 5% capital markets.

2.2.2. Highly complementary banks

The Combined Bank will leverage NCB and Samba Group's leading retail banking franchises, serving 26%²⁵ of the market in retail loans and 29%²⁶ of the market in retail liabilities. Building on these capabilities, the Combined Bank aspires to deliver best-in-class digital solutions, drive home ownership through growth in residential finance, foster SME development and lending and promote financial literacy and a culture of saving.

On the corporate banking side, the Combined Bank will leverage NCB's position as the largest institutional lender²⁷ and specialized financier²⁸ in the Kingdom, in conjunction with Samba Group's leading customer network to extend 27%²⁹ of corporate performing loans in the Saudi market. The ambition of the Combined Bank is to become the foremost trusted partner for top-tier Saudi corporates and institutions to support the Kingdom's landmark deals and mega projects, whilst facilitating trade and capital flows between the Kingdom and regional and global markets.

Building on the complementary portfolios of the two banks, the Combined Bank will become a leader in treasury and capital markets, managing SAR 316 billion (U.S.\$ 84 billion)³⁰ in treasury assets (equivalent to 36% in market share), allowing for strong cross-selling capabilities.

The Combined Bank will own both NCB Capital and Samba Capital and Investment Management Company, who, together would form the biggest asset manager, brokerage and investment bank in Saudi Arabia. NCB has announced on the Saudi Stock Exchange website (Tadawul) on 9/5/1442H (corresponding to 24/12/2020G) that the committee responsible for preparing the integration plan has approved the merger of Samba Capital and Investment Management Company (Samba Capital) and NCB Capital Company once the Merger of Samba Group and NCB is completed, provided that the structure of the merger of NCB Capital Company and Samba Capital, the timing and all other details thereof, will be determined at a later stage. It should be noted that the committee's decision will not necessarily result in the merger of NCB Capital Company and Samba Capital, as it shall remain subject to the Completion of the Merger and obtaining the relevant regulatory approvals, in addition to other steps and procedures.

The integration of those two companies, to achieve the best synergies, will be studied as part of the integration plan for both banks and will be finally decided as part of the integration by the Combined Bank's board after completing the Merger.

2.2.3. Enhanced multi-channel distribution

The Combined Bank would be able to offer its customers end-to-end digital products and services and deliver convenient solutions through the development of new digital propositions. The Combined Bank

²⁰ Based on aggregated financials as at 30 June 2020 and data available on relevant banks' websites.

²¹ Total market share calculations assume total market is formed of top 11 banks. If one of these banks has a negative value for any of the metrics, it is excluded from the market share calculations of that specific metric

²² Based on aggregated financials as at 30 June 2020 and data available on relevant banks' websites.

²³ Based on aggregated financials as at 30 June 2020 and data available on relevant banks' websites.

²⁴ Based on aggregated financials as at 30 June 2020.

²⁵ Based on retail performing loans balances as at 30 June 2020.

²⁶ Based on aggregated financials as at 30 June 2020.

²⁷ Based on aggregated financials as at 30 June 2020 and data available on relevant banks' websites.

²⁸ Based on aggregated financials as at 30 June 2020 and data available on relevant banks' websites.

²⁹ By corporate performing loans balances as at 30 June 2020, includes overdrafts wherever such delineation was provided in publicly available financial statements.

³⁰ Based on aggregated financials as at 30 June 2020.



will immediately provide unparalleled accessibility across the Kingdom, with 501 branches, 4,136 ATM machines and 126,831 point of sale devices (POS).³¹

2.2.4. Digitalisation

The Combined Bank is in a position of strength; both Banks have increasing digital penetration in the banking sector and digital financial transactions. In addition, in 2019, NCB was awarded best mobile banking application in the Kingdom and Samba Group was awarded best online cash management and treasury platform.

The Combined Bank plans to double down on digital and analytics and continue to enhance its artificial intelligence tools. It will aim at digitalising all products and services end-to-end and introduce cutting-edge technologies to its customers. It plans to grow the market through new ventures and partnerships and will heavily invest in data and analytics to create unparalleled and personalized customer experiences.

2.2.5. Enhanced liquidity and solid capital position to pursue growth

The Combined Bank will aim to leverage the cross-selling capabilities of both Banks through an improved operating model and the optimization of both banks' investment portfolios, benefitting from a robust and diversified funding structure, as well as an enhanced liquidity profile with an 82%³² loan to deposit ratio (LDR). This is complemented with a solid and robust capital position. This strong foundation will allow the Combined Bank to pursue growth opportunities in local and global markets.

2.2.6. Catalysing delivery of Vision 2030

The Combined Bank will play a vital role in unlocking opportunities presented by Vision 2030's transformational agenda. The scale of the Combined Bank and its strong funding and capital base will allow it to tap into key growth areas and invest in rapidly developing sectors and projects in the Kingdom, accelerate growth in the SME sector, promote growth in housing stock and residential financing, and facilitate the development of Saudi Arabia's capital market as well as the continued digitalization of the economy.

2.2.7. Synergies and shareholder value

The Merger is expected to unlock approximately SAR 800 million (U.S.\$ 213 million) annually fully phased in cost synergies after integration is complete, representing 9%³³ of the combined cost base, with significant value creation potential, driven by increased scale, sharing of best practices and annual efficiency gains. 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 Group shareholders, based on the annualised H1 2020 results for NCB and Samba Group (including fully phased in synergies and excluding one-time cash integration costs).

2.2.8. Growing international presence

The Combined Bank will have an expanded international network enabling the Combined Bank to facilitate international trade and capital flows. The Combined Bank will be better placed to pursue further strategic expansion opportunities to better connect with global markets.

2.2.9. Grooming future leaders of the industry

The Combined Bank will merge its talent pools and become a talent hub for the financial sector. Talent development will be a priority for the Combined Bank, as it aspires to groom future leaders of the industry through world-class training and development programs and offer rewarding career opportunities.

³¹ Based on aggregated numbers as included in SAMA's August 2020 Bulletin.

³² Based on aggregated financials as at 30 June 2020.

³³ Based on the total operating expenses before deducting the provision for impairment in the combined value of both banks for the year 2019.



2.3. MERGER RELATED AGREEMENTS

2.3.1 Merger Agreement

On 24/02/1442H (corresponding to 11 October 2020G), NCB and Samba Group entered into the Merger Agreement. This Merger Agreement sets out the terms and conditions of the Merger (and NCB's and Samba Group's obligations in relation to the implementation of the Merger. The Merger Agreement contains limited warranties given by NCB and Samba Group on a reciprocal basis as well as restrictions on the conduct of business.

The Merger Agreement is subject to the approvals of NCB Shareholders and Samba Group shareholders. According to Article 191(4) of the Companies Law, a shareholder that holds shares in both NCB and Samba Group can only vote on the Merger Resolutions in the EGM of one of the Banks. For further details about voting and the banks EGM, see Section (2.4) ("*Procedures Required to Effect the Merger*") of this Offer Document.

2.3.1.1 Terms and Conditions of the Merger Agreement

There are a number of conditions in the Merger Agreement which are required to be satisfied for the purpose of effecting the Merger. The two Banks have committed to satisfy such conditions as soon as possible and coordinate with each other in order to satisfy these conditions. The two Banks have also agreed that it is not permissible to amend or waive any of these conditions without the written consent of both Banks. These conditions are summarized as follows:

- 1) the obtaining of all required approvals from SAMA with respect to the Merger;
- 2) the obtaining of all required approvals from the CMA with respect to the Merger;
- 3) obtaining the approval of Tadawul in relation to the listing of the Consideration Shares on Tadawul including any other approvals required from Tadawul with respect to the Merger;
- 4) obtaining GAC's non-objection with respect to the Merger or the expiry of the time period for reviewing the economic concentration application by GAC as specified in the Competition Law;
- 5) obtaining the approval of the MOC, SAMA or CMA (as applicable) in respect of the proposed amendments to NCB bylaws as set out in Annex 1 of this Offer Document;
- 6) obtaining all required consents and/or waivers from all relevant parties in connection with Samba Group's Euro Medium Term Notes Programme, or such notes being repaid or redeemed in full;
- 7) approving the Merger Resolutions by the requisite majority of NCB shares represented at the NCB EGM;
- 8) approving the Merger Resolutions by the requisite majority of Samba Group shares represented at the Samba Group EGM;
- 9) no breach of the warranties provided by either bank pursuant to the Merger Agreement, unless such breach is capable of remedy, where the breach has been remedied to the reasonable satisfaction of the non-breaching party, such warranties are as follows:
 - a) each bank has the authority to enter into the Merger Agreement and execute all obligations arising thereof;
 - b) all obligations arising out of the Merger Agreements are binding on both Banks;
 - c) the execution of the Merger Agreement and all arising obligations thereof will not result in:
 - a material breach on the bylaws of either Banks; or



- a material breach to any material agreement or giving a right to a third party to terminate any material agreement to which any of the Banks is a party thereof (pursuant to the definition stipulated in the Merger Agreement), which would have a Material Adverse Event on the Merger or the Exchange Ratio, unless such agreement has been disclosed to the other Bank.
- 10) the creditor objection period having expired without any objections from the creditors, or in the event that any objection is submitted during this period, all Samba Group creditor objections (if any) having been withdrawn or addressed in accordance with the Companies Law;
 - 11) no governmental body in the Kingdom (including any governmental authority or semi-governmental entity, legislative or regulatory agency, including the CMA, SAMA and GAC) having issued any resolution, law, instructions, order, ruling, or decree prohibiting the completion of the Merger in accordance with the terms of the Merger Agreement; and
 - 12) The non-occurrence of a Material Adverse Event.

2.3.1.2 Restrictions on Conduct of Business

The Merger Agreement included an obligation on the two Banks to refrain from taking particular actions in breach of specific restrictions stipulated in the Merger Agreement in relation to the method of conducting their business during the period between the date of entering into the Merger Agreement until the Effective Date or the date on which the Merger Agreement is terminated in accordance with its terms (whichever occurs earlier) without obtaining the consent of the other party, provided that the other party cannot withhold its consent without a reasonable cause.

In the event that one of the two Banks violates any of these restrictions and this violation results in the occurrence of a Material Adverse Event, the other party will then have the right to terminate the Merger Agreement pursuant to a notice to be submitted to the violating party. For further details about the provisions for terminating the Merger Agreement, see Section (2.3.1.5) “*Termination of the Merger Agreement*” of this Offer Document.

The restrictions related to the conduct of business stipulated in the Merger Agreement require that none of the two Banks and members of their group act, or agree to act, in a way that would violate any of these restrictions, unless legally required. We set out below a summary of the conduct of business requirements:

- a) limiting the business that the two Banks and members of their group carry out to their ordinary course of business that is substantially consistent with their previous practices, provided that the relevant regulations are not violated in all cases;
- b) refrain from making any material amendments or alterations to the general nature or scope of the business of the Bank or any of its group members, or conducting any new material activities;
- c) in relation to NCB, refrain from acquiring, or disposing of, any loan or loans with a value exceeding SAR 5,000,000,000 (or its equivalent in another currency);
- d) in relation to Samba Group, refrain from acquiring, or disposing of, any loan or loans with a value exceeding SAR 2,500,000,000 (or its equivalent in another currency);
- e) in relation to NCB, and with the exception of what falls within the ordinary course of business, refrain from acquiring, or disposing of, any material assets or entering into or amending an agreement or incurring any obligation in relation to such assets if that action will result in incurring compensation, expenses or obligations exceeding an amount of SAR 300,000,000 (or



equivalent in another currency) in relation to a single asset, or a total amount of SAR 600,000,000 (or its equivalent in another currency) in relation to a group of assets;

- f) in relation to Samba Group, and with the exception of what falls within the ordinary course of business, refrain from acquiring, or disposing of, any material assets or entering into or amending an agreement or incurring any obligation in relation to such assets if that action will result in incurring compensation, expenses or obligations exceeding an amount of SAR 150,000,000 (or equivalent in another currency) in relation to a single asset, or a total amount of SAR 300,000,000 (or its equivalent in another currency) in relation to a group of assets. In all cases, Samba Group shall refrain from incurring any amount exceeding SAR 25,000,000 in connection with any investment in the information technology of the Samba Group without the prior approval of NCB, unless required under the relevant regulations;
- g) in relation to the two Banks (without members of their group), not to declare, make, set aside or pay any dividend or other distributions (whether in cash or in the form of share grants or any other form) for any period, unless this is consistent with (or less than) the change in the net profit of the relevant bank compared to the last similar period in which dividends were distributed based on its interim financial statements or audited financial statements (as the case may be);
- h) not to amend the share capital;
- i) not to increase or decrease the number of treasury shares or dealing in such shares;
- j) not to amend the bylaws (other than as agreed pursuant to the Merger Agreement or as necessary or desirable to comply with applicable law);
- k) not to employ new employees (except for the purpose of filling a pre-existing vacancy, and this does not include the CEO position or any position that is directly referenced to the CEO, for which a replacement may not be employed); and
- l) not to employ any person whose services have been sought through external advisory firms or labour service providers.

2.3.1.3 Exceptions of Conduct of Business Requirements

The two Banks have agreed to determine a number of exceptions to the restrictions on conduct of business that allow each of the two Banks to carry out specific business and actions without being considered in breach of the restrictions on conduct of business referred to above, which are as follows:

- a) All dealings in respect of the operation of any employee share, including the buy-back of treasury shares for the purposes of any such scheme, the vesting (i.e. transfer) of any of the Banks shares to employees under any such scheme, the award or allocation of any of the Banks shares under any such scheme, and all payments of dividends in respect of any such shares (as permitted by the Merger Agreement), in each case in accordance with applicable laws and the provisions of any such scheme that is in force as at the Merger Agreement date;
- b) With respect to NCB, all dealings and expenditure in respect of the establishment, and operation, of NCB's branch in London, United Kingdom, including (without limitation) (a) entering into the applicable leases; and (b) procuring the construction, development, fit-out and furnishings;
- c) With respect to NCB, all dealing in respect of the merger of, or similar or alternative transaction concerning, AlAhli Takaful Company; and
- d) With respect to Samba Group, all dealings and expenditure in respect of the establishment, and operation, of the offices and/or branches in Abu Dhabi, the Dubai International Financial Centre



(DIFC) and King Abdullah Financial District (KAJD) including (without limitation): (a) entering into the applicable leases; and (b) procuring the construction, development, fit-out and furnishings.

2.3.1.4 Corporate Governance of the Combined Bank

Subject to procurement of relevant regulatory and shareholder approvals, both Banks have agreed pursuant to the Merger Agreement to take the necessary steps for implementing the following changes in respect of the Combined Bank board composition:

- to increase the Combined Bank board size from nine (9) to eleven (11) members as of the Effective Date; and
- to appoint two (2) individuals (whom shall be nominated by Samba Group's current board within 30 thirty (30) days prior to the Effective Date) to fill in the two additional board seats following the Effective Date.

As a result of the above changes, it is expected that, following the Effective Date, the composition of the board of the Combined Bank will be as follows:

- the current Substantial Shareholders of NCB and Samba Group (i.e. PIF, GOSI and PPA) will continue to have a number of directors representing them that is equal to their representation on the board of NCB as of the Completion (at present the PIF has four representatives, PPA and GOSI each have one representative in NCB board);
- two (2) directors will be nominated by Samba Group's current board (excluding the representatives of the Substantial Shareholders); and
- the remaining directors (currently, three (3) directors) will be from the then current board of NCB on the Effective Date (excluding the representatives of the Substantial Shareholders).

The two Banks have agreed, within five (5) Business Days following the Effective Date, to take the necessary steps in implementing the following:

- appoint Ammar AlKhudairy (the current chairman of Samba Group) as chairman of the board of directors of the Combined Bank;
- appoint Saeed Al Ghamdi (the current chairman of NCB) as managing director and group chief executive officer of the Combined Bank.

These changes will only take effect upon the Effective Date. Until then, the current boards and executive management teams of both Banks will continue to lead their respective Banks independently.

2.3.1.5 Termination of the Merger Agreement

The Merger Agreement shall expire with immediate effect and thus all the rights and obligations of the two Banks under the Merger Agreement (with the exception of some rights and obligations that remain binding even after termination of the Merger Agreement, such as confidentiality and dispute resolution) will be terminated in any of the following cases:

1. NCB or Samba Group provides notice of termination of the Merger Agreement to the other party following breach by the other party of the Merger Agreement where such breach constitutes a Material Adverse Event including the following:
 - a. to breach the obligations under clause (5) of the Merger Agreement which relates to the preparation and submission of required documentation to the CMA to approve the Offer Document and NCB's capital increase application, as well as the provision of all required information to facilitate the other party in preparing such documents.
 - b. to breach any restrictions on the conduct of business set out in Section (2.3.1.2) of this Offer Document without the written approval of the other party.



- c. to breach any of the warranties which stipulate that all information provided to the other party in connection with the Merger including information that was provided during the course of the due diligence process and during the preparation of the Merger documents, including this Offer Document, was as at the date as to which it speaks true and accurate (in all material respects) and not misleading in a material respect; and the warranties which stipulate that neither party has knowingly withheld any information that is material in the context of the Merger save for information which it has redacted at the knowledge of the other party during the due diligence investigation phase.
2. NCB or Samba Group provides a termination notice to the other Bank in the event that any of the required foreign approvals (which both Banks have agreed as being necessary) specified in the Merger Agreement have been sought but not obtained (and the notifying party is reasonably confident that such approval shall not be obtained before the date of the NCB EGM and the Samba Group EGM); and the notifying party reasonably believes that the failure to obtain such approval is likely to have a material adverse effect on NCB following the Effective Date;
3. Failing to satisfy any of Merger Agreement conditions or waive any conditions thereof prior to or on the long stop date being 11/10/2021G (unless both Banks agree in writing on another date);
4. The Effective Date does not occur prior to or on the final long stop date being on 11/10/2021G (unless both Banks agree in writing on another date); or
5. NCB and Samba Group agree to terminate the Merger Agreement in writing.

2.3.2 Other Related Agreements

Other than the Merger Agreement, there are no substantial agreements concluded between the two Banks in relation to the Merger.

2.4. PROCEDURES REQUIRED TO EFFECT THE MERGER

Subject to satisfying all of the conditions set out in the Merger Agreement, there are certain procedures required to be completed for the purpose of effecting the Merger, which are as follows:

2.4.1. Government Approvals

A number of regulatory approvals must be obtained for the purposes of the Merger, which are as follows:

- (a) SAMA non-objection on the Merger, the Capital Increase and the proposed amendments to the bylaws of NCB (as stipulated in Annex 1 of this Offer Document).
- (b) GAC non-objection on the economic concentration with respect to the Merger.
- (c) CMA approval for the Capital Increase request and publication of this Offer Document.
- (d) Tadawul approval for the listing of the Consideration Shares on Tadawul.
- (e) MOC approval for the proposed amendments to NCB bylaws (as set out in Annex 1 of this Offer Document).
- (f) CMA approval to publish the invitation for the NCB EGM and Samba Group EGM noting that the EGM date will be announced on the Tadawul website.

All required regulatory approvals that are set out above have been obtained.



Whereas Samba Group has a subsidiary in the Islamic Republic of Pakistan, the two Banks have applied for the approval of the State Bank of Pakistan and the Competition Commission of the Islamic Republic of Pakistan in relation to the transfer of ownership of Samba Group in the aforesaid subsidiary to the Combined Bank as part of the Merger. The approval of the Competition Commission of the Islamic Republic of Pakistan in this regard has been obtained. The initial approval has also been obtained from the State Bank of Pakistan, and a final approval is expected to be obtained at a later stage.

In addition, other regulatory bodies in a number of jurisdictions will be notified in respect of the change of control or change of ownership as result of the Merger, noting that some of these bodies have the right to reject that change (for further information on the risks relating to the inability to obtain foreign regulatory approvals or failure to notify them (as applicable), see Section (1.3.4) “*Risks relating to the interpretations and application of laws and regulations*”).

2.4.2. EGM Approval

The Merger is also conditional upon obtaining separate approvals at EGMs by NCB shareholders and Samba Group shareholders, which are as follows:

- a) obtaining the requisite majority approval of NCB shares represented at the NCB EGM on the Merger Resolutions; and
- b) obtaining the requisite majority approval of Samba Group shares represented at the Samba Group EGM on the Merger Resolutions.

NCB and Samba Group will submit an application to the CMA to obtain its approval to convene the NCB EGM and Samba Group EGM shortly after the publication of this Offer Document. Following the CMA approval, NCB and Samba Group will publish the invitation for the respective EGMs, which shall be convened within a maximum period of twenty-eight (28) business days from the date of publishing this Offer Document (or any other date as agreed between the Banks and approved by the CMA).

All shareholders who appear in the shareholders register of NCB and Samba Group (as applicable) by the end of trading on the same day of the relevant EGM will be eligible to vote (whether in person or via proxy or through remote/electronic voting). Furthermore, pursuant to Article 191(4) of the Companies Law, a shareholder that holds shares in both NCB and Samba Group can only vote on the Merger Resolutions at the EGM of one of the Banks.

Whilst all shareholders have the right to vote on the resolutions proposed at the Samba Group EGM to approve the Merger (unless they are restricted due to a conflict of interest or any other restriction imposed by the relevant Saudi laws and regulations), shareholders residing outside of Saudi Arabia are hereby made aware that this Offer Document was not filed, notified or registered with any regulatory authority outside Saudi Arabia. Therefore, if a shareholder is based in a jurisdiction where voting on the Merger based on this Offer Document requires any steps to be taken by NCB to lawfully enable such shareholder to vote on the Merger then that shareholder should not vote on the resolutions to be proposed at the Samba Group EGM. If such shareholder has nevertheless voted on the Merger Resolutions, then NCB reserves the right, after agreeing with Samba Group, not to proceed with the Merger unless the relevant resolutions are approved by the requisite majorities without counting the vote of that shareholder.

For the avoidance of doubt, if the Merger is approved by the requisite number, which is at least three-fourths of the shares present, of Samba Group shares at the Samba Group EGM, the Samba Group Shareholders (including those who voted against or did not vote on the Merger Resolutions) will cease to own shares in Samba Group as it will dissolve and will instead receive the Consideration Shares in the Combined Bank in accordance with the terms of the Merger.

2.4.3. Creditors objection period

Following the EGM approval, NCB and Samba Group will publish the EGM resolutions. The publication shall stipulate the right of any creditors of Samba Group who are objecting to the Merger to notify Samba



Group by registered letter to Samba Group's main office, provided that such notification shall be given within thirty (30) days of the date of publication.

In accordance with the Companies Law, the Merger Resolutions take effect thirty (30) days after they are published provided that no credit objection has been made against the Merger by any of Samba Group creditors. If any objections are received within the aforesaid period the Merger shall be suspended until the relevant creditor withdraws its objection, Samba Group pays the relevant debt (if it is payable), or either Samba Group or NCB submits a sufficient guarantee or collateral to pay the debt (if it is not payable).

Pursuant to the Merger Agreement, the parties agreed that if an objection is made by a creditor against Samba Group during the Creditor Objection Period, the Merger will be suspended unless:

- the relevant creditor waives the objection to the Merger;
- either Samba Group pays any such creditor the amount due or agrees with such creditors to postpone the payment if such amount is payable prior to the end of the Creditor Objection Period or either Samba Group or NCB provides sufficient guarantee or collateral for the settlement of the amount due if such amount is payable after the end of the Creditor Objection Period, provided that such guarantee or collateral shall only become legally binding on NCB after the Effective Date; or
- a competent court in Saudi Arabia determines in a final judgment to reject an application of the creditor to suspend the Merger.

The two Banks also agreed to coordinate with each other and to take specific measures when dealing with any objection to ensure that they agree on the procedure to be taken with respect to each objection.

After the end of the Creditor Objection Period, Samba Group shall announce the results of such period on Tadawul as follows:

- confirmation that no creditor objections have been received by Samba Group during the Creditor Objection Period (or that such objections were received but were since waived by the creditor(s), satisfied, payment has been postponed, a guarantee has been provided, or, to the extent applicable, that the court has rejected the application of the creditor(s) to suspend the Merger; or
- setting out the details of the creditor objections received and not satisfied in full as may be agreed between Samba Group and NCB. In such event, NCB shall also, after completing the settlement of all the objections received, announce such event on the Tadawul website.

2.5. RELATED PARTIES AND CONFLICTED DIRECTORS

The Merger involves a Related Party transaction as the PIF, GOSI and PPA are Substantial Shareholders in and have representative directors on the boards of both Banks.

An exemption was obtained from the CMA from the requirements of Article 3(o) and Article 48 of MARS, in which the shareholders who own shares in NCB and Samba Group and have representation on the board of NCB and/or Samba Group, will be entitled to vote on the Merger Resolutions in the EGM of one of the Banks, subject to the voting restrictions applicable to their representatives in board and committee meetings. Therefore, Shareholders that are Related Parties, who are PIF, GOSI and PPA, will be permitted to vote in the EGM of one of the Banks.

A number of NCB's directors and Samba Group's directors have an interest in the Merger. Therefore, each of Mr. Saeed Mohammed Al Ghamdi, Mr. Rashid Ibrahim Sharif, Mr. David Jeffrey Meek and Mr. Marshall Charles Bailey (in their capacity as the board representatives of PIF in the NCB board), Mr. Anees Ahmed Moumina (in his capacity as the board representative of GOSI in the NCB board and due



to his direct and indirect ownership in Samba Group) and Mr. Saud Sulaiman Al Juhani (in his capacity as the board representative of PPA in the NCB board) have declared their interest in the Merger and therefore did not vote on the NCB board resolution approving NCB's entry into the Merger Agreement.

Furthermore, each of Mr. Yazed Abdulrahman Al Humaid (in his capacity as the board representatives of PIF in the Samba Group board), Dr. Ibrahim Saad Al Mojail (in his capacity as the board representative of PIF in the Samba Group board and due to his ownership in NCB), Mr. Eyad Abdulrahman Al Husain (in his capacity as the board representative of GOSI in the Samba Group board), Mr. Ali Hussain Ali Reda (in his capacity as the board representative of PPA in the Samba Group board and due to his ownership in NCB) and Dr. Walid Sulaiman Abanumay (due to his ownership in NCB) have declared their interest in the Merger and therefore did not vote on the Samba Group board resolution approving Samba Group's entry into the Merger Agreement.

Furthermore, according to Article 191(4) of the Companies Law, a shareholder that holds shares in both NCB and Samba Group can only vote in the EGM of one of the Banks.

The following table sets out the names and shareholdings of the Related Parties and Conflicted Directors in relation to the Merger as of 15/06/1442H (corresponding to 28/01/2021G)

Name	Nature of Related Party /Conflict	Direct Ownership in NCB		Direct Ownership in Samba Group	
		Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Substantial Shareholders in both Banks					
PIF	Substantial Shareholder in both NCB and Samba Group and have a representative on the board of both Banks	1,328,839,999	44,29%	458,269,500	22,9%
PPA	Substantial Shareholder in both NCB and Samba Group and have a representative on the board of both Banks	160,826,298	5,36%	230,858,532	11,5%
GOSI	Substantial Shareholder in both NCB and Samba Group and have a representative on the board of both Banks	155,400,000	5,18%	141,963,820	7,1%
Conflicted Directors on the board of NCB					
Mr. Saeed Mohammed Al Ghamdi	a representative of the PIF on the board of NCB	722,478	0,02408%	N/A	-
Mr. Rashid Ibrahim Sharif	a representative of the PIF on the board of NCB	N/A	N/A	N/A	-
Mr. Marshall Charles Bailey	a representative of the PIF on the board of NCB	N/A	N/A	N/A	-
Mr. David Jeffrey Meek	a representative of the PIF on the board of NCB	N/A	N/A	N/A	-
Mr. Saud Sulaiman Al Juhani	a representative of the PPA on the board of NCB	N/A	N/A	N/A	-
Mr. Anees Ahmed Moumina	a representative of the GOSI on the board of NCB and owns shares directly and indirectly in Samba Group	39,900	0,00133%	157,826	0,00789%
Conflicted Directors on the board of Samba Group					
Mr. Yazed Abdulrahman Al Humaid	a representative of PIF on the board of Samba Group	N/A	N/A	N/A	-
Dr. Ibrahim Saad Al Mojail	a representative of PIF on the board of Samba Group and owns shares directly in NCB	150	0,000005%	848	0,00004%
Mr. Eyad Abdulrahman Al Husain	a representative of GOSI on the board of Samba Group	N/A	N/A	N/A	-



Mr. Ali Hussain Reda	a representative of PPA on the board of Samba Group and owns shares in NCB	14,002	0,00046%	300,000	0,001500%
Dr. Walid Sulaiman Abanumay	A director on the board of Samba Group and owns shares in NCB	439,551	0,01465%	560,017	0,02800%

*source: NCB and Samba Group.



3. SHAREHOLDINGS AND DEALINGS

1. NCB does not hold any shareholding in Samba Group. NCB did not deal in the shares of Samba Group during the 12-month period preceding the offering period up until the latest date preceding the publication of this Offer Document.

The table below sets out the details of the shareholding and the size of any controlling shareholding in NCB and Samba Group in which the directors of NCB have an interest as of 15/06/1442H (corresponding to 28/01/2021G):



Name	Nationality	Age	Position	Status	Representation	Date of Appointment	Ownership and indirect interest in NCB				Ownership and indirect interest in Samba Group			
							Direct	Indirect interest*	Total	Percentage	Direct	Indirect interest*	Total	Percentage
Saeed M. Al-Ghamdi	Saudi	56	Chairman	Non-Executive Director	Public Investment Fund	15/5/2018	722,478	None	722,478	0,02408%	None	None	-	-
Rashid Sharif I.	Saudi	44	Vice-chairman	Non-Executive Director	Public Investment Fund	15/5/2018	None	None	None	None	None	None	-	-
Anees A. Moumina	Saudi	57	Member	Non-Executive Director	General Organization for Social Insurance	15/5/2018	39,900	3,000	42,900	0,00143%	157,826	109,166	266,992	0,01334
David Meek J.	British	54	Member	Non-Executive Director	Public Investment Fund	15/5/2018	None	None	-	-	None	None	-	-
Marshall C. Bailey	British	54	Member	Non-Executive Director	Public Investment Fund	15/5/2018	None	None	-	-	None	None	-	-
Saud S. Aljuhani	Saudi	42	Member	Non-Executive Director	Public Pension Agency	15/5/2018	None	None	-	-	None	None	-	-
Mohammed A. Al-Hokal	Saudi	57	Member	Independent Director	-	15/5/2018	None	None	-	-	None	None	-	-
Ziad M. Al-Tunsi	Saudi	52	Member	Independent Director	-	15/5/2018	None	None	-	-	None	None	-	-
Zaid A. Al-Gwaiz	Saudi	52	Member	Independent Director	-	15/5/2018	1,500	None	1,500	0,0005	None	None	-	-

Source: NCB and Samba Group

* Indirect interest includes any shares owned by the following:

- Relatives of the relevant director.
- Any company Controlled by the relevant director.



2. None of the NCB directors have dealt in any of their shares in NCB or Samba Group (as set out in the above table) during the 12-month period preceding the Offer Period up until the latest date prior to publication of this Offer Document.

Name of the Director	The Company's Traded Shares	Date of Trading	Type of Trading	Quantity	Price (SAR)
Zaid A. Al-Gwaiz	Samba Group	02/01/2020	Buy	5,000	31.90
Zaid A. Al-Gwaiz	Samba Group	15/01/2020	Sell	5,000	31.75

3. There is no shareholding in NCB or Samba Group which is owned or controlled by persons Acting in Concert with NCB. Further, no person Acting in Concert with NCB has dealt in NCB shares or Samba Group shares during the 12-month period preceding the Offer Period up until the latest date prior to publication of this Offer Document.

NCB has purchased 3,785,953 shares during the 12-month period preceding the Offer Period up until the latest date prior to publication of this Offer Document, for the purpose of allocating these shares to the Long-Term Executive Employees Share Scheme through the completion of 2,143 purchase transactions during the period from 18/5/2020G to 9/6/2020G, where the average price of such transactions is equivalent to SAR 38.56 and the price range varies from SAR 35.55 to SAR 41. NCB has also redeemed Class (1) sukuk securities that were offered on 22 June 2015G, with a nominal value of one billion Saudi riyals.



4. SPECIAL ARRANGEMENTS OR CONDITIONS

There is no agreement, arrangement or understanding (including any arrangement for compensation) between NCB (or any person Acting in Concert with it) and any members of the Samba Group board, Samba Group current shareholders or any person who was a Samba Group shareholder or a member of Samba Group board during the twelve (12) months prior to the publication date of this Offer Document.



5. CASH SUFFICIENCY AND BANK GUARANTEE

The entire Offer value shall be paid by way of issuing the Consideration Shares to Samba Group shareholders. Therefore, the Offer value shall not be paid either fully or partially by way of cash payment. For further information on the Merger, see Section (2.1) (“*Valuation of Samba Group*”) of this Offer Document.



6. THE ULTIMATE OWNERS OF SAMBA GROUP SHARES AND THE CONTROLLING SHAREHOLDERS IN NCB AND THE COMBINED BANK

The current Substantial Shareholders of NCB are PIF (owning 44.29%), PPA (owning 5.36%), and GOSI (owning 5.18%).

The current Substantial Shareholders of Samba Group are PIF (owning 22.9%), (PPA owning 11.5%), and GOSI (owning 7.1%).

On Completion, the Substantial Shareholders of the Combined Bank will be PIF (owning 37.2%), PPA (owning 7.4%), and (GOSI owning 5.8%).

With the exception of the Substantial Shareholders of Samba Group, there is no person or persons in NCB who own or control 30% or more of Samba Group share capital, or are able to direct the decisions and manage Samba Group. It should be noted that, with the exception of the Consideration Shares that will be issued to the Samba Group Shareholders pursuant to the Merger, the Merger will not entail the transfer of any securities acquired under the Offer to any other person.



7. FINANCIAL INFORMATION

7.1 Closing Price of NCB Shares

The following table sets out the closing price of NCB shares on: 1) the first day of each month of the six-months preceding immediately the publication date of this Offer Document; 2) the last day preceding the commencement of the Offer Period; and 3) the last available day prior to the publication of this Offer Document.

Date	Closing Price
01/09/2020	36.75
01/10/2020	37.25
01/11/2020	38.60
01/12/2020	42.85
03/01/2021	43.05
01/02/2021	42.30
Last day preceding the commencement of the Offer Period	
8/10/2020	38.50
Last day preceding the publication date of this Offer Document	
08/02/2021	42.75

7.2 Closing Price of Samba Group Shares

The following table sets out the closing price of Samba Group shares on: 1) the first day of each month of the six-months preceding immediately the publication date of this Offer Document; 2) the last day preceding the commencement of the Offer Period; and 3) the last available day prior to the publication of this Offer Document.

Date	Closing Price
01/09/2020	27.30
01/10/2020	27.00
01/11/2020	27.35
01/12/2020	30.50
03/01/2021	30.30
01/02/2021	30.10
Last day preceding the commencement of the Offer Period	
8/10/2020	27.50
Last day preceding the publication date of this Offer Document	
08/02/2021	30.40



7.3 Dividends and Distribution Policy

On 29/04/1441H (corresponding to 26/12/2019 G), NCB announced on Tadawul its board of directors' recommendation to distribute cash dividends to its shareholders for the second half of the fiscal year ending on 31 December 2019 G with a total amount distributed of SAR 3,600,000,000 based on a value of SAR 1.20 for each share (after the deduction of Zakat) with a distribution percentage of 12% of the par value for the shares. The general assembly of NCB approved the board's recommendation at its meeting convened on 07/08/1440H (corresponding to 31/03/2020G). To note, NCB has not announced nor distributed any dividends from any date thereafter up until the publication of the Offer Document.

On 14/05/1441H (corresponding to 09/01/2020G), Samba Group announced on Tadawul its board of directors recommendation to distribute cash dividends to its shareholders for the second half of the fiscal year ending on 31 December 2019 G with a total amount distributed of SAR 1,394,000,000 based on a value of SAR 0.70 for each share (after the deduction of Zakat for Saudi shareholders) with a distribution percentage of 7% of the par value for the shares. The general assembly of Samba Group approved the board's recommendation at its meeting convened on 01/08/1441H (corresponding to 25/03/2020G). To note, Samba Group has not announced nor distributed any dividends from any date thereafter up until the publication of the Offer Document.

The Banks agreed pursuant to the Merger Agreement that declaring, making, setting aside or paying any dividends (whether in cash, shares or other property) for any period shall be in line with (or below) the change in such Bank's net income over the last corresponding period in which a dividend was paid as set out in its interim or audited financial statements (as applicable)³⁴.

³⁴ By way of example, any dividends declared, made, set aside or paid in 2021 with respect to the net income recorded in the 2020 fiscal year could not be greater than the corresponding dividends paid in respect of the 2019 fiscal year increased/decreased by the change in net income over the respective one-year period. Similarly, in the event that the Effective Date occurs later than June 30, 2021, any interim dividend to be declared, made, set aside or paid in respect of the net income recorded in the first six months of 2021 could not be greater than the corresponding dividends paid in respect of the first six months of 2019 increased/decreased by the change in net income over the respective two year period (such two year period required due to the absence of dividends paid in respect of the first six months of 2020).



The table below sets out details of NCB's dividend per share for the financial years ending on, 31 December 2017 G, 31 December 2018 G, and 31 December 2019 G (to note, no cash dividends have been distributed to either NCB or Samba Group shareholders in the first half of the financial year ending on 31 December 2020 G):

	2019			2018			2017		
	Semi-annual	Annual	Total	Semi-annual	Annual	Total	Semi-annual	Annual	Total
Amount of distributed dividends for each fiscal year (in SAR) after deducting Zakat	2.3	1.2	1.1	2.1	1.1	1.0	1.7	0.6	1.1
Percentage of increase in distributions (%)	9.5%	-	-	23.5%	-	-	6.3%	-	-
Entitlement Date	-	9/4/2020	21/8/2019	-	24/4/2019	12/8/2018	-	29/5/2018	6/7/2017
Share Price on the entitlement date	-	36.7	51.4	-	60.5	44.2	-	46.1	33.7
Percentage of dividends distributed (%)	6.3%	3.3%	2.1%	3.5%	1.8%	2.3%	3.7%	1.3%	3.3%
(the distributed dividends per share/price share on entitlement date after deducting Zakat)									

The Combined Bank is expected to distribute profits semi-annually after the completion of the Merger. The holders of the Compensation Shares will have the right to receive dividends distributed following the Effective Date. All shares carry an equal nominal value of (10) ten fully paid Saudi riyals for each share. They are all ordinary and equal shares of the rights and obligations in all respects. The issuance of shares will increase the bank's paid-up capital from thirty billion (30,000,000,000) Saudi riyals to forty-four billion seven hundred and eighty million (44,780,000,000) Saudi riyals and increase the number of issued shares to NCB from three billion (3,000,000,000) shares to four billion four hundred seventy-eight million (4,478,000,000) shares. Upon Completion, the current shareholders of NCB will own 67.4% of the Combined Bank's capital (excluding treasury shares of both banks), and Samba Group's shareholders will own 32.6% of the Combined Bank's capital (excluding treasury shares of both banks). For more information about the risks associated with the Merger, please refer to Section (1) ("*Risk Factors*") of this Offer Document.

7.3.1 NCB's Current Dividend Policy

The bank's annual or interim net profits shall be distributed semi-annually or quarterly after deducting all general expenses and sums allocated for potential losses, zakat and any other taxes and other liabilities that the Board of Directors deem necessary, in accordance with the provisions of the Banking Control Law, and the instructions issued by the SAMA and supervisory authorities as follows:

- a. There shall be set aside twenty-five percent (25%) of the net profits in order to form a statutory reserve. However, the Ordinary General Assembly may discontinue such setting aside, or reduce the rate thereof, if the total reserve so set aside reaches an amount equal to the full capital.



- b. After deducting the amounts stated in paragraph (a), setting aside certain percentage of the net profit to form an additional reserve based on the Board of Directors proposal and according to the Ordinary General Assembly's decision in this regard, provided that it may only be used by an Extraordinary General Assembly resolution, unless if it is designated for a specific purpose, the Ordinary General Assembly – based on the proposal of the Board of Directors- may decide to spend it for the benefit of NCB or its shareholders.
- c. There shall be set aside amounts for income purification (*Tat'heer*)
- d. After deducting the amounts stated in the above paragraphs, there shall be distributed from the balance a first dividend share to the Shareholders of no less than five percent (5%) of NCB's capital. However, if the remaining net profit is insufficient to pay the said share, then the Shareholders shall not request such share from the Company's net profit in the following years.
- e. After deduction of the amounts referred to in the above paragraphs, a percentage of the balance shall be allocated as compensation to the Board of Directors pursuant to the instructions issued in that regard by the SAMA.

The remainder is then used - based on the Board of Directors proposal - to form an additional reserve or to distribute it as an additional share of profits to the shareholders, provided that such distribution does not exceed what the Board of Directors proposed, or to be used for any other purpose decided by the General Assembly.

A shareholder shall be entitled to his/its share of the dividends in accordance with the resolution adopted by the General Assembly in that regard. Such resolution shall set out the entitlement date and the distribution date. Dividends shall be payable to the Shareholders registered in the Shareholders Register as at the end of the day set for entitlement. The Company may withhold the dividends payable to any Shareholder in order to use the same in satisfying any debts and obligations due by such Shareholder to the Company.



8. FINANCING THE MERGER

The full value for the Merger will be paid for through the issuance of the Consideration Shares to Samba Group shareholders. Therefore, there will be no debt or any other financing obtained to complete the Merger.



9. THE RESULT OF TERMINATING THE OFFER TO MERGE

The Offer to Merge will terminate in the event of terminating the Merger Agreement pursuant to its terms prior to convening the Samba Group EGM. In such case, Samba Group's Shareholders will no longer have the right to accept this offer. NCB and its shareholders will therefore not be bound by any prior acceptance of Samba Group Shareholders to the Offer to Merge. For more information on the termination of the Merger Agreement, see Section (2.3.1.5) ("*Termination of the Merger Agreement*") of this Offer Document.



10. ZAKAT AND TAXATION

NCB's annual accounts are subject to Zakat only on the basis that all founding shareholders (i.e. the shareholders who owned shares in NCB prior to listing the NCB shares on the Saudi Stock Exchange (Tadawul)) are Saudi individuals, and accordingly, NCB is not subject to income tax in the Kingdom of Saudi Arabia. For the purpose of Zakat, NCB and its wholly owned Subsidiaries in Saudi Arabia (with the exception of NCB Capital) submit consolidated declarations.

NCB has settled all its Zakat dues for the years from 2006G to 2018G, which were calculated in accordance with the method agreed upon in the settlement agreement with the General Authority for Zakat and Income ("GAZT"), which was announced on the Tadawul website on 13/04/1440H (corresponding to 20 December 2018G). Pursuant to this settlement agreement, it was agreed that NCB would pay an amount of SAR 182,684,611 for the Zakat dues in respect of the financial years from 2006G to 2017G in the form of annual payments to be paid over a period of five (5) years until 01 December 2023G (the "**Zakat Settlement Amount of NCB**"). NCB has paid part of the Zakat Settlement Amount of NCB, so that the remaining amount as of 30 September 2020G is a total of SAR 116,918,152. Under the Zakat settlement agreement, NCB has calculated and paid the Zakat due for the financial year ending on 31 December 2018G, based on the mathematical formula and instructions stipulated in the Minister of Finance Resolution No. (1260) dated 05/04/1440H (corresponding to 14 December 2018G). Accordingly, the Zakat status for the financial year 2018 is considered closed. Further, NCB has paid the Zakat due for the financial year ending on 31 December 2019G, based on the Calculation Rules of Zakat Levied upon Financing Activities stipulated in the Minister of Finance Resolution No. (2215) dated 07/07/1440H (corresponding to 14 March 2019G).

NCB has also submitted its Zakat declaration for the financial year ending on 31 December 2019G on its statutory date, according to which GAZT has issued to NCB an unrestricted Zakat certificate valid until 30 April 2021G. It should be noted that the Zakat dues for the financial year ending on 31 December 2019G for NCB were calculated based on Calculation Rules of Zakat Levied upon Financing Activities issued by the Minister of Finance Resolution No. (2215) dated 07/07/1440H (corresponding to 14 March 2019G). GAZT did not issue any inquiries or Zakat assessments to NCB in relation to the financial year ending on 31 December 2019, until the publication date of this Offer Document. With regard to value-added tax (VAT), GAZT has completed the evaluation of the declarations submitted by NCB until December 2019G, and until the publication date of this Offer Document GAZT did not issue any inquiries or assessments in relation to the VAT declarations submitted by NCB for the previous period after the date of December 2019G.

With regard to the Zakat status of the Samba Group, the annual accounts of the Samba Group are subject to Zakat and income tax. Income tax is applied to the shares owned by a shareholder classified as a foreign person for the purposes of the Income Tax Law (the "**Foreign Shareholder**") and which owns 1.22% of the Samba Group shares as of 30 September 2020G. Samba Group and its Saudi subsidiaries submit their Zakat and tax returns on the basis of separate accounts.

Samba Group continues to object to the Zakat claims raised against it by GAZT for the financial years from 2004G to 2005G, whereby the objection was appealed before the Tax Committees for Resolution of Tax Violations and Disputes. The Samba Group continues to object to the income tax claims raised against it by GAZT for the financial years from 2004G to 2009G (which is estimated to be around SAR 80,000,000), whereby the objection was appealed before the Tax Committees for Resolution of Tax Violations and Disputes. As of the date of publication of this Offer Document, no decision was issued by the Tax Committees for Resolution of Tax Violations and Disputes in relation to the objection of Samba Group against the Zakat and tax dues for the above-mentioned years (as the case may be).

With regard to the Zakat receivables of Samba Group for the financial years from 2006G to 2018G, Samba Group has agreed with GAZT to settle these dues in accordance with the settlement agreement with GAZT, which was announced on the Tadawul website on 13/04/1440H (corresponding to 20 December 2018G). As it was agreed pursuant to this settlement agreement, Samba Group would pay an



amount of SAR 2,316,059,593 for the Zakat due in respect of the financial years from 2006G to 2017G in the form of annual payments to be paid over a period of five (5) years until 01 December 2023G (“**Zakat Settlement Amount of Samba Group**”). Samba Group has paid part of the Zakat Settlement Amount of Samba Group, so that the remaining amount as of 30 September 2020G is a total of SAR 1,482,278,140. Under the Zakat settlement agreement, Samba Group has calculated and paid the Zakat due for the financial year ending on 31 December 2018G. Further, Samba Group has paid the Zakat due for the financial year ending on 31 December 2019G, based on the Calculation Rules of Zakat Levied upon Financing Activities stipulated in the Minister of Finance Resolution No. (2215) dated 07/07/1440H (corresponding to 14 March 2019G) for which it has received a Zakat certificate in respect of the aforesaid year.

Samba Group has also submitted its Zakat declaration for the financial year ending on 31 December 2019G on its statutory date, according to which GAZT has issued to Samba Group an unrestricted Zakat certificate valid until 30 April 2021G. It should be noted that the Zakat dues for the financial year ending on 31 December 2019G for Samba Group were calculated based on Calculation Rules of Zakat Levied upon Financing Activities stipulated in the Minister of Finance. As of the publication date of this Offer Document, GAZT did not issue any inquiries or Zakat assessments to Samba Group in relation to the financial year ending on 31 December 2019. With regard to value-added tax (VAT), GAZT has raised some inquiries to evaluate the declarations submitted by Samba Group until December 2019G, issuing a preliminary claim in an estimated amount of approximately (SAR 27,000,000). Samba Group continues to discuss the inquiries raised by GAZT until it is agreed to finalize the evaluation of the VAT returns submitted for this period, and as of the publication date of this Offer Document, GAZT did not issue any inquiries or assessments in relation to the VAT declarations submitted by Samba Group for the period after the date of December 2019G.

Upon the Effective Date, all Samba Group’s liabilities related to the Zakat Settlement Amount of Samba Group (totalling 1,482,278,140) will be transferred to NCB, and accordingly, the total amount of Zakat dues on the Combined Bank for the previous years will be a total of SAR 1,599,196,292.

Pursuant to the Merger between the two Banks and the acquisition of NCB shares by Samba Group shareholders, the Combined Bank will be subject to income tax on the shares that will be issued to the Foreign Shareholder in Samba Group. Accordingly, the Combined Bank will comply with the Saudi Income Tax Law and its implementing regulations. It should be noted that the Merger between the two Banks will result in the inability of the Combined Bank to continue submitting consolidated Zakat declarations as unification for the purposes of Zakat does not apply to companies that are subject to income tax. For further details about the risks related to Zakat, see Section (1.1.16) (“*Risks relating to Zakat Matters*”) of this Offer Document.



11. DESCRIPTION OF NCB

11.1 Overview

NCB is one of the oldest Saudi banks and one of the most prominent financial institutions in the region. Activities of the National Bank began as a general partnership as a result of the merger of the largest currency banks in the Kingdom, “Saleh and Abdulaziz Kaaki Company” and “Salem Bin Mahfouz Company”. According to the Royal Decree No. M/19 issued on 23/11/1417H (corresponding to 31/3/1997G), NCB was transformed into a joint stock company, as licensed and supervised by SAMA to engage in banking and financing activities. Its current capital is thirty billion (30,000,000,000) Saudi riyals, divided into three billion (3,000,000,000) ordinary shares with a value of ten (10) Saudi riyals per share.

NCB is considered one of the first Saudi companies to implement the principle of corporate governance, and it is considered the first bank in the Kingdom to obtain an international accreditation certificate in business continuity in addition to its leadership in the field of social responsibility. NCB is also considered one of the largest commercial banks in the Kingdom in terms of operating income and balance sheet. NCB consists of five main operating divisions that represent the strategic units of the bank. These divisions offer various traditional banking products and services (including current and savings accounts, time deposits, corporate credit financing, personal and residential loans and other services) and also provide banking products that are compatible with the provisions of Islamic Shariah (Islamic law) – (these are not linked to special commissions and are approved and supervised by an independent Shariah body) and are managed separately in terms of the administrative structure and internal reports. These divisions are comprised of retail banking, corporate banking, treasury, capital market, and international banking. The following is a general description of each division:

11-1-1 Retail Banking

NCB’s Shariah-complaint retail branch network and private banking deliver comprehensive and innovative banking solutions, serving the full spectrum of customer segments in the Kingdom through an expansive physical and digital distribution platform that facilitate customers’ reach to services anytime and from anywhere. NCB has a large and growing market share in financing and offers a unique range of retail financing solutions in order to satisfy the requirements of its customers which covers personal finance, residential finance, auto lease and credit cards. Retail banking also effectively serves its customers through its well-positioned and comprehensive offering including current accounts, liabilities, solutions, and QuickPay remittance services.

Retail Banking’s primary strategic objective is to expand its market share in financing, particularly in mortgage, while leveraging NCB’s growing distribution network and digital infrastructure. Additional strategic focus areas includes current accounts, credit cards, and ongoing digitization of the customer experience.

11-1-2 Corporate Banking

The corporate banking offer at NCB is considered one of market-leading divisions at NCB through its offering of innovative Shariah-complaint and conventional financing, deposit products, banking transactions and commercial services to the full spectrum of Saudi businesses, from very small, small and medium enterprises large companies whereby NCB provides specialized financing solutions that satisfy the entire needs of the various customer companies.

Corporate banking’s strategic objectives include targeting Vision 2030 sectors, such as health, education, infrastructure, recreation, and tourism as well as cross- selling treasury, trade, and cash management products to its large customer base. Corporate banking continually strives to improve



customer service through process digitization. In addition, the corporate banking division's strategic objectives also target the strengthening of credit lifecycle management and expansion of collections capacity to continue to increase recoveries.

Corporate banking also continued to implement its digital agenda, expanding digital migration to 64% in 2019G from 54% in 2018, and expanding the digital offering, including the introduction of same-day international transfer in major currencies, and the completely overhauled "AlahlieCorp" online platform.

Over 2019G, corporate banking sustained the quality of the corporate portfolio and expanded collections capacity resulting in a two-fold year-on-year increase in collections.

11-1-3 Treasury

The treasury division at NCB is considered the largest treasury division in KSA, in which it provides a full range of treasury and correspondent banking products and services to the group's clients. This includes stock markets and foreign exchange, as well as investment and trading activities (local and international) and managing liquidity risk, market risk, and credit risk related to investments.

Treasury's strategic objectives are to diversify funding to broaden and deepen liquidity access, while sustaining recurring investment returns and enhancing cross-selling of treasury products. Strategic focus areas to achieve this include the phased expansion of treasury hubs internationally, optimization of the investment portfolio to enhance quality, liquidity and returns, and driving Islamic product innovation to diversify liquidity sources and enhance cross-selling.

In achieving this strategy, the treasury maintained its leading market position across its broad range of treasury products. This was driven by continued focus on innovation and introduction of yield enhancement solutions, hedging products and liquidity instruments, in both conventional and Shariah-complaint formats.

In the second quarter of 2019, treasury received its banking license for NCB's Singapore hub, which became fully operational in the third quarter of 2019 and concluded its first transaction during October 2019. The addition of this hub expands NCB's reach for investment and funding opportunities.

Treasury manages the largest investment portfolio in KSA and remains active in market making for local issuance of Saudi government bonds.

Treasury successfully managed the liquidity needs of NCB by raising funding through wholesale and time deposits from retail and institutional clients.

11-1-4 Capital Markets

NCB carries out its investment activities through its investment arm represented by NCB Capital Investment Bank ("NCB Capital") which is Saudi Arabia's largest investment bank and asset manager, offering wealth management, asset management, investment banking, and brokerage services to the Kingdom's retail, affluent, high net worth, and institutional clients.

As Saudi Arabia's largest investment bank and asset manager, NCB Capital's strategic focus areas were to sustain and grow market leadership through product innovation, grow recurring revenues



brokerage and securities services revenue market share, support the growing needs of government-related entities, and continue to increase efficiency and improve productivity.

NCB Capital is the Kingdom's largest asset manager and one of the region's largest providers of employee saving programs. NCB Capital has maintained a MQ1 rating, which is Moody's highest rating for investment manager quality. As part of NCB's achievements in 2019G, it has launched the NCB Capital Real Estate Credit Fund I and expanded its AlAhli REIT Fund (1). It also added four new clients (including governmental, semi-governmental and listed companies) to its employee savings program platform.

In the competitive local brokerage sector, NCB Capital's securities business succeeded in improving its ranking by improving from Saudi Arabia's third largest broker to the second. Much of this success can be attributed to the strengthening of the firm's retail and institutional offerings such as international brokerage rollout, continuous online enhancements, and expansion of research and margin trading activities. NCB Capital also won during 2019G the annual 'Best Equity Research Company, Saudi Arabia' award from Global Business Outlook.

In its investment banking business, NCB Capital successfully built on its leadership and continued to provide its services to companies and governmental institutions including large sophisticated companies. Its achievements in 2019G included being appointed as joint global coordinator, book runner, and underwriter for the world's largest IPO- Aramco's SAR 110.4 billion listing in Saudi Arabia.

11-1-5 International Banking

The international banking division is comprised of banking services provided outside Saudi Arabia, through a number of NCB branches outside the Kingdom, which include branches in each of the Kingdom of Bahrain and the Republic of Singapore. NCB also has an international presence in the Republic of Turkey, through the bank türkiye finans katılım bankası where NCB owns 67.03%, a Turkish participation bank that operates by attracting current accounts and profit/loss sharing investment accounts. It provides those funds to retail and corporate clients in finance, lease and profit/loss sharing partnerships.

11.2 NCB Awards and Recognition

Due to the improvement in implementing its strategy, NCB received a number of awards in 2020G, including:

- **Best private bank in the Kingdom for high-income clients** - Euromoney
- **Best private bank in the Kingdom for high net-worth clients** - Euromoney
- **Best private bank in the Kingdom to serve business owners** – Euromoney
- **Best Islamic Credit Card** - The Banker Middle East

NCB achieved a number of other recognitions in the same year, as it was able to maintain its presence in advanced positions within and outside the Kingdom of Saudi Arabia, according to The Banker FT classification.

NCB also received a number of awards in 2019G, whereby it was awarded high-ranking awards in the banking field, including the following:

- **Best Credit Card (KSA)** - The Banker Middle East
- **Best Islamic Credit Card** - The Banker Middle East



- **Best Customer Loyalty Program** - The Banker Middle East
- **Best Banking Services (KSA)** - The Banker Middle East
- **Best Premium Credit Card (KSA)** - The Banker Middle East
- **Best Corporate Bank** - Islamic Business & Finance
- **Best Bank for Remittances in Saudi Arabia** - Global Banking and Finance Review
- **One of the top 100 banks in the world** – Banker FT Top-1000 World Banks Ranking 2019
- **Best Overall Corporate/ Institutional Digital Bank in Saudi Arabia** - Global Finance Best Digital Banks Awards 2019
- **Best Online Portal Services for Corporates in Saudi Arabia** - Global Finance Best Digital Banks Awards 2019
- **Best Integrated Corporate Banking Site in Saudi Arabia** - Global Finance Best Digital Banks Awards 2019
- **Best in Mobile Banking for Corporates in Saudi Arabia** - Global Finance Magazine Best Digital Banks Awards 2019
- **Best Mobile Banking App for Corporate in Saudi Arabia** - Global Finance Best Digital Banks Awards 2019
- **Best Open Banking APIs in Saudi Arabia** - Global Finance Best Digital Banks Awards 2019
- **Best Consumer Digital Bank in Saudi Arabia** - Global Finance Best Digital Banks Awards 2019
- **Best Website Design for Consumers in Saudi Arabia** - Global Finance Best Digital Banks Awards 2019
- **Best Integrated Consumer Banking Site in Saudi Arabia** - Global Finance Best Digital Banks Awards 2019
- **Best in Mobile Banking for Consumers in Saudi Arabia** - Global Finance Best Digital Banks Awards 2019
- **Best Mobile Banking App for Consumers in Saudi Arabia** - Global Finance Best Digital Banks Awards 2019
- **Most Innovative Digital Bank for Consumers in Saudi Arabia** - Global Finance Best Digital Banks Awards 2019
- **Best Bank in Financing SMEs in 2018 in Saudi Arabia** - by Ministry of Commerce
- **Best Real Estate Finance Bank in Saudi Arabia** - by Ministry of Housing
- **Best Real Estate Finance Program in Saudi Arabia** – Ministry of Housing

11.3 NCB Ownership in Other Companies

The following table sets out the entities in which NCB owns a direct shareholding that equals or exceeds 30% of their respective share capital:

<u>Name of entity</u>	<u>Form of Company</u>	<u>Ownership interest</u>	<u>Place of incorporation</u>	<u>Principal activity</u>
NCB Capital Company	Joint Stock Company	100%	Saudi Arabia	Engaged in managing investment services and managing the bank's asset activities.
NCB Capital Dubai Inc. (formerly Eastgate Capital Holdings Inc.)	Limited Liability Company	100%	Cayman Islands	Engaged in investing in private equity and real estate development opportunities across emerging markets.
NCB Capital Real Estate Investment Company (REIC)	Special Purpose Company	100%	Saudi Arabia	Engaged in real estate investing through owning and



				registering the existing real estate assets on behalf of real estate funds managed by NCB Capital Company.
Türkiye Finans Katılım Bankası A.Ş. (TFKB)	Joint Stock Company	67.03%	Turkey	Engaged in commercial banking services
Real Estate Development Company (REDCO)	Limited Liability Company	100%	Saudi Arabia	Engaged in registration of real estate title deeds that are offered by the debtors as guarantee. The purchase, acceptance and emptying of real estate.
Alahli Insurance Service Marketing Company	Limited Liability Company	100%	Saudi Arabia	Engaged in insurance agency business.
Saudi NCB Markets Limited	Limited Liability Company	100%	Cayman Islands	Engaged in executing derivatives transactions, in addition to purchases and buybacks.
AlAhli Outsourcing Company (Al-Ahli Esnad)	Limited Liability Company	100%	Saudi Arabia	Engaged in recruitment services within the Kingdom of Saudi Arabia.
Real Estate Commercial Markets Company*	Limited Liability Company	60%	Saudi Arabia	Engaged in owning, managing, maintaining, and cleaning Al-Jamjoom Commercial Center
AlAhli Takaful Company	Joint Stock Company	29.99%	Saudi Arabia	Engaged in insurance businesses (Insurance of protection and savings for individuals and groups)

* A bankruptcy ruling has been issued with respect to the company, and its currently under bankruptcy procedures.



12. WAIVERS

A waiver has been obtained from the CMA with respect to requirements set out under paragraph (o) of Article 3 and Article 48 of the MARs, whereby the Substantial Shareholders, who own shares in NCB and Samba Group and have representation in the board of NCB and/or Samba Group, will be entitled to vote on the Merger Resolutions in the EGM of either one of the Banks, subject to the voting restrictions applicable to their representatives in board and committee meetings. Therefore, Shareholders that are Related Parties (i.e. PIF, PPA, and GOSI) will be permitted to vote in the EGM of one of the Banks.



13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office of NCB during normal business hours on any Business Day from the date of publication of this Offer Document up until the expiry of the Offer Period:

- a. the bylaws of NCB and Samba Group;
- b. the audited financial statements of NCB and Samba Group for the financial years ended 31 December 2017G, 31 December 2018G and 31 December 2019G, in addition to the interim financial statements for NCB and Samba Group for the six months ended 30 June 2020G;
- c. the Merger Agreement; and
- d. Advisors' consent letters to use their names and logos in this Offer Document.



ANNEX 1
BYLAWS AMENDMENTS IN CONNECTION WITH THE MERGER³⁵

Article 1 of the Bylaws shall be deleted and replaced by the following text as the new Article 1:

1. the Saudi National Bank is a Saudi joint stock Company, incorporated in accordance with the provisions of the Companies Law and its Implementing Rules and Regulations, the Banking Control Law and its Implementing Rules and Regulations, and pursuant to the provisions of these Bylaws.
2. Samba Financial Group, with commercial registration number 1010035319 dated 6/2/1401H (corresponding to 13/12/1980G) (“**Samba Group**”) merged into the Company, and all the rights, movable and immovable assets, and obligations of Samba Group were transferred to the Company. The Company is the successor to Samba Group in all of the above.

Article 2 of the Bylaws shall be deleted and replaced by the following text as the new Article 2:

The Company’s name is the Saudi National Bank, a listed joint stock Company.

Article 3 of the Bylaws shall be deleted and replaced by the following text as the new Article 3:

Board of Directors: The Board of Directors of the Saudi National Bank

Bank: the Saudi National Bank

Company: the Saudi National Bank

SAMA: Saudi Central Bank

Authority: The Capital Market Authority.

Member: Any duly appointed member of the Board of Directors of the Saudi National Bank.

Bylaws: The Bylaws of the the Saudi National Bank as approved by the Extraordinary General Assembly.

Person: Any natural or juristic person.

Modern Technological Means: All means of communication, by which their purpose are realized by the knowledge of the notified person, including but without being limited to, (electronic mails, mobile text messages, personal electronic account with the Bank, etc....).

Capital Market Law: The Capital Market Law, promulgated by virtue of the Royal Decree No. (M/30), dated 02/06/1424 H., its Implementing Rules and Regulations and any of its subsequent amendments.

³⁵ Note: NCB intends to make a number of general amendments (not related to the Merger) to the bylaws, which will be voted on in the general assembly that will be held to vote on the Merger. It should be noted that the amended texts contained in this Annex reflect those amendments, as applicable. For more information on the nature of these general amendments, please review the assembly’s agenda for the Merger, which will be published on the website of the Saudi Stock Exchange (Tadawul) at a later time.



Banking Control Law: The Banking Control Law, promulgated by virtue of the Royal Decree No. (M/5), dated 22/02/1386 H., its Implementing Rules and Regulations and any of its subsequent amendments.

Shareholder: The owner of any share of the Company's issued shares.

Companies Law: The Companies Law promulgated by virtue of the Royal Decree No. (M/3), dated 28/01/1437 H., its issued Implementing Rules, Regulations and Instructions or any of its subsequent amendments.

Laws: All applicable laws and regulations in the Kingdom of Saudi Arabia issued by the competent authorities, as amended from time to time.

Article 6 of the Bylaws shall be deleted and replaced by the following text as the new Article 6:

The Company's head office shall be in the City of Riyadh. However, under a resolution by the Extraordinary General Assembly, the Company may move its head office to any other place in the Kingdom. The Company may open branches and offices and appoint agents therefor, within and outside the Kingdom, after obtaining the approval of SAMA and having a resolution passed by the Board of Directors, with due consideration to the laws and regulations in force in the Kingdom in that regard.

Article 8 of the Bylaws shall be deleted and replaced by the following text as the new Article 8:

The Company's capital is at Forty-Four Billion and Seven Hundred and Eighty Million Saudi Riyals (SAR 44,780,000,000), divided into Four Billion and Four Hundred Seventy-Eight Million (SAR 4,478,000,000) ordinary shares of equal value, with a nominal value of SR. (10) Ten Saudi Riyals each, fully paid-up, and such shares vest equal rights and obligations in all the Shareholders.

Article 16 of the Bylaws shall be deleted and replaced by the following text as the new Article 16:

The Company shall be managed by a Board of Directors consisting of eleven (11) members to be elected by the Ordinary General Assembly – upon obtaining the non-objection from SAMA – for a period of three (3) years by applying the cumulative voting method, after obtaining the non-objection from SAMA. A member whose term of office expires may be re-elected.

Article 19(1) of the Bylaws shall be deleted and replaced by the following text as the new Article 19(1):

If the position of one of the members of the Board of Directors becomes vacant, then the Board shall appoint a member in such vacant position, after obtaining a letter of non-objection from SAMA, provided that such member shall meet the experience and efficiency conditions. The Ministry of Commerce and the Authority shall be notified accordingly in accordance with the times set by each body, and that such appointment shall be brought before the Ordinary General Assembly in its first meeting in order to approve such appointment. The new member shall complete the term of his predecessor.

Article 24(2)(a) of the Bylaws shall be deleted and replaced by the following text as the new Article 24(2)(a):

1) Quorum of Meetings of the Board of Directors:

- a) A meeting of the Board of Directors shall be valid only if attended by at least six (6) members, or on their behalf.



