

## **Samba Financial Group Announces the Signing of a Framework Agreement with National Commercial Bank in relation to a Potential Merger of the Two Banks**

Samba Financial Group (“**Samba**”) announces that it entered into a Framework Agreement on 25 June 2020 with National Commercial Bank (the “**Framework Agreement**”) in order to begin a reciprocal due diligence process and to negotiate definitive and binding terms of a potential merger of Samba and National Commercial Bank (the “**Proposed Transaction**”).

Pursuant to the Framework Agreement, the parties have agreed on a non-binding basis the following:

- that the Proposed Transaction, should it proceed, will be completed by way of a merger (pursuant to the Companies Law and the Merger and Acquisitions Regulations issued by the Board of the Capital Market Authority and other relevant laws and regulations) with National Commercial Bank being the merging bank and Samba being the merged bank; and
- subject to the results of the reciprocal due diligence exercise, the shareholders of Samba will receive between 0.736 and 0.787 newly issued share of National Commercial Bank in exchange for every share they hold in Samba (the “**Exchange Ratio Range**”). The two banks, as advised by their respective financial advisers, reached this range by performing financial analysis using a comprehensive and widely used set of valuation methodologies. The final exchange ratio will be determined in the definitive agreements of the Proposed Transaction.

Based on this Exchange Ratio Range, the total consideration payable by National Commercial Bank to Samba shareholders, should the Proposed Transaction complete within that range, will be between approximately 1,441 million to 1,540 million new National Commercial Bank shares. At a closing share price of SAR 37.25 per National Commercial Bank share on 24 June 2020, the Proposed Transaction, if completed within that range, would value each Samba share at SAR 27.42 – SAR 29.32, which represents a premium of 19.2% - 27.5% to the Samba share price as of 24 June 2020.

The parties have also agreed in the Framework Agreement that they will negotiate definitive agreements in relation to the Proposed Transaction that will set out the relevant commercial terms thereof, including (without limitation): (i) the final structure of the Proposed Transaction, (ii) the final exchange ratio, (iii) the name of the merging bank and the approach to its branding, (iv) the composition of the board and the parties’ approach to the management of the merging bank, and (v) the location of the head office of the merging bank. The Framework Agreement also includes customary provisions that regulate confidentiality, exclusivity, restrictions on trading and other related matters.

The parties intend to conclude the reciprocal due diligence process and sign the definitive agreements in relation to the Proposed Transaction, if they agree to their final terms, within a period of four months from the date of this announcement.

It must be noted that neither Samba nor National Commercial Bank is under an obligation to proceed with the Potential Transaction. Therefore, there can be no assurance that the Framework Agreement and the reciprocal due diligence process will result in the Proposed Transaction being agreed on a final and binding basis, or that if agreed, the Proposed Transaction will be completed. Completion of the Proposed Transaction will be subject to various conditions including, but not limited to, approval of the Saudi Arabian Monetary Authority, the Capital Market Authority, the General Authority for Competition and the shareholders of each of Samba and National Commercial Bank in accordance with applicable legal requirements.

Samba does not expect that the proposed merger will, if completed, result in the involuntary redundancy of employees.

The Proposed Transaction involves related parties and directors who have a conflict of interest in relation to it, which will be assessed by Samba for the purpose of ensuring compliance with the relevant rules and regulations. The details of all related parties and conflicted directors will be announced at a later stage.

Samba has appointed Morgan Stanley Saudi Arabia as its financial advisor, and Khoshaim & Associates as its legal advisor, in connection with the Proposed Transaction.

Samba will continue to announce any material developments in relation to the Proposed Transaction as required by the relevant rules and regulations.

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