

Saudi Hollandi Bank

Investor Presentation Financial Update



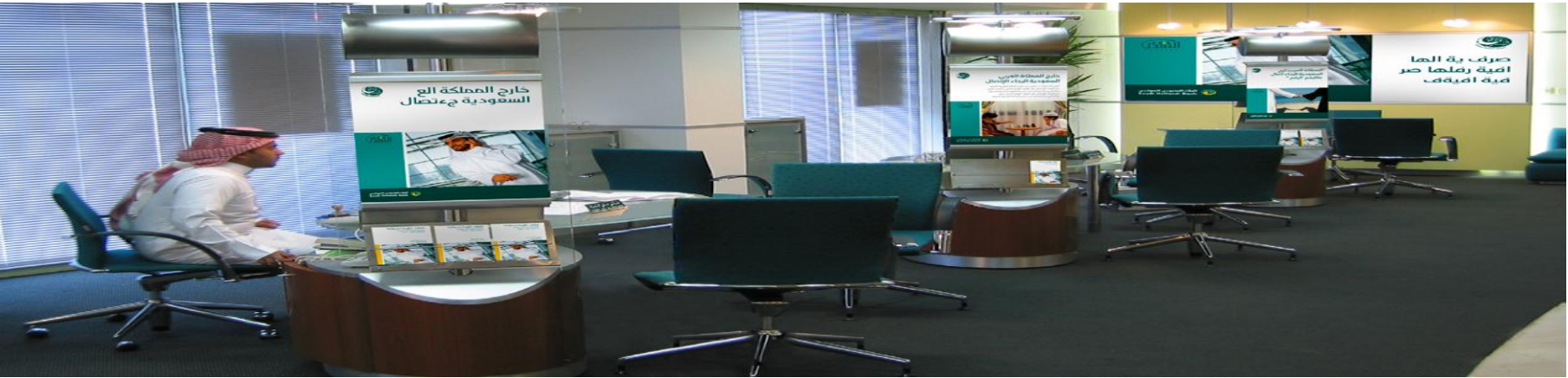
Banking Made Easy

Q3-2014

 البنك السعودي الهولندي
Saudi Hollandi Bank

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Important notice



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1 | Group Overview

2 | Strategy

3 | Financial and Operating Performance

4 | Segment Performance

5 | Awards

Saudi Hollandi Bank – Group Overview

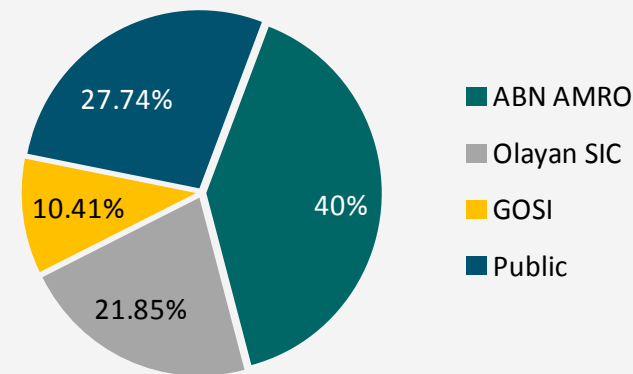
Key Highlights

- Founded in 1926 as the Netherlands Trading Society – the first bank to be established in the Kingdom.
- SHB commenced business in 1977 when it took over operations of Algemene Bank Nederland N.V. (ABN).
- Financed the first oil transaction for the Kingdom, and first gold transports for the Government.
- Leads a consortium of 8 Saudi Banks in financing the Jamarat bridge project in Makkah Al Mukarrama.
- Active lender to infrastructure related project and syndication financings
- Over 1,500 staff with Saudization ratio of around 88%.
- SHB has state of the art Multi Channel capabilities to its growing retail base, to service their commercial banking needs as well as their investment needs through advanced brokerage capabilities.
- The bank in phase of upgrading its Trade & Cash portal and Trade back office to provide state of the art electronic platform for its institutional, corporate & SME customer base.

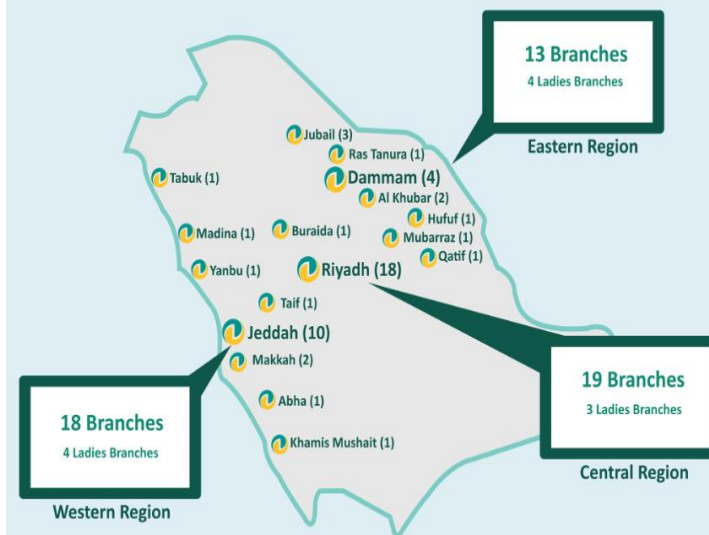
Subsidiaries and Associates:

- **Saudi Hollandi Capital:** Manage the Group's Investment services, Asset management and Brokerage activities.
- **Saudi Hollandi Real Estate Company:** Registration of real estate title deeds in support of the bank's home financing products.
- **Saudi Hollandi Insurance Company:** The company act as agent for Wataniya Insurance Company, an associate, selling insurance products.
- **Wataniya Insurance:** The bank has 20% shares in Wataniya.

Shareholder Structure



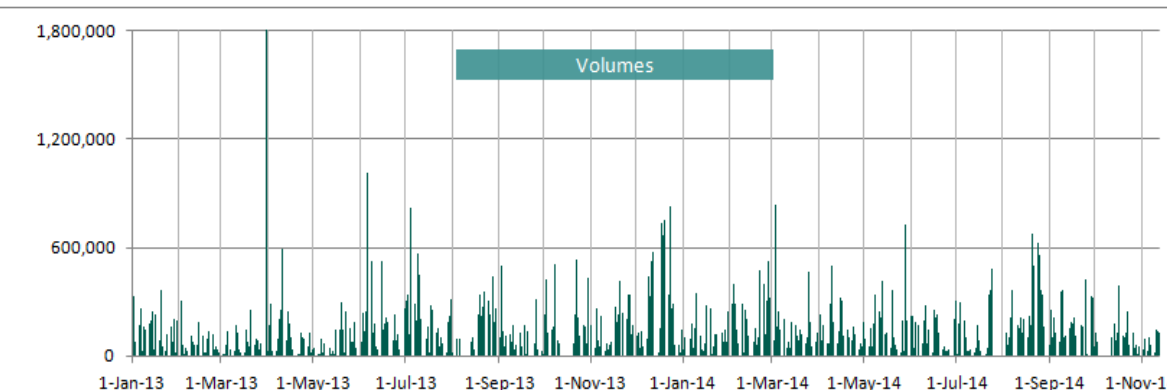
Branch Network in KSA



61 branches (including ladies & 8 SME banking centers)

Saudi Hollandi Bank – Group Overview

Key Highlights - Market data (Share price and Volumes)



Current P/E Ratio	13.88
Earning Per Share, annualized (SAR)	3.8
Market Cap (M SAR)	25,124
Shares Outstanding (M)	476.28
30 day average volume	117,253
Price/Book (mrq)	2.43
Dividend indicated Gross Yield	1.90%
Cash Dividend (SAR,mry)	1.00
52 weeks high	56
52 weeks low	31.10
52 weeks change	62.27%

[mrq : most recent quarter , mry : most recent year]
Market data as of Nov 12, 2014 opening price at 51.5

Credit ratings

Rating agency	Long term	Short term	Outlook
MOODY'S	A1	P-1	Stable
Fitch Ratings	A-	F2	Stable

Bank's Operating Segments



Personal Banking Group

The Personal Banking operates through a network of branches and ATMs as well as state of the art e-banking services. It provides clients with full range of Shariah compliant products catering for their deposit, financing, mortgage and payment needs. It also provides Brokerage and Wealth Management services through Saudi Hollandi Bank's subsidiary, Saudi Hollandi Capital. Insurance services are also provided through Saudi Hollandi Insurance Agency. Personal Banking tailored "affluent Banking" services for its qualified customers through relationship managers in dedicated centers. Ladies Banking services are also provided through a network of ladies branches. SME banking is offered through well trained relationship managers in dedicated Business Banking centers.



Institutional & Corporate Banking Groups

The Institutional & Corporate Banking Groups provide their clients with a wide range of products and services including Term Loans, Trade Finance, Guarantees and Corporate Finance and Advisory. It offers both conventional and Sharia-compliant financial solutions across the full spectrum of corporate banking. The products and services offered include: Working Capital and Trade Financing, Asset Financing, Structured Financing Solutions, Clean Overdraft Line, Short Term Financing for LC retirement, Letters of Guarantee issued on behalf of our clients for a third party, Acquisition financing, equity bridge financing and SIDF bridge financing.



Treasury

Saudi Hollandi Bank's Treasury provides hedging and investment solutions to the Bank's clients. Already a leading provider of foreign exchange cash products, the Treasury department has been growing its (structured) derivatives businesses in foreign exchange and special commission rates. Treasury is an active interbank market maker in Saudi Riyal-denominated foreign exchange and interest rate products. Treasury offer Foreign exchange spot, Forwards, Options, Deposits and Loans, Special commission rate swaps, Forward rate agreements, Structured commission rate derivative solution and Structured Foreign Exchange solutions in conventional and Sharia-complaint variants.



Investment Banking

Saudi Hollandi Capital was established as an independent Investment subsidiary of Saudi Hollandi Bank with a vision to become a leading provider of innovative Investment banking and Wealth management solution for private and institutional clients. Saudi Hollandi Capital's Investment team provides a broad range of Investment banking products to corporate and financial intuitions. Services that SHC offer include Public offering and Convertibles, Sukuk and Bonds issuance, Mergers and Acquisitions Advisory Private placements and Privatization.

1 | Group Overview

2 | Strategy

3 | Financial and Operating Performance

4 | Segment Performance

5 | Awards

Strategy - Highlights

1

Strengthen SHB as a fully integrated, client-centric bank, by emphasizing customer intimacy as the bank's main value discipline and positioning SHB Treasury and SH Capital as product units in support of the Personal Banking Group, the SME Business, the Corporate Banking Group and the Institutional Banking Group.

2

Increase profitability of the Personal Banking business by having well-trained staff providing the best service to two chosen segments, i.e. professionals and mass affluent customers, making optimal use of a differentiated value proposition across the different channels.

3

Establish the Small and Medium-Size client segment (turnover below 100 million Riyal) by having a dedicated relationship management team and dedicated business centers.

4

Grow the Corporate Banking client segment (turnover between 75 and 500 million Riyal) in terms of assets, whilst building and maintaining an average yield of 3.5%.

5

Increase the profitability of the Institutional Banking segment (turnover above 500 million Riyal) by increasing cross-sell of all the bank's products, adherence to RARORC hurdle rates, and aggressive asset turnover in case RARORC hurdle rates are not met.

Strategy – Highlights contd...

6

Continue to aggressively grow fee income across the bank in Trade Finance, Cash Management and Treasury.

7

Further develop the service & sales culture across the branch network, shifting the focus from operational processes to relationship management.

8

Nourish the cultural change in awareness and responsibility for risk management throughout the businesses – from `order takers' focused only on returns to active portfolio managers considering risk-adjusted returns on capital.

9

Use technology as a business enabler to achieve strategic objectives.

10

Create a high-performance culture in which managers lead by example, performance is monitored, measured and acted upon, accountability is key, and where there is zero tolerance to any Compliance or Controls breaches.

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5 | Awards

Key messages

- Traditionally, SHB is a corporate banking franchise.
- Past 30 months have seen SHB record strong income generation on the back of pick-up in corporate lending.
- Ahead of the pack in addressing asset quality and concentration issues allowing it to re-focus on balance sheet growth.
- Established profile, strong sponsors, and historical links with Saudi have enabled SHB to establish itself as a top tier corporate lender.
- Net Profit of SAR1.5bln during Year 2013 is the highest in the bank's history.
- Net profit increased by 18% yoy during Q3-2014.
- Improvement driven by both solid increase in total income and cost controls.
- Operating profit increased 26% yoy.
- Total Asset up 17% to SAR.91.5bln (Q3-2013 : SAR.77.9bln).
- Maintained stable credit rating.
- Invested in people & technology to strengthen the platform.

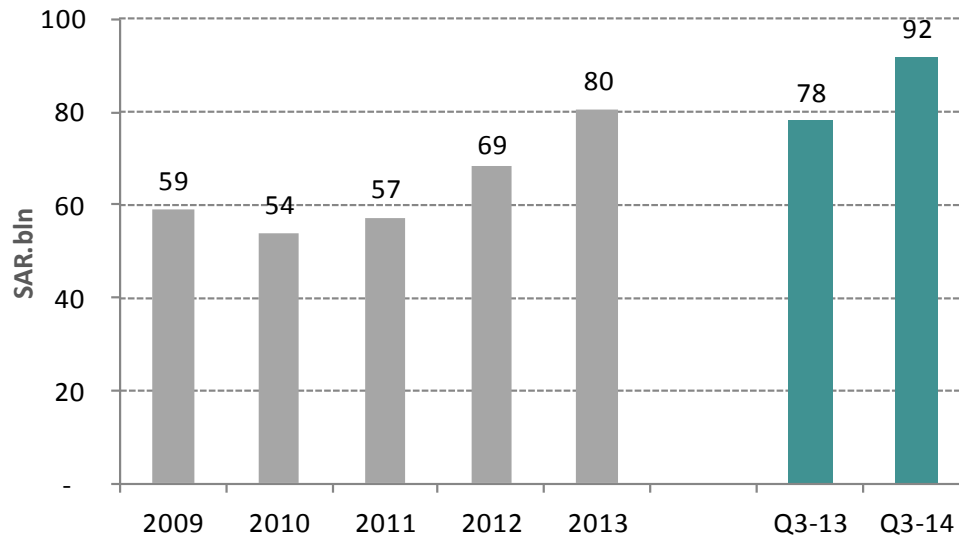
Key figures

<i>in SAR mln</i>	Q3-2014	Q3-2013	Growth	
			YOY	FY-2013
Net Interest Income	1,437	1,197	20%	1,624
Non Interest Income	941	748	26%	992
Total Income	2,377	1,945	22%	2,616
Operating cost	753	656	15%	895
Operating Profit	1,624	1,289	26%	1,721
Impairment & Provisions	(258)	(134)	na	(218)
Other Income/Expense	(6)	(1)	na	(1)
Net Profit	1,359	1,154	18%	1,502

<i>in SAR mln</i>	Q3-2014	Q3-2013	Growth	
			YOY	FY-2013
Total Assets	91,594	77,968	17%	80,468
Loans & Advances (net)	63,369	53,230	19%	53,211
Customers' deposits	72,691	61,398	18%	61,875
Equity	10,335	9,044	14%	9,401
Tier I ratio	11.77%	12.07%	na	11.76%
Tier I & II ratio	17.49%	16.59%	na	18.32%
EPS - SAR	2.85	2.42	na	3.78
ROAA	2.11%	2.05%	na	2.02%
ROAE	18.36%	17.31%	na	16.96%
Cost to Income	31.7%	33.7%	na	34.2%
FTEs (#)	1,626	1,517	na	1,534

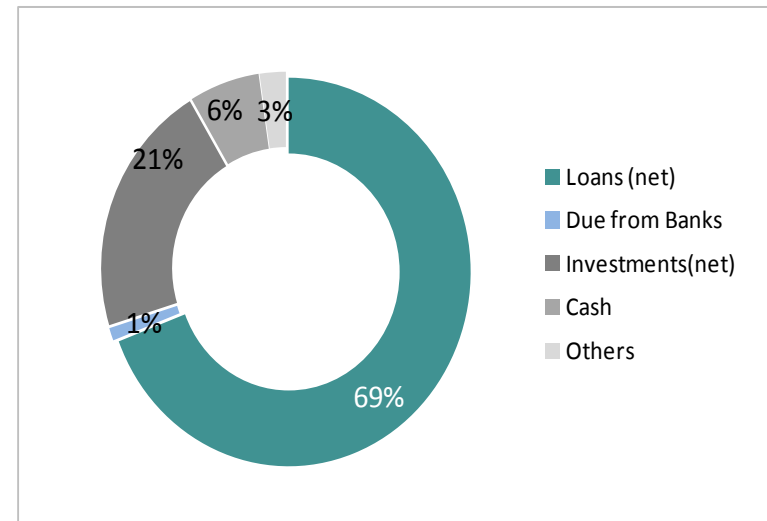
Growing Asset base on the Back of Increase in Lending

Strong Asset Base

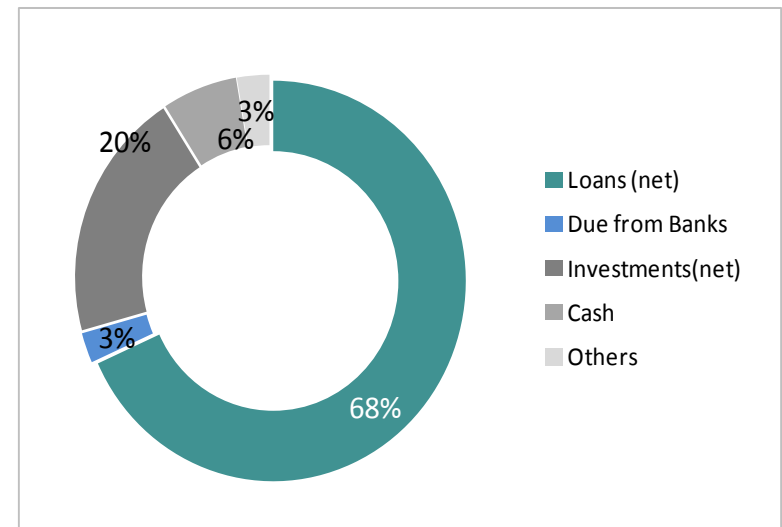


Asset mix

Q3-2014



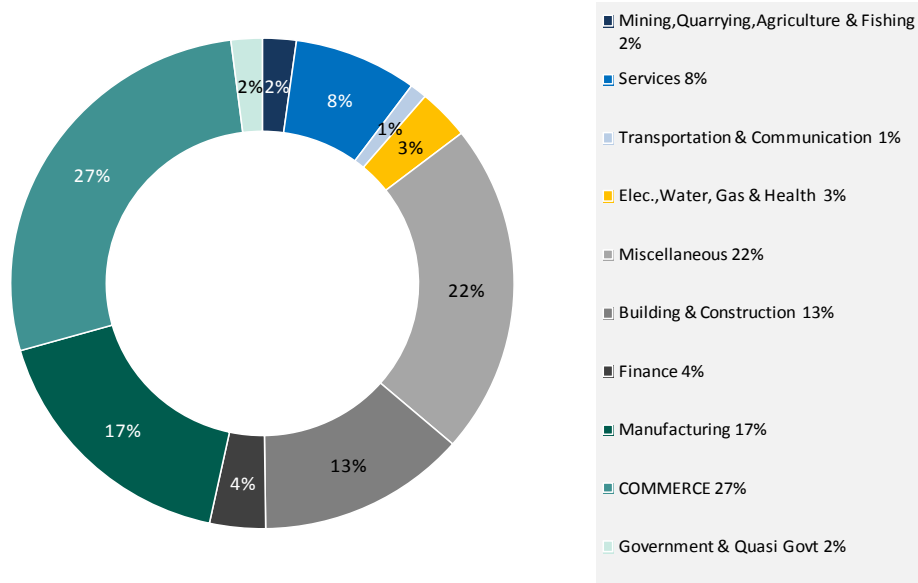
Q3-2013



- Asset base has increased by 17% yoy.
- Assets growth driven by 19% increase in total loans yoy.
- Lending book has grown by 76% over 2009-2014 Q3.
- Loans and investments represents more c.85% of the total asset base.
- SHB growth in assets of 17% during Year 2013 is one of the best in industry.

Loan Portfolio - growing at a steady rate...

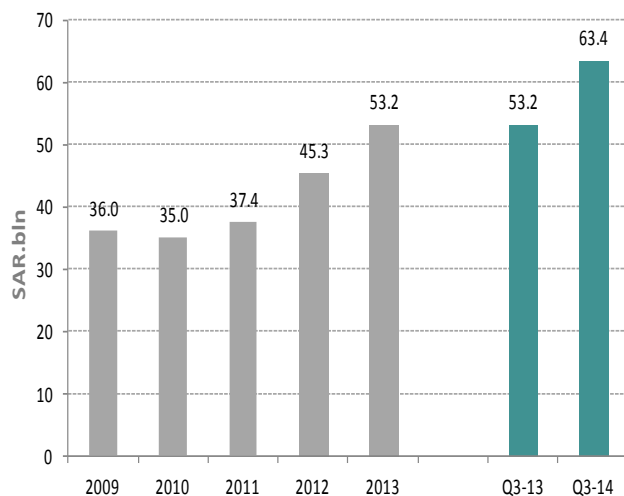
Loan Portfolio Breakdown



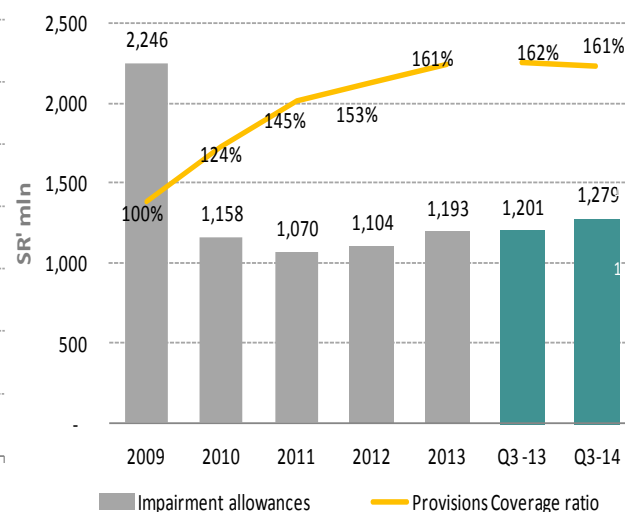
Key Highlights...

- The main contributors to this increase in loans are from the robust consumer and public spending growth being experienced in the kingdom, SHB is actively participating and supporting this growth phase.
- Significant growth in mortgage from 1.3bln in Year 2012 to 5.5bln in Year 2014 Q3 , approx 320% increase .
- Strong focus on credit quality - NPLs % have reduced to 1.23% in Q3-2014 vs. 1.36% in Q3-2013.
- Improved coverage ratio .

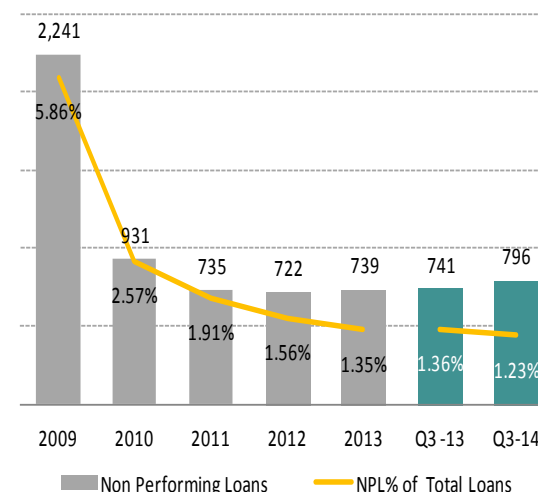
Increase in Loan Portfolio



Highly Conservative Coverage

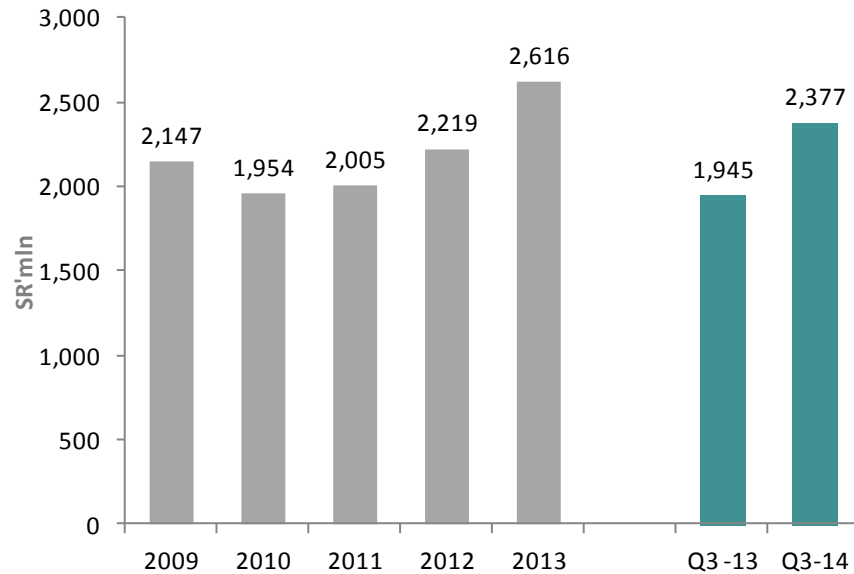


Non Performing Loans and NPL %

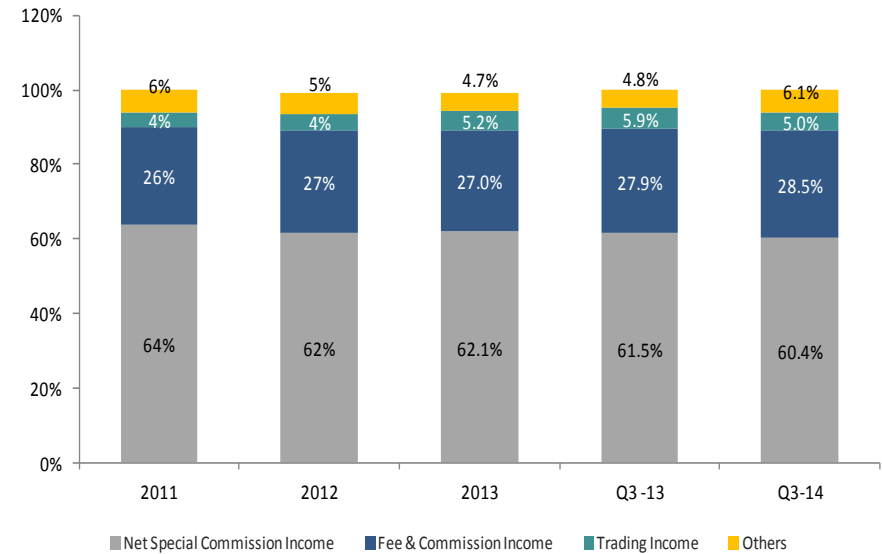


Revenue breakup

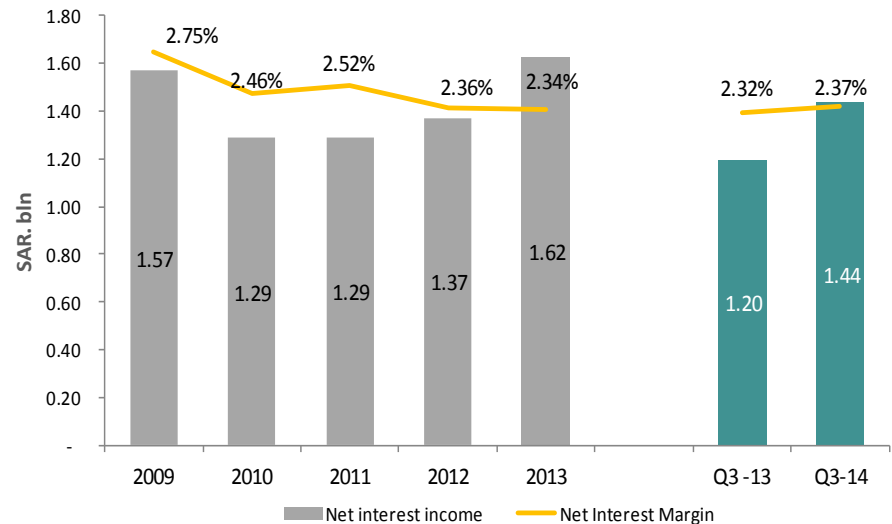
Operating Income



Operating Income breakup



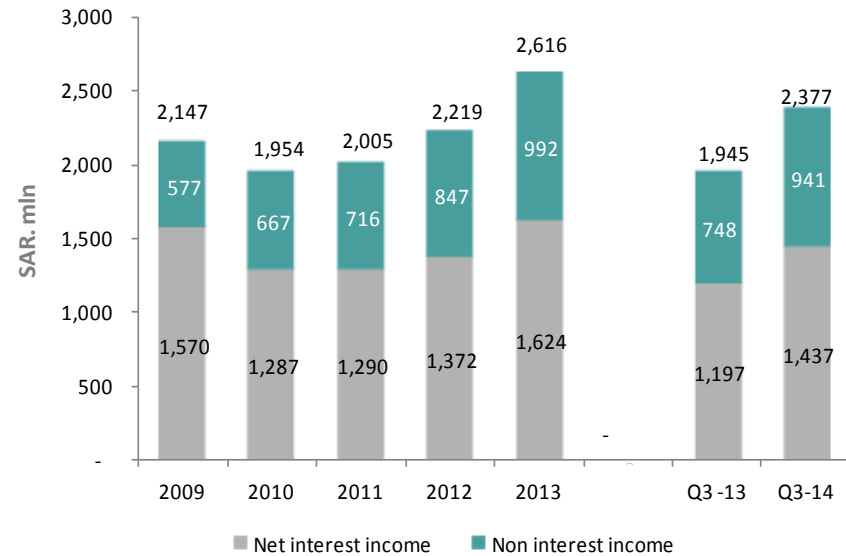
Evolution of Net Interest Margin



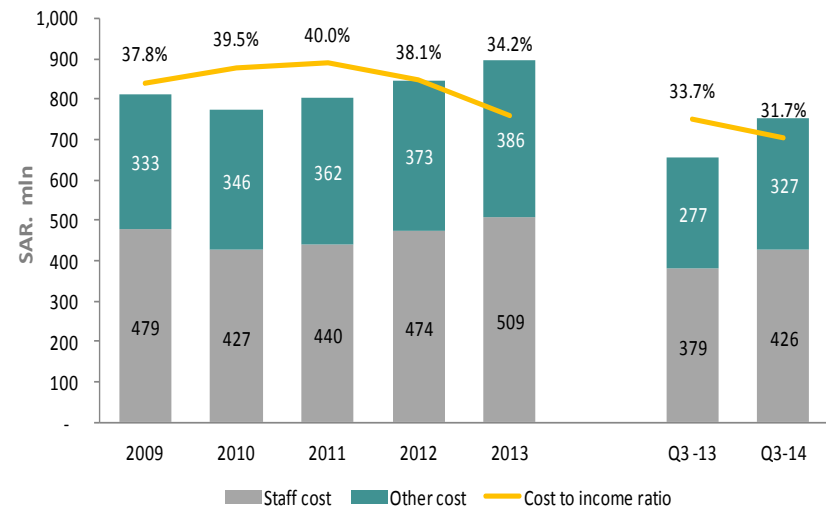
- Operating Income increase by 22% yoy during Q3-2014.
- Net special Commission Income increased by 20% compared to Q3-2013.
- Non funded Income increased by 26% compare to Q3-2013.
- Contribution of Non-funded Income towards the total revenue at 40% represent improved cross-sell and customer centricity.

Financial Summary Trends

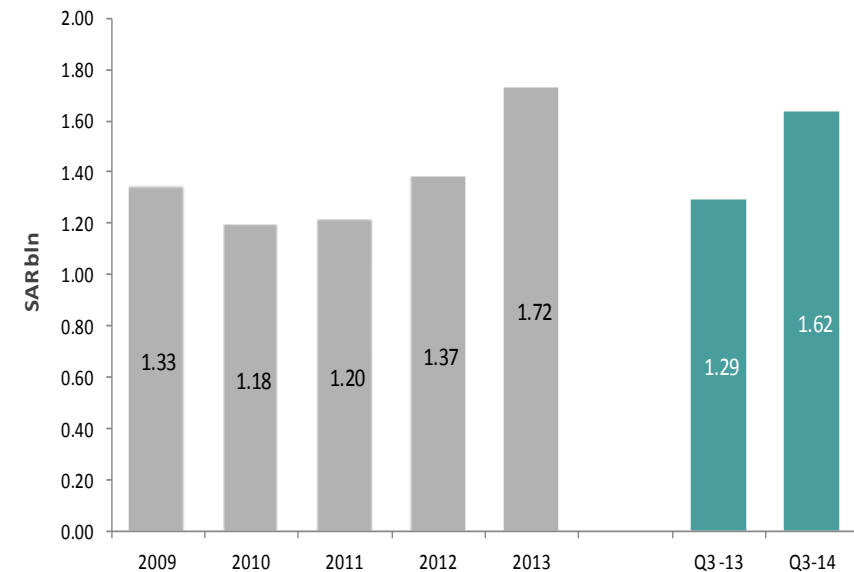
Operating Income breakup



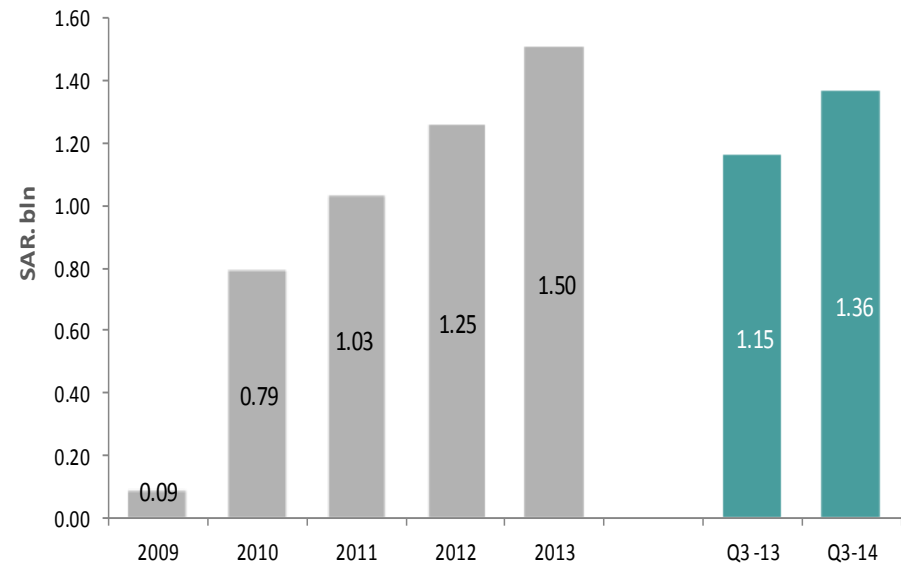
Operating expenses / Cost to Income ratio



Operating Profit

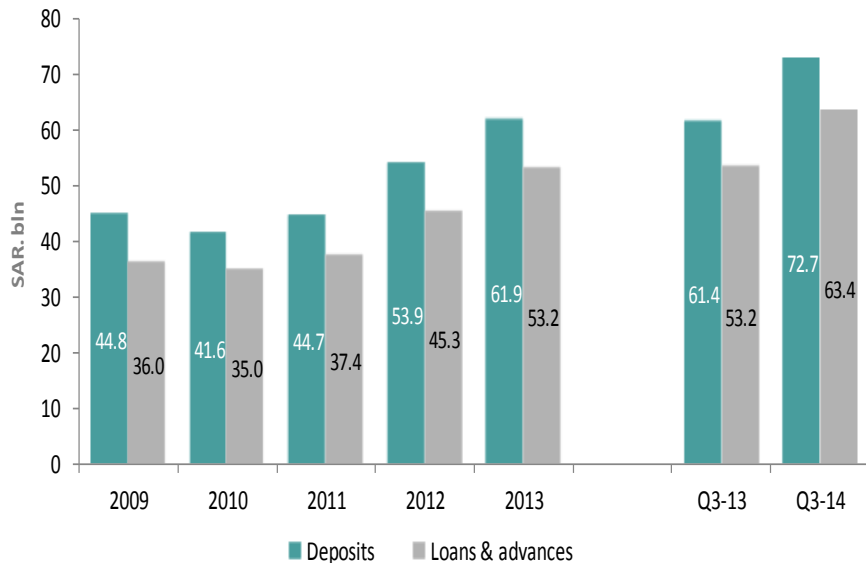


Net Profit

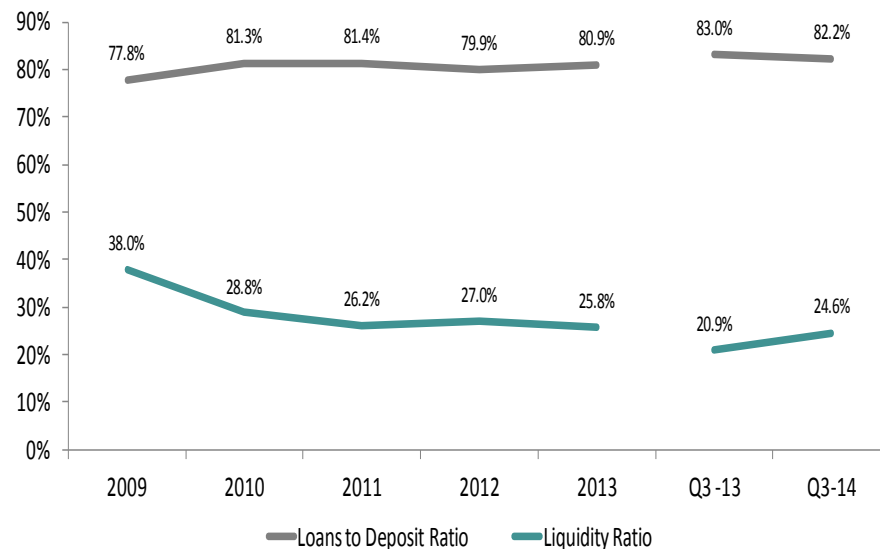


Key Balance Sheet Items & Ratio Trends

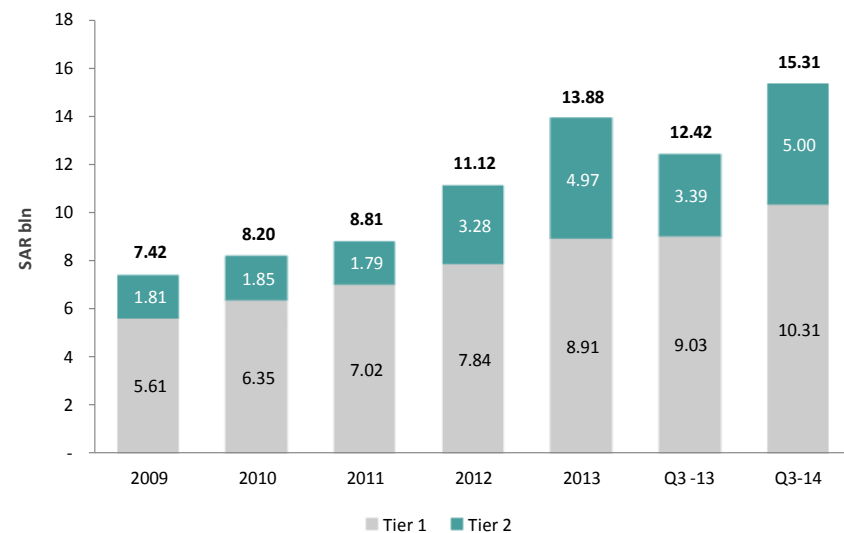
Deposits/Loans & Advances



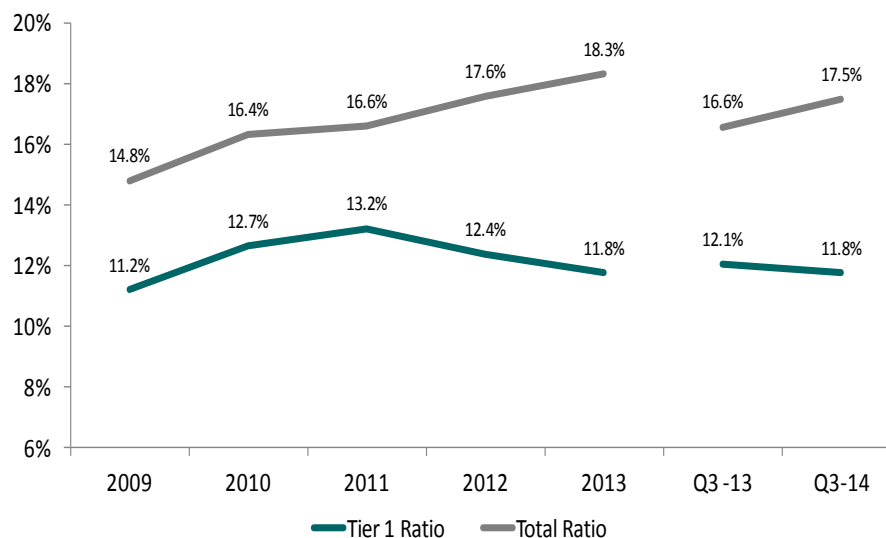
Key regulatory ratio



Regulatory Capital



Capital Adequacy ratio



1 | Group Overview

2 | Strategy

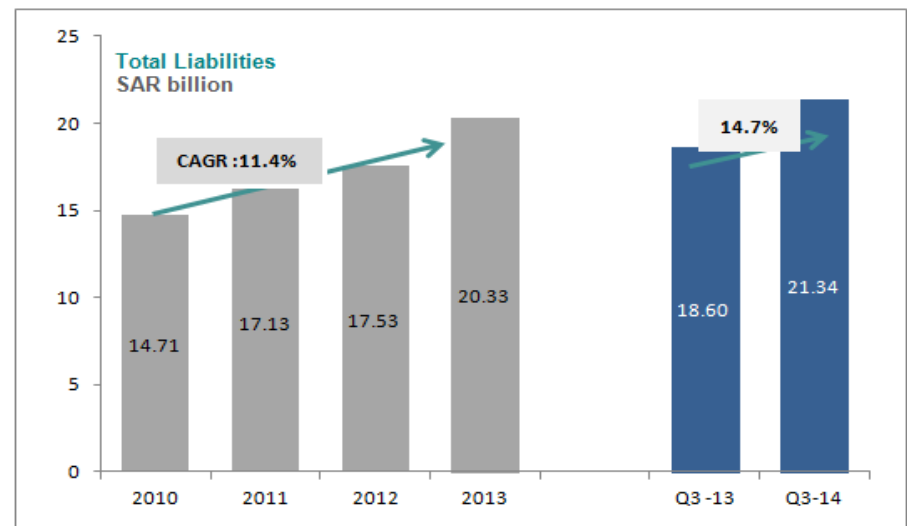
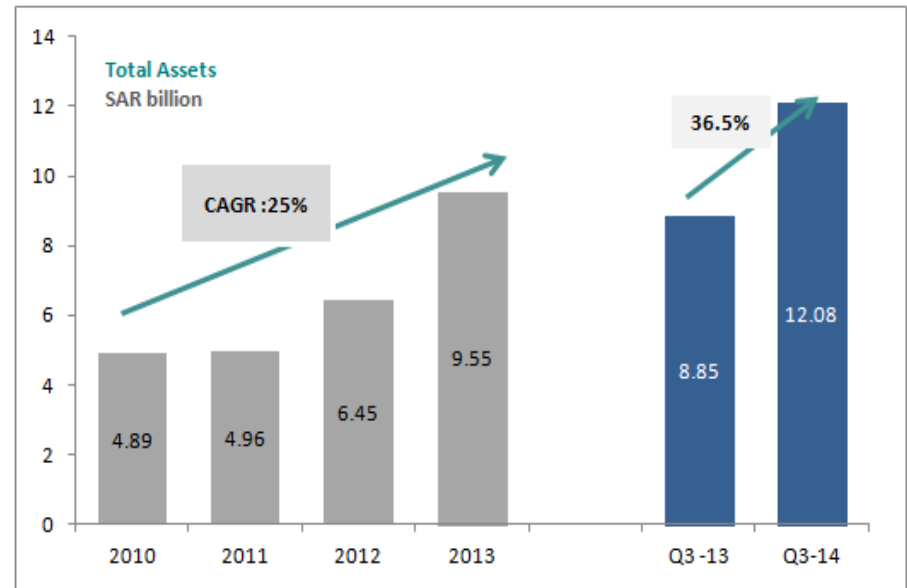
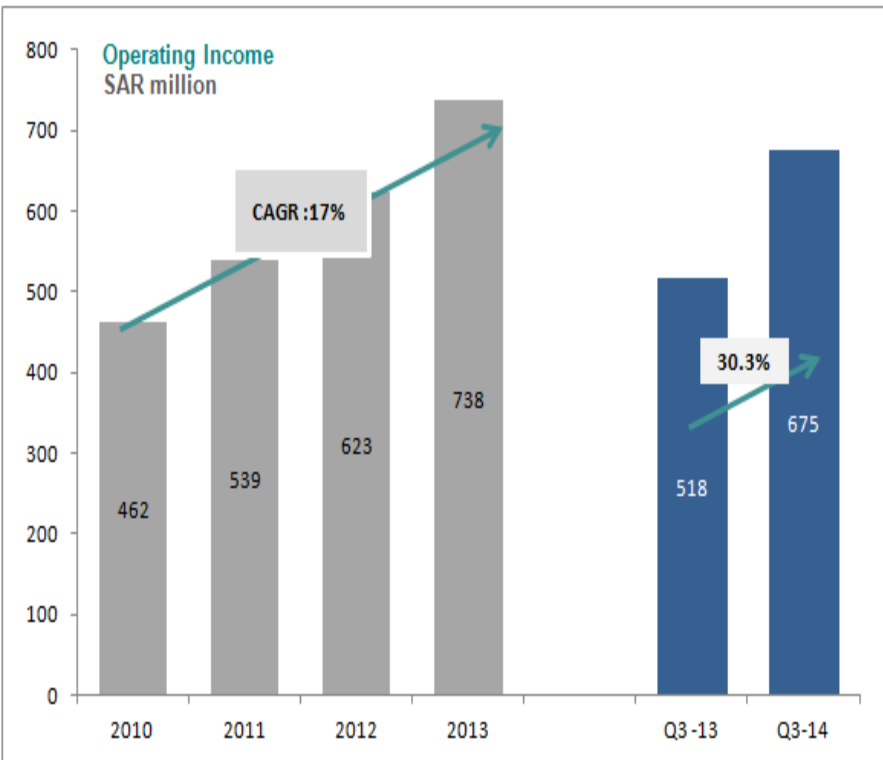
3 | Financial and Operating Performance

4 | Segment Performance

5 | Awards

Personal Banking

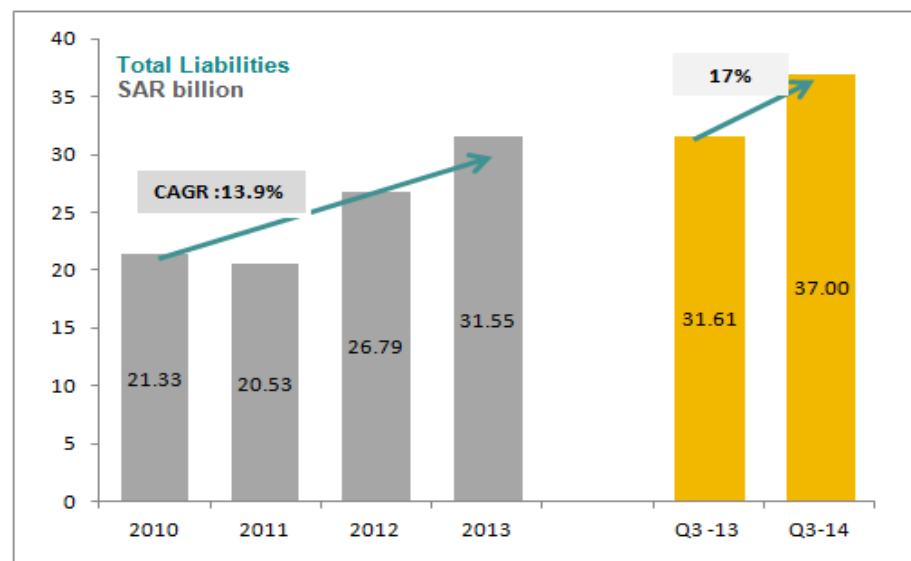
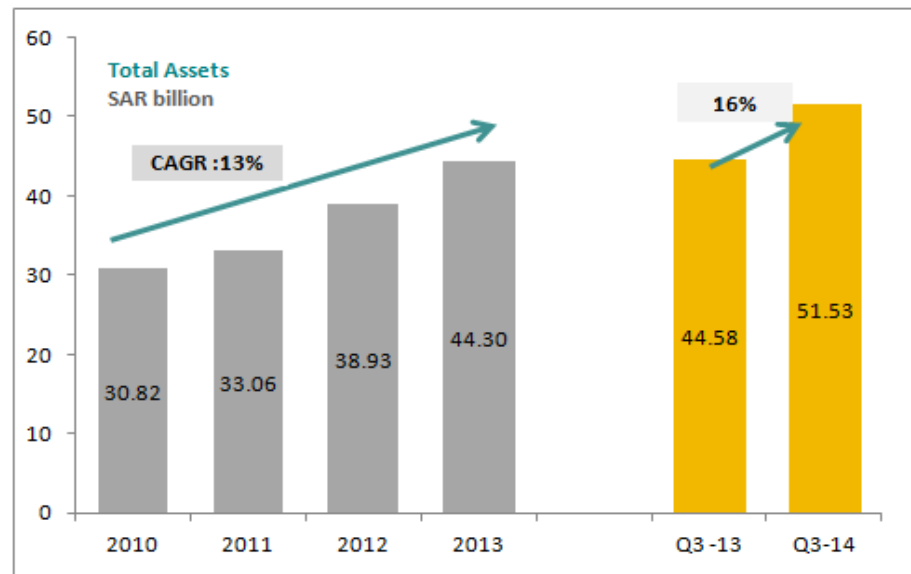
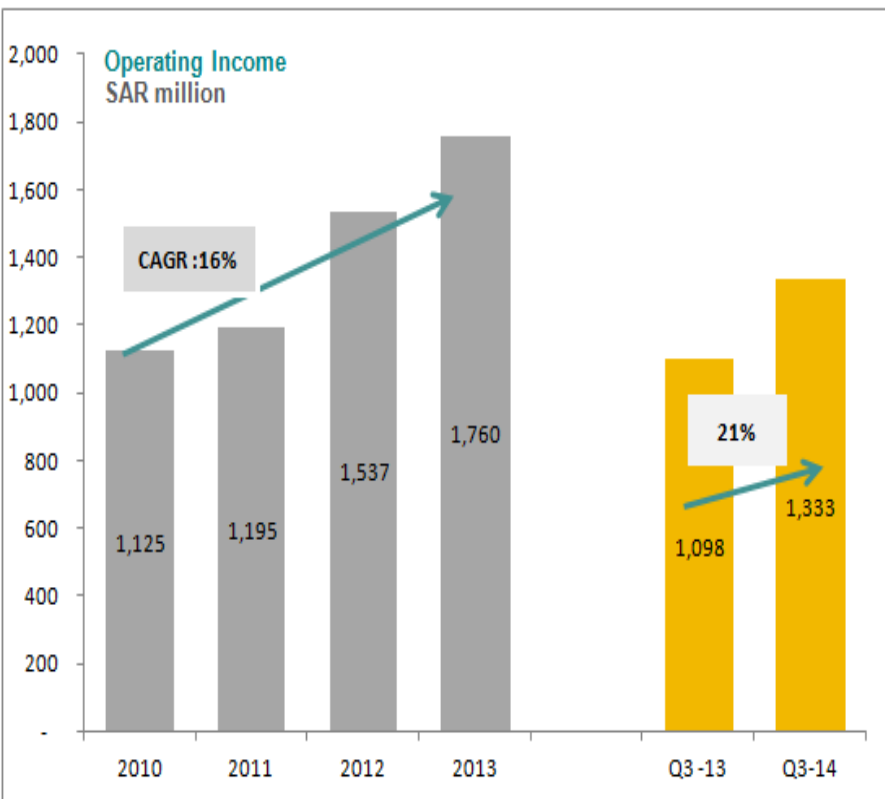
Sustained revenue growth and improvement in profitability



- Focus on Product enhancement.
- Introduced new acquisition channels.
- State of the art banking platform
- Success in serving SME continued with total outstanding assets exceeding SAR 1bn.
- Moved away from plain vanilla products

Corporate Banking

Maintained a strong presence in the market



- Focus on growth in mid-corporate segments
- Successful cross selling Trade and Treasury products.

1 | Group Overview

2 | Strategy

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Awards

2014

2014, Best Sustainable Bank in Saudi Arabia



2014

2014, Best Personal Finance Program in Saudi Arabia



2014

2014, Best Banking Group in Saudi Arabia



2014

2014, Best SME Bank in Saudi Arabia




2014

2014, Banker Middle East Magazine Awards



2014

2014, The Best Home Finance



2014

2014, Best Internet Bank in Saudi Arabia



2013

Best SME Bank Saudi Arabia



2013

Excellence in Corporate Banking Middle East




2013

Best Banking Group in Saudi Arabia




2013

Banker Middle East magazine awards



2013

Best Home Finance



2013

2013, Best Islamic Loan Syndication – Highly commended



2010

Best Ladies Banking award

