



البنك السعودي للاستثمار
The Saudi Investment Bank

رؤية
VISION 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

SUSTAINABILITY REPORT 2016



البنك السعودي للاستثمار
The Saudi Investment Bank

SUSTAINABILITY REPORT 2016



KING SALMAN BIN ABDULAZIZ AL SAUD
CUSTODIAN OF THE TWO HOLY MOSQUES



PRINCE MOHAMMED BIN NAYEF BIN ABDULAZIZ AL SAUD
CROWN PRINCE



PRINCE MOHAMMED BIN SALMAN BIN ABDULAZIZ AL SAUD
DEPUTY CROWN PRINCE

ABOUT THE REPORT

The Saudi Investment Bank is proud to present its sixth annual Sustainability Report.

During 2016, The Saudi Investment Bank (SAIB, the Bank) strengthened its commitment to sustainability and transparency by joining the Global Reporting Initiative (GRI) GOLD Community. As a result of that initiative, SAIB has produced this report in accordance with the newly-released GRI Standards. This report has been prepared in accordance with the GRI Standards: Core option.

This report covers SAIB's direct operations in 2016 (January 1, 2016 through December 31, 2016). This report excludes the operations of the Bank's subsidiaries, with the exception of our financial performance data presented in Chapter 3 and our workforce data presented in Chapter 5. Appendix A contains a GRI Standards Content Index listing each disclosure, its location in the report, and its scope.

Finally, SAIB's 2016 sustainability efforts were conducted in accordance with the AA1000 AccountAbility Principles Standard, which has been used as a guiding reference in the development of this Report.

“We empower our customers to make investments and create growth by building simple, accessible, quality products and services.”



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APPENDIX A

Note: The scope of data used in all charts is labeled clearly throughout the report, according to the following definitions:

SAIB: includes only the performance of SAIB (SAIB Staff & Insourced Staff).

SAIB Group: includes the performance of SAIB and its wholly owned subsidiary, Alistithmar Capital (which is abbreviated as "ICAP").

SAIB Staff & ICAP: includes the performance of SAIB Staff, ICAP, and excludes Insourced Staff."

A Message from the CHAIRMAN

Abdallah Salih Jum'ah



Sustainable business practices are becoming increasingly important for the Kingdom as it strives to foster a thriving business environment, vibrant community, and globally competitive economy. We are proud that the Bank's strategy aligns with the aims of the three main pillars of Saudi Arabia's Vision 2030 – A Vibrant Society, A Thriving Economy, and An Ambitious Nation.

On behalf of the Board of Directors, I am pleased to present The Saudi Investment Bank's 2016 Sustainability Report.

The Bank has experienced continued growth in 2016. We achieved a successful financial year as we continued to grow our customer base among the corporate, personal, and small and medium-size enterprise (SME) banking lines. In addition, we have realized significant achievements across our economic, social and environmental performance.

Sustainable business practices are becoming increasingly important for the Kingdom as it strives to foster a thriving business environment, vibrant community, and globally competitive economy. We are proud that the Bank's strategy aligns with the aims of the three main pillars of Saudi Arabia's Vision 2030 – A Vibrant Society, A Thriving Economy, and An Ambitious Nation.

We are investing in a Vibrant Society by managing its environmental impacts to help build a more resilient Kingdom. By pursuing cost-saving environmental practices that make financial sense, we have achieved reductions in electricity, paper, and water usage in 2016 and continue to set targets to improve our environmental performance.

We are investing in a Thriving Economy by actively providing small businesses with quality banking services and by continuing to invest and develop our own workforce. We have continued to enhance the recruitment and retention of qualified Saudi nationals within our

workforce, and we are honored to be recognized by the Great Place to Work Institute as one of the Best Large Workplaces in Asia.

We are investing in an Ambitious Nation by supporting the local communities in which we operate. Through strategic community investment practices, we contribute to carefully selected causes through our corporate volunteering program and corporate sponsorship efforts. For example, customer donations facilitated by our Woow AlKhair program, which funds a growing set of charities in the Kingdom, almost tripled in 2016.

Our efforts in these areas stem from our growing commitment to corporate sustainability. We are therefore particularly proud to have been recognized as the First Place Winner in the 2016 King Khalid Award for Responsible Competitiveness, improving upon our second-place position in 2015 and our third place position in 2014. This continued improvement demonstrates our increasing effectiveness in managing our economic, social and environmental impacts, which are detailed in the report.

The Saudi Investment Bank will continue to accelerate the Kingdom toward its vision of sustainable success for years to come. We are investing in the Kingdom of tomorrow.

“ We are therefore particularly proud to have been recognized as the First Place Winner in the 2016 King Khalid Award for Responsible Competitiveness, improving upon our second-place position in 2015 and our third place position in 2014.

A Message from the CEO

Musaed Mohammad Al Mineefi



Our sustainability framework helps us build a successful business by creating a better connection with our customers, building loyalty, and deepening relationships. This allows us to maintain our strong financial performance and continue to invest in our people, our communities, and our environment. Our sustainability framework, with its pillars aligning so well to the ambitions detailed in Saudi Arabia's Vision 2030, ensures the Bank's ongoing contribution to the realization of Kingdom-wide goals in the Vision 2030.

Welcome to The Saudi Investment Bank's 2016 Sustainability Report. We are pleased to share with you the key results from the Bank's financial and non-financial performance in 2016 and our progress toward building a sustainable business and contributing to the Kingdom's future.

Sustainability at SAIB revolves around five pillars tied to the Islamic principles of nummow (growth), takleef (responsibility), re'aya (workforce), hifth (environmental protection), and awn (helping others). These pillars guide our long-term strategic planning as well as our day-to-day operational decision-making. Our fundamental mission is to help customers achieve what is important to them, and our sustainability framework guides us in realizing this ambition.

Our sustainability framework helps us build a successful business by creating a better connection with our customers, building loyalty, and deepening relationships. This allows us to maintain our strong financial performance and continue to invest in our people, our communities, and our environment. Our sustainability framework, with its pillars aligning so well to the ambitions detailed in Saudi Arabia's Vision 2030, ensures the Bank's ongoing contribution to the realization of Kingdom-wide goals in the Vision 2030. In this report, we are proud to share the Bank's 2016 impact across all five pillars of our sustainability framework.

Our pillar of nummow (growth) represents the Bank's efforts to create economic stability and growth. We aim to empower our customers to make investments and grow by building simple, accessible and quality products and services. We are working on harnessing new technologies to deliver consistent service to our customers at every touchpoint. In 2016, we are proud to have automated 100% of teller transactions and 75% of customer service transactions. We also continued our trend of growth among our customer lines, achieving a 31% increase in SME clients, a 27% increase in personal banking customers, and a 3% increase in corporate banking customers.

Our pillar of takleef (responsibility) encompasses responsible banking practices, ethical conduct, and protecting our customers to earn their trust. Our approach to integrate sustainability across our operations is fundamental to achievement of this ambition. As a bank, we focus on issues such as data security, financial system stability, and responsible lending and investment, which are critical to our customers and the broader community. We have a number of banking consumer protection policies in place governed by our Quality Group and we continue to explore mechanisms to incorporate environmental, social, and governance (ESG) issues into our lending and investment activities.

“ We are pleased to share with you the key results from the Bank's financial and non-financial performance in 2016 and our progress toward building a sustainable business and contributing to the Kingdom's future.

Our pillar of re'aya (workforce) refers to the establishment of strong relationships between people. We aim to engage employees and work as one family. Our workforce development strategies embody inclusiveness and respect while developing our talent. In 2016, we conducted our annual Training Need Analyses; setting an Identified Development Plan for all individuals. Based on these assessments, the Bank increased the number of training days for our middle management level by 48%.

Our pillar of hifth (environmental protection) describes the sustainable use of natural resources. By implementing the environmental policy established in 2015, the Bank progressed towards targets for reducing our environmental impact by achieving reductions in electricity, water, and paper usage in 2016. We also redoubled our efforts to support responsible environmental management throughout the Kingdom by increasing the number of companies we support in developing and implementing environmental management measures.

Finally, our pillar of awn (helping others) underpins the Bank's responsibility to support local communities. We continue to focus our investments on four priority areas defined by our corporate sponsorship policy including: financial education, human and social development, environmental protection and community health.

While the above five pillars are the key elements of our Sustainability programs, we firmly believe that their success is highly dependent on having a robust Corporate Governance framework. In recognition of SAIB's investment in optimizing its Corporate Governance affairs, we ranked in the 6th position in 2016 by the SGP/ Hawkamah ESG Pan Arab Index.

As we look toward the upcoming year of business, we renew, affirm, and invigorate our sustainability ambitions so that we may continue creating value for our customers, our employees, our stakeholders, and the Kingdom of Saudi Arabia in 2017.

102-7



48
Branches



12
Ladies Sections



60.2 bn
Lending



65.6 bn
Total Deposits



331,002
Customers



4.0 m
Community Investment



1,661
Employees



1,053 mn
Net Income

THE SAUDI INVESTMENT BANK

The Saudi Investment Bank (SAIB) is a leading financial institution in the Kingdom of Saudi Arabia. Over the past 40 years we have built a reputation based on being a trusted Institution which tailors its products and services to our customers needs.

ABOUT THE SAUDI INVESTMENT BANK

SAIB offers traditional wholesale, retail and commercial banking products. Our wholesale product line includes the financing of quasi-government and private industrial sectors and trade finance products for facilitating imports and exports.

On the retail side, we offer a comprehensive range of Shariah compliant products and services including accounts, Murabaha investments and personal finance solutions.

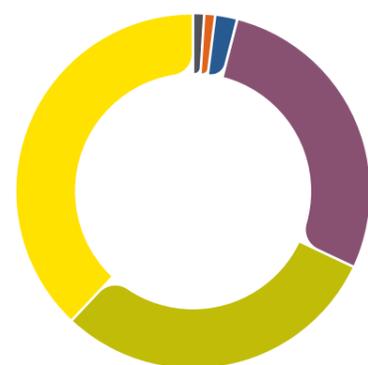
Our Personal and Corporate Banking segments provide deposits, loans, and other credit products for individuals, small to medium-sized businesses and corporate and institutional customers.

We also provide an inclusive range of Treasury and Institutional Banking products and services. Our Treasury segment provides money market services, manages investments and offers a full range of products to customers.

The Bank has established joint ventures and subsidiaries in investment banking, share trading, asset management, leasing, mortgage finance, credit cards, and payment services. Through Alistithmar Capital, our wholly-owned subsidiary, we provide brokerage services, investment products, and corporate finance services. Our three associates include American Express Saudi Arabia, Amlak International, and Saudi ORIX Leasing Company.

Islamic principles are at the very core of our business identity. Under the guidance of the Sharia Committee, SAIB incorporates Sharia into our product build and product development guidelines across our retail, corporate, and treasury business lines. Any non-compliance of Sharia issues is taken extremely seriously and issues are addressed and rectified. [103 Management Approach: Adherence to Islamic Banking Principles](#)

Portfolio by Business Segment [102-2](#)



- 0.36% ● Asset management and brokerage
- 1.06% ● Business partners
- 1.91% ● Other
- 28.39% ● Treasury and Investments
- 30.12% ● Retail
- 38.16% ● Corporate

Note: The basis of operating segments as of and for the year ended December 31, 2016 has been changed compared to the basis of segmentation used in previous reports, in order to align to changes in the Board Risk Committee and Board of Directors' reporting. The comparative amounts as of and for the previous years have therefore been adjusted to conform to the current period presentation. [102-48](#)
Scope: SAIB

OUR VISION

To offer the simplest and most accessible products and services to each of our customers.

OUR MISSION

TOWARDS OUR CUSTOMERS

- We make banking simple and accessible for each of our customers.
- We are flexible, adaptive and responsive to deliver what suits our customers.
- We listen to our customers and understand their needs and preferences in order to evolve and improve.

TOWARDS OUR EMPLOYEES

- We value ideas, inputs, and initiatives.
- We empower our staff to bring out their best and go the extra mile.
- We recognize individual contribution and we support individual development.
- We enhance team spirit, which allows us to collectively build the smartest solutions.



HOW THE BUSINESS WORKS

BUSINESS ACTIVITIES	PRODUCTS AND SERVICES	INDIVIDUALS	SMALL AND MEDIUM BUSINESSES	CORPORATES	FINANCIAL INSTITUTIONS AND BANKS	SOVEREIGNS AND INSTITUTIONS
 <p>Save, invest, and manage cash</p>	Current accounts and overdrafts	✓	✓	✓	✓	✓
	Savings, deposits, and investment products	✓	✓	✓	✓	✓
	Mobile and electronic payments	✓	✓	✓	✓	✓
	Stock broking and trading services	✓	✓	✓	✓	✓
	Access to global financial markets	✓	✓	✓	✓	✓
	Cash management, payment systems, and international trade services			✓	✓	✓
 <p>Provide funds for purchases and growth</p>	Residential home loans, vehicle and asset finance, personal loans and credit cards	✓				
	Commercial property finance and business loans		✓	✓	✓	
	Asset and lease finance, trade and supplier finance, and working capital solutions		✓	✓	✓	
	Global capital markets			✓	✓	✓
	Large corporate and inter-bank lending			✓	✓	
 <p>Provide business and financial support</p>	Relationship managers and support	✓	✓	✓	✓	✓
 <p>Manage business and financial risks</p>	Foreign exchange rate hedging	✓	✓	✓	✓	✓
	Inflation and interest rate hedging		✓	✓	✓	✓

CORPORATE GOVERNANCE

Effective corporate governance practices are essential to achieving and maintaining public trust and confidence in the banking system, which is critical to the proper functioning of the banking sector and economy as a whole. Internally, corporate governance helps us ensure quality decision-making, operate more efficiently, and mitigate risk. **103 Management Approach: Governance and Accountability**

Our Board of Directors comprises of 9 nonexecutive members 3 of whom are independent and is responsible for approving the strategy and financial objectives for SAIB and monitoring performance against those objectives. SAIB’s governance structure is arranged such that the Board provides oversight on the risks and opportunities arising from our activities. The Board also monitors compliance with regulatory and legislative requirements, internal policies and ethical standards. Board members are appointed for a three-year tenure by the Bank’s shareholders.

The Board directly oversees six committees: the executive committee, compliance committee, nomination and remuneration committee, risk committee, Shariah committee, and audit committee is assessed annually. The public can use an e-form to contact the Board for any issues. **102-21**

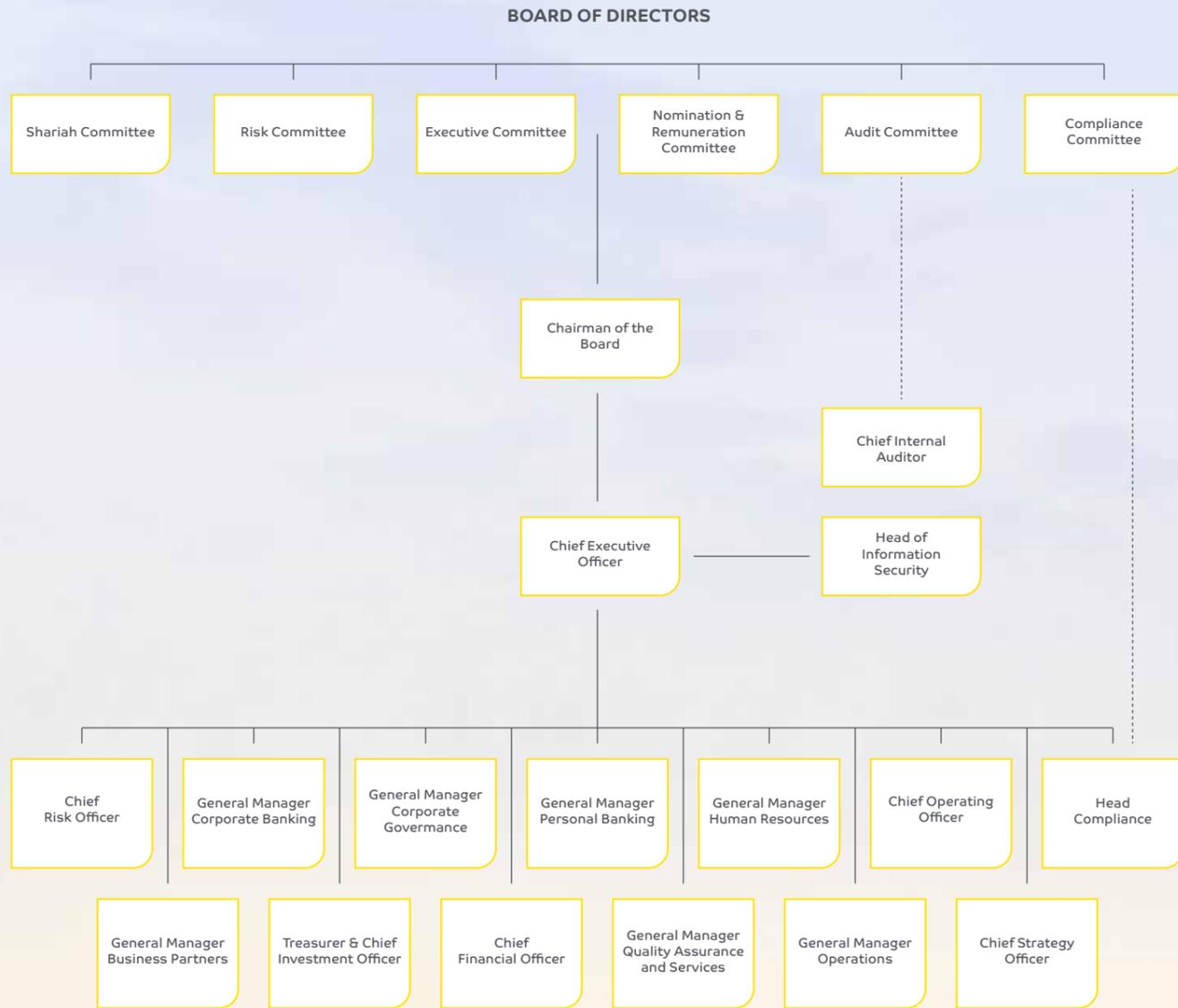
The General Manager Corporate Governance has responsibility for the Bank’s corporate governance. The Board committees are supported by our Chief Executive Officer, and our day-to-day oversight are managed by our business and support services managers.

SAIB complies with all governance requirements set out by Basel III, the Saudi Arabian Monetary Authority (SAMA), Capital Market Authority (CMA) and Ministry of Commerce and Investment (MCI).

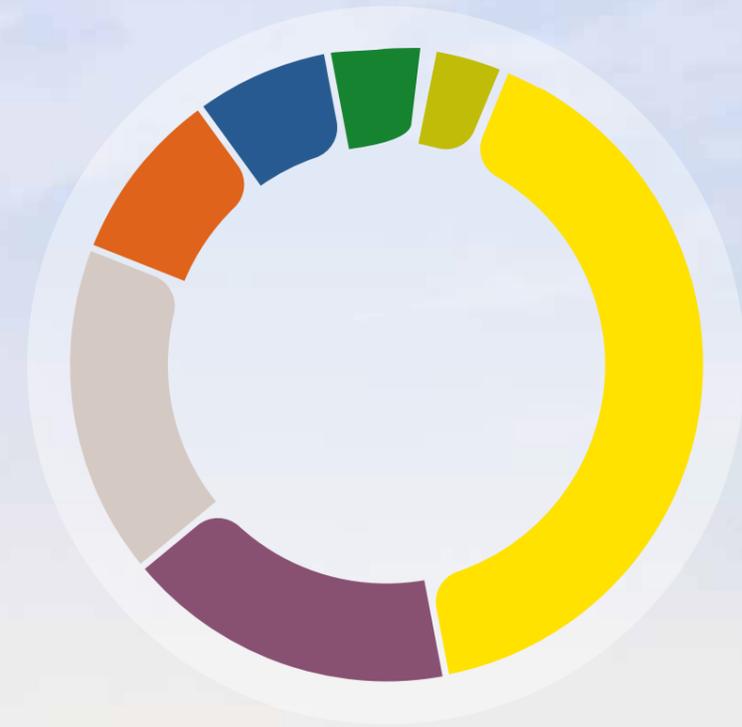
SAIB is a member of the S&P/Hawkamah ESG Pan Arab Index, which ranks companies on their environmental, social, and governance performance. SAIB uses these rankings and internal service level agreements to evaluate the effectiveness of its governance practices. In the annual re-balance of the S&P/Hawkamah ESG Pan Arab Index, SAIB improved its rankings from 7th position in 2015 to 6th position in 2016.

For more information, please refer to the Corporate Governance section of our website at: <https://www.saib.com.sa/en/corporate-governance-1>

ORGANIZATION CHART



OWNERSHIP



- 43.07% Saudi Public
- 17.32% Public Pension Agency
- 17.26% General Organization for Social Insurance
- 8.58% Saudi Oger Limited
- 7.49% JP Morgan International Finance Limited
- 3.77% National Commerical Bank
- 2.51% Mizuho Corporate Bank Limited

Scope: SAIB Group



VISION 2030

The Saudi Investment Bank (SAIB) is actively contributing to the realization of Saudi Arabia's Vision 2030. The Vision's three main themes, A Vibrant Society, A Thriving Economy, and An Ambitious Nation are each embedded within the Bank's strategy.



In the Kingdom of Saudi Arabia, there is a growing interest in sustainable practices as the country seeks to enhance the long-term prosperity of its economy and compete on a global playing field. Vision 2030 is a new set of initiatives by the Saudi government to pursue a bright future for the Kingdom.

Using a formalized framework, anchored to Islamic principles of good governance and management, the Bank is actively working to maximize its sustainability and its contribution to Saudi Arabia's Vision 2030.

Specific initiatives at SAIB, aligned with the Vision 2030 themes, include:

A VIBRANT SOCIETY

- Providing affordable home loans
- Investing in sustainable community activities

A THRIVING ECONOMY

- Employing young Saudi graduates
- Defining targets to increase the female workforce
- Focused on growing the SME business segment
- Financing environmentally-friendly low carbon activities
- Implementing a building management system to improve the resource efficiency of the Bank's buildings

AN AMBITIOUS NATION

- Growing and supporting volunteerism amongst SAIB's employees
- Embracing transparency through good Corporate Governance practices
- Using social media to engage all stakeholders



OUR APPROACH TO SUSTAINABILITY

SAIB recognizes that banks play an important role in helping societies grow and in developing a sustainable economy. The objective of our sustainability strategy is to influence all stakeholders to adhere to practices that benefit society, the environment, and contribute to sustainable development of Saudi Arabia.

SUSTAINABILITY FRAMEWORK

SAIB has built a unique sustainability framework that considers the global framework aspects of sustainability and relates them to Islamic values. Drawing from the Islamic principles of good governance and management, we have identified five pillars of this framework to organize our sustainability approach. We have built our sustainability policy, our stakeholder engagement strategy,

and our materiality assessment around these pillars. Our Sustainability Committee manages the implementation and performance management of the SAIB Sustainability Framework.

Below are our targets for each pillar of our Sustainability Framework. Our ambition is to achieve these targets in 2018.



SAIB has built a unique sustainability framework that considers the global framework aspects of sustainability and relates them to Islamic values.



SUSTAINABILITY STRATEGY

Last year, we developed our strategic sustainability priorities and three year targets to guide our implementation efforts across our five pillars. In 2016, we built upon our strategy and developed our “CSR Operating Standards,” which outlines our standard operating and accounting procedure (SOAP) for the identification and implementation of proactive, high impact and strategic CSR

investments. The purpose of the SOAP is to shift SAIB along the philanthropy spectrum from charitable giving and philanthropic CSR to strategic and venture CSR.

Starting from this year, our CSR investment selection framework will apply three filters to best maximize our impact within the community:

FILTER 1: Alignment to SAIB Sustainability Pillars and Saudi Vision 2030

FILTER 2: Resource maximization

FILTER 3: Impact maximization per resources invested

SUSTAINABILITY COMMITTEE

The SAIB Sustainability Committee is the strategic leadership body responsible overseeing, advising, and advocating for the successful implementation of the SAIB Sustainability Framework and Policy throughout the organization.

The CEO serves as Chairman of the Sustainability Committee, appoints the five additional members of the Committee, and defines the term of their office. Members are chosen based on their expertise on sustainability issues of particular relevance to the business, and the importance of sustainability risks and opportunities to their business line or department. SAIB's Corporate Sustainability Manager serves as the Committee Secretary.

The goals and responsibilities of the Sustainability Committee are to:

- Use the SAIB Sustainability Framework, Policy and the agreed associated strategic sustainability priorities and targets to guide the implementation of sustainability across all phases and functions of the organization.
- Champion and embed sustainability into SAIB's corporate strategy, policies, procedures, management systems, activities and culture.
- Identify and support the identification and implementation of sustainability initiatives that will improve business performance.
- Measure and report on performance internally and externally to maintain a meaningful dialogue with stakeholders.
- Periodically review and adapt the agreed strategic sustainability priorities and targets in the context of evolving sustainability trends, risks, and opportunities.

Each Committee member has the dual responsibilities of championing and embedding sustainability within their department's strategy, activities and culture, and contributing to the overall sustainability focus and results of SAIB across the Bank. However, all staff members of the Bank are expected to contribute towards attainment of the Bank's sustainability objectives. The Committee reports on sustainability performance against targets, and progress on initiatives to executive management and the Board on a quarterly and annual basis.

For more information, please refer to our Sustainability Committee Charter at: https://www.saib.com.sa/sites/default/files/sustainability_committee_charter_v7_dec_8_2015.doc_approved.pdf

OUR STAKEHOLDERS

Our commitment to understanding the needs and interests of our stakeholders is central to the continued success of our business. We maintain our relationships with our internal and external stakeholders to understand their expectations and create shared value for both SAIB and all stakeholders.

102-40, 102-42, 102-43, 102-44

	OUR STAKEHOLDERS	HOW WE ENGAGE	THEIR EXPECTATIONS	OUR RESPONSE
	CLIENTS Our clients include over 300,000 retail banking customers, in addition to more than 10,000 small businesses and 1,400 large companies utilizing our corporate banking and treasury services.	<ul style="list-style-type: none"> • Branches • Flexx Call contact center • Mobile and online banking • Website • Social media channels • Relationship managers • Customer research • SMS Banking • Web Chat • ATM • Cash Deposit Machine • Interactive Teller Machine 	<ul style="list-style-type: none"> • Innovative, high quality products and services • 24/7 quality customer service • Secure, accessible and easy banking • Transparent and fair fees and charges • Privacy • Shariah compliance 	<ul style="list-style-type: none"> • Flexx Click internet banking • Flexx Touch mobile banking • Flexx Call Contact Center • WooW and Aseel loyalty programs • Code of Conduct • Privacy Policy • Sharia Board and controls • Customers segmentation • Voice of Customer unit • Customer Complaint unit • Customer satisfaction surveys • Customer awareness and education unit • Disclosures
	STAFF More than 1,600 employees.	<ul style="list-style-type: none"> • employee engagement survey • SAIB internal magazine • Training and development • Regular meetings • Annual performance reviews • HR helpdesk • employee Suggestions Program – “My Idea” • Recognition and awards programs • Code of Conduct • Innovation center • Yammer (staff social media app) • Internal Communication announcements 	<ul style="list-style-type: none"> • equal opportunity & fairness • employee health, safety and wellbeing • open & two-way communication with management • Competitive salary & benefits • opportunities for training & career development • Transparent and accountable management 	<ul style="list-style-type: none"> • HR policy • employee grievance policy • Safety training and inspections • employee satisfaction survey • Thank You Program • SAIB e-learning Academy • Al-Aqeeq SAIB Academy Training Center • Ask HR • Creative Mornings Initiative
	SHAREHOLDERS SAIB's shareholders include the Saudi public, two Saudi government organizations, and three financial services companies.	<ul style="list-style-type: none"> • Annual general assembly • Board of Directors meetings • Annual, semi-annual and quarterly reports • Shareholder Relations team • Complaints handling mechanism 	<ul style="list-style-type: none"> • Profitability and growth • Strong, sustainable financial returns • excellent corporate reputation • Sound corporate governance • Transparent communication • Compliance with all laws and regulations • Strong risk management 	<ul style="list-style-type: none"> • net income growth • on-going development of the corporate governance framework • Strengthening of risk management capabilities • Constitutional rights • Dividend entitlements • voting rights

	ENVIRONMENTAL GROUPS The environment is a silent stakeholder that must be considered and protected to ensure long-term, sustainable operations. environmental groups give voice to the needs of the environment.	<ul style="list-style-type: none"> • engagements with various environmentally oriented non-governmental organizations (nGos) • Annual Sustainability Reports which publish environmental performance data 	<ul style="list-style-type: none"> • Minimization of waste and emissions • Limited use of finite resources (energy, water, and paper) • Improvement in measurement of resource consumption • Incorporation of environmental criteria in financed projects, investments, and supplier qualification 	<ul style="list-style-type: none"> • Water & power usage reduction • Recycling initiative • Reducing printing • electronic document archiving • Funding of environmental protection initiatives in the community
	REGULATORS SAIB is regulated and supervised by the Saudi Arabian Monetary Authority (SAMA), the Capital Market Authority (CMA), and the Ministry of Commerce and Investment (MCI).	<ul style="list-style-type: none"> • Letter correspondence and email communications • Meetings and onsite visits • Regular reporting • Participation in governmental initiatives and campaigns 	<ul style="list-style-type: none"> • Compliance to policies and regulations • Reporting disclosures as per engagements • Delivering best banking practices • Investment in customer awareness and education initiatives (financial literacy) • Consumer protection • Alignment to Saudi Arabia national Strategy 	<ul style="list-style-type: none"> • SAIB's detailed compliance plan for the year overseen by its Audit and Compliance committee • Reporting performance for relevant disclosures such as Basel-III • Seeking consultation to increase transparency and prevent non-compliance • Enforcement of compliance and Corporate Governance
	LOCAL COMMUNITY This includes the Saudi Arabian society	<ul style="list-style-type: none"> • Public reports • Media relations activities • Our own employees, who are primarily nationals • Charitable initiatives supporting important local issues • Website • Social media 	<ul style="list-style-type: none"> • Financial inclusion • Financial education • Affordable housing • Advancing social development via investments in the community • Developing local human resources and providing employment opportunities • Minimizing environmental impacts • Corporate responsibility 	<ul style="list-style-type: none"> • EasyPay • Partnership with Real estate Development Fund (ReDF) • FlexxBike program • Community investment • Lending for crucial sectors and projects in the economy • Young Hire, Saudi Graduate and Saudi Fast Track (FaTra) programs for Saudi nationals
	VENDORS AND SERVICE PROVIDERS 104 vendors and service providers delivering goods and services to SAIB.	<ul style="list-style-type: none"> • Bidding and tendering • Procurement and vendor management policy • Complaint management framework 	<ul style="list-style-type: none"> • Vendor and service provider communications • Fair contract bidding and awarding processes • Ethical business dealings • Favoring local bids from local companies • Timely payment 	<ul style="list-style-type: none"> • Maintain mutually beneficial cooperative relations • Increase the number of vendors and service providers with preference to local suppliers where possible

OUR APPROACH TO MATERIALITY

Information gathered from our stakeholder engagement provides insight into our materiality assessment, which is the process by which we determine which issues are essential to the Bank’s sustainable

development. Identifying which issues are material helps us determine our strategic approach and our reporting focus, and is a process which is underpinned by the GRI Reporting Principles. These include:

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • For defining report content: <ul style="list-style-type: none"> » Stakeholder inclusiveness » Sustainability context » Materiality » Completeness | <ul style="list-style-type: none"> • For defining report quality: <ul style="list-style-type: none"> » Accuracy » Balance » Clarity » Comparability » Reliability » Timeliness |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

In 2014, we engaged every division of our business to identify the material issues that are most important to our stakeholders, and therefore our business. Those topics are covered in this report. This list was created using aspects from GRI G4, GRI G4 sector disclosures, SASB disclosure topics for the financial sector, industry and sector benchmarks, and internal documents.

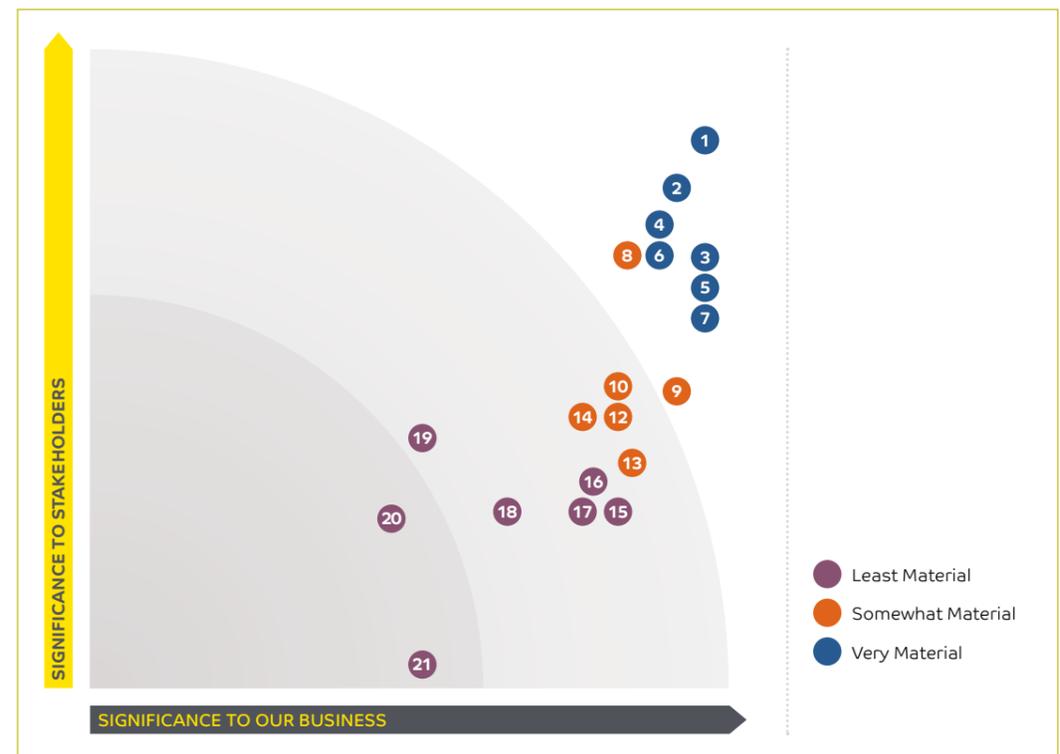
The issues assigned a medium level of materiality represent a range of topics that the organization must manage well. The issues given the lowest level of materiality are not currently of major strategic importance to the organization or stakeholders and thus will not be a focus for immediate action. Our management approach toward all material issues is contained in this report, as per the GRI Standards requirements.

In order to prioritize our material issues, we mapped them against importance to SAIB’s organizational success and important to stakeholder expectations. The issues with the highest level of materiality are of greatest importance to both organizational success and stakeholder expectations. These topics play an important role in our organizational and sustainability objectives.

We understand that our material issues are dynamic and change over time. We have committed to review the materiality analysis process on a regular basis and refine our materiality assessment practices. The chart below offers a snapshot of SAIB’s material issues.

	SAIB MATERIAL ISSUES	GRI STANDARD: TOPIC-SPECIFIC STANDARDS	MOST CONCERNED STAKEHOLDERS	LOCATION IN REPORT	
1	Customer Trust and Protection	418	Customer Privacy	Customers, Regulators	4 – Earning Our Customers’ Trust
2	Quality of Services and Customer Satisfaction	102-43	General Disclosures: Stakeholder Engagement	Customers	3 – Customer Experience
3	Compliance with Regulations	307	Environmental Compliance	Shareholders, Regulators	4 – Ethics and Integrity
		419	Socioeconomic Compliance		
4	Accurate and Transparent Disclosure of Performance	102-45 through 102-56	General Disclosures: Reporting Practice	Shareholders, Regulators	4 – Ethics and Integrity
5	Data Security	418	Customer Privacy	Customers	4 – Earning Our Customers’ Trust
6	Financial Performance	201	Economic Performance	Shareholders	3 – Financial Performance
7	Governance and Accountability	102-18 through 102-39	General Disclosures: Governance	Employees, Shareholders, Regulators	1 – Corporate Governance

8	Financial System Stability	203	Economic Performance	Customers, Employees, Regulators	4 - Takleef (Responsibility)
9	Business Ethics and Prevention of Financial Crime	205	Anti-Corruption	Shareholders, Regulators	4 - Takleef (Responsibility)
10	Human and Labor Rights	408	Child Labor	Employees	5 - Re'aya (Workforce)
		409	Forced or Compulsory Labor		
11	Workforce Training and Education	404	Training and Education	Employees	5 - Re'aya (Workforce)
12	Community Investment and Engagement	413	Local Communities	Customers	7 - Awn (Helping Others)
13	Risk Management	103	Management Approach: all material topics	Customers, Shareholders	Throughout Report
14	Saudization	202	Market Presence	Employees, Shareholders	5 - Re'aya (Workforce)
15	ESG Risks in Lending and Investment	201	Economic Performance	Customers, Shareholders, Environmental Groups	4 - Takleef (Responsibility)
16	Equal Opportunity and Anti-Discrimination	405	Diversity and Equal Opportunity	Employees	5 - Re'aya (Workforce)
17	Employee Satisfaction and Engagement	401	Employment	Employees	5 - Re'aya (Workforce)
		403	Occupational Health and Safety		
18	Sustainable Procurement	204	Procurement Practices	Vendors, Environmental Groups	7 - Awn (Helping Others)
19	Infrastructure and Accessibility	203	Indirect Economic Impacts	Customers	3 - Nummow (Growth)
20	Adherence to Islamic Banking Principles	-	-	Social	1 - The Saudi Investment Bank
21	Reduction of Environmental Impact of Operations	302	Energy	Environmental Groups	6 - Hifth (Environmental Protection)
		303	Water		
		305	Emissions		
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102-46, 102-47

HIGHLIGHTS



31% increase
in SME Customers



443 ATMs
across the Kingdom



73% increase
in online banking



Launch
of blended training
programs



Added 6 more
currencies - Travel Card



Women
were 23%
of new hires



Youth
were 43% of
new hires



13% decrease
in electricity
consumption



43% decrease
in water expenditure
per employee



4,013,387 SAR
invested in the
community



16% reduction
in paper consumption



OHSAS 18001
certified

AWARDS 2016



DIGITAL EXCELLENCE AWARD
MINISTRY OF
COMMUNICATIONS AND
TECHNOLOGY



BEST SOCIAL MEDIA SERVICE
BANKER MIDDLE EAST



BEST SUSTAINABLE BANK AWARD
ISLAMIC BUSINESS & FINANCE



KING ABDULAZIZ AWARD
SAUDI STANDARDS,
METROLOGY AND
QUALITY ORG.



KING KHALID AWARD
KING KHALID FOUNDATION



BEST CUSTOMER LOYALTY PROGRAM
BANKER MIDDLE EAST



**BEST BANK FOR SOCIAL MEDIA
CHANNELS**
GLOBAL BANKING & FINANCE REVIEW



BEST LOYALTY PROGRAM
GLOBAL BANKING AND
FINANCE REVIEW



SAIB WINS 1ST PLACE

The Saudi Investment Bank has been recognized as a leader for its performance in the King Khalid Award for Responsible Competitiveness for the last three years, and has shown year-over-year performance improvement as it progressed from third place in 2014 to second place in 2015 to first place in 2016.

WHAT IS THE RC AWARD?

Led by the King Khalid Foundation, the King Khalid Award for Responsible Competitiveness (RC) Award aims to help businesses strengthen their competitiveness while enhancing their environmental, social and governance performance. The RC Program

focuses on aligning CSR practices with business imperatives, such as promoting positive growth, improving reputation, and enabling engagement with key stakeholders.



SAIB Chairman Mr. Abdallah Jum'ah was presented the King Khalid Award for Responsible Competitiveness by King Salman bin Abdulaziz Al Saud, Custodian of the Two Holy Mosques.



5 CORE THEMES





NUMMOW (GROWTH)



In 2016, SAIB's customer base grew in all areas.

Nummow refers to the positive change that arises from growth and giving life. In the context of the SAIB Sustainability Framework, Nummow represents the Bank's efforts to create economic stability and growth for its customers, shareholders, employees, and Saudi Arabia. We empower our customers to make investments and create growth by building simple, accessible, quality products and services. When we provide an outstanding customer experience and maximize the efficiency of our operations, we position ourselves to deliver strong financial results for our shareholders and employees.

CUSTOMER EXPERIENCE

SAIB's growth is largely due to the unique service offerings and customer experience that is attributable to SAIB's ongoing sustainability-driven innovations. These innovations will be the central showpieces of SAIB's sustainability efforts, and will demonstrate not only how sustainability can shape the core of a Bank, but can also drive its differentiation, top line revenue growth and profitability.

We strive to offer the best possible banking experience for our customers, as they are at the heart of our business, and are the drivers of our long-term growth and profitability. This means offering the simplest and most accessible products & services to each of our customers at every touchpoint. Through

frequent communication with customers we evaluate our customer service performance; the results help drive improvements at SAIB and influence the development of new products and services to meet customers' evolving needs and expectations.

103 Management Approach: Quality of Services and Customer Satisfaction

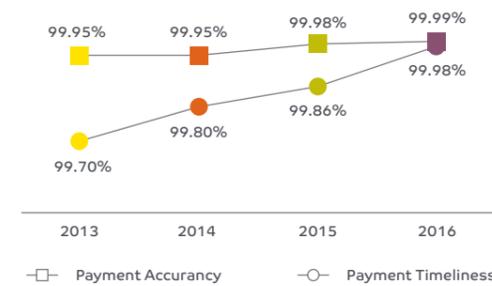
2016 saw growth along all three of our banking segments: a 27% increase in our personal banking customers, a 3% increase in our corporate customers, and a 31% increase in our small business customers. The quality of our service delivery improved with 99.99% payment accuracy and 99.98% payment timeliness.

Number of Customers



Note: The number of Corporate Banking customers for 2013 and Personal Banking customers for 2014 has been revised since the prior report. **102-48**
Scope: SAIB

Quality of Service Delivery



Scope: SAIB

“We strive to offer the best possible banking experience for our customers, as they are at the heart of our business, and are the drivers of our long-term growth and profitability.”



SAIB WINS THE KING ABDULAZIZ QUALITY AWARD

The Bank was the first bank in Saudi Arabia to win the King Abdulaziz Quality Award (KAQA), and was the only financial institution to do so in 2016. SAIB was recognized with the KAQA due to quality policies, processes, and products throughout the business. The Award, which aims to reward the best organizations in terms of excellent performance and highest quality standards at the national level, recognizes SAIB's achievements and leading position in the financial sector.



The Bank's CEO, MUSAED MOHAMMAD AL MINEEFI, was presented the King Abdulaziz Award by HE Dr. MAJID BIN ABDULLAH AL QASABI, Minister of Commerce and Industry and by Dr. SAAD BIN ABDULLAH BIN OTHMAN AL-KASABI, Governor of the Saudi Standards, Metrology, and Quality Organization.



WHAT IS THE KING ABDULAZIZ QUALITY AWARD?

King Abdul Aziz Quality Award (KAQA) was approved by the King of Saudi Arabia in decree No.7/B/18670 on 27-11-1420H. The Award is intended to maximize quality, efficiency and productivity in production and service sectors within the Kingdom. It is

presented to organizations that achieve the highest level of quality, aiming to raise the quality of performance, activate continuous improvement of internal processes and achieve the stakeholders' satisfaction.

KEY PRINCIPLES



Principles of Quality and Organizational Excellence
KING ABDULAZIZ QUALITY AWARD



الهيئة السعودية للمواصفات والمقاييس والجودة
Saudi Standards, Metrology and Quality Org



In 2016, the Bank achieved a reduction in the number of complaints registered per 1000 customers: its best performance in the past four years.

COMMUNICATING WITH OUR CUSTOMERS

Clear and frequent communication with our customers is an important part of providing them the best banking experience. We have set up several channels to receive and address

customer queries and complaints so that we have better understand and meet their expectations. These channels include:

- Website
- Branches and RM's
- Alerts (SMS and Email)
- Social Media / Chat Service
- ATM / ITM / CDM
- Flexx Call / Touch / Click

The Customer Care Unit at our Head Office, which handles and processes all customer complaints, has been certified in accordance with ISO 9001 standard.

frequent customer satisfaction surveys. In 2016, we are pleased to have achieved 99% customer satisfaction on branch services. We also achieved a 2% reduction in complaints registered per 1000 customers, the lowest number in the past four years.

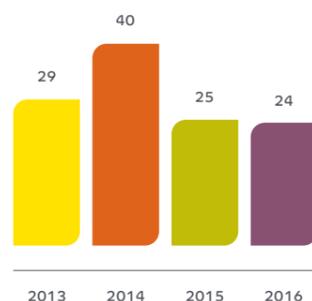
Our Voice of Customer (VoC) function gauges our customer service performance through

Customer Satisfaction 102-43, 102-44

TOPIC	DATA	UNIT	2013	2014	2015	2016
CUSTOMER SATISFACTION	Overall satisfaction	%	76.00%	85.22%	79.58%	85.61%
	On account opening	%	88.00%	92.00%	94.00%	90.45%
	On branch services	%	99.00%	99.00%	99.00%	99.17%
	On loan services	%	92.00%	91.00%	92.00%	89.80%
	On Flexx Click Internet Banking Service	%	91.00%	92.00%	90.00%	89.74%
CUSTOMER COMPLAINTS	Complaints registered	#	4,585	7,907	8,294	9,897
	Complaints resolved within 5 days	%	99%	99%	99%	98.06%

Scope: SAIB

Complaints Registered per 1000 Customers 102-43, 102-44



Scope: SAIB

DEVELOPING NEW PRODUCTS AND SERVICES

The Saudi Investment Bank thrives on providing financial products to its existing and potential clients. Keeping this aim in mind,

SAIB further enhanced its product line in 2016 by introducing many new products and enhancements.

Some of the new products and enhancements include:

- mada Student Card "EduPay"
- mada "EasyPay" Household Payroll Card
- EasyShopping Card
- mada Infinite Debit Card
- Predesigned mada Debit Card
- Addition of 6 more currencies to the Travel Card
- Implementing housing loan automation
- REDF additional finance
- ITM Expansion
- Murbaha deposit automation
- Teller transaction automation
- Share Finance
- Card PIN view
- Standing order via Flexx Touch / Click

REWARDING CUSTOMER LOYALTY

SAIB is also committed to rewarding our customers for their loyalty. Through our Aseel Loyalty Program, customers accrue benefits every time they use a SAIB mada debit card or SAIB credit card to pay at any of our participating partners. Our WooW Loyalty Program allows members to earn points by completing day-to-day banking transactions with SAIB.

of electronics, home appliances, fashion accessories, gift vouchers from globally famous retailers, and air miles. Customers can also choose to use their points to make donations to various charities from WooW Alkhair.

Customers can then use the WooW points they earn to redeem gift items from our online e-catalogue which includes a variety



In 2016, online transactions with SAIB increased by 73%, while the total number of transactions increased by 35%.

AVAILABILITY AND ACCESIBILITY OF SERVICES

We strive to make our services as simple and accessible as possible for our customers. We operate 443 ATMs across the Kingdom, including 54 online cash deposit machines. As many of our customers want to access our services on the go or outside normal business hours, we invest heavily in digital and mobile phone solutions so that customers can use our services whenever and wherever it suits them. SAIB has put an ambitious five-year IT transformation strategy in place, focusing on supporting the Bank's retail and corporate growth, in addition to building strong linkages between the Bank's other business units. **103**

Management Approach: Infrastructure and Accessibility

In 2016, online transactions with SAIB increased by 73%, while the total number of transactions increased by 35%. The Bank continues to successfully grow its e-channels business driving further efficiencies for its business and ensuring a more efficient and convenient means of transacting for our customers. This demonstrates the increasing importance customers place on SAIB's Internet banking services.

SAIB developed a new E-Payment Gateway service that provides a secure online payment system that simplifies payment processing, making it safe, easy, efficient and hassle-free for merchants.

For more information, please visit: <https://www.saib.com.sa/en/e-banking>



We operate 443 ATMs across the Kingdom, including 54 online cash deposit machines.



Access Points **203-1**

TOPIC	DATA	UNIT	2013	2014	2015	2016
INFRASTRUCTURE	ATMs	#	396	442	436	443
	Online Cash Deposit Machines	#	0	35	53	54
	Interactive Teller Machine	#	0	1	1	1
	ATM Availability	%	95.95%	97.43%	96.56%	97.22%

Scope: SAIB

E-Channel Penetration **203-1**

TOPIC	DATA	UNIT	2013	2014	2015	2016
E-CHANNEL PENETRATION	SMS alerts	%	93%	96.22%	97.53%	98.25%
	Flexx Call Phone Banking Services	%	29%	30.74%	54.22%	45.96%
	Flexx Click Internet Banking Services	%	37%	43.25%	39.45%	61.02%

Note: This is the percentage of personal and commercial banking customers who have at least one non-closed customer interaction account, and are registered for SMS notification, phone enquiry service and internet enquiry service, respectively. Numbers reported here have changed since the prior year. **102-48**

Scope: SAIB

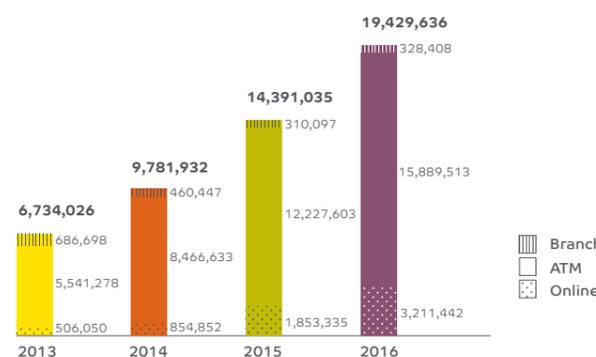
Size of Loan Portfolio

TOPIC	DATA	UNIT	2013	2014	2015	2016
LOAN PORTFOLIO	Net loans and advances	Thousand SAR	47,566,871	57,472,514	60,268,806*	60,249,052

Note: The 2015 figure is reclassified to conform to the current year presentation. **102-48**

Scope: SAIB

Transaction by Mode



Note: the data shown is for Personal Banking transactions only. In 2016, classification of these metrics changed such that the 2014 and 2015 numbers have changed. **102-48**

Scope: SAIB

OPERATIONAL EFFICIENCY

Making our operations simpler and more efficient is another component of offering our customers the best banking experience. To provide best-in-class operational solutions, our operations division works to reengineer key processes, automate manual processes, and support new products and services that are introduced by the Bank. The Bank will continue to grow its focus on timeliness, accuracy, controls, cost and quality. **103**
Management Approach: Quality of Services and Customer Experience

Automation in 2016

-  100% of tellers transactions have been automated to a customer relationship management (CRM) system
-  Travel cards and shopping cards requests via Internet banking
-  75% of customer service transactions have been automated to CRM
-  Yaqeen Integration, standing order, mortgage finance workflow, and share finance workflow
-  Re-scheduling process via Internet Banking
-  Bulk account opening process
-  Sharia compliant Murabaha Letters of Credit process

Ways to Bank with SAIB

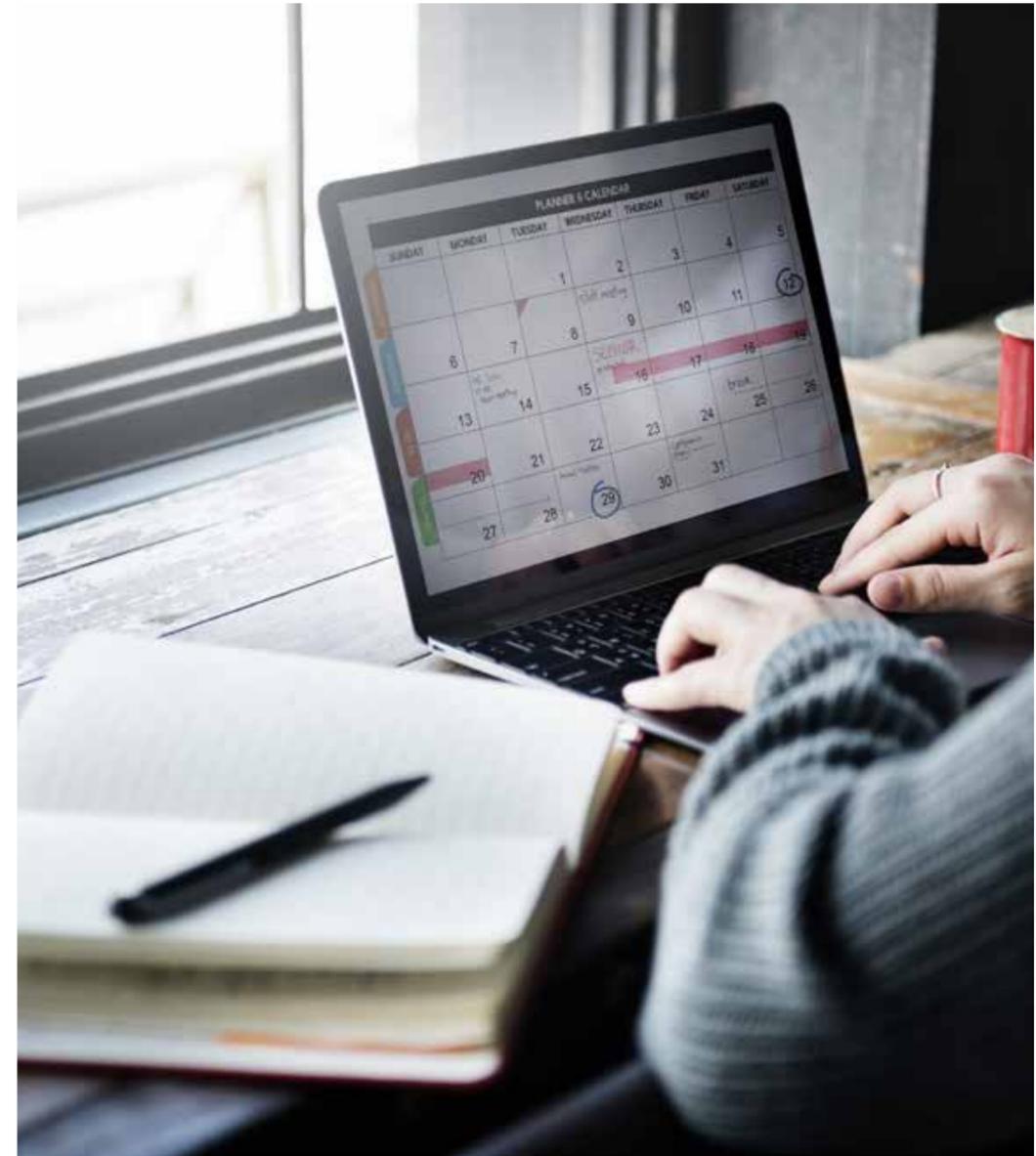
-  Flexx Click Internet Banking Services
-  Flexx Touch SAIB Mobile App
-  Flexx Call Phone Banking Services
-  SMS Banking
-  Corporate Internet Banking
-  Branch Operations
-  24-hour Standard ATM Services
-  Cash Deposit Machines
-  Interactive Teller Machine

FINANCIAL PERFORMANCE

SAIB must operate a profitable business in order to support all sectors of the economy and further the goals of the nation, while delivering sustainable employment. Led by the CEO, Senior Management, and the Board, we strive to deliver a strong financial performance for our shareholders by executing our growth strategy while maintaining a disciplined approach to financial management. **103**
Management Approach: Financial Performance

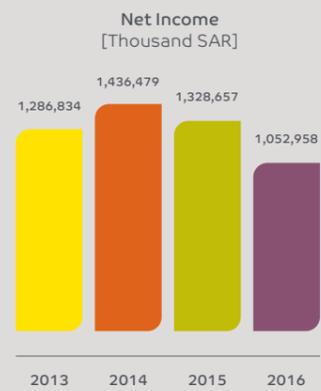
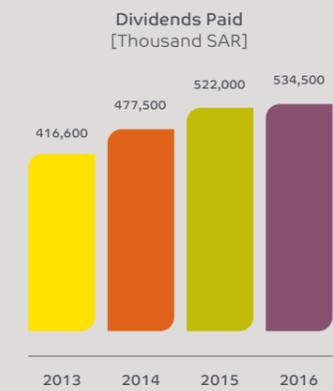
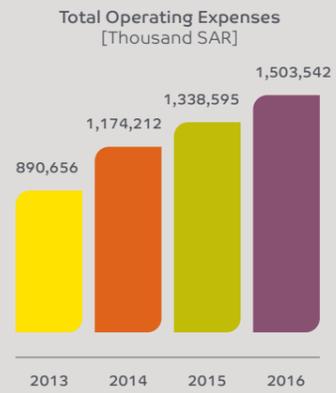
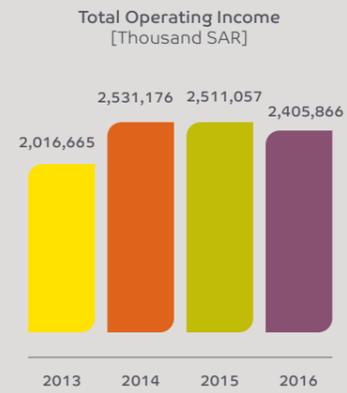
Our performance is driven by our Five Year Strategic Plan and is audited both internally and externally. We allocate resources annually based on Board feedback and Return on Investment and Return on Equity calculations.

SAIB's net income reduced by 21% from 2015, partly attributed to a 12% increase in operating expenses. Total assets grew by 1% for the year to SAR94,361,498. Customer deposits decreased by 7% to SAR65,640,325.



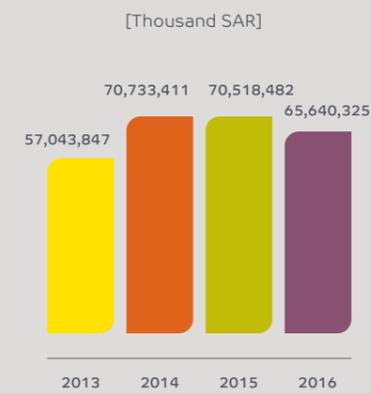
The Bank's performance is driven by its Five Year Strategic Plan.

Financial Performance 102-7, 201-1



Note: The data reported this year are the dividends that were paid. In last year's report, the numbers reported were the dividends proposed in a given year (but not paid until the following year). For example the 534,500 SAR listed in last year's report for 2015 (dividends proposed) is now the value listed in this year's report for 2016 (dividends paid). 102-48
 Scope: SAIB Group

Total Deposits 102-7, 201-1

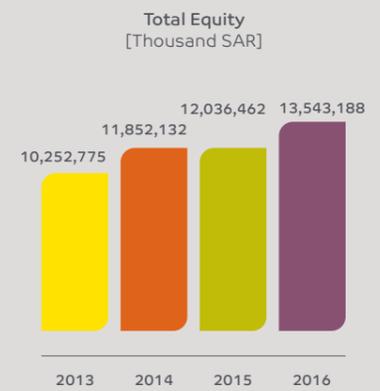
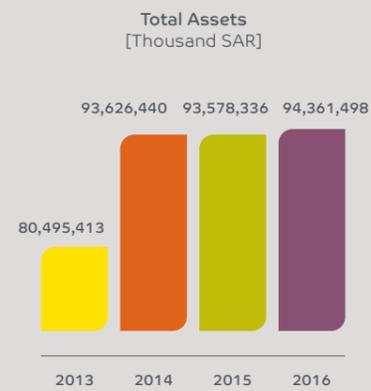


Return on Equity 201-1



Note: This data has been revised since the prior report. Please see the Annual Report for details. 102-48
 Scope: SAIB Group

Assets and Equity 102-7, 201-1



Note: This data has been revised since the prior report. Please see the Annual Report for details. 102-48
 Scope: SAIB Group



TAKLEEF (RESPONSIBILITY)

Takleef means to be held responsible. It is our ambition to be recognized by customers, investors, employees and the public as the most genuine, integrity-based, values-driven and accountable bank in Saudi Arabia. To earn this reputation, we are focused on living our values through the design of our products and services, conducting our business in accordance with national and international standards for ethical behavior, and protecting our customers' rights.

RESPONSIBLE BANKING

Responsible banking at SAIB is about providing affordable access to financial services for all people, and ensuring that the money we lend and invest supports organizations that respect internationally recognized principles in the areas of human rights, the environment and anti-corruption.

112-3

Our aim is that SAIB will be recognized by customers, investors, employees and the public as the most genuine, integrity-based, values driven and accountable bank in Saudi Arabia.



Our aim is that SAIB will be recognized by customers, investors, employees and the public as the most genuine, integrity-based, values driven and accountable bank in Saudi Arabia.



PROMOTING FINANCIAL INCLUSION

Financial inclusion is the ability for all individuals, households, or groups to access appropriate financial services. We believe that everyone has a right to these services, and, as a bank, we therefore have a responsibility to expanding access to our products and services for those who are "unbanked." Bringing the unbanked into the financial mainstream includes a number of benefits for these individuals such as better financial planning, security for their savings, and establishment of a credit history. It also benefits the economy since banks with strong deposit levels are able to provide the liquidity needed by corporate customers. 203-2

SAIB has developed several products specifically targeted to promote financial inclusion in the Kingdom. Our EasyPay card-based payroll service provides Saudi corporations with an internet-based payroll payment gateway that is compliant with the Saudi government's Wage Protection System requirements. 203-2 This service allows the

Saudi workforce, particularly low-paid and unbanked migrant workers, to have access to a SAIB bank account. The employee's salary is paid into this account every month and the employee can use their EasyPay card to withdraw funds from ATMs within Saudi Arabia. By the end of 2016, more than 222,047 workers were benefiting from the EasyPay service, which is more than a 65% increase from 2015. SAIB EasyPay cardholders will be able to use Internet Banking, ATM and IVR to remit funds to their home countries. The service, called Flexx Transfer, is available for countries such as India, Pakistan, Sri Lanka, Bangladesh and the Philippines with many more countries to be added in 2017.

Additionally, SAIB is working to promote home ownership across the Kingdom. In 2016, we financed a number of real estate projects supporting affordable housing, including one for 216 units in Al Khobar and another for 164 villas in Dammam.

RESPONSIBILITY IN LENDING AND INVESTMENT

In our lending and investment decisions, we are ultimately guided by our broader objective to promote activities beneficial to the national economy, whilst complying with local laws and regulations relating to human rights, the environment and anti-corruption.

Guided by the Board of Directors and the Board Risk Committee, we seek to perform our lending and investment activities with an understanding of environmental, social, and governance (ESG) issues. In this way, we seek to mitigate environmental and social risks and support the assessment of credit and investment risks for our corporate and

institutional customers. In this regard we are guided by the Bank's Risk Appetite Framework and the funds available to lend in accordance with the business and risk objectives. 103

Management Approach: ESG Risks in Lending and Investment

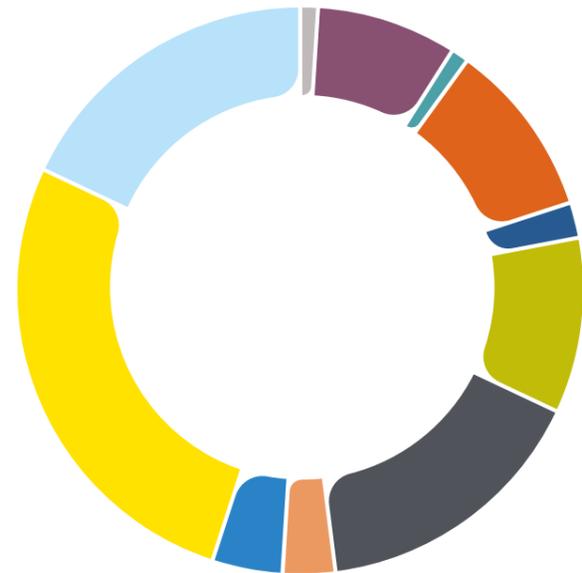
The Bank has a detailed process to analyze, assess, review and monitor various lending and investment proposals in line with its business, risk, and sustainability objectives. 103 Management Approach: Risk Management This risk-based assessment of potential borrowers and potential projects for financing includes:

- Know-Your-Customer risk assessment
- Corporate governance
- Strong balance sheet and financial performance
- High quality sponsors and management, and
- Segments in the economy with a positive outlook.

A company showing a healthy approach to the environment, social issues, and corporate governance is likely to be an attractive borrower for SAIB.

In charge of this process is the Bank's Risk Management Group, under the Chief Risk Officer. There are close to 100 staff, several IT systems, and appropriate financial resources made available for the management of responsible investments. With these policies, the Bank continues to build diversified lending and investment portfolios.

Loans and Advances by Sector



- 0.51% Government and quasi-government
- 7.96% Banks and other financial institutions
- 0.05% Agriculture and fishing
- 9.77% Manufacturing
- 1.53% Mining and quarrying
- 9.90% Building and construction
- 18.51% Commerce
- 2.42% Transportation and communication
- 3.08% Services
- 27.22% Consumer loans
- 19.05% Other

Note: Sector classification has changed since the prior report. The sectors shown above match the 2016 Annual Report. [102-48](#)
Scope: SAIB Group

During the implementation of our Five Year Strategic Plan, we set a goal of having at least 10% of our loan portfolio for financing of environmentally-friendly, low carbon activities like solar energy, wind farms and such other non-conventional energy sources, bio-mass and biodegradable products, waste and hazardous material recycling projects, energy efficient buildings and construction projects, financing for energy efficient devices related to heating and cooling, home electronics, hybrid/electric cars. [201-2](#)

ETHICS, TRANSPARENCY, AND COMPLIANCE

Our reputation as a trusted employer and business partner depends on exemplary ethical behavior. We seek to adhere to the highest standards of integrity and ethical business conduct in every part of our business. Our deep commitment to integrity requires that we maintain effective controls, transparency, and clear rules to govern the complexity of our business operations. [102-16](#) Our commitment to the accurate and transparent disclosure of performance is governed by our Corporate Governance Charter. [103 Management Approach: Accurate and Transparent Disclosure of Performance](#)

We measure our performance on transparency through our ranking on the S&P/Hawkamah Pan Arab index, external audits, and feedback from SAMA.

The Saudi Investment Bank's commitment to achieve the highest level of transparency and compliance with laws, rules, regulations and guidelines applicable to the prevention and detection of money laundering and combating terrorism financing as per the Saudi Arabian Monetary Authority (SAMA) instructions. SAIB has thus established robust mechanisms and reporting and monitoring tools to prevent these crimes from occurring.

Compliance with local and internal laws and best practices remain vital to the running and management of our business. The Compliance Department and its reporting independence to the Board further ensures the integrity and good Corporate Governance based on our business.

SAMA requires all financial institutions operating in the Kingdom of Saudi Arabia

Incidents of Non-Compliance [119-1](#)

TOPIC	DATA	UNIT	2013	2014	2015	2016
COMPLIANCE WITH REGULATIONS	Total incidents of non-compliance	#	7	6	3	14
	Total monetary value of fines	SAR	1,533,900	9,083,952	125,000	47,277,816

Scope: SAIB

to have Know Your Customer [103 Management Approach: Business Ethics and Prevention of Financial Crime](#) (KYC), Anti-Money Laundering (AML) and Combating Terrorism Financing (CTF) procedures in place.

We have policies in place to ensure we comply with the laws and regulations of Saudi Arabia, and that we follow international guidelines and recognized principles for ethical behavior. The SAIB Code of Conduct sets forth general guidelines on how to behave in a number of areas, including inside information, conflicts of interest and whistleblowing. [103 Management Approach: Compliance with Regulations](#)

Our whistleblowing policy is designed to allow employees to report possible breaches of our Code of Conduct or other laws, rules, regulations and guidelines applicable to our operations to the CEO or the Head of Human Resources in good faith, without fear that their action may have adverse personal consequences.

We manage compliance through active communication plans with our customers and staff using social media channels and SMS. This has resulted in improved awareness among customers and staff ranging from fraud to social tips.

In 2016, we had fourteen incidents of non-compliance, resulting in penalties of SAR47,277,816 that have been paid in full to the relevant authorities. The fourteen fines were a mix of operational and non-compliance regulatory rules fines paid to SAMA. We will continue to examine and learn from any incidences of non-compliance to limit reoccurrence of such incidents. [119-1](#)

EARNING OUR CUSTOMERS' TRUST

Customer trust is essential to a bank. It is SAIB's most material topic, and one of critical importance to the broader economy. **103**

Management Approach: Financial System Stability As e-banking continues to grow, the reliance on information protection, confidentiality, integrity, availability and privacy requirements becomes ever more important. Our customers' trust is a source of competitive advantage and a central component of brand-building and bank reputation. We continuously strive to earn our customers' trust by placing their interests at the forefront of everything that we do. **103 Management Approach: Customer Trust and Protection**

We are committed to the protection of customer rights, and to ensuring the privacy and security of their personal information and finances. We also seek to help customers develop the knowledge, skills and confidence to appropriately understand financial risks and opportunities and to make informed choices.

We have implemented initiatives to ensure our customers have the necessary knowledge to make their financial decisions. Our Customer Awareness Department has created a credit consultation unit in the contact center and has developed a consultation system through the

customer relationship management system (CRM).

In 2016, the Customer Awareness Department initiated 9 customer awareness events attended by 4,927 visitors to educate our customers on the importance of banking awareness, their rights and responsibilities, modern fraud methods, and how to maintain a good credit history. Additionally, 60 training sessions have been conducted for SAIB branches attended by 413 employees.

Finally, we have a number of banking consumer protection policies in place governed by our Quality Group to minimize potential conflicts of interest between SAIB and the customer and protect our customers' rights. We have established Banking Consumer Protection Principles, and also offer an e-learning course on the principles to enable our staff to integrate them into their day-to-day activities and educate customers on their rights and responsibilities. Beyond keeping our customers aware and maintaining appropriate controls; the Bank ensures that its customers are made aware of any information security risks so they can make informed decisions related to privacy and protection matters.

DATA SECURITY

We understand that the digital age brings certain security and privacy risks to our business. While online and mobile banking applications are convenient for our customers, they are also vulnerable to information security breaches and cyber crime. In order to provide our customer the ability to bank with confidence and peace of mind at SAIB, we have implemented a number of initiatives to ensure that our customers' finances, as well as our business, are protected. **103 Management Approach: Data Security**

Our Information Security Department provides security assurance of all e-channels. Security governance is kept as an integral part of corporate governance. Additionally, we have ensured that our information security strategy and charter is aligned with our overall SAIB business strategy. Our Information Security Department used balance score cards to ensure that our key risk indicators are aligned with our corporate vision and mission to maximize return on investment, performance, and quality.

Our Information Security Department has undertaken multiple initiatives to automate the security and compliance process. Automation has helped deliver quality, agility

and speed along with huge reductions in paper consumption in internal processes.

To deliver state of the art information security service, regular training sessions for internal and external stakeholders is paramount. The Information Security department has used computer based trainings (CBT), SMS, web messages and other methods so clients can be kept updated of ongoing threats and countermeasures.

SAIB has adhered to best practices such as ISO27001 and PCI-DSS and complies with regulations from SAMA, CMA, and Tadawul. The Information Security Department ensured that 2016 was free from any breach of customer privacy, identity theft, and leak or loss of customer data.

The Information Security Department has also conducted regular risk assessments of all business areas and enhanced security stance by incorporating information security as a pivotal principle for all SAIB services from inception to delivery. Various enhancements in policies, procedures, standards and guidelines were actioned to avoid and protect against cybersecurity threats.

Business Continuity Planning Testing

The stability of our financial system is vital to the existence and continuance of our operations across the entire Bank. An effective Business Continuity Plan (BCP) will help the Bank to effectively manage any disruption in its operations and to recover as quickly and effectively as possible from a disruption. We test our Business Continuity Plan twice a year. Our latest test, involving over 100 employees from 23 departments, yielded no significant issues during the testing process. We are pleased to report that our backup restoration during the test only took three hours, compared to the requirement of four hours. SAIB has been certified ISO 22301 compliant for Business Continuity Management since 2012.



100+ Staff Participants



1 Hour Ahead of Requirement



RE'AYA (WORKFORCE)

Re'aya refers to the establishment of strong relationships between one another. It encompasses the Bank's efforts to engage employees and work as one family to embody inclusiveness and respect, to develop our talents, and to preserve human rights. SAIB will be the most sought after bank to work for, owing first and foremost to its clear transparency and accountability towards both its employees and society.



Building a more inclusive national workforce builds value for the Bank and for the Kingdom of Saudi Arabia.



OUR PEOPLE

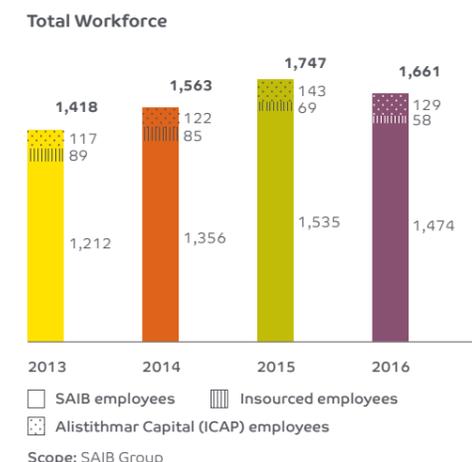
Attracting the best talent from the diversity that our community offers and placing individuals in the best position for their experience and skill set are our top recruiting priorities. To do so, we seek to maximize employment opportunities for young people, women and nationals. Building a more inclusive national workforce builds value for the Bank and for the Kingdom of Saudi Arabia.

103 Management Approach: Equal opportunity and Anti-discrimination

In 2016, our non-management staff headcount increased by 35% to 1,092 employees. We also added 33 new part-time hires to our team. In an effort to support the national workforce, we grew the number of Saudi nationals in senior management by 5%. **202-2** We expect to see continuing growth in our inclusive national workforce in the coming year.

At SAIB, respect for human and workplace rights is ingrained in our culture and guides our interactions with staff, customers, stakeholders and the communities we serve. Our commitment to respect human rights is fundamental to our Vision & Mission, our business model, and our Human Resource practices. **103 Management Approach: Human and Labor Rights** Furthermore, at SAIB, as an organizational stakeholder of the Global Reporting Initiative (GRI) Gold Community and a UN Global Compact participant, we have and continue to focus on all of the components that must be put in place in a corporate context under these Principles.

Our Human Resources Policy, managed by our HR Department, along with our Procurement Policy, Vendor Management Policy, and Employee Code of Conduct establishes a foundation for managing our business in the Kingdom in accordance with our commitment to respect human rights.



BUILDING AN INCLUSIVE WORKPLACE

We attract and empower an inclusive workforce through a number of policies and programs. SAIB has issued a formal policy to increase Saudi nationals in its workforce, and Saudization is an integral part of its Human Resources strategy. **103 Management Approach: Saudization**

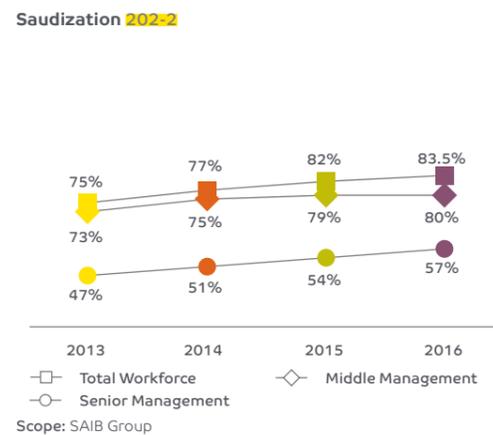
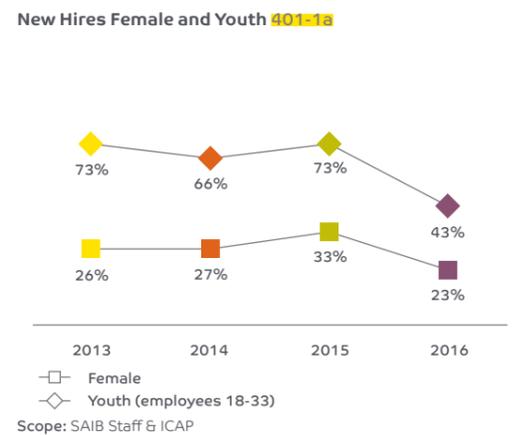
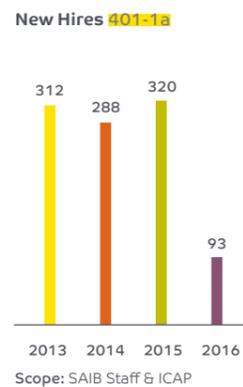
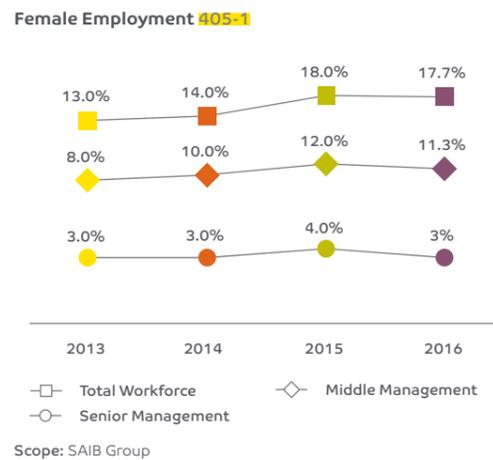
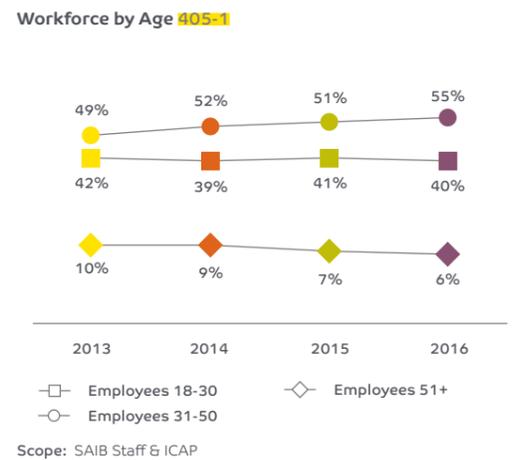
We grew the number of Saudi nationals in senior management by 5%. We are pleased to maintain our position among the top of the Green band of the Saudi, Nitaqat Program, which sets a quota of 65%-89% nationalization for financial institutions of SAIB's size. For 2017, we had set Saudization targets such that 86% of our total employees and 58% of senior management will be Saudi nationals. We are proud to have already exceeded our target for the Saudization level of the Bank's senior management, and will work throughout 2017 to achieve our target for the total workforce.

We also continue to implement programs designed to attract and support the development of young Saudi graduates. In 2016, young people between the ages of

18 and 30 comprised 40% of our workforce and 43% of new hires. SAIB conducted 4 Young Hire Programs (YHP) targeting Saudi nationals.

We also aim to promote gender equality by increasing the number of women in our workforce. In 2016, 23% of new hires were women. There were 2 batches of YHP conducted only for female staff with capacity of 20 trainees serving in different department. In total, women made up 18% of our team. Women filled 11% of our middle management positions, and 3% of senior management positions, similar to our 2015 levels.

To continue the inclusion of women in its workforce, SAIB has started a new initiative called the "Female Awareness Program," which is conducted on a quarterly basis. The program educates female staff about their work environment and their rights. In addition, the Bank encourages open communication channels with HR and management in case of unacceptable behavior against our female employees.



A REWARDING WORKPLACE

To provide the best possible experience to our customers, we need to start by providing a work environment that promotes engagement, innovation, achievement and, ultimately, results. Employees who are proud to be part of our team and committed to the success of our business will naturally earn the trust of our customers and provide them with an outstanding banking experience. Relations with our employees are built on fairness, respect and trust; we seek to offer competitive

compensation, maintain open communication and keep our employees safe and healthy at work.

In 2016, SAIB was honored to be recognized as a "Great Place to Work" in Asia in the large workplace category by the Great Place to Work Institute. The Great Place to Work Institute is the global authority on identifying what it takes to build a high-performing workplace culture.



COMMUNICATION AND ENGAGEMENT

Proactive communication and engagement with our employees enhances their job satisfaction and productivity, while minimizing turnover within the company. We maintain an open dialogue with our people in order to understand their needs, identify their concerns and respond to their expectations. Our biennial employee satisfaction survey is one key channel through which we collect the input of our employees. Through this survey, we measure employee satisfaction with performance management and growth, work processes and quality, pay and benefits, workload and stress, communication, supervisor, bank image, customer focus, employee appreciation, and upper management. Since our employee satisfaction survey was conducted in 2015, we did not conduct one in 2016. **103 Management Approach: Employee Satisfaction and Engagement**

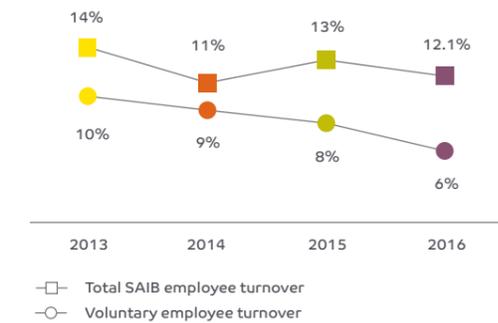
We have continued our employee suggestions program, 'My Idea', that allows employees to submit suggestions to our Innovation Center for consideration. In 2016 we received a

total of 452 suggestions, 26 of which were implemented.

Additionally, SAIB has a long-term service incentive scheme that are linked to performance for employees who have joined at the beginning of 2016 and onwards. The scheme is not linked to performance for employees that had joined before 2016.

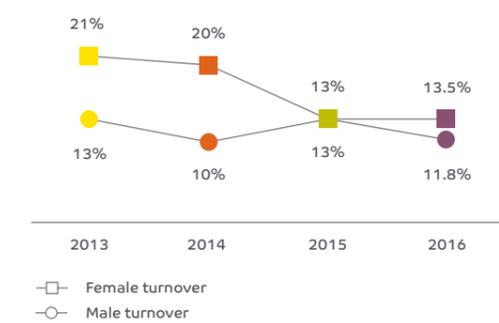
Turnover and absenteeism rates also help us measure our success in keeping employees committed and engaged. In 2016 we recorded a total turnover rate of 12% and a voluntary turnover rate of 6%, the lowest rates since 2013. We also recorded a very low absenteeism rate of 0.09% (0.04% for men and 0.33% for women). **403-2** When employees depart, the Bank conducts an exit interview gather perceptions and insights. These are analyzed and summarized in an annual report, the 'Regrettable Turnover Report,' whose conclusions and recommendations are actively addressed.

Turnover **401-1b**



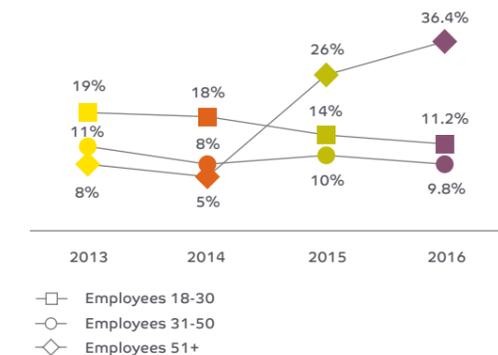
Scope: SAIB Group

Turnover by Gender **401-1b**



Scope: SAIB Group

Turnover by Age **401-1b**



Scope: SAIB Group

HEALTH, SAFETY, AND WELLBEING

The Bank prioritizes the health, safety, and wellbeing of our employees and customers. We have a comprehensive safety and security policy in place to respond to fire hazards, violent criminal acts, and other risks. Each branch, division, or floor of the Bank has a security and safety coordinator, a backup, fire wardens, and alternate fire wardens. We conduct daily branch inspections, and monthly safety orientations and awareness campaigns for all employees.

The Bank implemented the OHSAS 18001 standard in 2016, becoming the first bank at the Gulf to do so. This standard specifies requirements for an occupational health and safety management system, to enable an organization to control its occupational health and safety risk and improve its performance.

In 2016, we recorded five health-related incidents on our premises due to general illness. They consisted of one general illness three customers and employees fainting, and one twisted ankle – all received a proper medical response and no injuries arose from these incidents.

We also encourage our employees to live healthy, balanced lives and send regular health awareness messages to our employees. Given the high incidence of diabetes in Saudi Arabia, we have particularly focused on raising awareness among our workforce of this disease and how it can be prevented.

Health Safety and Wellbeing **403-2**

TOPIC	DATA	UNIT	2013	2014	2015	2016
SAFETY PERFORMANCE	Employee and contractor fatalities	#	0	0	0	0
	Employee and contractor lost-time injuries	#	0	0	0	0
	Employee and contractor total recordable injuries	#	0	0	3	5

Scope: SAIB Group



Diabetes Day

Each year the Bank conducts diabetes-centered events aimed at raising the awareness of diabetes both with its staff, customers, and the general public. In past years, we have hosted an all staff football tournament promoting a healthy life style. For World Diabetes Day in 2016, the Bank in conjunction with the Saudi Cycling Federation hosted a Flexxbike social cycling marathon in Riyadh to raise awareness of the issue. The event was supported by over 100 cyclists who rode their bikes through the streets of Riyadh from the Bank's Head Office to the King Abdulaziz Historical Centre.

In addition to the cycling marathon, the Bank hosted an event that included free diabetes check-ups by the Saudi Diabetes Charity and Habib Hospital, a lecture on how to prevent diabetes, and special offers from Aseel Partners, who specialize in health and fitness.

SALARY AND BENEFITS

We offer our employees highly competitive salary and benefits packages that include life insurance, medical insurance, fitness club membership, social security, our Aseel Loyalty Program, and allowances for housing and transportation. In 2016, SAIB paid our employees a total of SAR592 million in salary and benefits.

We encourage and support the women of our workforce to balance their career aspirations

with family caregiving. We provide paid maternity leave of up to 10 weeks. We also support expecting mothers by giving up to 180 days of paid sick leave in case of illness due to the pregnancy. Additionally, we offer 3 days of parental leave for male employees. In 2016, 23 staff took parental leave, all of whom returned to work afterwards. This 100% return-to-work rate indicates that we provide a balanced work life. [401-3](#)

Salary and Benefits [201-1](#)

TOPIC	DATA	UNIT	2013	2014	2015	2016
SALARIES AND BENEFITS	Salaries paid	Thousand SAR	190,784	226,628	254,451	273,730
	Benefits paid	Thousand SAR	221,041	269,718	315,765	266,568
	Social security contributions	Thousand SAR	16,642	20,777	27,038	28,368
	Staff health insurance	Thousand SAR	10,553	14,282	22,220	23,135
	Total salaries and benefits paid	Thousand SAR	439,020	531,405	619,474	591,801

Scope: SAIB Group

Salary Ratio (Male : Female) [405-2](#)

TOPIC	DATA	UNIT	2013	2014	2015	2016
EQUAL PAY	Senior Management Employees	ratio	1 : 0.65	1 : 0.77	1 : 0.72	1 : 0.69
	Middle Management Employees	ratio	1 : 0.73	1 : 0.74	1 : 0.78	1 : 0.86
	Non-Management Employees	ratio	1 : 0.90	1 : 0.92	1 : 0.96	1 : 0.96

Scope: SAIB Group

Parental Leave [401-3](#)

TOPIC	DATA	UNIT	2013	2014	2015	2016
PARENTAL LEAVE	Employees that took parental leave	#	6	13	10	23
	Employees who returned to work after parental leave ended	#	5	13	10	23
	Employees retained one year after returning to work following parental leave	#	1	4	11	2

Scope: SAIB Group

SAIB has a robust employee grievance policy. It is made available to employees in the employee handbook and HR Policy. The policy mandates prompt responses from

responsible parties. In both 2015 and 2016, grievances were raised, indicating employee trust in the system. Both years, all grievances raised were resolved promptly, within the year.

Grievances

TOPIC	DATA	UNIT	2013	2014	2015	2016
GRIEVANCES	Grievances filed during reporting year (RY)	#	Not available	Not available	6	8
	RY-filed grievances resolved	#	Not available	Not available	6	8
	Prior year-filed grievances resolved	#	Not available	Not available	-	-

Scope: SAIB Group

TRAINING AND CAREER DEVELOPMENT

We invest in the development of our people to enhance their ability to meet our customers' needs, and to support them in reaching their own career goals. The Bank regularly provides annual performance and career development reviews to all of its employees; during this process, training needs of each individual are identified, and the Bank endeavors to provide the resources and opportunities to fulfill those needs.

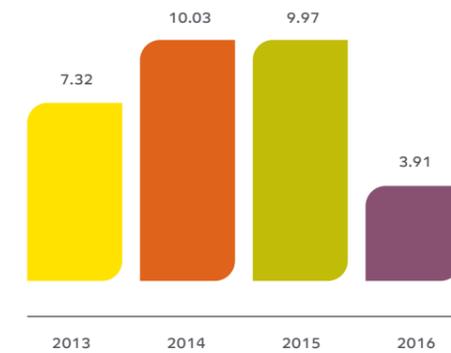
SAIB aims to build a learning organization, and in order to achieve such a target, the Bank has initiated a number of projects and new practices, including: [103 Management Approach: Workforce Training and Education](#)

- Graduate Programs: This program is built to identify opportunities and build capacity in potential candidates.
- Training Need Analysis: This practice takes place annually in order to set the Identified Development Plan for all individuals.
- Online Programs: More than 9,000 programs covering different fields are available for all staff in Arabic and English. These courses cover more than 150 different banking and technical subjects. Online portals are available 24/7 and could be accessible via any smart devices. [404-2](#)

We focus our training and development strategy on young Saudi nationals, aiming to harness their powerful, yet inexperienced talent. We also place an emphasis on strong succession planning; for all critical positions, a successor is selected, a comprehensive development plan for each successor is identified, and a detailed timeframe for the development plan is set.

In 2016, an average of 4 training days were provided per employee. This number is lower than previous years due to the introduction of a blended learning system, which reduced the need for face-to-face training days. We provided more in-job training, training videos, and internal coaching, which are not included in the training day calculations. In addition, the reduction in hiring in 2016 reflects the reduction in training days, a large part of which is comprised of orientation training and graduate programs. The actual number of staff who went for training in 2016 is higher than the number in 2015, excluding the graduate programs.

Training Days Average [404-1](#)



Scope: SAIB Group

Training by Employment Level and Gender [404-1](#)

TOPIC	DATA	UNIT	2013	2014	2015	2016
TRAINING	Total	#	9,773	14,948	16,505	6,495
	Senior Management Employees	#	361	451	459	506
	Middle Management Employees	#	3,464	4,880	3,258	2,800
	Other Employees	#	5,948	8,831	11,094	3,190
	Male Employees	#	7,429	11,663	10,482	5,018
	Female Employees	#	2,344	2,502	4,329	1,477

Scope: SAIB Group



HIFTH (ENVIRONMENTAL PROTECTION)

Hifth describes the sustainable use of natural resources by local communities. It entails the conservation of the environment by the Bank through its lending and investment decisions, and its efforts to limit emissions and waste and reduce consumption of electricity, water, and paper in its direct operations and suppliers. SAIB will increase its competitive advantage by embedding environmental management into the Bank's core activities and continuously de-materialize banking. SAIB will be a model of the competitive environmental practices the Saudi government is seeking for the benefit of the Kingdom.

103 Management Approach: Reduction of Environmental Impact of Operations



ENVIRONMENTAL MANAGEMENT

As a major financial institution, our activities require the use of natural resources that produce waste and emissions, both directly from our operations and indirectly through our value chain. We seek to manage our environmental impact, risks and opportunities to reduce the cost of doing business, to enhance long-term shareholder returns, and to protect the environment in which we operate and the populations that depends on it.

We also recognize that as a reputable company in the region, we have a role to play in positively influencing the environmental behavior and practices of our customers, suppliers and partners. In this regard, one of our priorities is to achieve more sustainable

outcomes across our sphere of influence by finding solutions to environmental challenges.

103 Management Approach: Reduction of Environmental Impact of Operations

As part of our commitment to positive environmental change, we have established a dedicated internal team that works on our environmental initiatives. The team focuses on four strategic areas: Transformational Finance, Employee Programs, Operations, and Risk Management. The Environmental Initiatives Team identifies and helps actualize emerging trends that present new opportunities for the Bank. The team has committed to reviewing the Bank's Environmental Policy every two years.

We are committed to managing our direct environmental impact through the following activities: **102-11**

- Monitoring, reducing, reporting, and taking action to reduce energy use, greenhouse gas emissions, paper consumption, water consumption, and waste of our business activities to meet our objectives and targets.
- Managing waste generated from our business operations according to the principles of reduction, reuse and recycling, where cost effective.
- Managing our business operations to prevent pollution.
- Investing in energy efficient technologies.
- Giving due consideration to environmental issues and energy performance in the acquisition, design, refurbishment, location, and use of buildings.

For more information, please refer to our Environmental Policy at:

<https://saib.com.sa/sites/default/files/Environmental-Policy.pdf>

Where relevant we apply recognized local and international framework tools for environmental performance.

In 2016, we continued our efforts to recycle paper, electronic items and plastics, which has proven successful. Sourcing local recycling partners continues to remain a challenge.



Climate change presents both risks opportunities for our business, and as a financial intermediary we can play a role in addressing climate change.

ENERGY USAGE AND EMISSIONS

We believe climate change can create major impact on the natural environment, having significant socio-economic consequences. Climate change presents both risks and opportunities for our business, and as a

financial intermediary we can play a role in addressing climate change. Therefore, despite the fact that the banking sector is not a major contributor to climate change, the Bank seeks to demonstrate leadership on this front.

The Bank's energy usage comes from:

- Technology infrastructure (data centers) to support our growing online banking services,
- Building energy usage to maintain health, safety, and wellbeing of our staff and customers, and
- Fuel for travel between our numerous branches nationwide.

Committed to understanding its impact, SAIB began tracking its energy consumption (mWh) in addition to its energy expenditure (SAR) in 2014. This effort to track energy usage in detail has informed the Bank's programs and helped measure progress.

Thanks to electricity-saving equipment such as LED lighting, energy-efficient IT and office equipment, and a Building Management System (BMS) SAIB reduced its electricity consumption by 13% from 2015 to 2016.

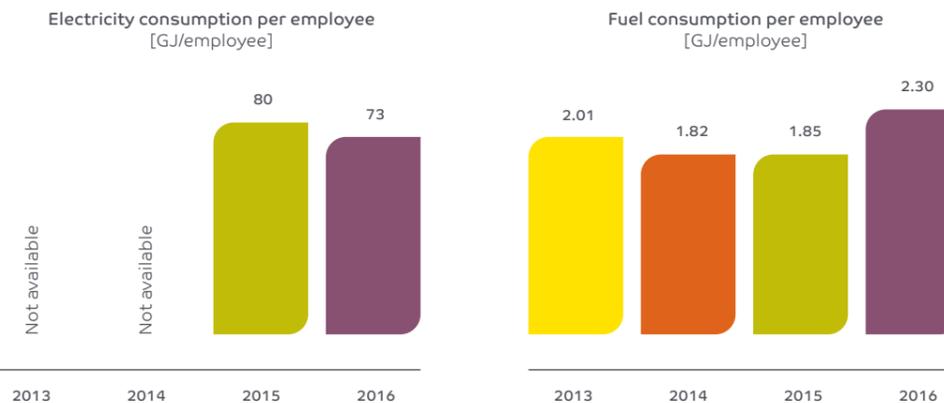
The bank's petrol fuel consumption increased by 18% since 2015.

Energy Consumption **302-1, 302-3, 305-2, 305-4**

TOPIC	DATA	UNIT	2013	2014	2015	2016
ENERGY CONSUMED	Electricity consumption	mWh	Not available	Not available	38,610	33,541
	Electricity consumption	GJ	Not available	Not available	138,996	120,748
	Electricity expenditure	SAR	7,430,766	8,211,304	9,167,956	9,877,600
	Indirect GHG Emissions [Scope 2] (from electricity usage)	tonnes CO2eq	Not available	Not available	25,251	21,936
	Petrol fuel consumption	liters	81,269	82,264	93,011	110,005
	Petrol fuel consumption	GJ	2,817	2,851	3,224	3,813
	Direct GHG Emissions [Scope 1] (from fuel usage)	tonnes CO2eq	195	197	223	264

Scope: SAIB Group

Consumption per Employee **302-3**



Scope: SAIB Group

PAPER CONSUMPTION AND RECYCLING

SAIB continues to reduce its paper consumption by digitizing its policies and processes. In 2016, paper consumption decreased by 16% to 39 kg per employee as a result of our digitization efforts. One example of our paper-saving measures can be found at our ATMs. By default, our ATMs will not print receipts unless a customer opts for a receipt, and messages in ATMs ask customers not to print receipts if not necessary.

After we reduce paper consumption, we also dispose of the waste appropriately by segregating, shredding, and recycling. In 2016, we recycled 8,852 kg of paper. We are actively trying to increase this number as we search for more recycling partners in the Kingdom.

Presently, all other waste generated by SAIB is disposed of; however, the Bank is currently in the process of building a system to measure the total weight of all waste produced by the company for reporting in future years.

Electronic Recycling

In addition to our ongoing efforts of recycling paper and plastics, we have also begun to recycle electronic waste. In 2016, we signed an agreement with Tadweer, a specialized recycling company, to donate cash proceeds from the recycling of electronic waste to the Ensan Charity for orphaned children.

To date :



Approximately 3 tons of recyclable electronic goods were provided from Head Office in Riyadh



A total of 704 items collected and placed in bins by staff

Paper Consumption & Recycling 306-2

TOPIC	DATA	UNIT	2013	2014	2015	2016
PAPER CONSUMED	Paper consumption*	kg	62,644	67,098	73,372	64,187
	Paper consumption per full-time employee	kg/employee	45	43	42	39
	Total paper recycled**	kg	60,990	63,745	12,480	8,852

* This should be the amount of paper purchased across SAIB's operations.

** This should include any paper recycled throughout SAIB's properties, including magazines, newspapers, etc.

Note: The 2015 numbers have been revised using a more accurate calculation method. 102-48

Scope: SAIB Group

WATER CONSUMPTION

Located in an arid region, Saudi Arabia suffers from water scarcity and it forced to rely on non-renewable groundwater resources and expensive desalinated water to meet the water demands of its population. SAIB has a responsibility to reduce its water consumption and preserve the Kingdom's resources.

With a workforce surpassing 1,600 individuals, we consume a significant quantity of water to maintain our offices and the well-being of our staff. Thanks to the installation of

water-efficient appliances in 2015 the Bank's total water expenditure per person decreased by 43% in 2016.

In order to better measure our water consumption we are in the process of installing Water Consumption Meters across all branches, which will provide accurate consumption in liters. Once finalized, the project will allow water consumption for each month to be logged in our Building Management System (BMS).



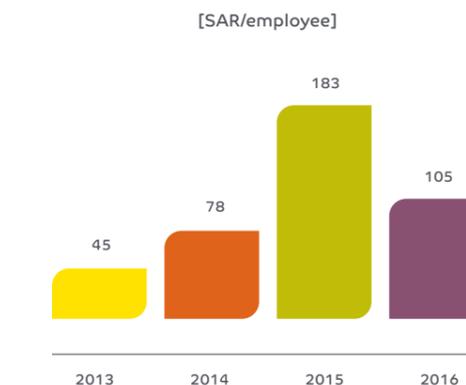
Thanks to the installation of water-efficient appliances in 2015 the Bank's total water expenditure per person decreased by 43% in 2016.

Water Expenditure 303-1

DATA	UNIT	2013	2014	2015	2016
Water expenditure	SAR	58,469	112,409	293,473	173,765

Scope: SAIB Group

Water Expenditure per Employee



Scope: SAIB Group



AWN (HELPING OTHERS)

Awn means to help, to offer what you can for others. It refers to SAIB's responsibility to support to local communities. Awn encompasses our Zakat investments, community investment programs, and local procurement. SAIB will measure not only the amount of money it invests, but the extent and effectiveness of its impact. SAIB will narrow and focus its investments in areas where it can contribute not just money, but tools and expertise.

COMMUNITY INVESTMENT AND ENGAGEMENT

SAIB's developed a standard operating and accounting procedure (SOAP) for the identification and implementation of proactive, high impact, and strategic CSR investments. The SOAP seeks to leverage SAIB's unique assets, its people, and its organizational strengths to optimize its community investment.

The Bank strives to be a force of good in the community through our community investment practices. We contribute both time and money to carefully selected programs through our corporate volunteering program and corporate sponsorship. We focus our investments on four priority areas defined by our corporate sponsorship policy: financial education, human and social development, environmental protection and community health. We are continuously seeking to improve how we measure the extent and effectiveness of the impact of the programs we invest in, and to enhance the impact of

our community investments per Saudi riyal invested. We are also dedicated to narrowing and focusing our investments in areas where we can contribute not just money, but tools and expertise. **103 Management Approach: Community Investment and Engagement**

To this end, we have an employee volunteering policy, which enables employees to donate up to 24 hours (3 days) per calendar year toward an organization. This donated time is considered paid time off (and does not affect other types of leave), and is also counted towards bonus scores for the employees at the end of the year in the balanced score card evaluation.

Our community investments are governed by a CSR Policy and Operating Procedure and are managed by our Corporate Communications department.

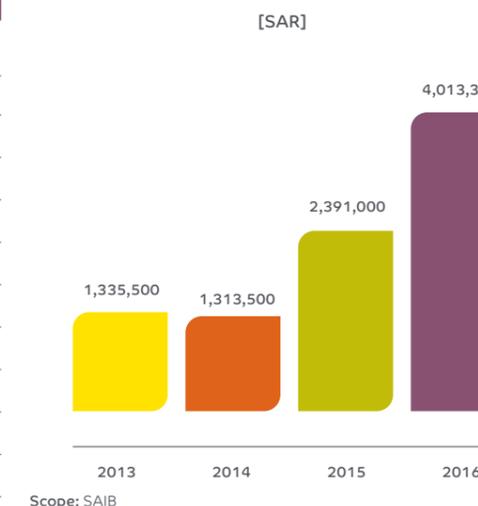


List of Sponsorships 2016 201-1, 413-1

EVENT	SAR AMOUNT 2016
Easy Pay sponsorship for SAIB T20 Cricket Tournament 2016	26,890
King Saud University Students Sponsorship	2,860
Ramadan Food Baskets and Food vouchers	277,660
Minopolis Sponsorship	200,000
Sponsorship of the Eastern Exhibition in East Coast	100,000
Honoring Sons & Daughters of the Martyrs	38,481
Nazaha Club (AlFaisal University) Sponsorship	30,000
AlZawaj Charity Sponsorship	50,000
International Youth Day	6,000
School Kits for needy children	220,711
Saudi 7 Event Sponsorship	60,000
Advertising for the Super Cup	187,500
Winter Blankets for the needy	163,000
World Diabetes Day - Cycling Event	19,430
Sponsorship: Saudi Youth Entrepreneurship with MIT	187,500
Volunteers Day & International Day for Disability	4,280
Woow AlKhair	1,002,175
Prince Sultan Scholarships	1,436,900
Total	4,013,387

Scope: SAIB

Community Investment 201-1, 413-1



47,000 mL of blood donated

'YOUR BLOOD SAVES LIVES'

Initiated In 2016, SAIB quarterly sustainability campaign asking staff to participate in donating blood continued with over 8 % of staff donating blood at a given time. In co-operation with the King Faisal Specialist Hospital and Research Center this campaign remains entrenched in the Bank's social responsibility calendar. In the last campaign, SAIB Staff including Volunteers participated in this worthwhile activity donating over 47,000 milliliters of blood.



'WooW Alkhair'

In 2016, we invested SAR 4,013,387 in the community. We have continued and grown our Woow Alkhair initiative, which allows customers to redeem their Woow loyalty program points in the form of charity donations. In 2016, our customers donated SAR 1,002,175 to almost 20 Woow Alkhair partners. We expect these numbers to grow as we identify additional strategic charity partners.



LOCAL PROCUREMENT

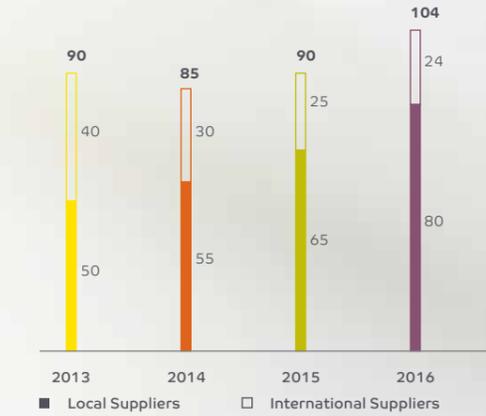
As a financial service provider, our procurement spending goes mainly to items such as stationery, desktop hardware, utilities, system hardware and software. **102-9** Nevertheless, we recognize that our procurement spending generates economic impact in the marketplace and supports the development and growth of other companies within the supply chain. We therefore aim to purchase from locally based suppliers wherever possible in order to support the development of local communities and promote national economic growth and job creation.

Periodic vendor evaluation occurs to ensure both parties understand and meet each other's requirements. It is a management priority that both the organization and the supplier achieve their goals and that successful, mutually beneficial vendor relationships are fostered.

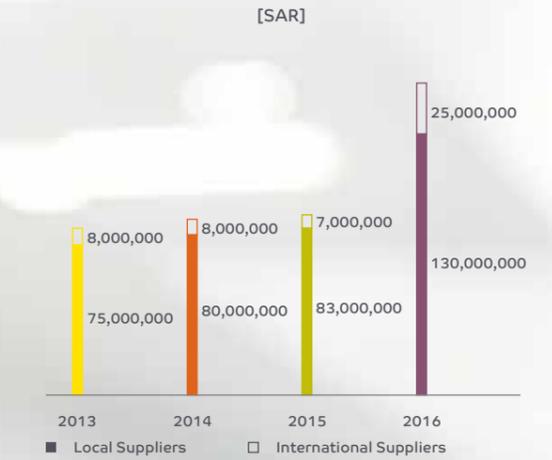
We have a policy managed by our Head of Procurement to build a stable supplier base to overcome any hurdle in achieving the organization's goals. Vendor selection and vendor evaluation is performed on regular basis. Regular meetings with the suppliers are conducted to keep up with the ongoing projects and share knowledge on market trends and new technologies. **103 Management Approach: Sustainable Procurement**

Procurement & business units come together during selection and performance evaluation of the suppliers. This ensures a smooth, efficient and well organized procurement process.

Number of Suppliers **204-1**



Procurement Spending **102-9**



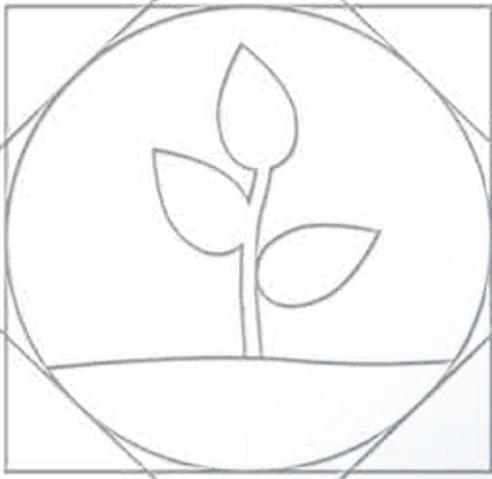
Note: Increase in number is due to adding more business areas under procurement system.
Scope: SAIB

APPENDIX A: GRI CONTENT INDEX

GRI STANDARD DISCLOSURE NUMBER	INDIVIDUAL DISCLOSURE ITEMS ('A', 'B', 'C', ETC.) ARE NOT LISTED HERE	INFORMATION	PAGE NUMBER
102-1	Name of the organization	The Saudi Investment Bank	
102-2	Activities, brands, products, and services	-	12, 14
102-3	Location of headquarters	Riyadh, Saudi Arabia	
102-4	Location of operations	Kingdom of Saudi Arabia (KSA)	
102-5	Ownership and legal form	-	17
102-6	Markets served	-	14
102-7	Scale of the organization	-	12, 42, 43
102-8	Information on employees and other workers	-	51
102-9	Supply chain	-	66, 67
102-10	Significant changes to the organization and its supply chain	No significant change.	
102-11	Precautionary Principle or approach	-	60
102-12	External initiatives	United Nations Global Compact (UNGC)	
102-13	Membership of associations	Saut: The Voice Of Down Syndrome Society, Sanad Children's Cancer Support Association, Ehsan Medical Charity, AIBIR Charity - Eastern Region, The Charitable Society for Marriage and Family Guidance in Jeddah (Zawaj), Saudi Alzheimer's Disease Association, Zahra Charity for Breast Cancer, Prince Fahad bin Salman Charity for Renal Failure Patients Care (Kellana), NPCOM - Take care of the families of prisoners, The Charitable Society for Orphans in Al-Baha, Mawaddah Society for Family Development, Kafeef - Blind People, Al Bir Charity - Al Ahsa, Insan - Charitable Society for Orphans Care, DSCA - Down Syndrome Charitable Association, Disabled Children's Association, Saudi Food bank - Etaam, Namaa Charity Organization for Helping the Poor in Makkah, The Saudi Charity Society for Heart Patients Care (Qloobna), Shukr Charity - Food Bank in Aseer	
102-14	Statement from senior decision-maker	-	08, 10
102-16	Values, principles, standards, and norms of behavior	-	13, 47
102-18	Governance structure	-	16
102-21	Consulting stakeholders on economic, environmental, and social topics	-	15
102-40	List of stakeholder groups	-	22
102-41	Collective bargaining agreements	Labor unions are not prevalent as per law.	
102-42	Identifying and selecting stakeholders	-	22
102-43	Approach to stakeholder engagement	-	22, 36
102-44	Key topics and concerns raised	-	22, 36
102-45	Entities included in the consolidated financial statements	Please see page 8 of SAIB's Financial Statements 2016. This file can be accessed online here: https://saib.com.sa/sites/default/files/2016_Year_End_FS_En-DJ-12-FINAL.pdf	
102-46	Defining report content and topic Boundaries	-	25
102-47	List of material topics	-	25
102-48	Restatements of information	-	12, 33, 39, 42, 43, 46
102-49	Changes in reporting	No change.	
102-50	Reporting period	1 January 2016 - 31 December 2016	
102-51	Date of most recent report	2015 Sustainability Report	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	PO Box 3533, Riyadh, 11481 KSA	
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option	

GRI STANDARD DISCLOSURE NUMBER	INDIVIDUAL DISCLOSURE ITEMS ('A', 'B', 'C', ETC.) ARE NOT LISTED HERE	INFORMATION	PAGE NUMBER
102-55	GRI content index	The GRI content is provided here.	
102-56	External assurance	This report did not undergo external assurance.	
103	Management Approach: Adherence to Islamic Banking Principles	-	12
103	Management Approach: Governance and Accountability	-	15
103	Management Approach: Financial Performance	-	41
103	Management Approach: Infrastructure and Accessibility	-	38
103	Management Approach: Quality of Services and Customer Satisfaction	-	33
103	Management Approach: Accurate and Transparent Disclosure of Performance	-	47
103	Management Approach: Business Ethics and Prevention of Financial Crime	-	47
103	Management Approach: Compliance with Regulations	-	47
103	Management Approach: Customer Trust and Protection	-	48
103	Management Approach: Data Security	-	49
103	Management Approach: ESG Risks in Lending and Investment	-	45
103	Management Approach: Financial System Stability	-	48
103	Management Approach: Risk Management	-	45
103	Management Approach: Employee Satisfaction and Engagement	-	54
103	Management Approach: Equal opportunity and Anti-discrimination	-	51
103	Management Approach: Human and Labor Rights	-	51
103	Management Approach: Saudization	-	52
103	Management Approach: Workforce Training and Education	-	57
103	Management Approach: Reduction of Environmental Impact of Operations	-	58
103	Management Approach: Community Investment and Engagement	-	64
103	Management Approach: Sustainable Procurement	-	66
201-1	Direct economic value generated and distributed	-	42, 43, 56, 65
201-2	Financial implications and other risks and opportunities due to climate change	-	46
201-3	Defined benefit plan obligations and other retirement plans	Please see page 8 of SAIB's Financial Statements 2016. This file can be accessed online here: https://saib.com.sa/sites/default/files/2016_Year_End_FS_En-DJ-12-FINAL.pdf	
201-4	Financial assistance received from government	No financial assistance is given by the government.	
202-2	Proportion of senior management hired from the local community	-	51, 52
203-1	Infrastructure investments and services supported	-	39, 40
203-2	Significant indirect economic impacts	-	45
204-1	Proportion of spending on local suppliers	-	67
205-1	Operations assessed for risks related to corruption	100% of operations are assessed for Fraud Risk. No significant risks were identified.	

GRI STANDARD DISCLOSURE NUMBER	INDIVIDUAL DISCLOSURE ITEMS ('A', 'B', 'C', ETC.) ARE NOT LISTED HERE	INFORMATION	PAGE NUMBER
205-2	Communication and training about anti-corruption policies and procedures	Yes, training was provided via e-Learning to all employees.	
205-3	Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption with employees and business partners. There were no public legal cases regarding corruption brought against the organization or its employees during the reporting period.	
302-1	Energy consumption within the organization	-	61
302-3	Energy intensity	-	61
303-1	Water withdrawal by source	-	63
305-1	Direct (Scope 1) GHG emissions	-	-
305-2	Energy indirect (Scope 2) GHG emissions	-	61
305-4	GHG emissions intensity	-	61
306-1	Water discharge by quality and destination	There were no significant water discharges.	
306-2	Waste by type and disposal method	-	62
307-1	Non-compliance with environmental laws and regulations	There were no instances of non-compliance with environmental laws and regulations during the reporting period.	
401-1	New employee hires and employee turnover	-	54
401-3	Parental leave	-	56
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	-	54, 55
404-1	Average hours of training per year per employee	-	57
404-2	Programs for upgrading employee skills and transition assistance programs	-	57
404-3	Percentage of employees receiving regular performance and career development reviews	100% of SAIB employees received regular performance and career development reviews in 2016.	
405-1	Diversity of governance bodies and employees	-	52
405-2	Ratio of basic salary and remuneration of women to men	-	56
406-1	Incidents of discrimination and corrective actions taken	There were no incidents of discrimination at the Bank during the reporting period.	
408-1	Operations and suppliers at significant risk for incidents of child labor	SAIB follows all local laws and regulations relating to human rights in areas where it operates. SAIB neither condones nor permits child labor, and no instances of the practice have been reported.	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SAIB follows all local laws and regulations relating to human rights in areas where it operates. SAIB neither condones nor permits compulsory labor, and no instances of the practice have been reported.	
412-2	Employee training on human rights policies or procedures	Staff have not received training devoted to human rights policies during the reporting period.	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	44
413-1	Operations with local community engagement, impact assessments, and development programs	-	65
413-2	Operations with significant actual and potential negative impacts on local communities	SAIB is not aware of any significant negative impact on local communities resulting from operations.	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no breaches or losses of customer data during the reporting period.	
419-1	Non-compliance with laws and regulations in the social and economic area	-	47



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