



The sustainable financial partner of choice...

focus
on growth...





King Abdullah bin Abdul Aziz Al-Saud
Custodian of the Two Holy Mosques



Prince Salman Bin Abdulaziz Al Saud
Crown Prince and Minister of Defence
of Saudi Arabia

Message from the Chairman



Dr. Abdulaziz O'Hali
Chairman

Over the last few years, the way business is conducted in the Kingdom has truly been transformed and SAIB is committed to adapt and thrive within this changing environment. Our customer charter puts the needs of our customers at the heart of what we do. Our commitment to supporting economic growth has reasonably exceeded our performance when it comes to business lending. We have established important working relationships with a wide range of stakeholders who have an interest in how, where and with whom we do business. In business terms we've reduced our risk profile, and made our balance sheet safer by including sustainability in our governance, management, and operations structure.

These are changes in focus which recognize our responsibility to be a positive force within the communities in which we live and conduct business. Being a dynamic and responsible company, our commitment to restructuring will continue. We will always work hard to change SAIB for the better, which is why the publication of our first Sustainability Report is important to us.

"We will always work hard to change SAIB for the better."





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Message from the General Manager



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“How a financial institution like SAIB responds to the challenges of balancing the needs of people, environment and profit is part of our corporate responsibility and policy. We at SAIB want to be one of the Kingdom's leading brands advocating corporate responsibility and sustainability.”

”

Our vision at SAIB is to be one of the leading sustainable financial service companies in the Kingdom of Saudi Arabia. We believe that if a company behaves ethically and responsibly, it will ultimately become more successful than its peers and competitors because it addresses issues on which its long-term success depends and thereby gains the confidence of investors, customers, employees and other stakeholders.



We want SAIB to be the first choice for our customers and our employees so as to be regarded as the finest place to bank, and the best place to work.

We also believe that we can play a contributory role in helping to address the challenges facing today's society. By helping to make the Kingdom a better place to live, we will also make our own business inherently more sustainable.

SAIB's main contribution to the well-being of Saudi society comes through the contribution we make to economic prosperity by providing a broad range of financial services to our customers. We serve customers in four principal areas; Personal Banking, Wealth Management, Commercial & Corporate Banking.

SAIB believes in the concept of giving back to society through planned community development programs and initiatives. In 2011, we invested in and sponsored many community development initiatives such as the Women's Economic Forum, the Fast Track Saudi Education Program (FaTra), Financing Industrial Projects in the GCC, sporting events, and helping disabled people, in addition to other

programs. We also invested in the overall well-being of our employees by providing excellent training programs, which improved their personal and professional skills and enhanced their performance in the workplace.

We at SAIB also started considering environmental and climate change risks as an important part of our overall business operations. We have started taking small steps towards reducing environmental risks, climate change risks, and the conservation of natural resources.

Publication of this, our first annual Sustainability Report, is an important milestone as it allows us to demonstrate our commitment to transparency, and convey our performance and progress on environmental and social issues important to our stakeholders.

Musaed Mohammad Al Mineefi
General Manager



SAIB Overview

SAIB Overview

SAIB Group

Name	The Saudi Investment Bank
Headquarters	P.O.Box 3533, Riyadh 11481 KSA
Foundation	Saudi Arabian Joint Stock Company formed pursuant to a Royal Decree issued on June 23, 1976
Total Assets	SR 52 billion
Total Investments	SR 9.8 billion
Employees	979
Shareholders	Saudi Shareholders (90%) Non-Saudi Shareholders J.P. Morgan International Finance Limited (7.5%) Mizuho Corporate Bank Limited (2.5%)
Listing	Saudi Stock Exchange (1030 - Tadawul)

Source: Annual Report 2011

• Wholly Owned Subsidiaries

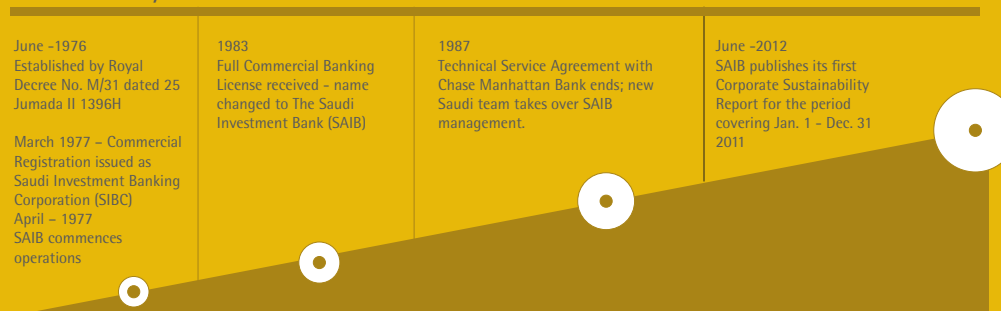
Name	Main Business	SAIB Holdings (%)
Alistithmar for Financial Securities and Brokerage Company	Brokerage Asset Management and Advisory Services	100%
The Saudi Investment Real Estate Company	Real Estate Services	100%

• Associated Companies

Name	Main Business	SAIB Holdings (%)
Amex (Saudi Arabia)	Exclusive Issuer of American Express Cards in Saudi Arabia	50%
Saudi ORIX Leasing Company	Lease Financing Services	38%
Amlak International for Finance and Real Estate Development Co. KSA	Real Estate Finance Products Et Services	32%
Mediterranean Et Gulf Insurance and Reinsurance Co. KSA	Insurance Products Et Services	19%

Source: Annual Report 2011

SAIB's History



SAIB Board Member Profile

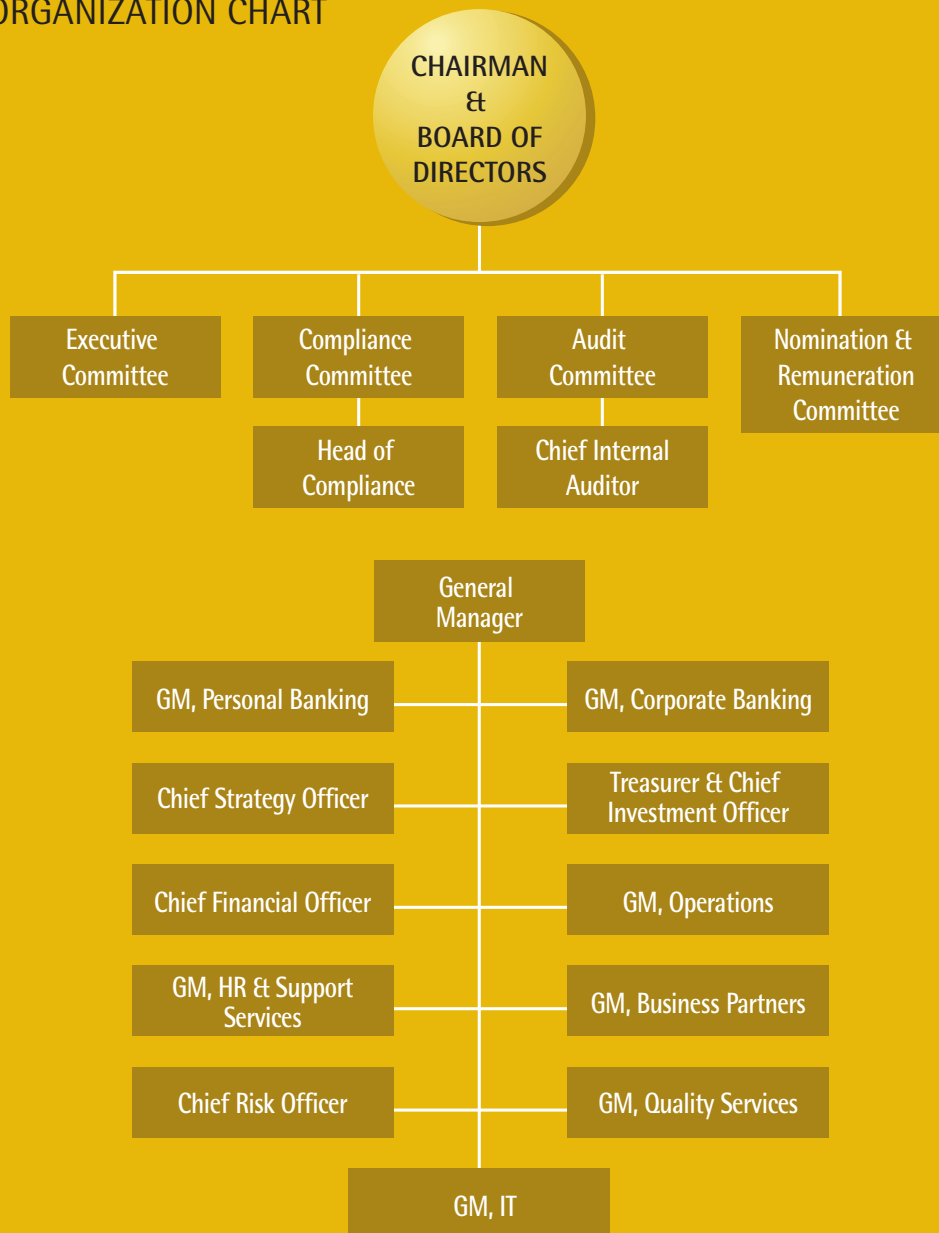
<p>Dr. Abdulaziz O'Hali Chairman of the Board</p>	<p>Managing Director, Gulf Center Management Consultants. Prior to this he held numerous positions in government service. Bachelor's Degree and MBA from University of Puget Sound, Tacoma, Washington and Ph.D. from Claremont Graduate School, Claremont, California.</p>
<p>Mr. Abdul Rahman Al-Rawaf Manager, Investment Portfolios Department General Organization for Social Insurance</p>	<p>Manager of the Investment Portfolios Department at the General Organization for Social Insurance. Has been a board member of many banks and other public companies. Bachelor's Degree in Business Administration from Arkansas State University and MPA from the University of Southern California.</p>
<p>Mr. Abdullah Salih Jum'ah President and CEO (Retired) Saudi Aramco</p>	<p>Retired President and CEO of Saudi Aramco. Has been Chairman and Board Member of many Saudi Aramco subsidiaries. Bachelor's Degree in Political Science from the American University of Beirut.</p>
<p>Mr. Faysal M. Al-Bassam Vice Chairman Modern Arab Contracting & Trading Co. Ltd.</p>	<p>Retired Vice President of Saudi Aramco and Board member of the Eastern Province Charitable Organization. Bachelor's Degree in Economics, Pomona College and Advanced Management Program, Harvard University.</p>
<p>Dr. Majid Abdullah O. Al-Kassabi Director General Sultan Bin Abdulaziz Al-Saud Foundation</p>	<p>Director General of Sultan Bin Abdulaziz Al-Saud Foundation. Chairman and board member of many public, government, and quasi-governmental organizations. Bachelor's Degree in Civil Engineering from Portland University, Master's Degree from the University of California at Berkley, and Doctorate Degree from the University of Missouri</p>
<p>Mr. Mishari Ibrahim Mishari Former CEO Bank Al-Jazirah</p>	<p>Former CEO and Board Member of Bank Al-Jazirah. Has extensive banking experience and currently a Board Member of many public companies. Bachelor's Degree in Business Administration from the University of Oregon.</p>
<p>Dr. Abdulraouf M. A. Mannaa Chief Executive Officer MAF Shopping Malls</p>	<p>Group Managing Director of Savola Group, former CEO of many major companies (such as EMAAR Economic City, etc.). Bachelor's Degree in Mechanical Engineering from King Fahad University of Petroleum and Minerals, Master's Degree from the University of California at Berkley, and a PhD from the University of Washington at Seattle.</p>
<p>Mr. Abdulaziz Al-Khamis Director General Financial Investment Public Pension Agency</p>	<p>Held numerous positions with the Pension Fund prior to assuming his current position in July 2006. Bachelor's Degree in Economics from Northeastern University, Boston, Massachusetts.</p>
<p>Mr. Tetsuo Takagi* Regional Head for the Middle East Mizuho Corporate Bank, Ltd.</p>	<p>Regional Head for the Middle East and General Manager of Dubai Branch, The Mizuho Corporate Bank Ltd. since April 2008. MPhil in International Relations, University of Cambridge, Cambridge, U.K., MSc in Politics of the World Economy from London School of Economics and Political Science, London, U.K.</p>

* Resigned effective May 21, 2011.

Organizational Structure

SAIB has a network of forty-eight branches and eleven ladies sections located throughout the Kingdom of Saudi Arabia. The Bank offers a wide range of conventional and Islamic products and services for individuals and commercial businesses comprising of SME's through the Bank's head office and network of branches. SAIB also provides tailor-made financial products and services to corporate, government, and public sector entities through its three regional offices located in Riyadh, Jeddah, and Al-Khobar. SAIB, through its subsidiary companies, is a leading participant in providing brokerage services in the Saudi and international markets, as well as offering a wide range of asset management product and services. SAIB's activities are organized into three major business segments: Personal Banking, Corporate Banking, and Treasury.

ORGANIZATION CHART





Our Main Achievements

Major Awards

SAIB awarded Best New Retail Finance Product - 'Shares Murabaha'.

Net Income Increase

Net income (2010) SAR 429 Million	Net income (2011) SAR 708 Million	65% increase in net income in 2011
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SAIB receives Transparency Award for being one of the most transparent amongst all listed companies



The SAIB Call Center awarded the ISO 9001:2008 QMS certification.



Major Expansions

We expanded the bank's
consumer loan portfolio & retail
client deposit base

SAIB expanded its personal
financing programs
and ATM network



SAIB Branch Expansion



We have strategically expanded our branch network to ensure proper coverage across all areas and cities throughout the Kingdom. In 2011 there were 48 branches and 11 female sections in operation.

Growing to meet the needs of our customers

CHAPTER 1

About this Report



Sustainability is fundamental to SAIB's culture and core values. It reflects the commitments we make to our customers, employees, shareholders and local communities. These commitments enable us to:

- Perform within the highest standards of governance and ethics;
- Provide products and services that meet the rising expectations of our customers and business partners;
- Attract and retain quality employees;
- Provide meaningful support to our communities; and
- Improve the social and environmental impacts of our business activities and those of our stakeholders.

SAIB's report has been prepared in accordance with the Sustainability Reporting Guidelines G3.1 of the Global Reporting Initiative (GRI).

We have self-declared that the requirements of meeting application level B are met.

By applying the reporting principles of materiality, completeness and accuracy, SAIB declares this sustainability report to have achieved a level B.

The report has been created to provide an integrated overview of SAIB's performance relevant to the three pillars of sustainable development pertaining to societal, environmental and economic factors.

The contents of this report are based on continuous stakeholder engagement and evolving material analysis all of which integrate corporate sustainability into our core business model and corporate strategy.




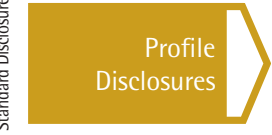

Reporting Principles

SAIB's Sustainability Report 2011 provides clear, transparent, concise and relevant information on the economic, social, environmental, and governance issues that we and our stakeholders consider most relevant from a sustainability perspective. This report covers performance for the financial year starting from January 1st 2011, to December 31st 2011.

GRI is a global, multi-stakeholder network tasked with creating a consistent framework for sustainability reporting. By following this reporting guideline, SAIB joins over a thousand world-wide organizations in voluntarily reporting their sustainability performance using the GRI standard.

This sustainability report has been developed in compliance with the internationally recognized GRI 3.1 Guidelines for Sustainability Reporting of the Global Reporting Initiative (GRI) and the most recent GRI Financial Services Sector Supplement.

This report complies with GRI 3.1 Level B Requirements.

Report Application Level	C	C+	B	B+	A	A+
 Profile Disclosures	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17		Same as requirement for Level B	
Standard Disclosures  Profile Disclosures	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach disclosed for each Indicator Category	Report Externally Assured
 Profile Disclosures	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of; social, economic, and environment.**	Report Externally Assured	Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.**	Report Externally Assured	Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either a) reporting on the indicator or b) explaining the reason for its omission.	Report Externally Assured

* Sector supplement in final version

** Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines

*** Performance indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

While devising this report, we have drawn upon GRI's principles to determine the contents, level of quality and the overall boundaries to be established.

We determined the contents of the report by considering both SAIB's purpose and maturity in terms of sustainability, and the reasonable expectations and interests of our stakeholders. We conducted a materiality analysis among our internal and external stakeholders in order to assess whether our level of activities and reporting were sufficient to meet our stakeholders' expectations.

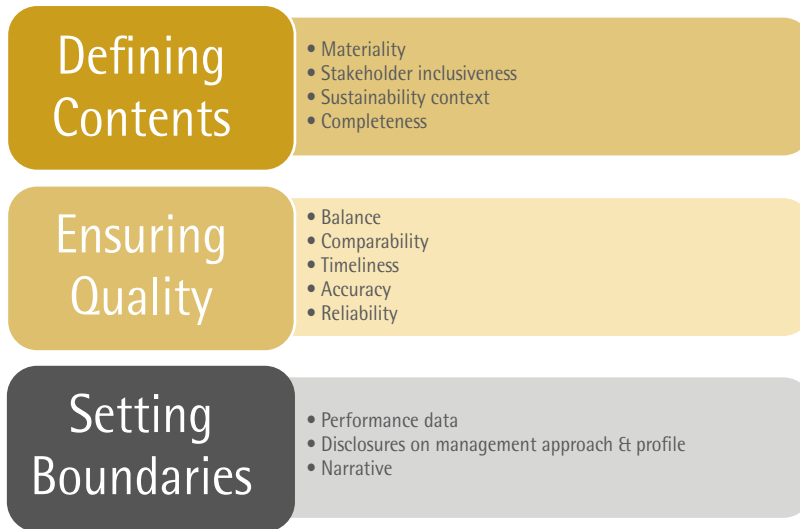
While gathering information on our sustainability performance, we turned to the widely used principles of balance, accuracy, reliability, timeliness and comparability.

We are committed to communicating our performance and providing our stakeholders with sufficient information about SAIB so that they are able to make their own judgments concerning our position and role within the community.

We recognize that there are still challenges ahead in obtaining a complete and fully aligned overview of all our sustainability data, especially when it comes to local procedures for data gathering. We will continue our efforts towards developing our data collection systems and procedures to ensure accuracy and reliability in our data.

Further, we use the internationally recognized standard, the Global Reporting Initiative (GRI) to ensure comparability with other companies. In the GRI Index, full and/or partial reporting in line with the GRI indicator definitions have also been noted.

Our Reporting Principles



Stakeholder Engagement

In today's business environment, stakeholders are interested not only in economic performance but also in how social and environmental factors can directly or indirectly impact them. By understanding these impacts with our stakeholders we will be able to identify the risks and develop the ultimate solution to reduce these impacts.

It is therefore important that we develop and maintain relationships with our stakeholders to keep the lines of communication open, manage expectations and reputational risks and to continuously improve the alignment

between SAIB and our key stakeholders. The stakeholder groups in the next table have been identified on the basis of the extent to which they are affected by our operations and decisions, as well as their ability to influence the performance or strategic direction of SAIB.

By engaging in a dialogue with our stakeholders, SAIB is able to make the right priorities while establishing its Sustainability Strategy. SAIB's main stakeholders include its customers, employees, community, and its shareholders.



Stakeholders	Engagement Channels	SAIB's stance
Employees	<ul style="list-style-type: none"> Employee surveys SAIB Internal Magazine Training and awareness raising initiatives Consultative groups, focus groups and HR meetings Secure channel for suggestions and feedback Code of conduct Sustainability Questionnaires 	SAIB provides employees with a rewarding work environment and is responsible for providing healthy working conditions and employability.
Customers	<ul style="list-style-type: none"> Customer satisfaction surveys (phone, online, e-mail) Mechanism for handling complaints Call Centre Customer publications, presentations, ongoing marketing, and research Sustainability Questionnaires 	SAIB monitors the affordability and accessibility of its products and services. It protects its customers' privacy and security of their personal information.
Community	<ul style="list-style-type: none"> Involvement in community organizations and schools, and donations Employee volunteer efforts Collaboration with International health and aid organizations Employee participation in boards and leadership, local and national organizations Meetings, phone calls, e-mails, and focus groups 	SAIB is an integral member of the local community in which it operates. It cares about the impact of its business on local communities.
Shareholders	<ul style="list-style-type: none"> Annual Shareholders Meeting and quarterly earnings announcement Annual Report and quarterly financial announcements Dedicated Shareholder Relations team Dedicated website for Investor Relations Respond to investor queries via e mail and phone calls 	<p>SAIB is constantly developing its products and services to address individuals' and institutional investors' expectations.</p> <p>SAIB keeps its shareholders informed through various channels and dialogues.</p>
Regulators Saudi Arabian Monetary Agency (SAMA) Capital Market Authority (CMA)	<ul style="list-style-type: none"> Letter correspondences and e-mail communications Meetings and onsite visits 	SAMA & CMA are regulatory bodies in the Kingdom of Saudi Arabia which control laws and regulations with respect to banks & financial institutions. SAIB strictly follows all the regulations and guidelines prescribed by SAMA and CMA. Consultation with regulators helps SAIB in complying with the laws and regulations.

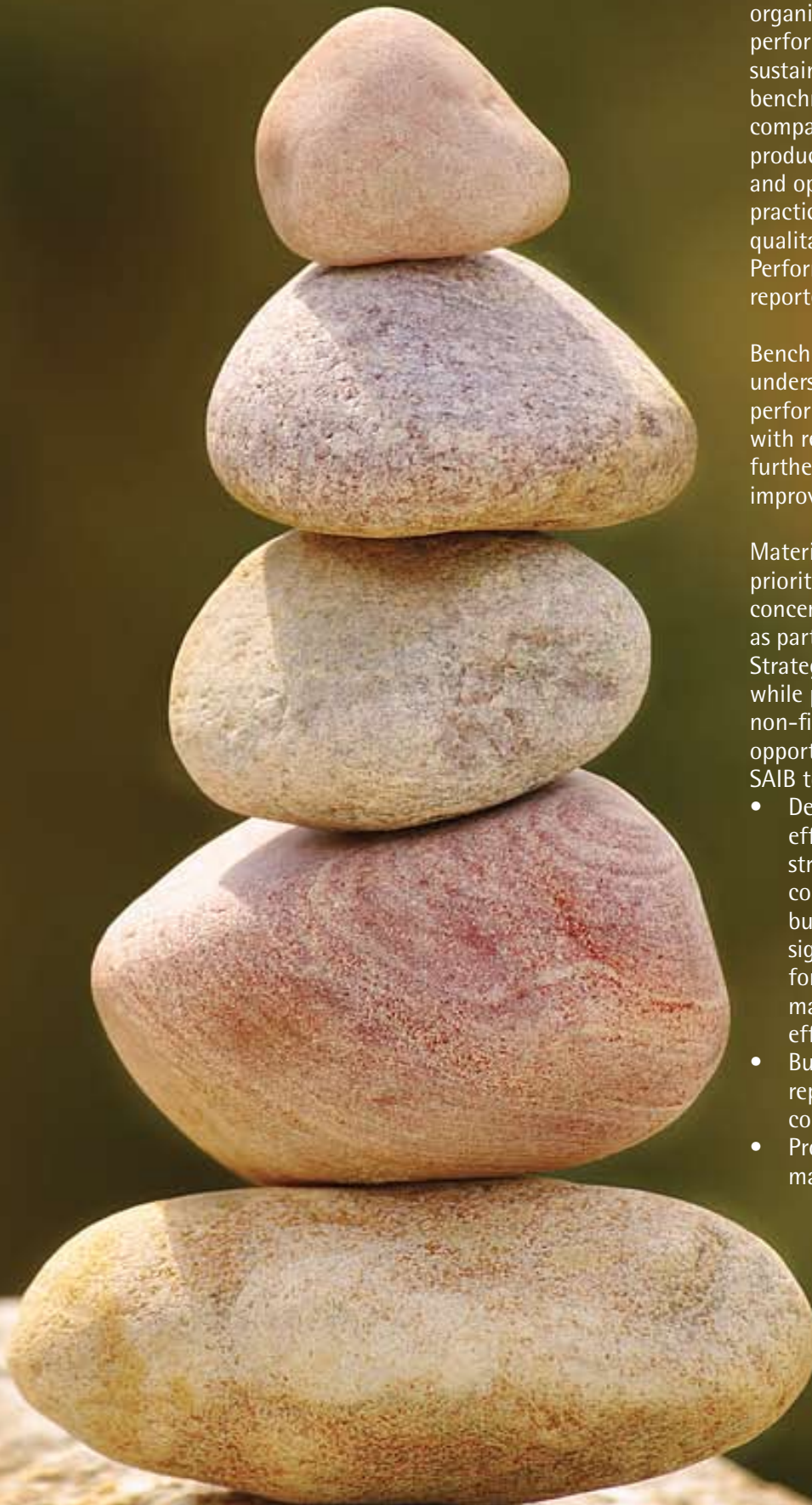
Benchmarking

Sustainability reports provide a balanced and reasonable representation of an organization's sustainable performance. We have used sustainability reports for benchmarking purposes to compare the performance of our products, services, management, and operations against best practices. This includes qualitative comparisons of Key Performance Indicators (KPIs) reported.

Benchmarking has enabled us to understand the relative performance of our activities with respect to our peers and to further target any areas for improvement accordingly.

Materiality is used to identify and prioritize main issues and concerns of SAIB's stakeholders as part of SAIB's Sustainability Strategy and Reporting scope, while providing insight into non-financial corporate risks and opportunities. This has enabled SAIB to:

- Develop a distinctive, effective sustainability strategy, whereby commitments and targets are built around the most significant and relevant issues for each business unit, maximizing the impact of efforts made
- Build and maintain a strong reputation and gain competitive advantage
- Proactively address and manage change

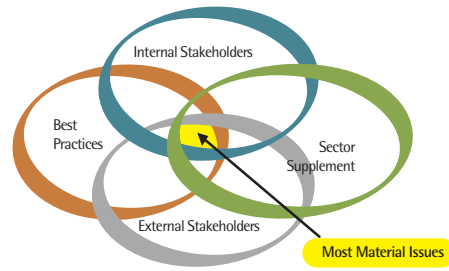


Materiality

We have followed a four-fold approach in identifying the key material issues. During the Materiality Analysis the following stakeholders have been considered and consulted: Internal and External Stakeholders, Sector Peers, and GRI Financial Supplement.

In conducting the Internal Materiality Analysis, a questionnaire was sent to the main stakeholders to assess their views and opinions on various environmental, social, and economical aspects pertaining to SAIB, internally and externally. External materiality was measured by reviewing and analyzing sustainability issues and Key Performance Indicators (KPIs) through the use of annual reports, websites, brochures and newspapers.

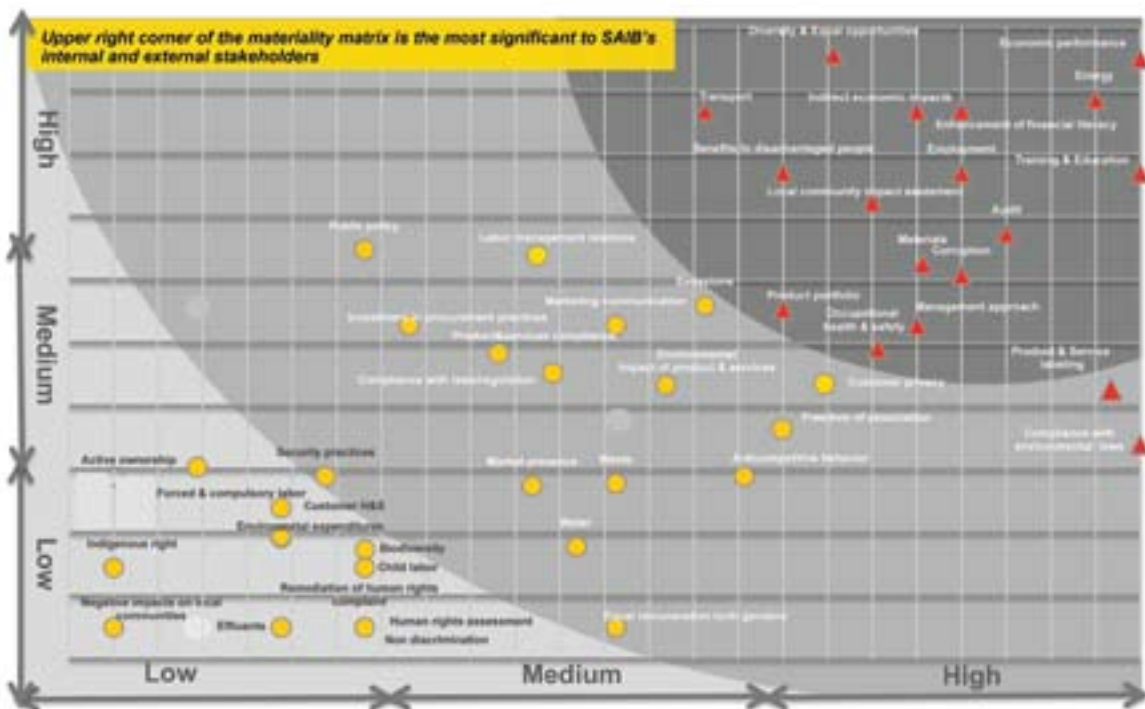
The materiality of the reported issues resulted in a combined overview of each of the levels measured internally with those measured externally. Together, these form the perception of SAIB on the current and future impact of



sustainability issues and the expectations of stakeholders.

The 84 KPIs from GRI 3.1 & 16 KPIs from financial supplements and their ratings were plotted on the matrix with impact on SAIB on one axis (internal materiality) and concern to stakeholders on another (external materiality).

All KPIs that fall into the upper-right-hand quadrant (high-high) of the materiality matrix indicate high strategic relevance for both external stakeholders and SAIB (internal stakeholders). They must be addressed in a sustainability program and/or report since they pertain to moral or legal obligations a company has to manage and their impacts on resources and stakeholders.



Way Forward

We aim to be clear about what we do by communicating effectively, reporting on our progress transparently and demonstrating leadership and best practice in every aspect of sustainability. We will continue reporting annually on our social, environmental and ethical performance through our Sustainability Report. Additionally, we will keep on engaging with our stakeholders and refining our stakeholder engagement process and channels of communication so that our materiality assessment will also improve in the coming years.

Becoming a Sustainable Bank



SAIB is committed to creating a highly transparent and objective corporate governance system, which is consistent with international standards while enhancing management transparency. We expect our employees and Board of Directors to act with integrity and honesty as per the principles outlined in our Code of Conduct.

SAIB's sustainability road map



Our Management and Governance

The Saudi Investment Bank (SAIB) was established pursuant to Royal Decree M/31 dated June 23, 1976, in accordance with the Companies Law, the Banking Control Law, other applicable laws and regulations of the Kingdom of Saudi Arabia, and the SAIB's Articles of Association.

Effective corporate governance practices are essential for achieving and maintaining public trust and confidence in the banking system, which is critical to the proper functioning of the banking sector. Poor corporate governance may contribute to bank failures, which can result in significant public costs and the possibility of broader macroeconomic implications, such as contagion risk and impact on payment systems. In addition, poor corporate governance can lead markets to lose confidence in the ability of a bank to properly manage its assets and liabilities, including deposits, which in turn could trigger a run on the bank or liquidity crisis.

To meet the objective of good corporate governance, sustainability has to be fully

integrated into our core business. To succeed in attaining this objective, stakeholders across all our operations have to embrace sustainability. We want them to be the primary actors in implementing these changes. Our governance model is more inclusive and consensus-based where sustainability needs are integrated into our business.

SAIB has developed its "Corporate Governance Policy" in line with regulatory guidelines and banking best practices. From a banking industry perspective, our corporate governance involves the manner in which our business and affairs are governed, which in turn affects how we:

- Set corporate objectives in line with our sustainable management strategy;
- Efficiently operate SAIB's business on a day-to-day basis;
- Meet the obligation of accountability to our shareholders and take into account the interests of our other stakeholders, from employees to customers, and to the local community; and
- Align corporate activities and behavior with the expectation that we will operate in a

- safe and sound manner, and in compliance with applicable laws and regulations; and
- Protect the interests of our customers

The Board as a whole are responsible for oversight of the bank on behalf of the shareholders and is assisted by Board Committees.

SAIB's Corporate Governance guidelines include detailed provisions relating to the following governance structure of the Bank:

- Rights of shareholders and the General Assembly;
- Disclosure and Transparency;
- Functions of the Board of Directors;
- Responsibilities and Authorities of the Board of Directors;
- Formation of the Board of Directors;
- Procedures to appoint a General Manager and Succession Plans;
- Committees of the Board Directors; and
- Meetings of the Board of Directors.

SAIB's Corporate Governance Guidelines incorporate the requirements included in the Bank's Articles of Association, the Bank's Code of Conduct for Board members, Executive Managers of the Bank, the Saudi Arabian Monetary Agency Guidelines for Banks in Saudi Arabia for organizing audit committees and Rules on Compensation Practices, the Saudi Arabian Capital Market Authority's Compliance Manual



for Public Companies, Power of Attorney requirements, Information Release rules, and ongoing Board member orientation requirements.

In addition to the above legal and supervisory requirements, SAIB's Corporate Governance Guidelines also have been 'benchmarked' against Corporate Governance Guidelines of International Banking institutions to ensure all relevant Corporate Governance Best Practices relevant to Saudi Arabian Banking operations are appropriately included.

Board Structure

The Board comprised of the following members during 2011:

Name	Position	Classification	Directorship in other listed Companies
Dr. Abdulaziz O'Hali	Chairman	Independent and Non-Executive	
Mr. Abdulrahman Al Rawwaf	Board Member	Independent and Non-Executive	
Mr. Abdullah Jum'ah	Board Member	Independent and Non-Executive	Zamil Industrial Investment-Halliburton
Mr. Faysal M. Al Bassam	Board Member	Independent and Non-Executive	
Dr. Majid Al Kassabi	Board Member	Independent and Non-Executive	Knowledge Economic City
Mr. Mishari Al Mishari	Board Member	Independent and Non-Executive	Saudi Re for Cooperative Reinsurance
Dr. Abdulraoof Mana'a	Board Member	Independent and Non-Executive	SAVOLA Group Al Marai-Herfi Food Ser. Co.
Mr. Abdulaziz Al Khamis	Board Member	Independent and Non-Executive	National Petrochemical-Saudi International Petrochemical
Mr. Tetsuo Takagi *	Board Member	Independent and Non-Executive	

* Resigned effective May 21, 2011.

The Board of Directors has the following committees:

Executive Committee: SAIB established a committee comprised of five Board members. This committee supervises the credit and financial policies of the Bank.

Audit Committee: SAIB established a committee comprised of five members: two Board members and three non-Board members. This committee's activities include supervising the Bank's Internal Audit function, recommending the appointment of the external auditors, and related activities.



Nomination and Remuneration Committee: The committee is comprised of four Board members. This committee is responsible for recommending to the Board of Directors appointments to membership of the Board and key executives of SAIB in accordance with the approved policies and standards, reviewing on an annual basis the requirements for membership of the Board of Directors, and reviewing the structure of the Board and recommending changes thereto. It is also responsible for recommending to the Board the approval of SAIB's compensation policy and amendments thereto, and other activities related to the Bank's compensation policies, overseeing SAIB's employee compensation system's design and guidelines. SAIB's Remuneration and Compensation Policy is designed to attract, retain and motivate high potential employees. Employees participate in various variable pay

arrangements. Discretionary variable pay as well as fixed pay reviews are dependent on the achievement of performance objectives. The Balanced Scorecard concept is used whereby objectives have typically been categorized into four segments including financial, customer, process, and people.

Financial and non-financial metrics are then used to measure performance against the objectives, which include profitability, expense control, customer satisfaction, employee development, lending guidelines, internal controls, and procedures. Effective risk management is also emphasized to maintain a strong and secure operating platform. A Risk Appetite Policy has been established and compliance thereto is key to all remuneration decisions including variable pay arrangements.

As part of our vision to become a sustainable financial services company, we plan to establish our Sustainability and Responsibility Committee (SRC) in order to guide our efforts towards achieving sustainability objectives and ensure that our business activities are aligned and integrated to reflect our business priorities as well as external stakeholder considerations. The Committee will also allow us to proactively identify, and ensure sufficient response to emerging issues arising from external trends in sustainability, regulation and public sentiment, to take advantage of business opportunities while minimizing risks.

Directors' and Senior Executives Remuneration (in SAR '000)

	Remuneration	Allowances	Any Other Remuneration (payable monthly or yearly)
Six Senior Executives who Received the Highest Remuneration including the CEO and CFO	12,784	5,186	7,453
Independent and Non-Executive Board Members	2,140	329	-
Executive Board Member	-	-	-

Risk Management

The complexity of today's financial sector including business operations, diversity of geographical locations, together with global environmental and social concerns, requires effective risk management and efficient allocation of capital to derive an optimal risk and return ratio. Risk Management is a fundamental element of SAIB's strategic business execution. In recent times local and international economic and environmental events have increased the level of risk management at SAIB.

The Board of Directors ensures that the risk management policies and procedures designed and implemented by SAIB's senior executives and risk managers are consistent with our corporate strategy and risk appetite. It is crucial that these policies and procedures are functioning as directed, and that necessary steps are taken to foster a culture of risk-awareness and risk-adjusted decision-making throughout the Bank.

Comprehensive risk management is neither an impediment to conduct our business nor a supplement to SAIB's overall compliance program, but instead is an integral component of SAIB's corporate strategy, culture and business operations.

SAIB manages its risks in a structured, systematic, and transparent manner. The key features of SAIB's comprehensive risk management policy include:

- Overall risk management direction and oversight by the Board of Directors;
- Risk management being an intrinsic process - a core competency of all its employees;
- Managing credit, market, liquidity, sustainability, and operational risks in a coordinated manner; and
- SAIB's risk management function being independent of business units.

The following provides a description of the most significant risks including the methods on how SAIB manages these risks.

Our region is now gearing up to face a carbon constrained global economy by gradually introducing legislation to reduce the impact of companies on the environment and local communities. At SAIB we understand our environmental and social responsibilities and we are aware of the risks in line with evolving regulations. Therefore we want to express our commitment to better understand and manage financial implications due to climate change. Efforts are on to adopt policies and systems to measure and reduce greenhouse gas (GHG) emissions.

Credit Risk
SAIB manages its exposure to credit risk, which is the risk that one party to a financial instrument will not be able to discharge on an obligation, which in turn can lead to a financial loss to the bank. The exposure to credit risk arises primarily from the risk associated with loans and advances, and the investment portfolio. Credit risk is also present in off-balance sheet items, financial instruments and commitments to extend credit. SAIB assesses the probability of default of counterparties using internal rating tools. SAIB also uses the external ratings of major rating services, where available.

Sustainability Risk
Sustainability risk is defined as the risks faced by an organization due to the impact of its products and services on the resources, environment and human society. SAIB plans to manage its sustainability risks by focusing on the following areas:

- Identify and reduce impact due to operations which affect the water, soil and air in the area we operate
- Adopting recycle, reuse and reduce concept in our day to day operations leading to resource conservation
- Contribute to the well being of the society by investing in programs related to health, education, livelihood, sports, women empowerment and many other activities. Ignoring sustainability risks can lead to increase in environmental problems, land rights problems, conflicts with workers, civil society organizations and the local population, reputational damage, buyers severing ties, customers boycott, occupational disease, public prosecution, withdrawal of permits, court cases and new legislation which could increase operational costs of SAIB.

Market Risk
Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as commission rates, foreign exchange rates, and equity prices.

a) Commission rate from the possibility that changes in commission rates will affect either the fair values or the future cash flows of financial instruments. The Board has established commission rate gap limits for stipulated periods. SAIB routinely monitors its positions and can use hedging strategies to ensure maintenance of positions with established gap limits.

b) Currency risks is the risk of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are routinely monitored.

c) Equity price risk is the risk of a decrease in fair values of equities in SAIB's investment portfolio as a result of reasonable and possible changes in levels of equity indices and the value of individual shares. The Board of Directors sets limits on the level of exposure to each industry which are routinely monitored.



Risks at SAIB

Liquidity Risk
Liquidity risk is the risk that SAIB will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. Management routinely monitors the maturity profile of its assets and liabilities to ensure that adequate liquidity is maintained. SAIB's liquidity positions are also monitored on a daily basis and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by SAIB's Asset Liability Management Committee. Daily reports also monitor the liquidity position of SAIB in accordance with the requirements of SAMA.

Operational Risk
Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. SAIB's Operational Risk Management Framework provides a bank-wide definition of operational risk and lays down the principles as to how the operational risks are to be identified, assessed, monitored, and controlled. The continuous assessment of operational risks and their controls in all business and support units of SAIB is monitored through risk and control Self-Assessment (RCSA) exercises, close monitoring of agreed action plans as a result of the RCSA exercises, and establishing an Operational Risk Appetite Matrix for SAIB as a whole. This includes monitoring the operational risk losses actually incurred on an ongoing basis and taking corrective actions to eliminate or minimize such losses in the future. The key components of this framework are comprehensively documented policies, procedures, and controls.

Compliance

SAIB conducts its business in conformity with the highest ethical standards worldwide, and adheres to all laws and regulations pertaining to financial institutions. SAIB's management processes, structures and policies help ensure compliance with laws and regulations providing clear line of sight for decision-making and accountability. These disciplines represent one side of governance. The other side represents corporate culture and good leadership, which ultimately is responsible for our corporate ethics and overall success.

Tackling Financial Crime

Preventing financial corruption, fraud, collusion, coercion, and other serious infringements is not a voluntary option, but a high priority for SAIB, given the possible problems associated with financial crime and the consequences impacting both the local and global economy.

We at SAIB believe that as one of the emerging investments and financial services institutions

effects that irregularities can have on our business, our customers, and our local communities. It is our responsibility to protect our national economy and the people we serve and the money we handle, with the end result designed to build a sound "infringement proof" banking system which contributes to the development of the economy in Saudi Arabia. Accordingly, we have set a number of ground rules in line with the stringent policies, procedures and management tools designed to prevent any form of serious irregularities from occurring.

At SAIB, we focus on four key areas to combat criminal behavior or any other irregularity:

- Crime prevention/Infringements through risk and Control Self-Assessment (RCSA) workshops;
- Fraud awareness and Compliance & Anti-Money Laundering (AML) Courses;
- Implementation of Whistle Blowing Policy and Action Plans;
- Compliance with government sanctions against any form of serious irregularity/infringement



in the Kingdom of Saudi Arabia, it is crucial that we play an important role in protecting the society in which we operate. We focus on three key areas: actions to prevent financial crime, compliance with government sanctions against criminal suspects and fraud prevention.

We strongly believe that financial infringements are a large-scale international problem, one which must be dealt with accordingly using a variety of methods. At SAIB we have devoted considerable time and resources in order to prevent the damaging

Monitoring employees and customer activity for money laundering is of utmost importance at SAIB. Our Anti-Money Laundering (AML) programs allow us to manage and minimize our compliance risks. We have also made significant investments in time, money, and people to meet this challenge through our Know You Client (KYC) initiative, which has proven to be an extremely useful resource within our efforts in tackling financial crime. For further information please refer to Chapter 3, Learning & Development at SAIB.

Whistle Blowing Policy

The Whistle Blowing policy at SAIB is intended to make it easier for employees to be able to report irregularities in good faith, without having to fear that their action may have adverse consequences. Our policy is a key element for safeguarding SAIB's transparency and underpinning its system for combating practices that might damage its performance and reputation.

Protecting the integrity and reputation of SAIB requires the active support of all our employees, who are required to report incidents of suspected fraud, corruption, collusion and coercion, and other serious infringements of the rules and policies in force at SAIB.

In achieving the above mentioned objective, SAIB created the Fraud Monitoring Unit. The unit's main task is to monitor transactions and seek to identify fraudulent transactions as early as possible, in order to limit losses and keep fraudulent activities to a minimum.

Examples of Fraud

- Embezzlement of cash or assets of the Bank/customers/colleagues or the use of IDs and passwords of supervisors, colleagues, or customers to authorize transactions without their knowledge
- Bribery and corruption – to give/obtain favors either within SAIB or with external parties.
- Forging signatures of customers or Bank Officials on documents, checks, letters, etc., or opening fictitious bank accounts in SAIB or any other bank for money laundering or for facilitating fraud.
- Seeking employment on the basis of false certificates or experience in order to gain employment.
- Stealing or misusing an ATM/Credit/Debit card of customers/Colleagues
- Hacking into the Bank's computer systems
- Violations of local laws and regulations impacting SAIB's operation/reputation

How to Report?

Tawasul is an email-based platform used by SAIB employees to provide their suggestions, report complaints or express concerns related to the workplace. The identity of staff reporting incidents to this email address is kept strictly confidential. Once the employee reports an incident, he/she will receive an automatic email notification that the email was received. Beyond that time, the employee will not be engaged in further action related to the incident unless absolutely necessary. In such cases, the employee will be notified and consent of his/her engagement will be obtained.

Regulatory Penalties and Fines

No significant regulatory fines or penalties were imposed on SAIB during the year 2011.

Ethics

SAIB's Code of Ethics and Human Resources Policy Manual puts in writing the highest standards of ethical conduct to which all employees must hold themselves, and one another, accountable to.

"Trust is the foundation on which we build strong relationships with our customers, our shareholders, our communities and with one another, and it is trust that enables us to achieve our goals. The responsibility for creating and sustaining trust in SAIB rests equally on each of us and the personal integrity we bring to our work."

Employee Code of Conduct

The Human Resources Policy Manual gives guidelines on the topics below:



Apart from HR Policy Manual, there are additional manuals such as job-related policies and procedures which help the employee understand the work place procedures specific to his/her departments.

Awards and Recognition



Awards and recognitions received in 2011 stem from SAIB's commitment to service quality and excellence in addition to its social activities and contributions. SAIB has been recognized for its services and has received awards for a number of sustainable activities carried out throughout 2011.



- Competing against Banks across the region, SAIB won the award for its innovative "Shares Murabaha" based finance proposition, which has received favorable feedback from customers since its launch in October 2011.
- SAIB received the Elite award from JP Morgan for 'Best Bank' in the field of international fund transfers.
- SAIB's Call Center was awarded the ISO 9001:2008 QMS certification by Infomatics Consultancy after successfully passing the final audit.
- SAIB completed the assessment procedure to validate its compliance with the "Payment Card Industry - Data Security Standard (PCI-DSS)" and was presented with the official PCI-DSS certificate on November 23, 2011.
- SAIB was honored with an Appreciation Award by KELANA for participating in the donation towards the Prince Fahad Bin Salman Charitable Organization for the care of kidney patients.
- SAIB was honored with a Sponsorship Award by the Minister of Commerce.
- SAIB received an honorary award by the Chairman of the DSCA including an honorary membership to the DSCA resulting from the donations made from the auctioning of paintings by patients with Down Syndrome.

Way Forward

Good governance is the cornerstone of sustainability and SAIB has well established policies and management systems to support and apply this to all operations throughout the Kingdom.

We recognize that legal requirements are a minimum standard, which is why we aim to go beyond by putting in place a sustainability strategy and embedding sustainability policies into our core structure. This will provide us with a robust framework for managing environmental, social and governance matters.

A Sustainability Strategy and Policy will formalize our commitment to a new sustainable vision. Aligning our corporate policies and goals to sustainability will give us direction to better manage our sustainability risks and take action to mitigate the impact of our business on society and the environment.

A starting point towards the implementation of a Sustainability Strategy is the creation of a Sustainability and Responsibility Committee (SRC) who will work on:

- The identification of our strengths and weaknesses as a sustainable business by working with staff, suppliers, customers and other stakeholders
- The definition of short and long-term sustainability goals and the roadmap used to achieve these goals, and track our progress
- The detection and facilitation of the implementation of business practices that support sustainability in a resource-dependent society

An additional leveraging point in designing and implementing a sustainability strategy is that it facilitates in measuring our performance and further helps in laying a strong data collection system for future reporting.



Engaging our Society & Employees



We are committed to being responsible corporate citizens, delivering a sustainable future for our Kingdom. In that sense, we embed sustainability initiatives into our core business model through focusing our efforts on communication and cooperation with our shareholders, customers, employees and local communities to fulfill our social responsibilities.

At SAIB, we recognize that our long term prosperity is strongly dependent on the well-being of our employees and customers. A motivated workforce is vital in generating momentum in our business despite being in a difficult and competitive environment. Therefore, we aim to encourage our people to understand and contribute to our vision and to step up to new challenges.

This is consistent with our vision to remain at the forefront of innovation and value creation for all our stakeholders.



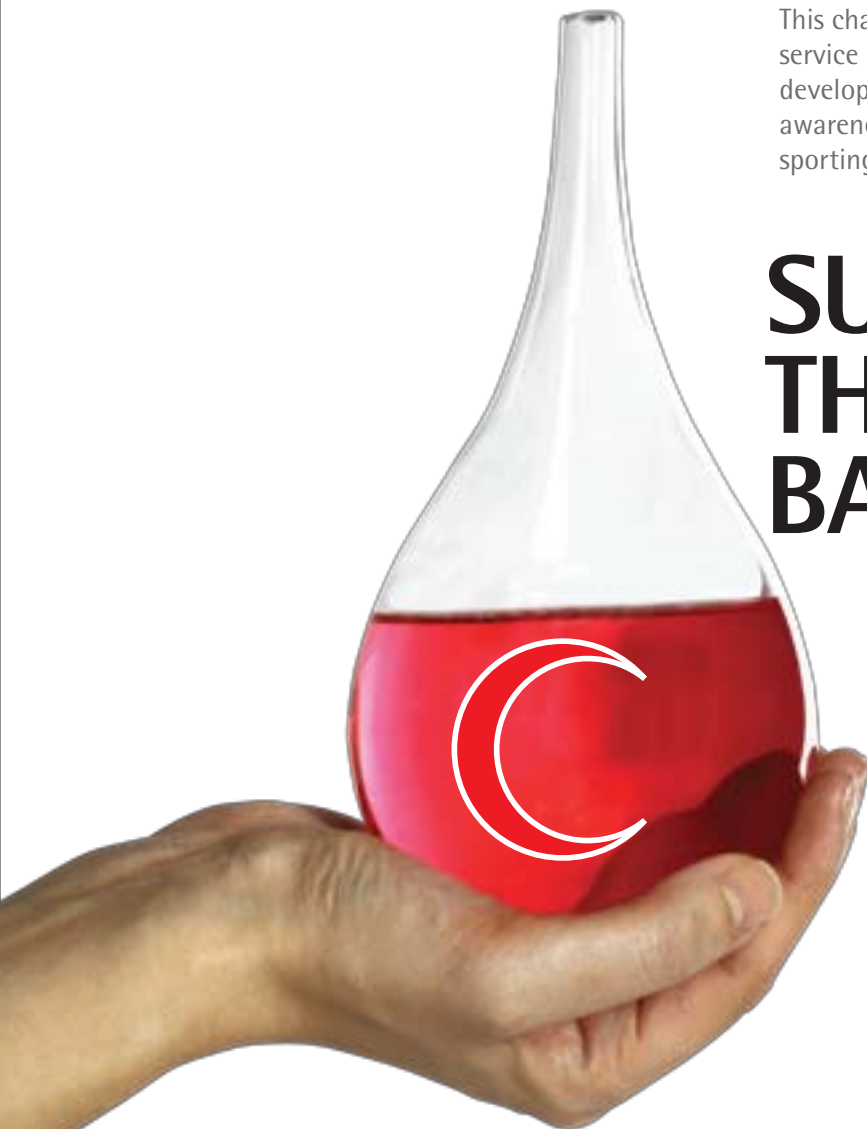
Caring for Our Community

We consider ourselves as being an integral part of today's society. We have established a sense of belongingness that has allowed us to contribute towards the general well-being of the community, not only by making financial donations but also through voluntary work.

SAIB meets its social responsibility through a number of events, activities, and programs and also through stakeholder engagement. The sustainability programs run by SAIB belong to various categories such as sports, health care, education, women and youth empowerment. According to our social policy we believe in sustainable development and giving back to society.

This chapter demonstrates the community service programs focusing on workforce development, training & education, health awareness, youth empowerment and sporting initiatives at SAIB.

SUPPORT THE **BLOOD** BANK



Health Care

Each day at SAIB, we strengthen the health and vitality of our surrounding environment through capacity building of charitable organizations and making investments to serve our communities.

- SAIB participated in the KELANA program encouraging staff donations to the Prince Fahad Bin Salman Charitable Organization for the Care of Kidney Patients. This took place on June 19, 2010. Each SMS message sent translated into a donation of 10 SAR.
- On February 13, 2011, SAIB invited its customers to attend the Ladies Branch opening event during which free advice was offered by the Cancer Society on breast cancer awareness. The event supported the auctioning of paintings by patients with Down Syndrome. Proceeds were made towards the Down Syndrome Charitable Association (DSCA). An appreciation award was presented

by the Chairman of DSCA including an honorary membership.

- As part of our ongoing sustainability initiatives, we believe in the community that surrounds us and therefore participate in giving back to society by being there for the children and their families. On August 30, 2010, employees of SAIB visited sick children and distributed gifts at the King Fahad Medical City Hospital.
- SAIB sponsored the International Conference on Nephrology, a cause supported by the Bank in 2011. This conference was organized by the Royal Commission of Jubail and Yanbu. The conference focused on the challenges of transplants by providing awareness on the matter to solicit support for future studies on the subject.



Social Events

As an active member of the community, SAIB focuses on the development of programs and events that promote social interaction and cultural enrichment for the local community.

Distribution of SAIB's Quarterly Magazine

The quarterly magazine – Al Istithmar – reflects SAIB's contribution towards social and humanitarian activities within the Kingdom. With publication starting in 2010, SAIB had published four quarterly issues distributed to all staff members. This magazine is aimed at spreading awareness of all recent humanitarian activities conducted through SAIB with special emphasis on employee appreciation and awareness of corporate sustainable initiatives.



Participation in International Family Day

In 2011, SAIB organized an event celebrating International Family Day for its employees and their families. The main objective of this event was to reinforce the idea of 'one family, one spirit'.



Forum for Financing Industrial Projects in the GCC

SAIB sponsored the forum for "Financing Industrial Projects in the GCC", which was organized by the Chamber of Commerce for Eastern Region in collaboration with the Federation of Chambers of Gulf Cooperation Council in 2010-2011.

Helping the Disabled

SAIB donated a van equipped with a wheel chair lift to the Society of Physical Disability for Adults. This donation was aimed at supporting people with special needs and helping them to overcome the difficulties associated with their disabilities. In addition, SAIB had teamed up with the Prince Salman Center for Disability Research to discuss and build awareness on ways of enhancing the Bank's building accessibility for the physically challenged.

initiatives to help facilitate social interaction, build community strength and involvement resulting in a fit and productive workforce, cultural harmony and added business growth. As an example, In August of 2011, SAIB promoted a challenge competition amongst various sports during the holy month of Ramadan. In addition, during SAIB's Ramadan based consumer loan campaign, customers were offered a free month membership at Fitness Time health club in an attempt to promote health and fitness for SAIB staff and customers.

Women's Economic Forum

SAIB participated in the 2011 Women's Economic Forum Towards Economic Empowerment of Women, organized by the Eastern Region Chamber of Commerce, to encourage businesswomen and ensure the support and development of their businesses.



Sporting Events

Sporting and recreational activities at SAIB is aimed at enhancing the social development, health and well being of its staff and its community. SAIB believes in driving these

Education & Training

Education is generally seen as the foundation of society which brings economic wealth, social prosperity and stability. The development of education and opportunities is built on creativity, knowledge, wisdom and through the experience of learning.

SAIB provides support to various local educational institutions in their mission to promote education and modern tools among the Saudi population. It strongly adheres to the belief that efforts in training and education contribute to the future well being of its staff.

Prince Sultan University Scholarship

SAIB proudly offers yearly scholarships to up to 30 top ranking students at the Prince Sultan University as education is of prime importance for the bank where most sustainability activities and initiatives are built on.

FaTra Fast Track Saudi Education Program

SAIB strives to develop its local talent to fully realize their potential and become the leaders of the next generation. In February 2010, SAIB started "FaTra Program (Fast track)", designed to train qualified Saudi employees' and to develop their leadership skills at the management level. The purpose of this program is to create a performance driven culture at SAIB by developing future talent rather than on relying on the external market.

Adopting the 80/20 rule, SAIB plans to hire 20% of specialized talent from the market, and develop the remaining 80% using existing resources to creatively promote Saudization within the bank. FaTra is a two-to-four year program available to Saudi employees who have worked for more than two years at SAIB.

SAIB Volunteer Training Initiative

SAIB's volunteer initiative to train female summer students from King Saud University, Yamama College & the Institute of Banking provides hands-on training on basic banking practices in various departments across SAIB. The main purpose of this program is to provide students with the opportunity to develop their skills and interests within the financial sector. This program was held between July 10, 2010 to Sept 1, 2010 and during the same period in the year 2011. SAIB plans to carry out this initiative on a yearly basis.

English Training Program

In collaboration with Prince Sultan University, SAIB sponsored a program to enhance English proficiency to a number of SAIB employees. This program is aimed at developing the language skills of its employees as well as meeting the business needs of the Bank.

SAIB Graduate Training Program

SAIB is keen in the development and support of a wide range of community-based organizations that incorporate financial education into programs associated with events such as youth summer job programs and community college.

On October 1st, 2011, SAIB launched a 12 month Graduate Training Program providing training for new graduates from various Saudi Universities. The program provides extensive induction training to distinguished university graduates before they accept specific roles within SAIB. The program aims to widen the existing pool of higher potential talent to supply leadership for SAIB in the long run and to enhance the skills of Saudi youths.

Development of SAIB Branch for Kids

SAIB developed a Kids Education Program to promote social responsibility and effective communication with tomorrow's generation by educating children on the importance of banking. A branch simulator at Naseem Branch was set up and SAIB organized onsite visits for school children to have the experience of a specially designed mini branch which features scaled bank functions including tellers and customer service. This was carried out three times during the months of December 2010, June 2011 and December 2011. Additional trips are to be planned in each year going forward in support of educational awareness and development of children within our communities.

Participation in Recruitment Day Event

SAIB participated in the Recruitment Day event on December 19 in 2011, at King Fahad University for Petroleum & Minerals (KFUPM) advertising list of careers available

at SAIB. The sole purpose of this event was to attract new local talent to SAIB and spread awareness on the Bank's intentions of expanding their staff base.

'Happy Nation' Event

SAIB sponsored a local event on March 16, 2011, involving the Ministry of Education in TAIF under the theme 'Happy Nation' by organizing a gallery and displaying all drawings submitted by school children. This was organized upon the Kings return to the Kingdom after hospitalization as a gesture of care and support, to His Royal Highness.

Event at Dammam University

SAIB sponsored a ceremony acknowledging distinguished faculty members at the University of Dammam. Female staff from SAIB's Dammam Branch attended the ceremony offering support to the faculty in addition to providing awareness with respect to SAIB's sustainability activities.

Way Forward

We plan to implement more initiatives for our community and employees in the coming years. These new initiatives will allow us to design procedures to better assess and screen social risks derived from our business segments and activities, such as:

- Expansion of community services in the rural areas to provide benefits to disadvantaged people.
- Building on our programs surrounding families, and job opportunities contributing to a sustainable society.
- Training programs for employees in sustainability risk associated with prevention and mitigation measures in products and services.
- Implementing a volunteer program which allows our staff to further connect with the local community and to better understand the social impact of our operations.
- Offering funding for our key strategic areas like health, education & training, in addition to providing a broad base of support across all charitable sectors.
- Measuring expenditure towards future social development initiatives & programs. This will allow SAIB to assess their contribution towards various sectors and further help in improving quality of programs and geographical reach.
- Focusing on the hiring of female employees within the workforce.



Driving Sustainable Performance in the Workplace



SAIB recognizes the important role its employees play in the bank's success and strives to create a working environment that fosters optimal performance, thereby delivering excellent service to its customers, whilst benefiting its stakeholders.

Training programs for talent and skill management have supported the continued employability of our people. Such programs have been aligned to assist employees in managing the development and progress of their career path. Rewards and

compensation remain competitive, strengthening employee retention and motivation levels, which contribute to the overall health and well-being of employees.

SAIB's Code of Conduct ensures that all employment and related human practices are compliant with legislation. Relevant human capital policies are housed on the group's intranet including guidance on working hours, leave policies and talent development.

Our Workforce Composition

Of the 979 employees at SAIB, 94% are male and 6% female. Given that 32% of our total employees are below the age of 30 years, SAIB is considered to have a reasonably young workforce with a focus on increasing the number of female staff.

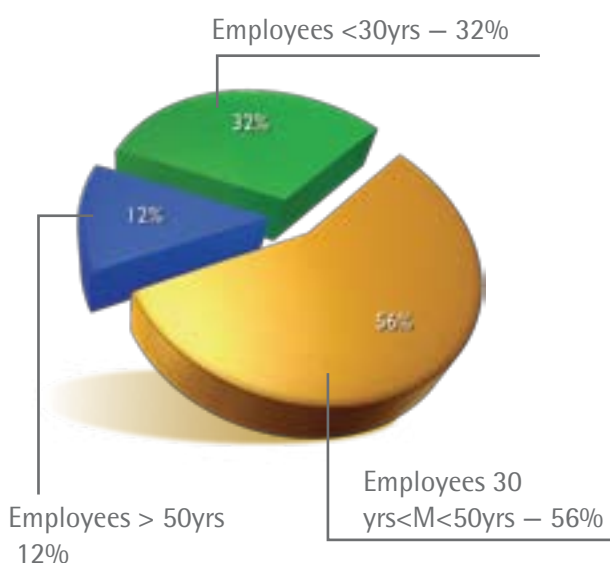
	Male	Female	Total
Total Number of Employees	921	58	979

The composition of our workforce is an important measure to better understand the ratio of the employees in the workplace. The ratio of Saudi national employees is significantly higher than non-Saudi employees as SAIB strives to combat unemployment in the Kingdom.

		Male	Female	Total
Total number of absentee days	<30yrs	1,026	269	1,295
	30yrs<M<50yrs	1,550	162	1,712
	>50yrs	176		176
		2,752	431	3,183
Absentee rate (AR)		1.2	3.0%	1.3%

	Male	Female	Total
Employees in senior management	86	2	88
Employees in middle management	137	10	147
Employees in lower management	683	46	729
Total	906	58	964
*15 employees are labor workers	964+15=979		

		Male	Female	Total
Number of new employees hired 2010-2011	<30yrs	198	34	232
	30yrs<M<50yrs	201	16	220
	>50yrs			
Number of newly hired employee leaving in 2010-2011	<30yrs	123		123
	30yrs<M<50yrs	150	18	168
	>50yrs	21		21



Saudization

As a result of SAIB's continuous Saudization efforts, the percentage of Saudi nationals to total staff as of December 31, 2011 remained strong at 77% reflecting SAIB's ongoing commitment to Saudization.

During the year ended December 31, 2011, SAIB provided a total of 1,317 separate training courses that were attended by 572 Saudi employees.

In 2002, The Council of Ministers issued a Decree that grants Saudi workers the right to setup workers' committees in enterprises where more than 100 Saudi workers are employed. The purpose of this committee is to promote a dialogue between the employees and their employers in order to improve the working conditions and increase productivity. To qualify for this 3 year term, the employee must meet the following criteria:

- Saudi National
- Employed for a minimum of 2 years
- 25 Years of age or above

Since 2009, SAIB has participated in this initiative. Two years later, SAIB is now in the process of forming another committee to represent the staff for the next 3 years. The tasks of the committee are limited to providing the recommendations on the following issues:

- Improvement of working conditions
- Increasing productivity and quality of work in a manner that takes into consideration the interests of the enterprise and its workforce.
- Improvement of health and safety standards
- Formulation and development of training programs to improve cultural and social qualifications of employees.

Another form of participation in Labor Committees is the nation-wide Committee arranged by the Ministry of Labor, which had selected a Senior Saudi female manager from SAIB to participate in the foundation of the National Labor Committee, first established in November 2010. This was a twelve- member committee, three of which were female. SAIB's first senior female manager was selected as the Vice President

of the Technical & Development Unit for this initiative, which included the following:

- Introduce the labor committee to private sector enterprises;
- Develop an action plan for the formation of the National committee;
- Arrange the basic tools to activate the role of the committee, such as the drafting of policies and regulations for the committee;
- Coordinate with the Ministry of Labor on

the results of the meetings and its findings and decisions proposed;

- Conducting workshops for committee members in the private sector trained by the president of the international labor committee.

SAIB is a proud sponsor and participant in the development and participation of its staff within the workforce and amongst its community.

Empowering the Workplace: Our Compensation Philosophy

Our Compensation & Recognition schemes play a key role in shaping the culture at SAIB. The compensation scheme is designed to attract, motivate and retain quality employees to support superior business performance. SAIB has embraced a philosophy, which links different staff categories to broad salary bands. The compensation package includes a competitive salary and appropriate benefits, designed to influence and reward personal achievement. It further seeks to strike a balance between short and long term gains based on the long term sustainability of the business. The salary ranges for each job are structured so that salaries are compared favorably with those in competitor banks.

SAIB's overall compensation structure is designed to incorporate the following:

- The compensation structure is designed to promote effective risk management and achieve compensation objectives.
- The compensation mix varies depending on the employee's position and role, and may include cash, equity and other forms of compensation.
- The proportion of fix and variable components of compensation for different business lines are determined taking into account the nature and level of responsibilities of an employee, and business in which he/she is working, and the overall philosophy of the Compensation Policy at SAIB.
- The compensation structure of an employee working in control functions such as risk management, compliance, internal control, financial control, internal audit, etc, are designed to ensure objectivity and independence of these functions.
- The determination of bonus pool takes into account the overall performance of the SAIB, whereas distribution to individual employees is based on performance of the employee as well as that of the business unit or division he/she is working. SAIB does not have guaranteed minimum bonuses in its compensation plans.

The following table summarizes employee categories defined in accordance with SAMA's rules on compensation practices. It includes the total amount of fixed and variable compensation paid to employees at SAIB and its subsidiaries namely "Alistithmar for Financial Securities and Brokerage Company" and "SAIB BNP Paribas Asset Management Company". Further, the following table includes the variable and other compensation accrued, and other employee benefits along with related expenses incurred during the year 2011."

Category	Number of Employees	2011 (SAR '000)			
		Fixed Compensation	Variable Compensation		
			Cash	Shares	Total
Senior executives requiring SAMA no objection	16	29,903	9,653	1,955	11,608
Employees engaged in risk taking activities	488	89,584	23,769	1,482	25,251
Employees engaged in control functions	227	41,367	9,919	831	10,750
Other employees	267	52,831	10,186	1,226	11,412
Outsourced employees	73	7,937	2,232	67	2,299
Totals	1,071	221,622	55,759	5,561	61,320
Variable and other compensation accrued		61,687			
Other employee benefits and related expenses		88,842			
Total salaries and employee related expenses		372,151			

Other Benefits for Our Employees

Benefits payable to employees either at the end of their services or during the term of their employment are accrued in accordance with guidelines set by the Saudi Arabian Labor Regulations and as per SAIB's policies. The amount of provision made during the year 2011, with respect to employees' end of service benefits was SR16.1 million. The

In addition, we grant our eligible employees other types of security and saving plans that are based on mutual contributions by SAIB and its employees. The contributions are paid to the participating employees at the respective maturing date of each plan. The balance of the accrued benefits outstanding for SAIB's security plan is approximately



balance of the accrued benefits outstanding was approximately SR 96.4 million during the year 2011.

SAIB employees are encouraged to participate in employee share savings and incentive schemes. SAIB offers to its eligible employees equity shares under an Employee Stock Grant Plan. Under the term of the Plan, employees are granted shares which vest over a period of four years. The cost of the plan is measured by the value of the shares on the date purchased by SAIB and recognized over the period in which the service condition is fulfilled using an appropriate valuation model, and ending on the vesting date. Employee stock option shares are recorded by SAIB at cost and presented as a deduction from SAIB's equity as adjusted for any transaction costs, dividends and gains or losses on sales of such shares. During 2011, SAIB vested 369,374 shares for a total cost of approximately SR 5.6 million. The balance of the plan as of 2011 was approximately SR 28 million. For further information on this Plan, please refer to the Annual Report 2011.

SR8.5 million in 2011, and the amount of provision made during the year 2011 was approximately SR 4.0 million. The balance of the accrued benefits outstanding for SAIB's saving plan is approximately SR 3.9 million in the year 2011, and amount of provision made during the year 2011 was approximately SR 3.9 million.

Allowances

- Housing allowance
- Transportation allowance
- Travel allowance
- Private Car allowance
- Car Mileage allowance
- Overtime allowance
- Thursday allowance
- Shift allowance
- Remote allowance
- Teller allowance
- ATM's custodian allowance
- Air Ticket & Personal Effects Shipment allowance

Learning & Development at SAIB

In June 2011, a Learning & Development unit was set up within the HR Department with an objective of positioning SAIB among the top three Saudi Banks in terms of Learning Environment by 2015. This department is supported by a training administrator with further capability building expected over the next three years. SAIB has a full-fledged Learning and Development Centre as part of the Human Resources Department.

and include channels such as e-learning to ensure availability of learning to staff on a continuous basis.

6. To position SAIB as an employer of choice, especially among bright young Saudis.

Induction Programs

- New Hires Orientation Program
- Graduate Program
- Branch New Hires Induction Program

General Skills Programs

- English Language Proficiency
- Microsoft Excel/Word/PowerPoint
- Personal Effectiveness
- Communications
- Compliance/AML/Fraud
- Quality

Specialized Skills Programs

- Branch Excellence
- Credit Program
- Other Technical Training

Management Development Programs

- Project Management Program
- Forums/Conferences
- Goal Setting
- FaTra (Fast-track for Management Scheme)

The following are the objectives of the Learning & Development Centre.

1. To ensure that staff capability is continuously developed to support implementation of SAIB's strategy.
2. To strengthen the career development of staff and facilitate development of career paths.
3. To meet the training needs of various business lines and functions.
4. To comply with the increasing demand for training & certification of key bank positions by the regulators
5. To diversify delivery of learning materials



Employee Awareness Training in Anti-Money Laundering (AML)



Our AML awareness solution is focused on the overall outcome, through creating an AML knowledge base within SAIB, including:

- Equipping employees with knowledge to help identify, monitor and report potential threats, in accordance to job role, business line, and location; and
- Providing awareness about legal framework including international & local regulations, policies, and procedures.

Our role when training our staff does not only include being able to professionally prevent AML but to also strive in developing a skill set to enhance employee awareness about trends in the realm of financial crime and their respective combating techniques. These set of skills are essential to successful prevention of financial crime.

AML Training Locations and Attendees

Course	Location	Attendees
Compliance & AML Awareness	Riyadh, Khobar & Jeddah	397
Fraud Awareness (Arabic & English)	Riyadh, Khobar & Jeddah	696
Total Attendees		1093

Operational Risk Awareness Training

Operational risk lies at the heart of all risks we take and the risks we are exposed to which is why the Operational Risk Management department at SAIB has conducted several Operational Risk Awareness Trainings in the last few years. In 2010, 259 employees were trained on risk awareness and in 2011, 101 employees were provided the same training. This initiative will continue going forward to ensure that awareness is spread throughout the SAIB workforce.

Investing in Our People

The year 2011 has been a key year for our employees and for SAIB as a whole. One of our main focus was to not only ensure a much more efficient and enhanced experience for our employees but also on creating a work environment essential for our people to excel. We realize that this is a long-term initiative, which has yielded some

success and are committed to improving it in the years to come.

SAIB conducted its first Employee Attitude Survey (EAS) in 2010 and continued with the initiative in 2011. This survey is planned to be conducted on a yearly basis. The objectives of the survey are to:

- Identify the perception of employees related to organizational and HR practices;
- Identify what employees, as a collective group, consider as important for their engagement in the bank that will enable a meaningful work experience at SAIB; and
- Understand how employees' opinions compares to the previous year and what can be done to improve these results. As per EAS results in 2010 and 2011, SAIB came up with an action plan to address a number of issues that were highlighted in the EAS survey.



Way Forward

Effective employee engagement always contributes to business success. We believe that as a financial institution with a skilled workforce we can engage our employees to achieve our objectives. We will strive to continue our existing programs and to focus on new initiatives, which will ensure the long-term success of our people and our organization.

1. Internal Communication

- Publication of a quarterly magazine distributed to SAIB staff



- Introduction of the 'Tawasul' email for staff suggestions and complaints
- ## 2. Pay & Benefits
- Revision of the Staff housing Loan Scheme offering more attractive and competitive terms to Saudi staff
 - Reinforcement of the Performance Culture in SAIB by linking the bonus to the performance of the Bank teams and Individual Employees
 - Review of the Grading Structure completed. One of the outcomes of review process has created enhanced career path for employees
 - Pay review for sections of employees based on market data and performance
- ## 3. Training, Learning & Development
- The establishment of a dedicated Learning & Development Unit and the hiring of a leading Training Specialist
 - Introduction of need based training programs
 - Introduction of an Orientation Program for new recruits
 - The launch of the Wave 2 of the FaTra Program
 - Introduction of e-learning program enabling employees to learn at their own pace and place
 - On-going development of a SAIB Awareness Program on Corporate Social Responsibility in the form of a pocket guide to kick start SAIB's CSR campaign in line with its developing strategy and policies.

Making our Marketplace More Sustainable



Central to our vision to be the financial partner of choice for aspiring businesses and individuals, we also recognize that environmental and social impacts are becoming increasingly important and therefore commit for the coming years, to consider environmental and social implications for our business decisions while making opportunities for our customers across the economic spectrum.

Supporting the Continued Growth of the National Economy

SAIB contributes to the Kingdom's economy and the people of the country by stimulating economic growth through its operations and the distribution of wealth to its various stakeholders, wherever possible. Our recruitment policies ensure that we employ people locally and that our workforce reflects the markets in which we operate, while we continue to invest in the long-term development of our people through training and development, as well as talent management programs. We further stimulate economic growth through our procurement activities which, amongst other benefits, contribute to the sustainability and development of the country.

Value creation in the communities in which we operate is driven by the provision of affordable loans and credits to our customers thereby enabling them to fulfill their needs and realize their dreams.



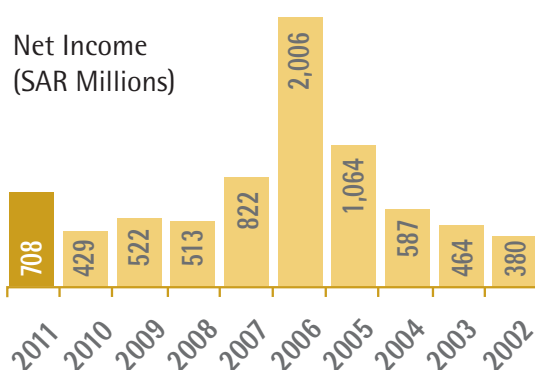
Our Value Statement

SAIB's consolidated financial statement is prepared in accordance with the Accounting Standards for Financial Institutions promulgated by the Saudi Arabian Monetary Agency (SAMA), and International Financial Reporting Standards (IFRS). Consolidated financial statements also comply with the requirements of the Banking Control Law, the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia, and the SAIB's Articles of Association.

In 2011, we reported Net Income of SR 708 million, an increase of 65% over 2010 net income of SR 429 million.

SAIB Direct Economic Value Generated and Distributed			
SR millions	2011	2010	2009
Summary of Statement of Income			
Total income	1,709	1,844	1,633
Total expense	628	570	556
Operating profit	1,081	1,274	1,077
Impairment Charges	373	845	555
Net income	708	429	522
Summary of Balance Sheet			
Loans and Advances, net	27,114	31,002	29,785
Investments, net	8,893	8,060	10,737
Investments in Associates	895	865	817
Total assets	51,946	51,491	50,148
Customers' deposits	36,770	37,215	38,247
Total shareholders' equity	8,557	8,141	7,428
RATIOS (%)			
Return on Average equity	8.48	5.51	7.43
Return on Average assets	1.37	0.84	1.01
Capital adequacy	19.12	17.29	14.48
Shareholders' equity to total assets	16.48	15.81	14.81

Note: Total income includes total operating income plus share in earnings of associates. Total expense includes total operating expenses less impairment charges, and amounts attributable to not controlling interests.



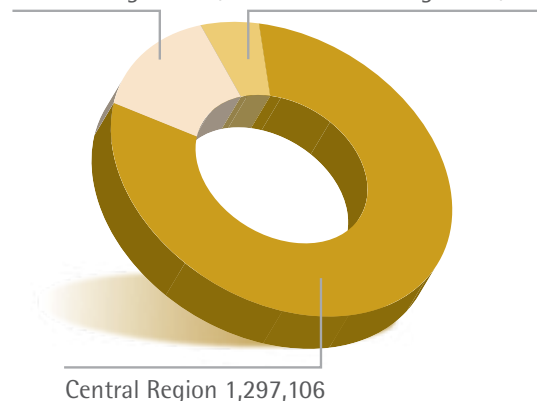
Business segment-wise distribution of Revenues

Summary of Income	2011	2010
	SAR '000	SAR' 000
Personal Banking	222,569	239,800
Corporate Banking	313,024	-89,081
Treasury	158,328	262,803
Asset Management and Brokerage	17,856	26,335
Total	711,777	439,857

Net special commission income from placements, investments, and loans, less special commission expense from deposits and other borrowings decreased by 7% to SR 1,226 million in 2011. This decrease was primarily due to tighter margins prevailing in the market. Despite this decrease, we continued our business development and relationship banking activities, improved the diversification in the funding base,

Geographical Distribution of Revenues, 2011

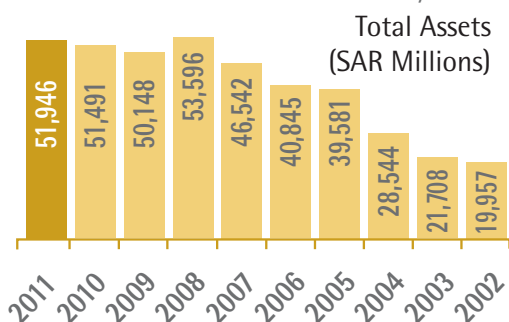
Western Region 229,113 Eastern Region 89,661



strengthened the asset-liability structure, and increased the returns on our capital.

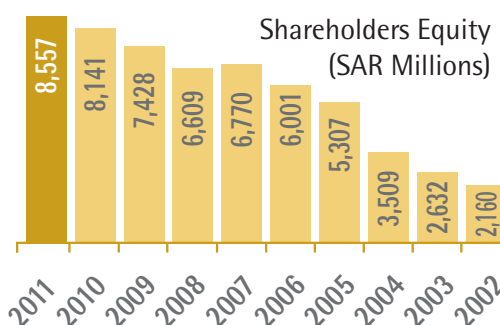
Fees from banking services increased by 29%, accounting for SR 311 million in 2011. The increase was primarily due to our focus on developing new business.

The total assets increased by 1% to SR 52 billion in 2011. Total Investments also increased to SR 9.8 billion in the year 2011.



Loans and advances, net decreased by SR 3.9 billion to SR 27.1 billion as of December 31, 2011. In addition, total performing loans and advances decreased by 12% to reach SR 27.6 billion. This decrease is reflective of our strategy to reduce concentration risk in the loan portfolio. SAIB's non-performing loans and advances remained approximately the same at SR 1.8 billion as of 2011 and 2010. The allowance for credit losses as of 2011 totaling SR 2.3 billion represents approximately 125% of non-performing loans.

Customer deposits decreased to SR 36.8 billion as of 2011. Demand deposits increased by SR 2.6 billion, while special commission bearing deposits decreased by SR 3.1 billion.



At the same time, SAIB continued to build its capital base, which stands at SR 8.6 billion, or 16.5% of total assets. During 2011, we issued 100 million bonus shares increasing the total number of shares outstanding to 550 million.

Capital adequacy and the use of regulatory capital are closely monitored by SAIB's management. SAMA also requires to hold a minimum level of regulatory capital and maintain a ratio of total regulatory capital to risk-weighted assets at or above the requirements of 8%.

Total Number of Corporate Banking Borrowing and Non-Borrowing Customers	723
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Empowerment of Our Network

In spite of the continuing economic recession prevailing across the globe, SAIB reasonably progressed during the year 2011. Significant accomplishments include:

- Expansion of SAIB's consumer loan portfolio and retail client deposit base;
- Strengthening of SAIB's capital;
- Maintained investment grade ratings from major rating agencies; and
- Expansion of our branch network to ensure proper coverage across all areas and cities throughout the Kingdom. In 2011 there were 48 branches and 11 female sections in operation

In recognition of SAIB's strong performance, the Board of Directors have recommended a cash dividend of SR 0.50 per share, net of Zakat for the year 2011.

We are continuing to expand our ATM network in coordination with the branch expansion, as well as making continuous upgrades to our Internet banking, telephone banking, and branch automation services.

Looking ahead to 2012, we aim to support the continued growth and diversification of the national economy. We are encouraged by the continued strength of the Saudi economy, and look forward to participating in the initiatives announced by the government.

SAIB remains committed to attracting and retaining Saudi professionals across the range of business activities.



Internal/External Supplier Relationships



Good performance of all key processes is essential to the sustainable growth of SAIB in today's competitive environment. Performance improvement is beneficial to all of our stakeholders including vendors, suppliers, and internal customers.

In 2011, SAIB implemented a Service Level Agreement (SLA) Program across its operations, proving to be a key milestone towards continuous improvement of both real and perceived customer service quality and operational efficiency.

An SLA is a formal written contract that specifies the terms of engagement between the provider of services and its users, setting

forth exactly what services are to be performed, by whom and when, and identifies the methods of measurement and corrective actions that may be warranted.

Once successfully implemented, SLAs keep SAIB's service delivery closely aligned with business requirements and focus on continuous enhancement of service quality. As a result, we can also enable proactive management ensuring SAIB to meet or exceed customer and performance expectations.

SLAs help us know exactly what we are supposed to do and by when, and keeps us focused on continuously striving to deliver our products and services in the best way for our customers.

SAIB conducts internal customer survey on an annual basis to assess the level of satisfaction of internal customers with SLAs.

Way Forward

SAIB will seek to manage environmental and social impacts of our support units and our suppliers by establishing specific standards or performance expectations within our Service Level Agreements. Additionally, we will identify monitoring procedures to assess suppliers' fulfillment of agreed environmental and social objectives and define actions to be taken following any breach of agreement.

Effective engagement with our internal support units, suppliers and customers is also an essential element in planning the development and implementation of policies and procedures for environmental and social risk management. The quality and approach to interactions will allow us to identify potential risks and effecting improvements.



Sustainable Customer Relationships

Our vision at SAIB is to be “the financial partner of choice”, which is built upon our ability to exceed our customers’ expectations and provide them a customer-centric experience. We believe this demonstrates our commitment to providing world-class banking and a high quality of service, to further strengthen our relationship with our customers. The key to our success lies in:

- Shariah compliant product & services
- Improving delivery channels
- Communicating to meet customer needs
- Addressing customer concerns

SAIB's Products & Services

Personal Banking

Personal Banking at SAIB offers a wide range of conventional and Islamic retail services for individuals and commercial businesses comprising small and medium size enterprises through the head office and across a network of branches throughout Saudi Arabia.

Services include current accounts, savings, time deposit accounts and local and international share brokerage activities. The Bank also offers a full range of Islamic products through its Shariah compliant branches, including Islamic Murabaha. The Bank has a large network of ATM's that cover the regions of the Kingdom.

SAIB provides Shariah-compliant products and services under ALASALAH Islamic Banking. These products have been given special attention to ensure their compliance with Shariah Law and their suitability to the local market in recognition of the increasing demand for Islamic products and services, and the significance of Islamic Banking as a strategic direction for banks operating in the Kingdom and the region. SAIB now operates forty-four Shariah compliant branches.





Corporate Banking

At SAIB, Corporate Banking focuses on providing tailor-made financial products and efficient customer services to corporate, government and public sector entities. It operates from three regional headquarters based in Riyadh, Jeddah and Khobar to offer innovative financial solutions. The services and products offered include project finance, working capital finance, trade finance and services, import and export documentary credit, standby letters of credit, letters of guarantee, bill discounting, documentary and clean collections, and other trade related products, including standard and Shariah compliant products.

The SME (Small and Medium Enterprises) initiative soft launch was kicked-off on December 31, 2011. Since, SAIB has been very active in revisiting and activating existing customers as acquiring new customers, growing balances, establishing an SME lending portfolio and revamping products and services such as Payroll and POS for SME(s). By the end of 2011 a total of 2,488 SME customers enjoyed the products and services offered to them. As part of this growing initiative, SAIB plans to launch a dedicated public website in 2012.

The cooperation agreement with the Saudi Industrial Development Fund's (SIDF) Kafala Program has been a key characteristic of the majority of Small Business credits. Moreover, keen attention has been given to the development and roll out of supporting products such as Payroll and POS in particular. SAIB's POS offering aims to include Credit Card acquiring in the next year to ensure continual growth.

The general awareness of Small Business Banking throughout SAIB is increasingly apparent through SAIB public attendance of SME events, internal and external training sessions for staff and enhancement of SAIB's web site to include a 'Small Business' tab for new and prospective customers.

In response to an increased demand from SME's, SAIB had started developing its strategy around the distribution of Point of

Sale devices to local merchants in line with the industries evolving best practices. SAIB took advantage of this opportunity due to its long term sustainable benefits such as minimizing risk of handling and maintaining physical cash notes.

In addition, a loyalty program was introduced in 2011 offering SAIB customers generous discounts on a growing number of popular stores Kingdom-wide. This initiative will continue to grow and expand in the coming years as a gesture of appreciation towards the loyalty and dedication of our customers.



Treasury

Treasury is responsible for foreign exchange trading, funding and liquidity management, as well as the Bank's investment securities portfolio and derivative products. It also manages the Bank's asset-liability structure and interest rate risk, and provides guidance for balance sheet volume and pricing parameters.

Arzaq Murabaha Finance is an Islamic financing product approved by SAIB's Shariah Board. Our customers can buy certain quantity of goods owned by the Bank at an agreed upon profit and repayment plan. The goods offered by SAIB include rice and flour.



Shares Murabaha Finance is an Islamic financing product approved by SAIB's Shariah Board.

Our customers can buy a certain quantity of local shares owned by the Bank at an agreed upon profit and repayment plan. Customers then have the option to sell or retain the shares for trading.

The shares offered by SAIB are approved by SAIB's Shariah committee.



The Car Murabaha Finance is a scheme based on Islamic Murabaha principles, which allows our customers to own their dream car. They can repay the value of the car and the Bank's profit in convenient monthly installments. SAIB has a tie-up with approved car dealers across the Kingdom from whom our customers need to obtain quotations for their desired car.



SAIB's Delivery Channels

'Banking on Sustainability'

Providing good quality service is a top priority at SAIB. As the cornerstone of its strategy to deliver on this commitment, SAIB focused on one of its busiest and most challenging customer facing delivery channels to ensure consistent quality service is offered to its customers. In August 2011, the SAIB Allo Bank Call Center earned the ISO 9001:2008 certification demonstrating compliance with the updated standards for quality management systems set forth by the International Organization for Standardization (ISO) in the area of inbound, outbound sales and customer retention services. SAIB is the first bank in the Kingdom of Saudi Arabia to receive this prestigious certification for their call center, recognizing its commitment to continuous quality and service delivery.

To ensure that our ability to provide superior customer service is never compromised, we've created a unique way to measure our customers satisfaction levels. Each month, the Call Center contacts hundreds of customers to conduct telephone based satisfaction surveys, which are recorded and verified for quality assurance purposes. We are primarily interested in our customers feedback related to speed of service, level of service offered on inquiries/requests and ways in which we can enhance their telephone banking experience with us. We ensure the satisfaction level is always above the 95% target, which is the standard of excellence we set for ourselves when we work with customers and prospects. By putting the needs of customers first, the call center aims to be the single point of contact for customers' needs.

Throughout 2011, 75% of our callers utilized our telephone banking service. To effectively cater to the remaining 25% of contacts made to our Call Center, we had expanded on the number and types of services offered through our Customer Service Representatives. This was in response to a thorough analysis of our customer's feedback and suggestions

conducted in 2010. Our aim is to provide convenience and comfort to our customers by facilitating the banking experience through a single call – 24 hours a day, 7 days a week. The Allo Bank Call Center will continue to evolve and cater to the needs of customers through enhancing of technologies, automation of services, processes and the continuous development of its people.

In 2011, we placed our focus on accessibility of channels and expansion of services in the online realm. Focus on expanding the number of ATM's, for example, is of primary importance in addition to having them strategically situated in areas where our customer base is developing.





At 338 ATM's in 2011, we plan to expand this number by at least 10% in 2012. Services such as the Ministry of Interior and beneficiary activations were made available to offer our customers added convenience without having to visit the branch. Such services and more are planned to be added across SAIB's delivery channels providing ease and accessibility to our customers. Also in 2011, SAIB launched its new and enhanced website to the public. Its new user-friendly interface and functionality received widespread praise and attention given its contemporary new look and style. Without compromising the features of the Internet Banking service, the website offers various channels for information on products and services and offers customers a convenient way to inquire and/or apply for SAIB's products. In return, customers are then contacted by one of our Customer Service Representatives within 48 hours of receiving the inquiry. The website offers widespread information on the latest offers, products and services and is easy to navigate. Also accessible through smart phone applications, SAIB plans to continue catering to evolving technologies to ensure compatibility with the latest mobile devices. Introducing its presence through social media networks in 2011, such as Facebook, SAIB aims to further expand awareness of its brand across the latest social media networks in the coming years to obtain voluntary feedback from their custom-

ers that will assist in further shaping SAIB as the sustainable financial partner of choice in the market.

SAIB also offers mobile banking services, which allows customers to stay updated on their account status, 24 hours a day, 7 days a week. They can use it to request information such as current account balance, transactions, exchange rates, etc..

SAIB Alerts Service updates our customers on their account status on a real-time basis and allows them to receive an SMS and Email alert notifications on any transaction on their account including log-ins to Internet Banking and Allo Banking services. This added security was enabled for the purpose of alerting our customers of any fraudulent or unexpected transactions and prevent such activities before they occur. SAIB's concern for the security of customers was of primary importance during the enhancing stages of its banking channels.

Many of our ideas and enhancements in our banking services have come directly as a result of customer feedback surveys conducted and suggestions received via the website as we continue to evolve and enhance our products, services and practices in accordance with best practices and the needs of our customers.

Communicating to Meet Customer Needs

Long-term customer relations are achieved by providing high accessibility and exceeding customer expectations in terms of good service. It is also important that products and services are clear, straightforward and competitive. By means of an active dialogue with SAIB's customers – using retail and corporate banking customer surveys and user tests, for example – SAIB is able to consistently identify opportunities to improve its services and products based on customer feedback and the demands of the business. We adopt a comprehensive approach for collecting such information by employing the following practices:

- Retail Banking Customer Satisfaction surveys, which include calls to customers, mystery shoppers and branch visits. A regular and structured review of the results identifies issues and actions to be taken for each market.
- Corporate Banking Client Satisfaction surveys included key executives who were interviewed face to face, while other stakeholders received surveys to complete. As with Retail Surveys, specific tasks/initiatives have been identified and executed to address areas for improvement.
- The Quality Assurance team began issuing weekly Customer Impacting

Events Alerts, distributed weekly to staff for the purpose of raising awareness of any major events that may impact our customers.

- Gathering information about our customers pertaining to their identity, financial status, occupation and address details backed by documentary proof. Best practices such as 'Know Your Customer' (KYC) are in place to establish the identity of the customer by using reliable, independent source documents, and information. KYC is an effective tool, which enables us to understand our customers and our financial dealings in order to serve them better and effectively manage the risks of Money Laundering.

To ensure that we can compare the findings of both our Corporate and Retail customer satisfaction surveys, we adopted the Net Promoter Score (NPS), which is a common customer satisfaction measure used by banks and other industries.

Recognizing the positive impact of advocates and the cost of poor service (detractors deducted from advocates), provides a good indication of future business outcomes in terms of market growth.



Improvement Plan

The outcomes of the surveys formed the basis for our improvement plans which include, but are not limited to:

Objective	Expected Benefit
<ul style="list-style-type: none"> To decrease the share of detractors by 50% as part of our ongoing customer satisfaction strategy To convert ~30 Large Corporates into at least passive customers 	<ul style="list-style-type: none"> Maintain the current client base of SAIB Corporate Bank Manage the timeframe of the customer mix evolution
<ul style="list-style-type: none"> Improve Corporate Bank satisfaction levels by end of 2012 and embed it into the customer management approach Improve customer management approach by segment 	<ul style="list-style-type: none"> Increase customer satisfaction through a segmented approach Customer centric approach/cultural shift to define improvement and investment opportunities

Retail Customer Satisfaction Survey

In November 2011, we conducted a computer assisted telephone interview (CATI) to get insight into how we approach our relationship with our retail customers at various SAIB branches throughout Central, Western, and Eastern regions, and in turn, determine main areas of satisfaction and dissatisfaction.

Banking Behavior

- Almost 50% of SAIB's customers consider SAIB as their main bank.
- Investment Account usage has experienced an increase. Similarly, current accounts usage has also improved.
- Pricing has been the main reason why customers come to SAIB; an improved product suite is required to increase the share of wallet to further sustain our customer relationship.

Satisfaction Drivers

- Focusing on customer service as one of the key drivers in sustaining banking relationships.
- Range of product and services and problem solving capabilities are two areas of importance that SAIB aims to focus on.
- Also wider network of ATM & branches is an area, which SAIB has already touched upon as part of our service delivery channel strategy in the coming year.

Improvements

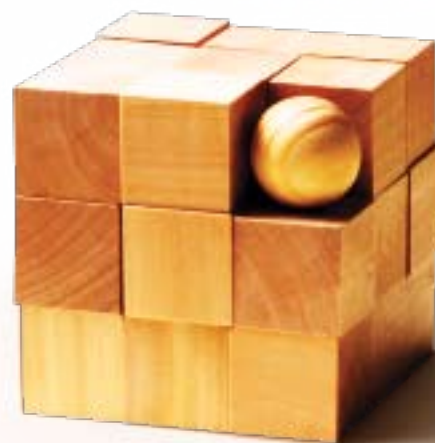
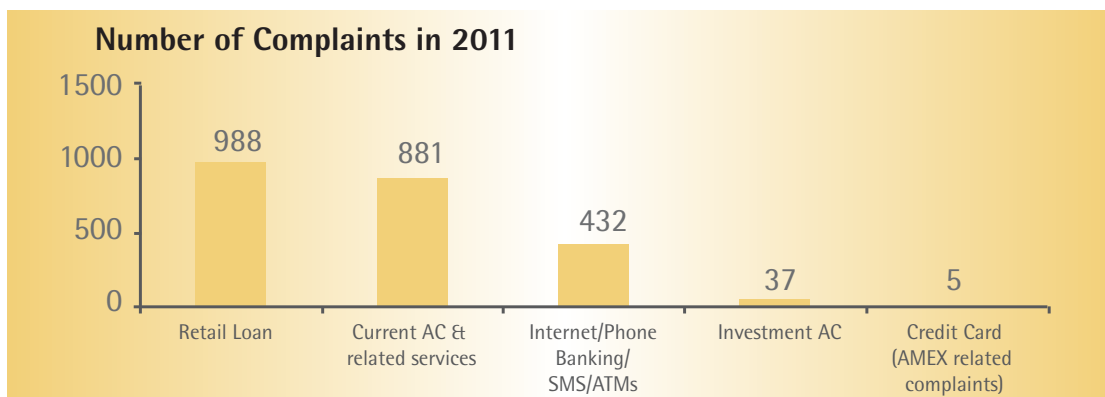
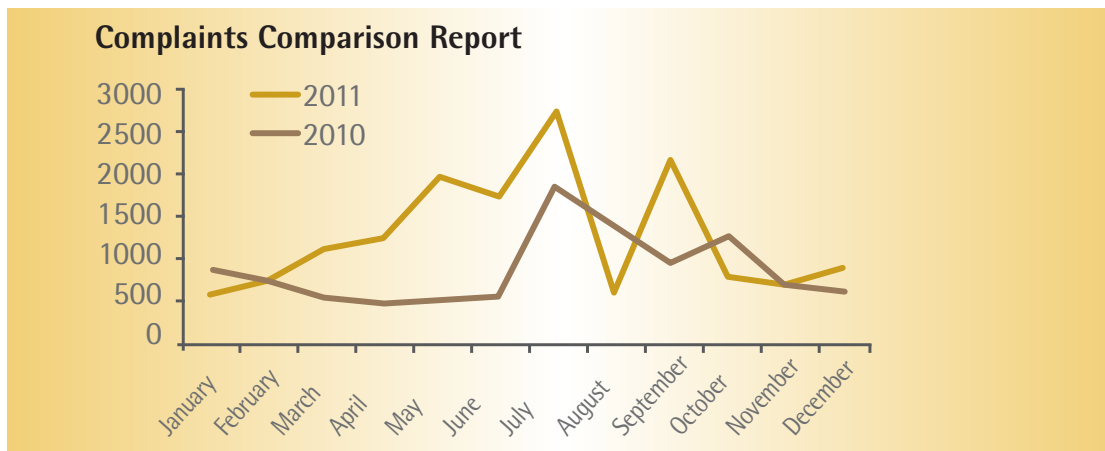
- Engaged with all relevant channels to finalize formal process to proactively reach out to at-risk customers.
- Identified key leading/lagging financial/behavioral indicators that signal intent to leave.
- Defined all critical areas and touch-point owners in process to ensure thoroughness and synchronization in efforts.

Addressing Customer Complaints

Dealing carefully and effectively with customer complaints will ultimately assist in preventing and further reducing the number of recurring issues reported to SAIB. This effectively improves upon customers' satisfaction levels and retains the loyalty of customers to the Bank.

Our Results

The Complaints Comparison Report gives details on customer complaints reported in 2010 against those reported in 2011. As depicted below, there had been a reduction in customer complaints (from July to December in 2011). However, compared to 2010 the total increased by 53% due to the larger numbers of customer branches and loan-holders. We associate this increase with a 61% increment in our business base in 2011 compared to 2010.



Way Forward

At SAIB, our social and environmental awareness is becoming an active part of our corporate activities keeping in mind the well being of our customers, and society as a whole. Our intention is to provide insight to the extent at which we have sought to build social and environmental capital to address sustainability needs. Accordingly, we will focus our efforts on the assessment and development of products and services, which have a quantifiable social and environmental benefit across our business lines.

We are committed to continuous improvement of our performance and we seek smart and simple solutions to fulfill our customers' needs. SAIB will continue making significant efforts in gaining loyalty among its customers. To improve our service and reduce customer complaints, we are committed to:


- Automate the loan process;

- Continue making advance payment for claims in case of technical issues with ATM transactions and reconciliation;
- Card issuance, activation and delivery in branches; and
- Preventative maintenance for ATM and first level management (FLM) process to prevent out-of-service situation.

With the launch of the new Customer Relationship Management system, SAIB will begin logging and carefully tracking customer complaints and feedback using enhanced reporting and analysis. We aim to be proactive by further reducing the number of recurring complaints, including turnaround times and by encouraging feedback and suggestions from our customers to retain their trust and loyalty.



Our Operations & the Environment

A photograph showing four hands of different skin tones holding small pine saplings with soil against a clear blue sky. The hands are arranged in a vertical line from top-left to bottom-right, each holding a sapling. The background is a solid, bright blue sky.

We rely on the earth's natural resources to run our business, which is why we are committed to the development of activities that contribute to the proper management of materials and natural resources.

We will do this primarily by continuing our progress towards improving our operational and energy efficiency, investing in energy efficient projects, developing a track record for our greenhouse gas (GHG) emissions in the long term, constructing green buildings, and optimizing our technology.



Investing in Our Environmental Resources

We strengthened our sustainability governance through a number of initiatives carried out during the year 2011. Dedicated corporate sustainability structuring was adopted across SAIB upon integration of the new Corporate Sustainability Policy with our existing policies and procedures.

With our own environmental policy in place we are committed to reducing environmental impact through the identification and control of significant impacts associated with our products and services including water, electricity, HVAC, paper and other material consumption.

Environment & Climate Change

Climate change presents a fundamental challenge to our way of life and is becoming an increasingly pressing concern. By building upon our sustainable practices we plan to protect our local natural environment, in order to reduce our environmental impact through the process of identification and control of our products and services.

On a global level, a pattern is emerging in the rise in costs that many countries and businesses will have to endure when tackling climate change structuring and management. To gain a head start and to reduce and mitigate the impending effects of climate change, SAIB has started working towards incorporating innovative environmental solutions in its business activities.

SAIB's Sustainability Strategy

We have worked in collaboration with our local government to better understand, expand and develop our sustainability strategy.

As one of the sustainable investment banks in Saudi Arabia with a total of 979 employees throughout the Kingdom, we are committed to performing the best practices possible in terms of giving back to the environment and to society.

In order to successfully establish, maintain and continue to lead the way in promoting environmentally friendly business practices, we at SAIB have committed ourselves to expand on our environmental policies for the purpose of developing our sustainability strategy.

SAIB has identified a number of key environmental policies which aim to contribute to a sustainable future:

- Being Energy Efficient;
- Implementing Sustainable Management Systems;
- Developing Environmental Programs such as Energy Efficiency improvements and enforcing the 'Reduce, Reuse, Recycle' initiative related to resource conservation;
- Educating and training employees involved in operations in order to help them consider the environment in all aspects of their work; and
- Encouraging, guiding and supporting staff to act in accordance with our sustainability policies.

The first step towards reducing our GHG emissions lies with conserving energy consumption throughout SAIB. Secondly, we commit to developing sustainability management mechanisms and policies within our business structure to reduce our daily GHG emissions in the long term. Finally, we plan to promote sustainability workshops and awareness programs to educate and promote the concerns associated with climate change for both employees and our customers.

Promote Sustainability within all sectors of SAIB



Energy Conservation

We recognize the effects that a changing climate could potentially have on the efficiency of our business and operations. Energy requirements are very high in Saudi Arabia because of the hot climate and air conditioning systems that consume considerable amount of energy. The severity of these concerns has paved the way for the incorporation and development of energy-efficient processes and management techniques in our daily business operations.

Parameter	2011 Data
Energy consumed (kWh)	25,810,927
Energy consumed per employee (kWh)	26,365

In 2011 we had started identifying and monitoring our environmental indicators surrounding energy efficiency, waste recycling and ecological footprint.

Greenhouse gas emissions are also associated with the fuel consumed for power generation. SAIB aims to cut down its GHG emissions by adopting eco-friendly initiatives. In 5-6 years of operation, only 15 tons of CO₂eq. emissions from diesel generators was consumed. Emissions are calculated using emission factors and conversion units globally recommended by the Intergovernmental Panel on Climate Change (IPCC).



Water Conservation

SAIB is well aware of the concerns regarding fresh water scarcity and the growing concerns associated with cost and CO₂ emissions from the process of producing fresh water. This is why SAIB is now seeking to reduce its water consumption by running awareness campaigns and educating its staff through planned training programs surrounding energy and water consumption.

In the year 2011, we consumed 365,000 liters of water. However, SAIB plans to incorporate practices to further control the consumption of energy and water throughout its operations in the years to come.

Parameter	2011 Data
Water consumption	365,000 m ³
Per employee	372.83 m ³

Calculations are based in Emissions factors from the Intergovernmental Panel on Climate Change (IPCC). Data has been estimated using annual bills. We will continue working on the improvement of our environmental database.

Waste Management

Waste generated at SAIB includes paper, computers, printers, and toner cartridges.

Annual consumption of other material at SAIB	2011
Photocopy Paper	5270 boxes (each box 5 reams and each ream 500 sheets)
Box files	5600 files
Paper clips	1420 pcs
Toners	850 pcs

Data was estimated based on annual bills. We will continue working on the improvement of our environmental database.

A total of 318 items have been disposed of in the last year. This includes 189 ATM cassettes, 128 PCs, printers, screens, and a facsimile. We are planning to provide more detailed waste management data in future reports which will include consumption and recycling rates.



Recycling

SAIB believes that, recycling within the working environment offers a great way to increase business sustainability while helping to reduce GHG Emissions and other impacts on the environment.

SAIB considers the following benefits:

- Enhancing the Bank's Image - Engaging in greener business practices and publicizing these practices can add value to our corporate image and attract both employees and customers.
- Recycling is Easy to do - Recycling within the workplace is easy and is an essential part of conservation. SAIB aims to incorporate a number of practices such as the use of reusable envelopes to cut cost and consumption.
- Recycling Improves Brand Loyalty - Customers prefer to do business with greener corporate citizens that behave in an environmentally friendly way.
- Increases Employee Morale - Employee satisfaction and motivation is the most beneficial aspect to undertake a recycling scheme. Employees find pride in working for a company that embodies environmental values and focuses attention on its environmental responsibilities.
- Recycling is Cost Effective - However, the most prevalent benefit is our improved cost effective method of dealing with waste while reducing our overall levels of consumption.

For example, in 2011 through a series of diligent efforts in promoting recycling throughout its business, SAIB achieved a total of 27,820 kilograms of recycled material.

Impacts of Transportation

Transportation is an important part of SAIB's operations. It has become the prime focus while calculating an organization's carbon footprint. Emissions from transport activities include emissions from the fuel used in running vehicles to other green supply chain management activities. SAIB owns vehicles that are used for site visits. Most of the vehicles are using gasoline as fuel. During the year 2011 our total CO₂ emissions from vehicles was approximately 200 tCO₂eq.



Demonstrating Leadership in Our Daily Activities

We at SAIB believe that operating at a higher efficiency and minimizing resource utilization will lead to lesser impact on our environment. To achieve the above mentioned objective we are focusing on the following areas to attain operational efficiency:

- a) Waste reduction,
- b) Energy efficiency, and
- c) Reduction in water consumption.

To meet our objectives in these areas, the Administration department of SAIB in April 2011 devised the "Print Less Initiative" to reduce the usage of paper and associated printing cost, such as ink and printer maintenance. The objectives of the initiative included reducing operational risk, reducing bank expenses and contributing to the protection of the environment.

We are currently working along two tracks: One related to printed matter that goes from SAIB to external parties and the second is

internal and concerns the use of paper and printed matter within the bank.

At SAIB we encourage our employees to join in this initiative by following some of our guidelines aimed towards recycling:

1. To add the following statement to internal email signatures:
"Reduce/ Reuse / Recycle: Please Print Only if Necessary"

"الرجاء عدم طباعة هذا البريد الإلكتروني إلا إذا دعت الحاجة"

2. To print only when necessary; otherwise, to file documents electronically.
3. To print drafts on both sides of paper.
4. To consult with their department secretary on how to dispose of paper in order to collect and recycle.
5. To provide ideas on how we can further reduce the unnecessary use of paper.

In support of the Print Less Initiative, SAIB had hosted a drawing competition for children to promote awareness on the





Reducing, Reusing and Recycling principle. Judges included Prominent Artist Nada Rakaf.

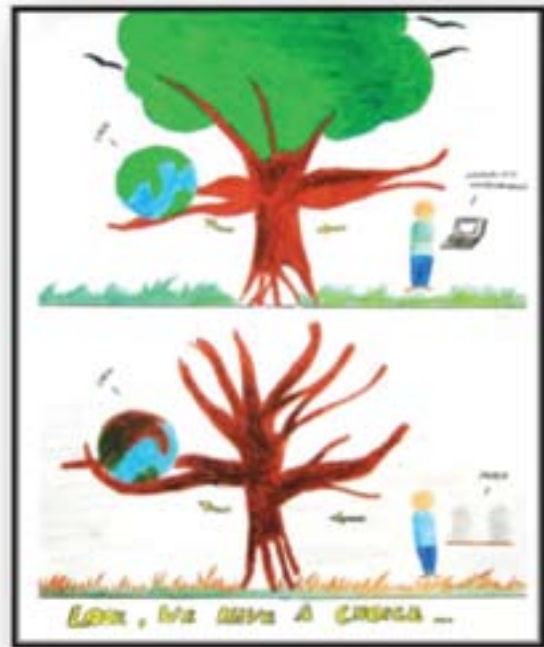
Paper recycling has become an environmentally friendly business practice in our office environment. There are many ways we participate in the recycling of paper goods. We have added separate trash receptacles marked for paper goods, and since we produce mass paper waste we sell the shredded paper to the Saudi Recycling Company.

Leveraging our operational excellence through paper recycling and re-using practices provides a number of advantages, from decreased energy consumption through paper recycling, to less deforestation, to cleaner water and air.

Air conditioning (AC) is essential in our offices to ensure a pleasant, comfortable and

safe working environment. AC systems typically accounts for 40-50 % of the total energy bill derived from our daily activities. All HVAC equipment needs to be maintained on a regular basis to ensure efficient operations, reliability and long life. In 2011, SAIB carried out a series of tests and adjustments of AC compressors as part of our resource conservation measures. Proper maintenance of these systems can help us save up to 10% of space conditioning energy usage.

Another simple way to drive efficiency in our activities is by turning off lights that are



not required. It requires minimal effort and the energy savings can be significant. The moment a light is turned off, it stops using energy, so our savings add up by the minute.



Way Forward

We aim to establish a Sustainability and Responsibility Committee (SRC) at SAIB. This committee will be represented by a number of senior management employees from all business departments under the supervision of the General Manager. The sole responsibility of the SRC will be to manage and coordinate the implementation of SAIB's corporate sustainability strategy and action plan. On an operational level each senior management representative will represent their specific department, being responsible for delivering sustainable business practices and achieving the targets set forth. The committee will ensure the overall monitoring, progress and development of SAIB's sustainable practices, which will include:

- **Helping Our Customers Operate More Sustainably:**
Our Sustainability practices within the investment banking sector have allowed for both private and public sector clients to operate within a more efficient and sustainable manner, cutting costs and reducing CO₂ emissions.

Our sustainable mechanisms include:

- Low energy networks i.e. E-Banking and other online services
- Sustainability Practices and carbon footprinting to help our larger customer/client to measure their carbon footprint and identify the best ways to reduce energy use and operating costs
- The use of environment-friendly fire extinguishers in the data centre to reduce CO₂ emission in case of leakage
- **Environmental Risk Management:**
As part of our commitments and compliance procedures, SAIB aims to pursue a policy for controlling the social and environmental risks to which we are exposed.
- **Environmental Programs:**
We aim to continue developing our Environmental Programs surrounding energy efficiency, and enforcing the 'Reduce, Reuse, Recycle' initiative related to resource conservation.



GRI Application Level Statement

This report is compliant with the internationally recognized guidelines of the Global Reporting Initiative (GRI) G3.1. For 2011, we have reported at GRI's level B (self-declared). As this report is not assured by an external agency, we invite key external stakeholders to read and assess the completeness and materiality of this report.

We appreciate your feedback and suggestions to help us better understand how our activities impact the business and society. To send feedback on this report, please contact us at info@saib.com.sa

		C	C+	B	B+	A	A+
Mandatory	Self Declared		Report Externally Assured		Report Externally Assured		Report Externally Assured
	Third Party Checked		Report Externally Assured		Report Externally Assured		Report Externally Assured
Optional	GRI Declared		Report Externally Assured		Report Externally Assured		Report Externally Assured

GRI Index

GRI Disclosures

STANDARD DISCLOSURES PART I: Profile Disclosures			
1. Strategy and Analysis			
Profile Disclosure	Description	Reported	Cross-reference/Direct answer
1.1	Statement from the most senior decision-maker at SAIB.	Fully	Message from the Chairman (page 3); Message from the General Manager (page 7)
1.2	Description of key impacts, risks, and opportunities.	Partially	Risk Management (page 28)
2. Organizational Profile			
Profile Disclosure	Description	Reported	Cross-reference/Direct answer
2.1	Name of the organization.	Fully	SAIB Overview (page 9)
2.2	Primary brands, products, and/or services.	Fully	SAIB Overview (page 11); SAIB's Products & Services (page 56-59)
2.3	Operational structure of SAIB, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	SAIB Overview (page 9)
2.4	Location of SAIB's headquarters.	Fully	SAIB Overview (page 9)
2.5	Number of countries where SAIB operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	SAIB Overview (page 9); SAIB operates throughout the Kingdom of Saudi Arabia
2.6	Nature of ownership and legal form.	Fully	SAIB Overview (page 9); Our Management and Governance (page 25)
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	SAIB Overview (page 9)
2.8	Scale of the reporting organization.	Fully	SAIB Overview (page 9); Our Value Statement (page 52-53)
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Our main achievements (page 13-15); Empowerment of our network (page 54)
2.10	Awards received in the reporting period.	Fully	Awards and Recognition (page 32); Our main achievements (page 8)

3. Report Parameters			
Profile Disclosure	Description	Reported	Cross-reference/Direct answer
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	Reporting Principles (page 18)
3.2	Date of most recent previous report (if any).	NA	SAIB's first Sustainability Report.
3.3	Reporting cycle (annual, biennial, etc.).	Fully	Way forward-Chapter 1. About this report (page 23)
3.4	Contact point for questions regarding the report or its contents.	Fully	Contact and Feedback (page 88); GRI Application Level Statement (page 74)
3.5	Process for defining report content.	Partially	Chapter 1. About this Report (17-23)
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Fully	SAIB Overview (page 9-11)
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	NA	NA
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	NA	NA
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Partially	Chapter 1. About this Report (17-23); Our Value Statement (page 53); Communicating to meet client needs (page 62); Energy Conservation (page 69)
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	NA	NA
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	NA	NA

3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	STANDARD DISCLOSURES PART I: Profile Disclosures (75-78); STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs) (78-81); STANDARD DISCLOSURES PART II: Disclosures on Performance Indicators (81-90)
3.13	Policy and current practice with regard to seeking external assurance for the report.	NA	NA

4. Governance, Commitments, and Engagement

Profile Disclosure	Description	Reported	Cross-reference/Direct answer
4.1	Governance structure of SAIB, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Board Members Profile (page 10); SAIB Overview (page 11); Our Management and Governance (page 26-27)
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Our Management and Governance (page 26-27)
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or Non-executive members.	Fully	Our Management and Governance (page 26-27)
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Partially	Our Management and Governance (page 25-27); Tackling Financial Crime (page 29); Investing in our people (page 48)
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and SAIB's performance (including social and environmental performance).	Partially	Our Management and Governance (page 27); Empowering Our Workplace: Our Compensation Philosophy (page 44)
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Partially	Board Structure Profile (page 10); Risk Management (page 28); Compliance (page 29); Tackling Financial Crime (page 29); General Statement from the Code of Conduct (page 31)
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding SAIB's strategy on economic, environmental, and social topics.	Not Reported	-

4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Partially	Message from the Chairman (page 3); Message from the General Manager (page 7); Statement from the Code of Conduct (page 31)
4.9	Procedures of the highest governance body for overseeing SAIB's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Partially	Our Management and Governance (page 17-18); Risk Management (page 28); Compliance (page 21); Learning & Development (page 40-41)
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Partially	Our Management and Governance (page 25-27); Risk Management (page 28); Compliance (page 29)
4.11	Explanation of whether and how the precautionary approach or principle is addressed by SAIB.	Partially	Tackling Financial Crime (page 29)
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which SAIB subscribes or endorses.	Not reported	-
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which SAIB: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	SAIB Overview (page 9)
4.14	List of stakeholder groups engaged by SAIB.	Partially	Stakeholder engagement (21)
4.15	Basis for identification and selection of stakeholders with whom to engage.	Not reported	-
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Partially	Stakeholder engagement (pages 20-21); Investing in Our People (page 48), Internal/External Supplier Relationships (page 54); SAIB's Delivery Channels (pages 60-61)
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how SAIB has responded to those key topics and concerns, including through its reporting.	Partially	Chapter 1 About This Report (page 17-23); Investing in Our People (page 48); Tackling Financial Crime (page 29); SAIB's Delivery Channels page 60-61); Communicating to Meet Client Needs (page 62); Addressing Customer Complaints (page 64)

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)			
G3.1	Description	Reported	Cross-reference/Direct answer
DMA PS	Disclosure on Management Approach PS		
Aspects	Product Portfolio		
FS 1	Policies with specific environmental and social components applied to business lines.	Not reported	-
FS 2	Procedures for assessing and screening environmental and social risks in business lines.	Not reported	-
FS 3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transaction	Not reported	-
FS 4	Process (es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Partially	Stakeholder Engagement (page 20-21); Materiality (page 22-23); Board Structure Profile (page 10); Chapter 2. Way Forward (page 33); Social Events-Quarterly Magazine (page 38; Education & Training-FaTra (page 40); Chapter 3. Way Forward (page 49)
FS 5	Interactions with clients/investees/ business partners regarding environmental and social risks and opportunities.	Partially	Social events (page 38-39)
	Audits	Not Reported	-
	Active Ownership	Fully	SAIB Overview (page 9)
DMA EC	Disclosure on Management Approach EC		
Aspects	Economic Performance	Fully	Our value statement (Page 52-53)
	Market presence	Fully	Making our marketplace more sustainable (page 50-55)
	Indirect economic impacts	Not Reported	-
DMA EN	Disclosure on Management Approach EN		
Aspects	Materials	Not Reported	-
	Energy	Partially	Energy conservation (page 69)
	Water	Partially	Water conservation (page 69)

	Biodiversity	Not Reported	-
	Emissions, effluents and waste	Partially	Waste management (page 70-72)
	Products and services	Partially	SAIB's product & services(pages 57-59)
	Compliance	NA	
	Transport	Partially	Impacts of transportation (page 70)
	Overall	Not Reported	-
DMA LA	Disclosure on Management Approach LA		
Aspects	Employment	Fully	Driving sustainable performance in the workplace (pages 42-49)
	Labor/management relations	Fully	(Pages 43-45)
	Occupational health and safety	Not Reported	-
	Training and education	Fully	Learning & development at SAIB (pages 46-48)
	Diversity and equal opportunity	Partially	Saudization (page 43-44)
	Equal remuneration for women and men	Fully	Empowering the Workplace: Our Compensation Philosophy (page 44). SAIB's remuneration solely depends on the employee's position and role.
DMA HR	Disclosure on Management Approach HR		
Aspects	Investment and procurement practices	Fully	Our value statement (page 52-53)
	Non-discrimination	Fully	There are no incidents regarding compulsory labor.
	Freedom of association and collective bargaining	Fully	Saudization (page 43-44)
	Child labor	Fully	There are no incidents regarding Child Labor.
	Forced and compulsory labor	Fully	There are no incidents regarding compulsory labor.
	Security practices	Not Reported	-
	Indigenous rights	NA	NA

	Assessment	Not Reported	-
	Remediation	Not Reported	-
DMA SO	Disclosure on Management Approach SO		
Aspects	Community	Fully	Caring for our community (pages 36-41)
	Corruption	Fully	Tackling financial crime (Pages 29)
	Public policy	NA	NA
	Anti-competitive behavior	Fully	Tackling Financial Crime (page 29); Regulatory Penalties and Fines (page 31); Ethics (page 31); General Statement from the Code of Conduct (page 31)
	Compliance	Fully	Compliance (page 29)
DMA PR	Disclosure on Management Approach PR		
Aspects	Customer health and safety	Not Reported	-
	Customer health and safety not applicable product and service labeling	Not Reported	-
FS 15	Policies for the fair design and sale of financial products and services	Not Reported	-
Aspects	Marketing communications	Not Reported	-
	Customer privacy	Partially	Stakeholder engagement (page 20-21); Our Management and Governance (page 25); SAIB's Delivery Channels (page 60-61)
	Compliance	Fully	Compliance (page 29)
STANDARD DISCLOSURES PART III: Performance Indicators			
Product and Service Impact: Product Portfolio			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
FS 6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	Partially	Our value statement (page 52-53); SAIB's products & Services (page 57-59)
FS 7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Not Reported	-

FS 8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Not Reported	-
Product and Service Impact: Audit			
FS 9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Not Reported	-
Product and Service Impact: Active Ownership			
FS 10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Not reported	
FS 11	Percentage of assets subject to positive and negative environmental or social screening.	Not Reported	-
FS 12	Voting policy (ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Not Reported	-
Economic: Economic Performance			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
EC 1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Partially	Our value statement (page 52-53)
EC 2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	Risk Management (page 28)
EC 3	Coverage of the SAIB's defined benefit plan obligations.	Fully	Empowering our workplace: Our Compensation Philosophy (page 44); Other Benefits for Our Employees (page 45)
EC 4	Significant financial assistance received from government.	Fully	SAIB does not receive any assistance from the government.

Economic: Market Presence			
EC 5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Partially	Empowering our workplace: Our Compensation Philosophy (page 44)
EC 6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Partially	Saudization (page 43-44); Supplier Relationships (page 55)
EC 7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	Saudization (page 43-44)
Economic: Indirect Economic Impacts			
EC 8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Not Reported	-
EC 9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Not Reported	-
Environmental: Materials			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
EN 1	Materials used by weight or volume.	Not Reported	-
EN 2	Percentage of materials used that are recycled input materials.	Not Reported	-
Environmental: Energy			
EN 3	Direct energy consumption by primary energy source.	Partially	Energy conservation (page 69)
EN 4	Indirect energy consumption by primary source.	Partially	Energy conservation (page 69)
EN 5	Energy saved due to conservation and efficiency improvements.	Not Reported	-
EN 6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Partially	Energy conservation (page 69)
EN 7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partially	Energy conservation (page 69)
Environmental: Water			
EN 8	Total water withdrawal by source.	Partially	Energy conservation (page 69)

EN 9	Water sources significantly affected by withdrawal of water.	Partially	Energy conservation (page 69)
EN 10	Percentage and total volume of water recycled and reused.	Not Reported	-
Environmental: Biodiversity			
EN 11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not Reported	-
EN 12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not Reported	-
EN 13	Habitats protected or restored.	Not Reported	-
EN 14	Strategies, current actions and future plans for managing impacts on biodiversity.	Not Reported	-
EN 15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not Reported	-
Environmental: Emissions, Effluents and Waste			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
EN 16	Total direct and indirect greenhouse gas emissions by weight.	Partially	Impacts of transportation (page 70) Energy conservation (page 69)
EN 17	Other relevant indirect greenhouse gas emissions by weight.	Not Reported	-
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partially	Energy conservation (page 69); Chapter 5.Our operations & environment "Way forward" (page 73)
EN 19	Emissions of ozone-depleting substances by weight.	Not Reported	-
EN 20	NO _x , SO _x , and other significant air emissions by type and weight.	Not Reported	-
EN 21	Total water discharge by quality and destination.	Not Reported	-
EN 22	Total weight of waste by type and disposal method.	Not Reported	-
EN 23	Total number and volume of significant spills.	NA	NA

EN 24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	NA	NA
EN 25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by SAIB's discharges of water and runoff.	NA	NA
Environmental: Products and Services			
EN 26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Not Reported	-
EN 27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not Reported	-
Environmental: Compliance			
EN 28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	No sanctions
Environmental: Transport			
EN 29	Significant environmental impacts of transporting products and other goods and materials used for SAIB's operations, and transporting members of the workforce	Not Reported	-
Environmental: Overall			
EN 30	Total environmental protection expenditures and investments by type.	Not Reported	-
Social: Labor Practices and Decent Work –Employment			
LA 1	Total workforce by employment type, employment contract, and region.	Partially	Our workforce composition (page 43); Saudization (page 43-44)
LA 2	Total number and rate of employee turnover by age group, gender, and region.	Fully	Our workforce composition (page 43)
LA 3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Empowering our workplace: Our Compensation Philosophy (page 44)

Social: Labor Practices and Decent Work - Labor/Management Relations			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
LA 4	Percentage of employees covered by collective bargaining agreements.	Partially	Saudization (page 43-44)
LA 5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Not Reported	-
Social: Labor Practices and Decent Work - Occupational Health and Safety			
LA 6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Not Reported	-
LA 7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Fully	Our workforce composition (page 43)
LA 8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	Saudization (page 43-44); Learning & Development at SAIB (page 46-48); Chapter 3. Way Forward (page 41)
LA 9	Health and safety topics covered in formal agreements with trade unions.	Not Reported	-
Social: Labor Practices and Decent Work - Training and Education			
LA 10	Average hours of training per year per employee by employee category.	Partially	Saudization (page 43-44); Learning & Development at SAIB (page 46-48)
LA 11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Saudization (page 43-44); Learning & Development at SAIB (page 46-48)
LA 12	Percentage of employees receiving regular performance and career development reviews.	Fully	Saudization (page 43-44); Learning & Development at SAIB (page 46-48)
Social: Labor Practices and Decent Work - Diversity and Equal Opportunity			
LA 13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	Board Structure Profile (page 10-11); Our Workforce composition (page 43); Empowering Our Workplace: Our compensation Philosophy (page 44)

LA 14	Ratio of basic salary of men to women by employee category, by significant locations of operation.	Fully	There is no distinction between man and women salary.
LA 15	Return to work and retention rates after parental leave, by gender.	Not Reported	-
Social: Human Rights -Diversity and Equal Opportunity			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
HR 1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Not Reported	-
HR 2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Not Reported	-
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not Reported	-
Social: Human Rights - Non-discrimination			
HR 4	Total number of incidents of discrimination and actions taken.	Fully	There are no incidents of discrimination.
Social: Human Rights - Freedom of Association and Collective Bargaining			
HR 5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Not Reported	-
Social: Human Rights - Child Labor			
HR 6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Fully	There are no operations identified as having risk for incidents of child labor.
Social: Human Rights - Forced and Compulsory Labor			
HR 7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Fully	There are no operations identified as having risk for incidents of forced or compulsory labor.

Social: Human Rights - Security Practices			
HR 8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not Reported	-
Social: Human Rights - Indigenous rights			
HR 9	Total number of incidents of violations involving rights of indigenous people and actions taken.	NA	NA
Social: Human Rights - Assessment			
HR 10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Not Reported	-
Social: Human Rights - Remediation			
HR 11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Not Reported	-
Social: Society - Community			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
SO 1 (FSSS)	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering,	Not Reported	-
SO 1 (G3.1)	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Not Reported	-
FS 13	Access points in low-populated or economically disadvantaged areas by type.	Not Reported	-
FS 14	Initiatives to improve access to financial services for disadvantaged people.	Fully	Social Events (page 38-39)
SO 9	Operations with significant potential or actual negative impacts on local communities.	Not Reported	Not Applicable
SO 10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	Not Reported	Not Applicable

Social: Society – Corruption			
SO 2	Percentage and total number of business units analyzed for risks related to corruption.	Partially	Risk management(page 28) Tackling financial crime (page 29)
SO 3	Percentage of employees trained in SAIB's anti-corruption policies and procedures.	Fully	Employee awareness training in AML (page 46) ; Operational risks (page 48)
SO 4	Actions taken in response to incidents of corruption.	Fully	Whistle blowing policy (page 30)
Social: Society – Public Policy			
SO 5	Public policy positions and participation in public policy development and lobbying.	Not Reported	-
SO 6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Fully	SAIB does not contribute to any political party.
Social: Society – Anti-Competitive Behavior			
SO 7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Not Reported	-
Social: Society- Compliance			
SO 8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	There are no sanctions.
Social: Product Responsibility – Customer Health and Safety			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
PR 1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not Reported	-
PR 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	There are no sanctions.
Social: Product Responsibility – Product and Service Labeling			
PR 3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	Not Reported	-

PR 4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	There are no sanctions.
PR 5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	SAIB's Delivery Channels (page 60-61); Communicating to Meet Customer Needs (page 62); Addressing Customer Complaints (page 64)
FS 16	Initiatives to enhance financial literacy by type of beneficiary.	Fully	Social Events (page 38-39); Learning & Development at SAIB (page 46-48); Education & Training (page 40-41)
Social: Product Responsibility - Marketing Communications			
PR 6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Not Reported	-
PR 7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	There are no sanctions.
Social: Product Responsibility - Customer Privacy			
PR 8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	There are no substantiated complaints regarding breaches of customer privacy and losses of customer data.
Social: Product Responsibility - Compliance			
PR 9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	There are no sanctions.

The Saudi Investment Bank  Sustainability Report 2011

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رؤيتنا Vision

الشريك المالي الأمثل لأصحاب الأعمال والأفراد الذين يتطلعون إلى النجاح.
The financial partner of choice for aspiring businesses and individuals.



رؤيتنا Vision

رؤيتنا Vision

رسالتنا Mission



رسالتنا Mission

بناء Build

بناء علاقات طويلة الأمد مع الشركات والمؤسسات الواعدة والأفراد الناجحين.
Build lasting relationships with growing businesses, and with today and tomorrow's affluent individuals.

التركيز Focus

التركيز على نخبة من المنتجات التي تلبي كافة احتياجات عملائنا وتقديمها بكفاءة عالية وخدمة تميزنا عن الآخرين.
Focus on a core product set with clear offerings for each client segment that differentiates us through efficiency and service quality.



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تطوير Develop

تطوير بيئة عمل تشجع الانتماء والتعاون والعناية بخدمة العملاء والكفاءة في الإنجاز.
Develop a culture that fosters ownership, collaboration, customer focus and operational excellence.

تعزير Strengthen

تعزير ولاء الموظفين عبر تطوير بيئة تكافئية المتميزين في الأداء.

Further strengthen staff loyalty through the introduction of a performance driven environment.



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The Saudi Investment Bank Sustainability Report 2011

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