

## Strategy and sustainability pillars

A five-year Strategic Plan was developed by the Bank in 2014 for the period 2015-2019. It was crafted considering the outcomes and experience of the previous strategic plan for the period 2010-2014 with the theme “Building on Strength”. The plan was drawn up in the context of the broad economic, social, environmental and regulatory environment and the goals of the Vision 2030 Plan of the Kingdom.

A new Vision and Mission were decided on for the plan. New business initiatives which are required to build on the achievements of the 2010-2014 plan were identified. The goals of the plan were customer and business focused and each of the business units’ contributed initiatives. The supporting units complemented the objectives by developing initiatives accordingly. Growth opportunities by market segments were carefully considered for both personal and corporate banking.

Some of the specific strategies decided on include:

- Improving the percentage of demand deposits to improve profitability
- Improving fee generation to reduce risk
- Identifying and developing new market segments
- Strengthening affluent banking
- Direct offering to youth and women

- Developing joint calling by business units and cross-selling with business partners. Cross-selling between personal banking and treasury is an attractive possibility
- Exploiting synergies that can be realised across the Bank and with joint venture partners
- Improving efficiency and enhancing customer service by refining and automating the credit processing chain
- Closer control of costs

The cornerstone of our strategy is our five sustainability pillars: Nummow (growth), Takleef (responsibility), Hifth (environmental protection), Re’aya (workforce) and Awn (helping others)

 Further details maybe found in the sub-section The Saudi Investment Bank on page 8 of this Report.

## Performance

Plans are formulated based on our strategies, which in turn are converted to business operations. Our business operations transform strategies into results, both financial and non-financial. This involves having in place the required measurement and monitoring systems to assess performance.

An electronic Sustainability Dashboard Management System (SDMS) has been developed to track the progress and report on initiatives at a high level of granularity. The dashboard provides timely and accurate information for decision-makers and enables efficiency improvement

and cost reduction at branch level. Data can be entered, and information obtained on a monthly and quarterly basis; data is securely stored and easily accessible to authorised users.

Since sustainability is a cornerstone of SAIB's strategy, performance is continuously assessed across the five sustainability themes we have identified which are described below. Our sustainability strategy is an integrated system that tracks economic, social, environmental, and governance performance and the consequent value delivered to all stakeholders.



**Nummow (Growth)**  
 This pillar includes growth not only in the financial sense but also in products, customer service, and innovation. A strong and sustained financial performance will enable us to give continuing and growing returns to our shareholders. Development of innovative new products and services in keeping with market trends will delight and grow our customer base. The process is supported by communication with customers through diverse channels and adopting their opinions, suggestions, and ideas.

**Re'aya (Workforce)**  
 We are committed to the fact that employees are our primary resource and we give the utmost importance to nurturing, retaining, developing, and motivating them. While we provide them with all necessary information, we also set clear performance targets for each employee and rewards for outstanding performance. Our employees are trained to understand customer needs and provide the best possible service. We also educate them on compliance with local and international laws and regulations to protect human rights. We have a diverse working environment and we strive to eliminate all forms of discrimination and harassment. Providing equal opportunities for women and utilising their capabilities to the maximum is one of our highest priorities.

**Takleef (Responsibility)**  
 Social, environmental, and governance issues are well-integrated into our financing and investment activities. The policy is also carried through in our subsidiary and associate companies where SAIB uses its voting rights to promote environmental and social causes. Such considerations are also embedded into new product development. SAIB also supports government and private initiatives which promote sustainable economic development. In our dealings with customers we practice transparency by making information about products and services, and any risks involved, easily accessible in a simple and understandable manner.

**Awn (Helping others)**  
 SAIB supports community projects both through financial assistance as well as providing expertise and equipment. The focus areas for such projects include financial education, career development, environmental protection, and health development. The impact of the projects are carefully measured and evaluated; we require that impacts should be sustainable and measurable. We also foster institutional sustainability of organisations implementing such projects.

**Hifth (Environmental protection)**  
 In our activities and operations, we endeavour to monitor, minimise, and report on our environmental impacts. This includes energy consumption, greenhouse gas emissions, paper and water consumption, and waste treatment. In addition, we assist and encourage our customers and suppliers do the same and mitigate their environmental risks. We also assist them to formulate and implement environmental risk management policies.

We also give preference to suppliers who have robust sustainability practices in place, and who also have administrative systems to support such practices. We also work with our suppliers to improve their practices and ensure they conform to international norms.

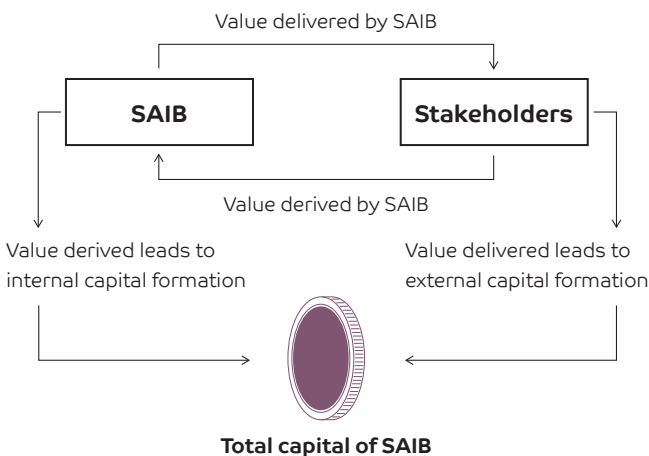
The integration of the pillars with our activities is further described under appropriate sections in the Management Discussion and Analysis found on page 57.

**Value creation and capital formation**

In the following section on Stakeholders (pages 50 to 54) we identify our key stakeholder groups and how we engage with them. In the section on Materiality (page 55) we distinguish between the Bank and its stakeholders, identify key issues that affect various stakeholder groups and assess the importance of these issues from the perspective of the Bank as well as the stakeholder. Such an analysis (materiality matrix, page 56) helps us to refine our business model and becomes the bedrock of our value creation process. Value creation is the philosophy that drives all what we do and is a two-way process. For the Bank to derive sustainable value for itself it must also deliver value to its stakeholders.

Value creation is a dynamic process with flows taking place between the various forms of capital all the time. There can be trade-offs between the different forms of capital with a reduction in one resulting in an increase in the other. Although the Bank does not “own” any of its external forms of capital it has access to and uses them, and along with its own internal forms of capital, creates value for itself and for its stakeholders.

The dynamic relationship between strategy, performance, and outcomes which takes place within the framework of corporate governance and risk management is visually presented above. The Bank’s strategy, operations and performance result in changes in the various forms of capital discussed previously. The outcomes of the strategy and business processes are evaluated and provide the basis for refining the strategies going forward. The value creation process as described above drives our reporting, particularly the Management Discussion and Analysis.



**Management approach**

The materiality matrix defines the relative importance of a particular issue in the value creation process. The various forms of capital are dynamic the stores of each type change depending on strategies and business activities. The Bank uses the various forms of capital, whether internal or external to create value for its stakeholders and for itself.

In the Management Discussion and Analysis, we describe the assessment of materiality, the management and transformation of capitals, and the evaluation of the results. These are further elaborated with supporting performance indicators and measures wherever possible.

**Outcomes**

Capitals are stores of value in various forms which the Bank uses in its business processes.

Value creation leads to capital formation, which may be internal or external to the Bank.

The Bank derives value through the dynamic interaction between its external capital and its own internal capital over time. Our internal capital comprises financial capital and institutional capital. The former is what is reported in the Financial Statements, while the latter are intangibles such as integrity, corporate culture, specialised knowledge, systems, processes and brand image.

The Bank delivers value, both financial and non-financial, to its stakeholders. As stores of value, they comprise investor capital, customer capital, employee capital, business partner capital, and social and environmental capital.

**Looking ahead**

Looking forward to 2018, the Bank remains committed to the implementation of the 2015-2019 Strategic Plan approved by the Board of Directors in November 2014, while focusing on maintaining adequate liquidity and capital levels in a challenging economic and operating environment.

Given the lower level of oil prices during 2017 and the changing cash flow model of the Government, the financial goals of the strategic plan are in process of being updated as part of the 2018 Profit Plan process. Additionally, the Bank is also in the process of implementing a cost control and revenue enhancement programme through the automation of FPC data capturing.



**A responsible corporate citizen – investing towards improving resource efficiency**



# P&M HELPDESK BMS



### HVAC Global Setpoint Control

Area	Temp 1	Temp 2	Temp 3	Temp 4
01-001	18.3 °C	23.8 °C	23.8 °C	21.7 °C
01-002	25.4 °C	24.4 °C	23.3 °C	21.3 °C
01-003	23.3 °C	24.4 °C	21.1 °C	21.1 °C
01-004	23.4 °C	23.5 °C	21.6 °C	21.8 °C
01-005	22.1 °C	23.4 °C	23.7 °C	21.8 °C
01-006	21.1 °C	23.4 °C	23.8 °C	23.8 °C
01-007	21.3 °C	24.5 °C	24.5 °C	21.8 °C
01-008	21.1 °C	24.5 °C	24.5 °C	21.8 °C
01-009	21.1 °C	24.5 °C	24.5 °C	21.8 °C
01-010	21.1 °C	24.5 °C	24.5 °C	21.8 °C
01-011	21.1 °C	24.5 °C	24.5 °C	21.8 °C
01-012	21.1 °C	24.5 °C	24.5 °C	21.8 °C
01-013	21.1 °C	24.5 °C	24.5 °C	21.8 °C
01-014	21.1 °C	24.5 °C	24.5 °C	21.8 °C
01-015	21.1 °C	24.5 °C	24.5 °C	21.8 °C
01-016	21.1 °C	24.5 °C	24.5 °C	21.8 °C
01-017	21.1 °C	24.5 °C	24.5 °C	21.8 °C
01-018	21.1 °C	24.5 °C	24.5 °C	21.8 °C
01-019	21.1 °C	24.5 °C	24.5 °C	21.8 °C
01-020	21.1 °C	24.5 °C	24.5 °C	21.8 °C

### SECURITY ROOM MONITORING DASHBOARD

System	Status	Value
01-001	OK	23.8 °C
01-002	OK	24.4 °C
01-003	OK	23.3 °C
01-004	OK	21.1 °C
01-005	OK	23.4 °C
01-006	OK	23.5 °C
01-007	OK	21.6 °C
01-008	OK	21.8 °C
01-009	OK	22.1 °C
01-010	OK	23.4 °C
01-011	OK	23.7 °C
01-012	OK	21.8 °C
01-013	OK	21.8 °C
01-014	OK	21.8 °C
01-015	OK	21.8 °C
01-016	OK	21.8 °C
01-017	OK	21.8 °C
01-018	OK	21.8 °C
01-019	OK	21.8 °C
01-020	OK	21.8 °C

### DATA ROOM MONITORING DASHBOARD

System	Status	Value
01-001	OK	23.8 °C
01-002	OK	24.4 °C
01-003	OK	23.3 °C
01-004	OK	21.1 °C
01-005	OK	23.4 °C
01-006	OK	23.5 °C
01-007	OK	21.6 °C
01-008	OK	21.8 °C
01-009	OK	22.1 °C
01-010	OK	23.4 °C
01-011	OK	23.7 °C
01-012	OK	21.8 °C
01-013	OK	21.8 °C
01-014	OK	21.8 °C
01-015	OK	21.8 °C
01-016	OK	21.8 °C
01-017	OK	21.8 °C
01-018	OK	21.8 °C
01-019	OK	21.8 °C
01-020	OK	21.8 °C

