NCB has for long been the largest lender in the SME sector and was responsible for 31 percent of all Kafala loans in 2012. Since 2006, the Bank has extended 1,381 loans with a total value of SR 921 million.

The new AlAhliMobile app enables customers to access a wide range of services and make card-less ATM cash withdrawals.

New energy reduction projects in NCB branches will result in lower costs and a reduced overall carbon footprint. NCB is now adopting the ‘LEED for New Construction’ standard as it designs and builds Saudi Arabia’s first ‘green’ branch.

Engagement with suppliers is spreading the sustainability message – from the Annual Symposium on a Sustainable Future, to working together on initiatives such as promoting fuel-efficient cars.

University graduates receive 4-6 months intensive training and work experience with NCB, many going on to become permanent employees.

To support other young Saudis seeking jobs, NCB’s Recruitment program helped 597 people to secure jobs in the private sector during 2012. The Bank has long been an engine for job creation, recognizing the importance of small businesses and fostering a culture of entrepreneurship.

With net income increasing by 7.3 percent to SR 6,453 million, 2012 was the best year in NCB’s long history, eclipsing even the Bank’s outstanding results in the period before the global economic crisis.

The achievements of 2012 reflect the effectiveness of NCB’s strategy for optimally deploying its assets and diversifying revenue sources. The strength of the operational base that the Bank has built – and the customer support that has stemmed from this – has never been so evident.
There is a discernible shift around the world towards embracing the ‘green’ economy concept. As well as the obvious gains for the planet, it creates new opportunities and lifestyle benefits for people, and new sources of sustainable profit for businesses.

Important global dialogue on climate change took place in June 2012 when more than 50,000 participants from 188 nations came together at the Rio +20 Earth Summit to declare “a pathway for a sustainable century”. And at November’s UN Conference of the Parties in Doha, assessments were made of progress in dealing with climate change.

What exactly do we mean by a ‘green’ economy? It is one that creates economic wealth and social gains, while nurturing the natural environment instead of depleting it. It offers real opportunities for nations – including Saudi Arabia – a country traditionally known as a leader in providing the natural resources that power the global economy.

These opportunities intersect with the fundamentals of NCB’s approach to sustainability.

People
With a growing number of young Saudis coming into the workforce, we need to expand existing industries and build new ones to meet employment needs. A green economy spawns new industries and sectors, particularly in smart technologies and the knowledge economy. This promotes diversification in some of the most critical sectors for global competitiveness, while contributing to fast-paced job creation.

Our brightest young minds can be put to work on this, developing and applying smart technologies and renewable energy processes. With young people being in the greatest need for jobs, and environmental issues being an area of proven concern and motivation for them, a green economy can capture their imagination and resourcefulness, driving a spirit of enterprise and creating employment.

Planet
By its nature, a green economy helps the environment and achieves ecological sustainability. Benefits include reduced resource consumption and minimal pollution of the ground, air, and water.
Profit
Potential economic gains are extensive – deriving profits from environmental issues and ecological stewardship, instead of viewing them purely as cost-centers. Any company can save costs and maximize margins just by reducing its fuel, electricity, and water consumption.

But beyond this – environmental innovation is now central to competitiveness. Today, customer demand is driving the development of products and services that reduce our environmental impact – and this creates outstanding opportunities.

A green economy will make a major contribution to Saudi Arabia’s overall domestic energy efficiency, conserving a tremendous amount of oil and other natural resources.

What can NCB do?
The biggest risk lies in failing to invest in an inevitable shift in the global economy, and to lose competitive advantage as a result. Many of Saudi Arabia’s largest companies and public sector organizations already acknowledge this and are investing accordingly.

NCB certainly seeks to contribute and we aim to lead by example, while capturing financial business benefits from our sustainability efforts. Also, we are increasingly encouraging customers to explore environmental mitigation and innovation. And we enthusiastically support SMEs with a variety of financial solutions and share our ideas on green opportunities to develop expertise and sustainably grow their businesses.

Fostering a sustainable green economy is a powerful way to maintain and strengthen the Kingdom’s economic, environmental, and social development, reinforcing its international competitiveness.

Abdulkareem A. Abu Alnasr
Chief Executive Officer
The Government’s response to these challenges has been bold and ambitious. The Ninth Development Plan (spanning 2010-14) sets average annual growth at 5.3 percent, but that figure more than doubles to 11.8 percent for private sector expansion.

Coupled with Government initiatives such as the Nitaqat project – which aims to create three million jobs by 2015 and a further six million by 2030 – the private sector is seen as a crucial partner in achieving development goals.

Small businesses are vital contributors to fostering a culture of entrepreneurship. The Saudi Arabian General Investment Authority (SAGIA), established in 2000 as part of economic liberalization measures, is specifically supporting SMEs and encouraging young people to embrace enterprise.

Against this backdrop, as Saudi Arabia’s leading financial institution, NCB aims to contribute to job creation in several ways. Our sustainability initiatives are closely aligned to national objectives, both in the way we manage our own business, and through various community programs that we run or sponsor.
For example, NCB constantly seeks ways to maximise opportunities for local SME suppliers through its own procurement of goods and services. The common thread running through all our activities is encouraging and assisting commercial activity to flourish in a range of sectors and across the nation – thus stimulating employment and economic growth.

In 2012, we focused on three key areas: boosting our financing of SMEs through the Government’s Kafala loan guarantee program; accelerating our community support initiatives for micro and small businesses; and offering more Saudi graduates the opportunity to come and work at NCB.

As these companies grow and employ more people, their impact on local economies intensifies. NCB’s financial support and advice are helping them to mature into established, sustainable organizations that can compete in broader markets.

The Bank was named a ‘2012 World Finance Top 100’ company, citing the way NCB combines its commitment to putting customers first – especially SMEs – with its efforts to extend social inclusion throughout the Kingdom.

Taking a multi-tiered approach to job creation

Through our community support activities, NCB’s Job Opportunity programs focus on supporting young people, women, low-income families, and aspiring entrepreneurs as they acquire the skills they need to secure employment or to establish, manage and grow a small business.

Since 2005, a total of 4,343 entrepreneurs have been trained through 229 customized courses in 49 towns and cities across the Kingdom. For example, our Entrepreneurs Training project supports young people through courses that include ‘How to Start Your Small Business’, ‘How to Start Your Home Business’, and ‘How to Develop Your Small Business’.

This flows seamlessly into two Entrepreneur Support schemes: the NCB Start-Up Award and the Financing Small Projects scheme, where graduates can apply for interest-free finance for their new endeavors. Through the Productive Families Program, 7,849 people have trained and 267 women have received micro-finance.

The most comprehensive training counts for little if work doesn’t materialize at the end of it. To support young Saudis seeking jobs, the AlAhli Recruitment program has helped a total of 597 people to secure positions in the private sector.

There are numerous examples of how NCB’s Job Opportunity programs contribute to realizing the dreams of talented, ambitious individuals.

One is the launch of the Amal Collection Boutique. Last year Amal Abdo Qasem from Jeddah had a vision to create her own fashion business. She enrolled in an NCB Productive Families course for fabric design and sewing, acquiring the skills needed to produce her first fashion lines – and she did it all from home.

Now it was time for the bigger picture. Thanks to an NCB loan, Amal bought the raw materials to expand production and was soon displaying her work at a local bazaar.

Our efforts have earned international recognition. In 2012, NCB received the award for ‘Best Bank Supporting SMEs in the Arab World’, presented at the Mohammed Bin Rashid Awards for Young Business Leaders, held in Dubai in conjunction with the Global Entrepreneurship Summit.

Employing more Saudis than ever

Bolstering the ranks of Saudis working in our own company is, of course, essential and we are single-minded about this. In 2012, 1,831 Saudi men and women became new NCB employees.

The Bank has a number of associate programs that give recent college graduates 4-6 months of intensive training and work experience within the Bank. More than 75 young Saudis undertook our associate programs in 2012 and most of them went on to become permanent NCB employees.

We are proud that 92.1 percent of our full-time employees today are Saudi nationals, and that we have achieved 100 percent Saudization in our retail branch network. This is one of the highest levels in the Kingdom’s banking sector, and further demonstrates NCB’s commitment to increasing employment opportunities that support expansion of the national economy.
## Our Customers

### 2012 goals
- Further enhance sustainability capabilities
- Engage corporate clients to develop sustainable solutions
- Further improve entire customer experience
- Enhance customer convenience
- Further expand the QuickPay network
- Continue to support the Kingdom’s infrastructure projects across all segments

### 2012 achievements
- Appointed a new Chief Customer Officer to objectively monitor customer experience
- Financed a number of major infrastructure projects
- Expanded the Bank’s retail network to 290 branches
- Launched the new AlAhliMobile smartphone app and a range of other innovative Shariah-compliant products
- Engaged two strategic institutional customers and nearly 400 corporate clients on sustainability
- Expanded Kafala program market share to 31.2%

### 2013 goals
- Drive excellence in customer experience
- Further expand the Bank’s reach through additional new branches, ATMs, and online products
- Improve services to customers in remote areas
- Equip 12 remote branches with ‘disabled friendly’ facilities
- Enable innovative and flexible residential finance solutions
- Further expand lending to SMEs through the Kafala program
- Engage corporate clients to develop sustainable solutions
- Continue to support the Kingdom’s infrastructure projects across all segments

## Key performance indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total customer numbers*</td>
<td>2.4M</td>
<td>2.6M</td>
<td>2.8M</td>
<td>3.3M</td>
</tr>
<tr>
<td>Market share of demand deposits (Source: SAMA)</td>
<td>24.2%</td>
<td>25.0%</td>
<td>24.4%</td>
<td>23.6%</td>
</tr>
<tr>
<td>Customer loyalty (NPS) survey results (mass)**</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>72.2%</td>
</tr>
<tr>
<td>Retail branches</td>
<td>282</td>
<td>284</td>
<td>288</td>
<td>290</td>
</tr>
<tr>
<td>QuickPay centers</td>
<td>8</td>
<td>18</td>
<td>25</td>
<td>28</td>
</tr>
<tr>
<td>Corporate Service centers</td>
<td>6</td>
<td>6</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>ATMs</td>
<td>1,489</td>
<td>1,626</td>
<td>1,791</td>
<td>1,960</td>
</tr>
<tr>
<td>POS terminals</td>
<td>13,886</td>
<td>13,309</td>
<td>15,040</td>
<td>16,730</td>
</tr>
<tr>
<td>Electronic transactions (percent)</td>
<td>91%</td>
<td>89%</td>
<td>88%</td>
<td>86%</td>
</tr>
<tr>
<td>Total customer financial transactions</td>
<td>154M</td>
<td>183M</td>
<td>223M</td>
<td>298M</td>
</tr>
</tbody>
</table>

* Excludes Turkiye Finans customers
** Net Promoter Score (NPS) is a new survey method to measure customer loyalty, replacing the customer experience index
NCB’s commitment to customers became even more evident in 2012 with the appointment of a Chief Customer Officer who will focus on five key strategic areas to achieve continuous improvement and differentiation in service quality. The implementation of immediate refunds for disputed amounts up to a certain level is just one of the initiatives designed to bring us ever closer to our customers.

Omar Hashem  
SVP – Chief Customer Officer
OFFERING INNOVATIVE SHARIAH-COMPLIANT SOLUTIONS

Islamic banking at NCB – a proud history and the future we aspire to

NCB has a proud history of pioneering Islamic banking and finance. After opening our first pilot Islamic branch in 1999, we completed the conversion of the entire branch network to Shariah compliance by 2005. This resulted in developing a range of Islamic products that are today the backbone of the Islamic banking industry. Examples include:

- Criteria for Shariah-compliant investment in global equities
- A Tawaruq product to meet the cash funding needs of individuals and companies
- The first Shariah-compliant credit card
- The first fund for charity
- The first Shariah-compliant capital protected fund

Shariah Advisory Board

NCB’s Shariah Board reviews and approves every Shariah-compliant product and service offered to customers. It consists of three prominent scholars in Shariah and Islamic economics: Sheikh Abdullah Bin Sulaiman Al Monee, Sheikh Dr Abdullah Bin Abdulaziz Al Musleh, and Dr Mohammed Ali Elgari bin Eid.

The Shariah Board examines every aspect of products and services offered by NCB. Regular meetings of the Board review and discuss new product development and existing product enhancements. The Board also holds regular awareness sessions with customers and staff, providing opportunities to engage directly with the Board and improving their knowledge and understanding of Shariah compliant banking and finance.

In 2012, twelve Shariah Board meetings were held, as well as four conferences with customers and staff across the Kingdom.

NCB’s Shariah Audit Report for 2012, issued by the Shariah Board, indicated that all agreements, Shariah contracts, and transactions conducted by NCB were compatible with the resolutions and fatwas issued by the Shariah Board.

Shariah-compliant products and services

In 2012, the Shariah Advisory Board met to discuss the introduction of new or improved Islamic products and services. Examples included:

Consumer finance

- Review and verification of a range of personal finance products
- Review and verification of a range of residential finance products

Corporate banking

- Review and verification of a range of cash management products
- Review and verification of the corporate Islamic overdraft

<table>
<thead>
<tr>
<th>Percent (of performing loans and advances)</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Consumer loans and credit cards</td>
<td>31.14%</td>
</tr>
<tr>
<td>2  Commerce</td>
<td>19.26%</td>
</tr>
<tr>
<td>3  Manufacturing</td>
<td>15.88%</td>
</tr>
<tr>
<td>4  Services</td>
<td>9.60%</td>
</tr>
<tr>
<td>5  Building and construction</td>
<td>7.06%</td>
</tr>
<tr>
<td>6  Transportation and communication</td>
<td>5.99%</td>
</tr>
<tr>
<td>7  Electricity, water, gas and health services</td>
<td>5.54%</td>
</tr>
<tr>
<td>8  Banks and other financial institutions</td>
<td>2.30%</td>
</tr>
<tr>
<td>9  Others</td>
<td>1.74%</td>
</tr>
<tr>
<td>10 Government and quasi Government</td>
<td>1.09%</td>
</tr>
<tr>
<td>11 Agriculture and fishing</td>
<td>0.38%</td>
</tr>
</tbody>
</table>
Treasury
- Review and verification of a range of treasury products
- Review and verification of the commodities-based Khayrat AlAhli investment product
- Review and verification of the Wa’ad Murabaha product

NCB Capital
- Review and verification of the Tajeer sukuk
- Review and verification of the Almarai sukuk

Islamic Banking Development Group
NCB’s Islamic Banking Development Group (IBDG) manages the relationship between the Bank’s business units, subsidiaries, or affiliates and the Shariah Board through two departments:

Shariah Compliance Department – receives Shariah-related queries from NCB Business units and prepares and presents them to the Shariah Advisory Board for guidance and approval. The department also conducts Shariah audits of approved products and services to ensure their ongoing implementation is in accordance with the Shariah Board’s resolutions.

Product Development Department – provides support to business units in developing new Islamic financial products and improving existing ones in compliance with Shariah law. The Department also conducts research on the Islamic finance industry and its growth within the Bank and externally.

2012 initiatives
In 2012 NCB continued to promote the development of Islamic banking and finance through several key initiatives:

- Held the fifth ‘Future of Islamic Banking’ symposium in November, with the theme: ‘Wa’ad: The Promise, and its Implementation in Islamic Banking’ – attended by various Shariah scholars and Islamic banking experts. The result was a set of recommendations to assist and control the use of Wa’ad in Islamic banking activities.
- Published four books for the symposium entitled ‘The Future of Islamic Banking’. The books contain research and recommendations designed to foster the development of the entire Islamic banking industry.
- Sponsored the 10th ‘Harvard University Forum on Islamic Finance’ hosted in March by Harvard Law School in Cambridge, Massachusetts. The forum, which is convened every two years, brings key industry participants together to foster dialogue on the purposes, theory, practice, structure, and institutions of the rapidly developing field of Islamic banking and finance.
- Hosted a joint student delegation from IE Business School (Madrid) and King Abdulaziz University as a part of their ‘Immersion Program’ in Islamic Finance. The delegation included students from Europe, Brazil, Lebanon, Singapore, and China, as well as Saudi Arabia.
- NCB has also implemented a ‘Shariah Scholars Succession Plan’ – a world first. (See above.)

Shariah expertise to reassure customers
Muslims who seek assurance about the validity of Islamic financial products are being assisted by a world-leading NCB program to develop the financial expertise of Islamic scholars.

The ‘Shariah Scholars Succession Plan’ gives emerging Islamic scholars hands-on exposure to the applied aspects of Shariah, equipping them to meet the growing needs of the Islamic financial services industry. They can produce well-informed and conversant rulings (fatwa), and contribute to the sustained growth of Islamic finance around the world.

This program benefits customers and the wider community by creating more scholars who are knowledgeable about how Shariah provisions apply to financial transactions. As a result, increasing numbers of expert scholars are available to give clear and unambiguous answers to customers’ questions about Shariah-compliant banking and finance.
PROVIDING A RESPONSIVE, CONVENIENT, AND EFFICIENT SERVICE

2012 was a year in which the fruits of the Saudi Arabian government’s stimulus in the Kingdom became even more visible in the shape of major new infrastructure projects and in the number of people gaining employment, both in the public and private sector. As a result, NCB saw increases in market share and in the number of new accounts opened around the country as these catalysts visibly drove demand for personal and consumer finance products.

Following the announcement of new regulations allowing individuals to borrow against their properties and fully own their homes for the first time, NCB’s mortgage portfolio grew quickly. Elsewhere, we saw rapid growth in personal finance lending, on the back of greater employment, taking our portfolio by 20 percent to SR 37 billion, as more individuals took advantage of opportunities to borrow.

This increase in lending was not confined to individuals. During the year, many corporate customers also tapped NCB to support their businesses, whether for large-scale projects, financing imports, or in working capital for SME operations and, reflecting the employment trend, in payroll lending.

The Bank is particularly involved in the Government’s Kafala program to underwrite loans to SMEs. Since the launch of Kafala six years ago, NCB has provided 1,381 loans totaling SR 921 million – accounting for 29 percent of all Kafala loans and making NCB the largest lender to this key sector. In 2012 we proudly maintained our leadership, with 521 loans representing a market share of 31 percent. Of these, 125 were start-ups.

Supporting Saudi Arabia’s major infrastructure and industrial projects is a key priority, especially in the oil and gas, petrochemical, water and power, and aviation sectors. NCB is committed to acting as a responsible lender, assuming senior roles as lead advisor and underwriter in project financing deals that usually comply with the environmental guidelines of the World Bank’s Equator Principles or the Royal Commission for Jubail and Yanbu.

During 2012 the Bank secured a number of mandates, including the new Madinah International Airport, Tasnee’s acrylates petrochemical complex, and Sipchem’s Petchem project.

Our Customers

NCB’s new mobile app

AlAhliMobile, the Bank’s new smartphone and tablet app, was launched in 2012. Compatible with most Apple, Android, and Blackberry devices, the app allows customers to check their balances and account statements, as well as access to a wide range of services.

A unique feature is card-less ATM cash withdrawals, providing emergency support when customers urgently need cash but do not have their ATM or debit card to hand.
Commitment to quality underlined by appointment of new Chief Customer Officer

To help ensure that NCB holds true to its core values of giving customers the best possible service at all points of contact, in 2012 the Bank created the new position of Chief Customer Officer and appointed Omar Hashem to the role. The Chief Customer Officer’s main responsibility will be to objectively monitor the experience of all NCB customers, in turn helping to identify priority areas for developing enhancement plans.

To start the journey of continuous improvement and differentiation in customer service, five strategies are being implemented:

- Regularly and reliably measure NCB’s customer experience, in absolute terms compared to competitors, across the Bank’s segments, channels, and products.
- Identify the key drivers of NCB’s customer experience based on customer input, and prioritize these drivers by impact.
- Ensure that the customer’s voice is heard as a key input to the executive discussion and planning process, enabling decisions on the customer change agenda and the design of initiatives.

- Develop the capability within NCB to continuously measure progress on our key customer touch points, and provide instant feedback to the business.
- Ultimately, embed the ‘voice of the customer’ in the core processes of the Bank, enabling continuous customer experience measurement and improvement.

Creation of this new function underlines NCB’s commitment to understanding customer needs and how best to deliver the Bank’s services, enabling intense focus on this important goal.

Continuing NCB’s tradition of innovation

What customers most want from their financial partner is a complete package of reliable service, thoughtful advice and best-in-class products. But they also expect NCB to think ahead and evolve to take account of changes in the world around them. This year saw the Bank launch a number of new initiatives designed to help customers achieve their goals.

We already know that our customers want to make use of technology to access their accounts wherever they are through our online services.

We also know how important our branch network is in deepening our relationships with customers, so we continued to build and open new branches, using innovative green technology to limit the environmental impact. In this expanded network we have been deepening our product set, including making foreign currency cash available, another Saudi first.

In 2012 we expanded the number of Corporate Service Centers to 10 and the objective is to have 14 centers Kingdom-wide by end of 2014.

Hand-in-hand with the growth in mortgage finance has been an increase in the construction of new dwellings. Our Corporate Banking business has become a market leader in the financing of residential development companies, as these customers respond to the growing demand for new homes. In another area of growing product innovation, we led two aircraft finance deals supported by an operating lease.

To help high net worth customers grow and diversify their portfolios further, our wealth management business, NCB Capital, established global strategic alliances with the Trust Company of the West, from the US, and Amundi, from France. These alliances will create one of the largest and most diversified Shariah fund platforms in the world.
Our Customers

International recognition for NCB’s support of SMEs

The 2012 award for ‘Best Bank Supporting SMEs in the Arab World’ was presented to NCB at the Mohammed Bin Rashid Awards for Young Business Leaders, held in Dubai in conjunction with the Global Entrepreneurship Summit.

NCB was chosen on the basis of several criteria, including the robust mechanism followed in promoting entrepreneurship through various corporate social responsibility programs, the Bank’s leadership role in promoting the Saudi government’s Kafala Program, and continuous efforts to provide innovative and regenerative programs that contribute to the development of the Kingdom and its people.

The first bank in the Arab world to receive such an award, NCB was recognized for its key role in supporting small and medium size enterprises and promoting entrepreneurialism, especially among young people.

Growth in new markets is broadening NCB’s capabilities

Successful innovation for customers depends on an ability to identify opportunities and act on them quickly, while at the same time building resilience and depth into the new offering.

NCB Capital also became the first Saudi asset manager to launch Shariah-compliant funds on a new UCITS platform, registered in Ireland, a significant innovation that will boost international investor access to the Kingdom.

In every customer segment, the increasing application of Islamic financing is a common innovation. All of NCB’s personal finance products, including mortgages, are already Shariah-compliant, and we are a market leader in providing advice to scholars, as well as in internal bank training.

At the heart of all this, our Islamic Banking Development Group has acted as a center of excellence and a catalyst for Shariah-compliant product development in each of the Bank’s businesses – advising on Treasury’s development of hedging products, Individual Banking’s new residential finance products, and working with Corporate Banking to provide advice on the financing of Madinah airport – the first Shariah-compliant airport financing in the world.

In all of this, NCB’s approach is to innovate and then embed – with the success of the approach being widely recognized. In 2012 we were named Best Bank in Saudi Arabia by The Banker magazine, which highlighted “the success of NCB’s strategy in diversifying its sources of income, growing revenue from core activities and improving operational efficiency.” We were also named Best Islamic Bank by Global Finance, in addition to receiving a number of Islamic mutual fund awards, including Best Islamic Asset Management Company in the Middle East from Islamic Finance News, and a broader industry award as Best Wealth Manager from The Banker Middle East.

Growing our residential finance business into a market leader in 2012 is one example. NCB aims to further grow its share of this market, where it offers a range of Shariah-compliant products. In 2012 the Bank’s offering was totally overhauled, with multiple improvements made to service quality and efficiency.

These include: automating and streamlining the pre-approval, application, processing, and property deed handling stages; reducing error rates; improving customer communications (sending regular SMS updates); and introducing a more effective customer feedback system.

To cite just one tangible benefit, application turnaround times were reduced from an average of 26 to 12 days. NCB is now implementing a new IT system for mortgage management, which will go live in 2013. This will increase the level of automation in the entire process, further reducing response times and operational errors and improving after sales service.

For high net worth customers, we continued to ensure that, alongside up-to-the-minute advice on sector and company movements in the equity markets, they can actively trade securities from any location using the latest technology. We are now working to evolve the platform on which our customers trade to give them an even greater range of services, including customized dashboards and unified investment accounts for multiple markets and currencies.

This agility in new markets relies not only on collaboration amongst businesses but also on the timeliness of decision making for customers. Whether in approving lending facilities to corporate customers, setting-up Islamic hedging or granting a mortgage for a consumer, we have well established risk protocols and good communications that allow us to act quickly and securely.
QuickPay grew its customer base from 280,000 to 700,000 during 2012. It is Saudi Arabia’s only multi-channel, round-the-clock remittance service. With 28 centers across the Kingdom, QuickPay is an important channel for NCB, extending financial inclusion to a previously under-served customer segment.

But this is not just applied to new services and products. In our established businesses last year we processed one million cheques, made over one million corporate service center transactions and nine million international and local payments. Volumes such as these require reliable systems and an ability to scale-up to meet demand and during the year we invested in our capacity to meet the expanded requirements of our businesses by building partnerships with local and international external providers.

**Engaging customers**
Understanding the needs and requirements of customers is the starting point for NCB’s business success. The Bank aims to develop and deliver products and services that meet customers’ needs swiftly and flawlessly, anticipating evolving customer needs and seeking to better understand their aspirations.

NCB interacts with customers in many ways – at branches and offices, by electronic channels, or through the Bank’s contact center. The Bank constantly learns more about customers’ needs and preferences, and how their opinions of NCB are influenced by all these touch-points.

Customer expectations are gauged by regular market surveys – including brand health tracker, mystery shopper, and loyalty levels.

NCB expanded its research activities and welcome calling during 2012 to better understand customer needs, rolling-out Net Promoter Scoring (NPS) with new mortgage customers to rate and benchmark their level of engagement and loyalty.
Our Customers

NCB uses several methods to gain better insight into customer experience:

*Mystery shopper* – Quarterly mystery shopping research shows that NCB service standards are ‘best in class’ among Saudi banks. This performance can be attributed to consistency across branches, improved customer service standards among front-line staff, a focus on cross selling, and efforts to enhance staff knowledge.

*Branch waiting times* – Teller and customer service waiting times improved significantly during 2012 as a result of recruiting new staff and improved usage of teller and CSR stations.

*Net promoter score* – This is the most recognized method of measuring customer loyalty and helps NCB to remain one of the top performers. It measures customer loyalty by analysing feedback and identifying specific ‘pain points’ that need to be addressed.

*Brand health tracker* – NCB’s brand is one of the strongest in Saudi banking. Its brand equity score – a combination of awareness, usage, and consideration indicators – places NCB ahead of global and Saudi norms, as well as second tier Saudi banks.

With today’s highly accessible technology, customers are using social media to share their experience of the Bank’s products and services, whether appreciation or dissatisfaction. NCB listens to what customers say on social media, monitoring and analyzing their needs. In 2012 the Bank set up its own Twitter account that is now a valuable new channel for receiving customer enquiries, requests, and complaints, as well as making Bank announcements.

During 2012, we engaged with two strategic institutional customers and nearly 400 corporate clients to increase their sustainability awareness and together began to develop cooperative sustainability initiatives. Efforts also continued to train the Bank’s relationship managers on sustainability issues, enabling them to guide customers in this area on a day-by-day basis.

The role of technology

NCB serves more than 3.3 million customers and executes an average 300 million transactions each year – a vast volume of business, made possible by highly sophisticated applications of the latest information technology systems that ensure 24-hour availability of the Bank’s essential services. Sustainability benefits include reductions in paperwork and real estate requirements, fewer cables, reduced air-conditioning and power usage, less carbon emission, and less heating. Technology also benefits NCB staff and customers through centralization of functions, resulting in ease of communication and improved quality of service.

The number of NCB online users increased by 24 percent in 2012, while an upgrade in telephone banking infrastructure reflected the volume of business now conducted through this channel – accounting for 86 percent of all NCB transactions during the year.

Internet banking continued to provide many user benefits, such as the lowest fees, while QuickPay is today the Kingdom’s only multi-channel, round-the-clock remittance service. With 28 centers across the Kingdom and 700,000 customers, QuickPay is an important NCB channel, extending financial inclusion to a previously under-served customer segment.

Launch of the AlAhliMobile app

NCB’s new smartphone and tablet app – branded AlAhliMobile – was launched in August 2012. Available through iTunes and Apple’s app store, and compatible with most Apple, Android and Blackberry devices, the app allows customers to check account balances and see their account statements, in addition to accessing a wide range of banking services. These include cash withdrawals, transfers between NCB accounts, transfers to other local banks (SARIE), bill payments, SADAD government payments, transfers to foreign bank accounts (SWIFT), and QuickPay remittances abroad.

Immediate refunds

Resolving disputed amounts that arise from NCB transactions can entail a disproportionate amount of work – and contribute unnecessarily to customer dissatisfaction. The Bank has therefore introduced an immediate refund program for all disputed amounts up to SR 300, while ensuring that all claims are promptly investigated and cleared up.

Customer feedback is of great value in identifying areas that need improvement. All complaints, small or large, are vital for us to continue providing better service and achieve customer satisfaction. When NCB incurs customer displeasure, we pay close attention and work hard to resolve the problems.
A unique feature of NCB’s app is card-less ATM cash withdrawals, designed to provide emergency support when customers urgently need cash, without using their ATM or debit card.

Assessing customer needs and satisfaction, and responding
NCB customers have emphasized the importance of Shariah compliance, security of deposits, accessibility, affordability, privacy, great service, easy payments, straightforward credit applications, and quick approvals. In response, NCB has achieved 100 percent Shariah-compliant retail banking and continued to increase the number of ATMs and branches, including those catering exclusively to women.

Handling complaints
The Bank aims to respond quickly, transparently, and effectively to all customer complaints and deliver our promise to all customers. When our products, services, or processes incur customer displeasure, NCB listens and works hard to resolve the problems and achieve satisfaction.

In April, the Bank introduced an immediate refund program for all disputed amounts up to SR 300.00, ensuring that small claims are promptly investigated and dealt with.

We continue to measure, quantify, and analyze all customer grievances and continue to improve our complaint handling process. Our alternative channels – contact center, website, social media, etc – are used to log customer complaints. NCB believes that complaints are vital for us to continue improving services, and customer feedback is of great value in identifying areas that need attention.

Customer privacy
NCB must deal with all aspects of its customer relationships with a high level of diligence. This includes ensuring that ‘Know Your Customer’ (KYC) and other key account information is secured. KYC provides an important opportunity to understand more about customers, while heightening the Bank’s responsibility to maintain the strictest levels of confidentiality in all its dealings.

The future
NCB will maintain efforts to expand customer reach by establishing new branches in remote areas, as well as more QuickPay and Corporate Service Centers.

As part of our continuing mission to provide accessibility for all customers, we will equip 12 branches with special-needs facilities as the first phase of bringing the entire retail network to the same standard. New or renovated branches already conform to this specification.

We will continue to invest in technology to maintain our leadership in online banking, pursue further expansion of our Islamic product portfolio, support the real estate market through innovative residential finance offerings, and maintain our assistance to the SME sector by intensive promotion of the Saudi Government’s Kafala program.

Sustainability will always be a priority, engaging corporate customers to develop the concept while enhancing the sustainability knowledge and capabilities of all NCB staff.
### Our Environment

#### Key performance indicators

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water consumption, main bldgs (000s of m³)</td>
<td>304.8</td>
<td>203.4</td>
<td>211.0</td>
<td>170.0</td>
</tr>
<tr>
<td>Energy consumption/electricity (000s of kWh)</td>
<td>68,092</td>
<td>115,710</td>
<td>111,845</td>
<td>118,735</td>
</tr>
<tr>
<td>Greenhouse gas emissions (metric tons)</td>
<td>55,705</td>
<td>72,093</td>
<td>69,685</td>
<td>73,971</td>
</tr>
</tbody>
</table>

#### 2012 goals
- Electricity, water and paper savings (2015 targets)
- Install solar water boilers in 20 branches
- Conserve power by consolidating IT servers
- Extend recycling to 5 more main buildings
- Assess head office building for LEED standards
- Achieve ISO 14001 certification

#### 2012 achievements
- Electricity, water, and paper four-year savings plan approved by NCB Environmental Steering Committee
- Installed solar water boilers in 5 pilot branches
- Consolidated and virtualized IT servers
- Extended recycling to 5 additional main buildings
- Completed energy audits for 2 pilot branches
- Achieved ISO 14001 EMS certification for Head Office and the Riyadh and Dammam regional offices
- Started LEED Green Buildings project for Head Office

#### 2013 goals
- Complete energy audits for a further 28 branches and implement solutions at the 2 pilot branches
- Implement active energy efficiency in 2 main buildings
- Convert 3 main buildings to LED lighting
- Install solar water boilers at 15 branches
- Install sun-proof window film at 20 branches
- Install air curtains at 40 branches
Leading by example has always been an NCB principle and the new retail branch initiatives we will soon roll-out to optimize energy consumption clearly point the way for others. These include installation of solar-powered water boilers, sun-proof window film, and air curtains. And, from 2013, we will start to introduce green building standards in the design and construction of NCB’s first green branch.

David G. Jones
SEVP – Head, Services Sector
The environment and climate change
Good environmental stewardship is a pressing issue for business and society at large. As a leading financial institution in the GCC region, it is important that NCB recognizes its responsibility towards the environment, and plays an active role in reducing consumption of vital commodities such as water and electricity, as well as supplies such as paper and printed matter.

NCB conducts monthly inspections to detect any abnormalities in power, water, and paper consumption. For example, inspections found a leak in the Eastern Region main building’s water tank. This was repaired and followed by monitoring of that building’s actual consumption.

Management approach
Environmental Policy
The main objective of NCB’s Environmental Policy is to introduce environmental standards with which all areas of the Bank must comply when making decisions and implementing business strategy. Doing so enables NCB to protect its assets as well as the interests of all stakeholders, and to support sustainable development by minimizing environmental impacts. The policy addresses four main areas:

Managing direct environmental impacts
Improving the energy efficiency of NCB’s operations: emphasizing water conservation and energy and emission reduction; minimizing waste; and adopting sustainable methods and materials in the design of new buildings. For example, from 2013, NCB will apply a range of electricity-saving measures across its branch network including solar water heating, sun-proof window film, and air curtains.

Water consumption – NCB conducts monthly inspections in all facilities to detect any abnormalities in water consumption. For instance, we detected a leak in the Eastern Region main building’s water tank, which was repaired and followed by monitoring of that building’s actual consumption. In 2012 all faucets in the Bank’s Training Center were replaced with low-flow auto-sensor faucets. As a result of these initiatives, bottom-line water savings of around 41,000 m³ were achieved in 2012.

Nearly 100 percent of the water consumed becomes wastewater, which is routed to the national sewage drainage line for all NCB buildings, except the Training Center in Jeddah, where wastewater is stored in a tank and then trucked. This amounts to approximately one truck (18 m³) every three days. For the NCB Head Office, approximately 68 percent of water consumed evaporates during usage in the cooling towers.

Power consumption – With NCB’s current expansion, the demand for power is growing every year. Energy saving solutions are being implemented in many existing and all new facilities. In 2012 the Bank’s power consumption increased by 5.8 percent overall, due mainly to opening nine new branches, renovating or expanding nine branches, and expanding the Bank’s main IT Center to accommodate a new 24/7 customer support center. However, NCB’s monthly average power consumption in branches reduced – from 19,906 Kwh in 2011 to 19,539 Kwh for 2012.

Paper consumption – NCB’s paper consumption rose in 2012, mainly due to the launch of ‘Hafiz’ – the new unemployment benefits program – which alone used almost 90 tons of paper. Growth of the Bank’s personal loans and residential finance portfolio also contributed to higher paper consumption.
In 2013, NCB will look into automating, minimizing, and wherever possible re-engineering some of the processes that intensify paper usage.

Managing indirect environmental impacts
Developing financial products and services with an environmental dimension and factoring in the environmental and social risks of the Bank’s policies.

Stakeholder engagement and reporting
Promoting better understanding of environmental issues among NCB stakeholders: employees, customers, business partners, and the community. Understanding the relationship between our physical environment and the world of financial services ensures that the Bank’s policies, priorities, and initiatives continue to be relevant and effective.

<table>
<thead>
<tr>
<th>Direct annual electricity consumption</th>
<th>2009 000s kWh</th>
<th>2010 000s kWh</th>
<th>2011 000s kWh</th>
<th>2012 000s kWh</th>
<th>Megajoules</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branches</td>
<td>11,924</td>
<td>60,662</td>
<td>59,202</td>
<td>59,878</td>
<td>215,560</td>
</tr>
<tr>
<td>Main buildings</td>
<td>50,414</td>
<td>55,048</td>
<td>52,643</td>
<td>58,858</td>
<td>211,888</td>
</tr>
<tr>
<td>Total electricity consumption</td>
<td>62,338</td>
<td>115,710</td>
<td>111,845</td>
<td>118,735</td>
<td>427,446</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Main buildings annual water consumption</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western region</td>
<td>111.50</td>
<td>111.00</td>
<td>109.65</td>
<td>115.80</td>
</tr>
<tr>
<td>Central region</td>
<td>38.9</td>
<td>24.019</td>
<td>27.93</td>
<td>48.42</td>
</tr>
<tr>
<td>Eastern region</td>
<td>154.4</td>
<td>68.33</td>
<td>73.39</td>
<td>5.405*</td>
</tr>
<tr>
<td>Total water consumption</td>
<td>304.80</td>
<td>203.35</td>
<td>210.97</td>
<td>169.63</td>
</tr>
</tbody>
</table>

* The significant drop in consumption is due to measurement changes: 2012 covers the eight floors occupied by NCB, whereas previously the calculation included all 30 floors of the building.

<table>
<thead>
<tr>
<th>Direct annual greenhouse gas emissions</th>
<th>NCB’s Carbon footprint</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity consumption (KWh)*</td>
<td>68,093</td>
<td>115,710</td>
<td>111,845</td>
<td>118,735</td>
<td></td>
</tr>
<tr>
<td>Carbon dioxide (metric ton)*</td>
<td>55,563.90</td>
<td>71,734</td>
<td>69,338</td>
<td>73,610</td>
<td></td>
</tr>
<tr>
<td>Methane (metric ton)*</td>
<td>1.8</td>
<td>1.39</td>
<td>1.34</td>
<td>1.42</td>
<td></td>
</tr>
<tr>
<td>Nitrous oxide (metric ton)*</td>
<td>0.3</td>
<td>1.09</td>
<td>1.05</td>
<td>1.11</td>
<td></td>
</tr>
<tr>
<td>Total GHG emissions – CO2 equivalent</td>
<td>55,705</td>
<td>72,093</td>
<td>69,685</td>
<td>73,613</td>
<td></td>
</tr>
</tbody>
</table>

* 2010 figures are updated from those published earlier, due to improvements in measuring head office energy consumption.

<table>
<thead>
<tr>
<th>Waste management</th>
<th>NCB annual consumption of other materials</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper (metric tons)</td>
<td>289.8</td>
<td>306.6</td>
<td>417.2</td>
<td>490.4</td>
<td></td>
</tr>
<tr>
<td>Personal computers (units)</td>
<td>1,381</td>
<td>1,810</td>
<td>1,934</td>
<td>1,981</td>
<td></td>
</tr>
<tr>
<td>Copy machines (units)</td>
<td>N/A</td>
<td>1,040</td>
<td>223</td>
<td>106</td>
<td></td>
</tr>
<tr>
<td>Printers (units)</td>
<td>407</td>
<td>940</td>
<td>1,322</td>
<td>2,464</td>
<td></td>
</tr>
<tr>
<td>Printer cartridges (drums)</td>
<td>19,443</td>
<td>18,143</td>
<td>19,924</td>
<td>26,050</td>
<td></td>
</tr>
</tbody>
</table>

Environmental procurement policy
In 2011 a formal policy was developed to ensure the Bank’s procurement practices reflect its environmental approach. NCB continues to update environmental screening criteria to improve effectiveness in the procurement of products and services from environmentally sustainable vendors.

Environment Steering Committee
This committee, formed in 2010, provides strategic guidance and support in executing NCB’s environmental initiatives and the Five-year Environmental Plan. In 2012 the committee met four times, overseeing key issues on an ongoing as well as an ad-hoc basis. Chaired by the Head of NCB’s Services Sector and comprising seven members of the Bank’s management team, the Environment Steering Committees is the focal point for coordinated responses to environmental developments.

Environment Management Unit
The Environment Management Unit is responsible for implementing the 5-year Environmental Plan. This involves building a robust Environmental Management System (EMS) and developing the required processes and procedures. The unit will also assist each NCB department and business area to incorporate environmental policy in its products, services, and activities.

Environment Projects Task Force
The Environment Projects Task Force was established in 2012 with members from different areas within NCB. They include engineers in NCB’s branches and main buildings, members of the Sustainability Department, and Individual Banking and Corporate Banking sector representatives.
The task force is mandated to advise and support on the initiation, planning, and execution of various environmental projects. It will also support the Environment Management Unit’s initiatives and audit performance against the Bank’s four-year targets for reducing electricity, water, and paper consumption.

**Five-year Environmental Plan**

This was the second year of the Bank’s 2011-15 Environmental Plan, which cites specific targets for saving electricity, water, and paper.

In recent years NCB has introduced a number of general measures to reduce the consumption of electricity, water, and paper. In 2013 this will be stepped-up with a range of specific electricity-reduction projects in the Bank’s main buildings and retail branches. Each project has a set of eligibility criteria that include:

- **Feasibility** – determining the benefits and savings expected from executing the proposed projects, taking initial investments and operating costs into account.

- **Supplier support** – making sure the projects implemented are supported and maintained by the service/solution providers throughout the network, and in all regions of the Kingdom.

- **Electricity and water consumption** – ensuring that the projects provide both environmental and cost benefits, with priority given to the highest energy-consuming branches.

**ISO 14001 – Environment Management System certification**

During 2011-12, NCB adopted the ISO 14001 standard that specifies requirements for the Environment Management System (EMS) in the Head Office, Riyadh Regional Building, and Al Dana Building in Dammam.

NCB is the first bank in Saudi Arabia to achieve this important accreditation. It covers environmental aspects that NCB identifies and can control, enabling the Bank to develop and apply policies that take into account legal and other requirements.

This gives NCB the assurance to meet environmental management system commitments and environmental policy requirements, as well as greater operational efficiency and energy conservation and reduction in hazardous materials and waste.
The system applies to those environmental aspects that NCB identifies and which it can control. It gives NCB the assurance to meet environmental management system commitments and environmental policy requirements, as well as greater operational efficiency and energy conservation, and reduction in the use of hazardous materials and the generation of hazardous wastes.

The ISO standard now gives NCB a methodology to meet its EMS and environmental policy commitments. It also demonstrates that the Bank is serious about its environmental responsibilities.

The EMS should boost the Bank’s competitiveness through process improvement and energy savings, while potentially contributing to lower insurance rates. The EMS has also increased awareness and participation within the Bank – about 120 employees have been trained on chemical hazards and fire extinguishers.

By implementing the standard, NCB is aligning its strategy with national priorities in managing and reducing energy demands, water conservation, and pollution prevention.

Implementing LEED building standards

In 2012 NCB worked with a green buildings consulting firm to assess its Head Office in Jeddah against ‘LEED O&M’ (Operations and Maintenance) for existing buildings. The firm submitted recommendations to achieve each level of rating based on gap analysis and a building audit. The firm will also help during the implementation phase to support NCB in achieving this LEED certification.

LEED (Leadership in Energy & Environmental Design) is an internationally recognized building certification system, providing third-party verification that buildings are designed and built in accordance with strategies related to saving energy and water, minimizing CO2 emissions, improving indoor environments, stewardship of resources, and sensitivity to their impacts.

In 2013, NCB will adopt ‘LEED for New Construction’ as it designs and builds Saudi Arabia’s first ‘green’ branch.

Energy reduction projects

Branch energy audits

NCB is committed to reducing energy consumption in the Bank’s branches and other facilities. In 2012 a major new initiative was launched – conducting detailed branch energy audits, assessing the current situation, and identifying ways to enhance energy performance.

Over time, performance improvements will be evident in lower energy costs and a reduced overall carbon footprint. Operational costs will also be reduced, leading to enhanced profitability and a better operational condition of the branches and facilities.

Energy audit scope of work

- Study and assess the current energy situation in each NCB branch.
- Collect and monitor all energy-related data wherever necessary, using meters and other specialized measurement devices.
- Analyze historical energy consumption and data collected.
- Recommend the most feasible measures to improve energy efficiency and reduce consumption, without compromising the buildings’ operations and comfort level.
- Set the required investment to implement the proposed energy-saving measures.
- Improve the energy conservation awareness of operational staff to reduce CO2 and greenhouse gas (GHG) emissions.

During 2012, energy audits were completed for two pilot branches: Buraidah Main and Al-Shati. In Buraidah Main branch, the audit quantified six energy conservation measures that resulted in 20.57 percent total energy savings. In Al-Shati, five energy conservation measures resulted in a 33.43 percent total energy saving.

Energy-saving measures identified

- Control the operation of space cooling and lighting using a stand-alone automation system.
- Control the operation of chilled water pumps using variable speed drives through temperature sensor feedback signal.
- Control the operation of lighting using occupancy sensors, day lighting sensors, and time controls. In basement areas, control lighting using occupancy sensors.
- Reset the supply and return chilled water temperature for air-cooled chillers.
- Reset the thermostat temperature setting during non-working hours.
- Reduce loads on heating, ventilation, and air-conditioning consumption.
- Replace traditional halogen lamps with high-efficiency compact fluorescent lamps in branches.
Our Environment

This program is jointly administered by the Environment Management Unit and the General Facilities Management team. Monthly reports track the energy savings and highlight where further corrective actions are needed.

**IT server consolidation**
During 2012, 29 of the Bank’s servers were consolidated into nine. Server consolidation is a key advantage of virtualization in NCB’s data centers. By migrating physical systems to virtual machines (VMs) on a single server, NCB utilizes hardware resources more efficiently, reducing power costs while also simplifying IT management.

NCB is continuously expanding its market share – with inevitably higher consumption of power, water, and paper consumption. For example, the Bank’s main IT center needed 2 MW of additional power, mainly due to implementing 24/7 customer support. This led to extension of business hours and installation of more hardware in the building. So higher power consumption is sometimes a side effect of ongoing efforts to improve the customer experience.

**LED lighting**
LEDs (light-emitting diodes) are a form of solid-state lighting that is extremely efficient and long lasting. NCB has worked with a US-based company to source specially made U-Shaped LED bulbs that enable the retention of existing lighting fixtures.

During 2012, all conventional light bulbs on the 10th floor of the Head Office were replaced. The remaining floors will be converted in 2013, along with NCB’s Riyadh Regional Building and the IT Center.

**Solar water boilers**
Saudi Arabia is located in one of the sunniest regions on the planet, making solar power a potentially prime source of clean and renewable energy. In 2012 NCB installed solar water boilers at five pilot branches in the Central, Northern, and Eastern regions, making them less dependent on mains electricity. It is estimated that each boiler will result in average energy savings of 1,728 Kwh per year. Multiply this figure by four boilers per branch and the savings could reach 6,912 Kwh per year – an annual cost equivalent of SR 1,797.00.

**Sun-proof window film**
NCB also reduced branch energy consumption by installing sun-proof film in branches and main buildings. So far, nine pilot branches have been completed throughout the Kingdom, resulting in lower energy consumption, reduced UV rays (which are harmful), and extending the life of furniture. The Bank aims to install sun-proof film in all branches with large glass structures, extending the 10 percent average power reduction achieved in the four branches already treated.

**Air curtains**
Air curtains are becoming a standard feature in almost all commercial and office buildings. Installing them in NCB branches will enhance indoor air quality, reduce the penetration of insects, maintain branch temperature, and reduce energy costs. This new initiative will see air curtains installed in 40 branches during 2013.

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**Adopting best international ‘green’ practice**
Since 2008, all NCB corporate reports have been printed on papers that carry the Forest Stewardship Council (FSC) symbol – an international certification system that guarantees papers are sourced from responsible forests.

Since the Bank established the Sustainability Department and produced its first Sustainability Report in 2008, FSC papers have been specified exclusively. Print runs have also been reduced, using electronic publishing to make reports easily accessible on the NCB website.

In 2012, the Bank sponsored the Gulf Environment exhibition for the third successive year and its own stand there was built from recycled materials.

Another 2012 achievement was using recycled material for the production of calendars, resulting in better quality and reduced cost. A new design enables the calendars to be reused by replacing the paper inserts each year.
Improving environmental awareness among staff

NCB recycling campaign

The Bank’s recycling initiative was launched in 2009. In its first year more than 200 tons of shredded paper was sold for recycling, generating SR 120,000. NCB also sells plastic waste (PET) and cans. The past year has seen recycling initiatives extended to five further main buildings: the Training Center, Central Archive, Al-Mahmal Tower, Khalidiya Building, and the MITC Building.

All money raised from recycling is channeled to the Bank’s Corporate Social Responsibility Department for use in community related activities.

Earth Hour

For the third consecutive year, NCB participated in Earth Hour, a global event that raises awareness of environmental issues. NCB joined people around the globe to express solidarity with the planet by switching off lights in its main buildings across the Kingdom for one hour. NCB’s participation proudly represented Saudi Arabia within the global community and was well received locally, as well as abroad.

World Environment Day – Children’s Environment Day (Beáty Sadiqaty)

World Environment Day stimulates awareness of the environment and enhances public action. It was first held in 1973. NCB strongly believes in the importance of participating in activities that have a direct impact on the environment and the community.

Participating in such eco-friendly events raises awareness of environmental issues among our employees, customers, and the community. NCB therefore invited employees’ children (aged 6-12) to celebrate World Environment Day with fun activities that centered on reconnecting children to natural resources, the importance and benefits of recycling, reducing waste, and the magnitude of everyone’s role in preserving the environment.

World Water Day – Head Office water-saving campaign

As part of NCB’s commitment to sustainable development, and keeping true to our environmental stewardship, the Bank launched the ‘Start Now! Save Water’ campaign as its contribution to World Water Day on March 22.

The campaign was launched in partnership with the National Water Company, and NCB provided all Head Office employees with water-saving devices (bathroom aerator, kitchen aerator, water leak detective, and toilet tank bank) for use in their homes and to increase awareness among their families of this international initiative.

HRH Prince Turki Bin Nasser Award for Environment Stewardship and CSR

NCB received the award for its continuously effective efforts and contributions to corporate social responsibility, sustainable development, and environmental programs. NCB was judged on four criteria: direct impact on target community, demonstration of long-term sustainability, institutional participation of management and staff, and national significance through aligning to the national agenda.

The future

In 2013, a range of initiatives will reduce electricity and water consumption in the Bank’s main buildings and branches. And one main building and one branch will be assessed for solar power feasibility.

Green building standards will become an integral part of the branch network expansion strategy and these will also be applied to existing buildings wherever feasible. By expanding electronic services and paperless banking options for clients and employees, the Bank will work to reduce the amount of paper used.

In making procurement decisions, NCB will continue to analyze product life cycles from manufacturing to redundancy – especially for equipment that should be disposed of in a responsible manner.

We will raise environmental awareness among staff through a messaging campaign and internationally recognized environmental events. We will also develop online tools to calculate employees’ carbon footprints and run an energy reduction competition between branches and main buildings. We also plan an ‘old electronics collection day’ for employees, where they will be able to recycle obsolete devices or donate them to charity.
## Our Business Partners

### Key performance indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending on locally based suppliers (percent)</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td>93.73%</td>
</tr>
<tr>
<td>Supplier satisfaction levels (rating out of 100)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Suppliers adopting sustainability management (percent)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Business partners engaged in sustainability (new)</td>
<td>N/A</td>
<td>N/A</td>
<td>6</td>
<td>9</td>
</tr>
</tbody>
</table>

### 2012 goals
- Prepare five-year plan to support local suppliers
- Support Saudi SME suppliers in various areas
- Improve sustainability capabilities of staff who deal with business partners
- Incorporate sustainability into vendor evaluation
- Engage 13 business partners in sustainability

### 2012 achievements
- Added sustainability into vendor proposal evaluations
- Engaged 9 new business partners in sustainability
- Initiated sustainability programs with 2 partners
- Conducted the Second Annual ‘Partnership for a Sustainable Future’ Symposium
- Held staff business partners workshop

### 2013 goals
- Continue to support Saudi SMEs
- Roll out supplier proposal evaluation that includes sustainability criteria
- Explore opportunities for corporate customers to become suppliers
- Engage 14 business partners in sustainability, including 7 suppliers
- Automate payment processes and introduce electronic procurement
- Further enhance staff sustainability capabilities
Our engagement with suppliers and associates in fostering commitment to sustainability continues to gather momentum. The early focus on awareness and understanding is now moving to a new phase of action, as an increasingly broad spectrum of partners learn, share experience, and collaborate with NCB on the practical application of sustainability principles – and how to reap the ensuing benefits.

**Adel Al Howar**  
SEVP – Head, Individual Banking Sector  
Senior Officer for Central & Eastern Regions
NCB’s commitment to sustainability extends beyond the core values that shape the Bank’s own internal policies – respect, integrity, and professionalism. The same principles apply to its interaction with a far-reaching network of business partners, whether international correspondent banks or domestic suppliers of goods and services.

The Bank’s business partners are expected to adhere to ethical and transparent corporate governance, manage internal business processes and supply chains in a sustainable manner, and foster economic, social, and cultural development.

**Developing a Five-year Business Partners Plan**
NCB’s Five-year Business Partners Plan was defined in accordance with the Business Partners Steering Committee mandate. This committee comprises members from NCB’s correspondent banking, consumer finance, compliance, information technology, human resources, and procurement functions.

The plan covers five categories across all business partners – engaging business partners in sustainability, creating opportunities for local suppliers, raising sustainability capabilities internally, jointly developing initiatives that address sustainability issues, and promoting dialog on sustainability-related issues through annual summits.

**Engaging business partners in sustainability**
In 2012, NCB engaged with nine business partners in sustainability (four suppliers, four international banks/corporations, and one government entity), aiming to generally raise sustainability awareness – specifically on emerging issues in the Kingdom such as power, water, unemployment, financial inclusion, and waste – and jointly initiated projects and programs to address them.

To continuously engage business partners effectively, we conducted a sustainability workshop for 17 staff who deal with business partners, enabling them to be better informed and support partners in managing the opportunities in the NCB sustainability framework. The workshop included subjects such as an overview of basic sustainability challenges, NCB’s sustainability framework and journey, examples of sustainable products and services, and an interactive group exercise with the objective of coming up with ideas for sustainability-related programs or products.

**Correspondent banks**
NCB’s Correspondent Banking Division, within the International Sector, manages more than 1,000 relationships in 90 countries, offering a full range of products and services that meet the needs of correspondents, as well as other customers conducting international business. Correspondent Banking Division also controls and monitors the activities of NCB’s representative offices in South Korea and Singapore.

A key priority when engaging with correspondents is to learn and exchange sustainability knowledge and expertise. In 2012 we engaged with Citibank, Standard Chartered, Itaú Unibanco, and Petron, with all parties sharing their journey towards sustainability and discussing areas of possible future collaboration.

**Partners and associates**
NCB maintains key relationships with other banks and corporations for the purpose of business collaboration. In 2012, NCB built on the engagement that took place in 2011 with a leading auto dealer in the Eastern province, and jointly developed a campaign with the objective of promoting fuel-efficient cars through the Lease and Finance Division. The campaign will be launched in the first quarter of 2013, aiming to raise environmental awareness of how hybrid cars reduce environmental impact.

**Symposium spurs partners’ sustainability interest**
The growing interest in sustainability was very evident in the turnout for the Bank’s second Annual Symposium on Partnerships for a Sustainable Future that took place in December.

The ‘Together for a Brighter Tomorrow’ symposium was attended by 47 delegates, mainly representing NCB business partners such as Al Hoshan, Al Majdouie, King Abdullah Economic City, Microsoft, Oracle, Saudi Telecommunications Company (STC), SABIC, Savola, Standard Chartered, and Xerox.

A range of speakers shared their expertise on sustainability issues and challenges. INJAZ-Saudi Arabia gave a presentation on its partnership with NCB, and senior NCB executives spoke on subjects such as sustainability and procurement, and environmental and CSR approaches.

One of the symposium’s outcomes was to create a knowledge bank allowing partners to share NCB’s knowledge and sustainability best practice.
NCB owns 64.68 percent of Turkiye Finans Katılım Bankası, one of Turkey’s leading participation banks. The remaining shares are held by the bank’s previous owners, the Ulker and Boydak groups, which own extensive business interests in Turkey.

**Suppliers**

In 2012, NCB engaged with a number of suppliers to discuss ways of collaborating on the development of sustainability. These included Xerox, Al Jeraisy, Al Hoshan, and Schneider Electric.

The Bank also built on previous years’ discussions with Al Majal by conducting activities such as a beach cleanup that sought to raise awareness of environmental issues. A total of 80 employees from Al Majal and NCB participated.

One of our 2013 goals is to further engage with suppliers on sustainability, seeking to raise awareness, and provide assistance and encouragement to adopt more sustainable practices that will enhance NCB’s sustainability performance, and explore areas for collaboration.

NCB strongly believes in the importance of participating in activities that have direct impact on the environment and the community. Participating in such eco-friendly causes helps to raise awareness on environment issues among employees, partners, customers, and the community. Additionally, events such as the beach cleanup reflect our engagement with employees in sustainability initiatives and our continuous support for volunteer work.

**Small business winning**

NCB’s long-standing efforts to support smaller and local companies have fostered growth in the private sector and encouraged job creation. In 2012, this principle was extended to more of the Bank’s activities.

Jeddah’s Voila Chocolate was introduced to supply chocolate gifts, presented on trays hand-crafted by graduates of the AlAhli Productive Families Program.

Deera Café, a local caterer, was appointed to supply the NCB Head Office coffee shops. And Elaf Hotels and Issham Hotel accommodate NCB employees attending the Bank’s training center – instead of staying at international hotels. NCB has helped these promising local companies to grow their businesses and create employment opportunities.

At the second level of small business development, NCB is discussing Saudization with suppliers, exploring how the Bank can pass on its own experience and expertise.

---

**Spending on locally based suppliers**

- Saudi Arabia based suppliers (percent): 6.27%
- International suppliers (percent): 93.73%

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Procurement achievements in 2012 included the introduction of environmentally-friendly printing guidelines – in collaboration with Xerox – a broad initiative for reducing paper consumption and recycling paper, and saving electricity by replacing printers, scanners, and faxes with new multifunctional network printers.

The adoption of the new internal printing policy, based on the migration to multifunction printers, will result in annual savings of around SR 3 million. Nearly SR1 million of this will flow from adopting a more responsible approach to our environment by reducing the use of equipment such as printers, cutting down on energy consumption, and acquiring paper from more responsible sources.

The Procurement Department enhanced the prequalification process for all suppliers, incorporating sustainability criteria and weighting in evaluating suppliers’ proposals.

Suppliers who adopt sustainable practices will be given preference, and supplier practices will be monitored through self-assessment forms that will also identify potential areas for improvement.

**Supporting local small and medium-size enterprises**

NCB’s goal is to support Saudi SMEs in building better businesses and generating sustainable growth.

In 2012 the focus was on three areas: hospitality services – where an agreement was reached with two local hotel groups (Elaf and Isham) to accommodate NCB staff on out-of-town training; confectionery – introducing Voila Chocolate to supply the Bank with chocolate gifts; and catering – appointing the local companies Deera Café and Al-Sanabeek to provide catering services.

These initiatives help the Saudi companies to grow their businesses and create new job opportunities.

At the next stage, the Bank plans to discuss Saudization-related issues within suppliers.

**Government and regulators**

The Ministry of Finance, the Saudi Arabian Monetary Agency (SAMA), and the Capital Market Authority (CMA) are business partners who play a vital role in guiding and supporting the Bank and its activities. They play an important role in upholding and raising standards that seek to protect the interests of all stakeholders.

NCB has entered into discussions with a government entity to explore engagement opportunities within the sustainability framework.
PRACTICING AND PROMOTING RESPONSIBLE COMPETITIVENESS

When we look at the type of role NCB seeks to take in society, a key goal is to contribute to the achievement of ‘responsible competitiveness’ in Saudi Arabia and our region. Responsible competitiveness is about making sustainable development count in the marketplace. It is about creating markets that reward business practices for delivering improved social, environmental, and economic outcomes. It also seeks to foster markets that create economic success for nations encouraging such business practices through public policies and societal norms.

NCB’s view of responsible competitiveness continues to evolve. While still in the early stages ourselves, we hope to do more to work with others on this journey towards sustainability. These efforts will include:

Promoting adoption of sustainability management and reporting in Saudi Arabia
During 2012 NCB used a variety of platforms to promote the uptake of sustainability within the Kingdom, including the 2012 Gulf Environmental and Sustainable Development Forum where the Bank’s Corporate Banking Sector Head, AlSharif Khalid AlGhalib spoke on ‘Developing Strategies for Financing Green Initiatives and Sustainable Development’. NCB was the forum’s gold sponsor for the third year.

NCB also sponsored the Saudi Green Building Forum, which seeks to promote green building initiatives in Saudi Arabia, boost business collaboration, unveil new employment opportunities, and enhance the Kingdom’s built environment.

Promoting the application of sustainability principles and thinking into major Government projects and investment initiatives
There is no more important place to ensure the application of sustainability thinking than major infrastructure initiatives that will impact the long-term competitiveness of a nation. In Saudi Arabia, the Government has pledged $400 billion in infrastructure investments to help maintain strength in the Saudi economy.

Given the Bank’s involvement in many of the country’s largest projects and investments, NCB will fully support Government initiatives to further incorporate sustainability into these plans, thus maximizing the contributions of these projects to Saudi Arabia’s national competitiveness.

Participating in national and regional sustainability initiatives
NCB is a founding member of the Arab Sustainability Leadership Group (ASLG). Under the leadership of Her Majesty Queen Rania Al-Abdullah of Jordan, the ASLG comprises a group of companies, government agencies, and non-profit organizations from across the region that are firmly committed to adopting sustainability management and reporting.

The future
After adding sustainability criteria into suppliers’ proposal evaluations in 2012, NCB’s Procurement Department will roll out its new proposal evaluation process in 2013. The Bank will also continue to improve the sustainability capabilities of staff who deal with business partners – as well as supporting SMEs and exploring opportunities where corporate customers can be encouraged to deal with approved suppliers, under certain guidelines.

In 2013, NCB aims to engage 14 additional business partners in sustainability (seven suppliers, two international banks and corporations, two automotive dealers, two insurance companies, and one government entity) to jointly develop sustainability programs that create mutual long-term value and enhance sustainable development.

NCB’s Five-year Business Partners Plan covers five areas – engaging on sustainability, creating opportunities for local suppliers, raising capabilities, joint sustainability initiatives, and promoting dialogue through annual summits.
Our People

### Key performance indicators

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Bank employees*</td>
<td>5,378</td>
<td>5,443</td>
<td>5,879</td>
<td>6,690</td>
</tr>
<tr>
<td>Saudization rate (percent overall)</td>
<td>88.75%</td>
<td>89.40%</td>
<td>90.02%</td>
<td>92.08%</td>
</tr>
<tr>
<td>Female staff (percent of total staff)</td>
<td>7.62%</td>
<td>8.01%</td>
<td>10.57%</td>
<td>12.44%</td>
</tr>
<tr>
<td>Female hires (percent of total new hires)</td>
<td>17.43%</td>
<td>16.21%</td>
<td>18.17%</td>
<td>18.13%</td>
</tr>
<tr>
<td>Staff attrition (percent of total workforce)</td>
<td>8.36%</td>
<td>9.15%</td>
<td>12.08%</td>
<td>12.98%</td>
</tr>
</tbody>
</table>

* Excluding NCB Capital and Turkiye Finans Katlim Bankasi

### 2012 goals
- Extend employee engagement surveys to cover 90% of the Bank
- Integrate sustainability in training offerings
- Assess Saudization challenges in certain positions at Grade 6 and below
- Improve sustainability capabilities of RMs
- Increase female employees to 20% (by 2015)
- Introduce new redeployment policy

### 2012 achievements
- Achieved a Bank-wide Saudization rate of 92.08%, and 100% in the retail network
- Extended employee engagement surveys to cover 90% of the Bank
- Increased female recruitment and employment
- Introduced the ‘Shine as an NCB Ambassador’ Program
- Introduced the Opportunities Program
- Introduced the Kafa’at Program

### 2013 goals
- Achieve a Saudization rate of 93%
- Increase female employees to 20% (by 2015)
- Integrate sustainability into procurement training and leadership training
- Improve sustainable capabilities of RMs
- Integrate LEED green building capabilities for engineers and architects

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**Note:**
- **2012 goals**
- **2012 achievements**
- **2013 goals**

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*Excluding NCB Capital and Turkiye Finans Katlim Bankasi*
Developing the skills and professional efficiency of our people at every level is at the heart of NCB’s approach to managing human capital. All our programs are designed to build capacity, with special focus on areas such as Saudization, talent retention, succession planning, and creating a supportive work environment that is conductive to optimal performance.

**Saud S. Sabban**  
EVP – Head, Human Resources Division
Our People

ATTRACTING, RETAINING, AND OPTIMIZING TALENT

Management approach
At the core of NCB’s success, and its ambitions for growth, is the importance of employees – our human capital. The Bank’s Human Resources (HR) function covers three areas:

Human resource specialists
This area collaborates with each of the Bank’s business areas to devise, develop, and implement practices and solutions that align with the businesses’ strategies. Activities include recruiting and orientating new employees, managing all aspects of staff development, performance management, staff relations and engagement, promoting work-life balance, administering personnel policies, and managing staff pay and benefits, job descriptions, and evaluations.

Human resource business partners
This area interprets business plans to enable the development of talent management strategies, succession and resource plans, champion induction, orientation, and development programs. They provide advice and solutions to business managers on all people-related issues.

Human resource service centers
This area is responsible for ensuring that employee services are delivered efficiently, effectively, and on time.

Staff numbers
NCB hired 1,831 new employees in 2012. On 31 December 2012, NCB had 6,690 full-time staff, up from 5,879 at the end of 2011. The workforce comprises two main categories: staff who are directly hired full-time, and outsourced employees. The latter are typically stewards, security guards, and other support staff.

Saudization
The Bank continues to be a leader in the recruitment and development of Saudis, not only in the banking sector but among all private sector organizations. NCB currently ranks second among Saudi banks in the Nitaqat rating, achieving a Saudization rate of 92.08 percent in 2012.

Recruitment
A variety of techniques are used to evaluate candidates’ suitability to NCB’s job requirements – including skills, competencies, and organizational and cultural compatibility. This assessment is being established as a standard recruitment process that will apply to all external candidates.

During 2012 a task force was formed to review all existing tools, research industry practices, and recommend standard assessment tools and techniques. The Saville Consulting ‘Wave On-line Personality Questionnaire’ has now been adopted as standard for executive and senior recruitment.

A recent survey named NCB among Saudi Arabia’s 10 most popular employers, along with Saudi Aramco, SABIC, and Procter & Gamble.

NCB Opportunities Program
The Opportunities Program notifies employees of job opportunities across NCB and empowers them with the tools to develop their careers within the Bank. The program enhances NCB’s recruitment services and helps achieve the vision of becoming an ‘Employer of Choice’, while supporting business growth and Saudization ratios.
<table>
<thead>
<tr>
<th>NCB Staff Number</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directly hired full-time employees (payroll)</td>
<td>5,378</td>
<td>5,443</td>
<td>5,879</td>
<td>6,690</td>
</tr>
<tr>
<td>Outsourced employees</td>
<td>1,271</td>
<td>1,348</td>
<td>1,341</td>
<td>1,350</td>
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</table>

<table>
<thead>
<tr>
<th>NCB employment by region Number</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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</thead>
<tbody>
<tr>
<td>Western</td>
<td>3,266</td>
<td>2,954</td>
<td>3,306</td>
<td>3,759</td>
</tr>
<tr>
<td>Central</td>
<td>917</td>
<td>991</td>
<td>1,004</td>
<td>1,155</td>
</tr>
<tr>
<td>Eastern</td>
<td>546</td>
<td>657</td>
<td>718</td>
<td>829</td>
</tr>
<tr>
<td>Southern</td>
<td>319</td>
<td>394</td>
<td>470</td>
<td>518</td>
</tr>
<tr>
<td>Northern</td>
<td>352</td>
<td>446</td>
<td>381</td>
<td>429</td>
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<table>
<thead>
<tr>
<th>NCB Saudization by region Percent</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western</td>
<td>84.87%</td>
<td>84.09%</td>
<td>86.15%</td>
<td>88.37%</td>
</tr>
<tr>
<td>Central</td>
<td>91.71%</td>
<td>92.53%</td>
<td>91.73%</td>
<td>95.06%</td>
</tr>
<tr>
<td>Eastern</td>
<td>95.6%</td>
<td>96.35%</td>
<td>95.26%</td>
<td>96.26%</td>
</tr>
<tr>
<td>Southern</td>
<td>98.43%</td>
<td>97.48%</td>
<td>98.94%</td>
<td>99.23%</td>
</tr>
<tr>
<td>Northern</td>
<td>97.72%</td>
<td>97.53%</td>
<td>98.16%</td>
<td>99.77%</td>
</tr>
<tr>
<td>Total</td>
<td>88.75%</td>
<td>89.40%</td>
<td>90.02%</td>
<td>92.08%</td>
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</table>

<table>
<thead>
<tr>
<th>NCB gender mix</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female staff (percentage of total staff)</td>
<td>7.62%</td>
<td>8.01%</td>
<td>10.57%</td>
<td>12.44%</td>
</tr>
<tr>
<td>Female managers (percentage of total managers)</td>
<td>6.59%</td>
<td>7.73%</td>
<td>8.29%</td>
<td>9.38%</td>
</tr>
<tr>
<td>Female executives (percentage of total executives)</td>
<td>0.0%</td>
<td>1.44%</td>
<td>3.38%</td>
<td>3.62%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NCB hiring of women</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female hires (percentage of total new hires)</td>
<td>17.43%</td>
<td>16.21%</td>
<td>18.17%</td>
<td>18.13%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NCB salary ratio of men to women, by category Ratio (excluding expatriates)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>*</td>
<td>*</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>Managerial</td>
<td>54%</td>
<td>46%</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>Supervisory and clerical</td>
<td>50%</td>
<td>50%</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>Others</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

*No comparison given because there are no women in these categories*
## Our People

### NCB training

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of training hours</td>
<td>107,536</td>
<td>165,136</td>
<td>122,205</td>
<td>170,758</td>
</tr>
<tr>
<td>Total cost of training (SR 000’s)</td>
<td>25,252</td>
<td>24,816</td>
<td>29,670</td>
<td>33,572</td>
</tr>
<tr>
<td>Average cost of training per individual trained (SR)</td>
<td>4,267</td>
<td>6,823</td>
<td>2,521</td>
<td>1,963</td>
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</table>

### Average hours of training per year, per employee

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>10.67</td>
<td>19.37</td>
<td>16.75</td>
<td>15.55</td>
</tr>
<tr>
<td>Managerial</td>
<td>25.11</td>
<td>23.61</td>
<td>15.76</td>
<td>11.90</td>
</tr>
<tr>
<td>Supervisory and clerical</td>
<td>12.66</td>
<td>12.32</td>
<td>7.75</td>
<td>9.18</td>
</tr>
<tr>
<td>Outsourced</td>
<td>1.8</td>
<td>16.11</td>
<td>15.61</td>
<td>10.92</td>
</tr>
<tr>
<td>Others</td>
<td>16.76</td>
<td>0</td>
<td>72.00</td>
<td>6.50</td>
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</table>

### NCB staff training by gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of Attendees</th>
<th>Total training hours</th>
<th>Avg hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>2615</td>
<td>26560</td>
<td>10.16</td>
</tr>
<tr>
<td>Men</td>
<td>14485</td>
<td>144198</td>
<td>19.95</td>
</tr>
</tbody>
</table>

### NCB staff attrition Percent

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total workforce</td>
<td>8.36%</td>
<td>9.15%</td>
<td>12.08%</td>
<td>12.98%</td>
</tr>
</tbody>
</table>

### NCB staff attrition by gender Percent

<table>
<thead>
<tr>
<th>Gender</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>15.4%</td>
<td>13.87%</td>
<td>16.10%</td>
<td>20.51%</td>
</tr>
<tr>
<td>Men</td>
<td>8.6%</td>
<td>18.00%</td>
<td>11.65%</td>
<td>12.16%</td>
</tr>
</tbody>
</table>

### NCB staff attrition by employee category Percent

<table>
<thead>
<tr>
<th>Category</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>15.38%</td>
<td>9.38%</td>
<td>14.29%</td>
<td>6.00%</td>
</tr>
<tr>
<td>Managerial</td>
<td>7.69%</td>
<td>8.61%</td>
<td>10.44%</td>
<td>7.50%</td>
</tr>
<tr>
<td>Supervisory and clerical</td>
<td>10.67%</td>
<td>9.47%</td>
<td>12.37%</td>
<td>16.85%</td>
</tr>
</tbody>
</table>

### NCB staff attrition by age Percent

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-30</td>
<td>12.13%</td>
<td>10.64%</td>
<td>15.26%</td>
<td>17.03%</td>
</tr>
<tr>
<td>31-40</td>
<td>7.24%</td>
<td>9.12%</td>
<td>9.19%</td>
<td>15.74%</td>
</tr>
<tr>
<td>41-50</td>
<td>4.89%</td>
<td>5.18%</td>
<td>7.62%</td>
<td>3.38%</td>
</tr>
<tr>
<td>51-60</td>
<td>9.47%</td>
<td>8.70%</td>
<td>14.23%</td>
<td>4.24%</td>
</tr>
</tbody>
</table>

It covers the entire internal recruitment process, whether for planned expansion or replacement hiring, from posting a job vacancy to appointment of an internal candidate. Key principles have been formalized along with eligibility criteria that define who can apply for posted jobs. The program’s web-based platform has been implemented in preparation for full launch early in 2013.

### The Kafa’at Program

The Kafa’at Program is designed to redirect Bank personnel according to organizational needs and ensure that all stakeholders benefit, especially employees, as we seek opportunities to build capacity from within.

The program is managed by the Recruitment Department and is a result of NCB’s decision to support valuable staff, whose jobs have been eliminated or changed due to organizational changes, in finding alternative positions across the bank. To achieve this, a set of Kafa’at criteria is applied in nominating candidates to the Kafa’at pool.
The program demonstrates the Bank’s support for employees by ensuring that those selected remain engaged through assessment and re-skilling. The Kafa’at Assessment Center enables HR to match staff with suitable jobs across the Bank.

The assessment of value attached to an employee’s expertise, knowledge, skills, and abilities ensures strategic redirection based on business needs.

**Building capacity**

A key focus in 2012 has been to ensure that all new staff are properly inducted into the Bank and that they understand the standards that NCB expects. New induction events were created in Arabic and English that feature a range of speakers giving their expert views. These include briefing sessions on sustainability-related topics. During the year, 20 sustainability briefings were conducted for more than 350 new employees.

One of NCB’s newest development programs for junior and new staff is ‘Shine as an NCB Ambassador’, introduced by the Services Sector in 2012. It helps to develop young Saudi staff who have been with NCB for less than a year. Shine focuses on refining soft skills in communication, speaking and influencing, critical thinking, and effective execution capabilities.

Staff surveys show that people value training highly, and that a good reputation for training has a strong influence on people’s choice of employer. It is therefore important to NCB that employees are given access to the highest quality development programs that they feel benefit their careers.

In 2012, the Bank’s training strategy provided closer links between training, performance, and recognition – creating bespoke plans for each business division and equipping individuals to achieve their goals. Recognition can then be based on job performance, rather than the quantity of training completed.

Training courses covered sales, service, technology, knowledge of the Bank and its products, preparation for specialized professional certificates, and compliance – understanding staff responsibilities under banking laws and regulations. During the year, training in support of NCB’s strategic goals included a residential finance program for more than 800 staff working in Consumer Finance Sector and NCB branches.

**Coaching and mentoring**

Coaching and mentoring have emerged as important development tools within NCB’s people development structures, proven to be of significant value in enhancing overall performance standards.

Under the Mentoring Program, a more experienced employee shares knowledge, skills, and perspective to support the personal and professional growth of high-potential employees. It is most effective when the employee is new to the organization, recently promoted to a managerial role, or new to the role with additional responsibilities.

Coaching is one of the tools managers use to develop their teams by building knowledge and skills through questioning and enhancing employees’ self-awareness and potential, while also addressing specific proficiency gaps. It helps to manage the performance of individuals and teams and improve communication and feedback – creating a vibrant corporate culture that will lead to less conflict and greater cooperation.

NCB now has a total of 16 mentors, 13 certified internal coaches, and 315 certified managers, all using coaching as a tool to develop their employees.
People development and talent retention
People development stems from the process of evaluating our employees. Based on identified strengths, skill gaps, and growth opportunities, structured development plans are designed to improve individuals’ performance and support career progression and talent retention.

NCB’s Management and Leadership Development Program (MLDP) is a critical tool within the People Development platform, geared to emerging senior and executive leaders. Specific MLDP programs are developed to attract, retain, and enhance the potential of our talent. They help in developing a leadership culture and a stream of competent leaders to support succession planning.

A total of 161 employees have participated in the Bank’s MLDP program. NCB has successfully partnered with leading institutions such as Crestcom and MILE (Madinah Institute for Leadership and Entrepreneurship), with 36 employees participating in their programs, in addition to those who have attended London Business School and IMD as part of the Executive Education Program.

The MLDP has contributed to engaging senior management in supporting the development of high-potential candidates, and has also developed the technical and leadership skills of local talent. As a result, the number of Saudis in managerial and executive positions has increased.

Performance management
The People Development cycle begins with performance management, ensuring that employees are provided with clear objectives, ongoing feedback and performance reviews, and recognition for superior work. The Bank seeks to build a robust performance culture by effectively managing the cycle of goal setting, mid-year reviews, and year-end assessments.

To drive the performance discipline, NCB ensures that the performance management system includes components such as a shared responsibility between manager and employee on setting clear annual performance objectives for each employee, and communicating these objectives throughout the performance cycle.

Regular coaching, feedback, and communication with employees are integral factors. Performance appraisals are completed at least annually, assessing each person’s actual performance relative to objectives. Timely corrective action is taken when performance does not meet expectations, and underperformers receive periodic assessments to clarify the required development areas.

In 2012, key enhancements were made to the performance management framework to meet organizational needs in terms of adjusting the performance rating scale and automating the performance management cycle.

Several awareness sessions were conducted across the organization to explain the changes to employees and address their concerns, as well as open sessions to train employees on how to use the performance review system.

Succession planning
Succession planning is a critical element of NCB’s people management approach. Candidates are identified for each executive and critical senior position with a well-structured and accelerated development plan so they are ready to take over senior positions as they become vacant.

As a complementary tool, the Bank’s Leadership and Management Effectiveness Framework has three dimensions: creating direction, delivering outcomes, and building capabilities. This framework is used to consistently assess the readiness of potential future leaders.

Coupled with the talent profiles, both these tools support Executive Talent Committee members with the nomination and selection of the succession pool.

Listening to our people
Surveys stimulate employee engagement
Business-driven surveys of employee opinion form a two-way communications asset for NCB. Management receives an objective assessment of issues that are important to employees, while staff have the opportunity to voice their concerns and participate in determining future courses of action.

The core questionnaire used for all employees across NCB comprises 54 questions. Supplementary questions tailored for each business area and senior management provides additional feedback on sector-specific and leadership issues.

The surveys also involve employees in organizational change, providing an immediate measure of the success of change initiatives, and establishing a baseline from which to track progress towards a high-performance workforce. Survey findings are shared with all staff, and focus groups are formed to analyze and clarify issues.

The Bank-wide participation rate of 88 percent in 2012 places NCB in the upper quartile of global survey response benchmarks.
Exit interviews assist in retention of quality staff
Interviews with departing employees are a vital contributor to NCB’s efforts to retain a high-quality workforce, helping the Bank to adopt measures to prevent the loss of valuable talent.

Only voluntary leavers (82 percent of total leavers in 2012) are interviewed. The interviews identify ‘push factor’ leavers (those ‘pushed away’ by preventable reasons) and ‘pull factor’ leavers (those ‘pulled away’ by external opportunities). Roughly 90 percent of voluntary leavers participate, with the interviewer acting as an impartial broker between management and the employee.

Quarterly reports summarize interview data, giving NCB management insight into the factors contributing to staff turnover and enabling corrective action to be taken. Interviews are confidential so employees can be open about their reasons for leaving.

Security and safety
NCB is committed to maintaining a safe work environment. Our security policy is an active and practical statement including a range of plans, procedures, and guidelines that safeguard employees, customers, visitors, contractors, facilities, and assets.

In 2012 the Bank’s Security and Safety Department implemented 19 fire drills in main buildings in Jeddah, Riyadh, and Dammam. These included total evacuation procedures, which the department oversaw to ensure the safety of employees and that staff understand what to do in the event of an emergency.

This was carried out in coordination with Civil Defense, the police, the traffic department, and the Saudi Red Crescent.

Coaching and mentoring
NCB now has a total of 13 certified internal coaches, 16 mentors, and 315 certified managers. Internal coaches are trained to develop their teams by building knowledge and skills through questioning and enhancing employees’ self-awareness and potential. Coaching helps to manage the performance of individuals and teams and improve communication and feedback.

Mentoring is where a more experienced employee shares knowledge, skills, and perspective to support the personal and professional growth of high-potential employees. It is particularly effective with new employees and those recently promoted to a managerial role or given additional responsibilities.
Fostering diversity
Complementing the Bank’s lead in Saudization, human capital spanning more than 29 nationalities is one of NCB’s key strengths as an institution. Fostering such diversity is central to our mission as a sustainable company. It helps us to develop better ideas and respond more accurately to the needs of customers, giving our people the opportunity to realize their full potential while reinforcing the Bank’s reputation as an employer of choice.

In a corporate sense, ‘diversity’ is not only about having a multicultural workforce. It is about valuing differences and inclusion, encompassing areas such as ethnicity, gender, age, culture, physical disability, and religious belief.

The Bank’s employees represent all walks of academic life, from high school to PhD graduates, with a special focus on encouraging people who didn’t pursue higher education by giving them the opportunity for compensatory career training and opportunities for professional advancement.

Creating more opportunities for women
Women account for more than 10 percent of NCB’s workforce, including several in key management roles. By 2015, our aim is to raise the ratio of female staff to 20 percent. The empowerment of women is a subject of international interest, and Saudi Arabia is no exception. In examining the Kingdom’s social landscape, there have been significant developments in recent years.

There are more job opportunities for women in both the private and public sectors, and impediments that complicated the employment of women due to certain social traditions have been eliminated. NCB is proud to participate in these developments from numerous perspectives:

Employment opportunities
NCB has one of the highest employment rates of women in Saudi Arabia, and the number of female staff is steadily rising. As of December 2012, it stood at 10.99 percent, up from 4.5 percent in 2005. An important indicator is the percentage of women hired in a given year – in 2012 this was 18.1 percent.

Management opportunities
As of December 2012, women represented 3.6 percent of all executive positions (up from 1.44 percent in 2010), and 9.4 percent of all managerial positions.

Equal rights
NCB policies do not discriminate between male and female employees. Equal work by equally qualified staff is equally rewarded, regardless of gender.

Freedom of association
There are no trade unions in Saudi Arabia. NCB’s business depends on attracting and retaining top talent, and providing a workplace conducive to optimizing the talent of its employees. Various frameworks have been adopted for engaging collectively with employees. Most significantly, the Staff Relations department was established to facilitate staff engagement and give employees a greater voice.
Harassment (including electronic harassment) and corrective action
NCB employees have the right to work in an environment free from discrimination, harassment, and intimidation, whether committed by or against a co-worker, supervisor, customer, vendor, or visitor.

Harassment, whether based on a person’s gender, race, religion, nationality, or citizenship, is repugnant and totally inconsistent with NCB’s commitment to provide a respectful and professional workplace. Allegations of harassment are fully investigated by the Staff Relations department and recommendations are made to the Head of Human Resources for approval. Discrimination in any area of employment, including hiring, advancement, compensation, discipline, and termination, is not tolerated.

The Bank’s Corrective Administrative Action Plan was issued in accordance with Saudi Arabia’s Labor Law and applies to all employees. These Corrective Administrative Action tables have been adapted from NCB’s Bylaws Charter as part of the Management Policy and Procedures Guide. Applying the appropriate corrective administrative action is compulsory, especially when an employee’s actions result in financial or goodwill damage.

Complaints and grievance practices
NCB adopts the chain of command system of management with respect to filing complaints and grievances. Each employee refers administrative or technical problems firstly to their supervisor. Each tier refers to the tier immediately above, including any commentary, within a maximum of three working days.

Complaints and grievances are considered by management to assure justice and fairness, and submitting a grievance will not be detrimental to the employee. Grievances are ruled upon and the decision conveyed within a maximum of 10 working days from the day of submission.

NCB has a Complaints and Grievances Committee mandated by the Chief Executive Officer, comprising a chairman and two members. Rulings are normally provided within five days of receipt. Employees may appeal against a ruling directly to the CEO, within 15 days. The subsequent ruling of the CEO is final and binding.

Child labor and forced labor
NCB adheres to internationally accepted principles of human rights relating to the abolition of child labor and prevention of forced and compulsory labor. NCB does not employ child labor in any circumstances and has not encountered any instances of forced or compulsory labor.

Contractor selection and human rights in the supply chain
NCB has a well-developed contractor selection process, which varies according to the type and scale of requirement. In all circumstances, the Bank’s contracts specifically require contracting companies to abide by all national laws, including laws on the abolition of child labor and prevention of forced and compulsory labor.

Human rights in financing decisions
As with contractors, all agreements with customers require that they abide by all national laws, which includes laws relating to the abolition of child labor, and prevention of forced and compulsory labor.

The future
Further investment in the Bank’s Saudization program is vital and we aim to achieve an overall rate of 93 percent. By 2015 we also aim to increase NCB’s female employment rate to 20 percent.

A key goal of NCB’s Sustainability Strategy is to build capability. In 2013, the focus will be on integrating sustainability with procurement and leadership training. We will also continue to improve the sustainability capabilities of our Relationship Managers in various areas, and we will introduce LEED (Leadership in Energy and Environmental Design) green building capabilities for engineers and architects.

We will continue to develop our communication channels and, by revamping our sustainability portal, we will keep employees up-to-date with latest sustainability news and information. Sustainability will continue to be systemized into the Bank’s induction program and training programs and a sustainability survey will be conducted to establish a baseline for understanding employees’ perceptions of the Bank’s sustainability initiatives.
## Our Community

### Key performance indicators

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social contribution/net income (percent)</td>
<td>1.30%</td>
<td>1.54%</td>
<td>1.00%</td>
<td>1.00%</td>
</tr>
<tr>
<td>Total community investment (SR '000s)</td>
<td>46,164</td>
<td>64,019</td>
<td>51,212</td>
<td>55,661</td>
</tr>
<tr>
<td>Total social contribution (SR '000s)</td>
<td>53,921</td>
<td>72,788</td>
<td>58,521</td>
<td>61,719</td>
</tr>
<tr>
<td>Productive Families Program (beneficiaries)</td>
<td>1,026</td>
<td>1,519</td>
<td>1,426</td>
<td>1,593</td>
</tr>
<tr>
<td>Recruitment program (people employed)</td>
<td>N/A</td>
<td>75</td>
<td>162</td>
<td>360</td>
</tr>
<tr>
<td>Entrepreneur program (beneficiaries)</td>
<td>605</td>
<td>823</td>
<td>802</td>
<td>1,280</td>
</tr>
<tr>
<td>INJAZ-Saudi Arabia Program (students engaged)</td>
<td>909</td>
<td>1,480</td>
<td>4,163</td>
<td>11,864</td>
</tr>
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</table>

### 2012 goals
- Support 600 entrepreneurs with knowledge, mentoring, and benevolent loans
- Provide 150 people with prosthetic equipment
- Install 25 dialysis machines in hospitals
- Equip 10 specialized education centers

### 2012 achievements
- Supported 1,280 entrepreneurs with knowledge, mentoring, and benevolent loans
- Supported 1,593 people through the AlAhli Productive Families Program
- Various social projects

### 2013 goals
- Strengthen overall focus on job creation and supporting non-profit organizations
- Target 17,000 beneficiaries through the Job Opportunities Program
- Train 1,711 men and women through the Entrepreneur program
- Train 1,300 women through the Productive Families Program
- Support 24,000 students through INJAZ
NCB has served more than one million beneficiaries since 2005 by focusing on four distinct areas: job opportunities, the health and education sectors, and providing strategic support to charities and welfare organizations. Due to changing national development needs and the pressing demand to create employment, we will now adopt this challenge as the major strategy in executing CSR programs during 2013, as well as continuing our traditional support for non-profit organizations.

Abdulrazak M. Elkhraijy
EVP – Head, Islamic Banking Development Group
Our Community

DESIGNING AND MANAGING PROGRAMS THAT ADDRESS CRITICAL NEEDS IN OUR SOCIETY IN THE FIELDS OF JOB CREATION, EDUCATION, HEALTH, AND SOCIAL WELFARE

For more than half a century, NCB has been an integral part of Saudi Arabian society, listening and talking to customers and gaining meaningful insight into their needs and aspirations. Such intimate interaction with the community has enabled the Bank to understand how it can best contribute to upliftment and empowerment and has underpinned its long-established work in this area.

This ever-growing commitment to community affairs led to the formation of a specialist Corporate Social Responsibility (CSR) Department seven years ago, dedicated to meeting the evolving challenges of a dynamic society. Today, it oversees a series of CSR programs that bring lasting benefits where they are most needed, with job creation, education, health, and social welfare as the cornerstones. NCB also makes donations to various educational, cultural, health awareness, skills training, and sport initiatives.

Our CSR Vision
For NCB to be the leading joint stock company in the field of Corporate Social Responsibility.

Our CSR Mission
To provide creative, innovative, and non-profit CSR programs that contribute to the country’s development, and to continue with NCB’s CSR initiative.

Our CSR Objectives
• Contributing to the reduction of the unemployment rate by creating job opportunities
• Supporting the educational sector
• Supporting the health sector
• Adopting various social initiatives to help the needy while promoting the concept of volunteerism in the community

CSR programs
NCB operates four ongoing programs, each specific to the defined areas of CSR focus. They are:

AlAhli Job Opportunity programs
By helping young people to develop their know-how and planning skills to start and manage their own small businesses, and equipping low-income families with vocational crafts that enable them to secure steady source of income, the AlAhli programs create a path to self-sufficiency.

AlAhli Entrepreneur program
This program provides proper foundations to establish and sustain small enterprises, working in partnership with chambers of commerce, private universities and colleges, the Saudi Commission for Tourism, and the Technical and Vocational Training Corporation.

Programs include: ‘How to Start Your Small Business’, ‘How to Start Your Own Home Business’, ‘How to Manage Your Small Business’, and the ‘Creative Ideas Workshop’. During 2012, 1,280 people enrolled in these courses (about 60 percent more than last year), all of whom are now equipped with the skills and knowledge necessary to create and manage their own businesses, thus alleviating the prospect of unemployment while giving them the potential to create jobs for others.

New in 2012, the Creative Ideas Workshop (presented with universities and colleges) aims to develop young people’s business ideas and apply sound methodologies to bring them to fruition.

The NCB Start-Up Award is an incentive for small business creation and expansion, with particular focus on Saudization. NCB’s partner is the Saudi Arabian General Investment Authority (SAGIA).

In 2012, the Start-Up Award was won by S-me, a mobile social networking company that provides access to social features by using SMS texting. In 2013, the winner will be announced in April.

Graduates from AlAhli Entrepreneur programs are eligible for financing, conducted in partnership with Bab Rizq Jameel, the job opportunities arm of the Abdul Latif Jameel Community Initiative.

<table>
<thead>
<tr>
<th>NCB annual social contribution</th>
<th>SR 000s</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<tr>
<td>CSR programs</td>
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<td>27,897</td>
<td>30,111</td>
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<td>NCB donations and sponsorships*</td>
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<td>18,267</td>
<td>33,908</td>
<td>21,171</td>
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<tr>
<td>Total community investment</td>
<td></td>
<td>46,164</td>
<td>64,019</td>
<td>51,212</td>
<td>55,661</td>
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<tr>
<td>CSR unit operations</td>
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<td>7,757</td>
<td>8,769</td>
<td>7,309</td>
<td>6,058</td>
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<tr>
<td>Total social contribution</td>
<td></td>
<td>53,921</td>
<td>72,788</td>
<td>58,521</td>
<td>61,719</td>
</tr>
<tr>
<td>Total social contribution/NCB net income (percent)</td>
<td></td>
<td>1.30%</td>
<td>1.54%</td>
<td>1%</td>
<td>1%</td>
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*Includes substantial one-off social contributions
### AlAhli Job Opportunity programs

#### 'How to Start Your Small Business' course  Number

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men/women benefited</td>
<td>325</td>
<td>359</td>
<td>392</td>
<td>369</td>
</tr>
<tr>
<td>Towns/cities covered</td>
<td>14</td>
<td>12</td>
<td>11</td>
<td>14</td>
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#### 'How to Start Your Home Business' course  Number

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<thead>
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<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
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<tbody>
<tr>
<td>Women trained</td>
<td>224</td>
<td>234</td>
<td>233</td>
<td>239</td>
</tr>
<tr>
<td>Training courses</td>
<td>15</td>
<td>14</td>
<td>11</td>
<td>12</td>
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#### 'How to Develop Your Small Business' course  Number

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men benefited</td>
<td>42</td>
<td>112</td>
<td>86</td>
<td>135</td>
</tr>
<tr>
<td>Towns/cities covered</td>
<td>2</td>
<td>5</td>
<td>4</td>
<td>6</td>
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### AlAhli Start-Up Award  Number

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
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<tbody>
<tr>
<td>Companies benefited</td>
<td>N/A</td>
<td>31</td>
<td>31</td>
<td>12</td>
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### Financing Small Projects  Number

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tbody>
<tr>
<td>Entrepreneurs benefited</td>
<td>N/A</td>
<td>N/A</td>
<td>60</td>
<td>21</td>
</tr>
<tr>
<td>Towns/cities covered</td>
<td>N/A</td>
<td>N/A</td>
<td>3</td>
<td>4</td>
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</table>

### AlAhli Productive Families program  Number

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women trained</td>
<td>1,026</td>
<td>1,469</td>
<td>1,266</td>
<td>1,593</td>
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<tr>
<td>Towns/cities covered</td>
<td>19</td>
<td>24</td>
<td>22</td>
<td>30</td>
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<tr>
<td>Training courses</td>
<td>52</td>
<td>80</td>
<td>69</td>
<td>88</td>
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### Small Loans program  Number

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<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women benefited</td>
<td>104</td>
<td>50</td>
<td>50</td>
<td>67</td>
</tr>
<tr>
<td>Towns/cities covered</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Training courses</td>
<td>104</td>
<td>50</td>
<td>50</td>
<td>67</td>
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</table>

### Charity Stabilization project  Number

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tbody>
<tr>
<td>Charities benefited</td>
<td>N/A</td>
<td>7</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Towns/cities covered</td>
<td>N/A</td>
<td>5</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Training rooms</td>
<td>N/A</td>
<td>9</td>
<td>7</td>
<td>12</td>
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### Recruitment program  Number

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men/women benefited</td>
<td>N/A</td>
<td>75</td>
<td>162</td>
<td>360</td>
</tr>
<tr>
<td>Towns/cities covered</td>
<td>N/A</td>
<td>3</td>
<td>2</td>
<td>11</td>
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</table>

### Creative Ideas Workshop  Number

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women benefited</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>504</td>
</tr>
<tr>
<td>Towns/cities covered</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>3</td>
</tr>
</tbody>
</table>
AlAhli Productive Families program
This supports members of low-income families by strengthening their ability to secure a steady source of income. In partnership with welfare organizations, chambers of commerce, the Saudi Commission for Tourism, and the National Committee for Prisoners’ Welfare, this program undertakes three projects: handicraft training, microloans, and charity stabilization.

In 2012, the handicraft training project attracted 1,593 participants (12 percent more than last year), the small businesses project made 67 microloans, and nine organizations benefited from the charity stabilization project.

NCB also purchased over 4,500 handmade gift items produced by 50 graduates of the AlAhli Productive Families program, which were used as unique and highly appreciated Eid gifts for the Bank’s customers.

AlAhli Recruitment program
This seeks to reduce the unemployment rate in Saudi society by training unemployed youth and improving their abilities to meet the requirements for jobs in the private sector. Strategic partners are private sector companies, specialized consulting offices, and the Human Resources Development Fund.

In 2012, 360 people were placed in appropriate positions (a 63 percent increase over last year), against an original target of 220 placements. Like the small business projects, the AlAhli Recruitment program represents a significant NCB contribution to job creation.

AlAhli Education programs
These programs support and enhance the education sector by providing best practice methodologies and tools, enriching knowledge, and fostering computer literacy.

AlAhli Educational Development program
This works in partnership with the Ministry of Education to set up specialized education centers that help students with learning difficulties.

Programs include: ‘3alami’ (vision and ambition) that develops the skills of people from needy families, helping them to achieve their goals and to continue their studies after high school. The program is delivered in conjunction with a charity organization and 311 students were trained in 2012.

Programs presented in partnership with INJAZ-Saudi Arabia help to develop students’ skills and improve their career prospects. During 2012, 11,864 students received training (a 185 percent increase from 2011) and they are now benefiting from the new skill sets they acquired.

In total, 5,187 students benefited from NCB’s specialized education programs in 2012.

INJAZ, an enduring partnership
The partnership between NCB and INJAZ has been helping young Saudis to compete in the world of modern commerce since 2007-08.

Training programs have benefited 11,864 students, with NCB providing financial support and logistics and Bank employees volunteering their skills and competencies.

INJAZ-Saudi Arabia is the localized equivalent of America’s Junior Achievement program, and for nearly a century has offered courses in entrepreneurship, business leadership, ethics, communications, and financial literacy for young people across the world.

NCB has nurtured INJAZ as being at the heart of its corporate social responsibility goals, with the Bank’s Chief Executive Officer, Abdulkareem Abu Alnasr, serving as Chairman of the Board of INJAZ-Saudi Arabia.

Other leading Saudi companies have now joined NCB in supporting INJAZ by providing resources, in-kind services and volunteers.

INJAZ-Saudi Arabia total students since 2008
INJAZ students in programs sponsored by NCB since 2008

INJAZ-Saudi Arabia
AlAhli Health Programs
These programs support and enhance the health sector in Saudi Arabia by providing medical equipment that increases the capacity of Government hospitals, while also raising levels of health awareness among Saudi citizens.

AlAhli Medical Units Program
The Bank donates kidney dialysis machines, working in partnership with the Ministry of Health and the Prince Fahad Bin Salman Society for the Care of Patients with Renal Failure. In 2012, 35 units were donated, a valued and much appreciated resource that enables renal sufferers to lead lives that are as close to normal as possible.

AlAhli Medical Equipment Program
NCB provides non-profit health institutions with baby incubator units. Strategic partners are the Ministry of Health and The Assembly of Saudi Arabia Newborn Children. The donation of five units in 2012 is a further contribution by a long-standing NCB program that can make the difference between life and death for new-born children.

AlAhli Health Awareness Program
The Bank works in partnership with the Saudi Red Crescent and the Saudi Diabetes & Endocrine Association to improve health awareness in specific areas. The Red Crescent partnership presents first aid courses, while the Diabetes Side Effects Awareness Program helps patients to better manage their daily activities. In 2012, 4,786 people benefited from this program that addresses a disease that is one of the most prevalent in Saudi Arabia and the entire Middle East.

AlAhli Charitable Medical Treatment Program
This assists financially needy patients to get medical treatment. The strategic partner is the Zamzam Charity for Medical Voluntary Services. In 2012, 195 people benefited from this program, enabling them to receive badly needed medical care that would otherwise have been beyond their means.

AlAhli Social programs
These programs promote volunteerism and support charity organizations to meet the actual needs of the community. NCB aims to enhance its active role and contribution to humanitarian work by designing and adopting innovative programs to support charity organizations in meeting the needs of the community, responding to emergencies or calamities, and supporting orphans and the disabled.

AlAhli Charity Organization Program
This enables charity organizations to best perform their role in serving the community. In partnership with the King Khalid Foundation, the program builds the skills and abilities of employees and volunteers working in charitable organizations focusing particularly on improving operational and strategic efficiency. The program comprises two focused schemes:

AlAhli Charity Organization Support project
This benefited 455 charities in 182 towns and cities across the Kingdom in 2012 (an increase of 20 percent over 2011). In total, 323,350 people have benefited from this program.

AlAhli Charity Employees Capabilities project
192 people participated during the year, from 59 charities across the Kingdom.

AlAhli Orphans Program
Conducted in partnership with the Ministry of Social Affairs and INJAZ-Saudi Arabia, this program benefited 33,234 children during 2012, exceeding NCB’s target and 24 percent higher than 2011. It has three parts:

School Bags project – orphaned children are provided with school bags and equipment. In 2012, 31,959 orphans were assisted in 40 cities and towns.

Supporting Honored Students project – provides extra financial assistance to high-achieving students. In just its second year, 1,100 students benefited.

Orphans Social Development program – benefited 175 children during 2012.

Motivated by environmental commitment, Khalid Al Enezi set up a business to recycle plastic. But the young entrepreneur felt he lacked management skills and so signed up for NCB’s How to Start Your Own Entrepreneur program.

He speaks highly of the results and the benefits from applying the techniques that he learned. Now, Khalid has expanded, working hard to include petroleum refining processes, and adding North Petroleum Refinery to his original Khalil Hamza Plastic Recycling Plant.
## Our Community

### AlAhli Education programs

<table>
<thead>
<tr>
<th>Specialized education centers equipment</th>
<th>Number</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centers</td>
<td></td>
<td>N/A</td>
<td>20</td>
<td>10</td>
<td>N/A</td>
</tr>
<tr>
<td>Towns/cities covered</td>
<td></td>
<td>N/A</td>
<td>15</td>
<td>18</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Training students from families in need</th>
<th>Number</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students</td>
<td></td>
<td>N/A</td>
<td>314</td>
<td>351</td>
<td>311</td>
</tr>
<tr>
<td>Towns/cities covered</td>
<td></td>
<td>N/A</td>
<td>5</td>
<td>9</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supporting INJAZ-Saudi Arabia</th>
<th>Number</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students</td>
<td></td>
<td>909</td>
<td>1,480</td>
<td>4,163</td>
<td>11,864</td>
</tr>
<tr>
<td>Schools targeted</td>
<td></td>
<td>15</td>
<td>15</td>
<td>70</td>
<td>172</td>
</tr>
</tbody>
</table>

### AlAhli Health programs

<table>
<thead>
<tr>
<th>AlAhli Medical Equipment program</th>
<th>Number</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment donated</td>
<td></td>
<td>45</td>
<td>53</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td>Government hospitals targeted</td>
<td></td>
<td>11</td>
<td>7</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AlAhli Medical Units program</th>
<th>Number</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units donated</td>
<td></td>
<td>3</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>(ICU mobile units)</td>
<td></td>
<td>N/A</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AlAhli Charitable Medical Treatment program</th>
<th>Number</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals targeted</td>
<td></td>
<td>N/A</td>
<td>N/A</td>
<td>113</td>
<td>195</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AlAhli Health Awareness program</th>
<th>Number</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals targeted</td>
<td></td>
<td>15,000</td>
<td>0</td>
<td>1,500</td>
<td>4,206</td>
</tr>
<tr>
<td>Towns/cities covered</td>
<td></td>
<td>37</td>
<td>0</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Diabetes Awareness program</td>
<td></td>
<td>N/A</td>
<td>N/A</td>
<td>200</td>
<td>584</td>
</tr>
</tbody>
</table>

### AlAhli Social programs

<table>
<thead>
<tr>
<th>AlAhli Charity Organizations program</th>
<th>Number</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizations supported</td>
<td></td>
<td>373</td>
<td>412</td>
<td>431</td>
<td>455</td>
</tr>
<tr>
<td>Financial assistance (SR millions)</td>
<td></td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Charity employees developed (new)</td>
<td></td>
<td>N/A</td>
<td>90</td>
<td>156</td>
<td>192</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AlAhli Orphans program</th>
<th>Number</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Bags project</td>
<td></td>
<td>26,614</td>
<td>26,897</td>
<td>26,624</td>
<td>31,959</td>
</tr>
<tr>
<td>Towns/cities covered</td>
<td></td>
<td>26</td>
<td>21</td>
<td>26</td>
<td>40</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AlAhli Disabled program</th>
<th>Number</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternative equipment (disabled benefiting)</td>
<td>223</td>
<td>174</td>
<td>400</td>
<td>344</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AlAhli Voluntary Work program</th>
<th>Percent</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCB employees engaged in volunteer work</td>
<td>3.6%</td>
<td>4%</td>
<td>3.4%</td>
<td>2.4%</td>
<td></td>
</tr>
</tbody>
</table>
AlAhli Disabled Program
This provides support and care for people with special needs, working in partnership with the Disabled Children’s Organization and the Jeddah Center for Speech & Hearing. In 2012, 344 units were distributed – enabling children to enjoy the sounds of the world around them.

AlAhli Voluntary Work Program
This gives NCB staff the opportunity to contribute to community service and increase their CSR awareness. Strategic partners are INJAZ-Saudi Arabia and the Saudi Environmental Society. During 2012, 163 staff participated and passed on their knowledge and experience in an area that is so vital to community development in the Kingdom.

Awards
NCB received widespread industry recognition and a distinctive award in 2012, for ‘Best Bank Supporting SMEs in the Arab World’, presented at the Mohammed Bin Rashid Awards for Young Business Leaders, held in Dubai in conjunction with the Global Entrepreneurship Summit.

The future
With employment and job creation being so vitally important to Saudi Arabia’s economic wellbeing, this will become the primary area of NCB’s future focus while other programs will be rationalized. As a result, the Job Opportunities Program will be significantly expanded, and Social Welfare activities will be intensified to cover a much wider range of mainly Saudi non-profit organizations.

Other sponsorships and donations
In addition to the four sector-focused programs, NCB is a major contributor to numerous local and regional banking industry events and local community activities. These range from sponsorships in key areas of focus, to responding to various special appeals and requests. In 2012 these included:

- Global Competitiveness Forum – Riyadh
- Tawteen (Saudization) Job Exhibition – Jeddah
- First Scientific Summit: National Economy, Challenges and Aspirations – Jeddah
- Harvard Islamic Finance Forum – UK
- Saudi SME Forum – Riyadh
- Euromoney Saudi Arabia Conference – Riyadh
- ID Forum – Jeddah
- Saudi International Conference of Nephrology and Renal Transplantation – Riyadh
- The Voice of Down Syndrome Charity – Riyadh
- Productive Families Exhibition – Al Ahssa
- Jeddah Economic Forum – Jeddah
- Talent and Creativity Olympics – Jeddah
- Abha Investment Forum – Abha
- The Environmental Infrastructure Forum – Jeddah
- Disability and Rehabilitation Experts Conference – Unaizah
- National Hiring Initiative Meetings – Jeddah and Riyadh
- Local Tourism Program – Riyadh
- Arabian Turkish Economic Forum – Istanbul
- Souk Okaz Festival – Taif
- International Gulf Environment and Sustainable Development Exhibition – Jeddah
- Arab Banking Conference – Beirut and Abu Dhabi
- Islamic World Economy Report – London
- Islamic Banking Council Summit – Istanbul
- Social Responsibility Exhibition – Riyadh
- Prince Salman Social Center – Riyadh
- Al Baha Investment Forum – Al Baha
- Annual Shari’a Conference – Bahrain
- National Productive Families Forum and Exhibition – Jeddah
- Saudi Corporate Social Responsibility Forum – Jeddah
- Health awareness campaign on common diseases – Jeddah
- Prince Sultan bin Abdul Aziz Fund for the Development of Women – Eastern Province
- Bisat Al Reeh Festival – Jeddah
- Buraidah Summer Festival – Buraidah
- The First Jubail Corporate Social Responsibility Forum – Jubail
- Support our Brothers in the Syria Campaign – Riyadh
- Young Businessmen and Women’s Council in the Eastern Province – Dammam
- 14th Musiad Fair and 16th International Business Forum – Turkey
- Jeddah Human Resources Forum – Jeddah
- Saudi Green Building Forum Conference – Riyadh
- The International Islamic Banking Forum – Bahrain
- The Armed Forces materials and spare parts Exhibition – Dhahran
- Women’s Largest Exhibition in the Middle East (WOMEX) – Riyadh
- Arab-Net Forum – Riyadh
- Jeddah Youth Business Forum – Jeddah
- International Air Services Negotiation Conference – Riyadh
## Our Shareholders

<table>
<thead>
<tr>
<th>2012 goals</th>
<th>2012 achievements</th>
<th>2013 goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Grow core revenue</td>
<td>• Grew core revenue by 8.7%</td>
<td>• Grow core revenue</td>
</tr>
<tr>
<td>• Improve productivity</td>
<td>• Sustained top quartile ROE performance</td>
<td>• Enhance productivity</td>
</tr>
<tr>
<td>• Sustain top quartile ROE performance</td>
<td>• Formalized the Compliance, Risk &amp; Audit Committees across the Bank</td>
<td>• Maintain financial strength</td>
</tr>
<tr>
<td>• Maintain financial strength</td>
<td>• Established risk metrics</td>
<td>• Raise compliance and anti-money laundering awareness of NCB employees</td>
</tr>
<tr>
<td>• Deepen compliance culture</td>
<td></td>
<td>• Reduce operational risks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increase loan-deposit ratios</td>
</tr>
</tbody>
</table>

### Key performance indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets (SR millions)</td>
<td>257,452</td>
<td>282,372</td>
<td>301,198</td>
<td>345,320</td>
</tr>
<tr>
<td>Total shareholders’ equity (SR millions)</td>
<td>30,860</td>
<td>32,857</td>
<td>35,585</td>
<td>39,404</td>
</tr>
<tr>
<td>Total shareholders’ equity attributable to equity holders of the Bank (SR millions)</td>
<td>29,271</td>
<td>31,272</td>
<td>34,165</td>
<td>37,704</td>
</tr>
<tr>
<td>Net income (SR millions)</td>
<td>4,040</td>
<td>4,724</td>
<td>6,012</td>
<td>6,453</td>
</tr>
<tr>
<td>Dividend distribution (SR millions)</td>
<td>2,244</td>
<td>2,693</td>
<td>2,693</td>
<td>2,693</td>
</tr>
<tr>
<td>Economic value retained (SR millions)</td>
<td>1,696</td>
<td>1,870</td>
<td>2,866</td>
<td>3,281</td>
</tr>
<tr>
<td>Return on assets (percent)</td>
<td>1.72%</td>
<td>1.78%</td>
<td>2.09%</td>
<td>2.05%</td>
</tr>
<tr>
<td>Return on equity (percent)</td>
<td>14.6%</td>
<td>15.6%</td>
<td>18.4%</td>
<td>17.9%</td>
</tr>
</tbody>
</table>
In 2012 NCB generated good returns and earnings growth in a difficult environment, maintaining satisfactory return on equity and a strong balance sheet, while keeping a tight rein on non-performing loans and expanding strongly in fee income and lending.

Faisal Al-Sakkaf
SEVP – Group Chief Financial Officer
CREATING ECONOMIC VALUE

NCB’s outstanding performance in 2012 was in sharp contrast to the continuing problems and challenges in the global economy. While the Bank achieved the best financial results in its history, international markets were characterized by another year of uncertainty, attributed to the deteriorating debt crisis in Europe and weakening pace of recovery, fiscal challenges in the US, and moderating growth in emerging economies.

The resultant weakening in global oil demand was countered by the effects of geopolitical tension in the Middle East, with Saudi production rising to 9.95 million barrels per day and Saudi Arabian light crude averaging $110 per barrel. This provided the Government with strong financial balances to maintain its expansionary fiscal policy, while investing heavily in social and physical infrastructure projects and stimulating private sector employment initiatives.

The thriving Saudi economic environment has been conducive to the growth of financial services such as project finance and general lending – supporting the higher demand resulting from new projects. In 2012, economic stimulus also came from higher Government employment of Saudis.

The changing economy has created many opportunities for sustainable growth, fuelled by the underlying demographics (a young population creating demand for financial services) and major structural changes such as enactment of mortgage legislation – still to be fully completed – that will accelerate the growth of residential finance.

Against this background, the benefits accumulating from the Bank’s strategic and operational responses to market conditions are clearly evident in its 2012 results. NCB is now creating economic value on an unprecedented scale and is better positioned than ever to build on its role in delivering consistent returns for shareholders and contributing to the Kingdom as a whole.

Financial results
With net income increasing by 7.3 percent to SR 6,453 million, 2012 was the best year in NCB’s long history, eclipsing even the Bank’s outstanding results in the period before the global economic crisis. The performance and achievements of 2012 reflect the effectiveness of NCB’s strategy for optimally deploying its assets and diversifying revenue sources. The strength of the operational base that the Bank has built – and the customer support that has stemmed from this – has never been so evident.

Fee income from banking services increased by a remarkable 21 percent during the year, the result of across-the-board growth in all business segments. Foreign exchange income increased by 15 percent. Despite the prevailing low interest rates, net special commission income grew by 5 percent to SR 8,993 million. Operating costs increased by 11 percent to SR 5,263 million.

Shareholders’ equity increased by 11 percent to SR 39 billion, and customer deposits by 14 percent to SR 274 billion. Total assets were up 15 percent to SR 345 billion. This increase was reflected in expanded lending activities, with the loan portfolio growing by 21 percent to SR 164 billion.

Faster credit typifies service improvements
Productivity and efficiency improvements are taking place in virtually all areas of NCB operations, leading to increased customer satisfaction and in turn contributing to the record levels of revenue and profits recorded in 2012.

A typical example is the turnaround in performance by the Credit Control Department, which has significantly reduced the lead-time between a customer applying for credit facilities and making funds available.

Although the volume of credit applications more than doubled, the percentage processed within two days almost trebled. And this was achieved with 15 percent fewer staff.

Previously, 43 days was the average time to make new facilities available – equivalent to 43 days of lost business. This has now been cut to 8.4 days, reaching as low as 3.3 days in October.
NCB continued to effectively manage credit risk, taking provisions in 2012 in accordance with its prudent provisioning methodology. As a result, its coverage ratio increased to 142.5 percent in 2012, up from 140.9 percent the previous year.

In challenging economic conditions, the Bank's return on equity was 17.9 percent in 2012 and its Pillar 1 capital adequacy ratio (Tiers 1 and 2) was 17.5 percent.

NCB also maintained its A+ rating from Standard & Poor’s and Fitch Ratings. This is the highest rating given to any bank in Saudi Arabia and reflects NCB’s financial strength and high liquidity levels, as well as its leading local and regional position.

As the Saudi economy continues to grow rapidly as a result of sustained oil revenues and Government commitment to major infrastructural investment, NCB is perfectly poised to maintain its upward trend in income and profitability.

**ENSURING GOOD GOVERNANCE**

**Governance practices at NCB**

Sound governance is essential to long-term business success, and NCB ensures its governance practices meet the highest international standards. Specifically, the Bank has modeled its governance on the recommendations of the Organization for Economic Co-operation and Development (OECD) and internationally recognized corporate and public governance practices.

NCB’s Board of Directors is ultimately accountable to shareholders and regulatory authorities for the Bank’s management. As of 31 December 2012, the Board had nine members.

All Board members are shareholders, in some cases as representatives of NCB’s institutional shareholders: the Ministry of Finance through the Public Investment Fund (69.29 percent ownership), and the General Organization for Social Insurance (10 percent). The roles of Chairman and Chief Executive Officer (CEO) are separate. The CEO is the only director who serves on the Bank’s executive management team.

<table>
<thead>
<tr>
<th>NCB direct economic value generated and distributed</th>
<th>SR millions</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct economic value generated</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenue</td>
<td></td>
<td>11,479</td>
<td>11,667</td>
<td>12,134</td>
<td>13,603</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(5,024)</td>
<td>(4,297)</td>
<td>(3,315)</td>
<td>(4,140)</td>
<td></td>
</tr>
<tr>
<td>Employee wages and benefits</td>
<td>(2,205)</td>
<td>(2,336)</td>
<td>(2,480)</td>
<td>(2,593)</td>
<td></td>
</tr>
<tr>
<td>Other income (cost)</td>
<td>(79)</td>
<td>(163)</td>
<td>(179)</td>
<td>(198)</td>
<td></td>
</tr>
<tr>
<td>Community investment</td>
<td>(50)</td>
<td>(68)</td>
<td>(54)</td>
<td>(58)</td>
<td></td>
</tr>
<tr>
<td>Less: Minority interests</td>
<td>(81)</td>
<td>(80)</td>
<td>(94)</td>
<td>(161)</td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>4,040</td>
<td>4,724</td>
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<td></td>
</tr>
<tr>
<td>Zakat</td>
<td>(101)</td>
<td>(161)</td>
<td>(453)</td>
<td>(479)</td>
<td></td>
</tr>
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<td>17.9%</td>
<td></td>
</tr>
</tbody>
</table>

**Fee income from banking services increased by a remarkable 21 percent during the year, the result of across-the-board growth in all business segments.**
The Board delegates responsibility for managing the NCB group to the CEO and the executive management team.

The Board is required to meet at least four times each year. The Board functions in part through the work of its six related committees, namely: the Executive Committee, the Credit Committee, the Risk Committee, the Audit Committee, the Nomination & Compensation Committee, and the Information Technology Committee.

The Information Technology Committee was created in 2012. Its formation illustrates the Board’s desire to ensure the quality, timeliness, and convenience of all customer services, as well as their processing and recording. The new committee enables the Board to better track IT-related service issues and ensure the appropriate infrastructure is in place to achieve its strategic goals.

Directors’ compensation falls within the range suggested by SAMA. For full details please refer to NCB’s 2012 Annual Report.

NCB convenes an Annual General Meeting (AGM), open to all shareholders holding 20 or more shares. The agenda is set in advance and Board members contribute to its development. Any participant in the AGM can contribute to the discussion of each agenda item.

The Board and its related committees receive regular reports from various sources within the Bank, as well as external sources, keeping it fully informed. These reports relate to critical issues such as performance versus strategies and plans, financial results, quality of the loan portfolio, market and regulatory developments, external audit reports, new initiatives, and other notable matters.

As the highest governance body of the Bank, avoiding conflicts of interest at Board level is essential. NCB’s bylaws provide guidance and restrictions, as do the Banking Control law and the Saudi Companies law.

Board members must self-identify conflicts of interest and are expected to identify any known conflicts of interest of other Board members if those members do not self-identify. The overall performance of Board members is periodically reviewed by the Chairman, particularly with regard to attendance at meetings and responsiveness to matters of the highest importance.

An employee whistle-blowing mechanism exists whereby employees can raise issues relating to deliberate contraventions (e.g. fraud, manipulation of financial data, and non-adherence to the Bank’s policies and procedures) committed by other employees that result in a personal gain to these employees, or in operational risks to the Bank. This confidential mechanism is under the direct personal supervision of the Chairman and the Board of Directors.

**Planning process**

NCB’s planning process starts with strategic planning and ends with the development of an Annual Operating Plan (AOP). It involves two cycles: a strategic planning cycle to develop and review the Bank’s long-term strategy, and an AOP cycle defining the financial targets for each year. In accordance with the Bank’s corporate governance framework, the Bank’s strategy and AOP are reviewed and approved by the Board of Directors.

The Bank’s strategy is tracked monthly and reassessed every year by the senior management team based on the five-year strategy plan. The CEO, in conjunction with the Group Chief Financial Officer, develops annual high-level targets for the Bank in line with its strategic objectives. These targets are reviewed, updated, and agreed with the Board. An AOP reflecting these targets is then prepared by each strategic business unit, reviewed by the Group Chief Financial Officer, and finally presented to the CEO. A consolidated AOP is then presented to the Board for approval.

**Private Banking transformation**

Reorganizing of NCB’s Private Banking Division has led to greater efficiency and improved service for high net-worth customers.

The 2012 changes incorporate four core values: client-centricity, effective communication, performance-oriented culture, and excellence in delivery.

A new organizational structure has been created, along with a compensation model and target-setting processes. A training program for Relationship Managers is in place and KPIs have been established in line with the Division’s strategic priorities.

Benefits are already evident. The transformation plan – plus continued focus on the business and its bottom line – contributed to 2012 targets being exceeded by 125 percent.

As the transformation continues, Private Banking is looking to enhance its IT and processes infrastructure by focusing on operations workflow. A new market-leading technical platform is planned by the end of 2013.
Following Board approval of the AOP, it serves as the framework guiding all the Bank’s activities and its organizational focus for the next year. Sustainability elements are an integral part of NCB’s strategic targets and are reviewed during the AOP cycle by the CEO.

Organizational performance management
NCB’s performance management framework has evolved in recent years to reflect organizational, regulatory, and governance transformations. At the organizational level, performance is monitored and reviewed at division, sector, subsidiary, and group levels. Monthly performance reviews of all sectors and strategic support units are conducted with the CEO. With the implementation of Basel III, new risk and capital governance models were set in place. The performance management framework was expanded to incorporate regular review of these measures by the senior management team and the Board.

Compliance
The ‘compliance culture’ can be defined as a set of values, attitudes, and beliefs that embraces the broad objectives of regulations, the promotion of clean and orderly markets, and the maintenance of confidence of the financial system. It is a culture that instinctively conducts its business in a way that minimizes the risk of regulatory failure and its resultant repercussions.

In 2012, NCB’s Compliance division was reorganized, with separate advisory and monitoring teams, in line with best practice. Also, to improve communications with the Bank’s regulator (SAMA), a compliance presence was established in Riyadh to better serve the Individual Banking and Corporate Banking sectors in the Central region.

Creation of the Compliance, Risk, & Audit Committee has enabled critical issues to be reported, discussed, and resolved more quickly and efficiently. The new committee has improved the control functions’ requirements, strengthened NCB’s compliance culture, and improved communication with all Sector Heads.

At Group level, significant improvement in compliance management has resulted from the provision of Compliance and Anti-Money Laundering courses. These are mandatory for all new employees. During 2012, a total of 2,197 employees completed this training, with a further 473 enrolled in newly introduced courses: ‘International Sanctions’ and ‘Know Your Customer (KYC)’.

Internal audit
The Bank’s Internal Audit division comprises 90 staff. Its primary goals are to ensure that NCB has adequate internal control procedures in place, that administrative and accounting policies are satisfactory, and that the use of information technology is controlled and secure in accordance with Bank policies. The division has established internal audit standards that have strengthened and improved the Bank’s internal control culture and environment. In 2012, NCB invested in capacity and capabilities of the Audit Division.

External audit
Ernst & Young and KPMG audit NCB’s consolidated financial statements and express their opinion. They also present the management report to the Audit Committee and to the Board of Directors.

PRUDENTLY MANAGING RISK
NCB’s Group Risk Management (GRM) Division has a team of 40 people. From the Head Office in Jeddah, GRM provides oversight of all risk-taking activities across the NCB group. The Division has specialists in credit risk, market risk, operational risk, portfolio management, and risk analytics. The GRM team works closely with relationship and business managers to ensure the risks acquired are managed in accordance with NCB’s strategy and goals. The nature of those risks is summarized as:

Risks managed
Credit risk – the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss. Credit exposures arise principally in credit-related risks embedded in loans, advances, and investments. There is also credit risk in off-balance sheet financial instruments, such as loan commitments.

Market risk – the risk that changes in market prices, equity prices, and foreign exchange rates (currency risk) will affect the Bank’s income or the value of its holdings of financial instruments.

Liquidity risk – the risk that the counterparty will be unable to meet its payment obligations when they fall due, whether under normal or stressed circumstances. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available.

Compliance risk – the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, rules and regulations, prescribed practices, internal policies, and procedures or ethical standards. Non-compliance risk also arises with products or activities of the Bank’s clients that may be ambiguous or untested with regard to compliance.
Social and environmental risks – paying close attention to how corporate customers work to comply with government policies on employment. Where NCB lends to environmentally sensitive projects, it seeks confirmation that the project is using the Equator principles on sustainable lending, a voluntary set of standards for determining, assessing and managing social and environmental risk in project financing modeled on the environmental standards of the World Bank and the social policies of the International Finance Corporation.

2012 risk performance
We improved our risk analytics capability by strengthening our stress testing infrastructure. This critical tool allows NCB to identify at an early stage any potential frailties that might emerge as a result of changing events or market conditions and so take measures to ensure the continuing financial stability and sustainability of the NCB Group.

In response to the increased operational risk challenges in the banking industry, we formed the Compliance, Risk & Audit Committee across the NCB Group. The work of this committee has allowed us to improve our operational risk capabilities. The Operational Risk department devised the plan, wrote the governance structure, and designed the process, launching it in March 2012. Since then, the new process has been embedded across the NCB Group.

We centralized the Credit Control Department into Jeddah during the year. This resulted in a tighter credit control environment, improved customer service, and provided full transparency in the management of exceptions. We also reduced our use of office space, the use of couriers, volumes of paper, and turnaround times for credit transactions.

During 2012, we continued the management of our succession plan. This four year plan has been designed to identify, coach and train predominantly Saudi men and women in the risk management disciplines and so allow our GRM staffing to be successful and sustainable in the years to come without creating an undue dependence on expatriate skills.

Finally, we introduced Risk Metrics to every risk-taking business. These allow GRM and business mangers to more easily manage the variety of risks present in our customer-based franchises.

Business Continuity Management
NCB established its Business Continuity Management (BCM) Program in June 2007, in compliance with statutory and regulatory requirements. Since inception, the BCM Program has been based within SAMA’s framework, Basel Committee on Banking Supervision (BCBS) principles of business continuity, and BCM Standard BS 25999, from the British Standards Institution (BSI), on implementing best practices.

The Bank’s BCM department has been maintaining business continuity plans across the organization electronically on a newly acquired web-based BCM application. BCM has also worked to improve awareness of essential BCM responsibilities across the NCB workforce, conducting awareness campaigns for the past three years.

NCB is intrinsically resilient and ensures the continuity of banking services to its customers, who are now assured that the Bank has a robust business continuity structure in place. The Bank has assessed risks that would potentially disrupt the business, and has taken measures to offset them in advance. However, should they occur, processes are in place to mitigate them.

A major milestone for NCB was to acquire its corporate BCM certification in 2010. NCB was the first bank in Saudi Arabia to be certified on BCM Standard BS-25999 by BSI. Keeping the same momentum, and with the release of new BCM International Standard ISO 22301 which replaces BS 25999, the BCM department is already working on plans to migrate to and implement the new specification, maintaining the Bank’s leading position.

The future
In 2013, our goals will be to sustain growth, lending, fee income, and cross selling and enhance productivity. We will continue to invest in key enablers – people, technologies, and distribution channels – to sustain top-quartile return on equity.
Our Sustainability Policy

NCB IS COMMITTED TO SUSTAINABILITY MANAGEMENT AND THE PURSUIT OF SUSTAINABLE DEVELOPMENT. NCB DEFINES SUSTAINABILITY MANAGEMENT AS THE INTEGRATED MANAGEMENT OF ECONOMIC, ENVIRONMENTAL, AND SOCIAL PERFORMANCE WITH THE GOAL OF CREATING VALUE FOR ALL STAKEHOLDERS. WE SIMPLY CONSIDER IT TO BE THE NEXT STEP IN BUSINESS EXCELLENCE.

Objectives
The purpose of this policy is to set out the principles for applying sustainability management within NCB and allocating responsibility for sustainability performance. Effectively implemented, this policy should:
• Drive NCB’s sustainability performance in relation to all its stakeholders
• Enhance NCB’s financial performance
• Enhance NCB’s business performance
• Enhance the development of the communities in which we operate
• Minimize NCB’s environmental impacts
• Support the development of the Kingdom of Saudi Arabia in a sustainable and responsible manner

Principles
As part of the implementation of NCB’s sustainability management, NCB will broadly aim to:
• Engage stakeholders to understand and respond to their priorities and expectations
• Insist on integrity, honesty, accountability, transparency, and trust. This includes public reporting on performance against all issues that are material to stakeholders

As part of the implementation of NCB’s sustainability management, NCB will specifically aim to:
• Offer innovative Shariah-compliant solutions
• Provide a responsive, convenient, and efficient service
• Improve our management of resources and minimize our environmental impacts
• Honor our commitments and enhance our standing in the business community
• Practice and promote responsible competitiveness
• Attract, retain, and optimize talent
• Foster diversity and human rights
• Design and manage programs that address critical needs in our society in the fields of job creation, education, health, and social issues
• Create economic value
• Ensure good governance
• Prudently manage risk

This policy encapsulates any existing NCB policies relating to the above principles and all relevant current legislation.

Implementation
Sustainability management will be fully adopted and integrated into all operations of NCB and in all manners available, to ensure the creation of a strong culture of sustainability within NCB and among its stakeholders.

NCB’s Strategic Plan and Annual Operating Plan (AOP) will incorporate all necessary plans and actions to ensure the achievement of continuously improving sustainability performance. Implementation is the responsibility of all managers and employees.

Compliance and reporting
NCB will report publicly on its sustainability performance through its annual Sustainability Report. Every NCB manager is responsible for ensuring that the principles set out in this policy are communicated to, understood, and observed by all employees, and for ensuring compliance in their area of responsibility.

Sustainability framework
As a graphic depiction of its sustainability policy, NCB has developed a sustainability framework (see page 3) that sets out the six key stakeholder groups and their priority issues. NCB has identified the six stakeholder groups through a process of internal analysis and verification by specialist consultants. It is essential for NCB to understand and respond effectively to the priorities of its stakeholders in order to achieve success. Engaging with stakeholders is also a critical feedback mechanism in managing and enhancing economic, social, and environmental performance.
The importance of sustainability has been recognized with the formation of NCB’s Sustainability Steering Committee, which will guide all the Bank’s future sustainability strategies and initiatives. The Committee’s establishment underlines NCB’s commitment to contribute to economic growth, the well-being of society, and environmental quality.

Since being set up in the second quarter of 2012, the Committee has identified 2013 sustainability priorities that focus on power, water, and unemployment. It is also responsible for applying performance indicators and other measures to monitor the achievement of objectives.

The committee’s membership is drawn from NCB senior management, with a mandate to ensure that sustainability efforts are aligned with the Bank’s overall strategy and goals, while adhering to the six elements of the sustainability framework: customers, the environment, business partners, employees, the community, and shareholders.
Our Stakeholders

**How we engage**
- Branch network and Corporate Service Centers
- Electronic channels
- Dedicated Relationship Managers
- Meetings and customized servicing
- Regular market surveys to gauge customer expectations, satisfaction, and loyalty
- Regular customer focus groups
- Dealing with customer query/complaints
- ‘Know Your Customer’ (KYC)

*Frequency: daily*

**Stakeholders’ priority issues**
- Security of deposits
- Shariah compliance
- Comprehensive range of services
- Service quality and customer care
- Modern and efficient branches and Corporate Service Centers
- Reliable electronic channels
- Accessible and affordable financing
- Reasonable fees and charges

**NCB’s response**
- Shariah-compliant retail banking services
- Ongoing roll-out and improvement of electronic channels
- New and improved product offerings
- Better access to consumer finance
- Continuous enhancement of customer service standards
- Continuous enhancement of customer experience
- Increase online products
- Continued support for local SMEs
- Expand engagement with strategic institutional customers

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**Our Customers**

**How we engage**
- Normal business transactions with suppliers of goods and services
- ‘Board of Directors’ meetings
- Ongoing contact with regulators (reports, visits, requests etc)
- Supporting sustainability initiatives in the region
- Annual event

*Frequency: daily*

**Stakeholders’ priority issues**
- Fair opportunities provided to and treatment of suppliers
- Long-term protection of minority shareholders’ investments
- Financial health and long-term stability of NCB
- NCB leadership in sustainability within the region
- Responsible procurement and sourcing

**NCB’s response**
- Abiding by contractual agreements with suppliers
- Net income and asset growth for minority shareholders
- Continuous dialogue with regulators and prompt responses to requests
- Establishing the Business Partners Steering Committee (meets quarterly)
- Business Partners Policy and Five-year Plan
- Engaging business partners on sustainability
- Injecting sustainability into suppliers’ proposals
- Annual “Partnership for a Sustainable Future” Symposium

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**Our Environment**

**How we engage**
- NCB and its suppliers impact on our environment through:
  - Use of water
  - Use of power
  - Production of waste
  - Production of greenhouse gas emissions

*Frequency: daily*

**Stakeholders’ priority issues**
- Improvement in the measurement of resource consumption
- Environmental initiatives that lead to:
  - Reduction in use of water
  - Reduction in use of power
  - Reduction in production of waste
  - Reduction in overall greenhouse gas emissions
- Provision of environmental leadership

**NCB’s response**
- Improved measurement of resource usage
- Water and power usage reductions
- Recycling initiatives
- Development of Environment Policy/Plan
- Establishing the Environment Steering Committee (meets quarterly)
- Establishing the Environment Unit
- 2015 targets for electricity, water and paper savings
- Environment related conferences

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**Our Business Partners**

**How we engage**
- Regular customer focus groups
- Dealing with customer query/complaints
- ‘Know Your Customer’ (KYC)

*Frequency: daily*
### How we engage

- Induction program
- Employee engagement surveys
- Training and development
- Regular meetings
- Management meetings
- Annual performance reviews
- Town hall

*Frequency: daily*

### Stakeholders’ priority issues

- Remuneration and pension plans
- Skills development
- People Development
- Workplace environment
- Merit-based compensation and promotion

### NCB’s response

- Competitive remuneration
- Increased training, mentoring and coaching
- Integrating sustainability into staff training
- Continuous focus on Saudization (90.08% in 2012)
- Program to enhance annual performance reviews for all staff
- Management and Leadership Development Program (MLDP)
- Increasing female employees to 20% (by 2015)
- Structured induction programs
- Coaching, mentoring and training covers sales, service, technology
- ‘Shine as an NCB Ambassador’ Program

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### How we engage

- Dedicated Corporate Social Responsibility (CSR) unit designs and manages programs
- Collaboration with a number of institutions (governmental and non-governmental)
- Continuous interaction with communities and beneficiaries
- Direct feedback mechanisms

*Frequency: daily*

### Stakeholders’ priority issues

- Reducing unemployment
- Improving education quality and access
- Improving health services
- Assisting the poor

### NCB’s response

- Significant financial commitment
- Prioritized four strategic areas: employment, education, health, and social programs
- Staff volunteer program
- Range of sponsorships and donations

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### How we engage

- Annual General Meeting
- Board of Directors’ meetings
- Executive Committee meetings

*Frequency: quarterly*

### Stakeholders’ priority issues

- Long-term protection of shareholders’ investments
- Generate a growing stream of high-quality earnings over time
- Sound corporate governance
- Prudent management of risk
- Management of NCB’s reputation
- Enhance productivity

### NCB’s response

- Net income growth
- Total asset growth
- Strengthening of risk management capabilities
- Ongoing development of the corporate governance framework
THIS IS NCB’S FIFTH FULL-YEAR SUSTAINABILITY REPORT, FOCUSING ON PERFORMANCE IN 2012. OUR PREVIOUS SUSTAINABILITY REPORT WAS PUBLISHED IN MARCH 2012.

Process for defining report content
This report focuses on our priority sustainability issues. We have identified these priority issues through a process that incorporates the GRI’s principles for defining report content. These include:

Materiality
We believe we have covered all major issues that reflect the organization’s significant economic, social, and environmental impacts, or that would substantively influence the assessments and decisions of stakeholders.

Stakeholder inclusiveness
We have considered all of our stakeholders. For our key stakeholder groups, we have outlined how we engage with them, their interests and expectations (as we understand them), and our responses. We hope they will read this report and share their feedback.

Sustainability context
We have taken into account global trends towards sustainability while considering the regional and local contexts in which we operate.

Completeness and boundaries of this report
As this is our fourth full-year report (and fifth sustainability report), we have attempted to be as complete as possible in accounting for our sustainability performance, while also being realistic about boundaries. These boundaries are outlined below.

Reporting cycle
We will report on our sustainability progress annually.

Report boundaries and limitations
This 2012 full-year report covers all operations of NCB within the Kingdom of Saudi Arabia, unless otherwise stated. Apart from the 2012 financial figures, the report does not cover the operations of NCB Capital or Türkiye Finans Katılm Bankası, of which NCB has a controlling stake, unless otherwise indicated.

Ensuring quality in our sustainability reporting
From the outset, ensuring the quality and credibility of this report has been of utmost importance. We have used the GRI ‘Reporting Principles for Defining Quality’:

Balance
We aspire to report in a transparent way about achievements as well as the areas where we must improve performance. We acknowledge that we are only in the early stages of adopting sustainability. This means there is tremendous opportunity for performance gains.

Comparability
We have provided four years of comparable data wherever possible and credible, for the majority of indicators.

Accuracy and reliability
We have invested significant time in calculating many indicators whose data was indirectly available but never previously tracked or managed. We have attempted to track and collect this new data in a way that could in future be audited. As a result of this effort, to the best of our knowledge the numbers included in this report fairly represent actual impacts. Where accuracy is in question, or where any estimates have been used, this is specifically noted.

Clarity
This report targets a wide range of stakeholders, with hugely different awareness and appreciation of sustainability. We have tried to cater to all ranges of readers.

Assurance
As noted, all financial numbers in the report are based on audited financial statements. In addition, we have submitted this report to GRI, which has checked it and confirmed it to be GRI Application Level B. A GRI check assesses the transparency of the report – it checks what has been included, but does not check the accuracy of the included content. We have not yet made any firm commitment to audit non-financial data in our forthcoming reports. We do, however, recognize the importance of assurance to the accountability process.
### STANDARD DISCLOSURES PART I: Profile Disclosures

<table>
<thead>
<tr>
<th>Profile disclosure</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strategy and analysis</td>
<td>Statement from the most senior decision-maker of the organization.</td>
<td>Pages 2; 3</td>
</tr>
<tr>
<td>1.2</td>
<td>Description of key impacts, risks, and opportunities.</td>
<td>Pages 2; 3</td>
</tr>
<tr>
<td>2. Organizational profile</td>
<td>Name of the organization.</td>
<td>Page 64</td>
</tr>
<tr>
<td>2.2</td>
<td>Primary brands, products, and / or services.</td>
<td>Pages 8-10</td>
</tr>
<tr>
<td>2.3</td>
<td>Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.</td>
<td>Page 54</td>
</tr>
<tr>
<td>2.4</td>
<td>Location of organization’s headquarters.</td>
<td>NCB’s Head Office is located in Jeddah</td>
</tr>
<tr>
<td>2.5</td>
<td>Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.</td>
<td>Page 64</td>
</tr>
<tr>
<td>2.6</td>
<td>Nature of ownership and legal form.</td>
<td>Page 53</td>
</tr>
<tr>
<td>2.7</td>
<td>Markets served (including geographic breakdown, sectors served, and types of customers / beneficiaries).</td>
<td>Pages 10-13; 62</td>
</tr>
<tr>
<td>2.8</td>
<td>Scale of the reporting organization.</td>
<td>Pages 6; 30; 53</td>
</tr>
<tr>
<td>2.9</td>
<td>Significant changes during the reporting period regarding size, structure, or ownership.</td>
<td>Pages 11; 12</td>
</tr>
<tr>
<td>2.10</td>
<td>Awards received in the reporting period.</td>
<td>Pages 49; 64</td>
</tr>
<tr>
<td>3. Report parameters</td>
<td>Reporting period (e.g., fiscal / calendar year) for information provided.</td>
<td>Page 62</td>
</tr>
<tr>
<td>3.2</td>
<td>Date of most recent previous report (if any).</td>
<td>Page 62</td>
</tr>
<tr>
<td>3.3</td>
<td>Reporting cycle (annual, biennial, etc.)</td>
<td>Page 62</td>
</tr>
<tr>
<td>3.4</td>
<td>Contact point for questions regarding the report or its contents.</td>
<td>Back cover of the report</td>
</tr>
<tr>
<td>3.5</td>
<td>Process for defining report content.</td>
<td>Page 56; 60</td>
</tr>
<tr>
<td>3.6</td>
<td>Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.</td>
<td>Page 62</td>
</tr>
<tr>
<td>3.7</td>
<td>State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).</td>
<td>Page 62</td>
</tr>
<tr>
<td>3.8</td>
<td>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.</td>
<td>Page 62</td>
</tr>
<tr>
<td>3.9</td>
<td>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.</td>
<td>Page 62</td>
</tr>
<tr>
<td>3.10</td>
<td>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).</td>
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</tr>
<tr>
<td>3.11</td>
<td>Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.</td>
<td>No significant changes in reporting scope, boundary, or measurement methods.</td>
</tr>
<tr>
<td>3.12</td>
<td>Table identifying the location of the Standard Disclosures in the report.</td>
<td>Page 63</td>
</tr>
<tr>
<td>3.13</td>
<td>Policy and current practice with regard to seeking external assurance for the report.</td>
<td>Page 62</td>
</tr>
</tbody>
</table>

### STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

#### DMA PS
- **Description**: Disclosure on Management Approach PS
- **Cross-reference / direct answer**: Pages 53-55

#### DMA EC
- **Description**: Disclosure on Management Approach EC
- **Cross-reference / direct answer**: Page 52

#### Other Sections
- **Cross-reference / direct answer**: Pages 60; 61
- **Cross-reference / direct answer**: Pages 60-62
- **Cross-reference / direct answer**: Pages 18-21; 56
## Global Reporting Initiative Index

<table>
<thead>
<tr>
<th>DMA EN</th>
<th>Disclosure on Management Approach EN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspects</td>
<td>Materials</td>
</tr>
<tr>
<td></td>
<td>Energy</td>
</tr>
<tr>
<td></td>
<td>Water</td>
</tr>
<tr>
<td></td>
<td>Biodiversity</td>
</tr>
<tr>
<td></td>
<td>Emissions, effluents and waste</td>
</tr>
<tr>
<td></td>
<td>Products and services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DMA LA</th>
<th>Disclosure on Management Approach LA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspects</td>
<td>Employment</td>
</tr>
<tr>
<td></td>
<td>Labor / management relations</td>
</tr>
<tr>
<td></td>
<td>Occupational health and safety</td>
</tr>
<tr>
<td></td>
<td>Training and education</td>
</tr>
<tr>
<td></td>
<td>Diversity and equal opportunity</td>
</tr>
<tr>
<td></td>
<td>Equal remuneration for women and men</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DMA HR</th>
<th>Disclosure on Management Approach HR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspects</td>
<td>Investment and procurement practices</td>
</tr>
<tr>
<td></td>
<td>Non-discrimination</td>
</tr>
<tr>
<td></td>
<td>Freedom of association and collective bargaining</td>
</tr>
<tr>
<td></td>
<td>Child labor</td>
</tr>
<tr>
<td></td>
<td>Prevention of forced and compulsory labor</td>
</tr>
<tr>
<td></td>
<td>Security practices</td>
</tr>
<tr>
<td></td>
<td>Indigenous rights</td>
</tr>
<tr>
<td></td>
<td>Assessment</td>
</tr>
<tr>
<td></td>
<td>Remediation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DMA SO</th>
<th>Disclosure on Management Approach SO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspects</td>
<td>Local communities</td>
</tr>
<tr>
<td></td>
<td>Corruption</td>
</tr>
<tr>
<td></td>
<td>Public policy</td>
</tr>
<tr>
<td></td>
<td>Anti-competitive behavior</td>
</tr>
<tr>
<td></td>
<td>Compliance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DMA PR</th>
<th>Disclosure on Management Approach PR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspects</td>
<td>Customer health and safety</td>
</tr>
<tr>
<td></td>
<td>Product and service labelling</td>
</tr>
</tbody>
</table>

| FS15 | Policies for the fair design and sale of financial products and services. | Pages 10; 11 |
|      | Marketing communications | Pages 56; 57 |
|      | Customer privacy | Pages 56; 57 |
|      | Compliance | Pages 56; 57 |

## STANDARD DISCLOSURES PART III: Performance Indicators

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC2</td>
<td>Financial implications and other risks and opportunities for the organization’s activities due to climate change.</td>
<td>Page 3</td>
</tr>
<tr>
<td>EC3</td>
<td>Coverage of the organization’s defined benefit plan obligations. NCB pays into the General Organisation for Social Insurance to support employee pensions</td>
<td></td>
</tr>
<tr>
<td>EC4</td>
<td>Significant financial assistance received from government. No financial assistance received from the government</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market presence</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC6</td>
</tr>
<tr>
<td>EC7</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Indirect economic impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC9</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental</th>
</tr>
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<tbody>
<tr>
<td>Materials</td>
</tr>
<tr>
<td>EN1</td>
</tr>
<tr>
<td>Energy</td>
</tr>
<tr>
<td>EN4</td>
</tr>
<tr>
<td>EN5</td>
</tr>
<tr>
<td>EN6</td>
</tr>
<tr>
<td>Wastewater</td>
</tr>
<tr>
<td>EN8</td>
</tr>
<tr>
<td>EN9</td>
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</table>

<table>
<thead>
<tr>
<th>Biodiversity</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN11</td>
</tr>
<tr>
<td>EN12</td>
</tr>
<tr>
<td>EN13</td>
</tr>
<tr>
<td>EN14</td>
</tr>
<tr>
<td>EN15</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Emissions, effluents and waste</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN16</td>
</tr>
<tr>
<td>EN17</td>
</tr>
<tr>
<td>EN18</td>
</tr>
<tr>
<td>EN19</td>
</tr>
</tbody>
</table>
### Performance indicators

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN21</td>
<td>Total water discharge by quality and destination.</td>
<td>NCB’s headquarters are located on urban land and, therefore, the water is channelled through the urban network.</td>
</tr>
<tr>
<td>EN22 COMM</td>
<td>Total weight of waste by type and disposal method.</td>
<td>Page 19</td>
</tr>
<tr>
<td>EN23</td>
<td>Total number and volume of significant spills.</td>
<td>NCB’s activities do not produce hazardous waste.</td>
</tr>
<tr>
<td>EN24</td>
<td>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.</td>
<td>NCB’s water discharge is channelled through the urban network and, therefore, do not affect water bodies.</td>
</tr>
<tr>
<td>EN25</td>
<td>Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.</td>
<td>NCB’s water discharge is channelled through the urban network and, therefore, do not affect water bodies.</td>
</tr>
</tbody>
</table>

### Products and services

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN26</td>
<td>Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.</td>
<td>Pages 18; 19</td>
</tr>
</tbody>
</table>

### Social: Labor practices and decent work

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA1</td>
<td>Total workforce by employment type, employment contract, and region, broken down by gender.</td>
<td>Page 33</td>
</tr>
<tr>
<td>LA2</td>
<td>Total number and rate of new employee hires and employee turnover by age group, gender, and region.</td>
<td>Page 34</td>
</tr>
<tr>
<td>LA4</td>
<td>Percentage of employees covered by collective bargaining agreements.</td>
<td>Page 39; Trade Unions not allowed in Saudi Arabia by law</td>
</tr>
</tbody>
</table>

### Occupational health and safety

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA8</td>
<td>Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.</td>
<td>Pages 46; 47</td>
</tr>
</tbody>
</table>

### Training and education

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA10</td>
<td>Average hours of training per year per employee by gender, and by employee category.</td>
<td>Pages 34; 35</td>
</tr>
<tr>
<td>LA12</td>
<td>Percentage of employees receiving regular performance and career development reviews, by gender.</td>
<td>All NCB’s employees receive regular performance and career development reviews</td>
</tr>
</tbody>
</table>

### Diversity and equal opportunity

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA13</td>
<td>Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.</td>
<td>Pages 33; 54</td>
</tr>
</tbody>
</table>

### Equal remuneration for women and men

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>LA14</td>
<td>Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.</td>
<td>Page 33</td>
</tr>
</tbody>
</table>

### Social: Human rights

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR1 COMM</td>
<td>Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.</td>
<td>NCB follows Saudi laws and regulations</td>
</tr>
<tr>
<td>HR2</td>
<td>Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.</td>
<td>Page 39</td>
</tr>
</tbody>
</table>

### Cross-reference / direct answer

**Non-discrimination**

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR4</td>
<td>Total number of incidents of discrimination and corrective actions taken.</td>
<td>No incidents reported</td>
</tr>
</tbody>
</table>

**Freedom of association and collective bargaining**

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR5</td>
<td>Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.</td>
<td>None, no trade unions in Saudi Arabia. However, NCB systematically engages with its employees collectively</td>
</tr>
</tbody>
</table>

**Child labor**

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR6</td>
<td>Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.</td>
<td>Page 39</td>
</tr>
</tbody>
</table>

**Prevention of forced and compulsory labor**

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR7</td>
<td>Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.</td>
<td>Page 39</td>
</tr>
</tbody>
</table>

**Remediation**

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR11</td>
<td>&quot;Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.&quot;</td>
<td>Pages 15; 39</td>
</tr>
</tbody>
</table>

### Social: Product responsibility

#### Local communities

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO1 (FSS)</td>
<td>Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.</td>
<td>Pages 44-46</td>
</tr>
<tr>
<td>SO1 (G3.1)</td>
<td>Percentage of operations with implemented local community engagement, impact assessments, and development programs.</td>
<td>Pages 44-46</td>
</tr>
<tr>
<td>FS13</td>
<td>Access points in low-populated or economically disadvantaged areas by type.</td>
<td>Pages 11; 12; 14; 15</td>
</tr>
<tr>
<td>FS14</td>
<td>Initiatives to improve access to financial services for disadvantaged people.</td>
<td>Pages 11; 12; 14; 15</td>
</tr>
</tbody>
</table>

#### Corruption

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO2</td>
<td>Percentage and total number of business units analyzed for risks related to corruption.</td>
<td>All NCB’s business units are audited regularly by the Audit &amp; Compliance divisions</td>
</tr>
<tr>
<td>SO3</td>
<td>Percentage of employees trained in organization’s anti-corruption policies and procedures.</td>
<td>2,812 of employees were trained for compliance during 2012</td>
</tr>
</tbody>
</table>

#### Public policy

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO5</td>
<td>Public policy positions and participation in public policy development and lobbying.</td>
<td>Pages 28; 29</td>
</tr>
</tbody>
</table>

#### Customer health and safety

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR1</td>
<td>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.</td>
<td>All NCB’s products are checked and approved by the Saudi Monetary Agency</td>
</tr>
</tbody>
</table>

#### Product and service labelling

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR3</td>
<td>Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.</td>
<td>As per Saudi National Law</td>
</tr>
<tr>
<td>PR5</td>
<td>Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.</td>
<td>Pages 14; 15</td>
</tr>
<tr>
<td>FS16</td>
<td>Initiatives to enhance financial literacy by type of beneficiary.</td>
<td>Page 45</td>
</tr>
</tbody>
</table>

#### Marketing communications

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>Description</th>
<th>Cross-reference / direct answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR6</td>
<td>Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.</td>
<td>As per Saudi National Law</td>
</tr>
</tbody>
</table>
In many ways, our growth since 1953 has mirrored the development of modern Saudi Arabia. Today, with more than 3.3 million customers, our brand is one of the Middle East’s most trusted.

The pre-eminence and respect gained over the years is mainly due to our empathy and partnership with people across the Kingdom – a special position of trust where NCB is known simply as ‘Bank AlAhli’, the national bank. NCB is wholly Saudi-owned and our customers are overwhelmingly Saudi, as are most of our management team and 91 percent of our employees.

In recent years, NCB has evolved to become a full-fledged financial services group. The first step in this process came in 2007 when all Saudi banks segregated their capital market operations as stand-alone entities. NCB Capital is now Saudi Arabia’s leading wealth manager.

NCB has had extensive international reach for many years, present in key centers such as Bahrain, Lebanon, Singapore, and South Korea. The Bank’s first major cross-border acquisition was in 2008 when we purchased a majority holding in Türkiye Finans Katılım Bankası, one of Turkey’s leading participation banks.

The principles of sustainability are central to our strategy. We appreciate the difference that NCB can make within communities and we aim to lead by example and act responsibly in all initiatives.

For instance, as an employer we embrace diversity and run many programs designed to equip young Saudi men and women with greater skills, knowledge, and opportunities. We also seek to hire and promote people to work in their own region, contributing to local economic development.

In financial terms, 2012 was the best year in NCB’s long history, with net income increasing by 7.3 percent to SR 6,453 million – even eclipsing the Bank’s results in the period before the global economic crisis. The 2012 performance reflects the effectiveness of NCB’s strategy for optimally deploying assets and diversifying revenue sources. The strength of the operational base that we have built – and the customer support that stems from this – has never been so evident.

NCB is rated A+ by Standard & Poor’s and Fitch Ratings, the highest in the Saudi Arabian banking sector.

NCB continues to gather awards, being named Best Bank in Saudi Arabia in 2012 by The Banker magazine, and Best Islamic Bank by Global Finance. Our efforts in fostering the SME sector were recognized by the 2012 award for ‘Best Bank Supporting SMEs in the Arab World’, presented at the Mohammed Bin Rashid Awards for Young Business Leaders, held in Dubai in conjunction with the Global Entrepreneurship Summit.
Statement
GRI Application Level Check

GRI hereby states that National Commercial Bank has presented its report “Growth / Strength / Innovation” (2013) to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Meth-odology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 6 March 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

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Feedback We welcome your comments on this report. These should be directed to corporatecomms@alahli.com or we may be contacted directly on +966 2 646 4288.

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