








Materiality

SAIB strives to create value in the short, medium, and long term for itself and its stakeholders. The process of value creation is a two-way process, wherein the Bank delivers value to its stakeholders as well as derives value from them. The process must be considered within the context of the Bank’s operating environment and the needs and priorities of its stakeholders.

The topics that have the most impact on the Bank’s value creation process have been identified through a multi-step process. The first step of the process was a PESTEL analysis of potential material issues categorized under the stakeholder group on which they have the most impact, as shown in the following table.

Stakeholders	Political A	Economic B	Social C	Technological D	Environmental E	Legal/Regulatory F	
Investors/ Shareholders 		Economic slowdown	Growing influence of social media	Unorthodox competition		IFRS 9	①
		Depreciating currencies against USD				Basel III	②
		Expected growth in the Saudi economy				Higher regulatory capital	③
		Financial system stability				Governance and accountability	④
Customers 		Propensity to invest in Saudi Arabia	Increasing customer expectations (especially in the younger generation)	Cloud computing		Adherence to Islamic banking principles	⑤
		Corporates are de-leveraging	Customer trust and protection	e-onboarding			⑥
		Increase in non-performing loans	Quality of service and customer satisfaction	Digitalization and automation			⑦
		New parallel stock market being set up for MSMEs	Engaging with customers	Innovation and product development			⑧
		Higher oil prices		AI, Robotics			⑨
		Higher percentage of short-term loans		Blockchain			⑩
				Cybersecurity threats			⑪
				Infrastructure and accessibility			⑫
				Data security			⑬

Stakeholders	Political A	Economic B	Social C	Technological D	Environmental E	Legal/Regulatory F
Employees 			Employee productivity	Technology driving change in job skills		Human and labour rights (14)
			Staff retention	Operational efficiency		(15)
			Saudization			(16)
			Employee satisfaction and engagement			(17)
			Staff training			(18)
			Soft skills development			(19)
			Equal opportunity and anti-discrimination			(20)
Community and the environment 	Geopolitical conflicts		Need to commit to Sustainable Development Goals		Reduction of environmental impact of operations	ESG risk in lending and investment (21)
			Higher spending power in local population		Increasing demand for green banking and green lending	Compliance with regulations (22)
			Community investment and engagement			(23)
Business partners/ Suppliers 			Sustainable procurement			(24)
			Strengthening relationship			(25)
Government/ Policymakers 		Expected increase in non-oil revenue				(26)
		Slow growth in economic integration in the GCC				(27)
		Growth of MSME sector being part of the Vision 2030 goals				(28)
		Diversification of the economy being one of the Vision 2030 goals				(29)
Regulators 						Business ethics and prevention of financial crime (30)

The next step of the process was to map the topics that have the most impact on the stakeholders and/or SAIB. The topics have been categorized as risks or opportunities or both.

The degree of materiality of importance of a topic is assessed according to its relevance to SAIB or the stakeholder and its significance, as determined by the probability of its occurrence and the magnitude of its impact. Material risks and opportunities are further analyzed to determine whether they are of high, moderate, or low importance to the Bank and its stakeholders.

The outcomes of the materiality analysis contributed to the formulation of the Bank’s strategies and strategic imperatives.

Management approach

Material topics are managed in accordance with the Bank’s strategic plan and responsibilities are assigned to the respective functional unit heads as per the Organization’s structure. The degree of materiality of a risk or opportunity will be a guideline for resource allocation. Accordingly, the Bank has designed and implemented several policies relevant to material topics to guide its employees in conducting their duties.

Opportunities to be seized

Importance to stakeholder	Very high		A28, B9, D1	A29, B4, B8, B26, C5, C6, C7, C8, C16, C17, C18, C19, C20, C22, C23, D5, D6, D7, D8, D10, D12, D15, E22, F4, F5, F14, F30
	High		B2, C1, E21, F1, F2, F3	B3, B10, C14, C15, C24, C25
	Moderate		F22	
		Moderate	High	Very high
		Importance to the Bank		

Risks to be mitigated

Importance to stakeholder	Very high			B1, B4, B8, C5, D11, D13, F4, F14
	High	D14	B2, A27, B6, B7, C21, F1, F2, F3	B5, C14, C15, D15, F21, F22
	Moderate	D10	C1	D1, F30
		Moderate	High	Very high
		Importance to the Bank		