



BOARD OF DIRECTORS REPORT

YEAR 2016

Introduction

Bank Aljazira here-in-after referred to as “the Bank” or “BAJ” is a joint Stock Company incorporated in the Kingdom of Saudi Arabia and formed pursuant to Royal Decree No. 46/M dated Jumad Al-Thani 12, 1395H (i.e. June 21, 1975). The Bank commenced its business on Shawwal 16, 1396H (i.e. October 9, 1976) with the takeover of the National Bank of Pakistan's (NBP) branches in the Kingdom of Saudi Arabia and operates under commercial registration No. 4030010523 dated Rajab 29, 1396H (i.e. July 27, 1976) issued in Jeddah. The objective of the Bank is to provide a full range of Shari’ah compliant banking products and services comprising of Murabaha, Istisna’a, Ijarah and Tawaraq, Which are approved and supervised by an independent Shari’ah Board.

The Bank is recognized as one of the leading Shari’ah compliant fast growing financial institutions in Saudi Arabia, client-driven and service oriented Saudi Financial group which provides individuals, businesses and institutions with innovative Shari’ah compliant financial services through professional and dedicated staff.

The authorized, issued and fully paid share capital of the Bank consists of 400 million shares of SAR 10 each.

Five-year financial highlights

Table below depicts the five year historical financial performance of the Bank:

Financial highlights

(In SAR millions, except where indicated)	2012	2013	2014	2015	2016
Loans and advances, net	29,897	34,995	41,245	42,174	42,099
Total assets	50,781	59,976	66,554	63,264	66,319
Customer deposits	40,675	48,083	54,569	49,765	51,602
Total Liabilities	45,770	54,248	60,396	55,851	58,216
Shareholders’ equity	5,012	5,729	6,158	7,413	8,104
Net income	500	651	572	1,287	872
Total operating income	1,601	1,839	2,226	2,922	2,519
Net income growth (%)	65.02	30.20	(12.01)	124.84	(32.26)
Total operating income growth (%)	32.53	14.87	21.04	31.25	(13.78)
Return on average equity (%)	10.27	12.12	9.63	18.97	11.24
Return on average assets (%)	1.12	1.17	0.90	1.98	1.35
Earnings per share (SAR)	1.25	1.63	1.43	3.22	2.18

Loans and Advances, net: totaled SAR 42.1 billion at the year-end, registering a slight decrease comparing to SAR 42.2 billion in 2015. The Bank continued to further diversify the loan portfolio over various economic sectors and broadened the client base, thus lowering the risk concentration.

Placements with Other Banks and Other Financial Institutions: Total outstanding at the end of 2016 were SAR 1.3 billion versus SAR 4.7 billion in 2015. This is a short term activity and represents the day to day liquidity / cash flow management.

Investment Book: The investment portfolio comprises of Sukuk, investment in equities and mutual funds. Total portfolio at the year-end was SAR 16.3 billion versus SAR 11.3 billion in 2015, increased by 44.5%. This increase in portfolio mainly represents purchase of Wakala floating rate notes.

Total Assets: reached to SAR 66.3 billion in 2016, as compared to SAR 63.3 billion in 2015, representing a slight increase of 4.8%.

Customer Deposits: increased by 3.7%, reaching SAR 51.6 billion in 2016, as compared to SAR 49.8 billion in 2015. The increase is associated with the increase in Demand deposits by 2.3 % from 24.9 billion to 25.5 billion and increase in Time deposits by 6.7 % from 23.6 billion to 25.2 billion.

Total Liabilities: reached SAR 58.2 billion in 2016, as compared to SAR 55.9 billion in 2015, representing a slight increase of 4.2%.

Geographical Analysis of Income

The table below depicts region-wise analysis of the total operating income of the Bank. The operating profit of Aljazira Capital (100 % subsidiary of the Bank) for the year ended amounted to SAR 193.5 million and is included below in group's total operating income:

Regions	Central	Eastern	Western	Head office	Total
SAR in 000's					
Total Groups Operating Income	747,707	408,719	860,386	501,825	2,518,637

Main Business Segments/Sectors

The Bank's activities comprises mainly of the following business lines:

Personal Banking

Deposits, loans and investment products for individuals, remittance, real estate financing, credit card issuance and personal financing.

Corporate Banking

Loans, deposits and other credit products for corporate, small and medium sized business and institutional customers.

Brokerage and asset management

Provides shares brokerage services to customers (this segment includes the activities of the Bank's subsidiary Aljazira Capital Company).

Treasury

Treasury is responsible for managing the assets and liabilities of the Bank. This includes profit rate risk mitigation and liquidity management to ensure that the Bank remains financially secure for customers. The other activities of Treasury include managing the Bank's investment portfolio, offering the Bank's customers Treasury products/solutions to meet their business and risk requirements.

Others

Others include investment in associate and gain on sale of property.

Table below depicts total operating income, total operating expenses, and net profit for each sector:

2016 (SAR'000)	Personal Banking	Corporate Banking	Treasury	Brokerage and Asset Management	Takaful Ta'awuni	Others	Total
Total operating income	965,408	484,208	763,934	193,482	20,211	91,395	2,518,637
Total operating expenses	(823,248)	(395,506)	(265,298)	(149,557)	(25,404)	4,034	(1,654,979)
Share in profit of associates	-	-	-	-	-	8,284	8,284
Net (loss)/income	142,159	88,702	498,636	43,925	(5,193)	103,713	871,942

Subsidiaries and Associates

Following table summarizes the names of every subsidiary/associate, its share capital, the issuer's ownership percentage in it, its main business, its principal country of operation and its country of incorporation as at 31st December 2016:

Subsidiaries / Associates	Country of operation and incorporation	Nature of business	Share Capital (millions)	Ownership	Status
AlJazira Capital Company	Saudi Arabia	Brokerage and asset management	SAR 500	100%	Subsidiary
Aman Development and Real Estate Investment Company	Saudi Arabia	Holding and managing collateral on behalf of the Bank	SAR 1	100%	Subsidiary
Aljazira Takaful Taawuni Company	Saudi Arabia	Providing Shari'ah compliant protection and saving products	SAR 350	35%	Associate

The issued share capital of Aljazira Capital amounts to SAR 500 million comprising of 50 million shares of SAR 10 each. The issued share capital of Aman Development and Real Estate Investment Company amounts to SAR 1 million comprising of 100 shares of SAR 10,000 each. The issued share capital of Aljazira Takaful Taawuni amounts to SAR 350 million comprising of 35 million shares of SAR 10 each.

Banks Profitability and growth in Financial Assets and Liabilities

The Bank has recorded a net profit of SAR 871.9 million for the year ended December 31, 2016. This represents a decrease of SAR 415.2 million or 32.3 % compared to SAR 1,287.1 million for the same period in 2015. The decrease is mainly due to a decrease in operating income which includes gain made on sale of land amounting to SAR 208.6 million comparing to gain made on sale of land amounting to SAR 572.6 million in 2015. Earnings per share were SAR 2.18 for the year ended 31 December 2016 against SAR 3.22 for the same period last year. Total assets were SAR 66.3 billion at 31 December 2016, compared with SAR 63.3 billion at 31 December 2015, an increase of 4.8 % or SAR 3.1 billion. Loans and advances to customers amounted to SAR 42.1 billion at 31 December 2016, a nominal decrease of SAR 0.1 billion, or 0.2 %, from SAR 42.2 billion at 31 December 2015. The Bank's investment portfolio totaled SAR 16.3 billion at 31 December 2016, an increase of SAR 5.0 billion or 44.5% compared with SAR 11.3 billion at 31 December 2015. Total liabilities were SAR 58.2 billion at 31 December 2016, compared with SAR 55.8 billion at 31 December 2015, an increase of 4.2 % or SAR 2.4 billion. Customer deposits totaled SAR 51.6 billion at 31 December 2016, increase of SAR 1.8 billion, or 3.7 %, compared with SAR 49.8 billion at 31 December 2015. Subordinated Sukuk totaled SAR 2.0 billion at 31 December 2016, an increase of SAR 1.0 billion compared with SAR 1.0 billion at 31 December 2015.

Borrowings and debt securities in issue

As at 31 December 2016	SAR'000
SAR 2,000 million 10 year subordinated sukuk	2,000,000
Total	2,000,000

SAR 2,000 million 10 year subordinated sukuk

As per the terms mentioned in the related offering circular and on meeting certain conditions, the Bank on 29 March 2016 exercised its call option for 1,000 Subordinated Sukuk Certificates of SR 1 million each issued on 29 March 2011.

On 2 June 2016, the Bank issued 2,000 Subordinated Sukuk Certificates (Sukuk) of SR 1 million each, with a profit distribution rate based on 6 month Saudi Inter-Bank Offered Rate (SIBOR), reset semiannually in advance, plus a margin of 190 basis point per annum and payable semi-annually in arrears on 2 June and 2 December each year until 2 June 2026, on which date the Sukuk will expire. The Bank has a call option which can be exercised on or after 2 June 2021 on meeting certain conditions and as per the terms mentioned in the related offering circular. The Sukuk may also be called upon occurrence of certain other conditions as per the terms specified in the above Offering Circular. These Sukuk are registered with Saudi Stock Exchange (Tadawul).

Borrowing from Banks

Total outstanding at the end of 2016 were SAR 3.5 billion versus SAR 4.1 billion in 2015, lower by 12.6%. This is a short term activity and represents day to day liquidity / cash flow management.

Staff Benefits and Schemes

Compensation and benefits levels and amounts are determined by conducting periodic salary benchmark surveys and through other means of market pay intelligence, in order to enable the Group to keep abreast of the local and regional market conditions relating to Group's staff employed in the Kingdom, which are contrasted to cyclical performance levels, and mitigated for any associated risks.

The distribution of compensation is composed of a mix of fixed and variable pay, allowances, periodic meritorious reward schemes and non-cash benefits in line with the standards and norms for the financial services industry in the Kingdom of Saudi Arabia.

According to the Labor Law of The Kingdom of Saudi Arabia and the Bank's internal policies, staff end of service benefit is due for payment at the end of an employee's period of service. The End of service benefit outstanding at the end of December 2016 amounted to SAR 217.76 million.

Key Risks faced by the Bank

Bank Aljazira (BAJ) adopts a prudent and risk focused approach towards Risk Management and thus continues to invest into building an infrastructure that is able to pro-actively identify, assess, measure and control the risks that the Bank is faced with on an Enterprise Wide basis.

As a core risk practice, BAJ management keeps a close track of the top and emerging risks, both from an operational and regulatory perspective, that are expected to emanate and challenge not only the International economies and financial markets but also their ripple effects on the Saudi Economy and thus the Financial Industry.

Citing the above, 2016 has been a year of some major global events, some of the most prominent ones have been:

- The sharp decline in global oil prices where the world economies saw oil prices plummeting to lowest levels in history exacerbated with a slower than expected recovery;
- Continued slowdown in Chinese economy carried throughout 2016 with global economies working towards averting a possible repeat of a global economic crisis;
- Global powers sharing a critical difference of opinion on the regional political stability of Middle East;
- The European Union (EU) witnessing a period of high uncertainty and destabilization with United Kingdom voting to opt out of the European Union;
- Global Regulators like IMF, World Bank and Bank of International Settlements (BIS) issuing new pronouncements to further tighten and discipline the capital management and liquidity management regimes.
- International and Local regulatory bodies joining forces to ensure implementation of the new International Financial Reporting Standard on impairment and provisioning.

The management has taken a pragmatic view of the prevailing and / or emerging global and local events and continued to focus on a careful assessment and management of the following key risks:

1. Maintenance of Capital Adequacy:

The management ensured that the Bank continues to maintain adequate levels of quality capital, allowing it to support the envisaged growth in Risk Weighted Assets (RWA) and also meet the regulatory capital adequacy expectations. In this regard, the Bank has developed a detailed and well thought of capital enhancement plan, which takes into consideration various possible scenarios of capital enhancement and their underlying advantages, limitations, cost of capital generation and implementation timelines. The issuance of Sukuk by the Bank to the tune of SAR 2.0BN was another step towards enhancing and strengthening its capital base.

In its endeavor to fortify the Bank's capital position, the management continues to remain at work and has chosen the optimal scenarios which would ensure not only the quantity of capital but also the quality of the capital whilst meeting the regulatory expectations.

2. Liquidity Management:

One of the key risk emanating from the recent global events and their impact on the regional and local financial markets has been the generation of liquidity / funds at a cost that does not outweigh the inflow of economic benefits derived from the financed assets.

BAJ's management is cognizant of its liquidity requirements after taking into consideration the current and planned business requirements and has put in place a robust liquidity management framework which ensures a pro-active identification of current and assessed liquidity requirements and gauges the same against the cost of such liquidity. The Bank's ALCO team remains focused on ensuring that the funding / liquidity remains at reasonable costs providing the Bank an opportunity to finance the growth of high yielding assets.

3. Asset Quality:

The global and regional financial industry has been plagued with some substantial erosion of quality assets forcing some of the most systemically important financial institutions to either provide for Non-Performing Assets or undertaken substantive write-offs citing maximum loss given defaults.

Building on the above notion, in 2016 BAJ's management focused on ensuring that the quality of assets, across its lines of businesses remains of an acceptable quality, thus preventing any unwarranted classifications, provisioning and / or write-offs. The Bank has remained selective across all business segments and has approached its target customer segments with a well-defined approach based on:

- A clearly defined Risk Appetite.
- A defined Target Market and Wallet Share
- Identified industry segments in terms of risks, rewards, regulatory requirements and their performance trends.
- Risk Acceptance Criteria to ensure risk associated with a particular industry and / or segment are assessed and managed through specific qualifying parameters.
- Maintenance of a Target Obligor Risk Rating across its business segments and portfolios to ensure that the same supports the planned asset quality growth, probability of default and cost of credit estimates.

Furthermore, the management is cognizant of the on-going implementation and adoption of IFRS-9 and its likely implications on its portfolio. Citing the same, the management has prepared and implemented a comprehensive strategy to ensure the quality of the portfolio remains intact thus enabling the Bank to avoid unwarranted impairments and provisions.

Market Risk Management

The Bank's willingness to accept risk is influenced by various factors including market volatility, business direction, macro-economic and subjective factors. This is managed and contained through relevant market risk limits and policies governed under the approved risk management framework and regulatory compliance. The Bank continually monitors its market risk by quantifying its capital requirement, profit rate risk, currency risk and by ensuring that its Treasury Business operates within its respective limits. Risk appetite covering Market Risk is subject to the following drivers:

- Capital Adequacy Ratio (CAR)
- Liquid Assets Ratio
- Net Stable Funding Ratio (NSFR)
- Liquidity Coverage Ratio (LCR)
- Loan-to-Deposit Ratio
- Concentration of Funding Sources
- Market Risk Factors

Market Risk

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

Management of Market Risk

Delegated by the Board, the Market Risk Policy Committee (MRPC) is responsible for the policies, limits and controls used in managing market risk. The Bank has an approved Market Risk Policy and Treasury Limits Package that clearly defines policies, procedures, and limits of market risk exposures.

The primary objective is to manage volatility in earnings and highlight the market risk and liquidity risk profile to Senior Management, Board Risk Committee (BRC), Asset and Liability Committee (ALCO), the Board of Directors and SAMA.

Foreign Exchange Risk

Foreign Exchange risk is the risk that financial assets that are denominated in foreign currency lose value, or financial liabilities that are denominated in foreign currency gain value. The MRPC has set limits on net open positions by currency. There are limits for USD, Other G10 Currencies, GCC Currencies, and currencies in other regions. The Bank has negligible exposure in foreign exchange because its assets and liabilities are mainly denominated in Saudi Riyals (SAR) and to a limited extent in United States Dollars (USD) or in USD-pegged currencies.

Equity Price Risk

Equity price risk refers to the risk of a decrease in fair values of the Bank's investments in equities. The Bank's portfolio of securities is regularly marked to market and positive/negative changes are taken into the Bank's equity or income statement.

Capital Treatment for Market Risk

Bank AlJazira computes the minimum capital requirements against market risk using the Standardized Approach. The capital serves as a financial buffer to withstand any adverse market risk movements. Profit rate risk and liquidity risks are covered under BASEL Pillar 2 risk assessments which are the primary risk factors experienced in the Bank's activities.

Stress Testing

The Bank performs Stress Testing semi-annually to further evaluate potential losses. By evaluating the size of the unexpected losses, the Bank is able to understand the risk profiles and potential exposures to unlikely but plausible events in abnormal market conditions using multiple scenarios, and undertake the appropriate measures. Given the current economic environment, a broad spectrum of scenarios including liquidity and impact on sources of funding are considered. These scenarios are updated and may be redefined on an ongoing basis. The Stress Test results are reported to Senior Management, Board Risk Committee, Executive Committee, the Board and SAMA to facilitate and manage risk with more transparency.

Liquidity Risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up. To mitigate this risk, management actively pursues the diversification of funding sources; assets are priced taking liquidity into consideration; the Bank maintains an adequate balance of cash and cash equivalents.

The recent global financial crisis has resulted in a significant change in the regulation and supervision of liquidity risk in financial institutions. Arising from the Basel III liquidity risk management requirements, two ratios are used to manage liquidity risks: Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

Liquidity Risk Management Approach

In terms of day-to-day liquidity management, Treasury Business Group ensures sufficient funding is available to meet its payment and settlement obligations on a timely basis. The process of managing liquidity risk also includes:

- Maintaining a sufficient amount of unencumbered high quality liquidity buffer as a protection against any unforeseen interruption to cash flow;
- Managing short term and long term cash flow via maturity mismatch report and various indicators;
- Monitoring depositor concentration at Bank level to avoid undue reliance on large fund providers;
- Diversifying funding sources to ensure proper funding mix;
- Ensuring that regulatory ratios such as SAMA Liquidity Ratio, LCR and NSFR are maintained above the required levels.
- Conducting semi-annually liquidity stress testing under various scenarios as part of prudent liquidity control to examine the effectiveness and robustness of the liquidity plans.

All liquidity policies and procedures are governed by the Market Risk Policy Manual which is subject to review and approval every year by the Market Risk Policy Committee.

In accordance with Banking Control Law and the regulations issued by SAMA, the Bank maintains a statutory deposit with SAMA equal to 7% of total demand deposits and 4% of customers' time deposits.

In addition to the statutory deposit, the Bank also maintains liquid reserves of no less than 20% of its deposit liabilities in the form of cash and liquid assets which can be converted into cash within a period not exceeding 30 days.

The bank is currently holding an investment portfolio, with a large portion of it comprising of SAMA Floating Rate Notes and Government Sukuk. This portfolio is considered high quality and liquid with availability of funding (up to 85-90% depending on instrument) through SAMA's repo window.

Accounting Standards

The Bank maintains proper books of accounts and records in an accurate manner. The consolidated financial statements have been prepared in accordance with the accounting standards for financial institutions issued by the Saudi Arabian Monetary Agency (SAMA), International Financial Reporting Standards (IFRS) and also comply with the Banking Control Law, the CMA Regulations for Companies in the Kingdom of Saudi Arabia and the Bank's Articles of Association. The accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2016 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2015.

Appointment of External Auditors

The External Auditors are responsible for the annual audit and quarterly review of Bank's financial statements. The Bank's Annual General Meeting held on September 21, 2016 (corresponding to 20/12/1437) approved the recommendation of the Board of Directors and the Audit Committee to re appoint Ernst & Young and KPMG Al Fozan & Partners as the external auditors of the Bank for the financial year ended 31 December 2016.

Capital Adequacy under BASEL II and BASEL III

The Basel Accord, issued by the Bank for International Settlements (BIS), is an international standard for risk and capital management practices. The objective is to provide a framework that would strengthen the soundness and stability of the international banking system.

The Saudi Arabian Monetary Authority (SAMA) has been at the forefront of ensuring that the Saudi Banking Sector adopts and implements the best practices that Bank for International Settlements proposes and has accordingly issued various guidelines to that effect.

As per SAMA guidelines, BASEL III became effective January 1, 2013 and has brought significant amendments to the computation of regulatory capital and Pillar I risk weighted assets. Furthermore, the Pillar II and Pillar III requirements have also undergone an enhancement under this revised framework.

The Bank monitors the adequacy of its capital using standards and their underlying ratios as set and enforced by SAMA. These standards and ratios measure capital adequacy by comparing the Banks eligible capital with its consolidated statement of financial assets, commitments and notional amount of derivatives upon conversion to their equivalent risk weighted exposures.

The Bank's Internal Capital Adequacy Assessment Process (ICAAP) is designed to capture capital requirements for Pillar-II risks, on an as-is and forward looking basis while taking into consideration the Bank's current exposures and future growth plans. The ICAAP also assesses the resilience of the Bank's business and capital models under various levels of plausible and severe stress scenarios.

Bank's ICAAP is a comprehensive document designed to evaluate the Banks risk profile, the process for identifying, measuring and controlling risk and its capital requirements and resources. Based on the Pillar II framework and on a fully consolidated basis, it reflects a risk centric and realistic approach to the assessment of BAJ current and planned capital requirements.

The capital adequacy disclosures have been prepared in accordance with the Basel disclosure guidelines, as issued by SAMA from time to time and as applicable to the Bank.

As per Basel requirements, the bank is well positioned to pro-actively respond to any capital requirements and successfully issued a SAR 2 BN sukuk in Q2 2016, as part of its ongoing capital planning process.

Statutory Payments

The Bank has made the following payments during the year in respect of the mentioned captions:

Type of Statutory Payments	SAR in million
Zakat paid during 2016 (against 2015)	30.73
Withholding tax	4.82
Advance Tax (for the year 2016)	10.61
Income tax (for the year 2015)	9.06
Additional Zakat, tax and withholding tax for previous years	0.09
GOSI (including Bank and the employees)	71.05
Visa, Iqama and related services etc.,	0.95

The zakat liability due for 2016 has been estimated at SAR 19.87 million that is attributable to Saudi shareholders. An amount of SAR 12.93 million has been estimated as income tax liability attributable to non-Saudi shareholders, and this will be ultimately borne by the non-Saudi shareholders themselves. The Bank has adequate provision in the books to settle the estimated zakat and Tax liability. The Bank has received zakat assessment for the years up to 2011 raising additional demand which is more fully explained in note 27 to the annual financial statements of the Bank.

Penalties and Regulatory Restrictions

SAMA, CMA, Municipalities and other government related entities have imposed fines on the Bank with a total of SAR 916.2 thousand during 2016 as specified below:

Name of the Authority	SAR in thousand
SAMA	475.0
CMA	310.0
GOSI	125.9
Jeddah municipality	4.3
General Authority of Zakat & Tax	1.0
Total	916.2

Related Party Transactions

In the ordinary course of its activities, the Bank transacts business with related parties. In the opinion of management and the Board of Directors, the related party transactions are conducted on an arms-length basis. The related party transactions are governed by the limits set by the Banking Control Law and regulations issued by SAMA.

The balances as at December 31 resulting from such transactions included in the consolidated financial statements are as follows:

	2016 SAR' 000	2015 SAR' 000
National Bank of Pakistan (shareholder)		
Due from banks and other financial institutions	75	625
Due to banks and other financial institutions	198	340
Commitments and contingencies	-	600

Associate and affiliate entities with significant influence

Investments	129,977	128,334
Customer deposits	384,353	358,361

Directors, key management personnel, other major shareholders and their affiliates

Loans and advances	48,524	59,553
Customers' deposits	390,992	89,859
Commitments and contingencies	-	4,202

Other major shareholders represent shareholdings of more than 5% of the Bank's issued share capital.

Bank's mutual funds and employees' post-employment benefit plan

Investments	91,429	321,981
Loans and advances, net	392,076	343,356
Customer deposits	2,989	59

Income, expenses and other transactions with related parties included in the consolidated financial statements are as follows:

	2016 SAR' 000	2015 SAR' 000
Special commission income	20,122	21,979
Special commission expense	107,937	58,008
Fees and commission income	166	32
Net payment for share of expenses to associate	9,732	12,502
Insurance premium paid	35,462	33,187
Directors' remuneration	7,409	5,267

The total amount of compensation paid to directors and key management personnel during the year is as follows:

	2016 SAR' 000	2015 SAR' 000
Short-term employee benefits	87,944	84,803
Termination benefits	22,869	21,669

Key management personnel are those persons, including executive directors, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

Board of Directors' Assurance

The Board of Directors controls the Bank's performance and operation through periodic meetings during the year, develops policies, and ensures proper implementation. In addition, the Board periodically reviews the effectiveness of existing regulations and internal controls and monitors the key sectors of the Bank to make sure that the general policies and risk management levels set by the Board are implemented.

Through the Audit Committee, the Board also reviews the financial position of the Bank with the external auditors to ensure the integrity of its financial performance and full compliance with laws and regulations and accounting standards applicable in the Kingdom of Saudi Arabia. The Board of Directors confirms its statutory responsibility for the accuracy of financial statements and that they fairly reflect the financial position of the Bank and its results, and ensure compliance of all its operations with the controls laid-down by the Shari'ah Board of the Bank.

The Board of Directors assures shareholders and other stakeholders that to the best of their knowledge and in all material aspects:

- Proper books of account have been maintained;
- The system of internal control is sound in design and has been effectively implemented; and
- There are no significant doubts concerning the bank ability to continue as a going concern;
- There is no contract the Bank is part of, where or when there were substantial interests for one of the Board Members, Managing Director, Chief Financial Officer or any person who has a relationship with them, except for that which was mentioned in the Related Party Transactions in this report.

As indicated in their audit report, the Bank's auditors, for the purpose of their review of the financial statements, have considered internal controls relevant to the preparation and fair presentation of the Bank's financial statements in order to enable them to design audit procedures which are appropriate, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls. The auditors have reported to the Board certain deficiencies or recommendations arising from this exercise. In the management's opinion these items do not constitute material weaknesses. The auditors have issued an unqualified audit report on the financial statements of the Bank.

Dividends Policy

The Bank complies with the rules and regulations issued by the various competent regulatory authorities and its Articles of Association in the process of dividend distribution. In this regard, the Bank pays dividends to shareholders in line with Article No (43) of the Bank's Articles of Association as follows:

The company's annual net profits, as determined, shall be distributed after deduction of general expenses and other costs, and after allocations of provisions against doubtful debts, losses on investments and other contingent liabilities which the Board of Directors considers necessary as required under the provisions of the Banking Control Law, as follows:

- a) Sums required for payment of the Zakat due on Saudi shareholders and the tax due on non-Saudi shareholders shall be calculated according to the laws and regulations in force in Kingdom of Saudi Arabia. Such sums shall be remitted by the Company to authorities concerned. Zakat paid in respect of the Saudi shareholders shall be deducted from their share in the net profits. Similarly, tax paid in respect of non-Saudi shareholders will be deducted from their share in the net profits.
- b) A minimum of 25% of net profits, after deduction of Zakat and Tax as hereinabove detailed in (a) will be transferred to statutory reserve until this reserve is equal to the paid up capital of the bank as a minimum.
- c) Out of the remainder of the profit after deduction of the statutory reserve and Zakat and tax, a sum of not less than 5% of the paid-up capital shall be allocated for distribution to Saudi and non-Saudi shareholders in proportion to the paid-up part of the shares of the Saudi and non-Saudi shareholders as recommended by the Board of Directors and endorsed by General Meeting. In case the remainder of the profits payable to the shareholders concerned is not sufficient for paying such dividend, shareholders may not be entitled to claim the payment thereof in the following year or years. The General Meeting may not resolve to pay a percentage of the dividends which exceeds the percentage that is recommended by the Board of Directors.

d) The remainder after the sums set forth in paragraph (a), (b), (c) herein have been allocated shall be utilized in the manner recommended by the Board of Directors and approved by the General Meeting.

The respective percentage of shareholding of each of the Saudi and non-Saudi shareholders shall be maintained (observed) when calculating the sum to be allocated as statutory reserve and other reserves out of the net profit (after Zakat and Tax). Each of the two categories of shareholders shall participate in the transfer to such reserves on a pro-rata basis of their shareholding in the capital provided their contributions will be deducted from their shares in the net profits.

Banking Transactions with the Directors, CEO and CFO:

Notwithstanding the Related Parties Transactions (the details of which are as specified above) in this report which were conducted with third parties at an arm's length, no essential interests existed for any director, the CEO or the CFO.

Credit Rating

Referred below are the latest credit rating of the bank:

Credit Ratings	Islamic Int'l Rating Agency	Moody's	Fitch Rating
	Nov-16	Oct-16	Oct-16
Foreign Currency Risk - Short term			F2
Foreign Currency Risk - Long term			A-
Credit rating - International Scale	A-/A2		
Support Rating			1
Outlook Rating	Negative	Stable	Negative
Bank Deposits		Baa1 / P-2	
Credit rating- National scale	A+ / A1 SA		
Viability Rating			BB+

Arrangements for Directors' or Senior Executives' waiver of salaries or remuneration

The Bank is not aware of information on any arrangements or agreements for the waiver by any director of the Board or any senior executive of any salaries, awards or remuneration.

Arrangements for Shareholders' waiver of rights to dividends

The Bank is not aware of any information on any arrangements or agreements for the waiver by any shareholder of the Bank of any of their rights to dividends.

Board of Directors and Sub-Committees Board Meetings:

A) Board of Directors:

The Board of Directors consists of 9 directors selected in the 52nd Extra- Ordinary General Meeting held on 17.03.1437H (28 Dec 2015) representing corporate and natural persons represented at the Board in their personal capacity including (5) non-executive directors, (3) independent directors and (1) executive director.

The Board held 4 meetings in 2016 (five meetings in 2015), as detailed below:

Board of Directors Meetings:

Director's name	Category	1 st meeting 3/01/2016	2 nd meeting 30/06/2016	3 rd meeting 21/09/2016	4 th meeting 14/12/2016	TOTAL
Eng. Tarek bin Othman Al-Kasabi	Non-executive	1	1	1	1	4
Mr. Khalifa bin Abdul Latif Al-Mulhem	Non-executive	1	-	1	1	3
Mr. Nabil bin Dawood Al-Hoshan Chief Executive Officer & Managing Director	Executive	1	1	1	1	4
Eng. Abdul Majeed bin Ibrahim Al-Sultan	Non-executive	1	1	1	1	4
Dr. Saeed bin Saad Almartan	Independent	1	1	1	1	4
Mr. Abdulsalam Bin Abdulrahman Alagil	Non-executive	1	-	1	1	3
Mr. Mohammed Bin Abdullah Al Hagbani	Non-executive	1	1	-	1	3
Mr. Abdullah Bin Saleh Al Rasheed	Independent	1	1	1	1	4
Mr. Ibrahim Bin Abdulaziz Al Shaia	Independent	1	1	1	1	4

In general, the Board of Directors controls the Bank's performance and operation through periodic meetings during the year, develops policies, and ensures proper implementation thereof. In addition, the Board periodically reviews the effectiveness of existing regulations and internal controls and monitors the key sectors of the Bank to make sure that the general policies and risk management levels set by the Board are satisfactorily implemented. Through the Audit Committee, the Board also reviews the financial position of the Bank with the external auditors to ensure the integrity of its financial performance and full compliance with laws and regulations and accounting standards applicable in the Kingdom of Saudi Arabia. The Board confirms its liability for the accuracy of the financial statements of the Bank and that such statements fairly reflect the Bank's financial status and results of its operations as well as the Bank's compliance, in all its activities, with the Sharia controls established by the Bank's Sharia Supervisory Committee.

Details regarding the members of the Board of Directors of the Bank who are also board members in listed and non-listed Saudi joint stock companies as at the end of December 31, 2016 are as follows:

Board Director's name	Membership in other joint-stock companies' boards of directors
Eng. Tarek bin Othman Al-Kasabi	<ul style="list-style-type: none"> Dallah Healthcare Holding Company – Chairman of the Board of Directors. Asir Company for Trading, Tourism and Industry – Member of the Board Ataa Educational Company - Chairman of the Board Sarb Real State investment - Chairman of the Board
Mr. Khalifa bin Abdul Latif Al-Mulhem	<ul style="list-style-type: none"> Advanced Petrochemical Company - Member of the Board Saudi White Cement Company - Member of the Board Al Ittefaq Steel Products Company - Member of the Board GOSI - Member of the Board
Mr. Nabil bin Dawood AlHoshan Chief Executive Officer & Managing Director	<ul style="list-style-type: none"> Aljazira Capital - Member of the Board
Eng. Abdul Majeed bin Ibrahim Al-Sultan	<ul style="list-style-type: none"> Qassim Cement Company - Member of the Board Aljazira Takaful - Chairman of the Board. Consolidated Brothers for Development Co. - Member of the Board
Dr. Saeed bin Saad Almartan	<ul style="list-style-type: none"> Gulf Consultants Company – Chairman of the Board Al Riadia Information Technology Co. – Member of the Board Qanadel Altharwah for investment & real estate development co. – Member of the Board
Mr. Abdulsalam Bin Abdulrahman Alagil	<ul style="list-style-type: none"> SAGIA – Member of the Board Al Andalus Real-Estate Company - Member of the Board Riyadh Najd National School – Member of the Board Harma National Company – Chairman of the Board
Mr. Mohammed Bin Abdullah Al Hagbani	<ul style="list-style-type: none"> Aljazira Capital - Member of the Board – Chairman of the Board
Mr. Abdullah Bin Saleh Al Rasheed	-
Mr. Ibrahim Bin Abdulaziz Al Shaia	-

Notification Relating to Substantial Shareholdings:

During the year 2016, the Bank did not receive any notification from shareholders or relevant persons with regard to the change in their ownership of the Bank's shares in accordance with the Disclosure requirements of the Listing Rules issued by the Capital Market Authority (CMA). Below are schedules of share ownership of major shareholders, directors of the Board and senior executives or their spouses and minor children in shares or equity:

1) Description of any interest in the voting shares held by persons (other than Board directors, senior executives and their relatives) who notified the Bank of such rights under Article 45 of Listing Rules and any change in such interests in the last fiscal year as required under paragraph (11) of Article 43 of the Listing Rules:

Interested Person	Beginning of 2016		During 2016		End of 2016	
	No. of shares	% Withholding	No. of shares	% Withholding	No. of shares	% Withholding
National Bank of Pakistan	23,333,333	5.83%	23,333,333	-	23,333,333	-
Sheikh Saleh Abdullah Mohammed Kamel	20,000,000	5%	20,000,000	-	20,000,000	-

2) Description of any interest, contractual securities and subscription rights of Directors of the Board and senior executives and their relatives in the shares or debt instruments of the bank or any of its subsidiaries, or any change in such interest or rights in the last fiscal year as per the requirements of paragraph (12) of Article 43 of the Listing Rules:

A • Board of Directors

Name of Interested Person	Beginning of the year 2016		During the year 2016		End of the year 2016	
	No. of shares	% ownership	No. of shares	% change	No. of shares	% change
• Eng. Tarek bin Othman Al-Kasabi	13,574	0.004%	13,574	0	13,574	0
• Mr. Khalifa bin Abdul Latif Al-Mulhem	2,220,668	0.56%	2,670,668	20.26%	2,670,668	20.26%
• Mr. Nabil bin Dawood Al-Hoshan Chief Executive Officer & Managing Director	2,666	0.001%	2,666	0	2,666	0
• Eng. Abdul Majeed bin Ibrahim Al-Sultan (Brothres Union Development Company)	1,333	0.001%	1,333	0	1,333	0
	26,375,754	6.59%	26,375,754	0	26,375,754	0
• Dr. Saeed bin Saad Almartan	2,000	0.001%	2,000	0	2,000	0
• Mr. Abdulsalam Bin Abdulrahman Alagil	1,000	0.001%	1,000	0	1,000	0
• Mr. Mohammed Bin Abdullah Al Hagbani	1,000	0.001%	1,000	0	1,000	0
• Mr. Abdullah Bin Saleh Al Rasheed	1,000	0.001%	1,000	0	1,000	0
• GOSI, represented by Mr. Ibrahim Bin Abdulaziz Al Shaia	19,915,671	4.98%	19,915,671	0	19,915,671	0

B) Board Main Committees

In line with the regulatory requirements and in order to achieve optimal performance and benefit from the expertise of the Board members, the Board formed the following main committees to assist it in its duties and assignments:

1. Board Executive Committee

The Executive Committee of the Bank AlJazira consists of members chosen by the Board of Directors and chaired by the chairman of Board of Directors at this session of the Board. The Board of Directors determines the authorities and powers of this Committee. It is the responsibility of the Executive Committee, in accordance with the delegated powers, to monitor the implementation of the strategy and policies set by the Board of Directors,

Risk management and control of the Bank's performance, recommend the balance sheet and action plan submitted for the fiscal year, and ensure proper implementation of the policies of the Board of Directors, in addition to monitoring the efficiency of internal control standards and policies implementation.

The Executive Committee for the current term has been re-formed at the Board of Directors' meeting (196) held on 23 Rabi Awal 1437 H (03 January 2016). The Committee held nine meetings during 2016 (eleven meetings in 2015), attended by members of the Committee as described in the table below:

Name	Functional duties	No. of meetings attended
Eng. Tarek bin Othman Al-Kasabi	Chairman of the Executive Committee	9
Mr. Khalifa bin Abdul Latif Al-Mulhem	Member of the Executive Committee	7
Mr. Nabil bin Dawood Al-Hoshan Chief Executive Officer & Managing Director	Member of the Executive Committee	9
Eng. Abdul Majeed bin Ibrahim Al-Sultan	Member of the Executive Committee	9
Mr. Ibrahim Bin Abdulaziz Al Shaia	Member of the Executive Committee	8

2. Audit Committee

This committee plays a key role in helping the Board of Directors to meet its supervisory duties in respect of the integrity of the bank's financial statements and the independency and qualifications of auditors, effectiveness of disclosure controls and procedures, effectiveness of internal audit and the external auditors, adequacy of the Bank's internal accounting systems and financial controls, bank's commitment to the ethical policies and regulatory and supervisory requirements in addition to management of risks and compliance and control activities in the bank.

The Committee reviews on quarterly basis the financial statements and assists the Board of Directors in carrying out the evaluation and annual review to ensure the effectiveness of internal controls, identify potential risks and develop strategic plans to mitigate them.

The results of the annual audit of the effectiveness of the internal control procedures of the Bank have reflected good and acceptable levels of controls. In this regard, BAJ adopts all policies and procedures required by the various statutory bodies and best of international practices

The Audit Committee consists of the chairman to be chosen from among the non-executive members of the Board of Directors and two independent members at least from outside the Bank. The meetings of Audit Committee are attended by the Chief, Internal Audit and the Chief Financial Officer on a regular basis. The meetings are also attended by the CEO and senior executives as required.

The Audit Committee was re-formed for this term at the Board of Directors Meeting No. 196 held on 23 Rabia Awal 1437H (03 Jan 2016). The Committee held four meetings during 2016 (4 meetings in 2015), attended by the Chairman and Members, as shown in the table below:

Name	Functional duties	No. of meetings attended
Mohammed bin Abdullah Al-Hagbani	Chairman of the Audit Committee	4
Mr. Fawaz bin Mohammed Al-Fawaz	Member of the Audit Committee	4
Mr. Taha Mohammed Azhari	Member of the Audit Committee	3

3. Nomination and Remuneration Committee

Following the issuance of BAJ's Governance policy, work started to form this committee as a subcommittee reporting to the Board of Directors. Annex (G) of BAJ Governance Policy specified the basis of committee's structure, its powers and responsibilities as well as anything that relates to its work, as per the requirements of the Corporate Governance Rules issued by CMA.

The functions and responsibilities of this committee focus on recommending nominations to the Board of Directors as per the approved policies and standards, performing annual review on the skills required, and reviewing the Board of Directors' structure and recommending those changes that can be carried out. The Committee is also responsible for ensuring the independence of independent members and non-existence of any conflict of interests if any director of the Board is also a member in any other company board of directors, ensuring recommended appointment is commensurate with the proper skills and required qualifications, development and review of remuneration of directors and senior executives.

The 42nd Extraordinary General Meeting ratified; in its meeting held on 10 Rabi II, 1429H corresponding to 16 April 2008, the rules for selection of the Remuneration and Nomination Committee members and the committee duties in accordance with article No. 15 issued by CMA and as per the Board of Directors' recommendation.

The Nomination and Remuneration Committee was re-formed for the current term at the Board's Meeting No. 196 held on 23 Rabi I, 1437H (corresponding to January 03, 2016). The Committee held two meetings during 2016 (4 meetings during 2015), attended by the Chairman and Members of the Committee as described in the table below:

Name	Functional duties	No. of meetings attended
Mr. Khalifa bin Abdul Latif Al-Mulhem	Chairman of the Nomination and Remuneration Committee	2
Mr. Abdulsalam Bin Abdulrahman Alagil	Member of the Nomination and Remuneration Committee	2
Mr. Abdullah Bin Saleh Al Rasheed	Member of the Nomination and Remuneration Committee	2

4. Risk Management Committee

This committee assists the Board of Directors in fulfilling the responsibilities of overseeing the risks in the Bank's businesses and controls. Its duties and responsibilities are focused in the supervision and control. It reviews the ability of the Bank to manage and undertake risks based on appropriate analysis and formulation of appropriate risk management policies. It also approves the credit rating system in the bank and risk policies for assets and liabilities management as developed by the Assets and Liabilities Committee. The committee measures the exposures to financial risks and other significant exposures and the steps taken by management to monitor, control and report cases of risks, including, but not limited to, review of credits, market, liquidity, reputational, operational, fraud and strategic risks in addition to evaluating exposures, tolerance levels and approval of appropriate transactions or commercial restrictions. The committee reviews the scope of the risk management and the targeted activities related to the activities of the Bank's risk management.

The Risk Management Committee for the current term has been re-formed at the Board of Directors' meeting (196) held on 23 Rabi I, 1437 H (corresponding to January 03, 2016). The Committee held 4 meetings during 2016 (3 meetings in 2015), attended by the chairman and members of the Committee as described in the table below:

Name	Functional duties	Meetings attended
Dr. Saeed bin Saad Almartan	Chairman of the Risk Management Committee	4
Mr. Abdullah Bin Saleh Al Rasheed	Member of the Risk Management Committee	3
Mr. Ibrahim Bin Abdulaziz Al Shaia	Member of the Risk Management Committee	4

5. Committee of the 'Khair Aljazira le Ahl Aljazira' program

This committee plays an important role in assisting the Board of Directors in the fulfillment of its social responsibilities related to the 'Khair Aljazira le Ahl Aljazira' program. It is responsible for the formulation of policies and procedures related to the activities and social responsibility programs, adoption of the annual budget for 'Khair Aljazira le Ahl Aljazira' program, approval

of the annual plan for the program, creating solutions for the obstacles that might hinder the social responsibility programs and reviewing the objectives of the program through highlighting the bank's role in the community service. It also contributes and participates actively in many social responsibility programs in the Kingdom, builds cooperation and communication between the bank and the authorities related to those programs and the establishment of specific partnerships with associations and charities in the kingdom which contribute to highlight the role of the private sector in enhancing the process of social responsibility. The Committee also strives to create an appropriate environment to help the youth and rehabilitate them for the market, and it provides distinctive programs for rehabilitating disabled people. The Committee of the 'Khair Aljazira le Ahl Aljazira' program reports annually to the Board of Directors about the activities and programs of 'Khair Aljazira le Ahl Aljazira' program.

The Committee of the 'Khair Aljazira le Ahl Aljazira' program for the current term was re-formed at the Board of Directors' meeting (196) held on 23 Rabi I, 1437 H (corresponding to 03 January 2016). The Committee held three meetings during 2016 (3 meetings in 2015), as below:

Name	Functional duties	No. of meetings attended
Mr. Khaled bin Omar Al-Baltan	Chairman of the 'Khair Aljazira le Ahl Aljazira' program Committee	3
Eng. Abdul Majeed bin Ibrahim Al-Sultan	Member of the 'Khair Aljazira le Ahl Aljazira' program Committee	3
Mr. Abdul Aziz bin Ibrahim Al-Hadlaq	Member of the 'Khair Aljazira le Ahl Aljazira' program Committee	3

C) Payment of allowances and remuneration to Board members and senior executives:

The compensation paid to members of the Board of Directors of the Bank or members from outside the Board are determined in accordance with the frameworks set by the instructions issued by the supervisory authorities, and governed by prime principles to governance of banks operating in the Kingdom and compensation regulations issued by the Saudi Arabian Monetary Agency (SAMA) and Corporate Governance Regulation issued by Capital Market Authority (CMA) of Saudi Arabia, and the provisions of the Companies Law and the Article of Association of the Bank.

The Bank shall pay to directors the expenses and remuneration for attending the meetings of the Board of Directors and subcommittee meetings. Total expenses and remunerations paid to Board members and five senior executives, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) in 2016 were as follows:

Note: CMA, in their fax dated 15.11.2015 requested that the remuneration and allowances paid to independent directors should be disclosed separately – as per the requirements of paragraph (e) of Article 9 of Corporate Governance Rules.

Details of remuneration and allowances paid to directors of the board and 5 executives including the CEO and CFO

Description	Executive Members of the Board	Non-Executive Members of the Board	Independent Members of the Board	Payments to five Senior Executives, including CEO & CFO
Salaries and compensations	-	-	-	14,197
Allowances	565	2,798	1,695	1,252
Periodic and annual bonuses	-	-	-	12,533
Incentive plans	-	-	-	-
Any compensation or benefits payable on a monthly or annual basis	-	-	-	1,500
Total	565	2,798	1,695	29,482

D) Meetings of Shareholders General Assembly held in 2016:

The General Assembly held one meeting in 2016, the 53rd Extra-Ordinary General Meeting of Shareholders (Second Meeting), on 20.12.1437H (21.09.2016). The meeting endorsed the Bank's financial statements for 2015, amendments to Articles of Association and other agenda items tabled at the meeting.

Corporate Governance

Bank AlJazira strictly abides by the rules of corporate governance and ensures strict implementation of the overall internal control systems and disclosure and transparency policies and is committed to the principles of risk management. The Bank also ensures the overall business is in compliance with laws and regulations of the Kingdom and to continuously adapt to the latest development in global governance frameworks, including the directives of Saudi Arabian Monetary Agency (SAMA), the Capital Market Authority (CMA), MOCI and all requirements and recommendations issued by the Basel Committee.

On the basis of paragraphs (c) of Article I and Para (a) of Article IX of the Rules of Corporate Governance in the Kingdom of Saudi Arabia issued by the CMA, the Bank applied all the provisions contained in the Regulations after having ensured compliance with the requirements of Article (6) – Voting Rights, Para (b) - The method of accumulative voting should be followed when voting to select the directors of the board at the General Meeting – as the 53rd Extra-Ordinary Shareholders General Meeting (Second Meeting) held on 20.12.1437 (21.09.2016) endorsed the amendment of Article 34 of the Bank's Articles of Association- Voting Rights – to provide for the accumulative voting in electing the directors of the Board, which provides that voting right of a share may not be used more than once. Also, all principles of Corporate Governance issued by the CMA are now included in the corporate governance framework of the Bank in a detailed manner to ensure continuous control of its effectiveness as well as to improve and amend the same as appropriate by the Board of Directors when needed.

Annual Review of the Effectiveness of Internal Control Procedures

Being a financial institution, the Bank attached high importance to the internal control environment. At the Bank, effective internal control procedures are in place across the organization and their effectiveness is continuously monitored and tested by the control functions in the Bank and additionally tested by the independent external auditors and regulatory inspection team.

The results of the annual audit of the effectiveness of the internal control procedures of the Bank have reflected good and acceptable levels of controls.

Future Plans

Bank AlJazira is recognized as one of the leading Sharia compliant financial services institutions in the Kingdom of Saudi Arabia. Over the past years, Bank AlJazira has transformed into a full pledge bank with a wide range of products and services.

The bank's principal lines of business are Retail Banking, FAWRI (Remittance Business), Private Banking, Corporate Banking, small and medium enterprises, Global Transaction Services and Treasury Services. These offerings are complimented by other financial services such as Takaful Insurance, Investment Banking, Asset Management, Brokerage and Securities Services from our sister companies.

Bank AlJazira continues to post strong asset growth with loans and advances growing year on year. This has been driven by building a strong customer franchise with retail and corporate customers ranging from large corporations to SMEs, applying extensive focus towards cross selling of the bank's retail, treasury, corporate, finance and investment banking franchise.

Corporate Banking continued with its strategic approach in providing banking solutions for corporate enterprises sectors and businesses through extensive packaged finance operations, trade and import operations, in addition, cash management services and e-banking have been instrumental in the overall growth of the Bank AlJazira's assets and profitability.

On the Retail Banking front, the introduction of new products and services with a focus on the quality of the provided services all aims to increase our market share, coupled with an optimized sales force have produced increased revenues and reduced expenses.

Private Banking, Global Transaction Service and Treasury Services completed yet another successful year, and are geared to achieve their ambitious targets for 2017 and beyond.

Retail Banking

The Retail Banking Group continues to redefine banking convenience and constitutes a major proportion of the local banking market, offering innovative products and smart banking solutions with a nationwide network of 80 branches (men Branches), 621 ATMs and 8,623 Merchants (Point of Sale). Our products and facilities are designed to meet the end-to-end needs of all customers from account opening to time deposits, debit and credit cards to personal finance along with a superior range of mortgage finance products through a growing network of branches which was expanded to reach 3.91% market share with 80 branches and 19 ladies sections returning strong results in financials, retail banking managed to successfully grow the lending portfolio from SAR 18.95 billion to SAR 19.23 billion.

Overall, the Group's liabilities book grew by 5.0% closing Dec 2016 at SAR 27.79 billion from SAR 26.35 billion in 2015 (versus an estimate of 3.1% market growth of "Business & Individuals" Demand & Time Deposits, driven by attracting Time Deposits.)

For the first time in BAJ, a new market segment has also been targeted by launching Personal Finance to serve the untapped Professionals segment; mainly affiliated doctors, consultant engineers, and banking employees with non-salary transfer, in an effort to step away from the classic finance market and further diversify our portfolio into higher return segments. Furthermore, and as part of the bank's role in community support, a special product has been designed and launched together with selected universities to cater to the needs of financing university education, which allows parents and higher education students to finance their educational expenses at its cash price. This, in addition to a couple of new financing solutions which are expected to boost the overall portfolio performance during 2017.

Despite the slowdown of Real Estate finance market, the Bank's real estate finance portfolio grew by 14% in 2016, with an estimated market share of 7.1%.

In 2017, the Bank is fully focused in maintaining its Real Estate finance leadership position aided by launching new solutions and expanding its product offerings to new market sectors. The Bank has ambitious plans to expand its banking services products suite to meet clients' expectation.

Private Banking Group

The Private Banking Group takes pride in serving the high net worth individuals segment by providing a comprehensive array of private Sharia- compliant banking services and products. The group devotes all its experience and capabilities to achieve the financial goals and objectives of its customers in a professional and timely manner.

Private Banking Group of BAJ managed to achieve record growth rates which exceeded the 2016 planned targets. Customer deposits as an example grew to SAR 10,236 Million as of the end of 2016

The Group cooperates closely with Al Jazira Capital to provide advisory services and investment opportunities for high net worth individual customers (HNW). This continuous cooperation has led to a significant increase in the size of our customer investment portfolios, where the total value of the Group's customer portfolios reached SAR 5,091 Million as of the end of 2016.

In its endeavors to meet the credit needs of its customers, the Group established a credit unit with an objective to meet the credit requirements of all its customers in a way that meets their finance needs and purpose of investments. Total credit facilities portfolio amounted to SAR 949 Million as of the end of 2016.

The Group won for the second time "Best Private Bank Saudi Arabia 2016" award by Global Banking and Finance Review, which is one of the most popular media publications focusing on the global banking and financial sectors, which serves as a testament of the bank's leading role in the Private Banking sector in the Kingdom.

Bank Al-Jazira has also won "Best Regional Private Bank to Watch in Middle East 2016" award by Private Banker International (PBI), which is a leading briefing service for the global wealth management industry.

In an effort to continuously improve its services and be closer to its customers, the Group launched an additional center in Makkah featuring the highest furniture and set up standards, which promote the private banking identity feeling. With this center, the total number of private banking centers increased to 4 centers located in Riyadh, Jeddah, AlKhobar and Makkah. These centers offer all services and banking transactions needed by HNW individuals through highly qualified Saudi cadres.

Furthermore, the Group gives great attention to the enhancement of the capabilities of its human resources by offering its staff well designed training courses to develop their leadership skills and enhance their investment and technical capabilities. As a result, most of the Group's relationship managers, who are in charge of managing HNW individual accounts, hold international certifications in wealth management, thereby enabling them to provide wealth management services up to the highest international standards.

Banking Services Group - FAWRI

In 2016, Fawri continued to strengthen its foothold with a substantial increase in customer base exceeding 800,000+ registered customers. This phenomenal growth reflects the confidence and reliability entrusted by FAWRI customers which is constantly flourishing Kingdom wide and has established Fawri/BAJ amongst other pioneers of the global remittance industry.

In order to deliver higher service quality standards and safeguard both customers and banks interests, Fawri continued with overall development in terms of system development, remittance centers expansion, correspondent relations and professional development of its staff in line with regulatory guidelines thereby; recreating money transfer services to be more efficient and a reliable experience.

Keeping up pace with the Global technologies and requirements, Fawri has successfully launched DIRECT remittance services to Philippines, Pakistan, Egypt and Nepal and added strength to its product line and BAJ revenue pool. Besides, the signing of strategic partnership with **"RIA Money Transfer"** and **"iRemit"** has been striking strategic achievements in 2016, enhancing market dimensions and Fawri's brand value at international level.

Contributing to achieve one of our strategic objectives, Fawri is constantly expanding its reach by penetrating closer to its customers taking the tally to 41 remittance centers across all major cities.

In 2017, banking services group will continue to target both customer acquisition/retention and development of BAJ revenue pool by introducing new product lines, new remittance center locations, e-channels, new correspondent partners and innovative marketing initiatives thereby; exceeding customer expectations and BAJ aspirations.

Corporate & Institutional Banking (CIBG)

The strategy of the Bank's Corporate and Institutional Banking Group (CIBG) continued to focus on expanding customer base and increasing the number of products used per customer, while maintaining the level of finance portfolio in 2016.

As a result of this policy, the finance portfolio has retained a marginal decay of 2% to SAR 22.4 billion and registered a total operating income of SAR 484 million for the year 2016.

Fee income from banking activities grew by 9% to 145.0 million Against SAR 132.8 million. CIBG, which offers a wide range of Sharia-compliant Islamic banking solutions to corporate entities, will continue to expand and innovate in the years to come. CIBG's activities are concentrated in Riyadh, Jeddah and Dammam, with the required expertise and resources deployed in each of the three regional offices to handle the banking needs of the customers in each region.

Commercial Banking Services (CBS)

Commercial Banking Services (CBS) was established in 2012 to provide a wide range of commercial banking services and products to small and medium enterprises in the Kingdom. CBS achieved major progress through the establishment of regional offices that tie-up all commercial banking clients around the Kingdom via its various channels. CBS has also focused on increasing its customer base, benefiting from credit demand, increasing lending volume, and growing and diversifying the finance portfolio

This trend reflects the main goals of BAJ for participation in the achievement of the Kingdom's Vision 2030 as well as the bank's endeavors to increase the contribution of small and medium enterprises sector in the Kingdom's GDP from 20% to 35%.

The bank's partnership with the Saudi Industrial Development Fund in the establishment of Kafalah Scheme for SME finance was the major factor for the achievement of many successes and contribution to the enhancement of the national economy. The establishment of the General Authority for Small and Medium Enterprises in 2016 will increase the positive opportunities for market prosperity in line with the Kingdom's Vision 2030.

Going forward, CBS will continue to provide enhanced services to play a pivotal role in delivering Sharia compliant offerings and providing services that meet customer requirements.

Global Transaction Services (GTS)

Global Transaction Services (GTS) stands as the leading business in providing banking solutions, liquidity services, and commercial and investment transactions to the customers of commercial and financial institutions in all parts of the Kingdom of Saudi Arabia. The business established itself as an effective and reliable partner to many global companies in the Kingdom including small and medium enterprises, government institutions (Public Sector), and Financial institutions. GTS also endeavors

to provide local and global trading services at higher levels and in short time in addition to multi-currency accounts and integrated facilities accounts which combine payment capacity and collection, thereby enabling our customers to improve the use of financial resources and improve specialized efficiency in this field as management solutions are considered for their capacity to provide payment services in local and global currencies in addition to check payment and collection services.

Our various online corporate banking service channels, such as “Jazira Online Trade” (for trading services) and “Jazira Online Corporates” provide support to all products offered by GTS as well as to commercial finance services such as enabling the full sight of account information, and the establishment of local or foreign payments services within a secure environment around the clock; these features are in addition to salary management service offered under the name of “Rawatibukum” which simplifies the administrative procedures relating to payment of the salaries of companies employees. This service is provided with high level of IT security and protection enabling the management of salary information easily and up to the satisfaction of customers. The growth strategy of Global Transaction Services operates in line with the general guidelines, which call for change in terms of electronic transactions and introduction of updated systems in the various commercial sectors in the Kingdom of Saudi Arabia.

Specialized Finance (SFD)

The Specialized Finance Division provides innovative, customized, structured financial solutions to large corporate customers, and in order to position itself in the path of Bank’s functional expansion, the Syndication Division comprise three main units namely Project and Structured Finance, Syndication, and Agency. With properly defined objectives and roles was a natural adaptation to accommodate asset growth in portfolio and achieve the objective of asset diversification and total relationship concept.

SFD continues to play its active role in the project and syndication finance arena by assuming Mandated Lead Arranger roles with other leading banks and ensuring constructive participation in major mega-deals.

SFD has distinctively positioned itself among the Islamic Banks, as it is increasingly becoming the choice of the market for various agency roles for Sharia’ah compliant syndication transactions.

Financial Institutions Unit (FIU)

Financial Institutions Unit (FIU) manages BAJ’s relationship with domestic and international banks, other financial institutions, as well as supra-national entities. Services include export and import letters of credit and guarantees, collection of clean and documentary credits, and remittances. BAJ’s dedicated professional correspondent banking team is well trained and highly qualified to assure quality services, innovative products, and efficient support. FIU specializes in understanding regional trade, cash management business needs, along with the intensive insight into the dynamic variables of our Correspondents’ home countries.

Public Sector Unit (PSU)

Public Sector is a business unit within Corporate & Institutional Banking Group that manages Government owned and controlled entities. Our portfolio consists of industrial customers in the Power Sector, Energy, Petrochemical, Shipping and Telecommunications. The complex nature of the services required by Public Sector clients necessitates dedicated and well-established specialists team to serve the needs of public sector customers. The services range from working capital lending to specialized project finance advisory, debt advisory, and lending. They also include cash management services in traditional ways using the latest e-banking technologies. Public Sector is also a gate for other modern products and services in Treasury and Investment Banking services.

Treasury

Treasury has enjoyed another year of success. While the global economic environment did not favor growth, given the drop in oil prices and availability of liquidity, in addition to other global unfavorable conditions, Treasury has successfully managed the Bank’s liquidity profile and profit rate risk. Furthermore, Treasury has delivered strong financial results, ahead of target and maintained its status as key contributor to the Bank’s net income.

Customer business demands remained strong and we focused on offering Shari’ah compliant solutions to our corporate and private banking customers for their exposure management and also supported FAWRI business by providing them with competitive FX pricing to generate positive results.

In 2016 foreign exchange markets volatility was very high, adding more difficulty to predicting movement. Consequently, the treasury took a conservative approach and reduced engagements in foreign exchange hedging products and shifted the focus to further grow FX flow business, which in turn grew by 15% over prior year. As a result, Treasury has successfully achieved its overall revenue target from customer business.

Although our investment portfolio target remained the same, with goals to improve the overall credit rating of the portfolio by dynamically switching assets to enhance liquidity and yield; we were successful to add high quality Sukuk of SAR 5.29 billion.

The incremental investments increased our investment portfolio to SAR 16.19 billion from 10.90 billion, showing a growth of 48.7% over prior year.

On the other hand, Treasury was mandated by the Board of Directors for the issuance of SAR 2.00 billion Tier II Sukuk to further support capital and our core funding. The issuance was one of the most successful and largest issuances during 2016, where we were able to issue SAR 2.00 billion at favorable profit rate.

Treasury overall continued to operate in strong adherence with all policies, procedures and risk framework. Nevertheless, we will keep updating our procedures, risk framework and modernize our technical system to provide our clients with best solutions and meet the regulatory commitments.

Human Capital Group (HCG)

Following through from the progress and goals achieved in 2015, the HCG continued its vital strategic role in 2016 as a full practical, consultative, advisory and administrative partner to all business functions, while complying with all relevant regulatory guidelines and mandates, with continued focus on recruitment, development, systems application enhancements, leading to a mix of long term top talent retention and a noticeably improved performance excellence curve for all bank staff.

As before, the HCG continues to address the entire range of generalized and specialized HC roles and exercises line control oversight over all HC and staff issues and practices, including line HC management awareness and capability elevation, aimed at supporting and achieving the Bank's corporate goals and business targets to sustain continued growth and increased shareholder value, while enhancing BAJ reputation, as a workplace of choice.

In 2016, the HCG continued to partner with all business groups to increase proficiency and effectiveness of all available manpower resources by focusing on the direct Human Capital Relationship Management role in conveying all strategic and critically important business line staff initiatives and programs to all business areas, spearheaded by the completion and launch of the "Manager's Handbook" Program, which was designed and produced to establish and enforce a unified corporate culture for all management personnel in the Bank. A new e-learning training platform utilizing the latest technology was also successfully established and launched before the end of the year, as well as an upgrade of the manager's and supervisor's faculties and facilities systems on the HRMS system and pages on the bank's general "Tawasul" portal, all aimed at improving job stability across all bank disciplines and areas, and reinforcing the philosophy and efficacy of the Succession planning policy.

Additionally, the HCG assured the highest possible HC practices audit ratings by maintaining its "Zero Findings" record in all financial and regulatory compliance audits and through the continual development and update of new policy and practices enhancements and governance initiatives, especially in the innovative and noticeable Master Compensation and Benefits Policy development and it's all time high level of regulatory compliance.

As was the case in 2015, Saudi recruitment and training for the new "Fawri" remittance centers and the Branch Network Certification and Development programs took center stage again in 2016, which have thus far collectively accomplished (21) batches totaling (500) graduating candidates over the past 3 years, and they continue to be great talent attractors, along with the bank's continued commitment towards numerous new internship opportunities for high school and trade school diploma holders, undergrads & post graduate candidates.

The Bank has accordingly maintained its high success rate of effective Saudization of more than 92%. Furthermore, 2016, also reflected an optimum current bank needs and market demand training activity totals with more than (300) annual training events taking place, in addition to the administration of Bank and System wide required regulatory Compliance, Security and Anti Money Laundering and other compliance requirement refreshers for the entire bank population.

As a cumulative result, impressive significant improvement across all categories and overall ratings serve to even further consolidate the strong strategic partnership ties between the HCG and all other BAJ banking units, and establishing one of the most dynamic, attractive and satisfying yet challenging banking work environment

Enterprise Risk Management Group (ERMG)

In 2016 Bank Aljazeera continued its drive to focus on strengthening the Risk Management culture and ensuring the same is institutionalized at an enterprise wide basis. With this objective set forth, the management remained committed to ensure that the bank adopts best in class risk practices and has the necessary infrastructure, in terms of people, processes and systems so that the practices adopted become embedded in the cultural fabric of the bank.

With the vision and tone set by the bank's top management, the priority was to strengthen the Enterprise Risk Management function with core emphasis on:

1. Building a robust architecture and risk strategy to facilitate not only the current business strategy but also to adapt to the changes in the bank's future business strategy and vision.
2. Investment and development of risk analytics capabilities and technology to lay a strong foundation for the Risk Data Mart. In this regards the bank is in advanced stages of completing the first phase of its endeavor to adopt the BCBS 239 practices. The ultimate vision of the bank is to develop a state of the art Risk Data Warehouse serving as the single source of truth for all risk data and analytics needs.
3. Delineation of the approvals and review processes, ensuring that Risk Approvers and Reviewers remain independent with an objective of strict adoption to Credit Committee Culture and minimum four eyes principle.
4. Alignment and enrichment of the Enterprise Information Security Function in line with SAMA regulations and guidelines. The bank continued its effort to strengthen its Enterprise Information Security practices and to align the same with the best in class. Specific projects focusing on fortifying the Enterprise Information Security practices and awareness thereof have been undertaken and being initiated as well.
5. Implementation of the Basel Program, perceived as a critical opportunity to:
 - a. Upgrade and align the bank's policies and procedures to ensure that the same are in line with the global best practices and local regulatory requirements.
 - b. Development , institutionalization and monitoring of a detailed Risk Appetite Framework, which acts not only as a connection between the Board's strategy and Business's execution of the same, but also serves as a feedback loop to ensure alignment of the strategy with the prevailing business and regulatory environment.
 - c. Review, validation and improvement of the Pillar – 2 Risk Assessment Models, on a continuing basis, aligning them to the industry's best practices and SAMA guidelines and expectations.
 - d. Automation of Pillar-1 and Pillar-3 reporting to ensure that these reports are accurate, timely and remain in line with the regulatory expectations. In this respect the bank has successfully tested and implemented the automated preparation and generation of the Pillar-1 regulatory reporting. The automated reports are currently in the parallel run phase and upon completion of the same, a formal approval from SAMA will be sought before transitioning to the new system.
6. Refining and Strengthening the Stress Testing framework, prepared in light of best in class practices, SAMA, Basel, IMF And World bank guidelines, inclusive of procedures and methodology, enabling the bank to not only conduct Regulatory stress testing but also perform in-house and / or ad hoc stress testing for various business lines and their respective portfolios. Results of the stress testing are taken as a valuable feedback for business and capital planning purposes on a forward looking basis.
7. Ensuring that the bank remains one of the early adopters of IFRS-9. In this regards the bank has adopted a project centric approach to ensure that IFRS-9 implementation is given the focus and attention that it warrants. The bank is ensuring that the most appropriate scenarios and models are developed to ensure impairments and expected credit loss calculations for the bank are in full compliance with the requirements of IFRS-9 and SAMA guidelines.
8. Ensuring through validation and calibration that our credit risk rating models and score cards maintain their forecasting power to assess the risk associated with default of a prospective and / or existing customer. The bank has successfully validated and implemented the first batch of its recalibrated models and is now in advanced stages of developing, validating and recalibrating its remaining models.

Internal Audit Group

The Bank's Internal Audit Group performs internal independent audit and control review function for the Bank, covering all businesses, functions, and geographies. The group uses standardized audit methodologies to execute a rigorous assessment of risks and control environments.

The Chief Audit Executive manages the group and the Audit Committee has an oversight responsibility for ensuring that the group's objectives are achieved. Internal Audit pursues a risk based approach in the planning and execution of audit evaluation engagements. The scope of internal audit encompasses the examination and evaluation of the adequacy and effectiveness of the Bank's controls, governance, risk management process, structure of internal control system, and the quality of performance in carrying out assigned responsibilities.

Internal Audit provides an independent and objective evaluation assurance of risk and control activity for senior management and furnishes them with recommendation and information concerning activities reviewed.

The Group maintains a Quality Assurance and Improvement Program that covers all aspects of the internal audit activity.

Shari'ah Group

Shariah Quality: The Group continued focusing on Sharia Quality of the bank services and products in order to achieve the aspirations of its customers and shareholders as pioneer Islamic bank, by intensifying the review and audit process of the bank's transactions so as to ensure that all activities of the Bank and its subsidiaries are compliant with the Islamic Sharia rules and submit quarterly reports to the bank's Sharia Supervisory Board. Average of review samples has reached to 28% of total executed transactions in the bank.

Services and Products: The Sharia group believes that innovation and development derived from the texts of Islamic Sharia is an essential requirement to promote Islamic Banking industry to be able to grow, compete and meet the accelerating and renewable needs of the market; therefore the Group permanently cooperates with business groups within the bank to innovate and develop their tools and services and seek to automate a lot of their processes to facilitate customer transactions and enable them to invest their time in a better manner and avoid human errors as far as possible.

Research: The Group is aware that in order to achieve its objectives and pursuing to maintain the Bank's status as a pioneer bank in the Islamic banking field, it should collect information and prepare reports and questionnaires about Islamic banking market and its products and the extent of customers satisfaction about it. So, the Research Department of the Group has continued in collecting and analyzing data and information, preparing various reports about the banking market in the Kingdom of Saudi Arabia and the fields of competition, strengths and weaknesses and customers' expectations.

Learning and Training: Investment in human asset of the bank by way of learning and training is one of the Sharia Group priorities, particularly in respect of Islamic Banking. Hence the Group has sought through cooperation with HR Group to develop a training program to train the staff of the bank on the fundamentals of Islamic banking through online learning and also conduct a direct training sessions with the staff; which the Group has participated in the preparation and presentation of the learning materials of these courses.

These procedures had a deep effect on how the society and customers look at the bank as they have enhanced the level of confidence in the Bank as an Islamic bank; and also have contributed to the Bank's winning of a number of awards in the Islamic Financial Services field.

Our excellence and leadership in the Islamic banking industry is due to the Bank's commitment in all its activities to the principles and rules of Islamic Sharia and according to the decisions and recommendations of their honor the scholars; the members of the bank's Shariah Supervisory Board.

Support Groups

The Support Group continues to partner all business and functional areas so that they meet their strategic goals in terms of customers, regulation, staff, reporting and controls.

Strategy & Business Transformation Group (S & BTG)

The S & BTG supported various bank-wide implementation of regulatory and operational improvements in partnership with all business areas. Key achievements included important personal loan and credit card service enhancements, significant changes

to the online functionality for the Corporate Division, Treasury system enhancements and FAWRI Remittance capabilities along with several key mandatory SAMA developments (e.g. MADA offline, Credit Card, Consumer lending requirements, etc.)

Information Technology

We continue to build technology systems to support the development of new products and services in alignment with the strategy of all business and functional areas. This year was dominated by a focus on hardware and software improvements to the core systems of the bank to support the fast growing customer base. We also made important progress in improving the recovery and resilience of all systems in the event of disaster or temporary outage.

Logistics

Logistics delivered 4 new branches and 11 Fawri locations during the year. The capacity of the archiving warehouse was significantly improved and important changes were made to archiving daily controls.

Operations

Operations made some successful customer service and systems improvements during the year and continue to focus on achieving ongoing operational efficiency while retaining key controls.

Business Continuity & Simah Management

The Business Continuity area continues to focus on important areas of business recovery in the event of disaster with successful testing throughout the year. The Simah area focused on improving the quality of our Simah credit data with daily uploads to Simah from key business areas.

Vendor & Contract Relationship Management

We continue to work closely with all of our important vendors ensuring competitive pricing and effective services.

Aljazira Capital Company

2016 was another profitable year for Aljazira Capital (AJC) despite the lower level of market trading that prevailed during the year. The Company retained its leading local brokerage market position with a market share of 14.8% (2015: 16.2%).

AJC's competitive edge in the local brokerage business was maintained through its relentless focus on serving the needs of its clients on its proprietary trading platform, Tadawulcom, and its continued commitment to invest in both the upgrade and development of its online brokerage capabilities. AJC's local brokerage business executed trades during 2016 amounting to SAR 342 billion (2015: SAR 539 billion).

The company also maintained its investment in the development of other business lines including its asset management and investment services product offerings. Assets under management by the Company for clients in public funds grew by 42% during the year from SAR 2.6 billion to SAR 3.7 billion. Management is particularly pleased to report that AJC's Al-Qawafel Fund (a Shariah compliant money market Fund) was one of the top 3 performing Funds in its category during 2016; this performance was reflected in the fact that assets under management in this particular Fund grew by 192% during 2016 from SAR 1.3 billion to SAR 2.5 billion by the end of the year. 2016 also witnessed diversification in the Company's offering of discretionary portfolio management and non-discretionary money market investment products to its clients.

The company was pleased to receive the 'Fastest Growing Islamic Brokerage House, KSA, 2016' and 'Best Brokerage CEO, KSA, 2016' awards from International Finance Magazine; both awards in recognition of the Company's successful brokerage services business.

The Company remains optimistic regarding the potential for the future development and growth of local markets. Management believes that, in spite of geopolitical uncertainties, the economic prospects for the Saudi economy are positive for the further development of capital markets in the Kingdom of Saudi Arabia.

Community Service

Bank Al Jazira continued, through 'Khair Aljazira le Ahl Aljazira' program, the introduction and implementation of an array of high quality programs which contribute to social responsibility in 49 cities and regions of the Kingdom.

The Bank also continued to emphasize its role as a principal contributor to the running of sustained development wheel in the community by continuing to implement its programs and social partnerships with non-profit institutions and charities.

Training and rehabilitation of needy segments in our community are among the main targets of Khair Aljazira le Ahl Aljazira program. For this reason the bank offered support to small and micro projects by providing (interest-free loans) for needy families to enable them to establish their own commercial, industrial or service projects, thereby helping them to shift to the productive side. The bank also continued its focus on providing educational and professional rehabilitation to male and female youth by introducing training programs to prepare them to the labor market and to enable them to own life basic skills.

During the holy month of Ramadan, the Bank, in participation with the National Committee for Prisoners Relief – Tarahum, contributed to the release of 30 male and female financial-right prisoners; in addition, the Bank provided support to marketing festivals held for promotion of the commodities produced by the productive families in different cities of the Kingdom in order to help them increase their income. It also provided support the programs targeting special needs individuals (Disabled, Blind, Deaf, Down Syndrome, Hypertension, and Autism). Quality programs were also provided to the families of handicapped persons and those who deal with them.

In the endeavors to develop non-profit sector, the Bank contributed to the building of the sector's capabilities through a set of leading development programs for the social work leaders and workers, establishment of the infra-structure for charitable and community societies by introducing many computer labs and business incubators and training halls, in addition to electronic labs in a number of Koran reciting societies and others in various cities and regions of the Kingdom.

The number of male and female youth who benefited from the various activities and functions of ('Khair Aljazira le Ahl Aljazira') program in 2016 stands at 7.327 persons in different cities and regions of the Kingdom of Saudi Arabia.

Awards and Certification

Bank AlJazira has received the following awards:

- Best Private Bank Saudi Arabia 2016 awarded to BAJ by Global Banking and Finance Review.
- Best Regional Private Bank to Watch in Middle East 2016 awarded to BAJ by Private Banker International (PBI).
- Data Quality Award – awarded to BAJ by Saudi Credit Bureau
- Best Private Bank in Saudi Arabia 2016 – awarded to BAJ by Global Banking and Finance Review
- Best Regional Bank to Watch 2016 – awarded to BAJ by Private Banker International
- Top 100 CEO in GCC – awarded to BAJ by Trends Magazine and INSEAD Business School
- Best Arab Donor foundation 2016
- Critics Choice Best Islamic Retail Bank in Saudi Arabia 2015 – Cambridge IF Analytica
- Best Remittance Middle East 2015 – CPI Financial
- Best Donor Organization – Non Governmental Arab Grants Council
- Best Private Bank 2015 – Global Banking and Finance Review
- Contact Center Award for Best Mid-Sized Inhouse Contact Center and Best Customer Service – Mid Sized Inhouse Center in EMEA 2015 Rank Number 1 – Contact Center World
- Okaz Awards for Professional Excellence – Okaz Newspaper
- Award for Being among the Top 100 Saudi Brands for 2015 – Al Watan Newspaper
- Data Quality Award in 2015 from the Saudi Credit Bureau (SIMAH)
- Best Retail Bank 2014 – World Finance Awards
- Best Credit Card 2014 – Banker Middle East Product Awards
- Best Real Estate Financing 2014 – Banker Middle East Industry Awards
- Best Islamic Bank – World Finance Award, KSA – World Finance Magazine
- Best Mobile Banking Award – MENA region by the EUROPEAN Magazine
- Ideal Institution award for Supporting Social and Developmental Actions – Bahrain / GCC Council of Ministers of Social Affairs.
- Award for being among the TOP 100 Saudi Brands in the presence of Prince Bandar Bin Khalid Al-Faisal, Chairman of Aseer Publishing, and Large Number of Government, Private and Media Representatives.

- 7 awards in the Contact Center World Awards – EMEA region 2013 Vienna as follows
 - ❖ Gold Medal – Best Call Center Awards
 - ❖ Gold Medal – Best Customer Service Award
 - ❖ Silver Medal – Sales Incentives Award
 - ❖ Gold Medal – Executive Leader Award
 - ❖ Gold Medal – Technical Support Award
 - ❖ Gold Medal – Supervisor Award
 - ❖ Silver Medal – Call Center Agent Award
- Best Contact Center Manager in the Middle East – Dubai Insights Middle East
- Best Contact Center in the World 2013 Rank 1 and Gold Medal, Contact Center World
- Best Customer Service in the World 2013, Rank 1 and Gold Medal, Contact Center World
- Best Executive Leader in the World 2013, Rank 3 and Bronze Medal, Contact Center World

Gratitude

The Board of Directors of Bank Aljazira takes this opportunity to express their thanks and gratitude to our wise government under the leadership of the Custodian of the two Holy Mosques, King Salman bin Abdul Aziz Al Saud, HRH Prince Muhammad Bin Nayef bin Abdulaziz Al Saud, the Crown Prince and Deputy Prime Minister, and the Minister of Interior, HRH Prince Mohammad bin Salman Abdulaziz Al Saud, the Deputy Crown Prince, Second Deputy Prime Minister and Minister of Defense, and all Ministers.

We are also grateful for the continued support and guidance of the Ministry of Finance, the Ministry of Commerce and Industry, Saudi Arabian Monetary Agency and Capital Market Authority.

The Board also want to take this opportunity to express its sincere thanks and appreciation to the Banks Shareholders and customers for their confidence and continued support and to the Banks management and all staff members for their performance and achievements.