

البنك العربي
ARAB BANK



Arab Bank Group

INVESTOR RELATIONS PRESENTATION

March 31, 2018





Arab Bank is committed to maintaining the highest standards of excellence in financial services based on sustainable growth and development. It has been this commitment which paved the way for Arab Bank's successful journey. We will remain focused on the fundamentals of banking and best practices. Arab Bank's most valuable asset is its people and we will continue to strengthen and empower them. Most importantly, we are dedicated to our customers, shareholders, business partners and the communities we serve. With this dedication, we continue to create value for investors.

Sabih Masri
Chairman



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GENERAL INFORMATION



A strong heritage with deep roots...

GENERAL INFORMATION

HISTORY

Arab Bank was established in 1930, and is registered as a Jordanian publicly listed company.

PROFILE

- Arab Bank, headquartered in Amman Jordan, is the largest global Arab banking network with over 600 branches in 28 countries spanning five continents.
- Arab Bank through its branches and subsidiaries employs more than 10,000 staff.
- Arab Bank is listed on the Amman Stock Exchange and is the largest company in Jordan by market capitalization, representing around 25% of the market.
- The Bank's products and services cover consumer banking, corporate and institutional banking, private banking and treasury services.

Key Financial Highlights		
	2016	2017
Total assets	\$47.5bn	\$48.2bn
Loans	\$23.7bn	\$25.1bn
Customer deposits	\$33.6bn	\$33.8bn
Owners' equity	\$8.2bn	\$8.4bn
Revenue	\$1.93bn	\$1.98bn
Net income before tax	\$790.8m	\$796.7m
Net profit	\$532.7m	\$ 533.0m



Arab Bank's core strengths

Well known
brand name with
solid business
franchise

Strong and
experienced
management
team

Adherence to
best corporate
governance
standards

Largest Arab
banking network

Strong and
granular customer
deposit funding
base

Robust and
high quality
capitalization

Conservative
financial policies

Solid financial
position

Strong
operating
performance with
high quality
earnings

Superior
geographical
diversification

High level of
liquidity

High NPL
coverage ratio

Well controlled
operating
expenses



Arab Bank Group - Entities

Branches

- Jordan
- Lebanon
- Palestinian territories
- UAE
- Qatar
- Bahrain
- Offshore Banking Unit – Bahrain
- Egypt
- Algeria
- Morocco
- Yemen
- New York
- Singapore

Major Associates



[Arab National Bank](#) (40%) provides comprehensive corporate, retail and investment products and services in Saudi Arabia



[Oman Arab Bank](#) (49%) provides corporate, retail, investment banking and trade finance products and services in Oman.



[Turkland Bank](#) (50%) provides corporate and commercial banking services in Turkey.

Sister Company



[Arab Bank \(Switzerland\) Limited](#) is a sister company owned by Arab Bank shareholders provides asset management and investment advisory for high net worth clients.

Subsidiaries



[Europe Arab Bank plc](#) (100%) provides corporate and institutional banking, private banking and treasury services.



[Arab Bank Australia Limited](#) (100%) provides commercial and retail banking services.



[Islamic International Arab Bank plc](#) (100%) provides a full range of Islamic banking products and services in Jordan.



[Arab National Leasing Company LLC](#) (100%) provides financial leasing services.



[Arab Tunisian Bank](#) (64.2%) provides corporate and retail banking products and services.



[Al Niser Al Arabi Insurance Co. plc](#) (50%) provides a full range of insurance services.

- [Arab Sudanese Bank Ltd](#) (100%)
- [Al Arabi Investment Group Company- Palestine](#) (100%)
- [Al Arabi Investment Group \(AB Invest\) – Jordan](#) (100%)
- Arab Company for Shared Services -UAE (100%)
- Arab Gulf Tech for IT services – UAE (100%)
- [Arab Bank – Syria](#) (51.29%)



Arab Bank Group - Network

Arab Bank is the largest Arab banking network, with over 600 branches in 28 countries spanning 5 continents, through AB plc branches, subsidiaries, its sister company and associates:

Country	Since	Branches	Employees
Palestine	1930	32	905
Jordan	1934	120	4,313
Lebanon	1943	10	311
Egypt	1944	43	1,196
Saudi Arabia*	1949	143	3,766
Qatar	1957	3	128
Bahrain	1960	6	185
Morocco	1962	5	132
Switzerland	1962	2	121
UAE	1963	10	444
Yemen	1972	7	213
USA	1982	1	5
Tunisia	1982	133	1,398
Oman	1984	65	1,166
Far East	1984	3	52
Australia	1994	8	109
Algeria	2001	8	247
Syria	2005	19	283
Europe	2006	6	131
Turkey	2006	34	584
Sudan	2008	3	80



* Arab National Bank was established in 1979, by Royal Decree, taking over the existing operations of Arab Bank plc in the Kingdom of Saudi Arabia.



FINANCIAL DATA





Arab Bank Group - Consolidated balance sheet

Assets	USD '000 Dec. 2016	USD '000 Dec. 2017
Cash and due from banks	12,607,642	11,749,717
Investment portfolio	8,810,383	8,626,240
Loan portfolio - net	21,898,121	23,488,575
Investment in associates	3,077,008	3,226,231
Fixed assets - net	463,633	459,141
Other assets	603,604	613,817
Total assets	47,460,391	48,163,721

Liabilities & Shareholders' Equity	USD '000 Dec. 2016	USD '000 Dec. 2017
Due to banks	4,024,184	4,109,378
Customers' deposits & cash margin	33,643,578	33,780,748
Other provisions	502,172	598,245
Other liabilities	1,125,921	1,266,078
Total liabilities	39,295,855	39,754,449
Capital & reserves	6,974,298	7,049,584
Foreign currency translation reserve	(402,682)	(350,550)
Investments revaluation reserve	(267,672)	(313,438)
Retained earning	1,738,225	1,904,663
Shareholders' equity	8,042,169	8,290,259
Non-controlling interests	122,367	119,013
Total shareholders' equity	8,164,536	8,409,272
Total liabilities & shareholders' equity	47,460,391	48,163,721



Arab Bank Group - Consolidated income statement

Income Statement	USD '000 Dec. 2016	USD '000 Dec. 2017
Net interest income	1,114,518	1,186,562
Net commission	315,903	301,711
Share of profits from associates	334,964	350,278
Other revenue	161,027	145,448
Net operating revenue	1,926,412	1,983,999
Operating expenses	956,541	936,969
Net operating income	969,871	1,047,030
Provision for impairment - direct credit facilities	179,056	250,377
Net income before tax	790,815	796,653
Income tax	258,149	263,690
Net income after tax	532,666	532,963

Excluding the effect of foreign currency devaluations, net operating income achieved double digit growth of 12% versus the reported growth rate of 8%.



Arab Bank Group - Key financial indicators

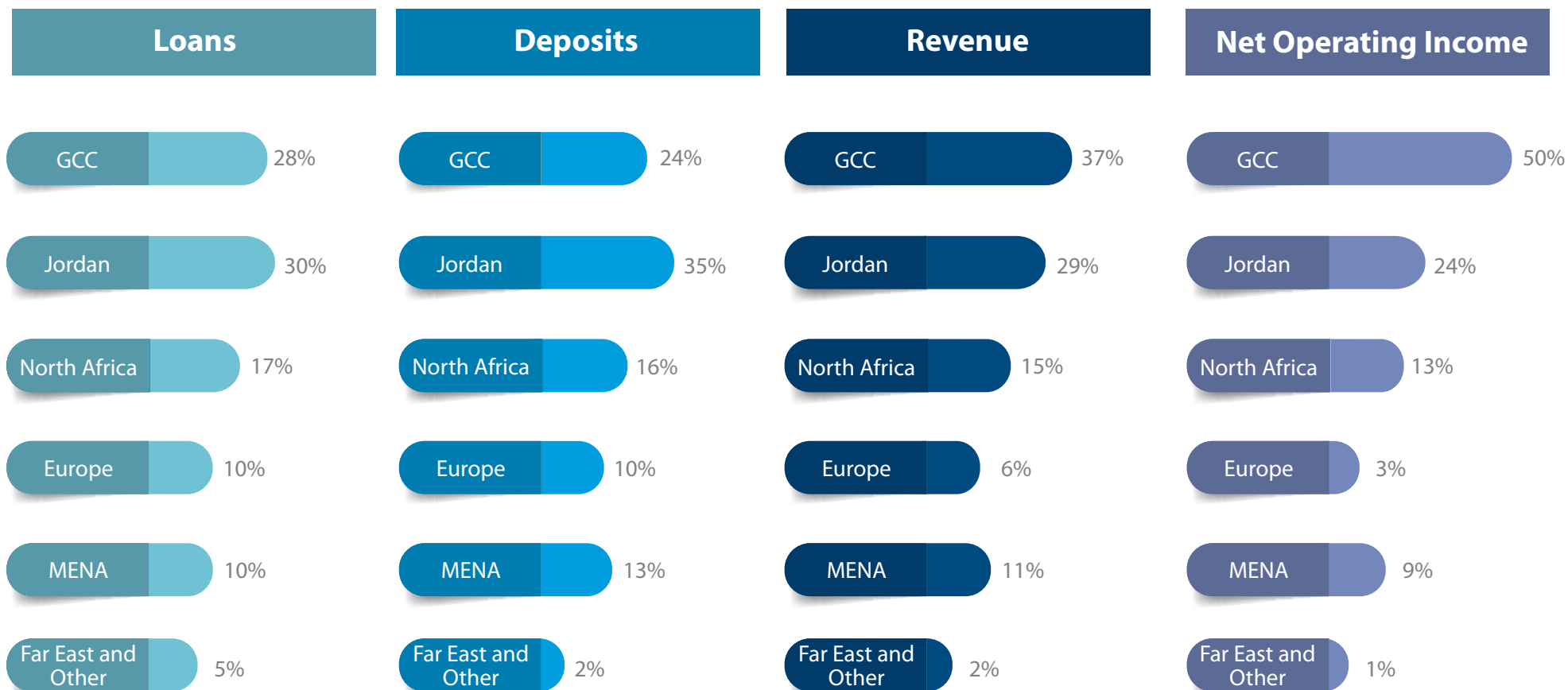
Key Financial Indicators	Dec. 2013	Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017
Loan to deposit	67.1%	67.7%	67.6%	70.4%	74.4%
Cost to income - excluding provisions	42.0%	42.3%	42.3%	41.9%	39.7%
Return on equity	6.5%	7.3%	5.5%	6.5%	6.3%
Return on assets	1.1%	1.2%	0.9%	1.1%	1.1%
Net interest margin (NIM)	2.7%	2.7%	2.6%	2.8%	3.0%
Capital adequacy - Tier 1	15.15%	14.80%	14.20%	14.35%*	13.84%*
Capital adequacy - total	15.15%	14.80%	14.20%	15.47%*	15.01%*
NPL to gross credit facilities - excluding suspended interest	5.6%	5.2%	4.8%	4.9%	5.2%**
NPL coverage ratio - excluding suspended interest	102%	106%	109%	116%	100%

* According to Basel III (CBJ requirements).

** NPL ratio includes old loans fully provided for.

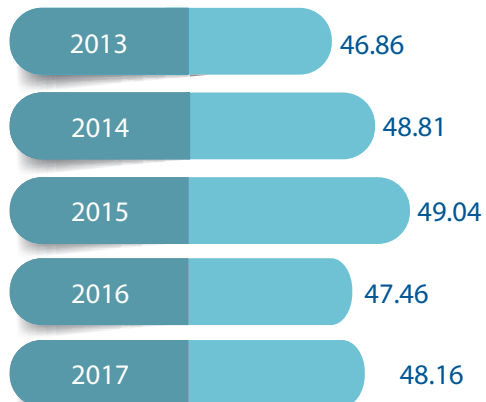
Geographical split – 31 December 2017

Superior Diversification

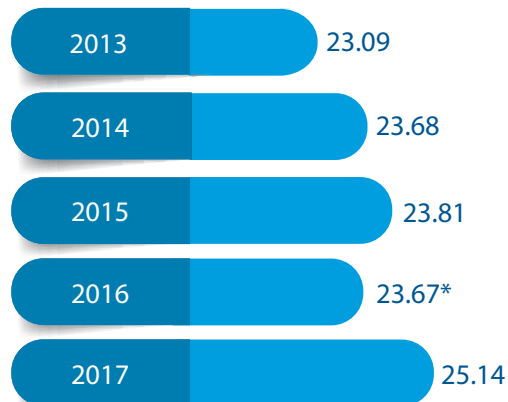


Financial trend in recent years

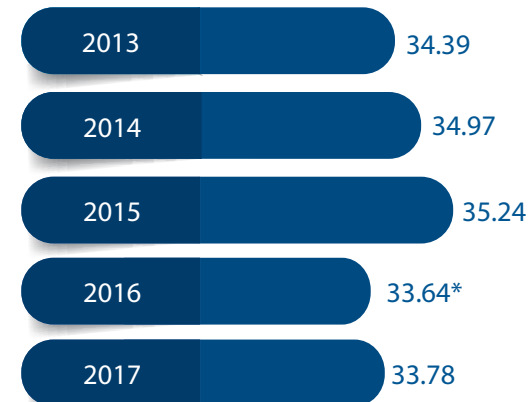
Assets in USD billions



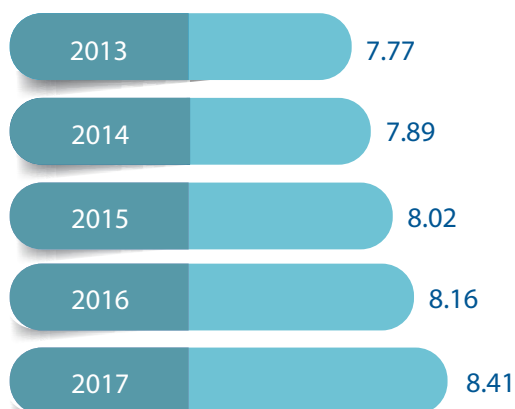
Loans in USD billions



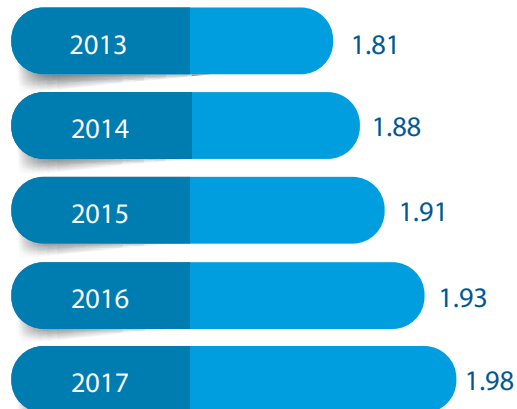
Customer Deposits in USD billions



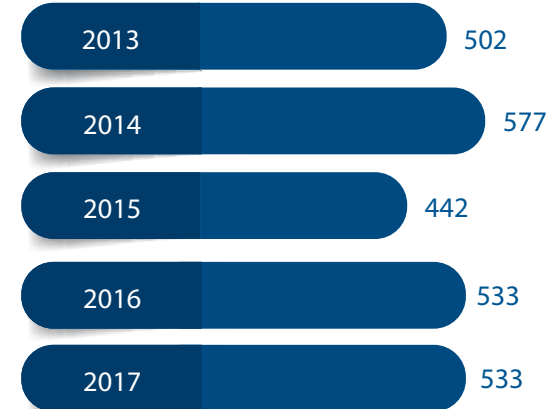
Equity in USD billions



Revenue in USD billions



Net Income in USD millions

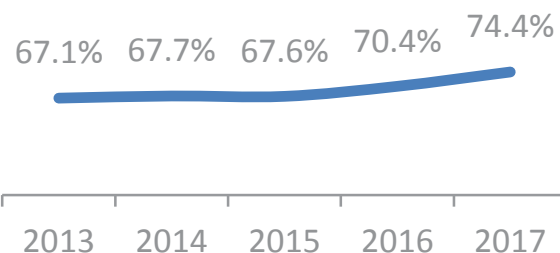


* Excluding the impact of foreign currency devaluations in North Africa markets during 2016, loans grew by 6% while customers deposits grew by 3% .

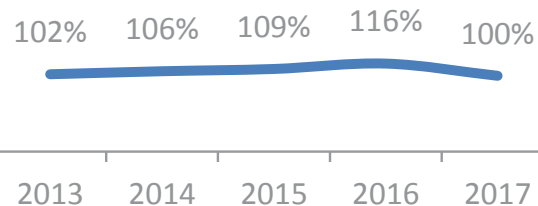


Financial ratios

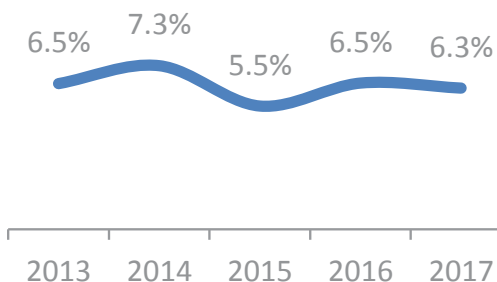
Loan to Deposit



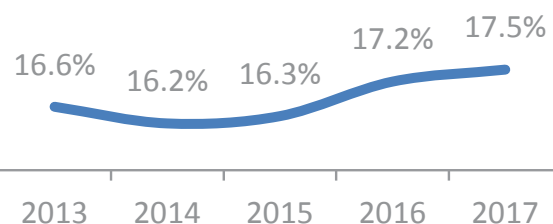
NPL Coverage Ratio - excluding suspended interest



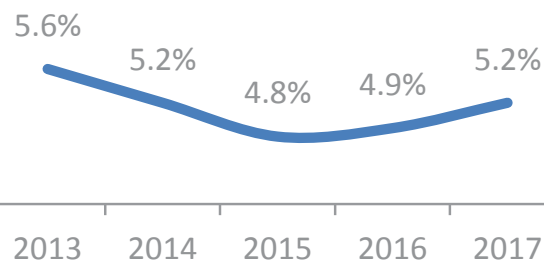
Return on Equity



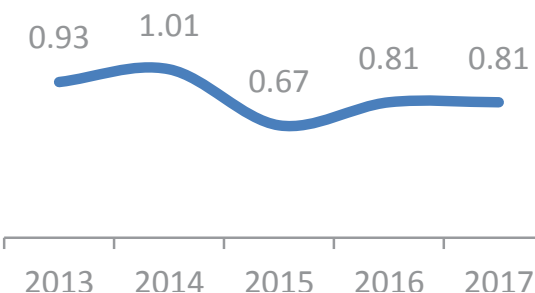
Total Shareholders' Equity to Total Assets



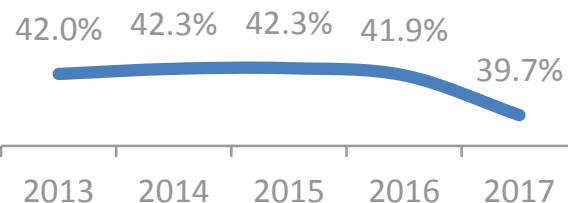
NPL to Gross Credit Facilities -excluding suspended interest



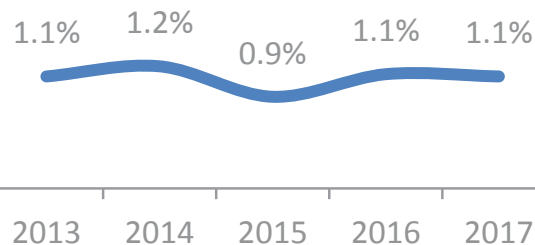
EPS (USD)



Cost to Income - excluding provisions



Return on Assets

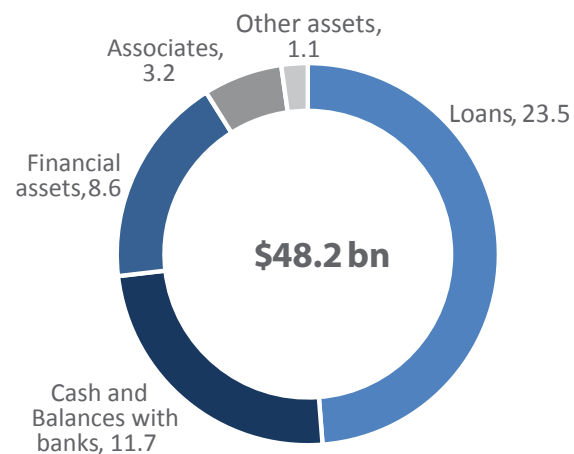


Strong underlying financial metrics

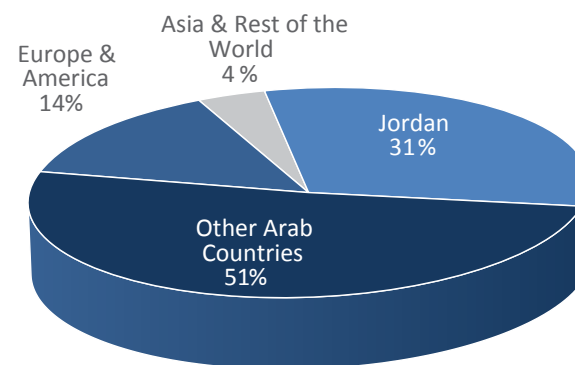
- The underlying performance of the Group has been continuously strong . ROA/ROE/EPS have been significantly affected by the cost of litigation for the NY legal cases, which were put to finality in early 2018.

Asset analysis – 31 December 2017

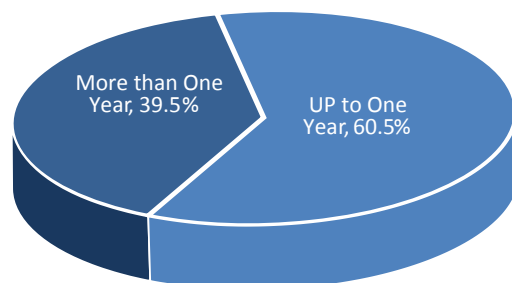
By type



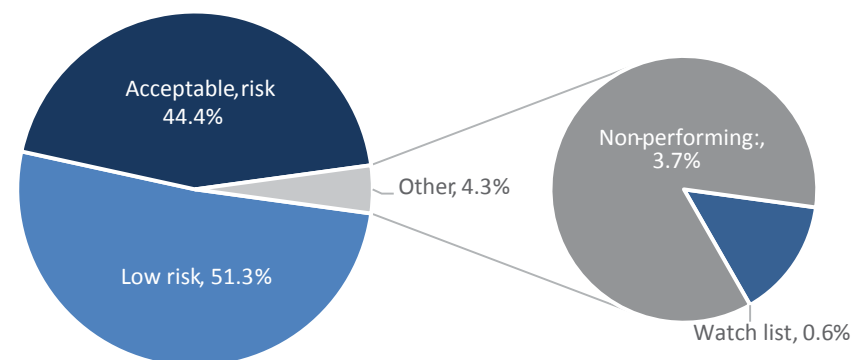
By geography



By maturity



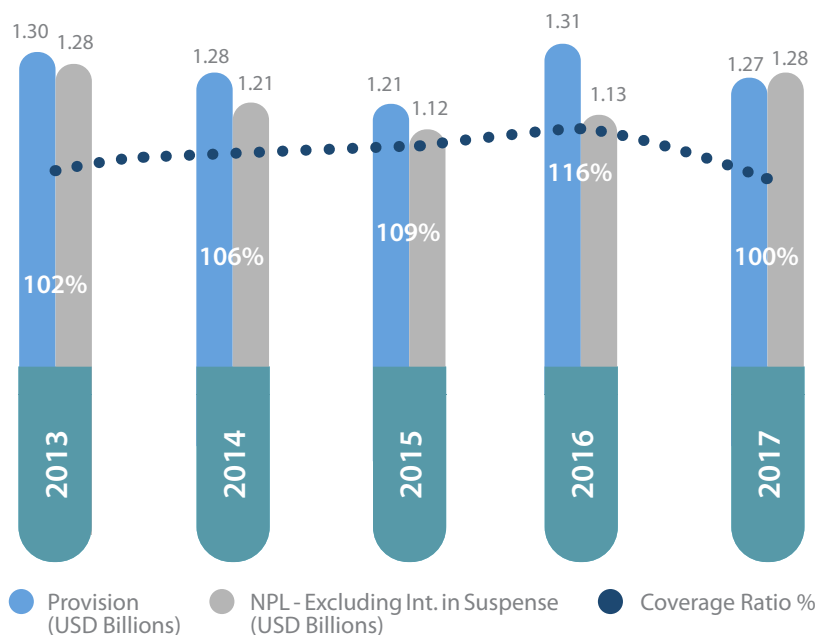
By risk category



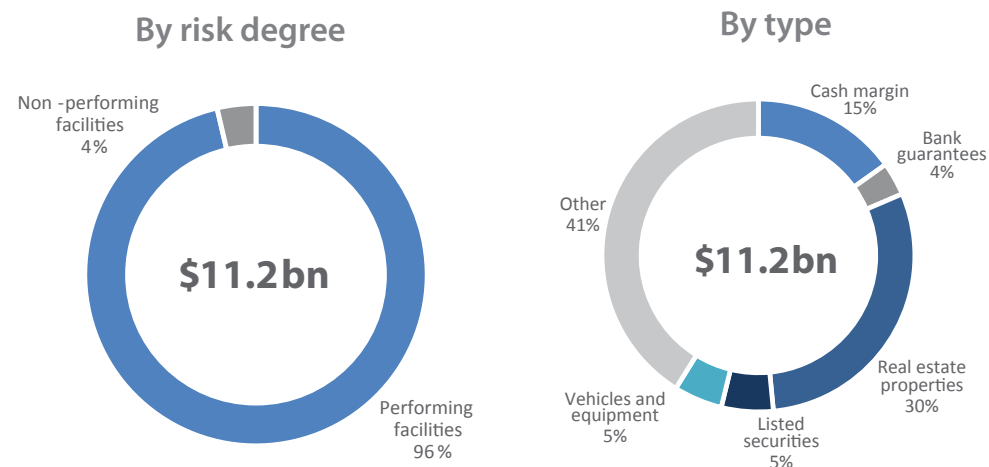
- High quality asset classes
- Well diversified geographically

- Well managed and prudent maturity profile
- Low and acceptable risk profile

Loan analysis

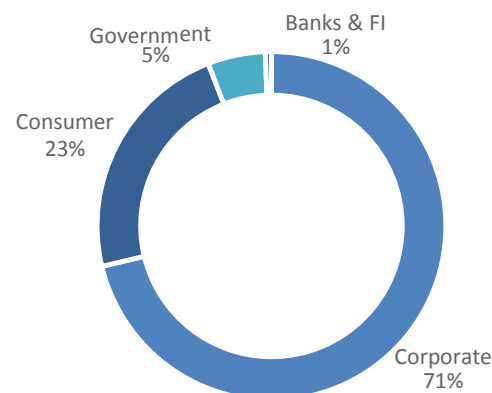


Collaterals against loans

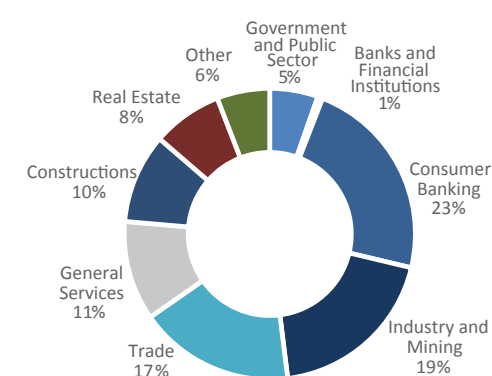


- Corporate loans represent 71% of the loan portfolio, and are well diversified across economic sectors and regions.
- Consumer loans represent 23% of the loan portfolio and the amount of 90 days overdue represents only 2.1% of the consumer loan portfolio.
- Credit portfolio is well collateralized and quality remains high despite regional conditions.
- As of 31 December 2017, NPL coverage ratio stood at 100%, in line with the bank's prudent provisioning policy.
- NPLs include old loans which are fully provided for. The bank is very cautious in writing off loans to safeguard its legal position for collection.

Loans by segment

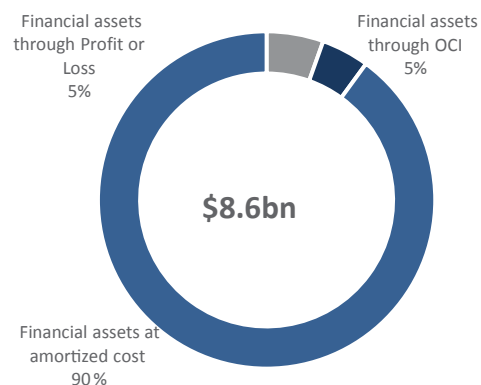


Loans by sector



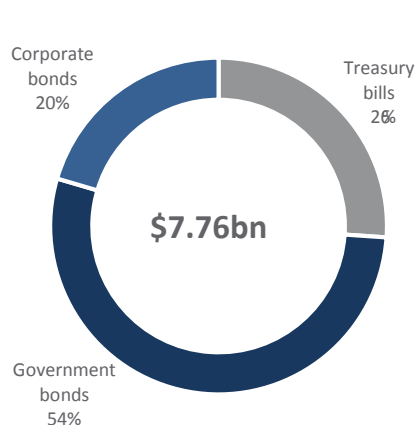
Investments – 31 December 2017

Financial assets breakdown

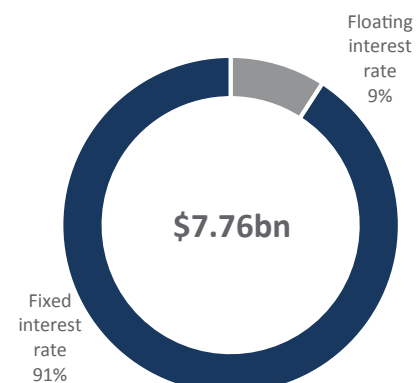


Financial assets at amortized cost

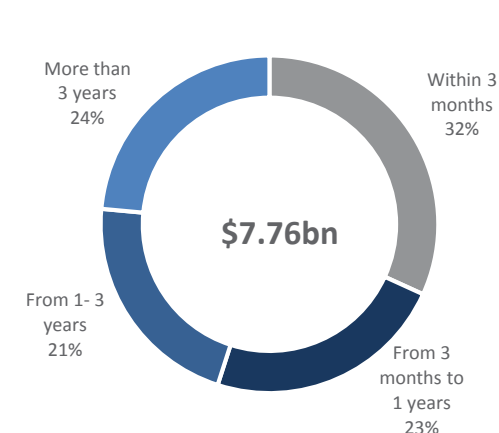
By type



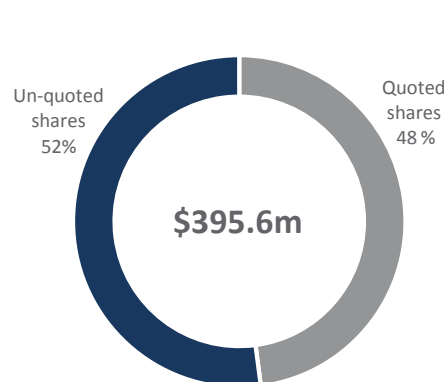
By interest rate



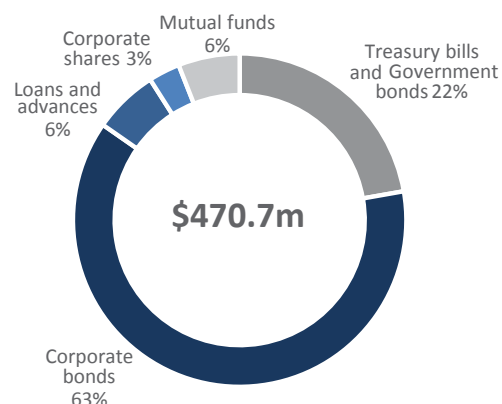
By maturity



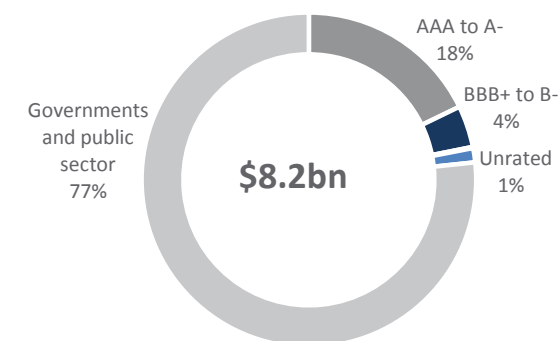
Financial assets through OCI



Financial assets through profit or loss



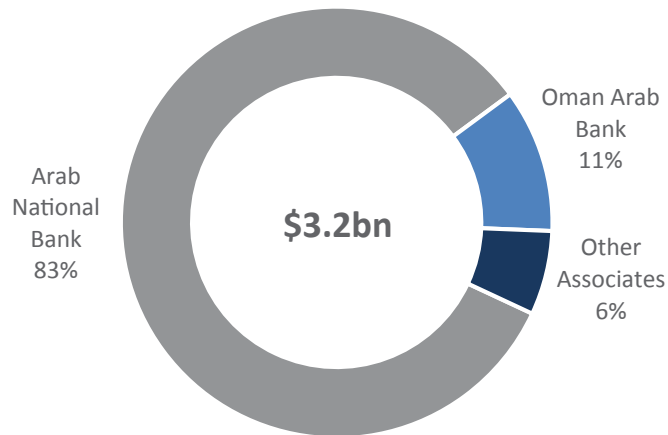
Debt securities based on risk degree



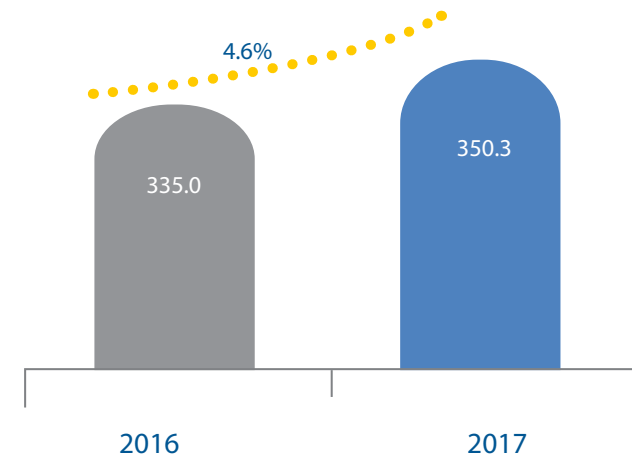
- High quality investment portfolio in sovereigns and highly rated corporate and financial institutions, with prudent maturity profile.

Investments in associates

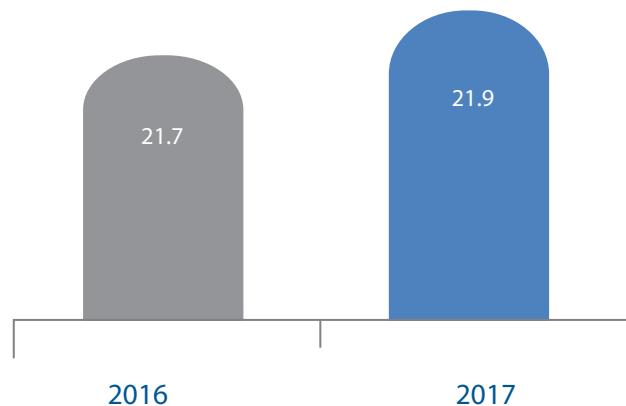
Investments in associates by entity



Group's share of profits of associates (USD million)



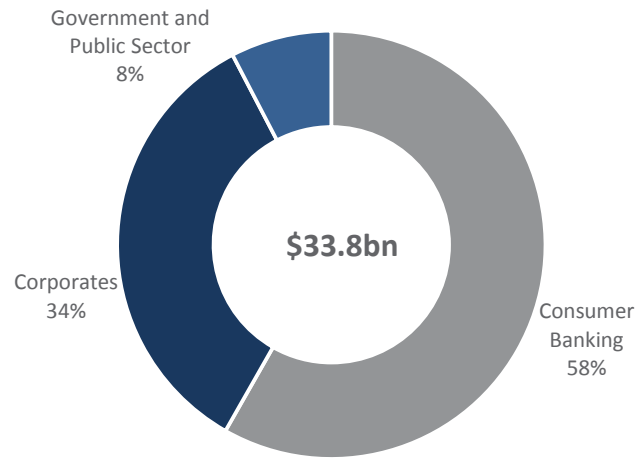
Group's share of associates in assets (USD billion)



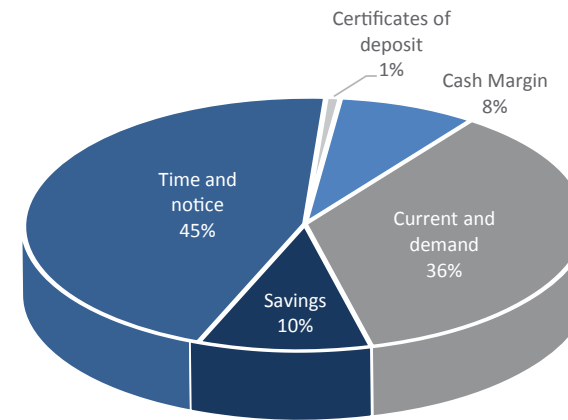
- Investments in associated companies are accounted for according to the equity method.
- AB Group share of assets in associates amounts to USD 22 billion.
- Associates post healthy results and contribute around 17% of Arab Bank Group revenues.

Funding - 31 December 2017

Deposits by segment

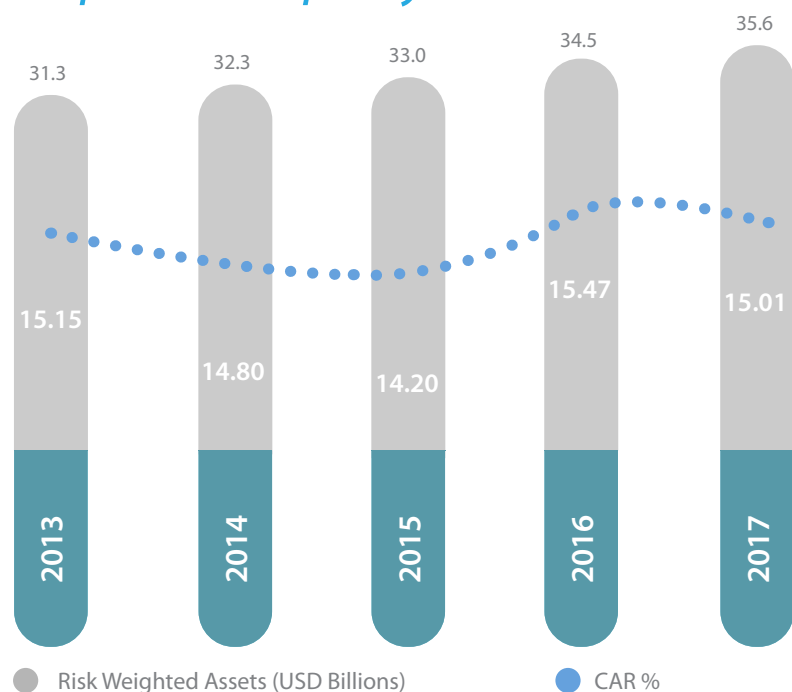


Deposits by type



- Strong and quality customer deposit base, with no reliance on wholesale funding.
- Current and saving accounts (CASA) represent 46% of total deposits.
- Government of Jordan and Jordanian public sector deposits represent 1.3% of total customer deposits.

Capital adequacy



Highlights

- Solid capital adequacy ratio well above Basel III requirements with CAR at 15.01% as of 31 December 2017.
- High quality capital; mostly comprised of CET1, with CET1 ratio of 13.81% as of 31 December 2017.
- Solid leverage ratio at 8% well above Basel III & CBJ requirements.
- High Liquidity ratios as of 31 December 2017 well above Basel III.
 - Liquidity coverage ratio: 423%.
 - Net stable funding ratio: 139%.

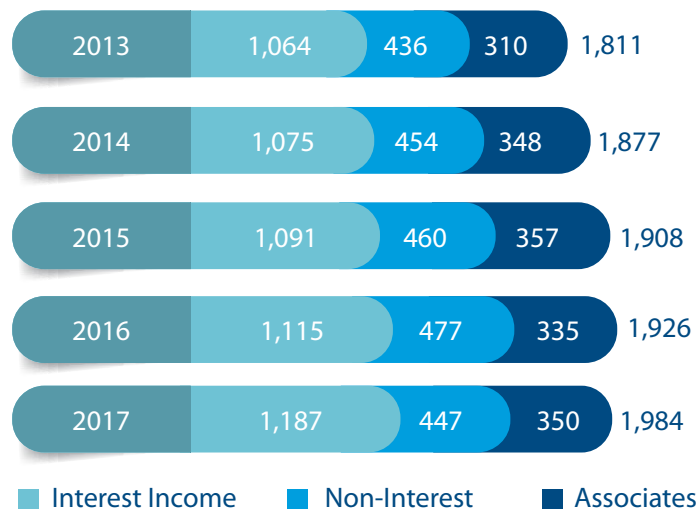
	December, 31 2016 USD '000	December, 31 2017 USD '000
Common Equity Tier 1	7 456 409	7 584 233
Regulatory Adjustments (Deductions from Common Equity Tier 1)*	(2 510 358)	(2 665 636)
Additional Tier 1	10 462	10 493
Supplementary Capital	385 951	416 673
Regulatory Capital	5 342 464	5 345 763
Risk-weighted assets (RWA)	34 533 868	35 615 663
Common Equity Tier 1 Ratio	%14.32	%13.81
Tier 1 Capital Ratio	%14.35	%13.84
Capital Adequacy Ratio	%15.47	%15.01

* Regulatory adjustments are mainly from investments in associates according to Basel III.

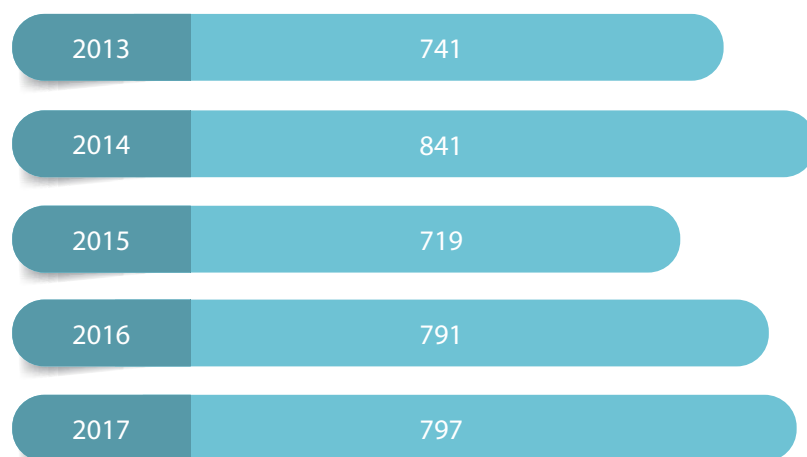


Revenue generation

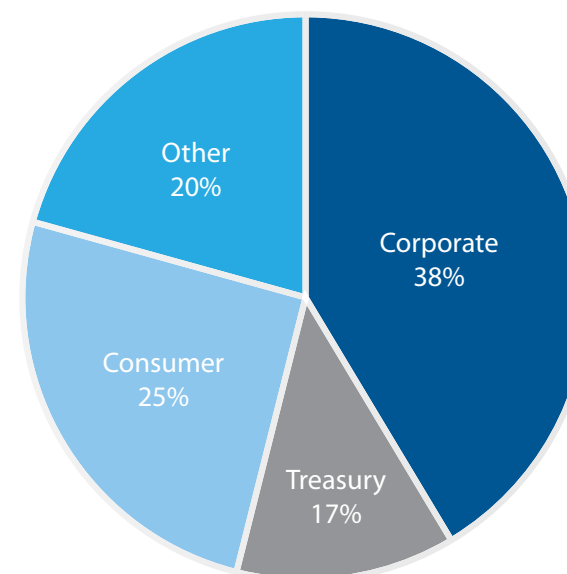
Revenue (USD Million)



Net Income before Tax (USD Million)



Revenue by line of business



- The income tax rate in Jordan is 35%, while the income tax rate for the countries where the Group has investments and branches ranges from zero to 37%.
- Cost of litigation has masked the strong underlying performance of the Group.

Corporate and Institutional Banking

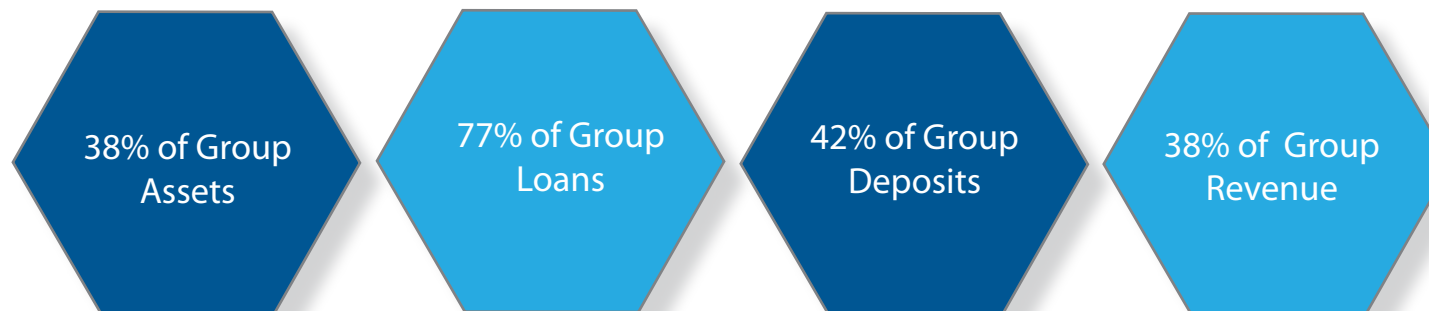
Arab Bank has established itself as the Bank of choice for international, regional and local companies and financial institutions, providing counterparts with their financing needs across an extensive network. With vast experience in a variety of products and services, working with clients across sectors, Arab Bank is a prominent financier in the region.

Arab Bank takes the lead, combined with the expertise of its highly qualified team of specialists, to consistently provide its clients with financing options, ranging from corporate lending to more complex structured finance facilities, products and services to cater to corporate and/or institutional clients' banking needs.

The range of services includes:

- Corporate finance: corporate lending and project and structured finance.
- International transaction banking.
- Financial institutions.
- Corporate institutions and channels including trade finance and cash management.

2017



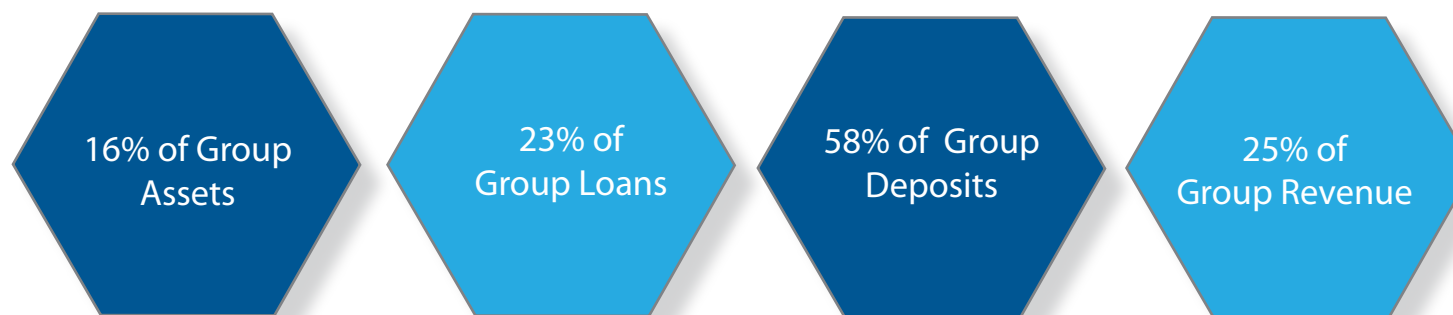
Consumer Banking

Arab Bank provides a host of personalized financial solutions, products and services that are specially designed to meet customer requirements and lifestyles. The programs covers kids, youth, salaried customers, professionals, self-employed, executives and entrepreneurs in addition to the affluent customers.

Consumer banking products and services cover all account types including current accounts, savings accounts, term-deposit accounts and certificate of deposits, in addition to the various personal financing solutions covering housing, personal and auto loans. We also offer our customers a wide range of credit cards that provides them with ultimate flexibility and purchasing power.

Arab Bank provides the latest digital banking services including the Internet Banking Service “Arabi Online”, “Arabi Mobile” application for smartphone and tablets, Phone Banking Service “ Hala Arabi”, SMS Express Service, Customers Identification through Finger Vein in addition to a widespread ATM network and the Interactive Teller Machine (ITM).

2017

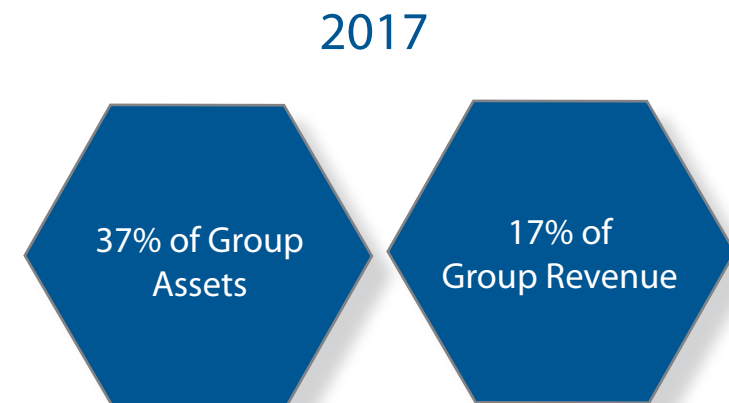


Treasury

With a global network of treasury centers, Arab Bank's teams of highly experienced market specialists provide support to customers across the region with products and services that cover money markets, foreign exchange and capital markets. The bank also provides hedging solutions that range from conventional foreign exchange transactions, such as swaps and vanilla options, to more hybrid solutions. Additionally, Arab Bank's Treasury division provides yield enhancement products associated with a variety of different asset classes, which are also structured for corporate and private banking customers.

Treasury products include the following:

- Spot and forward FX
- FX and interest rate swaps
- Deposits in local and foreign currencies
- Securities and options
- Structured products
- Derivatives (used for managing interest rate risk and sold to customers for hedging)



Private Banking

Arab Bank Group provides a complete package of private banking products and services including asset management and investment counselling for high net worth clients through Arab Bank (Switzerland) Ltd.

Arab Bank (Switzerland) Ltd is a sister company owned by the shareholders of Arab Bank plc and is consolidated within Arab Bank Group financial statements. The Bank was incorporated in 1962 in Switzerland, and operates through its branches in Geneva and Zurich, as well as through its wholly owned subsidiary in Lebanon.

- Solid balance sheet
- Well capitalized, with equity in the excess of CHF 0.5 billion.
- AUM: CHF 3.4 billion.
- CAR: 27%.
- LCR: 182%

CHF (million)	2017
Total assets	3,454
Loans	1,146
Customers' deposits	1,160
Total equity	536
Assets under management	3,366
Net income after tax	14.1

Awards

Best Bank in the Middle East



- Best Bank for SMEs in the Middle East
- Best Bank in Jordan



- Best Bank in the Middle East (2016, 2017, 2018)
- Best Trade Finance Provider in the Middle East
- Best Bank in Social Media in the Middle East
- Best Bank in Jordan
- Best Foreign Exchange Provider in Jordan
- Best Trade Finance Provider in Jordan
- Best Treasury & Cash Management Provider in Jordan
- Best Treasury & Cash Management Provider in Morocco
- Best Corporate Digital Bank in Jordan
- Best Consumer Digital Bank in Palestine
- Best Consumer Digital Bank in Egypt
- Best Bank in Yemen



- Bank of the Year in the Middle East
- Bank of the Year in Jordan



- Best FX services in the Middle East
- Best Transactional Bank for Financial Institutions in the Middle East
- Best local bank in Jordan



- Cash Manager of the Year in the Middle East

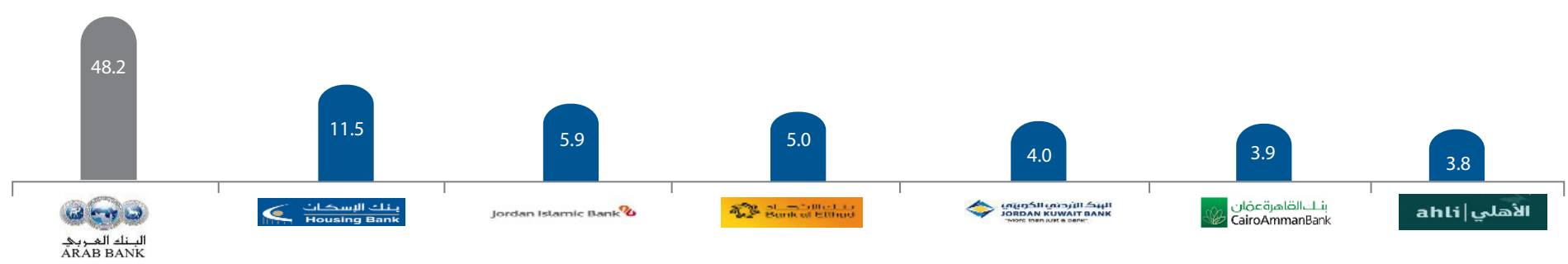


Comparative Positioning

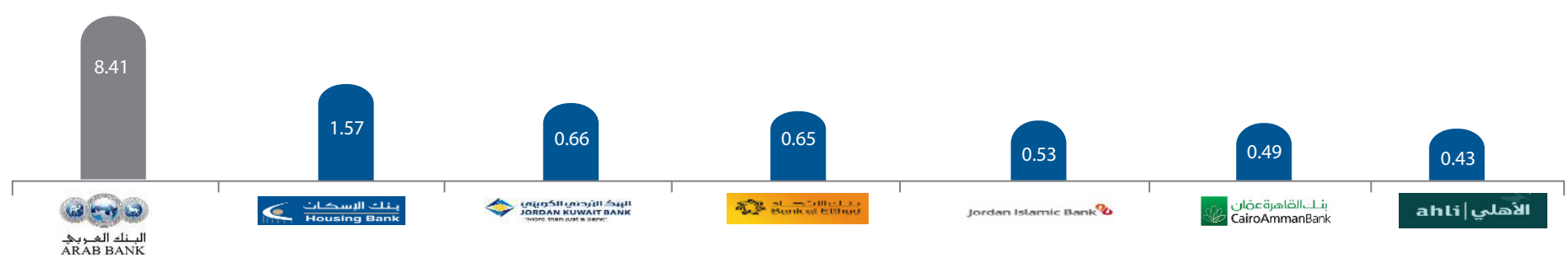


Top domestic banks – December 2017

Assets (USD billion)



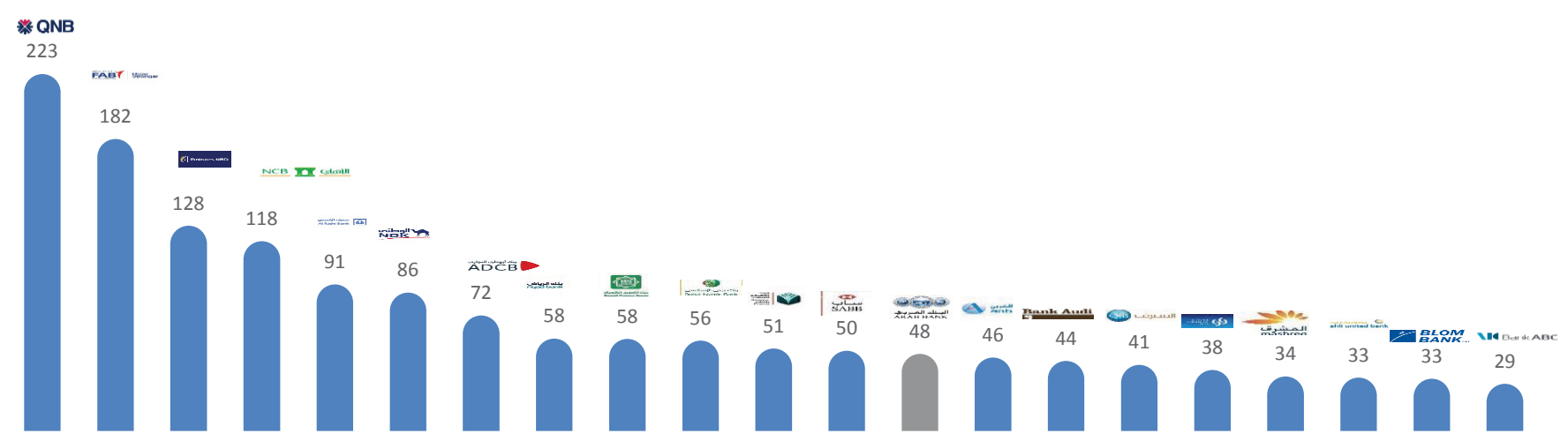
Equity (USD billion)



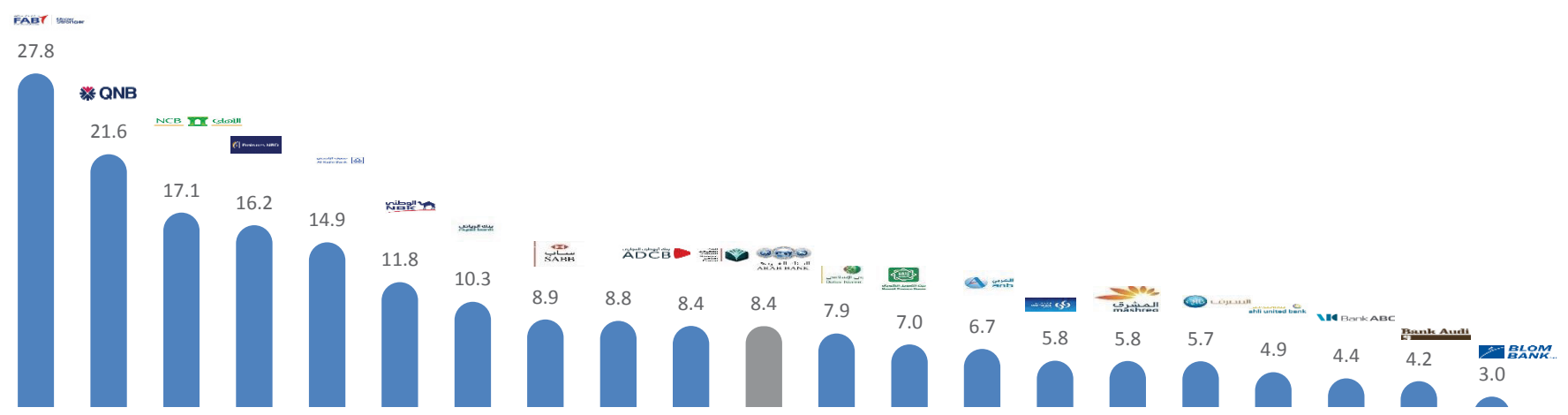


Top MENA banks – December 2017

Assets (USD billion)



Equity (USD billion)



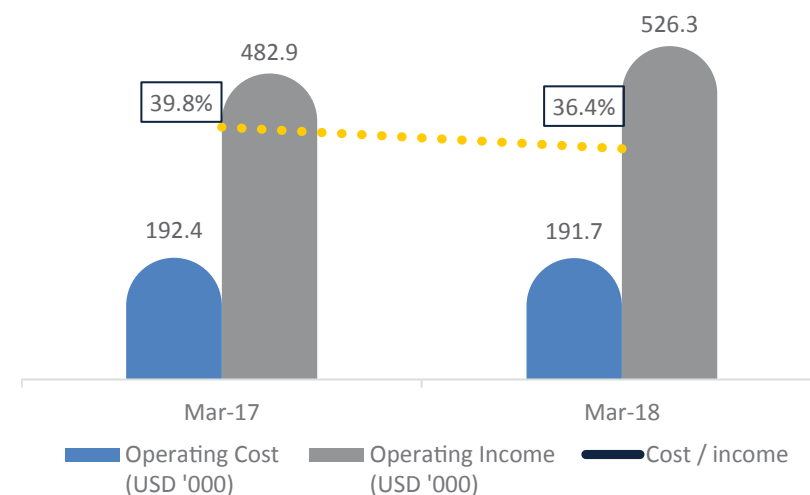
Q1 Financial Performance



Assets	USD '000	USD '000
	Dec 2017	March 2018
Cash and due from banks	11,749,717	10,826,523
Investment portfolio	8,626,240	8,886,310
Loan portfolio - net	23,488,575	23,649,674
Investment in associates	3,226,231	3,307,287
Fixed assets - net	459,141	454,894
Other assets	613,817	759,840
Total assets	48,163,721	47,884,528

Liabilities & shareholders' equity	USD '000	USD '000
	Dec 2017	March 2018
Due to banks	4,109,378	4,367,770
Customers' deposits & cash margin	33,780,748	33,356,282
Other provisions	598,245	596,593
Other liabilities	1,266,078	1,405,731
Total liabilities	39,754,449	39,726,376
Capital & reserves	7,049,584	6,885,860
Foreign currency translation reserve	(350,550)	(357,540)
Investments revaluation reserve	(313,438)	(309,816)
Retained earnings	1,904,663	1,822,471
Shareholders' equity	8,290,259	8,040,975
Non-controlling interests	119,013	117,177
Total shareholders' equity	8,409,272	8,158,152
Total liabilities & shareholders' equity	48,163,721	47,884,528

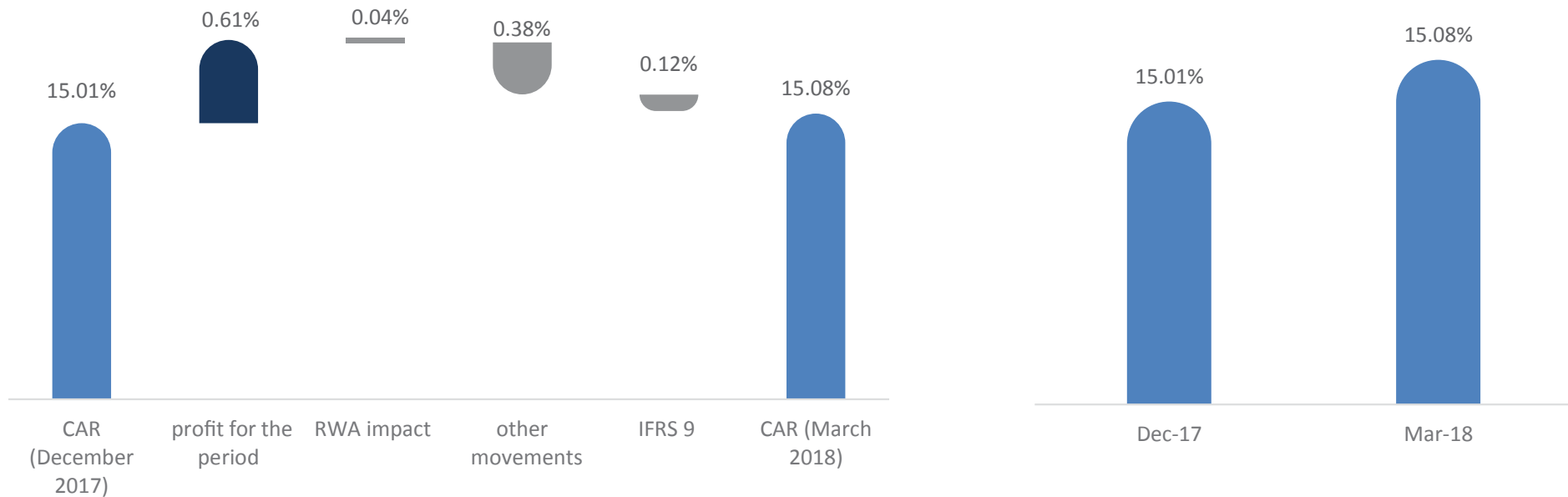
Income Statement	USD '000	USD '000
	March 2017	March 2018
Net interest income	277,992	311,550
Net commission	76,642	74,488
Group's share of profits of associates	91,178	91,670
Other revenue	37,059	48,586
Net operating revenue	482,871	526,294
Operating expenses	192,383	191,701
Net operating income	290,488	334,593
Provision for impairment - direct credit facilities	9,394	47,812
Net income before tax	281,094	286,781
Income tax	62,888	66,498
Net income after tax	218,206	220,283



- The performance of Arab Bank confirms the success of the Group in generating strong results despite the backdrop of a challenging operating environment.
- The underlying performance of the Group continues on its growth path with first quarter results recording a solid 15% increase in net operating income. The strong performance was driven by growth in core banking income with net interest income increasing by 12%.

IFRS 9 & Capital

Basel III capital adequacy ratio generation



- The Group has adopted IFRS 9 (2014) Financial Instruments on the required effective date of 1 January 2018.
- In light of the high quality loan portfolio, the impact on retained earnings of the first time application of IFRS 9 on 1 January 2018 is less than USD 100 million, a relatively small amount considering the size of loan portfolio of USD 25 billion.
- Capital adequacy ratio is above Basel III and CBJ requirements including the applicable D-SIB buffer.



CORPORATE GOVERNANCE



Board of Directors

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ARAB BANK



Mr. Sabih Taher Masri

Chairman

H.E. Dr. Bassem Ibrahim Awadallah

Deputy Chairman

Ministry of Finance, Saudi Arabia

Represented by Mr. Hisham Mohammed Attar Member

Social Security Corporation

Represented by Dr. Hamzeh Ahmad Jaradat Member

Mr. Wahbe Abdullah Tamari

Member

Abdul Hameed Shoman Foundation

Represented by H.E. Mr. Khaled Anis (Zand Irani) Member

Mr. Bassam Wa'el Kanaan

Member

Mr. Abbas Farouq Zuaiter

Member

H.E. Mr. Alaa Arif Batayneh

Member

H. E. Mr. Suleiman Hafez Al-Masri

Member

Dr. Musallam Ali Musallam

Member

Mr. Usama Mikdashi

Member

- Arab Bank gives considerable importance to proper Corporate Governance practices.
- Arab Bank follows the guidelines of the Central Bank of Jordan and Jordan Securities Commission on Corporate Governance, and also observes the regulatory requirements of other jurisdictions where it operates.
- The Board of Directors meets at least six times a year and has a strong adherence to good corporate governance, and is committed to applying and complying with the highest standards of professional competence in its activities.
- Arab Bank's Board of Directors, chaired by Mr. Sabih Taher Masri, is composed of 12 members, all non-executive, elected for a period of four years by the general assembly.

Corporate governance structure

Active board and management committees with well defined terms of reference that govern their roles and responsibilities.

Board committees:

- Audit Committee
- Risk Management Committee
- Credit Committee
- Corporate Governance Committee
- Strategy Committee
- Nomination and Remuneration Committee
- IT Governance Committee
- Compliance Committee

Executive committees

- High Asset & Liability Management Committee
- Executive Credit Committee
- Operational Risk Committee
- IT Steering Committee

Country committees

- Local Asset & Liability Committee
- Country Credit Committee
- Country Management Committee

Supported by three lines of control/defense

- Business Line and Country Internal Control Units
- Group Risk Management and Group Regulatory Compliance
- Group Internal Audit

Management

Experienced and highly qualified management team with prudent attitude towards risk.

Nemeh Sabbagh

Chief Executive Officer

Randa Sadik

Deputy Chief Executive Officer

Mohamed Ghanameh

Chief Credit Officer

Antonio Mancuso-Marcello

Head of Treasury

Mohammad Masri

Head of Corporate and Institutional Banking

Naim Al Hussaini

Head of Consumer Banking

Eric Modave

Chief Operating Officer

Basem Al Imam

Board Secretary / Head of Legal Affairs

Ghassan Tarazi

Chief Financial Officer

Ziyad Akrouk

Head of Group Risk

Georges El Hage

Chief Risk Officer

Michael Matossian

Chief Compliance Officer

Fadi Zouein

Head of Internal Audit

Rabab Abbadi

Head of Human Resources

Compliance



Compliance

Arab Bank continues to maintain an unwavering commitment to integrity and exercises the highest ethical standards across its operation, applying both the letter and spirit of regulations to ensure compliance with statutory, regulatory, and supervisory requirements. Evolving to meet the needs of rapidly changing business environments, Arab Bank ensures that its internal processes are consistent with applicable regulatory requirements, promote efficiency, foster effectiveness and meet or exceed customer and regulatory expectations.

Group Regulatory Compliance Division reporting directly to the Chief Executive Officer and with direct access to the Compliance Committee of the Board of Directors, is responsible for ensuring compliance with requirements impacting the business lines including, but not limited to, Know Your Customer, Anti-Money Laundering, and Combating Terrorist Financing.

Sustainability



Sustainability ... a comprehensive approach



Arab Bank's sustainability journey has evolved over time as an integral part of the Bank's objectives and its constant contributions towards supporting economic growth.

Sustainability Vision

To be the leading responsible financial institution in the Arab world socially, economically and environmentally.

Sustainability Mission

To create long-term sustainable financial and non-financial value for the Bank and its stakeholders through continuous support and contribution to the achievement of their ambitions



The strategic approach followed by the Bank is comprehensive and revolves around five main strategic focus areas: Responsible financing, employee empowerment, transparent reporting, system optimization and community cooperation. These focus areas aim to achieve a sustainable future through enhancing our economic performance, environmental impact and community contributions.

Furthermore, the Bank has also launched a multi-dimensional corporate social responsibility (CSR) program under the title "Together" with specific engagement themes targeting the development and well-being of local communities. [View our sustainability reports.](#)

CREDIT RATINGS



Credit ratings

Agency	Entity	Rating
MOODY'S	Arab Bank plc - Jordan Long Term Bank Deposits - Local Currency Long Term Bank Deposits - Foreign Currency	Ba2/Stable/NP B2/Stable/NP
	Arab Bank plc - Dubai branch Long Term Bank Deposits - Foreign Currency	Ba2/Stable/NP
FitchRatings	Arab Bank plc Issuer Default Ratings (IDRs)	BB /stable/B
STANDARD & POOR'S	Arab Bank plc Issuer Default Ratings (IDRs)	B+ / Stable/B
	Arab Bank Group Operating Entities Europe Arab Bank Arab Bank Australia Ltd Issuer Default Ratings (IDRs)	BB+ / Stable/B

- International credit rating agencies (Moody's, Fitch, and standard & poor's) emphasize on the banks' pioneer position, which allows it to be rated above its sovereign.
- "AB group has been a consistently solid performer, even during difficult domestic or regional operating conditions. The group's performance reflects its broad geographical diversification, its conservative attitude to risk, and a policy of making liquidity paramount." **(Fitch)**
- "The group's top management has proven skills, capacity, and expertise to run the bank, in line with its strategy, which we view as well defined and prudently exercised." **(S&P)**
- *Arab Bank ratings were directly impacted and downgraded from its previously assigned investment grade as a result of the several sovereign downgrades of key countries in which Arab Bank Group operates.*



Legal Cases



Legal cases

In 2004, a number of civil lawsuits were filed against Arab Bank plc in New York by U.S. and non-U.S. plaintiffs claiming that the Bank provided financial services to individuals and entities who were alleged to have some affiliation with individual "terrorists" or "terrorist organizations" operating in the Palestinian Territories during the Second Intifada. The plaintiffs claimed damages from the Bank alleging that these financial services constituted material support for terrorist activities.

In relation to the claims filed by the U.S. plaintiffs pursuant to the Anti-Terrorism Act (ATA), as a result of the trial, the Bank was found liable on September 22, 2014 for the damages caused by certain attacks allegedly perpetrated by Hamas. The Bank proceeded to appeal the liability verdict and the Court of Appeals for the Second Circuit issued its decision on February 9, 2018 vacating the liability verdict entered by the District Court, putting the ATA legal case into finality.

In relation to the claims filed by non-U.S. plaintiffs pursuant to the Alien Tort Statute (ATS), the U.S. Supreme Court agreed to hear the petition of the plaintiffs on April 3, 2017. This claim was previously dismissed on three occasions by the district court and the Court of Appeals. The U.S. Supreme Court issued its decision on April 24, 2018 affirming the dismissal of the ATS plaintiffs' claims against the Bank and found that foreign corporations cannot be sued in American Court pursuant to the ATS.



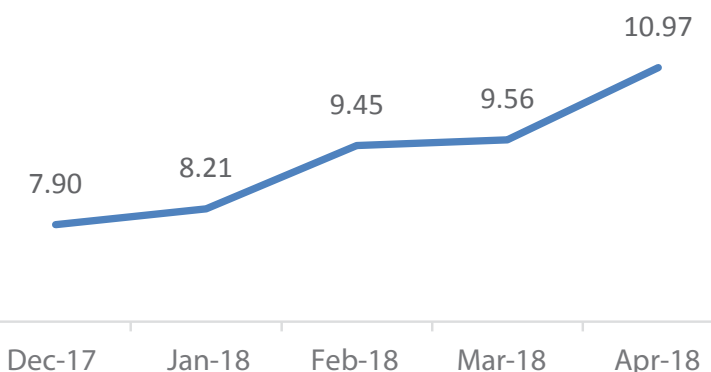
STOCK INFORMATION



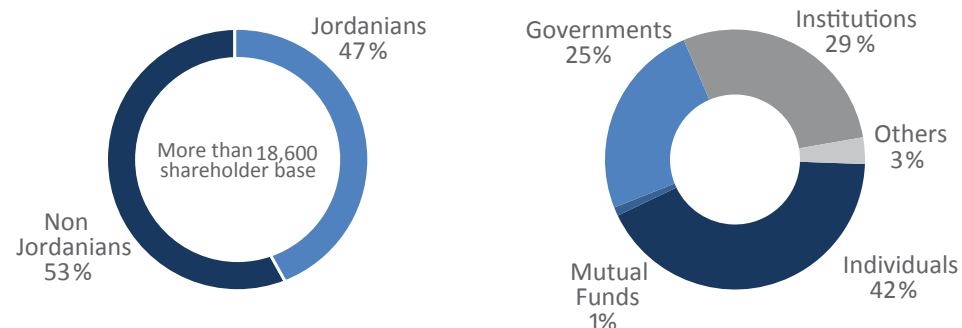
Stock information

- Arab Bank is the largest listed company on Amman Stock Exchange with a market capitalization of USD 5.1 billions as of 31 December, 2017 (USD 6.1 billion as of 31 March 2018); representing around 25% of total market capitalization.
- Arab Bank shares are traded in multiple lots of 18 shares coupled with 1 share of Arab Bank Switzerland Ltd.
- A diversified base of shareholders of over 18 thousand shareholders.
- An attractive share price with 9.7 P/E ratio, and 0.6 P/B ratio as of 31 December 2017. (7.1 P/E , 0.75 P/B as of 31 March 2018)
- A dividend yield of 7.3% as of 31 December, 2017.

End of month stock price (USD)



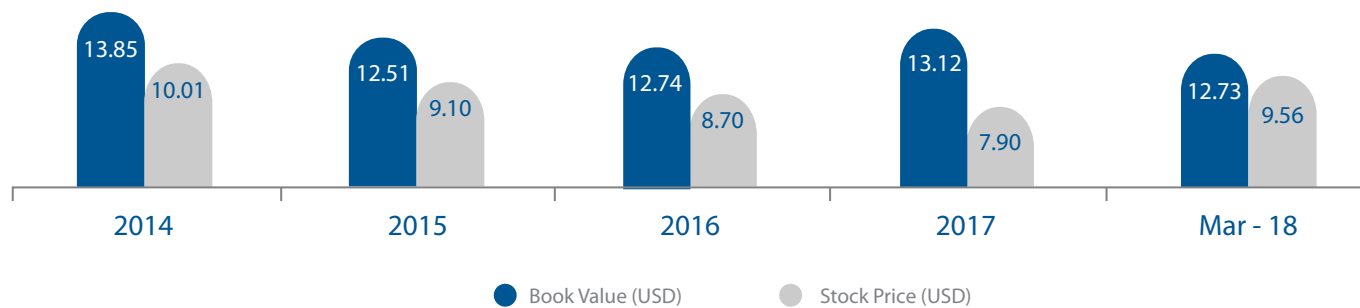
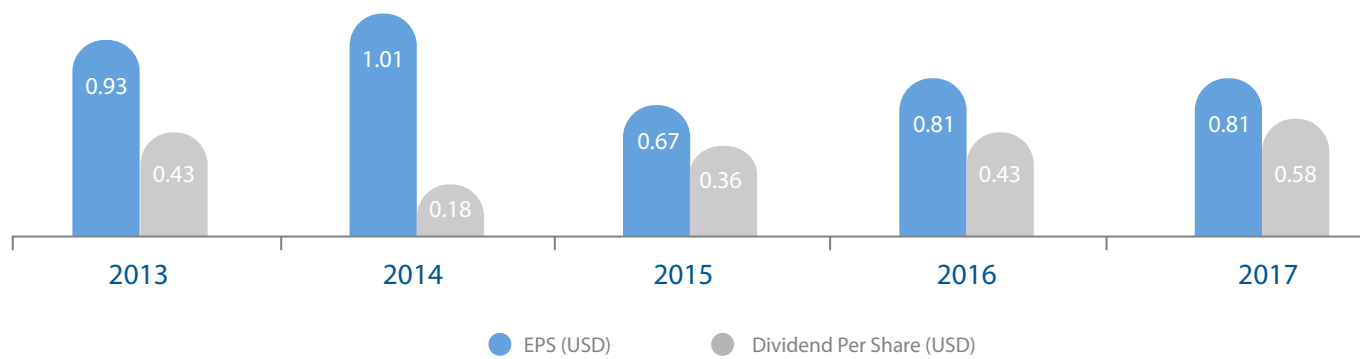
Shareholders structure



Major investors who own more than 1%

Investor Name	Nationality	%
Social Security Corporation	Jordanian	16.000
Abdel Hamid Shoman Foundation	Jordanian	4.997
Sabih Taher D. Masri	Jordanian	4.527
Ministry of Finance Saudi Arabia	Saudi Arabian	4.494
Musalam Bin Ali Bin Hussein Musalam	Saudi Arabian	3.543
Almaseera International Company E.c.	Bahraini	2.722
Palestinian Telcommunications Co.	Palestinian	2.509
Dar Al Handasa Consultants Shair & Partners	Emirati	2.124
Al Sharq Holding Co.	Kuwaiti	1.798
Ministry of Economy & Finance - Government of Qatar	Qatari	1.649
Nasser Ibrahim R. Alrashid	Saudi Arabian	1.397
Ziyad Khalaf Mohamad Almanasir	Jordanian	1.391
Asando Trading Ltd	British Virgin Islander	1.186
Bankmed Suisse Sa	Swiss	1.095
Mary Issa A. Alousi	Jordanian	1.021
		50.453

Stock information



Disclaimer

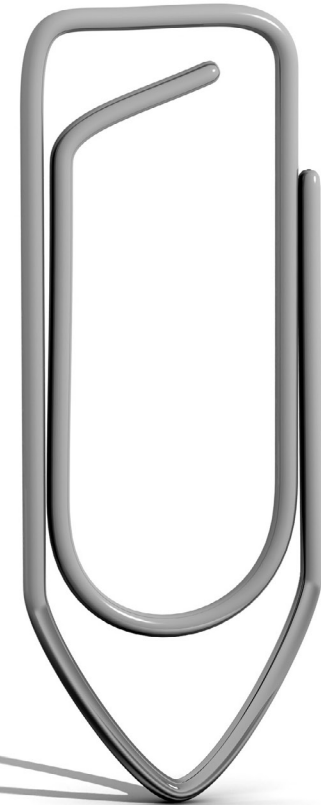
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APPENDIX



Arab Bank Group – Consolidated statement of financial position

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	December, 31	December, 31	March, 31
	2016	2017	2018
	USD '000	USD '000	USD '000
ASSETS			
Cash and balances with central banks	7 809 343	7 607 064	7 611 985
Balances with banks and financial institutions	4 622 181	3 992 234	3 033 500
Deposits with banks and financial institutions	176 118	150 419	181 038
Financial assets at fair value through profit or loss	698 516	470 654	479 268
Financial derivatives - positive fair value	58 011	35 420	57 173
Direct credit facilities at amortized cost	21 898 121	23 488 575	23 649 674
Financial assets at fair value through other comprehensive income	470 912	395 563	416 987
Other financial assets at amortized cost	7 640 955	7 760 023	7 990 055
Investment in associates	3 077 008	3 226 231	3 307 287
Fixed assets	463 633	459 141	454 894
Other assets	472 203	491 174	585 791
Deferred tax assets	73 390	87 223	116 876
TOTAL ASSETS	47 460 391	48 163 721	47 884 528
LIABILITIES			
Banks and financial institutions' deposits	3 752 999	3 927 288	4 178 935
Customer deposits	31 082 152	31 080 459	30 794 731
Cash margin	2 561 426	2 700 289	2 561 551
Financial derivatives - negative fair value	52 517	42 154	45 865
Borrowed funds	271 185	182 090	188 835
Provision for income tax	242 377	272 205	281 006
Other provisions	259 795	326 040	315 587
Other liabilities	1 072 128	1 220 231	1 356 026
Deferred tax liabilities	1 276	3 693	3 840
Total Liabilities	39 295 855	39 754 449	39 726 376

	December, 31	December, 31	March, 31
	2016	2017	2018
	USD '000	USD '000	USD '000
OWNERS' EQUITY			
Share capital	926 615	926 615	926 615
Share premium	1 225 747	1 225 747	1 225 747
Statutory reserve	798 443	841 359	841 359
Voluntary reserve	977 315	977 315	977 315
General reserve	1 141 824	1 141 824	1 141 824
General banking risks reserve	363 458	395 828	232 104
Reserves with associates	1 540 896	1 540 896	1 540 896
Foreign currency translation reserve	(402 682)	(350 550)	(357 540)
Investment revaluation reserve	(267 672)	(313 438)	(309 816)
Retained earnings	1 738 225	1 904 663	1 822 471
Total Equity Attributable to Shareholders of the Bank	8 042 169	8 290 259	8 040 975
Non-controlling interests	122 367	119 013	117 177
Total Owners' Equity	8 164 536	8 409 272	8 158 152
TOTAL LIABILITIES AND OWNERS' EQUITY	47 460 391	48 163 721	47 884 528

Arab Bank Group – Consolidated statement of income

البنك العربي
ARAB BANK



	December, 31		March, 31	
	2 016	2 017	2 017	2 018
	USD '000	USD '000	USD '000	USD '000
REVENUE				
Interest income	1 865 835	1 984 069	455 570	525 802
Less: interest expense	751 317	797 507	177 578	214 252
Net interest income	1 114 518	1 186 562	277 992	311 550
Net commissions income	315 903	301 711	76 642	74 488
Net interest and commissions income	1 430 421	1 488 273	354 634	386 038
Foreign exchange differences	61 185	84 665	17 725	29 687
Gains from financial assets at fair value through profit or loss	5 147	5 380	3 211	1 022
Dividends on financial assets at fair value through other comprehensive income	7 813	6 995	4	3 815
Group's share of profits of associates	334 964	350 278	91 178	91 670
Other revenue	86 882	48 408	16 119	14 062
TOTAL INCOME	1 926 412	1 983 999	482 871	526 294
EXPENSES				
Employees' expenses	439 105	459 957	112 215	118 831
Other expenses	331 285	342 445	61 121	64 506
Depreciation and amortization	54 773	56 546	13 669	14 264
Provision for impairment - direct credit facilities at amortized cost	179 056	250 377	9 394	47 812
Other provisions	131 378	78 021	5 378	(5 900)
TOTAL EXPENSES	1 135 597	1 187 346	201 777	239 513
Profit before income tax	790 815	796 653	281 094	286 781
Less: Income tax expense	258 149	263 690	62 888	66 498
Profit for the Year	532 666	532 963	218 206	220 283
Attributable to :				
Bank shareholders	522 187	521 961	215 663	217 128
Non-controlling interests	10 479	11 002	2 543	3 155
TOTAL	532 666	532 963	218 206	220 283
Earnings per share attributable to Bank shareholders				
- Basic and diluted (US Dollars)	0.81	0.81	0.34	0.34



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