


البنك العربي
ARAB BANK



Arab Bank Group Investor Presentation

March 2021

Arab Bank Group – Table of contents



3	Introduction
7	Group Strategy and Business Model
12	Financial Performance
16	Governance and Sustainability
18	Financial Statements, Ratings

Arab Bank Group Vision

Trusted banking partner for the MENA region, with the capital strength to deliver long term value to our customers and shareholders

Our Identity

- ❑ Pioneer in the MENA banking industry with deep regional knowledge developed over 90 years
- ❑ Largest regional platform with global footprint - over 600 branches in 28 countries
- ❑ Our business is corporate & consumer banking and trade finance
- ❑ Our reputation is one of competence, trustworthiness and resilience
- ❑ Committed to the region and the founding principle – economic development of the Arab World

Strengths

Solid & consistent performance

- Strong operating performance & high quality earnings
- Robust and high quality capitalization
- High liquidity levels
- Robust compliance and risk management

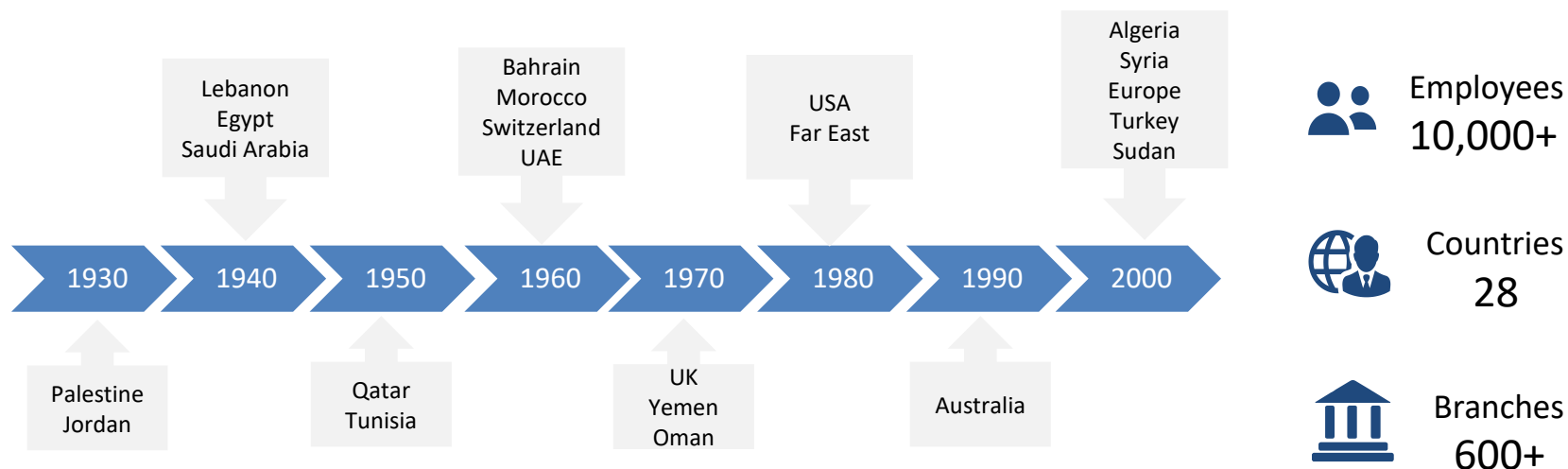
Growth Agenda

- Largest Arab banking network
- Large and diversified customer deposit base
- Leading product offering delivered through digital channels

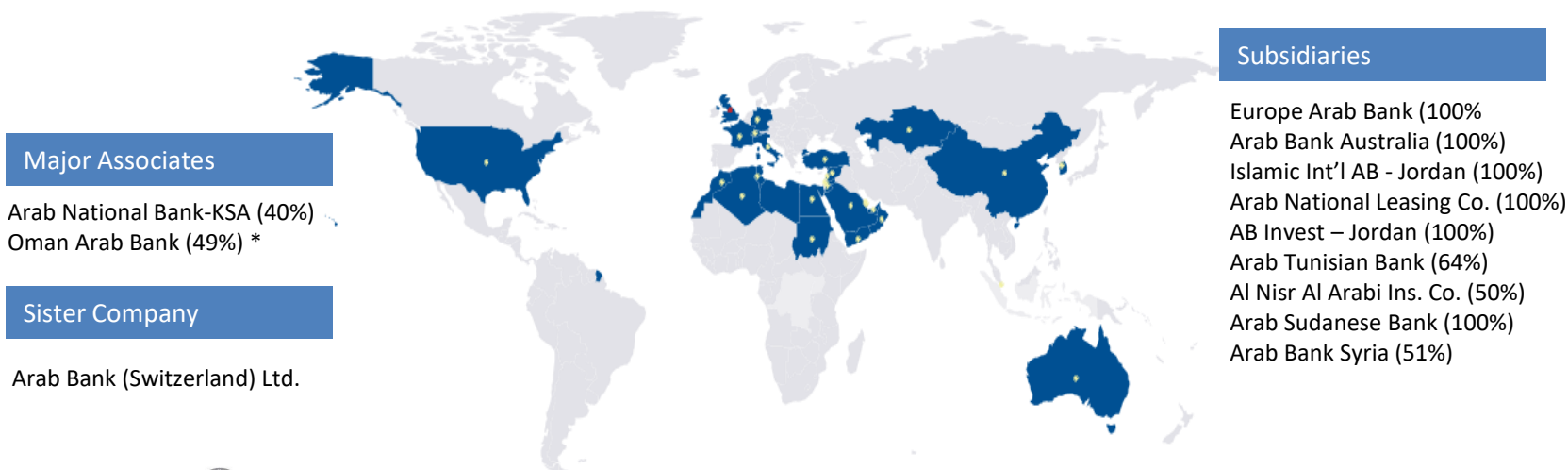
Driving Efficiency

- Leverage regional and global network
- Implement digitisation strategy
- Fintech Investments

Rich legacy of expansion and consistent performance



The largest private bank international network serving the MENA region

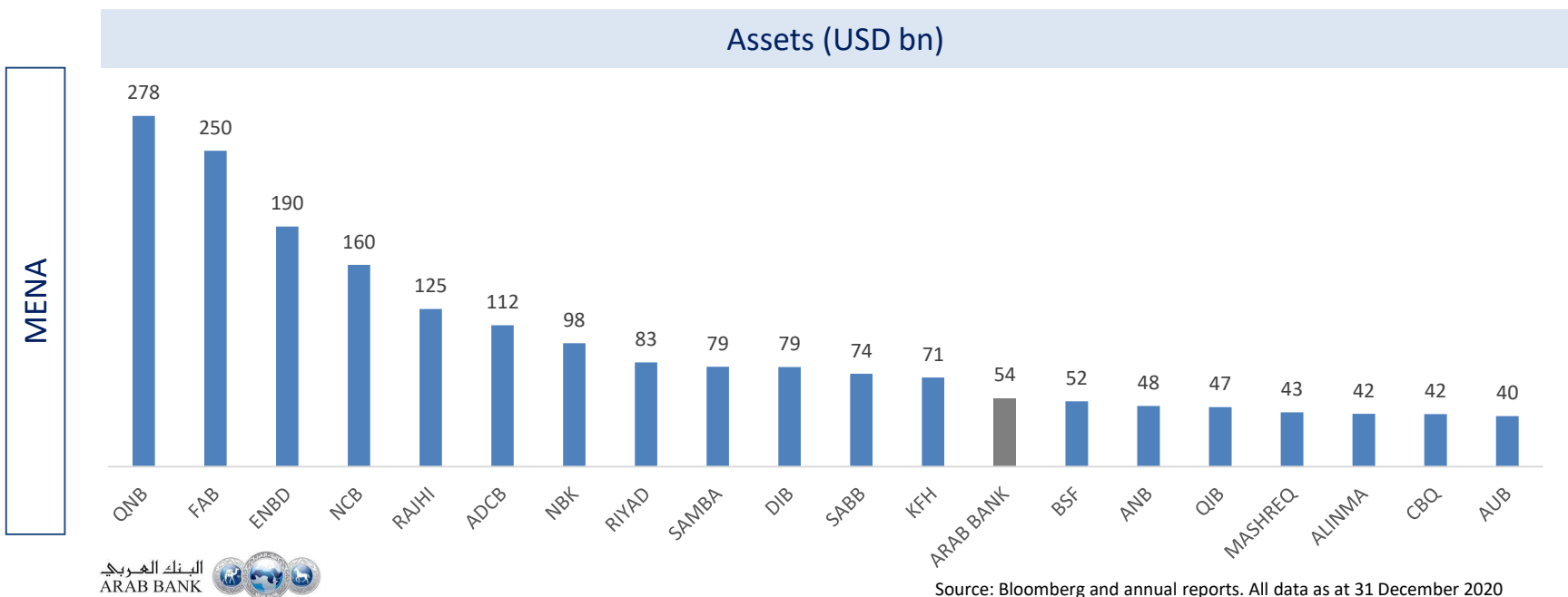
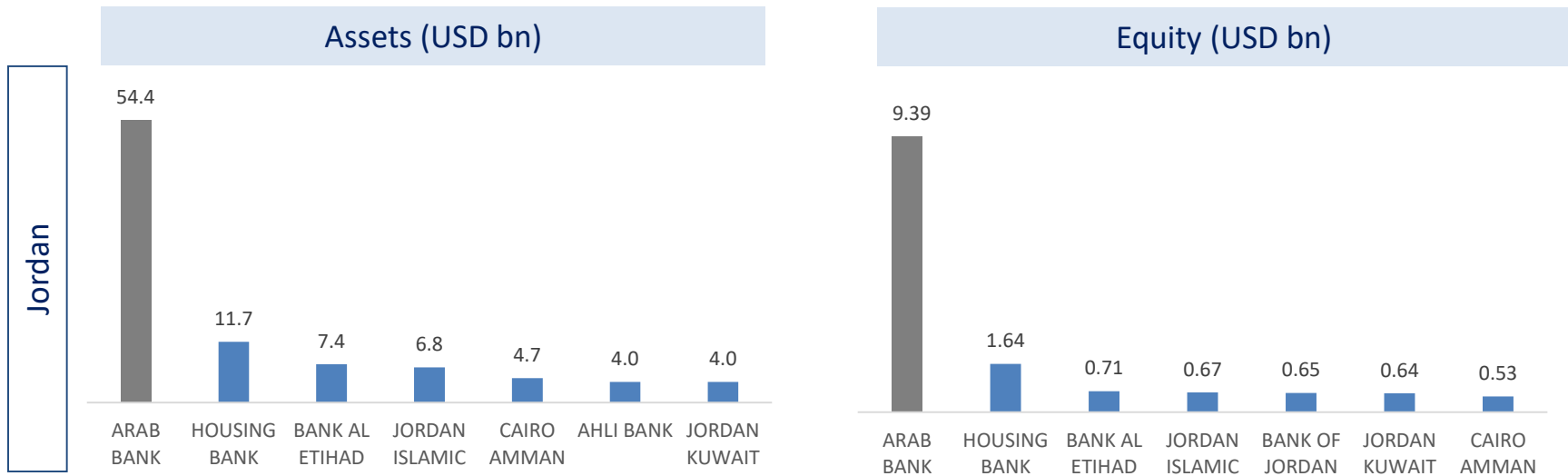


Strong financial position, resilient performance and value investment

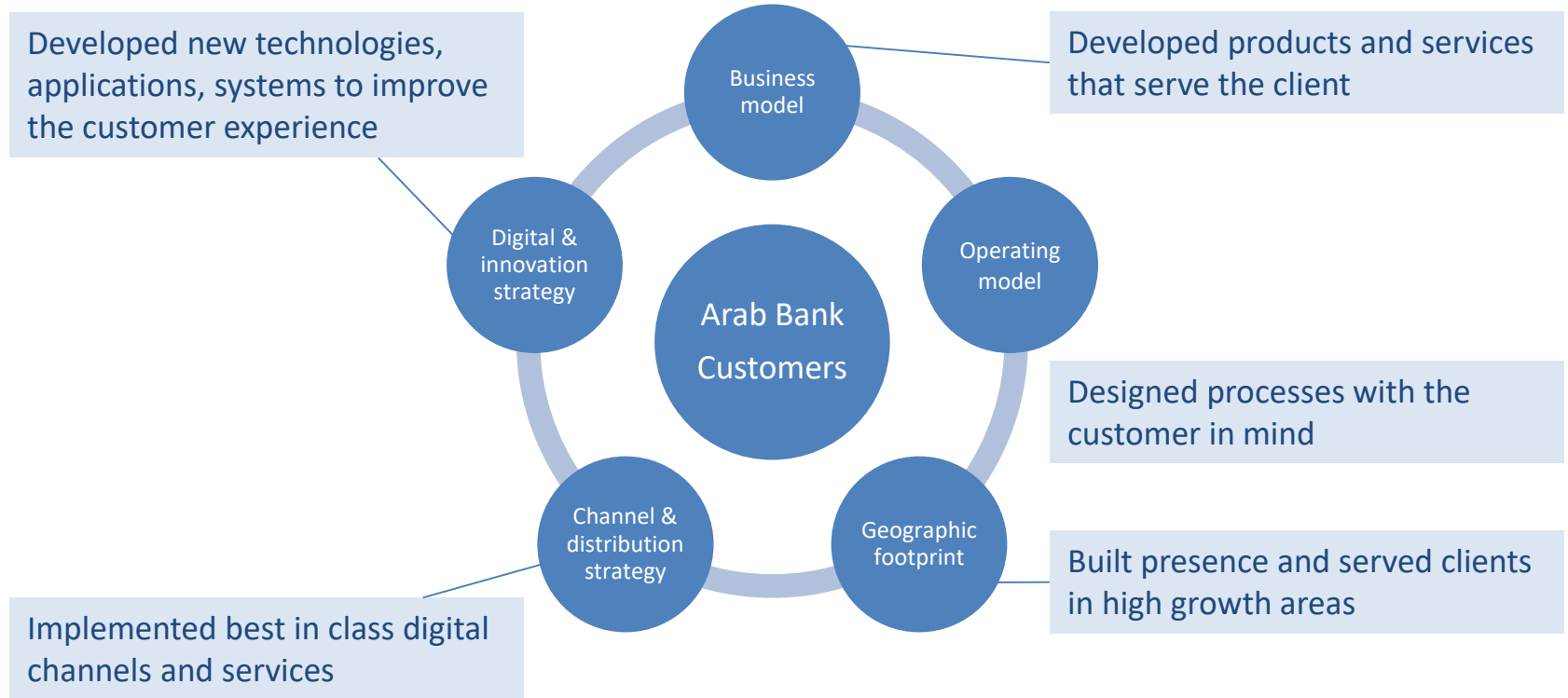
Assets \$54bn ▲ 6.2%	Loans \$27bn ▲ 1.4%	Deposits \$39bn ▲ 6.8%	Equity \$9.4bn ▲ 3.1 %
LTD 68%	Net Op. Income \$1,008mm ▼ -25%	Net Income \$195mm ▼ -77%	ROE 2.1% 3.7% pretax
Market Cap. \$3.7bn	NPL Cov. Ratio 111%	C/I ratio 47.8%	CAR 16.8% Tier 1 ratio 15.6%

All data as at 31 Dec 2020

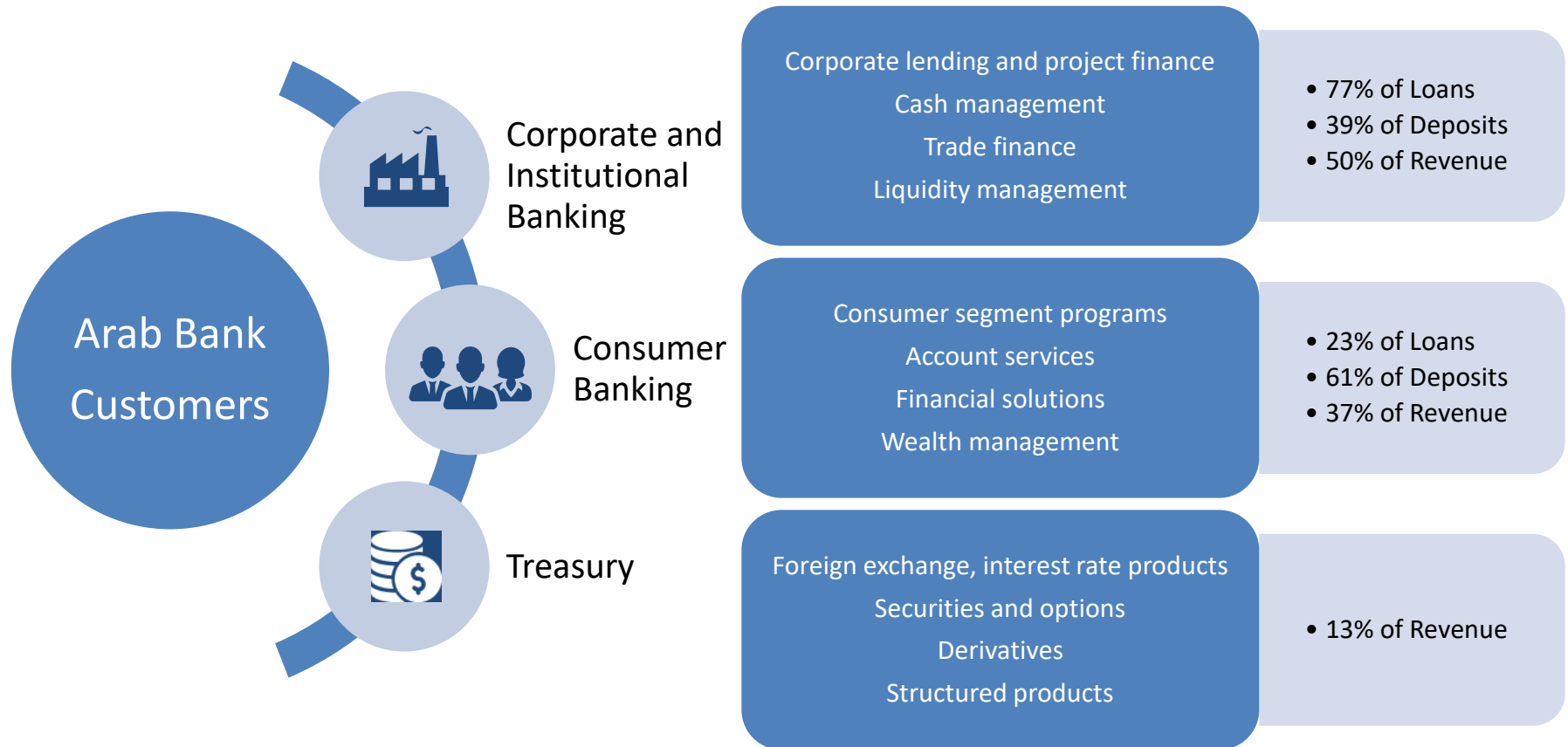
Dominant position in home market and strong position regionally



Successful implementation of customer centric business model



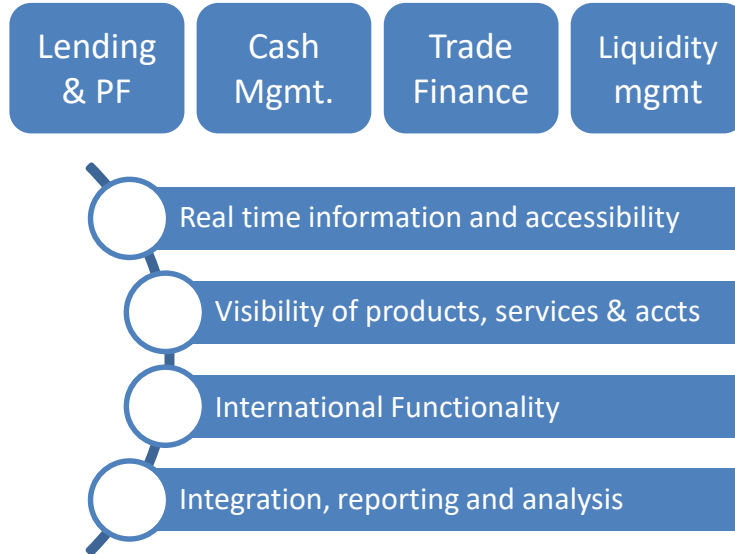
Well diversified business model across corporate and consumer banking



All data as at 31 Dec 2020

Core strength in corporate banking

Effective Business Model



Delivery channels

- Digital Access
- Direct Access
- Branch Network
- Corporate Business Centre
- Alternative Solutions



Achievements

- Positioned as primary lender in key strategic renewable and environmental projects
- Regarded as a strategic entry point for major corporations expanding to and within the MENA region
- Continued to progress with its digital transformation plan, enriching and customizing its digital offerings across AB branches
- Launched the "Arabi SME" online platform to facilitate the process of applying for SME business loans

Growth opportunities

Public-Private Partnerships

MENA Privatization

Intra-regional trade

SME/ Financial inclusion

Technology (Fintech, Startups)

Success in building a leading consumer banking franchise

Differentiated Business Model

Program-based consumer banking strategy



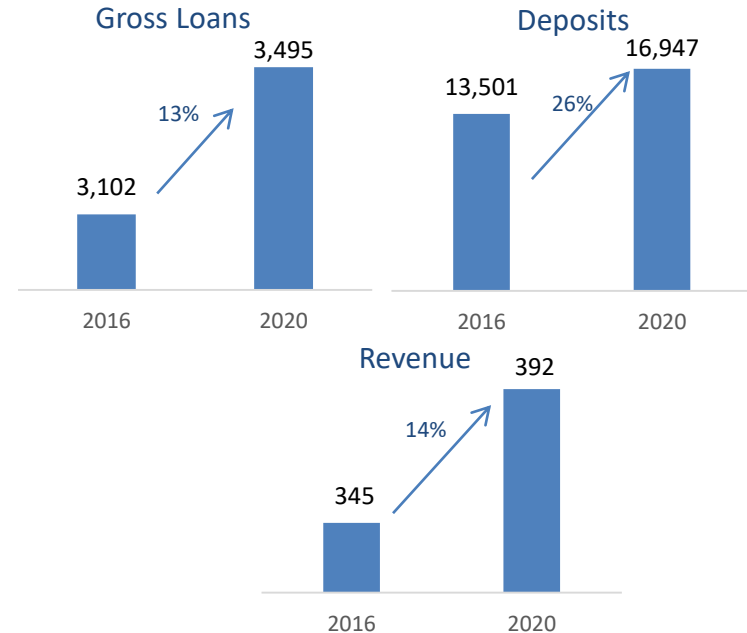
Geographic footprint

Scale countries: Jordan, Palestine, Egypt

Strategic focus areas

- Improve customer profitability
- Leverage data assets
- Boost customer digital engagement
- Prudent credit controls
- Increase wallet share of ecosystem
- Strategic market positioning – Youth segment
- Leverage regional network

Significant growth ¹ USD mm



Growth opportunities

Low cost deposits in key markets

Egypt digital Banking

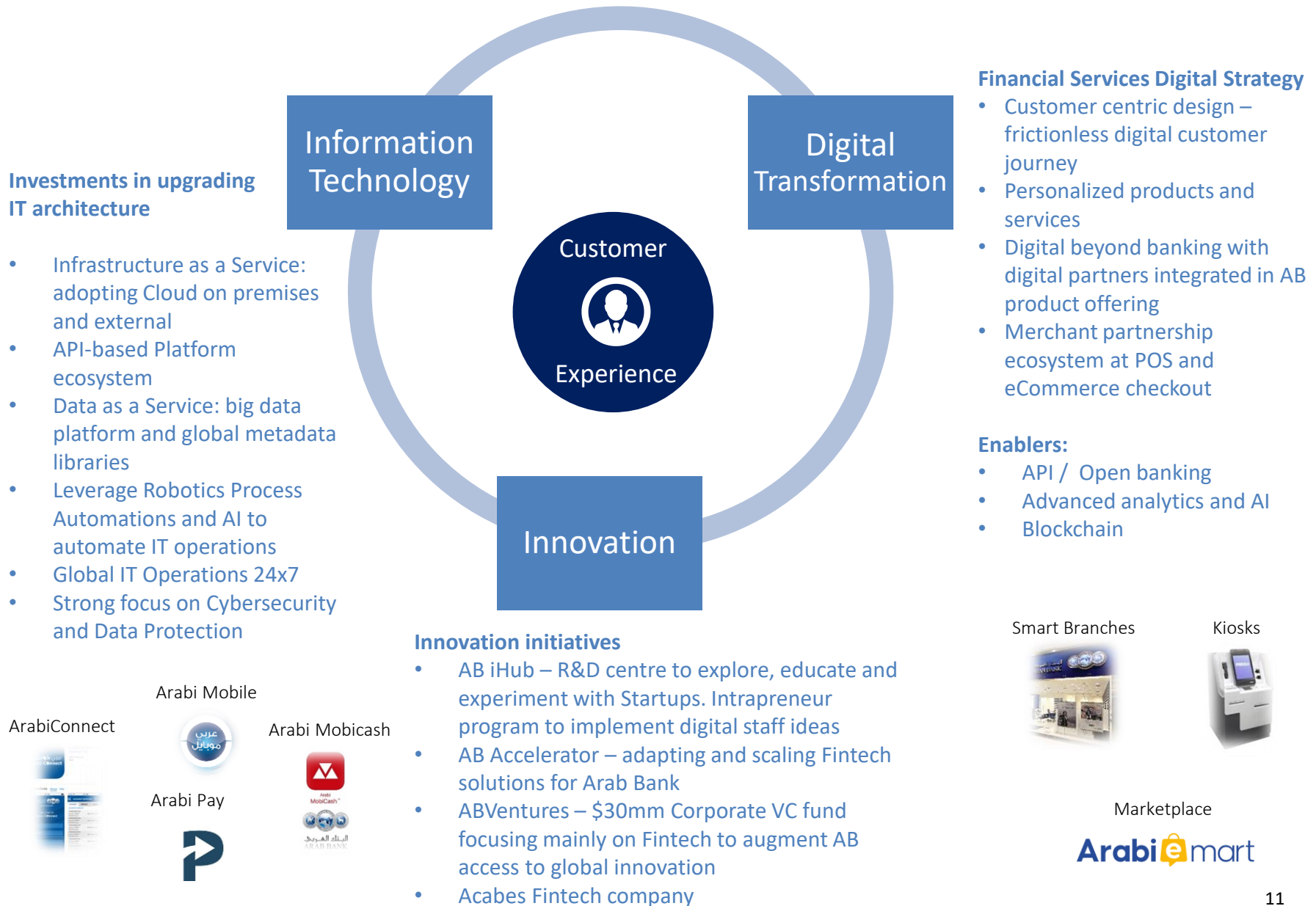
Merchant Partnerships

Digital cross selling

Innovative digital solutions

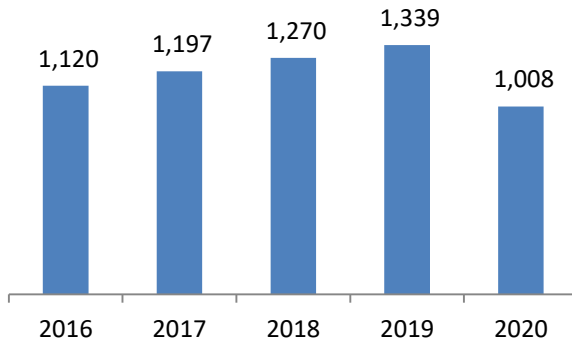
Cross border business

Digital strategy and innovation initiatives are catalysts for growth

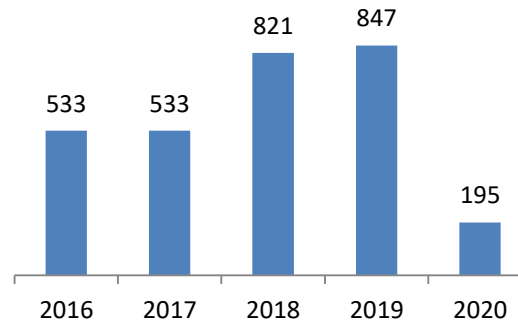


Resilient performance despite challenging conditions

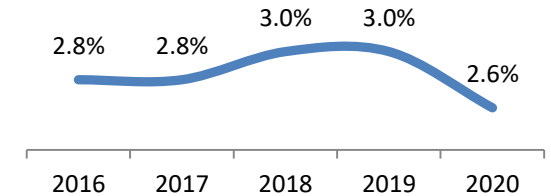
Net Operating Income, USD mm



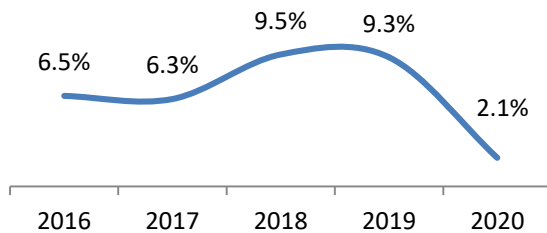
Net Income, USD mm



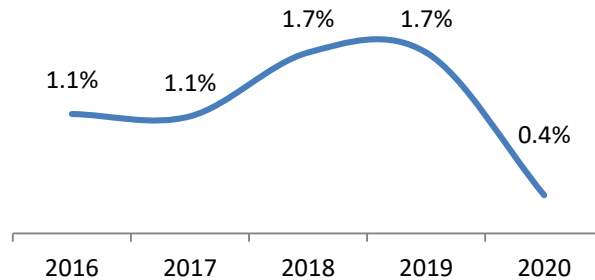
Net Interest margin



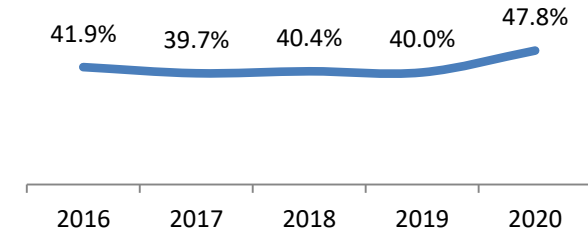
Return on Equity



Return on Assets

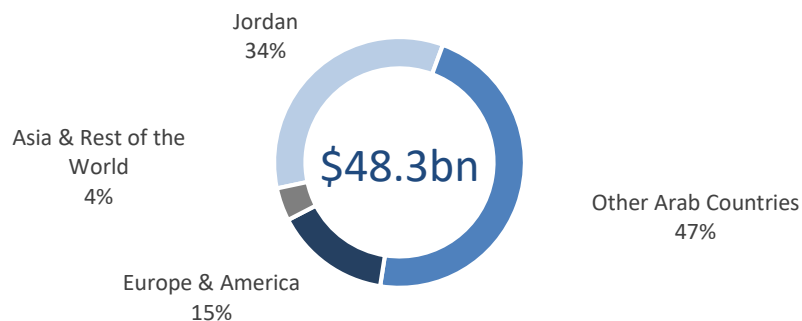


Cost to Income Ratio



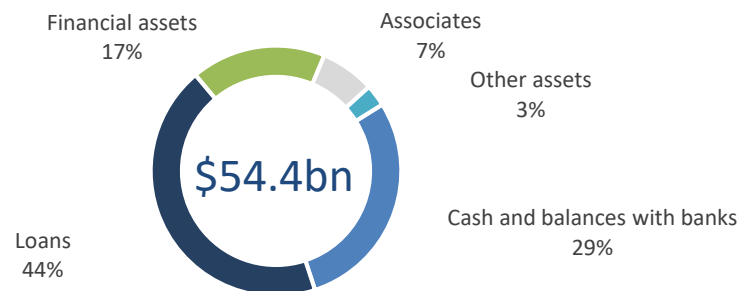
Strong and diversified asset base

Geographic distribution of Assets*



* Credit Exposure

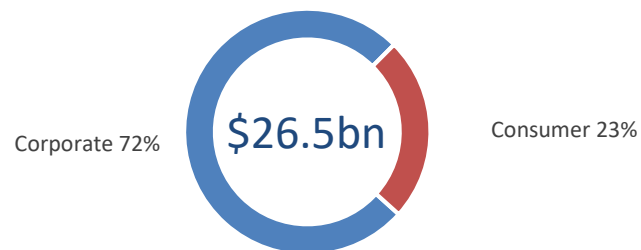
Asset type mix



Investment portfolio by type



Loan book by segment



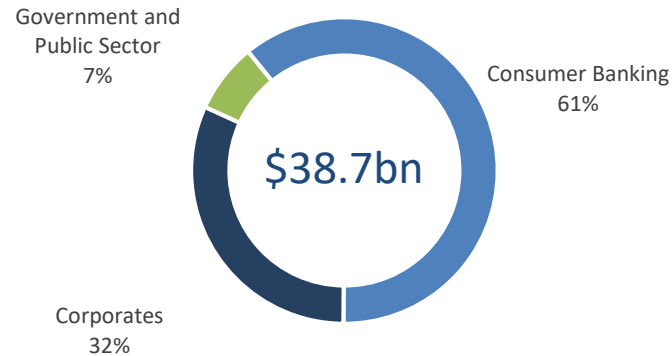
NPL
6.8%

NPL Coverage Ratio
111%

NPL ratio includes legacy loans fully provisioned for

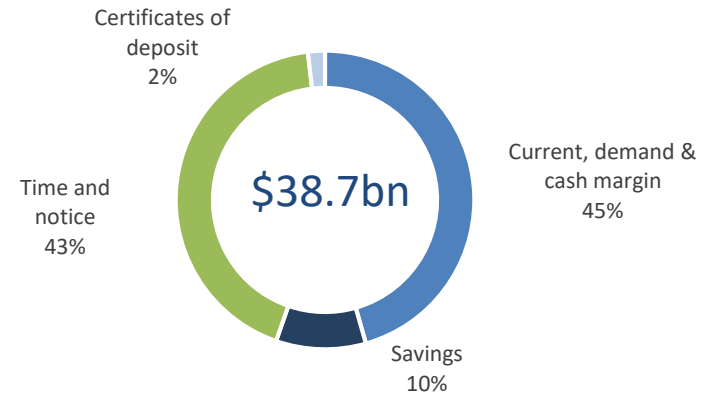
Diversified low cost funding with no reliance on wholesale funding

Deposits by segment



All data as at 31 Dec 2020

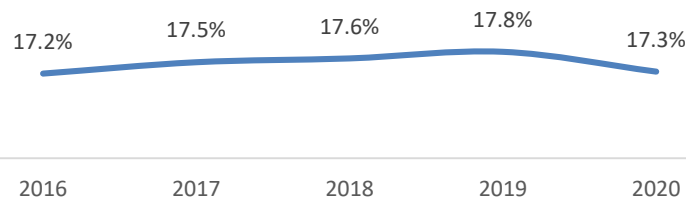
Deposits by type



All data as at 31 Dec 2020

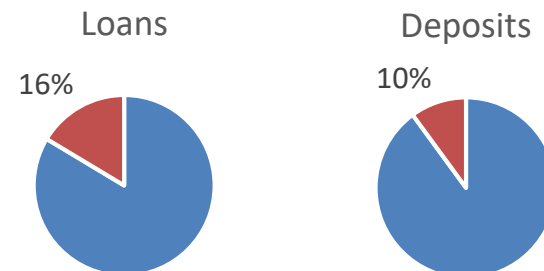
Solid capital adequacy

Shareholders Equity to Assets



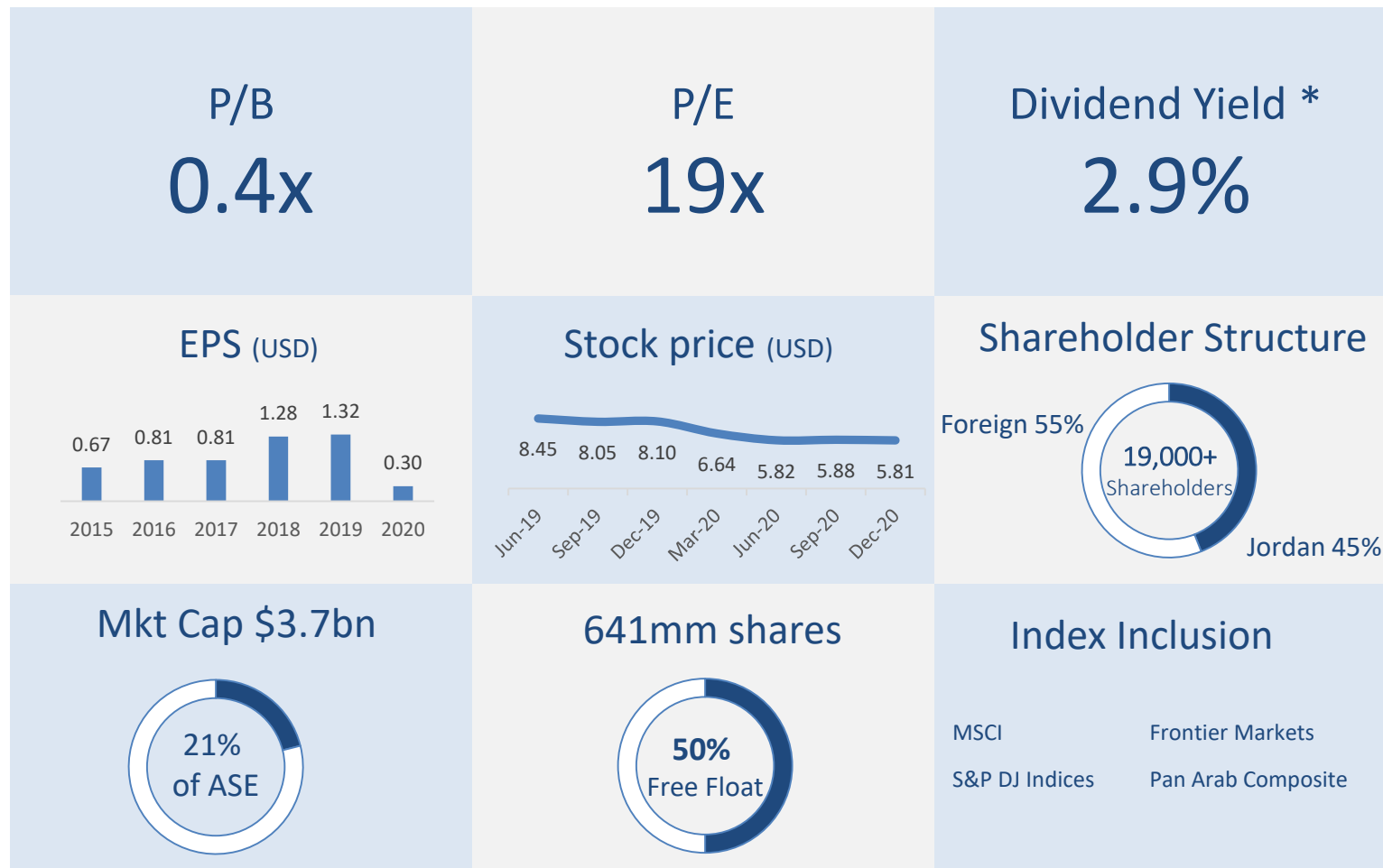
Low loan and deposit concentration

Top 20 client concentration





All data as at 31 Dec 2020

Attractive valuation within MENA equity market



All data as at 31 Dec 2020 * The maximum allowable dividend of 12% for the banking sector in 2020 was issued

Strong governance and experienced management team

Chairman		Mr. Sabih Masri is Chairman of the Arab Bank since 2012. He is also the founder and Chairman of Arab Supply and Trading Co. (ASTRA GROUP) in Saudi Arabia, and currently also serves as Chairman of Palestine Telecommunication Company PLC (PALTEL) and Chairman of ZARA Investment Holding Company Limited (Jordan). He holds a B.Sc degree in Chemical Engineering from University of Texas
CEO		Mr. Nemeh Sabbagh is the CEO of Arab Bank since 2010. Previously, he was the executive general manager of BankMed SAL and the Managing Director and CEO of Arab National Bank, Saudi Arabia. Sabbagh worked for National Bank of Kuwait for 19 years, where he served as the general manager of the International Banking Group. Sabbagh holds a BA from Austin College (BA economics, French); an MA in International Economics, Middle East Area Studies and International Law and Organization from Johns Hopkins (MA); and an MBA from the University of Chicago (MBA); and attended the Senior Executive Program at Stanford University.

Executive Management	Randa Sadik Deputy CEO	Appointment: 2010 Experience: NBK, NBK International Academic: BA and MBA-Finance (AUB)	Tony Marcello Head of Treasury	Appointment 2008 Experience: UniCredit, GE, UBS & Natwest. Academic: BA (Nottingham)
	Ghassan Tarazi CFO	Appointment: 2003 Experience: GIC(Kuwait), KPMG, Jordan National Bank, Arthur Anderson Academic: BSc (Acadia U) MSc (Leuven) CPA	Ziyad Akrouk CRO	Appointment: 2018 Experience, Europe Arab Bank, Citibank Academic: BSc (Leeds) MBA (Syracuse)
	Eric Modave COO	Appointment: 2014 Experience: Barclays, Citigroup, Arthur Anderson Academic: MEng and BM (HEC Liege), CA	Mohammad Ghanameh Chief Credit Officer	Appointment: 2007 Experience: Banque Saudi Fransi (KSA), United Saudi Bank, CAB (Jordan), GIB (Bahrain), Saudi American Bank (Citibank) Academic: BSc (Riyadh)
	Mohammad Masri Head of Corp. & Institutional Banking	Appointment: 2011 Experience: Bank Audi, Standard Chartered Academic: BA (Jordan)	Michael Motassian Head of Compliance	Appointment: 2005 Experience: Fifth Third, Wachovia, First Fidelity, Nat'l Comm Bank, Arthur Anderson, US Treasury Academic: BSc (Montclair)
	Naim Hussein Head of Consumer Banking	Appointment: 2011 Experience: Banque Saudi Fransi, KSA Academic: BSc (U. of Petroleum and Minerals)		

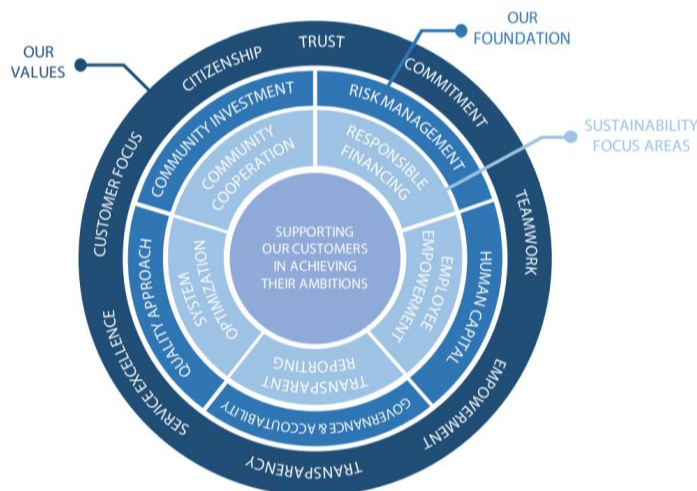
Regional leader in Sustainability

Strategic Approach to Sustainability

Stemming from the growing social, economic, and environmental challenges, Arab Bank realizes the importance of adopting a holistic sustainability management approach that is well integrated into its daily operations. The bank's sustainability strategy revolves around setting and managing the goals and programs that aim to improve the economic, social, and environmental impacts of the Bank.

Based on the bank's sustainability priorities and inspired by its core values, Arab Bank laid the foundation for its sustainability strategic approach based on five focus areas; responsible financing, employee empowerment, transparent reporting, system optimization, and community cooperation.

For each of the sustainability focus areas, a clear strategic objectives was established to drive the bank's sustainability efforts in this respective area, thus optimizing the bank's economic, social, and environmental impacts in alignment with its



Institutionalised and Impactful Community Investment Approach

Arab Bank has a well structured corporate responsibility approach that is strategic, measurable, and impactful, supported by a dedicated sustainability team. The Bank's community interventions are channeled through two main engines; Abdul Hameed Shoman Foundation, and Arab Bank's CSR Program "Together".

"Together" is an integrated, full-fledged Corporate Social Responsibility (CSR) program, which engages the bank's employees, customers and selected NGOs towards supporting key community causes that are aligned with the community's needs and priorities as well as the bank's Sustainability direction.

Reporting on Sustainability

As part of its commitment towards transparency, the bank has adopted the new standards of the Global Reporting Initiative (GRI), which are the most widely recognized and used guidelines for sustainability reporting globally. The bank is committed to issuing a GRI based Sustainability Report on an annual basis and is using these reports as a platform for communicating its sustainability performance and impacts to its stakeholders.

Arab Bank and The Sustainable Development Goals (SDGs)

As the biggest bank in Jordan with one of the largest global Arab banking networks, Arab Bank believes that it has a significant role to play in contributing to the SDGs. Therefore, Arab Bank is actively embedding these global goals into its sustainability approach and daily operations to maximize the positive impact its business can have on society and environment.

Arab Bank has been reporting on SDGs through its annual sustainability reports, outlining how its activities and sustainability approach relate and contribute to the SDGs. While its work covers almost all SDGs, the bank focuses its efforts on 12 SDGs where the bank believes it has the most significant impact.

Consolidated Statement of Financial Position

	2019 USD '000	2020 USD '000
ASSETS		
Cash and balances with central banks	7 905 810	10 807 627
Balances with banks and financial institutions	4 258 593	4 601 165
Deposits with banks and financial institutions	313 556	288 165
Financial assets at fair value through profit or loss	519 053	304 054
Financial derivatives - positive fair value	54 212	91 510
Direct credit facilities at amortized cost	23 960 625	23 907 858
Financial assets at fair value through other comprehensive income	385 933	409 715
Other financial assets at amortized cost	8 894 618	8 762 789
Investment in associates	3 513 651	3 804 212
Fixed assets	461 117	458 518
Other assets	792 291	763 137
Deferred tax assets	155 385	214 933
Total Assets	51 214 844	54 413 683




LIABILITIES		
Banks' and financial institutions' deposits	3 761 895	3 974 226
Customers' deposits	33 154 995	36 235 138
Cash margin	3 082 753	2 483 253
Financial derivatives - negative fair value	75 887	170 956
Borrowed funds	332 936	609 791
Provision for income tax	345 054	275 406
Other provisions	226 521	230 069
Other liabilities	1 125 950	1 040 409
Deferred tax liabilities	6 402	5 672
Total Liabilities	42 112 393	45 024 920

	2019 USD '000	2020 USD '000
SHAREHOLDERS' EQUITY		
Share capital	926 615	926 615
Share premium	1 225 747	1 225 747
Statutory reserve	926 615	926 615
Voluntary reserve	977 315	977 315
General reserve	1 141 824	1 141 824
General banking risks reserve	238 952	224 274
Reserves with associates	1 540 896	1 540 896
Foreign currency translation reserve	(252 925)	(160 209)
Investments revaluation reserve	(298 403)	(295 797)
Retained earnings	2 584 537	2 775 635
Total Equity Attributable to Shareholders of the Bank	9 011 173	9 282 915
Non-controlling interests	91 278	105 848
Total Shareholders' Equity	9 102 451	9 388 763
Total Liabilities and Shareholders' Equity	51 214 844	54 413 683

Consolidated Statement of Income

	2 019 USD '000	2 020 USD '000
REVENUE		
Interest income	2 430 077	2 068 368
Less: interest expense	1 088 786	865 306
Net interest income	1 341 291	1 203 062
Net commissions income	291 305	270 398
Net interest and commissions income	1 632 596	1 473 460
Foreign exchange differences	112 915	100 624
Gains from financial assets at fair value through profit or loss	7 053	3 580
Dividends on financial assets at fair value through other comprehensive income	6 964	5 710
Group's share of profits of associates	424 019	296 365
Other revenue	47 283	51 296
Total Income	2 230 830	1 931 035
EXPENSES		
Employees' expenses	499 542	509 633
Other expenses	299 623	327 420
Depreciation and amortization	61 806	63 350
Provision for impairment - ECL	187 971	658 330
Other provisions	31 086	22 221
Total Expenses	1 080 028	1 580 954
Profit for the year before Income Tax	1 150 802	350 081
Less: Income tax expense	304 254	154 797
Profit for the Year	846 548	195 284
Attributable to :		
Bank's shareholders	844 937	192 791
Non-controlling interests	1 611	2 493
Total	846 548	195 284
Earnings per share attributable to Banks' Shareholders		
- Basic and Diluted (US Dollars)	1.32	0.30

Credit Ratings

	Arab Bank plc - Jordan Long Term Bank Deposits - Local Currency	Ba2/Stable/NP
	Long Term Bank Deposits - Foreign Currency	Ba2/Stable/NP
	Arab Bank plc - Dubai branch Long Term Bank Deposits - Foreign Currency	Ba2/Stable/NP
	Arab Bank plc Issuer Default Ratings (IDRs)	BB /Negative/B
	Arab Bank plc Issuer Credit Rating	B+/ Stable/B
	Arab Bank Group Operating Entities Europe Arab Bank Issuer Credit Rating	BB+/ Negative/B

International credit rating agencies (Moody's, Fitch, and Standard & Poor's) emphasize 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)**

Awards and recognitions in 2020

Global Finance

- World's
- World's Best Bank in Frontier Markets
- Best Bank in the Middle East
- Best Bank for Cash Management in the Middle East
- Best Mobile Banking App in the Middle East – Corporate & Institutional Banking
- Best Foreign Exchange Provider in Jordan
- Best Trade Finance Provider in Jordan
- Best Bank for Cash Management in Jordan
- Best Mobile Banking App in Jordan – Consumer Banking
- Best Bill Payment & Presentment in Jordan
- Best Trade Finance Services in Jordan
- Best in Social Media Marketing & Services in Jordan
- Best Website Design in Jordan
- Best Bank for Cash Management in Bahrain
- Best Bank for Cash Management in Lebanon
- Best Bank for Cash Management in Qatar
- Best Consumer Digital Bank in Palestine
- Best Bank in Jordan
- Best Bank in Yemen



Euromoney

- Jordan's Best Bank
- Best Cash Management Services in Jordan



AsiaMoney

- Best Domestic Bank in Jordan



EMEA Finance

- Best Trade Finance Services – Middle East
- Best Local Bank in Jordan



Global Trade Review

- GTR Leader in Trade for Jordan
- Best Trade Finance Bank in Jordan



The Banker:

Bank of the Year in Jordan

The Banker



World Union of Arab Bankers:

Best Mobile Banking Application in the Middle East

Global Investor

Cash Manager of the Year in the Middle East





Contact Information:

Zeid Salah

Senior Vice President – Investor Relations and Strategy

zeid.salah@arabbank.com.jo

+962799004868

Disclaimer

The material in this presentation has been prepared by Arab Bank plc (the “Bank”) and represents general background information about Arab Bank Group (the “Group”) activities current at the date of the presentation. The information in this presentation is given in a summary form and does not assume to be complete and it is not intended to be relied upon as advice to investors or potential investors. Some of the information relied on by the Bank in this presentation is obtained from sources available to the public and believed to be reliable, but the Bank does not guarantee its accuracy, completeness or correctness.

The presentation has been prepared for information purposes only and is not and does not form part of any offer for sale or solicitation of any offer to subscribe for or purchase or sell any securities nor shall it form the basis of or be relied on in connection with any contract or commitment whatsoever.

While the information included in the presentation document has been prepared in good faith, neither the Bank nor its related entities, directors, employees or agents, nor any other person, accepts any liability from reliance on this presentation document. The Bank bears no responsibility in any instance for loss which may result from reliance on the information in this presentation.

This presentation should be read in conjunction with other publically available material. It is not to be relied upon as such in any manner as legal, tax or investment advice and should not be used in substitution for the exercise of independent judgment and each recipient hereof shall be responsible for conducting its own investigation and analysis of the information contained herein in conjunction with other publically available information.

Forward Looking Statements

It is possible that this presentation could contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. The inclusion of such forward looking statements shall not be regarded as a representation by the Bank that its objectives or plans will be achieved. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group’s plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

Arab Bank undertakes no obligation to revise or update any forward looking statement contained within this presentation, regardless whether those statements are affected as a result of new information, future events or otherwise.

The Bank holds copyright to this presentation document and unless expressly indicated otherwise or is self-evident from its nature, written permission from the Bank is required to republish the presented information on the Bank or to distribute such information. This shall apply regardless of the purpose for which it is to be republished or distributed.