

البنك العربي  
ARAB BANK



## Investor Presentation Q3 2023



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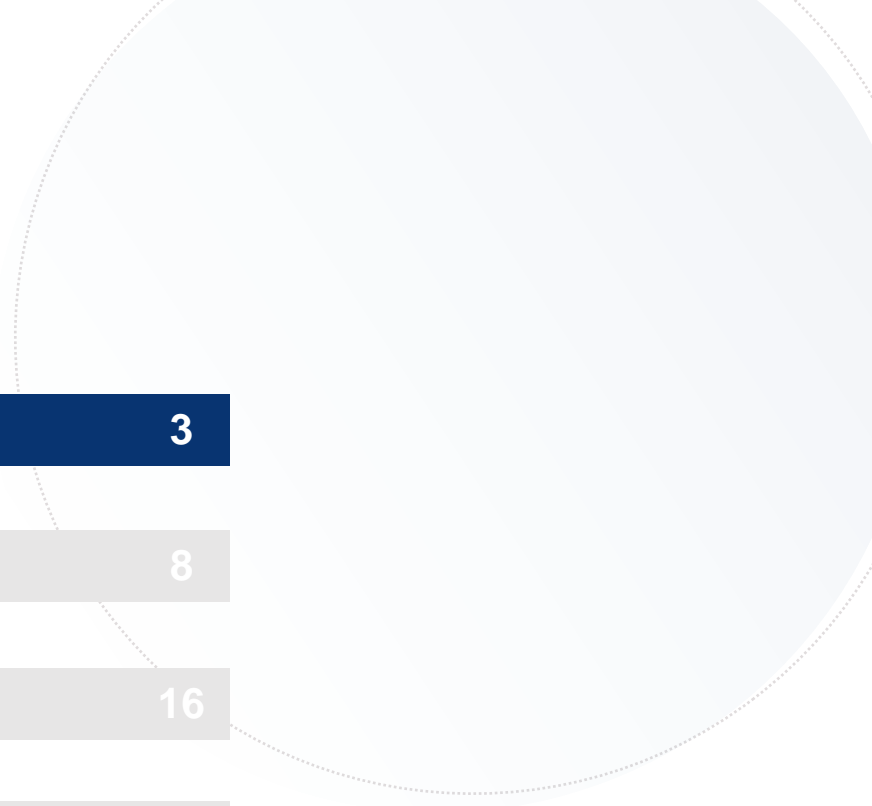
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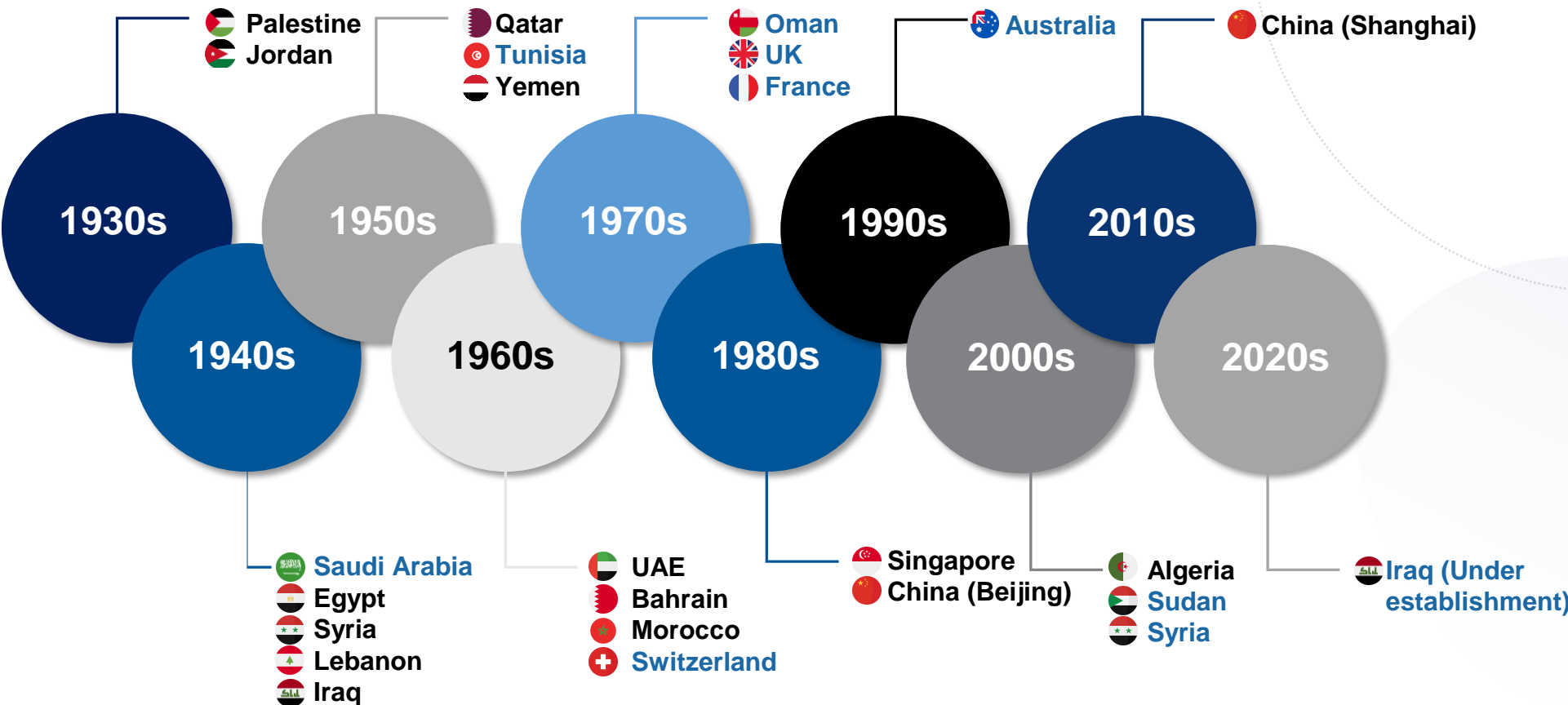


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# Arab Bank has a rich legacy of regional and international expansion since 1930





- Arab Bank Subsidiaries, Affiliates and Sister company
- Arab Bank plc Branches

# Arab Bank's extensive network and longstanding presence in MENA underpins its deep-rooted understanding of and commitment to the region

### Key Subsidiaries

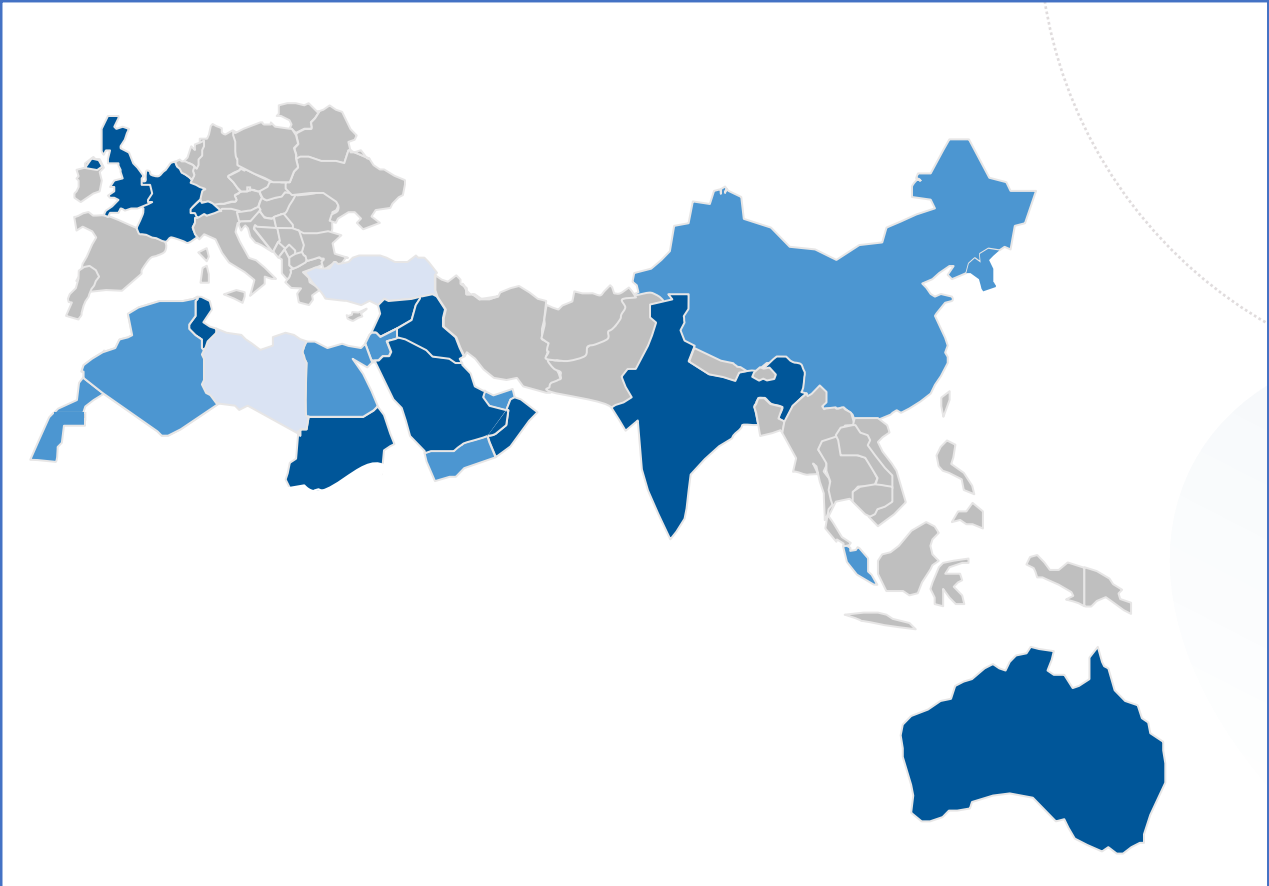
-  Arab Bank Australia Limited (100%)
-  Europe Arab Bank plc (100%)
-  Islamic International Arab Bank (100%)
-  Arab Tunisian Bank (64%)
-  Oman Arab Bank (49%)
-  Arab Bank - Syria (51%)
-  Arab Sudanese Bank Limited (100%)
-  AB Invest - Jordan (100%)
-  Arab National Leasing Co. (100%)
-  Al Nisr Al Arabi Ins. Co. (68%)
-  Arab Bank (Switzerland) Ltd. (100%)

### Key Affiliates

-  Arab National Bank (40%)
-  Arabia Insurance Co. (42.5%)




### Sister Company

-  Arab Bank (Switzerland) Ltd.

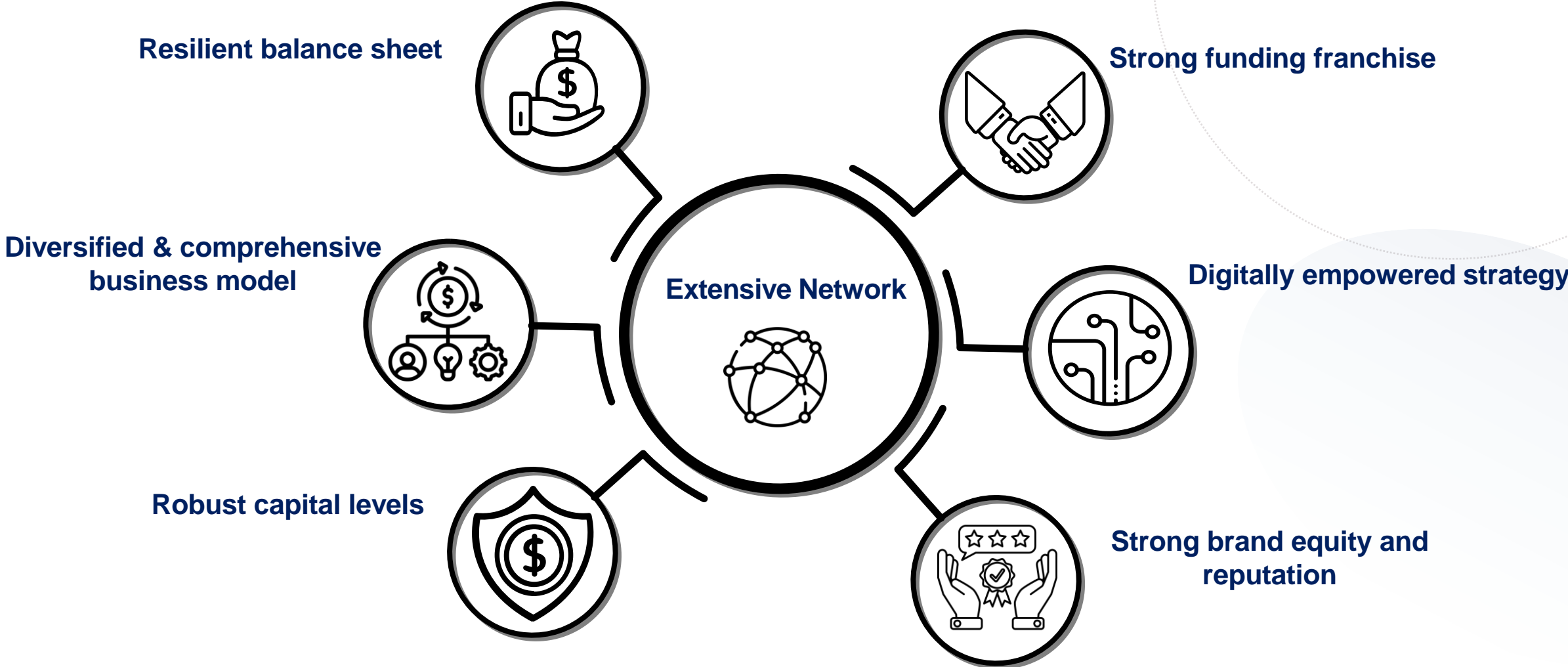


■ Arab Bank Subsidiaries, Affiliates and Sister company    
 ■ Arab Bank plc Branches    
 ■ Other Investments















### Arab Bank Group

-  **600+** Branches
-  **29** Countries
-  **12K+** Employees

# Arab Bank key strengths



# Strong performance across key metrics

 <b>Assets</b> <b>\$66.5bn</b>  <b>2.8%*</b>	 <b>Gross Loans</b> <b>\$36.3bn</b>  <b>2.1%*</b>	 <b>Deposits</b> <b>\$49.0bn</b>  <b>2.5%*</b>	 <b>Total Equity</b> <b>\$10.8bn</b>  <b>5.1%*</b>
 <b>Net Operating Income</b> <b>\$1,373mm</b>  <b>41.5%*</b>	 <b>Net Income</b> <b>\$630mm</b>  <b>55.3%*</b>	<b>Loan to Deposits</b> <b>74%</b>	<b>Cost / Income Ratio</b> <b>41%</b>
 <b>Return on Equity</b> <b>7.8%</b>	<b>NPL Coverage Ratio</b> <b>133%</b>	<b>Capital Adequacy Ratio</b> <b>16.9%</b>	 <b>Market Cap</b> <b>\$3.9bn</b>



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# Arab Bank's growth strategy is built on leveraging the Group's network and harnessing the power of digital transformation to achieve sustainable shareholders' returns



## Strategy Pillars

Building on the Group's position as a leading local and regional bank



Leveraging Digital Transformation and Innovation strategy to deliver superior customer experience



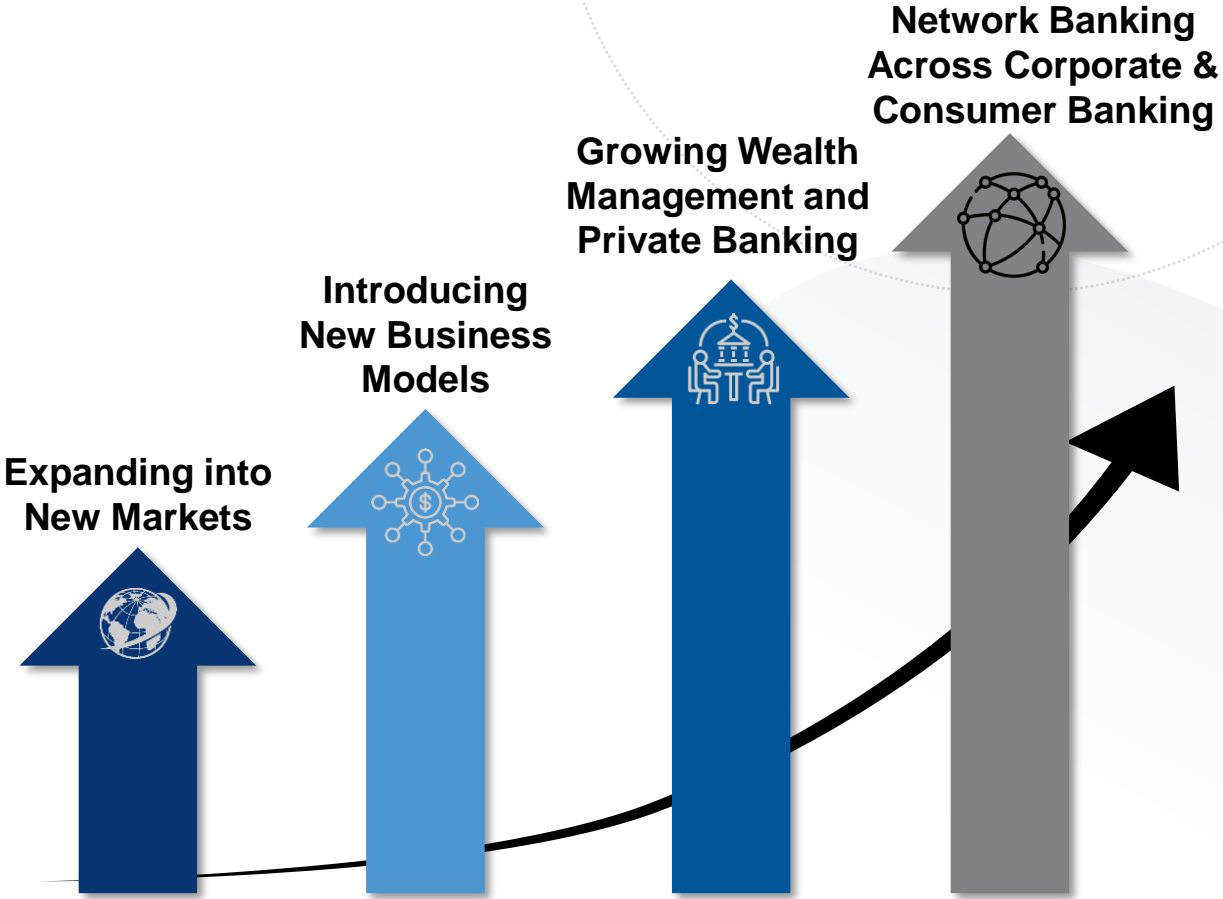
Leveraging the Group's extensive and well established network



Delivering long term, positive ESG impact for all stakeholders



## Growth Initiatives



# Arab Bank is well positioned to capture growth opportunities in attractive MENA markets



Well established MENA presence with international connectivity, allowing Arab Bank to deliver comprehensive financial services across the Group network



High growth GCC markets are a major contributor to the Bank's earning power, with additional potential from establishing a presence in Iraq



Positive structural drivers for MENA regional growth include economic diversification, national investment programs, privatisations, capital markets development and demographics



Well diversified business model across multiple segments; Corporate, SME, Consumer, Private Banking and Islamic banking



**Jordan**

**Outside Jordan**

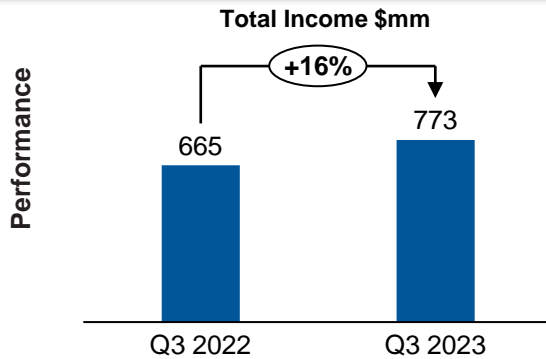
<b>Loans</b>	<b>28%</b>	<b>72%</b>
<b>Equity</b>	<b>17%</b>	<b>83%</b>
<b>Net Operating Income</b>	<b>27%</b>	<b>73%</b>

# Arab Bank has a diversified business model across its lines of business and network

## Corporate & Institutional Banking

**Key Figures**  
**33%** Of Total Income  
**42%** Of Total Customer Deposits

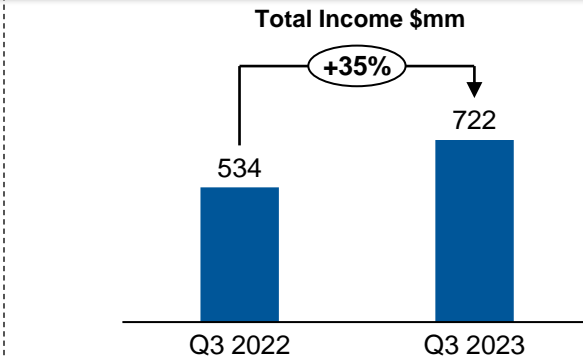
- Key Growth Opportunities**
- Network Banking
  - Digital Services
  - Transaction Banking
  - Public and Private Partnerships



## Consumer Banking & Wealth Management

**31%** Of Total Income  
**58%** Of Total Customer Deposits

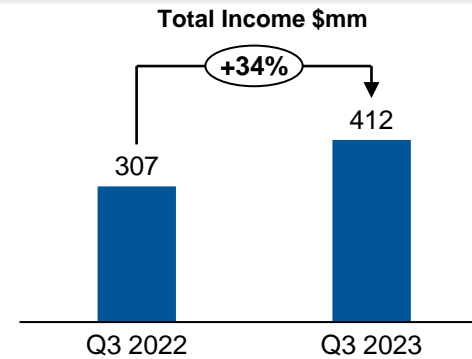
- Wealth Management & Private Banking
- Expand reach via Reflect neobank platform
- Cross border business & remittances
- Strong deposit franchise



## Treasury

**18%** Of Total Income

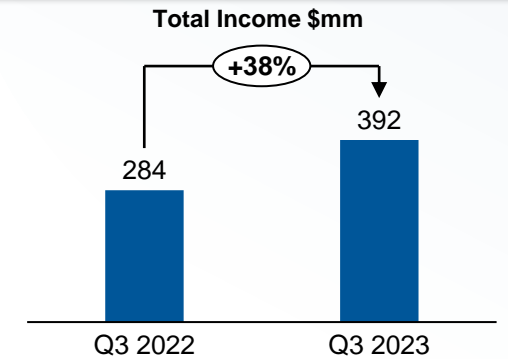
- Increase earnings from Securities portfolios
- Design and launch new products for Consumer and CIB customers



## Affiliate/ ANB

**17%** Of Total Income

- KSA economic diversification
- Capturing SME & Consumer Banking growth



# Arab Bank is implementing a customer focused strategy by leveraging digital transformation

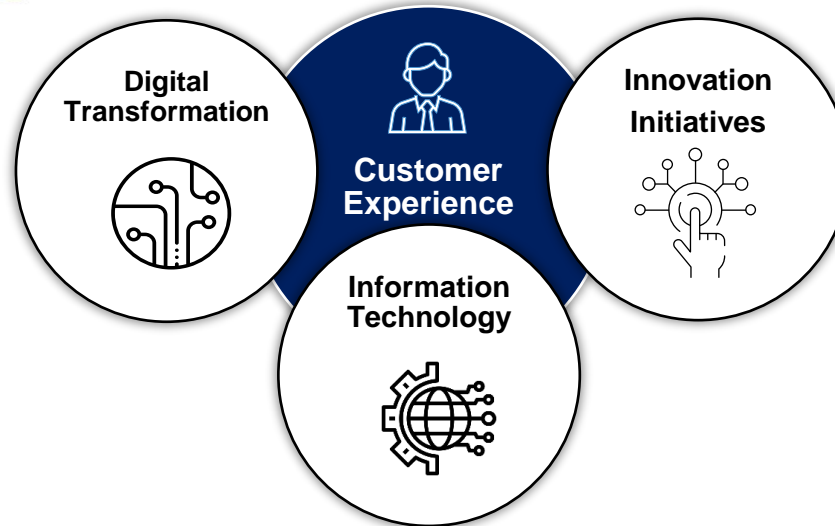
## Delivering a superior digital customer experience..

- Digital Channels – Arabi Mobile, Arabi Connect, Arabi Next
- Digital Onboarding
- E-payments
- Eco-system
- Online Marketplaces



## Introducing new business models..

- Became 2nd largest acquirer in Jordan
- Leveraged our Merchant and Partner Ecosystem to provide special offers to customers including loyalty points instant redemptions and Buy-Now-Pay-Later at Point of Sale
- Launch dedicated SME mobile banking app to support that growing segment, fueled by expanding merchant network
- Launched Reflect neobank platform in Jordan and Palestine providing a branchless banking experience targeting mass segment and digital savvy customers
- Leveraging internal data to provide customer-centric insights, personal digital engagement and building AI-based recommendations for sales and risk mitigations
- Developed Omnify - Banking as a Service platform to offer embedded finance products



## Backed by a robust IT infrastructure and enablers..

- Strong focus on Cybersecurity and Data Protection
- Leverage robotics process automations and AI to automate IT operations
- New MACH based design architecture; Microservice, APIs
- Established a wholly owned Fintech and IT development subsidiary – Acabes



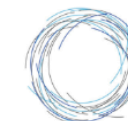
## And innovation initiatives..



AB iHub (Jordan and Egypt) – R&D centre to explore, educate and experiment with Startups & Intrapreneur program to implement digital staff ideas



ABX – an accelerator adapting and scaling Fintech solutions for Arab Bank



ABVENTURES

AB Ventures – Corporate VC fund focusing mainly on Fintech to augment Arab Bank access to global innovation



Arabi e-Mart and Arabi Shopix Online marketplace

# Reflect – a neobank providing a scalable platform serving the digital savvy customer segment



## Vision

To create an exceptional regional digital banking journey in the rapidly changing world



## Mission

To provide the community with personalized banking experience that offers financial and non-financial services through a secure and frictionless super app

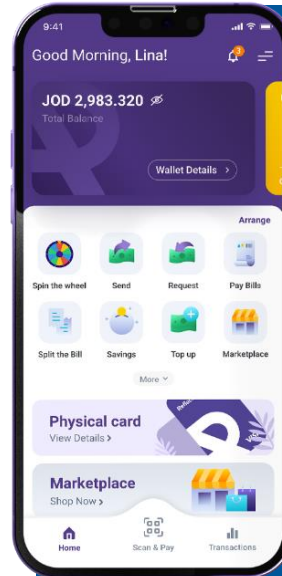


## Values

- Hyper-personalization
- Simplicity
- Speed of Innovation & agility
- Transparency



Reflect, the Neobank platform in Jordan and Palestine



15+

Digital Services

180k+

Customer Base

67%

New to Bank Customers

# Arab Bank is growing its Wealth Management and Private Banking across the network



Arab Bank (Switzerland) Ltd. is a sister company of Arab Bank plc founded in 1962, specialized in Wealth Management for a sophisticated clientele, in addition to other services in Trade Finance and Treasury

In 2022, Arab Bank Switzerland acquired a majority stake in Swiss private bank Gonet, to form a group with total assets under management of \$10bn

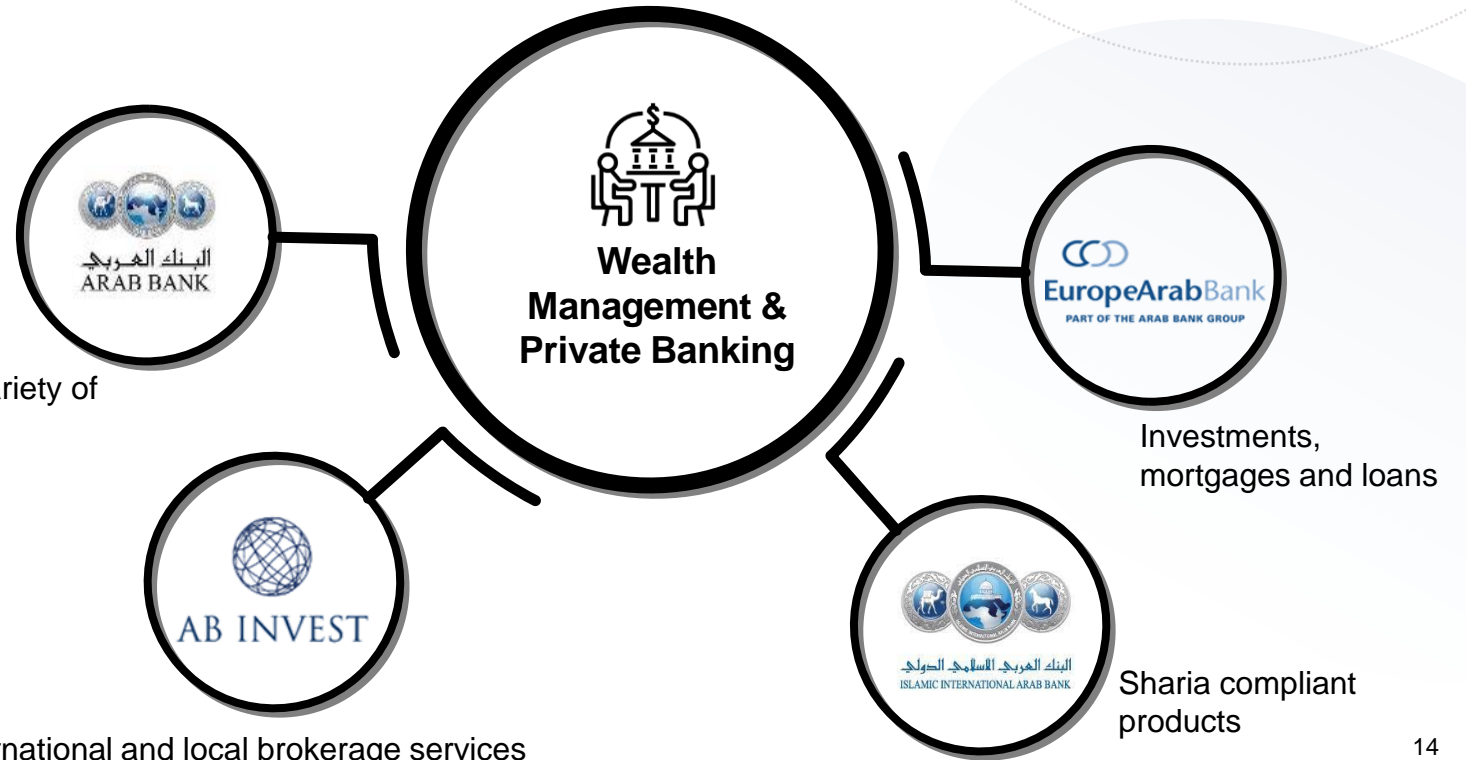
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إدارة الثروات | Wealth Management

Arab Bank is expanding its product offering of investment funds, treasury products and brokerage services across the MENA region and Europe Arab Bank

Wealth Management offering including a variety of investment solutions



International and local brokerage services

# Arab Bank has launched a forward-looking comprehensive ESG strategy



## Environmental

Support the transition to a low carbon economy

### Sustainable Finance

Issued the Bank's Sustainable Finance Framework

Completed Issuance of \$250mm Sustainable Additional Tier 1 Capital Securities

### Environmental Impact of Portfolio

Published the Bank's Environmental and Social Risk Policy (ESRP)

Developing baseline GHG emissions of the lending and investment portfolio and assessing emission reduction pathways for priority sectors in the medium term

### Environmental Impact of Operations

**91%** of total electricity consumption sourced from renewable energy projects

Adopted a material and waste management strategy to reduce environmental impact of operations



## Social

Advancing social development in the community

### Social Impact of Our Portfolio

A suite of products and services and digital solutions for economic and social development of SMEs

Launched several products and community initiatives to promote financial inclusion and literacy

### Diversity and Inclusion

Launched Strategic Framework for Women Empowerment to foster inclusion of women across the workplace, marketplace, supply chain and the community

**21%** female representation in senior management roles

### Corporate Citizenship

Multifaceted approach towards community investments, including Abdul Hameed Shoman Foundation, and Arab Bank CSR Program "Together"

**\$20mm** of total community investments



## Governance

Integrating ESG into the Arab Bank governance model

### ESG Governance Model

ESG governance model currently under process by a dedicated ESG working group and will be finalized during 2024

### ESG Training and Awareness

Conducted a series of high-level ESG awareness sessions for the board of directors and senior management

Rolled out first level ESG training sessions across the network with follow up sessions planned for 2024

### Transparent ESG Reporting

Arab Bank has been issuing the annual sustainability report based on the Global Reporting Initiative (GRI) since 2010





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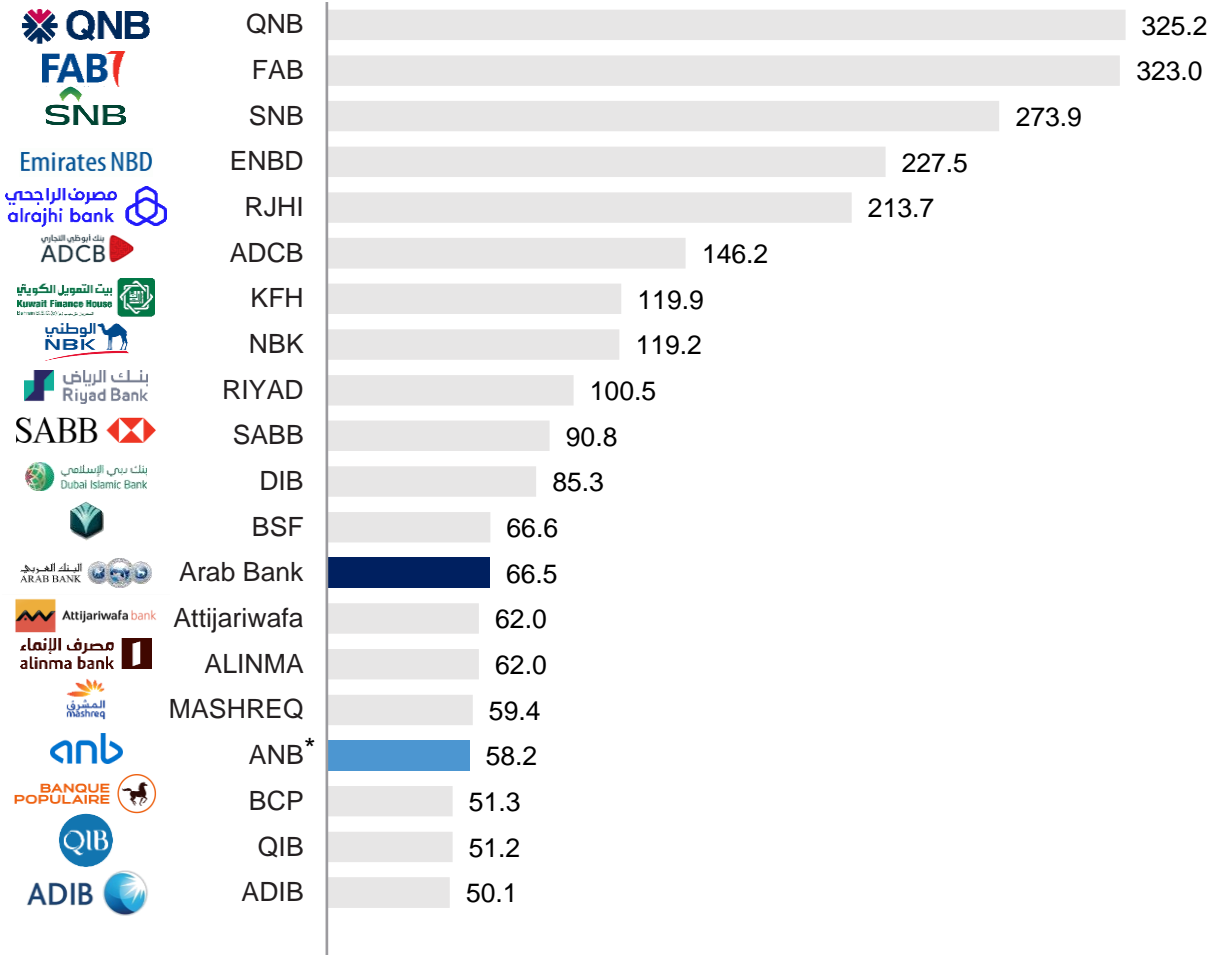
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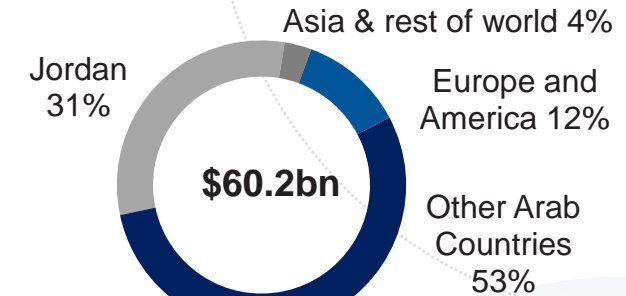
# Arab Bank is among the largest banks in MENA..

## MENA banks assets \$bn



Total assets as of Sep 30, 2023  
\* ANB is an affiliate of AB Group

## With a diversified exposure across operating entities\*\*



\*\* of which 40% in GCC

## Awards - 2023

- Best Bank in the Middle East
- World's Best Financial Innovation Labs
- Top Innovations in Finance - SME
- Best Bank for Cash Management in the Middle East
- Best Bank for Cash Management in Morocco
- Best Bank for Cash Management in Qatar
- Best Bill Payment and Presentment in the Middle East
- Best Consumer Digital Bank in Palestine
- Best Consumer Digital Bank in Egypt
- Best in Lending in the Middle East
- Best Corporate / Institutional Digital Bank in Palestine
- Best Trade Finance Provider in Algeria
- Best Credit Card Initiative for Cards Ecosystem in the Middle East
- Best Bank for SMEs in the Middle East
- Best Corporate Bank in Qatar
- Best Trade Finance Services in the Middle East
- Bank of the Year in the Middle East










..with a dominant position in Jordan

Leading position

	<b>Rank #1</b>	<b>In loans</b>
	<b>#1</b>	<b>In deposits</b>
	<b>#1</b>	<b>Capital</b>
	<b>#1</b>	<b>Income before tax</b>

Largest bank by assets, \$bn

	Arab Bank plc / Group	Arab Bank plc 39.9	Arab Bank Group 66.5
	Housing Bank	12.3	
	Capital Bank	10.6	
	Bank al Etihad	10.2	
	Jordan Islamic Bank	7.8	
	Cairo Amman Bank	5.3	
	Jordan Ahli Bank	4.6	

Awards - 2023

- Best SME Bank in Jordan
- Best Trade Finance Provider in Jordan
- Best Foreign Exchange Bank in Jordan
- Best Bank for Cash Management in Jordan
- Best User Experience (UX) Design in Jordan
- Best Bill Payment & Presentment in Jordan
- Best Consumer Digital Bank in Jordan
- Best in Lending in Jordan
- Best Integrated Consumer Banking Site in Jordan
- Best Mobile Banking App in Jordan (Consumer & Corporate)
- Best Mobile Banking Adaptive Site in Jordan
- Best in Social Media Marketing and Services in Jordan
- Best Online Product Offerings in Jordan
- Best Innovation and Transformation in Jordan
- Best Open Banking APIs in Jordan
- Best Trade Finance Services in Jordan
- The Safest Bank in Jordan

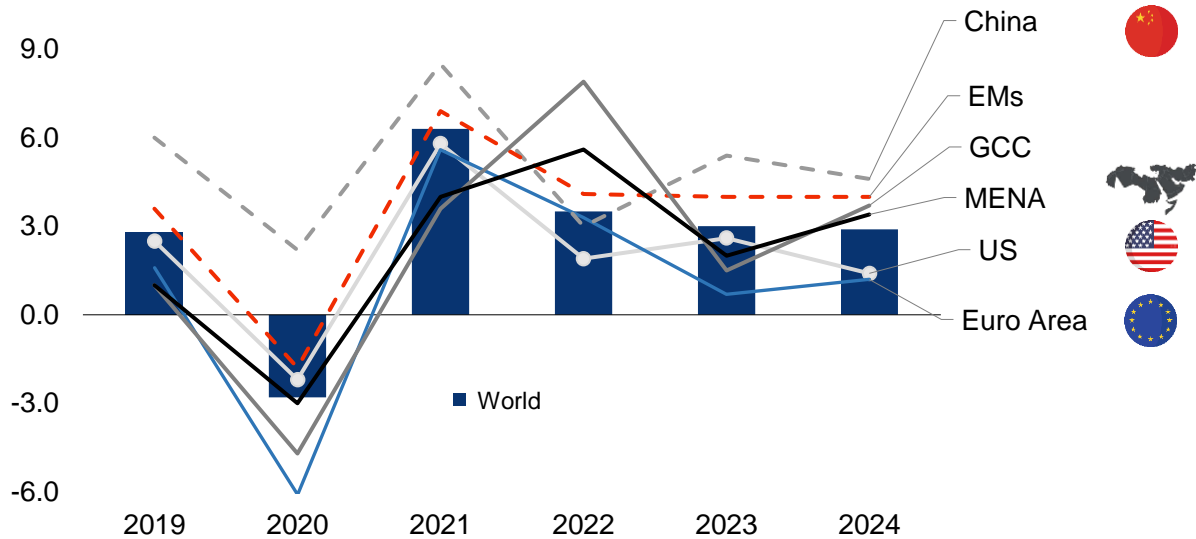


- Best ESG Integration in Jordan
- Best Retail Bank in Jordan
- GTR Leader in Trade for Jordan
- Best Corporate Bank in Jordan
- Best Bank for SMEs in Jordan
- Best Bank in Jordan



In MENA oil-exporting countries, growth in non-oil activities is strong over the medium-term, supported by spending and transformational programs, while the oil-importing countries are expected to have slower growth

Global Economy – Growth Rate (%)

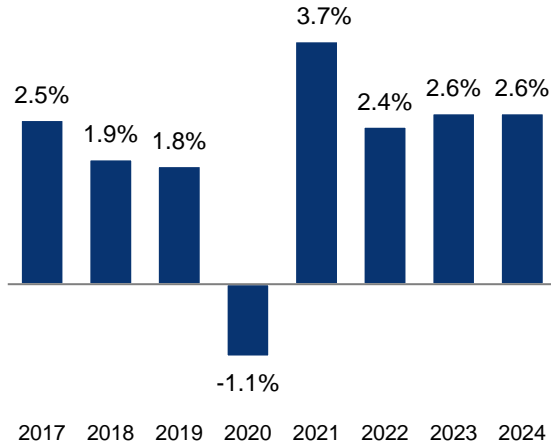


GDP growth by country (%)

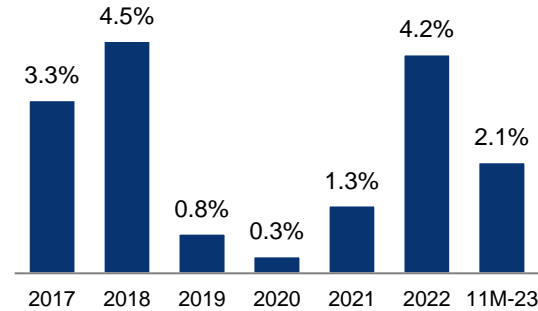
	2019	2020	2021	2022	2023	2024
<b>Oil importing countries</b>						
Jordan	1.8	(1.1)	3.7	2.4	2.6	2.6
Palestine	1.4	(11.3)	7.0	3.9	(3.7)	(6.8)
Egypt (FY)	5.5	3.6	3.3	6.6	4.2	3.6
Tunisia	1.6	(8.6)	4.6	2.6	0.9	1.9
<b>Oil exporting countries</b>						
Algeria	1.0	(5.1)	3.4	3.2	3.8	3.1
Iraq	5.4	(12.1)	1.6	7.0	(2.7)	2.9
KSA	0.8	(4.3)	4.3	8.7	0.8	4.0
UAE	1.1	(5.0)	4.4	7.9	3.5	4.0
Oman	(1.1)	(3.4)	3.1	4.3	1.3	2.7
Bahrain	2.2	(4.6)	2.6	4.9	2.7	3.6
Qatar	0.7	(3.6)	1.5	4.9	2.4	2.2

# Jordan's economy performed well across all segments in 2023 and has proven to be resilient and stable, with expected growth of 2.6% in 2024

## GDP Growth (%)



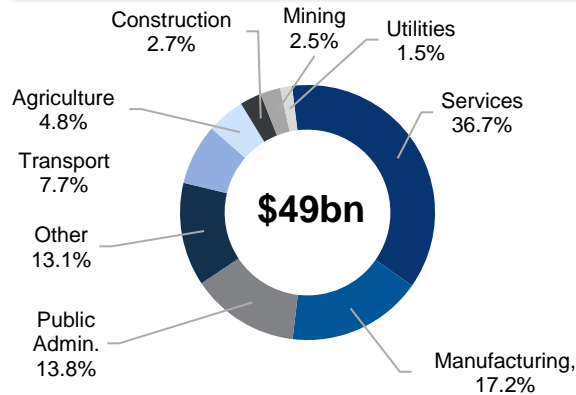
## Jordan Inflation Rate (%)



## Competitive Advantage

- 63%** of population under 30 - young demographic
- Rating** B1 / B+ / BB- (Moody's, S&P, Fitch)
- JOD** Stable currency, pegged to the US Dollar
- 99%** Mobile network coverage

## GDP composition by sector (2022)



## Key Growth Sectors

- Tourism**
- Mining**
- Manufacturing**
- Financial Services**
- ICT**

## Jordan Economic Modernization Vision

- 35** Sectors
- 8** Growth Drivers
- 8** Main Goals
- 366** Initiatives
- 10** Key success factors
- 4** Monitoring and Evaluation Units



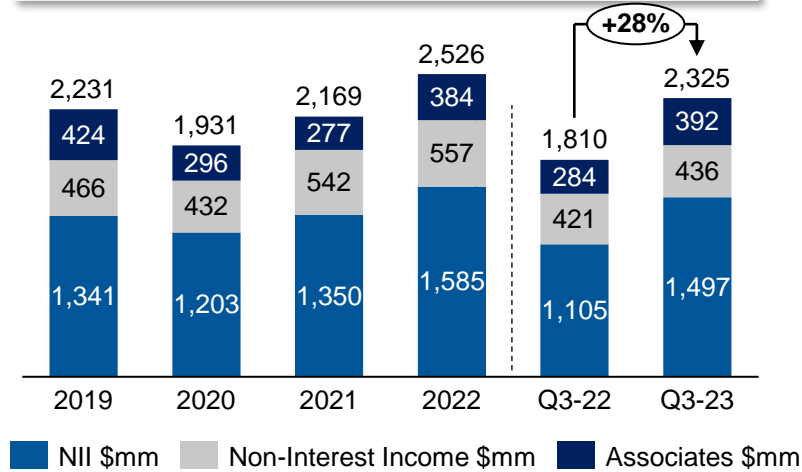
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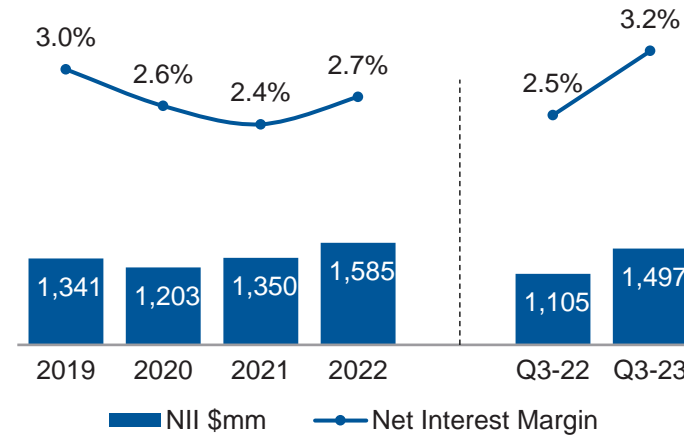


# Arab Bank delivered consistent and resilient Net Operating Income with a solid growth trajectory

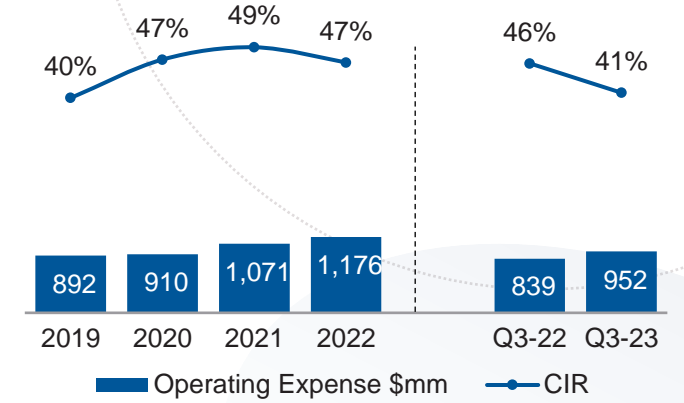
## Revenue



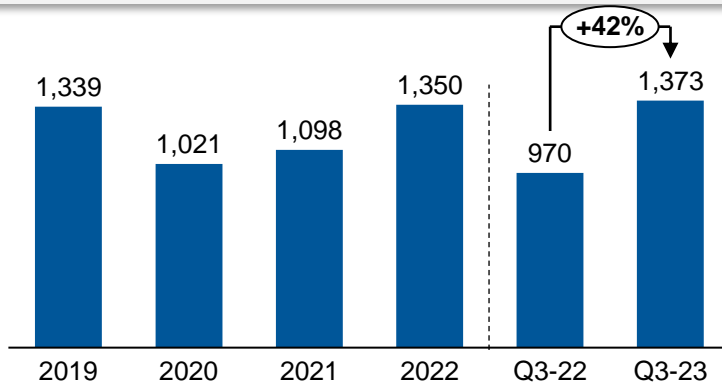
## Net Interest Margin



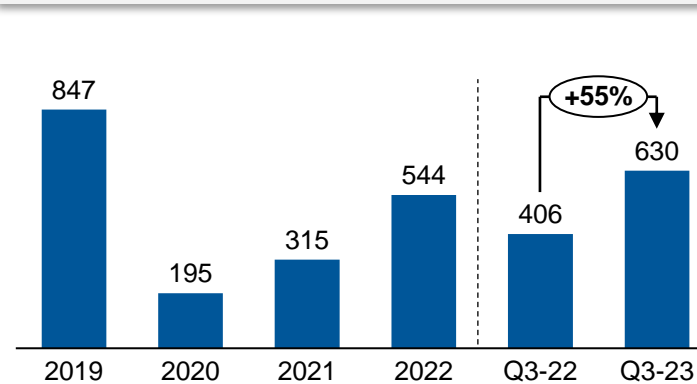
## Cost to Income Ratio



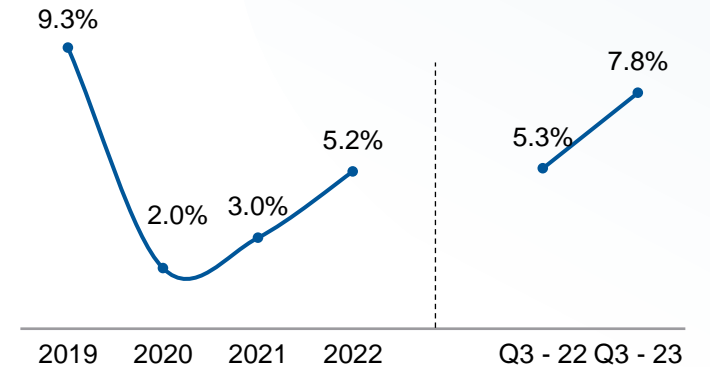
## Net Operating Income, \$mm



## Net Income, \$mm

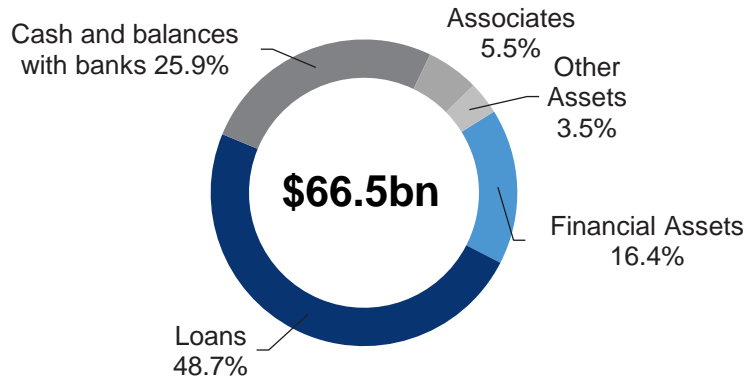


## Return on Equity

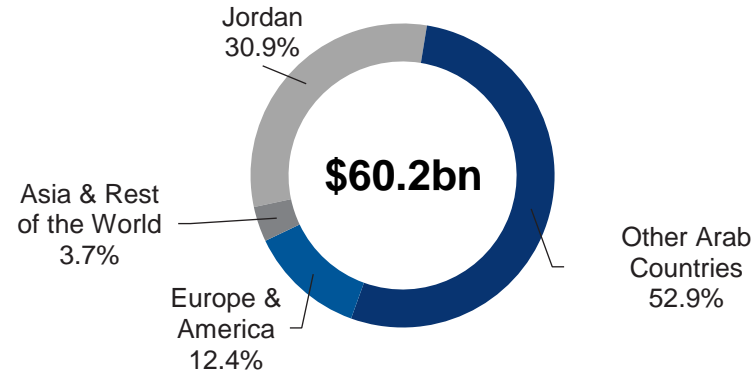


# Coupled with a strong and liquid balance sheet with a diversified asset base

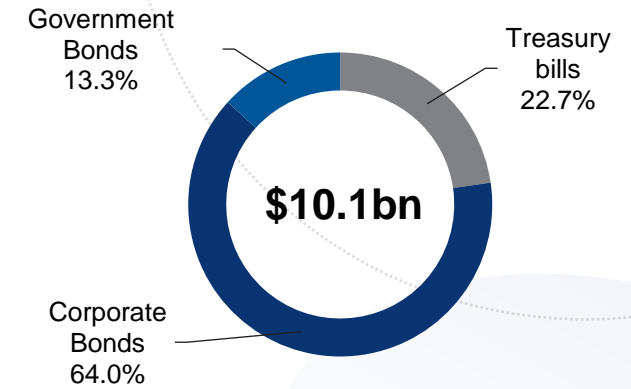
## Asset type mix



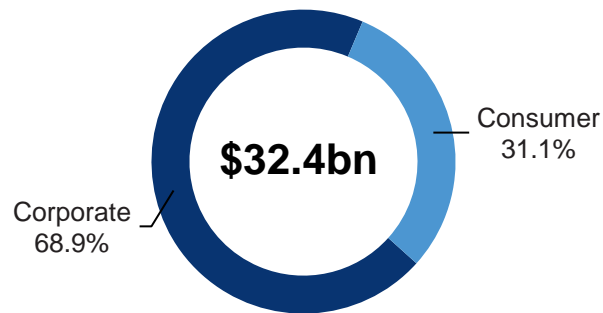
## Geographic distribution of assets <sup>1</sup>



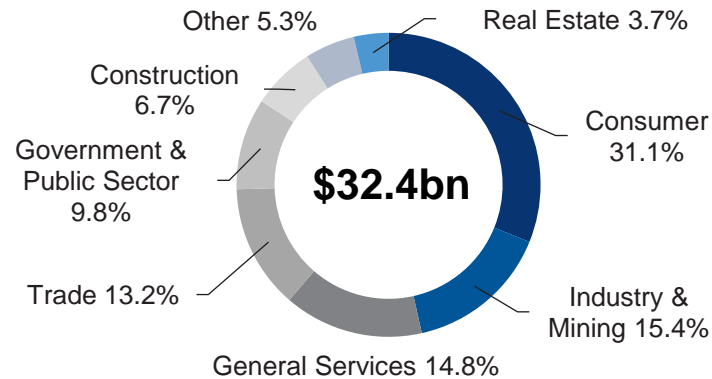
## Investment portfolio by type <sup>2</sup>



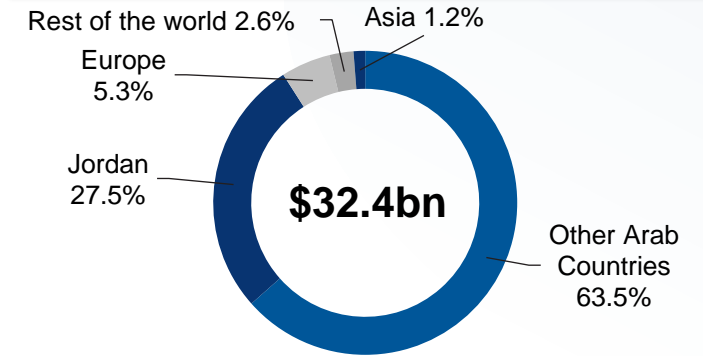
## Net loan book by segment



## Net loan book by economic sector

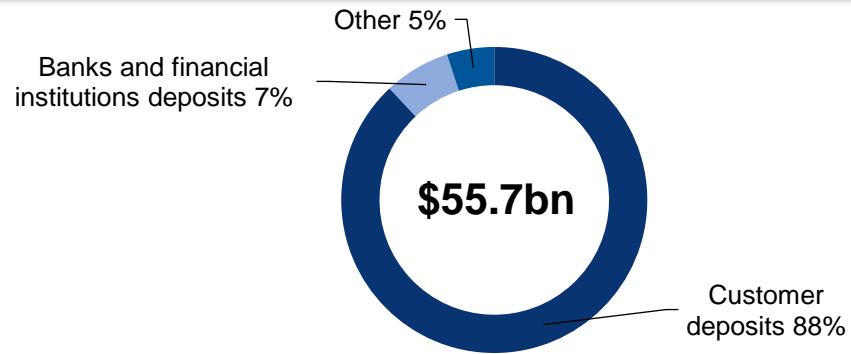


## Net loan book by geography

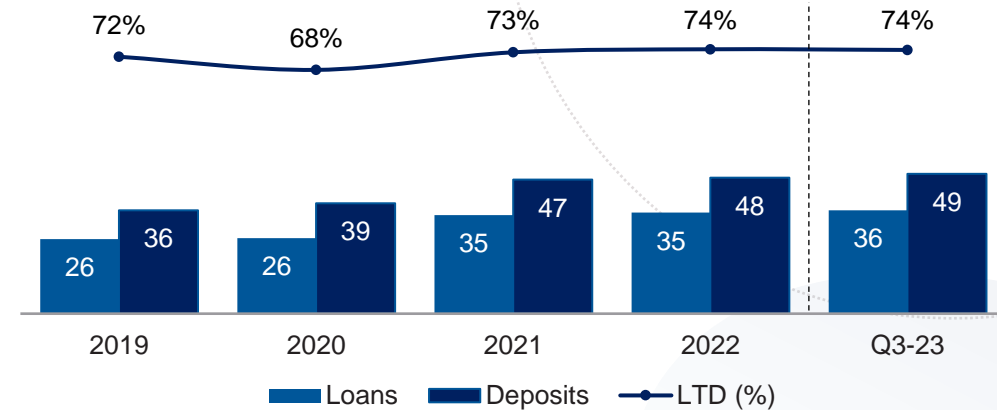


# And a diverse and stable customer deposit base with a prudent loan-to-deposit ratio

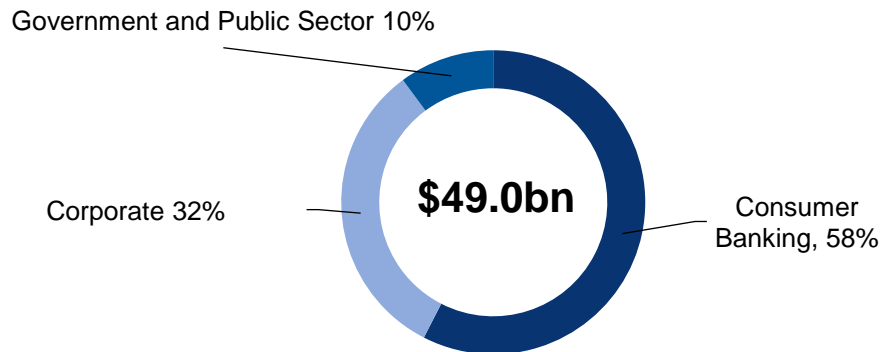
## Liabilities breakdown



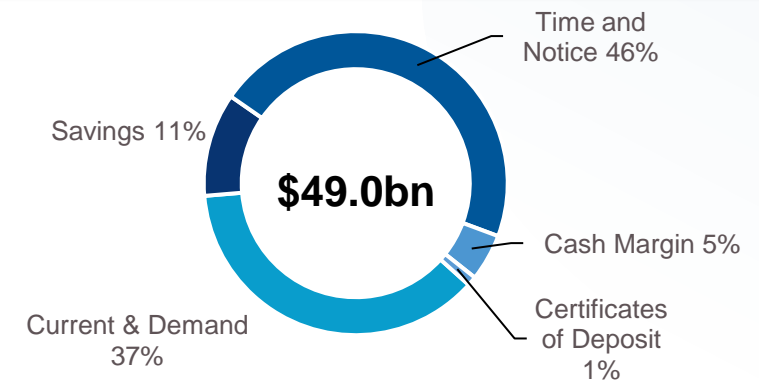
## Gross loans to deposits, \$bn



## Deposits by segment



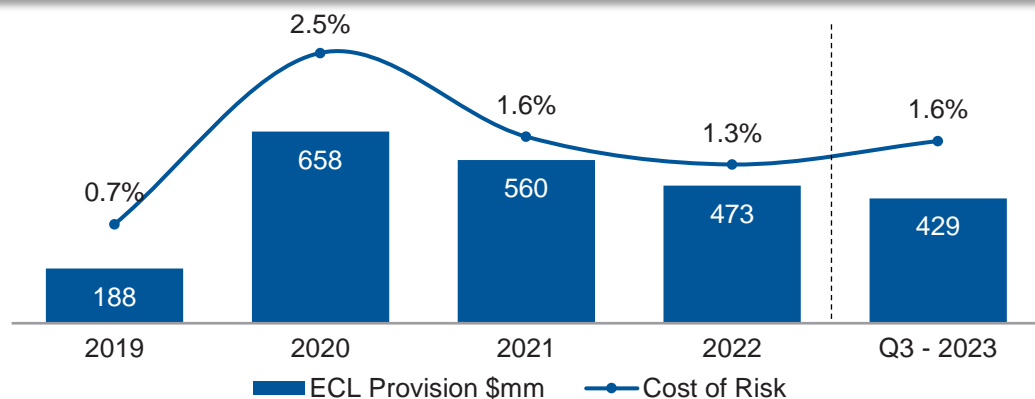
## Deposits by type



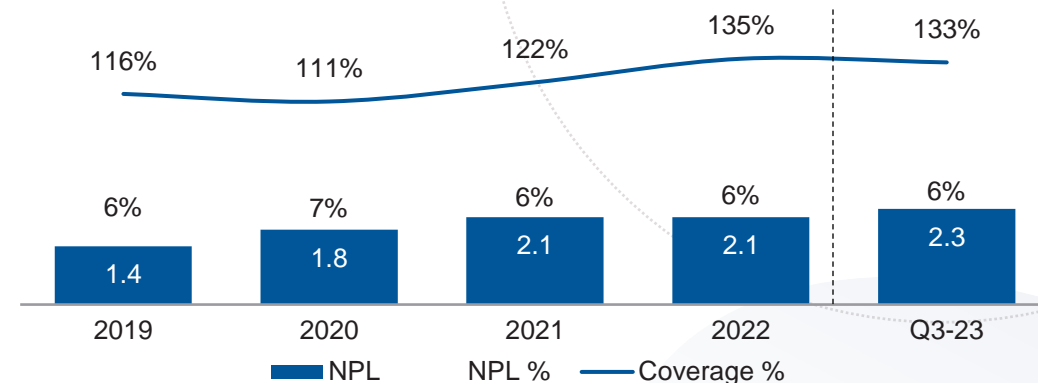


# As well as robust and established risk management practices with strong core capital

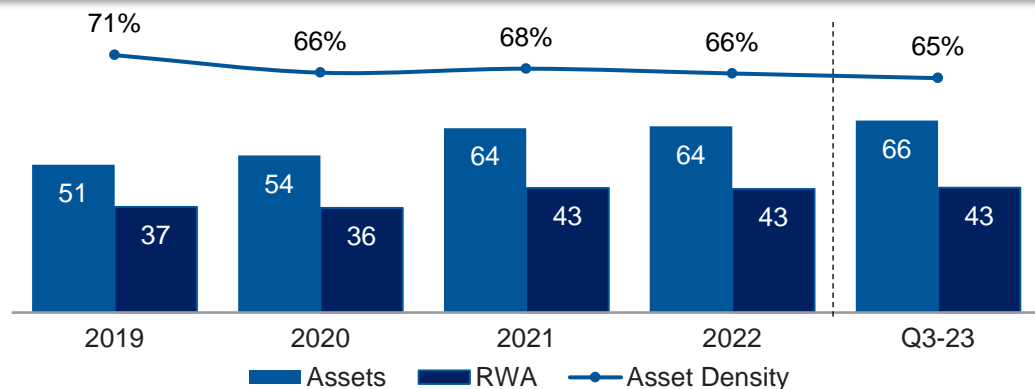
### Cost of risk (%) and ECL Provision, \$mm



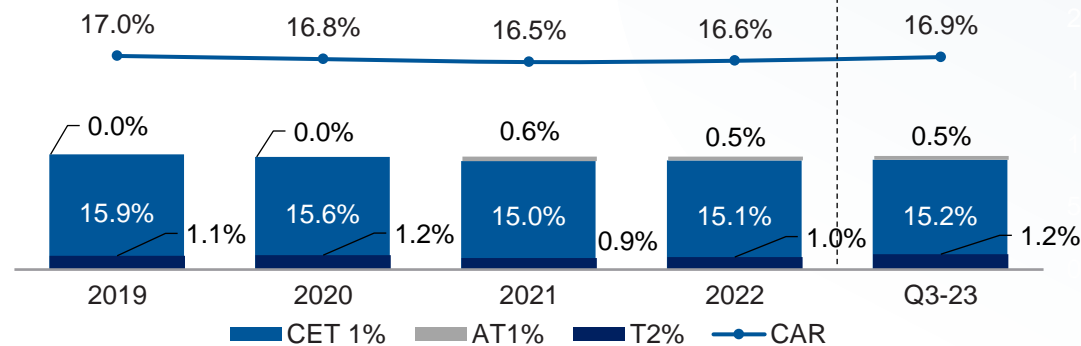
### NPL & coverage ratio, \$bn



### Asset density<sup>1</sup>, \$bn



### Capital adequacy



# Key Financial Highlights Q3 2023: performance was driven by underlying loans growth and higher core banking income

- Arab Bank Group net income after tax at **\$630.3mm** is higher than prior year's level by **55% (\$224.5mm)**
- Gross loan portfolio is higher by **2% (\$0.7bn)** to reach **\$36.3bn**. At constant currency, loans grew by **4%**
- Customer deposits are higher by **3% (\$1.2bn)** to reach **\$49bn**. At constant currency, deposits grew by **5%**
- The Group's net operating income at **\$1.37bn**, which is higher than the prior year by **42%** driven by positive JAWs between revenue and expenses
- Revenue at **\$2,325mm** is up by **28%**
  - Nil is higher by **35% (\$391.8mm)** due to underlying growth in loan portfolio and improvement in NIM
  - Non Interest income (excluding one-off) grew by **4%** at **\$436mm** driven by new revenue streams
  - Income from associates is higher by **38% (\$108.6mm)** to reach **\$392mm**, driven by growth in balance sheet and NIMs
- Operating expenses increased by **13% (\$112.9mm)** due to investment in transformation efforts and innovative solutions
- Impairments are higher as cost of risk increased to **1.6%** from **1.3%** in Q3 2022

\$mm	Q3 - 2022	Q3 - 2023	YoY%
<b>Loans</b>	<b>35,550</b>	<b>36,292</b>	<b>2.1%</b>
<b>Deposits</b>	<b>47,824</b>	<b>49,023</b>	<b>2.5%</b>
<b>Operating Income</b>	<b>1,810</b>	<b>2,325</b>	<b>28.5%</b>
Net Interest Income	<b>1,105</b>	<b>1,497</b>	<b>35.5%</b>
Non-Interest Income	<b>421</b>	<b>436</b>	<b>3.6%</b>
Associates Income	<b>284</b>	<b>392</b>	<b>38.3%</b>
<b>Operating Expense</b>	<b>839</b>	<b>952</b>	<b>13.4%</b>
<b>Net Operating Income</b>	<b>970</b>	<b>1,373</b>	<b>41.5%</b>
ECL Provision and Impairment	<b>354</b>	<b>429</b>	<b>21.2%</b>
<b>Net Income Before Tax</b>	<b>616</b>	<b>944</b>	<b>53.2%</b>
Income Tax	<b>210</b>	<b>314</b>	<b>49.1%</b>
<b>Net Income After Tax</b>	<b>406</b>	<b>630</b>	<b>55.3%</b>

# Arab Bank Group Consolidated Statement of Financial Position – Balance Sheet

USD '000		2022	Q3 2023
<b>Assets</b>	Cash and balances with central banks	11,695,391	12,181,675
	Balances with banks and financial institutions	4,008,144	4,733,116
	Deposits with banks and financial institutions	610,306	266,842
	Financial assets at fair value through profit or loss	72,253	47,398
	Financial derivatives - positive fair value	196,232	286,311
	Direct credit facilities at amortized cost	31,726,598	32,363,056
	Financial assets at fair value through other comprehensive income	750,572	728,613
	Other financial assets at amortized cost	10,002,475	10,145,499
	Investment in associates	3,558,864	3,686,050
	Fixed assets	530,393	512,674
	Other assets	1,028,650	1,275,492
	Deferred tax assets	279,945	233,785
	<b>Total Assets</b>	<b>64,459,823</b>	<b>66,460,511</b>
<b>Liabilities</b>	Banks' and financial institutions' deposits	3,517,640	3,594,515
	Customers' deposits	45,287,371	46,501,934
	Cash margin	2,461,500	2,521,033
	Financial derivatives - negative fair value	163,611	199,724
	Borrowed funds	522,368	513,721
	Provision for income tax	293,029	271,692
	Other provisions	232,423	221,492
	Other liabilities	1,570,172	1,863,529
	Deferred tax liabilities	9,253	11,596
<b>Total Liabilities</b>	<b>54,057,367</b>	<b>55,699,236</b>	
<b>Shareholders Equity</b>	Total Equity Attributable to Shareholders of the Bank	9,487,862	9,822,765
	Non-controlling interests	554,067	577,983
	Tier 1 Capital Bonds	360,527	360,527
<b>Total Shareholders' Equity</b>	<b>10,402,456</b>	<b>10,761,275</b>	
<b>Total Liabilities and Shareholders' Equity</b>		<b>64,459,823</b>	<b>66,460,511</b>

# Arab Bank Group Consolidated Statement of Income – Income Statement

	USD '000	2022	Q3 2022	Q3 2023
<b>Revenue</b>	Interest income	2,583,484	1,794,648	2,648,580
	<u>Less: interest expense</u>	998,680	689,825	1,151,948
	<b>Net interest income</b>	<b>1,584,804</b>	<b>1,104,823</b>	<b>1,496,632</b>
	Net commissions income	374,369	279,654	307,197
	<b>Net interest and commissions income</b>	<b>1,959,173</b>	<b>1,384,477</b>	<b>1,803,829</b>
	Foreign exchange differences	106,345	81,870	83,351
	Gains from financial assets at fair value through profit or loss	1,182	912	1,520
	Dividends on financial assets at fair value through other comprehensive income	8,251	7,568	8,293
	Group's share of profits of associates	384,494	283,606	392,231
	Other revenue	66,665	51,164	35,882
<b>Total Income</b>	<b>2,526,110</b>	<b>1,809,597</b>	<b>2,325,106</b>	
<b>Expenses</b>	Employees' expenses	663,569	476,567	526,566
	Other expenses	415,310	292,208	341,574
	Depreciation and amortization	84,751	62,464	64,051
	Provision for impairment - ECL	473,006	341,042	429,000
	Impairment of Investment held for sale	25,701	13,000	
	Other provisions	12,425	8,102	19,997
<b>Total Expenses</b>	<b>1,674,762</b>	<b>1,193,383</b>	<b>1,381,188</b>	
<b>Profit</b>	<b>Profit for the year \ Period before Income Tax</b>	<b>851,348</b>	<b>616,214</b>	<b>943,918</b>
	<u>Less: Income tax expense</u>	307,046	210,410	313,621
	<b>Profit for the year \ period</b>	<b>544,302</b>	<b>405,804</b>	<b>630,297</b>
	<b>Attributable to :</b>			
	Bank's shareholders	520,276	389,689	603,901
	Non-controlling interests	24,026	16,115	26,396
	<b>Total</b>	<b>544,302</b>	<b>405,804</b>	<b>630,297</b>
Earnings per share attributable to Bank's Shareholders				
<b>- Basic and Diluted (US Dollars)</b>	<b>0.79</b>	<b>0.60</b>	<b>0.93</b>	

# Credit Ratings

**MOODY'S**

Arab Bank plc - Jordan  
Long Term Bank Deposits - Local Currency

**Ba2/Positive/NP**

Long Term Bank Deposits - Foreign Currency

**Ba2/Positive/NP**

Arab Bank plc - Dubai branch  
Long Term Bank Deposits - Foreign Currency

**Ba2/Positive/NP**

**FitchRatings**

Arab Bank plc  
Issuer Default Ratings (IDRs)

**BB/Stable/B**

**S&P Global**

Arab Bank plc  
Issuer Credit Rating

**B+/Stable/B**

Europe Arab Bank  
Issuer Credit Rating

**BB/Stable/B**

# Attractive valuation metrics and sustainable dividends distribution



**Price / Book Value**

**0.4x**



**Price / Earnings\***

**5.4x**



**Dividend Yield**

**5.8%**



**Arab Bank Share Price (JOD)**



**\$3.9bn**

**Market Cap, 16.4% of ASE**



**641mm**

**Shares**



**19,000+**

**Shareholders; 52% Foreign and 48% Jordanian**



**EPS**

**0.93 USD**