

# Sustainability Report

2011

البنك العربي  
ARAB BANK



Success is a journey

# Table of Contents

- A Message from Our Chairman ..... 4
- Our Journey Toward Strategic Sustainability ..... 6
  - Our Journey So Far ..... 7
  - Our Responsive Approach ..... 8
  - Our Sustainability Roadmap ..... 9
  - Our Journey Moving Forward ..... 10
- Our Journey Toward Responsible Financing ..... 15
  - Our Values: Trust, Commitment ..... 16
  - Our Foundation: Risk Management ..... 17
  - Our Sustainability Advantage: Responsible Financing ..... 19
  - Our Impact: Supporting Our Customers in Achieving Their Ambitions ..... 22
- Our Journey Toward Empowered Employees ..... 26
  - Our Values: Teamwork, Empowerment ..... 27
  - Our Foundation: Human Capital ..... 28

Our Sustainability Advantage: Employee Empowerment .....	34
Our Impact: Supporting Our Customers in Achieving Their Ambitions .....	37
<b>Our Journey Toward Transparent Reporting .....</b>	<b>41</b>
Our Values: Transparency .....	42
Our Foundation: Governance and Accountability .....	43
Our Sustainability Advantage: Transparent Reporting .....	47
Our Impact: Supporting Our Customers in Achieving Their Ambitions .....	48
<b>Our Journey Toward System Optimization .....</b>	<b>51</b>
Our Values: Service Excellence, Customer Focus .....	52
Our Foundation: Quality Approach .....	53
Our Sustainability Advantage: System Optimization .....	56
Our Impact: Supporting Our Customers in Achieving Their Ambitions .....	63
<b>Our Journey Toward Community Cooperation .....</b>	<b>66</b>
Our Values: Corporate Citizenship .....	67

Our Foundation: Community Investment .....	68
Our Sustainability Advantage: Community Cooperation .....	71
Our Impact: Supporting Our Customers in Achieving Their Ambitions .....	80
Appendix A: Stakeholder Map .....	84
Appendix B: Control Functions International Standards .....	86
Appendix C: Report Parameters .....	87
Process for Defining Report Content .....	87
Report Quality .....	87
Report Boundaries .....	87
Appendix D: GRI Application Level Check Statement .....	88
Appendix E: GRI Index .....	89
Appendix F: Glossary .....	98
Appendix G: Acronyms .....	101

# A Message from Our Chairman



Dear Stakeholders,

While Arab Bank can claim a history rich with accomplishments and achievements, it is important to keep moving forward, using experience and knowledge gained in the past to fuel our journey toward a successful future. Pursuit of a sustainable future in itself is a journey, requiring an unwavering commitment and the will to make a positive impact. The Bank has made this commitment, building on its social and economic contributions in the past, institutionalizing sustainability within our operations and setting a roadmap to help us achieve our goals, ultimately enabling our stakeholders to reach their ambitions.

Arab Bank's roadmap toward sustainability is multi-dimensional covering responsible financing, accountable operations, system optimization, the empowerment of employees and citizenship. The Bank also takes into consideration the importance of financial and non-financial deliverables, with the goals of a sustainable future embedded within our economic performance, environmental impact and social contribution.

Despite the prevailing various economic, political and social challenges that the world has witnessed, Arab Bank Group's net operating income before tax and provisions reached USD 922 million. The Bank was also able to maintain growth with net profit after tax growing 13% over last year, amounting to USD 305.9 million at the end of 2011. The Group's assets reached USD 45.6 billion and shareholders' equity equaled to USD 7.7 billion. The Bank also maintained comfortable liquidity levels given its increasing deposits which stand at USD 31.7 billion and a capital adequacy ratio of 15.1%, which is higher than the minimum requirement of 8% and 12% according to Basel II committee and the Central Bank of Jordan respectively. These results reflect Arab Bank's conservative approach, with long-term sustainable goals taking precedent over short-term gains to maintain a solid foundation that meets its stakeholders' expectations.

In 2011, Arab Bank continued adopting certain criteria to ensure responsible project financing while also pursuing several renewable and clean energy investment opportunities. We also continued adopting initiatives to support the SME segment in Jordan, given the increasingly important role they play in the Kingdom's economy as a potential for sustainable growth and employment opportunities.

As for accountability in our operations, we have updated our policies and procedures to ensure the integrity of our daily business. In pursuit of mitigating our environmental impact, we continued implementing initiatives to reduce our Greenhouse Gas (GHG) emissions by 5.39%. We have also reduced our use of electricity at the Head Office by 3% and continue to promote a responsible corporate culture through our employees.

We continued to invest in our employees to further empower them, focusing on their development by expanding and introducing new talent programs, grooming leaders for their career path advancement and growth within the Bank, all of which reflects back on service excellence toward our customers.

Arab Bank, for more than 80 years, has always prided itself on being a responsible corporation. In 2011 we developed our successful Together program further, achieving an increase in donations amounts through our service channels, building on our volunteering program, and continuing our investments and support for the local community. We further focused our community investments with the ultimate goal of reaching a more diverse set of beneficiaries including women and youth, ensuring the maximum direct impact. As part of our continuous commitment toward alleviating poverty in Jordan, the Bank established a one million Jordanian Dinars fund dedicated to support projects in collaboration with a number of NGOs for job creation, capacity building and alleviating poverty, with a special focus on poverty pockets in the country.

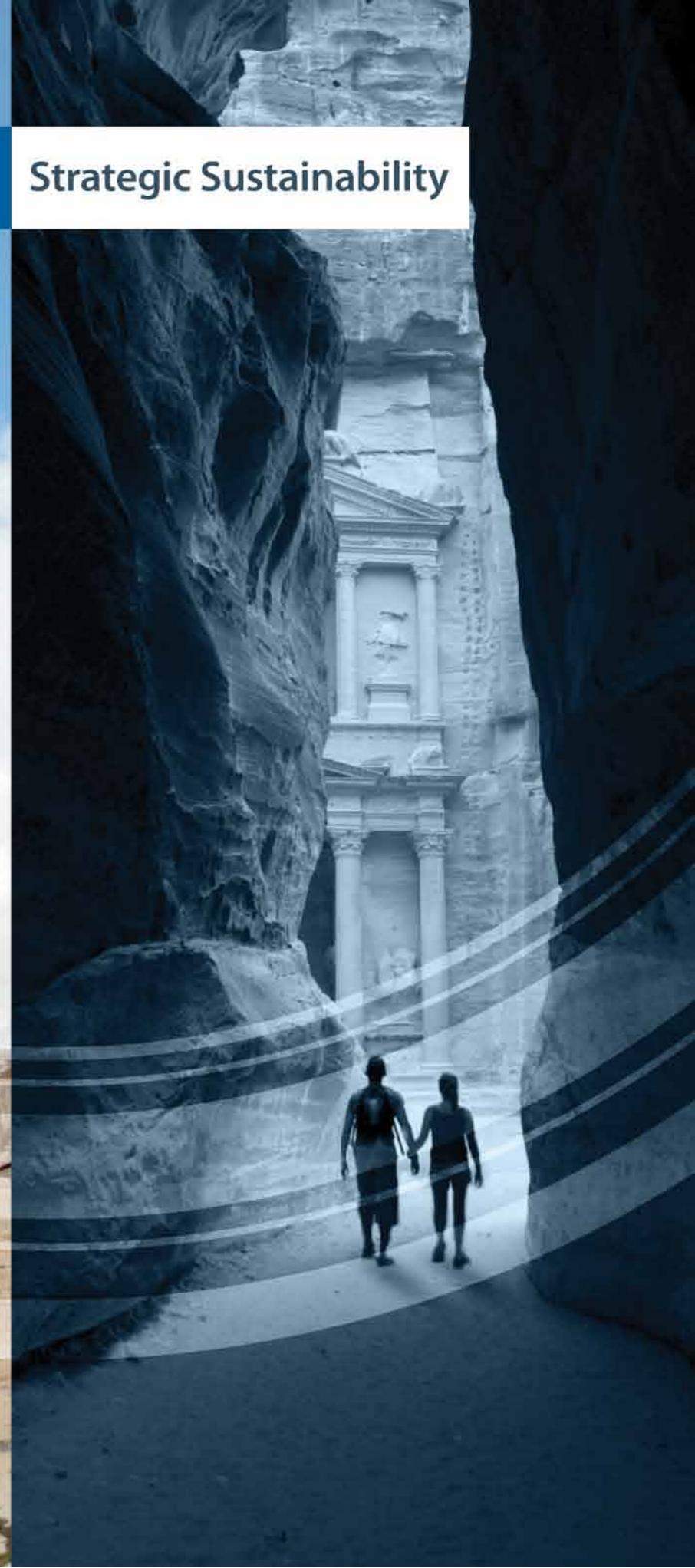
To be accountable for our operations and ensure that we are on the right path toward a sustainable future, reporting and communicating our progress is extremely important. This is Arab Bank's second sustainability report, and it serves as a benchmarking tool, enabling us to build dialogue on our performance and guide future action toward greater impact in serving our stakeholders.

**Abdel Hamid Shoman**  
Chairman

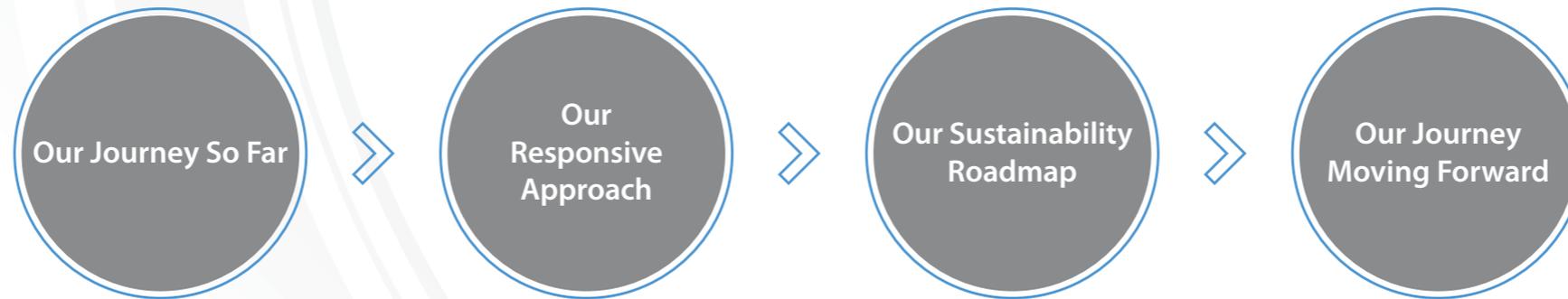


**Our Journey Toward**

**Strategic Sustainability**



# Our Journey Toward Strategic Sustainability



## Our Journey So Far

Arab Bank was established with an altruistic purpose, one that goes beyond providing financial products and services. The Bank's vision is to play a significant role in shaping the lives of people in the Arab world on both an economic and social level. This purpose has become the cornerstone of the Bank's operations, reinforcing its commitment to the development of the Arab world.

In light of this purpose, Arab Bank adopted a set of values ingrained in its operations with a goal of supporting its stakeholders achieve their ambitions. These values would come to define the Bank's journey toward a sustainable future for the region, creating a culture of responsibility across all business lines and operations. Arab Bank made a commitment to further ingrain the concept of sustainability, not just into the culture, but into its daily operations and on a more strategic level, as a continuation of the Bank's founding purpose.

Building on this strategic direction, in 2010, Arab Bank established the Sustainability Department responsible for the systematic management of sustainability initiatives, guiding the Bank toward sustainability best practice and regional leadership. To do this, the Sustainability Department at the Bank is driving the strategic integration of sustainability into the Bank's ethos, operations and reporting, complementing the Bank's founding vision and purpose.

We started over 80 years ago on a journey to enable the Arab world to achieve preeminence, and today we are building on that commitment in order to create shared value for our stakeholders and leave a positive impact on our community.



## Our Responsive Approach

Our approach to sustainability is continually evolving based on the priorities of our stakeholders and drivers for implementation. Using a set of defined parameters, we are able to identify stakeholders' needs and expectations and align these with our business case for sustainability, shaping an approach that ensures value for all stakeholders.

## Stakeholder Engagement

The Bank's method for stakeholder engagement is based on creating a shared value through focusing on the Bank's core business activities and enhancing the social, environmental and economic situation in the communities where we operate.

Stakeholders are identified and categorized according to how they impact the Bank and in turn, are impacted by the Bank. A stakeholder mapping exercise was first implemented in 2010 in which stakeholders' expectations from the Bank's perspective were clearly identified and prioritized. This exercise is regularly updated, to ensure that stakeholders' needs and expectations are addressed in a timely manner. The updated version of the stakeholder map can be found on page 84, which presents a segmentation of the stakeholders and their needs categorized with our ability as a Bank to meet them through our operations.

## Drivers to Sustainability

Arab Bank has recognized an opportunity to identify broader business drivers through a 'sustainability lens', considering social, environmental, economic and ethical perspectives in an integrated manner. Embracing these broader considerations will directly contribute to the ability of Arab Bank to deliver on its core business objectives. The diagram on the right captures the Bank's current sustainability drivers and opportunities.



## Our Sustainability Roadmap

Our sustainability framework is based on the Bank's values, which guide our journey toward sustainable development. Each of these values continue to lead and direct the Bank's long-standing and historical foundation of robust financial practices and positive regional impact, responding to the expectations of our stakeholders. Building on this solid foundation over the years, our sustainability advantage revolves around five main strategic focus areas (responsible financing, empowered employees, transparent reporting, system optimization and community cooperation) that best capture Arab Bank's approach to sustainability. Improving our performance in each of these areas will enhance our desired impact of supporting our customers in achieving their ambitions.



The sections of this report demonstrate our journey in each of the five main strategic focus areas highlighting our values, foundation, sustainability advantage and ultimately our impact in supporting customers to achieve their ambitions. It also shows historical progress in each aspect along with our 2011 achievements, and 2012 commitments.



## Our Journey Moving Forward

We continue to measure our performance and set out new initiatives that will help us achieve our sustainability vision. A snapshot of our 2011 performance and 2012 commitments is provided below summarizing our progress in each of our five main focus areas.

### Our Journey Toward Responsible Financing

#### Performance Snapshot

KPIs	2009	2010	2011
Project financing screened on ESG criteria	100%	100%	100%
Amount of new investments in environmentally-friendly infrastructure projects (JOD)	9.4 million	13.5 million	11.5 million
Defaulted project loans of the entire loan portfolio	0%	0%	0%

#### 2011 Achievements

- Total SME lending portfolio reached JOD 508.8 million, and total SME deposits reached JOD 729.6 million (page 23)
- 100% of employees completed anti-money laundering web-based courses (page 18)
- Increased internal awareness on risk related topics through 26 courses, engaging 428 employees (page 17)
- Increased total amount of donations through the Together Platinum Credit Card by 48% (page 25)

#### 2012 Commitments

- Adopt the Equator Principle to assess social and environmental risks in project financing (page 19)
- Develop a standalone policy on anti-corruption (page 18)



## Our Journey Toward Empowered Employees

### Performance Snapshot

KPIs	2009	2010	2011
Total workforce	2,687	2,776	2,808
Females in the workforce (%)	38%	38%	38%
Females in senior management (%)	18.2%	21.2%	17%
Total workforce turnover	7.74%	7.29%	7.9%
Training opportunities provided	1,375	7,422	8,478
Amount of support to teach employees' children in Jordanian universities (JOD)	81,291	60,162	61,897

#### 2011 Achievements

- 100% of new employees received sustainability awareness information through the induction program (page 56)
- Launched two new certification programs for middle management in Jordan (page 37)
- 98% of employee complaints were processed (page 35)
- A cross-functional health and safety committee was established (page 32)
- Investments in employees learning and development increased by 35% (page 35)

#### 2012 Commitments

- Launch a capacity building program for NGOs by leveraging our internal trainer program
- Streamline the Bank's internship program to support local youth development
- Establish special smoking rooms to ensure our offices become smoke-free
- Introduce educational loans for employees



## Our Journey Toward Transparent Reporting

### Performance Snapshot

KPIs	2009	2010	2011
Dividend per share (JOD)	0.20	0.20	0.25
Independent Directors on the Board	82%	45%	45%
Return on equity (%)	6.6%	3.8%	6.9%
Level of GRI report	New Indicator <sup>1</sup>	B	B

#### 2011 Achievements

- 100% of new employees received web-based training on the Code of Conduct (page 46)
- GRI indicators covered increased by 49% (page 47)
- Profits distributed to shareholders increased reaching 25%, amounting to JOD 133.5 million (page 44)

#### 2012 Commitments

- Rolling out sustainability reporting to additional markets starting with Palestine
- Issuance of 2012 Sustainability Report



## Our Journey Toward System Optimization

### Performance Snapshot

KPIs	2009	2010	2011
Total Greenhouse Gas (GHG) emissions (tons)	New Indicator <sup>1</sup>	9,094	8,605
Total electricity consumption (kWh)	11,139,600	10,785,110	10,444,690
Number of sustainability related products and services launched	2	0	1

#### 2011 Achievements

- Reduced GHG emissions by 5.39% (page 57)
- Implemented effective initiatives to reduce electricity consumption by 3% (page 58)
- Earned 10 international recognitions and awards for excellence in performance (page 54)

#### 2012 Commitments

- Reduce the level of total GHG emissions
- Launch the eStatement service in additional markets



<sup>1</sup>These indicators were established in 2010.

## Our Journey Toward Community Cooperation

### Performance Snapshot

KPIs	2009	2010	2011
Pre-tax profits invested in the community <sup>2</sup>	3.2%	3.1%	2.8%
Number of volunteer initiative hours contributed	New Indicator <sup>1</sup>	150	165
Community initiatives	2 <sup>3</sup>	25	33
Number of beneficiaries	New Indicator <sup>1</sup>	6,750	17,990
Number of micro-enterprises supported	New Indicator <sup>1</sup>	New Indicator <sup>4</sup>	113
Donations through donation channels (JOD)	New Indicator <sup>1</sup>	40,166	88,828

#### 2011 Achievements

- Sponsored 48 hours of NGO capacity building training (page 72)
- Increased donations through donation channels by 121% (page 80)
- Increased total number of individual volunteers by 34% (page 73)
- The Bank's total community investments amounted to JOD 9.3 Million (page 68)

#### 2012 Commitments

- Develop the Together program for Palestine
- Engage Arab Bank subsidiaries through a minimum of four initiatives under the Together program
- Enhance donation channels to increase customers' donations to benefit the Together program's organizations



<sup>1</sup>These indicators were established in 2010.

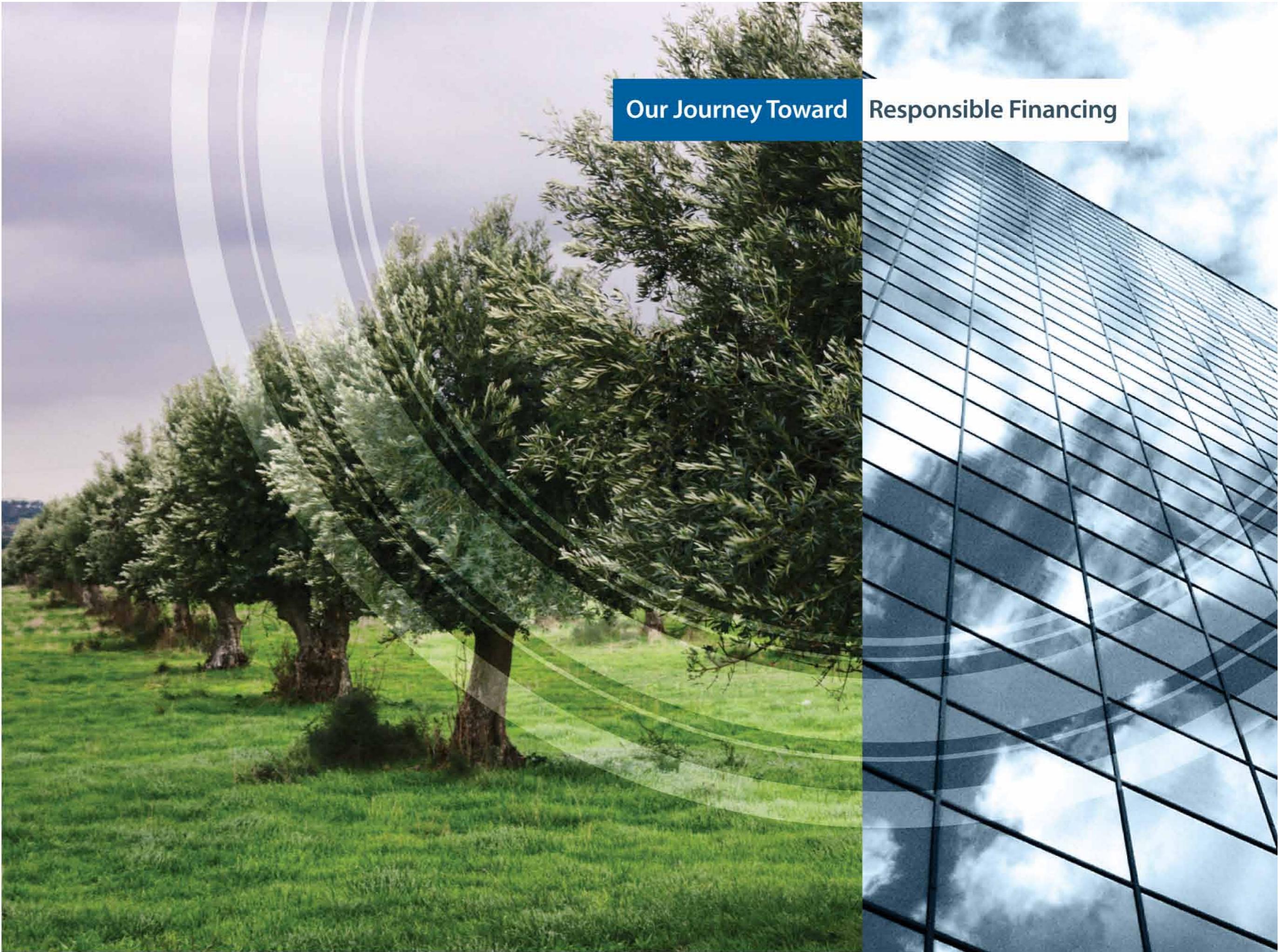
<sup>2</sup>Percentage of community investments in Jordan compared to PLC profits before tax.

<sup>3</sup>The Together program launched end of 2009.

<sup>4</sup>This indicator was established in 2011.

**Our Journey Toward**

**Responsible Financing**



# Our Journey Toward Responsible Financing

**Trust** and **commitment** are two of the Bank's values that best capture our journey toward responsible financing. Arab Bank is built upon a historic foundation of trust born out of sound **risk management** practices that have advanced throughout the decades, adapting and changing to the constantly evolving risk realities.

Emerging from this prudent risk approach, we ensure that **responsible financing** principles are strategically integrated into business practices, demonstrating commitment to our society and economy, while offering our customers a wide range of financial solutions that help them **achieve their ambitions**.



## Our Values: Trust, Commitment

### Trust

True to our history, we will always protect the interest of our customers

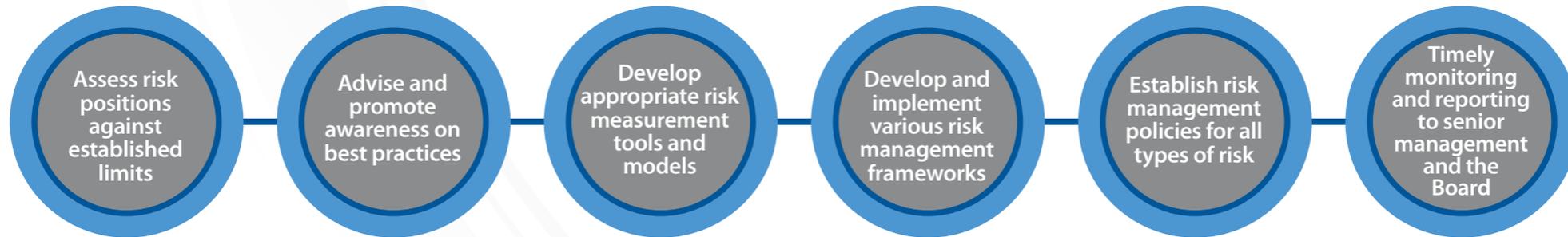
### Commitment

We are fully committed to the region, dedicated to its people and economies

For more than 80 years, Arab Bank has earned the trust of its customers through a sincere commitment and everlasting promise to protect their money and stand by their side even during the most difficult circumstances. As a continuation of this promise, the Bank constantly strives to offer its customers the best solutions and services stemming from the vast experience and efficiency of its employees, making Arab Bank's name synonymous with trust.

## Our Foundation: Risk Management

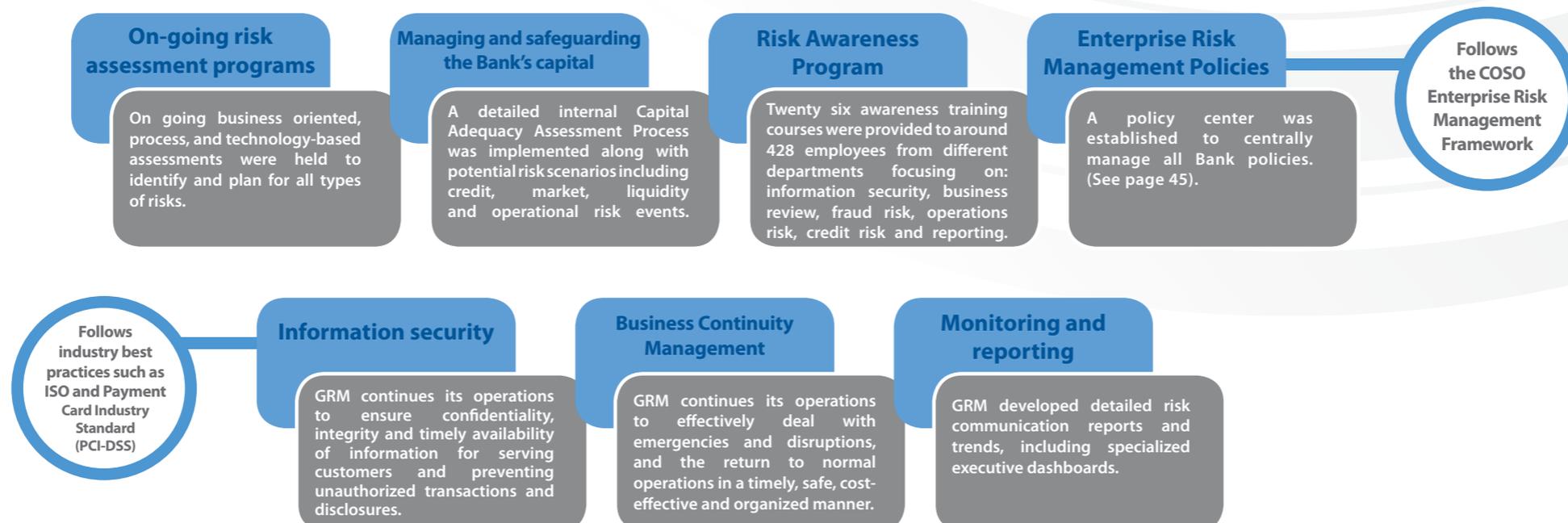
As part of the Bank's risk governance structure, Group Risk Management Division (GRM) is responsible for ensuring that the Bank has a robust system for the identification and management of all types of risks. The diagram below captures their mandates which are implemented through seven main departments. For more information, please refer to our 2011 Annual Report.



## Proactive Approach to Risk Management

During the global economic crisis and the ongoing regional political development, the Bank was able to work effectively and continued implementing a balanced strategy, based on abundant liquidity and high capital adequacy ratios. This is due to the adopted proactive risk policies and processes that ensure meeting all obligations in a timely manner under all circumstances and with minimal impact.

Several initiatives outlined in the below diagram, were implemented during 2011 to ensure a proactive response to an evolving risk landscape.



## Anti-corruption

Arab Bank's anti-corruption policy is embedded within the Bank's overall internal policies and procedures and is part of the Bank's Code of Conduct. It covers the Bank's policy on corruption issues, such as bribery, conflict of interest, fraud, theft, embezzlement, gifts, insider information, and political, social and charitable activities.

In order to ensure operations are consistent with the highest regulatory requirements and proper implementation of the Bank's policy pertaining to Anti-Money Laundering (AML), Combating Terrorist Financing (CTF), and Know Your Customer (KYC), PLC (Public Limited Company) staff completed an AML web-based training during 2011. Newly hired employees will be subject to completing this course as well. This training, aimed at providing employees with an understanding of the issues of money laundering and combating terrorist financing, includes an overview of all relevant laws and regulations. It also provided an overview of customer due diligence requirements informing employees as to the precautionary measures they should take, as well as red flags of unusual activities.

Moreover, in 2011 newly hired employees completed the online training on the Bank's Code of Conduct, which was previously completed by all PLC employees during 2010. This training provides employees with an understanding of the importance of ethical behavior and gives proper guidance on recognizing and preventing questionable conduct.

Currently, Group Regulatory Compliance Division (GRC) is leading an initiative to streamline the development of a standalone policy on anti-corruption expected to be finalized during 2012 to include whistle-blowing policies and procedures.

## Compliance and Assurance

In addition to the above, Arab Bank abides by all laws, regulations and policies (see Appendix B) and adopts comprehensive compliance and auditing procedures within all risk management and governance operations, ensuring the adequate mitigation of significant risks on the Bank and thus avoiding any violations.

More information on our assurance operations are outlined under the 'Governance and Accountability' section (see page 43).



## Our Sustainability Advantage: Responsible Financing

Arab Bank believes that responsible financing of individuals, projects and organizations is one of the most pressing issues for the financial industry, which has been brought centre-stage during the last few years. The global financial crisis underscored the importance of transparent, inclusive, sustainable and equitable financial practices. Accordingly, Arab Bank has moved to incorporate sustainability into products and services as well as the projects it facilitates through integrating social, ethical and environmental standards into financing criteria.

### Integrating Environmental and Social Criteria in Lending

Emerging from the Bank's commitment to ensure long-term secured project financing, it is integrating a range of environmental and social criteria as part of project appraisals. This criteria involves the inclusion of environmental risk revisions, traffic impact assessments, environmental impacts assessments, compliance to applicable environmental laws, and other social risks (such as health and safety, local employment and child labor) that are studied and mitigated with the respective measures.

The criteria followed are in line with a number of principles stated by the Equator Principles (EP). In 2011, 100% of the projects financed by the Bank were assessed based on EP standards, and none of the loans were defaulted. In line with the Bank's sustainability strategy, in 2012, Arab Bank is seeking to become a signatory of the Equator Principles, engaging with its corporate clients on sustainability issues and finding solutions that are of benefit to all stakeholders.

For more information on the specific standards followed, please refer to page 37 of our 2010 Sustainability Report.



*The Bank is integrating social and environmental criteria as part of project appraisals*



## Responsible Consumer Lending

Arab Bank continues to be prudent and conservative in advancing credit to individual customers. The credit approval policy is based on an assessment of the customer's ability to repay in a manner that reduces risk to the individual and the Bank. This is established firstly by allowing customers with stable employment and reasonable income to receive credit facilities from the Bank. Secondly, the Bank ensures that all loans repayment installments do not exceed a portion of the customer's net income. With such measures, the Bank reinforces responsible lending practices and attempts to maintain the debt burden at manageable levels for all of our customers.

## Product Responsibility

As part of our responsible lending practices and in compliance with regulatory requirements, Arab Bank ensures customers are provided with all the information required to help them make the right decision when it comes to their financial needs. All information related to the financial products offered by the Bank, whether they are accounts, credit cards or loans, is provided to customers through the following channels:



## Customer Information Security

Information security is a fundamental requirement to ensure the confidentiality, integrity and timely availability of information in order to serve our customers efficiently and effectively, while at the same time preventing unauthorized transactions and disclosures, ensuring legislative and regulatory compliance.

Arab Bank takes all the necessary measures to protect the data integrity and systems security of its internal and Internet facing systems by applying the most up-to-date protective measures. The highest safety standards are provided along with many layers of technical and procedural protections to ensure holistic safeguards are in place across all of our banking channels and services. Examples range from world standard security systems, frequent health check reviews and risk assessments, incident management framework, industry certifications, business continuity management and crisis management processes.



## Case Study: Minimizing Internet Threats

The open Internet environment requires both users and the Bank's collaboration to counter phishing scams and any other anonymous threats. Emerging from the Bank's commitment to provide the latest security technology, the following procedures have been implemented and further enhanced in 2011 to minimize risks of Internet threats:



## Our Impact: Supporting Our Customers in Achieving Their Ambitions

With a foundation of sound risk management practices and the adoption of responsible financing practices that account for a range of environmental and social factors, Arab Bank is able to provide its customers with a wide range of innovative products and services that help them achieve their ambitions.

### Supporting Environmentally Friendly Infrastructure Projects

Emerging from the Bank's continued efforts toward supporting projects that contribute to Jordan's transition to a low carbon economy; the Bank pursued several renewable and clean energy investment opportunities in 2011.

### Supporting Wind Power Projects

The Bank continued showing interest in supporting wind power generating projects. The below table identifies projects currently being considered for financing in 2012.

Project	Amount of power to be added to the national grid (MW)
Fujeij Wind Farms	80 - 90
Kamshah Wind Farm	30 - 40
Harir Wind Farms	200
<b>Total</b>	<b>320</b>

Completing these projects would add a total of 320 MW of renewable energy to the Jordanian grid in 2012.

### Supporting Solar Power Projects

In 2010 and 2011, the Bank provided corporate relationship management services to the first photovoltaic (PV) solar panels producer in Jordan and the Arab region, Philadelphia Solar, which produces PV modules that generate electric power through direct conversion of solar radiation.



## Other Environmental Services

Arab Bank also acted as the onshore account bank and onshore security agent for the financing of the first and second Independent Power Generation Plants (IPPs) in Jordan, which were structured under a Build Own and Operate (BOO) basis. The plants use two natural gas fired turbines and a third combined cycle steam turbine, which captures heat energy to harvest additional electricity. Natural gas burns cleaner than conventional fuels and has a lower carbon footprint.

Project	Amount of power to be added to the national grid (MW)
Amman East Power Plant (Independent Power Generation Plant)	370
Al-Qatrana Plant (Independent Power Generation Plant)	373
<b>Total</b>	<b>743</b>

In addition, Arab Bank is arranging financing for the expansion of As-Samra Wastewater Treatment Plant Project which is expected to be finalized in early 2012, and will add an extra capacity of 100,000 cubic meters per day of treated water to the plant's current capacity, which is 267,000 cubic meters. The expansion will increase available treated water for irrigation and hence decrease reliance on fresh water for irrigation purposes. In addition, the project improves odor control and generates its own electricity needs without relying on the national power grid.

## Supporting SME's

Arab Bank has historically acknowledged the significant role that the Small and Medium Enterprises (SME) segment plays in the economic growth and sustainable development of Jordan and the region. In reference to the latest studies made by different institutions including the Jordan Enterprise Development Corporation, this segment contributed around 40% of the GDP (Gross Domestic Product), while employing around 70% of the Jordanian labor force. It also represents 95% of operating companies in Jordan.

Arab Bank has constantly supported qualified SMEs by providing access to a diversified suite of corporate products and services. In order to provide more specific business services to this segment, a special SME department exists under our current CIB Division.

SME Portfolio as of end 2011	JOD '000
Total Direct Facilities	378,315
Total Indirect Facilities	130,573
Total Deposit	729,669

In 2011, the Bank's total SME lending portfolio reached JOD 508.8 million covering sectors such as: wholesale and retail trade, manufacturing, transport and storage, construction and contracting, real estate, renting and business services. Moreover, in 2011, the Bank supported the program launched by the Jordan Enterprise Development Corporation (JEDCO), which seeks to support SMEs through providing around US\$ 250 million, with the assistance of other international donor parties.

The Bank will continue to support the SME sector during 2012 through proactive collaboration with different institutions in order to facilitate lending and provide SMEs with multiple financing options.

### Customized Products

Arab Bank continues to meet its customers' needs through providing a variety of financial services and a wide range of products tailored to individuals, corporations and other international financial institutions.

### Customer Segment Oriented Products



We grow with Arab Bank

**Jeel Al Arabi:** This account encourages financial management skills at a young age. The account is designed for children and youth (up to 18 years old) and aims to make the important topic of saving and financial management fun and exciting.

During 2011, Arab Bank reached a 24% increase in the total number of Jeel Al Arabi account holders compared to 2010, and a total of 27% deposit volume growth.



**Shabab:** The Shabab account, which was launched in Palestine and re-launched in Jordan in 2011, offers a distinctive bundle of benefits that are specially designed to meet the financial and non-financial needs of the youth segment.

A new age criteria of 18-25 in Jordan and 18-28 in Palestine was introduced replacing the previous criteria of 15-35. As the age criterion for this product have changed, the growth in account holders will not be disclosed in our 2011 Sustainability Report.



**Elite:** A highly personalized proposition specially tailored to serve our high net worth clients. This includes a combination of world-class products, exclusive services and most importantly, experienced and dedicated personal wealth management services. Investments are offered in collaboration with Arab Bank Group companies, including Europe Arab Bank, Arab Bank Switzerland and AB Invest, enabling Elite customers to have access to funds, structured products, investment management services and brokerage services.

In 2011, the reach of the Elite proposition was expanded to additional Arab Bank PLC branches in the region such as Palestine and Egypt. Moreover, a 5% increase in the total number of Elite customers was achieved, in addition to a continuous growth in deposits volume.



## Community Development Product

The Bank provides innovative products and services that are specially customized to enhance customers' engagement and support for the community.

Launched in 2009, the **Together Platinum Credit Card** was the first of its kind in the Middle East, Africa and Central Europe<sup>5</sup>. It automatically adds 0.5% of the customer's monthly bill as a donation, and is matched by the Bank by another 0.5%. This amount is then equally distributed to the Together Program's NGOs (see page 71). The Bank also donates 50% of the card's annual membership fee to support these organizations.

In 2011, total donations through this channel increased by 48% to reach JOD 13,025 compared to JOD 8,826 in 2010.



<sup>5</sup>This information was stated by Visa

Our Journey Toward

Empowered Employees



# Our Journey Toward Empowered Employees

**Teamwork** and **empowerment** are the values that guide our **human capital** approach, one of the Bank's main assets comprised of a group of diverse, talented and professional team members. Arab Bank continues to invest in its people to achieve the collective benefits of **empowered employees**, building the foundation on which the Bank is sustained by serving customers and **supporting them to achieve their ambitions** through service excellence.



## Our Values: Teamwork, Empowerment

### Teamwork

We promote teamwork and collaboration within the Group and across businesses

### Empowerment

We invest in our people and provide them with the opportunity to grow

The sustainability advantage of empowered employees can only be achieved by the day to day practicing of Arab Bank's values which promote honesty, a strong work ethic and collaborative teamwork. The Bank believes that being a team player is the key to personal and overall development, in addition to empowering individuals through sharing of experiences and knowledge which enhances their productivity. Arab Bank also offers numerous programs aimed at supporting, developing and empowering its employees to become leaders and achieve their ambitions.



## Our Foundation: Human Capital

Arab Bank seeks to support and empower its human capital through providing a healthy and fair working environment, offering equal development opportunities, attracting and retaining top talent and grooming youth and potential leaders. We believe that having a satisfied and motivated workforce is essential to building long-term relationships with employees, which contributes to better customer service.

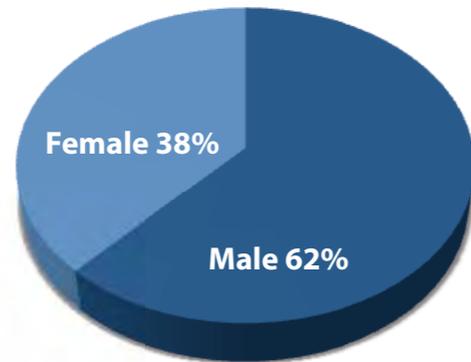
### Workforce Composition

In 2011, despite the difficult socio-economic environment, our total workforce grew in Jordan. There was also an increase in middle management positions. This increase was due to recruiting and promoting employees to this level from non-management clerical positions, in addition to restructuring the definition of middle management in the Bank by including the assistant manager band.

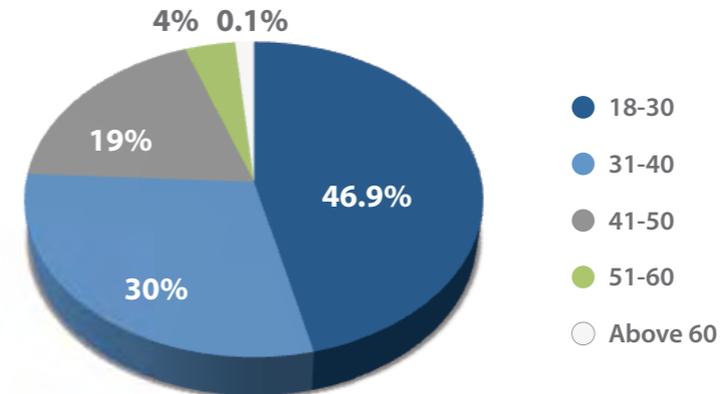
Workforce by Employee Level in Jordan			
Year	2009	2010	2011
Total Workforce	2,687	2,776	2,808
Number of senior level positions	33	33	47
Number of middle management positions	287	292	748
Number of non-management clerical positions	2,086	2,153	1,714
Number of non-clerical positions	281	298	299

## Equal Opportunities

As an equal opportunity employer, Arab Bank seeks to provide an enabling environment where employees are presented with fair conditions to excel upon their own merit. Arab Bank is considered to be a diverse and youthful organization whereby 38% of total employees are females and employees between 18-30 years comprise 47% of our workforce.

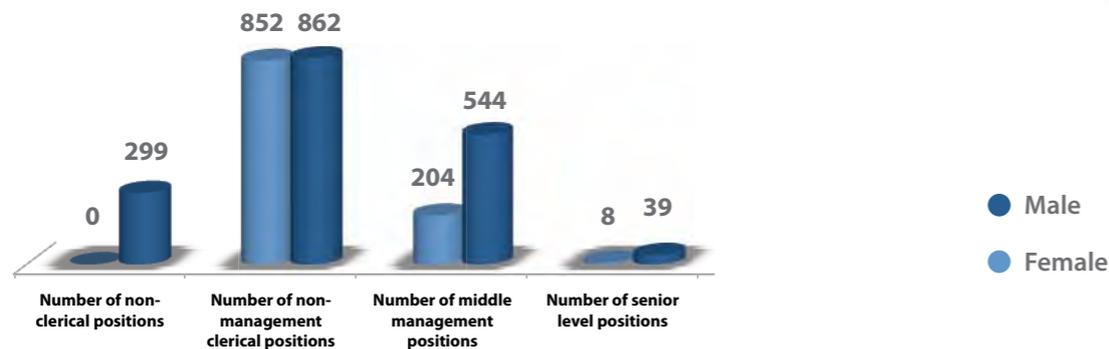


Total Workforce by Gender



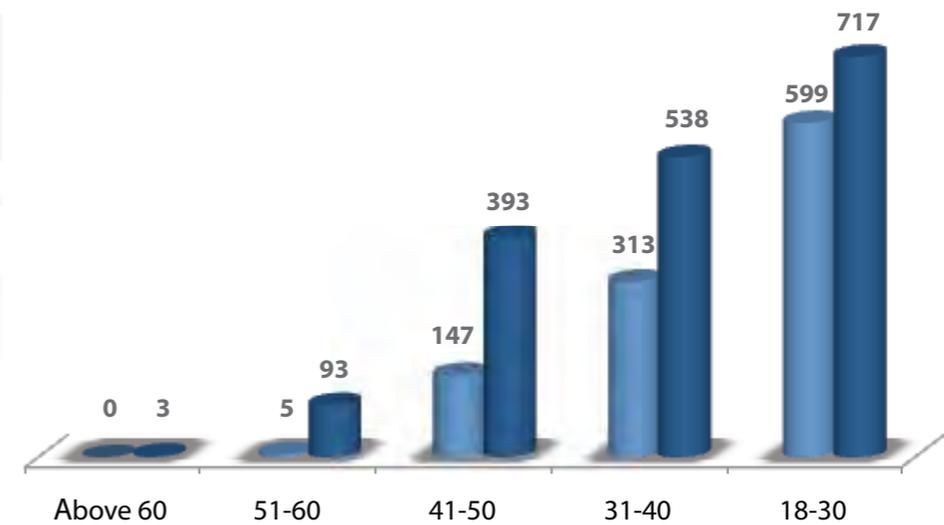
Total Workforce by Age Group

In 2011, female employees occupied 27% of management positions demonstrating the Bank's inclusive environment. Moreover, the ratio of basic salary for men to women per employee category remains 1:1 ensuring fair treatment for both genders.



Managerial Positions by Gender

Additionally, the Bank believes in developing youth equally whereby 45.5% of female employees are between the age group of 18-30 years.



Total Workforce by Age Group and Gender in 2011



## Employee Satisfaction

### Performance Management

Part of Arab Bank's role in ensuring employee satisfaction is involving employees in setting SMART<sup>6</sup> performance goals and objectives that would motivate them and guarantee fair performance reviews. With this objective, our HRMS (Human Resources Management System), integrated with Arab Bank's intranet, Arabina, was upgraded in 2011 introducing a fully customized performance management module that ensures all employees are fully aware of their goals transparently and are evaluated using an online scorecard methodology.

### Employee Remuneration

Part of our responsibility toward our employees is to provide job security and offer competitive compensation and benefit packages, compliant with local standards of living, contributing to higher employee satisfaction and retention.

Accordingly, Arab Bank provides competitive salary packages with a standard entry wage which is significantly above the Jordanian minimum wage, placing the Bank in the 75th percentile of the Jordanian market in 2011. Salary packages are commensurated with experience and independent of gender, with pay scales based on market studies conducted by Arab Bank on an annual basis. The Bank also offers competitive corporate benefit schemes to all employees, since 100% of them are full-time employees, constantly introducing additional benefits including but not limited to the upgrading of health insurance coverage, maternity coverage, dental, optical and allergy tests, life insurance and total/ partial disability coverage enhancement.

Moreover, the Bank presents opportunities for mobilization across the Arab Bank Group, local and international training courses, higher education scholarships and coverage of university education for employees' children, subject to certain criteria. Moreover, the Bank is studying offering employees that wish to pursue their education with special loans in support of their aspirations for self-development.

*2011 showed a 98% return  
to work after maternity  
leave*

Arab Bank ensures full compliance with local laws, social security regulations and other market standards and practices with respect to benefits schemes including disability/partial disability coverage, retirement and social security payment. In line with providing a supportive environment for female employees, maternity leave is in compliance with local laws. In 2011 we witnessed a 98% return to work and retention rate after maternity leave.

## Turnover Rates

Employee turnover is a key indicator for the measurement of employee satisfaction at the Bank. The year 2011 witnessed a slight increase of 0.61% in turnover since 2010 consistent with normal fluctuations over recent years while our overall workforce increased in 2011.

## Human Rights

Arab Bank's internal regulations of work organization continue to abide by the Jordanian Labor Laws. This ensures internal policies are in place to provide our people with a fair work environment that follows equal opportunities and is against any form of discrimination, bullying or harassment.

To ensure employees are aware of their rights and responsibilities, they must review Arab Bank's internal HR regulations, which include aspects related to human rights and signing a document confirming their understanding of these regulations. These issues, which are reviewed and updated on an annual basis, are also outlined in the Arab Bank's Code of Conduct which is communicated to all employees (see page 46). This process is also applicable to job roles and duties where employees are given their job descriptions in writing to be also included in their files for their review and approval before joining the Bank's workforce.

Abiding by the local labor laws, the Bank also ensures employing individuals who are 17 years and above and do not withhold employees' travel documents. Employees are encouraged to express their concerns and complaints through several tools (see page 35). In 2011, there were no incidents of discrimination; however nine complaints were received, related to the inclusion of female employees' children in the medical insurance coverage plan. The Bank responded by including widows and divorced female employees' dependent children provided that divorced employees have no other source of support.

Employee Turnover Rate in Jordan			
	2009	2010	2011
<b>Total workforce turnover (%)</b>	<b>7.74%</b>	<b>7.29%</b>	<b>7.9%</b>
<b>Total workforce turnover by employment level</b>			
Turnover in senior management	6.06%	3.3%	4%
Turnover in middle management	6.51%	6.62%	5.5%
Turnover in non-management clerical positions	8.69%	7.53%	9.8%
Turnover in non-clerical positions	2.35%	6.76%	2.7%
<b>Total workforce turnover by gender</b>			
Turnover in female employees	2.41%	3.1%	3%
Turnover in male employees	5.33%	4.2%	4.9%
<b>Total workforce turnover by age</b>			
18 - 30	1.11%	1.5%	5.8%
31 - 40	4.53%	4.1%	1.5%
41 - 50	1.7%	1.2%	0.5%
51 - 60	0.43%	0.5%	0.1%

## Health, Safety and Well-being

Arab Bank takes the health, safety and well-being of its employees seriously. Continuous efforts are put in place to ensure that employees enjoy a safe environment and are protected through precautionary measures and awareness addressed through human resources, risk management and business continuity. The Bank continues to follow the Occupational Safety and Health Administration (OSHA) and the code for occupational health and safety, integrated within the Jordanian Labor Laws.

### Health and Safety Committee

In 2011, a dedicated Health and Safety committee was formed comprising of employees from several departments championing the upgrade of health and safety measures and initiatives at the Bank.

The committee is responsible for mitigating health and safety risks, identifying, logging, monitoring and evaluating occupational health and safety issues, raising internal awareness on health and safety issues and implementing needed measures to safeguard employees.



### Awareness, Training and Prevention

All employees are informed of health and safety issues, including emergency and evacuation plans, during the Bank's employee induction program. Health and safety tips are available on the website and, Arabina, which holds several essential documents including the emergency evacuation plan and the incident response plan, supplemented with directions for emergency exits and meeting points in case of emergencies. There are also regular updates on the Bank's internal newsletter.

Emergency information cards were distributed to all employees in 2011, which include basic information on how to respond to emergencies and essential contact information. Additionally, distress events and response plans were devised providing clear guidance on preventive security procedures and safety actions as well as specific guidance on how to act during and after such incidents.

To deal with emergency issues, a comprehensive training program covering the aspects of safety management, fire execution and evacuation continued to run in 2011. As a result 320 employees were trained, representing 11% of the total workforce.

The total number of reported job related incidents in 2011 were three; one of which was caused by a slippery floor at the head office and the other two were caused from office facilities. Moreover, a small fire incident due to an electricity malfunction took place in one of the branches. All of the above mentioned incidents were resolved promptly and none resulted in serious injuries or fatalities. Also, the incidents were prudently investigated and reported, stating their cause and taking remedial measures to prevent similar accidents in the future. Our on-site doctor provides consultation and immediate support for all employees in need.

As part of protecting our customers and ensuring their health and safety, Arab Bank equips each branch with first aid equipment and trains two employees to be wardens to handle emergency situations.



### Promoting Well-being

Extending the Bank's commitment as a responsible employer and in response to employees' concerns, our head office is currently undergoing an assessment for the creation of specific rooms for smokers.

Health Related Initiatives in 2011	
<b>Health tips</b>	During the Holy month of Ramadan, health tips were shared with employees via the Bank's Intranet, Arabina, to promote healthy eating habits and coping with the fasting season.
<b>Vaccination against seasonal Influenza</b>	Arab Bank continued its vaccination campaign for the 5th year covering vaccination against seasonal influenza for employees and their families who were interested in getting vaccinated.
<b>Sports activities</b>	The sports committee organized a number of sporting activities including football, basketball and bowling tournaments between Arab Bank employees and other companies.
<b>Family walk</b>	To encourage employees to monitor their health and be more active, 70 Arab Bank employees, families and friends enjoyed a stroll of moderate physical activity as well as special consultations by healthcare professionals to conduct basic medical tests such as a glucose test, CO test, blood pressure and body mass index (BMI) measurement.
<b>Supporting national health initiatives</b>	The Bank continued its support of national health activities by supporting the Amman International Marathon for the third year and also encouraging employees, families and friends to participate with over 800 participants taking part in this annual marathon in support of charitable causes. Additionally, the Bank also took part in the Dead Sea Ultra Marathon covering the participation of 1,335 employees, their families and friends.

## Our Sustainability Advantage: Employee Empowerment

### Employee Engagement

Cultivating a culture of empowerment is achieved through providing an array of tools and channels to engage employees, catering to their information, development and aspiration needs and expectations. In 2011, our Human Resources Management System (HRMS) was upgraded widening the array of employee self-services, enabling them to view and monitor important information electronically via E-pay slip, E-time card, E-medical expenses, E-training enrollment and E-loans. Also a unique initiative was launched internally whereby employees can share and enjoy reading books and exchange them with their colleagues. Below is an illustration of some of the engagement channels used.

Moreover, the Bank engaged its employees through an internal campaign which included e-mail shots communicating the Bank's values since inception, and reinforcing the employees' role in practicing these values. This was done prior to launching the regional corporate advertising campaign on different TV channels focusing on the Bank's established values under the slogan "Success is a journey".



#### Arabina

Enhancing the intranet by incorporating the policy center, HRMS and online employee directory



#### The Circle

Launched on the 31<sup>st</sup> of December 2010, this quarterly newsletter includes important news related to the Bank enhancing internal communications



#### Committees

Sports, employee relations and the newly established health and safety committees work to engage and empower employees



#### Other initiatives

- Sending e-mail shots to employees communicating the Bank's values and TV advertisement prior to launching it
- Volunteering activities
- Internal book sharing initiative
- Internal competitions to promote entrepreneurship (such as Oasis 500)



Engagement



## Listening to Our Employees

Arab Bank's intranet, Arabina, allows us to be responsive toward employees by providing tools where they can express their opinions, ideas and concerns through the complaint management system and the employee suggestion tools. Additionally, our Human Resources Management System (HRMS) is available for employees to transparently take ownership of their personal development through the different applications. More information on these platforms is available in our 2010 Sustainability Report.

In 2011, there has been a 45.7% increase in received complaints from Jordan and PLC countries as opposed to 2010. This demonstrates the Bank's encouragement and employee confidence in communicating their concerns via a confidential and objective system that responds through a special employee relations committee. Based on the complaints received, 100% of the cases were addressed where 98% were actionable and the remaining 2% were categorized as unrelated cases, which do not fall under the committee's roles and responsibilities.

Another method of obtaining essential feedback from employees is through exit interviews, adopted by Arab Bank PLC, where employees who have resigned share their experience during their period of service. The feedback provides insight to the management in deploying internal improvements through updating instructions, policies, procedures and initiatives.

## Learning and Development

Ongoing training and development opportunities are offered in a consistent manner across the organization, according to the needs and requirements for the development of employees' competency profiles. In 2011, investments in employee training and development increased by 35% compared to 2010, offering employees several training courses and benefiting a total of 8,478 training opportunities in Jordan.

Based on training needs assessments, an annual training agenda is developed and offered to all employees. This provides a variety of courses delivered by Arab Bank's internal trainers as well as external trainers, who utilize in-depth knowledge and capabilities while also providing external expertise. Soft skills training, in addition to English and computer skills are also regularly offered to employees at all levels to enhance their proficiency and better empower them to perform their duties. Online courses are utilized for self-learning purposes raising awareness and knowledge on technical aspects such as the Code of Conduct, information security and anti-money laundering.

Other unscheduled functional training programs are accommodated based on specific functional needs, including external courses and conferences, where employees are encouraged to network with other industry related parties, sharing and gaining experience and knowledge. Additionally, international certifications specific to functional needs and requirements are sponsored to better equip employees to practice their roles effectively.



*Investments in employees' learning and development increased by 35%*

To enhance collaboration and teamwork, courses at the Head Office aim to achieve knowledge spillover across departments and also PLC countries raising cross-functional awareness that helps to catalyze innovation.

Training Programs in Jordan	Number of Sessions		Number of Trainees	
	2010	2011	2010	2011
Scheduled Training Agenda	179	227	3,330	5,170
Unscheduled Program	35	109	643	1,098
Middle Management Programs	105	31	2,045	376
External Courses and Conferences	169	9	1,186	10
Internal Courses	2	7	2	8
Courses attended at Head Office	6	6	75	211
English and Computer Courses	27	53	128	224
Sponsored Professional Certificates	10	32	23	76
Ruwad (Pioneers Program)	N/A (on-the-job-training)	65	N/A (on-the-job-training)	1,305
<b>Total (in Jordan)</b>	<b>533</b>	<b>539</b>	<b>7,432</b>	<b>8,478</b>

*Our employees had a total of 8,478 training opportunities in 2011*



## Talent Management

As part of the Bank's efforts to invest in its employees for a long-term relationship, the Bank aims to develop internal competencies to attract, retain and optimize talent.

Specialized internal programs for middle management are offered to harness the Bank's ability to groom middle management potential. This highlights the Bank's efforts to create leaders through building on previously launched programs while developing new programs to meet the evolving needs of our employees.



## Our Impact: Supporting Our Customers in Achieving Their Ambitions

### Creating Leaders in Branches

The Bank continues to enhance its role in equipping employees on the front line with the needed skills and capabilities to empower customers to achieve their ambitions.

Investing in our front line leaders has been a focal point and is reinforced through the Certified Branch Manager (CBM) program which focuses on empowering branch managers to perform to the best of their abilities with the support of certified mentors. Since the launch of this program in 2010, 59 candidates received the Certified Branch Manager (CBM) certificate. Paired with on-the-job training alongside Arab Bank mentors who provide insight and guidance, these programs add a new dimension to talent management within the Bank.

Building on the success of the CBM program, and the realization of its importance in empowering employees, two more specialized certification programs were launched in 2011 targeting middle management C. Elite RM (Certified Elite Relationship Manager) and C. S.CRO (Certified Senior Customer Relationship Officer). These programs are expected to contribute to the grooming of future leaders and pave the way for employee career development and the delivery of service excellence to Arab Bank customers.

*Two new specialized certification programs were launched in Jordan, and three programs were launched in Palestine and Lebanon*

Internal Certification Graduates	2010	2011
CBM	42	17
C. Elite RM	NA <sup>7</sup>	17
C.S.CRO	NA	17
CIT	12	10
CM	13	13
CBM - Palestine	NA	17
CM - Palestine	NA	5
CBM - Lebanon	NA	9
CM - Lebanon	NA	5
CIT - Lebanon	NA	4



## Empowering Youth

Attracting top talent comes with foresight where the Bank invests in distinguished youth through the Ruwad (Pioneers) program, launched in 2002, targeting fresh graduates. The program has evolved over the years and works on developing youth through an intensive on-the-job training program followed by theoretical and practical training.

This program also presents the Bank with an opportunity to obtain insightful perspective and fresh approaches in dealing with young customers. In the long run, Ruwad graduates enjoy hands on experience in an enabling environment allowing them to unleash their potential and innovatively contribute to the Bank's mission in supporting its customers.

*307 youths are enrolled in the Ruwad program since its launch in 2002*

## Ruwad Graduate

Apart from the many challenges that we encountered throughout the program and the invaluable benefits that we gained, the drive behind our achievement as pioneers was the feeling of responsibility towards the success of this program to ensure its continuity for future Ruwad trainees.

For someone moving from the academic field and into the professional field, Ruwad provided the best opportunity for me to develop a panoramic view of the processes within the banking industry. The program helped me acquire a set of skills that were applied throughout my career path at the Bank. The interpersonal skills which I gained enabled me to build a network of associations during my training in most of the head office divisions and in key branches.

Furthermore, armed with soft skills such as leadership, decision making, time management, communication, and presentation skills, I managed to reach higher career levels with confidence that the time invested in polishing my skills within the program was targeted towards achieving the best within the field I worked in, and in a shorter period of time. The journey that starts with being enrolled in such an important training program requires dedication and self-development through being precise and focused, thus, creating valuable assets that will contribute towards immeasurable growth and prosperity of Arab Bank.

Sanad Anwad  
Elite Center Manager

Ruwad provided the best opportunity for me to develop a panoramic view of the processes within the banking industry.

## Creating Job Opportunities

Arab Bank's extensive branch network across twelve governorates covering the entire Kingdom of Jordan, offers the local community job opportunities within their area. As a result, Arab Bank employed 934 individuals in branches across governorates as of year end 2011, providing nationwide coverage and financial services to the public. Local talent is favored whereby the Bank's workforce in Jordan, including our senior management team, is comprised of 99% Jordanian nationals.

Moreover, investing in local talent and supporting their development is a longstanding commitment where 78.7% of our senior management team and 100% of branch district managers are local employees.

	Branches	Number of Employees
● Irbid	5	34
● Ajloun	1	5
● Mafraq	1	8
● Jerash	1	4
● Al Zarqa	6	59
● Balqa'a	5	28
● Amman <sup>8</sup>	53	744
● Madaba	1	8
● Karak	1	9
● Tafeila	1	6
● Ma'an	2	10
● Aqaba	2	19

<sup>8</sup> Numbers exclude the Head Office and the COU.



**Our Journey Toward**

**Transparent Reporting**

# Our Journey Toward Transparent Reporting

As part of our ongoing commitment to **transparency** in the banking industry, Arab Bank regularly reports its economic, environmental and social performance to its stakeholders. Transparency and integrity of information disclosed is achieved through sound internal reporting, **governance**, compliant and accountable practices. Arab Bank continues on its journey of **transparent reporting** to all stakeholders as the only bank in Jordan to communicate comprehensive financial and non-financial performance to internationally recognized standards. With this approach, the Bank is able to **support customers to achieve their ambitions** by performing transparently, catalyzing increased engagement and potential for co-innovation.



## Transparency

We value open and clear communications, earning us confidence and trust from our customers, shareholders and employees

### Our Values: Transparency

To maintain the trust of our stakeholders, transparency is a guiding value implemented in our daily operations and monitored by our internal functions to ensure continuous improvement toward sound governance, accountability and ultimately transparent reporting.

## Our Foundation: Governance and Accountability

Arab Bank's corporate governance framework, spearheaded by the Board of Directors and managed by internal control functions, ensures the integrity and accountability of the Bank's operations, fulfilling stakeholders' expectations of good governance.

### Arab Bank's Corporate Governance Practices

To ensure proper governance practices, Arab Bank has prepared a special guide for corporate governance, which is based on the Code of Corporate Governance for Banks in Jordan issued by the Central Bank of Jordan and in line with the current Jordanian Banking law, the current Jordanian Corporations Law and the Articles of Association and Memorandum of Association of the Bank.

The Corporate Governance Guide tackles several governance aspects such as board committees, control environment, treatment of shareholders, transparency and disclosure. Further information on this guide can be found in our 2011 Annual Report.



### Board of Directors

Providing the ultimate level oversight in the governing of Arab Bank, the Board of Directors apply high standards in line with the Central Bank of Jordan's guidelines, based on Basel Committee requirements and which are transparently shared in our annual financial reports.

The Board of Directors is made up of 11 members; five of whom are independent directors and two of whom are female. The Board is chaired by Mr. Abdel Hamid Shoman and has held seven meetings in 2011. The roles of Chairman and Chief Executive Officer are separated in line with best practices of corporate governance.

The Board of Director's selection criteria, qualifications, election procedures and engagement process with the management team (via committees) have not changed since our last report and are outlined in page 52 of our 2010 Sustainability Report.

The overall Board performance is assessed at least once a year, and individual board members can be nominated for additional terms through elections, which take place every four years, based on their attendance, quality and extent of participation on the Board. All Directors receive remuneration for their service with the amount agreed upon collectively by the Board to a maximum of JOD 5,000 annually as stipulated in the Companies Law (No. 22, 1997).

More information on the Board committees' mandates, our corporate governance practices and relevant memberships can be found in the 2011 Annual Report.

### Accountability to Shareholders

As a result of stringent governance, compliance and transparency practices, the Bank continues its journey toward consistent operational performance, delivering its promise of accountability to its shareholders by achieving sustainable financial returns. During 2011, Arab Bank PLC achieved 6.9% return on equity compared to 3.8% during 2010. Accordingly, the Board of Directors recommended increasing the distribution of profits to PLC shareholders to 25% to reach JOD 133.5 million compared to 20% in 2011. That is in line with the Bank's aforementioned positive results and its solid financial position.

Accountability to Shareholders	2010	2011
Shareholder equity (JOD million)	3,786.6	3,813.5
Shareholder dividends paid (JOD million)	106.8	133.5
Dividend per share (JOD)	0.20	0.25

The Bank's majority shareholders are the Social Security Corporation in Jordan (15.5% increasing from 15.29% in 2010), Saudi Oger Ltd. in Saudi Arabia (9.68%) and Oger Middle East Holding in Lebanon (7.11%).

### Accountable Operations

All of Arab Bank's divisions develop, implement and update a set of customized policies enforcing Bank-wide accountability. Ensuring proper implementation of these policies, divisions that fall under the control functions (Legal, Regulatory Compliance, Internal Audit, and Risk Management), outlined in the Bank's organizational chart on page 53, provide a solid compliance framework for internal practices, adherence to policies, monitoring, implementation, risk assessment, and other responsibilities to promote an ethical corporate culture. These functions also act as a central hub guaranteeing that all departments report incidents and cases to the concerned regulatory bodies and practice responsiveness by regularly reviewing and updating the Bank's policies, procedures and the Code of Conduct.

Arab Bank remains dedicated to following the latest international standards relating to accountable and ethical operations as outlined in Appendix B. More information on these divisions' responsibilities is also highlighted in our 2011 Annual Report.



To further enhance accountability, the Bank undergoes internal audits obtaining independent assurance on effectiveness of policies and procedures as per the Internal Audit charter which is governed by the Board's Audit Committee. Furthermore, this Committee reviews the external auditor report and meets with the external auditors independent of the executive management team at least once a year, noting that in 2011 this committee held four meetings, gauging current performance and guiding an improvement roadmap.

In pursuit of efficient Internal Audit processes, a new Audit Management System (TeamMate) technology was adopted by the Bank in 2011. This system has proven effective in streamlining the entire audit process in terms of engagement planning, execution, review, report generation, reporting and storage.

Control Divisions			
Legal	Regulatory Compliance	Internal Audit	Risk Management
Our Legal Division reviews legal documents from all departments ensuring adherence to relevant laws and regulations. It also provides legal advice to all departments as requested.	Implement and manage compliance programs to ensure regulatory requirements are met within an ethical framework consistent with Arab Bank's core values and Code of Conduct.	Internal Audit Division provides independent assurance on the effective implementation of the Bank's policies and procedures and that controls are adequate to mitigate significant risks.	Risk Management function raises internal awareness, establishes risk management frameworks, assesses and measures risk and ensures timely monitoring and reporting to mitigate financial, operational and regulatory risks.

### Policy Center

Arab Bank believes that transparency is an important internal and external necessity, whereby employees should have access to all policies that impact their day to day operations. In response to this need, and in addition to the existing division policies available on the Bank's intranet, Arabina, an online policy center was established in 2011 to centrally manage the Bank's policies from the development phase until implementation.

The policy center is available to employees granting them access to vital information through, Arabina, and provides them with the tools to perform to their fullest potential in compliance with the Bank's governance framework.

### Code of Conduct

The Code of Conduct is a high level and crucial policy that sets the foundation of the Bank's strong commitment to conduct business in conformity with the highest ethical standards and with uncompromised integrity across its operations and jurisdictions.



## Code of Conduct

Arab Bank's Code of Conduct covers a wide range of subjects including:

- Compliance with legal and regulatory requirements (including anti-money laundering, counter-terrorism financing, fraud, privacy and information security and harassment)
- Conflict of interest, information barriers
- Corruption and gifts
- Insider information and trading in securities
- Information confidentiality and security
- Employee relations and whistle blowing

All employees must review and sign the Code of Conduct upon joining the Bank. The policy is also readily available to employees and is available through, Arabina, for their reference, allowing them to exercise best judgment and carry out their responsibilities in accordance with governing laws and regulations while building on the trust of our stakeholders. To ensure this policy contributes to building and maintaining an ethical corporate culture, increasing employee awareness has been implemented through several initiatives.



Further cementing an ethical corporate culture, completing the E-training on the Code of Conduct will be an ongoing practice for all new hires coupled with the acknowledgment initiative for existing employees which is planned to be rolled out in 2013 across Arab Bank PLC, including awareness on anti-corruption and anti-bribery.

## Our Sustainability Advantage: Transparent Reporting

As part of our ongoing dialogue with stakeholders and in line with one of Arab Bank's core values of transparency, regular communication on financial and non-financial information is essential in building greater trust and loyalty from all of the Bank's stakeholders.

### Financial Reporting

Abiding by regulatory requirements, financial information is promptly communicated on a quarterly basis to regulatory bodies and regularly to shareholders and the public via financial statements, press releases, annual shareholder meetings and annual reports. All shareholders receive a copy of annual reports to ensure that they are well-informed of the Bank's financial performance and general operations.

The Bank proactively encourages all shareholders, including minority shareholders, to attend and participate in the annual General Assembly practicing their right to vote either in person or by proxy.

### Non-Financial Reporting

In 2010, Arab Bank's first sustainability report, which was the first one issued by a bank in Jordan, was launched using the Global Reporting Initiative (GRI) guidelines, obtaining a level B and serving as a baseline for the Bank's sustainability performance and approach.

	2010	2011
Level of GRI Report	B	B
Number of Indicators Disclosed	92	137

This is the Bank's second sustainability report covering activities and achievements in 2011, it was prepared following the updated GRI G3.1 guidelines, including the financial sector supplement as guidance. This report has been also evaluated by the GRI and met the GRI Application level B.

Extending our commitment to transparency, and in parallel to our evolving sustainability performance, this year our sustainability report covered 49% more indicators compared to our first report for 2010. Moreover, the Bank is committed to issue this report on a yearly basis to ensure providing all stakeholders with important information. A further explanation about the GRI levels can be found in Appendix D and an index of the GRI indicators that have been covered in this report can be found in Appendix E. It is our hope that our stakeholders will find this report useful and informative and will provide us with feedback and suggestions for improvement on upcoming reports.



## Our Impact: Supporting Our Customers in Achieving Their Ambitions

### Engaging Our Customers

Arab Bank firmly believes in the importance of communication and transparency using a variety of tools and methods to ensure timely and relevant interaction with its shareholders and the general public.

### Reaching Our Customers

In addition to the standard communication channels that the Bank follows, we have solidified our social media presence during 2011 in order to better communicate with the different customer segments and the public.

As part of this direction, the Bank introduced several social media touch points in 2010 with the launch of the **Arab Bank corporate** Facebook fan page and Twitter account, which has over 15,000 fans and followers collectively as of end of 2011. Moreover, a special page was created in 2011 for the Shabab account (see page 24) to engage with the youth segment in Jordan and Palestine. Shabab's social media presence on Facebook and Twitter has over 25,000 fans and followers collectively.

The Bank receives a steady stream of enquiries and service requests through our social media pages, in addition to other operational and general enquiries. Arab Bank's social media touch points serve as an important informational source and engagement tool and are becoming a preferred channel of communication for some of our customers.



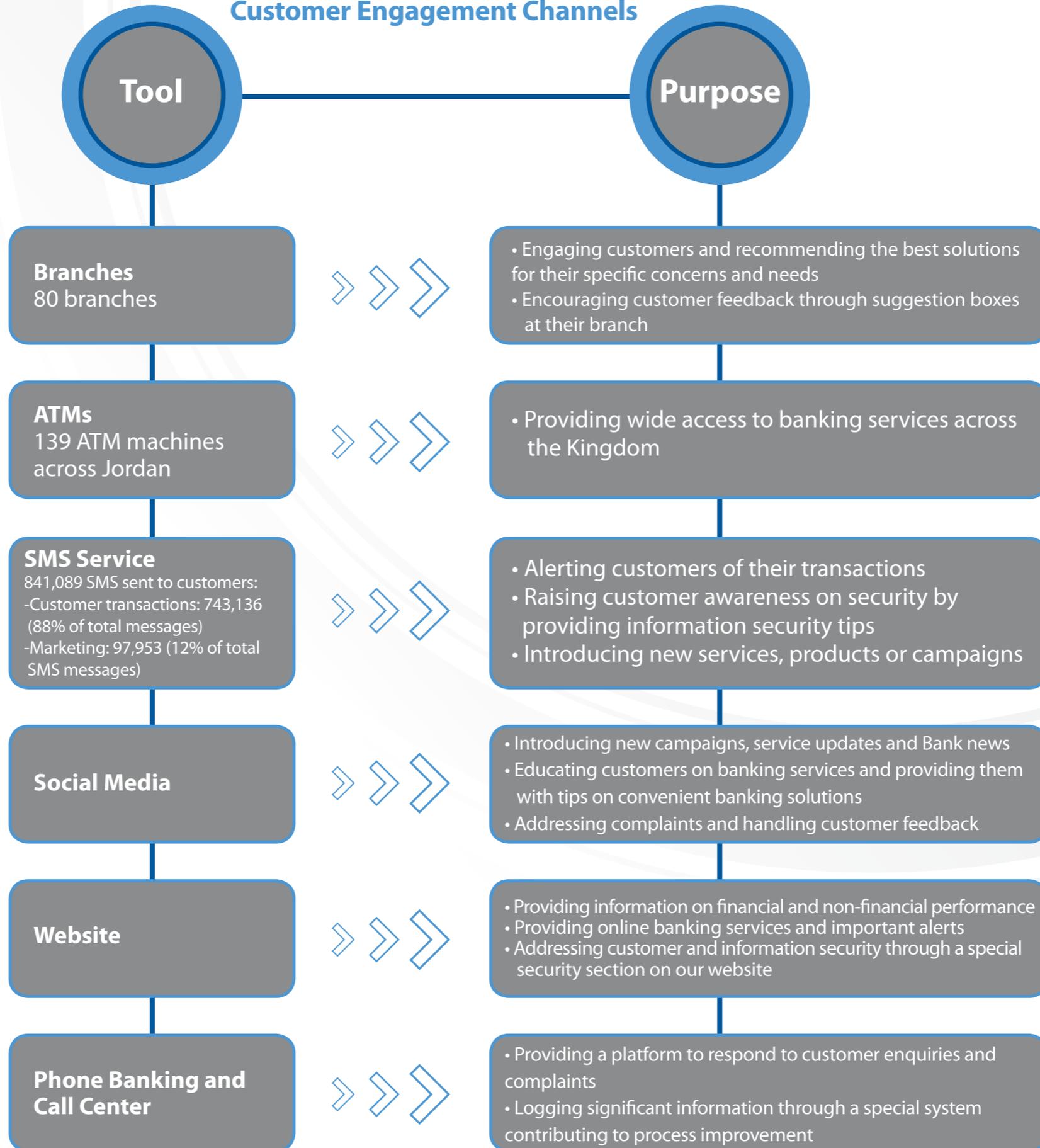
### Arab Bank Engaging with the Youth Segment (Shabab)

The Shabab social media pages serve as a communication tool for our customers and the general public. The Bank publishes news about the account, service updates and community activities.

Customers can also interact with the Bank, asking questions about the service, give their feedback or even make service requests which the Bank addresses directly.

Arab Bank has over 15,000 fans and followers on its corporate channels and over 25,000 fans and followers on its Shabab channels

## Customer Engagement Channels



## Accountability Toward Our Customers

Part of our responsibility toward our customers is to actively listen to their complaints and feedback and to proactively address them. The Customer Contact Center is one of the Bank's channels available for customers to voice their feedback and complaints. It is overseen by highly trained service representatives equipped with knowledge on various tools to enable them to effectively receive, address and log customers' complaints and feedback. In case incidents require senior intervention, it is escalated to our dedicated Service Excellence team to ensure proper resolution and non-recurrence of such issues where applicable.

In addition to the above, and extending from responsible banking practices, our Customer Contact Center proactively monitors customers' transactions against any unexpected incidents such as suspected fraudulent transactions and prompt contact with the customer is established to verify and ensure safety of customers' accounts.

## Sharing Our Expertise

Arab Bank's role and impact extends to active participation in the ongoing dialogue on the economic and social development front.

## Working with Stakeholders to Improve Performance

In 2011, Arab Bank undertook a leading role in supporting the Euromoney Jordan Conference, bringing together business and social leaders to discuss economic growth strategies in the Kingdom. Arab Bank, the senior lead sponsor of this event, actively participated by hosting a workshop titled 'Together Towards Sustainability: Challenges and Opportunities', and took part in panel discussions on 'Financing Jordan's Economy' and 'Bank Capital, Funding and Liquidity'.

Arab Bank was also a strategic partner during the World Economic Forum (WEF) held in October 2011, bringing together the world's political, economic and cultural leaders discussing pertinent issues facing the region with a special focus on job creation in the Middle East. A delegation from the Bank attended the Forum and participated in the ongoing dialogue about the state of the Middle East.

As part of our commitment to being a leader in the industry and catalyzing the advancement of the sustainability agenda within the industry and the private sector in Jordan, Arab Bank continues to share its sustainability journey to a wide audience in such events as:

- CSR Conference with Companies Control Department presenting the Bank's contribution toward the community.
- The Second CSR Conference for Banks, which was organized by the Association of Banks in Jordan, during which Arab Bank showcased its journey and experience in preparing its sustainability report for 2010.
- Al Rai newspaper workshop for the top companies practicing CSR initiatives, where the Bank shared its history in CSR and future plans.
- The Bank's Branding EVP was on the 'Together Towards Sustainability: Opportunities & Challenges' panel at the 2011 Euromoney Conference in Jordan.
- Contributed to the development of the National CSR Coordination Body.



**Our Journey Toward**

**System Optimization**



# Our Journey Toward System Optimization

**Service excellence** and **customer focus** are the Bank’s values that define our journey toward system optimization. The Bank manages all aspects of its operations systematically and responsibly through a **quality approach** to better meet our stakeholders’ needs.

With the ongoing advancement and development of quality management systems, Arab Bank is able to focus on **system optimization** through integrating social, environmental and governance aspects within its daily operations, which allows us to better serve our **customers in supporting them to achieve their ambitions**.



## Our Values: Service Excellence, Customer Focus

**Service Excellence**  
 The Bank strives to deliver world class service and a great customer experience

**Customer Focus**  
 Our customers come first and everything is centered around their needs

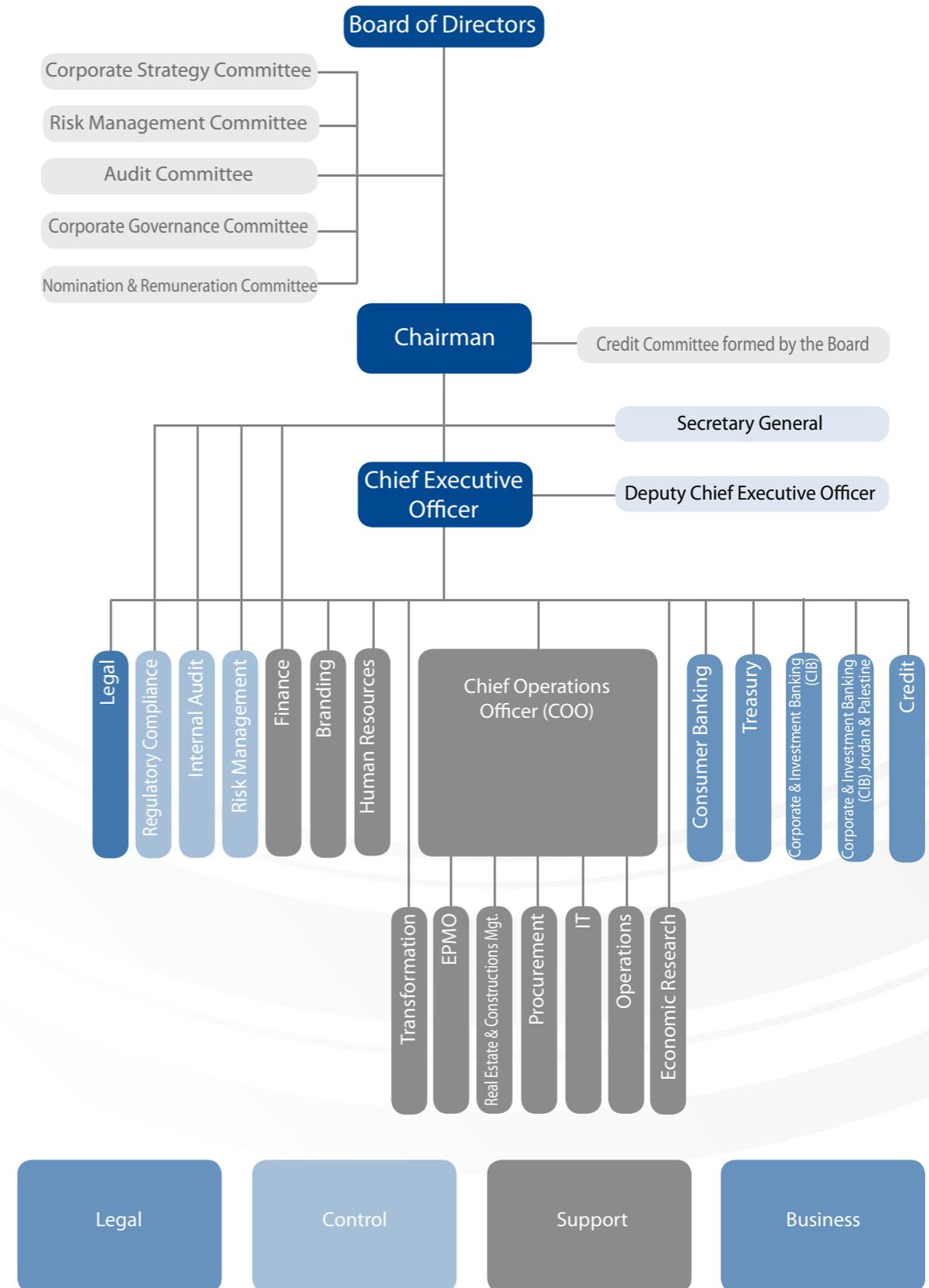
Being a customer focused organization, Arab Bank’s operations are continuously enhanced to deliver world class service to fulfill and satisfy customers’ needs. The Bank ensures the optimization of its internal systems in order to maintain service excellence and achieving results efficiently.

## Our Foundation: Quality Approach

Arab Bank adopts quality management systems to facilitate advanced internal operations, which positively impact our engagement with stakeholders and contribute to meeting our evolving customers' needs. These management systems also enable the Bank to better manage our environmental and social impacts, develop innovative products and services, enhance our brand equity and ensure business efficiency and continuity.

## Quality Management

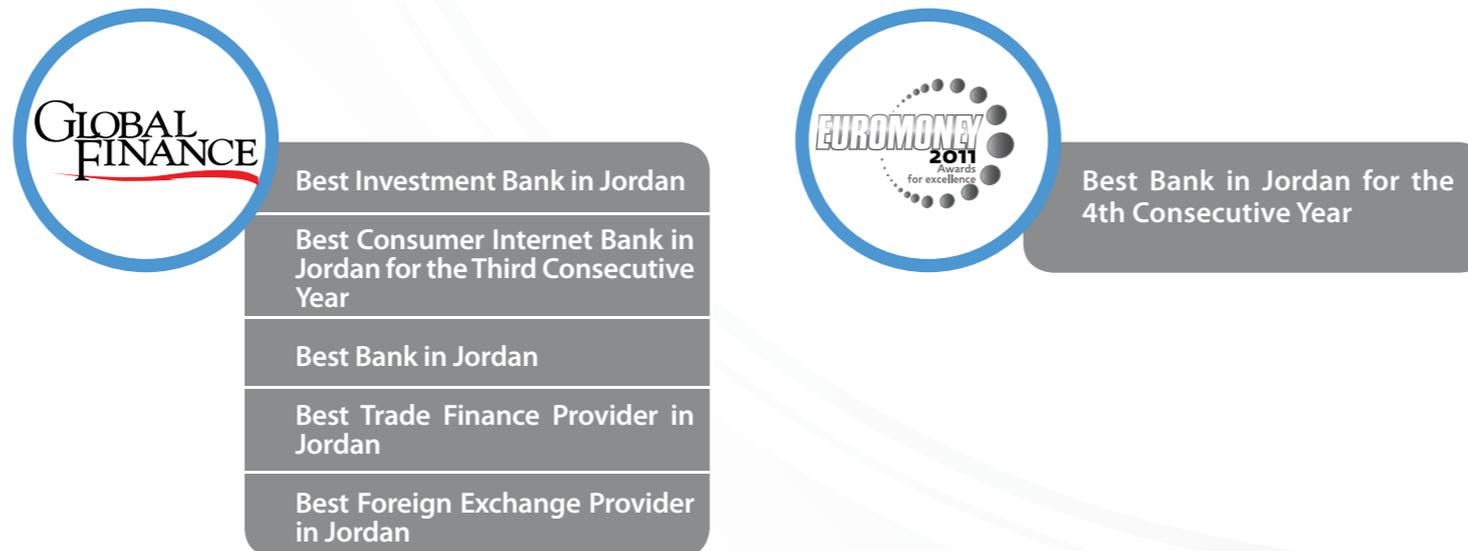
Arab Bank believes that the adoption of quality management systems is a fundamental element of organizational efficiency, effectiveness and overall success. We have developed comprehensive management systems that have been effectively governing the Bank's operations for many years. These systems are adopted by the different divisions, which are classified in the organizational chart on the right into three main categories: Business, Support and Control.



## Business Divisions

Arab Bank's core business lines consist of Consumer Banking, Corporate and Institutional Banking and Treasury, which provide a wide range of products and services for individuals, corporations, governmental entities and other international financial institutions. Arab Bank's performance within these business lines earned the Bank a number of international recognitions and awards in 2011.

### Awards Received in 2011 for Jordan



### Global Awards Received during 2011



## Support Divisions

These divisions provide the required support to ensure effective operations:

- IT Division provides differentiating world class and business aligned IT products and services to serve our customers within the highest global standards of quality and performance measures.
- Procurement Division manages relationships with suppliers and ensures the acquisition of goods and/or services at the best possible total cost of ownership to meet the needs of the Bank in terms of quality, quantity, time and location (see page 61).
- Real Estate and Construction Management Division monitors the Bank's environmental impacts and introduces measures and new systems to better manage consumption and raise awareness (see pages 57-60).
- Enterprise Program Management Office (EPMO) provides governance and oversight to ensure the effective utilization of approved resources to deliver a portfolio of programs aligned to the key priorities of the Bank.
- Operations Division follows a number of policies to ensure the provision of best in class, cost effective, controlled and quality operational solutions to customers.
- HR Division manages employees and enhances their capacities to better serve customers (see page 27).
- Branding Division manages and protects the Bank's brand equity and corporate identity maintaining consistency across all the Bank's initiatives through the different functions. This Division incorporates the Sustainability Department, which manages the strategic integration of sustainability into the Bank's operations and strategy.

## Control Divisions

Control divisions provide a solid framework ensuring compliant internal practices overlooking adherence to policies, monitoring their implementation, assessing risks and other responsibilities that ensure ethical corporate culture. They also act as the hub ensuring that all departments report incidents and cases to regulatory bodies and in response regularly review and update policies, procedures and the Bank's Code of Conduct. More information on the control functions' role in Governance and Accountability is on page 43.



## Our Sustainability Advantage: System Optimization

### Integrating Sustainability Within Business Operations

Arab Bank believes that integrating sustainability aspects within our daily operations plays a vital role in optimizing our management systems through addressing a wider range of social, environmental and economic risks and opportunities facing the Bank. Arab Bank's sustainability strategy was created based on engaging all of the different functions within the Bank in order to identify together a number of strategic objectives and opportunities based on the sustainability framework. Embedding these objectives into the overall strategic plan of the Bank is a requirement for each of the departments involved.

Ensuring that employees reflect the Bank's commitment to acting responsibly toward its customers, all new employees are aware of the sustainability concept through the induction program highlighting the main aspects and employees' role in performing their duties ethically, responsibly and with excellence.

Our Sustainability Department, created in 2010, is part of the Branding Division. The Executive Vice President (EVP) of this division is also a member of the Bank's Board of Directors, which ensures sustainability is on the agenda at a strategic, operational and governance levels. In addition, the EVP is also a board member for a number of other relevant organizations including:

- **Jordan River Foundation (JRF):** Member of the Board of Directors / Member of the Branding and Fund Raising Committee
- **Raneen:** Member of the Board of Directors
- **INJAZ:** Member of the Board of Directors / Member of the Brand Effectiveness Committee
- **Nakhweh:** Member of the Advisory Board
- **Oasis 500:** Program Committee Member / Mentor
- **Association of Banks in Jordan:** Member / Public Relations, Human Resources and Training Committee
- **The Jordan Forum for Business and Professional Women (JFBPW):** Member

*Sustainability related objectives are embedded within the Bank's overall strategic plan and the different divisions*



## Environmentally Friendly Operations

Arab Bank is taking the lead in the implementation of initiatives that limit its environmental impact, through optimizing system performance related to direct and indirect energy consumptions (including electricity, water, heating and vehicle fleet fuel) and as a result reducing costs.

Despite the expanding workforce and increasing operations, Arab Bank reduced its total Greenhouse Gas emissions (GHG) in 2011 by 5.39% as outlined in the table below, which includes direct and indirect energy consumption.

This is attributed to the optimization of systems for higher efficiency in resource consumption and the adoption of several initiatives that raised employees' awareness and sense of environmental responsibility. This includes a number of environmentally related articles incorporated in our quarterly newsletter 'In The Circle', which has a sustainability section that provides information on how to better reduce resource consumption in the office.

*In 2011, Greenhouse Gas emissions (GHG) were reduced by 5.39%*

Total GHG Emissions (Tonnes)	2010	2011
Direct: Vehicles	191.27	183.75
Direct: Heating	510.42	293.13
Indirect: Electricity	8,392.65	8,127.74
<b>Total</b>	<b>9,094.34</b>	<b>8,604.62</b>
<b>Total GHG Emissions/Employee</b>	<b>3.27</b>	<b>3.06</b>

Moreover, the Bank is currently assessing its current building technical standards and criteria to align with the internationally recognized BREEAM7 assessment method in order to improve the environmental performance of new and existing Arab Bank facilities.

## Electricity

As a commitment to system optimization and enhanced environmental performance, we have reduced total electricity consumption in 2011 by 3% to reach 10.4 million kWh, which contributed to reduce total GHG emissions as outlined in the table below.

Electricity Consumption at Branches, Head Office and the COU	2010	2011
Total Consumption (kWh)	10,785,110	10,444,690
Total Consumption/employee (kWh)	3,885	3,720
Average Savings in JOD	306,266	294,110

Such reduction was achieved through introducing initiatives that raised our employees' sense of responsibility toward more sustainable operations. For instance, the Bank launched an initiative to switch off the lights on our outdoors advertising billboards located at several locations within the Kingdom after 10 PM, which largely contributed in saving energy. Further initiatives are outlined below.

### 2011 Initiatives to reduce electricity consumption

- All branches were committed to turning off lights and main signages at appropriate times except for those in areas that need lighting for security reasons.
- Our management offices (Head Office and COU) also ensured that lights in non-occupied areas were turned off by a specific time, limiting lighting to occupied offices and main pathways only.
- Temperature settings of all heating/cooling units in branches and head offices were set in the range of 23-24 C° following the best practice in order to reduce heating/cooling demands.
- All heating/cooling systems were turned off at all premises after working hours except for IT rooms and ATM rooms, which require continuous cooling.



Based on the above, the Bank has achieved reductions in total GHG emissions as outlined below

GHG Emissions	2010	2011
CO2 emission	8,358.46	8,094.63
CH4 in CO2 equivalent	10.21	9.89
N2O in CO2 equivalent	23.98	23.22
<b>Total GHG</b>	<b>8,392.65</b>	<b>8,127.74</b>

### Heating Fuel

A 43% reduction in heating fuel consumed has also been achieved in 2011 compared to an 18% reduction in 2010. The reduction achieved was due to changes in the generator system's setup, which enhanced efficiency of energy units at the Head Office. Moreover heating demands were reduced due to the use of double glazing throughout all the facilities.



Heating Fuel Consumption at Branches, Head Office and the COU	2010 Diesel Consumption	2011 Diesel Consumption
Diesel Consumption in Liters	189,242	108,680
Total Consumption GJ (Gigajoule)	6,899	3,962

Based on the above, total GHG emissions attributed by heating fuel consumption have dramatically decreased as outlined in the table below:

GHG	2010	2011
CO2 emissions	507.42	291.41
CH4 emissions	0.07	0.04
N2O emissions	0.0041	0.0024
CH4 in CO2 equivalent	1.71	0.98
N2O in CO2 equivalent	1.22	0.70
<b>Total</b>	<b>510.42</b>	<b>293.13</b>

### Vehicle Fleet's Fuel

The Bank's fleet of vehicles fuel consumption measurement in 2011 was also modified to ensure better and more accurate measurements. In 2011 we achieved a 4% reduction in fleet fuel consumption while maintaining the same number of vehicles in the fleet comprised of 65 vehicles.

	2010	2011
Diesel (Fleet) Liters	26,000	25,027
Gasoline (Fleet) Liters	49,800	47,786
<b>Total Liters</b>	<b>75,800</b>	<b>72,813</b>
Diesel (Fleet) Gigajoule (GJ)	948	912
Gasoline (Fleet) Gigajoule (GJ)	1,644	1,579
<b>Total Gigajoule (GJ)</b>	<b>2,592</b>	<b>2,491</b>



The Bank has also calculated its CO2 emissions attributed by the fleet of vehicles' fuel consumption, which amounted to 183.57 tonnes in 2011 compared to 191.2 tonnes in 2010.

CO2 Emissions	2010	2011
<b>Diesel</b>		
CO2 attributed to diesel	69.72	67.11
CH4 (CO2 equivalent)	0.10	0.09
N2O (CO2 equivalent)	1.15	1.11
<b>Total</b>	<b>70.96</b>	<b>68.31</b>
<b>Gasoline</b>		
CO2 attributed to gasoline	117.22	112.48
CH4 (CO2 equivalent)	1.43	1.37
N2O (CO2 equivalent)	1.66	1.59
<b>Total</b>	<b>120.31</b>	<b>115.44</b>
<b>Total CO2 Emissions</b>	<b>191.27</b>	<b>183.75</b>

## Water

Total cost of water consumption has increased by 40% in 2011 due to the increase in total number of employees, increase in the cost of water tanks and the inclusion of the Head Office car park within our 2011 measurement scopes. We are currently working to adopt a comprehensive tool for water measurements in liters to better calculate and monitor our total yearly water consumption.



## Responsible Supply Chain

Extending from our responsible operations, the Bank continues to incorporate energy efficiency and harmful substance considerations into purchasing decisions whenever possible. The Bank is committed to further integrating a number of social and environmental aspects into our purchasing criteria. This will be achieved through close collaboration with suppliers seeking out new opportunities for sustainability related co-innovation and growth.

As noted in our 2010 Sustainability Report, our relationship with suppliers is managed by the Procurement Division, which ensures the Bank's observance to applicable standards and the suppliers' compliance to national laws, including those related to human rights.

## Reusing Assets

In addition to ensuring efficient operations and as part of the Bank's efforts to reduce waste to landfill, the Bank reuses as many of its internal assets including IT assets (such as PCs, scanners, printers, etc.) and non-IT assets (such as desks, chairs, tables, photocopiers, etc.). Whenever possible, all damaged items are refurbished to be reused again by the Bank. The Bank also donates items that are no longer required or used to charity organizations to benefit from them. Items that cannot be fixed are disassembled into spare parts to be reused again. Moreover, all new IT equipment such as computers, servers, and peripherals purchased are Energy Star certified for lower consumption of energy.

## Paperless Operations

In 2011, Arab Bank evolved its operations to reduce paper consumption for internal and external use. To reduce internal consumption, the Bank introduced an E-pay-slip feature on HRMS (see page 34), where employees can check their monthly salary payments online instead of receiving printed copies on a monthly basis. Integrating this initiative has saved around 107 kilos of double faced, carbonized papers, with a total cost of JOD 895. Moreover, the Bank has integrated all medical transaction reports online instead of the printed reports previously sent to employees, in addition to the E-training enrollment and E-loans, where employees can apply for training courses and loans online.

With regards to reducing paper consumption for external use, the Bank has introduced initiatives that look to engage customers in environmentally friendly operations and provide solutions to support customers in mitigating their impact on the environment.



During 2011, Arab Bank launched the eStatement service, whereby customers are provided with the option of receiving their bank and credit card statements electronically instead of paper statements. The percentage of customers subscribed for this service exceeded 20% of the total Internet Banking users.



Go paperless and save nature!

Subscribe today to the new eStatement service through Arabi Online

In order to encourage customers to use the Internet banking service (Arabi Online), promotional campaigns were introduced in Jordan, Palestine and Egypt that included valuable prizes such as winning utility bills amount back when paying them online and other prizes for paying credit card bills online. It is also worth mentioning that Arab Bank was named "Best Consumer Internet Bank in Jordan" in 2011 by Global Finance magazine for the third consecutive year.



## Our Impact: Supporting Our Customers in Achieving Their Ambitions

### Serving a Wide Range of Customers

Arab Bank continues to provide a variety of financial services in addition to a wide range of products for individuals, corporations, government entities and other international financial institutions, each tailored to suit our customers' evolving needs.

The Bank provides its products and services through three main lines of business: Consumer Banking, Treasury, and Corporate and Institutional Banking.

### Consumer Banking

Consumer Banking offers all types of personal accounts in all major currencies, personal loans, overdraft facilities, remittance services, bancassurance products, personal, home and auto loans, credit cards, term deposits, currency exchange and investment opportunities.

Consumer Banking launched a range of products and campaigns during 2011 to satisfy the needs of customers and to meet their expectations. MasterCard Titanium Credit Cards were introduced in Jordan which provides cardholders with a host of benefits and features. Also in 2011, the Golden Mortgage program was offered to our most valued customers. A card usage promotional campaign with a valuable grand prize to enhance credit and debit card usage was also successfully completed during the year. A "Refer a Friend" campaign was also launched to build up our customer base. It is also noteworthy that our younger customer base has witnessed significant growth since the revamp of the Shabab proposition in Jordan.



The Bank continued to focus on releasing rich credit card products as well as new payroll account packages. The AB rewards loyalty program for a selection of our credit cards was also launched in addition to an online banking campaigns that offered incentives to online users through prize draws.

The Bank also continued to leverage its extensive regional branch network to offer additional services to Jordanian, Lebanese, Egyptian and Palestinian nationals residing and working in the United Arab Emirates, Qatar and Bahrain through the "Bankee Mae" banking package which was designed to facilitate banking transactions with their respective countries.

Further information on the Consumer Banking products and services can be found in our 2011 Annual Report.

### Corporate and Institutional Banking

Arab Bank is one of the few banks in the region that offers a full range of Corporate and Institutional Banking (CIB) products and services, leveraging Arab Bank Group's extensive presence across five continents. In Jordan, we offer overdrafts, terms and revolving loans, syndicated loans, discounted bills, project finance, cash management and trade finance products.

In 2011 CIB has continued to work on strategic initiatives and projects which focus on standardization of systems and policies, optimizing efficiency and improving customer service as well as ensuring that each relationship adds value to our shareholders and fits within the overall strategy of the Bank.

The cash management proposition was launched in 2011, which includes an extensive product suite geared to meet the specific liquidity management and payment needs of our corporate clients. A variety of products, services and customized solutions are available to empower corporates to manage their collections and payments, including the launch of our new web-based solution, Corporate@Arabi. This online platform provides real time and secured access to a suite of cash management products including liquidity management, payables management, receivables management and various payroll solutions.

From a trade finance perspective, new dimensions to international banking and trade finance were introduced, taking client relationship management to new levels. Trade finance is an integral business for Arab Bank, and is a truly local bank in the MENA countries, allowing its transaction banking offering of cash management and trade finance to be an integrated solution set for the local, regional and global customer base providing a seamless customer experience.

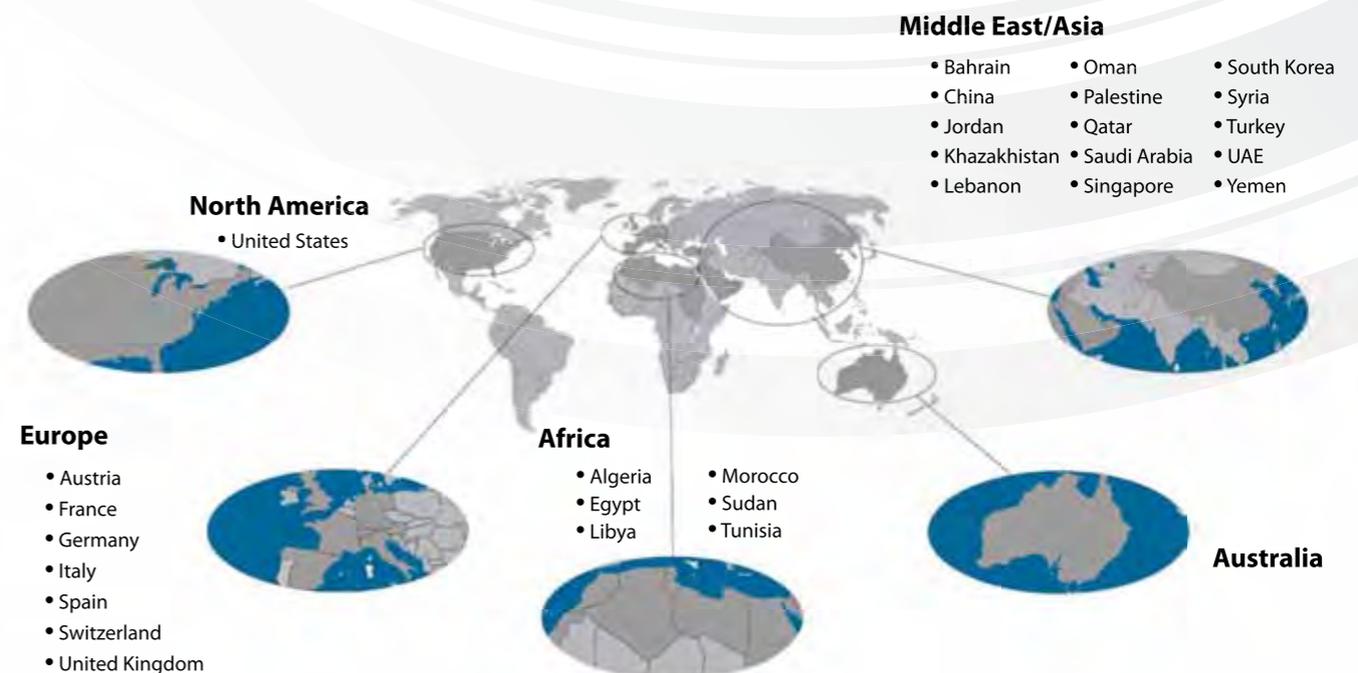
## Treasury

Arab Bank's Treasury is responsible for the management of the Bank's liquidity and for actively managing exposure to foreign exchange and interest rate risk. Furthermore, Arab Bank's Treasury provides deal execution and advisory services to Arab Bank customers globally.

2011 provided the Bank, and the MENA region, with a unique set of challenges. Through its small but highly skilled team of Treasury professionals, Arab Bank's Treasury helped to ensure that the Bank emerged from the economic, political and financial market volatility stronger than ever. For more information please refer to our 2011 Annual Report.

## Global Distribution

Emerging from the Bank's strong systems and management operations, it has been able to continually widen its global distribution. Today, Arab Bank is present in 30 countries spanning five continents.



It is worth mentioning that the Bank's market share varies by country, according to the nature of business it conducts. For more information please see our 2011 Annual Report.

Arab Bank Group is comprised of:

- **Arab Bank PLC**, which constitutes 189 Branches in the MENA region, USA and Singapore with a total number of employees reaching 6,373.
- **Subsidiary and affiliate companies**, where the Bank owns more than 50% of subsidiary companies and less than 50% of affiliate companies.
- **Sister Company**: Arab Bank Switzerland is the Bank's sister company which is an independent Bank that is owned by the same shareholders of Arab Bank PLC.



Our Journey Toward

Community Cooperation



# Our Journey Toward Community Cooperation

Arab Bank maintains its value of **corporate citizenship** by widening and deepening its **community investments** beyond traditional CSR practices. The Bank is fostering a culture that promotes **community cooperation** by utilizing its core competencies and business, involving employees and **supporting our customers to achieve their ambition** through contributing to the betterment of the community.



## Our Value: Corporate Citizenship

### Corporate Citizenship

We are active corporate citizens, forstnering the growth and advancement of our communities

Since its establishment the Bank has implemented many corporate citizenship initiatives, fulfilling its longstanding commitment to the community. This value is embedded into the Bank's operations and corporate culture, aiming to create shared value and leave a positive impact on the community.

## Our Foundation: Community Investment

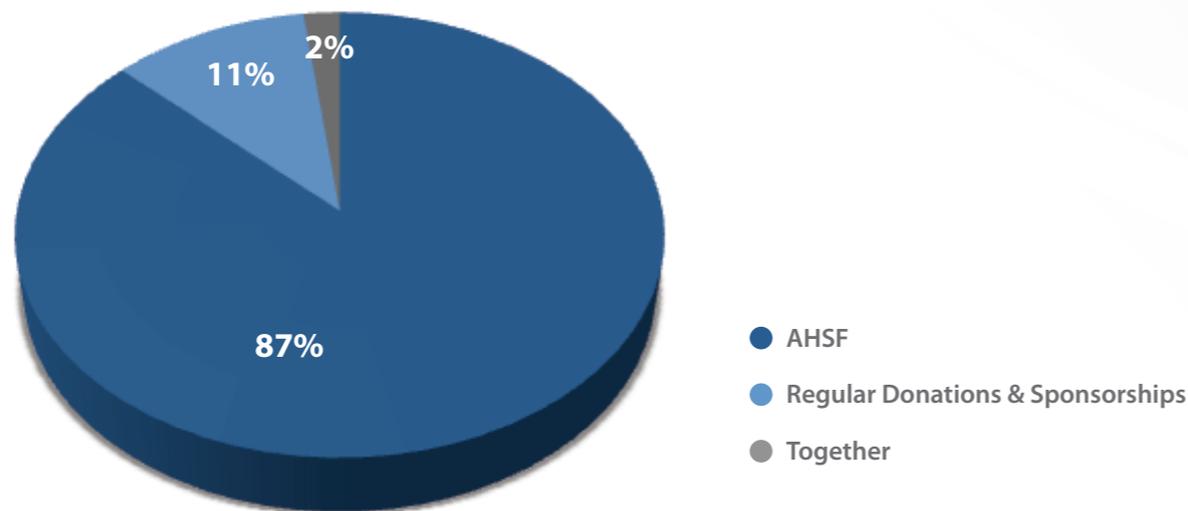
Building on our value of corporate citizenship, investing in the community has ensured a strong foundation of sustained long-term benefits and community development. The Bank's community investments in 2011 amounted JOD 9.3 million, which presents 2.8% of our PLC net profits before tax. These investments included:

- Direct financial donations and sponsorships to community based organizations
- Annual support of the Abdul Hameed Shoman Foundation
- Supporting grassroots initiatives through the Bank's corporate social responsibility program, Together, which was launched in 2009.

As part of Arab Bank's commitment to support poverty pockets in the Kingdom, the Bank has allocated one million Jordanian Dinars for projects aimed at developing poverty-stricken areas by decreasing unemployment and therefore raising the standard of living. In 2011, a revolving loan fund with the Jordan River Foundation was also created as elaborated on page 81.

*Total community investments amounted to JOD 9.3 million*

### Community Investments



## Donations and Sponsorships

Arab Bank's community investments are geared toward financially supporting several community based organizations, non-governmental organizations and other foundations. Support for programs and projects are selected to target the local community and a diverse range of beneficiaries, including patients, students, underprivileged families and fundraising efforts. 11% of the Bank's community investments were geared toward general donations and sponsorships. Further information on the amount of donations allocated can be found in our 2011 Annual Report. Organizations supported in 2011 are outlined below.

Red Cross Japan	INJAZ	Zarka Yamama Secondary School for Girls
Scientific Institutions and Research Councils	The King Abdullah II Fund for Development	Amman International Marathon
World Economic Forum	Greater Amman Municipality - School Bags	One Young World
National Security - Parcels Donation	The Jordanian Hashemite Fund for Human Development	Jordanian Football Association
The Royal Force Ladies Club	Central Traffic Department	Euro Money
Jordan River Foundation	Nakhweh Initiative	Oasis 500

### The Abdul Hameed Shoman Foundation (AHSF)

The legacy of the late founder's belief and commitment in developing scientific research and supporting Arab researchers manifested in the creation of the Abdul Hameed Shoman Foundation (AHSF) in 1978, being the first Foundation funded by a private sector organization in Jordan.

Since then, the Foundation has been working to support scientific research and raising cultural awareness through:

- Annual research awards for young Arab researchers
- Establishment of public libraries
- Providing a platform for cultural dialogue
- Hosting research seminars
- Supporting educational associations and institutions, research centers and libraries

In 2011, the Bank's community investment dedicated to supporting the Foundation's programs increased by 81% to reach JOD 8,134,057 compared to JOD 4,487,169 in 2010.

Additionally, pivotal changes took place whereby the long-term partnership between the Bank and the Foundation was further enhanced through exchanging expertise and the initiation of planning for the restructuring of the Foundation, expanding its mandate and scope of work to include poverty alleviation, support for local CBOs to promote job creation, capacity building and community development.

*The Bank's community investment dedicated to AHSF increased by 81%*

# The Foundation at a glance

Since establishment the Foundation has supported:

## Scientific Research

- 1) The Abdul Hameed Shoman Fund for Scientific Research (founded in 1999): Approved the financial support – to date – of 60 research papers, out of which 30 have been completed
- 2) Scientific Awards
  - The Abdul Hameed Shoman Award for Young Arab Researchers (1982): 340 people were granted this award coming from 17 Arab countries
  - The Abdul Hameed Shoman Award for teachers of science at Jordanian primary and secondary schools in Jordan (1982): 79 science teachers received the awards
  - The Abdul Hameed Shoman Award for Children's Literature (2006): 13 winners from eight Arab countries

## Supporting Abdul Hameed Shoman library in Amman and other libraries

- Continue to support the main Abdul Hameed Shoman library through supplying the latest publications and databases
- The Foundation has supported and established 14 libraries across the Kingdom
- Supporting 26 libraries in Palestine
- Supporting a mobile Library which reaches governorates across the Kingdom in partnership with the Haya Cultural Center and the Ministry of Culture in Jordan
- The Foundation is part of the family library project, along with the Ministry of Culture in Jordan

## Cultural Forum

The forum hosts a number of distinguished intellectuals and exceptional speakers from Jordan and other Arab countries, who gave lectures on various topics ranging from cultural, social, economic, educational, medical and financial subjects. In addition, lectures about water, youth, women, media and food security were held at the Forum.

## Partnerships with Arab scientific and cultural foundations

Fulfilling the Foundation's vision and strengthening partnerships through sharing best practices and jointly supporting scientific and cultural projects and publications in addition to lectures and forums.

## Harvest of the 20th Century project

The project has produced three volumes:

- Humanities and social sciences
- Literature and literary criticism and the arts
- Basic sciences and technology



## Our Sustainability Advantage: Community Cooperation

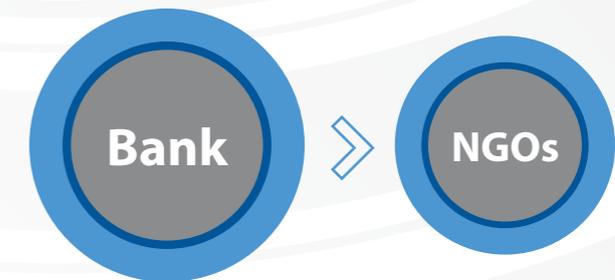
### Together Program

Together, the Bank's corporate social responsibility program, was launched in 2009 tackling focus areas that impact the community in the fields of: health, poverty alleviation, environmental protection, education and orphan support. The program has identified prominent non-profit organizations, making great strides in each of the focus areas, in order to create a strategic partnership to achieve sustainable development and long-term impact on the communities by leveraging the Bank's core competencies. This program also looks at engaging different groups of stakeholders to work together to serve the community as outlined in the diagram below.



### Engaging with NGOs

The Together program provides direct support for the five main Together participants: the King Hussein Cancer Foundation (KHCF), Tkiyet Um Ali (TUA), the Royal Society for the Conservation of Nature (RSCN), Madrasati, and Al Aman Fund for the Future of Orphans through harnessing the Bank's operations and opening donation channels for its customers to directly donate to the cause and NGO of their preference.



During 2011, Arab Bank's contribution to the Together program amounted to JOD 177,842 including direct donations, sponsorships and the Bank's contribution through the Together Platinum Credit Card (see page 25) to the five NGOs. Moreover, a total of JOD 85,771 was raised from the Bank's customers through the donation channels, compared to JOD 39,650 in 2010.

With the objective of empowering the five NGOs and enhancing their skills and expertise, the Bank continued supporting ongoing training and development. In 2011, employees from four of the Together program's NGOs received 48 training hours undertaking essential courses provided by the Sustainability and Survival Solutions (SSS) organization. With this, NGOs have completed an overall of 398 training hours attending the social marketing and fund raising skills courses in 2010, which directly contributed to increasing their impact on the community.

Moreover, building on the Bank's successful internal trainer program, a capacity building program for NGOs and the community will be launched in 2012 where various courses will be provided with the aim of enhancing NGOs skills to sustain their operations and programs.

The Bank also seeks to continually engage with the NGOs to improve community cooperation as demonstrated by the end of year meeting with each of these organizations to evaluate and enhance our collaboration and identify areas of improvement for future plans.

*The Bank's direct contribution to the Together program's NGOs amounted to JOD 177,842.*

*Customers contributed JOD 85,771 in 2011 through the Bank's donation channels*

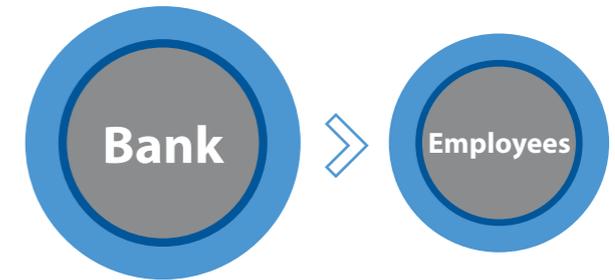


## Engaging Employees

The Bank believes that being an active corporate citizen not only includes providing financial support, but involves engaging its employees, their family and friends, in addition to subsidiary companies, with the community through investing their time, skills and efforts in volunteering activities.

In 2011, the number of employees volunteering increased by 34% to reach 313 employees, compared to 233 employees volunteering in 2010. This represents 11% of the total Arab Bank employees who are active in volunteering in 2011.

Since the program's launch in 2009, Arab Bank has organized approximately 60 community initiatives reaching 22,000 individual beneficiaries in local communities across Jordan.



### Initiatives Impact in Numbers

- \*33 initiatives implemented
- 165 volunteering hours for total initiatives
- 17,990 beneficiaries

\*Excluding the Amman International Marathon and the Dead Sea Ultra Marathon.

### Volunteers Impact in Numbers

- 313 employees participated over 745 times
- 34% increase in the number of employees who volunteered
- Over 3,319\* hours contributed by employees toward volunteering

\*Excluding activities that cannot be measured such as data entry and cancer pledges.

### Celebrating Our Volunteers

Marking International Volunteers Day and celebrating two years since the launch of the Together program, the Bank held a volunteers appreciation ceremony, recognizing volunteers including the five most active volunteers for each year, the most active volunteer overall and the most active division. The ceremony showcased highlights of volunteering activities and emphasized the role of employees in achieving Arab Bank's goal to develop and contribute positively to the communities in which it operates.



### Testimonials

I would like to extend my sincere thanks to all members of the Consumer Banking staff (management and branches) for their continued efforts in volunteering activities. They have truly made a difference in the community.

Naim Al-Hussaini - Head of Consumer Banking

I am really proud of Arab Bank and to be part of its team, I hope to pursue these activities further because it was great working with such a dynamic group.

Nisreen Abu-Aqleen - Consumer Banking

The activity showed me that a large number of women are not very aware of breast cancer; few check-ups are implemented and very few numbers attend awareness lectures. I have also learned a lot about the misconceptions and myths surrounding causes of breast cancer.

Noor Shigem - CEO Office

## Health

Arab Bank's volunteers have supported the King Hussein Cancer Foundation's (KHCF) initiatives through the following projects:

- **Cancer Pledges:** Thirty four Arab Bank employees participated in a campaign to raise funds for cancer patients who are unable to afford their treatment. Two teams were created to collect donations for their respective patients' treatment.
- **Jordan Breast Cancer Program (JBCP):** Ten employees took part in supporting research by volunteering to input data to help determine the level of awareness in the Kingdom about the disease. As a result, data from 1,422 awareness assessment surveys were entered which supports KHCF in measuring the impact of the breast cancer awareness month campaign and national awareness levels around the Kingdom.
- **Blood Donation:** Eighty eight Arab Bank employees took part in blood donation drives to benefit patients of the King Hussien Cancer Center (KHCC).

Also, in 2011 the Bank signed a sponsorship agreement for a period of four years with the Jordan Football Association to support the Jordan National Football and youth leagues. The Bank was the Gold sponsor for the Amman International Marathon, and encouraged its employees and their families and friends to participate in this national event, in addition to sponsoring the employees' participation in the Dead Sea Ultra Marathon. The Bank also engaged its employees in health initiatives, including a family walk with health experts available to provide basic health tests (see page 33).



## Poverty Alleviation

The Bank has continued its support of Tkiyet Um Ali (TUA) through two main initiatives:

- Continuing the support for 17 families in Al Ruwaished to receive monthly food packages for one year.
- For a second year, the Bank supported TUA's Ramadan Campaign where 6,000 Iftar meals were distributed to families in poverty areas around Jordan. Arab Bank and its subsidiaries' employees and family members took part in visiting the families during Ramadan, distributing those meals on a daily basis in Zarqa, Amman, Ma'an and Aqaba. Additionally, volunteers helped TUA staff at their kitchens for four weeks in the preparation and packaging of 3,700 meals.



The Bank has also supported the Greater Amman Municipality's Back to School Campaign, where 19 employees volunteered to distribute 2,000 bags for students in poverty pockets attending public schools at Khreibet Al Souq area in collaboration with the Ministry of Education. Moreover, the Bank established a JOD one million fund to support development projects in poverty pockets around the Kingdom (see page 68).

## Environmental Protection

With regards to protecting the environment, the Bank took internal initiatives to reduce resource consumption and continues to support environmental friendly projects following the Equator Principles (see page 19).

As for community related support, several initiatives were sponsored and implemented with the Royal Society for the Conservation of Nature (RSCN):

- **The Nature Station:** The Bank sponsored the Biodiversity Travelling Exhibit to support raising awareness among school students and the general public on biodiversity, environmental threats and conservation efforts in Jordan through an interactive exhibit implemented in schools, public parks and at the RSCN's center. This initiative provided employees with the opportunity to widen their knowledge by receiving capacity building training on biodiversity and in turn support RSCN staff to educate the community.
- **Clean-Up the World Campaign:** Promoting responsible behavior toward the environment, this campaign engaged 34 employees and their families and friends as well as the public in cleaning up Dibeen forest.
- **World Wetlands Day:** This event took place at the Azraq reserve and engaged 20 employees and the public in learning about the importance of wetlands.
- **Recycling and Cycling in Al Azraq Wetland reserve:** During this event, 28 employees learned about recycling and how local communities protect the environment through recycling materials.

Additionally, the Bank supported the Jordan Inbound Tour Operators Association initiative in protecting the Jerash tourist area through assembling and installing recycling bins to reduce litter and recycle waste.



## Education

As part of the Bank's commitment to supporting education, a collaborative effort under the 'Kitabi Program' with Abdul Hameed Shoman Foundation, was piloted in 2011. As part of this initiative, employees donated books in order to create a number of libraries at schools in poverty pockets across the Kingdom. The first library was created at Al-Bshery school in Salt, one of the schools under the Madrasati initiative.

Also, the Bank adopted Al-Sewaniyeh school in Salt and employees volunteered in enhancing the school's facilities and classrooms.

The Bank's engagement with Madrasati schools included supporting extracurricular activities throughout the year and more intensively during the summer as part of their summer school program which included:

- Promoting creativity and listening skills through the Raneen workshop delivered by trained Arab Bank volunteers.
- The Nature Station's Travelling Biodiversity Exhibit increased students' awareness on biodiversity in Jordan and nature reserves.
- Workshop with the Zawayed Initiative, where volunteers guided students and created poster boards from recycled material, raising their environmental awareness on recycling and reusing material and unleashing their creativity.

Moreover, leveraging our impact through our skills and knowledge to inspire youth is an important task that the Bank achieves through its partnership with INJAZ. In 2011, the Bank supported the area adoption program targeting five schools in Jabal Al Nuzha. Over 48 employees participated in the school programs and were able to enlighten and inspire more than 4,032 young students through delivering courses as part of the School Adoption Program. Some of the courses delivered by our employees included; Career Month, Leadership Course, Business Leaders Program and Company Course. Further information on these courses can be found in our 2010 Sustainability Report.

Further enhancing our community cooperation, the Bank collaborated with INJAZ and the Central Traffic Department to improve the schools' infrastructure and educational environment. Thirty employees volunteered through painting pedestrian paths and supporting the Traffic Department's awareness campaign for the second year to promote road safety for students.



## Orphan Support

As part of our collaboration with Al Aman Fund for the Future of Orphans, the Bank sponsored the vocational training of 50 youth orphans in poverty pockets across Jordan. This will help equip them with practical training to build their skills and abilities before entering the job market, and to promote self-reliance so that the orphans can be empowered to seek a steady source of income and become productive members in their societies.

The Bank is also continuing to sponsor the education of four orphans to complete their education at one of the universities in Jordan, supporting their pursuit of their career ambitions.



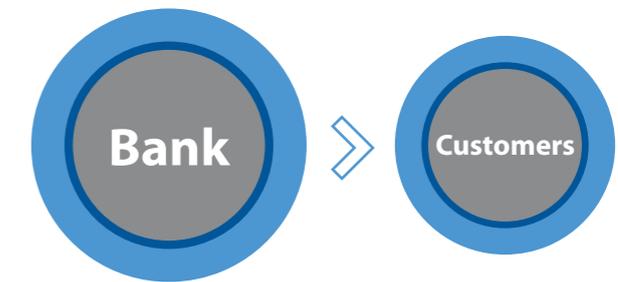
## Our Impact: Supporting Our Customers in Achieving Their Ambitions

### Facilitating Customers' Contribution Toward the Community

The Bank engages its customers by incorporating a donation mechanism through utilizing its service channels to enable customers to donate for the benefit of the Together program's participants.

The donation channels include Internet banking, phone banking, ATMs, branches and the Together Platinum Credit Card (see page 25). In 2011, these channels were enhanced by optimizing the system in order to make it more visible to customers and easier to use. As a result, the usage of donation channels has drastically increased with ATMs showing the highest increase followed by Internet banking.

This has enabled the total donations in 2011 to increase by 121% since 2010 with a total of JOD 88,828 (of which JOD 8,588 is contributed by the Bank through the Together Platinum Credit Card).



Donation Channel	Donation Received during 2010 (JOD)	Donation Received during 2011 (JOD)
Internet Banking	27,141	67,771
Phone Banking	1,288	1,324
ATM	2,911	6,708
Together Platinum Card	8,826	13,025
<b>Total</b>	<b>40,166</b>	<b>88,828</b>



Internet Banking



Phone Banking



ATM



Together Platinum Card



## Encouraging Entrepreneurship and Innovation

Fulfilling a commitment to poverty alleviation, the Bank is increasingly supporting programs that contribute to the empowerment of entrepreneurs, improving their ability to grow and create new jobs by moving from entrepreneurs to SMEs.

Advocating the spirit of volunteerism, the Bank sponsored Nakhweh, a platform that seeks to enhance the volunteerism and social entrepreneurship culture in the Arab world with two campaigns at a local and regional level. These initiatives are based on exchanging success stories and ideas related to volunteering.

In 2011, the Bank also supported Oasis 500, the MENA region's premier education and counselor driven seed investment program, through sponsoring the sixth wave of a start-up boot camp targeting entrepreneurs. In addition, the Bank invested JOD 250,000 in Oasis Venture 1, an investment vehicle for entrepreneurial projects in Jordan in the fields of Information and Communications Technology (ICT) and digital media.

Entrepreneurship is also encouraged within the Bank, where an internal campaign was launched encouraging employees to submit innovative ideas for products and services which the Bank could adopt. In support of entrepreneurial aspirations, the top candidate took part in the five day Oasis 500 boot camp to learn more about business model thinking, financial business modeling, and technology marketing coached and mentored by industry leaders.

## Alleviating Poverty through Supporting Micro-Enterprise Projects in Governorates

Demonstrating the private sector's commitment and support to the development efforts of national government and civil society organizations, Arab Bank invested JOD 148,000 from the one million poverty alleviation fund, in cooperation with the Jordan River Foundation (JRF) to the sustainable development of local communities. This investment provided selected Community Based Organizations (CBOs) in the governorates of Ma'an and Zarqa with revolving loan funds to promote economic opportunities and entrepreneurship in poor communities by facilitating access to finance. Implemented by JRF, the revolving loans program grants loans to community members through CBOs that are carefully selected and undergo screening and extensive capacity building that enable them to manage their own revolving loan portfolio in a sustainable manner.



## Facilitating Access to Finance in Maan and Zarqa in cooperation with the Jordan River Foundation

Revolving loans are a key intervention that is successfully implemented by the Jordan River Foundation (JRF) in local communities through Community Based Organizations (CBOs). Revolving loans are used to provide economic opportunities in less privileged communities and promote local micro-entrepreneurship by facilitating access to finance. Through revolving loans, local community members are able to start their own micro-enterprises, which will help increase their income and in turn lead to an improved quality of life.

In particular, JRF targets communities that have been identified as poverty pockets by the Department of Statistics. Given that Zarqa and Maan together claim six poverty pockets, Arab Bank invested the amount of JOD 148,000 to provide, in cooperation with JRF, eight CBOs with revolving loan portfolios in the form of a grant. To ensure the sustainability of these grants, the selected four CBOs from each governorate underwent screening and were selected based on specific criterion. They received capacity building training to enable them to run and manage their own revolving loan portfolio, engage the local community and empower local entrepreneurs.

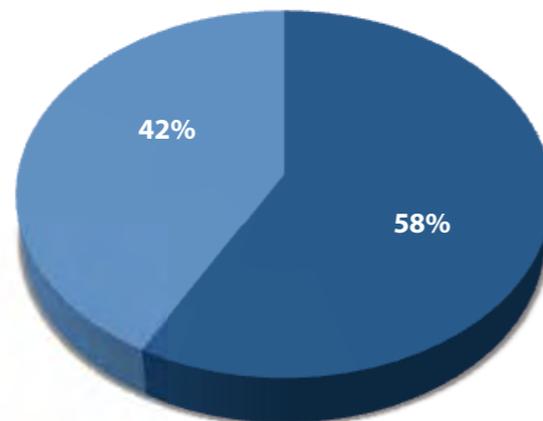
The CBOs screen applications submitted by community members for a revolving loan. Once a loan is approved, an amount ranging from JOD 300 to JOD 1,500 is allocated to the micro-entrepreneur to start their own micro-enterprises. What makes the revolving loan intervention successful and sustainable is that once a loan is repaid, the CBO allocates the repaid amount to other micro-entrepreneurs. This provides for ongoing financing for new ideas and ventures, thereby resulting in vast and tangible impact in terms of empowering individuals, strengthening CBOs, and improving the quality of life for the entrepreneur and the neighboring community in less privileged areas within these governorates.

By practicing equal opportunities and extending from our confidence in youth, revolving loan beneficiaries include both women and youth (18-30 years of age) as demonstrated in the charts below. To date, the revolving loan beneficiaries from this initiative reached 113 local micro-entrepreneurs, 43% of which are women and 42% of which are youth. The success of this initiative is demonstrated by the 100% repayment rate to the eight CBOs, which will ensure other local community members can benefit from this intervention program.



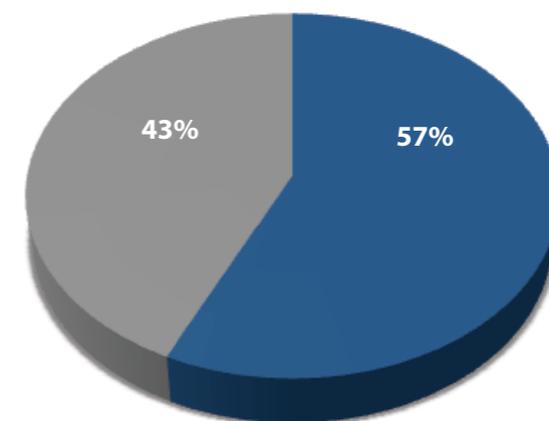
Beneficiaries by Age

Remaining Beneficiaries ●  
Youth 18-30 ●



Beneficiaries by Gender

Male ●  
Female ●



## A Ma'an Beneficiary Success Story

### A Jordanian woman draws greenery to the heart of the desert

It is not the norm for a woman to work in agriculture in Al- Husseinia, south of Jordan, and it is also unusual for a woman to take a loan from any organization to start her own income generating business.

Fatima is from the Al- Husseinia area, supporting nine family members with her husband, who refused to be complacent about their difficult conditions. Fatima took matters into her own hands in order to change their situation. She went to the Tal Barma agricultural association and took a loan of 1500 Jordanian Dinars through the revolving loan program implemented by the Jordan River Foundation (JRF), and funded by the Arab Bank, to start rehabilitating a small piece of land owned by her and her husband with help from her family members.

Fatima is a mother and as each child admits, mothers know everything! Fatima knew vegetables and their harvest seasons and through her experience as a mother managing the family's budget, she also knew the price of seasonal vegetables and their prices off-season. Like many mothers she has a few plants such as sage and basil, so Fatima knows the fundamentals of agriculture, and can differentiate good soil from the bad, as well as the various needs of plants. Emerging from this knowledge she decided to start planting the land that had been rehabilitated with green beans during the off-season. The fertile geographical area helped its growth and ultimately provided a product that could be sold for reasonable prices to support her family's modest income.



Fatima's venture into agriculture created jobs for 11 families in the Al- Husseinia area and was able to provide an additional source of income for her family to support her children's university education fees, while providing the central market in Amman with a product that is difficult to obtain during the off-season. Fatima painted the heart of the desert green with her will and determination.

If you visit Al- Husseinia one day and ask Fatima about her project, she will answer, "My project supported my family with an additional income and helped me pay for my children's education." Fatima only feels success through her family.



## Appendix A: Stakeholder Map

Our Stakeholders	How We Engage	Stakeholders Priority Issues
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Annual and quarterly reports</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing profits and dividends</li> <li>• Transparent communication</li> <li>• Compliance with all laws and regulations</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Arabina Intranet portal</li> <li>• Email</li> <li>• Internal communications surveys</li> <li>• Annual Reports</li> <li>• Meetings and workshops</li> <li>• Award ceremonies</li> <li>• Quarterly internal newsletter 'In The Circle'</li> <li>• Internal committees (sports, employee relations and the health and safety committees)</li> <li>• Volunteering Program</li> </ul>	<ul style="list-style-type: none"> <li>• Job security</li> <li>• Healthy and safe workplace</li> <li>• Training and development</li> <li>• Competitive salary and benefit packages</li> <li>• Responsibility and opportunity for promotion</li> <li>• Transparent and accountable management team</li> <li>• Equal opportunity</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Website</li> <li>• Media</li> <li>• Annual Reports</li> <li>• Social media</li> <li>• SMS</li> <li>• Service channels (Phone Banking, Internet Banking, ATMs, Call Center)</li> </ul>	<ul style="list-style-type: none"> <li>• High quality service and support</li> <li>• Facilitated loans</li> <li>• Innovative, sustainable and quality products and services</li> <li>• Transparent communications</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Volunteerism</li> <li>• Campaigns</li> <li>• Media</li> <li>• Sponsorships and events</li> <li>• Sponsor vital training courses</li> <li>• Sustainability Reports</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate responsibility</li> <li>• Community improvement</li> <li>• Financial and human resources</li> <li>• Capacity building</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Restoration initiatives</li> <li>• Supporting environmental NGOs</li> <li>• Operational improvements</li> <li>• Financing environmentally friendly infrastructural projects</li> </ul>	<ul style="list-style-type: none"> <li>• Minimizing waste</li> <li>• Limiting use of finite resources</li> <li>• Improving the quality of the environment</li> <li>• Incorporating environmental criteria in financed projects</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Contracts</li> <li>• Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Accountability and integrity in dealings</li> <li>• Financially rewarding, long-term and secure contracts</li> <li>• Timely payment upon delivery</li> </ul>
<b>Governments</b>	<ul style="list-style-type: none"> <li>• Regulation</li> </ul>	<ul style="list-style-type: none"> <li>• Adherence to national policies and standards</li> <li>• Supporting their operations through financial and/or technical support</li> </ul>

Our Stakeholders	Arab Bank's Priority Issues	Our Response
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Maintaining and enhancing profitability</li> <li>• Attracting more shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining consistent profitability and growth (see page 44)</li> <li>• Good corporate governance and accountability (see page 43)</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Enhancing employee motivation and productivity</li> <li>• Attracting and retaining top talent</li> <li>• Ensuring the safety and security of all employees</li> <li>• Providing a diverse and fair working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Investing in our employees (see page 35-39)</li> <li>• Equal opportunities (see page 29)</li> <li>• Maintaining a safe and healthy workplace (see page 32-33)</li> <li>• Listening to our employees (see page 35)</li> <li>• Training and development (see page 35)</li> <li>• Engaging employees (see page 34)</li> <li>• Welfare and satisfaction (see page 30)</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Growing customer base</li> <li>• Customer engagement</li> <li>• Customer satisfaction</li> <li>• Accountability to customers</li> </ul>	<ul style="list-style-type: none"> <li>• Quality products and services (see page 63)</li> <li>• Enhancing access to banking services (see page 48)</li> <li>• Innovative engagement methods and tools (see page 49)</li> <li>• Safeguarding customers information and assets (see page 20)</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Advancing corporate citizenship</li> <li>• Contribute to community well-being</li> <li>• Access to financial services</li> </ul>	<ul style="list-style-type: none"> <li>• Strong community cooperation (see page 71)</li> <li>• Engaging employees in volunteerism (see page 73)</li> <li>• Supporting relevant community projects (see page 69)</li> <li>• Providing the public with access to educational resources (see page 72)</li> <li>• Leveraging the Bank's channels to support NGOs (see page 80)</li> <li>• Enhancing financial inclusion and financial literacy (see page 82)</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Minimizing environmental impact and enhancing the environmental situation</li> <li>• Optimizing operational costs</li> </ul>	<ul style="list-style-type: none"> <li>• Supporting environmentally friendly projects (see pages 22-23)</li> <li>• Encouraging efficient operations (see pages 57-60)</li> <li>• Integrating environmental risk assessment in lending criteria (see page 19)</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Getting the best product and service available for the money spent</li> <li>• Timely delivery</li> <li>• Economic stability and strong reputation for quality and ethical integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining mutually beneficial cooperative relations (see page 61)</li> <li>• Enhancing suppliers' performance</li> </ul>
<b>Governments</b>	<ul style="list-style-type: none"> <li>• Abiding by all relevant laws and regulations</li> <li>• Developing the local economy</li> <li>• Supporting the 2015 Jordan National Agenda</li> </ul>	<ul style="list-style-type: none"> <li>• Effective corporate governance (see page 43)</li> <li>• Supporting the local economy (see pages 81-84)</li> <li>• Compliance with local and national regulations (see page 44)</li> </ul>

## Appendix B: Control Functions International Standards

To ensure ethical, transparent and accountable practices and disclosure, our control functions follow relevant laws and regulations, internal policies and procedures and international leading practices as listed below.

### Compliance

- The Financial Action Task Force (FATF) Recommendations
- USA Patriot Act
- MENAFATF (Middle East North Africa Financial Action Task Force)
- Wolfsberg Principles
- Compliance Function's Guidelines under the Bank for International Settlements (BIS) April 2005
- Joint Money Laundering Steering Group (UK)
- United Nations Security Council Resolutions
- European Union Directives on Money Laundering (Europe)
- World Bank and International Monetary Fund
- U.S. Foreign Accounts Tax Compliance Act (FATCA)
- UK Bribery Act
- Foreign Corrupt Practices Act
- The OECD Principles of Corporate Governance

### Risk Management

- The Payment Card Industry Data Security Standard (PCI - DSS)
- ISO 27000 for Information Security
- British Standard BS 25999 for Business Continuity
- COSO Enterprise Risk Management Framework for Operational Risk

### Internal Audit

- Standards for the Professional Practice of Internal Auditing
- The 'Code of Ethics' of the Institute of Internal Auditors (IIA, USA)

## Appendix C: Report Parameters

### Process for Defining Report Content

To prepare our 2011 Sustainability Report, we have followed the Global Reporting Initiatives' (GRI) G3.1 principles, which contributed in defining the report content and identifying our priority sustainability issues in a systematic way. This report addresses the progress and journey in achieving our five main sustainability focus areas, which are all equally important to our business success. We have identified Key Performance Indicators (KPIs) and targets for each priority focus area in order to prioritize and measure the best means of achieving sustainability.

**Materiality:** We believe that we have considered all key topics related to our significant economic, environmental and social impacts, including impacts that would substantively influence the assessment and decisions of our stakeholders. This includes issues achieved by our internal divisions, issues that were raised by stakeholders and reported on by our peers, in addition to the standards and guidelines included in the GRI G3.1 Guidelines.

**Stakeholder Inclusiveness:** We believe that we have identified and considered all of our key stakeholders. We have updated the stakeholder map which summarizes how we engage them, our understanding of their expectations, and our response. This map guides us in identifying our sustainability focus areas and creating our sustainability strategy. Further information on this is detailed in Appendix A.

**Sustainability Context:** We have considered our sustainability context, based on local and regional contexts in addition to global sustainability trends.

### Report Quality

**Balance:** We aspire to transparent reporting and believe that this report conveys both the positive aspects of our performance as well as the areas requiring improvement.

**Comparability:** Where possible, we have provided year-on-year data that align with the GRI Indicator Protocols in order to facilitate comparison of our report against industry peers and other companies practicing sustainability. Further clarifications were included in case of providing additional measures.

**Accuracy and Clarity:** We have aimed for maximum accuracy in our reporting, including providing timely and reliable information, identifying estimations and other limitations to the highlighted data. As sustainability is a relatively new concept in Jordan, we have made an effort to provide introductory and contextual information where useful to facilitate reader understanding of the report content. As our report targets a wide range of stakeholders, we have tried to cater to all ranges of readers.

**Reliability and Data Measurement Techniques:** We have used existing tracking and data management systems to generate data. Where data did not exist, we have used our records to manually collect the data. The data presented represents our best understanding of our impacts. In some aspects, we have expanded the scope of our measurement which we have clearly stated. GHG emissions were calculated using a GHG calculator adjusted for Jordan specific emissions factors, and global warming potentials that are in line with the Intergovernmental Panel for Climate Change (IPCC) 4th Assessment Report.

**Assurance:** This report will not be assured by a third-party.

### Report Boundaries

**Limitations:** This report covers data and activities from Arab Bank's operations in Jordan, the largest operational entity of Arab Bank PLC. Arab Bank PLC aims to increase coverage of reporting to other country operations and to report at the Arab Bank PLC level in the future.

**Completeness and Boundaries:** Arab Bank in Jordan strived to produce a report that is as complete as possible. This report outlines the Bank's 2011 performance for the financial year ending 31 December 2011. The report covers all of Arab Bank's operations in Jordan, but no overseas activity. In some cases, Arab Bank PLC data is used in place of Jordan specific information in accordance with Bank reporting policies.

## Appendix D: GRI Application Level Check Statement



### Statement

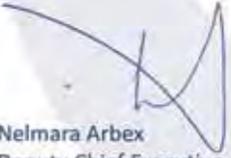
## GRI Application Level Check

GRI hereby states that **Arab Bank** has presented its report "Sustainability Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, March 15th 2012



Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on March 8th 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

### GRI Reporting Levels

Report Application Level	C	C+	B	B+	A	A+
<b>G3 Profile Disclosures</b> OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
<b>G3 Management Approach Disclosures</b> OUTPUT	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
<b>G3 Performance Indicators &amp; Sector Supplement Performance Indicators</b> OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

**Appendix E: GRI Index**  
GRI Profile Disclosures

<b>Standard Disclosures Part 1 – Profile Disclosures</b>		
<b>STRATEGY AND ANALYSIS</b>		
1.1	Statement from the most senior decision-maker of the organization	4-5
1.2	Description of key impacts, risks and opportunities	4-5
<b>ORGANIZATIONAL PROFILE</b>		
2.1	Name of the organization	Cover Page
2.2	Primary brands, products and/or services	24-25, 63-65
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures	53-55, 64-65
2.4	Location of organization’s headquarters	Jordan
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	64-65
2.6	Nature of ownership and legal form	44, 64-65
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	63-65
2.8	Scale of the reporting organization	10-14, 64-65
2.9	Significant changes during the reporting period regarding size, structure or ownership	No significant changes. 44
2.10	Awards received in the reporting period	54
<b>REPORT PARAMETERS</b>		
3.1	Reporting period (e.g. fiscal/calendar year) for information provided	47
3.2	Date of most recent previous report (if any)	47

3.3	Reporting cycle (annual, biennial, etc.)	47
3.4	Contact point for questions regarding the report or its contents	sustainability@arabbank.com.jo
3.5	Process for defining report content	87
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers) (see GRI Boundary Protocol for further guidance)	87
3.7	Specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	87
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations	87
3.9	Data measurement techniques and the basis for calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report (including explanation of any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols)	87
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	87
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	87
3.12	Table identifying the location of the Standard Disclosures in the report	89-97
3.13	Policy and current practice with regard to seeking external assurance for the report	87
<b>GOVERNANCE, COMMITMENTS AND ENGAGEMENT</b>		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	43-44
4.2	Whether the chair of the highest governance body is also an executive officer	43
4.3	For organizations that have a unitary board structure, the number of members of the highest governance body that are independent and/or non-executive members	43-44
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	2010 Sustainability Report (Page 52)
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	43-44

4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	43-44
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental and social topics	43-44
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation	7, 19, 45-46
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles	43-45
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	43-44
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	44-46
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes to or endorses	19, 47, 57, 86
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic	56
4.14	List of stakeholder groups engaged by the organization	84-85
4.15	Basis for identification and selection of stakeholders with whom to engage	8
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	84-85
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	84-85
<b>Standard Disclosure Part 2 – Disclosures on Management Approach</b>		
DMA (EC)	Disclosure on Management Approach Economic (EC)	4, 40, 43-44, 64, 81
DMA (EN)	Disclosure on Management Approach Environment (EN)	18-19, 44, 57-62
DMA (LA)	Disclosure on Management Approach Labor Practices (LA)	28-39
DMA (HR)	Disclosure on Management Approach Human Rights (HR)	30-32, 35, 61

DMA (SO)	Disclosure on Management Approach Society (SO)	18, 44-45, 50, 67-68, 71, 81
DMA (PR)	Disclosure on Management Approach Product Responsibility (PR)	18-20, 45-46, 48-49
Standard Disclosures Part 3 - Performance Indicators		
ECONOMIC		
EC1	Direct economic value generated and distributed; including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	4, 44, 68-69, 72, 80, 2011 Annual Report
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	19
EC3	Coverage of the organization's defined benefit plan obligations	30-31,35 (Arab Bank pays 12.25% of the employees' social security deductible salaries while employees pay 6.5% of their social security)
EC4	Significant financial assistance received from government	We do not receive significant financial assistance from the government.
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Standard entry level wages compared to local minimum wage ratio 2.28 : 1
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation	Priority is given to local suppliers
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	40; We prefer hiring local employees.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement	22-25, 81-83
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	22-25, 40, 81-83
ENVIRONMENTAL		
EN3	Direct energy consumption by primary energy source	58-60
EN4	Indirect energy consumption by primary source	57

EN5	Energy saved due to conservation and efficiency improvements	57-60
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	57-59
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	58
EN8	Total water withdrawal by source	Water is trucked in by private service providers
EN9	Water sources significantly affected by withdrawal of water	No specific water source identified
EN10	Percentage and total volume of water recycled and reused	No water is recycled or reused
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Applicable <sup>9</sup>
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Not Applicable <sup>9</sup>
EN13	Habitats protected or restored	Not Applicable <sup>9</sup>
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	The Bank is supporting Al Shumari Safari project, which is to be implemented in 2012
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Not Applicable <sup>9</sup>
EN16	Total direct and indirect Greenhouse gas emissions by weight	57
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	57-60
EN19	Emissions of ozone-depleting substances by weight	Not Applicable <sup>9</sup>
EN20	NO, SO and other significant air emissions by type and weight	58-59
EN21	Total water discharge by quality and destination	No significant water discharges

<sup>9</sup>Not Applicable: The corresponding indicator is not relevant to our business operations.

EN22	Total weight of waste by type and disposal method	61
EN23	Total number and volume of significant spills	No significant spills
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally	We do not deal with or transport any hazardous waste
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	No significant water discharges
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	19, 61-62
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Not applicable (service industry) <sup>9</sup>
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	58-60
EN30	Total environmental protection expenditures and investments by type	22-23, 71-72, 77
<b>LABOUR PRACTICES</b>		
LA1	Total workforce by employment type, employment contract and region	28-29, 40
LA2	Total number and rate of employee turnover by age group, gender and region	31
LA3	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation	30
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	32
LA7	Rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities by region	32 (Rates, lost days and absenteeism are currently not available)
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	32-33
LA10	Average hours of training per year per employee, by employee category	35-38

LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	35-39
LA12	Percentage of employees receiving regular performance and career development reviews	30, 100%
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	43-44
LA14	Ratio of basic salary of men to women by employee category	1:1 across employee categories
LA15	Return to work and retention rates after parental leave, by gender	31
<b>HUMAN RIGHTS</b>		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	None
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	None
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	31
HR4	Total number of incidents of discrimination and actions taken	31
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	31, 61
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	29, 31
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	All security personnel attended the induction program implemented for new joiners, which tackles concepts of human rights and responsibilities
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	29, 31
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	44-45
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	31

SOCIETY		
SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	40, 71-79
SO2	Percentage and total number of business units analyzed for risks related to corruption	18, 44-45
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	17-18, 45-46
SO4	Actions taken in response to incidents of corruption	18, 44-45
SO5	Public policy positions and participation in public policy development and lobbying	None
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	None
SO9	Operations with significant potential or actual negative impacts on local communities	Not applicable <sup>9</sup>
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	Not applicable <sup>9</sup>
PRODUCT RESPONSIBILITY		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Not applicable (our products and services do not have any health or safety impacts on customers) <sup>9</sup>
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Not applicable (our products and services do not have any health or safety impacts on customers) <sup>9</sup>
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	19-20
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	None
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	48-50
PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	18,20
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	None
PR8	Total number of substantiated complaints regarding breaches of customer privacy and loss of customer data	One complaint received regarding sharing of information with another bank and strict actions were taken with the concerned employee

## Financial Services Sector Supplement

FS1	Policies with specific environmental and social components applied to business lines	18-19, 57
FS2	Procedures for assessing and screening environmental and social risks in business lines	19-20, 57, 61-62
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	19, 61-62
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	17-18, 46, 57-58, 73-74
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	19-20, 50, 61-62
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector	23-24
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	25, 68-69, 80
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	25, 68-69, 80
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	18
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	22-24
FS13	Access points in low-populated or economically disadvantaged areas by type	49, 81-83
FS14	Initiatives to improve access to financial services for disadvantaged people	81-83
FS15	Policies for the fair design and sale of financial products and services	19-20, 23-25
FS16	Initiatives to enhance financial literacy by type of beneficiary	23-25, 82

## Appendix F: Glossary

Term	Definition
<b>BRE Environmental Assessment Method (BREEAM)</b>	BRE Environmental Assessment Method (BREEAM) is a voluntary measurement rating for green buildings that was established in the UK by the Building Research Establishment (BRE)
<b>Capacity Building</b>	Capacity building is an ongoing process through which individuals, groups, organizations and societies enhance their ability to identify and meet development challenges
<b>Equator Principles</b>	The Equator Principles (EPs) are a credit risk management framework for determining, assessing and managing environmental and social risk in project finance transactions
<b>G3.1</b>	G3.1 is a finalized update of GRI's most recent generation of Sustainability Reporting Guidelines, G3 and is the most comprehensive sustainability reporting guidance currently available. The Guidelines are the cornerstone of GRI's Reporting Framework. G3.1 includes expanded guidance for reporting on human rights, local community impacts, and gender
<b>Greenhouse Gas</b>	Gases in the atmosphere that absorb and emit thermal and infrared radiation. Greenhouse gases include water vapor, carbon dioxide, methane, nitrous oxide, and ozone
<b>GRI</b>	The Global Reporting Initiative (GRI) is a non-profit organization that promotes economic, environmental and social sustainability. GRI provides all companies and organizations with a comprehensive sustainability reporting framework that is widely used around the world
<b>Independent Director</b>	An 'Independent' director (whether a natural person or representing legal entity) is one whose directorship constitutes his/her only connection to the Bank, and whose judgment is therefore unlikely to be influenced by external considerations
<b>Irrigation</b>	The artificial application of water to land to support the production of crops
<b>Money Laundering</b>	The act of concealing the identity, origin, or destination of often illegally-obtained money
<b>Partial Disability</b>	The result of an injury which permanently reduces a person's ability to function, but still permits some working or other activity

Term	Definition										
<b>Payment Card Industry</b>	A council originally formed by American Express, Discover Financial Services, JCB, MasterCard Worldwide and Visa International. Its goal is to evolve the Payment Card Industry Data Security Standard, allowing businesses to measure their own payment card security policies procedures and guidelines										
<b>Project Finance Building</b>	Project finance is the long-term financing of infrastructure and industrial projects based upon the projected cash flows of the project rather than the balance sheets of the project sponsors. Usually, a project financing structure involves a number of equity investors, known as sponsors, as well as a syndicate of banks that provide loans to the operation										
<b>Proxy</b>	The granting of authority by shareholders of an organization to others to vote their shares at a General Assembly Meeting										
<b>Revolving Loan</b>	Revolving loans are used to provide economic opportunities in less privileged communities and promote local micro-entrepreneurship by facilitating access to finance										
<b>Revolving Loan Fund</b>	A Revolving Loan Fund (RLF) is a source of money from which loans are made for multiple small business development projects										
<b>SMART</b>	SMART (Specific, Measurable, Achievable, Realistic/Relevant, and Timely) is an acronym that can be used to help ensure that effective objectives or goals are set										
<b>SMEs</b>	<p>According to the Central Bank of Jordan the below criteria were launched in January 2011 to identify small and medium enterprises as follows:</p> <table border="1"> <thead> <tr> <th>Small Enterprise</th> <th>Medium Enterprise</th> </tr> </thead> <tbody> <tr> <td>Assets up to JOD MM 1</td> <td>Assets between JOD MM 1-3</td> </tr> <tr> <td>Sales up to JOD MM 1</td> <td>Sales between JOD MM 1-3</td> </tr> <tr> <td>Between 5-20 Employees</td> <td>Between 21-100 Employees</td> </tr> <tr> <td colspan="2">Not a Public Shareholding, Insurance or Brokerage firm</td> </tr> </tbody> </table>	Small Enterprise	Medium Enterprise	Assets up to JOD MM 1	Assets between JOD MM 1-3	Sales up to JOD MM 1	Sales between JOD MM 1-3	Between 5-20 Employees	Between 21-100 Employees	Not a Public Shareholding, Insurance or Brokerage firm	
Small Enterprise	Medium Enterprise										
Assets up to JOD MM 1	Assets between JOD MM 1-3										
Sales up to JOD MM 1	Sales between JOD MM 1-3										
Between 5-20 Employees	Between 21-100 Employees										
Not a Public Shareholding, Insurance or Brokerage firm											
<b>Stakeholder Engagement</b>	Is a commitment from the organization to transparent honest dialogue with key stakeholder groups, not only to make them aware of the organizations activities, but also to understand and address their concerns through a two-way dialogue										
<b>Stakeholders</b>	Persons who have vested interests in the organization, including its shareholders, employees, creditors, suppliers, and prospective investors										

Term	Definition
<b>Sustainability</b>	A more humane, more ethical and more transparent way of doing business, where organizations take into account the long-term impact it has on the “Triple Bottom Line”
<b>Sustainability Reporting</b>	Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development
<b>Sustainable Development</b>	Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs
<b>Vaccination</b>	Vaccination is the administration of antigenic material (a vaccine) to stimulate the immune system of an individual to develop adaptive immunity to a disease

## Appendix G: Acronyms

Acronym	Definition	Acronym	Definition	Acronym	Definition
AB	Arab Bank	AML	Anti-Money Laundering	ATMs	Automated Teller Machines
BMI	Body Mass Index	BoD	Board of Directors	BOO	Build Own and Operate
C. Elite RM	Certified Elite Relationship Manager	C. S. CRO	Certified Senior Customer Relationship Officer	CB	Consumer Banking
CBM	Certified Branch Manager	CBO	Community Based Organization	CIB	Corporate Investment Banking
CIT	Certified Internal Trainer	CM	Certified Mentor	CO Test	Carbon Oxide Test
COSO	Corporate Services Officer	COU	Central Operational Unit	CRO	Customer Relationship Officer
CSR	Corporate Social Responsibility	CSR	Customer Service Representative	CTF	Combating Terrorist Financing
ESG criteria	Environmental, Social and Governance criteria	EP	Equator Principle	EVP	Executive Vice President
GDP	Gross Domestic Product	GHG	Greenhouse Gas	GJ	Giga Joule
GRC	Group Regulatory Compliance	GRI	Global Reporting Initiative	GRM	Group Risk Management
HO	Head Office	HRMS	Human Resources Management System	IPP	Independent Power Generation Plants (IPPs)
ISO	International Organization for Standardization	IT	Information Technology	ITG	Information Technology Global
JBCP	Jordan Breast Cancer Program	JOD	Jordanian Dinars	JRF	Jordan River Foundation
KHCF	King Hussein Cancer Foundation	kWh	Kilowatt-hour	KPIs	Key Performance Indicators
KYC	Know Your Customer	MENA	Middle East North Africa	MW	Mega Watts
NGOs	Non-Governmental Organizations	OSHA	Occupational Safety and Health Administration	PCs	Personal Computers
PLC	Public Limited Company	PV	Photovoltaics	RSCN	The Royal Society for the Conservation of Nature
SFLC	Software Development Life Cycle	SMART	Specific, Measurable, Achievable, Realistic/ Relevant, and Timely	SMEs	Small and Medium Enterprises
SSS	Sustainability and Survival Solutions	TUA	Tkiyet Um Ali		