

Sustainability Report 2010

البنك العربي
ARAB BANK



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ARAB BANK



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A Message from Our Chairman



Dear Stakeholders,

Welcome to Arab Bank's first standalone sustainability report, covering the economic, environmental and social performance of Arab Bank and its contributions to Jordan. We are proud to be reporting on our sustainability performance as it represents the perpetuation of the greater altruistic vision set by our founder, Abdul Hameed Shoman, upon establishing the Bank.

The year 2010 witnessed a continuation of challenges brought on by the global financial crisis with its prolonged negative repercussions deeply impacting all global economies, affecting countries, institutions and individuals alike. Despite this challenging and complex environment, total assets of Arab Bank Group increased during the year 2010 up to USD 51.1

billion, compared with USD 50.5 billion by the end of 2009. Customer deposits remained the most important source of funding, going up to USD 35.7 billion compared with USD 34.9 billion by the end of the year 2009, reflecting the high confidence in the Group in the various regions and countries in which it operates.

Similarly, the volume of shareholders' equity went up from USD 8 billion by the end of 2009 to approximately USD 8.3 billion by the end of 2010, accounting for 16% of the Bank's total assets. Arab Bank in Jordan remains the most important of the Group's operations, with assets totaling USD 10.4 billion, employees comprising 44% of all Arab Bank PLC employees and operating 43% of all branches globally.

Jordan is the fourth most water scarce country in the world. Even beyond water scarcity issues, Jordan has never been a country blessed with an

abundance of natural resources. In response to this national need for increased environmental sustainability, Arab Bank has been involved in the financing of numerous large scale environmental projects. In 2010, the Bank led the financing of the expansion of the As-Samra Wastewater Treatment Plant, a landmark project that was initially launched through a Public Private Partnership with the Ministry of Water and Irrigation.

This plant is a cleaner alternative to conventional wastewater treatment plants and is eligible for carbon credit revenue through the Clean Development Mechanism of the Kyoto Protocol. Arab Bank also has a solid history of improved internal environmental performance dating back to the installation of water saving taps in 1994.

The year 2010 was the first full year of implementation of "Together", our multi-dimensional corporate social responsibility

(CSR) program established to address vital development issues such as poverty alleviation. We contributed 150 volunteer hours through 498 dedicated employees and raised significant awareness amongst our customers through opening four distinct donation channels.

As part of the Together program, we also strengthened our relations with five strategic NGOs (The Royal Society for the Conservation of Nature, Al Aman Fund, Madrasati, Tkiyet Um Ali and King Hussein Cancer Foundation), which cumulatively received 350 hours of organizational capacity training, JOD 39,650 in donations from customers and JOD 140,011 in donations from the Bank.

In 2010, we evolved our Corporate Social Responsibility (CSR) practices and expanded our CSR vision and mission to include the adoption of sustainability across our entire

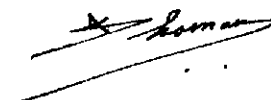
business. A strategy was created by considering the environmental, social, and economic impact of the Bank and the expectations of all its stakeholders. This strategy has the ultimate goal of increasing the Bank's impact, which is accomplished by supporting our customers to achieve their ambitions.

With the development of our sustainability strategy and publication of this report, we are proud to be taking our first steps in creating our sustainability advantage. In creating this report we used the most widely-recognized global guidelines for sustainability reporting, the GRI G3, established by the Global Reporting Initiative (GRI). This report has also been GRI checked and confirmed as a level B report.

The year 2011 will be an exciting year as we begin to measure our progress against our 2010 baseline performance, working towards the

launching of new sustainability-related products and services and continuing our investment into environmentally friendly infrastructure in Jordan. This report outlines a clear path ahead for Arab Bank to achieve a sustainability advantage and we are certain that this can be achieved with the enthusiasm and unwavering dedication of our employees. In closing, I would like to thank all of you for your continued confidence in Arab Bank and invite you to provide your feedback to support Arab Bank to become the leading socially responsible financial institution in the Arab World.

Abdel Hamid Shoman
Executive Chairman



Sustainability Performance Snapshot



Supporting Our Customers in Achieving their Ambitions	2010	2009
Number of branches in Jordan	80	80
Number of ATMs in Jordan	222	220
Customer satisfaction rating	N/A ¹	81.6%
Number of sustainability-related products and services launched	0	2
Amount of new investment in environmentally-friendly infrastructure projects (JOD)	13.5 million	9.4 million

Towards Responsible Financing	2010	2009
Project financing screened on ESG criteria	100%	100%

Towards Employee Empowerment	2010	2009
Total workforce	2,776	2,687
Total workforce turnover	7.29%	7.74%
Women in the workforce	38%	38%
Women in senior management	21.2%	18.2%
Women in middle management	28.8%	27.5%
Total number of training programs	533	297
Employees trained on corruption	100%	N/A ¹
Employees receiving regular performance reviews	100%	100%
Employee complaints resolved	97%	97%

¹ These indicators were not calculated.

² These indicators were established in 2010.

³ Percentage of community investments in Jordan compared to Arab Bank PLC profits.

Towards Transparent Reporting	2010	2009
Independent Directors on the Board	45%	82%
Number of female Directors	2	1
Shareholder dividends paid (JOD)	106,800,000	106,800,000
Dividends per share (JOD)	0.33	0.69

Towards System Optimization	2010	2009
Total GHG emissions (tonnes)	9,291	9,712
Total electricity consumption (kWh)	10,785,110	11,139,600
Total water consumption ('000 litres)	3,200	4,480
Energy reduction savings (JOD)	306,266	240,331
Water reduction savings (JOD)	5,120	2,880
Number of suppliers engaged on sustainability	New Indicator ²	

Towards Community Cooperation	2010	2009
Pre-tax profits invested into the community ³	3.1%	3.2%
Number of volunteer initiative hours contributed	150	New Indicator ²
Number of hours of NGO capacity building training sponsored	350	New Indicator ²

Arab Bank 80 Years and Growing



On May 21st, 1930, Abdul Hameed Shoman, with a startup capital of 15,000 Palestinian pounds and the support of seven investors established Arab Bank, the first private sector financial institution in the Middle East and North Africa (MENA). The Bank commenced its operations in Jerusalem on July 14th of the same year and by 1978, it became the first public shareholding company listed on the newly launched Amman Stock Exchange.

Headquartered in Amman, Jordan, today, Arab Bank's presence spans five continents and 30 countries with a vision:

"To be the leading financial institution of the Arab world",

and a purpose:

"To enable the Arab world to reach preeminence."

Arab Bank is considered one of the leading financial institutions in the MENA region and our commitment to excellence has been recognized globally, as demonstrated by the awards we received in 2010 (see page11).

The Bank's focus in 2010 was on prudent and thorough management of the balance sheet in order to maintain high levels of liquidity.

The broad geographical spread of the Bank's operations, the multiple sources of income available, in addition to the Bank's conservative strategy and sound management of risk, left the greatest impact in reducing the Bank's vulnerability to the economic turmoil that affected the world as a result of the recent financial crisis.

In 2010, our PLC assets in Jordan grew 18% to reach JOD 6,708 million, while across the PLC network, assets reached JOD 23,319 million. We also experienced healthy growth in our customer deposits, which increased by 7.8% to reach JOD 13,997 million. This led to net revenues increasing by 4.3% despite the tough economic landscape. However, net profits decreased in 2010 in comparison to 2009.

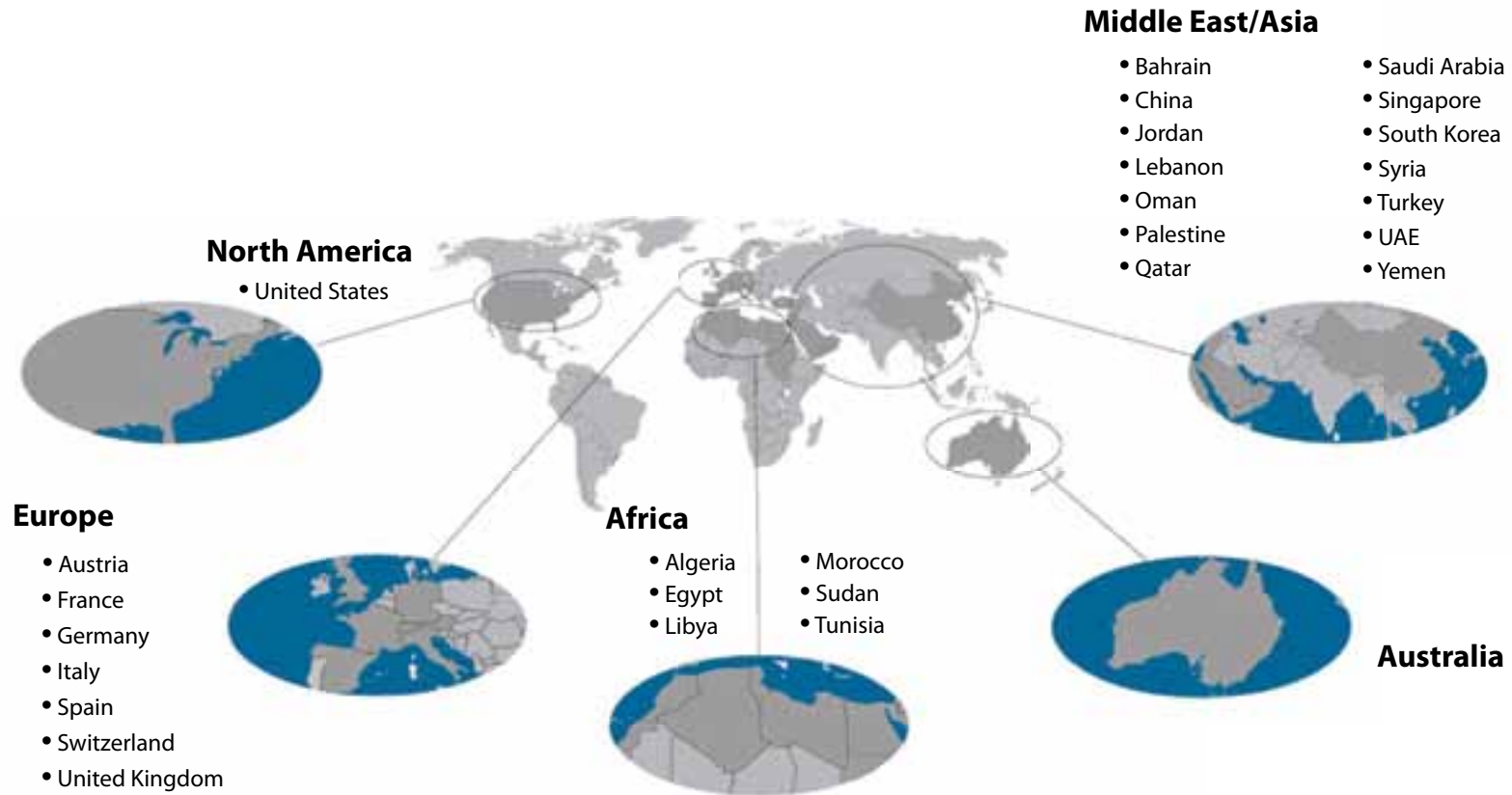
Economic Value (JOD million)	2010	2009	2008
PLC assets	23,319	23,099	22,751
PLC assets in Jordan	6,708	5,708	5,075
PLC net revenues	797	764	770
PLC net profit before taxes	219	325	450
PLC customer deposits	13,997	12,985	13,252
PLC retained earnings	35.5	19.1	18.6

Economic Value Distributed (JOD million)	2010	2009	2008
PLC employee compensation and benefits	165.02	168.76	176.50
Total tax contribution	73.67	74.62	89.67
Total community investments	6.83	10.48	13.42
Revenues distributed to providers of capital	106.80	106.80	133.50

For more detailed financial information, please see Arab Bank's 2010 Annual Report at: www.arabbank.com.

Global Excellence

Arab Bank Group has been recognized internationally in 2010, receiving many different awards for its products, services and overall performance.



Global Awards

Awarding Organizations	Recognitions and Awards Received in 2010
Thomson Reuters	AB Asia Dynamic Fund / Best Fund in Gulf Region
World Finance Magazine	Best Investment Bank in Oman (Oman Arab Bank)
Global Finance	Best Trade Finance Provider in Yemen
Global Finance	Best Emerging Market Bank in Yemen
Global Finance	Best Bank in Libya (Al Wahda Bank)
Global Finance	Best Trade Finance Provider in the Middle East
J. P. Morgan	Quality Recognition Award for Outstanding Achievement of 2009-2010 Best in Class (STP) - Arab Bank Switzerland
The Union of Arab Banks	Outstanding achievements in the field of banking and significant contribution to the industry in the region (Executive Chairman)
Banker Middle East / CPI Financial	Best Home Finance Product in the Middle East
Euromoney	Outstanding Contribution to Financial Services in the Middle East (Awarded to the Shoman Family)
Trade and Forfaiting Review	Best Trade Finance Provider in the Middle East

Arab Bank's Operations in Jordan







Over the last eight decades, the Bank has played a major role in the development of Jordan being headquartered there and a major employer of Jordanian talent. Arab Bank's operations in Jordan extend across the country and have been recognized in 2010 with seven financial industry awards.

Arab Bank offers the following products and services in Jordan:

- **Consumer Banking** - Current and saving accounts, personal loans, overdraft facilities, home loans, car loans, credit cards, term deposits, funds transfers, currency exchange, bancassurance and investment opportunities.
- **Corporate and Institutional Banking** - Overdrafts, terms and revolving loans, syndicated loans, discounted bills, project finance and trade finance products.
- **Treasury** - Money markets, foreign exchange and capital markets.

Governorate	 Branches	 Number of Employees
Amman (including HQ)	54	2577
Irbid	5	40
Al Zarqa	6	62
Aqaba	2	19
Balqa'a	5	27
Karak	1	9
Mafrq	1	9
Madaba	1	8
Jerash	1	4
Ma'an	2	11
Tafeila	1	6
Ajloun	1	4
Total	80	2776





THE ASIAN BANKER
EXCELLENCE
 IN RETAIL FINANCIAL SERVICES
 BEST RETAIL BANK, JORDAN 2010

Awarding Organizations

Recognitions and Awards Received in 2010

Euromoney

Best Bank in Jordan

Global Finance

Best Trade Finance Provider in Jordan

Global Finance

Best Foreign Exchange Provider in Jordan

Global Finance

Best Investment Bank in Jordan

Global Finance

Best Consumer Internet Bank in Jordan

Global Finance

Best Emerging Market Bank in Jordan

The Asian Banker

Best Retail Bank in Jordan

Arab Bank Memberships:

- The Jordan Exporters Association
- The Association of Banks in Jordan
- The Union of Arab Banks

Creating Our Sustainability Advantage



Our commitment to the community began with the inception of the Bank during a time when financial services were inaccessible to many in the Arab region. Through the personal commitment of Abdul Hameed Shoman, the founder of Arab Bank, community initiatives became an important focus.

In the mid 1900's, the founder established a USD 600,000 teachers training college in his native village of Beit Hanina. Throughout the decades, the Bank and the Shoman family invested millions of dollars to support students' education. Even after his death, the Bank continued to realize Shoman's vision. In 1978, the Abdul Hameed Shoman Foundation was established in his honor (see page 68).

These historical milestones marked the beginning of our sustainability journey which continues today as we aim to perpetuate the founder's vision in a strategic and holistic manner, by integrating the principles of sustainability across the Bank's core operations.

Our Sustainability Journey



Building on Arab Bank's long experience in philanthropic community development and support, the Bank realized the opportunity to achieve greater impacts by delivering on its community commitment through a more strategic approach and established a Corporate Social Responsibility (CSR) vision and mission.

Later, as the awareness of the concept of "sustainable development" became more prevalent globally, Arab Bank also realized the relevance of sustainability to its core business.

CSR Vision

To be the leading socially responsible financial institution in the Arab region.

CSR Mission

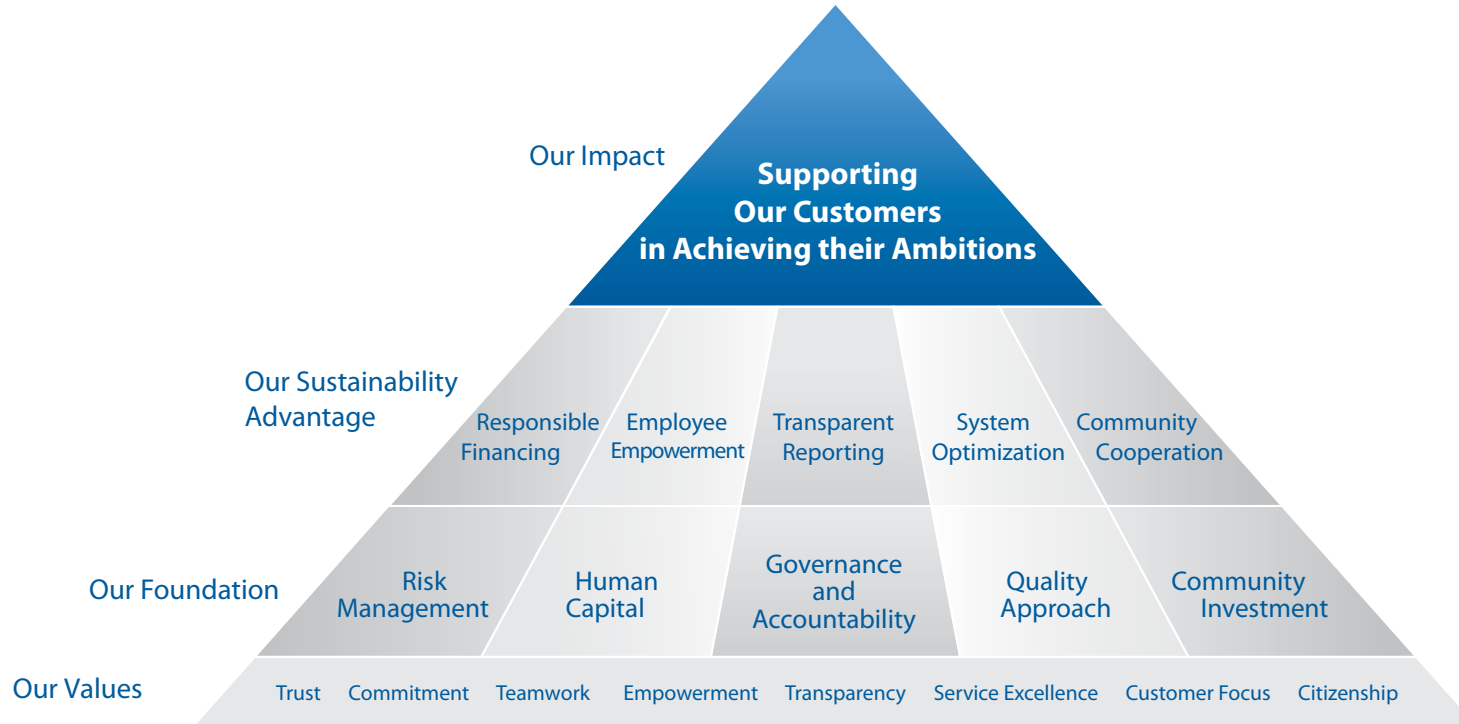
To continuously support, participate in and contribute to the advancement and well-being of our community.

Sustainable Development

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Our Sustainability Approach

Today, we continue to expand on our community initiatives, but are striving to move beyond community investments in achieving our CSR vision and mission. Under our newly developed sustainability strategy and framework, we aim to integrate sustainability into everything we do.



Our **values** guide and uphold our longstanding **foundation** of banking practices. Upon this foundation, we strive to build our **sustainability advantage** in order to ultimately achieve our greatest **impact**: Supporting Our Customers in Achieving their Ambitions.

In 2010, Arab Bank began creating a five year sustainability strategy built around the sustainability framework above. This sustainability framework is firmly grounded on our values and provides a clear roadmap that leverages our strengths in building our sustainability advantage and achieving a greater **impact**.

Achieving Integrated Sustainability Management

We believe that sustainability management plays an important role in the enhancement and optimization of our management systems through incorporating the wider range of economic, environmental and social risks and opportunities facing the Bank. Managing these broader aspects will enable us to effectively implement our sustainability strategy and constitutes an integral component of achieving business excellence.

Our Sustainability department is a part of the Branding division and reports to the Executive Vice President (EVP) of Branding. The EVP of Branding champions sustainability on the Senior Management Team and as a member of the Board of Directors, provides updates to the Board on the latest sustainability practices and programs implemented by the Bank.

Demonstrating our commitment to the integration of sustainability management, we have begun to identify responsibilities beyond the Sustainability department to be communicated to key departments across the Bank to implement the different aspects of our sustainability strategy.

Working in collaboration with the Sustainability department, the following departments lead the implementation of key components of our sustainability strategy:

- The Real Estate and Construction Management (RCM) division is responsible for implementing our operational environmental efficiency initiatives (see page 61-64)
- The Human Resources (HR) division is working towards empowering our employees (see page 38)
- The Corporate and Institutional Banking (CIB) division is responsible for our green project financing and realizing our responsible financing aspirations (see page 29, 37)
- The Consumer Banking (CB) division facilitates the Together donation channels for our customers (see page 27)

As we implement our sustainability strategy, we will continue to engage relevant departments in achieving our sustainability commitments.

Our Sustainability Report

This report uses our sustainability framework to outline our management approaches and 2010 performance in addressing the economic, environmental and social issues most material to our business. The development of our annual sustainability report represents one of many ways we engage with our stakeholders and aims to address the issues most relevant to our stakeholders. While we highlight some of our network-wide achievements, our 2010 sustainability report focuses on our operations in Jordan.

In producing our baseline sustainability report, we used the Global Reporting Initiative's (GRI) international guidelines, including the Financial Sector Supplement as guidance. The GRI provides the leading international guidelines for sustainability reporting and it has evaluated our report to meet GRI Application level B. A further explanation about the GRI levels can be found in Appendix C and an index of the GRI indicators that have been covered in this report can be found in Appendix D. It is our hope that our stakeholders will find this report useful and informative and will provide us feedback and suggestions for improvement for follow up reports.



Our Impact: Supporting Our Customers in Achieving their Ambitions

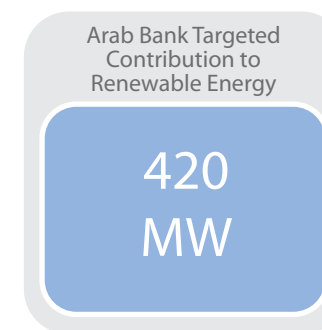
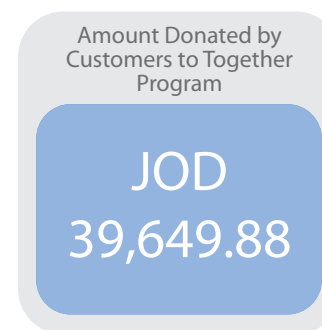


In 1948, when the Bank lost its branches in Jafa and Haifa due to political instability, Arab Bank insisted on fully redeeming all deposit claims by customers. While our customers' ambitions may be different today, our strong commitment to our customers lives on.

We engage with our customers in a variety of ways, offering multiple service and feedback channels. It is through these channels of communication that we regularly assess our customers' satisfaction. Listening to our customers encourages continuous service improvement and is a key driver for our product and service innovation, enabling us to offer the diverse array of products and services that we provide today.

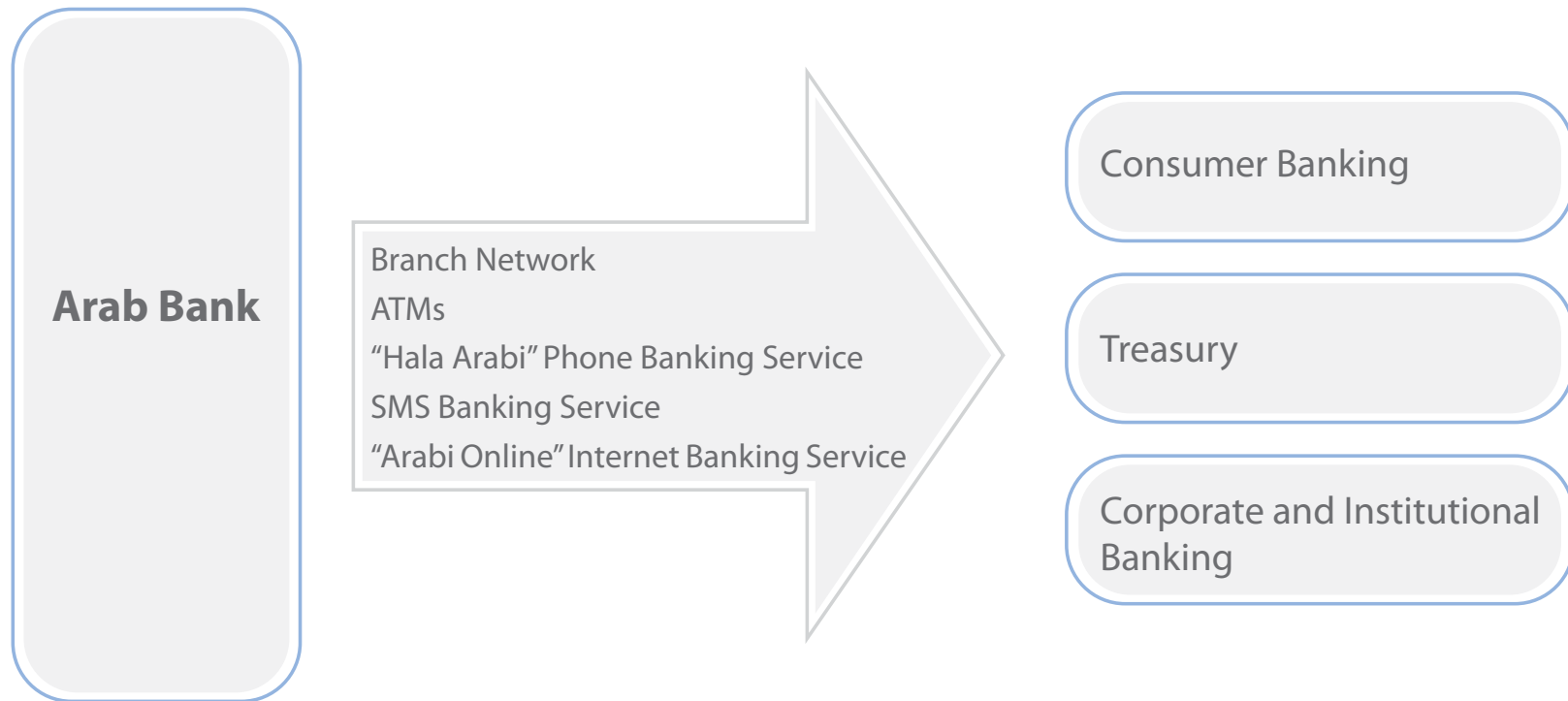


Performance Highlights



Engaging Our Customers

Arab Bank strives to provide convenient ways for its customers to meet their banking needs. Each of our core businesses has customized service channels to meet the varying needs of our diverse customer base. The Bank has five main channels for offering services to its customers and is always exploring other ways of making banking more convenient. Our service channels also enable customer participation through direct donations to our landmark CSR program, Together (read more on page 70).



Delivering Service Excellence

At Arab Bank, we aim to ensure that our customers are satisfied with all aspects of their customer experience. In 2009 the Bank commissioned a third-party research agency to evaluate Arab Bank's customer service performance, revealing an overall customer satisfaction rating of 81.6%, compared to the national industry average of 77.4%. All aspects of the Bank's customer services evaluated achieved a score that was on average 6.0% above the industry average⁴.

We are committed to continually enhance our performance in all areas affecting our customers' service experience through actively monitoring a set of service standards that were created according to industry best practices. To ensure the highest quality of service delivery, we utilize a combination of monitoring and measurement tools such as the voice of customer exercise, where we obtain direct feedback from customers on our key products and services. We also use mystery shopping to evaluate our customer service performance, where an anonymous



customer visits branches or calls the contact center to evaluate a real life service delivery using a predefined checklist of service standards.

We also receive real-time feedback from our customers through social media channels. Through our dedicated Facebook and Twitter pages, we gather ongoing comments and feedback and ensure resolution of complaints immediately. All complaints are forwarded directly to the Service Excellence department to ensure prompt resolution of any issues.

In addition to the above, we actively work on enhancing the range and features of our products and services with focus on value adding benefits such as credit card reward programs and easy installment plans, flexible mortgage offerings, payroll, Shabab accounts services and eStatements among other campaigns geared towards increasing customer satisfaction and meeting their needs.

⁴Industry average for six of our competitor Banks in Jordan.



How We Evaluate Customer Satisfaction

Aspect	Criteria
Branches	Access, location, overall appearance, privacy of transactions, number of branches, efficiency of queuing system and appearance of waiting areas.
ATMs	Maintenance, locations, geographical distribution, user friendliness, security, services available, accuracy and reliability.
Products and Services	Variety and meeting the needs of customers.
Credit Cards	Efficiency of application and credit card features.
SMS Banking	Range, accuracy and timing of alerts and ease of subscribing to the service.
Call Center	Waiting time, knowledge and clarity of answers, responsiveness and respect of customer service representatives and ease of reaching the intended destination.
Customer Service and Customer Courtesy	Speed of service, employee knowledge, courtesy, responsiveness, attitude, compliance with customer service procedures and branch appearance.

Products and Services for a Changing World

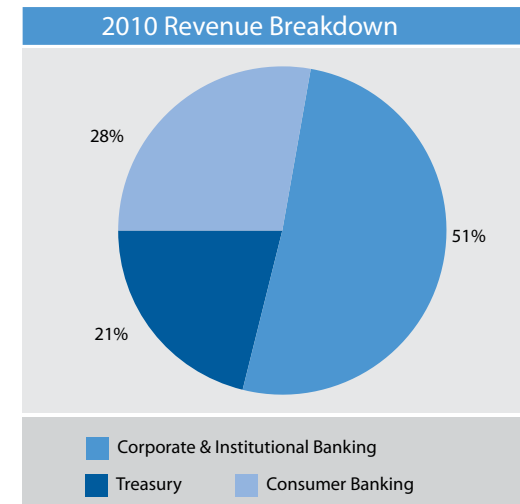
Arab Bank provides a variety of financial services in addition to a wide range of products for individuals, corporations, government entities and other international financial institutions, each tailored to suit our customers' evolving needs.

The Bank has three main lines of business: Consumer Banking, Treasury, and Corporate and Institutional Banking. Currently, our Corporate and Institutional Banking is our largest business by revenue.

Consumer Banking

Our Consumer Banking business offers all types of personal accounts in all major currencies, personal loans, overdraft facility, remittance services, bancassurance products, home and auto loans, credit cards, term deposits, currency exchange and investment opportunities. In recent years, we have increased the diversity of products and services offered through catering to niche customer segments.

In 2010, the Bank released revamped credit card products as well as new payroll account packages. The AB Rewards loyalty program for credit cards was also launched in conjunction with online banking marketing campaigns that offered prizes and incentives to its users through draws for prizes. We also launched Flexi and Easy Home Loans to meet the needs of customers with different income and loan profiles, in addition to the Home Improvement Loan for the purpose of home renovation, debt consolidation and cash finance.



In recent years, we have increased the diversity of products and services offered through catering to niche customer segments.

We grew our deposit base through offering additional services to Arab expatriate residents, the additional services cover customized non-resident mortgages, free remittances, home country credit card designs, in addition to co-branded credit cards with reward schemes.

Our Elite banking segment provides a dedicated and highly personalized banking service to high net worth customers covering a full suite of wealth management products and investments. The investments are offered in collaboration with Arab Bank Group companies, including Europe Arab Bank, Arab Bank Switzerland, AB Invest and AB Capital, and enable Elite customers to have access to funds, structured products, investment management services and brokerage services.

In 2010, our qualification criteria were reassessed to consider customer profile in addition to relationship value. New customers were identified against the new criteria and invited to subscribe to Elite services. This re-segmentation exercise corresponded with the roll out of Platinum debit cards exclusively offered to our Elite customers.



In 2010, we also expanded our youth and children banking services as part of our Consumer Banking growth strategy.

Our **Shabab account** offers a distinctive bundle of services that are specially designed to meet the financial and non-financial needs of young customers. Shabab account holders are eligible for draw campaigns for prizes such as money towards education.

Our **Jeel Al Arabi account** supports the ingraining of financial management skills at a young age. The account is designed for children (up to 18 years old) to make the important topic of financial management fun and exciting.

As part of our sustainability strategy, we have begun designing our products and services with sustainability in mind. These products enable and support sustainability in consumer behavior and include the Together credit card and paperless banking initiatives including eStatements and e-Saver accounts.

Together Donation Channels

Launched in 2009, this service facilitates the customers' engagement and giving to the community; it allows customers to donate to the Together program through four distinct service channels (see more page 22)

Together Platinum Credit Card

Also launched in 2009, this platinum credit card is the first of its kind in the Middle East, Africa and Central Europe. The card enables a marginal 0.5% of customers' purchase amounts to be donated to the Together program's five NGOs (see more on page 71). The Bank matches the donations and allocates 50% of the annual fees to support these organizations. In 2010, JOD 8,826.38 was raised from this product.

eStatement

As part of its continuous commitment towards environmental sustainability and efforts to reduce resource consumption, Arab Bank will launch its eStatement Service in 2011, whereby customers can receive their bank and credit card statements electronically instead of paper statements.

e-Saver Account

To be launched in 2011, this specially-designed service for saving accounts will not only reward customers with a high interest rate for transacting online, it is also the only Arab Bank account which has online statements as a mandatory feature.



Treasury

Integrated into a global network of Treasury centers, Arab Bank provides an incomparable level of regional market expertise. Our teams are diversified and highly experienced in their specialized market sectors, offering valuable services and support. Our Treasury services are offered to both our corporate and consumer banking services. They include money market transactions, fixed income securities, spot and forward foreign exchange, foreign exchange derivatives, interest rate derivatives, commodities and precious metals trading services and structured products and complex hedging solutions.

Despite the continued volatility and uncertainty for the world's financial markets and economies, the Arab Bank Treasury not only successfully managed and strengthened the Bank's liquidity position, but also delivered consistently profitable products, services and results for the Bank and its customers. In 2010, Arab Bank participated as part of a consortium of major international investment banks as an underwriter and a joint lead manager of the five year USD 750 million Eurobond issued by the Hashemite Kingdom of Jordan. In 2011, we will focus on further developing our offerings and execution capabilities in fixed income securities and providing hedging solutions for customers.

Corporate and Institutional Banking

Arab Bank is one of the few banks in the region that offers the full range of Corporate and Institutional Banking (CIB) products and services, leveraging Arab Bank Group's extensive presence across five continents.

In order to meet the future financing requirements of our clients, CIB continuously enhances its capabilities to remain the top choice for banking services for years to come. CIB has launched some strategic initiatives and projects in 2010 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. These initiatives will ensure that CIB maintains its competitive edge in the corporate and institutional banking marketplace while aligning our capacity to meeting the dynamic requirements of our clients.

In Jordan, we offer overdrafts, terms and revolving loans, syndicated loans, discounted bills, project finance and trade finance products.

The Bank has also great interest in environmentally-friendly projects in Jordan including solar water heater manufacturers, the As-Samra Wastewater Treatment Plant and the first photovoltaic (PV) module producer in Jordan and the Arab world. These PV modules directly generate electricity from solar radiation.

CIB continuously enhances its capabilities to remain the top choice for banking services for years to come.

The Bank has invested in several environmentally-friendly projects in Jordan.

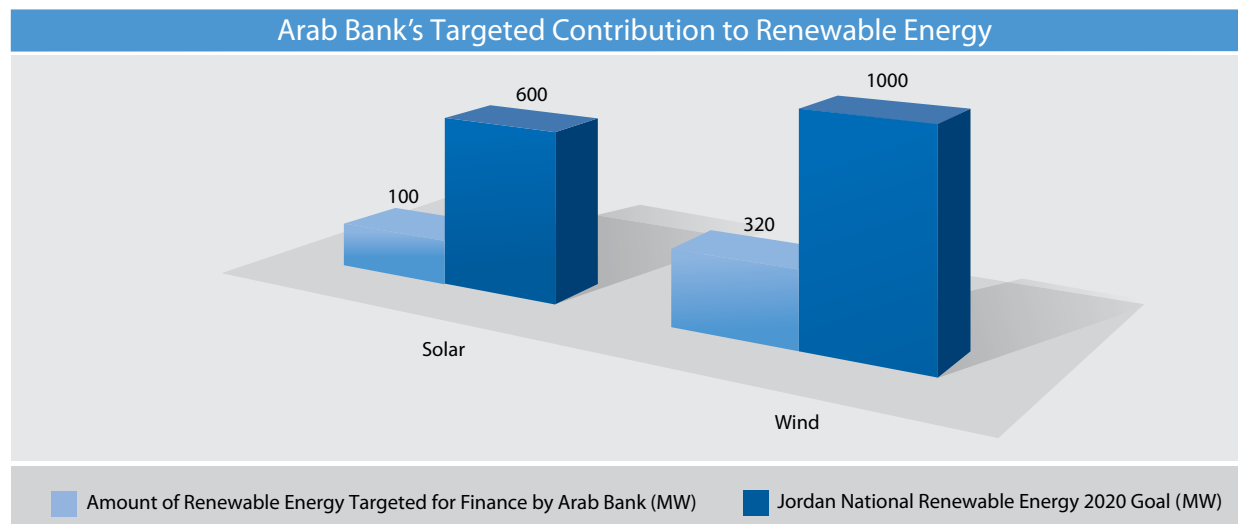
In light of the Bank’s continuous support for environmental stewardship and Jordan’s transition to a low carbon economy, it is also pursuing several renewable and clean energy investment opportunities, including:

Project	Amount of Power to be Added to National Grid (MW)
Amman East Power Plant (Independent Power Generation Plant – Read more on page 31)	370
Al-Qatrana Plant (Independent Power Generation Plant – Read more on page 31)	370
Kamshah Wind Farm	30-40
Fujeij Wind Farms	80-90
Harir Wind Farm	200
Shams Ma’an Solar Power Generation Plant	100

Completing all of these projects will add an additional 1160 MW of renewable and greener energy to the Jordanian grid – enough energy to power over 1 million homes in Jordan.

These investments will also contribute to the national energy goal of adding 600MW of solar power and 1000MW of wind power to Jordan’s energy mix by 2020.

Further details on our products and services can be found on our website at www.arabbank.com



Case Study: Supporting the Kyoto Protocol

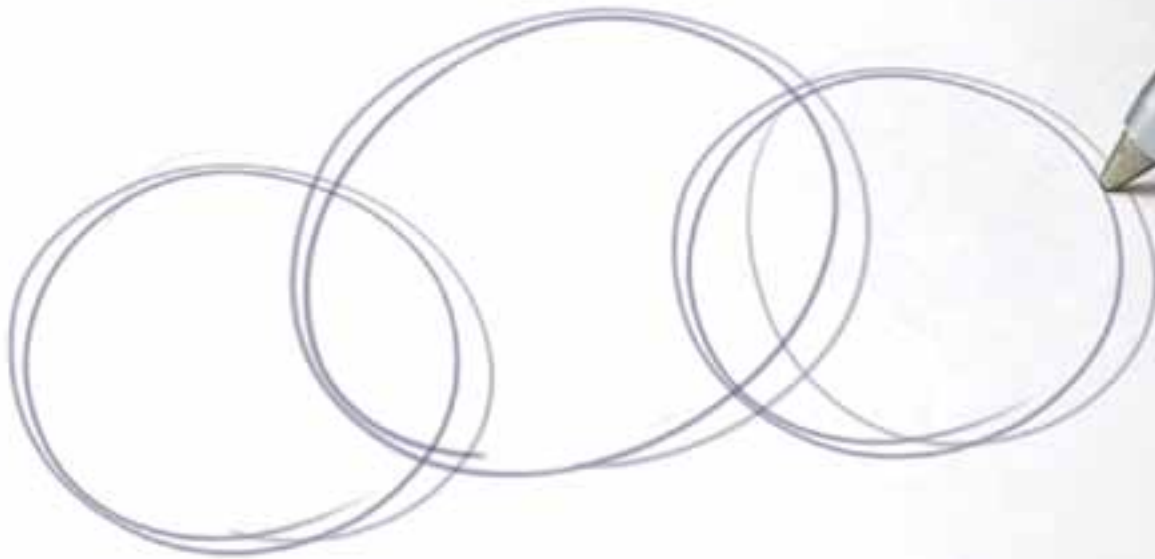
Arab Bank played a leading role in the financing of landmark projects in Jordan that qualified for carbon credit revenue through the Clean Development Mechanism under the Kyoto Protocol.

Arab Bank acted as the Onshore Account Bank and Onshore Security Agent for the financing of the first Independent Power Generation Plants (IPPs) in Jordan, which were structured under a Build Own and Operate (BOO) basis. Each plant will add 370MW to the national generation capacity, increasing the overall capacity by 14%. The plants use two natural gas fired turbines and a third combined cycle steam turbine, which captures the heat energy to harvest additional electricity. Natural gas burns cleaner than conventional fuels and has a lower carbon footprint.

In addition, Arab Bank has been financing one of the key aspects of infrastructural development in Amman and Zarqa through a Public Private Partnership with the Ministry of Water and Irrigation. The Bank arranged project financing required for a state-of-the-art wastewater treatment plant through a syndicated loan. The JOD 120 million project, As-Samra Water Treatment Plant, the largest wastewater treatment plant in Jordan, is also a low impact plant. The bio-sludge is used to fertilize non-human-consumption agriculture, the treated water is resold to farmers for irrigation and the biogas is used to generate 80% of the power required for the plant. This project was the first Build, Operate, and Transfer (BOT) project in Jordan. In 2010, Arab Bank was mandated to provide the financing of the plant's expansion. It is expected that it will be operational by 2013.



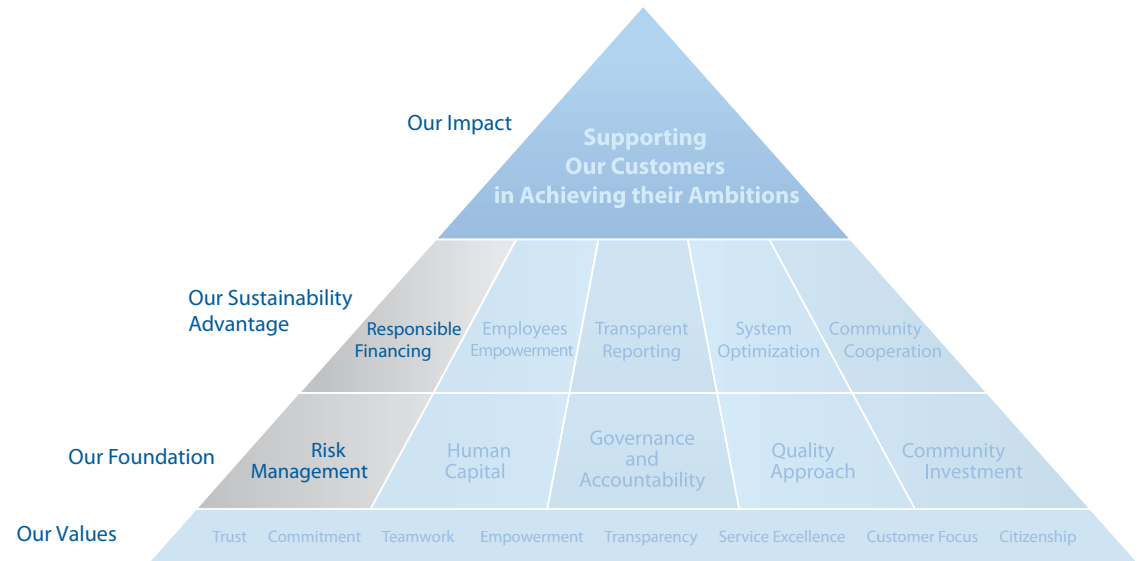
Towards Responsible Financing



Arab Bank is built upon a historic foundation of sound **risk management** practices that have evolved throughout the decades, adapting and changing to the constantly evolving risk realities.

Today sustainability presents additional risks and opportunities to companies regardless of sector and geography. As an organization that has a major impact and influence, it is the Bank's responsibility to ensure its practices are not only more sustainable, but also more importantly, to ensure that the projects and people that it is funding on a day-to-day basis are adhering to the highest standards of social, economic and environmental responsibilities.

Arab Bank is currently equipping itself to ensure the principles of **responsible financing** are systematically integrated into its business practice, while concurrently capturing the opportunities available from leading a transition towards a more sustainable economy and country.



Performance Highlights

Payment Card Industry Certification

1st in Jordan to Achieve

Percent of Employees Completing Code of Conduct Training

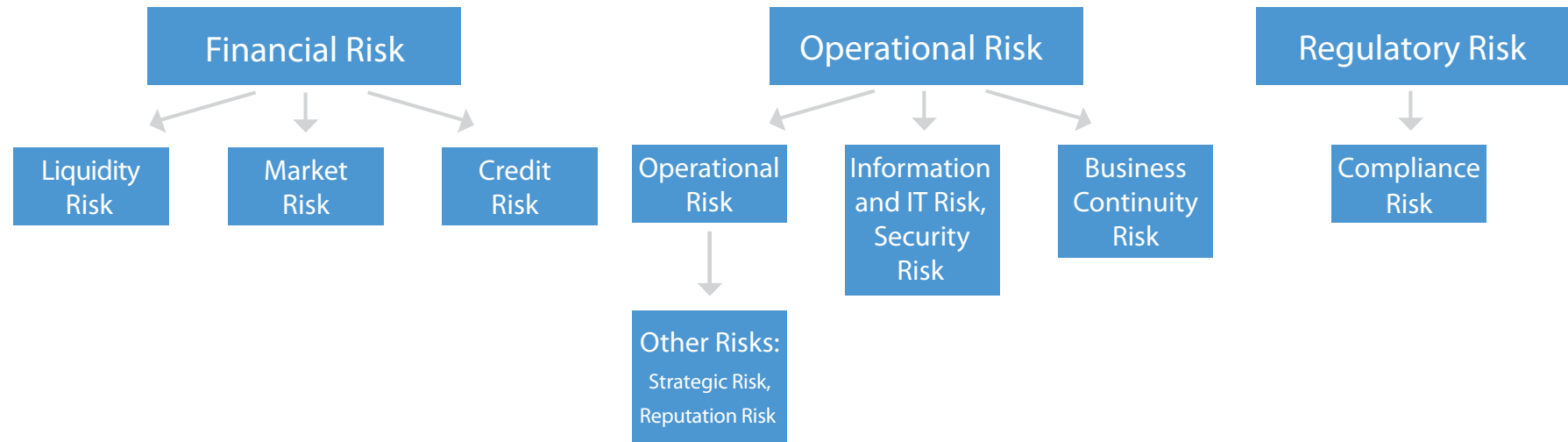
100%

Risk Management

Arab Bank is built upon a foundation of prudent lending policies, a strong capital base and a historic emphasis on liquidity and cautious deployment of funds. Today the Bank executes a comprehensive strategy to identify and manage all types of risks, at all levels of the organization including risks related to financial crime and customer privacy and security.

Our Approach to Risk

Our risk management strategy is embodied in a holistic Enterprise Risk Management Framework that aids us in identifying opportunities to improve our performance with respect to our major risk areas, which are classified into Financial Risk, Operational Risk and Regulatory Risk as outlined in the diagram below.



Group Risk Management is responsible for establishing risk management policies and procedures for all types of risks, advising and promoting awareness on best practices, developing and implementing various risk management frameworks, developing appropriate risk measurement tools and models, assessing risk positions against established limits, with timely monitoring and reporting to senior management.

Each unit within Group Risk Management has specific goals in continuing to develop the Bank's financial and operational risk management based on best practices, international guidelines and regulations of the Central Bank of Jordan. Further information and disclosure on our risk exposure can be found in our 2010 annual report.

Information security

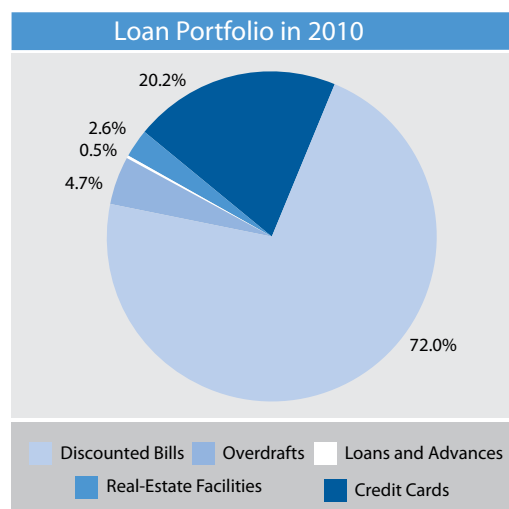
The Information Security and Business Continuity Risk Management department follows a risk-based approach aimed at protecting the confidentiality, integrity and availability of Arab Bank information assets, by ensuring appropriate controls covering technology, people and processes. Our Information Security and Business Continuity programs are designed to minimize information and technology risks, to maximize compliance with related internal and external requirements and to ensure the continuity of critical operations during crises. These programs cover policies and procedures, Risk and Compliance Assessments, Vulnerability Management, Incident and Crisis Management, Contingency Planning, Awareness Raising, Monitoring and Reporting.

Compliance Risk Management

The Bank is committed to fully comply with both; the spirit, and the letter of applicable regulations, and to always act with due skill, care, and diligence. With the ongoing support of executive management, the vigilance of the Group Regulatory Compliance Division, business and support teams, the Bank continues to meet and exceed the expectations placed by the evolving regulatory environment and strengthen our compliance program while taking into consideration the realities of running a business.

Highlights of the compliance function's scope of coverage include regulatory compliance, such as data protection, customer privacy and Anti-Money Laundering laundering and Combating combating Terrorist terrorist Financing. The following are among recent significant initiatives aimed at further strengthening the Arab Bank compliance program as well as promoting compliance across the MENA region:

- Developed and implemented Bank-wide Compliance, Code of Conduct and Anti-Money Laundering (AML) e-training and awareness
- Implemented industry leading (AML), Combating Terrorist Financing and monitoring solutions, including name checking against sanction lists
- Partnered with Financial Intelligence Units and banking associations for the purpose of providing AML and compliance awareness



As a result, Arab Bank will be the first in Jordan to achieve Payment Card Industry (PCI) certification from the Security Standards Council and continues to garner a high level of trust amongst our customer base.

Responsible Financing

Banks have a major role to play in enabling and directing economic development, presenting Arab Bank with a unique and significant opportunity to encourage sustainable development of the Jordanian economy. The Bank is currently exploring ways of encouraging sustainability in the projects that it finances and has begun systematically integrating principles of responsible lending into its financing practices.

Our Approach to Lending

Arab Bank has always maintained a conservative approach to lending, taking additional precautions against loans that fall under non-performing and watch list categories.

The Bank assesses the quality of corporate governance in all of its corporate borrowers as part of the lending and credit approval process; however the Bank is always scanning the markets for new ways to effectively manage the risk of loan defaults, as loans and advances make up the majority of the loan portfolio (72.0% in 2010). This approach to lending has helped Arab Bank in weathering the financial crisis.

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

The **Equator Principles** represent the financial industry gold standard for sustainable project finance. They are used to determine, assess and manage social and environmental risk in project financing and apply to any project with total capital costs of USD \$10 million or more. In 2010, over 65 financial institutions were using the principles globally.

Integrating Environmental and Social Criteria in Lending

In line with Arab Bank's ambitions to ensure secured project loans, it is currently assessing the best approach to further integrate environmental and social risk analyses into its lending practices. The Bank already integrates its own environmental and social criteria when considering projects to finance. These environmental and social criteria are in line with Principles 1 through 9 of the 10 Equator Principles and are considered as part of most project financing decisions. As part of our due diligence process, all of our projects financed must provide the following to reputable top tier technical advisors for review:

- Environmental Impact Assessment
- Traffic Impact Assessment
- Social Impact Risk Mitigation Plans
- Health and Safety Plans for Construction and Operation Phases

In addition to reviewing these plans and assessments, the technical advisor must provide recommended reporting requirements and standards for the Loan Agreement documentation in addition to an assessment of compliance with Jordanian Environmental Law (Environmental Protection Law No. 52, 2006). Examples of these environmental regulations and standards include:

- JS893/2006 Requirements for Reclaimed Wastewater
- JS202/2002 Requirements for Discharges of Industrial Effluents
- JS1140/1996 Ambient Air Quality Standards
- JS1563/2004 Jordanian Bathing Water Standards

All relevant standards are used to assess any new lending opportunity. Furthermore, most Loan Agreements integrate environmental aspects into the Representations and Warranties and Information and Covenants clauses, ensuring that borrowers obtain the required statutory permits and licenses related to relevant environmental laws before project initiation. The Bank strives to continuously improve the integration of environmental and social criteria into its lending practices in order to minimize their associated risks and potential project impacts.

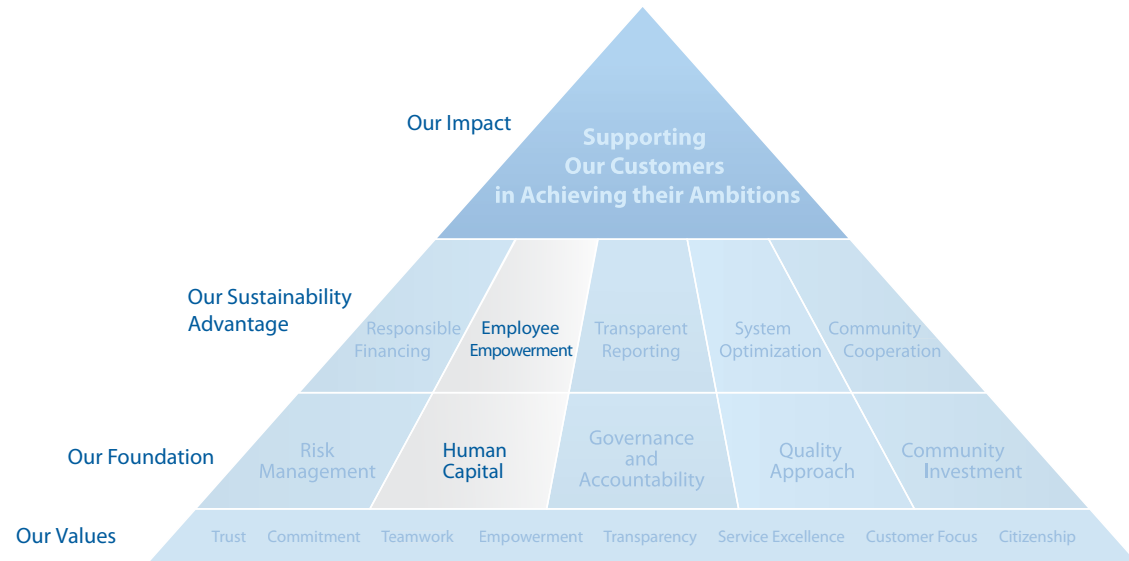
Towards Employee Empowerment



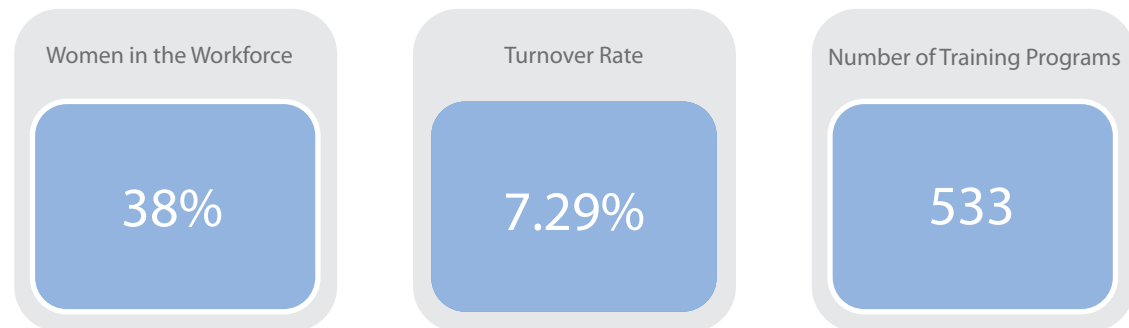
The Human Resources (HR) division within Arab Bank is comprised of 80 employees at the end of 2010 working in nine departments. These departments collectively work to attract and retain the best and brightest talent and to achieve the highest levels of satisfaction for all employees.

It is this talent that is ultimately delivering our impact of supporting customers to achieve their ambitions. Thus, Arab Bank strives to ensure its **human capital** is representative, diverse and able to operate in a safe, healthy, fair and vibrant workplace.

Building on this foundation, Arab Bank is investing significant resources in fostering greater employee engagement, development and satisfaction, maintaining **empowered employees** that are fully equipped to deliver excellence to our customers.



Performance Highlights



Human Capital

Over the past 80 years Arab Bank has built a diverse and loyal workforce that demonstrates noteworthy investments into youth, female and local talent. Arab Bank has also created a working environment that is safe, secure, and competitive to ensure all employees are treated fairly and with respect, upholding the highest standards of integrity and trust, with an ultimate objective of achieving high levels of satisfaction.

“ The Bank can only be as good as the people who are responsible for its operations at all levels and across all geographical locations. ”

Abdel Hamid Shoman
Executive Chairman

Workforce Profile

Our workforce grew by 3.3% adding 89 employees to reach 2,776 employees in 2010. Comprising 44% of all Arab Bank PLC employees, the workforce in Jordan constitutes the backbone of the business. The proportion of employees aged 18-40 grew from 76% to 78%, showing the Bank’s continued commitment to the employment of national youth. The Bank depends on local talent with 99% of the entire workforce of Jordanian nationality. Representing an investment in national talent development, 60% of our senior management team and 100% of our branch district managers are local.

Workforce By Employee Level	2010	2009
Total workforce	2776	2687
Number of senior level positions	33	33
Number of middle management positions	292	287
Number of non-management clerical positions	2153	2086
Number of non-clerical positions	298	281
Total Workforce By Age		
18-30	1331	1191
31-40	834	856
41-50	503	530
51-60	104	105
Above 60	4	5

Arab Bank is an equal opportunity employer and aims to foster a culture that is supportive of females in the workplace. In 2010, 38% of our employees were female, compared to 35% in all of Arab Bank PLC and the national average of 16.4% in the Jordanian private sector.



The Bank cultivates an inclusive environment where female employees are challenged to take on managerial roles with 28.8% of middle management and 21.2% of the senior management team being female.

Women in the Workforce	2010	2009
Women in the workforce	38%	38%
Women in senior management	21.2%	18.2%
Women in middle management	28.8%	27.5%

Compensation and Benefits

Arab Bank provides competitive salary packages with a standard entry wage which is more than double the Jordanian minimum wage. Competitive salary packages are commensurate with experience and independent of gender. Market pay scale studies are conducted annually to ensure that our remuneration schemes remain competitive and in line with local standards of living.

The Bank also offers competitive corporate benefits schemes, local and international training courses, secondment opportunities and higher education scholarships. All of our employees are eligible to receive benefits, including comprehensive medical insurance, where specific benefits vary with pay grade and employment levels.



Employee Well-being

While the risk of major health and safety incidents is relatively low in the service industry, Arab Bank is committed to continuously minimizing this risk to ensure zero workplace related injuries and fatalities. The Bank uses established standards for guidance on this topic, including the Occupational Safety and Health Administration (OSHA) and the code for occupational health and Safety, integrated with the Jordanian Labor Law.

All work related accidents are prudently investigated and reported, stating their cause and taking remedial measures to prevent similar accidents in the future. In 2010, the total number of reported accidents in Arab Bank in Jordan was four, equivalent to approximately one incident for every 1000 employees. These included a small fire incident, two fainting incidents caused by the inhalation of detergents used during construction works and a malfunctioned elevator. All of these incidents were resolved promptly and none resulted in serious injuries. As a commitment to safety, we keep complete records of all accidents and injuries across the network and have an on-site doctor at our Head Office to enable quick response times to any employee injuries, accidents or wellness issues.

In line with our commitment to continuously improve our health and safety performance, Arab Bank has created precautionary pandemic and evacuation plans to be implemented in the event of a major incident. The Bank also created a designated first aid team in 2010. Approximately 270 employees were trained and certified in administering first aid in 2010 and will continue to be trained every four months to stay up to date. Arab Bank supports the

maintenance of a balanced and healthy lifestyle so in 2010, Arab Bank sponsored 442 employees, their families and friends to run in the Dead Sea Ultra Marathon, and 1100 in the Amman International Marathon. The Bank also provided free H1N1 immunization to its employees along with important information and tips on how to prevent the spread of the virus. Arab Bank has also hosted an anti-smoking workshop to raise awareness on the health effects of smoking

and supported 15 employees to be trained by the King Hussein Cancer Foundation on breast cancer issues. This Train the Trainer program enabled the 15 participants to in turn deliver training to 150 female employees at the Bank.

In 2011, we aim to implement two more health related initiatives covering important health topics that are of interest to our employees and their family members.

“ Protect my capital,
protect my community,
protect my staff, and
protect my name...
and from that,
everything else will
follow. ”

**The late Abdul Majeed Shoman
(1912-2005)**

Human Rights

Arab Bank respects the International Declaration of Human Rights and implements strict Human Resource internal regulations that ensure the provision of a work environment free from any form of harassment, particularly sexual harassment, intimidation or bullying and discrimination against race, gender, color, language, political beliefs, national or social origin, property, ethnic origin, disability, age, health status, and marital status. Arab Bank also prohibits child and forced or compulsory labor.

Job duties and responsibilities are delivered in writing to employees and reasonable advanced notice of termination is given according to local laws. The Bank does not withhold employee travel documents and employees are free to resign.



Paid annual leaves, sick leaves and other leaves are regulated in reference to the local laws and internal instructions of the Bank. The Bank also provides maternity leaves for women without risk of losing their employment or responsibilities, in addition to reasonable breastfeeding breaks in line with local laws. Welfare schemes, disability coverage, retirements and social security payments are also provided to all employees in accordance with social security regulations.

To ensure accountability, all new employees must sign a document confirming they have read and understood the HR internal regulations, including all of these human rights elements. These regulations are reviewed every year to ensure that they address arising human rights issues and risks.

Building Integrity and Trust

Integrity and trust are weaved throughout the fabric of the Arab Bank culture as values that are central to our organizational success, inspiring confidence in our customers and investors.

To guide employee actions, the employee Code of Conduct, a mandatory requirement for all employees to know and understand, covers a wide range of subjects including compliance with legal and regulatory requirements (including anti-money laundering, counter-terrorism financing, fraud, corruption and harassment), confidentiality, conflict of interest, insider information and trading in securities and information security.

Training on this policy is conducted electronically for all employees. The e-training, designed to help employees to recognize and prevent questionable conduct, was launched in Arabic, English and French in October 2010 and has been completed by 100% of our employees. All new employees will also complete this mandatory training.



Employee Empowerment

Our exceptional human capital is what gives us an advantage, and thus, Arab Bank continues to invest in the empowerment of employees through engagement, recognition, training and development programs, ensuring their happiness and well-being through health workshops and volunteering opportunities.

Employee Engagement

Arab Bank takes a proactive approach to the engagement of its employees, providing numerous two-way communication channels. All employees receive annual performance reviews with their supervisor or line manager to identify development progress and areas for improvement. This facilitates openness and dialogue between employees and their supervisors and allows for the Bank to provide appropriate and targeted training opportunities as discussed in the next section.



In 2010, Arab Bank implemented a bank-wide internal communication survey that measured and evaluated employees' access to information, news and intranet usage. The results of the survey supported the Bank's overall internal communication strategy that aims to ensure effective and transparent communication. Arab Bank has also recently launched an internal newsletter which is sent to all employees covering news on the Bank across the network, keeping employees informed and aware of all the latest internal and external developments.



The Bank also systematically manages employee concerns, suggestions and comments through its Arabina intranet platform built to improve communication and collaboration. The platform houses the Complaint Management System (CMS) and the Employee Suggestion Tool.

The Arab Bank CMS is designed to protect the identity of the employees, while providing a direct channel of communication to the Human Resources division and the Office of the Chief Executive Officer in serious cases. The average percentage of employees submitting complaints in 2010 was 5.5% and 2.8% for all of Arab Bank in Jordan and PLC employees respectively. Of these complaints, 97% of them were actionable and resolved; the remaining 3% were categorized as non-actionable as they comprised general comments.

The Employee Suggestion Tool is designed to present the opportunity for employees to stay engaged and share their opinion and suggestions on Arab Bank operations and procedures. Most of the suggestions received in 2010 were focused on new ideas to develop the internal communication tool (Arabina). Other suggestions focused on ways to ease internal operations and enhance work procedures. All of these suggestions were handled by the Corporate Communications department through forwarding suggestions to relevant departments or by contacting employees and discussing their requests directly.

In addition, employees can access the Human Resource Management System (HRMS), which was designed to engage employees in performance management, learning and development, manpower planning, career path modules, amongst other HR activities. The HRMS facilitates a structured approach to HR management through well-designed e-applications that are easily accessible to employees. This enables employees to take ownership of their personal development and fosters a transparent environment.

Employee Turnover

Employee turnover is one of the key measures that Arab Bank uses to gauge employee satisfaction. In 2010, the total turnover rate was 7.29% representing a 0.45% decrease from 2009 despite the number of employees continuing to grow each year.

Turnover	2010		2009	
	Number	Rate	Number	Rate
Total workforce turnover	196	7.29%	215	7.74%
Total voluntary employee turnover	136	5.10%	158	5.7%
Total involuntary employee turnover	60	2.23%	57	2.1%
Total workforce turnover by employment level				
Turnover in senior management	1	3.3%	2	6.06%
Turnover in middle management	19	6.62%	19	6.51%
Turnover in non-management clerical positions	157	7.53%	187	8.69%
Turnover in non-clerical positions	19	6.76%	7	2.35%
Total workforce turnover by gender				
Turnover in female employees	82	3.1%	67	2.41%
Turnover in male employees	114	4.2%	148	5.33%
Total workforce turnover by age				
18-30	40	1.5%	31	1.11%
31-40	109	4.1%	126	4.53%
41-50	32	1.2%	46	1.7%
51-60	15	0.5%	12	0.43%

Training and Development

The Training and Development department generates learning facilities for Arab Bank employees that support decreasing the gap between the actual and planned competencies required to develop employees in completing their daily work activities.

The Arab Bank virtual branch is a simulation environment that fully exposes trainees to various branch operations before they commence their jobs. Employees and newcomers receive branch technique training to gain the necessary skills and knowledge. To enhance technical and soft competencies, employees are able to use the “e-tadreeb” solution, which is a web-based learning management system that provides comprehensive capabilities to manage, develop and deploy online instructor-led training courses.

In 2010, the total number of training programs implemented in Jordan increased to reach 533 programs compared to 297 programs in 2009. The below table outlines the types of programs, number of sessions and number of trainees.

Training Program Type	Number of Sessions		Number of Trainees	
	2009	2010	2009	2010
Scheduled Training Agenda	5	179	65	3330
Unscheduled Programs	191	35	1021	643
Middle Management Programs	1	105	11	2045
External Courses and Conferences	62	169	178	1186
Internet Courses	2	2	2	2
Courses attended at Head Office	1	6	1	75
English and Computer Courses	35	27	97	128
Certification Program	0	10	0	23
Total	297	533	1375	7432

Advanced Training Programs

23
Graduates
in 2010

Certified Internal Trainer Program

At Arab Bank, we believe in the concept of “training the trainers” to ensure that a culture of continual training and development is embedded throughout the organization, fostering increased teamwork and collaboration. The Certified Internal Trainer program was created to facilitate organizational knowledge transfer and to build the training competencies of subject matter experts. In 2010, 23 employees completed the training course, with an additional 11 to be certified in 2011.

12
Graduates
in 2010

Certified Mentoring Program

The Certified Mentor Program allows employees to become Certified Mentors through a structured learning curriculum, with monitoring and assessment support from the Bank’s Training and Development department. This facilitates additional lines of communication, personal growth opportunities and effective integration of new employees. The Bank currently has 12 Certified Mentors from different geographic areas and functions.

54
Graduates
in 2010

Certified Branch Manager

A six month comprehensive training program was provided to 54 branch managers in Jordan to build their managerial competencies, enhance service quality, increase customer focus and facilitate communication between different branches.

123
Graduates
in 2010

Pioneers Program

This program identifies and prepares high potential future bankers of Arab Bank to complete 3-4 months of intensive theoretical and practical training programs. Potential candidates for this program are selected based on their behavioral competencies. Since the program’s inception in 2002, approximately 123 employees have graduated, and another 28 are expected to graduate in 2011.

Employees in the Community

At Arab Bank, volunteerism plays an important role in keeping our employees engaged and motivated. In 2010, a total of 150 hours were invested into the community through 498 employee volunteers. Our voluntary activities are a strategic component of our Together program, an integrated CSR platform that addresses five key environmental and social development areas. Further information on the Together program and how our employees have contributed can be found on page 70.

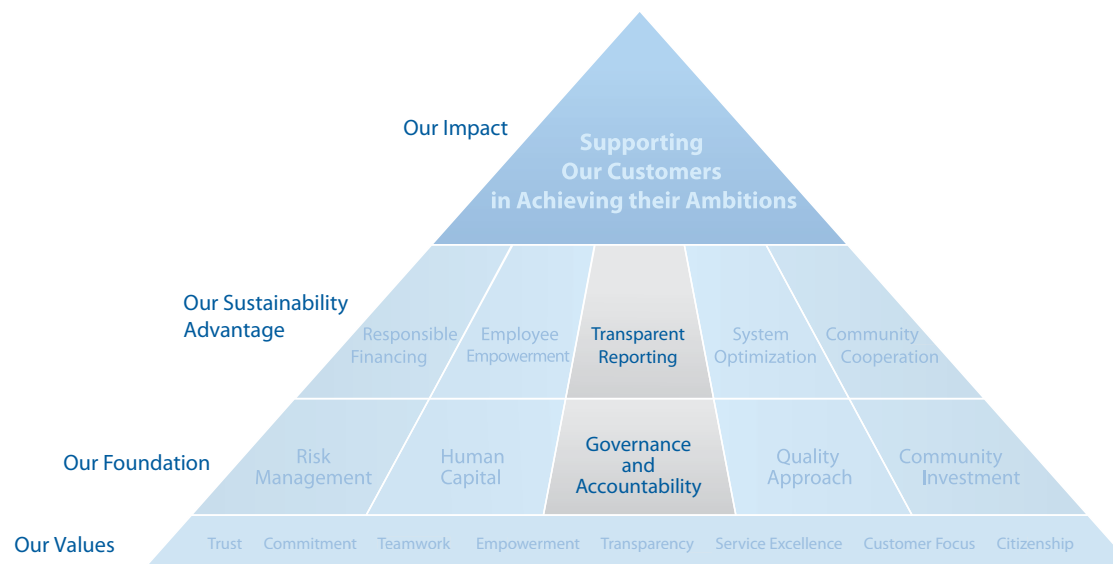
Towards Transparent Reporting



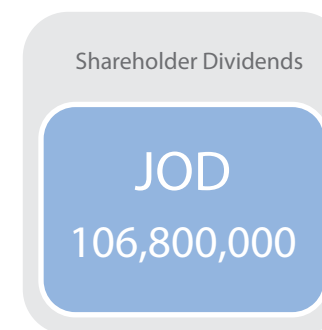
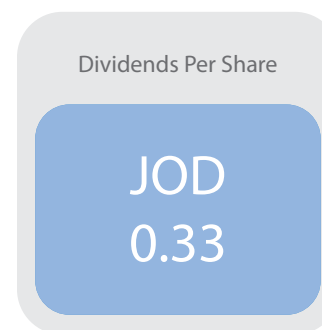
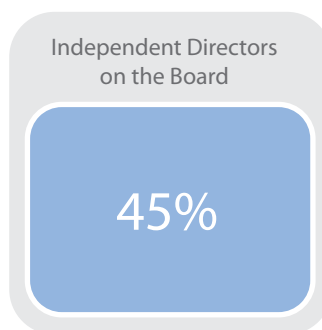
Good governance and accountability practices are vital elements to Arab Bank's success over the past 80 years. Our corporate governance framework provides clear guidance for the Bank's decision makers and encourages the active engagement and participation of all shareholders in holding the Bank accountable to its ambitions.

Building on the Bank's long history of transparency, it aims to further stretch its **transparent reporting** practices by detailing our sustainability performance in this sustainability report. Arab Bank is looking to build a dialogue and grow its realm of **accountability** beyond the Board and shareholders to include all stakeholders.

By opening this dialogue on social, economic and environmental impact and performance, the Bank strives to inspire co-innovation, collaboration and collective growth with its stakeholders in order to achieve a greater impact for its customers and society at large.



Performance Highlights





Governance and Accountability

Arab Bank is proud to be a leader in corporate governance and accountability practices in the region, adhering to the highest international best practices. The Bank has a comprehensive corporate governance framework, coupled with high standards of transparency and disclosure, helping to inspire shareholder confidence and trust.

Board of Directors

The Board is responsible for governing Arab Bank, which includes Arab Bank in Jordan operations. In 2010, the Board held six meetings and is comprised of 11 members, five of whom are independent Directors (as defined by Arab Bank's Corporate Governance Guide) and two of whom are female. As of December 2010, one member was below age 40, four were between the ages of 40-60 and the remaining six were above the age of 60. The Board is chaired by Mr. Abdel Hamid Shoman. The roles of Chairman and Chief Executive Officer are separated in line with best practices of corporate governance. This year witnessed the departure of Mr. Mohammad Thabet Taher and the addition of Ms. Dina Shoman, EVP of Branding. In addition, the representative for the Abdul Hameed Shoman Foundation changed

from Al Sharif Faris Abdel Hameed Sharaf Sharaf to Mr. Khaled Irani, former Minister of Environment in Jordan. While employees do not have direct contact with the Board, they can submit their suggestions to the Board via the Employee Relations Committee.

The composition of the Board is formally decided upon through elections by the Annual General Assembly for a term of four years and is selected on the basis of optimizing the mix of skills and experience relevant to the Bank. Overall Board performance is assessed informally on an annual basis and individual Board members can be nominated for additional terms 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).

The Board delivers on its responsibilities in part through the Corporate Governance, Selection and Remuneration, Audit, Strategy and Risk Management Committees. More information on the Board committee mandates and our corporate governance practices can be found in the 2010 Annual Report.



Mr. Abdel Hamid A.M. Shoman
Executive Chairman



Mr. Sabih Taher Darwish Al-Masri
Deputy Chairman



Mr. Samir Farhan Khalil Kawar
Board Member



Mrs. Nazik Odah Al Hariri
Board Member



Ministry of Finance, Saudi Arabia
Represented by Mr. Saleh Saad A. Al-Muhanna
Board Member



Mr. Mohammed Ahmad Mokhtar Hariri
Board Member



Ms. Dina "Mohammad Abdel Hamid" A.M. Shoman
Board Member



Social Security Corporation, Amman, Jordan
Represented by Mr. Ibrahim Yusuf Izzidin
Board Member



Abdul Hameed Shoman Foundation
Represented by Mr. Khalid Anis Moh'd (Zand Irani)
Board Member



Mr. Riad Burhan Taher Kamal
Board Member

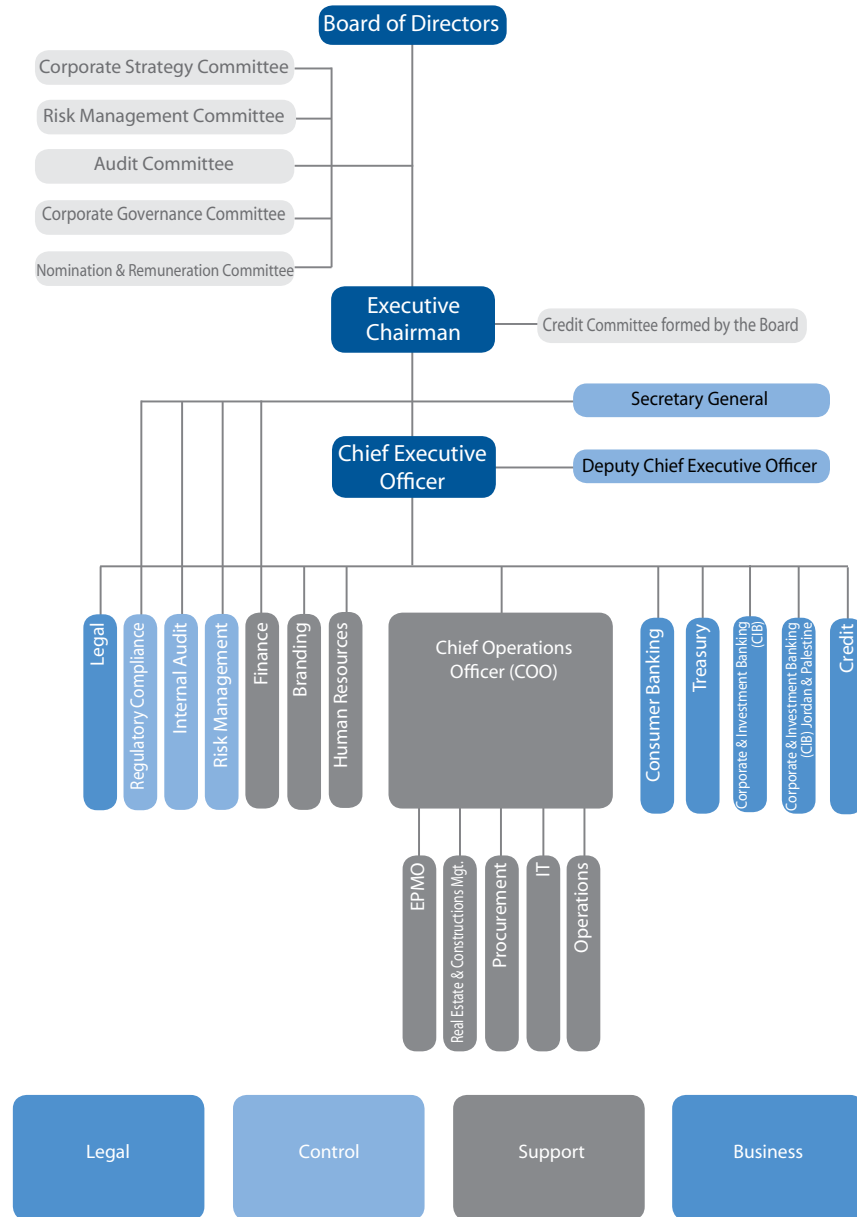


Mr. Wahbe A. Wahbe Tamari
Board Member

Executive Management Team

The Senior Executive Management Team, headed by Nemeh Sabbagh, CEO, is comprised of 15 members, three of whom are female. Appointment of some members of the top management team such as the Chief Financial Officer and Head of Internal Audit must be approved by the Board to ensure they have the requisite skills. Remuneration and shareholding information can be found in the 2010 Annual Report.

The Senior Executive Management Team works within the greater organizational framework of accountabilities as depicted on the right.



Accountability to Our Shareholders

We consistently strive to maintain an ample amount of liquidity to support our operations in order to protect our shareholders, in addition to ensuring a good return for them in the short and long term.

Our shareholder dividends remained the same in 2010, achieving a return on equity for PLC shareholders of 3.83% compared to 6.57% in 2009. In the next few years, we plan to grow organically through expanding our branch network and increasing the quality and quantity of our products and services.

	2010	2009	2008
Shareholder equity (JOD million)	3,786	3,801	3,579
Distribution to shareholders (JOD thousand)	106,800	106,800	133,500
Dividends per share (JOD)	0.33	0.69	1.06

In 2010, our majority shareholders comprised of the Social Security Corporation in Jordan (15.29%), Saudi Oger Ltd. in Saudi Arabia (9.68%) and Oger Middle East Holding in Lebanon (7.11%). The Bank proactively encourages all shareholders, but in particular minority shareholders, to participate in the annual General Assembly and to vote either in person or by proxy in their absence.

In line with the Bank's pursuit for greater transparency, Arab Bank published a Corporate Governance Guide that covers areas including conflict of interest avoidance and continues to report on its compliance with these guidelines in the Annual Report. The Corporate Governance Guide was created in line with the Code of Corporate Governance for Banks in Jordan issued by the Central Bank of Jordan.

Auditing

The Internal Audit Division provides an independent, objective assurance and consulting activity designed to add value and improve the Bank's operations. It helps accomplish the Bank's objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The Internal Audit Charter which is approved by the Board Audit Committee clearly defines the mission, objectives and scope of work for Internal Audit.

An external auditors' report is submitted to the Board Audit Committee. The external auditors meet with the Audit Committee without the presence of the executive management at least once a year.



Transparent Reporting

Arab Bank has been a leader in transparency in the region for many years with the regular publishing of comprehensive financial and organizational reports. This year the Bank has taken a step further to include a wider range of economic, environmental and social topics in its reporting through the creation of this sustainability report.

Our Commitment to Transparency

The Bank issues annual and semi-annual reports on its financial and non-financial performance and is constantly introducing higher levels of transparency and disclosure through its reporting, enabling both shareholders and customers to appreciate its ever-growing earning power, its low risk level and its strong financial position.



Sustainability Reporting

Recognizing the importance of addressing all of our stakeholders' expectations, Arab Bank has expanded its communications to include a wider range of topics in 2010. The Bank undertook an internal stakeholder mapping exercise in order to identify stakeholder expectations from the Bank's perspective (the detailed version of which can be found on page 82-83), and from this, has created the Arab Bank sustainability framework. The triangular framework used throughout this report acts as a tool which enables us to communicate the Bank's response and ambition towards stakeholder needs.

Transparency is a significant barrier to enabling the Arab world to reach preeminence and it can be overcome with marginal effort. Using our sustainability report, we are able to present our economic, environmental and social challenges and performance in a strategic and systematic manner for all of our stakeholders. In so doing, we hope to inspire greater awareness of sustainability and sustainable development and showcase the need for greater sustainability management and reporting in the Arab region.

Arab Bank in Jordan is the first bank nationally to release a GRI Level B report. In addition, out of the hundreds of organizations operating in Jordan, only four other organizations in Jordan have released GRI-checked sustainability reports at the time of publication. Arab Bank is proud to join these leading organizations in 2011 and aims to encourage others to adopt sustainability management and reporting practices in Jordan and the Arab region.



Towards System Optimization



New York

Hong Kong

London

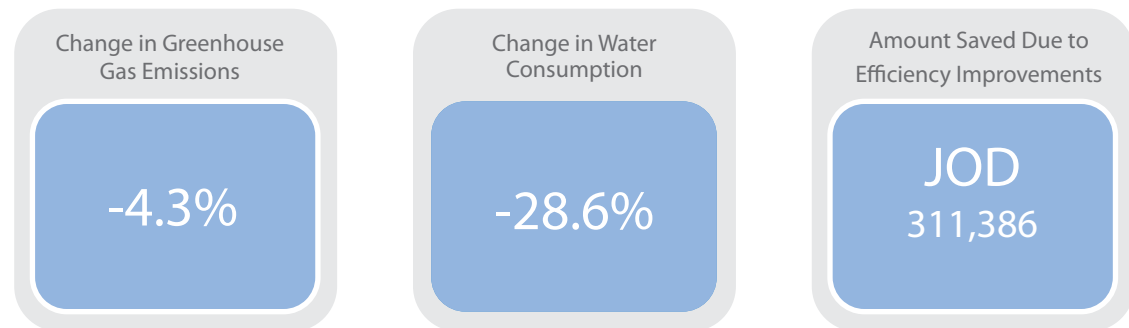
The smooth and responsible implementation of Arab Bank's internal systems and operations support creating an excellent service experience for our customers.

Taking a **quality approach** to the development and implementation of our internal management systems is built into the foundations of the organization, ensuring that all aspects of our operations are managed systematically and responsibly.

With the ongoing development and implementation of quality management systems, Arab Bank is able to focus on economic, environmental and social **system optimization** that will allow the Bank to better serve its customers, achieve significant financial returns, engage with and support local communities and minimize its impacts on the environment simultaneously.



Performance Highlights





Quality Approach

Arab Bank has a number of management systems in place to ensure quality in its internal operations, development of products and services, business relationships and environmental impact. This quality approach is clearly demonstrated in our Bank's fundamental practices, allowing us to build on this foundation to create our sustainable advantage.

Quality Management

The Bank has many internally developed management systems that have been effectively governing the Bank's operations for many years. Risk management is governed by specific policies and procedures (see page 34), while corporate governance procedures are specifically outlined in our Corporate Governance Guide (see 2010 Annual Report). With the customer in mind, our products and services are developed in accordance to national laws and internally developed marketing standards. Our customers' satisfaction with the quality of our services is assessed through regular surveys and feedback channels (see page 23).

Our employees are managed by a dedicated and experienced HR division to ensure employee satisfaction and low workforce turnover (see page 47), while our CSR activities are managed under a structured framework in part through the development and launch of the Together program (see page 70). Recently, we also began tracking and managing our environmental performance (see page 61).

As an overall review of our quality approach, the Internal Audit division ensures that all of our business lines and country operations are complying with our internal policies, controls and procedures.

Climate change is a phenomenon where the long term climate of a region is altered due to human activities that release greenhouse gases such as driving cars and producing electricity. Greenhouse gases trap heat in the atmosphere, preventing it from escaping into space. These gases contribute to global warming and include water vapor, carbon dioxide, methane, nitrous oxide and ozone. If nothing is done to mitigate or adapt to changing climates, the business as usual scenario will lead to significant life threatening impacts.

Environmental Management

Arab Bank recognizes the importance of operating in a resource-constrained country like Jordan – the fourth most water poor country in the world. It also understands that its energy consumption through the burning of fossil fuels releases greenhouse gases into the atmosphere, which trap heat in our atmosphere, leading to climate change. Climate change is already creating significant economic, environmental and social impacts that create both challenges as well as opportunities for the Bank. Arab Bank has already begun to address these challenges and opportunities through creating products and services that address environmental considerations (see page 27, 65), while minimizing its own environmental footprint as detailed below.

Today, the Real Estate and Construction Management Division oversees the Bank's water, energy and electricity consumption. The Bank aims to further measure and manage the environmental performance of both its headquarters and branches throughout Jordan with the adoption of effective internal environmental management systems. In support of this commitment, the Bank aims to develop and implement an environmental policy in 2011.



System Optimization

Using the framework of high quality management systems, the Bank strives to optimize various aspects of operational performance ensuring an unwavering focus and dedication to the delivery of service excellence to our customers.

The Bank has been a leader in integrating environmentally-friendly practices into its operations and has seen significant financial savings. Arab Bank continues to explore new ways of optimizing its management systems from an environmental and social perspective through the implementation of paperless banking and improved supply chain responsibility.

“We continuously look at taking the right steps towards making Arab Bank a cleaner and greener bank; these initiatives will not only reduce our utility bills, but will go a long way in conserving precious resources at a time when supply is becoming strained.”

Nemeh Sabbagh, CEO

Environmentally Friendly Operations

Arab Bank has taken a lead in implementing initiatives to limit environmental impact. As far back as 1994, the Bank installed water saving devices which have been estimated to cut water consumption rates by 47%.

In 2010 the Bank achieved an overall reduction in the headquarters’ total greenhouse gas emissions by 4.3%, electricity consumption by 3.2% and water consumption by 28.6%. With an expanding workforce and increasing revenues, this demonstrates optimization of environmental resources as per employee consumption reduction and financial output per unit of environmental resource investment increases.

Indicator	2010	2009	Savings (JOD)
Total GHG Emissions (tonnes) ⁵	9,291.27	9,712.37	-
Total Electricity Consumption (kWh)	10,785,110	11,139,600	306,266
Total Water Consumption ('000 litres)	3,200	4,480	5,120
GHG Emissions per Employee (tonnes)	3.35	3.61	-
Electricity Consumption per Employee (kWh)	3,885	4,146	-
Water Consumption per Employee (litres)	1,153	1,667	-
JOD Revenue Created per kg of GHG Emitted ⁶	85.78	78.67	-
JOD Revenue Created per kWh of Electricity Consumed	73.90	68.58	-
JOD Revenue Created per Litre of Water Consumed	249.06	170.54	-

⁵ Includes the greenhouse gas emissions associated with our electricity, heating diesel and fleet fuel consumption. Calculation methodology is based on the GHG Protocol.

⁶ Compares Jordanian headquarter impacts to Arab Bank PLC revenues.

In addition, we have effectively reduced the Bank's vehicle fleet's fuel consumption by 7% through fleet renewal and improved maintenance schedules, contributing to a 5.9% decrease overall in the total energy consumption of the Bank.

Energy Consumption in GJ (Gigajoule)	2010	2009
Diesel (Fleet)	528.7	583.4
Gasoline (Fleet)	786.0	832.2
Diesel (Heating)	6,899.7	8,459.0
Total Direct	8,214.4	9,874.6
Electricity	38,826.4	40,102.6
Total Indirect	38,826.4	40,102.6
Total Energy Consumption	47,040.8	49,977.1

In 2011, Arab Bank aims to further reduce its headquarters' electricity consumption and greenhouse gases by 3%, while maintaining its 2010 total water consumption levels and reducing per person consumption. In support of this ambition, we are currently conducting a feasibility study on the installation of photovoltaic solar cells for specific building functions such as lighting and elevators.

Arab Bank has achieved significant financial savings by adopting numerous environmentally-friendly technologies within its head office, which often serves as the pilot site for new environmental installations across the network.



Aside from our headquarters, Arab Bank aims to increasingly improve the environmental performance of branch facilities. All branches in Aqaba have already installed solar water heaters to reduce electricity demand for water heating by 70% and we are currently evaluating expansion of this practice to other branches in Jordan.

Furthermore, purchasing decisions for all newly constructed branches now take into consideration material choice and energy efficiency, preferring materials that have a lower environmental impact where possible. The Bank is currently assessing its adopted building technical standards and criteria to align with the internationally recognized BREEAM⁷ assessment method to improve the environmental performance of new and existing Arab Bank property.



- Faucet aerator (50% reduction)
- Faucet infrared sensors (30% reduction)
- Low flow flush valves (40% reduction)
- Double glazed windows (30% reduction in heat loss/gain depending on the season)
- Installation of Variable Refrigerant Volume air conditioning systems (40-60% reduction in energy use)
- Improve zoning of air conditioning systems
- Installation of control timers and/or motion sensors (60-70% reduction in lighting used in parking garages/basement floors; 30% in outdoor areas and roof)
- Phase-in of compact fluorescent bulbs accompanied by light reflectors and diffusers (25% reduction in power demand per lightbulb)

⁷The world's foremost environmental assessment method and rating system for buildings.

Paperless Banking

In addition to building considerations, the Bank has targeted improvements in product and service efficiency and environmental impact.

In 2011, Arab Bank will launch a paperless banking system that will offer all customers increased access to their financial data while reducing paper consumption by receiving and reviewing their account statements online, instead of printed and delivered statements (eStatement service).

Supply Chain Responsibility

Supplier relationships are managed by the Procurement division, which ensures adherence to the standards set by the Jordanian Institute for Standards and Metrology regardless of geographical origin. However, Arab Bank prefers the use of local suppliers to support the development of the national economy. In addition, all suppliers must abide by all applicable national laws, including those related to human rights.

Although our supplier selection process continues to focus on cost and quality considerations, the Bank has integrated the consideration of energy efficiency and harmful substances in our purchasing decisions where possible. Currently, all new computers purchased are Energy Star certified.

As cost, quality and availability barriers for sustainable procurement are lifted, we will increasingly integrate these considerations into all of our purchasing decisions. In 2011, the Bank aims to engage with all tier one suppliers on the subject of social and environmental performance and the opportunity for sustainability related co-innovation and growth.

Towards Community Cooperation



With a long history of community development and support, the Bank has continuously challenged itself to increase the impact of its **community investments** irrespective of CSR budget values.

This is being achieved by focusing investment into specific issues and by moving from a merely philanthropic approach to a more cooperation based approach, working closely with community organizations to achieve common goals. It is our belief that our **community cooperation initiatives** will help stretch every Jordanian Dinar further in achieving positive societal impacts.



Performance Highlights



Community Investments

Beginning in the 1940s, the founder, the late Abdul Hameed Shoman, donated millions from both Arab Bank and his own money to support the education of hundreds of Arab students in the west, where the quality of education was better at the time.

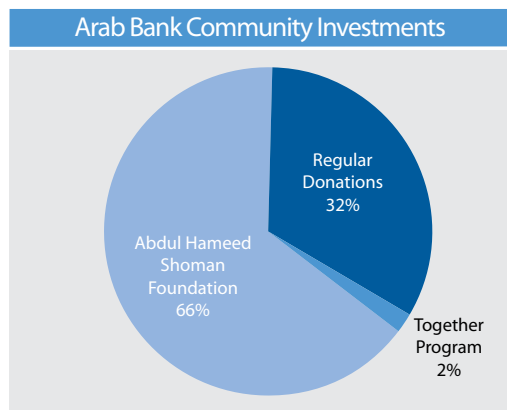
The Abdul Hameed Shoman Foundation

Following the late founder’s belief that scientific research and humanities studies formed the foundation of national economy development, Arab Bank established the Abdul Hameed Shoman Foundation in his name in 1978.

As one of the only foundations created by a private sector organization in Jordan, the Abdul Hameed Shoman Foundation offers annual research awards, as well as supports the establishment of libraries and research information systems throughout Jordan.

On the cultural front, the Foundation facilitates the Abdul Hameed Shoman Cultural Forum, bringing together leading Arab intellectuals, scientists, educators and innovators, to advance today’s cultural conversations and thoughts. It also hosts a number of research seminars annually to enable dissemination and discussion of leading Arab research scientists’ publications. Furthermore, the Foundation provides support to other educational associations and institutions, research centers, and libraries.

Today, Arab Bank continues to realize Abdul Hameed Shoman’s vision through annual contributions to the Foundation, which in 2010, amounted to JOD 4,487,169, approximately 66% of our annual budget for community investment.



In addition to Arab Bank’s annual financial contributions to the Foundation, the Bank collaborates with the Foundation in other ways to achieve its mission. In 2010, for instance, Arab Bank initiated a project in partnership with Madrasati called the Kitabi program. The Bank provided financial support to the project, and conducted a needs assessment with Madrasati to determine the best schools in which to establish libraries. The Foundation provided their expertise on book selection and library establishment and allocated around 15,000 books to be donated to these schools. Moreover, Arab Bank employees donated approximately 1,000 additional books to support establishing libraries at underprivileged schools.

Sponsorship and Donations

Arab Bank continues to contribute to a wide variety of initiatives in the form of donations and sponsorships. Our regular donations amounted to 32% of our annual community investment budget in 2010. Organizations that we supported in 2010 include:

- Al Aman Fund
- Amman International Marathon
- Friendship Association of Jordan
- Injaz
- Jordan Inbound Tour Operators Association (JITOA)
- Jordan National Red Crescent Society
- King Hussein Cancer Foundation
- King Hussein Club
- King's Academy
- Ladies Club of the Royal Air Force
- Madrasati
- Nakhweh Initiative
- Raneen
- Sustainability and Survival Solutions
- The Jordan Hashemite Fund for Human Development (JOHUD)
- The Royal Society for the Conservation of Nature
- Traffic Department
- Tkiyet Um Ali

"Our regular donations amounted to 32% of our annual community investment budget in 2010."

Leveraging Our Competencies

Increasingly, we recognize the potential for Arab Bank to leverage its core competencies in delivering community benefits. In 2010, 15 university students received regular mentoring from an Arab Bank employee in business planning and operations, leading the Bank-sponsored team to be named the Best Student Company in Jordan in a national business plan competition.

In addition, the EVP of Branding, Ms. Dina Shoman, is a board member for the Jordan River Foundation and Raneen, Board of Trustees member for Injaz; and Advisory Council member for Nakhweh, offering her strategic expertise and engaging with these community stakeholders to identify opportunities for achieving greater community impact.

Community Cooperation



Beyond the Bank’s longstanding annual donations and commitments to various organizations and the Abdul Hameed Shoman Foundation, in late 2009, Arab Bank launched the Together program - a multi-dimensional community investment initiative focused on sustainable development and poverty alleviation in Jordan.

The Together program aims to contribute to sustainable development and poverty alleviation by channeling investment into five key focus areas including poverty, the environment, education, orphans and health. In 2010, Arab Bank contributed JOD 140,011 and raised through its customers a total of JOD 39,649.88 for the Together program.

Developed in cooperation with five strategic non-governmental organizations, the program was designed to deliver community benefits in an impactful and holistic way by allowing many of Arab Bank’s key stakeholder groups to get involved. Employees can volunteer time, customers can donate through Arab Bank’s Together Credit Card and customer service channels , while the NGOs work directly in the five focus areas on a continuous and sustainable basis.

In 2010, Arab Bank directly contributed:

498 Volunteers

JOD 140,011
of Financial Support

350 Hours of NGO
Capacity Building Training

Working in Cooperation with:



Building NGO Capacity

With the goal of enhancing the impact of our community investments, we have invested in enhancing and developing the capacity of these NGOs.

In 2010, we sponsored 70 hours for each of the five NGOs to complete training courses on fundraising and social marketing delivered by Sustainability and Survival Solutions. We also work directly with these NGOs on a continuous basis to identify key areas for organizational development, allowing Arab Bank to include these considerations in developing their long-term relationships.

Poverty

Our Employee Participation

Arab Bank employees helped prepare over 5,000 meals during Ramadan for distribution to low income families in Amman, Irbid and Karak. Along with Tkiyet Um Ali staff, employees distributed 200 Iftar meals daily for a month.

Our Employee Response

“Helping disadvantaged families and providing them with much needed food supplies during the holy month of Ramadan gave me a great sense of fulfillment as well as appreciation. I also enjoyed being part of a team effort.”
Majdi Mustafa, Human Resources

“Being part of such an initiative has been a wonderful experience. It is an honor to be a part of such an inspiring group of professionals who generously give back to the community through their own personal time. I am truly inspired by the commitment and selfless drive to serve and help in improving the lives of others. I look forward to continuing to participate in this critical initiative and be a member of this amazing group of volunteers.”
Nadya Talhouni, Cash Management and Trade Finance



Poverty

Our Community Response

"Arab Bank employees were one of the hardest working teams ever to volunteer at Tkiyet Um Ali. They worked with such enthusiasm, and more importantly they worked together as a team to be able to pack so much food."

Mohammad Taha, Tkiyet Um Ali

Our Community Results

- 12 families adopted in Al Ruwaished (a key poverty pocket in Jordan), supplying them with food for one year
- Over 9,000 meals distributed to low income families, 6,000 of them during Ramadan



Environment

Our Employee Participation

A crew of 120 employees from Arab Bank rehabilitated the Azraq Wetland Reserve, through priming and repainting the boardwalks, planting 40 trees, cleaning the water channel and weeding. Employees also supported the Do Not Mess with Nature's Jerash cleanup campaign and Clean Up the World campaign in addition to participating in Earth Hour celebrations, adopting a tree on Earth Day and environmental film screenings.

Our Employee Response

"It's so sad... it was green and now it's gray... I feel it's our responsibility to make it green again. It's going to be hard work, but it's worth it. It feels great to see the difference you made."

Shorouq Al Qaisi, Consumer Banking

"Working to heal damaged nature and giving the chance to plant trees or even cleaning up is a feeling of giving. I have participated in many volunteer workshops before, but this time was the greatest."

Rana Al Far, Credit



Environment

Our Community Response

"RSCN is very grateful to Arab Bank for their support and initiative to help sustain our conservation efforts in Jordan. I am hopeful that they will serve as a positive example to other corporations, inspiring others to serve our community and support worthy causes, such as nature protection."

Yehya Khaled, Royal Society for the Conservation of Nature

Our Community Results

- Two littering and environmental awareness campaigns in Dibeen Forest and Jerash
- Rehabilitation of Al Azraq Wetland Reserve, a natural habitat for the IUCN-identified endemic and endangered Azraq Killifish
- 70 trees planted in Al Azraq Wetland Reserve and Sewanieh School
- One cleanup day in Jerash, including installation of 40 recycling bins



Education

Our Employee Participation

Approximately 100 employees volunteered with the four schools in Arab Bank's adopted area of Jabal Al Naser. Employees delivered weekly soft skill workshops, participated in job shadowing and career month and provided mentoring to over 250 students at these schools. In our adopted school of Al Sewaniyeh School under the Madrasati initiative, we provided English and math remedial classes in addition to beautifying the school through cleaning, painting the walls and planting flowers and trees in the garden.

Our Employee Response

"I was impatiently waiting for the weekly lesson so I can meet the students again and teach them a good thing about life. It helped me to look at things differently."

Maysa Abdin, Enterprise Project Management Office

"I will continue to participate in such initiatives as it reflects positively on my personality, perceptions and makes me satisfied."

Lama Jumaa, Operations



Education

Our Community Response

"With Arab Bank's sponsorship, Madrasati was able to renovate the infrastructure of Al-Sewaniyeh Elementary Mixed School in Salt. In addition, Arab Bank volunteers generously gave their time and effort to paint the school desks and blackboards so the furniture can match the standard of the rejuvenated premises. We at Madrasati thank Arab Bank for all their contributions and hope to have a fruitful partnership in aiding local Jordanians in need for years to come."

Dana Dajani, Madrasati

Our Community Results

- 69 student scholarship recipients for our employees' children
- Career education through soft skills development workshops, job shadowing, and Career Month activities for over 250 students in our four Al Naser adopted schools
- Six English and math remedial classes delivered to over 40 students from Al Sewaniyeh School
- 15 university students winning a national business competition with the mentoring support of an Arab Bank employee
- 15 drama and art workshops delivered to 550 students from ten underprivileged schools
- 1,000 books donated to establish libraries in underprivileged schools



Orphans

Our Employee Participation

A team of employees accompanied 20 orphans from Al Hanan house to Jordanian heritage sites, including Al Harraneh and Amra Castles and Al Azraq Wetland Reserve for a day of fun, interactive and educational activities to raise environmental awareness amongst the children. Employees also helped to prepare a summer camp that hosted over 150 orphans with activities that included painting the walls, planting trees and priming the play areas.

Our Employee Response

"Give your best to the community and you will get much more in return. Go with an open mind and without prior judgment, you will be surprised with what you will see."

Rajaei Ajjour, Service Excellence

"Volunteering added joy to my heart and drew a smile on my face."

Dima Arafat, Human Resources



Orphans

Our Community Response

"Arab Bank employees showed a professional model in voluntary work; their belief in causes to support orphans and desire to utilize their skills were significant in this activity."

Mamoun Al Qudah, Al Aman Fund

Our Community Results

- 20 orphans receiving environmental education through fun and interactive activities with 27 employees at a field trip to Al Azraq Wetland Reserve
- A summer camp set up for over 150 orphans from Jordan and other Arab countries
- Four orphans currently receiving a 4-year university education in Jordan through a JOD 50,000 donation in 2009



Our Employee Participation

In 2010, 12 employees were trained to become trainers on breast cancer awareness. In 2010, 13 training sessions were delivered to 130 employees at Arab Bank, teaching employees about the signs, symptoms and treatment options in addition to methods of self-diagnosis. Employees also administered a survey to evaluate community awareness on breast cancer in the Ein Al Basha area, supporting the King Hussein Cancer Foundation's national awareness campaign. Fifteen employees also volunteered to write Hope, the Foundation's Annual Report. In addition, employees volunteered at our national blood drive, anti-smoking health awareness sessions and the annual Amman International and Dead Sea Ultra Marathons.

Our Employee Response

"Participating in this activity did not only raise my personal awareness on breast cancer, it made me capable of raising the awareness of my family, friends, and anyone who needs such information."

Mohammad Naji, Consumer Banking



Our Community Response

"The exceptional efforts of Arab Bank volunteers benefiting different programs of the King Hussein Cancer Foundation and Center have helped create a change in the concept of combating cancer for all of us, especially that the fight against cancer cannot be limited to one individual or organization but require the participation of the entire community. Volunteers in general are the lifeblood of the Foundation and Center, and we are proud that Arab Bank employees are part of those volunteers."

HRH Princess Dina Mired, King Hussein Cancer Foundation

Our Community Results

- 100% of our employees receiving an apple on World Health Day
- 1,642 participants sponsored for the Dead Sea Ultra and Amman International Marathons
- One state-of-the-art ambulance donated to the King Hussein Cancer Foundation
- Donated JOD 100,000 as a Platinum Sponsor of the King Hussein Cancer Foundation Hope Gala dinner
- 50 units of blood donated to the National Blood Bank



Appendix A: Stakeholder Map

Our Stakeholders	How We Engage	Stakeholder Priority Issues
Shareholders	Regular meetings Annual reports	Achieving profits Transparent communication Compliance with all laws and regulations
Employees	Arabina Intranet portal Email Internal communications surveys Annual Reports Meetings and workshops Award ceremonies Quarterly internal newsletter	Job security Healthy and safe workplace Training and development Competitive salary and benefit packages Responsibility and opportunity for promotion Transparent and accountable management team
Customers	Website Media Annual Reports	High quality service and support Facilitated loans Innovative, sustainable and quality products and services
NGOs	Contracts Meetings Joint planning Annual Reports	Transparency and accountability Open communications and two-way dialogue Achieving organizational goals
Community	Campaigns Media Events Annual Reports	Corporate responsibility Community improvement
Environment	Restoration initiatives Supporting environmental NGOs Operational improvements	Minimizing waste Limiting use of finite resources Improving the quality of the environment
Suppliers	Contracts Meetings	Accountability and integrity in dealings Financially rewarding, long-term and secure contracts Timely payment upon delivery
Governments	Regulation	Adherence to national policies and standards Supporting their operations through financial and/or technical support

Arab Bank's Priority Issues	Our Response
<p>Maintaining and enhancing profitability Attracting more shareholders</p>	<p>Maintaining consistent profitability and growth (see page 9) Good corporate governance (see page 52)</p>
<p>Enhancing employee motivation and productivity Attracting and retaining top talent Ensuring the safety and security of all employees</p>	<p>Integrated HR management (see page 38) Equal opportunities (see page 40-41) Maintaining a safe and healthy workplace (see page 42) Listening to our employees (see page 45-46) Training and development (see page 48-49)</p>
<p>Growing customer base Customer satisfaction</p>	<p>Quality products and services (see page 25) Enhancing access to banking services (see page 22) Protecting customers (see page 23)</p>
<p>Enhancing mutual benefits</p>	<p>Maintaining mutually beneficial cooperative relations (see page 70-71) Regular and transparent communication (see page 56-57)</p>
<p>Generating maximum impacts through investments Access to financial services</p>	<p>Strong local community cooperative relations (see page 66) Engaging employees in volunteerism (see page 49) Supporting relevant community projects (see page 69)</p>
<p>Minimizing environmental impact and enhancing the environment Optimizing operational costs</p>	<p>Supporting environmental projects (see page 30) Encouraging efficient operations (see page 61-65)</p>
<p>Getting the best product and service available for the money spent Timely delivery Economic stability and strong reputation for quality and ethical integrity</p>	<p>Maintaining mutually beneficial cooperative relations (see page 65) Enhancing suppliers' performance (see page 65)</p>
<p>Abiding by all relevant laws and regulations Developing the local economy Supporting the 2015 Jordan National Agenda</p>	<p>Effective corporate governance (see page 52) Supporting the local economy (see page 31, 40) Compliance with local and national regulations (see page 35, 37)</p>

Appendix B: Report Parameters

Process for Defining Report Content

We have used the guidance of the Global Reporting Initiative's principles for defining report content to identify our priority sustainability issues in a systematic way. This process has resulted in six priority focus areas that comprise the key components of our sustainability strategy. This report will address all of our 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 main issues raised by stakeholders, issues reported on by our peers, and standards and guidelines including the GRI G3 Reporting Guidelines.

Stakeholder Inclusiveness: We believe that we have identified and considered all of our key stakeholders. A stakeholder map summarizes how we engage them, our understanding of their expectations, and our response. Further information on this is detailed in each section of the report.

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.

Accuracy and Clarity: We have aimed for maximum accuracy in our reporting, including providing timely and reliable information. Where estimations and other limitations to the data exist, this is identified. 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.

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 2010 performance for the financial year ending 31 December 2010, including in most cases, indicators reporting back to 2008. 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 C: GRI Application Level Check Statement



Statement GRI Application Level Check

GRI hereby states that Arab Bank has presented its report "Sustainability Report 2010" 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 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 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, 7 June 2011



Nelmar Arbes
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

Disclaimer: Where the relevant sustainability reporting includes external links, including to public visual material, this statement only concerns material submitted to GRI at the time of the Check on 21 May 2011. 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+
G3 Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.16 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.11 4.5 - 4.12, 4.16 - 4.17		Same as requirement for Level B	
G3 Management Approach Disclosures	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
G3 Performance Indicators & Sector Supplemental Performance Indicators	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 Supplemental* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

Appendix D: GRI Index

GRI Profile Disclosures

GRI	Pages	GRI	Pages	GRI	Pages
1.1	4	3.3	19	4.4	52
1.2	19, 61	3.4	Back cover	4.5	52
2.1	9	3.5	57, 84	4.6	55
2.2	13	3.6	84	4.7	52
2.3	10, 13, 54	3.7	84	4.8	17
2.4	13	3.8	84	4.9	52
2.5	10	3.9	84	4.10	52
2.6	55	3.10	None; this is the first report.	4.11	18, 37
2.7	22, 25, 36	3.11	None; this is the first report.	4.12	19, 37
2.8	7, 9, 13, 36	3.12	86	4.13	15
2.9	No significant changes.	3.13	84	4.14	82-83
2.10	11, 15	4.1	52	4.15	57
3.1	84	4.2	52	4.16	82-83
3.2	This is the first report.	4.3	52	4.17	82-83

GRI Performance Indicators

GRI	Pages	GRI	Pages	GRI	Pages
Disclosure of Management Approach – Economic: Page 9, 18-19		EN23	None known.	HR7	43-44; Zero
EC1	9	EN26*	37, 65	HR8*	43-44; No formal training delivered.
EC3	Arab Bank pays 11% of the employees' social security deductible salaries while employees pay 5.5% of their social security deductible salaries on January 1 st of each year to the national social security scheme.	EN30*	7, 30	Disclosure of Management Approach – Social – Society: Page 18-19, 67	
EC4	We do not receive significant financial assistance from the government.	Disclosure of Management Approach – Social – Labor Practices and Decent Work: Page 18-19, 39		SO1	26, 36, 67
EC5	2.3:1	LA1	13; 100% of employees are full time and >95% of employees have indefinite contracts.	SO3	43
EC6*	Priority is given to local suppliers.	LA2	47	Disclosure of Management Approach – Social – Product Responsibility: Page 18-19, 60	
EC7	40; We prefer hiring locals to represent senior management.	LA3	41; 100% of employees are full time.	PR5	23-24
EC8	29-31	LA7*	42-43	PR8	We have had no customer privacy breaches
Disclosure of Management Approach – Environment: Pages 18-19, 62		LA8	43	Disclosure of Management Approach – Financial Sector Supplement: Page 18-19, 36	
EN3	62-63	LA11	49	FS1	36-37
EN4	62-63; Electricity from the grid comprises of gas (80.6%), oil (18.9%) and biomass, hydro and wind sources (<1% each).	LA12	45	FS2	36-37
EN5	62	LA13	40, 52-53	FS3	36-37
EN7	62-64	LA14	1:1 across employee categories.	FS5	37
EN8	62; Water is trucked in by private service providers.	Disclosure of Management Approach – Social – Human Rights: Page 18-19, 43-44		FS8	7, 30
EN16	62	HR3*	43-44	FS15	36
EN17	None known.	HR4	Zero		
EN19	None known.	HR5	43-44; Zero		
EN20	None known.	HR6	43-44; Zero		

Appendix E: Glossary

Term	Definition
Azraq Killifish	A critically endangered and endemic vertebrate species of Jordan.
Bio-Sludge	The biologically active remnants from waste water treatment.
Endangered	A species that is seriously at risk of extinction.
Endemic	A species that is only found exclusively in a particular geographic area.
Fertilizer	A synthetic or natural substance that is added to soil to increase its fertility and productivity.
Financial Crime	The unlawful conversion of the ownership of financial property to one's own personal use and benefit. Financial crimes include theft, bribery, money laundering, forgery, counterfeiting, amongst others.
Greenhouse Gas	Gases in the atmosphere that absorb and emit thermal and infrared radiation. Greenhouse gases include water vapor, carbon dioxide, methane, nitrous oxide, and ozone.
H1N1	A subtype of Influenza A virus, the most common cause of the human flu. In 2009, a new strain of H1N1 caused a pandemic that lasted until August 2010.

Appendix E: Glossary

Term	Definition
Immunization	The act of producing immunity to an agent, most commonly through vaccination.
Irrigation	The artificial application of water to land to support the production of crops.
Jordanian Code for General Safety	A set of health and safety standards set by the Government of Jordan.
Money Laundering	The act of concealing the identity, origin, or destination of often illegally-obtained money.
Occupational Safety and Health Administration	The US Department in charge of enforcing health and safety legislation. The department also maintains health and safety standards to which many organizations follow.
Pandemic	An outbreak of an infectious disease that spreads through human populations across a large region.
Payment Card Industry	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.
Project Finance	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.

Appendix F: Acronyms

Acronym	Definition
ASLG	Arab Sustainability Leadership Group
ATM	Automated Teller Machine
BOO	Build, Own and Operate
BOT	Build, Operate and Transfer
CBM	Certified Branch Manager
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMS	Complaint Management System
CSR	Corporate Social Responsibility
EVP	Executive Vice President
GJ	Gigajoule
GRI	Global Reporting Initiative
HR	Human Resources
IPP	Independent Power Generation Plant
IT	Information Technology
IUCN	The International Union for Conservation of Nature and Natural Resources

Appendix F: Acronyms

Acronym	Definition
ISO	International Organization for Standardization
JOD	Jordanian Dinars
JS	Jordan Standard
KHCF	King Hussein Cancer Foundation
KPI	Key Performance Indicator
kWh	Kilowatt Hour
MW	Megawatt
PCI	Payment Card Industry
PLC	Publicly Listed Company
PV	Photovoltaic
RSCN	The Royal Society for the Conservation of Nature
S&P	Standard and Poor's
SME	Small and Medium Enterprises
SMS	Short Message Service (Text)
USD	United States Dollar

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