

البنك العربي
ARAB BANK



Success is a journey

SUSTAINABILITY REPORT 2012

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A Message from our CEO



Dear Stakeholders,

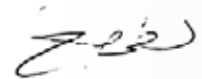
When Arab Bank established its sustainability strategy and began to integrate all of its operations and business lines within a framework that will create a long-term positive impact on the communities where we operate, we adopted a multi-dimensional approach that effectively responds to each individual stakeholder. Whether it is creating socially responsible products for our customers or extending financing to environmentally friendly projects, Arab Bank's approach covers a spectrum of stakeholders driving our sustainability initiatives in a manner that is inclusive to all those who are affected by the Bank's operations. In the 2012 Sustainability Report, we will focus on how Arab Bank engages with all its stakeholders and the initiatives we have adopted to ensure we leave a long-lasting and positive impact in the communities where we operate.

We have put stakeholder engagement at the forefront of our activities during 2012 because only through proactively reaching out to our community can we begin to accomplish the goals we have set out for ourselves. Arab Bank's founding mission has been to contribute to the efforts of enabling the Arab world meet its social and economic aspirations, and to do that we must focus our efforts in a strategic manner, reaching each stakeholder and catering our initiatives to their specific needs. Now more than ever a proactive approach is needed to tackle the many challenges being faced in our region. This approach contributes to finding long-term solutions to these problems, especially when it is a collective effort by the private and public sectors.

To help us achieve our sustainability objectives and integrate them within our operations and business lines, one of our key achievements in 2012 was launching the "Sustainability Champions" program. This program assigns the responsibility of setting realistic objectives to a representative, or Champion, from each division in the Bank in coordination with the Sustainability department. From this point, the Champions work with the Sustainability department to help reach their respective divisions' objectives. This is an all encompassing approach to ensure that our business lines and operations all set defined objectives each year and work on meeting them within the Bank's overall sustainability strategy.

In addition to the above we still maintain our five strategic focus areas when it comes to our sustainability strategy: Responsible financing, empowered employees, transparent reporting, system optimization and community cooperation. We have made considerable gains in each of these fields. The Bank's total community investments exceeded JOD 11 million in 2012 with an increase of 21.5% over 2011. Some highlights of our accomplishments this year include a marked increase of 21% over last year in donations from our generous customers to the non-profit organizations participating in the Together program due to enhancements in the Bank's channels. We have also achieved an increase in total number of employee volunteers of 13% compared to 11% in 2011. More of the achievements and details can be found within this report.

Every year we build on the original mission of the Bank which was set in 1930. We continually build on our commitment to the people and communities that we serve. Our ultimate goal is to create long-term sustainable financial and non-financial value for the Bank and its stakeholders through continuously supporting and contributing to the achievement of their ambitions. We understand this is a long journey. We have been in business for over eight decades and we will continue on this path toward success.



Nemeh Sabbagh
Chief Executive Officer

A circular frame containing a photograph of a woman and a child running through a field at sunset. The sun is low on the horizon, creating a warm orange glow. A large, colorful kite is flying in the sky above them. The scene is framed by a white circular border.

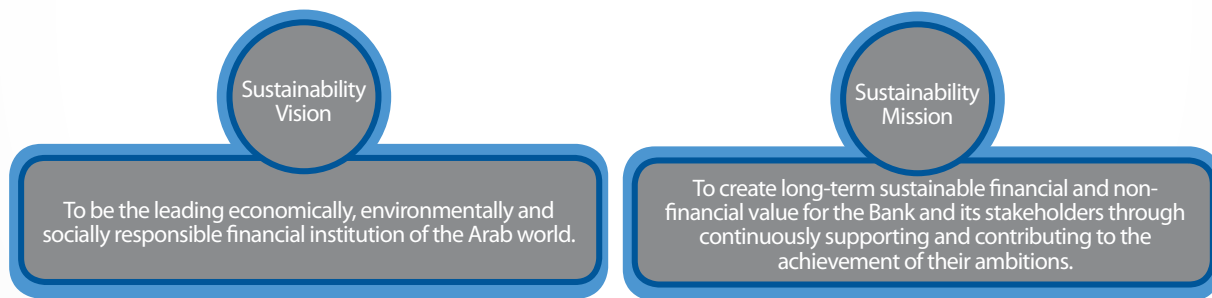
Strategic Sustainability

Strategic Sustainability

Our Sustainability Journey

The Bank's sustainability journey has evolved over time building on the Bank's founding vision, to play a significant role in shaping the lives of people in the Arab world on both economic and social levels.

Contributing toward the achievement of the Bank's sustainability vision and mission, the Abdul Hameed Shoman Foundation was established in 1978. Since then, the Bank and the Foundation have supported local communities across borders as part of the founding commitment of the institution. More recently, to build on the Bank's active role in the community, the multidimensional Corporate Social Responsibility (CSR) program "Together" was launched in 2009 (see page 91). This has formalized a strategic approach exceeding financial contributions and donations following a clear plan of integrating sustainability concepts within the core banking operations and daily activities.



In 2010, Arab Bank established the Sustainability Department which is responsible for the systematic management and integration of sustainable development principles into the Bank's ethos, operations and reporting, complementing the Bank's founding vision and purpose.

As a progression of this continuous effort, the Bank launched the "Sustainability Champions" program in 2012 (see page 80), designed to involve all departments more efficiently and accelerate the implementation of the Bank's sustainability strategy across all divisions.

This report presents the Bank's journey to date. It focuses on our historical progress, strategy, performance and commitments that have been made in an effort to further the Bank's positive social, economic and environmental impact.

Our Sustainability Framework

The Bank's sustainability framework is based on the Bank's values which guide our journey toward sustainable development. Each of the values continue to lead and direct the Bank's long-standing and historical foundation of robust financial practices and positive regional impact, responding to the expectations of all stakeholders.

Building on a solid foundation, and through engagement with stakeholders, our approach to sustainability is demonstrated by the Bank's sustainability advantage through five main strategic focus areas (Responsible financing, empowered employees, transparent reporting, system optimization and community cooperation). Improving performance in each of these areas will ultimately lead to enhancing the Bank's desired sustainability impact of supporting our customers in achieving their ambitions.



Stakeholder Engagement

The Bank's stakeholder engagement practices are based on creating a shared value between our identified stakeholders (Shareholders, employees, customers, community, environment, suppliers and governments) and the Bank. This is focused on our core business activities and enhancing the social, environmental and economic situation of the communities where we operate.

Stakeholders are identified and categorized according to how they impact the Bank and in turn, are impacted by the Bank.

Appendix A includes the Bank's detailed stakeholder map, a segmentation of the stakeholders and their needs categorized with the ability of the Bank to meet them through its operations. This was updated in 2012 with the support of the Sustainability Champions (see page 80) to help capture all methods of engagement, priority issues for both the Bank and the stakeholders, and the response of the Bank to these issues. This mapping guides the Bank's efforts in fulfilling stakeholders' needs through strategic objectives and initiatives implemented by the Bank.

The diagram on the right captures the main stakeholders addressed within our sustainability framework, demonstrating the alignment of our efforts to stakeholders' needs and expectations.



Measuring Our Success and Commitments

Measuring and disclosing our performance is vital to assessing our progress toward our strategy, commitments and objectives and holding ourselves accountable.

| Sustainability Focus Areas | Performance Indicators | 2010 | 2011 | 2012 |
|----------------------------|-------------------------------------------------------------------------------------|--------------|--------------|--------------|
| Responsible Financing | Project financing screened on ESG criteria | 100% | 100% | 100% |
| | Amount of new investments in environmentally friendly infrastructure projects (JOD) | 13.5 million | 11.5 million | 12.6 million |
| | Defaulted project loans | 0% | 0% | 0% |
| Empowered Employees | Total workforce | 2,776 | 2,808 | 2,754 |
| | Females in the workforce (%) | 38% | 38% | 38% |
| | Females in senior management (%) | 21.2% | 17% | 14% |
| | Total workforce turnover (%) | 7.29% | 7.9% | 7.4% |
| | Training opportunities provided | 7,422 | 8,478 | 8,343 |
| | Amount of support to teach staff children in Jordanian universities (JOD) | 60,162 | 61,897 | 70,284 |
| Transparent Reporting | Dividend per share (JOD) | 0.20 | 0.25 | 0.30 |
| | Independent Directors on the Board | 45% | 45% | 60% |
| | Return on equity (%) | 3.8% | 6.9% | 6.7% |
| | Level of GRI sustainability report | B | B | A |

| Sustainability Focus Areas | Performance Indicators | 2010 | 2011 | 2012 |
|----------------------------|--------------------------------------------------------------------------------|---------------|------------|---------------------------|
| System Optimization | Total Greenhouse Gas (GHG) emissions (Tons) | 9,094 | 8,605 | 15,689 (New measurements) |
| | Total Greenhouse Gas (GHG) emissions per employee (Tons/employee) ¹ | N/A | N/A | 5.7 |
| | Total electricity consumption (kWh) | 10,785,110 | 10,444,690 | 18,825,999 |
| | Total electricity consumption per employee (kWh/employee) ¹ | N/A | N/A | 6,835.9 |
| | Total water consumption per employee (m3/employee) ¹ | N/A | N/A | 11.42 |
| | Number of sustainability related products and services launched | 0 | 1 | 0 |
| Community Cooperation | Pre-tax profits invested in the community (%) ² | 3.1% | 2.8% | 3.2% |
| | Number of hours for volunteering initiatives | 150 | 165 | 166 |
| | Number of community initiatives | 25 | 33 | 32 |
| | Number of beneficiaries | 6,750 | 17,990 | 13,342 |
| | Number of micro-enterprises supported ³ | New Indicator | 113 | 147 |
| | Customers' donations through donation channels (JOD) | 40,166 | 88,828 | 107,770 |

¹These indicators were established in 2012

²Percentage of community investments in Jordan compared to PLC profits before tax

³This indicator was established in 2011

Progress against our 2012 Commitments

| Sustainability Focus Areas | Commitments | Progress | Details |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|
| Responsible Financing | Adopt the Equator Principles | In progress | Page 42 |
| | Develop a stand-alone policy on anti-corruption | Achieved | Page 41 |
| | Other achievements: <ul style="list-style-type: none"> • Total SME lending portfolio reached more than 447 million JOD (page 27) • Introduced internal compliance awareness initiatives and publications (page 69) • Increased total amount of donations from donation channels by 21% (see page 28) • 2,316 employees across AB Group received an advanced E-learning program on compliance related issues targeting employees that deal with high risk banking products and services | | |
| Empowered Employees | Launch a Capacity Building program for NGOs by leveraging our internal trainer program | Achieved | Pages 62, 94 |
| | Streamline the Bank's internship program to support local youth development | Achieved | Page 61 |
| | Establish special smoking rooms to ensure our offices become smoke-free | Achieved | Page 52 |
| | Introduce educational loans for employees | Achieved | Page 50 |
| | Other achievements: <ul style="list-style-type: none"> • 100% of newly joined employees received sustainability awareness training through the induction program (page 59) • Return to work of female employees after maternity leave reached 99% (page 49) • 13 employees with special needs were employed within the Bank's workforce (page 49) | | |

| Sustainability Focus Areas | Commitments | Progress | Details |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------------------------------------------------------------------------------------------------|
| Transparent Reporting | Rolling out sustainability reporting to additional markets starting with Palestine | Not Achieved | Reporting the Bank's sustainability achievements in other countries will not be mentioned in this report |
| | Issuance of 2012 Sustainability Report | Achieved | |
| | Other achievements: <ul style="list-style-type: none"> Increased total number of GRI indicators covered in the sustainability report reaching level A of reporting (Page 72) Updated the Code of Conduct (see page 72) Raised internal and external awareness on responsible practices (page 41) | | |
| System Optimization | Maintain the level of total GHG emissions | Not Achieved | We adopted new systems for measuring consumption, hence comparing GHG emissions is not possible this year |
| | Launch the eStatement service in additional markets | Achieved | Page 35 |
| | Other achievements: <ul style="list-style-type: none"> Adopted a new measurement system to monitor the Bank's consumption of internal environmental resources (page 81) Launched the Sustainability Champions program (page 80) | | |
| Community Cooperation | Develop the Together program for Palestine | Achieved | Not mentioned in this report |
| | Engage Arab Bank subsidiaries through a minimum of four initiatives under the Together program | Achieved | Page 94 |
| | Enhance the donation channels to increase customers' donations to benefit Together program's organizations | Achieved | Page 28 |
| | Other achievements: <ul style="list-style-type: none"> Provided 107.5 hours of NGO Capacity Building training (see pages 62,94) Increased total number of individual volunteering by 14% (page 95) The Bank's total community investments amounted to JOD 11.3 million (page 87) | | |

2013 Commitments

| Sustainability Focus Areas | Commitments |
|----------------------------|---------------------------------------------------------------------------------------|
| Responsible Financing | Launch a mobile banking application |
| | Provide training tackling anti-corruption and bribery for all employees |
| Empowered Employees | Promote efforts to retain and attract highly qualified calibers |
| | Continue to ensure necessary development for staff competencies |
| | Increase the number of courses delivered through the Bank's Capacity Building program |
| Transparent Reporting | Embed social and environmental aspects within internal audit engagements |
| | Launch the Code of Conduct acknowledgment initiative |
| System Optimization | Enhance the Contact Center by implementing the latest voice technology infrastructure |
| | Introduce a paper recycling program |
| | Introduce technical implementation for the comprehensive energy saving program |
| Community Cooperation | Maintain community engagement and investment |
| | Enhance donation channels for the benefit of the Together program participants |
| | Engage Arab Bank subsidiaries in volunteering activities |



**Our Impact: Supporting
our Customers to
Achieve their Ambitions**

Our Impact: Supporting our Customers to Achieve their Ambitions

As one of the leading banks in the region, Arab Bank is committed to helping customers achieve their ambitions through banking services along with other non-banking activities. The Bank believes that evolving the core business strategy, by integrating stakeholder needs and the principles of sustainable development on top of solid foundations, will fulfill the Bank's economic, social and environmental aspirations and help develop our sustainability advantage.

Pursuing this direction will help the Bank cater to the ever growing ambitions of customers, while bringing the benefits of financial services to all sectors of society, ultimately enabling the Bank to attract new customers and tap into new markets.

The following section portrays how the Bank supports customers to achieve their ambitions through:

- ★ Serving them with a comprehensive range of financial products and services and through engaging with them and getting their feedback to better understand their needs and expectations.
- ★ Our socio-economic impact on the communities where we operate, by supporting SMEs, encouraging entrepreneurship, tackling financial literacy, and encourage customers' contribution to the community.
- ★ Supporting projects that help our customers tackle the most pressing environmental challenges as well as reducing our negative environmental impact.



Our Impact: Serving Our Customers

The Bank serves corporate and individual customers through its global network of over 600 branches spanning 30 countries across five continents, providing the opportunity for customers to tap into different markets, reflecting our position as one of the safest banks in the MENA region. Arab Bank Group is comprised of a sister company, subsidiaries and affiliate companies globally. For more information on the Group's structure, please see our 2012 Annual Report.

Awards and Recognition

In 2012 Arab Bank received a range of international awards and recognitions, earning Best Trade Finance Provider in the Middle East and North Africa, Best Project and Infrastructure Finance Provider in the Middle East and Best Consumer Internet Bank in Jordan for the fourth consecutive year from Global Finance magazine. In addition, Arab Bank was also named Best Bank and Best Investment Bank in Jordan for four years in a row and the title of Best FX and Cash Management service provider in the Middle East from the global financial magazine EMEA Finance. The Bank was also recognized as Bank of the Year in Jordan by the Banker magazine and Best Bank in Jordan for the fifth consecutive year by Euromoney magazine.



I would like to make a positive remark on the attitude of the branch manager ... He has a great sense of service and understands the philosophy of customer service. Many times, while I am waiting for my number and be serviced, he would come to me and others and try to understand how he could be of help. He is really fantastic and many times other customers and myself were astonished by his great attitude.

An Arab Bank Customer

Offering a Wide Range of Products and Services

The Bank supports corporate and individual customers by serving them with a comprehensive range of financial products and services offered through a variety of channels catering to their banking needs. As customers' feedback is an essential component of providing excellent services, the Bank continues to engage with customers and solicit their feedback.



Consumer Banking (CB)

The Consumer Banking Division's activities during 2012 were specifically designed to cater to each country the Bank operates in, taking into account customers' diverse needs.

Certain banking programs are customized to cater to specific consumer segments such as Jeel Al Arabi, Shabab and Elite.

In 2012, the "Shabab" account which caters to the dynamic youth segment was launched in the Egyptian market, and the Visa Platinum and MasterCard Titanium Credit Cards were both introduced to the Gulf markets. Further information on Consumer Banking campaigns and initiatives can be found in our 2012 Annual Report.



The Jeel Al Arabi account aims to raise awareness on financial management and literacy, encouraging financial management skills from a young age (up to 18 years old). In 2012, this account showed a 7% increase in the total number of account holders compared to 2011 and deposit volume growth of 10%.



The Shabab account aims to engage the youth segment (18-25 years old), by meeting their banking and non-banking needs including periodic draws, discounts, financial and non-financial tips on social media and other offers relevant to their lifestyle. In 2012, this account achieved a 77% increase in the total number of Shabab account holders in Jordan compared to 2011, and deposit volume growth of 41%.



The Elite, a highly personalized proposition specially tailored to serve our high net worth clients, provides a combination of world-class and exclusive products and services. In 2012, this account achieved a 7% increase in the total number of Elite customers, in addition to deposit volume growth of 1%.

Corporate and Institutional Banking (CIB)

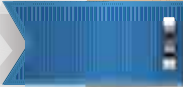
Catering to corporate and institutional customers, our Corporate and Institutional Banking (CIB) Division focuses on products and relationships that support the long-term health of our credit portfolio and provide an acceptable return for our shareholders.

Products and services, such as our cash management product, are developed to assist customers in managing their operations in a proficient and cost effective manner. Additionally, a specific function caters to Small and Medium Enterprises (SMEs), a growing segment which contributes to our socio-economic impact, exists under the CIB Division in order to provide more specific business services to this segment (see page 27).

The CIB Division leverages its global network to best cater to customers ensuring a seamless delivery of products and with the highest standards of service excellence. Further information on CIB's main achievements can be found in our 2012 Annual Report.



Sustainability and Corporate Customers



Arab Bank's extensive corporate banking experience, continuous investment in technology, innovative products and professional expertise have earned the Bank a leading position in corporate banking solutions.

Key to any corporate customer is the handling of their commercial banking transactions, which requires efficiency, speed and excellent service; ensuring the proper running of their business in a successful and cost effective manner. Such handling of their business needs safeguards their sustainability as an operating enterprise and for Arab Bank, supporting the sustainability of our corporate customers not only helps to maintain a strong customer base, but also promotes the development of an active domestic and regional economy.

Corporate commercial transactions including the management of liquidity and cash payments, in addition to the efficient handling of trade finance transactions are a priority. Arab Bank has lead in developing top-of-the-line products and services to cater for corporate customers' banking needs, providing companies with a multitude of channels to perform such transactions, whether through the branch or electronically. From cross-border account management to domestic account and balance reporting tools, liquidity and investment management, payment management and collection management solutions as well as critical trade finance solutions, Arab Bank is ready to support the transaction requirements of any corporate customer.

Through the online platform, Corporate@Arabi, corporate customers manage their accounts, payables, receivables and liquidity with real-time information, remote access and the ability to customize services - all supported by high levels of security.

The cash management product line has an extensive impact, whether externally (to the customers) or internally (to the Bank). On the customers' side and according to the surveys conducted throughout the year, the level of satisfaction is high due to the excellent quality of the service, the 24/7 availability and the easiness of the remote access to the services.

The electronic corporate banking solutions covering cash management and trade finance services minimizes the operational burden carried out during processing transactions across all products, reducing operational risks and avoiding possible delays and errors, through auto-logging of transactional details to our back end for processing which decreases the human intervention.

Automating the business process flow has contributed in environmental sustainability as the technology used reduces paper and energy consumption.

Treasury

Arab Bank's Treasury Division manages the Bank's liquidity and actively manages the Bank's exposure to movements in foreign exchange rates and interest rates. Furthermore, Arab Bank's Treasury provides advisory and dealing services to our customers globally.

Despite persistent volatility in the financial markets, the Bank's Treasury maintained a strong liquidity position due to governance processes, maintaining a high quality and diversified securities portfolios and conservative appetite for foreign exchange risk. Further information on the Bank's Treasury Division can be found in our 2012 Annual Report.

Engaging Our Customers

Engaging customers is an essential component of providing excellent services, maintaining their trust, loyalty and empowering them to make the right financial decisions.

The Bank utilizes an array of touch points to engage with customers, using targeted methods of communication that also act as listening tools. These tools are used to regularly update customers with important information, implement the precautionary approach concerning service and information protection issues and obtain feedback on the Bank's offering to identify areas for improvement.



Internet Banking



Phone Banking



ATM Banking



SMS Banking

| Tool | Details |
|-------------------------------|---------------------------------------------------------------------------------|
| Branches | 77 branches in 12 governorates in Jordan |
| ATMs | 143 ATM machines across Jordan |
| SMS Service | 10,646,516 SMS sent to customers, including: |
| | • Customer transactions: 9,868,073 (93%) |
| | • Marketing: 778,443 (7%) |
| Social Media | Engaging the public through sharing information and campaigns |
| Website | Updating our website (www.arabbank.com) |
| Phone Banking and Call Center | Enhancements to improve availability of the call center |
| Online Banking | Arabi Online for retail customers and Corporate@Arabi for corporate customers |

Further details on the purpose and usage of these channels are outlined on page 49 of our 2011 Sustainability Report.

Engaging with the Public through Social Media

Arab Bank continues to engage customers, fans and followers through its corporate and Shabab social media channels. These channels are used as communication tools for raising awareness on important financial issues related to savings, information security and announcing product and service updates. The Bank's social media channels are also to handle service requests or answer customers' inquiries.

The Bank's social media presence witnessed a major increase in fans and followers to reach over 28,000 in 2012 on our corporate channels compared to 15,000 in 2011, and over 120,000 on our Shabab channels compared to over 25,000 in 2011. This substantial fan base enables the Bank to reach a much larger audience with its initiatives. Through social media, in 2012 the Bank engaged with the public through 816 interactions including complaints, inquiries, requests, suggestions and thank you messages.

Designed for the youth segment, the Shabab social media channels witnessed a special educational campaign during the holy month of Ramadan aimed at increasing their knowledge on the Bank and its products and services, awarding them with cash prizes. Furthermore, the Bank plays a proactive role in raising awareness on sustainability and social issues, whereas the "Together" partners are engaged to develop communications on social and environmental topics.



To better cater to local banking needs and understand local priority issues, 100% of the Bank's branches and district managers are local employees embedded in their local community, adding to the socio-economic impact of the communities that Arab Bank operates in.

The Bank continues to solicit customer comments and feedback through surveys and questionnaires. In 2012, feedback received from customers was fully reviewed and used to improve customer service. Employees received training on all of the questionnaires conducted for better customer engagement and to ensure they are aware of the survey's purpose and information security.

In 2012, the Bank's Service Excellence Department introduced the 'Voice of Customer Plus' exercise to acquire direct and accurate feedback on customers' experiences, capturing their perception of services provided. The results of this exercise revealed the need to further improve services in terms of delivery fulfillment of requested products and services, documentation requirements and clarity of information provided by front line employees. In response to these aspects, the Bank continues to undertake measures to empower frontline employees (see page 57).



“

Though it's unlikely to arrive in a box or come with a bow and certain not to rattle when you shake it, a complaint is a gift – an opportunity that, if managed well, can lead to customers for life. Such opportunities enable us to hear, to listen, and to better understand our customers' perspectives. Feedback enables us to provide a truly enlightened service that builds customer loyalty. To earn this loyalty, we must do more than offer the best rates and fees; we must connect emotionally with customers by demonstrating customer advocacy in service and sales interactions.



”

A Complaint is a Gift: Building Customer Loyalty
Michael Matossian, Executive Vice President - Group Regulatory Compliance

Our impact: Supporting the Socio-Economic Ambition of Our Customers

Advancing the socio-economic prosperity of communities and individuals is a top priority for the country. In its role, Arab Bank aims to encourage entrepreneurship and promote good financial planning and management in order to empower customers and the wider community to improve their situations, while also improving the business' bottom line.

Supporting SMEs

In response to the vital role that the SME segment plays in shaping the economic and social situation in Jordan, the Bank continues to support this sector and serve this customer segment.

| SME Portfolio | 2011 ('000 JOD) | 2012 ('000 JOD) |
|---------------------------|-----------------|-----------------|
| Total Direct Facilities | 378,315 | 319,491 |
| Total Indirect Facilities | 130,573 | 128,322 |
| Lending Portfolio | 508,888 | 447,813 |
| Total Deposit | 729,669 | 707,835 |

In 2012, the Bank's total SME lending portfolio, according to the updated definition of SMEs as set by the Central Bank of Jordan (see Appendix F), reached more than JOD 447 million covering sectors such as: Wholesale and retail trade, manufacturing, transport and storage, construction and contracting, real estate, renting and business services. Moreover, the Bank supported the Overseas Private Investment Corporation (OPIC) which seeks to support SMEs by providing them the needful guarantees which is around US \$250 million, as well as the Jordan Loan Guarantee Corporation (JLGC) through two loan programs, the "Express Loan" and the "Business Loan" for SMEs. These loan guarantee programs will open up new prospects for the owners of small and medium-sized enterprises wishing to obtain financing to expand and revitalize their business, but don't have the necessary collaterals.

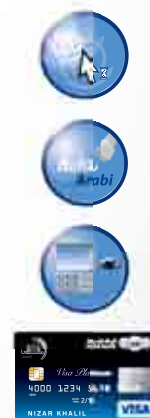
Supporting Customers' Contribution Toward the Community

A key dimension of the Together program is to involve customers that aspire to give back to the community, harnessing the Bank's core competencies to achieve shared value. Through Consumer Banking channels, customers can select the cause they are most interested in supporting and provide a direct financial donation to the related Together program's participants.

The donation channels include Internet banking, phone banking, ATMs, branches and the Together Platinum Credit Card which was launched in 2009 (see page 25 of our 2011 Sustainability Report). During 2012, the Bank launched an incentive campaign throughout the holy month of Ramadan to encourage customers to donate through this card. The campaign included reducing the cards' annual fees by 50% and equally distributing the full amount to the benefiting Non-Governmental Organizations (NGOs).

Total donations increased by 21% in 2012, reaching a total of JOD 107,769.63 (of which JOD 6,375.2 was contributed by the Bank through the Together Platinum Credit Card).

| Donation Channel | Donation Received during 2011 (JOD) | Donation Received during 2012 (JOD) |
|-------------------------------|-------------------------------------|-------------------------------------|
| Internet Banking | 67,771.22 | 87,741.23 |
| Phone Banking | 1,324.00 | 794.00 |
| ATM | 6,708.00 | 9,634.00 |
| Together Platinum Credit Card | 13,026.72 | 9,600.40 |
| Total | 88,829.94 | 107,769.63 |



Encouraging Entrepreneurship and Innovation

The importance of job creation to alleviate poverty is a serious concern given that 70%⁴ of the population is under 30 years old and unemployment is at 13%⁴. The Bank is committed to fostering entrepreneurship and innovation in order to achieve a tangible and long-term solution to the demand for jobs by a new generation of young Jordanians.

In 2011, the Bank invested JOD 250,000 in Oasis Venture 1, an investment vehicle for entrepreneurial projects in Jordan in the fields of Information and Communications Technology (ICT) and digital media. In 2012, the Bank supported Oasis 500, the MENA region's premier education and counselor driven seed investment program, through sponsoring the 13th start-up boot camp targeting entrepreneurs for a second consecutive year. Through this initiative, the 65 participating entrepreneurs presented their business ideas which covered a wide variety of fields including e-commerce, online services, mobile applications and other digital content.



The intensive training workshops covered a variety of fields including marketing and investment techniques, pitching techniques, business model creation and marketing through creative campaigns, market segmentation, and attracting investments and how to approach investors.

Continuing to promote entrepreneurship within the Bank, an internal campaign was launched once again encouraging employees to submit business ideas that can reflect positively on any of the Bank's lines of business. The winner of the competition submitted innovative ideas related to online and SMS banking services. To encourage entrepreneurial aspirations, the winner attended the boot camp coached and was mentored by industry leaders.

⁴Source: <http://www.undp-youthjo.com/content/youth-jordan>

Alleviating Poverty through Supporting Micro-Enterprise Projects in Governorates

As part of Arab Bank's commitment to support poverty pockets in the Kingdom, the "Revolving Loan Fund", implemented in collaboration with the Jordan River Foundation, was concluded in August 2012 after 18 months of implementation. JOD 148,000 was allocated from the Bank toward this initiative which aimed to inspire entrepreneurs in poverty pocket areas of Ma'an and Zarqa and provided them access to finances in order to create projects that will decrease unemployment and therefore raise the standard of living.

Eight community based organizations in Zarqa and Ma'an received extensive Capacity Building trainings from the Jordan River Foundation, focused on managing the revolving loans and supporting direct beneficiaries. Loan amounts ranged from JOD 300 - JOD 1,500 and focused on directly contributing to starting up income generating projects or expanding existing agricultural, commercial and industrial projects. Repayments were made on a monthly basis and are reallocated to other beneficiaries; therefore the funds continue to revolve beyond the initial fund amount to maximize the benefit to the local community.

This model has proved successful over the past 18 months with a repayment rate of 99.075% benefiting 147 individuals of which 44% are women and 46% are youth between 18 - 30 years.



Zakia's success story

From the first glance at a forgotten old house between the alleys of Zarqa, it would seem that its residents are barely able to meet their basic daily needs. Inside lives Zakia Shakir Hamarneh, 46 years old, her husband and her three children who are all in school, depend on her husband's pension of JOD 170 to live. There are many times that Zakia and her husband struggled to get their sustenance for the day.

Through one of the other ladies in the community, Zakia found out about the Family Care Community Based Organization in Zarqa and the grants that they provide through the Jordan River Foundation, funded by Arab Bank. She applied for a JOD 1,000 loan which she used to establish a home minimarket to help support her and her family and now she is able to maintain a steady income.

This amount which may seem small in the eyes of others changed Zakia's life by increasing her monthly income by JOD 100 which helped her to provide for her family, sending the children to school regularly and giving them the opportunity to create a brighter and more prosperous future.

Ghadian's success story

Ghadian is an electronics technician retired from the armed forces, living in Mreigha in Ma'an governorate, south of Jordan. He is the breadwinner for a family of six members, with a pension that barely covers his family's basic expenses. Throughout his time with the armed forces he knew that the day would come when he would inevitably leave the armed forces. He tried to save whatever he could to establish a small income generating project to assist him in covering the increasing expenses for his children, but his savings were too little to help him get started.

Ghadian heard about Mreigha Women's cooperative, a Community Based Organization, which provides loans through the Revolving Loans program implemented by the Jordan River Foundation (JRF) and funded by Arab Bank. He approached the CBO with the hope of achieving his dream and was granted a loan of JOD 1,000 which he added to his small savings to open an electrical appliances maintenance shop with the needed tools, equipment and spare parts.

With this loan he succeeded in establishing a small project in Mreighah and if you ask him about his experience he answers, "If I was not granted the loan, I would not have been able to open the shop because my savings were not enough and thankfully, I can now use my experience to continue my career."

Ghadian proudly describes his project which serves ten villages in the Mreigha area and helps to reduce the expenses of other residents, especially those who have no means of transportation. He even describes in economic terms that the value of the project increased from JOD 1,000 to an estimated JOD 3,000. He has now expanded to two stores in addition to providing a monthly salary of JOD 600 for himself and a colleague, which motivated them to continue and greatly relieved the burden of retirement in fulfilling living expenses. Ghadian ends discussing his project by always giving thanks to God and those working on the project.



Enhancing Financial Literacy

The current financial situation has highlighted, among other things, the need to develop a special financial literacy program so that individuals and institutions can understand and manage their money appropriately. As such, the Bank developed a special program as part of the Capacity Building program implemented to benefit local NGOs to enhance their efficiency and ensure their sustainability (see pages 62, 94).

Thank you for giving us the chance to be part of this training, it's a really nice initiative to further strengthen your relationship with you partners and to invest in people. Your role in enhancing people and the community is obvious and reflects the bank's vision. Thank you Arab Bank.

Ghassan Elayan - INJAZ

I will take the chance to thank you for your great efforts in leveraging our skills and exposing us to new experiences. The thing that I enjoyed the most in the course, in addition to the material itself and the trainer's way in delivering it, was the discussion and sharing of information with the attendees.

Randa Abdel Qader - Al Aman Fund

I felt the need to thank you for the opportunity for the training offered by Arab Bank, it was a true success and very beneficial to all. The session was very interactive. We will definitely put it into action while preparing our budgets!

Rasha Jazy – KHCF

The course entitled "Banking 101" was implemented for the first time and benefited 13 NGO employees. The course aims to enhance NGOs' internal operations through raising their awareness on financial products and services.

The Bank is also planning to widen the scope of this course to include school students and youth in order to raise their awareness of banking services, in addition to the skills and competencies required to work in the banking and financial sectors.

The Bank has also provided support to the Euro-Jordanian Advanced Business Institute (EJABI) mission, to build the capacity of Jordanian companies through developing and enhancing their managerial skills and building a productive and innovative culture within organizations. This was achieved by providing 28 hours of training to a large number of industrial company representatives on trade finance – an opportunity to share the Bank's experience and network with industry players.



Our Impact: Supporting the Environmental Ambition of Our Customers

Supporting environmentally friendly projects and initiatives while enhancing our paperless operations, contribute to achieving the green ambitions of the Bank's customers.

Supporting Environmentally Friendly and Renewable Energy Infrastructure Projects

Support for environmentally friendly and renewable energy infrastructure projects in Jordan is in line with the objectives of Arab Bank's strategy whereby JOD 12.6 million in credit facilities were extended to such projects in 2012. The Bank also ensures that all other projects financed through our Project Finance Department are in line with prevailing Jordanian environmental laws. However, if multilateral financiers are involved, they require that projects follow their standards and requirements which in many cases are stricter than local legal requirements and regulations.

The Bank's Project Finance Department pursues opportunities closely with companies involved in solar and wind electricity generation projects that have recently submitted bids through the Ministry of Energy and Mineral Resources. Some examples of such projects include the wind farm in Al-Fujeij and solar plants in Ma'an area.

Arab Bank has been involved in the first, second and more recently in 2012, the fourth independent power generation plant project in Jordan. These projects are collaborations between the public and private sectors and are structured on a Build, Own and Operate (BOO) basis. Each plant uses two natural gas fired turbines and a third combined cycle-steam turbine, considered a more efficient and 'greener' way of producing lower emissions power.



As-Samra Wastewater Plant Expansion


As a testament to Arab Bank's efforts in financing environmentally friendly infrastructure projects, Arab Bank announced the financial close of the expansion of As-Samra Wastewater Treatment Plant Project on 18th July 2012. The financing was successfully arranged and led by Arab Bank through a JOD 105 million local syndicated loan, constituting 47% of the total project cost, with a tenure of up to 20 years.

The expansion will increase the existing capacity of the plant by 100,000 cubic meters per day (to reach 367,000 cubic meters per day) in order to treat growing volumes of wastewater from Amman and Zarqa governorates. This will boost the amount of treated water released into the Zarqa River, providing additional water for irrigation while simultaneously helping restore the river's environmental integrity, which has been severely degraded by industrial and other activities over the years. In addition, sludge treatment capacity will be increased by about 80% in order to deal with additional pollution loads in the wastewater.




Noteworthy to mention is that this project has resulted in a new pattern of wildlife (Fauna and Flora) appearing on plant site, especially around irrigation ponds that provide farmers with water for irrigation. Plants that were thought to have disappeared many years ago have been seen again in the area along with different species of fauna and many other types of bird (Endemic and Migrant). This demonstrates how the project is playing a role in maintaining and enriching the biodiversity and natural resources of Jordan.

The expansion will continue to employ rigorous odor and air quality controls, including the capturing of methane which is a powerful gas used to generate electricity for the plant. Not only does the plant generate enough to cover its own electricity needs, in some cases electricity generated is more than plant requirements, allowing it to transfer this extra energy to the national grid without charging the National Electric Power Company (NEPCO).



Arab Bank's participation in the successful financing of the As-Samra Wastewater Treatment Plant expansion greatly complemented the Millennium Challenge Corporation's (MCC) decision to provide \$93 million in supporting grants to this important public-private partnership through the Ministry of Water and Irrigation. The As-Samra expansion will not only improve Jordan's environmental conditions by increasing the country's capacity to treat growing volumes of wastewater from the Amman and Zarqa governorates; it will also provide much needed, high quality treated water, equivalent to more than 10% of Jordan's total water resources, for irrigation and agricultural production. Working in conjunction with Arab Bank and others to finance environmentally friendly and sustainable investments such as the As-Samra expansion is precisely the kind of economic growth impact that the MCC wants to make in Jordan.

Alex Russin
Resident Country Director, Jordan
Millennium Challenge Corporation



Paperless Operations

As customers' awareness of environmental issues increases and in pursuit of optimizing our internal operations, the Bank continues to introduce services that aim to reduce or eliminate paper consumption.

Giving customers the opportunity to reduce their negative environmental impact, Arab Bank's online banking service facilitates transactions, reducing paper consumption. Moreover, the Bank is developing a mobile banking application which will be launched during 2013.

Launched in 2011, the eStatement service is an electronic method of receiving and viewing account and credit card statements through the Bank's online service "Arabi Online". The service was expanded to other countries of operations in 2012 including Egypt, UAE and Palestine, and will expand further in 2013 to be launched in Yemen, Lebanon, Qatar and Bahrain.

The percentage of customers subscribed to eStatement services exceeded 23% of the total Internet banking users, compared to 20% in 2011.

In 2012, **27%**
of all customers
were subscribed to
Internet banking



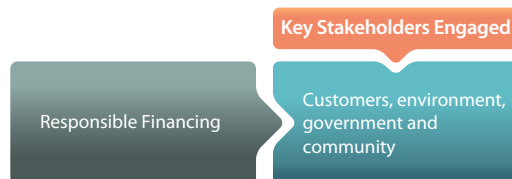
Responsible Financing

Responsible Financing

The Bank's prudent risk approach provides a vital foundation to help maintain customer trust and business continuity, while ensuring compliance with regulatory requirements and industry standards regarding the financing of businesses, projects and individuals. Emerging from this foundation, the Bank's sustainability advantage comes from the adoption of responsible financing practices that meet our stakeholders' and business needs.



Stakeholders Engaged



Customers: Through responsible lending criteria, the Bank ensures customers are provided with the necessary information to make informed financial decisions.

Environment: Environmental risk assessments are integrated within the Bank's project lending criteria to ensure that projects financed have minimal impact on the environment.

Government: Compliance with relevant laws, regulations (such as those enforced by the Central Bank of Jordan) and enhancing the Bank's precautionary risk practices through internal controls.

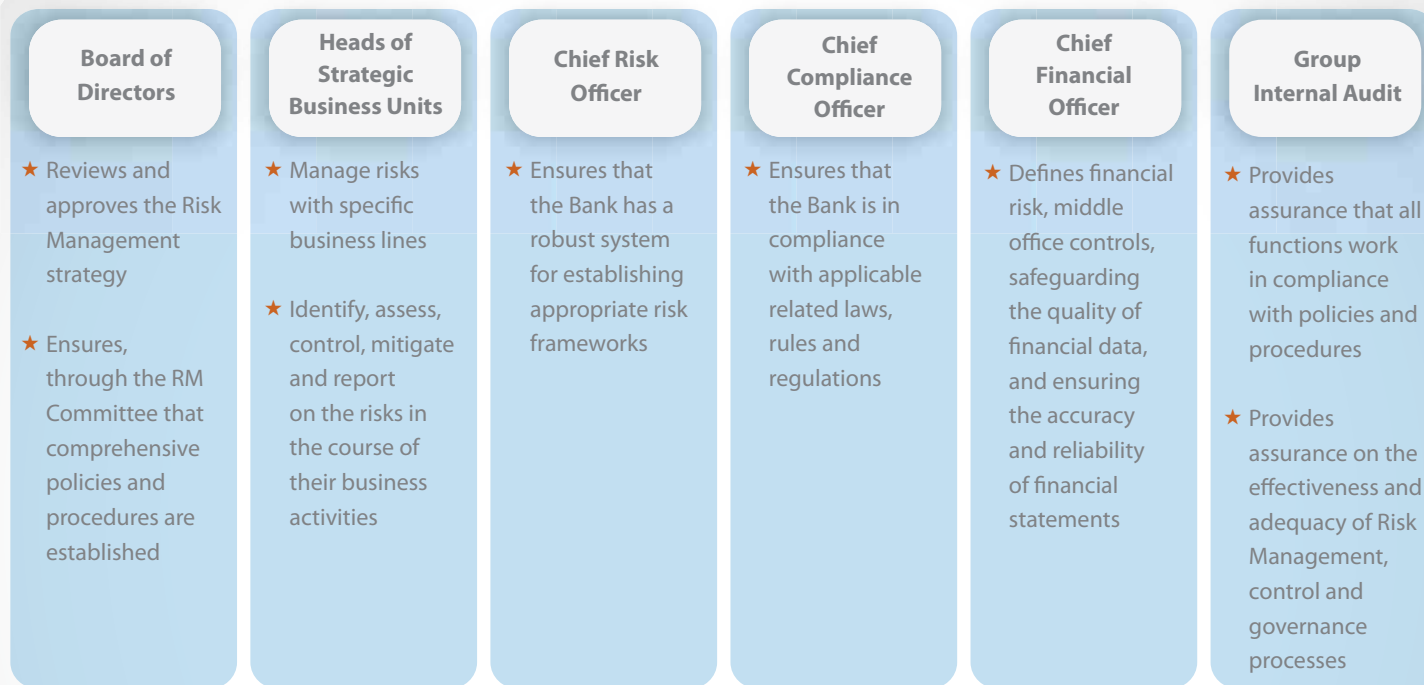
Community: Being a responsible financial institution, the Bank provides access to finance in a manner that supports economic development and meets the needs of individuals and organizations within their means and financial capacities.

Our Foundation: Risk Management

Arab Bank comprehensively addresses the challenge of banking risk through an Enterprise-Wide Risk Management Framework. This framework is built in line with industry best practices, and is supported by a risk governance structure consisting of Board Committees, Executive Management Committees, and three independent levels of control as follows:

- ★ **First Level:** Business lines and country control units
- ★ **Second Level:** Group Risk Management (GRM) and Group Regulatory Compliance (GRC)
- ★ **Third Level:** Group Internal Audit (GIA)





Proactive Risk Approach

Adopting a proactive risk approach through the three levels of control, the Bank focuses its efforts through the GRM Division at the second level of control. The GRM Division is responsible for ensuring that the Bank identifies and manages risks and emerging threats, while taking corrective measures when needed as part of the Bank's precautionary approach toward future risk.

Whistle blowing

Employees play a vital role in proactively identifying potential risks, reporting them directly to their supervisors and to the Head of Human Resources. Employees are encouraged to promptly report violations of the Code of Conduct and internal policies arising through their daily activities as well as potential violations of applicable laws.

The Bank's Code of Conduct, which is shared on the Bank's intranet, Arabina, empowers employees to practice risk management by specifying actions or incidents that employees should respond to, including:

- ★ Commission of a criminal offence
- ★ Failure to comply with legislations in force
- ★ Corruption or abuse of entrusted power or authority, including offering, accepting, paying, or soliciting a bribe, in any form, for personal gain, or for purported Arab Bank benefit
- ★ Misconduct, which shall mean the intentional failure to observe Arab Bank's internal rules and regulations, policies, procedures, and the standards of behavior included in the provisions of this Code of Conduct
- ★ Endangerment of the health and safety of any Arab Bank staff member
- ★ Any conduct that is likely to prejudice the reputation, credibility and standing of Arab Bank
- ★ Deliberate concealment of any of the above.



Incident Response

The Incident Response Team (IRT) follows a special framework, and organizational constitution and structure (sponsored by the Head of Group Risk Management at Arab Bank) tackling incidents related to information and technology risks. The IRT is comprised of designated members that prepare for and respond to incidents, such as natural disasters, a hacker or intruder attack, or an interruption of business operations.

Additionally, the IT Division maintains a disaster recovery program to ensure business continuity in the case of a disaster, minimizing the risk of service disruption and data loss. The IT Division has also centralized the Information Security Compliance function in order to ensure adherence to IT security standards and guidelines across all data and IT centers (see page 78).

Anti-Corruption

While not all MENA countries, where Arab Bank operates, have special anti-corruption laws and regulations, most of them have signed the United Nations Convention Against Corruption and follow anti bribery provisions in their penal codes.

Combating corruption is fundamental to managing risk; therefore, Arab Bank has issued in 2011 a stand-alone anti-corruption and anti-bribery policy, which was developed and endorsed by the Bank's Audit Committee in 2012 and will be communicated to the Bank's employees via Arabina during 2013. The policy is based on international standards listed in Appendix A and is intended to streamline and articulate Arab Bank's position and practices, building on the general principles mentioned under the Bank's Code of Conduct (see page 72).

Continuing our practice of providing training courses to foster a responsible culture, the Code of Conduct and Anti-Money Laundering (AML) mandatory training courses were completed for newly hired employees across Arab Bank group and will be finalized during 2013. In alignment with regulatory requirements and industry leading practices, an advanced E-learning program targeting employees that deal with high risk banking products and services was delivered to 2,316 employees across Arab Bank Group. This included aspects related to advanced Know Your Customer (KYC), advanced Anti-Money Laundering (AML), and Combating Terrorist Financing (CTF) principles.

157

newly

hired employees across AB Group received the Code of Conduct training course

761

newly

hired employees across AB Group in addition to International Islamic Arab Bank employees received the Anti-Money Laundering (AML) training course



To drive Arab Bank's commitment to fight corruption and bribery practices, all Bank employees will be receiving an online training focusing, among other things, on Arab Bank's policies and procedures with regard to preventing, fighting and reporting corruption which will be implemented in 2013.

Moreover, the Bank produces and circulates special newsletters (JRC, Compliance Focus and AML Aware) across all lines of business through the internal communication tool, Arabina. These publications are structured to promote awareness on AML and CTF, and to further enhance the Bank's overall compliance culture (see page 69).

Our Sustainability Advantage: Responsible Financing

As a result of Arab Bank's risk management practices, the Bank is able to implement principles of responsible financing to ensure lending is not detrimental to our stakeholders, through screening processes and empowering them through awareness.

Integrating Environmental and Social Criteria into Project Lending

The Bank follows a range of comprehensive policies and procedures in its project finance lending operations including careful assessment and screening of environmental and social risks that are in line with the Equator Principles (EP). These practices also cover the monitoring of the projects' compliance with local environmental and social requirements, laws and regulations throughout the loan tenure.

In order to make certain that environmental matters are properly addressed, mitigated, or avoided, borrowers must provide an Environmental Impact Assessment (EIA) report or an official letter from the Ministry of Environment (MoE) confirming that such an assessment is not required or is not applicable depending on the type of project. This EIA is also evaluated by an external technical advisor to ensure that the project is in line with the local environmental laws and multilateral standards (if applicable). When a project is not aligned with the identified criteria, mitigation measures are highlighted as actions that should be carried out by the borrower prior to allowing them to utilize the loan.



Moreover, the Bank's project finance facility agreements include covenants on the borrower to disclose all environmental impacts that occur during the loan tenure. Such covenants provide assurance that financed projects are operating in accordance with applicable contracts, regulations and licenses so as to detect and mitigate any future concerns (e.g. fines by the government, project disruption). Furthermore, the Bank requires periodic reports prepared by its technical advisers covering environmental as well as health and safety concerns.

Responsible Consumer Lending

Arab Bank continues to act responsibly to ensure that credit provided to individuals does not burden the customer in the future. This is achieved by providing them with all of the required information to help them make the right decision when it comes to their financial needs as well as through relevant credit approval policies (see page 20 of our 2011 Sustainability Report).

The Arab Bank credit approval policy is based on an assessment of the customer's ability to repay in a manner that reduces risk to the individual and the Bank. In 2012, credit policies across all countries were reviewed and updated based on the changing local market needs and current economic situation. These policies reinforce the Bank's responsible lending approach by focusing on maintaining the Debt Burden Ratio (DBR), and minimum required salary at manageable levels.



Responsible Debt Collection

The Bank's responsible debt collection practices are in line with the International Finance Corporate (IFC) study commissioned in 2009, serving as a guideline for financial institutions to raise their responsible and ethical collections standards. The study proposed the following set of principles based on lessons learned from developed credit market systems, with details on how these standards are implemented at the Bank:

Standard One: Invest in a transparent relationship with the borrower

The Bank ensures a transparent relationship with the borrower as each contract signed highlights clearly the payment terms and conditions, ensuring that the borrower is aware of the consequences of default. Moreover, payment reminder messages are also sent, avoiding predatory lending practices.

Standard Two: Interact with the customer in a fair and respectful manner

All of the Bank's communications with customers in Jordan are recorded to ensure that interactions are done in a respectful manner and that customers are contacted during reasonable hours, using non-threatening language while respecting privacy.

Standard Three: Develop relationships and systems to support ethical practices

For debt collection operations, Arab Bank has a collection unit that follows up on all cases. In case of hardship cases, the Bank outsources its debt collection practices to ethical and registered third parties while also providing loan restructuring and other solutions to avoid unethical practices. Furthermore, through its Internal Audit Division, the Bank ensures compliance with ethical guidelines for debt collection operations.



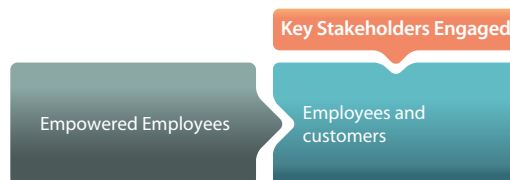
Empowered Employees

Empowered Employees

Arab Bank's diverse human capital is the engine that drives the Bank forward. Our strategy of building a sustainability advantage aims to empower employees by providing an enabling work environment, engagement and skills development to create a more satisfied and loyal workforce. This also reflects on the Bank's culture and allows us to better serve customers, thus achieving a shared value.



Stakeholders Engaged



Employees: The Bank aims to be the best employer by advancing and empowering its human capital through regular engagement, transparent communication, and investing in their capacities and skills.

Customers: Customers receive enhanced financial services that meet their expectations by knowledgeable, well trained and empowered employees.

Our Foundation: Human Capital

The Bank's human capital is comprised of a diverse set of employees attracted to a bank that is well known for providing equal opportunities, competitive benefit packages, and a safe and nurturing work environment, all of which help to retain high caliber people. In 2012, the Bank's total workforce reached 2,754 in Jordan.

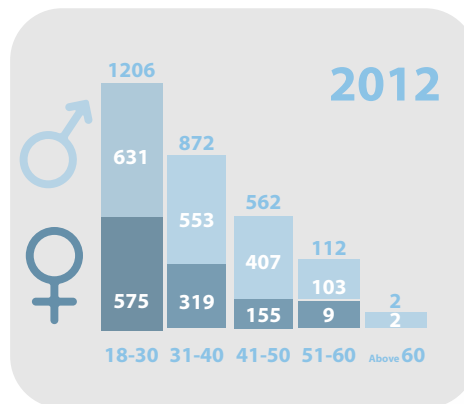
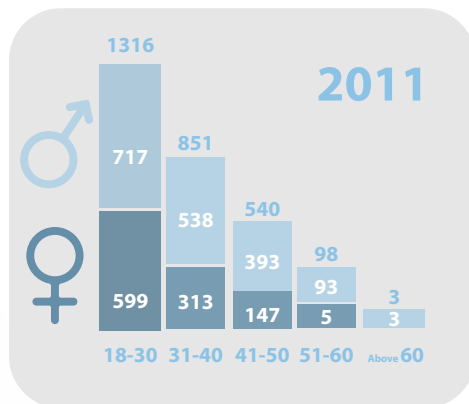
| Workforce By Employee Level | | | |
|---------------------------------------|-------|-------|-------|
| Year | 2010 | 2011 | 2012 |
| Total Workforce | 2,776 | 2,808 | 2,754 |
| Number of Senior Level Employees | 33 | 47 | 42 |
| Number of Middle Management Employees | 292 | 748 | 805 |
| Number of Non-Management Employees | 2,153 | 1,714 | 1,616 |
| Number of Non-Clerical Employees | 298 | 299 | 291 |

Equal Opportunities

The Bank continues to attract a diverse pool of talent, providing fair conditions in which all employees are empowered and enjoy equal treatment based on merit.



Total Workforce by Age and Gender



Local talent is favored whereby the Bank's workforce in Jordan, including our senior management team, is comprised of 99.3% Jordanian nationals. Moreover, investing in local talent and supporting their development is a longstanding commitment where 76% of our senior management team and 100% of branch district managers are local employees.

Women in the Workforce

The Bank ensures fair treatment in terms of salaries for both genders. In addition, and maintaining an inclusive working environment, in 2012 female employees comprised 38.4% of the total workforce, 47.7% of which are between the age group of 18-30 years. Indicative of the Bank's support for women, 29% of management positions are occupied by female employees.

Furthermore, in line with local laws offering maternity leave for female employees, the Bank reached a return to work rate of 99% demonstrating job security for women interested in continuing their careers at the Bank.

| Women in the Workforce | 2011 | 2012 |
|--------------------------------|-------|-------|
| Women in the workforce (%) | 37.9% | 38.4% |
| Women in senior management (%) | 17.0% | 14.3% |
| Women in middle management (%) | 27.3% | 29.7% |

Employees with Physical Disabilities

Arab Bank's recruitment process is based on evaluating skills and competencies and the ability to meet job requirements regardless of physical condition. During 2012, the number of Arab Bank employees with physical disabilities reached 13.

Employee Benefits

Job security is an essential aspect for employees and organizations alike, therefore 100% of employees are employed on a full time basis. More information on these benefits is available on page 30 of our 2011 Sustainability Report.

Emerging from the Bank's commitment to encourage education among all employees and to motivate them to invest in their future and self-development, during 2012, the Bank introduced the educational loan program for employees who aspire to pursue further education.

Moreover, the Bank continues to provide scholarships for employees' children, a program first launched in 2000. This program aims to help employees in meeting the costs of university fees for their children, as per the Bank's policy. Over the past three years, the Bank has invested a total of JOD 203,350 in this scholarship program whereby JOD 70,284 was incurred in 2012. This amount has enabled 71 employees to benefit from this program resulting in the enrolment of 84 students into universities during the year.

In addition to the comprehensive health insurance provided to all employees, the Bank offers many other benefits including: increasing life insurance amount in line with years of service, increasing loan amounts, increasing annual leave entitlement by three days every five years to reach a maximum of 30 days, in addition to long service awards offered to employees who complete 15 and 20 years of service.

The Bank has granted its employees annual increases and performance bonuses in appreciation of their efforts during 2012 and stemming from its role in reducing employees' financial burdens. This was also demonstrated when the Bank supported the government's efforts to relieve the financial burden of rising fuel costs on citizens, by offering eligible employees the compensation amount.



Health, Safety and Human Rights

The Bank applies precautionary measures to safeguard human capital and physical assets. This ensures business continuity and a safe, secure and satisfied workforce through adopting comprehensive internal recruitment processes and compliance with regulations related to human rights (see page 31 of our 2011 Sustainability Report) presenting equal and fair opportunities to all employees. Abiding by Local Labor Laws, the Bank only employs individuals who are 18 years and above. Moreover, and practicing their rights, employees are free to join unions following internal regulations.

Employees' feedback, including complaints, is gathered through exit interviews, along with the Employee Relations Committee (see page 35 of our 2011 Sustainability Report) that is dedicated to processing internal grievances. During 2012, the number of complaints, escalated to the Employee Relations Committee from all branches across Arab Bank's network including Jordan, increased by 32%; all of which were addressed. Such increase reinforces the employees' freedom to voice their concerns, in addition to the increasing trust in the accountability of the system and its ability to meet their concerns.

The Bank continues to follow the Occupational Safety and Health Administration (OSHA) guidelines and the code for Occupational Health and Safety, integrated within Jordanian Labor Laws.

The Occupational Health and Safety (OHS) Committee, comprising of members from Human Resources, Real Estate and Construction Management, Branding and Risk Management Divisions, has taken significant steps in addressing health and safety issues through monthly meetings to discuss issues that are reported. The Committee sets plans and follows up on implemented initiatives to ensure that all incidents are tackled properly to prevent future incidents.



During 2012, the OHS Committee received around 35 different comments and incidents through a dedicated e-mail address for receiving employees' health and safety concerns. Nine of the incidents were job related accidents on the Bank's premises, including slipping or injury during office facilities usage. No fatalities resulted. Immediate medical actions were duly taken, and remedial measures were considered to prevent similar accidents in the future. Moreover, our on-site doctor provides immediate support for all employees in need. Other complaints that do not fall under the Committee's responsibilities were forwarded to relevant departments, with a special follow up by the Committee.

Awareness, Training and Prevention

Familiarizing new and existing employees with the Bank's health and safety measures begins during the induction training and continues through regular communication via Arabina, the internal newsletter and visible maps for emergency assembly points and exits. The Bank continues to conduct fire drills as part of its compliance to local requirements to protect all employees.

In 2012, a special emergency room was created on the ground floor of our head office, our largest and most material location in Jordan. The room stores equipment that may be required in an emergency and reception staff have received a special training course to ensure they can manage the room in the unlikely event of an emergency. Moreover, 300 employees received training on 'Distress Events Response and Handling' in addition to 20 employees who received a comprehensive training on safety management, fire execution, and evacuation to ensure better safety for employees and our customers.

Promoting Wellbeing

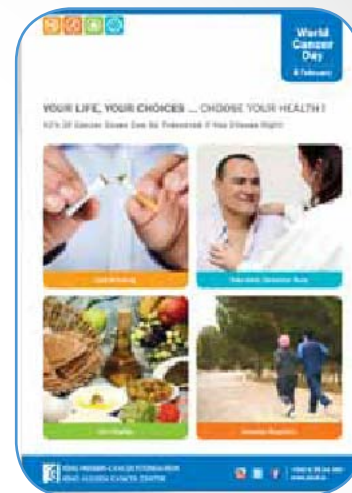
All branches are now smoke-free environments protecting the health of employees and customers. Meeting a commitment made in 2011, nine smoking rooms were constructed at our head office to protect non-smoking employees from passive smoking.



The Bank supports health initiatives to ensure the well-being of employees. Awareness health tips during the holy month of Ramadan were once again communicated through Arabina to guide employees on healthy practices. On World No Tobacco day, awareness information, and guidance on the harmful impact of smoking and tips on how to quit smoking were communicated to employees in Jordan and Palestine.

With the support of the King Hussein Cancer Foundation (KHCF) and in celebration of World Cancer Day, a seminar on nutrition and cancer under the title “Your Life...Your Choices...Choose Your Health” was implemented to encourage employees to make better choices for a healthier life. Also in collaboration with KHCF and the Jordan Breast Cancer Program (JBCP), a specialist conducted two early detection examinations for 44 female employees; one of which was implemented in celebration of the World Women’s Day and the other as part of the October Breast Cancer Awareness month.

Fitness is a main focus in promoting health and well-being, as such the Bank sponsors and encourages employees and their guests to participate in annual marathons reinforcing exercise as a healthy habit. For the fourth consecutive year, the Bank sponsored the Amman International Marathon, which supports non-governmental organizations, and has covered the cost of participation of over 900 employees and their guests. The Bank also covers the participation of over 600 employees and their guests at the Dead Sea Marathon.



Our Sustainability Advantage: Empowered Employees

Advancing the Bank’s human capital through learning and development programs in addition to ongoing engagement helps to empower our employees to grow and prosper.

Employee Engagement

Engaged, satisfied and protected employees are the foundation of any successful organization, contributing to better retention and growth of the employee and the organization.

Engagement Channels

Ongoing interaction through regular departmental meetings with management remains at the center of our engagement with employees designed to motivate, collaborate and plan strategically. Committees are in place for specific engagement topics that impact all employees such as Country Management, Sports, Employee Relations and the Health and Safety Committees. Division newsletters and circulars that highlight specific functional information are developed internally and communicated to all employees (see pages 55, 58, 69).

Furthermore, our internal electronic platforms are utilized to directly engage with employees to cater to their diverse information needs enhancing our corporate culture.

Arabina: An internal communication portal dedicated to inform, inspire and engage employees through presenting the Bank's information, news, circulars, updates, special offers for the Bank's employees as well as the Bank's policy center. In 2012, Arabina was redesigned and updated to become more user friendly based on an analysis of current employee usage figures and the information most needed by employees. The updated version includes a fresh look, user friendly design, faster response times, and more interactivity to further enhance the platform for internal communications. A special section dedicated to sustainability was developed to increase awareness and foster sustainability principles.



Before



After

In the Circle: An internal quarterly newsletter, launched in 2010, is sent electronically to all Arab Bank employees with the latest news and achievements with the aim of raising awareness on internal functions and other issues. A special section, entitled ‘Sustainability Focus’, is a constant feature which includes the latest sustainability programs and initiatives.

Keeping Arab Bank Employees ‘In the Circle’

Since its launch, ‘In the Circle’ has developed its editorial content in order to better engage employees within its pages. Besides the important department and business related news and updates, ‘In the Circle’, has added various sections since its launch in December 2010. A new quarterly column written by a division head was introduced to provide readers with articles from specialists on different topics. The ‘Department Highlights’ column focuses each month on the achievements and detailed developments of a single division in the Bank in order to educate other departments on their progress. These two new sections were introduced with the ultimate goal of bringing a greater sense of unity and knowledge across the Bank. A quiz section was also added to the newsletter in order to entice readers to participate with a quarterly reward. The quiz also serves as an educational tool as it always relates to the Bank’s operations.



Human Resources Management System (HRMS): Through Arabina, employees can access the HRMS enabling them to perform all HR related tasks online (such as submitting leave and vacation requests, applying for training courses, providing information on personal qualifications and education and setting employees’ scorecard). This system also integrates with the performance management system (see page 30 of our 2011 Sustainability Report), which proactively engages employees in goal setting exercises and is available for employees to review.

Feedback Surveys: Surveys are another vital engagement tool which Arab Bank uses to help gather and analyze employees’ feedback. During 2012, as part of building and maintaining a unique corporate culture embedding sustainability practices, an internal survey was shared with all employees to gather their feedback on the Together program and volunteering activities. This exercise was essential in assessing and advancing the Together program through gathering employees’ insights in order to improve the programs and employee involvement.

Turnover, Retention and Satisfaction

The Bank actively recognizes employee loyalty and long-term service as a sign of workplace engagement and satisfaction. 2012 witnessed a slight decrease in turnover.

| Turnover | | | |
|-----------------------------------------------|-------|-------|-------|
| | 2010 | 2011 | 2012 |
| Total Workforce Turnover (%) | 7.29% | 7.90% | 7.41% |
| Turnover in Senior Management | 3.30% | 4.00% | 8.88% |
| Turnover in Middle Management | 6.62% | 5.50% | 6.94% |
| Turnover in Non-Management Clerical Positions | 7.53% | 9.80% | 8.64% |
| Turnover in Non-Clerical Positions | 6.76% | 2.70% | 1.69% |
| Total Workforce Turnover by Gender | | | |
| Turnover in Female Employees | 3.10% | 3.00% | 2.27% |
| Turnover in Male Employees | 4.20% | 4.90% | 5.14% |
| Total Workforce Turnover by Age | | | |
| 18-30 | 1.50% | 5.80% | 4.49% |
| 31-40 | 4.10% | 1.50% | 2.12% |
| 41-50 | 1.20% | 0.50% | 0.72% |
| 51-60 | 0.50% | 0.10% | 0.04% |
| Above 60 | 0.0% | 0.0% | 0.04% |


The Bank offers employees several incentives to enhance retention and satisfaction through benefits (see page 50) as well as growth and mobilization opportunities, supporting higher education scholarships and coverage of university education for employees' children. Moreover, the Bank offers employees who wish to pursue their education special loans in support of their aspirations for self-development.

Empowering Employees to Improve Customer Service

Supporting and empowering employees is synonymous with supporting customers. A satisfied and motivated workforce can serve customers more effectively thus delivering the Bank's desired impact. This is particularly essential for employees that are on the front line, dealing with customers on a daily basis.

Employees receive regular service excellence training along with coaching sessions through branch visits. "Did you know" e-mails are sent on a weekly basis to all front line employees highlighting different aspects from the Bank's policies and procedures, product knowledge and service standards.

Certified Branch Manager (CBM)



In pursuit of achieving excellence in customer service, and as part of the Bank's talent management program, the Certified Branch Manager (CBM) program was launched in 2010 and has since benefited 62 branch managers. The program is designed to empower branch managers and equip them with the skills needed to better lead and develop branch employees, which is reflected in the form of improved performance, job satisfaction and services offered to customers.

The Bank also provides specialized training courses that target specific functions and skills. These are delivered to employees aiming to maintain the level of competencies by training new employees to match the competencies of previously trained employees. As the Bank has invested in our employees in Jordan with these programs, in 2012, it expanded its impact by conducting various programs in other countries as listed below:

- ★ Certified Senior CRO (C. S.CRO)
- ★ Certified Elite (C. Elite RM)
- ★ Certified Senior COSO
- ★ Certified COSO
- ★ CSO's program
- ★ Induction program (see page 59)
- ★ Ruwad program (See page 38 of our 2011 Sustainability Report)

| Program | Number of trainees in 2010 | Number of trainees in 2011 | Number of trainees in 2012 |
|------------------------|----------------------------|----------------------------|----------------------------|
| CBM | 42 | 17 | 3 Retake ⁵ |
| C. Elite RM | N/A ⁶ | 17 | 0 |
| C. S. CRO | N/A ⁶ | 17 | 3 Retake ⁵ |
| CIT | 12 | 10 | 0 |
| CM | 13 | 13 | 0 |
| CBM-Egypt | N/A ⁶ | 0 | 20 |
| CBM – Palestine | N/A ⁶ | 17 | 3 Retake ⁵ |
| CM – Palestine | N/A ⁶ | 5 | 0 |
| CRO & SCRO - Palestine | N/A ⁶ | N/A ⁷ | 11 |
| Ruwad - Jordan | 0 | 0 | 17 |
| CBM – Lebanon | N/A ⁶ | 9 | 0 |
| CM – Lebanon | N/A ⁶ | 5 | 0 |
| CIT – Lebanon | N/A ⁶ | 4 | 0 |
| SCRO & Elite - Lebanon | N/A ⁶ | 0 | 12 |
| Ruwad - UAE | N/A ⁶ | 0 | 10 |

Engaging Frontline Employees

In 2012, the Consumer Banking Division launched a quarterly newsletter 'Engage' which communicates news, highlights and sales performance to all employees through Arabina. Additionally, the Service Excellence Department is keen on continuously engaging with frontline employees providing them with needed information and updates to better serve customers. This is implemented through weekly informative e-mail shots, in addition to regular product health check exercises in which product and service knowledge is evaluated to solidify frontline employees' knowledge. This helps ensure that customers are provided with the best financial advice in every branch.



⁵ These courses were re-attended by employees

⁶ These courses were introduced in 2011

⁷ These courses were introduced in 2012

Learning and Development

Engaging employees through training and development is an essential component of the Bank's strategy to empower employees, providing the needed support throughout their career paths. In 2012 the Bank offered a total of 8,343 training opportunities in Jordan.

Induction Training

The two weeks program provides all newcomers with an introduction to the Bank including the history, internal organizational structure, management approach, HR policies and regulations, health and safety issues, products and services, communication tools, commitments to stakeholders and social and environmental responsibilities.

The number of induction program attendees since the program's launch in 2009 until the end of 2011 reached 133. This number increased in 2012 to 237 attendees.

In addition to this introductory course, other specific training courses must be completed by new employees upon their hiring including Anti-Money Laundry and Code of Conduct courses (see page 41), which are essential components in embedding a responsible culture within the organization.

General Training

As part of the continuous development of all employees, the Bank offers an annual training agenda communicated through Arabina with diverse courses covering banking skills and other soft skills, delivered by certified internal trainers along with other external trainers. Online courses continue to be utilized for raising technical awareness on critical issues such as the Code of Conduct, information security and anti-money laundering trainings. Department specific courses, including unscheduled trainings, external courses and conferences which are instrumental in gaining and sharing industry knowledge. International certifications are sponsored by the Bank to empower employees to excel in their domains.



| Training Program Type | Number of Sessions | | Number of Trainees | |
|------------------------------------------------|--------------------|------------|--------------------|--------------|
| | 2011 | 2012 | 2011 | 2012 |
| Scheduled Training Agenda | 227 | 236 | 5,170 | 4,011 |
| Unscheduled Programs | 109 | 55 | 1,098 | 1,013 |
| Middle Management Programs and Ruwwad Programs | 96 | 95 | 1,681 | 1,484 |
| External Courses and Conferences | 9 | 73 | 10 | 209 |
| Internet Courses | 7 | 5 | 8 | 779 |
| Courses Attended at Head Office | 6 | 29 | 211 | 724 |
| English and Computer Courses | 53 | 27 | 224 | 93 |
| Sponsored Professional Certificates | 32 | 13 | 76 | 30 |
| Total | 539 | 533 | 8,478 | 8,343 |

Talent Management

Over the years, the Bank has developed several certification programs to groom employees for career advancement by honing specific competencies (see page 37 of our 2011 Sustainability Report). The Bank builds on previously launched programs while developing new and specialized programs to meet the evolving needs of our employees (see page 57).

Certified Internal Trainer Program

The Certified Internal Trainer (CIT) program, launched in 2009, is designed to identify and empower talented employees to improve their training skills by sharing their expertise with other employees through the training courses' agendas.

22 employees

have received CIT
certification and
delivered courses
to over

121 employees

Employees enrolled in this program undergo continuous assessments on their presentation skills and must receive specific training covering all the necessary skills and competencies required by a professional trainer.

Certified Mentors

Growing talent from within the Bank and investing in youthful employees, this program launched in 2010 aims to pair newly hired employees with experienced employees to mentor them in order to accelerate their learning and productivity.



Internship Program

Investing in youth learning and development directly enhances the prospects of individuals through gaining industry experience, making them more attractive to employers while also building a talent pipeline for the Bank.

Students have been hosted at the Bank to complete their internships since 2006, providing interactive opportunities for undergraduate students in the Banking sector while learning what skills and competencies are needed to succeed in any career. In 2012, the internship program was streamlined following a specific policy to ensure the program meets the student's and the Bank's requirements, where 155 students were hosted in 2012.

To give students the full experience, they receive orientation on the Bank's operations as well as an assessment on their performance toward the end of their training period at the Bank. Finally, candidates who achieve excellent performance levels during their internships are considered for available vacancies that suit the candidate.

Approximately

1,900

students completed their internships at the Bank since 2006

NGOs Capacity Building Program

As part of the Bank's responsibility toward NGOs and to share its expertise, skills and competencies, the Certified Internal Training (CIT) program's scope was expanded as an outreach initiative widening the Bank's impact to benefit the Together program participants and other NGOs through a customized Capacity Building program (see page 94). The program aims to utilize existing employees' capabilities and talents to empower local NGOs and enhance their engagement and sense of responsibility toward the community.



It was really exciting to provide such training courses to NGOs as they should follow a highly professional approach while handling telephone calls with different types of people. What really caught my interest during those sessions was the enthusiasm of all the participants proving again that telephone skills have become essential for all businesses and especially NGOs. It was really a great experience for me.

Dima Hattar - Effective Telephone Skills Trainer



The pilot program was launched during the second quarter of 2012 with five courses being delivered and employees enjoying the opportunity to give back to the community by sharing their experiences.



My experience in sharing service excellence concepts and standards with employees at NGOs was very beneficial to me as a trainer and useful for the employees of the NGOs, encouraging them to embrace their greater goals which ultimately have a positive impact on our society.

Enas Abu - Khurmah - Service Excellence Trainer



A circular frame containing a photograph of a sailboat on clear turquoise water with a rocky seabed visible below.

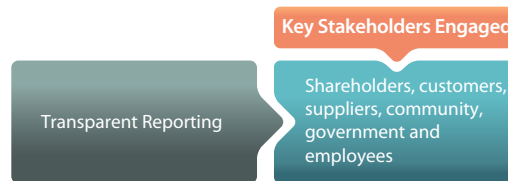
Transparent Reporting

Transparent Reporting

The Bank's values of transparency, stringent governance and accountability practices form the foundation for its transparent reporting, which constitutes a fundamental part of our sustainability advantage. Through transparent reporting, the Bank engages with its internal and external stakeholders strengthening trust and accountability.



Stakeholders Engaged



Shareholders: Meeting shareholders expectations, achieving profitability and transparency through compliance practices and regular communication and reporting.

Customers, Suppliers and Community: Providing readily available and essential information to customers, suppliers and the community on the Bank's performance and achievements through several touch points, helping them to make informed decisions when interacting with the Bank.

Government: The Bank's governance operations are in compliance with internal and external governing bodies, ensuring the application of best practices and the adherence to internal and external regulatory requirements.

Employees: Empowered with knowledge through training and updated information on legal, regulatory and operational requirements that would enhance their overall performance and reinforce their commitment to transparent practices.

Our Foundation: Governance and Accountability

To maintain our stakeholders' trust, the Bank's corporate governance framework endorses compliant practices that enhance accountability through internal control guided by external regulatory frameworks and requirements.

Details on the Bank's corporate governance practices are available on page 43 of our 2011 Sustainability Report and the 2012 Annual Report.

Board of Directors

Adhering to local and international practices, Arab Bank's Board of Directors continues to apply high governance standards in line with the Central Bank of Jordan's guidelines that are based on the Basel Committee requirements.

The year 2012 witnessed changes in the structure of the Board of Directors, with Mr. Sabih Masri appointed as the new chairman in August, 2012. Dr. Omar Ahmad Munif Razzaz joined the Board and Mr. "Mohammad Abdel Hamid" Shoman and Ms. Dina "Mohammad Abdel Hamid" Shoman both left the Board of Directors. With these changes, the Board, which held six meetings in 2012, is comprised of ten members as of 31/12/2012, most of whom are independent directors and one of which is female. The roles of Chairman and Chief Executive Officer (CEO) are separated in line with best practices of corporate governance. Further information on the qualifications and remuneration of the Board members is available in our 2012 Annual Report.

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



Accountability to Shareholders

The Bank's financial achievements resulted in a solid financial position. As of year end 2012, Arab Bank PLC (Public Limited Company) achieved a 6.7% return on equity resulting in a 30% distribution of profits to PLC shareholders reaching JOD 160.2 million as recommended by the Board of Directors.

| | 2010 | 2011 | 2012 |
|------------------------------------------|---------|---------|---------|
| Shareholder Equity (JOD million) | 3,786.6 | 3,813.5 | 3,875.5 |
| Shareholder Dividends Paid (JOD million) | 106.8 | 133.5 | 160.2 |
| Dividend Per Share (JOD) | 0.20 | 0.25 | 0.30 |

The Bank's majority shareholders remain the same and include the Social Security Corporation in Jordan (15.5%), Saudi Oger Ltd. in Saudi Arabia (9.68%) and Oger Middle East Holding in Lebanon (7.11%).

Accountable Operations

Adopting a structured approach toward accountable operations in our day to day operations, the Bank's control divisions (Legal, Regulatory Compliance, Internal Audit and Risk Management), outlined in the Bank's organizational chart on page 71 of our 2012 Annual Report, are considered the umbrella overlooking the Bank's accountability and transparency practices. They are also responsible for developing, updating and monitoring the implementation of policies and procedures that are in compliance with local laws and regulations, in addition to industry leading practices when applicable (See Appendix B). Further details on the control functions and their pivotal roles in enhancing an ethical corporate culture are elaborated in our 2011 Sustainability Report.

To ensure transparency and accountability toward customers, the Central Bank of Jordan issued instructions on transparency practices at the end of 2012. While the Bank is in compliance with major parts of these instructions, work is in progress to ensure full compliance with its other aspects by 2013.

To ensure the integrity of our operations, a meticulous screening process is implemented as part of the recruitment and cooperation procedures via 'Safe Watch'. This holds the Bank's internal blacklist databases and sanctions administered by various regulatory authorities including internationally recognized organizations and cover a range of aspects including crime and terrorism. The list is updated on a daily basis to maintain the highest level of governance.

The Bank believes that in order to ensure proper implementation of policies and procedures, embedding accountability principles is the duty of all employees. Therefore, numerous training courses are delivered to all new and existing employees focusing on ethical, governance and compliance best practices. More information on trainings provided is outlined on page 41.

Furthermore, to achieve better accountability and quality performance on the third level of control (see page 38), the Internal Audit Division underwent an external quality assessment in 2012. The independent assessor concluded that Arab Bank Internal Audit “Generally Conforms” with the International Standards for the Professional Practice of Internal Auditing. The Bank continues its internal auditing activities obtaining independent assurance on the effectiveness of Risk Management, Control and Governance processes as per the Internal Audit Charter governed by the Board’s Audit Committee.

Extending our responsible practices to stakeholders, the Bank’s suppliers undergo a due diligence processes to ensure good governance that contributes to better accountability and transparency. This process helps to ensure that the Bank only deals with reputable entities that do not engage in erroneous social, environmental and economic practices. Furthermore, the Bank is looking into methods of engaging suppliers on key sustainability issues to motivate them to apply ethical values that the Bank implements and advocates.

Raising Awareness and Learning

Enhancing Internal Awareness

Empowering employees to better perform their daily duties with the highest levels of accountability is a key part of the precautionary approach. This is achieved through raising internal awareness of the Bank's policies, procedures and main achievements in the fields of governance and accountability.

In addition to specialized internal training programs on ethical practices (see page 41), the Bank generates and communicates a number of publications through Arabina; aimed at raising internal awareness on ensuring accountable operations.

Compliance Focus

Launched in 2006, Compliance Focus is a global compliance newsletter communicated to employees as well as group regulatory authorities, Board Members and banking associations.

AML Aware

AML Aware is a regular release, first initiated in 2009 circulated across group regulatory and compliance divisions and aims to promote awareness on AML/CFT developments and a compliance culture.

Jordan Regulatory Compliance (JRC) Newsletter

A monthly newsletter circulated since April 2008 across the lines of Business (Consumer Banking, Corporate and Institutional Banking, Centralized Operations Unit - Account Opening Department) aims to promote ongoing awareness on the Bank's AML/CFT policies and procedures and further enhance the overall compliance culture.

Arab Bank's GRC Division hosted its 1st Regional Compliance Managers Summit in February 2012

The summit was attended by the Bank's Regional Compliance Managers from the Levant and North Africa along with the Head Office Leadership Team. The purpose of the summit was to reinforce GRC's vision, ensure its strategy is aligned with the organization, and establish key objectives for 2012/13. The summit covered initiatives and priorities, including improving GRC core competencies, enhancing GRC communication and reporting to senior management, as well as developing Key Performance Indicators as key tools for measuring success.



Arab Bank raises awareness on Compliance

The Anti-Money Laundering Seminar

This event, held by the Arab League Center for Studies in Banking Security, aimed to showcase best practices and build capacity to address money laundering issues. The Bank had two delegates benefit from industry experts discussing international challenges, AML, CTF and Bank secrecy.

As part of our efforts to enhance compliance awareness, Arab Bank supported different events in the fields of governance, compliance and transparency. In 2012, the Bank sponsored two main events related to compliance

ACC 4th Annual International GRC & Financial Crimes Conference & Exhibition

This event aims to spread awareness in the areas of Governance, Risk, Compliance, Anti-Money Laundering, Fraud and Financial Crimes. The Bank participated as a speaker represented by the Regional Compliance Manager for the GCC countries who discussed the progress of the Bank in adopting the U.S. Foreign Accounts Tax Compliance Act (FACTA) and had a delegation of six benefit from this informative learning experience.

Additionally, the Bank participated in the following events:

World Anti-Corruption Forum

The Bank's Chief Compliance Officer gave a presentation about "Building a Culture of Compliance".

The 6th GCC Regulators' Summit in Oman

The Bank's Chief Compliance Officer presented the challenges of applying due diligence controls on third parties, FATF revised standards and the challenges of and recommendations on Politically Exposed Persons (PEPs).

Institute of Internal Auditors (IIA) in the United States

Our Chief Compliance Officer addressed Regulatory Developments in the MENA region.

The Central Bank of UAE CEOs 3rd Consultative Meeting

The Bank provided a presentation on the approach of the FATCA initiative Arab Bank is undertaking and its challenges and impact on financial institutions.

The Wolfsberg AML Forum in Switzerland

Our Chief Compliance Officer participated in the Forum as a speaker on the aftermath of the Arab Spring and challenges in dealing with PEPs.

"Roundtable Discussion" February 2012 – Jordan

Running under the theme "Efficiency, Optimization and Control are the Watchwords if Financial Institutions are to Prosper in 2012"; the Bank, represented by our Chief Compliance Officer was a guest speaker at this event to strengthen the Bank's involvement in compliance awareness. This gathering featured 20 financial leaders from the banking sector in Jordan.

Code of Conduct

The Bank's Code of Conduct is available to all employees on Arabina and is considered the main document that captures the Bank's principles tackling a wide range of topics related to creating an ethical corporate culture. Ensuring the accuracy and applicability of principles, the Group Regulatory Compliance Division reviewed the Code of Conduct in 2012 and the updated document will be communicated to all employees in 2013. Further details on the subjects tackled in the Code of Conduct are outlined on page 46 of our 2011 Sustainability Report.

The online Code of Conduct acknowledgment process will be launched in 2013 targeting all new and existing employees ensuring they are informed of the latest updates concerning the Code of Conduct which includes aspects related to anti-corruption and anti-bribery (see page 41).



Our Sustainability Advantage: Transparent Reporting

Adhering to legal and regulatory requirements, the Bank communicates financial information on a quarterly, semi-annual and annual basis through several mediums to shareholders and the public as outlined on page 47 of our 2011 Sustainability Report.

The Bank demonstrates additional transparency by communicating non-financial information through the Sustainability Report, which is an annual report first published covering the 2010 calendar year and using the Global Reporting Initiative (GRI) G3.1 guidelines, including the financial sector supplement. This year the Bank's report includes disclosure of its position and performance on all relevant GRI indicators. This was evaluated by the GRI which confirmed that Arab Bank has achieved a GRI G3.1 Application level A.

Further information on the GRI levels can be found in Appendix D and the GRI index listing the indicators that have been covered in this report can be found in Appendix E.

Engaging in Sustainability Related Dialogues

Maintaining our commitment to driving responsible and transparent practices, the Bank continues to support and participate in initiatives, conferences and events that help raise awareness of sustainability and allow us to share our experience and be part of a global conversation.

Raising Awareness on Corporate Social Responsibility and Sustainability

Highlighting the role and impact of the private sector, the Bank sponsored a dedicated CSR corner in Al Ghad, a major daily local newspaper, focusing on raising awareness and building knowledge on local CSR initiatives and sustainability programs. This initiative also aims to encourage other entities to become active corporate citizens and to transparently communicate their achievements through this corner.

Sharing our Experience

As part of our efforts to advance and catalyze the sustainability agenda within the banking industry and the private sector in Jordan, Arab Bank continues to share its sustainability journey to a wide audience:

- ★ **Jordan Transparency Center:** Attending the launch of the center which mainly focuses on discussing best practices on transparency and accountability that institutions should adopt.
- ★ **National CSR Coordination Body in Jordan:** Contributing to the development of the national CSR coordination body.
- ★ **The Association of Banks Second CSR conference:** Presenting the Bank's sustainability strategy and experience in preparing sustainability reports.



Supporting Global Events

In 2012, Arab Bank once again sponsored and participated in the Euromoney Jordan Conference, bringing together business and social leaders to discuss economic growth strategies in the Kingdom. The Bank also gave a keynote speech and a workshop titled 'Entrepreneurship in Jordan: the Reality and Opportunities' and took part in the panels 'Financial Sector Response - Financing Jordan's Challenges', 'Promoting Growth: SMEs'.



A circular vignette showing a person from behind, running up a grassy hill. The person is wearing dark clothing. The hill is covered in green grass, and the sky is a clear, bright blue. The scene is framed by a white circular border.

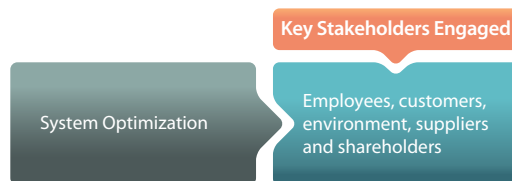
System Optimization

System Optimization

With the ongoing advancement and adoption of quality management systems, Arab Bank is able to focus on system optimization which forms part of the Bank's sustainability advantage, through integrating social, environmental and governance aspects within its daily operations.



Stakeholders Engaged



Employees: Adopting systems that contribute to increasing the efficiency of employees and facilitating their daily work while following prudent internal operations in order to deliver better services to customers.

Customers: System optimization contributes to service excellence and the effective delivery of products and services that meet customers' expectations.

Environment: Integrating sustainability practices within our operations helps in reducing the Bank's impact on the environment and enhances efficiency.

Suppliers: Optimizing our systems encourages suppliers to act more responsibly, considering the environmental and social impacts of products and services.

Shareholders: Meeting shareholders' expectations through profitability and business continuity achieved by optimized systems resulting in more efficient operations and better customer service.

Our Foundation: Quality Approach

Improving our Systems

Arab Bank continuously enhances its internal systems to better engage with the different groups of stakeholders and to better serve and satisfy our customers. The Information Technology (IT) Division completed several projects in 2012 with the ultimate goal of enhancing the Bank's systems to support overall operations, be it on the business or support fronts.

Disaster Recovery Program

The IT Division is in the final phases of implementing a world class Disaster Recovery Program, which will be completed in 2013. The goal is to create optimal business recoverability and resiliency capabilities across all regions.

Upgrading Security and Infrastructure

In order to cater to Arab Bank's growth, the IT Division is implementing the latest standards in communications and information security technologies, to deliver higher service availability and mitigate security risks.

The Information Technology Group (ITG) also completed the first phase of their server virtualization and consolidation project, which will result in substantial benefits on two fronts, namely faster delivery for all IT services, and a significant positive impact on the environment in terms of lower power consumption and reduced cooling requirements for systems.



Enhancing Banking Channels

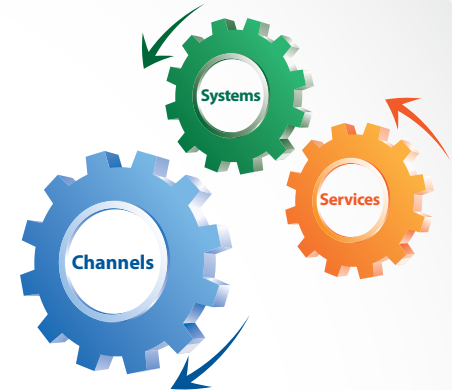
In pursuit of optimizing our banking channels to better serve customers, the Bank launched a few strategic projects in 2012, which will be ready in 2013. These projects include Internet-based trade finance services (see page 22), which will allow the issuance of trade services directly from corporate customer premises, and a mobile banking service which will allow customers to execute banking services from their mobile phones at their convenience.

Several enhancements were made during 2012 to the contact center services, which contributed to enhancing customer convenience. New "instant" services were introduced speeding up the processing of customer requests such as unlocking Internet banking passwords, credit card payment amendment, card stoppage, account transfer and debit card issuance and reissuance requests.

Additionally, the Bank launched the international access cash service, which allows customers with accounts in Jordan to withdraw from their accounts through the Bank's branches outside Jordan. This service is currently available in the UAE, Palestine, Bahrain and Lebanon, with additional countries to be introduced in 2013.

Other upgrades and features implemented in 2012 to improve the Bank's offerings and increase customer satisfaction through its channels include:

- ★ A facelift to the customer statement description for transactions performed through the branch, making it simpler and to avoid any potential ambiguity.
- ★ The Straight Through Processing (STP) system was deployed to enhance domestic and international transfers initiated by customers. Automating the authorization process saves customers the time needed for transfers to be sent and reduces processing efforts by the Bank's internal units.
- ★ Building on the existing reward points system for credit card customers, a feature through Arabi Online was introduced in 2012 in which customers can readily view their point balance at their convenience.



Our Sustainability Advantage: System Optimization

Arab Bank believes that optimizing its systems can be achieved through integrating a sustainability culture within its operations, raising the awareness and addressing environmental, social and economic risks and opportunities on a daily basis.

Adopting a Sustainability Culture

The Bank's sustainability strategy was created based on involving divisions across the Bank in order to collaboratively identify a number of strategic objectives and opportunities within the sustainability framework. Embedding these objectives within the strategic plan of the Bank is a requirement for each of the divisions involved. To ensure implementation of the objectives, the Sustainability Champions program was launched in 2012 bringing together employees from different divisions to drive the strategy forward.

Sustainability Champions

In order to improve efficiency across the Bank's operations, drive innovation and ultimately contribute to sustainable development, the Bank launched the 'Sustainability Champions' program in July 2012. The program involves employees from different divisions including: Procurement, Risk Management, Corporate and Institutional Banking, Consumer Banking, Human Resources, Real Estate and Construction Management, Compliance and Internal Audit. The Champions work closely with the Sustainability Department to implement the Bank's sustainability strategy in their respective divisions and are also proactively involved in the preparation of the Bank's sustainability report.



Quarterly meetings are held between the Champions and the Sustainability Department to provide updates on the implementation of the strategic objectives and share experiences with other Champions to drive innovation.

Increasing Internal Sustainability Awareness

Several initiatives were implemented in 2012 in order to enhance internal awareness on the Bank's sustainability program.

Spotlight Sessions

Launching the Bank's second sustainability report for 2011, and being the first and only Jordan-based bank to produce such reports according to the GRI guidelines, the Bank held specific sessions for all its employees to shed light on the objectives and process of issuing a sustainability report, as well as the scope, components and different indicators used. These sessions helped to raise internal awareness on sustainability and how it can be integrated into the Bank's day-to-day operations.



Integrating Sustainability within the Internal Newsletter

Another tool to enhance internal awareness on sustainability issues is through a dedicated Sustainability Corner in the Bank's internal newsletter "In the Circle", which is published every quarter. The sustainability corner includes updates on sustainability related programs and initiatives implemented during each quarter, in addition to helpful tips related to environmental consumption to enhance internal behavior toward environmental resources.

Integrating Sustainability within the Induction Training Program

As part of the induction training course provided to all new employees (see page 59), the Bank's main sustainability aspects including its corporate and social responsibilities are highlighted. This ensures that all new employees are aware of the Bank's commitments toward its different stakeholders, in addition to outlining the employees' role in performing their duties ethically, responsibly and with excellence.

Adhering to Global Sustainability Best Practices

Arab Bank is continuously working to maintain and advance its position as a leader in sustainability in Jordan and the region. This is exemplified by following a comprehensive sustainability strategy including social, environmental and economic aspects. This strategy is aligned with the ten principles of the UN Global Compact (UNGC) covering aspects related to human rights, labor standards, the environment and anti-corruption. The Bank's achievements in these aspects are demonstrated transparently by issuing annual sustainability reports based on the Global Reporting Initiative (GRI) G3.1 guidelines.

Upgrading our Environmental Measurement

Since its establishment, Arab Bank has taken the lead in implementing initiatives to limit its environmental impact and reduce Greenhouse Gas (GHG) emissions. During 2012, to further reduce the Bank's environmental impacts, new measurement systems were followed to better monitor and assess daily consumption of resources and waste generation. The data collected and presented below will be the baseline for future comparisons. As such, identifying percentage reductions in environmental impact will not be possible in this year's report.

This new measurement system has paved the way for a range of comprehensive energy saving programs which started in 2012, with small initiatives tackling employee awareness. In 2013, work will take place in addition to some modifications on the internal electromechanical systems, which will also help in optimizing energy consumption.

We continue to assess our buildings in alignment with the internationally recognized BREEAM assessment method and gradually incorporate certain aspects to improve the environmental performance of new and existing Arab Bank facilities.

GHG Emissions

Using our revised calculation methodology our GHG emissions for 2012 were 15,689.31 tons of CO₂.

| Total GHG Emissions (Tons) | 2012 |
|-------------------------------------|------------------|
| Direct: Vehicles | 281.41 |
| Direct: Heating | 758.08 |
| Indirect: Electricity | 14,649.82 |
| Total | 15,689.31 |
| Total GHG Emissions/Employee | 5.689 |

Resource Consumption

Concerning our consumption of electricity, heating fuel, vehicle fuel and water, listed below are total consumption figures during 2012, including consumption per employee to better track our impact:

| Electricity Consumption at Branches, Head Office and the COU | 2012 |
|---------------------------------------------------------------------|-------------|
| Total Consumption in kWh | 18,825,999 |
| Total Consumption in Gigajoule (GJ) | 67,773 |
| Total Consumption/Employee (kWh/Employee) | 6,835.9 |

| Heating Fuel Consumption at Branches, Head Office and the COU | 2012 |
|----------------------------------------------------------------------|-------------|
| Diesel Consumption in Liters | 281,101 |
| Total Consumption in Gigajoule (GJ) | 9,276 |
| Total Consumption/Employee (Liters/Employee) | 102.1 |

The Bank's fleet of vehicles fuel consumption measurement in 2012 was also modified for better measurements of our 67 vehicles.

| Vehicle Fleet's Fuel Consumption | 2012 |
|-------------------------------------------------------|----------------|
| Diesel (Fleet) Consumption in Liters | 50,000 |
| Gasoline (Fleet) Consumption in Liters | 60,000 |
| Total Liters | 110,000 |
| Diesel (Fleet) Consumption in Gigajoule (GJ) | 1,650 |
| Gasoline (Fleet) Consumption in Gigajoule (GJ) | 2,160 |
| Total in Gigajoule (GJ) | 3,810 |

As for water consumption, we fulfilled our commitment in measuring and reporting consumption to better monitor our yearly water consumption and impact.

| Water Consumption at Branches, Head Office and the COU | 2012 |
|---------------------------------------------------------------|-------------|
| Total Consumption (m³/year) | 31,500 |
| Total Consumption/Employee (m³/employee) | 11.4 |

Initiatives to Reduce Energy Consumption

As part of the Bank's efforts to reduce internal resource consumption, several initiatives took place to reduce direct and indirect energy consumption. The main initiatives implemented in 2012 by the Real Estate and Construction Management Division included:

- ★ Better control of building management systems in one of our headquarter buildings by installing the VRV (Variable Refrigerant Volume) to better control consumption and demand.
- ★ Reducing the lighting level (LUX) by 15% without affecting the operation, which was initiated toward the end of 2012 and will carry forward during 2013.
- ★ Using the environmental friendly Freon gas for the AC systems.
- ★ Installing double glazing system to reduce heat loss/gain (depending on the season)
- ★ Reducing electricity consumption by using Light Emitting Diode (LED) lighting.



Material Consumption

The Bank continues its efforts to reduce material consumption of paper and plastic. During 2012, the Procurement Division contributed to reducing the consumption and disposal of around 52% of plastic bottles that were previously used by all employees as the main source of drinking water. Moreover, plastic cups were also replaced with paper cups, which contributed in reducing plastic consumption and disposal by a further 17%.

The Bank also reduced its paper consumption and has achieved around 19.5% reductions during 2012. This achievement is due to the regular awareness tips added on Arabina and "In the Circle" to reduce internal paper consumption.

In addition to reducing internal consumption, and as part of the Bank's efforts to reduce waste to landfill, the Bank reused as many of its internal assets including IT assets (such as PCs, scanners, printers, etc.) and non-IT assets (such as desks, chairs, tables, photocopiers, etc.) by refurbishing the damaged equipment and reusing them at the Bank or disassembling them into spare parts to be used elsewhere. Whenever possible the Bank will donate the items that are no longer required or used to charity organizations to benefit from them.

The Bank is also planning to introduce a paper recycling program in 2013 which will reduce the total amount of waste generated by the Bank and mitigate our direct impacts on the environment.

A circular frame containing a blue-toned photograph of a rowing team. The team is seen from behind, rowing a long boat on a body of water. The water is calm with some ripples, and the sky is a uniform blue. The rowers are in a synchronized stroke, with their oars dipping into the water. The overall mood is serene and focused.

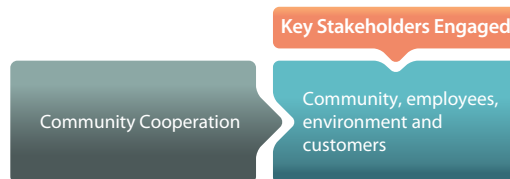
Community Cooperation

Community Cooperation

Building on the Bank's longstanding foundation of community investments and responsible citizenship, the Bank pursues an inclusive stakeholder model in order to become a leader in community cooperation. This model relies heavily on the engagement of several stakeholders, including the community, employees, the environment and customers with one purpose; to achieve shared value and leave a positive impact on the community.



Stakeholder Engaged



Community: Responding to pressing community needs by focusing programs and initiatives toward alleviating poverty that directly impacts local communities in line with the CSR strategic focus areas. This also includes moving beyond one-off donations to a model of development through building the capacities of local NGOs to better serve the community.

Employees: Giving employees the chance to be active participants in the community initiatives results in an enhanced sense of ownership, responsibility and commitment in addition to personal and professional satisfaction.

Environment: Supporting environmental initiatives to raise awareness and protect biodiversity.

Customers: Opening banking channels for customers to donate to the NGOs participating in the Together program.

Our Foundation: Community Investments

Arab Bank is committed to sustainable community investments by being a responsible corporate citizen and through strategically channeling these investments into local communities in a manner that generates positive social, economic and environmental development.

In 2012, total
community
investments
amounted to

JD 11.3 million
which is an
increase of **21.5%**
compared to 2011

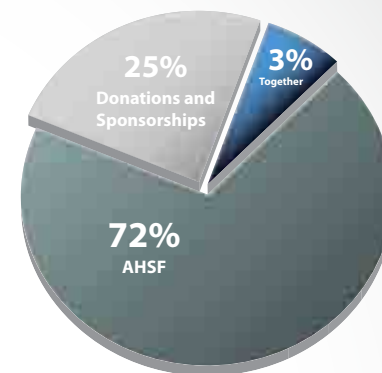
In 2012, the Bank's total community investments reached JOD 11.3 million, representing 3.2% of total PLC net profits before tax, compared to JOD 9.3 million (2.8% of PLC net profits before tax) in 2011. These investments can be classified into three main types:

- ★ Direct financial donations and sponsorships to community based organizations
- ★ Annual support for the Abdul Hameed Shoman Foundation
- ★ Supporting grassroots initiatives through the Bank's CSR program "Together"

Donations and Sponsorships

Arab Bank makes financial contributions to support programs and projects run by a range of community based organizations, non-governmental organizations and other foundations that effectively engage with local communities. These contributions comprise 25% of Arab Bank's total community investment budget.

Details of the donations and sponsorships granted are available in our 2012 Annual Report; the following diagram highlights the main organizations supported in 2012.



2012 Community Investment



Abdul Hameed Shoman Foundation (AHSF)

Since its establishment in 1978 as the first foundation funded by a private sector organization in Jordan, represented by Arab Bank, the Abdul Hameed Shoman Foundation continues to build on its legacy of supporting scientific research and raising cultural awareness in the Arab world. In 2012, the Bank's community investment dedicated to supporting the Foundation's programs amounted to JOD 8,082,721. This represents 72% of Arab Bank's total community investment budget.

In 2012, the Foundation received the Arab Federation for Libraries and Information award for their unique projects in establishing libraries in Jordan and Palestine. The award was announced at the 23rd Arab Federation for Libraries and Information Conference in Doha - Qatar. For more information on the AHSF programs please refer to page 70 of our 2011 Sustainability Report.



The following are the main achievements of the Abdul Hameed Shoman Foundation for the year 2012:

1- Scientific Research:

- ★ **Abdul Hameed Shoman Fund for Scientific Research (Founded in 1999):** Since its establishment, 69 research papers were provided with financial support, 36 of which were published. In 2012, four new scientific research papers were supported in various fields.
- ★ **Abdul Hameed Shoman Award for Young Arab Researchers (1982):** The total number of winners since its establishment reached 349 and the total number of applicants for the award in 2012 reached 142 researchers from various Arab countries. The awards will be announced in 2013.

2- Abdul Hameed Shoman Foundation publications:

Three books were published during 2012:

- ★ "Water Issues on Arab and Regional Levels" which includes the seminars presented in collaboration with the Arab Thought Forum.
- ★ "The economic Roots of the Current Transformations in Arab Countries" which is also the fruit of a forum held in collaboration with the Arab Society for Economic Research in Egypt.
- ★ "Kamel Al Ajlouni –Doctor, Scientist and human being" a product of the symposium which was held within the Guest of the Year program.

3- Abdul Hameed Shoman Library:

- ★ Participating in numerous book fairs in Jordan and Palestine.
- ★ Supplying books to 57 libraries in Jordan.
- ★ Continuing supporting libraries established by the Abdul Hameed Shoman Foundation in collaboration with the municipalities in various governorates by providing them with books, periodicals and training.
- ★ Maintaining the cooperation with the Ministry of Culture, in support of the 2012 “Family Book” project publications.
- ★ Renewal of the annual financial support of the Haya Cultural Center mobile library and providing thousands of stories for children.
- ★ Supporting the establishment of a small library at the Women’s Association in Ajloun.

4- Abdul Hameed Shoman Cultural Forum:

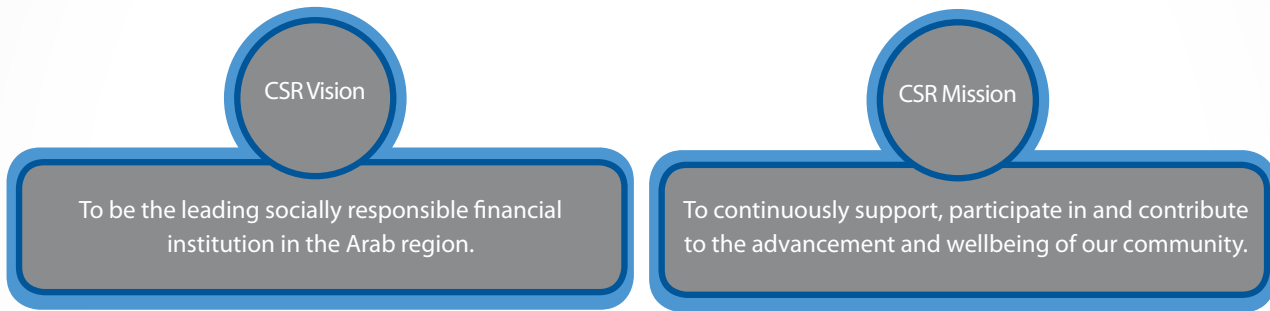
- ★ The Cultural Forum hosted in 2012 a number of distinguished intellectuals who gave lectures on various topics ranging from cultural, social, economic, educational, medical, and financial subjects. In addition, lectures about water, youth, women, media and food security were held at the Forum.
- ★ In collaboration with the Sultan Bin Ali Al Owais Cultural Foundation in Dubai, the Foundation held on September 22 and 23, 2012 a seminar entitled: “Arab development prospects in the midst of the current developments: Toward an Arab renaissance development.”
- ★ The Foundation has adopted a policy designed to encourage Jordanian writers by hosting seminars to expose their literary work.

5- Other Initiatives and Conferences Supported During 2012:

- ★ Supporting local initiatives in Amman and Zarqa concerned with discovering gifted children.
- ★ Supporting scientific innovation awards for students in UNRWA schools.
- ★ Support several scientific and cultural conferences in a number of Jordanian universities.
- ★ Supporting theatre in Jordan (serious theater and free theater group).
- ★ Supporting the activities of Arab research centers and organizations such as the Arab Thought Forum and the Arab Society for Economic Research.
- ★ Supporting the National Campaign to Promote Reading Festival.
- ★ Continuing cooperation with the Dubai Culture and Arts Authority and Juma Al Majid Centre for Culture and Heritage in the automation and modernization of the expanded thesaurus (Maknaz) for indexing and cataloguing in Arab libraries.

Our Sustainability Advantage: Community Cooperation

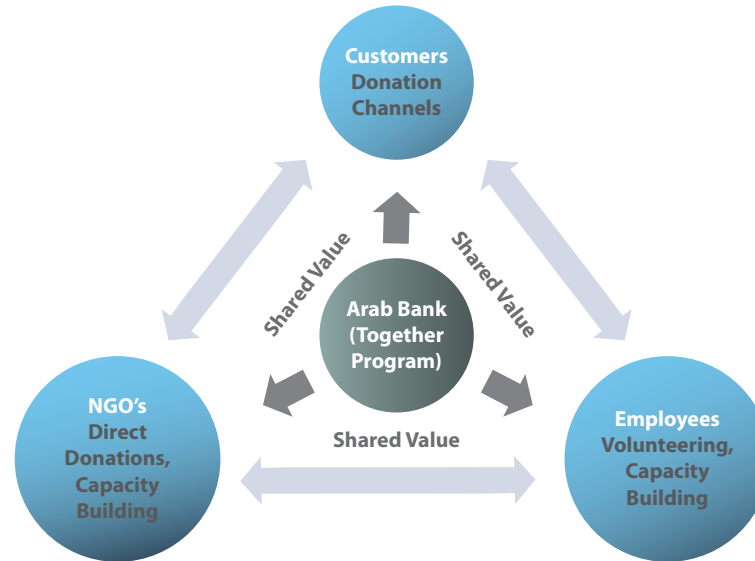
Engaging in socially responsible long-term community initiatives is not a new concept at the Bank and has been manifested in different ways, evolving over the years in response to arising community needs. Arab Bank has shifted away from taking a reactive approach to investing in the community, focusing on a clear strategic direction and with the establishment of a dedicated Department, launched the Bank's multi-stakeholder CSR program "Together".



Together Program

Together grew from the Bank's long history of being active in the community into a solid stem that symbolizes a commitment to the community. It aims to support the community in terms of four main focus areas that were identified based on local needs and priorities: health, poverty alleviation, environmental protection and education and orphan support (see page 93).

The Together program, launched in 2009, adopts a stakeholder approach by engaging the Bank with NGOs, customers, employees and the community. The Bank collaborates with prominent NGOs through strategic cooperation, utilizing the Bank's core competencies to achieve sustainable impact. Furthermore, customers and employees are involved in serving the community, achieving shared value as outlined in the diagram below.



2009

Together program was established and launched in Jordan in collaboration with five main NGOs

2010

Establishing the Sustainability Department

2011

Enhancing the donation channels to facilitate increased customer donations for NGOs

2012

Launching the 'Sustainability Champions' and internal 'NGOs Capacity Building' Programs

Together Program in Jordan

In line with the identified focus areas, the Together program collaborates with four prominent non-governmental organizations (NGOs) in four main ways:

- ★ Providing financial donations and support for the organizations' programs (see pages 93-94)
- ★ Utilizing the Bank's service channels to enable customers to donate directly to the cause and NGO of their preference (see page 28)
- ★ Building the capabilities of the NGOs' employees and enhancing their skills (see pages 62, 94)
- ★ Supporting their mission through engaging our employees in several volunteering initiatives (see pages 94-104)

The four Together participants have been benefiting from this cooperation since 2009, achieving long-term and sustainable impact for their missions to better serve their beneficiaries.

Health



Poverty Alleviation



Environmental Protection



Education and Orphan support



An integral part of the Together program includes community investments that benefit other prominent NGOs that share a similar vision and achieve the impact desired in line with the Bank's strategy. Some of these organizations include INJAZ, Jordan River Foundation (JRF), Raneen and more (see pages 105-107).

The Bank's contributions through the Together program comprises 3% of Arab Bank's total community investment budget. This contribution includes direct sponsorships and donations for the Together program's participants in addition to the Bank's contribution through the Together Platinum Credit Card (see page 25 of our 2011 Sustainability Report). It is worth mentioning that the Bank's customers contributed a total of JOD 107,769.63 through the donation channels, showing a 21% increase over 2011.

Capacity Building

Emerging from the Bank's belief in the important developmental role that NGOs play in the community, and with the objective of enhancing the Together NGOs' capacities and skills, the Bank previously covered the expenses of a number of training courses provided by third parties. In 2012, the Bank developed and introduced a special in-house Capacity Building program for NGOs, utilizing the expertise of the Bank's internal trainers who were able to provide special courses according to their needs, expectations and priority areas.

5

courses delivered

73

NGO employees benefited from the training courses

6

NGOs engaged

107.5

training hours delivered

Since its launch in the second quarter of 2012, five courses were successfully delivered by the internal trainers who were also impacted by this initiative giving them a sense of responsibility and satisfaction in contributing to the community.

Through the new program, the outreach was expanded to benefit a larger number of employees from NGOs. This resulted in 129.96% increase in training hours delivered to reach 107.5 hours in 2012 compared to 48 hours in 2011.

Engaging Employees

Volunteering

One of the successes of the Together program is the engagement of employees, their families and friends, in addition to the Bank's subsidiary companies, in piloting volunteering initiatives aimed at fostering a sense of responsibility and loyalty toward the local community and organizations. For the first time, the Bank has engaged one of its suppliers in a volunteering activity packaging Iftar meals that were distributed to underprivileged families during Ramadan, practicing corporate citizenship on the ground and directly benefitting the local communities (see page 99).

With the goal of embedding volunteerism into the Bank's corporate culture, in 2012, 13% of Arab Bank employees were active in volunteering initiatives, compared to 11% in 2011.

In order to facilitate employee volunteering as a strategic element of the Bank's sustainability practices, an employee volunteering policy was adopted in 2009 outlining the mechanism, expectations and outcome of volunteering activities. To ensure that this policy is visible to all employees, it is communicated through the Bank's internal communication portal Arabina.

Carrying forward the journey since the program's launch, Arab Bank's Together program participated in 90 community initiatives reaching 38,082 individual beneficiaries in local communities across Jordan, and we are still proceeding with our journey.

Volunteers Impact in Numbers

357 employees participated over **672** times

14% increase in the number of employees who volunteered

2,224 hours contributed by employees toward volunteering

Initiatives Impact in Numbers

32 initiatives implemented

166 volunteering hours for total initiatives

13,342 beneficiaries



Celebrating our volunteers

In recognition of the significant role played by volunteers in the Bank's corporate social responsibility program 'Together' and coinciding with the International Volunteer Day, Arab Bank held a special ceremony under the patronage of the Chief Executive Officer, Mr. Nemeh Sabbagh, in which a number of volunteers who have participated in a range of activities and initiatives were honored for their efforts.

The celebration included speeches from the management highlighting the importance of promoting the volunteering culture in the Bank and its great impact on the community as well as employees. The volunteer of the year also shared stories of his personal experience in volunteering.



Together program at a glance

Health

“

It is beautiful to see smiles and laughter on these patients' faces. A child's mother told me that she was happy with our contribution because she saw her daughter laughing from her heart.

”

Ismail Hasanat - Operations

Our employees continue to support the King Hussein Cancer Foundation's (KHCF) initiatives in the following ways:

- ★ **Blood Donation:** Implemented for the third consecutive year, and through two blood donation drives, 83 units of blood were donated to benefit patients of the King Hussien Cancer Center (KHCC).
- ★ **Cancer Awareness:** An awareness seminar titled 'Nutrition and Cancer' was provided by a specialist from King Hussein Cancer Foundation (KHCF) on the occasion of World Cancer Day to benefit interested Arab Bank employees and employees from the Bank's subsidiaries. The seminar promoted the adoption of a healthier lifestyle through highlighting the relationship between nutrition and cancer.
- ★ **Early Detection for Breast Cancer:** In recognition of International Women's Day and in collaboration with the Jordan Breast Cancer Program, early detection breast examinations were facilitated for interested female employees twice throughout the year serving 44 female employees.



- ★ **Day out with Cancer Patients:** Aimed at providing encouragement and to boost the morale of cancer patients, 11 employees participated in an outdoor activity engaging with the children and providing moral support through games and sports.
- ★ **King Hussein Cancer Foundation's (KHCF) Hope Gala:** The Bank was the Diamond sponsor for the Hope Gala Dinner, which supported the New Building Expansion Project that will provide the space needed to treat the increasing number of cancer patients in both Jordan and across the region.

Aside from the Together program's health initiatives, the Bank continues to support the Jordan National Football and youth leagues through a four year sponsorship of the Jordan Football Association. The Bank was also the Gold sponsor for the Amman International Marathon for the fourth consecutive year in addition to promoting health and well-being of employees (see pages 52-53).



Poverty Alleviation



This is a great activity which enhances our sense of responsibility toward the less fortunate families in different parts of the Kingdom, where we can be aware of their needs more closely and help in reducing social gaps in the community.



Raed al Taji Al Farouki - CIB

The Bank continues to be an active hand in supporting Tkiyet Um Ali's mission and activities:

- ★ **Family Adoption:** The Bank continued its support for 17 families in Al Ruwashed to receive monthly food packages for one year.
- ★ **Winter Campaign:** The Bank was the main sponsor of "Lamsit Dafa" (Touch of Warmth) initiative, where 37 employees volunteered to distribute 2,142 blankets to under privileged families in East Amman, Zarqa, Karak, Ma'an and Tafleeh struggling to cope with the cold weather.
- ★ **Ramadan Campaign:** For the third year, the Bank mobilized its employees in Karak, Zarqa, Amman, Ma'an and Irbid to volunteer with Tkiyet Um Ali's (TUA) Ramadan campaign in distributing 6,000 Iftar meals to families in poverty areas around Jordan. A total of 134 individuals including Arab Bank and its subsidiaries, employees and family members took part in the distribution activity. The volunteers also assisted TUA staff in their kitchens through three food packaging activities with the involvement of a number of employees from the Bank's advertising agency.



In addition, the Bank supported the Zikra initiative through supporting two main projects:

- ★ **Michael Kouly's Leadership Experience Fundraiser:** The Zikra Initiative hosted a leadership trainer Mr. Michael Kouly in a unique leadership program presented for the first time in Jordan targeting senior managers and executives. The event raised JOD 12,000 for Zikra's programs in Ghor Al-Mazra'a.
- ★ **Exchange Tourism:** This program focuses on bridging the gap and raising awareness on equal relationships with marginalized communities. Employees had the opportunity to experience the captivating riches of one of the local communities in the Dead Sea (Ghor Al Mazra'a), where 19 employees got the chance to interact with local people and learn several cultural and traditional practices. This initiative also aimed to benefit the community through allocating the participation fees for economic and social development projects.

Other initiatives and activities to support other NGOs included:

- ★ A charitable Iftar held at the Children's Museum for 200 orphan children giving them an entertaining and educational experience.
- ★ Beautifying a nursery in Anjara- Ajloun in collaboration with Jordan River Foundation's Community Empowerment Program which serves 102 children in the area.
- ★ Supporting the fundraising concert for the Promise Welfare Society to raise funds to present opportunities for ambitions and distinguished youth to complete their university education.

In pursuit of providing access to finance and creating jobs, the Bank concluded the Revolving Loan program with the Jordan River Foundation (JRF) benefiting the local community. This project was implemented in Zarqa and Ma'an and resulted in empowering 149 individuals, 44% of which are women and 46% are youth between 18 - 30 years, to develop or create revenue generating projects.



Environmental protection



Working as one team can achieve the impossible; I am certain that Arab Bank in every step it takes plants new ideas and creates success.



Abdel Rahman Moamar - Consumer Banking

In 2012, the Bank was active with the Royal Society for the Conservation of Nature (RSCN) in sponsoring and implementing several initiatives:

- ★ **Arbor Day:** In celebration of Arbor Day, 26 employees joined the RSCN, in a tree planting activity in one of Al Shajara organization's forests in Madaba, near Mount Nebo.
- ★ **World Wetlands Day:** The Bank sponsored the World Wetlands Day campaign which included an awareness lecture and quiz night in addition to the main event; the World Wetlands Day festival at the Azraq Wetland Reserve. Employees participated in facilitating a number of activities at the festival along with their families, friends and colleagues from the Bank's subsidiaries.
- ★ **The Oryx Safari:** Aimed at supporting the conservation of the Arabian Oryx and other endangered species in the Shaumari Wildlife Reserve, first established in Jordan in 1975, the Bank supported the redevelopment of the reserve into a world-class Desert Safari Center. This project aims to better protect biodiversity and raise awareness to the public through providing a unique tourism experience that integrates educational programs into the safari experience. Around 63 employees contributed to this initiative through leveling the safari trail, planting tamarix trees, clean-ups and animal handling and feeding through four activities spanning one month.



- ★ **Clean Up the World Campaign:** Continuing its support for the fourth year, the Bank sponsored and participated in the annual 'Clean Up the World' campaign highlighting the importance of protecting our environment and forests. The campaign included clean-up activities and waste sorting to measure the impact of littering, recycling 'waste to art' workshop, green wall activity, face painting and eco games.

With the objective of supporting environmental protection in a sustainable manner, the Bank adopted Asfour forest in Jerash in collaboration with Al Shajarah NGO which will be implemented in 2013.



Education and Orphan Support



It is rewarding to give your expertise and time to a school you attended in the past and there is nothing better than seeing a hopeful smile on the faces of students. I encourage everyone to participate and experience this great feeling.



Mohannad Foudeh - Operations

One of the main focus areas for the Bank's community cooperation programs is education, which is also supported by the Abdul Hameed Shoman Foundation (elaborated on pages 89-90).

The Bank supported the following programs implemented by Al Aman Fund for the Future of Orphans that are focused on empowering youth through education and training to help them become self-reliant:

- ★ **Vocational Training:** During 2012, 50 orphans completed their one year vocational training, designed to build their skills and abilities before entering the job market. This program helped students in finding job opportunities through acquiring knowledge, skills and promoting self-reliance. Throughout the training, orphans were empowered to seek a steady source of income and become productive members in the society and their local economy.
- ★ **Supporting University Education:** During 2012, the Bank completed the support provided for four students to complete their university education for four years whom were celebrated along with the vocational training graduates (see page 105).



- ★ **Service Center in Ma'an:** The Bank sponsored the establishment of a service center in Ma'an which will help students in the local community and provide job opportunities that are culturally acceptable for women that received education through the Fund's scholarship program. Moreover, the center will employ female graduates who received special Capacity Building training to empower them to manage the center. This center was developed to meet local community needs and facilitate job opportunities.



Celebrating our Graduates

After four years of support, our four sponsored students completed their university education achieving impressive academic results. Furthermore, in 2012, the 50 sponsored students completed their vocational training providing them with skills that open doors for employment.

The Bank in collaboration with Al Aman Fund for the Future of Orphans jointly organized a special graduation event at the Bank to celebrate these successes. The event included an interactive play performed by the students portraying their stories. The Bank also provided the students with gifts to encourage them to pursue their future endeavors.



Supporting other NGOs and programs

Other initiatives were supported that engaged employees in sharing their skills and knowledge to benefit educational initiatives.

INJAZ: In 2012, the Bank supported several programs and involved employees in their implementation to engage students from the local community:

- ★ **School Adoption Program (SAP):** Replicating previous success, during 2012, the Bank adopted four schools in Hashmi Al-Shamali reaching around 2,672 students. This program focuses on improving the infrastructure and facilities of the schools, as well as inspiring students by delivering courses that will help shape their personalities. With the objective of integrating environmentally responsible practices into the infrastructure of these schools, the Bank in collaboration with the Ministry of Water and Irrigation conducted an assessment study on water consumption which led to the installation of



75 water saving devices to minimize water consumption and reduce operational costs. Moreover, the Ministry of Water and Irrigation conducted awareness sessions at these schools for over 150 students focused on Jordan's water problem and water saving methods.



- ★ **Young Volunteers Day (YVD):** Supplementing the SAP program and stemming from the Bank's belief in the importance of volunteerism, the Bank sponsored the implementation of the Young Volunteers Day in 20 schools. The Young Volunteers Day is a one-day experiential program during which young students (from grades seven till nine) provide community services through implementing a set of activities at their schools, which focus on instilling the spirit of volunteerism, and improving their community building skills. Aiming to lead by example and inspire around 1,014 students, 22 Arab Bank employees in addition to employees from subsidiaries led the students in activities enhancing the sense of responsibility toward their school and community.



- ★ **Job Shadow Program:** The Bank supported this one-day experiential program as the Gold sponsor in which 20 students (in grades nine and ten) from public schools were involved in "shadowing" 28 Arab Bank employee in the workplace based on their field of interest. The goal of the program is to provide students with a closer look at what a real job is like to help them decide on whether they would like to pursue a career in that profession in the future.



- ★ **INJAZ Courses:** In 2012, 17 employees actively supported youth through delivering courses targeting schools and universities, 10 of which were focused on the four schools in Hashmi Al Shamali, that the Bank adopted as part of the SAP program. Employees impacted youth through the courses delivered which included; Exploring Economics, Be Entrepreneurial, Personal Life Planning, Economics For Success, Success skills, Travel and Tourism Business, More Than Money, It's my Business, Leadership Course, We Are Social Leaders.

Raneen: Promoting creativity, listening and social interaction skills of children from marginalized groups. The Bank continued supporting Raneen Foundation through two main initiatives:

- ★ **Raneen story telling celebration event:** Raneen Foundation held an event sponsored by the Bank and included a number of inspiring stories presented by participants who contributed to the Foundation's creative journey .
- ★ **Raneen Library:** The Bank sponsored audio libraries in 20 schools in Amman, Aqaba and Mafrq, equipping them with CD players and Raneen audio books to strengthen their command of Arabic and social skills and abilities.
- ★ **Raneen Workshops:** Sponsoring the implementation of the Raneen workshops in Aqaba and Amman, the Bank's contribution targeted 335 students directly to appreciate classic Arabic audio stories, learn puppet making and creative skills. Enhancing and expanding the sustainable impact of this initiative, a capacity building training was delivered to teachers and mothers in Aqaba. The training utilized new and innovative methods of teaching and motivating mothers by providing them with modern ideas to build new relationships with their children and increase overall interaction at home. Arab Bank employees also received a capacity building training that will contribute to enabling them to volunteer in delivering these workshops at different schools across the Kingdom.



Orphans Summer Camp: To provide 110 children with a recreational experience during their summer break, the Bank supported the preparation of the facilities at a summer camp. Fifteen volunteers assisted in planting and painting activities and engaged with the students through team building games and cultural competitions.

Sherkatuna: The Bank supported Al Jude Organization for Scientific Care's initiative 'Sherkatuna' program which aims to plant the seeds of entrepreneurship in the hearts of students with the ultimate goal of establishing a company. The Bank sponsored 25 schools in Amman, Jerash, Marka, Zarqa, Muwaqqar and Shobak to be part of the program, receive training and seed funding to start up the company. Furthermore, three employees volunteered as mentors to support the companies and ensure their success.

Traffic Department: Partnering with the Traffic Department, the Bank sponsored the printing of booklets targeting students across the Kingdom to enhance road safety awareness.

Appendix A: Stakeholder Map

| Our Stakeholders | How We Engage | Stakeholder Priority Issues |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholders | <ul style="list-style-type: none"> • Regular meetings • Annual, semi-annual and quarterly reports • Directors briefings | <ul style="list-style-type: none"> • Increasing profits and dividends • Transparent communication • Compliance with all laws and regulations |
| Employees | <ul style="list-style-type: none"> • Regular meetings • Arabina Intranet portal • E-mail • Human Resources Management Systems (HRMS) • Internal communications surveys • Annual reports • Face-to-face awareness training • E-learning web-based training courses • Meetings and workshops • Award ceremonies • Internal newsletters and circulars • Internal committees (sports, employee relations and the health and safety committees) volunteering program • Volunteering Program 'Together' | <ul style="list-style-type: none"> • Job security • Healthy and safe workplace • Training and development • Competitive salary and benefit packages • Responsibility and opportunity for promotion • Transparent and accountable management team • Equal opportunity • Financial rewards • Access to needed and essential information |
| Customers | <ul style="list-style-type: none"> • Branches • Website • Media • Annual reports • Social media • SMS • Service Channels (Phone Banking, Internet Banking, ATMs, Call center) • Feedback tools and methods • Customer care | <ul style="list-style-type: none"> • High quality products and service and support • Quality of service delivery • Facilitated loans • Innovative, sustainable and quality products and services • Transparent communications • Increased products and services awareness • Minimal security and risk incidents • Attractive and competitive pricing • Speed and convenience • Variety of products, services and programs |

| | | |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Community | <ul style="list-style-type: none"> • Volunteering campaigns • Media • Sponsorships and events • Sustainability Reports • Capacity Building programs | <ul style="list-style-type: none"> • Corporate responsibility • Community improvement • Financial and human resources • Capacity Building |
| Environment | <ul style="list-style-type: none"> • Restoration initiatives • Supporting environmental NGOs • Operational improvements • Lending environmental friendly infrastructural projects | <ul style="list-style-type: none"> • Minimizing waste • Limiting use of finite resources • Improving the quality of the environment • Incorporating environmental criteria in financed projects |
| Suppliers | <ul style="list-style-type: none"> • Invitation to bidding • Contracts • Meetings | <ul style="list-style-type: none"> • Accountability and integrity in dealings • Financially rewarding, long-term and secure contracts • Timely payment upon delivery |
| Governments | <ul style="list-style-type: none"> • Regulation • Monthly reporting to regulatory authorities • Regulatory reviews • Regulatory authorities (e.g. Central Bank, AML Unit) • Audit and compliance reports | <ul style="list-style-type: none"> • Adherence to national policies and standards • Compliance with laws and regulations • Supporting their operations through financial and/or technical support • Maximize compliance with regulatory requirements • Participate in protecting the financial sector on the national level • Promoting trust in e-services and maintaining a secure state for e-transactions and e-services • Implementing a comprehensive regulatory compliance program consistent with applicable laws, regulations and Central Bank of Jordan directives that affect the daily operations of the Bank |

| Our Stakeholders | Arab Bank's Priority Issues | Our Response |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholders | <ul style="list-style-type: none"> • Maintaining and enhancing profitability • Attracting more shareholders | <ul style="list-style-type: none"> • Maintaining consistent profitability and growth (see page 66) • Good corporate governance and accountability (see page 65) |
| Employees | <ul style="list-style-type: none"> • Enhancing employee motivation and productivity • Attracting and retaining highly qualified calibers • Ensuring the health, safety and security of all employees • Providing a diverse and fair working environment • Protecting our customer base and sensitive information • Enhancing employees' motivation, productivity and loyalty • Retaining high level performers • Avoiding and addressing causes of employee dissatisfaction • Providing training and development • Maintaining solid and up-to-date level of awareness and knowledge on essential issues, laws, regulations and procedures | <ul style="list-style-type: none"> • Investing in our employees (see page 57) • Equal opportunities (see page 48) • Maintaining a safe and healthy workplace (see page 51) • Listening to our employees (see page 51) • Training and development (see page 59) • Engaging employees (see page 54) • Welfare and satisfaction (see page 56) • Highly capable, competent and security-literate staff (see page 59) • Ensuring that business conduct adheres to applicable laws, regulations, and corporate policies as part of their corporate responsibility |
| Customers | <ul style="list-style-type: none"> • Growing customer base • Customer engagement • Customer satisfaction • Accountability to customers • Protecting customers' sensitive information • Customer loyalty • Service excellence | <ul style="list-style-type: none"> • Quality products and services (see pages 19-23) • Enhancing access to banking services (see page 24) • Innovative engagement methods and tools (see pages 23, 24) • Safeguarding customers information and assets (see pages 40, 59) • Knowledgeable employees (see page 69) • Achieve customer satisfaction and loyalty • Enhancing service culture (see page 57) • Acquiring new customers and expanding relationships with existing customers |
| Community | <ul style="list-style-type: none"> • Advancing corporate citizenship • Contribute to community well-being • Access to financial services | <ul style="list-style-type: none"> • Strong community cooperation (see pages 85-107) • Engaging employees in volunteerism (see pages 94-107) • Supporting relevant community projects (see pages 30-31, 88,93) • Providing the public with access to educational resources (see pages 89-90) • Leveraging the Bank's channels to support NGOs (see page 28) • Enhancing financial inclusion and financial literacy (see pages 29-32) |

| | | |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environment | <ul style="list-style-type: none"> Minimizing environmental impact and enhancing the environmental situation Optimizing operational costs | <ul style="list-style-type: none"> Supporting environmental projects (see pages 33-35) Encouraging efficient operations (see pages 77-79) Integrating environmental risk assessment in lending criteria (see pages 42) Supporting environmental friendly projects (see pages 33-34) |
| Suppliers | <ul style="list-style-type: none"> Getting the best product and service available for the money spent Timely delivery Economic stability and strong reputation for quality and ethical integrity Performance history After-sales warranties/service | <ul style="list-style-type: none"> Maintaining mutually beneficial cooperative relations (see page 94) Increasing the number of suppliers with preference to local suppliers where possible Enhancing suppliers' performance (see pages 68, 77) |
| Governments | <ul style="list-style-type: none"> Abiding by all relevant laws and regulations Developing the local economy Supporting the 2015 Jordan National Agenda Effective controls to ensure compliance with laws and regulations Transparent communication with regulators Protecting the integrity, availability and confidentiality of local and national financial system Implementing a comprehensive and successful regulatory compliance program that is grounded on the Bank's sound organizational integrity and values | <ul style="list-style-type: none"> Effective corporate governance (see page 65) Supporting the local economy (see page 27) Compliance with local and national laws, regulations, and standards which are specific to the financial services industry and which are issued by legislative and regulatory bodies that are relevant to Arab Bank Group businesses or reputation (see pages 67-68, 112) |

Appendix B: Control Functions' International Standards

Compliance Standards

The Compliance Division tracks several international laws and regulations throughout the ongoing development and updating of the Arab Bank Anti-Corruption and Anti-Bribery policy such as:

- Foreign Corrupt Practice Act "FCPA" of USA
- UK Bribery Act
- OECD Convention on Combating Bribery of Foreign Public Officials
- UN Convention Against Corruption
- The UN Global Combats Ten Principles

Group Risk Standards

All departments within the Group Risk Management Division adhere to Bank policies and follow a set of requirements issued by regulatory authorities (e.g. Central Bank requirements, Basel Committee) and industry mandates including:

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

Internal Audit Standards

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

Appendix C: Report Parameter

Process for Defining Report Content

In preparation of our 2012 Sustainability Report, we have followed the Global Reporting Initiatives (GRI) G3.1 guidelines, which contributed in defining the report content and communicating achievements during the past year. This report tackles progress on various aspects related to our stakeholders in relation to the sustainability strategy under the five main sustainability focus areas, which are all equally important to our business success. We have identified Key Performance Indicators (KPIs) and targets for each priority focus area in order to prioritize and measure our progress toward achieving sustainability.

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

Stakeholder Inclusiveness: We believe that we have identified and considered all of our key stakeholders. We have updated the stakeholder map proactively with Sustainability Champions outlining how we engage them, our understanding of their expectations, and our response. This map guided in identifying our sustainability focus areas, creating our sustainability strategy and inspiring future goals. Further information on this is detailed in Appendix A.

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

Report Quality

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

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

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

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

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

Report Boundaries

Limitations: This report covers data and activities from Arab Bank's operations in Jordan, the largest operational entity of Arab Bank PLC.

Completeness and Boundaries: Arab Bank in Jordan strived to produce a report that is as complete as possible. This report outlines the Bank's 2012 performance for the financial year ending 31 December 2012. The report covers all of Arab Bank's operations in Jordan, but no overseas activity. In some cases, Arab Bank PLC data is used in place of Jordan specific information in accordance with Bank reporting policies.

Appendix D: GRI Application Level Check Statement



Statement GRI Application Level Check

GRI hereby states that **Aruba Bank** has presented its report "Sustainability Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/5SiteCollectionDocuments/ALC-Methodology.pdf

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

Amsterdam, 11 April 2013




Nelmarx Arbex
Deputy Chief Executive
Global Reporting Initiative

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continual 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 media event material, this statement only concerns material submitted to GRI at the time of the Check on 17 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

| Report Application Level | | C | C+ | B | B+ | A | A+ |
|--------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Standard Disclosures | G3 Profile Disclosures OUTPUT | Report on: 1.1 2.3 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.3 - 4.4, 4.14 - 4.15 | Report Externally Assured | Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17 | | Same as requirement for Level B | |
| | G3 Management Approach Disclosures OUTPUT | Not Required | | Management Approach Disclosures for each Indicator Category | | Management Approach Disclosures for each Indicator Category | |
| | G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT | Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental. | | Report on a minimum of 20 Performance Indicators, at least one from each of: Economic, Environmental, Human rights, Labor, Society, Product Responsibility. | | Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission. | |
| | | | | Report Externally Assured | | Report Externally Assured | |

Appendix E: GRI Index

| Standard Disclosures Part 1 – Profile Disclosures | | |
|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| STRATEGY AND ANALYSIS | | |
| 1.1 | Statement from the most senior decision-maker of the organization. | 5-6 |
| 1.2 | Description of key impacts, risks and opportunities. | 5-6 |
| ORGANIZATIONAL PROFILE | | |
| 2.1 | Name of the organization. | Cover Page |
| 2.2 | Primary brands, products and/or services. | 19-24 |
| 2.3 | Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures. | 66-68 |
| 2.4 | Location of organization's headquarters. | Jordan |
| 2.5 | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | Annual Report 2012 (page 14) |
| 2.6 | Nature of ownership and legal form. | Annual Report 2012 (page 38) |
| 2.7 | Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries). | 19-24, Annual Report 2012 (page 10-13) |
| 2.8 | Scale of the reporting organization. | 11-12, Annual Report 2012 (page 213-215) |
| 2.9 | Significant changes during the reporting period regarding size, structure or ownership. | 66 |
| 2.10 | Awards received in the reporting period. | 18 |
| REPORT PARAMETERS | | |
| 3.1 | Reporting period (e.g., fiscal/calendar year) for information provided. | 2012 calendar year |
| 3.2 | Date of most recent previous report (if any). | 2011 |
| 3.3 | Reporting cycle (annual, biennial, etc.). | Annual |
| 3.4 | Contact point for questions regarding the report or its contents. | Sustainability@arabbank.com.jo |

| | | |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.5 | Process for defining report content. | 113-114 |
| 3.6 | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers) (see GRI Boundary Protocol for further guidance). | 114 |
| 3.7 | Specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope). | 114 |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations. | 114 |
| 3.9 | Data measurement techniques and the basis for calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report (including explanation of any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols). | 114 |
| 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods). | 113-114 |
| 3.11 | Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report. | 113-114 |
| 3.12 | Table identifying the location of the Standard Disclosures in the report. | 116-124 |
| 3.13 | Policy and current practice with regard to seeking external assurance for the report. | 114 |
| GOVERNANCE, COMMITMENTS AND ENGAGEMENT | | |
| 4.1 | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. | 66, more information on the Board committees' mandates, our corporate governance practices and relevant memberships can be found in our 2012 Annual Report (page 291-292) |
| 4.2 | Whether the chair of the highest governance body is also an executive officer. | 66 |
| 4.3 | For organizations that have a unitary board structure, the number of members of the highest governance body that are independent and/or non-executive members. | 66 |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | Sustainability Report 2010 (page 52) |
| 4.5 | Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organization's performance (including social and environmental performance). | 66-67 |

| | | |
|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| 4.6 | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | 66 |
| 4.7 | Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental and social topics. | 66 |
| 4.8 | Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation. | 8-9,13-14, 91, 95 |
| 4.9 | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles. | 65, 66 |
| 4.10 | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance. | 66 |
| 4.11 | Explanation of whether and how the precautionary approach or principle is addressed by the organization | 39-41, 67-68, 72 |
| 4.12 | Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or endorses. | 41-42, 67-68, 72, 82, 91,112 |
| 4.13 | Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic. | 72, 80, 112 |
| 4.14 | List of stakeholder groups engaged by the organization. | 10, 108-111 |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | 10 |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | 10, 108-111 |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. | 10, 108-111 |
| Standard Disclosure Part 2 – Disclosures on Management Approach | | |
| DMA (EC) | Disclosure on Management Approach Economic (EC). | 27, 29, 32-33, 48-49, 65-67, 68 and 2012 Annual Report |
| DMA (EN) | Disclosure on Management Approach Environment (EN). | 35, 42-43, 67-68, 81-84 |
| DMA (LA) | Disclosure on Management Approach Labour Practices (LA). | 46-52, 54-56, 59 |
| DMA (HR) | Disclosure on Management Approach Human Rights (HR). | 38-40, 42-43, 50-51, 122 |
| DMA (SO) | Disclosure on Management Approach Society (SO). | 38-41, 67, 71, 88-93 |
| DMA (PR) | Disclosure on Management Approach Product Responsibility (PR). | 38-40, 42-44 |

Standard Disclosures Part 3 - Performance Indicators

| ECONOMIC | | |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | 2012 Annual Report (page 139-141) |
| EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change. | Not applicable |
| EC3 | Coverage of the organization's defined benefit plan obligations. | Arab Bank pays 12.25% of the employees' social security deductible salaries while employees pay 6.5% of their social security deductible salaries on January 1 st of each year to the national social security scheme. |
| EC4 | Significant financial assistance received from government. | We do not receive significant financial assistance from the government. |
| EC5 | Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation. | Pay policy at Arab Bank Jordan is at the 75 th percentile of the market. |
| EC6 | Policy, practices and proportion of spending on locally based suppliers at significant locations of operation. | Partial- Priority is given to local suppliers. The actual % is currently not available |
| EC7 | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. | 48, we prefer hiring local employees. |
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement. | 89,92 |
| EC9 | Understanding and describing significant indirect economic impacts, including the extent of impacts. | 27-34 |
| ENVIRONMENTAL | | |
| EN1 | Materials used by weight or volume. | 84 |
| EN2 | Percentage of materials used that are recycled input materials. | None |
| EN3 | Direct energy consumption by primary energy source. | 82-84 |
| EN4 | Indirect energy consumption by primary source. | 82, (Electricity from the grid comprises of gas (80.6%), oil (18.9%), biomass, hydro and wind sources (<1% each). |
| EN5 | Energy saved due to conservation and efficiency improvements. | Not available - to be available in 2014 |
| EN6 | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | 33-34 |

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|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved. | 84 |
| EN8 | Total water withdrawal by source. | 83, Water is provided by the water authority and private service providers. This is not material as we are a service industry. |
| EN9 | Water sources significantly affected by withdrawal of water. | No specific water source identified. |
| EN10 | Percentage and total volume of water recycled and reused. | No water is recycled or reused. |
| EN11 | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | Not Applicable |
| EN12 | Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | Not Applicable |
| EN13 | Habitats protected or restored. | 101 |
| EN14 | Strategies, current actions and future plans for managing impacts on biodiversity. | 101-102 |
| EN15 | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. | Not Applicable |
| EN16 | Total direct and indirect greenhouse gas emissions by weight. | 82 |
| EN17 | Other relevant indirect greenhouse gas emissions by weight. | Not measured |
| EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved. | 84 |
| EN19 | Emissions of ozone-depleting substances by weight. | Not Applicable |
| EN20 | NO, SO, and other significant air emissions by type and weight. | Not Applicable |
| EN21 | Total water discharge by quality and destination. | No significant water discharges. |
| EN22 | Total weight of waste by type and disposal method. | Partial - 84 |
| EN23 | Total number and volume of significant spills. | No significant spills. |
| EN24 | Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally. | We do not deal with or transport any hazardous waste. |
| EN25 | Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. | No significant water discharges. |
| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | Not applicable (service industry) |
| EN27 | Percentage of products sold and their packaging materials that are reclaimed by category. | Not applicable (service industry) |
| EN28 | Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations. | None |

| | | |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. | 84 |
| EN30 | Total environmental protection expenditures and investments by type. | 28, 33, 101-102 |
| LABOUR PRACTICES | | |
| LA1 | Total workforce by employment type, employment contract and region. | 47-49 |
| LA2 | Total number and rate of employee turnover by age group, gender and region. | 56 |
| LA3 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation. | 50, All employees are full time and 95% of them have an indefinite contract, 40% of which are females. The remaining 5% have a definite contract, 3.7% of which are female. |
| LA4 | Percentage of employees covered by collective bargaining agreements. | As per internal regulations, each employee who is part of a certain union, should declare it to his manager & consequently to HR. However, there is no specific system to log it. |
| LA5 | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. | Arab Bank ensures informing stakeholders within proper notice periods depending on the circumstances and situation, subject to governing rules and regulations. |
| LA6 | Percentage of total workforce represented in formal joint management; worker health and safety committees that help monitor and advise on occupational health and safety programs. | 50-52 |
| LA7 | Rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities by region. | Rates, lost days and absenteeism are currently not available, to be disclosed in 2015. |
| LA8 | Education, training, counseling, prevention, and risk control programs in place to assist workforce members, their families, or community members regarding serious diseases. | 51-53 |
| LA9 | Health and Safety topics covered in formal agreements with trade unions | Not applicable |
| LA10 | Average hours of training per year per employee, by employee category. | 11,57-61 |
| LA11 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | 57-62 |
| LA12 | Percentage of employees receiving regular performance and career development reviews. | 100% |
| LA13 | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity. | 47-49, Annual Report 2012 (page 291-292) |
| LA14 | Ratio of basic salary of men to women by employee category. | 1:1 across employee categories. |
| LA15 | Return to work and retention rates after parental leave, by gender. | 49, 112 out of 113 female employees returned back to work after maternity leave |

| HUMAN RIGHTS | | |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| HR1 | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. | None |
| HR2 | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. | None |
| HR3 | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. | 41,72 |
| HR4 | Total number of incidents of discrimination and actions taken. | 40, 50, None |
| HR5 | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. | 51, Arab Bank ensures engaging with suppliers through a due diligence process to ensure good governance, reputation and accountability, without getting through their involvement and freedom of association or collective bargaining issues. |
| HR6 | Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour. | None |
| HR7 | Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour. | None |
| HR8 | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. | All security personnel attend the induction program implemented for new joiners, which tackles concepts of human rights and responsibilities. |
| HR9 | Total number of incidents of violations involving rights of indigenous people and actions taken. | Not applicable |
| HR10 | Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments. | 51 |
| HR11 | Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms. | 40, 50, None |
| SOCIETY | | |
| SO1 | Percentage of operations with implemented local community engagement, impact assessments and development programs. | 88-95 |
| SO2 | Percentage and total number of business units analyzed for risks related to corruption. | 100% |
| SO3 | Percentage of employees trained in organization's anti-corruption policies and procedures. | 41-42 |
| SO4 | Actions taken in response to incidents of corruption. | 41-42, In 2012, there were no corruption-based legal cases concluded regarding the organization or employees. |
| SO5 | Public policy positions and participation in public policy development and lobbying. | None |

| | | |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| SO6 | Total value of financial and in-kind contributions to political parties, politicians and related institutions by country. | None |
| SO7 | Total number of legal actions for anti-competitiveness behavior, anti-trust and monopoly practices and their outcomes. | None |
| SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | No significant fines received or non-monetary sanctions. |
| SO9 | Operations with significant potential or actual negative impacts on local communities. | Not applicable |
| S10 | Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities. | Not applicable |
| PRODUCT RESPONSIBILITY | | |
| PR1 | Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures. | Not applicable (Our products and services do not have any health or safety impacts on customers). |
| PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. | Not applicable (Our products and services do not have any health or safety impacts on customers). |
| PR3 | Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements. | 32, 43 |
| PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes. | None |
| PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. | 23-26, 57-58 |
| PR6 | Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship. | 29-31, 90, 94-95 |
| PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes. | None |
| PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | None |
| PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. | None |
| FINANCIAL SERVICES SECTOR SUPPLEMENT upplement | | |
| FS1 | Policies with specific environmental and social components applied to business lines. | 41-43 |

| | | |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FS2 | Procedures for assessing and screening environmental and social risks in business lines. | 41-43 |
| FS3 | Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions. | 35, 41-43 |
| FS4 | Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines. | 41-43, 69, 80-81, Plans to enroll Audit staff in relevant training courses in the future. |
| FS5 | Interactions with clients/investees/business partners regarding environmental and social risks and opportunities. | 35, 41-44 |
| FS6 | Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector. | Partial - 27, 29-31 |
| FS7 | Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose. | 11-12, 27-28 |
| FS8 | Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose. | 11-12, 33 |
| FS9 | Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures. | It is planned for the year 2013 to embed within audit engagements new aspects that are likely to touch on issues of social and environmental aspects. This is covered through periodic technical advisors reports (quarterly or semi annual) which covers compliant of the borrower with environmental and safety standards (If applicable). |
| FS10 | Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues. | 9.1% of CIB portfolio is subject to environmental screening. |
| FS11 | Percentage of assets subject to positive and negative environmental or social screening. | 11, 42-43 |
| FS12 | Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting. | The Bank's voting policy is in alignment with the Bank's investment policy, which ensures that investments should aim at developing the social and economic aspects in the country through supporting economic projects with positive social impacts. |
| FS13 | Access points in low-populated or economically disadvantaged areas by type. | 29-31 |
| FS14 | Initiatives to improve access to financial services for disadvantaged people. | 29-31 |
| FS15 | Policies for the fair design and sale of financial products and services. | 42-44 |
| FS16 | Initiatives to enhance financial literacy by type of beneficiary. | 29-32 |

Appendix F: Glossary

| Term | Definition |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| BRE Environmental Assessment Method (BREEAM) | BRE Environmental Assessment Method (BREEAM) is a voluntary measurement rating for green buildings that was established in the UK by the Building Research Establishment (BRE). |
| Capacity Building | Capacity Building is an ongoing process through which individuals, groups, organizations and societies enhance their ability to identify and meet development challenges. |
| Corruption | Corruption is defined as the misuse of entrusted power for personal or private gain. |
| Equator Principles | The Equator Principles (EPs) are a credit risk management framework for determining, assessing and managing environmental and social risk in project finance transactions. |
| G3.1 | G3.1 is a finalized update of GRI's most recent generation of Sustainability Reporting guidelines G3 and is the most comprehensive sustainability reporting guidance currently available. The guidelines are the cornerstone of GRI's Reporting Framework. G3.1 includes expanded guidance for reporting on human rights, local community impacts and gender. |
| Greenhouse Gas (GHG) | Gases in the atmosphere that absorb and emit thermal and infrared radiation. Greenhouse gases include water vapor, carbon dioxide, methane, nitrous oxide and ozone. |
| GRI | The Global Reporting Initiative (GRI) is a non-profit organization that promotes economic, environmental and social sustainability. GRI provides all companies and organizations with a comprehensive sustainability reporting framework that is widely used around the world. |
| Independent Director | An 'Independent Director' (whether a natural person or representing legal entity) is one whose directorship constitutes his/her only connection to the Bank, and whose judgment is therefore unlikely to be influenced by external considerations. |
| Liquidity | Is the ability for the Bank to meet obligations when they come due without incurring losses. Investments are a crucial form of liquidity for a bank. |
| Money Laundering | The act of concealing the identity, origin or destination of often illegally-obtained money. |
| Partial Disability | The result of an injury which permanently reduces a person's ability to function, but still permits some working activity. |
| 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 on 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. | |
| Revolving Loan | Revolving loans are used to provide economic opportunities in less privileged communities and promote local micro-entrepreneurship by facilitating access to finance. | |
| Revolving Loan Fund | A Revolving Loan Fund (RLF) is a source of money from which loans are made for multiple small business development projects. | |
| SMEs | According to the Central Bank of Jordan the below criteria were launched in June 2011 to identify small and medium enterprises as follows: | |
| | Small Enterprise: | Medium Enterprise: |
| | Assets or sales up to JOD MM 1 | Assets between JOD MM 1-3 |
| | Between 5-20 employees | Between 21-100 employees |
| | Not a public shareholding or insurance or brokerage firm | |
| Stakeholder Engagement | Is a commitment from the organization to transparent, honest dialogue with key stakeholder groups, not only to make them aware of the organizations activities, but also to understand and address their concerns through a two-way dialogue. | |
| Stakeholders | Persons who have vested interests in the organization, including its shareholders, employees, customers, suppliers, the environment, local communities and the government. | |
| Sustainability | A more humane, more ethical and more transparent way of doing business, where organizations take into account the long-term impact it has on the "Triple Bottom Line". | |
| Sustainability Reporting | Sustainability reporting is the practice of measuring, disclosing and being accountable to internal and external stakeholders for organizational performance toward the goal of sustainable development. | |
| Sustainable Development | Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. | |

Appendix G: Acronyms

AB: Arab Bank

ACC: Allied Compliance Consultants

AML: Anti-Money Laundering

ATMs: Automated Teller Machines

BoD: Board of Directors

BOO: Build Own and Operate

CCO: Chief Compliance Officer

C. Elite RM: Certified Elite Relationship Manager

C. S.CRO: Certified Senior Customer Relationship Officer

CB: Consumer Banking

CBM: Certified Branch Manager

CBO: Community Based Organization

CIB: Corporate and Institutional Banking

CIT: Certified Internal Trainer

CM: Certified Mentor

CoC: Code of Conduct

COSO: Corporate Services Officer

COU: Central Operational Unit

CRO: Customer Relationship Officer

CSR: Corporate Social Responsibility

CSR: Customer Service Representative

CTF: Combating Terrorist Financing

DBR: Debt Burden Ratio

EIA: Environmental Impact Assessment

ESG criteria: Environmental, Social and Governance criteria

EP: Equator Principles

EVP: Executive Vice President

FACTA: Foreign Accounts Tax Compliance Act

FCPA: Foreign Corrupt Practice Act

GCC: Gulf Cooperation Council

GHG: Greenhouse gas

GIA: Global Internal Audit

GJ: Giga Joule

GRC: Group Regulatory Compliance

GRI: Global Reporting Initiative

GRM: Group Risk Management

HO: Head Office

HRMS: Human Resources Management System

IFC: International Financial Corporate

IIA: Institute of Internal Audit

IPP: Independent Power Generation Plants (IPPs)

ISO: International Organization for Standardization

IT: Information Technology

IRT: Incident Response Team

ITG: Information Technology Global

JBCP: Jordan Breast Cancer Program

JOD: Jordanian Dinars

JRF: Jordan River Foundation

KHCF: King Hussein Cancer Foundation

kWh: kilowatt-hour

KYC: Know Your Customer

LED: Light Emitting Diode

MENA: Middle East North Africa

MW: Mega Watts

NGOs: Non-Governmental Organizations
NEPCO: National Electric Power Company
OSHA: Occupational Safety and Health Administration
PCs: Personal Computers
PEPs: Politically Exposed Persons
PLC: Public Limited Company
PV: Photovoltaics
RSCN: The Royal Society for the Conservation of Nature
SMEs: Small and Medium Enterprises
STP: Straight Through Processing
TUA: Tkiyet Um Ali
VRV: Variable Refrigerant Volume