

Results Note

06 February 2012

Capital Investments
كابيتال للاستثمارات

BUY

Current Price: JD 7.17
Target Price: JD 10.50
Upside to Target Price: 46%

Arab Bank

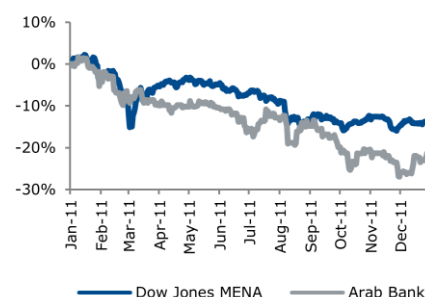
Arab Bank Group posts 13% growth in net profits and announces a cash dividend of JD0.25

- Arab Bank Group (ARBK) reported a net income of USD305.9 million for FY2011 as compared to USD270.8 million for FY2010, recording a growth of 13%. Furthermore, net operating income before provisions and taxes amounted to USD922 million.
- On the other hand, deposits at the group level grew by more than USD1 billion to stand at USD31.7 billion at the end of 2011.
- The capital adequacy ratio stood at 15.1% at the end of 2011 compared to 15.9% in 2010.
- Equity stood at USD7.7 billion at the end of 2011, a BVPS of USD14.4
- According to Mr. Nemeh Sabbagh, Chief Executive Officer of Arab Bank, the provisions coverage ratio reached more than 100% of non-performing loans, excluding the value of collaterals by the end of 2011.
- The BOD of ARBK has recommended an increase in the distribution of cash dividends to shareholders to JD0.25 per share for 2011, up from JD0.20 per share in 2010, a dividend yield of 3.5%.
- We maintain our BUY recommendation on ARBK with a 12-month price target of JD10.50, offering 46% total return potential from the last closing price. We will also issue an update report on ARBK as soon as the FY2011 financials are released.

Share Data

Market Cap (JD mn)	3828.8
Shares Outstanding (mn)	534.0
YTD Change	-8.6%
1 Year Total Return	-26.3%
52-week Low (JD)	7.00
52-week High (JD)	10.15
Avg. Daily Trading Volume	84,584
Avg. Daily Trading Value (JD)	721,332
Free Float	45.0%
Exchange	ASE
Reuters Code	ARBK.AM
Bloomberg Code	ARBK JR

Share Price Performance



Valuation Multiples

	2011
P/E (x)	17.65
P/B (x)	0.70

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