

## **Chairman's Statement**

**Dear Shareholders,**

On behalf of my fellow members of the Board of Directors of Bank ABC Jordan (Arab Banking Corporation – Jordan), it is my pleasure to present to you the 2022 annual report, which highlights the Bank's key achievements and consolidated financial performance for the year ending December 31, 2022.

### **Economic Conditions**

In the first three quarters of 2022, real growth in gross domestic product averaged 2.7%, compared to 2.1% in the same period of 2021. In 2022, the inflation rate reached 4.23%.

Turning to public finance, the deficit in the government's general budget increased to -6.3% of GDP during the first ten months of 2022, compared to -4.9% for the same period in 2021. It is worth noting that the total (internal and external) public debt as a percentage of GDP for the first ten months of 2022 was 110%, which is almost the same as it was by the end of 2021.

The Central Bank of Jordan continued to offer stimulus packages for both corporations and individuals, until the end of 2022, in order to address customers' cash flow deficits for the purpose of meeting their banking obligations. This was part of Jordan's efforts in dealing with the many challenges resulting from regional and international unrest, particularly the increase in unemployment, interest rates, inflation and prices. The solid financial position of the Jordanian banking sector helped overcome the pressure on various economic sectors due to such continuous challenges, as it worked with the Central Bank of Jordan on strengthening national economy and supporting monetary and financial stability.

### **Our Financial Results and Good Financial Performance**

Despite the challenges faced by the Jordanian economy and the repercussions of the COVID-19 pandemic, the Bank managed to achieve solid financial performance in 2022, and allocated the necessary reserves and provisions to this end. The Bank also maintained its sustainable operations and continued to offer a variety of banking products and services to its customers in all sectors and categories. These results would not have been possible without the ambitious vision of the Board

of Directors and its continuous support to the executive management, as well as the efforts of the Bank's staff.

The Bank managed to maintain a solid capital base, as capital adequacy ratio reached 17.46% and financial leverage ratio reached 9.7%, which are significantly higher than the ratios required by the Central Bank of Jordan. Moreover, the financial results for 2022 show that the Bank has achieved good financial results, as net profit after tax reached JD6.7 million, compared to JD9.6 million in the previous year; total income reached JD43.1 million, compared to JD45 million in 2021; and interest and banking commissions reached JD39.4 million, compared to JD40.5 million in 2021.

As for its financial position, the Bank's assets in 2022 increased by 9.8% to JD1.35 billion; shareholders' equity reached JD164 million, compared to JD168 million in 2021; the return on equity reached 4.02% and return on assets reached 0.52%.

The Bank's management continued its efforts to increase the volume of credit facilities while maintaining a low risk level by ensuring the presence of all the elements of sound credit decisions. Therefore, the net credit facilities portfolio in 2022 grew by 10.5% to JD766 million, compared to JD693 million in the previous year.

Customer deposits by the end of 2022 increased by 16.5% to JD842 million, compared to JD723 million in the previous year, with current and savings accounts making up 17.2% of total customer deposits. This reflects customers' trust in, and a strong relationship with, the Bank. This growth helped maintain a good liquidity ratio of 115.4% by the end of 2022.

These results confirm the Bank's ability to maintain its solid and strong financial position, while containing the local and external challenges and repercussions of international developments overall, which are still affecting the industry and economy in Jordan and worldwide, and moving on with great confidence to build on its achievements under the management's principles of good governance.

### **Key Achievements & strategic developments**

2022 was a remarkable year in terms of the Bank's digital transformation and development strategy. With its development of smart services and transition from a "smart bank" to a "personal

bank”, the Bank utilised technology to provide customers with integrated, personal and customised experiences. Mixing these technologies has enabled the provision of integrated personal services that meet customers’ varying banking needs and requirements. In this context, and in order for the Bank to provide cutting-edge innovative digital service throughout the week, the Abdali branch was opened and equipped with the state-of-the-art technology and digital, touch-operated devices that ensure customers experience a comprehensive set of banking services of the highest standards.

I am pleased to tell you that we are moving steadily towards achieving our vision of being the leading digital bank in Jordan. We launched the “ila” banking application in September 2022, after achieving impressive results in Bahrain since its launch in 2019. The Jordanian market was chosen as the first destination for implementing ila’s regional expansion plan due to its huge capabilities, an advanced regulatory environment and a strong infrastructure that is ready for and supportive of “Cloud” banking solutions. The ila application provides its customers with a seamless personal banking experience that is available for use round the clock via their smart phones, in line with their changing needs and daily lifestyle. ila will enable the Bank to expand its reach to population groups that face challenges in benefiting from banking services, in a way that contributes to advancing growth and sustainable development in the Kingdom, and in line with the vision and instructions of the Central Bank of Jordan to reach financial inclusion.

The **Retail Banking Group** has been encouraging customers to conduct their banking transactions remotely in a convenient and secure manner, in addition to motivating them to pay remotely by providing them with banking cards with contactless payment capability, supported by state-of-the-art security features, and teaching them how to use them. Finally, the Bank introduced the new safe deposit boxes service “Tharwa”, which utilises cutting-edge technology and provides customers with maximum round-the-clock safety and security in line with the Bank’s digital transformation strategy.

As for the **Wholesale Banking**, the Bank, in cooperation with the Group wholesale banking digitisation team, has added new payment services for its corporate customers on the current corporate digital platform, which meets customers’ aspirations in line with international and local developments in payment digitisation. This is in preparation for launching the new electronic services platform in the areas of account service, and cash and liquidity management, through a unique main portal, as the first stage of the business and cash products automation project expected to be launched in the third quarter of 2023. This will be followed by the addition of trade finance

and supply chain finance services in the next two years, in order to provide an improved, seamless and highly-efficient banking experience.

We have also launched an integrated digital service for our corporate and financial institutions customers that enables them to open accounts in less than one business day, along with completing the relevant requirements, including “Know Your Customer” requirements digitally. This service can be used to track the progress of their applications and quickly access the Bank’s various banking products and services through a user-friendly self-service portal.

In light of the challenges faced by the local and global markets in 2022 due to the rapid increase in interest rates, the **Treasury Department** was able to manage the Bank’s liquidity in an efficient manner by providing for the Bank’s financing needs, in addition to fulfilling its responsibility of managing interest rate and foreign exchange risks, in order to keep them within the Group’s risk appetite.

### **New Head Office Building**

Driven by our confidence and commitment to invest in the Jordanian market, we strengthened our presence in it by opening Bank ABC Jordan’s new head office and main branch building. Besides being an architectural monument for future generations, it will undoubtedly advance Jordan’s growth further.

With an area of 20,000 square meters, the new building has all the necessary elements to create a convenient and highly developed working environment for its customers and employees. The new building was designed in line with best practices to ensure energy saving and advance the group’s sustainability agenda. Its power is obtained from the renewable solar power generation station previously established by the Bank, and its design reflects the aesthetics therefore adopted.

I would also like to highlight that in 2023, the Bank will re-open the old head office building that is currently being renovated and restructured in line with the new head office building.

### **Our Social Responsibility**

Our responsibility towards our society is always on top of our commitments. It is one of the Bank’s main objectives and key values which we cherish. Social responsibility is a core

commitment of our Bank, and it is our ongoing endeavour to adopt and implement several community services programmes in line with the Bank's mission and values.

To this end, the Bank continuously and actively strives to provide all kinds of support to charity, social, educational, medical and other institutions and associations, in order to support and serve local communities.

### **Our Future Outlook**

As part of its future vision and strategy for the upcoming years, the Bank seeks to enhance its capital base, strengthen its financial position, improve its competitiveness, maximise shareholders' equity, continue to develop its risk management, expand its activities and services, keep pace with technological and digital developments and utilise modern technologies to improve its services and the wide international network of Bank ABC Group. This year, we will continue to provide our customers who put their trust in us with a unique experience, and we shall spare no effort in refining and improving the Bank's performance to satisfy our shareholders and customers, and fulfil their ambitions.

### **To Conclude**

In light of the financial results achieved in 2022, the Bank's Board of Directors submitted a recommendation to the general assembly to distribute dividends to shareholders at the rate of 4% of the subscribed capital. On this occasion, I would like to express my thanks and sincere appreciation to our shareholders and customers for their support and trust. I would also like to extend my thanks to my fellow Board members for their continuous efforts and support to ensure the advancement and prosperity of the Bank. My thanks are also extended to the Bank's executive management and all employees for their relentless efforts and dedication to achieve the Bank's aspirations and ambitions. I pray to Allah the Almighty to make the upcoming year another year of prosperity for you, our organisation and beloved country under the Hashemite leadership.

May the peace and mercy of Allah be upon you.

**Sael Faye Al Waary**

Chairman of the Board of Directors