

Chairman's Statement

Dear Shareholders of Bank ABC in Jordan,

On behalf of the Board of Directors of Bank ABC in Jordan (Arab Banking Corporation – Jordan), it is my pleasure to present to you the 2023 Annual Report, which highlights the Bank's key achievements and consolidated financial performance for the year ending December 31, 2023.

Economic Backdrop in Jordan

In the first half of 2023, real growth in Gross Domestic Product (GDP) reached 2.74%, maintaining the same growth rate achieved during the same period in 2022, and inflation rate in the first ten months of 2023 reached 2.21%. However, a healthy level of foreign reserves was maintained, which increased to USD18.12 billion as of December 31, 2023, compared to USD17.27 billion as of December 31, 2022, which is sufficient to cover the Kingdom's imports for approximately 7.9 months and enhances the soundness of its cash position and stability of exchange rates.

It is also worth noting that the prudent policies of the Central Bank of Jordan has helped alleviate many economic challenges, particularly the increase in interest rates, inflation, and prices during the year. Furthermore, the solid financial position of Jordan's banking sector helped overcome the pressure on various economic sectors, positioning them to better serve the national economy and support monetary and financial stability.

Our Solid Financial Results & Resilient Performance

Despite the challenges faced by the world and the region in 2023, Bank ABC in Jordan performed reasonably well and maintained a solid financial position, as capital adequacy ratio reached 17.2% and financial leverage ratio reached 9.6%, which are significantly higher than the ratios required by the Central Bank of Jordan.

The Bank's assets in 2023 increased by 3.3% to JD1.4 billion, shareholders' equity reached JD165 million, compared to JD164 million in 2022, the return on equity reached 3% and the return on assets reached 0.36%. Customer deposits by the end of 2023 increased by 4.12% to JD877 million, compared to JD842 million in the previous year, with current and savings accounts making up 14.13% of total customer deposits, underscoring our customers' continued trust in, and strong relationship with, the Bank.

This growth helped maintain a good liquidity ratio of 126% by the end of 2023. Net profit after tax reached JD5 million, compared to JD6.7 million in the previous year, total income reached JD46.2 million, compared to JD43.1 million in 2022 and interest and banking commissions reached JD42.1 million, compared to JD39.4 million in 2022, while net credit facilities portfolio in 2023 reached JD763 million, compared to JD766 million in the previous year.

Key Achievements & Strategic Developments

The Bank is moving steadily towards achieving its vision of building the bank of the future in Jordan. Over the past year, we continued to implement our digital transformation strategy to aimed at driving strong and sustainable growth for the Bank, while creating further value for our stakeholders.

Driven by our keenness to keep pace with the rapid technological and digital developments in our operating environment, the Bank launched several new products and services through the 'ila banking app' to help meet the needs of various retail customer segments in a more seamless and timely manner.

Retail Banking

The Retail Banking developed its existing products and amended its policies to fulfil market requirements and better serve various socio-economic groups. In addition, the Bank continued to develop and drive further adoption of its digital banking services such as 'ABC Digital' which allows customers to conduct their banking transactions remotely in a convenient and secure manner.

Reflecting the increasing global interest in protecting and preserving the environment, the Bank prioritised the development of environment-friendly products and solutions, such as the 'Green Finance' campaign to finance the purchase of electric cars, which contributed to a significant growth in sales in this sector.

Wholesale Banking

Our Wholesale Banking business offers a distinguished suite of products and services that reflect the activities and needs of corporates and financial institutions as well as small, medium and large enterprises across various economic sectors in Jordan and abroad. In line with Group's refreshed strategic direction, we focused on expanding the Bank's customer base, increasing the rate of operating accounts and further developing our Trade Finance business.

Furthermore, we continued to encourage the use of our digital corporate banking services, while upgrading our existing offering and launching innovative solutions to keep pace with rapidly changing customer and market needs.

Treasury

The Treasury Department continued to effectively manage the Bank's liquidity by meeting our financing needs, despite the challenges faced by local and global markets in 2023. Simultaneously, the team continued to fulfill its responsibility of managing interest rate and foreign exchange risks, ensuring they are kept within the Group's adopted risk appetite. Group Treasury also continued to focus on introducing a variety of new services as part of its commitment to offer exceptional services that meet the various needs of the Bank's customers.

Our Commitment to Community Development

As a responsible corporate citizen, Bank ABC Group plays an essential role in building thriving communities, achieving sustainable development goals and creating a positive impact on society and the environment.

In 2023, Bank ABC in Jordan continued to carry out its social role in line with the Group's Environmental, Social, and Governance (ESG) objectives by supporting charitable, social, educational, medical and other organisations.

We take great pride in the positive impact our active role has had on the local community and the organisations and associations we have supported, the significant change we have facilitated, and our contributions towards building a sustainable economy.

Our Future Aspirations

As we progress on our journey to build the 'bank of the future,' we look forward to continuing the Bank's growth momentum and further strengthening our capital position, expanding our customer base and product suite, and accelerating the implementation of our digital transformation agenda. This will improve overall operations and drive performance, increase the volume and quality of our business services and enable us to better serve clients across the local and global markets,

In addition, we expect to enhance the Bank's competitiveness, increase our market share in Jordan, strengthen shareholders' equity and generate higher returns. We endeavor to do so while continuing to develop our risk management function and leveraging the synergies and reach of the extensive international network of our parent bank, Bank ABC Group.

To conclude

In light of the financial results achieved in 2023, the Bank's Board of Directors submitted a recommendation to the general assembly to distribute dividends to shareholders at the rate of 3% of the subscribed capital.

On this occasion, I would like to express my sincere gratitude and appreciation to our shareholders and customers for their unwavering support and trust, which we greatly value and take pride in. I would also like to extend my thanks to my fellow Board members for their continued support to ensure the advancement and prosperity of the Bank. I would also like to thank the Bank's executive management and all employees for their dedication and relentless efforts to enable the Bank's strategic aspirations.

I pray to Allah the Almighty to make 2024 a year of prosperity for you, our organisation and our beloved country, under our wise Hashemite leadership.

May the peace and mercy of Allah be upon you.

Sael Fayez Al Waary

Chairman of the Board of Directors