



Message from the Chairman



Annual Report

2019



Message from the Chairman

Our Dear Shareholders,

On behalf of myself and the members of the Board of Directors, allow me to offer my warmest regards and to present you with the sixty fourth annual report for the Jordan Ahli Bank. The report includes the report of the Board of Directors on the working results of the Bank and its primary activities and the closing accounts for the year 2019, as well as, our business plan for the year 2020.

I am pleased to be amongst you today while we highlight the most important achievements of your esteemed institution this past year. These achievements include the launch of the new brand identity of the Bank, which reinforced our leading market position and our commitment and vision to be the banking partner that serves the Jordanian family in all its segments. I would also like to take this opportunity to present to you the main strategic drivers behind our transformation are strengthening our Governance, expanding our business plan within the Shared Prosperity framework, and strengthening our role in respect of Innovation and entrepreneurship under the banking sector to satisfy the expectations of our shareholders, empowered by the trust that you have bestowed upon us, and to pursue, with you, our mission of growth and development.

Corporate Governance

We at Jordan Ahli Bank are keen to promote the principles of fairness and transparency within the good governance framework based on responsibility and accountability, It also bestows upon us the ability to develop and execute a long term, sustainable strategy that can deliver great value to all stakeholders, We are pleased with the Board of Directors achievements, whose members' efforts during the past three years have resulted in the development of a distinctive governance environment in line with international best practices, in cooperation with Deloitte's global consultancy, by applying and complying with the international standards of corporate governance. Hence, we affirm our keenness to maintain this momentum in elevating good governance frameworks and improving our practices to world class levels of Governance maturity. In this context, during the year 2019 we have engaged with Deloitte to conduct a third-party

assurance review of the board's oversight functions, including audit, compliance, and risk management. The review took place over an entire year approximately and concluded with detailed recommendations on further enhancing our oversight capabilities to global best practices. We are already implementing recommendations and anticipate completion of all Deloitte recommendations by end of 2020. In addition, there have been a tremendous number of best practices and recommendations that we have adopted to elevate our governance standards, and we continue to learn more about evolving our governance frameworks which in turn will translate to great value to all our stakeholder community, most notably to our beloved shareholders.

Shared Prosperity Strategy

We at Jordan Ahli Bank are committed to imbedding the concept of sustainability and entrenching its principles in all aspects of our institutional operations stemming from our unfettered conviction that the implementation and institutionalization of this concept will present the road map for our efforts to achieve our strategic goals and to preserve and build upon our past achievements. Therefore, sustainability is the main element in our Shared Prosperity vision through which we hope to enhance our economic and social contribution and to strengthen our role in the regeneration of the local community and to secure our position as a leading local and international financial institution.

In this context, we ask you to review our second Sustainability Report, issued during the past year, which sheds light on the central issues and decisions that were taken in connection with the operations and activities of the Bank as the bank has been spearheading a holistic value creation strategy to identify hundreds of KPIs in respect of the Bank's business and services provided and to develop appropriate mechanisms to measure their effectiveness in serving all our stakeholder community, including shareholders, customers, employees, regulators, partners in addition to the local community, to benefit in a direct and measurable way from our business activities and services to advance the wheel of development and its sustainability as part of our efforts to push the agenda of development and sustainability as a guiding principle for our strategic and operational planning, serving our relationships with all stakeholders, and empowering us to take wise decisions that correspond with the goals of inclusive and sustainable development.

Today, Jordan Ahli Bank is rapidly progressing towards implementing our transformative strategy in light of our future vision for the banking sector. A key feature being the restructuring of our branches in terms of development and footprint. This restructuring necessitated the opening of a new flagship branch in the Boulevard, Abdali which stands out with its modern design and use of the latest digital tools and banking innovations in a modern and open setting that guarantees that highest amount of flexibility and interaction with customers and presents a first-of-its-kind, unique, experience and an advanced and holistic model for the customer journey. As part of our efforts to reinforce the Bank's new corporate identity and its continuous push to excel and to leverage modern tools and technologies in serving its clients, we are working on transporting the experience of the new branch to the remaining branches of the Bank spread across all governorates of the Kingdom in order to reflect the Bank's identity. This, together with the efforts of offering an electronic platform as an alternative to geographic expansion, translates our vision to expand financial inclusion to all local communities.

As we pursue our vision for Shared Prosperity, the Jordan Ahli Bank has taken long strides towards expanding the scope of financial inclusion - which is one of the main building blocks of the Bank's strategy and a main factor in our focus on sustainable development. We stand here today very proud of the material technological leap that the Bank has taken through the launch of its new banking platform and operating modules that laid a technologically advanced foundation built on innovation. His development has materially and tangibly contributed to the Bank's ability to reach new segments that were not previously accessible thereby expanding the network of beneficiaries of the products and services of the Bank and allowing us to serve their needs effectively and efficiently in an environment where smart solutions are having an increased impact on the financial and banking industries. Our leading position in his field reinforced our market leading position and strengthened our abilities to successfully traverse the technological revolution and allowed us to have more effective offerings that added value to our banking operations and sustainable development priorities.

Innovation

The adoption of global best practices in governance, as well as holistic stakeholder value creation, is a substantial strategic commitment and value creation framework. However, in an age of exponential disruption and change especially as a result of globalization and digitization, it is also critical to embrace and adopt a culture of 'innovation' in order to keep up and perhaps exceed the pace of change happening in the financial industry and beyond. Ahli Bank's innovation strategy is founded on two primary pillars the cultural transformation program and Ahli Fintech and accelerator.

Culture Transformation Program

Coupled with the Jordan Ahli Bank's desire to ensure the success and development of its customer experience in a manner that reflects its corporate identity, we are also equally committed to the development of the employee experience and to entrench the positive engagement and to encourage our employees to think different and more entrepreneurially about innovation, through the establishment of an innovation group, a team of financial, technology that are developing uniquely valuable IPs, and also through an enterprise wide cultural transformation program that is creating a more trusting, more open, and more people and results oriented organization that encourages collaboration, and innovation. The second phase of this program was launched at the beginning of 2020 reinforcing our belief that our employees are the key to our success with our corporate culture being the focal point around which we build a working environment that promotes innovation and creativity, enhances the employee experience, and promotes their professional development and loyalty.

Ahli FinTech and Acceleration Program

As you know, Jordan Ahli Bank is first bank to adopt and apply financial technology at the local banking sector level, in addition to the establishment of its fully owned company Ahli Fintech, is accelerating the development and investment in Fintech Start-ups from across the country, the region, and the world. In 2019 we officially launched our Ahli Fintech Accelerator program to promote the FinTech ecosystem and establish itself as a regional hub for FinTech innovation. and in a very short period of time, we received 116 fintech proposals from 12 countries. During 2020, a public announcement will be made about the accelerated programs and on their capabilities and value propositions to the local and international markets.

Financial Indicators

In terms of the financial position, the senior management efforts continued on strengthening the financial position of the Bank and bolster its reserves, whereby the credit policy adopted by the Bank, which is based on sound credit and secure management of the assets, revenues, provisions and utilizing transparent and good corporate governance principles has solidified the results of the Bank. The results show an increase in the gross income of 7.56%, an increase in net interest income of 6.20%, a decrease in NPL to coverage ratio to 5.20% together with an improvement of the coverage ratio to 76.8%. Meanwhile the Bank maintained its customer deposits at 1.86 billion Jordanian dinars while the total assets of the Bank amounted to 2.76 billion Jordanian Dinars. As it relates to the most important financial indicators of the Bank, the return on equity reached 7.22% while the return on assets reached 0.8% and the capital adequacy ratio reached 15.66%, exceeding the requirements of the Central Bank of Jordan as a result of the increase of shareholders' equity to 307.8 million Jordanian Dinars. Meanwhile the net income before tax increased 9% to become 36.2 million Jordanian Dinars compared to 33.3 million Jordanian Dinars in 2018. The Bank has also maintained a stable and consistent dividend distribution policy towards its shareholders at a rate of 7% during the past ten years as its a source of income and growth of its profits as a reward for its shareholders and in a way that enhances the high flexibility of the bank's operational capabilities to achieve regular revenue strength in the face of economic fluctuations.

Finally, I would like to extend my deepest thanks to our customers and shareholders and all supporters for their immense trust. I assure you of the commitment of the senior management team to exert all its efforts to translate the ambitions of our leading institution and to achieve its objectives and to maintain its position as a leading Jordanian bank. I would also like to extend my thanks to all regulatory authorities in Jordan, recognizing the efforts and cooperation of the Central Bank of Jordan, the Securities and Exchange Commission and the Companies Control Department for their keenness to ensure the soundness and strength of the Jordanian banking sector. I would also like to extend my thanks for the efforts of the Palestinian Moratory Authority. My thanks and pride are extended to all the team at the Bank and to its executive management for their continuous and tireless efforts. May God bless us all under the Hashemite leadership of His Majesty King Abdullah II Bin Al Hussein.



Saad Nabil Mouasher
Chairman of the Board