

# Better Banking for Jordan & Iraq

## Investor Presentation

Executive Summary

Q1 2021

**capital**  
bank

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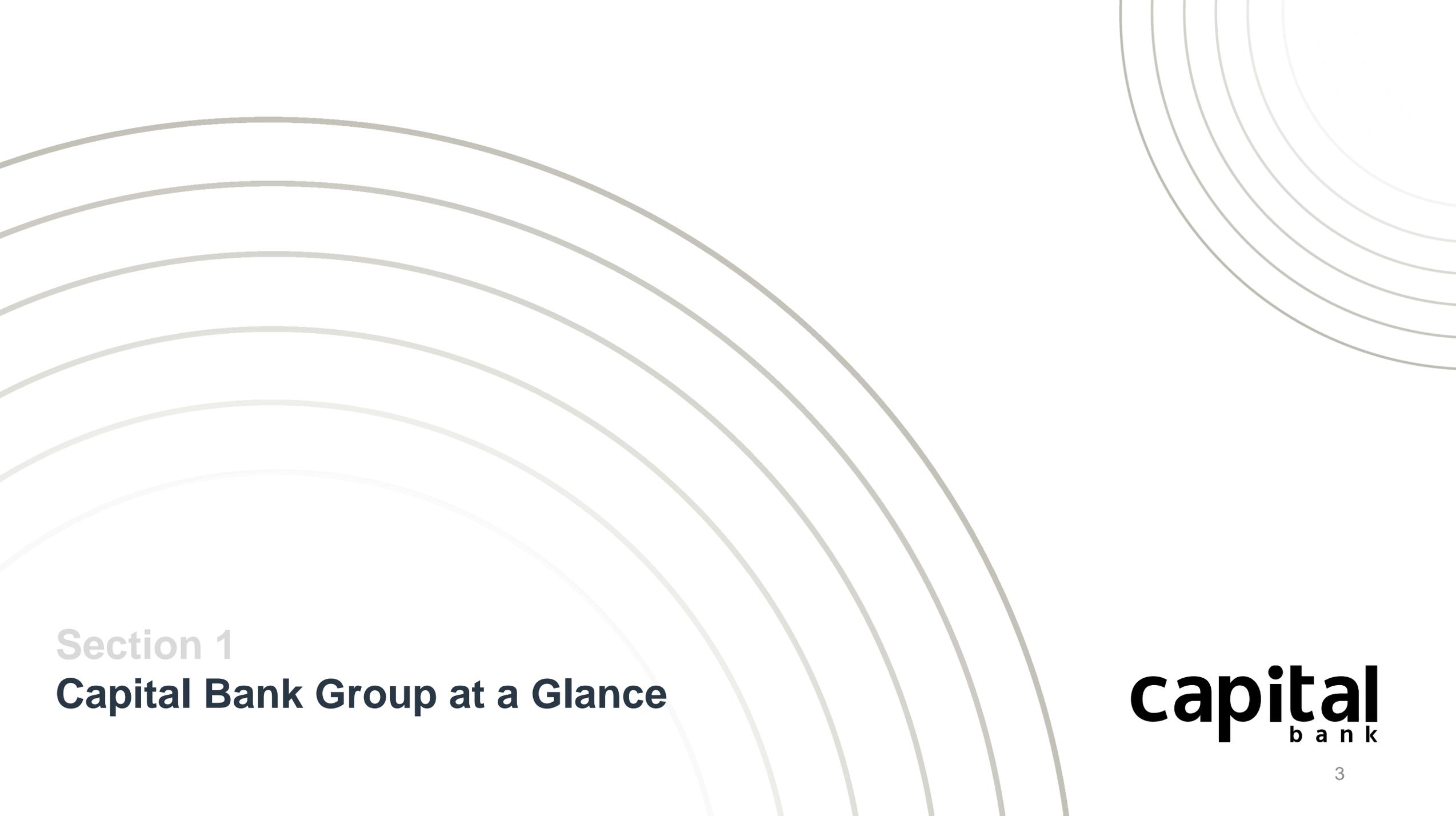
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Section 1  
**Capital Bank Group at a Glance**

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# Jordanian based bank with a unique value proposition

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## Vision

Better Banking for Jordan & Iraq

## Mission

Providing innovative, simplified, and holistic financial solutions through enhanced products & an elevated level of customer service and experience in the Jordanian and Iraqi markets.

## Strategic Direction

Digital  
Convenience

Become the number one banking group and gateway for corporations doing businesses in Jordan and Iraq.

Strategic  
Geographical  
Presence

In Jordan, continue to grow and solidify Capital Bank's positioning, while operating as the backbone for the National Bank of Iraq.

Holistic Product  
Offering

In Iraq, a diverse and digitally enabled bank tapping into lucrative green fields and capturing relevant opportunities.

Continuously innovate to offer a full range of value adding commercial, treasury and investment banking services to our clients.

# Capital Bank at a glance (As of March 2021)

All values in USD

A unique value proposition offering a strategic regional positioning, and digital convenience across a wide-spectrum of advanced corporate, retail and investment banking solutions.

**USD 542m**  
Equity

**USD 4.75b**  
Assets

**USD 2.54b**  
Net Loans

**6.3%**  
NPLs

**38%**  
NOI Growth

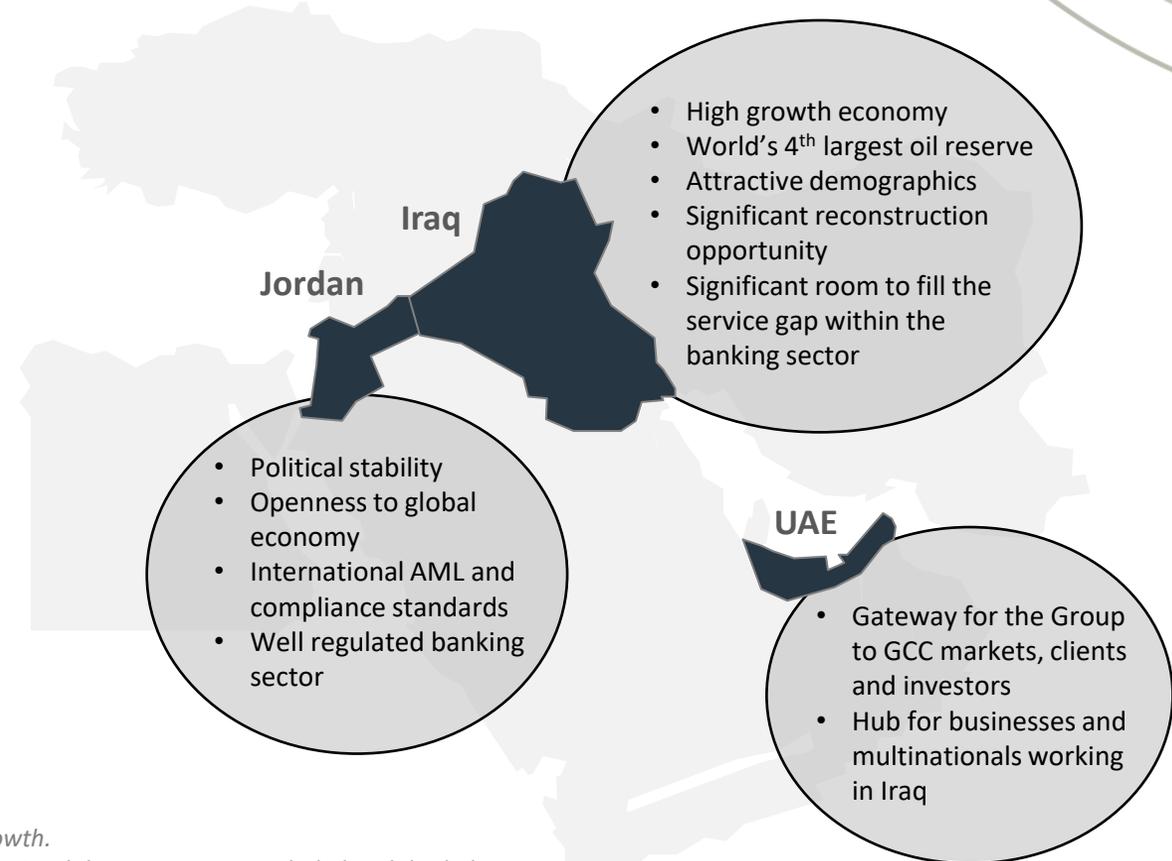
**32.2%**  
ROE

**0.207**  
EPS

**12% Dividend**  
**11% 3yr Avg**

**14.7%**  
CAR

**142.8%**  
LCR



Figures as of March 2021. NOI refers to year-on-year Net Operating Income growth.  
ROE includes all income and expenses related to the Audi acquisition. Details on standalone operations included in slides below.

# 2020 marked an important year across strategic pillars, with Q1 2021 further advancing the trend

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## PERFORMANCE & POSITIONING

- Best performing bank among all Jordanian banks with the highest growth percentage in total assets, loans, customers' deposits and net operating income. This growth solidifies positioning and business model.
- The Bank witnessed continued growth in net operating income across all business lines in Q1 2021, recording a 28% growth compared to Q1 2020, with \$13.2m net income excluding Audi acquisition impact.
- Acquisition of Bank Audi branches in Jordan and Iraq completed on March 11<sup>th</sup>, 2021, marking a significant leap in the Group's positioning in both markets. And providing further upside on net income for the quarter reaching \$42m.

## DIGITALIZATION & PARTNERSHIPS

- Strategic partnerships, most notably including Liwwa for SME digitalized lending, Equiti for FX and commodity trading in Jordan and Iraq, as well as Zain and Asia Cell in Iraq for e-wallets & POS cash services.
- In Jordan, the Bank launched several digital transformation initiatives & Omni Channel upgrades, including updated features on to the online banking platform (SwitchOn), call center system, iCA chatbox on Facebook Messenger & Whatsapp, digital onboarding and payment services. Also, the first Bank to have completed full integration with JOPACC to introduce the instant payment system through SwitchOn.
- In Iraq, NBI is the first bank to have launched one-time password (OTP) services, as well instant debit card issuance and Quick Personal Loan service with a 1-hour turn-around time.
- The Group is exploring further FinTech opportunities to help accelerate digitalization and capitalizing on the growing sector, across both commercial and investment banking scopes.

# 2020 marked an important year across strategic pillars, with Q1 2021 further advancing the trend

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## PRODUCT & SERVICE OFFERING

- Simplified service offering and focus on elevating customer service (processes, people & omni channels).
- Best Bank in Jordan and Iraq for Private Banking, with the Capital Wealth Private Banking proposition combining valuable expertise and a diversified and innovative product offering through the investment banking, asset management and commercial banking teams.
- Launched the Mutual Funds platform offering more than 30 globally managed mutual fund to brokerage clients in Jordan, as well as online equity trading and FX/ Commodity trading platform currently live in both Jordan and Iraq.
- Asset Management proposition expanded through the Group's presence in the Dubai International Financial Center (DIFC), which will provide a new platform for clients to engage through. The DIFC presence will also allow for further expansion in the product range and allow for partnerships with global banks under an External Asset Management model.
- Improved lending positioning in Iraq. NBI is the first bank in Iraq to acquire a USD 10mm credit line from the Saudi Development Fund to help grow its business activities. This, together with existing lines from the IFC allows for larger expansion on the lending side and brings confidence in the market on NBI's standing.

# Acquisition of Bank Audi branches in Jordan and Iraq

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## KEY HIGHLIGHTS

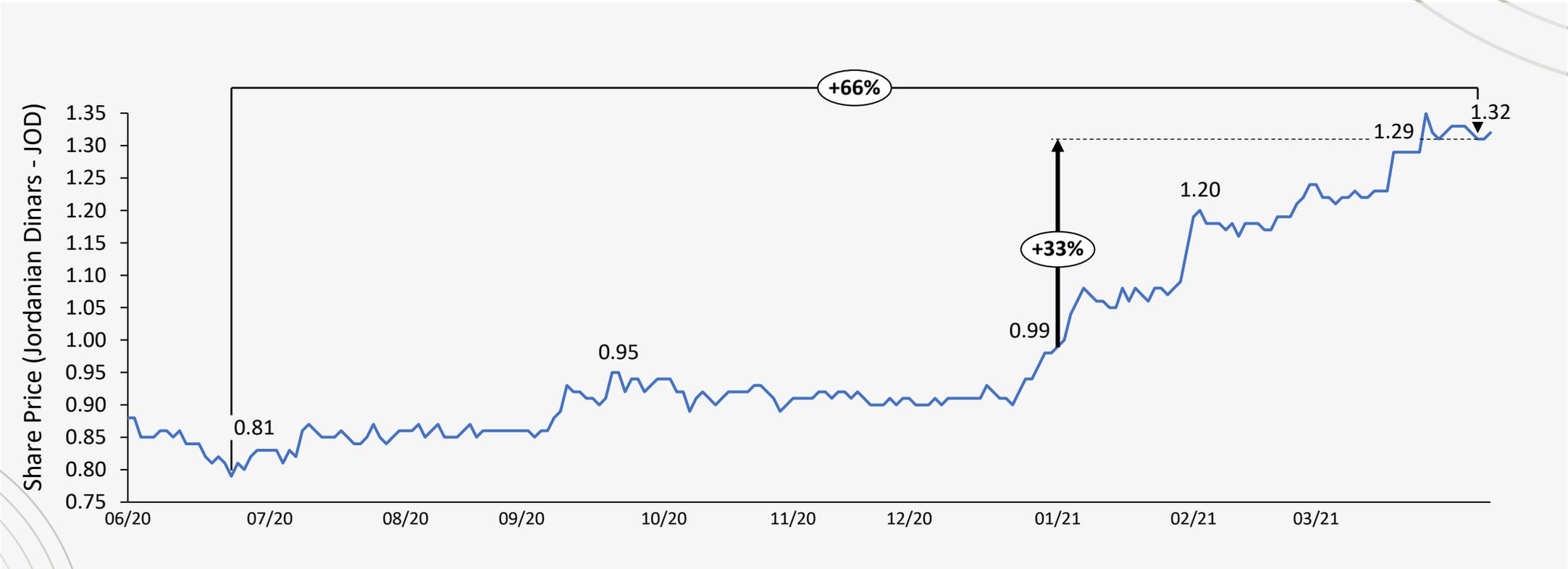
- During the third quarter of 2020, Capital Bank signed a letter of intent to **acquire Bank Audi (S.A.L) branches in Jordan and Iraq**. The business transfer agreement was then signed on 29th of December 2020, with the **transaction completed successfully on March 11<sup>th</sup>, 2021**.
- This acquisition marks a significant **leap in the Group's overall positioning in both Jordan and Iraq**. The deal expands the Group's market share, resource base and overall financial standing.
- This acquisition also **marks the first transaction of this nature in the Iraqi banking sector**.
- Net revenue from the transaction stands at \$28.85m, as reflected in Q1 financials.

## IMPACT SUMMARY

- **This has positioned Capital Bank as one of the largest commercial banks in Jordan, increasing the Bank's asset base by over 23% to reach USD 4.75b**, with the net credit facilities reaching USD 2.54b. Deposits have also grown significantly by over 27% to reach USD 3.02b.
- Total **shareholder equity has increased to USD 542m**, further strengthening equity base.
- The acquisition has **contributed positively to the Bank's branch footprint** in strategic locations, with a total of 28 branches in Jordan and 18 branches in Iraq. New valuable employees have also joined.
- Complementary business profile that has **further diversified both funding and credit base**, specifically in Jordan as Bank Audi had a strong retail portfolio.

# Strong share price performance

- As of March 31<sup>st</sup>, 2021, the share price is up over 62% from its 2020 lows and 48% year-to-date, following the solid financial performance, developments across strategic pillars and acquisition of Audi Bank branches in Jordan and Iraq that was completed on March 11<sup>th</sup>, 2021.
- There remains to be significant upside potential going forward.



Share Price is shown in Jordanian Dinars (JOD). The currency is pegged to the US Dollar at a rate of JOD 0.709 per USD 1.00.

# Presence in Jordan, Iraq and the UAE

	Corporate & Commercial Banking		Investment Banking	
	<b>capital</b> b a n k	<b>National Bank of Iraq</b>	<b>capital</b> investments	<b>capital</b> investments <small>(DIFC) Ltd</small>
<b>Entity</b>	Parent	Subsidiary (61.8% share)	Subsidiary (100%)	Subsidiary (100%)
<b>Establishment</b>	Amman, Jordan 1995	Baghdad, Iraq 1995	Amman, Jordan 2005	Dubai, UAE 2014
<b>Ownership &amp; Regulator</b>	Publicly Listed Amman Stock Exchange	Publicly Listed Iraq Stock Exchange	Private Jordan Securities Commission	Private Limited Liability Dubai Financial Services Authority
<b>Offering</b>	<b>Full Fledged Commercial Bank</b>  Operates through 28 branches, including a dedicated Capital Select HNWI proposition. Offers Corporate, SME, Retail & Treasury. Advanced digital platform.	<b>Full Fledged Commercial Bank</b>  Operates through 18 branches across Iraq, including both the Basra and Kurdistan regions. Offers Corporate, SME, Retail & Treasury services. Full trade finance offering, and a large network of correspondent banks through Capital Bank.	<b>Full Fledged Investment Bank</b>  Offers asset management, brokerage (local, regional & international, FX/ commodity) as well as corporate finance, capital raising & advisory services.	<b>Investment Advisory</b>  Offers asset management, custody, corporate finance, advisory, capital raising & arranging services. Acts as a regional marketing and investor outreach platform.
<b>Shareholding</b>	<b>Well diversified shareholder base, with a number of prominent Jordanian families holding shares since establishment.</b>  Shareholders with positions >1% hold a total of 73.7% of the shares, with no single controlling stake as of Q1 2021.	<b>Strategic selection of investors, with majority control remain with Capital Bank (61.85% share).</b>  Shareholders with major stakes include Cairo Amman Bank (9.9%) and PalTel (5%)	<b>Capital Bank, 100%</b>	<b>Capital Bank, 100%</b>

# Solid governance and decision-making structure

## List of Board Members (As of end of March 2021)

Name	Membership	Position
<b>H.E. Bassem Khalil Al-Salem</b>	2010	Chairman
<b>Mr. Mazen Samih Darwazah</b>	2011	Vice Chairman
<b>Social Security Corporation</b> <i>Represented by Shaden Darwish Al-Haji</i>	2009	Member
<b>Hotaf Investment Company</b> <i>Represented by Mr. 'Mohamed Ali' Al-Husry</i>	2009	Member
<b>Investments &amp; Integrated Industries</b> <i>Representing Omar Mohamed Shahrour</i>	2009	Member
<b>Al-Jadara Co. for Real Estate Investment</b> <i>Represented by Sultan Bin Mohammed Al-Seif</i>	2009	Member
<b>Al-Khalil Co. for Investments</b> <i>Represented by Khalil Hatem Al-Salem</i>	2009	Member
<b>Omar Akram Bitar</b>	2015	Independent Member
<b>Reem Haitham Goussous</b>	2015	Independent Member
<b>Mohamad Hasan AlHaj Hasan</b>	2017	Independent Member
<b>Khalid Walid Nabils</b>	2017	Independent Member
<b>Arab Potash Company</b> <i>Represented by TBC (previous, Jamal Al Sarayrah)</i>	2020	Independent Member

## Clear decision making & governance framework

### Board Committees

Corporate Governance, Nomination & Remuneration, Risk, Compliance, Audit, Strategy, IT Governance & Credit Committees

### Management Committees

ALCO, Investment, Products & Services, IT Steering, Internal Risk, Procurement and Real Estate Committees.

## Group Organizational Structure



# Exceptional leadership, long-term value driven

Capital Bank's Board Member's and Executive Management team boast deep experience within the commercial, investment and finance fields, representing a diverse and solid skillset that adds significant value to the Bank.



**H.E. Mr. Bassem Al-Salem**  
Chairman

- HE Mr. Al-Salem is one of the founders of Capital Bank and has been Chairman since 2010. He previously served as the Jordanian Minister of Labor and Minister of Finance consecutively (2005 – 2009) and is commended for introducing socioeconomic policies that have contributed toward the creation of jobs, attracting businesses and investments to Jordan, while helping homegrown businesses flourish.
- HE Mr. Al-Salem is also the chairman of King's Academy, a Jordan-based school focused on fostering social inclusion and currently sits on the board of several prominent private and publicly listed companies, including the General Mining Company. He has previously served as chairman of the Association of Banks in Jordan (2012 – 2015), executive chairman of the Social Security Corporation (2005 – 2009), as well as a member of the Jordanian Senate (2010 – 2011).
- HE Mr. Al-Salem holds a bachelor's degree (with honors) in chemical engineering from Imperial College, United Kingdom.



**Dawod AlGhoul**  
Chief Executive Officer

- Appointed as Group CEO in March 2020, Mr. Al Ghoul brings with him over 26 years of extensive experience in financial and strategic planning, investments and financial restructuring within reputable regional and global investment and financial institutions; such as Abu Dhabi Capital Group, KPMG, and Arab Bank Group – where he worked in various senior roles since 2003, including serving as Group CFO from 2012 to 2016.
- Mr. Al Ghoul previously sat on the board of directors of Capital Bank, as well as numerous regional financial institutions in Jordan, Tunisia and Libya, including International Islamic Arab Bank, Wahda Bank and Arab Tunisia Bank.
- Mr. Al Ghoul is a US-Certified Public Accountant (CPA) and earned his MSc in Accounting and Finance from the University of Colorado, as well as a BSc in Accounting from the University of Jordan.

# Well experienced management team

## Capital Bank's Key Executives and Senior Management Team

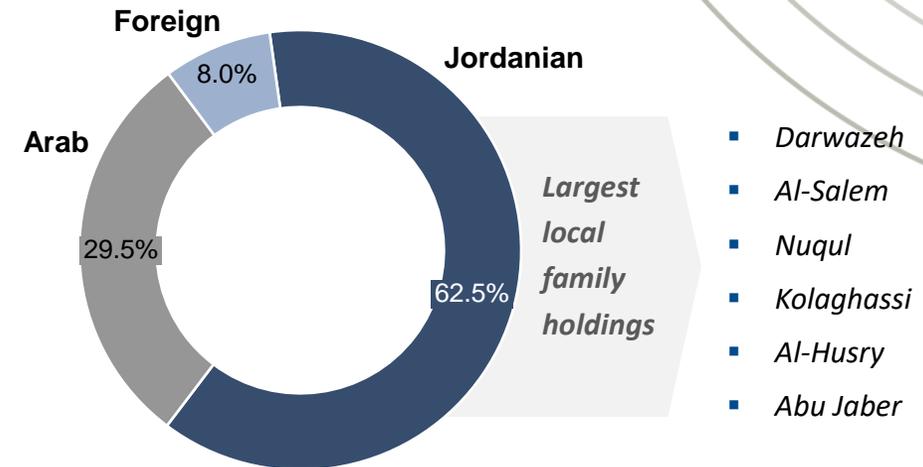
	Name	Position	Joining	Experience Highlights
Business	<b>Ayman Abu-Dhaim</b>	CEO, National Bank of Iraq	2011	Over 20 years experience in financial control and banking. He previously held the position of CFO for the Group, and well as CFO for the Social Security Investment Fund in Jordan.
	<b>Bashar Al-Amad</b>	Acting CEO, Capital Investments	2018	Over 20 years in private equity, investment banking, and asset management across a number of leading private, public, and governmental institutions throughout the region.
	<b>Ali Abu Swai</b>	Chief Treasury, Investments & FI Officer	1997	Over 25 years in financial markets and banking, treasury and investment. Previously led Jordanian Trade Association.
	<b>Yasser Kleib</b>	Head of Institutional Banking	2004	Over 25 years in commercial and institutional development in Jordan and Iraq. Previously worked in the Arab Bank.
	<b>Fadi Khoury</b>	Chief Liabilities Officer	2021	Over 25 years experience in banking, having last held the position of Head of Retail & Branches at Bank Audi Jordan. Previously work with Arab Bank in Jordan.
	<b>Zein Malhas</b>	Chief Digital Officer	2018	Over 12 years in the banking sector in Jordan, having worked for the Housing Bank and Standard Chartered, where she managed the Global Subsidiaries business. Also a member of the board of Middle East Payment Services (MEPS).
Control and Support	<b>Mohammad Othman</b>	Head of Consumer Banking	2020	Over 15 years in the banking sector, having held managerial positions and specialization in retail banking and product development at several banks including Bank Al-Etihad, Al Rajhi Bank Jordan, Jordan Ahli and Arab Bank.
	<b>Samer Al-Aloul</b>	Chief Banking Officer	2021	Over 22 years experience in banking, having last held the position of Deputy Regional Manager at Bank Audi Jordan.
	<b>Falah Kokash</b>	Chief Risk Officer	2012	Over 20 years in the financial sector. He has held several leadership positions in risk management and credit analysis and has worked for several banks in Jordan and Saudi Arabia. Several accreditations incl. FRM, ICBRR, CMA & CFM.
	<b>Saher Abdel-Hadi</b>	Head of Compliance	2018	Over 28 years in the banking sector, having worked at a number of banks including Standard Chartered Bank and ABN AMRO Bank. Most recently, in Compliance at the Arab Bank.
	<b>Manar Al Nsour</b>	Chief Financial Officer	2001	Over 18 years of experience in financial control and analysis, having held various managerial positions at Capital Bank before assuming the CFO for the Group.
	<b>Manar Aabidi</b>	Chief Credit Officer	2018	Over 20 years in banking, with extensive expertise in Credit, Risk, Corporate Finance and commercial banking. Previously worked with Citibank Jordan, Housing Bank, HSBC Jordan.
	<b>Izzidin Abu Salameh</b>	Chief Operating Officer	2020	Recently joined Capital Bank, bringing in a wealth of experience in the banking sector and in diverse aspects of operations.

# Stable and diverse shareholding base

## Core Shareholding Base

- Bank ownership diversified across several well-regarded business owners & families.
- Major Jordanian families/ shareholding groups hold a large share, with stable holdings over the years. Several of whom are also founders and early investors in Capital Bank.
- Diverse skill-set and business relationships that continuously add value to the Group.
- Active shareholder participation through Board representation, General Assembly meetings and regular direct communications.

## Summary Shareholding Composition



## Shareholders Representation on the Board

- Active Board of Directors, including stable shareholder representations over the years.
- Board members (including representatives and related parties) hold ~43.65% share.

## Concentration & Shareholding Mix

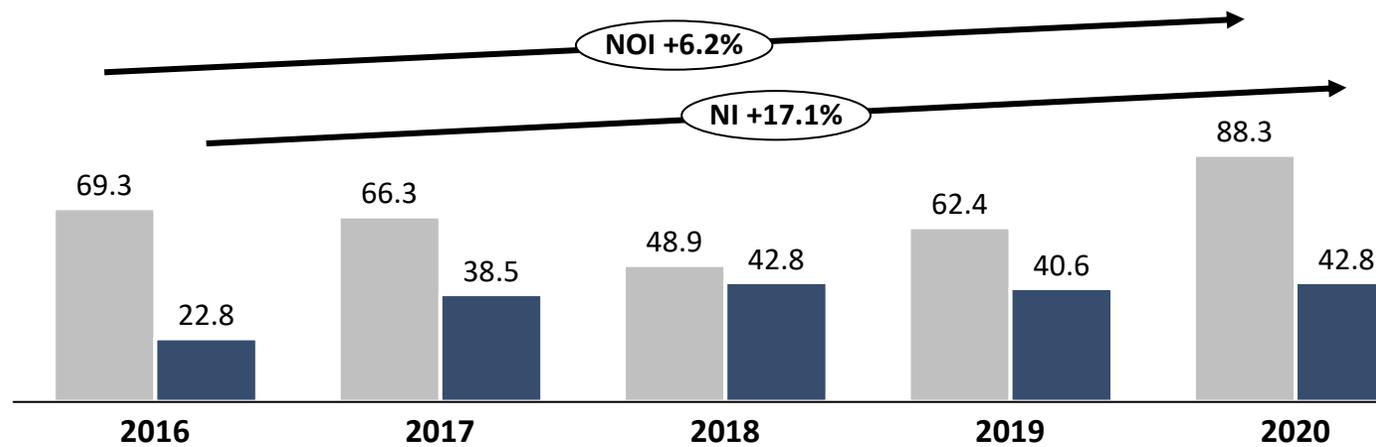
- Largest 20 shareholders own over 73% of shares.
- Largest 30 shareholders own over 78% of share.
- Over 66% owned directly by individual investors.

# Healthy growth, continuously rewarding shareholders

All values in USD

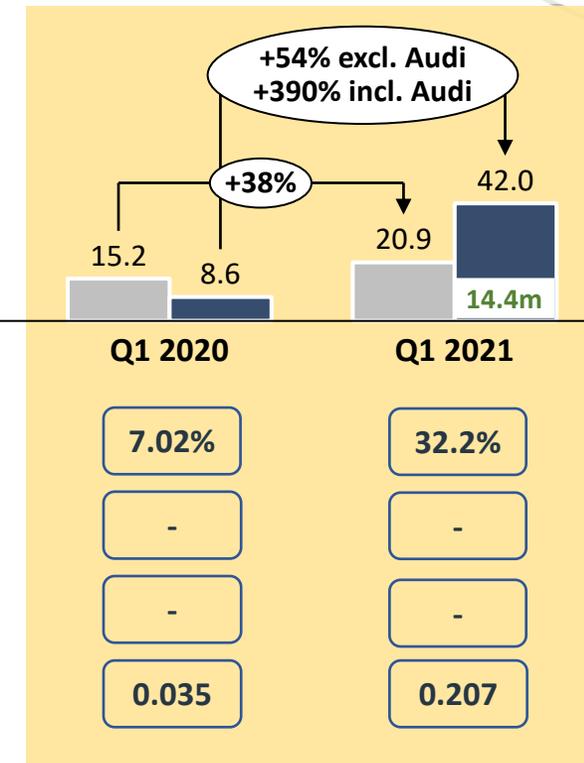
Performance shows improving profitability and returns to shareholders

Net Operating Income
  Portion attributed to Capital Bank, excluding Audi transaction
  Net Income



Solid performance and Audi Upside

Robust strategy continues to allow for significant growth in net operating income and profitability. Reached \$14.4m in Net Income for Q1 2021 versus \$8.6m in Q1 2020, excluding Audi transaction impact.



	2016	2017	2018	2019	2020
ROE	4.9%	8.0%	8.8%	8.4%	9.2%
Dividend %	5%	10%	10%	10%**	12%
Dividend Payout Ratio	81%	82%	65%	80%**	92%
EPS	0.087	0.172	0.217	0.178	0.183

\*ROE figure covering YTD June 2020 performance excludes COVID-19 & FX devaluation impact related provisions for the period.

\*\* Dividends for 2019 announced, however postponed due to Central Bank of Jordan's instructions to all Banks following the onset of COVID-19.

# Strategic partnerships to support long-term growth



- Financing facilities for eligible trade transactions



- Credit line, technical assistance, access to global network of confirming banks for both Jordan and Iraq



- Guarantees 70% of loans granted to SMEs

المؤسسة العربية لضمان  
الإستثمار وائتمان الصادرات  
The Arab Investment & Export  
Credit Guarantee Corporation

- Credit limit and insurance scheme for eligible trade finance transactions



- Guarantees a portion of loans granted to SMEs



- Credit line for trade finance activities



- Credit limit to finance LCs, bills of exchange and commercial invoices



- Credit facilities with relatively low interest rates to finance eco-friendly projects



- Discussions ongoing on a Group Level.



- Sharia compliant export and investment insurance



- Trade finance guarantees and revolving credit facilities for SMEs



Section 2  
**The Iraq Opportunity**

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# Iraqi market presents a significant growth opportunity

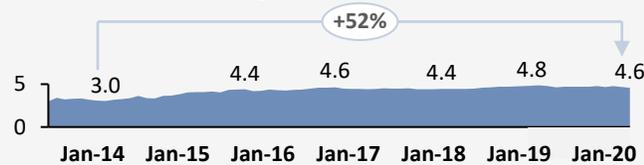
Sources: OPEC, World Bank, Central Bank of Iraq

Selected Economic Indicators

## Growing Oil Production and Capacity

- Iraq's daily oil production capacity has grown by over 50% in the last 6 years, contributing to ~16% of total OPEC production up from an average of 10% previously.
- Despite periods of political instability and lower oil prices, this will remain a stable/ recurring income source for Iraq. This was also strengthened by recent devaluation of IQD.

Oil Production, Daily Avg (million barrels)



## Role of non-oil sector key to sustainability

- Recent devaluation of the IQD strengthened the financial positioning and ability to cover salaries and internal IQD commitments. Oil related government revenue however, is not nearly enough to sustain investments in infrastructure and other non-salary spending needs.
- Foreign currency reserves historically remain strong (covering ~13 months of imports), given continuous money flow from oil & gas. However, reliance on funding from state-owned banks to cover deficits continues.
- Overall, there remains major challenges within the structure of the economy. Increased investment and more effective execution in non-oil sectors are critical.

## Significant room for GDP growth

- Fluctuating GDP, with political instability and economic weakness continuing to impact economic growth potential.
- However the government has taken concrete steps, and with the help of the international community to start making reforms and addressing the core issues.

5,955 USD	Iraq GDP per Capita
8,104 USD	MENA Avg
33,672 USD	Oil-Producing GCC Avg

*Over 5x of current GDP must be achieved to reach oil-Producing regional averages. Indicating significant room for growth in the long-term.*

Internal Growth Drivers



### Significant infrastructure needs

- Iraqi government requires at least \$100b in reconstruction & infrastructure projects, which will continue to drive growth and solidify the role of the private sector and foreign investor community.
- With gaps in critical defensive sectors such as healthcare, FMCG & education.



### Increased appetite from foreign markets

- Iraq is attracting increased amount of funding lines and financial support from DFI's, investors and governments. With increased appetite for US denominated government bonds.
- Ability to mitigate risk through international insurers such as MIGA, will further drive private sector investments.



### Large young population, tech driven

- Over 50% of Iraq's ~40m population falls in the working population age bracket. Demand and spending to continue to increase.
- Clear opportunity for digitization and technological innovation across sectors. Entrepreneurship hubs and accelerators are starting to develop, to cater for ambitious concepts coming to the market.



### Improving local expertise

- Initially limited involvement of local entities in the oil & gas/ EPC, as well as other strategic sectors.
- Recently however the trend is reversing with Iraqi companies gaining technical expertise leading to a new opportunity of subcontracting for large global players.

# Private banks to play an increasingly important role

Sources: World Bank, GPF, Central Bank of Iraq

## Current Sector Dynamics, Opportunity for well-established platforms

- Fragmented market with over 70 operating Banks, including 7 state owned, 45 private Iraqi (only 5 with regional investor) and 18 branches of foreign.
- Dominance of state-owned banks, holding over 80% of total assets, ~90% of deposits and ~80% of cash credit. Remaining share split within private sector.
- Historically, private banks highly dependent on revenue from Central Bank of Iraq currency auctions and FX transactions. With only a handful of banks with the right infrastructure, technology and resources to grow sustainably.
- Cash circulated outside banks significantly higher than a typical economy, with \$45b in currently outside banks (~20% of GDP). Deposits and credit to GDP Ratios at 30% and 17% versus a MENA average of 67% and 60% consecutively as per latest data.
- Overall, very low banking penetration across individuals & businesses (GPF WB 2017).

Adults with Bank Accounts	Adults with Credit Cards	Acc holders with new deposits in the last 12 months	Adults who borrowed in last 12 months	SME's who have financed investment projects
25%	2%	30%	<3%	2.7%

*Opportunity for banks that have invested in building a solid infrastructure and technology platform to differentiate themselves and gain market share very rapidly as the sector continues to develop.*

*Significant upside for shareholders of well-positioned banks, as a majority of those listed on the Iraq Stock Exchange currently trading below par value.*

## Why is this an attractive opportunity now?

**Several initiatives being implemented to promote financial inclusion and expand the role of private banks.**



Financial inclusion strategy underway, with salary transfers to government employees being gradually channeled to a selected group of private banks. Access to salary through telecom providers' points of sale, and digital improvements countering relatively low ATM footprint and allowing private banks to better position their service offering.



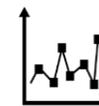
Plans to establish a deposit-guarantee fund should help to overcome some of the population's fear to deposit cash at banks.



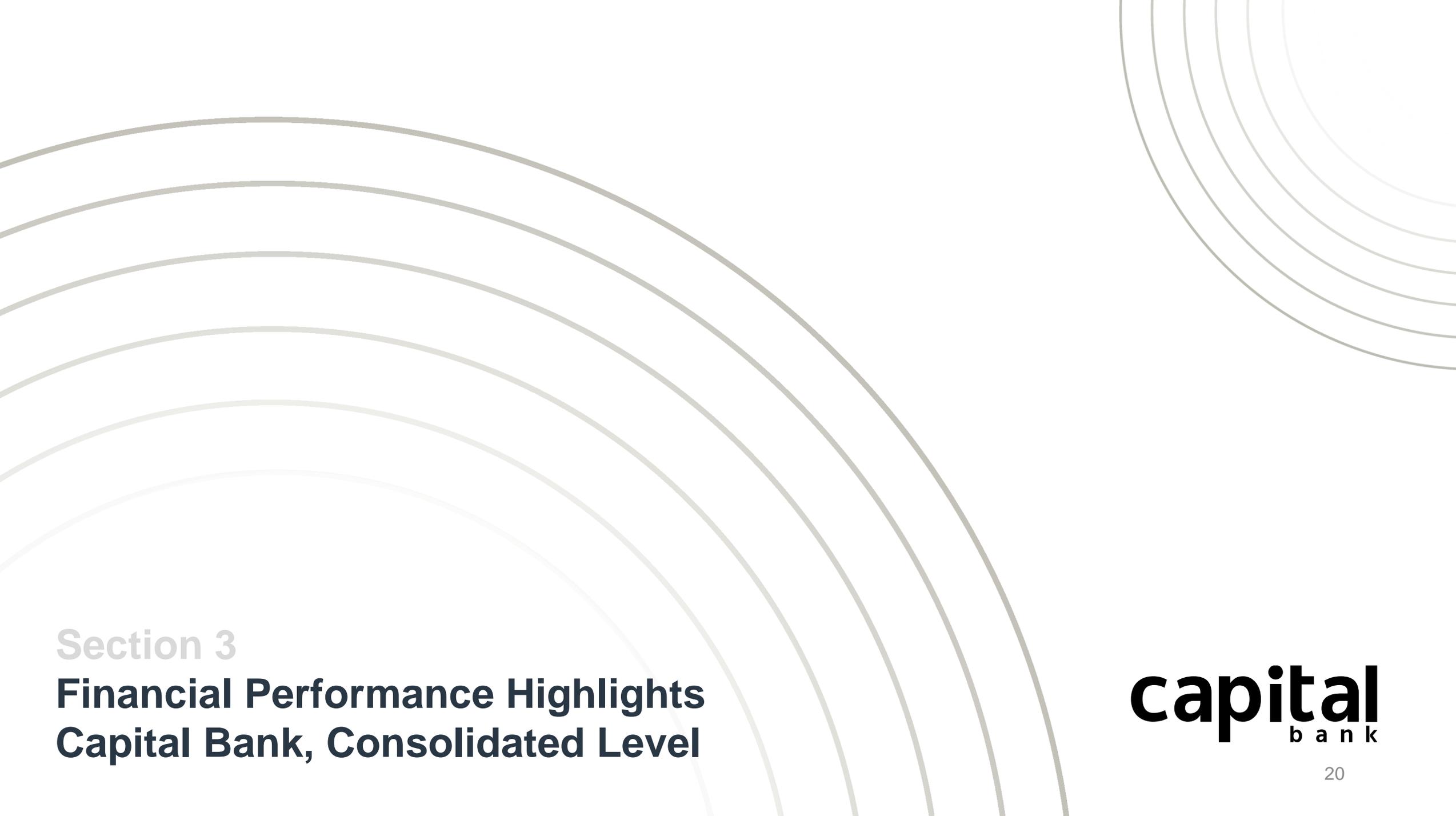
Government starting to utilize conventional debt financing through banks, rather than indirectly monetizing via the Central Bank.



International support to provide funding lines and partnerships with selected private banks, allowing companies to start utilization traditional trade finance products through local banks.



Recent focus on microfinance and providing guarantees and credit lines for private banks to extend to SME's. Both by CBI & DFI's such as IFC.



## Section 3

# Financial Performance Highlights Capital Bank, Consolidated Level

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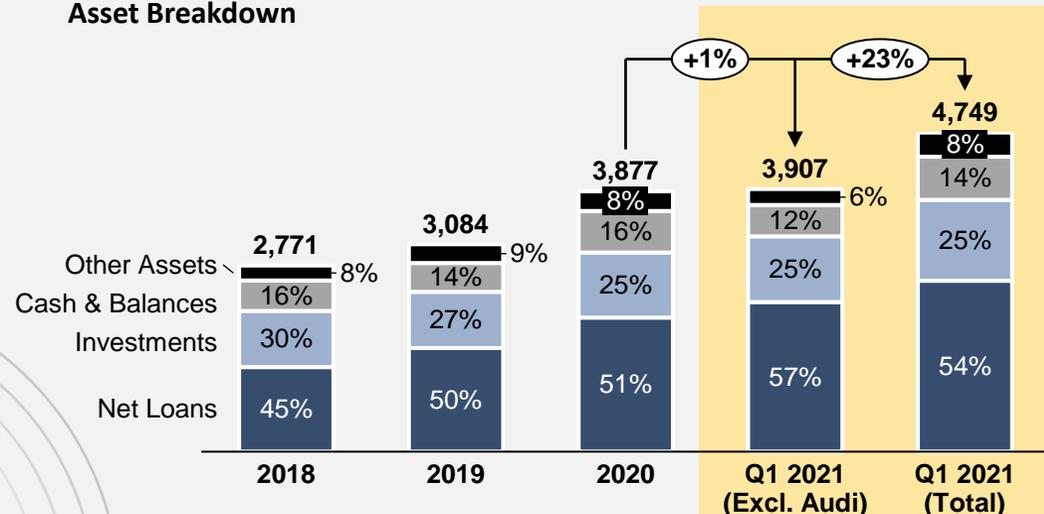
# Growing diverse asset base, liquid investments portfolio

All values in USD millions

## Growing asset base with a strategic allocation across asset classes

- Well diversified and growing asset base, with a healthy return on funds.
- Investment portfolio of \$1.2b, with a majority in liquid gov. securities.
- Gross credit growing at a CAGR of 11.1% between 2015 and 2020 to reach \$2.12b and a further 30% in Q1 2021 to reach \$2.76m.
- The facilities composition reflects focus on Corporate/ SME clients, who comprise ~68% of portfolio as of Q1 2021 (56% Corporate, 12% SME), with remaining majority to retail clients and mortgages. This is slightly lower than the ~76% level at the end 2020.

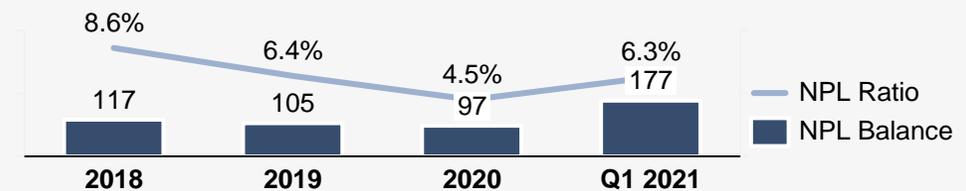
### Asset Breakdown



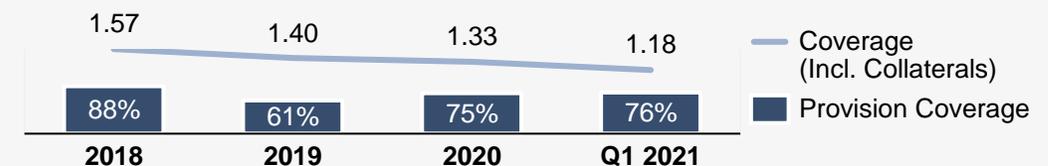
## Prudent provisioning & improving NPL ratio

- Central Bank measures as well as internal controls and prudent lending strategy continue to help cushion impact of COVID-19 on the economy.
- Provision coverage ratio (including collaterals against such loans) remains well above 100%.
- Watchlist remains constantly monitored with a similar provisioning approach, and collateral coverage requirements.
- Overall, Bank continues a prudent credit control and collection policy.

### Loans Breakdown



### Coverage Ratio, %

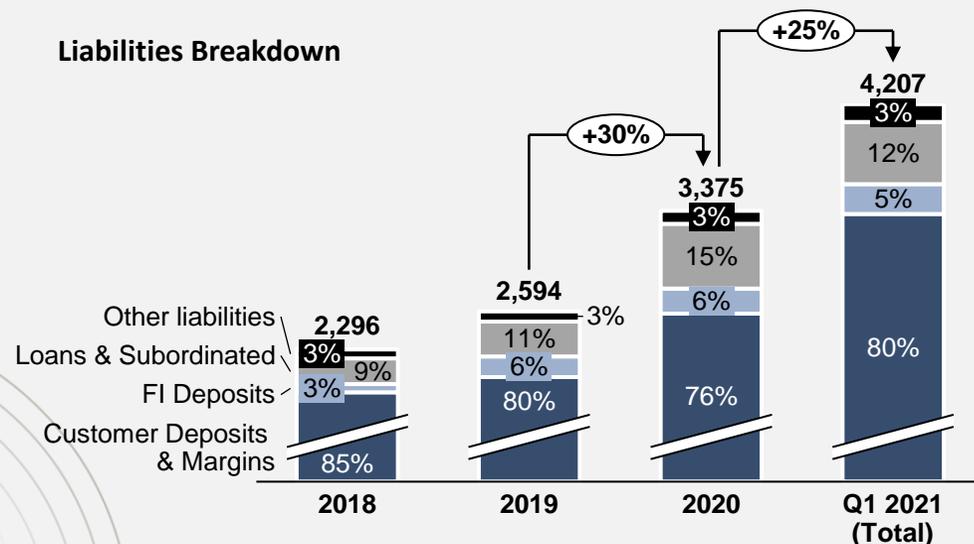


# Growing deposit base and healthy liquidity standing

All values in USD millions

## Growing and diverse liability base

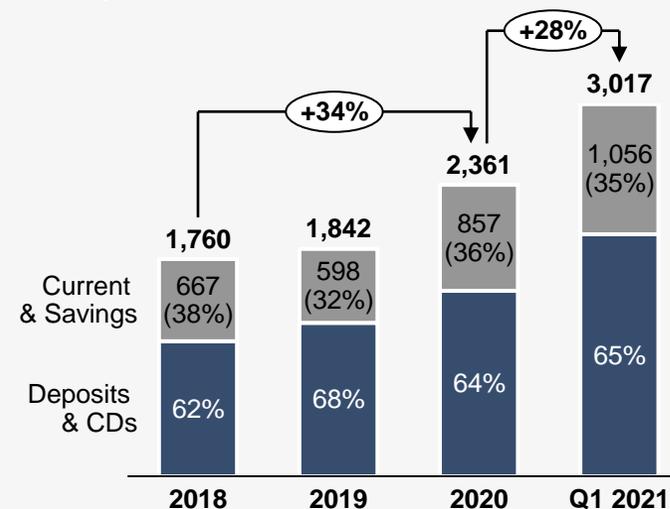
- Diverse funding base, with growing stable funding from Customer Deposits and Margins (growing by 31% between 2018 and 2020) and a further 30% in Q1 2021.
- Cost of funds slightly lower in 2020. With a consistently healthy NIM over the last period. Trend is continuing in Q1 2021.
- Liquidity Coverage Ratio (LCR) stands at 175.4% as of 2020, and 142.8% in Q1 2021, which is well above 100% regulatory minimum.



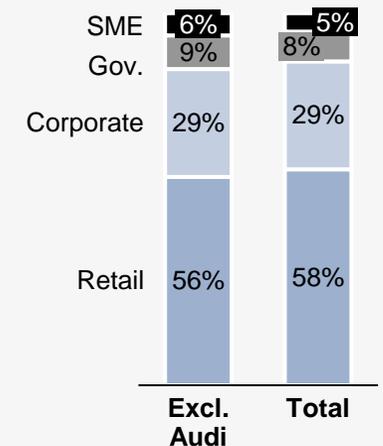
## Growing deposit base, with healthy growth in CASA balances

- Stable non-current deposit base at ~64% of total deposits, with non-interest-bearing deposits up from 19.8% in 2019 to 25.02% in Q1 2021.
- Total deposits grew by 34% between 2018 and 2020, and a further 28% in Q1 including Audi and 4% on a standalone basis, with CASA balances growing by 58% between 2018 to Q1 2021, and 23% in Q1 2021 alone.
- Deposit composition comprises of Retail (58%), Institutional (34%) and Government (8%) as of Q1 2021. Retail base up from 56% in 2020.

### Deposit Breakdown



### Segment Breakdown Q1 2021



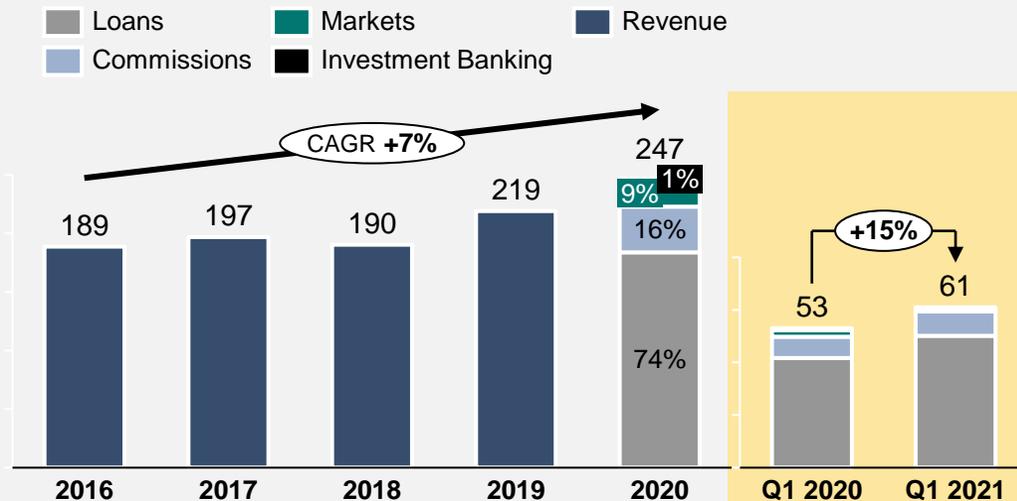
# Healthy revenue generation and expense management

All values in USD millions

## Growing and healthy revenue base

- Total revenues continue to grow strongly with a CAGR of 7% between 2016 and 2020. Q1 2021 revenue grew by 16% versus Q1 2020.
- Highest growth achieved in revenues from lending activities and markets (investments) in 2020 and continues in Q1 2021.
- Revenue composition since 2015 constitutes an average of 75% coming from lending activities, with commissions at 18% and markets at 7%.

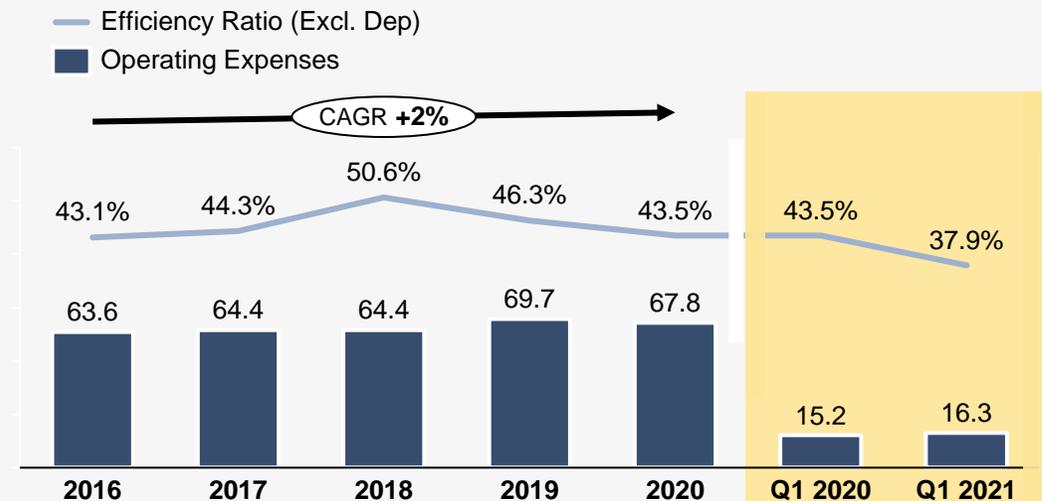
### Total Revenue

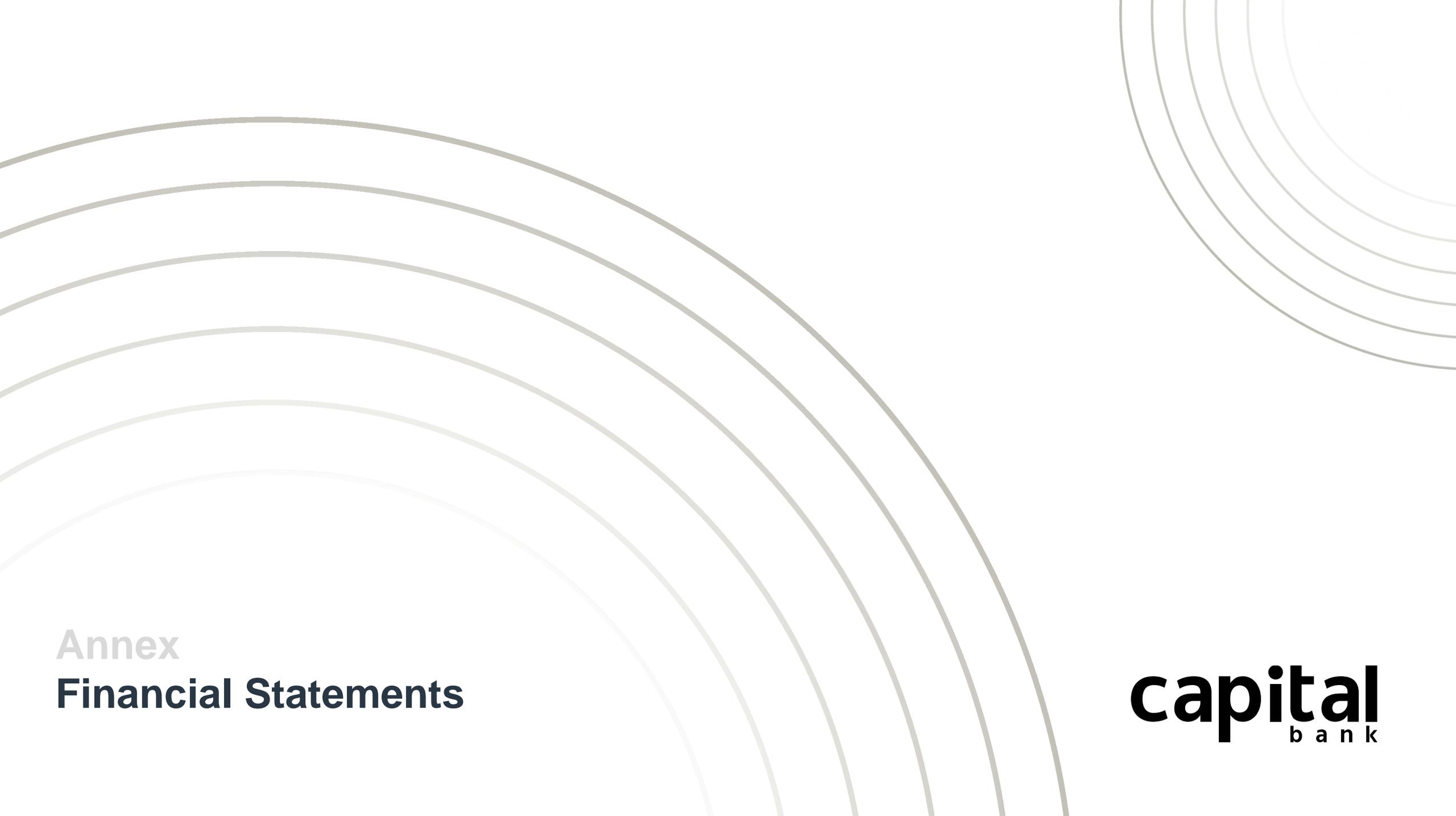


## Operating Expenses remain under control, with prudent efficiency policies

- Operating expenses remain well managed and growing at a slower pace compared to revenue, with focus on capitalizing on synergies across subsidiaries. Efficiency ratio improved by ~5% in Q1 2020 versus Q1 2020.
- Over the last 5 years, staff costs comprise 47% of expenses, depreciation at 11%, and rent & occupancy at 7%. Other operating expenses split across several categories, with no concentration.

### Operating Expenses





Annex  
**Financial Statements**

**capital**  
bank

# Income Statement, Capital Bank Consolidated

								<i>All values in USD thousands</i>		
	2015	2016	2017	2018	2019	2020	CAGR (2015-20)	Q1 2020	Q1 2021	Growth
Interest Income/ Lending	141,487	135,170	134,527	147,807	161,814	183,760	5.4%	41,670	50,131	20%
Commission Income/ Transaction	24,721	36,004	47,687	34,188	37,877	38,945	9.5%	8,131	9,325	15%
Markets & Investment Banking	3,754	17,426	14,506	8,119	19,352	24,227	45.2%	3,287	1,533	-53%
<b>Total Revenues</b>	<b>169,961</b>	<b>188,601</b>	<b>196,719</b>	<b>190,114</b>	<b>219,042</b>	<b>246,932</b>	<b>7.8%</b>	<b>53,089</b>	<b>60,989</b>	<b>15%</b>
Cost of Fund	(63,382)	(55,762)	(66,050)	(76,805)	(86,939)	(90,852)	7.5%	(22,670)	(23,821)	5%
Interest In Suspense	(42,619)	(49,197)	(20,769)	(23,625)	(25,297)	(33,058)	-5.0%	(47,606)	(51,916)	9%
<b>Gross Operating Income</b>	<b>106,580</b>	<b>132,839</b>	<b>130,669</b>	<b>113,309</b>	<b>132,103</b>	<b>156,080</b>	<b>7.9%</b>	<b>30,419</b>	<b>37,168</b>	<b>22%</b>
Operating Expenses, Staff	(25,563)	(29,599)	(33,036)	(32,466)	(33,135)	(30,336)	3.5%	(8,406)	(8,940)	6%
Operating Expenses, Other	(36,110)	(33,969)	(31,362)	(31,960)	(36,574)	(37,478)	0.7%	(6,841)	(7,331)	7%
<b>Net Operating Income</b>	<b>44,906</b>	<b>69,272</b>	<b>66,271</b>	<b>48,883</b>	<b>62,394</b>	<b>88,266</b>	<b>14.5%</b>	<b>15,172</b>	<b>20,896</b>	<b>38%</b>
Impact as a result of acquisition									32,660	
Acquisition Expenses									(3,810)	
Provisions & Non-Recurring	(29,310)	(31,063)	(22,008)	3,866	(10,026)	(34,659)	-	(4,367)	(4,691)	
Income Tax	(14,089)	(15,451)	(5,742)	(9,945)	(11,724)	(10,868)	-	(2,225)	(3,015)	
<b>Net Income</b>	<b>1,508</b>	<b>22,759</b>	<b>38,521</b>	<b>42,804</b>	<b>40,644</b>	<b>42,739</b>	<b>95.2%</b>	<b>8,580</b>	<b>42,040</b>	<b>390%</b>
<b>Net Interest Margin</b>	3.8%	3.7%	3.2%	3.2%	3.2%	3.3%		3.13%	3.22%	
<b>Efficiency Ratio (Ex. Dep.)</b>	52.8%	43.1%	44.3%	50.6%	46.3%	37.7%		43.51%	37.91%	
<b>ROE</b>	0.32%	4.90%	8.00%	8.84%	8.42%	8.62%		7.02%	32.22%*	
<b>EPS</b>	0.035	0.087	0.172	0.217	0.178	0.042		0.035	0.207	
<b>Dividend Ratio/ Payout Ratio</b>	6%/240%	5%/81%	10%/ 82%	10%/ 65%	10%/ 80%*	12%/92%		-	-	
<b>Market Capitalization</b>	282,087	234,133	222,849	259,520	282,087	265,162		262,341	372,355	
<b>P/E Ratio</b>	40.0	13.4	6.5	6.0	7.97	31.3		37.2	9.0	

\*Dividends for 2019 announced, however postponed due to Central Bank of Jordan's instructions to all Banks following the onset of COVID-19.

\*\* Efficiency Ratio for Q1 2021 excludes impact of Audi acquisition.

# Balance Sheet, Capital Bank Consolidated

All values in USD thousands

	2017	2018	2019	2020	Q1 2021	CAGR (2017-2020)	Growth (Q1 2021)
Cash & Balances	673,005	450,530	428,574	618,323	644,538	-2.8%	4.2%
Direct Credit Facilities, net	1,298,960	1,256,642	1,539,994	1,996,458	2,544,404	15.4%	27.4%
Investments Portfolio	677,406	838,563	772,119	967,646	1,201,524	12.6%	24.2%
Other Assets	172,031	225,433	343,057	294,591	358,891	19.6%	21.8%
<b>Total Assets</b>	<b>2,821,401</b>	<b>2,771,168</b>	<b>3,083,743</b>	<b>3,877,017</b>	<b>4,749,358</b>	<b>11.2%</b>	<b>22.5%</b>
Banks & FI Deposits	152,148	62,960	160,499	194,723	231,170	8.6%	18.7%
Customer Deposits & Margins	1,920,568	1,962,515	2,080,440	2,575,368	3,351,673	10.3%	30.1%
Loans & Borrowings (Incl. Subordinated)	192,721	200,673	273,173	505,432	483,977	37.9%	-4.2%
Other Liabilities	63,166	69,938	79,534	99,819	140,382	16.5%	40.6%
<b>Total Liabilities</b>	<b>2,328,602</b>	<b>2,296,087</b>	<b>2,593,646</b>	<b>3,375,343</b>	<b>4,207,202</b>	<b>13.2%</b>	<b>24.6%</b>
Paid in capital	282,087	282,087	282,087	282,087	282,087	-	-
Additional Paid in Capital	1,001	1,001	1,001	1,001	1,001	-	-
Statutory & General Banking Risk Reserve	61,396	54,426	58,112	62,322	62,322	-	-
Retained Earnings	71,924	74,323	78,145	110,150	151,976	15.3%	38.0%
Treasury shares				(3,819)	(3,819)	-	-
Fair Value & FX Reserves/ Adjustments	(5,170)	(7,337)	(5,058)	(18,225)	(20,593)	-	-
<b>Equity attributed to Shareholders</b>	<b>411,238</b>	<b>404,500</b>	<b>414,287</b>	<b>433,516</b>	<b>472,974</b>	<b>1.8%</b>	<b>9.1%</b>
<b>Total Shareholders Equity (Incl. Non-Controlling Interest)</b>	<b>492,799</b>	<b>475,081</b>	<b>490,097</b>	<b>501,675</b>	<b>542,156</b>	<b>0.6%</b>	<b>8.1%</b>
<b>Total Regulatory Capital</b>	<b>322,921</b>	<b>340,448</b>	<b>423,086</b>	<b>433,400</b>	<b>460,887</b>		
<b>Total RWAs</b>	<b>2,135,879</b>	<b>2,095,247</b>	<b>2,298,750</b>	<b>2,594,615</b>	<b>3,143,560</b>		
<b>Capital Adequacy %</b>	<b>15.1%</b>	<b>16.2%</b>	<b>18.4%</b>	<b>16.7%</b>	<b>14.7%</b>		
<b>Primary Capital %</b>	<b>14.0%</b>	<b>15.4%</b>	<b>16.4%</b>	<b>15.0%</b>	<b>13.0%</b>		

# Income Statement, National Bank of Iraq

All values in USD thousands

	2015	2016	2017	2018	2019	2020	CAGR (2015-20)	Q1 2020	Q1 2021	Growth
Interest Income/ Lending	16,578	13,248	7,064	6,579	13,415	20,990	4.8%	4,380	6,418	47%
Commission Income/ Transaction	8,486	19,653	26,971	14,787	17,569	22,264	21.3%	4,042	5,620	39%
Markets & Investment Banking	3,258	10,291	2,174	(4,501)	5,960	10,021	25.2%	1,872	22	-99%
<b>Total Revenues</b>	<b>28,321</b>	<b>43,191</b>	<b>36,209</b>	<b>16,865</b>	<b>36,943</b>	<b>53,275</b>	<b>13.5%</b>	<b>10,293</b>	<b>12,060</b>	<b>17%</b>
Cost of Fund	(6,054)	(3,902)	(5,499)	(3,432)	(4,946)	(8,477)	7.0%	(1,590)	(2,216)	39%
Interest In Suspense	(3,204)	(4,897)	(7,386)	(4,558)	(6,391)	(25,773)	18.8%	(6,320)	(7,813)	24%
<b>Gross Operating Income</b>	<b>22,267</b>	<b>39,289</b>	<b>30,710</b>	<b>13,432</b>	<b>31,998</b>	<b>44,797</b>	<b>15.0%</b>	<b>8,703</b>	<b>9,844</b>	<b>13%</b>
Operating Expenses, Staff	(4,745)	(5,017)	(5,716)	(5,596)	(5,832)	(7,016)	5.3%	(1,662)	(2,248)	35%
Operating Expenses, Other	(8,243)	(8,478)	(9,296)	(11,090)	(10,584)	(13,240)	6.4%	(2,575)	(4,529)	76%
<b>Net Operating Income</b>	<b>9,279</b>	<b>25,794</b>	<b>15,698</b>	<b>(3,253)</b>	<b>15,582</b>	<b>24,541</b>	<b>21.5%</b>	<b>4,466</b>	<b>3,067</b>	<b>-31%</b>
Provisions & Non-Recurring	(21,653)	(8,727)	(2,418)	16,801	(1,375)	(4,512)	-26.9%	(1)	(845)	-
Income Tax	(1,910)	(3,412)	(2,356)	(1,982)	(469)	(3,958)	15.7%	(536)	(486)	-
<b>Net Income</b>	<b>(14,284)</b>	<b>13,655</b>	<b>10,924</b>	<b>11,566</b>	<b>13,738</b>	<b>16,071*</b>	<b>4.2%**</b>	<b>3,930</b>	<b>1,735</b>	<b>-56%</b>
<b>Net Interest Margin</b>	<b>7.40%</b>	<b>5.84%</b>	<b>2.43%</b>	<b>2.03%</b>	<b>3.15%</b>	<b>4.07%</b>		<b>3.6%</b>	<b>4.5%</b>	
<b>Efficiency Ratio (Ex. Dep.)</b>	<b>53.5%</b>	<b>29.1%</b>	<b>43.1%</b>	<b>110.6%</b>	<b>45.7%</b>	<b>15.7%</b>		<b>42.5%</b>	<b>63.9%</b>	
<b>ROE</b>	<b>-6.52%</b>	<b>6.59%</b>	<b>5.11%</b>	<b>5.57%</b>	<b>6.69%</b>	<b>7.84%</b>		<b>7.51%</b>	<b>3.43%</b>	

\* Net Income for FY 2020 excludes FX income attributed to the revaluation following the devaluation of the Iraqi Dinar

\*\*NI CAGR covering 2016 to 2020.

# Balance Sheet, National Bank of Iraq

All values in USD thousands

	2017	2018	2019	2020	Mar-21	CAGR (2017-Q1 21)	Growth (2020)
Cash & Balances	319,924	317,734	298,623	302,241	321,864	0.2%	1.2%
Direct Credit Facilities, net	108,781	63,665	143,636	217,534	300,667	40.3%	51.4%
Investments Portfolio	1,299	22,291	49,255	49,150	50,364	238.4%	-0.2%
Other Assets	53,828	37,728	43,114	35,223	131,731	34.8%	-18.3%
<b>Total Assets</b>	<b>483,832</b>	<b>441,417</b>	<b>534,628</b>	<b>604,147</b>	<b>804,626</b>	<b>18.5%</b>	<b>13.0%</b>
	-	-	-	-	-	-	-
Banks & FI Deposits	0	788	7	121	14,110	3858.0%	-
Customer Deposits & Margins	242,439	198,157	285,085	337,282	500,884	27.4%	18.3%
Loans & Borrowings	2,562	4,370	14,322	45,414	49,345	168.1%	217.1%
Other Liabilities	25,445	39,698	22,948	23,644	39,918	16.2%	3.0%
<b>Total Liabilities</b>	<b>270,446</b>	<b>243,013</b>	<b>322,361</b>	<b>406,461</b>	<b>604,257</b>	<b>30.7%</b>	<b>26.1%</b>
	-	-	-	-	-	-	-
Paid in capital	211,452	211,452	211,452	211,452	211,452	0.0%	0.0%
Statutory Reserve & General Risk Reserve	6,219	3,257	3,116	4,182	4,182	-12.4%	34.2%
Retained Earnings	(4,606)	(26,471)	(14,894)	(2,251)	37,869	-301.8%	-84.9%
Current Period Profit	10,924	11,566	13,738	16,071	1,735	-45.8%	17.0%
Fair Value & FX Reserves/ Adjustments	(10,604)	(1,399)	(1,146)	(31,768)	(54,870)	73.0%	2672.0%
<b>Equity attributed to Shareholders</b>	<b>213,385</b>	<b>198,405</b>	<b>212,266</b>	<b>197,686</b>	<b>200,369</b>	<b>-2.1%</b>	<b>-6.9%</b>
	-	-	-	-	-	-	-
<b>Total Regulatory Capital</b>	<b>95,728</b>	<b>145,313</b>	<b>192,829</b>	<b>197,973</b>	<b>199,636</b>		
<b>Total RWAs</b>	<b>471,035</b>	<b>482,406</b>	<b>615,000</b>	<b>773,939</b>	<b>1,150,336</b>		
<b>Capital Adequacy %</b>	<b>20.3%</b>	<b>30.1%</b>	<b>31.4%</b>	<b>25.6%</b>	<b>17.4%</b>		