

The background of the slide features a dark blue-grey color with several concentric, light grey circles of varying radii, creating a ripple effect that fills the entire frame.

# Capital Bank Group

## Corporate Presentation

Q3, 2022

**capital**  
bank

# Index

**01** GROUP CORPORATE PROFILE & FINANCIAL HIGHLIGHTS

**02** CORPORATE GOVERNANCE & RISK MANAGEMENT HIGHLIGHTS

**03** MACROECONOMIC DEVELOPMENTS & BANKING SECTOR HIGHLIGHTS  
(JORDAN & IRAQ)



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**Section 1**  
**Group Corporate Profile**  
**& Financial Highlights**

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# OUR PURPOSE

“ **Better Banking** for Jordan & Iraq

Capital Bank Group aims to provide innovative, simplified, and holistic financial solutions through enhanced products & an elevated level of customer service and experience in the Jordanian and Iraqi markets.

# OUR STRATEGIC PRIORITIES

## Digital Convenience

**To build** our digital capabilities and introduce digital banking (NeoBank) which will put Capital Bank Group on the path of complete digital transformation to become a fully digitalized bank.

## Service Quality

**To transform** the Group's products and services offerings, through continuous innovation, into a holistic value proposition that meets the banking and investment needs of our clients and revolves around elevating their customer experience.

## Geographical Expansion

**To expand** the regional footprint of the Group through establishing a full fledge presence in Saudi Arabia and in UAE – DIFC, thereby connecting the Group with two of the largest economies in the region and empowering NBI to become a major player in the Iraqi market.

## Organic Growth

**To grow** organically through executing and delivering on a well-defined plan that will enable the group to position itself as one of the top consumer banking groups and the number one gateway for institutions conducting business in Jordan and Iraq.

# OUR VALUES



**INNOVATION**  
in all we do



**CUSTOMER**  
driven



**HOLISTIC**  
financial solutions

# CAPITAL BANK AT A GLANCE (Q3, 2022 in USD\*)

01

USD 900m  
Equity

USD 9.4b  
Assets

- 3<sup>rd</sup> largest Jordanian bank in terms of consolidated asset size
- Highest balance sheet growth (YoY) among peers
- Holds a market share of 11% of Jordanian market deposits

02

USD 4.7b  
Net Loans

91%  
Coverage  
Ratio

- 56% growth in loans YTD
- Coverage ratio above the market average level of 80%

03

37%  
NOI Growth\*\*

19.4% ROE  
(excluding One-  
Offs)

- Fastest growing bank since the beginning of 2020
- ROE (including one – offs) is 23.9%
- One of the highest ROE (excluding one-offs) among peers

04

EPS USD 0.393  
for Q3 2022  
(excluding One-Offs)

USD 894m  
Market Cap.

- EPS (including one – offs) is USD 0.484
- Market cap includes the USD 185 million injected by the strategic investor "PIF" – slide 18

05

14.9%  
CAR

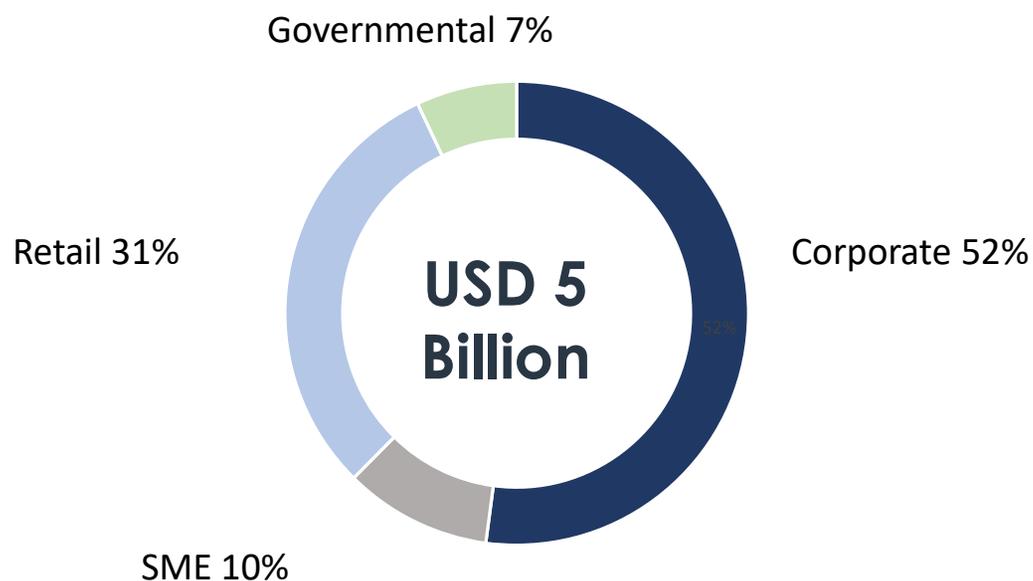
203%  
LCR

- Solid capital base and strong solvency

\*USD to JOD rate 0.709  
\*\* NOI refers to Net Operating Income.

# A REGIONAL BANK WITH A DIVERSIFIED BUSINESS

## Gross Loan Breakdown by Type



## Subsidiary Contribution

Jordan

**capital**  
bank

**Asset Contribution: 85%**  
**NOI Contribution: 68%**

Iraq

**national bank**  
of iraq

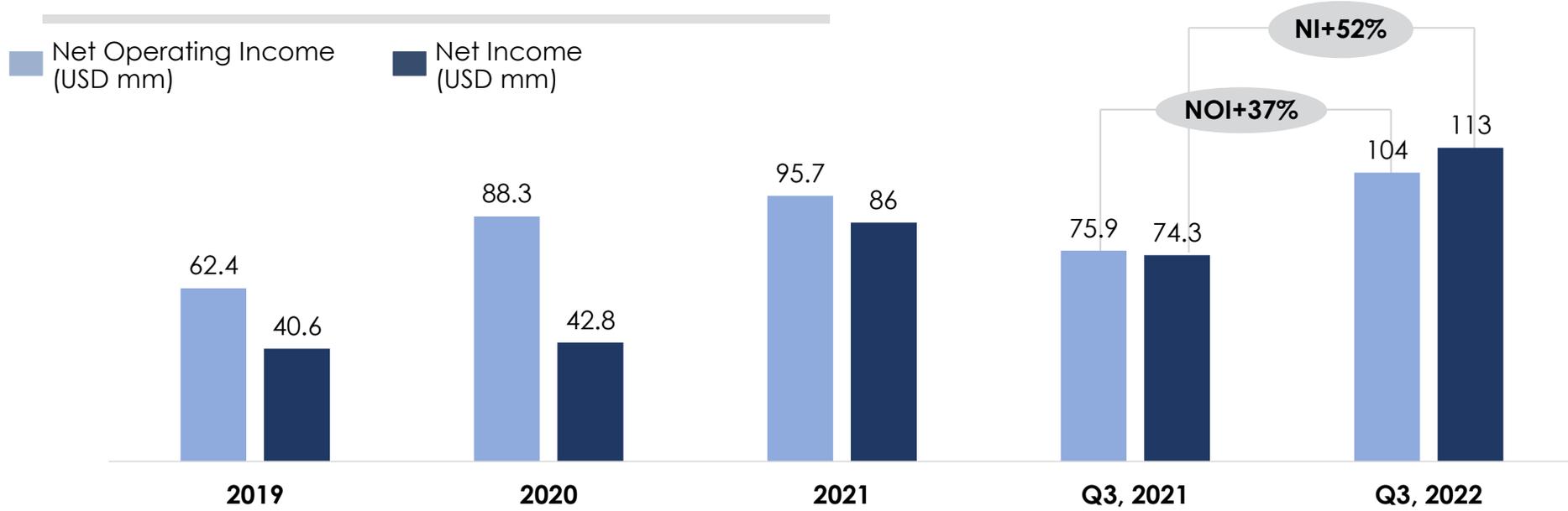
**Asset Contribution: 14%**  
**NOI Contribution: 25%**

Jordan, Iraq, UAE

**capital**  
investments

**Assets Under Mgmt:**  
**USD 540 million**  
**NOI Contribution: 7%**

# SOLID INCOME GROWTH, RESILIENT REVENUE STREAM

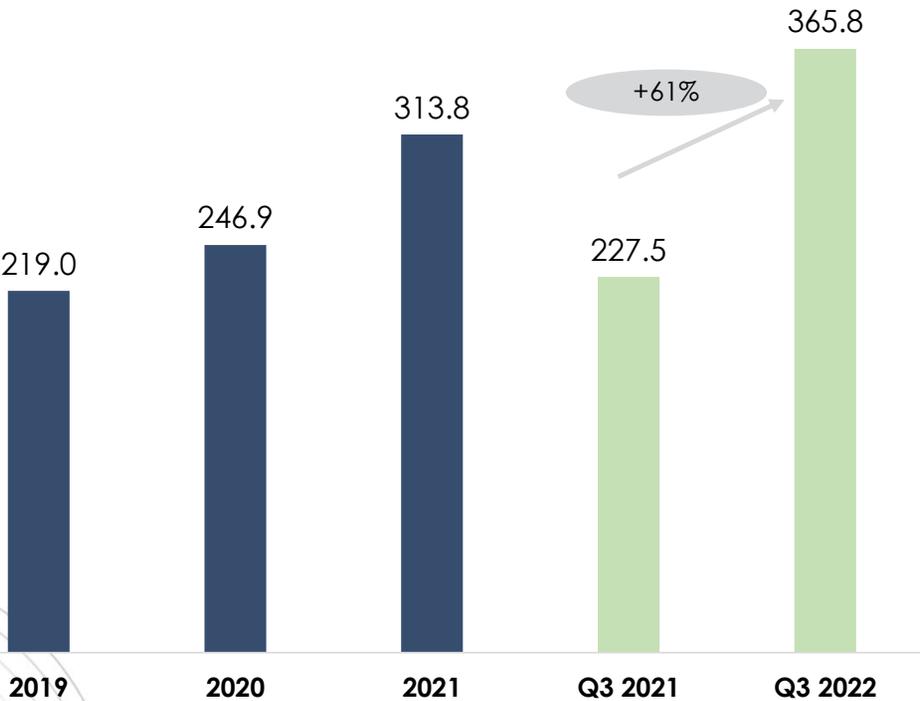


	2019	2020	2021	Q3, 2021	Q3, 2022
ROE	8.4%	8.6%	16.3%	19.0%*	19.4%*
Dividend %	10%	12%	15%	NA	NA
Dividend Payout Ratio	80%	92%	94%	NA	NA
EPS	0.178	0.183	0.323	0.263	0.393

\* Excluding one-off

# SUSTAINABLE GROSS INCOME & COST CONTROL

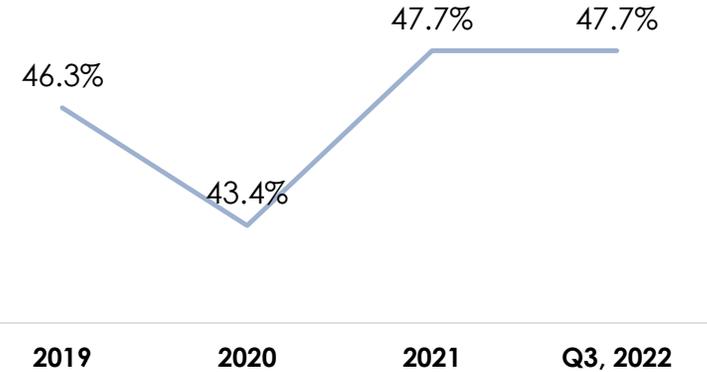
## Gross Income (in USD)



## Expense Breakdown

In Q3 2022, the operating staff costs comprise 49% of expenses, whereas depreciation came at 16% and other expenses amounted to 35% of total operating expenses.

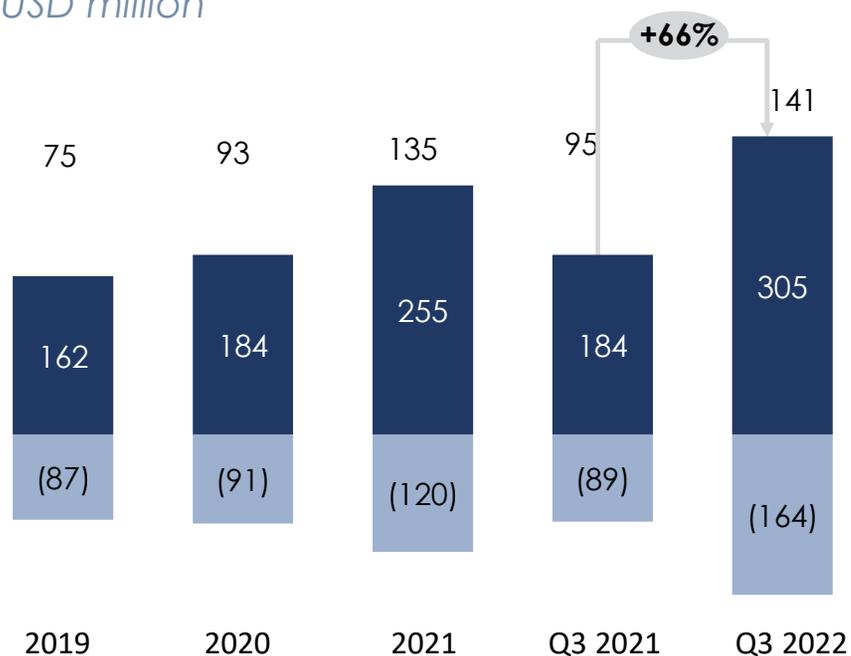
## Efficiency Ratio



# GROWING NET INTEREST INCOME, STABLE NIM

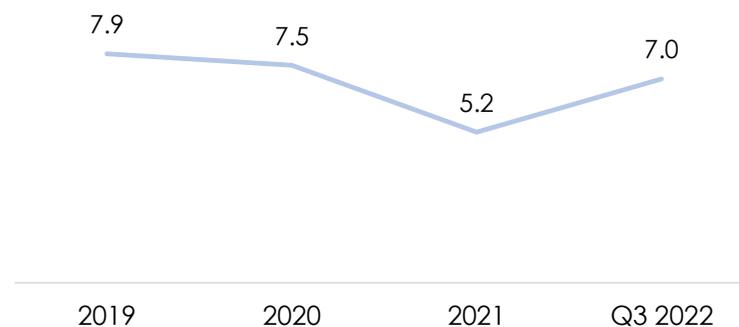
## Net Interest Income

USD million

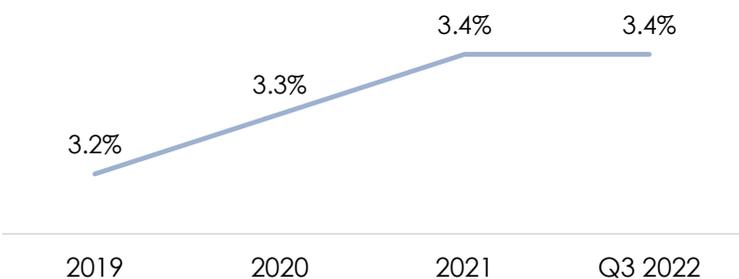


■ Interest Income  
■ Interest Expense

## Price – to – Earnings, *times*



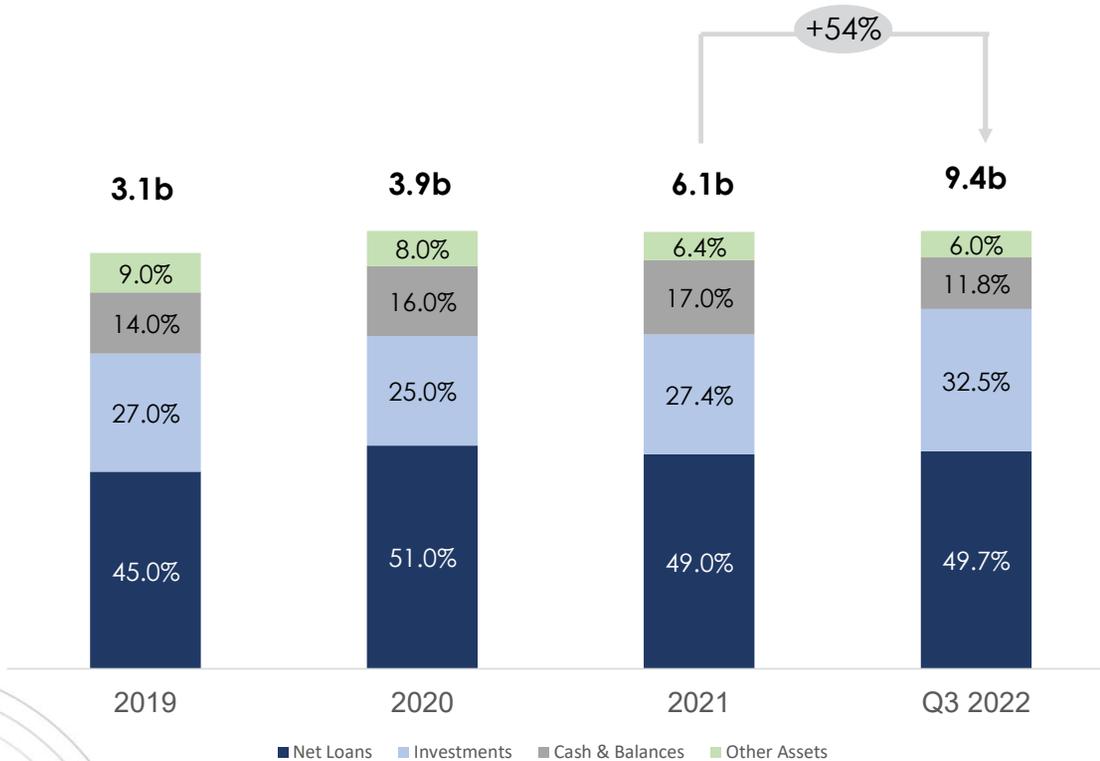
## Net Interest Margin



Central Bank of Jordan following US Federal Reserve policies (due to currency peg).

# DIVERSE & HEALTHY ASSET BASE

## Asset Composition (in USD)

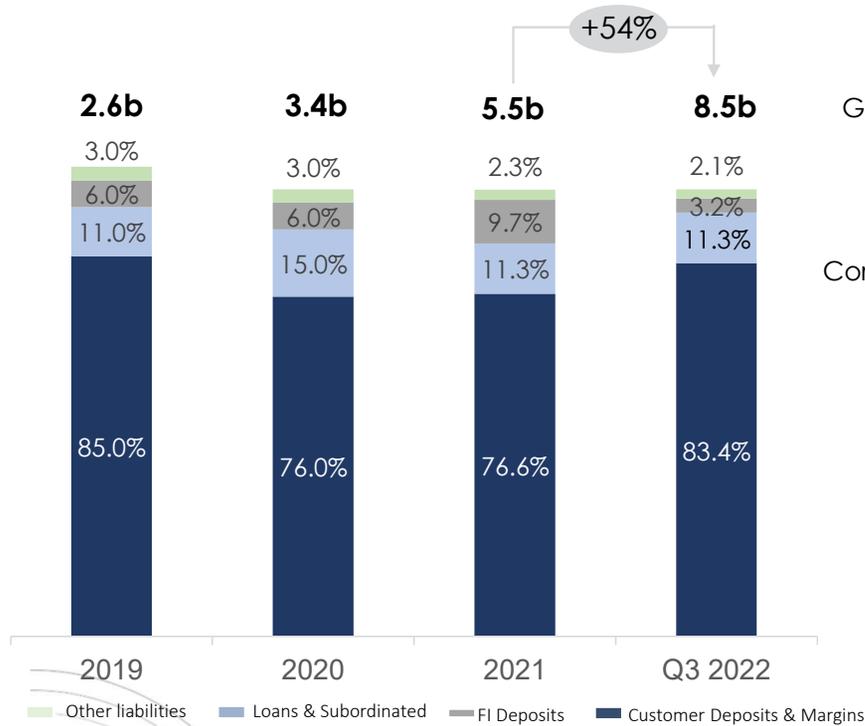


## Highlights

- Investment portfolio of \$3.0b, with focus on liquid assets and government securities.
- Net credit portfolio growing since 2019 at a CAGR of 37.1% as of Q3, 2022.
- Corporate/ SME clients, comprise 62% of credit portfolio as of Q3 2022.
- An NPL ratio of 5.03% with a coverage ratio of 91%.

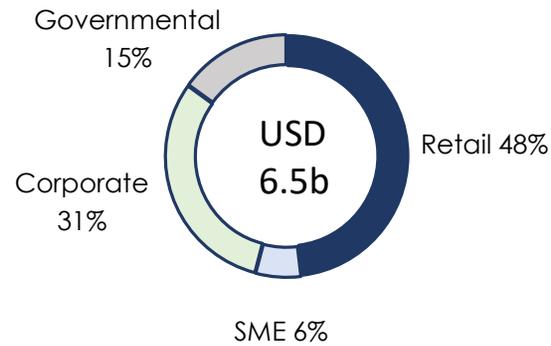
# STRONG DEPOSIT GROWTH & LIQUIDITY LEVELS

## Liabilities Composition



## Deposits Q3, 2022

### By Segment



### By Type

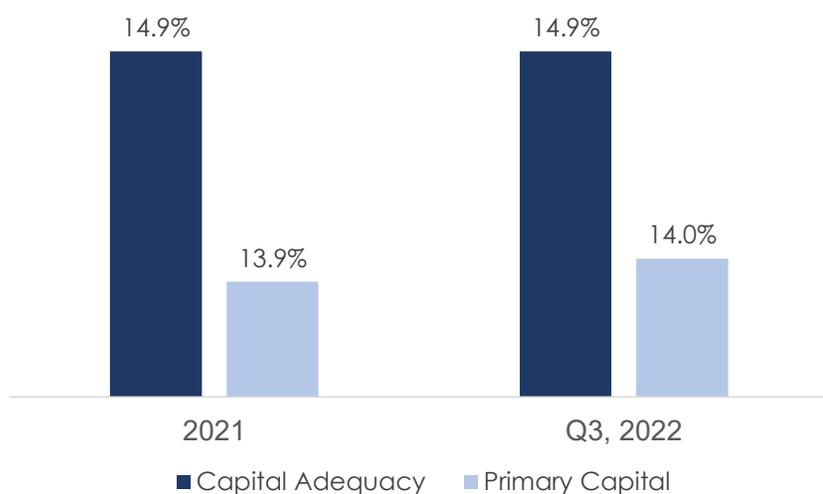


## Highlights

- Deposit growth of 67% since 2021. Total deposits stand at USD 6.5b in Q3, 2022.
- Liquidity Coverage Ratio (LCR) at 203% in Q3, 2022. Well above 100% regulatory minimum.
- Loan to deposit ratio stood at an 72% in Q3, 2022.

# COMFORTABLE CAPITAL BUFFERS, Group

## Capital Adequacy Walkthrough



- CAR is above the 14.125% Central Bank of Jordan and the 12% minimum requirement by Basel.

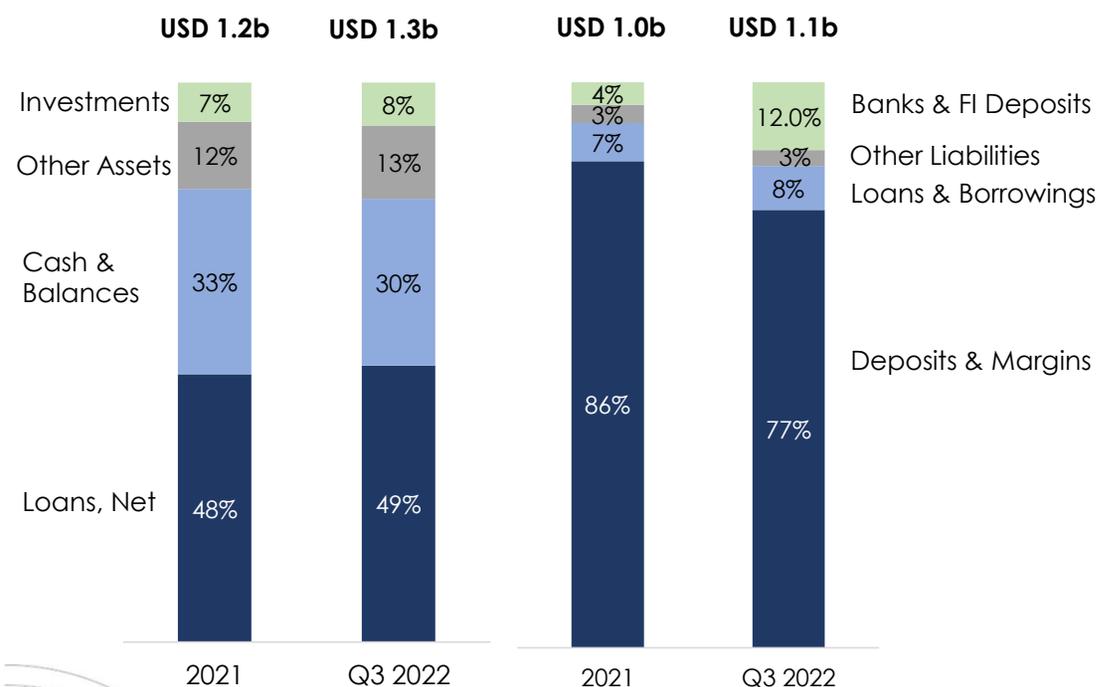
## Highlights, USD thousands

Consolidated	2021	Q3 2022
Tier 1 Capital	442,396	749,835
Tier 2 Capital	57,816	48,866
Net Supplementary Capital Tier 2	57,816	48,977
Total Regulatory Capital	500,212	798,701
Total RWAs	3,363,273	5,375,815

# NATIONAL BANK OF IRAQ, A SNAPSHOT

## Assets

## Liabilities



## KEY P&L ITEMS (in USD millions)

	Q3, 2021	Q3, 2022*
Net Interest Income	20.8	35.3
Net Commission Income	15.2	14.7
Gross Operating Income	40.4	53.6
Operating Expenses, Staff	(6.9)	(8.3)
Operating Expenses, Other	(11.9)	(19.3)
Provisions & Non-Recurring	(4.0)	(7.0)
<b>Net Income</b>	<b>14.9</b>	<b>14.7</b>

## SELECTED RATIOS

	Q3, 2022
ROE	9%
Net Interest Margin (spread)	6.5%
Efficiency Ratio	51.5%
NPL Ratio / Coverage Ratio	2.5% / 81.6%

\* Includes KSA branch establishment costs

# SOCIETE GENERALE, THE ACQUISITION

March 2022

Capital Bank of Jordan acquired 100% of SGBJ's shares.



## Acquisition result

- 2.2b USD added in assets
- 30k additional clients

### *New line of Business*

SGBJ leasing license will add a new revenue stream to the Group

### *Investments & Brokerage*

Increase in market share and profitability through merger of SGBJ brokerage with Capital Investments

### *Economies of Scale*

Aside from higher revenues, having a larger client base from all different sectors and categories will enhance cost efficiencies and endorse the various products provided by Capital Bank

# SOCIETE GENERALE, THE ACQUISITION

Full Integration with Capital Bank has been completed

September 2022



## Synergies

- Cost Synergies of more than 25% from SGBJ cost
- Contribution to gross income is expected to reach 12%

### *Cost Synergies*

Reduction of cost base, improvement in cost of funds, and the enhancement of efficiency ratios

### *Portfolio Synergies*

Acquiring SGBJ's well-balanced loan book, along with its focus on real-estate loans, resulted in a well-diversified credit portfolio

### *Revenue Synergies*

Integrating SGBJ's high Net Interest Margin with Capital Bank's prominent asset base will create a direct positive impact on the group's performance.

Integration Progress Level

100% Completed

# BLINK DIGITAL BANK - NEOBANK



February  
2022

Capital Bank of Jordan announced the launch of digital bank Blink.



- Digital onboarding
- Bank account
- P2P transfers
- Virtual and physical debit card
- Instant virtual and physical credit card with limits between JOD 200 and JOD 1,000 and a grace period up to 60 days

● First true digital bank in Jordan following global best practices

● Reinforces the Group's digital transformation

● Acquisition strategy targeting the age group 18 to 40 to expand the bank's footprint within new segments

● Focusing on ecosystem banking with unsecured lending at the heart of value proposition

# Capital Increase - PUBLIC INVESTMENT FUND (KSA)



June 2022

PIF became CBoJ's largest shareholder owning 23.79% after agreeing to inject USD 185 million through a private placement.



## Public Investment Fund "Kingdom of Saudi Arabia"

PIF is the 5th world's largest sovereign wealth fund, with AUM of more than USD 620 billion

PIF became a strategic investor with 23.79% stake in Capital Bank Group through the issuance of 63 million new shares equivalent to USD 185 million in additional equity.

Supports the Group's expansion strategy and digital transformation plans in Jordan, Iraq, UAE and Saudi Arabia.

Newly issued shares for PIF will be issued at a premium of USD 96 million above par value.

# GROUP MEDIUM-TERM GUIDANCE (2022-25)

Metric/ KPI	Guidance (2022 - 2025)	Comments
<b>Total Assets</b>	<b>CAGR &gt;10%</b>	<ul style="list-style-type: none"><li>▪ Grow total assets to above USD 13b by the end of 2025</li></ul>
<b>Cost to Income Ratio</b>	<b>&lt;40%</b>	<ul style="list-style-type: none"><li>▪ Improve efficiency and implement further cost saving policies</li></ul>
<b>ROE</b>	<b>&gt;14%</b>	<ul style="list-style-type: none"><li>▪ Maintain double digit ROE starting 2021 onwards</li></ul>
<b>Capital Adequacy</b>	<b>&gt;14.5% (Consolidated Level)</b>	<ul style="list-style-type: none"><li>▪ Strong Capital base, maintained well above minimum requirements</li></ul>
<b>Dividends</b>	<b>Payout Ratio of ~35-40% of net income</b>	<ul style="list-style-type: none"><li>▪ Target a stable payout ratio for shareholders</li></ul>

# Capital Bank of Jordan – Credit Rating

Moody's as of Dec. 2021	Current	Outlook
LT Counterparty Risk Rating (Foreign)	Ba3	
LT Counterparty Risk Rating (Domestic)	Ba3	
ST Counterparty Risk Rating (Foreign)	NP	
ST Counterparty Risk Rating (Domestic)	NP	
LT Bank Deposits (Foreign)	B1	Stable
LT Bank Deposits (Domestic)	B1	Stable
ST Bank Deposits (Foreign)	NP	
ST Bank Deposits (Domestic)	NP	
LT Counterparty Risk Assessment	Ba3(cr)	
ST Counterparty Risk Assessment	NP(cr)	
Baseline Credit Assessment	b1	
Adjusted Baseline Credit Assessment	b1	

Capital Intelligence as of March 2021	Current	Outlook
Financial Strength	bb	
Support Rating	3	Moderate
LT Currency (Foreign)	B+	Stable
ST Currency (Foreign)	B	Stable
Bank Stand Alone - BSR	b+	Stable



**Section 2**  
**Corporate Governance  
& Risk Management Highlights**

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# WELL REPUTABLE BOARD OF DIRECTORS



**H.E. Mr. Bassem Al-Salem**  
Chairman, Non-Executive

- One of the founders of the Bank. Appointed as Chairman of the Board in 2010.
- Previously served as the Jordanian Minister of Labor and Minister of Finance and was a member of the Jordanian Senate.
- Served on the boards of several prominent private and publicly listed companies, including the Association of Banks in Jordan and the Social Security Corporation.

## Composition Stats

- All members are non-executive
- 4 out of 13** members are independent

Name	Appointment	Role	Experience
<b>H.E. Bassem Khalil Al-Salem</b>	2010	Chairman	Masters > 25 years experience
<b>H.E. Said Samih Darwazah</b>	2021	Vice Chairman	Masters >25 years experience
<b>Social Security Corporation</b> Represented by Shaden Ziyad 'Darwish ALHajj'	2009	Member	Undergraduate >15 years experience
<b>Hofaf Investment Company</b> Represented by Mr. 'Mohammed Ali' Khaldoun Al-Husry	2009	Member	Masters >25 years experience
<b>Investments &amp; Integrated Industries</b> Representing Omar Mohamed Shahrour	2009	Member	Masters >25 years experience
<b>Al-Jadara Company for Real Estate Investment</b> Represented by Sultan Bin Mohammed Al-Seif	2009	Member	Undergraduate >15 years experience
<b>Al-Khalil Company for Investments</b> Represented by Khalil Hatem Al-Salem	2009	Member	Undergraduate >15 years experience
<b>Mohamad Hasan AlHaj Hasan</b>	2017	Independent	Masters >15 years experience
<b>Khalid Walid Nablisi</b>	2017	Independent	Masters >20 years experience
<b>Yousef A.Y. Ensour</b>	2021	Independent	Undergraduate >20 years experience
<b>H.E. Abubaker Siddeq AlKhoori</b>	2021	Independent	Undergraduate >20 years experience
<b>The Safety First Investment company</b> Represented by Muteb Bin Mohammad Alshathri	2022	Member	Masters > 15 years experience
<b>The Safety First Investment company</b> Represented by Lamya AlFozan	2022	Member	Masters > 15 years experience

# HIGHLY EXPERIENCED MANAGEMENT TEAM

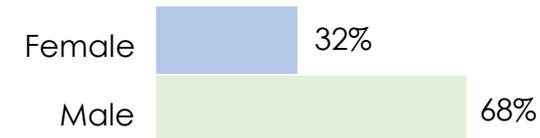


**Mr. Dawod Al Ghoul**  
Group CEO

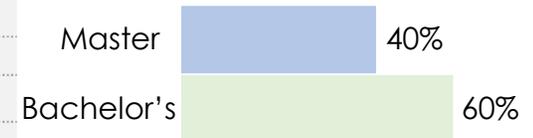
- Appointed in March 2020
- Over 26 years of extensive experience in financial and strategic planning, investments and financial restructuring.
- Served on the board of several reputable institutions across the MENA region
- Regional and global investment and financial institutions

Name	Position	Joined
<b>Business</b>		
<b>Nadim Abawat</b>	Group Deputy CEO, international	2022
<b>Linda Al Tarazi</b>	Group Chief Transformation Officer	2022
<b>Ayman Abu-Dhaim</b>	CEO, National Bank of Iraq	2011
<b>Marwan Haddad</b>	Group Investments CEO	2021
<b>Yasser Kleib</b>	Group Chief Institutional Banking Officer	2004
<b>Mohammad Othman</b>	Group Chief Consumer Banking Officer	2020
<b>Rami Al Khuffash</b>	Group Chief Investment and Treasury Officer	2022
<b>Ali Abu Swai</b>	Group Chief Treasurer	1997
<b>Zein Malhas</b>	CEO, Blink	2018
<b>Control</b>		
<b>Samer Al-Aloul</b>	Group Chief Banking Officer	2021
<b>Rafat Khalil</b>	Group Chief Audit Executive	2007
<b>Falah Kokash</b>	Group Chief Risk Officer	2012
<b>Manar Aabidi</b>	Group Chief Credit Officer	2018
<b>Munis Haddadin</b>	Group Chief Compliance Officer	2021
<b>Support</b>		
<b>Izzidin Abu Salameh</b>	Group Chief Operating Officer	2021
<b>Manar Al Nsour</b>	Group Chief Financial Officer	2001
<b>Mohammed Mu'az</b>	Group Chief Legal Counsel	2003
<b>Haya Abuata</b>	Group Chief Human Resources Officer	2011
<b>Touleen M. Barto</b>	Group Chief Marketing and Corporate Communications Officer	2021

## Gender



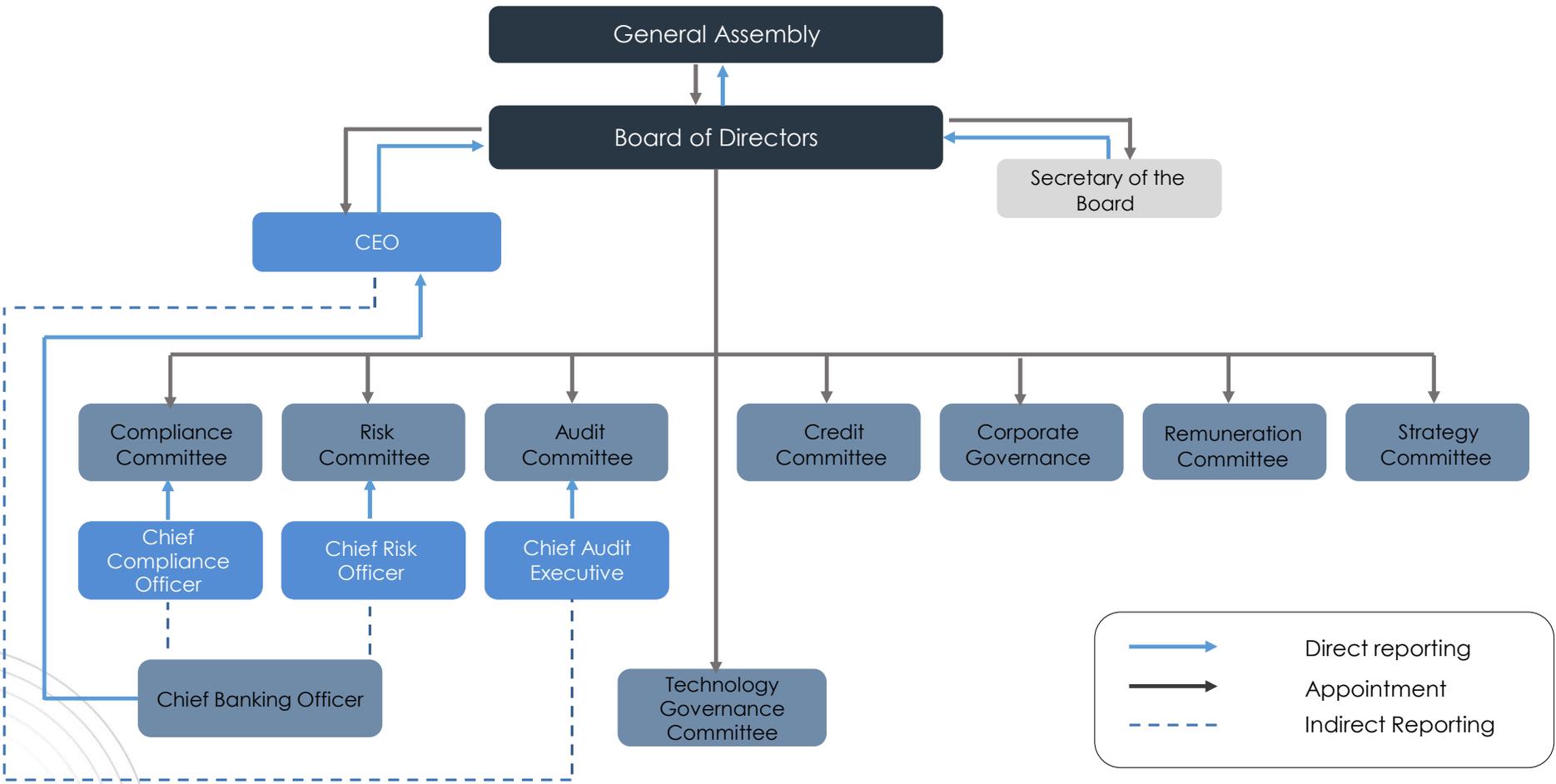
## Education



## Average Experience



# SOLID GOVERNANCE & DECISION-MAKING



# ESG AWARENESS & APPROACH

---



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b a n k

- Capital Bank implements a regular Environmental & Social ("E&S") performance assessment through an E&S board-approved policy that is based on IFC standards.
- The bank has fully integrated the E&S procedures pertaining to categorization, assessment and monitoring into the credit approval system.
- Designated credit/front office staff members have received adequate E&S training through the IFC E-learning platform to enable them to report any E&S risk as part of their standard processing of transactions.
- According to Capital Bank's E&S policy, Capital Bank categorizes its transactions based on exposure to E&S risk sectors, performs an analysis for relevant transactions to assess the identified risks, mitigates and manages risks associated to those transactions by identifying the problems and designing adequate solutions using IFC Standards.
- Capital Bank also monitors the E&S performance of clients through staff annual site visits and questionnaires.
- Capital Bank takes active measures to reduce its environment footprint, through implementing waste, paper and plastic recycling in partnership with local NGOs.



**Section 3 | Part 1 (Jordan)**  
**Macroeconomic Developments  
& the Banking Sector**

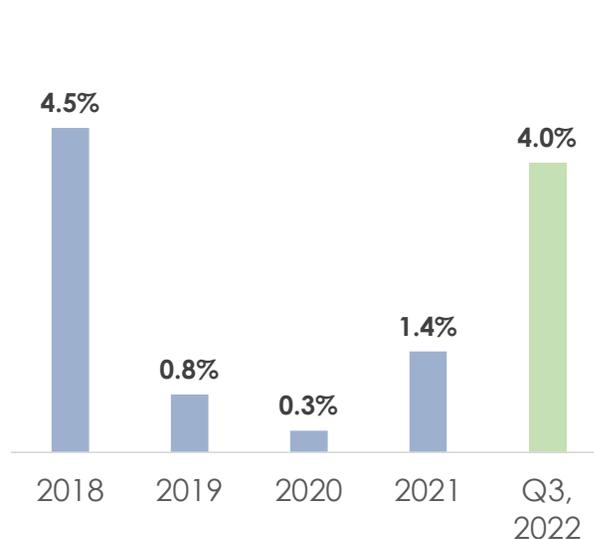
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# JORDANIAN ECONOMY

## GDP Growth Rate, %

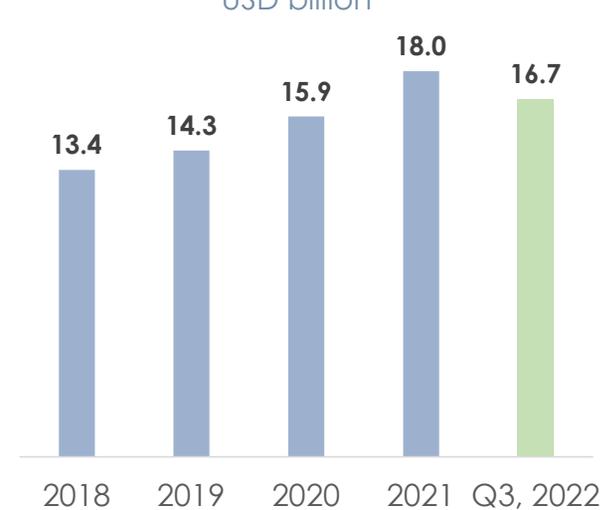


## Inflation, %



When comparing changes to consumer price index over all industries, the current inflation rate in Jordan stands at 4.0% in September 2022, significantly higher than previous years due to the ongoing worldwide economic crisis.

## Foreign Currency Reserves\* USD billion

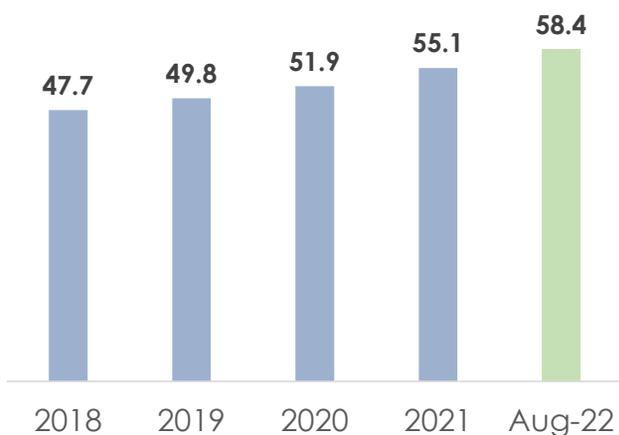


Foreign currency reserves amounted to USD 16.5 billion as of Q3 2022, which has decreased in comparison to 2021 by 8.8% which amounted to USD 18 billion.

Source: Central Bank of Jordan  
\*includes gold and SDR's

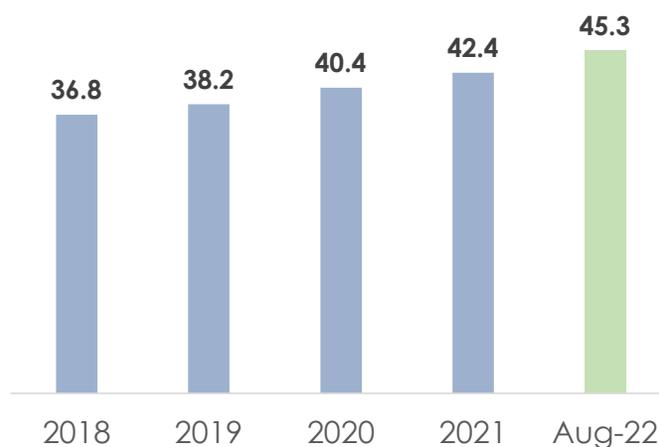
# JORDANIAN BANKING SECTOR (KEY FACTS, CONT'D)

Total Deposits at Banks  
USD billion



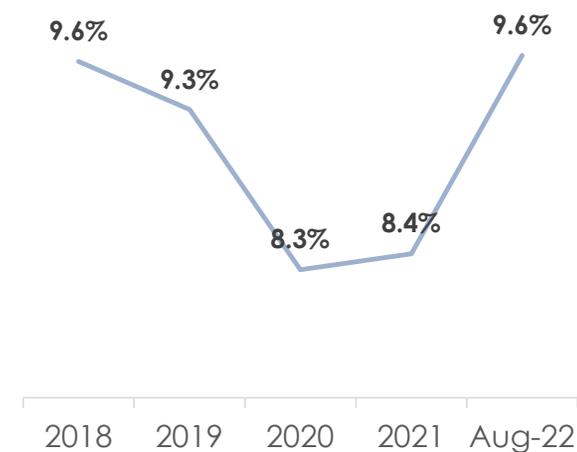
Total deposits at banks stood at USD 58.4 billion in Aug 2022, witnessing a continuous growth throughout the years.

Total Deposits at Banks  
USD billion



Standing at USD 45.3 as of August 2022, Total Loans increased by 7% by August 2022 versus the previous year.

Prime Lending Rate



The prime lending rate for banks stood at 9.6% as of August 2022.

# JORDANIAN BANKING SECTOR HIGHLIGHTS



## Sound Asset Quality

<b>NPL Ratio</b>	<b>NPL Coverage</b>
5.0%	79.9%
<b>ROE</b>	<b>CAR</b>
8.3%	18.0%



## Sufficient Liquidity

<b>Liquidity Ratio</b>
141.5%
<b>Loans-to-Deposits</b>
77.5%



## Strong Solvency

<b>CBJ CAR Requirement</b>
14.125%
<b>Deposit Growth Rate</b>
4.9%

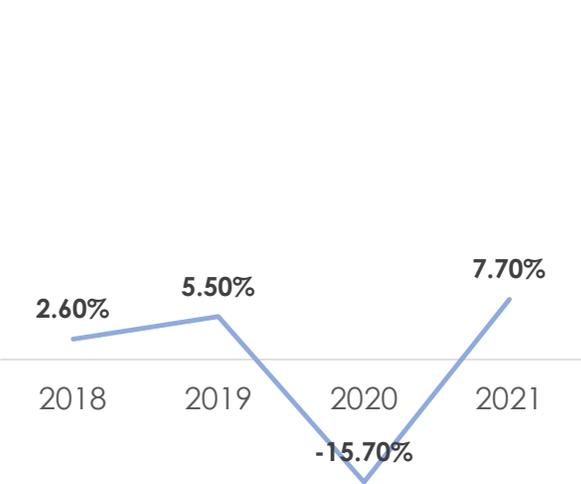


**Section 3 | Part 2 (Iraq)**  
**Macroeconomic Developments  
& the Banking Sector**

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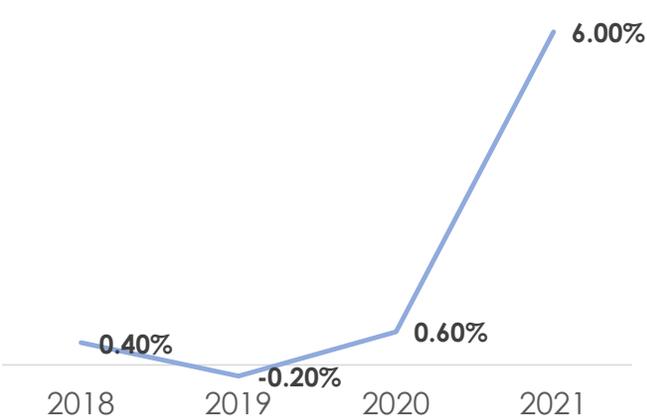
# IRAQI ECONOMY

### GDP Growth Rate, %



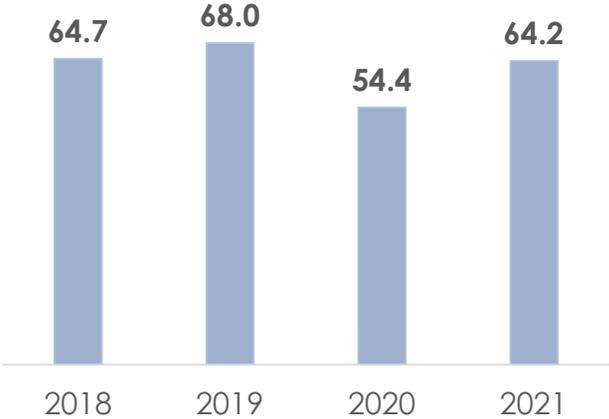
The Iraqi economy underwent a sharp decline in GDP in 2020 due to oil export declines, which came on the back of the COVID-19 pandemic. The economy has made a recovery 2021.

### Inflation



Iraq's spike in poverty due to the COVID-19 pandemic put a heavy toll on its inflation number, which is expected to be reflected in 2021 and continued to 2022 in the wake of the exchange rate devaluation and proposed reduction in the public wage bill and pensions.

### Foreign Currency Reserves USD Billion



Foreign currency reserves amounted to USD 74.7 billion as of May 2022, up from USD 63.3 billion in 2021.

Numbers are in USD  
Source: Central Bank of Iraq and IMF Data

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