

Capital Bank Group

Corporate Presentation

H1, 2022

capital
bank

AGENDA

- 01 GROUP CORPORATE PROFILE & FINANCIAL HIGHLIGHTS**
- 02 CORPORATE GOVERNANCE & RISK MANAGEMENT HIGHLIGHTS**
- 03 MACROECONOMIC DEVELOPMENTS & BANKING SECTOR HIGHLIGHTS
(JORDAN & IRAQ)**



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

capital
bank

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.



INNOVATION
in all we do



CUSTOMER
driven



HOLISTIC
financial solutions

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.

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.

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.

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

CAPITAL BANK AT A GLANCE (H1, 2022)

01

USD 875m
Equity

USD 9.15b
Assets

- 3rd largest Jordanian bank in terms of consolidated asset size
- Highest balance sheet growth (YoY) among peers
- Holds a market share of 8.9% of Jordanian market deposits

02

USD 4.46b
Net Loans

88.1%
Coverage
Ratio

- 49.5% growth in loans YTD
- Coverage ratio above the market average coverage level of 75.2%

03

44.7%
NOI Growth

20.6% ROE
(excluding One-
Offs)

- Fastest growing bank since the beginning of 2020
- ROE (including one – offs) is 23.7%
- One of the highest ROE (excluding one-offs) levels among peers

04

EPS USD 0.257
for H1 2022
(excluding One-Offs)

USD 742m
Market Cap.

- EPS (including one – offs) is USD 0.403
- Market cap does not include the USD 185 million that will be injected by the strategic partner “PIF” – slide 18

05

15.8%
CAR

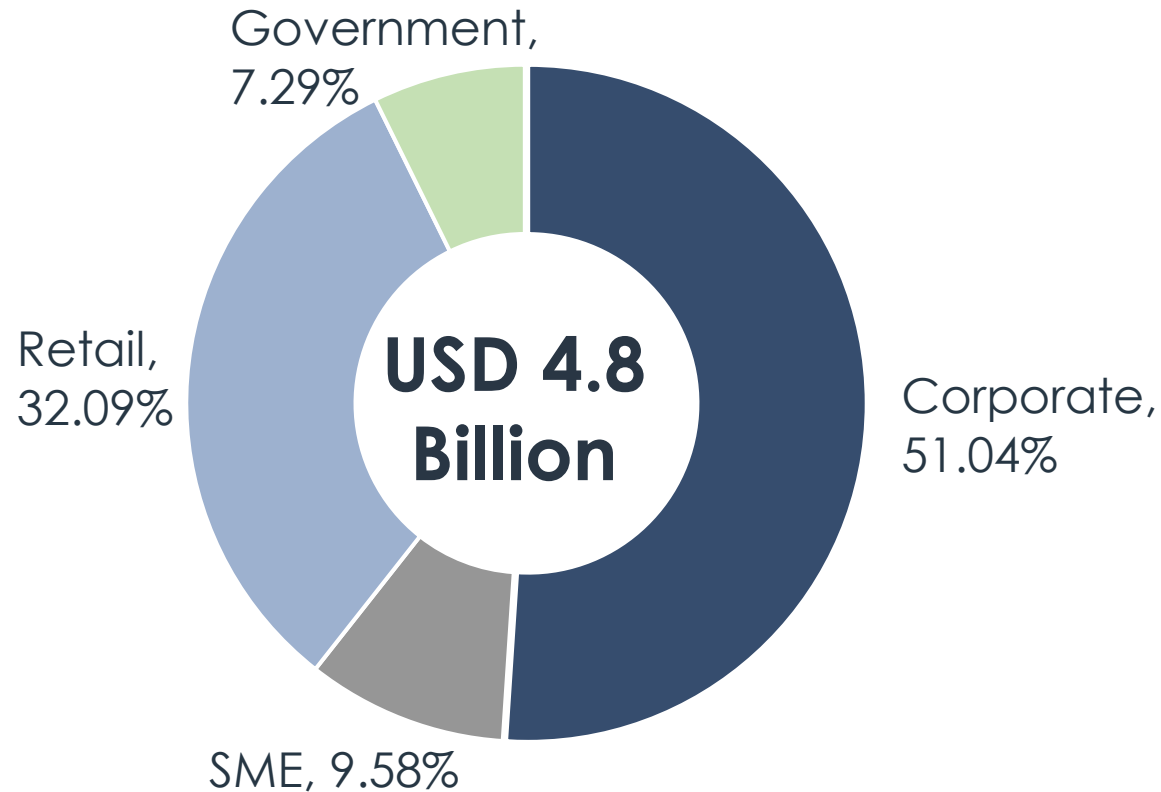
183.7%
LCR

- Solid capital base and strong solvency

Figures as of June 2022. NOI refers to year-on-year Net Operating Income growth.
JOD to USD rate 1.41

A REGIONAL BANK WITH A DIVERSIFIED BUSINESS

Gross Loan Breakdown by Type



Figures as of June 2022. NOI refers to Net Operating Income.
*Capital Bank of Jordan including Blink and SGBJ.

Subsidiary Contribution

capital
bank

Jordan*

Asset Contribution: 85%

NOI Contribution: 67%

national bank
of iraq

Iraq

Asset Contribution: 14%

NOI Contribution: 26%

capital
investments

Jordan, Iraq, UAE

Assets Under Mgmt:

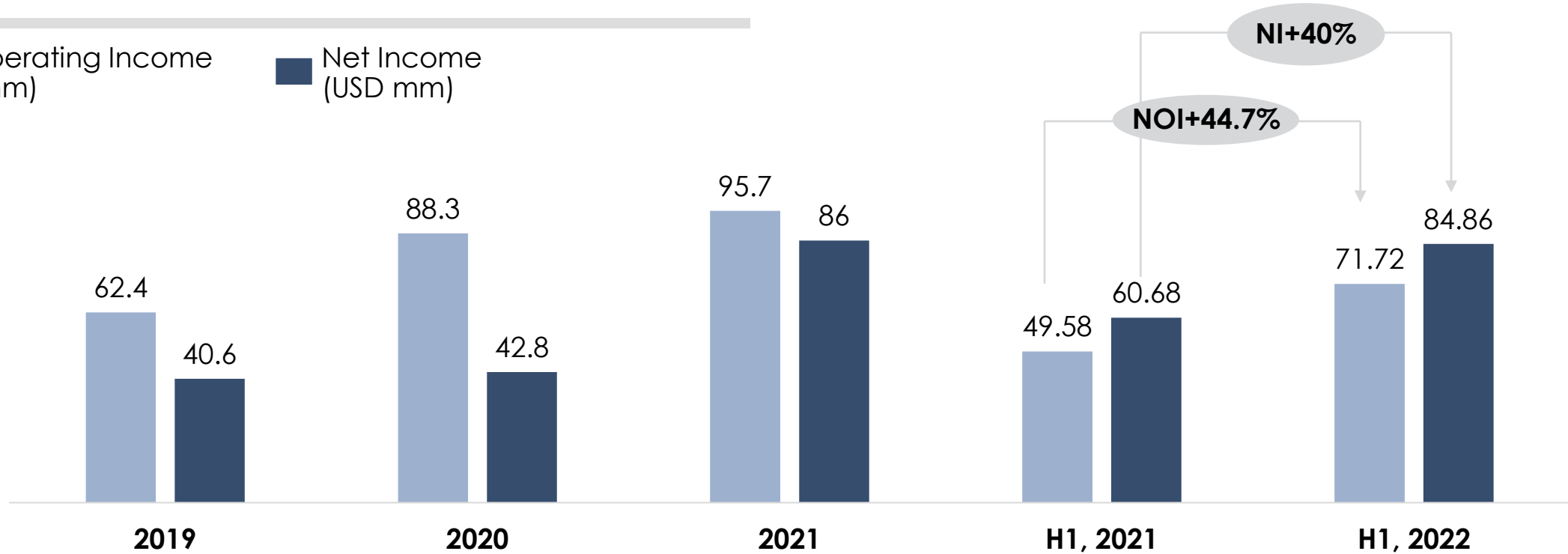
USD 527 million

NOI Contribution: 7%

SOLID INCOME GROWTH, RESILIENT REVENUE STREAM

Net Operating Income (USD mm)

Net Income (USD mm)

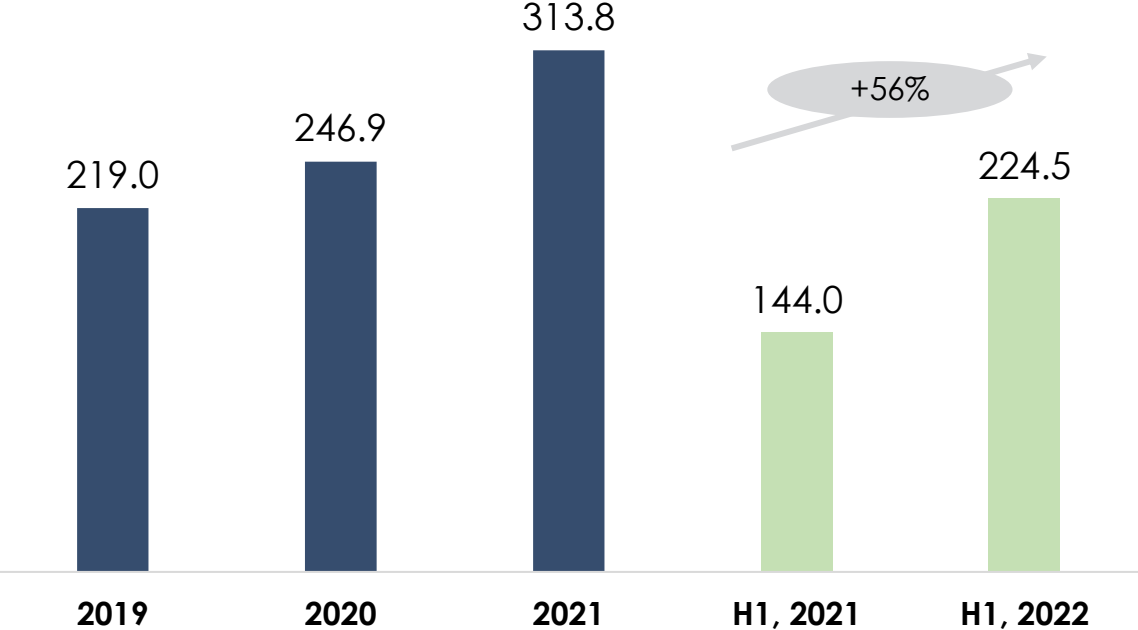


	2019	2020	2021	H1, 2021	H1, 2022
ROE*	8.4%	8.6%	16.3%	13.2%	20.6%
Dividend %	10%	12%	15%	NA	NA
Dividend Payout Ratio	80%	92%	94%	NA	NA
EPS*	0.178	0.183	0.323	0.311	0.257

*ROE and EPS ratio in H1, 2021 & H1 2022 are excluding one-offs.

SUSTAINABLE REVENUE & COST CONTROL

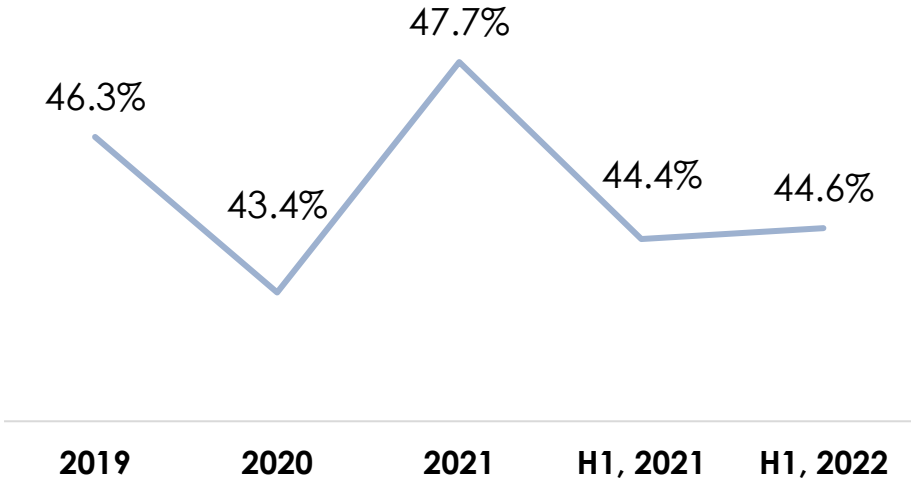
Total Revenue



Expense Breakdown

In H1 2022, the operating staff costs comprise 53.1% of expenses, whereas depreciation came at 16.6% and rent & occupancy at 3.8%.

Efficiency Ratio

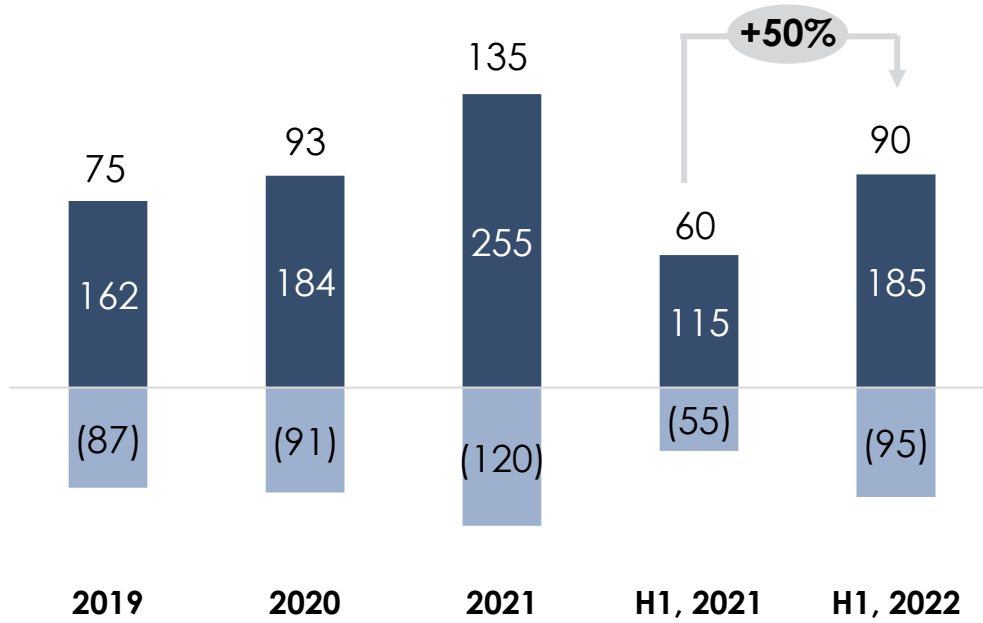


All values in USD million

GROWING NET INTEREST INCOME, STABLE NIM

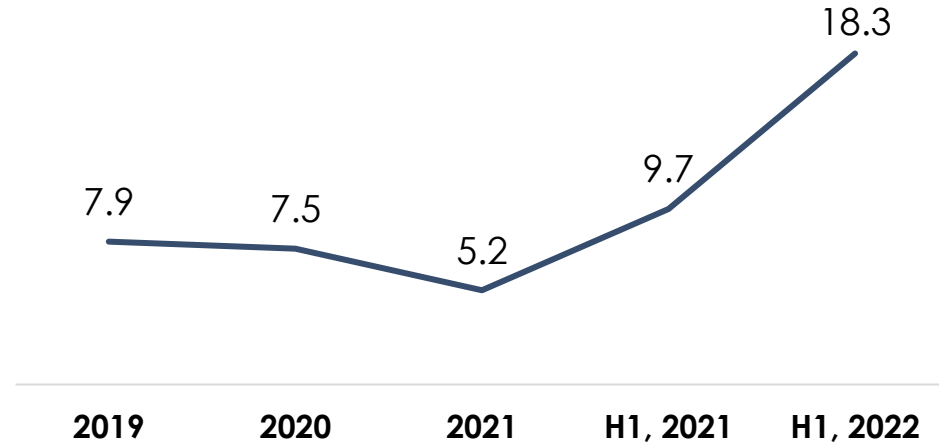
Net Interest Income

USD million

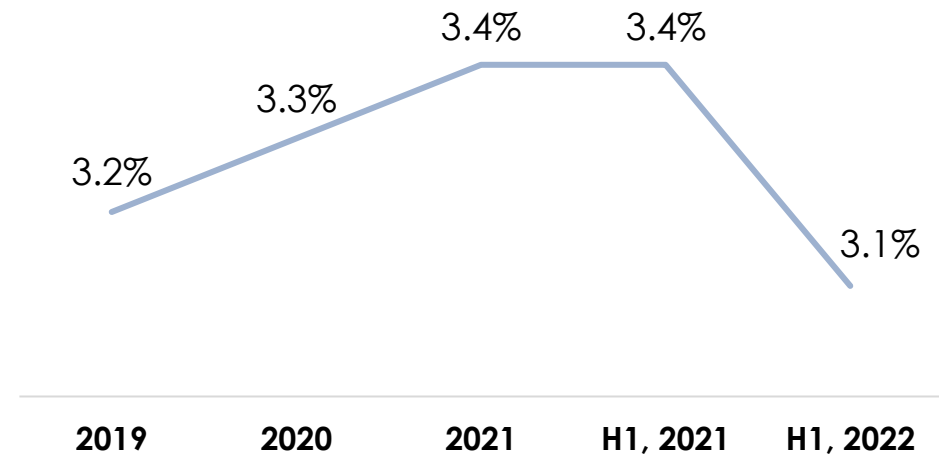


■ Interest Income
■ Interest Expense

Price – to – Earnings, *times*



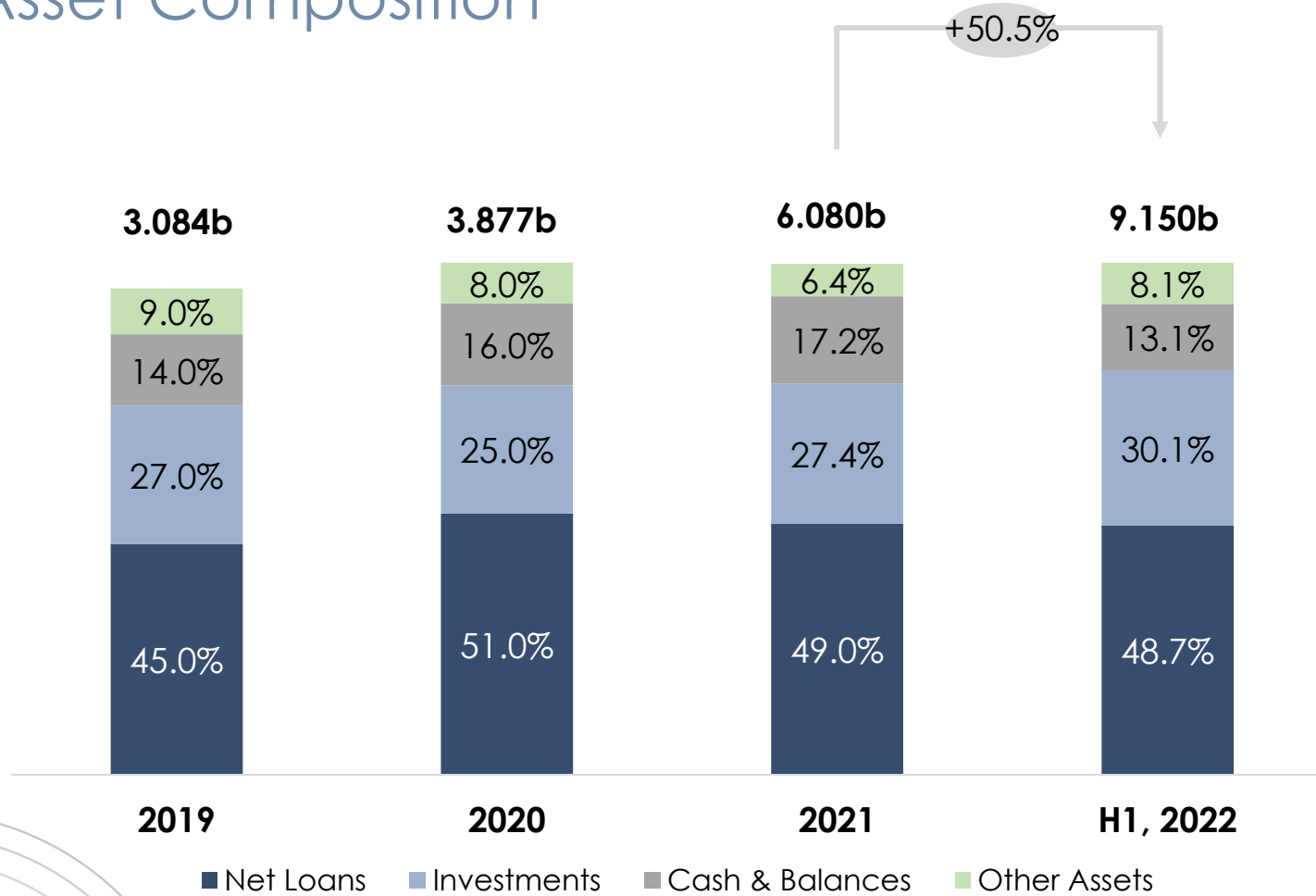
Net Interest Margin, %



All values in USD million
Central Bank of Jordan following US Federal Reserve policies (due to currency peg).

DIVERSE & HEALTHY ASSET BASE

Asset Composition



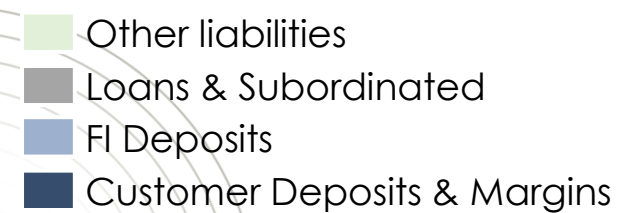
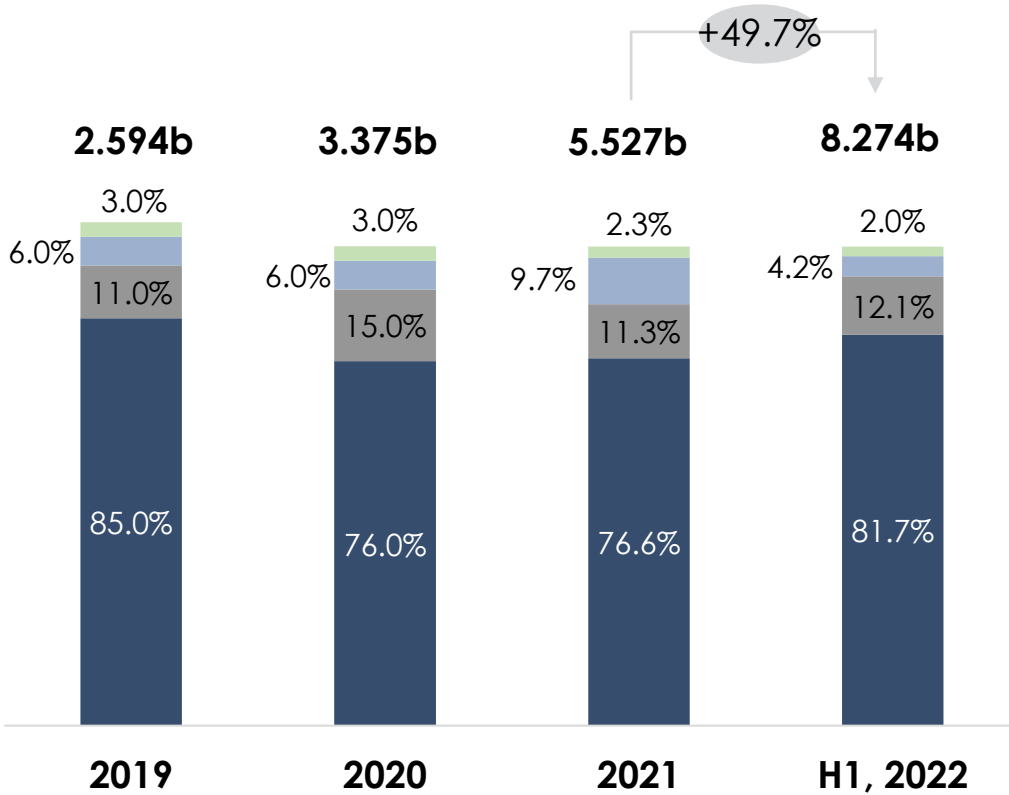
All values in USD billion

Highlights

- Investment portfolio of \$2.8b, with focus on liquid assets and government securities.
- Gross credit growing at a CAGR of 49.5% as of H1, 2022; reached \$4.46b in H1, 2022.
- Corporate/ SME clients, comprise 60.6% of portfolio as of H1 2022.
- An NPL ratio of 5.4% with a coverage ratio of 88.1%, sufficiently stronger than the sector average of 75.2%.

STRONG DEPOSIT GROWTH & LIQUIDITY LEVELS

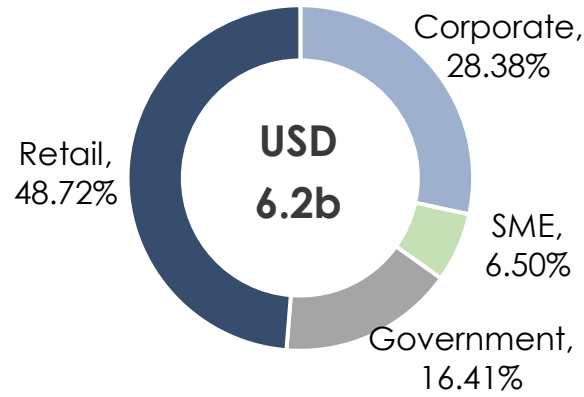
Liabilities Composition



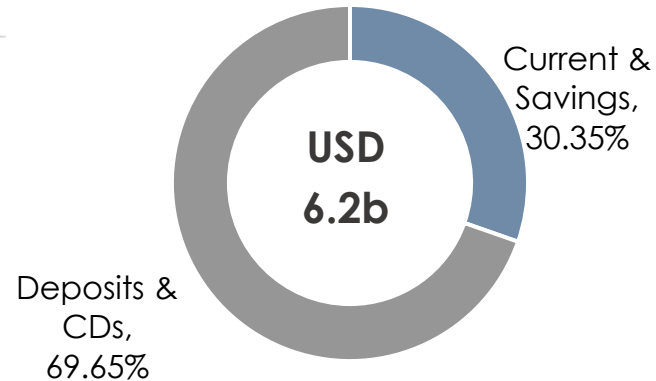
All values in USD billion

Deposits H1, 2022

By Segment



By Type

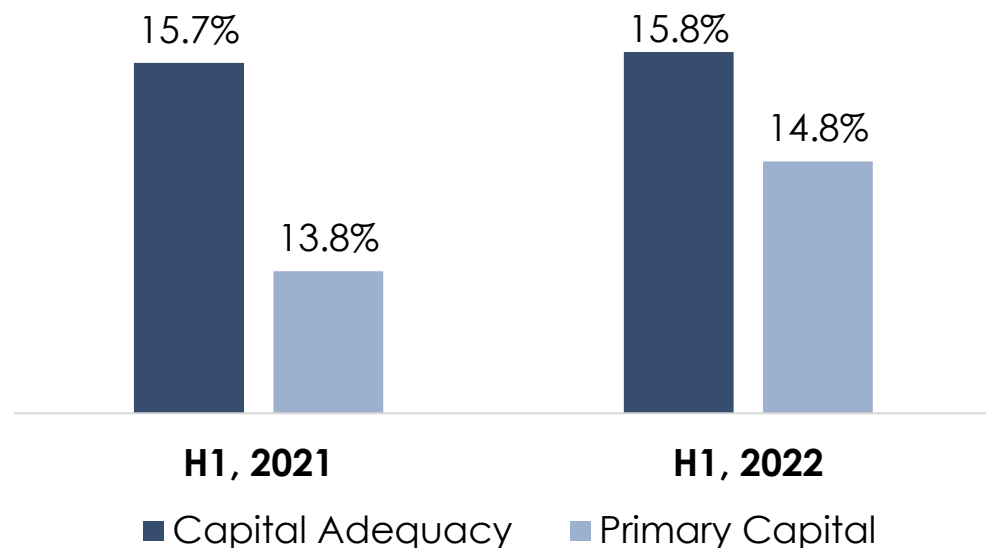


Highlights

- Deposit growth of 57.6% since 2021. Total deposits stand at 6.16b in H1, 2022.
- Liquidity Coverage Ratio (LCR) at 183.7% in H1, 2022. Well above 100% regulatory minimum.
- Loan to deposit ratio stood at an 72.4% in H1 2022.

COMFORTABLE CAPITAL BUFFERS, CBoJ

Capital Adequacy Walkthrough



Highlights, USD thousands

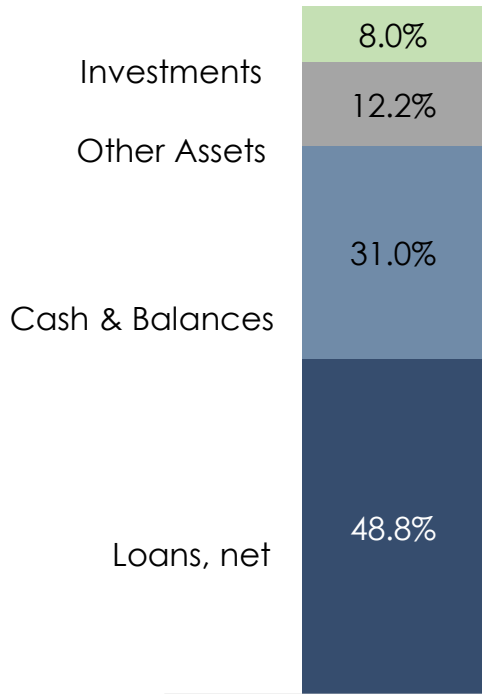
Consolidated	H1 2021	H1 2022
Total Primary Capital	439,707	757,216
Total Supplementary Capital	57,523	50,545
Net Supplementary Capital Tier 2	57,523	50,545
Total Regulatory Capital	497,229	807,761
Total RWAs	3,175,602	5,107,430

- CAR well above the 14% CBJ and 12% Basel minimum requirement.
- Risk Weighted Assets at USD 5.11b in H1 2022.

NATIONAL BANK OF IRAQ, A SNAPSHOT

Assets

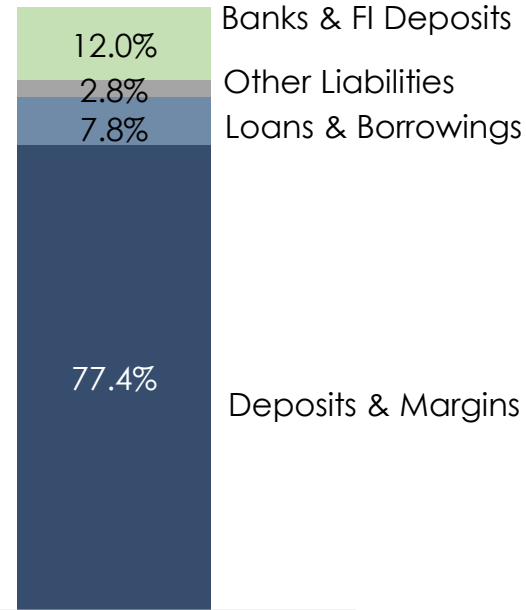
USD 1.345b



H1, 2022

Liabilities

USD 1.124b



H1, 2022

KEY P&L ITEMS

H1, 2022 (USDmm)

Interest Income	34.9
Commission Income	12.6
Gross Operating Income	36.0
Operating Expenses, Staff	(5.1)
Operating Expenses, Other	(8.3)
Provisions & Non-Recurring	(4.2)
Net Income	11.1

SELECTED RATIOS

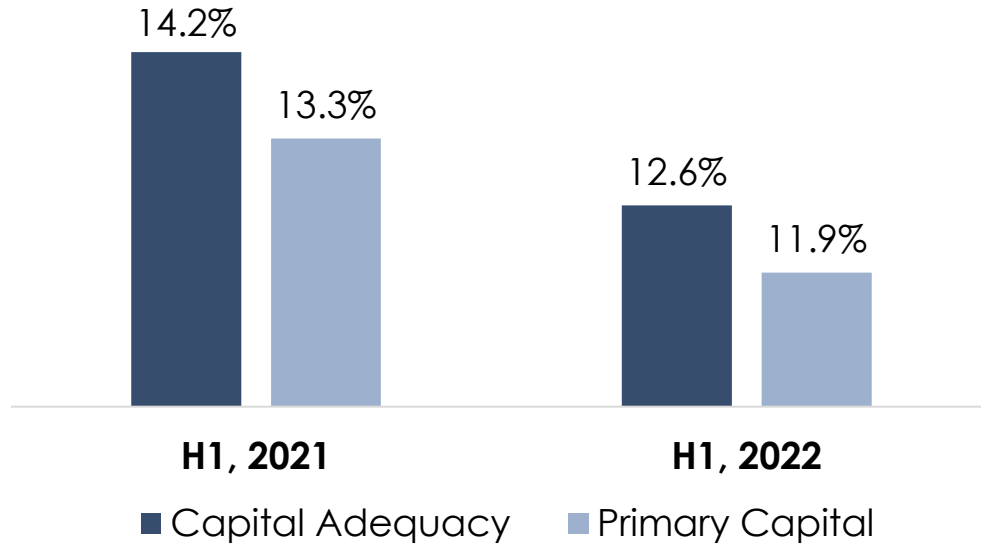
H1, 2022

ROE	10.3%
Net Interest Margin	5.8%
Efficiency Ratio	47.6%
NPL Ratio / Coverage Ratio	3.8% / 77.4%
Capital Adequacy*	12.6%

*Capital Adequacy as per CBI

COMFORTABLE CAPITAL BUFFERS, NBI

Capital Adequacy Walkthrough



Highlights, *USD thousands*

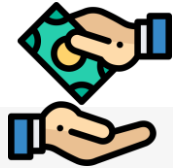
Consolidated	H1 2021	H1 2022
Total Primary Capital	113,096	127,132
Total Supplementary Capital	7,785	7,739
Net Supplementary Capital Tier 2	7,785	7,739
Total Regulatory Capital	120,881	134,871
Total RWAs	850,924	1,066,343

- Risk Weighted Assets at USD 1.07b in H1 2022.

SOCIETE GENERALE, THE ACQUISITION

March 2022

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



Acquisition result

- 2.12b USD added in assets
- 19 branches to expand network
- 35k clients to increase customer base

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 is expected to be completed

September 2022



Synergies

- Cost Synergies of more than 20% 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

85% 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. (upon completion of deal)



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



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
Total Assets	CAGR >10%	<ul style="list-style-type: none">▪ Grow total assets to above USD 13b by the end of 2025
Cost to Income Ratio	<40%	<ul style="list-style-type: none">▪ Improve efficiency and implement further cost saving policies
ROE	>14%	<ul style="list-style-type: none">▪ Maintain double digit ROE starting 2021 onwards
Capital Adequacy	>14% (Consolidated Level)	<ul style="list-style-type: none">▪ Strong Capital base, maintained well above minimum requirements
Dividends	Payout Ratio of ~50% of net income	<ul style="list-style-type: none">▪ Target a stable payout ratio for shareholders

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 board 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
- **6 out of 13** members are independent

Name	Appointment	Role	Experience
H.E. Bassem Khalil Al-Salem	2010	Chairman	Masters > 20 years experience
H.E. Said Samih Darwazah	2021	Vice Chairman	Masters >20 years experience
Social Security Corporation Represented by Shaden Darwish Al-Haji	2009	Member	Undergraduate >18 years experience
Hotaf Investment Company Represented by Mr. 'Mohamed Ali' Al-Husry	2009	Member	Masters >20 years experience
Investments & Integrated Industries Representing Omar Mohamed Shahrour	2009	Member	Masters >20 years experience
Al-Jadara Co. for Real Estate Investment Represented by Sultan Bin Mohammed Al-Seif	2009	Member	Undergraduate >10 years experience
Al-Khalil Co. for Investments Represented by Khalil Hatem Al-Salem	2009	Member	Undergraduate >12 years experience
Mohamad Hasan AlHaj Hasan	2017	Independent	Masters >12 years experience
Khalid Walid Nablisi	2017	Independent	Masters >20 years experience
Yusef Ali Alnsour	2021	Independent	Undergraduate >20 years experience
H.E. Abubaker Sideeq Khoury	2021	Independent	Undergraduate >25 years experience

HIGHLY EXPERIENCED MANAGEMENT TEAM

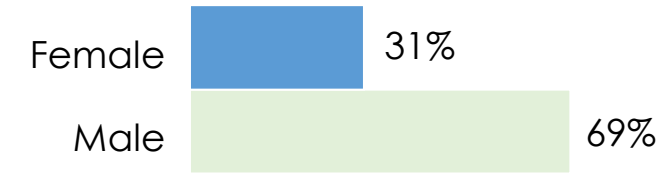


Mr. Dawod Al Ghouli
Group CEO

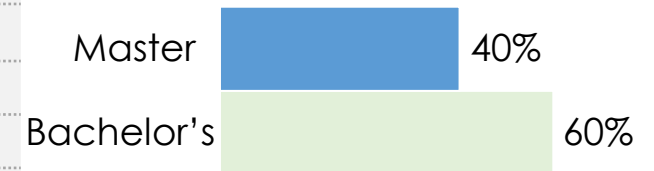
- Appointed in March 2020
- Over 26 years of extensive experience in financial and strategic planning, investments and financial restructuring.
- Served on the board of several reputable institutions across the MENA region
- Regional and global investment and financial institutions

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

Gender



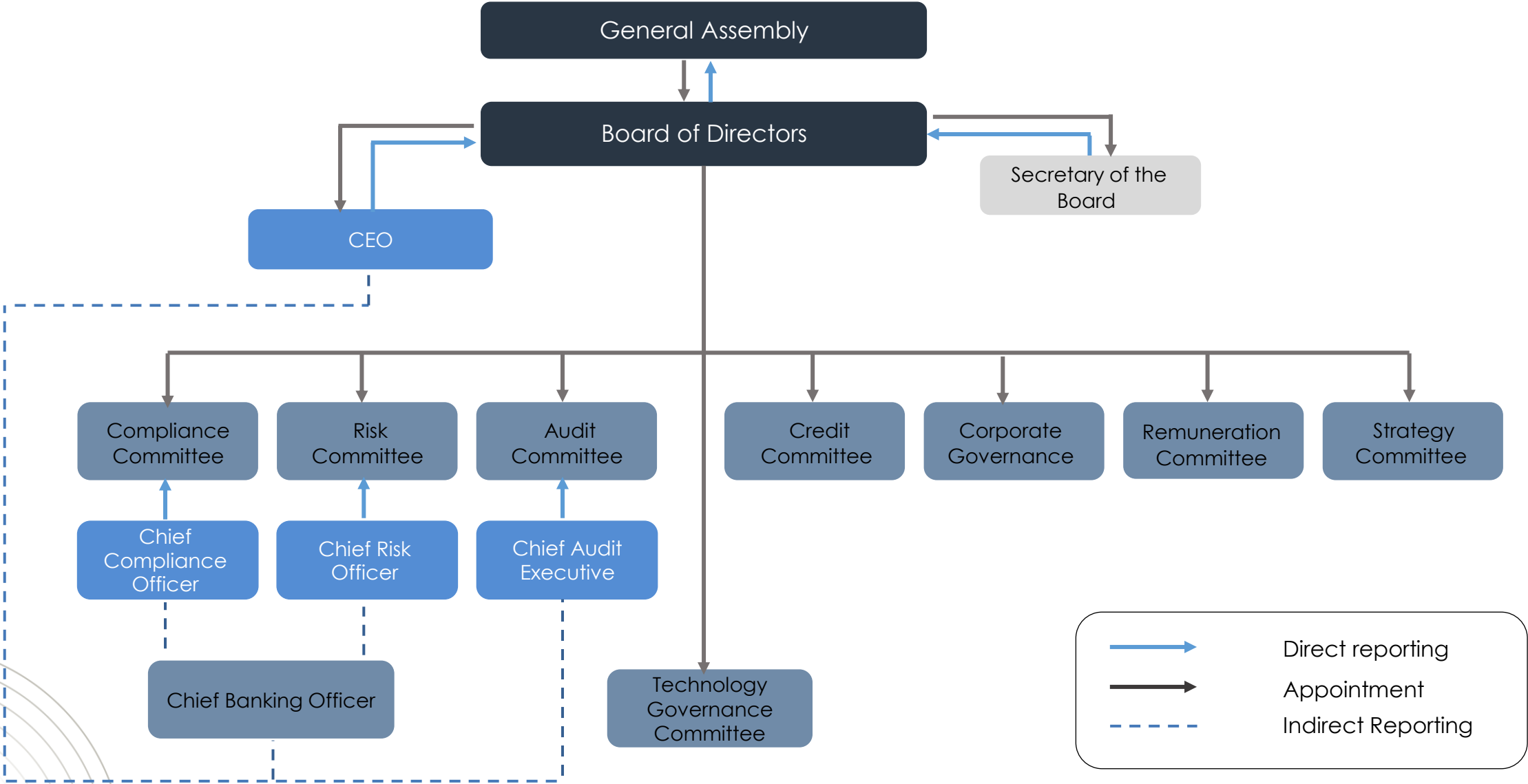
Education



Average Experience



SOLID GOVERNANCE & DECISION-MAKING



ESG AWARENESS & APPROACH



capital
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.

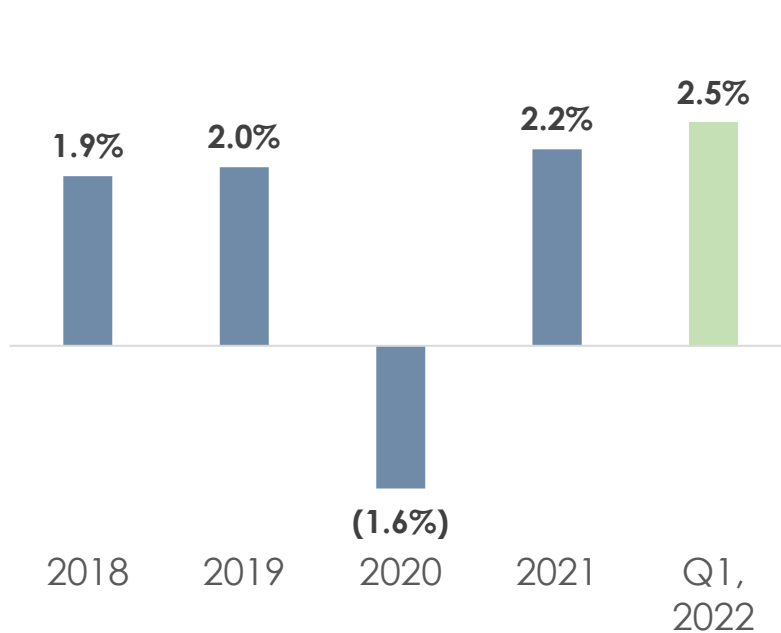


Section 3 | Part 1 (Jordan)
**Macroeconomic Developments
& the Banking Sector**

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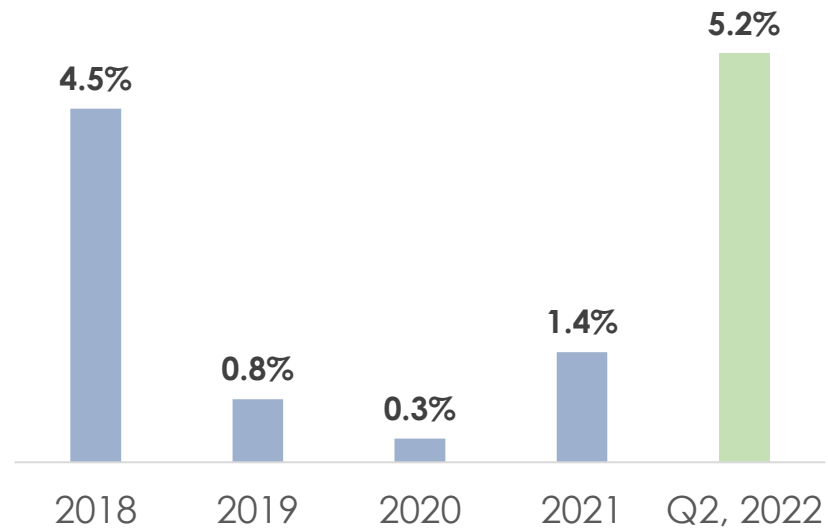
JORDANIAN ECONOMY

GDP Growth Rate, %



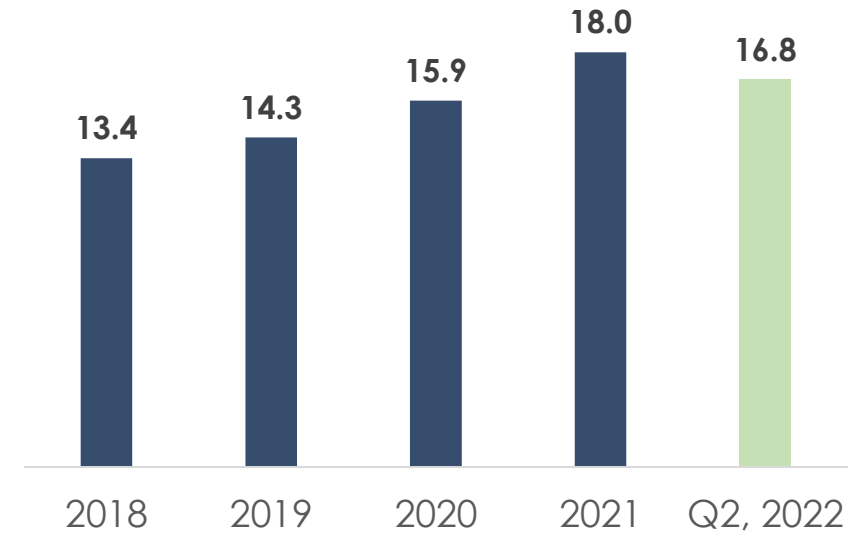
The Jordanian economy has recovered from the devastating effect of the COVID-19 pandemic.

Inflation, %



When comparing changes to consumer price index over all industries, the current inflation rate in Jordan stands at 5.2% in June 2022, significantly higher than previous years due to the ongoing worldwide economic crisis.

Foreign Currency Reserves* USD billion



Foreign currency reserves amounted to USD 16.8 billion as of Q2 2022, which has increased in comparison to Q2, 2021 which amounted to USD 15.5 billion.

JORDANIAN BANKING SECTOR (KEY FACTS)

Well regulated & Monitored



The Jordanian banking sector is regulated by the Central Bank of Jordan, the Amman Stock Exchange, and the Jordan Securities Commission

Sound Asset Quality



Minimum CAR requirement of 12%

High liquidity & strong solvency



Each Jordanian bank must maintain liquid assets in the minimum of 100% of its weighted liabilities

Strong profitability buffer



Banks enjoy comfortable liquidity with a sector wide liquidity ratio of 167.7%

Improved credit quality metrics



NPL coverage for the Jordanian banking sector is 75.2%, with NPL to loans amounting to 5.3%.

Excess capital

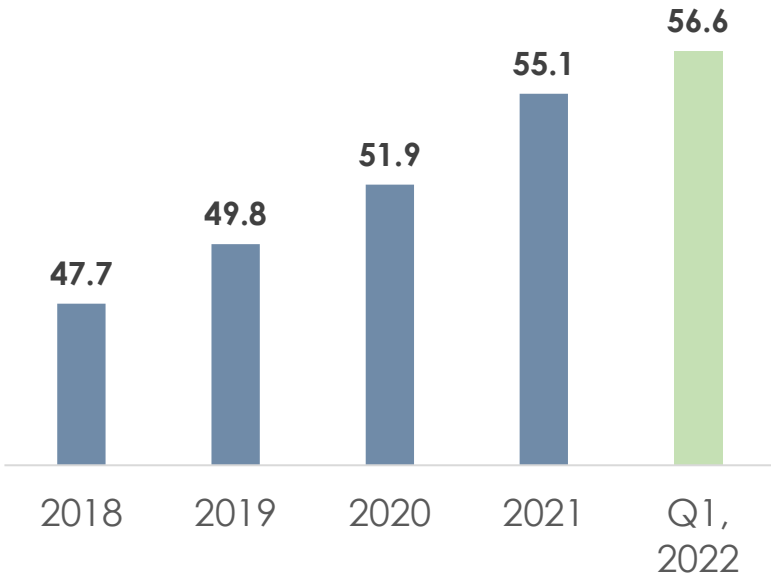


The banking sector enjoys a CAR of 18.3%, situated well above the CBJ minimum requirement

JORDANIAN BANKING SECTOR (KEY FACTS, CONT'D)

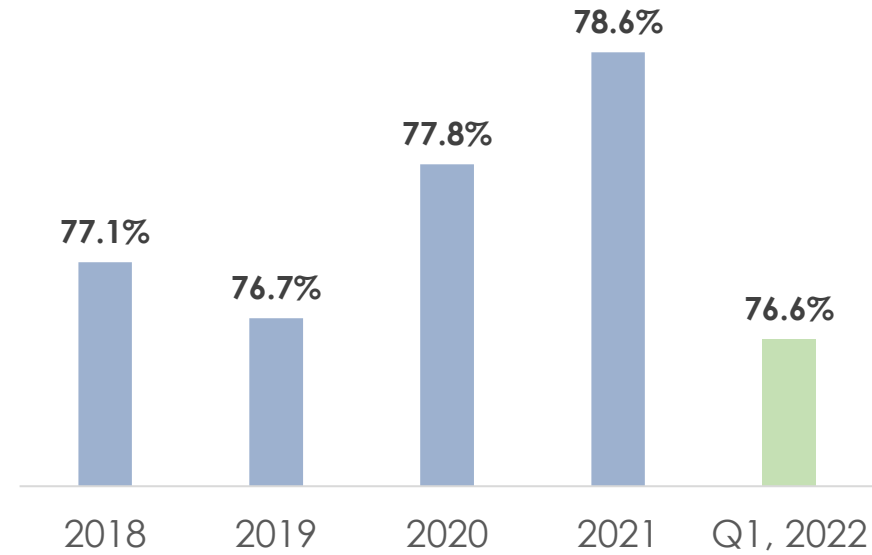
Total Deposits at Banks

USD billion



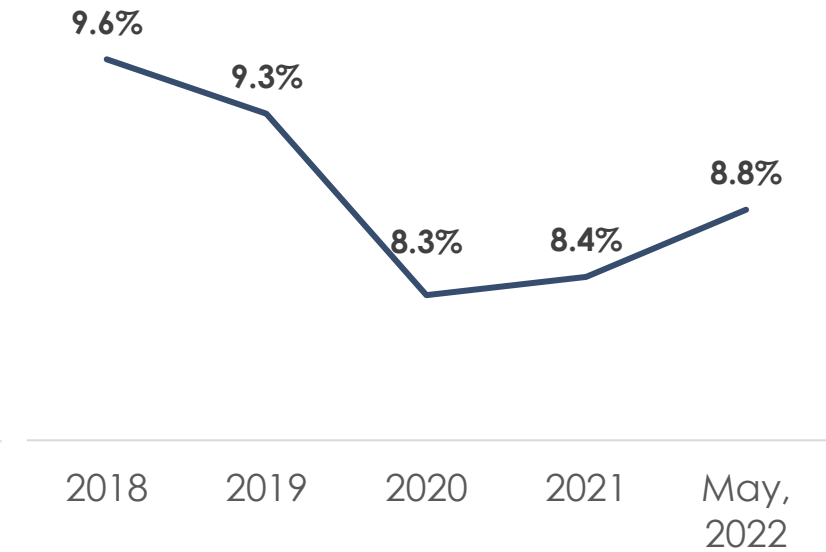
Total deposits at banks stood at JOD 40.14 billion in March 2022, witnessing a growth of 2.7% from 2021 and a growth of 9.1% from 2020.

Loans-to-Deposits



Standing at 76.6% as of March 2022, a continuously surging loans-to-deposits ratio up to 2021 signaled a tightening liquidity at Jordanian banks.

Prime Lending Rate



The prime lending rate for banks stood at 8.8% as of May 2022.

JORDANIAN BANKING SECTOR HIGHLIGHTS



Sound Asset Quality

NPL Ratio

5.0%

NPL Coverage

79.9%

ROE

8.3%

CAR

18.0%



Sufficient Liquidity

Liquidity Ratio

141.5%

Loans-to-Deposits

76.6%



Strong Solvency

CBJ CAR Requirement

12%

Deposit Growth Rate

8.4%

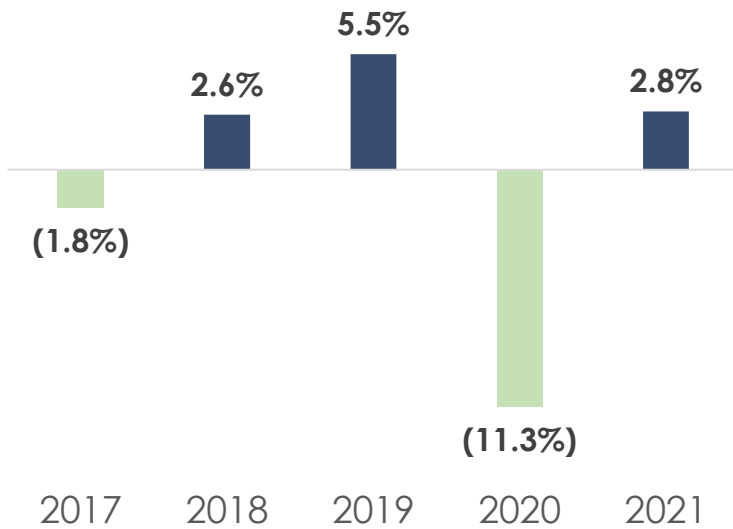


Section 3 | Part 2 (Iraq)
**Macroeconomic Developments
& the Banking Sector**

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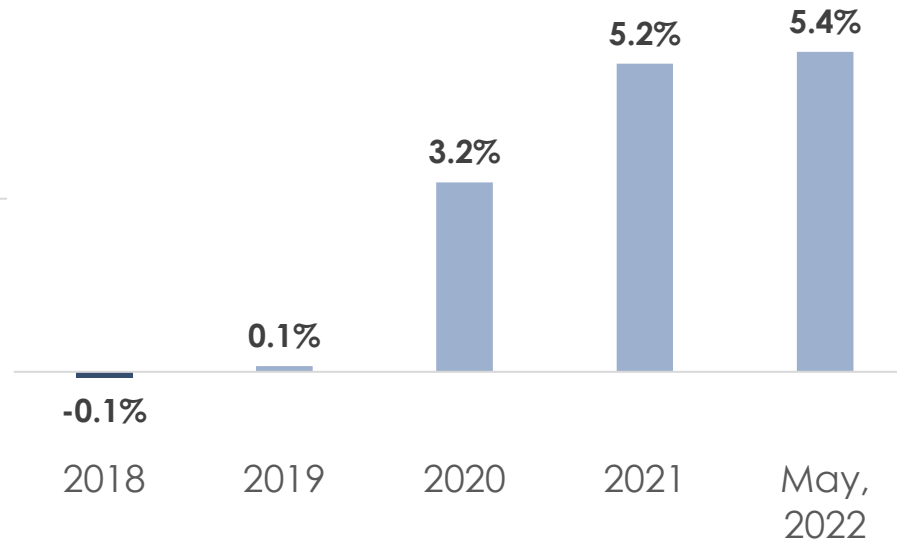
IRAQI ECONOMY

GDP Growth Rate, %



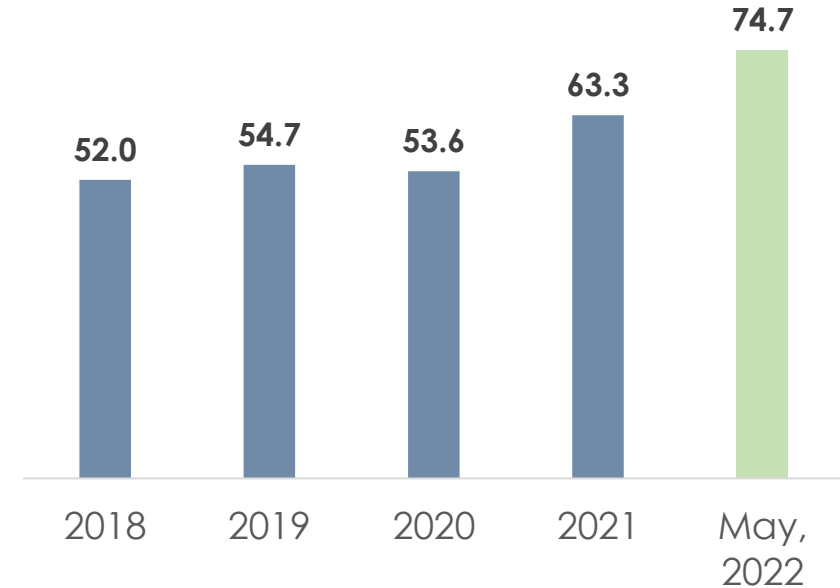
The Iraqi economy underwent a sharp decline in GDP in 2020 due to tourism and oil export declines, which came on the back of the COVID-19 pandemic. The economy has made a recovery 2021.

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 million



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

IRAQI BANKING SECTOR (KEY FACTS)

Regulated sector



The Iraqi banking sector is regulated by the Central Bank of Iraq.

Enhanced confidence in banks



A deposits guarantee fund is improving confidence in banks

Dominated by state owned banks



The Iraqi banking sector is mostly controlled by Rasheed Bank and Rafidain Bank

Low percentage of banking clients



This comes as an opportunity to onboard new banking clients in the market



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