



**Investor
Presentation**

capital
bank

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Capital Bank at a Glance

A Leading Jordanian Commercial Bank

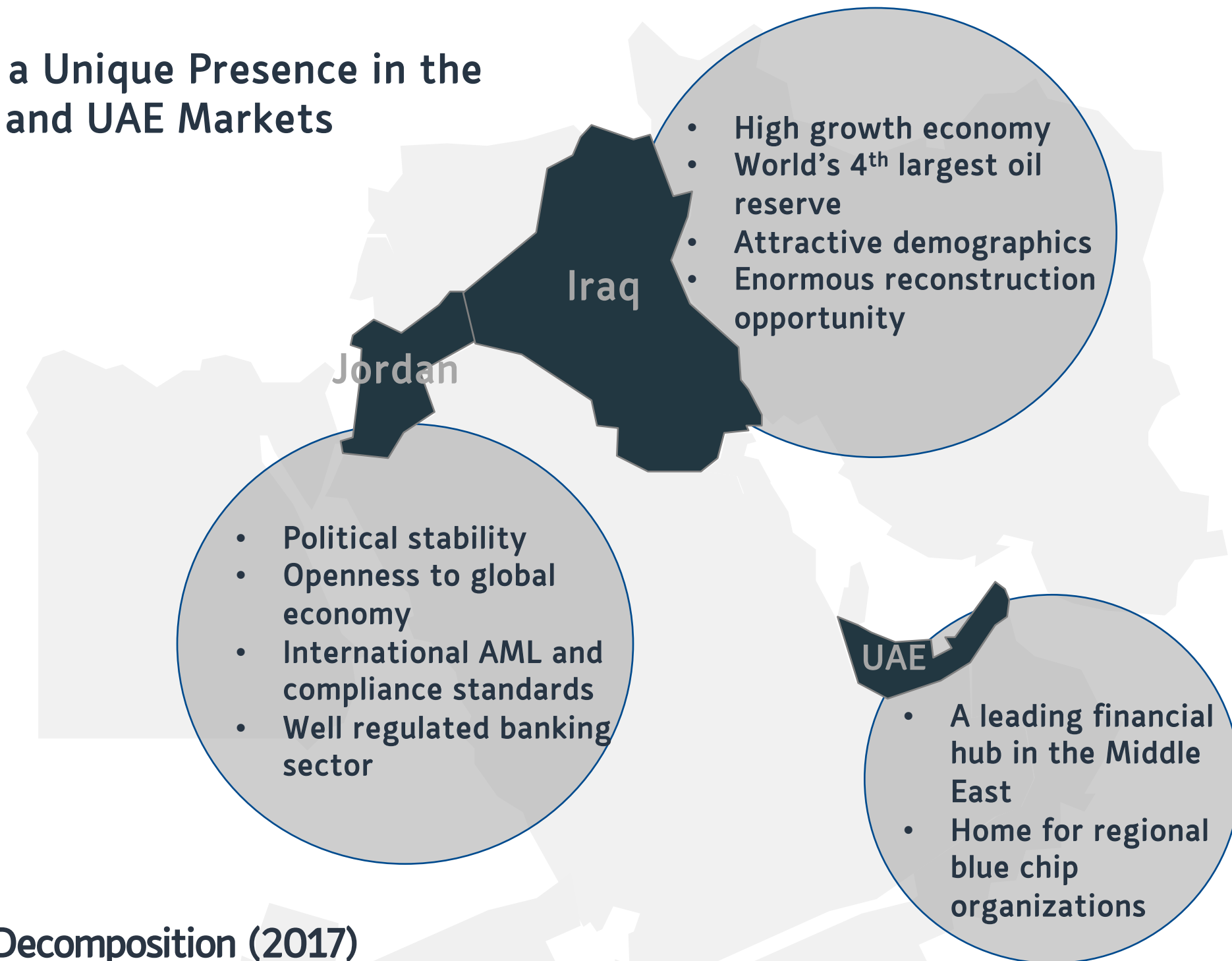
- A full fledged bank offering a wide range of commercial and corporate banking, retail and personal banking, treasury activities, and other ancillary products
- Wide spectrum of investment banking services in Jordan, Iraq and Dubai through its fully-owned subsidiaries Capital Investments and Capital Bank Corporate Advisory (DIFC)
- Strong leadership team with successful track record combining deep roots in regional markets with global experience
- Award-winning, fast-growing SME business
- Largest renewable energy lender among its peer group*
- The only Jordanian bank with presence in Iraq
- Deeply rooted corporate governance, compliance and AML standards
- Strong relationships with the banking sector's regulators
- Wide and well diversified shareholders' base with no physical or legal person possessing more than 10% of the bank's shares

Financial Performance

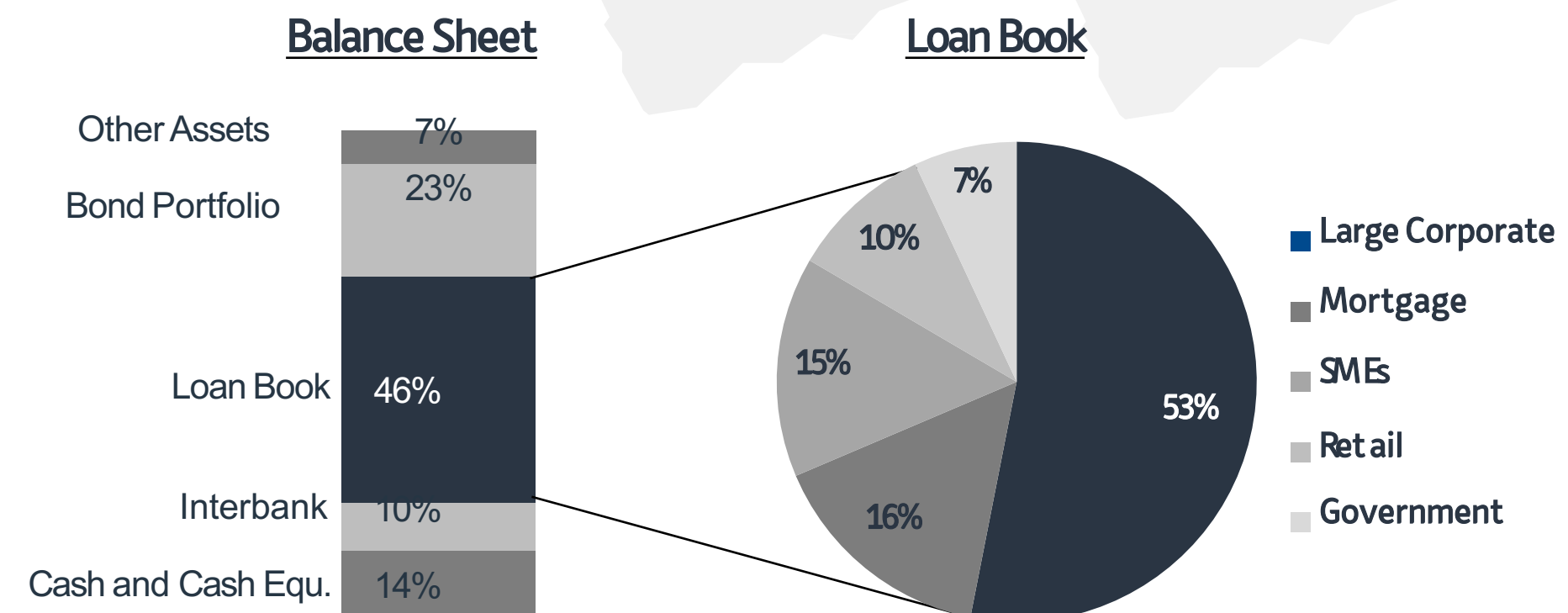
JOD mm	2011	2012	2013	2014	2015	2016	2017	CAGR
Loan Book	655	623	676	794	910	970	921	5.8%
Customer Deposits	888	961	1,140	1,234	1,345	1,225	1,217	5.4%
Gross Income	54	81	79	92	76	94	93	9.6%
GDP CAGR	2.6%							

*Peer group consists of all banks listed on Amman Stock Exchange except for Arab Bank and the Housing Bank for Trade and Finance Sources: Capital Bank financial statements, Department of Statistics

With a Unique Presence in the Iraqi and UAE Markets



Balance Sheet Decomposition (2017)

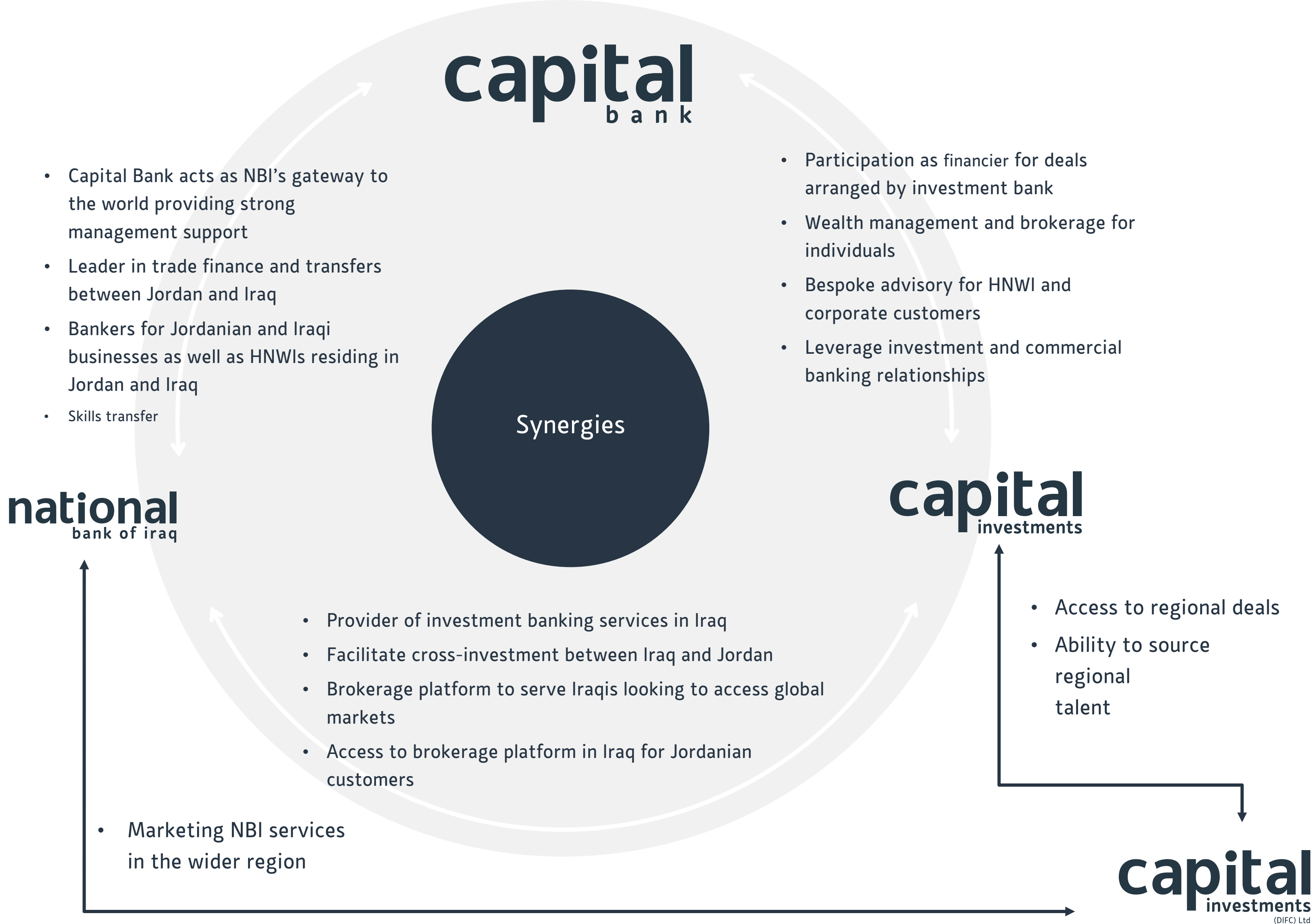


Parent Company and Subsidiaries

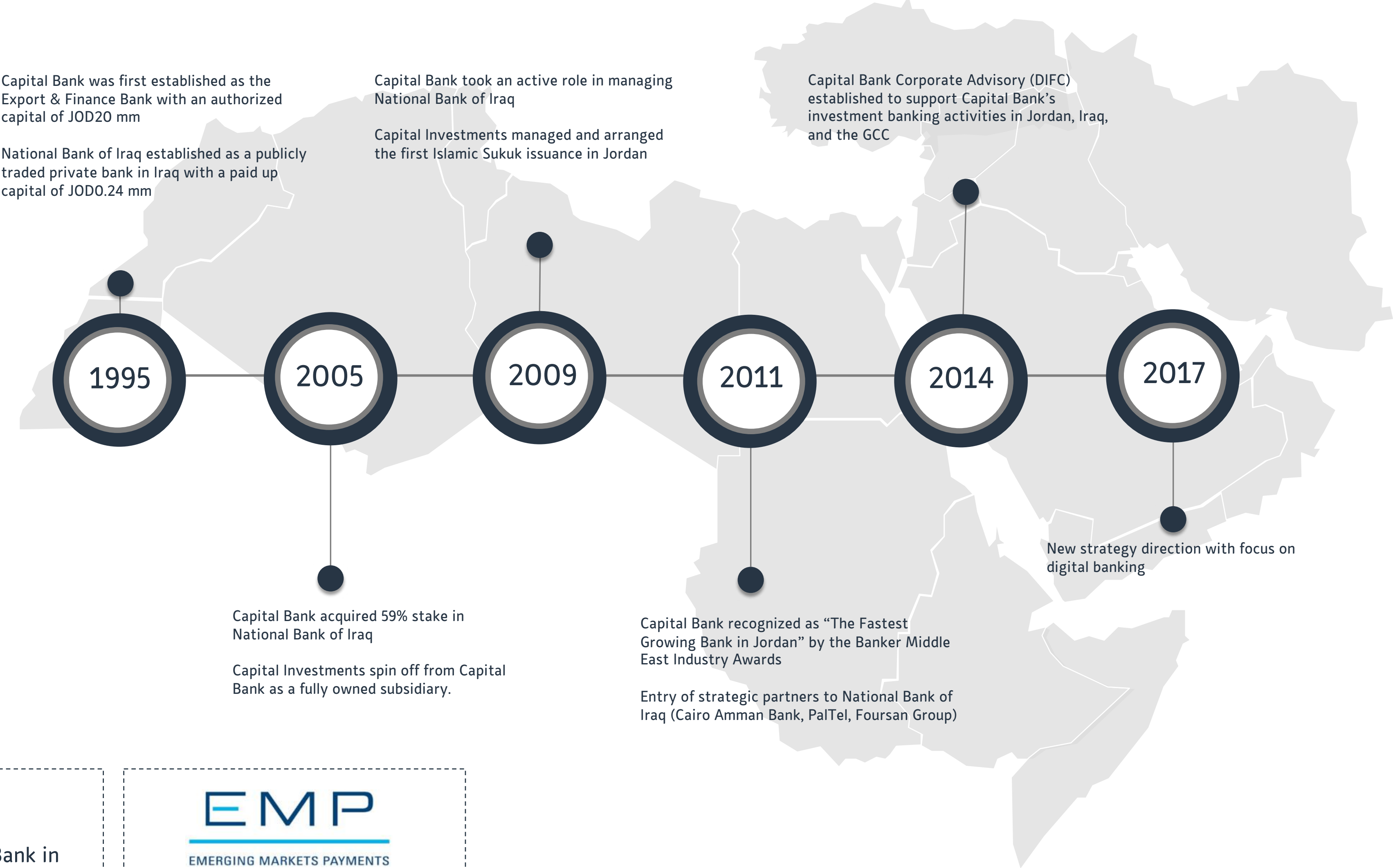
	Corporate & Commercial Banking		Investment Banking	
Entity	capital b a n k Parent	National bank of Iraq المصرف الأهلي العراقي Subsidiary	capital investments Subsidiary	capital investments Subsidiary (DIFC) Ltd
Country	Jordan	Iraq	Jordan	Dubai
Ownership	Publicly Listed on Amman Stock Exchange	Publicly Listed on Iraq Stock Exchange	Private	Private
Highlights	<p>Founded in 1995</p> <p>Shareholders' equity of JOD349 million as at end December 2017</p> <p>One of the leading financial institutions in Jordan with nationwide presence</p> <p>Universal offering focused on top tier corporates, high net worth individuals & upper mass retail clients</p> <p>4th largest bank in Jordan in terms of paid-up capital at JOD200 mm</p>	<p>Founded in 1995</p> <p>Shareholders' equity of JOD159 million as at end December 2017</p> <p>Comprehensive array of banking solutions for corporate and retail customers across all regions in Iraq</p> <p>One of a handful of banks accepted by the government for public sector employee salary transfers</p> <p>The largest FX player among private sector banks</p>	<p>Spun off from Capital Bank as a separate legal entity in 2005</p> <p>Market leader in M&A, capital markets, brokerage, asset management and research</p> <p>Experienced team committed to delivering innovative financial solutions and developing new products and services to meet the evolving needs of the firm's clients</p>	<p>Established in 2014</p> <p>Supports the investment banking activities of the bank through arranging debt and equity placements and providing transaction advisory services</p> <p>Supports the commercial banking services of the bank in the region</p>
Shareholders	<p>Social Security Corporation: 9.3%</p> <p>IFC: 6.9%</p> <p>Family groups: 37.3%</p>	Capital Bank: 61.8%	Capital Bank: 100%	Capital Bank: 100%

Source: Capital Bank, Securities Depository Commission

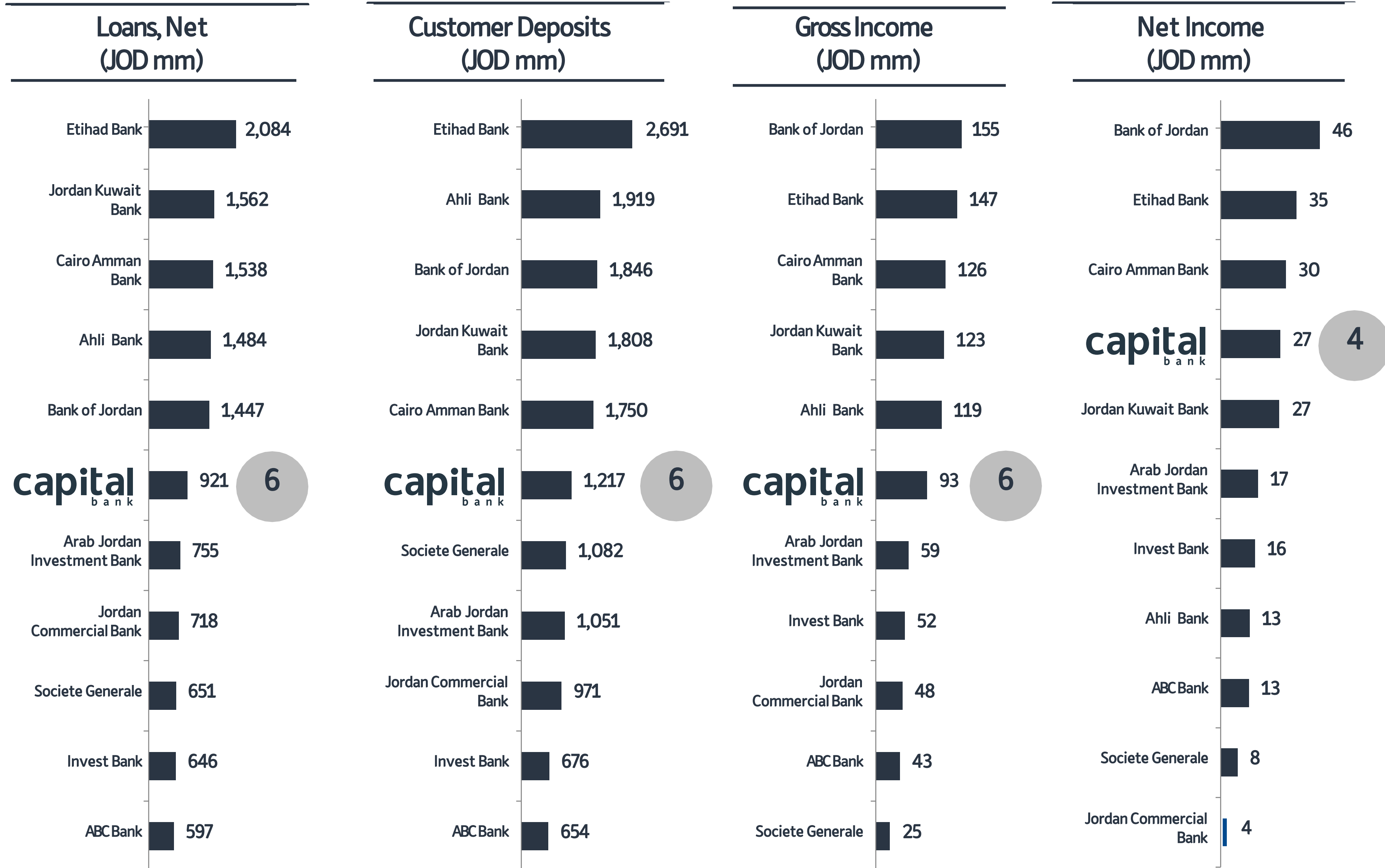
Intergroup Synergies



Strategic Milestones



Peer Analysis (Dec 2017)



Sources: Amman Stock Exchange, banks' financial statements

Strategic Partner for Multilateral Funding Organizations



- Financing facilities for eligible trade transactions



- Credit line for trade finance activities

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

- Credit limit and insurance scheme for eligible trade finance transactions



- Guarantees 70% of loans granted to SMEs



- Shari'a compliant export and investment insurance



- Guarantees a portion of loans granted to SMEs



الصندوق السعودي للتنمية
The Saudi Fund for Development

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



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



- Credit line, technical assistance, access to global network of confirming banks

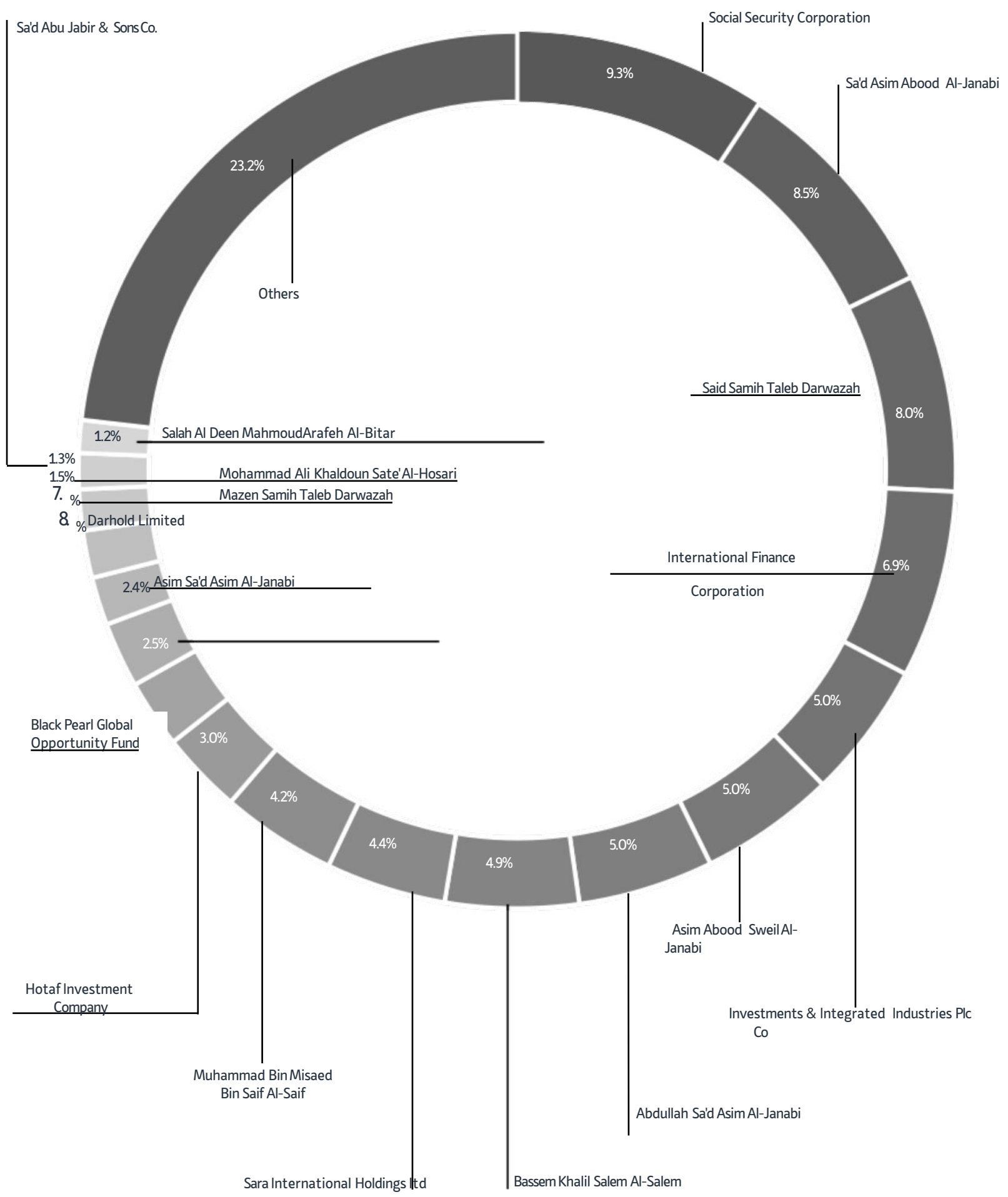


European Bank
for Reconstruction and Development

- Trade finance guarantees and revolving credit facilities for SMEs

Shareholding Structure, Corporate Governance & Structure

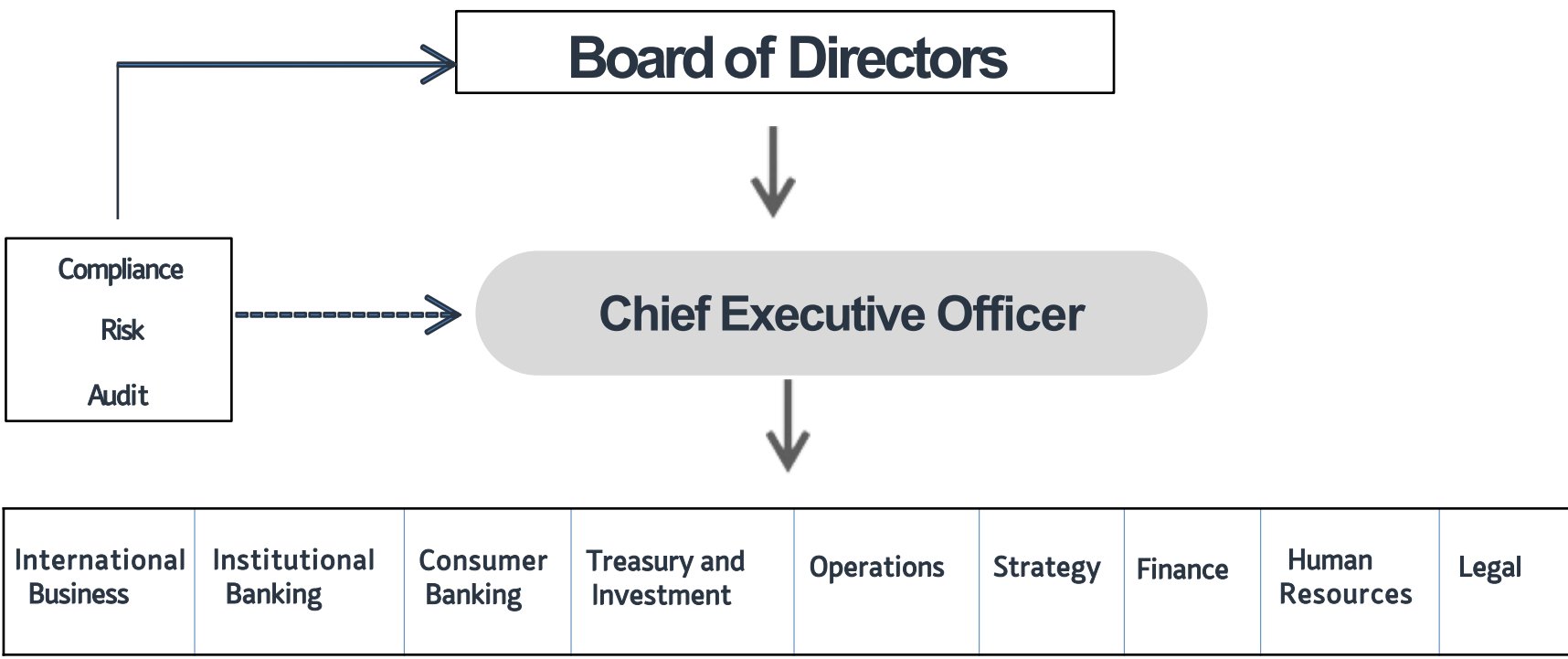
Shareholders (December 2017)



Corporate Governance Structure



Structure and Composition



Management and Board of Directors

Board of Directors

Name	Position	Nationality
Bassem Khalil Salem Al-Salem	Chairman	Jordanian
Mazen Samih Taleb Darwazeh	Vice Chairman	Jordanian
Social Security Corporation (Isam Abdallah Yousef Al Khatib)	Member	Jordanian
Investment and Integrated Industries Co. Plc (Omar M. I. Shahrour)	Member	Jordanian
Al Khalil Company for Investments (Khalil Hatem Khalil Al-Salem)	Member	Jordanian
Hitaf Investment Company ("Mohammed Ali" Khaldoun Sati' Al-Husry)	Member	Jordanian
Al-Jadarah Company for Real Estate Investment (Elseif, Sultan Mohammed M.)	Member	Saudi
Omar Akram Omran Bitar	Member	Palestinian
Reem Haitham Jamil Goussous	Member	Jordanian
Ahmad Qasem Deeb Al-Hanandeh	Member	Jordanian
Khalid Walid Hussni Nabils	Member	Jordanian
Dawod M. D. Al Ghoul	Member	Jordanian
Mohammad Hasan Subhi Alhaj Hasan	Member	Jordanian

Management

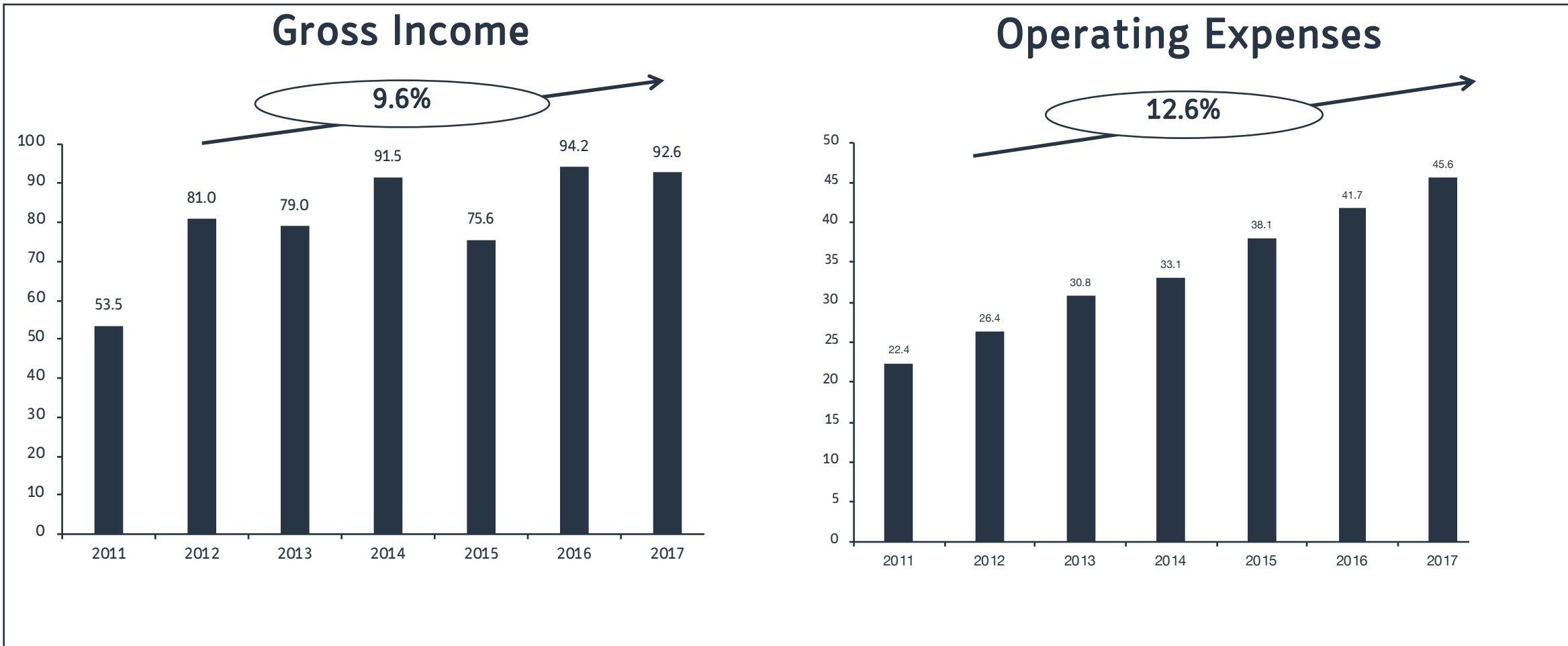
Name	Position	Nationality
Ala Attallah Qumsieh	Chief Executive Officer	Jordanian
Ayman Omran Abu Dheim	Head of International Business	Jordanian
Ali Mohamed Abu Swai	Treasurer	Jordanian
Manar Mohammad Alnsour	Chief Financial Officer	Jordanian
Rania Mohamed Dweikat	Head of Compliance	Jordanian
Rafat Abdullah Khalil	Chief Auditor	Jordanian
Eyas Nazmi Khawaja	Chief Operating Officer	Jordanian
Yasser Ibrahim Kleib	Head of Institutional Banking	Jordanian
Falah Hasan Kokash	Chief Risk Officer	Jordanian
Anton Francis Lolas	Head of Consumer Banking	Jordanian
Mohammed Abdul Karim Muaz	Legal Counselor	Jordanian
Zeid Yahya Salah	Head of Strategy	Jordanian

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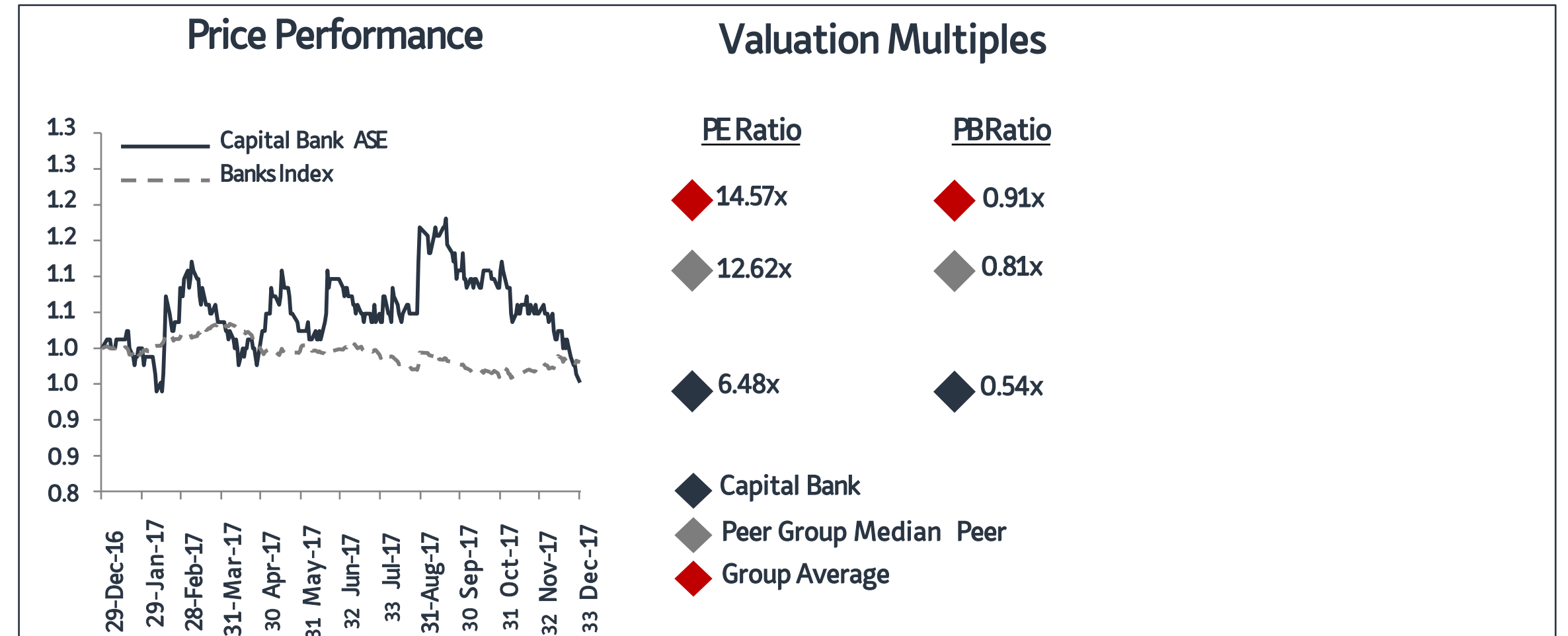
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Performance Trends

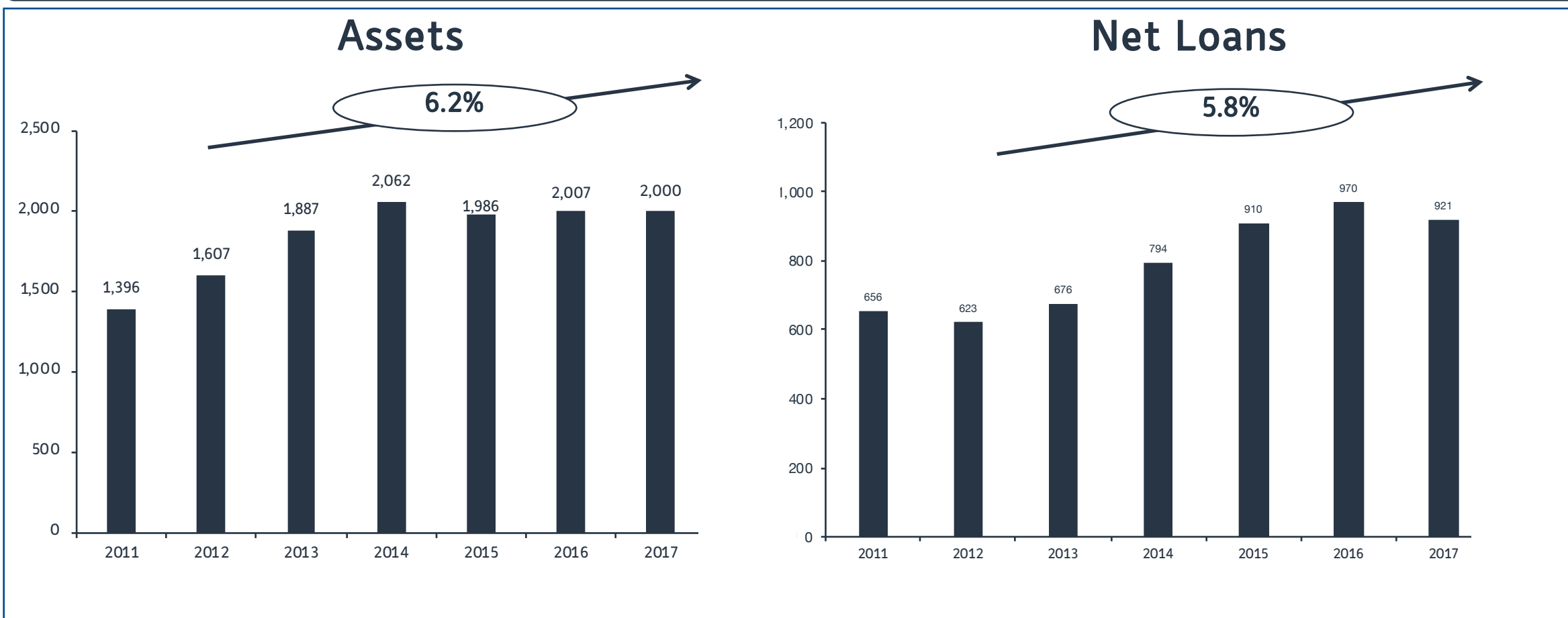
Revenues and Costs (JOD mm)



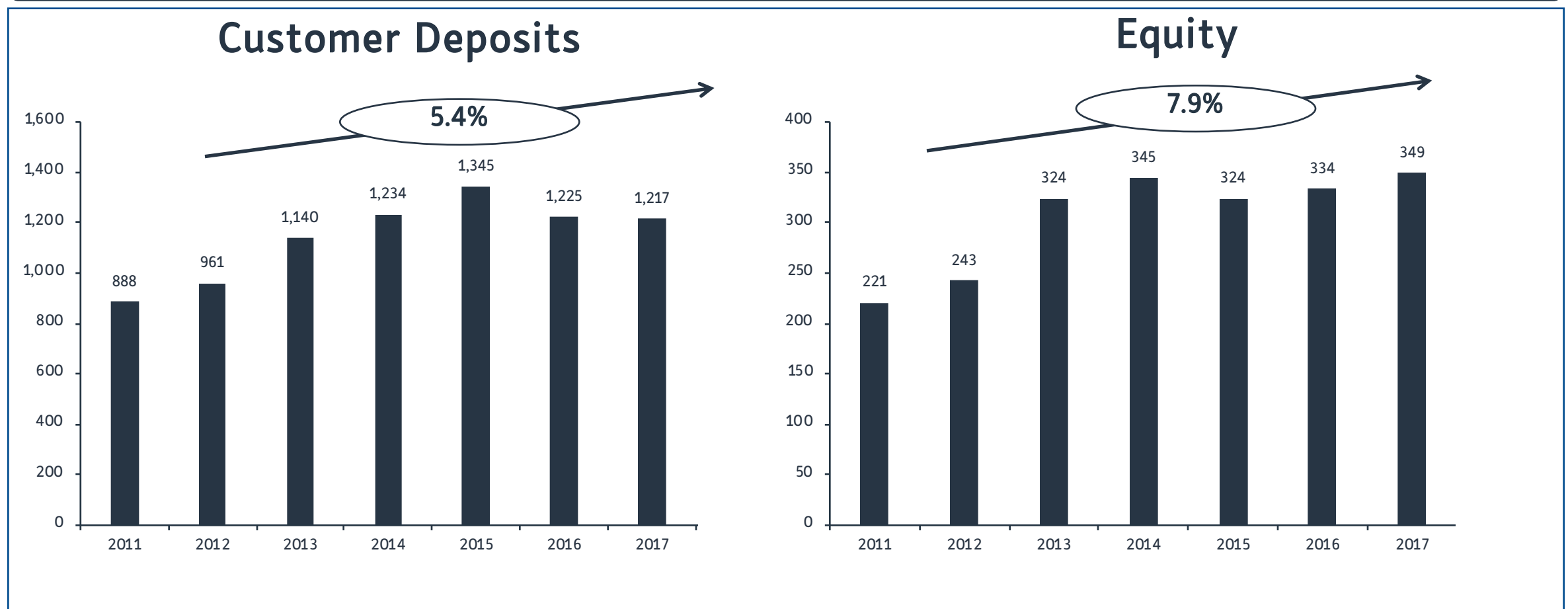
Stock Performance



Assets and Loans (JOD mm)



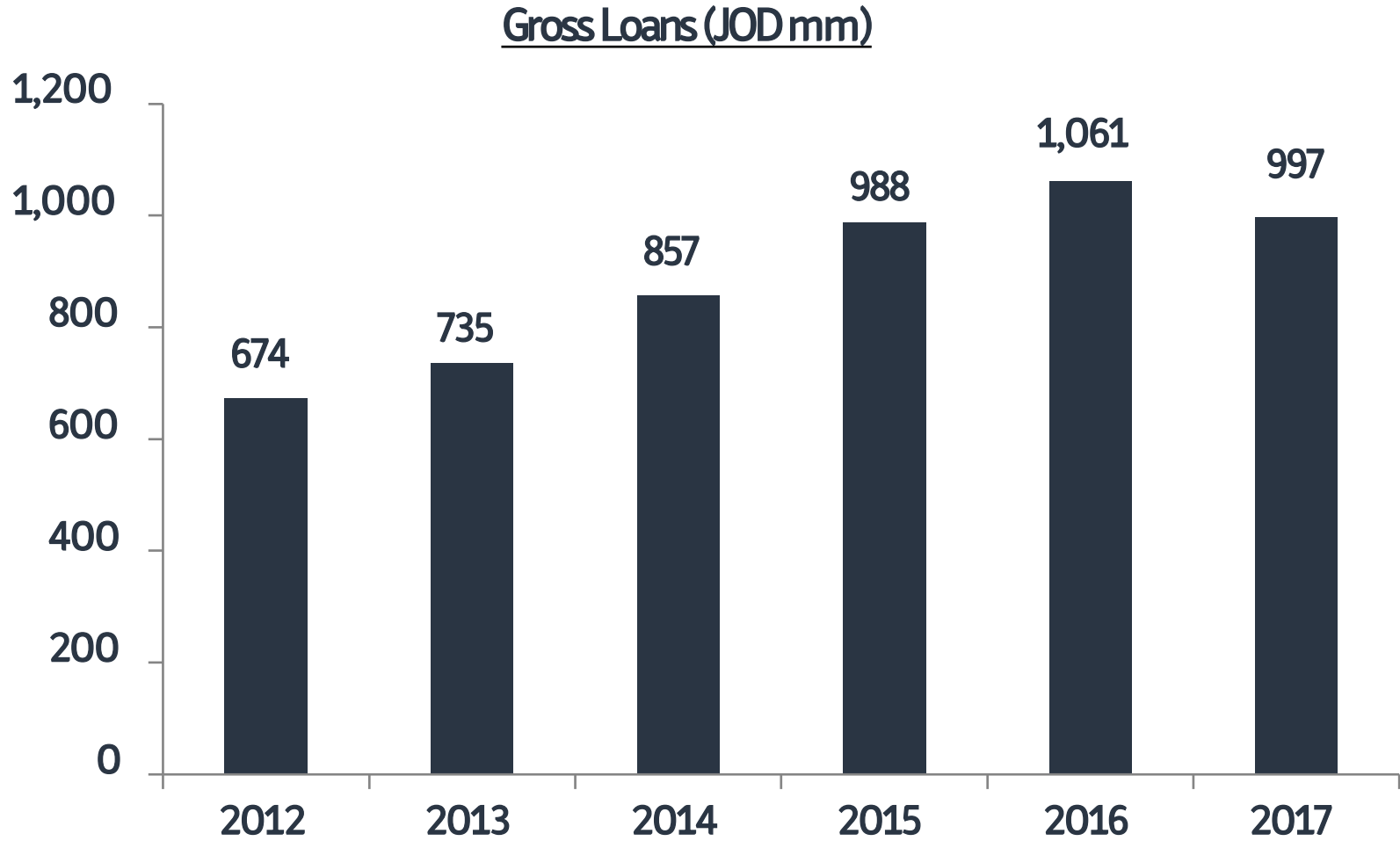
Deposits and Equity (JOD mm)



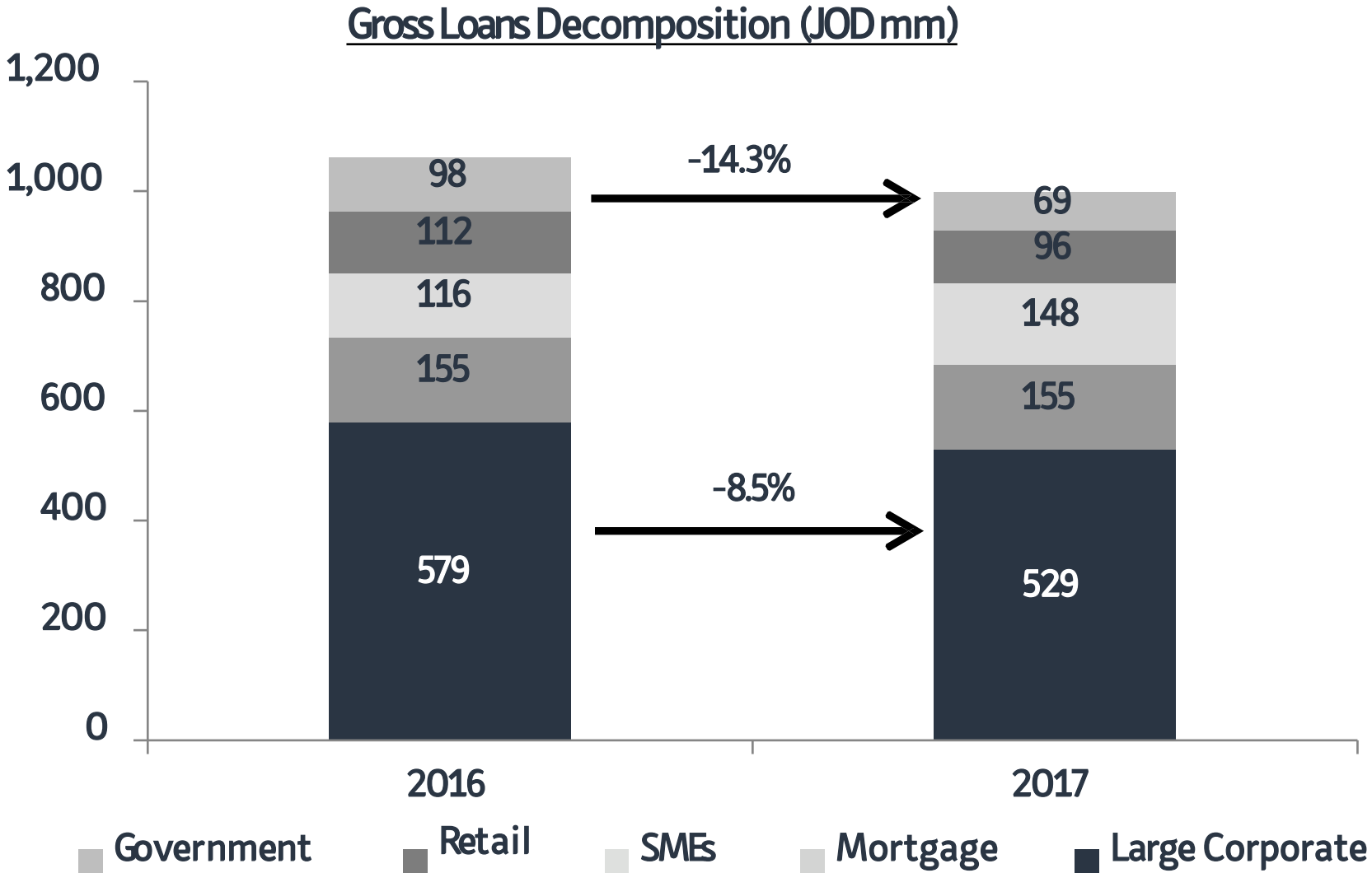
*Indexed to 1.0
Sources: Capital Bank's financial statements, Bloomberg

Resilient Balance Sheet, Diversified Loan Book

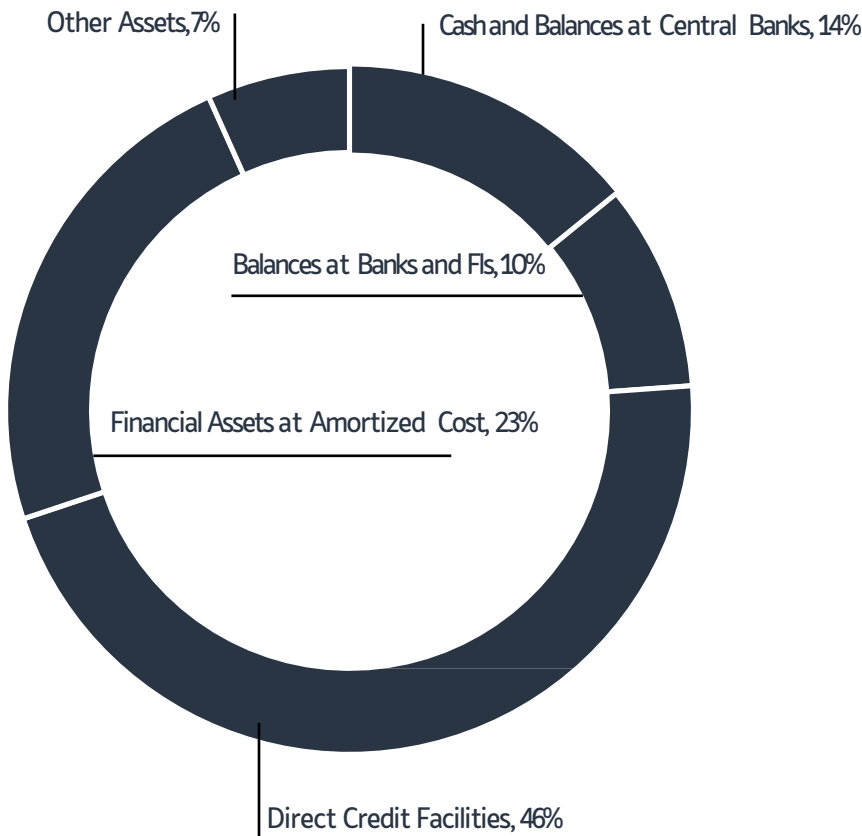
Gross loans grew at 8.2% CAGR during the period 2012-2017



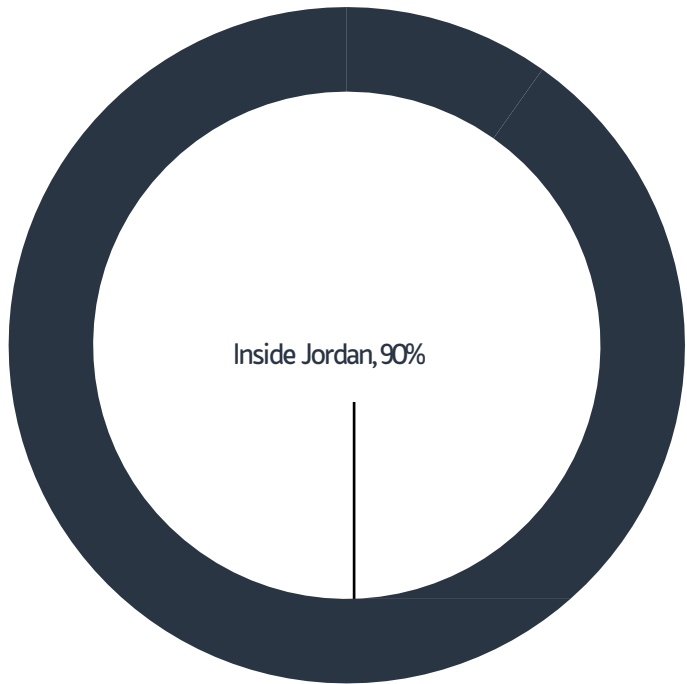
In 2017, gross loans contracted by 6.0% mainly on the back of a 8.5% decline in the corporate book



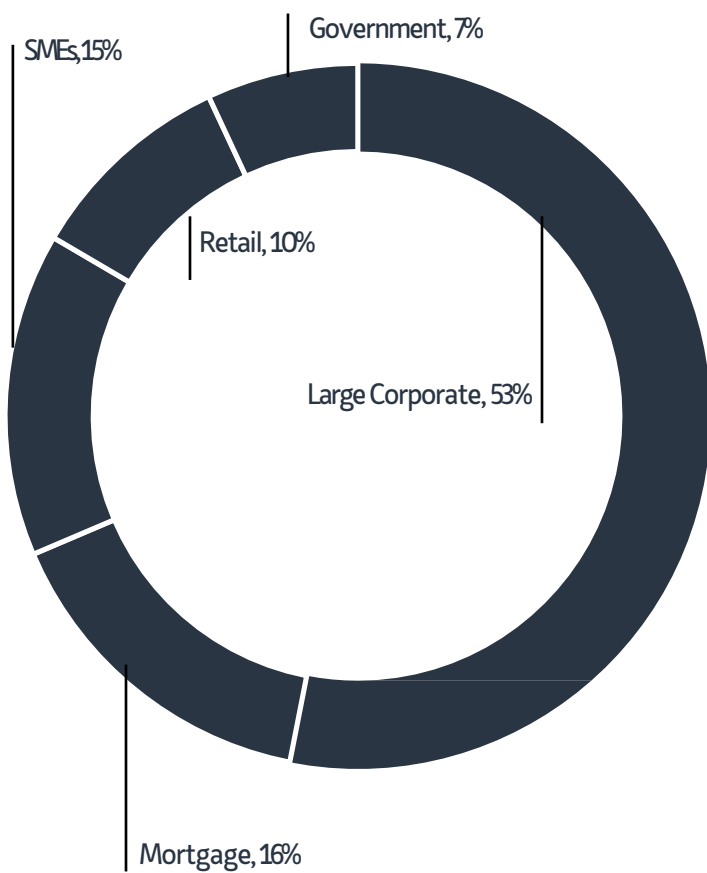
Resilient Balance Sheet
Composition of Assets



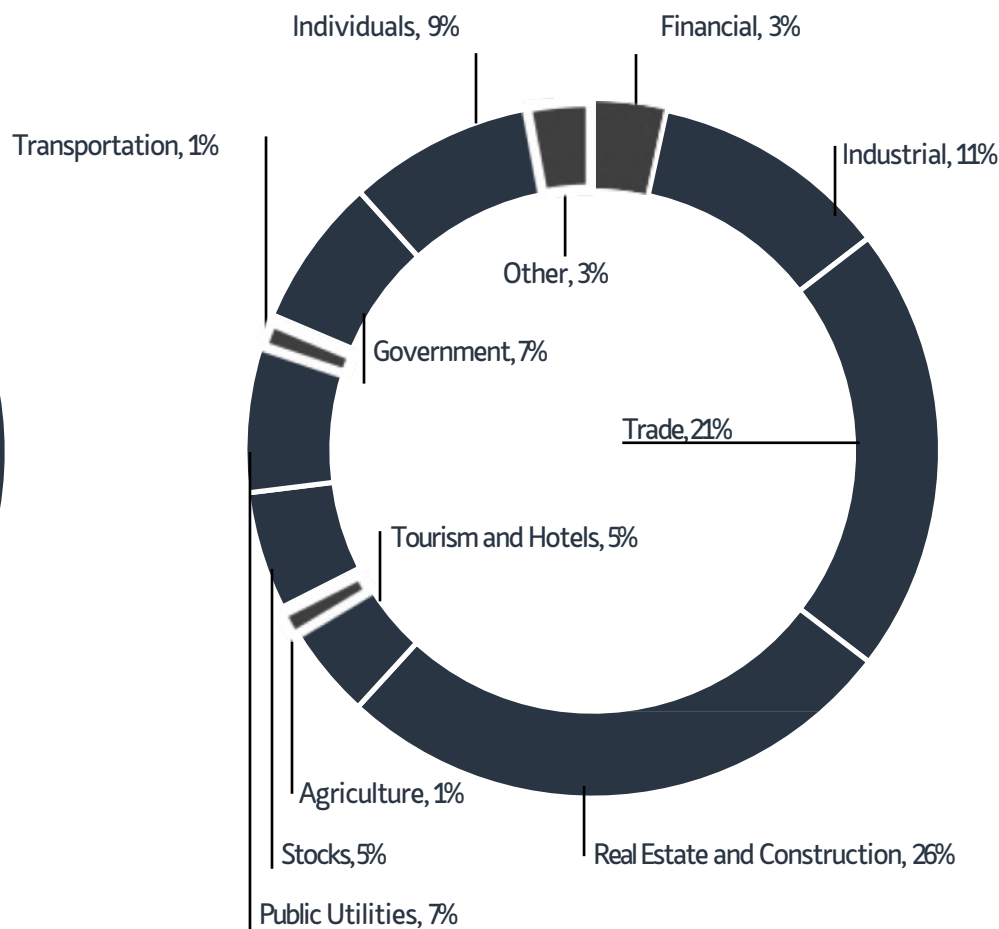
Portfolio Exposure Geared to Jordan



Well Diversified Loan Book, with Focus on Large Corporate



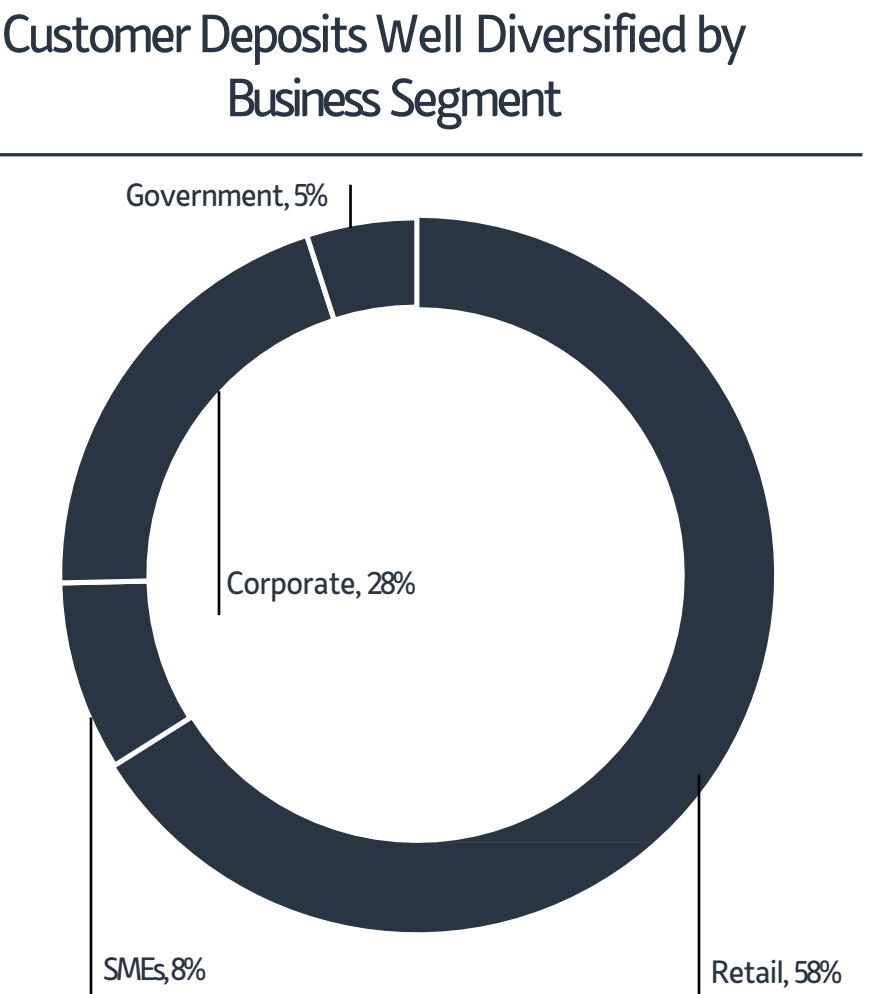
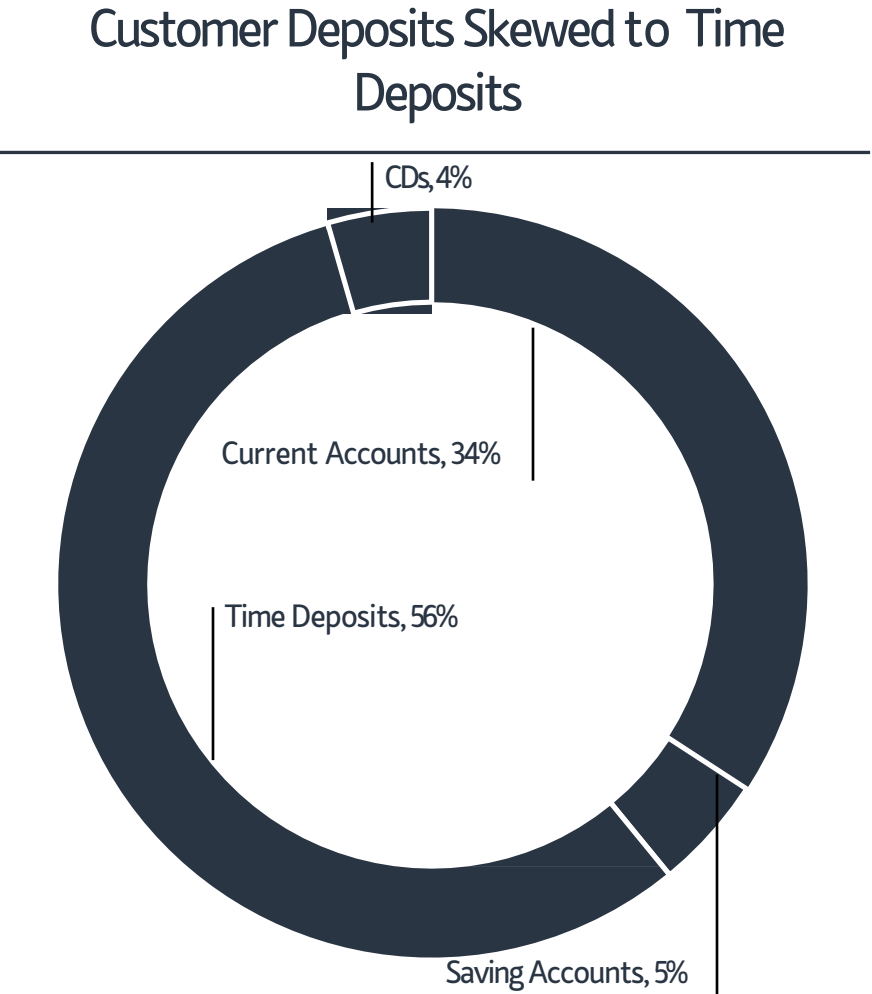
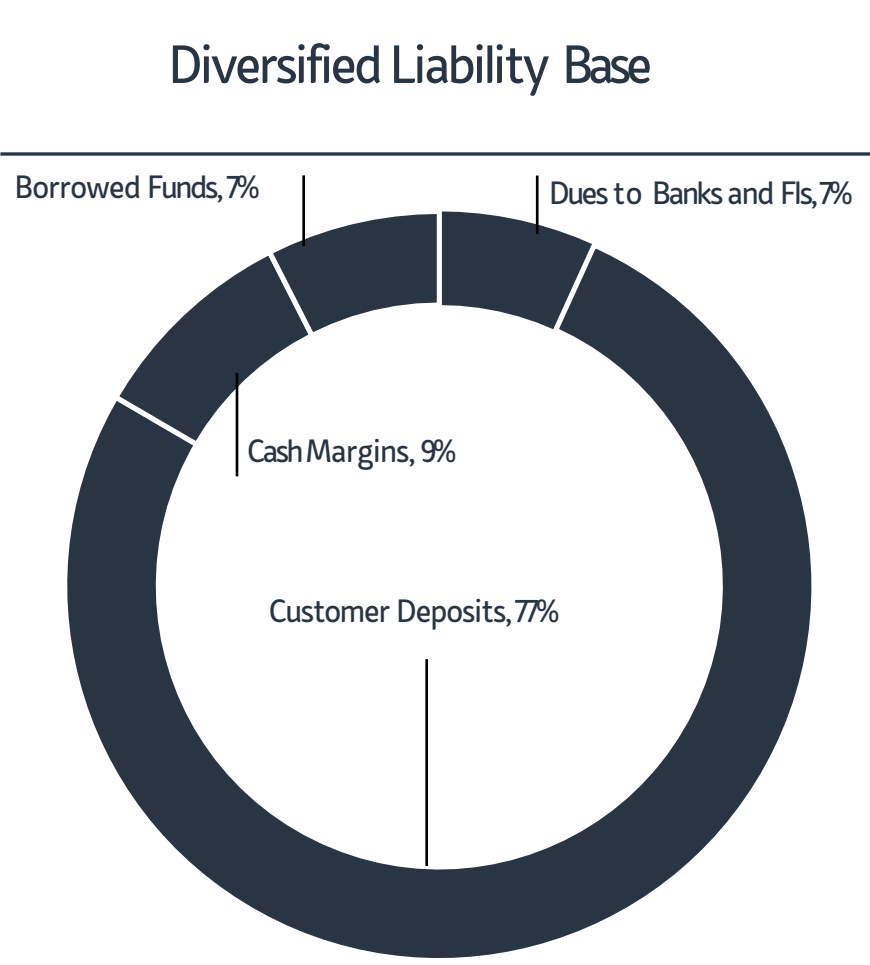
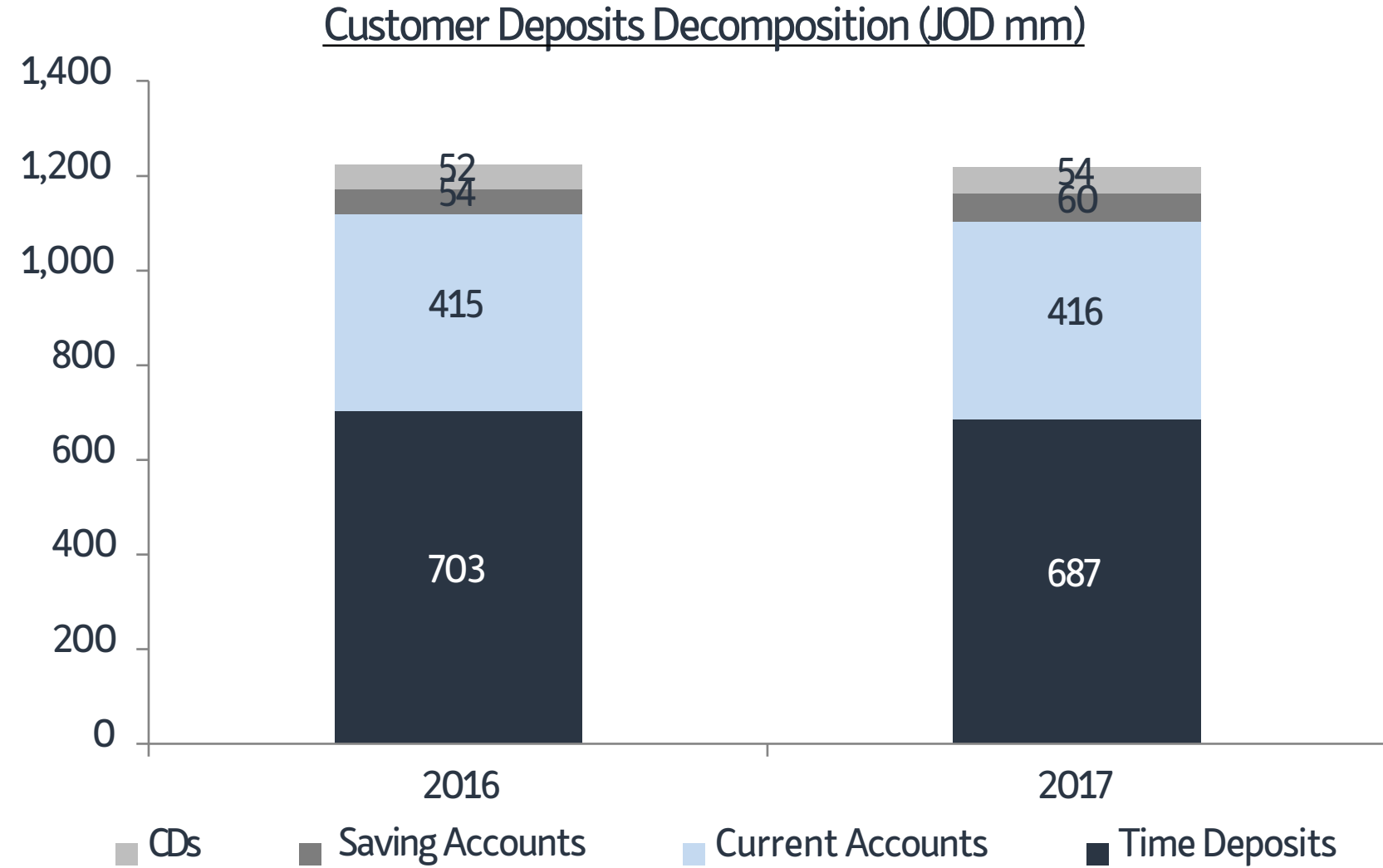
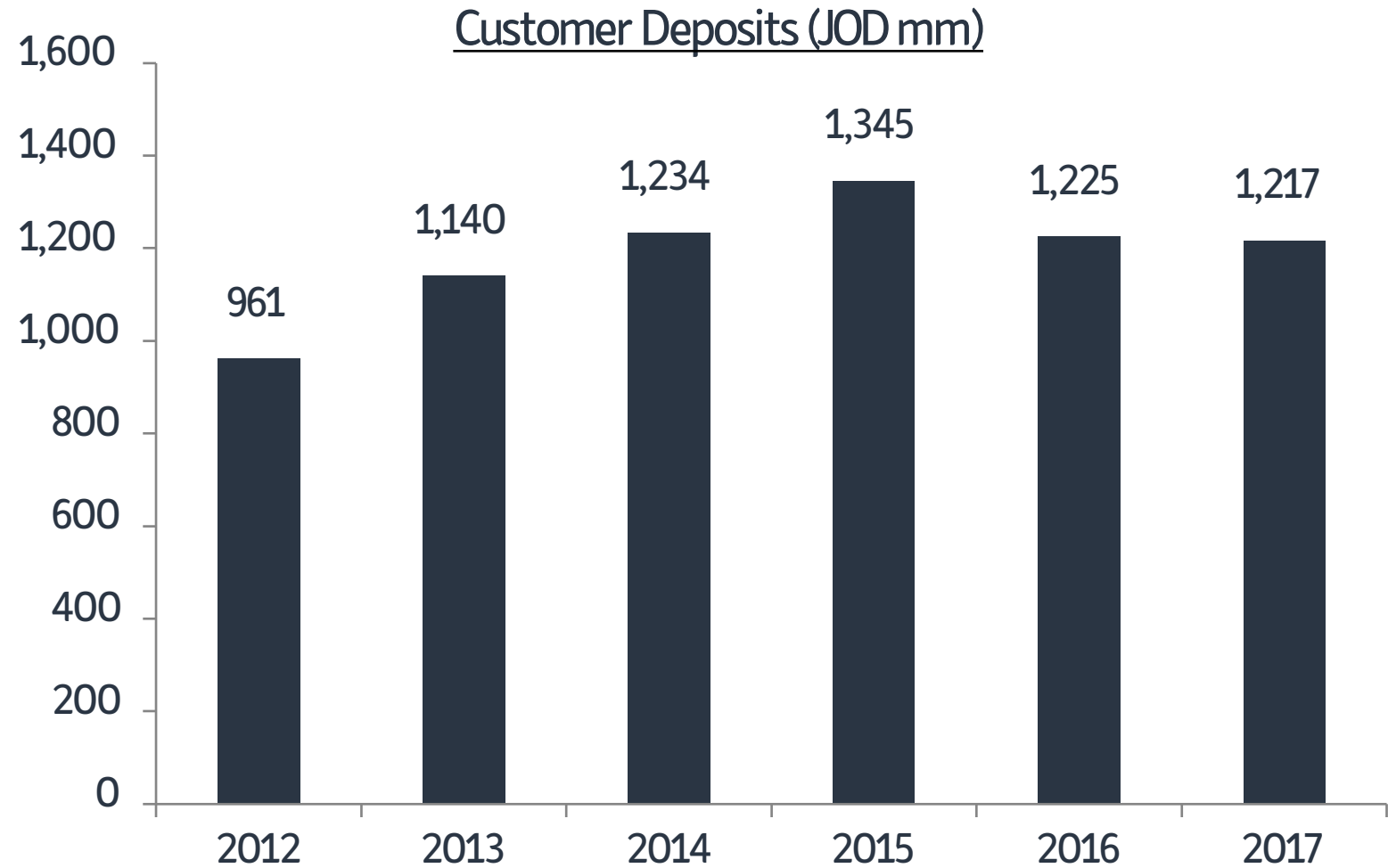
Loans Well Diversified by Economic Sector



Diversified Funding Mix

During 2012-2017, customer deposits grew at a CAGR of 4.8%. In 2017, customer deposits remained almost flat after declining by 9.0% in the previous year mainly due to the reallocation of government deposits from commercial banks to the unified treasury account at the Central Bank of Jordan

Customer deposits continued to be dominated by term deposits and current accounts which together accounted for 91% of the total



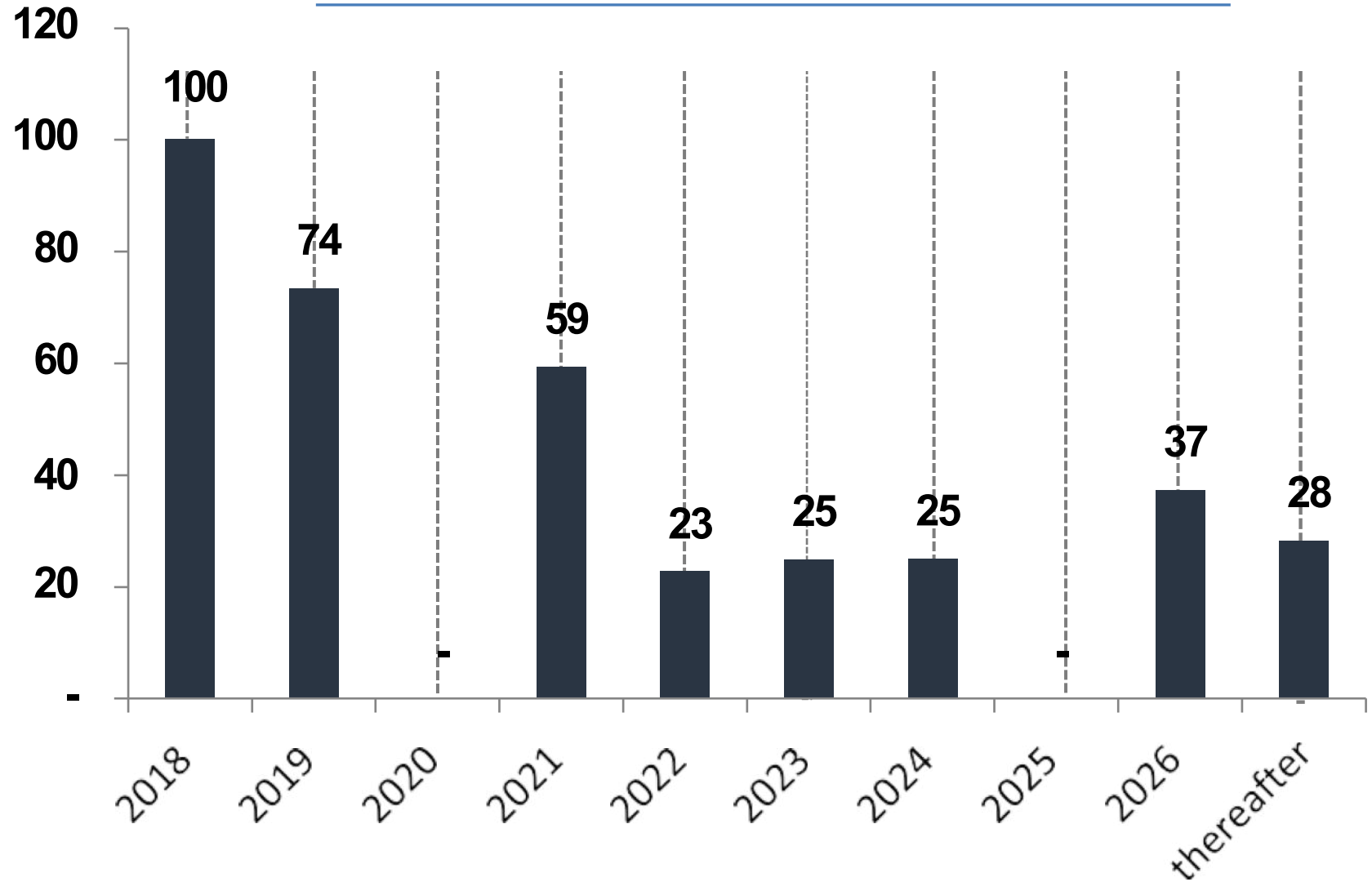
Investment Securities Dominated by High-Quality Government Bonds

- Investment Securities stood at JOD480 million at the end of 2017
- 97% of the portfolio is invested in bonds issued by governments, government related entities, and corporates
- 79.4% of the bonds portfolio is invested in JOD denominated sovereign bonds
- The vast majority of bonds mature before the end of 2022
- The Bond's portfolio is dominated by fixed coupon bonds. Floaters makes up only 3% of the portfolio

High Quality Investment Portfolio Mainly Invested in Government Bonds



Government Bonds Maturity Profile (JODmm)

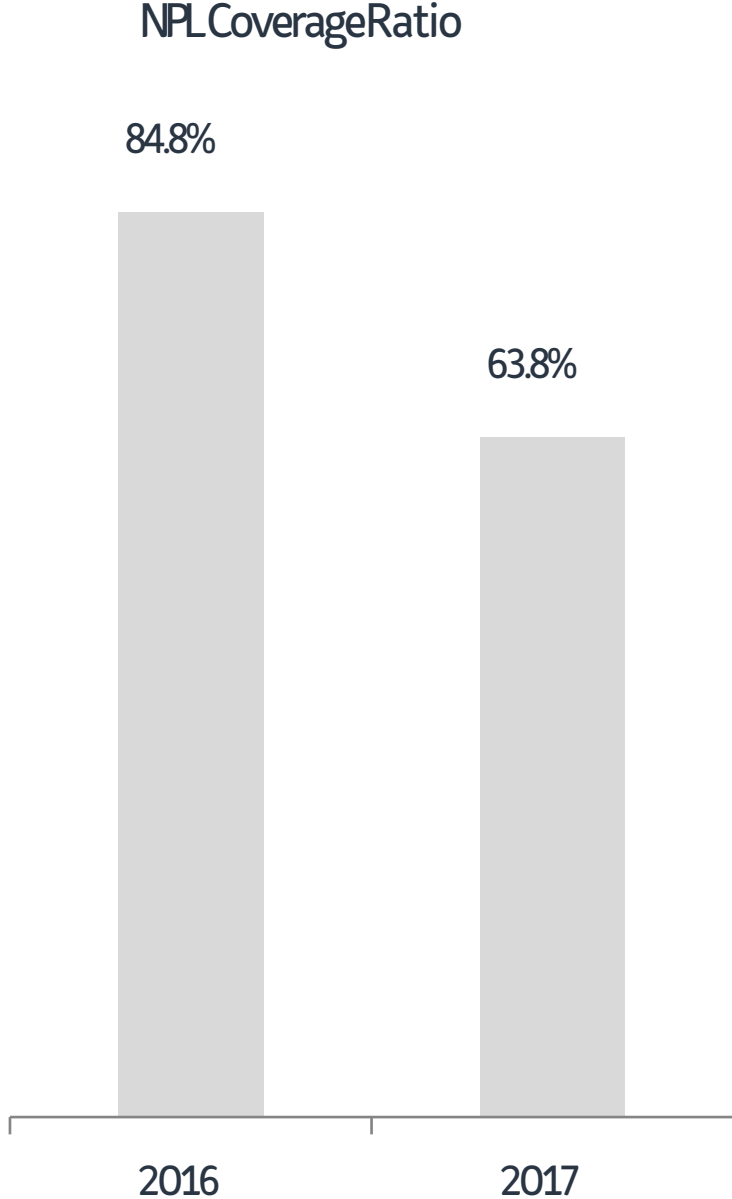
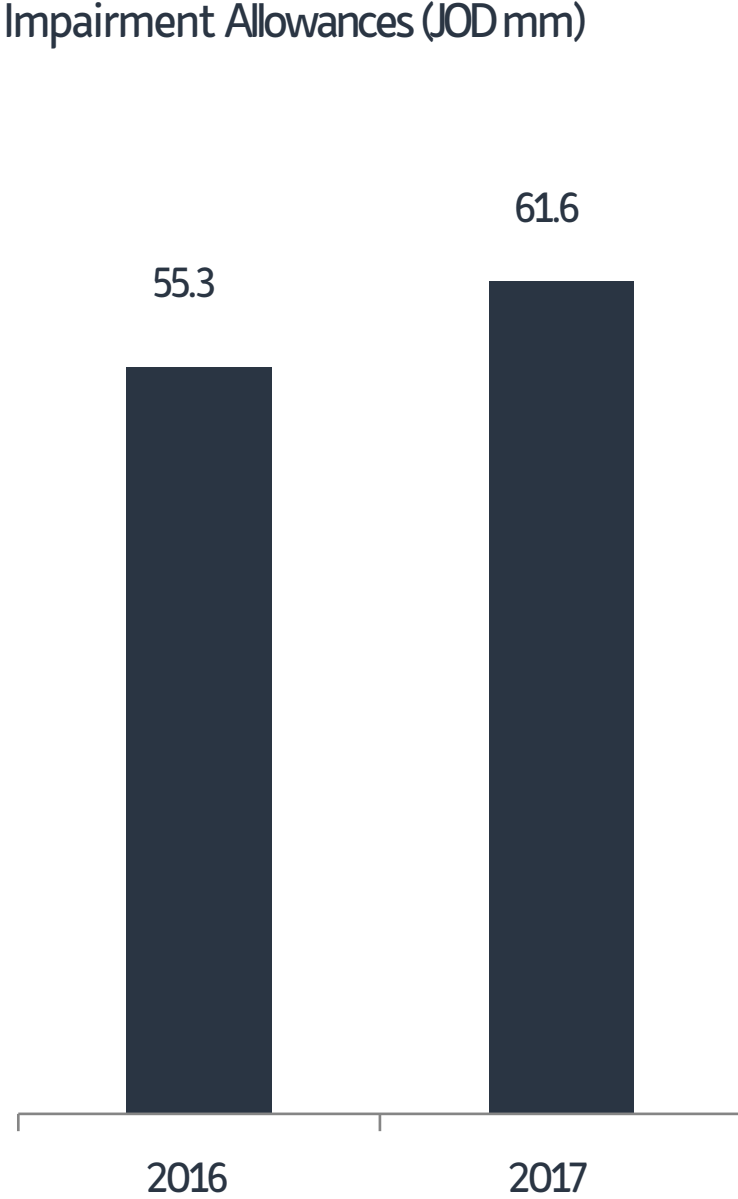
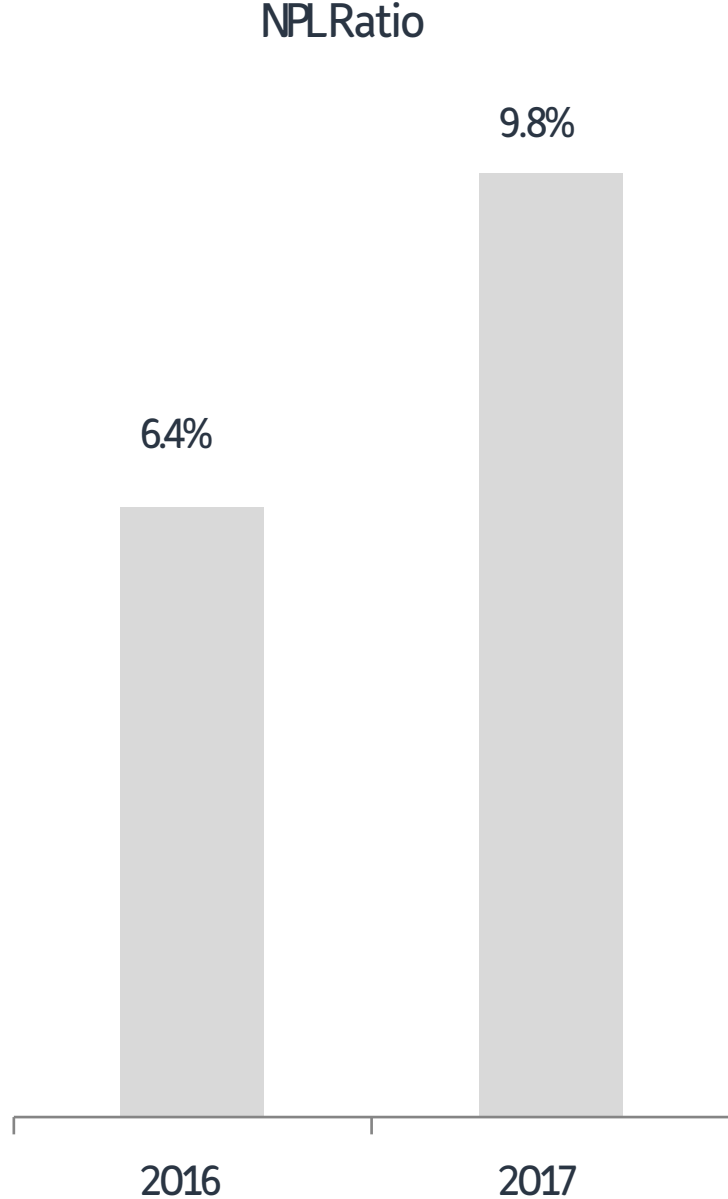
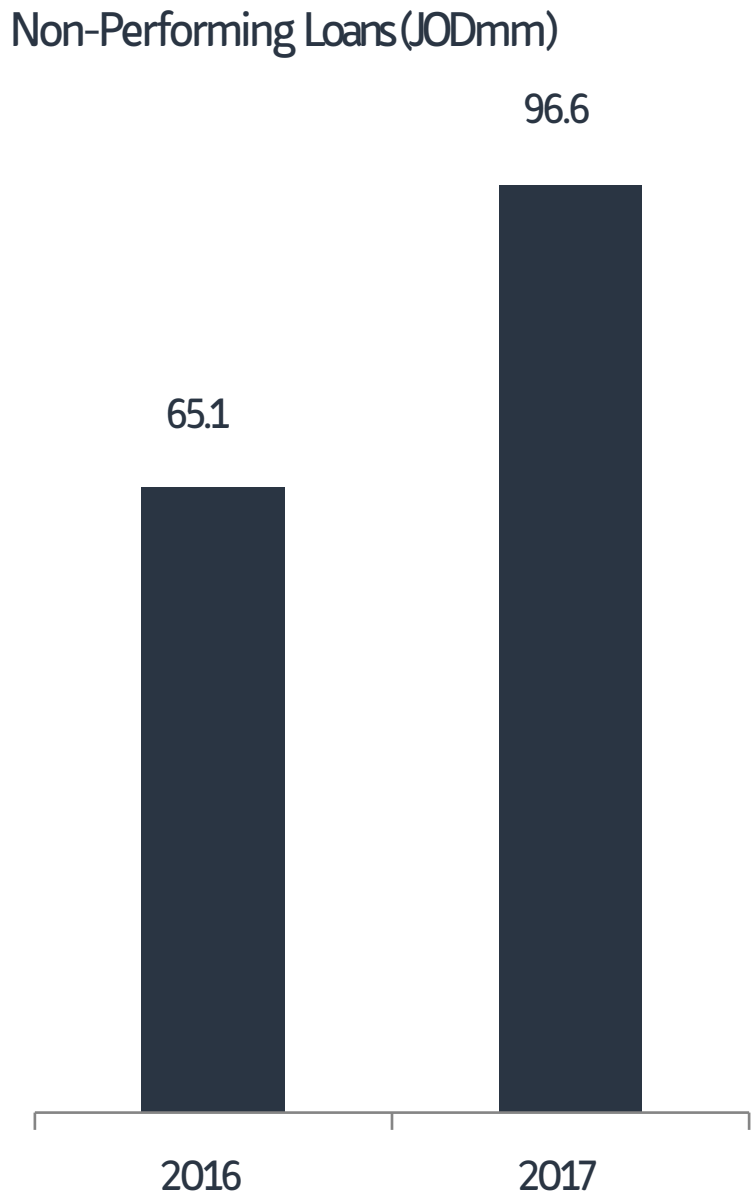
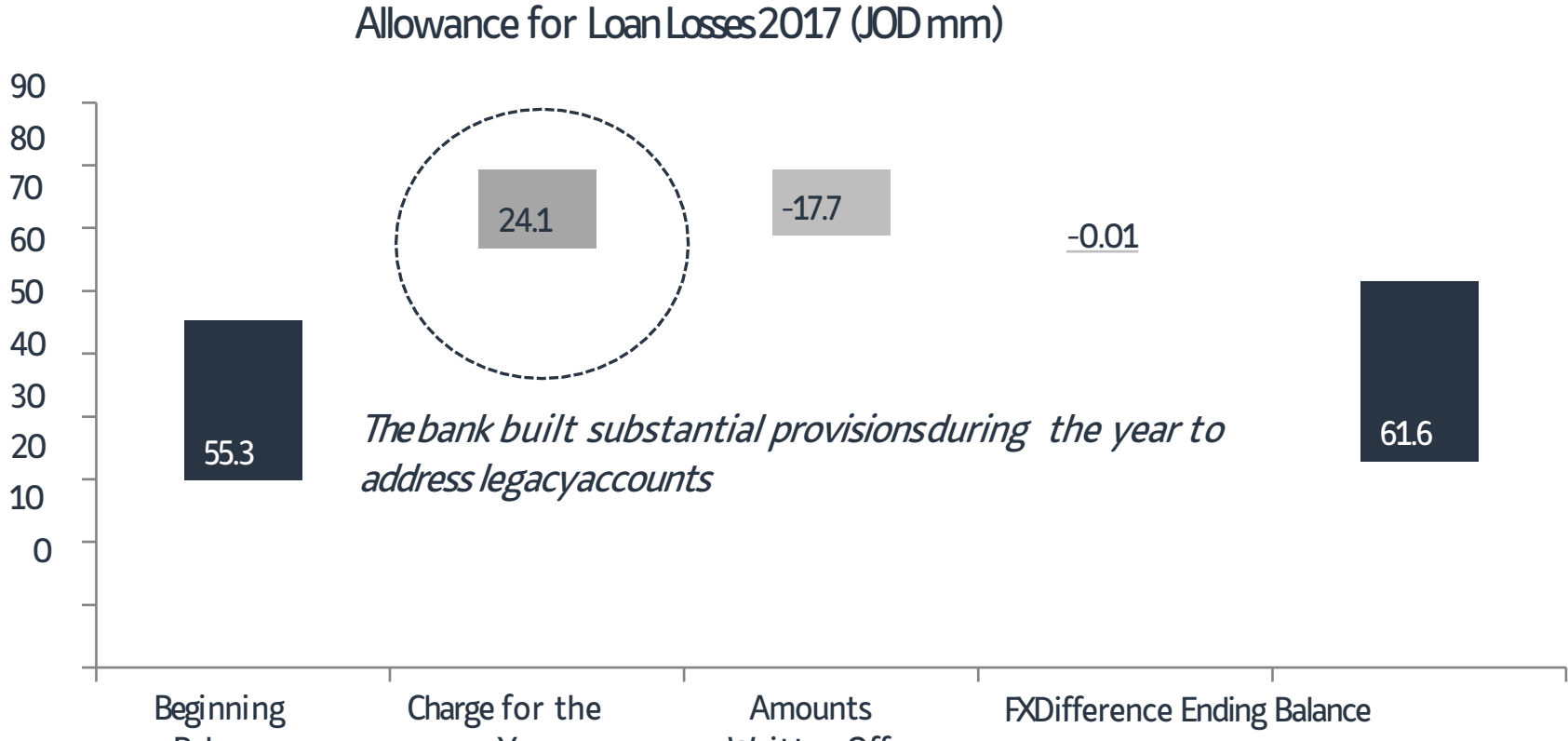
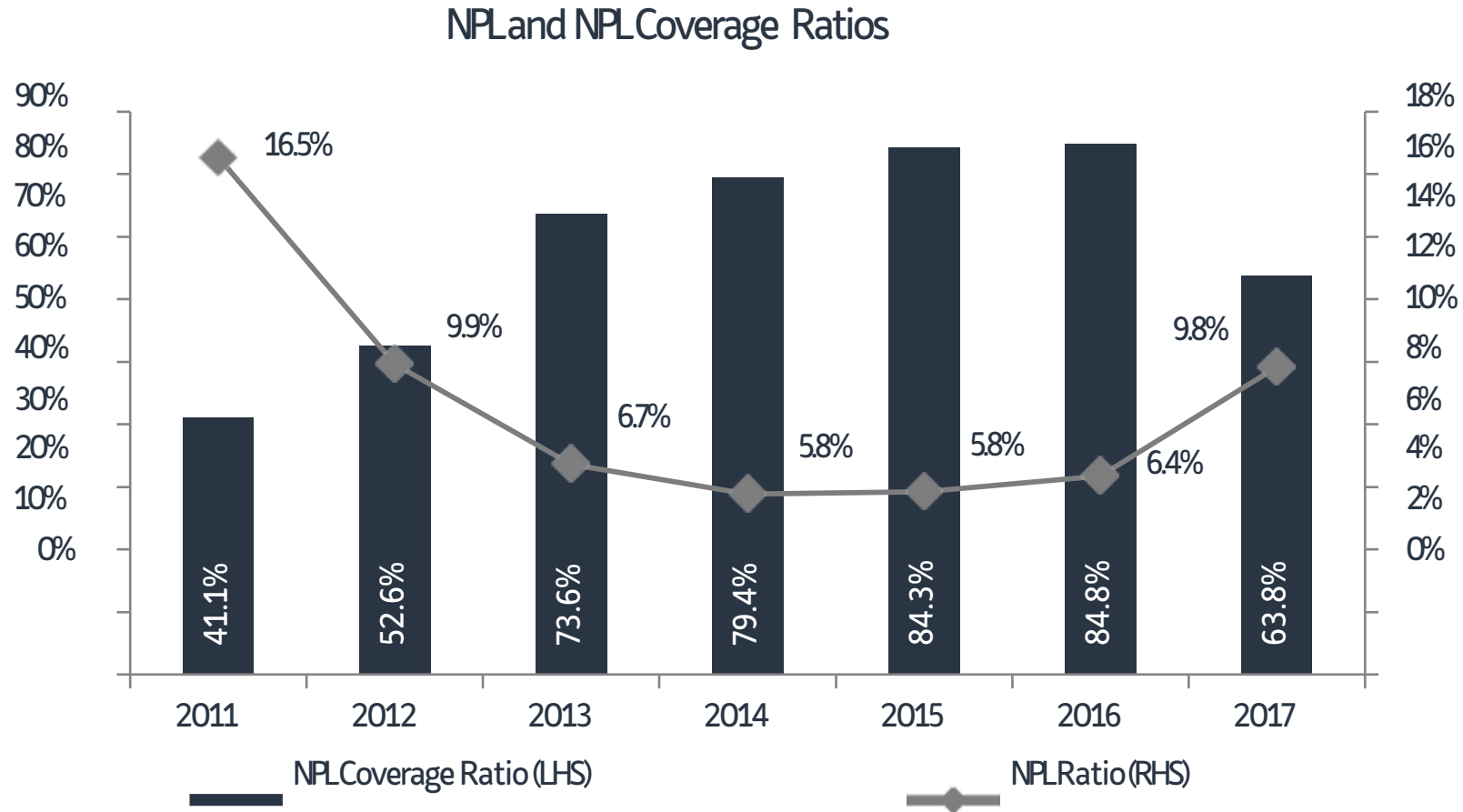


Bonds Coupon Structure



* These bonds represent JOD – denominated government bonds classified under financial assets at amortized cost as at end-2018
 Source: Capital Bank's Financial Statements

Healthy Credit Quality, Strong Provision Build-Up During 2017



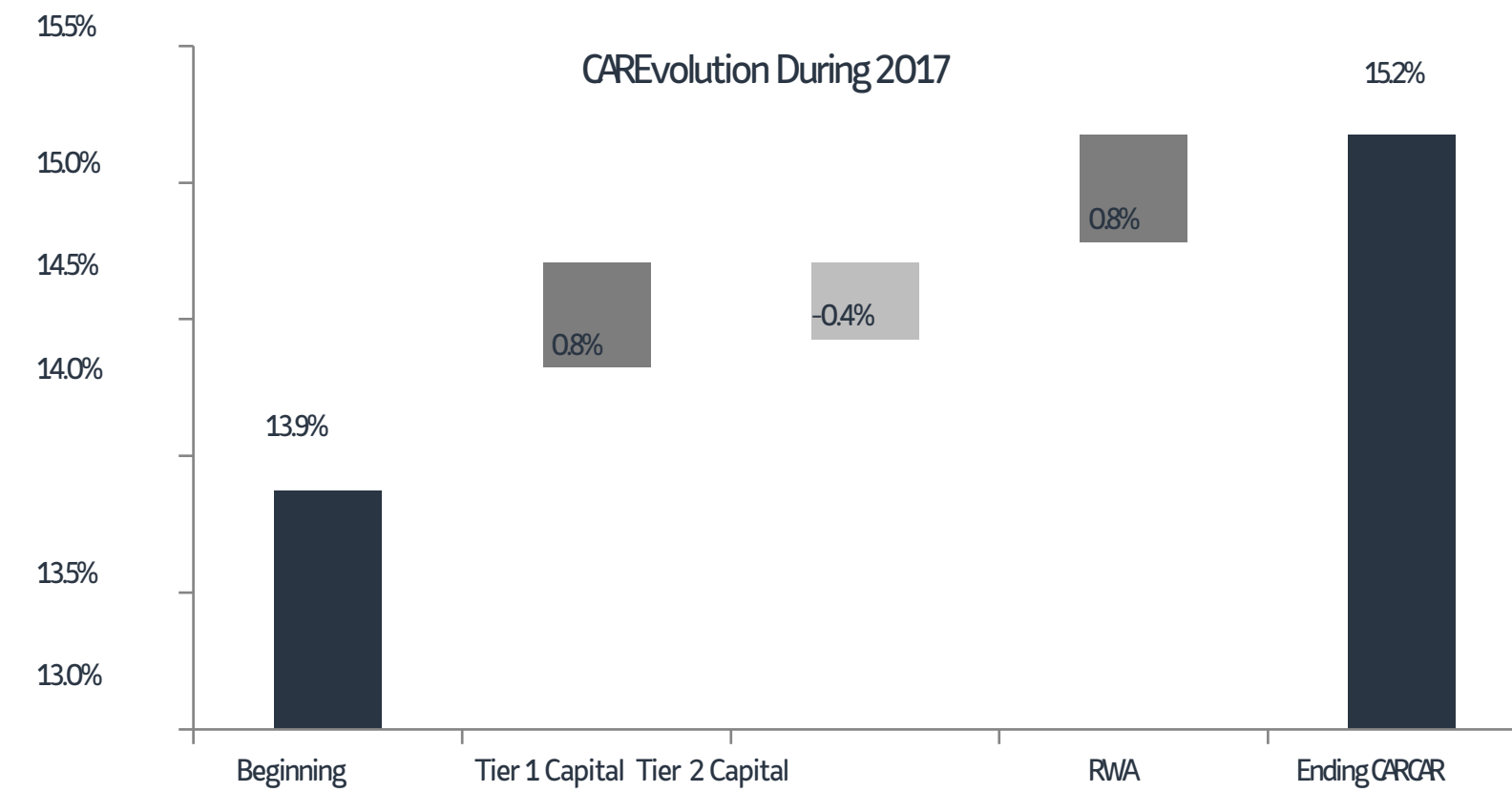
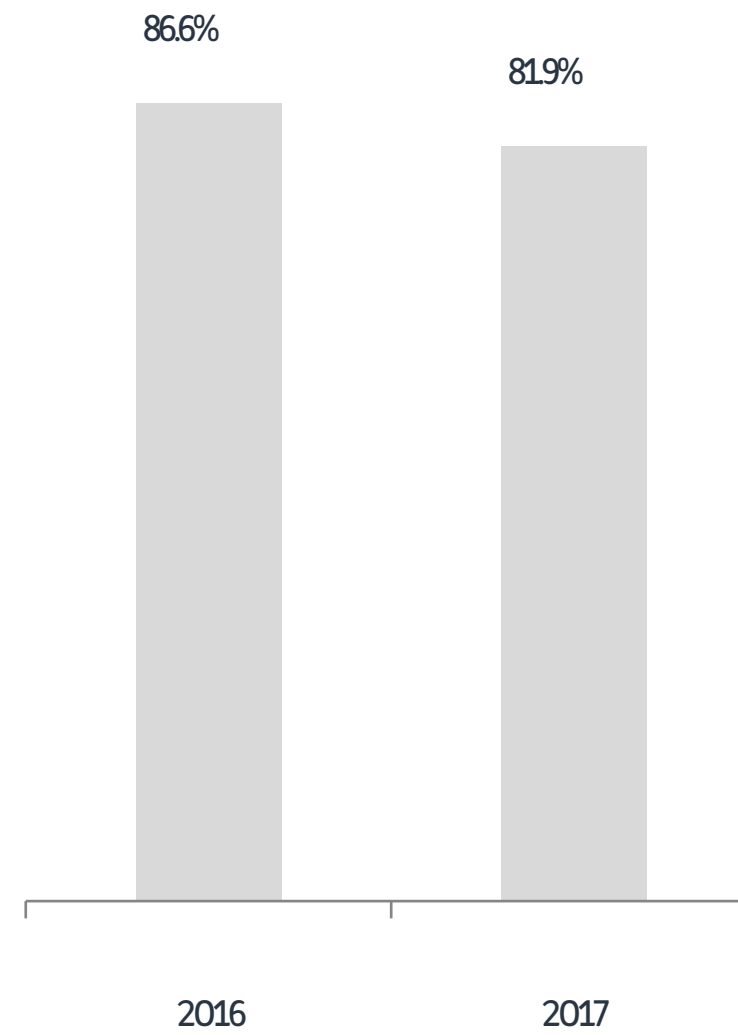
Source: Capital Bank's financial statements

Liquid Balance Sheet, Strong Capital Buffers

Cash and Equivalents / Total Assets

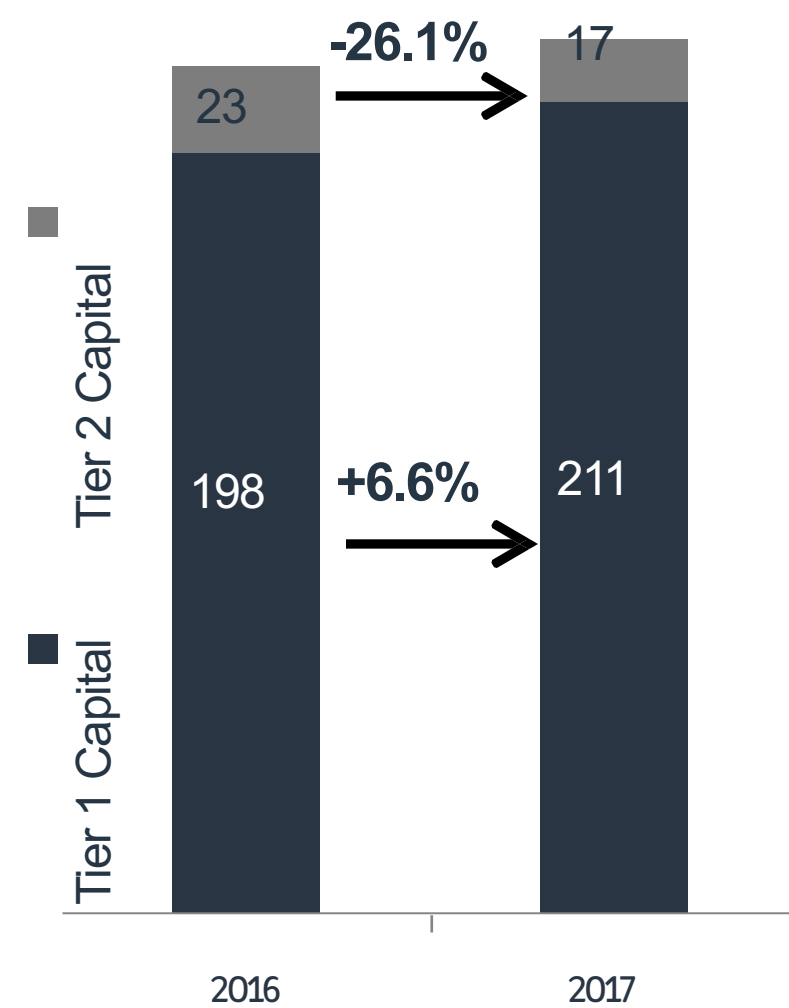


Gross Loans to Deposits

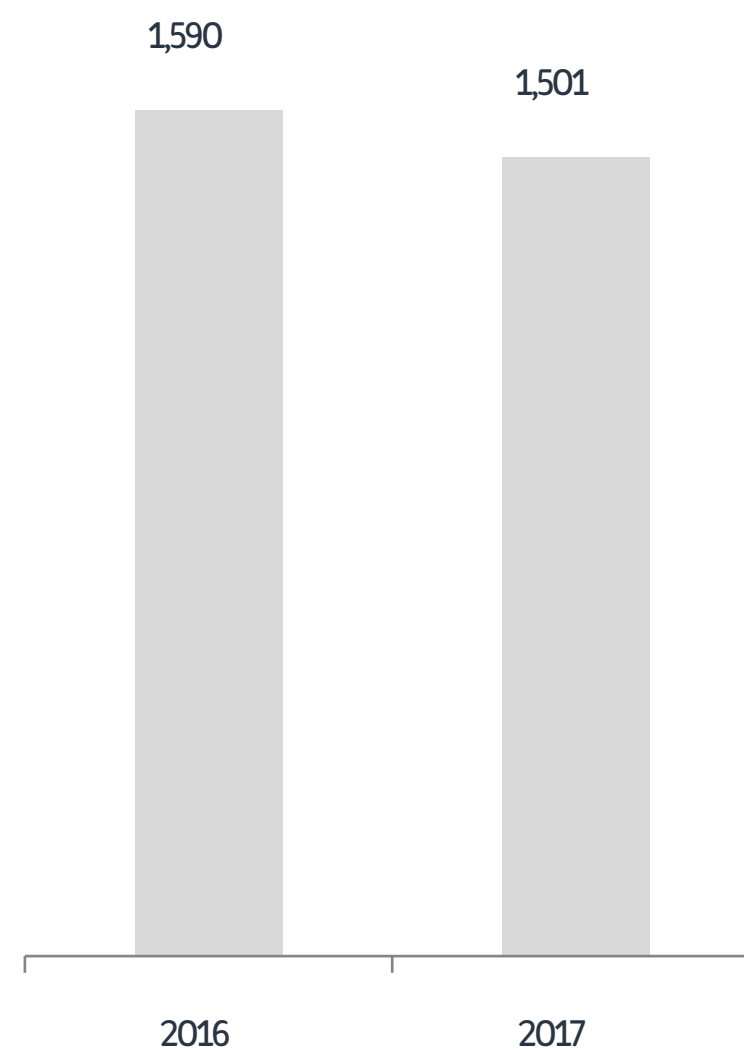


CAR improved significantly during the year to reflect higher retained earnings and the release of a substantial portion of NBI's frozen balances held with the Central Bank of Iraq's Irbil and Al Sulaymaniah branches

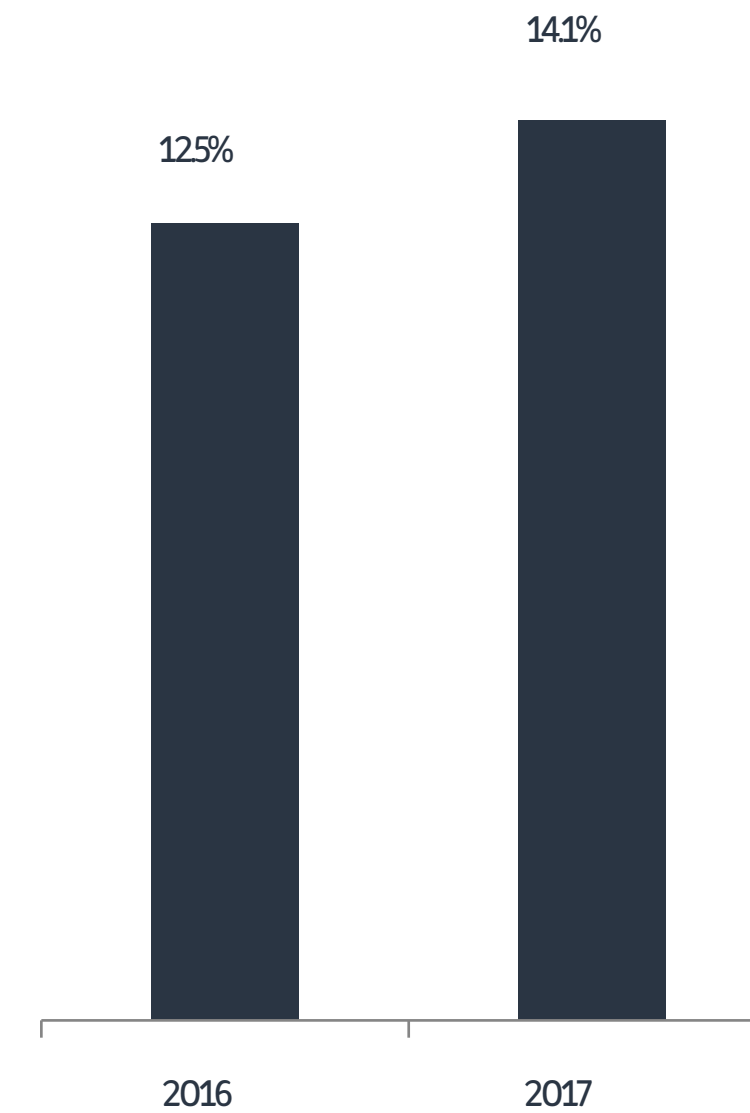
Capital Tier 1 and 2 (JODmm)



Risk Weighted Assets (JOD mm)



Tier 1 Ratio



Capital Adequacy Ratio

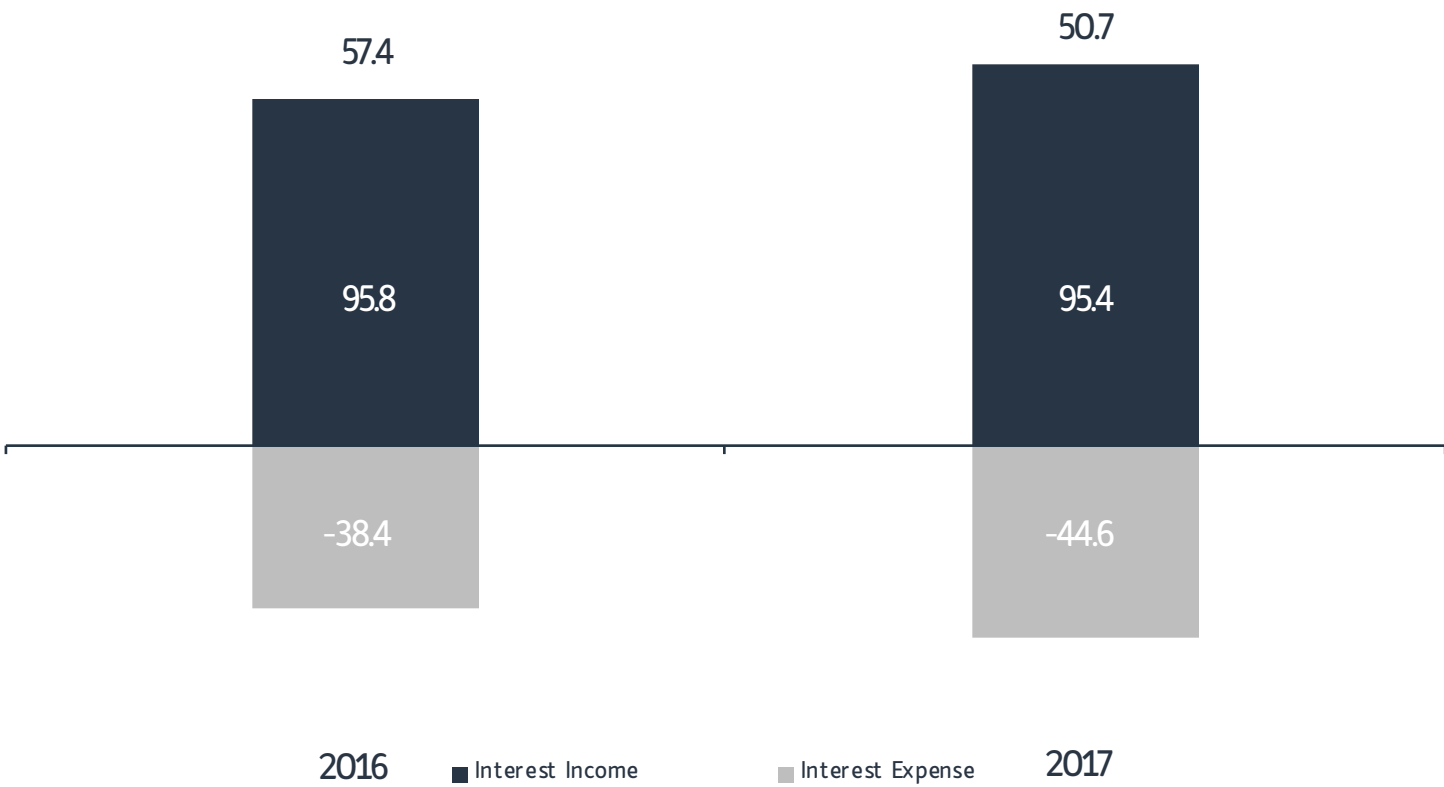


Source: Capital Bank's financial statements

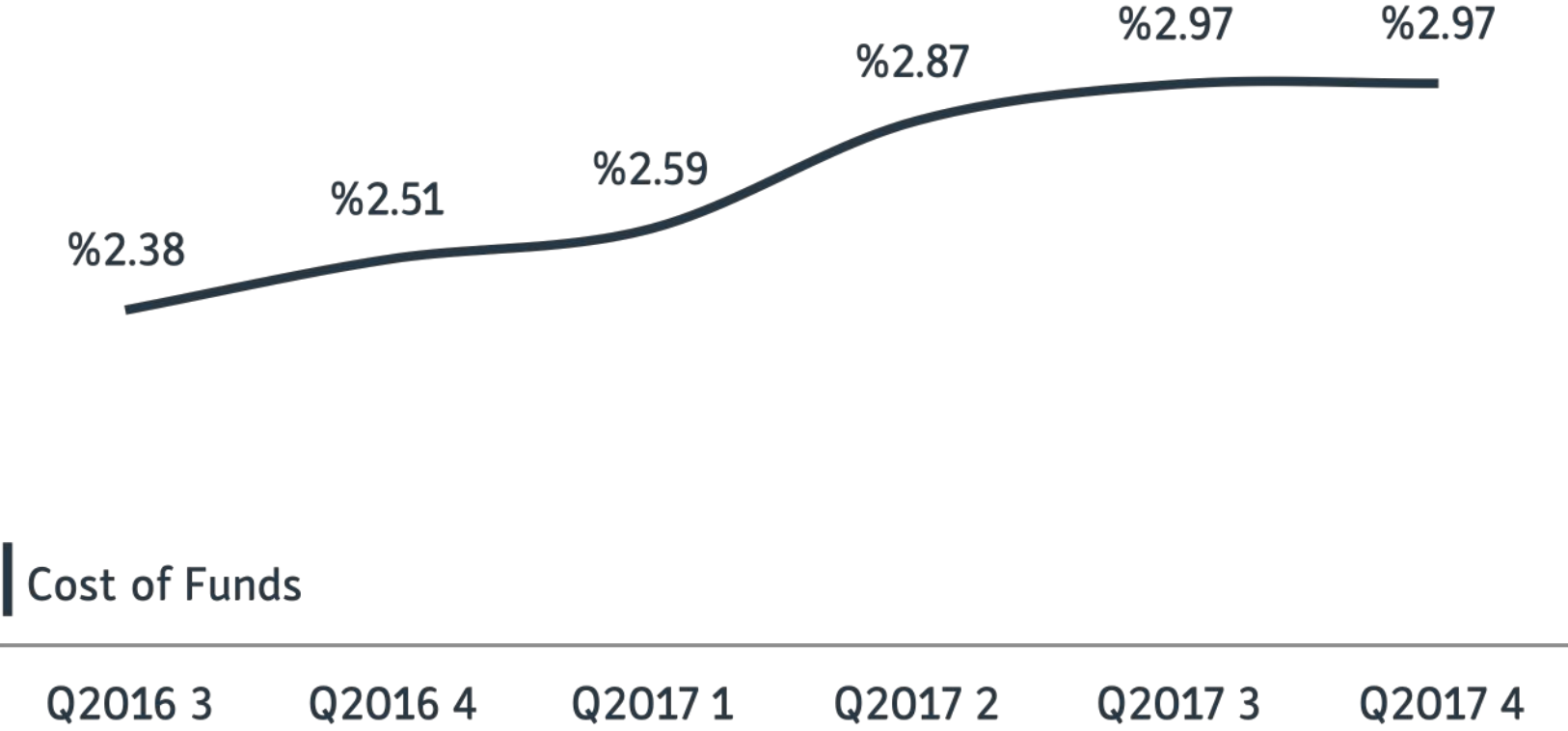
Higher Interest Income Despite Better Loan-to-Deposit Ratio

- Net interest income fell by 11.7% y/y during 2017 on the back of a 16.2% increase in interest expense which was driven by rising interest rates, as customer deposits contracted slightly during the year
- As a result, NIMs contracted by 31 bps to stand at 2.73% vs 3.12% in the previous year
- In Q4, the bank managed to pass on higher interest rates to borrowers, with the yield on interest earning assets expanding to 5.7% (annualized) vs 4.9% in Q1

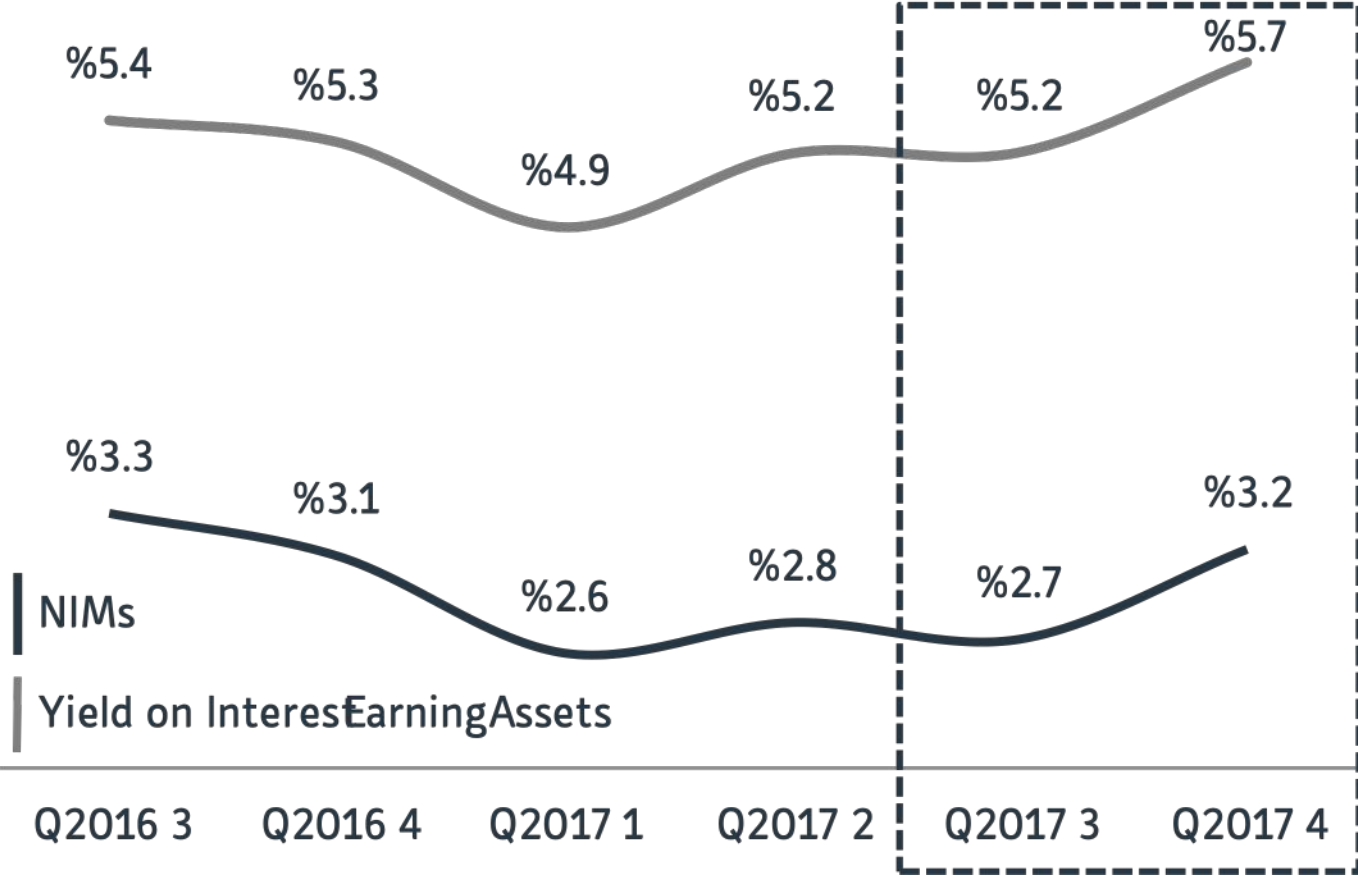
Net Interest Income Fell by 11.6% YoY on Higher Cost of Funds
Net Interest Income (JOD mm)



Cost of Funds Up In line with Key Policy Rates



NIMs Expanded During the Year Amidst Rising Yield on Interest Earning Assets

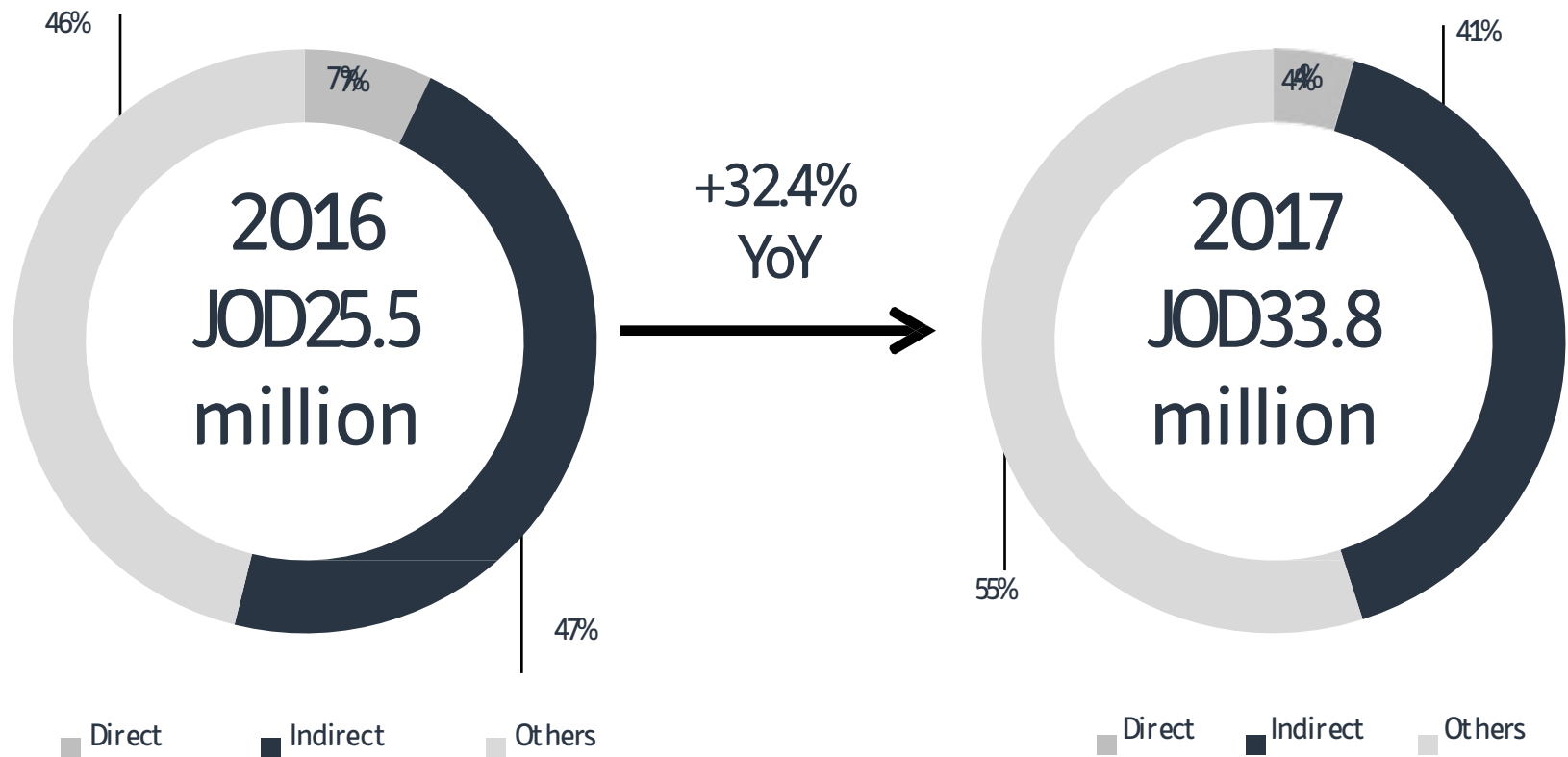


Source: Capital Bank's financial statements

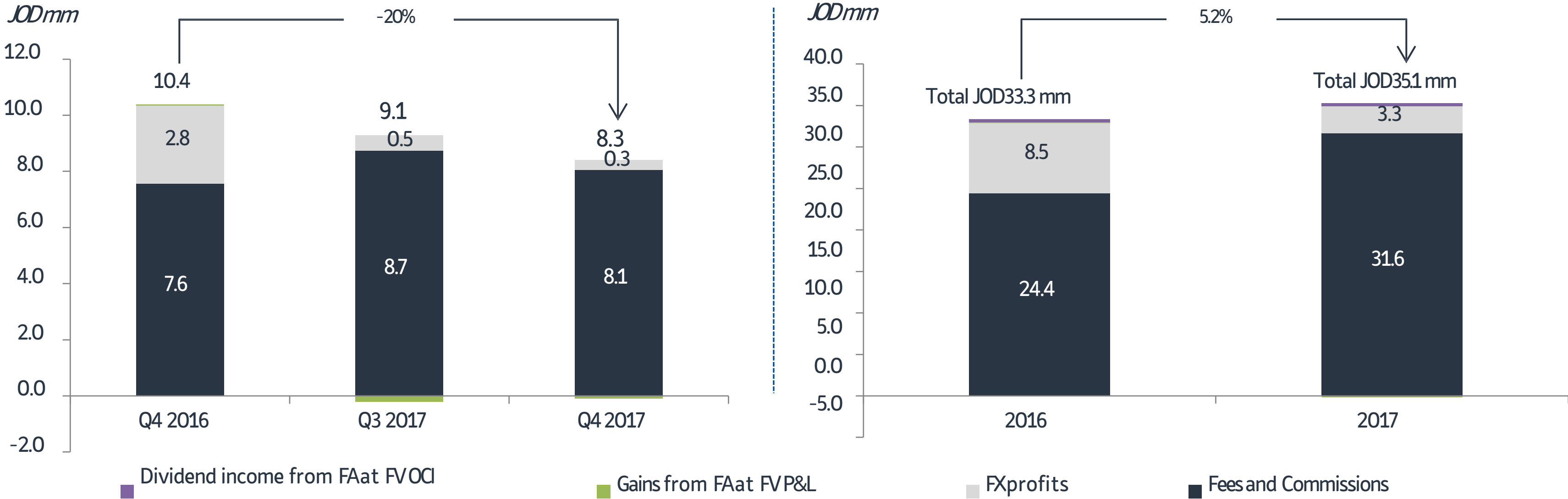
Fees and Commissions Income Surged to Offset Falling NII

- The drop in net interest income was more than offset by the increase in fees and commissions
- Fees and commissions increased by 32.4% y/y in 2017, in line with the bank's direction to focus on non funded income, bringing the net interest and commission income to JOD824 million, up from JOD818 million in the previous year
- The increase in fees and commissions was attributed to a 15.0% increase in indirect commissions and 57.7% surge in other commissions

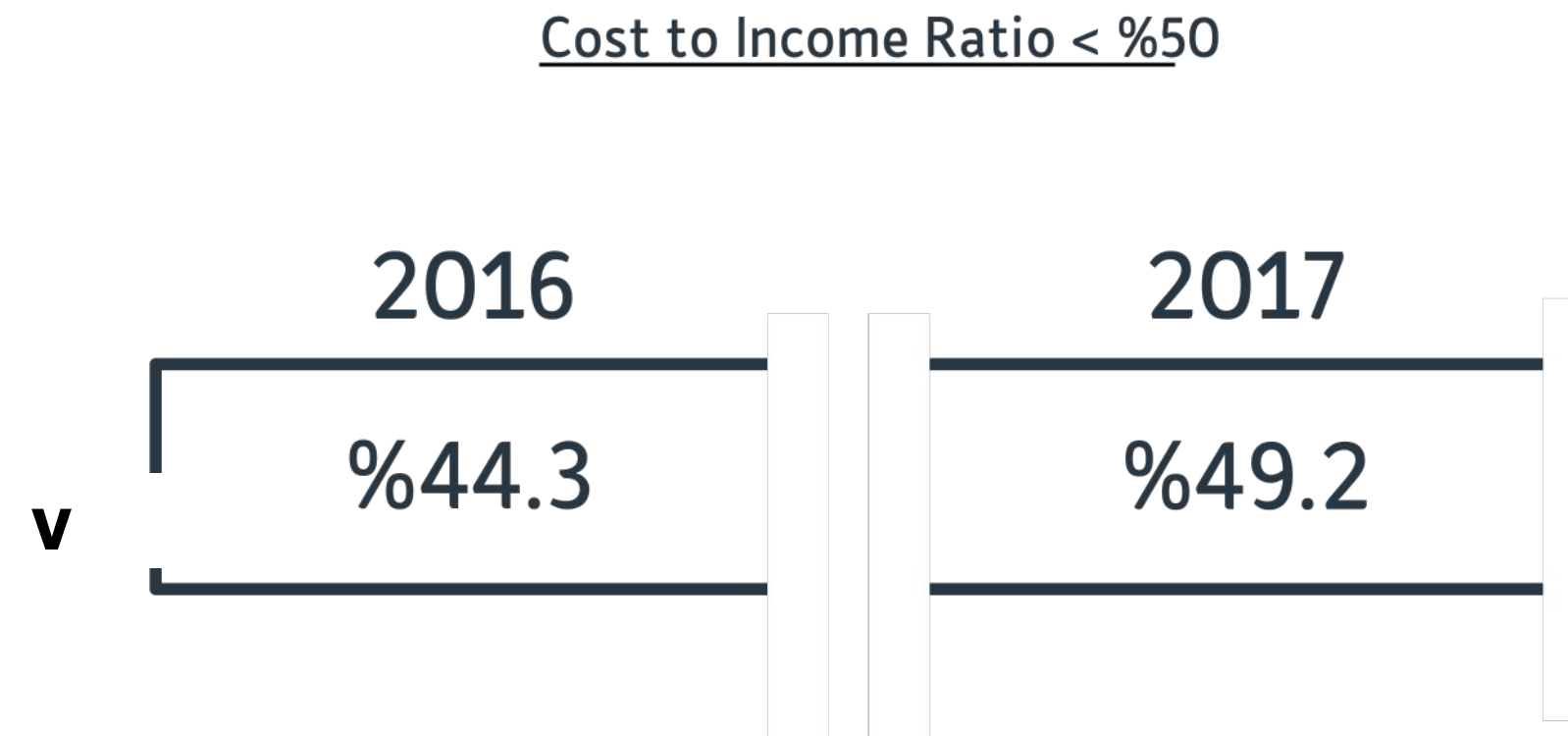
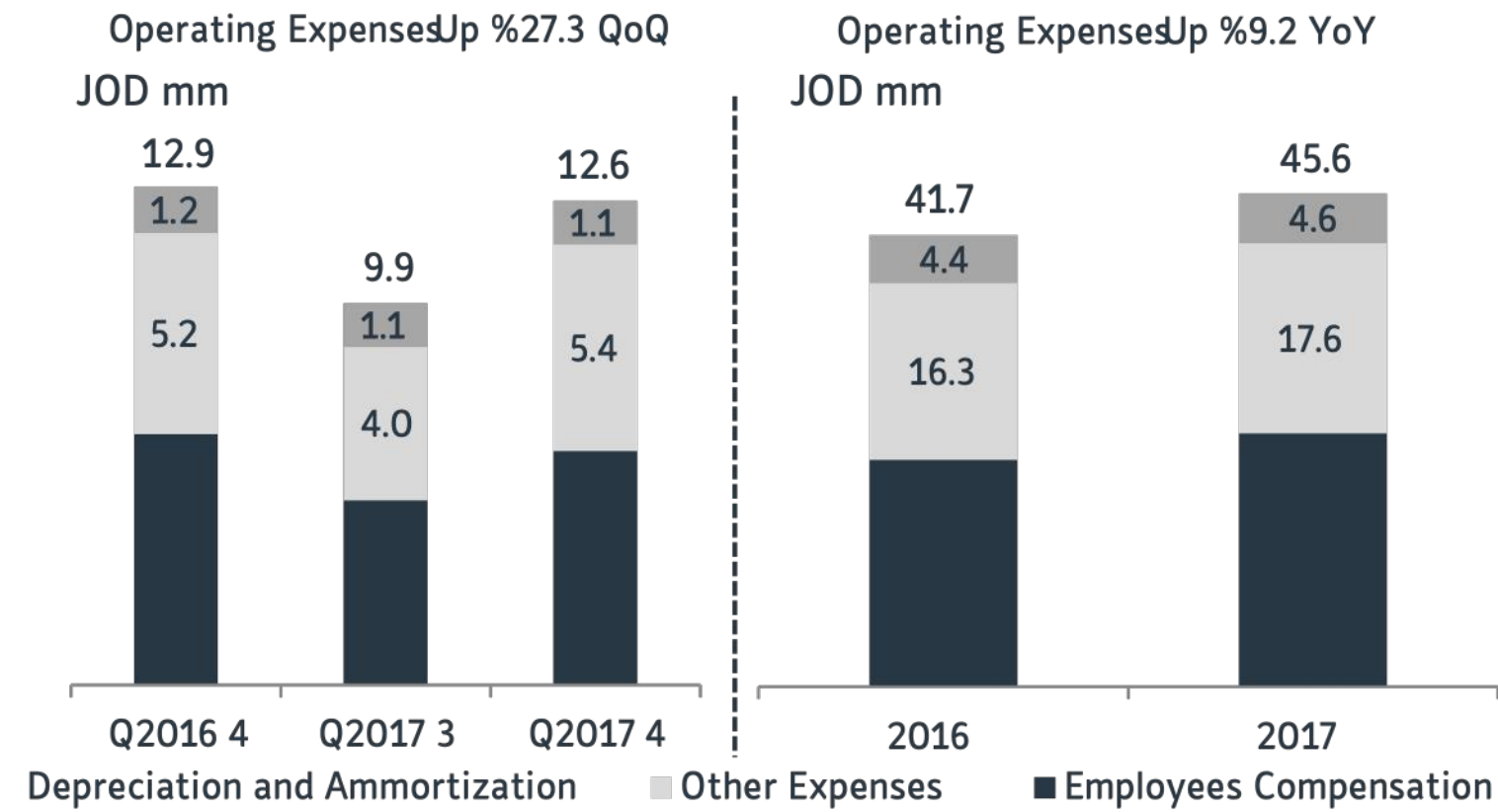
Fees and Commissions Income Gained Traction during 2017



Despite a 20% Drop in Q4, Non-Funded Income Improved during the year on Higher Fees and Commissions Income



Cost to Income < 50%



- 2017 operating expenses of JOD45.6 million was up 9.2% year on year, outpacing revenue growth, resulting in a higher cost to income ratio of 49.2% compared to 44.3% recorded in the previous year
- Staff expenses increased significantly to JOD23.4 million, up from JOD21.0 million in 2016, and comprised 51.4% of total operating expenses compared to 50.3% in 2016
- Other operating expenses of JOD17.6 million was up 7.7% compared to 2016
- Depreciation and amortization (the smallest component of operating expenses) recorded a slight increase to reach JOD4.6 million
 - compared to JOD4.4 million during 2016

Consolidated Balance Sheet

Balance Sheet (JOD mm)		2011	2012	2013	2014	2015	2016	2017
Assets	Cash and Balances with Central Banks	124	206	282	325	345	261	283
	Balances at Banks and Financial Institutions	163	80	124	148	185	166	194
	Deposits with Banks	0	0	6	12	15	0	0
	Financial Assets at Fair Value through P&L	41	15	11	15	3	4	3
	Financial Assets at Fair Value through OCI	5	4	5	5	6	9	9
	Direct Credit Facilities, Net	656	623	676	794	910	970	921
	Financial Assets at Amortized Cost	312	371	505	555	377	451	468
	Financial Assets Pledged as Collateral	4	166	109	37	0	0	0
	Property, Plant, and Equipment	26	25	24	27	30	30	30
	Intangible Assets	8	8	8	9	4	6	6
Deferred Tax Assets	7	7	7	8	8	11	10	
Other Assets	50	102	129	125	101	99	76	
Total Assets		1,396	1,607	1,887	2,062	1,986	2,007	2,000
Liabilities	Dues to Banks and Financial Institutions	124	83	103	169	46	143	108
	Customer Deposits	888	961	1,140	1,234	1,345	1,225	1,217
	Cash margins	58	70	105	143	116	145	145
	Borrowed Funds	57	194	147	95	84	78	119
	Subordinated Bonds	0	0	0	18	18	18	18
	Secondary Loans	13	13	13	10	8	5	0
	Sundry Provisions	11	5	0	0	12	25	17
	Provisions for Expected Credit Loss on Off-BS Items	-	-	-	-	-	-	-
	Income Tax Provisions	3	6	11	13	8	11	2
	Deferred Tax Liabilities	0	0	0	0	1	0	1
Other Liabilities	22	33	42	35	24	24	25	
Total Liabilities		1,175	1,364	1,562	1,717	1,662	1,673	1,651
Shareholders' Equity	Paid-Up Capital	150	165	165	182	200	200	200
	Share Premium	1	1	1	1	1	1	1
	Statutory Reserve	16	18	23	28	30	32	35
	Voluntary Reserve	0	0	0	0	0	0	0
	General Reserve	6	6	8	9	9	10	9
	FX Translation Reserves	3	3	4	6	0	-4	-4
	Fair Value Reserve	-1	-2	-1	-1	-1	-1	0
	Equity Component of the Convertible Loans	1	1	1	1	0	0	0
	Retained Earnings	29	31	64	57	31	40	51
	Shareholders' Equity	204	223	264	282	269	278	292
NCI	17	19	60	63	55	56	58	
Total Equity		221	243	324	345	324	334	349
Total Liabilities and Shareholders' Equity		1,396	1,607	1,887	2,062	1,986	2,007	2,000

Source: Capital Bank's financial statements

Consolidated Income Statement

Income Statement (JOD mm)	2011	2012	2013	2014	2015	2016	2017
Interest Income	70.6	81.6	99.8	108.7	100.3	95.8	95.4
Interest Expense	-35.4	-39.6	-58	-54.8	-43.2	-38.4	-44.6
Net Interest Income	35.1	41.9	41.8	53.9	57.1	57.4	50.7
Fees and Commissions	14.7	32.2	19.7	20.6	15.8	24.4	31.6
Net Interest and Fees Income	49.8	74.1	61.5	74.5	72.9	81.8	82.4
FX profits	1.5	1.5	2.8	2.3	5.3	8.5	3.3
Gains from FA at FV P&L	0	2.3	2.9	1.9	-4.4	0	-0.2
Dividend income from FA at FV OCI	0.1	0.1	0.1	0.1	0.1	0.3	0.4
Gains from FA at Amortized cost	0.1	-0.1	0.1	0.1	0	0	0.5
Impairment of Financial Assets	-0.5	0	0	0	0	0	0
Other income	2.5	3	11.6	12.7	1.7	3.5	6.3
Gross Profit	53.5	81	79	91.5	75.6	94.2	92.6
Employees compensation	-11.7	-13.1	-15.5	-16.2	-18.1	-21	-23.4
Depreciation and amortization	-2.8	-3.4	-3.6	-3.6	-3.8	-4.4	-4.6
Other Expenses	-7.9	-9.9	-11.7	-13.3	-16.1	-16.3	-17.6
Impairment Loss on Seized Assets	-2.8	-2.5	-3.5	-0.5	1.4	-0.2	-0.2
Impairment of loan losses	-15.8	-27.9	-0.9	-7.7	-8.8	-8.7	-24.1
Other provisions	-10.5	5.5	5	-0.1	-19	-16.5	8.6
Total Expenses	-51.5	-51.3	-30.3	-41.4	-64.5	-67.1	-61.3
Pre-tax Income	2	29.7	48.7	50.1	11.1	27.1	31.4
Tax Expense	-0.6	-7.7	-11.7	-13.8	-10	-11	-4.1
Net Income	1.4	22	37	36.3	1.1	16.1	27.3
Attributable to Shareholders	1	19.8	35.2	33.5	4.9	12.4	24.4
Minority Interest	-0.4	-2.2	-1.9	-2.8	3.9	-3.7	-3.0

Source: Capital Bank's financial statements

Group Key Metrics

Summary Sheet	2011	2012	2013	2014	2015	2016	2017
Key Balance Sheet Indicators (JOD mm)							
Total Assets	1,395.8	1,606.9	1,886.6	2,061.7	1,986.0	2,007.3	2,000.4
Loan Portfolio	655.9	623.3	676.4	794.4	910.5	970.5	921.0
Bond Portfolio	312.3	370.5	505.0	554.9	377.5	450.7	467.9
Total Liabilities	1,174.6	1,364.1	1,562.3	1,716.8	1,661.8	1,673.2	1,651.0
Customer Deposits	887.9	961.0	1,140.3	1,234.1	1,345.1	1,224.7	1,217.0
Key Income Statement Indicators (JOD mm)							
Net Interest Income	35.1	41.9	41.8	53.9	57.1	57.4	50.7
Net Interest and Commissions Income	49.8	74.1	61.5	74.5	72.9	81.8	82.4
Gross Income	53.5	81	79	91.5	75.6	94.2	92.6
Net Income	1.4	22	37	36.3	1.1	16.1	27.3
Asset Quality							
NPL Ratio (including IIS)	18.7%	12.1%	9.7%	8.5%	8.7%	9.4%	11.2%
NPL Ratio (excluding IIS)	16.5%	9.9%	6.7%	5.8%	5.8%	6.4%	9.8%
Provisions Coverage Ratio (excluding IIS)	41.1%	52.6%	73.6%	79.4%	84.3%	84.8%	63.8%
Capital							
Capital Adequacy Ratio	17.2%	19.3%	18.7%	18.8%	18.3%	13.9%	15.2%
Tier I Capital Ratio	15.4%	18.0%	17.5%	16.5%	16.8%	12.5%	14.1%
Efficiency Ratios							
Cost to Net Interest and Commission Income	45.0%	35.5%	50.0%	44.4%	52.2%	51.0%	55.3%
Cost to Gross Income	41.9%	32.5%	39.0%	36.2%	50.4%	44.3%	49.2%
Liquidity Ratios							
Utilization Ratio (gross facilities)	81.4%	70.1%	64.5%	69.4%	73.4%	86.6%	81.9%
Utilization Ratio (net facilities)	73.9%	64.9%	59.3%	64.4%	67.7%	79.2%	75.7%
Utilization Ratio (net facilities to total deposits)	42.9%	40.9%	48.6%	50.5%	46.5%	43.7%	47.2%
Profitability Ratios							
Net Interest Margin	2.9%	3.1%	2.7%	3.0%	3.1%	3.1%	2.7%
ROaA	0.1%	1.5%	2.1%	1.8%	0.1%	0.8%	1.4%
ROaE	0.7%	9.5%	13.1%	10.9%	0.3%	4.9%	8.0%
Loan Book Decomposition							
Retail	10.6%	13.7%	16.3%	13.7%	12.2%	10.5%	9.6%
Mortgage	11.4%	14.4%	15.1%	14.9%	14.3%	14.6%	15.5%
Large Corporate	71.7%	65.1%	61.5%	61.5%	55.3%	54.6%	53.1%
SMEs	4.0%	4.6%	5.3%	6.2%	7.9%	11.0%	14.8%
Government	2.3%	2.2%	1.9%	3.6%	10.3%	9.2%	6.9%
Customer Deposits Breakdown							
Current Accounts	24.1%	29.4%	28.3%	33.4%	37.0%	33.9%	34.2%
Saving Accounts	1.9%	3.0%	6.3%	5.0%	4.4%	4.4%	4.9%
Time Deposits	70.1%	63.4%	61.4%	57.7%	54.3%	57.4%	56.4%
Certificates of Deposit	3.8%	4.2%	4.0%	3.8%	4.3%	4.2%	4.5%

Source: Capital Bank

Content

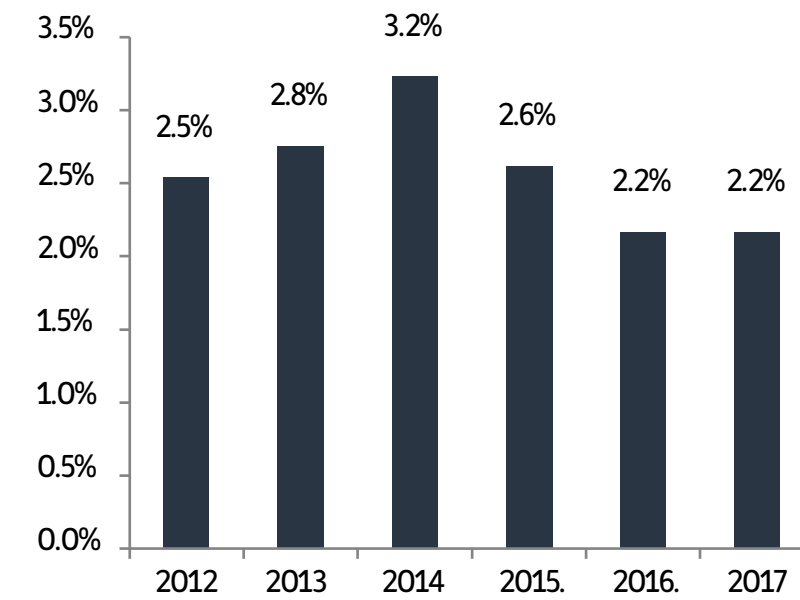
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Jordan Economic Update

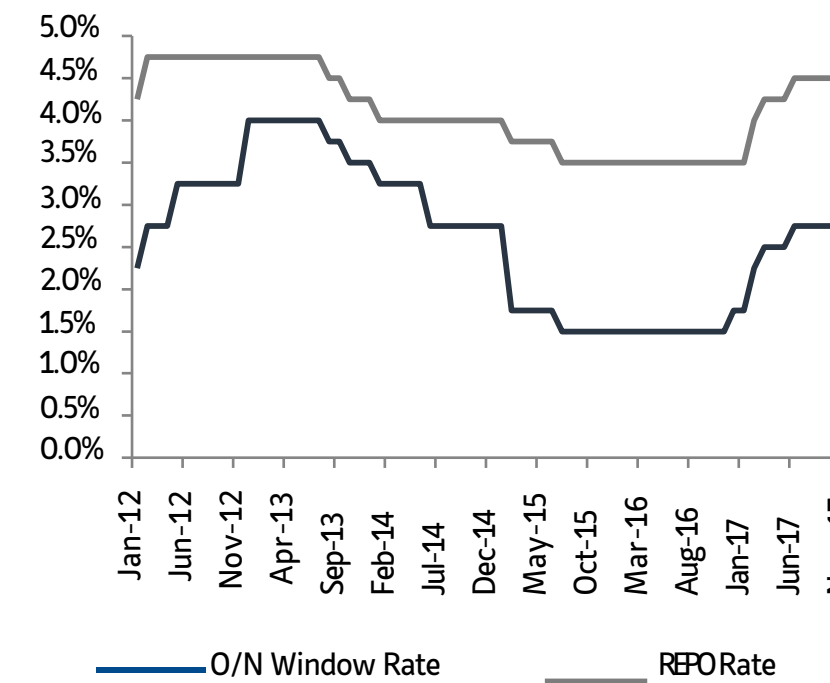
Economic Outlook

- Subdued economic growth to persist underpinned by rising interest rates and contractionary fiscal measures. Real growth to stabilize at 3.0%.
- Inflation to pick up on account of the envisaged fiscal reforms and rising energy and food prices.
- Current account deficit to expand on higher oil prices and lower remittances. Thus foreign currency reserves should continue to downtrend. Openness of the African market is an upside risk.
- Households high indebtedness, coupled with rising inflation and int. rates to adversely impact consumption.
- Lower consumption and higher int. rates to reflect negatively on corporates' profitability, liquidity and solvency.
- The treasury will depend heavily on domestic borrowing to roll over a large stockpile of debt and to finance a c. JOD500 million deficit

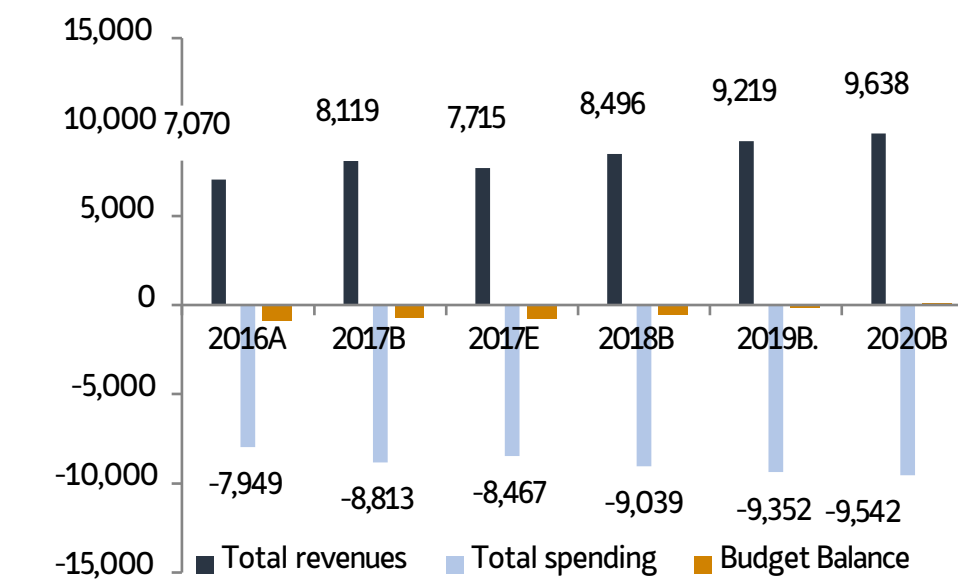
Real GDP Growth



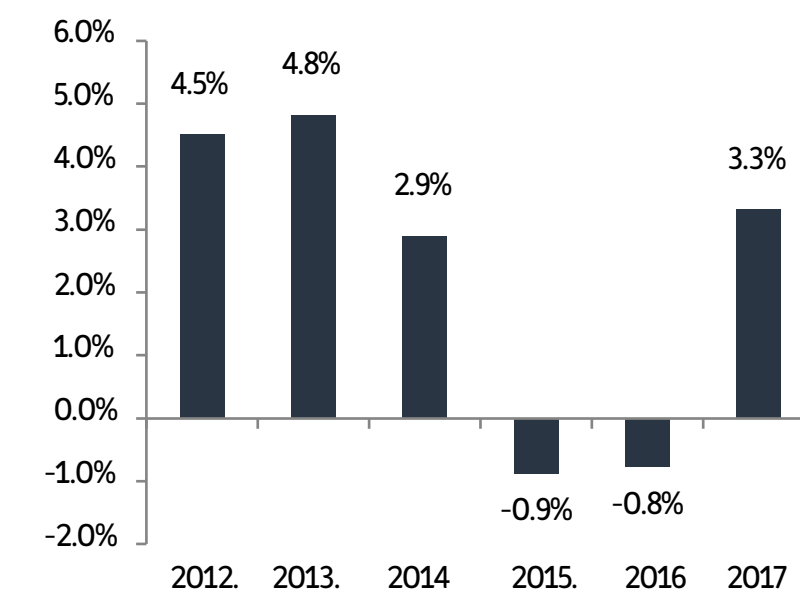
Key policy rates



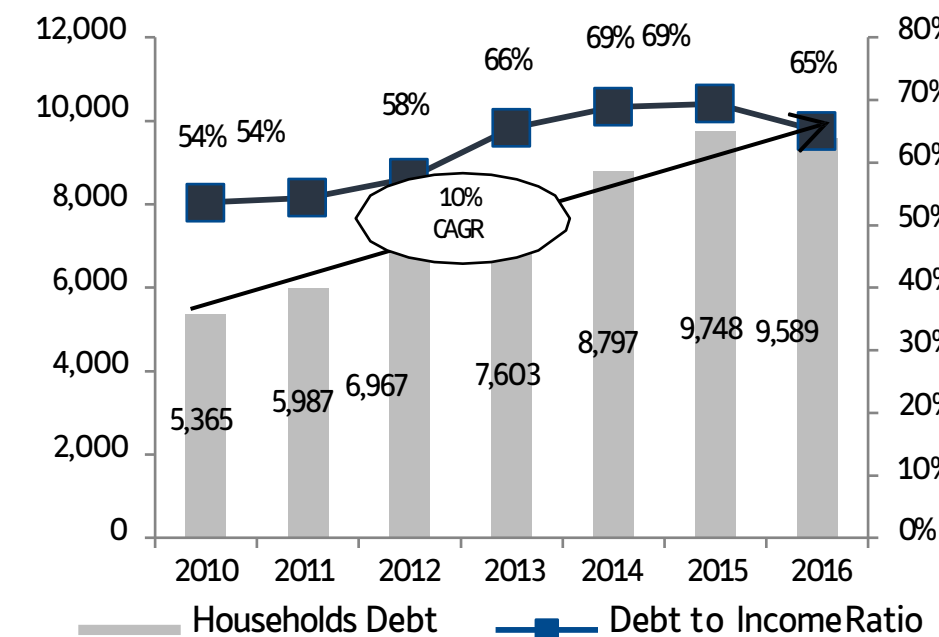
Central Government Budget (JOD mm)



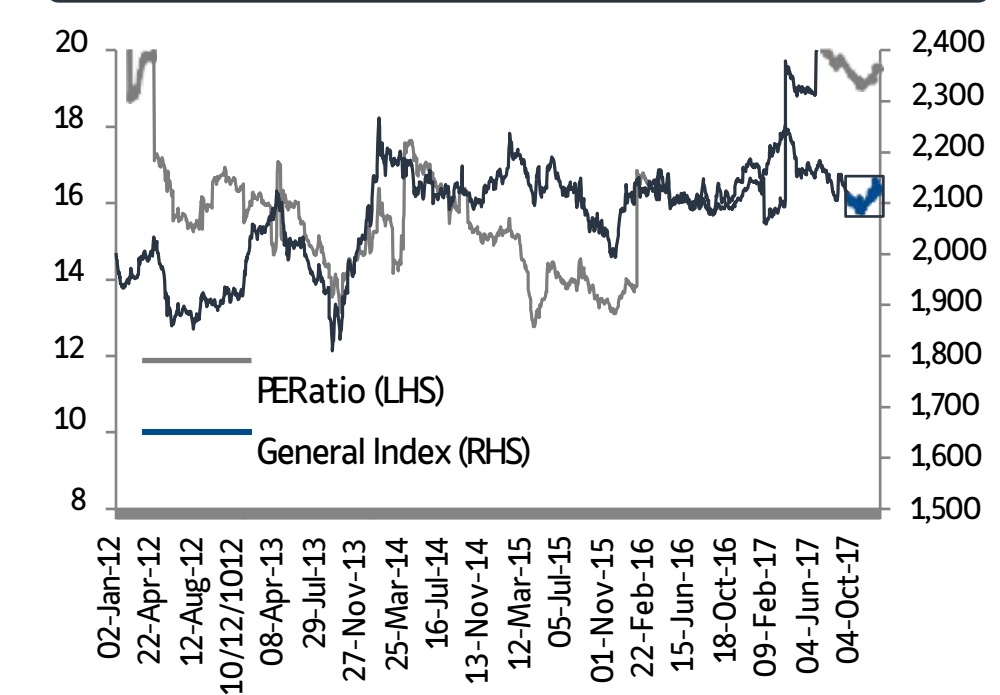
Inflation



Households' debt (JODmm)



Amman Stock Exchange



Impact on Banking Sector

Rising Interest rates

Spreads Compression

Rising NPLs

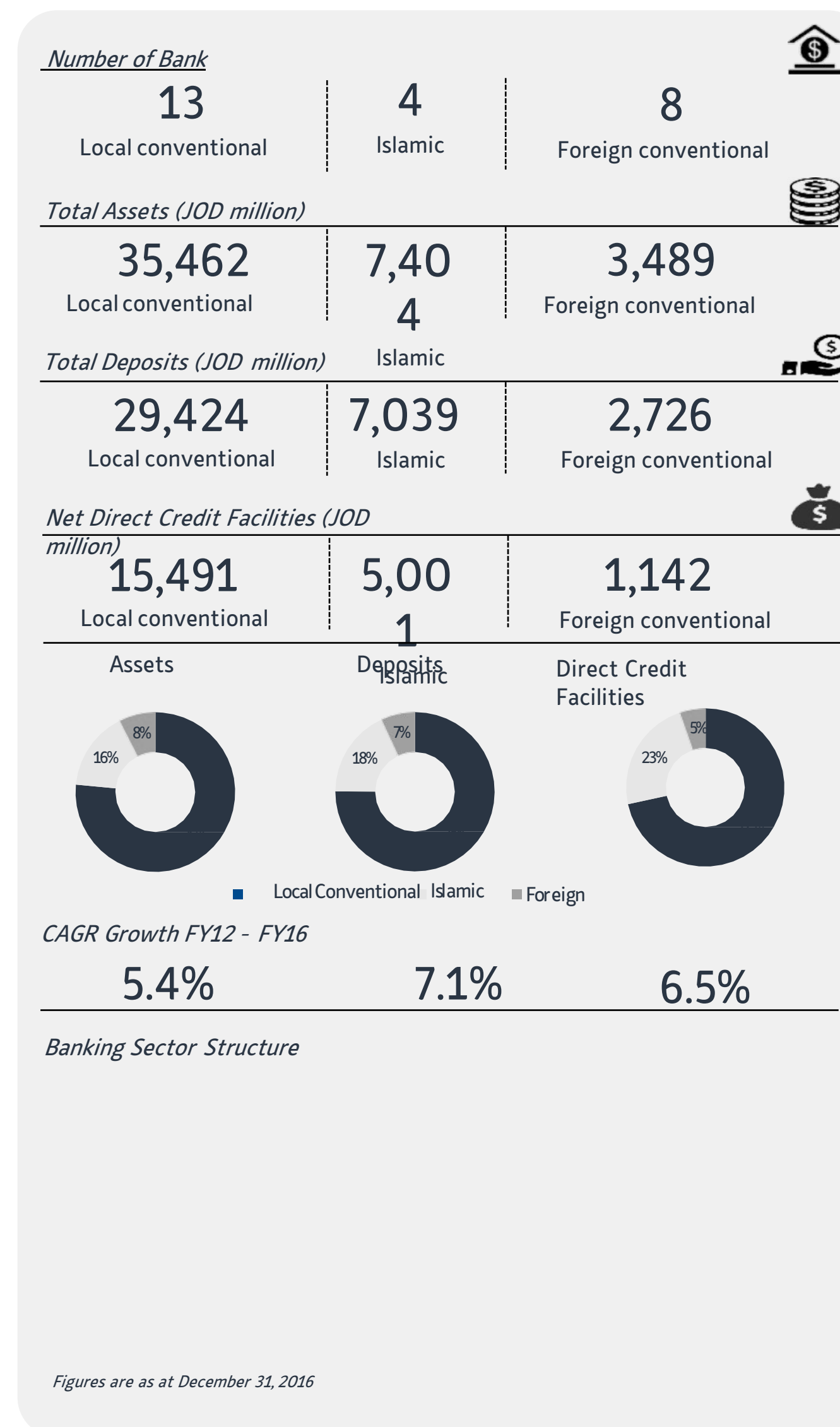
Smaller Pool of Creditworthy Clients

Increased Government Lending

Jordanian Banking Sector Landscape

Overview

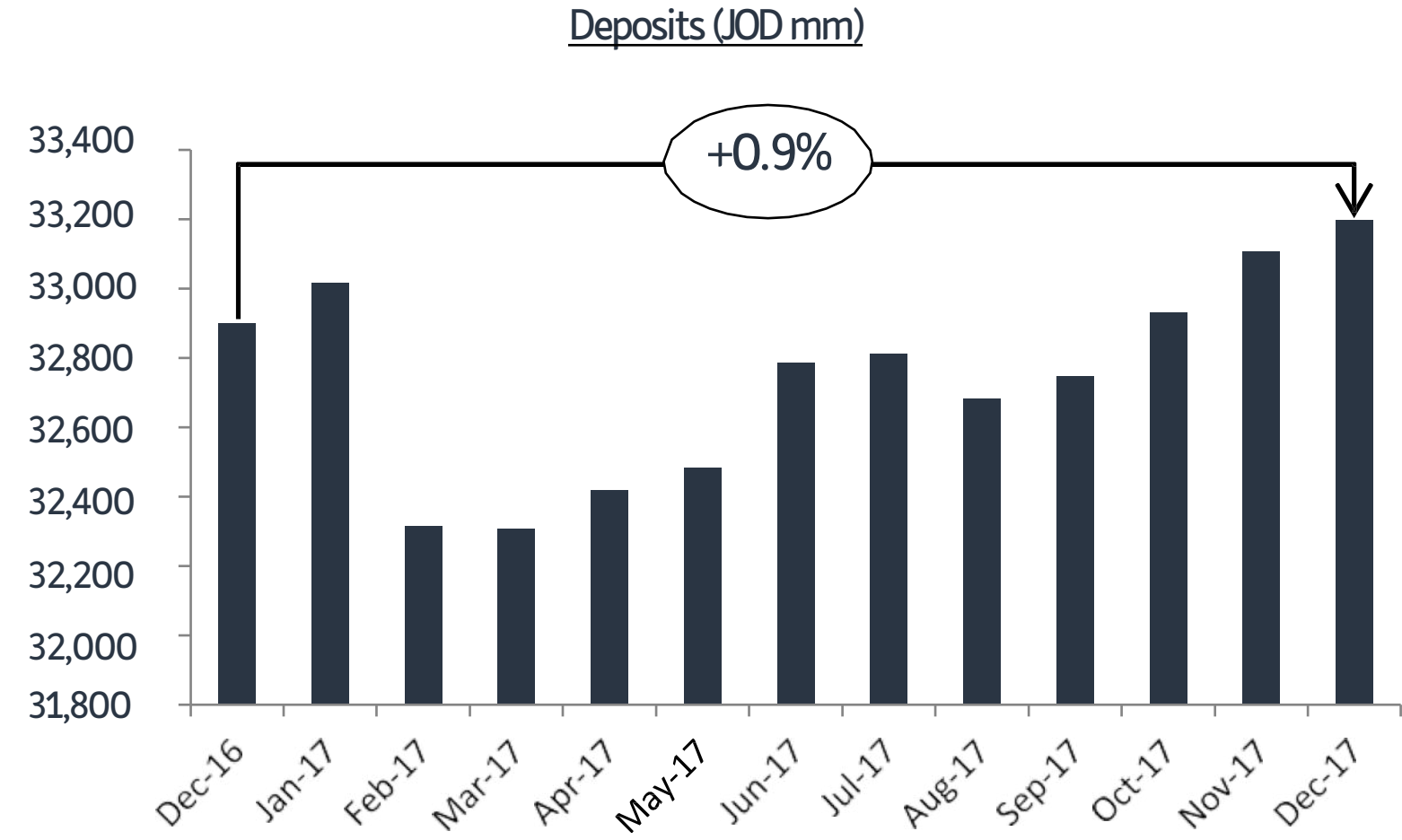
- With an asset base equivalent to 176% of the country's GDP, the Jordanian banking sector acts as a key pillar in supporting the Jordanian economy.
- The sector also accounts for over 57.1% of the total market capitalization of the Amman Stock Exchange, emphasizing its dominance in the Jordanian financial landscape.
- The banking sector is generally well capitalized as per CBJ requirements
- The Jordanian banking sector recorded prominent growth in direct credit facilities, total assets, and deposits which grew by 6.5%, 5.4%, and 7.1% respectively over the period FY2012-FY2016.
- The banking sector is predominantly controlled by two key conventional banks, namely the Arab Bank and the Housing Bank for Trade and Finance. Together, they account for 34.5% of total deposits, 27.5% of net credit facilities, and 34.5% of total assets among conventional, Islamic, and foreign banks.
- The sector currently has 25 operating banks that are regulated by CBJ and a number of other regulatory bodies, 15 of which are listed on the ASE. These are broken down into 21 conventional banks and four Islamic banks



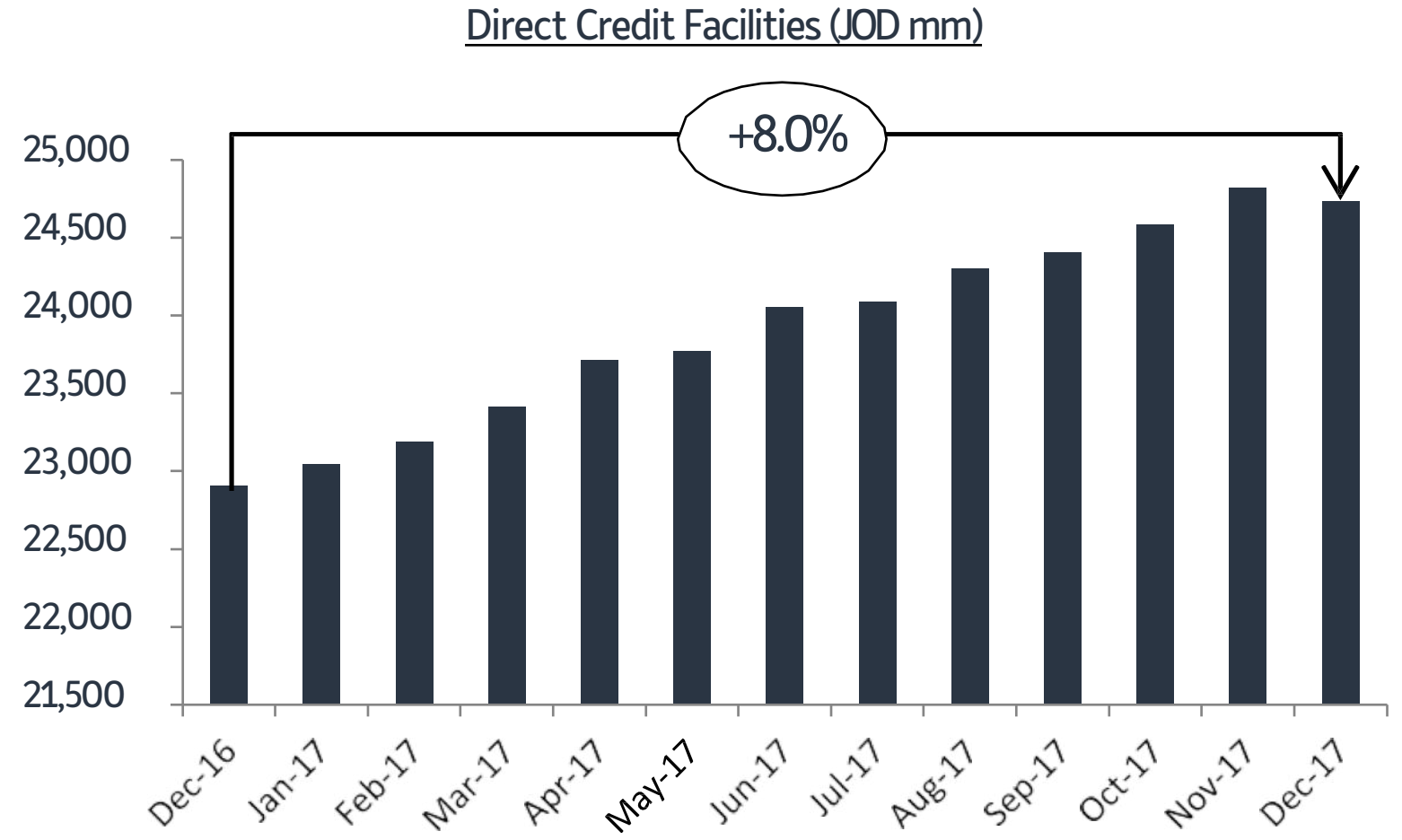
Sources: Jordan Banking Association, Central Bank of Jordan, Department of Statistics

Jordanian Banking Sector: Market Update

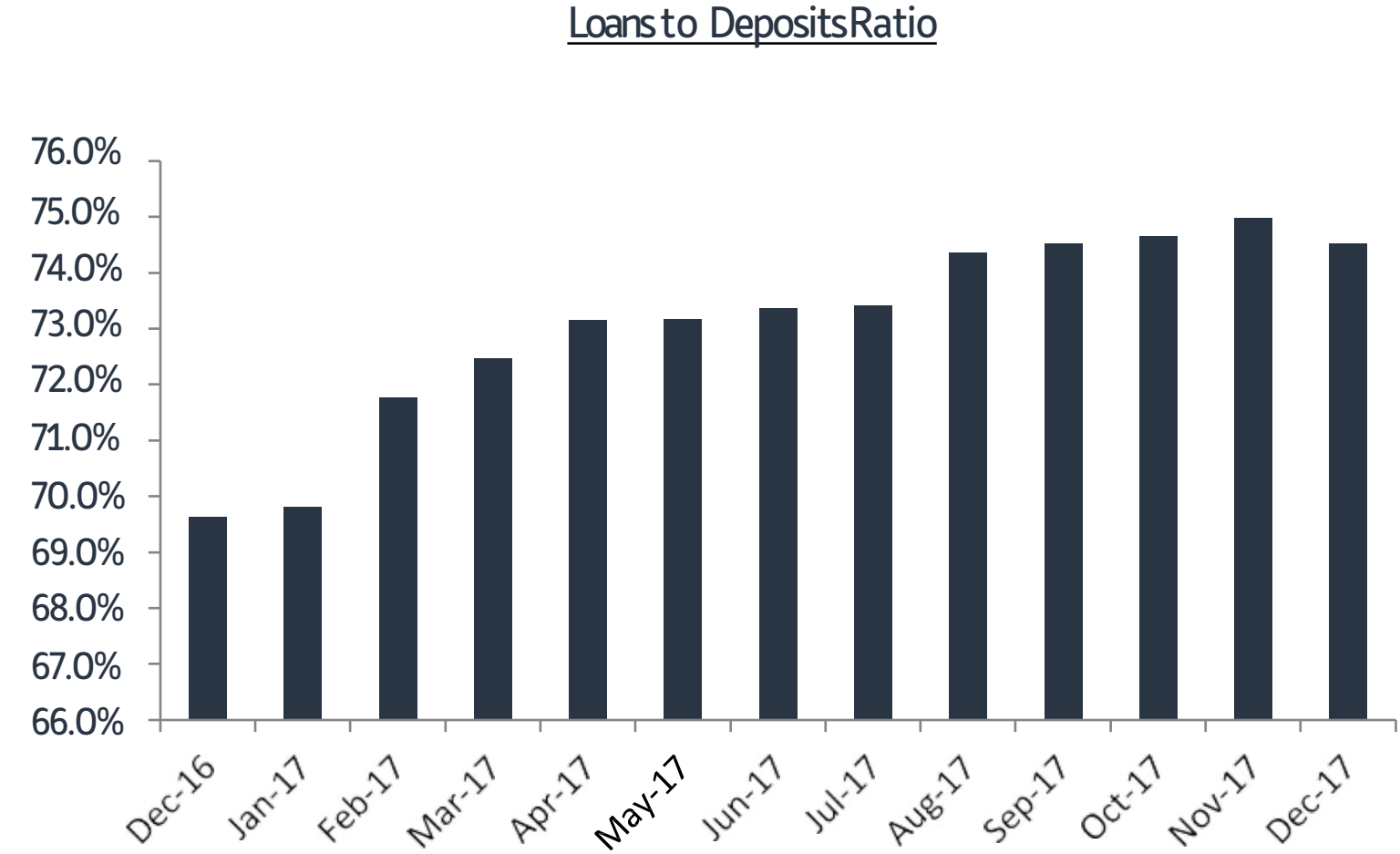
Deposits grew modestly during 2017, undermined by heavy outflows of public sector deposits



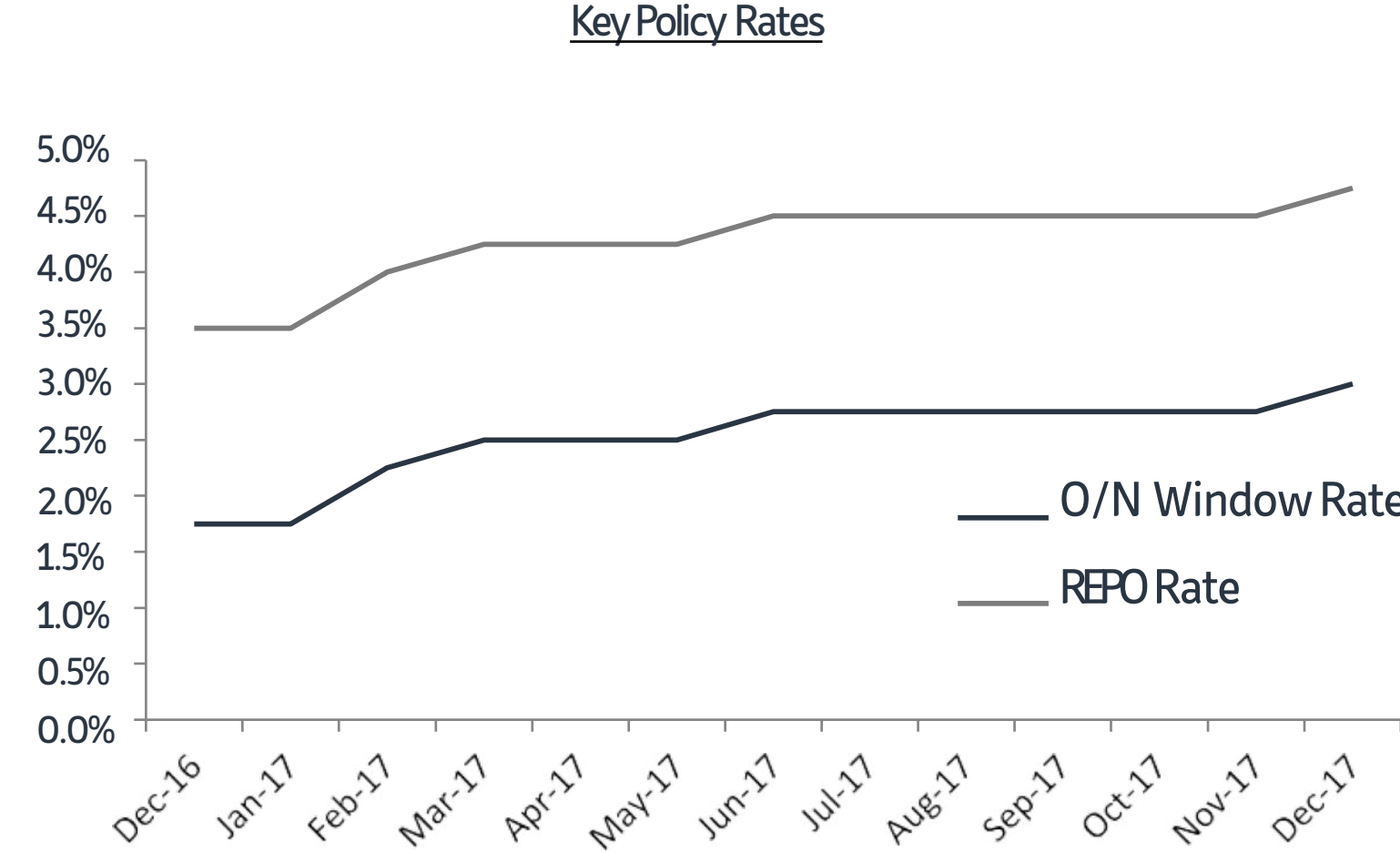
Direct credit facilities grew at a faster pace than deposits underpinned by a strong increase in lending to the industrial sector



The loans to deposits ratio increased significantly during 2017 to reach 74.5%, up from 69.6% a year earlier



The Central Bank of Jordan hiked interest rates 4 times during 2017 to preserve the attractiveness of the JOD and protect the USD JOD peg



Iraq Economic Update

Economic growth

- OPEC and its allies extended output cuts until the end of 2018. The deal applies a quota of 4.35mm barrels/day (b/d) for Iraq, down from average production of 4.42mm b/d in 2016, and a peak of 4.66mm b/d in Dec. 2016.
- Iraq has not adhered fully to the quota given the semiautonomous nature of both the Kurdish region and IOCs. Iraqi compliance will improve now that the government has better control over Kirkuk and KRG production
- The conflict with the KRG will not result in a substantial cut in oil production
- Oil production is set to grow by 1.0%-1.5% in 2018, to be followed by a 5-6% surge in 2019 as new capacity comes online from development work that has partly continued during the period of the cuts
- The non-oil sector will start to support growth as the rolling-back of IS adds to the size of the economy and a modest recovery in the government's fiscal position allows for an easing of austerity measures

- Growth to climb to an average of 2.5% to 3.5% in 2018-2022 vs e.1.3% in 2017
- Liquidity crunch to ease gradually
- Political stability and reconstruction spending will boost financial and trade activity

Banking and monetary policy

- Plans to establish a deposit-guarantee fund should help to overcome some of the population's reluctance to deposit cash at banks
- In March 2016 the CBI reduced its policy rate, from 6% to 4%, in response to weaker inflation, a shrinking money supply and a more stable Iraqi dinar market rate
- Policy rates will start to track those of the Federal Reserve rising in 2018 and 2019, before dipping again from 2020, in order to support the currency

- The deposits guarantee fund to increase confidence in the banking sector

Fiscal policy

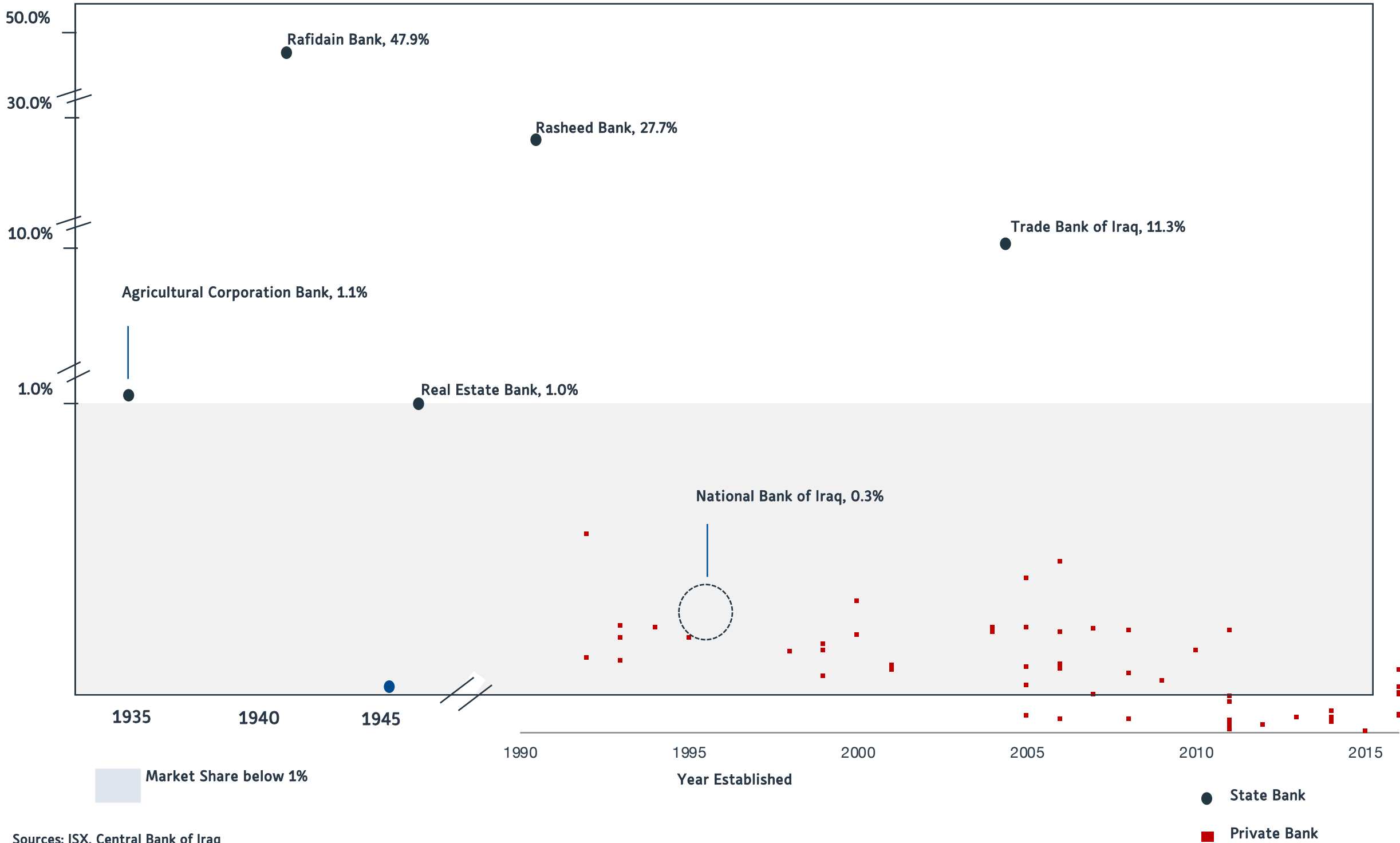
- Given the shallowness of the banking sector, the government has previously sought to finance its fiscal deficits by indirectly monetizing them via the Central Bank of Iraq (CBI). The government's approach will, however, gradually shift to conventional debt financing
- Iraq has been issuing bonds on the local market since 2016, but in January 2017 it also sold US guaranteed bonds worth USD1bn on international markets, and in August it sold its first independent sovereign bond since 2006, worth USD1bn, attracting strong interest
- The IMF loan has also increased the willingness of other multilaterals to lend, as a USD1.5bn financing package approved by the World Bank in December 2016 demonstrated

- Greater engagement of multinational organizations will boost confidence in the Iraqi market
- Treasury bonds present an opportunity for banks to deploy their excess funds

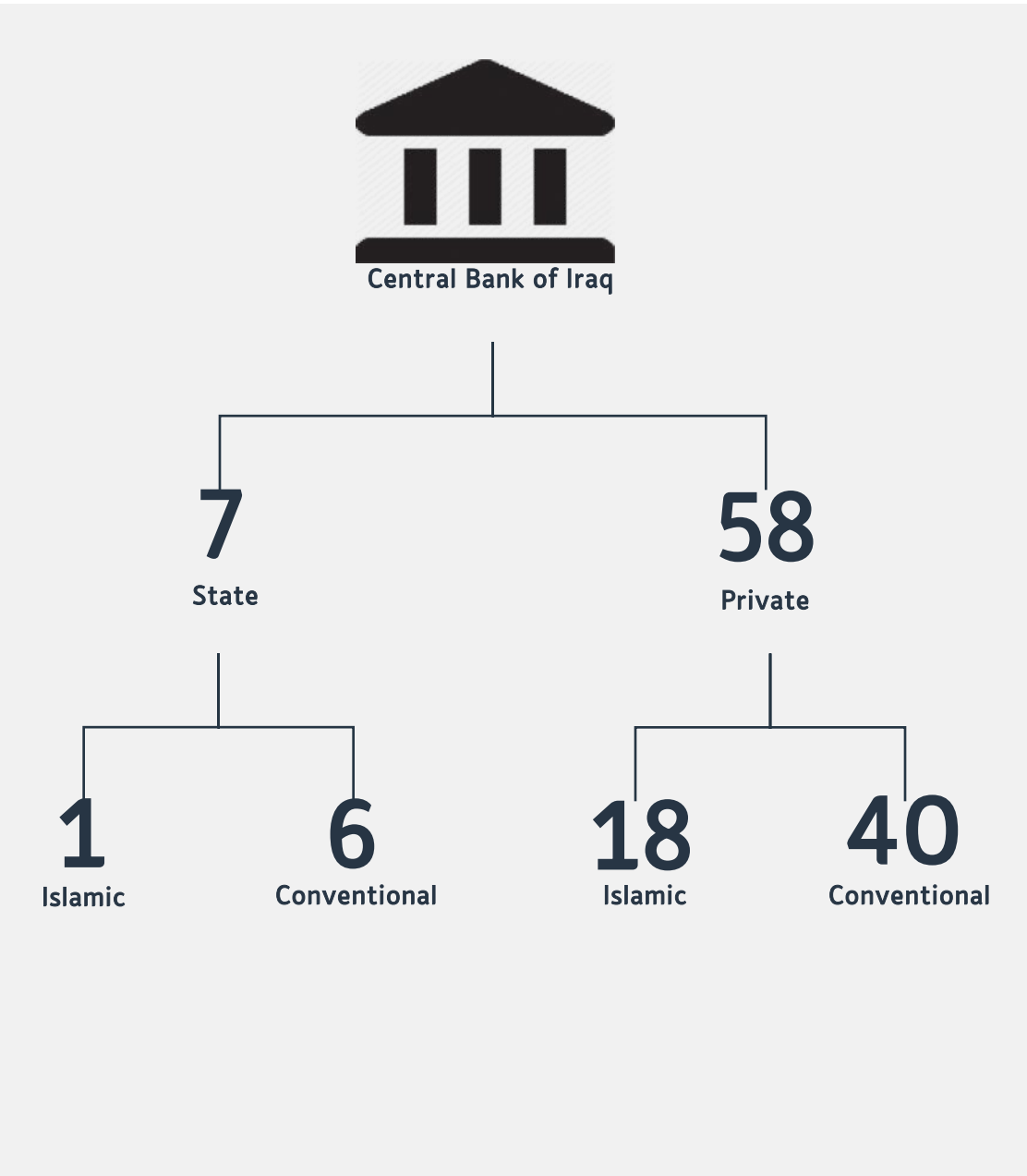
Snapshot of Iraqi Banking Sector

- The Iraqi banking sector is split between government owned banks, local banks, and subsidiaries and branches of regional banks.
- 7 government owned banks currently dominate the Iraqi banking sector owning ~ 90% of total assets (December 2016).
- 37 banks are listed on the Iraq Stock Exchange.
- Foreign branches operating in Iraq are mainly Turkish and Lebanese. Eight banks were established during 2016 (together they account for 0.8% of the sector’s total Assets).
- 58 Private banks, including the 18 Islamic banks, hold only 14% of deposits in Iraq (December 2016).
- Bank of Baghdad is the largest private sector bank, possessing 0.6% of the sector’s total assets.

Market Share of Iraqi Banks as % of Total Assets (2016)



Banking Sector Structure



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National Bank of Iraq

NBI provides country-wide coverage in Iraq with ten strategically located branches in Baghdad, Basra, Umm Qasr, Najaf, Karbala, Mosul as well as the Kurdish region in Erbil and Sulaymaniah

Commercial and Retail Banking

In 2005, Capital Bank acquired a majority stake in NBI thus exercising control over operations. NBI is a publicly traded listed bank on the Iraq Stock Exchange and it delivers a comprehensive array of banking solutions to businesses and retail clients

Strong Relationships with the Authorities

NBI is one of the few private sector banks accepted by the Iraqi government for public sector employee salary transfers

AML and Compliance Standards

Market leader in implementing stringent international money laundering and compliance regulations enforced by the Central Bank of Iraq and International correspondent banks of NBI

Advanced Financial Reporting

NBI is one of the few banks in Iraq to implement International Financial Reporting Standards (IFRS)

Wholly-Owned Brokerage Firm

Wahat Al Nakheel is a brokerage firm that is wholly-owned by NBI

NBI Snapshot



Established

1995



Capital Bank Ownership

62%



Employees (2018)

343



Number of Branches

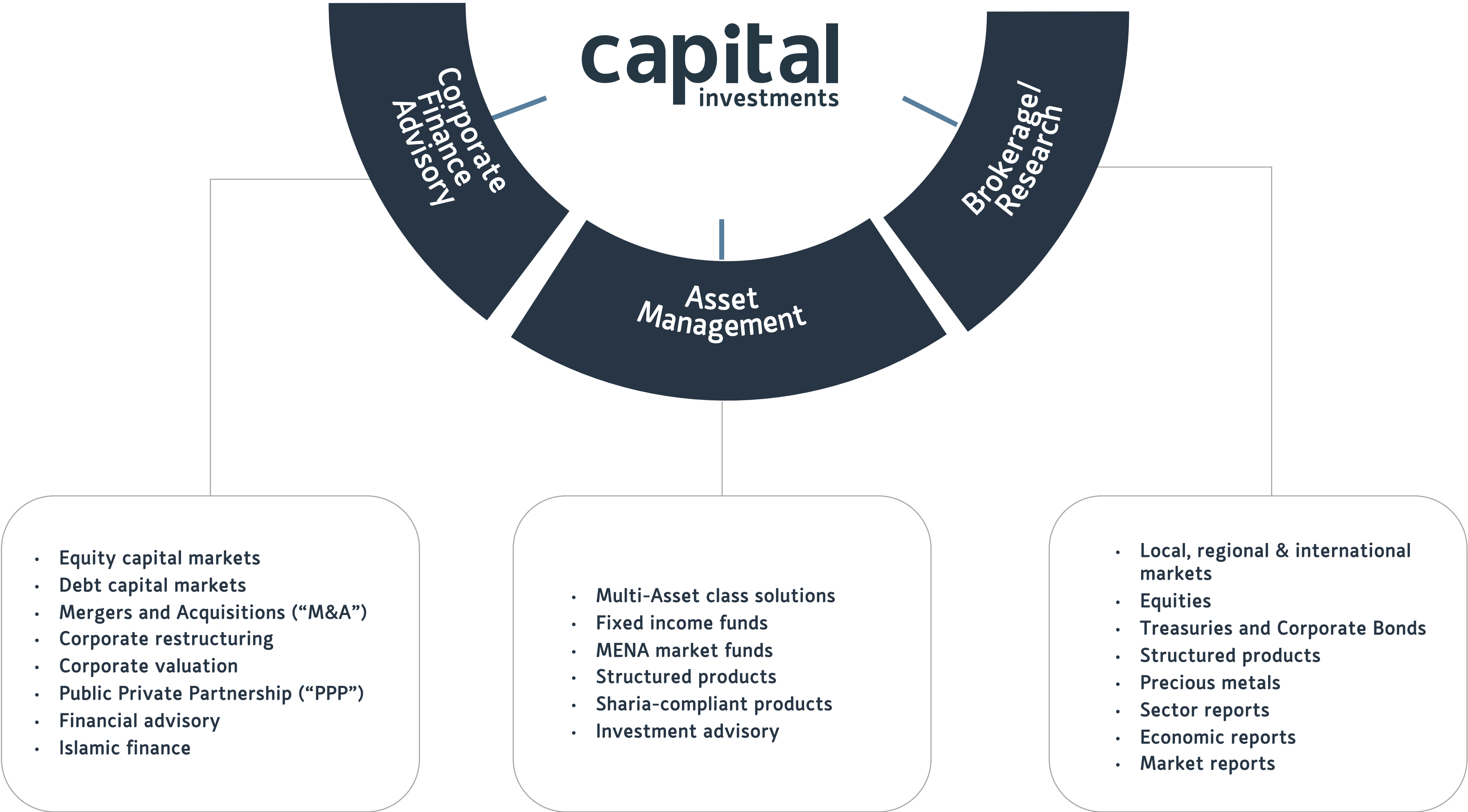
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Strategic Shareholders

















Capital Investments



Capital Investments: Selected Transaction Track Record

Public Offerings	<p>Royal Jordanian</p>  <p>ROYAL JORDANIAN</p> <p>Exclusive financial advisor to certain strategic investors in connection with the capital increase</p>	<p>Jordan Dubai Islamic Bank</p>  <p>بنك الأردن دبي الإسلامي Jordan Dubai Islamic Bank</p> <p>Issue manager for 11 mm public offering to existing shareholders</p>	<p>Hikma Pharmaceuticals</p>  <p>AIKMA QUALITY</p> <p>Co-lead manager for GBP 70 mm, 51 mm share IPO on London Stock Exchange</p>	<p>Rum Tourism & Transport</p>  <p>RUM TRANS</p> <p>Financial advisory & issue manager for JOD 8 mm share registration and capital increase</p>	<p>Jordan Steel</p>  <p>حديد الاردن JORDAN STEEL</p> <p>Issue manager for JOD 22 mm public offering to existing shareholders</p>
Mergers and Acquisitions	<p>National Bank of Iraq</p>  <p>national bank of iraq</p> <p>Financial advisor and placement agent for 18.5% sale to strategic investor</p>	<p>ACWA Power</p>  <p>ACWA POWER كوا باور</p> <p>Financial advisor in the acquisition of ENARA, owning 51% of Central Electricity Generating Co.</p>	<p>The Consultant & Investment Co.</p>  <p>المستشفى الاستشاري ISTISHARI HOSPITAL</p> <p>Financial advisor for the sale of shares owned by majority shareholders</p>	<p>Jordan Aircraft Maintenance</p>  <p>JORAMCO THE ABRAAJ GROUP</p> <p>Financial advisor on sale of 80% in JorAMCo to Dubai Aerospace Enterprise</p>	<p>Jordan Magnesia Company Ltd.</p>  <p>JORMAG</p> <p>Exclusive financial advisor to JorMag on sale to Manaseer Group Holding</p>
Private Capital	<p>Grab A Grub</p>  <p>GRAB Delivery in minutes!</p> <p>Exclusive financial advisor for a private placement of USD 3 mm for primary capital raise</p>	<p>Madfoo3atcom</p>  <p>MadfooatCom</p> <p>Exclusive strategic and financial advisor for a private placement of USD 6 mm for purchase of existing shares and a capital raise</p>	Equity Capital Markets	<p>Arab Potash Company</p>  <p>البوتاس العربية Arab Potash</p> <p>Arranging the sale of Islamic Development Bank's stake in Arab Potash to Social Security Corporation</p>	<p>Jordan Ahli Bank</p>  <p>الأهلي انا THE ABRAAJ GROUP</p> <p>Arranged sale of Abraaj's stake in Ahli Bank to the Social Security Corporation (JD 20 mm)</p>

Capital Investments: Selected Transaction Track Record

Bonds	<p>Capital bank of Jordan</p>  <p>Issue manager for USD 25 mm corporate bond</p>	<p>Jordan Phosphate Mines Co.</p>  <p>Co-Lead manager for USD 25 mm and JOD 18 mm corporate bond</p>	Islamic Finance	<p>Al Rajihi Cement</p>  <p>Lead manager & agent for JOD 85 mm Sukuk Aljara Muntahia Bittamilik</p>			
Strategic Advisory	<p>Al Nabil Company</p>  <p>Strategic advisory</p>	<p>Pharmacy 1</p>  <p>Strategic advisory</p>	<p>Jordan Duty Free Shops</p>  <p>Strategic advisory</p>	<p>Al Sabeel</p>  <p>Strategic advisory</p>	Privatization	<p>Jordan Telecom</p>  <p>Financial advisor alongside Merrill Lynch in the privatization of 40% of Jordan Telecom</p>	
Syndicated Loans	<p>Aqaba Container Terminal</p>  <p>Arranger & agent for JOD 57 mm syndicated loan facility to finance expansion of Aqaba Container Terminal</p>	<p>Abraaj Buyout I</p>  <p>Arranger & agent for USD30 mm syndicated loan facility to finance acquisition of 80% of JorAMCo</p>	<p>Indo-Jordan Chemicals Co.</p>  <p>Arranger & agent for USD 42 mm syndicated loan facility to pre-pay outstanding debt to int'l financial institutions</p>	<p>Aramex</p>  <p>Arranger & agent for JOD 30 mm syndicated loan facility and stand-by facility to refinance senior & mezzanine debt</p>	<p>Ayla Oasis Development Co</p>  <p>Facility & security agent for USD 100 mm loan to finance the development & operation of the first phase of the Ayla Village</p>	Project Finance Advisory	<p>Mass Energy</p>  <p>Exclusive financial advisor and investor for up to 25% in the equity of the project company</p>

Capital Bank Corporate Advisory (DIFC) Ltd.

Capital Bank Corporate Advisory supports the investment banking activities of Capital Bank and its subsidiaries in Jordan Iraq and the GCC

DFSA-Regulated Investment Advisor

Capital Bank Corporate Advisory (DIFC) is a DFSA-regulated boutique client-centric investment and advisory firm that provides investment bank coverage in the GCC region

Best-in-Class Advice and Execution Excellence

The team is composed of experts with strong regional and international investment banking and private placement experience

Financial Advisory Services

Deep expertise in mergers and acquisitions, recapitalizations and corporate restructurings with particular focus on raising growth capital for companies having a differentiated value proposition and an established market position enabling them to achieve their strategic goals

Regional and Country Specific Market Knowledge

Extensive knowledge of the market with practical experience across various sectors including: Pharmaceutical, Transportation, Real Estate, Consumer Products, F&B, Logistics and Distribution, Oil and Gas, IT and Financial Services

Firm Snapshot



Established

2014



Capital Bank Ownership

100%



Location

Dubai, UAE



Selected Transactions

Grab A Grub



Exclusive financial advisor for a private placement of USD 3 mm for primary capital raise

Sporter.com



Sale of a controlling stake in Sporter.com to Gulf Capital

Senior Team Members



H.E. Mr. Bassem Al-Salem
Chairman

Bassem Al-Salem has been Chairman of the Board of Directors since April 2010. In this role, Al-Salem has re-directed Capital Bank's attention towards a 21st century public entity, with particular emphasis on delivering innovative commercial and investment banking services to the Jordanian and Iraqi markets. Al-Salem has previously served as the Jordanian Minister of Labor and Minister of Finance consecutively (2005 – 2009). He is commended for introducing socio-economic policies that have contributed towards the creation of jobs in both the public and private sectors, as well as attracting businesses and investments to Jordan, while helping homegrown businesses flourish. In addition to his duties as Chairman of the Capital Bank, Al-Salem is the Chairman of King's Academy, a Jordanian-based boarding and day school focused on fostering social inclusion through delivering advanced international arts and science programs, and offering need-based grants to families unable to cover the tuition. Al-Salem currently sits on the board of several prominent private and publicly listed companies, including General Mining Company and Delta Insurance. He has previously served as the 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 started his career in Jordan's private sector where he founded a number of manufacturing companies. Al-Salem holds a bachelor's degree (with honors) in Chemical Engineering from Imperial College, United Kingdom.



Ala Qumsieh
Chief Executive Officer

Ala Qumsieh was appointed Chief Executive Officer as of March 2017. He joined the group after spending 17 years in leadership roles in International Financial Institutions in the region. In this role, Mr. Qumsieh leads the group operating across Jordan, Iraq and the UAE offering Corporate Banking, Investment Banking, and Retail Banking services to customers in these three markets. Mr. Qumsieh brings with him extensive experience in banking with prime emphasis on Institutional Banking and deep sectoral knowledge. Before Joining Capital Bank, he served as Citibank's Chief Country Officer in Qatar and Head of Institutional Banking for Saudi Arabia, Qatar and Bahrain, where he was responsible for successfully driving and implementing the bank's growth strategy. Before that, he held several leading positions in international banks. Mr. Qumsieh currently sits on the board of several prominent entities, and is part of Jordan's Strategic Forum. Mr. Qumsieh holds a MBA degree in Strategic Management from Aston University, UK, and a Bachelor's Degree in Business Administration from Yarmouk University in Jordan. He is the recipient of several specialized professional degrees.

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