

Capital Bank Group

Corporate Presentation

As of December 2021

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**

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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.



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 (2021)

01

USD 553m
Equity

USD 6.08b
Assets

- 4th largest Jordanian bank in terms of consolidated asset size
- Highest balance sheet growth (YoY) among peers

02

USD 2.98b
Net Loans

92.7%
Coverage
Ratio

- 49.3% growth in loans over the past year
- Above average coverage levels

03

8%
NOI Growth

13.8% ROE
(excluding One-
Offs)

- Fastest growing bank since the beginning of 2020
- One of the highest ROE levels among peers
- ROE amounted to 16.3% including One-Offs

04

0.323 EPS
(excluding One-Offs)

0.15 USD
Dividend

- Stable dividend yield, return to shareholders
- Owns 4.1% of total market deposits
- EPS amounted 0.556 including One-Offs

05

14.9%
CAR

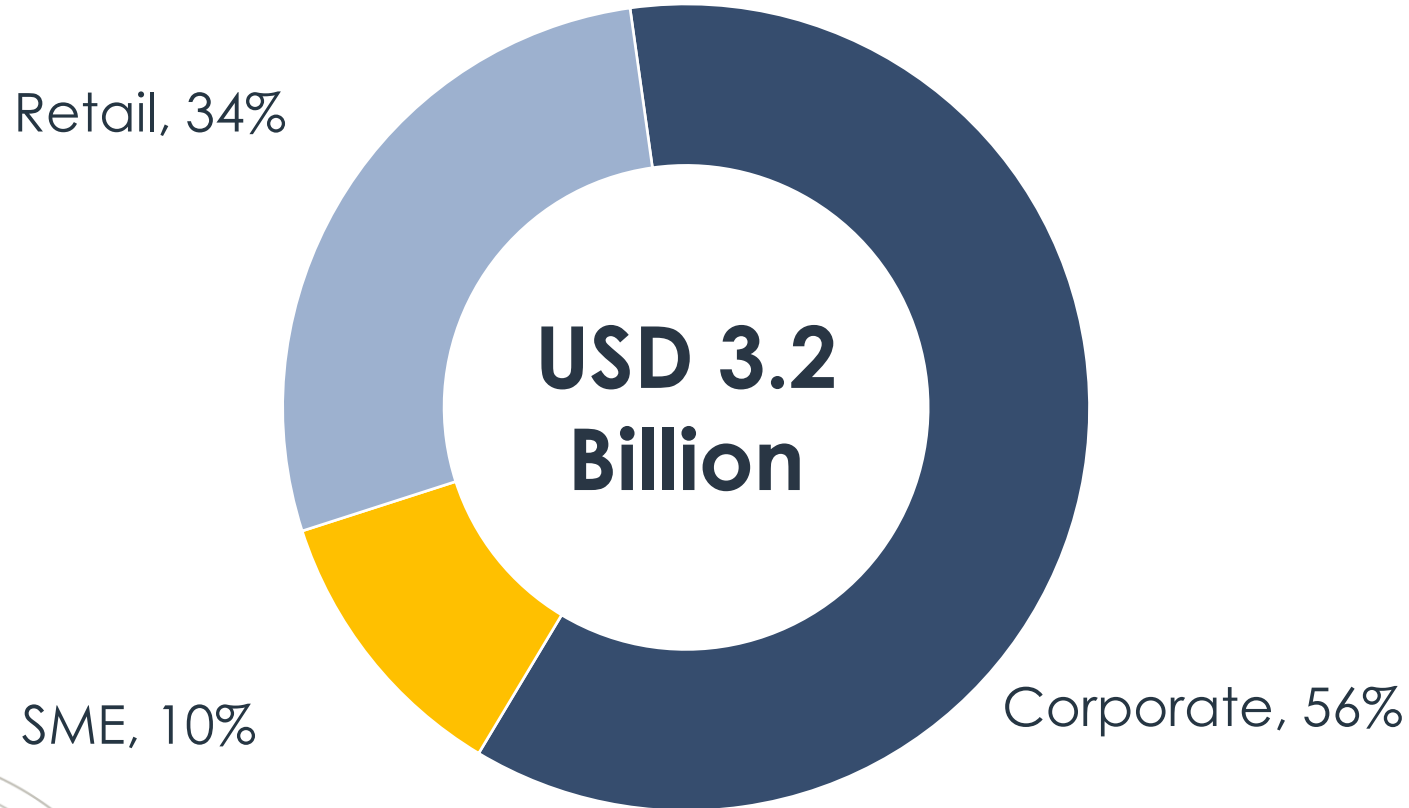
136.2%
LCR

- Solid capital base and strong solvency

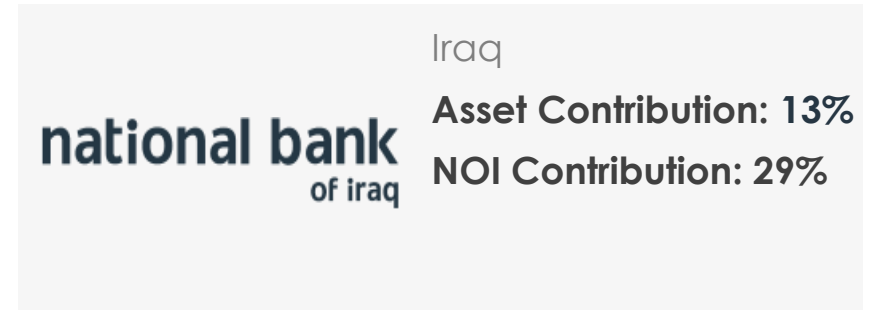
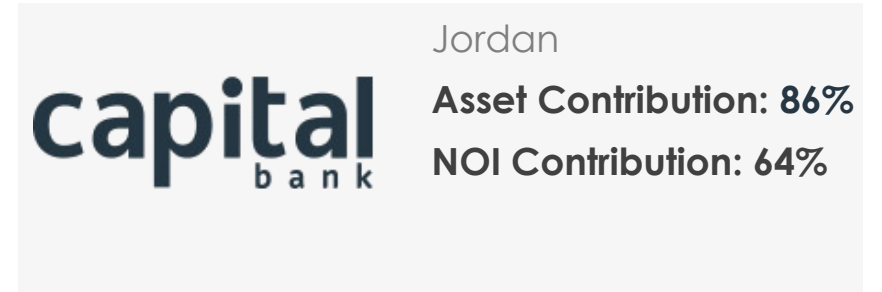
Figures as of December 2021. NOI refers to year-on-year Net Operating Income growth.
JOD to USD rate 0.709

A REGIONAL BANK WITH A DIVERSIFIED BUSINESS

Gross Loan Breakdown by Type



Subsidiary Contribution

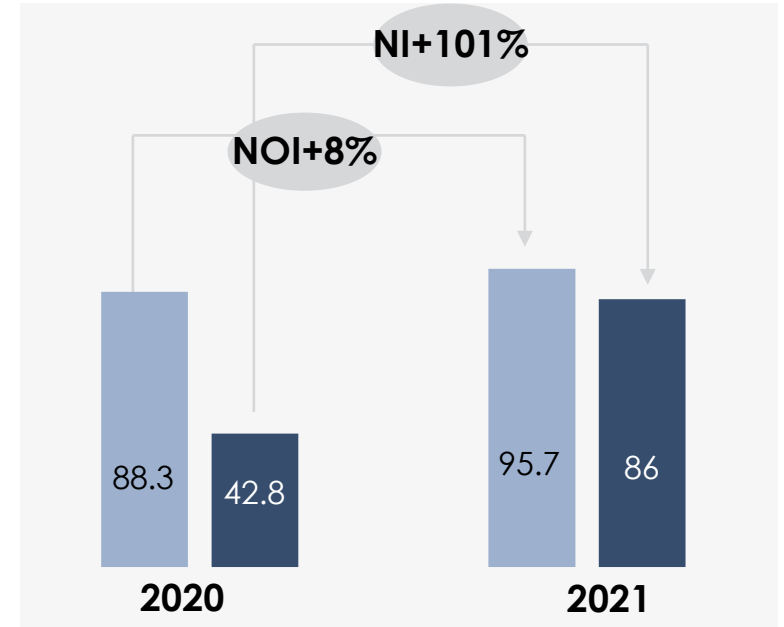
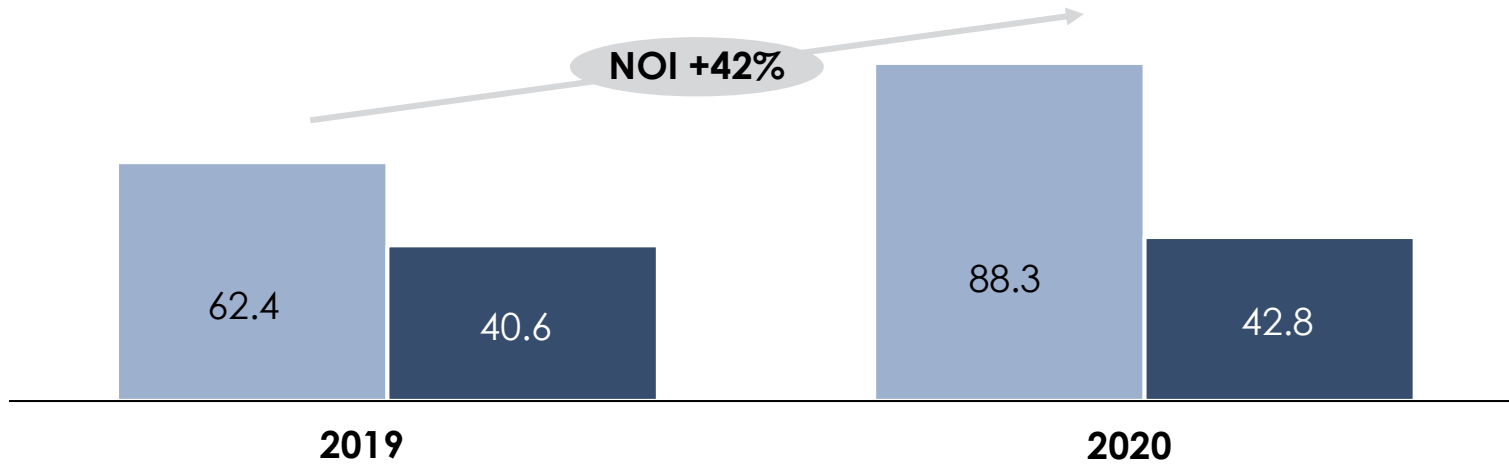


Figures as of December 2021. NOI refers to Net Operating Income.

SOLID INCOME GROWTH, RESILIENT REVENUE STREAM

Net Operating Income (USD mm)

Net Income (USD mm)



ROE*

8.4%

8.6%

8.6%

16.3%

Dividend %

10%

12%

12%

15%

Dividend Payout Ratio

80%

92%

92%

94%

EPS

0.178

0.183

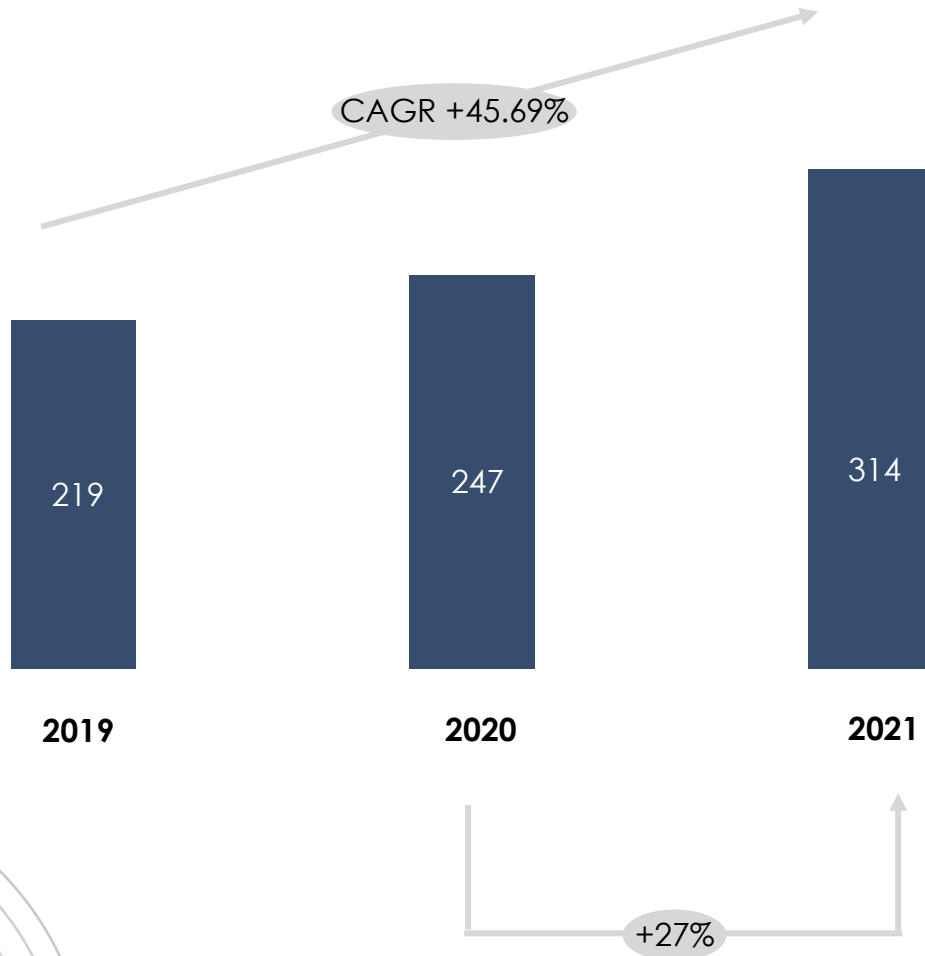
0.183

0.323

*ROE ratio in 2021 includes one-offs.

SUSTAINABLE REVENUE & COST CONTROL

Total Revenue

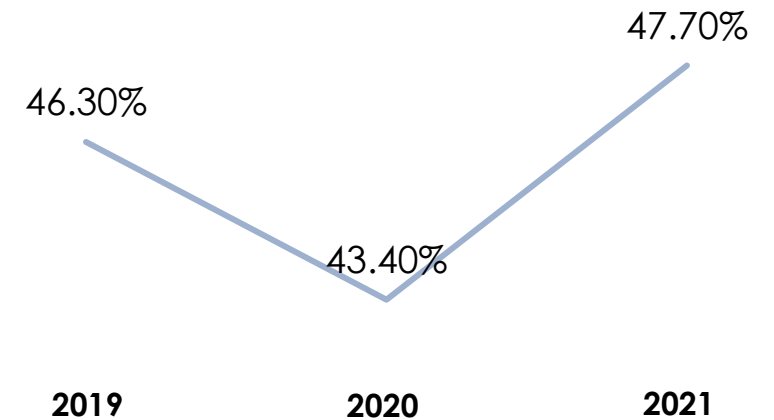


All values in USD million

Expense Breakdown

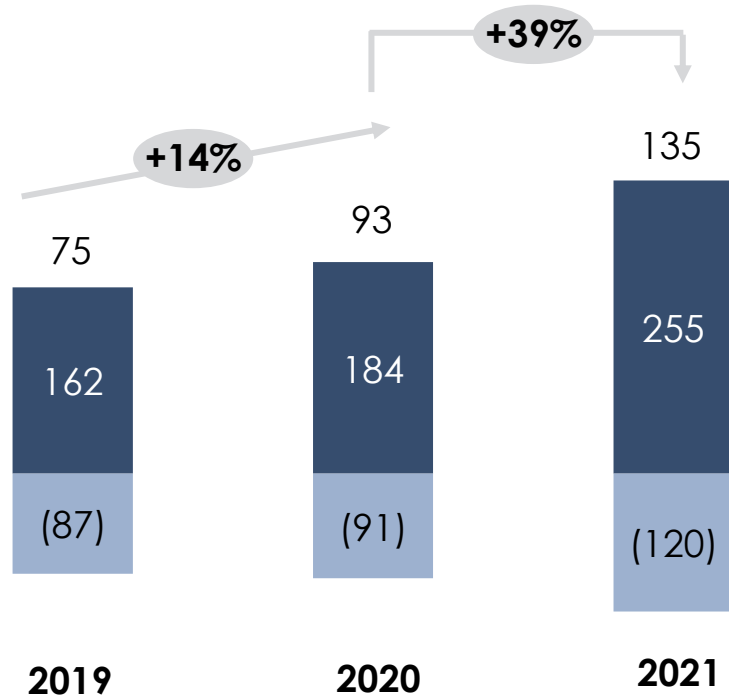
In year 2021, the operating staff costs comprise 46.3% of expenses, whereas depreciation came at 14.8% and rent & occupancy at 4.2%.

Efficiency Ratio

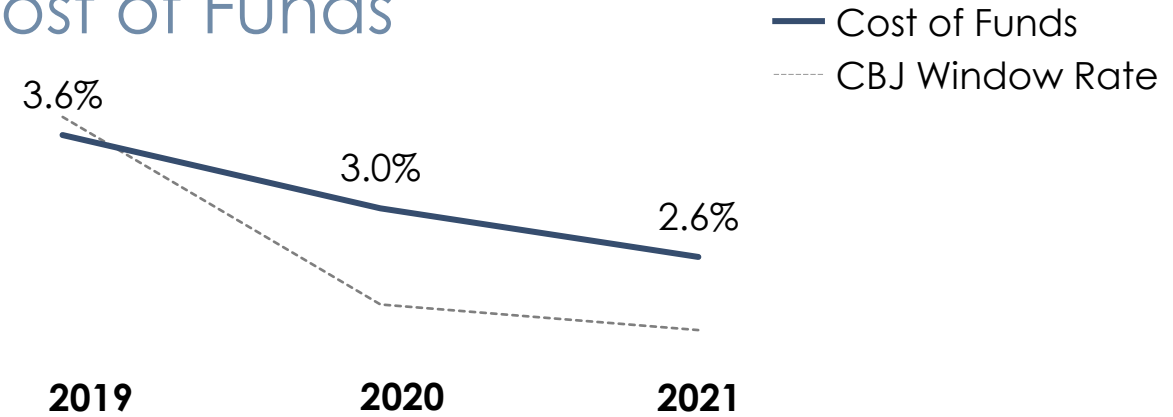


GROWING NET INTEREST INCOME, STABLE NIM

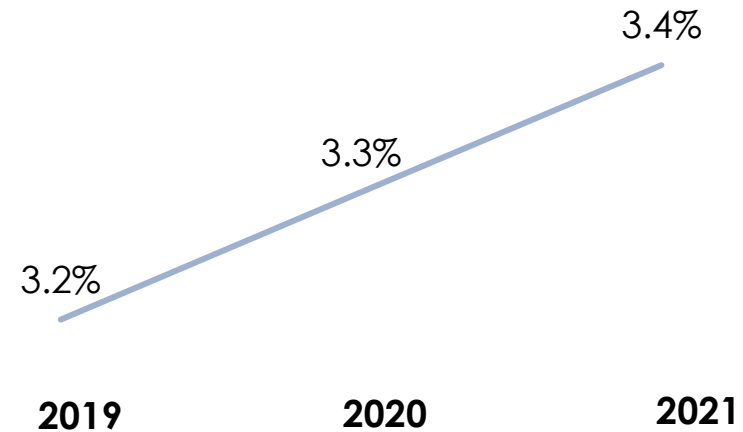
Net Interest Income



Cost of Funds



Net Interest Margin

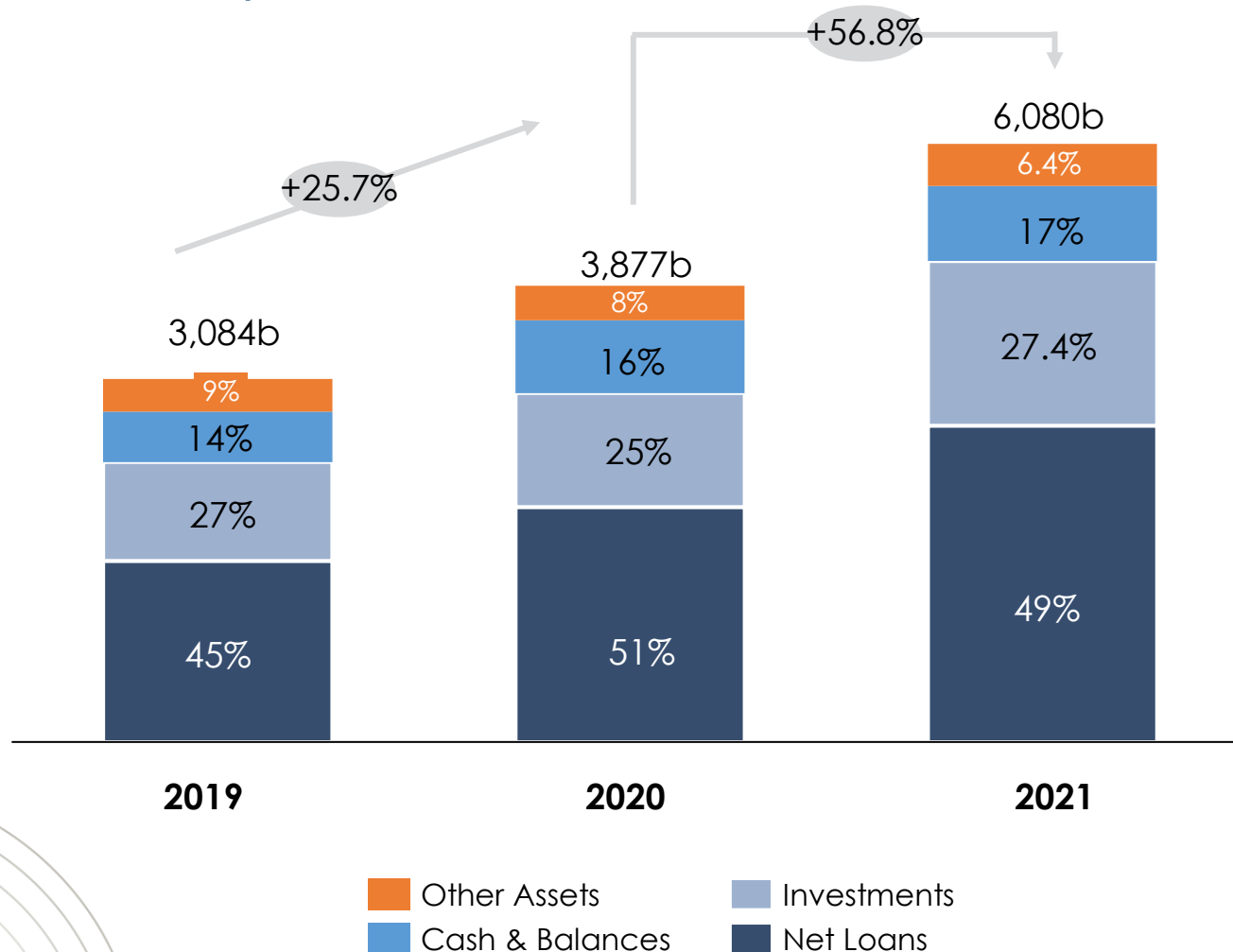


■ Interest Income
■ Interest Expense

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

DIVERSE & HEALTHY ASSET BASE

Asset Composition



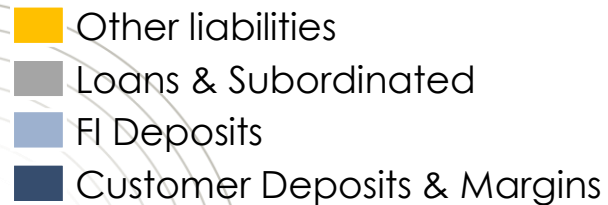
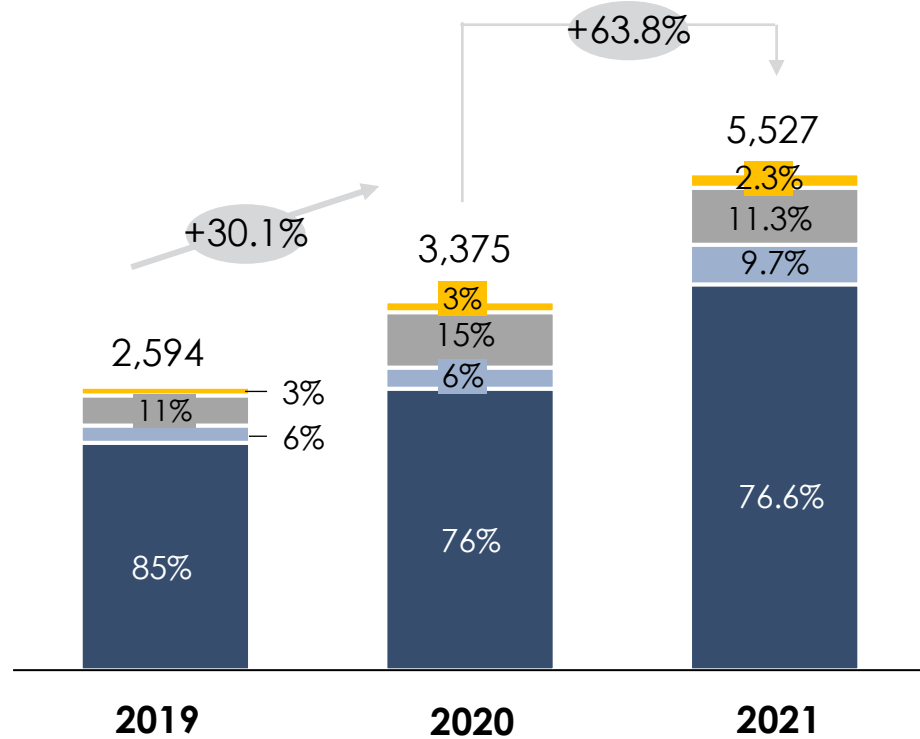
All values in USD million

Highlights

- Investment portfolio of \$1.6b, with focus on liquid assets and government securities.
- Gross credit growing at a CAGR of 49.3% as of 2021; reached \$2.98b in 2021.
- Corporate/ SME clients, comprise 66.3% of portfolio as of 2021.
- A falling NPL ratio of 5% with a coverage ratio of 92.7% (excluding one-offs), sufficiently stronger than the sector average of 71.5%.
- Provision coverage ratio above 92.7%, and including collaterals remains well above 100%.

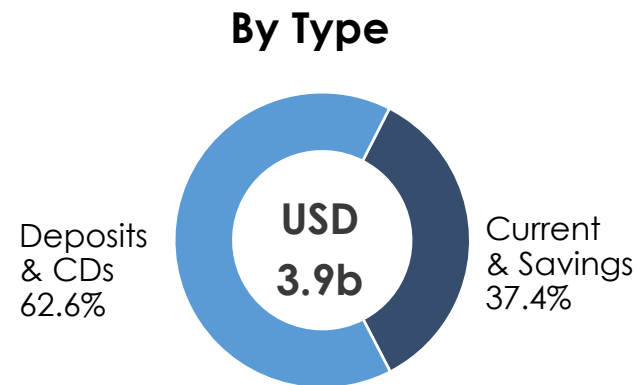
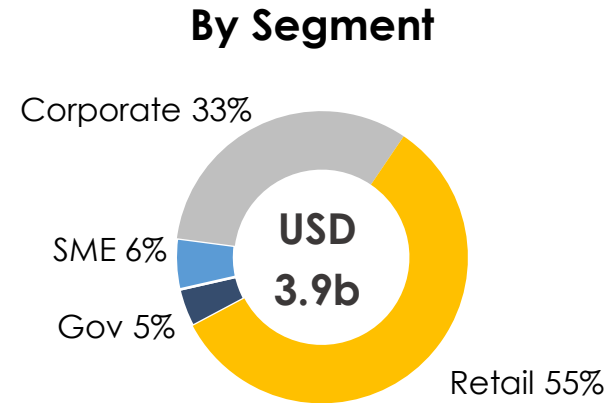
STRONG DEPOSIT GROWTH & LIQUIDITY LEVELS

Liabilities Composition



All values in USD million

Deposits 2021

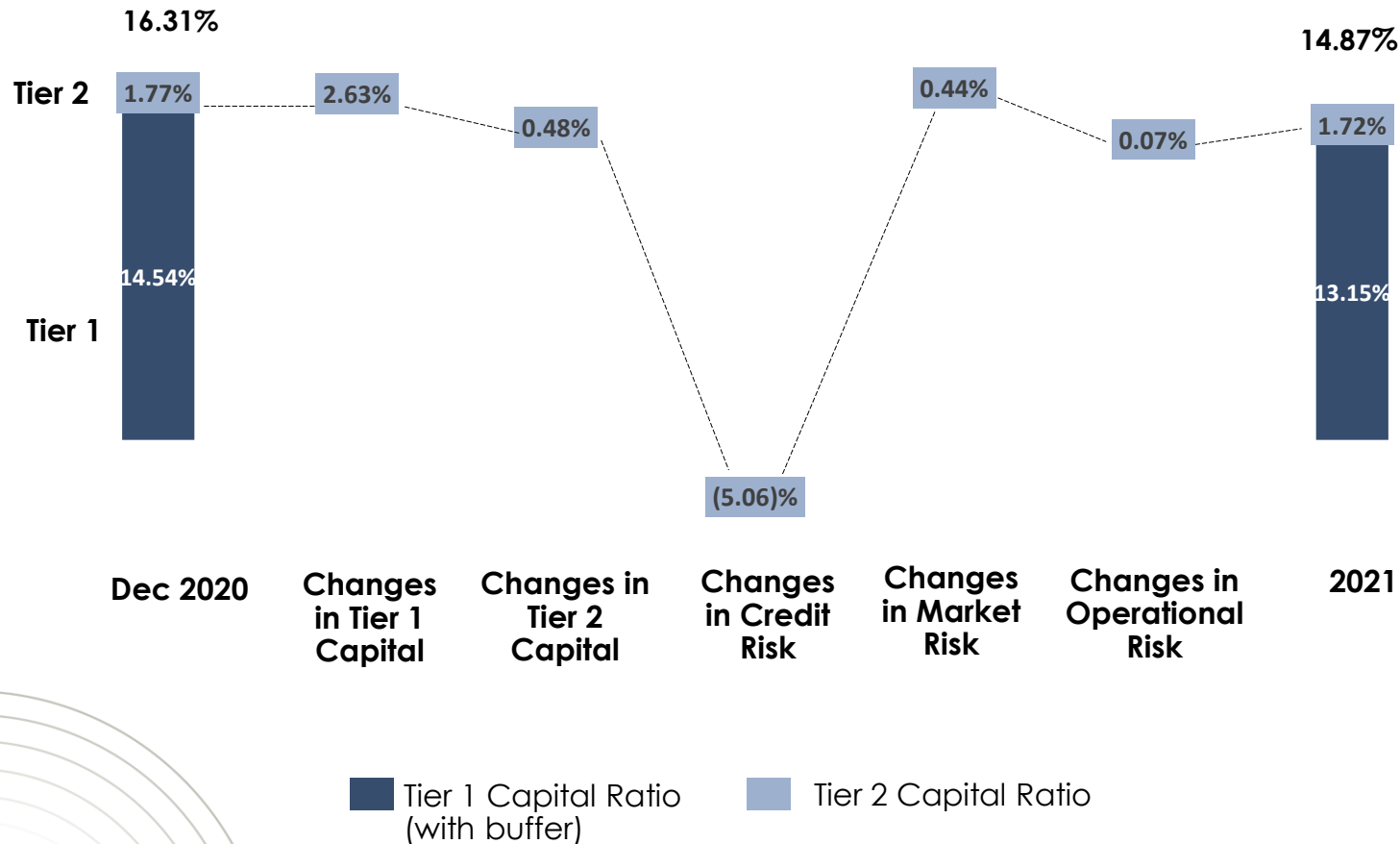


Highlights

- Deposit growth at a CAGR ~26% since 2018. Total deposits stand at 3.9b in 2021.
- Non- interest-bearing deposits at 26% in 2021.
- Liquidity Coverage Ratio (LCR) at 136.2% in 2021. Well above 100% regulatory minimum.
- Loan to deposit ratio stood at an 82% in 2021.

COMFORTABLE CAPITAL BUFFERS

Capital Adequacy Walkthrough



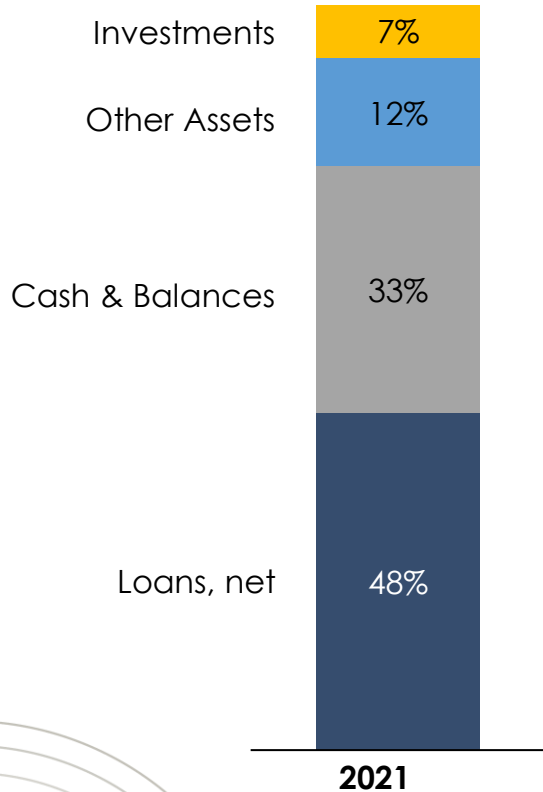
Highlights

- CAR well above the 14% CBJ and 12% Basel requirement.
- Risk Weighted Assets at USD 3.36m in 2021, 85% of which CRWA.

NATIONAL BANK OF IRAQ, A SNAPSHOT

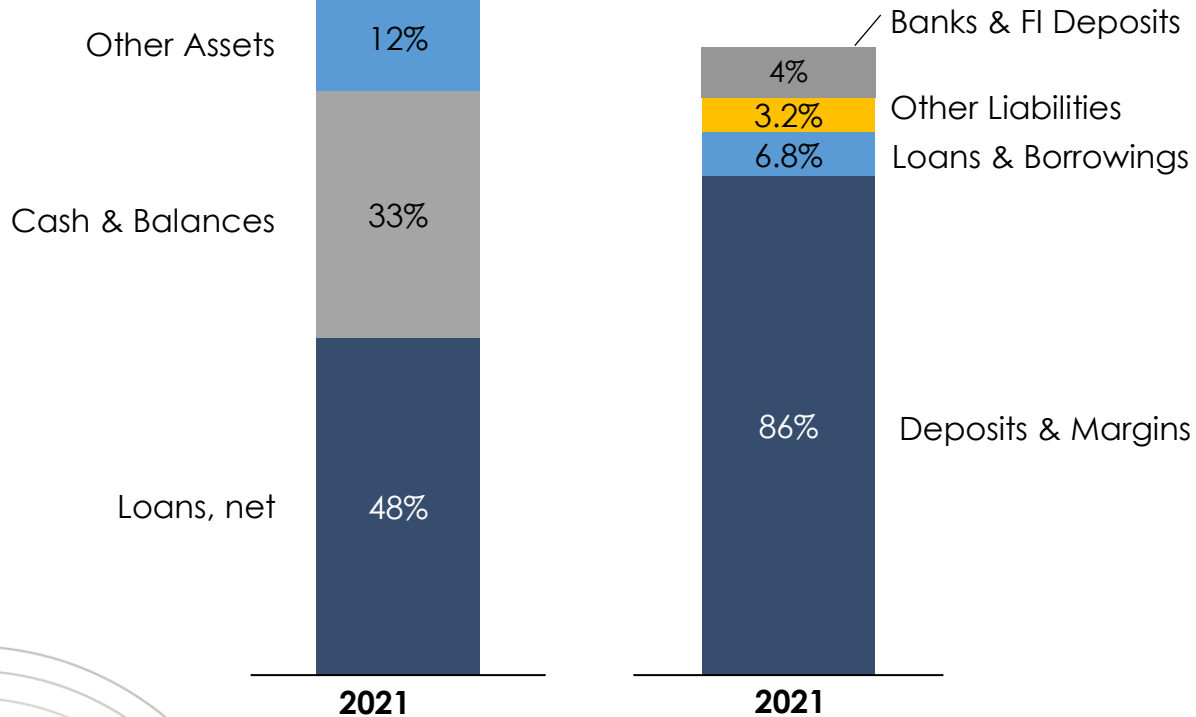
Assets

USD 1,236b



Liabilities

USD 1,024b



KEY P&L ITEMS

2021 (USD)

Net Interest Income	44.1
Commission Income	24.8
Gross Operating Income	56.5
Operating Expenses, Staff	(10.1)
Operating Expenses, Other	(16.4)
Provisions & Non-Recurring	(1.3)
Net Income	18.6

SELECTED RATIOS

2021 (USD)

ROE	9%
Net Interest Margin	5.2%
Efficiency Ratio	44.3%
NPL Ratio / Coverage Ratio	2.6% / 79.3%
Capital Adequacy*	24.5%

*Based on CBI's regulations

All values in USD billion

GROUP MEDIUM-TERM GUIDANCE (2021-25)

Metric/ KPI	Guidance (2022 - 2024)	Comments
Total Assets	CAGR >10%	<ul style="list-style-type: none">▪ Grow total assets to above USD 6.3b by the end of 2025
Cost to Income Ratio	<43%	<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



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
Omar Akram Bitar	2015	Independent	Undergraduate >20 years experience
Reem Haitham Goussous	2015	Independent	Masters >20 years experience
Mohamad Hasan AlHaj Hasan	2017	Independent	Masters >12 years experience
Khalid Walid Nablisi	2017	Independent	Masters >20 years experience
Yousef Ali Alnsour	2021	Independent	Undergraduate >20 years experience
H.E. Abubaker Sideeq Khoury	2021	Independent	Undergraduate >25 years experience

HIGHLY EXPERIENCED MANAGEMENT TEAM

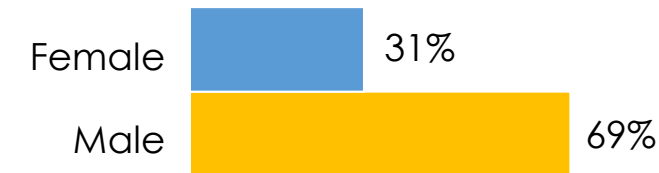


Mr. Dawod Al Ghouli
Group CEO

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

Gender



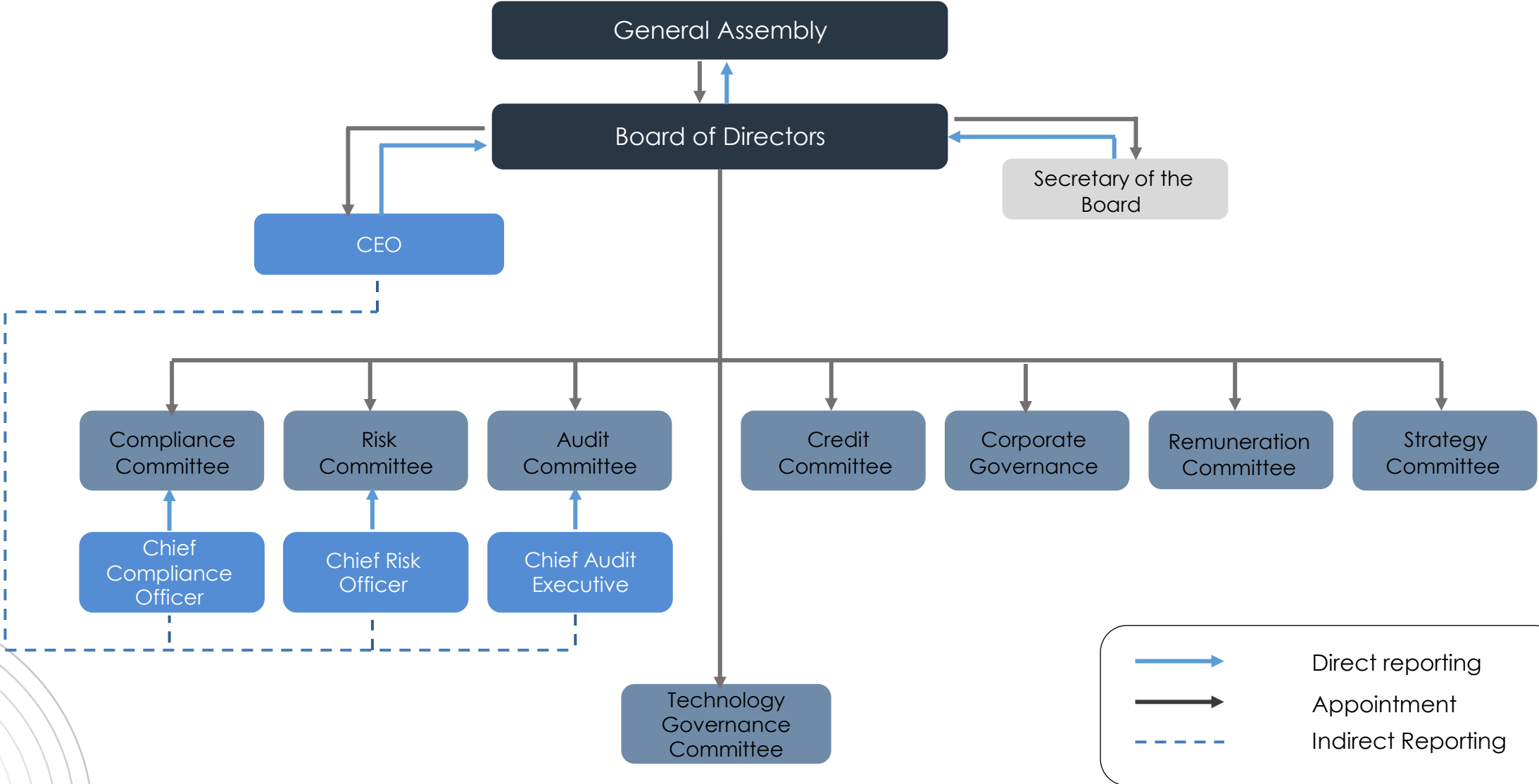
Education



Average Experience



SOLID GOVERNANCE & DECISION-MAKING



ESG AWARENESS & APPROACH



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- 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.



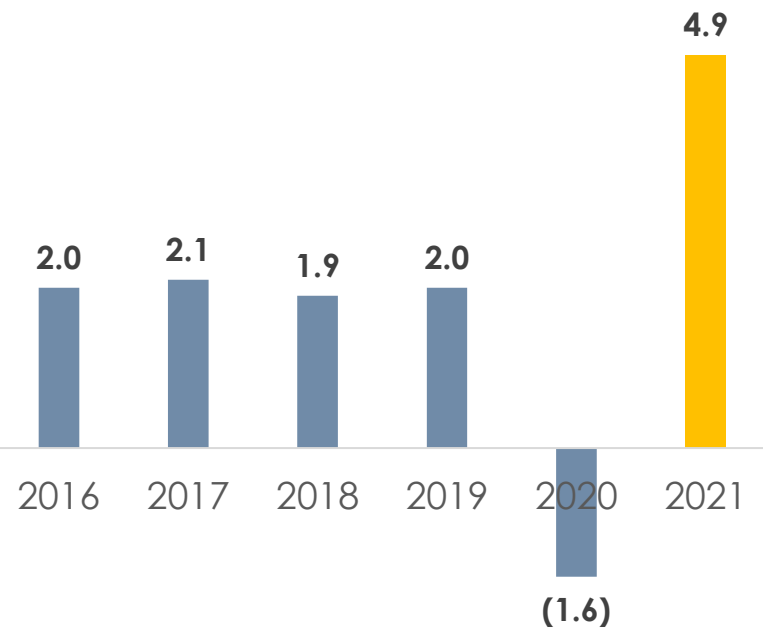
Section 3 | Part 1 (Jordan)
**Macroeconomic Developments
& the Banking Sector**

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JORDANIAN ECONOMY

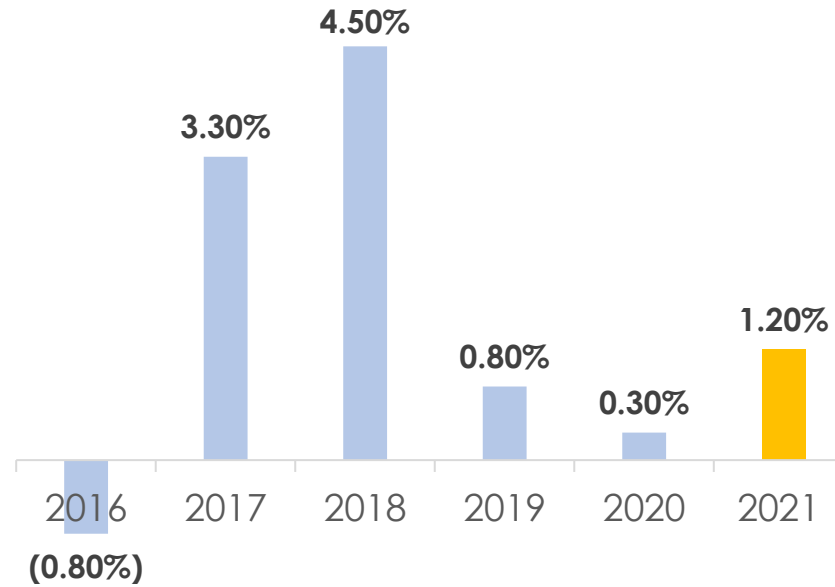
GDP at Constant Prices

JOD millions



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

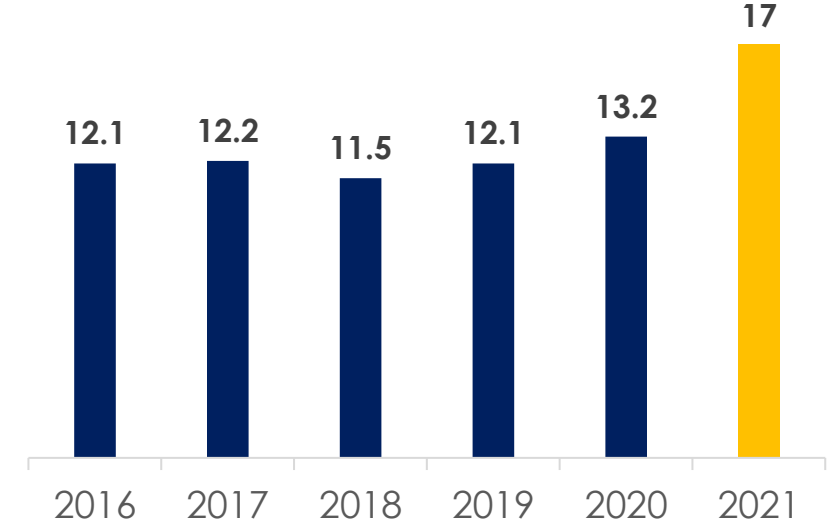
Inflation



When comparing changes to consumer price index over all industries, the annual inflation rate in Jordan stood at 1.2% in 2021, significantly higher than previous years that witnessed major decreases.

Foreign Currency Reserves

JOD millions



Foreign currency reserves amounted to JOD 17 million as of 2021, up from JOD 13.2 million in 2020.

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 136.5%

Improved credit quality metrics



NPL coverage for the Jordanian banking sector is 71.5%, with NPL to loans amounting to 5.5%.

Excess capital

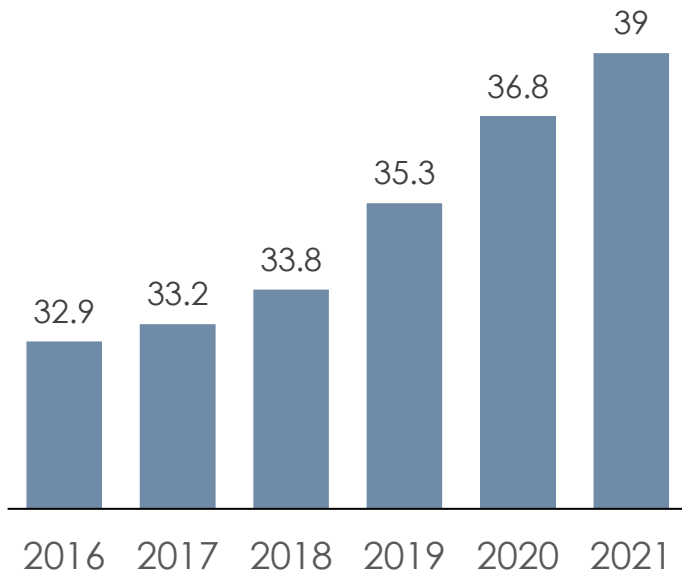


The banking sector enjoys a CAR of 18.3%, situated well above the CBJ minimum requirement

JORDANIAN BANKING SECTOR (KEY FACTS, CONT'D)

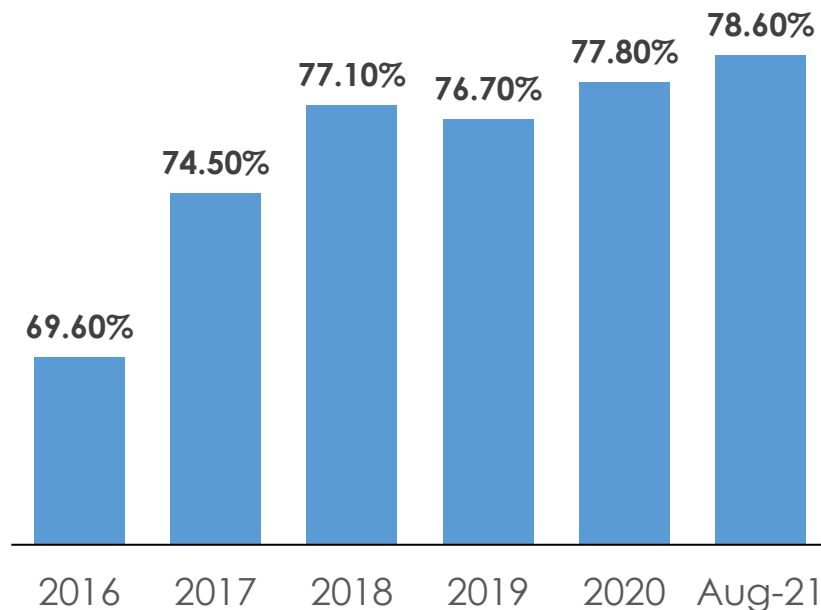
Total Deposits at Banks

JOD millions



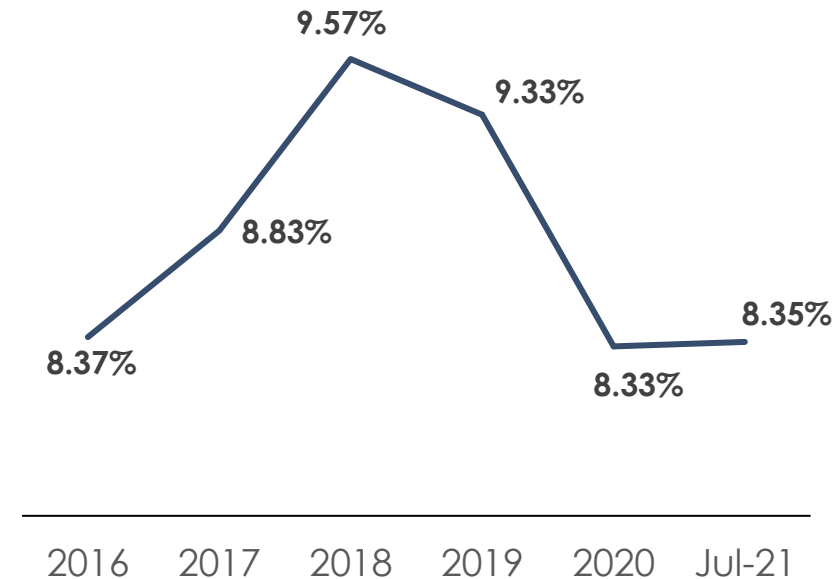
Total deposits at banks stood at JOD 39.06 million in November 2021, witnessing a 3% increase from 2020 and a CAGR of 2.8%.

Loans-to-Deposits



Standing at 78.6% as of July 2021, a continuously surging loans-to-deposits ratio signals tightening liquidity at Jordanian banks.

Prime Lending Rate



The prime lending rate for banks stood at 8.35% as of July 2021, and has witnessed a minor increase since the 2020 interest rate cut.

JORDANIAN BANKING SECTOR HIGHLIGHTS



Sound Asset Quality

NPL Ratio

5.7%

NPL Coverage

75.2%

ROE

9.5%

CAR

18.3%



Sufficient Liquidity

Liquidity Ratio

136.2%

Loans-to-Deposits

78.6%



Strong Solvency

CBJ CAR Requirement

12%

Deposit Growth Rate

4.2%



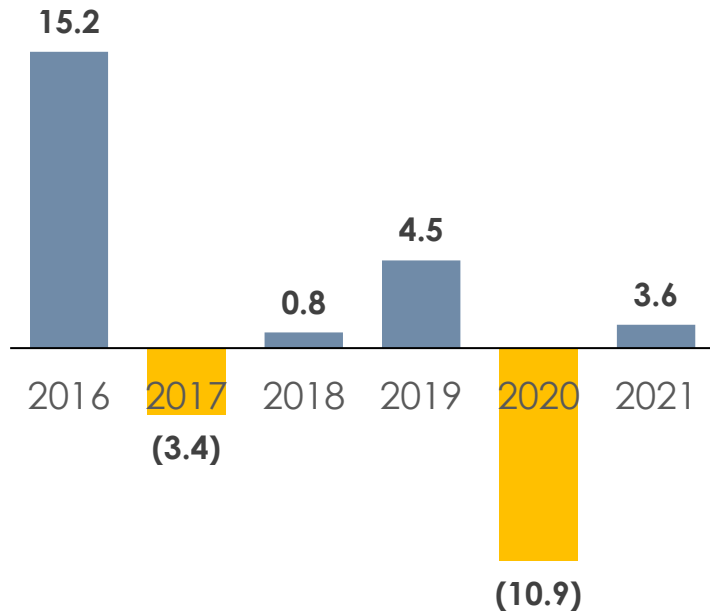
Section 3 | Part 2 (Iraq)
**Macroeconomic Developments
& the Banking Sector**

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IRAQI ECONOMY

Real GDP

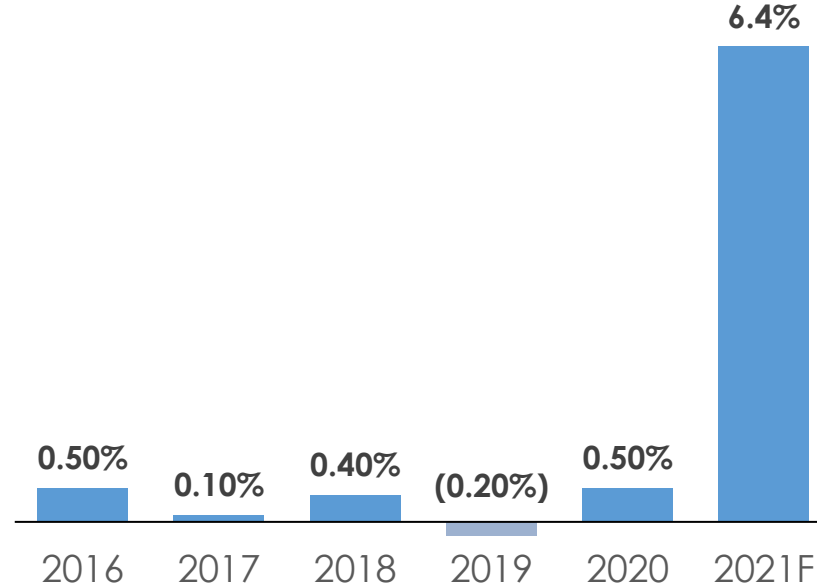
(percentage change)



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 recovered in 2021.

Inflation

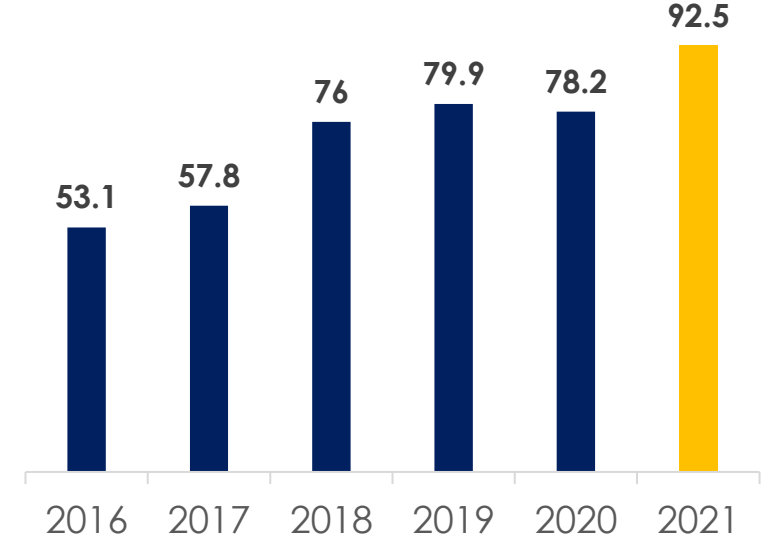
(percentage change)



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 in the wake of the exchange rate devaluation and proposed reduction in the public wage bill and pensions.

Foreign Currency Reserves

Iraqi Dinar millions



Foreign currency reserves amounted to ID 92.5 million as of 2021, up from ID 78.2 million in 2020.

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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