



البنك الأردني الكويتي
JORDAN KUWAIT BANK
"More than just a bank"

JKB Group

H1 2024

003671
003671

Presentation to Investors and Analysts

jkb.com

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About

JKB

*About, The Slogan &
Commitment, MVV, Journey,
Our Team, Service, Markets &
Segments. Network & KIPCO*

About JKB

A Jordanian public shareholding company listed on the Amman Stock Exchange (Ticker: JOKB); founded in 1976 as the country's fifth national commercial bank. The Bank's paid-up capital is JD 150 mn (USD 211mn) and is a member of Kuwait Projects Company Holding (KIPCO) group.

The context of the slogan "More than just a bank" reflects the Bank's commitment in achieving a pivotal leap in all areas of business, expanding the services and products offered to include the latest innovations and technologies in the banking arena that relate to banking or that complement it.

Within this concept, the Bank's services were expanded to include the provision of investment advisory, legal services, financial engineering, insurance, brokerage and other services that global financial institutions already practice, thus turning the Bank into a one stop customer service provider of integrated and comprehensive set of offerings that meet all the needs of individual and institutional customer.



More than just a bank



The Slogan

The context of the slogan “More than just a bank” reflects the Bank’s commitment in achieving a pivotal leap in all areas of business, expanding the services and products offered to include the latest innovations and technologies in the banking arena that relate to banking or that complement it.

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Our Commitment

Since Jordan Kuwait Bank’s establishment on October 25, 1976, the Bank has been conscientious about playing a leading and distinctive role in serving the national economy through providing distinguished and comprehensive banking services and solutions that meet the needs and interests of the Bank’s clients and general public through a wide network of branches in Jordan and Cyprus.

Mission, Vision and Values



JKB Journey

1976 - 1997

JKB Founded
Branches Opening
Bank Automated System Implemented
ATMs
Branches Connected Digitally

1995 - 2000

First branch outside Jordan
First Bank in Jordan to launch internet banking.

2001 - 2010

United Financial Investments
Company becomes a subsidiary
Regional Management Opening in Palestine
Ownership Restructure
First ATMs for visual disabilities

2011 - 2016

Ejara Leasing Company Established
New Banking System Launched
First Interactive Machine in Jordan
Establishment of Sanad Capital

2018 - 2022

Acquired 10% of AlQuds Bank
New board of Directors and CEO
Approval of two acquisitions by
Board of Directors

2023

JKB has acquired 53.4% of Bank of
Baghdad, the issue of the first green
bond & first perpetual bond in Jordan.
JKB also acquired 76.972% of BHM
Capital's paid-up capital & sold
66.97% to Ethmar International
Holding – UAE

Our Team

H.E. Sheikha Adana Al-Sabah
Chairperson of the Board



Haethum Buttikhi
Chief Executive Officer



Board and Executive Management



Board Members



Executive Management

Comprehensive Products and Services



البنك الأردني الكويتي
JORDAN KUWAIT BANK

" More than just a bank "

Corporate and SMEs

- Direct Credit: Overdrafts, Revolving Loans, Term loans & Discounted Bills
- Lending Programs: Loan Guarantee, CBJ Financing, EIB, Markabati, Tourism Loan, Startup Loan
- Financial Lease
- Product in Collaboration with GIG
- POS
- Indirect Credit: Letters of Guarantee, Letters of Credit, and Guaranteed Accepted Bills

Treasury & Investment

- Margin Trading
- Foreign Exchange
- Financial Derivatives
- Money Market Operations
- Capital Market Operations
- Investment Services
- Financial Institutions and International Banking Service

Retail Banking

- Current & Saving Account
- Golden Saving Account
- Fixed Deposit Account
- Certificate of Deposit
- Basic Bank Account
- Credit Card
- Debit Card
- Prepaid Card
- Car Loan and Housing Loan
- Personal Loan
- Bancassurance & Other Services

Private Banking

- Investment Advisory
- Portfolio Management
- Capital Guaranteed Products
- Sharia Compliant Products

Digital Banking

- JKMOBILE
- JKB Rewards (Cash Back)
- JKBFawri
- Western Union Digital
- E-fawateercom
- ITM
- ATM Cash Order – ACO Services
- SME Portal and Electronic Services
- Corporate Electronic Services

Diversified Operations across Markets & Segments



JKB Standalone and Cyprus

100%
Ownership

Share in
Revenue

Share in
Total Assets

- 3rd largest commercial bank by total Equity and the 2nd in terms of Net Income
- Offers retail, corporate, treasury, investment and private & digital banking services in Jordan & Cyprus
- Strategic focus on enhancing market share through organic and inorganic growth



Bank of Baghdad (BoB)

53.4%
Ownership

Share in
Revenue

Share in
Total Assets

- One of the largest private commercial banks in Iraq with a paid-up capital of IQD 400bn
- Provide full gamut of offerings to corporates, SMEs and retail clients
- Highly liquid balance sheet (*comprises 71% cash with CBI and FI, and 23% investments in 2023*) with focus on fee-based income



Ejara Leasing Company

100%
Ownership

Share in
Revenue

Share in
Total Assets

- Established in 2011 with a paid-up capital of JD 20mn
- Offers leasing services to supplement the banking services – alternate financing option to clients
- Strategic focus on car, home, solar energy, real estate, industrial and medical equipment portfolios



United Financial Investments (UFICO)⁽¹⁾

78.3%
Ownership

Share in
Revenue

Share in
Total Assets

- Established in 1980 and became subsidiary of JKB in 2002
- Offers brokerage, financial services, and advisory services
- Acquired Sanad Capital, Al Mawared Brokerage, Arab Financial Investment & EFG Jordan to achieve leadership position in brokerage market with access to international markets

Strong Distribution Network



	# of Branches	# of ATMs and ITMs
Amman	41	82 & 6
Zarqa	6	5
Irbid	4	6
Balqa'a	4	5
Al Mafrq	1	1
Jerash	1	1
Madaba	1	1
Al Karak	1	1
Aqaba	1	4
Dead Sea	1	6
Jawwal Branch	1	1
Cyprus	4	0
Total	66	113 ATM and 6 ITMs



	# of Branches	# of ATMs
Baghdad	12	
Al-Basrah	3	
Erbil	3	
Dohouk	2	
Al-Muthanna	1	
Thi-Qar	1	
Al-Najaf	1	
Al-Anbar	1	
Kirkuk	1	
Al-Sulaimaniya	1	
Salahuddin	1	
Diala	1	
Kerbala	1	
Babylon	1	
Wasit	1	
Al-Qadisiya	1	
Missan	1	
Beirut	1	
Total	34	95

Backed by Strong Shareholder

كيبكو
KIPCO

GEOGRAPHY

Middle East and
North Africa (MENA)

MERGER

With Qurain
Petrochemical
Industries Company
(QPIC) in Nov 2022

TRACK RECORD

32 years of Profits⁽²⁾
~10% total
Shareholder return
since 1996

SECTORS

Banking, Asset
Management,
Petrochemical, Food,
Media, Real Estate,
Healthcare, Logistics
and Education

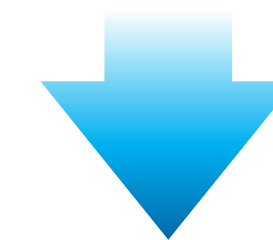
Majority owned by
the family office of
the Kuwaiti ruling
family

Experienced
management team
led by Sheikha Dana
Al Sabah

Listed on Boursa
Kuwait Market cap of
\$1.9bn⁽³⁾



\$41bn
Total Assets⁽¹⁾



\$34bn
In Commercial Banking
Assets (CBA)



21%
JKB's Share
in CBA

JKB is owned by Al Rawabi United Holding Co, a wholly owned subsidiary of KIPCO. The Group has strong interest in Commercial Banking sector (accounting for c.84% of assets and 64% of revenues). JKB is the strategic investment for KIPCO Group (accounting for 21% of its Commercial banking assets) as reflected in strong representation of KIPCO's senior leadership on JKB's board

Credit Rating



Credit Rating



SOVEREIGN	LT	BB-
	ST	B
JKB FOREIGN CURRENCY INHERTIANCE PLANNING	LT (POSITIVE OUTLLOOK)	B+
	ST	B
JKB BSR OUTLOOK		bb-
CORPORATE FINANCE		STABLE

Coverage Report



Coverage Report



BHM Capital initiated coverage on Jordan Kuwait Bank with an Overweight recommendation of JD 3.45 per share, the 12-month price target provides an upside of 37.3% from the current level. Below is a summary of the targeted price calculation:

Methodology	Weightage	JD per share
Justified PB multiple	33.3%	3.63
Relative P/E	33.3%	3.34
Relative P/B	33.3%	3.37
Target valuation		3.45
Current market price (JD)		2.51
Upside / (Downside)		37.3 %

Source: BHM Capital Estimates

Awards & Recognitions

*Awards and
ISO Certifications*

Awards

Recognizing the bank's cutting-edge capabilities and financial services, Jordan Kuwait Bank highlights its long record of international awards and accolades



Best Local Bank in Jordan for ESG Practices



Best SME Bank in Jordan



Jordan's Best Domestic Private Bank 2023



Green Bond of the Year 2023



Best Bank of the Year Jordan



Best Bank for Social Responsibility in Jordan 2023



Best Corporate Bank and Best Private Bank in Jordan 2022



One of the best places to work in Jordan in 2022



Best SME Bank in Jordan



Jordan's Best Domestic Private Bank 2024



Best Bank in Jordan



Best CSR Bank in Jordan 2024



Best Green Project Financing Bank



Bank of Baghdad Best Bank in Iraq 2023



Peacock Best Banking award 2022



JKB's Headquarters has been LEED GOLD-Certified

Certifications



Obtained ISO45001 certification for Workplace Safety



Obtained the ISO27001 Certificate for Information Security Management



Obtained ISO14001 certification for Sustainability



ISO Quality Service Certified

Recent Milestone



Merging with Bank Al Etihad

The Board of Directors decided to kick-off the necessary technical, financial and legal valuation to assess the concept of merging with Bank Al Etihad. Based on the outcome, the appropriate decision will be taken. This issue is still in the preliminary evaluation stage.



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Bank Of Baghdad PPA

As per IFRS 3, the bank has finalized the purchase price allocation (PPA) which resulted in additional gains of around USD 36.4 mn as intangible assets/core deposits intangibles (CDI). This matter was discussed with the external auditors and the Central Bank of Jordan which advised us not to book these assets/income as they will be amortized on the upcoming few years and due to the economic uncertainty and the sustainability in deposits.



Key Financial Highlights

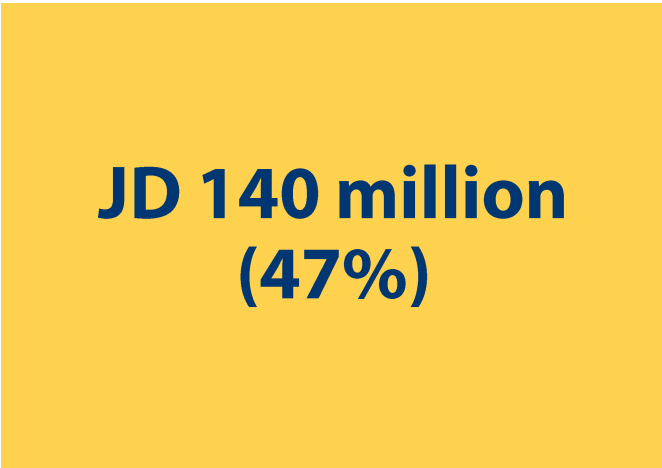


Key Consolidated Financial Performance Figures

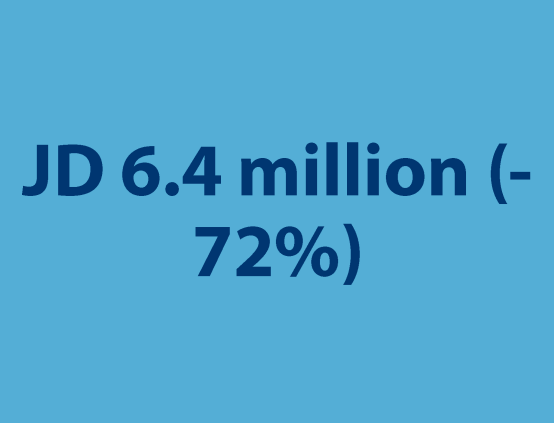
For the Period Ended at 30.06.2024



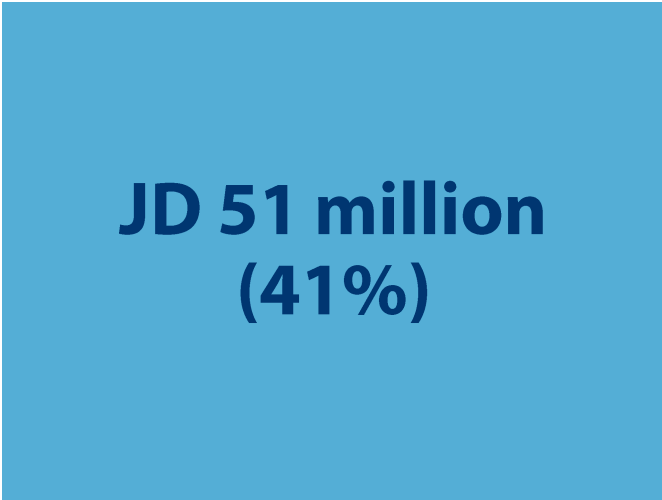
Net Income before ECL & Taxes



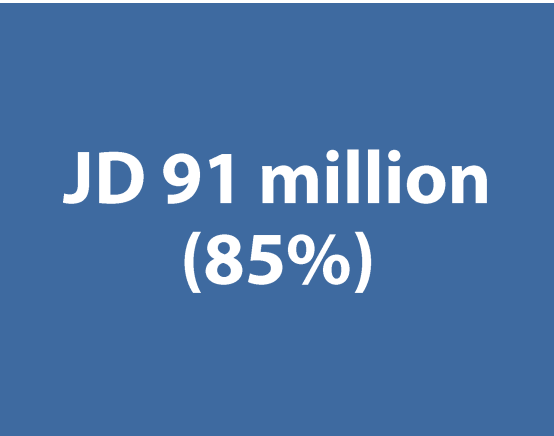
Net Interest and Commission



ECL



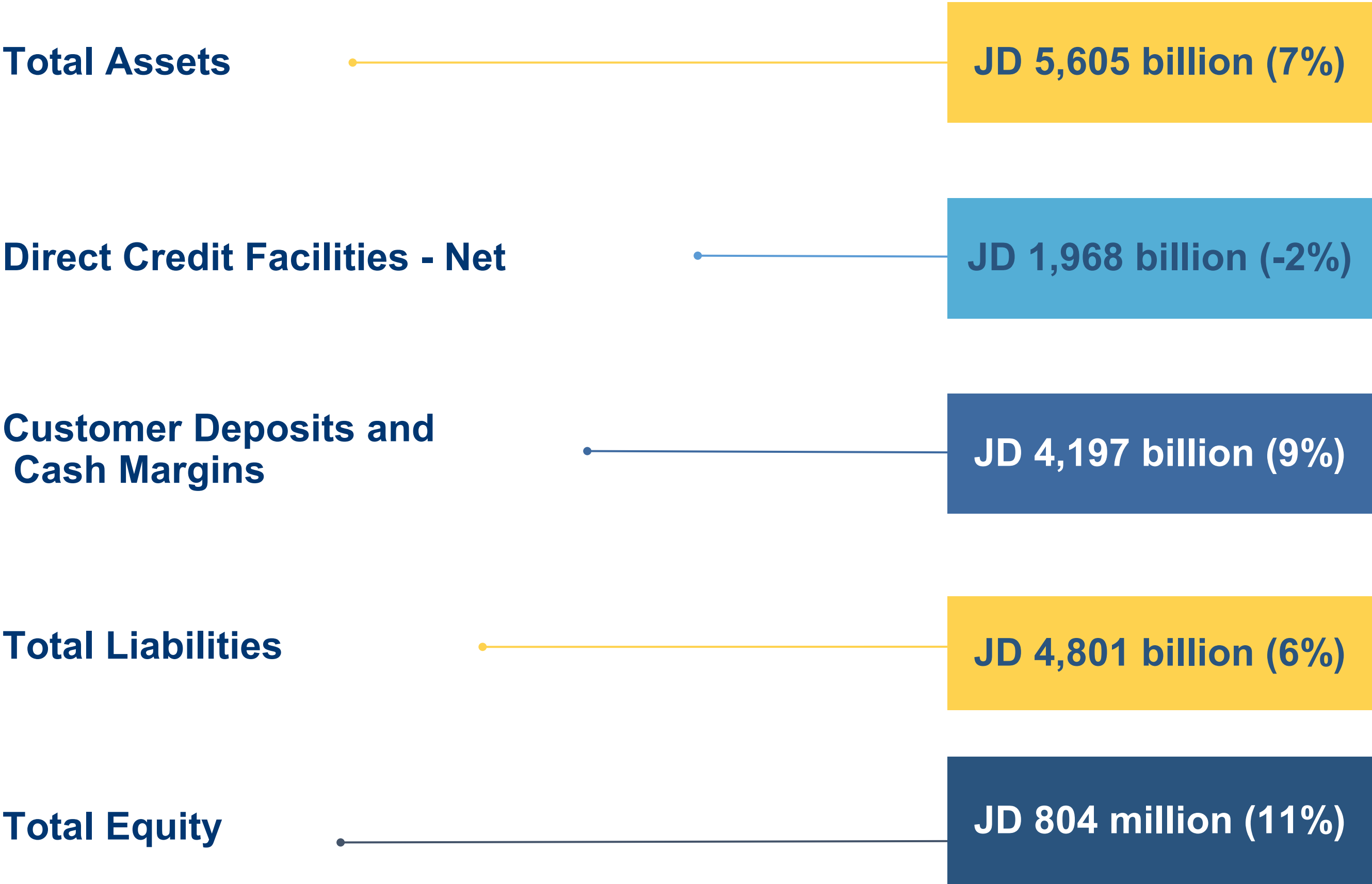
Income for the Period – Bank’s shareholders



Net Income


Key Consolidated Financial Position Balances

As at 30.06.2024



Consolidated Financial Ratios
As at 30.06.2024

23.6%

 Return on Equity
(Annualized)

Return on Assets
(Annualized) 

3.3%

235.9%

 Liquidity Coverage
Ratio

Net Interest Margin
(NIM) 

2.39%

46%


 Total Expenses (Excl.
ECL) to Net Interest &
Commission

Stage 3 facilities
Coverage Ratio 

75.1%

8.6%

Stage 3 to Total Facilities 

CAR | Capital Adequacy Ratio 

21.48%

8%

Cash Dividends 

Consolidated Statement of Financial Position – H1 2024

JD mn	30-Jun-24	31-Dec-23	Change	%
Assets				
Cash and balances with Central Banks	1526.0	1072.3	453.6	42%
Balances at banks and financial institutions	394.2	540.3	-145.9	-27%
Direct credit facilities - net	1968.3	2006.7	-38.5	-2%
Financial assets at fair value through P/L	6.1	24.8	-18.7	-76%
Financial assets at fair value through other comprehensive income	124.1	116.2	7.0	6%
Financial assets at amortized cost	1211.3	1122.9	88.5	8%
Fixed assets – net	83.5	80.5	3.0	4%
Intangible assets – net	13.8	11.9	1.9	16%
Deferred tax assets	54.1	58.7	-4.7	-8%
Right of use of leased assets	12.3	12.6	-0.2	-2%
Assets held for sale	18.8	22.9	-4.1	-18%
Other assets	192.5	174.6	18.6	11%
Total assets	5605.0	5244.4	360.6	7%

JD mn

Liabilities

	30-Jun-24	31-Dec-23	Change	%
Bank and financial institutions deposits	32	69.6	-37.0	-53%
Customers' deposits	4050.3	3707.1	343.2	9%
Cash margins	146.9	140.0	6.9	5%
Borrowed funds	342.4	363.2	-21.4	-6%
Other Provisions	22.3	20.3	2.0	10%
Green Bonds	35.5	35.5	0.0	0%
Income tax provision	20.2	32.6	-12.5	-38%
Deferred tax liabilities	4.0	3.5	0.5	14%
Liabilities against right of use of leased assets	12.4	12.8	-0.4	-3%
Other liabilities	135.0	132.4	2.7	2%
Total liabilities	4800.9	4516.9	284.0	6%

JD mn

	30-Jun-24	31-Dec-23	Change	
				%
Equity				
Paid-in capital	150.0	150.0	0.0	0%
Perpetual bonds	89.0	89.0	0.0	0%
Statutory reserve	106.4	106.4	0.0	0%
Voluntary reserve	98.9	110.9	-12.0	-11%
Financial assets revaluation reserve	21.5	20.0	1.5	7%
Remeasurement of post-employment benefits	0.7	0.7	0.0	0%
FX Translation Reserve	-3.6	-4.1	0.4	-11%
Equity against right of use of leased assets	-1.6	-1.5	-0.1	8%
Retained earnings	139.5	143.3	-3.8	-3%
Income for the period	51.1	0.0	51.1	100%
Total equity - Bank's shareholders	651.8	614.7	37.0	6%
Non-controlling interests	152.4	112.8	39.6	35%
Total equity	804.1	727.5	76.6	11%
Total liabilities and equity	5605.0	5244.4	360.6	7%

Consolidated Statement of Income –H1 2024

JD mn

	2024	2023	Change	
				%
Interest income	139.9	119.3	20.6	17%
Less: Interest expense	72.5	53.1	19.5	37%
Net interest income	67.4	66.2	1.1	2%
Commission income	73.0	29.4	43.6	148%
Net interest and commission income	140.3	95.7	44.7	47%
Foreign currency exchange gain	36.2	10.1	26.1	257%
Gain from financial assets (Investments portfolio)	2.1	5.8	-3.8	-65%
Other income	6.4	8.5	-2.1	-25%
Gross income	185.1	120.2	64.9	54%

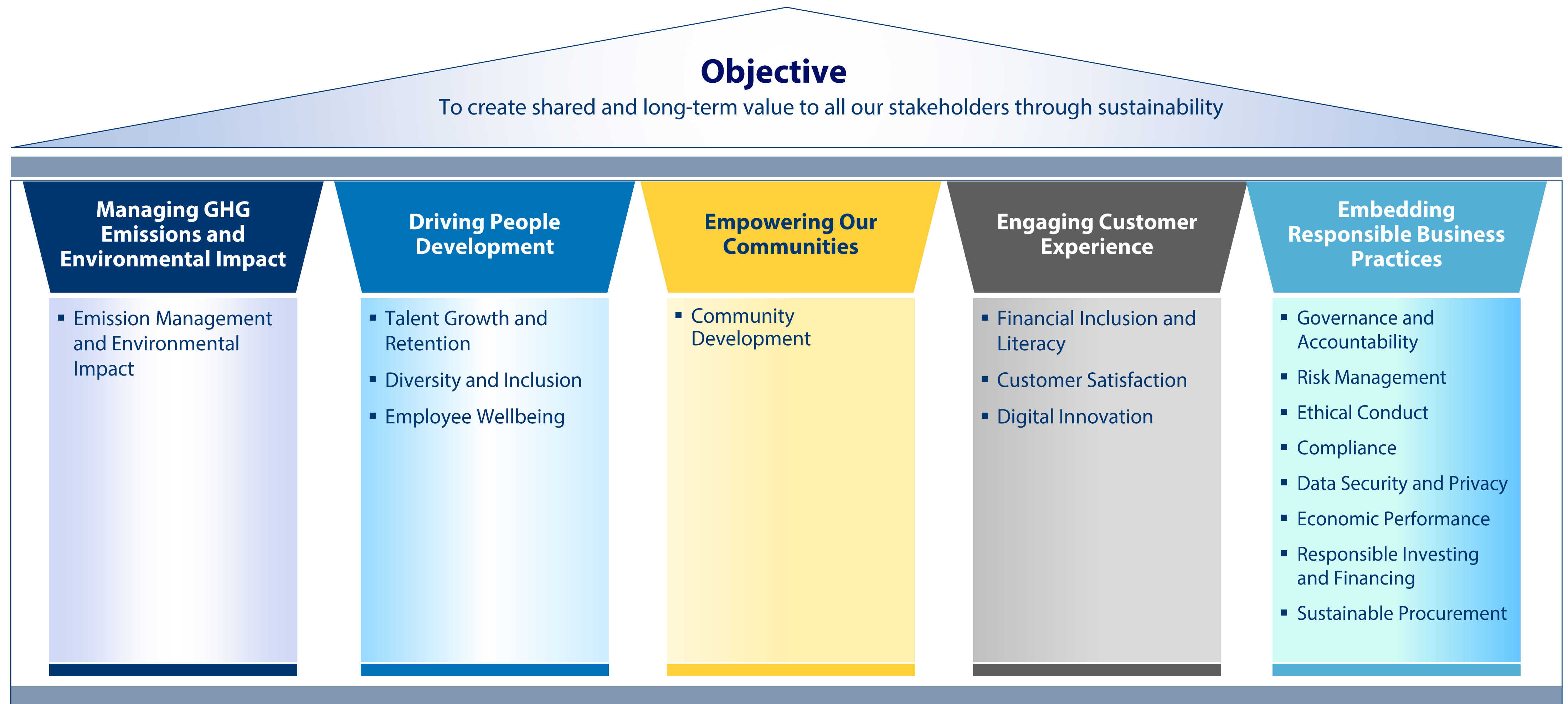


	For the Period ended June 30			
	2024	2023	Change	
JD mn				%
Employees' expenses	25.3	23.9	1.4	6%
Depreciation and amortization	3.9	3.5	0.4	12%
Expected credit losses	6.4	22.7	-16.4	-72%
Other provisions	2.9	2.3	0.6	27%
Other expenses	32.1	22.4	9.8	44%
Total expenses	70.7	74.8	-4.1	-6%
Gain from acquisition	0.0	15.5	-15.5	-100%
Profit for the Period before income tax	114.4	60.9	53.6	88%
Income tax expense	23.9	11.9	12.0	101%
Net Income for the Period	90.5	49.0	41.5	85%
Pertains to:				
Bank's Shareholders	51.1	36.3	14.7	41%
Non-Controlling Interest	39.4	12.6	26.8	212%

Sustainability Reports

A large, abstract blue shape occupies the left side of the slide, extending from the top left towards the bottom center. A short, horizontal yellow line is positioned below the title text, within the blue area.

JKB: Our Sustainability Framework



Key Achievements: 2023

Managing GHG Emissions and Environmental Impact

- **7%** YoY decrease in scope 1 GHG emissions
- **15%** YoY decrease in water consumption
- **4%** YoY reduction in paper consumption
- Obtained **ISO 14001** certification

Driving People Development

- **29%** YoY increase in training hours
- **38%** of full-time employees are women
- **43%** of the new hires in 2023 are women
- **36%** of full-time employees are under 30 years old
- Obtained **ISO 45001** certification
- **Zero instances** of human rights violations, ethical misconduct, non-compliance incidents, non-monetary sanctions, or significant fines for non-compliance

Empowering Our Communities

- **JOD 2.1mn** in community investment; a 105% increase compared to 2022
- **265 CSR** projects were implemented
- **2,280 hours** spent on community volunteering

Engaging Customer Experience

- **11%** YoY increase in new accounts held by first-time credit card holders
- **82%** YoY increase in the number of SMEs
- **8%** YoY increase in online/mobile transactions
- **92%** customer satisfaction score
- **68%** Net Promoter Score (*up from 63% in 2022*)

Embedding Responsible Business Practices

- Issued **first Green Bond** in Jordan
- Established the **Environmental and Social Management System (ESMS)**
- **100%** business units analyzed for risks related to AML/CTF
- Local suppliers constituted **96%** of total supplier base
- **Zero** incidents of data breaches and Ethical Code of Conduct breach
- Acquired **ISO 27001** certification
- **5%** YoY growth in green financing

Financial, Coverage & Sustainability Reports



JKB Financial Reports

[Click Here to view](#)



Coverage Report

[Click Here to view](#)



JKB Sustainability Reports

[Click Here to view](#)

Peer Comparison

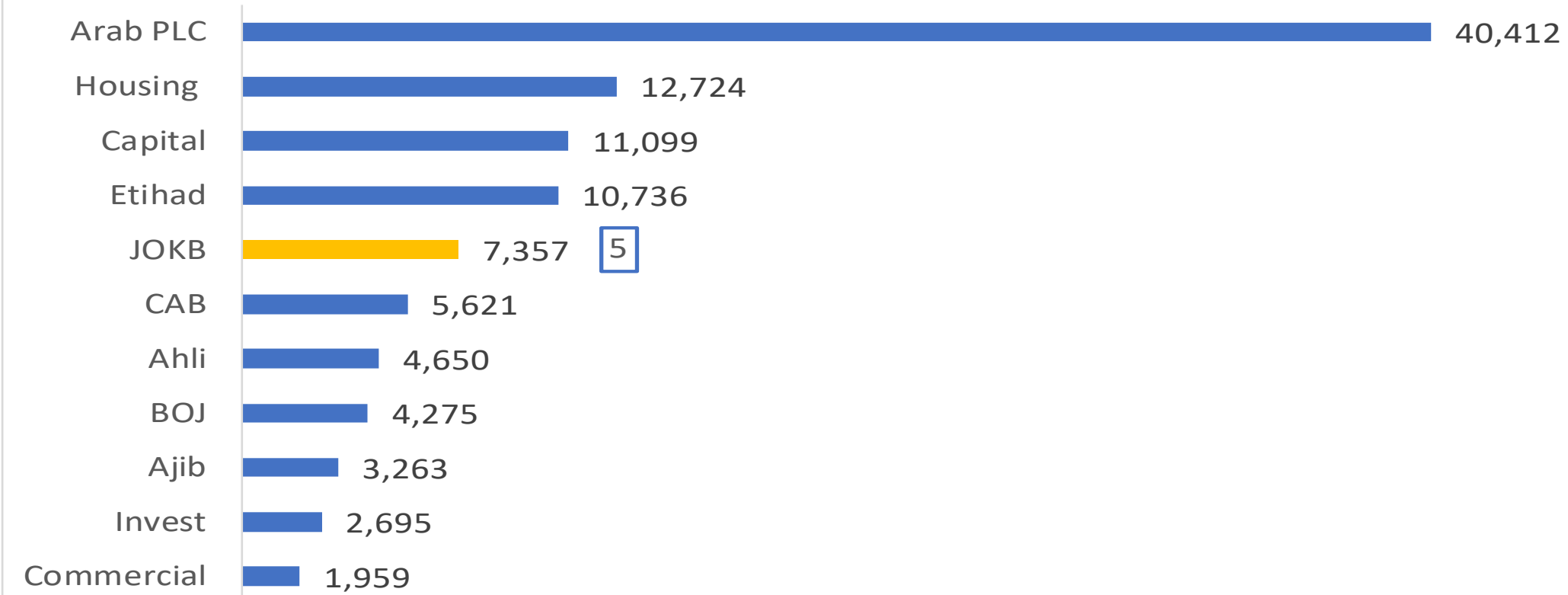


Peer Comparison Q1 2024 – Top 3

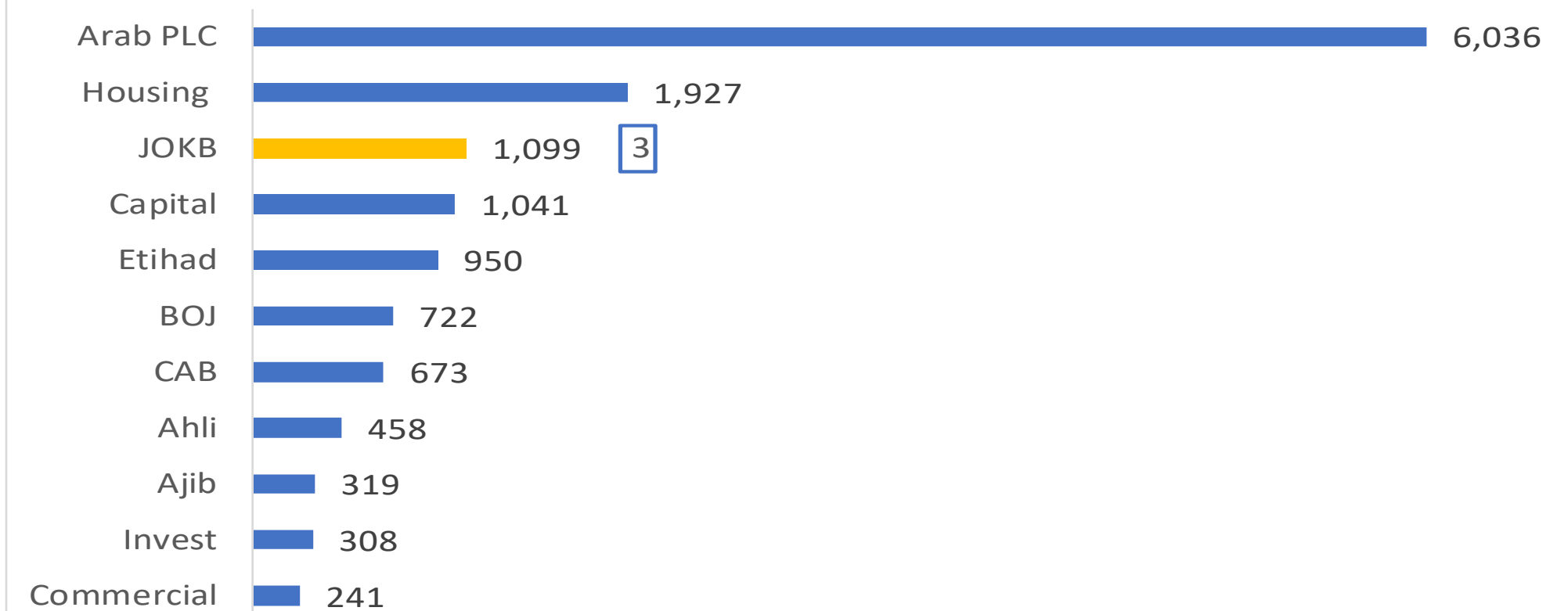
USD mn

Our market-leading position in Jordan is evident by ranking 3rd based on the total equity

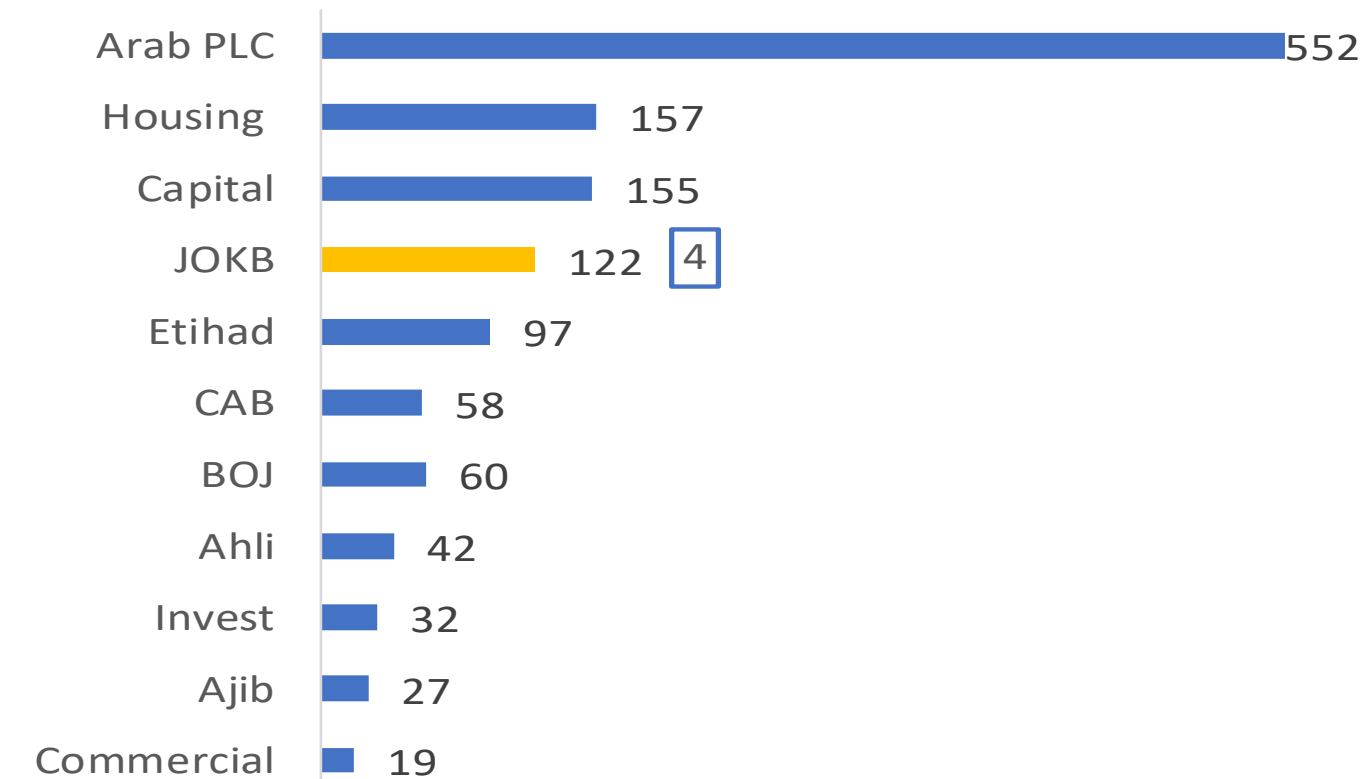
Assets Q1-2024



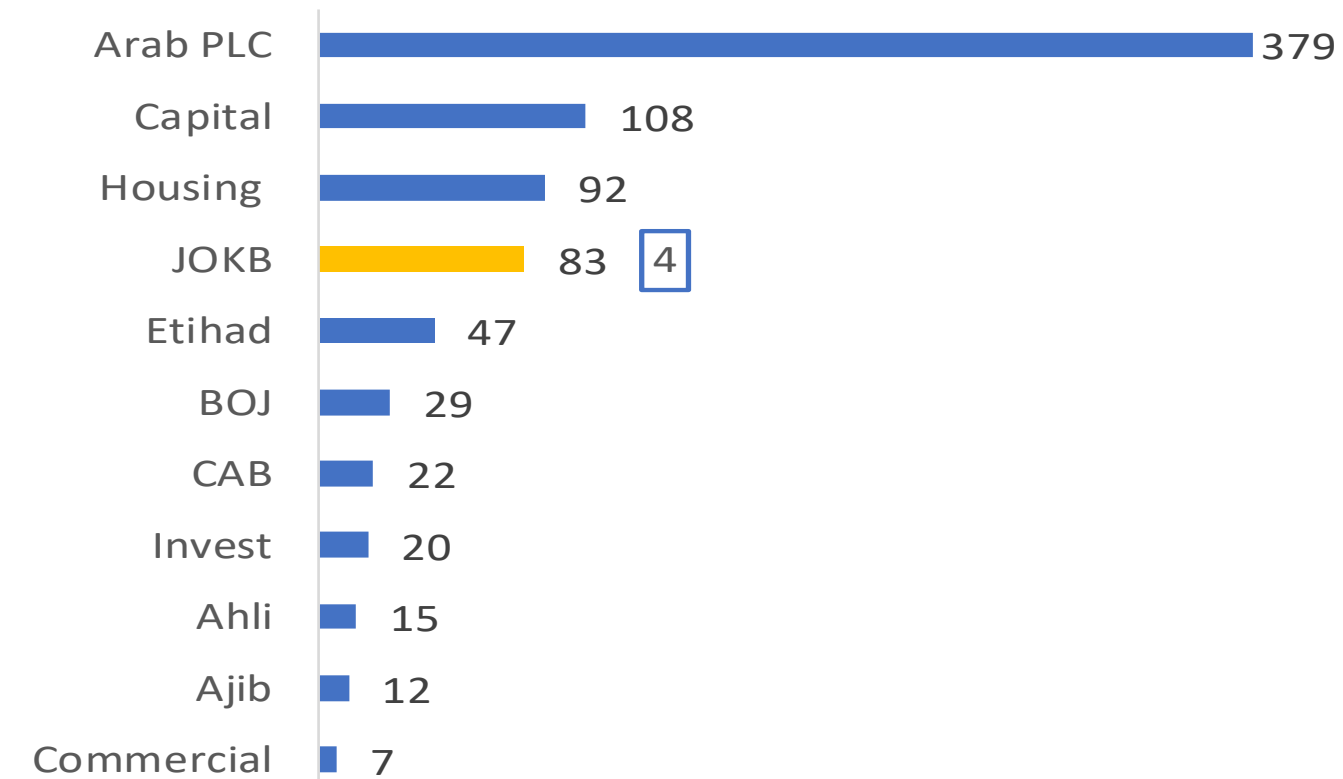
Total Equity Q1-2024



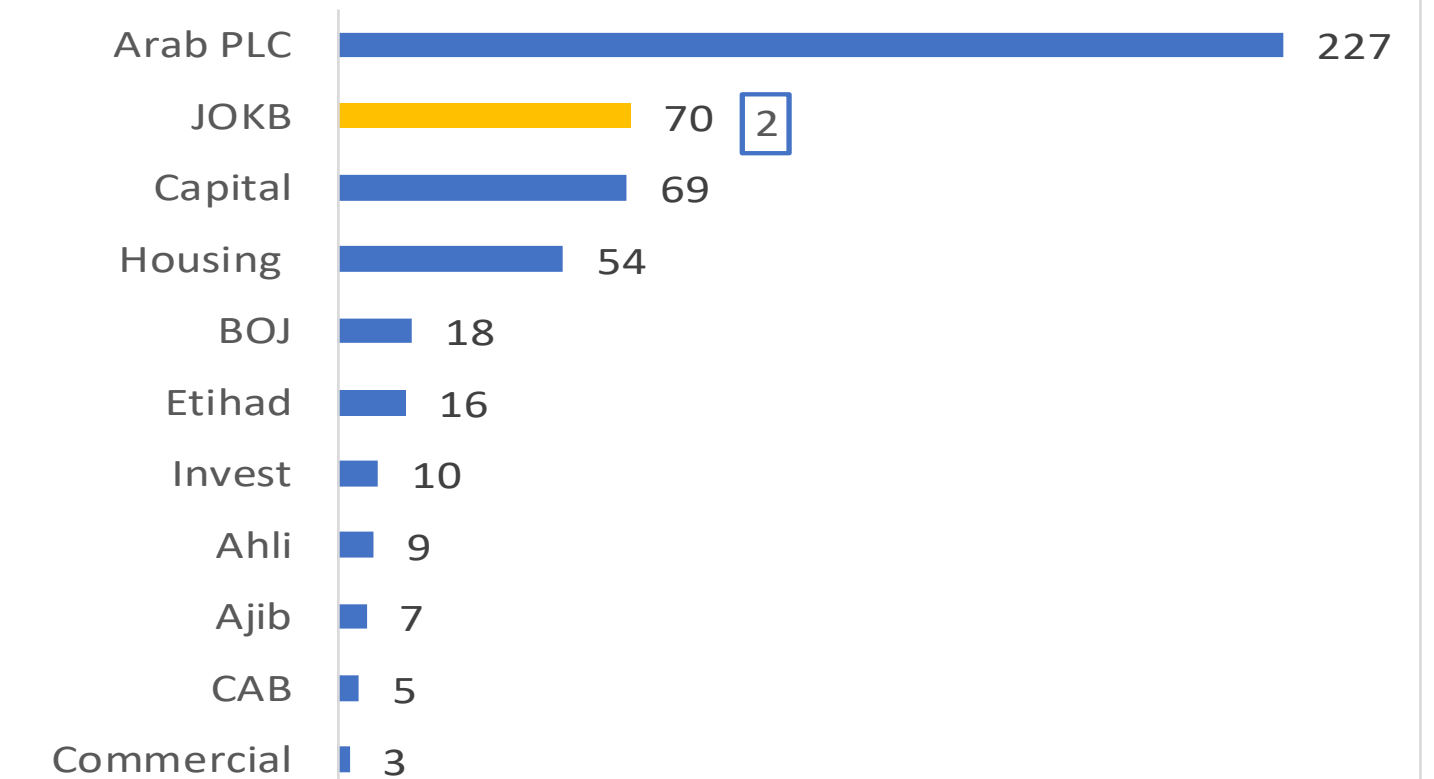
Gross Income Q1-2024



Income before Taxes & ECL Q1-2024



Net Income Q1-2024



Affiliates & Partners





Kuwait Projects Company Holding (KIPCO)

Relationship with Bank: KIPCO is the main shareholder in Al Rawabi United Holding Co., which in turn owns about 51% of Jordan Kuwait Bank's capital.

Kuwait Projects Company (Holding) – KIPCO – is a holding company that focuses on investments in the Middle East and North Africa. It's strategy of acquiring, building, scaling and selling companies in the MENA region has worked successfully for over 30 years.

KIPCO's main business sectors are financial services, media, real estate and industry. KIPCO's financial service interests include holdings in commercial banks, insurance companies, asset management and investment banking.

www.kipco.com

Al Rawabi United Holding Co.

Relationship with Bank: Al Rawabi United Holding Co. is the holding Company of Jordan Kuwait Bank, it owns about 51% of JKB's capital.

Al Rawabi United Holding Co. is a subsidiary of KIPCO (Kuwait Investment Projects Company).



Burgan Bank

Burgan Bank, a subsidiary of KIPCO (Kuwait Investment Projects Company), is a regional bank with majority owned subsidiaries in the MENA region. The youngest and most dynamic regional commercial bank, established in 1977, the Bank has acquired a leading role in the retail, corporate and investment banking sector through innovative product offers and technologically advanced delivery channels.

www.burgan.com

Social Security Corporation

Relationship with Bank: Social Security Corporation owns around 21% of Jordan Kuwait Bank's Capital.

The Social Security Corporation was founded, as a public financially and administratively independent organization to enforce the Social Security Law in the aim of securing respectable standards of living to citizens, ensure fair income distribution between the same generation and successive generations, deepen the values of solidarity in the society and participating in economic and social development plans through contribution in the strategic national economic projects.

www.ssc.gov.jo

المؤسسة العامة للضمان الاجتماعي
Social Security Corporation





Odyssey Reinsurance Co.

Relationship with Bank: Odyssey owns 5.85 % of Jordan Kuwait Bank's Capital.

Odyssey Reinsurance Company is a leading worldwide underwriter of reinsurance and specialty insurance and a wholly-owned subsidiary of Fairfax Financial Holdings Limited, a financial services holding company headquartered in Canada with total assets of \$31.7 billion.

www.odysseyre.com



Quds Bank

Relationship with Bank: Jordan Kuwait Bank holds 10% of its capital.

Established in Ramallah in 1995, Quds Bank today has a portfolio that offers a wide range of retail and corporate banking solutions including but not limited to personal account services, home and auto financing, SME's financing, commercial loans and project support.

The bank runs its' main operations through its' headquarter located in Ramallah, Al Masyoun, in addition to 37 fully-fledged branches and offices across Palestine (West Bank and Gaza).

www.qudsbank.ps



Gulf Bank Algeria

Relationship with Bank: A sister company. Gulf Bank Algeria is a subsidiary of Burgan Bank Group. Jordan Kuwait Bank holds a stake of 10% in its capital.

Gulf Bank Algeria was established in March 2004 with a paid-up capital of \$90 million. The bank's main mission is contributing to the financial and economic growth in Algeria. The Bank offers a wide range of banking products and services in addition to traditional banking services that are "sharia" compliant to meet the needs of different segments of customers.

<https://www.agb.dz/>



MEPs

Relationship with Bank: Jordan Kuwait Bank holds 19.77% of its capital.

MEPS was established in 2009 . Middle East Payment Services (MEPS) is a payment service provider and licensed by the Central Bank of Jordan, offering secure e-commerce payment gateway solutions, PCI and security services, as well as a comprehensive set of customized value-added services that meets the growing demand for payment solutions throughout the region. MEPS is a payment processor, card issuer and merchant acquirer of payment cards in Jordan, Palestine and Iraq.

www.mepspay.com



BHM Capital Financial Services is a private joint stock company listed in Dubai Financial Market (DFM) and regulated by UAE Securities and Commodities Authority.

Since its inception in 2006, it has been ranked as one of the top firms in the country's financial markets. It is considered a pioneer in providing specialized technological services to its retail and corporate clients on a regional level due to its advanced systems.

BHM also offers other trade fields to its clients through access to capital markets in UAE, KSA, USA, UK, Europe and other regional and international markets as well as a wide range of financial services and investment instruments including prime brokerage, investment management, liquidity providing, market making, corporate advisory and research.

The head office is located in Dubai, and has branches in Abu Dhabi, Sharjah, RAK, Al Ain and inside Dubai Financial Market (DFM).




Al Ehtirafiah Real Estate Investment Company

Relationship with Bank: Jordan Kuwait Bank holds 19.98% of its capital.

Al Ehtirafiah was established in 2022. Al Ehtirafiah Real Estate Investment Company is a real estate company, offering development and management services.

About Subsidiaries

The slide features a large blue abstract shape on the left side. A thin blue curved line starts from the bottom left, arches across the middle, and extends towards the right edge. Below the title, there is a short, thick yellow horizontal bar.



United Financial Investments Company (UFICO) was established in 1980 to be later listed in 1996 (Ticker: UCFI). UFICO is considered one of the best brokerage firms and financial services companies operating in Jordan as it depends on the latest technology and direct electronic link with global financial markets. In 2002, UFICO became a subsidiary of Jordan Kuwait Bank.

In October 2021, UFICO acquired Sanad Capital, a fully-owned subsidiary of Jordan Kuwait Bank. Sanad Capital was established in 2016 and offers a wide range of financial advisory services including lead managing stocks and bonds issuances, financial advisory services to companies and family groups, in addition to offering financial investment opportunities.

During 2022 and 2023, UFICO acquired 3 Brokerage companies: Al Mawared Brokerage, previously a subsidiary of Invest Bank, Arab Financial Investment Company ("AFIN") which offers local and foreign services and EFG Hermes /Jordan 2023; this acquisition marks the beginning of a strategic collaboration between the company and EFG Hermes Holding (Egypt) in Jordan.



Ejara Leasing Company (Ejara) was established in 2011, as a private shareholding company with a paid-up capital of JD 20 million, fully owned by the Bank.

Ejara aims to provide innovative and high-quality leasing services to supplement the banking and financing services offered at Jordan Kuwait Bank to be in line with the developments in the financial market, meet the needs of the Bank's clients and support the various economic activities, while developing the concept of financial leasing and providing the Bank's clients with different financing alternatives.



BoB is one of the largest private commercial banks in Iraq with a paid-up capital of IQD 400 billion. BoB provides trusted high-quality financial services through offering its commercial and international services to small and medium enterprises, including commercial real estate and construction loans, credit services, letters of credit and trade finance, in addition to individual customers' services which include a full range of savings accounts, loans through its Head office and 33 branches covering all governates in Iraq in addition to 1 branch located in Lebanon.

Economy Overview

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Jordan: Macroeconomic Overview



"BB-" Fitch Rating

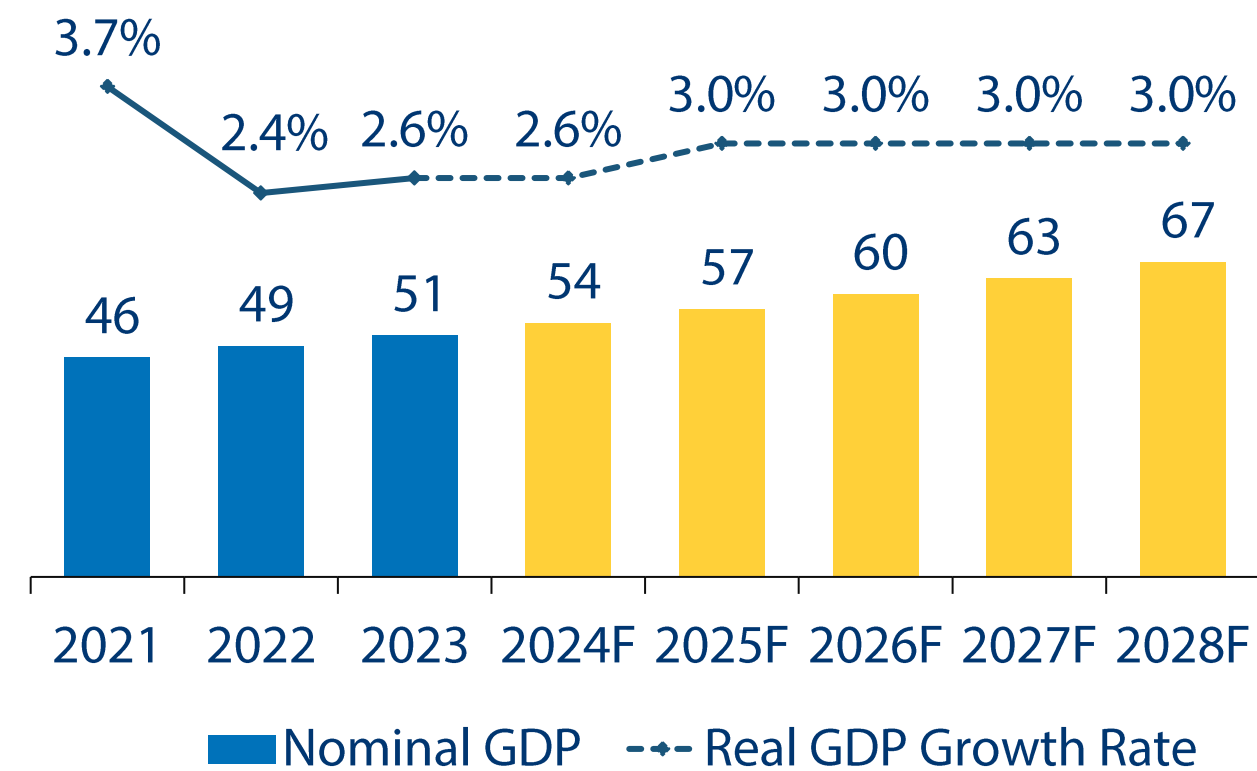
supported by economic & political stability, progress in fiscal & economic reforms, and resilient financing linked to the liquid banking sector



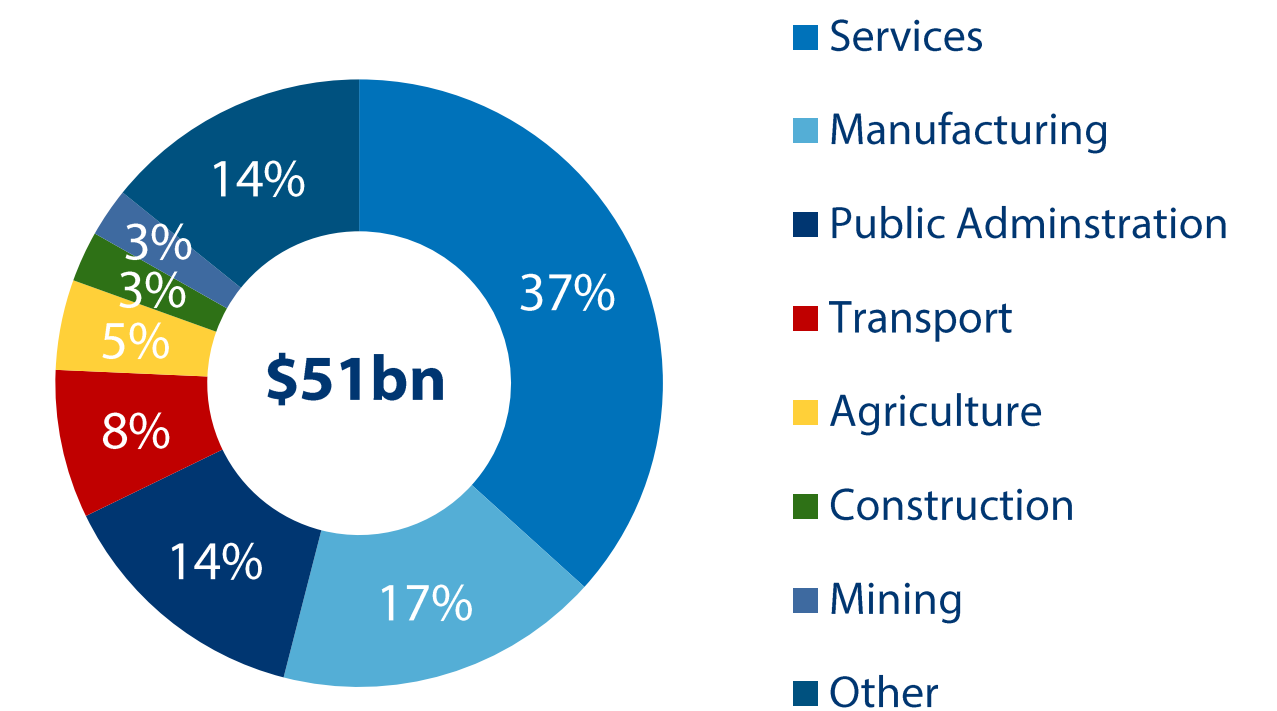
c.\$14.0bn Fx Reserves

covering c.6.7 months of import. JD continues to remain pegged to USD

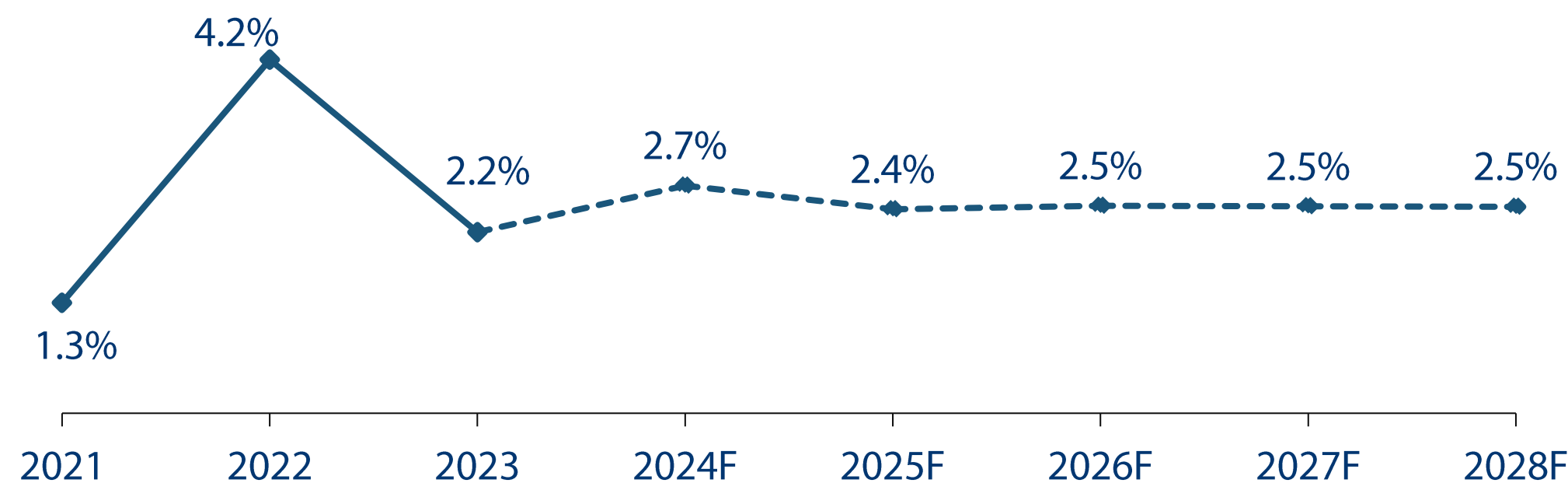
Nominal and Real GDP (\$ bn)



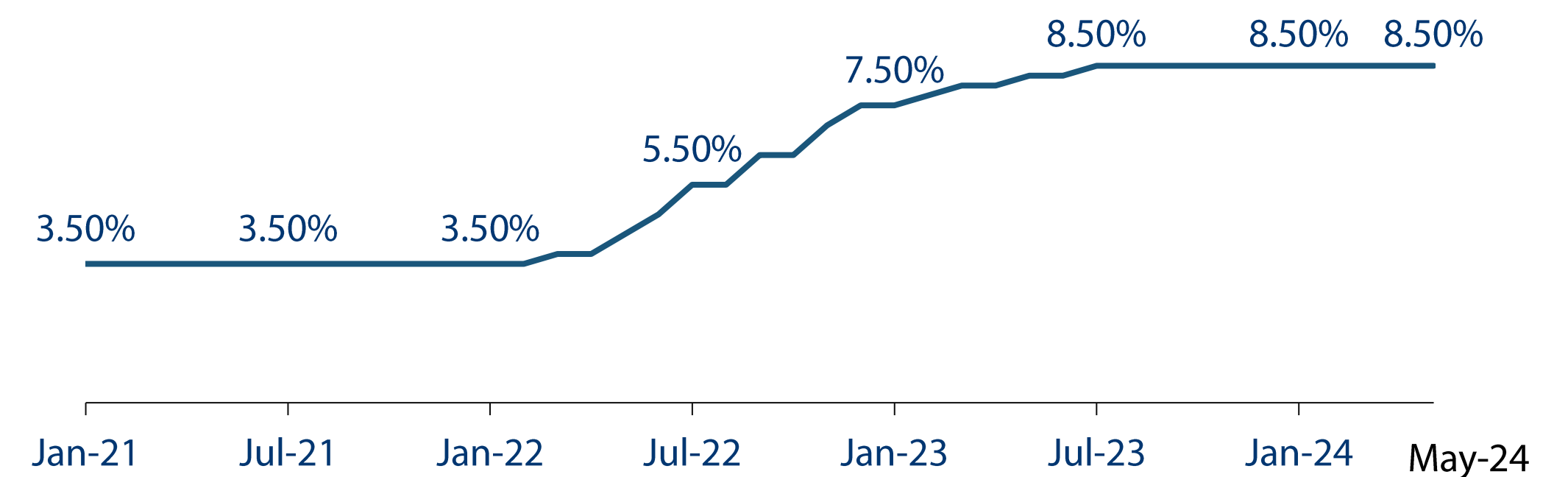
GDP by Sector – 2023 (%)



Inflation Rate (%)



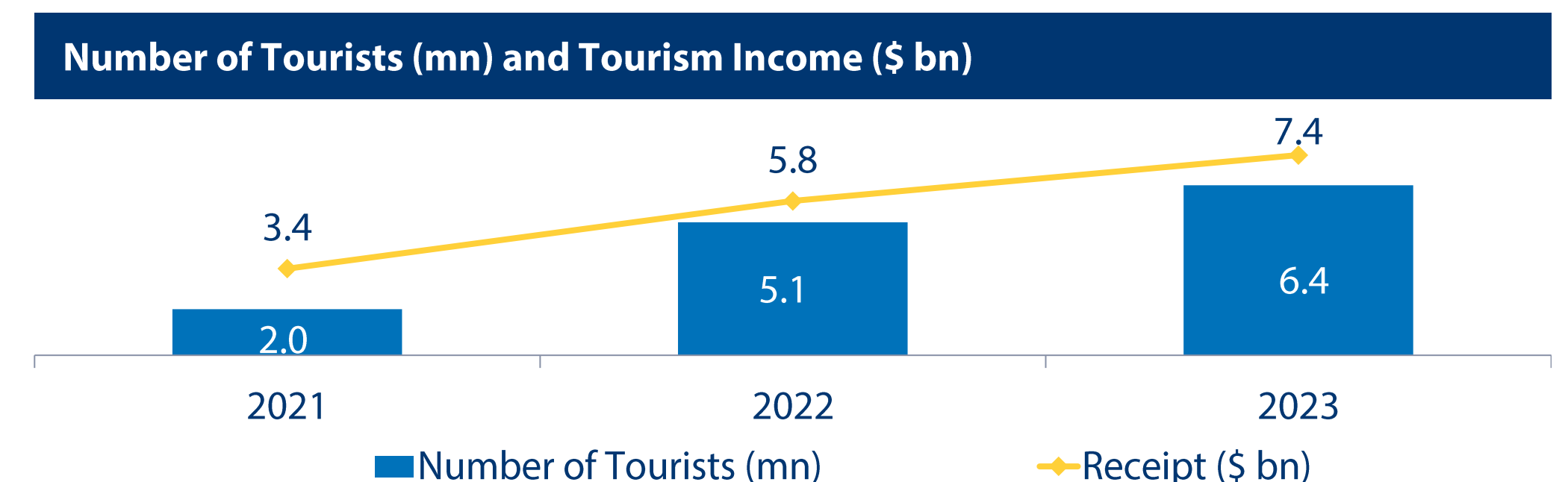
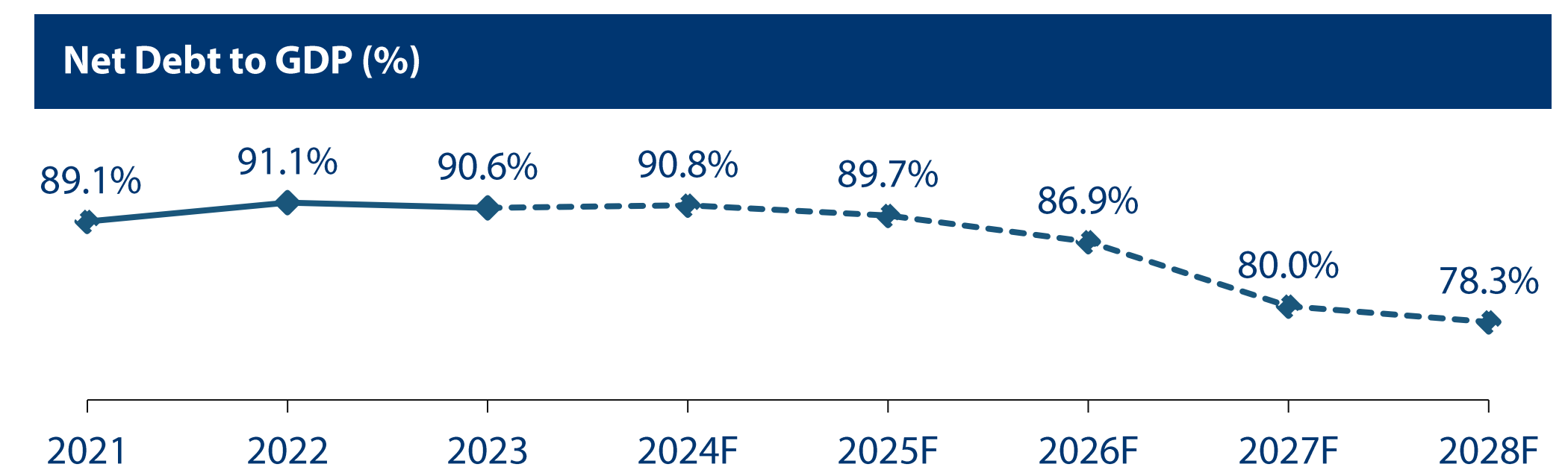
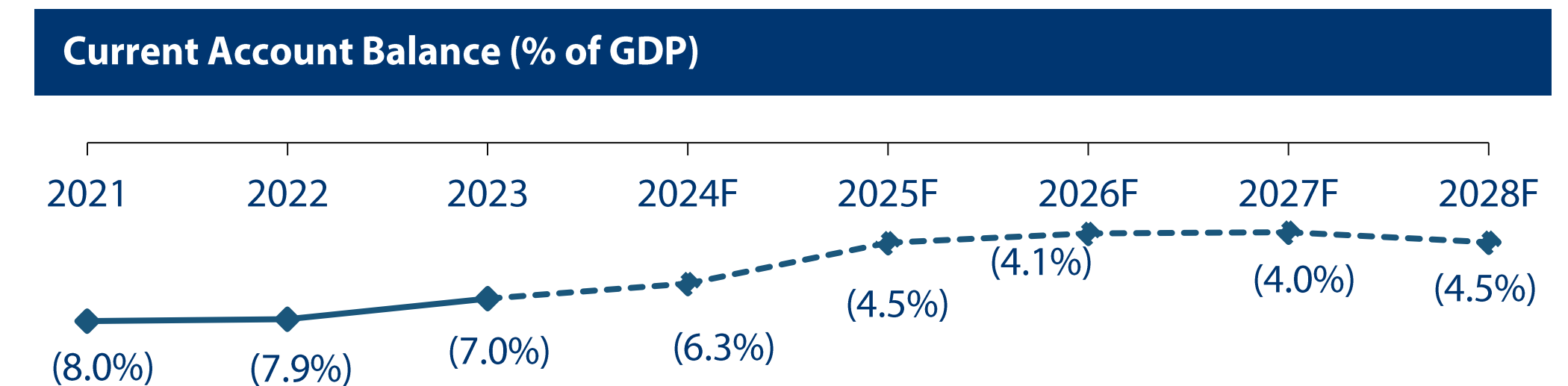
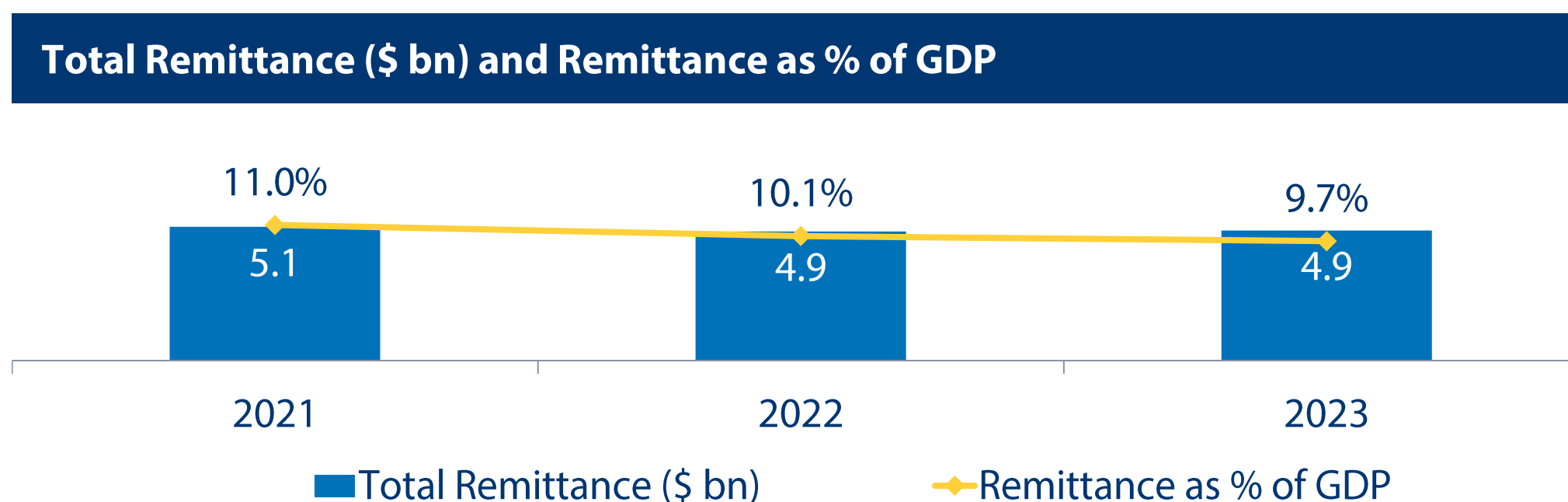
Interest Rate⁽¹⁾ (%)



Real GDP grew by 2.6% in 2023 despite slowdown in activity from Q4'23 following the start of the Israel–Gaza war. Growth momentum is expected to pick-up in medium-term driven by growth in private consumption and new investments (especially in energy, transportation & construction sectors)

Jordan: Macroeconomic Overview (Contd.)

- Fiscal consolidation is expected to continue in line with the IMF targets supported by:
 - Economic growth, reforms in tax collection, growth in tourism receipts and steady remittance inflows
 - Foreign assistance / grants – expected to reach \$3.5bn or c.6.5% of projected GDP in 2024
- Near-term stress likely due to geopolitical tensions, increase in commodity prices (*driven by red sea clashes*), etc., however, current account deficit will average c.4% in medium-term

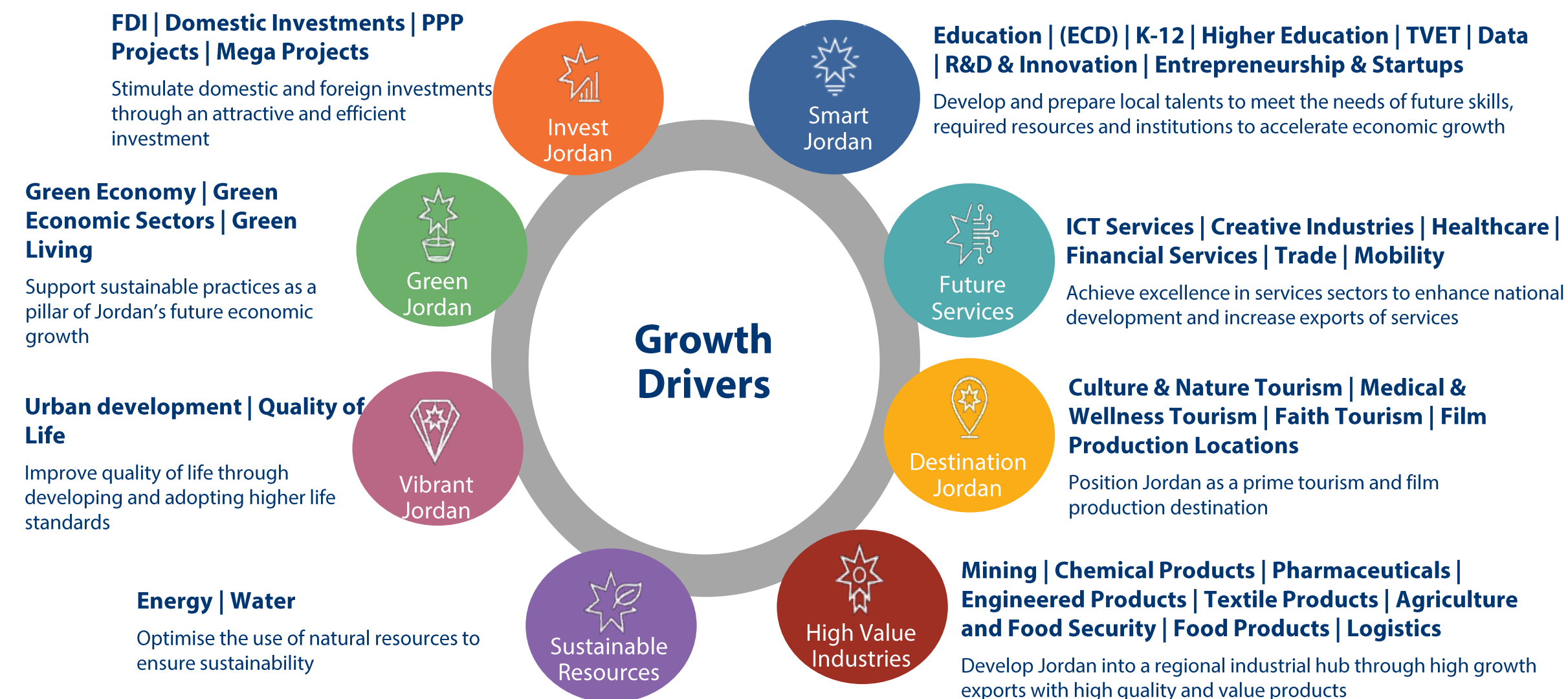


Jordan: Economic Modernization Vision 2022-33

Economic Modernization Vision

- Jordan's Economic Modernisation Vision centers on the slogan of "A Better Future", and is based on two strategic pillars:
 - accelerated growth through unleashing Jordan's full economic potential
 - improved quality of life for all citizens, while sustainability is a cornerstone of this future vision
- Through the first pillar, Jordan plans to achieve economic growth and create job opportunities in the next decade
- Through the second pillar, it can realise significant improvement in the quality of life for Jordanians
- The vision has eight main goals implemented through **eight economic growth drivers**, covering 35 sectors and sub-sectors, over 360 initiatives, and 10 key success factors, monitored by four evaluation units.

Growth Drivers



Implementation Timeline

Phase I (2022-2025):

- Most critical phase, establishing a strong foundation for Jordan's future.
- **93% of the 344 initiatives will be implemented**
- Key focus areas:
 - Economic Policy enhancements
 - New markets

Phase II (2026-2029)

- Build on the progress from Phase I, focusing on extending those achievements
- It will consider recent developments to capitalize on new opportunities and address emerging challenges
- Key focus areas:
 - New products
 - New skills
 - New resources

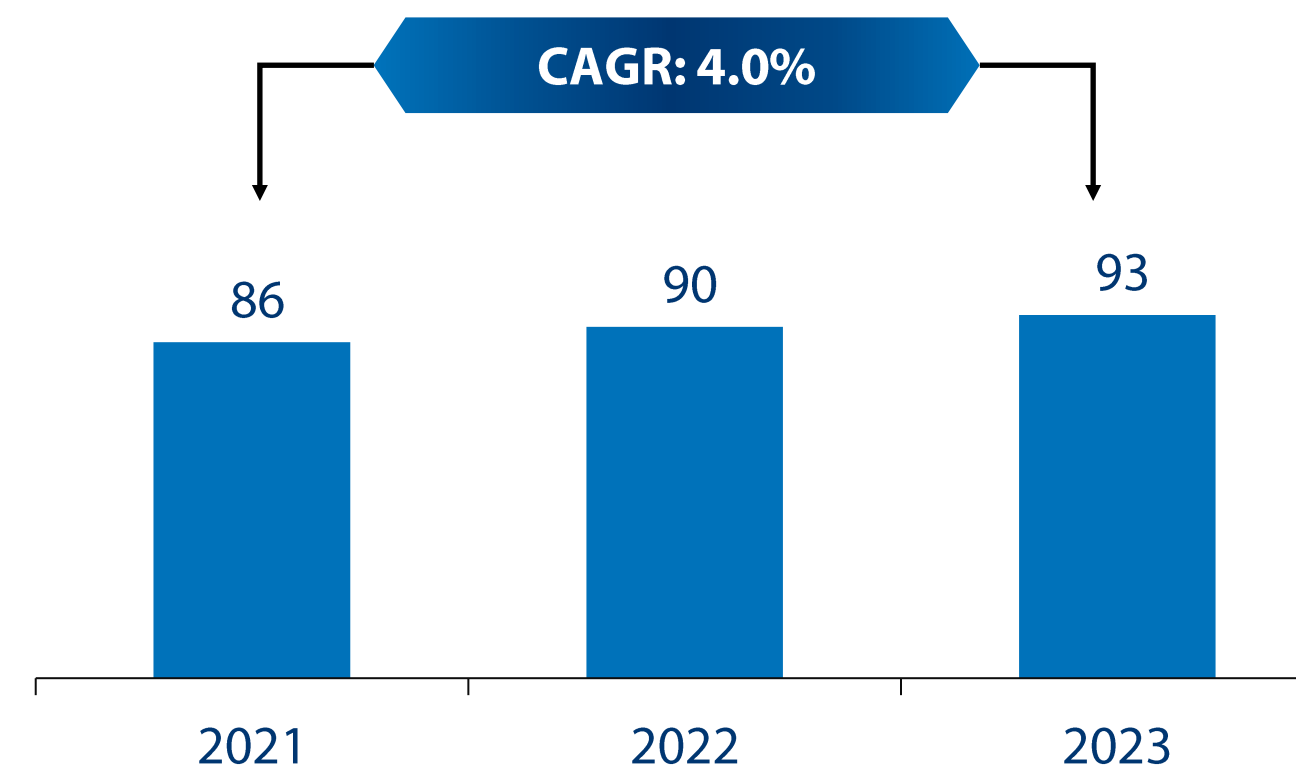
Phase III (2030-2033):

- Final phase of the Vision journey, focusing on preparing for the needs of the next decade by setting new long-term directions, creating new foundations
- Key focus areas:
 - Bridging strategic gaps
 - Prepare for future growth stages

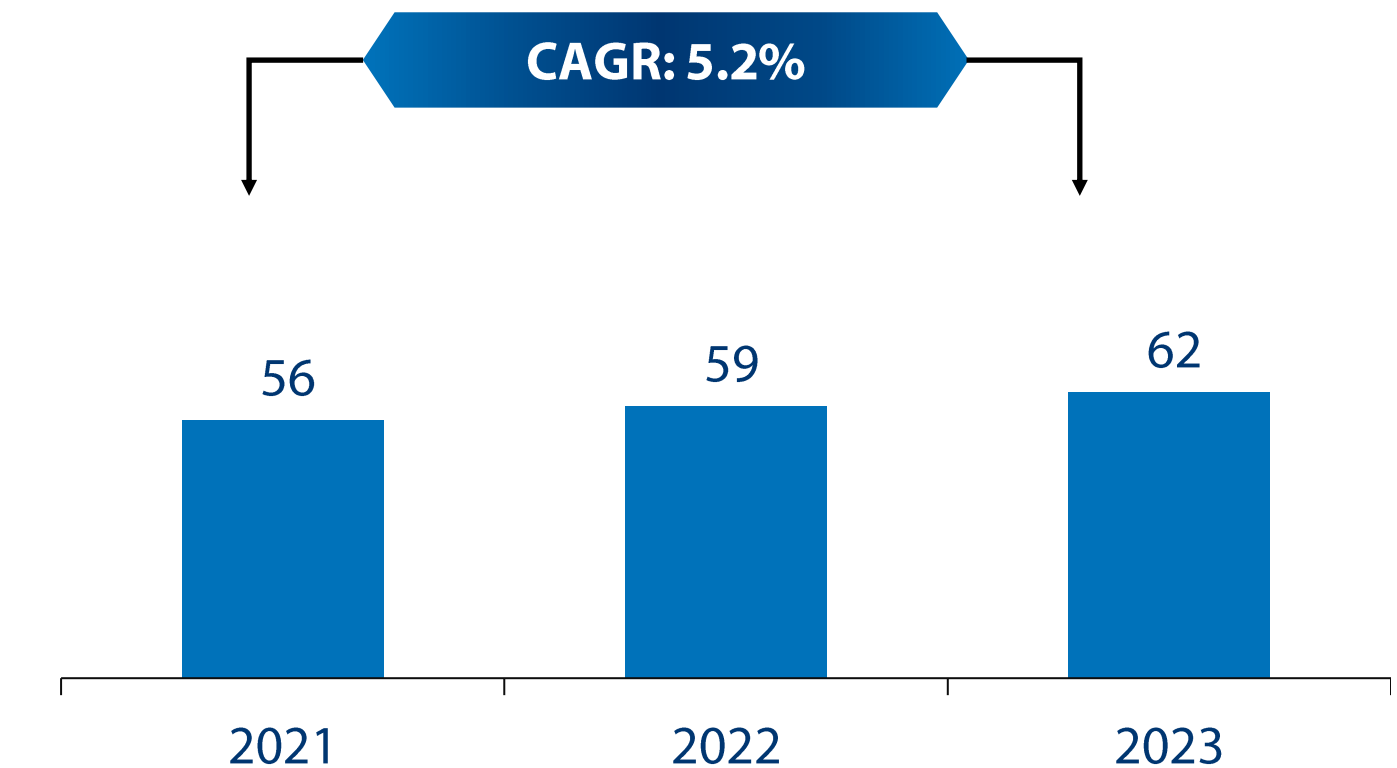
Jordan Banking Sector: Snapshot

- The Jordanian banking sector comprises of 24 banks and specialized credit institutions
 - 17 commercial banks (5 of which are foreign banks)
 - 4 Islamic banks (1 of which is a foreign bank)
 - 3 specialized banks
- **Concentration:** Top-5 banks constitute 55%+ of licensed banks total assets
- **Network:** 881 branches and 60 representative offices
- **Growth:** Loans and deposits grew at 5.8% and 5.2% CAGR respectively, in line with nominal GDP growth of c.5% over the last three years
- **Well regulated banking system**, in line with internationally followed best practices

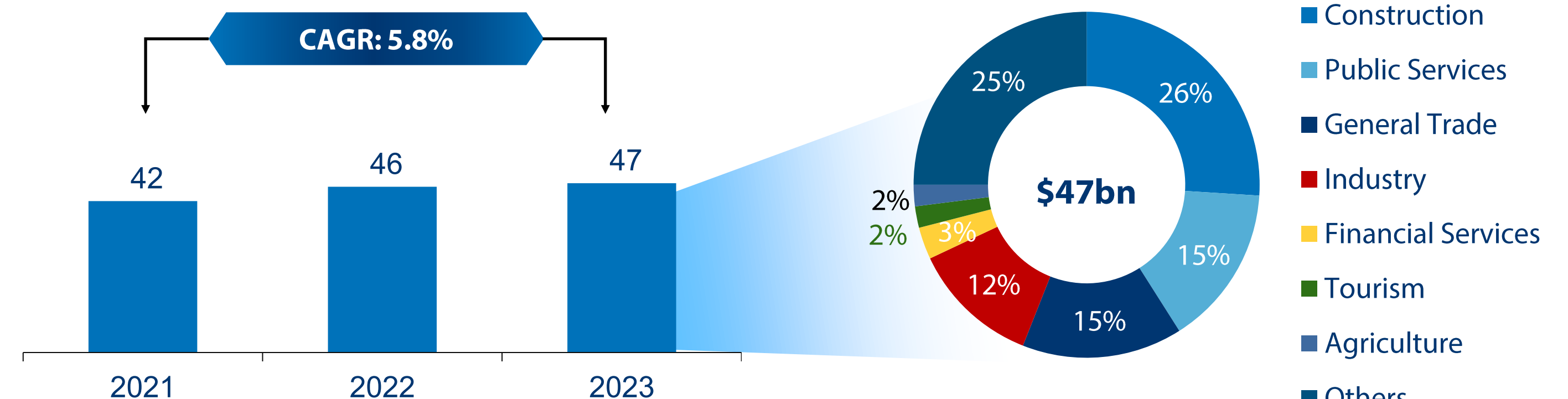
Total Assets (\$ bn)



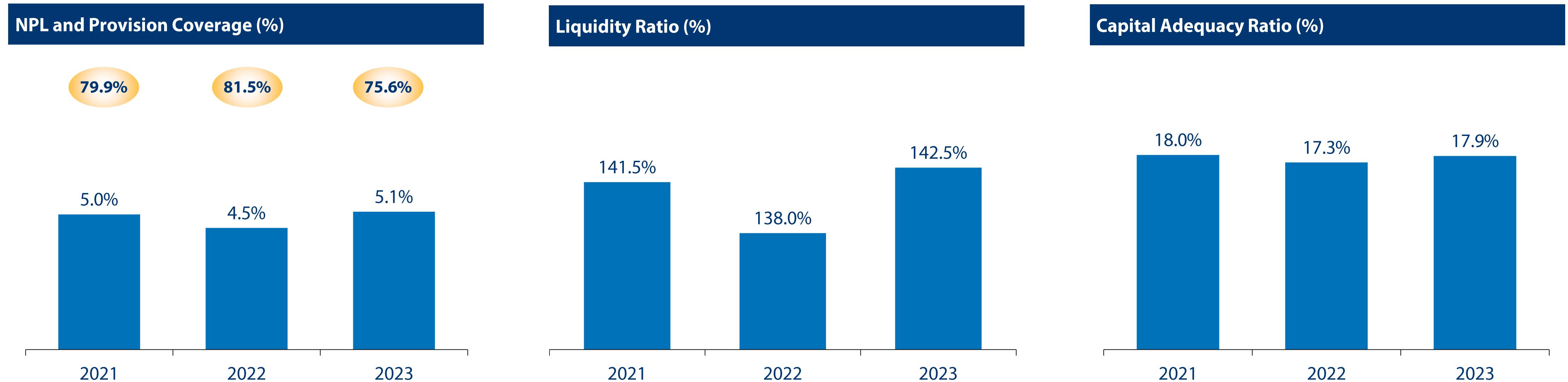
Total deposits (\$ bn)



Total Loans (\$ bn)



Jordan Banking Sector: Key Financial Metrics

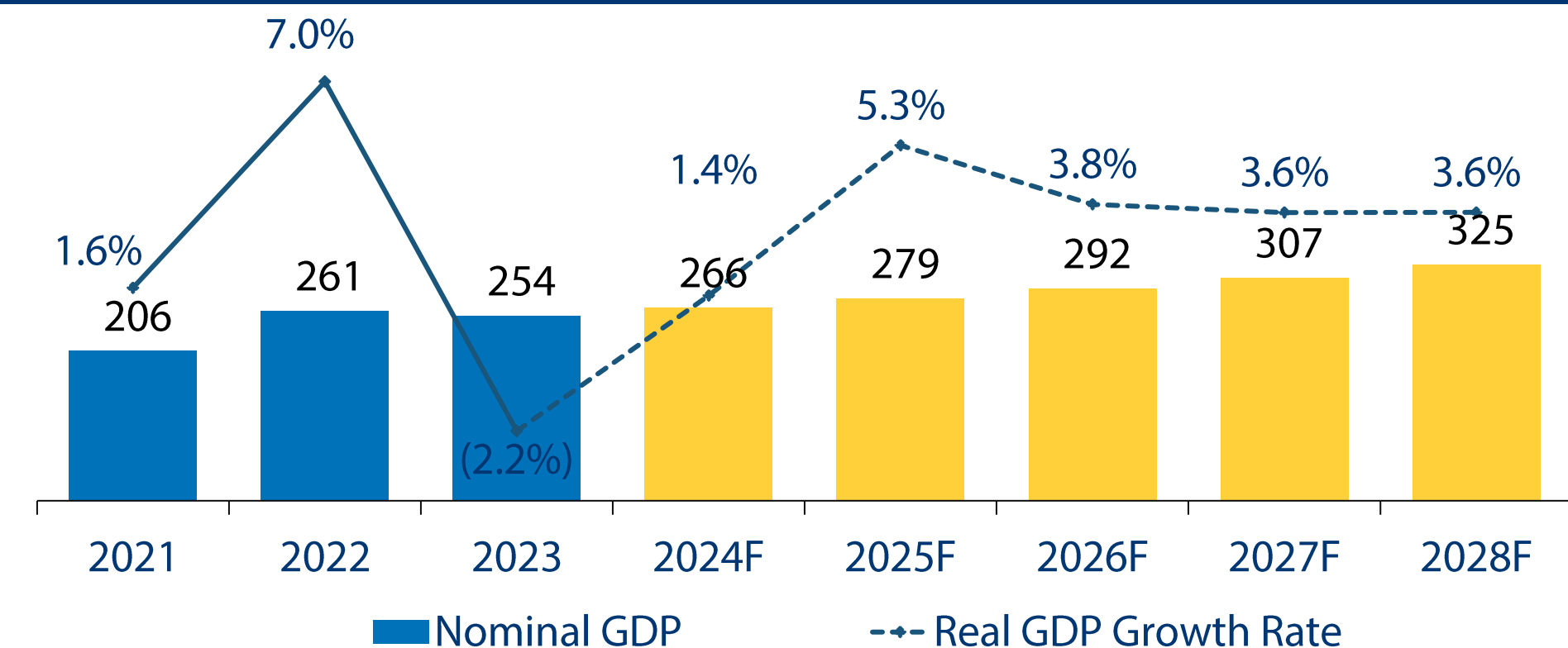


- Asset quality remains steady with NPL ratio of c.5% since 2014 (*vs. 2-4% in GCC economies excl. UAE with c.5%+ NPL*) and coverage ratio of 75%+
- Liquidity ratio remains well above the CBJ's requirement of >100% - decline in 2022 is explained by sharp growth in credit (*c.10% YoY in 2022*)
- Overall, Jordan's banking sector is well capitalized with c.18% CAR (*vs. 12% min requirement by CBJ*), driven by:
 - Steady profitability (*ROE of licensed banks averaged 8-10% over the last 5 years excl. 2020 which was impacted by Covid*)
 - Stringent control on dividend distribution

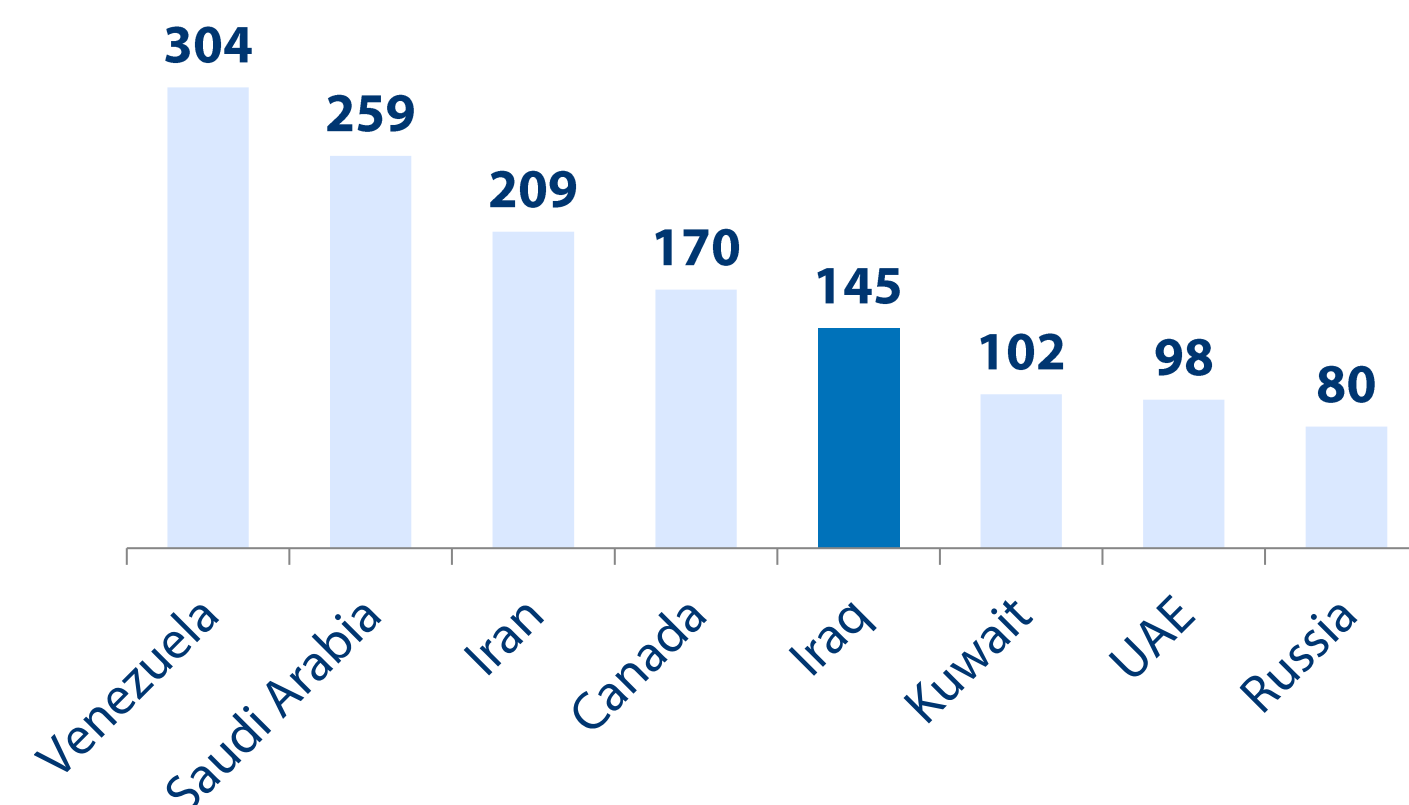
Iraq: Macroeconomic Overview

- Strong rebound in demand post-Covid – GDP grew at 7.0% in 2022 before shrinking by 2.2% in 2023 primarily due to oil productions cuts by OPEC
 - Iraq's economy is projected to increase at 3.5% over the medium term driven by growth in non-oil sector as well as robust government spending
- Iraq is the 5th largest oil producer in the world:
 - Oil sector accounts for over two-thirds of Iraq's GDP
 - Oil production is expected to increase from 4.5 million barrels (bbl) in 2023 to 6 million barrels per day by 2028-2029
- Rated "B-" by Fitch with stable outlook – high commodity dependence, weak governance, political risk and undeveloped banking sector balanced by high FX reserves and a favorable debt profile

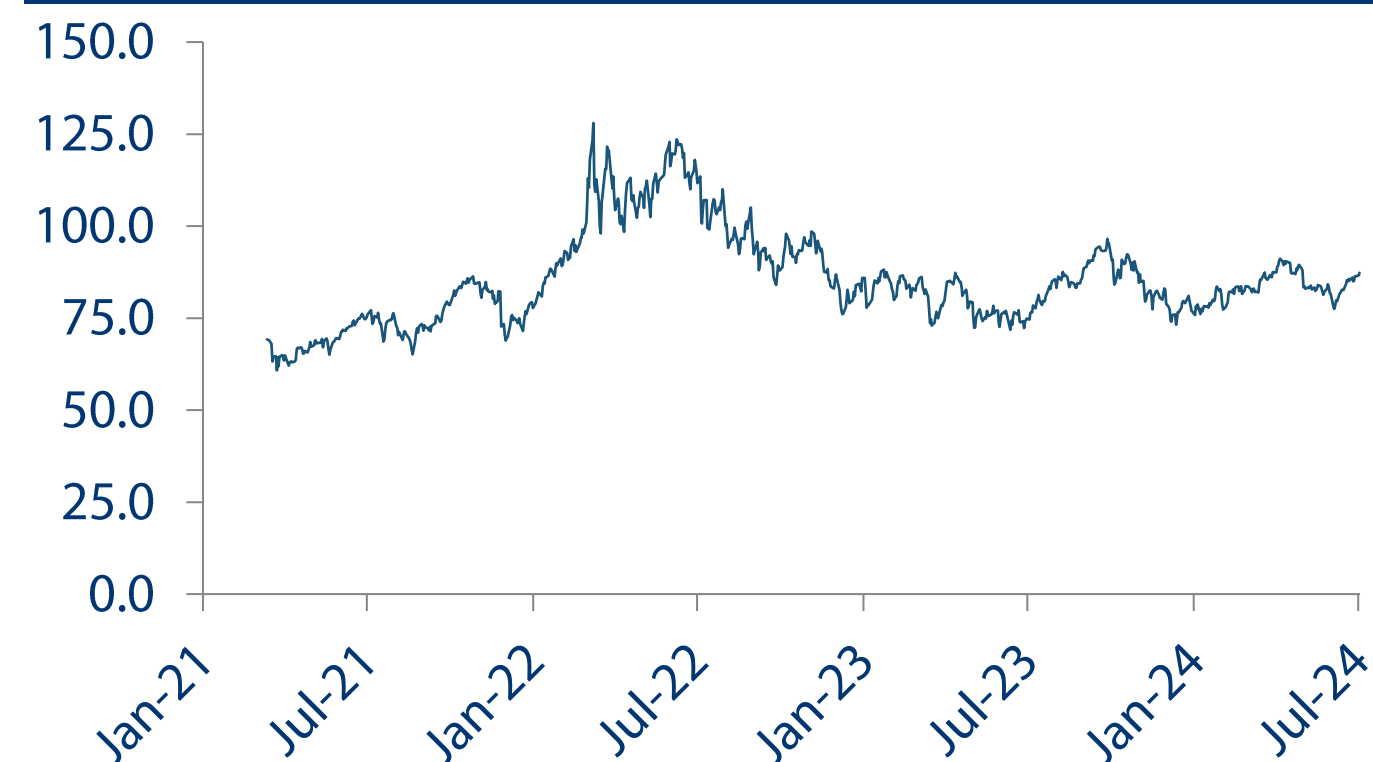
Nominal and Real GDP (\$ bn)



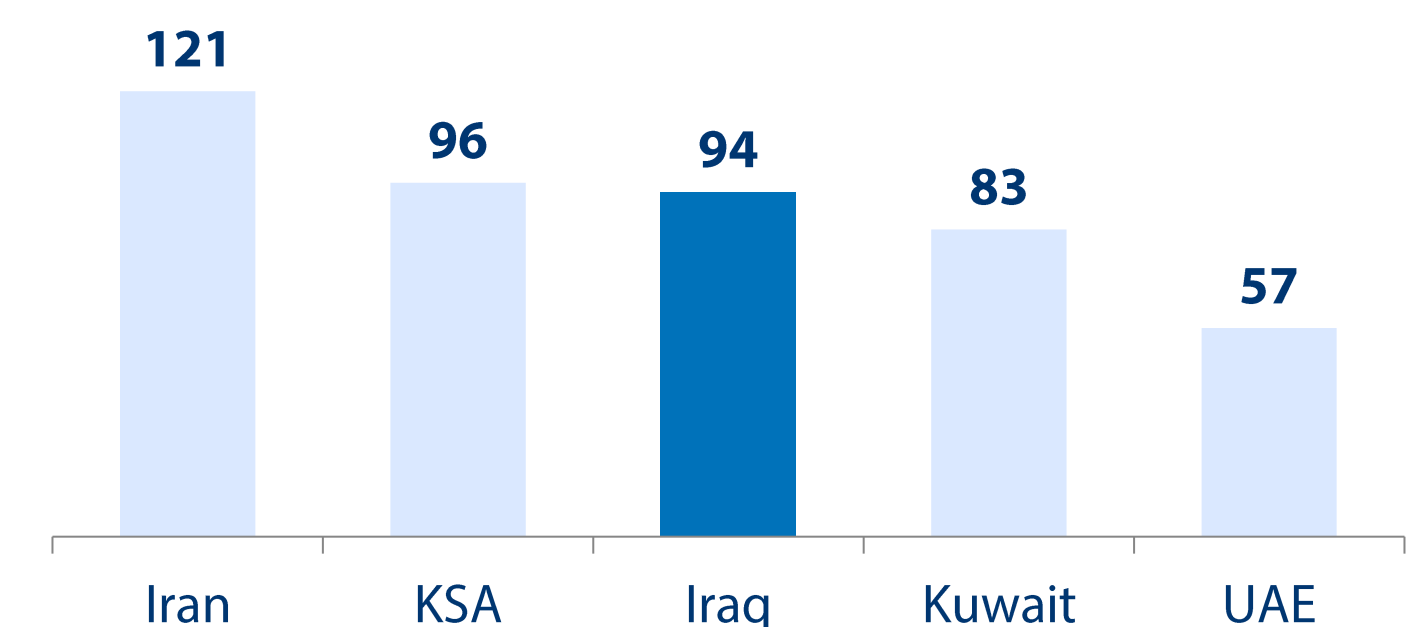
Proven Oil Reserves – 2021 (bn bbl)



Brent Crude Oil Prices (\$/bbl)

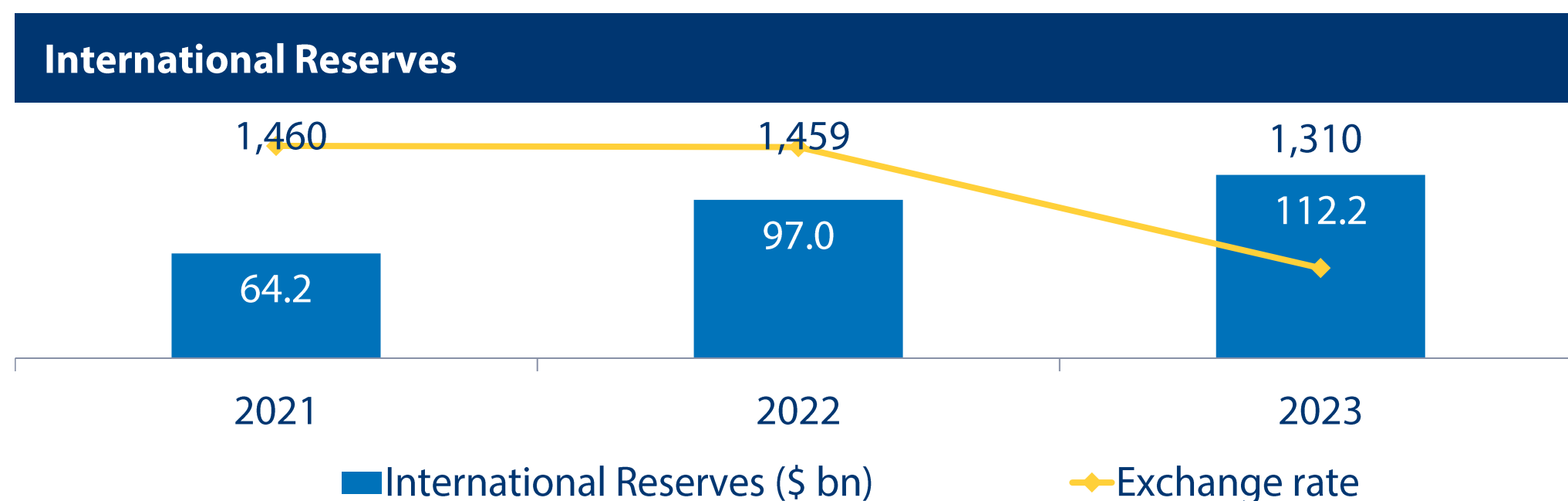


Fiscal Breakeven Oil Price – 2024E (\$/bbl)

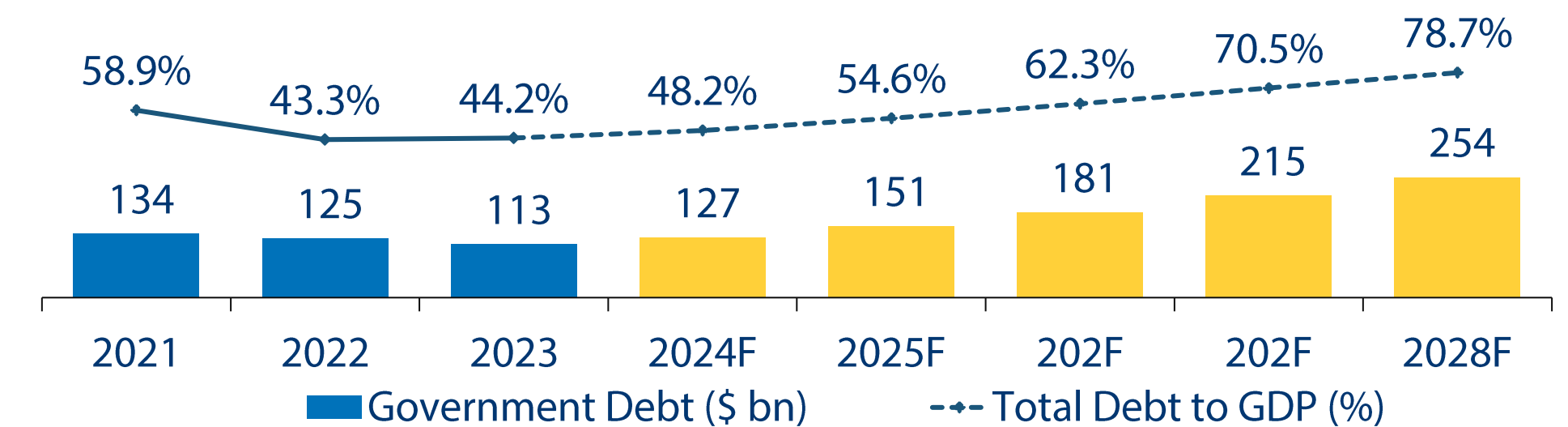


Iraq: Public Debt Indicators

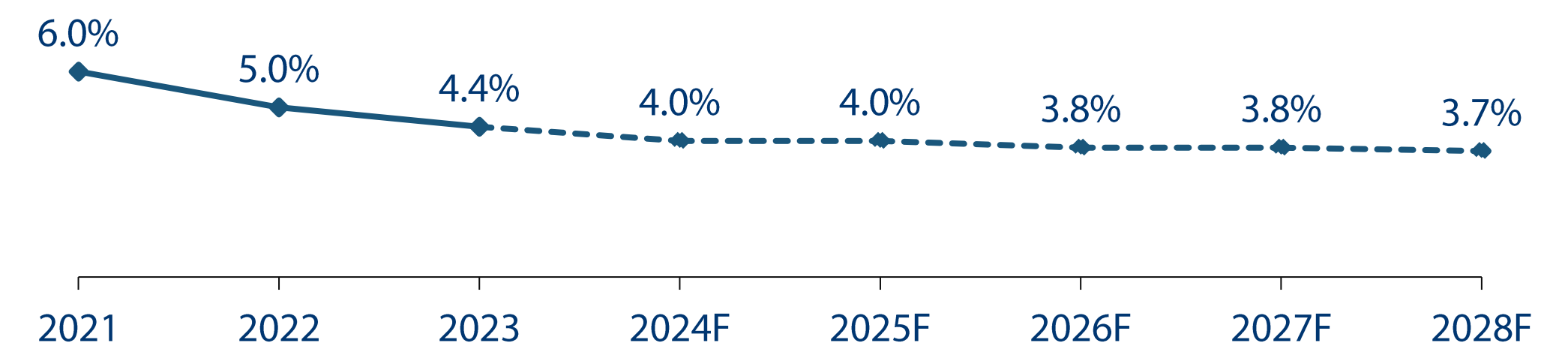
- Government revenue increased by c.50% in 2022 before declining by 16% in 2023, mainly due to lower oil prices which averaged at \$100/bbl in 2022 as compared to \$83/bbl in 2023
 - Total debt to GDP ratio increased from 43.3% in 2022 to 44.2% in 2023 driven by lower oil prices
 - Softening of oil prices and subdued non-oil GDP growth coupled with continued public spending in 2024 & beyond will continue to put pressure on fiscal position
- Global trends (especially food prices) have exerted inflationary pressure in Iraq, however re-pegging of IQD at a stronger rate and higher benchmark rates have resulted in moderation in inflation
 - In 2023, Central Bank of Iraq (CBI) strengthened the fixed exchange rate to 1,310 dinars to the USD vs. 1,460 dinars earlier
 - CBI raised the policy rate by 350bps to 7.5% in June 2023
- As of April 2024, Iraq's forex reserves stood at a strong \$142bn



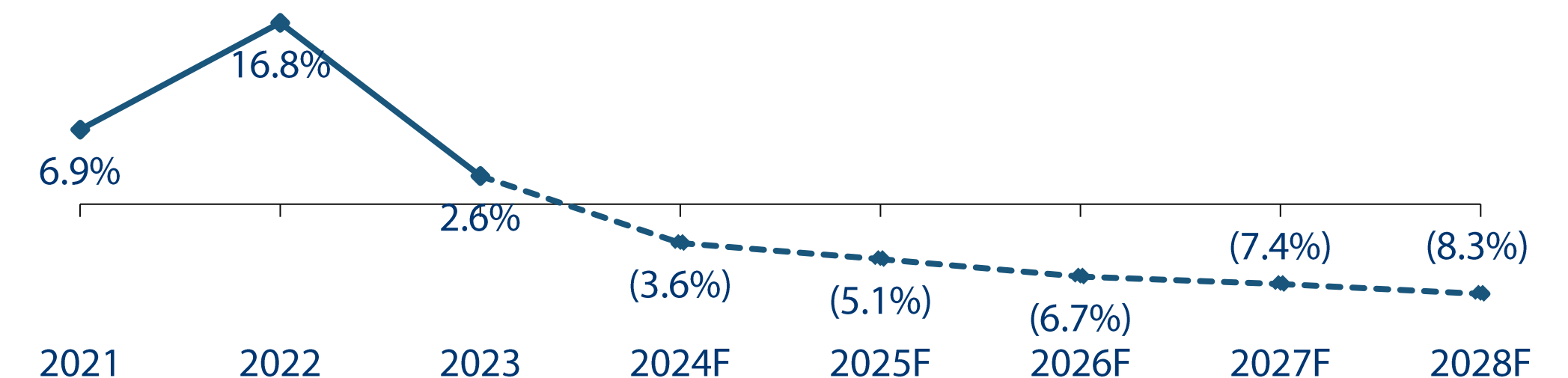
Government Debt (\$ bn)



Inflation (%)



Current Account (as % of GDP)



Cyprus: Macroeconomic Overview



"BBB+" Fitch Rating

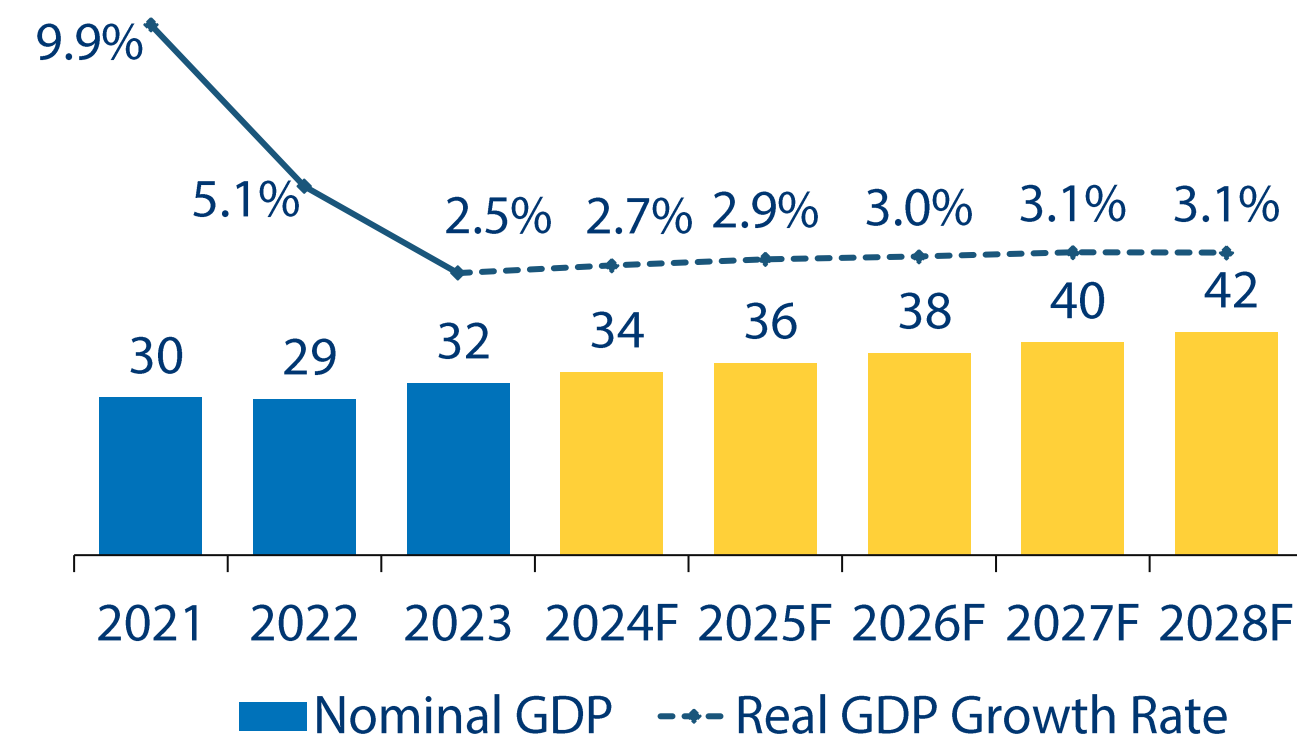
reflects reduced vulnerabilities to financial shocks, resilience to external headwinds, and favourable medium-term fiscal trends, underpinned by a commitment to fiscal prudence



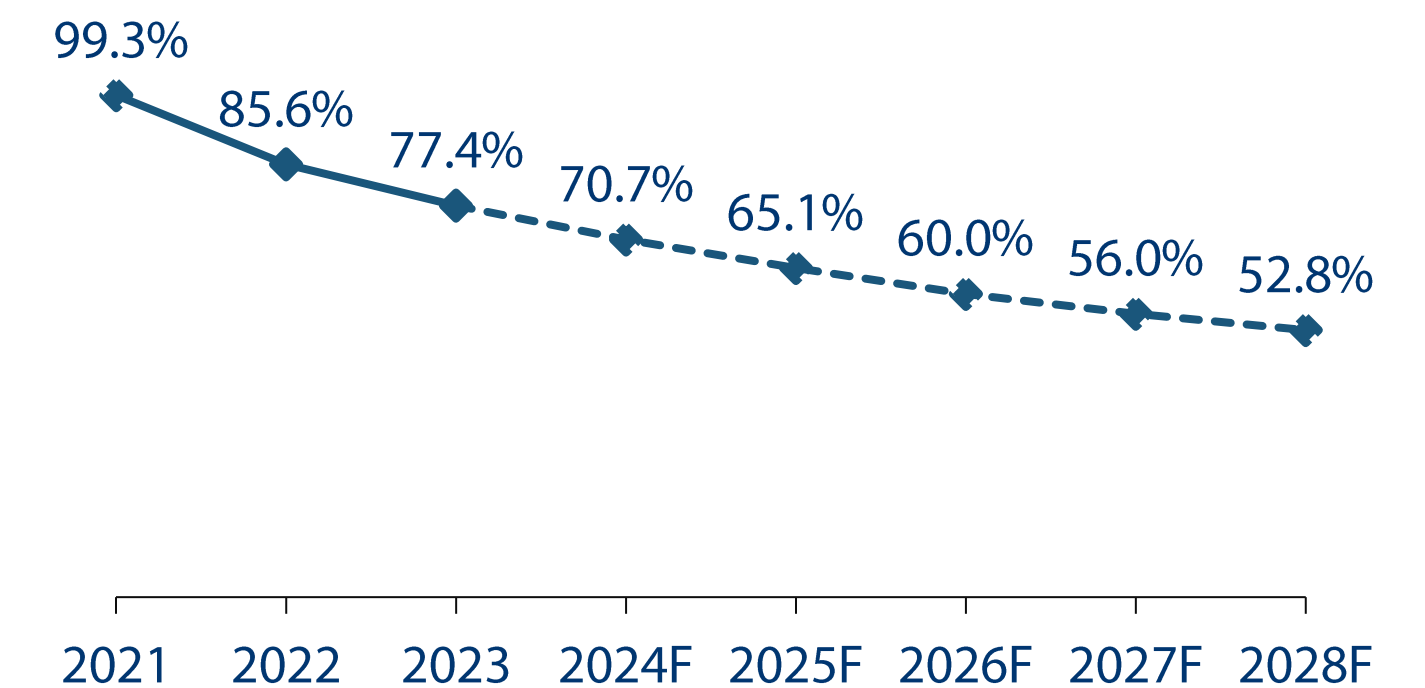
Services account for c.80% of Gross Value Added

primary sectors include tourism, communications, financial services and real estate

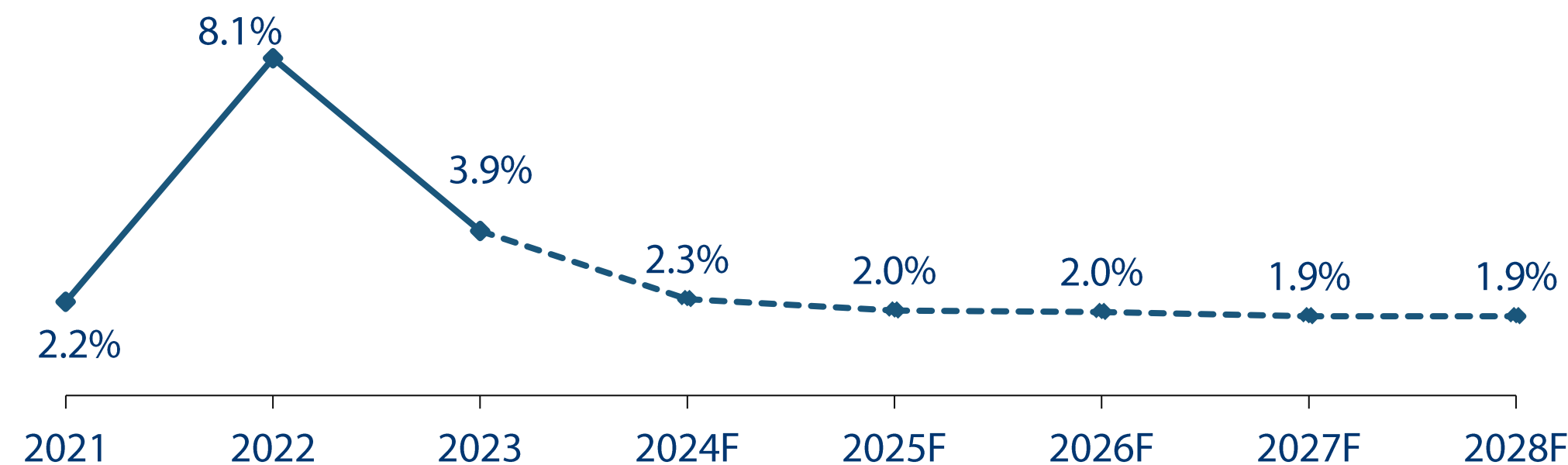
Nominal and Real GDP (\$ bn)



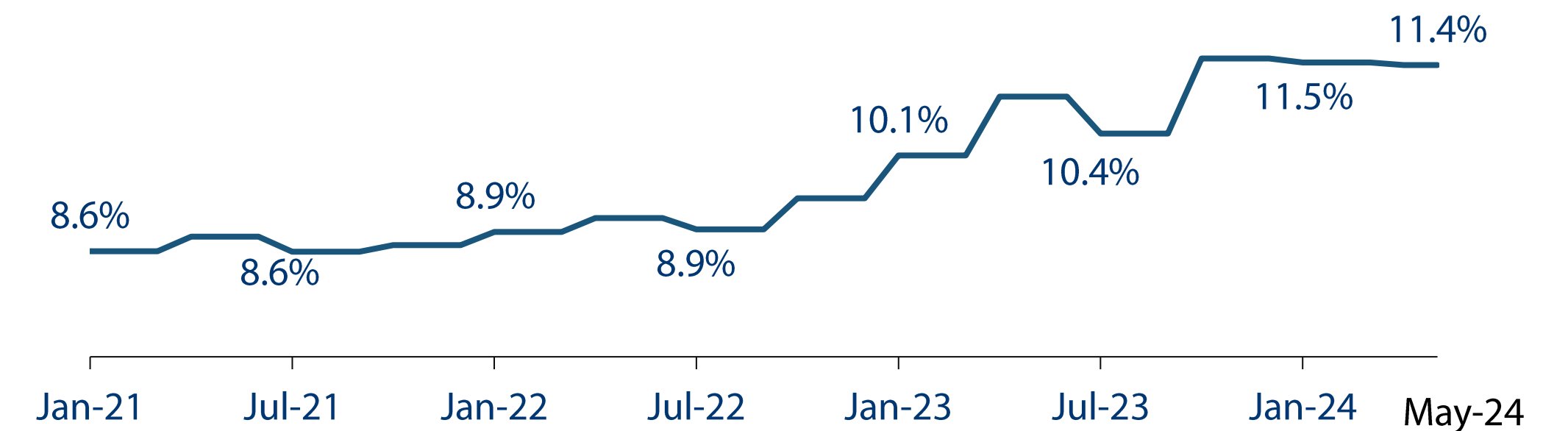
Gross Debt to GDP (%)



Inflation Rate (%)



Interest Rate⁽¹⁾ (%)



Real GDP growth moderated to 2.5% in 2023 due to decline in tourism & lower trading volume with Russia (a key partner), reduced government expenditure and tight monetary policy (impacting household consumption). Going forward, GDP growth is expected to remain at c.3% driven by the fiscal consolidation measures and lower exports (subdued growth in Eurozone and continued sanctions on Russia)



البنك الأردني الكويتي
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Thank You

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