



البنك الأردني الكويتي
JORDAN KUWAIT BANK

JKB Group Q3 2023 Results To Investors and Analysts

Overview

About

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.



Services

RETAIL BANKING

Accounts

Loans

Cards

Bancassurance

Other Services

CORPORATE & SME BANKING

+ Small Business Banking

Mid Size Business Banking

Corporate Bus. Services

Project Finance and Syndications

Other Services

PRIVATE BANKING

Investment Advisory

Portfolio Management

Capital Guaranteed Products

Sharia Compliant Products

TREASURY AND INVESTMENT

Foreign Exchange

Margin Trading

Financial Derivations

Money Market Operations

Capital Market Operations

Investment Services

International Banking Services

Asset Management

“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.

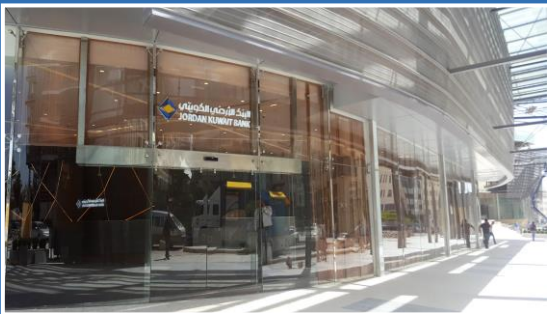
Within this concept, the Bank’s services were expanded to include the provision of investment advisory, legal services, financial engineering, insurance, brokerage and other services that global financial institutions already practice, thus turning the Bank into a one stop customer service provider of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



Vision, Mission & Values

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.

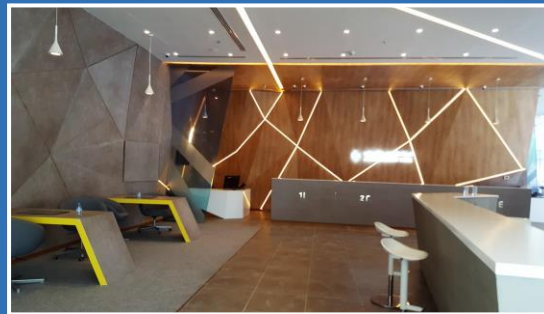


OUR VISION

"To bring the bright future of banking to our customers today."

OUR MISSION

"Providing integrated, tailored, and frictionless banking experience through digitally innovative and agile services."



OUR VALUES

- We thrive on empowerment
- We work together
- We treat all stakeholders as family
- We welcome change
- We are corporate citizens



Network



CITY	BRANCHES	ATMS	ITMS
AMMAN	41	82	6
IRBID	4	6	1
DEAD SEA/ SWEIMEH	1	6	-
AQABA	1	4	-
AL – MAFRAQ	1	1	-
AL – KARAK	1	1	-
BALQA'A	4	5	-
JERASH	1	1	-
MADABA	1	1	-
ZARQA	6	5	-
Jawwal Branch	1	1	-
LIMASSOL	1	-	-
Total	63	113	6

Awards & Recognitions 2023 & 2022

"Best Bank for Social Responsibility in Jordan 2023" by Global Banking and Finance Review



"Jordan Best Domestic Private Banking 2023" by Euromoney



Bank of Bagdad
Best Bank Iraq 2023 by cfi



"Best Corporate Bank" and "Best Private Bank" in Jordan 2022 by International Business Magazine



"Peacock Best Corporate Banking" award at the World Fintech Summit in 2022



JKB certified as one of the best places to work in Jordan in 2022



JKB's Headquarters has been LEED GOLD-certified

ISO Certifications 2023



JKB has successfully obtained the ISO 14001 and ISO 45001 certifications for Sustainability and Workplace Safety from TÜV Austria



JKB has successfully obtained the ISO27001 Certificate for Information Security Management



Recent Milestones



Perpetual Tier 1 Capital Bonds Issuance

During June 2023, Jordan Kuwait Bank has completed the deal of acquiring 76.972% of BHM Capital paid-up capital. BHM Capital Financial Services is a private joint stock company listed in Dubai Financial Market (DFM) and regulated by UAE Securities and Commodities Authority.

On October 4th 2023 the Bank has successfully completed the transaction of selling 66.97% of BHM Capital to Ethmar International Holding (EIH) - UAE, with a total amount of AED 161 mn, equivalent to JD 30.6 mn. As a result, JKB has achieved a net profit of approximately JOD 10 million (JD 6.6 mn has been already booked within the nine months ended September 30, 2023 financial statements as a part of the valuation gains).

The Bank has retained 10% of the company's capital as a strategic investment, which may provide future opportunities for the Bank.

For more information about the company, please visit its website: <https://www.bhmuae.ae/>

During Q2 Jordan Kuwait Bank has issued Tier 1 capital bonds (additional capital) with the amount of JD 89 million (the first tranche of USD 90 mn & the second is JD 25.2 mn).

The bonds will have a fixed interest rate of 8.50% for the first 24 months, after which it will be adjusted based on the Central Bank of Jordan's re-discount rate plus a margin of 1.25%.

This step came as part of Management's strategy to enhance the Bank's performance and financial position, in addition to expanding regionally, contributing towards a diversification in the Bank's revenue sources.



Green Bonds Issuance

Jordan Kuwait Bank has issued the first green bond in Jordan for the amount of USD 50 million for a period of 5 years.

IFC invested USD 50 million in the five-year bond, issued by Jordan Kuwait Bank. The financing comprises up to \$36 million from IFC's own account, and a blended finance co-investment of up to \$10 million from the Canada-IFC Blended Climate Finance Program and \$4 million from the Dutch-funded MENA Private Sector Development Facility, both implemented by IFC.

Jordan Kuwait Bank will earmark the proceeds for green projects and assets – including renewable energy projects, low-carbon vehicles, green infrastructure such as low-carbon transport, new energy-efficient green buildings, and sustainably managed water resources and waste.

This pioneering step paves the way for issuing more green bonds in the Kingdom; unleashing financing Jordan's economic transformation into a green economy and developing a new asset class to the Jordanian capital market to finance sustainable and environmentally friendly projects that aim to reduce greenhouse gas emissions and unemployment rates.



During February 2023, Jordan Kuwait Bank has completed the deal of acquiring 53.4% of Bank of Baghdad "BoB" Capital.

For more information about the Bank, please visit its website: <https://www.bankofbaghdad.com.iq/>

This purchase decision comes in support of the Bank's expansion strategy, enhancing its market share, and diversifying its sources of income.

Key Financial Highlights & Sustainability Reports

Financial Highlights

For the period ended 30.09.2023

43%



Growth in Total Assets

Capital Adequacy Ratio



17.56%

250%



Liquidity Coverage Ratio

Net Interest &
Commission to Gross
Income



79.6%

29%



Total ECLs to Total
Expenses

Growth in net
Income



541%

78.4%



Stage 3 facilities
Coverage Ratio

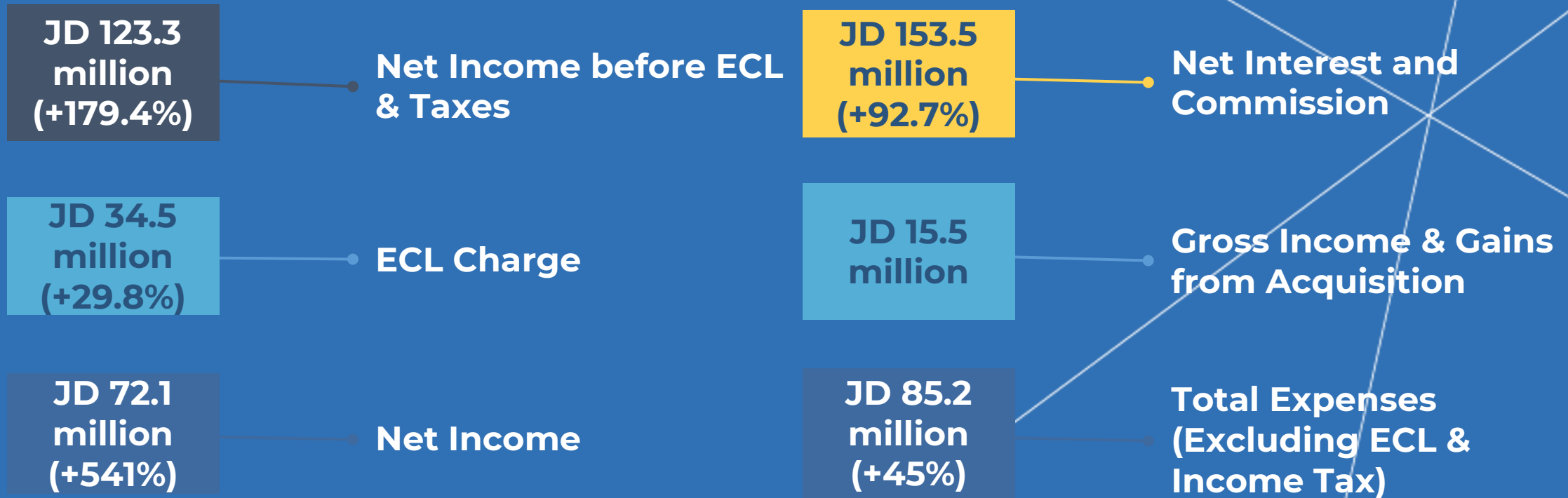
Cash Dividends Paid



8%

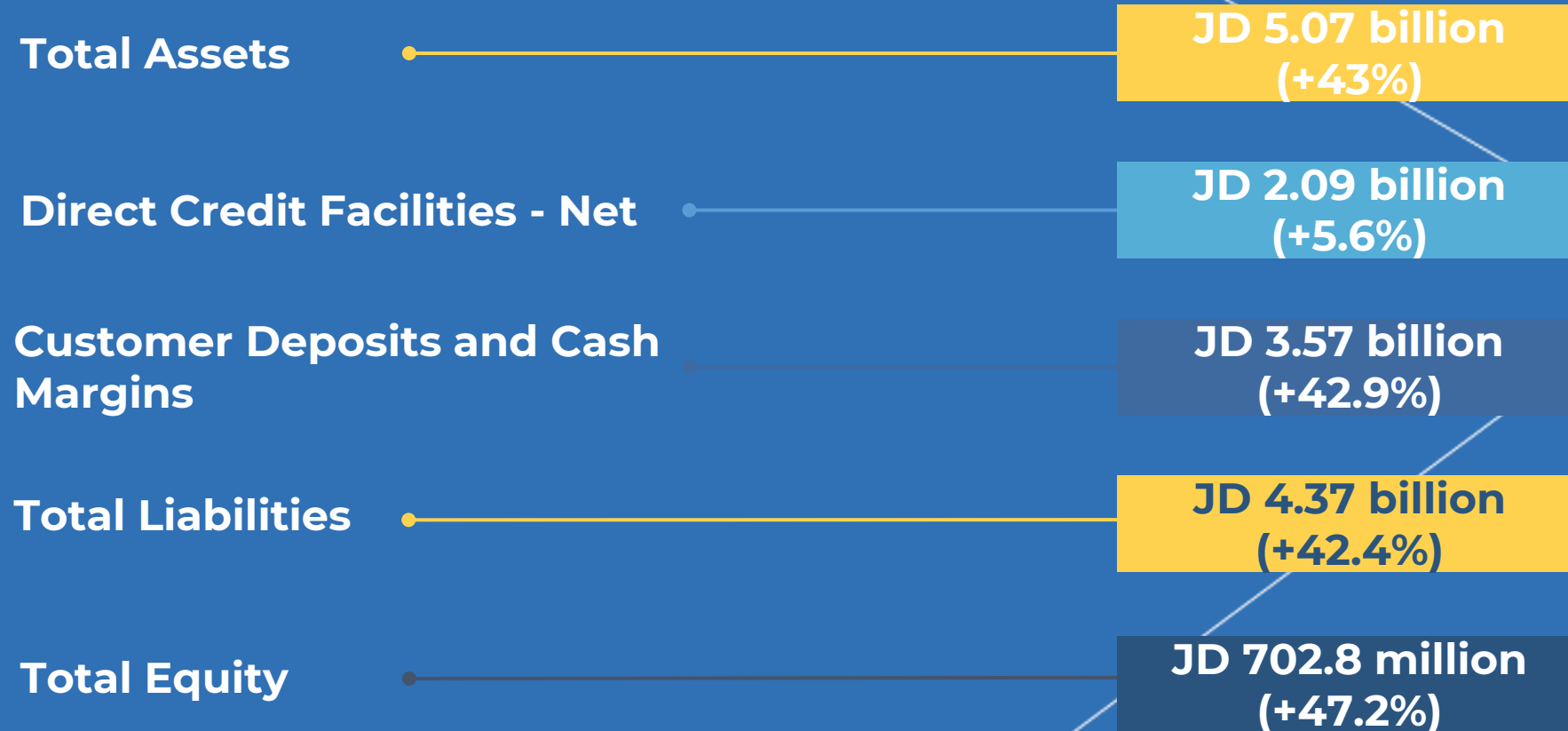
Key Consolidated Financial Performance Figures

For the Nine Months Ended at 30.09.2023



Key Consolidated Financial Position Balances

As at 30.09.2023



Consolidated Statement of Financial Position – Q3 2023

<i>JD mn</i>	30-Sept.-23	31-Dec-22		Change %
Assets				
Cash and balances with Central Banks	1,134.7	480.7	654.0	136.0%
Balances at banks and financial institutions	335.0	123.4	211.6	171.4%
Direct credit facilities - net	2,029.8	1,922.6	107.2	5.6%
Financial assets at fair value through P/L	22.6	21.0	1.6	7.7%
Financial assets at fair value through other comprehensive income	99.8	95.0	4.8	5.1%
Financial assets at amortized cost	977.2	618.0	359.2	58.1%
Fixed assets – net	81.5	36.0	45.4	126.2%
Intangible assets – net	11.9	7.2	4.6	64.0%
Deferred tax assets	61.5	56.3	5.2	9.3%
Right of use of leased assets	11.9	10.5	1.4	13.1%
Other assets	174.3	176.1	(1.9)	-1.1%
Held for sale assets	132.2	0.0	132.2	100.0%
Total assets	5,072.3	3,546.9	1,525.4	43.0%

<i>JD mn</i>	30-Sept.-23	31-Dec-22	Change	
				%
Liabilities				
Bank and financial institutions deposits	64.9	107.2	(42.2)	-39.4%
Customers' deposits	3,442.9	2,418.7	1,024.2	42.3%
Cash margins	130.6	117.9	12.7	10.8%
Borrowed funds	380.5	296.6	83.9	28.3%
Green Bonds	35.5	0.0	35.5	100.0%
other provisions	18.1	14.5	3.7	25.3%
Bonds	11.0	11.0	-	0.0%
Income tax provision	25.7	18.8	7.0	37.1%
Deferred tax liabilities	7.4	7.5	(0.1)	-0.5%
Liabilities against right of use of leased assets	12.5	10.7	1.8	16.7%
Other liabilities	140.6	66.6	74.0	111.2%
Liabilities associated with held for sale assets	99.8	0.0	99.8	100.0%
Total liabilities	4,369.5	3,069.4	1,300.1	42.4%

JD mn

	30-Sept.-23	31-Dec-22	Change	
				%
Equity				
Paid-in capital	150.0	150.0	0.0	0.0%
Perpetual bonds	89.0	0.0	89.0	100.0%
Statutory reserve	100.0	100.0	-	-
Voluntary reserve	110.9	122.9	(12.0)	-9.8%
Financial assets revaluation reserve	5.6	6.9	(1.3)	-18.7%
Remeasurement of post-employment benefits	1.1	1.1	-	-
FX Translation Reserve	(4.1)	0.0	(4.1)	-100%
Equity associated with held for sale assets	(0.6)	0.0	(0.6)	-100.0%
Retained earnings	92.1	95.0	(2.8)	-3.0%
Income for the period	51.4	0.0	51.4	100.0%
Total equity - Bank's shareholders	595.5	475.8	119.6	25.1%
Non-controlling interests	107.4	1.7	105.7	6138.2%
Total equity	702.8	477.6	225.3	47.2%
Total liabilities and equity	5,072.3	3,546.9	1,525.4	43.0%

Consolidated Statement of Income

– Q3 2023

<i>JD mn</i>	For the Nine months ended September 30,			
	2023	2022	Change	%
Interest income	186.5	114.0	72.5	63.6%
Less: Interest expense	88.7	41.8	47.0	112.5%
Net interest income	97.7	72.2	25.5	35.3%
Commission income	55.8	7.4	48.4	651.9%
Net interest and commission income	153.5	79.7	73.9	92.7%
Foreign currency exchange gain	19.1	2.4	16.6	680.4%
Gain from financial assets (Investments portfolio)	6.5	5.8	0.7	11.6%
Other income	13.9	15.0	(1.1)	-7.2%
Gross income	193.0	102.9	90.1	87.6%

JD mn

**For the Nine months ended
September 30,**

2023	2022	Change	%
37.2	24.4	12.7	52.1%
5.4	3.6	1.9	52.0%
34.7	26.7	8.0	29.8%
3.6	1.6	2.0	121.6%
39.0	29.1	9.8	33.8%
119.9	85.5	34.4	40.2%
15.5	0.0	15.5	100%
88.6	17.4	71.2	409.2%
16.5	6.1	10.3	168.1%
72.1	11.2	60.9	541.0%

Employees' expenses

Depreciation and amortization

Expected credit losses

Other provisions

Other expenses

Total expenses

Gain from acquisition

Profit for the Period before income tax

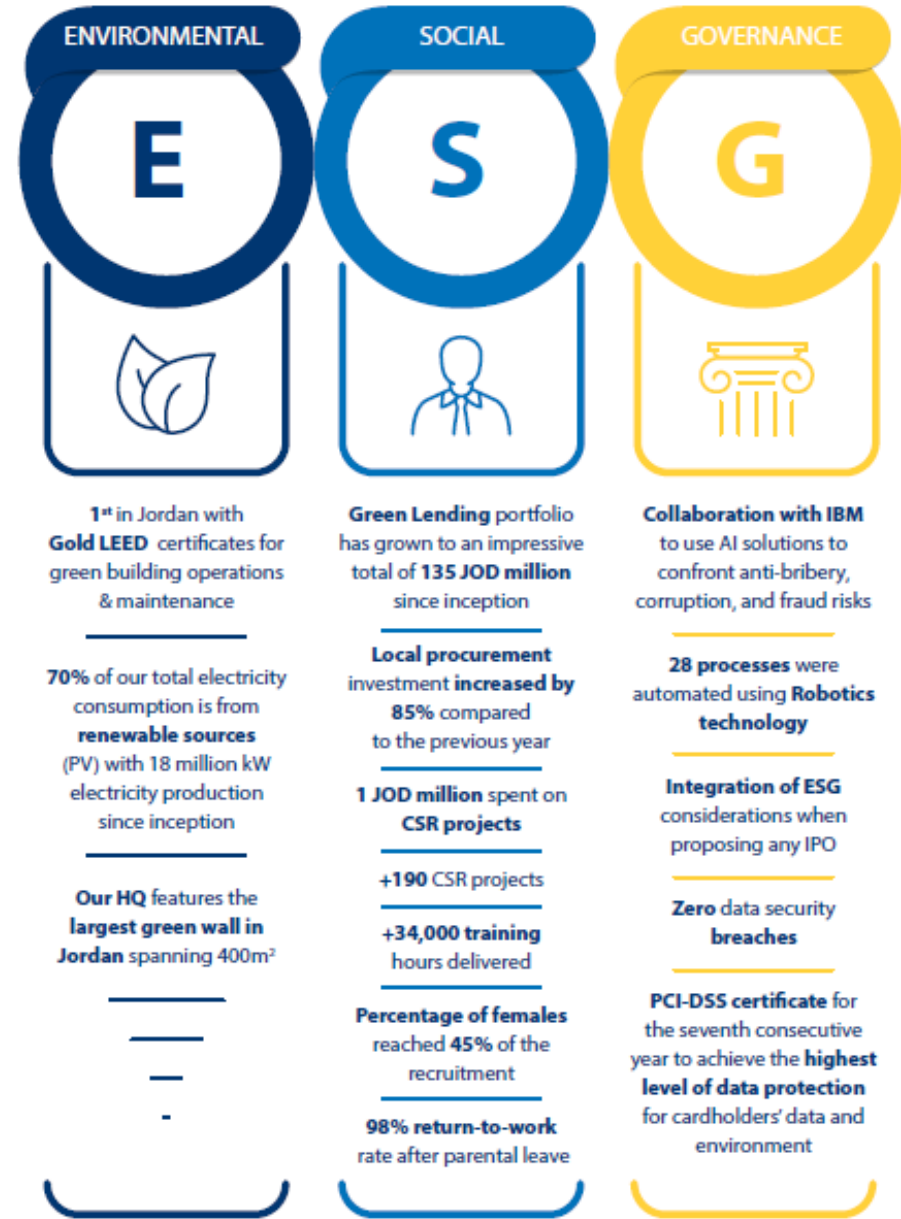
Income tax expense

Income for the Period

Sustainability Report

2022 Highlights

As we continue to prioritize sustainability, Jordan Kuwait Bank made significant strides in 2022. We are thrilled to share our key accomplishments, which underscore our efforts to address climate change and reduce greenhouse gas (GHG) emissions. Our achievements demonstrate our commitment to environmental responsibility, social impact, and good governance.



Financial & Sustainability Reports



JKB Financial Reports

[Click Here to view](#)



JKB Sustainability Reports

[Click Here to view](#)

Credit Rating

Sovereign	LT	B+
	ST	B
JKB Foreign Currency	LT (Positive Outlook)	B+
	ST	B
JKB FS	BB	
JKB BSR Outlook	Stable	

Jordan Macro Economy

Jordan at Glance

The Jordanian economy grew by 2.6% year-on-year in the second quarter of 2023, slightly down from the 2.8% increase in the previous quarter. Growth decelerated in several sectors, including wholesale & retail trade, hotels & restaurants (2% vs 3% in Q1), finance, insurance & business services (2% vs 2.4%), and government services (1.1% vs 1.3%). Also, construction activity declined by 1.9%, a notable drop from the 5.9% gain in the previous period. On the other hand, there was significant growth in agriculture (8.2% vs 7.4%), mining & quarrying (4.3% vs 3.5%), manufacturing (3.7% vs 3.4%), and transport, storage & telecommunications (5.2% vs 4.8%). source: Central Bank of Jordan

Nonetheless, due to its substantial reserve buffers, the Central Bank's gross foreign reserves remained at an adequate level. while Jordan continues to retain investors' confidence and access to foreign financial markets.

2023 Projected Real GDP (% Change)

2.6

Inflation rate. average consumer prices

2.7

Country Population

10.31
M

Unemployment Rate

22.9

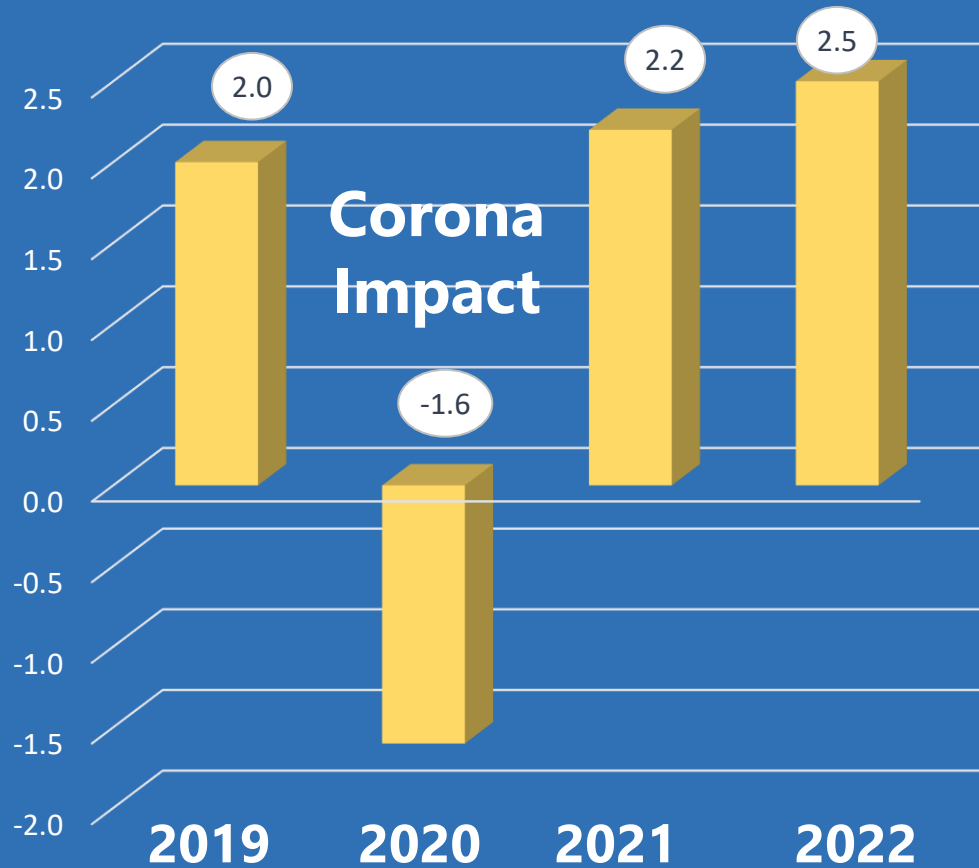
Current account balance. (% of GDP)

-7.6

General government gross debt
(% of GDP)

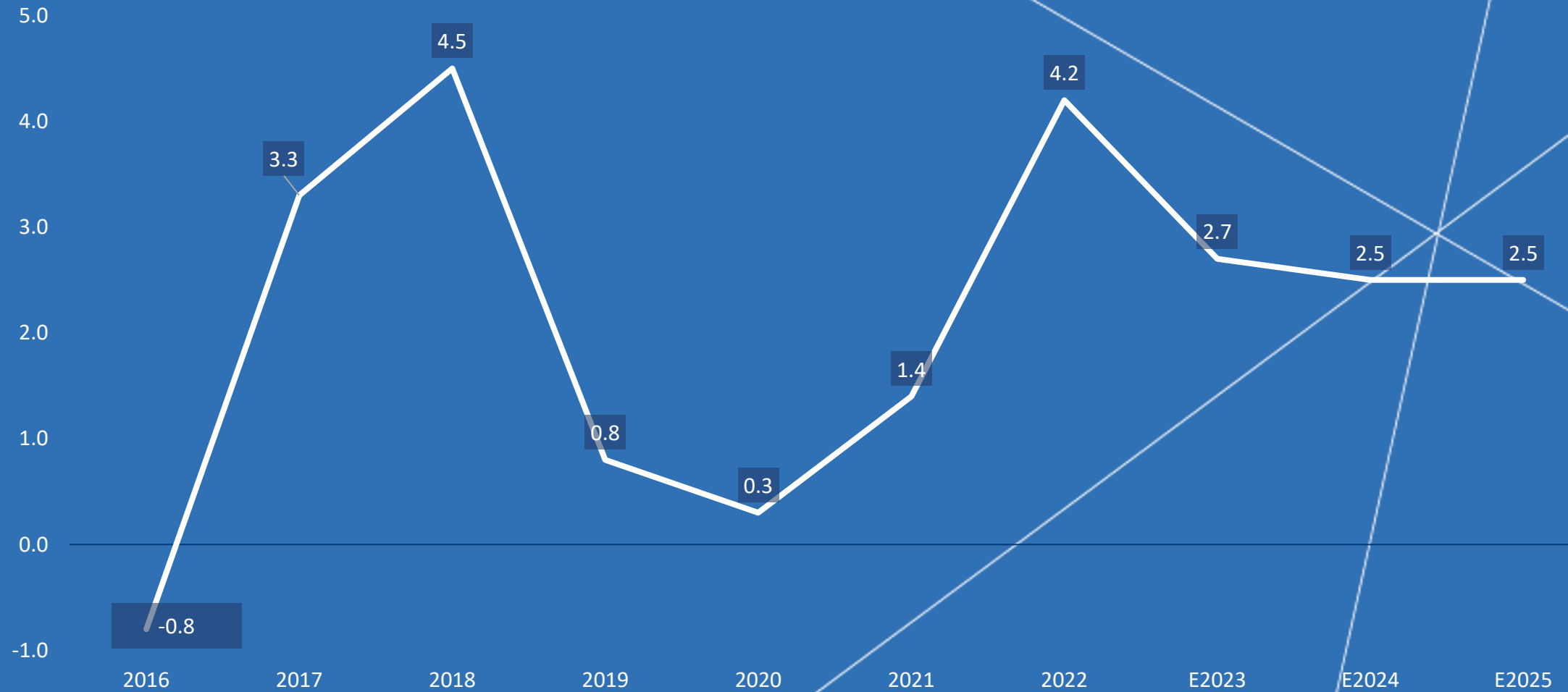
93.8

Economic Growth %



*Source: IMF website

Inflation in Jordan



Sources: International Monetary Fund

Interest on Monetary policy instrument and open market operations at CBJ rate

Description	Rate (July 2023)
CBJ main Rate	7.50%
Re-discount Rate	8.50%
Overnight Deposit Window Rate	7.25%
Repurchase agreements Interest Rate	8.25%
Repurchase agreements Interest Rate – One week/ One month	7.50%
Certificate of Deposit Interest Rate – One week	7.50%

Source: Central Bank of Jordan

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

Relation ship 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



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/>

Subsidiaries



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. UFICO also acquired Al Mawared Brokerage in Q2 2022, previously a subsidiary of Invest Bank, offering brokerage services.

During December 2022, UFICO acquired Arab Financial Investment Company ("AFIN") which offers local and foreign brokerage services.



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 250 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, housing loans, personal loans and auto loans through its Head office and 33 branches inside Iraq in addition to 1 branch located in Lebanon.

BoB is a member of the Kuwait Projects Company (Holding), has presence in the MENA region, and is part of a group of seven partner banks: The Bank of Baghdad in Iraq, Gulf Bank Algeria in Algeria, Jordan Kuwait Bank in Jordan, Tunis International Bank in Tunisia, Burgan Bank in Kuwait and United Gulf Bank in Bahrain.



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).

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