

CAPITAL BANK OF JORDAN

Resilient returns, valuation compelling at book, reiterate BUY

- We forecast RotE26e of 16.9% and earnings growth of -8% vs RotE of 8.6% and EPS growth of -9% in H1 26, with H2e outlook supported by a healthy pipeline, stable asset quality and continued fee generation.
- Q2 26 earnings +7.1% y/y and +23.3% q/q, driven by a significant recovery in fee generation (+42.3% q/q) as the Iraqi customs-related drag reversed, alongside lower credit costs, with operating profit growth of 11.9% q/q, delivering RotE of 4.3% in Q2.
- Revise EPS26e upwards by 10% mainly on positive CoR revision after YtD trends, but EPS27-30e downwards by 1-2%, leaving the TP unchanged. Capital and liquidity remain strong with CET1 of 13.9% and LCR at 195% and NSFR at 125%, offering ample buffers.
- Reiterate our BUY with unchanged TP of JOD 4.2 (>50% upside), 5.5x EPS27e and book, for mid-teen returns, offering compelling valuation.

Maintain TP of JOD 4.2, resilient returns and a compelling valuation. We lower our FY26e CoR assumption by 50bps, though offset by an 8bps cut to our NIM estimate, leaving our TP unchanged. We lift FY26e EPS by 10%, forecasting RotE26e of 16.9%, still implying a 8% EPS decline for the FY vs -10.9% in H1 26. The earnings decline during H1 was mainly driven by fees (in Q1) and step-up in OpEx. The stock trades at book and 5.5x EPS27e for mid-teen returns, offering a compelling valuation – reiterate BUY.

Strong Q2 26 performance, with earnings of JOD 47m (+7.1% y/y, +23.3% q/q) beating our estimate by 54.5%, supported by robust fee income growth (+7.6% y/y, +42.3% q/q) and a lower-than-expected LLP charge (-52.4% vs. our estimate). Annualized RotE improved to 17.3% from 13.8% in Q1 26, with operating profit up 1.3% y/y and 11.9% q/q despite a step-up in OpEx (+17.3% y/y) as cost/income rose to 44.2% from 40.1% in Q2 25A.

Lower NIM26e for funding pressure. NIM compressed 15bps sequentially and 12bps y/y to 3.34% in Q2 26. We lower NIM26e by 8bps for the pressure underpinning the operating environment but still forecast 7bps expansion for FY26e. We expect the funding pressure to normalize and forecast margin expansion of 18bps for FY27e. CAPL continues to optimize its funding mix to improve margins, letting go of deposits in Q2 as well. Deposits declined 3.3% q/q, a steeper decline than the first quarter of 2.1%, increasing the utilization rate to 75.7% in Q2 26 from 73.9% in Q1 26, though the mix continued to improve with CASA rising ~3% q/q to 49.2% of total deposits.

Muted loan growth given the current backdrop. Gross loans fell 1.0% q/q in Q2 26 but still +2% YtD vs our revised loan growth assumption of 7% for the FY (lowered from 8%). H2e outlook remains supported by a healthy transaction pipeline though geopolitical conditions remain the key determinant.

Lower CoR26e by 50bps for YtD trends. CoR improved to 78bps in Q2 from 150bps in Q1 16 and 126bps in Q2 25, with management expecting Q2 a more likely run-rate for H2e. We lower CoR26e by 50bps to 110bps vs 114bps in H1 26 (CoR frontloaded in Q1), implying a CoR of 104bps for H2e, still a higher run-rate to the 78bps in Q2. Stage 2 rose to 10.6% from 9.6% in Q1 26, while Stage 3 edged up to 8.7% from 8.4%, with coverage broadly stable at 10.7% and 57.7%, respectively. NPL formation turned negative at -1.20% in Q2 26, reversing from +1.9% in Q1 26 and reflecting a net reduction in NPLs during the quarter. Given this trend, we do not expect any negative surprises in NPL formation through H2e. Against our acid test (1% coverage for stage 1, 12% stage 2, 60% stage 3), we see a provisioning deficit of ~0.8% of gross loans, representing less than 3% of our FVE.

BUY

JOD 4.2

Banks / JORDAN

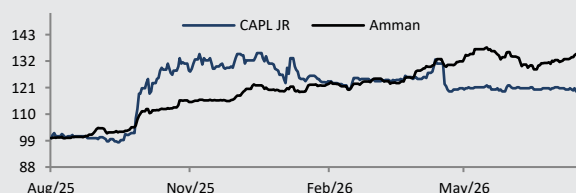
Bloomberg code	CAPL JR
Market index	Amman
Target Price	4.2
Upside (%)	51.1

Market data 8/30/2026

Last closing price	2.8
52 Week range	2.3-3.1
Market cap (JOD m)	726
Market cap (USD m)	1,025
Average Daily Traded Value (JOD m)	0.00
Average Daily Traded Value (USD m)	0.3
Free float (%)	48%

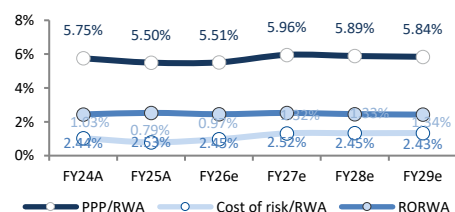
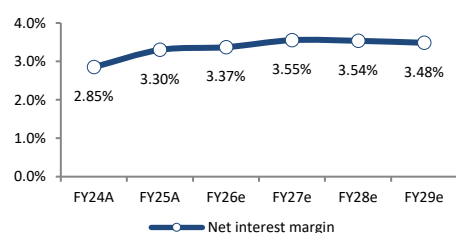
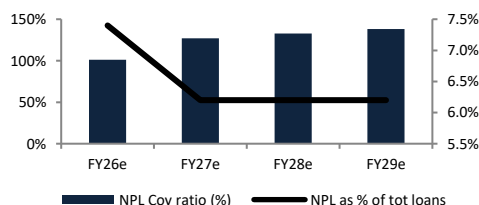
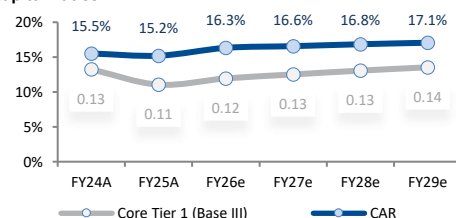
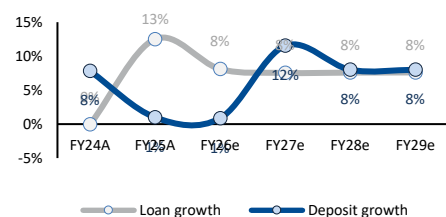
Year-end (local m)	2024	2025	2026e	2027e
Revenue	403	466	474	520
Pre-provisioning profit	247	283	269	314
EPS	0.40	0.49	0.45	0.51
P/E (x) (mkt price)	7.0	5.7	6.2	5.5
BVPS	2.8	3.1	3.4	3.7
Tangible BVPS	2.5	2.5	2.8	3.2
P/B (x) (mkt price)	1.0	0.9	0.8	0.8
P/TBVPS (x) (mkt price)	1.1	1.1	1.0	0.9
DPS	0.15	0.15	0.17	0.24
Div. yield (%)	5.4	5.4	6.1	8.6
FCFY	7.76	3.84	2.06	1.15
RoAA (%)	1.3	1.5	1.3	1.4
RoRWA (%)	2.4	2.5	2.4	2.5
RoATE (%)	16.8	19.7	16.9	16.7
RoEcc (%)	17.9	19.4	18.7	19.1
RAROC (%)	15.6	16.3	14.9	19.1
Net LtD ratio (%)	58.3	65.0	69.6	67.1
Risk Weighted Assets (bn)	4.3	5.1	4.9	5.3
Core Equity T1 ratio (%)	13.2	11.1	11.9	12.5
Tier 1 capital ratio (%)	14.9	12.4	13.4	13.9
Total capital ratio (%)	15.5	15.2	16.3	16.6
NPL ratio (%)	8.9	8.0	7.4	6.2
Coverage ratio (%)	79.4	76.0	101.3	127.1
Number of shares	263	263	263	263

Price Performance



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See Important Notice. We refer to note 7.5 in the disclaimer.

Abacus Arqaam Capital Fundamental Data

Profitability

NIM

Credit Quality

Capital Ratios

Growth

CAPITAL BANK OF JORDAN

Year-end	2024	2025	2026e	2027e	2028e	2029e
Performance analysis						
Net Interest Margin (%)	2.85	3.30	3.37	3.55	3.54	3.48
Asset yield (%)	6.45	6.40	6.13	6.03	6.00	5.94
Cost of Funds (%)	4.15	3.69	3.35	3.02	3.02	3.02
Risk Adjusted Margins (%)	2.25	2.78	2.79	2.75	2.73	2.67
Cost / Income (%)	38.6	39.3	43.3	39.6	39.3	39.1
Net Interest Income / total income (%)	52.1	55.4	57.9	58.9	59.7	59.6
Fees & Commissions / operating income (%)	42.7	35.9	33.2	32.4	32.5	32.5
Trading gains / operating income (%)	0.3	0.3	0.4	0.4	0.4	0.4
RoATE (%)	16.8	19.7	16.9	16.7	15.5	14.9
Pre-prov. RoATE (%)	22.7	25.6	22.4	24.0	22.8	22.1
RoAA (%)	1.3	1.5	1.3	1.4	1.4	1.4
Revenue / RWA (%)	9.37	9.05	9.73	9.86	9.70	9.59
Costs / RWA (%)	3.62	3.56	4.22	3.90	3.81	3.75
PPP / RWA (%)	5.75	5.50	5.51	5.96	5.89	5.84
Cost of Risk / RWA (%)	1.03	0.79	0.97	1.32	1.33	1.34
RoRWA (%)	2.44	2.53	2.45	2.52	2.45	2.43
RoRWA (%) (adj. for gross-up of associates)	2.44	2.53	2.45	2.52	2.45	2.43
Year-end	2024	2025	2026e	2027e	2028e	2029e
Asset Quality						
Provisions charge / avg. gross loans (%)	1.2	1.0	1.1	1.5	1.5	1.5
Past due not impaired / gross loans (%)	6.2	6.4	5.7	5.9	6.2	6.6
NPL / gross loans (%)	8.9	8.0	7.4	6.2	6.2	6.2
NPL coverage ratio (%)	79.4	76.0	101.3	127.1	132.9	138.2
Provisions / avg. gross loans (%)	6.2	6.4	5.7	5.9	6.2	6.6
Provisions charge / operating income (%)	17.9	14.3	17.6	22.1	22.6	22.9
Year-end	2024	2025	2026e	2027e	2028e	2029e
Funding and Liquidity						
Net Loans / Deposits (%)	58.3	65.0	69.6	67.1	66.9	66.6
Cash and interbank / assets (%)	20.9	15.5	16.6	19.2	19.6	19.8
Deposits / liabilities (%)	79.4	76.7	73.7	76.9	77.6	78.3
Year-end	2024	2025	2026e	2027e	2028e	2029e
Capital and leverage ratios						
Core Tier 1 ratio (Basel III) (%)	13.2	11.1	11.9	12.5	13.1	13.5
Tier 1 ratio (%)	14.9	12.4	13.4	13.9	14.3	14.7
Total capital ratio (%)	15.5	15.2	16.3	16.6	16.8	17.1
Tangible equity / assets (%)	10.1	11.3	10.4	10.5	10.5	10.5
RWA / assets (%)	52.2	59.0	53.7	54.3	54.4	54.5
Year-end	2024	2025	2026e	2027e	2028e	2029e
Growth						
Revenues (%)	16.1	15.7	1.8	9.6	5.5	6.0
Cost (%)	15.3	17.6	12.3	-	4.8	5.5
Pre-Provision Operating Profit Growth (%)	16.7	14.4	(5.1)	16.9	6.0	6.4
Provisions (%)	(39.8)	(8.2)	16.7	46.6	8.0	8.0
Net Profit (%)	50.2	25.6	(7.5)	9.2	4.1	5.9
Assets (%)	8.5	5.9	4.0	7.0	7.0	7.0
Loans (%)	(0.1)	12.5	8.1	7.5	7.6	7.6
Deposits (%)	7.8	1.0	0.9	11.5	8.0	8.0
Risk Weighted Assets (%)	10.2	19.8	(5.3)	8.1	7.2	7.2

Abacus Arqaam Capital Fundamental Data

Company Profile

The bank is a public shareholding company registered and incorporated in Jordan in 1995. The bank provides its banking services through its 35 branches located in Jordan along with its subsidiaries, The National Bank of Iraq in Iraq (45 branches), Capital Investments in Jordan and Dubai International Finance Center (DIFC), Capital Leasing in Jordan, National Iraqi Instalments (51% stake), Digital Future for Electronic Distribution Service (DFC) (51% stake), Iraq e-Gate For Financial Services (Switch) (51% stake), Union International Insurance (51% stake), and one branch in Riyadh through NBI. With USD 12.3bn in assets, it ranks the fourth bank after Arab Bank (USD 45.8bn), Bank al Etihad (USD 19.2bn), Housing Bank (USD13.8bn), but ahead of Jordan Kuwait Bank (USD 7.6bn).

In February 2022, Capital Bank Group bolstered its capital base with the issuance of a Tier 1 perpetual bond for USD 100m. The bond is the first issuance of its kind for a Jordanian bank in the local market and the first by a Jordanian Company to be listed in the region's international financial market – NASDAQ Dubai. Coupon Rate of 7%.

PIF is a strategic investor with a 24% stake, helping with the funding of the acquisition of Société Générale de Banque Jordanie.

In 2023, Capital Bank expanded into leasing in Iraq and expand its leasing operations in Jordan.

In 2025, Capital Bank signed a Green Subordinated (Tier II) Loan totalling USD 155m, led by EBRD along with a consortium of international financial and regional institutions.

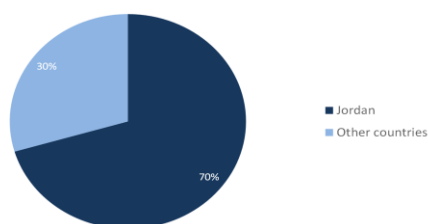
CAPL has secured a Ba3 from Moody's with a stable outlook.

All Board of Directors are non-executive, and 4 out of the 13 are independent.

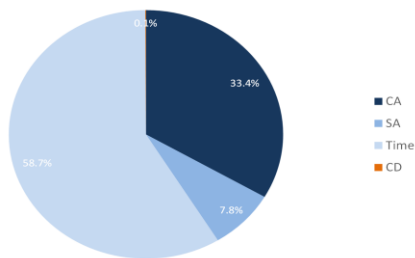
Capital Bank implements a regular Environmental & Social performance assessment through an E&S board-approved policy that is based on IFC standards.

2028 targets: Asset growth CAGR > 8%, C/I < 40%, RoTE > 16%, CAR >15%, DPO 25-50%.

Geographical breakdown of loans



Deposit breakdown



Management

Chairman, Non-Executive: Bassem Al-Salem
CEO: Tamer Ghazaleh

Major Shareholders

CAPITAL BANK OF JORDAN

Year-end	2024	2025	2026e	2027e	2028e	2029e
Income statement (JODmn)						
Interest income	475	501	500	519	555	590
Interest expense	265	243	225	213	228	244
Net Interest Income	210	258	275	306	327	346
Fee income	172	167	157	168	178	189
Net investment income	-	-	1	1	1	1
Other operating income	21	40	42	45	42	45
Total operating income	403	466	474	520	548	581
Total operating expenses	156	183	206	206	215	227
Pre-provision operating profit	247	283	269	314	333	354
Net provisions	44	41	47	69	75	81
Other provisions / impairment	17	7	3	3	3	3
Operating profit	186	235	219	242	255	270
Associates	-	-	-	-	-	-
Pre-tax profit	186	235	219	242	255	270
Taxation	25	34	33	39	43	46
Net profit	160	201	186	203	211	224
Minorities	52	68	64	67	70	74
ADT1 coupon	3	3	3	3	3	3
Attributable net profit	105	130	119	133	139	147
Diluted EPS	0.40	0.49	0.45	0.51	0.53	0.56
DPS	0.15	0.15	0.17	0.24	0.26	0.28
BVPS	2.75	3.11	3.39	3.66	3.93	4.21
Tangible BVPS	2.50	2.53	2.84	3.21	3.57	3.92

Year-end	2024	2025	2026e	2027e	2028e	2029e
Balance sheet (JODmn)						
Gross loans and advances	3,756	4,161	4,453	4,809	5,194	5,609
Less: loan loss provisions	327	303	282	324	369	418
Net loans and advances	3,429	3,858	4,170	4,485	4,825	5,192
Cash and central bank	1,654	1,192	1,036	1,131	1,221	1,308
Due from banks	222	275	658	704	753	806
Investments, net	2,420	2,723	2,489	2,664	2,850	3,050
Fixed Assets	106	118	121	125	128	132
Other assets	340	409	454	486	520	556
Total assets	8,238	8,727	9,076	9,711	10,391	11,119
Customer deposits	5,879	5,937	5,989	6,679	7,213	7,791
Due to banks	153	118	187	(33)	(60)	(92)
Debt	515	548	648	648	648	648
Other liabilities	859	1,135	1,305	1,396	1,494	1,598
Total liabilities	7,406	7,738	8,129	8,690	9,296	9,946
Total equity	833	989	947	1,021	1,095	1,173
Risk Weighted Assets (bn)	4	5	5	5	6	6
Average Interest-Earning Assets	7,365	7,829	8,143	8,611	9,254	9,936
Average Interest-Bearing Liabilities	6,373	6,575	6,714	7,059	7,548	8,075
Common shareholders	657	667	746	845	939	1,031
Core Equity Tier 1 (Basel III)	569	569	582	659	738	820
Tier 1 capital	640	640	653	730	809	891

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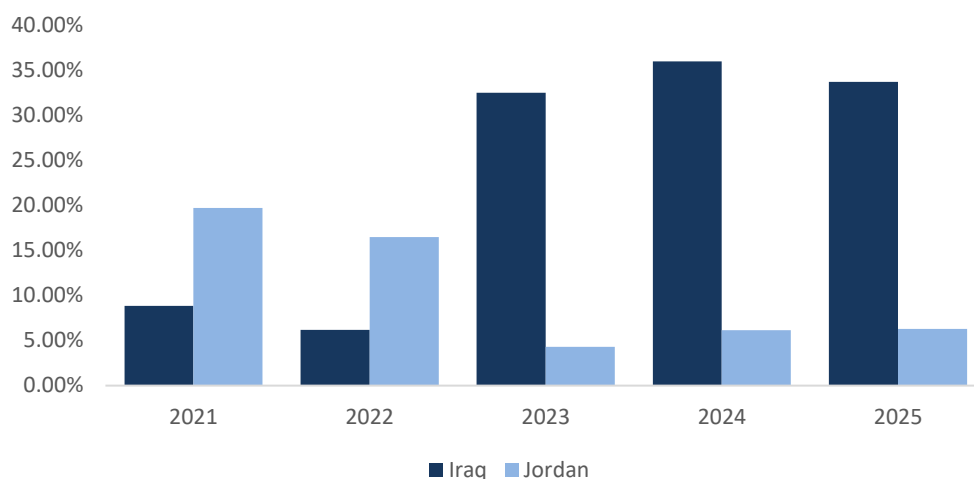
Capital ratios strengthened in Q2 26 despite continued RWA growth, whilst liquidity buffers remained adequate. CAPL closed Q2 26 with a CAR of 16.5%, up from 15.7% in Q1 26 and 202bps above the CBJ's 14.5% minimum, with Tier 1 improving to 13.9% from 13.0%, even as RWAs rose 1.1% q/q and RWA/assets climbed to 86.6% from 84.1%. Liquidity remains healthy with LCR at 195% and NSFR at 125%, well above Basel III requirements. Strong internal capital generation, with RotE at 14.5%, supports continued balance sheet expansion across core markets and payout outlook.

Fee/FX income recovered as expected in Q2 26, confirming our view that the Q1 weakness was regulation-driven rather than structural. Fee income rose 42.3% q/q and 7.6% y/y, as the new Iraqi customs regulation dropped out of the sequential base and underlying activity levels improved, though growth remains softer than the FY25 pace against the current backdrop. We continue to view fee/FX income as structurally supported by Iraq corridor transfer charges and treasury flows linked to clients; a large part of this income is not classic FX trading profit, but commissions linked to trade finance, external transfers, and access to official USD channels, meaning the economics are driven more by transfer activity and dollar access than by a pure treasury bid/ask spread. The real barrier is less about dealing in Iraqi dinars and more about access to official dollar channels and correspondent-bank relationships, which gives NBI a valuable competitive position and makes the underlying flow business sticky. That said, it remains tied to Iraqi regulation, central bank rules, and compliance conditions, as demonstrated by the impact of the customs regulation change earlier this year.

Compelling valuation. Valuation remains compelling supported by its resilient return profile, strong capital and liquidity. CAPL's consistently high returns, balance sheet momentum, and strengthening capital base support further re-rating potential as visibility on earnings durability remains strong. On our current forecasts, we expect CAPL's RoE to meet the >16% target for the next 3 years.

Medium / Long Term Guidance – 2028:

- Total assets CAGR > 8%
- C/I < 40%
- CAR > 15%
- RoE > 16%
- DPO: 25-50%

Exhibit 1: RoE per country


Source: Arqaam Capital Research, Company Data

Exhibit 2: Capital Bank of Jordan Q2 26A review

JOD m	Q2 26A	Q2 26e	vs. AC	Q1 26A	q/q 26	Q2 25A	Q1 25A	q/q 25	y/y Q2	y/y Q1	H1 26A	H1 26e	vs. AC	H1 25A	y/y 6M
Interest Income	124	123	0.4%	125	(0.9%)	124	121	2.0%	(0.0%)	2.9%	248	248	0.2%	245	1.4%
Interest expense	57	56	1.1%	55	3.3%	61	62	(1.0%)	(6.7%)	(10.5%)	112	112	0.5%	123	(8.6%)
Net interest income	67	70	(4.5%)	69	(4.3%)	62	59	5.0%	6.4%	16.8%	136	136	(0.1%)	122	11.5%
Fee Income	44	30	46.0%	31	42.3%	41	41	(0.6%)	7.6%	(24.8%)	75	60	24.7%	82	(8.7%)
Net Trading Income	0.0	0	nm	0	nm	0	0	nm	nm	nm	0	0	--	0	nm
Other Income	8	5	53.3%	7	11.6%	6	9	(37.6%)	45.2%	(18.7%)	15	13	22.5%	15	5.8%
Non-Interest income	52	35	47.1%	38	36.4%	46	50	(7.3%)	12.1%	(23.8%)	90	72	24.3%	96	(6.5%)
Total income	118	105	12.8%	108	10.1%	109	109	(0.6%)	8.9%	(1.7%)	226	208	8.4%	218	3.6%
Operating expenses	52	49	7.0%	49	7.9%	44	37	17.3%	20.2%	30.7%	101	97	3.5%	81	25.1%
Operating profit	66	56	17.9%	59	11.9%	65	72	(9.8%)	1.3%	(18.4%)	125	111	12.6%	137	(9.1%)
LLP	8	17	(52.4%)	16	(48.7%)	12	15	(15.1%)	(33.4%)	10.2%	24	33	(27.1%)	27	(9.8%)
Group Net income	47	31	54.5%	38	23.3%	44	50	(11.7%)	7.1%	(23.3%)	86	69	24.2%	94	(9.0%)
Attributable NI	30	20	54.1%	24	24.3%	29	33	(13.2%)	6.3%	(25.8%)	55	44	24.2%	61	(10.9%)
Cost/income	44.2%	46.6%		45.1%		40.1%	33.9%				44.7%	45.1%		37.0%	
Loans to deposits	75.7%	74.9%		73.9%		66.0%	65.0%				75.7%	74.9%		66.0%	
Annualized LLP	0.78%	1.58%		1.50%		1.26%	1.53%				1.14%	1.53%		1.37%	
Gross Loans	4,252	4,377	(2.9%)	4,294	(1.0%)	3,932	3,808		8.1%	12.8%	4,252	4,377	(2.9%)	3,932	8.1%
Net Loans	3,912	4,056	(3.5%)	3,970	(1.5%)	3,611	3,503		8.3%	13.4%	3,912	4,056	(3.5%)	3,611	8.3%
Customer deposits	5,619	5,845	(3.9%)	5,811	(3.3%)	5,962	5,861		(5.8%)	-0.8%	5,619	5,845	(3.9%)	5,962	(5.8%)

Source: Company Data, Arqaam Capital Research

Exhibit 3: Summary of earnings revision

JOD m	FY 26e			FY 27e			FY 28e			FY 29e			FY 30e		
	New	Old	Δ	New	Old	Δ	New	Old	Δ	New	Old	Δ	New	Old	Δ
Net interest income	275	282	(2.5%)	306	307	(0.2%)	327	328	(0.1%)	346	346	(0.0%)	372	372	(0.0%)
Fee income	157	139	13.3%	168	162	3.6%	178	172	3.6%	189	182	3.6%	200	193	3.6%
Investment income	1	1	—	1	1	—	1	1	—	1	1	—	1	1	—
Non-interest income	200	181	10.1%	214	208	2.8%	221	215	2.9%	235	228	2.9%	250	243	2.8%
Total income	474	463	2.4%	520	514	1.0%	548	542	1.1%	581	575	1.1%	622	615	1.1%
Opex	206	196	5.0%	206	196	5.0%	215	205	5.1%	227	216	5.1%	240	228	5.1%
Operating income	269	267	0.6%	314	319	(1.5%)	333	337	(1.4%)	354	359	(1.3%)	382	387	(1.2%)
Loan loss provision	47	69	(31.6%)	69	70	(0.9%)	75	76	(0.9%)	81	82	(0.9%)	88	88	(0.9%)
Other provision	3	3	(0.7%)	3	3	(0.7%)	3	3	(0.7%)	3	3	(0.7%)	3	3	(0.7%)
Net income reported	122	111	10.0%	136	138	(1.6%)	142	144	(1.5%)	150	152	(1.4%)	162	164	(1.3%)
Net income adjusted	119	108	10.3%	133	135	(1.7%)	139	141	(1.5%)	147	149	(1.4%)	159	161	(1.4%)
Ratios															
NIM	3.37%	3.45%	-0.08%	3.55%	3.55%	0.00%	3.54%	3.53%	0.00%	3.48%	3.48%	0.00%	3.48%	3.48%	0.00%
Cost/income	43.3%	42.3%	1.0%	39.6%	38.1%	1.5%	39.3%	37.8%	1.5%	39.1%	37.6%	1.5%	38.5%	37.1%	1.5%
LLP	1.10%	1.60%	-0.50%	1.50%	1.50%	0.00%	1.50%	1.50%	0.00%	1.50%	1.50%	0.00%	1.50%	1.50%	0.00%
NPL	3.6%	3.7%	-0.03%	3.1%	3.1%	-0.03%	3.1%	3.1%	-0.03%	3.1%	3.2%	-0.03%	3.2%	3.2%	-0.03%
Coverage	101.3%	104.3%	-3.01%	127.1%	130.4%	-3.31%	132.9%	135.9%	-3.06%	138.2%	141.0%	-2.82%	143.1%	145.7%	-2.60%
Growth															
Assets	4%	4%	—	7%	7%	—	7%	7%	—	7%	7%	—	7%	7%	—
Loan	7%	8%	(1.0%)	8%	8%	—	8%	8%	—	8%	8%	—	8%	8%	—
Deposit	1%	2%	(1.4%)	12%	14%	(2.5%)	8%	8%	—	8%	8%	0.0%	8%	8%	—
AED															
EPS	0.45	0.41	10.3%	0.51	0.51	(1.7%)	0.53	0.54	(1.5%)	0.56	0.57	(1.4%)	0.60	0.61	(1.4%)
TP	4.2	4.2	0.2%												

Source: Company Data, Arqaam Capital Research

Exhibit 4: Capital Bank of Jordan EVA

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e	2030e	perp	subtotal	% of total
1. DCF																		
Net profit	12	24	31	25	26	79	84	69	105	130	119	133	139	147	159	162		
Other adjustments (comprehensive income and GW amorti)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Minus: excess return excess capital	5	9	7	8	5	3	5	9	12	11	10	12	15	17	19	20		
Risk free rate	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%		
Cost of capital	40.4%	13.0%	18.8%	22.4%	20.3%	13.8%	6.3%	16.4%	13.7%	14.5%	15.0%	16.0%	17.0%	17.0%	17.0%	17.0%		
Adjusted net profit	7	16	24	17	21	76	79	60	92	120	109	121	124	130	140	143		
Capital requirements	191	182	178	196	219	286	471	468	516	618	585	632	678	727	781	796		
RoECC	3.8%	8.7%	13.3%	8.8%	9.6%	26.6%	16.7%	12.8%	17.9%	19.4%	18.7%	19.1%	18.3%	17.9%	17.9%	17.9%		
Cost of capital	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%		
Capital charge	27	25	25	27	31	40	66	66	72	86	82	89	95	102	109	112		
Economic profit	(20)	(10)	(1)	(10)	(10)	36	13	(6)	20	33	27	32	29	28	30	31		
Discount factor	—	—	—	—	—	—	—	—	—	—	1.00	0.88	0.77	0.67	0.59	0.52		
NPV of Economic Profit	—	—	—	—	—	—	—	—	—	—	27	28	22	19	18	16		
DCF EVA Forecast period																	115	10.5%
Perpetual growth rate (nominal GDP)																	2.0%	
Terminal Value																	258	
Terminal value discounted																	134	12.2%
Required Capital																	516	47.0%
Value of the bank operations																	765	69.8%
2. Capital surplus/deficit																		
Available capital:																		
Shareholders equity	278	292	287	294	307	363	617	658	725	818	893	963	1,033	1,106	1,186			
Minorities	56	58	50	54	48	29	35	71	108	170	54	58	62	67	71			
Less Goodwill & intangibles	(6)	(6)	(11)	(3)	(22)	(31)	(58)	(68)	(68)	(152)	(147)	(118)	(94)	(75)	(60)			
Less non equity elements reported shareholders equity																		
Less Dividends (if included in reported equity)	(10)	(20)	(20)	—	(24)	(30)	(39)	(39)	(39)	(39)	(45)	(63)	(68)	(74)	(79)			
Tangible equity	319	324	306	344	310	332	555	621	725	798	755	840	933	1,024	1,119			
Capital needs																		
RWAs (Basel II)	1,590	1,514	1,486	1,630	1,826	2,385	3,925	3,901	4,298	5,147	4,873	5,270	5,648	6,058	6,507			
RWAs (Basel III)	1,590	1,514	1,486	1,630	1,826	2,385	3,925	3,901	4,298	5,147	4,873	5,270	5,648	6,058	6,507			
Equity as % RWA	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%			
Financial stakes	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
Capital Requirements	191	182	178	196	219	286	471	468	516	618	585	632	678	727	781			
Surplus capital	128	142	128	149	91	46	84	153	210	180	171	208	255	297	338		287	26.2%
3. Other adjustments																		
ADT1																	35	
Underprovisioning																	(30)	
Total adjustments																	5	0.5%
4. Dividends																	39	3.6%
Total Fair Value																	1,097	100%
Fully diluted number of shares																	263	
Fair value per share																	4.2	
Current share price																	2.8	
Upside																	51.1%	
Implied P/E (x)	67.0	34.2	27.0							8.4	9.2	8.2	7.9	7.5				
Implied P/NAV (x)	3.1	2.9	3.0							1.6	1.5	1.3	1.2	1.1				

Source: Company Data, Arqaam Capital Research

National Bank of Iraq (61.85% owned)

National Bank of Iraq (NBI) is one of the leading commercial banks in Iraq, offering various banking services. The Bank was established in 1995 and is headquartered in Baghdad, Iraq. NBI is publicly traded on the Iraq Stock Exchange (symbol: BNOI) and is ranked first amongst privately held banks in terms of total assets. Capital Bank of Jordan owns a majority stake of c.62% in NBI. NBI provides innovative banking services through three main segments: personal, corporate, and SMEs. NBI also provides Brokerage Services, Leasing, Custody Services, and Investment Services (including trading in gold, foreign currency, and oil) and has further expanded its offerings to include Insurance Services and a fully integrated payments value chain through Switch and DFC, delivering modern, secure and digitally enabled financial solutions. Furthermore, it has access to an extensive network of correspondent banks directly and through Capital Bank and solid relations with foreign and international development financial institutions such as Saudi Exim Bank, PROPARCO, and the IFC.

Capital Investments (100% owned)

Headquartered in Jordan, with a wide-reaching presence across the Middle East, including offices in Dubai International Financial Center (DIFC), Capital Investments has been shaping and elevating the MENA region's financial services sector since its establishment in 2006. Capital Investments is a market leader in providing comprehensive investment banking services, from Asset Management and Brokerage to Corporate Financial Advisory, serving diverse local, regional, and international clientele and high-net-worth individuals.

Capital Leasing Co.(100% owned)

In a brief timeframe, Capital Leasing established itself in the market after its inception in 2017 and subsequent acquisition by Capital Bank of Jordan in 2022. The preference for leasing among customers in Jordan stems from its advantages, especially in real estate contracts, due to the benefits extended to lessors and lessees surpassing conventional bank mortgage loans. Lessors, usually real estate developers, benefit from tax exemptions when acquiring property through lease agreements, while lessees, the buyers, enjoy waived title deed transfer fees. Capital Leasing's portfolio has increased more than six times since its acquisition, with an anticipated opportunity for further growth due to the high demand for this specific lending approach. The portfolio has expanded to USD 83m.

Blink by Capital Bank – The All-Digital Channel

Launched in February 2022, Blink targets customers within the consumer banking space in Jordan to elevate financial services through a seamless digital-only experience while supporting financial inclusion. Blink offers an entirely new and unique user interface and experience, positioning it as a challenger to the status quo and a disruptor, reimagining how customers receive financial services. Blink focuses on simple and transparent ways of banking to foster financial literacy, educate customers, and empower them to get financial freedom. Blink offers end-to-end digital onboarding and eKYC, a full-fledged bank account with an IBAN, virtual and physical debit and credit cards facilitating online and offline payments with the ability to manage cards digitally, money transfers, contactless payment through Apple Pay, and eVouchers. Blink has also partnered with players outside the financial services industry to bring lifestyle value-added services to its customers through promotions, discounts, cash back, etc. Blink is the first

bank in Jordan to integrate with Royal Jordanian, allowing customers to book their flights directly from the Blink app.

ESG framework

Capital Bank published its fourth sustainability report in line with the standards and guidelines of the Global Reporting Initiative (GRI) and the United Nations' Sustainable Development Goals 2030 (UNSDGs). The report outlines the Bank's approach to addressing the impact of its activities on the environment and society, highlighting the achievements and aspirations for sustainable development and growth. The report also highlights the Bank's approach to sustainability, which revolves around three pillars and is focused on twelve material topics: Pillar 1 – Environmental: Climate Action and Protecting the Environment: a. Climate Change and Decarbonisation b. Environmental Management c. Sustainable Lending and Investing. Pillar 2 – Social: Creating Value for Our People and Communities: a. Gender Equality and Workforce Development and Wellbeing b. Local Communities c. Financial Inclusion & Literacy SME Growth d. Customer Experience and Satisfaction. Pillar 3 – Governance: Implementing Robust and Responsible Corporate Governance: a. Data Security b. Innovation and Digitisation c. Incorporation of ESG Factors in Credit Analysis d. Compliance and Ethical Conduct.

Exhibit 5: Jordan economic data

	2019	2020	2021	2022	2023	2024	2025	2026
Gross Domestic Product, Constant Prices	30	30	31	32	33	33	34	35
Gross Domestic Product Per Capita, Current Prices	2,953	2,839	2,948	3,068	3,199	3,327	3,480	3,650
Gross National Savings	17	13	12	11	15	15	16	16
Volume of Impts of Goods and Services	2	(17)	19	7	5	2	5	3
Volume of Imports of Goods	3	(9)	17	2	5	2	3	3
Unemployment Rate	19	23	24	23	22			
Population	11	11	11	11	11	11	11	12
General Government Revenue	8	7	8	9	9	10	10	11
General Government Total Expenditure	32	34	34	33	33	33	34	33
General Government Net Lending/Borrowing	(2)	(3)	(3)	(2)	(2)	(3)	(3)	(3)
General Government Net Primary Lending/Borrowing	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(0)
General Governmetn Gross Debt	29	32	29	31	32	34	36	37
Current Account Balance	(1)	(3)	(4)	(4)	(2)	(3)	(3)	(3)

Source: IMF, Arqaam Capital Research

Exhibit 6: Iraq economic data

	2019	2020	2021	2022	2023	2024	2025	2026
Gross Domestic Product, Constant Prices	224,125	196,313	199,117	214,474	216,448	216,091	217,068	224,967
Gross Domestic Product Per Capita, Current Prices	7,149,825	5,415,010	7,418,974	9,886,320	8,225,893	8,159,484	7,581,018	7,634,779
Gross National Savings	39	40	41	42	43	44	46	47
Population	11	11	11	11	11	11	11	12
General Government Revenue	99,269	63,168	109,861	175,577	142,642	140,377	131,012	127,453
General Government Total Expenditure	2,333	(27,862)	(1,152)	33,823	(4,066)	(15,015)	(21,722)	(25,237)
General Government Net Lending/Borrowing	(2)	(3)	(3)	(2)	(2)	(3)	(3)	(3)
General Government Net Primary Lending/Borrowing	5,066	(25,321)	337	35,732	(1,759)	(12,820)	(16,469)	(20,128)
General Governmetn Gross Debt	116,693	157,527	167,204	162,789	149,958	168,367	183,263	206,588
Current Account Balance	15	(10)	13	45	20	(1)	1	(3)

Source: IMF, Arqaam Capital Research

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