

CAPITAL BANK OF JORDAN

NIM expansion and loan growth provide support to outlook, valuation compelling

- Q1 26 earnings of JOD 38m (-23% y/y) masked a resilient underlying performance, with NIM expanding 40bps y/y and loans growing 12.8% y/y; the miss was driven by fee headwinds from Iraqi customs changes and higher OpEx from NBI subsidiary consolidation.
- NIM held at 3.20% on CoF optimization with the CBJ rate hold at 5.50% supporting gradual improvement; CASA at 46% underpins funding quality, with optimization of funding mix to continue to support margin trends.
- Asset quality broadly stable with CoR of 150bps ahead of NPL formation of 74bps; provision deficit of 0.7% of loans vs our acid test, CAR at 15.73% and LCR at 186.5% leave adequate buffers.
- Reiterate Buy at TP JOD 4.2 (49.9% upside), undemanding valuation with stock trading at 6.8x P/E and 0.8x P/B for a bank delivering 15.2% RoE in FY26e, with RoE expected to exceed the >16% medium-term target throughout our forecast horizon.

Solid NII performance in Q1 26, with earnings of JOD 38m supported by NIM expansion, dynamic balance sheet growth (credit growth +12.8% y/y, +3% q/q), and continued FX income generation in Iraq. RoE stood at 16.4%, with the y/y earnings decline of 23% primarily driven by softer fee income (-25% y/y) and a step-up in OpEx (+31% y/y) reflecting the full consolidation of NBI's newly acquired subsidiaries in December 2025.

We lift our NIM estimates on a resilient Q1 26 NIM of 3.20%, up 40bps y/y, driven by liability repricing benefits and CoF optimization, with management selectively not renewing higher-cost deposits while maintaining adequate returns. With the CBJ overnight rate holding at 5.50%, the rate environment has stabilized, supporting gradual NIM improvement through the year. We now pencil in margin expansion of 16bps for FY26e after +45bps in FY25 and -6bps q/q but +40bps y/y in Q1 26, with CoF to continue to support margin trend. Deposit mix remained favorable with CASA at 46% of total deposits, with the 2% q/q deposit decline reflecting deliberate funding cost management rather than market-driven outflows. We lower deposit growth for FY26e to 2% implying +4.5% growth during the rest of the year.

Solid loan growth in Q1 26, with balance sheet momentum broadly intact despite the geopolitical backdrop. Gross loans grew 12.8% y/y and 3.2% q/q, driven by continued corporate and retail expansion, with the LTD ratio rising to 73.9%. CAPL targets >8% balance sheet growth CAR, though the ongoing US-Iran conflict could temper momentum, particularly for sectors directly exposed to regional trade and tourism. Management noted a healthy pipeline across both retail and corporate segments, with disciplined underwriting standards maintained.

Credit quality held up in Q1 26, though the geopolitical backdrop warrants monitoring. Stage 2 ticked up modestly to 9.6% from 9.1% in Q4 25, while Stage 3 edged to 8.4% from 8.1%, with combined coverage remaining adequate at 18.4% and 71.3% respectively. Q1 26 annualized CoR came in at 150bps, a sharp reversal from -6bps in Q4 25, as credit costs normalized after a net provision release in the quarter, but in line with Q1 25. Management continues to monitor the tourism sector closely given geopolitical pressures, with selective CBJ-guided restructuring accommodated where needed. Against our acid test (1% Stage 1, 12% Stage 2, 60% Stage 3), we see a residual deficit of c.0.7% of gross loans, or c. JOD 32m, representing less than 3% of our FVE.

BUY

JOD 4.2

Banks / JORDAN

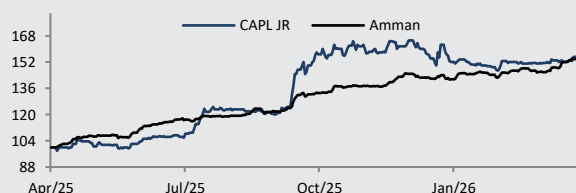
Bloomberg code	CAPL JR
Market index	Amman
Target Price	4.2
Upside (%)	49.2

Market data 5/18/2026

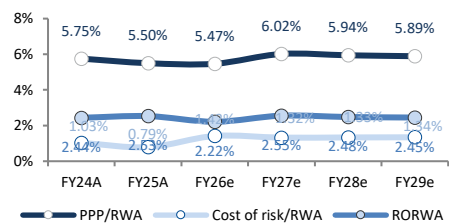
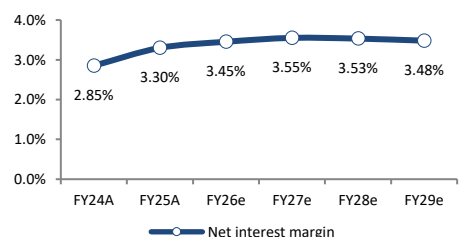
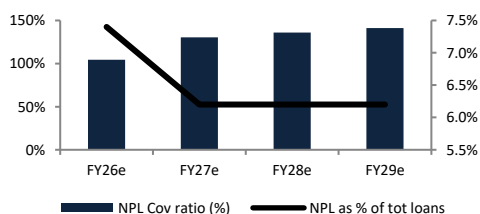
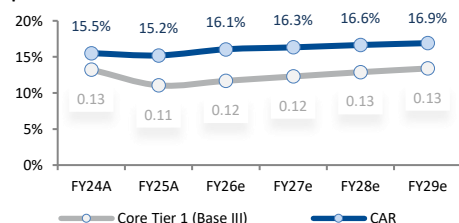
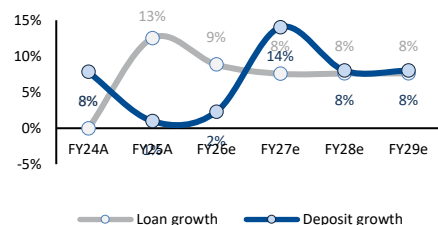
Last closing price	2.8
52 Week range	1.9-3.1
Market cap (JOD m)	734
Market cap (USD m)	1,035
Average Daily Traded Value (JOD m)	0.00
Average Daily Traded Value (USD m)	0.6
Free float (%)	43%

Year-end (local m)	2024	2025	2026e	2027e
Revenue	475	501	500	520
Pre-provisioning profit	247	283	267	319
EPS	0.40	0.49	0.41	0.51
P/E (x) (mkt price)	7.0	5.7	6.8	5.4
BVPS	2.8	3.1	3.4	3.6
Tangible BVPS	2.5	2.5	2.9	3.3
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	776.0	384.2	1893.7	1170.5
RoAA (%)	1.3	1.5	1.2	1.4
RoRWA (%)	2.4	2.5	2.2	2.6
RoATE (%)	16.8	19.7	15.2	16.7
RoEcc (%)	17.9	19.4	18.1	19.3
RAROC (%)	15.6	16.3	18.8	19.3
Net LtD ratio (%)	58.3	65.0	69.1	65.2
Risk Weighted Assets (bn)	4.3	5.1	4.9	5.3
Core Equity T1 ratio (%)	13.2	11.1	11.7	12.3
Tier 1 capital ratio (%)	14.9	12.4	13.1	13.6
Total capital ratio (%)	15.5	15.2	16.1	16.3
NPL ratio (%)	8.9	8.0	7.4	6.2
Coverage ratio (%)	79.4	76.0	104.3	130.4
Number of shares	263	263	263	263

Price Performance



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	3.45	3.55	3.53	3.48
Asset yield (%)	6.45	6.40	6.13	6.03	6.00	5.94
Cost of Funds (%)	4.15	3.69	3.22	2.97	2.97	2.97
Risk Adjusted Margins (%)	2.25	2.78	2.60	2.74	2.72	2.66
Cost / Income (%)	38.6	39.3	42.3	38.1	37.8	37.6
Net Interest Income / total income (%)	52.1	55.4	60.8	59.6	60.4	60.3
Fees & Commissions / operating income (%)	42.7	35.9	30.0	31.6	31.7	31.7
Trading gains / operating income (%)	0.3	0.3	0.4	0.4	0.4	0.4
RoATE (%)	16.8	19.7	15.2	16.7	15.6	15.0
Pre-prov. RoATE (%)	22.7	25.6	23.3	24.0	22.8	22.2
RoAA (%)	1.3	1.5	1.2	1.4	1.4	1.4
Revenue / RWA (%)	9.37	9.05	9.47	9.71	9.55	9.44
Costs / RWA (%)	3.62	3.56	4.01	3.70	3.61	3.55
PPP / RWA (%)	5.75	5.50	5.47	6.02	5.94	5.89
Cost of Risk / RWA (%)	1.03	0.79	1.42	1.32	1.33	1.34
RoRWA (%)	2.44	2.53	2.22	2.55	2.48	2.45
RoRWA (%) (adj. for gross-up of associates)	2.44	2.53	2.22	2.55	2.48	2.45
Year-end	2024	2025	2026e	2027e	2028e	2029e
Asset Quality						
Provisions charge / avg. gross loans (%)	1.2	1.0	1.6	1.5	1.5	1.5
Past due not impaired / gross loans (%)	6.2	6.4	5.6	6.1	6.4	6.8
NPL / gross loans (%)	8.9	8.0	7.4	6.2	6.2	6.2
NPL coverage ratio (%)	79.4	76.0	104.3	130.4	135.9	141.0
Provisions / avg. gross loans (%)	6.2	6.4	5.6	6.1	6.4	6.8
Provisions charge / operating income (%)	17.9	14.3	25.9	22.0	22.5	22.8
Year-end	2024	2025	2026e	2027e	2028e	2029e
Funding and Liquidity						
Net Loans / Deposits (%)	58.3	65.0	69.1	65.2	65.0	64.7
Cash and interbank / assets (%)	20.9	15.5	14.9	19.2	19.6	19.9
Deposits / liabilities (%)	79.4	76.7	74.6	79.6	80.4	81.2
Year-end	2024	2025	2026e	2027e	2028e	2029e
Capital and leverage ratios						
Core Tier 1 ratio (Basel III) (%)	13.2	11.1	11.7	12.3	12.9	13.4
Tier 1 ratio (%)	14.9	12.4	13.1	13.6	14.1	14.6
Total capital ratio (%)	15.5	15.2	16.1	16.3	16.6	16.9
Tangible equity / assets (%)	10.1	11.3	10.3	10.4	10.5	10.5
RWA / assets (%)	52.2	59.0	53.8	54.5	54.6	54.8
Year-end	2024	2025	2026e	2027e	2028e	2029e
Growth						
Revenues (%)	16.1	15.7	(0.6)	11.1	5.4	6.0
Cost (%)	15.3	17.6	7.0	(0.1)	4.7	5.5
Pre-Provision Operating Profit Growth (%)	16.7	14.4	(5.6)	19.3	5.9	6.3
Provisions (%)	(39.8)	(8.2)	70.6	1.3	8.0	8.0
Net Profit (%)	50.2	25.6	(17.4)	24.3	4.0	5.8
Assets (%)	8.5	5.9	4.0	7.0	7.0	7.0
Loans (%)	(0.1)	12.5	8.8	7.6	7.6	7.6
Deposits (%)	7.8	1.0	2.3	14.0	8.0	8.0
Risk Weighted Assets (%)	10.2	19.8	(5.1)	8.4	7.2	7.3

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 (46 branches), Capital Investments in Jordan and Dubai International Finance Center (DIFC), Capital Leasing in Jordan, National Iraqi Instalments (51% stake), and one branch in Riyadh through NBI with Digital Future for Electronic Distribution Service (DFC) (Subsidiary - 51%), Iraq e-Gate For Financial Services (Switch) (Subsidiary - 51%), Union International Insurance (Subsidiary - 51%). With USD 12bn in assets, it ranks the fourth bank after Arab Bank (USD 44.3b), Bank al Etihad (18.7b), and Housing Bank (13.6b), but ahead of Jordan Kuwait Bank (7.6b).

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.

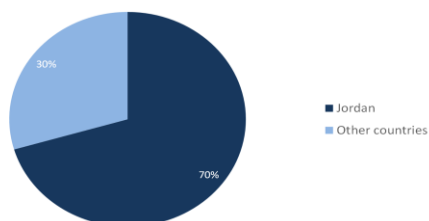
CAPL has secured a Ba3 from Moody's with a stable outlook.

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

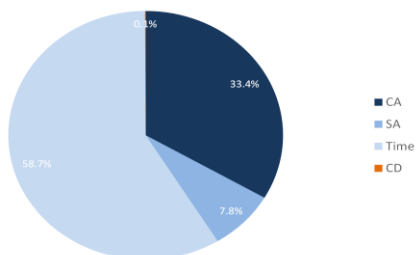
Capital Bank implements a regular Environmental & Social performance assessment through an E&S board-approved policy that is based on IFC standards.

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
CEO

Bassem Al-Salem
Tamer Ghazaleh

Major Shareholders

Safety First Investment Company (PIF)	23.97%
Saad Al Janaabi	7.20%
Social Security	7.40%

CAPITAL BANK OF JORDAN

Year-end	2024	2025	2026e	2027e	2028e	2029e
Income statement (JODmn)						
Interest income	475	501	500	520	556	591
Interest expense	265	243	219	214	228	244
Net Interest Income	210	258	282	307	328	346
Fee income	172	167	139	162	172	182
Net investment income	-	-	1	1	1	1
Other operating income	21	40	42	45	42	45
Total operating income	403	466	463	514	542	575
Total operating expenses	156	183	196	196	205	216
Pre-provision operating profit	247	283	267	319	337	359
Net provisions	44	41	69	70	76	82
Other provisions / impairment	17	7	3	3	3	3
Operating profit	186	235	195	246	259	274
Associates	-	-	-	-	-	-
Pre-tax profit	186	235	195	246	259	274
Taxation	25	34	29	39	44	47
Net profit	160	201	166	206	215	227
Minorities	52	68	55	68	71	75
ADT1 coupon	3	3	3	3	3	3
Attributable net profit	105	130	108	135	141	149
Diluted EPS	0.40	0.49	0.41	0.51	0.54	0.57
DPS	0.15	0.15	0.17	0.24	0.26	0.28
BVPS	2.75	3.11	3.35	3.63	3.90	4.19
Tangible BVPS	2.50	2.53	2.89	3.26	3.61	3.95

Year-end	2024	2025	2026e	2027e	2028e	2029e
Balance sheet (JODmn)						
Gross loans and advances	3,756	4,161	4,494	4,854	5,242	5,662
Less: loan loss provisions	327	303	295	337	383	432
Net loans and advances	3,429	3,858	4,199	4,516	4,859	5,230
Cash and central bank	1,654	1,192	1,034	1,120	1,203	1,283
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	6,073	6,925	7,479	8,078
Due to banks	153	118	338	(37)	(76)	(121)
Debt	515	548	548	548	548	548
Other liabilities	859	1,135	1,180	1,263	1,351	1,446
Total liabilities	7,406	7,738	8,140	8,699	9,303	9,950
Total equity	833	989	936	1,012	1,089	1,168
Risk Weighted Assets (bn)	4	5	5	5	6	6
Average Interest-Earning Assets	7,365	7,829	8,156	8,634	9,273	9,951
Average Interest-Bearing Liabilities	6,373	6,575	6,782	7,198	7,694	8,228
Common shareholders	657	667	760	857	949	1,040
Core Equity Tier 1 (Basel III)	569	569	571	651	731	815
Tier 1 capital	640	640	642	721	802	886

Jaap Meijer, MBA, CFA

jaap.meijer@arqaamcapital.com
+971 4 507 1744

Farida Mardini

farida.mardini@arqaamsecurities.com

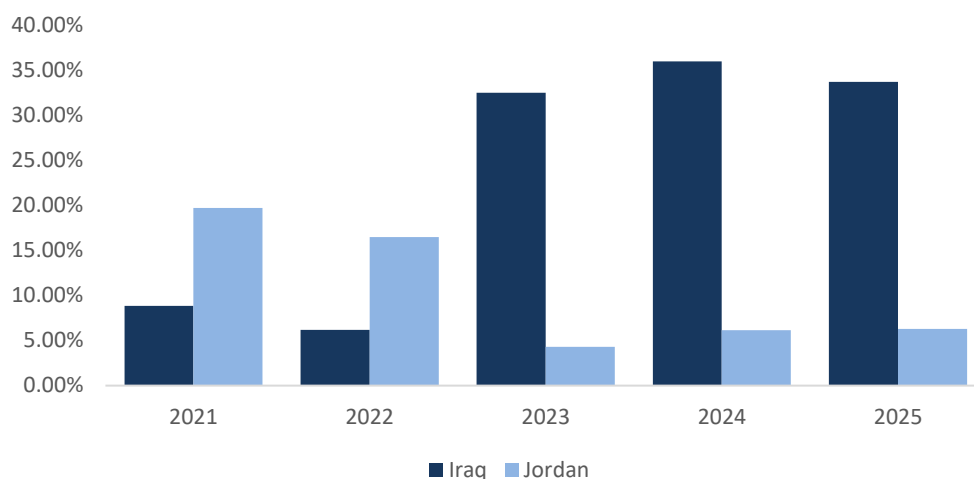
Capital ratios remain adequate despite RWA expansion, with liquidity buffers comfortably above regulatory minimums. CAPL closed Q1 26 with a CAR of 15.73%, 123bps above the CBJ's 14.5% minimum, with Tier 1 at 13.04%, despite a 1.1% q/q rise in RWAs driven by continued credit expansion comprising 77.4% of total RWAs. Liquidity remains healthy with LCR at 186.5% and NSFR at 124%, well above Basel III requirements. The USD 155m Tier II green subordinated facility secured in 2025 continues to underpin capital flexibility and international market access. Strong internal capital generation, supported by a 16.4% RoE, supports continued balance sheet expansion across core markets.

We expect the underlying FX/fee income trends to improve in the coming quarters after a weak Q1. The key driver of the decline in commissions income was the new customs regulation implemented at the start of 2026. This exacerbated the usual impact from the conflict on fee generation and trade flows. However, with the regulatory change in the base and improving activity levels, we would expect the trend to be positive sequentially, but still at a softer pace than FY25. Fee /forex remains 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. That means 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. That 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, similar to the new regulations that took place early this year.

We reiterate our Buy rating on CAPL with a TP of JOD 4.2. Valuation remains compelling at 6.8x P/E on FY26e earnings and 0.8x P/B for a bank delivering 15.2% RoE. 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 Q1 26A review

JOD m	Q1 26A	Q1 26e	vs. AC	Q4 25A	q/q 26	Q1 25A	Q4 24A	q/q 25	y/y Q1	y/y Q4
Interest Income	125	132	(5.6%)	131	(4.8%)	121	118	2.8%	2.9%	11.1%
Interest expense	55	60	(7.7%)	59	(6.6%)	62	67	(8.1%)	(10.5%)	(11.9%)
Net Interest Income	69	72	(3.8%)	72	(3.3%)	59	51	17.3%	16.8%	41.7%
Fee Income	31	37	(17.7%)	43	(27.8%)	41	43	(5.8%)	(24.8%)	(1.9%)
Net Trading Income	0.0	0	(40.2%)	0	nm	0	0	nm	nm	nm
Other Income	7	7	0.2%	18	(58.8%)	9	7	29.7%	(18.7%)	156.1%
Non-Interest Income	38	45	(14.8%)	60	(36.9%)	50	50	(0.9%)	(23.8%)	19.7%
Total Income	108	117	(8.0%)	132	(18.6%)	109	101	8.2%	(1.7%)	30.7%
Operating expenses	49	37	32.1%	57	(15.3%)	37	39	(4.4%)	30.7%	47.6%
Operating profit	59	80	(26.4%)	75	(21.2%)	72	62	16.1%	(18.4%)	20.3%
ILP	16	17	(7.1%)	-1	nm	15	-10	nm	10.2%	nm
Group Net Income	38	55	(30.0%)	59	(35.1%)	50	50	(0.9%)	(23.3%)	17.1%
Attributable NI	24	39	(37.4%)	41	(41.0%)	33	37	(10.8%)	(25.8%)	12.1%
Cost/Income	45.1%	35.9%		43.4%		33.9%	38.4%			
Loans to deposits	73.9%	66.0%		70.1%		65.0%	63.9%			
Annualized ILP	1.50%	1.20%		-0.06%		1.53%	-1.03%			
Gross Loans	4,294	4,182	2.7%	4,161	3.2%	3,808	3,756		12.8%	10.8%
Net Loans	3,970	3,877	2.4%	3,858	2.9%	3,503	3,429		13.4%	12.5%
Customer deposits	5,811	5,967	(2.6%)	5,937	(2.1%)	5,861	5,879		(0.8%)	1.0%

Source: Company Data, Arqaam Capital Research

Exhibit 3: Earnings estimate changes

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	282	286	(1.4%)	307	317	(3.2%)	328	338	(2.8%)	347	359	(3.4%)	373	385	(3.2%)
Fee income	156	170	(8.5%)	171	173	(1.3%)	175	175	—	186	186	—	197	197	—
Investment income	1	1	2.2%	1	1	(5.6%)	1	1	(5.6%)	1	1	(5.6%)	1	1	(5.6%)
Non-interest income	198	201	(1.3%)	216	205	5.7%	218	203	7.0%	231	216	7.3%	246	229	7.5%
Total income	480	486	(1.4%)	523	522	0.3%	545	541	0.9%	578	575	0.6%	619	614	0.8%
Opex	196	180	8.9%	196	190	2.8%	205	201	2.1%	216	212	2.0%	228	224	2.0%
Operating income	284	307	(7.4%)	328	331	(1.2%)	340	340	0.2%	362	363	(0.2%)	391	390	0.1%
Loan loss provision	69	69	(0.2%)	70	70	(0.2%)	76	76	(0.2%)	82	82	(0.2%)	88	88	(0.2%)
Other provision	3	3	(1.6%)	3	3	(1.6%)	3	3	(1.6%)	3	3	(1.6%)	3	4	(1.6%)
Net income reported	121	134	(9.5%)	143	145	(1.4%)	146	145	0.3%	154	154	(0.2%)	166	166	0.3%
Net income adjusted	118	131	(9.8%)	140	142	(1.5%)	143	142	0.3%	151	151	(0.2%)	163	163	0.3%
Ratios															
NIM	3.45%	3.32%	0.14%	3.55%	3.43%	0.12%	3.54%	3.41%	0.13%	3.49%	3.39%	0.10%	3.49%	3.39%	0.10%
Cost/Income	40.8%	37.0%	3.8%	37.4%	36.5%	0.9%	37.6%	37.1%	0.4%	37.4%	36.9%	0.5%	36.8%	36.4%	0.4%
LTP	1.60%	1.60%	0.00%	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	3.7%	2.9%	0.81%	3.1%	2.9%	0.17%	3.1%	3.0%	0.17%	3.2%	3.0%	0.17%	3.2%	3.0%	0.17%
Coverage	102.9%	148.3%	-45.39%	130.4%	153.0%	-22.51%	135.9%	157.2%	-21.30%	141.0%	161.2%	-20.18%	145.7%	164.9%	-19.13%
Growth															
Assets	4%	7%	(3.0%)	7%	7%	—	7%	7%	—	7%	7%	—	7%	7%	—
Loan	8%	8%	—	8%	8%	—	8%	8%	—	8%	8%	—	8%	8%	—
Deposit	2%	10%	(7.3%)	14%	8%	6.0%	8%	8%	—	8%	8%	—	8%	8%	—
AED															
EPS	0.45	0.50	(9.8%)	0.53	0.54	(1.5%)	0.54	0.54	0.3%	0.57	0.58	(0.2%)	0.62	0.62	0.3%
TP	4.2	4.2	0.8%												

Source: Company Data, Arqaam Capital Research

Exhibit 4: Capital Bank of Jordan EVA

S	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	118	140	143	151	163	167		
Other adjustments (comprehensive income and GW amort)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Minus: excess return excess capital	5	9	7	8	5	3	5	9	12	11	11	13	16	18	21	21		
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%		
Tax shelter	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	107	127	127	133	143	146		
Capital requirements	191	182	178	196	219	286	478	468	516	618	590	637	682	731	786	801		
RoIC	3.8%	8.7%	13.3%	8.8%	9.6%	26.6%	16.6%	12.8%	17.9%	18.1%	20.0%	18.6%	18.2%	18.2%	18.2%	18.2%		
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	67	66	72	86	83	89	95	102	110	112		
Economic profit	(20)	(10)	(1)	(10)	(10)	36	12	(6)	20	33	24	38	31	31	33	33		
Discount factor	—	—	—	—	—	—	—	—	—	—	1.00	0.88	0.77	0.67	0.59	0.52		
NPV of Economic Profit	—	—	—	—	—	—	—	—	—	—	24	33	24	21	19	17		
DCF EVA Forecast period																	122	10.9%
Perpetual growth rate (nominal GDP)																	2.0%	
Terminal Value																	279	
Terminal value discounted																	145	13.0%
Required Capital																	516	46.3%
Value of the bank operations																	782	70.2%
2. Capital surplus/deficit																		
Available capital:																		
Shareholders equity	278	292	287	294	307	363	617	658	725	818	889	966	1,040	1,117	1,202			
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)	(121)	(97)	(78)	(62)	(50)			
Less non equity elements reported shareholders equity																		
Less Dividends (if included in reported equity)	(10)	(20)	(20)	—	(24)	(30)	(39)	(39)	(39)	(39)	(47)	(63)	(68)	(74)	(79)			
Tangible equity	319	324	306	344	310	332	555	621	725	798	774	864	956	1,048	1,145			
Capital needs																		
RWAs (Basel II)	1,590	1,514	1,486	1,630	1,826	2,385	3,984	3,901	4,298	5,147	4,914	5,311	5,682	6,094	6,546			
RWAs (Basel III)	1,590	1,514	1,486	1,630	1,826	2,385	3,984	3,901	4,298	5,147	4,914	5,311	5,682	6,094	6,546			
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	478	468	516	618	590	637	682	731	786			
Surplus capital	128	142	128	149	91	46	77	153	210	180	185	227	275	317	359		287	25.8%
3. Other adjustments																		
ADT1																	35	
Underprovisioning																	(30)	
Total adjustments																	5	0.5%
4. Dividends																	39	3.5%
Total Fair Value																	1,114	100%
Fully diluted number of shares																	263	
Fair value per share																	4.2	
Current share price																	2.8	
Upside																	51.3%	
Implied P/E (x)	68.1	34.8	27.4							8.6	9.5	7.9	7.8	7.4				
Implied P/NAV (x)	3.1	3.0	3.1							1.7	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 78m.

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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