Company Update
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Al Salam Bank

Strong start to the year; robust returns offer support to valuation.

- **Solid Q1, delivering RoE of 18% and EPS growth of 24% y/y, driven by strong BS growth, contained cost and provisioning, with FY26e outlook supported by continued growth, efficiency, non-funded income generation and associate income, forecasting RoE of 16.9% and EPS26e growth of 24%.**
- **CoR was in line with Q1 25 levels, despite the change in scenario weighting to factor in the conflict, whilst NPL formation was elevated at 107bps during Q1 26, it was from a downgrade from stage 2 rather than a deterioration in asset quality. Capital position slipped on modest net OCI loss and relatively high YtD RWA growth.**
- **Maintain TP at BHD 0.30, with the stock trading at 2.1x P/B and 6.1x EPS27e for RoE26e of 16.9%, RotE of 32% and DY of 4.7%, offering attractive valuation. Valuation strongly supported by its attractive return profile with upside from its return profile and upside risk from its associate BBK via M&A. Reiterate BUY.**

Maintain TP, resilient returns, reiterate BUY. We maintain our TP at 0.30, leaving our estimates largely unchanged but increasing asset growth by 3%pts for 2026e on strong YtD growth, while lowering NIMs by 2-5bps due to CoF pressure. We still forecast robust returns of 17-18% during FY26-30e on a RoE basis and >25% on a RoTE basis, underpinned by growth momentum, improved efficiencies, and the normalisation of credit costs and associate income. Stock is trading at 2.1x P/B and 6.1x EPS27e for RoE26e of 16.9% and DY of 4.7%, with TRS30e at 26%, one of the highest in our coverage universe. The ongoing merger talks between NBB and BBK is a potential catalyst for the stock given its 26.19% stake. Reiterate BUY.

ASB delivered a solid Q1 26, with RoE of 18% and EPS growth of 24%. Earnings growth was driven by i) balance sheet growth, ii) strong fee income, iii) contained cost growth, and iv) stable provisioning, with operating profit growth at 12% y/y and 29% q/q. Asset growth was strong at 5.7% YtD during the quarter, funded by deposit growth of 4.7% and wholesale debt issuance. Even though we expect Q2e to be somewhat softer than Q1 due to the ongoing conflict, we would expect activities to pick up in H2e, and pencil in RoE26e of 16.9% vs 16% in FY25 and earnings growth of 26%.

NPL formation picks up on the downgrade of stage 2 loans, changing scenario weight for the conflict. NPL formation increased to 107bps during Q1 26 from -6bps in Q4 25, 4bps in Q3 25, 14bps in Q2 25 and 27bps in Q1 25. There was a proactive downgrade from stage 3, with the stage 2 share improving to 2.4% from 3.6% YE. Stage 3 loans increased to 5.1% from 4.1%, which is more driven by ASB's precautionary stance rather than an underlying deterioration in asset quality. Coverage was stable at 8.5% for stage 2 loans but declined to 31.6% from 36.8% YE for stage 3 loans due to the downgrade. We compute a provisioning deficit of 1.3% of loans on our internal threshold of 1% coverage for stage 1 loans, 12% for stage 2, and 60% for stage 3. The CoR was broadly stable at 83bps in Q1 26 vs a year ago, but increased from 63bps in Q4 25. ASB took management overlays for the conflict, increasing the worst-case scenario to 60% from 25% YE, lowering the base case to 40% from 65%, and best case to 0% from 10%. We leave our CoR26e of 75bps unchanged as Q1 already takes into account the overlays. Operating earnings remain strong at 3% of loans, offering strong absorption capacity.

Balance sheet momentum sustained, with assets increasing 5.7% YtD, loans +1.9%, and investment +12%, funded by a solid deposit growth of 4.7% and wholesale debt +19%. Growth remained well-diversified across Bahrain and Algeria, while the funding base remains predominantly retail-driven. The net LtD ratio improved to 73.3% from 76.5% YE25 as deposit growth outpaced loan growth. We increase asset growth to 12% from 8% after the 5% YtD growth, but still lower than the 14% recorded in 2025. We leave loan growth unchanged at 8% as we expect sukuk investment to increase in the coming quarters.

Efficiency continues to improve, with OpEx coming in 7.4% below our estimates. C/I ratio came at 41.3% vs our Q1 26 estimate of 42.7% and Q1 25A of 42.6%, as total income growth of 12.2% y/y comfortably outpaced cost growth. Cost-to-assets improved to 1.5% in FY25 from 1.6% in FY24 and we forecast it to gradually improve and reach 1.3% by FY27e. From FY26e onwards, we expect further efficiency gains as KFH synergies materialise, ASB Capital scales up, and non-funded income grows. We forecast C/I to improve to 43% by FY30e from 49% in FY26e.

Capital declines in Q1, but is still well above the threshold on low risk weightings. CET1 declined to 13.6% from 16.5% at FY25A on FVOCI mark-to-market losses, with total OCI losses of BHD 13m (likely to reverse on credit spread narrowing for Bahraini bonds). RWA growth was 9.6% YTD, and RoE of 18% during Q1 26. Risk density remains broadly stable at a low level of 31%, and the bank remains comfortably capitalised with CET1 well above the CBB minimum of 10.5% and with a total CAR at 23.1%.

BUY BHD 0.30

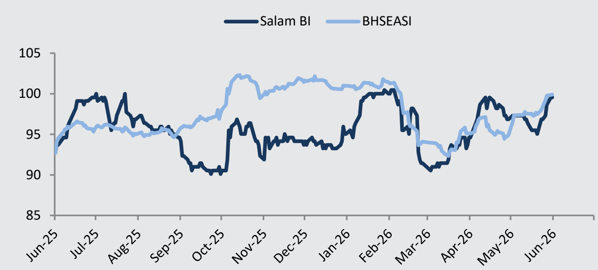
Banks / BAHRAIN

Bloomberg code	SALAM BI
Market index	
Target Price	0.30
Upside (%)	34.4

Market data 7/7/2026

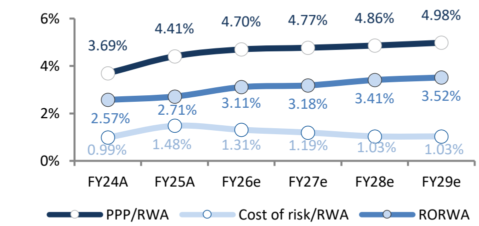
Last closing price	0.22
52 Week range	0.2-0.2
Market cap (BHD m)	705
Market cap (USD m)	1,870
Average Daily Traded Value (BHD m)	0.00
Average Daily Traded Value (USD m)	0.3
Free float (%)	83%

Year-end (BHD m)	2024	2025	2026e	2027e
Revenue	333	380	399	408
Pre-provisioning profit	79	107	128	145
EPS	0.02	0.02	0.03	0.03
P/E (x) (mkt price)	11.2	9.1	7.1	6.3
BVPS	0.1	0.2	0.2	0.2
Tangible BVPS	0.1	0.1	0.1	0.1
P/B (x) (mkt price)	1.7	1.3	1.2	1.0
P/TBVPS (x) (mkt price)	4.0	2.6	2.1	1.7
DPS	0.01	0.01	0.01	0.01
Div. yield (%)	2.5	3.9	4.8	5.4
FCFY	0.8	7.0	10.1	12.0
RoAA (%)	0.9	0.9	1.0	1.0
RoRWA (%)	2.6	2.7	3.1	3.2
RoATE (%)	26.5	34.0	32.7	30.2
RoEcC (%)	13.7	14.3	16.5	17.1
RAROC (%)	8.5	10.3	11.2	11.6
Net LtD ratio (%)	73.9	76.5	75.0	73.8
Risk Weighted Assets (bn)	2.1	2.4	2.7	3.0
Core Equity T1 ratio (%)	14.2	16.5	16.7	17.1
Tier 1 capital ratio (%)	21.8	23.5	23.0	22.8
Total capital ratio (%)	24.8	27.2	26.5	26.3
NPL ratio (%)	4.5	4.1	4.0	3.0
Coverage ratio (%)	40.3	73.1	79.4	119.4
Number of shares	2,747	2,968	2,968	2,968

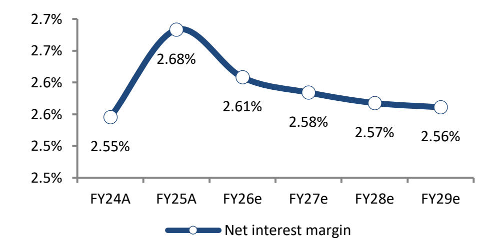


Abacus *Arqaam Capital Fundamental Data*

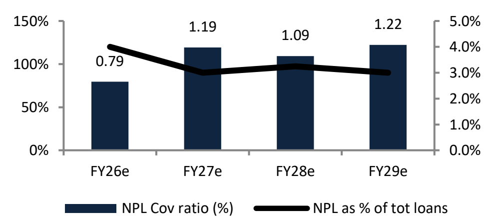
Profitability



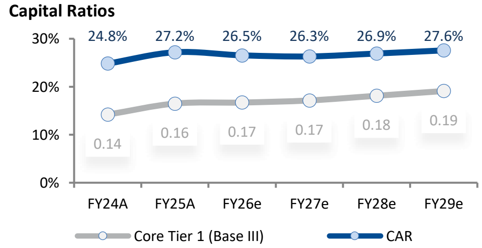
NIM



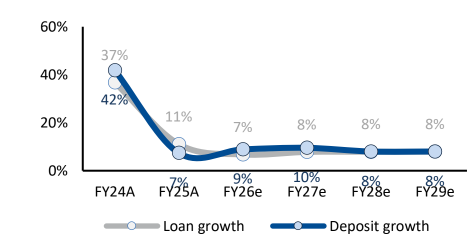
Credit Quality



Capital Ratios



Growth



Al Salam Bank

Year-end	2024	2025	2026e	2027e	2028e	2029e
Performance analysis						
Net Interest Margin (%)	2.55	2.68	2.61	2.58	2.57	2.56
Asset yield (%)	6.20	5.64	5.19	4.82	4.79	4.77
Cost of Funds (%)	3.64	2.99	2.65	2.32	2.32	2.32
Risk Adjusted Margins (%)	2.17	2.15	2.17	2.19	2.23	2.22
Cost / Income (%)	55.8	52.1	48.9	47.1	45.9	44.6
Net Interest Income / total income (%)	76.6	81.0	79.8	80.0	80.0	80.1
Fees & Commissions / operating income (%)	15.2	12.5	12.0	11.9	11.9	11.9
Trading gains / operating income (%)	1.4	(0.7)	1.3	1.3	1.3	1.3
RoATE (%)	26.5	34.0	32.7	30.2	28.8	26.7
Pre-prov. RoATE (%)	47.3	42.8	40.4	36.3	33.0	30.6
RoAA (%)	0.9	0.9	1.0	1.0	1.1	1.2
Revenue / RWA (%)	8.37	9.20	9.20	9.02	8.99	8.98
Costs / RWA (%)	4.67	4.79	4.50	4.25	4.12	4.00
PPP / RWA (%)	3.69	4.41	4.70	4.77	4.86	4.98
Cost of Risk / RWA (%)	0.99	1.48	1.31	1.19	1.03	1.03
RoRWA (%)	2.57	2.71	3.11	3.18	3.41	3.52
RoRWA (%) (adj. for gross-up of associates)	1.03	1.11	1.34	1.44	1.59	1.69
Year-end	**2024**	**2025**	**2026e**	**2027e**	**2028e**	**2029e**
Asset Quality						
Provisions charge / avg. gross loans (%)	0.6	0.9	0.8	0.7	0.6	0.6
Past due not impaired / gross loans (%)	4.7	3.6	5.0	5.0	5.0	5.0
NPL / gross loans (%)	4.5	4.1	4.0	3.0	3.3	3.0
NPL coverage ratio (%)	40.3	73.1	79.4	119.4	109.2	122.2
Provisions / avg. gross loans (%)	1.3	1.6	2.2	2.4	2.5	2.6
Provisions charge / operating income (%)	25.8	33.6	26.1	23.3	19.6	19.1
Year-end	**2024**	**2025**	**2026e**	**2027e**	**2028e**	**2029e**
Funding and Liquidity						
Net Loans / Deposits (%)	73.9	76.5	75.0	73.8	73.7	73.7
Cash and interbank / assets (%)	7.7	6.9	7.1	7.6	7.2	6.9
Deposits / liabilities (%)	74.7	70.8	69.5	70.7	70.9	71.1
Year-end	**2024**	**2025**	**2026e**	**2027e**	**2028e**	**2029e**
Capital and leverage ratios						
Core Tier 1 ratio (Basel III) (%)	14.2	16.5	16.7	17.1	18.1	19.1
Tier 1 ratio (%)	21.8	23.5	23.0	22.8	23.3	23.9
Total capital ratio (%)	24.8	27.2	26.5	26.3	26.9	27.6
Tangible equity / assets (%)	2.2	2.9	3.2	3.6	4.1	4.5
RWA / assets (%)	30.3	30.1	30.5	31.4	31.5	31.5
Year-end	**2024**	**2025**	**2026e**	**2027e**	**2028e**	**2029e**
Growth						
Revenues (%)	44.1	24.8	12.4	9.0	7.8	8.1
Cost (%)	43.7	16.4	5.5	5.0	5.0	5.0
Pre-Provision Operating Profit Growth (%)	44.6	35.5	19.8	12.7	10.3	10.8
Provisions (%)	12.0	76.9	(7.1)	0.8	(7.4)	8.0
Net Profit (%)	30.3	19.7	28.9	13.7	15.9	11.6
Assets (%)	37.2	14.0	11.0	8.0	8.0	8.0
Loans (%)	36.8	11.1	6.7	7.8	7.9	7.9
Deposits (%)	41.9	7.4	8.9	9.5	8.0	8.0
Risk Weighted Assets (%)	26.7	13.5	12.5	11.1	8.2	8.2

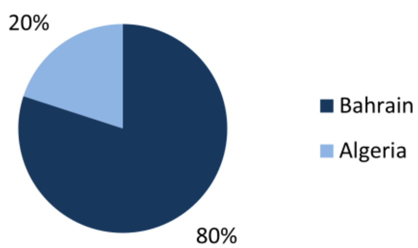
Abacus *Arqaam Capital Fundamental Data*

Company Profile

Al Salam Bank B.S.C. is a leading Shari'a-compliant financial institution, incorporated in the Kingdom of Bahrain on 19 January 2006. The Bank's ordinary shares are listed on both the Bahrain Bourse and the Dubai Financial Market.

Through its banking subsidiaries, Al Salam operates a diversified regional footprint, with 20 branches in Bahrain (2024: 24), 26 branches in Algeria (2024: 25), and one branch in Seychelles. The Group offers a comprehensive suite of Shari'a-compliant banking products and services across retail, corporate, and investment banking segments.

Loan mix



Ownership & Management

Major Shareholders	%
Bank Muscat (S.A.O.G)	14.74
Muscat Overseas Company LLC	8.43
Sayacorp B.S.C Closed	6.28

Management	
Chairman	H. E. Shaikh Khalid bin Mustahail Al Mashanii
CEO	Rafik Nayed
CFO	Yousif Ahmed Ebrahim

Al Salam Bank

Year-end	2024	2025	2026e	2027e	2028e	2029e
Income statement (BHD m)						
Interest income	333	380	399	408	440	476
Interest expense	196	199	198	190	204	220
Net Interest Income	**137**	**181**	**200**	**219**	**236**	**255**
Fee income	27	28	30	33	35	38
Net investment income	1	(2)	1	1	1	1
Other operating income	13	16	19	21	23	24
Total operating income	**179**	**223**	**251**	**273**	**295**	**319**
Total operating expenses	100	116	123	129	135	142
Pre-provision operating profit	**79**	**107**	**128**	**145**	**160**	**177**
Net provisions	20	36	33	34	31	34
Other provisions / impairment	1	-	2	3	3	3
Operating profit	**58**	**71**	**92**	**108**	**126**	**140**
Associates	18	21	25	24	25	27
Pre-tax profit	**76**	**93**	**118**	**132**	**151**	**167**
Taxation	6	7	8	11	13	14
Net profit	**70**	**85**	**109**	**121**	**138**	**153**
Minorities	10	9	12	12	14	15
ADT1 coupon	4	11	13	13	13	13
Attributable net profit	**55**	**66**	**85**	**96**	**112**	**125**
Diluted EPS	0.02	0.02	0.03	0.03	0.04	0.04
DPS	0.01	0.01	0.01	0.01	0.01	0.01
BVPS	0.12	0.16	0.18	0.20	0.23	0.26
Tangible BVPS (BHD)	0.05	0.08	0.10	0.12	0.15	0.18

Year-end	2024	2025	2026e	2027e	2028e	2029e
Balance sheet (BHD m)						
Gross loans and advances	**3,730**	**4,164**	**4,455**	**4,812**	**5,197**	**5,613**
Less: loan loss provisions	68	97	114	131	146	163
Net loans and advances	3,662	4,067	4,341	4,681	5,050	5,449
Cash and central bank	634	776	944	1,071	1,207	1,353
Due from banks	476	457	507	547	591	639
Investments, net	1,930	2,393	2,783	2,979	3,192	3,421
Fixed Assets	-	-	-	-	-	-
Other assets	361	361	365	376	387	400
Total assets	**7,063**	**8,054**	**8,940**	**9,655**	**10,427**	**11,262**
Customer deposits	4,952	5,317	5,791	6,343	6,850	7,398
Due to banks	563	675	815	884	1,043	1,211
Debt	910	1,285	1,435	1,435	1,435	1,435
Other liabilities	203	236	292	314	338	364
Total liabilities	**6,628**	**7,513**	**8,332**	**8,977**	**9,667**	**10,409**
Total equity	**434**	**541**	**607**	**678**	**761**	**852**
Risk Weighted Assets (bn)	2	2	3	3	3	4
Average Interest-Earning Assets	5,381	6,742	7,681	8,463	9,185	9,964
Average Interest-Bearing Liabilities	5,392	6,667	7,469	8,181	8,824	9,516
Common shareholders	156	232	287	351	425	509
Core Equity Tier 1 (Basel III)	304	400	456	520	594	678
Tier 1 capital	467	571	627	691	765	849

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We pencil in a 7bps margin compression for 2026e. NII was up 12.5% y/y as higher wholesale funding costs were offset by strong asset-side momentum. Asset yields continued to moderate in line with the rate cycle, partially offset by a decline in the average profit rate distributed to quasi-equity holders to 3.2% from 3.4%. NIM compressed 9bps y/y and 10bps q/q, partly due to liquidity pricing in the region amid the conflict. We forecast margin compression of 7bps, slightly lower than the Q1 y/y levels, as we expect liquidity pricing premium to improve and the rate environment to be supportive.

BBK reported a record 1Q26A, with attributable net profit up 23.7% y/y, underpinned by broad-based revenue growth. NII rose 10.8% y/y on NIM expansion, supported by the run-off of costly deposits and selective growth in higher-yielding international exposures across KSA, Kuwait, Türkiye, and Egypt. Non-interest income was also high, with investment and other income up 91.3% y/y, partly driven by a one-off gain on a legacy investment. OpEx increased 25.3% y/y, including BHD 1.1m of merger-related costs, while provisions rose by 98% in Q1 26 on more conservative ECL assumptions (with coverage at 66% in Q1 26). Balance-sheet growth remained measured, with net loans down 2.0% q/q and deposits down 2.2% q/q as management continued to optimize funding costs. OCI losses of BHD 45.1m on the FVOCI bond book, mainly from sovereign spread widening, reduced equity to BHD 586m, with management noting a meaningful spread recovery in Apr-May 2026. ASB contributed BHD 6.8m to associate income, up 28.2% y/y. The BBK-NBB merger continues to progress, with NBB submitting indicative terms, including a proposed exchange ratio, on 26 April 2026, to which BBK has responded. BBK has provided its respons to the key terms in NBB’s letter in May and there will be further discussion between both banks.

High RoRWA and RoE should continue to strengthen the tangible capital base, with upside from the pending BBK-NBB transaction. ASB's sector-leading returns and strong internal capital generation support both organic growth and M&A optionality, with RoTE sustained at 25–30%, supported by retail and mortgage momentum and growing fee income from ASB Capital. The BBK-NBB merger, with indicative terms now exchanged and both parties actively engaged, represents a potentially transformative catalyst for ASB's associate portfolio, with the combined entity creating the largest conventional bank in Bahrain by assets. High earnings retention at c.70% should further strengthen capital buffers and support RoE accretion through the cycle.

Exhibit 1: Q1 26A Al Salam Bank results

BHD 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	99.9	98.5	1.4%	96.0	4.1%	89.6	92.7	(3.4%)	11.5%	3.5%
Interest expense	53.1	48.8	8.7%	48.6	9.3%	48.0	50.6	(5.1%)	10.5%	(4.0%)
Net interest income	**46.8**	**49.7**	**(5.8%)**	**47.4**	**(1.2%)**	**41.6**	**42.2**	**(1.3%)**	**12.5%**	**12.5%**
Fee Income	8.2	7.5	9.0%	7.1	15.8%	6.5	8.0	(18.5%)	25.8%	(11.4%)
Net Trading Income	–	1.5	nm	5.6	nm	–	4.0	nm	nm	40.3%
Other Income	13.7	13.1	4.4%	5.2	161.6%	14.8	3.2	369.3%	(7.3%)	66.3%
Non-Interest income	21.9	22.2	(1.0%)	18.0	22.1%	21.3	15.2	40.5%	2.8%	18.4%
Total income	**68.7**	**71.9**	**(4.3%)**	**65.4**	**5.2%**	**62.9**	**57.3**	**9.8%**	**9.3%**	**14.0%**
Operating expenses	28.4	30.7	(7.4%)	34.2	(16.8%)	26.8	29.2	(8.3%)	6.0%	16.9%
Operating profit	**40.3**	**41.2**	**(2.1%)**	**31.2**	**29.2%**	**36.1**	**28.1**	**28.5%**	**11.6%**	**11.0%**
Loan loss provisions	8.7	8.4	3.9%	6.5	33.0%	8.4	6.4	31.4%	3.2%	2.0%
Other provisions	0.9	0.5	65.4%	0.5	59.5%	1.0	0.8	26.6%	(11.1%)	(29.5%)
Total provisions	9.5	8.9	7.5%	7.1	35.0%	9.4	7.2	30.9%	1.7%	(1.4%)
Profit before tax	**28.1**	**28.4**	**(1.3%)**	**24.7**	**13.5%**	**21.4**	**21.8**	**(1.7%)**	**31.0%**	**13.4%**
Group net income	26.2	26.0	0.5%	22.5	16.3%	19.9	20.2	(1.6%)	31.3%	11.1%
Attributable NI	**23.1**	**23.4**	**(1.3%)**	**18.6**	**24.0%**	**18.6**	**16.7**	**11.4%**	**24.4%**	**11.8%**
Adjusted net income after TI coupon	20.3	20.3	(0.1%)	16.6	22.3%	16.1	14.9	7.9%	25.8%	11.0%
Cost/income ratio	41.3%	42.7%		52.3%		42.6%	51.0%			
Net loans/deposit ratio	73.3%	76.5%		76.5%		74.2%	73.9%			
Annualized LLP	0.83%	0.81%		0.63%		0.86%	0.69%			
NPL ratio										
Coverage										
Annualized NIM										
Gross Loans	**4,209**	**4,128**	**1.9%**	**4,128**	**1.9%**	**3,912**	**3,735**	**4.7%**	**7.6%**	**10.5%**
Net Loans	**4,083**	**4,067**	**0.4%**	**4,067**	**0.4%**	**3,840**	**3,662**	**4.9%**	**6.3%**	**11.1%**
Customer deposits	**5,568**	**5,317**	**4.7%**	**5,317**	**4.7%**	**5,178**	**4,952**	**4.6%**	**7.5%**	**7.4%**

Source: Company Data, Arqaam Capital Research

Company Valuation: strong operating earnings, capital position gradually improving

Exhibit 2: ASB Valuation (BHD m)

Year-end	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e	2030e	perp	subtotal	% of total
1. DCF																								
Net profit	7	0	10	12	16	12	16	18	18	21	9	21	32	42	59	77	97	109	124	137	150	157		
Other adjustments (comprehensive income, social levies)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	4	11	13	13	13	13	13	13		
Minus: excess return excess capital	6	7	6	7	7	6	7	6	6	6	7	7	(6)	(4)	(12)	(12)	(11)	(9)	(7)	(4)	(1)	(1)		
Risk free rate	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%		
Tax shelter	--	--	--	--	--	--	--	--	--	--	--	--	--	8.6%	8.5%	7.6%	7.0%	8.5%	8.5%	8.5%	8.5%	8.5%		
Adjusted net profit	1	(6)	4	5	9	6	9	13	13	15	2	14	38	46	67	77	95	105	119	129	139	145		
Capital requirements	73	64	71	90	150	162	151	154	158	154	117	116	394	403	490	542	580	615	644	674	705	739		
RoEcC	1.2%	(10.0%)	5.5%	5.7%	5.7%	4.0%	6.3%	8.2%	8.2%	9.5%	2.0%	12.3%	9.5%	11.5%	13.7%	14.3%	16.5%	17.1%	18.4%	19.1%	19.7%	19.7%		
Cost of capital	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%		
Capital charge	9	8	9	11	19	20	19	19	20	19	15	15	50	51	62	68	73	78	81	85	89	93		
Economic profit	(8)	(14)	(5)	(6)	(10)	(14)	(10)	(7)	(7)	(5)	(12)	(0)	(12)	(4)	6	9	22	28	37	44	50	52		
Discount factor	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	1.00	0.89	0.79	0.70	0.62	0.55		
NPV of Economic Profit	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	22	25	30	31	31	29		
DCF EVA Forecast period																							139	15.7%
Perpetual growth rate (GDP)																						4.7%		
Terminal Value																						663		
Terminal value discounted																							366	41.6%
Required Capital																							542	61.5%
Value of the bank operations																							**1,046**	**118.8%**
2. Capital surplus/deficit																								
Available capital:																								
Shareholders equity	202	201	208	246	329	320	325	304	305	320	281	297	337	409	434	541	607	678	761	852	954			
Less Goodwill & intangibles	--	--	--	--	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(52)	(78)	(205)	(231)	(231)	(231)	(231)	(231)	(231)			
Less non equity elements reported shareholders equity																								
Less Dividends (if included in reported equity)	--	--	(7)	(7)	(11)	(11)	(11)	(11)	(7)	(9)	--	(9)	(12)	(18)	(16)	(23)	(29)	(33)	(37)	(41)	(45)			
Tangible equity	202	201	201	239	292	283	288	267	271	286	255	262	273	313	214	286	347	415	492	580	678			
Capital needs																								
RWAs (Basel II)	700	694	699	875	1,407	1,501	1,408	1,369	1,408	1,434	1,086	1,065	1,396	1,687	2,139	2,427	2,729	3,031	3,279	3,547	3,837			
RWAs (Basel III)	714	699	699	875	1,407	1,501	1,408	1,369	1,408	1,434	1,086	1,065	1,396	1,687	2,139	2,427	2,729	3,031	3,279	3,547	3,837			
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%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%			
Financial stakes (after 10% corridor)	(13)	(20)	(12)	(15)	(19)	(18)	(18)	(10)	(11)	(18)	(13)	(12)	227	200	234	250	252	252	250	248	245			
Capital Requirements	73	64	71	90	150	162	151	154	158	154	117	116	394	403	490	542	580	615	644	674	705			
Surplus capital	**129**	**137**	**129**	**149**	**142**	**122**	**138**	**113**	**114**	**131**	**138**	**145**	**(121)**	**(90)**	**(276)**	**(255)**	**(233)**	**(201)**	**(151)**	**(93)**	**(27)**		**(255)**	**(29.0%)**
3. Other adjustments																								
Provisioning surplus																							(15)	
ADTI issuance 50% credit																							86	
Level 3 assets																							(4)	
Total adjustments																							66	7.5%
4. Dividends																							**23**	**2.6%**
Total Fair Value																							**881**	**100.0%**
Fully diluted number of shares																							2,968	38.33
Fair value per share																							**0.30**	1.3%
Current share price																							0.22	
Upside																							**34.4%**	
Implied P/E (x)													27.9	20.9	14.8	13.4	10.4							
Implied P/tNAV (x)													3.5	3.4	5.2	3.8	3.1							

Source: Company Data, Arqaam Capital Research

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