Company Update

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Jaap Meijer, MBA, CFA
jaap.meijer@arqaamcapital.com
+971 4 507 1744

Farida Mardini
farida.mardini@arqaamsecurities.com

CAPITAL BANK OF JORDAN

RotE26e of 15.1% and DY of 6.2% support BUY despite a challenging operating environment

- **We forecast RotE26e of 15.1% and EPS26e of JOD 0.40, down 18.6% y/y, versus a 21.2% decline in reported EPS in 9M 26. A partial fee recovery supports Q4e, although costs remain a headwind.**
- **Q3 26 attributable profit fell 41.7% y/y and 40.8% q/q on weaker fees and higher OpEx. ECL fell y/y but increased q/q; model RotE was 10.5%.**
- **Cut EPS26-30e by 3-11%, reflecting lower revenue and higher OpEx, reducing our rounded TP to JOD 4.0 from JOD 4.2.**
- **Valuation remains compelling at 5.8x EPS27e and 1.0x tNAV26e, with a 6.2% dividend yield. Our TP offers 53.2 % upside.**

Reiterate BUY with a lower target price. We cut FY26e EPS by 11.2% and FY27-30e EPS by 3-6% on lower revenue, including FX and other income, and higher operating costs. Our rounded TP falls to JOD 4.0 from JOD 4.2. We forecast RotE26e of 15.1% and EPS of JOD 0.40, down 18.6 % y/y, versus a 21.2% decline in reported EPS in 9M 26. Partial fee recovery supports Q4e, but cost pressure limits the earnings recovery. At CMP of JOD 2.6, CAPL trades at 1.0x tNAV26e and 5.8x EPS27e, with a 6.2% dividend yield.

A challenging operating backdrop in Q3 weighs on fee generation. Q3 net income fell 42% y/y and 41% q/q, driven by i) margin compression, ii) weak fee generation, and iii) higher costs. Fee generation was the key driver, falling 18.6% q/q and 17% y/y on geopolitical conditions. OpEx, which rose 28.0% y/y on higher staff costs and a near doubling of D&A. We expect Q4e to be supported by stable margins, asset quality and partial recovery in fee generation.

Funding-mix improvement helps offset NIM pressure. NIM fell 11bps q/q to 3.24%. CASA rose to 50.1% of customer deposits from 49.2% in Q2 26 and 44.0% at FY25. Time deposits declined 1.8% q/q and total customer deposits fell 0.2% q/q and 5.6% YtD, lifting gross LtD to 76.6% from 75.7%. Customer deposits represented 73.1% of liabilities versus 76.7% at FY25; loans and borrowings including subordinated debt rose to 8.5% from 7.1%. We lower NIM26e by c.4bps to 3.33%, still c.2bps above FY25, and forecast 3.50% in FY27e and 3.49% in FY28e.

Corporate and international lending support loan growth. Gross loans grew 1.0% q/q and 3.2% YtD, with large corporate lending up 5.4% q/q, offsetting declines in retail and government lending. The international book grew 4.2% q/q while Jordan declined 1.1%; Jordan accounted for 59% of gross loans. Funding costs remain a constraint despite ample liquidity. We lower loan growth to 5.0% from 7.0% for FY26e, implying a 1.7% increase in Q4e.

Credit quality was broadly stable q/q, with improving coverage. Credit costs rose to 98bps in Q3 from 78bps in Q2, following c.150bps in Q1. We decrease CoR26e by 10 bps to at 100bps, versus c.110bps in 9M 26 and c.100bps in FY25. Further, we lower CoR27-30e by 50bps to 100bps on stable asset quality outlook. Stage 2 declined to 10.2% from 10.6%, and Stage 3 remained at 8.7%, while their ECL coverage improved to 10.9% and 58.6%, respectively. Gross NPLs rose 0.7% q/q to JOD 374.7m. Against our assumed coverage thresholds of 1% for Stage 1, 12% for Stage 2 and 60% for Stage 3, the provision shortfall narrowed to c.0.7% of gross loans from c.0.8% in Q2, equivalent to c.3.1% of our fair value.

BUY **JOD 4.0**

Banks / JORDAN

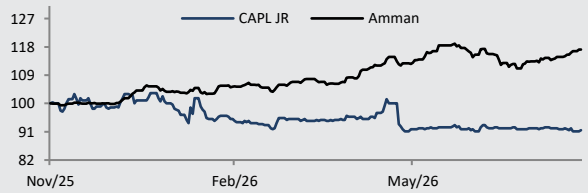
Bloomberg code	CAPL JR
Market index	Amman
Target Price	4.0
Upside (%)	53.2

Market data 11/22/2026

Last closing price	2.6
52 Week range	2.6-3.1
Market cap (JOD m)	694
Market cap (USD m)	980
Average Daily Traded Value (JOD m)	0.00
Average Daily Traded Value (USD m)	0.2
Free float (%)	48%

Year-end (local m)	2024	2025	2026e	2027e
Revenue	403	466	453	492
Pre-provisioning profit	247	283	240	275
EPS	0.40	0.49	0.40	0.47
P/E (x) (mkt price)	6.9	5.6	6.8	5.8
BVPS	2.8	3.1	3.3	3.6
Tangible BVPS	2.5	2.5	2.8	3.1
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 (%)	5.5	5.5	6.2	8.7
FCFY	790.1	391.2	2138.3	1136.5
RoAA (%)	1.3	1.5	1.2	1.4
RoRWA (%)	2.4	2.5	2.2	2.5
RoATE (%)	16.8	19.7	15.1	16.1
RoEcC (%)	17.9	19.4	16.0	17.8
RAROC (%)	19.2	19.5	16.0	17.8
Net LtD ratio (%)	58.3	65.0	69.6	67.3
Risk Weighted Assets (bn)	4.3	5.1	4.7	5.1
Core Equity T1 ratio (%)	13.2	11.1	15.3	15.5
Tier 1 capital ratio (%)	14.9	12.4	16.8	16.9
Total capital ratio (%)	15.5	15.2	19.8	19.7
NPL ratio (%)	8.9	8.0	7.4	6.2
Coverage ratio (%)	79.4	76.0	102.0	124.4
Number of shares	263	263	263	263

Price Performance



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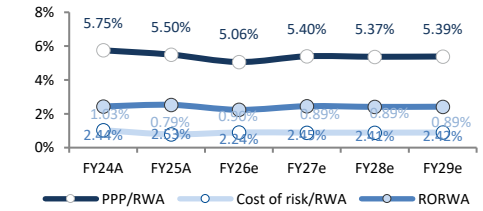
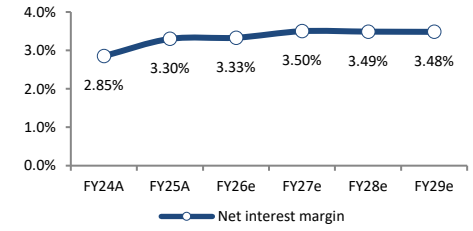
Abacus *Arqaam Capital Fundamental Data*

CAPITAL BANK OF JORDAN

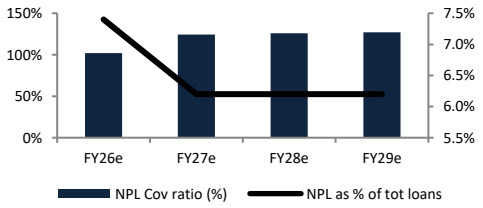
Profitability



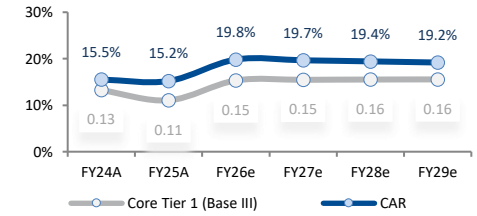
NIM



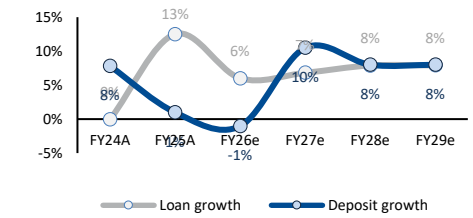
Credit Quality



Capital Ratios



Growth



Year-end	2024	2025	2026e	2027e	2028e	2029e
Performance analysis						
Net Interest Margin (%)	2.85	3.30	3.33	3.50	3.49	3.48
Asset yield (%)	6.45	6.40	6.08	5.98	5.98	5.97
Cost of Funds (%)	4.15	3.69	3.35	3.02	3.02	3.02
Risk Adjusted Margins (%)	2.25	2.78	2.80	2.96	2.95	2.94
Cost / Income (%)	38.6	39.3	47.0	44.1	43.6	43.0
Net Interest Income / total income (%)	52.1	55.4	59.3	60.0	60.7	60.9
Fees & Commissions / operating income (%)	42.7	35.9	34.0	33.4	33.5	33.2
Trading gains / operating income (%)	0.3	0.3	0.4	0.4	0.4	0.4
RoATE (%)	16.8	19.7	15.1	16.1	15.2	14.9
Pre-prov. RoATE (%)	22.7	25.6	20.3	20.7	19.8	19.5
RoAA (%)	1.3	1.5	1.2	1.4	1.3	1.4
Revenue / RWA (%)	9.37	9.05	9.55	9.66	9.52	9.46
Costs / RWA (%)	3.62	3.56	4.49	4.26	4.15	4.07
PPP / RWA (%)	5.75	5.50	5.06	5.40	5.37	5.39
Cost of Risk / RWA (%)	1.03	0.79	0.90	0.89	0.89	0.89
RoRWA (%)	2.44	2.53	2.24	2.45	2.41	2.42
RoRWA (%) (adj. for gross-up of associates)	2.44	2.53	2.24	2.45	2.41	2.42

Year-end	2024	2025	2026e	2027e	2028e	2029e
Asset Quality						
Provisions charge / avg. gross loans (%)	1.2	1.0	1.0	1.0	1.0	1.0
Past due not impaired / gross loans (%)	6.2	6.4	5.8	6.0	6.1	6.2
NPL / gross loans (%)	8.9	8.0	7.4	6.2	6.2	6.2
NPL coverage ratio (%)	79.4	76.0	102.0	124.4	125.7	126.9
Provisions / avg. gross loans (%)	6.2	6.4	5.8	6.0	6.1	6.2
Provisions charge / operating income (%)	17.9	14.3	17.8	16.4	16.5	16.6

Year-end	2024	2025	2026e	2027e	2028e	2029e
Funding and Liquidity						
Net Loans / Deposits (%)	58.3	65.0	69.6	67.3	67.2	67.2
Cash and interbank / assets (%)	20.9	15.5	17.3	18.1	18.0	18.2
Deposits / liabilities (%)	79.4	76.7	74.5	76.8	77.5	78.1

Year-end	2024	2025	2026e	2027e	2028e	2029e
Capital and leverage ratios						
Core Tier 1 ratio (Basel III) (%)	13.2	11.1	15.3	15.5	15.5	15.6
Tier 1 ratio (%)	14.9	12.4	16.8	16.9	16.8	16.8
Total capital ratio (%)	15.5	15.2	19.8	19.7	19.4	19.2
Tangible equity / assets (%)	10.1	11.3	11.4	11.3	11.2	11.0
RWA / assets (%)	52.2	59.0	53.3	53.5	53.7	54.0

Year-end	2024	2025	2026e	2027e	2028e	2029e
Growth						
Revenues (%)	16.1	15.7	(2.8)	8.7	5.9	6.8
Cost (%)	15.3	17.6	16.3	2.0	4.7	5.4
Pre-Provision Operating Profit Growth (%)	16.7	14.4	(15.2)	14.7	6.8	7.9
Provisions (%)	(39.8)	(8.2)	5.1	6.0	7.5	8.0
Net Profit (%)	50.2	25.6	(17.6)	15.3	5.4	7.9
Assets (%)	8.5	5.9	2.0	7.0	7.0	7.0
Net Loans (%)	(0.1)	12.5	6.0	6.8	7.9	7.9
Deposits (%)	7.8	1.0	(1.0)	10.5	8.0	8.0
Risk Weighted Assets (%)	10.2	19.8	(7.9)	7.5	7.4	7.5

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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), 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 expanded 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.

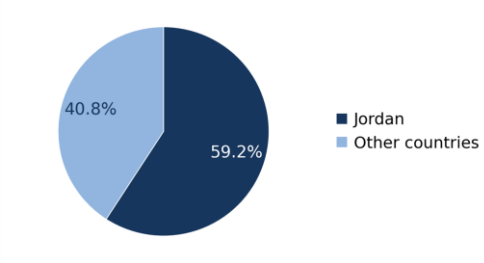
CAPL has secured a Ba3 from Moody's with a stable outlook.

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

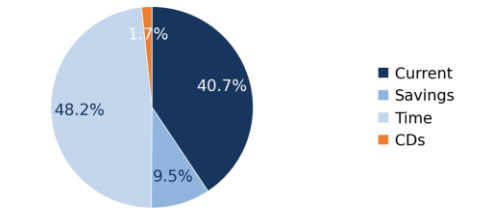
Capital Bank implements a regular Environmental & Social performance assessment through an E&S board-approved policy that is based on IFC standards.

2029 targets: Asset CAGR >8%, C/I <40%, RoE >16%, CAR >15%, and dividend payout of 25-50%.

Geographical breakdown of loans



Deposit breakdown



Management	
Chairman, Non-Executive	Bassem Al-Salem
CEO	Tamer Ghazaleh
Major Shareholders	
Saftey First Investment Company (PIF)	23.97%

CAPITAL BANK OF JORDAN

Year-end	2024	2025	2026e	2027e	2028e	2029e
Income statement (JODmn)						
Interest income	475	501	490	504	542	581
Interest expense	265	243	222	209	226	242
Net Interest Income	**210**	**258**	**268**	**295**	**317**	**339**
Fee income	172	167	154	165	175	185
Net investment income	-	-	1	1	1	1
Other operating income	21	40	30	32	30	32
Total operating income	**403**	**466**	**453**	**492**	**521**	**557**
Total operating expenses	156	183	213	217	227	240
Pre-provision operating profit	**247**	**283**	**240**	**275**	**294**	**317**
Net provisions	44	41	43	45	49	53
Other provisions / impairment	17	7	2	3	3	3
Operating profit	**186**	**235**	**195**	**227**	**243**	**262**
Associates	-	-	-	-	-	-
Pre-tax profit	**186**	**235**	**195**	**227**	**243**	**262**
Taxation	25	34	29	36	41	44
Net profit	**160**	**201**	**166**	**191**	**201**	**217**
Minorities	52	68	57	63	66	72
ADT1 coupon	3	3	3	3	3	3
Attributable net profit	**105**	**130**	**106**	**125**	**132**	**142**
Diluted EPS	0.40	0.49	0.40	0.47	0.50	0.54
DPS	0.15	0.15	0.17	0.24	0.26	0.28
BVPS	2.75	3.11	3.34	3.58	3.82	4.08
Tangible BVPS	2.50	2.53	2.78	3.13	3.46	3.79

Year-end	2024	2025	2026e	2027e	2028e	2029e
Balance sheet (JODmn)						
Gross loans and advances	**3,756**	**4,161**	**4,370**	**4,675**	**5,049**	**5,453**
Less: loan loss provisions	327	303	279	307	336	367
Net loans and advances	3,429	3,858	4,090	4,369	4,714	5,086
Cash and central bank	1,654	1,192	1,011	1,134	1,211	1,284
Due from banks	222	275	645	690	739	791
Investments, net	2,420	2,723	2,442	2,612	2,795	2,991
Fixed Assets	106	118	121	125	128	132
Other assets	340	409	445	476	510	545
Total assets	**8,238**	**8,727**	**8,901**	**9,525**	**10,191**	**10,905**
Customer deposits	5,879	5,937	5,877	6,494	7,013	7,574
Due to banks	153	118	115	103	113	94
Debt	515	548	648	618	618	618
Other liabilities	859	1,135	1,248	1,236	1,310	1,414
Total liabilities	**7,406**	**7,738**	**7,889**	**8,450**	**9,054**	**9,700**
Total equity	**833**	**989**	**1,013**	**1,074**	**1,137**	**1,204**
Risk Weighted Assets (bn)	4	5	5	5	5	6
Average Interest-Earning Assets	7,365	7,829	8,061	8,441	9,072	9,741
Average Interest-Bearing Liabilities	6,373	6,575	6,622	6,928	7,480	8,015
Common shareholders	657	667	732	824	911	998
Core Equity Tier 1 (Basel III)	569	569	727	788	850	915
Tier 1 capital	640	640	798	859	921	986

Jaap Meijer, MBA, CFA
jaap.meijer@arqaamcapital.com
+971 4 507 1744

Janany Vamadeva
Arqaam Capital Research Offshore s.a.l

Capital remains above the stated requirement, with strong liquidity buffers. CAPL closed Q3 26 with CAR of 15.86%, down from 16.47% in Q2 but 136bps above the 14.5% CBJ minimum and above management's >15% target. Tier 1 fell to 13.27% from 13.86%. Regulatory capital declined 2.4% q/q while RWAs rose 1.4%. On matching quarter-end balances and a consistent JOD basis, RWA/assets increased to c.61.0% from c.60.0%. LCR was 192% and NSFR 126%. We forecast FY26e RotE of 15.1% and DPS of JOD 0.17, implying a 6.2% yield and a 42% payout on model EPS, within management's 25-50% range.

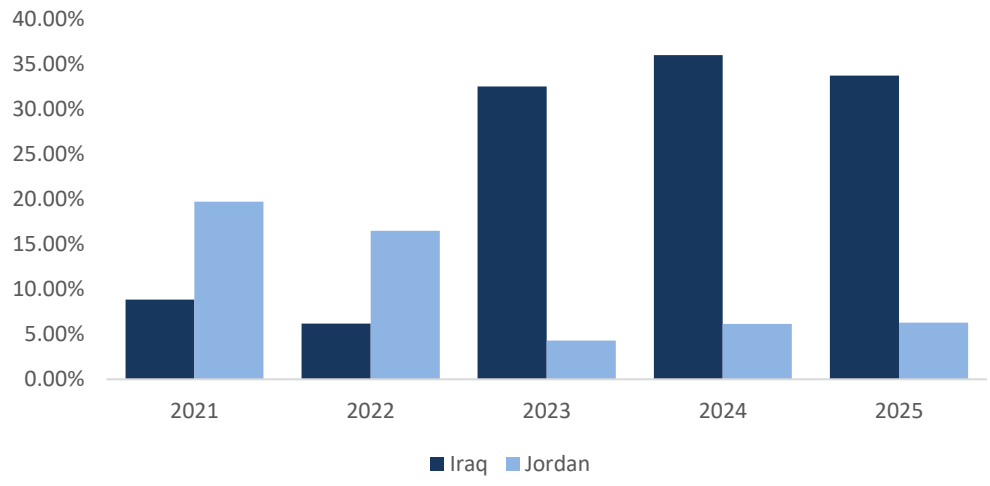
Fee and FX income remain key earnings sensitivities. Net fees fell 18.6% q/q and 17.0% y/y in Q3, with gross commissions and FX gains also lower y/y. We view NBI's correspondent relationships as a support for its cross-border franchise, although transfer activity, dollar access and Iraqi regulation remain important sensitivities. We cut FY26e net fee income by 2.1% to JOD 153.9m. This implies Q4e net fees of JOD 43.6m, a 22.4% sequential recovery. Our revised FY26e FX income forecast is JOD 20.0m, with total non-interest income of JOD 184.3m, down 7.7% from our previous estimate.

Compelling valuation at book, with 53.2% upside on model fair value. Stock trades at 1.0x tNAV26e and 5.8x EPS27e for RotE26e of 15.1% and a 6.2% dividend yield. The improving funding mix and capital and liquidity buffers support our BUY view, while fee recovery and cost discipline remain central to the outlook.

Medium and Long Term Guidance to 2029

- 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 Q3 26A review

JOD m	Q3 26A	Q3 26e	vs. AC	Q2 26A	q/q 26	Q3 25A	Q2 25A	q/q 25	y/y Q3	y/y Q2	9M 26A	9M 26e	vs. AC	9M 25A	y/y 9M
Interest Income	123	125	(1.4%)	124	(0.3%)	125	124	1.2%	(1.5%)	(0.0%)	371	248	49.5%	370	0.4%
Interest expense	58	56	3.5%	57	2.1%	61	61	(0.8%)	(3.9%)	(6.7%)	170	113	50.5%	183	(7.1%)
Net interest income	65	**69**	**(5.3%)**	**67**	**(2.3%)**	**64**	**62**	**3.2%**	**0.8%**	**6.4%**	**201**	**135**	**48.7%**	**186**	**7.8%**
Fee Income	36	41	(13.0%)	44	(18.6%)	43	41	5.6%	(17.0%)	7.6%	110	85	30.0%	125	(11.5%)
Net Trading Income	0.0	0	nm	0	nm	0	0	nm	nm	nm	0	0	(97.8%)	0	nm
Other Income	5	9	(44.8%)	8	(41.2%)	8	6	47.2%	(42.0%)	45.2%	20	17	20.2%	23	(11.4%)
Non-Interest income	**40**	**50**	**(18.8%)**	**52**	**(22.1%)**	**51**	**46**	**10.6%**	**(21.0%)**	**12.1%**	**130**	**102**	**28.2%**	**147**	**(11.5%)**
Total income	**105**	**118**	**(11.0%)**	**118**	**(11.0%)**	**116**	**109**	**6.3%**	**(8.9%)**	**8.9%**	**331**	**237**	**39.9%**	**334**	**(0.7%)**
Operating expenses	58	49	17.4%	52	9.9%	45	44	3.2%	28.0%	20.2%	158	101	56.3%	126	26.1%
Operating profit	**48**	**69**	**(31.1%)**	**66**	**(27.6%)**	**71**	**65**	**8.4%**	**(32.3%)**	**1.3%**	**173**	**135**	**27.6%**	**208**	**(17.0%)**
LLP	10	12	(11.5%)	8	27.1%	14	12	15.3%	(26.6%)	(33.4%)	35	20	73.3%	41	(15.6%)
Group Net income	**31**	**49**	**(36.6%)**	**47**	**(34.3%)**	**48**	**44**	**8.3%**	**(35.0%)**	**7.1%**	**117**	**96**	**21.2%**	**142**	**(17.8%)**
Attributable NI	**18**	**33**	**(45.9%)**	**30**	**(40.8%)**	**31**	**29**	**8.0%**	**(41.7%)**	**6.3%**	**73**	**63**	**14.5%**	**92**	**(21.2%)**
Cost/income	54.6%	41.4%		44.2%		38.9%	40.1%				47.8%	42.8%		37.6%	
Loans to deposits	76.6%	76.8%		75.7%		66.6%	66.0%				76.6%	76.8%		66.6%	
Annualized LLP	0.98%	1.10%		0.78%		1.39%	1.26%				1.62%	0.93%		2.01%	
Gross Loans	**4,295**	**4,325**	**(0.7%)**	**4,252**	**1.0%**	**4,111**	**3,932**		**4.5%**	**8.1%**	**4,295**	**4,325**	**(0.7%)**	**4,111**	**4.5%**
Net Loans	**3,945**	**3,990**	**(1.1%)**	**3,912**	**0.9%**	**3,798**	**3,611**		**3.9%**	**8.3%**	**3,945**	**3,990**	**(1.1%)**	**3,798**	**3.9%**
Customer deposits	**5,608**	**5,632**	**(0.4%)**	**5,619**	**(0.2%)**	**6,175**	**5,962**		**(9.2%)**	**-5.8%**	**5,608**	**5,632**	**(0.4%)**	**6,175**	**(9.2%)**

Source: Company Data, Arqaam Capital Research

Exhibit 3: Summary of earnings revision

	FY 26e			FY 27e			FY 28e			FY 29e			FY 30e		
JOD m	New	Old	Δ	New	Old	Δ	New	Old	Δ	New	Old	Δ	New	Old	Δ
Net interest income	268	275	(2.2%)	295	306	(3.4%)	317	327	(3.3%)	339	346	(2.0%)	365	372	(2.0%)
Fee income	154	157	(2.1%)	165	168	(2.1%)	175	178	(2.1%)	185	189	(2.1%)	196	200	(2.1%)
Investment income	1	1	(0.9%)	1	1	(1.9%)	1	1	(1.9%)	1	1	(1.9%)	1	1	(1.9%)
Non-interest income	184	200	(7.7%)	197	214	(7.8%)	205	221	(7.2%)	218	235	(7.4%)	231	250	(7.6%)
Total income	**453**	**474**	**(4.5%)**	**492**	**520**	**(5.2%)**	**521**	**548**	**(4.9%)**	**557**	**581**	**(4.2%)**	**596**	**622**	**(4.2%)**
Opex	213	206	3.6%	217	206	5.7%	227	215	5.6%	240	227	5.5%	253	240	5.4%
Operating income	**240**	**269**	**(10.7%)**	**275**	**314**	**(12.4%)**	**294**	**333**	**(11.6%)**	**317**	**354**	**(10.4%)**	**343**	**382**	**(10.3%)**
Loan loss provision	43	47	(10.0%)	45	69	(34.9%)	49	75	(35.2%)	53	81	(35.2%)	57	88	(35.2%)
Other provision	**2**	**3**	(1.9%)	**3**	**3**	(2.6%)	**3**	**3**	(2.6%)	**3**	**3**	(2.6%)	**3**	**3**	(2.6%)
Net income reported	**109**	**122**	**(10.9%)**	**128**	**136**	**(6.0%)**	**135**	**142**	**(4.8%)**	**145**	**150**	**(3.0%)**	**157**	**162**	**(2.9%)**
Net income adjusted	**106**	**119**	**(11.2%)**	**125**	**133**	**(6.1%)**	**132**	**139**	**(4.9%)**	**142**	**147**	**(3.1%)**	**154**	**159**	**(3.0%)**
Ratios															
NIM	3.33%	3.37%	-0.04%	3.50%	3.55%	-0.05%	3.49%	3.54%	-0.05%	3.48%	3.48%	0.00%	3.48%	3.48%	0.00%
Cost/income	47.0%	43.3%	3.7%	44.1%	39.6%	4.5%	43.6%	39.3%	4.3%	43.0%	39.1%	3.9%	42.4%	38.5%	3.9%
LLP	1.00%	1.10%	-0.10%	1.00%	1.50%	-0.50%	1.00%	1.50%	-0.50%	1.00%	1.50%	-0.50%	1.00%	1.50%	-0.50%
NPL	3.6%	3.6%	0.00%	3.0%	3.1%	-0.03%	3.1%	3.1%	-0.03%	3.1%	3.1%	-0.03%	3.1%	3.2%	-0.03%
Coverage	102.0%	101.3%	0.75%	124.4%	127.1%	-2.73%	125.7%	132.9%	-7.17%	126.9%	138.2%	-11.29%	128.0%	143.1%	-15.11%
Growth															
Assets	2%	4%	(2.0%)	7%	7%	–	7%	7%	–	7%	7%	–	7%	7%	–
Loan	5%	7%	(2.0%)	7%	8%	(1.0%)	8%	8%	–	8%	8%	–	8%	8%	–
Deposit	-1%	1%	(1.9%)	10%	12%	(1.0%)	8%	8%	–	8%	8%	(0.0%)	8%	8%	–
AED															
EPS	0.40	0.45	(11.2%)	0.47	0.51	(6.1%)	0.50	0.53	(4.9%)	0.54	0.56	(3.1%)	0.59	0.60	(3.0%)
TP	**4.0**	**4.2**	**(3.1%)**												

Source: Company Data, Arqaam Capital Research

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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	106	125	132	142	154	159		
Other adjustments (comprehensive income and GW amorti:	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		
Minus: excess return excess capital	5	9	7	8	5	3	5	9	12	11	15	16	18	20	22	22		
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	91	109	114	122	133	137		
Capital requirements	191	182	178	196	219	286	471	468	516	618	569	612	657	706	760	782		
RoEcC	3.8%	8.7%	13.3%	8.8%	9.6%	26.6%	16.7%	12.8%	17.9%	19.4%	16.0%	17.8%	17.3%	17.3%	17.5%	17.5%		
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	30	40	65	65	72	86	79	85	91	98	106	109		
Economic profit	(19)	(9)	(1)	(10)	(10)	36	13	(5)	21	34	12	24	22	24	27	28		
Discount factor	--	--	--	--	--	--	--		--		1.00	0.88	0.77	0.68	0.59	0.52		
NPV of Economic Profit	--	--	--	--	--	--	--	--	--	--	12	21	17	16	16	15		
DCF EVA Forecast period																	83	7.8%
Perpetual growth rate (nominal GDP)																3.0%		
Terminal Value																256		
Terminal value discounted																	134	12.6%
Required Capital																	516	48.5%
Value of the bank operations																	**732**	**68.8%**
2. Capital surplus/deficit																		
Available capital:																		
Shareholders equity	278	292	287	294	307	363	617	658	725	818	879	941	1,005	1,073	1,149			
Minorities	56	58	50	54	48	29	35	71	108	170	134	133	132	131	128			
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	821	894	975	1,055	1,138			
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	4,741	5,097	5,475	5,886	6,330			
RWAs (Basel III)	1,590	1,514	1,486	1,630	1,826	2,385	3,925	3,901	4,298	5,147	4,741	5,097	5,475	5,886	6,330			
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	569	612	657	706	760			
Surplus capital	**128**	**142**	**128**	**149**	**91**	**46**	**84**	**153**	**210**	**180**	**252**	**282**	**318**	**349**	**378**		**287**	**27.0%**
3. Other adjustments																		
ADT1																	35	
Underprovisioning																	(30)	
Total adjustments																	**5**	**0.5%**
4. Dividends																	**39**	**3.7%**
Total Fair Value																	**1,064**	**100%**
Fully diluted number of shares																	263	
Fair value per share																	**4.0**	
Current share price																	**2.8**	
Upside																	**47.0%**	
Implied P/E (x)	65.0	33.2	26.1							8.2	10.0	8.5	8.1	7.5				
Implied P/tNAV (x)	3.0	2.8	2.9							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)

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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 net leasing portfolio stood at USD 77.3m at Q3 26.

Blink by Capital Bank – The All-Digital Channel

Blink by Capital Bank is a digital-first financial platform designed to accelerate customer acquisition, deepen engagement and unlock new revenue across mass retail and small business segments. Its vision is to be the region's most accessible, intelligent and scalable financial platform, and its ambition is to become the platform of choice for underserved and underbanked customers while acting as a growth engine for Capital Bank Group's expansion across Jordan and the region. Blink's strategic role is to acquire untapped segments through frictionless digital journeys, expand revenue beyond accounts and cards into payments, remittances, lending, SME banking, Banking-as-a-Service and AI-enabled experiences, operate with fintech agility, leverage ecosystems and partnerships, and build a scalable model that can be replicated across selected MENA markets.

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 d. SME Growth e. 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.

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