Model Update and Q2 Review
August 27 2025

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

**Hussein Mahfouz**
hussein.mahfouz@arqaamcapital.com

# CAPITAL BANK OF JORDAN

## NIM expansion continues in Q2. H1 RoE at 18.9%

- **Earnings in H1 are up ~37% y/y on 16.6% NII growth, positive JAWs of 3.1ppts, and 27.7% lower provisions with CoR at 137bps vs. 194bps in H1 24. RoE reached 18.9% in H1 vs. 16.8% in FY24A.**
- **We still forecast a robust RoE of > 16%, even though the rate cycle is shallower than expected. It carries a substantial negative 12-month ALM gap of 22.9%, with liabilities adjusting faster than assets (NIM expanded by 45bps y/y).**
- **The stock is still compelling at 0.8x BV and P/E 25e of 4.3x vs a mid-cycle RoE of c.17% and FY27 target >16%, the highest RoE in Jordan, mainly reflecting the strong profitability of its Iraqi franchise. Despite domestic economic challenges in Jordan, our TP of JOD 4.0 offers a significant upside.**

**Strong internal capital generation at 18.9% in H1 vs. 16.8% in FY24A.** Earnings in Q2 were 1.6x higher y/y, mainly driven by ~20% NII growth on the back of 45bps margin expansion and ~42% lower provisions (CoR down to 1.26% from 2.23%), while OpEx dropped by 4.4% y/y. Sequentially, earnings dropped 13.2% as OpEx rose 17%, with staff expenses up by 23.7% q/q. That said, earnings in H1 are up ~37% y/y on 16.6% NII growth, +ve JAWs of 3.1ppts, and 27.7% lower provisions with CoR at 1.37% vs. 1.94% in H1 24. RoE reached 18.9% in H1 vs. 16.8% in FY24A. We cut our EPS estimates by 3-4% as we reduce our NIM forecasts by 3bps and raise OpEx forecasts by 2-4%.

**NIM expansion continues in Q2.** NIM expanded by 14bps q/q (+45bps y/y), at a slower pace than Q1 (+47bps q/q) as asset yields rose by 4bps (+19bps y/y) and CoF dropped by 7bps (-29bps y/y). We forecast margins to expand by 14bps this year, revised down by 3bps in our model, given the negative 12-month ALM gap of -22.9% YE 24 (vs. 27.4% YE 23). CASA share stood at 41.2% vs. 40.6% in Q1 and 43.7% a year earlier.

**We raise our loan growth forecast by 1ppt, pencilling in 8% credit growth this year (vs. 4.7% YtD and 1.1% in FY24A).** The loan book expanded by 3.3% q/q as corporate and retail lending picked up to 5% q/q (62% contribution) and 4.7% q/q (44% contribution), respectively. Meanwhile, YtD growth of 4.7% (vs. 1.1% in FY24A) was mainly driven by the public sector (~22% YtD), followed by retail (5.5%) and corporates (2.8%). On the funding side, deposits rose by 1.7% q/q, bringing YtD growth to 1.4%, mainly driven by TDs (2.5% YtD) followed by SA (+17.4%). As of May 2025, the bank's deposit market share stood at 8.4% (8.6% YE 24 & 8.9% YE 23), while the loan market share reached 6.9% (vs. 6.9% YE 24 & 7.9% YE 23).

**Limited NPL formation, while CoR is way ahead.** NPL formation stood at 63bps in Q2, compared to 16bps in Q1 and 118bps in the same period last year, while CoR was way ahead at 126bps (vs. 153bps and 223bps, respectively). Stage 2 share rose to 10.8% from 10.5% in Q1 (9.4% in Q2 24), while coverage dropped to 11.7% from 12.1% and 14%, respectively. Stage 3 share rose to 8.4% from 8% in Q1, still below 9.8% in Q2 24, while coverage dropped to 59.9% from 61.7%, still above 48% a year earlier. We calculate a provision deficit of -0.4% of total loans vs. our acid test (1% of stage 1, 12% of stage 2, and 60% of stage 3).

**CAR stands at 16.1% vs. CBJ 's requirement of 14.5%.** The LCR and NSFR stood at 245% and 134%, respectively, and the LtD at 66% (vs. ~64% YE 24 and 66.5% Q2 24). Tier 1 ratio rose to 15.6% from 14.9% YE 24, supported by robust RoE of 18.9%, despite a c.9.7% rise in RWA (vs. +1.6% asset growth). Meanwhile, CAR stands at 16.1% vs. CBJ 's requirement of 14.5%.

**The stock's low valuation is unwarranted by RoE, EPS growth, and DY.** It trades at an undemanding FY26e P/E of 4.3x and FY25e P/tNAV of 0.8x, with a DY of c.6-7% in FY25e. Our TP of JOD 4 offers a substantial upside.

**BUY** **JOD 4.0**

**Banks /** JORDAN

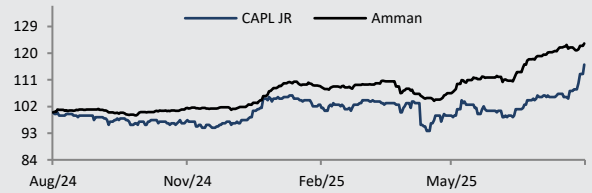
| | |
|---|---|
| Bloomberg code | CAPL JR |
| Market index | Amman |
| Target Price | 4.0 |
| Upside (%) | 72.8 |

**Market data 8/26/2025**

| | |
|---|---|
| Last closing price | 2.3 |
| 52 Week range | 1.8-2.4 |
| Market cap (JOD m) | 613 |
| Market cap (USD m) | 865 |
| Average Daily Traded Value (JOD m) | 0.2 |
| Average Daily Traded Value (USD m) | 0.3 |
| Free float (%) | 57% |

| Year-end (local m) | 2023 | 2024 | 2025e | 2026e |
|---|---|---|---|---|
| Revenue | 347 | 403 | 435 | 474 |
| Pre-provisioning profit | 212 | 247 | 278 | 315 |
| EPS | 0.26 | 0.40 | 0.50 | 0.53 |
| P/E (x) (mkt price) | 8.9 | 5.9 | 4.7 | 4.4 |
| BVPS | 2.5 | 2.8 | 3.1 | 3.5 |
| Tangible BVPS | 2.2 | 2.5 | 2.9 | 3.3 |
| P/B (x) (mkt price) | 0.9 | 0.8 | 0.8 | 0.7 |
| P/TBVPS (x) (mkt price) | 1.0 | 0.9 | 0.8 | 0.7 |
| DPS | 0.15 | 0.15 | 0.15 | 0.18 |
| Div. yield (%) | 6.4 | 6.4 | 6.4 | 7.7 |
| EPPS | (0.06) | 0.04 | 0.13 | 0.16 |
| RoAA (%) | 0.9 | 1.3 | 1.5 | 1.5 |
| RoRWA (%) | 1.8 | 2.4 | 3.0 | 3.0 |
| RoATE (%) | 12.0 | 16.8 | 18.5 | 17.3 |
| RoEcC (%) | 12.8 | 17.9 | 22.1 | 21.9 |
| RAROC (%) | 13.1 | 12.9 | 18.0 | 21.1 |
| Net LtD ratio (%) | 62.9 | 58.3 | 61.1 | 60.8 |
| Risk Weighted Assets (bn) | 3.9 | 4.3 | 4.4 | 4.7 |
| Core Equity T1 ratio (%) | 13.5 | 13.9 | 13.2 | 14.5 |
| Tier 1 capital ratio (%) | 12.4 | 13.3 | 14.8 | 16.0 |
| Total capital ratio (%) | 15.4 | 15.5 | 15.6 | 16.8 |
| NPL ratio (%) | 6.1 | 8.9 | 6.2 | 6.2 |
| Coverage ratio (%) | 102.4 | 79.4 | 143.7 | 151.5 |
| Number of shares | 263 | 263 | 263 | 263 |

**Price Performance**

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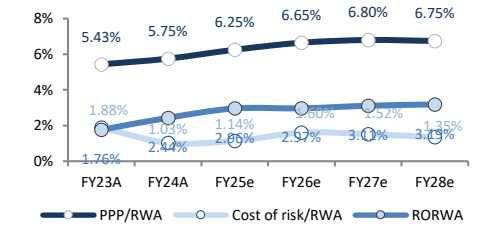
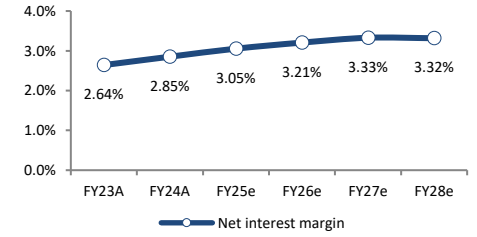
## Abacus *Arqaam Capital Fundamental Data*

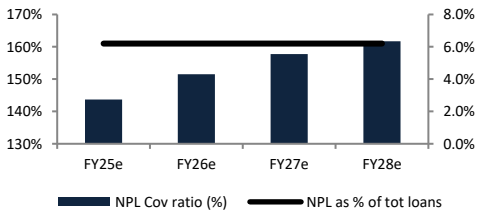
**Profitability**



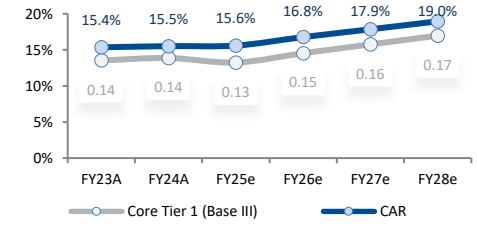

**NIM**



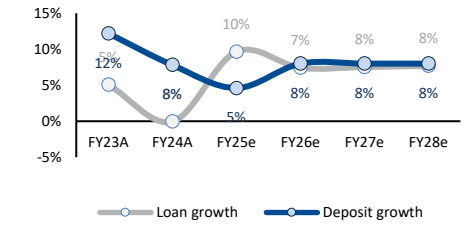

**Credit Quality**




**Capital Ratios**




**Growth**




**CAPITAL BANK OF JORDAN**

| Year-end | 2023 | 2024 | 2025e | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|---|
| **Performance analysis** | | | | | | |
| Net Interest Margin (%) | 2.64 | 2.85 | 3.05 | 3.21 | 3.33 | 3.32 |
| Asset yield (%) | 6.33 | 6.45 | 6.30 | 6.10 | 5.97 | 5.94 |
| Cost of Funds (%) | 4.17 | 4.15 | 3.79 | 3.38 | 3.10 | 3.10 |
| Risk Adjusted Margins (%) | 1.55 | 2.25 | 2.41 | 2.31 | 2.47 | 2.56 |
| Cost / Income (%) | 38.9 | 38.6 | 36.1 | 33.5 | 32.7 | 32.6 |
| Net Interest Income / total income (%) | 51.4 | 52.1 | 55.6 | 57.2 | 58.5 | 58.9 |
| Fees & Commissions / operating income (%) | 41.0 | 42.7 | 39.2 | 37.7 | 36.4 | 36.0 |
| Trading gains / operating income (%) | 0.5 | 0.3 | 0.5 | 0.5 | 0.4 | 0.4 |
| RoATE (%) | 12.0 | 16.8 | 18.5 | 17.3 | 17.2 | 16.7 |
| Pre-prov. RoATE (%) | 24.1 | 22.7 | 23.9 | 25.0 | 24.1 | 22.5 |
| RoAA (%) | 0.9 | 1.3 | 1.5 | 1.5 | 1.6 | 1.7 |
| Revenue / RWA (%) | 8.89 | 9.37 | 9.79 | 10.00 | 10.11 | 10.00 |
| Costs / RWA (%) | 3.46 | 3.62 | 3.53 | 3.35 | 3.31 | 3.26 |
| PPP / RWA (%) | 5.43 | 5.75 | 6.25 | 6.65 | 6.80 | 6.75 |
| Cost of Risk / RWA (%) | 1.88 | 1.03 | 1.14 | 1.60 | 1.52 | 1.35 |
| RoRWA (%) | 1.76 | 2.44 | 2.96 | 2.97 | 3.11 | 3.19 |
| RoRWA (%) (adj. for gross-up of associates) | 1.76 | 2.44 | 2.96 | 2.97 | 3.11 | 3.19 |
| **Year-end** | **2023** | **2024** | **2025e** | **2026e** | **2027e** | **2028e** |
| **Asset Quality** | | | | | | |
| Provisions charge / avg. gross loans (%) | 2.0 | 1.2 | 1.3 | 1.8 | 1.7 | 1.5 |
| Past due not impaired / gross loans (%) | 5.3 | 6.2 | 6.5 | 6.7 | 7.2 | 7.6 |
| NPL / gross loans (%) | 6.1 | 8.9 | 6.2 | 6.2 | 6.2 | 6.2 |
| NPL coverage ratio (%) | 102.4 | 79.4 | 143.7 | 151.5 | 157.8 | 161.7 |
| Provisions / avg. gross loans (%) | 5.3 | 6.2 | 6.5 | 6.7 | 7.2 | 7.6 |
| Provisions charge / operating income (%) | 34.7 | 17.9 | 18.3 | 24.1 | 22.3 | 20.0 |
| **Year-end** | **2023** | **2024** | **2025e** | **2026e** | **2027e** | **2028e** |
| **Funding and Liquidity** | | | | | | |
| Net Loans / Deposits (%) | 62.9 | 58.3 | 61.1 | 60.8 | 60.5 | 60.4 |
| Cash and interbank / assets (%) [1] | 17.6 | 20.9 | 19.0 | 19.6 | 20.3 | 20.9 |
| Deposits / liabilities (%) | 79.4 | 79.4 | 77.4 | 78.5 | 79.6 | 80.7 |
| **Year-end** | **2023** | **2024** | **2025e** | **2026e** | **2027e** | **2028e** |
| **Capital and leverage ratios** | | | | | | |
| Core Tier 1 ratio (Basel III) (%) | 13.5 | 13.9 | 13.2 | 14.5 | 15.8 | 17.0 |
| Tier 1 ratio (%) | 12.4 | 13.3 | 14.8 | 16.0 | 17.1 | 18.3 |
| Total capital ratio (%) | 15.4 | 15.5 | 15.6 | 16.8 | 17.9 | 19.0 |
| Tangible equity / assets (%) | 9.6 | 10.1 | 9.9 | 10.2 | 10.7 | 11.1 |
| RWA / assets (%) | 51.4 | 52.2 | 50.4 | 50.2 | 50.5 | 50.6 |
| **Year-end** | **2023** | **2024** | **2025e** | **2026e** | **2027e** | **2028e** |
| **Growth** | | | | | | |
| Revenues (%) | 64.7 | 16.1 | 7.9 | 9.0 | 8.7 | 6.1 |
| Cost (%) | 26.0 | 15.3 | 0.8 | 1.3 | 6.0 | 5.6 |
| Pre-Provision Operating Profit Growth (%) | 104.8 | 16.7 | 12.4 | 13.4 | 10.0 | 6.4 |
| Provisions (%) | 156.7 | (39.8) | 14.8 | 49.5 | 2.0 | (4.7) |
| Net Profit (%) | 17.3 | 50.2 | 15.1 | 5.3 | 12.6 | 9.6 |
| Assets (%) | 9.1 | 8.5 | 7.0 | 7.0 | 7.0 | 7.0 |
| Loans (%) | 5.1 | (0.1) | 9.7 | 7.4 | 7.5 | 7.7 |
| Deposits (%) | 12.2 | 7.8 | 4.6 | 8.0 | 8.0 | 8.0 |
| Risk Weighted Assets (%) | (2.1) | 10.2 | 3.4 | 6.7 | 7.6 | 7.3 |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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 34 branches located in Jordan along with its subsidiaries, The National Bank of Iraq in Iraq (38 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 USD 11.8bn in assets, it ranks the fourth bank after Arab Bank (43b), Housing Bank (13.0 bn) and Bank al Etihad (12.2b), but ahead of Jordan Kuwait Bank (8.1bn).

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.

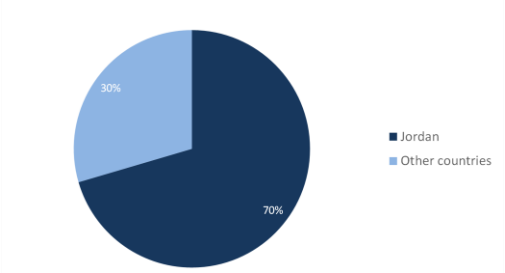
In 2023, Capital Bank expanded into leasing in Iraq and expand its leasing operations in Jordan.

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

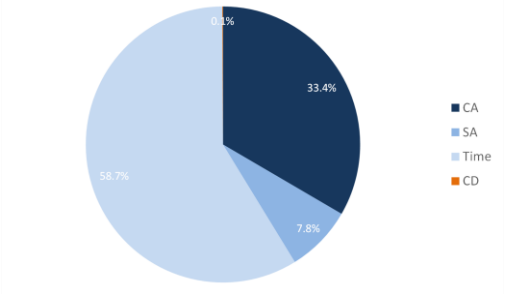
All Board of Directors are non-executive, and 4 out of the 13 are independent.

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

## Geographical breakdown (Credit)




## Deposit breakdown




| Management | |
|---|---|
| Chairman, Non-Executive | Bassem Al-Salem |
| CEO | Tamer Ghazaleh |

| Major Shareholders | |
|---|---|
| Saftey First Investment Company (PIF) | 23.97% |
| Saad Al Janaabi | 7.20% |
| Social Security | 7.19% |

**CAPITAL BANK OF JORDAN**

| Year-end | 2023 | 2024 | 2025e | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|---|
| **Income statement (JODmn)** | | | | | | |
| Interest income | 427 | 475 | 499 | 516 | 541 | 577 |
| Interest expense | 249 | 265 | 257 | 245 | 239 | 255 |
| **Net Interest Income** | **178** | **210** | **242** | **271** | **302** | **322** |
| Fee income | 142 | 172 | 170 | 179 | 188 | 197 |
| Net investment income | - | - | 1 | 1 | 1 | 1 |
| Other operating income | 26 | 21 | 22 | 23 | 25 | 26 |
| **Total operating income** | **347** | **403** | **435** | **474** | **515** | **547** |
| Total operating expenses | 135 | 156 | 157 | 159 | 169 | 178 |
| **Pre-provision operating profit** | **212** | **247** | **278** | **315** | **347** | **369** |
| Net provisions | 73 | 44 | 51 | 76 | 77 | 74 |
| Other provisions / impairment | 11 | 17 | 2 | 3 | 3 | 3 |
| **Operating profit** | **127** | **186** | **225** | **237** | **266** | **292** |
| Associates | - | - | - | - | - | - |
| **Pre-tax profit** | **127** | **186** | **225** | **237** | **266** | **292** |
| Taxation | 21 | 25 | 40 | 43 | 48 | 53 |
| **Net profit** | **107** | **160** | **184** | **194** | **219** | **240** |
| Minorities | 35 | 52 | 50 | 50 | 57 | 62 |
| ADT1 coupon | 3 | 3 | 3 | 3 | 3 | 3 |
| **Attributable net profit** | **69** | **105** | **132** | **141** | **159** | **174** |
| Diluted EPS | 0.26 | 0.40 | 0.50 | 0.53 | 0.60 | 0.66 |
| DPS | 0.15 | 0.15 | 0.15 | 0.18 | 0.20 | 0.22 |
| BVPS | 2.50 | 2.75 | 3.10 | 3.46 | 3.86 | 4.30 |
| Tangible BVPS | 2.24 | 2.50 | 2.90 | 3.29 | 3.73 | 4.20 |

| Year-end | 2023 | 2024 | 2025e | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|---|
| **Balance sheet (JODmn)** | | | | | | |
| **Gross loans and advances** | **3,715** | **3,756** | **4,056** | **4,381** | **4,731** | **5,110** |
| Less: loan loss provisions | 284 | 327 | 296 | 341 | 388 | 432 |
| Net loans and advances | 3,431 | 3,429 | 3,760 | 4,039 | 4,343 | 4,678 |
| Cash and central bank | 1,319 | 1,654 | 1,394 | 1,495 | 1,594 | 1,690 |
| Due from banks | 165 | 222 | 639 | 684 | 732 | 783 |
| Investment, net | 2,197 | 2,420 | 2,418 | 2,587 | 2,768 | 2,962 |
| Fixed assets, net | 116 | 106 | 109 | 112 | 116 | 119 |
| Other assets | 296 | 340 | 441 | 472 | 505 | 540 |
| **Total assets** | **7,592** | **8,238** | **8,815** | **9,432** | **10,092** | **10,799** |
| Customer deposits | 5,453 | 5,879 | 6,150 | 6,642 | 7,173 | 7,747 |
| Due to banks | 146 | 153 | 361 | 325 | 275 | 214 |
| Debt | 601 | 515 | 515 | 515 | 515 | 515 |
| Other liabilities | 664 | 859 | 919 | 984 | 1,053 | 1,126 |
| **Total liabilities** | **6,864** | **7,406** | **7,946** | **8,466** | **9,016** | **9,602** |
| **Total equity** | **728** | **833** | **870** | **966** | **1,077** | **1,197** |
| Risk Weighted Assets (bn) | 4 | 4 | 4 | 5 | 5 | 5 |
| Average Interest-Earning Assets | 6,750 | 7,365 | 7,913 | 8,451 | 9,060 | 9,709 |
| Average Interest-Bearing Liabilities | 5,982 | 6,373 | 6,786 | 7,254 | 7,723 | 8,219 |
| Common shareholders | 590 | 657 | 763 | 867 | 981 | 1,105 |
| Core Equity Tier 1 (Basel III) | 528 | 596 | 589 | 689 | 803 | 928 |
| Tier 1 capital | 483 | 570 | 659 | 760 | 874 | 999 |

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

**Jaap Meijer, MBA, CFA**
jaap.meijer@arqaamcapital.com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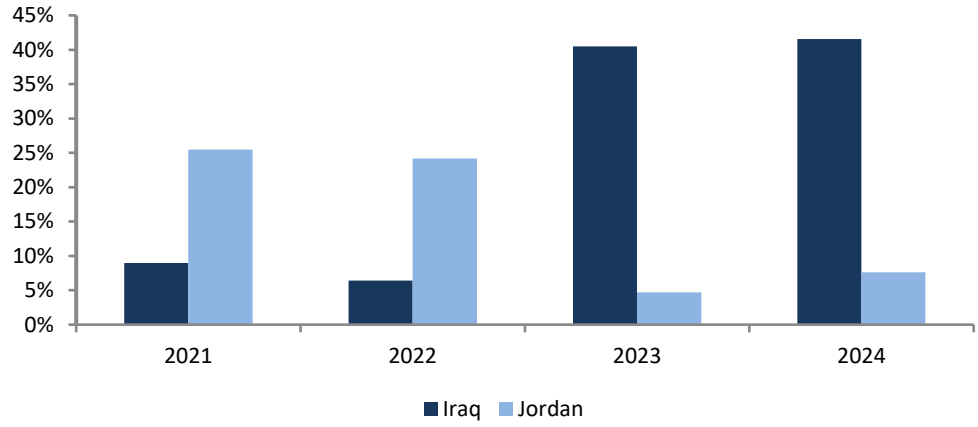
**Medium / Long Term Guidance – 2027:**

- 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 25A review**

| JODm | Q2 25A | AC Q2 25e | vs. AC | Q1 25A | q/q 25 | Q2 24A | Q1 24A | q/q 24 | y/y Q2 | y/y Q1 | H1 25A | H1 25e | vs. AC | H1 24A | y/y H1 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Interest Income | 124 | 125 | (0.9%) | 121 | 2.0% | 117 | 117 | 0.2% | 5.3% | 3.4% | 245 | 246 | (0.5%) | 235 | 4.4% |
| Interest expense | 61 | 65 | (5.9%) | 62 | (1.0%) | 65 | 65 | 1.3% | (6.5%) | (4.4%) | 123 | 127 | (3.0%) | 130 | (5.5%) |
| **Net interest income** | **62** | **60** | **4.5%** | **59** | **5.0%** | **52** | **53** | **(1.2%)** | **20.2%** | **13.0%** | **122** | **119** | **2.3%** | **105** | **16.6%** |
| Fee income | 41 | 41 | (0.4%) | 41 | (0.6%) | 40 | 52 | (23.0%) | 2.3% | (20.7%) | 82 | 82 | (0.2%) | 91 | (10.7%) |
| Net Trading Income | 0 | 0 | nm | 0 | nm | 0 | 0 | nm | nm | nm | 0 | 0 | (99.2%) | 0 | nm |
| Other income | 6 | 5 | 3.3% | 9 | (37.6%) | 5 | 6 | (17.9%) | 22.5% | 61.1% | 15 | 14 | 1.3% | 10 | 43.7% |
| **Non-interest income** | **46** | **47** | **(0.6%)** | **50** | **(7.3%)** | **44** | **57** | **(22.5%)** | **4.4%** | **(12.8%)** | **96** | **96** | **(0.3%)** | **102** | **(5.3%)** |
| **Total income** | **109** | **106** | **2.3%** | **109** | **(0.6%)** | **96** | **110** | **(12.3%)** | **12.9%** | **(0.4%)** | **218** | **216** | **1.1%** | **206** | **5.8%** |
| Operating expenses | 44 | 37 | 18.7% | 37 | 17.3% | 46 | 33 | 38.1% | (4.4%) | 12.5% | 81 | 74 | 9.3% | 79 | 2.7% |
| **Operating profit** | **65** | **70** | **(6.4%)** | **72** | **(9.8%)** | **51** | **77** | **(34.0%)** | **28.5%** | **(6.0%)** | **137** | **142** | **(3.1%)** | **128** | **7.2%** |
| LLP | 12 | 15 | (17.4%) | 15 | nm | 21 | 16 | 35.2% | (42.2%) | (8.0%) | 27 | 30 | (8.8%) | 37 | (27.7%) |
| **Group Net income** | **44** | **44** | **0.6%** | **50** | **(11.7%)** | **21** | **49** | **(57.4%)** | **110.5%** | **1.7%** | **94** | **94** | **0.3%** | **70** | **34.2%** |
| **Attributable NI** | **29** | **31** | **(8.7%)** | **33** | **(13.2%)** | **11** | **34** | **(67.5%)** | **159.5%** | **(2.9%)** | **61** | **64** | **(4.2%)** | **45** | **36.9%** |
| | | | | | | | | | | | | | | | |
| Cost/income | 40.1% | 34.5% | | 33.9% | | 47.3% | 30.0% | | | | 37.0% | 33.9% | | 38.1% | |
| Loans to deposits | 66.0% | 65.0% | | 65.0% | | 66.5% | 70.6% | | | | 66.0% | 65.2% | | 66.5% | |
| Annualized LLP | 1.26% | 1.55% | | 1.53% | | 2.23% | 1.67% | | | | 1.37% | 1.53% | | 1.94% | |
| | | | | | | | | | | | | | | | |
| **Gross Loans** | **3,932** | **3,878** | **1.4%** | **3,808** | **3.3%** | **3,851** | **3,808** | | **2.1%** | **(0.0%)** | **3,932** | **3,878** | **1.4%** | **3,851** | **2.1%** |
| **Net Loans** | **3,611** | **3,576** | **1.0%** | **3,503** | **3.1%** | **3,529** | **3,505** | | **2.3%** | **(0.1%)** | **3,611** | **3,576** | **1.0%** | **3,529** | **2.3%** |
| **Customer deposits** | **5,962** | **5,969** | **(0.1%)** | **5,861** | **1.7%** | **5,791** | **5,391** | | **3.0%** | **8.7%** | **5,962** | **5,969** | **(0.1%)** | **5,791** | **3.0%** |

*Source: Company Data, Arqaam Capital Research*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## Exhibit 3: Earnings estimate changes

| | FY 25e | | | FY 26e | | | FY 27e | | | FY 28e | | | FY 29e | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| JOD m | New | Old | Δ | New | Old | Δ | New | Old | Δ | New | Old | Δ | New | Old | Δ |
| Net interest income | 242 | 239 | 1.1% | 271 | 268 | 1.0% | 302 | 299 | 0.9% | 322 | 319 | 0.9% | 344 | 340 | 0.9% |
| Fee income | 170 | 170 | – | 179 | 179 | – | 188 | 188 | – | 197 | 197 | – | 207 | 207 | – |
| Investment income | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – | 1 | 1 | – | 2 | 2 | – |
| Non-interest income | 193 | 193 | – | 203 | 203 | – | 214 | 214 | – | 225 | 225 | – | 237 | 237 | – |
| **Total income** | **435** | **432** | **0.6%** | **474** | **471** | **0.6%** | **515** | **512** | **0.5%** | **547** | **544** | **0.5%** | **580** | **577** | **0.5%** |
| Opex | 157 | 151 | 4.1% | 159 | 156 | 2.0% | 169 | 165 | 2.0% | 178 | 174 | 2.0% | 188 | 184 | 2.0% |
| **Operating income** | **278** | **281** | **(1.3%)** | **315** | **316** | **(0.1%)** | **347** | **347** | **(0.1%)** | **369** | **369** | **(0.2%)** | **392** | **393** | **(0.2%)** |
| Loan loss provision | 51 | 51 | 0.5% | 76 | 75 | 1.4% | 77 | 76 | 2.4% | 74 | 71 | 3.3% | 80 | 76 | 4.3% |
| **Other provision** | **2** | **2** | 0.7% | **3** | **3** | 1.4% | **3** | **3** | 2.1% | **3** | **3** | 2.8% | **3** | **3** | 3.5% |
| **Net income reported** | **135** | **137** | **(1.7%)** | **144** | **145** | **(0.6%)** | **162** | **163** | **(0.9%)** | **177** | **179** | **(1.0%)** | **188** | **190** | **(1.3%)** |
| **Net income adjusted** | **132** | **134** | **(1.7%)** | **141** | **142** | **(0.7%)** | **159** | **160** | **(0.9%)** | **174** | **176** | **(1.0%)** | **185** | **187** | **(1.3%)** |
| | | | | | | | | | | | | | | | |
| **Ratios** | | | | | | | | | | | | | | | |
| NIM | 3.05% | 3.02% | 0.03% | 3.21% | 3.17% | 0.03% | 3.33% | 3.30% | 0.03% | 3.32% | 3.29% | 0.03% | 3.30% | 3.27% | 0.03% |
| Cost/income | 36.1% | 34.9% | 1.2% | 33.5% | 33.1% | 0.5% | 32.7% | 32.3% | 0.5% | 32.6% | 32.1% | 0.5% | 32.4% | 31.9% | 0.5% |
| LLP | 1.30% | 1.30% | 0.00% | 1.80% | 1.80% | 0.00% | 1.70% | 1.70% | 0.00% | 1.50% | 1.50% | 0.00% | 1.50% | 1.50% | 0.00% |
| NPL | 2.9% | 2.8% | 0.03% | 2.9% | 2.8% | 0.05% | 2.9% | 2.8% | 0.08% | 2.9% | 2.8% | 0.11% | 3.0% | 2.8% | 0.13% |
| Coverage | 143.7% | 144.9% | -1.28% | 151.5% | 154.0% | -2.55% | 157.8% | 161.6% | -3.81% | 161.7% | 166.8% | -5.05% | 165.4% | 171.6% | -6.26% |
| | | | | | | | | | | | | | | | |
| **Growth** | | | | | | | | | | | | | | | |
| Assets | 7% | 7% | – | 7% | 7% | – | 7% | 7% | – | 7% | 7% | – | 7% | 7% | – |
| Loan | 8% | 7% | 1.0% | 8% | 7% | 1.0% | 8% | 7% | 1.0% | 8% | 7% | 1.0% | 8% | 7% | 1.0% |
| Deposit | 5% | 5% | (0.6%) | 8% | 7% | 1.0% | 8% | 7% | 1.0% | 8% | 7% | 1.0% | 8% | 7% | 1.0% |
| | | | | | | | | | | | | | | | |
| **AED** | | | | | | | | | | | | | | | |
| EPS | 0.50 | 0.51 | (1.7%) | 0.53 | 0.54 | (0.7%) | 0.60 | 0.61 | (0.9%) | 0.66 | 0.67 | (1.0%) | 0.70 | 0.71 | (1.3%) |
| | | | | | | | | | | | | | | | |
| TP | **4.0** | **4.0** | 0.7% | | | | | | | | | | | | |

*Source: Company Data, Arqaam Capital Research*

## Exhibit 4: Capital Bank of Jordan EVA

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025e | 2026e | 2027e | 2028e | 2029e | perp | subtotal | % of total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1. DCF** | | | | | | | | | | | | | | | | | |
| Net profit | 12 | 24 | 31 | 25 | 26 | 79 | 84 | 69 | 105 | 132 | 141 | 159 | 174 | 185 | 187 | | |
| Other adjustments (comprehensive income and GW amor | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | |
| Minus: excess return excess capital | 5 | 9 | 7 | 8 | 5 | 3 | 5 | 9 | 12 | 14 | 17 | 21 | 26 | 30 | 31 | | |
| 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% | | |
| Tax shelter | 40.4% | 13.0% | 18.8% | 22.4% | 20.3% | 13.8% | 6.3% | 16.4% | 13.7% | 18.0% | 18.0% | 18.0% | 18.0% | 18.0% | 18.0% | | |
| Adjusted net profit | 7 | 16 | 24 | 17 | 21 | 76 | 79 | 60 | 92 | 118 | 123 | 137 | 148 | 154 | 157 | | |
| Capital requirements | 191 | 182 | 178 | 196 | 219 | 286 | 478 | 468 | 516 | 533 | 569 | 612 | 656 | 704 | 714 | | |
| RoEcC | 3.8% | 8.7% | 13.3% | 8.8% | 9.6% | 26.6% | 16.6% | 12.8% | 17.9% | 22.1% | 21.7% | 22.4% | 22.6% | 21.9% | 21.9% | | |
| Cost of capital | 16% | 16% | 16% | 16% | 16% | 16% | 16% | 16% | 16% | 16% | 16% | 16% | 16% | 16% | 16% | | |
| Capital charge | 31 | 29 | 29 | 31 | 35 | 46 | 76 | 75 | 83 | 84 | 90 | 97 | 104 | 112 | 114 | | |
| Economic profit | (23) | (13) | (5) | (14) | (14) | 30 | 3 | (15) | 10 | 34 | 33 | 41 | 45 | 43 | 43 | | |
| Discount factor | -- | -- | -- | -- | -- | -- | -- | | -- | 1.00 | 0.86 | 0.75 | 0.64 | 0.56 | 0.48 | | |
| NPV of Economic Profit | -- | -- | -- | -- | -- | -- | -- | -- | -- | 34 | 29 | 30 | 29 | 24 | 21 | | |
| DCF EVA Forecast period | | | | | | | | | | | | | | | | 145 | 13.7% |
| Perpetual growth rate (nominal GDP) | | | | | | | | | | | | | | | 2% | | |
| Terminal Value | | | | | | | | | | | | | | | 300 | | |
| Terminal value discounted | | | | | | | | | | | | | | | | 144 | 13.6% |
| Required Capital | | | | | | | | | | | | | | | | 516 | 48.7% |
| **Value of the bank operations** | | | | | | | | | | | | | | | | **805** | **76.0%** |
| **2. Capital surplus/deficit** | | | | | | | | | | | | | | | | | |
| Available capital: | | | | | | | | | | | | | | | | | |
| Shareholders equity | 278 | 292 | 287 | 294 | 307 | 363 | 617 | 658 | 725 | 817 | 910 | 1,016 | 1,132 | 1,254 | | | |
| Minorities | 56 | 58 | 50 | 54 | 48 | 29 | 35 | 71 | 108 | 53 | 57 | 61 | 65 | 69 | | | |
| Less Goodwill & intangibles | (6) | (6) | (11) | (3) | (22) | (31) | (58) | (68) | (68) | (54) | (43) | (35) | (28) | (22) | | | |
| Less non equity elements reported shareholders equity | | | | | | | | | | | | | | | | | |
| Less Dividends (if included in reported equity) | (10) | (20) | (20) | -- | (24) | (30) | (39) | (39) | (39) | (39) | (47) | (53) | (58) | (63) | | | |
| Tangible equity | 319 | 324 | 306 | 344 | 310 | 332 | 555 | 621 | 725 | 776 | 876 | 989 | 1,112 | 1,238 | | | |
| Capital needs | | | | | | | | | | | | | | | | | |
| RWAs (Basel II) | 1,590 | 1,514 | 1,486 | 1,630 | 1,826 | 2,385 | 3,984 | 3,901 | 4,298 | 4,443 | 4,739 | 5,098 | 5,468 | 5,866 | | | |
| RWAs (Basel III) | 1,590 | 1,514 | 1,486 | 1,630 | 1,826 | 2,385 | 3,984 | 3,901 | 4,298 | 4,443 | 4,739 | 5,098 | 5,468 | 5,866 | | | |
| 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% | | | |
| Financial stakes | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | | |
| Capital Requirements | 191 | 182 | 178 | 196 | 219 | 286 | 478 | 468 | 516 | 533 | 569 | 612 | 656 | 704 | | | |
| **Surplus capital** | **128** | **142** | **128** | **149** | **91** | **46** | **77** | **153** | **210** | **243** | **307** | **378** | **455** | **534** | | **210** | **19.8%** |
| **3. Other adjustments** | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| ADT1 | | | | | | | | | | | | | | | | 35 | |
| Underprovisioning | | | | | | | | | | | | | | | | (30) | |
| **Total adjustments** | | | | | | | | | | | | | | | | **5** | **0.5%** |
| **4. Dividends** | | | | | | | | | | | | | | | | **39** | **3.7%** |
| **Total Fair Value** | | | | | | | | | | | | | | | | **1,059** | **100%** |
| Fully diluted number of shares | | | | | | | | | | | | | | | | 263 | |
| **Fair value per share** | | | | | | | | | | | | | | | | **4.03** | |
| **Current share price** | | | | | | | | | | | | | | | | **2.3** | |
| **Upside** | | | | | | | | | | | | | | | | **72.8%** | |
| Implied P/E (x) | 64.7 | 33.1 | 26.0 | 32.1 | 31.0 | 10.2 | 10.8 | 15.4 | 10.1 | 8.1 | 7.5 | 6.7 | 6.1 | 5.7 | | | |
| Implied P/tNAV (x) | 3.0 | 2.8 | 2.9 | 2.8 | 2.8 | 2.4 | 1.6 | 1.8 | 1.6 | 1.4 | 1.2 | 1.1 | 1.0 | 0.9 | | | |

*Source: Company Data, Arqaam Capital Research*


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### 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 ('Capital Bank') 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). NBI 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 74m.

### 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.


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### ESG framework

During the second quarter of 2025, Capital Bank published its third 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

### Jordan Macro highlights

Jordan established a track record of fiscal reform implementation and prudence (backed by the IMF), which will likely contribute to a further narrowing of its fiscal deficit and a decline in government debt over the next few years.

Real GDP grew by 2.4% in the 9M 2024 according to the World Bank, supported by a strong rebound in manufacturing (up 4.3% in Q3, the highest since 2011), continued, though moderating contributions from the services sector. The CA deficit widened slightly to 5.6% of GDP due to weaker travel receipts, despite lower imports and stronger current transfers. Unemployment remained elevated at 21.5%. Inflation decelerated to 1.6 percent in 2024e from 2.1 percent in 2023, driven by tight monetary policy and favorable import prices.

**Exhibit 5: Jordan's key stats – current account deficit slightly narrowing to 5.5% in FY25e, with the fiscal deficit at -5.3%**

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Real GDP Growth | 1.9 | 1.8 | -1.1 | 3.7 | 2.4 | 3.1 | 2.5 | 2.6 | 2.9 | 3.0 | 3.0 | 3.0 | 3.0 |
| Total investment rate | 19.8 | 18.8 | 18.7 | 19.7 | 18.5 | 18.6 | 20.5 | 19.6 | 18.9 | 33.4 | 32.8 | 33.2 | 34.5 |
| Gross national savings rate | 12.9 | 17.0 | 13.0 | 11.6 | 10.4 | 15.0 | 14.8 | 14.1 | 13.1 | 27.8 | 27.5 | 28.3 | 29.6 |
| Inflation, average consumer prices | 4.5 | 0.8 | 0.3 | 1.3 | 4.2 | 2.1 | 0.2 | 3.6 | 2.6 | 2.3 | 2.2 | 2.3 | 2.3 |
| Volume of imports of goods and services | -1.4 | 2.1 | -16.7 | 19.3 | 7.2 | 5.2 | 1.8 | 2.9 | 3.1 | 2.4 | 3.0 | 2.0 | 2.6 |
| Volumes of exports of goods and services | 0.7 | 12.0 | -15.8 | 7.8 | 18.4 | 7.1 | 1.6 | 5.9 | 5.0 | 4.0 | 4.1 | 3.8 | 3.3 |
| Unemployment rate | 18.6 | 19.1 | 22.7 | 24.1 | 22.9 | 22.0 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| General government revenue | 25.5 | 24.3 | 22.7 | 24.7 | 25.7 | 25.2 | 25.0 | 26.0 | 26.0 | 26.1 | 25.8 | 25.8 | 25.8 |
| General government total expenditure | 30.1 | 30.1 | 31.7 | 32.2 | 32.6 | 32.8 | 33.3 | 31.3 | 30.5 | 29.1 | 28.2 | 27.6 | 27.3 |
| General government net lending/borrowing | -4.6 | -5.8 | -9.1 | -7.5 | -7.0 | -7.6 | -8.3 | -5.3 | -4.6 | -3.0 | -2.4 | -1.8 | -1.5 |
| General government structural balance | -2.2 | -3.6 | -6.4 | -4.9 | -7.1 | -6.8 | -6.6 | -6.9 | -5.9 | -4.2 | -2.9 | -2.3 | -2.0 |
| General government primary net lending/borrowing | -1.4 | -2.3 | -4.9 | -3.2 | -2.7 | -3.0 | -2.8 | 0.3 | 1.0 | 1.8 | 2.0 | 2.4 | 2.6 |
| General government net debt | 73.2 | 77.3 | 87.2 | 97.5 | 97.2 | 96.3 | 95.3 | 92.0 | 88.1 | 84.3 | 82.4 | 74.9 | 70.6 |
| General government gross debt | 74.3 | 78.0 | 88.0 | 98.2 | 97.9 | 97.0 | 95.9 | 92.6 | 88.6 | 84.8 | 82.9 | 80.3 | 77.7 |
| Current account balance | -6.8 | -1.7 | -5.7 | -8.0 | -8.1 | -3.6 | -5.8 | -5.5 | -5.8 | -5.6 | -5.3 | -5.0 | -4.9 |

*Source: International Monetary Fund, World Economic Outlook Database, April 2025*


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| | |
|---|---|
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| **Sell** | Total return <0% |

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