

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

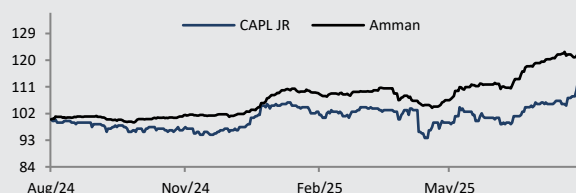
Bloomberg code	CAPL JR
Market index	Amman
Target Price	4.0
Upside (%)	72.8

Market data 8/26/2025

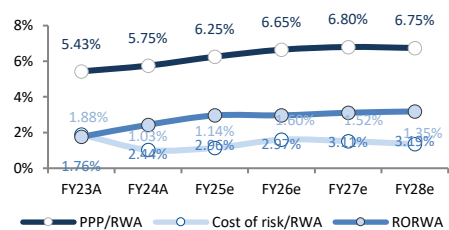
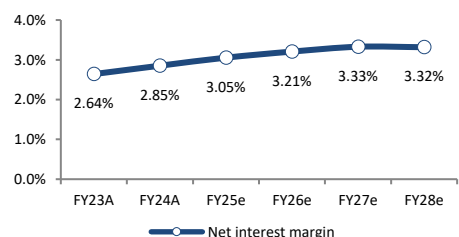
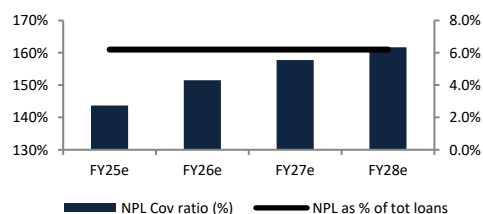
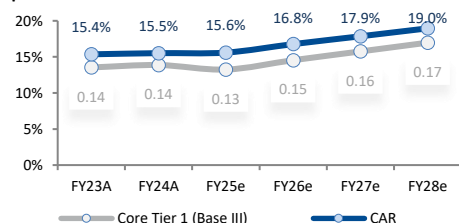
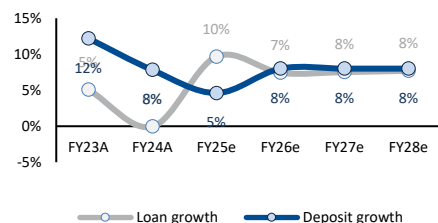
Last closing price	2.3
52 Week range	1.8-2.4
Market cap (JOD m)	613
Market cap (USD m)	865
Average Daily Traded Value (JOD m)	0.2
Average Daily Traded Value (USD m)	0.3
Free float (%)	57%

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



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

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.

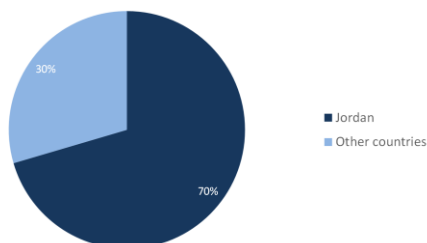
In 2023, Capital Bank expanded into leasing in Iraq and expand its leasing operations in Jordan.

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

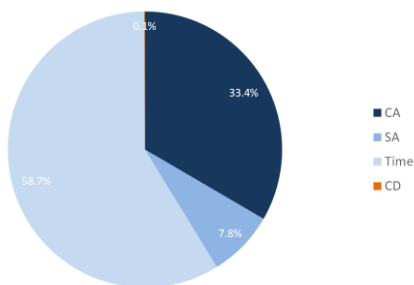
All Board of Directors are non-executive, and 4 out of the 13 are independent.

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%

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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

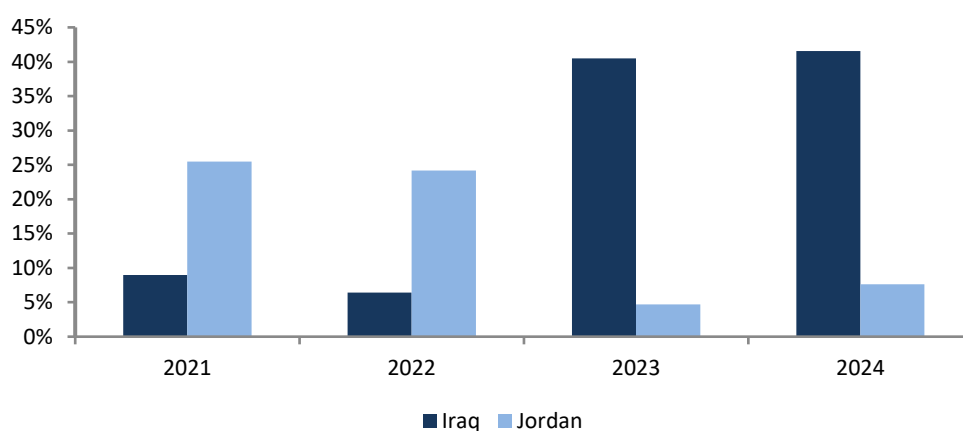
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Medium / Long Term Guidance – 2027:

- 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%	13.9%	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%)	23.3%	41.1%	15	14	1.3%	10	43.3%
Non Interest Income	46	47	(0.4%)	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	(54.0%)	28.5%	(6.6%)	137	142	(3.1%)	128	7.2%
LLP	12	15	(17.4%)	15	nm	21	16	35.2%	(62.2%)	(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

Exhibit 3: Earnings estimate changes

JOD m	FY 25e			FY 26e			FY 27e			FY 28e			FY 29e		
	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%
LIP	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	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Perpetual growth rate (nominal GDP)															2%	145	13.7%
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/NAV (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

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.

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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