

CAPITAL BANK OF JORDAN

RoE peaked at 20%, helped by higher NIM, high FX income, and loan recoveries, 4% ahead of its LT target.

- We pencil in a gradual normalization in the RoE for CAPL after a record net profit in FY25, aided by a NIM expansion of 45bps y/y in Q4 (+8bps for FY25), dynamic balance sheet growth (loan growth 13% y/y), strong loan recoveries (JOD 9.7m, or 22bps) and continued solid FX/F&C income in Iraq.
- NIM could benefit from lower policy rates, with a negative 12-month ALM gap of 23.6% after a strong NIM expansion of 32bps q/q to 3.55% in Q4.
- Asset quality remains stable, with provision buffers almost aligned with our acid test. Liquidity is robust (LCR of 203%, NSFR of 126%, L/D ratio of 70%). A prolonged conflict would hurt Iraq if Gulf shipping, Basra exports, or Iran-linked gas supplies remain disrupted. Jordan is exposed through tourism, aviation, trade routes, and investor confidence.
- Reiterate our Buy, trading on 5–6x P/E and 0.9x P/B, vs~20% RoE in FY25A. We expect CAPL's RoE to meet the >16% target for the next 3 years.

Record-high profitability in FY25, ending the year on a solid footing. RoE strengthened to 19.7% in FY25, aided by strong NIM expansion of 8bps in FY25A (45bps y/y in Q4), dynamic balance sheet growth (credit growth +13% y/y), strong loan recoveries (JOD 9.5m, predominantly in Q4, 22bps of gross loans) and continued high FX income in Iraq. Earnings in Q4 rose by 17% q/q, mainly driven by a 42% q/q rise in NII in Q4 and loan recoveries.

We raise our NIM estimates. CAPL remains a clear beneficiary of the rate-cutting cycle given its structural negative ALM positioning. Reported NIM improved to 3.55% in Q4 vs. 3.23% in Q3, driven by liability repricing benefits and a stronger funding profile, with FY25 asset yields at 6.4% and CASA ratios holding steady at 44%. Deposit growth was modest at 1% in FY25, but the mix quality remained favourable (CASA 44%, TDs 55%, CDs 1%). With the bank's -23.6% ALM gap and stabilizing CoF, we expect margins to remain resilient in FY26e. FX/fee income remains robust, driven by meaningful FX-related transfer charges layered on top of the official IQD/USD rate, essentially Iraq corridor transfer/auction access plus treasury linked to client flows.

Double-digit loan growth in FY25, led by corporate and retail; stable deposit base. CAPL targets > 8% balance sheet growth. However, the ongoing US/Israel-Iran conflict could slow balance sheet growth momentum, in our view. Loan growth was strong in 2025, rising 13% y/y, driven primarily by a 41% surge in corporate lending and 35% growth in retail (including mortgages), with government and public-sector exposures increasing 11%. Despite only 1% deposit growth and the loan-to-deposit ratio rising to 70%, funding conditions remained comfortable, given the stable CASA mix at 44%.

Asset quality stable; Stage 2 declines, Stage 3 contained; CoR within expectations. Credit quality remained broadly stable in Q4. Stage 2 exposures declined to 9.1% with coverage of 12.2%, while Stage 3 stood at 8.1% with coverage of 55.9%. Q4 CoR printed at 35bps, broadly aligned with our full-year assumptions, supported by strengthening portfolio diversification and disciplined underwriting across Jordan and Iraq. Other income included JOD 9.7m (22bps of YE 25 gross loans) from recoveries of debts previously written off. Provision levels remain adequate, with no material write-offs or recoveries distorting quarterly formation. The loan book continues to shift towards shorter-duration, collateralized segments. We calibrate a 0.7% deficit of gross loans vs our acid test (1% stage 1, 12% stage 2 and 60% on stage 3 loans), or just shy of JOD 30m (<3% of our FVE).

BUY

JOD 4.1

Banks / JORDAN

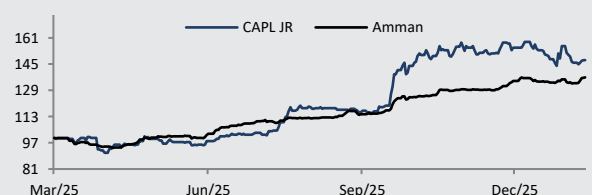
Bloomberg code	CAPL JR
Market index	Amman
Target Price	4.1
Upside (%)	44.5

Market data 3/29/2026

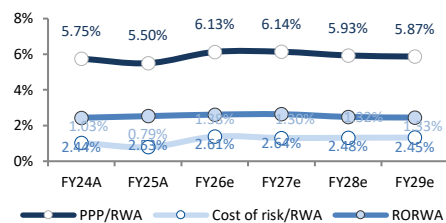
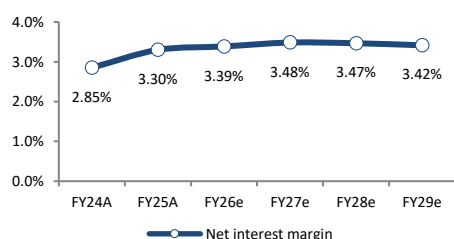
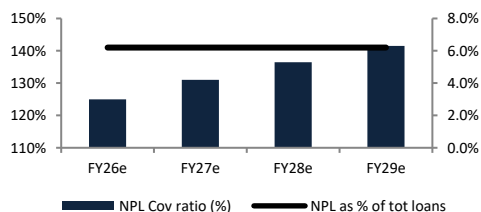
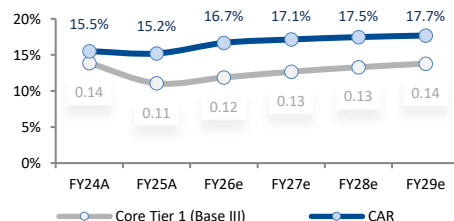
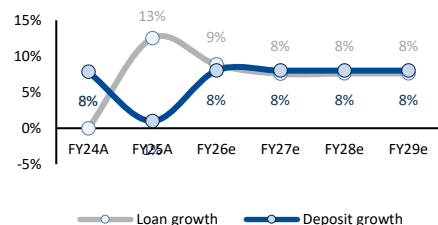
Last closing price	2.9
52 Week range	1.8-3.1
Market cap (JOD m)	755
Market cap (USD m)	1,065
Average Daily Traded Value (JOD m)	1.0
Average Daily Traded Value (USD m)	0.8
Free float (%)	44%

Year-end (local m)	2024	2025	2026e	2027e
Revenue	475	501	508	536
Pre-provisioning profit	247	283	307	330
EPS	0.40	0.49	0.50	0.54
P/E (x) (mkt price)	7.3	5.8	5.8	5.4
BVPS	2.8	3.1	3.4	3.7
Tangible BVPS	2.5	2.5	3.0	3.4
P/B (x) (mkt price)	1.0	0.9	0.8	0.8
P/TBVPS (x) (mkt price)	1.2	1.1	1.0	0.9
DPS	0.15	0.15	0.18	0.24
Div. yield (%)	5.2	5.2	6.2	8.3
EPPS	751.8	372.3	1941.1	1286.0
RoAA (%)	1.3	1.5	1.4	1.5
RoRWA (%)	2.4	2.5	2.6	2.6
RoATE (%)	16.8	19.7	18.1	17.0
RoEcc (%)	17.9	19.4	19.9	19.8
RAROC (%)	15.9	16.8	20.6	19.8
Net LtD ratio (%)	58.3	65.0	65.5	65.2
Risk Weighted Assets (bn)	4.3	5.1	5.0	5.4
Core Equity T1 ratio (%)	13.9	11.1	11.9	12.7
Tier 1 capital ratio (%)	13.3	12.4	13.3	14.0
Total capital ratio (%)	15.5	15.2	16.7	17.1
NPL ratio (%)	8.9	8.0	6.2	6.2
Coverage ratio (%)	79.4	76.0	125.0	131.0
Number of shares	263	263	263	263

Price Performance



Abacus Arqaam Capital Fundamental Data

Profitability

NIM

Credit Quality

Capital Ratios

Growth

CAPITAL BANK OF JORDAN

Year-end	2024	2025	2026e	2027e	2028e	2029e
Performance analysis						
Net Interest Margin (%)	2.85	3.30	3.39	3.48	3.47	3.42
Asset yield (%)	6.45	6.40	6.13	6.03	6.00	5.94
Cost of Funds (%)	4.15	3.69	3.31	3.05	3.05	3.05
Risk Adjusted Margins (%)	2.25	2.78	2.55	2.70	2.67	2.62
Cost / Income (%)	38.6	39.3	36.3	35.9	36.4	36.2
Net Interest Income / total income (%)	52.1	55.4	58.2	60.2	61.8	61.7
Fees & Commissions / operating income (%)	42.7	35.9	35.3	33.7	32.7	32.7
Trading gains / operating income (%)	0.3	0.3	0.4	0.4	0.4	0.4
RoATE (%)	16.8	19.7	18.1	17.0	15.3	14.7
Pre-prov. RoATE (%)	22.7	25.6	25.7	24.0	22.4	21.7
RoAA (%)	1.3	1.5	1.4	1.5	1.4	1.4
Revenue / RWA (%)	9.37	9.05	9.62	9.58	9.32	9.20
Costs / RWA (%)	3.62	3.56	3.49	3.44	3.39	3.33
PPP / RWA (%)	5.75	5.50	6.13	6.14	5.93	5.87
Cost of Risk / RWA (%)	1.03	0.79	1.38	1.30	1.32	1.33
RoRWA (%)	2.44	2.53	2.61	2.64	2.48	2.45
RoRWA (%) (adj. for gross-up of associates)	2.44	2.53	2.61	2.64	2.48	2.45
Year-end	2024	2025	2026e	2027e	2028e	2029e
Asset Quality						
Provisions charge / avg. gross loans (%)	1.2	1.0	1.6	1.5	1.5	1.5
Past due not impaired / gross loans (%)	6.2	6.4	5.6	6.1	6.4	6.8
NPL / gross loans (%)	8.9	8.0	6.2	6.2	6.2	6.2
NPL coverage ratio (%)	79.4	76.0	125.0	131.0	136.5	141.6
Provisions / avg. gross loans (%)	6.2	6.4	5.6	6.1	6.4	6.8
Provisions charge / operating income (%)	17.9	14.3	22.6	21.2	22.2	22.6
Year-end	2024	2025	2026e	2027e	2028e	2029e
Funding and Liquidity						
Net Loans / Deposits (%)	58.3	65.0	65.5	65.2	65.0	64.7
Cash and interbank / assets (%)	20.9	15.5	17.8	18.4	18.7	19.1
Deposits / liabilities (%)	79.4	76.7	76.5	77.4	78.1	78.9
Year-end	2024	2025	2026e	2027e	2028e	2029e
Capital and leverage ratios						
Core Tier 1 ratio (Basel III) (%)	13.9	11.1	11.9	12.7	13.3	13.8
Tier 1 ratio (%)	13.3	12.4	13.3	14.0	14.5	14.9
Total capital ratio (%)	15.5	15.2	16.7	17.1	17.5	17.7
Tangible equity / assets (%)	10.1	11.3	10.3	10.4	10.5	10.5
RWA / assets (%)	52.2	59.0	53.6	53.8	53.8	53.9
Year-end	2024	2025	2026e	2027e	2028e	2029e
Growth						
Revenues (%)	16.1	15.7	3.4	6.9	4.0	5.9
Cost (%)	15.3	17.6	(4.6)	5.8	5.4	5.4
Pre-Provision Operating Profit Growth (%)	16.7	14.4	8.5	7.5	3.3	6.1
Provisions (%)	(39.8)	(8.2)	70.6	1.3	8.0	8.0
Net Profit (%)	50.2	25.6	(0.6)	8.0	0.7	5.6
Assets (%)	8.5	5.9	7.0	7.0	7.0	7.0
Loans (%)	(0.1)	12.5	8.8	7.6	7.6	7.6
Deposits (%)	7.8	1.0	8.0	8.0	8.0	8.0
Risk Weighted Assets (%)	10.2	19.8	(2.7)	7.3	6.9	7.2

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 (41 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 12.2bn in assets, it ranks the fourth bank after Arab Bank (USD 44.3b), Housing Bank (13.5b) and Bank al Etihad (16.4b), but ahead of Jordan Kuwait Bank (7.5b).

In February 2022, Capital Bank Group bolstered its capital base with the issuance of a Tier 1 perpetual bond for USD 100m. The bond is the first issuance of its kind for a Jordanian bank in the local market and the first by a Jordanian Company to be listed in the region's international financial market – NASDAQ Dubai. Coupon Rate of 7%.

PIF is a strategic investor with a 24% stake, helping with the funding of the acquisition of Société Générale de Banque Jordanie.

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

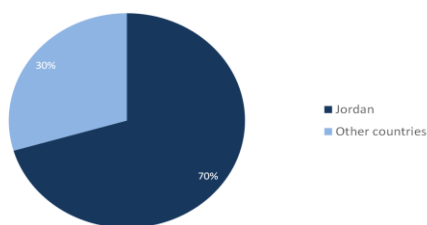
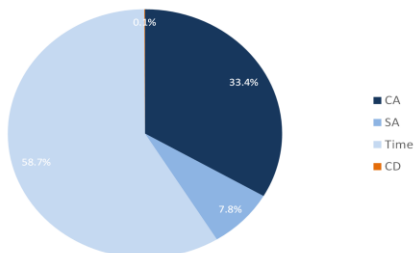
In 2025, Capital Bank signed a Green Subordinated (Tier II) Loan totalling USD 155m, led by EBRD along with a consortium of international financial and regional institutions.

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

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

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

2028 targets: Asset growth CAGR > 8%, C/I < 40%, RoTE > 16%, CAR > 15%, DPO 25-50%.

Geographical breakdown of loans

Deposit breakdown

Management

Chairman, Non-Executive: 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	2024	2025	2026e	2027e	2028e	2029e
Income statement (JODmn)						
Interest income	475	501	508	536	572	608
Interest expense	265	243	228	226	241	258
Net Interest Income	210	258	280	310	331	350
Fee income	172	167	170	173	175	186
Net investment income	-	-	1	1	1	1
Other operating income	21	40	31	31	29	31
Total operating income	403	466	482	515	536	567
Total operating expenses	156	183	175	185	195	205
Pre-provision operating profit	247	283	307	330	341	362
Net provisions	44	41	69	70	76	82
Other provisions / impairment	17	7	3	3	3	3
Operating profit	186	235	235	257	262	277
Associates	-	-	-	-	-	-
Pre-tax profit	186	235	235	257	262	277
Taxation	25	34	35	41	45	47
Net profit	160	201	200	216	218	230
Minorities	52	68	66	71	72	76
ADT1 coupon	3	3	3	3	3	3
Attributable net profit	105	130	131	142	143	151
Diluted EPS	0.40	0.49	0.50	0.54	0.54	0.57
DPS	0.15	0.15	0.18	0.24	0.26	0.28
BVPS	2.75	3.11	3.43	3.73	4.01	4.30
Tangible BVPS	2.50	2.53	2.97	3.36	3.71	4.07

Year-end	2024	2025	2026e	2027e	2028e	2029e
Balance sheet (JODmn)						
Gross loans and advances	3,756	4,161	4,494	4,854	5,242	5,662
Less: loan loss provisions	327	303	295	337	383	432
Net loans and advances	3,429	3,858	4,199	4,516	4,859	5,230
Cash and central bank	1,654	1,192	1,192	1,289	1,384	1,476
Due from banks	222	275	677	724	775	829
Investments, net	2,420	2,723	2,561	2,741	2,932	3,138
Fixed Assets	106	118	121	125	128	132
Other assets	340	409	467	500	535	572
Total assets	8,238	8,727	9,338	9,991	10,691	11,439
Customer deposits	5,879	5,937	6,412	6,925	7,479	8,078
Due to banks	153	118	206	179	154	125
Debt	515	548	548	548	548	548
Other liabilities	859	1,135	1,214	1,299	1,390	1,487
Total liabilities	7,406	7,738	8,380	8,951	9,572	10,239
Total equity	833	989	958	1,040	1,119	1,201
Risk Weighted Assets (bn)	4	5	5	5	6	6
Average Interest-Earning Assets	7,365	7,829	8,280	8,890	9,547	10,244
Average Interest-Bearing Liabilities	6,373	6,575	6,885	7,409	7,917	8,467
Common shareholders	657	667	780	883	977	1,070
Core Equity Tier 1 (Basel III)	596	569	594	681	764	850
Tier 1 capital	570	640	665	752	834	921

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Capital ratios remain reasonable despite strong RWA growth; liquidity buffers are robust. CAPL closed the year with a Core Equity Tier-1 of 11.05%, Tier-1 of 12.43% and CAR of 15.2% (after dividend payments, impact 77bps, representing a 30% payout of attributable earnings after Tier-1 coupons), 123bps above the CBJ's 14.5% minimum despite a 19.8% rise in RWAs. Liquidity remains healthy, with the loan-to-deposit ratio at 70%. It has deepened access to international markets through the USD 155m Tier II green subordinated facility secured in 2025. The bank's strong capital generation (with a high retention of 66% and high RoE driving double-digit NAV growth) and balance sheet flexibility support continued expansion across core markets.

Capital Bank of Jordan's high FX income mainly comes from Iraq, through its subsidiary National Bank of Iraq (NBI). A large part of this income is not classic FX trading profit, but commissions linked to trade finance, external transfers, and access to official USD channels. That means the economics are driven more by transfer activity and dollar access than by a pure treasury bid/ask spread. Official USD/IQD spreads are relatively tight, with customer economics often reflecting added fees and commissions rather than just a wide FX spread. The real barrier is less about dealing in Iraqi dinars and more about access to official dollar channels and correspondent-bank relationships. That gives NBI a valuable competitive position and makes the underlying flow business sticky. That said, it remains tied to Iraqi regulation, central bank rules, and compliance conditions.

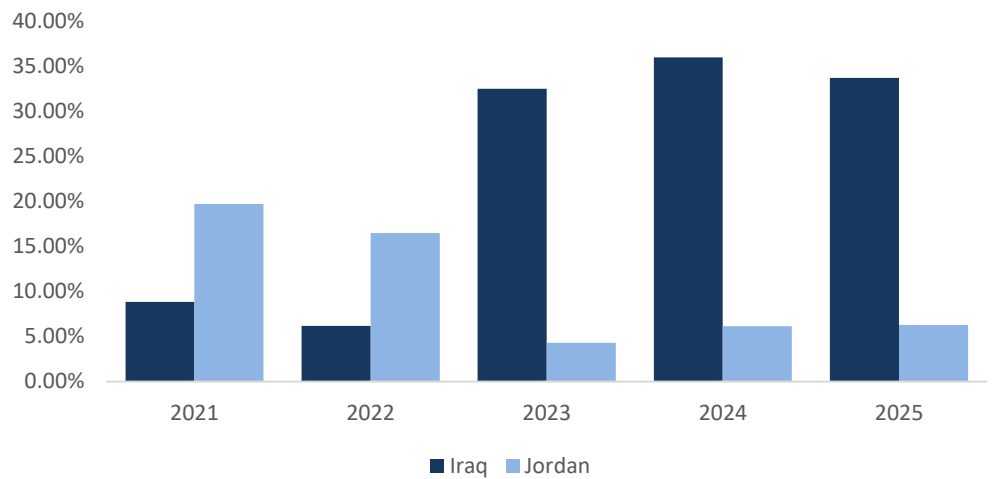
Impact US-Iran conflict on Iraq (export shut-in) and Jordan (tourism, hospitality, net importer): Iraq is exposed because its economy and budget rely heavily on oil and regional trade. A prolonged conflict would hurt economically if Gulf shipping, Basra exports, or Iran-linked gas supplies are disrupted. Power shortages, weaker investment, and lower consumer activity would drag down non-oil growth. Iraqi banks would face more payment friction, weaker loan quality, and higher provisioning. Jordan is exposed through tourism, aviation, trade routes, and investor confidence. Higher energy costs and any disruption to Iraq's trade would pressure growth and the current account. Lending and trade finance may slow. It is yet too early to fully assess the impact, in our view.

We reiterate our Buy rating on CAPL. Valuation remains compelling at 5.6x P/E in FY25 earnings and 0.9x P/B for a bank delivering ~20% RoE. CAPL's consistently high returns, balance-sheet momentum, and strengthening capital base support further re-rating potential as visibility on earnings durability remains strong. On our current forecasts, we expect CAPL's RoE to meet the >16% target for the next 3 years.

Medium / Long Term Guidance – 2028:

- Total assets CAGR > 8%
- C/I < 40%
- CAR > 15%
- RoE > 16%
- DPO: 25-50%

Exhibit 1: RoE per country



Source: Arqaam Capital Research, Company Data

Exhibit 2: Capital Bank of Jordan Q4 25A review

USD m	Q4 25A	Q4 25e	vs. AC	Q3 25A	q/q 25	Q4 24A	Q3 24A	q/q 24	y/y Q4	y/y Q3	FY 25A	FY 25e	vs. AC	FY 24A	y/y
Interest Income	131	128	2.1%	125	4.7%	118	122	(3.6%)	11.1%	2.3%	501	498	0.5%	475	5.5%
Interest expense	59	61	(3.2%)	61	(2.4%)	67	68	(0.6%)	(11.9%)	(10.3%)	243	245	(0.8%)	265	(8.3%)
Net Interest Income	72	67	6.9%	64	11.5%	51	55	(7.3%)	41.7%	17.9%	258	254	1.8%	210	23.0%
Fee Income	43	41	3.2%	43	(0.8%)	43	37	17.2%	(1.9%)	15.9%	167	166	0.8%	172	(2.7%)
Net Trading Income	0.0	0	(96.7%)	0	nm	0	0	nm	nm	nm	0	0	(94.3%)	0	nm
Other Income	18	7	164.9%	8	114.9%	7	4	79.4%	156.1%	113.7%	40	29	37.4%	21	93.8%
Non-Interest Income	60	48	24.4%	51	17.8%	50	41	23.1%	19.7%	25.1%	208	196	6.0%	193	7.7%
Total Income	132	116	14.3%	116	14.3%	101	96	5.7%	30.7%	21.0%	466	449	3.7%	403	15.7%
Operating expenses	57	43	31.9%	45	27.4%	39	38	1.7%	47.6%	17.8%	80	63	26.3%	58	38.4%
Operating profit	75	72	3.6%	71	5.9%	62	57	8.4%	20.3%	23.1%	386	386	(0.0%)	345	11.9%
LLP	-1	18	(103.7%)	14	nm	-10	17	nm	nm	(13.7%)	41	59	(31.7%)	44	(8.2%)
Group Net Income	59	43	38.3%	48	23.6%	50	39	27.8%	17.1%	21.0%	201	185	8.9%	160	25.6%
Attributable NI	41	32	30.4%	31	34.1%	37	26	39.6%	12.1%	16.8%	133	124	7.8%	108	23.6%
Cost/Income	43.4%	35.9%		38.9%		38.4%	39.9%				17.1%	36.6%		14.3%	
Loans to deposits	70.1%	66.0%		66.6%		63.9%	66.0%				70.1%	66.0%		63.9%	
Annualized LLP	-0.06%	1.20%		1.39%		-1.03%	1.69%				0.98%	1.30%		1.18%	
Gross Loans	4,161	4,169	(0.2%)	4,111	1.2%	3,756	3,914		10.8%	5.1%	4,161	4,169	(0.2%)	3,756	10.8%
Net Loans	3,858	3,868	(0.3%)	3,798	1.6%	3,429	3,569		12.5%	6.4%	3,858	3,868	(0.3%)	3,429	12.5%
Customer deposits	5,937	6,222	(4.6%)	6,175	(8.8%)	5,879	5,926		1.0%	4.2%	5,937	6,222	(4.6%)	5,879	1.0%

Source: Company Data, Arqaam Capital Research

Exhibit 3: Earnings estimate changes

JOD m	FY 26e			FY 27e			FY 28e			FY 29e			FY 30e		
	New	Old	Δ	New	Old	Δ	New	Old	Δ	New	Old	Δ	New	Old	Δ
Net interest income	280	286	(1.9%)	310	317	(2.3%)	331	338	(1.9%)	350	359	(2.5%)	374	385	(2.9%)
Fee income	170	170	–	173	173	–	175	175	–	186	186	–	197	197	–
Investment income	1	1	3.6%	1	1	(2.9%)	1	1	(2.9%)	1	1	(2.9%)	1	1	(2.9%)
Non-interest income	201	201	0.4%	205	205	0.1%	205	203	0.7%	217	216	0.7%	231	229	0.7%
Total income	482	486	(1.0%)	515	522	(1.3%)	536	541	(1.0%)	567	575	(1.3%)	604	614	(1.6%)
Opex	175	180	(2.9%)	185	190	(3.0%)	195	201	(3.0%)	205	212	(3.1%)	217	224	(3.1%)
Operating income	307	307	0.2%	330	331	(0.4%)	341	340	0.3%	362	363	(0.3%)	388	390	(0.7%)
Loan loss provision	69	69	(0.2%)	70	70	(0.2%)	76	76	(0.2%)	82	82	(0.2%)	88	88	(0.2%)
Other provision	3	3	(0.9%)	3	3	(0.9%)	3	3	(0.9%)	3	3	(0.9%)	3	4	(0.9%)
Net income reported	134	134	0.3%	145	145	(0.5%)	146	145	0.4%	154	154	(0.3%)	165	166	(0.8%)
Net income adjusted	131	131	0.3%	142	142	(0.5%)	143	142	0.4%	151	151	(0.3%)	162	163	(0.8%)
Ratios															
NIM	3.39%	3.32%	0.07%	3.48%	3.43%	0.05%	3.47%	3.41%	0.06%	3.42%	3.39%	0.03%	3.42%	3.39%	0.03%
Cost/income	36.3%	37.0%	(0.7%)	35.9%	36.5%	(0.6%)	36.4%	37.1%	(0.8%)	36.2%	36.9%	(0.7%)	35.8%	36.4%	(0.6%)
LLP	1.60%	1.60%	0.00%	1.50%	1.50%	0.00%	1.50%	1.50%	0.00%	1.50%	1.50%	0.00%	1.50%	1.50%	0.00%
NPL	3.0%	2.9%	0.08%	3.0%	2.9%	0.08%	3.0%	3.0%	0.08%	3.1%	3.0%	0.08%	3.1%	3.0%	0.08%
Coverage	125.0%	148.3%	-23.28%	131.0%	153.0%	-21.98%	136.5%	157.2%	-20.78%	141.6%	161.2%	-19.66%	146.2%	164.9%	-18.62%
Growth															
Assets	7%	7%	–	7%	7%	–	7%	7%	–	7%	7%	–	7%	7%	–
Loan	8%	8%	–	8%	8%	–	8%	8%	–	8%	8%	–	8%	8%	–
Deposit	8%	10%	(1.6%)	8%	8%	–	8%	8%	–	8%	8%	–	8%	8%	–
AED															
EPS	0.50	0.50	0.3%	0.54	0.54	(0.5%)	0.54	0.54	0.4%	0.57	0.58	(0.3%)	0.61	0.62	(0.8%)
TP	4.1	4.2	(1.3%)												

Source: Company Data, Arqaam Capital Research

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	131	142	143	151	162	165			
Other adjustments (comprehensive income and GW amor)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			
Minus: excess return excess capital	5	9	7	8	5	3	5	9	12	11	11	14	16	19	21	21			
Risk free rate	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%			
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	120	128	126	132	141	143			
Capital requirements	191	182	178	196	219	286	478	468	516	618	601	645	690	739	794	810			
RoEC	3.8%	8.7%	13.3%	8.8%	9.6%	26.6%	16.6%	12.8%	17.9%	19.4%	19.9%	19.8%	18.3%	17.9%	17.7%	17.7%			
Cost of capital	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%			
Capital charge	27	25	25	27	31	41	68	66	73	88	85	92	98	105	113	115			
Economic profit	(20)	(10)	(1)	(10)	(10)	35	11	(7)	19	32	35	36	29	27	28	28			
Discount factor	--	--	--	--	--	--	--	--	--	--	1.00	0.88	0.77	0.67	0.59	0.51			
NPV of Economic Profit	--	--	--	--	--	--	--	--	--	--	35	32	22	18	16	15			
DCF EVA Forecast period																	123	11.3%	
Perpetual growth rate (nominal GDP)																	2.0%		
Terminal Value																	232		
Terminal value discounted																		120	11.0%
Required Capital																		516	47.3%
Value of the bank operations																		758	69.5%
2. Capital surplus/deficit																			
Available capital:																			
Shareholders equity	278	292	287	294	307	363	617	658	725	818	902	980	1,055	1,132	1,215				
Minorities	56	58	50	54	48	29	35	71	108	170	56	60	64	69	73				
Less Goodwill & intangibles	(6)	(6)	(11)	(3)	(22)	(31)	(58)	(68)	(68)	(152)	(121)	(97)	(78)	(62)	(50)				
Less non equity elements reported shareholders equity																			
Less Dividends (if included in reported equity)	(10)	(20)	(20)	--	(24)	(30)	(39)	(39)	(39)	(39)	(47)	(63)	(68)	(74)	(79)				
Tangible equity	319	324	306	344	310	332	555	621	725	798	789	880	973	1,065	1,160				
Capital needs																			
RWAs (Basel II)	1,590	1,514	1,486	1,630	1,826	2,385	3,984	3,901	4,298	5,147	5,009	5,375	5,747	6,162	6,615				
RWAs (Basel III)	1,590	1,514	1,486	1,630	1,826	2,385	3,984	3,901	4,298	5,147	5,009	5,375	5,747	6,162	6,615				
Equity as % RWA	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%				
Financial stakes	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--				
Capital Requirements	191	182	178	196	219	286	478	468	516	618	601	645	690	739	794				
Surplus capital	128	142	128	149	91	46	77	153	210	180	188	235	283	325	366		287	26.3%	
3. Other adjustments																			
ADT1																		35	
Underprovisioning																		(29)	
Total adjustments																		6	0.6%
4. Dividends																			
Total Fair Value																		1,091	100%
Fully diluted number of shares																		263	
Fair value per share																		4.1	
Current share price																		2.9	
Upside																		44.5%	

Source: Company Data, Arqaam Capital Research

National Bank of Iraq (61.85% owned)

National Bank of Iraq (NBI) is one of the leading commercial banks in Iraq, offering various banking services. The Bank was established in 1995 and is headquartered in Baghdad, Iraq. NBI is publicly traded on the Iraq Stock Exchange (symbol: BNOI) and is ranked first amongst privately held banks in terms of total assets. Capital Bank of Jordan owns a majority stake of c.62% in NBI. NBI provides innovative banking services through three main segments: personal, corporate, and SMEs. NBI also provides Brokerage Services, Leasing, Custody Services, and Investment Services (including trading in gold, foreign currency, and oil) and has further expanded its offerings to include Insurance Services and a fully integrated payments value chain through Switch and DFC, delivering modern, secure and digitally enabled financial solutions. Furthermore, it has access to an extensive network of correspondent banks directly and through Capital Bank and solid relations with foreign and international development financial institutions such as Saudi Exim Bank, PROPARCO, and the IFC.

Capital Investments (100% owned)

Headquartered in Jordan, with a wide-reaching presence across the Middle East, including offices in Dubai International Financial Center (DIFC), Capital Investments has been shaping and elevating the MENA region's financial services sector since its establishment in 2006. Capital Investments is a market leader in providing comprehensive investment banking services, from Asset Management and Brokerage to Corporate Financial Advisory, serving diverse local, regional, and international clientele and high-net-worth individuals.

Capital Leasing Co.(100% owned)

In a brief timeframe, Capital Leasing established itself in the market after its inception in 2017 and subsequent acquisition by Capital Bank of Jordan in 2022. The preference for leasing among customers in Jordan stems from its advantages, especially in real estate contracts, due to the benefits extended to lessors and lessees surpassing conventional bank mortgage loans. Lessors, usually real estate developers, benefit from tax exemptions when acquiring property through lease agreements, while lessees, the buyers, enjoy waived title deed transfer fees. Capital Leasing's portfolio has increased more than six times since its acquisition, with an anticipated opportunity for further growth due to the high demand for this specific lending approach. The portfolio has expanded to USD 83m.

Blink by Capital Bank – The All-Digital Channel

Launched in February 2022, Blink targets customers within the consumer banking space in Jordan to elevate financial services through a seamless digital-only experience while supporting financial inclusion. Blink offers an entirely new and unique user interface and experience, positioning it as a challenger to the status quo and a disruptor, reimagining how customers receive financial services. Blink focuses on simple and transparent ways of banking to foster financial literacy, educate customers, and empower them to get financial freedom. Blink offers end-to-end digital onboarding and eKYC, a full-fledged bank account with an IBAN, virtual and physical debit and credit cards facilitating online and offline payments with the ability to manage cards digitally, money transfers, contactless payment through Apple Pay, and eVouchers. Blink has also partnered with players outside the financial services industry to bring lifestyle value-added services to its customers through promotions, discounts, cash back, etc. Blink is the first

bank in Jordan to integrate with Royal Jordanian, allowing customers to book their flights directly from the Blink app.

ESG framework

Capital Bank published its 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 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.

Exhibit 5: Jordan economic data

	2019	2020	2021	2022	2023	2024	2025	2026
Gross Domestic Product, Constant Prices	30	30	31	32	33	33	34	35
Gross Domestic Product Per Capita, Current Prices	2,953	2,839	2,948	3,068	3,199	3,327	3,480	3,650
Gross National Savings	17	13	12	11	15	15	16	16
Volume of Imprts of Goods and Services	2	(17)	19	7	5	2	5	3
Volume of Imports of Goods	3	(9)	17	2	5	2	3	3
Unemployment Rate	19	23	24	23	22			
Population	11	11	11	11	11	11	11	12
General Government Revenue	8	7	8	9	9	10	10	11
General Government Total Expenditure	32	34	34	33	33	33	34	33
General Government Net Lending/Borrowing	(2)	(3)	(3)	(2)	(2)	(3)	(3)	(3)
General Government Net Primary Lending/Borrowing	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(0)
General Governmetn Gross Debt	29	32	29	31	32	34	36	37
Current Account Balance	(1)	(3)	(4)	(4)	(2)	(3)	(3)	(3)

Source: IMF, Arqaam Capital Research

Exhibit 6: Iraq economic data

	2019	2020	2021	2022	2023	2024	2025	2026
Gross Domestic Product, Constant Prices	224,125	196,313	199,117	214,474	216,448	216,091	217,068	224,967
Gross Domestic Product Per Capita, Current Prices	7,149,825	5,415,010	7,418,974	9,886,320	8,225,893	8,159,484	7,581,018	7,634,779
Gross National Savings	39	40	41	42	43	44	46	47
Population	11	11	11	11	11	11	11	12
General Government Revenue	99,269	63,168	109,861	175,577	142,642	140,377	131,012	127,453
General Government Total Expenditure	2,333	(27,862)	(1,152)	33,823	(4,066)	(15,015)	(21,722)	(25,237)
General Government Net Lending/Borrowing	(2)	(3)	(3)	(2)	(2)	(3)	(3)	(3)
General Government Net Primary Lending/Borrowing	5,066	(25,321)	337	35,732	(1,759)	(12,820)	(16,469)	(20,128)
General Governmetn Gross Debt	116,693	157,527	167,204	162,789	149,958	168,367	183,263	206,588
Current Account Balance	15	(10)	13	45	20	(1)	1	(3)

Source: IMF, Arqaam Capital Research

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