

Report Date: 08-May-25

Bank of Jordan

ASE: BOJX

Quarter: 31/03/2025

Annual Earnings: 31/12/2024

Price as of 08-May-25

JD 2.20/Share

RATING:



Initiated Coverage 13/03/2024

We recommend Holding BOJX as it currently offers balanced risk-adjusted returns. This assessment is grounded in our analysis of four critical factors influencing common stock performance: (1) relative valuation, (2) earnings strength, (3) financial stability, and (4) price movement.

Target Price

JD 2.24

Previous Rating					52- Week Price Range	Market Capitalization	Dividend Yield	Last Dividend
1	2	3	4	5	06/04/2025 JD 2.03- JD 2.30	JD 440.0 M	8.18%	JD 0.18/ Share
Founded: 1960					Shares Outstanding: 200.0 M	Employees: 3,913	Volume(3m): 14.511 K	Ex-DIV Date: Apr 3, 25
P/BV: 0.87x					Forward P/E: 8.18x	Volatility(annual): 13.69%	Public Float: 62.94 M	Sector: Banking

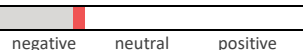
Founded in 1960 and headquartered in Amman, **Bank of Jordan** ("BOJX" or the "Bank"), is a publicly listed financial institution offering comprehensive banking services to individuals, corporations, and institutions. With a strong regional presence through 18 branches in Palestine, and additional branches in Bahrain and Iraq, BOJX complements its physical network with advanced electronic channels. The Bank also owns subsidiaries providing brokerage and leasing services and holds a 49% stake in Bank of Jordan-Syria.

BOJX's growth is underpinned by strategic management, technology investments, and a commitment to service excellence, while its focus on partnerships and community initiatives positions it for sustained development..

Recommendation Summary

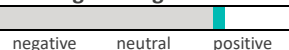
UFICO maintains its HOLD recommendation on BOJX, supported by a balanced assessment of the bank's financial and technical profile. While BOJX continues to exhibit strong capital adequacy, solid operational efficiency, and an attractive dividend yield of 8.18%, its valuation remains elevated relative to peers based on P/E and P/BV ratios. Although the stock is now trading slightly above its 200-day moving average with stable momentum (RSI ~51), it lacks a clear breakout signal and remains range-bound with modest volatility. Given the absence of a near-term catalyst and the current neutral technical setup, investors are advised to monitor upcoming quarterly results for additional insights.

Relative Valuation



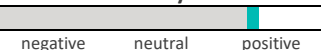
BOJX's pricing appears to be **overvalued** in terms of both its P/E and P/BV ratios compared to its peers. However, the Bank's dividend yield, **exceeds** the banking industry average, provides some compensation for the elevated valuation, making it an appealing option for income-focused investors

Earnings Strength



BOJX's earnings in Q1 2025 appear solid but stable, with a marginal increase in net interest income and a stronger 7.29% growth in net income, indicating improved bottom-line efficiency. The Bank maintained strong profitability ratios, reflecting efficient asset utilization and strong core earnings despite modest top-line growth.

Financial Stability



BOJX maintains strong financial stability, supported by high capital and leverage ratios, reflecting a solid and conservative balance sheet. While efficiency and coverage ratios show room for improvement, overall risk remains well-managed.

Price Movement



At its current 14-week RSI the stock is rated a **Hold**, but at its 200-day MA, the stock is rated a **Buy**.

Major Risks & Rewards

- **Dividend Income:** BOJX has a strong track record of consistently distributing dividends, making it an attractive option for income-focused investors.
- **Regulatory Oversight:** BOJX operates under regulatory oversight, enhancing investor confidence in the stability and integrity of its operations within the financial system.
- **Diversification:** Including BOJX stock in a diversified portfolio can mitigate risk and potentially enhance overall performance.
- **Credit Quality Risks** BOJX could face potential challenges regarding credit quality, stemming from the risk of borrowers defaulting on loans or failing to meet credit obligations. Economic downturns and changes in market conditions could exacerbate these risks.
- **Regulatory Risks:** BOJX faces risks associated with changes in banking regulations and compliance requirements, influencing its operations and financial performance.
- **Interest Rate Risks:** Fluctuations in interest rates can impact the profitability of BOJX, influencing stock prices.
- **Liquidity Risks:** Due to lower trading volumes and limited liquidity, investors may encounter challenges in buying or selling BOJX shares without impacting the stock's price and may face higher transaction costs as a result.

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Peers Group Comparison

Ticker	Peer Name	Price	Mkt Cap*	EPS	P/E	P/BV	Yield	ROE%	NIM	Credit/Deposits
		8/5/2025	8/5/2025	(TTM)	(Forward)	(MRQ)	(TTM)	(TTM)	(TTM)	(MRQ)
BOJX	Bank Of Jordan	JD 2.20	440,000	JD 0.067	8.18x	0.87x	8.18%	10.40%	4.39%	66.70%
UBSI	Bank Al Etihad	JD 1.71	342,000	JD 0.053	8.14x	0.67x	5.85%	8.38%	2.88%	69.84%
CAPL	Capital Bank Of Jordan	JD 1.90	499,771	JD 0.125	3.81x	0.66x	7.89%	17.73%	2.89%	59.77%
JOKB	Jordan Kuwait Bank	JD 2.75	412,500	JD 0.171	4.03x	0.56x	4.36%	14.23%	2.79%	49.41%
Peer Group Weighted Average					5.06x	0.63x	6.57%	14.03%	2.86%	59.11%
Sector Weighted Average (excluding BOJX)					7.30x	0.69x	6.82%	10.59%	2.98%	70.55%
Sector Median					7.63x	0.66x	6.41%	8.57%	2.88%	73.03%

* In JD thousands

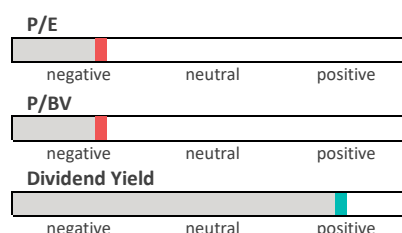
Past Performance

	2021	2022	2023	2024	1Q24	1Q25
Net Interest Margin	3.97%	4.10%	4.55%	4.35%	4.51%	4.39%
Dividend/Share (JD)	0.12	0.18	0.18	0.18	-	-
Earnings/Share (JD)	0.180	0.201	0.219	0.175	0.062	0.067
Return on Equity	7.8%	8.0%	8.4%	6.7%	9.8%	10.4%

Relative Valuation is **NEGATIVE**

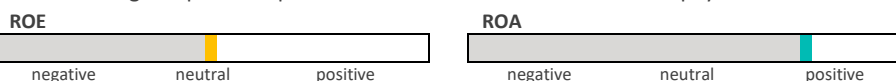
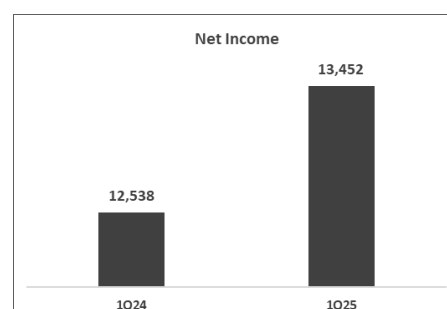
Last Price	Market Cap	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
8/5/2025	8/5/2025	(TTM)	(Forward)	(MRQ)	(MRQ)	(2024)	8/5/2025
JD 2.20	JD 440 M	JD 0.07	8.18x	JD 2.53	0.87x	JD 0.18	8.18%

- **P/E vs Industry:** suggests that BOJX is overvalued compared to its peers and the weighted average for the banking sector in Jordan.
- **P/BV vs. Industry:** suggests that BOJX is overvalued compared to its peers and both the weighted average P/BV and median for the banking sector in Jordan.
- **Dividend Yield** BOJX offers a relatively high dividend yield compared to both peers and the sector, making it attractive to income-focused investors.

Earning Strength is **POSITIVE**

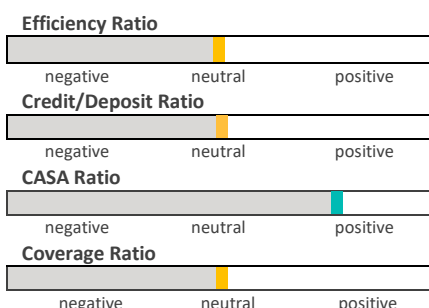
1Q25 Results	Net Interest Income	Net Income	NIM	ROE	ROA
(TTM)	JD 34.4 M (+0.59%)	JD 13.5 M (+7.29%)	4.39%	10.40%	1.72%

- **Return on Equity** is higher than Q1 2024 and is in line with the banking sector's weighted average ROE.
- **Return on Assets:** surpasses the industry norm of about 1.0%, implying that the Bank efficiently employs its assets to generate profits. This indicates effective management in utilizing resources to enhance profitability.
- **Net Interest Margin (NIM)** is considered healthy and well above the industry norm. It suggests that the Bank is effectively managing its interest-bearing assets and liabilities, resulting in a positive spread between what it earns and what it pays in interest.

Operations Indicators is **POSITIVE**

1Q25 Results	Efficiency	Credit/Deposits	CASA	Coverage	CAR	Leverage
(MRQ)	42.84%	66.70%	NA	88.81%	20.75%	14.90%

- **Efficiency Ratio** is on the higher end, demonstrates good operational efficiency, as an efficiency ratio of 50% or lower is considered ideal.
- **Credit/Deposit Ratio:** indicates a conservative approach to credit deployment, suggesting the Bank is maintaining ample liquidity and managing credit risk effectively. A low Credit/Deposit Ratio (below 75.0%) indicates that a smaller portion of the Bank's deposits are being utilized for lending, which is considered suboptimal.
- **CASA Ratio** is not available for Q1 2025, but during 2024, the Bank achieved a 59.57% CASA ratio, **the highest amongst Jordanian Banks**, which indicates a strong reliance on low-cost current and savings accounts, which enhances funding efficiency and supports



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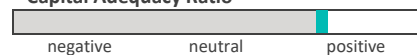
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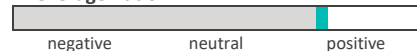
higher profitability through a stable, inexpensive deposit base. Typically, a CASA ratio above 45-50% is considered ideal for banks.

- **Coverage Ratio** indicates a strong buffer against potential credit losses. This figure represents the provisions set aside as a percentage of stage 3 loans, which is considered conservative.
- **Capital Adequacy Ratio:** BOJX reported a CAR of 20.75%, indicating a strong capital buffer and is **the highest out of all the banks in Jordan**.
- **Leverage Ratio** reflects a conservative capital structure with ample equity relative to total assets, providing strong loss-absorbing capacity and flexibility for future growth.

Capital Adequacy Ratio



Leverage Ratio



Price Movement is NEUTRAL

Annual Volatility: +/- 13.69% 14-Weeks RSI: 50.917 200-Day MA: 2.189

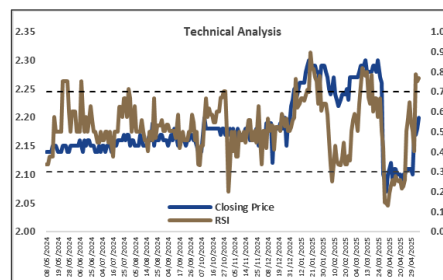
- **Volatility** indicates that BOJX's stock exhibits relatively low-price fluctuations compared to sector peers, making it a more stable banking stock from a technical risk perspective.
- **14-Weeks RSI:** observed over a 14-week period, signals neutral momentum, indicating that the stock is currently in equilibrium between buying and selling pressure. Traditionally, an RSI exceeding 70 signifies overbought conditions, while a value below 30 suggests oversold conditions.
- **200-Day Moving Averages:** the stock is currently trading above its 200-Day MA, indicating a **Buy** signal.

On the upside, initial resistance is seen at JD 2.24, followed by a more significant resistance level and psychological barrier at JD 2.30, which has historically capped price advances. A decisive break above JD 2.30 could open the door for a retest of JD 2.35– JD 2.40. On the downside, support is identified at JD 2.16, with stronger support near JD 2.10, which aligns with prior consolidation zones and may serve as a buy-on-dip area.

Given the current technical positioning just above the 200-day MA and the absence of strong directional momentum, we recommend a **Hold** stance with a bias toward cautious accumulation on pullbacks toward JD 2.16– JD 2.10.

A sustained break above JD 2.24 with rising volume would signal renewed bullish sentiment and warrant a tactical Buy. However, if the stock falls below JD 2.10, it may shift the trend to neutral-to-bearish, warranting defensive positioning. Overall, BOJX remains a technically stable, lower-volatility name, suitable for conservative investors awaiting clearer momentum confirmation.

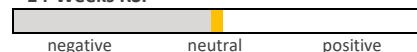
Stock Price down 2.8% over the past year



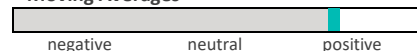
Volatility



14-Weeks RSI



Moving Averages



UFICO Stock Ratings: UFICO's coverage of stocks uses a quantitative model that evaluates a company's relative valuation, earnings strength, financial stability, and its recent price movement. UFICO's five recommendation ratings include strong buy, buy, hold, sell, strong sell. For all stocks in our coverage universe, ratings are generated each week and reflect the fundamental and price data as of the last trading day of the week.

1	2	3	4	5		
1	2	3	4	5	Strong Buy	Significantly Satisfactory
1	2	3	4	5	Buy	Satisfactory
1	2	3	4	5	Hold	Average
1	2	3	4	5	Sell	Unsatisfactory
1	2	3	4	5	Strong Sell	Significantly Unsatisfactory

Relative Valuation: Relative valuation is a weighted combination of factors that measure a company's current stock price valuation vs industry. These include the company's price-to-earnings vs. industry, and its price-to-book vs. industry. UFICO also measures the rank of a company's dividend yield among dividend payers on the Amman Stock Exchange. A stock may stay undervalued or overvalued for a long period of time. For this reason, it is important to combine dividend yield rank factor with shorter-term predictive factors such as earnings momentum or price momentum to identify more imminent valuation adjustments. In addition, UFICO also measure a company's dividend payments growth over the past 10 years and the degree its dividend payments are covered by earnings.

Earnings Strength: Over 20 years of research have shown that the change in the growth of earnings per share is an important factor that drives stock price performance. UFICO measures earnings momentum to get an early indication of changing earnings patterns. Earnings strength is a weighted combination of factors that measure a company's earnings growth performance. These include the company's 5-year average earnings growth rate, its 1-year earnings growth rate vs its 5-year average earnings growth rate, its 1-year earnings growth rate vs. industry, its relative strength of ROE, and its y-o-y profit margin growth rate.

Financial Stability: Financial stability is a weighted combination of factors that measure a company's ability to pay its debts in the short and long terms. UFICO looks for a company's capital structure where its total liabilities do not exceed 40% of its equity. For a company's solvency strength, we look for an interest coverage of at least 3x, indicating a company's ability to cover its interest payments through its operating income, and a debt coverage of at least 200%, indicating a company's ability to cover its loans and interest payments through its operating income. For liquidity strength, we look for a company's current ratio of at least 1.25x, indicating current liabilities are sufficiently covered by current assets. Companies in the banking sector are analyzed using assets/equity ratio, loans/deposits ratio, loans/assets ratio, and level of bad loans. For assets/equity ratio, we look for a ratio below 10x, indicating adequate reliance on debt to fund the bank's operations. For loans/deposits ratio, we look for a ratio below 125%, indicating high liquidity and low exposure risk to cover unexpected funding requirements. For loans/asset ratio, we look for a ratio below 110%, indicating high liquidity and low exposure risk to defaults. For the level of bad loans, we look for a ratio below 5.00%, indicating lower provisions are required and, hence, increases bank profitability.

Recent Price Movement: Historical price action of a company's stock is an especially helpful measure used to identify intermediate and short term performance potential. Long term historical performance is a good predictor of future price performance, but much more importantly, large price movements over the intermediate and short term tend to reverse themselves. UFICO's price momentum measure integrates historical long, intermediate and short term price changes, creating ratings that are highest for stocks with strong twelve-month price performance that have had a price consolidation in the past quarter and month. Price movement is an evaluation based on a company's relative share price strength in the past 1-quarter, 14-day and 1-year period. In UFICO's analysis, positive price strength in the past 200-day period is a favorable indication of near-term price gain. Conversely, positive price changes in the past quarter or 14-day period can indicate a short-term overbought condition resulting in negative near-term price change.

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