

Report Date: 8-May-25

JORDAN ISLAMIC BANK

ASE: JOIB

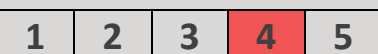
Quarter: 31/3/2025

Earnings: 31/12/2024

Price as of 8-May-25

JD 4.09/Share

RATING:



Initiated Coverage 13/03/2024

We recommend Selling JOIB as the stock is now considered fully valued at its current price, with limited upside potential in the near term. 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 4.00

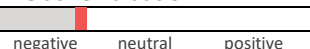
Previous Rating					52- Week Price Range	Market Capitalization	Dividend Yield	Last Dividend
1	2	3	4	5	28/3/2025 JD 3.92- JD 4.42	JD 818.0M	6.11%	JD 0.25/ share
Founded: 1978					Shares Outstanding: 200 M	Employees: 2,445	Volume(3m): 123.995 K	Ex-DIV Date: Apr 29, 25
P/BV: 1.41x					Forward P/E: 12.54x	Volatility(annual): 12.04%	Public Float: 327.1 M	Sector: Banking

Jordan Islamic Bank ("JOIB" or the "Bank"), established in 1978, is a publicly listed financial institution headquartered in Amman, Jordan, and a subsidiary of Al Baraka Banking Group B.S.C., a leading entity in the Islamic finance industry. JOIB provides a comprehensive range of Sharia-compliant financial services, including personal and corporate finance, as well as investment solutions, serving a diverse clientele of individuals, SMEs, and large corporations both locally and internationally.

Recommendation Summary

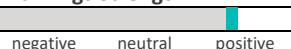
UFICO's **SELL** recommendation on JOIB is based on a systematic analysis of four key characteristics mentioned above. Despite solid core income growth and strong financial stability, JOIB appears overvalued relative to peers, trading at elevated P/E and P/BV multiples. Its below-average dividend yield further limits its appeal for income-focused investors. With technical indicators showing weak momentum and a Sell signal at the 200-day moving average, we recommend reducing exposure at current levels, while closely monitoring upcoming quarterly results for further insights and potential adjustments to the investment outlook.

Relative Valuation



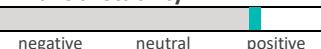
JOIB's pricing appears to be **overvalued** in terms of both its P/E, and P/BV ratios. The Bank's dividend yield is **below** the sector average.

Earnings Strength



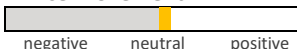
JOIB delivered a solid 12.7% year-over-year increase in net profit from Islamic financing and investments, reflecting steady growth in core income. Net income rose by 5.9%, supported by a Net Profit Margin of 2.27%, while ROE and ROA indicate sound profitability and efficient asset utilization.

Financial Stability



JOIB demonstrates strong financial stability, supported by excellent operational efficiency and a high capital adequacy ratio, indicating prudent capital management and regulatory resilience.

Price Movement



At its current 14-week RSI the stock is rated as **Neutral**, but at its 200-Day MA, the stock is rated a **Sell**.

Major Risks & Rewards

- **Dividend Income:** JOIB has a strong track record of consistently distributing dividends, making it an attractive stock for income-focused investors.
- **Regulatory Oversight:** JOIB operates under regulatory oversight, enhancing investor confidence in the stability and integrity of its operations within the financial system.
- **Diversification:** Including JOIB stock in a diversified portfolio can mitigate risk and potentially enhance overall performance.
- **Awards:** In 2024, the Bank was recognized by World Finance for its achievements, winning awards for Best Islamic Bank in Jordan and Best Corporate Governance, reinforcing its leading position in the Islamic finance sector.
- **Profit Sharing Risk:** Islamic banking structures like Mudarabah expose the Bank to the risk of reduced or no profits if the business ventures underperform, resulting in a potential loss of investment or reduced profitability due to the Bank's role as a partner rather than a creditor.
- **Credit Quality Risks** JOIB 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:** JOIB faces risks associated with changes in banking and Sharia regulations and compliance requirements, influencing its operations and financial performance.
- **Interest Rate Risks:** Fluctuations in interest rates can impact the profitability of JOIB, influencing stock prices.
- **Market Risk:** Exposure to fluctuations in asset prices, commodity prices, or foreign exchange rates in financing might result in volatility in earnings and capital.

Report Date: 8-May-25
JORDAN ISLAMIC BANK
ASE: JOIB

Price as of 8-May-25
JD 4.09/Share

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)
JOIB	Jordan Islamic Bank	JD 4.09	818,000	JD 0.082	12.54x	1.41x	6.11%	11.44%	2.27%	78.03%
SIBK	Safwa Islamic Bank	JD 2.33	279,600	JD 0.038	15.39x	1.30x	0.00%	8.57%	1.69%	55.94%
THBK	The Housing Bank For Trade & Finance	JD 3.83	1,206,450	JD 0.125	7.63x	0.87x	7.83%	11.57%	4.14%	78.88%
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%
UBSI	Bank Al Etihad	JD 1.71	342,000	JD 0.053	8.14x	0.67x	5.85%	8.38%	2.88%	69.84%
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					7.25x	0.81x	6.48%	12.39%	3.30%	67.49%
Sector Weighted Average (excluding JOIB)					6.75x	0.61x	7.00%	10.48%	3.15%	69.45%
Sector Median					7.63x	0.66x	7.83%	8.57%	2.89%	69.84%

* In JD thousands

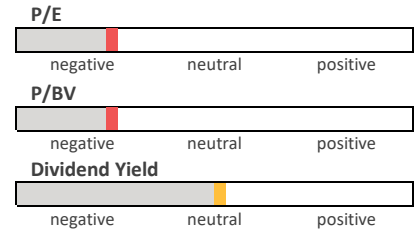
Past Performance

	2021	2022	2023	2024	1Q24	1Q25
Dividend/Share (JD)	0.25	0.25	0.22	0.25	-	-
Earnings/Share (JD)	0.300	0.310	0.311	0.331	0.082	0.077
Return on Equity	11.6%	11.7%	11.7%	12.1%	11.4%	11.4%

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 4.09	JD 818,000	JD 0.08	12.54x	JD 2.89	1.41x	JD 0.25	6.11%

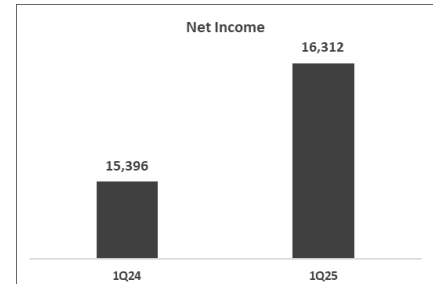
- **P/E vs Industry:** suggests that JOIB is overvalued compared to the banking sector's weighted average and median P/E and its peers.
- **P/BV vs. Industry:** suggests that JOIB is overvalued compared to the banking sector's weighted average and median P/BV and its peers.
- **Dividend Yield** is below the banking industry average.



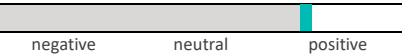
Earning Strength is **POSITIVE**

1Q25 Results	Net Interest Income (YoY)	Net Income (YoY)	NPM	ROE	ROA
(TTM)	JD 35.3M (+12.74%)	JD 16.3M (+5.94%)	2.27%	11.44%	1.05%

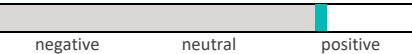
- **Return on Equity** indicates excellent profitability for shareholders exceeding the banking sector's average.
- **Return on Assets:** surpasses the industry norm of about 1.0%, implying that the Bank effectively utilizes its assets to generate profits.
- **Net Profit Margin (NPM)** is modest for a bank but relatively typical for Islamic banks due to their profit-sharing models rather than interest-based lending.



ROE



ROA



NIM

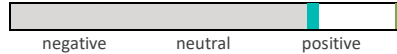


Operations Indicators is **POSITIVE**

1Q25 Results	Efficiency	Credit/Deposits	CASA	CAR	Leverage
(MRQ)	23.74%	78.03%	17.91%	20.06%	8.02%

- **Efficiency Ratio** demonstrates optimal operational efficiency, as an efficiency ratio of 40% or lower is considered ideal.
- **Credit/Deposit Ratio:** indicates aggressive lending. Typically, the ideal loan-to-deposit ratio for Islamic banks is around 60% to 80%.
- **CASA Ratio** represents the portion of low-cost and stable funds compared to the Bank's total deposits base. This suggests over-reliance on term deposits, which may increase funding costs. Typically, a CASA ratio above 45-50% is viewed favorably for banks.
- **Capital Adequacy Ratio:** showcases strong capitalization and prudential management that surpasses the requirements set forth by the Central Bank of Jordan.
- **Leverage Ratio** indicates that JOIB operates with acceptable level of risk evident by its leverage ratio that is in line with the banking sector. For Islamic banks, maintaining a ratio above 6% is usually considered healthy. Given JOIB's strong CAR, it could potentially use more leverage to increase returns.

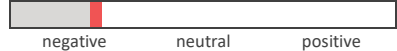
Efficiency Ratio



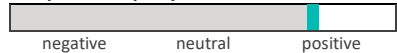
Credit/Deposit Ratio



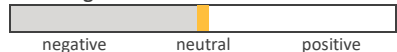
CASA Ratio



Capital Adequacy Ratio



Leverage Ratio



Report Date: 8-May-25

JORDAN ISLAMIC BANK

ASE: JOIB

Price Movement is **NEUTRAL**

Annual Volatility: +/- 12.04% **14-Weeks RSI:** 40.907 **200-Day MA:** 4.118

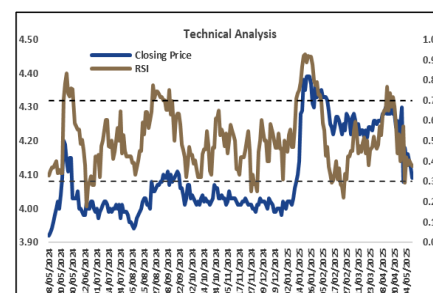
- **Volatility** suggests that JOIB demonstrates low price variability, making it a relatively defensive stock in the Jordanian banking sector.
- **14-Weeks RSI:** observed over a 14-week period, suggests weak momentum, approaching oversold territory but not yet signaling a technical reversal. Traditionally, an RSI exceeding 70 signifies overbought conditions, while a value below 30 suggests oversold conditions.
- **200-Day Moving Averages:** The stock currently trades below the 200-Day MA signaling a **Sell** signal.

From a price action standpoint, immediate support lies at JD 4.05, with a more significant and psychological support level around JD 4.00, a historical floor where buyers have previously emerged. Resistance levels are observed at JD 4.15 and JD 4.25, which has acted as a ceiling in prior trading ranges. The JD 4.50 mark serves as a major psychological barrier and would likely require a fundamental catalyst or broad market strength to breach.

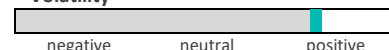
Given the subdued momentum and current position below the long-term moving average, the technical outlook warrants a cautious stance. A **"Hold"** recommendation is appropriate at current levels, with selective accumulation near the JD 4.00 support zone for income-oriented investors, especially given JOIB's stable dividend profile. A bullish confirmation would require a sustained break above JD 4.15 with strong volume, at which point the stock could retest the JD 4.25–4.30 range. Stop-loss orders should be considered just below JD 3.98 to protect against a downside break.

Overall, JOIB remains a fundamentally solid and technically stable name within the Islamic banking space, but lacks immediate bullish momentum, making it more suitable for defensive positioning or accumulation on dips.

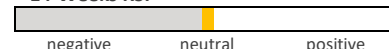
Stock Price UP 4.07% over the past year



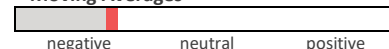
Volatility



14-Weeks RSI



Moving Averages



Report Date: 8-May-25
JORDAN ISLAMIC BANK
ASE: JOIB

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, 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		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.

Disclaimer

The statements, opinions and analyses presented in this report (collectively, "Information") are for informational purposes only. Any opinions or probabilities expressed in this report are those of the author as of the report date and are subject to change without notice. United Financial Investments ("UFICO") makes no guarantee as to the completeness or accuracy of the Information, nor can it accept any responsibility for any errors in the report. Other events that were not taken into account may occur, and any opinions or probabilities should not be construed to be indicative of the actual events that may occur. The Information contained herein is not an offer to sell or the solicitation of an offer to buy any securities. Nothing contained herein is intended to be investment advice, nor is it to be relied upon in making any investment or other decision. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment will be profitable or equal any historical performance level(s). Neither UFICO, any of its affiliates, nor each of their respective officers, directors, members, agents, representatives, employees, or contractors (collectively, "UFICO Parties"), are liable for investment decisions based upon, or the results obtained from, the Information provided. UFICO Parties or their clients may at times own positions in the companies described in these reports. You assume all risks of loss resulting, directly or indirectly, from the use of the Information contained in this report. By accepting receipt of this report, you agree to hold harmless the UFICO Parties from any and all claims, actions, damages, losses, liabilities, costs and expenses of any kind whatsoever, including any claims of negligence, arising out of, resulting from, by reason of, or in connection with the use of the Information contained in this report. This report contains certain "forward-looking statements," which may be identified by the use of such words as "believe," "expect," "anticipate," "should," "planned," "estimated," "potential" and other similar terms. Examples of forward-looking statements include estimates with respect to financial condition, market developments, and the success or lack of success of particular investments (and may include such words as "crash" or "collapse"). All are subject to various factors, including general and local economic conditions, changing levels of competition within certain industries and markets, changes in interest rates, changes in legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors that could cause actual results to differ materially from projected results. Comparable companies, strategies, portfolios and indices may be included in this report only as a context reflecting general market results during the depicted period or as of the specified date. The comparison of any company, strategy, portfolio or index to a single other portfolio may be inappropriate because the portfolio's assets, strategies and level of risk may vary materially from the comparable company, strategy, portfolio or index as a whole. This report is provided to you on a confidential basis and is intended solely for the use of the person to whom it is provided. It may not be modified, reproduced or redistributed in whole or in part without the prior written consent of UFICO.