

Report Date: 29-Dec-24

Invest Bank

ASE: INVB
End of Day Share Price: 22/12/2024 | Earnings: 30/09/2024

RATING:


Initiated Coverage 13/03/2024

We recommend **Holding INVB**. 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 1.56

Previous Rating					52- Week Price Range	Market Capitalization	Dividend Yield	Last Dividends
1	2	3	4	5	12/09/2024 JD 1.36- JD 1.56	JD 186.2 M	5.37%	JD 0.10 / share

Founded: 1982	Shares Outstanding: 125.0 M	Employees: 526	Volume(3m): 657.8 K	Ex-DIV Date: Apr 25, 24
----------------------	------------------------------------	-----------------------	----------------------------	--------------------------------

P/BV: 0.87x	Forward P/E: 6.61x	Volatility(annual): 23.3%	Public Float: 18.0 M	Sector: Banking
--------------------	---------------------------	----------------------------------	-----------------------------	------------------------

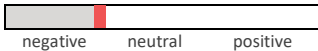
Invest Bank ("INVB" or the "Bank") a publicly listed Jordanian financial institution founded in 1982 and headquartered in Amman, offers comprehensive financial services across corporate, retail, investment banking, and asset management. The Bank operates an extensive branch network in Jordan and leverages digital platforms to enhance customer accessibility. Its four subsidiaries provide leasing and credit financing, including Islamic banking services.

Recently, INVB increased its paid-in capital by **JD 25 million** to strengthen its financial position and support growth, aligning with its strategic focus on innovation and market expansion. This move highlights the Bank's commitment to delivering advanced financial solutions to individual and corporate clients.

Recommendation Summary

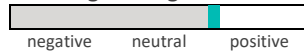
UFICO's **HOLD** recommendation on INVB is based on a systematic analysis of four key characteristics mentioned. While INVB demonstrates strong earnings growth and return on equity, as well as a modest dividend yield, the limited price appreciation potential and broader market uncertainties justify maintaining a Hold stance. Investors are encouraged to monitor quarterly results for further insights..

Relative Valuation



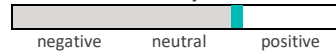
INVB's pricing appears potentially **undervalued** based on its P/E ratio, while its P/BV ratio suggests **overvaluation**. However, the Bank's dividend yield of **5.37%** is **below** the banking industry average.

Earnings Strength



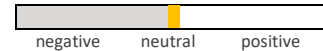
The Bank reported a **net interest margin** of **2.93%**, which is considered strong and reflects effective management of interest-earning assets and liabilities.

Financial Stability



INVB recorded a CAR of 15.26%, signaling a strong capital buffer in compliance with regulatory standards.

Price Movement



Based on technical indicators, the stock is rated **Hold** at its current 14-week RSI level, but its performance against the 200-Day Moving Average suggests a **Sell** signal.

Major Risks & Rewards

- **Dividend Income:** INVB has a strong track record of consistently distributing dividends.
- **Regulatory Oversight:** INVB operates under regulatory oversight, enhancing investor confidence in the stability and integrity of its operations within the financial system.
- **Diversification:** Including INVB stock in a diversified portfolio can mitigate risk and potentially enhance overall performance.
- **Digital Innovation:** INVB launched **Apple Pay** for its customers in 2024, continuing its focus on providing innovative, secure banking solutions
- **Credit Quality Risks** INVB 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:** INVB 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 INVB, influencing stock prices.
- **Liquidity Risks:** Due to lower trading volumes and limited liquidity, investors may encounter challenges in buying or selling INVB shares without impacting the stock's price and may face higher transaction costs as a result.

Report Date: 29-Dec-24

Invest Bank

ASE: INVB

Price as of 22-Dec-24

JD 1.49/Share

Peers Group Comparison

Ticker	Peer Name	Price	Mkt Cap*	EPS	P/E	P/BV	Yield	ROE	NIM	Credit/Deposits
		22/12/2024	22/12/2024	(Q3)	(Forward)	(MRQ)	(TTM)	(Forward)	(Forward)	(TTM)
INVB	Invest Bank	JD 1.49	186,250	JD 0.225	6.61x	0.86x	5.37%	13.24%	2.93%	87.37%
AJIB	Arab Jordan Investment Bank	JD 1.29	193,500	JD 0.098	13.10x	0.89x	7.75%	6.78%	2.13%	48.51%
CABK	Cairo Amman Bank	JD 1.04	208,000	JD 0.067	15.54x	0.47x	9.62%	3.03%	3.36%	87.38%
AHLI	Jordan Ahli Bank	JD 1.01	202,662	JD 0.084	11.97x	0.61x	7.92%	5.10%	2.82%	72.69%
Peer Group Weighted Average					13.56x	0.65x	8.43%	4.92%	2.79%	70.00%
Sector Weighted Average (excluding INVB)					7.18x	0.68x	6.77%	10.27%	3.20%	69.84%
Sector Median					11.19x	0.70x	7.26%	9.13%	2.94%	72.32%

* In JD Thousands

Past Performance

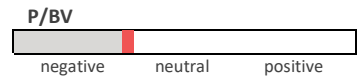
	2020	2021	2022	2023	2024*
Net Interest Margin	2.86%	2.85%	3.09%	3.25%	2.93%
Dividend/Share (JD)	0.12	0.10	0.10	0.10	NA
Earnings/Share (JD)	0.058	0.174	0.200	0.246	0.225
Return on Equity	3.24%	9.64%	10.67%	12.29%	13.24%

* annualized Q3 2024 results

Relative Valuation is **NEGATIVE**

Last Price	Market Cap	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
22/12/2024	22/12/2024	(Q3)	(Forward)	(MRQ)	(MRQ)	(2023)	(TTM)
JD 1.49	JD 186,250,000	JD 0.225	6.61x	JD 1.7	0.86x	JD 0.08	5.37%

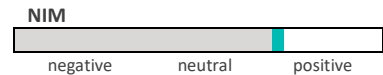
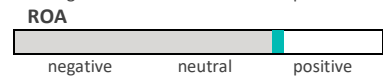
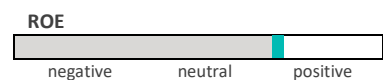
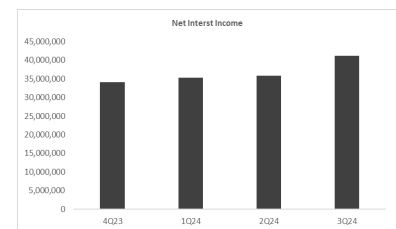
- **P/E vs Industry:** of 6.61x suggests that INVB is potentially undervalued compared to the weighted average and median P/E for the banking sector in Jordan as well as its peers.
- **P/BV vs. Industry:** of 0.86x suggests that INVB is potentially overvalued compared to the weighted average and median P/BV for the banking sector in Jordan.
- **Dividend Yield** of 5.37% is below its peers and the banking sector average and median.



Earning Strength is **POSITIVE**

3Q24 Results	Net Interest Income (YoY)	Net Income (YoY)	NIM	ROE	ROA
	JD 42.1 M (+6.31%)	JD 21.5 M (+11.9%)	2.93%	13.24%	1.47%

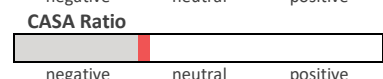
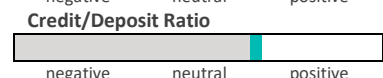
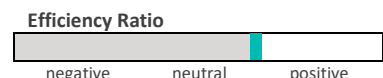
- **Return on Equity** of 13.24% indicates favorable profitability for shareholders, and it's above the industry average.
- **Return on Assets:** of 1.47% surpasses the industry norm of about 1.0% and implies that the Bank efficiently employs its assets to generate profits. This indicates effective management in utilizing resources to enhance profitability.
- **Net Interest Margin (NIM)** of 2.93% is generally considered healthy. 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**

3Q24 Results	Efficiency	Credit/Deposit	CASA	CAR	Leverage
(MRQ)	27.53%	87.37%	23.72%	15.26%	10.02%

- **Efficiency Ratio** of 27.53% demonstrates optimal operational efficiency, as an efficiency ratio of 55% or lower is considered ideal.
- **Credit/Deposit Ratio:** A high credit/deposit ratio (above 75.0%) indicates that a significant portion of the Bank's deposits are being utilized for lending efficiently.
- **CASA Ratio** of 23.72% represents the portion of low-cost and stable funds compared to the Bank's total deposits base. This suggests that a relatively smaller proportion of the Bank's



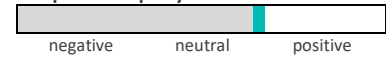
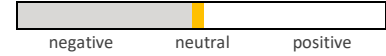
Report Date: 29-Dec-24

Invest Bank

ASE: INVB

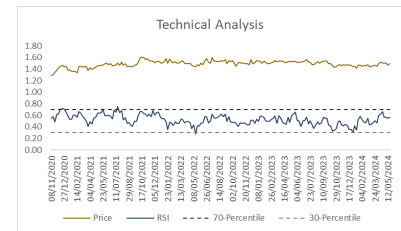
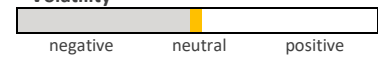
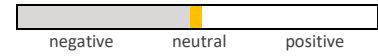
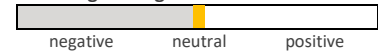
deposits are in the form of current and savings accounts. Typically, a CASA ratio above 45-50% is viewed favorably for banks.

- **Capital Adequacy Ratio:** INVB reported a CAR of 15.26%, indicating a good capital buffer, that aligns with the regulatory requirements set by the CBJ.
- **Leverage Ratio** of 10.02% indicates that INVB operates with moderate level of risk evident by its average leverage ratio compared to the sector. A higher leverage ratio implies a lower level of financial risk.

Capital Adequacy Ratio

Leverage Ratio

Price Movement is NEUTRAL
Annual Volatility: +/- 23.3%
14-Weeks RSI: 53.7
200-Day MA: 1.49

- **Volatility** of 23.3% indicates that INVB's stock price has historically experienced swings, leaning more on the high end.
- **14-Weeks RSI:** 53.7, observed over a 14-week period, indicates that the stock is entering oversold levels, which could be a potential good entry into the stock. 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 at its 200-day moving average, which acts as a support level. If the stock can break through this level, it may indicate upward momentum.

The stock is currently trading near a critical support level at JD 1.49. A rebound from this level would target the next resistance at JD 1.56, indicating a potential bullish outlook supported by the formation of a double bottom pattern. If the stock successfully breaks above the JD 1.56 resistance, it could signal a continuation of the uptrend, setting the next target at JD 1.64.

Price down 2.61% over the past year

Volatility

14-Weeks RSI

Moving Averages


Report Date: 29-Dec-24

Invest Bank

ASE: INVB
Price as of 22-Dec-24
JD 1.49/Share

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	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 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.