

Quarter Earnings: 31/3/2025

Annual Earnings: 31/12/2024

RATING:

1	2	3	4	5
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Initiated Coverage 29/02/2024

We recommend holding TIIC at this stage, as the stock offers solid fundamentals and consistent dividend returns; however, current valuations appear to fairly reflect its near-term growth prospects. 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 1.60

Previous Rating	52- Week Price Range	Market Capitalization	Dividend Yield	Last Dividend
1 2 3 4 5	03/04/2025 JD 1.518- JD 1.800	JD 27.23 M	6.06%	JD 0.10/share

Founded: 1996	Shares Outstanding: 16.5 M	Employees: 108	Volume(3m): 2.776 K	Ex-DIV Date: Apr 30, 25
P/BV: 1.02x	Forward P/E: 7.74x	Volatility(annual): 26.2%	Public Float: 2.54 M	Sector: Insurance

The Islamic Insurance Company ("TIIC" or the "Company"), established in 1996, is a leading provider of Sharia'-compliant insurance solutions in Jordan. Operating under the principles of Islamic Takaful, TIIC offers a range of insurance products tailored to meet the diverse needs of its clientele. In August 2024, the Company increased its capital to reach JD 16,500,000, further strengthening its financial position and enabling it to expand its operations and services.

Credit Rating: TIIC has been assigned a distinguished rating of 'A' (Single A) by the Islamic International Rating Agency (IIRA), reflecting its strong financial position and adherence to Islamic insurance principles.

Recommendation Summary

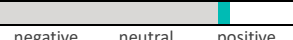
UFICO maintains a **Hold** recommendation on TIIC, reflecting a balanced view of its strengths and emerging risks. While the Company continues to demonstrate profitability and a healthy investment yield, its solvency ratio remains critically low, signaling limited capital resilience and raising concerns over long-term sustainability. Despite moderate premium growth and consistent dividend payouts, valuation metrics such as P/E and P/BV suggest the stock is fully valued relative to its sector. On the technical side, weak momentum and resistance near long-term moving averages limit near-term upside. Investors are advised to maintain existing positions while closely monitoring subsequent quarterly results for signs of capital improvement or earnings normalization before reconsidering a more constructive stance.

Relative Valuation



negative neutral positive
 TIIC's pricing appears to be **undervalued** in terms of its P/E ratio and **fairly priced** in terms of its P/BV ratios. The Company's dividend yield of 6.06% is **within** the average of dividend payers on the ASE and the insurance sector. Moreover, a stable dividend yield reflects consistent performance, making TIIC an attractive option for income-seeking investors.

Earnings Strength



negative neutral positive
 TIIC's profitability weakened in Q1 2025, with net income declining by 80.2% year-over-year, despite premiums written growing by 10.7% over the same period. This drop was primarily driven by a one-off provision related to Al Qard Al Hasan, which distorted short-term earnings.

Financial Stability



negative neutral positive
 TIIC's Combined Ratio indicates a near break-even underwriting result. The Company's Risk Retention Ratio reflects effective risk-sharing through reinsurance. However, the Solvency Ratio is notably weak, raising concerns about the Company's capital adequacy. Strengthening reserves and improving technical margins will be critical to sustaining long-term stability.

Price Movement



negative neutral positive
 At its current 14-week RSI, the stock is rated a **Hold**, while indicating a mixed signals based on its Moving Averages.

Major Risks & Rewards

- **Dividend Income:** TIIC has a strong track record of consistently distributing dividends, making it an attractive stock for income-focused investors.
- **Regulatory Oversight:** TIIC operates under regulatory oversight by the Central Bank of Jordan (CBJ), enhancing investor confidence in the stability and integrity of its operations within the financial system.
- **High Barrier to Entry:** Establishing an insurance company in Jordan entails significant barriers to entry, including the necessity of a substantial capital investment of JD 25 million, which could pose a challenge for potential newcomers.
- **Diversification:** Including TIIC stock in a diversified portfolio can mitigate risk and potentially enhance overall performance.
- **Underwriting Risk:** TIIC face the risk of underestimating claims or mispricing policies, leading to underwriting losses.
- **Investment Risk:** Insurers invest premiums to generate returns, exposing them to market risks such as volatility, interest rate fluctuations, and credit risk.
- **Regulatory Risk:** Changes in regulations can impact insurers' operations, capital requirements, and profitability.
- **Catastrophic Risk:** Insurers face the risk of large-scale losses from natural disasters, pandemics, or other catastrophic events.
- **Liquidity Risk:** Due to lower trading volumes and limited liquidity, investors may encounter challenges in buying or selling TIIC shares without impacting the stock's price and may face higher transaction costs as a result.

Report Date: 15-Jun-25

The Islamic Insurance

ASE: TIIC

Peers Group Comparison

		Price	Mkt Cap*	EPS	P/E	P/BV	Yield	ROE	Combined Ratio
		12/6/2025	12/6/2025	(TTM)	(Forward)	(MRQ)	12/6/2025	(Forward)	(Forward)
TIIC	The Islamic Insurance	JD 1.65	27,225	JD 0.013	7.74x	1.02x	6.06%	14.02%	100.43%
AAIN	Al-Nisr Al-Arabi Insurance	JD 4.10	41,000	JD 0.135	7.57x	0.79x	0.00%	10.30%	90.72%
MEIN	Middle East Insurance	JD 1.20	26,460	JD 0.049	11.44x	0.70x	5.83%	1.64%	96.89%
UNIN	The United Insurance Co.	JD 1.39	19,460	JD 0.002	15.70x	1.00x	0.00%	6.41%	97.59%
GIGJ	Gulf Insurance Group- Jordan	JD 3.10	80,600	JD 0.127	6.11x	1.37x	6.45%	23.01%	93.26%
FINS	First Insurance	JD 0.82	22,960	JD 0.023	8.90x	0.60x	0.00%	6.89%	90.23%
Peer Weighted Average					8.48x	1.02x	6.14%	13.66%	93.74%
Insurance Sector Median					8.90x	0.81x	-	7.00%	97.59%
Insurance Sector Weighted Average					9.17x	0.95x	6.12%	12.52%	97.49%

* In JD thousand

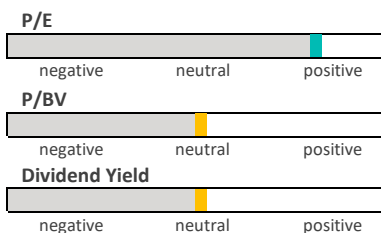
Past Performance

	2020	2021	2022	2023	2024	1Q24	1Q25
Dividend Yield	6.67%	5.84%	5.84%	5.46%	5.68%	-	6.06%
Dividend/Share (JD)	0.08	0.08	0.08	0.10	0.10	-	-
Earnings/Share (JD)	0.115	0.126	0.111	0.116	0.125	0.067	0.013
Return on Equity	8.17%	8.50%	7.20%	7.56%	8.82%	8.71%	14.02%

Relative Valuation: **NEUTRAL**

Last Price	Market Cap	EPS	P/E	BV/Share	P/B	DPS	Div. Yield
12/6/2025	12/6/2025	(TTM)	(Forward)	(MRQ)	(MRQ)	(2024)	12/6/2025
JD 1.65	JD 27.225 M	JD 0.013	7.74x	JD 1.61	1.02x	JD 0.10	6.06%

- **P/E vs Industry:** suggests that TIIC is undervalued compared to its peers and the sector.
- **P/BV vs. Industry:** suggests that TIIC is fairly valued compared to its peers and the sector
- **Dividend Yield** is within the average of dividend payers on the ASE and the insurance sector.

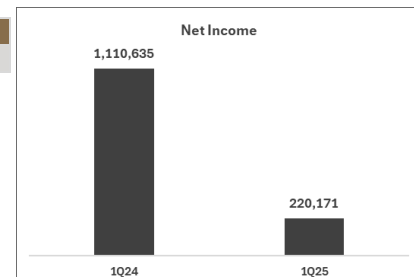


Earnings Strength: **POSITIVE**

1Q25 Results	Premiums Written	Net Income	Net Earnings Ratio	ROE	ROA
(TTM)	JD 12.9 M (+10.7%)	JD 0.22 M (-80.2%)	6.84%	14.02%	6.20%

TIIC delivered solid operational growth, with premiums written rising to JD 12.9 million, marking a +10.7% year-over-year increase, reflecting continued strength in underwriting activity and demand for Islamic insurance products. However, reported net income dropped sharply by 80.2% QoQ to JD 0.22 million, largely due to **a one-time Qard Al Hasan provision of JD 2.16 million**, granted by shareholders to cover a deficit in the policyholders' fund. After adjusting for this non-recurring item, normalized net income improves significantly, bringing key profitability ratios into clearer view

- **Return on Equity:** a marked improvement from Q124, indicating stronger profitability and capital efficiency.
- **Return on Assets:** Surpassing industry norms, implying effective utilization of assets.
- **Net Earnings Ratio** Adjusted for the provision, the net earnings ratio rises to 6.84%, indicating a healthy margin on earned premiums and solid cost management.

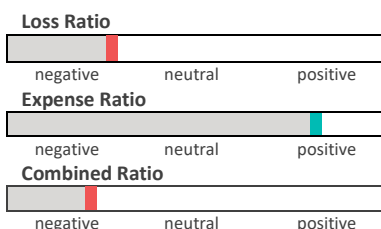


It is worth noting that the above suggests that TIIC's core business remains fundamentally sound, and the Q1 profit decline for FINS is not a reflection of weakening operations but rather **a strategic, Sharia-compliant financial support mechanism consistent with the Takaful model**. Therefore, forward-looking performance should normalize, assuming no further injections are required.

Operations Indicators: **NEUTRAL**

1Q25 Ratios	Loss	Expense	Combined	Investment Yield	Risk Retention	Solvency
(MRQ)	86.45%	13.97%	100.43%	5.45%	66.48%	66.00%

- **Loss Ratio:** is quite high, indicating that a significant portion of earned premiums is being spent on claims. This suggests potential challenges in underwriting or higher-than-expected claims, which could be a concern for profitability.



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The Islamic Insurance

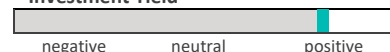
ASE: TIIC

Price as of 12-Jun-25

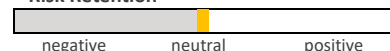
JD 1.65/Share

- **Expense Ratio:** is on the low side and indicates reasonable operational efficiency. However, when combined with the high loss ratio, it contributes to an unfavorable combined ratio.
- **Combined Ratio** suggests that the Company is generating an underwriting loss. This is a signal that adjustments in pricing, claims management, or cost control may be necessary.
- **Investment Yield:** is strong by insurance standards and plays a key role in offsetting technical losses, especially important in a Sharia-compliant setup where interest income is replaced by income from compliant assets.
- **Risk Retention:** is within the acceptable range, but suggests that the Company cedes over a third of its risk to reinsurers. While this lowers risk exposure, it also caps potential profitability and may reflect a cautious stance or regulatory capital constraint.
- **Solvency Ratio:** is well below conventional thresholds (typically >100% for comfortable coverage). This points to limited capital buffer and raises red flags about TIIC's ability to absorb future shocks or fulfill regulatory solvency requirements. The Qard Al Hasan facility in Q1 further supports this, as it signals a structural deficit in the policyholders' fund requiring shareholder intervention. This could pose a significant financial stability risk.

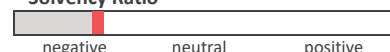
Investment Yield



Risk Retention



Solvency Ratio



Price Movement: NEUTRAL

Annual Volatility: +/- 26.2%

14-Weeks RSI: 39.731

200-Day MA: 1.514

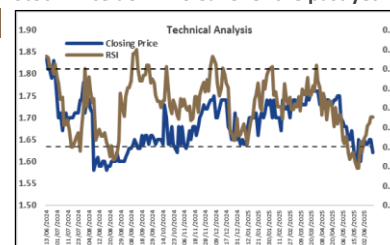
- **Volatility** suggests that TIIC's stock price has exhibited moderate fluctuations indicating moderate level of risk, suitable for swing trading and long-term investment.
- **14-Weeks RSI** suggests that TIIC is approaching but not yet entering oversold territory. This implies that while selling pressure is heavy, there remains room for further downside before a technical bounce becomes likely. 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 this level, signaling a **buying** opportunity. However, most moving averages across short, and medium-term timeframes indicate a "Sell," reflecting mixed technical signals.

Based on current technical indicators, TIIC is exhibiting signs of sustained downward pressure, though a potential medium-term base may be forming. While bearish momentum is dominant, the stock may be nearing a short-term exhaustion point, especially if buying interest increases near critical support. Price movements have been relatively wide, offering both trading opportunity and risk, particularly for short- to medium-term positioning.

The stock would need to break through its 200 MA level decisively to shift sentiment from bearish to neutral or bullish. Until that happens, the 200-day MA continues to confirm a long-term downtrend. On the downside, key support levels are identified around JD 1.25, followed by a psychological support at JD 1.00—a level that has historically held as a price floor for local investors. Immediate resistance levels are seen around JD 1.40, which aligns with prior failed breakouts and minor Fibonacci retracement zones. A move above this level, especially with volume confirmation, could signal the beginning of a recovery rally toward the JD 1.50– JD 1.55 range.

From an investment strategy standpoint, TIIC is best suited for contrarian or value-oriented investors willing to accumulate gradually in anticipation of long-term recovery. Short-term traders should remain cautious unless RSI signals a confirmed bullish divergence or the price action forms a reversal pattern near support. Risk-averse investors are advised to wait for a break and close above the 50-day MA before initiating new positions. Overall, the stock is currently in a technically weak posture, but is approaching zones where accumulation becomes more attractive, especially for those with a longer horizon and tolerance for short-term volatility. Until then, the recommendation is **Hold**, with a Buy on weakness near JD 1.20– JD 1.25 and a technical confirmation Buy above JD 1.40.

Stock Price down 10.3% over the past year



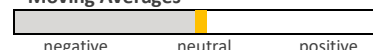
Volatility



14-Weeks RSI



Moving Averages



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The Islamic Insurance

ASE: TIIC

Price as of 12-Jun-25

JD 1.65/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 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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