

Report Date: 29-Mar-25

# Invest Bank

ASE: INVB

Annual Earnings: 31/12/2024

## RATING:



Initiated Coverage 13/03/2024

We recommend **Buying 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 1.65**

Previous Rating					52- Week Price Range	Market Capitalization	Dividend Yield	Dividends
1	2	3	4	5	30/12/2024 JD 1.298- JD 1.660	JD 198.75 M	6.29%	JD 0.10 / share
Founded: 1982		Shares Outstanding: 125.0 M		Employees: 526		Volume(3m): 27.98 K		Ex-DIV Date: Apr 24, 25
P/BV: 0.81x		Current P/E: 7.50x		Volatility(annual): 31.54%		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. During 2024, 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

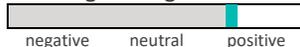
UFICO’s **BUY** recommendation on INVB is due to its attractive P/E ratio, reasonable profitability, strong efficiency, and capital adequacy metrics. The stock is rated a Buy based on its 14-week RSI level and 200-Day Moving Average, indicating positive momentum. Despite concerns over declining NIM, low CASA ratio, and moderate coverage, the overall fundamentals and technical indicators support a positive outlook.

### Relative Valuation



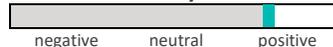
negative neutral positive  
 INVB’s pricing appears potentially **undervalued** based on its P/E ratio, while its P/BV ratio suggests **overvaluation**. However, the Bank’s dividend yield is **below** the banking industry average.

### Earnings Strength



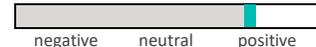
negative neutral positive  
 The Bank showed moderate growth in both NII and Net Income, but the declining NIM is a concern. Despite the slight reduction in ROE, the Bank has maintained a reasonable level of profitability.

### Financial Stability



negative neutral positive  
 INVB has strong efficiency and capital adequacy metrics. However, its low CASA ratio and moderate coverage ratio are areas of concern. The credit/deposit ratio is on the high side but not necessarily problematic, suggesting the need for closer monitoring.

### Price Movement



negative neutral positive  
 Based on technical indicators, the stock is rated **Buy** at its current 14-week RSI level and 200-Day Moving Average.

## 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.

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Price as of 26-Mar-25

**JD 1.59/Share**

## Peers Group Comparison

Ticker	Peer Name	Price	Mkt Cap*	EPS	P/E	P/BV	Yield	ROE	NIM	Credit/Deposits
		26/3/2025	26/3/2025	(2024)	(Current)	(MRQ)	(TTM)	(2024)	(2024)	(MRQ)
<b>INVB</b>	<b>Invest Bank</b>	<b>JD 1.59</b>	<b>198,750</b>	<b>JD 0.212</b>	<b>7.50x</b>	<b>0.81x</b>	<b>6.29%</b>	<b>11.67%</b>	<b>2.86%</b>	<b>92.22%</b>
AJIB	Arab Jordan Investment Bank	JD 1.26	189,000	JD 0.107	11.82x	0.85x	7.94%	7.25%	2.05%	46.14%
CABK	Cairo Amman Bank	JD 1.04	208,000	JD 0.083	12.56x	0.44x	5.77%	3.64%	3.43%	90.55%
AHLI	Jordan Ahli Bank	JD 1.06	212,694	JD 0.089	11.95x	0.64x	7.55%	5.33%	2.83%	74.62%
<b>Peer Group Weighted Average</b>					<b>12.12x</b>	<b>0.63x</b>	<b>7.08%</b>	<b>5.35%</b>	<b>2.79%</b>	<b>71.23%</b>
<b>Sector Weighted Average (excluding INVB)</b>					<b>7.76x</b>	<b>0.72x</b>	<b>6.83%</b>	<b>10.13%</b>	<b>3.08%</b>	<b>70.59%</b>
<b>Sector Median</b>					<b>11.82x</b>	<b>0.69x</b>	<b>7.55%</b>	<b>8.09%</b>	<b>2.83%</b>	<b>71.36%</b>

\* In JD Thousands

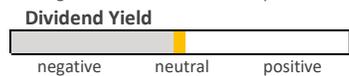
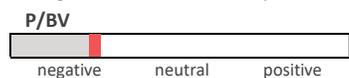
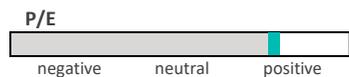
## Past Performance

	2020	2021	2022	2023	2024
Net Interest Margin	2.86%	2.85%	3.09%	3.25%	2.86%
Dividend/Share (JD)	0.12	0.10	0.10	0.10	0.10
Earnings/Share (JD)	0.058	0.174	0.200	0.246	0.212
Return on Equity	3.24%	9.64%	10.67%	12.29%	11.67%

## Relative Valuation is **NEUTRAL**

Last Price	Market Cap	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
26/3/2025	26/3/2025	(2024)	(Current)	(2024)	(MRQ)	(2024)	26/3/2025
JD 1.59	JD 198,750,000	JD 0.212	7.50x	JD 1.97	0.81x	JD 0.10	6.29%

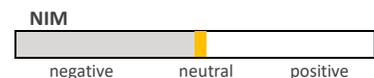
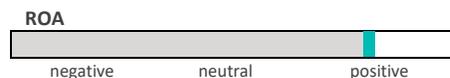
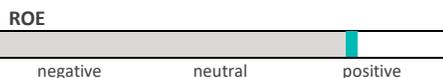
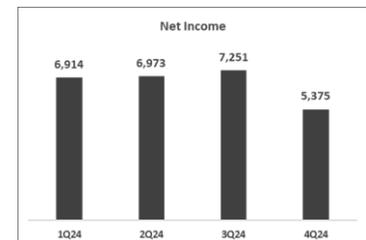
- **P/E vs Industry:** of 7.50x suggests that INVB is potentially undervalued compared to the weighted average for the banking sector in Jordan as well as its peers.
- **P/BV vs. Industry:** of 0.81x suggests that INVB is potentially overvalued compared to the weighted average and median P/BV for the banking sector in Jordan.
- **Dividend Yield** of 6.29% is below its peers and the banking sector average and median.



## Earning Strength is **POSITIVE**

FY24 Results	Net Interest Income	Net Income	NIM	ROE	ROA
	JD 56.2 M (+6.76%)	JD 26.5 M (+7.65%)	2.86%	11.65%	1.35%

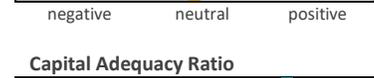
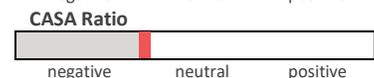
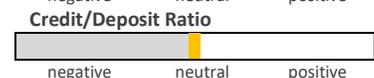
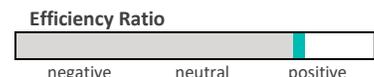
- **Return on Equity** of 11.65% indicates favorable profitability, though slightly lower than 2023. This is still considered acceptable but shows a minor decline likely caused by the lower NIM.
- **Return on Assets:** of 1.35% implies that the Bank efficiently employs its assets to generate profits. This indicates effective management in utilizing resources to enhance profitability.
- **Net Interest Margin (NIM)** is relatively low, especially given the declining trend observed compared to the 3.25% in 2023. This suggests either higher funding costs, increased competition, or a shift in asset composition to lower-yielding instruments.



## Operations Indicators is **POSITIVE**

FY 24 Results	Efficiency	Credit/Deposit	CASA	Coverage	CAR	Leverage
	28.67%	92.22%	20.82%	75.64%	16.08%	9.79%

- **Efficiency Ratio** of 28.67% demonstrates optimal operational efficiency, as an efficiency ratio of 50% 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 20.82% shows that only a small portion of the bank's deposits are low-cost current and savings accounts, which could mean a higher cost of funds. Improving this ratio could positively impact the NIM. Typically, a CASA ratio above 45-50% is viewed favorably for banks.
- **Coverage Ratio:** of 75.64% indicates an acceptable buffer against potential credit losses but below the 100% threshold. This figure represents the provisions set aside as a percentage of stage 3 loans, which is considered conservative.

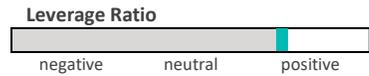


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- **Capital Adequacy Ratio:** INVB reported a CAR of 16.08%, indicating a good capital buffer, that aligns with the regulatory requirements set by the CBJ.
- **Leverage Ratio** of 9.79% is generally considered healthy. It suggests a moderate level of risk, but this is on the higher end, indicating a significant portion of assets are financed through debt.



### Price Movement is **POSITIVE**

Annual Volatility: +/- 31.54%      14-Weeks RSI: 58.84      200-Day MA: 1.434

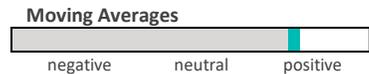
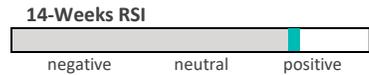
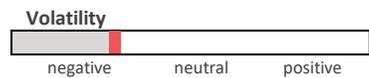
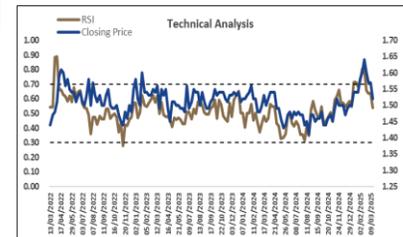
- **Volatility** of 31.54% indicating high price fluctuations over the course of the year. This suggests a relatively risky stock with the potential for sharp price movements, both upward and downward.
- **14-Weeks RSI:** 58.84, observed over a 14-week period, which places the stock within the neutral to slightly overbought range. It indicates steady buying pressure but is not yet at a level suggesting overvaluation or an imminent correction. 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, which is a **bullish signal**, suggesting positive sentiment and momentum in the stock.

INVB is exhibiting a moderately positive technical setup. The stock is trading above its 200-day MA, which is a bullish indicator. Additionally, the RSI level suggests that the stock is gaining momentum but has not yet entered overbought territory.

Given the overall setup, the recommendation is to **hold the stock with a cautious bullish outlook**. Monitor price action around the JD 1.65 resistance level. If it breaks above this level with strong volume, it could present a buying opportunity. Conversely, if the stock fails to maintain support at JD 1.43, investors may consider reducing their positions.

- **Short-Term Traders:** Buy on breakout above JD 1.65 targeting JD 1.70 - JD 1.75, with stop-loss below JD 1.434.
- **Long-Term Investors:** Accumulate near JD 1.434 or above JD 1.50 for a target of JD 1.75 - JD 1.85. Monitor for consistent trading below JD 1.434 as an exit signal.
- **Aggressive Buyers:** Buy on pullbacks to JD 1.50 - JD 1.55 or on breakouts above JD 1.65. Short-term target: JD 1.75 - JD 1.80. Tight stop-loss at JD 1.45 due to high volatility.

### Price up 4.61% over the past year



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**Price as of 26-Mar-25**
**JD 1.59/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.

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