

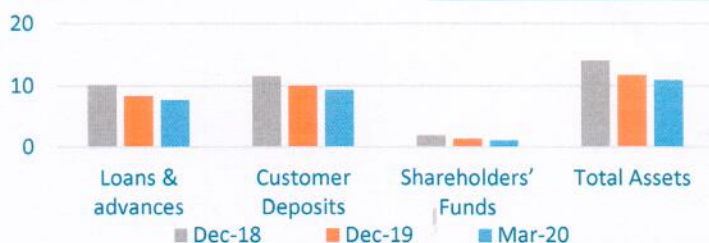
Management Discussion & Analysis

Invest Bank Financial Highlights

For the period ended 31 March 2020

Financial Statements – Summary

Income Statement				Balance Sheet			
(AED million)	Mar 2020	Mar 2019	Var.	(AED million)	Mar 2020	Dec 2019	Var.
Net interest income	44	57	-23%	Loans & advances	7,794	8,313	-6%
Net fees and commission	31	43	-28%	Customer Deposits	9,414	9,906	-5%
Operating income	75	100	-25%	Shareholders' Funds	1,143	1,286	-11%
				Total Assets	10,966	11,705	-6%
Net impairment	(120)	(147)	-18%				
Net operating loss	(45)	(47)	-4%				
Operating expenses	(54)	(59)	-8%				
Net loss	(99)	(106)	-7%				
Basic EPS (Fils)	(3.13)	(6.68)					



Key Ratios

	2020	2019		2020	2019
Capital adequacy ratio	12.1%	12.3%	Liquid asset ratio	14.3%	15.5%
Tier 1 ratio	11.0%	11.2%	Loans to deposit ratio	82.8%	83.9%
Advances stable resources	88.0%	90.7%			

During the first quarter of 2020, Invest Bank ("the Bank") made progress advancing its transformation strategy, which is focused on streamlining its operations, increasing efficiencies and reducing costs. This approach, which has been pursued to increase shareholder value, allowed the Bank to reduce operating expenses by 8% in Q1 2020 to AED 54 million. Executing on the transformation strategy will continue for the remainder of the year.

Due to the major steps taken to enhance Invest Bank's corporate governance, and to strengthen its processes around credit underwriting and risk monitoring, impairment provisions booked for Q1 2020 were AED 120 million, 18% lower than the previous year despite a AED 45 million overlay booked for the potential economic impact of the COVID-19 pandemic. It is worth noting that the Bank's loan book has low exposure to sectors hardest hit by the health crisis, including tourism, hospitality and entertainment. However, the Bank's net loss for Q1 2020 dropped by 7% to AED 99 million from AED 106 million.

Invest Bank's operating income for Q1 2020 was AED 75 million, down 25% from the prior period (Q1 2019: AED 100 million), due to lower net interest income resulting from decline in the market interest rates and the impact of non-performing loans classified in 2019

8

The Bank's assets stood at AED 11.0 billion as of 31 March 2020, down 6% from the AED 11.7 billion recorded at year-end 2019, due to the repayment of loans and advances during Q1 2020 and impairment charges of AED 120 million. A further revaluation loss of AED 44 million was booked against the Bank's portfolio of equity investments as markets declined in Q1 2020 amidst fears of the consequences of COVID-19. Subsequent to the quarter end, the investment portfolio registered an improvement of AED 15 million by the end of June 2020. The Bank's capital adequacy ratio fell slightly in Q1 2020 to 12.1% (31 December 2019: 12.3%), remaining above the revised regulatory limit set by the Central Bank of the UAE. Customer deposits stood at AED 9.4 billion as of 31 March 2020, down 5% from 31 December 2019.

-Ends-

About Invest Bank

Invest Bank is a Sharjah-based public shareholding company established in 1975. The Bank's shares are publicly traded on the Abu Dhabi Securities Market (ADX). The Bank has total assets of AED 11.0 billion as at 31 March 2020.

In its 45 years of operations, Invest Bank has grown into a diversified full-service bank providing a wide range of corporate and retail banking services. This steady growth is rooted in Invest Bank's commitment to customer service and building lasting partnerships.

The Bank operates a network of 8 branches in the United Arab Emirates and an international branch in Lebanon.

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