

Management Discussion & Analysis

Invest Bank Financial Highlights

For the period ended 30 June 2020

Financial Statements – Summary							
Income Statement			Balance Sheet				
(AED million)	Jun 2020	Jun 2019	Var.	(AED million)	Jun 2020	Dec 2019	Var.
Net interest income	63	115	-45%	Loans & advances	7,760	8,313	-7%
Net fees and commission	66	89	-26%	Customer Deposits	9,470	9,906	-4%
Operating income	129	204	-37%	Shareholders' Funds	1,121	1,286	-13%
Net impairment	(168)	(270)	-38%	Total Assets	11,166	11,705	-5%
Net operating loss	(39)	(66)	-41%				
Operating expenses	(97)	(114)	-15%				
Net loss	(136)	(180)	-24%				
Basic EPS (Fils)	(4.28)	(5.66)					



Key Ratios					
	Jun 2020	Dec 2019		Jun 2020	Dec 2019
Capital adequacy ratio	11.9%	12.3%	Liquid asset ratio	14.0%	15.5%
Tier 1 ratio	10.8%	11.2%	Loans to deposit ratio	81.9%	83.9%
Advances stable resources	86.1%	90.7%			

Invest Bank's ("the Bank") operating income for H1 2020 was AED 129 million, down from AED 204 million in H1 2019, as the impact of non-performing loans classified in 2019, combined with the low rate environment, reduced net interest income. Meanwhile, unprecedented market conditions brought about by the global COVID-19 pandemic contributed to lower fees and commissions.

Despite economic headwinds, the Bank continued to advance its transformation strategy, which is centred around increasing efficiencies and reducing costs. This led to a 15% reduction in operating expenses for the first six months of 2020 to AED 97 million. The Bank remains committed to progressing its transformation strategy in H2 2020 as it seeks to find further efficiencies and reduce costs.

The Bank's net loss in H1 2020 fell 24% to AED 136 million from AED 180 million for the same period in 2019. The improvement follows initiatives taken by the Bank to improve its corporate governance and strengthen processes around credit underwriting and risk monitoring, which resulted in impairments falling 38% to AED 168 million. This was achieved despite additional provisions booked in anticipation of the economic fallout from COVID-19.

Despite these macroeconomic challenges, the Bank managed to maintain robust liquidity levels. The loans-to-deposits ratio stood at 81.9% at 30 June 2020, predominantly attributable to the stable deposit base. Customer deposits stood at AED 9.5 billion as of 30 June 2020, while the Bank's loan book was AED 7.7 billion.

The Bank's total assets were AED 11.2 billion as of 30 June 2020, down 5% from the AED 11.7 billion recorded at year-end 2019, but higher than AED 11.0 billion reported at 31 March 2020. Its capital adequacy ratio has fallen slightly over the last six months to 11.9% (31 December 2019: 12.3%) but remains above the regulatory limit set by the Central Bank of the UAE.

Supported by its majority shareholder, the Government of Sharjah, the Bank's has continued to demonstrate operational resilience during a challenging period, delivering a high-level of service to its customers and value to shareholders. Further enhancing clients' banking experience is a priority for Invest Bank and will remain a focus in the second half of 2020 as the UAE's economy recovers from the effects of COVID-19.

-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 11.2 billion as at 30 June 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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