


Management Discussion & Analysis

Invest Bank Financial Highlights

For the period ended 30 September 2019

Financial Statement – Summary

Income Statement (AED millions)	9 months	9 months	YoY. %	Balance Sheet (AED millions)					
	2019	2018		Sep 2019	Jun 2019	QoQ %	Dec 2018	YTD %	
Net interest income	165	315	-48%	Loans & advances	8,856	9,250	-4%	10,075	-12%
Non-interest income	125	178	-30%	Customer deposits	9,715	9,464	3%	*11,520	-16%
Operating income	290	493	-41%	Shareholders' funds	1,638	1,683	-3%	*1,862	-12%
Net impairment	(353)	(502)	30%	Total assets	11,833	11,694	1%	14,026	-16%
Net operating loss	(63)	(9)	-						
Operating expenses	(166)	(173)	-4%						
Net loss for the period	(229)	(182)	-26%						
Basic EPS (fils)	(7.20)	(11.5)							

Key Ratios	Sep 2019	Jun 2019	Mar 2019	Dec 2018
Capital adequacy ratio	13.8%	13.6%	*13.3%	*13.8%
Liquid asset ratio	14.1%	10.4%	*6.7%	*15.4%
Loan to deposit ratio	91.2%	97.7%	*102.7%	*87.5%

* Customer deposit and equity adjusted for the capital injection.

Management Statement

Invest Bank's ("the Bank") operating income reached AED 290 million for the first nine months of 2019, a fall of 41% on the same period in 2018, mainly due to lower net interest income. The Bank reduced operating expenses by 4% to AED 166 million for the nine-month period, as the bank started implementing a transformation strategy, focused on efficiency, that will continue into next year.

The Bank's assets stood at AED 11.8 billion as at 30 September 2019, up 1% from the AED 11.7 billion recorded as of 30 June 2019. The Bank increased its capital adequacy ratio to 13.8% (30 June 2019: 13.6%), above the regulatory limit set by the Central Bank of the UAE.

As result of the major steps taken to enhance its corporate governance, strengthen processes around credit underwriting and risk monitoring, and to comprehensively evaluate legacy loans, the Bank managed to prevent a further deterioration in the loan book. Impairment provisions booked during the period ended 30 September 2019 reached AED 353 million, lower than the AED 1.7 billion of impairment provisions booked for FY 2018.

Despite a challenging period, the Bank managed to maintain its liquidity levels and the loan-to-deposit ratio stood at 91.2% at 30 September 2019, which is mainly attributable to the stable deposit base. Customer deposits stood at AED 9.7 billion as of 30 September 2019, up 3% of the previous quarter, while the Bank's loan book was AED 8.6 billion.

In order to prepare the Bank for its future business needs, Invest Bank's shareholders agreed a strategic investment with the Government of Sharjah in April 2019. This agreement, which represents a total capital injection of AED 1.9 billion, is a two-stage process in which the Government of Sharjah will follow the AED 1.115 billion of equity capital it provided to the Bank in April 2019 by underwriting a rights issue of AED 785 million later in the year.

Invest Bank recently had its BBB- rating reaffirmed by Capital Intelligence while the outlook was revised from negative to stable based on this improving position.

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 11.8 billion as at 30 September 2019.

In its 43 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 15 branches in the United Arab Emirates and an international branch in Lebanon.

