

Management Discussion & Analysis

Invest Bank Financial Highlights

For the nine month period ended 30 September 2022

Financial Statements – Summary							
Income Statement				Balance Sheet			
(AED million)	Q3 2022	Q3 2021	Var.	(AED million)	Sep 2022	Dec 2021	Var.
Net interest income	61	103	-41%	Cash and deposits with CB	591	1,446	-59%
Net fees and commission	49	41	20%	Investments	2,087	2,012	4%
Operating income	110	144	-24%	Loans & advances	4,834	5,930	-18%
Operating expenses	(125)	(109)	15%	Customer Deposits	7,624	8,471	-10%
Operating (loss) / profit before impairment charge	(15)	35	-143%	Shareholders' Funds	320	621	-48%
Net impairment charge	(112)	(218)	-49%	Total Assets	8,177	10,060	-19%
Loss for the period	(127)	(183)	-31%				
Basic EPS (Fills)	(3.99)	(5.75)					

Key Ratios

Capital adequacy ratio	6.1%	9.3%
Liquid asset ratio	11.0%	18.6%
Loans to deposit ratio	63.4%	70.0%

The Bank reported operating income of AED 110M for nine month period ended 30 September 2022. Lower net interest income is mainly on account of lower level of average volumes of loans and advances and lower level of recoveries compared to corresponding period last year. The Bank has benefited from focus on exiting high yielding deposits on the back of liquidity support made available by the Government of Sharjah and central Bank of the UAE. Non-interest income for the period is higher on account of revaluation gains for period ended 30 September 2022. Operating expenses were higher due to transformation expenses and our continued investment in the business.

The net loss for the period is AED 127M, 31% lower when compared to the corresponding period last year mainly on account of lower impairment charge of AED 112M (2021: AED 218M). This was partially offset by decrease in revenue for the period by 24% against last year to reach AED 110M.

The Bank's total assets were AED 8.2 Billion (AED 10.1B at YE 2021), down by 19%, mainly due to decrease in loans and advances by 18% and lower cash & deposit with the Central Bank as financing under repo arrangement was settled during the period.

Shareholders' fund reached AED 320M on account of an exceptional foreign currency translation loss of AED 173M on our Lebanon branch. Since the adoption of Sayrafa rate – published on BDL portal (the Central bank of Lebanon), which is more reflective of the market foreign exchange rate as compared to the official US\$/LBP rate which is pegged to the US\$ at 1,507.5. The Sayrafa exchange rate is US\$/LBP 29,800 as at 30 September 2022.

The Bank's majority shareholder, the Government of Sharjah, in close coordination with the Central Bank of UAE, is diligently working to strengthen the Bank's capital base through a capital solution which received the final CBUAE approval in late June 2022 and the Bank is at the final stages of getting remaining approvals to finalize the solution.

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