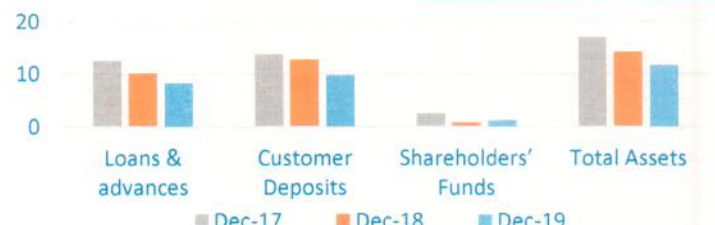


Management Discussion & Analysis

Invest Bank Financial Highlights

For the year-ended 31 December 2019

Financial Statements – Summary							
Income Statement				Balance Sheet			
(AED million)	Dec 2019	Dec 2018	Var.	(AED million)	Dec 2019	Dec 2018	Var.
Net interest income	200	394	-49%	Loans & advances	8,313	10,075	-17%
Net fees and commission	134	205	-35%	Customer Deposits	9,906	12,635	-22%
Operating income	305	508	-40%	Shareholders' Funds	1,286	747	+72%
Net impairment	(634)	(1,695)	-63%	Total Assets	11,705	14,026	-17%
Net operating loss	(329)	(1,187)	-72%				
Operating expenses	(250)	(286)	-13%				
Net loss	(579)	(1,472)	-61%				
Basic EPS (Fils)	(18.2)	(92.7)					

Key Ratios					
	2019	2018		2019	2018
Capital adequacy ratio	12.3%	6.2%	Liquid asset ratio	15.5%	14.8%
Tier 1 ratio	11.2%	5.1%	Loans to deposit ratio	83.9%	79.6%
Advances stable resources	90.7%	91.3%			

During 2019, 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 with the aim of increasing shareholder value while minimizing disruption to customers, allowed the Bank to reduce operating expenses by 13% in 2019 to AED 250 million. The trend is expected to continue into 2020 as seven of Invest Bank’s quieter branches have now had their banking services successfully amalgamated into nearby branches.

Furthermore, as a result of the major steps taken to enhance Invest Bank’s corporate governance, strengthen its processes around credit underwriting and risk monitoring, and to comprehensively evaluate legacy loans, the Bank also managed to prevent a further deterioration in the loan book in 2019. Impairment provisions booked for FY 2019 were AED 634 million, 63% lower than the AED 1.7 billion booked in the previous year. As such, Invest Bank’s net loss for the year dropped by 61% to AED 579 million from AED 1.47 billion.

Invest Bank’s operating income for FY 2019 was AED 305 million, down 40% from the previous year (FY 2018: AED 508 million), due to lower net interest income resulting from the impact of non-performing loans classified during Q4 2018.

The Bank’s assets stood at AED 11.7 billion as of 31 December 2019, down 17% from the AED 14 billion recorded in the previous year. However, the Bank increased its capital adequacy ratio to 12.3% (31 December 2018: 6.2%), above the regulatory limit set by the Central Bank of the UAE, excluding the capital conservation buffer.

Despite a challenging market environment, the Bank enhanced its liquidity levels in 2019. The loan-to-deposit ratio reached 83.9% as of 31 December 2019 (79.6% at 31 December 2018) and the liquid adequacy ratio improved to 15.5% from 14.8%, due to an increasingly stable deposit base.

Customer deposits stood at AED 9.9 billion as of 31 December 2019, a rise of 2% from Q3 2019, but down 14% from 31 December 2018 after adjusting for the impact of the Government of Sharjah's AED 1.1 billion deposit that was converted to equity during the year. In 2018, Invest Bank entered into an agreement with the Government of Sharjah whereby the Government acquired a 50.07% controlling interest in the Bank through a "Strategic Investment". Within the same agreement, the Government of Sharjah agreed to fully underwrite a rights issue of up to AED 800 million.

In 2019, Invest Bank had its BBB- rating reaffirmed by Capital Intelligence, while the outlook was revised from negative to stable based on this improving position.

Commenting on the results, H.E. Sheikh Sultan Bin Ahmed Al Qasimi, Chairman of Invest Bank, said:

"Invest Bank continued to transform its banking operations in 2019, focusing on optimising its branch network to meet the needs of corporate banking clients while increasing value for shareholders. Impairments reduced significantly in 2019, and the Bank now has robust corporate governance measures in place to prevent a further deterioration of the loan book. The support of the Government of Sharjah as a strategic investor has represented a major source of assurance to Invest Bank's stakeholders, enabling the Bank to stabilise its depositor base and enhance liquidity levels. The Government's steadfast support will remain a key source of strength for the Bank given the challenging operating environment, precipitated by the COVID-19 outbreak and lower oil prices, that will continue to dampen the macroeconomic environment in 2020."

-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 11.7 billion as at 31 December 2019.

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 7 branches in the United Arab Emirates and an international branch in Lebanon.

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The image shows a circular blue stamp of the General Management of Invest Bank, Sharjah. The stamp contains the text "INVEST BANK", "GENERAL MANAGEMENT", and "SHARJAH". A blue ink signature is written over the stamp.