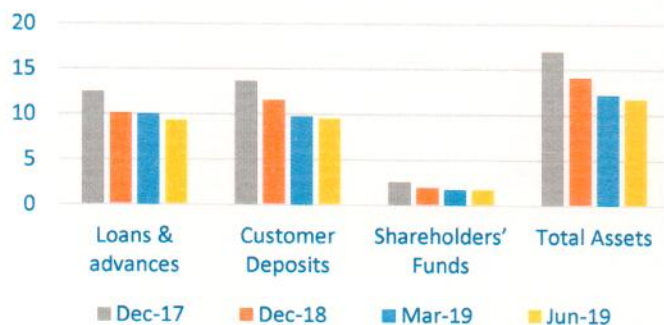


Management Discussion & Analysis

Invest Bank Financial Highlights

For the period ended 30 June 2019

Financial Statement – Summary												
Income Statement							Balance Sheet					
(AED millions)	Q2 2019	Q1 2019	QoQ %	H1 2019	H1 2018	YoY. %	(AED millions)	30 Jun 2019	31 Mar 2019	QoQ %	31 Dec 2018	YTD %
Net interest income	58	57	2%	115	222	-48%	Loans & advances	9,250	10,051	-8%	10,075	-8%
Non-interest income	46	43	7%	89	117	-24%	Customer deposits	9,464	*9,787	-3%	*11,520	-18%
Operating income	104	100	4%	204	339	-40%	Shareholders' funds	1,683	*1,760	-4%	*1,862	-10%
Net impairment	(124)	(146)	15%	(270)	(290)	7%	Total assets	11,694	12,164	-4%	14,026	-17%
Net operating (loss) / profit	(20)	(46)	57%	(66)	49	-						
Operating expenses	(54)	(60)	10%	(114)	(121)	6%						
Net loss for the period	(74)	(106)	30%	(180)	(72)	-150%						
Basic EPS (fils)	<u>(2.32)</u>	<u>(6.67)</u>		<u>(5.65)</u>	<u>(4.52)</u>							



* Customer deposit and equity adjusted for the capital injection.

Invest Bank's ("the Bank") net interest income for Q2 2019 came in at AED 58 million, stabilizing from the previous quarter. For H1 2019, net interest income fell to AED 115 million from the AED 222 million recorded in the corresponding period of 2018.

Operating income reached AED 104 million in Q2 2019, increasing 4% from Q1 2019, primarily driven by a rise in non-interest income. However, operating income for H1 2019 was AED 204 million, down 40% year-on-year. Net operating loss for the period was AED 20 million, narrowing from the previous quarter as lower impairment losses were booked. However, as a result of Management's decision to undergo a comprehensive review of legacy loans, and in light of prevailing challenges in the macro environment, net operating loss for H1 2019 came in at AED 66 million.

Quarter-on-quarter, the Bank reduced operating expenses by 10%, which helped narrow net loss for the period to AED 74 million. Net loss for H1 2019 was AED 180 million compared to net loss of AED 72 million in H1 2018.

The sequential improvement follows major steps taken by the Bank to enhance its corporate governance, strengthen processes around credit underwriting and risk monitoring, and a comprehensive evaluation of legacy loans.

The Bank's assets stood at AED 11.7 billion as at 30 June 2019, down 17% from the AED 14.0 billion recorded as of 31 December 2018. This was due to ongoing measures taken by the Bank to deleverage its balance sheet. The Bank currently has a capital adequacy ratio of 13.6% (31 December 2018: 13.8%), above the regulatory limit set by the Central Bank of the UAE.

Despite a challenging period, the Bank managed to maintain its liquidity levels and the loan-to-deposit ratio stood at 97.7% at 30 June 2019, which is mainly attributable to the stable deposit base. Customer deposits stood at AED 9.5 billion as of 30 June 2019, while the Bank's loan book was AED 9.3 billion.

In order to prepare the Bank for its future business needs, the 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.

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 30 June 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.

