


## Management Discussion & Analysis

### Invest Bank Financial Highlights

#### For the six month period ended 30 June 2017

Financial Statements - Summary												
Income Statement							Balance Sheet					
(AED million)	H1 2017	H1 2016	Var.	Q2 2017	Q2 2016	Var.	(AED million)	June 2017	Dec 2016	Var. YTD	June 2016	Var. YOY
Net Interest Income	253	260	-3%	129	130	-1%	Loans & advances	12,536	11,953	5%	11,478	9%
Non - Interest Income	121	121	-	67	58	16%	Customer Deposits	12,560	12,177	3%	11,477	9%
<b>Total Operating Income</b>	<b>374</b>	<b>381</b>	<b>-2%</b>	<b>196</b>	<b>188</b>	<b>4%</b>	Shareholders' Funds	3,001	2,961	1%	2,877	4%
Net Impairment	(97)	(116)	-16%	(62)	(54)	14%	<b>Total Assets</b>	<b>16,423</b>	<b>16,125</b>	<b>2%</b>	<b>15,095</b>	<b>9%</b>
<b>Net Operating Income</b>	<b>277</b>	<b>265</b>	<b>5%</b>	<b>134</b>	<b>134</b>	<b>-</b>						
Operating Expenses	(99)	(96)	3%	(46)	(50)	-8%						
<b>Net Profit</b>	<b>178</b>	<b>169</b>	<b>5%</b>	<b>88</b>	<b>84</b>	<b>5%</b>						
Basic EPS (Fils)	<b>11</b>	<b>11</b>	<b>-</b>	<b>6</b>	<b>5</b>	<b>20%</b>						

Key Ratios								
	June 2017	Dec 2016	Var. (bps)		June 2017	Dec 2016	Var. (bps)	
Capital adequacy ratio	18.8%	17.8%	100	Cost : Income ratio	26%	26%	-	
Tier 1 ratio	18.2%	17.2%	100	NPL's: Gross loans	6.8%	7.7%	(90)	
Advances to stable resources	96.6%	94.6%	200	Provision coverage	103.5%	101.4%	210	
Liquid assets ratio	12.9%	15.3%	(240)	Return on average assets*	2.2%	1.8%	40	
Loans to deposit ratio	99.8%	98.2%	160	Return on average equity*	11.9%	9.4%	250	

\*Annualised

Invest Bank reported 5% growth in net profit on the back of lower impairment charges during the period. This is the result of the proactive management of the loan portfolio and the conservative and prudent approach to provisioning historically adopted by the bank.

Net interest income dropped by 3%, on the back of increased cost of funds in line with the market. While, Non Interest income maintained the same level as the corresponding period of last year. All this led to the 5% growth in net operating income.

Loans and advances have increased by 9% compared to last year comparative figure and increased 5% against December 31, 2016.

Customer deposits increased by 9% compared to the same period of last year and increased by 3% when compared to December 31, 2016. Customer deposits remain the main funding source. Liquidity ratio slightly declined mainly on the account of growth in the loan book and reduction in due to banks but remain at a very comfortable level.

Equity increased by 4% when compared to corresponding period of 2016, as a result of the growth in profit. When compared to December 2016, the growth was only 1% on the back of the dividend payment during the period. However, the bank remains well capitalized with capital adequacy ratios well above the regulatory limits.



16 JUL 2017