


Management Discussion & Analysis

Invest Bank Financial Highlights

For the Year ended 31 December 2020

Financial Statements – Summary							
Income Statement				Balance Sheet			
(AED million)	2020	2019	Var.	(AED million)	2020	2019	Var.
Net interest income	115	200	-43%	Loans & advances	7,244	8,313	-13%
Net fees and commission	72	105	-31%	Customer Deposits	7,147	9,906	-28%
Operating income	187	305	-39%	Shareholders' Funds	910	1,286	-29%
Operating expenses	(180)	(250)	-28%	Total Assets	8,734	11,705	-25%
Net operating profit	7	55	-87%				
Net impairment	(363)	(634)	-43%				
Net loss	(356)	(579)	-39%				
Basic EPS (Fils)	(0.112)	(0.182)					

Key Ratios				
	2020	2019	2020	2019
Capital adequacy ratio	10.2%	12.3%	Liquid asset ratio	* 1.3% / 15.5%
Tier 1 ratio	9.1%	11.2%	Loans to deposit ratio	* 101.4% / 83.9%
Advances stable resources	* 105.9%	90.7%		

2020 proved to be a challenging year for Invest Bank ("the Bank") as the economic impact of the COVID-19 pandemic disrupted the Bank's recovery from its legacy issues and drove it to continue its course deleveraging the balance sheet.

Operating income reduced by 39% to reach AED 187 million against last year predominantly due to lower net interest income, which decreased 43% to AED 115 million as a result of non-performing loans.

During the year, the Bank made progress advancing its transformation strategy, which remained focused on streamlining its operations, increasing efficiencies, and reducing costs. This approach, allowed the Bank to reduce operating expenses by 28% to AED 180 million for the year. This trend will continue in 2021 as additional cost rationalizing measures are introduced and more operations are centralized.

Due to the above factors and despite a 39% reduction in operating income, the Bank was able to post a net operating profit of AED 7 million before impairment charges. Impairment loss also remained lower by 43% against last year's AED 634 Million.



At 31 December 2020, the Bank's assets were AED 8.7 billion, down 25% compared to 2019, due to the repayment of loans and advances. The Bank's capital adequacy ratio was 10.2% (31 December 2019: 12.3%) and customer deposits were AED 7.1 billion as at 31 December 2020, down by 28% from 2019.

The Bank's majority shareholder, the Government of Sharjah, with ongoing guidance from the Central Bank of UAE, continues to coordinate efforts to bolster the Bank's liquidity and enhance its capital base. Since the year-end, deposits have started to increase, reaching AED 8 billion during April 2021. As a result, the liquidity ratios have significantly improved in April as shown below:

Liquidity Ratios	2021
Advances to stable resources	86.0%
Liquid asset ratio	11.0%
Loans to deposit ratio	84.5%

These improvements and other initiatives that the Bank has been working on internally and with its partners, will support the management of liquidity going forward.

-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 8.7 billion as at 31 December 2020.

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

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