

Management Discussion & Analysis

Invest Bank Financial Highlights

Q1 2017

Financial Statements - Summary									
Income Statement	Variance			Balance Sheet	Variance			Variance	
(AED million)	Mar 2017	Mar 2016	Y.O.Y	(AED million)	Mar 2017	Dec 2016	YTD	Mar 2016	Y.O.Y
Net Interest Income	124	130	-4%	Loans & advances	11,981	11,953	-	11,522	4%
Non Interest Income	54	63	-15%	Customer Deposits	12,301	12,177	1%	11,884	4%
				Total Shareholders' Funds	2,911	2,961	-2%	2,794	4%
Total Operating Income	178	193	-8%	Total Assets	16,134	16,125	1%	15,385	5%
Net Impairment	(35)	(62)	-43%						
Net Operating Income	143	131	9%						
Operating Expenses	(53)	(46)	16%						
Net Profit	90	85	5%						

Key Ratios							
	Variance				Variance		
	Mar 2017	Dec 2016	Y.O.Y		Mar 2017	Dec 2016	Y.O.Y
Capital Adequacy ratio	18.8%	17.8%	1%	Cost : Income ratio	30%	26%	4%
Tier 1 Ratio	18.2%	17.1%	1%	NPL's: Gross loans	7.7%	7.7%	-
Advances to stable ratio	95.5%	94.6%	1%	Provision coverage	106.4%	101.4%	3%
Liquid assets	14.7%	15.3%	-1%	Loans to deposit ratio	97.4%	98.2%	-1%

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

Net interest income dropped by 4% on the back of increased cost of funds in line with the market. Non Interest income dropped by 15% as a result of decline in business activity. This led to the 8% drop in operating income.

Loans and advances have increased by 4% compared to last year comparative figure but remained at the same level of December 31, 2016.

Customer deposits increased by 4% compared to the same period of last year and increased by 1% when compared to December 31, 2016. Customer deposits remain the main funding source and robust liquidity management is reflected in the liquid asset ratio which is well above regulatory limit.

The 2% drop in the shareholder's equity during the period was mainly due to the dividend distribution; however, if compared to March of 2016, equity increased by 4%. Still the bank is well capitalized with capital adequacy ratios well above the regulatory limits.

