

Investcorp Holdings B.S.C.

Key Rating Drivers

Stable Rating Outlook: The revision of Investcorp Holdings B.S.C.'s (Investcorp) Rating Outlook to Positive from Stable reflects Fitch Ratings' view of the impact the global coronavirus pandemic will have on Investcorp's ability to execute on its strategic initiatives over the next 12-18 months. These initiatives include continued growth in AUM, the institutionalization of its investor base and the ability to expand committed capital fund structures. Fitch believes upside rating potential will likely extend beyond the outlook horizon.

Capital-Intensive Business Model: Investcorp's business model offers investments to its clients on a fully underwritten deal-by-deal (DBD) basis and maintaining a sizable co-investment portfolio, which is subject to fair value changes. This increases the firm's earnings volatility and placement risk, making it particularly susceptible to a market downturn, relative to the peer group. That said, the firm has reduced its balance sheet risk during the past year.

Locked-Up Fee Stream: Fitch believes recent steps taken by Investcorp to shore up liquidity along with the locked-up nature of the vast majority of its fee streams will allow the firm to withstand an economic downturn. That said, Fitch expects activity fees, which are earned from transactional activities and have comprised almost half of Investcorp's core fees over the past three years, to be under pressure in the near to intermediate term, given the dearth in deal activity resulting from the coronavirus pandemic.

Strong Gulf Franchise: Investcorp's ratings reflect its strong client franchise and high degree of name recognition in the Gulf, demonstrated by record levels of DBD placement activity despite periods of volatility in the energy sector. While Fitch believes Gulf clients will continue to explore opportunities to diversify outside the region, potential liquidity challenges could disrupt efforts in the near term. Also, depressed oil prices will likely have fiscal impacts in the region.

AUM Growth Likely to Slow: AUM totaled \$31.1 billion at Dec. 31, 2019, up 10.7% from fiscal YE 2019 (June 30, 2019), as fundraising and placement activity outpaced realizations during the year. Fitch believes fundraising activity for 2H20 will be more uncertain, given the impact the coronavirus pandemic is having on travel and market activity.

Rating Sensitivities

Rating Upside Limited: Rating upside is likely limited to the 'BB' rating category in the medium term given the potential earnings volatility associated with the business model and the balance sheet's co-investment exposure. The DBD business model could be a profitability constraint in a market or economic downturn if Investcorp is unable to place investments with clients post-origination, while elevated co-investment exposure introduces balance sheet risk in the event of investment losses.

Recurring Management Fees: Factors that could lead to positive rating action include fee-paying AUM growth, enhanced scalability of the platform and AUM diversity, institutionalizing the investor base, increases in management fee contributions from committed capital fund structures, and strengthened interest coverage. At the same time, Investcorp would be expected to maintain adequate capitalization, co-investment funding and liquidity positions without meaningful growth in balance sheet co-investments.

AUM Contraction: Factors that could lead to negative rating action include material declines in AUM, which impair the firm's management fee generating capacity; a material increase in balance sheet co-investments not funded by equity; higher leverage; or a reduction in liquidity.

Ratings

Investcorp Holdings B.S.C.

Long-Term IDR BB

Outlook

Stable

Applicable Criteria

[Non-Bank Financial Institutions Rating Criteria \(February 2020\)](#)

Related Research

[Fitch Affirms Investcorp's Ratings at 'BB'; Outlook Revised to Stable \(April 2020\)](#)
[U.S. Non-Bank Financial Institution Refinancing Risk: Coronavirus Impact Examined \(March 2020\)](#)

[Alternative Investment Manager Rating Navigator Compendium \(January 2020\)](#)

[Alternative Investment Manager Trends \(January 2020\)](#)

[Alternative Investment Managers – Uncalled Capital Escalates Amid Elevated Valuations \(December 2019\)](#)

[Fitch Ratings 2020 Outlook: Global Investment Managers \(November 2019\)](#)

[Fitch Ratings Completes Alternative Investment Manager Peer Review \(October 2019\)](#)

[U.S. Non-Bank Financial Institution Refinancing Risk: Coronavirus Impact Examined \(March 2020\)](#)

[Alternative Investment Manager Rating Navigator Compendium \(January 2020\)](#)

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Issuer Ratings

	Long-Term Foreign-Currency IDR	Outlook
Investcorp Holdings B.S.C.	BB	Stable
Investcorp S.A.	BB	Stable
Investcorp Capital Ltd.	BB	Stable

	Short-Term Foreign-Currency IDR	
Investcorp Holdings B.S.C.	B	Stable
Investcorp S.A.	B	Stable
Investcorp Capital Ltd.	BB	Stable

Source: Fitch Ratings

Debt Rating Classes

	Senior Unsecured Debt
Investcorp Capital Ltd.	BB

Source: Fitch Ratings

The alignment of the senior unsecured debt rating with that of the Long-Term Issuer Default Rating (IDR) reflects the largely unsecured funding profile and expectations for average recovery prospects under a stress scenario. The ratings also reflect joint and several guarantees by Investcorp S.A., which is the principal operating and asset owning arm of the firm. The unsecured debt ratings are linked to the Long-Term IDR and would be expected to move in tandem. However, a sustained reduction in unsecured debt as a proportion of total debt could result in the unsecured debt rating being notched down from the IDR.

Ratings Navigator

Investcorp Holdings B.S.C.



Non-Bank FI Ratings Navigator
Investment Managers

Factor Levels	Operating Environment	Company Profile	Management & Strategy	Risk Appetite	Asset Performance	Earnings & Profitability	Capitalization & Leverage	Funding, Liquidity & Coverage	Issuer Default Rating
aaa									AAA
aa+									AA+
aa									AA
aa-									AA-
a+									A+
a									A
a-									A-
bbb+									BBB+
bbb									BBB
bbb-									BBB-
bb+									BB+
bb									BB Stable
bb-									BB-
b+									B+
b									B
b-									B-
ccc+									CCC+
ccc									CCC
ccc-									CCC-
cc									CC
c									C
f									D or RD

Significant Changes

The Outlook revision, to Stable from Positive, on April 3, 2020 reflects Fitch's view of the impact the global coronavirus pandemic will have on Investcorp's ability to execute on its strategic initiatives during the Outlook horizon.

Organizational Changes

In September 2019, Investcorp completed the realignment of its operational structure in Bahrain by converting the parent company to a holding company from a wholesale bank. Investcorp Bank B.S.C. voluntarily surrendered its Bahrain-based wholesale bank license and was renamed Investcorp Holdings B.S.C. With the approval of shareholders and the Central Bank of Bahrain (CBB), the company incorporated a category 1 investment business firm in Bahrain called Investcorp Financial Services B.S.C. (IFS) and after engaging with clients, strategic partners and other stakeholders, completed the process of transitioning its regulated marketing, placement and Middle East and North Africa (MENA) PE investment advisory and asset management services to IFS, which is owned by Investcorp S.A.

Given the relinquishment of its banking license, Fitch elected to treat Investcorp's preference shares in a manner consistent with other alternative IM peers under its non-bank financial institution criteria. Fitch views the preference shares as exhibiting incrementally more loss absorption capacity, given the company's increased discretion in determining if and when to defer dividends on the instrument to retain capital. Consequently, the instruments are afforded 100% equity credit treatment, reflecting their non-cumulative and perpetual features.

Fitch views the license change as neutral to Investcorp's ratings. The agency expects that capital will be maintained at or near currently robust levels and that liquidity and operational risk management frameworks will remain unchanged, sufficiently mitigating the reduced level of regulatory oversight.

Bar Chart Legend	
Vertical bars – VR range of Rating Factor	
Bar Colors – Influence on final VR	
	Higher influence
	Moderate influence
	Lower influence
Bar Arrows – Rating Factor Outlook	
	Positive
	Negative
	Evolving
	Stable

Navigator Peer Comparison

Peer Group Summary	Operating Environment	Company Profile	Management & Strategy	Risk Appetite	Asset Performance	Earnings & Profitability	Capitalisation & Leverage	Funding, Liquidity & Coverage	Issuer Default Rating	Outlook/ Watch	Rating Action
Apollo Global Management, Inc.	aa-	a	a-	a	a	a	a	bbb+	A	Stable	16-Oct-19
Ares Management Corporation	aa-	bbb+	bbb+	a-	a	bbb+	a-	bbb+	BBB+	Positive	16-Oct-19
Blackstone Group (The)	aa-	a+	a+	a	a+	a+	a	a-	A+	Stable	16-Oct-19
Brookfield Asset Management, Inc.	aa-	a-	a-	a-	a	a	bbb+	bbb+	A-	Stable	13-Nov-19
Carlyle Group Inc. (The)	aa-	a	bbb+	a-	a-	a-	bbb	bbb	BBB+	Stable	16-Oct-19
Fortress Investment Group LLC	aa-	bbb	bbb-	bbb+	bbb	bbb-	bb-	bb+	BB	Stable	16-Oct-19
Investcorp Holdings B.S.C.	bbb	bb	bbb-	bb+	bb	bb+	bb+	bb	BB	Stable	3-Apr-20
KKR & Co. Inc.	aa-	a	a	a	a	a	a-	a	A	Stable	16-Oct-19
Oaktree Capital Group, LLC	aa-	a	a	a	a	a-	a-	bbb	A	Stable	16-Oct-19
Sculptor Capital Management, Inc.	a+	bb+	bb+	bbb-	bb	b	b-	b-	B+	Negative Watch	3-Apr-20

Source: Fitch Ratings

Recent Developments

Progress on Strategic Initiatives

Fitch believes Investcorp's progress on strategic initiatives will be slowed by the coronavirus pandemic, although the agency expects progress beyond 2021 to continue. Through YE 2019, the firm had progressed on various initiatives, including continued growth in AUM, institutionalizing its investor base, de-risking the balance sheet and growing fee-related earnings with the completion of several strategic inorganic and organic initiatives.

During the first half of 2020, Investcorp completed the acquisition of Mercury Capital Advisors (Mercury), a placement agent with over 2,500 institutional investors across the globe. The transaction is expected to strengthen Investcorp's capital raising efforts and further institutionalize its investor base. Mercury will remain an independent business operating under its current leadership team.

In September 2019, Investcorp made its foray into the direct lending space with its acquisition of a majority stake in CM Investment Partners (CMIP), the investment advisor to CM Finance, a publicly traded business development company (BDC). The transaction added approximately \$330 million in AUM and expands Investcorp's investor base, given the BDC's large institutional backing. While the addition of credit products will support growth in management fees, the expansion occurred at a time when underwriting conditions were exceptionally competitive.

Revolver Extension

In March 2020, Investcorp amended its \$250 million revolving credit facility that was maturing in December 2020, resulting in an increase in facility size to \$350 million, improved economics, and a maturity of March 2024, with a one-year extension option.

Company Summary and Key Qualitative Assessment Factors

Market Dynamics Uncertain

Fitch remains cautious about the significant amount of industry capital available to invest given competitive, and now very uncertain, market conditions. The investment environment could adversely affect Investcorp's ability to originate/syndicate investments and/or reduce the valuation of balance sheet investments, which could hurt balance sheet leverage ratios. Fitch's outlook on the alternative investment manager (IM) industry is stable, as it expects overall issuer fundamentals to remain solid in 2020, given the locked-in nature of most fee streams.

Investcorp has long-standing relationships with its Gulf clients and pre-markets transactions for syndication prior to closing. To further mitigate balance sheet risk, management tends to moderate investment activity during times of economic or market stress. Fitch believes Investcorp has adequate capital buffers and an appropriate risk management framework to manage this exposure. Underwritten investments totaled \$419 million at Dec. 31, 2019.

Balance Sheet De-Risking

Investcorp has taken various steps to reduce balance sheet risk, including the sale of balance sheet investments through two secondary transactions – with HarbourVest and Collier Capital – in early 2019. In February 2020, Investcorp reached an agreement to sell assets in its Middle East and North Africa (MENA) private equity (PE) portfolio totaling approximately \$400 million to a secondary fund backed by HarbourVest Partners. In February 2020, Investcorp completed the sale of TPx Communications, which represented the largest co-investment exposure on its balance sheet at approximately 11% of equity. Nonetheless, Investcorp's co-investment portfolio remained sizeable at \$1.1 billion at Dec. 31, 2019, comprising PE investments (52%), credit (32%), absolute return investments (ARI: 9%) and real estate (RE: 7%).

Fundraising and Placement Activity Likely to Slow

Fundraising and placement activity increased 5.6%, year-over-year, during first-half 2020, to \$2.6 billion. Approximately 62% of capital raised was outside the Gulf, as the firm remains focused on globalizing and institutionalizing its distribution platform. DBD fundraising activity increased 73%, to \$990 million, during 1H20, as Gulf demand remained robust. Fitch believes the outlook for fundraising in 2H20 is less certain, given adverse market conditions, which could lead to a diminution in investor appetite and/or investor liquidity.

ITP Fund IV is more than 50% deployed with fundraising for Fund V expected to begin when deployment reaches 75-80%. Investcorp is developing a successor European PE fund and NA PE fund, although Fitch believes fundraising efforts could be delayed.

Valuation Marks to Hit AUM

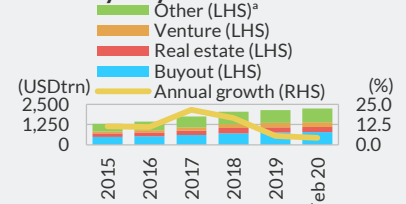
AUM totaled \$31.1 billion at Dec. 31, 2019, up 10.7% from fiscal year-end 2019, as fundraising and placement activity outpaced realizations during the year. Fitch believes Investcorp's previously set AUM target of \$50 billion has been pushed out considerably, due to the expected portfolio devaluation resulting from the coronavirus pandemic along with capital raising challenges presented by travel restrictions and investor cautiousness. Fitch believes large inorganic transactions would present execution and integration risks.

Structural Protection of Assets

Investcorp's shareholder structure is designed to ensure that assets are protected against Bahraini or Middle Eastern regional risk. In accordance with its debt covenants, more than 95% of consolidated assets are owned directly or indirectly by Investcorp S.A., a Cayman Islands company. As a result, substantially all of the company's commercial risks are held outside of Bahrain and Fitch does not expressly cap its ratings by reference to those of Bahrain. But Investcorp has investment exposure to the region with 38% of client AUM in GCC economies. While the impact of oil price volatility on Investcorp's portfolio companies is limited, depressed oil prices will likely have fiscal impacts in the region. While Fitch believes continued pressure in the region could motivate Gulf-based clients to diversify investments outside the region, potential liquidity challenges could disrupt efforts in the near term.

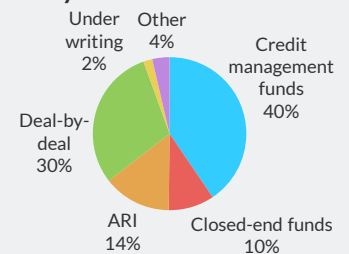
Non-Bank Financial Institutions Investment Managers Bahrain

Industry Dry Powder



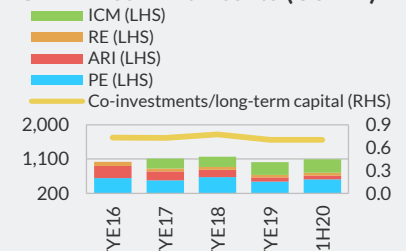
*Includes Distressed PE, Growth, Mezzanine and Other. Note: February 2020 growth is since YE19
Source: Fitch Ratings, Preqin. Data Date: 26 February 2020

AUM by Products - 31 Dec 19



Source: Fitch Ratings, Company filings

Co-Investment Assets (USDm)



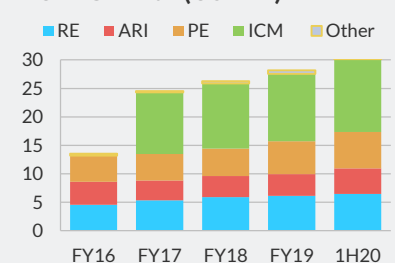
Note: Fiscal year ends June 30
Source: Fitch Ratings, Company

Client AUM by Geography



Source: Fitch Ratings

AUM Growth (USDbn)



Source: Fitch Ratings

Key Financial Metrics – Latest Developments

Operating Performance Improvement Expected to Abate

Investcorp's core operating performance has continuously improved over the past several years, driven by increased management fees from AUM expansion and robust activity fees. Core fee income was up 13.5% in FY19 and an additional 15% during 1H20, largely driven by higher activity fees earned from transactional activities, which tend to be somewhat volatile. Fitch believes activity fees will be under significant pressure in the near to intermediate term, and is expected to adversely affect operating performance.

Core operating performance, as measured by fee-related EBITDA (FEBITDA), increased 40.3% in FY19, largely driven by higher activity fees and lower operating expenses. This trend continued into 1H20 with FEBITDA up 28.5% for the trailing 12 month (TTM) period. The FEBITDA margin was 48.0% in 1H20, on a TTM basis, compared to 42.4% in the prior year period. Fitch believes margins will be adversely affected by a market downturn, given the relative contribution from activity fees. That said; the relative stability provided by the locked-in nature of the majority of the firm's management fees will provide an offset.

Asset-based income (ABI), which reflects gains and losses on co-investments, was down 71% in 1H20, reflecting lower returns on PE investments, due to valuation declines in certain U.S. retail sector exposures, and a write-down on its investment in IT services provider TPx. Realized net performance fees were \$3 million in 1H20, compared with \$9 million the prior-year.

Client Flows Remains Strong but Uncertainty Looms

Net client flows averaged 3.8% of beginning AUM over the past four years. In 1H20, aggregate inflows totaled \$2.6 billion, up \$300 million from 1H19. Fitch believes fundraising activity for 2H20 will be more uncertain, given the coronavirus impact on travel and market activity.

Leverage Remains within Expectations

Investcorp's leverage, as measured by debt to tangible equity, amounted to 0.9x at Dec. 31, 2019, up from 0.4x at FYE19. The increase reflects Investcorp's transition to a holding company and the transfer of what were client bank deposits (which were excluded from prior leverage calculations) into a client trust, which has subsequently extended a \$452 million revolving loan facility to the company. Debt to FEBITDA was 5.6x for the TTM ended Dec. 31, 2019, up from 2.5x at FYE19 given draws on the revolving loan facility. On a hybrid basis, leverage is in line with Fitch's expectations.

Steps Taken to Shore Up Liquidity

Cash and short-term assets totaled \$281 million compared with \$984 million of debt outstanding at Dec. 31, 2019. In March 2020, the company upsized borrowing capacity on its corporate revolver, which currently stands at \$786 million, and extended the maturity, with a portion maturing in 2023 and the remainder in 2024. Since year-end 2019, Investcorp has taken steps to boost its liquidity, such as proactively drawing on corporate revolvers and further boosting its cash position, which is now sufficient to cover short-term debt balances.

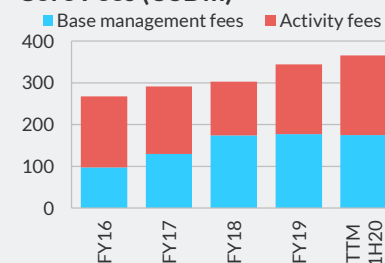
Unfunded deal acquisitions and unfunded co-investment commitments to various PE and RE investments totaled \$224 million at Dec. 31, 2019, which Fitch believes will be funded over time with cash on hand and operating cash flow. Fitch believes the company has significant discretion over the timing of these funding commitments. Investcorp could choose to inject capital into its PE portfolio companies in an effort to shore up their liquidity, which it would seek to syndicate to investors over time.

Funding Flexibility Maintained

Investcorp's funding comprises short-term, medium-term and long-term debt, preference shares and common equity. Investcorp paid off its unsecured CHF 125 million (\$139 million) note that matured in June 2019.

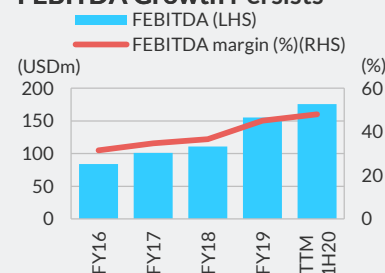
Fitch believes the extension of credit offered by Investcorp's clients provides flexibility to the firm to execute on investment opportunities, although the withdrawal of client assets would reduce the firm's liquidity. Still, Investcorp has long-standing client relationships that have proven to be sticky throughout various market cycles.

Core Fees (USDm)



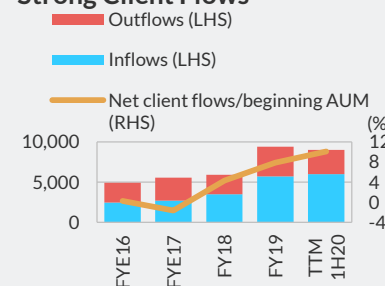
Source: Fitch Ratings

FEBITDA Growth Persists



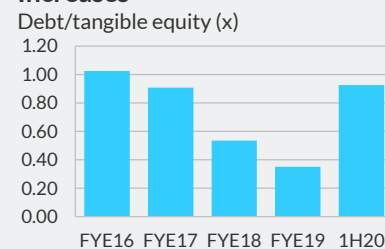
Source: Fitch Ratings

Strong Client Flows



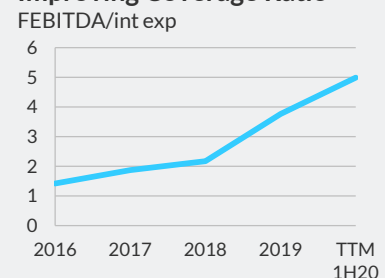
Source: Fitch Ratings

Fitch's View of Leverage Increases



Source: Fitch Ratings

Improving Coverage Ratio



Source: Fitch Ratings

Environmental, Social and Governance Considerations

Credit-Relevant ESG Derivation

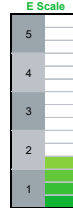
Investcorp Holdings B.S.C. has 6 ESG potential rating drivers

- Investcorp Holdings B.S.C. has exposure to fair lending practices; pricing transparency; repossession/foreclosure/collection practices; consumer data protection; legal/regulatory fines stemming from any of the above but this has very low impact on the rating.
- Investcorp Holdings B.S.C. has exposure to shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core activities but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

Overall ESG Scale			
key driver	0	issues	5
driver	0	issues	4
potential driver	6	issues	3
not a rating driver	3	issues	2
	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference
GHG Emissions & Air Quality	1	Regulatory risks, emissions fines or compliance costs related to owned equipment, which could impact asset demand, profitability, etc.	Operating Environment
Energy Management	1	Investments in or ownership of assets with below-average energy/fuel efficiency which could impact future valuation of these assets	Risk Appetite
Water & Wastewater Management	1	n.a.	n.a.
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Company Profile; Asset Performance



How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

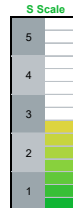
The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

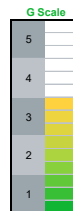
Social (S)

General Issues	S Score	Sector-Specific Issues	Reference
Human Rights, Community Relations, Access & Affordability	2	n.a.	n.a.
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Fair lending practices; pricing transparency; repossession/foreclosure/collection practices; consumer data protection; legal/regulatory fines stemming from any of the above	Operating Environment; Risk Appetite; Asset Performance
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy; Earnings & Profitability; Capitalization & Leverage; Funding, Liquidity & Coverage
Employee Wellbeing	1	n.a.	n.a.
Exposure to Social Impacts	3	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core activities	Company Profile; Earnings & Profitability



Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference
Management Strategy	3	Operational implementation of strategy	Management & Strategy
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal/compliance risks; business continuity; key person risk; related party transactions	Management & Strategy
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Management & Strategy



CREDIT-RELEVANT ESG SCALE	
How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Inrelevant to the entity rating but relevant to the sector.
1	Inrelevant to the entity rating and irrelevant to the sector.

Investcorp Holdings B.S.C.

Balance sheet (USDm)	FYE 30 June 2016	FYE 30 June 2017	FYE 30 June 2018	FYE 30 June 2019	1H 31 December 2019
Assets					
Cash & short-term funds	292.2	44.5	105.0	57.0	176.0
Deposits with banks and other financial institutions	133.2	517.4	266.0	333.0	105.0
FV of derivatives	90.2	62.1	55.0	44.0	50.0
Receivables and prepayments	320.6	277.1	276.0	364.0	410.0
Loans and advances	105.2	85.6	92.0	82.0	136.0
Underwritten and warehoused investments	493.5	460.4	446.0	334.0	419.0
Co-investments					
Private equity investments	602.6	539.0	625.0	505.0	567.0
Credit management investments	-	258.7	272.0	332.0	356.0
Absolute return investments	315.8	236.3	189.0	112.0	100.0
Real estate investments	104.4	79.1	76.0	68.0	72.0
Strategic capital investment					2.0
Total co-investments	1,022.9	1,113.1	1,162.0	1,017.0	1,097.0
Fixed assets	39.3	37.7	36.0	37.0	145.0
Investment in an associates	-	-	-	38.0	61.0
Intangible assets		58.1	55.0	55.0	69.0
Total assets	2,497.2	2,656.0	2,493.0	2,361.0	2,668.0
Liabilities					
Call accounts	130.0	249.2	116.0	263.0	-
Term and institutional accounts	124.1	184.7	300.0	151.0	-
Payables and accrued expenses	201.4	155.4	226.0	202.0	202.0
Other liabilities	92.9	86.6	72.0	63.0	88.0
Financing ^a	882.1	791.3	617.0	514.0	1,214.0
Negative FV of derivatives	49.5	43.6	39.0	23.0	31.0
Total liabilities	1,479.9	1,510.8	1,370.0	1,216.0	1,535.0
Equity					
Preferred stock	223.2	223.2	123.0	123.0	123.0
Common stock (par value)	200.0	200.0	200.0	200.0	200.0
Reserves	282.3	320.3	322.0	321.0	316.0
Retained earnings	313.5	367.0	447.0	540.0	586.0
Treasury shares	-45.4	-3.2	-5.0	-74.0	-90.0
Proposed appropriations (preferred stock dividend)	44.6	44.1	41.0	38.0	0.0
Other reserves	-0.9	-6.2	-5.0	-3.0	-3.0
Total equity	1,017.2	1,145.2	1,123.0	1,145.0	1,133.0
Total liabilities & shareholders' equity	2,497.2	2,656.0	2,493.0	2,361.0	2,668.0

^a Financing includes repurchase agreements and fair value adjustments on notes

Source: Fitch Ratings

Investcorp Holdings B.S.C.

Income statement (USDm)	FYE 30 June 2016	FYE 30 June 2017	FYE 30 June 2018	FYE 30 June 2019	1H 31 December 2019
Fee income					
Management fees	97.4	135.5	173.0	181.0	87.0
Activity fees	169.5	161.3	128.6	167.0	82.0
Performance fees	40.6	19.7	19.8	27.8	3.0
Asset based income					
Private equity investments	100.8	19.2	65.0	29.0	-3.0
Credit management investments	-	33.5	28.0	22.0	7.0
Absolute return investments	-27.7	15.8	10.0	8.0	1.0
Real estate investments	-1.5	23.4	24.0	29.0	15.0
Investment in an associate	-	-	-	5.0	1.0
Treasury & other	4.4	13.3	10.0	13.0	4.0
Fair value change on legacy investments			-4.0	-17.0	-11.0
Gross asset based income	76.0	105.2	133.0	89.0	14.0
Gross operating income	383.5	421.7	454.4	464.8	186.0
Provisions for impairment	-8.2	-4.1	-4.0	-4.0	-2.0
Interest expense	-60.9	-57.5	-56.0	-51.0	-16.0
Operating expense	-220.3	-233.1	-256.0	-268.0	-116.0
Profit before tax	94.1	127.1	138.4	141.8	52.0
Income tax expense	-4.0	-6.8	-13.0	-11.0	-4.0
Net income	90.1	120.3	125.4	130.8	48.0

Source: Fitch Ratings

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