

Invest bank P.S.C.

**Condensed consolidated interim financial information
for the nine-month period ended 30 September 2022**

Registered office
Al Zahra Street
P O Box 1885 - Sharjah
United Arab Emirates

Invest bank P.S.C.

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Review report on the condensed consolidated interim financial information to the Board of Directors of Invest bank P.S.C.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Invest bank P.S.C. ("the Bank") and its subsidiary (together referred to as "the Group") as at 30 September 2022 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. The directors are responsible for the preparation and presentation of the condensed consolidated interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity." A review of the condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Emphasis of matter

We draw attention to note 4 of the condensed consolidated financial information which states that the Bank is dependent on the ongoing support of the Central Bank of the United Arab Emirates and the Government of Sharjah in managing its liquidity requirements. We also draw attention to notes 4 and 15 which states that as at 30 September 2022, the Bank was below the minimum regulatory Capital Adequacy Ratio ("CAR") of 13%. The Bank continues to focus on a number of initiatives to manage its CAR and take measures to manage its ongoing liquidity.

Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers
8 November 2022

Rami Sarhan
Registered Auditor Number 1152
Place: Dubai, United Arab Emirates

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Jacques Fakhoury, Douglas O'Mahony, Murad Alnsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

Invest bank P.S.C.

Condensed consolidated interim statement of financial position as at 30 September 2022

		30 September 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
	Notes		
ASSETS			
Cash and deposits with central banks	6	591,091	1,446,482
Due from banks	7	81,610	116,836
Investment securities	8	2,086,878	2,011,778
Loans and advances to customers	9	4,834,187	5,930,367
Other assets	10	583,192	554,511
Total assets		8,176,958	10,059,974
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	12	130	754,511
Deposits from customers	13	7,624,274	8,470,569
Other liabilities	14	232,408	214,370
Total liabilities		7,856,812	9,439,450
EQUITY			
Share capital	15	3,180,982	3,180,982
Share discount	15	(477,857)	(477,857)
Foreign currency translation reserve	15	(173,253)	-
Fair value reserve		(40,966)	(40,988)
Accumulated losses		(2,168,760)	(2,041,613)
Net equity		320,146	620,524
Total liabilities and equity		8,176,958	10,059,974

This condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on 8 November 2022 and signed on its behalf by:

Chief Executive Officer

Chairman

Invest bank P.S.C.

Condensed consolidated interim statement of profit or loss for the nine-month period ended 30 September 2022 (un-audited)

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Interest income		45,883	57,009	166,313	240,999
Interest expense		(33,348)	(46,303)	(105,247)	(137,792)
Net interest income		12,535	10,706	61,066	103,207
Net fees and commission income		10,762	14,313	35,100	45,320
Net income from foreign currencies		1,842	1,613	5,301	5,782
Other income / (loss), net		1,233	(9,980)	8,323	(10,375)
Total operating income		26,372	16,652	109,790	143,934
Operating expenses					
General and administrative expenses		(35,039)	(26,107)	(124,821)	(108,999)
Total operating expenses		(35,039)	(26,107)	(124,821)	(108,999)
Net (loss) / profit before net impairment loss		(8,667)	(9,455)	(15,031)	34,935
Net impairment loss	16	(59,461)	(108,800)	(112,116)	(218,124)
Loss for the period		(68,128)	(118,255)	(127,147)	(183,189)
Loss per share	18	(0.02)	(0.04)	(0.04)	(0.06)

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Condensed consolidated interim statement of comprehensive income for the nine-month period ended 30 September 2022 (un-audited)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Loss for the period	(68,128)	(118,255)	(127,147)	(183,189)
Other comprehensive profit / (loss):				
<i>Items that will not be reclassified to profit or loss:</i>				
Change in fair value of financial assets measured at fair value through other comprehensive income (FVTOCI)	(262)	(104)	22	(244)
<i>Items that may be reclassified to profit or loss:</i>				
Exchange translation loss and inflation adjustment on foreign operations	(3,577)	-	(173,253)	-
Total comprehensive loss for the period	(71,967)	(118,359)	(300,378)	(183,433)

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Condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2022 (un-audited)

	Share capital AED'000	Share discount AED'000	Foreign currency translation reserve AED'000	Fair value reserve AED'000	Accumulated losses AED'000	Total AED'000
Balance at 1 January 2021	3,180,982	(477,857)	-	(41,169)	(1,752,139)	909,817
Loss for the period	-	-	-	-	(183,189)	(183,189)
<i>Other comprehensive loss</i>						
Changes in fair value of financial assets measured at fair value through other comprehensive income (FVTOCI)	-	-	-	(244)	-	(244)
Total comprehensive loss for the period	-	-	-	(244)	(183,189)	(183,433)
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	1,642	(1,642)	-
Balance at 30 September 2021 (un-audited)	<u>3,180,982</u>	<u>(477,857)</u>	<u>-</u>	<u>(39,771)</u>	<u>(1,936,970)</u>	<u>726,384</u>
Balance at 1 January 2022	3,180,982	(477,857)	-	(40,988)	(2,041,613)	620,524
Loss for the period	-	-	-	-	(127,147)	(127,147)
<i>Other comprehensive (loss) / profit</i>						
Changes in fair value of financial assets measured at fair value through other comprehensive income (FVTOCI)	-	-	-	22	-	22
Changes in net assets due to exchange translation and inflation adjustment on foreign operations	-	-	(173,253)	-	-	(173,253)
Total comprehensive (loss) / profit for the period	-	-	(173,253)	22	(127,147)	(300,378)
Balance at 30 September 2022 (un-audited)	<u>3,180,982</u>	<u>(477,857)</u>	<u>(173,253)</u>	<u>(40,966)</u>	<u>(2,168,760)</u>	<u>320,146</u>

Invest bank P.S.C.

Condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2022

	Notes	For the nine-month period ended 30 September	
		2022 AED'000	2021 AED'000
Cash flows from operating activities			
Loss for the period		(127,147)	(183,189)
Adjustments:			
Depreciation		6,164	7,285
Net gain on investment securities		(87)	(51)
Fair value gain on repossessed properties		(8,145)	-
Net impairment loss	16	112,116	218,124
		<u>(17,099)</u>	<u>42,169</u>
Operating cash flows before changes in operating assets and liabilities			
Changes in time deposits with Central banks maturing after three months		(22,318)	(424,669)
Change in statutory reserve requirement		20,951	(3,407)
Change in loans and advances to customers		906,339	392,851
Change in other assets		(24,219)	90,369
Change in deposits from customers		(846,295)	443,729
Change in due to banks		(4,381)	(18)
Change in other liabilities		17,946	(37,921)
Net cash generated from operating activities		<u>30,924</u>	<u>503,103</u>
Cash flows from investing activities			
Purchase of property and equipment		(2,974)	(5,474)
Purchase of investment securities		(75,711)	(750,613)
Proceeds from sale/redemption of investment securities		621	110,552
Purchase of repossessed properties		(4,540)	-
Net cash used in investing activities		<u>(82,604)</u>	<u>(645,535)</u>
Cash flow from financing activity			
Proceeds from repo financing		-	848,114
Repayment of repo financing		(750,000)	-
Net cash (used in) / generated from financing activity		<u>(750,000)</u>	<u>848,114</u>
Net change in cash and cash equivalents		(801,680)	705,682
Effect of foreign currency translation		(173,253)	-
Cash and cash equivalents at the beginning of the period		1,355,608	588,768
Cash and cash equivalents at the end of the period		<u>380,675</u>	<u>1,294,450</u>
<u>Cash and cash equivalents as at 30 September</u>			
Cash and deposits with central banks		298,986	1,168,605
Due from banks maturing within three months		81,689	125,845
		<u>380,675</u>	<u>1,294,450</u>

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022

1 Legal status and activities

Invest bank P.S.C. ("Invest bank" or "the Bank") is a public shareholding company with limited liability which was incorporated in 1975 by an Emiri Decree issued by His Highness Dr. Sheikh Sultan Bin Mohammed Al Qassimi, Ruler of Sharjah. The registered address of the Bank is at Al Zahra Street, P.O.Box 1885, Sharjah, United Arab Emirates ("UAE").

Invest bank is licensed by the Central Bank of the UAE (the "CBUAE") to carry out banking activities and is principally engaged in the business of corporate and retail banking through its network of branches located in the Emirate of Sharjah, Dubai and Abu Dhabi. Invest bank also carries out banking activities through its branch (the "branch") in Beirut, Lebanon licensed by Banque Du Liban (the "CB Lebanon"). As a result of prevailing financial and economic crisis in Lebanon, the Bank has obtained CB Lebanon approval to liquidate the branch. Management is assessing whether to proceed with the process of liquidation.

On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 ("Companies Law") was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015. The Group has 12 months from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No. 32 of 2021. The Bank is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came to effect.

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a corporate income tax (the "CIT") on business profits, which will come into effect on 1 June 2023 and which will apply from such date. The CIT will apply on the adjusted accounting net profits of a business. Further details regarding the CIT are expected to be published by the UAE Ministry of Finance in due course.

The Bank's shares are listed on the Abu Dhabi Securities Exchange ("ADX").

The Bank has a fully owned subsidiary, ALFA Financial Services FZE with limited liability status in the Sharjah Airport International Free Zone to provide support services to the Bank.

The consolidated financial statements as at and for the nine-month period ended 30 September 2022 comprise the Bank and its subsidiary (together referred to as "the Group").

2 Basis of preparation

(a) Statement of compliance

This condensed consolidated interim financial information has been prepared on the historical cost basis except for certain financial investments including repossessed properties which are measured at fair value.

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting" and applicable laws of the UAE. It does not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2021, which has been prepared in accordance with International Financial Reporting Standards ("IFRS").

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

2 Basis of preparation (continued)

(b) *Functional and presentation currency*

This condensed consolidated interim financial information has been presented in United Arab Emirates Dirhams (AED) rounded to the nearest thousand, which is the Group's functional and presentation currency.

(c) *Consolidation*

The condensed consolidated financial information incorporates the condensed consolidated interim financial information of Invest bank P.S.C. and its subsidiary (collectively referred to as "Group").

(i) *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

(ii) *Transactions eliminated on consolidation*

Intra-group balances and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the condensed consolidated interim financial information. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) *Use of estimates and judgments*

The preparation of the condensed consolidated interim financial information in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the condensed consolidated interim financial information are described as follows:

(i) *Classification of financial assets*

In accordance with IFRS 9, the Group classifies its financial assets based on the assessments of the business models in which the assets are held at a portfolio level and whether cash flows generated by assets constitute solely payments of principal and interest ("SPPI"). This requires significant judgement in evaluating how the Group manages its business model and on whether or not a contractual clause in all debt instruments of a certain type breaches SPPI and results in a material portfolio being recorded at fair value through profit or loss ("FVTPL").

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

2 Basis of preparation (continued)

(e) Use of estimates and judgments (continued)

(ii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for financial assets measured at amortised cost and fair value through other comprehensive income ("FVOCI") is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk ("SICR");
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward - looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(iii) Foreign currency translation

During 2019, Lebanon experienced significant shortages in hard currency. As a result, the banks in Lebanon implemented unofficial foreign exchange controls in the banking sector to manage the shortages. The US Dollar ("USD") has been in wide use and circulation over the last 2 decades and against which the Lebanese Pound has been pegged throughout that period at US Dollar 1 equals LL 1,507.5 ("official exchange rate"). In terms of the banking sector, rates would not vary from the official rate and if the banks were to sell USD it would be at the official quoted rate.

In accordance with IFRS, foreign exchange denominated monetary assets and liabilities should be measured using the spot rate. Determination of the spot rate is complex as availability of USD at the official rate is not always possible due to the implementation of exchange controls.

As a result of the above situation, unofficial rates have emerged in the foreign exchange market that are applied by foreign exchange brokers in their currency trades ("parallel rates"). Management have applied their judgment to determine which of the rates should be considered as the spot rate.

In May 2021, the CB Lebanon launched a new foreign exchange platform, namely the Sayrafa platform, where US Dollars can be sold or purchased at a rate determined by the CB Lebanon. However, management did not consider the Sayrafa rate appropriate for currency translation purposes due to the uncertainty surrounding its application mechanism. However, as the Sayrafa rate gained maturity and wider acceptance, management applied judgement and considered it more appropriate to apply the Sayrafa rate with effect from 30 June 2022 to translate the assets and liabilities of the Lebanese branch for the purpose of the condensed consolidated financial information.

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

(e) *Use of estimates and judgments* (continued)

(iii) Foreign currency translation (continued)

Accordingly, the Sayrafa rate of USD 1 equals LBP 29,800 as at 30 September 2022 (USD 1 equals LL 1,507.5 as at 31 December 2021) has been used to translate and incorporate the balances for the Lebanese branch in the condensed consolidated interim financial information. This resulted in a loss of AED 173 million and was recorded under currency translation reserve in the statement of financial position as at 30 September 2022.

(iv) Hyperinflation

The Bank has assessed the Consumer Price Index (CPI) to be 1,611.43 as at 30 September 2022, which is an estimate based on the trend in the Consumer Price Index from prior months as published by the Central Administration of Statistics (CAS) to restate balances and transactions.

(v) Fair value of unquoted securities

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (such as models) are used to determine fair values, these are tested before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

(vi) Repossessed properties

The fair value of repossessed properties was determined by external, independent property valuers, having appropriately recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's repossessed properties portfolio annually.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

3 Application of other new and revised International Financial Reporting Standards (“IFRS”)

3.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial information

The following are the new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in this interim financial information. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

- **Narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 9 and IFRS 16**

Amendments to IFRS 3, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 9, ‘Financial instruments’, and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

3.2 New and revised IFRS in issue but not yet effective

New and revised IFRS

- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities** - These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

Effective for annual periods beginning on or after

Deferred until accounting periods starting not earlier than 1 January 2024

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

3 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

3.2 New and revised IFRS in issue but not yet effective (continued)

	Effective for annual periods beginning on or after
New and revised IFRS	
<ul style="list-style-type: none">• Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction- These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
<ul style="list-style-type: none">• Amendments to IAS 1, ‘Presentation of financial statements’, IFRS Practice statement 2 and IAS 8,’ Accounting policies, changes in accounting estimates and errors’	1 January 2023
<p>The IASB amended IAS 1, ‘Presentation of Financial Statements’, to require companies to disclose their material accounting policy information rather than their significant accounting policies.</p> <p>The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.</p> <p>To support this amendment, the Board also amended IFRS Practice Statement 2, ‘Making Materiality Judgements’, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p> <p>The amendment to IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.</p>	

The Group is currently assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

3 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

3.3 Financial risk management

The Group’s financial risk management objectives, policies and procedures are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2021.

4 Recapitalization and liquidity

Capital and liquidity position

The Bank’s total equity reduced to AED 320 million as at 30 September 2022 (AED 621 million as at 31 December 2021) mainly due to currency translation impact of AED 173 million as disclosed under Note 2; consequently, the Bank’s Capital Adequacy Ratio (“CAR”) reached 6.11% as at 30 September 2022 (CBUAE regulatory minimum of 13%). The Bank is operating under close coordination with CBUAE and Government of Sharjah (“GoS”), the majority shareholder of the Bank, which have been kept apprised of the developing situation as the Bank progresses towards conclusion of a recapitalization plan.

The Bank’s Eligible Liquid Asset Ratio (“ELAR”) was 11% at 30 September 2022 compared to 19% at 31 December 2021 (CBUAE regulatory minimum of 7%). In March 2021, the Bank entered into a repurchase arrangement in the normal course of business with the CBUAE, collateralised by investments held in Government of Sharjah sukuks, enabling the Bank to draw on AED 1.6 billion in liquidity support. The arrangement was rolled over in March 2022 for an additional year. As such, the Government of Sharjah sukuks mature on 23 March 2023. As at 30 September 2022, outstanding under the repo arrangement is Nil (31 December 2021: AED 750 million).

The CBUAE had earlier made a public press announcement on 16 December 2018 and has subsequently reaffirmed that it will continue to provide support to the Bank through making available liquidity facilities.

The Bank continues to focus on a number of initiatives to manage its liquidity and deposit balances including the attraction and retention of deposits. Given the liquidity support provided by the CBUAE and the Government of Sharjah’s commitment to supporting the strengthening of the Bank’s capital base, the Board and management believe that the Bank will have the ability to meet its financial obligations as and when they fall due.

Accordingly, these financial statements have been prepared on a going concern basis.

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

4 Recapitalization and liquidity (continued)

Maturities of assets and liabilities

	Less than 3 months AED'000	3 months to 1 year AED'000	1 year and above AED'000	Total AED'000
At 30 September 2022				
Assets				
Cash and deposits with central banks	493,398	97,231	462	591,091
Due from banks	81,610	-	-	81,610
Investment securities	11,267	2,000,000	75,611	2,086,878
Loans and advances to customers	469,534	1,843,241	2,521,412	4,834,187
Customers' indebtedness for acceptances	40,467	8,933	-	49,400
Other assets	7,977	28,154	497,661	533,792
Total assets	1,104,253	3,977,559	3,095,146	8,176,958
Liabilities and equity				
Due to banks	130	-	-	130
Deposits from customers	3,959,549	3,629,098	35,627	7,624,274
Liabilities under acceptances	40,467	8,933	-	49,400
Other liabilities	81,606	66,007	35,395	183,008
Total liabilities	4,081,752	3,704,038	71,022	7,856,812
Net liquidity position	(2,977,499)	273,521	3,024,124	320,146
	Less than 3 months AED'000	3 months to 1 year AED'000	1 year and above AED'000	Total AED'000
At 31 December 2021				
Assets				
Cash and deposits with central banks	1,362,387	74,913	9,182	1,446,482
Due from banks	116,836	-	-	116,836
Investment securities	2,011,778	-	-	2,011,778
Loans and advances to customers	272,603	2,311,010	3,346,754	5,930,367
Customers' indebtedness for acceptances	12,766	23,817	341	36,924
Other assets	13,006	20,110	484,471	517,587
Total assets	3,789,376	2,429,850	3,840,748	10,059,974
Liabilities and equity				
Due to banks	754,511	-	-	754,511
Deposits from customers	4,742,958	3,683,186	44,425	8,470,569
Liabilities under acceptances	12,766	23,817	341	36,924
Other liabilities	88,960	43,601	44,885	177,446
Total liabilities	5,599,195	3,750,604	89,651	9,439,450
Net liquidity position	(1,809,819)	(1,320,754)	3,751,097	620,524

Deposits from customers in “Less than 3 months” bucket include AED 1,620 million of current and savings account deposits (31 December 2021: AED 1,833 million).

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Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

5 Accounting classification of financial assets and financial liabilities

The table below shows a reconciliation between line items in the condensed consolidated statement of financial position and categories of financial instruments.

	FVTPL	FVTOCI	Amortised cost	Total carrying amount
At 30 September 2022 (un-audited)	AED'000	AED'000	AED'000	AED'000
Financial assets				
Cash and deposits with central banks	-	-	591,091	591,091
Due from banks	-	-	81,610	81,610
Investment securities	2,797	8,470	2,075,611	2,086,878
Loans and advances to customers	-	-	4,834,187	4,834,187
Customers' indebtedness for acceptances	-	-	49,400	49,400
Other financial assets	-	-	31,069	31,069
	<u>2,797</u>	<u>8,470</u>	<u>7,662,968</u>	<u>7,674,235</u>
Financial liabilities				
Due to banks	-	-	130	130
Deposits from customers	-	-	7,624,274	7,624,274
Liabilities under acceptances	-	-	49,400	49,400
Other financial liabilities	-	-	92,908	92,908
	<u>-</u>	<u>-</u>	<u>7,766,712</u>	<u>7,766,712</u>
	FVTPL	FVTOCI	Amortised cost	Total carrying amount
At 31 December 2021 (audited)	AED'000	AED'000	AED'000	AED'000
Financial assets				
Cash and deposits with central banks	-	-	1,446,482	1,446,482
Due from banks	-	-	116,836	116,836
Investment securities	2,803	8,975	2,000,000	2,011,778
Loans and advances to Customers	-	-	5,930,367	5,930,367
Customers' indebtedness for acceptances	-	-	36,924	36,924
Other financial assets	-	-	30,722	30,722
	<u>2,803</u>	<u>8,975</u>	<u>9,561,331</u>	<u>9,573,109</u>
Financial liabilities				
Due to banks	-	-	754,511	754,511
Deposits from customers	-	-	8,470,569	8,470,569
Liabilities under acceptances	-	-	36,924	36,924
Other financial liabilities	-	-	99,645	99,645
	<u>-</u>	<u>-</u>	<u>9,361,649</u>	<u>9,361,649</u>

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

6 Cash and deposits with central banks

	30 September 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
Cash in hand	25,381	22,361
Deposits with central banks	376,071	1,291,223
Reserve requirements with the CB (refer note 6.1)	194,751	215,825
Less: Allowance for impairment (ECL) (refer note 6.2 and 6.3)	<u>(5,112)</u>	<u>(82,927)</u>
	<u>591,091</u>	<u>1,446,482</u>

6.1 Statutory reserve deposits are required to be maintained as per regulations of the Central Bank of the UAE and the Central Bank of Lebanon.

6.2 A +/-5% change in the allowance rate would result in a AED +/-0.6 million change in ECL (2021: AED +/- 12 million).

6.3 As a result of the application of the foreign currency translation set out in Note 2, and in particular the adoption of the Sayrafa rate, the Bank reversed the allowance for impairment on cash and deposits with CB Lebanon that is now no longer required, by an amount of AED 77.8 million (Refer note 16).

7 Due from banks

	30 September 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
Money market placements	18,649	20,000
Balances with other banks	63,040	96,938
Less: Allowance for impairment (ECL)	<u>(79)</u>	<u>(102)</u>
	<u>81,610</u>	<u>116,836</u>
The geographical concentration is as follow		
- Within the U.A.E	30,209	38,148
- Outside the U.A.E	51,480	78,790
Less: Allowance for impairment (ECL)	<u>(79)</u>	<u>(102)</u>
	<u>81,610</u>	<u>116,836</u>

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

8 Investment securities

The details of investments are as follows:

	30 September 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
Financial assets measured at fair value through profit or loss (FVTPL):		
Investments in quoted equity securities	2,797	2,803
Financial assets measured at fair value through other comprehensive income (FVTOCI)		
Investments in quoted equity securities	7,390	7,895
Investments in un-quoted equity securities	1,080	1,080
Financial assets at amortised cost:		
Investments in debt securities (refer to note 8.2)	<u>2,075,711</u>	<u>2,000,000</u>
	2,086,978	2,011,778
Less: Allowance for impairment (ECL)	<u>(100)</u>	-
	<u>2,086,878</u>	<u>2,011,778</u>

- 8.1 The Group has not purchased any equity investments during the period ended 30 September 2022 (31 December 2021: NIL).
- 8.2 At 30 September 2022, Nil (2021: AED 2 billion) of investments in debt securities are pledged under repurchase agreements maturing in March 2023.
- 8.3 Management has concluded that the expected credit loss on the investments held in Government of Sharjah Sukuks (investments in debt securities at amortised cost) is inconsequential.

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

8 Investment securities (continued)

Fair value hierarchy

The table below analyses assets, measured at fair value at the end of the reporting period, by level into the fair value hierarchy, into which the fair value measurement is categorised. As at the end of the reporting period, liabilities measured at fair value are Nil (31 December 2021: Nil).

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
30 September 2022 (un-audited)				
<u>Financial assets</u>				
FVTPL - equity securities	2,797	-	-	2,797
FVOCI - equity securities	7,390	-	1,080	8,470
<u>Non-financial assets</u>				
Repossessed properties (note 10)	-	-	429,145	429,145
	10,187	-	430,225	440,412
31 December 2021 (audited)				
<u>Financial assets</u>				
FVTPL - equity securities	2,803	-	-	2,803
FVOCI - equity securities	7,895	-	1,080	8,975
<u>Non-financial assets</u>				
Repossessed properties (note 10)	-	-	416,460	416,460
	10,698	-	417,540	428,238

The following table shows a reconciliation of the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	30 September 2022 (Un-audited)		31 December 2021 (Audited)	
	Investment securities AED'000	Repossessed properties AED'000	Investment securities AED'000	Repossessed properties AED'000
As at 1 January	1,080	416,460	467	457,374
Unrealized change in fair value				
- in profit or loss	-	8,145	-	(9,914)
Transfer	-	-	-	-
- Additions	-	4,540	613	-
- Disposals	-	-	-	(31,000)
As at end of period/year	1,080	429,145	1,080	416,460

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

9 Loans and advances to customers

	30 September 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
Overdrafts	5,944,908	6,081,405
Bills discounted	104,058	104,553
Trust receipts	501,553	439,438
Term loans	4,860,658	5,432,020
	11,411,177	12,057,416
Allowances for impairment (refer note 9.1 and 9.2)	(6,576,990)	(6,127,049)
Net loans and advances to customers	4,834,187	5,930,367

Stage wise analysis of products

	30 September 2022 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Overdrafts	1,002,446	209,609	4,732,853	5,944,908
Bills discounted	10,849	1,092	92,117	104,058
Trust receipts	57,266	44,003	400,284	501,553
Term loans	672,752	717,819	3,470,087	4,860,658
	1,743,313	972,523	8,695,341	11,411,177

	31 December 2021 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Overdrafts	1,275,076	283,799	4,522,530	6,081,405
Bills discounted	8,278	3,327	92,948	104,553
Trust receipts	25,160	27,650	386,628	439,438
Term loans	1,119,981	1,122,211	3,189,828	5,432,020
	2,428,495	1,436,987	8,191,934	12,057,416

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

9 Loans and advances to customers (continued)

9.1 The movement during the period / year in the impairment provision is as follows:

	30 September 2022			31 December 2021		
	Provision AED'000	Interest in suspense AED'000	Total AED'000	Provision AED'000	Interest in suspense AED'000	Total AED'000
At 1 January	4,602,981	1,524,068	6,127,049	4,270,048	1,077,311	5,347,359
Charge / IIS	235,686	376,833	612,519	391,720	446,757	838,477
Write back	(3,986)	-	(3,986)	(5,550)	-	(5,550)
Recoveries	(20,352)	-	(20,352)	(50,216)	-	(50,216)
Amounts written off	(35,958)	(21,703)	(57,661)	(3,021)	-	(3,021)
Effects of exchange difference	(40,556)	(40,023)	(80,579)	-	-	-
As at period/year end	<u>4,737,815</u>	<u>1,839,175</u>	<u>6,576,990</u>	<u>4,602,981</u>	<u>1,524,068</u>	<u>6,127,049</u>

9.2 Staging movement

The following table explain the changes in the gross exposure between the beginning and the end of the nine-month period:

Customer exposure	30 September 2022 (un-audited)			Total AED'000
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	
Gross exposure as at 1 January 2022	2,428,495	1,436,987	8,191,934	12,057,416
Transfers				
Transfer from Stage 1 to Stage 2	(466,297)	466,297	-	-
Transfer from Stage 1 to Stage 3	(51,896)	-	51,896	-
Transfer from Stage 2 to Stage 1	155,490	(155,490)	-	-
Transfer from Stage 2 to Stage 3	-	(322,240)	322,240	-
Transfer from Stage 3 to Stage 2	-	38	(38)	-
Changes in EADs	<u>(322,479)</u>	<u>(453,069)</u>	<u>129,309</u>	<u>(646,239)</u>
Gross exposure as at 30 September 2022	<u>1,743,313</u>	<u>972,523</u>	<u>8,695,341</u>	<u>11,411,177</u>

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

9 Loans and advances to customers (continued)

9.2 Staging movement (continued)

Customer exposure	31 December 2021 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross exposure as at 1 January 2021	3,040,580	2,230,668	7,319,748	12,590,996
Transfers:				
Transfer from Stage 1 to Stage 2	(237,463)	237,463	-	-
Transfer from Stage 1 to Stage 3	(38,381)	-	38,381	-
Transfer from Stage 2 to Stage 1	361,246	(361,246)	-	-
Transfer from Stage 2 to Stage 3	-	(379,663)	379,663	-
Transfer from Stage 3 to Stage 2	-	179,288	(179,288)	-
Changes in EADs	(697,487)	(469,523)	633,430	(533,580)
Gross exposure as at 31 December 2021	2,428,495	1,436,987	8,191,934	12,057,416

The following table explains the changes in the loss allowance between the beginning and the end of the nine-month period:

Customer loss allowance	30 September 2022 (un-audited)			Total AED'000
	Stage 1 12 month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	
Loss allowance as at 1 January 2022	13,569	51,778	6,061,702	6,127,049
Transfers:				
Transfer from Stage 1 to Stage 2	(6,419)	6,419	-	-
Transfer from Stage 1 to Stage 3	(473)	-	473	-
Transfer from Stage 2 to Stage 1	558	(558)	-	-
Transfer from Stage 2 to Stage 3	-	(6,921)	6,921	-
Transfer from Stage 3 to Stage 2	-	14	(14)	-
Changes in PDs / LGDs / EADs	(439)	(3,459)	453,839	449,941
Loss allowance as at 30 September 2022	6,796	47,273	6,522,921	6,576,990

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

9 Loans and advances to customers (continued)

9.2 Staging movement (continued)

Customer loss allowance	31 December 2021 (audited)			Total AED'000
	Stage 1 12 month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	
	Loss allowance as at 1 January 2021	41,368	184,695	
Transfers				
Transfer from Stage 1 to Stage 2	(2,123)	2,123	-	-
Transfer from Stage 1 to Stage 3	(2,142)	-	2,142	-
Transfer from Stage 2 to Stage 1	50,467	(50,467)	-	-
Transfer from Stage 2 to Stage 3	-	(42,346)	42,346	-
Transfer from Stage 3 to Stage 2	-	7,204	(7,204)	-
Changes in PDs / LGDs / EADs	(74,001)	(49,431)	903,122	779,690
Loss allowance as at 31 December 2021	13,569	51,778	6,061,702	6,127,049

9.3 Gross credit exposure by industry segment

	30 September 2022 (un-audited)				31 December 2021 (audited)
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000	Total AED'000
Manufacturing	67,551	68,152	2,236,160	2,371,863	2,391,292
Construction	163,368	135,503	3,397,195	3,696,066	3,592,595
Real Estate	41,211	275,023	1,170,069	1,486,303	1,854,521
Trade	56,167	102,671	917,289	1,076,127	1,065,693
Transport, Storage and Communication	4,863	16,452	92,793	114,108	111,050
Financial Institutions	672,302	98,345	105,877	876,524	1,172,605
Other Services	272,272	201,723	224,493	698,488	833,154
Government	302,688	-	-	302,688	162,747
Individuals	4,246	1,604	14,966	20,816	22,408
High Net Worth Individuals	158,645	69,928	488,207	716,780	800,974
All others	-	3,122	48,292	51,414	50,377
Gross loans and advances	1,743,313	972,523	8,695,341	11,411,177	12,057,416

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

9 Loans and advances to customers (continued)

9.4 Expected credit loss by industry segment

	30 September 2022 (un-audited)				31 December 2021 (audited)
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000	Total AED'000
Manufacturing	319	571	1,905,916	1,906,806	1,785,245
Construction	2,914	17,969	3,014,001	3,034,884	2,846,257
Real Estate	2	3,510	399,058	402,570	352,126
Trade	249	3,281	651,789	655,319	600,432
Transport, Storage and Communication	15	857	41,779	42,651	39,798
Financial Institutions	322	568	84,697	85,587	85,278
Other Services	2,019	18,302	179,452	199,773	179,903
Government	193	-	-	193	45
Individuals	124	83	9,195	9,402	9,263
High Net Worth Individuals	617	2,132	215,545	218,294	200,568
All others	22	-	21,489	21,511	28,134
Loss allowances	6,796	47,273	6,522,921	6,576,990	6,127,049

10 Other assets

	30 September 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
Interest receivable	2,353	7,926
Repossessed properties (refer to note 10.1)	429,145	416,460
Property plant and equipment	68,516	76,278
Prepayments and other assets	33,778	16,923
Customers' indebtedness for acceptances	49,400	36,924
	583,192	554,511

10.1 Repossessed properties were acquired in settlement of loans and advances.

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

11 Related party transactions

In the normal course of business, the Group enters into various transactions with related parties including Board of directors, their related companies and key management personnel having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director, executive or otherwise, of the Group. The related party transactions are executed at the terms agreed between the parties. The volume of related party transactions, outstanding balances at the period and year end, and related income and expenses for the period and year are as follows:

	30 September 2022 (un-audited)				
	Government of Sharjah AED'000	Government of Sharjah related entities AED'000	Board of directors AED'000	Other balances associated with Board of directors AED'000	Total AED'000
Loans and advances with customers	<u>149,760</u>	<u>205,244</u>	<u>-</u>	<u>619,856</u>	<u>974,860</u>
Deposits from customers	<u>1,000,000</u>	<u>745,019</u>	<u>21,442</u>	<u>1,230,077</u>	<u>2,996,538</u>
Commitments and contingent Liabilities					
Outstanding letters of credit and guarantees	<u>-</u>	<u>37,378</u>	<u>-</u>	<u>34,400</u>	<u>71,778</u>
	31 December 2021 (audited)				
	Government of Sharjah AED'000	Government of Sharjah related entities AED'000	Board of directors AED'000	Other balances associated with Board of directors AED'000	Total AED'000
Loans and advances with customers	<u>601</u>	<u>333,805</u>	<u>46,311</u>	<u>338,449</u>	<u>719,166</u>
Deposits from customers	<u>1,000,000</u>	<u>52,376</u>	<u>14,865</u>	<u>765,721</u>	<u>1,832,962</u>
Commitments and contingent Liabilities					
Outstanding letters of credit and guarantees	<u>-</u>	<u>-</u>	<u>-</u>	<u>809</u>	<u>809</u>

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

11 Related party transactions (continued)

None of the loans granted to related parties are impaired or past due as at 30 September 2022 and 31 December 2021.

The loans extended to Directors during the period are repayable over 1 year and bear interest at rates ranging from 4% to 10% per annum. As at 30 September 2022, the outstanding loans and advances due from related parties are secured by deposits under lien amounting to AED 473 million (31 December 2021: AED 302.1 million).

Other transactions with the Government of Sharjah:

Refer to note 8.1 for the investment in Government of Sharjah sukuks.

	30 September 2022 (un-audited)				Total AED'000
	Government of Sharjah AED'000	Government of Sharjah related entities AED'00	Board of directors AED'000	Other exposures associated with Board of directors AED'000	
Interest income	482	32,968	448	13,325	47,223
Interest expense	(11,936)	(7,967)	(113)	(25,253)	(45,269)

	30 September 2021 (un-audited)				Total AED'000
	Government of Sharjah AED'000	Government of Sharjah related entities AED'00	Board of directors AED'000	Other exposures associated with Board of directors AED'000	
Interest income	2,358	10,791	1,838	18,159	33,146
Interest expense	(7,958)	(960)	(131)	(32,869)	(41,918)

Key management personnel

	30 September 2022 (un-audited) AED'000	30 September 2021 (un-audited) AED'000
Salaries and other short-term benefits	9,532	7,828
Termination benefits	407	935
	<u>9,939</u>	<u>8,763</u>

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

12 Due to banks

	30 September 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
Balances with other banks	130	4,511
Repo against fixed income securities (refer to note 8.1)	-	750,000
	<u>130</u>	<u>754,511</u>

13 Deposits from customers

	30 September 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
Time deposits	6,003,848	6,637,667
Savings accounts	124,283	126,215
Current and other accounts	1,496,143	1,706,687
	<u>7,624,274</u>	<u>8,470,569</u>

14 Other liabilities

	30 September 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
Interest payable	66,829	66,411
Unearned commission income	20,065	20,169
Staff benefits payable	14,958	16,236
Accrued expenses	57,450	44,619
Manager's cheques	5,403	8,766
Liabilities under acceptances	49,400	36,924
Others	18,303	21,245
	<u>232,408</u>	<u>214,370</u>

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

15 Share capital

	Un-audited 30 September 2022 AED'000	Audited 31 December 2021 AED'000
Authorised share capital <i>6,300,000 thousand shares of AED 1 each</i> <i>(31 December 2021: 6,300,000 thousand shares of AED 1 each)</i>	<u>6,300,000</u>	<u>6,300,000</u>
Issued capital and paid-up capital <i>3,180,982 thousand shares of AED 1 each</i> <i>(31 December 2021: 3,180,982 thousand shares of AED 1 each)</i>	<u>3,180,982</u>	<u>3,180,982</u>

Dividend

At the annual general meeting of the Bank held on 19 May 2022, no cash dividend was approved by the shareholders (2021: Nil).

Foreign currency translation reserve

The reserve amounts to AED 173 million and represents mainly the difference on exchange arising on the translation of the Lebanon branch operation and assets and liabilities at the Sayrafa rate.

Capital adequacy ratio

As per the Central bank regulation for Basel III, the capital requirement as at 30 September 2022 is 13% (31 December 2021: 11.5%) inclusive of the capital conservation buffer.

The Bank must comply with the following minimum requirements:

- (i) CET1 must be at least 7% of risk weighted assets (RWA);
- (ii) Tier 1 capital must be at least 8.5% of risk weighted assets (RWA); and
- (iii) Total capital, excluding the capital conservation buffer, is calculated as the sum of Tier 1 capital and Tier 2 capital which must be at least 10.5% of risk weighted assets (RWA).

The capital adequacy ratio is computed based on circulars issued by the CBUAE as per Basel III.

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

15 Share capital (continued)

The Group's regulatory capital position was as follows:

	30 September 2022 (un-audited) AED'000	31 December 2021 (un-audited) AED'000
Tier 1 Capital		
Share capital	3,180,982	3,180,982
Share discount	(477,857)	(477,857)
Foreign currency translation	(173,253)	-
Fair value reserve	(40,966)	(40,988)
Accumulated losses	(2,138,760)	(1,996,613)
Total tier 1 capital	350,146	665,524
Tier 2 Capital		
General provision	83,502	93,281
Total tier 2 capital	83,502	93,281
Total regulatory capital	433,648	758,805
Key weighted assets		
Credit risk	6,680,130	7,462,506
Market risk	81,316	75,991
Operational, risk	339,888	625,363
Total risk weighted assets (RWA)	7,101,334	8,163,860
CET1 expressed as % of RWA	4.93%	8.15%
Total tier 1 capital expressed as % of RWA	4.93%	8.15%
Total tier 1 and tier 2 as a % of RWA	6.11%	9.29%

As shown above, the Bank's total regulatory capital of 6.11% (2021: 9.29%) is less than the 13% required by the CBUAE regulations.

16 Net impairment loss

	30 September 2022 (un-audited) AED'000	30 September 2021 (un-audited) AED'000
Impairment charge on loans and advances (Note 9.1)	215,334	220,021
Write back of ECL on cash and bank balances (Note 6)	(77,815)	-
Write back / charge of ECL on due from banks (Note 7)	(24)	(8)
Charge / write back of ECL on investment securities	100	(293)
Write back of provision on loans and advances	(3,986)	
Recoveries on loans and advances	(21,493)	(1,596)
Net impairment loss	112,116	218,124

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

17 Segmental analysis

The Group operates in the United Arab Emirates and Lebanon, and its results arise largely from commercial banking, treasury and investment activities. Information with respect to business segments is as follows:

	30 September 2022 (un-audited)			30 September 2021 (un-audited)		
	Commercial banking AED'000	Treasury & investments AED'000	Total AED'000	Commercial banking AED'000	Treasury & investments AED'000	Total AED'000
Net interest and other income	<u>138,885</u>	<u>(29,095)</u>	<u>109,790</u>	<u>147,348</u>	<u>6,500</u>	<u>153,848</u>
Net impairment loss	<u>(112,016)</u>	<u>(100)</u>	<u>(112,116)</u>	<u>(218,417)</u>	<u>293</u>	<u>(218,124)</u>
Loss for the period	<u>(96,145)</u>	<u>(31,002)</u>	<u>(127,147)</u>	<u>(188,342)</u>	<u>5,153</u>	<u>(183,189)</u>
Segment capital expenditure	<u>2,974</u>	<u>-</u>	<u>2,974</u>	<u>5,474</u>	<u>-</u>	<u>5,474</u>
Segment depreciation	<u>6,164</u>	<u>-</u>	<u>6,164</u>	<u>7,285</u>	<u>-</u>	<u>7,285</u>
	30 September 2022 (un-audited)			31 December 2021 (audited)		
	Commercial banking AED'000	Treasury & investments AED'000	Total AED'000	Commercial banking AED'000	Treasury & investments AED'000	Total AED'000
Segment total assets	<u>5,591,217</u>	<u>2,585,741</u>	<u>8,176,958</u>	<u>6,406,341</u>	<u>3,653,633</u>	<u>10,059,974</u>
Segment total liabilities	<u>7,853,198</u>	<u>3,614</u>	<u>7,856,812</u>	<u>8,199,366</u>	<u>1,240,084</u>	<u>9,439,450</u>

Invest bank P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

18 Loss per share

Basic earnings per share is based on the loss attributable to ordinary shareholders of the Bank and weighted average number of ordinary shares.

	30 September 2022 (un-audited)	30 September 2021 (un-audited)
Loss attributable to ordinary shareholders (AED'000)	<u>(127,147)</u>	<u>(183,189)</u>
Weighted average number of shares outstanding at 30 September (AED'000)	<u>3,180,982</u>	<u>3,180,982</u>
Loss per share (AED)	<u>(0.04)</u>	<u>(0.06)</u>

At reporting date the Group does not have any instrument resulting in dilution of basic earnings per share.

19 Commitments and contingent liabilities

	30 September 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
Letters of credit	63,596	65,664
Letters of guarantee	2,103,128	2,299,507
Irrevocable commitments to extend credit	31,110	73,784
Foreign exchange and forward commitments	60,735	1,041
	<u>2,258,569</u>	<u>2,439,996</u>

20 Subsequent events

There are no significant events after the reporting period that would require adjustment or disclosure in this condensed consolidated financial information.