



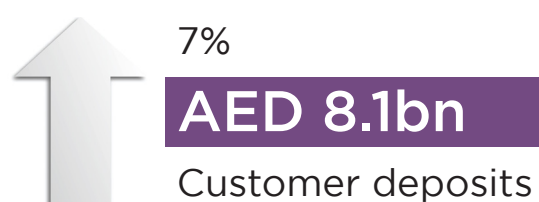
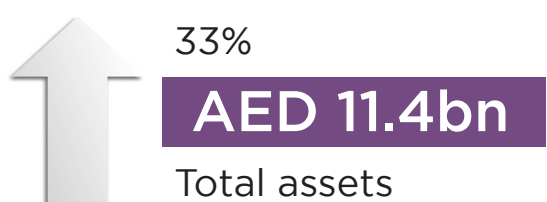
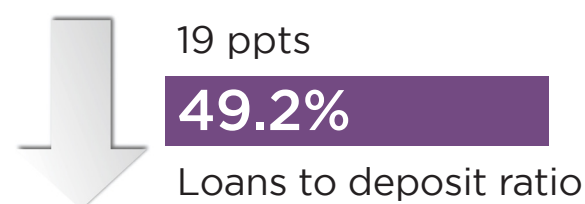
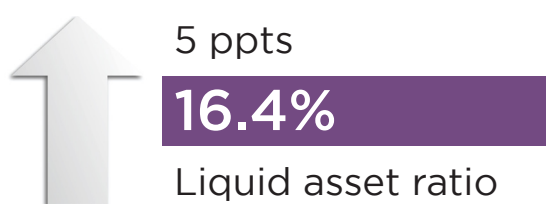
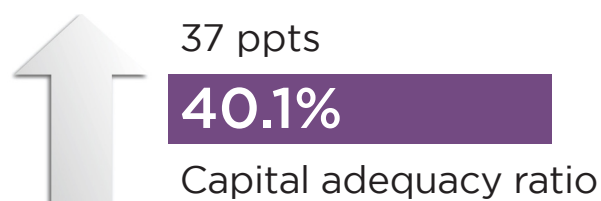
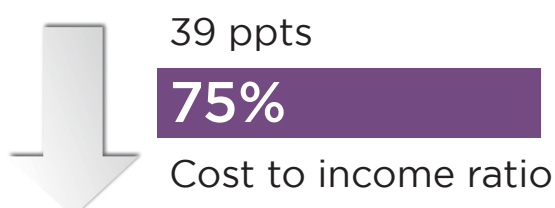
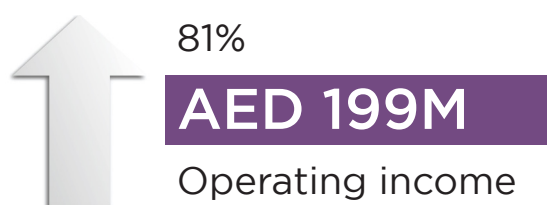
Management Discussion & Analysis Report

Q3 2023

14th of November 2023

Invest Bank delivered robust performance over the first nine months of 2023, with net operating income growing to AED 199 million, which represents an 81% increase Year-on-Year.

Similar **performance** was also evident in other metrics. Driven by continued strengthening in **underlying fundamentals**, operational and performance numbers improved across the board, both Y-o-Y and YTD.



Over the past nine months, Invest Bank continued to make steady progress towards its strategic goals. With dedicated teams attending to forward-looking objectives such as diversifying the client base and revamping the technology infrastructure, other teams continued to work on restructuring and resolving legacy issues. The multi-pronged strategy currently in place will ultimately consolidate Invest Bank's position as one of the UAE's leading providers of future-proof banking solutions – both for retail and corporate customers.

To further strengthen the bank's financial standing, a guarantee was secured during the period ending September 2023, with the Government of Sharjah, coupled with AED 2.6 billion, as a capital increase.

Part of the available funding will be allocated to modernizing the bank's systems with break-through technologies, including several regional firsts. Successes in this area are evidenced by multiple awards received by the bank over the previous nine months, including two awards for “The Most Innovative Digital Core Banking Service Provider”.

All KPIs point to the success of the efforts under way, with financial results for the preceding nine months, both YoY and YTD, driven by strengthened underlying growth. Operating Income and Operating Profits are both on an upward trend, while Cost to Income and Loans to Deposit ratios continue to drop.

Financial Statements | Summary

Income Statement				Balance Sheet			
(AED million)	YTD Sept 2023	YTD Sept 2022	Var.	(AED million)	Sep 2023	Dec 2022	Var.
Net interest income	149	61	144%	Cash and deposits with CB	1,014	615	65%
Non interest income	50	49	2%	Investments	2,340	2,136	10%
Operating income	199	110	81%	Loans & advances	3,986	5,137	-22%
Operating expenses	(149)	(125)	19%	Customer Deposits	8,104	7,587	7%
Operating profit before impairment charge	50	(15)	433%	Shareholders' Funds	2,349	104	2159%
Net impairment charge	(405)	(112)	262%	Total Assets	11,385	8,567	33%
Loss for the period	(355)	(127)	180%				
Basic EPS (Fils)	(2)	(4)					

Key Ratios			
Capital adequacy ratio	40.1%	2.8%	
Liquid asset ratio	16.4%	11.0%	
Loans to deposit ratio	49.2%	67.7%	



Net Interest Income: increased by **144%**, with contribution to the total operating income amounting to **75%**, which reflects the bank's success in revenue stream diversification and business model restructuring.

Operating profit: amounted during the period to **AED 50M**, i.e. an increase of **433%** compared to an operating loss of AED 15M over the corresponding period of last year. Operating profits were recorded for the first time in Q3 2023 since Q1 2022.

Balance sheet fundamentals: maintained robust balance sheet fundamentals: total assets up 33% YTD to AED 11.4 billion, customer deposits up 7% to AED 8.1 billion, with a very strong liquidity profile.

Current Account & Savings Account (CASA) balances: up by **25%** YTD, with a contribution of **25%** attributed to customer deposits, thus underlining the continuous improvement of the bank's deposit mix.

Net impairment charges: while the allocation of AED 405M for the period is higher than that of last year, it reflects the continued efforts in de-risking the balance sheet and alleviating the impact of legacy issues.

Capital Adequacy ratio (CAR): increased to **40.1%**, further relieving any potential constraints on financing to customers for future growth.

Government of Sharjah shareholding increased from **50.07%** to **88.11%** pursuant to a rights issue.