بنك الإستثمار
Invest bank

# Integrated Report
2024

# New Horizons

**Welcome to the 2024 integrated report of Invest Bank, a premier commercial financial organisation in the Emirate of Sharjah and listed on the Abu Dhabi Securities Exchange (“ADX”).**

Last year, following the successful capital restructuring plan implemented in 2023, Invest Bank sharpened its focus on new horizons. Amid steady GDP growth in the United Arab Emirates (UAE), the Bank improved its financial performance, while pursuing its strategic objectives, reinforcing its governance system and increasing its sustainability initiatives. In addition, to strengthen operations further, it continued to invest in people, upgrade technology and improve services.

As we enter 2025, Invest Bank has more solid foundations on which to continue its transformation drive. Its ultimate aim is to fulfil the vision of becoming a pre-eminent technology-driven bank in Sharjah, one that delivers cutting-edge services for clients and long-term returns for shareholders.

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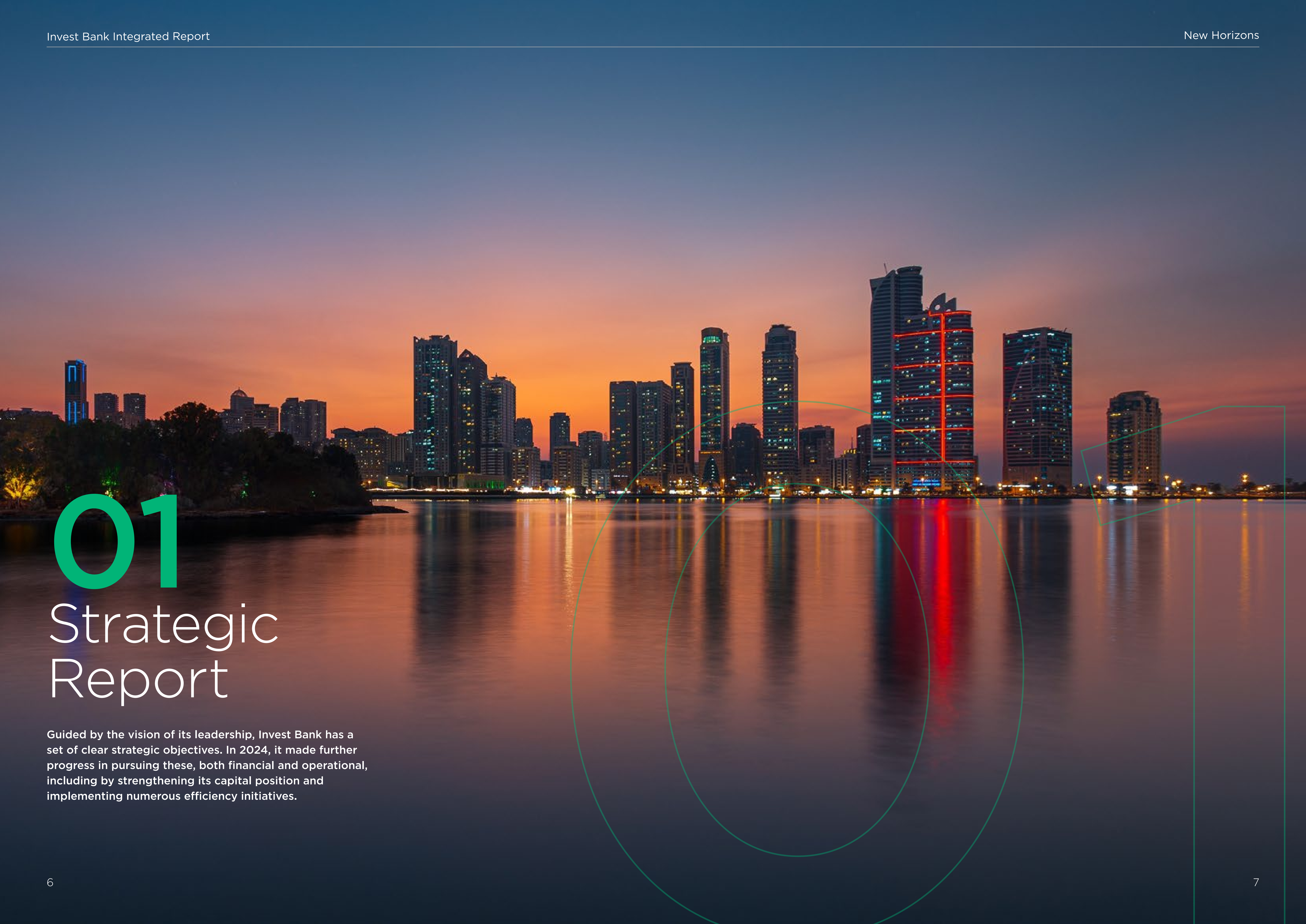


# 01 Strategic Report

Guided by the vision of its leadership, Invest Bank has a set of clear strategic objectives. In 2024, it made further progress in pursuing these, both financial and operational, including by strengthening its capital position and implementing numerous efficiency initiatives.

# Chairman's Statement

## New Horizons

**It is a pleasure to present Invest Bank's integrated report for the year ended 31 December 2024.**

The successful capital restructuring plan implemented in 2023 marked a milestone in our history. While 2024 had its challenges, we navigated these by remaining prudent, diligent and proactive, and we have entered 2025 stronger than ever. Ahead of us are new horizons, and we will progress towards them with even greater resolve.

Underpinned by the vision of Sharjah and the wider UAE to become a global hub for business and investment, our aim is to create one of the country's most innovative and sustainable providers of financial services for retail and corporate clients alike. Much of this will involve setting new standards for banking excellence in the region, as well as maintaining close connections with our local communities.

In 2024, one key event in our new chapter was the appointment of Edris Mohammad Rafi Mohammad Saeed Al Rafi as Chief Executive Officer as of September. He was serving as Vice Chairman of Invest Bank until then and had been a member of the Board of Directors from 2022. In addition, he has around 25 years of experience in banking and investment with leading global and regional financial institutions. As such, I am confident that Mr Al Rafi will make further progress in fulfilling the ambitious plans and goals set, and the Board will support his endeavours and efforts in doing this. On behalf of the leadership, I would like to reiterate our warm welcome to him in the new role.

In place of Mr Al Rafi, Farooque Ahmed Tungekar was appointed as a non-executive independent Board member on 9 August 2024, when Mr Al Rafi stepped down. In addition, in February, Mohammed Obaid Rashid Al Shamsi was appointed as a non-executive independent Board member, replacing Omran Abdulla Omran Taryam. In December, Mr Al Shamsi became a non-independent Board member, when the SSSF, which he heads, acquired an 18.04% stake. We wish Mr Taryam every success in his future endeavours and also extend a warm welcome to Mr Tungekar and Mr Al Shamsi.

Meanwhile, we made further progress in our transformation drive, a continuous process. As part of our aim to lead the UAE's commercial banking sector, it prioritises investing in our most important assets, people and technology. In 2024, we allocated additional funds and drove several initiatives to develop both.

Notably, in line with our commitment to support our local communities, we strengthened our Emiratisation initiatives by attracting new talent and providing more support for existing employees. To identify and hire the best locals, we work closely with relevant UAE authorities with appropriate databases. To retain and develop our people, we provide opportunities and infrastructure, as we see them as future leaders of Invest Bank and the country as a whole. Our Emiratisation target – the proportion of employees who are UAE citizens – is 45% by the end of 2026, and we are working to meet this.

In 2025 and beyond, we intend to keep challenging ourselves with ambitious milestones and targets. In addition, we will focus on expanding our business both organically and otherwise, as well as driving our market share. Additional support for this will come as our operating model becomes more technology-driven and customer-centric.

Invest Bank is grateful for the continued support of its majority shareholder, the Government of Sharjah, and the CBUAE. With this and following the capital increase in 2023, we are ready to achieve more and build a sustainable business that delivers greater profitability and shareholder returns.

On behalf of the Board, I would like to express our sincere gratitude and appreciation to His Highness Sheikh Dr Sultan bin Mohammed Al Qasimi, Member of the Supreme Council and Ruler of Sharjah, for his continuous guidance and support during our phase of challenges and this new era of growth and sustainability. I would also like to thank all of our stakeholders for their ongoing commitment to being part of our progress. We look forward to their continuous contribution to building a digitally transformed Invest Bank, as conceived by our visionary leaders.

**Sheikh Sultan bin Ahmed bin Sultan Al Qasimi**
Chairman of the Board of Directors

> ***"In 2025 and beyond, we intend to keep challenging ourselves with ambitious milestones and targets."***

# CEO's Review

> *With a stronger financial foundation, we continue building towards transforming Invest Bank into one of the UAE's leading, customer-centric commercial banks"*

## Stronger Foundations

**Last year was an eventful and transformational one for Invest Bank. While marking a milestone in the Bank's history and progress, it also heralded the fulfilment of my tenure as Vice Chairman and my appointment as Chief Executive Officer from September. In this regard, it is an honour to present this integrated report, my first at the helm of the organisation.**

In 2024, amid steady GDP growth in the UAE, the Bank delivered a commendable financial performance. Interest income totalled AED 489 million, up 8.1% compared with AED 452 million in 2023. Operating income also rose, to AED 251 million, up 5.6% year-on-year. This was primarily due to improved interest and fee income, as well as higher income from managed repossessed properties.

Elsewhere, the Bank reduced its impairment charge to AED 114 million, down 89% from over AED 1 billion in 2023. The charge for 2024 included the impact of the CBUAE's new credit risk management standards (CRMS). Excluding this, Invest Bank's profit before tax would have been around AED 64 million.

In 2024, total assets reached AED 10.8 billion, with net loans and advances of AED 4.5 billion and deposits of AED 8.7 billion. At the year-end, shareholder equity was AED 1.5 billion. The additional provisions taken on loans in 2024 have almost fully de-risked the balance sheet from legacy non-performing loans.

Meanwhile, Invest Bank maintained its strong liquidity, with an eligible liquidity asset ratio (ELAR) of 15.6%, above the regulatory requirement. This is testament to its ability to meet obligations without reducing liquidity or hindering business. The capital adequacy ratio was 29.9%, which is strong and creates a solid base for building and growing the business further.

To echo His Highness our Board Chairman, on behalf of the Executive Management, I would like to express our sincere gratitude and appreciation to His Highness Sheikh Dr Sultan bin Mohammed Al Qasimi, Member of the Supreme Council and Ruler of Sharjah, for his continuous guidance and support. I would also like to thank the management and staff for their vigorous efforts, dedication and commitment. Our people are our greatest asset, and their ongoing achievements will drive us towards our ultimate objective of transforming Invest Bank into one of the leading, digitally-driven, customer-centric commercial banks in the UAE.

**Edris Mohammad Rafi Mohammad Saeed Al Rafi**
Chief Executive Officer

# 02 Governance Report

Invest Bank is committed to developing a governance system that is based on rigorous oversight, transparency and accountability, in line with best practice. In 2024, it continued its work in this area, including by making supervisory and management changes, as well as streamlining various policies and procedures further.

# Introduction

**Invest Bank was established on 13 February 1975 as a public stock company in the Emirate of Sharjah, subject to Emiri Decree No. 153/02/1975 issued by His Highness the Ruler of Sharjah.**

On 10 April 2019, the Government of Sharjah (GOS) made a strategic decision to become a shareholder of Invest Bank, investing AED 1.115 billion (net) in exchange for a majority stake of 50.07%. On 12 October 2023, the GOS increased this further through a rights issue, taking its holding to 88.11% of the Bank's capital. Its contribution was through a standby guarantee agreement against claims of losses for the Bank's bad loans. The investment was made on a commercial basis, with the objective of creating long-term value and an operationally strong financial institution.

In a further strategic move to diversify ownership, on 30 December 2024, the GOS transferred 20.48% of its shares in the Bank to the Sharjah Social Security Fund (SSSF). This brought net ownership to 70.06% for the GOS, 18.04% for the SSSF and 11.90% for other owners.

The Bank is headquartered in the Al Nad area of Al-Qasimiya in the Emirate of Sharjah. At present, it has four branches in the UAE and one in Lebanon.

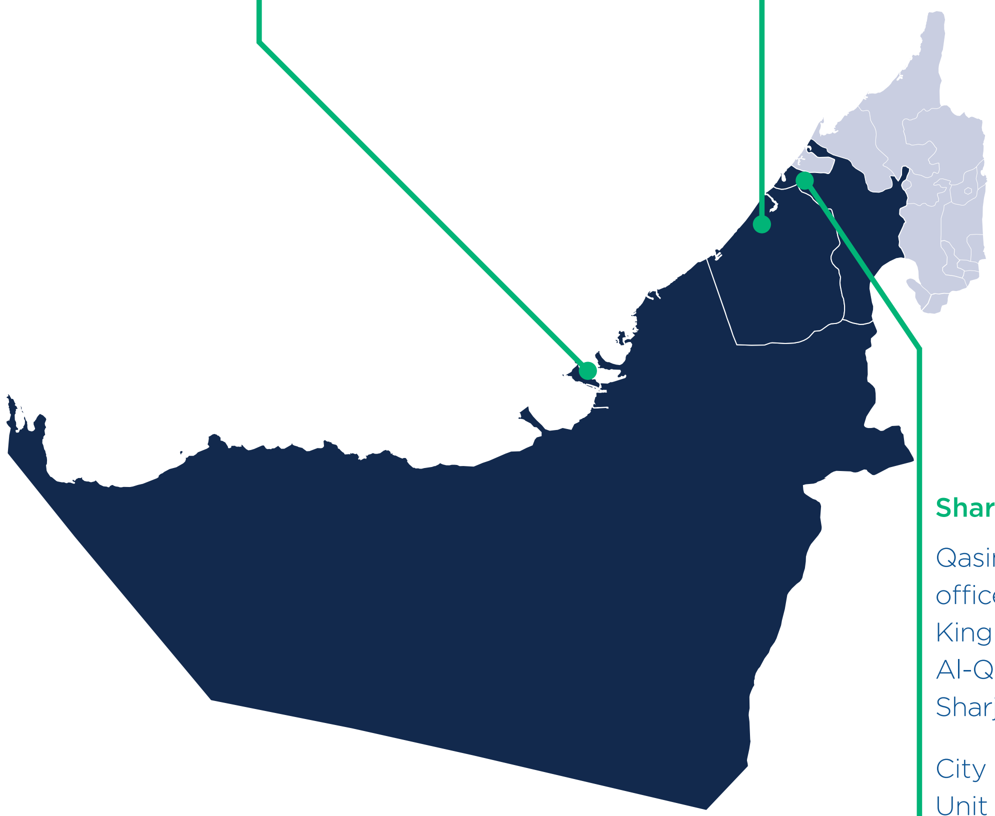
# Our Network

**Abu Dhabi Branch:**

Independence Branch
Al Istiqlal Street,
P.O. Box: 2875, Abu Dhabi,
United Arab Emirates

**Dubai Branch:**

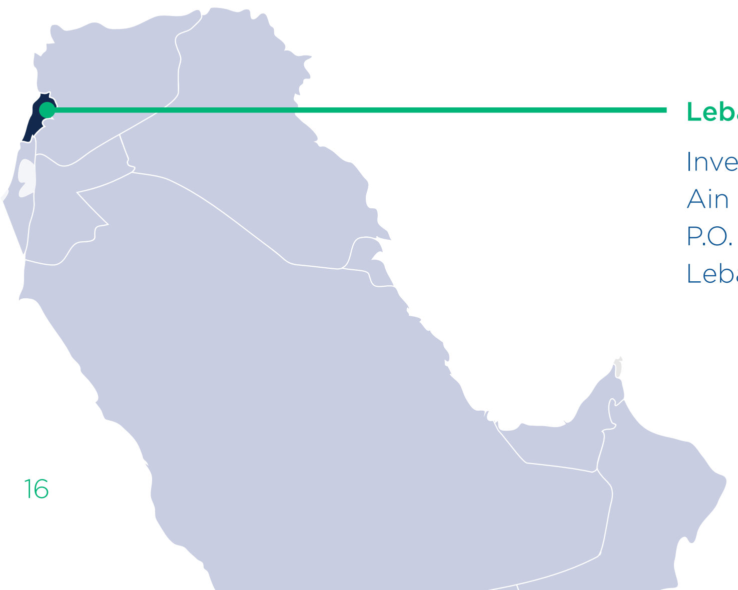
Sheikh Zayed Road Branch
Sheikh Zayed Road,
P.O.Box: 27734, Dubai,
United Arab Emirates



**Sharjah Branches:**

Qasimiya Branch (head office) 105 Al Zahra'a Street,
King Abdul Aziz Road,
Al-Qasimiya, PO Box 1885,
Sharjah, United Arab Emirates

City Centre Al Zahia Branch
Unit No. G029A, Ground Floor,
City Centre Al Zahia, Sharjah,
United Arab Emirates



**Lebanon Branch:**

Invest Bank Beirut Branch
Ain El Mreisseh
P.O. Box: 11-5484, Beirut,
Lebanon





# Corporate Governance Framework

**In Circular No. 83/2019 dated 18 July 2019, the Central Bank of the United Arab Emirates (CBUAE) defined corporate governance as follows.**

*"Corporate Governance is the set of relationships between the Bank's Management, Board, Shareholders and other Stakeholders which provides the structure through which the objectives of the Bank are set, and the means of attaining those objectives and monitoring performance. It helps define the way authority and responsibility are allocated and how corporate decisions are made."*

Invest Bank recognises that corporate governance is critical to achieving its primary goal of ensuring a comfortable working environment, achieving better performance and creating long-term value for all stakeholders. The Corporate Governance Framework describes the set of relationships between the Bank's management, Board, shareholders and other stakeholders. It details the structure through which objectives are set, as well as the means of attaining those objectives and monitoring performance.

The Corporate Governance Structure specifies the allocation of rights and responsibilities among different participants, such as the Board, management, shareholders and other stakeholders, and gives the rules and procedures for making decisions on corporate affairs. It influences how the Bank's objectives are set and achieved, how risk is monitored and assessed, and how performance is optimised.

The adoption and implementation of corporate governance is the direct responsibility of the Board, in line with UAE regulatory and statutory requirements. Corporate governance disclosures are made in accordance with to the requirements of the regulatory authorities.

## Purpose of Corporate Governance Framework

The purpose of the Corporate Governance Framework is to define the Bank's corporate governance structure. Along with the Board Charter, other charters and the Terms of Reference (TORs) of Board committees, the Directors' Remuneration Policy and such other independent policies related to corporate governance, the framework forms the Corporate Governance Policy Manual and is the reference document for the Bank's Board and Management.

From time to time, individual policies and documents may change based on market and regulatory requirements, and are they updated or replaced as needed.

> ***"Invest Bank recognises that corporate governance is critical to achieving its primary goal of ensuring a comfortable working environment."***

# Corporate Governance Principles

The Corporate Governance Framework is aligned with the principles prescribed by the Basel Committee on Banking Supervision and fully complies with requirements of the CBUAE's Corporate Governance Regulations and Standards for Banks (Ref: 83/2019). It also abides by the regulations and standards given in the "Guide to Institutional Discipline Standards and Governance of Public Joint-Stock Companies", issued by the UAE's Securities and Commodities Authority (SCA).

The Board is in ultimate control of the Bank and, accordingly, bears ultimate responsibility for its corporate governance. The Board's key responsibilities under the defined corporate governance principles are as follows.

- Board members must act with integrity, exercising their duty of care, duty of confidentiality and duty of loyalty. They are responsible for ensuring effective control over the Bank's entire business.
- Board members must ensure that the Bank has robust corporate governance policies and processes commensurate with its risk profile and systemic importance.
- Board members are responsible for approving and overseeing the implementation of the Bank's Risk Governance Framework and alignment of its strategic objectives with its risk appetite.
- Board members are responsible for establishing and communicating corporate culture and values through measures including a written code of conduct, a conflict of interest policy, a whistleblowing policy and mechanism, an insider trading policy and a strong internal control environment.
- Board members are responsible for the Bank's organisational structure, including executing the Board's key responsibilities and specifying the key responsibilities and authorities of its committees and the Senior Management.
- Board members are responsible for overseeing the Senior Management, ensuring that the Bank's activities are carried out in a manner consistent with the business strategy, Risk Governance Framework, compensation and other policies approved by the Board.
- Board members are responsible for establishing a fit and proper process for the selection of the Senior Management, including the heads of the Risk Management, Compliance and Internal Audit functions, and the maintenance of succession plans for the Senior Management.

***"Board members must ensure that the Bank has robust corporate governance policies and processes commensurate with its risk profile and systemic importance."***

**The main guiding principles of the Bank's corporate governance are as follows.**

1. **Board Operations** – the Board's ability to manage its own activities.
2. **Strategy** – the Board's role in the strategy development process to ensure:
   - Active Board participation in developing strategy, including reviewing and challenging
   - Creation of an adaptable organisation that is able to respond quickly to changing market opportunities
   - Appropriate dissemination of the Bank's strategic plan
3. **Corporate Culture** – the Board's role in setting and communicating standards for organisational behaviour is to:
   - Promote openness with the Management on issues for which the Board will ultimately be accountable
   - Sponsor and actively promote adherence to the organisation's defined code of conduct
   - Promote the use of incentive schemes that align the interests of the Board and Executive Management with those of the shareholders and other stakeholders
4. **Monitoring and Evaluation** – the Board's role in monitoring the Management and evaluating its performance against defined goals, which involves a need to:
   - Understand organisational risks, be informed routinely about how they are managed and be assured that risk management is effective
   - Ensure that the organisation complies with the relevant laws and regulations, as well as with accounting, human resource (HR) and other internal policies
   - Apply a rigorous process for evaluating and monitoring the performance of the CEO and Executive Management
5. **Supervision** – the Board's responsibility towards stakeholders and accountability for their interests involves a need to:
   - Uphold rigorous standards for individual members' preparedness, participation and conduct in the matters to the Board and its committees
   - Protect the organisation and its stakeholders from potential damage due to conflicts of interest
   - Manage stakeholder expectations regarding the safeguarding of their interests, in part by ensuring that communication is thorough, timely and transparent
6. **Risk Management** – The Board is responsible for ensuring that the Bank has a robust Risk Management Framework. The Board must ensure that the Bank has in place a comprehensive Risk Management Strategy, a strong Risk Appetite Framework and a detailed Policy Manual, which are approved by the Board. These create an environment of strong risk and credit governance and a robust credit management framework.

# Corporate Governance Framework Principles

## Accountability

Clarity of functions and implementation of accountability in the relationships between the Executive Management and Board, and between the Board and shareholders and other stakeholders

## Transparency

- in the Bank's information disclosure and decision making, including material information on its objectives, organisational and governance structures and policies, major share ownership and voting rights, related-party transactions, recruitment and compensation policies, and key information concerning its risk exposure and management.

## Equality

In upholding stakeholders' rights

## Responsibility

Including the clear division and delegation of authority and compliance of the Management with laws and regulations





# Board Structure

The Board consists of directors who have a varied and appropriate mix of applicable skills and experience while meeting the 'fit and proper' requirements of the CBUAE Regulations and Standards for Banks. As of the year-end, the Board comprises seven members, who have the requisite experience. In addition, five committees assist the Board with its various responsibilities. To support gender diversity and in line with regulatory requirements, one Board member is female.

### Invest Bank's Board of Directors

**H.H. Sheikh Sultan Bin Ahmed Bin Sultan Al Qasimi**
Chairman of the Board of Directors
(non-executive / non-independent)

| Mr. Abdalla Ibrahim Abdalla Deaifis AlMheiri | Mr. Mohamed Obaid Rashid Al Shamsi | Mr. Faris Hmaid Trais Saeed Al Mazrouei | Mr. Farooque Ahmed Tungekar ** | Mr. Ummer Said Mohamed Beeran Ummer | Ms. Halima Humaid Ali AlOwais |
|---|---|---|---|---|---|
| Board member | Board member | Board member | Board member | Board member | Board member |
| (non-executive / independent) | (non-executive / independent) * | (non-executive / independent) | (non-executive / independent) | (non-executive / non-independent) | (non-executive / independent) |

* Mohammed Obaid Rashid Al Shamsi was appointed as a non-executive independent Board member on 6 February 2024, replacing Omran Abdulla Omran Taryam. He became a non-independent Board member when the SSSF (which he heads) acquired an 18.04% stake on 30 December 2024.

** Farooque Ahmed Tungekar was appointed as a non-executive independent Board member on 9 August 2024, when Edris Mohammad Rafi Mohammad Saeed AlRafi resigned from the Board and became the Bank's CEO.

- The Board was elected during the Annual General Meeting on 19 May 2022 (the changes during 2024 are given above)
- The Board comprises seven members
- The Chairman was elected by the members during the Board meeting on 26 May 2022

The Board has established the necessary Board and Management committees to assist it in providing effective oversight over the Bank's operations. The Board reviews the structure periodically and modifies as necessary. From time to time, additional committees are created and / or existing ones are assigned additional responsibilities.

The role of the Head of Corporate Governance and Board Affairs (Board Secretary) is to assist the Board and its committees in maintaining working relations between the Executive Management and Board, between the Board and shareholders, and vice versa. The Financial Control function is independent of the business lines. The Audit function is independent and reports to the Board's Audit and Compliance Committee. The Risk Management function is also independent and reports to the Board's Risk Committee.

The ownership of and transactions involving the Bank's securities by Board members, their spouses and their children during 2024 is as follows .

| No. | Name | Position / Relationship | Shares owned as of 31/12/2024 | Total sale transaction | Total purchase transaction |
|---|---|---|---|---|---|
| 1 | H.H. Sheikh Sultan bin Ahmed Al Qasimi | Board member and Chairman | 3,781,164 | Nil | Nil |
| 2 | Shaikha Bodour bint Sultan bin Muhammad Al Qasimi | Wife of Board Chairman | 4,232,356 | Nil | Nil |

# Board of Directors

### H.H. Sheikh Sultan bin Ahmed Al Qasimi

**Nationality: UAE**
**Deputy Ruler of Sharjah and Chairman of Invest Bank**
(non-executive / non-independent)
**Date of first Board election:**
10 April 2019 – re-elected on 19 May 2022

- His Highness Sheikh Sultan bin Ahmed Al Qasimi is the Deputy Ruler of the Emirate of Sharjah, Deputy Chairman of the Sharjah Executive Council and Chairman of Sharjah Media Council, serving under the supervision of it: Sharjah Broadcasting Authority, Sharjah Government Media Bureau, Sharjah Media City "SHAMS Free Zone Authority". His Highness is also Chairman of the Sharjah Petroleum Council.
- His Highness has chaired Basma Group since 2005, as well as the Board of Directors of Sharjah National Oil Company since 2010, Tilal Properties LLC since 2014 and Arada Real Estate Development Company since 2017. His Highness has also chaired the Board of Invest Bank since 2019.
- His Highness has held many key leadership positions in sectors of the economy, tourism and sport in the Emirate of Sharjah. The most prominent are Chairman of the Board of Directors for Sharjah Pipeline Company "Anabeeb" (2003-19), Vice Chairman of the Board of Directors for Sharjah Liquefaction Gas Company (SHALCO; 2004-11), member of the Board of Directors for Dana Gas (2005-19), Vice Chairman of the Board of Directors for Sharjah Equestrian and Racing Club (2002-11), and Chairman of Sharjah Commerce and Tourism Development Authority (2006- 12). His Highness has made many contributions to the preservation of the environment through his chairmanship of the Board of Directors of "Green Planet" LLC since 2005 and Medical & Hazardous Waste "Weqaya" LLC since 2010.
- His Highness received the League of Arab States' Media Personality of the Year award for 2016 and has also been elected as the Humanitarian Envoy for The Big Heart Foundation since 2017.
- Under His Highness' leadership, much has been achieved in two sectors, government communication and media. This includes the establishment of Sharjah Media Council, Sharjah Media City "Shams" Free Zone Authority, Sharjah Government Media Bureau (formerly Sharjah Media Centre); the restructuring of Sharjah Broadcasting Authority; and the launch of several new television channels, including "Al Sharqiya" from Kalba and "Al Wousta" from Al Dhaid, as well as new radio stations, notably "Sharjah Quran", "Plus 95" and "Watar".
- In addition, His Highness established the online news website "Sharjah 24" in 2015 and launched the first and largest digital media and communication platform "OMNES Media" in 2017.
- At the regional level, His Highness has pioneered and launched numerous first-of-their-kind initiatives. The most prominent are the International Government Communication Forum in 2011, Sharjah Government Communication Award in 2013, International Photography Festival in 2016 and the International Government Communication Centre in 2017.
- His Highness holds a Bachelor of Science degree in Business Administration from Arkansas State University (US) and a Master's degree in Computer and Information Systems from the University of Detroit Mercy (US).



### Edris Mohammad Rafi Mohammad Saeed AlRafi

**Nationality:** UAE
**Director:** Non-executive / independent
**Date of first Board election:** 19 May 2022
(resigned w.e.f. 24 July 2024 and became CEO)

Edris Al Rafi is a highly accomplished financial leader with over 25 years of experience in investment, commercial banking, corporate finance, and asset management, driving growth strategies across global markets. As CEO of Invest Bank, he is leading the institution through a transformative era focused on enhancing capital efficiency, growing the loan bank, and bringing digital banking innovation.

Before joining Invest Bank, Edris was the Head of Middle East and Africa at Aberdeen Standard Investments. His other notable roles include the Head of Goldman Sachs UAE, Vice Chairman of Noor Bank and CEO of Dubai Holding. In these leadership positions, he has managed multi-billion-dollar balance sheets, driven regional and global growth and mobilized large, diverse execution teams. He brings deep knowledge of domestic and international capital markets with a strong understanding of risk and compliance standards. He has successfully implemented innovative business strategies for large institutions aimed at driving new organizational direction and change.

With a proven track record in financial and investment strategy, Edris has played a key role in advising and managing high-value investment portfolios, large-scale financial transactions, and institutional growth strategies. A firm believer in data-driven decision-making and sustainable investment practices, Edris champions long-term value creation, institutional growth, and financial resilience.

Edris has served on multiple boards and executive committees, advising financial institutions, investment firms, and multinational corporations on high-impact strategies. Under his leadership, Invest Bank is reinforcing its position as a leading financial powerhouse in the region, focused on delivering exceptional value to stakeholders, investors, and the broader economy.

Edris is a UAE national and holds a degree in Finance.

### Mohammad Obaid Rashid Al Shamsi

**Nationality:** UAE
**Director:** Non-executive / independent
**Date of first Board election:** 6 February 2024

Mr. Mohammad Al Shamsi is a seasoned professional with over two decades of experience in the banking and governmental sectors. His career spans diverse roles in retail, investment and commercial banking at leading institutions such as Emirates NBD, SIB, FAB and HSBC. He holds a BBA from the Institut Supérieur de Gestion (Paris), and his academic background adds definite value to his multifaceted career.

A strategic leader with a proven track record, Mr. Al Shamsi excels in business development, performance management, growth strategies, compliance, governance, capital reputation enhancement and client relations. His expertise extends to operations, change management and stakeholder engagement. Previously, he actively participated in public service as a Sharjah Consultative Council member.

Currently, Mr. Al Shamsi serves as General Manager of the Sharjah Social Security Fund, enhancing employee well-being and pension benefits. Additionally, he has been contributing to Al Qasimia University as a Board member and Finance Committee Chair since 2019, fostering academic excellence and community service. His influence extends to the business sector, where he has been a Board member of Sharjah Cement and Industrial Development since 2023. Recently, Mr. Al Shamsi was appointed as a member of the Board of Trustees of Sharjah Education Academy by H.H. Sheikh Sultan Bin Muhammad Al-Qasimi, the Ruler of Sharjah and a member of the UAE Supreme Council – may God protect him.

### Ummer Said Mohamed Beeran Ummer

**Nationality:** Indian
**Director:** Non-executive / non-independent
**Date of first Board election:** 10 April 2019 – re-elected on 19 May 2022

Mr. Ummer Said Mohamed Beeran Ummer is a seasoned professional with diversified experience in treasury, banking, public sector debt management, operational excellence, process engineering, organisational effectiveness and governance framework. After years of a progressive career with an international bank, Said Ummer joined the Government of Sharjah (GOS) to lead a broad-based banking relationship and support various government departments for effective working capital management. He assumed the role of financial adviser for the GOS in early 2015 with key assignments, which have been accomplished smoothly. He maintains regular contact with the senior leadership of Sharjah and contributes to preparing fiscal policy and achieving a balanced budget for the emirate. He is on the boards of Trustees, University Hospital Sharjah.

### Abdalla Ibrahim Abdalla Deaifis AlMheiri

**Nationality:** UAE
**Director:** Non-executive / independent
**Date of first Board election:** 19 May 2022

Mr. Abdullah Ibrahim Abdalla Deaifis AlMheiri is the owner and founder of Al Alya Investment Group (100%) and its subsidiaries, Chairman of the Board of Directors of Ithmar Investment LLC and its subsidiaries as well TURUQ Engineering LLC (49%). He is the owner and founder of the law firm "Deaifis Advocates and Legal Consultants". He is also a member of the Sharjah Chamber of Commerce and Industry's Board of Directors; and Chairman of the Executive Committee of the Sharjah Centre for International Commercial Arbitration "Tahkem" and a former Sharjah Consultative Council member. Mr. Deaifis graduated with honours from the Police College in Abu Dhabi (UAE). He received a certificate of appreciation in the Sharjah Economic Excellence Award in 2009, and earned the Sheikh Mohammed bin Rashid Award for Youth Enterprise in 2010. In addition, he was honoured as a strategic partner in 2014 by the Sharjah Foundation to Help Young Small Business Owners and also received the distinguished honour leader award from Sharjah Chamber of Commerce and Industry.

### Halima Humaid Ali AlOwais

**Nationality:** UAE
**Director:** Non-executive / independent
**Date of first Board election:** 19 May 2022

Ms. Halima Humaid Ali AlOwais is the CEO of Sultan bin Ali AlOwais Real Estate, Halima manages the family's longstanding privately owned real estate portfolios, as well as the construction company of Moderna Contracting and the family-owned Maintenance Company (15% shareholding). Halima also is Vice Chairwoman of Sharjah Consultive Council as well as a member at Sharjah Chamber of Commerce. She holds a Masters of Urban Planning degree from the American University of Sharjah. She is also a Board member in the Sharjah Chamber of Commerce and on the Investment Committee.

### Faris Hmaid Trais Saeed Al Mazrouei

**Nationality:** UAE
**Director:** Non-executive / independent
**Date of first Board election:** 10 April 2019 – Re-appointed on 19 May 2022

Mr. Faris Hamid Trais Saeed Al Mazrouei is a strategic investment expert. He worked at the Abu Dhabi Investment Council, an investment arm of the Government of Abu Dhabi, prior to taking up a new role at ADQ in 2021. Mr. Faris runs fully owned personal business (Jusour Technical Services LLC SPC). He holds a Bachelor degree in Finance from the University of Colorado (US).

### Farooque Ahmed Tungekar

**Nationality:** Indian
**Director:** Non-executive / independent
**Date of first Board election:** 9 August 2024

Mr. Farooque Ahmed Tungekar has more than 42 years of banking experience in a multinational bank operating in the MENA region (largely in the UAE). While handling multi-billion-dollar portfolios, he gained specialised knowledge and expertise in corporate banking, as well as in credit and risk management in local and regional credit cultures with respect to wholesale banking and SMEs.

Mr. Farooque is also seasoned in structured trade and in contract, project and property finance. Hardworking, self-motivated and practical, he has robust credit and risk analytical skills, good communication and interpersonal skills, and a great ability to adapt to multi-cultural working environments.

# Corporate Governance and Board Affairs

## Board Secretariat

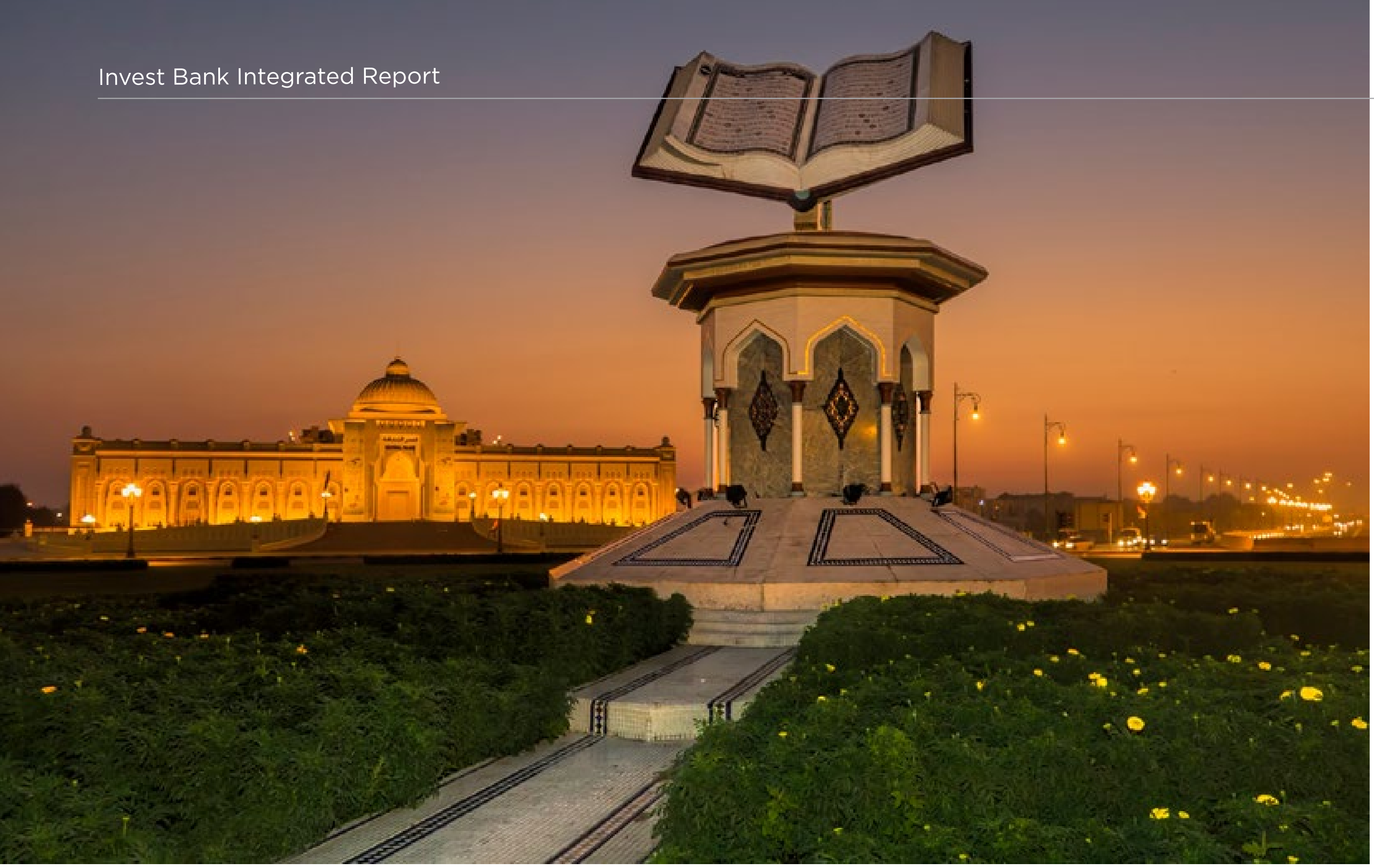
The Corporate Governance and Board Affairs division acts as an interface between the Board and Executive Management. The Board Secretariat works closely with the Board and Executive Management to facilitate communication and transparency.

The division covers the Corporate Governance Framework and governance-related regulatory compliance matters.

### Mohammed Abdulrahman Al Elaiq

**Nationality:** Saudi Arabia
**Position:** Board Secretary
(head of Corporate Governance and Board Affairs)
**Appointment date:** March 2022
(joined the Bank in October 2019)

Mohammed Abdulrahman Al Elaiq is the secretary to the Board of Invest Bank. He joined Invest Bank in 2019 as Transformation Manager and has almost 25 years' experience in the financial and banking sector (HSBC), and in executing business operations in line with macro-level strategies and business plans to meet strategic financial goals. Prior to joining the bank, he held a number of senior positions relating to the restructuring and transformation of various companies as CEO and Managing Director in the GCC region. Mr. Al Elaiq holds a Masters in Management Information Systems from Michigan State University (US) and a Bachelor degree in Business Administration from King Saud University (Saudi Arabia). He also holds a certificate in Board Affairs from the US.





# Board Committees

As part of Invest Bank's corporate governance programme, during 2024, the Board of Directors designated four permanent and two special committees (appointed during 2023). The two special ones (Strategy and Transformation Committee (STC) and Board Real Estate Committee (BREC)) were dissolved in August 2024, while another special committee (Board Special Asset Committee (BASAC)) was appointed simultaneously. Board committees have specific charters/TORs approved by the Board. Each Board member, with the exception of H.H. the Chairman, serves on at least one committee.

The board delegates some of its responsibilities to different Board committees. The current committees are given below.

| Committee | Meetings in 2024 | Responsibilities |
|---|---|---|
| **Board Nominations and Compensation Committee (BNCC)** | 6 | The Committee is mandated to enable the Board to fulfil its responsibilities regarding the oversight of:<br>• Appropriate composition of the Board<br>• Nomination of appropriate directors to the Board and committees<br>• Assessment of the performance of the Board and of individual directors and Senior Management<br>• Succession plans for Board members and Senior Management<br>• Bank's public reporting on remuneration matters<br>• Bank's HR strategy (including Emiratisation)<br>Ms. Halima Humaid Ali AlOwais, the Chairperson of the Board Nominations and Compensation Committee, acknowledges her responsibility for overseeing the Bank's committee system, reviewing its work mechanism and ensuring its effectiveness. |

| Committee | Meetings in 2024 | Responsibilities |
|---|---|---|
| **Board Audit and Compliance Committee (BACC)** | 7 | The Committee is mandated to enable the Board to fulfil its responsibilities regarding the oversight of:<br>• Integrity of the Bank's financial statements;<br>• Qualifications, independence and performance of the Bank's external auditors;<br>• Qualifications, independence and performance of the Bank's internal audit department;<br>• Bank's internal controls, including internal controls over financial reporting and disclosure.<br>• Oversight on compliance department of the Bank.<br>Statement from Chairman of the BACC<br>As Chairman, Mr. Faris is pleased to provide the annual report on the activities of the BACC for the year 2024. Through 7 meetings, BACC effectively discharged its responsibilities in accordance with its Terms of Reference and regulatory obligations.<br>As part of its primary obligations, the BACC reviewed the Group Financial Results along with the External Audit Reports during the year while discussing these with external audit team separately as well as with management.<br>BACC ensured the independence of the External Auditor and the effectiveness of the audit process. The External Audit Fees were reviewed by the BACC, as per the annual process, and recommendations were submitted for Board approval. External Auditor annual evaluation was carried out through Finance Department in coordination with Chief Internal Auditor in line with defined policy and regulatory requirements and were also submitted to the Board for its approval (these will be presented to the shareholders for approval at the upcoming AGM).<br>The BACC continued to ensure the independence of the Internal Audit function. The Internal Audit Plan for the year 2024 was approved to ensure that Invest Bank's internal governance and controls remained robust. The implementation and progress of the audit plan and significant issues raised by Internal Audit were regularly monitored during the year by the BACC and were shared with the Board on regular intervals.<br>Oversight responsibility over Compliance Department was shifted to BACC during the year from BRC. The BACC received regular updates from the Chief Compliance Officer with respect to Compliance Issues that encompass regulatory changes, customer and payment screening, transaction monitoring, Russian payments and correspondence banking relationships, and enhanced customer due diligence reviews.<br>The BACC ensured that a management representative was invited to attend a BACC meeting, if an item required the presence.<br>In every meeting, BACC took updates through the Board Secretariate on the corrective actions taken by management with respect to resolution passed by the BACC during its meetings and enquired the reasons of delays (if any) in implementing corrective actions. Further, Internal Audit and Compliance functions also presented regularly, the updates on corrective action taken on issues raised by regulators / other assurance rpoviders.<br>The Chairman BACC submitted self-assessment report of BACC to the Board as part of the evaluation process along with regular updates on the activities of BACC presented to full Board in Board meetings at least on quarterly basis along with other Board Committees.<br>Mr. Faris Hmaid Trais Saeed Al Mazrouei, "Chairman of Board Audit Committee", acknowledges his responsibility for Committee system in the Bank, review of its work mechanism and ensuring its effectiveness". |

| Committee | Meetings in 2024 | Responsibilities |
|---|---|---|
| **Board Risk Committee (BRC)** | 7 | The Committee is responsible for monitoring and managing all aspects of enterprise risk and implementing necessary control measures across the Bank, including by reviewing bank-wide policies, to mitigate all inherent risks while limiting the impact of residual risks across the Bank. The purpose is to enable the Board to fulfil its responsibilities regarding the oversight of:<br>• Establishing the Bank's risk appetite, risk strategy and risk policies, as well as identifying and managing risks in the Bank's asset and liability portfolios<br>• Identifying and managing all financial and non-financial risks, including information and cyber security risks<br>• Complying with regulatory requirements relating to risk management<br>• Ensuring the independence and effectiveness of risk management functions throughout the Bank<br>Mr. Farooque Ahmed Tungekar, the Chairman of the Board Risk Committee, acknowledges his responsibility for overseeing the Bank's committee system, reviewing its work mechanism and ensuring its effectiveness. |
| **Board Credit Committee (BCC)** | 4 | The Committee is mandated to enable the Board to fulfil its responsibilities regarding the oversight of:<br>• Reviewing and approving credit commitments, restructuring, debt settlement and write-offs within the limits set in the DOA, and recommending credit commitments above its authority to the Board for approval<br>• Overseeing the credit risk and credit risk associated with the loan portfolio, interbank placements and lending, markets and money-market operations (lending includes funded and non-funded facilities)<br>• Setting the credit strategy and credit policy, monitoring asset quality, and ensuring that approvals are in line with the Bank's appetite and in the industry / segment of interest<br>• Reviewing potential business opportunities in the market<br>• Reviewing material non-performing debts/assets and ensuring that they are recognised and classified with appropriate provisions held, in according with regulatory requirements<br>In 2024, the BCC reviewed and/or approved various proposals and other matters.<br>Mr. Ummer Said Mohamed Beeran Ummer, Chairman of the Board Credit Committee, acknowledges his responsibility for overseeing the Bank's committee system, reviewing its work mechanism and ensuring its effectiveness. |
| **Board Real Estate Committee (BREC)** | 4 | The Committee has been established by the Board as a standing Board Committee with the following mandate:<br>• Oversee the strategy for repossessed properties that are or will result in a breach of CBUAE regulations for disposing of them within three years of acquisition<br>• Ensure that the impact of selling assets on the Bank's P&L and balance sheet is properly evaluated<br>• Ensure that expenses related to the sale of properties include commissions and legal charges incurred in line with approved procurement policies and best practices in the market (if not specifically covered in procurement policy)<br>• Ensure that strategy adopted by the Bank regarding repossessed properties aligns with the overall strategy<br>Mr. Abdalla Ibrahim Abdalla Deaifis AlMheiri, the Chairman of the Board Real Estate Committee, acknowledges his responsibility for overseeing the Bank's committee system, reviewing its work mechanism and ensuring its effectiveness. |





| Committee | Meetings in 2024 | Responsibilities |
|---|---|---|
| **Board Special Assets Committee, appointed on 27 August 2024** | 1 | The Committee has been established by the Board as a standing Board Committee with the following mandate:<br>• Periodically oversee the review of materially relevant accounts, within the Bank's Special Assets portfolio, and decide / approve recovery strategies to ensure the timely and effective recovery from the Special Assets portfolio<br>• Oversee the Special Assets department performance, Legal performance, strategies and plans for resolving accounts and revising, where necessary, the proposed strategies and recovery action<br>• Reviewing and approving requests for the write-off and acquisition of assets by the Bank, whether by way of acquisition, debt/asset swap, settlement of debt, through a court auction process, as per the delegated authority<br>• Oversee and monitor the classification of delinquent accounts or accounts managed by the SAM department<br>• Periodically provide inputs for revising the SAM policy, recognising the changes in the external environment and recovery experience and recommending the same to the Board for approval<br>Mr. Abdalla Ibrahim Abdalla Deaifis AlMheiri, the Chairman of the Board Special Asset Committee, acknowledges his responsibility for overseeing the Bank's committee system, reviewing its work mechanism and ensuring its effectiveness. |

# Board and Board Committee Meetings and Attendance in 2024

**Board and Board committee members regularly received detailed information regarding the activities of the Board, its committees and Management, as well as developments in the business.**

Members of the Senior Management were invited to Board meetings as necessary to address specific matters, while remaining in compliance with regulatory requirements concerning restrictions of attendance by the Senior Management at certain key meetings.

(x - Attended | a - Apology | x* - Represented by proxy)

| Board of Directors | Meeting dates and attendance | | | | | | |
|---|---|---|---|---|---|---|---|
| | (01-2024) 24/01/2024 | (02-2024) 20/03/2024 | (03-2024) 29/04/2024 | (04-2024) 28/05/2024 | (05-2024) 30/09/2024 | (06-2024) 06/11/2024 | (07-2024) 27/11/2024 |
| H.H. Sheikh Sultan bin Ahmed bin Sultan bin Saqer Al Qasimi (Chairman) | x | x* | x* | x* | x | x* | x* |
| Mr. Edris Mohammad Rafi Mohammad AlRafi (Vice Chairman) * | x | x | x | x | | | |
| Mr. Ummer Said Mohamed Beeran Ummer (member) | x | x | x | x | x | x | x |
| Mr. Faris Hamid Trais Saeed Al Mazrouei (member) | x | x | x | x* | x | x | x |
| Mr. Abdalla Ibrahim Abdalla Deaifis AlMheiri (member) | x | x | x | x | x | x | x* |
| Mr. Mohamed Obaid AlShamsi (Member) | x - as invitee | x* | x* | x* | x* | x* | x* |
| Ms. Halima Humaid Ali AlOwais (member) | x | x | x | x | x | x | x |
| Mr. Farooque Ahmed Tungekar (member) | | | | | x | x | x |

* Mr. AlRafi resigned from the Board and as Vice Chairman w.e.f. 24 July 2024 and became CEO of Invest Bank.

In addition to the above, the Board held two ad-hoc meetings, which were not minuted, while there were informal discussions by members on various matters.

| Board Credit Committee | Meeting dates and attendance | | | |
|---|---|---|---|---|
| | (01-2024) 14/03/2024 | (02-2024) 24/09/2024 | (03-2024) 21/10/2024 | (04-2024) 21/11/2024 |
| **From January to August 2024** | | | | |
| Mr. Edris Mohammad Rafi Mohammad AlRafi (Chairman of BCC) | x | | | |
| Mr. Ummer Said Mohamed Beeran Ummer (member) | x | | | |
| Mr. Farooque Ahmed Tungekar (member and independent adviser) | x | | | |
| **From August to December 2024** | | | | |
| Mr. Ummer Said Mohamed Beeran Ummer (Chairman of BCC) | | x | x | x |
| Mr. Farooque Ahmed Tungekar (member) | | x | x | x |
| Mr. Mohamed Obaid Al Shamsi (member) | | x | x | x |

| Board Audit Committee / Board Audit and Compliance Committee | Meeting dates and attendance | | | | | | |
|---|---|---|---|---|---|---|---|
| | (01-2024) 18/01/2024 | (02-2024) 20/03/2024 | (03-2024) 13/05/2024 | (04-2024) 06/06/2024 | (05-2024) 07/08/2024 | (06-2024) 02/10/2024 | (07-2024) 06/11/2024 |
| **From January to August 2024** | | | | | | | |
| Mr. Faris Hmaid Trais Saeed Al Mazrouei (Chairman of BAC) | x | x | x | x | | | |
| Mr. Edris Mohammad Rafi Mohammad Saeed AlRafi (member) | x | x | x* | x | | | |
| Ms. Halima Humaid Ali AlOwais (member) | x | x | x | x | | | |
| **From August to December 2024** | | | | | | | |
| Mr. Faris Hmaid Trais Saeed Al Mazrouei (Chairman of BAC) | | | | | x | x | x |
| Ms. Halima Humaid Ali AlOwais (member) | | | | | x | x | x |
| Mr. Farooque Ahmed Tungekar (member) | | | | | x - as invitee | x | x |

| Board Risk Committee | Meeting dates and attendance | | | | | | |
|---|---|---|---|---|---|---|---|
| | Ad hoc 17/01/2024 | (01-2024) 28/02/2024 | (02-2024 I) 26/03/2024 | (02-2024II) 28/03/2024 | (03-2024) 26/06/2024 | (04-2024) 25/09/2024 | (05-2024) 26/11/2024 |
| **From January to February 2024** | | | | | | | |
| Mr. Edris Mohammad Rafi Mohammad AlRafi (Chairman of BRC) | x | | | | | | |
| Mr. Faris Hmaid Trais Saeed Al Mazrouei (member) | x | | | | | | |
| Mr. Abdalla Ibrahim Abdalla Deaifis AlMheiri (member) | x* | | | | | | |
| **From February to August 2024** | | | | | | | |
| Mr. Ummer Said Mohamed Beeran Ummer (Chairman of BRC) | | x | x | x | x | | |
| Mr. Faris Hmaid Trais Saeed Al Mazrouei (member) | | x* | x | x | x | | |
| Mr. Mohamed Obaid Rashid Al Shamsi (member) | | x | x | x | x | | |
| Mr. Farooque Ahmed Tungekar (Non-voting member / independent adviser) | | x- as invitee | | x | x | | |
| Mr. Abdalla Ibrahim Abdalla Deaifis AlMheiri (invitee to attend Special BRC related to SAM) | | | x | | x | | |
| **From August to December 2024** | | | | | | | |
| Mr. Farooque Ahmed Tungekar (Chairman of BRC) | | | | | | x | x |
| Mr. Ummer Said Mohamed Beeran Ummer (member) | | | | | | x | x |
| Mr. Faris Hmaid Trais Saeed Al Mazrouei (member) | | | | | | x | x |
| Mr. Mohamed Obaid Rashid Al Shamsi (member) | | | | | | x | x |

| Board Nomination and Compensation Committee (HRC) | Meeting dates and attendance | | | | | |
|---|---|---|---|---|---|---|
| | (01-2024) 22/01/2024 | (02-2024) 28/03/2024 | (03-2024) 09/07/2024 | (04-2024) 02/10/2024 | (05-2024) 14/10/2024 | (06-2024) 06/11/2024 |
| **From January to February 2024** | | | | | | |
| Mr. Ummer Said Mohamed Beeran Ummer (Chairman of HRC) | x | | | | | |
| Mr. Abdalla Ibrahim Abdalla Deaifis AlMheiri (member) | x* | | | | | |
| Ms. Halima Humaid Ali AlOwais (member) | x | | | | | |
| **From February to August 2024** | | | | | | |
| Mr. Edris Mohammad Rafi Mohammad AlRafi (Chairman of HRC) | | x | x | | | |
| Mr. Abdalla Ibrahim Abdalla Deaifis AlMheiri (member) | | x | x | | | |
| Ms. Halima Humaid Ali AlOwais (member) | | x | x | | | |
| **From August to December 2024** | | | | | | |
| Ms. Halima Humaid Ali AlOwais (Chairperson of HRC) | | | | x | x | x |
| Mr. Mohamed Obaid Rashid Al Shamsi (member) | | | | x | x | x |
| Mr. Abdalla Ibrahim Abdalla Deaifis AlMheiri (member) | | | | x | x | x |

| Board Real Estate Committee (BREC) | Meeting dates and attendance | | | |
|---|---|---|---|---|
| | (01-2024) 10/01/2024 | (02-2024) 05/03/2024 | (03-2024) 30/05/2024 | (04-2024) 04/07/2024 |
| Mr. Abdalla Ibrahim Abdalla Deaifis AlMheiri (Chairman of BREC) | x | x | x | x |
| Mr. Edris Mohammad Rafi Mohammad AlRafi (member) | x | x | x | x |
| Mr. Mohammed A. Al Elaiq (member) | x | x | x | x |

| Board Special Assets Committee (BSAC; established on 27/08/2024) | (01-2024) 23/09/2024 |
|---|---|
| Mr. Abdalla Ibrahim Abdalla Deaifis AlMheiri (Chairman of BSAC) | x |
| Mr. Ummer Said Mohamed Beeran Ummer (member) | x |
| Mr. Faris Hmaid Trais Saeed Al Mazrouei (member) | x |
| Mr. Farooque Ahmed Tungekar (member) | x |

| Strategy and Transformation Committee (STC) | The committee was dissolved in August 2024: the Board will oversee budget and strategy-related matters directly. |
|---|---|
| Mr. Edris Mohammad Rafi Mohammad Saeed AlRafi (Chairman of STC) | |
| Mr. Ummer Said Mohamed Beeran Ummer (member) | |
| Mr. Abdalla Ibrahim Abdalla Deaifis Al Mheiri (member) | |

# Board Resolutions

In 2024, the Board issued 42 resolutions, which were passed via circulation and ratified during Board meetings.

# Board Evaluation

Internally, Invest Bank board continuously evaluates the activities and performance of the Board and its Committees. Chairmen of each Board committee is required to present to the whole Board during its meeting (at least quarterly), the activities and tasks performed by his / her respective committee since they presented to Board last time, major decisions taken, challenges it any etc. In addition, committees also submit to the Board a self-assessment / performance report to the Board on an annual basis.

In order to meet the regulatory requirements, at the beginning of 2025, Invest Bank engaged an independent external consultant to conduct a detailed evaluation of the Board, its committees and individual Board Members. This review, will be carried out in accordance with the CBUAE's and SCA's corporate governance regulations, assessed the Board's governance effectiveness and decision-making processes (as of report date, external independent assessment is nearly completion, and draft report will be submitted to the Chairman / HRC in due course).

# Board Trainings

Invest Bank provides its directors with access to training (particularly on induction) and professional advice on issues when required. The CBUAE requires licensed financial institutions (LFIs) to offer training to the Senior Management and Board of Directors, at least once annually, to ensure awareness with the regulations, standards and guidance of the supervisory authorities.

In 2024, to ensure compliance with the CBUAE Corporate Governance Regulations, Board members participated in high-level training sessions that included the following topics:

- Financial crime compliance (AML/CFT/PF)
- Corporate governance
- Market conduct
- Consumer protection regulation
- TFS and other sanctions
- Recent updates from the country's regulatory landscape

Feedback from Board members is used to continue enhancing the topics presented to the Board and to address regulatory matters.

# Board and Board Committee Fees

In 2024, the total remuneration and fees paid to Board members for the year was AED 1,629,767 as Committee fees and AED 3,000,000 as Board membership fees. The same level of Fee is expected to be proposed to 2025 AGM for the year ended 2024.

The total fees paid to Board committee members was AED 2,525,208. Directors were not eligible for any additional allowances, salaries, fees, bonuses, or long-term or other incentive schemes.





# Delegation of Authority

Board, Management and other committees execute activities and transactions on behalf of the Bank in accordance with the authority limits set. As a principle, policies covering operational issues, internal control, risk management, human resources, IT, compliance and such other functions in the Bank are approved by the Board. The approval of related procedures is delegated to the CEO.

The procedures and processes relating to the functioning of the Board and its committees are made part of the Board Charter or approved either by the Board or the appropriate Board Committee.

The application of authority limits to different functions is based on principles of delegation and forms part of the relevant Policy and Procedure.

As per Invest Bank's Articles of Association (AoA), the Chairman serves as the legal representative of the company before the courts and in its dealings with third parties. To facilitate the effective management of the Bank, the Chairman has issued a duly notarised Power of Attorney (POA) to the CEO, delegating authority to oversee the Bank's day-to-day operations. The CEO, in turn, may sub-delegate specific powers to Executive Management or other officers within the Bank. Additional delegations may be granted to Bank's staff, external legal advisors, or other third parties as necessary to support the Bank's operational and business needs.

Importantly, the Board of Directors retains ultimate authority and does not delegate its powers in an absolute manner, ensuring robust oversight and accountability over all delegated authorities.

| No. | Principal | Name of Delegated Person | Delegation Validity | Purpose |
|---|---|---|---|---|
| 1 | H.H.the Chairman | Edris Mohd Rafi Mohd Saeed Alrafi | Open or until he leaves the Bank | Authority as CEO |
| 2 | H.H.the Chairman | Mohammed Abdulrahman M Alelaiq | Open or until he leaves the Bank | All Bank affairs |
| 3 | CEO | Helmi Ibrahim Mohammad Abdullah *<br>Malik Mohammad Khaleel Al-Lozi *<br>Ahmad Saleh Yousif Hassan Alobeidli<br>Afeef Neindran Veetil<br>Yaser Salim Mohammad Abu Rub<br>Ahmed Abdulrahim Mohamed Hasan Alhammadi<br>Jamil El Halabi<br>Zidoon Nofan Sema'An Al Makhamreh<br>Hazem Ismail AL Amin | *Open or until he leaves the Bank<br>All others till 28/02/2025 | Executive Management for various specific matters |

# Conflicts of Interest

Directors have a duty to avoid to the extent possible any activity at Invest Bank or elsewhere that creates or appears to create a conflict between their own interests, be those as an individual or through an entity they is associated with, and the interests of Invest Bank. Directors must avoid competing directly or indirectly with Invest Bank, including holding directorships in competing institutions. In addition to providing unjustified advantages to third parties at the expense of the Bank and taking for themselves, their immediate family or a related party opportunities that are available through their position as director, or their use of the Bank's property or information; and taking advantage of the position as director to gain directly or indirectly any personal advantage that might be to the detriment of Invest Bank. Directors who becomes aware of an actual or potential conflict of interest must:

- Promptly disclose the matter to the Chairman of the Board and the Secretary to the Board of Directors
- Abstain from any and all involvement in that matter, including recusing himself from participating in the debate or voting on the matter or attending the relevant part of respective meetings.

| Board Of Directors | Number of shares held by Individual or nominating entity | % ownership |
|---|---|---|
| H.H. Sheikh Sultan Bin Ahmed Al Qasimi | 3,781,164 | 0.001 |

# Related-party Transactions

In the normal course of business, the Bank 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 Bank, directly or indirectly, including any director, executive or otherwise, of the Bank. The related party transactions are executed at the terms agreed between the parties. No separate Board Committee is constituted and related party transactions are approved as per the Delegation of Authority of the Bank (including through Board / Board Committees as applicable). Volume of related party transactions, outstanding balances at the year end, and related income and expenses for the year are as follows:

| Loans and facilities (2024) (AED '000) | Government of Sharjah | Sharjah Government -related entities | Board of Directors | Other balances associated with the Board of Directors | TOTAL |
|---|---|---|---|---|---|
| Loans and advances with customers | 459,110 | 743,515 | - | 50,122 | 1,252,747 |
| Reimbursement asset | 2,068,501 | - | - | - | 2,068,501 |
| Deposits with customers | 212,722 | 622,541 | 7,473 | 89,268 | 932,004 |
| Outstanding letters of credit /guarantees | - | 46,351 | 12,000 | 33,622 | 91,973 |

Note: None of the loans granted to related parties are classified as impaired as at 31 December 2024 (31 December 2023: nil). The loans extended to directors during the year are repayable over one year and bear interest at rates ranging from 5.25% to 8.25% per annum (2023: 4.75% to 9% per annum).

| Income and expenses (year 2024) (AED '000) | Government of Sharjah | Sharjah Government -related entities | Board of Directors | Other balances associated with the Board of Directors | TOTAL (AED '000) |
|---|---|---|---|---|---|
| Interest income | 68,895 | 51,725 | - | 13,510 | 134,130 |
| Interest expense | 23,314 | 37,817 | - | 1,327 | 62,458 |

**Transactions With Related Parties Equal Or Above 5% Of Capital**

| | AED Millions | | | | | |
|---|---|---|---|---|---|---|
| LOANS AND FACILITIES | | | | | | |
| Related Parties Combined Exposure | Funded O/S (Excl. Debt Securities and Equities) | Debt Securities | Unfunded O/S | CCF (Credit Conversion Factor) equivalent of Unfunded O/S | Total Exposures (CCF Based) | % of Tier 1 Capital |
| Government of Sharjah | 459 | 557 | 0 | 0 | 1,016 | 64.79% |
| Sharjah Asset Management | 372 | 0 | 0 | 0 | 372 | 23.75% |
| Shaikh Dr. Sultan AlQasimi | 153 | 0 | 0 | 0 | 153 | 9.76% |
| Govt of Sharjah Sukuk | 0 | 143 | 0 | 0 | 143 | 9.14% |
| Sharjah Environment Co. Beeah | 72 | 0 | 44 | 35 | 107 | 6.81% |
| DEPOSITS | | | | | | |
| Related Parties | IB FD Corporate Variable Interest | IB Fixed Deposits Corporate | IB OD Accts Government | IB Savings Account | Total Liabilities | % of Tier 1 Capital |
| Sharjah Social Security Funds | 508 | 0 | 0 | 0 | 508 | 32.40% |
| American University of Sharjah | 0 | 293 | 0 | 0 | 293 | 18.69% |
| Government of Sharjah | 0 | 0 | 213 | 0 | 213 | 13.58% |


# Annual General Meeting

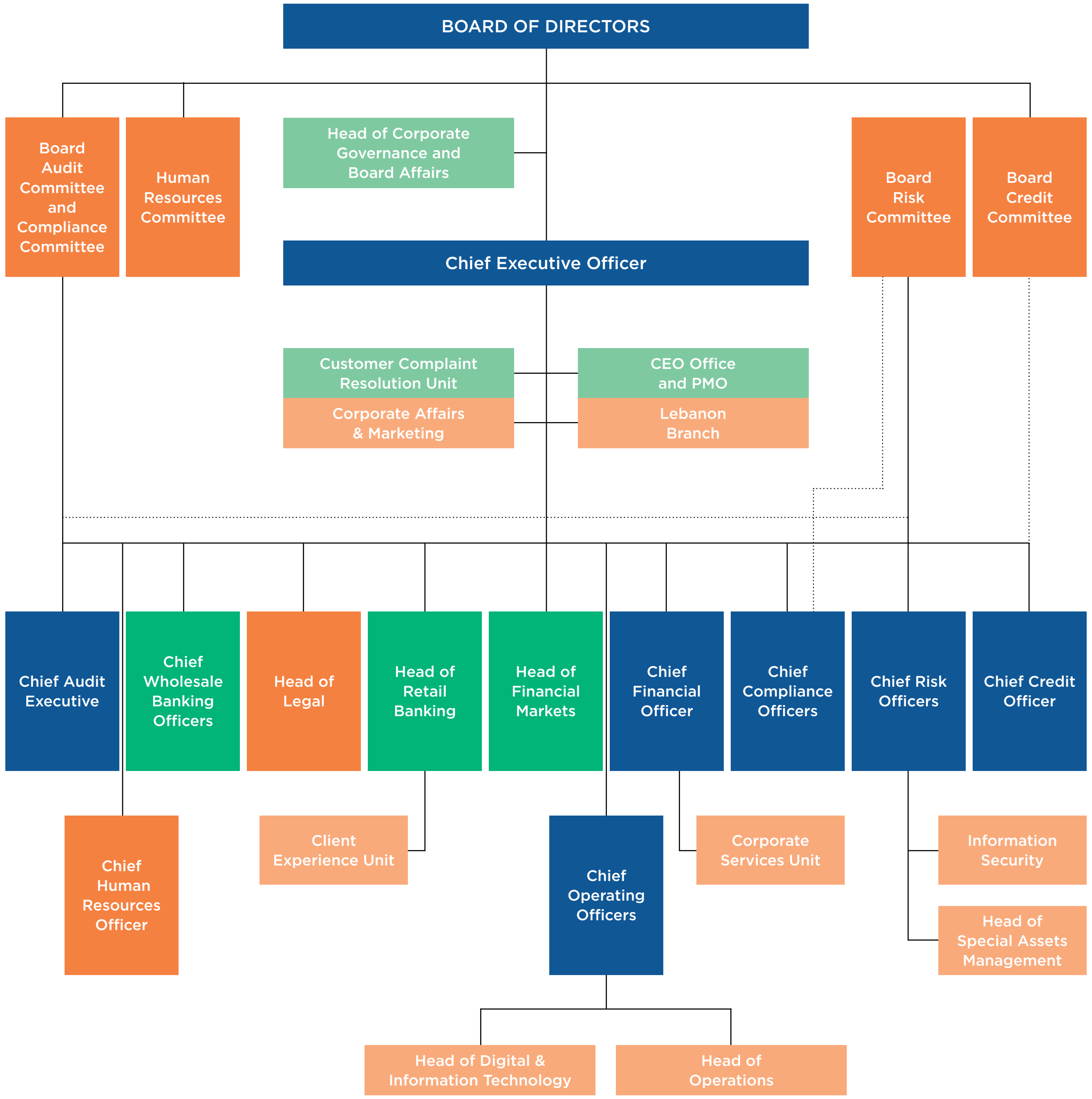
The Bank holds a Shareholders' annual general meeting (AGM) once a year. It is mandatory and held primarily to allow the Bank's interested shareholders with voting rights to vote on high-level issues, re-elect the Board of Directors and so on. The AGM is convened under an invitation by the Board within four months following the end of the fiscal year. Shareholders who do not attend the AGM in person may usually vote by proxy. The AGM is also attended by a representative of the Bank's regulator, the Securities and Commodities Authority (SCA) and the Bank's external auditors.

Meeting resolutions are disclosed to the Abu Dhabi Stock Exchange (ADX), and signed minutes are sent to the SCA.

In 2024, Invest Bank held one general assembly meeting, on Monday, 29 April 2024. The invitations, minutes, results and resolutions of the meetings were published on the website of the Bank's and ADX, and shared with the SCA.

| General Assembly Meeting | Date | Special Resolution(S) | Quorum of the total attendance (percentage of capital) % |
|---|---|---|---|
| Annual General Assembly | 29 April 2024 | No Special Resolutions were passed and the usual business of finalization was conducted. The Bank's shareholders approved the following ordinary resolutions.<br>• The Board of Directors' report concerning the Bank's activities and financial position as of 31 December 2023<br>• The external auditor's report on the Bank's financial statements for the fiscal year ended on 31 December 2023<br>• The Bank's balance sheet and profit and loss account for the fiscal year ended on 31 December 2023<br>• Absolve Board members of the Bank from liability for their work during the fiscal year ended 31 December 2023 or dismiss them and pursue them, as the case may be<br>• Absolve the Bank's external auditor from any liability for the fiscal year ended 31 December 2023 or dismiss them and pursue them, as the case may be<br>• Inform / update the Shareholders that the required approvals by the official authorities regarding the Bank's external auditor's appointment for 2024 have been completed and ratification is being sought (has been ratified).<br>• Fees of the Board members for 2023 as per the approved Remuneration / Fees Policy of the Board<br>• The appointment of Board member, His Excellency Mohamed Obaid Al Shamsi, by the Board to fill a vacancy in the Board | 92.40% |

# Organisation Chart




## Key:

- Core Functions
- Enabling Functions
- Support Functions

# Senior Management

**Invest Bank's Senior Management comprises senior members heading different divisions and departments within Invest Bank. .**

With the exception of the Chief Audit Officer (who reports to the Board Audit Committee), Chief Risk Officer (who reports to the Board Risk Committee) and the head of Corporate Governance and Board Affairs (who reports to the Board), all Senior Management members report to the Chief Executive Officer, who in turn reports to the Board of Directors.

**Edris Mohammad Rafi Mohammad Saeed AlRafi (CEO)**

Management Position: Chief Executive Officer
Appointment date: 2 September 2024

Edris Al Rafi is a highly accomplished financial leader with over 25 years of experience in investment, commercial banking, corporate finance, and asset management, driving growth strategies across global markets. As CEO of Invest Bank, he is leading the institution through a transformative era focused on enhancing capital efficiency, growing the loan bank, and bringing digital banking innovation.

Before joining Invest Bank, Edris was the Head of Middle East and Africa at Aberdeen Standard Investments. His other notable roles include the Head of Goldman Sachs UAE, Vice Chairman of Noor Bank and CEO of Dubai Holding. In these leadership positions, he has managed multi-billion-dollar balance sheets, driven regional and global growth and mobilized large, diverse execution teams. He brings deep knowledge of domestic and international capital markets with a strong understanding of risk and compliance standards. He has successfully implemented innovative business strategies for large institutions aimed at driving new organizational direction and change.

With a proven track record in financial and investment strategy, Edris has played a key role in advising and managing high-value investment portfolios, large-scale financial transactions, and institutional growth strategies. A firm believer in data-driven decision-making and sustainable investment practices, Edris champions long-term value creation, institutional growth, and financial resilience.

Edris has served on multiple boards and executive committees, advising financial institutions, investment firms, and multinational corporations on high-impact strategies. Under his leadership, Invest Bank is reinforcing its position as a leading financial powerhouse in the region, focused on delivering exceptional value to stakeholders, investors, and the broader economy.

Edris is a UAE national and holds a degree in Finance.

**Prateek Khandelwal**

Management position: Acting Chief Risk Officer
Appointment date: 1 February 2023
(Current acting position on 4 October 2024)

Mr. Khandelwal is an accomplished professional with 15 years of experience in risk management and brings strategic insight and a proactive approach to managing risk and supporting sustainable growth at the Bank. Previously, he held leading functions such as enterprise risk management, market risk, mid-office, ICAAP and stress-testing at various banks in the region.

Mr. Khandelwal holds a Bachelor and Masters of Business Administration (MBA) from Calcutta University, FRM (GARP, US), has cleared all levels of CFA (US), CMT (US), CRISC (ISACA) and has a diploma in Treasury and Forex Management.

**Abdulhakim Kanan**

Management position: Chief Audit Officer
Appointment date: 15 April 2022

Mr. Kanan is a veteran professional with almost four decades of local and international experience in auditing. Additionally, he won the UAE Internal Audit Association's Life-time Achievements Award for his significant contributions in modern internal auditing to banks where he previously worked. He holds a Bachelor of Commerce degree and professional qualifications in public accounting (CPA), internal auditing (CIA), risk management and IT governance from various internationally recognised institutions.

**Wisam Simrin**

Management position: Acting Chief Compliance Officer
Appointment date: 2 March 2011
(Current acting position on 9 September 2024)

Mr. Simrin is a highly experienced professional with 14 years of experience in financial crime and regulatory compliance in the UAE banking sector. He holds an MBA in International Business and is a Certified Anti Money Laundering Specialist (CAMS) and Certified Global Sanctions Specialist (CGSS). He has vast knowledge of the regulations of the CBUAE and other regulatory bodies in the UAE and Lebanon.

**Helmi Abdullah**

Management position: Chief Wholesale Banking Officer
Appointment date: 8 June 2022

Mr. Abdullah is a highly accomplished senior professional with 28 years of banking experience in corporate banking. Previously, he held various management positions at Arab Bank, the International Bank of Qatar and United Arab Bank. Mr. Abdullah holds a Bachelor of Accounting and Economics degree from the University of Jordan and an MBA in Finance from the University of Manchester. In addition, he has professional qualifications in corporate banking.

**Rehab Khalaf**

Management position: Chief Human Capital Officer
Appointment date: 17 May 2022

Mrs. Khalaf has more than 16 years of experience in HR, and previously held various management positions at Emirates NBD, the National Bank of Abu Dhabi, Jumeirah Group and United Arab Bank.

Mrs. Khalaf holds a Bachelor of Business Administration degree from the University of Sharjah and an MBA from the Emirates Academy of Hospitality Management. In addition, she has a Diploma in Human Resources Practice.

**Ismail Sanad**

Management position: Head of Legal
Appointment date: 17 May 2022

Mr. Sanad has 20 years of experience in law and previously held various management positions at Emirates NBD and United Arab Bank. He holds a Bachelor of Law degree and a Diploma in General Law from Cairo University (Egypt).

**Tony Crasta**

Management position: Chief Credit Officer
Appointment date: 10 April 2023

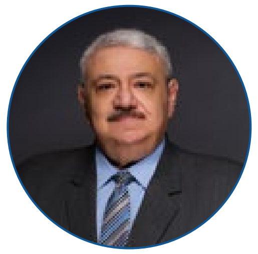
Mr. Crasta is a highly accomplished senior professional with over 31 years of banking experience in credit management. Previously, he held various management positions at Mashreq Bank and HSBC Middle East. He holds a Bachelor of Physics degree from Bombay University (India) and a Masters in Business Administration from Warwick University (UK).

**Yousif Nawres**

Management position: Head of Financial Market
Appointment date: 9 August 2022

Mr. Nawres is responsible for managing, developing and executing the overall financial market strategy for Invest Bank with regards to behavioural, budgeting, funding and sales targets. In addition, he delivers world-class solutions to the Bank's network clients and drives initiatives to expand the client base. Mr. Nawres is a highly accomplished senior professional with 18 years of banking experience in financial markets. Previously, he held various management positions at Abu Dhabi Islamic Bank, Commercial Bank of Dubai and Standard Chartered Bank in the UAE and UK.

Mr. Nawres holds a Bachelor of Finance degree from Yarmouk University (Jordan) and a Masters in International Financial Analysis from Lille University (France).



**Jamil El Halabi**

Management position: Chief Financial Officer
Appointment date: 22 August 2021

Mr. El Halabi is a seasoned financial expert with 36 years of experience in banking and finance. Previously, he held various management positions at the National Bank of Abu Dhabi, KPMG, Emirates Institute of Banking and Finance, the University of Wollongong and the Bank of Beirut. He holds a Bachelor and Masters of Business Administration degree from the American University of Beirut.

**Maha Al Banna**

Management position: Acting Head of Retail Banking
Appointment date: 10 October 2022

Mrs. Maha Al Banna is a highly accomplished senior professional with 25 years of banking experience in retail banking. Previously, she held various management positions at Sharjah Islamic Bank, the National Bank of Abu Dhabi, and United Arab Bank. She holds a Bachelor of Business Administration degree from the International University in Missouri (US).

# Employee Remuneration and Reward Scheme

Invest Bank's remuneration policy is based on the principles of competitiveness, equitability and performance. It is designed to support our strategic business objectives by promoting effective risk management, enhancing employee motivation and encouraging better performance. We follow a 'pay for performance' approach that is backed by our incentive-based performance management systems. We also review our compensation packages annually to ensure they are abreast with the current respective market pay practices. Our remuneration framework ensures that the interests of our customers, employees and shareholders are aligned.

In 2024, the total salaries and benefits for the Bank's Senior Management was AED 18.623 million, while the reward amount was AED 2.719 million.

# External Auditor

With offices in 149 countries and more than 370,000 people, PwC is among the leading professional services networks in the world. PwC helps organizations and individuals create the value they are looking for, by delivering quality in Assurance, Tax and Advisory services. PwC firms provide services to 86% of the Global Fortune 500 companies and more than 100,000 entrepreneurial and private businesses.

Established in the region for 40 years, PwC has around 12,000 people in 12 countries across the region: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates. Its regional team operates across the Middle East bringing international experience delivered within the context of the region and its culture. PwC can bring the collective knowledge and experience of more than 370,000 people across the entire global PwC network in advisory, assurance and tax to help find the value client is looking for.

Bank's external audit services were performed by one auditor "PricewaterhouseCoopers (PWC)" only. In 2024 external Auditor provided an unqualified opinion with an emphasis of matter paragraph without modifying opinion. The para stated, "We draw attention to the following matters:

(i) note 2.1 to the consolidated financial statements which states that the Bank has recognized a reimbursement asset of AED 2.1 billion as at 31 December 2024. The realizability of this asset is dependent on the ability of the Group to satisfactorily comply with the eligibility criteria as set out in Note 2.1 to enable it to establish an unconditional contractual right to receive amounts due under the reimbursement asset from the Government of Sharjah ("GoS" or the "Guarantor"), in accordance with the guarantee agreement entered into with the GoS.

(ii) note 2.2 to the consolidated financial statements which states that the Group continues to focus on a number of initiatives to manage its liquidity and financing requirements in addition to the support provided by the Central Bank of the United Arab Emirates and GoS.

Our opinion is not modified in respect of the above matters".

| | |
|---|---|
| Name of partner auditor | Jigesh Shah |
| Number of years spent as the Bank's external auditor | 7 years |
| Number of years the partner auditor spent auditing the Bank's accounts | 3 years |
| Total value of audit fees for 2024 (AED) | 2,020,000* |
| Details and nature of other services provided by the company auditor (if any). If there are no other services, this shall be stated explicitly. | AUP on regulatory reporting to CBUAE for the year ended 31 December 2024<br>AUP on XBRL filing to SCA for the quarters ended 31 March 2024, 30 June 2024, 30 September 2024 and the year ended 31 December 2024<br>AUP on Pillar 3 reporting |
| Value of fees and costs for other special services other than auditing the financial statements for 2024 (AED), if any. If there are no other fees, this shall be stated explicitly. | 204,000 |
| Value of fees and costs for other special services other than auditing the financial statements for 2024 (AED), if any. If there are no other fees, this shall be stated explicitly. | **Auditor name: PwC Middle East**<br>Enterprise Fraud Risk Assessment Review<br>AED 296,554 |

* (certain cost overruns related to audit engagement are under discussion).

C. PricewaterhouseCoopers (PWC) raised no reservations regarding Invest bank's quarterly interim and year-end financial statements for the year ended 31 December 2024.

# Internal Control System

Internal controls are a system of policies, procedures, reviews, segregation of duties and other activities that aim to:

- Reduce the risk of asset loss
- Produce accurate financial statements
- Conduct operations efficiently and effectively

The Board acknowledges its responsibility to ensure that there are adequate controls embedded in the Bank's processes, which it does by implementing and monitoring appropriate policies and procedures. All internal policies require to ensure compliance with the CBUAE's Regulations and Standards. These policies require to report any violations. During 2024, no material violations were identified or reported by the Chief Audit Officer, Chief Compliance Officer, Chief Risk Officer or external auditor.





# Corporate Social Responsibility

## Making a positive impact

We play an important role in ensuring that all of the Bank's corporate social responsibility (CSR) and sustainability activities are in line with its policy and strategy. The Bank strives to maintain a transparent monitoring mechanism that ensures effective implementation of projects, programmes and activities.

The ultimate purpose of CSR is to demonstrate a commitment to ethical and responsible business practices that benefit society and the environment. This involves making a positive impact on customers, employees, communities, stakeholders and community members. Invest Bank is committed to CSR and demonstrates this by contributing to the economic and social development of its communities and the environment.

## Giving back to the community

Invest Bank is committed to promoting and spreading a culture of volunteerism among our staff and implementing sustainability programmes. As part of this, we announced a partnership with the Sharjah Municipality to provide 18,000 meals for workers fasting during Ramadan. Through this initiative, we aim to promote the concept of charity and solidarity, broaden the spirit of charitable and voluntary work, and bring joy and a sense of support to workers. Additionally, this initiative comes from the approach of goodness and giving that the UAE has promoted since its establishment.

## Educational volunteering programme

Invest Bank promoted its partnership with the University of Sharjah, offering students a distinctive opportunity to integrate academic knowledge with practical workplace experience. Through hands-on engagement in real-work tasks, students will develop essential professional skills, equipping them for future career success.

## Ensuring our employees' well-being

We prioritise and strengthen connections with our various stakeholders by investing in our employees and partnering with our clients and community. We are committed to engaging with our employees to provide a challenging, dynamic, inclusive and diverse work environment that supports their professional development, as well as promoting a positive work-life balance that prioritises their overall health and wellness.

As part of our commitment to promoting a healthy lifestyle for employees and in support of the worldwide fight against breast cancer, the Bank hosted a breast cancer awareness session for female staff in partnership with Aster Clinic. It focused on the importance of the early detection of breast cancer and treatment, while emphasising the benefits of healthy eating habits.

**Flexible Working Hours:** At Invest Bank, we have always maintained that productivity and a work-life balance are synergistic, and we have encouraged a work culture that allows our team members to flourish in the workplace and beyond. We also continuously strive to adapt best market practices as we endeavour to be an organisation of choice for all our team members.

**Happy Friday:** We aim to create a productive workplace where employees are engaged, and we are always searching for new ways to make our organisation a better place to work in. As part of this, the Bank introduced "Happy Friday" for 'dress-down Friday', where employees can wear smart casual on Fridays.

We organised a free medical health check-up for all employees to promote health and well-being, which the Bank believes is an essential pillar for a sustainable and balanced work environment. The day focused on physical well-being. The activities ranged from free medical check-ups in the Bank's offices to expert speaker sessions on topics such as lifestyle and productivity.

## Women empowerment

Invest Bank signed its partnership agreement with UN Women Global, aiming to promote gender equality and women's empowerment across the workplace, marketplace and community. As part of this commitment, the Bank upholds the Women's Empowerment Principles (WEPs), a framework that guides businesses in fostering an inclusive and equitable environment.

The Bank's Chief Human Resources Officer (CHRO) participated as a speaker in the International Women's Day event, organised by the General Women's Union in collaboration with UN Women GCC held in Abu Dhabi. Engaging in insightful discussions with senior representatives from both the private sector and government, the CHRO shared her perspectives on innovation, technological advancements and digital-age education as pivotal enablers of gender equality.

## Human resources

Invest Bank's HR department is responsible for recruiting, hiring, deploying and managing employees, as well as creating, implementing and overseeing policies governing its people and the Bank's relationship with them. The department works with an emphasis on employees being as assets of the business. In this context, they are sometimes referred to as human capital. As with other business assets, the goal is to make effective use of employees, reducing risk and maximising return on investment. The department's role is to manage employees so as to achieve the Bank's mission and reinforce its culture. When done effectively, HR can help to recruit new professionals with the skills needed to further the Bank's goals, as well as aid with the training and development of current employees to meet objectives.

## Performance and reward

Invest Bank's performance management relies on the performance measurements indicated in the approved work descriptions provided to each employee. The Bank's goal is to:

- implement a market practice approach to reward outstanding achievements and results
- improve employees' performance through a periodic evaluation reflecting the Bank's overall key objectives
- encourage continuous learning and development

Invest Bank's reward approach is performance-based, market-aware and aligned with the business strategy and stakeholder interests. It encourages a culture driven by merit and differentiates and rewards excellent performance, both in the short and long term. Invest Bank's principles are:

- pay for performance, based on balanced risk-taking and good business conduct, as measured on a performance appraisal rating process
- attract, retain top performers, talent and business critical resources and motivate all employees to achieve results with integrity and fairness
- monitor compensation trends and practices in the relevant markets
- apply strong corporate governance and comply with regulatory requirements

## Pension scheme

All UAE national employees (holding a UAE passport and family book) are automatically enrolled in the statutory pension scheme. Its provisions meet the legal requirements for retirement pensions and of service benefits for UAE national employees.

UAE national employees contribute 5% of their monthly gross salary and the Bank a further 12.5%. Both contributions are paid to the Pension and Social Security Authority, with a further 2.5% from the government.

UAE national employees not holding a family book are paid end-of-service benefits similar to the Bank's expatriate employees.

All GCC national employees (holding a GCC passport) are automatically enrolled in the statutory pension scheme. Its provisions meet the legal requirements for retirement pensions and of service benefits for GCC national employees.

GCC national employees contribute a percentage of their monthly gross salary and the Bank a further percentage based on their country pension schemes. Both contributions are paid to the Pension and Social Security Authority or transferred to the authority involved based on the regulation guidelines in this regard.

Employees who are not UAE or GCC nationals are covered by a fully funded end-of-service benefits scheme that is accrued on the basis of 21 days' basic salary annually for the first five years of continuous service and 30 days' basic salary for each year of service thereafter

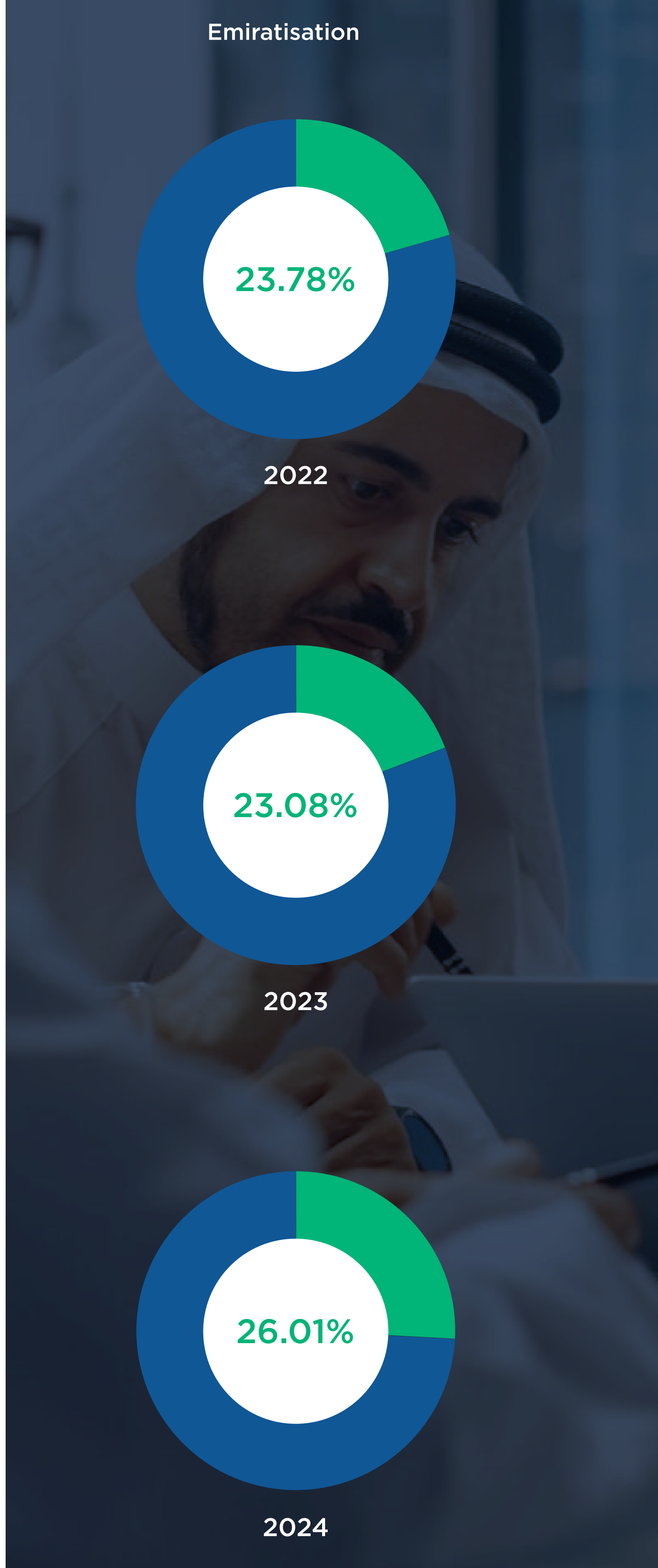
## Emiratisation

Invest Bank has adopted an "Emiratisation" strategy in the UAE which is intended to attract talented UAE national candidates at all professional levels. While the Bank provides equal employment opportunities to all nationalities, it is required to achieve certain UAE national recruitment targets set by the CBUAE, and these are incorporated into an annual strategic plan. Invest Bank is on target in terms of the CBUAE's current Emiratisation points system. The Bank's HR department manages the Emiratisation process and priorities the hiring of UAE nationals. The Emiratisation plan is prepared in conjunction with the annual plan after the staffing requirements for all divisions have been determined.

- To this end, the Bank participated in the Expo Career – Sharjah 25th International Career Exhibition.
- Invest Bank participated in the 25th National Career Fair organised by the Sharjah Chamber of Commerce and industry at the Expo Centre Sharjah. The Bank is keen to participate annually in the National Career Fair, as part of our commitment to promoting and empowering young Emirati cadres to work in banking and finance.

In addition to hiring experienced UAE national staff for all positions, Invest Bank also focuses on hiring graduate candidates for relevant positions. It has relationships with numerous universities and educational institutions in an ongoing effort to recruit local graduates.

| Description | 2022 | 2023 | 2024 |
|---|---|---|---|
| No of UAE nationals | 68 | 72 | 77 |
| Total headcount | 286 | 312 | 296 |
| Emiratisation, % | 23.78% | 23.08% | 26.01% |



# Share Price Information

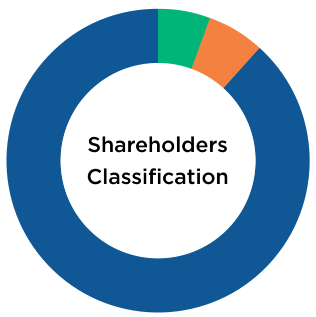
In 2024, trading in the Bank's shares was placed on hold due to the Bank's accumulated losses to capital ratio. The last trade of the Bank's share took place on 10/11/2020 with the following characteristics:

- Trade price: AED 0.45
- 52-week high: Nil
- 52-week low: Nil

# Shareholder Structure

As of 31 December 2024, the Bank's ownership by geography and shareholder type was as follows.

| Shareholders Classification | Individuals | Companies | Government | Total |
|---|---|---|---|---|
| Local | 5.6870% | 6.16% | 88.11% | 99.96% |
| Gulf | 0.000001% | 0.00001% | 0% | 0.00002% |
| Arab | 0.0331% | 0.0001% | 0% | 0.0332% |
| Foreign | 0.01429% | 0.00004% | 0% | 0.01432% |
| **Total** | **5.73%** | **6.16%** | **88.11%** | **100.00%** |




**As of 31/12/2024, three shareholders owned more than 5% of the Bank's capital:**

- Government of Sharjah: 184,387,807,490 (70.06%)
- Sharjah Social Security Fund: 47,490,248,165 (18.04%)
- International Private Group LLC: 13,246,678,557 (5.03%)

| Share ownership | Number of shareholders | Number of shares owned | Percentage of capital owned |
|---|---|---|---|
| Less than 50,000 | 205 | 1,526,141 | 0.00058% |
| From 50,000 to 500,000 | 62 | 12,227,666 | 0.00465% |
| From 500,000 to 5,000,000 | 57 | 130,214,511 | 0.04948% |
| More than 5,000,000 | 54 | 263,037,013,825 | 99.9453% |





# Innovative Projects and Initiatives

In 2024, the Bank completed the implementation of the "Temenos" Core Banking System in a Software-as-a-Service (SaaS) model, hosted in the cloud. The Bank continued with its objective of undertaking digital transformation to become the challenger bank in the UAE. Major initiatives included:

- Digital origination / onboarding platform – APPRO – for credit cards and other retail banking products
- Credit lifecycle management (Bluering) – starting from the credit proposal stage and covering the full credit lifecycle
- Moody's CreditLens for advanced spreading and rating
- Enterprise content management, workflow and e-signature – to meet the Bank's paperless office objectives

# Investor Relations

For any inquiries, please contact:

**Mohammed Al Elaiq**
Head of Corporate Governance and Board Affairs

Direct: +971 6 5980 600
Email: malelaiq@investbank.ae

**Usama Saeed**
Investors Relation Manager

Direct: +971 6 5980 601
Email: investor.relations@investbank.ae

The Bank's IR page is available on the Bank's website at: https://investbank.ae/investor-relations.html

INVEST BANK P.S.C. GENERAL MANAGEMENT

| Chairman of the Board of Directors | Chairman of the Audit and Compliance Committee | Chairman of the Nominations and Compensation Committee | Acting Chief of the Compliance Department |
|---|---|---|---|
| Date: / / 2025 | Date: / / 2025 | Date: / / 2025 | Date: / / 2025 |

# 03
# Sustainability Report

**Invest Bank recognises the critical role that sustainability plays in ensuring the long-term viability of any business. In 2024, it moved to build on the previous year's achievements, increasing its involvement in various CSR initiatives and engagement with numerous stakeholder groups.**

# Achievements in 2024

**Mindful that sustainability is integral to the long-term future of society, business and the planet, Invest Bank is working to embed it throughout its operations.**

As part of this, the Bank seeks to play a growing role in diverse sustainability initiatives, focusing on three key areas: people, environment and society. In addition, it works to engage more with its various stakeholder groups, including government authorities, shareholders, clients, employees, communities, partners and suppliers. In 2024, there were numerous achievements in this area, several of which are highlighted below.

## Implementing more ESG initiatives to support the UAE's sustainability goals

In 2024, to help to achieve the sustainability goals set by the UAE's senior leadership, Invest Bank implemented additional initiatives in its operations. In branches, it replaced traditional lighting with LEDs, which consume less electricity, also creating spaces more dependent on natural light. For the wider organisation, it sourced more environmentally friendly paper and moved to greater use of system-based communication, thereby reducing overall paper consumption.

## Promoting sustainable financing in line with the 2050 National Energy Strategy

The UAE has a defined Energy Strategy for 2050, which aims to ensure an energy mix that draws more on cleaner, more renewable sources, and to reduce carbon footprint. In the year, to align further with this, the Bank increased its sustainable financing drive. It engaged more with clients in sectors working towards a 'greener' future, focusing on meeting their support and financing needs. As of October, the Bank had made loans totalling AED 240 million to such clients. In parallel, it encouraged existing clients to work more on 'green' initiatives by offering preferential services.

## Supporting the country's Emiratisation drive

Invest Bank places a particular emphasis on supporting the UAE's Emiratisation agenda, which aims to increase the number of nationals working in the public and private sectors. As part of this, the Bank strives to support local talent in their careers by offering numerous professional development programmes. In 2024, it again took part in the National Career Exhibition, at which it received a high volume of applications from nationals representing a diverse range of educational backgrounds and professional experience.

## Contributing to Sharjah City Municipality's Iftar campaign in Ramadan

For Ramadan each year, Sharjah City Municipality organises a campaign to distribute Iftar food among fasting workers. In 2024, Invest Bank was proud to again support the initiative, which provided around 18,000 Iftar meals overall.

## Donating to Sharjah City for Humanitarian Services

Last year marked the silver jubilee of Sharjah City for Humanitarian Services (SCHS), a non-governmental organisation that works to support people with disabilities. Invest Bank is a longstanding donor to SCHS, as acknowledged by His Highness Sheikh Dr Sultan bin Mohammed Al Qasimi, the Ruler of Sharjah, at the jubilee event.

## Partnering with the Sharjah Investment Forum

In 2024, for the second year in a row, Invest Bank sponsored the "Investors' Lounge" of the seventh Sharjah Investment Forum (SIF), which took place at the Jawaher Reception and Convention Centre on 18-19 September. Part of the drive to promote Sharjah as a global destination for investment and business, the SIF aims to enable investors from around the world to expand networks, exchange ideas and create alliances, and last year's event focused on technology's importance for the future. The lounge offers business leaders and investors a space in which to gain economic insights, identify high-growth sectors and explore emerging opportunities.

## Supporting the Sharjah International Book Fair

Also in the year, the Bank sponsored the 43rd Sharjah International Book Fair, held over 12 days, from 6 to 17 November. Organised by the Sharjah Book Authority, it is one of the world's largest book fairs, and last year's featured over 400 literary events, including daily writing workshops, poetry readings and book signings. The fair brings together people involved in writing and publishing from over 100 countries, and helps to promote the UAE's heritage, culture and literature.

## Sponsoring the Tanweer Festival

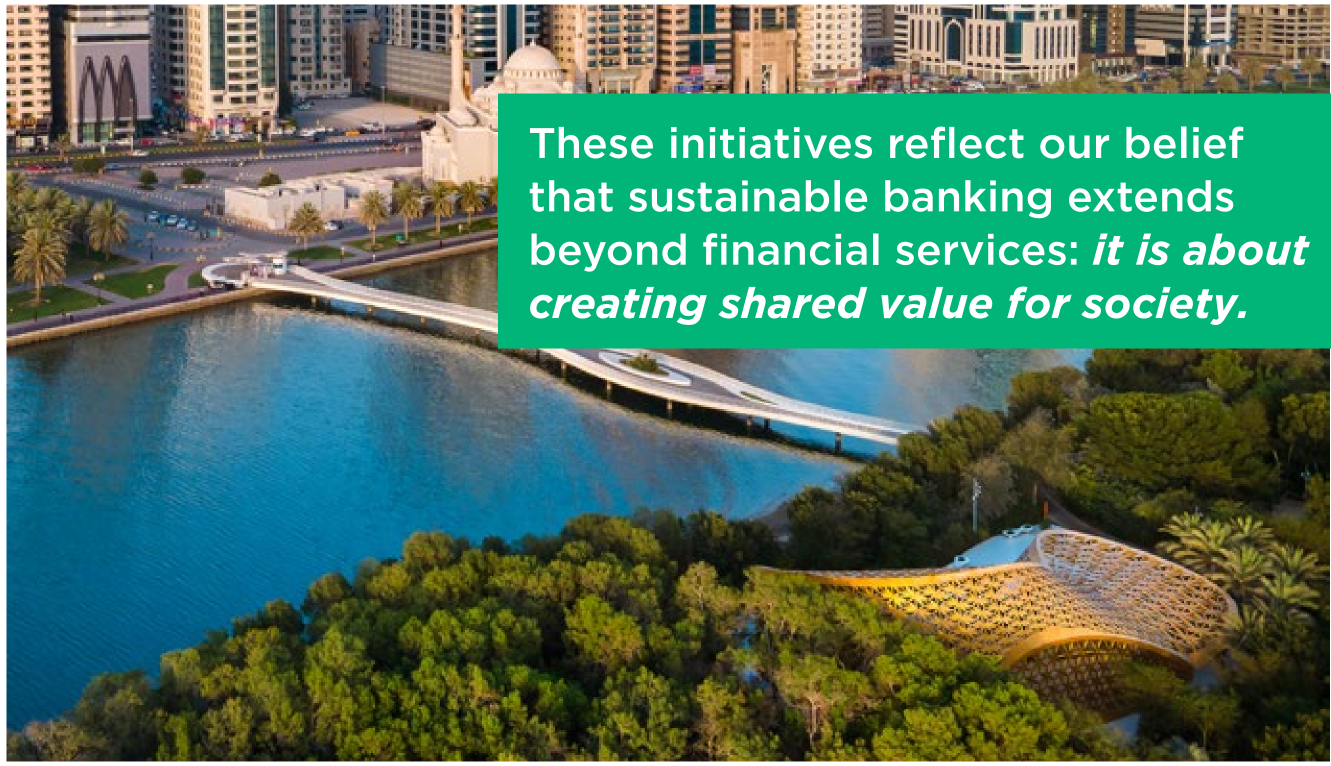
In 2024, Invest Bank acted as a partner and sponsor of the inaugural Tanweer Festival, which took place on 22-24 November in the Mleiha desert. A celebration of music, art and poetry from Sharjah, the wider region and elsewhere, the event helps to promote the emirate as a centre of culture, hospitality and creativity.

# Sustainability: *Advancing with Purpose*

**At Invest Bank, sustainability is not a standalone initiative: it is embedded into how we operate, serve our clients and engage with the wider community.**

In alignment with the UAE's national vision and global sustainability momentum, the Bank is laying the foundation for a more resilient, inclusive and environmentally responsible future. In 2024, our efforts focused on four key pillars: sustainable finance, environmental operations, people and culture, and community engagement.

As we advance, we remain committed to developing our sustainability strategy, aligning with recognised frameworks and embedding ESG principles into our value creation model.



**These initiatives reflect our belief that sustainable banking extends beyond financial services: *it is about creating shared value for society.***

## 1.

### Driving sustainable finance

In line with the UAE's Energy Strategy 2050, which calls for cleaner energy adoption and reduced carbon emissions, Invest Bank is expanding its support for 'green' industries and businesses.

- In 2024, the Bank extended AED240 million in financing to clients engaged in environmentally sustainable sectors.
- Through tailored financial solutions and preferential services, we encouraged existing clients to pursue 'greener' initiatives.

Our approach aims to create long-term value for not only clients, but also the broader ecosystem by enabling the transition to a low-carbon economy. Looking ahead, the Bank plans to explore 'green' financial products and impact measurement tools to enhance transparency and track outcomes.

## 2.

### Advancing environmental operations

In support of the UAE's sustainability goals, Invest Bank is undertaking various environmental upgrades across its branches and internal operations.

- In 2024, we replaced traditional lighting with energy-efficient LED systems, reducing power consumption and enhancing workplace well-being by harnessing natural light.
- We shifted towards sustainable paper sourcing and digitalised internal communications, contributing to a significant reduction in overall paper usage.

While specific environmental data is still being collected, these initiatives signal our commitment to greater operational efficiency and reduced environmental footprint. In the coming year, we aim to develop a baseline for tracking environmental impact and set targets in areas such as energy, water and paper consumption.

## 3.

### Empowering people and culture

Human capital remains at the heart of Invest Bank's sustainability ambitions. In alignment with the UAE's Emiratisation strategy, we continue our efforts to attract, retain and develop local talent.

- In 2024, we participated in the National Career Exhibition, receiving strong interest from Emirati candidates across a broad range of educational and professional backgrounds.
- We continued to offer internal development programmes aimed at upskilling national employees and preparing them for long-term career growth.

Invest Bank recognises that workforce diversity and inclusion are critical to long-term success. We will continue to enhance employee engagement, learning opportunities and inclusive hiring practices in future cycles.

## 4.

### Enriching communities engagement

Invest Bank remains a proud partner of several cultural and humanitarian initiatives that support the UAE's social fabric and promote inclusive development.

- In 2024, we sponsored the Sharjah International Book Fair, one of the world's largest literary events, to support education, cultural exchange and literacy.
- We sponsored the Sharjah Entrepreneurship Festival, a platform designed to support entrepreneurs, start-ups and SME innovation across the UAE. By contributing to this ecosystem, the Bank reinforces its role in driving economic empowerment and supporting future business leaders.
- We partnered with the Sharjah Investment Forum, supporting platforms that foster economic growth and technological advancement.
- We sponsored the inaugural Tanweer Festival, celebrating music, poetry and artistic expression in the Mleiha desert.
- We supported the Ramadan Iftar Campaign with Sharjah City Municipality, contributing to the distribution of 18,000 meals to fasting workers.
- We continued our long-term commitment to the Sharjah City for Humanitarian Services (SCHS), supporting people with disabilities.

# Looking ahead: *towards a more integrated ESG future*

**As we reflect on 2024, we acknowledge that this year's progress is only the beginning.**

Invest Bank is working to build a more structured sustainability framework that aligns with international standards such as the Global Reporting Initiative (GRI) and International Sustainability Standards Board (ISSB).

We are currently identifying key material topics that align with our stakeholders' priorities and business risks, with the intention to publish a more robust set of ESG metrics and targets starting 2025.

With its commitment to responsible growth, environmental stewardship and community well-being, Invest Bank is preparing to become a stronger force for sustainable development in the UAE and beyond.

# 04
# Financial Statement

# Board of Directors' Report to the Shareholders

**Dear shareholders,**

It is my pleasure to present the Invest Bank directors' report and audited consolidated financial statements for the year ended 31 December 2024. The year was another important phase of the Bank laying solid foundations on which to build in the future.

After a challenging 2024, we believe that we are now in a solid position for a better 2025. We have entered this year in a position of strength, ready to capitalise on the opportunities that await us in 2025, as well as build a sustainable and profitable business for the coming years. The guarantee agreement with the Government of Sharjah, which became effective in late 2023, is already bearing fruit. In 2024, Invest Bank was able to claim AED 531.5 million, which provides additional liquidity for conducting more business.

Last year, the Bank's interest income stood at AED 489 million, up 8.1% compared with AED 452 million in 2023. Operating income also improved, reaching AED 251 million, up 5.6% compared with AED 238 million in the previous year. This was primarily due to improved interest and fee income, as well as higher income from managed repossessed properties. Further, the Bank reduced its impairment charge by 89%, from over AED 1 billion in 2023 to AED 114 million in 2024. The impairment charge for 2024 included the impact of the new credit risk management standards (CRMS) introduced by the Central Bank of the UAE (CBUAE). Excluding this, Invest Bank's profit before tax would have been around AED 64 million.

Our transformation journey is continuous. We continue to invest in our people and technology, making changes and upgrades where necessary, to stay abreast and compete with other leading financial institutions in the UAE.

We also continue to strengthen our Emiratisation initiatives by attracting new talent and investing in our existing workforce.

This includes providing our people with opportunities and infrastructure, as we see them as future leaders of Invest Bank and the country as a whole. The Bank is focused on reaching its Emiratisation target of 45% of employees by the end of 2026. We are continuously engaging with the relevant authorities in the UAE to harness their databases and identify, hire and develop the best local talent into banking professionals.

In 2024, the Bank's total assets reached AED 10.8 billion, with net loans and advances of AED 4.5 billion and deposits of AED 8.7 billion. At the year-end, shareholder equity was AED 1.5 billion. The additional provisions taken on loans in 2024 have almost fully de-risked the balance sheet from legacy non-performing loans.

Invest Bank maintained its strong liquidity, with an eligible liquidity asset ratio (ELAR) of 15.6%, above the regulatory requirement. This is testament to the Bank's ability to meet obligations without reducing liquidity or hindering business. The capital adequacy ratio was 29.9%, which is strong and translates into a solid base for building and growing the business further.

We intend to keep challenging ourselves with ambitious milestones and targets. We are grateful for the continued support of our majority shareholder, the Government of Sharjah (GOS), and the CBUAE. With this and the effects of the capital increase in 2023, we are ready to achieve more and build a sustainable future that improves profitability and drives shareholder returns.

In 2025 and beyond, Invest Bank will focus on expanding its business both organically and otherwise, while continuing to harness its restructuring and recovery capabilities for impaired loans.

The operating model is poised to help to achieve its targets, with cautious drive. The Bank will remain open and vigilant to business opportunities while focusing on improving its market share.

On behalf of the entire Board, I would like to express our sincere gratitude and appreciation to His Highness Sheikh Dr Sultan bin Mohammed Al Qasimi, Member of the Supreme Council and Ruler of Sharjah, for his continuous guidance and support during our phase of challenges and this new era of growth and sustainability.

On your behalf, I would also like to thank the management and staff for their vigorous efforts, dedication and commitment. Together, we look forward to their continuous contribution to building a digitally transformed Invest Bank, as conceived by our visionary leaders.

**Sheikh Sultan bin Ahmed bin Sultan Al Qasimi**
Chairman of the Board of Directors

***"In 2025 and beyond, Invest Bank will focus on expanding its business both organically and otherwise."***

# INVEST BANK P.S.C.

## CONSOLIDATED FINANCIAL STATEMENTS
**for the year ended 31 December 2024**

# INVEST BANK P.S.C.

## CONSOLIDATED FINANCIAL STATEMENTS
**for the year ended 31 December 2024**

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بنك الإستثمار
Invest bank

No: 10794

Invest Bank PSC is Licensed and regulated by The Central Bank of The U A E
بنك الاستثمار ش م ع مرخص وخاضع للرقابة من قبل مصرف دولة الإمارات العربية المتحدة المركزي

**Board of Directors' report to the Shareholders**

**Dear Shareholders,**

It is my pleasure to present the Directors' Report, and the audited consolidated financial statements as at and for the year ended 31 December 2024. The year 2024 was another important phase where the Bank has laid a solid foundation to build in the years to come.

As we pass through a challenging 2024, we believe that we are now in a solid position for a better 2025. We begin 2025 with a position of strength, ready to capitalize on opportunities that await us in 2025, and build a sustainable and profitable business for the coming years. The guarantee agreement with the Government of Sharjah which became effective in late 2023 is already bearing fruit as the Bank was able to claim AED 531.5 during 2024 which provides the bank with additional liquidity to do more business.

The Bank's interest income stands at AED 489 million in 2024 an increase of 8.1% compared to AED 452 million in 2023. The improved interest and fee income in the current year coupled higher income earned from managed repossessed properties have positively impacted the operating income, however the operating income has reduced by 11% to AED 211 million compared to previous year, primarily due to valuation loss on repossessed properties. Further, the Bank was able to bring down impairment charge by 89%, reducing it from more than AED 1 billion in 2023 to AED 120 million in 2024. The impairment charge for 2024 includes the impact of the new Credit Management Standards (CRMS) introduced by the Central Bank of the UAE.

Our transformation journey is continuous, and we continue to invest in our people and technology and upgrade them where necessary, to stay abreast and compete with other leading financial institutions in the UAE.

We continue to strengthen our emiratisation initiatives by onboarding new talents and investing in our existing talents, providing them with opportunities and infrastructure as we see them as future leaders of the bank and the country as a whole. The bank is focused and has a target to reach 45% emiratisation by the end of 2026. We are continuously engaging relevant authorities in UAE to exploit their database and identify, onboard and develop them into banking professionals.

The Bank's total assets reached AED 10.8 billion, with net loans and advances of AED 4.5 billion and deposits of AED 8.7 billion. Shareholder's equity was AED 1.5 billon as at the year ended 31 December 2024. The additional provisions taken on loans during 2024 has allowed to almost fully de risk the Banks balance sheet from legacy non-performing loans.

The bank continues to maintain strong liquidity as its ELAR stands at 15.6%, which is above the regulatory requirement. This is a testament that the Bank's ability to meet obligations without dampening its liquidity or hindering its business. The Bank's Capital adequacy stands at a solid 28.7% which translates into a solid base to build and grow the business further.

We intend to keep challenging ourselves with ambitious milestones and targets. With continued support of our majority shareholder, Government of Sharjah (GOS), the Central Bank of UAE (CBUAE) and the effects of the capital increase in 2023, we believe we are ready to achieve more and build a sustainable future which improves profitability and supports shareholder wealth creation.

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P.O Box: 1885, Sharjah - U.A.E., Tel: (+971 -6) 5980555, Fax: (+971- 6) 5694442, E-mail: Sharjah@investbank.ae.Website: www.investbank.ae
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بنك الإستثمار
Invest bank

No: 10795

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**Board of Directors' report to the Shareholders** (continued)

In 2025 and beyond, the Bank will focus on increasing its business both organically an inorganically, while continuing to improvise on its restructuring and recovery capabilities to recover impaired loans. The Bank operating model should help the business achieve its targets but with cautious aggression. The bank shall remain open and vigilant to business opportunities whilst focusing on improving its market share.

Personally, and on behalf of the entire Board, I would like to express our sincere gratitude and appreciation to His Highness Sheikh Dr. Sultan bin Mohammed Al Qasimi, Member of the Supreme Council and Ruler of Sharjah, for his continuous guidance and support to our bank during our challenging phase and in this new era of growth and sustainability.

On your behalf, I would also like to thank the bank's management and staff for their vigorous efforts, dedication, commitment, and we all look forward to their continuous contribution towards building a digitally transformed Invest Bank as envisioned by our visionary leaders.

Sheikh Sultan Bin Ahmed Bin Sultan Al Qasimi
Chairman

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# Independent auditor's report to the shareholders of Invest bank P.S.C.

## Report on the audit of the consolidated financial statements

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Invest bank P.S.C. (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

**What we have audited**

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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# Independent auditor's report to the shareholders of Invest bank P.S.C. (continued)

### Emphases of matter

We draw attention to the following matters:

(i) note 2.1 to the consolidated financial statements which states that the Bank has a reimbursement asset of AED 2.1 billion as at 31 December 2024.The realizability of this asset is dependent on the ability of the Group to satisfactorily comply with the eligibility criteria as set out in note 2.1 to enable it to establish an unconditional contractual right to receive amounts due under the reimbursement asset from the Government of Sharjah ("GoS" or the "Guarantor") in accordance with the guarantee agreement entered into with the GoS.

(ii) note 2.2 to the consolidated financial statements which states that the Group continues to focus on a number of initiatives to manage its liquidity and financing requirements in addition to the support provided by the Central Bank of the United Arab Emirates and the GoS.

Our opinion is not modified in respect of the above matters.

### Our audit approach

**Overview**

| | |
|---|---|
| Key Audit Matters | Management's assessment of the preparation of the consolidated financial statements on a going concern basis.<br>Measurement of Expected Credit Losses ("ECL"). |

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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# Independent auditor's report to the shareholders of Invest bank P.S.C. (continued)

**Key audit matters** (continued)

| Key audit matter | How our audit addressed the Key audit matter |
|---|---|
| Management's assessment of the preparation of the consolidated financial statements on a going concern basis<br><br>Management and the Board of Directors have assessed the appropriateness of the going concern assumption as a basis for the preparation of the consolidated financial statements. In performing their assessment, management and the Board of Directors have considered the liquidity requirements of the Group, as well as the liquidity support available from the Central Bank of the UAE ('CBUAE').<br><br>As a result of their assessment, which requires making significant assumptions and judgements, management and the Board of Directors have determined that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.<br><br>The going concern basis for the preparation of the consolidated financial statements is considered a key audit matter in view of the significant judgements exercised by management and the assumptions made by it in performing its going concern assessment for the Group.<br><br>Refer to note 2 of the consolidated financial Statements. | We performed the following procedures in respect of the judgements exercised by the Group in performing its going concern assessment:<br><br>Confirmed with the CBUAE their ongoing commitment to provide liquidity support for the Bank, as necessary.<br><br>Assessed the Group's liquidity requirements, deposit concentration and projected deposit attrition.<br><br>Reviewed the reasonableness of management's assumptions and estimates included in the cash flow projections.<br><br>Assessed the adequacy of the Group's disclosures in note 2 on management's assessment of the going concern as a basis for the preparation of the consolidated financial statements. |
| Measurement of expected credit losses ("ECL")<br><br>The Group applies ECL on all its financial assets measured at amortied cost, debt instruments measured at fair value through other comprehensive income and financial guarantee contracts including financing commitments and performance guarantees.<br><br>The Group exercises significant judgements and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default for both funded and unfunded exposures, forward looking adjustments and staging criteria subject to ECL. | We performed the following audit procedures on the computation and reasonableness of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2024:<br><br>We tested the completeness and accuracy of the data used in the calculation of ECL provision.<br><br>For a sample of loans, we checked the appropriateness of the Group's application of the staging criteria, including the basis for movement between the stages. |



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# Independent auditor's report to the shareholders of Invest bank P.S.C. (continued)

**Key audit matters** (continued)

| Key audit matter | How our audit addressed the Key audit matter |
|---|---|
| Measurement of expected credit losses ("ECL") (continued)<br><br>For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of collateral.<br><br>The Group's impairment policy under IFRS 9 is presented in Note 4.3.1 to the consolidated financial statements.<br><br>Measurement of ECL is considered as a key audit matter as the Group applies significant judgements and makes a number of assumptions in the staging criteria applied to the financial instruments as well as in developing ECL models for calculating its impairment provision. | ➢ We involved our internal experts to assess the following areas:<br><br>● Conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9.<br><br>● Reasonableness and appropriateness of the methodology and assumptions used in the calculation of various components of ECL modelling including the computation of the probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD") for the models selected for testing.<br><br>● Reasonableness of the key assumptions made in developing the modelling framework including assumptions for Significant Increase in Credit Risk ("SICR") and for estimating forward-looking scenarios.<br><br>● For a sample of exposures, we recomputed the ECL provisions for selected portfolios across different stages to assess mathematical integrity of the ECL computation.<br><br>➢ We performed an independent credit assessment for a sample of exposures, including stage 3 exposures, by assessing quantitative and qualitative factors, including as necessary, assessment of financial performance of the borrower, source of repayments and its history, credit risk mitigation through discounted cashflows of the borrower including collateral and other relevant risk factors.<br><br>➢ We assessed the adequacy of the disclosures made in the Group's consolidated financial statements around ECL provisions as required by IFRS Accounting Standards. |

# Independent auditor's report to the shareholders of Invest bank P.S.C. (continued)

## Other information

The Directors are responsible for the other information. The other information comprises the Board of Directors' Report (but does not include the consolidated financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Directors and those charged with governance for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal-Decree Law No. (32) of 2021, Article (114) of the Decretal Federal Law No. (14) of 2018, as amended, and for such internal control as Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



# Independent auditor's report to the shareholders of Invest bank P.S.C. (continued)

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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# Independent auditor's report to the shareholders of Invest bank P.S.C. (continued)

## Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

As required by the UAE Federal-Decree Law No. (32) of 2021, we report that:

i) we have obtained all the information we considered necessary for the purposes of our audit;
ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal-Decree Law No. (32) of 2021;
iii) the Group has maintained proper books of account;
iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Group;
v) as disclosed in note 8 to the consolidated financial statements the Group has not purchased or invested in shares during the year ended 31 December 2024;
vi) note 24 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal-Decree Law No. (32) of 2021, or in respect of the Group, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024; and
viii) note 20.1 to the financial statements discloses the social contributions made during the year ended 31 December 2024.

Further, as required by Article (114) of the Decretal Federal Law No. (14) of 2018, as amended, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

PricewaterhouseCoopers Limited Partnership (Sharjah Branch)
28 March 2025

Jigesh Ashokkumar Shah
Registered Auditor Number: 5621
Place: Sharjah, United Arab Emirates

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# INVEST BANK P.S.C.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

| | Note | 2024 AED'000 | 2023 AED'000 |
|---|---|---|---|
| **Assets** | | | |
| Cash and deposits with central banks | 6 | **1,118,555** | 1,192,642 |
| Due from banks | 7 | **846,915** | 610,944 |
| Investment securities | 8 | **1,274,122** | 2,367,839 |
| Loans and advances to customers | 9 | **4,491,465** | 4,252,082 |
| Reimbursement asset | 10 | **2,068,501** | 2,600,000 |
| Assets held for sale | 11 | **-** | 78,352 |
| Other assets | 12 | **983,516** | 930,317 |
| **Total assets** | | **10,783,074** | 12,032,176 |
| **Liabilities** | | | |
| Due to banks | 13 | **258** | 375,830 |
| Deposits from customers | 14 | **8,722,156** | 9,561,165 |
| Liabilities held for sale | 11 | **-** | 3,525 |
| Other liabilities | 15 | **581,942** | 422,080 |
| **Total liabilities** | | **9,304,356** | 10,362,600 |
| **Equity** | | | |
| Share capital | 16 | **3,202,493** | 3,202,493 |
| Fair value reserve | | **(43,722)** | (42,091) |
| Foreign currency translation reserve | | **21,665** | 21,665 |
| Accumulated losses | | **(1,701,718)** | (1,512,491) |
| **Net equity** | | **1,478,718** | 1,669,576 |
| **Total liabilities and equity** | | **10,783,074** | 12,032,176 |

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 2 8 MAR 2025 and signed on its behalf by:

Chief Executive Officer

Chairman

The notes 1 to 31 are an integral part of these consolidated financial statements. 10

## INVEST BANK P.S.C.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2024

| | Note | 2024 AED'000 | 2023 AED'000 |
|---|---|---|---|
| **Operating income** | | | |
| Interest income | 17 | **488,510** | 452,034 |
| Interest expense | 17 | **(348,113)** | (281,076) |
| **Net interest income** | | **140,397** | 170,958 |
| Net fees and commission income | 18 | **73,715** | 50,089 |
| Net income from foreign currencies | | **7,709** | 7,013 |
| Other (loss) / income | 19 | **(10,436)** | 9,982 |
| **Total operating income** | | **211,385** | 238,042 |
| **Operating expenses** | | | |
| General and administrative expenses | 20 | **(280,493)** | (208,965) |
| **Total operating expenses** | | **(280,493)** | (208,965) |
| **Operating (loss) / income before impairment charge and tax** | | **(69,108)** | 29,077 |
| **Net impairment charge** | 21 | **(120,188)** | (1,060,266) |
| **Loss before tax** | | **(189,296)** | (1,031,189) |
| Tax expense | 30 | **-** | - |
| **Loss for the year** | | **(189,296)** | (1,031,189) |
| **Loss per share (UAE Dirhams)** | 22 | **(0.0007)** | (0.013) |

The notes 1 to 31 are an integral part of these consolidated financial statements.



## INVEST BANK P.S.C.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| **Loss for the year** | **(189,296)** | (1,031,189) |
| **Other comprehensive loss:** | | |
| **Items that will be reclassified to profit or loss:** | | |
| Change in fair value of debt securities measured at fair value through other comprehensive income | **(374)** | - |
| **Items that will not be reclassified to profit or loss:** | | |
| Change in fair value of equity securities measured at fair value through other comprehensive income | **(1,188)** | (1,212) |
| **Total comprehensive loss for the year** | **(190,858)** | (1,032,401) |

The notes 1 to 31 are an integral part of these consolidated financial statements.

## INVEST BANK P.S.C.

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

| | 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 2023 | **3,180,982** | **(477,857)** | **68,672** | **(40,879)** | **(2,626,661)** | **104,257** |
| First capital reduction against write off of accumulated losses and share discount Note 16 (a) | (2,578,489) | 477,857 | - | - | 2,100,632 | - |
| Increase in capital by rights issue at a discount Note 16 (b) | 49,245,219 | (46,645,219) | - | - | - | 2,600,000 |
| Second capital reduction against write off of share discount Note 16 (c) | (46,645,219) | 46,645,219 | - | - | - | - |
| Issuance related costs | - | - | - | - | (2,280) | (2,280) |
| **Impact of capital restructuring plan** Note 16 | **21,511** | **477,857** | **-** | **-** | **2,098,352** | **2,597,720** |
| Loss for the year | - | - | - | - | (1,031,189) | (1,031,189) |
| ***Other comprehensive loss:*** | | | | | | |
| Change in fair value of financial assets measured at FVTOCI | - | - | - | (1,212) | - | (1,212) |
| Changes in net assets due to exchange translation and inflation adjustment on foreign operations | - | - | (47,007) | - | 47,007 | - |
| **Total comprehensive loss for the year** | **-** | **-** | **(47,007)** | **(1,212)** | **(984,182)** | **(1,032,401)** |
| **Balance at 31 December 2023** | **3,202,493** | **-** | **21,665** | **(42,091)** | **(1,512,491)** | **1,669,576** |
| Loss for the year | **-** | **-** | **-** | **-** | **(189,296)** | **(189,296)** |
| ***Other comprehensive loss:*** | | | | | | |
| Changes in fair value of financial assets measured at fair value through other comprehensive income | **-** | **-** | **-** | **(1,631)** | **69** | **(1,562)** |
| **Total comprehensive loss for the year** | **-** | **-** | **-** | **(1,631)** | **(189,227)** | **(190,858)** |
| **Balance at 31 December 2024** | **3,202,493** | **-** | **21,665** | **(43,722)** | **(1,701,718)** | **1,478,718** |

The notes 1 to 31 are an integral part of these consolidated financial statements. 13

## INVEST BANK P.S.C.

### CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

| | Note | 2024 AED'000 | 2023 AED'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the year | | **(189,296)** | (1,031,189) |
| **Adjustments:** | | | |
| Depreciation | | **10,459** | 7,753 |
| Net loss / (gain) on investment securities | | **6** | (478) |
| Fair value loss on repossessed properties | | **34,075** | 251 |
| Impairment loss on other assets | | **36,959** | 5,401 |
| Net impairment loss | | **85,920** | 1,056,406 |
| **Operating cash flows before changes in operating assets and liabilities** | | **(21,877)** | 38,144 |
| Change in time deposits held with central bank with original maturity of three months or over | | **(104,736)** | 165,239 |
| Change in reserves held with central bank | | **-** | 177,821 |
| Change in due from banks with original maturity of three months or over | | **(400,382)** | (295,169) |
| Change in loans and advances to customers | | **(324,143)** | (550,619) |
| Change in other assets | | **(45,645)** | (103,508) |
| Change in reimbursement asset | | **531,499** | (297,148) |
| Change in due to banks | | **(572)** | (10,823) |
| Change in deposits from customers[1] | | **164,787** | 1,979,164 |
| Change in other liabilities | | **120,930** | 192,052 |
| **Net cash generated from / (used in) operating activities** | | **(80,139)** | 1,295,153 |
| **Cash flows from investing activities** | | | |
| Purchase of property and equipment | | **(7,455)** | (13,337) |
| Purchase of investment securities | | **(1,001,915)** | (233,196) |
| Proceeds from sale of investment securities[1] | | **1,091,757** | 232 |
| Purchase of repossessed properties | | **(512)** | (732) |
| Proceeds from sale of repossessed properties | | **28,883** | 23,387 |
| **Net cash generated / (used in) investing activities** | | **110,758** | (223,646) |
| **Cash flow from financing activity** | | | |
| Net repayments from repo financing | | **(375,000)** | (265,000) |
| Issuance of share capital (net of issuance cost) | | **-** | 294,868 |
| **Net cash generated from / (used in) financing activity** | | **(375,000)** | 29,868 |
| **Net change in cash and cash equivalents** | | **(344,381)** | 1,101,375 |
| Cash and cash equivalents at 1 January | | **1,474,251** | 372,876 |
| **Cash and cash equivalents at 31 December** | **23** | **1,129,870** | 1,474,251 |

[1] **Non-cash transactions**
During the year ended 31 December 2024, there was a reduction in investment securities against customer deposits amounting to AED 1 billion upon the maturity of the Government of Sharjah Sukuks. This is considered as a non-cash transaction in the above consolidated statement of cashflows.

The notes 1 to 31 are an integral part of these consolidated financial statements 14

# INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**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 the Central Bank of Lebanon (the "CB Lebanon"). As a result of the prevailing financial and economic crisis in Lebanon, management has assessed the situation and is proceeding with the liquidation of the branch after having received the CB Lebanon approval to liquidate the branch.

The Bank's shares are listed on the Abu Dhabi Securities Exchange ("ADX") and are 70.06% (31 December 2023: 88.11%) owned by the Government of Sharjah as at 31 December 2024.

The Bank has two 100% owned subsidiaries Sharjah Expo Hotel L.L.C., a company engaged in the hotel business and Ethraa Real Estate LLC SP (established on 27 June 2024) a real estate management business. The consolidated financial statements for the year ended 31 December 2024 comprise the Bank together with both its subsidiaries (together referred to as "the Group").

**2 Recapitalization and liquidity**

**2.1 Guarantee agreement with GOS**

On 10 May 2023, the Bank entered into a guarantee agreement "the guarantee agreement" with the Government of Sharjah the "Guarantor" or "GoS" who is also the ultimate controlling party of the Bank. Pursuant to the terms of the guarantee agreement, the Guarantor has undertaken to protect the Bank against losses in the net book value of specified financial and non-financial assets.

As a condition precedent to the guarantee agreement, once the general assembly approves the increase in share capital through rights issue, the Guarantor shall subscribe to its pro-rata share or all shares offered if not subscribed by other shareholders. The conditions precedent were fulfilled in September 2023 the "effective date" and the guarantee agreement became effective on that date.

The Government of Sharjah subscribed for 230 billion shares and an amount of AED 2.3 billion became payable to the Bank for the participation in the rights issue. The rights issue increased the shareholding of the Government of Sharjah from 50.07% to 88.11%. The Guarantor executed the guarantee agreement as a private act and for commercial purposes at an agreed fee of AED 2.6 billion. The Bank settled the agreed fees payable of AED 2.6 billion by offsetting an amount of AED 2.3 billion against the receivable from the Guarantor arising from the issuance of shares and the remaining amount of AED 0.3 billion was settled through cash paid to Government of Sharjah. The Bank's fee of AED 2.6 billion inconsideration for the Guarantee which was accounted for as a reimbursement asset (note 10).

As per the agreement, the Government of Sharjah shall compensate Invest Bank on all Defaulted Amounts which are caused by a Credit Event under the covered portfolio. The Credit event is defined as an event that occurs when, the guaranteed asset is written off in accordance with the Bank policies or the Bank sells the guarantee obligation at a price below the initial net book value, or balances related to the Lebanon operations are realised at an amount below the initial net book value. Further, the Government shall compensate the Bank on all value losses arising from the non-financial assets when the non-financial asset is disposed or impaired.



INVEST BANK P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**2 Recapitalization and liquidity**

**2.1 Guarantee agreement with GOS (continued)**

The guarantee agreement is for a period of 5 years from the effective date. The maximum amount that could be claimed over the term of the guarantee is AED 3 billion with a maximum cap of AED 800 million per calendar year. If and to the extent the maximum compensation under the guarantee has not been exhausted at the end of the term of the guarantee, the Bank and the guarantor shall determine the final cash payment by the guarantor to the Bank. Subsequent to any payment notice under the agreement, the guarantor has the right of review to ensure payment notices are in line with the internal policies in all materials respects.

**2.2 Capital and liquidity**

The shareholders of the Bank in General Assembly Meeting held on 27 April 2023 approved the proposed Capital Restructuring Plan (the "Plan"). The relevant regulatory approvals for the Plan had already been obtained prior to the date of Board of Directors meeting held on 25 January 2023. Key features of the Plan are summarised in the following:

- A guarantee agreement was entered in to with Government of Sharjah "GoS" which is explained above.
- The Bank shall through the rights issue increase its paid-up share capital by AED 2.6 billion (the "Rights issue) which is to be applied to the settlement of the Guarantee fee.
- The impact of the capital restructuring plan on the share capital and equity of the Bank is explained in the statement of changes in equity.

The Bank continues to focus on a number of initiatives to manage its liquidity and financing requirements in addition to the support if required from the CBUAE and GoS. 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 consolidated financial statements have been prepared on a going concern basis.

**3 Basis of preparation**

*(a) Statement of compliance*

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and the applicable provisions of UAE Federal Law No. (32) of 2021 which was issued on 20 September 2021 and came into effect on 2 January 2022. IFRS accounting standards comprise accounting standards issued by IASB and interpretations issued by the International Financial Reporting Standards Interpretation Committee ("IFRS IC").

In line with article 309 of Federal Law (32) of 2021, the board of directors shall call a meeting of the General assembly to take a decision on the continuation of the Bank within thirty days of the issuance of these financial statements.

*(b) Basis of measurement*

These consolidated financial statements have been prepared on the historical cost basis except for the measurement of repossessed properties, financial assets carried at fair value through profit or loss or through other comprehensive income as these are measured at fair value.

*(c) Functional and presentation currency*

This consolidated financial information has been presented in United Arab Emirates Dirhams ("AED"), which is the Group's functional and presentation currency. All amounts have been rounded to the nearest thousand unless indicated otherwise.

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**4 Basis of preparation** (continued)

*(d) Use of estimates and judgements*

The preparation of the consolidated financial statements 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 consolidated 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”).

*(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 (“FVTOCI”) 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) 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), volatility and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.



INVEST BANK P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**3 Basis of preparation** (continued)

*(d) Use of estimates and judgements (continued)*

*(iv) Repossessed properties*

The fair value of repossessed properties were determined by external, independent property valuers, having appropriate 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.

*(v) Reimbursement asset*

The Bank’s management has considered the following estimates and judgements while developing an appropriate policy for reimbursement asset:

- The Bank has paid a fee of AED 2.6 billion and the maximum coverage from the guarantee is AED 3 billion.
- Majority of the loans covered by the guarantee are in stage 3 and the total expected payouts up to the date of signing of the guarantee is substantially equivalent to the fees paid for the guarantee.
- It is virtually certain that the guarantor will pay the Group on the occurrence of the credit event.

Management is confident that it will be able to meet the eligibility criteria of the guarantee agreement that will establish a contractual right to receive the amounts due as reimbursement asset and that it will be able to fully collect the receivables from the Government of Sharjah in line with the agreement.

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**4 Material accounting policies**

The following new and revised applicable IFRS, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these consolidated financial statements. The application of these revised IFRSs, except where stated, has not had any material impact on the amounts reported for the current and prior years.

**4.1 New and revised IFRSs applied on the consolidated financial statements**

| *New and revised IFRS adopted in the condensed consolidated interim financial statements* | *Effective for annual periods beginning on or after* |
|---|---|
| **Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback**<br>In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate. | 1 January 2024 |
| **Amendments to IAS 1 - Presentation of financial statements' on classification of liabilities**<br>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. | 1 January 2024 |
| **Amendments to IAS 1 – Noncurrent Liabilities with Covenants**<br>Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date. | 1 January 2024 |
| **Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements**<br>The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. | 1 January 2024 |

**4.2 New and revised IFRSs not yet effective and not early adopted**

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



INVEST BANK P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**4 Material accounting policies** *(continued)*

**4.2 New and revised IFRSs not yet effective and not early adopted**

| *New and revised IFRS in issue but not yet effective and not early adopted by the Group* | *Effective for annual periods beginning on or after* |
|---|---|
| **Lack of Exchangeability – Amendments to IAS 21**<br>In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary. | 1 January 2025 |
| **Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7**<br>On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:<br>(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). | 1 January 2026 |
| **Presentation and Disclosure in Financial Statements - IFRS 18**<br>This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:<br>• the structure of the statement of profit or loss with defined subtotals;<br>• requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss<br>• required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and<br>• enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general | 1 January 2027 |
| **Subsidiaries without Public Accountability: Disclosures - IFRS 19**<br>This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability, and it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. | 1 January 2027 |

**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**4 Material accounting policies** (continued)

**4.3 Accounting policies**

**(a) Financial assets and liabilities**

***1. Measurement***

1.1. Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition; minus the principal repayments; plus or minus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset i.e. its amortised cost before any impairment allowance or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in the statement of income.

1.2. Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired, for which interest income is calculated by effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

1.3. Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transactions costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fee and commissions. Transactions costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss. Immediately after initial recognition, an ECL is recognised for financial assets measured at amortised cost and at FVTOCI, which results in accounting loss being recognised in the consolidated statement of profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- In all other cases, the difference is deferred, and the time of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.



**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**4 Material accounting policies** (continued)

**4.3 Accounting policies** (continued)

**(a) Financial assets and liabilities** (continued)

***2. Financial assets***

Debt instruments:

Debt instruments are those instruments that meet the definition of financial liability from the issuer's perspective, such as loans and advances and investments in debt securities.

Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the assets; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- Fair value through other comprehensive income (FVTOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVTOCI).

- Movements in carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instruments' amortised cost which are recognised in the statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of income and recognised in 'Other income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

(i) Classification and subsequent measurement

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of income within 'Other income' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**4 Material accounting policies** (continued)

**4.3 Accounting policies** (continued)

**(a) Financial assets and liabilities** (continued)

***2. Financial assets (continued)***

(i) Classification and subsequent measurement (continued)

- Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

- SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and an interest rate that is consistent with basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies investment in debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

<u>Equity instruments</u>

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVTOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the consolidated statement of profit or loss as other income when the Group's right to receive payments is established.



**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**4 Material accounting policies** (continued)

**4.3 Accounting policies** (continued)

**(a) Financial assets and liabilities** (continued)

***2. Financial assets (continued)***

(i) Classification and subsequent measurement (continued)

<u>Cash and cash equivalents</u>

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, balances with central banks, amounts due from other banks and deposits from other banks that are held for the purpose of meeting short term cash commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

<u>Loans and advances to customers</u>

Loans and advances are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market and the Group does not intend to sell immediately in the near future.

Loans and advances are initially measured at fair value plus incremental direct transaction costs. Subsequent to the initial recognition loans and advances are measured at amortised cost using the effective interest method, except when the Group recognises the loans and advances at fair value through profit or loss.

<u>Investment securities</u>

Investment securities are initially measured at fair value plus in case of investment securities not at fair value through profit or loss, incremental direct transaction cost. Subsequent to initial recognition investment securities are accounted for depending upon their classification as either amortised cost, fair value through profit or loss or fair value through other comprehensive income.

Investment securities are measured at amortised cost using the effective interest method, if:

- they are held within a business model with an objective to hold assets in order to collect contractual cash flow and the contractual terms of financial assets give rise, on specific dates, to cash flows that are solely payments of principal and interest; and

- they have not been designated previously as measured at fair value through profit or loss.

The Group elects to present changes in fair value of certain investments in equity and debt instruments held for strategic purpose in other comprehensive income. The election is irrevocable and is made on an instrument-by-instrument basis at initial recognition.

Gains and losses on such equity instruments are not reclassified to consolidated statement of profit or loss and no impairment is recognised in the consolidated statement of profit or loss.

**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**4 Material accounting policies** (continued)

**4.3 Accounting policies** (continued)

**(a) Financial assets and liabilities** (continued)

***2. Financial assets (continued)***

(ii) Impairment

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVTOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(iii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in the statement of income as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in the derecogntion, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the statement of income.

The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.



**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**4 Material accounting policies** (continued)

**4.3 Accounting policies** (continued)

**(a) Financial assets and liabilities** (continued)

***2. Financial assets (continued)***

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownerships, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

***3. Financial liabilities***

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (eg. Short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at FVTPL presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in the statement of income;

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition whereby financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and

- Financial guarantee contracts and loan commitments.

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**4 Material accounting policies** (continued)

**4.3 Accounting policies** (continued)

**(a) Financial assets and liabilities** (continued)

***3. Financial liabilities (continued)***

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, canceled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in the covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

***4. Financial guarantee contracts and loan commitments***

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

***5. Loan commitments***

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not made any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the underdrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.



## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**4 Material accounting policies** (continued)

**4.3 Accounting policies** (continued)

**(b) Basis of Consolidation**

***1. Subsidiary***

A subsidiary is an investee controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of a subsidiary are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

***2.*** **Transactions eliminated on consolidation**

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

***3.*** **Subsidiary held for sale**

Subsidiary acquired exclusively with a view to resale has a choice of accounting at the acquisition date and at subsequent balance sheet dates. Th Bank can choose to perform a full consolidation of the individual assets and liabilities, or it can perform a short-cut method given in the IFRS 5 implementation guidance. The Bank has chosen to adopt the shortcut method under IFRS 5.

The short-cut method allows the subsidiary to effectively be treated as a single investment asset. The Bank recognizes and measures the subsidiary at fair value less costs to sell at each reporting date. Under the short-cut method, there is no requirement to fair value all of the entity's individual assets and liabilities acquired with a view to resale. The Bank statement of financial position shall be presented with the entity's identifiable liabilities measured at fair value and adding it to the fair value (less costs to sell and impairment) to ascertain the value of the assets to be disclosed in the consolidated financial statements.

At each subsequent reporting date, the subsidiary is remeasured to the lower of the initial carrying amount and the fair value less costs to sell. The net change in the subsidiary's carrying value is the single figure result that is reported in discontinued operations. An increase in fair value less costs to sell cannot exceed the amount at which the subsidiary was originally stated, hence, it will be recognised only to the extent of reversal of a previous impairment recognised.

**(c) Fees and commission income and expense**

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fee incomes are earned from a diverse range of services provided by the Group to its customers and are accounted for in accordance with IFRS 15 'Revenue from Contracts with Customers'. These are generally recognised when the related service obligations are provided or based on the applicable service contracts, usually on a time proportionate basis. When a loan commitment is not expected to result in the draw-down of a loan, commitment fees are recognised on a straight-line basis over the commitment period. Other fees and commission expenses are expensed as the related services are received.

**(d) Dividend income**

Dividend income is recognised in the consolidated statement of profit or loss when the Group's right to receive such income is established. Usually this is the ex-dividend date for equity securities.

**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**4 Material accounting policies** (continued)

**4.3 Accounting policies** (continued)

**(e) Offsetting**

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statement of financial position when, and only when, the Group has a legally enforceable right to set off the recognised amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

**(f) Fair value measurement principles**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in the consolidated statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change occurred.



**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**4 Material accounting policies** (continued)

**4.3 Accounting policies** (continued)

**(g) Derivative financial instruments - Other non-trading derivatives**

The Group enters into derivative financial instruments primarily to meet its customer requirements. Derivatives held for internal risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value through profit or loss in the consolidated statement of financial position.

**(h) Foreign currency**

(i) Foreign currency transactions

Transactions in foreign currencies are translated to UAE Dirhams at the foreign exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to UAE Dirhams at the spot foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in UAE Dirhams at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to UAE Dirhams at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising from translation are generally recognised in consolidated statement of profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into UAE Dirhams at spot exchange rate on the reporting date. The income and expenses of foreign operations are translated to UAE Dirhams at spot exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the foreign currency translation reserve (translation reserve), except to the extent that the translation difference is allocated to non-controlling interest ("NCI").

When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is reattributed to NCI.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, then foreign currency differences arising on the item form part of the net investment in the foreign operation and are recognised in OCI and accumulated in the translation reserve within equity.

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**4 Material accounting policies** (continued)

**4.3 Accounting policies** (continued)

**(i) Property and equipment**

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

(ii) Subsequent cost

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their useful lives and is generally recognised in consolidated statement of profit or loss. Land is not depreciated.

The estimated useful lives of significant items of property and equipment are as follows:

| | Years |
|---|---|
| Buildings | 20 to 30 |
| Office installations and improvements | 10 |
| Office furniture and equipment | 2 to 5 |
| Right of use assets | Up to 4 |

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate. No depreciation is charged on freehold land and capital-work-in-progress. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of profit or loss.

**(j) Repossessed properties**

The Group holds repossessed properties acquired through the enforcement of security over loans and advances. Repossessed property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the consolidated statement of profit or loss. The Group determines fair value on the basis of valuations provided by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the repossessed property being valued. The Bank earns rental income from leasing the properties until the properties have been disposed.

**(k) Staff terminal benefits**

The Group provides for staff terminal benefits based on an estimation of the amount of future benefit that employees have earned in return for their service until their retirement. This calculation is performed based on a projected unit credit method.

The Group contributes to the pension scheme for UAE nationals under the UAE pension and social security law. This is a defined contribution pension plan and the Group's contributions are charged to the consolidated statement of profit or loss in the period to which they relate. In respect of this scheme, the Group has a legal and constructive obligation to pay the fixed contributions as they fall due and no obligation exists to pay the future benefits.



INVEST BANK P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

4 Material accounting policies (continued)

4.3 Accounting policies (continued)

**(l) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows to reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**(m) Financial guarantees and loan commitments**

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below-market interest rate are included within other liabilities.

**(n) Earnings per share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

**(o) Dividend on ordinary shares**

Dividends payable on ordinary shares are recognised as a liability in the period in which they are approved by the Bank's shareholders.

**(p) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**(q) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of a non-financial asset is the greater of its value in use and its fair value less cost to sell. The reduction in value is recognised in the consolidated statement of profit or loss.

An impairment loss is reversed only to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**4 Material accounting policies** (continued)

**4.3 Accounting policies** (continued)

**(r) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the management of the Group to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available.

**(s) Reimbursement asset (Purchased Financial Guarantee premium)**

Purchased financial guarantees are irrevocable contracts that require the issuer to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees which are purchased sometime later after the origination of the financial assets are not an integral part of the financial assets and are not considered when computing the expected credit loss of the guaranteed financial asset.

The financial guarantee held by the holder is not an integral part of the financial asset and hence is outside the scope of IFRS 9- Financial Instruments, IFRS 17- Insurance contracts. Hence, in line with the requirements of IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors, the Bank has accounted for the financial guarantee under IAS 37. Having considered the above facts, the premium paid for the guarantee has been recognised as a reimbursement asset. Subsequently, the reimbursement asset will be measured with reference to the expected payouts and credit losses. In assessing the expected payouts and credit losses, the Group considers various scenarios of forecast recoveries and expected cash flows from claims under the guarantee, which are then discounted to arrive at the present value of these future cash flows in comparison to the reimbursement asset held at the period end. When the Credit Event has occurred and the Group has a contractual right to receive compensation, the reimbursement right is derecognised and receivable from the Government is recognised at fair value.



## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**5 Accounting classification of financial assets and financial liabilities**

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

| At 31 December 2024 | FVTPL AED'000 | FVTOCI AED'000 | Amortised cost AED'000 | Total carrying amount AED'000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Cash and deposits with central banks | **-** | **-** | **1,118,555** | **1,118,555** |
| Due from banks | **-** | **-** | **846,915** | **846,915** |
| Investment securities | **-** | **51,526** | **1,222,596** | **1,274,122** |
| Loans and advances to customers | **-** | **-** | **4,491,465** | **4,491,465** |
| Customers' indebtedness for acceptances | **-** | **-** | **161,529** | **161,529** |
| Other financial assets | **3,165** | **-** | **77,300** | **80,465** |
| | **3,165** | **51,526** | **7,918,360** | **7,973,051** |
| **Financial liabilities** | | | | |
| Due to banks | **-** | **-** | **258** | **258** |
| Deposits from customers | **-** | **-** | **8,722,156** | **8,722,156** |
| Liabilities under acceptances | **-** | **-** | **161,529** | **161,529** |
| Other financial liabilities | **410** | **-** | **420,003** | **420,413** |
| | **410** | **-** | **9,303,946** | **9,304,356** |
| **At 31 December 2023** | | | | |
| **Financial assets** | | | | |
| Cash and deposits with central banks | - | - | 1,192,642 | 1,192,642 |
| Due from banks | - | - | 610,944 | 610,944 |
| Investment securities | 3,240 | 7,150 | 2,357,449 | 2,367,839 |
| Loans and advances to Customers | - | - | 4,252,082 | 4,252,082 |
| Customers' indebtedness for acceptances | - | - | 111,196 | 111,196 |
| Other financial assets | 350 | - | 90,968 | 91,318 |
| | 3,590 | 7,150 | 8,615,281 | 8,626,021 |
| **Financial liabilities** | | | | |
| Due to banks | - | - | 375,830 | 375,830 |
| Deposits from customers | - | - | 9,561,165 | 9,561,165 |
| Liabilities under acceptances | - | - | 111,196 | 111,196 |
| Other financial liabilities | 996 | - | 313,413 | 314,409 |
| | 996 | - | 10,361,604 | 10,362,600 |

**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**6 Cash and deposits with central banks**

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Cash in hand | **22,478** | 19,514 |
| Deposits with central banks | **892,087** | 950,425 |
| Reserve requirements with the central banks [6.1] | **355,199** | 248,324 |
| Less: allowance for impairment [6.2] | **(151,209)** | (25,621) |
| | **1,118,555** | 1,192,642 |

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. However, as per the CBUAE regulations, the Bank is allowed to draw their balances held in the UAE Central Bank reserve account, while ensuring that they meet the reserve requirements over 14 days period. Therefore, the balances have been included in cash and cash equivalent (Note 23).

6.2 A +/-5% change in the allowance rate would result in a AED +/- 7.6 million change in ECL (2023: AED +/-1.3 million change).

**7 Due from banks**

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Money market placements | **39,667** | 55,379 |
| Term loans | **711,659** | 196,506 |
| Balances with other banks | **96,735** | 359,687 |
| Less: allowance for impairment | **(1,146)** | (628) |
| | **846,915** | 610,944 |
| The geographical concentration is as follows: | | |
| -Within the U.A.E. | **68,952** | 74,604 |
| -Outside the U.A.E. | **779,109** | 536,968 |
| | **848,061** | 611,572 |
| Less: allowance for impairment | **(1,146)** | (628) |
| | **846,915** | 610,944 |

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**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**8 Investment securities**

The Group's investments are all based in UAE and are as follows:

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| **Financial assets measured at fair value through profit or loss (FVTPL):** | | |
| Investments in quoted equity securities[8.1] | - | 3,240 |
| **Financial assets measured at fair value through other comprehensive income (FVTOCI)** | | |
| Investments in equity securities[8.1] | **8,735** | 7,150 |
| Investments in debt securities | **42,791** | - |
| **Financial assets at amortised cost:** | | |
| Investments in debt securities [8.2.] | **1,225,481** | 2,358,027 |
| | **1,277,007** | 2,368,417 |
| Less: allowance for impairment | **(2,885)** | (578) |
| | **1,274,122** | 2,367,839 |

8.1 The Group has not purchased any equity investments during the year ended 31 December 2024 (31 December 2023: Nil).

8.2 As at 31 December 2024, AED Nil (31 December 2023: AED 0.5 billion) of investments in debt securities were pledged under repo agreement. Moreover, the Government of Sharjah sukuks of AED 2 billion matured on 22 March 2024 at which date, the Bank invested AED 500 million in Government of Sharjah sukuks with a 2-year maturity.

**9 Loans and advances to customers**

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Overdrafts[1] | **5,275,178** | **5,363,758** |
| Bills discounted | **136,951** | **140,224** |
| Trust receipts | **558,771** | **613,886** |
| Term loans | **6,394,714** | **6,136,564** |
| | **12,365,614** | **12,254,432** |
| Allowances for impairment [9.2] | **(7,874,149)** | **(8,002,350)** |
| Net loans and advances to customers | **4,491,465** | **4,252,082** |

[1] Includes credit card balances.

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**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**9 Loans and advances to customers** (continued)

9.1 The stage wise product balances are as follows:

| Stage wise analysis of products<br>Products | 2024<br>Stage 1<br>AED'000 | Stage 2<br>AED'000 | Stage 3<br>AED'000 | Total<br>AED'000 |
|---|---|---|---|---|
| Overdraft | **839,924** | **5,385** | **4,429,869** | **5,275,178** |
| Bills discounted | **57,014** | **732** | **79,205** | **136,951** |
| Trust receipts | **132,620** | **-** | **426,151** | **558,771** |
| Term loans | **3,299,582** | **296,215** | **2,798,917** | **6,394,714** |
| | **4,329,140** | **302,332** | **7,734,142** | **12,365,614** |

| | 2023<br>Stage 1<br>AED'000 | Stage 2<br>AED'000 | Stage 3<br>AED'000 | Total<br>AED'000 |
|---|---|---|---|---|
| Overdraft | 794,252 | 13,519 | 4,555,987 | 5,363,758 |
| Bills discounted | 50,579 | 310 | 89,335 | 140,224 |
| Trust receipts | 159,174 | 13,508 | 441,204 | 613,886 |
| Term loans | 2,806,002 | 287,186 | 3,043,376 | 6,136,564 |
| | 3,810,007 | 314,523 | 8,129,902 | 12,254,432 |

Refer to note 24 for the disclosure of loans and advances to related parties.

9.2 The movement during the year in the impairment provision is as follows:

| | 2024<br>Provision<br>AED'000 | Interest in suspense<br>AED'000 | Total<br>AED'000 | 2023<br>Provision<br>AED'000 | Interest in suspense<br>AED'000 | Total<br>AED'000 |
|---|---|---|---|---|---|---|
| At 1 January | **5,776,973** | **2,225,377** | **8,002,350** | 4,803,983 | 1,965,342 | 6,769,325 |
| Net impairment charge *(Note 21)* | **84,760** | **-** | **84,760** | 1,050,147 | - | 1,050,147 |
| Net movement in interest in suspense | **-** | **454,427** | **454,427** | - | 427,665 | 427,665 |
| Amounts written off | **(488,085)** | **(240,990)** | **(729,075)** | (88,019) | (173,345) | (261,364) |
| Effect of exchange difference | **41,930** | **19,757** | **61,687** | 10,862 | 5,715 | 16,577 |
| | **5,415,578** | **2,458,571** | **7,874,149** | 5,776,973 | 2,225,377 | 8,002,350 |

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**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**10 Reimbursement asset**

A guarantee agreement was entered into with Government of Sharjah "GoS" whereby, the Government of Sharjah shall compensate Invest Bank on all Defaulted Amounts which are caused by a Credit Event as explained in note 2.1 of the consolidated financial statements. During 2023, the Bank paid a fee of AED 2.6 billion in consideration for the Guarantee. During the year, the Bank collected AED 531.5 million from the Government of Sharjah in line with the settlement period under the agreement reducing the outstanding balance to AED 2.1billion as at 31 December 2024 (31 December 2023: AED 2.6 billion). Subsequent to the statement of financial position date, the Bank submitted payment notices amounting to AED 153.3 million to the Government of Sharjah for reimbursement which were received in line with the settlement period under the agreement.

**11 Subsidiary held for sale**

As at 31 December 2023, additional assets pertaining to Sharjah Expo Hotel L.L.C., fully owned subsidiary of the bank that was acquired as a settlement of debt, totaling to AED 78 million, qualified for held for sale classification under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and are measured at the lower of their respective carrying amounts and fair value less costs to sell.

According to IFRS 5, the classification as asset held for sale condition is considered as met only when the sale is highly probable, and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Due to the market conditions, management was not able to sell the asset during the 12 month period, hence the asset ceased to be classified as held for sale as of 31 December 2024.

**12 Other assets**

| | 2024<br>AED'000 | 2023<br>AED'000 |
|---|---|---|
| Interest receivable | **19,812** | 37,312 |
| Repossessed properties[12.1] | **661,305** | 648,281 |
| Property and equipment[12.2] | **67,537** | 70,541 |
| Prepayments and other assets | **73,333** | 62,987 |
| Customer acceptances | **161,529** | 111,196 |
| | **983,516** | 930,317 |

[12.1] Repossessed properties were acquired in settlement of loans and advances and have been explained further in note 28(a).

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## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**12 Other assets** *(continued)*

12.2 Property and equipment

| | Land and building AED'000 | Office Installation and improvements AED'000 | Office furniture and equipment AED'000 | Motor vehicle AED'000 | Capital work in progress AED'000 | Right of use Assets AED'000 | Total AED'000 |
|---|---|---|---|---|---|---|---|
| **At 31 December 2024** | | | | | | | |
| Cost | **103,349** | **57,056** | **113,777** | **395** | **17** | **4,680** | **279,274** |
| Accumulated depreciation [12.21] | **(52,830)** | **(49,061)** | **(108,438)** | **(374)** | **-** | **(1,034)** | **(211,737)** |
| Net book value | **50,519** | **7,995** | **5,339** | **21** | **17** | **3,646** | **67,537** |
| **At 31 December 2023** | | | | | | | |
| Cost | 103,349 | 53,865 | 112,748 | 395 | 2,111 | 4,680 | 277,148 |
| Accumulated depreciation [12.21] | (50,972) | (48,828) | (106,565) | (242) | - | - | (206,607) |
| Net book value | 52,377 | 5,037 | 6,183 | 153 | 2,111 | 4,680 | 70,541 |

[12.21] Depreciation charges for the year ended 31 December 2024 amounts to AED 10.5 million (2023: AED 7.8 million) and has been included in other general and administrative expenses (note 20).



## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**13 Due to banks**

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Balances due to other banks | **258** | 830 |
| Repo against fixed income securities [Note 8.2] | **-** | 375,000 |
| | **258** | 375,830 |

**14 Deposits from customers**

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Time deposits | **6,401,234** | 6,481,075 |
| Savings accounts | **96,947** | 124,751 |
| Current and other accounts | **2,223,975** | 2,955,339 |
| | **8,722,156** | 9,561,165 |
| Customer deposits by geographical area are as follows: | | |
| Within the UAE | **7,902,348** | 9,137,305 |
| Others | **819,808** | 423,860 |
| | **8,722,156** | 9,561,165 |

Refer to Note 24 for the disclosure of deposits from related parties.

**15 Other liabilities**

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Interest payable | **127,679** | 152,423 |
| Unearned income | **20,378** | 25,920 |
| Staff benefits payable | **16,521** | 14,520 |
| Accrued expenses | **148,398** | 71,161 |
| Manager's cheques | **22,642** | 2,816 |
| Lease liabilities | **3,646** | 4,680 |
| Customer acceptances | **161,529** | 111,196 |
| Others | **81,149** | 39,364 |
| | **581,942** | 422,080 |

**16 Share capital**

**16.1 Share capital**

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| ***Issued and paid-up capital*** 263,180,982 thousand shares of AED 0.012168406 each as at 31 December 2024 and 31 December 2023 | **3,202,493** | 3,202,493 |

# INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

**16 Share capital**

**16.1 Share capital** (continued)

At the General Assembly ("GA") meeting held on 27 April 2023 the proposed Capital Restructuring Plan (the "Plan") was approved. The relevant regulatory approvals for the plan had already been obtained prior to the date of Board of Directors meeting held on 25 January 2023.

The shareholders resolved during the GA Meeting and following receipt of all necessary regulatory approvals to approve the three-step Capital Restructuring Plan which consists of the following measures:

a. reduction of the share capital of AED 3,180,982,143 by AED2,578,489,214 by writing off Invest Bank's accumulated losses of AED 2,100,632,071 and the existing share discount amount of AED 477,857,143,which shall be effected through reducing the nominal value of each share from AED1 to AED0.1894046876, resulting in a total share capital of AED 602,492,929 (the "First Reduction");

b. after effecting the First Reduction, increasing the share capital of Invest Bank by AED 49,245,218,776 (the"Capital Increase"); by issuing 260,000,000,000 shares (the "New Shares") at an Issue Price of AED 0.01(1 Fils) (the "Issue Price"), implying a discount of AED 0.1794046876 on the Subscription Price of each share. This would result in a share discount amount on the shareholders' equity of AED 46,645,218,776. The total share capital of the Bank will become AED 49,847,711,705 distributed over 263,180,982,143 shares; and

c. after effecting the First Reduction and the Capital Increase, a further reduction in the share capital of InvestBank by writing off an amount equal to the share discount of AED 46,645,218,776 referred to in paragraph(b), resulting in a share capital after the Capital Restructuring Plan of AED 3,202,492,929 at a nominalvalue of AED 0.012168406 (the "Second Reduction").

**16.2 Share discount**

During 2023, share discount amounting AED 477.9 million was written off against the share capital as part of the "First Reduction" (Step 1) of the Capital Restructuring Plan. A further discount on the second increase in capital of AED 46.645 billion has also been written off against the increase in capital of AED 49.245 billion.

**16.3 Impairment reserve – general**

As per the new credit risk management standards (CRMS) issued by CBUAE, banks must ensure that the total provision corresponding to all stage 1 and stage 2 exposures is not less than 1.50% of the credit risk weighted assets as computed under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non-distributable balance sheet reserve called the 'impairment reserve general'. The amount held in the impairment reserve-general must be deducted from the capital base (Tier 1 capital for banks) when computing the regulatory capital.

The computation of non-distributable impairment reserve - general created during the year is as follows:

| | AED'000 |
|---|---|
| Minimum provision for stage 1 and stage 2 as per CBUAE requirements | **75,368** |
| Stage 1 and stage 2 impairment provision taken against income | **147,987** |
| Shortfall in stage 1 and stage 2 provision to meet minimum CBUAE requirements | - |
| Balance of impairment reserve - general as at 31 December 2024 | - |



# INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

**17 Net interest income**

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Interest income: | | |
| Deposits with banks | **50,929** | 27,862 |
| Debt securities | **87,719** | 109,943 |
| Loans and advances to customers | **349,862** | 314,229 |
| | **488,510** | 452,034 |
| Interest expense: | | |
| Due to banks | **(1,935)** | (15,176) |
| Time deposits | **(341,138)** | (261,408) |
| Call deposits | **(1,546)** | (1,537) |
| Savings accounts and others | **(3,494)** | (2,955) |
| | **(348,113)** | (281,076) |
| **Net interest income** | **140,397** | 170,958 |

**18 Net fees and commission income**

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Fees and commission income: | | |
| Letters of credit fee | **8,086** | 4,923 |
| Letters of guarantee fee | **33,464** | 27,305 |
| Retail and corporate lending fees | **29,051** | 13,045 |
| Commission on transfers / services | **4,846** | 7,245 |
| Others | **705** | 307 |
| | **76,152** | 52,825 |
| Fees and commission expenses: | | |
| Service charges and other expense | **(2,437)** | (2,736) |
| Net fee and commission income | **73,715** | 50,089 |

**19 Other (loss) / income**

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Dividend on investment securities | **227** | 87 |
| Net rental income from properties | **22,520** | 10,676 |
| Net fair value (loss) / gains on investments | **(6)** | 478 |
| Fair value loss on repossessed properties | **(34,075)** | (251) |
| Other operating income / (loss) | **898** | (1,008) |
| | **(10,436)** | 9,982 |

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

### 20 General and administrative expenses

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Personnel and related costs | **155,716** | 124,815 |
| Premises and related expenses | **9,932** | 10,134 |
| Professional expenses [20.2] | **18,610** | 12,786 |
| Depreciation and other expenses [20.1] | **96,235** | 61,230 |
| | **280,493** | 208,965 |

20.1 Includes social contributions made during the year, which amounts to AED 390 thousand (2023: AED 634 thousand).

20.2 Professional expenses for the year ended 31 December 2024 include fee for audit and other audit related services for the Group amounting to AED 2.5 million and AED 0.2 million respectively (31 December 2023: AED 1.2 million and AED 0.2 million respectively)

### 21 Net impairment charge

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| **Net impairment charge on** | | |
| - loans and advances | **84,760** | 1,050,147 |
| - cash and balances with Central banks | **(1,665)** | 5,444 |
| - debt securities | **2,307** | 475 |
| - due from banks | **518** | 340 |
| - other assets (including non-financial assets) | **36,959** | 5,401 |
| Recoveries from loans previously written off | **(2,691)** | (1,541) |
| | **120,188** | 1,060,266 |

### 22 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.

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Loss attributable to ordinary shareholders | **(189,296)** | (1,031,189) |
| Weighted average number of shares outstanding at 31 December | **263,180,982** | 80,112,489 |
| Loss per share (UAE Dirhams) | **(0.0007)** | (0.013) |

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



## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

### 23 Cash and cash equivalents

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Cash in hand | **22,478** | 19,514 |
| Balances with central banks[23.1] | **992,008** | 1,175,460 |
| Due from banks[23.2] | **115,384** | 279,277 |
| | **1,129,870** | 1,474,251 |

[23.1] includes reserve requirements with the Central bank of UAE
[23.2] maturing within three months excluding allowance for impairment (refer note 7)

### 24 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 year end, and related income and expenses for the year are as follows:

| | Government of Sharjah AED'000 | Sharjah Government related entities AED'000 | Board of directors AED'000 | Other balances associated with board of directors AED'000 | Total AED'000 |
|---|---|---|---|---|---|
| **31 December 2024** | | | | | |
| Loans and advances with customers | **459,110** | **743,515** | **-** | **50,122** | **1,252,747** |
| Reimbursement asset | **2,068,501** | **-** | **-** | **-** | **2,068,501** |
| Deposits with customers | **212,722** | **622,541** | **7,473** | **89,268** | **932,004** |
| Outstanding letters of credit and guarantees | **-** | **46,351** | **12,000** | **33,622** | **91,973** |
| **31 December 2023** | | | | | |
| Loans and advances with customers | 499,825 | 220,233 | - | 338,088 | 1,058,146 |
| Reimbursement asset | 2,600,000 | - | - | - | 2,600,000 |
| Deposits with customers | 2,144,251 | 768,862 | 13,795 | 523,834 | 3,450,742 |
| Outstanding letters of credit and guarantees | - | 42,802 | - | 34,376 | 77,178 |

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**24 Related party transactions** (continued)

*Other transactions with the Government of Sharjah*

Refer to note 8 for transaction related to investment in Government of Sharjah sukuks.

None of the loans granted to related parties are classified as impaired as at 31 December 2024 (31 December 2023: Nil).

The loans extended to directors during the year are repayable over 1 year and bear interest at rates ranging from 5.25% to 8.25% per annum (2023: 4.75% to 9% per annum). As at 31 December 2024, outstanding loans and advances from related parties secured by deposits under lien amount to AED 78.1 million (2023: AED 22.5 million).

| | Government of Sharjah AED'000 | Sharjah Government related entities AED'000 | Board of directors AED'000 | Other Balances AED'000 | Total AED'000 |
|---|---|---|---|---|---|
| **31 December 2024** | | | | | |
| Interest income | **68,895** | **51,725** | **-** | **13,510** | **134,130** |
| Interest expense | **23,314** | **37,817** | **-** | **1,327** | **62,458** |
| **31 December 2023** | | | | | |
| Interest income | 124,964 | 17,270 | - | 12,952 | 155,186 |
| Interest expense | 52,763 | 30,948 | 252 | 24,727 | 108,690 |

**Key management compensation**

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Salaries and other short-term benefits | **15,762** | 16,567 |
| Termination benefits | **2,118** | 2,303 |
| Directors' sitting fees | **6,000** | 5,763 |
| | **23,880** | 24,633 |

**25 Commitments and contingent liabilities**

At any time, the Group has outstanding commitments to extend credit. These commitments take the form of approved loan facilities. Outstanding loan commitments have committed periods that do not extend beyond the normal underwriting and settlement period.

The Group provides financial guarantees and letter of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend up to a period of one year.





INVEST BANK P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**25 Commitments and contingent liabilities** (continued)

The contractual amount of commitments and contingent liabilities are set out in the following table by category.

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Letters of credit | **202,103** | 150,096 |
| Letters of guarantee | **2,977,184** | 2,502,416 |
| Irrevocable commitments to extend credit | **230,320** | 75,471 |
| Others | **-** | 1,605 |
| | **3,409,607** | 2,729,588 |

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect third parties to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

**Exposure by geography as on 31 December**

| | Irrevocable commitments to extend credit | | Foreign exchange and forward commitments | | Contingent liabilities | |
|---|---|---|---|---|---|---|
| | 2024 AED'000 | 2023 AED'000 | 2024 AED'000 | 2023 AED'000 | 2024 AED'000 | 2023 AED'000 |
| United Arab Emirates | **230,320** | 75,471 | **-** | 1,605 | **3,154,079** | 2,648,287 |
| Other Arab Countries | **-** | - | **-** | - | **25,208** | 4,225 |
| | **230,320** | 75,471 | **-** | 1,605 | **3,179,287** | 2,652,512 |

**Exposure by currency as on 31 December**

| | Irrevocable commitments to extend credit | | Foreign exchange and forward commitments | | Other commitments and contingent liabilities | |
|---|---|---|---|---|---|---|
| | 2024 AED'000 | 2023 AED'000 | 2024 AED'000 | 2023 AED'000 | 2024 AED'000 | 2023 AED'000 |
| Foreign currency | **-** | - | **-** | 1,605 | **338,320** | 99,122 |
| AED | **230,320** | 75,471 | **-** | (1,605) | **2,840,967** | 2,553,390 |
| **Total** | **230,320** | 75,471 | **-** | - | **3,179,287** | 2,652,512 |

**Exposure by maturity as on 31 December**

| | 2024 AED'000 | 2023 AED'000 | 2024 AED'000 | 2023 AED'000 | 2024 AED'000 | 2023 AED'000 |
|---|---|---|---|---|---|---|
| Less than 3 months | **78,820** | 25,825 | **-** | 1,605 | **2,252,553** | 2,133,715 |
| More than 3 months | **151,500** | 49,646 | **-** | - | **926,734** | 518,797 |
| **Total** | **230,320** | 75,471 | **-** | 1,605 | **3,179,287** | 2,652,512 |



 

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**25 Commitments and contingent liabilities** (continued)

**Exposure by industry segment as on 31 December**

| | Irrevocable commitments to extend credit | | Foreign exchange commitments | | Other commitments and contingent liabilities | |
|---|---|---|---|---|---|---|
| | 2024 AED'000 | 2023 AED'000 | 2024 AED'000 | 2023 AED'000 | 2024 AED'000 | 2023 AED'000 |
| Agriculture, and allied activities | - | - | - | - | 140 | 387 |
| Mining and quarrying | - | - | - | - | 4,542 | 1,124 |
| Manufacturing | - | 55,500 | - | - | 186,741 | 163,037 |
| Construction and real estate | - | 866 | - | - | 2,418,136 | 1,955,018 |
| Trade | 73,820 | 13,747 | - | - | 164,763 | 208,653 |
| Transport, storage and communication | 50,000 | 1,175 | - | - | 24,353 | 11,102 |
| Financial institutions | 106,500 | - | - | 1,605 | 121,790 | 110,894 |
| Other services | - | - | - | - | 209,179 | 184,407 |
| Loans to individuals | - | - | - | - | 247 | 680 |
| Loans to high net worth individuals | - | 4,183 | - | - | 13,816 | 3,472 |
| Others | - | - | - | - | 35,580 | 13,738 |
| **Total** | 230,320 | 75,471 | - | 1,605 | 3,179,287 | 2,652,512 |

**26 Derivative financial instruments**

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities and equity or other indices. Derivatives enable the bank's users to increase, reduce or alter exposure its credit or market risks. Derivative financial instruments entered into by the Bank include forwards and swaps. These transactions are primarily entered into with banks and financial institutions.

**Forwards**
Currency forwards represent commitments to purchase foreign and/or domestic currencies, including non-deliverable spot transactions (i.e. the transaction is net settled). Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

**Interest rate swaps**
Interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of cashflows arising out of interest rates (for example, fixed rate for floating rate). No exchange of principal takes place. The Group's credit risk represents the potential loss if counterparties fail to fulfil their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.



## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**26 Derivative financial instruments** (continued)

Derivatives are measured at fair value by reference to published price quotations in an active market. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models like counterparty prices or valuation techniques such as discounted cash flows, market prices, yield curves and other reference market data.

The positive and negative fair values of derivative financial instruments are AED 3.2 million (2023: AED 0.4 million) and AED 0.4 million (2023: AED 1.0 million) respectively, which are equivalent to their fair values. The notional amounts of such derivatives are AED 124.2 million (2023: AED 220.1 million) of which AED 59.6 million (2023: AED 147.3 million) represents forward contracts maturing in less than a year and AED 64.7 million (2023: AED 72.8 million) of interest rate derivatives maturing between 1 and 3 years. The notional amount is the amount of a derivative's underlying, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are neither indicative of the market risk nor credit risk.

**27 Segmental analysis**

Reportable segments are identified on the basis of internal reports that are regularly reviewed by the chief operating decision maker, in order to allocate resources to the segment and to assess its performance.

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:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Commercial banking AED'000 | Treasury & investments AED'000 | Total AED'000 | Commercial banking AED'000 | Treasury & investments AED'000 | Total AED'000 |
| **For the year ended** | | | | | | |
| Total operating income | 78,809 | 132,576 | 211,385 | 149,803 | 88,239 | 238,042 |
| Net impairment loss | (117,881) | (2,307) | (120,188) | (1,059,791) | (475) | (1,060,266) |
| Loss for the year | (302,535) | 113,239 | (189,296) | (1,116,571) | 85,382 | (1,031,189) |
| Segment capital expenditure | 7,455 | - | 7,455 | 13,337 | - | 13,337 |
| Segment depreciation | 10,332 | 127 | 10,459 | 7,753 | - | 7,753 |
| **At 31 December** | | | | | | |
| Segment total assets | 7,787,263 | 2,995,811 | 10,783,074 | 7,992,527 | 4,039,649 | 12,032,176 |
| Segment total liabilities | 9,302,856 | 1,500 | 9,304,356 | 8,979,538 | 1,383,062 | 10,362,600 |

*Commercial banking includes corporate and retail portfolios.*

**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**28 Fair value of assets and liabilities**

*(a) Fair value hierarchy of assets/liabilities measured at fair value*

The fair values of assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other assets/liabilities, the Group determines fair values using other valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

**Valuation of investment securities**

The Bank constantly monitors the progress of its investments by conducting its own valuation assessment. Depending on the nature of the underlying asset, quantitative methods are used such as residual value, discounted cash flow ("DCF")/scenario analysis or comparable market valuation. The unobservable inputs are selected based on various industry and macroeconomic factors that management considers as reasonable. Qualitative methods which involve taking into consideration the market and economic outlook are also employed.

**Valuation of repossessed properties**

The fair values of repossessed properties were determined by external, independent property valuers, having appropriate 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.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.



**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**28 Fair value of assets and liabilities** (continued)

*(a) Fair value hierarchy of assets/liabilities measured at fair value* (continued)

The following table analyses assets at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated statement of financial position.

| | Level 1 AED'000 | Level 2 AED'000 | Level 3 AED'000 | Total AED'000 |
|---|---|---|---|---|
| **At 31 December 2024** | | | | |
| **Financial assets** | | | | |
| FVTOCI - equity securities | **8,735** | **-** | **-** | **8,735** |
| FVTOCI - Debt securities | **42,791** | **-** | **-** | **42,791** |
| Subsidiary held for sale (net) | **-** | **-** | **-** | **-** |
| Net fair value of derivatives | **-** | **2,755** | **-** | **2,755** |
| **Non-financial assets** | | | | |
| Repossessed properties | **-** | **-** | **661,305** | **661,305** |
| | **51,526** | **2,755** | **661,305** | **715,586** |
| **At 31 December 2023** | | | | |
| **Financial assets** | | | | |
| FVTPL - equity securities | 3,240 | - | - | 3,240 |
| FVTOCI - equity securities | 7,150 | - | - | 7,150 |
| Subsidiary held for sale (net) | - | - | 74,827 | 74,827 |
| Net fair value of derivatives | - | (646) | - | (646) |
| **Non-financial assets** | | | | |
| Repossessed properties | - | - | 648,281 | 648,281 |
| | 10,390 | (646) | 723,108 | 732,852 |

The following table analyses the movement of level 3 fair value assets

| | **31 December 2024 Investments AED'000** | 31 December 2023 Investments AED'000 | **31 December 2024 Repossessed properties AED'000** | 31 December 2023 Repossessed properties AED'000 |
|---|---|---|---|---|
| Balance as at 1 January | **74,827** | 1,080 | **648,281** | 366,037 |
| Change in fair value during the year | **-** | (1,080) | **(34,075)** | (251) |
| Additions | **-** | 74,827 | **1,079** | 384,234 |
| Transfers | **(74,827)** | - | **74,827** | - |
| Disposals and other adjustments | **-** | - | **(28,807)** | (23,387) |
| Balance as at 31 December | **-** | 74,827 | **661,305** | 726,633 |

Although the Bank believes that its estimates at fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurement in level-3, changing an assumption by 5% (+/-), would not have a significant impact on the Group's consolidated financial statements.

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**28 Fair value of assets and liabilities** (continued)

*(a) Fair value hierarchy of assets/liabilities measured at fair value* (continued)

**Valuation technique and significant unobservable inputs**

The Group has adopted the most appropriate fair value measurement of its repossessed properties.

The following table shows the valuation technique used in measuring the fair value of repossessed properties, as well as the significant unobservable inputs to the valuation.

| Valuation technique | Significant unobservable inputs | Interrelationship between key unobservable inputs and fair value measurements |
|---|---|---|
| Comparative sales method: | The sale or transaction prices of similar sites or comparable properties in the vicinity within an appropriate historical timeframe. | A decrease in sale or transaction prices of similar sites or comparable properties will decrease the fair value. |
| Capitalization method: | The net operating income of the property. | A decrease in net operating income will decrease the fair value. |
| | The capitalization rate applicable to the property. | An increase in the capitalization rate will decrease the fair value. |
| Depreciated cost method: | The original cost of construction of the property. | A decrease in the original cost of construction will decrease the fair value. |
| | The useful life of the property. | A decrease in the useful life of the property will decrease the fair value. |

*(b) Financial instruments not measured at fair value*

The fair values of financial instruments not measured at fair value are not materially different from the respective carrying value.



## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management**

*Introduction and overview*

The key objective of the Bank is to manage risk and provide risk-adjusted returns to the shareholders in line with the accepted risk levels. Risk is inherent in the Bank's activity and is managed through a process of ongoing risk identification, measurement, and monitoring by setting risk limits and controls. The Bank has established comprehensive risk frameworks and governance structure for managing all material risks. The framework addresses the risk processes of all material risks across the bank. The Risk management direction is set right at the top from the Board of Directors ("BOD") and gets implemented through risk management governance structure and framework. Monitoring and controlling risk is primarily performed based on limits established by the bank through business and risk strategy as well as the level of risk that the bank is willing to accept.

To achieve this, the Bank has adopted the Three Lines Of Defense approach to manage its risk effectively. The First Line of Defense (FLOD) consists of revenue generating units, components, and their enabling functions, (Front Office and their Support functions). The FLOD teams are responsible for their risk factors and conductive control environment in their business unit and activities and implement policies and procedures in line with the Group's risk appetite. The Second Line of Defense (SLOD) is made up of risk management and compliance functions. The SLOD teams are responsible for risk management development, oversight monitoring process and the implementation of the Group's overall risk management. The Third Line of defense is implemented by auditors (internal auditors and external auditor). The third line of defense is independent of both the FLOD and SLOD and are responsible for assessing the effectiveness of both the FLOD and SLOD in terms of Control adequacy of the Bank. Auditors report their findings directly to the Board of Directors as an assurance function.

The Group has exposure to several risk categories, and it has frameworks to cover all material risks across the Bank, in addition to the following primary risks:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The other distinct risks assessed by the Bank are concentration, business / strategic, regulatory, compliance, reputation, Technology and legal risks. Furthermore, information security risk is a critical risk in the current business environment and the Bank has put in place a robust infrastructure to manage the risk.

This note presents information about the Group's exposure to each of the above primary risks, the Group's objectives, risk management frameworks, policies and processes for measuring and managing risks, and the Group's capital management plan.

**Governance and Risk Management Framework (RMF)**

The Board of Directors (the "Board" or "BOD") has the ultimate responsibility for the establishment and oversight of the Group's Risk Management Framework. For that purpose, the Board has formulated, in line with the best international practices, the following committees at Board level to help manage various risks the Bank faces:

a. Board Audit & Compliance Committee;
b. Board Risk Committee;
c. Board Credit Committee;
d. Board Nomination and Remuneration Committee.
e. Board Real Estate Committee
f. Strategy and Transformation Committee
g. Board Special Assets Committee

**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**29 Risk management** (continued)

*Introduction and overview (continued)*

The Board Risk Committee has been entrusted with the mandate of risk management and the Board Credit Committee has been entrusted with the approval of the credit and investment decisions as per delegation from the Board of Directors.

The various Board Committees are assisted by the following Senior Management Committees: Asset Liability Committee (ALCO), Risk Committee (RC), Management Credit Committee (MCC), Special Assets and Provision Committee (SAP), Model Oversight Committee (MOC), and Operation Risk and Information Risk Committee.

The Bank has implemented the Basel III Framework, IFRS 9 and has established other specific committees / working groups with assigned responsibilities to members of the senior management.

Regular audit of business units and credit processes are undertaken by Internal Audit. Furthermore, Control and Compliance functions have also been enhanced.

The Risk Management function is led by Chief Risk Officer (CRO), which comprises of Enterprise Risk, Credit Risk, Credit Administration, Operational Risk, Fraud Risk and investigations, Market and Liquidity risk management, Information security and Portfolio Management. Under the purview of the Risk Management Department, the Group's Enterprise Risk Management (ERM) Framework enables the business and functional units to manage all risks in a pro-active manner while integrating concepts of strategic planning, operational risk management, internal controls, and compliance. These include methods and processes, encompassing all risk dimensions to seize the opportunities related to the achievement of the Group's objectives.

The Risk framework consists of policy documents covering all material risks across the Bank, which include ERM policy, Risk Appetite, Credit Policies, IFRS 9 Impairment Policy, Market and Liquidity Risk related policies, Operational Risk Management Policy, Fraud Risk and Investigation Policy, Information Security risk related policies, BCM Policy, Reputation Risk Policy, Country Risk Framework, Internal Capital Adequacy Assessment Process ("ICAAP") Policy, etc.

Credit Department (CDT) has formulated credit underwriting policies aligned with Group's strategies, goals vis-a-vis risk appetite, including collateral management policies, credit assessment, risk grading and reporting, risk rating in compliance with regulatory requirements.

The Bank has a Board Approved Risk Appetite Statement (the "RAS") with threshold limits and benchmarks clearly defined and monitored with monthly update to Management and the Board. The RAS has been cascaded at Business Unit levels to ensure effective monitoring.

Review of risk management policies and systems is a continuous activity to reflect changes in market conditions, products and services offered by the Group in order to present a comprehensive view of risk from a strategic and operational perspective and have a process to address risk proactively. Bank is currently undergoing strategic transformation which will prepare the Bank for the next phase of growth. As a result, the Risk Management Framework is also being enhanced to adequately support the implementation of the strategy and mitigate the risks arising out of the same.



**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and advances to customers, contingent liabilities, balances due from banks, Deposits and reserve with the Central Bank excluding cash on hand, other assets and debt securities.s

It is also the risk of loss, or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to whom the Group is exposed to in the form of counterparty default risk, or (credit) spread risk, or market risk concentrations.

**Management of credit risk**
The Board of Directors has delegated the responsibilities of the management of credit risk to Board Credit Committee (BCC), Management Credit Committee (MCC) and Special Assets and provision Committee (SAP). Changes to discretionary limits are subject to the Board's approval. Similarly, facilities in excess of discretionary limits are approved by the BCC or / and the Board of Directors. In addition, the delegation of authority is aligned with New Credit Risk Management Standards.

A centralized credit management Department ("CDT") is responsible for oversight of the Group's credit underwriting activities including credit assessment and evaluation. The Bank has also established Credit Risk function within Risk Management Department, which is responsible for oversight and monitoring of groups credit risk activities while ensuring that such risks are within the Board approved Risk Appetite Statement, Policies and Frameworks. In addition, the Bank has established Credit Administration Division (CAD) as a control unit responsible for credit administration and documentation as well as a Central Credit Operations (CCO) unit to centralize credit operations encompassing, amongst others, activities like validation, settlement and utilization of limits.

The broad functions of CDT include:
- Formulating credit policies in consultation with business units, covering credit assessment, collateral requirements, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;
- Reviewing and assessing credit risk in accordance with delegation & authority structure, limits and discretionary powers prior to facilities being committed to customers. Renewals and reviews of facilities are subject to the same rigorous review process;
- Limiting concentrations of credit exposure to counterparties and industries in line with the RAS by establishing exposure caps and monitoring sectoral exposures. Preferred sectors are identified and reviewed regularly in line with market dynamics.
- Reviewing compliance on an ongoing basis with approved exposure limits relating to counterparties, group caps including Board exposure caps, industries and countries. Regular reports are provided to the management, MCC, BCC and the Board of Directors on the quality of portfolios, breaches, if any and appropriate corrective action is initiated when necessary; and
- Providing advice, guidance and specialized training to business units to promote best practices throughout the Group in the management of credit risk.

**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit risk* (continued)

The broad functions of Credit Risk Management Function include:

- Responsible for maintaining and enhancing the credit risk management framework for the Bank and ensuring that it is in line with regulatory requirements.
- The function is dedicated for identification, measurement, monitoring, and control of credit risks across the Bank and its subsidiaries.
- Overseeing the development of the Credit Risk Framework, review Credit Risk Policies and procedures, and support the CRO in ensuring that the bank's Credit Risk is identified, measured, reported, and mitigated within the bank's risk appetite.
- Assisting the CRO in reviewing credit applications based on pre-determined materiality thresholds to ensure the bank is protected against acquiring risks that are not consistent with the risk appetite.
- As a member of senior management committees the function is responsible for appraising management on matters related to credit risk management; thus, facilitating sound decision making.

For financial institutions, the Group uses external ratings issued by Standard and Poor's, Moody's, Fitch, Capital Intelligence or other recognised credit rating agencies in order to manage its credit risk exposure.

The Group has adopted the 'Standardized Approach' for computation of credit risk and market Risk weighted Assets while uses 'Basic Indicator Approach' for Operational Risk, in line with Central Bank regulations. Models for Internal Risk Rating, categorizing the exposures according to the degree of risk of default have been developed and are in use since 2012. The current risk grading framework consists of main eight grades reflecting varying degrees of risk of default and mitigation through collateral or other credit risk mitigants. In order to build a strong credit database, the Group introduced online processing of credit applications and rating of all counterparties.

**Loans and advances (including loan commitments, LCs and LGs)**
The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring and of the associated loss ratios for counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

**Use of estimates and judgements**
The Bank exercises significant judgement in assessing and estimating areas such as Expected Credit Losses. Given the uncertainty and limited forward looking information, the Bank has taken the approach of implementing a judgmental overlay to the ECL model by changing its macroeconomic weightages. The Group uses the weightings of (20: 60: 20) for Baseline: Downturn: Upside scenarios.

**Governance around IFRS 9 ECL models and calculations**
Given the significant impact that the macro-economic scenarios and weightages will have on the Bank's Expected Credit Losses, the Bank has further strengthened its processes, controls and governance frameworks around macro-economic forecasting and the computation of Expected Credit Losses. In line with Model Management Standards and Guidelines, Bank has constituted Model Oversight committee which reviews the inputs and assumptions for IFRS 9 ECL in light of available information.



**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit risk* (continued)

**Credit risk grading**
The Group uses internal credit risk grading's that reflect its assessment of the probability of default of individual counterparties. The rating models are tailored to various asset classes. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data input into the model.

The credit grades are calibrated such that risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

The following are additional considerations for each type of portfolio held by the Group:

Retail:
After the initial recognition of credit grade, for retail business, the repayment behavior of the borrower is monitored to establish the grade of the customer based on the stage of delinquency/account conduct.

Corporate:
For corporate business, the rating is determined at the borrower level. Relationship managers incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition, relationship managers also update information about the creditworthiness of the borrower every year from sources such as financial statements. This determines the updated internal credit rating and PD. Duly authorized overrides are applied on the ratings when the actual performance of the borrower does not align with the model output.

Treasury:
For investments in debt instruments, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

(i) Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired or delinquent for more than 90 days, the financial instrument is then moved to 'Stage 3'.
- Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses from all possible default events over the lifetime.
- A pervasive concept in measuring the ECL in accordance with IFRS 9 is that it should consider forward-looking information.

**Significant increase in credit risk (SICR)**
The Group considers a financial asset to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit Risk* (continued)

(i) Expected credit loss measurement (continued)

The Group considers a financial asset to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

*Corporate loans:*
For corporate loans, if the borrower experiences a significant increase in probability of default which can be triggered by the following quantitative factors:

- A credit risk rating (CRR) downgrade of 2 or more notches is considered significant in case the origination rating is below BBB+, hence the related facility shall be classified at Stage 2. Facilities with rating movement between AAA+ and A- are not subject to this criterion on account of low credit risk.
- If the origination rating is B+ (6+) and below (inclusive), a CRR downgrade of 1 or more notches is considered significant, hence the related facility shall be classified at Stage 2 since the movement of related PD is higher.
- Loan facilities restructured/rescheduled in the last 12 months;
- Loan facilities that are past due for 30 days and above but less than 90 days;
- Any facility of a performing customer being Stage 3.

*Retail:*
For Retail portfolio, if the borrowers meet one or more of the following criteria:

- Loan rescheduling before 30 days past due;
- Accounts overdue between 30 and 90 days.

*Treasury:*
- Significant increase in probability of default of the underlying treasury instrument;
- Significant change in the financial instruments' expected performance and behavior of borrower.

Qualitative criteria:

Corporate loans:

For corporate loans, if the borrower experiences a significant increase in probability of default, which can be triggered by the following qualitative factors:

- Net worth erosion
- Fraudulent activity
- Distressed restructure
- Financial covenants breach
- Significant operations disruption
- Bad news in public domain
- Significant reputation damage
- Subject to material litigation

Backstop:

A backstop is applied and the financial asset considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.



## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit Risk* (continued)

(i) Expected credit loss measurement (continued)

**Definition of default and credit-impaired assets**

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The obligor is more than 90 days past due on its contractual obligation to the Group.

Qualitative criteria:

The Group considers a default to have occurred with regard to particular obligors when either one of the following events have taken place:

- The Group considers that the obligor is unlikely to pay its credit obligation to the Group in full without recourse by the Group to actions like realizing security (if held).
- The Group puts the credit obligation on a non-accrual status.
- The Group makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Bank taking on the exposure.
- The Group sells the credit obligation at a material credit-related economic loss.
- The Group consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by material forgiveness or postponement of principal, interest and other fees.
- The Group has filed for the obligor's bankruptcy or similar order in respect of the obligor's credit obligation to the Group.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of twelve months.

**Measuring ECL - Inputs, assumptions and estimation techniques**

ECL is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation (as per 'Definition of default and credit-impaired' above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD represents the expected exposure at the time of default based on the amounts the Group is expecting to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit Risk* (continued)

**Measuring ECL - Inputs, assumptions and estimation techniques** (continued)

- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting the PD, LGD and EAD for each quarterly period and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in previous period). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type:

- For amortising products and bullet repayments loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation, based on analysis of the Group's recent default data.

The LGDs are based on the average expectation of recovery adjusted for the availability of collateral. Bank is in the process of estimating LGD based on its own recovery experience, however, till such time will continue to apply LGD as per above approach.

Forward-looking economic information is also included in determining the 12M and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer below for an explanation of forward-looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis.

Bank evaluates the provision based on IFRS 9 methodology and minimum provisions as prescribed under Credit Risk Management Standards and incorporates the higher of the two in its assessments.

*Forward-looking information incorporated in the ECL Models*
The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk are oil prices and UAE equity prices.

*Credit approval*
Major credit exposures to individual counterparties, groups of connected counterparties and portfolios of retail exposures are reviewed and approved by the Group's Management Credit Committee ("MCC") / Board Credit Committee ("BCC") within the authorities delegated by the Board of Directors.



## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit Risk* (continued)

**Measuring ECL - Inputs, assumptions and estimation techniques** (continued)

*Credit rating and measurement*
The risk rating system is the basis for determining the credit risk of the Group's asset portfolio (except the retail portfolio) and thus asset pricing, portfolio management, determining finance loss provisions and reserves. A grading system is being used by the Group which is based on the Group's internal estimate of probability of default, with customers or portfolios assessed against a range of quantitative and qualitative factors, including taking into account the counterparty's financial position, past experience and other factors.

*Credit monitoring*
The Group regularly monitors credit exposures and external trends which may impact risk management outcomes. Internal risk management reports are presented to the Management, Board Risk Committee ("BRC") as well as to the BoD, containing information on key variables including RAS; portfolio delinquency and financing impairment performance.

All corporate accounts are monitored carefully for performance and reviewed formally on an annual basis or earlier to assess any deterioration in account conduct. The Group has robust policies for client visits and monitoring of accounts to make sure that any concerns on the quality of the accounts are addressed well in time. An exposure is categorised as watch list or non-performing as per UAE Central Bank guidelines. An early warning process is in place for regular review of accounts.

Non-performing accounts are monitored closely by the Special Assets Management Unit (SAM). Such accounts are re-evaluated and remedial actions are agreed and monitored on a periodic basis and discussed in the SAP Committee and BSAC. Remedial actions include, but are not limited to, exposure reduction, security enhancement, asset search, employing litigation/recovery agencies, defining litigation strategy and exit of the account.

With respect to the Group's retail portfolio, asset quality is monitored closely with 30/60/90 days past due accounts and delinquency trends monitored continuously for each Retail Product of the Group. Accounts which are past due are subject to collection processes that are managed by SAM.

*Credit mitigation*
Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools. Additional support in the form of collateral and guarantee is obtained where required. The reliance that can be placed on these credit mitigation resources is carefully assessed in light of issues such as legal enforceability, market value and counterparty risk of the guarantor. Collateral types which are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed and movable assets such as motor vehicles, plant and machinery; marketable securities and bank guarantees etc. Risk mitigation policies control the approval of collateral types.

Collateral is valued in accordance with the Group's risk mitigation policy, which prescribes the frequency of valuation for different collateral types to arrive at their fair values. The valuation frequency is driven by the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit Risk* (continued)

**Credit risk exposure - Financial instrument subject to impairment**
The following table contains an analysis of the credit risk exposure of financial assets which are subject to ECL. The gross carrying amount of financial assets on the next page also represents the Group's maximum exposure to credit risk on these assets:

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Stage 1** AED'000 | **Stage 2** AED'000 | **Stage 3** AED'000 | **Total** AED'000 | Stage 1 AED'000 | Stage 2 AED'000 | Stage 3 AED'000 | Total AED'000 |
| **Credit risk exposures relating to on-balance sheet assets are as follows:** | | | | | | | | |
| ***Cash and balances with central banks*** | **1,269,764** | - | - | **1,269,764** | 1,218,263 | - | - | 1,218,263 |
| Expected credit loss allowance | **(151,209)** | - | - | **(151,209)** | (25,621) | - | - | (25,621) |
| Carrying amount | **1,118,555** | - | - | **1,118,555** | 1,192,642 | - | - | 1,192,642 |
| ***Due from banks*** | | | | | | | | |
| Investment-grade | **519,436** | - | - | **519,436** | 405,758 | - | - | 405,758 |
| BB+ & below | **328,625** | - | - | **328,625** | 205,814 | - | - | 205,814 |
| | **848,061** | - | - | **848,061** | 611,572 | - | - | 611,572 |
| Expected credit loss allowance | **(1,146)** | - | - | **(1,146)** | (628) | - | - | (628) |
| Carrying amount | **846,915** | - | - | **846,915** | 610,944 | - | - | 610,944 |
| **Customer exposures as per CBUAE classification are as follows:** | | | | | | | | |
| Standard | **4,327,122** | **273,047** | **4,121** | **4,604,290** | 3,809,273 | 274,474 | 64,178 | 4,147,925 |
| Watch list | **2,018** | **29,285** | **12,350** | **43,653** | 734 | 40,049 | 7,786 | 48,569 |
| Substandard | - | - | **205,638** | **205,638** | - | - | 221,803 | 221,803 |
| Doubtful | - | - | **663,038** | **663,038** | - | - | 808,355 | 808,355 |
| Loss | - | - | **6,848,995** | **6,848,995** | - | - | 7,027,780 | 7,027,780 |
| | **4,329,140** | **302,332** | **7,734,142** | **12,365,614** | 3,810,007 | 314,523 | 8,129,902 | 12,254,432 |
| Interest in suspense | **(303)** | **(3,180)** | **(2,455,088)** | **(2,458,571)** | (298) | (3,369) | (2,221,710) | (2,225,377) |
| Expected credit loss allowance | **(60,718)** | **(87,269)** | **(5,267,591)** | **(5,415,578)** | (39,130) | (31,317) | (5,706,526) | (5,776,973) |
| Carrying amount | **4,268,119** | **211,883** | **11,463** | **4,491,465** | 3,770,579 | 279,837 | 201,666 | 4,252,082 |
| **Investments in Debts securities and Sukuk and bonds** | | | | | | | | |
| Gross carrying amount | **1,268,272** | - | - | **1,268,272** | 2,358,027 | - | - | 2,358,027 |
| Expected credit loss allowance | **(2,885)** | - | - | **(2,885)** | (578) | - | - | (578) |
| Carrying amount | **1,265,387** | - | - | **1,265,387** | 2,357,449 | - | - | 2,357,449 |

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## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit Risk* (continued)

**Gross exposure**

The following table explains the changes in the gross exposure between the beginning and the end of the annual period:

| | **Stage 1** AED'000 | **Stage 2** AED'000 | **Stage 3** AED'000 | **Total** AED'000 |
|---|---|---|---|---|
| ***Due from banks*** | | | | |
| As at 1 January 2024 | **611,572** | - | - | **611,572** |
| Changes in exposure | **236,489** | - | - | **236,489** |
| **As at 31 December 2024** | **848,061** | - | - | **848,061** |
| As at 1 January 2023 | 140,828 | - | - | 140,828 |
| Changes in exposure | 470,744 | - | - | 470,744 |
| **As at 31 December 2023** | 611,572 | - | - | 611,572 |
| **Customer exposures on loans** | | | | |
| As at 1 January 2024 | **3,810,007** | **314,523** | **8,129,902** | **12,254,432** |
| Transfer from Stage 1 to Stage 2 | **(56,252)** | **56,252** | - | - |
| Transfer from Stage 1 to Stage 3 | **(3,638)** | - | **3,638** | - |
| Transfer from Stage 2 to Stage 1 | **46,990** | **(46,990)** | - | - |
| Transfer from Stage 2 to Stage 3 | - | **(6,621)** | **6,621** | - |
| Transfer from Stage 3 to Stage 1 | - | - | - | - |
| Transfer from Stage 3 to Stage 2 | - | **36,961** | **(36,961)** | - |
| Changes in PDs/LGDs/EADs | **532,033** | **(51,793)** | **(369,058)** | **111,182** |
| **As at 31 December 2024** | **4,329,140** | **302,332** | **7,734,142** | **12,365,614** |
| As at 1 January 2023 | 2,285,995 | 1,068,350 | 8,551,740 | 11,906,085 |
| Transfer from Stage 1 to Stage 2 | (19,290) | 19,290 | - | - |
| Transfer from Stage 1 to Stage 3 | (13,190) | - | 13,190 | - |
| Transfer from Stage 2 to Stage 1 | 748,617 | (748,617) | - | - |
| Transfer from Stage 2 to Stage 3 | - | (83,692) | 83,692 | - |
| Transfer from Stage 3 to Stage 1 | 347 | - | (347) | - |
| Transfer from Stage 3 to Stage 2 | - | 26,345 | (26,345) | - |
| Changes in PDs/LGDs/EADs | 807,528 | 32,847 | (492,028) | 348,347 |
| **As at 31 December 2023** | 3,810,007 | 314,523 | 8,129,902 | 12,254,432 |
| **Investments in debt securities, sukuks, and bonds** | | | | |
| As at 1 January 2024 | **2,358,027** | - | - | **2,358,027** |
| Changes in exposure | **(1,089,755)** | - | - | **(1,089,755)** |
| **As at 31 December 2024** | **1,268,272** | - | - | **1,268,272** |
| As at 1 January 2023 | 2,124,832 | - | - | 2,124,832 |
| Changes in exposure | 233,195 | - | - | 233,195 |
| **As at 31 December 2023** | 2,358,027 | - | - | 2,358,027 |

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## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit Risk* (continued)

**Loss allowance**

The following table explains the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

| | Stage 1 12 month ECL AED'000 | Stage 2 Lifetime ECL AED'000 | Stage 3 Lifetime ECL AED'000 | Total AED'000 |
|---|---|---|---|---|
| ***Due from banks*** | | | | |
| As at 1 January 2024 | **628** | **-** | **-** | **628** |
| Changes in PDs/LGDs/EADs | **518** | **-** | **-** | **518** |
| **As at 31 December 2024** | **1,146** | **-** | **-** | **1,146** |
| As at 1 January 2023 | 288 | - | - | 288 |
| Changes in PDs/LGDs/EADs | 340 | - | - | 340 |
| **As at 31 December 2023** | 628 | - | - | 628 |
| **ECL on Customer exposures** | | | | |
| As at 1 January 2024 | **39,130** | **31,317** | **5,706,526** | **5,776,973** |
| Transfer from Stage 1 to Stage 2 | **(709)** | **709** | **-** | **-** |
| Transfer from Stage 1 to Stage 3 | **(258)** | **-** | **258** | **-** |
| Transfer from Stage 2 to Stage 1 | **457** | **(457)** | **-** | **-** |
| Transfer from Stage 2 to Stage 3 | **-** | **(32)** | **32** | **-** |
| Transfer from Stage 3 to Stage 1 | **-** | **-** | **-** | **-** |
| Transfer from Stage 3 to Stage 2 | **-** | **13,857** | **(13,857)** | **-** |
| Changes in PDs/LGDs/EADs | **22,098** | **41,875** | **(425,368)** | **(361,395)** |
| **As at 31 December 2024** | **60,718** | **87,269** | **5,267,591** | **5,415,578** |
| As at 1 January 2023 | 10,390 | 49,402 | 4,744,191 | 4,803,983 |
| Transfer from Stage 1 to Stage 2 | (207) | 207 | - | - |
| Transfer from Stage 1 to Stage 3 | (69) | - | 69 | - |
| Transfer from Stage 2 to Stage 1 | 26,336 | (26,336) | - | - |
| Transfer from Stage 2 to Stage 3 | - | 2,749 | (2,749) | - |
| Transfer from Stage 3 to Stage 1 | 13 | - | (13) | - |
| Transfer from Stage 3 to Stage 2 | - | 2,167 | (2,167) | - |
| Changes in PDs/LGDs/EADs | 2,667 | 3,128 | 967,195 | 972,990 |
| **As at 31 December 2023** | 39,130 | 31,317 | 5,706,526 | 5,776,973 |
| **Investments in debt securities, sukuk, and bonds** | | | | |
| As at 1 January 2024 | **578** | **-** | **-** | **578** |
| Changes in PDs/LGDs/EADs | **2,307** | **-** | **-** | **2,307** |
| **As at 31 December 2024** | **2,885** | **-** | **-** | **2,885** |
| As at 1 January 2023 | 103 | - | - | 103 |
| Changes in PDs/LGDs/EADs | 475 | - | - | 475 |
| **As at 31 December 2023** | 578 | - | - | 578 |

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## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit Risk* (continued)

***Gross credit exposure by industry segment***

| | 2024 Stage 1 AED'000 | 2024 Stage 2 AED'000 | 2024 Stage 3 AED'000 | 2024 Total AED'000 | 2023 Stage 1 AED'000 | 2023 Stage 2 AED'000 | 2023 Stage 3 AED'000 | 2023 Total AED'000 |
|---|---|---|---|---|---|---|---|---|
| Manufacturing | **154,631** | **17,832** | **2,325,016** | **2,497,479** | 172,835 | 13,276 | 2,421,127 | 2,607,238 |
| Construction | **453,189** | **13,185** | **3,365,156** | **3,831,530** | 407,703 | 21,558 | 3,542,780 | 3,972,041 |
| Real Estate | **256,346** | **180,910** | **525,337** | **962,593** | 574,886 | 185,273 | 623,768 | 1,383,927 |
| Trade | **556,362** | **35,484** | **905,961** | **1,497,807** | 247,143 | 54,349 | 920,566 | 1,222,058 |
| Transport, Storage and Communication | **88,352** | **2,214** | **54,783** | **145,349** | 58,819 | - | 77,065 | 135,884 |
| Financial Institutions | **1,078,282** | **30,353** | **80,846** | **1,189,481** | 896,659 | - | 82,736 | 979,395 |
| Other Services | **382,188** | **4** | **256,182** | **638,374** | 319,085 | 3,143 | 237,802 | 560,030 |
| Government | **731,681** | **-** | **-** | **731,681** | 746,552 | - | - | 746,552 |
| Individuals | **193,096** | **4,740** | **22,980** | **220,816** | 118,003 | 85 | 17,457 | 135,545 |
| High Net Worth Individuals | **421,421** | **17,610** | **171,346** | **610,377** | 261,489 | 36,839 | 154,447 | 452,775 |
| All others | **13,592** | **-** | **26,535** | **40,127** | 6,833 | - | 52,154 | 58,987 |
| **Gross loans and advances** | **4,329,140** | **302,332** | **7,734,142** | **12,365,614** | 3,810,007 | 314,523 | 8,129,902 | 12,254,432 |

***Expected credit loss by industry segment***

| | 2024 Stage 1 AED'000 | 2024 Stage 2 AED'000 | 2024 Stage 3 AED'000 | 2024 Total AED'000 | 2023 Stage 1 AED'000 | 2023 Stage 2 AED'000 | 2023 Stage 3 AED'000 | 2023 Total AED'000 |
|---|---|---|---|---|---|---|---|---|
| Manufacturing | **1,027** | **2,377** | **1,638,112** | **1,641,516** | 582 | 266 | 1,723,488 | 1,724,336 |
| Construction | **16,156** | **19,204** | **2,378,766** | **2,414,126** | 1,996 | 12,862 | 2,641,276 | 2,656,134 |
| Real Estate | **392** | **51,047** | **204,568** | **256,007** | 3,418 | 3,248 | 252,801 | 259,467 |
| Trade | **2,990** | **4,600** | **680,530** | **688,120** | 1,559 | 3,521 | 694,039 | 699,119 |
| Transport, Storage and Communication | **2,065** | **889** | **35,262** | **38,216** | 1,019 | 1,292 | 47,763 | 50,074 |
| Financial Institutions | **2,839** | **2,867** | **71,203** | **76,909** | 10,933 | 5,197 | 81,447 | 97,577 |
| Other Services | **6,076** | **3,220** | **156,431** | **165,727** | 6,399 | 4,283 | 147,678 | 158,360 |
| Government | **3,352** | **-** | **-** | **3,352** | 3,154 | - | - | 3,154 |
| Individuals | **18,783** | **591** | **14,488** | **33,862** | 9,121 | 26 | 10,270 | 19,417 |
| High Net Worth Individuals | **5,598** | **2,331** | **78,677** | **86,606** | 905 | 490 | 78,930 | 80,325 |
| All others | **1,440** | **143** | **9,554** | **11,137** | 44 | 131 | 28,835 | 29,010 |
| **Loss allowances** | **60,718** | **87,269** | **5,267,591** | **5,415,578** | 39,130 | 31,316 | 5,706,527 | 5,776,973 |

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## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit Risk* (continued)

Other financial assets exposed to credit risk are as follows:

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| Deposits and reserves with central banks (excluding cash in hand) | **1,247,286** | 1,198,749 |
| Due from banks | **848,061** | 611,572 |
| Debt securities | **1,225,481** | 2,358,027 |
| Customer acceptance | **161,529** | 111,196 |
| Letter of credit and irrevocable commitments to extend credit | **432,423** | 225,567 |
| Other financial assets including reimbursement asset | **2,174,326** | 2,691,318 |
| | **6,089,106** | 7,196,429 |

The table below sets out the credit quality of debt securities which is based on the rating of the respective debt security. The analysis has been based on 'Standard & Poor's ratings (or its equivalent) where applicable on gross values.

| | Government bonds* | | Bank / Corporate bonds | | Total | |
|---|---|---|---|---|---|---|
| | 2024 AED'000 | 2023 AED'000 | 2024 AED'000 | 2023 AED'000 | 2024 AED'000 | 2023 AED'000 |
| Rated A- and above | **30,162** | 99,821 | **154,248** | 25,483 | **184,410** | 125,304 |
| Rated BBB+ to BB | **726,409** | 2,136,767 | **284,392** | 95,956 | **1,010,801** | 2,232,723 |
| Below BB | **45,520** | - | **27,541** | - | **73,061** | - |
| | **802,091** | 2,236,588 | **466,181** | 121,439 | **1,268,272** | 2,358,027 |

*Includes Sovereign bonds.

**Impaired loans and advances**

Impaired loans and advances are financial assets for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement(s). These loans are classified as Stage 1, Stage 2 and Stage 3 (Stage 3a, 3b, and 3c applicable for Retail Portfolio), as appropriate, which is in accordance with the guidelines issued by the CBUAE.

**Past due but not impaired loans**

These are loans and advances where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of a repayment source such as assigned receivables, the level of security/collateral available and/or the possible scope of collection of amounts owed to the Group. It also includes contracts where the reschedule/restructure discussions are ongoing /or has been approved but awaiting perfection of documents viz. Mortgage deed, Facility Agreement Letter (FAL) and so on by the customer.



INVEST BANK P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit Risk* (continued)

**Allowances for impairment**

The Group establishes allowance for impairment losses that represents its estimate for losses in its loan portfolio. The main components of this allowance are specific losses that relates to individually significant exposures and a collective impairment established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans that are considered individually insignificant as well as individually significant that were subject to individual assessment for impairment but not found to be individually impaired. Assets carried at fair value through profit or loss are not subject to impairment testing as the measure of fair value reflects the credit quality of each asset.

**Write-off**

The Group writes off loans/securities (and any related allowances for impairment losses) when it determines that there is no scope of recovery, and the loans are uncollectible. The decision is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure and there is no scope to pursue any other avenues, by writing down the debt to a nominal value.

**Collateral and other credit enhancements**

The Group holds collateral against funded and unfunded financing facilities in the form of cash margins, pledges/liens over deposits, mortgage interests over property, other registered securities over assets and guarantees. The Group accepts guarantees mainly from well-reputed local or international banks/financial institutions, well-established local or multinational organisations, large corporates and high net worth individuals. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, which are generally updated during annual reviews or earlier as the Group deems it prudent given the circumstances and market trend / conditions. Collateral is generally not held over loans and advances to other banks or financial institutions, except when securities are held as a part of reverse repurchase and securities borrowing activity.

It is the Group's policy to ensure that loans are extended to customers within their capability to service interest and repay principal instead of relying excessively on securities/collaterals. Accordingly, depending on customers' credit worthiness and the type of product, facilities may be unsecured. Nevertheless, collateral is and can be an important credit risk mitigant.

An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers is shown below. Collateral values reflect the maximum exposure or the value of the collateral whichever is lower.

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit Risk* (continued)

| | 2024<br>AED'000 | 2023<br>AED'000 |
|---|---|---|
| **Against neither past due nor impaired** | | |
| Cash | **1,873,215** | 1,425,749 |
| Commercial and industrial property | **545,990** | 618,157 |
| Equities | **253,207** | 60,379 |
| Other | **143,824** | 66,112 |
| | **2,816,236** | 2,170,397 |
| **Against past due but not impaired** | | |
| Cash | **2,811** | 4,450 |
| Commercial and industrial property | **4,729** | 2,723 |
| Equities | **-** | - |
| Other | **852** | - |
| | **8,392** | 7,173 |
| **Against impaired** | | |
| Cash | **43,571** | 53,597 |
| Commercial and industrial property | **232,856** | 337,076 |
| Equities | **8,144** | 6,811 |
| Other | **8,382** | 31,789 |
| | **292,953** | 429,273 |
| **Total collateral held** | **3,117,581** | 2,606,843 |

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## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit Risk* (continued)

In accordance with the disclosure requirement of BASEL III Pillar 3 and the CBUAE guidelines, concentration of credit risk by industry segment and currency are as follows:

| | Loans and advances | | Debt securities | | Due from banks | |
|---|---|---|---|---|---|---|
| | 2024<br>AED'000 | 2023<br>AED'000 | 2024<br>AED'000 | 2023<br>AED'000 | 2024<br>AED'000 | 2023<br>AED'000 |
| **Gross credit exposure by industry segment** | | | | | | |
| Manufacturing | **2,497,479** | 2,607,238 | **-** | - | **-** | - |
| Construction | **3,831,530** | 3,972,041 | **25,712** | 25,712 | **-** | - |
| Real estate | **962,593** | 1,383,927 | **-** | - | **-** | - |
| Trade | **1,497,807** | 1,222,058 | **-** | - | **-** | - |
| Transport, storage and communication | **145,349** | 135,884 | **-** | - | **-** | - |
| Financial institutions | **1,189,481** | 979,395 | **440,469** | 95,727 | **848,061** | 611,572 |
| Other services | **638,374** | 560,030 | **-** | - | **-** | - |
| Government / Sovereign | **731,681** | 746,552 | **802,091** | 2,236,588 | **-** | - |
| Loans to individuals | **220,816** | 135,545 | **-** | - | **-** | - |
| Loans to high-net-worth individuals | **610,377** | 452,775 | **-** | - | **-** | - |
| Others | **40,127** | 58,987 | **-** | - | **-** | - |
| **Total** | **12,365,614** | 12,254,432 | **1,268,272** | 2,358,027 | **848,061** | 611,572 |
| **Gross credit exposure by currency** | | | | | | |
| Foreign currency | **469,749** | 338,389 | **530,019** | 258,206 | **800,211** | 574,567 |
| AED | **11,895,865** | 11,916,043 | **738,253** | 2,099,821 | **47,850** | 37,005 |
| Total | **12,365,614** | 12,254,432 | **1,268,272** | 2,358,027 | **848,061** | 611,572 |
| **Concentration by location** | | | | | | |
| United Arab Emirates | **12,110,361** | 12,034,235 | **1,049,882** | 2,323,560 | **68,952** | 74,605 |
| Other G.C.C. | **54,714** | 55,336 | **216,561** | 32,638 | **307,241** | 163,781 |
| Other Arab countries | **200,539** | 140,742 | **-** | - | **37,028** | 64,754 |
| Western Europe and others | **-** | 24,119 | **1,829** | 1,829 | **434,840** | 308,432 |
| **Total** | **12,365,614** | 12,254,432 | **1,268,272** | 2,358,027 | **848,061** | 611,572 |

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**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**29 Risk management** (continued)

*(b) Credit Risk* (continued)

Overdue 90 days & above and impaired loans by industry segment and geographical location as defined by the CBUAE:

| | Overdue 90 days and above | Interest in Suspense | Expected credit loss | Net impaired assets | Adjustments | | Overdue 90 days and above | Interest in Suspense | Expected credit loss | Net impaired assets | Adjustments | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Write-offs | Write-backs | | | | | Write-offs | Write-backs |
| | 31 December 2024 | | | | | | 31 December 2023 | | | | | |
| Manufacturing | **2,323,611** | **681,620** | **1,585,594** | **56,397** | **182,058** | **16,008** | 2,421,127 | 603,958 | 1,704,629 | 112,540 | 1,965 | 28,532 |
| Construction and real estate | **3,887,460** | **1,302,730** | **2,425,832** | **158,898** | **687,849** | **74,703** | 4,166,804 | 1,212,421 | 2,733,573 | 220,810 | 187,666 | 27,249 |
| Trade | **905,965** | **248,757** | **648,489** | **8,719** | **61,376** | **7,205** | 920,566 | 209,062 | 683,481 | 28,023 | 3,198 | 2,683 |
| Transport, storage and communication | **54,783** | **21,112** | **33,619** | **52** | **4,509** | **19,886** | 77,065 | 24,419 | 47,666 | 4,980 | 442 | - |
| Financial institutions | **80,846** | **10,389** | **70,455** | **2** | **-** | **9,485** | 82,736 | 8,669 | 74,067 | - | - | - |
| Other services | **256,181** | **97,720** | **150,471** | **7,990** | **9** | **32** | 237,802 | 79,914 | 147,647 | 10,241 | 60 | 70 |
| Loans to individuals | **22,851** | **5,004** | **14,441** | **3,406** | **775** | **1,016** | 17,458 | 3,727 | 10,211 | 3,520 | 152 | - |
| Loans to high net worth individuals | **171,346** | **66,739** | **78,402** | **26,205** | **177** | **55,449** | 154,446 | 48,080 | 78,933 | 27,433 | 65,330 | - |
| Others | **26,528** | **20,798** | **5,566** | **166** | **11,853** | **12,872** | 52,154 | 23,144 | 25,384 | 3,626 | 695 | 359 |
| Total | **7,729,571** | **2,454,869** | **5,012,869** | **261,835** | **948,606** | **196,656** | 8,130,158 | 2,213,394 | 5,505,591 | 411,173 | 259,508 | 58,893 |
| **Concentration by geography** | | | | | | | | | | | | |
| United Arab Emirates | **7,556,656** | **2,395,102** | **4,899,773** | **261,781** | **948,607** | **196,654** | 8,026,781 | 2,185,379 | 5,430,271 | 411,131 | 259,508 | 58,893 |
| Others | **172,915** | **59,767** | **113,096** | **54** | **-** | **-** | 103,377 | 28,015 | 75,320 | 42 | - | - |
| Total | **7,729,571** | **2,454,869** | **5,012,869** | **261,835** | **948,607** | **196,654** | 8,130,158 | 2,213,394 | 5,505,591 | 411,173 | 259,508 | 58,893 |

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**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit Risk* (continued)

Analysis of the Group's exposure based on BASEL III standardized approach:

*All figures in AED '000*

| | Gross outstanding | | Credit risk mitigation (CRM) | | | Risk weighted assets |
|---|---|---|---|---|---|---|
| | On balance sheet | Off balance sheet | Exposure before CRM | CRM | After CRM | |
| **31 December 2024** | | | | | | |
| **Asset Classes** | | | | | | |
| Claims on sovereign | **2,743,044** | **-** | **2,591,835** | **152,977** | **2,591,835** | **87,729** |
| Claims on banks** | **1,292,397** | **68,968** | **1,361,365** | **-** | **1,306,755** | **818,205** |
| Claims on corporates and GREs | **3,658,704** | **3,202,869** | **6,858,129** | **1,801,583** | **5,474,554** | **3,630,495** |
| Claims included in retail portfolio*** | **144,684** | **47,914** | **192,588** | **66,156** | **174,987** | **83,267** |
| Claims secured by residential property | **69,894** | **-** | **69,894** | **4,044** | **69,894** | **23,378** |
| Claims secured by commercial real estate | **92,418** | **-** | **92,188** | **4,936** | **92,188** | **87,252** |
| Past due loans | **7,729,571** | **312,465** | **329,388** | **326,268** | **329,388** | **4,125** |
| High risk categories | **586,402** | **-** | **586,402** | **586,402** | **586,402** | **-** |
| Other assets | **2,333,820** | **-** | **2,333,820** | **-** | **2,333,820** | **279,495** |
| **Total** | **18,650,934** | **3,632,216** | **14,415,609** | **2,942,366** | **12,959,823** | **5,013,946** |
| **31 December 2023** | | | | | | |
| **Asset Classes** | | | | | | |
| Claims on sovereign | 4,183,349 | - | 4,146,007 | - | 4,146,007 | 120,248 |
| Claims on banks** | 707,805 | 82,085 | 789,890 | - | 718,982 | 419,282 |
| Claims on corporates and GREs | 2,887,201 | 2,420,169 | 5,307,370 | 1,362,068 | 4,183,377 | 2,931,285 |
| Claims included in retail portfolio*** | 89,661 | 74,305 | 163,668 | 54,503 | 137,122 | 62,725 |
| Claims secured by residential property | 34,683 | - | 34,683 | 176 | 34,683 | 12,459 |
| Claims secured by commercial real estate | 391,889 | - | 388,523 | 14,329 | 388,523 | 374,194 |
| Past due loans | 8,130,158 | 409,908 | 641,777 | 641,618 | 641,777 | 223 |
| High risk categories | 726,633 | - | 726,633 | 726,633 | 726,633 | - |
| Other assets | 2,823,335 | - | 2,811,917 | - | 2,811,917 | 184,131 |
| **Total** | 19,974,714 | 2,986,467 | 15,010,468 | 2,799,327 | 13,789,021 | 4,104,547 |

* Risk weighted assets does not include CVA components of AED 4.0Mn (2023: AED2.6Mn)
** Includes multilateral development banks
*** Includes claims on SME amounting to AED 13 million (2023: AED 40 million) on balance sheet and AED 48 million (2023: AED 74 million) for off balance sheet.

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**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**29 Risk management** (continued)

*(a) Credit Risk* (continued)

Analysis of the Group's exposure based on BASEL III Standardized Approach externally rated and unrated:

| | Gross credit exposures (AED '000) | | |
|---|---|---|---|
| | Rated | Unrated | Exposure before CRM |
| **31 December 2024** | | | |
| **Asset classes** | | | |
| Claims on sovereign | **2,136,141** | **606,903** | **2,591,835** |
| Claims on banks** | **1,353,107** | **8,258** | **1,361,365** |
| Claims on corporates and GREs | **75,833** | **6,785,740** | **6,858,129** |
| Claims included in retail portfolio | **-** | **192,598** | **192,588** |
| Claims secured by residential property | **-** | **69,894** | **69,894** |
| Claims secured by commercial real estate | **-** | **92,418** | **92,188** |
| Past due loans | **-** | **8,042,036** | **329,388** |
| High risk categories | **-** | **586,402** | **586,402** |
| Other assets | **-** | **2,333,820** | **2,333,820** |
| **Total** | **3,565,081** | **18,718,069** | **14,415,609** |
| **31 December 2023** | | | |
| **Asset classes** | | | |
| Claims on sovereign* | 3,798,433 | 384,916 | 4,146,007 |
| Claims on banks | 781,512 | 8,378 | 789,890 |
| Claims on corporates and GREs | 326,206 | 4,981,164 | 5,307,370 |
| Claims included in retail portfolio | - | 163,966 | 163,668 |
| Claims secured by residential property | - | 34,683 | 34,683 |
| Claims secured by commercial real estate | - | 391,889 | 388,523 |
| Past due loans | - | 8,540,066 | 641,777 |
| High risk categories | - | 726,633 | 726,633 |
| Other assets | - | 2,823,335 | 2,811,917 |
| **Total** | 4,906,151 | 18,055,030 | 15,010,468 |

*Rated exposure includes exposure where risk weighted assets are calculated using external rating.

** includes multilateral development banks



**INVEST BANK P.S.C.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended 31 December 2024

**29 Risk management** (continued)

*(b) Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with it's financial liabilities as they become due and at a reasonable cost. Liquidity risk can be segregated into three categories:

(i) Mismatch or structural liquidity risk: the risk in the Group's current consolidated statement of financial position structure due to maturity transformation in the cash flows of individual positions;
(ii) Contingency liquidity risk: the risk that future events may require a significantly larger amount of cash than what the Group's projections allow. This can arise due to unusual deviations of timing of cash flows (term liquidity risk), e.g., non-contractual prolongation of loans, or unexpected draw downs on committed loan facilities (call/ withdrawal liquidity risk); and
(iii) Market liquidity risk: the risk that the Group cannot easily offset or eliminate a position at the market price because of market disruption or inadequate market depth.

**Management of liquidity risk**

Liquidity risk management has remained at the helm of risk management and receives close attention of the Board of Directors. The Group's approach to managing liquidity is to ensure, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. All liquidity policies and procedures are subject to review and approval by ALCO, BRC and the Board. The group is strengthening its Liquidity and Market Risk framework including setting up a limits management framework and monitoring of Financial Institutions Limits. The key elements of the Group's liquidity strategy are as follows:

(i) Maintaining a diversified funding base consisting of customer deposits (both retail and corporate), wholesale market deposits, maintaining contingency facilities, annual budgeting and planning exercise forms the basis for developing the Bank's funding strategy.
(ii) Carrying a portfolio of high-quality liquid assets, diversified by counterparty and maturity.
(iii) Monitoring liquidity ratios (ELAR, ASRR, LTD), maturity mismatches, behavioral characteristics of the Group's financial assets and liabilities, and the extent to which the Group's assets are encumbered and hence not available as potential collateral for obtaining funding.
(iv) Carrying out stress testing of the Group's liquidity position.
(v) Maintaining adequate liquidity buffers.
(vi) Active communication with the CBUAE regarding liquidity requirements and requesting liquidity support with respect to those requirements.

**Exposure to liquidity risk**

The key measure used by the Group for managing liquidity risk is the Liquid Asset Ratio (LAR), ratio of net liquid assets (i.e. total assets by maturity against total liabilities by maturity) and its loans to deposit ratio. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(b) Liquidity risk* (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 31 December 2024** | | | | |
| **Assets** | | | | |
| Cash and deposits with central banks | **763,510** | **355,045** | **-** | **1,118,555** |
| Due from banks | **136,400** | **345,661** | **364,854** | **846,915** |
| Investment securities | **14,673** | **96,038** | **1,163,411** | **1,274,122** |
| Loans and advances to customers | **744,864** | **1,362,341** | **2,384,260** | **4,491,465** |
| Reimbursement asset | **-** | **-** | **2,068,501** | **2,068,501** |
| Customers' indebtedness for acceptances | **18,173** | **99,443** | **43,913** | **161,529** |
| Other assets | **28,681** | **139,360** | **653,946** | **821,987** |
| **Total assets** | **1,706,301** | **2,397,888** | **6,678,885** | **10,783,074** |
| **Liabilities and equity** | | | | |
| Due to banks | **258** | **-** | **-** | **258** |
| Deposits from customers | **4,893,395** | **3,117,234** | **711,527** | **8,722,156** |
| Liabilities under acceptances | **18,173** | **99,443** | **43,913** | **161,529** |
| Other liabilities | **242,140** | **132,372** | **45,901** | **420,413** |
| **Total liabilities** | **5,153,966** | **3,349,049** | **801,341** | **9,304,356** |
| **Net liquidity positions** | **(3,447,665)** | **(951,161)** | **5,877,544** | **1,478,718** |
| **At 31 December 2023** | | | | |
| **Assets** | | | | |
| Cash and deposits with central banks | 921,182 | 271,460 | - | 1,192,642 |
| Due from banks | 279,277 | 331,667 | - | 610,944 |
| Investment securities | 2,000,000 | 87,630 | 280,209 | 2,367,839 |
| Loans and advances to customers | 775,083 | 1,479,349 | 1,997,650 | 4,252,082 |
| Reimbursement asset | - | - | 2,600,000 | 2,600,000 |
| Customers' indebtedness for acceptances | 85,248 | 25,948 | - | 111,196 |
| Other assets* | 57,124 | 121,527 | 718,822 | 897,473 |
| **Total assets** | 4,117,914 | 2,317,581 | 5,596,681 | 12,032,176 |
| **Liabilities and equity** | | | | |
| Due to banks | 375,830 | - | - | 375,830 |
| Deposits from customers | 6,559,136 | 2,647,977 | 354,052 | 9,561,165 |
| Liabilities under acceptances | 85,248 | 25,948 | - | 111,196 |
| Other liabilities* | 184,673 | 91,311 | 38,425 | 314,409 |
| **Total liabilities** | 7,204,887 | 2,765,236 | 392,477 | 10,362,600 |
| **Net liquidity positions** | (3,086,973) | (447,655) | 5,204,204 | 1,669,576 |

*includes subsidiary held for sale.

Deposits from customers in "Less than 3 months" bucket include AED 3,085 million of current and savings account deposits (2023: AED 3,085 million). Further, the majority of deposits due for maturity have been renewed on maturity.



## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(b) Liquidity risk* (continued)

**Residual contractual maturity of financial liabilities**

The following table shows the undiscounted cash flows on the Group's financial liabilities on the basis of their earliest possible contractual maturity. The Group's expected cash flow on these instruments may vary significantly from this analysis, for example demand deposits from customers are expected to maintain a stable or increasing balance and unrecognised loan commitments are not expected to be drawn down immediately.

| | Carrying amount AED'000 | Undiscounted cash flows AED'000 | Less than 3 months AED'000 | 3 months to 1 year AED'000 | 1 to 5 year AED'000 |
|---|---|---|---|---|---|
| **31 December 2024** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Due to banks | **258** | **258** | **258** | **-** | **-** |
| Deposits from customers | **8,722,156** | **9,139,549** | **5,314,390** | **3,055,160** | **769,999** |
| Liabilities for acceptances | **161,529** | **161,529** | **18,173** | **99,443** | **43,913** |
| Other liabilities | **420,413** | **420,413** | **242,140** | **132,372** | **45,901** |
| **Total liabilities** | **9,304,356** | **9,721,749** | **5,574,961** | **3,286,975** | **859,813** |
| **31 December 2023** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Due to banks | 375,830 | 375,830 | 375,830 | - | - |
| Deposits from customers | 9,561,165 | 9,895,045 | 6,740,481 | 2,781,179 | 373,385 |
| Liabilities for acceptances | 111,196 | 111,196 | 85,248 | 25,948 | - |
| Other liabilities | 314,409 | 314,409 | 184,673 | 91,311 | 38,425 |
| **Total liabilities** | 10,362,600 | 10,696,480 | 7,386,232 | 2,898,438 | 411,810 |

*(c) Market Risk*

Market Risk is the risk that changes or movement in market prices - such as interest rates, equity prices and foreign exchange rates will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Group's solvency while optimizing the return on risk adjusted capital.

**Management of market risk**

The Group separates its exposure to market risks between trading and non-trading portfolios. Trading portfolios mainly include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

The Group has a very limited trading portfolio; hence it is not exposed to any significant market risk in respect of its trading portfolio.

**Equity price risk**

The primary goal of the Group's investment strategy is to maximise investment returns. The Bank has very limited investments in equities and as such not exposed to Equity price risk.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

**29** **Risk management** (continued)

*(c)* *Market risk* (continued)

**Exposure to interest rate risk**

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of changes in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps. A summary of the Group's interest rate gap position on non-trading portfolios is as follows:

**Assets and liabilities repricing profile**

| | Less than 3 months AED'000 | 3 months to 1 year AED'000 | more than 1 year AED'000 | Non-interest sensitive AED'000 | Total AED'000 |
|---|---|---|---|---|---|
| **As at 31 December 2024** | | | | | |
| **Assets** | | | | | |
| Cash and deposits with central banks | 707,124 | - | - | 411,431 | 1,118,555 |
| Due from banks | 39,667 | 345,107 | 365,411 | 96,730 | 846,915 |
| Investment securities | 14,667 | 77,740 | 1,172,979 | 8,736 | 1,274,122 |
| Loans and advances to customers | 3,373,773 | 433,667 | 812,740 | (128,715) | 4,491,465 |
| Reimbursement Asset | - | - | - | 2,068,501 | 2,068,501 |
| Customers' indebtedness for acceptances | - | - | - | 161,529 | 161,529 |
| Other assets | - | - | - | 821,987 | 821,987 |
| **Total assets** | 4,135,231 | 856,514 | 2,351,130 | 3,440,199 | 10,783,074 |
| **Liabilities** | | | | | |
| Due to banks | - | - | - | 258 | 258 |
| Deposits from customers | 3,176,171 | 3,117,234 | 711,527 | 1,717,224 | 8,722,156 |
| Liabilities under acceptances | - | - | - | 161,529 | 161,529 |
| Other liabilities | - | - | - | 420,413 | 420,413 |
| **Total liabilities** | 3,176,171 | 3,117,234 | 711,527 | 2,299,424 | 9,304,356 |
| On statement of financial position gap | 959,060 | (2,260,720) | 1,639,603 | 1,140,775 | 1,478,718 |
| Off statement of financial position gap | 27,831 | - | (27,831) | - | - |
| **Total interest rate sensitivity gap** | 986,891 | (2,260,720) | 1,611,772 | 1,140,775 | 1,478,718 |
| **Cumulative interest rate sensitivity gap** | 986,891 | (1,273,829) | 337,943 | 1,478,718 | |



## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

**29** **Risk management** (continued)

*(c)* *Market risk* (continued)

| | Less than 3 months AED'000 | 3 months to 1 year AED'000 | more than 1 year AED'000 | Non-interest sensitive AED'000 | Total AED'000 |
|---|---|---|---|---|---|
| **As at 31 December 2023** | | | | | |
| **Assets** | | | | | |
| Cash and deposits with central banks | 878,000 | - | 18,193 | 296,449 | 1,192,642 |
| Due from banks | 48,033 | 7,346 | 196,506 | 359,059 | 610,944 |
| Investment securities | 2,000,000 | 87,631 | 269,818 | 10,390 | 2,367,839 |
| Loans and advances to customers | 2,105,129 | 1,961,524 | 129,594 | 55,835 | 4,252,082 |
| Reimbursement asset | - | - | - | 2,600,000 | 2,600,000 |
| Customers' indebtedness for acceptances | - | - | - | 111,196 | 111,196 |
| Other assets[1] | - | - | - | 897,473 | 897,473 |
| **Total assets** | 5,031,162 | 2,056,501 | 614,111 | 4,330,402 | 12,032,176 |
| **Liabilities** | | | | | |
| Due to banks | 375,000 | - | - | 830 | 375,830 |
| Deposits from customers | 5,094,096 | 2,647,977 | 354,052 | 1,465,040 | 9,561,165 |
| Liabilities under acceptances | - | - | - | 111,196 | 111,196 |
| Other liabilities | - | - | - | 314,409 | 314,409 |
| **Total liabilities** | 5,469,096 | 2,647,977 | 354,052 | 1,891,475 | 10,362,600 |
| On statement of financial position gap | (437,934) | (591,476) | 260,059 | 2,438,927 | 1,669,576 |
| Off statement of financial position gap | 35,949 | - | (35,949) | - | - |
| **Total interest rate sensitivity gap** | (401,985) | (591,476) | 224,110 | 2,438,927 | 1,669,576 |
| **Cumulative interest rate sensitivity gap** | (401,985) | (993,461) | (769,351) | 1,669,576 | |

[1] *Other assets include assets held for sale.*

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(c) Market risk* (continued)

The assets and liabilities re-pricing profile has been determined on the basis of the final maturity period or interest re-pricing periods at the reporting date, whichever is earlier. The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks to be completely matched, as transacted business is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

**Sensitivity analysis - Interest rate risk**

Interest rate risk is the sensitivity of asset and liability values to changes in the term structure of interest rates or interest rate volatility. Interest rate risk arises from interest bearing financial instruments and reflects the possibility that changes in interest rates will adversely affect the value of the financial instruments and related income. The Group manages the risk principally through monitoring interest rate gaps and matching the re-pricing profile of assets and liabilities. The Group also assesses the impact of defined movement in interest yield curves on its net interest income. The following is the impact of interest rate movement on net interest income and regulatory capital.

| Shift in yield curve | **2024 AED'000** | 2023 AED'000 |
|---|---|---|
| **+200 bps.** | **(6,623)** | 23,138 |

The interest rate sensitivities set out above are illustrative only and employ simplified scenarios. The sensitivity does not incorporate actions that could be taken by the management to mitigate the effect of interest rate movements. Bank hedges interest rate risk through interest rate swaps as appropriate to ensure interest rate sensitivities are within risk appetite limits set forth by BOD.

**Foreign currency risk**

The Group engages in limited trading in foreign exchange on its own account. Its treasury activities are mainly directed to assisting its customers in managing their foreign exchange exposures. A system of exposure limits is in place to control price risk on foreign exchange exposures and a system of individual credit limits is in place to control counter-party risk. The amounts mentioned in the table below reflect the equal but opposite potential effect on profit and equity based on a 1% negative or positive currency fluctuation, with all other variables held constant. At the reporting date, the Group has the following net open currency exposures in respect of:

| | **2024** | | | **2023** | | |
|---|---|---|---|---|---|---|
| | **Total** AED'000 | **Impact on profit or loss** AED'000 | **Impact on equity** AED'000 | **Total** AED'000 | **Impact on profit or loss** AED'000 | **Impact on equity** AED'000 |
| United States Dollar | **881,294** | **8,813** | **8,813** | 241,444 | 2,414 | 2,414 |
| British Pound | **66** | **-** | **-** | (43) | - | - |
| Euro | **2,108** | **21** | **21** | 177 | 2 | 2 |

The UAE Dirham is pegged to the United States Dollar.



## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(d) Operational risk*

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". This definition includes legal and compliance risk but excludes strategic and reputational risk. Operational risks could arise from all of the Group's operations and are faced by all business entities and its enabling functions.

The Group's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and innovative strategies. In all cases, Group policy requires compliance with all applicable legal and regulatory requirements.

The Group has taken measures to put requisite tools in place including Operational Risk and Control Assessment (ORCA), Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRI's) and Loss Data Collection (LDC), to identify and address all operational risk exposures. The Group has also taken measures to implement directive, detective, preventative and corrective Control measures including robust processes and policies to mitigate operational risk to an acceptable level and to avoid or minimise financial losses and damage to the Group's reputation.

Market Conduct Risk

Market conduct is defined by CBUAE "as to how a financial institution conducts itself in the marketplace in terms of the level of integrity, fairness, and competency that it demonstrates in dealing with consumers. It includes the behavior and actions of a financial institution in the marketplace involving such matters such as, product design, development, marketing and sales practices, advertising, compliance with laws, fulfilling its obligations to customers, treatment of customer's / dispute resolution, conflicts of interest, transparency and disclosure, Market competition, pricing, etc."

The Risk exposure arising from Consumer protection regulations falls within the Operational Risk pillar under the Bank's risk management categorization. The Risk exposure from Market Conduct and its management are captured in the Bank's Conduct Risk framework.

The Bank have put in place Policy (Consumer Protection Policy & Conduct Risk Framework ) to manage Market Conduct risk. As a directive Control, the policy has stipulated clear roles and responsibilities for the respective Business departments, their enabling functions and governance structures.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are shared with the Board Audit & Compliance Committee and senior management of the Group. The Group's compliance with legal and regulatory requirements is ascertained by Internal Audit reviews, while Compliance of regulatory requirements is strengthened by the Compliance department as a Second Line of Defense function.

*(e) Information Security*

Information security refers to the practices, policies and technologies to protect confidentiality, integrity and availability (CIA triad) of information at rest and in transit. Security risks that can cause damage to the CIA of Bank's information is addressed by means of meaningful, effective and business supporting controls. Ineffective technical controls have the potential to have major negative effects on finances, reputation, and regulations.

The objective of information security is to secure the banking operations by safeguard sensitive information such as customer data, financial records, intellectual property and employee records while maintaining the business continuity.

## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(e) Information Security (continued)*

Information security achieves this objective through a combination of preventive, detective and corrective measures, such as but not limited to employee training, risk management, security testing, vulnerability assessment, strong governance practices, incident response practices, log monitoring, access controls, performance evaluation, defense in depth approach.

Attempt to address the risks before it materialize is supported by regulatory and compliance requirements as these are key drivers of information security efforts. Accordingly, compliance to Swift CSP, PCI DSS, UAE IAS standards are being assessed annually through regular audits.

*(f) Capital management*

**Capital allocation**
The Group's lead regulator, the Central Bank of the UAE, sets and monitors regulatory capital requirements.

The Group's objectives when managing capital are as follows:
- Safeguarding the Group's ability to continue as a going concern and increase return for the shareholders; and
- Comply with the regulatory capital requirement set by Central Bank of the UAE.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group also assesses its capital requirements internally, taking into consideration growth requirements and business plans along with an assessment of all material risks faced by the Bank. Risks such as interest rate risk in the banking book, Liquidity risk, concentration risk, strategic risk, legal and compliance risk, and reputational risk form part of the ICAAP computations.

As per the Central Bank Regulation for Basel III, the capital requirement as at 31 December 2024 is 13% (31 December 2023: 13%) inclusive of 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 sum of Tier 1 capital and Tier 2 capital 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 taking into consideration the effect of the guarantee by the Government of Sharjah.



## INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(e) Capital management* (continued)

The Group's regulatory capital position at 31 December was as follows:

| | 2024 AED'000 | 2023 AED'000 |
|---|---|---|
| **TIER 1 CAPITAL** | | |
| Share capital | **3,202,493** | 3,202,493 |
| Foreign currency translation | **21,665** | 21,665 |
| Fair value reserve | **(43,722)** | (42,091) |
| Accumulated losses | **(1,703,940)** | (1,519,967) |
| **Total tier 1 capital** | **1,476,496** | 1,662,100 |
| **TIER 2 CAPITAL** | | |
| General provisions | **62,724** | 51,340 |
| Total tier 2 capital | **62,724** | 51,340 |
| Total regulatory capital | **1,539,220** | 1,713,440 |
| **RISK WEIGHTED ASSETS** | | |
| Credit risk | **5,017,928** | 4,107,191 |
| Market risk | **32,374** | 48,411 |
| Operational risk | **309,016** | 284,750 |
| **Total risk weighted assets (RWA)** | **5,359,318** | 4,440,352 |
| **CET 1 expressed as % of RWA** | **27.55%** | 37.43% |
| **Total tier 1 capital expressed as % of RWA** | **27.55%** | 37.43% |
| **Total tier 1 and tier 2 expressed as % of RWA** | **28.72%** | 38.59% |

Total capital requirement for market risk under standardized approach as per BASEL III Pillar 3 is as follows:

| | 2024 AED'000 | | 2023AED'000 | |
|---|---|---|---|---|
| | Capital required | Risk weighted assets | Capital required | Risk weighted assets |
| Interest rate risk | - | - | - | - |
| Equity position risk | - | - | 259 | 3,240 |
| Foreign exchange risk | 3,399 | 32,374 | 3,614 | 45,171 |
| Total capital requirement | 3,399 | 32,374 | 3,873 | 48,411 |

*(f) Country Risk*

Country risk is the probability of economic, social and political events in a foreign country impacting the willingness or ability of state owned or privately owned customers in that country to pay their debts on time.

The group has established country limits to monitor and control country risk. These limits are in accordance with overall business strategy, capital management, and provision for potential risk, risk rating on each country, acceptable level of risk and business opportunities in each country.

# INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

**29 Risk management** (continued)

*(g) Strategic Risk*

Strategic risk refers to the risk of prospective impact on the Group's earnings, capital, reputation arising from changes in the environmental conditions or from adverse strategic decisions or its implementation.

The Group uses several factors to identify and assess the impact of strategic risk, including implementation of risk management policies and practices in the strategic planning process and its compatibility with business strategy. Strategic risks are monitored and controlled as part of the strategic planning process wherein the Group reviews the progress on strategic initiatives and considers whether the progress is in line with the plan and the external business environment. The strategic plan is periodically reviewed and updated subject to a governance process.

**30 Taxation**

On December 9, 2022, UAE Ministry of Finance (MoF) released Federal Decree Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (CT Law) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after June 1,2023. As the Group's accounting year ends on December 31, the first tax period will be the period from January 1, 2024 to December 31, 2024, with the respective tax return to be filed on or before September 30, 2025.

Deferred taxes should be measured by reference to the tax rates and laws, as enacted, or substantively enacted, by the end of the reporting period, that are expected to apply in the periods in which the assets and liabilities to which the deferred tax relates are realized or settled. The Group considered the application of IAS 12 and any requirements for the measurement and recognition of deferred taxes for the year ended 31 December 2024. The Group has not recognised any deferred tax assets or liabilities during the year based on its latest review and assessment

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% on taxable profits above AED 375,000.

Reconciliation of the Group's tax expense based on accounting and taxable profit is as follows:

| | 2024<br>AED'000 | 2023<br>AED'000 |
|---|---|---|
| Accounting loss before tax | (189,296) | - |
| Expected tax at 9% | (17,037) | |
| Tax adjustments: | | |
| - Exempt income | (20) | - |
| - Non- deductible expenses | 90 | - |
| **Total tax expense / (benefit)** | 70 | |
| Unrecognised losses | (16,967) | - |
| **Total tax expense / (benefit)*** | - | - |

*As the Group has incurred a loss for the year, no tax charge would apply for the current year.

**Pillar 2 Disclosure**
The Group is not subject to the Pillar Two Model rules as per the Organisation for Economic Cooperation and Development's (OECD') Global Anti-Base Erosion (GloBE') proposal.

**31 Subsequent events**

There are no significant events after the reporting period that would require adjustment or disclosure.

بنك الإستثمار
Invest bank