



MANAGEMENT DISCUSSION & ANALYSIS REPORT

30 SEPTEMBER 2024

14th November 2024

INVEST BANK PERFORMANCE SEPTEMBER 2024

PROFIT BEFORE TAX OF AED 122.7Mn, NET PROFIT OF AED 111.7Mn.
TOTAL ASSETS AT AED 11 BILLION AND EQUITY AT AED 1.8 BILLION

3Q 2024 KEY FINANCIALS HIGHLIGHTS

INTEREST INCOME

AED 390 Mn

+13%



NET NON-INTEREST INCOME

AED 80 Mn

+62%



OPERATING INCOME

AED 208 Mn

+5%



NET PROFIT Before Tax

AED 123 Mn

+135%



LOANS & ADVANCES

AED 4.4 Bn

+3%



TOTAL DEPOSITS

AED 8.7 Bn

-9%



LOANS / DEPOSITS RATIO

50.5%



Dec 2023: 44.5%

CAPITAL ADEQUACY RATIO

39.0%



Dec 2023: 38.6%

Key Highlights

- **Growth in core revenue:** Revenue continues to grow as interest income excluding IIS achieves 55% growth Y-o-Y further complemented by higher fee income.
- **Guarantee agreement with Government of Sharjah (GoS):** AED 377 million received during the nine months ended September 2024 under the guarantee agreement with GoS.
- **Loans and advances** are up by 3% due to improvement in lending business.
- **Deposits:** One off settlement of AED 1 billion GoS deposit in 2024 against maturing GoS Sukuk of AED 2 billion with net AED 500 million of fresh cash settlement improving our liquidity further. Apart from above, the deposit book has grown by approximately AED 157 million.
- **Robust equity position and strong liquidity:** Equity has improved by 7% compared to December 2023. Strong Capital adequacy ratio of 39% and ELAR of 21% compared to December 2023, allowing more capacity to grow the business.
- **Reduction in NPLs:** Strong recoveries of AED 162M.

Management Discussion & Analysis

Dear Shareholders,

For the nine months of 2024, InvestBank posted a strong pre-tax profit of AED 123.7M with Net Profit of AED 111.7M compared with a Net Loss of AED 354.7M in comparable period in Q3 2023.

Operating income: Increase to AED 208M during the nine-month period, up 5% from AED 199M in the previous comparable period. The increase was driven by 62% increase in non-interest income primarily on higher fees & commission income from new business and rental income from repossessed properties and increase in interest income by 13%, reaching AED 390M compared to AED 345M, which reflects improving core revenue stream.

Operating expenses: are up by 32% compared to comparable period. Costs have been controlled on a quarter-to-quarter basis with continued investments for growing sustainable business, IT systems, human capital and operational efficiencies.

Net impairment charges: Bank's management of legacy impaired portfolio and effort towards recovery are showing results with a net writeback of AED 111M during the nine months in 2024 compared to a charge of AED 405M in previous comparative period. The IFRS 9 provision coverage for stage 3 loans remained high at 98%.

Capital Adequacy ratio (CAR): Remains high at 39.04%, compared to 38.6% as at YE 2023.

Our focus is clear and we move with confidence to transform into a future leading digital bank and optimizing the balance sheet to its full potential, improve profitability and liquidity whilst managing risk adequately and without neglecting the plans to simplify the organization structure and streamline processes. All businesses and segments of the bank are aligned and well positioned to deliver positive return to the shareholders.

Management Discussion & Analysis

Financial Statements | Summary

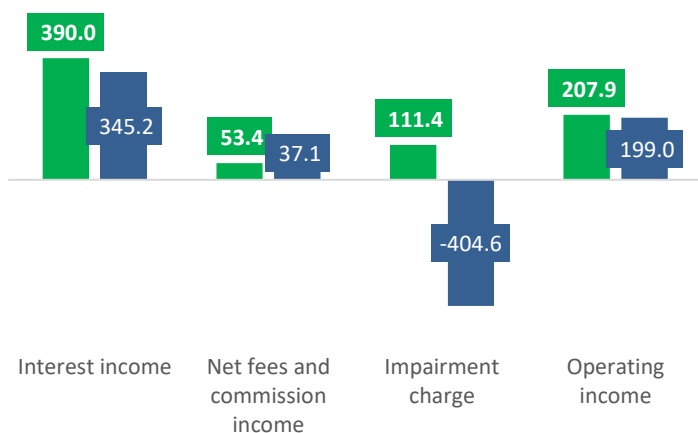
| Income Statement | | | | Balance Sheet | | | |
|--|-------------|---------------|-------------|---------------------------|----------|----------|------|
| (AED million) | Sep 2024 | Sep 2023 | Var. | (AED million) | Sep 2024 | Dec 2023 | Var. |
| Net interest income | 128 | 149 | -14% | Cash and deposits with CB | 1,477 | 1,193 | +24% |
| Net non-interest income | 80 | 49 | +62% | Investments | 1,140 | 2,368 | -52% |
| Operating income | 208 | 199 | +5% | Loans & advances | 4,399 | 4,252 | +3% |
| Operating expenses and other charge | (197) | (149) | +32% | Customer Deposits | 8,718 | 9,561 | -9% |
| Operating profit (before impairment and taxation) | 11 | 50 | -77% | Shareholders' Funds | 1,783 | 1,670 | +7% |
| Net writeback / (impairment charge) | 111 | (405) | 128% | Total Assets | 10,976 | 12,032 | -9% |
| Tax expense | (11) | - | 100% | | | | |
| Profit / (loss) for the period | 112 | (355) | 131% | | | | |
| Basic EPS (Fils) | 0.04 | (1.93) | | | | | |

Key Ratios

| | | |
|------------------------|-------|-------|
| Capital adequacy ratio | 39.0% | 38.6% |
| Loans to deposit ratio | 50.5% | 44.5% |
| Liquid asset ratio | 20.7% | 16.1% |

Key items income statement (in millions)

■ YTD Sep '24 ■ YTD Sep '23



Key Balance Sheet items (in millions)

■ Sep '24 ■ Dec '23

