



MANAGEMENT DISCUSSION & ANALYSIS REPORT

31 March 2024

15th of May 2024

Management Discussion & Analysis

Invest Bank reports a robust Q1 2024 performance with Profit before Tax of AED 91 million and Net Profit of 82 million, 580% and 538% increase respectively compared to Q1 2023 results.

Q1 2024 KEY FINANCIALS

NET INTEREST INCOME NET NON-INTEREST INCOME

AED 46 Mn
+106%

AED 22 Mn
+40%

NET OPERATING INCOME NET PROFIT Before Tax

AED 4 Mn
+142%

AED 91 Mn
+580%

TOTAL ASSETS TOTAL DEPOSITS

AED 11.0 Bn
- 9%

AED 8.8 Bn
- 8%

LOANS / DEPOSITS RATIO CAPITAL ADEQUACY RATIO

49.1%
Dec 2023: 44.5%

39.2%
Dec 2023: 38.6%

Key Highlights

- **Outstanding growth in core revenue:** Revenue continues to grow organically owing to robust lending and strong recoveries.
- **Guarantee agreement with Government of Sharjah (GoS):** Collected AED 132.5 million during Q1 2024 under the guarantee agreement with GoS.
- **Robust equity position:** Strong Capital adequacy ratio of 39.2% compared to December 2023.
- **Reduction in Assets and Deposits:** One off settlement of AED 1 billion GoS deposit in Q1 2024 against maturing GoS Sukuk of AED 2 billion with net AED 500 million of fresh cash settlement improving our liquidity further. Apart from that the deposit book has grown by more than AED 200 million.
- **Reduction in NPLs:** of AED c.450M thus resulting in recoveries of AED 105M.

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Our strategy to position Invest Bank as one of the UAE's innovative providers of customer focused solutions is progressing as per plan.

In the first quarter of 2024, Invest Bank focused on diversifying its client base and foster the effort on implementing state of the art technology platform to meet and exceed customers expectations.

During the next nine months of 2024, the Bank will continue to strengthen its capital position, source new business, improve its funding base and deliver a positive return to the shareholders. Our retail, corporate and financial markets are all geared up to deliver a profitable year in 2024.

Compared with financial results of 1Q 2023, operating Income, operating Profits , pre-tax and Net Profit are all up:

Net Interest Income: increased by 106%, contributing 67% to the total operating income, which reflects the bank's success in improving core revenue stream.

Non-Interest Income: increased by 40%, due to better utilization of repossessed assets and new business.

Operating income and operating profit: improved during the period to AED 68M, up 79% from AED 38M in the previous period. Operating profits of AED 4M was recorded vs a loss of AED 9M in the previous comparable period.

Operating expenses: up 36% as per plan reflecting our continued investment in our human resources, premises and technology. We will continue to invest in the coming months.

Net impairment charges: Bank's robust recovery strategies are showing positive signs as it was able to have more recoveries resulting a net writeback of AED 87M in Q1 2024 compared to a charge of AED 10M in previous period .

Profit before tax: up 580% compared to 1Q 2023 with pretax profit of AED 90.5M vs a loss of AED 18.8M.

Capital Adequacy ratio (CAR): At 39.2%, from 38.6% as at the year ended 31 December 2023.

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Financial Statements | Summary

Income Statement				Balance Sheet			
(AED million)	Mar 2024	Mar 2023	Var.	(AED million)	Mar 2024	Dec 2023	Var.
Net interest income	46	22	106%	Cash and deposits with CB	1,675	1,193	+40%
Net non-interest income	22	16	40%	Investments	936	2,368	-60%
Operating income	68	38	79%	Loans & advances	4,324	4,252	+2%
Operating expenses and other charge	(64)	(47)	36%	Customer Deposits	8,802	9,561	-8%
Operating profit before impairment charge	4	(9)	142%	Shareholders' Funds	1,752	1,670	+5%
Net writeback / (impairment charge)	87	(10)	987%	Total Assets	10,992	12,032	-9%
Tax expense	(8)	-	100%	Key Ratios			
Profit / (loss) for the period	82	(19)	538%	Capital adequacy ratio	39.2%	38.6%	
				Loans to deposit ratio	49.1%	44.5%	
Basic EPS (Fils)	0.03	(0.6)					

