

INVEST BANK P.S.C.

Condensed consolidated interim financial information for the six-month period ended 30 June 2024

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INVEST BANK P.S.C.

Condensed consolidated interim financial information for the six-month period ended 30 June 2024

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Invest bank P.S.C. ("the Bank") and its subsidiaries (together referred to as "the Group") as at 30 June 2024 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, changes in equity and cash flows for the six-month period then ended and other explanatory notes. The Directors are responsible for the preparation and presentation of the condensed consolidated interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Conclusion

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

Emphases of matter

- 1) We draw attention to note 4.1 to the condensed consolidated interim financial information which states that the Group has recognised a reimbursement asset of AED 2.3 billion as at 30 June 2024. The realisability of this asset is dependent on the ability of the Group to satisfactorily comply with the eligibility criteria as set out in note 4.1 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 GoS.
- 2) We also draw attention to note 4.2 to the condensed consolidated interim financial information 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 conclusion is not modified in respect of these matters.



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

Other matter

The comparative financial information in the condensed consolidated interim statement of financial position is based on the audited financial statements as at 31 December 2023.

The comparative financial information in the condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and six-month periods ended 30 June 2023 and the condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, has not been audited or reviewed.

PricewaterhouseCoopers Limited Partnership – SHJ. BR
13 August 2024

A handwritten signature in black ink, appearing to read 'Douglas O'Mahony', written over the printed name.

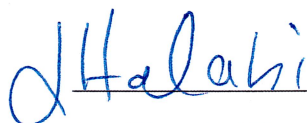
Douglas O'Mahony
Registered Auditor Number 834
Place: Sharjah, United Arab Emirates

INVEST BANK P.S.C.

Condensed consolidated interim statement of financial position as at 30 June 2024

		30 June 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
	Note		
ASSETS			
Cash and deposits with central banks	6	1,971,241	1,192,642
Due from banks	7	438,037	610,944
Investment securities	8	1,051,453	2,367,839
Loans and advances to customers	9	4,277,877	4,252,082
Reimbursement asset	4.1	2,307,212	2,600,000
Assets held for sale		75,684	78,352
Other assets	10	957,525	930,317
Total assets		11,079,029	12,032,176
LIABILITIES			
Due to banks	12	243	375,830
Deposits from customers	13	8,850,506	9,561,165
Liabilities held for sale		4,424	3,525
Other liabilities	14	454,355	422,080
Total liabilities		9,309,528	10,362,600
EQUITY			
Share capital	15	3,202,493	3,202,493
Share discount		-	-
Fair value reserve		(40,876)	(42,091)
Foreign currency translation reserve		21,665	21,665
Accumulated losses		(1,413,781)	(1,512,491)
Net equity		1,769,501	1,669,576
Total liabilities and equity		11,079,029	12,032,176

This condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on **13 AUG 2024** and signed on its behalf by:


Chief Financial Officer


Chairman

INVEST BANK P.S.C.

Condensed consolidated interim statement of profit or loss for the six-month period ended 30 June 2024 (un-audited)

	Note	For the six-month period ended 30 June		For the three-month period ended 30 June	
		2024 (un-audited) AED'000	2023 (un-audited and not reviewed) AED'000	2024 (un-audited) AED'000	2023 (un-audited and not reviewed) AED'000
Interest income		266,039	166,247	137,284	90,705
Interest expense		(173,275)	(120,275)	(90,175)	(66,877)
Net interest income		92,764	45,972	47,109	23,828
Net fees and commission income		28,747	25,268	15,186	13,014
Net income from foreign currencies		2,698	3,932	1,852	1,721
Other income		14,689	3,311	7,092	2,101
Total operating income		138,898	78,483	71,239	40,664
Operating expenses					
General and administrative expenses		(131,334)	(96,070)	(67,434)	(49,207)
Total operating expenses		(131,334)	(96,070)	(67,434)	(49,207)
Operating profit / (loss) before impairment loss and taxation		7,564	(17,587)	3,805	(8,543)
Net writeback / (impairment loss)	17	100,908	21,625	14,147	31,405
Profit before taxation		108,472	4,038	17,952	22,862
Income tax expense		(9,762)	-	(1,615)	-
Net profit for the period		98,710	4,038	16,337	22,862
Earnings per share	18	0.0004	0.001	0.0001	0.007

INVEST BANK P.S.C.

Condensed consolidated interim statement of comprehensive income for the six-month period ended 30 June 2024 (un-audited)

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2024 (un-audited) AED'000	2023 (un-audited and not reviewed) AED'000	2024 (un-audited) AED'000	2023 (un-audited and not reviewed) AED'000
Note				
Net profit for the period	98,710	4,038	16,337	22,862
Other comprehensive income / (loss):				
<i>Items that will not be reclassified to profit or loss:</i>				
Change in fair value of financial assets measured at fair value through other comprehensive income	1,215	(113)	858	(470)
Total comprehensive income for the period	99,925	3,925	17,195	22,392

INVEST BANK P.S.C.

Condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2024 (un-audited)

	Share capital AED'000	Share discount AED'000	Foreign currency translation reserve AED'000	Fair value reserve AED'000	Accumulated losses AED'000	Total AED'000
Balance at 1 January 2023	3,180,982	(477,857)	68,672	(40,879)	(2,626,661)	104,257
Profit for the period	-	-	-	-	4,038	4,038
Other comprehensive income / (loss)						
Changes in fair value of financial assets measured at fair value through other comprehensive income	-	-	-	(113)	-	(113)
Changes in net assets due to exchange translation and inflation adjustment on foreign operations	-	-	(47,007)	-	47,007	-
Total comprehensive income / (loss) for the period	-	-	(47,007)	(113)	51,045	3,925
Balance at 30 June 2023¹ (un-audited and not reviewed)	3,180,982	(477,857)	21,665	(40,992)	(2,575,616)	108,182
Balance at 1 January 2024	3,202,493	-	21,665	(42,091)	(1,512,491)	1,669,576
Profit for the period	-	-	-	-	98,710	98,710
Other comprehensive income						
Changes in fair value of financial assets measured at fair value through other comprehensive income	-	-	-	1,215	-	1,215
Total comprehensive income for the period	-	-	-	1,215	98,710	99,925
Balance at 30 June 2024 (un-audited)	3,202,493	-	21,665	(40,876)	(1,413,781)	1,769,501

¹Subsequent to six month period ended 30 June 2023, the Securities and Commodity Authority (SCA) approved the reduction of the share capital of AED 3,180,982,143 by AED 2,578,489,214 by writing off Invest Bank's accumulated losses of AED 2,100,632,071 and the existing reserve amount of AED 477,857,143, which shall be effected through reducing the nominal value of each share from AED 1 to AED 0.1894046876, resulting in a total share capital of AED 602,492,929 (the "First Reduction").

**Condensed consolidated interim statement of cash flows
for the six-month period ended 30 June 2024 (un-audited)**

	Note	For the six-month period ended	
		30 June 2024 (un-audited) AED'000	30 June 2023 (un-audited and not reviewed) AED'000
Cash flows from operating activities			
Net profit before taxation		108,472	4,038
Adjustments:			
Depreciation		4,413	3,949
Net loss / (gain) on investment securities		6	(471)
Net gain on investment properties		(1,420)	-
Net writeback	17	(101,106)	(20,466)
Operating cash flows before changes in operating assets and liabilities		10,365	(12,950)
Changes in balances, reserves and deposits with Central banks maturing after three months		(382,165)	217,684
Change in due from banks		41,459	396
Change in loans and advances to customers		82,207	817,648
Change in other assets		(28,929)	(37,905)
Change in reimbursement asset		292,788	-
Change in deposits from customers ¹		291,282	(212,786)
Change in due to banks		(587)	(11,546)
Change in other liabilities		18,500	99,456
Net cash generated from operating activities		324,920	859,997
Cash flows from investing activities			
Purchase of property and equipment		(6,218)	(3,097)
Purchase of investment securities ¹		(754,602)	(195,972)
Proceeds from redemption of investment securities		1,070,000	231
Purchase of repossessed properties		(463)	(701)
Proceeds from sale of repossessed properties		5,409	2,442
Net cash generated from / (used in) investing activities		314,126	(197,097)
Cash flows from financing activities			
Repayment of repo financing		(375,000)	(540,000)
Net cash used in financing activities		(375,000)	(540,000)
Net change in cash and cash equivalents		264,046	122,900
Cash and cash equivalents at the beginning of the period		1,474,251	372,876
Cash and cash equivalents at the end of the period	20	1,738,297	495,776

¹ For non-cash transactions refer to note 21.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 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 Banque Du Liban (the "CB Lebanon"). As a result of the prevailing financial and economic crisis in Lebanon, management have 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 is 88.11% owned by the Government of Sharjah as at 30 June 2024.

The Bank has two fully 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) to engage in real estate management business. The condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2024 comprise the Bank and its subsidiaries (together referred to as "the Group").

2 Basis of preparation

(a) Statement of compliance

This condensed consolidated interim financial information has been prepared on the historical cost basis except for the measurement of certain investment securities and repossessed properties at fair value.

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting" and applicable laws of the UAE. It does not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2023, which has been prepared in accordance with IFRS Accounting Standards.

The accounting policies applied by the Group in this condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2023.

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**

2 Basis of preparation (continued)

(b) Functional and presentation currency

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

(c) Consolidation

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

(i) Subsidiaries

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

(ii) Transactions eliminated on consolidation

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

(d) Use of estimates and judgments

The preparation of the condensed consolidated interim financial information in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

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

(i) Classification of financial assets

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

(ii) Measurement of the expected credit loss allowance

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

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**

2 Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

(ii) Measurement of the expected credit loss allowance (continued)

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 derivatives and unquoted securities

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

(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) Foreign currency translation

In accordance with IFRS Accounting Standards, foreign exchange denominated monetary assets and liabilities should be measured using the spot rate. Accordingly, the rate of USD 1 equals LBP 89,500 as at 30 June 2024 (USD 1 equals LBP 89,500 as at 31 December 2023) has been used to translate and incorporate the balances for the Lebanese branch in the condensed consolidated interim financial information.

(vi) Reimbursement assets

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

- 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 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 establishes a contractual right to receive the amounts due as reimbursement asset and be able to fully collect the receivables from the Government of Sharjah in line with the agreement.

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**

3 Application of other new and revised IFRS Accounting Standards (“IFRS”)

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2024 have been adopted in this condensed consolidated interim financial information. The application of these revised IFRS Accounting Standards and interpretations has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

<i>New and revised IFRS Accounting Standards adopted in the condensed consolidated interim financial statements</i>	<i>Effective for annual periods beginning on or after</i>
<p>Lease Liability in a Sale and Leaseback – Amendments to IFRS 16,</p> <p>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.</p>	1 January, 2024
<p>Presentation of financial statements’ on classification of liabilities</p> <p>These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.</p>	1 January, 2024
<p>Non-current Liabilities with Covenants – Amendments to IAS 1</p> <p>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.</p>	1 January 2024
<p>Supplier finance arrangements – Amendments to IAS 7 and IFRS 7</p> <p>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.</p>	1 January 2024

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**

3 Application of other new and revised IFRS Accounting Standards (“IFRS”) (continued)

3.1 New and revised IFRS Accounting Standards applied with no material effect on the condensed consolidated interim financial information (continued)

<i>New and revised IFRS in issue but not yet effective and not early adopted by the Group</i>	<i>Effective for annual periods beginning on or after</i>
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	Not applicable
<p>The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a ‘business’ (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor’s interests in the associate or joint venture. The amendments apply prospectively.</p>	

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

3.2 Financial risk management

The Group’s financial risk management objectives, policies and procedures are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2023.

4 Recapitalization and liquidity

4.1 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 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 Bank paid a fee of AED 2.6 billion inconsideration for the Guarantee which was accounted for as a reimbursement asset. During the six-month period ended, the Bank has collected AED 292.8 million from the Government of Sharjah in line with the settlement period under the agreement reducing the outstanding balance to AED 2.3 billion as at 30 June 2024.

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.

4.2 Liquidity

The Bank continues to focus on a number of initiatives to manage its liquidity and financing requirements in addition to the support provided by 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.

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**
5 Accounting classification of financial assets and financial liabilities

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

	FVTPL	FVTOCI	Amortised cost	Total carrying amount
At 30 June 2024 (un-audited)	AED'000	AED'000	AED'000	AED'000
Financial assets				
Cash and deposits with central banks	-	-	1,971,241	1,971,241
Due from banks	-	-	438,037	438,037
Investment securities	-	11,598	1,039,855	1,051,453
Loans and advances to customers	-	-	4,277,877	4,277,877
Customers' indebtedness for acceptances	-	-	122,761	122,761
Reimbursement asset	-	-	2,307,212	2,307,212
Other financial assets	432	-	106,938	107,370
	<u>432</u>	<u>11,598</u>	<u>10,263,921</u>	<u>10,275,951</u>
Financial liabilities				
Due to banks	-	-	243	243
Deposits from customers	-	-	8,850,506	8,850,506
Liabilities under acceptances	-	-	122,761	122,761
Other financial liabilities	389	-	331,205	331,594
	<u>389</u>	<u>-</u>	<u>9,304,715</u>	<u>9,305,104</u>
At 31 December 2023 (audited)	FVTPL AED'000	FVTOCI AED'000	Amortised Cost AED'000	Total carrying amount AED'000
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
Reimbursement asset	-	-	2,600,000	2,600,000
Other financial assets	350	-	90,968	91,318
	<u>3,590</u>	<u>7,150</u>	<u>11,215,281</u>	<u>11,226,021</u>
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	-	309,888	310,884
	<u>996</u>	<u>-</u>	<u>10,358,079</u>	<u>10,359,075</u>

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**
6 Cash and deposits with central banks

	30 June 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Cash in hand	39,760	19,514
Deposits with central banks	1,717,500	950,425
Reserve requirements with central banks (refer note 6.1)	365,838	248,324
Less: Allowance for impairment (ECL) (refer note 6.2)	(151,857)	(25,621)
	1,971,241	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.

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

7 Due from banks

	30 June 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Money market placements	18,649	55,379
Term loans	285,934	196,506
Balances with other banks	134,160	359,687
Less: Allowance for impairment (ECL)	(706)	(628)
	438,037	610,944
The geographical concentration is as follow		
- Within the UAE	42,524	74,604
- Outside the UAE	396,219	536,968
	438,743	611,572
Less: Allowance for impairment (ECL)	(706)	(628)
	438,037	610,944

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**

8 Investment securities

The details of investments are as follows:

	30 June 2024 (un-audited) AED'000	31 December 2023 (audited) 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 quoted equity securities ^{8.1}	11,598	7,150
Financial assets at amortised cost:		
Investments in debt securities ^{8.2}	1,042,630	2,358,027
	1,054,228	2,368,417
Less: Allowance for impairment	(2,775)	(578)
	1,051,453	2,367,839

8.1 The Group has not purchased any equity investments during the six-month period ended 30 June 2024 (31 December 2023: Nil).

8.2 As at 30 June 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 June 2024 at which date, the Bank invested AED 500 million in Government of Sharjah sukuks with a 2-year maturity.

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**
8 Investment securities (continued)
Fair value hierarchy

The table below analyses assets, measured at fair value at the end of the reporting period, by level into the fair value hierarchy, into which the fair value measurement is categorised. As at the end of the reporting period, liabilities measured at fair value are Nil (31 December 2023: Nil).

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
30 June 2024 (un-audited)				
Financial assets				
FVTPL - equity securities	-	-	-	-
FVOCI - equity securities	11,598	-	-	11,598
Net fair value of derivatives	-	43	-	43
Subsidiary held for resale (net)	-	-	75,684	75,684
Non-financial assets				
Reposessed properties	-	-	645,322	645,322
31 December 2023 (audited)				
Financial assets				
FVTPL - equity securities	3,240	-	-	3,240
FVOCI - equity securities	7,150	-	-	7,150
Net fair value of derivatives	-	(646)	-	(646)
Subsidiary held for resale (net)	-	-	74,827	74,827
Non-financial assets				
Reposessed properties	-	-	648,281	648,281

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

	30 June 2024 (Un-audited)		31 December 2023 (Audited)	
	Investments AED'000	Reposessed properties AED'000	Investments AED'000	Reposessed properties AED'000
As at 1 January	74,827	648,281	1,080	366,037
Change in fair value during the period / year	-	-	(1,080)	(251)
Additions	-	1,030	74,827	305,882
Others	857	(3,989)	-	(23,387)
As at end of period / year	75,684	645,322	74,827	648,281

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**
9 Loans and advances to customers

	30 June 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Overdrafts	5,333,964	5,363,758
Bills discounted	114,891	140,224
Trust receipts	714,913	613,886
Term loans	6,004,975	6,136,564
	12,168,743	12,254,432
Allowances for impairment (refer note 9.1)	(7,890,866)	(8,002,350)
Net loans and advances to customers	4,277,877	4,252,082

Loans and advances to related parties have been disclosed in note 11 of the condensed consolidated interim financial information.

Stage wise analysis of products	30 June 2024 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Overdrafts	796,982	70,079	4,466,903	5,333,964
Bills discounted	34,297	-	80,594	114,891
Trust receipts	184,229	3,874	526,810	714,913
Term loans	2,781,604	332,897	2,890,474	6,004,975
	3,797,112	406,850	7,964,781	12,168,743

	31 December 2023 (audited)			
Overdrafts	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

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

	30 June 2024 (un-audited)			31 December 2023 (audited)		
	Provision AED'000	Interest in suspense AED'000	Total AED'000	Provision AED'000	Interest in suspense AED'000	Total AED'000
At 1 January	5,776,973	2,225,377	8,002,350	4,803,983	1,965,342	6,769,325
Net (writeback) / impairment charge	(106,376)	-	(106,376)	1,050,147	-	1,050,147
Net movement in interest in suspense	-	357,844	357,844	-	427,665	427,665
Amounts written off	(311,698)	(113,539)	(425,237)	(88,019)	(173,345)	(261,364)
Effect of exchange difference	42,528	19,757	62,285	10,862	5,715	16,577
As at period / year end	5,401,427	2,489,439	7,890,866	5,776,973	2,225,377	8,002,350

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**
9 Loans and advances to customers (continued)
9.2 Staging movement

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

	30 June 2024 (un-audited)			
Customer exposure	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross exposure as at 1 January 2024	3,810,007	314,523	8,129,902	12,254,432
Transfer from Stage 1 to Stage 2	(56,743)	56,743	-	-
Transfer from Stage 1 to Stage 3	(4,689)	-	4,689	-
Transfer from Stage 2 to Stage 1	6,214	(6,214)	-	-
Transfer from Stage 2 to Stage 3	-	(284)	284	-
Transfer from Stage 3 to Stage 2	-	7,253	(7,253)	-
Changes in EADs	42,323	34,829	(162,841)	(85,689)
Gross exposure as at 30 June 2024	3,797,112	406,850	7,964,781	12,168,743

	31 December 2023 (audited)			
Customer exposure	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross exposure 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 EADs	807,528	32,847	(492,028)	348,347
Gross exposure as at 31 December 2023	3,810,007	314,523	8,129,902	12,254,432

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**
9 Loans and advances to customers (continued)
9.2 Staging movement (continued)

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

	30 June 2024 (un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	12 month ECL AED'000	Lifetime ECL AED'000	Lifetime ECL AED'000	AED'000
Customer loss allowance				
Loss allowance as at 1 January 2024	39,130	31,317	5,706,526	5,776,973
Transfer from Stage 1 to Stage 2	(485)	485	-	-
Transfer from Stage 1 to Stage 3	(360)	-	360	-
Transfer from Stage 2 to Stage 1	46	(46)	-	-
Transfer from Stage 2 to Stage 3	-	(14)	14	-
Transfer from Stage 3 to Stage 2	-	3,251	(3,251)	-
Changes in PDs/ LGDs/ EADs	3,466	5,938	(384,950)	(375,546)
Loss allowance as at 30 June 2024	41,797	40,931	5,318,699	5,401,427

	31 December 2023 (audited)			
	Stage 1	Stage 2	Stage 3	Total
	12 month ECL AED'000	Lifetime ECL AED'000	Lifetime ECL AED'000	AED'000
Customer loss allowance				
Loss allowance 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 3 to Stage 2	-	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
Loss allowance as at 31 December 2023	39,130	31,317	5,706,526	5,776,973

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**
9 Loans and advances to customers (continued)
9.3 Gross credit exposure by industry segment

	30 June 2024 (un-audited)				31 December 2023 (audited)
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000	AED'000
Manufacturing	176,529	12,836	2,365,872	2,555,237	2,607,238
Construction	410,198	18,593	3,496,181	3,924,972	3,972,041
Real Estate	246,818	181,883	575,395	1,004,096	1,383,927
Trade	439,967	46,544	910,644	1,397,155	1,222,058
Transport, Storage and Communication	73,948	4	56,945	130,897	135,884
Financial Institutions	946,804	105,762	82,421	1,134,987	979,395
Other Services	349,518	278	241,996	591,792	560,030
Government	766,962	-	-	766,962	746,552
Individuals	162,159	9,217	18,290	189,666	135,545
High Net Worth Individuals	212,862	31,722	179,588	424,172	452,775
All others	11,347	11	37,449	48,807	58,987
Gross loans and advances	3,797,112	406,850	7,964,781	12,168,743	12,254,432

9.4 Expected credit loss by industry segment

	30 June 2024 (un-audited)				31 December 2023 (audited)
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000	AED'000
Manufacturing	624	2,683	1,629,028	1,632,335	1,724,336
Construction	2,081	14,767	2,449,477	2,466,325	2,656,134
Real Estate	326	10,197	213,509	224,032	259,467
Trade	1,245	4,223	656,038	661,506	699,119
Transport, Storage and Communication	1,821	875	37,893	40,589	50,074
Financial Institutions	2,849	2,005	73,297	78,151	97,577
Other Services	5,496	2,757	146,563	154,816	158,360
Government	4,439	-	-	4,439	3,154
Individuals	16,598	1,254	10,438	28,290	19,417
High Net Worth Individuals	6,194	1,529	86,008	93,731	80,325
All others	124	641	16,448	17,213	29,010
Loss allowances	41,797	40,931	5,318,699	5,401,427	5,776,973

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**
10 Other assets

	30 June 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Interest receivable	19,213	37,312
Reposessed properties ^{10.1}	645,322	648,281
Property plant and equipment	72,346	70,541
Prepayments and other assets	97,883	62,987
Customers' indebtedness for acceptances	122,761	111,196
	957,525	930,317

^{10.1}Reposessed properties were acquired in settlement of loans and advances.

11 Related party transactions

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

	30 June 2024 (un-audited)				
	Government of Sharjah AED'000	Sharjah Government related entities AED'000	Board of directors AED'000	Other balances AED'000	Total AED'000
Loans and advances with customers	481,389	691,663	-	3,230	1,176,282
Reimbursement asset (refer to note 4.1)	2,307,212	-	-	-	2,307,212
Deposits with customers	367,551	801,119	9,307	101,612	1,279,589
Commitments and contingent Liabilities					
Outstanding letters of credit and guarantees	-	43,283	12,000	33,663	88,946

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**
11 Related party transactions (continued)

	31 December 2023 (audited)				
	Government of Sharjah AED'000	Sharjah Government related entities AED'000	Board of directors AED'000	Other balances AED'000	Total AED'000
Loans and advances with customers	499,825	220,233	-	310,227	1,030,285
Reimbursement asset (refer to note 4.1)	2,600,000	-	-	-	2,600,000
Deposits with customers	2,144,251	768,862	6,871	107,534	3,027,518
Commitments and contingent liabilities					
Outstanding letters of credit and guarantees	-	42,802	-	33,663	76,465

None of the loans granted to related parties are impaired as at 30 June 2024 (31 December 2023: Nil). The loans extended to directors during the period are repayable over 1 year and bear interest at rates ranging from 5.25% to 8.25% per annum. At 30 June 2024, outstanding loans and advances due from related parties are secured by deposits under lien amounting to AED 75.8 million (31 December 2023: AED 22.5 million).

	30 June 2024 (un-audited)				
	Government of Sharjah AED'000	Sharjah Government related entities AED'000	Board of directors AED'000	Other balances AED'000	Total AED'000
Interest income	52,567	27,872	-	13,276	93,715
Interest expense	20,005	18,154	-	667	38,826

	30 June 2023 (un-audited and not reviewed)				
	Government of Sharjah AED'000	Sharjah Government related entities AED'000	Board of directors AED'000	Other balances AED'000	Total AED'000
Interest income	50,015	8,244	-	7,881	66,140
Interest expense	18,712	12,113	105	14,484	45,414

Key management personnel

	30 June 2024 (un-audited) AED'000	30 June 2023 (un-audited and not reviewed) AED'000
Salaries and other short-term benefits	8,986	7,851
Termination benefits	2,186	1,398
	11,172	9,249

INVEST BANK P.S.C.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2024 (continued)

12 Due to banks

	30 June 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Balances with other banks	243	830
Repo against fixed income securities ^{8.2}	-	375,000
	243	375,830

13 Deposits from customers

	30 June 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Time deposits	6,636,245	6,481,075
Savings accounts	145,870	124,751
Current and other accounts	2,068,391	2,955,339
	8,850,506	9,561,165

Customers deposits from related parties have been disclosed in note 11 of the condensed consolidated interim financial information.

14 Other liabilities

	30 June 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Interest payable	116,446	152,423
Unearned commission income	18,309	25,920
Staff benefits payable	16,521	14,520
Accrued expenses	104,311	71,161
Manager's cheques	20,127	2,816
Liabilities under acceptances	122,761	111,196
Tax liability	9,762	-
Others	46,118	44,044
	454,355	422,080

15 Share capital

	30 June 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Issued and paid-up capital		
263,180,982 thousand shares of AED 0.012168406 each (2023: 263,180,982 thousand shares of AED 0.012168406 each)	3,202,493	3,202,493

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**
15 Share capital (continued)
Capital adequacy ratio

As per the Central bank regulation for Basel III, the capital requirement as at 30 June 2024 and 31 December 2023 is 13%.

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.

The capital adequacy ratio is computed based on circulars issued by the CBUAE as per Basel III. The Group's regulatory capital position was as follows:

	30 June 2024 (un-audited) AED'000	31 December 2023 (Audited) AED'000
Tier 1 Capital		
Share capital	3,202,493	3,202,493
Foreign currency translation	21,665	21,665
Fair value reserve	(40,876)	(42,091)
Accumulated losses	(1,420,476)	(1,519,967)
Total tier 1 capital	1,762,806	1,662,100
Tier 2 Capital		
General provision	50,899	51,340
Total tier 2 capital	50,899	51,340
Total regulatory capital	1,813,705	1,713,440
Key weighted assets		
Credit risk	4,071,891	4,107,191
Market risk	56,992	48,411
Operational, risk	275,366	284,750
Total risk weighted assets (RWA)	4,404,249	4,440,352
Total regulatory capital expressed as % of RWA	41.18%	38.59%
Total tier 1 capital expressed as % of RWA	40.03%	37.43%

INVEST BANK P.S.C.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2024 (continued)

16 Segmental analysis

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

	30 June 2024 (un-audited)			30 June 2023 (un-audited and not reviewed)		
	Commercial banking AED'000	Treasury & investments AED'000	Total AED'000	Commercial banking AED'000	Treasury & investments AED'000	Total AED'000
Net interest and other income	80,091	58,807	138,898	47,845	30,638	78,483
Net writeback / (impairment loss)	103,105	(2,197)	100,908	21,625	-	21,625
Profit / (loss) for the period	43,354	55,356	98,710	(25,394)	29,432	4,038
Segment depreciation	4,413	-	4,413	(3,949)	-	(3,949)

	30 June 2024 (un-audited)			31 December 2023 (audited)		
	Commercial banking AED'000	Treasury & investments AED'000	Total AED'000	Commercial banking AED'000	Treasury & investments AED'000	Total AED'000
Segment total assets	7,499,804	3,579,225	11,079,029	7,992,527	4,039,649	12,032,176
Segment total liabilities	9,309,277	251	9,309,528	8,979,538	1,383,062	10,362,600

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**
17 Net (write back) / impairment loss

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2024 (un-audited) AED'000	2023 (un-audited and not reviewed) AED'000	2024 (un-audited) AED'000	2023 (un-audited and not reviewed) AED'000
Net (write back) / impairment charges on				
- loans and advances	(106,376)	(28,278)	(15,733)	(33,348)
- cash and balances with central banks	(1,018)	6,303	(312)	232
- investments	2,197	-	1,197	-
- due from banks	78	-	78	-
- others	4,211	1,509	623	1,711
Recoveries from loans and advances previously written off	-	(1,159)	-	-
	(100,908)	(21,625)	(14,147)	(31,405)

18 Earnings per share

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

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2024 (un-audited)	2023 (un-audited and not reviewed)	2024 (un-audited)	2023 (un-audited and not reviewed)
Net profit attributable to ordinary shareholders (AED'000)	98,710	4,038	16,337	22,862
Weighted average number of shares outstanding at 30 June (000)	263,180,982	3,180,982	263,180,982	3,180,982
Earnings per share (AED)	0.0004	0.001	0.0001	0.007

19 Commitments and contingent liabilities

	30 June 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Letters of credit	207,847	150,096
Letters of guarantee	2,551,760	2,502,416
Irrevocable commitments to extend credit	183,809	75,471
Others	19,371	1,605
	2,962,787	2,729,588

**Notes to the condensed consolidated interim financial information
for the six-month period ended 30 June 2024 (continued)**

20 Cash and cash equivalents

	30 June 2024 (un-audited) AED'000	30 June 2023 (un-audited and not reviewed) AED'000
Cash in hand	39,760	28,520
Deposits with central banks ^{20.1}	1,550,630	366,470
Due from banks	147,907	100,786
	1,738,297	495,776

^{20.1} includes reserve requirements with the Central bank of UAE.

21 Non-cash transactions

During the six-month period ended 30 June 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 cashflow statements.

22 Subsequent Events

There have been no events subsequent to the statement of condensed consolidated interim financial information date that would significantly affect the amounts reported in the condensed consolidated interim financial information as at and for the six-month period ended 30 June 2024.