

INVEST BANK P.S.C.

Condensed consolidated interim financial information for the nine-month period ended 30 September 2024

Registered office
Al Zahra Street
P O Box 1885 - Sharjah
United Arab Emirates

**Condensed consolidated interim financial information
for the nine-month period ended 30 September 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 September 2024 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended, condensed consolidated interim statements of changes in equity and cash flows for the nine-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".

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

Emphases of matter

- 1) We draw attention to note 4.1 to the condensed consolidated interim financial information which states that the Group has a reimbursement asset of AED 2.2 billion as at 30 September 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.

PricewaterhouseCoopers Limited Partnership – SHJ. BR
14 November 2024

A handwritten signature in blue ink, reading "Douglas O'Mahony".

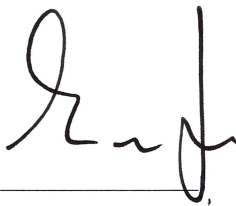
Douglas O'Mahony
Registered Auditor Number 834
Place: Sharjah, United Arab Emirates

INVEST BANK P.S.C.


Condensed consolidated interim statement of financial position as at

		30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
	Notes		
ASSETS			
Cash and deposits with central banks	6	1,476,739	1,192,642
Due from banks	7	651,890	610,944
Investment securities	8	1,140,089	2,367,839
Loans and advances to customers	9	4,398,530	4,252,082
Reimbursement asset	4.1	2,222,608	2,600,000
Assets held for sale		75,850	78,352
Other assets	10	1,010,249	930,317
Total assets		10,975,955	12,032,176
LIABILITIES			
Due to banks	12	282	375,830
Deposits from customers	13	8,717,671	9,561,165
Liabilities held for sale		5,014	3,525
Other liabilities	14	470,400	422,080
Total liabilities		9,193,367	10,362,600
EQUITY			
Share capital	15	3,202,493	3,202,493
Fair value reserve		(40,817)	(42,091)
Foreign currency translation reserve		21,665	21,665
Accumulated losses		(1,400,753)	(1,512,491)
Net equity		1,782,588	1,669,576
Total liabilities and equity		10,975,955	12,032,176

This condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on **14 NOV 2024** and signed on their behalf by:



Chief Executive Officer



Chairman

INVEST BANK P.S.C.

Condensed consolidated interim statement of profit or loss for the period ended

	Notes	For the nine-month period ended 30 September		For the three-month period ended 30 September	
		2024 (un-audited) AED'000	2023 (un-audited) AED'000	2024 (un-audited) AED'000	2023 (un-audited) AED'000
Interest income		389,968	345,160	123,929	178,913
Interest expense		(262,161)	(195,687)	(88,886)	(75,412)
Net interest income		127,807	149,473	35,043	103,501
Net fees and commission income		53,434	37,069	24,687	11,801
Net income from foreign currencies		5,181	5,182	2,483	1,250
Other income		21,505	7,233	6,816	3,922
Total operating income		207,927	198,957	69,029	120,474
Operating expenses					
General and administrative expenses		(196,613)	(149,057)	(65,279)	(52,987)
Total operating expenses		(196,613)	(149,057)	(65,279)	(52,987)
Operating profit before impairment loss and taxation		11,314	49,900	3,750	67,487
Net writeback / (impairment loss)	17	111,399	(404,597)	10,491	(426,222)
Profit / (loss) before taxation		122,713	(354,697)	14,241	(358,735)
Income tax expense		(11,044)	-	(1,282)	-
Net profit / (loss) for the period		111,669	(354,697)	12,959	(358,735)
Earnings / (loss) per share	18	0.0004	(0.0193)	0.0000	(0.0195)

**Condensed consolidated interim statement of comprehensive income
for the period ended**

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000	2024 (un-audited) AED'000	2023 (un-audited) AED'000
Net profit / (loss) for the period	111,669	(354,697)	12,959	(358,735)
Other comprehensive income / (loss):				
<i>Items that will be reclassified to profit or loss:</i>				
Change in fair value of debt securities measured at fair value through other comprehensive income	279	-	279	-
<i>Items that will not be reclassified to profit or loss:</i>				
Change in fair value of equity securities measured at fair value through other comprehensive income	1,064	(272)	707	(159)
Total comprehensive income / (loss) for the period	113,012	(354,969)	13,945	(358,894)

INVEST BANK P.S.C.

Condensed consolidated interim statement of changes in equity for the period ended (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
Capital reduction	(2,578,489)	477,857			2,100,632	-
Issuance of rights issue shares	2,600,000	-	-	-	-	2,600,000
Issuance related costs	-	-	-	-	(500)	(500)
Impact of capital restructuring plan	21,511	477,857	-	-	2,100,132	2,599,500
Loss for the period	-	-	-	-	(354,697)	(354,697)
Other comprehensive income loss						
Changes in fair value of financial assets measured at fair value through other comprehensive income	-	-	-	(272)	-	(272)
Changes in net assets due to exchange translation and inflation adjustment on foreign operations	-	-	(47,007)	-	47,007	-
Total comprehensive loss for the period	-	-	(47,007)	(272)	(307,690)	(354,969)
Balance at 30 September 2023	3,202,493	-	21,665	(41,151)	(834,219)	2,348,788
Balance at 1 January 2024	3,202,493	-	21,665	(42,091)	(1,512,491)	1,669,576
Profit for the period	-	-	-	-	111,669	111,669
Other comprehensive income						
Changes in fair value of financial assets measured at fair value through other comprehensive income	-	-	-	1,274	69	1,343
Total comprehensive income for the period	-	-	-	1,274	111,738	113,012
Balance at 30 September 2024	3,202,493	-	21,665	(40,817)	(1,400,753)	1,782,588

The notes 1 to 22 are an integral part of this condensed consolidated interim financial information.

**Condensed consolidated interim statement of cash flows
for the period ended**

	Notes	For the nine-month period ended	
		30 September 2024 (un-audited) AED'000	30 September 2023 (un-audited) AED'000
Cash flows from operating activities			
Net profit / (loss) before taxation		122,713	(354,697)
Adjustments:			
Depreciation		6,919	5,841
Net loss / (gain) on investment securities		6	(471)
Net gain on investment properties		(3,570)	-
Net provision / (writeback)	17	(108,874)	405,676
Operating cash flows before changes in operating assets and liabilities		17,194	56,349
Changes in balances, reserves and deposits with central banks maturing after three months		(109,050)	111,594
Change in due from banks		(194,920)	(390,398)
Change in loans and advances to customers		(32,347)	447,986
Change in other assets		(89,339)	(362,105)
Change in reimbursement asset		377,392	-
Change in deposits from customers ¹		158,871	516,697
Change in due to banks		(548)	(425,924)
Change in other liabilities		32,666	480,400
Net cash generated from operating activities		159,919	434,599
Cash flows from investing activities			
Purchase of property and equipment		(7,833)	(6,798)
Purchase of investment securities		(848,690)	(203,935)
Proceeds from redemption of investment securities ¹		1,075,959	231
Purchase of repossessed properties		(512)	(732)
Proceeds from sale of repossessed properties		16,029	13,187
Net cash generated from / (used in) investing activities		234,953	(198,047)
Cash flows from financing activities			
Issuance of share capital (net of issuance cost)		-	296,648
Repayment of repo financing		(375,000)	-
Net cash (used in) / generated financing activities		(375,000)	296,648
Net change in cash and cash equivalents		19,872	533,200
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	1,494,123	906,076

¹ For non-cash transactions refer to note 21.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 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 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 is 88.11% owned by the Government of Sharjah as at 30 September 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 information as at and for the nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 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 as at the date of the statement of financial position. Accordingly, the rate of USD 1 equals LBP 89,500 as at 30 September 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 establish 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 nine-month period ended 30 September 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 IFRS Accounting Standards, 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 nine-month period ended 30 September 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)**

New and revised IFRS in issue but not yet effective and not early adopted by the Group

- Amendments to IAS 21 – Lack of Exchangeability
 - IFRS 18 Presentation and disclosure in financial statements - This new standard contains requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.
 - Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments
 - IFRS 19 Subsidiaries without Public Accountability: Disclosures – This new standard permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures
-

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.

Implementation of UAE Corporation Tax Law and application of IAS 12 Income Taxes

On 9 December 2022, UAE Federal Decree Law No. (47) of 2022 was published setting in place a general corporate income tax for the first time. 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. The new corporate tax law has become effective for accounting periods beginning on or after 1 June 2023. As the Group’s accounting year ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025. The Bank has not recognised any deferred tax assets or liabilities during the period based on its latest review and assessment.

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 in consideration for the Guarantee which was accounted for as a reimbursement asset. During the nine-month period ended 30 September 2024, the Bank collected AED 377.4 million from the Government of Sharjah in line with the settlement period under the agreement reducing the outstanding balance to AED 2.2 billion as at 30 September 2024 (31 December 2023: AED 2.6 billion).

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 nine-month period ended 30 September 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
	AED'000	AED'000	AED'000	AED'000
At 30 September 2024 (un-audited)				
Financial assets				
Cash and deposits with central banks	-	-	1,476,739	1,476,739
Due from banks	-	-	651,890	651,890
Investment securities	-	48,008	1,092,081	1,140,089
Loans and advances to customers	-	-	4,398,530	4,398,530
Customers' indebtedness for acceptances	-	-	126,734	126,734
Reimbursement asset	-	-	2,222,608	2,222,608
Other financial assets	31	-	160,755	160,786
	31	48,008	10,129,337	10,177,376
Financial liabilities				
Due to banks	-	-	282	282
Deposits from customers	-	-	8,717,671	8,717,671
Liabilities under acceptances	-	-	126,734	126,734
Other financial liabilities	2,214	-	341,452	343,666
	2,214	-	9,186,139	9,188,353
At 31 December 2023 (audited)				
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
	3,590	7,150	11,215,281	11,226,021
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	-	309,888	310,884
	996	-	10,358,079	10,359,075

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

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Cash in hand	25,152	19,514
Deposits with central banks	1,225,035	950,425
Reserve requirements with central banks (refer note 6.1)	378,151	248,324
Less: Allowance for impairment (ECL) (refer note 6.2)	(151,599)	(25,621)
	1,476,739	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 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Money market placements	41,226	55,379
Term loans	508,366	196,506
Balances with other banks	103,000	359,687
Less: Allowance for impairment (ECL)	(702)	(628)
	651,890	610,944
The geographical concentration is as follow		
- Within the UAE	44,922	74,604
- Outside the UAE	607,670	536,968
	652,592	611,572
Less: Allowance for impairment (ECL)	(702)	(628)
	651,890	610,944

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

8 Investment securities

The details of investments are as follows:

	30 September 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}	10,988	7,150
Investments in debt securities ^{8.2}	37,020	-
Financial assets at amortised cost:		
Investments in debt securities ^{8.2}	1,094,477	2,358,027
	1,142,485	2,368,417
Less: Allowance for impairment	(2,396)	(578)
	1,140,089	2,367,839

- 8.1 The Group has not purchased any equity investments during the nine-month period ended 30 September 2024 (31 December 2023: Nil).
- 8.2 As at 30 September 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.

**Notes to the condensed consolidated interim financial information
for the nine-month period ended 30 September 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 September 2024 (un-audited)				
Financial assets				
FVTPL - equity securities	-	-	-	-
FVOCI - equity securities	10,988	-	-	10,988
FVOCI - debt securities	37,020	-	-	37,020
Net fair value of derivatives	-	(2,183)	-	(2,183)
Subsidiary held for resale (net)	-	-	70,836	70,836
Non-financial assets				
Reposessed properties	-	-	636,901	636,901
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 September 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	-	1,079	74,827	305,882
Others	1,023	(12,459)	-	(23,387)
As at end of period / year	75,850	636,901	74,827	648,281

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

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Overdrafts	5,366,219	5,363,758
Bills discounted	86,421	140,224
Trust receipts	575,699	613,886
Term loans	6,066,511	6,136,564
	12,094,850	12,254,432
Allowances for impairment (refer note 9.1)	(7,696,320)	(8,002,350)
Net loans and advances to customers	4,398,530	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 September 2024 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Overdrafts	810,164	83,812	4,472,243	5,366,219
Bills discounted	8,454	164	77,803	86,421
Trust receipts	147,792	8,914	418,993	575,699
Term loans	2,920,000	381,671	2,764,840	6,066,511
	3,886,410	474,561	7,733,879	12,094,850

	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 September 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	(114,101)	-	(114,101)	1,050,147	-	1,050,147
Net movement in interest in suspense	-	396,068	396,068	-	427,665	427,665
Amounts written off	(416,782)	(232,902)	(649,684)	(88,019)	(173,345)	(261,364)
Effect of exchange difference	41,930	19,757	61,687	10,862	5,715	16,577
As at period / year end	5,288,020	2,408,300	7,696,320	5,776,973	2,225,377	8,002,350

**Notes to the condensed consolidated interim financial information
for the nine-month period ended 30 September 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 nine-month period:

	30 September 2024 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Customer exposure				
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	(99,584)	99,584	-	-
Transfer from Stage 1 to Stage 3	(5,679)	-	5,679	-
Transfer from Stage 2 to Stage 1	7,139	(7,139)	-	-
Transfer from Stage 2 to Stage 3	-	(198)	198	-
Transfer from Stage 3 to Stage 2	-	65,841	(65,841)	-
Changes in EADs	174,527	1,950	(336,059)	(159,582)
Gross exposure as at 30 September 2024	3,886,410	474,561	7,733,879	12,094,850

	31 December 2023 (audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Customer exposure				
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 nine-month period ended 30 September 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 nine-month period:

	30 September 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	(508)	508	-	-
Transfer from Stage 1 to Stage 3	(453)	-	453	-
Transfer from Stage 2 to Stage 1	150	(150)	-	-
Transfer from Stage 2 to Stage 3	-	(2)	2	-
Transfer from Stage 3 to Stage 2	-	19,350	(19,350)	-
Changes in PDs/ LGDs/ EADs	7,408	14,380	(510,741)	(488,953)
Loss allowance as at 30 September 2024	45,727	65,403	5,176,890	5,288,020

	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 nine-month period ended 30 September 2024 (continued)**

9 Loans and advances to customers (continued)

9.3 Gross credit exposure by industry segment

	30 September 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	166,001	33,075	2,273,877	2,472,953	2,607,238
Construction	444,049	21,222	3,418,060	3,883,331	3,972,041
Real estate	230,821	196,096	588,010	1,014,927	1,383,927
Trade	490,075	49,112	893,405	1,432,592	1,222,058
Transport, storage and communication	76,392	5,486	54,008	135,886	135,884
Financial institutions	911,970	118,374	82,225	1,112,569	979,395
Other services	347,597	168	251,618	599,383	560,030
Government	754,142	-	-	754,142	746,552
Individuals	197,571	3,452	20,556	221,579	135,545
High net worth individuals	256,174	47,564	125,896	429,634	452,775
All others	11,618	12	26,224	37,854	58,987
Gross loans and advances	3,886,410	474,561	7,733,879	12,094,850	12,254,432

9.4 Expected credit loss by industry segment

	30 September 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	1,283	4,097	1,574,435	1,579,815	1,724,336
Construction	2,002	12,199	2,395,099	2,409,300	2,656,134
Real estate	247	37,033	216,232	253,512	259,467
Trade	2,863	4,410	644,058	651,331	699,119
Transport, storage and communication	1,257	719	34,384	36,360	50,074
Financial institutions	1,831	1,250	71,212	74,293	97,577
Other services	4,233	2,164	151,489	157,886	158,360
Government	4,252	-	-	4,252	3,154
Individuals	22,209	263	11,538	34,010	19,417
High net worth individuals	5,452	3,031	69,478	77,961	80,325
All others	98	237	8,965	9,300	29,010
Loss allowances	45,727	65,403	5,176,890	5,288,020	5,776,973

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

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Interest receivable	12,913	37,312
Reposessed properties ^{10.1}	636,901	648,281
Property plant and equipment	71,455	70,541
Prepayments and other assets	162,246	62,987
Customers' indebtedness for acceptances	126,734	111,196
	1,010,249	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:

Key management personnel

	30 September 2024 (un-audited) AED'000	30 September 2023 (un-audited and not reviewed) AED'000
Salaries and other short-term benefits	13,574	12,209
Termination benefits	2,407	1,739
	15,981	13,948

	30 September 2024 (un-audited)				
	Government of Sharjah AED'000	Government related entities AED'000	Board of directors AED'000	Other balances AED'000	Total AED'000
Loans and advances with customers	481,744	674,136	-	-	1,155,880
Reimbursement asset (refer to note 4.1)	2,222,608	-	-	-	2,222,608
Deposits with customers	9,727	808,212	10,022	104,773	932,734
Commitments and contingent Liabilities					
Outstanding letters of credit and guarantees	-	43,553	12,000	33,621	89,174

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

11 Related party transactions (continued)

	31 December 2023 (audited)				
	Sharjah				Total AED'000
	Government of Sharjah AED'000	Government related entities AED'000	Board of directors AED'000	Other balances 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 September 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 September 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 September 2024 (un-audited)				
	Sharjah				Total AED'000
	Government of Sharjah AED'000	Government related entities AED'000	Board of directors AED'000	Other balances AED'000	
Interest income	61,070	40,117	-	13,276	114,463
Interest expense	23,201	28,021	-	997	52,219

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

INVEST BANK P.S.C.

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

12 Due to banks

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Balances with other banks	282	830
Repo against fixed income securities ^{8.2}	-	375,000
	282	375,830

13 Deposits from customers

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Time deposits	6,650,595	6,481,075
Savings accounts	90,557	124,751
Current and other accounts	1,976,519	2,955,339
	8,717,671	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 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Interest payable	135,778	152,423
Unearned commission income	19,156	25,920
Staff benefits payable	16,743	14,520
Accrued expenses	92,226	71,161
Manager's cheques	8,924	2,816
Liabilities under acceptances	126,734	111,196
Tax liability	11,044	-
Others	59,795	44,044
	470,400	422,080

15 Share capital

	30 September 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 (31 December 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 nine-month period ended 30 September 2024 (continued)**

15 Share capital (continued)

Capital adequacy ratio

As per the Central bank regulation for Basel III, the capital requirement as at 30 September 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 September 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	(40,817)	(42,091)
Accumulated losses	(1,406,974)	(1,519,967)
Total tier 1 capital	1,776,367	1,662,100
Tier 2 Capital		
General provision	54,659	51,340
Total tier 2 capital	54,659	51,340
Total regulatory capital	1,831,026	1,713,440
Key weighted assets		
Credit risk	4,372,682	4,107,191
Market risk	32,147	48,411
Operational, risk	284,749	284,750
Total risk weighted assets (RWA)	4,689,578	4,440,352
Total regulatory capital expressed as % of RWA	39.04%	38.59%
Total tier 1 capital expressed as % of RWA	37.88%	37.43%

INVEST BANK P.S.C.

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 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 September 2024 (un-audited)			30 September 2023 (un-audited)		
	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	114,370	93,557	207,927	159,359	39,598	198,957
Net writeback / (impairment loss)	113,596	(2,197)	111,399	(404,597)	-	(404,597)
Profit / (loss) for the period	22,073	89,596	111,669	(392,771)	38,074	(354,697)
Segment depreciation	(6,919)	-	(6,919)	(5,841)	-	(5,841)

	30 September 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	7,658,057	3,317,898	10,975,955	7,992,527	4,039,649	12,032,176
Segment total liabilities	9,191,914	1,453	9,193,367	8,979,538	1,383,062	10,362,600

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

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000	2024 (un-audited) AED'000	2023 (un-audited) AED'000
Net (write back) / impairment charges on				
- loans and advances	(114,101)	398,073	(7,725)	426,351
- cash and balances with central banks	(1,275)	5,524	(257)	(779)
- investments	1,818	-	(379)	-
- due from banks	74	-	(4)	-
- others	4,610	2,079	597	570
Recoveries from loans and advances previously written off	(2,525)	(1,079)	(2,723)	80
	(111,399)	404,597	(10,491)	426,222

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 nine-month period ended 30 September		For the three-month period ended 30 September	
	2024 (un-audited) AED'000	2023 (un-audited) AED'000	2024 (un-audited) AED'000	2023 (un-audited) AED'000
Net profit / (loss) attributable to ordinary shareholders (AED'000)	111,669	(354,697)	12,959	(358,735)
Weighted average number of shares outstanding at 30 September (000)	263,180,982	18,419,077	263,180,982	18,419,077
Earnings / (loss) per share (AED)	0.0004	(0.0193)	0.0000	(0.0195)

19 Commitments and contingent liabilities

	30 September 2024 (un-audited) AED'000	31 December 2023 (audited) AED'000
Letters of credit	252,418	150,096
Letters of guarantee	2,704,363	2,502,416
Irrevocable commitments to extend credit	84,019	75,471
Others	591	1,605
	3,041,391	2,729,588

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

20 Cash and cash equivalents

	30 September 2024 (un-audited) AED'000	30 September 2023 (un-audited) AED'000
Cash in hand	25,152	31,809
Deposits with central banks ^{20.1}	1,343,594	753,250
Due from banks	125,377	121,017
	1,494,123	906,076

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

21 Non-cash transactions

During the nine-month period ended 30 September 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 condensed consolidated interim statement of cashflows.

22 Subsequent events

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