



MANAGEMENT DISCUSSION & ANALYSIS REPORT

30 JUNE 2024

13th August 2024

Management Discussion & Analysis

Invest Bank reports a robust H1 2024 performance with Profit before Tax of AED 108 million and Net Profit of 99 million.

H1 2024 KEY FINANCIALS

NET INTEREST INCOME	NET NON-INTEREST INCOME
AED 93 Mn +102%	AED 46 Mn +42%

NET OPERATING INCOME	NET PROFIT Before Tax
AED 8 Mn +143%	AED 108 Mn +2,585%

TOTAL ASSETS	TOTAL DEPOSITS
AED 11.1 Bn - 8%	AED 8.9 Bn - 7%

LOANS / DEPOSITS RATIO	CAPITAL ADEQUACY RATIO
48.3% Dec 2023: 44.5%	41.2% Dec 2023: 38.6%

Key Highlights

- **Outstanding growth in core revenue:** Revenue continues to grow organically owing to robust lending.
- **Guarantee agreement with Government of Sharjah (GoS):** AED 293 million received during H1 2024 under the guarantee agreement with GoS.
- **Robust equity position and strong liquidity:** Strong Capital adequacy ratio of 41.2% and ELAR of 27.5% compared to December 2023
- **Reduction in Assets and Deposits:** One off settlement of AED 1 billion GoS deposit in H1 2024 against maturing GoS Sukuk of AED 2 billion with net AED 500 million of fresh cash settlement improving our liquidity further. Apart from that the deposit book has grown by approximately AED 290 million.
- **Reduction in NPLs:** Strong recoveries of AED 119M.

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In the first half of 2024, we had a good start as we progress on executing our strategy to be one of the UAE's innovative providers of customer focused solutions, diversifying our client base and focus on new profitable and sustainable business with lower RWA.

Compared to H1 2023, the Bank has shown substantial improvements in its operating Income, operating Profits , pre and post tax Net Profit.

Net Interest Income: increased by 102%, contributing 67% to the total operating income, which reflects the bank's resoluteness in improving core revenue stream.

Non-Interest Income: increased by 42%, due to better utilization of repossessed assets and new business.

Operating income and operating profit: improved during the period to AED 139M, up 77% from AED 78M in the previous period. Operating profits of AED 8M was recorded vs a loss of AED 18M in the previous comparable period.

Operating expenses: up 37% in lines with the Bank's plan reflecting our continued investment in human resources, premises and technology. The bank shall continue to invest in them in H2 2024.

Net impairment charges: Bank's robust recovery strategies are showing fruitful results as it was able to have more recoveries resulting in a net writeback of AED 101M in H1 2024 compared to AED 10M in previous period.

Profit before tax: significant increase in pretax profit of AED 108M vs AED 4M representing 27x increase compared to H1 2023.

Capital Adequacy ratio (CAR): At 41.2%, from 38.6% as at the year ended 31 December 2023.

During the second half of 2024, the Bank will continue to invest in the implementation of new core banking system to deliver state-of-the-art technology platform to its customers which will help in sourcing new business, improve funding base, manage risk and improve profitability without neglecting the plans to simplify the organization structure and streamline processes. All businesses and segments of the bank are aligned and well positioned to deliver positive return to the shareholders.

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Financial Statements | Summary

Income Statement			Balance Sheet				
(AED million)	Jun 2024	Jun 2023	Var.	(AED million)	Jun 2024	Dec 2023	Var.
Net interest income	93	46	+102%	Cash and deposits with CB	1,971	1,193	+65%
Net non-interest income	46	32	+42%	Investments	1,051	2,368	-56%
Operating income	139	78	+77%	Loans & advances	4,278	4,252	+1%
Operating expenses and other charge	(131)	(96)	+37%	Customer Deposits	8,851	9,561	-7%
Operating profit (before impairment and taxation)	8	(18)	+143%	Shareholders' Funds	1,770	1,670	+6%
Net writeback / (impairment charge)	101	22	367%	Total Assets	11,079	12,032	-8%
Tax expense	(10)	-	-100%	Key Ratios			
Profit / (loss) for the period	99	4	2,343%	Capital adequacy ratio	41.2%	38.6%	
Basic EPS (Fils)	0.04	0.13		Loans to deposit ratio	48.3%	44.5%	
				Liquid asset ratio	27.5%	16.1%	

