

**Invest bank P.S.C.**

**Condensed consolidated interim financial information  
for the six-month period ended 30 June 2022**

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

**Invest bank P.S.C.**

**Condensed consolidated interim financial information  
for the six-month period ended 30 June 2022**

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## Review report on the 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 subsidiary (together referred to as "the Group") as at 30 June 2022 and the related condensed consolidated interim statements of profit or loss, comprehensive income for the three-month and six-month periods then ended and the condensed consolidated interim 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

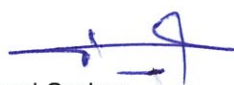
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

### Emphases of matter

We draw attention to note 4 of the condensed consolidated financial statements which states that the Bank is dependent on the ongoing support of the Central Bank of the United Arab Emirates and the Government of Sharjah in managing its liquidity requirements. We also draw attention to Notes 4 and 15 which state that as at 30 June 2022, the Bank was below the minimum regulatory Capital Adequacy Ratio ("CAR") of 11.5%. The Bank continues to focus on a number of initiatives to manage its CAR and take measures to manage its ongoing liquidity.

Our conclusion is not modified in respect of these matters.

PricewaterhouseCoopers  
10 August 2022



Rami Sarhan  
Registered Auditor Number 1152  
Place: Sharjah, United Arab Emirates

## Invest bank P.S.C.

### Condensed consolidated interim statement of financial position As at 30 June 2022

		30 June 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
	Note		
<b>ASSETS</b>			
Cash and deposits with central banks	6	760,492	1,446,482
Due from banks	7	112,863	116,836
Investment securities	8	2,087,142	2,011,778
Loans and advances to customers	9	5,175,199	5,930,367
Other assets	10	580,879	554,511
<b>Total assets</b>		<b>8,716,575</b>	<b>10,059,974</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Due to banks	12	150,124	754,511
Deposits from customers	13	7,921,929	8,470,569
Other liabilities	14	252,409	214,370
<b>Total liabilities</b>		<b>8,324,462</b>	<b>9,439,450</b>
<b>EQUITY</b>			
Share capital	15	3,180,982	3,180,982
Share discount	15	(477,857)	(477,857)
Foreign currency translation reserve	15	(169,676)	-
Fair value reserve		(40,704)	(40,988)
Accumulated losses		(2,100,632)	(2,041,613)
<b>Net equity</b>		<b>392,113</b>	<b>620,524</b>
<b>Total liabilities and equity</b>		<b>8,716,575</b>	<b>10,059,974</b>

This condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on 10 August 2022 and signed on its behalf by:

Chief Executive Officer



Chairman



## Invest bank P.S.C.

### Condensed consolidated interim statement of profit or loss for the six-month period ended 30 June 2022

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2022	2021	2022	2021
		(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000	(un-audited) AED'000
Interest income		46,629	77,008	120,430	183,990
Interest expense		(35,155)	(48,625)	(71,899)	(91,489)
<b>Net interest income</b>		<b>11,474</b>	<b>28,383</b>	<b>48,531</b>	<b>92,501</b>
Net fees and commission income		11,507	15,018	24,338	31,007
Net income from foreign currencies		1,651	1,887	3,459	4,169
Other (loss) / income		(995)	(680)	7,090	(395)
<b>Total operating income</b>		<b>23,637</b>	<b>44,608</b>	<b>83,418</b>	<b>127,282</b>
<b>Operating expenses</b>					
General and administrative expenses		(41,838)	(40,302)	(89,782)	(82,892)
<b>Total operating expenses</b>		<b>(41,838)</b>	<b>(40,302)</b>	<b>(89,782)</b>	<b>(82,892)</b>
<b>Operating (loss) / profit before impairment loss</b>		<b>(18,201)</b>	<b>4,306</b>	<b>(6,364)</b>	<b>44,390</b>
Net impairment loss	16	(8,928)	(49,621)	(52,655)	(109,324)
<b>Loss for the period</b>		<b>(27,129)</b>	<b>(45,315)</b>	<b>(59,019)</b>	<b>(64,934)</b>
<b>Loss per share</b>	18	<b>(0.009)</b>	<b>(0.014)</b>	<b>(0.019)</b>	<b>(0.020)</b>

## Invest bank P.S.C.

### Condensed consolidated interim statement of comprehensive income for the six-month period ended 30 June 2022

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022 (un-audited) AED'000	2021 (un-audited) AED'000	2022 (un-audited) AED'000	2021 (un-audited) AED'000
Loss for the period	(27,129)	(45,315)	(59,019)	(64,934)
<b>Other comprehensive loss:</b>				
<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 ("FVTOCI")	(21)	(177)	284	(140)
<i>Items that may be reclassified to profit or loss:</i>				
Exchange translation loss and inflation adjustment on foreign operations	(169,676)	-	(169,676)	-
<b>Total comprehensive loss for the period</b>	<b>(196,826)</b>	<b>(45,492)</b>	<b>(228,411)</b>	<b>(65,074)</b>

## Invest bank P.S.C.

### Condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2022

	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
<b>Balance at 1 January 2021 (audited)</b>	3,180,982	(477,857)	-	(41,169)	(1,752,139)	909,817
Loss for the period	-	-	-	-	(64,934)	(64,934)
<i>Other comprehensive loss</i>						
Changes in fair value of financial assets measured at fair value through other comprehensive income ("FVTOCI")	-	-	-	(140)	-	(140)
Total comprehensive loss for the period	-	-	-	(140)	-	(140)
Transfer upon sale of equity investments at fair value through other comprehensive income	-	-	-	1,640	(1,640)	-
<b>Balance at 30 June 2021 (un-audited)</b>	<b>3,180,982</b>	<b>(477,857)</b>		<b>(39,669)</b>	<b>(1,818,713)</b>	<b>844,743</b>
<b>Balance at 1 January 2022 (audited)</b>	<b>3,180,982</b>	<b>(477,857)</b>	-	<b>(40,988)</b>	<b>(2,041,613)</b>	<b>620,524</b>
Loss for the period	-	-	-	-	<b>(59,019)</b>	<b>(59,019)</b>
<i>Other comprehensive (loss) / profit</i>						
Changes in fair value of financial assets measured at FVTOCI	-	-	-	<b>284</b>	-	<b>284</b>
Changes in net assets due to exchange translation and inflation adjustment on foreign operations	-	-	<b>(169,676)</b>	-	-	<b>(169,676)</b>
Total comprehensive (loss) / profit for the period	-	-	<b>(169,676)</b>	<b>284</b>	<b>(59,019)</b>	<b>(228,411)</b>
<b>Balance at 30 June 2022 (un-audited)</b>	<b>3,180,982</b>	<b>(477,857)</b>	<b>(169,676)</b>	<b>(40,704)</b>	<b>(2,100,632)</b>	<b>392,113</b>

The notes on pages 7 to 34 are an integral part of this condensed consolidated interim financial information.

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## Invest bank P.S.C.

### Condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2022

	Note	For the six-month period ended 30 June	
		2022 (un-audited) AED'000	2021 (un-audited) AED'000
<b>Cash flows from operating activities</b>			
Loss for the period		(59,019)	(64,934)
<b>Adjustments:</b>			
Depreciation		4,334	5,023
Net gain on investment securities		(87)	(51)
Fair value gain on repossessed properties		(8,145)	-
Net impairment loss	16	52,655	109,324
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>(10,262)</b>	<b>49,362</b>
Changes in time deposits with Central banks maturing after six months		50,042	(674,685)
Change in statutory reserve requirement		19,770	(3,542)
Change in loans and advances to customers		624,789	488,793
Change in other assets		(21,438)	37,656
Change in deposits from customers		(548,641)	(108,765)
Change in due to banks		(4,387)	1,363
Change in other liabilities		38,041	(21,917)
<b>Net cash generated from / (used in) operating activities</b>		<b>147,914</b>	<b>(231,735)</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(1,133)	(714)
Purchase of investment securities		(75,711)	(750,611)
Proceeds from sale/redemption of investment securities		621	110,553
<b>Net cash used in investing activities</b>		<b>(76,223)</b>	<b>(640,772)</b>
<b>Cash flows from financing activities</b>			
Proceeds from repo financing		-	1,600,000
Repayment of repo financing		(600,000)	(388,386)
<b>Net cash (used in) / generated from financing activities</b>		<b>(600,000)</b>	<b>1,211,614</b>
<b>Net change in cash and cash equivalents</b>		<b>(528,309)</b>	<b>339,107</b>
Effect of foreign currency translation		(169,676)	-
Cash and cash equivalents at the beginning of the period		1,355,608	588,768
<b>Cash and cash equivalents at the end of the period</b>		<b>657,623</b>	<b>927,875</b>
<b>Cash and cash equivalents as at 30 June</b>			
Cash and deposits with central banks		544,679	784,207
Due from banks maturing within three months		112,944	143,668
		<b>657,623</b>	<b>927,875</b>



## **Invest bank P.S.C.**

### **Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022** (continued)

#### **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, the Bank has obtained CB Lebanon approval to liquidate the branch. Management is assessing whether to proceed with the process of liquidation.

On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 ("Companies Law") was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015. The Group has 12 months from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No. 32 of 2021. The Bank is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came to effect.

The Bank's shares are listed on the Abu Dhabi Securities Exchange ("ADX").

The Bank has a fully owned subsidiary, ALFA Financial Services FZE with limited liability status in the Sharjah Airport International Free Zone to provide support services to the Bank.

The consolidated financial statements as at and for the six-month period ended 30 June 2022 comprise the Bank and its subsidiary (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 2021, which has been prepared in accordance with International Financial Reporting Standards ("IFRS").

## **Invest bank P.S.C.**

### **Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022** (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 financial information incorporates the condensed consolidated interim financial information of Invest bank P.S.C. and its subsidiary (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 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").

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 2 Basis of preparation (continued)

(d) *Use of estimates and judgments* (continued)

(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 behavior (e.g. the likelihood of customers defaulting and the resulting losses).

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) Foreign currency translation

During 2019, Lebanon experienced significant shortages in hard currency. As a result, the banks in Lebanon implemented unofficial foreign exchange controls in the banking sector to manage the shortages. The US Dollar ("USD") has been in wide use and circulation over the last 2 decades and against which the Lebanese Pound has been pegged throughout that period at US Dollar 1 equals LL 1,507.5 ("official exchange rate"). In terms of the banking sector, rates would not vary from the official rate and if the banks were to sell USD it would be at the official quoted rate.

In accordance with IFRS, foreign exchange denominated monetary assets and liabilities should be measured using the spot rate. Determination of the spot rate is complex as availability of USD at the official rate is not always possible due to the implementation of exchange controls.

As a result of the above situation, unofficial rates have emerged in the foreign exchange market that are applied by foreign exchange brokers in their currency trades ("parallel rates"). Management have applied their judgment to determine which of the rates should be considered as the spot rate.

In May 2021, CB Lebanon launched a new foreign exchange platform, namely the Sayrafa platform, where US Dollars can be sold or purchased at a rate determined by the CB Lebanon. However, management did not consider the Sayrafa rate appropriate for currency translation purposes due to the uncertainty surrounding its application mechanism. However, as the Sayrafa rate gained maturity and wider acceptance, management applied judgement and considered it more appropriate to apply the Sayrafa rate with effect from 30 June 2022 to translate the assets and liabilities of the Lebanese branch for the purpose of the condensed consolidated financial information.

## **Invest bank P.S.C.**

### **Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022** (continued)

#### **2 Basis of preparation** (continued)

(d) *Use of estimates and judgments* (continued)

(iii) Foreign currency translation (continued)

Accordingly, the Sayrafa rate of USD 1 equals LBP 25,200 as at 30 June 2022 (USD 1 equals LL 1,507.5 as at 31 December 2021) has been used to translate and incorporate the balances for the Lebanese branch in the condensed consolidated interim financial information. This resulted in a loss of AED 170 million and was recorded under currency translation reserve in the statement of financial position as at 30 June 2022.

(iv) Hyperinflation

The Bank has used the national Consumer Price Index (CPI) of 1,286.8 as at 30 June 2022, as published by the Central Administration of Statistics (CAS) to restate balances and transactions.

(v) 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.

(vi) 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.

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 3 Application of other new and revised International Financial Reporting Standards (“IFRS”)

##### 3.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial information

The following are the new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in this interim financial information. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

- **Narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 9 and IFRS 16**

Amendments to IFRS 3, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 9, ‘Financial instruments’, and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

##### 3.2 New and revised IFRS in issue but not yet effective

###### New and revised IFRS

- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities** - 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.

**Effective for annual periods beginning on or after**

Deferred until accounting periods starting not earlier than 1 January 2024

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 3 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

##### 3.2 New and revised IFRS in issue but not yet effective (continued)

	<b>Effective for annual periods beginning on or after</b>
<b>New and revised IFRS</b>	
<ul style="list-style-type: none"><li>• <b>Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction-</b> These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.</li></ul>	1 January 2023
<ul style="list-style-type: none"><li>• <b>Amendments to IAS 1, ‘Presentation of financial statements’, IFRS Practice statement 2 and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’</b></li></ul>	1 January 2023
<p>The IASB amended IAS 1, ‘Presentation of Financial Statements’, to require companies to disclose their material accounting policy information rather than their significant accounting policies.</p> <p>The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.</p> <p>To support this amendment, the Board also amended IFRS Practice Statement 2, ‘Making Materiality Judgements’, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p> <p>The amendment to IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.</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.

## **Invest bank P.S.C.**

### **Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022** (continued)

#### **3 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)**

##### **3.3 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 2021.

#### **4 Recapitalization and liquidity**

##### *Capital and liquidity position*

The Bank’s total equity reduced to AED 392 million as at 30 June 2022 (AED 621 million as at 31 December 2021) mainly due to currency translation impact of AED 170 million as disclosed under Note 2; consequently, the Bank’s Capital Adequacy Ratio ("CAR") reached 7.09% as at 30 June 2022 (CBUAE regulatory minimum of 11.5%). The Bank is operating under close coordination with CBUAE and Government of Sharjah (“GoS”), the majority shareholder of the Bank, which have been kept apprised of the developing situation as the Bank progresses towards conclusion of a recapitalization plan.

The Bank’s Eligible Liquid Asset Ratio (“ELAR”) was 10% at 30 June 2022 compared to 19% at 31 December 2021 (CBUAE regulatory minimum of 7%). In March 2021, the Bank entered into a repurchase arrangement in the normal course of business with the CBUAE, collateralised by investments held in Government of Sharjah sukuks, enabling the Bank to draw on AED 1.6 billion in liquidity support. The arrangement was rolled over in March 2022 for an additional year. As such, the Government of Sharjah sukuks mature on 23 March 2023.

The CBUAE had earlier made a public press announcement on 16 December 2018 and has subsequently reaffirmed that it will continue to provide support to the Bank through making available liquidity facilities.

The Bank continues to focus on a number of initiatives to manage its liquidity and deposit balances including the attraction and retention of deposits. Given the liquidity support provided by the CBUAE and the Government of Sharjah’s commitment to supporting the strengthening of the Bank’s capital base, the Board and management believe that the Bank will have the ability to meet its financial obligations as and when they fall due.

Accordingly, these financial statements have been prepared on a going concern basis.

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 4 Recapitalization and liquidity (continued)

##### *Maturities of assets and liabilities*

	Less than 3 months AED'000	3 months to 1 year AED'000	1 year and above AED'000	Total AED'000
<b>At 30 June 2022</b>				
<b>Assets</b>				
Cash and deposits with central banks	735,074	24,871	547	760,492
Due from banks	112,863	-	-	112,863
Investment securities	11,529	2,000,000	75,613	2,087,142
Loans and advances to customers	237,049	2,166,456	2,771,694	5,175,199
Customers' indebtedness for acceptances	39,768	8,877	-	48,645
Other assets	13,062	25,753	493,419	532,234
<b>Total assets</b>	<b>1,149,345</b>	<b>4,225,957</b>	<b>3,341,273</b>	<b>8,716,575</b>
<b>Liabilities and equity</b>				
Due to banks	150,124	-	-	150,124
Deposits from customers	2,854,369	5,055,077	12,483	7,921,929
Liabilities under acceptances	39,768	8,877	-	48,645
Other liabilities	100,494	65,266	38,004	203,764
<b>Total liabilities</b>	<b>3,144,755</b>	<b>5,129,220</b>	<b>50,487</b>	<b>8,324,462</b>
<b>Net liquidity position</b>	<b>(1,995,410)</b>	<b>(903,263)</b>	<b>3,290,786</b>	<b>392,113</b>
	Less than 3 months AED'000	3 months to 1 year AED'000	1 year and above AED'000	Total AED'000
<b>At 31 December 2021</b>				
<b>Assets</b>				
Cash and deposits with central banks	1,362,387	74,913	9,182	1,446,482
Due from banks	116,836	-	-	116,836
Investment securities	2,011,778	-	-	2,011,778
Loans and advances to customers	272,603	2,311,010	3,346,754	5,930,367
Customers' indebtedness for acceptances	12,766	23,817	341	36,924
Other assets	13,006	20,110	484,471	517,587
<b>Total assets</b>	<b>3,789,376</b>	<b>2,429,850</b>	<b>3,840,748</b>	<b>10,059,974</b>
<b>Liabilities and equity</b>				
Due to banks	754,511	-	-	754,511
Deposits from customers	4,742,958	3,683,186	44,425	8,470,569
Liabilities under acceptances	12,766	23,817	341	36,924
Other liabilities	88,960	43,601	44,885	177,446
<b>Total liabilities</b>	<b>5,599,195</b>	<b>3,750,604</b>	<b>89,651</b>	<b>9,439,450</b>
<b>Net liquidity position</b>	<b>(1,809,819)</b>	<b>(1,320,754)</b>	<b>3,751,097</b>	<b>620,524</b>



## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 5 Accounting classification of financial assets and financial liabilities

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

	FVTPL	FVTOCI	Amortised cost	Total carrying amount
At 30 June 2022 (un-audited)	AED'000	AED'000	AED'000	AED'000
<b>Financial assets</b>				
Cash and deposits with central banks	-	-	760,492	760,492
Due from banks	-	-	112,863	112,863
Investment securities	2,797	8,732	2,075,613	2,087,142
Loans and advances to customers	-	-	5,175,199	5,175,199
Customers' indebtedness for acceptances	-	-	48,645	48,645
Other financial assets	-	-	34,279	34,279
	<u>2,797</u>	<u>8,732</u>	<u>8,207,091</u>	<u>8,218,620</u>
<b>Financial liabilities</b>				
Due to banks	-	-	150,124	150,124
Deposits from customers	-	-	7,921,929	7,921,929
Liabilities under acceptances	-	-	48,645	48,645
Other financial liabilities	-	-	159,492	159,492
	<u>-</u>	<u>-</u>	<u>8,280,190</u>	<u>8,280,190</u>
<b>At 31 December 2021 (audited)</b>				
	FVTPL	FVTOCI	Amortised cost	Total carrying amount
	AED'000	AED'000	AED'000	AED'000
<b>Financial assets</b>				
Cash and deposits with central banks	-	-	1,446,482	1,446,482
Due from banks	-	-	116,836	116,836
Investment securities	2,803	8,975	2,000,000	2,011,778
Loans and advances to customers	-	-	5,930,367	5,930,367
Customers' indebtedness for acceptances	-	-	36,924	36,924
Other financial assets	-	-	30,722	30,722
	<u>2,803</u>	<u>8,975</u>	<u>9,561,331</u>	<u>9,573,109</u>
<b>Financial liabilities</b>				
Due to banks	-	-	754,511	754,511
Deposits from customers	-	-	8,470,569	8,470,569
Liabilities under acceptances	-	-	36,924	36,924
Other financial liabilities	-	-	99,645	99,645
	<u>-</u>	<u>-</u>	<u>9,361,649</u>	<u>9,361,649</u>

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 6 Cash and deposits with central banks

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
Cash in hand	29,925	22,361
Deposits with central banks	539,624	1,291,223
Reserve requirements with the CB (refer note 6.1)	196,055	215,825
Less: Allowance for impairment (ECL) (refer to note 6.2 and 6.3)	<u>(5,112)</u>	<u>(82,927)</u>
	<u><b>760,492</b></u>	<u><b>1,446,482</b></u>

**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.

**6.2** A +/-5% change in the allowance rate would result in a AED +/- 0.6 million change in ECL (2021: AED +/-12 million)

**6.3** As a result of the application of the foreign currency translation set out in Note 2, and in particular the adoption of the Sayrafa rate with effect from 30 June 2022, the Bank reversed the allowance for impairment on cash and deposits with CB Lebanon that is now no longer required, by an amount of AED 77.8 million (Refer note 16).

#### 7 Due from banks

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
Money market placements	19,839	20,000
Balances with other banks	93,106	96,938
Less: Allowance for impairment (ECL)	<u>(82)</u>	<u>(102)</u>
	<u><b>112,863</b></u>	<u><b>116,836</b></u>
The geographical concentration is as follow		
- Within the U.A.E	36,317	38,148
- Outside the U.A.E	76,628	78,790
Less: Allowance for impairment (ECL)	<u>(82)</u>	<u>(102)</u>
	<u><b>112,863</b></u>	<u><b>116,836</b></u>

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 8 Investment securities

The details of investments are as follows:

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
<b>Financial assets measured at fair value through profit or loss (FVTPL):</b>		
Investments in quoted equity securities	2,797	2,803
<b>Financial assets measured at fair value through other comprehensive income (FVTOCI)</b>		
Investments in quoted equity securities	7,652	7,895
Investments in un-quoted equity securities	1,080	1,080
<b>Financial assets at amortised cost:</b>		
Investments in debt securities (refer to note 8.2)	<u>2,075,711</u>	<u>2,000,000</u>
	<b>2,087,240</b>	2,011,778
Less: Allowance for impairment (ECL)	<u>(98)</u>	-
	<u><b>2,087,142</b></u>	<u>2,011,778</u>

- 8.1 The Group has not purchased any equity investments during the period ended 30 June 2022 (31 December 2021: NIL).
- 8.2 At 30 June 2022, AED 2 billion (2021: AED 2 billion) of investments in debt securities are pledged under repurchase agreements maturing in March 2023.
- 8.3 Management has concluded that the expected credit loss on the investments held in Government of Sharjah Sukuks (investments in debt securities at amortised cost) is inconsequential.

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (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 AED Nil (31 December 2021: Nil).

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>30 June 2022 (un-audited)</b>				
<b><u>Financial assets</u></b>				
FVTPL - equity securities	2,797	-	-	2,797
FVOCI - equity securities	7,652	-	1,080	8,732
<b><u>Non-financial assets</u></b>				
Repossessed properties (note 10)	-	-	424,605	424,605
	<u>10,449</u>	<u>-</u>	<u>425,685</u>	<u>436,134</u>
<b>31 December 2021 (audited)</b>				
<b><u>Financial assets</u></b>				
FVTPL - equity securities	2,803	-	-	2,803
FVOCI - equity securities	7,895	-	1,080	8,975
<b><u>Non-financial assets</u></b>				
Repossessed properties (note 10)	-	-	416,460	416,460
	<u>10,698</u>	<u>-</u>	<u>417,540</u>	<u>428,238</u>

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 2022 (Un-audited)		31 December 2021 (Audited)	
	Investment securities AED'000	Repossessed properties AED'000	Investment securities AED'000	Repossessed properties AED'000
As at 1 January	1,080	416,460	467	457,374
Fair value changes:				
- in profit or loss	-	8,145	-	(9,914)
Transfer				
- Additions	-	-	613	-
- Disposals	-	-	-	(31,000)
As at end of period/year	<u>1,080</u>	<u>424,605</u>	<u>1,080</u>	<u>416,460</u>

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 9 Loans and advances to customers

	30 June 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
Overdrafts	6,092,917	6,081,405
Bills discounted	99,960	104,553
Trust receipts	489,746	439,438
Term loans	4,911,891	5,432,020
	<u>11,594,514</u>	<u>12,057,416</u>
Allowances for impairment (refer note 9.1 and 9.2)	<u>(6,419,315)</u>	<u>(6,127,049)</u>
Net loans and advances to customers	<u>5,175,199</u>	<u>5,930,367</u>

Stage wise analysis of products	30 June 2022 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Overdrafts	1,167,265	253,985	4,671,667	6,092,917
Bills discounted	7,727	134	92,099	99,960
Trust receipts	80,376	16,457	392,913	489,746
Term loans	747,839	695,103	3,468,949	4,911,891
	<u>2,003,207</u>	<u>965,679</u>	<u>8,625,628</u>	<u>11,594,514</u>
	<u>31 December 2021 (audited)</u>			
Overdrafts	1,275,076	283,799	4,522,530	6,081,405
Bills discounted	8,278	3,327	92,948	104,553
Trust receipts	25,160	27,650	386,628	439,438
Term loans	1,119,981	1,122,211	3,189,828	5,432,020
	<u>2,428,495</u>	<u>1,436,987</u>	<u>8,191,934</u>	<u>12,057,416</u>

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 9 Loans and advances to customers (continued)

##### 9.1 The movement during the period/ year in the impairment provision is as follows:

	30 June 2022 (un-audited)			31 December 2021 (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	4,602,981	1,524,068	6,127,049	4,270,048	1,077,311	5,347,359
Charge / IIS	136,146	238,602	374,748	391,720	446,757	838,477
Write back	(4,578)	-	(4,578)	(5,550)	-	(5,550)
Recoveries	-	-	-	(50,216)	-	(50,216)
Amounts written off	(610)	(56)	(666)	(3,021)	-	(3,021)
Effects of exchange difference	(40,162)	(37,076)	(77,238)			
As at period / year end	<u>4,693,777</u>	<u>1,725,538</u>	<u>6,419,315</u>	<u>4,602,981</u>	<u>1,524,068</u>	<u>6,127,049</u>

##### 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:

Customer exposure	30 June 2022 (un-audited)			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross exposure as at 1 January 2022	2,428,495	1,436,987	8,191,934	12,057,416
Transfers				
Transfer from Stage 1 to Stage 2	(533,239)	533,239	-	-
Transfer from Stage 1 to Stage 3	(52,768)	-	52,768	-
Transfer from Stage 2 to Stage 1	131,308	(131,308)	-	-
Transfer from Stage 2 to Stage 3	-	(316,855)	316,855	-
Changes in EADs	29,411	(556,384)	64,071	(462,902)
<b>Gross exposure as at 30 June 2022</b>	<u>2,003,207</u>	<u>965,679</u>	<u>8,625,628</u>	<u>11,594,514</u>

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 9 Loans and advances to customers (continued)

##### 9.2 Staging movement (continued)

	<b>31 December 2021</b> <b>(audited)</b>			
<b>Customer exposure</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
Gross exposure as at 1 January 2021	3,040,580	2,230,668	7,319,748	12,590,996
Transfers:				
Transfer from Stage 1 to Stage 2	(237,463)	237,463	-	-
Transfer from Stage 1 to Stage 3	(38,381)	-	38,381	-
Transfer from Stage 2 to Stage 1	361,246	(361,246)	-	-
Transfer from Stage 2 to Stage 3	-	(379,663)	379,663	-
Transfer from Stage 3 to Stage 2	-	179,288	(179,288)	-
Changes in EADs	(697,487)	(469,523)	633,430	(533,580)
<b>Gross exposure as at 31 December 2021</b>	<b>2,428,495</b>	<b>1,436,987</b>	<b>8,191,934</b>	<b>12,057,416</b>

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

	<b>30 June 2022</b> <b>(un-audited)</b>			
<b>Customer loss allowance</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>12 month</b>	<b>Lifetime</b>	<b>Lifetime</b>	
	<b>ECL</b>	<b>ECL</b>	<b>ECL</b>	<b>AED'000</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
Loss allowance as at 1 January 2022	13,569	51,778	6,061,702	6,127,049
Transfers:				
Transfer from Stage 1 to Stage 2	(6,546)	6,546	-	-
Transfer from Stage 1 to Stage 3	(322)	-	322	-
Transfer from Stage 2 to Stage 1	484	(484)	-	-
Transfer from Stage 2 to Stage 3	-	(6,661)	6,661	-
Changes in PDs/ LGDs/ EADs	(2,118)	(8,539)	302,923	292,266
<b>Loss allowance as at 30 June 2022</b>	<b>5,067</b>	<b>42,640</b>	<b>6,371,608</b>	<b>6,419,315</b>

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 9 Loans and advances to customers (continued)

##### 9.2 Staging movement (continued)

Customer loss allowance	31 December 2021 (audited)			Total AED'000
	Stage 1 12 month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	
	Loss allowance as at 1 January 2021	41,368	184,695	
Transfers				
Transfer from Stage 1 to Stage 2	(2,123)	2,123	-	-
Transfer from Stage 1 to Stage 3	(2,142)	-	2,142	-
Transfer from Stage 2 to Stage 1	50,467	(50,467)	-	-
Transfer from Stage 2 to Stage 3	-	(42,346)	42,346	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	7,204	(7,204)	-
Changes in PDs/ LGDs/ EADs	(74,001)	(49,431)	903,122	779,690
<b>Loss allowance as at 31 December 2021</b>	<b>13,569</b>	<b>51,778</b>	<b>6,061,702</b>	<b>6,127,049</b>

##### 9.3 Gross credit exposure by industry segment

	30 June 2022 (un-audited)				31 December 2021 (audited)
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000	AED'000
Manufacturing	50,529	64,812	2,208,200	2,323,541	2,391,292
Construction	172,344	135,518	3,376,001	3,683,863	3,592,595
Real Estate	28,862	297,429	1,152,805	1,479,096	1,854,521
Trade	60,119	106,756	898,624	1,065,499	1,065,693
Transport, Storage and Communication	2,894	10,536	98,234	111,664	111,050
Financial Institutions	1,038,853	50,993	105,576	1,195,422	1,172,605
Other Services	360,819	201,204	223,077	785,100	833,154
Government	154,999	-	-	154,999	162,747
Individuals	5,105	392	14,796	20,293	22,408
High Net Worth Individuals	128,683	94,922	501,006	724,611	800,974
All others	-	3,117	47,309	50,426	50,377
<b>Gross loans and advances</b>	<b>2,003,207</b>	<b>965,679</b>	<b>8,625,628</b>	<b>11,594,514</b>	<b>12,057,416</b>



## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 9 Loans and advances to customers (continued)

##### 9.4 Expected credit loss by industry segment

	30 June 2022 (un-audited)				31 December 2021 (audited)
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000	AED'000
Manufacturing	167	1,037	1,832,139	1,833,343	1,785,245
Construction	1,950	7,272	2,980,742	2,989,964	2,846,257
Real Estate	11	3,800	383,358	387,169	352,126
Trade	194	3,290	642,405	645,889	600,432
Transport, Storage and Communication	17	205	43,497	43,719	39,798
Financial Institutions	553	52	84,359	84,964	85,278
Other Services	1,710	22,352	176,736	200,798	179,903
Government	88	-	-	88	45
Individuals	2	1	9,090	9,093	9,263
High Net Worth Individuals	359	1,822	198,339	200,520	200,568
All others	16	2,809	20,943	23,768	28,134
Loss allowances	5,067	42,640	6,371,608	6,419,315	6,127,049

#### 10 Other assets

	30 June 2022 (un-audited) AED'000	31 December 2021 (audited) AED'000
Interest receivable	8,228	7,926
Repossessed properties (refer to note 10.1)	424,605	416,460
Property plant and equipment	68,812	76,278
Prepayments and other assets	30,589	16,923
Customers' indebtedness for acceptances	48,645	36,924
	<b>580,879</b>	<b>554,511</b>

##### 10.1 Repossessed properties were acquired in settlement of loans and advance

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 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:

	<b>30 June 2022 (un-audited)</b>				
	<b>Government of Sharjah</b> AED'000	<b>Sharjah Government related entities</b> AED'000	<b>Board of directors</b> AED'000	<b>Other balances associated with the Board of directors</b> AED'000	<b>Total</b> AED'000
<b>Loans and advances with customers</b>	-	299,896	-	821,909	1,121,805
<b>Deposits from customers</b>	1,000,639	754,003	19,389	1,446,554	3,220,585
<b>Commitments and contingent Liabilities</b>					
Outstanding letters of credit and guarantees	-	37,600	-	5,343	42,943
	<b>31 December 2021 (audited)</b>				
	<b>Government of Sharjah</b> AED'000	<b>Sharjah Government related entities</b> AED'000	<b>Board of directors</b> AED'000	<b>Other balances associated with the Board of directors</b> AED'000	<b>Total</b> AED'000
<b>Loans and advances with customers</b>	601	441,353	46,311	830,508	1,318,773
<b>Deposits from customers</b>	1,000,000	751,615	14,865	1,488,094	3,254,574
<b>Commitments and contingent Liabilities</b>					
Outstanding letters of credit and guarantees	-	31,732	-	34,229	65,961

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 11 Related party transactions (continued)

None of the loans granted to related parties are impaired or past due as at 30 June 2022 (31 December 2021: Nil).

The loans extended to directors during the period are repayable over 1 year and bear interest at rates ranging from 4% to 10% per annum. At 30 June 2022, outstanding loans and advances due from related parties are secured by deposits under lien amounting to AED 616.8 million (31 December 2021: AED 620.4 million).

	<b>30 June 2022 (un-audited)</b>				
	<b>Government of Sharjah</b>	<b>Sharjah Government related entities</b>	<b>Board of directors</b>	<b>Other balances associated with the Board of directors</b>	<b>Total</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
Interest income	<u>384</u>	<u>22,442</u>	<u>448</u>	<u>9,709</u>	<u>32,983</u>
Interest expense	<u>(8,155)</u>	<u>(5,198)</u>	<u>(78)</u>	<u>(17,912)</u>	<u>(31,343)</u>

	<b>30 June 2021 (un-audited)</b>				
	<b>Government of Sharjah</b>	<b>Sharjah Government related entities</b>	<b>Board of directors</b>	<b>Other balances associated with the Board of directors</b>	<b>Total</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
Interest income	<u>2,316</u>	<u>18,544</u>	<u>1,216</u>	<u>15,853</u>	<u>37,929</u>
Interest expense	<u>(4,125)</u>	<u>(1,762)</u>	<u>(87)</u>	<u>(22,561)</u>	<u>(28,535)</u>

#### Key management personnel

	<b>30 June 2022 (un-audited)</b>	<b>30 June 2021 (un-audited)</b>
	<b>AED'000</b>	<b>AED'000</b>
Salaries and other short term benefits	<u>5,366</u>	<u>4,443</u>
Termination benefits	<u>230</u>	<u>173</u>
	<u><b>5,596</b></u>	<u><b>4,616</b></u>

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 12 Due to banks

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
Balances with other banks	124	4,511
Repo against fixed income securities (refer to note 8.2)	<u>150,000</u>	<u>750,000</u>
	<u><b>150,124</b></u>	<u><b>754,511</b></u>

#### 13 Deposits from customers

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
Time deposits	6,308,538	6,637,667
Savings accounts	126,963	126,215
Current and other accounts	<u>1,486,428</u>	<u>1,706,687</u>
	<u><b>7,921,929</b></u>	<u><b>8,470,569</b></u>

#### 14 Other liabilities

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
Interest payable	57,953	66,411
Unearned commission income	20,396	20,169
Staff benefits payable	16,399	16,236
Accrued expenses	58,354	44,619
Manager's cheques	33,751	8,766
Liabilities under acceptances	48,645	36,924
Others	<u>16,911</u>	<u>21,245</u>
	<u><b>252,409</b></u>	<u><b>214,370</b></u>

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 15 Share capital

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
<i>Authorised share capital</i>		
6,300,000 shares of AED 1 each (2021: 6,300,000 thousand shares of AED 1 each)	<u><b>6,300,000</b></u>	<u>6,300,000</u>
<i>Issued capital and paid-up capital</i>		
3,180,982 shares of AED 1 each (2021: 3,180,982 thousand shares of AED 1 each)	<u><b>3,180,982</b></u>	<u>3,180,982</u>

#### Share discount

At the General Meeting held on 10 April 2019 it was approved to issue of 1,592,857,143 shares of AED 1 each, to the Government of Sharjah at a discounted price of AED 0.7 per share. The resulting share discount of AED 478 million is shown as a debit balance within equity as a share discount.

#### Dividend

At the annual general meeting of the Bank held on 19<sup>th</sup> May 2022, no cash dividend was approved by the shareholders (2021: Nil).

#### Foreign currency translation and inflation impact

As set out in Note 2 d (iii) and (iv), the Sayrafa rate of LL 25,200 to 1 US Dollar at 30 June 2022 was applied to the individual financial statement line items of the Lebanese branch. The net impact of the foreign currency translation and inflation adjustment of AED 170 million (as shown below).

	<b>30 June 2022 (un-audited) AED'000</b>
<b>Assets</b>	
Cash and deposits with central banks	178,563
Loans and advances to customers	40,786
Other assets	1,112
<b>Impact on total assets</b>	<u><b>220,461</b></u>
<b>Liabilities</b>	
Deposits from customers	46,464
Other liabilities	4,321
<b>Impact on total liabilities</b>	<u><b>50,785</b></u>
<b>Net impact on equity</b>	<u><b>169,676</b></u>

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 15 Share capital (continued)

##### Capital adequacy ratio

As per the Central bank regulation for Basel III, the capital requirement as at 30 June 2022 is 11.5% (31 December 2021: 11.5% inclusive of capital conservation buffer).

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, calculated as sum of Tier 1 capital and Tier 2 capital must be at least 11.5% of risk weighted assets (RWA).

The capital adequacy ratio is computed based on circulars issued by the CBUAE as per Basel III.

As shown in the table below, the Bank is in compliance with all the above regulatory ratios.

The Group's regulatory capital position was as follows:

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
<b>Tier 1 Capital</b>		
Share capital	3,180,982	3,180,982
Share discount	(477,857)	(477,857)
Foreign currency translation	(169,676)	-
Fair value reserve	(40,704)	(40,988)
Accumulated losses	<u>(2,070,632)</u>	<u>(1,996,613)</u>
<b>Total tier 1 capital</b>	<u><b>422,113</b></u>	<u><b>665,524</b></u>
<b>Tier 2 Capital</b>		
General provision	<u>83,021</u>	<u>93,281</u>
<b>Total tier 2 capital</b>	<u><b>83,021</b></u>	<u><b>93,281</b></u>
<b>Total regulatory capital</b>	<u><b>505,134</b></u>	<u><b>758,805</b></u>
<b>Key weighted assets</b>		
Credit risk	6,641,705	7,462,506
Market risk	90,829	75,991
Operational, risk	<u>390,375</u>	<u>625,363</u>
<b>Total risk weighted assets (RWA)</b>	<u><b>7,122,909</b></u>	<u><b>8,163,860</b></u>
<b>Total regulatory capital expressed as % of RWA</b>	<u><b>7.09%</b></u>	<u><b>9.29%</b></u>
<b>Total tier 1 capital expressed as % of RWA</b>	<u><b>5.93%</b></u>	<u><b>8.15%</b></u>

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 16 Net impairment loss

	<b>30 June 2022 (un-audited) AED'000</b>	30 June 2021 (audited) AED'000
Impairment charge on loans and advances (Note 9.1)	<b>136,146</b>	110,960
Write back of ECL on cash and bank balances (Note 6)	<b>(77,815)</b>	-
Write back of ECL on due from banks (Note 7)	<b>(20)</b>	(23)
Charge / (write back) of ECL on investment securities (Note 8)	<b>98</b>	(293)
Write back of provision on loans and advances	<b>(4,578)</b>	(26)
Recoveries from previously written off debts	<b>(1,176)</b>	(1,294)
	<b><u>52,655</u></b>	<b><u>109,324</u></b>

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 17 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 2022 (un-audited)			30 June 2021 (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	101,360	(17,942)	83,418	117,784	9,498	127,282
Net impairment loss	(52,557)	(98)	(52,655)	(109,617)	293	(109,324)
Loss for the period	(39,740)	(19,279)	(59,019)	(72,797)	7,863	(64,934)
Segment capital expenditure	1,133	-	1,133	714	-	714
Segment depreciation	4,334	-	4,334	5,023	-	5,023
	30 June 2022 (un-audited)			31 December 2021 (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	5,732,393	2,984,182	8,716,575	6,406,341	3,653,633	10,059,974
Segment total liabilities	8,170,964	153,498	8,324,462	8,199,366	1,240,084	9,439,450



## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 18 Earnings per share

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

	<b>30 June 2022 (un-audited) AED'000</b>	30 June 2022 (un-audited) AED'000
Loss attributable to ordinary shareholders (AED'000)	<u><b>(59,019)</b></u>	<u>(64,934)</u>
Weighted average number of shares outstanding at 30 June (AED'000)	<u><b>3,180,982</b></u>	<u>3,180,982</u>
Earnings per share (AED)	<u><b>(0.019)</b></u>	<u>(0.020)</u>

At reporting date the Group does not have any instrument resulting in dilution of basic earnings per share.

#### 19 Commitments and contingent liabilities

	<b>30 June 2022 (un-audited) AED'000</b>	31 December 2021 (audited) AED'000
Letters of credit	<b>61,723</b>	65,664
Letters of guarantee	<b>2,107,691</b>	2,299,507
Irrevocable commitments to extend credit	<b>38,157</b>	73,784
Foreign exchange and forward commitments	<u><b>1,920</b></u>	<u>1,041</u>
	<u><b>2,209,491</b></u>	<u>2,439,996</u>

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 20 Risk management

##### Impact of COVID-19

The Bank continues to monitor the impact of the Covid-19 pandemic on its loan portfolio. In line with the extension of the Targeted Economic Support Scheme (TESS) by CBUAE, Bank had provided relief to its affected customers, which was gradually discontinued by the end of 2021. CB UAE had extended relief under TESS for capital and liquidity requirements which shall be discontinued from Q3 2022 onwards. Bank has not provided any deferrals relief under the TESS Zero Cost Funding program during 2022. This note describes position of the exposure where payment deferrals were extended to its customers along with the classification of the exposure into two groups – Group 1 and Group 2 (as required under the Joint Guidance issued in April 2020) as of 30 June 2022. The Bank has considered the following principles for the classification.

**Group 1:** *clients that are temporality and mildly impacted by the COVID-19 crisis.*

For these clients, the payment deferrals are believed to be effective and thus the economic value of the facilities is not expected to be materially affected. These clients are expected to face liquidity constraints without substantial changes in their creditworthiness.

For these clients, the Bank holds the view that, despite being subject to payment deferrals, there is insufficient deterioration in credit quality to trigger a stage migration. These clients will remain in their current stage, at least for the duration of the crisis, or their distress, whichever is the shorter

**Group 2:** *clients that are expected to be significantly impacted by COVID-19 in the long term.*

These clients are expected to face substantial changes in their creditworthiness beyond liquidity issues. For these clients, there is sufficient deterioration in credit risk to trigger a migration to stage 2, and this migration should take place.

Due to the possibility of later economic rebound, these clients are not expected to migrate to IFRS 9 stage 3 based on their financial performance during the period of the crisis. In exceptional circumstances, such stage 3 migration can be triggered by liquidation/ bankruptcy caused by:

- (i) non-financial events (such as fraud) or;
- (ii) significant disruptions threatening the long-term sustainability of the clients' business model.

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 20 Risk management (continued)

##### Impact of COVID-19 (continued)

The proportion of clients benefitting from deferrals along with their exposures and ECL by industry is as follows:

	30 June 2022 (un-audited)			
	Total exposure	ECL	Group 1 Deferred exposure	Group 2 Deferred exposure
	AED'000	AED'000	AED'000	AED'000
Manufacturing	79,510	57,174	-	7,682
Real Estate	138,479	5,931	-	43,365
Trade	110,547	64,988	15,328	30,943
High Net Worth Individuals	104,819	3,679	-	2,422
All other services	1,210	544	-	634
	<b>434,565</b>	<b>132,316</b>	<b>15,328</b>	<b>85,046</b>

The proportion of clients benefitting from deferrals along with their exposures and ECL by product is as follows:

At 30 June 2022	At 30 June 2022 (un-audited)			
	Total exposure	ECL	Group 1 Deferred exposure	Group 2 Deferred exposure
	AED'000	AED'000	AED'000	AED'000
Overdraft	49,553	28,106	-	-
Trust receipts	36,919	32,187	-	32,170
Term loans	348,093	72,023	15,328	52,876
	<b>434,565</b>	<b>132,316</b>	<b>15,328</b>	<b>85,046</b>

Reconciliations from the opening to the closing balance of the exposure at default (EAD) can be seen below:

	Stage 1	Stage 2	Stage 3	Total
	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2022	177,659	263,287	129,477	570,423
Transfer to Stage 1	710	(710)	-	-
Transfer to Stage 2	(2,930)	2,930	-	-
Transfer to Stage 3	(45,561)	(238,270)	283,831	-
Changes in EADs	(128,341)	(14,564)	7,047	(135,858)
Balance at 30 June 2022 (un-audited)	<b>1,537</b>	<b>12,673</b>	<b>420,355</b>	<b>434,565</b>

## Invest bank P.S.C.

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2022 (continued)

#### 20 Risk management (continued)

##### Impact of COVID-19 (continued)

Reconciliations from the opening to the closing balance of the loss allowance of the deferred exposure can be seen below:

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Balance at 1 January 2022	1,272	5,406	96,314	102,992
Transfer to Stage 1	3	(3)	-	-
Transfer to Stage 2	(33)	33	-	-
Transfer to Stage 3	(240)	(4,720)	4,960	-
Changes in PDs/ LGDs/ EADs	(998)	(363)	30,685	29,324
Balance at 30 June 2022 (un-audited)	<u>4</u>	<u>353</u>	<u>131,959</u>	<u>132,316</u>

The Bank continues to monitor the creditworthiness of these clients, particularly indications of potential inability to pay any of their obligations as and when they become due.

#### 21 Subsequent events

There have been no events subsequent to the statement of financial position 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 2022.