دار التمـــويـــل
FINANCE HOUSE
P.J.S.C - ش.م.ع

Date: 22 March 2024
Ref: 09/FC/TKR/2024

Chairman's Report for the year ended 31 December 2023

On behalf of the Board of Directors, I am pleased to present the consolidated financial statements of Finance House P.J.S.C. and its subsidiaries (FH Group) for the financial year ended 31 December 2023.

In retrospect, 2023 was a year of growth, sustainability, and remarkable achievements for the UAE. The President HH Sheikh Mohammed Bin Zayed Al Nahyan declared 2023 as the "Year of Sustainability", Foreign Direct Inflows into the UAE crossed US$ 25 billion, UAE successfully hosted the COP 28 Conference, Corporate Income Tax Law formally came into effect and a spate of successful IPOs both from the Public & Private sectors boosted market capitalization of ADX & DFM as well as investors' wealth.

During 2023, the FH Group continued to focus its energies on strengthening Capital Ratios, maintaining Liquidity buffers, improving asset quality, leveraging cloud technology for improved operational efficiencies and in building digitally enabled Products & Services.

For the year ended 31 December 2023, the FH Group has posted a Consolidated Net Profit of AED 14.81 million, compared to a Loss AED 11.33 million registered in the previous financial year ended 31 December 2022.

Net Interest Income and Income from Islamic Financing & Investing Assets held steady at AED 137.80 million in 2023 compared to AED 138.25 million in the previous year. Despite a rapidly rising interest rate scenario, we successfully protected our net-interest margins with timely interest-rate management actions, on both sides of the balance sheet. Net Fee and Commission income earned in 2023 also held steady at AED 17.95 million compared to AED 18.31 million in the previous year.

Intense price competition in the underwriting of motor insurance business in the UAE, resulted in a squeeze on Net Insurance Income across the whole sector. Our insurance subsidiary- Insurance House

دار التمويل ش.م.ع؛ ص.ب ٧٨٧٨، أبوظبي، ا.ع.م؛ هاتف: ٩٩٩ ٦٢١٩ (٢) ٩٧١+
Finance House P.J.S.C; P.O.Box 7878, Abu Dhabi, U.A.E; Tel: +971 (2) 6219 999

5

PJSC registered a Net Insurance Loss of AED 40.35 million in 2023 compared to a Net Insurance Loss of AED 25.99 million in the previous year. Net Investment Income from group-wide investing activities was lower at AED 5.20 million compared to AED 12.36 million in the previous year, primarily due to volatile equity markets- locally & globally.

Robust recoveries from the Non-Performing Portfolio (both Corporate & Retail) boosted Other Operating Income to AED 57.75 million in 2023 compared to AED 24.44 million in the previous year.

Total Operating Expenses for 2023 at the Group level were slightly higher at AED 140.91 million compared to AED 136.15 million in the previous year. This is primarily due to targeted new employee hires to support profitable business growth in select business lines across the FH Group.

As a combined result of the above factors, Net Operating Income for 2023 was significantly higher by 20.93% at AED 156.11 million compared to AED 129.09 million in the previous year.

Net Loans & Advances including Islamic Financing & Investing Assets as of 31 December 2023 stood at AED 1.89 billion compared to AED 2.02 billion as at the end of the previous year. Customers' Deposits & Margin Accounts stood at AED 1.56 billion as of 31 December 2023, compared to AED 2.06 billion as at the end of the previous year.

In line with the expected credit loss model (ECL) for loan impairment provisioning under IFRS 9, net impairment charge for the year 2023 was AED 22.23 million compared to AED 38.29 million in the previous year. With gradual improvement in economic conditions anticipated over the coming 12 months, net impairment charge is expected to moderate further, next year.

دار التمويل ش.م.ع؛ ص.ب ٧٨٧٨، أبوظبي، ا.ع.م؛ هاتف: ٩٩٩ ٦٢١٩ (٢) ٩٧١+
Finance House P.J.S.C; P.O.Box 7878, Abu Dhabi, U.A.E; Tel: +971 (2) 6219 999

دار التمـــويـــل
FINANCE HOUSE
P.J.S.C - ش.م.ع

Date: 22 March 2024
Ref: 09/FC/TKR/2024

At the consolidated level, Shareholders' equity as at 31 December 2023 stood at AED 661.93 million. Cash & Cash equivalents as of 31 December 2023 stood at a healthy 9.3% of Total Assets, highlighting the Group's conservative approach to liquidity management.

With the objective of preserving the cash resources of the Group for investment in upcoming strategic initiatives, the Board does not recommend distribution of any cash dividend for the financial year ended 31 December 2023.

In line with gradual improvements in private sector operating conditions across the UAE, we fine-tune our strategies and strategy execution capabilities on a regular basis to take advantage of improving market conditions. We remain confident that we will continue to spot and exploit profitable opportunities, adapt quickly to changing market conditions, manage risks prudently and maximize returns for our shareholders.

On behalf of the Board of Directors,

Mohammed Abdulla Jumaa Alqubaisi

Vice Chairman
Abu Dhabi
22 March 2024

دار التمويل ش.م.ع؛ ص.ب ٧٨٧٨، أبوظبي، ا.ع.م؛ هاتف: ٩٩٩ ٦٢١٩ (٢) ٩٧١+
Finance House P.J.S.C; P.O.Box 7878, Abu Dhabi, U.A.E; Tel: +971 (2) 6219 999
Public Joint Stock Company and the share capital is AED 302,837,770 شـركـة مساهمـة عـامـة بـرأس مـال وقـدره ٣٠٢,٨٣٧,٧٧٠ درهم إماراتي

5