

Chairman's Report for the three months ended 31 March 2025

On behalf of the Board of Directors, I am pleased to present the condensed consolidated interim financial information of Finance House PJSC and its subsidiaries (FH Group) as at 31 March 2025 and the results of its operations for the three months ended 31 March 2025.

FH Group has posted a marginal Loss of AED 1.52 million for the first quarter of 2025, which is significantly lower than the Loss of AED 9.08 million registered in the corresponding quarter of the previous year. It is gratifying to note that the Insurance Vertical of the FH Group has achieved a remarkable turnaround in its core operations and has returned to profitability in Q1 2025, compared to a Net Insurance Loss of AED 5.88 million in Q1 2024. We expect significantly improved results in the insurance business, going forward.

In the Financing vertical, Net Interest Income and Income from Islamic Financing and Investing Assets were marginally lower at AED 30.86 million in Q1 2025 compared to AED 33.03 million in the same period last year. This is primarily due to a reduction in net-interest margins, as the higher cost of funding on customer deposits and bank borrowings could not be fully passed on to our borrowing customers. Fee and Commission income was higher at AED 8.22 million compared to AED 7.09 million in Q1 2024. However, Net Fee & Commission income was lower at AED 3.27 million in Q1 2025 compared to AED 4.16 million in the same period of the previous year, due to certain one-off charges. Other Operating Income was higher at AED 10.68 million compared to AED 2.21 million in Q1 2024. As a combined result of the above, Net Operating Income for Q1 2025 was significantly higher at AED 34.29 million compared to AED 23.82 million in the corresponding period of the previous year.

Net Loans & Advances including Islamic Financing & Investing Assets as of 31 March 2025 were marginally lower at AED 2.0 billion compared to AED 2.08 billion as of 31 December 2024. Despite robust growth in new loans booked during Q1 2025, both in Corporate and Consumer lending portfolios, net growth in overall lending book was sluggish due to unexpected pre-payments in the corporate lending book. Customers' Deposits & Margin Accounts as of 31 March 2025 rose steadily to AED 2.04 billion

Date: 14 May 2025
Ref: 25/FC/TKR/2025

compared to AED 1.90 billion as of 31 December 2024. Consequently, the loan book is fully funded by the deposit book, as of 31 March 2025.

Total operating expenses at the consolidated level for Q1 2025 were higher at AED 36.44 million, compared to AED 33.80 million in the corresponding quarter of the previous year. This is in line with our strategy to boost human capital and technology resources in key business segments that are expected to register robust, profitable growth in the near future.

The FH Group's liquidity position as of 31 March 2025 continues to be strong, with Cash & Cash equivalents accounting for circa 16.8% of Total Assets. Balance sheet leverage as of 31 March 2025 at the consolidated level continues to be prudent, providing a solid footing for sustained future growth in assets.

With our focused strategy execution abilities combined with ongoing investments into shoring our digital servicing capabilities, we are well positioned to profitably leverage economic growth opportunities in targeted business sectors across the UAE.

On behalf of the Board of Directors,



Mohammed Abdulla Jumaa Alqubaisi
Vice Chairman

Abu Dhabi
14 May 2025

