Sharjah Islamic Bank PJSC

Management discussion and analysis report

For the nine month period ended **30 September 2026**

KEY HIGHLIGHTS

Sharjah Islamic Bank PJSC (the "Bank" or "SIB") and its subsidiaries (together referred to as the "Group") demonstrated impressive financial performance for the nine month period ended 30 September 2026, where the Group's net profit **surged by 9.0%**, reaching an impressive **AED 1,205.2 million**. This notable growth is in comparison to the net profit of AED 1,105.2 million recorded for the same period of 2025.

⬆ +9.0%	The Group demonstrated strong financial performance for the nine month period ended 30 September 2026, characterized by a notable 9.0% increase in **net profit** to AED 1,205.2 million, compared to AED 1,105.2 million for the nine month period ended 30 September 2025, which underscores the efficacy of the Group's management and the success of its profit-generating strategies.
⬆ +13.6%	The **total operating income** for the nine month period ended 30 September 2026 amounted to AED 2,096.1 million, showing an increase of 13.6% or AED 250.3 million compared to AED 1,845.8 million reported for the nine month period ended 30 September 2025.
⬆ +11.6%	**Net operating income**, before impairment of financial assets, reached AED 1,369.5 million, an increase of 11.6% compared to AED 1.226.8 million for the nine month period ended 30 September 2025. This improvement demonstrates the Group's efficiency in managing its core business operations.
⬆ +14.8%	**Earnings per share** for nine month period ended 30 September 2026, were recorded at AED 0.31 per share, compared to AED 0.27 per share for the nine month period ended 30 September 2025. This increase reflects the Group's ability to generate higher earnings for its shareholders as the Bank has maintained a stable EPS after the increase in the number of shares during the current period due to a successful rights issue.
⬆ +9.0%	**Annualized return on average assets** – after tax for the nine month period ended 30 September 2026 stood at 1.69%, compared to 1.55% as at 31 December 2025. This improvement demonstrates the Group's effective utilization of its assets to generate profits.
⬇ -0.8%	**Annualized return on average equity – after tax** for the nine month period ended 30 September 2026 was 14.66% as compared to 14.78% for the year ended 31 December 2025. This metric reflects the Group's strong performance for the nine month period ended 30 September 2026 maintaining a stable ROE despite the increase in average equity during the current period due to a successful rights issue.
⬇ -3.9%	The Group's **cost-to-income ratio** stands at 34.7% for the nine month period ended 30 September 2026, compared to 36.1% for the year ended 31 December 2025. This underscores the Group's adeptness in managing costs in proportion to its income, ultimately contributing to improved profitability.

KEY HIGHLIGHTS

The Group demonstrated robust asset growth highlighted by **10.4% increase** in total assets, **18.9% increase** in Investment in Islamic financing and **8.4% growth** in customer deposits.

+10.4% The Group's **total assets** increased to AED 99.7 billion as of 30 September 2026, reflecting a robust 10.4% increase as compared to AED 90.3 billion as of 31 December 2025. This expansion in total assets underscores the Group's capacity to enhance its asset portfolio, thereby reinforcing its financial strength.

+18.9% The Group's **Investments in Islamic financing** saw a notable increase of AED 8.6 billion, resulting an increase of 18.9%. As of 30 September 2026, the total Investments in Islamic financing reached AED 54.1 billion, compared to AED 45.6 billion as of 31 December 2025. This expansion underscores the Group's steadfast commitment to providing Islamic financial services and fostering sectoral growth.

-0.4% **Investment securities** (carried at amortised cost and fair value) remained stable during the nine month period ended 30 September 2026, maintaining a combined total of AED 17.9 billion as of 30 September 2026 and 31 December 2025.

+8.4% **Customer deposits** increased by 8.4% to reach AED 60.4 billion as of 30 September 2026 as compared to AED 55.7 billion as of 31 December 2025 demonstrating strong business relationships with its customers as well as the competitiveness of the Group's products and profit rates.

+9.7% As of 30 September 2026, the **financing to deposit ratio**, a key indicator of the Group's lending activity compared to its deposit base, was recorded at 89.7%, compared to 81.8% as of 31 December 2025. This ratio underscores the Group's judicious strategy in overseeing its financing portfolio, ensuring a well-balanced risk profile.

-4.5% **Liquid assets**, pivotal in bolstering the Group's liquidity profile, constituted 21.3% of the total assets, equating to AED 21.2 billion as of 30 September 2026. Liquidity levels are crucial for the Group to fulfill short-term obligations.

-15.8% **Non-Performing Financing ("NPF") ratio** stood at 3.2% as of 30 September 2026 as compared to 3.8% as of 31 December 2025, while total coverage ratio stands at to 108% as of 30 September 2026 compared to 109.0% as of 31 December 2025. These metrics highlight the Group's prudent approach to managing credit risk and its ability to mitigate potential losses.

+19.8% The Group maintained a robust capital position, with a total **capital adequacy ratio** of 19.4% as of 30 September 2026 as compared to 16.2% as of 31 December 2025. The increase is largely contributed by an increase in equity due to successful rights issue.

PERFORMANCE

BALANCE SHEET

Total assets of the **Group** reached at **AED 99.7 billion** as of 30 September 2026, a testament to the Group's growth strategy formulated in light of prudent risk management. Stable growth in total assets by 10.4% is attributable to the growth in assets across all business units of the Group including liquid assets, Investment in Islamic financing and Investment securities.

The **net investment in Islamic financing** reached **AED 54.1 billion** as of 30 September 2026, reflecting a net increase of 18.9% or AED 8.6 billion, compared to the balance as of 31 December 2025. Investment in Islamic financing has continually increased for the Group with CAGR of 15.3%. This growth implies strong strategy and optimal utilisation of capital and liquidity resources.

The **Group's liquid assets** comprised 21.3% of total assets, totaling **AED 21.2 billion** as of 30 September 2026. These liquidity levels signal a liquidity position that enables the Group to seamlessly navigate short-term obligations. Such numbers resonates with the Group's strategic vision of maintaining a minimum liquidity threshold of 20%.

Investment securities (carried at amortised cost and fair value) remained stable during the nine month period ended 30 September 2026, maintaining a combined total of AED 17.9 billion as of 30 September 2026 and 31 December 2025. This is a key investment portfolio for the Group and is driven by rising investor demand for stable, Sharia-compliant instruments, and the government's push for infrastructure and economic development projects.

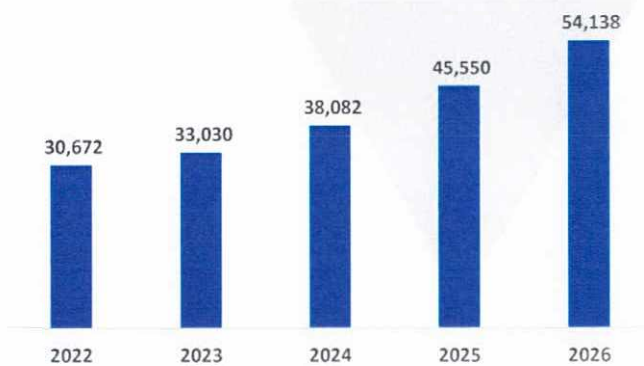
Customer deposits increased by 8.4% to reach **AED 60.4 billion** as compared to AED 55.7 billion as of 31 December 2025. Customer deposits have increased with a CAGR of 11.2%, demonstrating strong business relationships with its customers as well as the competitiveness of the Group's products. ***CASA balances** have improved to **43.0%** of total customer deposits as of 30 September 2026 from 42.7% as of 31 December 2025.

Balance **due to banks** increased by AED 475.4 million, reaching at **AED 16.8 billion** as of 30 September 2026 as against AED 16.3 billion as of 31 December 2025, in line with Group's liquidity management policies.

**Includes Current account, Saving account and other similar products.*

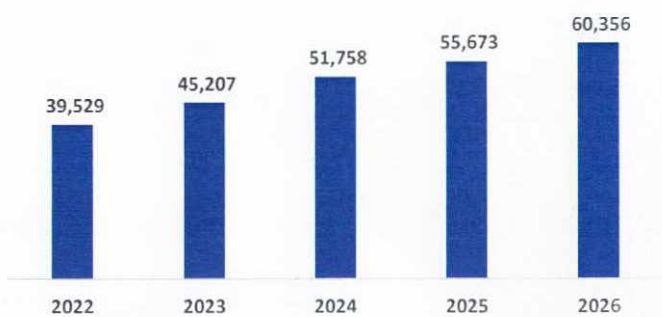
CAGR 15.3%

Islamic financing



CAGR 11.2%

Customer deposits



PERFORMANCE

BALANCE SHEET

NPF ratio of the Group stands at **3.2%** as of 30 September 2026 as compared to 3.8% as of 31 December 2025. An improving NPF ratio is a resultant of strong recovery on doubtful financing and increase in overall investments in Islamic financing. **Coverage ratio (including general impairment reserve)** stands at **108%** as of 30 September 2026, as compared to 109.0% at 31 December 2025.

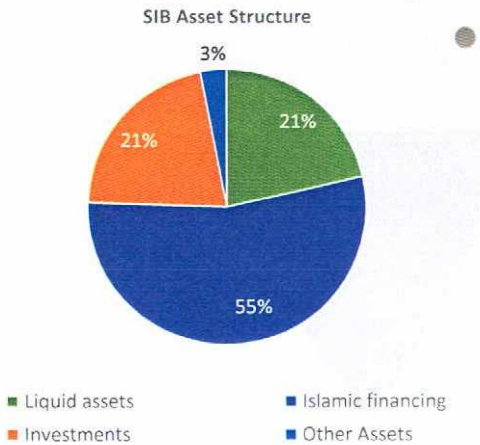
As part of its efforts to diversify funding sources and strengthen its presence in international capital markets, the Bank recorded a successful issuance of **USD 500 million** during the current period, equivalent to **AED 1.8 billion** increasing the **Sukuk balance** to **AED 7.3 billion** as of 30 September 2026. The issuance attracted strong demand from regional and international investors, reflecting confidence in the Bank's creditworthiness and its position in Islamic finance markets.

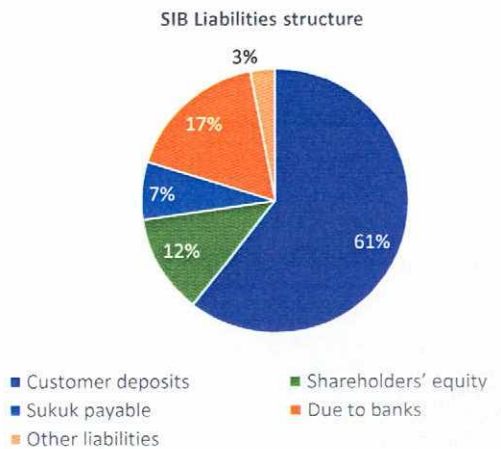
Shareholders' equity increased by AED 2.9 billion during the nine month period ended 30 September 2026 reaching **AED 12.4 billion**. The increase was primarily driven by the successful rights issue of 1,078,559,212 shares at an issue price of AED 2.4 per share, further strengthening the Bank's capital base.

PROFIT AND LOSS

The Group posted a **profit before tax** of **AED 1,327.4 million** for the nine month period ended 30 September 2026, compared to AED 1,214.9 million for the nine month period ended 30 September 2025, an increase of 9.3%. The Group achieved a **profit after tax** of **AED 1,205.2 million** for the nine month period ended 30 September 2026, an increase of 9.0% compared to AED 1,105.2 million for the nine month period ended 30 September 2025. The Bank achieved this growth in profitability through higher profit income generated from its portfolio of quality financing and investment assets.

The **distribution to depositors and sukuk holders** reached **AED 1,786.9 million** for the nine month period ended 30 September 2026 compared to AED 1,728.8 million for the same period of the year 2025, an increase of 3.4%. These profit allocations represent the depositors' share of the Group's net operating profits based on the profit sharing mechanism between shareholders and depositors as approved by the Group's Sharia'a Committee.





PERFORMANCE

PROFIT AND LOSS

Investment, fees, commission and other income reached **AED 662.2 million** for the nine month period ended 30 September 2026, compared to AED 690.4 million for the same period of the year 2025, a decrease of AED 28.2 million or 4.1%.

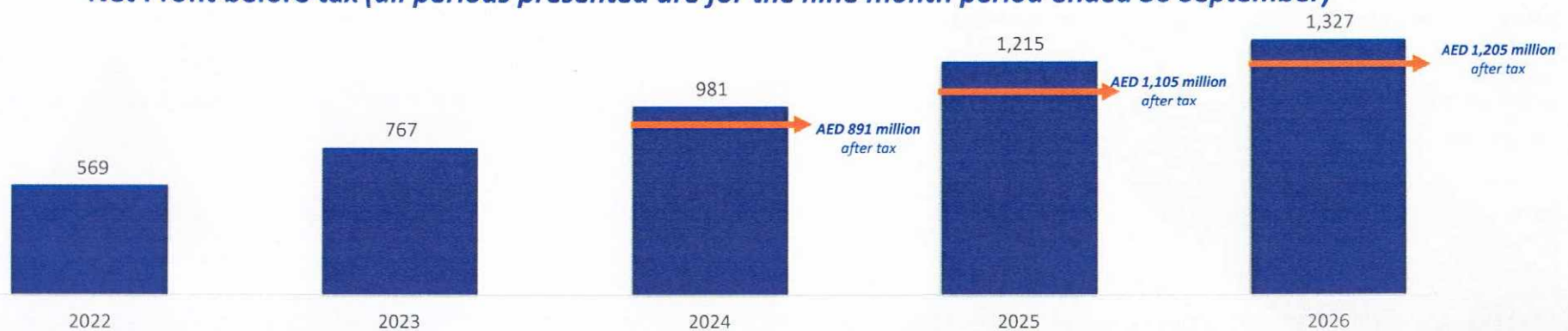
On the expenses side, **general and administration expenses** reached **AED 726.6 million** for the nine month period ended 30 September 2026 compared to AED 619.0 million for the same period of the previous year 2025, an increase of 17.4%, while **cost to income ratio** stood at **34.7%** for the nine month period ended 30 September 2026, compared to 36.1% for the year ended 31 December 2025.

The Group recognized **provision for impairment of financial assets** amounting to **AED 158.0 million,** while recoveries reached **AED 115.9 million** ***(net charged of AED 42.1 million)*** for the nine month period ended 30 September 2026, compared to provision for impairment of financial assets of AED 113.5 million and recoveries of AED 101.6 million *(net charged of AED 11.9 million)* for the nine month period ended 30 September 2025.

Annualized return on average equity (ROAE) reached **14.66%** for the nine month period ended 30 September 2026 compared to 14.78% for the year ended 31 December 2025, while **annualized return on average assets (ROAA)** was **1.69%** for the nine month period ended 30 September 2026 compared with 1.55% for the year ended 31 December 2025.

CAGR 23.6%

Net Profit before tax *(all periods presented are for the nine month period ended 30 September)*



FINANCIAL HIGHLIGHTS

Numbers in AED '000	Consolidated statement of financial position		
	30 September 2026	31 December 2025	Variance %
Investment in Islamic financing	54,138,466	45,550,062	18.9%
Customer deposits	60,356,071	55,672,922	8.4%
NPF ratio	3.2%	3.8%	-15.8%
NPF coverage ratio	108%	109%	-0.9%
Risk weighted assets	65,415,483	57,243,516	14.3%
Common equity tier 1 ratio	15.6%	11.9%	31.1%
Tier 1 capital ratio	18.4%	15.1%	21.9%
Capital adequacy ratio	19.4%	16.2%	19.8%
Financing to deposit ratio	89.7%	81.8%	9.7%
Advances to stable fund ratio (ASFR)	80.3%	80.5%	-0.2%
Eligible liquid asset ratio (ELAR)	17.3%	17.4%	-0.5%
Liquid asset ratio	21.3%	22.3%	-4.5%
Cost to income ratio	34.7%	36.1%	-3.9%
ROAE	14.66%	14.78%	-0.8%
ROAA	1.69%	1.55%	9.0%

Prudent growth strategy across diversified industry segments as well as continuous customer demand has resulted in increase in **Investment in Islamic financing**.

Introduction of retail deposit products, focused approach and excellent customer service has resulted in growth of **customer deposits**.

The Group has maintained a high **coverage ratio** as a result of prudent risk management policies coupled with recovery efforts.

FINANCIAL HIGHLIGHTS

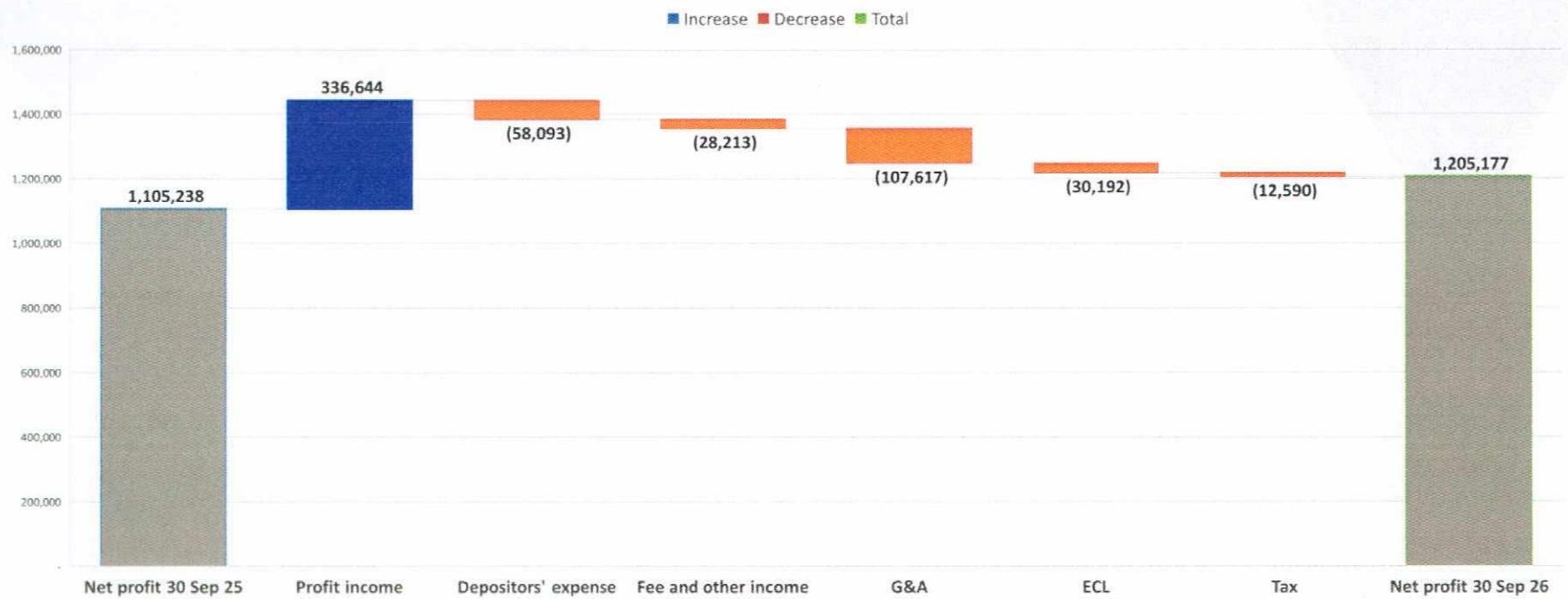
Numbers in AED '000	Consolidated statement of profit or loss		
	30 September 2026	30 September 2025	Variance %
Income from investments in Islamic financing and sukuks	3,220,861	2,884,217	11.7%
Distribution to depositors and sukuk holders	(1,786,925)	(1,728,832)	3.4%
Investment, fee, commission and other income	662,207	690,420	-4.1%
Total operating income	2,096,143	1,845,805	13.6%
General and administrative expenses	(726,605)	(618,988)	17.4%
Net operating income before impairment	1,369,538	1,226,817	11.6%
Impairment on financial assets - net of recoveries	(42,139)	(11,947)	-252.7%
Profit before tax	1,327,399	1,214,870	9.3%
Tax	(122,222)	(109,632)	11.5%
Profit for the period	1,205,177	1,105,238	9.0%
Earnings per share	0.31	0.27	14.8%

Increase in financing volume across diversified industry segments resulted in increased **profit income**.

Increase in **deposit portfolio** resulted in higher profit distributions.

PROFIT and LOSS – WATERFALL

For the nine month period ended 30 September 2026



- Islamic financing, sukuk investments and deposit portfolio increase resulting in increase in profit income and expense;

SIB
مصرف الشارقة الإسلامي

Management discussion and analysis report

For the nine month period ended **30 September 2026**

THANK YOU

Mohamed Ahmed Abdalla
Chief Executive Officer