
SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
(UN – AUDITED)
31 MARCH 2017

SHARJAH ISLAMIC BANK

Directors' Report

The Directors have pleasure in presenting their report together with the condensed consolidated interim financial statements of SHARJAH ISLAMIC BANK ("the Bank") and its subsidiaries (together referred as the "Group") for the three -month period ended 31 March 2017.

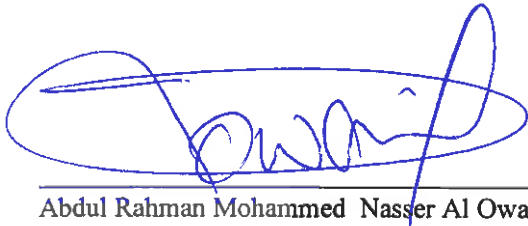
Financial Highlights

The Group has reported a profit of AED 139.1 million for the three-month period ended 31 March 2017 compared to AED 131.4 million for the corresponding prior year period, an increase of 5.9%.

Compared to December 2016, total assets increased by AED 1.1 billion to reach AED 34.6 billion, increase of 3.2%, financing receivables and ijarah receivable increased by 2.9% (AED 490.8 million) to reach AED 17.6 billion and customer deposits experienced a growth of 7.6 % (AED 1.4 billion) to reach AED 19.7 billion.

Directors:-

H.E. Abdul Rahman Mohammed Nasser Al Owais	Chairman
Mr. Ahmed Mohamed Obaid Al Shamsi	Vice Chairman
Mr. Othman Mohammed Sharif Zaman	Member
Mr. Ahmed Ghanim Al Suwaidi	Member
Mr. Ali Bin Salim Al Mazrou	Member
Mr. Emad Yousef Abdulla Saleh Al Monayea	Member
Mr. Mohammad N. Al Fouzan	Member



Abdul Rahman Mohammed Nasser Al Owais
Chairman
12 April 2017



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Independent auditors' report on review of condensed consolidated interim financial information

The Shareholders
Sharjah Islamic Bank

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Sharjah Islamic Bank ("the Bank") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 31 March 2017;
- the condensed consolidated interim statement of profit or loss for the three-months period ended 31 March 2017;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-months period ended 31 March 2017;
- the condensed consolidated interim statement of changes in equity for the three-months period ended 31 March 2017;
- the condensed consolidated interim statement of cash flows for the three-months period ended 31 March 2017; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017
(Currency: Thousands of U.A.E Dirhams)

	31 March 2017 <u>Un-audited</u>	31 December 2016 <u>Audited</u>
Assets		
Cash and balances with banks and financial institutions	2,632,243	3,205,875
International murabaha and wakalah with financial institutions	5,485,553	4,641,134
Financing receivables	5,864,387	5,513,912
Ijarah receivables	11,717,465	11,577,091
Investment securities	4,455,251	4,107,195
Investment properties	2,074,854	2,124,359
Properties held-for-sale	682,307	573,248
Other assets	856,552	867,133
Property and equipment	836,613	929,279
Total assets	34,605,225	33,539,226
Liabilities		
Customers deposits	19,715,840	18,328,936
Due to banks	3,486,526	3,850,960
Sukuk payable (note 5)	5,498,902	5,497,916
Other liabilities	847,878	915,741
Zakat payable	48,883	89,429
Total liabilities	29,598,029	28,682,982
Shareholders' equity		
Share capital	2,668,050	2,425,500
Legal reserve	1,330,626	1,330,626
Statutory reserve	89,008	89,008
Fair value reserve	(15,917)	(29,492)
Retained earnings	935,429	1,040,602
Total shareholders' equity	5,007,196	4,856,244
Total liabilities and shareholders' equity	34,605,225	33,539,226

These condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 12 April 2017.



Abdul Rahman Mohammed Nasser Al Owais
Chairman



Mohammed Ahmed Abdullah
Chief Executive Officer

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	Three month period ended 31 March 2017 Un-audited	Three month period ended 31 March 2016 Un-audited
Income from Islamic financing	281,291	212,748
Profit expense on sukuk	(41,928)	(44,965)
Investment, fees, commission and other income	115,935	154,727
Income from subsidiaries	10,887	9,544
Total income	366,185	332,054
General and administrative expenses	(128,359)	(112,828)
Net operating income	237,826	219,226
Provisions - net of recoveries	(30,409)	(43,788)
Profit before distribution to depositors	207,417	175,438
Distribution to depositors	(68,285)	(44,014)
Profit for the period	139,132	131,424
(Attributable to the shareholders of the Bank)		
Earnings per share (U.A.E. Dirhams)	0.06	0.05

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	Three month period ended 31 March 2017 Un-audited	Three month period ended 31 March 2016 Un-audited
Profit for the period	139,132	131,424
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value reserve	13,575	19,861
Total comprehensive income for the period	152,707	151,285

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	Three month period ended 31 March 2017 Un-audited	Three month period ended 31 March 2016 Un-audited
Cash flows from operating activities		
Profit for the period	139,132	131,424
Adjustments for:		
- Depreciation	11,074	8,310
- Amortisation of sukuk issuance costs	986	1,017
- Provision on financing and Ijarah receivable	30,409	38,154
- Provision for impairment on investment securities	-	6,402
- Gain on sale of properties held-for-sale	-	(72,092)
Operating profit before changes in operating assets and liabilities	181,601	113,215
Changes in:		
- Reserve with UAE Central Bank	(67,115)	(51,233)
- International murabaha and wakalah with financial institutions	(187,421)	(76,161)
- Financing and Ijarah receivables	(521,258)	(262,254)
- Other assets	10,581	162,696
- Customers' deposits	1,386,904	160,745
- Due to banks	1,331,682	198,775
- Zakat payable	(40,546)	(12,518)
- Other liabilities	(73,113)	18,862
Net cash from operating activities	2,021,315	252,127
Cash flows from investing activities		
Acquisition properties and equipment	(12,190)	(6,746)
Acquisition of investment properties	(1,996)	(56,002)
Disposal of investment properties	51,501	-
Acquisition of properties held-for-sale	(15,277)	(17,071)
Disposal of properties held-for-sale	-	178,082
Investment securities, net	(330,985)	(433,713)
Net cash used in investing activities	(308,947)	(335,450)
Cash flows from financing activities		
Cash dividend	-	(242,550)
Net cash used in financing activities	-	(242,550)
Net increase / (decrease) in cash and cash equivalents	1,712,368	(325,873)
Cash and cash equivalents at the beginning of the period	2,037,425	4,299,039
Cash and cash equivalents at the end of the period	3,749,793	3,973,166
Cash and cash equivalents comprise of:		
Cash and balances with banks and financial institutions	1,103,527	750,649
International murabaha and wakalah with financial institutions	3,604,033	3,222,517
Due to banks maturing less than three months	(957,767)	-
	3,749,793	3,973,166

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK					
	Share capital	Statutory reserves	Legal reserves	Fair value reserve	Retained earnings	Total shareholders' equity
As at 1 January 2016	2,425,500	89,008	1,330,626	(31,867)	891,134	4,704,401
Total comprehensive income for the period						
Profit for the period	-	-	-	-	131,424	131,424
Other comprehensive income						
Net change in fair value reserve	-	-	-	19,861	-	19,861
Total comprehensive income for the period	-	-	-	19,861	131,424	151,285
Transactions with owners recorded directly in equity						
Fair value adjustment	-	-	-	-	-	-
Dividends declared (note 11)	-	-	-	-	(242,550)	(242,550)
Board of directors' fees - paid	-	-	-	-	(5,250)	(5,250)
Total transactions with owners	-	-	-	-	(247,800)	(247,800)
As at 31 March 2016	2,425,500	89,008	1,330,626	(12,006)	774,758	4,607,886
As at 1 January 2017	2,425,500	89,008	1,330,626	(29,492)	1,040,602	4,856,244
Total comprehensive income for the period						
Profit for the period	-	-	-	-	139,132	139,132
Other comprehensive income						
Net change in fair value reserve	-	-	-	17,070	-	17,070
Total comprehensive income for the period	-	-	-	17,070	139,132	156,202
Transactions with owners recorded directly in equity						
Fair value adjustment	-	-	-	(3,495)	3,495	-
Bonus shares issue (note 11)	242,550	-	-	-	(242,550)	-
Board of directors' fees - paid	-	-	-	-	(5,250)	(5,250)
Total transactions with owners	-	-	-	(3,495)	(244,305)	(5,250)
As at 31 March 2017	2,668,050	89,008	1,330,626	(15,917)	935,429	5,007,196

The accompanying notes form an integral part of this condensed consolidated interim financial statement

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

1. Legal status and activities

SHARJAH ISLAMIC BANK (“the Bank”) was incorporated in 1975 as a public joint stock company by Emiri Decree issued by His Highness the Ruler of Sharjah, United Arab Emirates and is listed on the Abu Dhabi Securities Exchange. The Bank is engaged in banking, financing and investing activities in accordance with its articles of incorporation, Islamic Shari’a principles and regulations of the UAE Central Bank, which are carried out through its 32 branches (2016: 32 branches) established in United Arab Emirates.

At an extraordinary shareholder’s meeting held on 18 March 2001, a resolution was passed to transform the Bank’s activities to be in full compliance with Islamic Shari’a rules and principles. The entire process was completed on 30 September 2002 (“the transformation date”). As a result the Bank transformed its conventional banking products into Islamic banking products during the three-month period ended 30 September 2002 after negotiation and agreement with its customers.

The condensed consolidated interim financial statements of the Bank comprise the Bank and its fully owned subsidiaries incorporated in United Arab Emirates, Sharjah National Hotels (SNH), Sharjah Islamic Financial Services LLC (SIFS), Contact Marketing and ASAS Real Estate (all together referred to as “the Group”). SNH through its divisions is engaged in operating hotels and resorts, catering and related services, whereas SIFS is involved in conducting intermediation in dealing in local market Shari’a compliant shares. Contact Marketing provides certain support services to the Bank and ASAS is involved in the business of real estate.

The registered office of the Bank is Post Box No.4, Sharjah, United Arab Emirates.

2. Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2015. These condensed consolidated interim financial statements do not include all of the information required for a full set of annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group as at and for the year ended 31 December 2016.

b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on a historical basis except for the following material items in the consolidated statement of financial position:

- financial assets at fair value through profit or loss (FVTPL);
- financial assets at fair value through other comprehensive income (FVTOCI); and
- Investment properties at fair value.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

2. Basis of preparation (continued)

c) Functional and reporting currency

These condensed consolidated interim financial statements have been prepared in UAE Dirhams (AED), which is the Group's functional and presentation currency. All information presented in AED has been rounded to the nearest thousands, except when otherwise stated.

d) Key accounting estimates & judgment

The preparation of condensed consolidated interim financial statements requires management to make judgements, 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.

In preparing these condensed consolidated interim financial statements, significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended 31 December 2016.

e) Financial risk management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2016.

3. Summary of significant accounting policies

The accounting policies applied by the Group in preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its annual consolidated financial statements as at and for the year ended 31 December 2016 except for the adoption of new IFRSs which became effective for the period beginning 1 January 2017.

The adoption of the new and amended standards and interpretations have been reflected in these condensed consolidated interim financial statements as appropriate in terms of disclosures but do not have an impact on the financial position or performance of the Group during the period.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (Un-audited)
(Currency: Thousands of U.A.E. Dirhams)

4. Capital Adequacy Ratio

The Group's regulatory capital adequacy ratio is set by the CBUAE. The Group has complied with all externally imposed capital requirements throughout the period. There have been no material changes in the Group's management of capital during the period. The Group has adopted a standardised approach for Credit risk and Market risk and a Basic Indicator approach for Operational Risk as a starting point and is working towards migrating to foundation internal rating based (IRB) and advanced IRB as per time line set by CBUAE.

The table below summarises the composition of regulatory capital of the Group:

	Basel II	
	31 March 2017 Un-audited	31 December 2016 Audited
Total tier 1 capital base	4,998,580	4,864,875
Total tier 2 capital base	267,533	240,510
Risk weighted assets:		
Credit risk	22,676,022	21,600,139
Market risk	196,590	155,621
Operational risk	2,152,438	2,152,438
Risk weighted assets	25,025,050	23,908,198
Tier 1 ratio	19.97%	20.35%
Capital adequacy ratio	21.04%	21.35%

5. Sukuk payable

Name of issuer	Maturity date	31 March 2017		31 December 2016	
		Un-audited		Audited	
		Carrying value	Profit rate	Carrying value	Profit rate
SIB Sukuk Company III Limited	15 April 2018	1,834,905	2.950%	1,834,480	2.950%
SIB Sukuk 2020	17 March 2020	1,833,506	2.843%	1,833,259	2.843%
SIB Sukuk 2021	8 September 2021	1,830,491	3.084%	1,830,177	3.084%
Total		5,498,902		5,497,916	

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

6. Segment reporting

The Group's activities comprise the following main business segments:

a) Government and corporate

Within this business segment the Bank provides companies, institutions and government and government departments with a range of Islamic financial products and services. This includes exposure to high net worth individuals.

b) Retail

The retail segment provides a wide range of Islamic financial services to individuals.

c) Investment and treasury

This segment mainly includes wakalah deals with other financial institutions, investments securities, investment properties and other money market activities.

d) Hospitality and brokerage

The Bank through its subsidiaries SNH and SIFS provides hospitality and brokerage services respectively.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

6. Segment reporting (continued)

Consolidated statement of profit or loss: For the three-month period ended 31 March 2017 (un-audited)	Corporate and Government	Retail	Investment and treasury	Hospitality and brokerage	Total
Income from Islamic financing	230,363	38,622	12,306	-	281,291
Profit expense on sukuk	-	-	(41,928)	-	(41,928)
Investment, fees, commission and other income	19,682	27,558	68,695	-	115,935
Income from subsidiaries	-	-	-	10,887	10,887
Total income	250,045	66,180	39,073	10,887	366,185
General and administrative expenses	(76,311)	(20,197)	(24,720)	(7,131)	(128,359)
Net operating income	173,734	45,983	14,353	3,756	237,826
Provisions - net of recoveries	(26,635)	(3,774)	-	-	(30,409)
Profit before distribution to depositors	147,099	42,209	14,353	3,756	207,417
Distribution to depositors	(47,964)	(10,846)	(9,475)	-	(68,285)
Profit for the period	99,135	31,363	4,878	3,756	139,132

**Consolidated statement of financial position:
As at 31 March 2017 (un-audited)**

Assets					
Segment assets	15,960,222	2,064,366	15,420,436	670,993	34,116,017
Unallocated assets	-	-	-	-	489,208
Total assets	15,960,222	2,064,366	15,420,436	670,993	34,605,225
Liabilities					
Segment liabilities	15,500,420	4,489,859	9,002,291	105,023	29,097,593
Unallocated liabilities	-	-	-	-	500,436
Total liabilities	15,500,420	4,489,859	9,002,291	105,023	29,598,029

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (Un- audited)
 (Currency: Thousands of U.A.E. Dirhams)

6. Segment reporting (continued)

	Corporate and Government	Retail	Investment and treasury	Hospitality and brokerage	Total
Consolidated statement of profit or loss:					
For the three-month period ended 31 March 2016 (un-audited)					
Income from Islamic financing	167,233	27,701	17,814	-	212,748
Profit expense on sukuk	-	-	(44,965)	-	(44,965)
Investment, fees, commission and other income	22,591	17,948	114,188	-	154,727
Income from subsidiaries	-	-	-	9,544	9,544
Total income	189,824	45,649	87,037	9,544	332,054
General and administrative expenses	(60,202)	(14,939)	(30,402)	(7,285)	(112,828)
Net operating income	129,622	30,710	56,635	2,259	219,226
Provisions- net of recoveries	(27,258)	(10,896)	(6,402)	768	(43,788)
Profit before distribution to depositors	102,364	19,814	50,233	3,027	175,438
Distribution to depositors	(30,693)	(12,079)	(1,242)	-	(44,014)
Profit for the period	71,671	7,735	48,991	3,027	131,424
Consolidated statement of financial position:					
As at 31 December 2016 (audited)					
Assets					
Segment assets	15,997,829	1,709,246	14,693,426	656,447	33,056,948
Unallocated assets	-	-	-	-	482,278
Total assets	15,997,829	1,709,246	14,693,426	656,447	33,539,226
Liabilities					
Segment liabilities	14,242,614	4,390,263	9,346,849	58,414	28,038,140
Unallocated liabilities	-	-	-	-	644,842
Total liabilities	14,242,614	4,390,263	9,346,849	58,414	28,682,982

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

7. Related parties

In the normal course of business, the Group enters into various transactions with enterprises and key management personnel which falls within the definition of related parties as defined in IAS 24. Key management personnel are those persons 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, which in opinion of the management are not significantly different from those that could have been obtained from third parties.

At the reporting date, such significant balances include:

	31 March 2017 Un-audited	31 December 2016 Audited
Condensed consolidated interim statement of financial position		
Government of Sharjah financing receivables	2,557,556	2,602,694
Government departments and authorities financing receivables	2,827,763	2,979,476
Other financing receivables and investing activities	890,029	766,317
Government of Sharjah deposits	6,657	64,034
Government department and authorities deposits	2,939,516	2,505,771
Other deposits	140,107	136,019
Contingent liabilities – off balance sheet	157,620	146,041
	31 March 2017 Un-audited	31 March 2016 Un-audited
Condensed consolidated interim statement of profit or loss		
Income from financing and investing activities	57,132	58,207
Depositors' share of profit	(3,232)	(8,186)

Key management compensation includes salaries and other short term benefits of AED 5.6 million for the period ended 31 March 2017 (31 March 2016: AED 5.4 million) and post-employment benefits of AED 0.7 million for the period ended 31 March 2017 (31 March 2016: AED 0.6 million).

8. Fair Value Measurement

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
At 31 March 2017 (Un-audited)				
Financial assets				
FVTPL – investment securities	32,564	-	36,730	69,294
FVTOCI – investment securities	934,044	-	100,220	1,034,264
	966,608	-	136,950	1,103,558
Non-financial assets				
Investment properties at fair value	-	-	2,074,854	2,074,854

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (Un-audited)
(Currency: Thousands of U.A.E. Dirhams)

8. Fair Value Measurement (continued)

	Level 1	Level 2	Level 3	Total
At 31 December 2016 (Audited)				
Financial assets				
FVTPL – investment securities	42,077	-	-	42,077
FVTOCI – investment securities	979,510	-	100,234	1,079,744
	1,021,587	-	100,234	1,121,821
Non-financial assets				
Investment properties at fair value	-	-	2,124,359	2,124,359

Management considers that the carrying amounts of financial assets and financial liabilities, measured at amortised cost, recognised in the condensed consolidated interim financial statements approximate their fair values.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the hierarchy for investment securities and investment properties:

	31 March 2017		31 December 2016	
	FVTPL	FVTOCI	FVTPL	FVTOCI
Financial assets				
Balance as at 1 January	-	100,234	-	200,155
Fair value movement	-	(14)	-	(90)
Addition	36,730	-	-	-
Disposals	-	-	-	(99,831)
Closing balance	36,730	100,220	-	100,234
Non-financial assets				
		31 March		31 December
		2017		2016
Balance at the beginning of the period		2,124,359		1,811,784
Additions		1,996		181,491
Transfer from held-for-sale		-		94,144
Transfer to held-for-sale		-		-
Disposal		(51,501)		(33,173)
Revaluation gain		-		70,113
Balance at the closing of the period		2,074,854		2,124,359

The valuation techniques and the inputs used in determining the fair values of level 3 assets is consistent with those applied by the Group in its annual consolidated financial statements as at and for the year ended 31 December 2016.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

9. Geographical distribution

	31 March 2017 <u>Un-audited</u>	31 December 2016 <u>Audited</u>
a) Investment securities by geographical distribution		
Financial assets at fair value through profit or loss		
- Domestic	36,730	11,099
- International	32,564	30,978
	<u>69,294</u>	<u>42,077</u>
Financial assets at fair value through other comprehensive income		
- Domestic	925,874	1,008,067
- International	108,390	71,677
	<u>1,034,264</u>	<u>1,079,744</u>
Financial assets measured at amortised cost		
- Domestic	1,667,228	1,281,261
- International	1,684,465	1,704,113
	<u>3,351,693</u>	<u>2,985,374</u>
Total investment securities	<u>4,455,251</u>	<u>4,107,195</u>
b) Investment properties - Domestic	<u>2,074,854</u>	<u>2,124,359</u>
c) Properties held-for-sale - Domestic	<u>682,307</u>	<u>573,248</u>

10. Interim measurement

The nature of the Group's business is such that income and expense are incurred in a manner, which is not impacted by any form of seasonality. These condensed consolidated interim financial statements were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the year.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2017 (Un-audited)
(Currency: Thousands of U.A.E. Dirhams)

11. Dividends

During the annual general meeting of the shareholder's held on 11 March 2017, a dividend of 10% bonus share – 1 bonus share for every 10 shares amounting to AED 242.6 million was approved for the year ended 31 December 2016 (2016: cash dividend of AED 242.6 million (AED 0.10 per share) for 2015).

12. Contingencies

Following are the contingencies:

	31 March 2017 <u>Un-audited</u>	31 December 2016 <u>Audited</u>
Letter of credit	<u>167,811</u>	<u>152,109</u>
Letter of Guarantee	<u>1,577,107</u>	<u>1,526,755</u>

13. Comparatives

Certain prior year/period comparatives have been reclassified to conform to the current period's presentation.