
SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
(UN – AUDITED)
30 June 2016

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 Six-month period ended 30 June 2016.

Financial Highlights

The Group has reported a profit of AED 257.0 million for the Six-month period ended 30 June 2016 compared to AED 204.6 million for the corresponding prior year period, an increase of 25.6%.

Compared to December 2015, total assets decreased by AED 41.4 million to reach AED 29.8 billion, decrease of 0.1%, financing receivables and ijarah receivable decreased by 3.1% (AED 512.8 million) to reach AED 15.8 billion and customer deposits experienced a growth of 3.1 % (AED 526.3 million) to reach AED 17.5 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

14 July 2016



KPMG Lower Gulf Limited
Level 13, Boulevard Plaza Tower One
Mohammed Bin Rashid Boulevard
P.O.Box 3800
Downtown Dubai
United Arab Emirates
Tel. +971 (4) 403 0300
Fax +971 (4) 330 1515
www.ae-kpmg.com

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 30 June 2016;
- the condensed consolidated interim statement of profit or loss for the three-month and six-month period ended 30 June 2016;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month period ended 30 June 2016;
- the condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2016;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2016; and
- notes to the condensed consolidated interim financial information.

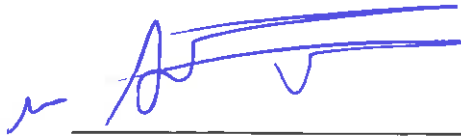
Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our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

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2016
(Currency: Thousands of U.A.E Dirhams)

	30 June 2016 <u>Un-audited</u>	31 December 2015 <u>Audited</u>
Assets		
Cash and balances with banks and financial institutions	2,113,208	2,602,045
International murabaha and wakalah with financial institutions	4,289,720	4,315,697
Financing receivables	5,974,132	5,735,334
Ijarah receivables	9,862,316	10,613,873
Investment securities	3,518,990	2,364,160
Investment properties	1,865,017	1,811,784
Properties held-for-sale	568,929	652,965
Other assets	714,949	845,947
Property and equipment	934,011	940,888
Total assets	29,841,272	29,882,693
Liabilities		
Customers deposits	17,479,356	16,953,018
Due to banks	3,022,019	2,046,372
Sukuk payable	3,666,499	5,133,860
Other liabilities	891,913	966,695
Zakat payable	48,700	78,347
Total liabilities	25,108,487	25,178,292
Shareholders' equity		
Share capital	2,425,500	2,425,500
Legal reserve	1,330,626	1,330,626
General regulatory reserve (note 4)	140,000	-
Statutory reserve	89,008	89,008
Fair value reserve	(12,693)	(31,867)
Retained earnings	760,344	891,134
Total shareholders' equity	4,732,785	4,704,401
Total liabilities and shareholders' equity	29,841,272	29,882,693

These condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 14 July 2016.


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 SIX-MONTH PERIOD ENDED 30 June 2016 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2016	2015	2016	2015
Income from murabaha and leasing	204,518	208,183	417,266	405,012
Profit expense on Sukuks	(38,148)	(44,976)	(83,113)	(78,676)
Investment, fees, commission and other income	159,421	82,983	314,148	159,344
Income from subsidiaries	4,790	6,739	14,334	16,083
Total income	330,581	252,929	662,635	501,763
General and administrative expenses	(114,258)	(107,348)	(227,086)	(214,704)
Net operating income	216,323	145,581	435,549	287,059
Provisions - net of recoveries	(40,624)	(15,350)	(84,412)	(19,567)
Profit before distribution to depositors	175,699	130,231	351,137	267,492
Distribution to depositors	(50,113)	(32,543)	(94,127)	(62,906)
Profit for the period	125,586	97,688	257,010	204,586
(Attributable to the shareholders of the Bank)				
Earnings per share (U.A.E. Dirhams)	0.05	0.04	0.10	0.08

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 SIX-MONTH PERIOD ENDED 30 June 2016 (Un- audited)

(Currency: Thousands of U.A.E. Dirhams)

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2016	2015	2016	2015
Profit for the period	125,586	97,688	257,010	204,586
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Net change in fair value reserve	(687)	34,435	19,174	29,986
Total comprehensive income for the period	124,899	132,123	276,184	234,572

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 SIX-MONTH PERIOD ENDED 30 June 2016 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	six month period ended 30 June 2016 Un-audited	six month period ended 30 June 2015 Un-audited
Cash flows from operating activities		
Profit for the period	257,010	204,586
Adjustments for:		
- Depreciation	16,402	16,038
- Amortisation of sukuk issuance costs	2,211	1,868
- Provision on financing and Ijarah receivable	54,390	19,567
- Provision for impairment on investment securities	6,402	-
- Provision on subsidiaries	23,620	-
Operating profit before changes in operating assets and liabilities	360,035	242,059
Changes in:		
- Reserve with Central Bank	(135,677)	(180,416)
- International murabaha and wakalah with financial institutions	(149,621)	(987,194)
- Financing receivables and Ijarah receivable	458,369	(1,480,565)
- Other assets, net	107,378	100,485
- Customers' deposits	526,338	685,374
- Due to banks	975,647	(620,033)
- Zakat payable	(29,647)	(50,356)
- Other liabilities	(80,032)	(19,503)
Net cash flows from / (used in) operating activities	2,032,790	(2,310,149)
Cash flows from investing activities		
Properties and equipment – net	(9,525)	(16,634)
Change in investment properties	(53,233)	(8,631)
Change in properties held-for-sale	84,036	(137,583)
Investment securities	(1,142,058)	(636,133)
Net cash flows used in investing activities	(1,120,780)	(798,981)
Cash flows from financing activities:		
(Repayment) / Proceeds of Sukuk	(1,469,572)	1,831,397
Cash dividend	(242,550)	(242,550)
Net cash (used in) / from financing activities	(1,712,122)	1,588,847
Net decrease in cash and cash equivalents	(800,112)	(1,520,283)
Cash and cash equivalents at the beginning of the period	4,299,039	4,710,912
Cash and cash equivalents at the end of the period	3,498,927	3,190,629
Cash and cash equivalents comprise of:		
Cash and balances with banks and financial institutions	669,161	358,576
International murabaha and wakalah with financial institutions	2,829,766	2,832,053
	3,498,927	3,190,629

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 SIX-MONTH PERIOD ENDED 30 June 2016 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

	ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK						
	Share capital	Legal reserves	General regulatory reserve	Statutory reserves	Fair value reserve	Retained earnings	Total shareholders' equity
As at 1 January 2015	2,425,500	1,330,626	-	89,008	(68,698)	811,956	4,588,392
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	204,586	204,586
Other comprehensive income							
Net change in fair value reserve	-	-	-	-	29,986	-	29,986
Total comprehensive income for the period	-	-	-	-	29,986	204,586	234,572
Transactions with owners recorded directly in equity							
Fair value adjustment	-	-	-	-	27,547	(28,833)	(1,286)
Dividends paid	-	-	-	-	-	(242,550)	(242,550)
Board of directors' fees - paid	-	-	-	-	-	(3,500)	(3,500)
Total transactions with owners	-	-	-	-	27,547	(274,883)	(247,336)
As at 30 June 2015	2,425,500	1,330,626	-	89,008	(11,165)	741,659	4,575,628
As at 1 January 2016	2,425,500	1,330,626	-	89,008	(31,867)	891,134	4,704,401
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	257,010	257,010
Other comprehensive income							
Net change in fair value reserve	-	-	-	-	19,174	-	19,174
Total comprehensive income for the period	-	-	-	-	19,174	257,010	276,184
Transactions with owners recorded directly in equity							
Dividends paid	-	-	-	-	-	(242,550)	(242,550)
Transfer to general regulatory reserve (Note 4)	-	-	140,000	-	-	(140,000)	-
Board of directors' fees - paid	-	-	-	-	-	(5,250)	(5,250)
Total transactions with owners	-	-	140,000	-	-	(387,800)	(247,800)
As at 30 June 2016	2,425,500	1,330,626	140,000	89,008	(12,693)	760,344	4,732,785

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 SIX-MONTH PERIOD ENDED 30 June 2016 (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 31 branches (2015: 31 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 June 2002 (“the transformation date”). As a result the Bank transformed its conventional banking products into Islamic banking products during the Six-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 (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 2015.

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 SIX-MONTH PERIOD ENDED 30 June 2016 (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 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 consolidated financial statements as at and for the year ended 31 December 2015.

e) Financial risk management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2015.

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 consolidated financial statements as at and for the year ended 31 December 2015 except for the adoption of new IFRSs which became effective for the period beginning 1 January 2016.

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.

4. General regulatory reserve

The Bank has created a non-distributable credit risk special reserve as "general regulatory reserve". The reserve is maintained at least at 1.5% of the credit risk weighted assets, excluding credit risk weighted assets on financing receivables, at the end of each reporting period in accordance with the guidelines of UAE Central Bank.

5. 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.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 June 2016 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

5. Segment reporting (continued)

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 of the Bank, 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.

Consolidated statement of profit or loss: For the Six-month period ended 30 June 2016 (un-audited)	Corporate and Government	Retail	Investment and treasury	Hospitality and brokerage	Total
Income from murabaha and leasing	246,962	120,029	50,275	-	417,266
Profit expense on sukuk	-	-	(83,113)	-	(83,113)
Investment, fees, commission and other income *	50,615	33,972	224,223	-	308,810
Income for subsidiaries	-	-	-	14,334	14,334
Unallocated income	-	-	-	-	5,338
Total income	297,577	154,001	191,385	14,334	662,635
General and administrative expenses	-	-	-	(14,728)	(14,728)
General and administrative expenses- unallocated	-	-	-	-	(212,358)
Net operating income	297,577	154,001	191,385	(394)	435,549
Provisions - net of recoveries	(42,579)	(11,811)	(6,402)	(23,620)	(84,412)
Profit before distribution to depositors	301,959	95,390	184,983	(24,175)	351,137
Distribution to depositors	(65,592)	(23,616)	(4,919)	-	(94,127)
Profit for the period	236,367	71,774	180,064	(24,175)	257,010

**Consolidated statement of financial position:
As at 30 June 2016 (un-audited)**

Assets					
Segment assets	13,738,750	2,367,860	12,216,342	656,761	28,979,713
Unallocated assets	-	-	-	-	861,559
Total assets	13,738,750	2,367,860	12,216,342	656,761	29,841,272
Liabilities					
Segment liabilities	9,903,192	7,761,716	6,688,519	45,204	24,398,631
Unallocated liabilities	-	-	-	-	709,856
Total liabilities	9,903,192	7,761,716	6,688,519	45,204	25,108,487

* Investment and treasury includes income of AED 124.4 million (30 June 2015: AED 1.1 million) from sale of certain units of property held for sale.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 June 2016 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

5. Segment reporting (continued)

	Corporate and Government	Retail	Investment and treasury	Hospitality and brokerage	Total
Consolidated statement of profit or loss:					
For the Six-month period ended 30 June 2015:					
Income from murabaha and leasing	186,888	176,414	41,710	-	405,012
Profit paid on sukuk	-	-	(78,676)	-	(78,676)
Investment, fees, commission and other income	42,540	35,735	79,378	-	157,653
Income for subsidiaries	-	-	-	16,083	16,083
Unallocated income	-	-	-	-	1,691
Total income	229,428	212,149	42,412	16,083	501,763
General and administrative expenses	-	-	-	(16,046)	(16,046)
General and administrative expenses – unallocated	-	-	-	-	(198,658)
Net operating income	229,428	212,149	42,412	37	287,059
Provisions- net of recoveries	(11,342)	(9,749)	86	1,438	(19,567)
Profit before distribution to depositors	218,086	202,400	42,498	1,475	267,492
Distribution to depositors	(40,476)	(21,539)	(891)	-	(62,906)
Profit for the period	177,610	180,861	41,607	1,475	204,586
Consolidated statement of financial position:					
As at 31 December 2015 :					
Assets					
Segment assets	13,913,952	2,660,045	11,654,033	669,085	28,897,115
Unallocated assets	-	-	-	-	985,578
Total assets	13,913,952	2,660,045	11,654,033	669,085	29,882,693
Liabilities					
Segment liabilities	9,946,154	7,222,566	7,180,232	65,856	24,414,808
Unallocated liabilities	-	-	-	-	763,484
Total liabilities	9,946,154	7,222,566	7,180,232	65,856	25,178,292

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 June 2016 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

6. 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:

	30 June 2016 Un-audited	31 December 2015 Audited
Condensed consolidated interim statement of financial position		
Government of Sharjah financing receivables	2,377,000	2,377,000
Government departments and authorities financing receivables	2,225,523	2,910,215
Other financing receivables and investing activities	836,997	821,097
Government of Sharjah deposits	346,571	51,849
Government department and authorities deposits	2,137,360	2,007,947
Other deposits	245,932	562,141
Contingent liabilities	147,169	154,851
	30 June 2016 Un-audited	30 June 2015 Un-audited
Condensed consolidated interim statement of profit or loss		
Income from financing and investing activities	106,619	127,915
Depositors' share of profit	16,459	5,262

Key management compensation includes salaries and other short term benefits of AED 10.8 million for the period ended 30 June 2016 (30 June 2015: AED 5.4 million) and post-employment benefits of AED 0.9 million for the period ended 30 June 2016 (30 June 2015: AED 0.6 million).

7. 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 30 June 2016 (Un-audited)				
Financial assets				
FVTPL – investment securities	73,230	-	483	73,713
FVTOCI – investment securities	904,853	-	200,290	1,105,143
	978,083	-	200,773	1,178,856
Non-financial assets				
Investment properties at fair value	-	-	1,865,017	1,865,017

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 June 2016 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

7. Fair Value Measurement (continued)

	Level 1	Level 2	Level 3	Total
At 31 December 2015 (Audited)				
Financial assets				
FVTPL – investment securities	41,284	-	551	41,835
FVTOCI – investment securities	665,433	-	200,155	865,588
	<u>706,717</u>	<u>-</u>	<u>200,706</u>	<u>907,423</u>
Non-financial assets				
Investment properties at fair value	<u>-</u>	<u>-</u>	<u>1,811,784</u>	<u>1,811,784</u>

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, except as detailed in the above table.

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:

	30 June 2016		31 December 2015	
	FVTPL	FVTOCI	FVTPL	FVTOCI
Financial assets				
Balance as at 1 January	551	200,155	2,364	102,899
Fair value movement	(68)	135	(1,910)	(1,444)
Addition	-	-	97	99,831
Disposals	-	-	-	(1,131)
Closing balance	<u>483</u>	<u>200,290</u>	<u>551</u>	<u>200,155</u>
Non-financial assets				
			<u>30 June 2016</u>	<u>31 December 2015</u>
Balance at the beginning of the period			1,811,784	445,490
Additions			56,333	68,432
Transfer from held-for-sale			-	972,739
Transfer to held-for-sale			-	(984)
Disposal			(3,100)	(11,838)
Revaluation gain			-	337,945
Balance at the closing of the period			<u>1,865,017</u>	<u>1,811,784</u>

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 consolidated financial statements as at and for the year ended 31 December 2015.

SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 June 2016 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

8. Properties held-for-sale

These are properties which have been acquired for the purpose of sale after re-development and are stated at the lower of cost or net realisable value.

9. Geographical distribution

	30 June 2016 <u>Un-audited</u>	31 December 2015 <u>Audited</u>
a) Investment securities by geographical distribution		
Financial assets at fair value through profit or loss		
- Domestic	11,157	11,265
- International	62,556	30,570
	<u>73,713</u>	<u>41,835</u>
Financial assets at fair value through other comprehensive income		
- Domestic	995,638	756,227
- International	109,505	109,361
	<u>1,105,143</u>	<u>865,588</u>
Financial assets measured at amortised cost		
- Domestic	1,107,446	1,026,991
- International	1,232,688	429,746
	<u>2,340,134</u>	<u>1,456,737</u>
Total investment securities	<u>3,518,990</u>	<u>2,364,160</u>
b) Investment properties (domestic)	<u>1,865,017</u>	<u>1,811,784</u>
c) Properties held-for-sale (domestic)	<u>568,929</u>	<u>652,965</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 SIX-MONTH PERIOD ENDED 30 June 2016 (Un- audited)
(Currency: Thousands of U.A.E. Dirhams)

11. Dividends

During the annual general meeting of the shareholder's held on 27 February 2016 the shareholder's approved a dividend of AED 242.5 million for the year ended 31 December 2015 (2014: AED 242.5 million on meeting held on 28 February 2015 for the year ended 2014).

12. Contingencies and commitments

Following are the contingencies and commitments:

	30 June 2016 <u>Un-audited</u>	31 December 2015 <u>Audited</u>
Letter of credit	171,950	216,283
Letter of Guarantee	<u>1,398,036</u>	<u>1,408,317</u>

13. Comparatives

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