



مصرف الشارقة الإسلامي
Sharjah Islamic Bank

Management Report

30 September 2022

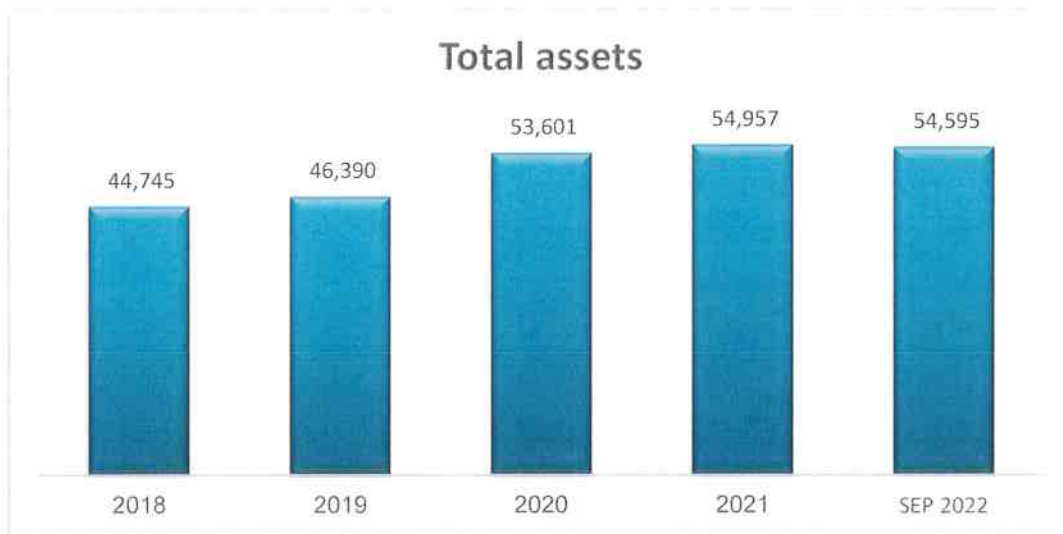
Financial Review

Sharjah Islamic Bank PJSC achieved a net profit of AED 568.6 million for the period ended 30 September 2022 , an increase of 24.1%, whereas, total assets decreased by 0.7% or AED 361.9 million and reached AED 54.6 billion.

Sharjah Islamic Bank (SIB) recorded an increase of 24.1% in the net profits amounting AED 568.6 million for the period ended 30 September 2022 compared to AED 458.0 million for the same period 2021.

The Bank's total assets as at 30 September 2022 decreased from the year end 2021 level and were valued at AED 54.6 billion, a slight decrease of 0.7%.

Bank's liquid assets stand at a strong level of 21.5% as at 30 September 2022.



Key highlights:

- Net profit for the period ended 30 September 2022 reached to AED 568.6 million as compared to AED 458.0 million for the same period ended 30 September 2021. The Group has reported an increase of 24.1% in the net profit.
- Total operating income for the nine months period ended 30 September 2022 reached at AED 1.2 billion as against AED 1.1 billion in the same period ended 30 September 2021, an increase of 8.7% or AED 92.1 million.
- Net operating income before impairment of financial asset, increased by 11.9% reaching to AED 730.3 million as compared to AED 652.9 million in similar period of 2021.
- Impairment on financial assets - net of recoveries were reported at AED 161.7 million for the period end 30 September 2022. The provision is in line with the SIB's prudent credit management approach.
- Cost to income ratio dropped from 40.4% for the year end 31 December 2021 to 36.5% (annualized) for the period ended 30 September 2022.
- Total assets of the Group reached to AED 54.6 billion as at 30 September 2022, a decrease of 0.7% or AED 361.9 million from year ended 2021.
- Investment in Islamic financing reached AED 30.6 billion as at 30 September 2022, with an increase of AED 1.6 billion or 5.5% from year ended 2021 level.
- Liquid assets now contribute 21.5% of the total assets, amounting to AED 11.7 billion as at 30 September 2022, compared to 26.1% for the year ended 2021.
- Investment securities measured at fair value increased by 61.2% to reach AED 3.0 billion as at 30 September 2022 as compared to AED 1.87 billion for the year 2021.
- Investment securities measured at amortised cost decreased by 11.7% to reach AED 3.94 billion as at 30 September 2022 as compared to AED 4.5 billion for the year ended 2021.
- Customer deposits stands at AED 36.1 billion as at 30 September 2022.
- NPL ratio stands at 6.18%, and coverage ratio at 78.9% as at 30 September 2022.
- Capital adequacy ratio stands at 20.57% at the 30 September 2022.
- Advances to deposit ratio reached at 84.7% as at 30 September 2022.
- Earnings per share stands at AED 0.18/share for the period ended 30 September 2022 comparing with AED 0.15/share at the same period last year.
- Annualized return on average assets for the nine months period ended 30 September 2022 stands at 1.38% compared to 0.95% at the yearend 2021.
- Annualized return on average equity for the period ended 30 September 2022 stand at 9.89% compared to 6.7% at the yearend 2021.



Statement of financial position:

SIB has long been prudent in advancing Islamic financing, preferring stable returns over risky assets and thus safeguarding the long term interest of all stakeholders. Following are the movements in the statement of financial position of the Bank as at 30 September 2022:

Total assets of Sharjah Islamic Bank reached at AED 54.6 billion as at 30 September 2022, comparing with AED 55.0 billion as at 31 December 2021, a decrease of AED 361.9 million or 0.7%.

Liquid assets:

Liquid assets stand at AED 11.7 billion or 21.5% of the total assets as at 30 September 2022 compared to AED 14.3 billion or 26.1% at the end of year 2021.

Investment in Islamic financing:

Net investment in Islamic financing of the Bank amounts to AED 30.6 billion as at 30 September 2022, an increase of 5.5% or AED 1.6 billion compared to the year ended 31 December 2021. Investment in Islamic financing to customer deposits ratio stands at strong 84.7% and in line with Bank's strategic objectives.

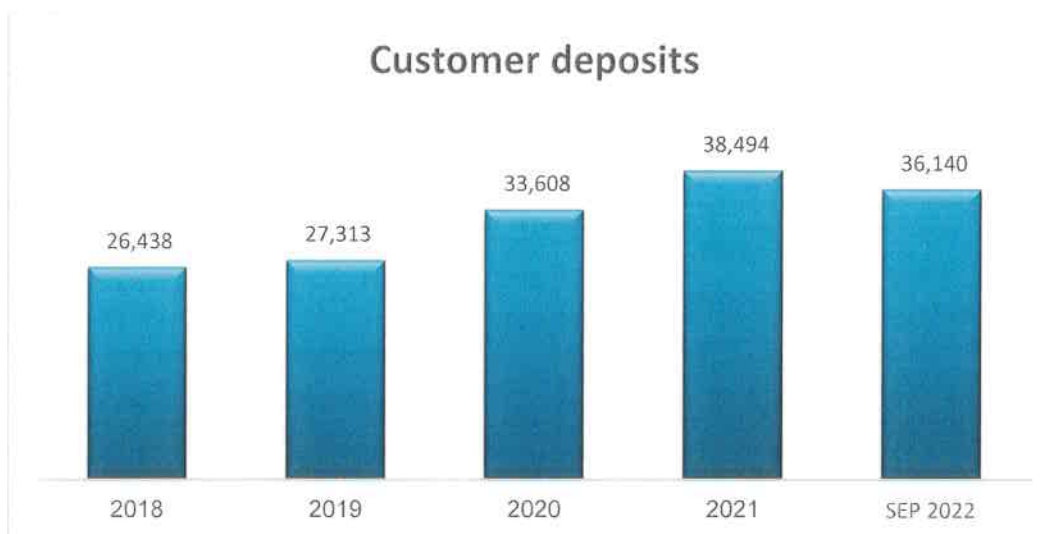
Investment securities:

Investment securities measured at fair value increased by 61.2% to reach AED 3.0 billion as at 30 September 2022 as compared to AED 1.9 billion as at 31 December 2021.

Investment securities measured at amortised cost decreased by 11.7% to reach AED 3.9 billion as at 30 September 2022 as compared to AED 4.5 billion as at the year ended 2021.

Customer deposits:

Sharjah Islamic Bank's customer deposits stands at 36.1 decreased by 6.1% or by AED 2.3 billion as at 30 September 2022 compared to AED 38.5 billion as at the year ended 2021. The decline is presumed to be short term as the profit rates are continuously increasing to result in strong deposit growth by the end of 2022.



Due to banks:

Balance due to banks increased by AED 1.8 billion and stood at AED 6.1 billion at the end of 30 September 2022 as against AED 4.2 billion as at year end 2021.

Shareholders' equity:

Sharjah Islamic Bank is strongly capitalized. Total shareholders' equity reached to AED 7.6 billion or 14.0% of total assets.

Asset quality:

NPL ratio of the Bank stands at 6.18% as at 30 September 2022 owing to prudent management overlays and stringent risk management policies.

Coverage ratio now stands at the 78.9 % as at 30 September 2022.

Income Statement:

Sharjah Islamic Bank posted a net profit of AED 568.6 million for the period ended 30 September 2022, compared to AED 458.0 million for the similar period ended 2021, an increase of 24.1%.

Net operating income for the nine months period ended 30 September 2022 reached at AED 730.3 million as against AED 652.9 million in the same period ended 2021, a material increase of 11.9% or AED 77.4 million.

Main highlights of the income statement are:

The distribution to depositors and sukuk holders reached AED 484.6 million for the period ended 30 September 2022 compared to AED 437.8 million for the same period 2021; an increase of 10.7%. Profit is allocated for payment to depositors. These profit allocations represent the depositors' share of the Groups' net operating profits based on the profit sharing mechanism between shareholders and depositors as approved by SIB's Shari'a Board.



Net fees and commission income reached AED 136.7 million for the period ended 30 September 2022, compared to AED 144.5 million for the period ended 30 September 2021, with a decrease of AED 7.7 million or 5.4%.

Net investment, foreign exchange and other income is reported as AED 129.1 million for the nine month period ended 30 September 2022 compared to AED 102.0 million for the same period in 2021, a material increase of 26.5%.



On the expenses side, general and administration expenses reached AED 420.5 million for period ended 30 September 2022 compared to AED 405.9 million for the similar period ended 2021, an increase of 3.6%.

Impairment on financial assets - net of recoveries was recorded at AED 161.7 million for the period ended 30 September 2022 compared to AED 194.8 million for period ended 30 September 2021.

Return on average shareholders' equity (ROAE) reached 9.89% (annualized) as at 30 September 2022 compared to 6.70% for the year ended 31 December 2021.

Return on average assets (ROAA) reached 1.38% (annualized) as at 30 September 2022 compared to 0.95% for the year ended 31 December 2021.

Summary of key figures and performance ratios

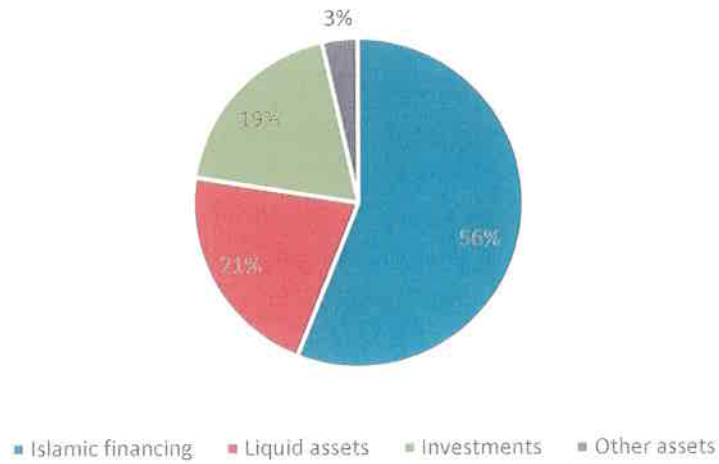
<i>(Figures in AED Millions)</i>	2017	2018	2019	2020	2021	September 2022
Total Assets	38,288	44,746	46,390	53,601	54,956	54,595
Net Investment in Islamic financings	21,707	24,124	25,143	29,269	29,009	30,612
Customer Deposits	22,318	26,438	27,313	32,608	38,494	36,140
Total Shareholders' Equity	5,519	5,446	7,529	7,645	7,695	7,644
Return on Average Assets*	1.33%	1.23%	1.20%	0.81%	0.95%	1.38%
Return on Average Equity*	9.21%	9.36%	8.45%	5.35%	6.70%	9.89%
Equity to Total Assets	14.41%	12.04%	16.23%	14.27%	14.00%	14.00%
Leverage of Total Capital (Times)	5.94	7.31	5.16	6.01	6.14	6.14

*Annualized

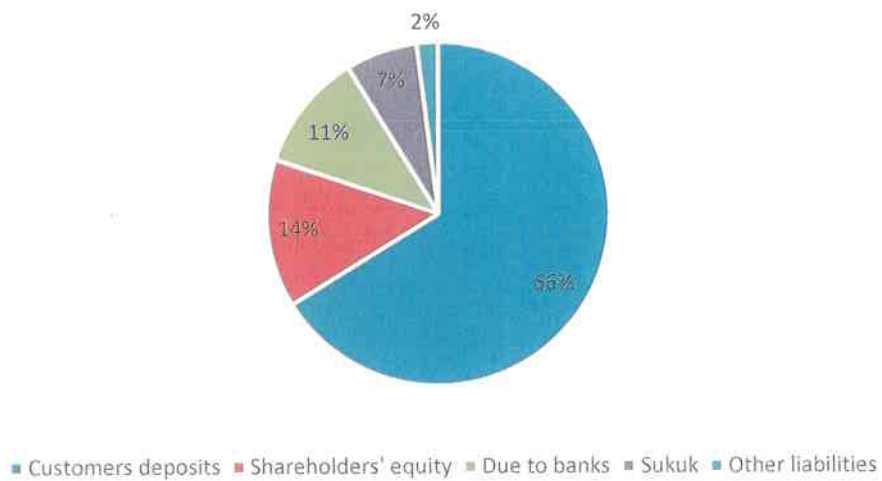



Assets and Liabilities Structure

SIB Asset Structure



SIB Liabilities structure




Mohamed El Bahi
Head of Finance