



مصرف التارقة الإسلامية
Sharjah Islamic Bank

Management Report

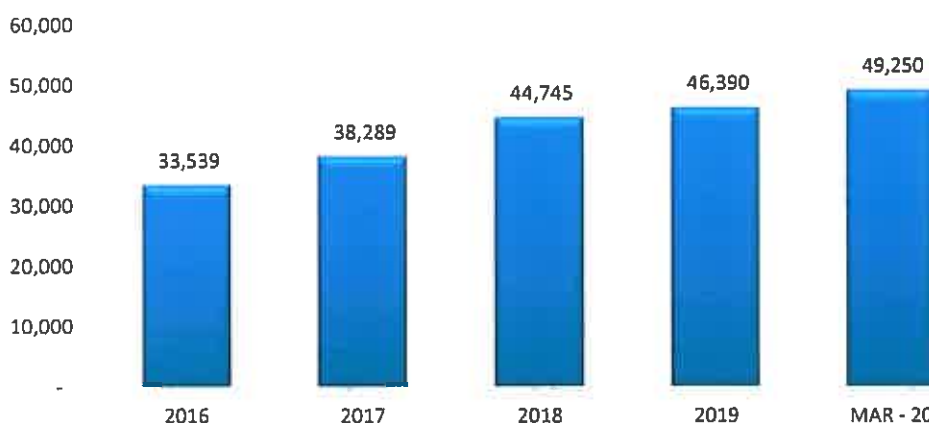
31 MAR 2020 – 1ST Quarter

Financial Review

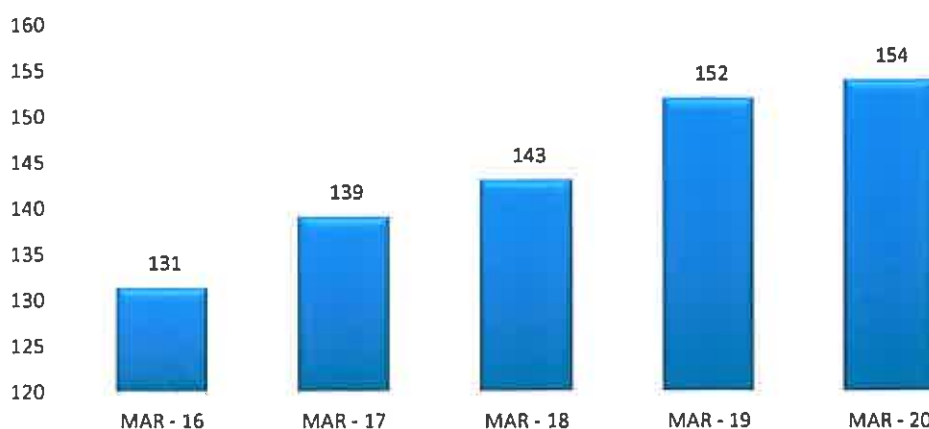
Sharjah Islamic Bank PJSC achieved a net profit of AED 153.7 million for the first quarter of 2020, an increase of 1.3%, whereas, total assets reached AED 49.3 billion.

Despite of the global tough economic conditions and the spread of Covis-19 Sharjah Islamic Bank (SIB) continued its achievements and growth, successfully overcoming all the challenges affecting the regional economy. SIB achieved its performance through its continual focus over core banking operations resulting in profit of AED 153.7 million in the first quarter of 2020 compared to AED 151.7 million in the same period in 2019; an increase of 1.3%. Total assets at 31 March 2020 increased from the 2019 year end level and were valued at AED 49.3 billion, an increase of 6.2%.

Total assets



Net Profit



Key highlights:

- Net profit for the first quarter of 2020 is up by 1.3% reaching a mark of AED 153.7 million as compared to AED 151.7 million for the same period 2019.
- Net operating income decreased by a mere 2.3% reaching AED 321.8 million as compared to AED 329.2 million in 2019, owing to the continuous decline in market profit rates.
- Provision expenses – net of recoveries increased from AED 0.7 million in first quarter of 2019 to AED 13.5 million for the same period 2020. The increase in provision is in line with the SIB's reassessed scenario to reflect the impact of current uncertainty in measuring ECLs due to COVID-19.
- Cost to income ratio dropped from 30.3% in 2019 to 29.6% in the first quarter of 2020.
- Total assets of the Group reached at AED 49.3 billion as at 31 March 2020, with increase of 6.2%.
- Liquid assets now contribute 19.8% of the total assets, amounting to AED 9.7 billion as at end of 1st quarter 2020.
- Customer receivable reached AED 28.2 billion as at 31 March 2020 with an increase of 12.2%
- Investment securities increased by 8.2% to reach AED 6.3 billion as compared to AED 5.8 billion as at 31 December 2019.
- Customer deposits reached at AED 31.5 billion as at 31 March 2020, with increase of 15.3 % from the year end 2019.
- NPL ratio now stands at 5.0%. The Group's coverage ratio stands at 91.6 % as at 31 March 2020.
- Capital adequacy ratio stands at 21.11% at the end of 1st quarter 2020.
- Advances to deposit ratio stands at 89.6% as at end of 1st quarter 2020.
- Earnings per share stands at AED 0.05 / share for the 1st quarter 2020, similar to EPS as at the 1st quarter 2019.
- Return on average assets for the period stands at 1.29%.
- Return on average equity is computed to 8.23%.
- In response to the COVID-19 outbreak, the Group has identified vulnerable sectors that are significantly impacted by this stressed situation, and reviews are being conducted on a more frequent basis. All in all, the management has concluded that there has not been a significant increase in credit risk in the overall financing portfolio.



Statement of financial position:

SIB has been successfully pursuing a strategy of stable growth in both profitability and financial position, which is reflected in the figures below:

Total assets of Sharjah Islamic Bank reached at AED 49.3 billion.

The following are the main highlights that occurred on the statement of financial position:

Liquid assets:

Liquid assets stand at AED 9.7 billion or 19.8% of the statement of financial position at the end of 1st quarter compared to AED 10.4 billion or 22.4% at the end of December 2019.

Customer financing:

Net Customer financing of the Group amounted to AED 28.2 billion as at end of 1st quarter 2020, an increase of 12.2% or AED 3.0 billion compared to the year ended 2019. The Bank continued to improve its Customer financing book, equally across corporate and retail sectors, maintaining the concentration in all sectors of the industry. The Group have also considered the impact of current scenario caused by COVID-19 and is keeping an eye on the changes caused by COVID-19 in the foreseeable future.

Customer financing to customer deposits stands at strong 89.6% and in line with management's strategic objectives.

Investment securities:

Investment securities increased by 8.2% to reach AED 6.3 billion at the end of 1st quarter 2020 compared to AED 5.8 billion at the end of December 2019.

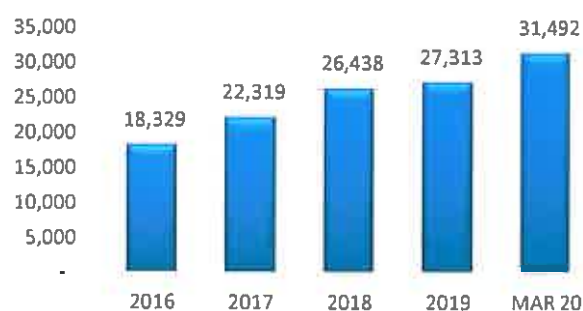
Customer deposits:

Sharjah Islamic Bank's customer deposits reached at AED 31.5 billion for the 1st quarter 2020 compared to AED 27.3 billion at the end of 2019 with an increase of 15.3%

Due to banks:

Balance due to banks increased by 13.1% to reach AED 5.8 billion at the end of 1st quarter 2020 compare to AED 5.1 billion at the end of December 2019, in line with Group's efficient liquidity management policies.

Customer deposits



Sukuk payable:

Sukuk payable reached AED 3.7 billion as of end of the first quarter decreased by AED 1.8 billion or 33.4% compared to AED 5.5 billion at the end of 2019, due to settlement of USD 500 million during the first quarter.

Shareholders' equity:

Sharjah Islamic Bank is strongly capitalized. Total shareholders' equity reached to AED 7.4 billion or 15.1 % of total assets.

Asset quality:

NPL ratio of the Bank stands at 5.0 % as at 31 March 2020. Banks prudent approach to provisions and improvements in NPLs has resulted in significantly improved coverage ratio for the Bank. Coverage ratio now stands at the level of 91.6 % as at 31 March 2020.

Income Statement:

Sharjah Islamic Bank posted a net profit of AED 153.7 million for the first quarter of 2020, compared to AED 151.7 million for the first quarter of 2019, an increase of 1.3%.

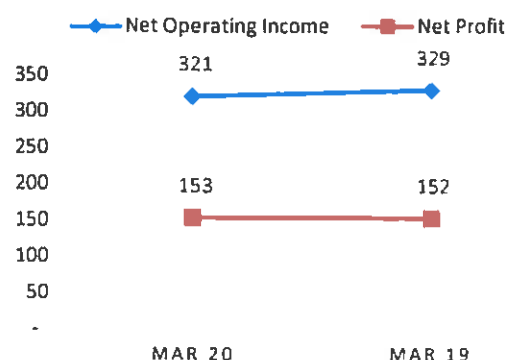
Net operating income reached AED 321.8 for the first quarter 2020 compared to AED 329.2 million for the first quarter 2019, a mere decrease of 2.3%.

Main highlights of the income statement are:

Income from Islamic financing reached AED 423.9 million for the first quarter of 2020, as compared to AED 438.5 million in the same period of 2019; a decrease of AED 14.6 million or 3.3%.

Distributions made to sukuk holders were AED 45.6 million in the first quarter of 2020 compared to AED 47.6 million in the same period of 2019; a decrease of AED 2.1 million or 4.3% owing to declining market profit rates.

Investment, fees, commission and other income reached AED 57.3 million for the first quarter of 2020, compared to AED 61.2 million for the same period of 2019 with a decrease of AED 3.9 million or 6.4%.



Income from subsidiary reached AED 21.2 million for the first quarter of 2020 compared to AED 20.0 million for the same period of 2019, an increase of AED 1.2 million or 5.8%.

On the expenses side, general and administration expenses reached AED 135.0 million for the first quarter of 2020 compared to AED 142.9 million for the same period of 2019, a decrease of 5.5%.

Provision-net of recoveries reached AED 13.5 million for the first quarter of 2020 compared to AED 0.7 million for the same period due to prudent approach taken on account of COVID-19.

Profits allocated and distributed to depositors reached AED 154.6 million for the first quarter of 2020 compared to AED 176.8 million for the same period of 2019; a decrease of 12.6%. 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.

Return on average shareholders' equity (ROAE) reached 8.23% as at 31 March 2020 compared to 8.45% as at 31 December 2019,

Return on average assets (ROAA) reached 1.29% as at 31 March 2020 compared to 1.20% as at 31 December 2019.

Summary of key figures and performance ratios

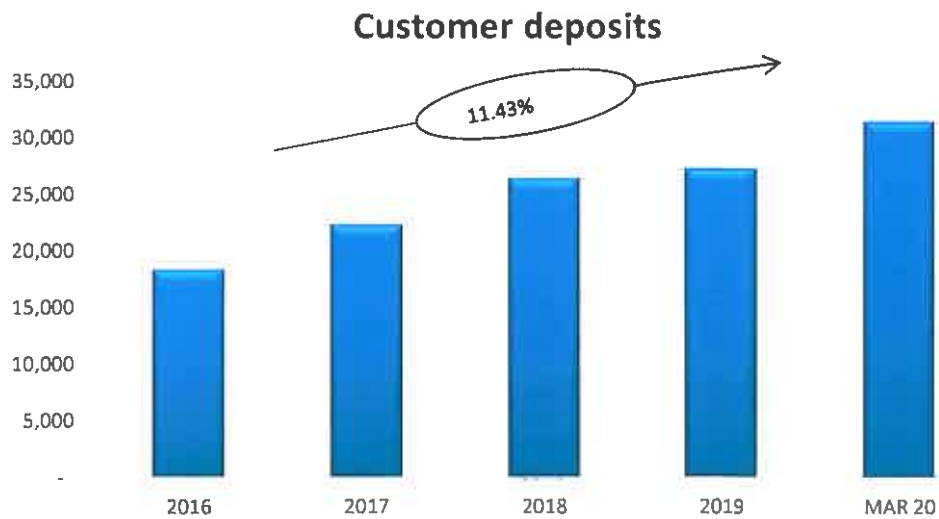
<i>(Figures in AED Millions)</i>	2015	2016	2017	2018	2019	1 st quarter 2020
Total Assets	29,883	33,539	38,288	44,746	46,390	49,250
Net Customer Receivables	16,349	17,091	21,707	24,124	25,143	28,216
Customer Deposits	16,953	26,438	22,318	26,438	27,313	31,492
Total Shareholders' Equity	4,704	4,856	5,519	5,446	7,529	7,416
Return on Average Assets	1.47%	1.46%	1.33%	1.23%	1.20%	1.29%
Return on Average Equity	8.82%	9.68%	9.21%	9.36%	8.45%	8.23%
Equity to Total Assets	15.74%	14.48%	14.41%	12.01%	16.23%	15.1%
Leverage of Total Capital (Times)	5.35	5.91	5.94	7.31	5.16	5.64

*Annualized

Total Assets, AED millions:

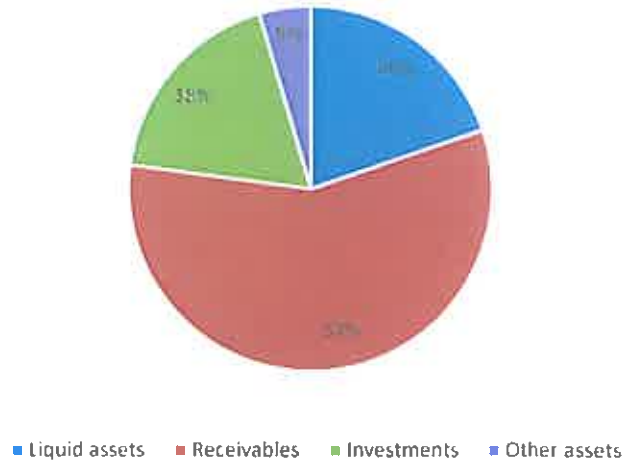


Customer Deposits, AED millions:



Assets and Liabilities Structure

SIB Asset Structure



SIB Liabilities Structure

