



مصرف الشارقة الإسلامي
Sharjah Islamic Bank

Management Report

31 March 2022

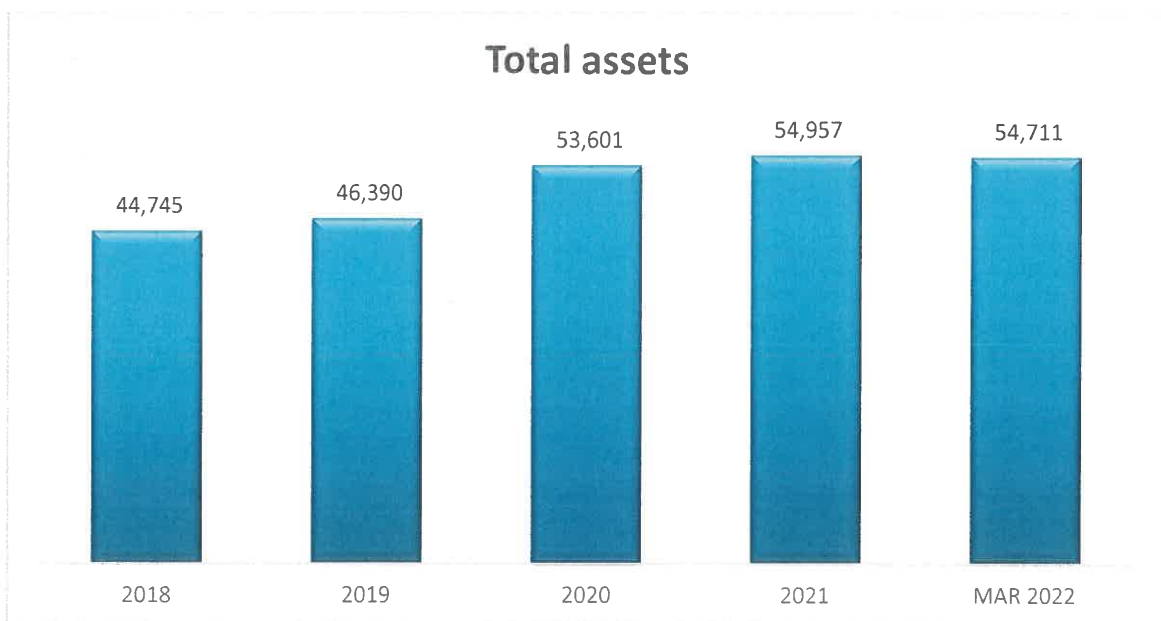
Financial Review

Sharjah Islamic Bank PJSC achieved a net profit of AED 187 million for the period ended 31 March 2022 , an increase of 13.9%, whereas, total assets decreased by 0.5% and reached at AED 54.7 billion.

Sharjah Islamic Bank (SIB) recorded an increase of 13.9% in the profit reaching at AED 187 million for the period ended 31 March 2022 compared to AED 164.2 million for the same period 2021.

The Bank's total assets at 31 March 2022 slightly decreased from the 2021 year end level and were valued at AED 54.7 billion, a decrease of 0.5%.

Bank's liquid assets stand at a strong level of 22.4% as at 31 March 2022.



Key highlights:

- Net profit for the period ended 31 March 2022 reached to AED 187.0 million as compared to AED 164.2 million for the same period ended 31 March 2021. The Group has reported an increase of 13.9% in the net profit.
- Total operating income for the first quarter reached at AED 384.3 million as against 343.6 million in the same period ended 31 March 2021, an increase of 11.8% or AED 40.7 million.
- Net operating income before impairment of financial asset, increased by 17.1% reaching to AED 248.5 million as compared to AED 212.2 million in similar period of 2021.
- Impairment on financial assets - net of recoveries were reported at AED 61.5 million for the period end 31 March 2022. The provision is in line with the SIB's prudent credit management approach.
- Cost to income ratio dropped from 40.41% for the year end 31 December 2021 to 35.3% (annualized) for the period end 31 March 2022.
- Total assets of the Group reached to AED 54.7 billion as at 31 March 2022, decrease of 0.5% from year ended 2021.
- Investment in Islamic financing reached at AED 29.9 billion as at 31 March 2022 with an increase of AED 897.1 million or 3.1% from year ended 2021 level.
- Liquid assets now contribute 22.4% of the total assets, amounting to AED 12.3 billion as at 31 March 2022 compared to 26.10% for the year ended 2021.
- Investment securities measured at fair value increased by 50.3% to reach AED 2.8 billion as at 31 March 2022 as compared to AED 1.87 billion for the year 2021.
- Investment securities measured at amortised cost decreased by 4.4% to reach AED 4.3 billion as at 31 March 2022 as compared to AED 4.5 billion for the year ended 2021.
- Customer deposits reached at AED 38.4 billion as at 31 March 2022, with a decrease of 0.2% or AED 84.6 million from the year ended 31 December 2021.
- NPL ratio stands at 4.83%, and coverage ratio at 96.82% as at 31 March 2022.
- Capital adequacy ratio stands at 19.88% at the 31 March 2022.
- Advances to deposit ratio reached at 77.9% as at 31 March 2022.
- Earnings per share stands at AED 0.06/share for the period ended 31 March 2022 comparing with 0.05/share at the same period last year.
- Annualized return on average assets for the first quarter ended 31 March 2021 stands at 1.36%.
- Annualized return on average equity for the first quarter ended 31 March 2021 is computed to 9.84%.



Statement of financial position:

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

Total assets of Sharjah Islamic Bank reached at AED 54.7 billion as at 31 March 2022, comparing with AED 55.0 billion as at 31 December 2021, a decrease of AED 245.7 million or 0.5%.

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

Liquid assets:

Liquid assets stand at AED 12.3 billion or 22.4% of the total assets as at 31 March 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 amounted to AED 29.9 billion as at 31 March 2022, an increase of 3.1% or AED 897.1 million compared to the year ended 31 December 2021. Investment in Islamic financing to customer deposits ratio stands at strong 77.9% and in line with management's strategic objectives.

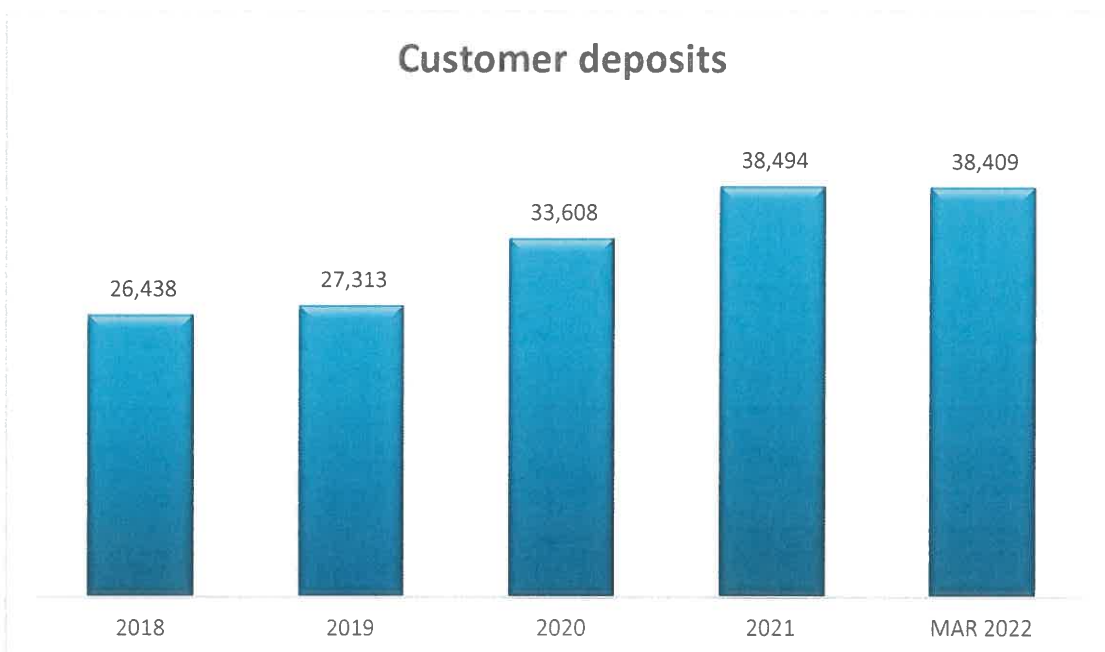
Investment securities:

Investment securities measured at fair value increased by 50.3% to reach AED 2.8 billion as at 31 March 2022 as compared to AED 1.9 billion for the year 2021.

Investment securities measured at amortised cost decreased by 4.4% to reach AED 4.3 billion as at 31 March 2022 as compared to AED 4.5 billion for the year ended 2021.

Customer deposits:

Sharjah Islamic Bank's customer deposits decreased by 0.2% or by AED 84.6 million and reached at AED 38.4 billion for the period ended 31 March 2022, compared to AED 38.5 billion at the year ended 2021.



Due to banks:

Balance due to banks decreased by AED 723.7 million and stood at AED 3.5 billion at the end of period 31 March 2022 as against AED 4.2 billion as at year end 2021, in line with Group's efficient liquidity management policies.

Shareholders' equity:

Sharjah Islamic Bank is strongly capitalized. Total shareholders' equity reached to AED 7.5 billion or 13.7% of total assets.

Asset quality:

NPL ratio of the Bank stands at 4.83% as at 31 March 2022 owing to prudent management overlays and stringent risk management policies.

Banks prudent approach to provisions and NPLs has resulted in significantly improved coverage ratio for the Bank. Coverage ratio now stands at the 96.82 % as at 31 March 2022.

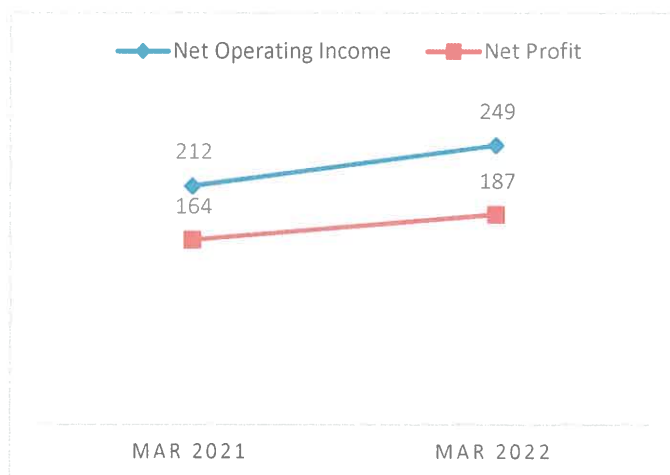
Income Statement:

Sharjah Islamic Bank posted a net profit of AED 187.0 million for the period ended 31 March 2022, compared to AED 164.2 million for the similar period ended 2021, an increase of 13.9%, despite an increase in investment in Islamic financing provision.

Total operating income for the first quarter ended 2022 reached at AED 384.3 million as against 343.6 million in the same period ended 2021, an increase of 11.8% or AED 40.7 million.

Main highlights of the income statement are:

The distribution to depositors and sukuk holders reached AED 141.6 million for the period ended 31 March 2022 compared to AED 155.6 million for the same period 2021; a decrease of 9.0%. 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 commission income reached AED 58.6 million for the period ended 31 March 2022, compared to AED 60.3 million for the period ended 31 March 2021, with a decrease of AED 1.7 million or 2.9%.

Net investment income reached AED 7.8 million for the period ended 31 March 2022, compare to AED 0.58 million for the period ended 31 March 2021, with an increase of AED 7.2 million.

Foreign exchange income reached AED 2.9 million for the period ended 31 March 2022, compare to AED 6.2 million for the period ended 31 March 2021, a decrease of AED 3.4 million.

Other income reached AED 21.3 million for period ended 31 March 2022, compare to AED 13.3 million for the period ended 31 March 2021, with an increase of AED 7.9 million.

On the expenses side, general and administration expenses reached AED 135.8 million for period ended 31 March 2022 compared to AED 131.4 million for the similar period ended 2021, an increase of 3.3%.

Impairment on financial assets - net of recoveries was recorded at AED 61.5 million for the period ended 31 March 2022 compared to AED 48.0 million for period ended 31 March 2021 with an increase of 28% .

Return on average shareholders' equity (ROAE) reached 9.84% (annualized) as at 31 March 2022 compared to 6.70% for the year ended 31 December 2021.

Return on average assets (ROAA) reached 1.36% (annualized) as at 31 March 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	MAR-2022
Total Assets	38,288	44,746	46,390	53,601	54,956	54,711
Net Investment in Islamic financings	21,707	24,124	25,143	29,269	29,009	29,906
Customer Deposits	22,318	26,438	27,313	32,608	38,494	38,409
Total Shareholders' Equity	5,519	5,446	7,529	7,645	7,695	7,513
Return on Average Assets*	1.33%	1.23%	1.20%	0.81%	0.95%	1.36%
Return on Average Equity*	9.21%	9.36%	8.45%	5.35%	6.70%	9.84%
Equity to Total Assets	14.41%	12.04%	16.23%	14.27%	16.30%	13.73%
Leverage of Total Capital (Times)	5.94	7.31	5.16	6.01	6.14	6.28

*Annualized



Assets and Liabilities Structure

