



مصرف الشارقة الإسلامي  
Sharjah Islamic Bank

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# *Management Report*

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## *2014-3rd Quarter Report*

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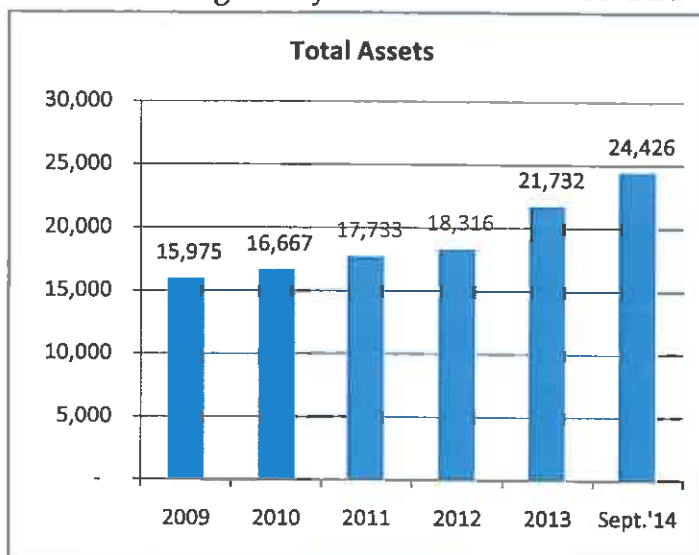
## Financial Review

Sharjah Islamic Bank achieved a net profit of AED 295.0 million and its total assets reached AED 24.4 billion by the end of September 2014. SIB has been successfully pursuing a strategy of stable growth in both profitability and financial position which is reflected in the figures below.

### **Balance Sheet:**

Total Balance Sheet of Sharjah Islamic Bank grew by 12.4% to reach AED 24.4 billion at the end of September 2014 compared to AED 21.7 billion at the end of December 2013.

The following are the main changes and highlights that occurred on the asset-side of the balance sheet:



### **Liquid Assets:**

Liquid assets reached AED 5.7 billion or 23.4% of the Balance Sheet at the end of September 2014 compared to AED 5.1 billion or 23.6% at the end of 2013.

### **Customer Receivables:**

Net customer receivables of the bank amounted to AED 13.9 billion at the end of September 2014; an increase of 11.3% or AED 1.4 billion compared to the end of December 2013.

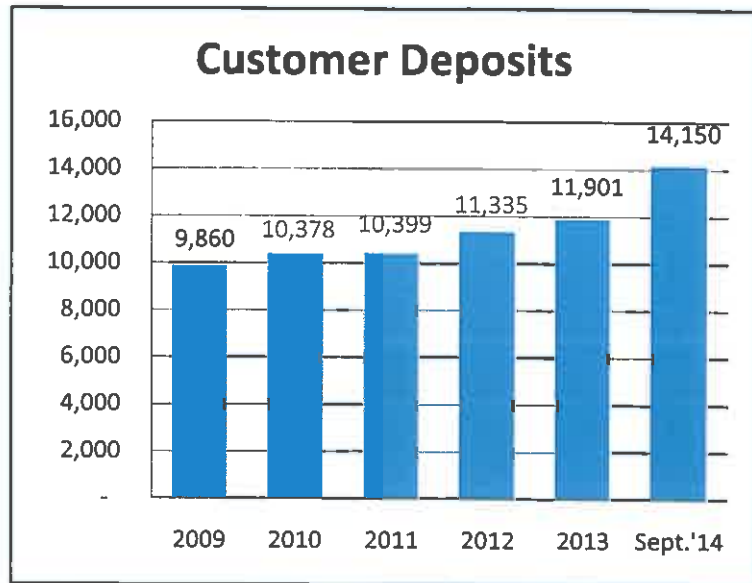
The increase in Customer Receivables reflects higher but cautious customer financing. It also reflects the changes made to the financing portfolio of the bank so as to make better use of available liquidity while being aware of the risks that are still prevalent.

### Investment Securities:

Investment securities increase by 17.3% to reach AED 1.5 billion at the end of September 2014 compared to AED 1.2 billion at the end of December 2013.

### Customer Deposits:

Sharjah Islamic Bank was successful in attracting more deposits during the 3<sup>rd</sup> quarter of the year as customer deposits reached AED 14.2 billion by the end of September 2014; growing by 2.2 billion or 18.9% compared to AED 11.9 billion at the end of 2013.



### Due to Banks:

Due to banks reached AED 1.4 billion by the end of September 2014 with an increase of AED 126.3 million or 9.7% compared to AED 1.3 billion at the end of December 2013.

### Shareholders' Equity:

Sharjah Islamic Bank is strongly capitalized. Total shareholders' equity reached AED 4.6 billion or 18.6% of total balance sheet by the end of September 2014. This strong financial position allows the bank to pursue its strategic growth objectives, maintain a strong capital adequacy ratio (25.3% by the end of September '14) and to remain structurally strong.

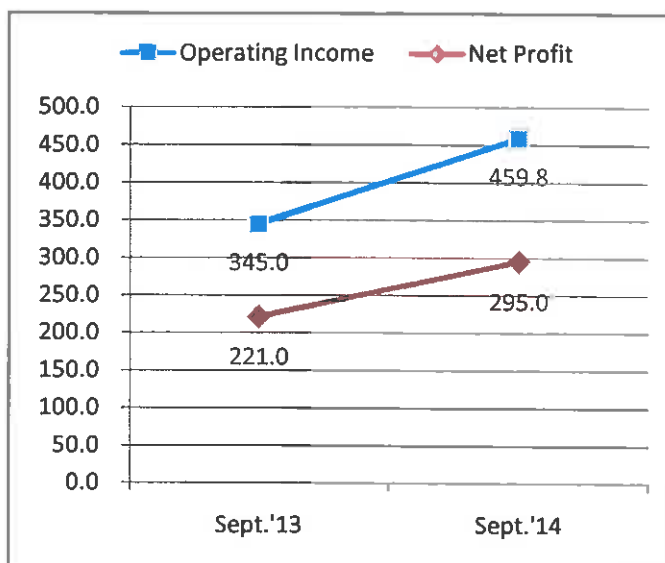
## Income Statement:

Sharjah Islamic Bank posted a Net Profit of AED 295.0 million at the end of the 3<sup>rd</sup> Quarter of 2014, compared to AED 221.0 million in the same period of 2013, an increase of 33.5%.

Net Operating Income reached AED 459.8 million by the end of September 2014 compared to AED 345.0 million in the same period 2013, an increase of 33.3%.

Other main highlights of the Income Statement are:

Income from Murabaha and Leasing reached AED 623.7 million by the end of September 2014 compared to AED 524.7 million at the same period 2013; an increase of AED 99.0 million or 18.9%.



Profit paid on Sukuk reached AED 95.0 million compared to AED 78.8 in the same period 2013; AED 16.1 million higher which was mainly due to the issuance of new Sukuk of USD 500 million in April 2013.

Fees, Commission and Other Income reached AED 199.2 million by the end of September 2014 compared to AED 148.6 million in the same period 2013, an increase of AED 50.6 million or 34.1%.

Income from subsidiary reach AED 33.7 million by end of September 2014 compared to AED 20.0 million in the same period 2013 an increase of AED 13.9 million or an 69.8%

On the expenses side, General and Administration Expenses reached AED 301.9 million by the end of September 2014 compared to AED 269.3 million in the same period 2013; an increase of AED 32.5 million or 12.1%.

Profits allocated and distributed to depositors reached AED 88.4 million by the end of September 2014 compared to AED 96.7 million in the same period 2013; a decrease of 8.5%. These profit allocations represent the depositors' share of the Bank's net operating profits based on the profit sharing mechanism between shareholders and depositors as approved by SIB's Shari'a Board.

Return (*annualized*) on Average Shareholders' Equity (ROAE) reached 8.66% by the end of the 3<sup>rd</sup> Quarter 2014 compared to 6.84% at the end of December 2013, while Return (*annualized*) on Average Assets (ROAA) was 1.7% by the end of September 2014 compared to 1.53% at the end of December 2013.

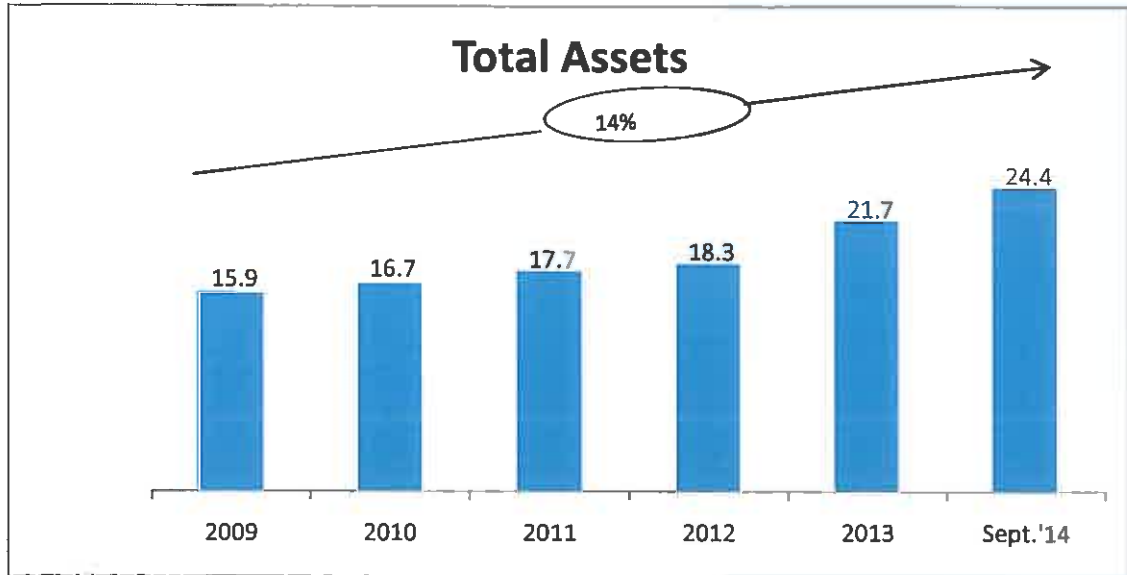
#### Summary of key figures and performance ratios

| <i>(Figures in AED Millions)</i>         |             |             |             |             |             | <b>Q3-<br/>2014</b> |
|--|-------------|-------------|-------------|-------------|-------------|---------------------|
|  | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> |                     |
| <b>Total Assets</b>                      | 15,975      | 16,667      | 17,733      | 18,316      | 21,732      | 24,425              |
| <b>Net Customer Receivables</b>          | 10,021      | 9,654       | 10,427      | 10,749      | 12,519      | 13,940              |
| <b>Customer Deposits</b>                 | 9,860       | 10,378      | 10,398      | 11,335      | 11,901      | 14,150              |
|  |             |             |             |             |             |                     |
| <b>Total Shareholders' Equity</b>        | 4,264       | 4,348       | 4,406       | 4,444       | 4,536       | 4,551               |
|  |             |             |             |             |             |                     |
| <b>Return on Average Assets</b>          | 1.65%       | 1.63%       | 1.46%       | 1.51%       | 1.53%       | 1.7%                |
|  |             |             |             |             |             |                     |
| <b>Return on Average Equity</b>          | 6.17%       | 6.19%       | 5.74%       | 6.15%       | 6.84%       | 8.66%               |
| <b>Equity to Total Assets</b>            | 26.69%      | 26.09%      | 24.85%      | 24.26%      | 20.87%      | 18.63%              |
| <b>Leverage of Total Capital (Times)</b> | 2.75        | 2.83        | 3.02        | 3.12        | 3.79        | 4.37                |

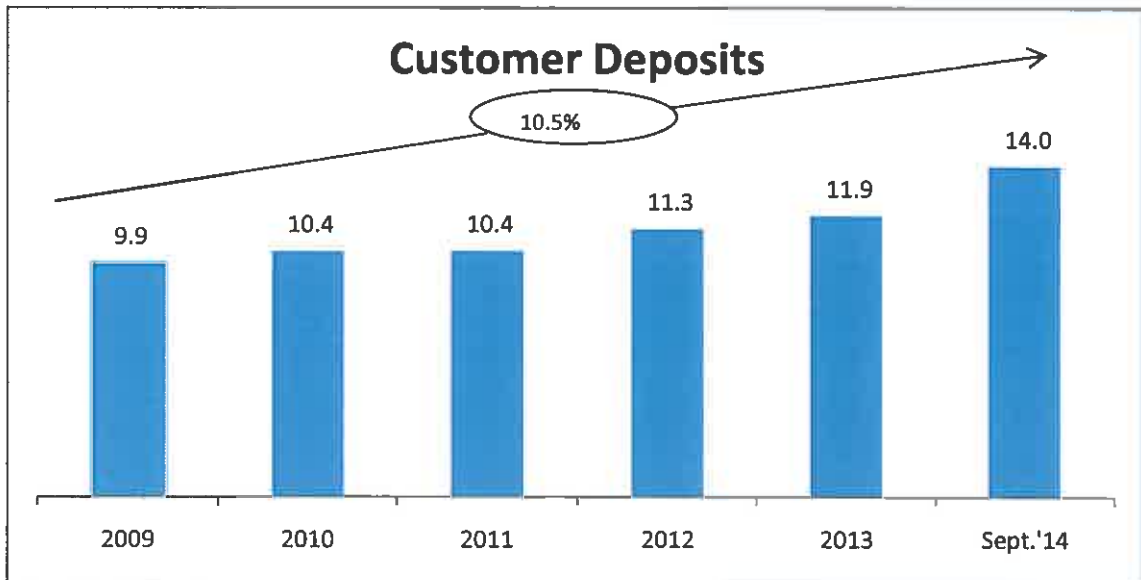
\* *Annualized.*



**Total Assets, AED billion**



**Customer Deposits, AED billion**



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Assets and Liabilities Structure

**SIB Assets Structure**



**SIB Liabilities Structure**

