



مصرف الشارقة الإسلامي  
Sharjah Islamic Bank

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# *Management Report*

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*30 June 2022*

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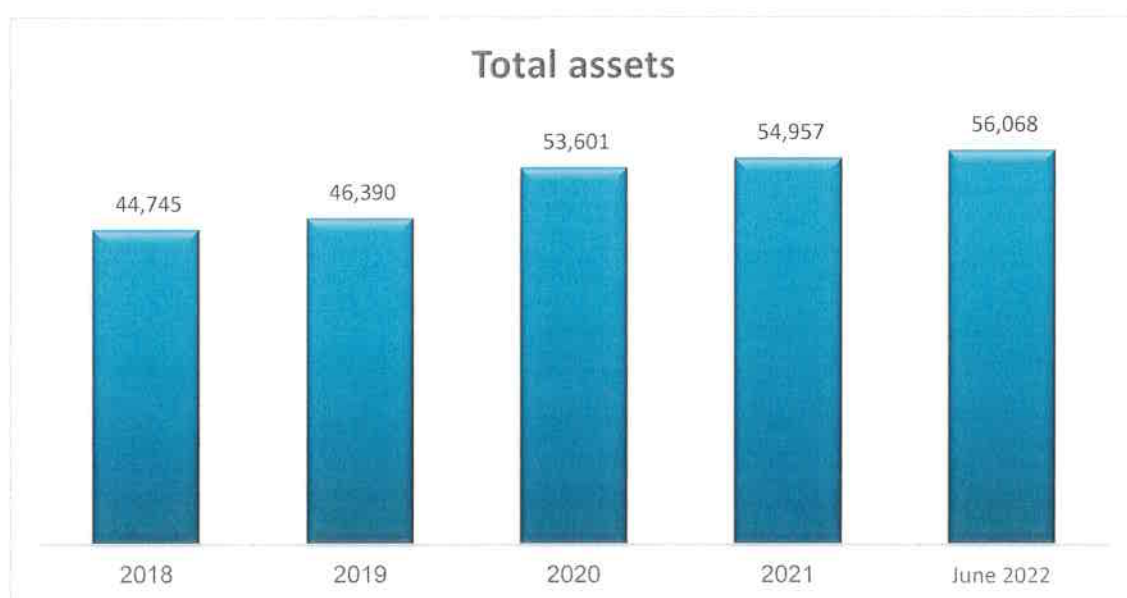
## Financial Review

Sharjah Islamic Bank PJSC achieved a net profit of AED 361.9 million for the period ended 30 June 2022, an increase of 25%, whereas, total assets increased by 2% or AED 1.1 billion and reached at AED 56.1 billion.

Sharjah Islamic Bank (SIB) recorded an increase of 25% in the profit reaching at AED 361.9 million for the period ended 30 June 2022 compared to AED 289.5 million for the same period 2021.

The Bank's total assets at 30 June 2022 increased from the 2021 year end level and were valued at AED 56.1 billion, an increase of 2.0%.

Bank's liquid assets stand at a strong level of 25.8% as at 30 June 2022.



## Key highlights:

- Net profit for the period ended 30 June 2022 reached to AED 361.9 million as compared to AED 289.5 million for the same period ended 30 June 2021. The Group has reported an increase of 25.0% in the net profit.
- Total operating income for the six months period 30 June 2022 reached at AED 771.4 million as against 687.1 million in the same period ended 30 June 2021, an increase of 12.3% or AED 84.4 million.
- Net operating income before impairment of financial asset, increased by 19.1% reaching to AED 497.2 million as compared to AED 417.3 million in similar period of 2021.
- Impairment on financial assets - net of recoveries were reported at AED 135.3 million for the period end 30 June 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 35.6% (annualized) for the period end 30 June 2022.
- Total assets of the Group reached to AED 56.1 billion as at 30 June 2022, an increase of 2% or AED 1.1 billion from year ended 2021.
- Investment in Islamic financing reached at AED 28.8 billion as at 30 June 2022 with a slight decrease of AED 178.6 million or 0.6% from year ended 2021 level.
- Liquid assets now contribute 25.8% of the total assets, amounting to AED 14.4 billion as at 30 June 2022 compared to 26.1% for the year ended 2021.
- Investment securities measured at fair value increased by 71.1% to reach AED 3.2 billion as at 30 June 2022 as compared to AED 1.87 billion for the year 2021.
- Investment securities measured at amortised cost decreased by 8.7% to reach AED 4.1 billion as at 30 June 2022 as compared to AED 4.5 billion for the year ended 2021.
- Customer deposits stands at AED 37.4 billion as at 30 June 2022.
- NPL ratio stands at 5.66%, and coverage ratio at 91.40% as at 30 June 2022.
- Capital adequacy ratio stands at 20.11% at the 30 June 2022.
- Advances to deposit ratio reached at 77.2% as at 30 June 2022.
- Earnings per share stands at AED 0.12/share for the period ended 30 June 2022 comparing with 0.09/share at the same period last year.
- Annualized return on average assets for the six months period ended 30 June 2022 stands at 1.30%.
- Annualized return on average equity for the first quarter ended 30 June 2022 is computed to 9.45%.



## **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 56.1 billion as at 30 June 2022, comparing with AED 55.0 billion as at 31 December 2021, an increase of AED 1.1 billion or 2.0%.

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

### **Liquid assets:**

Liquid assets stand at AED 14.4 billion or 25.8% of the total assets as at 30 June 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 28.8 billion as at 30 June 2022, a slight decrease of 0.6% or AED 178.6 million compared to the year ended 31 December 2021. Investment in Islamic financing to customer deposits ratio stands at strong 77.2% and in line with management's strategic objectives.

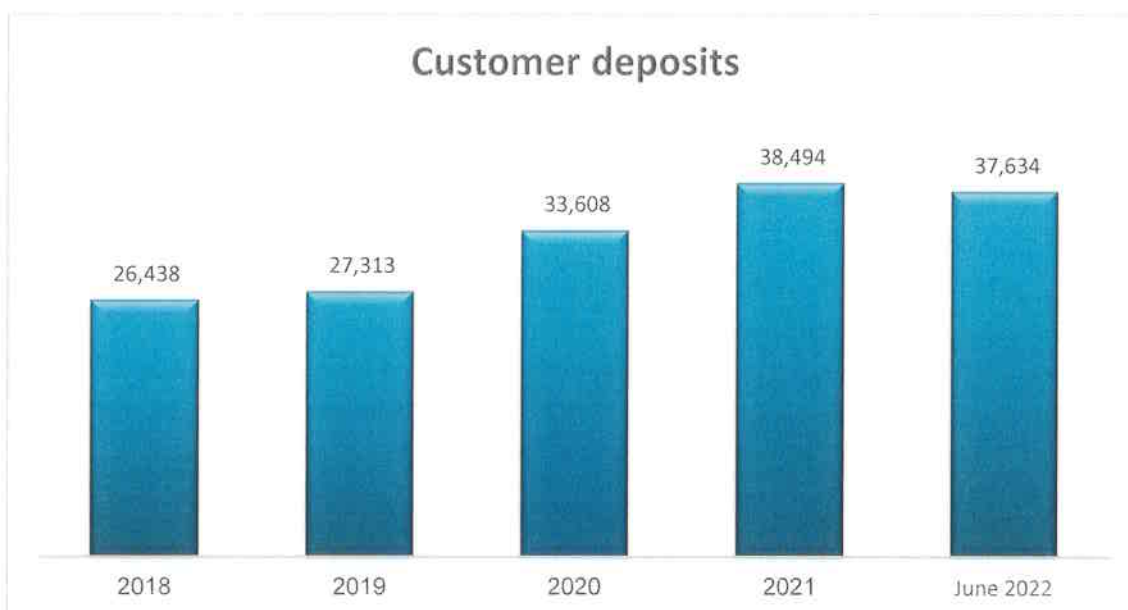
### **Investment securities:**

Investment securities measured at fair value increased by 71.1% to reach AED 3.2 billion as at 30 June 2022 as compared to AED 1.9 billion for the year 2021.

Investment securities measured at amortised cost decreased by 8.7% to reach AED 4.1 billion as at 30 June 2022 as compared to AED 4.5 billion for the year ended 2021.

### **Customer deposits:**

Sharjah Islamic Bank's customer deposits decreased by 2.9% or by AED 1.1 billion to reach AED 37.6 billion. The decline is presumed to be short term as the profit rates are continuously increasing to result in strong deposit growth by end of 2022.





### **Due to banks:**

Balance due to banks increased by AED 1.9 billion and stood at AED 6.2 billion at the end of period 30 June 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 13.6% of total assets.

### **Asset quality:**

NPL ratio of the Bank stands at 5.66% as at 30 June 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 91.40 % as at 30 June 2022.

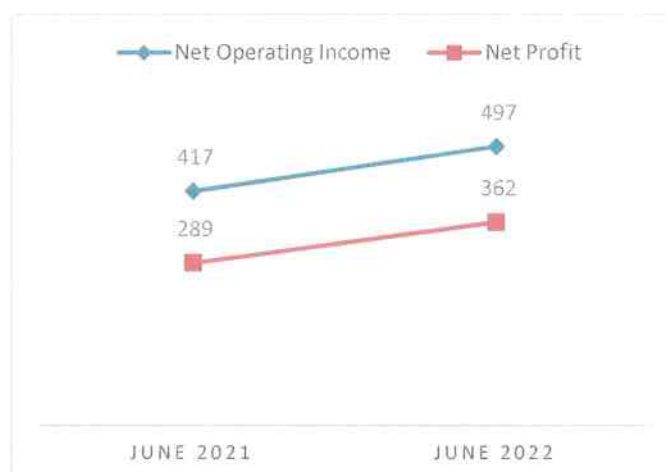
### **Income Statement:**

Sharjah Islamic Bank posted a net profit of AED 361.9 million for the period ended 30 June 2022, compared to AED 289.5 million for the similar period ended 2021, an increase of 25.0%, despite an increase in investment in Islamic financing provision.

Total operating income for the six months period ended 30 June 2022 reached at AED 771.4 million as against 687.1 million in the same period ended 2021, a material increase of 12.3% or AED 84.4 million.

Main highlights of the income statement are:

The distribution to depositors and sukuk holders reached AED 291.9 million for the period ended 30 June 2022 compared to AED 297.9 million for the same period 2021; a decrease of 2.0%. 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 fees and commission income reached AED 124.3 million for the period ended 30 June 2022, compared to AED 118.1 million for the period ended 30 June 2021, with an increase of AED 6.3 million or 5.3%.

Net investment, foreign exchange and other income is reported as AED 59.8 million for the six month period ended 30 June 2022 compared to AED 31.0 million for the same period in 2021, a material increase of 93.0%.



On the expenses side, general and administration expenses reached AED 274.3 million for period ended 30 June 2022 compared to AED 269.8 million for the similar period ended 2021, an increase of 1.7%.

Impairment on financial assets - net of recoveries was recorded at AED 135.3 million for the period ended 30 June 2022 compared to AED 127.8 million for period ended 30 June 2021.

Return on average shareholders' equity (ROAE) reached 9.45% (annualized) as at 30 June 2022 compared to 6.70% for the year ended 31 December 2021.

Return on average assets (ROAA) reached 1.30% (annualized) as at 30 June 2022 compared to 0.95% for the year ended 31 December 2021.

### Summary of key figures and performance ratios

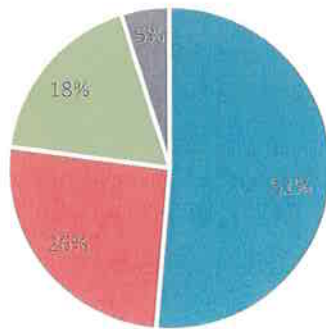
<i>(Figures in AED Millions)</i>	2017	2018	2019	2020	2021	June 2022
<b>Total Assets</b>	38,288	44,746	46,390	53,601	54,956	56,068
<b>Net Investment in Islamic financings</b>	21,707	24,124	25,143	29,269	29,009	28,830
<b>Customer Deposits</b>	22,318	26,438	27,313	32,608	38,494	37,364
<b>Total Shareholders' Equity</b>	5,519	5,446	7,529	7,645	7,695	7,619
<b>Return on Average Assets*</b>	1.33%	1.23%	1.20%	0.81%	0.95%	1.30%
<b>Return on Average Equity*</b>	9.21%	9.36%	8.45%	5.35%	6.70%	9.45%
<b>Equity to Total Assets</b>	14.41%	12.04%	16.23%	14.27%	14.00%	13.59%
<b>Leverage of Total Capital (Times)</b>	5.94	7.31	5.16	6.01	6.14	6.36

\*Annualized



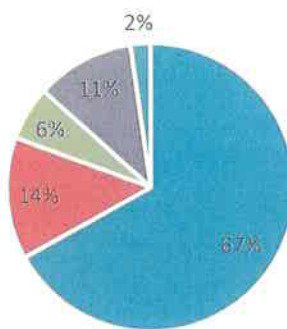
## Assets and Liabilities Structure

SIB Asset Structure



■ Islamic financing ■ Liquid assets ■ Investments ■ Other assets

SIB Liabilities structure



■ Customers deposits ■ Shareholders' equity ■ Sukuk  
■ Customers deposits ■ Other liabilities