
SHARJAH ISLAMIC BANK PJSC
DIRECTORS' REPORT AND CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

SHARJAH ISLAMIC BANK PJSC

Directors' Report

The Directors are pleased to present their report together with the condensed consolidated interim financial statements of SHARJAH ISLAMIC BANK PJSC ("the Bank") and its subsidiaries (together referred as the "Group") for the nine month period ended 30 September 2025.

Financial highlights

As of 30 September 2025, the total assets of the Group amounted to AED 86.6 billion, showing an increase of 9.3% compared to AED 79.2 billion as at 31 December 2024. The investment securities measured at amortised cost stands at AED 13.4 billion as of 30 September 2025. Investments in Islamic financing showed a 14.7% growth or an increase of AED 5.6 billion, taking the total outstanding amount to AED 43.7 billion as of 30 September 2025, in comparison to AED 38.1 billion as of 31 December 2024. Customer deposits stands at AED 54.6 billion as of 30 September 2025 compared to AED 51.8 billion as of 31 December 2024, demonstrating overall strengthening of the Group's liquidity position, which stands at 21.0% as at 30 September 2025.

The net operating income before impairment on financial assets - net of recoveries, for the Group increased by AED 145.3 million for the nine month period ended 30 September 2025 to reach AED 1,226.8 million as compared to AED 1,081.5 million for the nine month period ended 30 September 2024. The Bank has recognised a impairment charges on financial assets - net of recoveries, for the nine month period ended 30 September 2025 amounting to AED 11.9 million, compared to an impairment charge of AED 100.6 million for the nine month period ended 30 September 2024. As a result, profit before tax increased by AED 234.1 million to reach AED 1,214.9 million for the nine month period ended 30 September 2025 as compared to AED 980.8 million for the nine month period ended 30 September 2024. Taxation expense for the nine month period ended 30 September 2025 was AED 109.6 million. As a result, a net profit of AED 1,105.2 million was recorded for the nine month period ended 30 September 2025, as compared to AED 891.3 million for the nine month period ended 30 September 2024, reflecting a 24.0% increase.



 Abdul Rahman Mohammed Naseer Al Owais
Chairman

7 October 2025



KPMG Lower Gulf Limited
The Office 5 at One Central
Level 4, Office No: 04.01
Sheikh Zayed Road, P.O. Box 3800
Dubai, United Arab Emirates
Tel. +971 (4) 4030300, www.kpmg.com/ae

Independent Auditors' Report on Review of Interim Financial Information

To the Board of Directors of the Sharjah Islamic Bank PJSC

Introduction

We have reviewed the accompanying 30 September 2025 condensed consolidated interim financial information of Sharjah Islamic Bank PJSC (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2025;
- the condensed consolidated interim statements of profit or loss for the three-month and nine-month periods ended 30 September 2025;
- the condensed consolidated interim statements of comprehensive income for the three-month and nine-month periods ended 30 September 2025;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2025;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2025; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2025 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates

Date: 07 October 2025

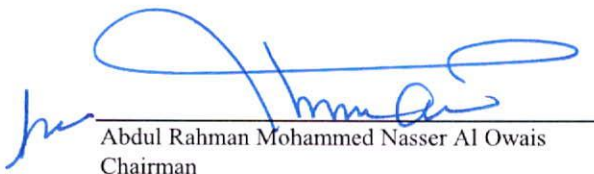
SHARJAH ISLAMIC BANK PJSC**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

AS AT 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

		As at 30 September 2025	As at 31 December 2024
	Notes	Un-audited	Audited
Assets			
Cash and balances with banks and financial institutions	6	4,671,810	3,002,556
Murabaha and wakalah with financial institutions	7	13,482,198	14,106,277
Investment securities measured at fair value	8	4,626,655	4,597,741
Investment securities measured at amortised cost	9	13,357,706	13,172,684
Investments in Islamic financing	10	43,663,440	38,082,819
Acceptances		305,192	239,498
Properties held-for-sale		853,544	793,438
Investment properties	25	3,000,511	2,964,711
Other assets	11	1,671,026	1,291,522
Property and equipment	12.1	881,408	896,069
Intangible assets	12.2	66,436	63,001
Total assets		86,579,926	79,210,316
Liabilities and shareholders' equity			
Liabilities			
Customer deposits	13	54,573,296	51,758,444
Due to banks		16,191,016	12,850,330
Acceptances		305,454	240,370
Sukuk payable	14	3,655,108	3,659,949
Other liabilities	15	2,847,873	2,312,299
Zakat payable		7,631	85,625
Total liabilities		77,580,378	70,907,017
Shareholders' equity			
Share capital	16	3,235,678	3,235,678
Tier 1 sukuk	17	1,836,500	1,836,500
Fair value reserve		(34,811)	(109,003)
Other reserves and treasury shares	19	1,566,052	1,468,006
Retained earnings		2,396,129	1,872,118
Total shareholders' equity		8,999,548	8,303,299
Total liabilities and shareholders' equity		86,579,926	79,210,316

These condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 7 October 2025.



Abdul Rahman Mohammed Nasser Al Owais
Chairman



Mohamed Ahmed Abdalla
Chief Executive Officer

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 39 form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS**

FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

	Notes	For the three month period ended 30 September		For the nine month period ended 30 September	
		2025	2024	2025	2024
		Un-audited	Un-audited	Un-audited	Un-audited
Income from investments in Islamic financing and sukuk		1,001,754	957,044	2,884,217	2,725,917
Distribution to depositors and sukuk holders		(596,453)	(583,589)	(1,728,832)	(1,617,491)
Net income from financing and investment products		405,301	373,455	1,155,385	1,108,426
Fee and commission income	21	242,240	136,179	575,003	366,233
Fee and commission expense	21	(31,358)	(25,334)	(88,098)	(75,574)
Net fee and commission income		210,882	110,845	486,905	290,659
Investment income		(11,603)	33,123	11,138	63,242
Foreign exchange income		23,939	22,604	81,579	53,783
Other income	22	54,762	45,181	110,798	98,147
Total operating income		683,281	585,208	1,845,805	1,614,257
General and administrative expenses*		(213,618)	(185,860)	(618,988)	(532,770)
Net operating income before impairment*		469,663	399,348	1,226,817	1,081,487
(Impairment) / reversal of impairment on financial assets - net of recoveries		(21,249)	(33,360)	(11,947)	(100,645)
Profit before tax*		448,414	365,988	1,214,870	980,842
Taxation	29	(40,374)	(33,377)	(109,632)	(89,571)
Profit for the period*		408,040	332,611	1,105,238	891,271
(Attributable to the shareholders of the Bank)					
Basic and diluted earnings per share - restated (UAE Dirhams)	31	0.12	0.09	0.33	0.26

* Refer note 32 for details of change in comparative numbers

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 39 form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

	Note	For the three month period ended 30 September		For the nine month period ended 30 September	
		2025	2024	2025	2024
		Un-audited	Un-audited	Un-audited	Un-audited
Profit for the period* (Attributable to the shareholders of the Bank)		408,040	332,611	1,105,238	891,271
Other comprehensive income					
Items that will be reclassified to profit or loss					
- Change in fair value reserve on sukuk investments classified at FVTOCI		29,991	70,473	73,224	103,429
- Effective portion of changes in fair value of Islamic derivatives classified as cash flow hedges		11,675	-	74,511	-
Items that will not be reclassified to profit or loss					
- Change in fair value reserve on equity investment classified at FVTOCI		6,285	7,647	9,761	(3,869)
Related tax on other comprehensive income	29	(5,640)	(7,032)	(15,499)	(8,962)
Total comprehensive income for the period - net off tax* (Attributable to the shareholders of the Bank)		450,351	403,699	1,247,235	981,869

* Refer note 32 for details of change in comparative numbers

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 39 form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

	For the nine month period ended 30 September	
	2025	2024
	Un-audited	Un-audited
Cash flows from operating activities		
Profit for the period	1,105,238	891,271
<i>Adjustments for:</i>		
- Amortisation and depreciation	48,956	27,067
- Amortisation of sukuk issuance costs	1,631	810
- (Reversal) / provision on investments in Islamic financing	(4,686)	122,078
- Provision / (reversal) on investment securities measured at fair value	1,539	(18,130)
- Provision / (reversal) on investment securities measured at amortised cost	8,917	(4,672)
- Reversal of provision on other financial assets	6,177	1,369
- Gain on disposal of properties held for sale	(28,428)	(24,071)
- Gain on disposal of investment properties	(6,387)	(3,587)
- Loss / (gain) on disposal of investment securities measured at fair value	15,760	(15,903)
- Revaluation on investment securities measured at fair value through profit and loss	14,295	(5,346)
- Foreign exchange gain on properties	(9,035)	(6,652)
- Taxation	109,632	89,571
- Gain on disposal of property and equipment	(21)	(366)
Operating cash flows before changes in operating assets and liabilities	1,263,588	1,053,439
<i>Changes in:</i>		
- Restricted cash balances	35,107	(188,081)
- Murabaha and wakalah with financial institutions	(5,998,245)	1,064,655
- Investments in Islamic financing	(5,575,935)	(3,642,426)
- Other assets and acceptances	(418,873)	(182,616)
- Properties held for sale	(32,567)	5,715
- Customer deposits	2,814,852	2,788,834
- Due to banks	3,289,657	2,888,587
- Other liabilities and acceptances	622,384	640,782
Net cash (used in) / generated from operations	(4,000,032)	4,428,889
Corporate tax paid	(102,504)	-
Net cash (used in) / generated from operating activities	(4,102,536)	4,428,889

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 39 form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (continued)**

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

	For the nine month period ended 30 September	
	2025	2024
	Un-audited	Un-audited
Cash flows from investing activities		
Acquisition of property and equipment and intangible assets	(56,772)	(31,504)
Disposal of property and equipment and intangible assets	19,063	842
Acquisition of investment properties	(26,765)	(197,737)
Disposal of investment properties	6,387	42,190
Acquisition of investment securities measured at fair value	(540,266)	(679,356)
Disposal / redemption of investment securities measured at fair value	561,288	492,729
Acquisition of investment securities measured at amortised cost	(759,581)	(3,846,672)
Redemption on investment securities measured at amortised cost	565,642	1,050,795
Net cash used in investing activities	(231,004)	(3,168,713)
Cash flows from financing activities		
Issuance of sukuk	1,829,477	1,825,208
Repayment of sukuk	(1,835,949)	-
Issuance of tier 1 sukuk	1,836,500	-
Redemption of tier 1 sukuk	(1,836,500)	-
Treasury shares	5,920	-
Profit paid on tier 1 sukuk	(91,825)	(91,824)
Tier 1 sukuk issuance cost	(6,356)	-
Zakat paid	(77,994)	(62,334)
Cash dividend	(458,725)	(323,567)
Net cash (used in) / generated from financing activities	(635,452)	1,347,483
Net (decrease) / increase in cash and cash equivalents	(4,968,992)	2,607,659
Cash and cash equivalents at the beginning of the period	12,486,345	7,597,474
Cash and cash equivalents at the end of the period	7,517,353	10,205,133
	As at	As at
	30 September	30 September
	2025	2024
	Un-audited	Un-audited
Cash and cash equivalents		
Cash and balances with banks and financial institutions	4,523,915	4,340,984
Murabaha and wakalah with financial institutions	3,061,984	6,060,205
Due to banks	(68,546)	(196,056)
Cash and cash equivalents at the end of the period	7,517,353	10,205,133

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 39 form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

	ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK					
	Share capital	Tier 1 sukuk	Fair value reserve	Other reserves and treasury shares	Retained earnings	Total shareholders' equity
As at 1 January 2025 (Audited)	3,235,678	1,836,500	(109,003)	1,468,006	1,872,118	8,303,299
Total comprehensive income for the period						
Profit for the period	-	-	-	-	1,105,238	1,105,238
Other comprehensive income						
Net change in fair value reserve - net off tax	-	-	74,192	67,805	-	141,997
Total comprehensive income for the period	-	-	74,192	67,805	1,105,238	1,247,235
Transactions recorded directly in equity						
Cash dividend (note 27)	-	-	-	-	(458,725)	(458,725)
Tier 1 sukuk issuance (note 17)	-	1,836,500	-	-	-	1,836,500
Tier 1 sukuk issuance cost	-	-	-	-	(6,356)	(6,356)
Tier 1 sukuk redemption (note 17)	-	(1,836,500)	-	-	-	(1,836,500)
Shares held by liquidity provider (note 18(b))	-	-	-	5,920	-	5,920
Transfer to general impairment reserve	-	-	-	24,321	(24,321)	-
Profit paid on tier 1 sukuk	-	-	-	-	(91,825)	(91,825)
Total	-	-	-	30,241	(581,227)	(550,986)
As at 30 September 2025 (Un-audited)	3,235,678	1,836,500	(34,811)	1,566,052	2,396,129	8,999,548

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 39 form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)****FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024**

(Currency: Thousands of U.A.E Dirhams)

	ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK					
	Share capital	Tier 1 sukuk	Fair value reserve	Other reserves and treasury shares	Retained earnings	Total shareholders' equity
As at 1 January 2024 (Audited)*	3,235,678	1,836,500	(183,849)	1,871,463	1,356,876	8,116,668
Total comprehensive income for the period						
Profit for the period*	-	-	-	-	891,271	891,271
Other comprehensive income						
Net change in fair value reserve - net off tax	-	-	90,598	-	-	90,598
Total comprehensive income for the period*	-	-	90,598	-	891,271	981,869
Transactions recorded directly in equity						
Cash dividend (note 27)	-	-	-	-	(323,567)	(323,567)
Transfer to impairment reserve - general	-	-	-	44,078	(44,078)	-
Profit paid on tier 1 sukuk	-	-	-	-	(91,824)	(91,824)
Total	-	-	-	44,078	(459,469)	(415,391)
As at 30 September 2024 (Un-audited)*	3,235,678	1,836,500	(93,251)	1,915,541	1,788,678	8,683,146

* Refer note 32 for details of change in comparative numbers

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 39 form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025**

(Currency: Thousands of U.A.E Dirhams)

1. Legal status and activities

SHARJAH ISLAMIC BANK PJSC (the "Bank") was incorporated in 1975 as a public joint stock company by Emiri Decree issued by His Highness the Ruler of Sharjah, United Arab Emirates ("UAE") and is listed on the Abu Dhabi Securities Exchange. The Bank is engaged in banking, financing and investing activities in accordance with its articles of incorporation, Islamic Shari'a principles and regulations of Central Bank of the UAE ("CBUAE"), which are carried out through its 34 branches (*As at 31 December 2024: 33 branches*) established in the UAE.

At an extraordinary shareholder's meeting held on 18 March 2001, a resolution was passed to transform the Bank's activities to be in full compliance with Islamic Shari'a rules and principles. The entire process was completed on 31 March 2002 ("the transformation date"). As a result the Bank transformed its conventional banking products into Islamic banking products during the six month period ended 30 June 2002 after negotiation and agreement with its customers.

These condensed consolidated interim financial statements of the Group comprise the Bank and its fully owned subsidiaries incorporated in the UAE, Sharjah National Hotels ("SNH"), Sharjah Islamic Financial Services LLC SP ("SIFS") and ASAS Real Estate LLC SP ("ASAS") as well as special purpose vehicles established in the Cayman Islands, SIB Sukuk Company III Limited, SIB Tier 1 Sukuk Company Limited and SIB Tier 1 Sukuk IIND Limited, (all together referred to as the "Group"). SNH through its divisions is engaged in operating hotels and resorts, catering and related services, whereas SIFS is involved in conducting intermediation in dealing in local market Shari'a compliant shares. ASAS is involved in the business of real estate. SIB Sukuk Company III Limited, SIB Tier 1 Sukuk Company Limited and SIB Tier 1 Sukuk IIND Limited were established for the Bank's Sukuk program.

The registered office of the Bank is Post Box No.4, Sharjah, UAE.

2. Basis of preparation**a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. Selected explanatory notes, are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2024. These condensed consolidated interim financial statements do not include all of the information required for a full set of annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group as at and for the year ended 31 December 2024, including the UAE Federal Law No. 32 of 2021 on Commercial Companies and the Decretal Federal Law No. 14 of 2018.

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025
(Currency: Thousands of U.A.E Dirhams)

2. Basis of preparation (continued)

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for, provision for employees' end of service benefits which is measured using the projected credit unit method under IAS 19, and the following material items in the condensed consolidated interim statement of financial position which are measured at fair value:

- i) financial assets at fair value through profit or loss (FVTPL);
- ii) financial assets at fair value through other comprehensive income (FVTOCI);
- iii) investment properties at fair value; and
- iv) Islamic financial derivatives

3. Material accounting policies

The accounting policies applied by the Group in preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its annual consolidated financial statements as at and for the year ended 31 December 2024.

a) New and revised IFRS adopted in the condensed consolidated interim financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in these condensed consolidated interim financial statements. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts or disclosures reported for the current and prior periods.

New standards and significant amendments to standards applicable to the Group	Effective date
Amendments to IAS 21 - Lack of Exchangeability	1 January 2025

The amendments contain no specific requirements for estimating a spot rate. Therefore, when estimating a spot rate a company can use an observable exchange rate without adjustment or another estimation technique. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process and risks to the company because the currency is not exchangeable.

SHARJAH ISLAMIC BANK PJSC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025**

(Currency: Thousands of U.A.E Dirhams)

3. Material accounting policies (continued)**b) New and revised IFRS in issue but not yet effective and not early adopted**

New standards and significant amendments to standards applicable to the Group	Effective date
--	-----------------------

Amendments to IFRS 9 and IFRS 7 - Classification of financial assets	1 January 2026
---	----------------

Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

IFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027
--	----------------

IFRS 18 will replace IAS 1 - 'Presentation of Financial Statements' and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following new key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management defined performance measures (MPMs) are disclosed in a single note in the financial statements/
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit sub total as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of the above amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025
(Currency: Thousands of U.A.E Dirhams)

4. Key accounting estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgement is exercised by management in applying the Group's accounting policies. The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2024.

i) Use of estimates and judgements

The IFRS 9 Committee has reviewed the inputs and assumptions for IFRS 9 ECL measurement in light of available information. The Bank has computed ECL using 30% weightage to the upward scenario as of 30 September 2025. Had adverse scenario been stressed from 30% by another 10% with corresponding impact on upward scenario, impairment loss allowance would increase by AED 25.1 million.

Following both regulatory mandates and industry standards, TTC PDs are adjusted based on internal rating grades that reflect historical default rates.

The Group has integrated LGD models for its various portfolios, such as secured and unsecured corporate and retail portfolios. These models are based on the actual recovery rates as observed over the period of more than ten years.

Judgement is also required in estimating EAD, particularly for Islamic financing commitments, including letters of credit and financial guarantee, and revolving financing facilities such as credit cards, where deterioration in the macro economic environment is generally accompanied by an increase in the volumes and duration of the drawdowns. Credit conversion factor used by the Bank for unutilized limits has been computed at 20% in case of retail exposures as well as corporate exposures with remaining maturity of less than one year or 50% in case of corporate exposures with remaining maturity of more than one year.

The Bank considers a range of possible outcomes and their respective probabilities, and to apply judgement in determining what constitutes reasonable and forward looking information. The most significant period-end assumptions used for ECL estimate includes next 5-year average oil price ranging between US\$ 42.08/barrel to US\$ 69.91/barrel, equity price index growth volatility ranging between -17.1% to 5.8%, non-oil UAE GDP range falling - 2.1% to rising 6.8% and UAE CPI index ranging 0.8% to 1.8%.

The Group's management will continually monitor how the economic conditions change over the next reporting period and will re-evaluate the adequacy of downside weight, and adverse effect, if any, will be accounted for.

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025
(Currency: Thousands of U.A.E Dirhams)

5. Financial risk management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2024.

i) Fair value measurement of financial instruments

The Bank's existing policy on fair value measurement of financial instruments is disclosed in note 3 (b) to the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2024.

ii) Concentration analysis

Please refer to note 10.1 (a) and (b) to the condensed consolidated interim financial statements, which discloses the product and sector wise categorization of Investment in Islamic financing as at 30 September 2025. The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2024.

iii) Profit rate risk

The principal risk to which non-trading portfolios are exposed, is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market profit rates. Profit rate risk primarily comprises of market and valuation risk, are managed on the basis of pre-determined asset allocations across various asset categories, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value. Overall pricing or profit rate risk positions are managed by the Asset and Liability Committee ("ALCO").

The sensitivity of the condensed consolidated statement of profit or loss is the effect of the assumed changes in profit rates on the net income.

	Nine month period ended 30 September 2025 Un-audited	Nine month period ended 30 September 2024 Un-audited
Net profit rate sensitivity on financial assets and liabilities	19,746	8,084
	Three month period ended 30 September 2025 Un-audited	Three month period ended 30 September 2024 Un-audited
Net profit rate sensitivity on financial assets and liabilities	7,397	1,690

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025
(Currency: Thousands of U.A.E Dirhams)

5. Financial risk management (continued)

iv) Maximum exposure to credit risk*

The table below is the maximum exposure to credit risk for the Group and is shown gross, before any mitigation of collateral.

	As at 30 September 2025 (Un-audited)			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
	12 month	Lifetime	Lifetime	
<i>Cash and balances with banks and financial institutions</i>	3,876,582	265	-	3,876,847
Loss allowance	-	-	-	-
Carrying amount	<u>3,876,582</u>	<u>265</u>	<u>-</u>	<u>3,876,847</u>
<i>Murabaha and wakalah with financial institutions</i>	13,452,078	-	36,730	13,488,808
Loss allowance	(6,610)	-	-	(6,610)
Carrying amount	<u>13,445,468</u>	<u>-</u>	<u>-</u>	<u>13,482,198</u>
<i>Investment securities measured at amortised cost</i>	13,367,216	10,985	23,579	13,401,780
Loss allowance	(20,171)	(324)	(23,579)	(44,074)
Carrying amount	<u>13,347,045</u>	<u>10,661</u>	<u>-</u>	<u>13,357,706</u>
<i>Investments in Islamic financing</i>	41,582,648	1,913,289	1,796,973	45,292,910
Loss allowance	(239,201)	(258,454)	(1,131,815)	(1,629,470)
Carrying amount	<u>41,343,447</u>	<u>1,654,835</u>	<u>665,158</u>	<u>43,663,440</u>
<i>Other financial assets</i>	1,643,596	506	10,657	1,654,759
Loss allowance	(17,087)	(1)	(10,657)	(27,745)
Carrying amount	<u>1,626,509</u>	<u>505</u>	<u>-</u>	<u>1,627,014</u>
Net credit risk exposures relating to on-balance sheet assets	73,639,051	1,666,266	665,158	76,007,205
<i>Letter of credit and guarantee</i>	1,487,565	38,878	18,715	1,545,158
Loss allowance	(4,407)	(1,901)	(9,352)	(15,660)
Net credit risk exposures off-balance sheet assets	1,483,158	36,977	9,363	1,529,498
Net credit risk exposures	75,122,209	1,703,243	674,521	77,536,703
Gross credit risk exposure	75,409,685	1,963,923	1,886,654	79,260,262
Total loss allowance **	(287,476)	(260,680)	(1,175,403)	(1,723,559)
	<u>75,122,209</u>	<u>1,703,243</u>	<u>674,521</u>	<u>77,536,703</u>

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025
(Currency: Thousands of U.A.E Dirhams)

5. Financial risk management (continued)

iv) Maximum exposure to credit risk* (continued)

	As at 31 December 2024 (Audited)		
	ECL Staging		
	Stage 1	Stage 2	Stage 3
	12 month	Lifetime	Lifetime
			Total
<i>Cash and balances with banks and financial institutions</i>			
	2,249,091	517	-
Loss allowance	(78)	(3)	-
Carrying amount	2,249,013	514	-
<i>Murabaha and wakalah with financial institutions</i>			
	14,111,705	-	-
Loss allowance	(5,428)	-	-
Carrying amount	14,106,277	-	-
<i>Investment securities measured at amortised cost</i>			
	13,055,856	128,406	23,579
Loss allowance	(10,671)	(907)	(23,579)
Carrying amount	13,045,185	127,499	-
<i>Investments in Islamic financing</i>			
	35,791,621	2,103,098	1,933,405
Loss allowance	(202,107)	(269,208)	(1,273,990)
Carrying amount	35,589,514	1,833,890	659,415
<i>Other financial assets</i>			
	825,464	17,931	9,153
Loss allowance	(10,635)	(1,946)	(9,153)
Carrying amount	814,829	15,985	-
Net credit risk exposures relating to on-balance sheet assets	65,804,818	1,977,888	659,415
<i>Letter of credit and guarantee</i>			
	1,468,833	39,097	62
Loss allowance	(7,180)	(995)	-
Net credit risk exposures off-balance sheet assets	1,461,653	38,102	62
Net credit risk exposures	67,266,471	2,015,990	659,477
Gross credit risk exposure	67,502,570	2,289,049	1,966,199
Total loss allowance**	(236,099)	(273,059)	(1,306,722)
	67,266,471	2,015,990	659,477

* Financial assets classified as fair value through profit and loss and equity instruments classified as fair value through other comprehensive income are not subject to any impairment under IFRS 9.

** In addition to the above, the Group has also recognised a provision for expected credit losses on its sukuk investments measured at FVTOCI amounting to AED 11.6 million as at 30 September 2025 (*As at 31 December 2024: AED 10.0 million*).

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025
(Currency: Thousands of U.A.E Dirhams)

5. Financial risk management (continued)

v) Capital adequacy

	As at 30 September 2025 Un-audited	As at 31 December 2024 Audited
<i>Capital base</i>		
Common equity tier 1	6,643,015	5,834,163
Additional tier 1 capital	1,836,500	1,836,500
Total tier 1 capital base	8,479,515	7,670,663
Total tier 2 capital base	559,712	519,174
Total capital base	9,039,227	8,189,837
<i>Risk weighted assets</i>		
Credit risk	51,174,623	46,850,732
Market risk	169,843	166,661
Operational risk	4,105,535	3,603,303
Total risk weighted assets	55,450,001	50,620,696
<i>Capital ratios</i>		
Common equity tier 1 ratio	11.98%	11.53%
Tier 1 capital ratio	15.29%	15.15%
Capital adequacy ratio	16.30%	16.18%

6. Cash and balances with banks and financial institutions

Cash	794,963	753,029
Balances with the CBUAE	3,685,523	2,040,913
Due from banks and financial institutions	191,324	208,614
	4,671,810	3,002,556

As at 30 September 2025 and 31 December 2024, balances with CBUAE includes 14 days average statutory deposit requirement of CBUAE, which is also available to fund daily operations under specified conditions.

7. Murabaha and wakalah with financial institutions

Murabaha	640,939	1,315,376
Wakalah arrangements	12,841,259	12,790,901
	13,482,198	14,106,277

As at 30 September 2025, Murabaha and Wakala arrangements with financial institutions includes Islamic certificates of deposit with CBUAE amounting to AED 7.9 billion (*As at 31 December 2024: AED 7.3 billion*) .

As at 30 September 2025, Murabaha and wakalah with financial institutions carry profit rates ranging from 1.70% to 7.75% per annum (*As at 31 December 2024: 2.85% to 7.75% per annum*) .

SHARJAH ISLAMIC BANK PJSC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

8. Investment securities measured at fair value

The Group has designated certain investments in equity instruments, funds and sukuks as FVTOCI as these are investments that the Group plans to hold in the long term for strategic reasons.

By category	Fair value		Dividend income	
	As at	As at	For the nine month period	
	30 September	31 December	ended 30 September	
	2025	2024	2025	2024
	Un-audited	Audited	Un-audited	Un-audited
<i>Financial assets at fair value through profit or loss</i>				
- Equity and funds	357,362	583,548	17,346	14,474
- Sukuks	381,014	364,598	-	-
	738,376	948,146	17,346	14,474
<i>Financial assets at fair value through other comprehensive income</i>				
- Equity and funds	592,472	638,897	17,229	18,810
- Sukuks	3,295,807	3,010,698	-	-
	3,888,279	3,649,595	17,229	18,810
Total investment securities measured at fair value	4,626,655	4,597,741	34,575	33,284
By quoted / unquoted				
		As at	As at	
		30 September	31 December	
		2025	2024	
		Un-audited	Audited	
<i>Financial assets at fair value through profit or loss</i>				
- Quoted		521,949	576,161	
- Unquoted		216,427	371,985	
		738,376	948,146	
<i>Financial assets at fair value through other comprehensive income</i>				
- Quoted		3,509,920	3,221,500	
- Unquoted		378,359	428,095	
		3,888,279	3,649,595	
Total investment securities measured at fair value		4,626,655	4,597,741	

During the nine month period ended 30 September 2025 and the year ended 31 December 2024, no investment securities measured at fair value through other comprehensive income were downgraded to stage 3 under the ECL model.

During the nine month period ended 30 September 2025, the Group has purchased equity securities amounting to AED 1.8 million (year ended 31 December 2024: AED 522.1 million) .

SHARJAH ISLAMIC BANK PJSC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025
(Currency: Thousands of U.A.E Dirhams)****8. Investment securities measured at fair value (continued)**

As at 30 September 2025 and 31 December 2024, investment securities measured at fair value predominantly comprise securities issued in the UAE and the Gulf Cooperation Council ("GCC").

9. Investment securities measured at amortised cost

	As at 30 September 2025 Un-audited	As at 31 December 2024 Audited
By category		
- Sukuks	13,401,780	13,207,841
Less: loss allowance on financial assets measured at amortised cost	<u>(44,074)</u>	<u>(35,157)</u>
	<u>13,357,706</u>	<u>13,172,684</u>
By quoted / unquoted		
- Quoted	10,174,415	9,796,946
- Unquoted	3,227,365	3,410,895
Less: loss allowance on financial assets measured at amortised cost	<u>(44,074)</u>	<u>(35,157)</u>
	<u>13,357,706</u>	<u>13,172,684</u>

During the nine month period ended 30 September 2025 and the year ended 31 December 2024, no investment securities measured at amortised cost were downgraded to stage 3 under the ECL model.

As at 30 September 2025, sukuks held at amortised cost includes AED 8,567.0 million (*As at 31 December 2024: AED 6,642.6 million*) that have been pledged against a collateralized commodity murabaha arrangement.

During the nine month period ended 30 September 2025, the Group has sold investment securities measured at amortised cost amounting to AED 253.4 million (*year ended 31 December 2024, the Group has sold investment securities measured at amortised cost amounting to AED 523.8 million*) .

As at 30 September 2025 and 31 December 2024, investment securities measured at amortised cost predominantly comprise securities issued in the UAE and the Gulf Cooperation Council ("GCC").

The fair value of investment securities measured at amortised cost has been disclosed in note 25 of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

10. Investments in Islamic financing

10.1 Investments in Islamic financing are secured by acceptable forms of collateral to mitigate the related credit risk. Investments in Islamic financing comprise the following:

	As at 30 September 2025 Un-audited	As at 31 December 2024 Audited
a) By product		
Vehicle murabaha	979,600	749,135
Goods murabaha	15,505,535	13,644,566
Syndicate murabaha	3,877,355	1,853,554
Other murabaha receivable	1,244,912	1,699,645
Gross murabaha financing	21,607,402	17,946,900
Deferred profit	(1,351,710)	(1,390,184)
Net murabaha financing	20,255,692	16,556,716
Ijarah	19,425,348	18,903,322
Qard Hasan	4,359,129	2,974,145
Credit card receivables	115,133	115,518
Istisna'a	1,137,608	1,278,423
Total investments in Islamic financing	45,292,910	39,828,124
Less: loss allowance for investments in Islamic financing	(1,629,470)	(1,745,305)
Net investments in Islamic financing	43,663,440	38,082,819
b) By sector		
Government departments and authorities	17,603,095	14,436,411
Construction and contracting	1,568,764	1,608,950
Manufacturing	1,008,339	750,576
Transportation	467,107	403,255
Real estate	11,606,286	10,415,435
Retail business	384,843	452,169
Trade	2,087,013	2,415,182
Financial institutions	1,623,667	736,854
Services and others	2,502,481	1,537,354
Individuals	3,744,380	4,189,330
Consumer home finance	1,476,938	1,487,748
High net worth individuals	2,571,707	2,785,044
Deferred profit	(1,351,710)	(1,390,184)
Less: loss allowance for investments in Islamic financing	(1,629,470)	(1,745,305)
Net investments in Islamic financing	43,663,440	38,082,819

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

10. Investments in Islamic financing (continued)

10.2 Reconciliations from the opening to the closing balance of the gross carrying value ("GCV") and loss allowance ("ECL") for retail and corporate banking segments can be seen below:

	30 September 2025							
	Stage 1		Stage 2		Stage 3		Total	
	GCV	ECL	GCV	ECL	GCV	ECL	GCV	ECL
Balance at 1 January 2025								
(Audited)	35,791,621	202,107	2,103,098	269,208	1,933,405	1,273,990	39,828,124	1,745,305
<i>Retail banking</i>								
Transfer to stage 1	4,695	264	(4,695)	(264)	-	-	-	-
Transfer to stage 2	(55,842)	(680)	55,842	680	-	-	-	-
Transfer to stage 3	(30,445)	(1,136)	(12,331)	(1,738)	42,776	2,874	-	-
Net movement in GCV	207,495	-	(4,075)	-	2,019	-	205,439	-
Net re-measurement of loss allowance	-	(732)	-	9,759	-	31,871	-	40,898
Recoveries	-	-	-	-	(26,372)	(14,751)	(26,372)	(14,751)
Write-offs	-	-	-	-	(32,626)	(32,626)	(32,626)	(32,626)
<i>Corporate banking</i>								
Transfer to stage 1	332,546	15,438	(332,546)	(15,438)	-	-	-	-
Transfer to stage 2	(119,267)	(1,211)	128,987	3,192	(9,720)	(1,981)	-	-
Transfer to stage 3	(139,196)	(2,953)	(26,492)	(6,251)	165,688	9,204	-	-
Net movement in GCV	5,591,041	-	5,501	-	(126,959)	-	5,469,583	-
Net re-measurement of loss allowance	-	28,104	-	(694)	-	(21,336)	-	6,074
Recoveries	-	-	-	-	(72,715)	(36,907)	(72,715)	(36,907)
Write-offs	-	-	-	-	(78,523)	(78,523)	(78,523)	(78,523)
Balance at 30 September 2025								
(Un-audited)	41,582,648	239,201	1,913,289	258,454	1,796,973	1,131,815	45,292,910	1,629,470

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

10. Investments in Islamic financing (continued)

10.2 Reconciliations from the opening to the closing balance of the gross carrying value ("GCV") and loss allowance ("ECL") for retail and corporate banking segments can be seen below:

	31 December 2024							
	Stage 1		Stage 2		Stage 3		Total	
	GCV	ECL	GCV	ECL	GCV	ECL	GCV	ECL
Balance at 1 January 2024								
(Audited)	30,937,200	146,847	2,085,311	258,745	1,920,235	1,233,206	34,942,746	1,638,798
<i>Retail banking</i>								
Transfer to stage 1	3,412	134	(3,394)	(140)	(18)	6	-	-
Transfer to stage 2	(21,784)	(242)	21,784	242	-	-	-	-
Transfer to stage 3	(51,875)	(489)	(18,194)	(811)	70,069	1,300	-	-
Net movement in GCV	180,283	-	(3,294)	-	(9,948)	-	167,041	-
Net re-measurement of loss allowance	-	943	-	2,402	-	40,867	-	44,212
Recoveries	-	-	-	-	(19,661)	(10,594)	(19,661)	(10,594)
Write-offs	-	-	-	-	(23,152)	(23,152)	(23,152)	(23,152)
<i>Corporate banking</i>								
Transfer to stage 1	52,217	792	(52,217)	(792)	-	-	-	-
Transfer to stage 2	(737,772)	(5,152)	752,540	6,313	(14,768)	(1,161)	-	-
Transfer to stage 3	(49,435)	(679)	(212,120)	(35,516)	261,555	36,195	-	-
Net movement in GCV	5,479,375	-	(467,318)	-	(12,058)	-	4,999,999	-
Net re-measurement of loss allowance	-	59,953	-	38,765	-	202,833	-	301,551
Recoveries	-	-	-	-	(138,466)	(105,127)	(138,466)	(105,127)
Write-offs	-	-	-	-	(100,383)	(100,383)	(100,383)	(100,383)
Balance at 31 December 2024								
(Audited)	35,791,621	202,107	2,103,098	269,208	1,933,405	1,273,990	39,828,124	1,745,305

SHARJAH ISLAMIC BANK PJSC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

10. Investments in Islamic financing (continued)**10.3 Portfolio wise analysis of ECL movement during the period**

	30 September 2025			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as of 1 January 2025 (Audited)	202,107	269,208	1,273,990	1,745,305
<i>Retail banking</i>				
Credit cards	(463)	(62)	411	(114)
Housing finance	(11,480)	(365)	(6,046)	(17,891)
Personal finance	5,898	8,881	(4,009)	10,770
Auto finance	3,761	(17)	(2,988)	756
<i>Corporate banking</i>				
Government and related exposures	27,527	(1,541)	-	25,986
Other corporates	5,176	(39,714)	(77,198)	(111,736)
High net worth individuals	2,735	30,448	(11,784)	21,399
Small and medium enterprises ("SMEs")	3,940	(8,384)	(40,561)	(45,005)
ECL allowance as of 30 September 2025 (Un-audited)	239,201	258,454	1,131,815	1,629,470
	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as of 1 January 2024 (Audited)	146,847	258,745	1,233,206	1,638,798
<i>Retail banking</i>				
Credit cards	(55)	78	953	976
Housing finance	(362)	(145)	1,392	885
Personal finance	(161)	1,699	4,001	5,539
Auto finance	924	61	2,081	3,066
<i>Corporate banking</i>				
Government and related exposures	(2,500)	1,541	-	(959)
Other corporates	16,307	(35,046)	32,997	14,258
High net worth individuals	16,885	3,556	(24,807)	(4,366)
Small and medium enterprises ("SMEs")	24,222	38,719	24,167	87,108
ECL allowance as of 31 December 2024 (Audited)	202,107	269,208	1,273,990	1,745,305

SHARJAH ISLAMIC BANK PJSC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025**

(Currency: Thousands of U.A.E Dirhams)

11. Other assets

	As at 30 September 2025 Un-audited	As at 31 December 2024 Audited
Prepaid expenses and other advances	101,253	61,263
Profit receivable	586,317	537,065
Sundry debtors	900,511	236,550
Assets purchased against Investment in Islamic financing	41,013	406,748
Positive fair value of Islamic derivatives (<i>note 20</i>)	32,502	-
Others	52,571	78,933
Less: loss allowance under IFRS 9 on other financial assets	(43,141)	(29,037)
	<u>1,671,026</u>	<u>1,291,522</u>

During the nine month period ended 30 September 2025 and the year ended 31 December 2024, no significant financial assets included within 'Other assets' were downgraded to stage 3 under the ECL model.

12. Property and equipment and intangible assets**12.1 Property and equipment**

Freehold land and buildings	779,946	788,324
Equipment, furniture and fittings	18,712	25,817
Computer equipment	37,005	33,117
Motor vehicles	1,666	1,975
Right of use assets	24,299	33,011
Capital work in progress	19,780	13,825
	<u>881,408</u>	<u>896,069</u>

12.2 Intangible assets

Software	55,082	46,287
Capital work in progress	11,354	16,714
	<u>66,436</u>	<u>63,001</u>

The above balances are presented net off accumulated depreciation or amortisation and accumulated impairment, if any.

13. Customer deposits

Current accounts	14,190,773	13,533,473
Saving accounts	4,048,294	3,405,940
Watani / call accounts	1,643,369	1,531,968
Escrow accounts	2,523,889	2,946,263
Time deposits	3,258,787	4,092,439
Wakala deposits	28,330,094	25,832,649
Margins	578,090	415,712
	<u>54,573,296</u>	<u>51,758,444</u>

SHARJAH ISLAMIC BANK PJSC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025**

(Currency: Thousands of U.A.E Dirhams)

14. Sukuk payable

Name of instrument	Maturity date	Profit rate	As at 30 September 2025	As at 31 December 2024
			Un-audited	Audited
SIB Sukuk 2025	23 June 2025	2.85%	-	1,835,949
SIB Sukuk 2029	3 July 2029	5.25%	1,825,631	1,824,000
SIB Sukuk 2030	26 February 2030	5.20%	1,829,477	-
Total			3,655,108	3,659,949

On 26 February 2025, the Bank issued a sukuk amounting to USD 500 million (AED 1,836.5 million). The Sukuk bears a profit rate of 5.2% per annum and has a maturity date of 26 February 2030. The Sukuk is listed on the Irish Stock Exchange.

15. Other liabilities

Profit payable	672,200	874,969
Accrual and provision	165,283	124,127
Accounts payable	383,659	182,583
Provision for staff end of service benefits	131,854	119,056
Managers' cheques	641,740	261,454
Sundry creditors*	627,706	510,871
Corporate tax payable	110,884	101,211
Deferred tax liability (note 30)	14,169	872
Payables against assets purchased	48,487	45,121
Profit equalisation reserve (note 15.1)	26,021	24,665
Negative fair value of Islamic derivatives (note 20)	-	42,009
Lease obligation (note 15.2)	25,870	25,361
	2,847,873	2,312,299

15.1 Profit equalisation reserve

Balance at the beginning of the period / year	24,665	14,793
Additions during the period / year	3,529	11,938
Utilisation during the period / year	(2,173)	(1,413)
Zakat allocation during the year	-	(653)
Balance at the end of the period / year	26,021	24,665

Profit equalisation reserve relates to amounts appropriated out of the Bank's common pool's income for Mudaraba depsoitors, before allocating the Mudarib's share of profit, in order to maintain a certain level of return on investments for all Mudarabah Investment Account Holders ("IAHs") and other investors in the common pool.

15.2 Lease obligation

Balance at the beginning of the period / year	25,361	18,662
Additions during the period / year	633	17,180
Payment made during the period / year	(1,299)	(11,398)
Amortisation during the period / year	1,175	917
Balance at the end of the period / year	25,870	25,361

SHARJAH ISLAMIC BANK PJSC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025**

(Currency: Thousands of U.A.E Dirhams)

15. Other liabilities (continued)

* As at 30 September 2025, sundry creditors include an amount of AED 142.0 million (*As at 31 December 2024: AED 116 million*) which relates to client money balances. In accordance with the regulations issued by the Securities and Commodities Authority (“SCA”), the Group maintains separately moneys received from its customers (“client money”) and presents the client money as part of the condensed consolidated interim financial statements under ‘Cash and balances with banks and financial institutions’ with the corresponding liability in ‘Other liabilities’. The Group does not use the client money for any business activities other than to settle transactions executed in the trading accounts of the customers.

16. Share capital

	As at 30 September 2025		As at 31 December 2024	
	(Un-audited)		(Audited)	
	No. of shares	Value	No. of shares	Value
Issued and fully paid up share capital	<u>3,235,677,638</u>	<u>3,235,678</u>	<u>3,235,677,638</u>	<u>3,235,678</u>

17. Tier 1 sukuk

On 4 June 2025, the Bank issued Shari’a compliant Additional Tier 1 sukuk through a SPV, SIB Tier 1 Sukuk IIND Ltd, (“the issuer”) amounting to USD 500 million (AED 1,836.5 million) at par.

Additional Tier 1 sukuk is a perpetual security in respect of which there is no fixed redemption date and constitutes direct, unsecured, subordinated obligations (senior only to share capital) of the Bank subject to the terms and conditions of the Mudaraba Agreement. These sukuk are expected to pay profit semi-annually of 6.125 per cent each year, commencing from 4 June 2025 with periodic distribution due on 4 December and 4 June every year. The expected profit rate will be reset to a new expected rate on the basis of the then prevailing reoffer spread of 195.6 bps on 4 June 2031 (“the first reset date”) and every 6 years thereafter. These sukuk are listed on Euronext Dublin and Nasdaq Dubai and are callable by the Bank on 4 December 2030 (“the first call date”) or any profit payment date thereafter subject to certain redemption conditions.

The net proceeds of Additional Tier 1 Sukuk are invested by the Bank in its general business activities on a co-mingling basis. At the Issuer’s sole discretion, it may elect not to make any Mudaraba profit distributions expected and the event is not considered an event of default. In such an event, the Mudaraba profit will not be accumulated but forfeited to the issuer. If the issuer makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or make any other payment, and will procure that no distribution or dividend or other payment is made on ordinary shares issued by the Bank, or (b) directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire ordinary shares issued by the Bank.

On 2 July 2025, the Bank exercised its call options and redeemed Additional Tier 1 Capital Certificates (the “Certificates”) amounting to USD 500 million (AED 1,836.5 million) originally issued on 2 July 2019 via SIB Tier 1 Sukuk Company Limited. The Certificates have been delisted on Euronext Dublin and Nasdaq Dubai as well.

18. Treasury shares**a) Repurchase of shares**

During the year ended 31 December 2024, the Bank has repurchased 167.7 million of its own shares, representing 5.18% of its total issued and paid up share capital of the Bank, from Kuwait Finance House, subsequent to approval from the Central Bank of the UAE on 16 September 2024 and the Bank's shareholders' on 16 October 2024 respectively, in accordance with Article 221 of the UAE Federal Law No. 32 of 2021. As at 30 September 2025 and 31 December 2024, the shares are classified under shareholders' equity as treasury shares at the purchase value of AED 2.2 per share. The Bank intends to dispose off these shares in accordance with the applicable laws and regulations.

SHARJAH ISLAMIC BANK PJSC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

18. Treasury shares (continued)**b) Appointment of liquidity provider**

On 27 November 2024, the Bank engaged a third party licensed liquidity provider for its shares listed on the Abu Dhabi Securities Exchange ("ADX") for a period of 12 months. Under this agreement, the liquidity provider will provide enhanced liquidity for the shares of the Bank listed on ADX by offering bid-ask quotes in line with the guidelines set by ADX and the UAE Securities and Commodities Authority ("SCA"). This agreement is intended to boost liquidity and build stronger confidence among investors in the Bank's publicly traded shares. On 9 December 2024, the Bank has transferred AED 45 million to the liquidity provider in accordance with the terms of the agreement with the liquidity provider. Trading under this agreement commenced on 10 December 2024. As at 30 September 2025, the liquidity provider held 6.2 million of the Bank's shares on behalf of the Bank (*As at 31 December 2024: 9.8 million shares*), which are classified under shareholders' equity as treasury shares at the price at which the shares were bought by the liquidity provider. As at 30 September 2025, the liquidity provider also holds unutilised amount of AED 26.9 million (*As at 31 December 2024: 20.8 million*) which has been included in 'Cash and balances with financial institutions'. At the end of the term of the agreement with the liquidity provider, the Bank will have the option to either transfer the outstanding shares under its name or dispose of its shares in the market.

19. Other reserves and treasury shares

	Legal reserve	Statutory reserve	Impairment reserve - General	Cash flow hedge reserve	Treasury shares (note 18)	Total
Balance at 1 January 2025 (Audited)	1,626,880	89,008	183,587	(38,228)	(393,241)	1,468,006
Transfer to reserves	-	-	24,321	-	-	24,321
Cash flow hedge - effective portion of changes in fair value of Islamic derivative - net of tax	-	-	-	67,805	-	67,805
Shares held by liquidity provider	-	-	-	-	5,920	5,920
Balance at 30 September 2025 (Un-audited)	1,626,880	89,008	207,908	29,577	(387,321)	1,566,052
Balance at 1 January 2024 (Audited)	1,617,838	89,008	164,617	-	-	1,871,463
Transfer to reserves	9,042	-	18,970	-	-	28,012
Cash flow hedge - effective portion of changes in fair value of Islamic derivative - net of tax	-	-	-	(38,228)	-	(38,228)
Repurchase of shares	-	-	-	-	(368,991)	(368,991)
Shares held by liquidity provider	-	-	-	-	(24,250)	(24,250)
Balance at 31 December 2024 (Audited)	1,626,880	89,008	183,587	(38,228)	(393,241)	1,468,006

20. Islamic derivative financial instruments

The Group uses profit rate swaps to hedge against the cash flow risks arising on certain variable rate financial assets and fixed rated financial liabilities. These are designated by the Group as cash flow hedges, and, as such, the Group applies cash flow hedge accounting to hedge the variability in highly probable forecast future cash flows attributable to profit rate risk on financial assets and liabilities. The table below shows the positive and negative fair values of Islamic derivative financial instruments, which are equivalent to the market values, together with the notional amounts analysed by the term to maturity.

SHARJAH ISLAMIC BANK PJSC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

20. Islamic derivative financial instruments (continued)

The notional amount is the amount of an Islamic derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of Islamic derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are neither indicative of the market risk nor credit risk.

Islamic derivative financial instruments - held as cash flow hedge	Statement of financial position - line item	Positive fair value	Negative fair value	Notional amount
As at 30 September 2025 (Un-audited)				
Profit rate swaps	Other assets	<u>32,502</u>	<u>-</u>	<u>2,461,025</u>
As at 31 December 2024 (Audited)				
Profit rate swaps	Other liabilities	<u>-</u>	<u>42,009</u>	<u>2,093,725</u>

21. Net fee and commission income

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2025	2024	2025	2024
	Un-audited	Un-audited	Un-audited	Un-audited
Fee and commission income				
Commission income	<u>186,129</u>	<u>92,139</u>	<u>421,408</u>	<u>229,006</u>
Fees and charges on banking services	<u>26,568</u>	<u>19,056</u>	<u>74,257</u>	<u>55,530</u>
Card related fees	<u>26,823</u>	<u>21,537</u>	<u>69,799</u>	<u>70,285</u>
Takaful commission	<u>2,720</u>	<u>3,447</u>	<u>9,539</u>	<u>11,412</u>
	<u>242,240</u>	<u>136,179</u>	<u>575,003</u>	<u>366,233</u>
Fee and commission expense				
Commission expense	<u>5,978</u>	<u>5,661</u>	<u>18,451</u>	<u>14,257</u>
Card related expense	<u>22,615</u>	<u>16,707</u>	<u>61,045</u>	<u>51,643</u>
Takaful expense	<u>2,765</u>	<u>2,966</u>	<u>8,602</u>	<u>9,674</u>
	<u>31,358</u>	<u>25,334</u>	<u>88,098</u>	<u>75,574</u>
22. Other income				
Income from hospitality	<u>3,789</u>	<u>3,316</u>	<u>17,394</u>	<u>16,180</u>
Rental income	<u>17,900</u>	<u>18,046</u>	<u>57,689</u>	<u>53,706</u>
Income from disposal of properties	<u>32,984</u>	<u>23,738</u>	<u>34,815</u>	<u>27,658</u>
Gain on disposal of property and equipment	<u>8</u>	<u>-</u>	<u>21</u>	<u>366</u>
Other income	<u>81</u>	<u>81</u>	<u>879</u>	<u>237</u>
	<u>54,762</u>	<u>45,181</u>	<u>110,798</u>	<u>98,147</u>

23. Segment reporting

The Group's operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which has been identified as the Board of Directors of the Bank and members of its executive committees who assess the financial performance and position of the Group and makes strategic decisions. The Group's activities comprise the following main business segments:

a) Government and corporate

Within this business segment the Bank provides companies, institutions and government and government departments with a range of Islamic financial products and services. This includes exposure to high net worth individuals.

b) Retail

The retail segment provides a wide range of Islamic financial services to individuals.

c) Investment and treasury

This segment mainly includes wakalah deals with other financial institutions, investments securities, investment properties and other money market activities.

d) Hospitality, brokerage and real estate

The Bank on its own and through its subsidiary ASAS provides real estate services, whereas SNH and SIFS provide hospitality and brokerage services respectively.

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

23. Segment reporting (continued)

	Government and Corporate	Retail	Investment and treasury	Hospitality, brokerage and real estate	Total
Condensed consolidated interim statement of profit or loss:					
For the nine month period ended 30 September 2025 (Un-audited)					
Income from investments in Islamic financing and sukuks	1,318,798	277,444	1,260,007	27,968	2,884,217
Distribution to depositors and sukuk holders	(989,213)	(118,946)	(620,673)	-	(1,728,832)
Net income from financing and investment products	329,585	158,498	639,334	27,968	1,155,385
Fee and commission income	190,729	50,461	75,204	258,609	575,003
Fee and commission expense	(36,032)	(16,565)	(35,501)	-	(88,098)
Net fee and commission income	154,697	33,896	39,703	258,609	486,905
Investment income	-	-	11,090	48	11,138
Foreign exchange income	60,399	4,296	16,247	637	81,579
Other income	-	-	900	109,898	110,798
Total operating income	544,681	196,690	707,274	397,160	1,845,805
General and administrative expenses	-	-	-	(52,037)	(52,037)
General and administrative expenses - unallocated	-	-	-	-	(566,951)
Net operating income before impairment	544,681	196,690	707,274	345,123	1,226,817
Impairment on financial assets - net of recoveries	29,127	(11,690)	(28,284)	(1,100)	(11,947)
Profit before tax	573,808	185,000	678,990	344,023	1,214,870
Taxation - unallocated	-	-	-	-	(109,632)
Profit for the period	573,808	185,000	678,990	344,023	1,105,238
Condensed consolidated interim statement of financial position:					
As at 30 September 2025 (Un-audited)					
Assets					
Segment assets	37,358,117	5,064,047	37,850,512	4,549,720	84,822,396
Unallocated assets	-	-	-	-	1,757,530
Total assets	37,358,117	5,064,047	37,850,512	4,549,720	86,579,926
Liabilities					
Segment liabilities	45,561,607	9,901,227	20,646,248	469,931	76,579,013
Unallocated liabilities	-	-	-	-	1,001,365
Total liabilities	45,561,607	9,901,227	20,646,248	469,931	77,580,378

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

23. Segment reporting (continued)

	Government and Corporate	Retail	Investment and treasury	Hospitality, brokerage and real estate	Total
Condensed consolidated statement of profit or loss:					
For the nine month period ended 30 September 2024 (Un-audited):					
Income from investments in Islamic financing and sukuks	1,304,688	312,565	1,095,792	12,871	2,725,917
Distribution to depositors and sukuk holders	(1,004,607)	(143,469)	(469,415)	-	(1,617,491)
Net income from financing and investment products	300,081	169,097	626,377	12,871	1,108,426
Fee and commission income	129,268	58,754	53,172	125,038	366,233
Fee and commission expense	(32,224)	(17,907)	(25,442)	-	(75,574)
Net fee and commission income	97,044	40,847	27,730	125,038	290,659
Investment income	-	-	63,242	-	63,242
Foreign exchange income	32,862	4,880	9,390	6,651	53,783
Other income	-	-	27,248	70,899	98,147
Total operating income	429,988	214,824	753,986	215,459	1,614,257
General and administrative expenses	-	-	-	(46,902)	(46,902)
General and administrative expenses - unallocated	-	-	-	-	(485,868)
Net operating income before impairment	429,988	214,824	753,986	168,557	1,081,487
Impairment on financial assets - net of recoveries	(81,314)	(22,364)	4,001	(968)	(100,645)
Profit before tax	348,674	192,459	757,987	167,589	980,842
Taxation - unallocated	-	-	-	-	(89,571)
Profit for the period	348,674	192,459	757,987	167,589	891,271
Consolidated statement of financial position:					
As at 31 December 2024 (Audited)					
Assets					
Segment assets	32,442,764	5,499,617	35,449,229	4,402,268	77,793,878
Unallocated assets	-	-	-	-	1,416,438
Total assets	32,442,764	5,499,617	35,449,229	4,402,268	79,210,316
Liabilities					
Segment liabilities	43,475,637	9,285,379	16,983,504	480,550	70,225,070
Unallocated liabilities	-	-	-	-	681,947
Total liabilities	43,475,637	9,285,379	16,983,504	480,550	70,907,017

SHARJAH ISLAMIC BANK PJSC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025

(Currency: Thousands of U.A.E Dirhams)

24. Related parties

In the normal course of business, the Group enters into various transactions with enterprises and key management personnel which falls within the definition of related parties as defined in IAS 24. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director, executive or otherwise, of the Group. Other related parties includes balances due to / from entities under common control of either major shareholders or key management personnel. The related party transactions are executed at the terms agreed between the parties, which in the opinion of management, are not significantly different from those that could have been obtained from third parties. At the reporting date, such significant balances include:

	Key management personnel	Major shareholders	Other related parties	Total
Condensed consolidated interim statement of financial position as at 30 September 2025 (Un-audited)				
Investment securities measured at fair value	-	633,801	-	633,801
Investment securities measured at amortised cost	-	779,861	-	779,861
Investments in Islamic financing	348,192	3,356,882	6,501,841	10,206,915
Customer deposits	(161,566)	(2,194,501)	(5,373,791)	(7,729,858)
Contingent liabilities	59	500,100	444,392	944,551
Consolidated statement of financial position as at 31 December 2024 (Audited)				
Investment securities measured at fair value	-	606,467	-	606,467
Investment securities measured at amortised cost	-	780,329	-	780,329
Investments in Islamic financing	554,747	3,376,462	5,917,470	9,848,679
Customer deposits	(325,925)	(3,198,685)	(4,487,342)	(8,011,952)
Contingent liabilities	-	100	256,367	256,467
Condensed consolidated interim statement of profit or loss for the nine month period ended 30 September 2025 (Un-audited)				
Income from Islamic financing and investment securities	13,275	168,067	294,762	476,104
Depositors' share of profit	(3,286)	(72,039)	(76,752)	(152,077)
Fee and commission income	-	-	1,287	1,287
Condensed consolidated interim statement of profit or loss for the nine month period ended 30 September 2024 (Un-audited)				
Income from Islamic financing and investment securities	12,162	206,995	314,814	533,971
Depositors' share of profit	(2,607)	(117,623)	(81,958)	(202,188)
Fee and commission income	-	-	1,350	1,350

Key management compensation includes salaries and other short term benefits of AED 23.1 million for the nine month period ended 30 September 2025 (*nine month period ended 30 September 2024: AED 20.1 million*) and post-employment benefits of AED 1.7 million for the nine month period ended 30 September 2025 (*nine month period ended 30 September 2024: AED 1.4 million*).

As at 30 September 2025 or 31 December 2024, the Group does not have any related party balances classified as stage 3.

As at 30 September 2025 and 31 December 2024, the Group has applied the exemption in IAS 24 'Related Party Disclosures' that allows presentation of reduced related party disclosures regarding transactions with government related parties. These transactions (mainly comprised of utility expenses, courier expenses etc) are conducted in the ordinary course of business, on terms comparable to those with other entities that are not government related and are not individually or collectively significant. The Group has established procurement policies, a pricing strategy and approval mechanism for purchases / income which are independent of whether the counterparties are government related or not.

24. Related parties (continued)

The ultimate controlling party of the Bank is the Government of Sharjah. Major shareholders of the Bank comprise of fully owned entities of the Government of Sharjah namely Sharjah Asset Management LLC and Sharjah Social Security Fund who hold 28.46% and 15.12% of the Bank's issued and fully paid up share capital respectively as at 30 September 2025 and 31 December 2024.

25. Fair value measurement

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, credit spreads in estimating discount rates, sukuk and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation function, which is independent of front office management and reports to the Investment Committee, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements.

Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- a review and approval process for new models and changes to models involving valuation function;
- calibration and back-testing of models against observed market transactions at regular intervals;
- analysis and investigation of significant valuation movements; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month, by Investment Committee.

Significant valuation issues are reported to the Investment Committee.

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025
(Currency: Thousands of U.A.E Dirhams)

25. Fair value measurement (continued)

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
At 30 September 2025 (Un-audited)				
Financial assets				
Investment securities - FVTPL	521,949	-	216,427	738,376
Investment securities - FVTOCI	3,509,920	-	378,359	3,888,279
	<u>4,031,869</u>	<u>-</u>	<u>594,786</u>	<u>4,626,655</u>
Non-financial assets				
Investment properties at fair value	-	-	3,000,511	3,000,511
	<u>-</u>	<u>-</u>	<u>3,000,511</u>	<u>3,000,511</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
At 31 December 2024 (Audited)				
Financial assets				
Investment securities - FVTPL	576,161	-	371,985	948,146
Investment securities - FVTOCI	3,221,500	-	428,095	3,649,595
	<u>3,797,661</u>	<u>-</u>	<u>800,080</u>	<u>4,597,741</u>
Non-financial assets				
Investment properties at fair value	-	-	2,964,711	2,964,711
	<u>-</u>	<u>-</u>	<u>2,964,711</u>	<u>2,964,711</u>

Management considers that the carrying amounts of financial assets and financial liabilities, measured at amortised cost, recognised in the condensed consolidated interim financial statements approximate their fair values, other than investments measured at amortised cost for which the fair value is calculated using Level 1 inputs. As at 30 September 2025, fair value for investments measured at amortised cost amounts to AED 13,540.0 million (*As at 31 December 2024: AED 13,091.3 million*) against carrying value of AED 13,357.7 million (*As at 31 December 2024: AED 13,172.7 million*).

There were no transfers of any financial instruments between any of the levels in the fair value hierarchy during the nine month period ended 30 September 2025 or during the year ended 31 December 2024.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the hierarchy for investment securities and investment properties:

	For the nine month period ended 30 September 2025 (Un-audited)		For the year ended 31 December 2024 (Audited)	
	<u>FVTPL</u>	<u>FVTOCI</u>	<u>FVTPL</u>	<u>FVTOCI</u>
Financial assets				
Balance as at the beginning of the period / year	371,985	428,095	329,551	292,248
Fair value movement during the period / year	(155,558)	6,450	22,702	30,112
Additions during the period / year	-	-	20,752	110,190
Disposals during the period / year	-	(56,186)	(1,020)	(4,455)
Balance at the end of the period / year	<u>216,427</u>	<u>378,359</u>	<u>371,985</u>	<u>428,095</u>

SHARJAH ISLAMIC BANK PJSC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025**

(Currency: Thousands of U.A.E Dirhams)

25. Fair value measurement (continued)

	30 September 2025	31 December 2024
	Un-audited	Audited
Non-financial assets - Investment properties		
Balance at the beginning of the period / year	2,964,711	2,822,991
Additions during the period / year	26,765	416,665
Transfer to properties held for sale during the year	-	(193,830)
Disposals during the period / year	-	(38,604)
Loss on revaluation during the year	-	(40,335)
Exchange differences	9,035	(2,176)
Balance at the end of the period / year	3,000,511	2,964,711

During the nine month period ended 30 September 2025, the Group did not transfer any properties between properties held for sale and investment properties (*year ended 31 December 2024, the Group transferred properties of AED 193.8 million from investment properties to properties held for sale*). This has no impact on condensed consolidated interim statement of cash flows for the nine month period ended 30 September 2025 or 30 September 2024.

Unobservable inputs used in measuring fair value

The investment department constantly monitors the progress of its investments by conducting its own valuation assessment along with information provided by the fund manager. Depending on the nature of the underlying asset, quantitative methods are used such as residual value, discounted cash flow / scenario analysis or comparable market valuation. Qualitative methods which involve taking into consideration the market & economic outlook are also employed. The carrying amount of the investment properties is the fair value of the properties as determined by an independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued and is reviewed by the Board of Directors on an annual basis. The valuation techniques used for fair valuation of the investment properties were disclosed in the consolidated financial statements for the year ended 31 December 2024.

The effect of unobservable input on fair value measurement

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions by 10% would have the following effects:

	Effect on profit or loss		Effect on OCI	
	Favorable	Unfavorable	Favorable	Unfavorable
For the nine month period ended				
30 September 2025 (Un-audited)	321,694	(321,694)	37,836	(37,836)
For the year ended				
31 December 2024 (Audited)	333,670	(333,670)	42,810	(42,810)

SHARJAH ISLAMIC BANK PJSC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025**

(Currency: Thousands of U.A.E Dirhams)

26. Interim measurement

The nature of the Group's business is such that income and expense are incurred in a manner, which is not impacted by any form of seasonality. These condensed consolidated interim financial statements were prepared based upon the accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.

27. Dividends

During the annual general meeting of the shareholders held on 23 February 2025, a cash dividend of 15% of the paid up capital, amounting to AED 458.7 million (AED 0.1 per share) was approved for the year ended 31 December 2024 *(During the annual general meeting of the shareholders held on 18 February 2024, a cash dividend of 10% of the paid up capital, amounting to AED 323.6 million (AED 0.1 per share) was approved for the year ended 31 December 2023).*

28. Contingencies and commitments

	As at 30 September 2025 <u>Un-audited</u>	As at 31 December 2024 <u>Audited</u>
Letters of credit	<u>472,454</u>	<u>589,642</u>
Letters of guarantee	<u>5,569,522</u>	<u>3,892,739</u>
Commitments	<u>1,491,811</u>	<u>1,632,387</u>

Total net asset value of the funds under management as at 30 September 2025 amounts to AED 3,876.2 million *(As at 31 December 2024: AED 2,710.2 million)*.

As at 30 September 2025, the letter of guarantees issued also include financial guarantee of AED 5 million *(As at 31 December 2024: AED 5 million)* respectively to the Department of Economic Development against a real estate leasing and management license for ASAS Real Estate.

As at 30 September 2025, financial guarantees of AED 200 million which comprises of AED 100 million issued to Abu Dhabi Securities Exchange and AED 100 million issued to Dubai Financial Market against conducting brokerage operations for Sharjah Islamic Financial Services LLC *(As at 31 December 2024, financial guarantees of AED 200 million which comprises of AED 100 million issued to Abu Dhabi Securities Exchange and AED 100 million issued to Dubai Financial Market against conducting brokerage operations for Sharjah Islamic Financial Services LLC)*.

The Group receives legal claims arising in the normal course of business. As of the reporting date, the Group has assessed these claims and considers them not to be material, individually or in aggregate. Where appropriate, the Group has recognised a provision for liabilities when it was probable that an outflow of economic resources embodying economic benefits would be required and for which a reliable estimate could be made of the obligation. The Group seeks to comply with all applicable laws and regulations, but may be subject to regulatory actions and investigations from time to time, the outcome of which are generally difficult to predict and can be material.

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025
(Currency: Thousands of U.A.E Dirhams)

29. Taxation

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2025	2024	2025	2024
	Un-audited	Un-audited	Un-audited	Un-audited
Condensed consolidated interim statement of profit or loss				
<i>Current tax</i>				
Charge for the period	40,000	33,377	110,006	89,571
Previous years tax charge	374	-	(374)	-
<i>Deferred tax</i>				
Charge for the period:				
- Relating to temporary differences	-	-	-	-
Tax expense for the period reported in the condensed consolidated interim statement of profit or loss	40,374	33,377	109,632	89,571
Condensed consolidated interim statement of other comprehensive income				
<i>Current tax</i>				
Charge for the period:				
- Unrealized gain / (loss) on revaluation of FVTOCI equity investments	565	688	878	(348)
- Previous years tax charge	1,325	-	1,325	-
<i>Deferred tax</i>				
Charge for the period:				
- Unrealized gain on revaluation of FVTOCI sukuk investments	2,699	6,344	6,590	9,310
- Unrealized gain on effective portion of changes in fair value of cash flow hedge	1,051	-	6,706	-
Tax charge / (income) reported in the condensed consolidated interim statement of other comprehensive income	5,640	7,032	15,499	8,962
Reconciliation of tax expense and the accounting profit				
Accounting profit before tax	448,414	365,988	1,214,870	980,842
At UAE statutory corporate tax rate of 9% (2024: 9%)	40,357	33,276	109,338	89,288
Effect of standard exemption	(8)	(8)	(25)	(25)
Effect of previous years tax charge	(374)	-	(374)	-
Non-deductible expenses for tax purposes	399	109	693	308
At the effective income tax rate of 9.02% (2024: 9.03%)	40,374	33,377	109,632	89,571

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025
(Currency: Thousands of U.A.E Dirhams)

30. Deferred tax

	As at 30 September 2025 Un-audited	As at 31 December 2024 Audited
Investment securities measured at fair value	11,244	4,653
Cash flow hedge - Effective portion of changes in fair value	2,925	(3,781)
Deferred tax liability / (asset)	14,169	872
Recognised in profit or loss	-	-
Recognised in other comprehensive income	14,169	872
Deferred tax liability / (asset)	14,169	872

31. Basic and diluted earnings per share

	For the nine month period ended 30 September 2025 (Un-audited)		For the nine month period ended 30 September 2024 (Un-audited)	
	Basic	Diluted	Basic	Diluted
Profit for the period	1,105,238	1,105,238	891,271	891,271
less: Profit on Tier 1 sukuk	(91,825)	(91,825)	(91,824)	(91,824)
Adjusted profit for the period	1,013,413	1,013,413	799,447	799,447
Weighted average number of ordinary shares (in '000)	3,060,190	3,050,011	3,060,190	3,050,011
Basic earnings per share (U.A.E. Dirhams)	0.33	0.33	0.26	0.26
	For the three month period ended 30 September 2025 (Un-audited)		For the three month period ended 30 September 2024 (Un-audited)	
	Basic	Diluted	Basic	Diluted
Profit for the period	408,040	408,040	332,611	332,611
less: Profit on Tier 1 sukuk	(45,913)	(45,913)	(45,913)	(45,913)
Adjusted profit for the period	362,127	362,127	286,698	286,698
Weighted average number of ordinary shares (in '000)	3,060,190	3,050,011	3,060,190	3,050,011
Basic earnings per share (U.A.E. Dirhams)	0.12	0.12	0.09	0.09

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025
(Currency: Thousands of U.A.E Dirhams)

32. Comparative figures

Board of Directors' fee

The Board of Directors' fee (the "fee"), which was previously charged to 'retained earnings' in the condensed consolidated interim statement of change in equity, is now being charged to the condensed consolidated interim statement of profit or loss. The impact of this change has resulted in a decrease in 'Retained earnings' as of 1 January 2024 and 30 September 2024 by AED 10 million and AED 11.3 million respectively.

Furthremore, the fee, previously charged to equity, is now included in the condensed consolidated interim statement of profit or loss. This resulted in an increase in 'General and administrative expenses' for the nine month period ended 30 September 2024 by AED 11.3 million leading to a reduction in the profit for the nine month period ended 30 September 2024. The prior year's profit or loss has been restated to reflect this change in accounting treatment.

These reclassifications of prior year numbers have no impact on the condensed consolidated statement of cash flows for the nine month period ended 30 September 2024.

Margin receivables

During the period, margin receivables of AED 442.3 million (*31 December 2024: AED 395.8 million*) which was previously classified within other assets, has now been presented in Investment in Islamic financing. This reclassification has no impact on the condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of cash flows and condensed consolidated interim statement of changes in equity for the nine month period ended 30 September 2025 and 30 September 2024.

Other than the above change, certain other prior period comparatives have been reclassified in these condensed consolidated interim financial statements to conform to the current period's presentation.

33. Directors' remuneration

In accordance with the Article 171 of Commercial Companies Law No. 32 of 2021, the directors' remuneration for the year ended 31 December 2024 was AED 15 million.

34. Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the condensed consolidated interim financial statements as at and for the nine month period ended 30 September 2025.

35. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of Directors on 7 October 2025. The Directors have the power to amend the condensed consolidated interim financial statements after issue.