

Sharjah Islamic bank

Management report

Despite the current challenges to financial institutions, the bank was able to achieve a significant improvement in its operations, SIB maintained a steady net profit of AED 70.0 million for the 1st quarter of 2011 compared to AED 67.5 million for the same period last year.

Balance Sheet:

The bank demonstrated a consistent and gradual growth in its balance sheet components during 2011 Balance sheet footing grew by AED 470.8 million (2.8 per cent) to reach AED 17.1 billion at the end of the 1st quarter 2011 compared to AED 16.7 billion at the end of 2010.

The followings are the main reason for the increase:

Total liquid assets including Wakalah and balances with central bank and other banks decreased by AED 139.6 million (3.3 per cent) to reach AED 4.0 billion, which represent 23.5 per cent of total assets, compared to 25.0 per cent of AED 4.2 billion as at December 2010

Net customers' receivables increased by AED 611.6 million (6.3 per cent) to reach AED 10.3 billion compared to AED 9.7 billion as at December 2010.

Investment portfolio the bank targets investment classes that meet certain stability and risk parameters such as strong cash flow and Sharia'a compatibility on the other hand, the bank's investment portfolio remains at the same level of AED 1.7 billion since December 2009.

Customers' Deposits as a stable source of funding, the bank managed to enlarge its wide depositors base, a characteristic of its deposits structure with customer deposits growing by AED 757.0 million (7.3 per cent) to reach AED 11.1 billion, compared to AED 10.4 billion as at December 2010.

Sukuk, in the fourth quarter 2006, SIB successfully issued Ijarah Sukuk with a value of US\$225 million (AED 826 million) maturing in five years, which will mature on October 2011.

The Shareholder's equity amounting to AED 4.3 billion represents 25.0 per cent of the total balance sheet footing reflecting the bank's strong capital base and strong financial position that will enable the Bank to achieve its strategic objectives.

Income Statement:

Net profits reached AED 70.0 million, compared to AED 67.5 with the same period last year growing by (3.7 per cent) and net operating income amounted to AED 144.6 million increased by AED 3.4 million (2.4 percent) compared to AED 141.2 million for the same period last year.

Provision net of recoveries amounted to AED 9.8 million increased by AED 7.9 million (422.2 per cent) compared to AED 1.9 million for the same period last year.

Profits allocated and distributed to depositors amounted to AED 64.8 million for the 1st quarter 2011 decreased by AED 7.1 or (9.8 per cent) compared to AED 71.9 million for the same period last year. These allocations represent the depositors' share of the Bank's net operating profits based on the profit sharing mechanism between shareholders and depositors as approved by SIB Shari'a Board.

Key performance indicators

The following are a number of key performance indicators which shows the strength of the financial position:

Return on average shareholders equity reached 6.45% while return on average assets reached 1.66% by the 1st quarter of 2011 compared to 6.15% and 1.63% respectively in 2010.

The bank's regulatory capital adequacy ratios, set by the central bank reached 44.41 compared with 44.13% as at December 2010.

