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**SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED**  
**INTERIM FINANCIAL STATEMENTS**  
**(UN – AUDITED)**  
**30 SEPTEMBER 2015**

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## SHARJAH ISLAMIC BANK

### Directors' Report

The Directors have pleasure in presenting their report together with the condensed consolidated interim financial statements of SHARJAH ISLAMIC BANK ("the Bank") and its subsidiaries (together referred as the "Group") for the nine-month period ended 30 September 2015.

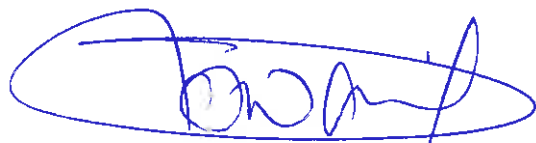
#### Financial Highlights

The Group has reported a profit of AED 298.4 million for the nine-month period ended 30 September 2015 compared to AED 295.0 million for the corresponding prior year period, an increase of 1.2%.

Compared to December 2014, total assets increased by AED 2.1 billion to reach AED 28.2 billion, an increase of 8.2%, financing receivables and ijarah receivable increased by 11.1% (AED 1.6 billion) to reach AED 16.1 billion and customer deposits experienced a growth of 9.2 % (AED 1.3 billion) to reach AED 15.9 billion.

#### Directors:-

H.E. Abdul Rahman Mohammed Nasser Al Owais	Chairman
Mr. Ahmed Mohamed Obaid Al Shamsi	Vice Chairman
Mr. Othman Mohammed Sharif Zaman	Member
Mr. Ahmed Ghanim Al Suwaidi	Member
Mr. Ali Bin Salim Al Mazrou	Member
Mr. Emad Yousef Abdulla Saleh Al Monayea	Member
Mr. Mohammad N. Al Fouzan	Member



Abdul Rahman Mohammed Nasser Al Owais  
Chairman  
20 October 2015



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United Arab Emirates

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## **Independent auditors' report on review of condensed consolidated interim financial information**

The Shareholders of Sharjah Islamic Bank

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial information of Sharjah Islamic Bank ("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 2015;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month period ended 30 September 2015;
- the condensed consolidated interim statement of comprehensive income for the three-month and nine-month period ended 30 September 2015;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2015;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2015; and
- notes to the condensed consolidated interim financial statements.

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

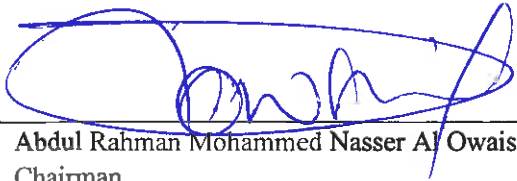
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

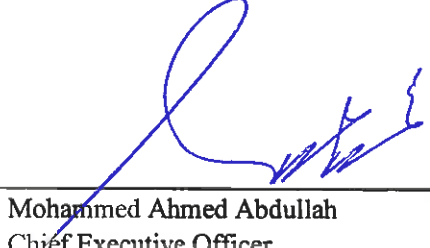
KPMG Lower Gulf Limited  
Muhammad Tariq  
Registration No: 793  
Date: 20 OCT 2015

**SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2015**  
(Currency: Thousands of U.A.E Dirhams)

	30 September 2015 Un-audited	31 December 2014 Audited
<b>Assets</b>		
Cash and balances with banks and financial institutions	1,339,181	2,267,083
International murabaha and wakalah with financial institutions	4,651,365	4,014,863
Financing receivables	5,898,602	5,471,701
Ijarah receivables	10,178,272	9,002,953
Investment securities	2,338,035	1,581,167
Investment properties	478,669	445,490
Properties held-for-sale	1,593,509	1,430,465
Other assets	737,557	851,542
Property and equipment	944,904	947,624
<b>Total assets</b>	<b>28,160,094</b>	<b>26,012,888</b>
<b>Liabilities</b>		
Customers deposits	15,935,611	14,591,968
Due to banks	1,279,642	2,455,664
Sukuk payable	5,132,895	3,298,733
Other liabilities	1,109,231	956,453
Zakat payable	31,839	121,678
<b>Total liabilities</b>	<b>23,489,218</b>	<b>21,424,496</b>
<b>Shareholders' equity</b>		
Share capital	2,425,500	2,425,500
Legal reserve	1,330,626	1,330,626
Statutory reserve	89,008	89,008
Fair value reserve	(9,764)	(68,698)
Retained earnings	835,506	811,956
<b>Total shareholders' equity</b>	<b>4,670,876</b>	<b>4,588,392</b>
<b>Total liabilities and shareholders' equity</b>	<b>28,160,094</b>	<b>26,012,888</b>

These condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 20 October 2015.

  
Abdul Rahman Mohammed Nasser Al Owais  
Chairman

  
Mohammed Ahmed Abdullah  
Chief Executive Officer

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015 (Un- audited)**  
(Currency: Thousands of U.A.E. Dirhams)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2015	2014	2015	2014
Income from murabaha and leasing	210,062	210,462	615,074	623,668
Profit expense on Sukuks	(44,980)	(31,672)	(123,656)	(94,962)
Fees, commission and other income	78,487	68,070	237,831	199,222
Income from subsidiaries	5,406	8,752	21,489	33,749
<b>Total income</b>	<b>248,975</b>	<b>255,612</b>	<b>750,738</b>	<b>761,677</b>
General and administrative expenses	(107,159)	(101,026)	(321,863)	(301,867)
<b>Net operating income</b>	<b>141,816</b>	<b>154,586</b>	<b>428,875</b>	<b>459,810</b>
Provisions - net of recoveries	(15,198)	(30,474)	(34,765)	(76,413)
<b>Profit before distribution to depositors</b>	<b>126,618</b>	<b>124,112</b>	<b>394,110</b>	<b>383,397</b>
Distribution to depositors	(32,771)	(31,261)	(95,677)	(88,441)
<b>Profit for the period</b>	<b>93,847</b>	<b>92,851</b>	<b>298,433</b>	<b>294,956</b>
(Attributable to the shareholders of the Bank)				
<b>Earnings per share (U.A.E. Dirhams)</b>	<b>0.04</b>	<b>0.04</b>	<b>0.12</b>	<b>0.12</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015 (Un- audited)**  
(Currency: Thousands of U.A.E. Dirhams)

	<b>For the three-month period ended 30 September</b>		<b>For the nine-month period ended 30 September</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Profit for the period</b>	<b>93,847</b>	<b>92,851</b>	<b>298,433</b>	<b>294,956</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Net change in fair value reserve	<u>115</u>	<u>(28,436)</u>	<u>30,101</u>	<u>(33,879)</u>
<b>Total comprehensive income for the period</b>	<b><u>93,962</u></b>	<b><u>64,415</u></b>	<b><u>328,534</u></b>	<b><u>261,077</u></b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015 (Un- audited)**  
(Currency: Thousands of U.A.E. Dirhams)

	<b>For the nine-month period ended 30 September(Un-audited)</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities:</b>		
Profit for the period	298,433	294,956
Adjustments:		
Depreciation	24,432	24,166
Amortisation of sukuk issuance cost	2,933	2,119
Provisions - net of recoveries	34,765	66,708
<b>Operating profit before changes in operating assets and liabilities</b>	<b>360,563</b>	<b>387,949</b>
Changes in:		
Reserve with Central Bank	(221,851)	(209,395)
International murabaha and wakalah arrangement with financial institutions	(826,349)	264,905
Financing receivables and Ijarah receivable	(1,636,985)	(1,486,241)
Other assets, net	113,985	(350,645)
Customers' deposits	1,343,643	2,249,027
Due to banks	(1,176,022)	126,288
Zakat payable	(89,839)	(30,381)
Other liabilities	149,278	328,233
<b>Net cash (used in) /provided by operating activities</b>	<b>(1,983,577)</b>	<b>1,279,740</b>
<b>Cash flows from investing activities:</b>		
Properties and equipment-net	(21,713)	(55,183)
Change in investments properties	(33,179)	(1,612)
Change in properties held-for-sale	(163,044)	(107,759)
Investments securities	(726,767)	(249,581)
<b>Net cash used in investing activities</b>	<b>(944,703)</b>	<b>(414,135)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of Sukuk	1,831,229	-
Cash dividend	(242,550)	(242,550)
<b>Net cash provided by /(used in) financing activities</b>	<b>1,588,679</b>	<b>(242,550)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,339,601)</b>	<b>623,055</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,710,912</b>	<b>3,566,961</b>
<b>Cash and cash equivalents at the end of period</b>	<b>3,371,311</b>	<b>4,190,016</b>
	<b>30 September</b>	<b>30 September</b>
<b>Cash and cash equivalents comprise of:</b>	<b>2015</b>	<b>2014</b>
Cash and balances with banks and financial institutions	34,804	982,938
International murabaha and wakalah with financial institutions	3,336,507	3,207,078
	<b>3,371,311</b>	<b>4,190,016</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015 (Un- audited)**  
(Currency: Thousands of U.A.E. Dirhams)

	<b>ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK</b>					
	<b>Share capital</b>	<b>Legal reserves</b>	<b>Statutory reserves</b>	<b>Fair value reserve</b>	<b>Retained earnings</b>	<b>Total shareholders' equity</b>
As at 1 January 2014	2,425,500	1,330,233	89,008	(42,693)	733,859	4,535,907
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	294,956	294,956
<b>Other comprehensive income</b>						
Net change in fair value reserve	-	-	-	(33,879)	-	(33,879)
Total comprehensive income for the period	-	-	-	(33,879)	294,956	261,077
<b>Transactions with owners recorded directly in equity</b>						
Fair value adjustment	-	-	-	(897)	897	-
Dividends paid	-	-	-	-	(242,550)	(242,550)
Board of directors' fees - paid	-	-	-	-	(3,500)	(3,500)
Total transactions with owners	-	-	-	(897)	(245,153)	(246,050)
<b>As at 30 September 2014</b>	<b>2,425,500</b>	<b>1,330,233</b>	<b>89,008</b>	<b>(77,469)</b>	<b>783,662</b>	<b>4,550,934</b>
As at 1 January 2015	2,425,500	1,330,626	89,008	(68,698)	811,956	4,588,392
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	298,433	298,433
<b>Other comprehensive income</b>						
Net change in fair value reserve	-	-	-	30,101	-	30,101
Total comprehensive income for the period	-	-	-	30,101	298,433	328,534
<b>Transactions with owners recorded directly in equity</b>						
Fair value adjustment	-	-	-	28,833	(28,833)	-
Dividends paid	-	-	-	-	(242,550)	(242,550)
Board of directors' fees - paid	-	-	-	-	(3,500)	(3,500)
Total transactions with owners	-	-	-	28,833	(274,883)	(246,050)
<b>As at 30 September 2015</b>	<b>2,425,500</b>	<b>1,330,626</b>	<b>89,008</b>	<b>(9,764)</b>	<b>835,506</b>	<b>4,670,876</b>

In accordance with the Ministry of Economy & Commerce interpretation of Article 118 of Commercial Companies Law No. 8 of 1984, Directors' remuneration has been treated as an appropriation from equity.

The accompanying notes form an integral part of these condensed consolidated interim financial statements.



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**SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015 (Un- audited)**  
(Currency: Thousands of U.A.E. Dirhams)

**1. Legal status and activities**

SHARJAH ISLAMIC BANK (“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 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 the UAE Central Bank, which are carried out through its 31 branches (2014: 30 branches) established in United Arab Emirates.

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 30 June 2002 (“the transformation date”). As a result the Bank transformed its conventional banking products into Islamic banking products during the nine-month period ended 30 September 2002 after negotiation and agreement with its customers.

The condensed consolidated interim financial statements of the Bank comprise the Bank and its fully owned subsidiaries incorporated in United Arab Emirates, Sharjah National Hotels (SNH), Sharjah Islamic Financial Services LLC (SIFS), Contact Marketing and ASAS (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. Contact Marketing provides certain support services to the Bank and ASAS is involved in the management of the Bank’s real estate portfolio.

The registered office of the Bank is Post Box No.4, Sharjah, United Arab Emirates.

**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 2014. 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 consolidated financial statements of the Group as at and for the year ended 31 December 2014.

**b) Basis of measurement**

The condensed consolidated interim financial statements have been prepared on a historical basis except for the following material items in the consolidated statement of financial position:

- financial assets at fair value through profit or loss (FVTPL);
- financial assets at fair value through other comprehensive income (FVTOCI); and
- Investment properties at fair value.

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**SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015 (Un- audited)  
(Currency: Thousands of U.A.E. Dirhams)

**2. Basis of preparation (continued)**

**c) Functional and reporting currency**

These condensed consolidated interim financial statements have been prepared in UAE Dirhams (AED), which is the Group's functional currency. All information presented in AED has been rounded to the nearest thousands, except when otherwise stated.

**d) Key accounting estimates & judgment**

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 judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

**e) Financial risk management**

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2014.

**3. Summary of significant 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 consolidated financial statements as at and for the year ended 31 December 2014 except for the adoption of new IFRSs which became effective as of 1 January 2015.

The adoption of the new and amended standards and interpretations have been reflected in these condensed consolidated interim financial statements as appropriate in terms of disclosures but do not have an impact on the financial position or performance of the Group during the period.

**SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015 (Un- audited)**  
(Currency: Thousands of U.A.E. Dirhams)

**4. Sukuks payable**

Name of issuer	Maturity date	30 September 2015 (Un-audited)		31 December 2014 (Audited)	
		Carrying value	Profit rate	Carrying value	Profit rate
SIB Sukuk Company II Limited	25 May 2016	1,468,285	4.715%	1,467,227	4.715%
SIB Sukuk Company III Limited	16 April 2018	1,832,565	2.950%	1,831,506	2.950%
SIB Sukuk 2020	17 March 2020	1,832,045	2.843%	-	
<b>Total</b>		<b>5,132,895</b>		<b>3,298,733</b>	

On 17 March 2015, the Bank through a shari'a compliant Sukuk Financing arrangement raised medium term finance amounting to AED 1.83 billion (US\$ 500 million). The Sukuk is listed in Irish Stock Exchange and NASDAQ Dubai.

The terms of the arrangement includes the transfer of certain leased assets of the Bank on a co-ownership basis to the issuer. The assets are under control of the Bank and shall be continued to be serviced by the Bank.

The Issuer will pay the quarterly distribution amount from the returns received in respect of the leased assets. Such proceeds are expected to be sufficient to cover the quarterly distribution amount payable to Sukuk holders on each quarterly distribution date. Upon expiry of this Sukuk the Bank has undertaken to repurchase the assets at the exercise price of US\$ 500 million.

**5. Segment reporting**

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.

**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 of the Bank and other money market activities.

**d) Hospitality and brokerage**

The Bank through its subsidiaries SNH and SIFS provides hospitality and brokerage services respectively.

**SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015 (Un- audited)**  
(Currency: Thousands of U.A.E. Dirhams)

**5. Segment reporting (continued)**

	Corporate and government	Retail	Investment and treasury	Hospitality and brokerage	Total
<b>Consolidated statement of profit or loss:</b>					
<b>For the nine-month period ended 30</b>					
<b>September 2015 (un-audited):</b>					
Income from murabaha and leasing	286,397	270,722	57,955	-	615,074
Profit expense on sukuk	-	-	(123,656)	-	(123,656)
Investments, fees and other income	61,572	52,514	120,874	-	234,960
Income for subsidiaries	-	-	-	21,489	21,489
Unallocated income	-	-	-	-	2,871
<b>Total income</b>	<b>347,969</b>	<b>323,236</b>	<b>55,173</b>	<b>21,489</b>	<b>750,738</b>
General and administrative expenses	-	-	-	(24,395)	(24,395)
General and administrative expenses – unallocated	-	-	-	-	(297,468)
<b>Net operating income</b>	<b>347,969</b>	<b>323,236</b>	<b>55,173</b>	<b>(2,906)</b>	<b>428,875</b>
Provisions - net of recoveries	(20,653)	(13,986)	86	(212)	(34,765)
<b>Profit before distribution to depositors</b>	<b>327,316</b>	<b>309,250</b>	<b>55,259</b>	<b>(3,118)</b>	<b>394,110</b>
Distribution to depositors	(60,384)	(33,759)	(1,534)	-	(95,677)
<b>Profit for the period</b>	<b>266,932</b>	<b>275,491</b>	<b>53,725</b>	<b>(3,118)</b>	<b>298,433</b>
<b>Consolidated statement of financial position:</b>					
<b>As at 30 September 2015 (un-audited):</b>					
<b>Assets</b>					
Segment assets	9,611,533	6,773,846	9,922,533	671,770	26,979,682
Unallocated assets	-	-	-	-	1,180,412
<b>Total assets</b>	<b>9,611,533</b>	<b>6,773,846</b>	<b>9,922,533</b>	<b>671,770</b>	<b>28,160,094</b>
<b>Liabilities</b>					
Segment liabilities	9,101,610	7,140,790	6,412,537	44,087	22,699,024
Unallocated liabilities	-	-	-	-	790,194
<b>Total liabilities</b>	<b>9,101,610</b>	<b>7,140,790</b>	<b>6,412,537</b>	<b>44,087</b>	<b>23,489,218</b>

**SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015 (Un-audited)**  
(Currency: Thousands of U.A.E. Dirhams)

**5. Segment reporting (continued)**

	Corporate and government	Retail	Investment and treasury	Hospitality and brokerage	Total
<b>Consolidated statement of profit or loss:</b>					
<b>For the nine-month period ended 30</b>					
<b>September 2014 (un-audited):</b>					
Income from murabaha and leasing	298,611	282,002	43,055	-	623,668
Profit expense on sukuk	-	-	(94,962)	-	(94,962)
Investments, fees and other income	55,401	39,150	87,186	-	181,737
Income for subsidiaries	-	-	-	33,749	33,749
Unallocated income	-	-	-	-	17,485
<b>Total income</b>	<b>354,012</b>	<b>321,152</b>	<b>35,279</b>	<b>33,749</b>	<b>761,677</b>
General and administrative expenses	-	-	-	(28,749)	(28,749)
General and administrative expenses – unallocated	-	-	-	-	(273,118)
<b>Net operating income</b>	<b>354,012</b>	<b>321,152</b>	<b>35,279</b>	<b>5,000</b>	<b>459,810</b>
Provisions - net of recoveries	(10,954)	(46,678)	(22,805)	4,024	(76,413)
<b>Profit before distribution to depositors</b>	<b>343,058</b>	<b>274,474</b>	<b>12,474</b>	<b>9,024</b>	<b>383,397</b>
Distribution to depositors	(54,469)	(32,635)	(1,337)	-	(88,441)
<b>Profit for the period</b>	<b>288,589</b>	<b>241,839</b>	<b>11,137</b>	<b>9,024</b>	<b>294,956</b>
<b>Consolidated statement of financial position:</b>					
<b>As at 31 December 2014 (audited):</b>					
<b>Assets</b>					
Segment assets	9,120,615	5,889,897	9,365,332	682,097	25,057,941
Unallocated assets	-	-	-	-	954,947
<b>Total assets</b>	<b>9,120,615</b>	<b>5,889,897</b>	<b>9,365,332</b>	<b>682,097</b>	<b>26,012,888</b>
<b>Liabilities</b>					
Segment liabilities	9,048,192	5,956,929	5,741,743	72,738	20,819,602
Unallocated liabilities	-	-	-	-	604,894
<b>Total liabilities</b>	<b>9,048,192</b>	<b>5,956,929</b>	<b>5,741,743</b>	<b>72,738</b>	<b>21,424,496</b>

## SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015 (Un-audited)

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

#### 6. Related parties

The Bank has transactions in the ordinary course of business with directors, staff of the Bank and entities of which they are principal owners. At the reporting date, such significant balances include:

	30 September 2015 <u>Un-audited</u>	31 December 2014 <u>Audited</u>
<b>Condensed consolidated interim statement of financial position</b>		
Government of Sharjah receivables	1,877,000	1,600,000
Government departments and authorities receivables	3,064,789	2,823,497
Other financing receivables and investing activities	844,493	820,578
Government of Sharjah deposits	21,446	193,371
Government department and authorities deposits	1,888,676	1,521,903
Other deposits	402,059	471,656
Contingent liabilities	215,854	211,527
	<u>30 September 2015 Un-audited</u>	<u>30 September 2014 Un-audited</u>
<b>Condensed consolidated interim statement of profit or loss</b>		
Income from financing and investing activities	186,850	233,503
Depositors' share of profit	(7,669)	(11,011)

Key management compensation includes salaries and other short term benefits of AED 15.0 million for the period ended 30 September 2015 (30 September 2014: AED 13.4 million) and post-employment benefits of AED 2.4 million for the period ended 30 September 2015 (30 September 2014: AED 3.7 million).

#### 7. Fair Value Measurement

##### 7.1 Fair value hierarchy

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:

	Level 1	Level 2	Level 3	Total
<b>At 30 September 2015 (Un-audited)</b>				
<b>Financial assets</b>				
FVTPL – investment securities	41,619	-	669	42,288
FVTOCI – investment securities	675,974	-	209,193	885,167
	<u>717,593</u>	<u>-</u>	<u>209,862</u>	<u>927,455</u>
<b>Non-financial assets</b>				
Investment properties at fair value	-	-	478,669	478,669

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**7. Fair Value Hierarchy (continued)**

*7.1 Fair value hierarchy (continued)*

	Level 1	Level 2	Level 3	Total
<b>At 31 December 2014 (Audited)</b>				
<b>Financial assets</b>				
FVTPL – investment securities	87,830	-	2,364	90,194
FVTOCI – investment securities	289,433	-	112,220	401,653
	<b>377,263</b>	<b>-</b>	<b>114,584</b>	<b>491,847</b>
<b>Non-financial assets</b>				
Investment properties at fair value	-	-	<b>445,490</b>	<b>445,490</b>

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:

	30 September 2015		31 December 2014	
	FVTPL	FVTOCI	FVTPL	FVTOCI
Balance as at 1 January	2,364	112,220	52,754	153,413
Fair value movement	-	678	(663)	(700)
Addition	-	99,831	-	-
Disposals	(1,695)	(3,536)	(49,727)	(40,493)
<b>Closing balance</b>	<b>669</b>	<b>209,193</b>	<b>2,364</b>	<b>112,220</b>
<b>Non-financial assets</b>				
			<b>30 September 2015</b>	<b>31 December 2014</b>
Balance as at 1 January			445,490	339,352
Revaluation			-	17,224
Additions			33,179	88,914
<b>Closing balance</b>			<b>478,669</b>	<b>445,490</b>

The valuation techniques and the inputs used in determining the fair values of level 3 assets is consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014.

*7.2 Fair values of financial assets and liabilities carried at amortised cost*

Management believes that the fair values of financial assets and liabilities measured at amortised cost in the condensed consolidated interim statement of financial position are not significantly different from their carrying values in these condensed consolidated interim financial statements.

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**8. Properties held-for-sale**

These are properties which have been acquired for the purpose of sale after re-development and are stated at the lower of cost or net realisable value.

**9. Geographical distribution**

	<b>30 September 2015 <u>Un-audited</u></b>	<b>31 December 2014 <u>Audited</u></b>
<b>a) Investment securities by geographical distribution</b>		
Financial assets at fair value through profit or loss		
- Domestic	11,375	56,535
- International	30,913	33,659
	<u>42,288</u>	<u>90,194</u>
Financial assets at fair value through other comprehensive income		
- Domestic	775,805	111,713
- International	109,362	289,940
	<u>885,167</u>	<u>401,653</u>
Financial assets measured at amortised cost		
- Domestic	980,739	767,617
- International	429,841	321,703
	<u>1,410,580</u>	<u>1,089,320</u>
<b>Total investment securities</b>	<u>2,338,035</u>	<u>1,581,167</u>
<b>b) Investment properties by geographical distribution</b>		
- Domestic	472,467	439,288
- International	6,202	6,202
<b>Total investment properties</b>	<u>478,669</u>	<u>445,490</u>
<b>c) Properties held-for-sale (domestic)</b>	<u>1,593,509</u>	<u>1,430,465</u>

**10. 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 an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the year.



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**11. Dividends**

During the annual general meeting of the shareholder's held on 28 February 2015 the shareholder's approved a dividend of AED 242.5 million for the year ended 31 December 2014 (2014: AED 242.5 million on meeting held on 11 March 2014 for the year ended 2013).

**12. Contingencies and commitments**

Following are the contingencies and commitments:

	<b>31 September 2015</b>	<b>31 December 2014</b>
	<u><b>Un-audited</b></u>	<u><b>Audited</b></u>
Letter of credit	<b>265,127</b>	<b>261,866</b>
Letter of Guarantee	<b>1,307,786</b>	<b>1,371,074</b>

**13. Comparatives**

Certain prior year/period comparatives have been reclassified to conform to the current period's presentation.