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**SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED**  
**INTERIM FINANCIAL STATEMENTS**  
**(UN – AUDITED)**  
**30 September 2016**

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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 2016.


### Financial Highlights

The Group has reported a profit of AED 335.8 million for the nine-month period ended 30 September 2016 compared to AED 298.4 million for the corresponding prior year period, an increase of 12.5%.

Compared to December 2015, total assets increased by AED 1.9 billion to reach AED 31.8 billion, increase of 6.5%, financing receivables and ijarah receivable increased by 1% (AED 145.3 million) to reach AED 16.5 billion and customer deposits experienced a growth of 0.4 % (AED 73.7 million) to reach AED 17.0 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



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Abdul Rahman Mohammed Nasser Al Owais  
Chairman  
13 October 2016



KPMG Lower Gulf Limited  
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Mohammed Bin Rashid Boulevard, Downtown Dubai, UAE  
Tel. +971 (4) 403 0300, Fax +971 (4) 330 1515

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

The Shareholders  
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 2016;
- the condensed consolidated interim statement of profit or loss for the three-months and nine-months period ended 30 September 2016;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-months and nine-months period ended 30 September 2016;
- the condensed consolidated interim statement of changes in equity for the nine-months period ended 30 September 2016;
- the condensed consolidated interim statement of cash flows for the nine-months period ended 30 September 2016; 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 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited  
Vijay Malhotra  
Registration No: 48  
Date: **13 OCT 2016**

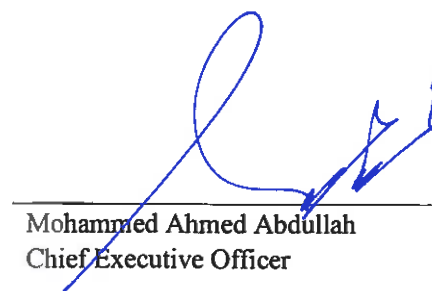
**SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
AS AT 30 September 2016  
(Currency: Thousands of U.A.E Dirhams)

	30 September 2016 <u>Un-audited</u>	31 December 2015 <u>Audited</u>
<b>Assets</b>		
Cash and balances with banks and financial institutions	2,466,509	2,602,045
International murabaha and wakalah with financial institutions	4,741,114	4,315,697
Financing receivables	5,306,304	5,735,334
Ijarah receivables	11,188,187	10,613,873
Investment securities	3,934,736	2,364,160
Investment properties	1,879,122	1,811,784
Properties held-for-sale	582,879	652,965
Other assets	797,366	845,947
Property and equipment	929,924	940,888
<b>Total assets</b>	<b>31,826,141</b>	<b>29,882,693</b>
<b>Liabilities</b>		
Customers deposits	17,026,716	16,953,018
Due to banks	3,551,854	2,046,372
Sukuk payable (note 6)	5,498,282	5,133,860
Other liabilities	909,577	966,695
Zakat payable	38,173	78,347
<b>Total liabilities</b>	<b>27,024,602</b>	<b>25,178,292</b>
<b>Shareholders' equity</b>		
Share capital	2,425,500	2,425,500
Statutory reserve	1,330,626	1,330,626
General reserve	89,008	89,008
Fair value reserve	(22,696)	(31,867)
General regulatory reserve (note 4)	140,000	-
Retained earnings	839,101	891,134
<b>Total shareholders' equity</b>	<b>4,801,539</b>	<b>4,704,401</b>
<b>Total liabilities and shareholders' equity</b>	<b>31,826,141</b>	<b>29,882,693</b>

These condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 13 October 2016.



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 2016 (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	
	2016	2015	2016	2015
Income from Islamic financing	<b>200,595</b>	210,062	<b>617,861</b>	615,074
Profit expense on sukuk	<b>(31,108)</b>	(44,980)	<b>(114,221)</b>	(123,656)
Investment, fees, commission and other income	<b>91,406</b>	78,487	<b>405,554</b>	237,831
Income from subsidiaries	<b>4,800</b>	5,406	<b>19,134</b>	21,489
<b>Total income</b>	<b>265,693</b>	<b>248,975</b>	<b>928,328</b>	<b>750,738</b>
General and administrative expenses	<b>(113,650)</b>	(107,159)	<b>(340,736)</b>	(321,863)
<b>Net operating income</b>	<b>152,043</b>	<b>141,816</b>	<b>587,592</b>	<b>428,875</b>
Provisions - net of recoveries	<b>(19,328)</b>	(15,198)	<b>(103,740)</b>	(34,765)
<b>Profit before distribution to depositors</b>	<b>132,715</b>	<b>126,618</b>	<b>483,852</b>	<b>394,110</b>
Distribution to depositors	<b>(53,958)</b>	(32,771)	<b>(148,085)</b>	(95,677)
<b>Profit for the period</b>	<b>78,757</b>	<b>93,847</b>	<b>335,767</b>	<b>298,433</b>
(Attributable to the shareholders of the Bank)				
<b>Earnings per share (U.A.E. Dirhams)</b>	<b>0.03</b>	<b>0.04</b>	<b>0.14</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 PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME**  
**FOR THE NINE-MONTH PERIOD ENDED 30 September 2016 (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>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Profit for the period</b>	<b>78,757</b>	<b>93,847</b>	<b>335,767</b>	<b>298,433</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>(10,003)</u>	<u>115</u>	<u>9,171</u>	<u>30,101</u>
<b>Total comprehensive income for the period</b>	<b><u>68,754</u></b>	<b><u>93,962</u></b>	<b><u>344,938</u></b>	<b><u>328,534</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 2016 (Un- audited)**  
(Currency: Thousands of U.A.E. Dirhams)

	<b>nine month period ended 30 September 2016</b>	<b>nine month period ended 30 September 2015</b>
<b>Cash flows from operating activities</b>		
Profit for the period	335,767	298,433
Adjustments for:		
- Depreciation	23,845	24,432
- Amortisation of sukuk issuance costs	3,102	2,933
- Provision on financing and Ijarah receivable	73,917	34,765
- Provision for impairment on investment securities	6,402	-
- Provision on subsidiaries receivables	23,595	212
- Gain on disposal of investment / held-for-sale properties	<u>(123,955)</u>	<u>(1,291)</u>
<b>Operating profit before changes in operating assets and liabilities</b>	<b><u>342,673</u></b>	<b><u>359,484</u></b>
Changes in:		
- Reserve with UAE Central Bank	(108,783)	(221,851)
- International murabaha and wakalah with financial institutions	(149,621)	(826,349)
- Financing and Ijarah receivables	(219,201)	(1,636,985)
- Other assets	102,918	113,773
- Customers' deposits	73,698	1,343,643
- Due to banks	1,480,227	(1,176,022)
- Zakat payable	(40,174)	(89,839)
- Other liabilities	<u>(62,368)</u>	<u>149,278</u>
<b>Net cash from / (used in) operating activities</b>	<b><u>1,419,369</u></b>	<b><u>(1,984,868)</u></b>
<b>Cash flows from investing activities</b>		
Acquisition properties and equipment	(12,881)	(21,713)
Acquisition of investment properties	(86,089)	(33,179)
Disposal of investment properties	18,202	-
Acquisition of properties held-for-sale	(112,569)	(161,753)
Disposal of properties held-for-sale	229,228	-
Investment securities, net	<u>(1,567,807)</u>	<u>(726,767)</u>
<b>Net cash used in investing activities</b>	<b><u>(1,531,916)</u></b>	<b><u>(943,412)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds of sukuk repayment / issuance, net	361,320	1,831,229
Cash dividend	<u>(242,550)</u>	<u>(242,550)</u>
<b>Net cash from financing activities</b>	<b><u>118,770</u></b>	<b><u>1,588,679</u></b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>6,223</b>	<b>(1,339,601)</b>
Cash and cash equivalents at the beginning of the period	<u>4,299,039</u>	<u>4,710,912</u>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>4,305,262</u></b>	<b><u>3,371,311</u></b>
<b>Cash and cash equivalents comprise of:</b>		
Cash and balances with banks and financial institutions	966,675	34,804
International murabaha and wakalah with financial institutions	<u>3,338,587</u>	<u>3,336,507</u>
	<b><u>4,305,262</u></b>	<b><u>3,371,311</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 CHANGES IN EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED 30 September 2016 (Un- audited)**  
(Currency: Thousands of U.A.E. Dirhams)

	ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK						
	Share capital	Statutory reserves	Legal reserves	Fair value reserve	General regulatory reserve	Retained earnings	Total shareholders' equity
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
<b>Total comprehensive income for the period</b>	-	-	-	30,101	-	298,433	328,534
<b>Transactions with owners recorded directly in equity</b>							
Fair value adjustment	-	-	-	28,833	-	(28,833)	-
Dividends declared ( <i>note 11</i> )	-	-	-	-	-	(242,550)	(242,550)
Board of directors' fees - paid	-	-	-	-	-	(3,500)	(3,500)
<b>Total transactions with owners</b>	-	-	-	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>-</b>	<b>835,506</b>	<b>4,670,876</b>
As at 1 January 2016	2,425,500	1,330,626	89,008	(31,867)	-	891,134	4,704,401
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	335,767	335,767
<b>Other comprehensive income</b>							
Net change in fair value reserve	-	-	-	9,171	-	-	9,171
<b>Total comprehensive income for the period</b>	-	-	-	9,171	-	335,767	344,938
<b>Transactions with owners recorded directly in equity</b>							
Dividends declared ( <i>note 11</i> )	-	-	-	-	-	(242,550)	(242,550)
Transfer to general regulatory reserve (Note 4)	-	-	-	-	140,000	(140,000)	-
Board of directors' fees - paid	-	-	-	-	-	(5,250)	(5,250)
<b>Total transactions with owners</b>	-	-	-	-	140,000	(387,800)	(247,800)
<b>As at 30 September 2016</b>	<b>2,425,500</b>	<b>1,330,626</b>	<b>89,008</b>	<b>(22,696)</b>	<b>140,000</b>	<b>839,101</b>	<b>4,801,539</b>

The accompanying notes form an integral part of this condensed consolidated interim financial statement

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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 2016 (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 (2015: 31 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 September 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 Real Estate (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 business of real estate.

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 2015. 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 2015.

##### 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 2016 (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 and presentation 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 annual consolidated financial statements as at and for the year ended 31 December 2015.

**e) 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 2015.

**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 annual consolidated financial statements as at and for the year ended 31 December 2015 except for the adoption of new IFRSs which became effective for the period beginning 1 January 2016.

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.

**4. General regulatory reserve**

The Bank has created a non-distributable credit risk special reserve as "general regulatory reserve". The reserve is maintained at least at 1.5% of the credit risk weighted assets, excluding credit risk weighted assets on financing and Ijara receivables, at the end of each reporting period in accordance with the guidelines of UAE Central Bank.

**SHARJAH ISLAMIC BANK AND ITS SUBSIDIARIES****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE NINE-MONTH PERIOD ENDED 30 September 2016 (Un- audited)

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

**5. Capital Adequacy Ratio**

The Group's regulatory capital adequacy ratio is set by the CBUAE. The Group has complied with all externally imposed capital requirements throughout the period. There have been no material changes in the Group's management of capital during the period. The Group has adopted a standardised approach for Credit risk and Market risk and a Basic Indicator approach for Operational Risk as a starting point and is working towards migrating to foundation internal rating based (IRB) and advanced IRB as per time line set by CBUAE.

The table below summarises the composition of regulatory capital of the Group:

	Basel II	
	30 September 2016 Un-audited	31 December 2015 Audited
<b>Total tier 1 capital base</b>	<b>4,804,819</b>	<b>4,715,552</b>
<b>Total tier 2 capital base</b>	<b>4,969,127</b>	<b>4,965,853</b>
On balance sheet	32,988,792	30,173,724
Off balance sheet	2,012,657	1,626,256
<b>Risk weighted assets:</b>		
Credit risk	21,094,414	20,609,122
Market risk	13,835	48,498
Operational risk	1,915,850	1,915,850
<b>Risk weighted assets</b>	<b>23,024,099</b>	<b>22,573,470</b>
<b>Tier 1 ratio</b>	<b>20.87%</b>	<b>20.89%</b>
<b>Capital adequacy ratio</b>	<b>21.58%</b>	<b>21.99%</b>

**6. Sukuk payable**

Name of issuer	Maturity date	30 September 2016 Un-audited		31 December 2015 Audited	
		Carrying value	Profit rate	Carrying value	Profit rate
SIB Sukuk Company II Limited	25 May 2016	-	4.715%	1,468,637	4.715%
SIB Sukuk Company III Limited	15 April 2018	1,834,048	2.950%	1,832,999	2.950%
SIB Sukuk 2020	17 March 2020	1,832,999	2.843%	1,832,224	2.843%
SIB Sukuk 2021	8 September 2021	1,831,235	3.084%	-	-
<b>Total</b>		<b>5,498,282</b>		<b>5,133,860</b>	

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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 2016 (Un- audited)  
(Currency: Thousands of U.A.E. Dirhams)

**6. Sukuk payable (continued)**

On 8 September 2016, 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.

**7. 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. 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 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 2016 (Un- audited)

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

**7. Segment reporting (continued)**

<b>Consolidated statement of profit or loss: For the nine-month period ended 30 September 2016 (un-audited)</b>	<b>Corporate and Government</b>	<b>Retail</b>	<b>Investment and treasury</b>	<b>Hospitality and brokerage</b>	<b>Total</b>
Income from Islamic financing	369,688	174,911	73,262	-	617,861
Profit expense on sukuk	-	-	(114,221)	-	(114,221)
Investment, fees, commission and other income *	71,171	50,941	283,442	-	405,554
Income from subsidiaries	-	-	-	19,134	19,134
<b>Total income</b>	<b>440,859</b>	<b>225,852</b>	<b>242,483</b>	<b>19,134</b>	<b>928,328</b>
General and administrative expenses	(155,027)	(79,342)	(83,954)	(22,413)	(340,736)
<b>Net operating income</b>	<b>285,832</b>	<b>146,510</b>	<b>158,529</b>	<b>(3,279)</b>	<b>587,592</b>
Provisions - net of recoveries	(65,685)	(8,058)	(6,402)	(23,595)	(103,740)
<b>Profit before distribution to depositors</b>	<b>220,147</b>	<b>138,452</b>	<b>152,127</b>	<b>(26,874)</b>	<b>483,852</b>
Distribution to depositors	(96,178)	(38,098)	(13,809)	-	(148,085)
<b>Profit for the period</b>	<b>123,969</b>	<b>100,354</b>	<b>138,318</b>	<b>(26,874)</b>	<b>335,767</b>

**Consolidated statement of financial position:**

As at 30 September 2016 (un-audited)

**Assets**

Segment assets	14,156,463	2,523,197	13,481,491	657,599	30,818,750
Unallocated assets	-	-	-	-	1,007,391
<b>Total assets</b>	<b>14,156,463</b>	<b>2,523,197</b>	<b>13,481,491</b>	<b>657,599</b>	<b>31,826,141</b>

**Liabilities**

Segment liabilities	9,372,399	7,780,020	9,050,136	45,908	26,248,463
Unallocated liabilities	-	-	-	-	776,139
<b>Total liabilities</b>	<b>9,372,399</b>	<b>7,780,020</b>	<b>9,050,136</b>	<b>45,908</b>	<b>27,024,602</b>

\* Investment and treasury includes income of AED 124 million (30 September 2015: AED 1.2 million) from sale of certain units of property held for sale.

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**7. 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 September 2015 (un-audited)</b>					
Income from Islamic financing	286,397	270,722	57,955	-	615,074
Profit expense on sukuk	-	-	(123,656)	-	(123,656)
Investment, fees, commission and other income	62,947	53,792	121,092	-	237,831
Income from subsidiaries	-	-	-	21,489	21,489
<b>Total income</b>	<b>349,344</b>	<b>324,514</b>	<b>55,391</b>	<b>21,489</b>	<b>750,738</b>
General and administrative expenses	(143,111)	(131,851)	(22,506)	(24,395)	(321,863)
<b>Net operating income</b>	<b>206,233</b>	<b>192,663</b>	<b>32,885</b>	<b>(2,906)</b>	<b>428,875</b>
<b>Provisions- net of recoveries</b>	<b>(20,653)</b>	<b>(13,986)</b>	<b>86</b>	<b>(212)</b>	<b>(34,765)</b>
<b>Profit before distribution to depositors</b>	<b>185,580</b>	<b>178,677</b>	<b>32,971</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>125,196</b>	<b>144,918</b>	<b>31,437</b>	<b>(3,118)</b>	<b>298,433</b>
<b>Consolidated statement of financial position:</b>					
<b>As at 31 December 2015 (audited)</b>					
<b>Assets</b>					
Segment assets	13,913,952	2,660,045	11,654,033	669,085	28,897,115
Unallocated assets	-	-	-	-	985,578
<b>Total assets</b>	<b>13,913,952</b>	<b>2,660,045</b>	<b>11,654,033</b>	<b>669,085</b>	<b>29,882,693</b>
<b>Liabilities</b>					
Segment liabilities	9,946,154	7,222,566	7,180,232	65,856	24,414,808
Unallocated liabilities	-	-	-	-	763,484
<b>Total liabilities</b>	<b>9,946,154</b>	<b>7,222,566</b>	<b>7,180,232</b>	<b>65,856</b>	<b>25,178,292</b>

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**8. 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. The related party transactions are executed at the terms agreed between the parties, which in opinion of the management are not significantly different from those that could have been obtained from third parties.

At the reporting date, such significant balances include:

	30 September 2016 Un-audited	31 December 2015 Audited
<b>Condensed consolidated interim statement of financial position</b>		
Government of Sharjah financing receivables	2,627,000	2,377,000
Government departments and authorities financing receivables	2,166,140	2,910,215
Other financing receivables and investing activities	825,762	821,097
Government of Sharjah deposits	125,753	51,849
Government department and authorities deposits	2,167,434	2,007,947
Other deposits	505,297	562,141
Contingent liabilities – off balance sheet	137,236	154,851
	30 September 2016 Un-audited	30 September 2015 Un-audited
<b>Condensed consolidated interim statement of profit or loss</b>		
Income from financing and investing activities	159,755	186,850
Depositors' share of profit	(22,223)	(7,669)

Key management compensation includes salaries and other short term benefits of AED 16.3 million for the period ended 30 September 2016 (30 September 2015: AED 15.0 million) and post-employment benefits of AED 1.2 million for the period ended 30 September 2016 (30 September 2015: AED 2.4 million).

**9. Fair Value Measurement**

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 2016 (Un-audited)</b>				
<b>Financial assets</b>				
FVTPL – investment securities	73,720	-	422	74,142
FVTOCI – investment securities	992,380	-	100,234	1,092,614
	1,066,100	-	100,656	1,166,756
<b>Non-financial assets</b>				
Investment properties at fair value	-	-	1,879,122	1,879,122



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**9. Fair Value Measurement (continued)**

	Level 1	Level 2	Level 3	Total
<b>At 31 December 2015 (Audited)</b>				
<b>Financial assets</b>				
FVTPL – investment securities	41,284	-	551	41,835
FVTOCI – investment securities	665,433	-	200,155	865,588
	<u>706,717</u>	<u>-</u>	<u>200,706</u>	<u>907,423</u>
<b>Non-financial assets</b>				
Investment properties at fair value	-	-	1,811,784	1,811,784

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.

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:

Financial assets	30 September 2016		31 December 2015	
	FVTPL	FVTOCI	FVTPL	FVTOCI
Balance as at 1 January	551	200,155	2,364	102,899
Fair value movement	(129)	(90)	(1,910)	(1,444)
Addition	-	-	97	99,831
Disposals	-	(99,831)	-	(1,131)
<b>Closing balance</b>	<u>422</u>	<u>100,234</u>	<u>551</u>	<u>200,155</u>
<b>Non-financial assets</b>				
		30 September 2016		31 December 2015
Balance at the beginning of the period		<u>1,811,784</u>		445,490
Additions		86,089		68,432
Transfer from held-for-sale		-		972,739
Transfer to held-for-sale		-		(984)
Disposal		(18,202)		(11,838)
Disposal / Revaluation (loss) / gain		(549)		337,945
Balance at the closing of the period		<u>1,879,122</u>		<u>1,811,784</u>

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 annual consolidated financial statements as at and for the year ended 31 December 2015.

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**10. Geographical distribution**

	<b>30 September 2016 <u>Un-audited</u></b>	<b>31 December 2015 <u>Audited</u></b>
<b>a) Investment securities by geographical distribution</b>		
Financial assets at fair value through profit or loss		
- Domestic	11,115	11,265
- International	63,027	30,570
	<u>74,142</u>	<u>41,835</u>
Financial assets at fair value through other comprehensive income		
- Domestic	983,335	756,227
- International	109,280	109,361
	<u>1,092,615</u>	<u>865,588</u>
Financial assets measured at amortised cost		
- Domestic	1,157,649	1,026,991
- International	1,610,330	429,746
	<u>2,767,979</u>	<u>1,456,737</u>
<b>Total investment securities</b>	<u><u>3,934,736</u></u>	<u><u>2,364,160</u></u>
<b>b) Investment properties</b>	<u>1,879,122</u>	<u>1,811,784</u>
<b>c) Properties held-for-sale</b>	<u>582,879</u>	<u>652,965</u>

**11. 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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**12. Dividends**

During the annual general meeting of the shareholder's held on 27 February 2016 the shareholder's approved a dividend of AED 242.5 million for the year ended 31 December 2015 (2014: AED 242.5 million on meeting held on 28 February 2015 for the year ended 2014).

**13. Contingencies**

Following are the contingencies:

	<b>30 September 2016 <u>Un-audited</u></b>	<b>31 December 2015 <u>Audited</u></b>
Letter of credit	122,745	216,283
Letter of Guarantee	<u>1,484,231</u>	<u>1,408,317</u>

**14. Comparatives**

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