



مصرف الشارقة الإسلامي
Sharjah Islamic Bank

Management Report

30 June 2021

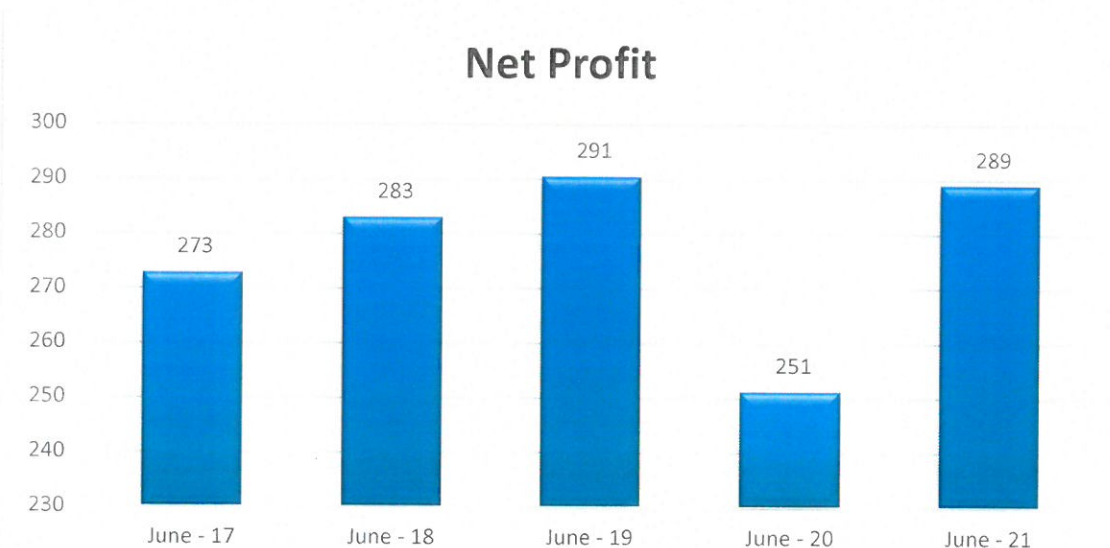
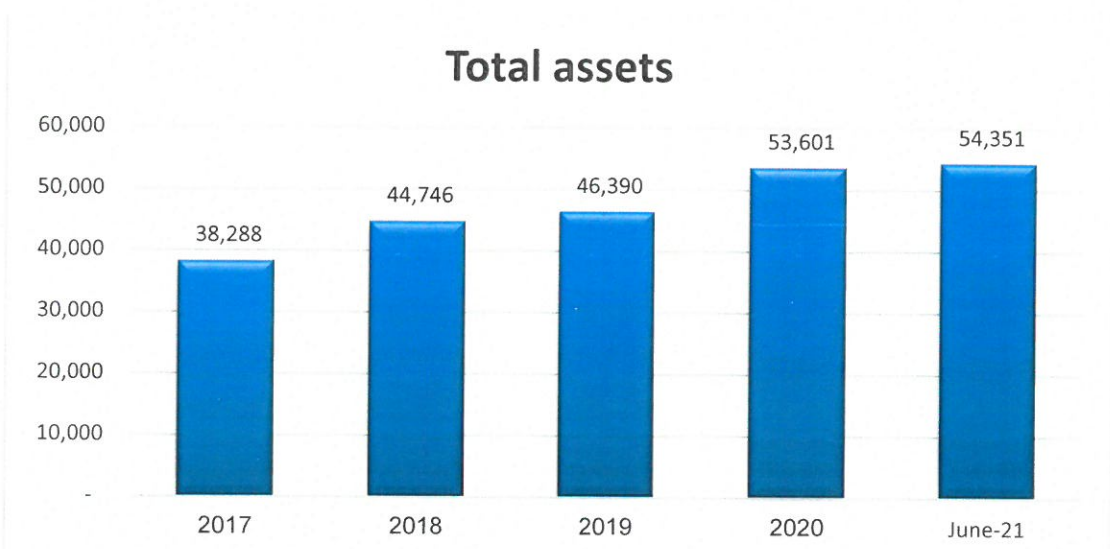
Financial Review

Sharjah Islamic Bank PJSC achieved a net profit of AED 289.5 million for the period ended 30 June 2021, increase of 15.2%, whereas, total assets increased by 1.4% and reached at AED 54.4 billion.

Sharjah Islamic Bank (SIB) recorded an increase of 15.2% in the profit reaching at AED 289.5 million for the period ended 30 June 2021 compared to AED 251.2 million in the same period in 2020.

The Bank's total assets at 30 June 2021 increased from the 2020 year end level and were valued at AED 54.4 billion, an increase of 1.4%.

Bank's liquid assets stand at a strong level of 23.8% as at 30 June 2021.



Key highlights:

- Net profit for the period ended June 2021 reached to AED 289.5 million as compared to AED 251.2 million for the same period ended June 2020, despite COVID-19 pandemic and significant increase in investment in Islamic financing provision by 57.6% from 30 June 2020 level.
- Total operating income for the period ended June 2021 reached at AED 687.1 million as against 601.3 million in the same period ended June 2020, a material increase of 14.8% or AED 88.7 million.
- Net operating income before impairment of financial asset increased by 25.6% reaching AED 417.3 million as compared to AED 332.3 million in similar period 2020.
- Impairment on financial assets - net of recoveries increased from AED 81.1 million in the period ended June 2020 to AED 127.8 million for the period ended 30 June 2021. The increase in provision is in line with the SIB's reassessed scenario to reflect the impact of current uncertainty in measuring ECLs due to COVID-19.
- Cost to income ratio significantly dropped from 44.6% in 2020 to 39.5% for the period ended 30 June 2021.
- Total assets of the Group reached at AED 54.4 billion as at 30 June 2021, increase of 1.4% from last year.
- Investment in Islamic financing stood at AED 29.3 billion at the end of June 2021 in the same level of year end 2020.
- Liquid assets now contribute 23.8% of the total assets, amounting to AED 13.0 billion as at 30 June 2021.
- Investment securities decreased by 14.0% to reach AED 6.7 billion as at 30 June 2021 as compared to AED 7.7 billion for the year ended 2020.
- Customer deposits reached at AED 35.0 billion as at 30 June 2021, with increase of 4.1% or AED 1.4 billion from the year ended 31 December 2021.
- NPL ratio now stands at 5.08%, and coverage ratio at 94.8% as at 30 June 2021.
- Capital adequacy ratio stands at 20.78% at the 30 June 2021
- Advances to deposit ratio stands at 83.7% as at 30 June 2021.
- Earnings per share stands at AED 0.09/share for the period ended 30 June 2021 comparing with 0.08/share at the same period last year.
- Annualized Return on average assets for the period stands at 1.07% comparing with 0.81% last year.
- Return on average equity for the year is computed to 7.6% comparing with 5.35% last year

Statement of financial position:

SIB has been successfully pursuing a strategy of stable growth in financial position, which is reflected in the figures below:

Total assets of Sharjah Islamic Bank reached at AED 54.4 billion as at 30 June 2021, comparing with AED 53.6 billion as at 31 December 2020.

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

Liquid assets:

Liquid assets stand at AED 13.0 billion or 23.8% of the total assets as at 30 June 2021 compared to AED 11.2 billion or 20.9% at the end of year 2020.

Investment in Islamic financing:

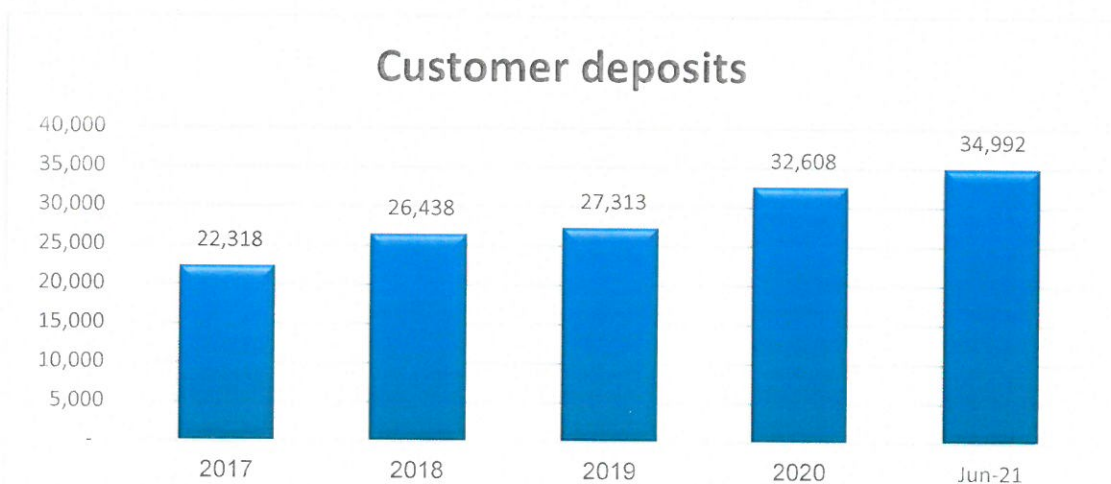
Net investment in Islamic financing of the Bank amounted to AED 29.3 billion as at 30 June 2021, a slight increase of 0.1% or AED 23.3 million compared to the year ended 2020. Investment in Islamic financing to customer deposits stands at strong 83.7% and in line with management's strategic objectives.

Investment securities:

Investment securities decreased by 14.0% to reach AED 6.7 billion as at 30 June 2021 compared to AED 7.7 billion at the end December 2020.

Customer deposits:

Sharjah Islamic Bank's customer deposits notably increased by 4.1% or by AED 1.4 billion and reached at AED 35.0 billion for the period ended 30 June 2021, showing strong customer confidence in the Bank.



Due to banks:

Balance due to banks decreased by AED 669.5 million and stood at AED 5.3 billion at the end of period 30 June 2021 as against AED 6.0 billion as at year end 2020, in line with Group's efficient liquidity management policies.

Shareholders' equity:

Sharjah Islamic Bank is strongly capitalized. Total shareholders' equity reached to AED 7.6 billion or 14.0% of total assets.

Asset quality:

NPL ratio of the Bank stands at 5.08% as at 30 June 2021 owing to prudent management overlays and stringent risk management policies.

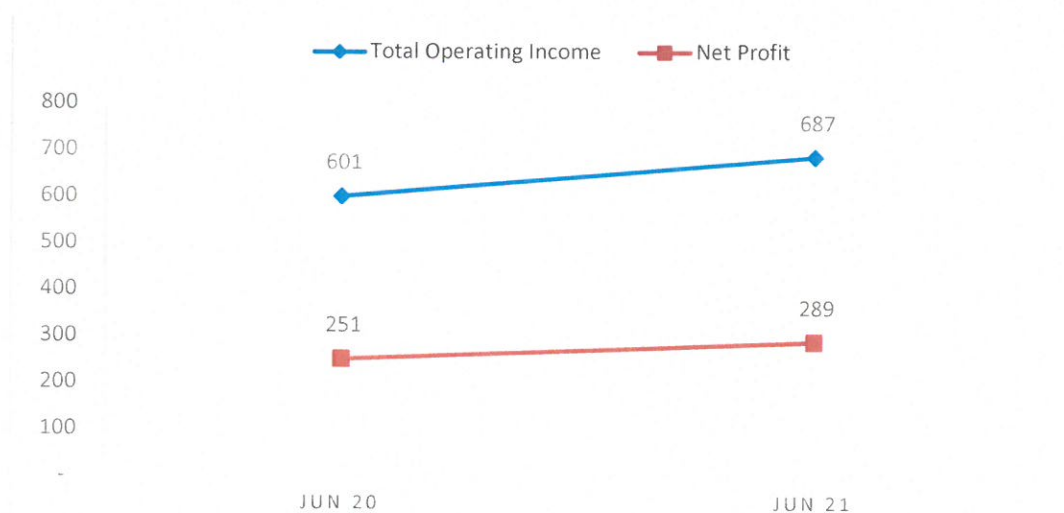
Banks prudent approach to provisions and NPLs has resulted in significantly improved coverage ratio for the Bank. Coverage ratio now stands at the 94.8% as at 30 June 2021.

Income Statement:

Sharjah Islamic Bank posted a net profit of AED 289.5 million for the period ended 30 June 2021, compared to AED 251.2 million for the similar period ended June 2020, an increase of 15.2%, despite the challenges posed by COVID-19 pandemic, lower profit rates and increase in investment in Islamic financing provision

Total net operating income for the period ended June 2021 reached at AED 417.3 million as against 332.3 million in the same period ended June 2020, a material increase of 25.6% or AED 85.0 million.

Main highlights of the income statement are:



The distribution to depositors and sukuk holders reached AED 297.9 million for the period ended 30 June 2021 compared to AED 391.6 million for the same period 2020; a decrease of 23.9%. Profit is allocated for payment to depositors. These profit allocations represent the depositors' share of the Groups' net operating profits based on the profit sharing mechanism between shareholders and depositors as approved by SIB's Shari'a Board.

Investment, fees, commission and other income reached AED 152.0 million for the period ended 30 June 2021, compared to AED 138.7 million for the period ended 30 June 2020, with an increase of AED 13.3 million or 9.6%.

On the expenses side, general and administration expenses reached AED 269.8 million for period ended 30 June 2021 compared to AED 269.0 million for the similar period ended June 2020, an increase of 1.4%.

Impairment on financial assets - net of recoveries was recorded at AED 127.8 million for the period ended 30 June 2021 compared to AED 81.1 million for period ended 30 June 2020, an increase of AED 46.7 million or 57.6%.

Annualized return on average shareholders' equity (ROAE) reached 7.6% as at 30 June 2021 compared to 5.35% of year end 2020, while annualized return on average assets (ROAA) reached at 1.07% compared with 0.81% at the yearend 2020.



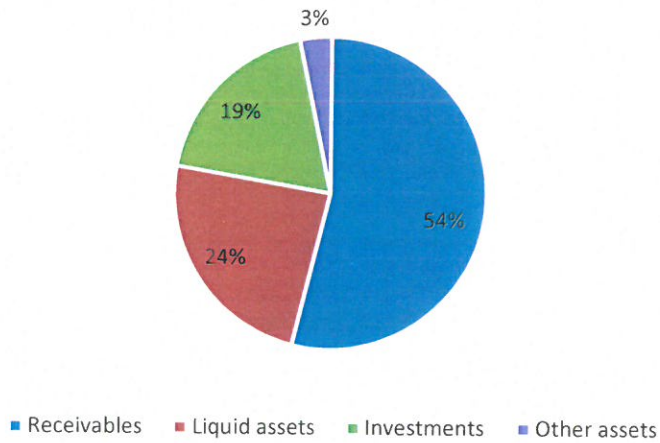
Summary of key figures and performance ratios

<i>(Figures in AED Millions)</i>	2016	2017	2018	2019	2020	30 June 2021
Total Assets	33,539	38,288	44,746	46,390	53,601	54,351
Net Investment in Islamic financings	17,091	21,707	24,124	25,143	29,269	29,292
Customer Deposits	26,438	22,318	26,438	27,313	32,608	34,992
Total Shareholders' Equity	4,856	5,519	5,446	7,529	7,648	7,615
Return on Average Assets*	1.46%	1.33%	1.23%	1.20%	0.81%	1.07%
Return on Average Equity*	9.68%	9.21%	9.36%	8.45%	5.35%	7.59%
Equity to Total Assets	14.48%	14.41%	12.04%	16.23%	14.27%	14.0%
Leverage of Total Capital (Times)	5.91	5.94	7.31	5.16	6.01	6.14

*Annualized

Assets and Liabilities Structure

SIB Asset Structure



SIB Liabilities structure

