



Sharjah Islamic Bank

Management discussion and analysis report

For the three month period ended **31 March 2026**

KEY HIGHLIGHTS

Sharjah Islamic Bank PJSC (the “Bank” or “SIB”) and its subsidiaries (together referred to as the “Group”) demonstrated impressive financial performance for the three month period ended 31 March 2026, where the Group's net profit **surged by 19.4%**, reaching an impressive **AED 380.7 million**. This notable growth is in comparison to the net profit of AED 318.9 million recorded for the same period of 2025.

-  **+19.4%** The Group demonstrated strong financial performance for the three month period ended 31 March 2026, characterized by a notable 19.4% increase in **net profit** to AED 380.7 million, compared to AED 318.9 million for the three month period ended 31 March 2025, which underscores the efficacy of the Group's management and the success of its profit-generating strategies.
-  **+21.1%** The **total operating income** for the three month period ended 31 March 2026 amounted to AED 644.1 million, showing an increase of 21.1% or AED 112.4 million compared to AED 531.7 million reported for the three month period ended 31 March 2025.
-  **+23.1%** **Net operating income**, before impairment of financial assets, reached AED 410.3 million, an increase of 23.1% compared to AED 333.4 million for the three month period ended 31 March 2025. This improvement demonstrates the Group's efficiency in managing its core business operations.
-  **+33.3%** **Earnings per share** for three month period ended 31 March 2026, were recorded at AED 0.12 per share, compared to AED 0.09 per share for the same period previous year 2025. This increase reflects the Group's ability to generate higher earnings for its shareholders.
-  **+8.4%** **Annualized return on average assets** – after tax for the three month period ended 31 March 2026 stood at 1.68%, compared to 1.55% for the previous year ended 31 December 2025. This improvement demonstrates the Group's effective utilization of its assets to generate profits.
-  **+10.1%** **Annualized return on average equity – after tax** for the three month period ended 31 March 2026 was 16.27%, an increase from 14.78% for the year ended 31 December 2025. This metric reflects the Group's strong performance for the three month period ended 31 March 2026.
-  **+0.6%** The Group's **cost-to-income ratio** stands at 36.3% for the three month period ended 31 March 2026, compared to 36.1% for the year ended 2025. This reflects the Group's ongoing strategic investment aimed at driving long term growth.

KEY HIGHLIGHTS

The Group demonstrated robust asset growth highlighted by **0.7% increase** in total assets, **2.6% increase** in Investment in Islamic financing and **10.3% growth** in customer deposits.

-  **+0.7%** The Group's **total assets** increased to AED 90.9 billion as of 31 March 2026, reflecting a robust 0.7% increase as compared to AED 90.3 billion as of 31 December 2025. This expansion in total assets underscores the Group's capacity to enhance its asset portfolio, thereby reinforcing its financial strength.
-  **+2.6%** The Group's **Investments in Islamic financing** saw a notable increase of AED 1.2 billion, resulting an increase of 2.6%. As of 31 March 2026, the total Investments in Islamic financing reached AED 46.8 billion, compared to AED 45.5 billion as of 31 December 2025. This expansion underscores the Group's steadfast commitment to providing Islamic financial services and fostering sectoral growth.
-  **+0.0%** **Investment securities** measured at amortized cost remained stable at AED 12.7 billion. The Group's investment securities measured at fair value increased by 251.7 million and reached at AED 5.3 billion as of 31 March 2026 as compared to AED 5.0 billion as of 31 December 2025.
-  **+10.3%** **Customer deposits** increased by 10.3% to reach AED 61.4 billion as of 31 March 2026 as compared to AED 55.7 billion as of 31 December 2025 demonstrating strong business relationships with its customers as well as the competitiveness of the Group's products and profit rates.
-  **-7.0%** As of 31 March 2026, the **financing to deposit ratio**, a key indicator of the Group's lending activity compared to its deposit base, was recorded at 76.1%, compared to 81.8% as of 31 December 2025. This ratio underscores the Group's judicious strategy in overseeing its financing portfolio, ensuring a well-balanced risk profile.
-  **-2.2%** **Liquid assets**, pivotal in bolstering the Group's liquidity profile, constituted 21.8% of the total assets, equating to AED 19.8 billion as of 31 March 2026, compared to 22.3% equating to AED 20.2 billion as of 31 December 2025. Liquidity levels are crucial for the Group to fulfill short-term obligations.
-  **0.0%** **Non-Performing Financing ("NPF") ratio** stood at 3.8% as of 31 March 2026 and 31 December 2025, while total coverage ratio stands at to 107.2% as of 31 March 2026 compared to 109.0% as of 31 December 2025. These metrics highlight the Group's prudent approach to managing credit risk and its ability to mitigate potential losses.
-  **-3.7%** The Group maintained a robust capital position, with a total **capital adequacy ratio** stands at 15.6% as of 31 March 2026. This ratio demonstrates the Group's ability to meet regulatory requirements.

PERFORMANCE

Total assets of the Group reached at **AED 90.9 billion** as of 31 March 2026, a testament to the Group's growth strategy formulated in light of prudent risk management. Stable growth in total assets by 0.7% is a composition of growth in assets across all business units of the Group including liquid assets, Investment in Islamic financing and Investment securities.

The **net investment in Islamic financing** reached **AED 46.7 billion** as of 31 March 2026, reflecting a net increase of 2.6% or AED 1.2 billion, compared to the balance as of 31 December 2025. Investment in Islamic financing has continually increased for the Group with CAGR of 11.1%. This growth implies strong strategy and optimal utilisation of capital and liquidity resources.

The **Group's liquid assets** comprised 21.8% of total assets, totaling **AED 19.8 billion** as of 31 March 2026. These liquidity levels signal a liquidity position that enables the Group to seamlessly navigate short-term obligations. Such numbers resonates with the Group's strategic vision of maintaining a minimum liquidity threshold of 20%.

Investment securities measured at **amortised cost** remained stable at **AED 12.7 billion** as of 31 March 2026, compared to AED 12.9 billion as of 31 December 2025. This is a key investment portfolio for the Group and is driven by rising investor demand for stable, Sharia-compliant instruments, and the government's push for infrastructure and economic development projects.

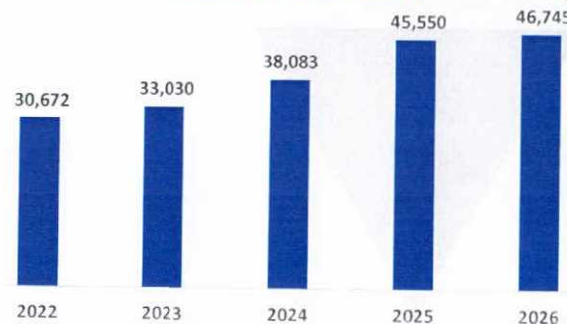
Customer deposits increased by 10.3% to reach **AED 61.4 billion** as compared to AED 55.7 billion as of 31 December 2025. Customer deposits have increased with a CAGR of 11.6%, demonstrating strong business relationships with its customers as well as the competitiveness of the Group's products. ***CASA balance** remained stable at **42.7%** of total customer deposits as of 31 March 2026 and 31 December 2025.

**Includes Current account, Saving account and other similar products.*



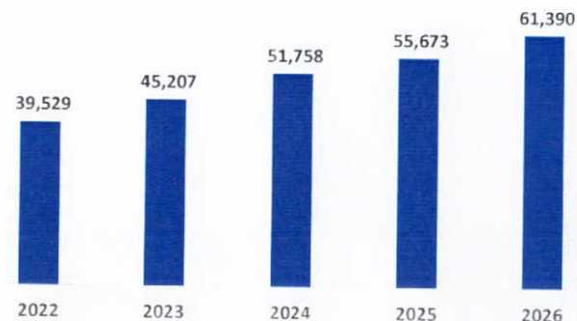
CAGR 11.1%

Investment in Islamic financing



CAGR 11.6%

Customer deposits



PERFORMANCE

BALANCE SHEET

Balance **due to banks** reduced by AED 4.4 billion, reaching at **AED 11.9 billion** as of 31 March 2026 as against AED 16.3 billion as of 31 December 2025, in line with Group's liquidity management policies.

NPF ratio of the Group stands at **3.8%** as of 31 March 2026 and 31 December 2025. A stable NPF ratio is a resultant of strong recovery on doubtful financing and increase in overall investments in Islamic financing. **Coverage ratio (including general impairment reserve)** stands at **107.2%** as of 31 March 2026, as compared to 109.0% at 31 December 2025.

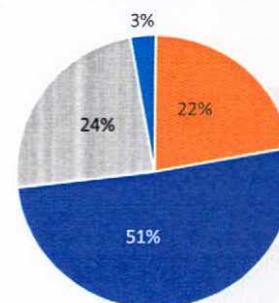
PROFIT AND LOSS

The Group posted a **profit before tax** of **AED 419.1 million** for the three month period ended 31 March 2026, compared to AED 350.6 million for the three month period ended 31 March 2025, an increase of 19.5%. The Group achieved a **profit after tax** of **AED 380.7 million** for the three month period ended 31 March 2026, an increase of 19.4% compared to three month period ended 31 March 2025. Strong profitability is driven by a significant increase in non-profit income, reflecting the Group's enhanced focus on diversifying revenue streams through fee-based activities and other non-financing income sources.

The **distribution to depositors and sukuk holders** reached **AED 581.7 million** for the three months period ended 31 March 2026 compared to AED 547.0 million for the same period of the year 2025, an increase of 6.4%. These profit allocations represent the depositors' share of the Group's net operating profits based on the profit sharing mechanism between shareholders and depositors as approved by the Group's Sharia'a Committee.

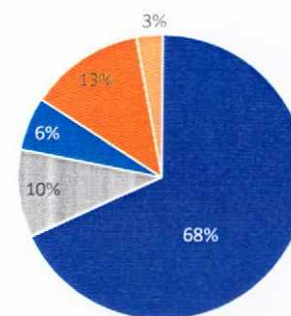
Investment, fees, commission and other income reached **AED 179.7 million** for the three month period ended 31 March 2026, compared to AED 164.4 million for the same period of the year 2025, an increase of AED 15.3 million or 9.3%.

SIB Asset Structure



■ Liquid assets ■ Islamic financing ■ Investments ■ Other Assets

SIB Liabilities structure



■ Customer deposits ■ Shareholders' equity ■ Sukuk payable
■ Due to banks ■ Other liabilities

PERFORMANCE

PROFIT AND LOSS

On the expenses side, **general and administration expenses** reached **AED 233.8 million** for the three month period ended 31 March 2026 compared to AED 198.3 million for the same period of the previous year 2025, an increase of 17.9%, while **cost to income ratio** stood at **36.3%** for the three month period ended 31 March 2026, compared to 37.3% for the same period of previous year 2025.

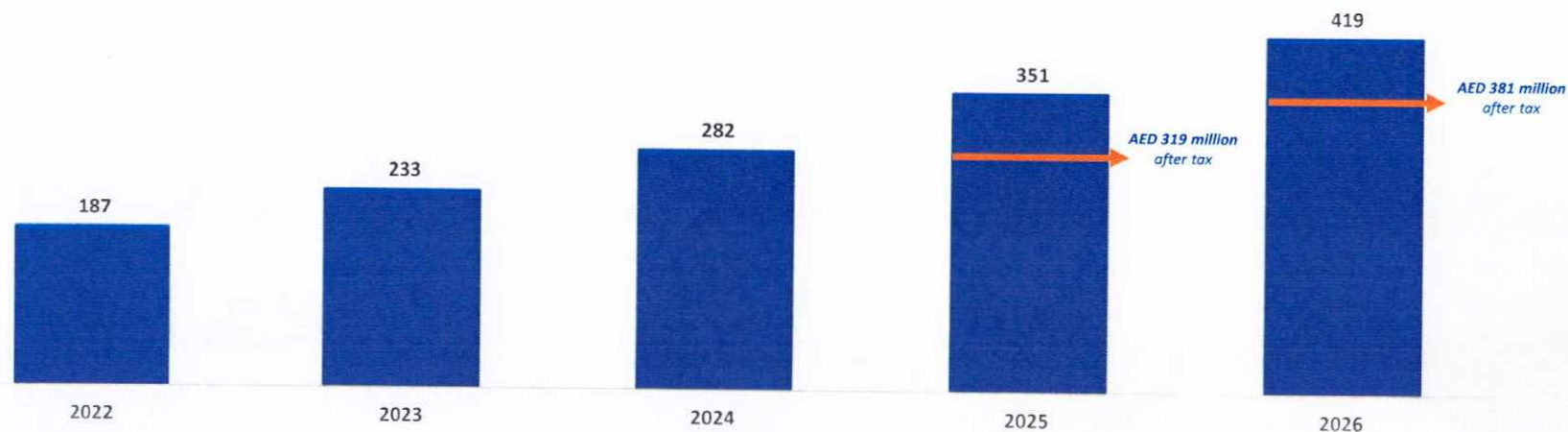
The Group recognized **provision for impairment of financial assets** amounting to **AED 30.5 million**, while recoveries reached **AED 39.3 million (net reversal of AED 8.8 million)** for the three month period ended 31 March 2026, compared to provision for impairment of financial assets of AED 29.2 million and recoveries of AED 46.4 million (**net reversal of AED 17.2 million**) for the three month period ended 31 March 2025.

Annualized return on average equity (ROAE) reached **16.27%** for the three months period ended 31 March 2026 compared to 14.78% for the year ended 31 December 2025, while **annualized return on average assets (ROAA)** was **1.68%** for the three month period ended 31 March 2026 compared with 1.55% for the year ended 31 December 2025.



CAGR 22.3%

Net Profit before tax (all periods presented are for the three month period ended 31 March)



FINANCIAL HIGHLIGHTS

Numbers in AED '000	Consolidated statement of financial position		
	31 March 2026	31 December 2025	Variance %
Investment securities measured at amortised cost	12,686,822	12,944,543	-2.0%
Investment in Islamic financing	46,744,718	45,550,061	2.6%
Customer deposits	61,389,818	55,672,922	10.3%
NPF ratio	3.8%	3.8%	0.0%
NPF coverage ratio	107.2%	109.0%	-1.7%
Risk weighted assets	60,449,901	57,243,516	5.6%
Common equity tier 1 ratio	11.5%	11.9%	-3.4%
Tier 1 capital ratio	14.6%	15.1%	-3.3%
Capital adequacy ratio	15.6%	16.2%	-3.7%
Financing to deposit ratio	76.1%	81.8%	-7.0%
Advances to stable fund ratio (ASFR)	78.3%	80.5%	-2.7%
Eligible liquid asset ratio (ELAR)	20.0%	17.4%	14.9%
Liquid asset ratio	21.8%	22.3%	-2.2%
Cost to income ratio	36.3%	36.1%	0.6%
ROAE	16.27%	14.78%	10.1%
ROAA	1.68%	1.55%	8.4%

Prudent growth strategy across diversified industry segments as well as continuous customer demand has resulted in increase in **Investment in Islamic financing**.

Introduction of retail deposit products, focused approach and excellent customer service has resulted in growth of **customer deposits**.

The Group has maintained a high **coverage ratio** as a result of prudent risk management policies coupled with recovery efforts.

FINANCIAL HIGHLIGHTS

Numbers in AED '000	Consolidated statement of profit or loss		
	31 March 2026	31 March 2025	Variance %
Income from investments in Islamic financing and sukuks	1,046,110	914,261	14.4%
Distribution to depositors and sukuk holders	(581,679)	(546,897)	6.4%
Investment, fee, commission and other income	179,653	164,362	9.3%
Total operating income	644,084	531,726	21.1%
General and administrative expenses	(233,766)	(198,310)	17.9%
Net operating income before impairment	410,318	333,416	23.1%
Impairment on financial assets - net of recoveries	8,783	17,207	-49.0%
Profit before tax	419,101	350,623	19.5%
Tax	(38,484)	(31,693)	21.4%
Profit for the period	380,667	318,930	19.4%
Earnings per share	0.12	0.09	33.3%

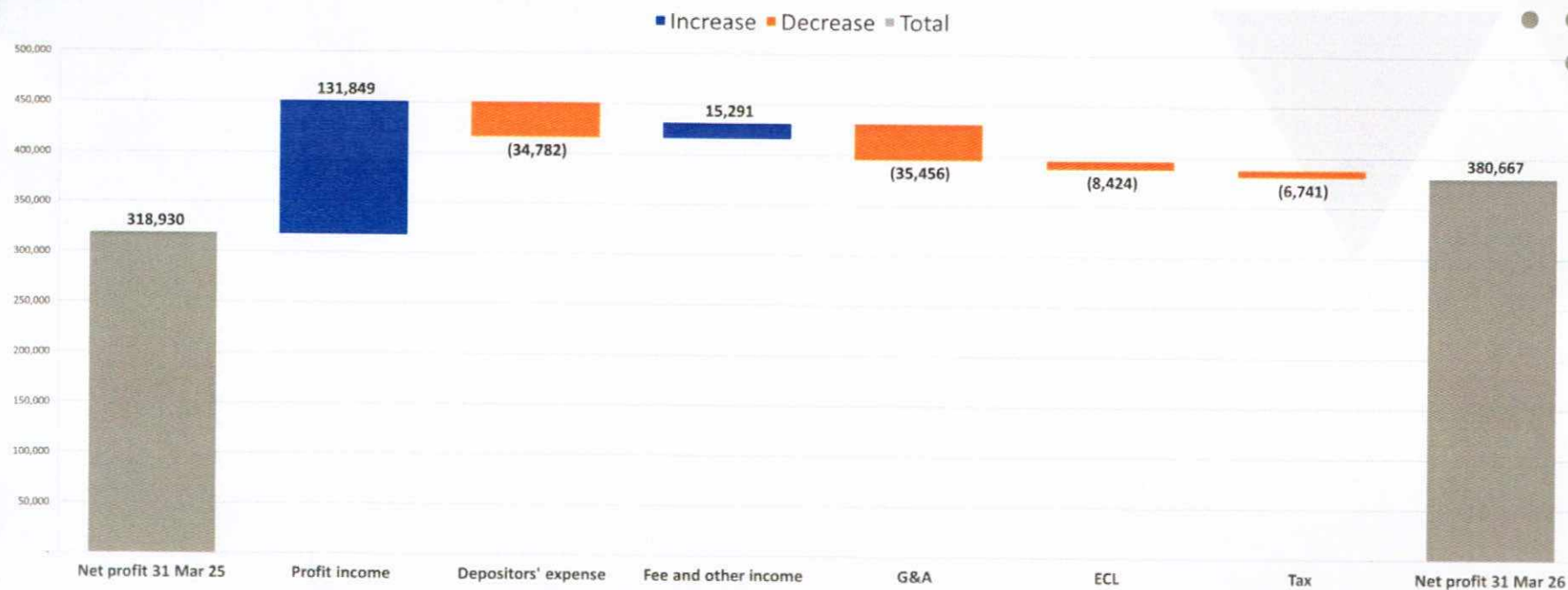
Increase in financing volume across diversified industry segments resulted in increased **profit income**.

Increase in **deposit portfolio** resulted in higher profit expense.

Increase in transactional activity (investing, financing), resulting in improved **fees and commission income**.

PROFIT and LOSS – WATERFALL

For the three month period ended 31 March 2026



- Islamic financing, sukuk investments and deposit portfolio increase resulting in **increase in profit income and expense**;
- Increase in transactional activity (investing, financing), resulting in **improved fees and commission income**; and
- Higher rental yield and real estate income resulting in **improved other income**.



Management discussion and analysis report

For the three month period ended **31 March 2026**

THANK YOU

Mohamed Ahmed Abdalla
Chief Executive Officer