



مصرف الشارقة الإسلامي
Sharjah Islamic Bank

Management Report

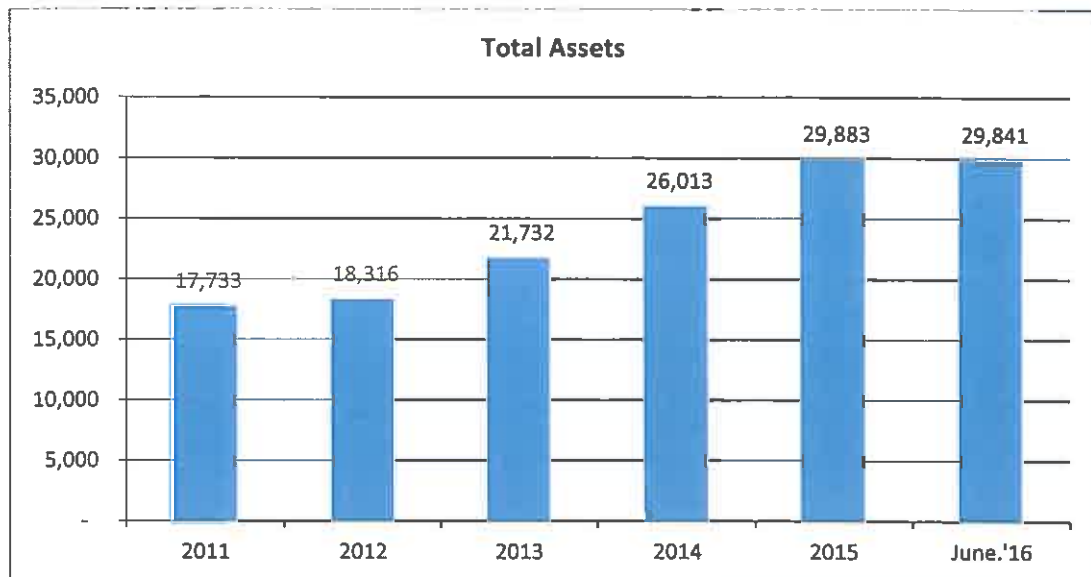
2016-2nd Quarter Report

Financial Review

Sharjah Islamic Bank achieved a net profit of AED 257.0 million for the six month period ended 30 June 2016 and its total assets reached AED 29.8 billion by the end of the 2nd Quarter 2016. SIB has been successfully pursuing a strategy of stable growth in both profitability and financial position which is reflected in the figures below.

Balance Sheet:

Total assets of Sharjah Islamic Bank reached AED 29.8 billion at the end of the 2nd Quarter 2016 compared to AED 29.9 billion at the end of December 2015.



The following are the main changes and highlights that occurred on the balance sheet:

Liquid Assets:

Liquid assets reached AED 6.4 billion or 21.5% of the Balance Sheet at the end of the 2nd Quarter 2016 compared to AED 6.9 billion or 23.1% at the end of 2015.

Customer Receivables:

Net customer receivables of the bank amounted to AED 15.8 billion at the end of the 2nd Quarter 2016, a decrease of 3.1% or AED 512.8 million compared to the year end 2015.

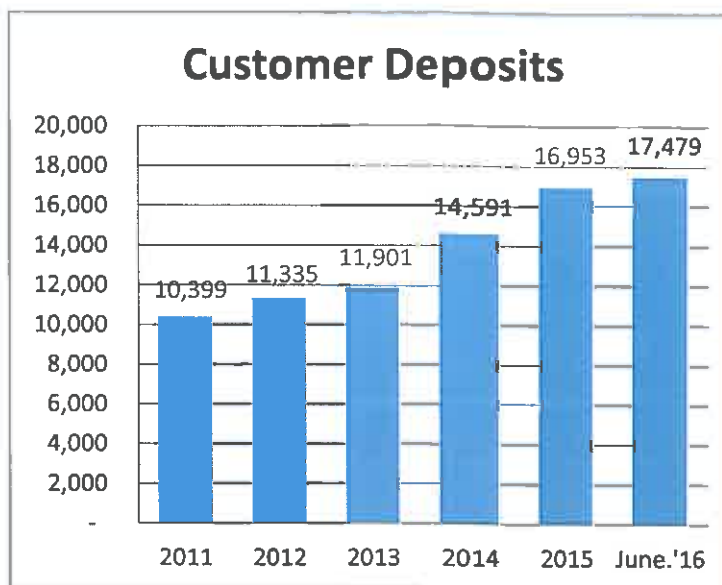


Investment Securities:

Investment securities increase by 48.8% to reach AED 3.5 billion at the end of the 2nd Quarter 2016 compared to AED 2.4 billion at the end of December 2015.

Customer Deposits:

Sharjah Islamic Bank was successful in attracting more deposits during the 2nd quarter of the year as the total customer deposits reached AED 17.5 billion by the end of the 2nd Quarter 2016, growing by 526.3 million or 3.1% compared to AED 17.0 billion at the year end of 2015.



Due to Banks:

Balance due to banks reached AED 3.0 billion by the end of the 2nd Quarter 2016 with an increase of AED 975.6 million or 47.7% compared to AED 2.0 billion at the end of December 2015.

Sukuks:

During the 2nd quarter, bank has repaid a sukuk worth AED 1.47 billion (USD 400 million) through its own sources, evidencing excellent liquidity position.

Accordingly total sukuk reached AED 3.7 billion at the end of June 2016 compared to AED 5.1 billion at the end of December 2015.

Shareholders' Equity:

Sharjah Islamic Bank is strongly capitalized. Total shareholders' equity reached AED 4.7 billion or 15.9% of total assets by the end of the 2nd Quarter 2016. This strong financial position allows the bank to pursue its strategic growth objectives, maintain a strong capital adequacy ratio (21.5% by the end of the 2nd Quarter 2016) and to remain structurally strong.



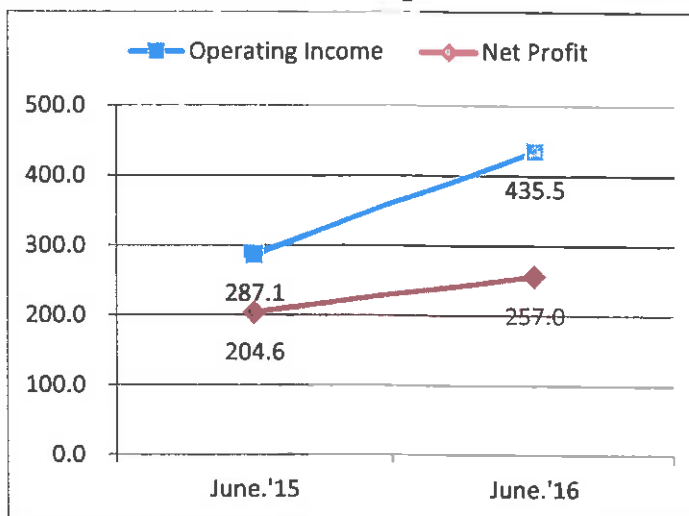
Income Statement:

Sharjah Islamic Bank posted a Net Profit of AED 257.0 million for the first six months of 2016, compared to AED 204.6 million in the same period of 2015, an increase of 25.6%.

Net Operating Income reached AED 435.5 million compared to AED 287.1 million in the same period 2015, an increase of 51.7%.

Other main highlights of the Income Statement are:

Income from Murabaha and Leasing reached AED 417.3 million by the end of the 2nd Quarter 2016 compared to AED 405.0 million at the same period 2015, an increase of AED 12.3 million or 3.0%.



Profit paid on Sukuk reached AED 83.1 million compared to AED 78.7 in the same period 2015; AED 4.4 million higher by 5.6%.

Fees, Commission and Other Income reached AED 314.1 million by the end of the 2nd Quarter 2016 which include (AED 124.4 million profit on sale of properties held for sale) compared to AED 159.3 million in the same period 2015, an increase of AED 154.8 million or 97.2%.

Income from subsidiary reached AED 14.3 million by end of the 2nd Quarter 2016 compared to AED 16.1 million in the same period 2015 a decrease of AED 1.7 million or 10.9%

On the expenses side, General and Administration Expenses reached AED 227.1 million by the end of the 2nd Quarter 2016 compared to AED 214.7 million in the same period 2015, an increase of AED 2.4 million or 5.8%.

Provision-net of recoveries reached AED 84.4 million by end of the 2nd Quarter 2016 compared to AED 19.6 million in the same period last year with an increase of AED 64.8 million or 331.4%



Profits allocated and distributed to depositors reached AED 94.1 million by the end of the 2nd Quarter 2016 compared to AED 62.9 million in the same period 2015; an increase of 49.6%. These profit 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's Shari'a Board.

Return (annualized) on Average Shareholders' Equity (ROAE) reached 11.29% by the end of the 2nd Quarter 2016 compared to 8.82% at the end of December 2015, while Return (annualized) on Average Assets (ROAA) was 1.75% by the end of the 2nd Quarter 2015 compared to 1.47% at the end of December 2015.

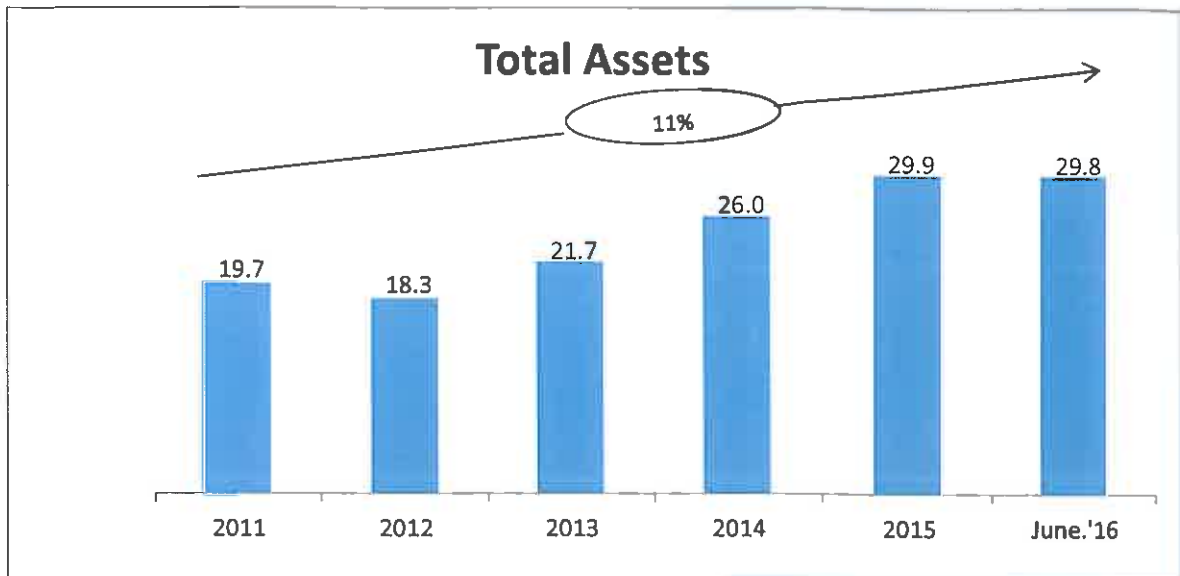
Summary of key figures and performance ratios

<i>(Figures in AED Millions)</i>	2011	2012	2013	2014	2015	Q2-2016
Total Assets	17,733	18,316	21,732	26,013	29,883	29,841
Net Customer Receivables	10,427	10,749	12,519	14,475	16,349	15,836
Customer Deposits	10,398	11,335	11,901	14,591	16,953	17,479
Total Shareholders' Equity	4,406	4,444	4,536	4,588	4,704	4,733
Return on Average Assets	1.46%	1.51%	1.53%	1.58%	1.47%	1.72%
Return on Average Equity	5.74%	6.15%	6.84%	8.27%	8.82%	10.89%
Equity to Total Assets	24.85%	24.26%	20.87%	17.64%	15.7%	15.86%
Leverage of Total Capital (Times)	3.02	3.12	3.79	4.67	3.48	5.31

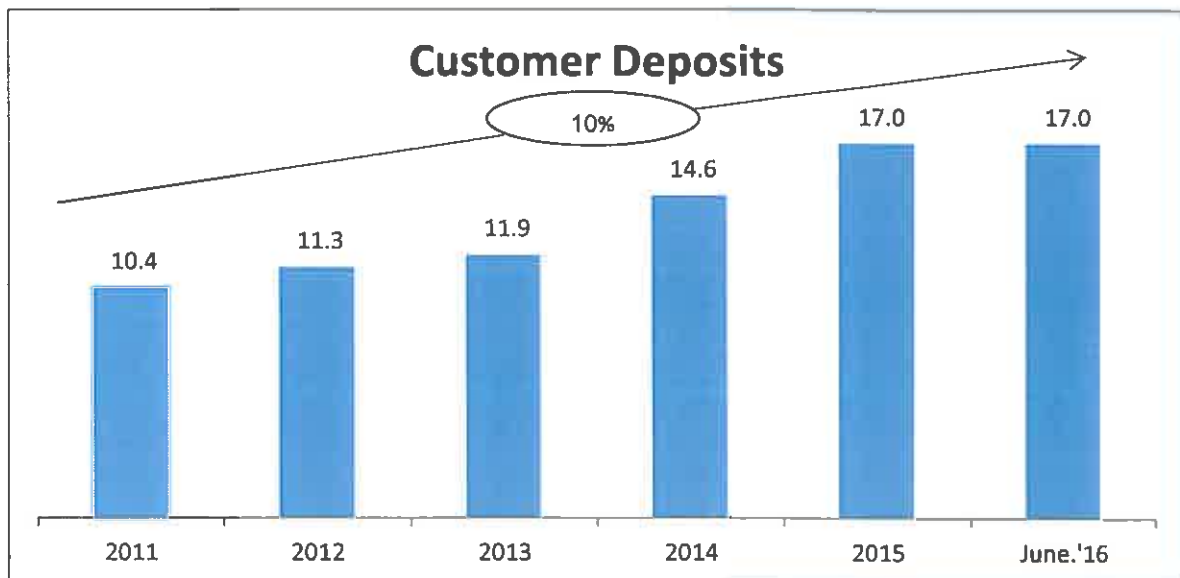
* Annualized.



Total Assets, AED billion

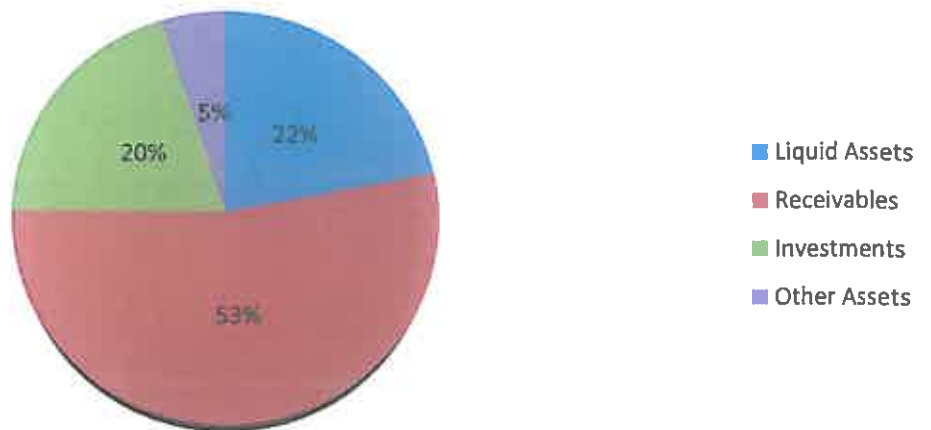


Customer Deposits, AED billion



Assets and Liabilities Structure

SIB Assets Structure



SIB Liabilities Structure

