



مصرف الشارقة الإسلامية
Sharjah Islamic Bank

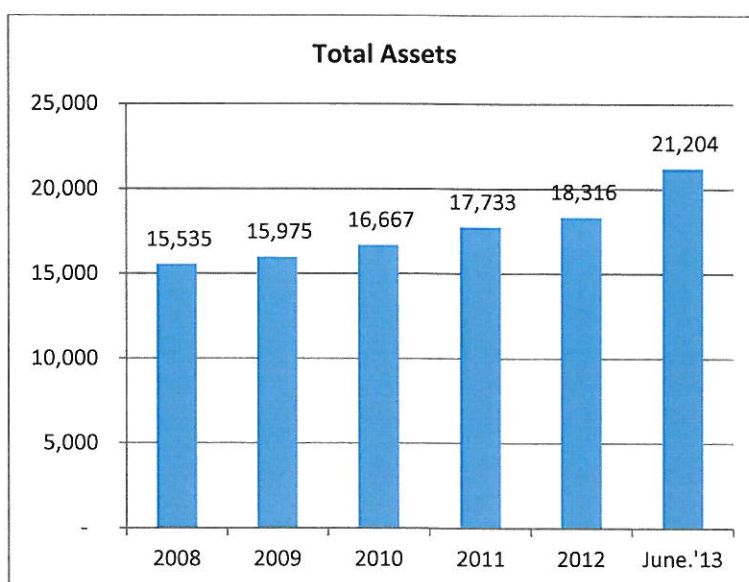
Management Report
2013- First Half Report

Financial Review

Sharjah Islamic Bank achieved a net profit of AED 134.7 million and its total assets reached AED 21.2 billion by the end of June 2013. The bank's stable growth underlines the soundness of its financial position and the success of its strategy.

Balance Sheet:

Total Balance Sheet of Sharjah Islamic Bank grew by 15.8% to reach AED 21.2 billion at the end of June 2013 compared to AED 18.3 billion at the end of December 2012.



The following are the main changes and highlights that occurred on the asset-side of the balance sheet:

Liquid Assets:

Liquid assets reached AED 6.3 billion or 29.7% of the Balance Sheet at the end of June 2013 compared to AED 4.2 billion or 22.7% at the end of 2012.

Customer Receivables:

Net customer receivables of the bank amounted to AED 10.9 billion at the end of June 2013; an increase of 1.3% or AED 144.3 million compared to the end of December 2012.

The increase in Customer Receivables reflects higher but cautious customer financing. It also reflects the changes made to the financing portfolio of the bank so as to make better use of available liquidity while being aware of the risks that are still prevalent.

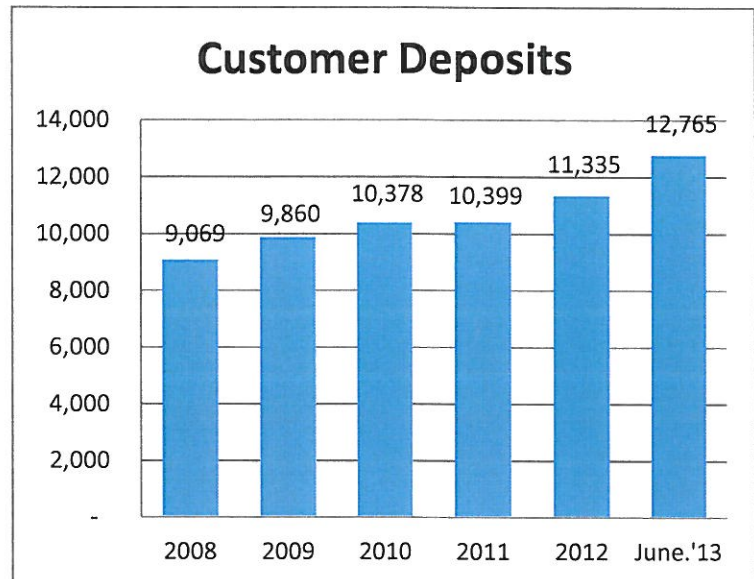


Investment Securities:

Investment securities grew by 45.7% to reach AED 1.2 billion at the end of June 2013 compared to AED 0.9 billion at the end of December 2012.

Customer Deposits:

Sharjah Islamic Bank was successful in attracting more deposits during the 2nd quarter of the year as customer deposits reached AED 12.8 billion by the end of June 2013; growing by 1.4 billion or 12.6% compared to AED 11.3 billion at the end of 2012.



Due to Banks:

Due to banks reached AED 14.3 million by the end of June 2013 with a decrease of AED 455.9 million or 97% compared to AED 470.2 million at the end of December 2012.

Sukuk:

As part of the bank's ongoing strategy to continue to diversify its funding sources and to opportunistically tap the market, the bank has successfully launched a USD 500 million (AED 1.8 billion) International Sukuk on 16 April 2013. This issue was done through a Shari'a compliant Financing arrangement and the Sukuk are listed on the Irish Stock Exchange.

This transaction is a testament of investors' confidence in our long term operating model and business strategy, and it represents another key milestone in the bank's growth strategy.

Shareholders' Equity:

Sharjah Islamic Bank is strongly capitalized. Total shareholders' equity reached AED 4.4 billion or 20.8% of total balance sheet by the end of June 2013. This strong financial position allows the bank to pursue its strategic growth objectives, maintain a strong capital adequacy ratio (30.4% by the end of June '13) and to remain structurally strong.

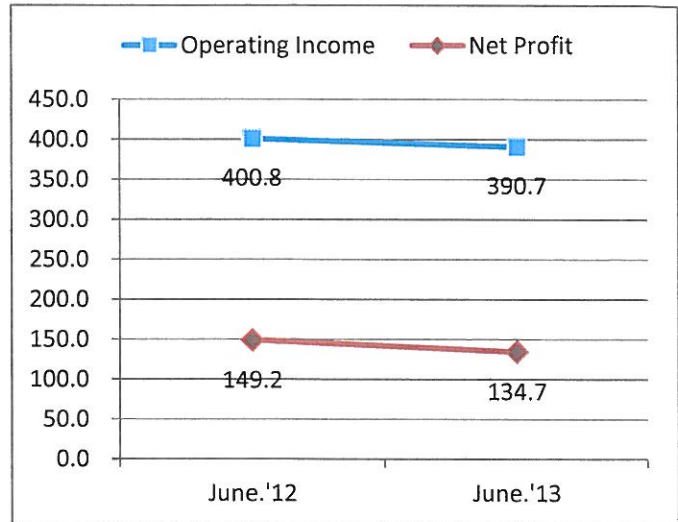
Income Statement:

Sharjah Islamic Bank posted a Net Profit of AED 134.7 million at the end of the first half of 2013, compared to AED 149.2 million in the same period of 2012, a decrease of 9.7%.

Net Operating Income reached AED 219.9 million by the end of June 2013 compared to AED 242.3 million in the same period 2012, a decrease of 9.3%.

Other main highlights of the Income Statement are:

Income from Murabaha and Leasing reached AED 345.4 million by the end of June 2013 compared to AED 343.3 million at the same period 2012; a decrease of AED 2.1 million or 0.6%.



Profit paid on Sukuk reached AED 47.2 million compared to AED 35.4 in the same period 2012; AED 11.8 million higher which was mainly due to the issuance of new Sukuk of USD 500 million in April 2013.

Fees, Commission and Other Income reached AED 79.4 million by the end of June 2013 compared to AED 80.2 million in the same period 2012, a decrease of AED 0.8 million or 1.0%.

On the expenses side, General and Administration Expenses reached AED 170.8 million by the end of June 2013 compared to AED 158.5 million in the same period 2012; an increase of AED 12.4 million or 7.8%.

Profits allocated and distributed to depositors reached AED 66.5 million by the end of June 2013 compared to AED 81.4 million in the same period 2012; a decrease of 18.3%. 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 6.08% by the end of the first half 2013 compared to 6.15% at the end of December 2012, while Return (*annualized*) on Average Assets (ROAA) was 1.36% by the end of June 2013 compared to 1.51% at the end of December 2012.

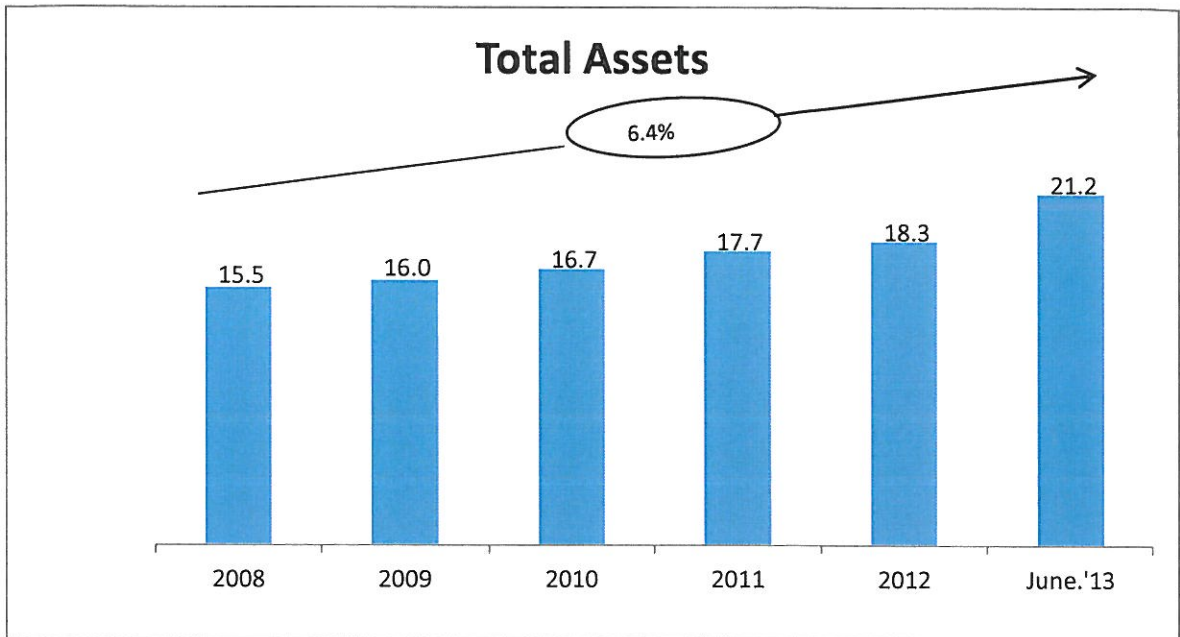
Summary of key figures and performance ratios

<i>(Figures in AED Millions)</i>	2008	2009	2010	2011	2012	2013- Q2
Total Assets	15,535	15,975	16,667	17,733	18,316	21,204
Net Customer Receivables	10,204	10,021	9,654	10,427	10,749	10,894
Customer Deposits	9,069	9,860	10,378	10,398	11,335	12,765
Total Shareholders' Equity	4,159	4,264	4,348	4,406	4,444	4,414
Return on Average Assets	1.75%	1.65%	1.63%	1.46%	1.51%	1.36%
Return on Average Equity	7.25%	6.17%	6.19%	5.74%	6.15%	6.08%
Equity to Total Assets	26.77%	26.69%	26.09%	24.85%	24.26%	20.82%
Leverage of Total Capital (Times)	2.74	2.75	2.83	3.02	3.12	3.80

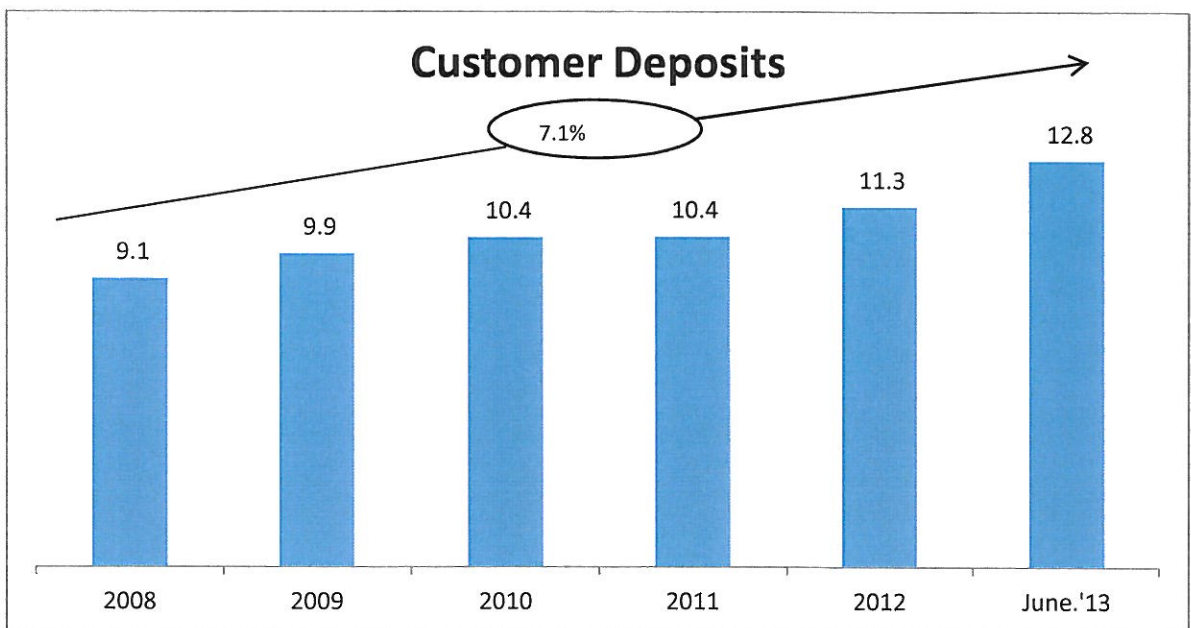
* Annualized.



Total Assets, AED billion



Customer Deposits, AED billion



Assets and Liabilities Structure

