



مصرف الشارقة الإسلامي  
Sharjah Islamic Bank

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## *Management Report*

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## *2013-Third Quarter Report*

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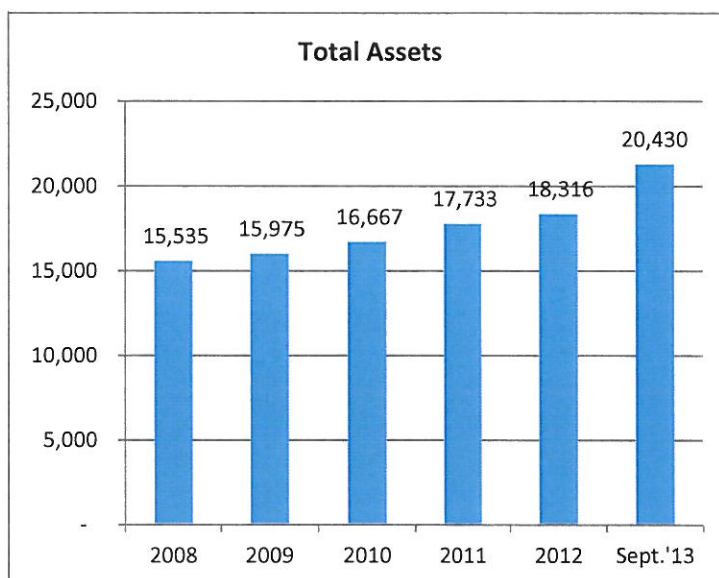
## Financial Review

Sharjah Islamic Bank achieved a net profit of AED 221.0 million and its total assets reached AED 20.4 billion by the end of September 2013. 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 Balance Sheet of Sharjah Islamic Bank grew by 11.5% to reach AED 20.4 billion at the end of September 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 4.6 billion or 22.3% of the Balance Sheet at the end of September 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 11.7 billion at the end of September 2013; an increase of 9% or AED 970.6 million compared to the end of December 2012.

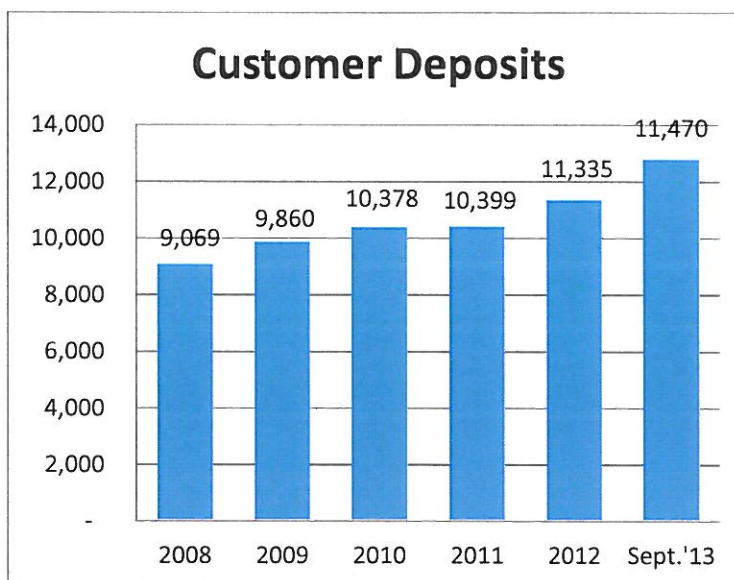
The increase in Customer Receivables reflects higher but cautious customer financing. It also reflects the changes made to the financing portfolio of the bank so as to make better use of available liquidity while being aware of the risks that are still prevalent.

### Investment Securities:

Investment securities grew by 51.6% to reach AED 1.3 billion at the end of September 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 3rd quarter of the year as customer deposits reached AED 11.5 billion by the end of September 2013; growing by 135 million or 1.2% compared to AED 11.3 billion at the end of 2012.



### Due to Banks:

Due to banks reached AED 545.4 million by the end of September 2013 with an increase of AED 75.2 million or 16% 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 4.5 billion or 22% of total balance sheet by the end of September 2013. This strong financial position allows the bank to pursue its strategic growth objectives, maintain a strong capital adequacy ratio (33.35% by the end of September '13) and to remain structurally strong.

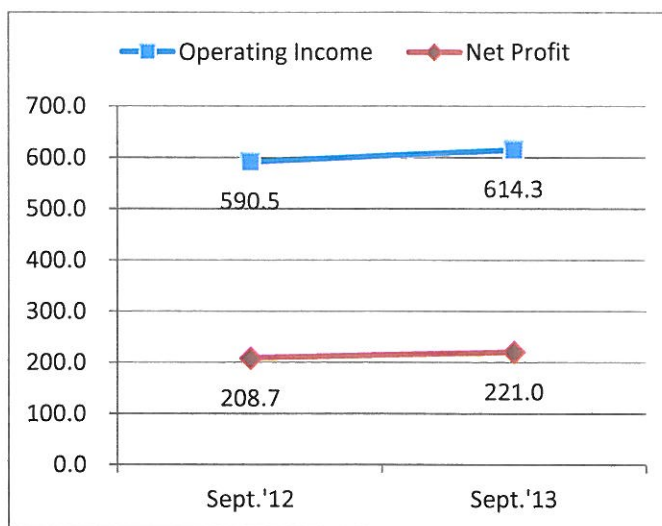
## Income Statement:

Sharjah Islamic Bank posted a Net Profit of AED 221.0 million at the end of the 3<sup>rd</sup> Quarter of 2013, compared to AED 208.7 million in the same period of 2012, an increase of 5.9%.

Net Operating Income reached AED 345.0 million by the end of September 2013 compared to AED 352.7 million in the same period 2012, a decrease of 2.2%.

Other main highlights of the Income Statement are:

Income from Murabaha and Leasing reached AED 524.7 million by the end of September 2013 compared to AED 502.5 million at the same period 2012; an increase of AED 22.2 million or 4.4%.



Profit paid on Sukuk reached AED 78.8 million compared to AED 53.0 in the same period 2012; AED 25.8 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 148.6 million by the end of September 2013 compared to AED 125.2 million in the same period 2012, an increase of AED 23.5 million or 18.7%.

On the expenses side, General and Administration Expenses reached AED 269.3 million by the end of September 2013 compared to AED 237.4 million in the same period 2012; an increase of AED 31.5 million or 13.2%.

Profits allocated and distributed to depositors reached AED 96.7 million by the end of September 2013 compared to AED 123.1 million in the same period 2012; a decrease of 21.5%. 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 6.59% by the end of the 3<sup>rd</sup> Quarter 2013 compared to 6.15% at the end of December 2012, while Return (*annualized*) on Average Assets (ROAA) was 1.52% by the end of September 2013 compared to 1.51% at the end of December 2012.



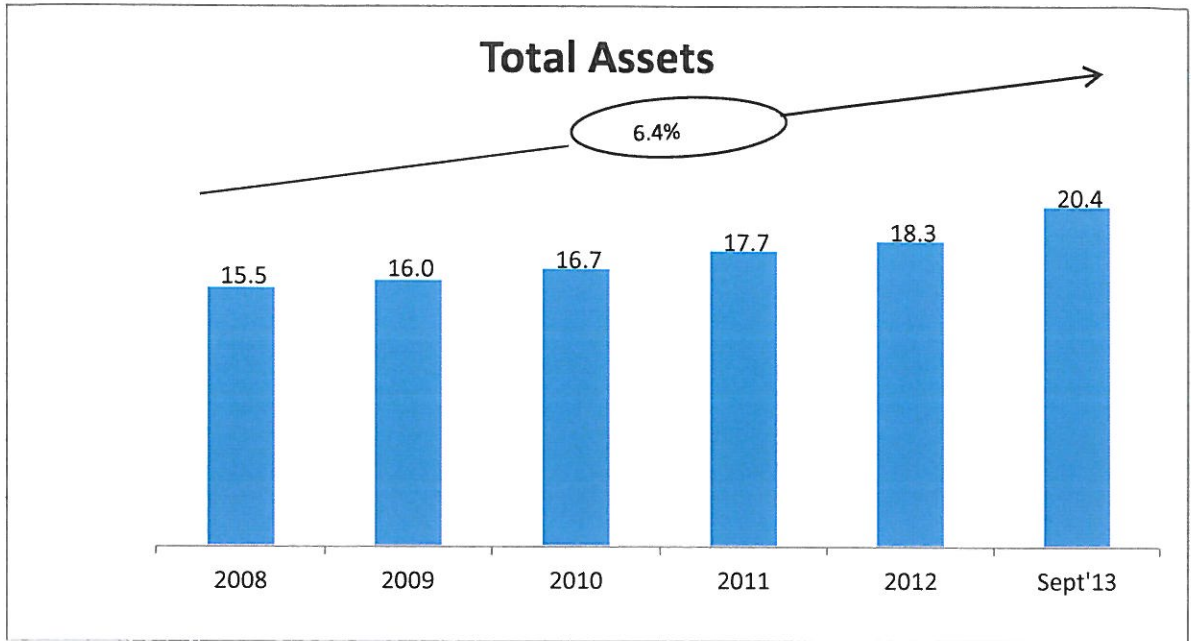
### Summary of key figures and performance ratios

<i>(Figures in AED Millions)</i>	2008	2009	2010	2011	2012	2013-Q3
<b>Total Assets</b>	15,535	15,975	16,667	17,733	18,316	20,430
<b>Net Customer Receivables</b>	10,204	10,021	9,654	10,427	10,749	11,720
<b>Customer Deposits</b>	9,069	9,860	10,378	10,398	11,335	11,470
<b>Total Shareholders' Equity</b>	4,159	4,264	4,348	4,406	4,444	4,499
<b>Return on Average Assets</b>	1.75%	1.65%	1.63%	1.46%	1.51%	1.52%
<b>Return on Average Equity</b>	7.25%	6.17%	6.19%	5.74%	6.15%	6.59%
<b>Equity to Total Assets</b>	26.77%	26.69%	26.09%	24.85%	24.26%	22.02%
<b>Leverage of Total Capital (Times)</b>	2.74	2.75	2.83	3.02	3.12	3.54

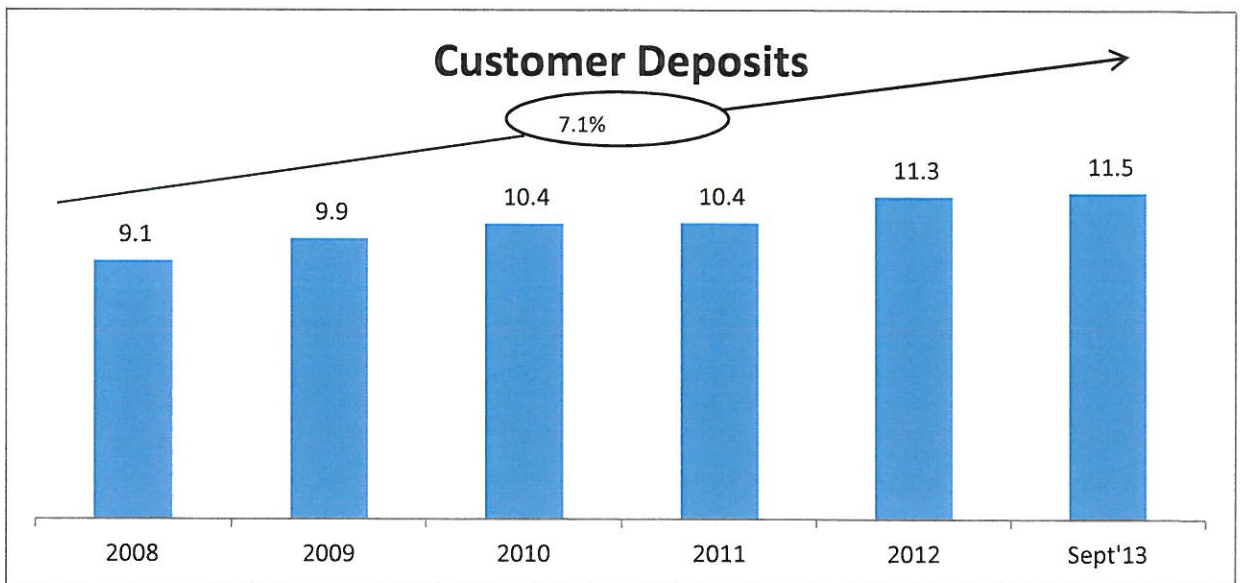
\* Annualized.



**Total Assets, AED billion**



**Customer Deposits, AED billion**



Assets and Liabilities Structure

