



مصرف الشارقة الإسلامية  
Sharjah Islamic Bank

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# *Financial Review*

## *2012 Annual Report*

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## Financial Review

Sharjah Islamic Bank (SIB) achieved growth and higher profitability in 2012. The bank's adherence to its long-term strategy and the commitment to add value to its shareholders, customers and staff helped to achieve growth and sustainable profitability.

For the year ending 2012, SIB posted a net profit of AED 272.0 million compared to AED 251.1 million in 2011, an increase of 8.3%. Total Assets grew at a rate of 3.3% while customer deposits jumped 9.0% during the year.

The bank's long-term BBB+ ratings by various international rating agencies remained unchanged as it continued to enjoy sound financial position, strong capital adequacy and consistent profitability.

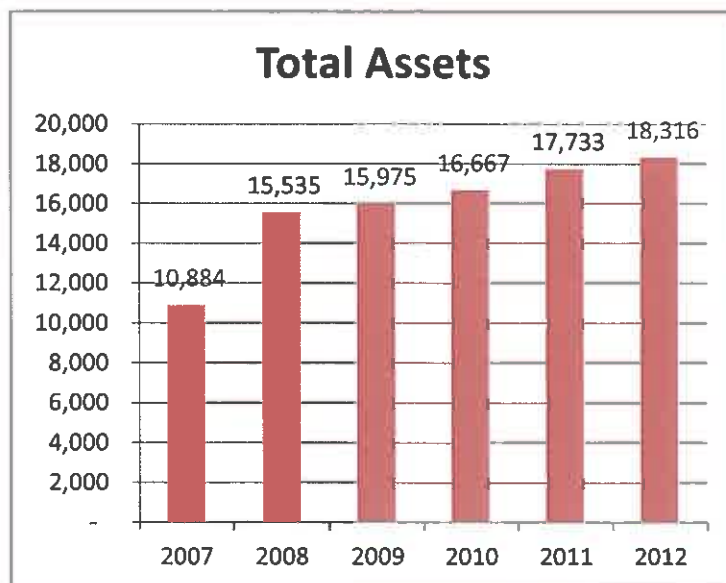
Sharjah Islamic Bank continued to grow its branch network during 2012 with the opening of two new branches in Al Mirgab and Al Jurainah.

The UAE central bank required all UAE-based banks to build a general provision on facilities over a period of four years. SIB has achieved 66% of that requirement in the first two years.

### Balance Sheet:

Total Balance Sheet of Sharjah Islamic Bank grew by 3.3 % to reach AED 18.3 billion at the end of 2012 compared to AED 17.7 billion at the end of December 2011.

SIB succeeded in attracting higher customer deposits in 2012 and has been able to efficiently put these funds into appropriate and profitable usage in line with the bank's strategic objectives and long-term plans.



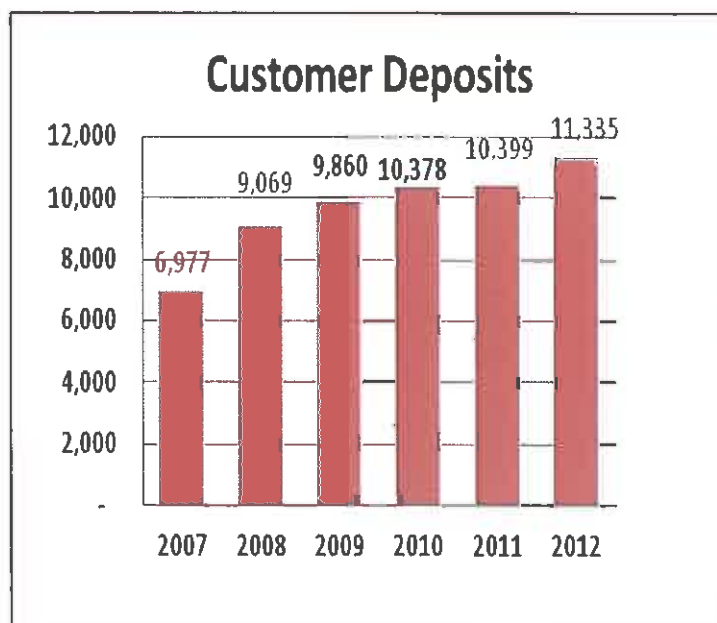
**Liquid Assets:** Liquid assets reached AED 4.2 billion by the end of December 2012 compared to 4.1 billion at the end of 2011, almost unchanged.

**Customer Receivables:** Net customer receivables of the bank reached AED 10.7 billion at the end of 2012 compared to 10.4 billion at the end of 2011, an increase of AED 321.9 million and a growth rate of 3.1%. The increase in Customer Receivables is mainly attributed to higher volumes of Murabaha contracts and better utilization of available liquidity while continuing to maintain prudent risk management measures.

On the funding side, the following sources of funds grew positively during 2012 which helped finance the increase in customer receivables:

#### **Customer Deposits:**

Customer deposits at SIB witnessed high growth during 2012. Total customer deposits reached AED 11.3 billion compared to AED 10.4 billion at the end of December 2011, an increase of AED 935.7 million which is equal to an annual growth of 9.0%.



#### **Sukuk**

Balance of SIB's issued Sukuk of USD 400.0 million issued in May 2011 remains unchanged at AED 1.5 billion. These Sukuk have a maturity date of 5 years and will mature in 2016.

#### **Shareholders' Equity:**

By the end of 2012, total shareholders' equity amounted to AED 4.4 billion or 24.3% of the bank's total balance sheet. SIB's capital adequacy ratio was 34.7% which reflects the bank's solid capital structure and strong financial position.

## Income Statement:

Sharjah Islamic Bank achieved a Net Profit of AED 272.0 million for the year ending 2012, compared to AED 251.1 million in 2011.

Net Operating Income reached AED 475.6 million compared to 514.0 million in 2011, which is a decrease of 7.5%.

Income from Murabaha and Leasing reached AED 695.2 million by the end of 2012 compared to AED 731.1 million in 2011, 4.9% lower.

Profit paid on Sukuk amounted to AED 70.7 million compared to AED 49.1 million in 2011. This increase in profit paid is attributed to the USD 400.0 million Sukuk issued in May 2011.

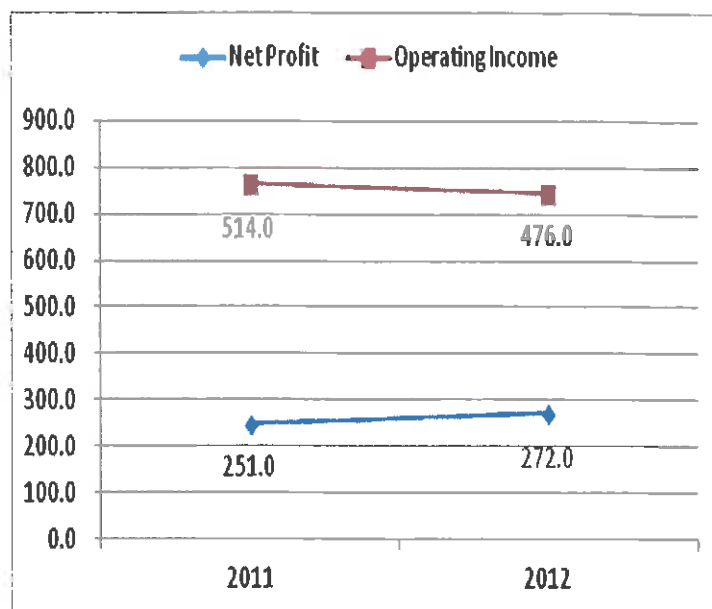
### Fees, Commission and Other

Income posted a good gain as it reached AED 187.6 million in 2012 compared to AED 147.8 million in 2011, an increase of AED 39.7 million or 26.9 % positive growth.

General and Administration Expenses amounted to AED 336.6 million, increasing by 6.6% compared to 2011 as two new SIB branches were opened in Sharjah and some other existing branches revamped.

Profits allocated and distributed to depositors during 2012 reached AED 166.2 million compared to AED 217.0 million in 2011, less by 50.8 million. 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 Shari'a Board.

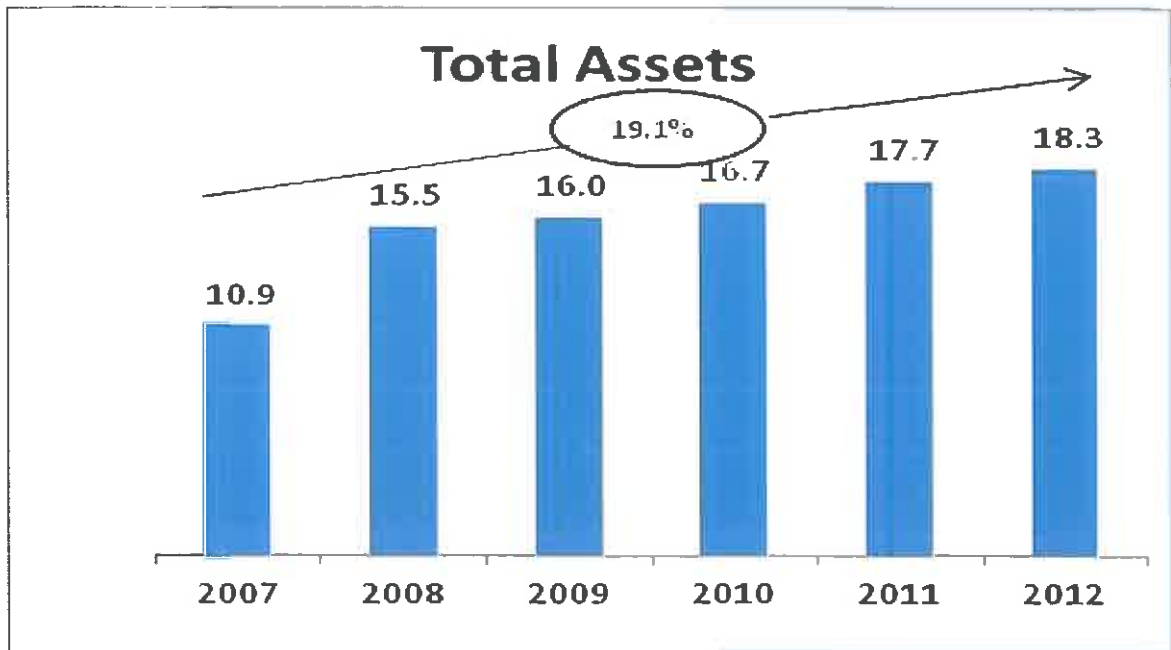
Net Profit Margin (Net Profit to Total Income) ratio for the year reached 33.5% compared to 30.3% in 2011. By the end of 2012, Return on Average Shareholders' Equity (ROAE) was 6.2% while Return on Average Assets (ROAA) was 1.5 %. Customer receivables to customer deposits stood at 94.8%.



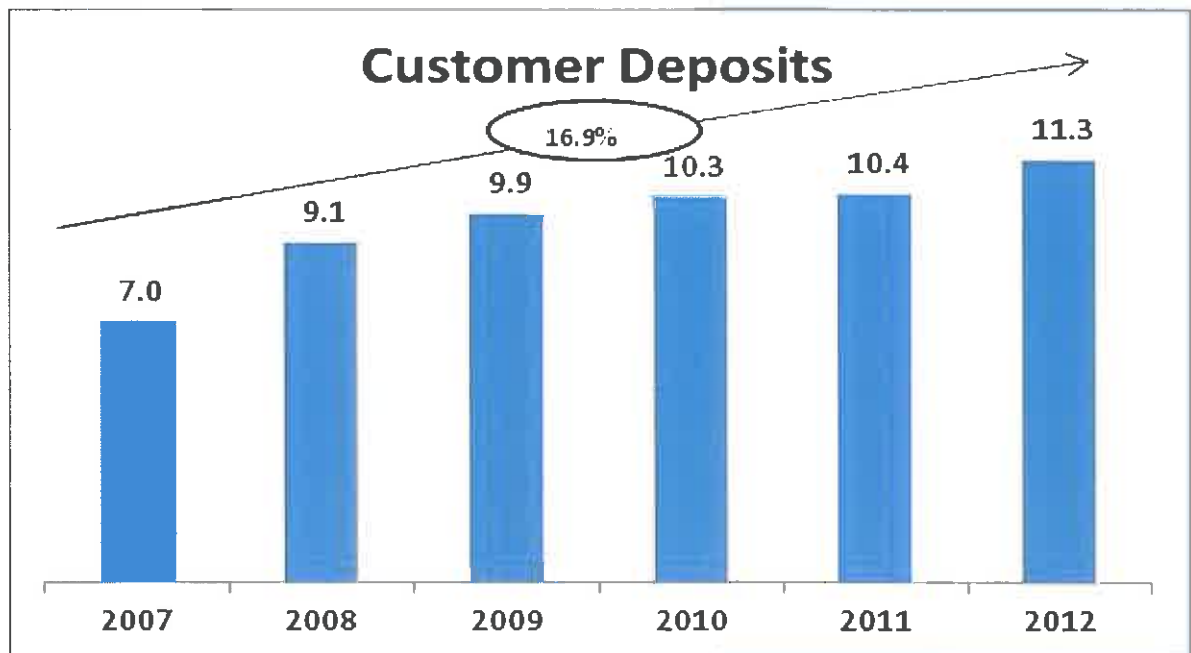
## Summary of key figures and performance ratios

<i>(Figures in AED Millions)</i>	2007	2008	2009	2010	2011	2012
<b>Total Assets</b>	10,884	15,535	15,975	16,667	17,733	18,316
<b>Net Customer Receivables</b>	6,503	10,204	10,021	9,654	10,427	10,749
<b>Customer Deposits</b>	6,977	9,069	9,860	10,378	10,398	11,335
<b>Total Shareholders' Equity</b>	2,226	4,159	4,264	4,348	4,406	4,444
<b>Return on Average Assets</b>	3.26%	1.75%	1.65%	1.63%	1.46%	1.51%
<b>Return on Average Equity</b>	13.92%	7.25%	6.17%	6.19%	5.74%	6.15%
<b>Equity to Total Assets</b>	20.46%	26.77%	26.69%	26.09%	24.85%	24.26%
<b>Leverage of Total Capital (Times)</b>	3.89	2.74	2.75	2.83	3.02	3.12

**Total Assets, AED billion**



**Customer Deposits, AED billion**



## Assets and Liabilities Structure

