



## **Bank of Sharjah P.J.S.C**

Bank of Sharjah P.J.S.C today announced the results of the period ended 30 September 2018. The following Management Discussion and Analysis includes financial results for Bank of Sharjah and its subsidiaries, together referred to as the "Group".

### **Financial Highlights**

- ✓ Net Profit of AED 301 million, up by 13% compared to 30 September 2017
- ✓ Total Comprehensive income of AED 306 million, up by 325% compared to 30 September 2017
- ✓ Total Operating Income of AED 520 million, down by 4% compared to 30 September 2017
- ✓ Net Operating Income of AED 538 million, up by 10% compared to 30 September 2017
- ✓ Total Assets at AED 29,217 million, down by 4% compared to 31 December 2017
- ✓ Net Loans and Advances at AED 16,073 million, down by 8% compared to 31 December 2017
- ✓ Total Customers' Deposits at AED 19,694 million, down by 9% compared to 31 December 2017
- ✓ Return on Assets at 1.37% and Return on Equity at 9.81%
- ✓ Basel III Common Equity Tier 1 ratio at 15.29% compared to a minimum required ratio of 8.5%
- ✓ Loans and Advances to Deposits Ratio at 82%

### **Financial year review**

During the period, the Bank continued to maintain high levels of liquidity and a low loan to deposit ratio.

### **Income Statement Highlights**

| (AED Mn)   | For the nine-month period ended 2018 | For the nine-month period ended 2017 | Variance %   |
|--|--------------------------------------|--------------------------------------|--------------|
| Net Interest Income                              | 348                                  | 352                                  | (1%)         |
| Non-Interest Income                              | 172                                  | 190                                  | (9%)         |
| <b>Operating Income</b>                          | <b>520</b>                           | <b>542</b>                           | <b>(4%)</b>  |
| Net Impairment Loss on Financial Assets          | 18                                   | (53)                                 | (134%)       |
| <b>Net Operating Income</b>                      | <b>538</b>                           | <b>489</b>                           | <b>+10%</b>  |
| <b>Net Profit for the Period</b>                 | <b>301</b>                           | <b>265</b>                           | <b>+13%</b>  |
| <b>Total Comprehensive income for the Period</b> | <b>306</b>                           | <b>72</b>                            | <b>+325%</b> |
| Earnings per Share – fils                        | 14.3                                 | 12.3                                 | +16%         |



**Balance Sheet Highlights**

| <b>(AED Mn)</b>                        | <b>Sep' 18</b> | <b>Dec'17</b> | <b>Variance %</b> |
|--|----------------|---------------|-------------------|
| Total Assets                           | 29,217         | 30,511        | (4%)              |
| Loans and Advances                     | 16,073         | 17,476        | (8%)              |
| Customers' Deposits                    | 19,694         | 21,630        | (9%)              |
| Total Equity                           | 4,090          | 4,068         | +1%               |
| Net Liquidity                          | 5,684          | 7,871         | (28%)             |
| Commitments and Contingent Liabilities | 5,155          | 5,630         | (8%)              |

**Key Ratios Highlights**

|                                      | <b>Sep' 18</b> | <b>Dec'17</b> | <b>Variance %</b> |
|--------------------------------------|----------------|---------------|-------------------|
| Return on Assets                     | 1.37%          | 0.87%         | +57%              |
| Return on Equity                     | 9.81%          | 6.51%         | +51%              |
| Net Interest margin                  | 2.03%          | 1.78%         | +14%              |
| Cost to Income                       | 43.36%         | 37.96%        | +14%              |
| Loans and Advances to Deposits Ratio | 82%            | 81%           | +1%               |

**Results Review**

**Income**

Net Interest Income decreased by 1% compared to the corresponding figure for the same period of 2017, Non-Interest Income decreased by 9% and Operating income decreased by 4%. The net operating income reached AED 538 million for the period ended 30 September 2018 compared to AED 489 million for the same period of 2017, an increase of 10%.

Net profit for the period ended 30 September 2018 reached AED 301 million, against AED 265 million for the same period of 2017, up by 13%. Earnings per share for the period ended 30 September 2018 were up by 16% and reached 14.3 fils compared to 12.3 fils in 2017.

**Total Comprehensive income for the period ended 30 September 2018 increased by 325% to total comprehensive income of AED 306 million versus a total comprehensive income of AED 72 million for the same period of 2017. This was due to an upturn in the market value of strategic investments and a positive effect from change in fair value of issued bonds.**

**Assets Growth**

Total Assets reached AED 29,217 million, a decrease of 4% over the corresponding 31 December 2017 figure of AED 30,511 million.



### **Loans and Advances**

In parallel, Loans and Advances reached AED 16,073 million, an 8% decrease compared to the corresponding figure of AED 17,476 million as at 31 December 2017.

### **Customer Deposits**

Customers' Deposits reached AED 19,694 million, a 9% decrease over the corresponding 31 December 2017 balance of AED 21,630 million.

### **Capital and Liquidity**

Total Equity as at 30 September 2018 stood at AED 4,090 million, an increase of 1% compared to AED 4,068 million for the corresponding year of 2017.

Net Liquidity remained very high at AED 5,684 million as at 30 September 2018 despite a decrease of 28% compared to 2017 year figure of AED 7,871 million.