

Bank of Sharjah P.J.S.C

Bank of Sharjah P.J.S.C today announced the results of the period ended 30 June 2019. The following Management Discussion and Analysis includes financial results for Bank of Sharjah and its subsidiaries, together referred to as the "Group".

Financial Highlights

- ✓ Total Assets at AED 30,330 million, up by 5% compared to 31 December 2018
- ✓ Net Loans and Advances at AED 17,970 million, up by 11% compared to 31 December 2018
- ✓ Total Customers' Deposits at AED 20,785 million, up by 3% compared to 31 December 2018
- ✓ Net Operating Income of AED 308 million, down by 13% compared to 30 June 2018
- ✓ Net Profit of AED 152 million, down by 24% compared to 30 June 2018 and up by 17% compared to 31 December 2018
- ✓ Total Comprehensive income of AED 90 million, down by 68% compared to 30 June 2018
- ✓ Return on Assets at 1.00% and Return on Equity at 7.85%
- ✓ Loans and Advances to Deposits Ratio at 86.46%
- ✓ Non-Performing Loans ratio at 8.49%, down by 27% compared to 31 December 2018.

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)	30 June 2019	30 June 2018	Variance %
Net Interest Income	223	234	
Non-Interest Income	84	114	
Operating Income	307	348	(12%)
Net Impairment loss on Financial Assets	1	7	
Net Operating Income	308	355	(13%)
Net Profit for the period	152	200	(24%)
Total Comprehensive income for the period	90	279	(68%)
Earnings per Share – fils	7.2	9.5	(24%)



Management Discussion & Analysis Report
for the period ended 30 June 2019

Balance Sheet Highlights

(AED Mn)	Jun'19	Dec'18	Variance %
Total Assets	30,330	29,011	5%
Loans and Advances	17,970	16,214	11%
Customers' Deposits	20,785	20,119	3%
Total Equity	3,869	3,779	2%
Commitments and Contingent Liabilities	5,387	5,414	-

Key Ratios Highlights

	Jun'19	Dec'18	Variance %
Return on Assets	1.00%	0.45%	122%
Return on Equity	7.85%	3.43%	129%
Net Interest margin	1.85%	2.22%	(17%)
Cost to Income	46.59%	44.81%	4%
Non-Performing loans Ratio	8.49%	11.60%	(27%)
Impaired Loan Coverage Ratio	111.78%	99.42%	12%
Loans and Advances to Deposits Ratio	86.46%	80.59%	7%

Results Review

Income

The net operating income reached AED 308 million for the period ended 30 June 2019 compared to AED 355 million for the same period of 2018, a decrease of 13%.

Net profit for the period ended 30 June 2019 reached AED 152 million, against AED 200 million for the same period of 2018, down by 24%. Earnings per share for the period ended 30 June 2019 were down by 24% and reached 7.2 fils compared to 9.5 fils for the same period of 2018.

Total Comprehensive income for the period ended 30 June 2019 decreased by 68% and reached AED 90 million versus AED 279 million for the same period of 2018, as a result of net changes in fair value of the issued bonds due to credit risk where the difference of AED 64 million should be eroded with time.

Assets Growth

Total Assets reached AED 30,330 million as at 30 June 2019, an increase of 5% over the corresponding 31 December 2018 figure of AED 29,011 million.

Loans and Advances

Loans and Advances reached AED 17,970 million as at 30 June 2019, 11% above the corresponding figure of AED 16,214 million as at 31 December 2018.





Customer Deposits

Customers' Deposits reached AED 20,785 million, 3% above the corresponding 31 December 2018 balance of AED 20,119 million.

Capital

Total Equity as at 30 June 2019 reached AED 3,869 million, 2% above the corresponding 31 December 2018 balance of AED 3,779 million.

Mr. Varouj Nerguizian, the Bank's General Manager, stated that during Q2 2019 Bank of Sharjah mourned one of the great figures of banking with the untimely demise of Mr. Ahmed Al Noman its Chairman since 1993. The Board elected on 25 July 2019 HE Sheikh Mohammed Bin Saud Al Qasimi as Chairman and HE Sheikh Seif Bin Mohd Bin Butti Al Hamed as Vice Chairman sending a clear message that the Bank will continue its financial social and community development with a new impetus under a new leadership.

The recent "Best Corporate Bank" award received recognizes at the level of the wider public the unique values and socially responsible as well as sustainable approach to banking within a challenging economic and geopolitical context.

While H1 2019 figures reflect a decline in Net Profits compared to H1 2018 figures, we are confident that our profitability will improve during H2 2019 as the Bank have a number of assets that will yield exceptional figures.

A handwritten signature in blue ink, appearing to be 'V. Nerguizian', written over a large, faint yellow watermark of the signature.