

Bank of Sharjah P.J.S.C

Bank of Sharjah P.J.S.C today announced the results of the year ended 31 December 2017. 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 30,511 million, up by 13% compared to 2016
- ✓ Net Loans and Advances at AED 17,476 million, up by 2% compared to 2016
- ✓ Total Customers’ Deposits at AED 21,630 million, up by 10% compared to 2016
- ✓ Total Operating Income of AED 780 million, 3% up compared to 2016
- ✓ Net Operating Income of AED 569 million, 18% down compared to 2016
- ✓ Net Profit for the Year of AED 265 million, down by 34% compared to 2016
- ✓ Return on Assets at 0.87% and Return on Equity at 6.51%
- ✓ Basel III Common Equity Tier 1 ratio at 16.87% compared to a minimum required ratio of 8.5%
- ✓ Basel II Capital Adequacy Ratio at 19.33% compared to a minimum required ratio of 12%
- ✓ Loans and Advances to Deposits Ratio at 81%

Financial year review

During the year, the Bank continued to grow its loans and deposits portfolio while maintaining high levels of liquidity and a low loan to deposit ratio.

Income Statement Highlights

(AED Mn)	FY’17	FY’16	Variance %
Net Interest Income	466	522	(11%)
Non-Interest Income	314	236	33%
Operating Income	780	758	3%
Net Impairment Loss on Financial Assets	(211)	(62)	240%
Net Operating Income	569	695	(18%)
Net Profit for the Year	265	402	(34%)
Total Comprehensive (loss)/ income for the Year	(155)	213	(173%)
Earnings per Share – fils	12.7	18.7	(32%)



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Public Shareholding Company Incorporated in Sharjah by Amiri Decree dated 22 Dec. 1973
Commercial Registration Number 1130 Sharjah - U.A.E.

Your Partner in progress

شراكة نحو الافضل



Balance Sheet Highlights

(AED Mn)	Dec'17	Dec'16	Variance %
Total Assets	30,511	27,097	13%
Customers' Deposits	21,630	19,737	10%
Loans and Advances	17,476	17,075	2%
Total Equity	4,068	4,600	(12%)
Net Liquidity	7,872	5,542	42%
Commitments and Contingent Liabilities	5,630	5,099	10%

Key Ratios Highlights

	Dec'17	Dec'16	Variance %
Return on Assets	0.87%	1.48%	(41%)
Return on Equity	6.51%	8.74%	(26%)
Net Interest margin	1.78%	2.22%	(20%)
Cost to Income	37.96%	37.24%	2%
Impaired Loan Ratio	7.20%	5.60%	29%
Impaired Loan Coverage Ratio	140.1%	179.3%	(22%)
Loans and Advances to Deposits Ratio	81%	87%	(7%)

Results Review

Income

Net Interest Income decreased by 11% compared to the corresponding figure of the year 2016, Non-Interest Income increased by 33% and operating income increased by 3%. The net operating income reached AED 569 million for the year 2017 compared to AED 695 million for the year 2016, a decrease of 18% as a result of enhanced impairment loss on financial assets.

Net profit for the current year 2017 reached AED 265 million, against AED 402 million for 2016, down by 34%. Earnings per share for the year 2017 were down by 32% and reached 12.7 fils compared to 18.7 fils in 2016.

Total Comprehensive income for the year decreased by 173% to total comprehensive loss of AED 155 million versus a total comprehensive income of AED 213 million for the year of 2016.

Asset Quality and Impairments

Provision charge for loan impairments increased by AED 148 million compared with previous year. This was due to additional provisioning that would have been assessed in Q1 2018 in accordance with the implementation of IFRS 9 "Expected Credit Losses".

The Bank is well provisioned against loans losses with a conservative loan loss coverage ratio of 140% which does not take into consideration mortgaged properties and other realizable asset collateral available against the loans.



Assets Growth

Total Assets reached AED 30,511 million, an increase of 13% over the corresponding 31 December 2016 figure of AED 27,097 million. Loans and Advances reached AED 17,476 million, 2% above the corresponding figure of AED 17,075 million as at 31 December 2016.

Customer Deposits

Customers' Deposits reached AED 21,630 million, a 10% increase over the corresponding 31 December 2016 balance of AED 19,737 million.

Capital and Liquidity

Total Equity as at 31 December 2017 stood at AED 4,068 million compared to AED 4,600 million for the corresponding year of 2016.

Net Liquidity reached AED 7,872 million as at 31 December 2017, an increase of 42% compared to 2016 year figure of AED 5,542 million.