



Management Discussion & Analysis Report
for the year ended 31 December 2024

Bank of Sharjah P.J.S.C

Bank of Sharjah ("the Bank") today announced its financial results of the year ended 31 December 2024. The following Management Discussion and Analysis provides an overview of the Bank's key financial performance.

Bank of Sharjah achieved a record performance in 2024 with profit before tax reaching AED 416 million, resulting in a high return on equity of 10.1%.

Net profit reached AED 385 million, a marked improvement from AED 275 million loss recorded in the full year of 2023. The year-on-year growth was driven by significant increases in net interest income, strong credit risk management, and effective cost control measures.

Key Highlights (FY2024)

Profit/(loss) before tax

AED 416mn



(AED 275mn)

Profit/(loss) before tax (AED million)



Fitch VR Rating

B-



CCC+

Operating Income

AED 727mn



AED 271mn

Cost to Income Ratio

36.6%



128.9%

NIM

1.2%



0.7%

ROA

0.9%



(0.7%)

ROE

10.1%



(7.9%)

Total Assets

AED 43.6bn



AED 39.5bn

Loans and Advances, net

AED 24.3bn



AED 22.1bn

NPL Ratio
(Net of ECL & collateral)

4.2%



4.3%

Loans to Deposits Ratio

81.8%



83.8%

CAR Ratio

15.3%



14.7%



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Statement of Profit or Loss

- 2024 full year profit before tax reported at AED 416 million compared to a loss of AED 275 million for the full year 2023. The strong balance sheet evolution, coupled with increased business and diversified revenue growth had drove the bank's financial performance.
- Net profit stood at AED 385 million reflecting a remarkable increase compared to the full year 2023.
- Net interest income increased by 91.5% to AED 429 million for the full year 2024 compared to AED 224 million for the full year 2023 leading to a higher operating income of AED 727 million.
- Operating income for the full year 2024 increased to AED 727 million, up by 168.3% compared to the full year 2023, primarily driven by a higher net interest income, income on investments and properties compared to losses in the full year 2023.
- Operating expenses decreased by 23.8% from AED 349 million for the full year 2023 to AED 266 million for the full year 2024 due to effective cost control measures, translating into a reduction in cost-income ratio from 128.9% in 2023 to 36.6% in 2024.

Statement of Financial Position

- Total assets increased by 10.4% year-over-year and reached AED 43.6 billion. This increase was driven by financing growth and an expansion in the investment portfolio.
- Net loans and advances increased by 10.0% year-over-year and reached AED 24.3 billion, highlighting market share gains in key segments and significant landmark deals in wholesale banking.
- Net investments securities portfolio grew by AED 2.4 billion, as liquid resources were deployed efficiently to support growth.
- Customers' deposits grew by 12.9% year-over-year and reached AED 29.7 billion.
- Total equity stood at AED 3.8 billion, an increase of 8.6% year-over-year, primarily led by the growth in profits.

The Bank further strengthened its capital position with the Common Equity Tier 1 ratio standing to 14.1% compared to 13.5% as of 31 December 2023 on the back of strong earnings. Capital adequacy ratio stood at 15.3% as of 31 December 2024, exceeding 2023 ratio of 14.7%.



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Financial Summary

Statement of Profit or Loss Highlights (AED Mn)			
	FY'24	FY'23	Variance
Net interest income	429	224	91.5%
Non-interest income	298	47	534.0%
Operating income	727	271	168.3%
Net impairment (loss)/reversal on financial assets	(44)	2	-
Net operating income	682	273	149.8%
General and administrative expenses	(266)	(349)	(23.8%)
Net profit/(loss) before one-off impairment loss (due to de-linking)	416	(76)	-
Net impairment charge on subsidiary held for sale (due to de-linking)	-	(199)	(100.0%)
Profit/(loss) before tax	416	(275)	-
Income tax expense	(32)	-	100.0%
Net profit/(loss) for the year	385	(275)	-

Key Profitability Ratios (%)			
	FY'24	FY'23	Variance
Net Interest Margin	1.2%	0.7%	71.4%
Cost-to-income ratio	36.6%	128.9%	(71.6%)
Return on Equity	10.1%	(7.9%)	-
Return on Assets	0.9%	(0.7%)	-

Statement of Financial Position Highlights (AED Bn)			
	31 December 2024	31 December 2023	Variance
Total assets	43.6	39.5	10.4%
Loans and advances, net	24.3	22.1	10.0%
Investments securities, net	10.1	7.7	31.2%
Customers' deposits	29.7	26.3	12.9%
Total equity	3.8	3.5	8.6%
Commitments and contingent liabilities	2.6	2.5	4.0%

Key Financial Position Ratios (%)			
	31 December 2024	31 December 2023	Variance
Non-performing loans ratio (Net of ECL & collateral)	4.2%	4.3%	(2.3%)
Non-performing loans coverage ratio	84.9%	85.9%	(1.2%)
Loans and advances to customers' deposits ratio	81.8%	83.8%	(2.4%)
Capital adequacy ratio	15.3%	14.7%	4.1%
Tier 1 capital ratio	14.1%	13.5%	4.4%
Common equity tier 1 capital ratio	14.1%	13.5%	4.4%

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Sheikh Mohammed bin Saud Al Qasimi, Chairman of Bank of Sharjah

Commenting on the Bank's results, **Sheikh Mohammed bin Saud Al Qasimi, Chairman of Bank of Sharjah**, said: "We are proud of our outstanding performance in 2024, which reflect the effectiveness of our strategic initiatives in a dynamic market environment. The UAE economy has demonstrated remarkable resilience, continuing to register healthy growth driven by economic diversification initiatives that foster trade, investment, and wealth creation. We have leveraged these opportunities to drive long-term value for our customers, shareholders, and communities. Bank of Sharjah has entered a new chapter with a dynamic leadership team, focused on building new business streams, optimizing our operations, delivering exceptional service to our customers, and reinforcing our strong position across the UAE and the region." Sheikh Mohammed bin Saud Al Qasimi added: "As we move forward, we are fully committed to delivering sustainable growth. I would like to express my sincere gratitude to the Board of Directors, senior management, and all our employees for their dedication and exceptional performance which have been instrumental in driving our success."



Mr. Mohamed Khadiri, CEO of Bank of Sharjah

The CEO, **Mr. Mohamed Khadiri**, commented: "2024 has been an exceptional year for Bank of Sharjah, with the Bank achieving record profitability. I am delighted with our stellar performance as we continue to reinforce the Bank's fundamentals. These outstanding results reaffirm that our transformation strategy is on track, driven by business expansion, operational efficiency, prudent risk management, and talent development. We have made significant progress in strengthening our operational foundation, optimizing resources, and aligning our business model to achieve sustainable growth. Our results also highlight the Bank's success in



delivering high-quality financial services that meet the evolving needs of our customers." He further added: "Bank of Sharjah is a strong and trusted financial institution within the local community. We continue to leverage our core strengths to build a robust platform that operates at its full potential across the UAE and the region. With a clear strategic vision, the Bank is well-positioned to sustain strong performance into 2025 and beyond."

Mohamed Khadiri
Chief Executive Officer