

Management Discussion & Analysis Report
for the period ended 30 June 2024

Bank of Sharjah P.J.S.C

Bank of Sharjah ("the Bank") today announced the results for the period ended 30 June 2024. The following Management Discussion and Analysis includes financial results for the Bank.

In the first half of 2024, the Bank has demonstrated a robust performance, continuing the strong momentum from the start of the year. The Bank's net profit increased to AED 171 million from a loss of AED 144 million for the same period last year, driven by substantially higher net interest income, stringent credit underwriting, and reduced operating costs. This represents a 233% surge over the previous year, if we exclude the one-time impairment charge incurred in 2023 due to de-linking the Lebanese subsidiary.

(AED Mn)	For the six-month ended June '24	For the six-month ended June '23
Net interest income	206	99
Non-interest income	94	125
Operating income	300	224
Net impairment loss on financial assets	4	3
General and administrative expenses	(120)	(172)
Net profit before one-off impairment loss (due to de-linking)	183	55
Net impairment charge on assets held for sale (due to de-linking)	-	(199)
Profit/(loss) before tax	183	(144)
Income tax expense	(12)	-
Net profit/(loss) for the period	171	(144)

(AED Mn)	Jun'24	Dec'23
Total assets	38,868	39,460
Loans and advances	22,330	22,068
Customers' deposits	25,777	26,343
Total equity	3,632	3,506
Commitments and contingent liabilities	2,653	2,454

	Jun'24	Dec'23
Non-performing loans ratio (Net of ECL & collateral)	4.41%	4.29%
Non-performing loans coverage ratio	83.73%	85.86%
Cost-to-income ratio	40.11%	128.92%
Loans and advances to customers' deposits ratio	86.63%	83.77%
Capital adequacy ratio	15.02%	14.67%
Tier 1 capital ratio	13.84%	13.49%
Common tier 1 capital ratio	13.84%	13.49%

The Bank's exceptional financial results demonstrate the effectiveness of its strategic focus on sustainable growth, with notable improvements in all major performance metrics. This strong performance was driven by an increase in funded and unfunded income. Net interest income surged by 108%, operating income grew by 34%, and the cost-to-income ratio significantly improved to 40.1% due to adoption of cost discipline measures. The balance sheet remains robust with a loans-to-deposits ratio of 86.63%, reflecting comfortable liquidity, and strong capitalization with regulatory capital adequacy ratio exceeding 15%, and Tier 1 and CET1 capital ratios around 14%. These positive figures highlight the Bank's underlying strength, operational efficiency, prudent risk management, and ongoing enhancement of shareholder value.

Commenting on the Bank's results, **Sheikh Mohammed bin Saud Al Qasimi, Chairman of Bank of Sharjah**, stated: "We are pleased with our outstanding performance in the first half of 2024, which reflects our commitment to adding value to our customers, supporting our communities, and rewarding our shareholders. Despite the challenging geopolitical situation in the region, the UAE economy has remained resilient and continues to register healthy growth following various economic diversification initiatives that provide consistent impetus for trade, investment, and wealth creation. Bank of Sharjah has entered a new chapter with a new leadership team, focused on building new business streams, expanding our reach across the UAE and the region, and delivering exceptional service to our customers."

Sheikh Mohammed bin Saud Al Qasimi added: "Our performance in the first half of the year demonstrates the effectiveness of our new strategy, and we look forward to delivering continued growth in the years to come."

The **CEO, Mr. Mohamed Khadiri**, commented "2024 has begun exceptionally well for Bank of Sharjah, with the bank achieving a record year-on-year profit. I am delighted with our stellar performance as we continue to strengthen the bank's fundamentals. Our outstanding results reaffirm that our new business strategy is on track to deliver sustainable revenue growth, driven by business expansion, operational efficiency, prudent risk management, and talent development. This achievement is also a testament to the Bank's success in providing high-quality financial services that meet the aspirations and growing needs of our customers."

He further added: "Bank of Sharjah is a strong and respected brand within the local community. We are leveraging our core strengths to build a platform that will operate at its full potential across the UAE and the region. The Bank remains focused on executing our strategy and is well-positioned to maintain strong performance throughout 2024 and beyond."



Mohamed Khadiri
Chief Executive Officer