
SHARJAH ISLAMIC BANK PJSC
DIRECTORS' REPORT AND CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

SHARJAH ISLAMIC BANK PJSC

Directors' Report

The Directors have pleasure in presenting their report together with the condensed consolidated interim financial statements of SHARJAH ISLAMIC BANK PJSC ("the Bank") and its subsidiaries (together referred as the "Group") for the nine month period ended 30 September 2024.

Financial highlights

As of 30 September 2024, the total assets of the Group amounted to AED 74.8 billion, showing an increase of 13.5% compared to AED 65.9 billion as at 31 December 2023. The investment securities measured at amortised cost experienced a significant growth of 29.2% during the period, reaching AED 12.4 billion compared to AED 9.6 billion as of 31 December 2023. Investments in Islamic financing showed a 10.7% growth or an increase of AED 3.5 billion, taking the total outstanding amount to AED 36.6 billion as of 30 September 2024, in comparison to AED 33.0 billion as of 31 December 2023. Customer deposits increased by 6.2% to reach AED 48.0 billion as compared to AED 45.2 billion as at 31 December 2023, demonstrating overall strengthening of the Group's liquidity position, which stands at 20.8% as at 30 September 2024. Shareholders' equity amounts to AED 8.7 billion as of 30 September 2024.

The net operating income before impairment on financial assets - net of recoveries, for the Group increased by AED 152.9 million for the nine month period ended 30 September 2024 as compared to the nine month period ended 30 September 2023. The impairment charges on financial assets - net of recoveries, for the nine month period ended 30 September 2024, totaled AED 100.6 million, indicating a 41.7% decrease as compared to the nine month period ended 30 September 2023. As a result, profit before tax increased by AED 224.8 million to reach AED 992.1 million for the nine month period ended 30 September 2024 as compared to AED 767.3 million for the nine month period ended 30 September 2023. Taxation expense for the nine month period ended 30 September 2024 was AED 89.6 million in compliance of the UAE Corporate Tax Law, as applicable, from 1 January 2024. As a result, a net profit of AED 902.5 million was recorded for the nine month period ended 30 September 2024, as compared to AED 767.3 million for the nine month period ended 30 September 2023, reflecting a 17.6% increase.



Abdul Rahman Mohammed Naseer Al Owais
Chairman
17 October 2024



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Independent Auditors' Report on Review of Interim Financial Information

To the Board of Directors of the Sharjah Islamic Bank PJSC

Introduction

We have reviewed the accompanying 30 September 2024 condensed consolidated interim financial information of Sharjah Islamic Bank PJSC (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2024;
- the condensed consolidated interim statements of profit or loss for the three-month and nine-month periods ended 30 September 2024;
- the condensed consolidated interim statements of comprehensive income for the three-month and nine-month periods ended 30 September 2024;
- the condensed consolidated interim statements of changes in equity for the nine-month period ended 30 September 2024;
- the condensed consolidated interim statements of cash flows for the nine-month period ended 30 September 2024; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2024 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

Other matter

The condensed consolidated interim financial information of the Group as at and for the nine-month period ended 30 September 2023 was reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial information on 25 October 2023 and the consolidated financial statements of the Group as at and for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 22 January 2024.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Sharjah, United Arab Emirates

Date: **17 OCT 2024**

SHARJAH ISLAMIC BANK PJSC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024
(Currency: Thousands of U.A.E Dirhams)

		As at 30 September 2024	As at 31 December 2023
	Notes	Un-audited	Audited
Assets			
Cash and balances with banks and financial institutions	6	4,540,638	3,436,612
Murabaha and wakalah with financial institutions	7	11,037,984	10,240,664
Investment securities measured at fair value	8	4,287,305	3,961,739
Investment securities measured at amortised cost	9	12,382,841	9,582,292
Investments in Islamic financing	10	36,550,782	33,030,434
Acceptances		182,071	209,135
Properties held-for-sale		544,571	526,215
Investment properties	22	2,988,777	2,822,991
Other assets	11	1,325,603	1,117,292
Property and equipment	12.1	894,378	889,943
Intangible assets	12.2	61,190	61,664
Total assets		74,796,140	65,878,981
Liabilities and shareholders' equity			
Liabilities			
Customer deposits	13	47,995,408	45,206,574
Due to banks		12,112,780	9,053,932
Acceptances		182,223	209,603
Sukuk payable	14	3,660,887	1,834,869
Other liabilities	15	2,146,778	1,381,333
Zakat payable		3,668	66,002
Total liabilities		66,101,744	57,752,313
Shareholders' equity			
Share capital	16	3,235,678	3,235,678
Tier 1 sukuk		1,836,500	1,836,500
Legal reserve		1,617,838	1,617,838
Statutory reserve		89,008	89,008
General impairment reserve		208,695	164,617
Fair value reserve		(93,251)	(183,849)
Retained earnings		1,799,928	1,366,876
Total shareholders' equity		8,694,396	8,126,668
Total liabilities and shareholders' equity		74,796,140	65,878,981

These condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 17 October 2024.



Abdul Rahman Mohammed Nasser Al Owais
Chairman



Mohamed Ahmed Abdalla
Chief Executive Officer

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 37 form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024
(Currency: Thousands of U.A.E Dirhams)

	Notes	For the three month period ended 30 September		For the nine month period ended 30 September	
		2024	2023	2024	2023
		Un-audited	Un-audited	Un-audited	Un-audited
Income from investments in Islamic financing and sukuk		957,044	794,410	2,725,917	2,231,846
Distribution to depositors and sukuk holders		(583,589)	(428,212)	(1,617,491)	(1,148,649)
Net income from financing and investment products		373,455	366,198	1,108,426	1,083,197
Fee and commission income	18	136,179	75,331	366,233	232,085
Fee and commission expense	18	(25,334)	(20,443)	(75,574)	(55,582)
Net fee and commission income		110,845	54,888	290,659	176,503
Investment income		33,123	(818)	63,242	35,475
Foreign exchange income		22,604	7,258	53,783	42,409
Other income	19	45,181	20,831	98,147	75,252
Total operating income		585,208	448,357	1,614,257	1,412,836
General and administrative expenses		(182,110)	(157,278)	(521,520)	(473,012)
Net operating income before impairment		403,098	291,079	1,092,737	939,824
Impairment on financial assets - net of recoveries		(33,360)	(18,346)	(100,645)	(172,520)
Profit before tax		369,738	272,733	992,092	767,304
Taxation	26	(33,377)	-	(89,571)	-
Net profit for the period		336,361	272,733	902,521	767,304
(Attributable to the shareholders of the Bank)					
Basic and diluted earnings per share (U.A.E. Dirhams)	28	0.09	0.07	0.25	0.21

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SHARJAH ISLAMIC BANK PJSC**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME****FOR THE THREE AND NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024**

(Currency: Thousands of U.A.E Dirhams)

	Note	For the three month		For the nine month	
		period ended 30 September		period ended 30 September	
		2024	2023	2024	2023
		Un-audited	Un-audited	Un-audited	Un-audited
Net profit for the period		336,361	272,733	902,521	767,304
(Attributable to the shareholders of the Bank)					
Other comprehensive income					
Items that will be reclassified to profit or loss					
Change in fair value reserve on FVTOCI sukuk investments		70,473	(7,775)	103,429	(1,700)
Items that will not be reclassified to profit or loss					
Change in fair value reserve on FVTOCI equity investments		7,647	5,072	(3,869)	9,840
Related tax on other comprehensive income	26	(7,032)	-	(8,962)	-
Total comprehensive income for the period - net off tax		407,449	270,030	993,119	775,444
(Attributable to the shareholders of the Bank)					

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SHARJAH ISLAMIC BANK PJSC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024
(Currency: Thousands of U.A.E Dirhams)

	For the nine month period ended 30 September	
	2024	2023
	Un-audited	Un-audited
Cash flows from operating activities		
Net profit for the period	902,521	767,304
<i>Adjustments for:</i>		
- Amortisation and depreciation	27,067	42,462
- Amortisation of sukuk issuance costs	810	1,392
- Provision charge on investments in Islamic financing	122,078	139,413
- (Reversal) / provision on investment securities measured at fair value	(18,130)	22,701
- (Reversal) / provision on investment securities measured at amortised cost	(4,672)	12,058
- Provision charge / (reversal of provision) on other financial assets	1,369	(1,652)
- Gain on disposal of properties held for sale	(24,071)	(3,393)
- Gain on disposal of investment properties	(3,587)	(6,162)
- Gain on disposal of investment securities measured at fair value	(15,903)	(1,170)
- Revaluation on investment securities measured at fair value through profit and loss	(5,346)	7,632
- Foreign exchange gain on properties	(6,652)	(1,143)
- Taxation	89,571	-
- Gain on disposal of property and equipment	(366)	(9)
Operating cash flows before changes in operating assets and liabilities	1,064,689	979,433
<i>Changes in:</i>		
- Restricted cash balances	(188,081)	(2,759)
- Murabaha and wakalah with financial institutions	1,064,655	(1,837,079)
- Investments in Islamic financing	(3,642,426)	(1,333,325)
- Other assets and acceptances	(182,616)	217,591
- Properties held for sale	5,715	(144,219)
- Customer deposits	2,788,834	5,711,962
- Due to banks	2,888,587	111,927
- Other liabilities and acceptances	629,532	(50,790)
Net cash generated from operating activities	4,428,889	3,652,741
Cash flows from investing activities		
Acquisition of property and equipment and intangible assets	(31,504)	(29,972)
Disposal of property and equipment and intangible assets	842	418
Acquisition of investment properties	(197,737)	(19,832)
Disposal of investment properties	42,190	47,895
Acquisition of investment securities measured at fair value	(679,356)	(553,962)
Disposal / redemption of investment securities measured at fair value	492,729	788,883
Acquisition of investment securities measured at amortised cost	(3,846,672)	(3,966,374)
Redemption on investment securities measured at amortised cost	1,050,795	191,759
Net cash used in investing activities	(3,168,713)	(3,541,185)

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SHARJAH ISLAMIC BANK PJSC**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (continued)**

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Currency: Thousands of U.A.E Dirhams)

	For the nine month period ended 30 September	
	2024	2023
	Un-audited	Un-audited
Cash flows from financing activities		
Issuance of sukuk	1,825,208	-
Repayment of sukuk	-	(1,836,494)
Profit paid on tier 1 sukuk	(91,824)	(91,824)
Zakat paid	(62,334)	(45,264)
Cash dividend	(323,567)	(308,160)
Net cash generated from / (used in) financing activities	1,347,483	(2,281,742)
Net increase / (decrease) in cash and cash equivalents	2,607,659	(2,170,186)
Cash and cash equivalents at the beginning of the period	7,597,474	9,596,413
Cash and cash equivalents at the end of the period	10,205,133	7,426,227
	As at	As at
	30 September	30 September
	2024	2023
	Un-audited	Un-audited
Cash and cash equivalents		
Cash and balances with banks and financial institutions	4,340,984	3,608,532
Murabaha and wakalah with financial institutions	6,060,205	3,848,346
Due to banks	(196,056)	(30,651)
Cash and cash equivalents at the end of the period	10,205,133	7,426,227

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SHARJAH ISLAMIC BANK PJSC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024
(Currency: Thousands of U.A.E Dirhams)

	ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK						
	Share capital	Tier 1 sukuk	Legal reserve	Statutory reserve	General impairment reserve	Fair value reserve	Retained earnings shareholders' equity
As at 1 January 2023 (Audited)	3,081,598	1,836,500	1,541,200	89,008	41,602	(305,576)	1,348,076
Total comprehensive income for the period							7,632,408
Net profit for the period	-	-	-	-	-	-	767,304
Other comprehensive income							
Net change in fair value reserve	-	-	-	-	-	8,140	-
Total comprehensive income for the period	-	-	-	-	-	8,140	775,444
Transactions recorded directly in equity							
Bonus shares issued (note 24)	154,080	-	-	-	-	-	(154,080)
Realised loss on equity investments measured at FVTOCI transferred to retained earnings	-	-	-	-	-	3,059	(3,059)
Cash dividend (note 24)	-	-	-	-	-	-	(308,160)
Transfer to general impairment reserve	-	-	-	-	87,358	-	(87,358)
Profit paid on tier 1 sukuk	-	-	-	-	-	-	(91,824)
Board of directors' fees	-	-	-	-	-	-	(10,000)
Total	154,080	-	-	-	87,358	3,059	(409,984)
As at 30 September 2023 (Un-audited)	3,235,678	1,836,500	1,541,200	89,008	128,960	(294,377)	1,460,899
							7,997,868

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 37 form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024
(Currency: Thousands of U.A.E Dirhams)

	ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK						
	Share capital	Tier 1 sukuk	Legal reserve	Statutory reserve	General impairment reserve	Fair value reserve	Retained earnings shareholders' equity
As at 1 January 2024 (Audited)	3,235,678	1,836,500	1,617,838	89,008	164,617	(183,849)	1,366,876
Total comprehensive income for the period							
Net profit for the period	-	-	-	-	-	-	902,521
Other comprehensive income							
Net change in fair value reserve - net off tax	-	-	-	-	-	90,598	-
Total comprehensive income for the period	-	-	-	-	-	90,598	90,598
							993,119
Transactions recorded directly in equity							
Cash dividend (note 24)	-	-	-	-	-	-	(323,567)
Transfer to general impairment reserve	-	-	-	-	44,078	-	(44,078)
Profit paid on tier 1 sukuk	-	-	-	-	-	-	(91,824)
Board of directors' fees	-	-	-	-	-	-	(10,000)
Total	-	-	-	-	44,078	-	(469,469)
							(425,391)
As at 30 September 2024 (Un-audited)	3,235,678	1,836,500	1,617,838	89,008	208,695	(93,251)	1,799,928
							8,694,396

The independent auditor's review report is set on pages 2 and 3 of these condensed consolidated interim financial statements. The accompanying notes from pages 11 to 37 form an integral part of these condensed consolidated interim financial statements.

SHARJAH ISLAMIC BANK PJSC**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024**

(Currency: Thousands of U.A.E Dirhams)

1. Legal status and activities

SHARJAH ISLAMIC BANK PJSC (the "Bank") was incorporated in 1975 as a public joint stock company by Emiri Decree issued by His Highness the Ruler of Sharjah, United Arab Emirates ("UAE") and is listed on the Abu Dhabi Securities Exchange. The Bank is engaged in banking, financing and investing activities in accordance with its articles of incorporation, Islamic Shari'a principles and regulations of Central Bank of the UAE ("CBUAE"), which are carried out through its 32 branches (*As at 31 December 2023: 32 branches*) established in the UAE.

At an extraordinary shareholder's meeting held on 18 March 2001, a resolution was passed to transform the Bank's activities to be in full compliance with Islamic Shari'a rules and principles. The entire process was completed on 30 September 2002 ("the transformation date"). As a result the Bank transformed its conventional banking products into Islamic banking products during the nine month period ended 30 September 2002 after negotiation and agreement with its customers.

These condensed consolidated interim financial statements of the Group comprise the Bank and its fully owned subsidiaries incorporated in the UAE, Sharjah National Hotels ("SNH"), Sharjah Islamic Financial Services LLC SP ("SIFS") and ASAS Real Estate LLC SP ("ASAS") as well as special purpose vehicles established in the Cayman Islands, SIB Sukuk Company III Limited and SIB Tier 1 Sukuk Company Limited, (all together referred to as the "Group"). SNH through its divisions is engaged in operating hotels and resorts, catering and related services, whereas SIFS is involved in conducting intermediation in dealing in local market Shari'a compliant shares. ASAS is involved in the business of real estate. SIB Sukuk Company III Limited and SIB Tier 1 Sukuk Company Limited were established for the Bank's Sukuk program.

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "Corporate Tax Law") to enact a Federal corporate tax regime in the UAE. The Corporate Tax regime became effective for the accounting year beginning on or after 1 September 2023, hence for the Group it is effective from 1 January 2024. Refer to notes 26 and 27 for the details of impact of the Corporate Tax Law on the Group.

The registered office of the Bank is Post Box No.4, Sharjah, UAE.

2. Basis of preparation**a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. Selected explanatory notes, are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2023. These condensed consolidated interim financial statements do not include all of the information required for a full set of annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group as at and for the year ended 31 December 2023, including the UAE Federal Law No. 32 of 2021 on Commercial Companies and the Decretal Federal Law No. 14 of 2018.

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024
(Currency: Thousands of U.A.E Dirhams)

2. Basis of preparation (continued)

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for, provision for employees' end of service benefits which is measured using the projected credit unit method under IAS 19, and the following material items in the condensed consolidated interim statement of financial position which are measured at fair value:

- I financial assets at fair value through profit or loss ("FVTPL");
- II financial assets at fair value through other comprehensive income ("FVTOCI"); and
- III investment properties at fair value.

3. Material accounting policies

The accounting policies applied by the Group in preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its annual consolidated financial statements as at and for the year ended 31 December 2023.

New and revised IFRS adopted in the condensed consolidated interim financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these condensed consolidated interim financial statements. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts or disclosures reported for the current and prior periods.

New standards and significant amendments to standards applicable to the Group	Effective date
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Amendments to IAS 1, Presentation of financial statements on classification of liabilities	1 January 2024
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The narrow-scope amendments to IAS 1 'Presentation of Financial Statements' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

Amendment to IAS 1 – Non-current liabilities with covenants	1 January 2024
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These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024
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These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024
(Currency: Thousands of U.A.E Dirhams)

3. Material accounting policies (continued)

New and revised IFRS adopted in the condensed consolidated interim financial statements (continued)

New standards and significant amendments to standards applicable to the Group (continued)	Effective date
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Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	1 January 2024
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The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

New and revised IFRS in issue but not yet effective and not early adopted

Amendments to IAS 21 - Lack of Exchangeability	1 January 2025
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The amendments contain no specific requirements for estimating a spot rate. Therefore, when estimating a spot rate a company can use an observable exchange rate without adjustment or another estimation technique. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process and risks to the company because the currency is not exchangeable.

Amendments to IFRS 9 and IFRS 7 - Classification of financial assets	1 January 2026
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Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

IFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027
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IFRS 18 will replace IAS 1 - 'Presentation of Financial Statements' and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following new key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management defined performance measures (MPMs) are disclosed in a single note in the financial statements/
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of the above amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

SHARJAH ISLAMIC BANK PJSC
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024
(Currency: Thousands of U.A.E Dirhams)

4. Key accounting estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgement is exercised by management in applying the Group's accounting policies. The key sources of estimation uncertainty are consistent with the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2023.

i) Use of estimates and judgements

The IFRS 9 Committee has reviewed the inputs and assumptions for IFRS 9 ECL measurement in light of available information. The Bank has computed ECL using 30% weightage to the upward scenario as of 30 September 2024. Had adverse scenario been stressed from 30% by another 10% with corresponding impact on upward scenario, impairment loss allowance would increase by AED 16.7 million.

Following both regulatory mandates and industry standards, TTC PDs are adjusted based on internal rating grades that reflect historical default rates.

The Group has integrated LGD models for its various portfolios, such as secured and unsecured corporate and retail portfolios. These models are based on the actual recovery rates as observed over the period of more than ten years.

Judgement is also required in estimating EAD, particularly for Islamic financing commitments, including letters of credit and financial guarantee, and revolving credit facilities such as credit cards, where deterioration in the macro economic environment is generally accompanied by an increase in the volumes and duration of the drawdowns. Credit conversion factor used by the Bank for unutilized limits has been computed at 20% in case of retail exposures as well as corporate exposures with remaining maturity of less than one year or 50% in case of corporate exposures with remaining maturity of more than one year.

The Bank considers a range of possible outcomes and their respective probabilities, and to apply judgement in determining what constitutes reasonable and forward looking information. The most significant period-end assumptions used for ECL estimate includes next 5-year average oil price ranging between US\$ 55.19/barrel to US\$ 84.48/barrel, equity price index growth volatility ranging between -20.0% to 7.8%, non-oil UAE GDP range falling -4.0% to rising 7.7% and UAE CPI index ranging 1.0% to 2.3%.

The Group's management will continually monitor how the economic conditions change over the next reporting period and will re-evaluate the adequacy of downside weight, and adverse effect, if any, will be accounted for.

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The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2023.

i) Fair value measurement of financial instruments

The Bank's existing policy on fair value measurement of financial instruments is disclosed in note 3 (b) to the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2023.

ii) Capital adequacy ratio "CAR" initiatives

The Bank expects CAR in the current economic scenario to remain well above the UAE banking sector average and the baseline CBUAE BASEL III requirement of 13% including capital conservation buffer of 2.5%. In order to relieve the pressure on financial institutions, the CBUAE, vide its official paper issued on 22 April 2020, allowed banks to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter aimed to minimize the effect of IFRS 9 provisions on regulatory capital, in view of the volatility due to the COVID 19 crisis. The filter allowed Banks to partially add incremental ECL provisions back to their Tier 1 capital for the purpose of calculating capital adequacy ratios. Banks were however required to reverse this capital benefit in a gradual and phased manner over a period of 5 years (ending on 31 December 2024).

iii) Concentration analysis

Please refer to note 10.1 (a) and (b) to the condensed consolidated interim financial statements, which discloses the product and sector wise categorization of Investment in Islamic financing as at 30 September 2024. The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2023.

iv) Profit rate risk

The principal risk to which non-trading portfolios are exposed, is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market profit rates. Profit rate risk primarily comprises of market and valuation risk, are managed on the basis of pre-determined asset allocations across various asset categories, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value. Overall pricing or profit rate risk positions are managed by the Asset and Liability Committee ("ALCO").

The sensitivity of the condensed consolidated statement of profit or loss is the effect of the assumed changes in profit rates on the net income.

	Nine month period ended 30 September 2024 Un-audited	Nine month period ended 30 September 2023 Audited
Net profit rate sensitivity on financial assets and liabilities	8,084	3,056

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5. Financial risk management (continued)

v) Maximum exposure to credit risk

The table below is the maximum exposure to credit risk for the Group and is shown gross, before any mitigation of collateral.

	As at 30 September 2024 (Un-audited)			
	ECL Staging			Total
	Stage 1 12 month	Stage 2 Lifetime	Stage 3 Lifetime	
<i>Cash and balances with banks and financial institutions</i>	58,646	30	-	58,676
Loss allowance	(7)	(1)	-	(8)
Carrying amount	58,639	29	-	58,668
<i>Murabaha and wakalah with financial institutions</i>	3,739,747	-	-	3,739,747
Loss allowance	(1,763)	-	-	(1,763)
Carrying amount	3,737,984	-	-	3,737,984
<i>Investment securities measured at amortised cost</i>	12,379,976	10,919	23,579	12,414,474
Loss allowance	(7,706)	(348)	(23,579)	(31,633)
Carrying amount	12,372,270	10,571	-	12,382,841
<i>Investments in Islamic financing</i>	33,618,082	2,637,342	1,965,715	38,221,139
Loss allowance	(178,994)	(277,768)	(1,213,595)	(1,670,357)
Carrying amount	33,439,088	2,359,574	752,120	36,550,782
<i>Other financial assets</i>	1,217,221	9,950	38,253	1,265,424
Loss allowance	(10,461)	(11)	(38,253)	(48,725)
Carrying amount	1,206,760	9,939	-	1,216,699
Net credit risk exposures relating to on-balance sheet assets	50,814,741	2,380,113	752,120	53,946,974
<i>Letter of credit and guarantee</i>	1,254,169	31,119	122	1,285,410
Loss allowance	(2,910)	(1,240)	(60)	(4,210)
Net credit risk exposures off-balance sheet assets	1,251,259	29,879	62	1,281,200
Net credit risk exposures	52,066,000	2,409,992	752,182	55,228,174
Gross credit risk exposure	52,267,841	2,689,360	2,027,669	56,984,870
Total loss allowance *	(201,841)	(279,368)	(1,275,487)	(1,756,696)
	52,066,000	2,409,992	752,182	55,228,174

* In addition to the above, the Group has also recognised a provision for expected credit losses on its sukuk investments measured at FVTOCI amounting to AED 12.5 million as at 30 September 2024 (As at 31 December 2023: AED 30.6 million).

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5. Financial risk management (continued)

v) Maximum exposure to credit risk (continued)

	As at 31 December 2023 (Audited)			
	ECL Staging			Total
	Stage 1 12 month	Stage 2 Lifetime	Stage 3 Lifetime	
<i>Cash and balances with banks and financial institutions</i>	312,391	22	-	312,413
Loss allowance	(79)	(4)	-	(83)
Carrying amount	312,312	18	-	312,330
<i>Murabaha and wakalah with financial institutions</i>	4,844,206	-	-	4,844,206
Loss allowance	(3,542)	-	-	(3,542)
Carrying amount	4,840,664	-	-	4,840,664
<i>Investment securities measured at amortised cost</i>	9,584,148	10,870	60,309	9,655,327
Loss allowance	(12,045)	(681)	(60,309)	(73,035)
Carrying amount	9,572,103	10,189	-	9,582,292
<i>Investments in Islamic financing</i>	30,661,767	2,085,311	1,891,680	34,638,758
Loss allowance	(144,928)	(258,745)	(1,204,651)	(1,608,324)
Carrying amount	30,516,839	1,826,566	687,029	33,030,434
<i>Other financial assets</i>	1,245,336	-	37,286	1,282,622
Loss allowance	(9,091)	-	(37,286)	(46,377)
Carrying amount	1,236,245	-	-	1,236,245
Net credit risk exposures relating to on-balance sheet assets	46,478,163	1,836,773	687,029	49,001,965
<i>Letter of credit and guarantee</i>	948,653	8,265	1,034	957,952
Loss allowance	(2,384)	(661)	(63)	(3,108)
Net credit risk exposures off-balance sheet assets	946,269	7,604	971	954,844
Net credit risk exposures	47,424,432	1,844,377	688,000	49,956,809
Gross credit risk exposure	47,596,501	2,104,468	1,990,309	51,691,278
Total loss allowance	(172,069)	(260,091)	(1,302,309)	(1,734,469)
	47,424,432	1,844,377	688,000	49,956,809

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5. Financial risk management (continued)

vi) Capital adequacy

The capital adequacy ratio is based on Basel III and the CBUAE rules and guidelines:

	As at 30 September 2024 Un-audited	As at 31 December 2023 Audited
Capital base		
Common equity tier 1	6,530,981	6,156,313
Additional tier 1 capital	1,836,500	1,836,500
Total tier 1 capital base	8,367,481	7,992,813
Total tier 2 capital base	585,322	522,824
Total capital base	8,952,803	8,515,637
Risk weighted assets		
Credit risk	46,825,725	41,825,910
Market risk	204,348	166,119
Operational risk	3,600,366	3,132,244
Total risk weighted assets	50,630,439	45,124,273
Capital ratios		
Common equity tier 1 ratio	12.90%	13.64%
Tier 1 capital ratio	16.53%	17.71%
Capital adequacy ratio	17.68%	18.87%

6. Cash and balances with banks and financial institutions

Cash	667,283	695,291
Balances with CBUAE	3,814,687	1,828,652
Due from banks	58,668	912,669
	4,540,638	3,436,612

As at 30 September 2024 and 31 December 2023, balances with CBUAE includes 14 days average statutory deposit requirement of CBUAE, which is also available to fund daily operations under specified conditions.

As at 30 September 2024, due from banks include cash margin amounting to AED Nil (*As at 31 December 2023: AED: 11.6 million*) against collateralised murabaha.

7. Murabaha and wakalah with financial institutions

Murabaha	180,845	1,595,725
Wakalah arrangements	10,857,139	8,644,939
	11,037,984	10,240,664

As at 30 September 2024, wakala arrangements with financial institutions includes Islamic certificates of deposit with CBUAE amounting to AED 7.3 billion (*As at 31 December 2023: AED 5.4 billion*).

As at 30 September 2024, Murabaha and wakalah with financial institutions carry profit rates ranging from 3.5% to 7.8% per annum (*As at 31 December 2023: 4.0% to 9.0% per annum*).

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8. Investment securities measured at fair value

The Group has designated certain investments in equity instruments, funds and sukuks as FVTOCI as these are investments that the Group plans to hold in the long term for strategic reasons.

By category	Fair value		Dividend income	
	As at	As at	For the nine month period	
	30 September	31 December	ended 30 September	
	2024	2023	2024	2023
	Un-audited	Audited	Un-audited	Un-audited
<i>Financial assets at fair value through profit or loss</i>				
- Equity and funds	367,468	354,697	14,474	15,599
- Sukuks	379,610	373,873	-	-
	<u>747,078</u>	<u>728,570</u>	<u>14,474</u>	<u>15,599</u>
<i>Financial assets at fair value through other comprehensive income</i>				
- Equity and funds	365,807	381,293	18,810	24,743
- Sukuks	3,174,420	2,851,876	-	-
	<u>3,540,227</u>	<u>3,233,169</u>	<u>18,810</u>	<u>24,743</u>
Total investment securities measured at fair value	<u>4,287,305</u>	<u>3,961,739</u>	<u>33,284</u>	<u>40,342</u>

By quoted / unquoted	As at	As at
	30 September	31 December
	2024	2023
	Un-audited	Audited
<i>Financial assets at fair value through profit or loss</i>		
- Quoted	398,692	399,019
- Unquoted	348,386	329,551
	<u>747,078</u>	<u>728,570</u>
<i>Financial assets at fair value through other comprehensive income</i>		
- Quoted	2,918,606	2,924,503
- Unquoted	621,621	308,666
	<u>3,540,227</u>	<u>3,233,169</u>
Total investment securities measured at fair value	<u>4,287,305</u>	<u>3,961,739</u>

During the nine month period ended 30 September 2024 and the year ended 31 December 2023, no investment securities measured at fair value through other comprehensive income were downgraded to stage 3 under the ECL model.

During the nine month period ended 30 September 2024, the Group has purchased equity securities amounting to AED 22.2 million (year ended 31 December 2023: AED 47.6 million).

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8. Investment securities measured at fair value (continued)

As at 30 September 2024 and 31 December 2023, investment securities measured at fair value predominantly comprise securities issued in the UAE and the Gulf Cooperation Council ("GCC").

Dividend income for the three month period ended 30 September 2024 amounted to AED 8.6 million (*three month period ended 30 September 2023: AED 8.9 million*).

9. Investment securities measured at amortised cost

	As at 30 September 2024 Un-audited	As at 31 December 2023 Audited
By category		
- Sukuks	12,414,474	9,655,327
Less: loss allowance on financial assets measured at amortised cost	<u>(31,633)</u>	<u>(73,035)</u>
	<u>12,382,841</u>	<u>9,582,292</u>
By quoted / unquoted		
- Quoted	9,003,620	6,164,422
- Unquoted	3,410,854	3,490,905
Less: loss allowance on financial assets measured at amortised cost	<u>(31,633)</u>	<u>(73,035)</u>
	<u>12,382,841</u>	<u>9,582,292</u>

During the nine month period ended 30 September 2024 and the year ended 31 December 2023, no investment securities measured at amortised cost were downgraded to stage 3 under the ECL model.

As at 30 September 2024, sukuks held at amortised cost includes AED 7,629.9 million (*As at 31 December 2023: AED 4,568.9 million*) that have been pledged against a collateralized commodity murabaha arrangement.

During the nine month period ended 30 September 2024, the Group has sold investment securities measured at amortised cost amounting to AED 525.9 million (*year ended 31 December 2023, the Group has sold investment securities measured at amortised cost amounting to AED 124.9 million*).

As at 30 September 2024 and 31 December 2023, investment securities measured at amortised cost predominantly comprise securities issued in the UAE and the Gulf Cooperation Council ("GCC").

The fair value of investment securities measured at amortised cost has been disclosed in note 22 of these condensed consolidated interim financial statements.

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10. Investments in Islamic financing

10.1 Investments in Islamic financing are secured by acceptable forms of collateral to mitigate the related credit risk. Investments in Islamic financing comprise the following:

	As at 30 September 2024 Un-audited	As at 31 December 2023 Audited
a) By product		
Vehicle murabaha	623,092	412,718
Goods murabaha	13,750,930	12,726,515
Other murabaha receivable	1,331,069	1,363,902
Syndicate murabaha	1,108,996	642,688
Gross murabaha financing	16,814,087	15,145,823
Deferred profit	(1,437,666)	(1,424,113)
Net murabaha financing	15,376,421	13,721,710
Ijarah	19,980,443	18,668,504
Qard Hasan	1,494,844	858,858
Credit card receivables	111,224	103,497
Istisna	1,258,207	1,286,189
Total investments in Islamic financing	38,221,139	34,638,758
Less: loss allowance for investments in Islamic financing	(1,670,357)	(1,608,324)
Net investments in Islamic financing	36,550,782	33,030,434
b) By sector		
Government departments and authorities	13,704,737	12,369,565
Construction and contracting	1,502,525	1,623,713
Manufacturing	701,882	726,184
Transportation	363,631	437,608
Real estate	10,826,928	9,460,160
Retail businesses	462,932	483,325
Trade	2,137,588	2,024,808
Financial institutions	684,975	270,886
Services and others	1,458,245	1,290,648
Individuals	3,992,419	3,903,624
Consumer home finance	1,490,602	1,489,697
High net worth individuals	2,332,341	1,982,653
Deferred profit	(1,437,666)	(1,424,113)
Less: loss allowance for investments in Islamic financing	(1,670,357)	(1,608,324)
Net investments in Islamic financing	36,550,782	33,030,434



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10. Investments in Islamic financing (continued)

10.2 Reconciliations from the opening to the closing balance of the gross carrying value ("GCV") and loss allowance ("ECL") for retail and corporate banking segments can be seen below:

	30 September 2024							
	Stage 1		Stage 2		Stage 3		Total	
	GCV	ECL	GCV	ECL	GCV	ECL	GCV	ECL
Balance at 1 January 2024 (Audited)	30,661,767	144,928	2,085,311	258,745	1,891,680	1,204,651	34,638,758	1,608,324
Retail banking								
Transfer to stage 1	3,715	148	(3,697)	(153)	(18)	5	-	-
Transfer to stage 2	(45,524)	(398)	45,524	398	-	-	-	-
Transfer to stage 3	(33,155)	(340)	(19,557)	(927)	52,712	1,267	-	-
Net movement in GCV	128,308	-	(2,621)	-	(11,895)	-	113,792	-
Net re-measurement of loss allowance	-	(2,445)	-	3,777	-	31,552	-	32,884
Recoveries	-	-	-	-	(2,966)	(4,621)	(2,966)	(4,621)
Write-offs	-	-	-	-	(29,777)	(29,777)	(29,777)	(29,777)
Corporate banking								
Transfer to stage 1	37,063	1,048	(37,063)	(1,048)	-	-	-	-
Transfer to stage 2	(1,018,658)	(6,605)	1,033,426	7,766	(14,768)	(1,161)	-	-
Transfer to stage 3	(743)	(3)	(211,277)	(35,499)	212,020	35,502	-	-
Net movement in GCV	3,885,309	-	(252,704)	-	(60,197)	-	3,572,408	-
Net re-measurement of loss allowance	-	42,661	-	44,709	-	42,535	-	129,905
Recoveries	-	-	-	-	(15,577)	(10,859)	(15,577)	(10,859)
Write-offs	-	-	-	-	(55,499)	(55,499)	(55,499)	(55,499)
Balance at 30 September 2024 (Un-audited)	33,618,082	178,994	2,637,342	277,768	1,965,715	1,213,595	38,221,139	1,670,357

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10. Investments in Islamic financing (continued)

10.2 Reconciliations from the opening to the closing balance of the gross carrying value ("GCV") and loss allowance ("ECL") for retail and corporate banking segments can be seen below:

	31 December 2023					
	Stage 1		Stage 2		Stage 3	
	GCV	ECL	GCV	ECL	GCV	ECL
Balance at 1 January 2023						
(Audited)	27,765,671	117,761	2,499,293	316,918	1,943,974	1,102,742
					32,208,938	1,537,421
Retail banking						
Transfer to stage 1	15,452	515	(15,436)	(520)	(16)	5
Transfer to stage 2	(35,488)	(359)	35,488	359	-	-
Transfer to stage 3	(128,527)	(1,420)	(19,538)	(787)	148,065	2,207
Net movement in GCV	464,622	-	(5,634)	-	(98,718)	-
Net re-measurement of loss allowance	-	1,183	-	727	-	25,853
Recoveries	-	-	-	-	(4,515)	(3,641)
Write-offs	-	-	-	-	(32,137)	(32,137)
					(4,515)	27,763
					(32,137)	(3,641)
					(32,137)	(32,137)
Corporate banking						
Transfer to stage 1	290,453	70,807	(290,453)	(70,807)	-	-
Transfer to stage 2	(536,984)	(3,831)	536,984	3,831	-	-
Transfer to stage 3	(328,801)	(3,508)	(100,159)	(8,959)	428,960	12,467
Net movement in GCV	3,155,369	-	(555,234)	-	(398,005)	-
Net re-measurement of loss allowance	-	(36,220)	-	17,983	-	193,824
Recoveries	-	-	-	-	(19,058)	(17,625)
Write-offs	-	-	-	-	(76,870)	(79,044)
					(19,058)	175,587
					(76,870)	(17,625)
					(76,870)	(79,044)
					2,202,130	-
					(19,058)	(17,625)
					(76,870)	(79,044)
Balance at 31 December 2023						
(Audited)	30,661,767	144,928	2,085,311	258,745	1,891,680	1,204,651
					34,638,758	1,608,324

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10. Investments in Islamic financing (continued)

10.3 Portfolio wise analysis of ECL movement during the period

	30 September 2024			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as of 1 January 2024 (Audited)	144,928	258,745	1,204,651	1,608,324
<i>Retail banking</i>				
Credit cards	248	(23)	732	957
Housing finance	(1,006)	(94)	513	(587)
Personal finance	(2,778)	3,209	(4,181)	(3,750)
Auto finance	501	3	1,362	1,866
<i>Corporate banking</i>				
Government and related exposures	(854)	1,802	-	948
Other corporates	3,085	(41,541)	(12,949)	(51,405)
High net worth individuals	13,276	10,083	7,043	30,402
Small and medium enterprises ("SMEs")	21,594	45,584	16,424	83,602
ECL allowance as of 30 September 2024 (Un-audited)	178,994	277,768	1,213,595	1,670,357
	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as of 1 January 2023 (Audited)	117,761	316,918	1,102,742	1,537,421
<i>Retail banking</i>				
Credit cards	(430)	15	(433)	(848)
Housing loans	8,631	(287)	(1,112)	7,232
Personal loans	(9,000)	26	(6,580)	(15,554)
Auto loans	718	25	412	1,155
<i>Corporate banking</i>				
Government and related exposures	(1,551)	-	-	(1,551)
Other corporates	4,074	(44,340)	(28,960)	(69,226)
High net worth individuals	13,787	(17,440)	101,162	97,509
Small and medium enterprises ("SMEs")	10,938	3,828	37,420	52,186
ECL allowance as of 31 December 2023 (Audited)	144,928	258,745	1,204,651	1,608,324

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11. Other assets

	As at 30 September 2024 Un-audited	As at 31 December 2023 Audited
Prepaid expenses and other advances	70,142	55,219
Profit receivable	482,788	472,927
Sundry debtors	202,906	230,636
Assets purchased against Investment in Islamic financing	127,986	38,071
Others	494,564	369,456
Less: loss allowance under IFRS 9 on other financial assets	(52,783)	(49,017)
	<u>1,325,603</u>	<u>1,117,292</u>

During the nine month period ended 30 September 2024 and the year ended 31 December 2023, no significant financial assets included within 'Other assets' were downgraded to stage 3 under the ECL model.

12. Property and equipment and intangible assets**12.1 Property and equipment**

Freehold land and buildings	788,457	799,305
Equipment, furniture and fittings	25,963	27,200
Computer equipment	32,100	25,149
Motor vehicles	2,176	1,890
Right of use assets	32,328	27,358
Capital work in progress	13,354	9,041
	<u>894,378</u>	<u>889,943</u>

The above balances are presented net off accumulated depreciation and accumulated impairment, if any.

12.2 Intangible assets

Software	46,880	51,741
Capital work in progress	14,310	9,923
	<u>61,190</u>	<u>61,664</u>

The above balances are presented net off accumulated amortisation and accumulated impairment, if any.

13. Customer deposits

Current accounts	11,607,434	12,777,857
Saving accounts	3,255,339	3,115,965
Watani / call accounts	1,136,995	705,611
Escrow accounts	2,855,008	2,174,214
Time deposits	4,551,842	4,066,291
Wakala deposits	24,200,180	22,053,592
Margins	388,610	313,044
	<u>47,995,408</u>	<u>45,206,574</u>

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14. Sukuk payable

Name of instrument	Maturity date	Profit rate	As at	As at
			30 September 2024	31 December 2023
			Un-audited	Audited
SIB Sukuk 2025	23 June 2025	2.85%	1,835,679	1,834,869
SIB Sukuk 2029	3 July 2029	5.25%	1,825,208	-
Total			3,660,887	1,834,869

On 3 July 2024, the Bank issued a sukuk amounting to USD 500 million (AED 1,836.5 million). The Sukuk bears a profit rate of 5.25% per annum and has a maturity date of 3 July 2029. The Sukuk is listed on the Irish Stock Exchange.

15. Other liabilities

Profit payable	785,414	522,499
Accrual and provision	137,483	83,878
Accounts payable	206,766	244,644
Provision for staff end of service benefits	117,055	106,272
Managers' cheques	229,466	104,951
Sundry creditors*	453,294	283,704
Corporate tax payable	89,223	-
Deferred tax liability (note 27)	9,310	-
Payables against assets purchased	96,749	16,723
Lease obligation (note 15.1)	22,019	18,662
	2,146,778	1,381,333

15.1 Lease obligation

Balance at the beginning of the period / year	18,662	14,136
Additions during the period / year	13,594	5,503
Payment made during the period / year	(10,861)	(2,079)
Amortisation during the period / year	624	1,102
Balance at the end of the period / year	22,019	18,662

* Sundry creditors include an amount of AED 199.7 million which relates to client money balances. In accordance with the regulations issued by the Securities and Commodities Authority ("SCA"), The Group maintains separately moneys received from its customers ("client money") and presents the client money as part of the condensed consolidated interim financial statements under 'Cash and balances with banks and financial institutions' with the corresponding liability in 'Other liabilities'. The client money is not available to the Group other than to settle transactions executed in the trading accounts of the customers.

16. Share capital

	As at 30 September 2024		As at 31 December 2023	
	(Un-audited)		(Audited)	
	No. of shares	Value	No. of shares	Value
Issued and fully paid up share capital	3,235,677,638	3,235,678	3,235,677,638	3,235,678

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17. Directors' remuneration

In accordance with the Article 171 of Commercial Companies Law No. 32 of 2021, the directors' remuneration for the year ended 31 December 2023 was AED 10 million.

18. Net fee and commission income

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2024	2023	2024	2023
	Un-audited	Un-audited	Un-audited	Un-audited
Fee and commission income				
Commission income	92,139	33,370	229,006	114,648
Fees and charges on banking services	19,056	17,129	55,530	51,778
Card related fees	21,537	21,046	70,285	52,639
Takaful commission	3,447	3,786	11,412	13,020
	136,179	75,331	366,233	232,085
Fee and commission expense				
Commission expense	5,661	3,672	14,257	10,133
Card related expense	16,707	12,904	51,643	34,741
Takaful expense	2,966	3,867	9,674	10,708
	25,334	20,443	75,574	55,582

19. Other income

Income from hospitality	3,316	8,326	16,180	28,440
Rental income	18,046	11,786	53,706	37,028
Income from disposal of properties	23,738	585	27,658	9,555
Gain on disposal of property and equipment	-	4	366	9
Other income	81	130	237	220
	45,181	20,831	98,147	75,252

20. Segment reporting

The Group's operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which has been identified as the Board of Directors of the Bank and members of its executive committees who assess the financial performance and position of the Group and makes strategic decisions. The Group's activities comprise the following main business segments:

a). Government and corporate

Within this business segment the Bank provides companies, institutions and government and government departments with a range of Islamic financial products and services. This includes exposure to high net worth individuals.

b). Retail

The retail segment provides a wide range of Islamic financial services to individuals.

c). Investment and treasury

This segment mainly includes wakalah deals with other financial institutions, investments securities, investment properties and other money market activities.

d). Hospitality, brokerage and real estate

The Bank on its own and through its subsidiary ASAS provides real estate services, whereas SNH and SIFS provide hospitality and brokerage services respectively.

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20. Segment reporting (continued)

Condensed consolidated interim statement of profit or loss:
For the nine month period ended 30 September 2024 (Un-audited)

	Government and Corporate	Retail	Investment and treasury	Hospitality, brokerage and real estate	Total
Income from investments in Islamic financing and sukuk	1,304,688	312,565	1,095,792	12,871	2,725,917
Distribution to depositors and sukuk holders	(1,004,607)	(143,469)	(469,415)	-	(1,617,491)
Net income from financing and investment products	300,081	169,097	626,377	12,871	1,108,426
Fee and commission income	129,268	58,754	53,172	125,038	366,233
Fee and commission expense	(32,224)	(17,907)	(25,442)	-	(75,574)
Net fee and commission income	97,044	40,847	27,730	125,038	290,659
Investment income	-	-	63,242	-	63,242
Foreign exchange income	32,862	4,880	9,390	6,651	53,783
Other income	-	-	27,248	70,899	98,147
Total operating income	429,988	214,824	753,986	215,459	1,614,257
General and administrative expenses	-	-	-	(46,902)	(46,902)
General and administrative expenses - unallocated	-	-	-	-	(474,618)
Net operating income before impairment	429,988	214,824	753,986	168,557	1,092,737
Impairment on financial assets - net of recoveries	(81,314)	(22,364)	4,001	(968)	(100,645)
Profit before tax	348,674	192,459	757,987	167,589	992,092
Taxation	-	-	-	-	(89,571)
Net profit for the period	348,674	192,459	757,987	167,589	902,521

Condensed consolidated interim statement of financial position:
As at 30 September 2024 (Un-audited)

Assets					
Segment assets	31,418,915	5,787,123	32,277,357	4,144,366	73,627,761
Unallocated assets	-	-	-	-	1,168,379
Total assets	31,418,915	5,787,123	32,277,357	4,144,366	74,796,140
Liabilities					
Segment liabilities	40,153,920	8,654,119	16,167,676	364,228	65,339,943
Unallocated liabilities	-	-	-	-	761,801
Total liabilities	40,153,920	8,654,119	16,167,676	364,228	66,101,744

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20. Segment reporting (continued)

Condensed consolidated statement of profit or loss:

For the nine month period ended 30 September 2023 (Un-audited):

	Government and Corporate	Retail	Investment and treasury	Hospitality, brokerage and real estate	Total
Income from investments in Islamic financing and sukuk	1,143,789	293,341	794,716	5,690	2,237,536
Distribution to depositors and sukuk holders	(772,757)	(83,193)	(292,699)	-	(1,148,649)
Net income from financing and investment products	371,032	210,148	502,017	5,690	1,088,887
Fee and commission income	105,050	52,955	29,180	52,003	239,188
Fee and commission expense	(24,413)	(15,553)	(15,616)	-	(55,582)
Net fee and commission income	80,637	37,402	13,564	52,003	183,606
Investment income	-	-	35,475	-	35,475
Foreign exchange income	25,066	7,079	9,121	1,143	42,409
Other income	-	-	229	62,230	62,459
Total operating income	476,735	254,629	560,406	121,066	1,412,836
General and administrative expenses	-	-	-	(41,939)	(41,939)
General and administrative expenses - unallocated	-	-	-	-	(431,073)
Net operating income before impairment	476,735	254,629	560,406	79,127	939,824
Impairment on financial assets - net of recoveries	(125,579)	(13,834)	(32,576)	(531)	(172,520)
Profit for the period	351,156	240,795	527,830	78,596	767,304

Consolidated statement of financial position:

As at 31 December 2023 (Audited)

Assets					
Segment assets	29,172,310	5,303,172	27,361,142	3,015,321	64,851,945
Unallocated assets	-	-	-	-	1,027,036
Total assets	29,172,310	5,303,172	27,361,142	3,015,321	65,878,981
Liabilities					
Segment liabilities	36,943,593	8,221,769	11,363,516	691,990	57,220,868
Unallocated liabilities	-	-	-	-	531,445
Total liabilities	36,943,593	8,221,769	11,363,516	691,990	57,752,313

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21. Related parties

In the normal course of business, the Group enters into various transactions with enterprises and key management personnel which falls within the definition of related parties as defined in IAS 24. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director, executive or otherwise, of the Group. Other related parties includes balances due to / from entities under common control of either major shareholders or key management personnel. The related party transactions are executed at the terms agreed between the parties, which in the opinion of management, are not significantly different from those that could have been obtained from third parties. At the reporting date, such significant balances include:

	Key management personnel	Major shareholders	Other related parties	Total
Condensed consolidated interim statement of financial position as at 30 September 2024 (Un-audited)				
Investment securities measured at fair value	-	620,233	-	620,233
Investment securities measured at amortised cost	-	780,329	-	780,329
Investments in Islamic financing	449,944	4,253,565	6,007,674	10,711,183
Customer deposits	(217,293)	(2,600,842)	(4,104,530)	(6,922,665)
Contingent liabilities	-	1,614	294,008	295,622
Consolidated statement of financial position as at 31 December 2023 (Audited)				
Investment securities measured at fair value	-	602,509	-	602,509
Investment securities measured at amortised cost	-	963,979	-	963,979
Investments in Islamic financing	441,672	4,239,638	5,778,496	10,459,806
Customer deposits	(224,179)	(3,890,069)	(3,521,260)	(7,635,508)
Contingent liabilities	-	3,142	164,123	167,265
Condensed consolidated interim statement of profit or loss for the nine month period ended 30 September 2024 (Un-audited)				
Income from Islamic financing and investment securities	12,162	206,995	314,814	533,971
Depositors' share of profit	(2,607)	(117,623)	(81,958)	(202,188)
Fee and commission income	-	-	1,350	1,350
Condensed consolidated interim statement of profit or loss for the nine month period ended 30 September 2023 (Un-audited)				
Income from Islamic financing and investment securities	13,673	197,639	240,519	451,831
Depositors' share of profit	(2,661)	(145,084)	(52,271)	(200,016)
Fee and commission income	-	-	477	477

Key management compensation includes salaries and other short term benefits of AED 20.1 million for the nine month period ended 30 September 2024 (*nine month period ended 30 September 2023: AED 19.1 million*) and post-employment benefits of AED 1.4 million for the nine month period ended 30 September 2024 (*nine month period ended 30 September 2023: AED 1.5 million*).

Major shareholders include Sharjah Asset Management LLC, Kuwait Finance House and Sharjah Social Security Fund who hold 28.46%, 12.18% and 15.09% of the Bank's issued and fully paid up share capital respectively as at 30 September 2024 (*As at 31 December 2023: Major shareholders include Sharjah Asset Management LLC, Kuwait Finance House and Sharjah Social Security Fund who hold 28.46%, 18.18% and 9.09% of the Bank's issued and fully paid up share capital respectively*). The ultimate controlling party of the Bank is the Government of Sharjah.

As at 30 September 2024 or 31 December 2023, the Group does not have any related party balances classified as stage 3.

22. Fair value measurement

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, credit spreads in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation function, which is independent of front office management and reports to the Investment Committee, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements.

Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- a review and approval process for new models and changes to models involving valuation function;
- calibration and back-testing of models against observed market transactions at regular intervals;
- analysis and investigation of significant valuation movements; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month, by Investment Committee.

Significant valuation issues are reported to the Investment Committee.

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22. Fair value measurement (continued)

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
At 30 September 2024 (Un-audited)				
Financial assets				
Investment securities - FVTPL	398,692	-	348,386	747,078
Investment securities - FVTOCI	2,918,606	-	621,621	3,540,227
	<u>3,317,298</u>	<u>-</u>	<u>970,007</u>	<u>4,287,305</u>
Non-financial assets				
Investment properties at fair value	-	-	2,988,777	2,988,777
	<u>-</u>	<u>-</u>	<u>2,988,777</u>	<u>2,988,777</u>
At 31 December 2023 (Audited)				
Financial assets				
Investment securities - FVTPL	399,019	-	329,551	728,570
Investment securities - FVTOCI	2,924,503	-	308,666	3,233,169
	<u>3,323,522</u>	<u>-</u>	<u>638,217</u>	<u>3,961,739</u>
Non-financial assets				
Investment properties at fair value	-	-	2,822,991	2,822,991
	<u>-</u>	<u>-</u>	<u>2,822,991</u>	<u>2,822,991</u>

Management considers that the carrying amounts of financial assets and financial liabilities, measured at amortised cost, recognised in the condensed consolidated interim financial statements approximate their fair values, other than investments measured at amortised cost for which the fair value is calculated using Level 1 inputs. As at 30 September 2024, fair value for investments measured at amortised cost amounts to AED 12,673.4 million (*As at 31 December 2023: AED 9,653.7 million*) against carrying value of AED 12,382.8 million (*As at 31 December 2023: 9,582.3 million*).

There were no transfers of any financial instruments between any of the levels in the fair value hierarchy during the nine month period ended 30 September 2024 or during the year ended 31 December 2023.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the hierarchy for investment securities and investment properties:

	For the nine month period ended 30 September 2024 (Un-audited)		For the year ended 31 December 2023 (Audited)	
	FVTPL	FVTOCI	FVTPL	FVTOCI
Financial assets				
Balance as at the beginning of the period / year	329,551	308,666	329,239	393,167
Fair value movement during the period / year	22	2,013	1,020	34,783
Additions during the period / year	19,834	322,559	-	(119,927)
Disposals during the period / year	(1,021)	(11,617)	(708)	643
Balance at the end of the period / year	<u>348,386</u>	<u>621,621</u>	<u>329,551</u>	<u>308,666</u>

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22. Fair value measurement (continued)

	Nine month period ended 30 September 2024 Un-audited	Year ended 31 December 2023 Audited
Non-financial assets - Investment properties		
Balance at the beginning of the period / year	2,822,991	3,085,729
Additions during the period / year	197,737	24,468
Transfer from held-for-sale during the period / year	-	14,468
Transfer to properties held for sale during the year	-	(22,407)
Disposals during the period / year	(38,603)	(65,941)
Loss on revaluation during the year	-	(221,497)
Exchange differences	6,652	8,171
Balance at the end of the period / year	2,988,777	2,822,991

During the nine month period ended 30 September 2024, the Group did not transfer any properties between properties held for sale and investment properties (*year ended 31 December 2023, the Group transferred a property of AED 14.5 million from properties held for sale to investment properties and transferred a property of AED 22.4 million from investment properties to properties held for sale*). This has no impact on condensed consolidated interim statement of cash flows for the nine month period ended 30 September 2024 or the nine month period ended 30 September 2023.

Unobservable inputs used in measuring fair value

The investment department constantly monitors the progress of its investments by conducting its own valuation assessment along with information provided by the fund manager. Depending on the nature of the underlying asset, quantitative methods are used such as residual value, discounted cash flow / scenario analysis or comparable market valuation. Qualitative methods which involve taking into consideration the market & economic outlook are also employed. The carrying amount of the investment properties is the fair value of the properties as determined by an independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued and is reviewed by the Board of Directors on an annual basis. The valuation techniques used for fair valuation of the investment properties were disclosed in the consolidated financial statements for the year ended 31 December 2023.

The effect of unobservable input on fair value measurement

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions by 10% would have the following effects:

	Effect on profit or loss		Effect on OCI	
	Favorable	Unfavorable	Favorable	Unfavorable
For the nine month period ended 30 September 2024 (Un-audited)	333,716	(333,716)	62,162	(62,162)
For the year ended 31 December 2023 (Audited)	315,254	(315,254)	30,867	(30,867)

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23. Interim measurement

The nature of the Group's business is such that income and expense are incurred in a manner, which is not impacted by any form of seasonality. These condensed consolidated interim financial statements were prepared based upon the accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.

24. Dividends

During the annual general meeting of the shareholders held on 18 February 2024, a cash dividend of 10% of the paid up capital, amounting to AED 323.6 million (AED 0.1 per share) was approved for the year ended 31 December 2023 *(During the annual general meeting of the shareholders held on 26 February 2023, a cash dividend of 10% of the paid up capital, amounting to AED 308.2 million (AED 0.1 per share) and 5% bonus shares amounting AED 154.1 million (1 share for each 20 shares) was approved for the year ended 31 December 2022) .*

25. Contingencies and commitments

	As at 30 September 2024 Un-audited	As at 31 December 2023 Audited
Letters of credit	<u>524,212</u>	<u>346,253</u>
Letters of guarantee	<u>3,437,910</u>	<u>2,730,974</u>
Commitments	<u>1,316,440</u>	<u>906,133</u>

Total net asset value of the funds under management as at 30 September 2024 amounts to AED 2,741.4 million *(As at 31 December 2023: AED 2,172.0 million).*

26. Taxation

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("UAE CT Law" or the "Law") to enact a Federal corporate tax ("CT") regime in the UAE. The Corporate Tax Law shall apply to Tax Periods commencing on or after 1 June 2023 (where the Tax Period is generally aligned with the financial accounting period). For the Group, current taxes shall be accounted for, as appropriate, in the financial statements for the period beginning 1 January 2024.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. Since its publication, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law, and are required to fully evaluate the impact of the UAE CT Law on the Group.

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26. Taxation (continued)

With the publication of this Decision, we would consider the UAE CT Law to be substantively enacted for the purposes of IAS 12 – Income Taxes, and that the impact of the UAE CT Law should be assessed on the condensed consolidated interim financial statements for the Group.

The Group had performed an assessment of the potential impact of the UAE CT Law. Based on this assessment, there were no material temporary differences on which deferred taxes should be accounted for as of 31 December 2023 and accordingly the implementation of the UAE CT Law had no impact on the consolidated statement of financial position of the Group as at 31 December 2023 nor on the consolidated statement of profit or loss of the Group for the year ended 31 December 2023.

Subsequently, the Group has accounted for current and deferred tax in accordance with IAS 12 'Income Taxes'. The major components of income tax expense for the three and nine month period ended 30 September 2024 are:

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2024	2023	2024	2023
	<u>Un-audited</u>	<u>Un-audited</u>	<u>Un-audited</u>	<u>Un-audited</u>
Condensed consolidated interim statement of profit or loss				
Current tax charge / (income):				
- Current tax charge	33,377	-	89,571	-
Deferred tax charge / (income):				
- Relating to temporary differences	-	-	-	-
- Relating to enactment of UAE corporate income tax	-	-	-	-
Tax expense for the period reported in the condensed consolidated interim statement of profit or loss	<u>33,377</u>	<u>-</u>	<u>89,571</u>	<u>-</u>
Condensed consolidated interim statement of other comprehensive income				
Current tax charge / (income):	-			
- Unrealized gain / (loss) on revaluation of FVTOCI equity investments	688	-	(348)	-
Deferred tax charge / (income):				
- Unrealized gain on revaluation of FVTOCI sukuk investments	<u>6,344</u>	<u>-</u>	<u>9,310</u>	<u>-</u>
Tax expense reported in the condensed consolidated interim statement of other comprehensive income	<u>7,032</u>	<u>-</u>	<u>8,962</u>	<u>-</u>

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26. Taxation (continued)

Reconciliation of tax expense and the accounting profit

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2024	2023	2024	2023
	Un-audited	Un-audited	Un-audited	Un-audited
Accounting profit before tax	<u>369,738</u>	<u>272,733</u>	<u>992,092</u>	<u>767,304</u>
At UAE statutory corporate tax rate of 9% (2023: 0%)	33,276	-	89,288	-
Effect of standard exemption	(8)	-	(25)	-
Non-deductible expenses for tax purposes	<u>109</u>	<u>-</u>	<u>308</u>	<u>-</u>
At the effective income tax rate of 9.03% (2023: 0%)	<u><u>33,377</u></u>	<u><u>-</u></u>	<u><u>89,571</u></u>	<u><u>-</u></u>

27. Deferred tax

	As at 30 September 2024 Un-audited	As at 31 December 2023 Audited
Investment securities measured at fair value	<u>9,310</u>	<u>-</u>
Deferred tax liability	<u><u>9,310</u></u>	<u><u>-</u></u>
Recognised in profit or loss	-	-
Recognised in other comprehensive income	<u>9,310</u>	<u>-</u>
Deferred tax liability	<u><u>9,310</u></u>	<u><u>-</u></u>

28. Basic and diluted earnings per share

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2024	2023	2024	2023
	Un-audited	Un-audited	Un-audited	Un-audited
Profit for the period	336,361	272,733	902,521	767,304
less: Profit on Tier 1 sukuk	<u>(45,912)</u>	<u>(45,912)</u>	<u>(91,824)</u>	<u>(91,824)</u>
Adjusted profit for the period	<u><u>290,449</u></u>	<u><u>226,821</u></u>	<u><u>810,697</u></u>	<u><u>675,480</u></u>
Weighted average number of ordinary shares (in '000)	<u><u>3,235,678</u></u>	<u><u>3,235,678</u></u>	<u><u>3,235,678</u></u>	<u><u>3,235,678</u></u>
Basic earnings per share (U.A.E. Dirhams)	<u><u>0.09</u></u>	<u><u>0.07</u></u>	<u><u>0.25</u></u>	<u><u>0.21</u></u>

There is no dilution impact on basic earnings per share.



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29. Subsequent events

As of the reporting date of these condensed consolidated interim financial statements, the Bank is in the process of repurchasing 167.7 million shares, representing 5.18% of its total issued and paid up share capital, from Kuwait Finance House, one of its major shareholders. The Bank has received approval from the Central Bank of the UAE on 16 September 2024, and shareholder approval was obtained during the General Assembly held on 16 October 2024, in accordance with Article 221 of the UAE Federal Law No. 32 of 2021.

The completion of this transaction will occur after the issuance of these condensed consolidated interim financial statements, pending the finalization of remaining legal formalities.

Other than the matter disclosed above, there have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the condensed consolidated interim financial statements as at and for the nine month period ended 30 September 2024.

30. Comparatives

Certain prior period / year comparatives have been reclassified in these condensed consolidated interim financial statements to conform to the current period's presentation.

31. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of Directors on 17 October 2024. The Directors have the power to amend the condensed consolidated interim financial statements after issue.