

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

Bank of Sharjah P.J.S.C

Bank of Sharjah ("the Bank") today announced its financial results for the period ended 30 September, 2024. The following Management Discussion and Analysis provides an overview of the Bank's key financial performance.

For the first nine months of 2024, the Bank has demonstrated solid financial performance, driven by strong loan portfolio growth, improving margin and higher fee and commission income. Net profit reached AED 296 million, a marked improvement from AED 122 million loss recorded in the same period 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.

(AED Mn)	For the three-month ended		For the nine-month ended	
	Sep'24	Sep'23	Sep'24	Sep'23
Net interest income	115	72	321	172
Non-interest income	73	28	167	152
Operating income	188	100	488	324
Net impairment reversal/(loss) on financial assets	6	(1)	9	2
General and administrative expenses	(57)	(78)	(177)	(249)
Net profit before one-off impairment loss (due to de-linking)	137	21	320	77
Net impairment charge on assets held for sale (due to de-linking)	-	-	-	(199)
Profit/(loss) before tax	137	21	320	(122)
Income tax expense	(12)	-	(24)	-
Net profit/(loss) for the period	125	21	296	(122)

(AED Mn)	Sep'24	Dec'23	Variance
Total assets	40,729	39,460	3.2%
Loans and advances	23,383	22,068	6.0%
Customers' deposits	27,522	26,343	4.5%
Total equity	3,758	3,506	7.2%
Commitments and contingent liabilities	2,647	2,454	7.9%

	Sep'24	Dec'23
Non-performing loans ratio (Net of ECL & collateral)	4.3%	4.3%
Non-performing loans coverage ratio	83.2%	85.9%
Cost-to-income ratio	36.4%	128.9%
Loans and advances to customers' deposits ratio	85.0%	83.8%
Capital adequacy ratio	16.1%	14.7%
Tier 1 capital ratio	14.9%	13.5%
Common equity tier 1 capital ratio	14.9%	13.5%



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The Bank's financial results demonstrate the success of its focus on sustainable, disciplined growth across all key financial metrics. Net interest income rose by 86.6%, while operating income expanded by 50.6%. The cost-to-income ratio improved to 36.4%, reflecting strict cost efficiency initiatives. The Bank's balance sheet remains resilient, with a loans-to deposits ratio of 85.0%, indicating strong liquidity levels, and a capital adequacy ratio exceeding 16.1%, bolstered by Tier 1 and CET1 ratios of around 14.9%. These results reflect the Bank's commitment to maintain financial resilience, operational efficiency, and prudent risk management, all aimed at delivering sustainable value to its shareholders.

Mohamed Khadiri
Chief Executive Officer